



TEXMACO RAIL & ENGINEERING LIMITED

CIN No.: L29261WB1998PLC087404

Registered Office: Belgharia, Kolkata 700 056

Phone: (033) 2569 1500 • Fax : (033) 2541 2448 • Website: www.texmaco.in

Notice to the Shareholders

Notice is hereby given that the 18th Annual General Meeting of TEXMACO RAIL & ENGINEERING LIMITED will be held on Monday, 26th September, 2016 at 2:00 P. M. at K. K. Birla Kala Kendra, Texmaco Estate, Belgharia, Kolkata – 700 056, to transact the following businesses:

AS ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements of the Company, the Directors' and Auditors' Report thereon for the year ended 31st March, 2016.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2016.
3. To appoint Director in place of Mr. Akshay Poddar (DIN: 00008686) and Mr. Sandeep Fuller (DIN: 06754262), who retires by rotation and are eligible for re-election.
4. To ratify the appointment of Statutory Auditors and to fix their remuneration.

In this regard to consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:-

“RESOLVED that appointment of Messrs. K. N. Gutgutia & Co., Chartered Accountants (ICAI Registration No. 304153E), as the Statutory Auditors of the Company, to conduct the audit at a remuneration as may be decided by the Board of Directors of the Company from the conclusion of this Annual General Meeting till the conclusion of the 19th Annual General Meeting be and is hereby ratified.”

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:-

Item No. 5

“RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment thereof, the Cost Auditors M/s. DGM & Associates, Cost Accountants, (ICMA Registration No. 000038) appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017, be paid the remuneration as decided by the Board of Directors of the Company and stated in the Explanatory Statement.”

To consider and if thought fit, to pass the following Resolution as a Special Resolution:-

Item No. 6

“RESOLVED that pursuant to the provisions of Sections 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof, the Company hereby approves the re-appointment of Mr. D. H. Kela (DIN: 01050842) as the Executive Director of the Company for a period of 5 (Five) years with effect from 25th September, 2016, liable to retire by rotation and on such terms and conditions as approved by the Board of Directors and as stated in the Explanatory Statement.”

To consider and if thought fit, to pass the following Resolution as a Special Resolution:-

Item No. 7

“RESOLVED that pursuant to the provisions of Sections 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof, the Company hereby approves the re-appointment of Mr. Sandeep Fuller (DIN: 06754262) as the Executive Director of the Company for a period of 5 (Five) years with effect from 1st February, 2017, liable to retire by rotation and on such terms and conditions as approved by the Board of Directors and as stated in the Explanatory Statement.”

To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:-

Item No. 8

“RESOLVED that pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('Act'), including any statutory modification(s) or re-enactment thereof, Mr. Vinod Kumar Sharma (DIN: 02051084) appointed by the Board as an Additional Independent Director of the Company, has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 3 (three) consecutive years commencing from 29th June, 2016.”

To consider and if thought fit, to pass the following Resolution as a Special Resolution:-

Item No. 9

“RESOLVED that subject to the provisions of Section 197 and other applicable provisions of the Companies Act, 2013 (‘Act’), including any statutory modification(s) or re-enactment thereof, the Company hereby authorises the payment of Commission to the Non-executive Directors, as the Board may decide from time to time, subject to a ceiling of 1% of the net profits of the Company in any financial year computed in the manner referred to in Section 198 of the Act, for a period of 5 (five) years commencing from 1st April, 2016.”

To consider and if thought fit, to pass the following Resolution as a Special Resolution:-

Item No. 10

“RESOLVED that pursuant to the provisions of Section 197 and the

Rules framed thereunder, read together with Schedule V and other applicable provisions, if any of the Companies Act, 2013 (‘Act’) including any statutory modification(s) or re-enactment thereof, and subject to the approval of the Central Government, the Members of the Company do hereby approve the remuneration paid in excess of the limits prescribed under the provisions of Sections 198 and 309 read with Schedule V of the Act, to the Executive Directors for the financial year ended 31st March, 2016, being the remuneration agreed to be paid to them in normal course.”

By the order of the Board

Belgharia

Kolkata – 700 056

Dated: 25th July, 2016

Ravi Varma

Company Secretary

ICSI Membership No. A27650

NOTES:

- (i) *A Member entitled to attend and vote at the Annual General Meeting (‘AGM’) may appoint a Proxy to attend and vote on a poll on his / her behalf, and the Proxy need not be a member of the Company.*

The instrument appointing Proxy, in order to be effective, duly signed and completed, must be deposited at the Registered Office of the Company located at Belgharia, Kolkata - 700 056 not less than FORTY-EIGHT HOURS before the commencement of the AGM i.e. by Saturday, 24th September, 2016. Proxies submitted on behalf of Limited Companies, Societies etc. must be supported by appropriate Resolution(s) / Authority as may be applicable. A Person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total paid up Share Capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total paid up Share Capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other Member(s).

Proxy shall carry his/ her identity proof (any one of PAN Card, Voter ID Card, AADHAR Card, Driving license, Passport) at the venue of AGM.

- (ii) The Register of Members of the Company will remain closed from Tuesday, 20th September, 2016 to Monday, 26th September, 2016 both days inclusive.
- (iii) Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 setting out the material facts relating to the businesses at Item No. 5 to Item No. 10 of the Notice as set out above, is annexed hereto.

- (iv) In terms of Section 152 of the Companies Act, 2013, Messrs. Akshay Poddar and Sandeep Fuller retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

The Board recommends their appointment. Additional information in respect of their appointment, pursuant to the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 forms part of this Notice.

- (v) The Statement of Profit and Loss for the financial year ended 31st March, 2016, the Balance Sheet as at that date, the Auditors’ Report, the Directors’ Report, all other documents annexed or attached to the Balance Sheet and the Memorandum and the Articles of Association are available for inspection by the Members at the Registered & Corporate Office of the Company between 11.00 A.M. to 1.00 P.M. on all working days from the date hereof up to this Annual General Meeting.
- (vi) To support the ‘Green Initiative’, Members who have not registered their e-mail address so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.
- (vii) In line with the SEBI Circular dated 21st March, 2013 emphasizing electronic funds transfer, Members are requested to provide their Bank details to the Company / RTA in order to avail the electronic payment facility.
- (viii) Voting through electronic means
1. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Resolutions

proposed at this Annual General Meeting ('AGM') will be transacted through remote e-voting (facility to cast vote from a place other than the venue of the AGM) and also by way of e-voting ('Insta Poll') at the AGM, for which purpose the Company has engaged the services of Karvy Computershare Pvt. Limited ('Karvy'). The Board of Directors of the Company has appointed Ms. Geeta Roy Chowdhury, as the Scrutinizer for this purpose.

The instructions for remote e-voting are as under:

- (a) Open your web browser during the remote e-voting period and navigate to <https://evoting.karvy.com>.
- (b) Enter the login credentials [i.e., user ID and password mentioned in the Attendance Slip of the Notice of this AGM or as mentioned in the e-mail sent to those Shareholders, who have registered their e mail IDs]. Your Folio No. / DP ID Client ID will be your user ID.
- (c) Put user ID and password as initial password/PIN noted in step (a) above. Click Login.
- (d) You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (e-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (e) You need to login again with the new credentials.
- (f) On successful login, the system will prompt you to select the 'EVENT' i.e., Texmaco Rail & Engineering Limited.
- (g) On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST' for voting. Enter the number of Shares (which represents number of votes) as on the cut off date under 'FOR/ AGAINST' or alternately you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed the total shareholding. You may also choose the option 'ABSTAIN'.
- (h) Cast your vote by selecting an appropriate option and click on 'SUBMIT'.

A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and accordingly modify your vote.

- (i) Once you 'CONFIRM', you will not be allowed to modify your vote. During the voting period, Shareholders can Login any number of times till they have voted on the Resolution.
 - (j) Institutional Shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail geetaroychowdhury@gmail.com with a copy marked to evoting@karvy.com.
 - (k) Any person who become Member of the Company after dispatch of Notice and holding shares as on the cut-off date i.e. Monday, 19th September, 2016 may approach the Company / Karvy for issuance of the User ID and Password for exercising their right to vote by electronic means to the following procedure.
 - a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS: MYEPWD <space> Event number+Folio No. or DP ID Client ID to 9212993399.

| | |
|----------------------|------------------------------------|
| Example for NSDL | MYEPWD <SPACE> IN12345612345678 |
| Example for CDSL | MYEPWD <SPACE> 1402345612345678 |
| Example for Physical | MYEPWD <SPACE> XXX1234567 |
 - b. If e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - c. Member may call Karvy's toll free number 1-800-3454-001.
 - d. Member may send an e-mail request to evoting@karvy.com.
2. Voting rights will be reckoned on the paid-up value of shares registered in the name of the Members as on Monday, 19th September, 2016 (cut-off date). Only

those Members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date will be entitled to cast their votes by remote e-voting or e-voting at the AGM.

3. The remote e-voting period commences at 9.00 A.M on Thursday, 22nd September, 2016 and ends at 5.00 P.M. on Sunday, 25th September, 2016. During this period Shareholders of the Company, holding Shares either in physical form or in dematerialized form, as on the cut-off date (Record Date) of Monday, 19th September, 2016 may cast their vote electronically. The e-voting module shall be blocked for voting thereafter. Once the Vote on a resolution is cast by the Shareholder, the Shareholder shall not be allowed to change it subsequently.
4. The Members who have already casted their vote through remote e-voting cannot vote again at the e-voting at the AGM. However, such Member shall be entitled to attend the Meeting.
5. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting User Manual for Shareholders available at the download section of <http://evoting.karvy.com> or contact

Karvy Computershare Pvt. Ltd. at Tel No. 1-800-3454-001 (toll free) or any grievances may please be sent to the e-mail ID evoting@karvy.com or may be addressed to the Company Secretary of the Company at the email ID evoting_textrail@texmaco.in

6. The Results of the e-voting will be declared on or after the date of the AGM i.e. Monday, 26th September, 2016. The declared Results, along with the Scrutiniser's Report will be available on the Company's website www.texmaco.in and on the website of Karvy; such Results will also be forwarded to the Stock Exchanges, where the Equity Shares of the Company are listed.
7. Shareholders who are not the Members of the Company as on the record date shall treat this Notice for information purpose only.
8. Shareholders of the Company have approved the Texmaco Employee Stock Option Scheme, 2014 at the Annual General Meeting held on 4th September, 2014. The Compensation Committee, in terms of the power vested with it and one to three years of vesting period already provided for in the Scheme, has relaxed the subsequent lock-in period of 1 year to the eligible employees post exercise of the options granted to them.

Explanatory Statement as required u/s 102 of the Companies Act, 2013

AS SPECIAL BUSINESS

Item No. 5

The Board on recommendation of the Audit Committee, at its Meeting held on 30th May, 2016 has approved the appointment of M/s. DGM & Associates, Cost Accountants, Kolkata as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017 in accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 at a remuneration of ₹ 1,25,000/-. A certificate issued by the above firm regarding their eligibility for appointment as Cost Auditors is available for inspection at the Registered & Corporate Office of the Company between 11:00 A.M. to 1:00 P.M. on all working days from the date hereof up to this Annual General Meeting.

None of the Directors or Key Managerial Personnel including their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed Resolution except to their Shareholding interest, if any, in the Company.

Item No. 6

The Board of Directors of your Company at its Meeting held on 30th May, 2016 approved the re-appointment of Mr. D. H. Kela as the Executive Director of the Company for a further period of five years with effect from 25th September, 2016 on the recommendations of the Nomination and Remuneration Committee. The terms and conditions of his employment have been approved by the Board as per the statement appearing herein:

I. General Information:

(i) Nature of Industry:

The Company is, inter alia, involved in the business of manufacturing of Rolling Stock, Hydro Mechanical Equipments, Steel Castings and other equipments.

(ii) Date or expected date of commencement of commercial production:

The Company was incorporated on 25th June, 1998. The operations of the plants were started in 1939 under the then formed Company namely, Texmaco Limited.

(iii) In case of new companies, expected date of commencement of activities as per project approved by Financial institutions appearing in the prospectus:

Not Applicable.

(iv) **Financial performance based on given indicators – (as per audited financial statements for the year ended 31st March, 2016):**

| Particulars | (₹ in Crores) |
|--|---------------|
| Gross Turnover | 917.09 |
| Other Income | 32.01 |
| Net profit as per Statement of Profit & Loss (After Tax) | 21.59 |

(v) **Foreign investments or collaborators, if any:**

Not Applicable.

II. Information about the appointee:

(i) **Background details:**

Mr. D.H. Kela aged 75 years, is a graduate in Metallurgical Engineering of 1964, having vast experience of more than 48 years in the industry, having held senior positions in engineering and metallurgical companies.

(ii) **Past remuneration during the financial year ended 31st March, 2016:**

| Name of the Executive Director | (₹ in Crores) |
|--------------------------------|---------------|
| Mr. D. H. Kela | 1.12 |

(iii) **Recognition or awards:**

Stated under background details above.

(iv) **Job Profile and his suitability:**

Stated under background details above.

(v) **Remuneration proposed:**

Pursuant to the provisions of Sections 196, 197 and 203 and any other applicable provisions read with Schedule V of the Companies Act, 2013 together with the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof), Mr. D. H. Kela be re-appointed on the following terms and conditions.

| | | |
|---|--------------|--|
| 1 | Salary | ₹ 6,00,000/- per month with increments as may be decided by the Board of Directors from time to time subject to a yearly overall ceiling of 25% of last paid remuneration. |
| 2 | Perquisites | |
| | CATEGORY – A | |
| | a) Housing | i) Free furnished accommodation or HRA up to 40% of salary. ii) The expenditure incurred on gas, electricity, water and furnishing shall be valued as per Income-tax Rules, 1962. |

| | |
|---|---|
| b) Medical Reimbursement | Reimbursement of actual expenses incurred for self and his family subject to the ceiling of one month's Salary in a year or three month's Salary over a period of three years. |
| c) Leave Travel Concession | For self and his family once in a year in accordance with the Rules of the Company. |
| d) Bonus / Exgratia | As per the Rules of the Company. |
| e) Leave | As per the Rules of the Company. |
| f) Club Fees | Subject to maximum of one Club. No admission or life membership fee will be paid by the Company. |
| CATEGORY – B | |
| a) Contribution to Provident Fund and Superannuation Fund | As per the Rules of the Company. |
| b) Gratuity | As per the Rules of the Company. |
| CATEGORY - C | |
| | Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. However, long distance calls on telephone and use of Car for private purpose shall be billed by the Company. |
| 3 | In the event of the loss or inadequacy of profit in any financial year during his tenure as an Executive Director, the aforesaid remuneration shall be treated as minimum remuneration. |
| 4 | The annual variation and increase in the remuneration of Executive Director shall not exceed 5% of the profits of the Company as calculated under Section 198 of the Companies Act, 2013, and the limits specified in Schedule V. |

(vi) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:**

Taking into consideration the size of the Company, the profile of Mr. D. H. Kela, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

(vii) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:**

Besides the remuneration proposed to be paid to him, the Executive Director does not have any other pecuniary relationship with the Company or relationship with the managerial personnel.

III. Other Information:

(i) Reasons of loss or inadequate profits:

The working results were impacted by inefficient resource utilization owing to inadequate Railway wagon orders, worsened by uneconomic wagon prices in unhealthy competition in the Industry and the overall economic downturn in the economy during the relevant financial year.

(ii) Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:

With expected release of orders for wagons by the Railways, resurgence in demands for wagons from other end users and a stable Government at the Centre, the general gloom in the Industry is gradually lifting. The focused approach of the new Government for growth of the Rail sector is opening vistas of new opportunities.

IV. Disclosures:

The information and Disclosures of the remuneration package of the Executive Directors have been mentioned in the Annual Report under the Corporate Governance Report.

This also forms a part of disclosure under the SEBI (Listing and Obligations and Disclosure Requirements) Regulations, 2015.

Except Mr. D. H. Kela, no other Director or Key Managerial personnel including their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed Resolution except to their Shareholding, if any, in the Company.

The Company has received valid notice and requisite deposit from a Member of the Company under Section 160 of the Companies Act, 2013, proposing the candidature of Mr. Kela for the office of the Executive Director.

In view of the above and subject to passing of the Resolution as set out in the Notice, it will be in the interest of the Company that Mr. Kela continues as the Executive Director of the Company.

Item No. 7

The Board of Directors of your Company at its Meeting held on 30th May, 2016 approved the re-appointment of Mr. Sandeep Fuller as the Executive Director of the Company for a further period of five years with effect from 1st February, 2017 on the recommendations of the Nomination and Remuneration Committee. The terms and conditions of his employment have been approved by the Board as per the statement appearing herein:

I. General Information:

(i) Nature of Industry:

The Company is, inter alia, involved in the business of manufacturing of rolling stock, hydro mechanical equipments, steel castings and other equipments.

(ii) Date or expected date of commencement of commercial production:

The Company was incorporated on 25th June, 1998. The operations of the plants were started in 1939 under the then formed Company namely, Texmaco Limited.

(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable.

(iv) Financial performance based on given indicators – (as per audited financial statements for the year ended 31st March, 2016):

| Particulars | (₹ in Crores) |
|--|---------------|
| Gross Turnover | 917.09 |
| Other Income | 32.01 |
| Net profit as per Statement of Profit & Loss (After Tax) | 21.59 |

(v) Foreign investments or collaborators, if any:

Not Applicable.

II. Information about the appointee:

(i) Background details:

Mr. Sandeep Fuller is a highly qualified professional aged 50 years (B.Tech'86, IIT Kanpur & PGD in Management). He has an outstanding experience of his working for nearly 20 years with Indian Railways in various capacities, and thereafter Larsen & Toubro before taking over his present assignment. His core experience is in the domain of Rolling Stock, Metro Coaches, Locomotives, Traction and Maintenance.

He has been a recipient of several distinguished awards for outstanding performance, notably the Railway Minister's Award for the year 2008-09 for Mumbai Railway operations including suburban operations. He has to his credit a series of papers presented on Modern Rolling Stock used in Delhi Metro and other related subjects. His high academic attainments and job experience are backed by specialized professional training at France in IT, University of York, UK, in International Traction Systems and other innovative programmes in Singapore and Malaysia.

(ii) Past remuneration during the financial year ended 31st March, 2016:

| Name of the Executive Director | (₹ in Crores) |
|--------------------------------|---------------|
| Mr. Sandeep Fuller | 0.96 |

(iii) Recognition or awards:

Stated under background details above.

(iv) **Job Profile and his suitability:**

Stated under background details above.

(v) **Remuneration proposed:**

Pursuant to the provisions of Sections 196, 197 and 203 and any other applicable provisions read with Schedule V of the Companies Act, 2013 together with the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof), Mr. Sandeep Fuller be appointed on the following terms and conditions.

| | | |
|---|---|---|
| 1 | Salary | ₹ 3,50,000/- per month with increments as may be decided by the Board of Directors from time to time subject to a yearly overall ceiling of 25% of last paid remuneration. |
| 2 | Other Allowances | ₹ 1,85,000/- per month |
| 3 | Perquisites | |
| | CATEGORY – A | |
| | a) Housing | i) Free furnished accommodation or HRA up to 30% of salary. ii) The expenditure incurred on gas, electricity, water, and furnishing shall be valued as per Income-tax Rules, 1962. |
| | b) Medical Reimbursement | Reimbursement of actual expenses incurred for self and his family subject to the ceiling of one month's Salary in a year or three month's Salary over a period of three years. |
| | c) Leave Travel Concession | For self and his family once in a year in accordance with the Rules of the Company. |
| | d) Bonus / Exgratia | As per the Rules of the Company. |
| | e) Leave | As per the Rules of the Company. |
| | f) Club Fees | Membership fee for one Club. No admission or life membership fee will be paid by the Company. |
| | CATEGORY – B | |
| | a) Contribution to Provident Fund and Superannuation Fund | As per the Rules of the Company. |
| | b) Gratuity | As per the Rules of the Company. |
| | CATEGORY - C | Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. However, long distance calls on telephone and use of Car for private purpose shall be billed by the Company. |

| | |
|---|---|
| 3 | In the event of the loss or inadequacy of profit in any financial year during his tenure as an Executive Director, the aforesaid remuneration shall be treated as minimum remuneration. |
| 4 | The annual variation and increase in the remuneration of Executive Director shall not exceed 5% of the profits of the Company as calculated under Section 198 of the Companies Act, 2013, and the limits specified in Schedule V. |

(vi) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:**

Taking into consideration the size of the Company, the profile of Mr. Sandeep Fuller, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

(vii) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:**

Besides the remuneration proposed to be paid to him, the Executive Director does not have any other pecuniary relationship with the Company or relationship with the managerial personnel.

III. Other Information:

(i) **Reasons of loss or inadequate profits:**

The working results were impacted by inefficient resource utilization owing to inadequate Railway wagon orders, worsened by uneconomic wagon prices in unhealthy competition in the Industry and the overall economic downturn in the economy during the relevant financial year.

(ii) **Steps taken or proposed to be taken for improvement and Expected increase in productivity and profits in measurable terms:**

With expected release of orders for wagons by the Railways, resurgence in demands for wagons from other end users and a stable Government at the Centre, the general gloom in the Industry is gradually lifting. The focused approach of the new Government for growth of the Rail sector is opening vistas of new opportunities.

IV. Disclosures:

The information and Disclosures of the remuneration package of the Executive Directors have been mentioned in the Annual Report under the Corporate Governance Report.

This also forms a part of disclosure under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Except Mr. Fuller, no other Director or Key Managerial Personnel including their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed Resolution except to their Shareholding interest, if any, in the Company.

The Company has received valid notice and requisite deposit from a Member of the Company under Section 160 of the Companies Act, 2013, proposing the candidature of Mr. Fuller for appointment as an Executive Director.

In view of the above and subject to passing of the Resolution as set out in the Notice, it will be in the interest of the Company that Mr. Fuller continues as the Executive Director of the Company.

Item No. 8

Mr. V. K. Sharma is an Executive Director (Retd.), Reserve Bank of India. He holds Master degree in Science. He also holds an Advanced Studies Certificate in International Economic Policy Research from Kiel Institute of World Economics, Kiel, Germany. He is a recipient of the prestigious Lord Aldington Banking Research Fellowship and the first RBI Golden Jubilee scholarship for pursuing research and advanced studies abroad. Mr. Sharma has retired as an Executive Director of RBI on 31st December, 2012 after acting in the capacity of career Central Banker and a Member of the Market Committee of Bank for International Settlements, Basel, Switzerland. He has also served as Chairman / Member / Director of several important Committees / Working Groups / Governing Boards / Councils / Bank Boards and represented RBI in various prestigious National and International fora. He has formidable credentials in Financial and Derivatives Analytics and Risk Management.

The Company has received valid notice and requisite deposit from a Member of the Company under Section 160 of the Companies Act, 2013, proposing the candidature of Mr. Sharma for the office of the Director. The Company has also received declaration from the Director that he meet the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements), 2015.

The Board of Directors is of the opinion that his vast knowledge and varied experience will be of great value to the Company and hence recommends the Resolution at Item No. 8 of this Notice for your approval. In view of the background and valuable experience of Mr. Sharma, it will be in the interest of the Company that he continues as a Director of the Company.

Except Mr. Sharma, no other Director or Key Managerial personnel including their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed Resolution except to their Shareholding, if any, in the Company.

Item No. 9

Pursuant to Clause 6(2) of the Articles of Association of the Company and pursuant to Section 197 of the Companies Act, 2013 ('Act') a Director of a Public Limited Company who is neither in whole time employment nor a Managing Director thereof may be paid remuneration by way of commission up to 1% of the net profits of

the Company as computed as per Section 198 of the Act, in any Financial Year if the Company by Special Resolution authorizes such payment.

In view of the time and attention the Directors of the Company are called upon to give for the purpose of the Company's business, it is considered that the payment of such commission to the Directors should be made for a period of 5 (Five) years from 1st April, 2016 in accordance with the above mentioned Sections of the Act.

All of the Directors except Messrs. S. K. Poddar, Ramesh Maheshwari, D. H. Kela, Sandeep Fuller and A. K. Vijay are interested in the Resolution.

Item No. 10

The Company had recorded Profit before Tax and Profit after Tax for the year ended 31st March, 2016 at ₹ 2619 Lakhs and ₹ 2159 Lakhs respectively. The working results were impacted by inefficient resource utilization owing to inadequate Railway wagon orders, worsened by uneconomic wagon prices in unhealthy competition in the Industry. In light of the general gloominess in the industry, the earnings of the Company are inadequate for payment of remuneration to the Executive Directors in terms of approval by the Members of the Company, under the provisions of the Companies Act, 2013 ('Act').

Pursuant to the provisions of Section 197 read together with Schedule V of the Act, in respect of the payment of managerial remuneration in case of no profits or inadequacy of profits as calculated under Section 198 of the Act, the Company may pay such remuneration exceeding such limits as minimum remuneration with the Members' approval by way of a Special Resolution and subject to the approval of Central Government.

The Board therefore, recommends to the Members for approval of remuneration paid in excess of the limit as prescribed under the provisions of Companies Act, 2013 subject to the approval of the Central Government.

The Executive Directors are concerned or interested in the Resolutions to the extent of their respective remuneration and shareholding interest in the Company.

The relatives of the Executive Directors may be deemed to be concerned or interested in the Resolutions to the extent of their Shareholding, if any, in the Company.

Save and except the above, no other Director or Key Managerial Personnel including their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed Resolution except to their Shareholding interest, if any, in the Company.

Details of Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting in pursuance of the SEBI (Listing Obligations and Disclosure Requirements), 2015

| Name of the Director | Mr. D. H. Kela | Mr. Sandeep Fuller | Mr. V. K. Sharma | Mr. Akshay Poddar |
|---|---|--|--|---|
| Age (in years) | 75 | 50 | 63 | 40 |
| Qualification | B.E. (Metallurgy) | B. Tech & PGD in Management | Master in Science | Honours in Accounting & Finance from London School of Economics and Political Science, University of London |
| Date of first Appointment on the Board | 1st January, 2010 | 1st February, 2014 | 29th June, 2016 | 2nd September, 2011 |
| Expertise in specific functional areas | <ul style="list-style-type: none"> Vast experience of more than 48 years in the industry Holding senior positions in engineering and metallurgical companies Architect for setting up 2 most modern & automated Steel Foundry units equipped with High Pressure moulding lines for the Company | <ul style="list-style-type: none"> Experience of 20 years with Indian Railways in various capacities and in Larsen & Toubro Core experience in the domain of Rolling Stock, Metro Coaches, Locomotives, Traction and Maintenance | <ul style="list-style-type: none"> Executive Director (Retd.), Reserve Bank of India. Career Central Banker and a Member of the Market Committee of Bank for International Settlements, Basel, Switzerland. Chairman / Member / Director of several important Committees / Working Groups / Governing Boards / Councils / Bank Boards and represented RBI in various prestigious National and International fora. He has formidable credentials in Financial and Derivatives Analytics and Risk Management. | Managing large business set ups |
| Remuneration last drawn (in crore) | 1.12 | 0.96 | N.A. | N.A. |
| Shareholding in the Company | 12,500 | 12,500 | Nil | 14,820 |
| Relationship with other Director in the Company | Nil | Nil | Nil | Son of Mr. S. K. Poddar |
| Directorship held in other Companies | High Quality Steels Limited Wabtec Texmaco Rail Private Limited Texmaco Hi-tech Private Limited* | Kalindee Rail Nirman (Engineers) Limited Bright Power Projects (India) Private Limited Texmaco Hi-tech Private Limited Wabtec Texmaco Rail Private Limited Touax Texmaco Railcar Leasing Private Limited Simon India Limited [§] | Firstsource Solutions Limited Equitas Finance Limited Indian Commodity Exchange Limited | Adventz Securities Enterprises Limited Lionel Edwards Limited Lionel India Limited Texmaco Infrastructure & Holdings Limited Zuari Agro Chemicals Limited Mangalore Chemicals & Fertilizers Limited Abhishek Holdings Private Limited Greenland Trading Private Limited Touax Texmaco Railcar Leasing Private Limited Adventz Finance Private Limited Adventz Investment Company Private Limited Indrakashi Trading Company Private Limited Hettich India Private Limited Adventz Homecare Private Limited Indian Chamber of Commerce, Calcutta YPO (Calcutta) |

| Name of the Director | Mr. D. H. Kela | Mr. Sandeep Fuller | Mr. V. K. Sharma | Mr. Akshay Poddar |
|--|---|---|---|---|
| Chairmanship / Membership of Committees in Companies including those in the Company | Texmaco Rail & Engineering Limited: Stakeholders Relationship Committee (Member) Corporate Social Responsibility Committee (Member) Texmaco Hi-tech Private Limited: Audit Committee (Member) Nomination and Remuneration Committee (Member) | Kalindee Rail Nirman (Engineers) Limited: Stakeholders Relationship Committee (Member) Texmaco Hi-tech Private Limited: Audit Committee (Member) Nomination and Remuneration Committee (Member) | Equitas Finance Limited: Audit Committee(Member) Nomination, Remuneration and Governance Committee (Member) Indian Commodity Exchange Limited: Audit Committee (Member) Nomination and Remuneration Committee (Member) | Adventz Securities Enterprises Ltd: Shareholder's/Investors Grievance Committee (Member) Texmaco Infrastructure & Holdings Ltd: Audit Committee (Member) Stakeholders Relationship Committee (Member) Nomination and Remuneration Committee (Member) Zuari Agro Chemicals Ltd: Nomination and Remuneration Committee (Member) CSR Committee (Member) Stakeholders Relationship Committee (Member) Texmaco Rail & Engineering Limited: Stakeholders Relationship Committee (Chairman) Nomination and Remuneration Committee (Member) |

*Appointed w.e.f. 28th May, 2016

§Appointed w.e.f. 10th May, 2016

TEXMACO RAIL & ENGINEERING LTD.

Annual Report 2015-16

WIDENING THE REACH



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



CONTENTS

| | |
|--|-----|
| Corporate Information | 01 |
| Business Units | 02 |
| Chairman's Message | 04 |
| Financial Highlights for ten years | 06 |
| Products /Process | 08 |
| Corporate Social Responsibility | 10 |
| Work-Life balance | 12 |
| From the desk of Executive Vice Chairman | 14 |
| Kalindee Rail | 16 |
| Bright Power / Texmaco Hi-tech | 18 |
| Touax Texmaco / Wabtec Texmaco | 19 |
| Report of Directors | 20 |
| Report on Corporate Governance | 54 |
| Standalone Financial Statements | 64 |
| Cosolidated Financial Statements | 103 |

CORPORATE INFORMATION

Directors

S.K. Poddar, *Executive Chairman*
Ramesh Maheshwari, *Executive Vice Chairman*
A. C. Chakrabortti
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.

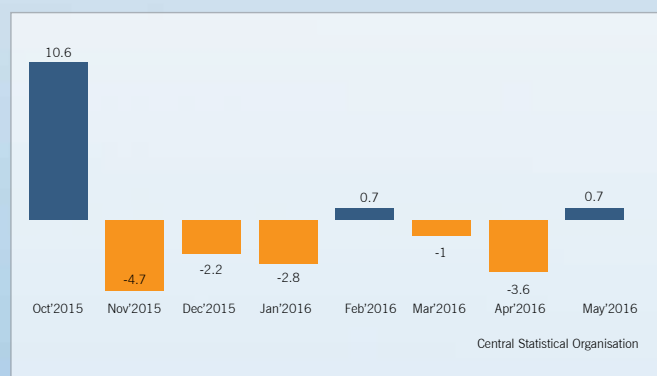
There is a continuing momentum of flows from FII and FDI owing to favourable policy regime and robust business environment. India has overtaken China as the world's top FDI destination as a result of the Government's effort to improve ease of doing business and relax the FDI norms. However, there is 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

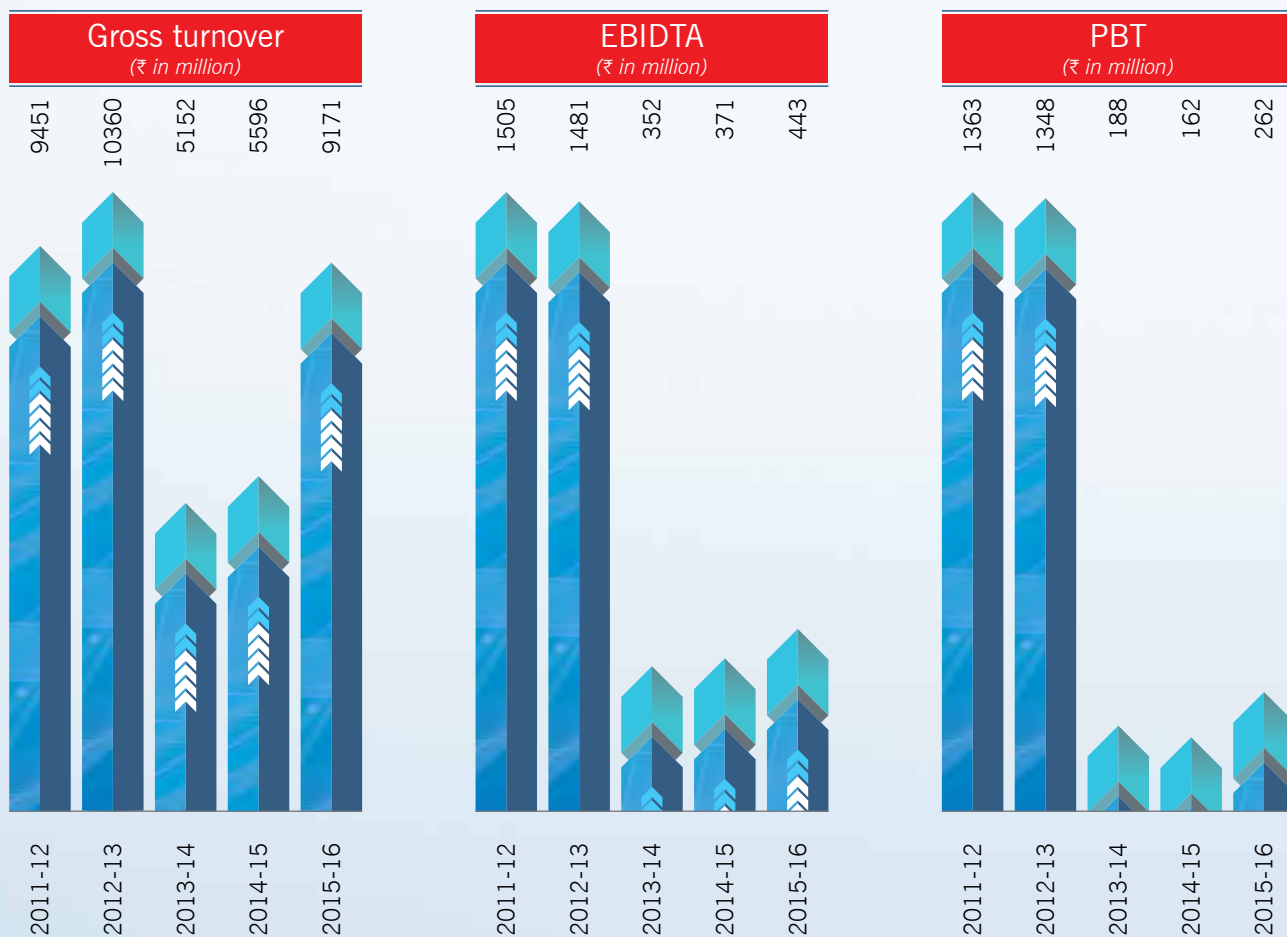
Last, but not the least, India embarked on big-bang economic reforms 25 years back in 1991. Undoubtedly, GDP growth has been much higher in the post-reform period. Ultimately, the impact thereof must be felt in alleviating poverty and inequality. India still has 300 million people below the poverty line. 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.



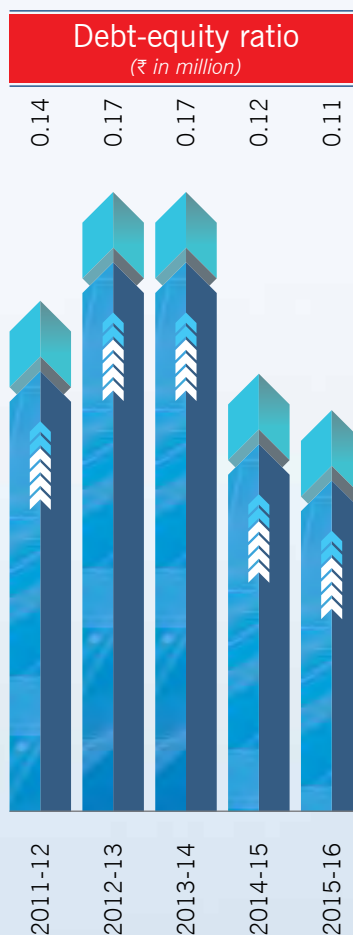
S.K. Poddar





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

High Head (45 M) Top Seal Radial Gate erected at an elevation of 7216 ft., at Parbati Hydroelectric Project - Stage II (800 MW), Himachal Pradesh



PLC controlled High Speed Core Shooter/ Blower from Laempe, Germany, installed at the Steel Foundry



Aerial view of Farakka Barrage in West Bengal, after rehabilitation carried out by Texmaco



Closer view of one of the new gates in operation

CORPORATE SOCIAL RESPONSIBILITY

Conducting a cutting-edge laser treatment at Arogyam



Physiotherapy at Arogyam



Texmaco Arogyam Physio Centre –

Texmaco Neighbourhood Welfare Society's endeavor is to make wellness a way of life

TEXMACO HEALTH HUB



A well-equipped, state-of-the-art gym to promote health and fitness



Yoga class



Texmaco Yoga Centre- A journey of bringing the body, mind and soul into balance



WORK-LIFE BALANCE



This flying geese symbolises
Texmaco's flight towards growth



Texmaco Eco Park for green ambience

Commemorating Women Empowerment
on International Women's Day





▲ The Basant Bahar event celebrated at Texmaco premises



▼ The winning team at an internal competition held by Texmaco seen promoting sportsmanship spirit



From the desk of

EXECUTIVE VICE CHAIRMAN



The Final Lap - Reminiscences

It is hard to find words to express the strong surge of emotions as I sum up a lifetime experience having been at the helm of Texmaco for over 5 decades. It was in my late 20s that I began my journey with the Company reporting directly to the Founder Chairman (late) Dr. K.K. Birla. I was indeed privileged to work closely with Dr. Birla from day one which did accelerate my elevation in top executive position as the President & CEO, Texmaco. The recognition also came thru' additional assignments in various capacities as Director and/or Adviser in most of the leading Group companies including Hindustan Times, Zuari Agro, and a seat on the Board of Governors of the prestigious educational Institution, BITS Pilani.

To be candid, I wonder as to what impressed Dr. Birla to afford me an opportunity as a green horn, which would be the dream of any youngster. Presumably, he looked for a mix of youth and intellect in a self-confident personable individual, who he could train and mould to fit his bill. I spared no efforts to vindicate his trust in a spirit of challenge to compensate for my inexperience.

I took over as the Executive Vice Chairman in January '10 (FY 09-10). Mr. Saroj Poddar, who was the Vice Chairman earlier, took the reins of the Company as Chairman on passing away of Dr. K.K. Birla in August 2008 (FY 08-09). It is time to pause and reflect over a tide of varied experiences going thru' some of the most formidable years of my tenure. The times, especially during Naxal movement in late 60s and early 70s, were intimidating with a defiant workforce of nearly 10000; personal risks were daunting and went beyond the call of duty. However, we made history at Texmaco in steering it successfully when virtually all other giant engineering and wagon building companies, such as Jessop, Braithwaite, BURN, Indian Standard Wagon etc. collapsed and were nationalized by the Govt. of India. Many other renowned foreign companies, to name some of them like GKW, Metal Box, Andrew Yule etc. met the same fate. It was Divine Blessing which instilled the grit and resolve in me to hold out against all odds and challenges.

The survival struggle brought the best out of me and helped to discover myself. Each crisis infused in me new energy and passion to deliver and never to quit the race. Experience taught me that the top man is not just a Manager; he has to be a Master Craftsman. As I trudged along, it was an uphill task, exasperating and menacing at times, but never weakening my will to lead in any situation. I, of course, had the comfort of the unwavering support of the Chairman and unflinching support of my team.

Business Environment – The Challenge Beyond

Currently, while the business outlook is good under the dynamic lead of Prime Minister, Shri Narendra Modi, the pace of reforms is slow, beset with the compulsions of our Federal Polity. There are numerous problems thrown up owing to the bigotry approach weighed down by cast and communal considerations. Hopefully, with mature leadership and non-partisan politics, we will all learn to share a common goal of ushering in economic and social reforms to alleviate poverty and ignorance and lead the country to prosperity.

Texmaco, which has been the leading freight car maker over the decades, is presently faced with lean order book owing to poor off-take by Indian Railways. The Company has taken recourse to diversifying in the area of hi-tech unconventional wagons where it enjoys the position of pre-eminence. Besides, the Company has invested heavily in physical infrastructure and latest technology to establish its footprints in the field of coaches and locomotives. Notably, the Company has gone for new acquisitions to enter the field of track laying, signaling & telecom, overhead electrification etc. The latest joint ventures of the Company in Lease Finance and Rail Services are also coming up and will make a significant contribution to its revenues and earnings in due course.

Metaphorically, in the changed environment, we at Texmaco are busy painting a landscape under changing light conditions. Strategic thinking with an adaptive approach to emerging situation holds the key. We have to be alert and active and not wait for a shower of Manna from the Heaven.

Human Capital

Texmaco today can be legitimately proud of the rich human asset which is not fully reflected in the Annual Report. With all modesty we may claim to outclass the peers in ranking in its appeal of a fraternal organization with human face. Texmaco is an enlarged family, and it cannot be gainsaid that it is an outstanding company in terms of its committed workforce, which has set an enviable track record of industrial peace and harmony, unparalleled and difficult to match.

I grew with the belief that you don't build business; you build People and the People build business. I have always valued socially inclusive work environment.

Core Values & Transformation Under Adventz Brand

The new brand under the leadership of our present Group Chairman, Mr. Saroj Poddar, embodies the organization's ideology guiding the individual and corporate behaviours, actions and decisions. We are all inspired by his ambitious vision and sincere belief in his 'Passion with Compassion' for growth. I quote him "*Money builds the building, but the ambition builds the skyline.*"



An Abiding Commitment

'Life is a journey, not a destination'

Over the years, I am totally embedded in Texmaco. I have kept running like a man possessed in face of all obstacles and bumps. There is no youth running away from me or ahead of me. The agenda is still unfinished. The new course has to be charted by the younger generation of aspirational minds with fresh perspective – ready to think, daring to act.

In eternal love with Texmaco - a living, breathing real entity.

Not just a place of work, *a place to work.*

Ramesh Maheshwari



KALINDEE RAIL NIRMAN (ENGINEERS) LIMITED

(A Subsidiary Company)

Armed with unrivalled technical expertise and an absolute focus on safety and quality, Kalindee, a futuristic and efficiency-driven company continues to demonstrate excellence in execution, offering innovative solutions and plays a significant role in providing 21st century railway systems.

Business Milestones:

1. Railway Track linking work started for MMTS (Multi Modal Transport System) Hyderabad on Secunderabad & Hyderabad divisions of South Central Railway..
2. HR Training program for “Improving Management Effectiveness for Self & Organization Development”.
3. Kalindee Rail Nirman (Engineers) Limited has recently bagged the ballast less Track work order for Phase – I, from Lucknow Metro having route length of 23 km from Chaudhary Charan Singh Airport to Munshipuliya and one maintenance depot at Transport Nagar. The Contract Agreement for the same has been signed and the work has been commenced from Lucknow.



1



2



3



4

4. Inspection including Speed Trial and Non-Interlocking (N.I.) being carried out by Commissioner of Railway Safety (CRS) at Talwandi Sabo Power Plant at Mansa (Punjab).

5. Railway Track linking work started for the doubling project of Rail Vikas Nigam Limited from Kota to Piplod Road station of West Central Railway.



5

BRIGHT POWER PROJECTS

(A Subsidiary Company)



132/27.5KV Power Transformer (rating 21.6/30.24MVA) being erected for Railway Traction Sub Station



WAP5 Loco Hauling Rajdhani Express on Traction erected by Bright Power



OHE job is in Progress.



220KV/132KV & 110KV Traction Substation for Railways feeding to 25KV traction

TEXMACO HI-TECH PVT. LTD.

(A Subsidiary Company)



Robot welding



LHB Bogie Machining

TOUAX TEXMACO RAILCAR LEASING PRIVATE LIMITED

(A Joint Venture Company)



First rake of wagons moving out on lease

WABTEC TEXMACO RAIL PRIVATE LIMITED

(A Joint Venture Company)



Products of the JV Company:

1. Brake Blocks and Friction Wedges
2. Draft Gears
3. Followers



Report of the Directors

Your Directors have pleasure in presenting the 6th Operational Annual Report of the Company along with the Audited Financial Statements of the Company for the year ended 31st March, 2016.

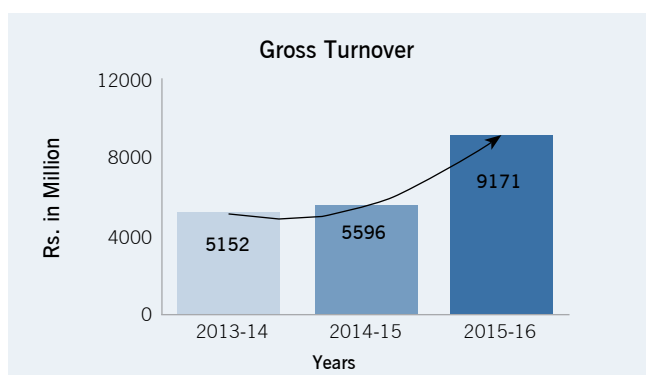
FINANCIAL RESULTS

(₹ in Lakhs)

| | 2015-16 | 2014-15 |
|---|------------------|------------------|
| Operating Profit (PBIDT) | 4,430.36 | 3,707.72 |
| Less: Interest (Net) | 564.66 | 591.79 |
| Gross Profit (PBDT) | 3,865.70 | 3,115.93 |
| Less: Depreciation | 1,246.06 | 1,493.62 |
| Profit before Taxation | 2,619.64 | 1,622.31 |
| Less: Provision for Taxation: | | |
| Current Tax | 515.36 | 180.00 |
| MAT Credit entitlement | (144.44) | (45.00) |
| Deferred Tax Liability/(Asset) | 89.72 | 336.50 |
| Income Tax for earlier years | -- | (222.74) |
| Profit after Taxation | 2,159.00 | 1,373.55 |
| Add: Balance brought forward from previous year | 11,617.81 | 11,376.33 |
| | 13,776.81 | 12,749.88 |
| Appropriations | | |
| Proposed Dividend on Equity Shares (Incl.Tax) | 632.73 | 632.07 |
| General Reserve | 500.00 | 500.00 |
| Balance Carried Forward | 12,644.08 | 11,617.81 |
| | 13,776.81 | 12,749.88 |

During the year under review, the Company's overall performance was substantially impacted due to general sluggishness in the market, release of inadequate orders by Railways and that too at un-remunerative prices affecting the top and bottom line of the Company.

The Gross Turnover for the year stood at ₹ 9171 million, net of the value of free-supply inputs (including steel and components) of over ₹ 1642 million, provided to the Company by the Indian Railways and other clients for some large value contracts.



The Gross Profit (PBDT) and Profit Before Tax (PBT) for the year were at ₹ 387 million and ₹ 262 million respectively. The Net Profit was ₹ 216 million, after providing a net tax liability of ₹ 46 million for the year has been created in the Statement of Profit and Loss in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India.

Dividend

In view of lower profits, the Directors recommend payment of a dividend of 25% for the year ended 31st March, 2016.

THE MANAGEMENT DISCUSSION AND ANALYSIS

Wagon building has been the mainstay of Texmaco for decades. However, the vicissitudes of wagon Industry fortunes from erratic procurement planning of the Indian Railways is rendering the Industry highly vulnerable. Railways were identified as the key sector for the largest investment to build a world class rail network entailing a 5-year outlay of USD 140 billion. Ironically, the Wagon Industry, which had to play a lead role in modernizing and expanding the wagon fleet to haul the expected traffic from accelerated GDP growth rate, is in doldrums.

In absence of timely measures, the available infrastructure built with substantial investment by the Wagon Industry is grossly underutilized. Unfortunately, to add to the woes, the failure to review the freight policy, given the drop in fuel price, is luring away the freight business to road in preference to Rail.

The correction in future policy direction is anxiously awaited for which the Industry has been making representations at various levels in the Ministry of Railways.

HEAVY ENGINEERING DIVISION

A. Rolling Stock Division

a. Freight Car

There was an unprecedented development in respect of the Indian Railway Tender for 8509 wagons against FY 2015-16 RSP (Rolling Stock Programme). The budgetary provision was for 16800 wagons, but the actual procurement was virtually half thereof. In the resultant scramble for orders, the prices quoted by the certain wagon builders were grossly un-remunerative and unworkable, indeed predatory. The Industry, already smarting under losses owing to unviable prices, was in for a rude shock at the cut-throat competition and further precipitated fall in prices by new entrants in the Industry. Ultimately, the tender for FY 2015-16 had to be short-closed due to non-acceptance by majority of the wagon builders (including your Company) of the price counter-offered by the Railways.

Under the circumstances, the only order which the Company received from the Indian Railways during FY 2015-16 was for 765 BOXNHL wagons under the option clause in respect of an earlier contract dt. 29th April, 2014 for FY 2013-14, which was at old prices with margins under severe pressure. This adversely impacted the working of the Rolling Stock Division for the year.

In the non-IR segment during the year, the Company received orders for 751 wagons, valued ₹ 2087 million (ex-works).

The Indian Railways floated the next tender in January 2016 for 14777 wagons against FY 2016-17 RSP, which will be procured during the current year.

The Company executed during the year orders for 2679 wagons altogether, including non-IR wagons, valued ₹ 6266 million. This was a unique year, during which 14 different types of wagons were manufactured, comprising IR 4 types and Non-IR 10 types. It required development and prototype manufacture of 8 new design wagons, which included special wagons for transport of High Pressure Liquid Ammonia, Defence Equipment, Steel Coils, Automobiles, and Milk in SS Tanks.

b. Coaching

Your Directors are pleased to report that the first rake of EMU Coaches which was in commercial service on Eastern Railway since 3rd February, 2015, is running successfully. Further, your Company has received a developmental order for manufacture of Under Frames for AC-3 Tier Coaches from Rail Coach Factory, Raebareilly, which is under production at Sodepur Works. The Company continues to expect further orders for Coaches from the Indian Railways.

c. Locomotive Components / Assemblies

Your Company has diversified into manufacture of Electric Locomotive Shells and Sub-Assemblies and has been supplying Complete Shell Assembly, Centre Sills, Head Stocks, Roof Structures, and Underframe Assemblies to Chittaranjan Locomotive Works (CLW). In continuation, the Company has secured an order for supply of 33 nos. complete Shell Assembly with Pneumatic Piping & Painting, besides orders for Central Underframes, Side Sills, Roof Structures & Bolsters. These are under regular production and deliveries are in progress.

The Company has also received a developmental order for manufacture of Underframe Assembly for Twin Cab Diesel Locomotive from Diesel Locomotive Works (DLW), Varanasi, which is under production at Agarpara Works.

The Indian Railways had invited two largest ever tenders for their twin prestigious Locomotive projects for 800 Electric Locomotives at Madhepura and 1000 Diesel Locomotives

at Marhaura, valued at around ₹ 400000 million. These were opened on 31st August, 2015 & 1st September, 2015 respectively, and have been awarded to Alstom & GE on 30th November, 2015. The Company is well poised and equipped to support both Alstom & GE in these projects for the fabrication of the loco shell underframe and bogie frame.

The much awaited tender for 200 Electric Locomotives for the Western DFCC, under JICA credit for which there was only a single bid by a consortium led by Kawasaki, Japan, was opened on 30th June, 2015. The same is yet to be decided. The fabrication of locomotive shells and bogie frames for the indigenous supply thereof is proposed to be done by your Company.

The above projects will establish your Company as a premier supplier of Locomotive Assemblies and Sub-Assemblies in the coming years.

JOINT VENTURES

i. Touax Texmaco Railcar Leasing Private Limited

In the Rail Budget 2016, some very progressive moves have been initiated to promote leasing by introduction of new wagon types. The Budget has opened up leasing for general purpose wagons practically for most of the commodities excepting a few, such as coal for carriage by containers. It has also addressed the key demand of certain operators for entering into long term freight contracts which will be conducive to good business for cargo movement. Reconstruction of major auto hub near Chennai to promote movement of cars by rail and establishment of a Rail Tariff Authority to regulate freight are some of the other welcome features of the Budget.

The JV company has secured orders for about 300 wagons during the year of which 250 wagons have been delivered to various users on a medium to long term operating lease basis. This yields a revenue stream of around ₹ 110 million per annum. Though there has been a bit of downturn in the Country's Exim Trade affecting the container train operations, the prospects of domestic trade are expected to brighten, particularly with new businesses emerging in the field of fly ash, auto, steel and cement

industries. Further, the expected 7.6% growth in the economy will fuel the traditional logistics growth at an exciting rate.

To support further investment and growth, the JV company plans to borrow limits for which it is in negotiation with some of the leading Banks.

ii. Wabtec Texmaco Rail Private Limited

Wabtec Texmaco Rail Private Limited, a JV company between Texmaco Rail & Engineering Limited and Wabtec Corporation, USA, was incorporated in July, 2015, to cater to Indian Freight and Friction products market. The JV company commenced sales of its High Capacity Draft Gears and High Performance Brake Blocks in March, 2016, after obtaining requisite licences and registrations. The JV company is making rapid strides in gaining confidence of the Indian wagon industry for supply of Draft Gears and has won orders for its High Performance Composite Brake Blocks from Sri Lanka Railways & Bangladesh Railway. The JV company aims at becoming the market leader in its range of products comprising AAR approved Draft Gears, Bogie Mounted Brake Systems, Composite Brake Blocks, Friction Wedge, etc.

SUBSIDIARY COMPANIES

i. Texmaco Hi-tech Private Limited

The Joint Venture (JV) with UGL Rail Services Ltd. (UGL), Australia, comprising a State-of-the-Art manufacturing facility, has become a wholly owned subsidiary of Texmaco Rail & Engineering Limited ("Texmaco") w.e.f 1st October, 2015, consequent on acquisition of the entire shareholding of UGL by Texmaco. As reported in the previous year, the business projected by UGL, Australia, did not materialize, and there was little prospect of improvement in the near future. In such a grim scenario, UGL expressed the desire to exit the joint venture, and the entire shareholding of UGL was accordingly taken over by Texmaco. The unit has been renamed as Texmaco Hi-tech Private Limited. Its operations are now being planned and managed by Texmaco, and there is a sustained effort to expand the customer base and the range of products. There is already a flow of orders

from some global companies like GE Transportation, Harsco and renowned indigenous customers like IR, ZF, etc. It is hoped that the capacity available in the unit will be profitably utilized for high precision components, such as, bogies etc. for locomotives and coaches with substantial demand potential.

ii. Kalindee Rail Nirman (Engineers) Limited

Kalindee Rail Nirman (Engineers) Limited ("Kalindee") became a subsidiary of the Company with effect from 31st August, 2015, with majority of the Directors on the Board of Kalindee being the nominees of your Company. The merger scheme of Kalindee with Texmaco has been approved by the Hon'ble High Court, Calcutta vide its order dated 26th February, 2016. The approval of the Hon'ble High Court, Delhi, where the Kalindee's Registered Office is located, is still awaited.

Kalindee with its proven credentials in the field of Signaling and Telecom supported a consortium comprising, Mitsui and Hitachi, Japan, along with Texmaco to bag the largest Signaling and Telecom contract in Western Dedicated Freight Corridor (DFC), and the work on the same would start during the current year.

Kalindee is currently focused on closing all the old legacy contracts and concentrating on the more challenging and lucrative new projects where the Company has begun participating aggressively.

Further, with a view to expand the customer base, there has been a shift in the Kalindee's strategy during the year for diversifying increasingly into DFC and Metro Rail projects. This will help to de-risk the overall business configuration of Kalindee going forward.

With foray in high-tech projects, Kalindee has built a team of technical and experienced professionals who can effectively contribute in the Company's goal of high growth with sustainability.

iii. Bright Power Projects (India) Private Limited

During the year, your Company acquired a majority

stake (55%) in Bright Power Projects (India) Private Limited ('Bright Power'), a company pioneer in the domain of Rail infrastructure, specialising in the field of Overhead Electrification ('OHE') of Railway systems. Bright Power has become a subsidiary of the Company w.e.f. 4th January, 2016. It offers a complete Package in the field of Design, Supply, Construction & Installation for Railway Electrification and installation of Transformers and Substations mainly for the Railways. Bright Power has been doing reasonably well in its field for the past 30 years. With the technical and commercial support of your Company, Bright Power has clocked improved performance in the year 2015-16 with a turnover of ₹ 1013 million and an EBIDTA of ₹ 150 million. This acquisition would further expand Texmaco's footprints as a 'Total Rail Solution Provider' Company.

B. Hydro Mechanical Eqpt.

The turnover of the Division during the year was ₹ 357 million. It was well below the expectations, primarily due to Force Majeure situations, affecting execution of the major contracts. In the case of a prestigious large value contract for Upper Tamakoshi HE Project in Nepal, there was a major disruption on account of a disastrous earthquake which hit global news. The situation was further aggravated by India-Nepal border blockade due to political agitation within Nepal. However, since early 2016, the blockade has been lifted enabling movement of WIP & Finished Inventory. The pace of job execution has gained momentum in other projects also. There have been improvement in realizations of outstanding dues as also settlement of some of the claims and closure of old contracts.

After completion of refurbishment / replacement of contract in two projects during the year, the Division has been successful in winning another tender for refurbishment in Farakka Barrage. Refurbishment / replacement and Health Study of old hydro / barrage equipments have opened up new business opportunities and the Division is receiving good response.

The Division has a comfortable workload to the tune of ₹ 3600 million in hand and is expected to display improved performance in future. Further, there is rich business potential

in HM equipment & Penstock Liner which may materialize during the current year, as the Company is well entrenched after successfully meeting the PQ requirements in large value tenders funded by renowned national / international funding agencies for prestigious projects.

C. Bridge & other Steel Structures

The new Bridge & Structural Division of the Company at its Panihati Works is now fully operational. Against the order of around 9000 MT of Bridge Structure for supply to Bangladesh and Srilanka, the Company completed fabrication of more than 4100 MT till March 2016 and has commenced the erection work of individual segments of 102 Mtr. span each on the Bhairab river having a span of almost 1 KM.

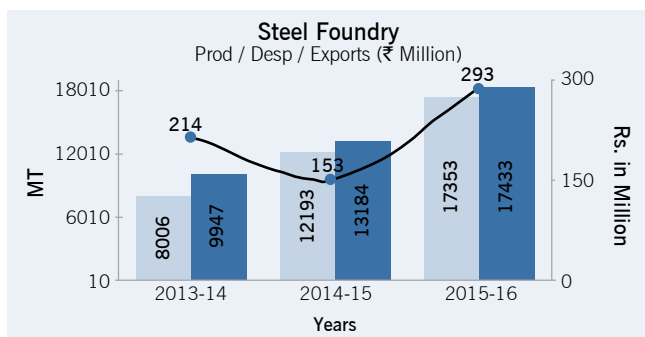
On completion of erection of this unique project in Bangladesh, the Company expects to establish its credentials in the field of fabrication and erection of critical bridges both for Dedicated Freight Corridor in India and for Bridges abroad.

STEEL FOUNDRY DIVISION

Despite the continuing depressed off-take of Indian Railway during 2015-16, in face of sluggish demand of Rolling Stock, the overall performance of your Foundry has improved compared to the previous year. The production and dispatch during the year were 17353 MT & 17433 MT against 12193 MT and 13184 MT during the previous year, an increase of 42% and 32% respectively. The turnover of the Foundry surged by about 35% and stood at ₹ 2163 million. The Foundry maintained its status as the leading supplier of Railway Castings, both in bogie & coupler, with a market share of around 31%.

On the export front, your Directors are pleased to inform that Railway castings developed for North American market have successfully passed both static & dynamic tests conducted at AAR laboratory in USA. With this significant achievement, the export of Railway castings to North American market has started since October, 2015, and the Foundry has executed record export orders worth ₹ 286 million compared to ₹ 153 million during the previous year. Besides, some more castings for different design of Railway bogie as well as some

new parts for mining operations have been developed. This has opened a new market of Railway castings in South America along with expanded volume of mining castings all over the world.



Your Directors would further like to inform that the Foundry has developed castings as per RDSO design of 25T axle load bogie, which after successful field trial, will be the high axle load indigenous bogie for TOMORROW, to be run on Indian track. The Foundry is also in the process of developing Wabtec design new High capacity Draft Gear as a replacement of the Draft Gear being imported currently.

The Foundry has been continuously striving to improve its capability and product quality and as a step forward in this direction, it has installed an imported Core Shooter Equipment which is under commissioning.

With the diminishing demand of Railway casting coupled with surplus manufacturing capacity, the prices of Indian Railway castings have registered steep decline. Consequently, your Foundry is in the process of re-organizing to increase the export quantum from the present level of 13% to 30% of its capacity in next 15 / 18 months.

EXPORTS

During the year, the Company executed export orders worth ₹ 488 million comprising of Steel Castings, Rolling Stock and Hydro Mechanical Equipment to USA, Australia, Nepal and Africa.

The Company, during the year also exported Steel Bridge Girders to Bangladesh through AFCON-IRCON JV as an indirect export. The value of deemed export made by the Company during the

year was ₹ 283 million. The Company is constantly endeavouring to develop new markets, especially in Middle East and Africa

R&D ACTIVITIES

A. Steel Foundry Division

R&D activities of Steel Foundry Division are focused on development of new products and improving the existing processes in order to upgrade the quality and reduce the cost of the product.

Some of the projects undertaken are:

Products Developed

(a) Bogie Castings for export

Railway Bogie Castings with improved properties for South American market for broad gauge (1676 mm) application have been successfully developed and approved by the concerned authority and are under despatch.

(b) Export Castings for Mining application

New design castings with very critical dimensions and special grade of wear resistant material were developed to impart higher impact toughness & hardness and thereby imparting higher service life for ground excavating equipment.

New Processes developed / modified

- i. Development of a Self Core System for Yoke Castings – This process reduces the cost of production significantly. It also improves the quality and service life of the product.
- ii. An Informatics-based Approach to reduce the Grain Size of Hadfield Cast Steel–The Research Team in the Foundry has successfully developed and designed the process to get fine grain size resulting in better mechanical properties. This has been recognized and published in The Institution of Engineers (India) 2015 Journal.
- iii. Development of a New Etchant for Austenitic Manganese Steel – A new process of etching the High Manganese Steel Castings has been developed. The work has been recognised and published in Advanced Research Journal, 2015.
- iv. Reduction of weight of casting by applying the latest computer simulation programmes, modeling of the

process and using accurate CNC make metallic tooling. This significantly reduces the time for prototype development and also increases the consistency over the dimensions.

B. Heavy Engineering Division

1. Rolling Stock

- i. A new type of wagon “BDDAC”, which is a double deck auto car carrying wagon, has been developed (with technical support from a renowned European firm) and the prototype manufacture is underway. Certain specially designed mechanism components for lifting and positioning the upper deck as ramp are under advance stage of manufacture. Sixty one (61) critical components for the same including imported Gear Box, Coupling, Spindle mechanism and a special Pressed Section (9.3M long) are already available. After trials, this wagon will prove its superiority over the existing type for faster loading and unloading of cars and the locking of cars in position.
- ii. The Company has also designed and developed a Double Deck Container carrying flat wagon (Bogie Flat Container Wagon) with the technical support of M/s. UGL, Australia. After submission of design, RDSO have also conducted the fatigue analysis, and as mandated, the required modifications have been incorporated. The clearance for prototype manufacture has been obtained and the manufacture will start shortly.

2. Hydro-mechanical

The Hydro-mechanical Division has successfully designed and developed an arrangement through which the thrust of the radial gate is transferred to the side piers by incorporating plain spherical bearings of stainless steel instead of conventional and expensive self-lubricating bronze bushes between the trunnion and arm housing. The outer part of the spherical bearing is fixed to the bearing housing in the arm, and the inner part is fixed to the extended portion (cantilever) of the trunnion pin, which in turn is fitted to the specially designed load bearing structural frame. The frame fitted with adequate number of anchor bolts will be embedded in the concrete pier, thus enabling the load transfer.

The new design has been successfully implemented in 4 nos. Hydraulic Radial Gates for silt flushing, after approval by the project consultant, “JV Norconsultant AS-Lahmeyer International GmbH”.

IT SERVICES

With installation of Oracle R12 System, the entire business operations including Procurement, Inventory, Production, Sales and Finance are integrated in ERP Application with successful completion of ERP phase-2 project. The department is now working to sort out the integration gaps and streamline the business process through adopting best practices of ERP to upgrade effectiveness to its application.

The internet bandwidth is further increased to ensure improved online connectivity with growing users. To combat cyber threat necessary measures have been introduced for arranging a secured environment.

HUMAN RELATIONS

The Human Relations contribute to the harmony in work place and promote healthy industrial relations. Through Human Relations, your Company has become not only a ‘place of work’ but essentially a ‘Place to work’.


Your Company believes that proactive & innovative Teamwork plays a pivotal role in attaining the corporate objectives of delivering quality products on time.

Human Resource remains one of the key assets of the Company. Accordingly, various initiatives and policies have been taken to ensure a balance between business needs and individual aspirations. There is a focus on ensuring best practices in people policies to improve the Quality of Life of ‘the people’ through enriching their knowledge base. There are programmes round the year for Learning and Development to manage skill redundancy.

The Company relies on empowerment of the employees to work with professional camaraderie bonded with ability to deliver to the optimum level.

OPPORTUNITIES & THREATS

The last couple of years have been quite challenging for Texmaco. The traditional comfort of assured wagon orders from



the Indian Railways on yearly basis has ebbed. The margins are under pressure due to intense competition and surplus capacity in the Wagon Industry. The hope of better days for the wagon industry with the formation of the new government has been elusive so far.

International developments like uncontrolled terrorist activities in the neighborhood and the West and middle-East Asia, have their inevitable fallout on the business environment. Mercifully, the damage appears to be contained and will have limited impact on business.

Challenging times inevitably throw up new opportunities. In spite of hiccups, the Indian economy is expected to grow at a faster rate for the next few years. Inflation is moderate; fiscal deficit is under control (thanks to worldwide slump in crude), and there is a professed commitment of the GOI to usher in more reforms. Globally, there is a general sense of optimism in the future of the Indian economy. Major initiatives like "Make in India" and the drive on Infrastructural Development have already started rolling, and it is for the corporates to seize the emerging opportunities. Notably, the GOI plans in respect of the DFC and metros have huge business potential for Texmaco and its subsidiaries.

The professionalism and legitimacy exhibited by your Company's management and the infrastructural / technological superiority vis-à-vis peers has led multinationals to seek the Company's support in their multibillion dollar projects awarded by the Indian Railways. While it may take time to reap the financial benefits of such partnership, the resulting total transformation in the work culture and the image worldwide will put the Company in a different league altogether.

CORPORATE SOCIAL RESPONSIBILITY

The Company is actively engaged in social well-being and upliftment by pursuing various CSR initiatives in the fields of Education, Health, Environment and Women Empowerment.

To make a significant difference in this regard, through Texmaco Neighbourhood Welfare Society, the Company has added another important milestone by setting up a Health Hub which includes "Texmaco Arogyam Physio Centre", surrounded by

green environs at the Texmaco Estate premises. The mission is to alleviate pain, restore health and build physical fitness with the aid of a team of skilled and experienced Physiotherapists. The Centre is well-equipped with the requisite technologically advanced equipment and supported by a modern Gym in cheerful and pleasant ambiance. The Yoga Centre adds to the attraction of the Hub.

Your Company lays special emphasis on extending support for higher education and employability enhancement program for the underprivileged sections of the society. There is also a drive to promote Sports amongst youth in the local area.

The corporate philosophy is of working together for common good, and your Company's employees are encouraged to volunteer their time and resource to experience the joy of giving back to the society.

The Company is in the process of tie-up with various associations / organisations / trust for pursuing the CSR activities. The process of identifying meaningful activities is time consuming and the Company could not spend a part of the prescribed amount in the financial year 2015-16.

GREEN INITIATIVES

Your Company has started a sustainability initiative with the aim of going green and minimizing the impact on environment. Your Company has already started sending Annual Report, Notices, etc. through e-mails to the Shareholders, whose e-mail IDs are registered with their Depository Participants. In case a Shareholder wishes to receive a printed copy, he / she may please send a request to the Company, which will send a printed copy of the annual report to the Shareholder. Members are requested to support this initiative by registering / updating their email addresses for receiving Annual Report, Notices, etc. through e-mail.

PARTICULARS OF EMPLOYEES

The number of employees as at 31st March, 2016 was 1467. In terms of the provisions of Section 197(12) of the Companies Act, 2013 ('Act') read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules,

2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is enclosed as **Annexure B**.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed as **Annexure C**.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is enclosed as **Annexure D**.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Meetings of the Board

During the year under review, six Board Meetings were held on 22nd May, 2015, 22nd July, 2015, 28th September, 2015, 7th November, 2015, 6th February, 2016 and 31st March, 2016.

Change in Directors and Key Managerial Personnel

During the year, Mr. A. K. Vijay, had resigned as Company Secretary and Compliance Officer of the Company and Mr. Ravi Varma was appointed in his place w.e.f. 22nd June, 2015.

Messrs. Akshay Poddar and Sandeep Fuller, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting. The Board has recommended their re-appointment.

Board Evaluation

The Company has formulated a Policy, for performance evaluation of Independent Directors, Board, Committees and other Directors by fixing certain criteria which was approved by the Nomination and Remuneration Committee and adopted by the Board. The criteria for the evaluation include their functioning as Members of Board or Committees of the Directors. A structured questionnaire, evolved through discussions within

the Board, has been used for this purpose. Further on the basis of recommendations of the Nomination and Remuneration Committee and the performance review by the Independent Directors, a process of evaluation was followed by the Board for its own performance and that of its Committees and individual Directors.

Appointment of Directors and Remuneration Policy

The Nomination and Remuneration Committee has approved the criteria to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education and public service.

Based on the recommendations of the Nomination and Remuneration Committee, the Board has approved the Remuneration Policy for Directors, KMP and other employees of the Company.

The policy ensures equity, fairness and consistency in rewarding the employees on the basis of performance against set objectives.

A copy of the policy is enclosed as **Annexure E**.

Declaration by Independent Directors

All Independent Directors of your Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

AUDIT COMMITTEE AND AUDITORS

Composition of Audit Committee

The composition of the Audit Committee is provided in the Report on Corporate Governance as attached to the Directors' Report.

Statutory Auditors

At the 16th Annual General Meeting held in the year 2014, M/s. K. N. Gutgutia & Co., Chartered Accountants, Statutory Auditors of the Company were re-appointed by the shareholders to hold office as such from the conclusion of 16th Annual General Meeting held in the year 2014 until the conclusion of 19th Annual General Meeting of the

Company, subject to ratification of their appointment at every Annual General Meeting. Under Section 139 of the Companies Act, 2013, the Company is required to place the matter relating to Statutory Auditor's appointment for ratification by members at every Annual General Meeting.

Based on the recommendations by the Audit Committee, the Board of Directors of the Company recommends the ratification of their appointment.

Cost Auditors

Your Company has appointed Messrs. DGM & Associates, Cost Accountants, for conducting the Cost Audit for FY 2016-17 in terms of the provisions of the Companies Act, 2013 and Companies (Cost Records and Audit) Rules, 2014 issued by the Ministry of Corporate Affairs.

Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed M/s. S. R. Associates & Co., Company Secretaries, as Secretarial Auditor, to conduct the Secretarial Audit of the Company for the FY 2015-16.

The Report of the Secretarial Audit Report is enclosed as **Annexure F**.

Whistle Blower Policy

The details on the establishment of Whistle Blower Policy are provided in the Report on Corporate Governance as attached to the Directors' Report.

INTERNAL FINANCIAL CONTROLS AND RISK MANAGEMENT

The Company has a proper and adequate system of internal controls. This ensures that all transactions are authorised, recorded and reported correctly, and assets are safeguarded and protected against loss from unauthorized use or disposition. In addition there are operational controls and fraud risk controls, covering the entire spectrum of internal financial controls. The system is commensurate with the size and the nature of operations of the Company.

The Audit Committee regularly reviews the internal

control system to ensure that it remains effective and aligned with the business requirements. The Board of Directors on the recommendation of the Audit Committee has approved the Risk Management Policy for the Company in accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Risk Policy document has in its scope, the establishment of a process for risk assessment, identification of risks both internal and external, and a detailed process for evaluation and treatment of risks.

The Audit Committee also evaluates the Risk Management System. The objectives of the Audit Committee pertaining to Risk Management is to monitor and review the Risk Management plan for the Company including identification therein of elements of risks, if any, and such other related functions.

DISCLOSURES

- (a) There has been no change in the nature of business of the Company during the year under review.
- (b) There are no significant and material orders passed by the Regulators/ Courts that would impact the going concern status of the Company and its future operations.
- (c) There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of Financial year and the date of this Report.

(d) Share Capital & ESOP

During the year, your Company has allotted 2,19,750 Equity Shares of ₹ 1 each to eligible Employees pursuant to exercise of Options under Texmaco Employee Stock Option Scheme 2014; such shares rank pari passu with the existing shares of your Company. Consequently, the paid-up capital of the Company has increased to ₹ 21,02,83,723 as at 31st March, 2016 from ₹ 21,00,63,973 as at 31st March, 2015. Disclosures with respect to Stock Options, as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are available in the Notes to the Financial Statements and can also be accessed on the Company's website www.texmaco.in

(e) **Deposits**

During the year, the Company has not accepted any Deposits under the Companies Act, 2013.

(f) **Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.**

An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. No complaints pertaining to sexual harassment were received during FY 2015-16.

OTHER INFORMATION

Corporate Governance

A separate report on Corporate Governance pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as a separate Annexure and forms a part of this Report.

Particulars of Loans, Guarantees and Investments

The details of Loans, Corporate Guarantees and Investments made during the year under the provisions of section 186 of the Companies Act, 2013 have been disclosed in the Note nos. 2.17, 2.26 and 2.12 respectively to the Financial Statement of the Company.

Extract of Annual Return

The extract of Annual Return in Form no. MGT 9 as on the financial year ended 31st March, 2016 is enclosed as **Annexure G.**

Related Party Transactions

All related party transactions during the financial year were entered in the ordinary course of business and on arm's length basis. All related party transactions are approved by the Audit Committee and Board of Directors. There were no materially significant related party transactions made by the Company with the promoters, directors, key managerial personnel which may have a potential conflict of interest with the Company at large and as such disclosure in Form AOC-2 is not required.

The Company has also formulated a policy on dealing with Related Party transactions and the same is disclosed on the Company's website. The web link for accessing such policy is <http://texmaco.in/webfiles/texmaco/file/RELATED%20PARTY%20TRANSACTION%20POLICY.PDF>

DIRECTORS' RESPONSIBILITY STATEMENT U/S 134(5) OF THE COMPANIES ACT, 2013

Your Directors state:

- (a) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) That such accounting policies are applied consistently and the judgments and estimates made 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 and loss of the Company for that period;
- (c) That proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) That the annual accounts of the Company have been prepared on a going concern basis;
- (e) That the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

For and on behalf of the Board

Place: Kolkata
Dated: 30th May, 2016

S. K. Poddar
Chairman

ANNEXURE - A

Annual Report on Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Our projects and initiatives are guided by our CSR Policy, and reviewed closely by the CSR Committee institutionalized and adopted by the Board of Directors as per the Section 135 of Companies Act, 2013. The policy is available on the website of the Company www.texmaco.in

Driven by passion to make a difference to society, the Company is committed to upholding the highest standards of corporate social responsibility. The Company has continued its progress on community initiatives with renewed vigour and devotion.

2. The Composition of the CSR committee

- | | |
|--------------------------|----------|
| a) Mr. Ramesh Maheshwari | Chairman |
| b) Mr. Sunil Mitra | Member |
| c) Mr. D. H. Kela | Member |

3. Average Net Profits of the Company for the last three financial years

| | |
|-----------------------------|-----------|
| Average profit (₹ in lakhs) | ₹ 5373.77 |
|-----------------------------|-----------|

4. Prescribed CSR expenditure

| | |
|-----------------------------------|----------|
| 2% of the net profit (₹ in lakhs) | ₹ 107.48 |
|-----------------------------------|----------|

5. Details of CSR spent during the year :

| (1) Sr. No. | (2) CSR project or activity identified | (3) Sector in which the Project is covered | (4) Projects or Programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | (5) Amount outlay (budget) project or programs wise (₹ in Lakhs) | (6) Amount spent on the projects or programs | | (7) Overheads | (8) Amount spent: Direct or through implementing agency |
|----------------|---|---|--|---|--|----|------------------|--|
| | | | | | 1) Direct expenditure on projects or Programs (₹ in Lakhs) | 2) | | |
| 1 | Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water. | Health & Sanitation, Drinking Water, Contribution to Swachh Bharat Kosh | Local Area | 110 | 28.35 | - | Direct | |
| 2 | Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly, and the differently abled and livelihood enhancement projects | Education | Local Area | | 2.83 | - | Direct | |
| 3 | Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports | Sports | Local Area | | 0.45 | - | Direct | |
| Total | | | | 110 | 31.63 | | | |

6. In case the Company has failed to spend the 2% of the average net profit of the last 3 years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board's Report.

The reason for not spending a part of the prescribed amount towards CSR activities have been provided in the Directors' Report.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and the Policy of the Company.

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in line with the CSR objectives and Policy of the Company.

S. K. Poddar
Chairman

Ramesh Maheshwari
Chairman of the Committee

ANNEXURE - B

Particulars of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report

| Name | Designation | Age (Years) | Remuneration (₹) | 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 ₹ 60,00,000 or more | | | | | | | |
| 1. Poddar Saroj Kumar | Executive Chairman | 70 | 3,63,76,257 | B.Com (Hons.) | 47 | 01-01-2006 | M/s. Poddar Heritage Investments Limited |
| 2. Maheshwari Ramesh | Executive Vice Chairman | 83 | 1,76,88,149 | M.Com., L.L.B. | 60 | 01-02-1962 | M/s. F & C Osler (India) Limited & Sister Concerns |
| 3. Kela Damodar Hazarimal | Executive Director | 75 | 1,12,23,814 | B.E. (Metallurgy) | 51 | 14-11-2000 | M/s. Hindusthan Engineering & Industries Limited |
| 4. Fuller Sandeep | Executive Director | 50 | 96,15,830 | B.Tech & PGD in Management | 30 | 01-02-2014 | M/s. L & T Limited |
| 5. Vijay Ashok Kumar | Executive Director | 63 | 67,76,172 | FCA, FCS | 39 | 17-10-2001 | M/s. Hindusthan Engineering & Industries Limited |

Notes:

- Remuneration as shown above includes Salary, House Rent, LTA, Medical Benefits, Bonus, Contribution to Provident Fund, Superannuation Fund, etc. as per the Company's rules.
- Mr. Saroj Kumar Poddar is related to Mr. Akshay Poddar, Director of the Company.
- Employees named above are whole-time / contractual employees of the Company.
- Other terms and conditions are as per the Company's rules.

ANNEXURE - C

Disclosure relating to remuneration as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| a. | The ratio of remuneration of the Executive Director to the median remuneration of the employees of the Company for the financial year ending March 31, 2016 is as below: | | | |
|---------|--|--------------------------------|---|--|
| Sl. No. | Name of Directors / KMP | Designation | Ratio of Remuneration to Median Remuneration of all the employees | Increase in remuneration over previous Financial Year (in %) |
| (i) | Mr. S. K. Poddar | Executive Chairman | 174:1 | - |
| (ii) | Mr. Ramesh Maheshwari | Executive Vice Chairman | 57:1 | 10% |
| (iii) | Mr. D. H. Kela | Executive Director & CEO (SF) | 42:1 | 14% |
| (iv) | Mr. Sandeep Fuller | Executive Director & CEO (HED) | 24:1 | 27% |
| (v) | Mr. A. K. Vijay | Executive Director & CFO | 20:1 | 21% |
| (vi) | Mr. S. Dhasarathy | Independent Director | 1:1 | - |

| | | | | | | | |
|--------|---|---|--------------------------------|--|---|-------------------------------------|--------------------------|
| (vii) | Mr. A.C. Chakrabortti | Independent Director | | 4:1 | - | | |
| (viii) | Mr. D. R. Kaarthikeyan | Independent Director | | 3:1 | - | | |
| (ix) | Mr. Hemant Kanoria | Independent Director | | 2:1 | - | | |
| (x) | Mr. Sabyasachi Hajara | Independent Director | | 1:1 | - | | |
| (xi) | Mr. Sunil Mitra | Independent Director | | 3:1 | - | | |
| (xii) | Ms. Mridula Jhunjunwala | Independent Director | | 3:1 | - | | |
| (xiii) | Mr. Ravi Varma | Company Secretary | | 3:1 | - | | |
| b. | The percentage increase in the median remuneration of employees in the financial year ending March, 2016. | | | | 5% | | |
| c. | The number of permanent employees on the Company as at 31st March, 2016: | | | | 1467 Nos. | | |
| d. | The explanation on the relationship between average increase in remuneration and Company's performance. | | | | | | |
| | <ul style="list-style-type: none"> - Median Remuneration and Average Remuneration of all employees have increased by 5%. - Average remuneration of employees excluding Key Managerial Personnel has also increased by 9%, which is based on their performance. The increase in remuneration is in line with the market trends, internal parity and current salary of the employees. In order to ensure that remuneration reflects Company's performance, the variable pay is linked to organization and business unit's performance, apart from individual's performance. - Remuneration of Key Managerial Personnel has increased by 14%. | | | | | | |
| e. | Remuneration to employees for the year 2015-16 has not exceeded the remuneration paid to any of the Directors. | | | | | | |
| f. | The remuneration of the Directors, Key Management Personnel and other employees is in accordance with the Remuneration Policy of the Company as provided as Annexure to the Directors' Report which forms part of the Report and Accounts. | | | | | | |
| g. | Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company. | | | | | | |
| | Particulars | Mr. S. K. Poddar | Mr. Ramesh Maheshwari | Mr. D. H. Kela | Mr. Sandeep Fuller | Mr. A.K. Vijay | Mr. Ravi Varma |
| | | Executive Chairman | Executive Vice Chairman | Executive Director & CEO (SF) | Executive Director & CEO (HED) | Executive Director & CFO | Company Secretary |
| | Remuneration in FY 2015-16 (₹ in Lakhs) | 363.76 | 176.80 | 112.23 | 96.15 | 67.68 | 9.05 |
| | Revenue (₹ in Lakhs) | 92086.89 | 92086.89 | 92086.89 | 92086.89 | 92086.89 | 92086.89 |
| | Remuneration of KMP (as % of revenue) | 0.40 | 0.20 | 0.12 | 0.10 | 0.07 | 0.01 |
| | Profit After Tax (PAT) (₹ in Lakhs) | 2159 | 2159 | 2159 | 2159 | 2159 | 2159 |
| | Remuneration of KMP (as % of PAT) | 16.85 | 8.19 | 5.20 | 4.45 | 3.13 | 0.42 |
| h. | Variation in the market capitalisation of the Company, price earning ratio as on the closing date of the current financial year and previous financial year: | Particulars | FY 2015-16 | FY 2014-15 | Changes | | |
| | | Market Capitalisation (₹ in Cr.) | 2201.67 | 3138.36 | (936.69) | | |
| | | P/E Ratio | 101.65 | 207.50 | (105.85) | | |
| i. | The key parameters for any variable component of remuneration availed by the directors | The variable component of remuneration for the Executive Director is based on performance of the Company and is recommended by the Nomination and Remuneration Committee to the Board for consideration. The Board of Directors consider the recommendation of the Nomination and Remuneration Committee and approve the variable component accordingly. | | | | | |

ANNEXURE - D

Information as per Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014
as part of the Directors' Report for the year ended 31st March, 2016

(A) Conservation of energy-

- i. the steps taken or impact on conservation of energy;

By proper staggering the production activities and constant monitoring the electrical load, maximum demand has been kept under control. This is an ongoing exercise benefit of which is available in long term.

- ii. the steps taken by the Company for utilising alternate sources of energy;
- iii. the capital investment on energy conservation equipments;

Modification of Equipments & their drives is being done regularly to reduce energy consumption.

(B) Technology absorption-

- i. the efforts made towards technology absorption and the benefits derived like product improvement, cost reduction, product development or import substitution;

The in-house R&D Centre of the Company has been recognised by Department of Scientific & Industrial Research, Ministry of Science & Technology, and 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.

- ii. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- N.A.
 - (a) the details of technology imported;
 - (b) the year of import;
 - (c) whether the technology been fully absorbed;
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

- iii. the expenditure incurred on Research and Development - ₹ 68.48 Lakhs

(C) Foreign exchange earnings ₹ 4879.92 Lakhs and Outgo ₹ 11628.74 Lakhs

ANNEXURE - E

REMUNERATION POLICY

The policy on remuneration of Directors, Key Managerial Personnel and other employees has been formulated by the Nomination and Remuneration Committee (N&R Committee) and thereafter, has been approved by the Board of Directors of the Company.

Definitions:

“Act” means Companies Act, 2013 and rules framed thereunder including any amendment or modification thereof.

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

“Key Managerial Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013 and includes Executive Chairperson of the Company.

Objectives:

This policy is framed with the following objectives:

- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and other employees;
- To provide to Key Managerial Personnel & other employees reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations by way of ESOPs, increments etc.; and
- It also seeks to enable the Company to provide a well-balanced and performance-related compensation package, taking into account stakeholder’s interests.

Policy for remuneration to Directors, Key Managerial Personnel and other employees:

1) Remuneration to Executive Directors / Key Managerial Personnel:

The Remuneration to be paid to Executive Directors is governed as per the provisions of the Companies Act, 2013 & rules made thereunder and the approvals obtained from the Members of the Company. If, in any financial year, the Company has no profits or inadequate profits, the Company shall pay minimum remuneration as per contractual provisions to its Managerial Personnel. In case the minimum remuneration exceeds the limits prescribed under the provisions of Schedule V of the Companies Act, 2013, the Company shall seek requisite approval as per the provisions of the Companies Act, 2013 including the approval of Central Government wherever required.

The Key Managerial Personnel shall be eligible for remuneration as may be approved by the Board on the recommendation of the N&R Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

Executive Directors and Key Managerial Personnel based on their performance are also entitled for ESOPs.

2) Remuneration to Non- executive / Independent Directors:

The Non-executive / Independent Directors receive sitting fees and Commission as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the N&R Committee and approved by the Board of Directors. The amount of commission shall be such as may be approved by the Members of the Company.

3) Remuneration to other employees:

The remuneration of employees is determined according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organisation. Individual remuneration is determined on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs evaluated by HR department and approved by a Key Managerial Personnel.

Amendment

The Company reserves its right to amend or modify this policy in whole or in part, at any time without assigning any reason whatsoever.

ANNEXURE - F

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
TEXMACO RAIL & ENGINEERING LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **TEXMACO RAIL & ENGINEERING LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has maintained proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined books, papers, minute books, forms and returns filed and other records maintained by **TEXMACO RAIL & ENGINEERING LIMITED** for the financial year ended on 31st March, 2016 according to the provisions of the following, in so far as they are applicable to the Company:

1. The Companies Act, 2013 with the Companies Act, 1956 (to the extent applicable) and the rules made under the relevant Act;
2. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
 - g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

6. The following other laws specifically applicable to the Company:

- a) Factories Act, 1948 read with Rules;
- b) Industrial Disputes Act, 1947 read with Rules; and
- c) Environment Protection Act, 1968.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India; and
- (ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provision of the Act, Rules, Regulations, Guidelines, Standards etc. as mentioned above.

We further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non – Executive Directors and Independent Directors. The Company is required to appoint two Independent Directors as required under Section 149(4) of Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meetings and for meaningful participation at the meetings.
- Unanimously / Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has raised capital by issuing 2,19,750 Equity Shares through Texmaco Employee Stock Option Scheme 2014 (ESOP), raising ₹ 90,09,750 at a premium of ₹ 40 per share i.e., Equity Shares of face value of ₹ 1/- each was issued at ₹ 41/- each.

We further report that the Scheme of Arrangement of Merger of Kalindee Rail Nirman (Engineers) Limited into and with the Company is sanctioned by the Hon'ble High Court, Calcutta.

For S R & Associates

Signature:
Partner

Unique Code of Partnership Firm: P2008WB016700

Name of Company Secretary in Practice: **GEETA ROY CHOWDHURY**

Membership No: **FCS: 7040; C.P. No.: 7741**

Unique Code of Number: **12007WB599800**

Place: Kolkata

Dated: 30th May, 2016

Note: This report is to be read with its Annexure which forms an integral part of this report.



Annexure

To
The Members
TEXMACO RAIL & ENGINEERING LIMITED

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S R & Associates

Signature:

Partner

Unique Code of Partnership Firm: P2008WB016700

Place: Kolkata
Dated: 30th May, 2016

Name of Company Secretary in Practice: **GEETA ROY CHOWDHURY**

Membership No: **FCS: 7040; C.P. No.: 7741**

Unique Code of Number: **12007WB599800**

ANNEXURE - G

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-------|--|---|
| i) | CIN: | L29261WB1998PLC087404 |
| ii) | Registration Date: | 25th June, 1998 |
| iii) | Name of the Company: | Texmaco Rail & Engineering Limited |
| iv) | Category: | Public Company |
| v) | Sub-Category of the Company: | Limited by Shares |
| vi) | Address of the Registered office and contact details: | Belgharia, Kolkata – 700 056, Phone No. 033 2569 1500 Fax No. 033 2541 2448 |
| vii) | Whether Listed Company : | Yes |
| viii) | Name, Address and Contact details of Registrar and Transfer: | M/s. Karvy Computershare Private Limited, Plot No. 31 & 32 Gachibowli Financial District, Nanakramguda, Hyderabad, Telangana – 500 032 Phone No. 040-23420818 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the Company |
|---------|--|---------------------------------|------------------------------------|
| 1 | ROLLING STOCK | 3020 | 60.01% |
| 2 | STEEL CASTINGS | 2431 | 28.54% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

| Sl. No. | Name and Address of the Company | CIN/GLN | HOLDING / SUBSIDIARY / ASSOCIATE | % of shares held | Applicable Section |
|---------|---|-----------------------|----------------------------------|------------------|--------------------|
| 1 | Texmaco Hi-tech Private Limited Belgharia, Kolkata – 700 056 | U35201WB2009PTC133330 | Subsidiary | 100.00% | 2 (87) |
| 2 | Bright Power Projects (India) Private Limited 3B, 32 Corporate Avenue, Mahal Industrial Estate, Near Paper Box, Off Mahakali Caves Road, Andheri (E), Mumbai – 400 093 | U32109MH1994PTC075960 | Subsidiary | 55.00% | 2 (87) |
| 3 | Kalindee Rail Nirman (Engineers) Limited F-5, Gautam Nagar, Gulmohar Park Road, New Delhi – 110 049 | L64120DL1984PLC114336 | Subsidiary | 42.87% | 2 (87) |
| 4 | Touax Texmaco Railcar Leasing Private Limited Belgharia, Kolkata – 700 056 | U74999WB2011PTC167754 | Joint Venture | 50.00% | 2 (6) |
| 5 | Wabtec Texmaco Rail Private Limited Belgharia, Kolkata – 700 056 | U35122WB2015FTC207096 | Joint Venture | 40.00% | 2 (6) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Paid up Capital of the Company has increased w.e.f. 30th January, 2016 from 21,00,63,973 at 31st March, 2015 to 21,02,83,723 on account of allotment of Equity Shares under Texmaco Employee Stock Option Scheme 2014.

(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|----------|------------------|-------------------|---|----------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual / HUF | 3608080 | - | 3608080 | 1.72 | 2779510 | - | 2779510 | 1.32 | (0.40) |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 111504110 | - | 111504110 | 53.08 | 111504110 | - | 111504110 | 53.03 | (0.05) |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total | 115112190 | - | 115112190 | 54.80 | 114283620 | - | 114283620 | 54.35 | (0.45) |
| (2) Foreign | | | | | | | | | |
| a) NRIs- Individuals | 14820 | - | 14820 | 0.01 | 843390 | - | 843390 | 0.40 | 0.39 |
| b) Other – Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (2) :- | 14820 | - | 14820 | 0.01 | 843390 | - | 843390 | 0.40 | 0.39 |
| Total shareholding of Promoter (A) = (A) (1) + (A) (2) | 115127010 | - | 115127010 | 54.81 | 115127010 | - | 115127010 | 54.75 | (0.06) |

(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|----------------|------------------|-------------------|---|----------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 38900690 | - | 38900690 | 18.52 | 45003898 | - | 45003898 | 21.40 | 2.88 |
| b) Banks / FI | 3829925 | - | 3829925 | 1.82 | 3508055 | - | 3508055 | 1.67 | (0.15) |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | 4930481 | 10 | 4930491 | 2.35 | 3264865 | 10 | 3264875 | 1.55 | (0.80) |
| g) FIs | 24194087 | - | 24194087 | 11.52 | 20081890 | - | 20081890 | 9.55 | (1.97) |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Qualified Foreign Investors | - | - | - | - | - | - | - | - | - |
| Foreign Nationals | 180000 | - | 180000 | 0.09 | - | - | - | - | (0.09) |
| Sub-total (B)(1):- | 72035183 | 10 | 72035193 | 34.29 | 71858708 | 10 | 71858718 | 34.17 | (0.12) |
| 2. Non- Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 5831593 | 321890 | 6153483 | 2.93 | 5315112 | 321890 | 5637002 | 2.68 | (0.25) |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 10473843 | 773471 | 11247314 | 5.35 | 11923244 | 757051 | 12680295 | 6.03 | 0.68 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 3546185 | - | 3546185 | 1.69 | 2841010 | - | 2841010 | 1.35 | (0.34) |
| c) Others (specify) | | | | | | | | | |
| NBFC | - | - | - | - | 7265 | - | 7265 | - | - |
| Trusts | 7500 | - | 7500 | 0.00 | 7500 | - | 7500 | 0.00 | - |
| Non Resident Indians | 822850 | 14840 | 837690 | 0.40 | 952873 | 14840 | 967713 | 0.46 | 0.06 |
| HUF | 933492 | - | 933492 | 0.44 | 783016 | - | 783016 | 0.37 | (0.07) |
| Clearing Members | 135056 | - | 135056 | 0.06 | 120749 | - | 120749 | 0.06 | - |
| Employees | - | 36500 | 36500 | 0.02 | 147145 | 101750 | 248895 | 0.12 | (0.10) |
| Enemy Individuals | - | 4550 | 4550 | 0.00 | - | 4550 | 4550 | 0.00 | - |
| Sub-total (B)(2):- | 21750519 | 1151251 | 22901770 | 10.89 | 22097914 | 1200081 | 23297995 | 11.08 | 0.19 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 93785702 | 1151261 | 94936963 | 45.19 | 93956622 | 1200091 | 95156713 | 45.25 | 0.06 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 208912712 | 1151261 | 210063973 | 100 | 209083632 | 1200091 | 210283723 | 100 | - |

(ii) Shareholding of Promoters

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in shareholding during the year |
|--------|--|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 1 | Texmaco Infrastructure & Holdings limited | 54600000 | 25.99 | - | 54600000 | 25.96 | - | (0.03) |
| 2 | Zuari Investments Limited | 28963900 | 13.79 | - | 28963900 | 13.77 | - | (0.02) |
| 3 | Adventz Finance Private Limited | 8377400 | 3.99 | - | 8377400 | 3.98 | - | (0.01) |
| 4 | Duke Commerce Limited | 7514000 | 3.57 | - | 7514000 | 3.57 | - | - |
| 5 | Zuari Global Limited | 4035000 | 1.92 | - | 4035000 | 1.92 | - | - |
| 6 | Adventz Securities Enterprises Limited | 3809140 | 1.81 | - | 3809140 | 1.81 | - | - |
| 7 | Adventz Investment Company Private Limited | 3035710 | 1.44 | - | 3035710 | 1.44 | - | - |
| 8 | Saroj Kumar Poddar | 2497020 | 1.19 | - | 2497020 | 1.19 | - | - |
| 9 | Puja Poddar | 828570 | 0.39 | - | 828570 | 0.39 | - | - |
| 10 | New Eros Tradecom Limited | 738800 | 0.35 | 0.35 | 738800 | 0.35 | 0.35 | - |
| 11 | Jyotsna Poddar | 221790 | 0.11 | - | 221790 | 0.11 | - | - |
| 12 | Premium Exchange and Finance Limited | 188090 | 0.09 | - | 188090 | 0.09 | - | - |
| 13 | Jeewan Jyoti Medical Society | 160500 | 0.08 | - | 160500 | 0.08 | - | - |
| 14 | Greenland Trading Private Limited | 35000 | 0.02 | - | 35000 | 0.02 | - | - |
| 15 | Kumari Anisha Agarwala | 32140 | 0.02 | - | 32140 | 0.02 | - | - |
| 16 | Indrakashi Trading Company Private Limited | 30000 | 0.01 | - | 30000 | 0.01 | - | - |
| 17 | Master Exchange & Finance Limited | 15760 | 0.01 | - | 15760 | 0.01 | - | - |
| 18 | Akshay Poddar | 14820 | 0.01 | - | 14820 | 0.01 | - | - |
| 19 | Kumari Aashti Agarwala | 14280 | 0.01 | - | 14280 | 0.01 | - | - |
| 20 | Shradha Agarwala | 14280 | 0.01 | - | 14280 | 0.01 | - | - |
| 21 | Eureka Traders Private Limited | 530 | 0.00 | - | 530 | 0.00 | - | - |
| 22 | Abhishek Holdings Private Limited | 280 | 0.00 | - | 280 | 0.00 | - | - |
| | Total | 115127010 | 54.81 | 0.35 | 115127010 | 54.75 | 0.35 | (0.06) |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | At the beginning of the year | 115127010 | 54.81 | | |
| | Date wise Increase / (Decrease) in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Nil | Nil | 115127010 | 54.75 |
| | At the end of the year | | | 115127010 | 54.75 |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| Sr No. | For each of the top Ten Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1 | Reliance Capital Trustee Company Limited A/c Reliance Diversified Power Sector Fund | | | | |
| | At the beginning of the year | 18853321 | 8.98 | | |
| | Increase / (Decrease) in shareholding during the year | | | | |
| | 10.04.15 | 75000 | 0.03 | 18928321 | 9.01 |
| | 24.04.15 | 50000 | 0.02 | 18978321 | 9.03 |
| | 01.05.15 | 150000 | 0.07 | 19128321 | 9.10 |
| | 08.05.15 | 75000 | 0.04 | 19203321 | 9.14 |
| | 15.05.15 | 100000 | 0.05 | 19303321 | 9.19 |
| | 29.05.15 | (71304) | (0.03) | 19232017 | 9.16 |
| | 21.08.15 | 14500 | 0.00 | 19246517 | 9.16 |
| | 30.10.15 | (500000) | (0.24) | 18746517 | 8.92 |
| | 18.12.15 | (200000) | (0.09) | 18546517 | 8.83 |
| | 15.01.16 | 100000 | 0.05 | 18646517 | 8.88 |
| | 22.01.16 | 100000 | 0.05 | 18746517 | 8.93 |
| | 05.02.16 | 50000 | 0.02 | 18796517 | 8.95 |
| | 19.02.16 | 73000 | 0.03 | 18869517 | 8.98 |
| | 26.02.16 | 25000 | 0.01 | 18894517 | 8.99 |
| | 04.03.16 | 200000 | 0.10 | 19094517 | 9.09 |
| | 18.03.16 | 25000 | 0.01 | 19119517 | 9.10 |
| | 25.03.16 | 50000 | 0.02 | 19169517 | 9.12 |
| | 31.03.16 | 25000 | 0.01 | 19194517 | 9.13 |
| | At the end of the year | | | 19194517 | 9.13 |
| 2 | HDFC Trustee Company Ltd. HDFC MF Monthly Income PL | | | | |
| | At the beginning of the year | 7656682 | 3.64 | | |
| | Increase / (Decrease) in shareholding during the year | | | | |
| | 10.04.15 | (142000) | (0.06) | 7514682 | 3.58 |
| | 17.04.15 | (564599) | (0.27) | 6950083 | 3.31 |
| | 24.04.15 | (76500) | (0.04) | 6873583 | 3.27 |
| | 01.05.15 | (94000) | (0.04) | 6779583 | 3.23 |
| | 08.05.15 | (31600) | (0.02) | 6747983 | 3.21 |
| | 26.06.15 | 100000 | 0.05 | 6847983 | 3.26 |
| | 28.08.15 | 20000 | 0.01 | 6867983 | 3.27 |
| | 30.09.15 | 200000 | 0.09 | 7067983 | 3.36 |
| | 09.10.15 | 100000 | 0.05 | 7167983 | 3.41 |
| | 16.10.15 | 486000 | 0.23 | 7653983 | 3.64 |
| | 30.10.15 | 269000 | 0.13 | 7922983 | 3.77 |
| | 06.11.15 | 305000 | 0.15 | 8227983 | 3.92 |
| | 18.12.15 | 443000 | 0.21 | 8670983 | 4.13 |
| | 18.03.16 | 500000 | 0.23 | 9170983 | 4.36 |
| | At the end of the year | | | 9170983 | 4.36 |

| Sr No. | For each of the top Ten Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 3 | Goldman Sachs India Fund Limited | | | | |
| | At the beginning of the year | 4787694 | 2.28 | | |
| | Increase / (Decrease) in shareholding during the year | | | | |
| | 24.04.15 | 308940 | 0.15 | 5096634 | 2.43 |
| | 05.06.15 | 225394 | 0.10 | 5322028 | 2.53 |
| | 26.06.15 | 130659 | 0.06 | 5452687 | 2.59 |
| | 31.07.15 | 32698 | 0.02 | 5485385 | 2.61 |
| | 04.03.16 | (1830164) | (0.87) | 3655221 | 1.74 |
| | 18.03.16 | (300000) | (0.14) | 3355221 | 1.60 |
| | At the end of the year | | | 3355221 | 1.60 |
| 4 | National Westminster Bank PLC as Trustee of the Jupiter Asian Fund | | | | |
| | At the beginning of the year | 4050000 | 1.93 | | |
| | Increase / (Decrease) in shareholding during the year | | | | |
| | 12.02.16 | 152000 | 0.07 | 4202000 | 2.00 |
| | 19.02.16 | 63067 | 0.03 | 4265067 | 2.03 |
| | 04.03.16 | 884825 | 0.42 | 5149892 | 2.45 |
| | At the end of the year | | | 5149892 | 2.45 |
| 5 | Parvest Equity India | | | | |
| | At the beginning of the year | 4000000 | 1.90 | | |
| | Increase / (Decrease) in shareholding during the year | Nil | Nil | 4000000 | 1.90 |
| | At the end of the year | | | 4000000 | 1.90 |
| 6 | Canara Robeco Mutual Fund A/c Canara Robeco Equity | | | | |
| | At the beginning of the year | 3124962 | 1.49 | | |
| | Increase / (Decrease) in shareholding during the year | | | | |
| | 10.04.15 | 70000 | 0.03 | 3194962 | 1.52 |
| | 17.04.15 | 119713 | 0.06 | 3314675 | 1.58 |
| | 24.04.15 | 12858 | 0.01 | 3327533 | 1.59 |
| | 01.05.15 | 9564 | 0.00 | 3337097 | 1.59 |
| | 08.05.15 | 135000 | 0.06 | 3472097 | 1.65 |
| | 15.05.15 | 80000 | 0.04 | 3552097 | 1.69 |
| | 22.05.15 | 35932 | 0.02 | 3588029 | 1.71 |
| | 12.06.15 | 60000 | 0.03 | 3648029 | 1.74 |

| Sr No. | For each of the top Ten Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 6 | Canara Robeco Mutual Fund A/c Canara Robeco Equity (contd...) | | | | |
| | 19.06.15 | 38108 | 0.01 | 3686137 | 1.75 |
| | 26.06.15 | 56009 | 0.03 | 3742146 | 1.78 |
| | 21.08.15 | 50100 | 0.02 | 3792246 | 1.81 |
| | 04.09.15 | 34349 | 0.01 | 3826595 | 1.82 |
| | 25.09.15 | 40000 | 0.02 | 3866595 | 1.84 |
| | 09.10.15 | 118867 | 0.06 | 3985462 | 1.90 |
| | 30.10.15 | 50000 | 0.02 | 4035462 | 1.92 |
| | 13.11.15 | 24674 | 0.01 | 4060136 | 1.93 |
| | 20.11.15 | (25000) | (0.01) | 4035136 | 1.92 |
| | 18.12.15 | 44500 | 0.02 | 4079636 | 1.94 |
| | 31.12.15 | 50000 | 0.02 | 4129636 | 1.96 |
| | 05.02.16 | (28000) | (0.01) | 4101636 | 1.95 |
| | 26.02.16 | (78753) | (0.04) | 4022883 | 1.91 |
| | 11.03.16 | 51000 | 0.02 | 4073883 | 1.93 |
| | 18.03.16 | 5000 | 0.00 | 4078883 | 1.93 |
| | 25.03.16 | 5000 | 0.00 | 4083883 | 1.93 |
| | 31.03.16 | 10000 | 0.01 | 4093883 | 1.94 |
| | At the end of the year | | | 4093883 | 1.94 |
| 7 | Life Insurance Corporation of India | | | | |
| | At the beginning of the year | 3029180 | 1.44 | | |
| | Increase / (Decrease) in shareholding during the year | Nil | Nil | 3029180 | 1.44 |
| | At the end of the year | | | 3029180 | 1.44 |
| 8 | Sundaram Mutual Fund A/c Sundaram Smile Fund | | | | |
| | At the beginning of the year | 2490872 | 1.19 | | |
| | Increase / (Decrease) in shareholding during the year | | | | |
| | 15.05.15 | 5000 | 0.00 | 2495872 | 1.19 |
| | 22.05.15 | 10000 | 0.00 | 2505872 | 1.19 |
| | 24.07.15 | (12200) | (0.00) | 2493672 | 1.19 |
| | 31.07.15 | 6000 | 0.00 | 2499672 | 1.19 |
| | 07.08.15 | 24752 | 0.01 | 2524424 | 1.20 |
| | 18.12.15 | 267500 | 0.13 | 2791924 | 1.33 |
| | 31.12.15 | 53879 | 0.02 | 2845803 | 1.35 |
| | 01.01.16 | 25682 | 0.01 | 2871485 | 1.36 |
| | 08.01.16 | 10040 | 0.00 | 2881525 | 1.36 |
| | 08.01.16 | (9236) | (0.00) | 2872289 | 1.36 |
| | 12.02.16 | (7517) | (0.00) | 2864772 | 1.36 |

| Sr No. | For each of the top Ten Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 8 | Sundaram Mutual Fund A/c Sundaram Smile Fund (contd...) | | | | |
| | 04.03.16 | 166786 | 0.08 | 3031558 | 1.44 |
| | 31.03.16 | 94563 | 0.05 | 3126121 | 1.49 |
| | At the end of the year | | | 3126121 | 1.49 |
| 9 | ICICI Prudential Life Insurance Company Limited | | | | |
| | At the beginning of the year | 2428409 | 1.16 | | |
| | Increase / (Decrease) in shareholding during the year | | | | |
| | 10.04.15 | (645) | (0.00) | 2427764 | 1.16 |
| | 24.04.15 | 173325 | 0.08 | 2601089 | 1.24 |
| | 01.05.15 | 56175 | 0.02 | 2657264 | 1.26 |
| | 15.05.15 | 4325 | 0.00 | 2661589 | 1.26 |
| | 05.06.15 | 102000 | 0.05 | 2763589 | 1.31 |
| | 12.06.15 | 135885 | 0.06 | 2899474 | 1.37 |
| | 19.06.15 | 199300 | 0.09 | 3098774 | 1.46 |
| | 26.06.15 | (1970) | (0.00) | 3096804 | 1.46 |
| | 03.07.15 | (2955) | (0.00) | 3093849 | 1.46 |
| | 17.07.15 | (3975) | (0.00) | 3089874 | 1.46 |
| | 07.08.15 | (770) | (0.00) | 3089104 | 1.46 |
| | 14.08.15 | 2450 | 0.00 | 3091554 | 1.46 |
| | 28.08.15 | 46790 | 0.02 | 3138344 | 1.48 |
| | 04.09.15 | 70 | 0.00 | 3138414 | 1.48 |
| | 18.09.15 | (70) | (0.00) | 3138344 | 1.48 |
| | 02.10.15 | 6399 | 0.00 | 3144743 | 1.48 |
| | 23.10.15 | (43000) | (0.02) | 3101743 | 1.46 |
| | 30.10.15 | (284700) | (0.14) | 2817043 | 1.32 |
| | 20.11.15 | (112800) | (0.05) | 2704243 | 1.27 |
| | 27.11.15 | (109300) | (0.05) | 2594943 | 1.22 |
| | 04.12.15 | 3950 | (0.00) | 2598893 | 1.22 |
| | 11.12.15 | 5620 | (0.00) | 2604513 | 1.22 |
| | 18.12.15 | (128520) | (0.06) | 2475993 | 1.16 |
| | 15.01.16 | 10502 | 0.00 | 2486495 | 1.16 |
| | 22.01.16 | 6777 | 0.00 | 2493272 | 1.16 |
| | 12.02.16 | 2240 | 0.00 | 2495512 | 1.16 |
| | 19.02.16 | 3360 | 0.00 | 2498872 | 1.16 |
| | 26.02.16 | 1346 | 0.00 | 2500128 | 1.16 |
| | 11.03.16 | (4760) | (0.00) | 2495458 | 1.16 |
| | 25.03.16 | (5377) | (0.00) | 2490081 | 1.16 |
| | 31.03.16 | (4586) | (0.00) | 2485495 | 1.16 |
| | At the end of the year | | | 2485495 | 1.16 |

| Sr No. | For each of the top Ten Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 10 | Fil Investments (Mauritius) Ltd. | | | | |
| | At the beginning of the year | 2336448 | 1.11 | | |
| | Increase / (Decrease) in shareholding during the year | | | | |
| | 25.09.15 | (323485) | (0.15) | 2012963 | 0.96 |
| | 30.09.15 | (221016) | (0.11) | 1791947 | 0.85 |
| | 02.10.15 | (46500) | (0.02) | 1745447 | 0.83 |
| | 09.10.15 | (384691) | (0.18) | 1360756 | 0.65 |
| | 16.10.15 | (341437) | (0.16) | 1019319 | 0.49 |
| | 23.10.15 | (646026) | (0.31) | 373293 | 0.18 |
| | 30.10.15 | (373293) | (0.18) | 0 | 0.00 |
| | At the end of the year* | | | 0 | 0.00 |
| 11 | L & T Mutual Fund Trustee Ltd.- L & T Equity Fund | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Increase / (Decrease) in shareholding during the year | | | | |
| | 25.09.15 | 286695 | 0.14 | 286695 | 0.14 |
| | 30.09.15 | 200004 | 0.09 | 486699 | 0.23 |
| | 23.10.15 | 200000 | 0.10 | 686699 | 0.33 |
| | 30.10.15 | 954483 | 0.45 | 1641182 | 0.78 |
| | 06.11.15 | 175000 | 0.08 | 1816182 | 0.86 |
| | 13.11.15 | 51145 | 0.02 | 1867327 | 0.88 |
| | 04.12.15 | 50000 | 0.02 | 1917327 | 0.90 |
| | 11.12.15 | 75000 | 0.04 | 1992327 | 0.94 |
| | 18.12.15 | 250000 | 0.12 | 2242327 | 1.06 |
| | 25.12.15 | 30000 | 0.01 | 2272327 | 1.07 |
| | 08.01.16 | 75000 | 0.03 | 2347327 | 1.11 |
| | 15.01.16 | 100000 | 0.05 | 2447327 | 1.16 |
| | 29.01.16 | 45107 | 0.03 | 2492434 | 1.19 |
| | 05.02.16 | 100000 | 0.05 | 2592434 | 1.23 |
| | 12.02.16 | 97338 | 0.05 | 2689772 | 1.28 |
| | 19.02.16 | 50000 | 0.02 | 2739772 | 1.30 |
| | 04.03.16 | 350000 | 0.17 | 3089772 | 1.47 |
| | 11.03.16 | 54493 | 0.03 | 3144265 | 1.50 |
| | 18.03.16 | 52541 | 0.02 | 3196806 | 1.52 |
| | At the end of the year | | | 3196806 | 1.52 |

Note: These data are as on Benpos Date as provided by NSDL/CDSL.

* Ceased to be among the top ten Shareholders of the Company w.e.f. 30th October, 2015.

(v) Shareholding of Directors and Key Managerial Personnel

Mr. S. K. Poddar, Executive Chairman

| For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| At the beginning of the year | 2497020 | 1.19 | | |
| Increase / Decrease in Share holding during the year | Nil | Nil | 2497020 | 1.19 |
| At the end of the year | | | 2497020 | 1.19 |

Mr. Ramesh Maheshwari, Executive Vice Chairman

| For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| At the beginning of the year | Nil | Nil | | |
| Increase / Decrease in Share holding during the year | | | | |
| 30.01.16 | 25000 [#] | 0.01 | 25000 | 0.01 |
| At the end of the year | | | 25000 | 0.01 |

Mr. A. C. Chakrabortti, Independent Director

| For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| At the beginning of the year | 1800 | 0.00 | | |
| Increase / Decrease in Share holding during the year | Nil | Nil | 1800 | 0.00 |
| At the end of the year | | | 1800 | 0.00 |

Mr. Akshay Poddar, Non-executive and Non-independent Director

| For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| At the beginning of the year | 14820 | 0.01 | | |
| Increase / Decrease in Share holding during the year | Nil | Nil | 14820 | 0.01 |
| At the end of the year | | | 14820 | 0.01 |

Mr. D. H. Kela, Executive Director

| For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| At the beginning of the year | Nil | Nil | | |
| Increase / Decrease in Share holding during the year | | | | |
| 30.01.16 | 12500 [#] | 0.01 | 12500 | 0.01 |
| At the end of the year | | | 12500 | 0.01 |

Mr. Sandeep Fuller, Executive Director

| For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| At the beginning of the year | Nil | Nil | | |
| Increase / Decrease in Share holding during the year | | | | |
| 30.01.16 | 12500 [#] | 0.01 | 12500 | 0.01 |
| At the end of the year | | | 12500 | 0.01 |

Mr. A. K. Vijay, Executive Director & CFO

| For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| At the beginning of the year | 2530 | 0.00 | | |
| Increase / Decrease in Share holding during the year | | | | |
| 30.01.16 | 12500 [#] | 0.01 | 15030 | 0.01 |
| At the end of the year | | | 15030 | 0.01 |

Messrs. D. R. Kaarthikeyan, Hemant Kanoria, Sunil Mitra, Sabyasachi Hajara and Ms. Mridula Jhunjhunwala, Directors and Mr. Ravi Varma, Company Secretary do not hold any Shares of the Company.

[#] Allotted pursuant to exercise of Options under Texmaco Employee Stock Option Scheme 2014.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in Lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 10706.72 | - | - | 10706.72 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 6.00 | - | - | 6.00 |
| Total (i+ii+iii) | 10712.72 | - | - | 10712.72 |
| Change in Indebtedness during the financial year | | | | |
| · Addition | 102.79 | - | - | 102.79 |
| · Reduction | - | - | - | - |
| Net Change | 102.79 | - | - | 102.79 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 10809.51 | - | - | 10809.51 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 3.41 | - | - | 3.41 |
| Total (i+ii+iii) | 10812.92 | - | - | 10812.92 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in Lakhs)

| Sl. no. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | | Total Amount |
|-----------|---|-------------------------|-----------------------|-----------------------------|---------------------------------|------------------------------|---------------|
| | | Mr. S.K. Poddar | Mr. Ramesh Maheshwari | Mr. D. H. Kela [^] | Mr. Sandeep Fuller [^] | Mr. A. K. Vijay [*] | |
| 1. | Gross Salary | | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961 | 327.00 | 107.10 | 72.96 | 67.17 | 37.39 | 611.62 |
| | (b) Value of perquisites u/s 17(2) Income-Tax Act, 1961 | 0.76 | 17.72 | 7.26 | 11.37 | 7.89 | 45.00 |
| | (c) Profits in lieu of salary under section 17(3) Income- Tax Act, 1961 | - | - | - | - | - | - |
| 2 | Stock Option | - | 25.16 | 12.58 | 12.58 | 12.58 | 62.90 |
| 3 | Sweat Equity | - | - | - | - | - | - |
| 4 | Commission | | | | | | |
| | i) As % of profit | - | - | - | - | - | - |
| | ii) Others, specify | - | - | - | - | - | - |
| 5 | Others :- | | | | | | |
| | i) Co's Contribution to PF / Pension Fund | 36.00 | 11.88 | 8.64 | 5.04 | 4.18 | 65.74 |
| | ii) Value of Furniture | - | 0.17 | - | - | 0.50 | 0.67 |
| | iii) Superannuation | - | 14.85 | 10.80 | - | 5.22 | 30.87 |
| | Total | 363.76 | 176.88 | 112.24 | 96.16 | 67.76 | 816.80 |
| | Ceiling as per the Act | | | | | | 151.29 |

[^] Messrs. D. H. Kela and Sandeep Fuller are also the CEO (SF) & CEO (HED) of the Company respectively.

^{*} Mr. A. K. Vijay is also the CFO of the Company.

B. Remuneration to other directors:

(₹ in Lakhs)

| Sl. no. | Particulars of Remuneration | Name of Directors | | | | | | | | Total Amount |
|-----------|--|-----------------------|------------------------|-----------------|-------------------------|---------------------|--------------------------|-------------------|------------------------|--------------|
| | | Mr. A.C. Chakrabortti | Mr. D. R. Kaarthekeyan | Mr. Sunil Mitra | Mr. Sampath Dhasarathy* | Mr. Hemant Kanoria# | Ms. Mridula Jhunjhunwala | Mr. Akshay Poddar | Mr. Sabyasachi Hajara@ | |
| 1. | Independent Directors | | | | | | | | | |
| | Fee for attending board committee meetings | 4.40 | 2.40 | 3.40 | 0.60 | 0.00 | 2.60 | - | 1.10 | 14.50 |
| | Commission | 2.00 | 2.00 | 2.00 | 0.33 | 2.00 | 2.00 | - | 1.02 | 11.35 |
| | Others, please Specify | | | | | | | | | |
| | Total (1) | 6.40 | 4.40 | 5.40 | 0.93 | 2.00 | 4.60 | - | 2.12 | 25.85 |
| 2 | Other Non-Executive Directors | | | | | | | | | |
| | Fee for attending board committee meetings | | | | | | 1.50 | | | 1.50 |
| | Commission | | | | | | 2.00 | | | 2.00 |
| | Others, please Specify | | | | | | | | | |
| | Total (2) | | | | | | | | | 3.20 |
| | Total (B)=(1+2) | | | | | | | | | 29.05 |
| | Total Managerial Remuneration | | | | | | | | | 845.85 |
| | Ceiling as per the Act | | | | | | | | | 166.42 |

* Resigned w.e.f. close of business on 31st May, 2015.

Resigned w.e.f. close of business on 31st March, 2016.

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

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ in Lakhs)

| Sl. no. | Particulars of Remuneration | Name of Company Secretary | Total |
|-----------|---|---------------------------|--------|
| | | Mr. Ravi Varma* | Amount |
| 1. | Gross Salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961 | 7.62 | 7.62 |
| | (b) Value of perquisites u/s 17(2) Income-Tax Act, 1961 | 1.12 | 1.12 |
| | (c) Profits in lieu of salary under section 17(3) Income- Tax Act, 1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission | | |
| | i) As % of profit | - | - |
| | ii) Others, specify | - | - |
| 5 | Others :- | | |
| | i) Co's Contribution to PF / Pension Fund | 0.31 | 0.31 |
| | ii) Superannuation | - | - |
| | Total | 9.05 | 9.05 |

* Appointed w.e.f. 22nd June, 2015.

VII. There were no penalties / Punishment / Compounding of Offences under the Companies Act, 1956 / 2013 for the year ended 31st March, 2016.

Report on Corporate Governance

[Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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 fulfil 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 practices in the industry.

2. Board of Directors

The Company's Board comprises twelve Directors, representing the optimum mix of professionalism, knowledge and experience. Six Directors of them are Independent Directors as on 31st March, 2016. The category of Directorship, number of meetings attended, attendance at the last Annual General Meeting ('AGM'), Directorships in other Companies, number of Committees in which such Director is a member, are mentioned below :-

| Name of the Director | Category of Directorship | Director Identification Number (DIN) | No. of Board Meetings attended | Attendance at the last AGM | No. of Directorships in other Companies # | No. of Chairmanship/ Membership of Board/ Committees in Companies ^ | |
|--------------------------------|--|--------------------------------------|--------------------------------|----------------------------|---|---|--------|
| | | | | | | Chairman | Member |
| S. K. Poddar | Executive Chairman - Promoter | 00008654 | 6 | Yes | 12 | - | - |
| Ramesh Maheshwari | Executive | 00170811 | 6 | Yes | 4 | - | 2 |
| D. R. Kaarthikeyan | Independent | 00327907 | 4 | No | 9 | - | 7 |
| A. C. Chakrabortti | Independent | 00015622 | 6 | Yes | 8 | 2 | 2 |
| Sampath Dhasarathy@ | Independent | 01308724 | 1 | N.A. | N.A. | N.A. | N.A. |
| Hemant Kanoria [§] | Independent | 00193015 | 0 | No | 7 | 1 | 1 |
| Sunil Mitra | Independent | 00113473 | 6 | Yes | 10 | 2 | 5 |
| Sabyasachi Hajara [*] | Independent | 00004485 | 3 | Yes | 7 | 3 | 2 |
| Ms. Mridula Jhunjhunwala | Independent | 05339373 | 6 | Yes | 1 | - | 1 |
| Akshay Poddar ⁺ | Non-executive & Non-independent - Promoter | 00008686 | 3 | No | 14 | 1 | 3 |
| D. H. Kela | Executive | 01050842 | 5 | Yes | 2 | - | 1 |
| Sandeep Fuller | Executive | 06754262 | 5 | Yes | 5 | 1 | - |
| A. K. Vijay | Executive | 01103278 | 6 | Yes | 5 | - | - |

[@]Resigned w.e.f. close of business on 31st May, 2015.

[§]Resigned w.e.f. close of business on 31st March, 2016.

^{*}Appointed w.e.f. 28th September, 2015.

[#]Excluding Foreign Companies.

⁺Mr. Akshay Poddar is the son of Mr. S. K. Poddar.

[^]Membership / Chairmanship in Audit Committee and Stakeholders Relationship Committee, including those in the Company.

The Chairman does not have a separate office in Kolkata and the Corporate Office of the Company supports the Chairman for discharging his responsibilities. The Company however, maintains a separate office for the Chairman at New Delhi. No Director of the Company was a member of more than ten Committees or Chairman of more than five Committees across all the Public / Listed Companies in which he / she was a Director.

Six Board Meetings were held during the year 2015-16 on the following dates:

| | | |
|--------------------|--------------------|----------------------|
| 22nd May, 2015 | 22nd July, 2015 | 28th September, 2015 |
| 7th November, 2015 | 6th February, 2016 | 31st March, 2016 |

3. Audit Committee

Terms of Reference and Composition

The terms of reference of the Committee cover the matters specified for the Audit Committee under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 177 of the Companies Act, 2013.

The Audit Committee comprises the following four Directors, and their attendance in the Committee Meeting is given alongside.

| Name of the Director | No. of Meetings attended |
|--------------------------------------|--------------------------|
| A. C. Chakrabortti, Chairman | 4 |
| Ramesh Maheshwari | 4 |
| D. R. Kaarthikeyan | 4 |
| Ms. Mridula Jhunjunwala [@] | 2 |
| Sampath Dhasarathy* | 1 |

[@] Appointed as Member w.e.f. 22nd July, 2015.

* Resigned w.e.f. 31st May, 2015.

Four Audit Committee Meetings were held during the year 2015-16 on the following dates:

| | | | |
|----------------|-----------------|--------------------|--------------------|
| 22nd May, 2015 | 22nd July, 2015 | 7th November, 2015 | 6th February, 2016 |
|----------------|-----------------|--------------------|--------------------|

4. Nomination and Remuneration Committee

Terms of Reference and Composition

The terms of reference of the Committee cover the matters specified for the Nomination and Remuneration Committee under

the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 178 of the Companies Act, 2013.

This Committee also has the responsibility for administering the Employee Stock Option Scheme of the Company.

The Nomination and Remuneration Committee comprises the following four Directors, and their attendance in the Committee Meeting is given alongside.

| Name of the Director | No. of Meetings attended |
|--------------------------------------|--------------------------|
| A. C. Chakrabortti, Chairman | 2 |
| Akshay Poddar | 1 |
| Sunil Mitra | 2 |
| Ms. Mridula Jhunjunwala [@] | N.A. |
| Hemant Kanoria [§] | 0 |

[@] Appointed as Member w.e.f. 30th May, 2016.

[§] Resigned w.e.f. 31st March, 2016.

Two Nomination and Remuneration Committee Meetings were held during the year 2015-16 on the following dates:

| | |
|----------------|--------------------|
| 22nd May, 2015 | 6th February, 2016 |
|----------------|--------------------|

Remuneration of Directors

The Remuneration of Executive Directors is fixed by the Board of Directors upon recommendation by the Nomination and Remuneration Committee. 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 ₹ 2,00,000/- per annum for each Director. The sitting fee for attending the Board Meeting and Audit Committee Meeting is ₹ 30,000/- and the sitting fee for attending the other committee meetings is ₹ 20,000/- as approved by the Board of Directors.

Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed as **Annexure E** to the Directors' Report.

The details of the payment made to the Directors during the year 2015-16 are as follows:

i) Non-executive Directors

| Name of the Director | Sitting Fee for the year (₹) | Commission for the year (₹) | Total (₹) | No. of Shares held in the Company |
|---------------------------------|------------------------------|-----------------------------|-----------|-----------------------------------|
| A. C. Chakrabortti | 4,40,000 | 2,00,000 | 6,40,000 | 1,800 |
| Sampath Dhasarathy [©] | 60,000 | 33,333 | 93,333 | Nil |
| Akshay Poddar | 1,50,000 | 2,00,000 | 3,50,000 | 14,820 |
| D. R. Kaarthikeyan | 2,40,000 | 2,00,000 | 4,40,000 | Nil |
| Hemant Kanoria [§] | Nil | 2,00,000 | 2,00,000 | Nil |
| Sabyasachi Hajara [*] | 1,10,000 | 1,01,639 | 2,11,639 | Nil |
| Sunil Mitra | 3,40,000 | 2,00,000 | 5,40,000 | Nil |
| Ms. Mridula Jhunjunwala | 2,60,000 | 2,00,000 | 4,60,000 | Nil |

Note: The Commission was paid to Directors proportionate to their tenure.

[©] Resigned w.e.f. close of business on 31st May, 2015.

[§] Resigned w.e.f. close of business on 31st March, 2016

^{*} Appointed w.e.f. 28th September, 2015.

The details of the remuneration paid to the Executive Directors during the year 2015-16 are given below:

ii) Executive Directors

| Name of the Director | Designation | Salary (₹) | Perquisites and Allowances [#] (₹) | Sitting Fees (₹) | Retirement Benefits (₹) |
|----------------------|-------------------------|-------------|---|------------------|-------------------------|
| S. K. Poddar | Executive Chairman | 3,27,00,000 | 36,76,257 | N.A. | As per Company's Rules |
| Ramesh Maheshwari | Executive Vice Chairman | 1,07,10,000 | 69,78,149 | N.A. | - DO - |
| D. H. Kela | Executive Director | 72,96,000 | 39,27,814 | N.A. | - DO - |
| Sandeep Fuller | Executive Director | 44,97,000 | 51,18,830 | N.A. | -DO- |
| A. K. Vijay | Executive Director | 37,39,200 | 30,36,972 | N.A. | -DO- |

[#] Perquisites and Allowances include House Rent Allowance, LTA, Medical Benefits, Contribution to P.F., Superannuation Fund, Ex-gratia, ESOP, etc.

5. Stakeholders Relationship Committee

The terms of reference of the Committee cover the matters specified for the Stakeholders Relationship Committee under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 178 of the Companies Act, 2013.

The Stakeholders Relationship Committee comprises the

following four Directors and their attendance in the Committee Meeting is given alongside.

| Name of the Director | No. of Meetings attended |
|-------------------------|--------------------------|
| Akshay Poddar, Chairman | 1 |
| Ramesh Maheshwari | 2 |
| D. H. Kela | 2 |
| Sunil Mitra | 1 |

The grievances received are dealt by the Stakeholders Relationship Committee / Registrar & Share Transfer Agent of the Company / Compliance Officer.

In order to provide quick service to Investors, the Board has delegated certain powers to few Senior 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.

Two Stakeholders Relationship Committee Meetings were held during the year 2015-16 on the following dates:

| | |
|----------------|--------------------|
| 14th May, 2015 | 6th February, 2016 |
|----------------|--------------------|

Mr. Ravi Varma, Company Secretary is the Compliance Officer of the Company. During the year, 6 complaints were received from the Shareholders, which were resolved within a reasonable time period.

5. CSR Committee

Terms of Reference and Composition

The terms of reference of the Committee cover the matters specified for the CSR Committee under Section 135 of the Companies Act, 2013.

The CSR Committee comprises the following three Directors, and their attendance in the Committee Meeting is given alongside.

| Name of the Director | No. of Meetings attended |
|-----------------------------|--------------------------|
| Ramesh Maheshwari, Chairman | 1 |
| D. H. Kela | 1 |
| Sunil Mitra | 1 |

The CSR Committee met once during the year on 7th November, 2015.

6. Independent Directors Meeting

One meeting of the Independent Directors of the Company was held on 31st March, 2016 during the financial year 2015-16. All the Independent Directors except Messrs. Hemant Kanoria and D. R. Kaarthikeyan attended the Meeting. The matters discussed at the Independent Directors Meeting, inter alia included the evaluation of the performance of Non-independent Directors including Chairman of the Board.

7. Induction & Training of Board Members

To provide insights into the Company's operations, the Company periodically familiarizes its Independent Directors through presentations, briefings, Meetings, etc.

The details of programmes for familiarisation of Independent Directors with the Company, including their duties in the Company and related matters are put up on the website of the Company at the link: <http://texmaco.in/webfiles/texmaco/file/Familiarisation%20Programme%20for%20Independent%20Directors.pdf>

8. Whistle Blower Policy

The Company believes in promoting ethical behaviour and accordingly there is a mechanism for reporting unethical behaviour, actual or suspected fraud or violation against the Company's Code of Conduct. The objective of the policy is to provide adequate safeguard measures against victimization. The Company has a Whistle Blower Policy under which the employees are free to report any such grievances to the Nodal officer appointed for the purpose. In certain circumstances, employees may also report to the Chairman of the Audit Committee. The Policy is also placed on the website of the Company i.e. <http://texmaco.in/webfiles/texmaco/file/Whistle%20Blower%20Policy.pdf>

9. Internal Control System

The Internal Control System of the Company is aimed at proper utilization 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.

10. Policy on Material Subsidiary

The Company has three Subsidiaries namely Kalindee Rail Nirman (Engineers) Limited, Bright Power Projects (India) Private Limited and Texmaco Hi-tech Private Limited. The Company has a policy to determine its material subsidiary. The policy is also placed on the website of the Company i.e. <http://texmaco.in/webfiles/texmaco/file/2015-16/Annexure%2010.pdf>

11. General Body Meetings

Details of date and time of the Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs) held in last three years are given below:

| Financial Year | Date and time of the AGMs | Date and time of the EGMs | Venue | No. of Special Resolutions approved at the AGMs |
|----------------|-----------------------------------|-------------------------------|--|---|
| 2014-15 | 28th September, 2015 at 2.15 P.M. | 14th July, 2015 at 10.30 A.M. | K. K. Birla Kala Kendra, Texmaco Estate, Belgharia, Kolkata- 700 056 | 5 |
| 2013-14 | 4th September, 2014 at 10.30 A.M. | - | K. K. Birla Kala Kendra, Texmaco Estate, Belgharia, Kolkata- 700 056 | 5 |
| 2012-13 | 14th September, 2013 at 2.30 P.M. | - | K. K. Birla Kala Kendra, Texmaco Estate, Belgharia, Kolkata- 700 056 | 2 |

Whether Special Resolutions-

- A Were put through Postal Ballot last year No
- B Are proposed to be conducted through postal ballot No

Details of Court convened meeting for Merger of Kalindee Rail (Nirman) Engineers Limited into the Company :

During the year, the Members of the Company have approved the Scheme of Amalgamation between Kalindee Rail Nirman (Engineers) Limited and Texmaco Rail & Engineering Limited and their respective Shareholders and Creditors in the Court Convened Meeting of the Members of the Company held on 14th July, 2015.

The Board had appointed Ms. Sudhanya Roy Choudhury, a Practicing Company Secretary of M/s. S. R. Associates, as the Scrutinizer to conduct the postal ballot voting process in a fair and transparent manner.

The Resolution was passed with requisite majority.

12. Disclosure

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, Associates, Subsidiaries, 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. 2.30 of Audited Financial Statements.

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.

13. Reconciliation of Share Capital Audit Report

A qualified practicing Chartered Accountant carried out Quarterly Share Capital Audit to reconcile the total admitted Equity Share 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 Equity Share capital is in agreement with the total number of Equity Shares in physical form and dematerialised form held with NSDL and CDSL.

14. Means of Communication

The Quarterly Un-audited Financial Results and the Annual Audited Financial Results as taken on record and approved by the Board of Directors of the Company are published generally in local English and Vernacular newspapers namely The Financial Express and Aajkal. 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 the Company's website www.texmaco.in

Management Discussion & Analysis Report forms part of the Annual Report.

15. General Shareholder Information

| | |
|---|--|
| AGM : Date, Time & Venue | Monday, 26th September, 2016 at 2.00 P.M. at K.K. Birla Kala Kendra, Texmaco Estate, Belgharia, Kolkata - 700 056. |
| Financial Calendar (Tentative) | 1st April, 2016 to 31st March, 2017. First Quarter Results – Last week of July. Second Quarter Results – Third week of October. Third Quarter Results – First week of February. Results for the year ending 31st March, 2017- By Last week of May 2017. |
| Date of Book Closure | Tuesday, 20th September, 2016 to Monday, 26th September, 2016. |
| Listing on Stock Exchanges | 1. National Stock Exchange of India Limited, Exchange Plaza, Bandra -Kurla Complex, Bandra (E), Mumbai – 400 051 2. BSE Limited, P.J.Towers, Dalal Street, Fort, Mumbai – 400 001 3. The Calcutta Stock Exchange Limited, 7, Lyons Range, Kolkata – 700 001 The Company has paid the listing fees for the period 1st April, 2016 to 31st March, 2017. |
| Dividend Payment Date | Mid October 2016. |
| CIN of Company | L29261WB1998PLC087404 |
| Stock Code – Physical National Stock Exchange of India Limited BSE Limited The Calcutta Stock Exchange Limited Demat ISIN No. for CDSL/NSDL | TEXRAIL 533326 30285 INE 621L01012 |

High / Low market prices of the Company's Equity Shares of ₹ 1/- each traded on National Stock Exchange of India Limited and BSE Limited during the period April 2015 to March 2016 are furnished here after:

| Period | National Stock Exchange of India Limited | | BSE Limited | |
|----------------|--|---------|-------------|---------|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| April 2015 | 157.50 | 122.10 | 158.00 | 121.65 |
| May 2015 | 138.45 | 113.50 | 138.40 | 113.80 |
| June 2015 | 128.60 | 110.00 | 128.25 | 110.35 |
| July 2015 | 137.75 | 119.00 | 137.90 | 119.40 |
| August 2015 | 134.80 | 104.05 | 129.60 | 101.00 |
| September 2015 | 117.55 | 100.20 | 117.60 | 101.05 |
| October 2015 | 132.00 | 114.05 | 139.00 | 112.20 |
| November 2015 | 148.95 | 121.80 | 149.00 | 118.00 |
| December 2015 | 153.45 | 130.10 | 153.35 | 130.25 |
| January 2016 | 154.85 | 122.50 | 154.70 | 122.85 |
| February 2016 | 150.90 | 89.60 | 151.00 | 89.50 |
| March 2016 | 114.80 | 95.80 | 114.55 | 95.65 |

Note: There was no trading in the shares of the Company during the year on The Calcutta Stock Exchange Limited.

| | | |
|---|--|--|
| Registrar & Transfer Agent (RTA) | M/s. Karvy Computershare Private Limited Plot No: 31- 32, Gachibowli Financial District, Nanakramguda, Hyderabad, Telangana - 500 032 | Phone No.: 040-67162222 Fax No: 040-23001153 E-Mail: einward.ris@karvy.com Website: www.karvycomputershare.com |
|---|--|--|

Share Transfer System

Request for transfer of Equity Shares held in physical form may be lodged with M/s. Karvy Computershare Private Limited at Hyderabad or may be sent to the Company Secretary at the Registered office of the Company at Kolkata.

Share transfers are registered and returned within 15 days from the date of lodgment, provided documents are complete in all respects.

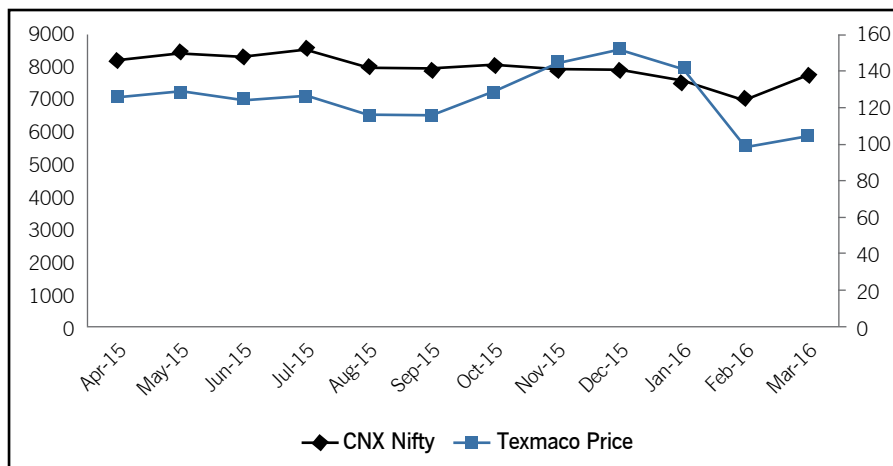
Distribution of Shareholding as on 31st March, 2016

| No. of Equity Shares held | No. of Folios | % | No. of Shares | % |
|---------------------------|---------------|---------------|------------------|---------------|
| Upto 5000 | 31565 | 98.17 | 9692849 | 4.61 |
| 5001 to 10000 | 247 | 0.77 | 1851269 | 0.88 |
| 10001 to 20000 | 129 | 0.40 | 1858125 | 0.89 |
| 20001 to 30000 | 48 | 0.15 | 1201009 | 0.57 |
| 30001 to 40000 | 23 | 0.07 | 783017 | 0.37 |
| 40001 to 50000 | 12 | 0.04 | 550963 | 0.26 |
| 50001 to 100000 | 37 | 0.11 | 2693386 | 1.28 |
| 100001 and above | 94 | 0.29 | 191653105 | 91.14 |
| Grand Total | 32155 | 100.00 | 210283723 | 100.00 |

Shareholding Pattern as on 31st March, 2016

| Category | No. of Shares | % |
|--------------------------------|---------------------|---------------|
| Promoters | 11,51,27,010 | 54.75 |
| Banks, Insurance Cos., and FIs | 67,72,930 | 3.22 |
| Mutual Funds and U.T.I. | 4,50,03,898 | 21.40 |
| NRI / OCB / FIIs | 2,10,49,603 | 10.01 |
| Corporate Bodies | 56,37,002 | 2.68 |
| Indian Public | 1,55,21,305 | 7.38 |
| Others | 11,71,975 | 0.56 |
| Total | 21,02,83,723 | 100.00 |

Texmaco Share Price vis-à-vis Nifty



Closing price of the Company's Shares and Nifty has been considered for this purpose.

Dematerialization of Shares as on 31st March, 2016 and Liquidity

The Company's Equity 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'). 20,90,83,632 Equity Shares of the Company representing 99.43% of the Company's Equity Share Capital are dematerialised as on 31st March, 2016.

Code of Conduct and Ethics and Insider Trading

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 for personal advantage. All Directors and Senior Management personnel have affirmed compliance with the code and a declaration to this effect, signed by the Executive Directors, is attached to this report.

The Company has also adopted the Codes as framed under the SEBI (Prohibition of Insider Trading) Regulations, 2015, preventing Insider Trading in the Equity Shares of the Company.

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 Mr. Ravi Varma, Company Secretary at the Registered Office of the Company for any assistance. Telephone No : (033) 2569-1500 E-mail : ravi.varma@texmaco.in Shareholders holding Equity 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, read with the provisions of the Companies Act, 2013, in respect of Unclaimed Dividend, when due for transfer to the said Fund, is given below:

| Financial year ended | Date of declaration of Dividend | Last date for claiming Un-paid Dividend | Due date for transfer to IEPF |
|----------------------|---------------------------------|---|-------------------------------|
| 31.03.2015 | 28.09.2015 | 02.11.2022 | 02.12.2022 |
| 31.03.2014 | 04.09.2014 | 09.10.2021 | 09.11.2021 |
| 31.03.2013 | 14.09.2013 | 19.10.2020 | 19.11.2020 |
| 31.03.2012 | 29.08.2012 | 03.10.2019 | 03.11.2019 |
| 31.03.2011 | 01.09.2011 | 06.10.2018 | 06.11.2018 |

16. Adoption of mandatory and non-mandatory requirements of the erstwhile Listing Agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Company has complied with applicable mandatory requirements under the erstwhile Listing Agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations') including Regulations 17 to 27 and 46 (2) (b) to (i) of LODR Regulations with the Stock Exchange(s) and has adopted the following non-mandatory requirements.

(i) The Board:

The Chairman of the Company is the Executive Chairman.

(ii) Shareholder Rights:

The official news release and other related information, if any, are displayed on the website of the Company. These are not sent individually to the shareholders.

(iii) Audit Qualifications:

There are no audit qualifications on the Company's Financial Statements for the year ended 31st March, 2016.

(iv) Separate posts of Chairman and CEO:

The Company has appointed separate persons to the post of Chairman and CEO.

(v) Reporting of Internal Auditor:

The internal auditor may report directly to the Audit Committee as and when required.

17. CEOs and CFO Certification

The CEOs and the CFO of the Company has given a certificate on financial reporting and internal controls to the Board in terms under the erstwhile Listing Agreement and of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which is attached with this Report.

18. Retirement of Directors by rotation and re-appointment

Messrs. Akshay Poddar and Sandeep Fuller are due for retirement by rotation and are eligible for re-appointment in the ensuing Annual General Meeting. Brief particulars regarding Messrs. Poddar and Fuller are given in the Notice.

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, 2016 as stipulated in the erstwhile Listing Agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with the 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that in respect of investor grievances received during the year 31st March, 2016, no investor grievances are pending against the Company as on date, as per the records maintained by the Company and presented to the Stakeholders Relationship 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
Firm Registration No. 304153E

P. K. Gutgutia
Partner
Membership No. 6994

Place: Kolkata
Dated: 30th May, 2016

Declaration by the Executive Directors

To
The Members of
Texmaco Rail & Engineering Limited

In compliance with the requirements under the erstwhile Listing Agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges relating to Corporate Governance, we 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.

For **Texmaco Rail & Engineering Limited**

Place: Kolkata
Dated: 30th May, 2016

D. H. Kela
Executive Director & CEO (SF)

S. Fuller
Executive Director & CEO (HED)

A. K. Vijay
Executive Director & CFO

CEOs and CFO Certification

We, D. H. Kela, Executive Director & Chief Executive Officer (Steel Foundry), Sandeep Fuller, Executive Director & Chief Executive Officer (Heavy Engineering Division) and A. K. Vijay, Executive Director & Chief Financial Officer certify that:

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee:
- (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Texmaco Rail & Engineering Limited**

Place: Kolkata
Dated: 30th May, 2016

D. H. Kela
Executive Director & CEO (SF)

S. Fuller
Executive Director & CEO (HED)

A. K. Vijay
Executive Director & CFO

Independent Auditors' Report

To
The Members of
Texmaco Rail & Engineering Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **TEXMACO RAIL & ENGINEERING LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial

statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2016, and its Profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government of India in terms of Subsection (11) of Section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 in the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books ;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) On the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”; and
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 2.26 (b), (d to f) of the financial statements.
- ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

P. K. Gutgutia
Partner

Place : Kolkata
Date : 30th May, 2016

Membership No. 6994

Annexure - A to the Independent Auditors’ Report to the Members of TEXMACO RAIL & ENGINEERING LIMITED as referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements in 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 accounts.
- (c) The title deeds of immovable properties demerged to the Company under the scheme of arrangement approved by the Hon’ble High Court of Calcutta are held in the name of erstwhile Texmaco Limited.
- (ii) As per information furnished, inventories have been physically verified by the management at reasonable intervals and the discrepancies noticed have been properly dealt with in the books of accounts.
- (iii) a) The Company has granted unsecured loan to the Companies covered in the register maintained under section 189 of the Companies Act, 2013 which is not prejudicial to the interest of the Company.
- b) The schedule of repayment of Principal and Interest of the above loan has been stipulated and the Company is regular in receipt of the same.
- c) There is no amount over due of more than 90 days in respect of recovery of principal and interest of the above loan.
- (iv) In our opinion & according to the information given to us, in respect of loans, investments, guarantees and security provisions of section 185 and 186 of the Companies Act 2013, have been complied with.
- (v) The Company has not received any deposits from the public hence clause 3 (v) of the Companies (Auditor Report) Order 2016 is not applicable to the Company.
- (vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete
- (vii) 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, employees’ state insurance, income tax, sales tax, service tax, custom duty,

excise duty, value added tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed statutory dues were in outstanding as at 31st March, 2016 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 Income Tax, Sales Tax, Service Tax Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited on account of any dispute and the forum where the dispute are pending, are as under:

| | Name of the Statute | Nature of the dues | Amount (₹ Lakhs) | Period to which amount relates | Forum where dispute is pending |
|----|--|--|---------------------|-----------------------------------|---|
| 1. | The Central Excise Act 1944 | Various issues of Central Excise and Service Tax | ₹ 3,082.21 | 1986-2012 | 1. Jurisdictional Commissioner of Central Excise. 2. CESTAT 3. Commissioner (Appeal) 4. Jurisdictional Commissioner of Service Tax |
| 2. | Service Tax under the Finance Act 1994 | | ₹ 13.51 | 2004-2010 | |

(viii) There are no outstanding dues to a financial institution or debenture holders. In respect of outstanding loan from bank there is no default of payment.

(ix) The Company has not raised any money by way of Initial Public Offer or Further Public Offer (Including debt instruments). Term Loan raised in earlier year were applied for the purpose for which it was borrowed.

(x) 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 explanations given by the management, we report that no fraud by the Company or any fraud on the Company by its officers and employees has been noticed or reported during the course of our audit.

(xi) The managerial remuneration has been paid or provided by the Company is in excess of the requisite approval mandated by the provisions of section 197 read with Schedule V to the Companies Act for which the Company has to make an application to The Ministry of Corporate Affairs for its waiver, post approval of its shareholders in the General Meeting.

(xii) The Company is not a Nidhi Company, hence clause 3 (xii) of the Companies (Auditor's Report) Order, 2016 is not applicable.

(xiii) All transactions of the Company with the related parties are in compliance with sections 177 & 188 of the Companies Act,

2013 where applicable and the details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

(xiv) The Company has not made any Preferential allotment or Private Placement of shares or fully or partly convertible debentures during the year under review and hence clause 3 (xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with him and hence, clause 3 (xv) of the Companies (Auditor's Report) Order, 2016 is not applicable.

(xvi) The Company is not a non-banking financial company and hence the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

P. K. Gutgutia
Partner

Place : Kolkata
Date : 30th May, 2016

Membership No. 6994

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF TEXMACO RAIL & ENGINEERING LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the Internal Financial Controls over financial reporting of TEXMACO RAIL & ENGINEERING LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of

the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal

control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting includes obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally

accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K. N. Gutgutia & Co.

Chartered Accountants

Firm Registration No.304153E

P. K. Gutgutia

Partner

Place : Kolkata

Date : 30th May, 2016

Membership No. 6994

Balance Sheet As at 31st March, 2016

| Particulars | Note No. | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---|----------|-------------------------|-------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' funds | | | |
| (a) Share capital | 2.1 | 2,102.84 | 2,100.64 |
| (b) Reserves and surplus | 2.2 | 88,991.80 | 87,240.59 |
| | | 91,094.64 | 89,341.23 |
| (2) Non-current liabilities | | | |
| (a) Long-term borrowings | 2.3 | 691.29 | 1,469.75 |
| (b) Deferred tax liabilities (net) | 2.4 | 847.16 | 757.44 |
| (c) Other long term liabilities | 2.5 | 574.54 | 574.54 |
| (d) Long-term provisions | 2.6 | 397.95 | 236.54 |
| | | 2,510.94 | 3,038.27 |
| (3) Current liabilities | | | |
| (a) Short-term borrowings | 2.7 | 9,449.72 | 8,912.44 |
| (b) Trade payables | 2.8 | 26,184.25 | 18,411.20 |
| (c) Other current liabilities | 2.9 | 14,461.63 | 14,032.68 |
| (d) Short-term provisions | 2.10 | 1,179.06 | 1,087.83 |
| | | 51,274.66 | 42,444.15 |
| Total | | 144,880.24 | 134,823.65 |
| II. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | 2.11 | | |
| (i) Tangible assets | | 21,293.87 | 20,526.31 |
| (ii) Intangible assets | | 91.76 | 109.89 |
| (iii) Capital work-in-progress | | 392.59 | 482.01 |
| | | 21,778.22 | 21118.21 |
| (b) Non-current investments | 2.12 (A) | 20,778.01 | 14,399.51 |
| (c) Long-term loans and advances | 2.13 | 1,253.82 | 1,446.79 |
| | | 43,810.05 | 36,964.51 |
| (2) Current assets | | | |
| (a) Current investments | 2.12 (B) | 33,385.66 | 46,564.73 |
| (b) Inventories | 2.14 | 27,483.44 | 23,935.71 |
| (c) Trade receivables | 2.15 | 22,433.50 | 14,976.88 |
| (d) Cash and bank balances | 2.16 | 2,062.01 | 3,994.33 |
| (e) Short-term loans and advances | 2.17 | 15,310.83 | 8,200.43 |
| (f) Other current assets | 2.18 | 394.75 | 187.06 |
| | | 101,070.19 | 97,859.14 |
| Total | | 144,880.24 | 134,823.65 |
| Accounting Policies & Notes on Financial Statements | 1 & 2 | | |

Notes 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

Firm Registration No: 304153E

P. K. Gutgutia

Partner

Membership No.6994

6C, Middleton Street,
Kolkata - 700 071

Dated: 30th May, 2016

Ravi Varma

Company Secretary

A. K. Vijay

Executive Director & CFO

S. K. Poddar

Ramesh Maheshwari

A. C. Chakrabortti

D. H. Kela

Sandeep Fuller

Directors

Statement of Profit and Loss for the year ended 31st March, 2016

| Particulars | Note No. | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---|----------|-------------------------|-------------------------|
| I. Revenue from operations | | | |
| Sale of products | 2.19 | 91,709.07 | 55,956.41 |
| Less: Inter Segment Revenue | | (13,830.44) | (10,022.41) |
| Less: Excise Duty | | (5,427.64) | (3,152.24) |
| | | 72,450.99 | 42,781.76 |
| Other operating revenues | 2.19 | 349.69 | 1,075.80 |
| Total | | 72,800.68 | 43,857.56 |
| II. Other income | 2.20 | 3,200.72 | 2,369.38 |
| III. Total Revenue (I + II) | | 76,001.40 | 46,226.94 |
| IV. Expenses: | | | |
| Cost of materials consumed | 2.21 | 53,488.67 | 27,203.33 |
| Changes in inventories of finished goods, | 2.22 | (2,643.58) | (630.10) |
| Employee benefits expense | 2.23 | 5,009.11 | 4,532.26 |
| Finance costs | 2.24 | 1,631.30 | 1,207.26 |
| Depreciation and amortization expenses | 2.11 | 1,246.06 | 1,493.62 |
| Other expenses | 2.25 | 14,650.20 | 10,798.26 |
| Total expenses | | 73,381.76 | 44,604.63 |
| V. Profit before exceptional and extraordinary items and tax(III-IV) | | 2,619.64 | 1,622.31 |
| VI. Tax expense: | | | |
| (1) Current tax | | 515.36 | 180.00 |
| (2) MAT Credit Entitlement | | (144.44) | (45.00) |
| (3) Income Tax for earlier year | | - | (222.74) |
| (4) Deferred tax | | 89.72 | 336.50 |
| VII. Profit for the period from Continuing Operations (V-VI) | | 2,159.00 | 1,373.55 |
| VIII. Earnings per equity share: (face value of ₹1/- each) | | | |
| (1) Basic | | 1.03 | 0.72 |
| (2) Diluted | | 1.02 | 0.72 |
| Accounting Policies & Notes on Financial Statements | 1 & 2 | | |

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

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

Chartered Accountants

Firm Registration No: 304153E

P. K. Gutgutia

Partner

Membership No.6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 30th May, 2016

Ravi Varma
Company Secretary

A. K. Vijay
Executive Director & CFO

S. K. Poddar
Ramesh Maheshwari
A. C. Chakrabortti
D. H. Kela
Sandeep Fuller } Directors

Cash Flow Statement for the year ended 31st March, 2016

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|--|-------------------------|-------------------------|
| A) Cash Flows from Operating Activities: | | |
| Net Profit before Taxation & Exceptional Items | 2,619.64 | 1,622.31 |
| Adjustments for: | | |
| Depreciation | 1,246.06 | 1,493.62 |
| Interest Paid | 1,631.30 | 1,207.26 |
| Employee Stock Option Scheme (ESOS) | 139.59 | - |
| Bad Debt Written off | 221.51 | 106.16 |
| Fixed Assets Written off | 0.01 | 3.68 |
| Provision & Excess Liabilities Written Back | (11.87) | (29.71) |
| Provision for Diminution in value of Investments | (2.84) | (10.76) |
| Interest Received | (696.24) | (364.05) |
| Income From Investments | (105.83) | (44.04) |
| Profit on Sale Of Investments-Current (Net) | (1,821.56) | (1,003.43) |
| Profit on Sale Of Fixed Assets(Net) | (22.65) | (9.64) |
| | 577.48 | 1,349.09 |
| Operating Profit before Working Capital Changes & Exceptional Items | 3,197.12 | 2,971.40 |
| (Increase)/Decrease in Inventories | (3,547.73) | (2,920.65) |
| (Increase)/Decrease in Trade & Other Receivables | (15,456.66) | 2,400.62 |
| Increase/(Decrease) in Trade Payables | 8,122.69 | 1,978.45 |
| Cash Generated from Operations | (7,684.58) | 4,429.82 |
| Direct Taxes (Paid)/Received | 490.18 | (345.15) |
| Cash Flow before Exceptional Items | (7,194.40) | 4,084.67 |
| Exceptional Items | - | - |
| Net Cash from Operating Activities | (7,194.40) | 4,084.67 |
| B) Cash Flows from Investing Activities | | |
| Purchase of Fixed Assets | (1,916.77) | (1,830.75) |
| Sale of Fixed Assets | 30.79 | 19.82 |
| Purchase/Sale of Investments | 8,624.97 | (28,237.35) |
| Bank Deposits(Includes deposit having maturity more than three months) | 2,945.20 | (3,510.27) |
| Interest Received | 488.55 | 341.23 |
| Income From Investments | 105.83 | 44.04 |
| Net Cash used in Investing Activities | 10,278.57 | (33,173.28) |
| C) Cash Flows From Financing Activities | | |
| Receipt/(Payment) of Long Term Borrowings | (434.49) | 707.70 |
| Receipt/(Payment) of Short Term Borrowings | 537.28 | (165.20) |
| Proceeds from issue of ESOS (Net) | 87.90 | - |
| Proceeds from issue of QIP (Net) | - | 29,115.84 |
| Increase in Equity Share Capital | 2.20 | 280.37 |
| Dividend Paid | (630.29) | (530.80) |
| Interest Paid | (1,633.89) | (1,207.26) |
| Net Cash used in Financing Activities | (2,071.29) | 28,200.65 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 1,012.88 | (887.96) |
| Cash and Cash Equivalents at the beginning of the period | 456.60 | 1,344.56 |
| Cash and Cash Equivalents at the end of the period | 1,469.48 | 456.60 |
| Note: | | |
| (1) Cash and cash equivalents | | |
| Balances with banks | | |
| Current Accounts | 1,432.47 | 429.49 |
| Cash/ Cheques on hand | 37.01 | 27.11 |
| | 1,469.48 | 456.60 |

(2) The above Cash and Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

(3) Previous year's figures are regrouped/rearranged wherever necessary.

In terms of our Report of even date attached herewith.

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

Chartered Accountants

Firm Registration No: 304153E

P. K. Gutgutia

Partner

Membership No.6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 30th May, 2016

Ravi Varma

Company Secretary

A. K. Vijay

Executive Director & CFO

S. K. Poddar

Ramesh Maheshwari

A. C. Chakrabortti

D. H. Kela

Sandeep Fuller

Directors

Notes on Financial Statements

1. ACCOUNTING POLICIES

Basis of Accounting

The Financial Statements of Texmaco Rail & Engineering Limited (TexRail or the Company) have been prepared and presented under the historical cost convention and on the accrual basis except for certain Fixed Assets, which are revalued in accordance with Generally Accepted Accounting Principles (GAAP) in India. GAAP comprises Accounting Standards notified by the Central Government of India under section 133 of the Companies Act, 2013, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 2013 and guidelines issued by Securities and Exchange Board of India.

Fixed Assets

Fixed Assets are carried at the cost of acquisition or construction less accumulated depreciation except certain Revalued Assets which are stated on the basis of their revalued costs less accumulated depreciation. Intangible Assets are recorded at the consideration paid for acquisition less accumulated amortization. The cost of Fixed Assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective Assets. Borrowing costs directly attributable to acquisition or construction of those fixed Assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

The Company assesses at each balance sheet date whether there is any indication that an Asset may have been impaired. If any such indication exists, the Company estimates the recoverable amount of the Asset. If such recoverable amount of the Asset or the recoverable amount of the cash generating unit to which the Asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the Asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

Depreciation

Tangible Fixed Assets

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 generally in accordance with the life of the respective assets as prescribed in Schedule II of the Companies Act, 2013 except certain assets for which useful life of assets has been ascertained based on report of technical experts. The difference between depreciation on revalued amount of fixed assets and its corresponding amount of original fixed assets is being transferred from Revaluation Reserve to General Reserve.

Intangible Fixed Assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, intangible assets are carried at its cost less any accumulated amortization and any accumulated impairment loss. Intangible assets are amortized on Straight Line Basis over a period of 6 years.

Investments

Investments are either classified as current or non-current based on management's intention at the time of purchase. Current Investment are stated at lower of cost and fair value.

Non-current 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. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reason for the reduction is no longer exist

Revenue Recognition

Sales revenue is recognized 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 recognized 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 recognized on time proportion basis. Export incentives, certain insurance, railway

Notes on Financial Statements

and other claims, where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis. Capital Gain on investments are accounted at the time of encashment.

Employee Benefits

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

(2) **Leave :**

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

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 Statement of Profit & Loss, 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 realizable 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 translated at the exchange rate prevailing on that date. All exchange differences are recognized in Statement of Profit & Loss except in case of long term liabilities, where they relate to acquisition of Fixed Assets in which case they are adjusted to the carrying cost of such assets. 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 preparation of the Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and disclosure of contingent Liabilities on the date of the Financial Statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Difference between the actual result and the estimates are recognized in the period in which the results are known/ materialized.

Notes on Financial Statements

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 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. Deferred Tax assets/ liabilities are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable/ virtually certain to be realized.

Employee Stock Option Scheme

In respect of Stock options granted pursuant to the Company's Employees Stock Option Schemes 2014, 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 recognized when there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. Revenue grants/subsidies are recognized in the Statement of Profit & Loss. 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.

Earning Per Share

Earnings per share is calculated by dividing the net profit/ loss for the period attributable to equity shares holders by the weighted average number of equity shares outstanding during the period.

Cash Flow Statement

Cash Flow are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from regular revenue generating, financing and investing activities of the Company are segregated.

Notes on Financial Statements

2. Notes on Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---|-------------------------|-------------------------|
| 2.1 SHARE CAPITAL | | |
| Authorised Capital | | |
| 30,00,00,000 (30,00,00,000) Equity shares at par value of ₹ 1/- each | 3,000.00 | 3,000.00 |
| Issued, Subscribed and Paid Up Capital | | |
| 21,02,83,723 (21,00,63,973) Equity shares at par value of ₹ 1/- each fully paid | 2,102.84 | 2,100.64 |

Notes:

- (i) The Company has only one class of shares referred to as equity shares having a par value of ₹ 1/-. Each holder of equity shares is entitled to one vote per share.
- (ii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.
- (iii) Issued, Subscribed and Paid Up Capital includes 12,71,83,090 equity shares allotted on the basis of 1 equity shares in Texmaco Rail & Engineering Limited for ₹ 1/- each credited as fully paid-up for every 1 equity shares held by each member of Texmaco Infrastructure & Holdings Limited (formerly Texmaco Limited) on record date without payment being received in cash.

(iv) Reconciliation of number of Issued, Subscribed and Paid-up Capital

| Particulars | 31.03.2016 | | 31.03.2015 | |
|---|------------------------|------------------------|------------------------|------------------------|
| | No. of Equity Share | Amount (₹ in lakhs) | No. of Equity Share | Amount (₹ in lakhs) |
| Number of Shares at the beginning of the year | 210063973 | 2,100.64 | 182026590 | 1,820.27 |
| Add: Allotment as per QIP | - | - | 28037383 | 280.37 |
| Add: Allotment under ESOS | 219750 | 2.20 | - | - |
| Number of Shares at the end of the year | 210283723 | 2,102.84 | 210063973 | 2,100.64 |

- (v) During the year the Company has allotted 2,19,750 Equity Shares to its employee under Employee Stock Option Scheme.
- (vi) The dividend proposed by the Board of Directors is subject to the approval of shareholders in Annual General meeting. The Company has proposed to pay dividend amounting to ₹632.73 lakhs (including corporate dividend tax of ₹ 107.02 lakhs). The rate of proposed dividend is ₹ 0.25 per equity shares. (Previous Year ₹ 632.07 lakhs including Corporate dividend tax of ₹ 106.91 lakhs).
- (vii) **The name of Shareholders holding more than 5% of Equity shares**

| Name of Shareholders | 31.03.2016 | | 31.03.2015 | |
|---|-----------------|------------------------------|-----------------|------------------------------|
| | % of holding | No. of equity shares held | % of holding | No. of equity shares held |
| Texmaco Infrastructure & Holdings Limited | 25.96 | 54600000 | 25.99 | 54600000 |
| Zuari Investments Limited | 13.77 | 28963900 | 13.79 | 28963900 |

Notes on Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---|-------------------------|-------------------------|
| 2.2 RESERVES AND SURPLUS | | |
| Security Premium Reserve | | |
| Balance as per last Account | 29,192.57 | 76.73 |
| Add: On issue of ESOS | 227.49 | - |
| Add: On issue of QIP | - | 29,719.63 |
| Less: QIP Expense | - | (603.79) |
| | 29,420.06 | 29,192.57 |
| Revaluation Reserve | | |
| Balance as per last Account | 808.45 | 1,086.90 |
| Less: On Assets sold/discarded during the year | (2.55) | (3.67) |
| | 805.90 | 1,083.23 |
| Less: Transferred to General Reserve (See Note) | (29.73) | (274.78) |
| | 776.17 | 808.45 |
| State Capital Investment Subsidy | | |
| Balance as per last Account | 15.00 | 15.00 |
| General Reserve | | |
| Balance as per last Account | 45,606.76 | 44,831.98 |
| Add: Transfer from Revaluation Reserve (See Note) | 29.73 | 274.78 |
| Add: Transferred from Statement of Profit and Loss | 500.00 | 500.00 |
| | 46,136.49 | 45,606.76 |
| Surplus | | |
| Balance as per last Account | 11,617.81 | 11,376.33 |
| Add: Profit after Tax as per Statement of Profit and Loss | 2,159.00 | 1,373.55 |
| | 13,776.81 | 12,749.88 |
| Less: Appropriation | | |
| Proposed Dividend | | |
| On Equity Shares | 525.71 | 525.16 |
| Tax on Dividend | 107.02 | 106.91 |
| Transfer to General Reserve | 500.00 | 500.00 |
| | 1,132.73 | 1,132.07 |
| | 12,644.08 | 11,617.81 |
| Total (2.2) | 88,991.80 | 87,240.59 |

Note:

Represents difference between depreciation on revalued cost of fixed assets and original cost of fixed assets.

| | | |
|--|---------------|-----------------|
| 2.3 LONG TERM BORROWINGS | | |
| Secured | | |
| From Bank | | |
| Term Loan/Foreign Currency Term Loan (TL/FCTL) | 660.21 | 1,453.38 |
| Car Loan | 31.08 | 16.37 |
| Total (2.3) | 691.29 | 1,469.75 |

Note: Term Loan from Bank is secured against the Fixed Assets created from such loan. The FCTL loan is payable in balance 3 half yearly installments payable in June and December each year. Remaining Term Loan from bank is repayable in 8 quarterly installments. Car Loan is Secured against hypothecation of car.

Notes on Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|--|-------------------------|-------------------------|
| 2.4 DEFERRED TAX LIABILITIES (NET) | | |
| Deferred Tax Assets | | |
| Items u/s 43B and u/s 40(a)(i)(a) of I.T Act | (1,212.63) | (1,288.19) |
| Deferred Tax Liabilities | | |
| Depreciation | 2,059.79 | 2,045.63 |
| Net Deferred Tax Liability/ (Assets), Total (2.4) | 847.16 | 757.44 |

Note: Deferred Tax Assets/Liability is recognised as per AS 22 "Accounting for Taxes on Income" issued by the (Accounting Standard) Rules, 2006. The Deferred Tax Assets & Liabilities comprises of Tax effect of above timing differences.

| | | |
|--|---------------|---------------|
| 2.5 OTHER LONG TERM LIABILITIES | | |
| Security Deposits | 574.54 | 574.54 |
| Total (2.5) | 574.54 | 574.54 |

| | | |
|---------------------------------|---------------|---------------|
| 2.6 LONG TERM PROVISIONS | | |
| Provision for Employee Benefits | | |
| For Leave | 111.93 | 114.56 |
| Others | | |
| For Contingency | 1.00 | 1.00 |
| For Warranty and others | 285.02 | 120.98 |
| Total (2.6) | 397.95 | 236.54 |

Note: The Company accounts for leave and gratuity liability based on Actuary Valuation

| | | |
|----------------------------------|-----------------|-----------------|
| 2.7 SHORT TERM BORROWINGS | | |
| Secured | | |
| Loans repayable on demand | | |
| From banks | | |
| - Cash Credit | 9,449.72 | 8,912.44 |
| Total (2.7) | 9,449.72 | 8,912.44 |

Note:

- Cash Credit facilities is secured by hypothecation of 1st charge on stocks, book debts and other current assets and 2nd charge on Fixed Assets.
- Post Demerger of Heavy Engineering and Steel Foundry businesses of Texmaco Limited (now known as Texmaco Infrastructure & Holdings Limited), the first charge created on immovable property and corporate guarantee of Texmaco Limited continues.

| | | |
|---------------------------|------------------|------------------|
| 2.8 TRADE PAYABLES | | |
| MSME | 234.59 | 170.74 |
| Others | 25,949.66 | 18,240.46 |
| Total (2.8) | 26,184.25 | 18,411.20 |

Notes on Financial Statements

2.8 TRADE PAYABLES (CONTD...)

Note:

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

| Particulars | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---|-------------------------|-------------------------|
| Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows: | | |
| (a) Principal amount due | 234.59 | 170.74 |
| 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 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. | | |

2.9 OTHER CURRENT LIABILITIES

| | | |
|--|------------------|------------------|
| Current maturities of long-term debt | | |
| Term Loan/Foreign Currency Term Loan (TL/FCTL) | 653.72 | 302.26 |
| Car Loan | 14.78 | 22.27 |
| Interest accrued but no due on borrowings | 3.41 | 6.00 |
| Unpaid Dividends | 23.54 | 21.76 |
| Other Payable | | |
| TDS and other taxes payable | 695.09 | 1,354.48 |
| Liabilities for Expenses | 1,895.21 | 1,689.65 |
| Amount Due to Employee | 335.19 | 312.02 |
| PF, ESI amount Payable | 95.05 | 54.37 |
| Others Misc. Payable | 45.71 | 68.62 |
| Misc. Security Deposit | 610.82 | 457.46 |
| Advance from Customer (Deposit against order) | 10,089.11 | 9,743.79 |
| Total (2.9) | 14,461.63 | 14,032.68 |

Note:

There is no amount due and outstanding to be credited to the Investor Education and Protection Fund against unpaid dividend as at 31.03.2016

2.10 SHORT-TERM PROVISIONS

| | | |
|---------------------------------|-----------------|-----------------|
| Provision for employee benefits | | |
| For Leave | 68.67 | 68.67 |
| Provision for Expenses | 8.06 | - |
| Provision for Others | 469.60 | 387.09 |
| Others | | |
| Proposed Dividend | 525.71 | 525.16 |
| Tax on Dividend | 107.02 | 106.91 |
| Total (2.10) | 1,179.06 | 1,087.83 |

Note: The Company accounts for gratuity and leave liability based on actuary valuation.

Notes to Financial Statements

2.11 FIXED ASSETS

| DESCRIPTION OF ASSETS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---------------------------------|-------------------|---------------------------------|-----------------------|-------------------|-------------------|--------------------|-----------------------|-------------------|-------------------|-------------------|
| | As on 01/04/15 | Additions during the year | Sales/ Adjustments | As on 31/03/16 | As on 01/04/15 | During the year | Sales/ Adjustments | As on 31/03/16 | As on 31/03/16 | As on 31/03/15 |
| | | | | | | | | | | |
| TANGIBLE ASSETS | | | | | | | | | | |
| LAND | 1375.01 | - | - | 1,375.01 | - | - | - | - | 1,375.01 | 1375.01 |
| BUILDINGS | 10532.90 | 666.04 | | 11,198.94 | 3351.81 | 196.31 | | 3,548.12 | 7,650.82 | 7181.09 |
| ROADS | 166.18 | 15.14 | | 181.32 | 69.69 | 20.15 | | 89.84 | 91.48 | 96.49 |
| RAILWAY SIDINGS | 364.72 | - | | 364.72 | 182.70 | 10.29 | | 192.99 | 171.73 | 182.02 |
| PLANT & MACHINERY | 19722.99 | 1008.06 | 72.09 | 20,658.96 | 9037.82 | 834.91 | 62.42 | 9,810.31 | 10,848.65 | 10685.17 |
| ELECTRICAL MACHINERY | 968.58 | 166.55 | 0.20 | 1,134.93 | 501.31 | 38.13 | 0.14 | 539.30 | 595.63 | 467.27 |
| OFFICE EQUIPMENTS | 359.24 | 16.38 | | 375.62 | 303.04 | 25.03 | | 328.07 | 47.55 | 56.20 |
| FURNITURE & FITTINGS | 301.14 | 29.22 | 0.37 | 329.99 | 130.80 | 25.44 | 0.35 | 155.89 | 174.10 | 170.34 |
| VEHICLES | 550.40 | 86.84 | 7.11 | 630.13 | 237.68 | 59.71 | 6.16 | 291.23 | 338.90 | 312.72 |
| TOTAL | 34341.16 | 1988.23 | 79.77 | 36,249.62 | 13814.85 | 1209.97 | 69.07 | 14,955.75 | 21,293.87 | 20526.31 |
| CWIP (Capital Work in Progress) | 482.01 | 1192.76 | 1282.18 | 392.59 | - | - | - | - | 392.59 | 482.01 |
| INTANGIBLE ASSETS | | | | | | | | | | |
| SOFTWARE | 250.69 | 17.96 | - | 268.65 | 140.80 | 36.09 | - | 176.89 | 91.76 | 109.89 |
| TOTAL | 250.69 | 17.96 | - | 268.65 | 140.80 | 36.09 | - | 176.89 | 91.76 | 109.89 |
| GRAND TOTAL | 35073.86 | 3198.95 | 1361.95 | 36,910.86 | 13,955.65 | 1,246.06 | 69.07 | 15,132.64 | 21,778.22 | 21118.21 |
| <i>Previous Year</i> | 33435.01 | 7138.38 | 5499.53 | 35073.86 | 12636.40 | 1493.62 | 174.37 | 13955.65 | 21118.21 | |

Notes on Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|--|-------------------------|-------------------------|
| 2.12 A. NON-CURRENT INVESTMENTS (AT COST) | | |
| OTHER THAN TRADE INVESTMENTS | | |
| Fully paid-up | | |
| Investments in Equity Instruments (Quoted) | | |
| Texmaco Infrastructure & Holdings Limited 23,49,809 (2015: 23,49,809) Shares of Re 1 each | 732.63 | 732.63 |
| Chambal Fertilisers & Chemicals Limited 10,00,000 (2015: 10,00,000) Shares of ₹ 10 each | 532.39 | 532.39 |
| Investments in Equity Instruments of Subsidiary Company (Quoted) | | |
| Kalindee Rail Nirman (Engineers) Limited 70,76,293(2015: 68,65,898) Shares of ₹ 10 each | 4,905.01 | 4,768.25 |
| Investments in Equity Instruments of Subsidiary Company (Unquoted) | | |
| Texmaco Hi Tech Pvt. Limited (Formerly known as Texmaco UGL Rail Pvt. Limited) 2,34,50,000 (2015: Nil) Shares of ₹ 10 each | 4,101.25 | - |
| Bright Power Projects (India) Pvt Limited 7,15,000 (2015: Nil) Shares of ₹ 10 each | 4,053.58 | - |
| Investments in Preference Shares of Subsidiary Company (Unquoted) | | |
| Texmaco Hi Tech Pvt. Limited (Formerly known as Texmaco UGL Rail Pvt. Limited) 60,00,000 (2015:Nil) 5.32% Cumulative Redeemable Preference shares of ₹ 100 each | 3,000.00 | - |
| Investments in Equity Instruments of Joint Ventures (Unquoted) | | |
| Texmaco UGL Rail Pvt. Limited Nil (2015: 1,17,25,000) Shares of ₹ 10 each | - | 4,101.25 |
| Touax Texmaco Railcar Leasing Pvt Limited 1,26,49,999 (2015: 1,26,49,999) Shares of ₹ 10 each | 1,264.99 | 1,264.99 |
| Wabtec Texmaco Rail Private Limited 8,81,700 (2015: Nil) Shares of ₹ 10 each | 88.16 | - |
| Investments in CCD of Joint Ventures (Unquoted) | | |
| Touax Texmaco Railcar Leasing Pvt Limited 21,00,000 (2015: Nil) CCD of ₹ 100 each | 2,100.00 | - |
| Investments in Preference Shares of Joint Ventures (Unquoted) | | |
| Texmaco UGL Rail Pvt. Limited Nil (2015: 30,00,000) 5.32% Cumulative Redeemable Preference shares of ₹ 100 each | - | 3,000.00 |
| TOTAL NON CURRENT INVESTMENTS | 20,778.01 | 14,399.51 |
| i) Aggregate amount of quoted investments | 6,170.03 | 6,033.27 |
| ii) Market Value of quoted investments | 8,530.67 | 10,019.69 |
| iii) Aggregate amount of unquoted investments | 14,607.98 | 8,366.24 |
| iv) Aggregate Provision for diminution in value of Investments | - | - |

Notes on Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|--|-------------------------|-------------------------|
| 2.12 B. CURRENT INVESTMENTS (At Lower of Cost and Fair Value) | | |
| Fully paid-up | | |
| a) Investments in Equity Instruments (Quoted) | | |
| Powergrid Corporation of India Limited 11,000 (2015: 11,000) Shares of ₹ 10 each | 16.78 | 16.78 |
| Tata Teleservices (Maharashtra) Limited 22,666 (2015: 22,666) Units of ₹ 10 each | 9.79 | 9.79 |
| EIH Limited 10,000 (2015: 10,000) Shares of ₹ 2 each | 17.29 | 17.29 |
| SREI Infrastructure Finance Limited 1,800 (2015: 1,800) Shares of ₹ 10 each | 2.17 | 2.17 |
| Century Textiles & Industries Limited 500 (2015: 500) Shares of ₹ 10 each | 4.35 | 4.35 |
| NHPC Limited 1,01,471 (2015: 1,01,471) Shares of ₹ 10 each | 36.53 | 36.53 |
| Sub-total | 86.91 | 86.91 |
| Less: Provision for Diminution | (31.53) | (34.37) |
| Sub-total-(a) | 55.38 | 52.54 |
| b) Investments in Bonds (Unquoted) | | |
| In NABARD 20750 (2015: 26,750) Units of ₹ 8500 each (FV ₹ 20,000) | 1,938.05 | 2,498.45 |
| In 6.70% IRFC (Tax Free) 540 (2015: 540) Units of ₹ 1,00,000 each | 540.00 | 540.00 |
| In 8.10% IRFC (Tax Free) 21,751 (2015: 21,751) Units of ₹ 1,000 each | 217.51 | 217.51 |
| In 8.30% GOI 5,00,000 (2015: 5,00,000) Units of ₹ 100 each | 462.50 | 462.50 |
| In 8.30% NHAI (Tax Free) 49,448 (2015: 49,448) Units of ₹ 1,000 each | 494.48 | 494.48 |
| In 8.20% HUDCO (Tax Free) 50,000 (2015: 50,000) Units of ₹ 1,000 each | 500.00 | 500.00 |
| Sub-total-(b) | 4,152.54 | 4,712.94 |
| c) Investments in Mutual Funds (Unquoted) | | |
| Axis Treasury Advantage Fund Growth 645 (2015: 645) Units of ₹ 1000 each | 10.00 | 10.00 |
| Birla Sun Life Income Plus Growth Regular Plan 21,15,639 (2015: 21,15,639) Units of ₹ 10 each | 1,116.88 | 1,116.88 |
| Birla Sun Life Saving Fund - Growth Regular Plan Nil (2015: 3,83,175) Units of ₹ 100 each | - | 1,000.00 |
| Birla Sun Life Treasury Optimiser Fund Growth 2,88,403 (2015: 2,88,403) Units of ₹ 100 each | 500.00 | 500.00 |
| Birla Sun Life Short Term Opportunities Fund Growth 21,90,494 (2015: 21,90,494) Units of ₹ 10 each | 500.00 | 500.00 |
| Birla Sun Life Dynamic Bond Fund Retail Growth -Regular plan 42,04,472 (2015: 42,04,472) Units of ₹ 10 each | 1,000.00 | 1,000.00 |

Notes on Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---|-------------------------|-------------------------|
| 2.12 B. CURRENT INVESTMENTS (At Lower of Cost and Fair Value) | | |
| DSP Black Rock FMP Series 144 Growth 13,54,396 (2015: 13,54,396) Units of ₹ 10 each | 135.44 | 135.44 |
| DSP Black Rock Money Manager Fund Regular Plan -Growth Nil (2015: 5003) Units of ₹ 1000 each | - | 92.09 |
| Franklin India Short Term Income Fund Growth 17424 (2015: 17,424) Units of ₹ 1000 each | 500.00 | 500.00 |
| Franklin India Corporate Bond Opportunities Growth 35,54,721 (2015: 35,54,721) Units of ₹ 10 each | 500.00 | 500.00 |
| Franklin India Short Term Income Plan -Retail Plan-Growth Nil (2015: 93,704) Units of ₹ 1000 each | - | 2,603.97 |
| HDFC Income Fund - Growth 21,98,991 (2015: 21,98,991) Units of ₹ 10 each | 575.97 | 575.97 |
| HDFC FMP 369 Days March 2015 (3) Series 29 Regular Growth 79,00,000 (2015: 79,00,000) Units of ₹ 10 each | 790.00 | 790.00 |
| HDFC Short Term Plan Growth 38,03,887 (2015: 38,03,887) Units of ₹ 10 each | 1,000.00 | 1,000.00 |
| HDFC High Interest Fund Short Term Plan Growth Nil (2015: 18,61,206) Units of ₹ 10 each | - | 500.00 |
| HDFC High Interest Fund Dynamic Plan Growth Nil (2015: 42,87,521) Units of ₹ 10 each | - | 2,000.00 |
| HDFC Corporate Debt Opportunity Fund -Growth 44,54,978 (2015: 44,54,978) Units of ₹ 10 each | 500.00 | 500.00 |
| HDFC Gilt Fund LTP -Growth 17,63,332 (2015: 17,63,332) Units of ₹ 10 each | 500.00 | 500.00 |
| IDFC Super Saver Income Fund Institutional Plan Growth Regular Plan 2,74,659 (2015: 2,74,659) Units of ₹ 10 each | 78.44 | 78.44 |
| IDFC SSIF Medium Term Plan Growth 21,27,651 (2015: 21,27,651) Units of ₹ 10 each | 500.00 | 500.00 |
| IDFC Dynamic Bond Fund (Growth) (Regular Plan) Nil (2015: 1,27,03,369) Units of ₹ 10 each | - | 2,105.01 |
| ICICI Prudential Short Term Plan Growth 7,53,792 (2015: 35,86,916) Units of ₹ 10 each | 210.15 | 1,000.00 |
| ICICI Prudential Regular Saving Fund Growth 1,40,45,832 (2015: 1,40,45,832) Units of ₹ 10 each | 2,000.00 | 2,000.00 |
| ICICI Prudential Saving Fund -Growth 6,50,785 (2015: 4,99,693) Units of ₹ 100 each | 1,456.15 | 1,010.44 |
| IIFL Dynamic Bond Fund Direct Plan-Growth 2,93,79,881 (2015: Nil) Units of ₹10 each | 3,500.00 | - |
| JM Money Manager Fund - Super Plus Plan - Growth Nil (2015: 25,95,650) Units of ₹ 10 each | - | 500.00 |
| Kotak Bond Scheme Plan A - Growth Nil (2015: 16,81,145) Units of ₹ 10 each | - | 551.97 |
| Kotak Income Opportunity Fund- Growth 6,30,282 (2015: 6,30,282) Units of ₹ 10 each | 79.11 | 79.11 |

Notes on Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---|-------------------------|-------------------------|
| 2.12 B. CURRENT INVESTMENTS (At Lower of Cost and Fair Value) | | |
| Kotak Medium Term Fund Growth 91,64,818 (2015: 91,64,818) Units of ₹ 10 each | 1,008.11 | 1,008.11 |
| Reliance Short Term Fund -Growth 19,10,833 (2015: 19,10,833) Units of ₹ 10 each | 500.00 | 500.00 |
| Reliance Income Fund- Growth Plan - Bonus Option 1,87,33,022 (2015: 1,87,33,022) Units of ₹ 10 each | 2,030.11 | 2,030.11 |
| Reliance Dynamic Bond Fund Direct Growth Plan 37,49,367 (2015: 37,49,367) Units of ₹ 10 each | 588.65 | 588.65 |
| Reliance Dynamic Bond Fund Growth Plan -Growth Option 59,87,327 (2015: 1,16,09,718) Units of ₹ 10 each | 1,136.15 | 2,173.60 |
| Reliance Regular Saving Fund Debt Plan- Growth Plan Growth Option 1,90,10,042 (2015: 1,90,10,042) Units of ₹ 10 each | 3,230.66 | 3,230.66 |
| Reliance Arbitrage Advantage Fund - Monthly Dividend Nil (2015: 1,48,36,437) Units of ₹ 10 each | - | 1,547.94 |
| Reliance Medium Term Plan 14,73,281 (2015: Nil) Units of ₹10 each | 452.91 | - |
| SBI Magnum Income Fund Regular Plan - Growth 38,52,150 (2015: 38,52,150) Units of ₹ 10 each | 1,079.01 | 1,079.01 |
| SBI Magnum Gilt Fund -LTP Growth 16,55,673 (2015: 16,55,673) Units of ₹ 10 each | 500.00 | 500.00 |
| SBI Treasury Advantage Fund Regular Plan Growth Nil (2015: 1,88,674) Units of ₹ 10 each | - | 2,875.22 |
| SBI Premier Liquid Fund Regular Plan Growth 92,712 (2015: Nil) Units of ₹1000 each | 2,200.00 | - |
| SBI Ultra Short Term Debt Fund Regular Plan Growth 25,678 (2015: Nil) Units of ₹1000 each | 500.00 | |
| Sundram Ultra Short Term Fund Regular - Growth Nil (2015: 55,78,354) Units of ₹ 10 each | - | 1,038.88 |
| Templeton India Low Duration Fund -Growth Nil (2015: 1,02,87,803) Units of ₹ 10 each | - | 1,542.66 |
| Templeton India Income Opportunity Fund -Growth Option Nil (2015: 37,59,709) Units of ₹ 10 each | - | 500.00 |
| UTI Treasury Advantage Fund -Ins. Plan - Growth Nil (2015: 56,128) Units of ₹ 1000 each | - | 1,035.09 |
| UTI Short Term Income Fund Growth 29,79,383 (2015: 29,79,383) Units of ₹ 10 each | 500.00 | 500.00 |
| Sub-total-(c) | 29,177.74 | 41,799.25 |
| TOTAL NON CURRENT INVESTMENTS | 20,778.01 | 14,399.51 |
| TOTAL CURRENT INVESTMENTS | 33,385.66 | 46,564.73 |
| Aggregate amount of Quoted Current Investments | 86.91 | 86.91 |
| Market Value of Quoted Current Investments | 55.38 | 52.54 |
| Aggregate amount of Unquoted Investments | 33,330.28 | 46,512.19 |
| Aggregate amount of written down on Quoted Current Investments | 31.53 | 34.37 |
| Aggregate NAV value of unquoted Mutual Funds | 32,755.79 | 44,297.11 |

Notes on Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|--|-------------------------|-------------------------|
| 2.13 LONG TERM LOANS AND ADVANCES | | |
| Unsecured Considered Good | | |
| Capital Advances | 162.74 | 349.91 |
| Security Deposits | 84.47 | 88.41 |
| Other loans and advances | | |
| Prepaid Expenses | 6.61 | 8.47 |
| Other loans and advances | 1,000.00 | 1,000.00 |
| Total (2.13) | 1,253.82 | 1,446.79 |

| | | |
|-------------------------------|------------------|------------------|
| 2.14 INVENTORIES | | |
| Raw Materials & Components | 14,289.15 | 11,951.45 |
| Work-in-progress | 10,740.04 | 8,595.10 |
| Finished Goods | 1,248.61 | 749.97 |
| Stores and spares | 1,180.94 | 1,525.23 |
| Goods in Transit - Components | 24.70 | 1,113.96 |
| Total (2.14) | 27,483.44 | 23,935.71 |

Notes:

- 1 Stock as per inventories taken, valued and certified by the management.
- 2 **Mode of valuation**
Inventories are valued at the lower of cost or 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.

| | | |
|--|------------------|------------------|
| 2.15 TRADE RECEIVABLES | | |
| More than six months from the due date | | |
| Unsecured, considered good | 7,186.48 | 8,505.93 |
| | 7,186.48 | 8,505.93 |
| Others-Unsecured, considered good | 15,247.02 | 6,470.95 |
| Total (2.15) | 22,433.50 | 14,976.88 |

Notes:

- 1 In the opinion of the management trade receivables have a value on realisation in the ordinary course of business unless otherwise stated, at least to the amount at which they are stated.
- 2 Trade Receivables includes amount due from Texmaco Hi Tech Limited (Formerly known as Texmaco UGL Rail Private Limited) amounting to ₹ 986.57 lakhs (Previous Year ₹ 724.81 lakhs) a Wholly Owned Subsidiary Company.
- 3 Trade Receivables includes Retention Money ₹ 4684.14 lakhs (Previous Year ₹ 4146.61 lakhs)

Notes on Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---|-------------------------|-------------------------|
| 2.16 CASH AND BANK BALANCES | | |
| Cash and cash equivalents | | |
| Balances with banks | | |
| Current Accounts | 1,432.47 | 429.49 |
| Cheques, drafts on hand | 8.79 | 0.24 |
| Cash on hand | 28.22 | 26.87 |
| | 1,469.48 | 456.60 |
| Other bank balances | | - |
| Term Deposit of upto twelve months maturity | 566.88 | 3,513.86 |
| Term Deposit of more than twelve months maturity(earmarked) | 2.11 | 2.11 |
| Unpaid Dividend Account | 23.54 | 21.76 |
| | 592.53 | 3,537.73 |
| Total (2.16) | 2,062.01 | 3,994.33 |

| | | |
|--|------------------|-----------------|
| 2.17 SHORT TERM LOANS AND ADVANCES | | |
| Unsecured Considered Good | | |
| Loans and Advances to related parties | | |
| Loan to Subsidiaries | 3,500.00 | - |
| Advance to Subsidiaries | 510.20 | - |
| Other loans and advances | | |
| Loan to Body Corporates | 3,775.00 | 275.00 |
| Advance to Parties | 1,436.89 | 2,012.97 |
| Advance to Employee | 40.30 | 22.23 |
| Other Advances | 524.57 | 473.56 |
| Prepaid Expenses | 97.23 | 268.52 |
| Balances with Government Department | 4,663.20 | 3,523.61 |
| Income Tax (Net of Provision) | 219.00 | 1,224.54 |
| MAT Credit Entitlement | 544.44 | 400.00 |
| Total (2.17) | 15,310.83 | 8,200.43 |

| | | |
|----------------------------------|---------------|---------------|
| 2.18 OTHER CURRENT ASSETS | | |
| Interest accrued on Loans | 394.75 | 187.06 |
| Total (2.18) | 394.75 | 187.06 |

Notes:

Interest on Loan given to one of the Body Corporate has not been provided for during the Financial Year as the recovery of the same is uncertain. However, the management is hopeful of recovery of the outstanding.

Notes on Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|-------------------------------------|-------------------------|-------------------------|
| 2.19 REVENUE FROM OPERATIONS | | |
| Sale of products | 91,709.07 | 55,956.41 |
| Less: Inter Segment Revenue | (13,830.44) | (10,022.41) |
| Less: Excise Duty | (5,427.64) | (3,152.24) |
| | 72,450.99 | 42,781.76 |
| Other operating revenues* | 349.69 | 1,075.80 |
| Total (2.19) | 72,800.68 | 43,857.56 |

* includes ₹ Nil (Previous year ₹ 600.00 Lakhs) provision for doubtful debts writtenback.

| | | |
|---|-----------------|-----------------|
| 2.20 OTHER INCOME | | |
| Interest Income | | |
| From Bank | 223.65 | 57.56 |
| From Others | 472.59 | 306.49 |
| Dividend - Income from Current Investments | 83.31 | 21.52 |
| Dividend - Income from Non-Current Investments | 22.52 | 22.52 |
| Net gain on Sale of Current Investments | 1,821.56 | 1,003.43 |
| Miscellaneous Receipts and Income | 198.04 | 334.86 |
| Sundry Credit Balance Adjusted | 1.62 | 0.24 |
| Profit on sale of Fixed Assets (Net) | 22.65 | 9.64 |
| Rent Received | 340.07 | 572.65 |
| Provision & Excess Liabilities Written Back | 11.87 | 29.71 |
| Provision for Diminution of Current Investment Written Back | 2.84 | 10.76 |
| Total (2.20) | 3,200.72 | 2,369.38 |

| | | |
|---|------------------|------------------|
| 2.21 COST OF MATERIAL CONSUMED | | |
| Opening Stock of Raw Materials | 5,184.08 | 3,982.18 |
| Add: Raw materials Purchased and Departmental Transfers etc. | 21,492.02 | 12,481.26 |
| | 26,676.10 | 16,463.44 |
| Less: Returns, Sales and Departmental issues used in Works and In Block | 74.96 | 1,085.68 |
| Less: Closing Stock of Raw Materials | 4,608.80 | 5,184.08 |
| | 4,683.76 | 6,269.76 |
| | 21,992.34 | 10,193.68 |
| Consumption of Components | 45,326.77 | 27,032.06 |
| Less: Inter Segment Revenue | (13,830.44) | (10,022.41) |
| Total (2.21) | 53,488.67 | 27,203.33 |

Notes on Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|--|-------------------------|-------------------------|
| 2.22 CHANGES IN INVENTORIES | | |
| Opening Stock | | |
| 1. Finished Goods | 749.97 | 728.34 |
| 2. Work-in-progress | 8,595.10 | 7,986.63 |
| | 9,345.07 | 8,714.97 |
| Less: Closing Stock | | |
| 1. Finished Goods | 1,248.61 | 749.97 |
| 2. Work-in-progress | 10,740.04 | 8,595.10 |
| | 11,988.65 | 9,345.07 |
| Total (2.22) | (2,643.58) | (630.10) |
| 2.23 EMPLOYEE BENEFITS EXPENSE | | |
| Salaries ,Wages and Bonus | 4,055.39 | 3,695.33 |
| Contribution to provident and other funds | | |
| Provident Fund and Pension Fund | 371.70 | 366.84 |
| Superannuation Fund | 44.21 | 39.22 |
| Gratuity | 54.20 | 60.00 |
| Provision for Leave Encashment | 26.38 | 41.69 |
| VRS Expenses | 41.41 | 61.08 |
| ESOS Expenses | 139.59 | - |
| Staff Welfare Expenses | 276.23 | 268.10 |
| Total (2.23) | 5,009.11 | 4,532.26 |
| 2.24 FINANCE COST | | |
| Interest Expenses | | |
| Banks | 1,252.64 | 944.64 |
| Fixed Deposit | - | 0.89 |
| Others | 8.26 | 10.31 |
| | 1,260.90 | 955.84 |
| Other Borrowing Costs | 370.40 | 251.42 |
| Total (2.24) | 1,631.30 | 1,207.26 |
| 2.25 DEPRECIATION AND AMORTISATION EXPENSES | | |
| Depreciation on Tangible Assets | 1,209.97 | 1455.87 |
| Amortisation on Intangible Assets | 36.09 | 37.75 |
| Total (2.25) | 1,246.06 | 1,493.62 |

Notes on Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---|-------------------------|-------------------------|
| 2.25 OTHER EXPENSES | | |
| Consumption of stores and spares part | 6,238.59 | 3,785.81 |
| Power and Fuel | 4,222.90 | 3,502.32 |
| Rent | 50.80 | 84.38 |
| Repairs to buildings | 384.33 | 400.74 |
| Repairs to machinery | 420.09 | 460.83 |
| Repairs to others | 103.65 | 220.75 |
| Insurance | 17.39 | 18.20 |
| Rates and Taxes excluding taxes on Income | 92.91 | 66.02 |
| Freight, Packing and Transport (Net) | 321.02 | 211.48 |
| Erection Expenses | 601.89 | 181.66 |
| Drawings and Designs | 5.09 | 2.41 |
| Royalty & Knowhow | 7.74 | 7.34 |
| Research & Development | 68.48 | 74.71 |
| Excise Duty Provided on Stock | - | 1.14 |
| Selling Agents Commission | 35.22 | 11.69 |
| Selling Expenses | 273.65 | 221.22 |
| Director's Sitting Fees | 16.00 | 14.80 |
| Director's Commission | 13.35 | 12.07 |
| Payments to the Auditor | | - |
| As Auditor | 7.75 | 7.75 |
| For Tax Audit | 3.10 | 2.92 |
| For Quarterly Review | 2.90 | 2.74 |
| For Fees for Other Services (incl for issuing various certificates) | 4.48 | 3.45 |
| As Cost Auditor | 1.40 | 1.40 |
| For Reimbursement of out of pocket expenses | 0.51 | 0.51 |
| Donation (Refer Note below) | 52.13 | 3.46 |
| CSR Expenses (Refer Note below) | 31.63 | 8.52 |
| Miscellaneous Expenses | 1,363.78 | 1,256.26 |
| Sundry Debit Balance Adjusted | 9.48 | 9.09 |
| Bad Debt written off | 221.51 | 106.16 |
| Fixed Assets Written off | 0.01 | 3.68 |
| Expenses related to previous year | - | 1.41 |
| Net (gain)/loss on foreign currency transaction | 78.42 | 113.34 |
| Total (2.25) | 14,650.20 | 10,798.26 |

1) Note on CSR Expenses

(i) Gross amount required to be spent by the Company during the year: ₹ 107.48 lakhs

(ii) Amount spent during the year on:

| | In Cash | Yet to be paid | Total |
|---|--------------|----------------|--------------|
| (a) Construction/ acquisition of any assets | 9.34 | - | 9.34 |
| (b) On purpose other than (a) above | 22.29 | - | 22.29 |
| TOTAL | 31.63 | - | 31.63 |

2) Note on Donation

Donation includes ₹ 50.00 lakhs paid to All India Trinamool Congress.

Notes on Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---|-------------------------|-------------------------|
| 2.26 COMMITMENTS AND CONTINGENT LIABILITIES | | |
| (a) Commitments | | |
| Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advance) | 122.95 | 183.31 |
| (b) Contingent Liabilities (not provided for) in respect of : | | |
| (a) Guarantees given by Banks in the normal course of Business. | 34,310.67 | 32,958.39 |
| (b) Letters of Credit opened by Banks in the normal course of Business. | 16,393.69 | 13,565.16 |
| (c) Bonds issued to Custom Department | 92.20 | 92.20 |
| (d) Claims under dispute (Excise Duty, Service Tax & others) | 3,095.72 | 4,439.53 |
| (e) Claims not acknowledged as debts (Amount unascertainable) | - | - |
| (f) Income Tax assessment under appeal (Amount unascertainable) | - | - |

2.27

Movement of Provisions during the year as required under AS 29 prescribed by the Companies (Accounting Standard) Rules 2006.

| Particulars | (₹ in Lakhs) | | | | |
|--------------------------------------|-------------------------------------|-----------------------------|-----------------------------|------------------------------|--|
| | Opening Provision as on 1.4.2015 | Utilized during the year | Reversed during the year | Provision during the year | Closing provision as on 31.03.2016 |
| (a) Site warranty period maintenance | 183.99 | -- | -- | -- | 183.99 |
| (b) Others | 324.08 | 15.59 | 25.01 | 287.15 | 570.63 |
| Total | 508.07 | 15.59 | 25.01 | 287.15 | 754.62 |
| Previous Year | 434.42 | 15.27 | 73.84 | 162.76 | 508.07 |

In accordance with the requirement of AS 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Companies (Accounting Standard) Rules 2006, the Company has provided liability for other expenses amounting to ₹ 287.15 lakhs (Previous Year ₹ 162.76 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 as at 31.03.2016 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 materialize in the next financial year.

2.28

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.

2.29

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

Notes on Financial Statements

2.30 RELATED PARTY DISCLOSURE

(a) Name of the related parties and relationship as per Accounting Standard 18

| Relationship | Parties Where Control Exist 2015-16 | Parties Where Control Exist 2014-15 |
|--|---|---|
| A. Key Management Personnel | Mr. S. K. Poddar, Executive Chairman | Mr. S. K. Poddar, Executive Chairman |
| | Mr. Ramesh Maheshwari, Executive Vice Chairman | Mr. Ramesh Maheshwari, Executive Vice Chairman |
| | Mr. D. H. Kela, Executive Director & CEO (SF) | Mr. D. H. Kela, Executive Director & CEO (SF) |
| | Mr. Sandeep Fuller, Executive Director & CEO (HED) | Mr. Sandeep Fuller, Executive Director & CEO (HED) |
| | Mr. A. K. Vijay, Executive Director (Finance) & CFO | Mr. A. K. Vijay, ED, CFO & Company Secretary |
| | Mr. Ravi Varma, (Company Secretary) (w.e.f. 22nd June 2015) | - |
| B. Relative of Key Management Personnel | Ms. Jyotsna Poddar, (Wife of Mr. S. K. Poddar) | Ms. Jyotsna Poddar, (Wife of Mr. S. K. Poddar) |
| | Mr. Akshay Poddar, (Son of Mr. S. K. Poddar) | Mr. Akshay Poddar, (Son of Mr. S. K. Poddar) |
| | Ms. Puja Poddar, (Daughter in Law of Mr. S. K. Poddar) | Ms. Puja Poddar, (Daughter in Law of Mr. S. K. Poddar) |
| | Ms. Shradha Agarwal, (Daughter of Mr. S. K. Poddar) | Ms. Shradha Agarwal, (Daughter of Mr. S. K. Poddar) |
| C. Subsidiary Company | Kalindee Rail Nirman (Engineers) Limited (42.87% of Capital held by Company) | - |
| | Texmaco Hi-tech Private Limited (formerly Texmaco UGL Rail Private Limited (100% of capital held by Company) | - |
| | Bright Power Projects (India) Pvt. Limited (55.00% of Capital held by Company) | - |
| D. Associate Company | -- | Kalindee Rail Nirman (Engineers) Limited (41.59% of Capital held by Company) |
| E. Joint Venture | Touax Texmaco Railcar Leasing Pvt. Limited (50.00% of Capital held by Company) | Touax Texmaco Railcar Leasing Pvt. Limited (50.00% of Capital held by Company) |
| | Wabtec Texmaco Rail Pvt. Limited (40.00% of Capital held by Company) | - |
| | - | Texmaco UGL Rail Private Limited (50% of capital held by Company) |
| F. Group Company where transaction exists. | Zuari Investments Limited | Zuari Investments Limited |
| | Duke Commerce Limited | Duke Commerce Limited |
| | Adventz Securities Enterprises Limited | Adventz Securities Enterprises Limited |
| | Zuari Global Limited | Zuari Global Limited |
| | New Eros Tradecom Limited | New Eros Tradecom Limited |
| | Master Exchange & Finance Limited | Master Exchange & Finance Limited |
| | Adventz Investments Co. Pvt. Limited | Adventz Investments Co. Pvt. Limited |
| | Adventz Securities Trading Pvt. Limited | Adventz Investments & Holdings Limited |
| | Adventz Finance Pvt. Limited | Adventz Securities Trading Pvt. Limited |
| | Eureka Traders Pvt. Limited | Adventz Finance Pvt. Limited |
| | Abhishek Holdings Pvt. Limited | Eureka Traders Pvt. Limited |
| | Greenland Trading Pvt. Limited | Abhishek Holdings Pvt. Limited |
| | Indrakshi Trading Company Pvt. Limited | Greenland Trading Pvt. Limited |
| | Zuari Management Services Limited | Indrakshi Trading Company Pvt. Limited |
| | High Quality Steels Limited | Zuari Management Services Limited |
| | Lionel India Limited | High Quality Steels Limited |
| | Texmaco Infrastructure & Holdings Limited | Lionel India Limited |
| | Macfarlane & Co. Limited | Texmaco Infrastructure & Holdings Limited |
| | Mangalore Chemicals & Fertilizers Limited | Macfarlane & Co. Limited |
| | Paradeep Phosphate Limited | Mangalore Chemicals & Fertilizers Limited |
| | Paradeep Phosphate Limited | |

Notes on Financial Statements

2.30 RELATED PARTY DISCLOSURE (Contd...)

(b) Related Party Transactions

(₹ in Lakhs)

| Transactions | Other Related Party | Subsidiary | Associate | Joint venture | Key Management Personnel | Grand Total | Balance outstanding as on 31/03/2016 |
|---|---------------------|------------|------------|---------------|--------------------------|--------------------|--------------------------------------|
| Remuneration Paid | | | | | | | |
| - Mr. S. K. Poddar | -- (--) | -- (--) | -- (--) | -- (--) | 363.76 (369.82) | 363.76 (369.82) | -- (--) |
| - Mr. Ramesh Maheshwari* | -- (--) | -- (--) | -- (--) | -- (--) | 176.88 (139.94) | 176.88 (139.94) | -- (--) |
| - Mr. D. H. Kela* | -- (--) | -- (--) | -- (--) | -- (--) | 112.24 (90.18) | 112.24 (90.18) | -- (--) |
| - Mr. Sandeep Fuller* | -- (--) | -- (--) | -- (--) | -- (--) | 96.16 (69.93) | 96.16 (69.93) | -- (--) |
| - Mr. A. K. Vijay* | -- (--) | -- (--) | -- (--) | -- (--) | 67.76 (46.52) | 67.76 (46.52) | -- (--) |
| - Mr. Ravi Varma (for part of the year) | -- (--) | -- (--) | -- (--) | -- (--) | 9.05 (--) | 9.05 (--) | -- (--) |

*This includes perquisites on equity share allotted in pursuant to Employee Stock Option Scheme

| Transactions with Relative of Key Management Personnel | | | | | | | |
|--|----------------|------------------|----------------|------------------|------------|--------------------|------------------------|
| - Mr. Akshay Poddar (Sitting Fees & Commission) | 3.50 (3.20) | -- (--) | -- (--) | -- (--) | -- (--) | 3.50 (3.20) | -- (--) |
| Investment | | | | | | | |
| - Texmaco UGL Rail Pvt. Limited | -- (--) | -- (--) | -- (--) | -- (3000.00) | -- (--) | -- (3000.00) | -- (7,101.25) |
| - Touax Texmaco Railcar Leasing Pvt. Limited | -- (--) | -- (--) | -- (--) | 2,100.00 (--) | -- (--) | 2,100.00 (--) | 3,364.99 (1264.99) |
| - Texmaco Infrastructure & Holdings Limited | -- (--) | -- (--) | -- (--) | -- (--) | -- (--) | -- (--) | 732.63 (732.63) |
| - Kalindee Rail Nirman (Engineers) Limited | -- (--) | 136.76 (--) | -- (205.47) | -- (--) | -- (--) | 136.76 (205.47) | 4,905.01 (4,768.25) |
| - Texmaco Hi Tech Pvt. Limited | -- (--) | -- (--) | -- (--) | -- (--) | -- (--) | -- (--) | 7,101.25 (--) |
| - Wabtec Texmaco Rail Pvt. Limited | -- (--) | -- (--) | -- (--) | 88.16 (--) | -- (--) | 88.16 (--) | 88.16 (--) |
| - Bright Power Projects (India) Pvt. Limited | -- (--) | 4,053.58 (--) | -- (--) | -- (--) | -- (--) | 4,053.58 (--) | 4,053.58 (--) |
| Loans & Advances Given | | | | | | | |
| - Kalindee Rail Nirman (Engineers) Limited (Inter Corporate Deposit) | -- (--) | 3,000.00 (--) | -- (--) | -- (--) | -- (--) | 3,000.00 (--) | 3,000.00 (--) |
| - Bright Power Projects (India) Pvt. Limited (Inter Corporate Deposit) | -- (--) | 500.00 (--) | -- (--) | -- (--) | -- (--) | 500.00 (--) | 500.00 (--) |
| - Kalindee Rail Nirman (Engineers) Limited (Advance against DFCC Contract) | -- (--) | 510.20 (--) | -- (--) | -- (--) | -- (--) | 510.20 (--) | 510.20 (--) |

Notes on Financial Statements

2.30 RELATED PARTY DISCLOSURE (Contd...)

(b) Related Party Transactions

(₹ in Lakhs)

| Transactions | Other Related Party | Subsidiary | Associate | Joint venture | Key Management Personnel | Grand Total | Balance outstanding as on 31/03/2016 |
|---|---------------------|------------|------------|---------------|--------------------------|--------------------|--------------------------------------|
| Dividend Paid | | | | | | | |
| - Mr. Saroj Poddar | -- | -- | -- | -- | 6.24 (5.99) | 6.24 (5.99) | -- (--) |
| - Ms Jyotsna Poddar | 0.55 (0.55) | -- (--) | -- (--) | -- (--) | -- (--) | 0.55 (0.55) | -- (--) |
| - Ms. Puja Poddar | 2.07 (2.07) | -- (--) | -- (--) | -- (--) | -- (--) | 2.07 (2.07) | -- (--) |
| - Mr. Akshay Poddar | 0.04 (0.04) | -- (--) | -- (--) | -- (--) | -- (--) | 0.04 (0.04) | -- (--) |
| - Ms Shradha Agarwal | 0.03 (0.03) | -- (--) | -- (--) | -- (--) | -- (--) | 0.03 (0.03) | -- (--) |
| - Abhishek Holdings Pvt. Limited | -- (--) | -- (--) | -- (--) | -- (--) | -- (--) | -- (--) | -- (--) |
| - Adventz Securities Enterprises Limited | 9.52 (9.52) | -- (--) | -- (--) | -- (--) | -- (--) | 9.52 (9.52) | -- (--) |
| - Adventz Finance Pvt. Limited (formerly Adventz Investments & Holdings Pvt. Limited) | 20.94 (19.87) | -- (--) | -- (--) | -- (--) | -- (--) | 20.94 (19.87) | -- (--) |
| - Adventz Investments Co. Pvt. Limited | 7.59 (7.59) | -- (--) | -- (--) | -- (--) | -- (--) | 7.59 (7.59) | -- (--) |
| - Adventz Securities Trading Pvt. Limited | -- (1.07) | -- (--) | -- (--) | -- (--) | -- (--) | -- (1.07) | -- (--) |
| - Duke Commerce Limited | 18.79 (18.79) | -- (--) | -- (--) | -- (--) | -- (--) | 18.79 (18.79) | -- (--) |
| - Eureka Traders Pvt. Limited | -- (--) | -- (--) | -- (--) | -- (--) | -- (--) | -- (--) | -- (--) |
| - Greenland Trading Pvt. Limited | 0.09 (0.09) | -- (--) | -- (--) | -- (--) | -- (--) | 0.09 (0.09) | -- (--) |
| - Master Exchange & Finance Limited | 0.04 (0.04) | -- (--) | -- (--) | -- (--) | -- (--) | 0.04 (0.04) | -- (--) |
| - New Eros Tradecom Limited | 1.85 (1.85) | -- (--) | -- (--) | -- (--) | -- (--) | 1.85 (1.85) | -- (--) |
| - Indrakshi Trading Company Pvt. Limited | 0.08 (0.08) | -- (--) | -- (--) | -- (--) | -- (--) | 0.08 (0.08) | -- (--) |
| - Texmaco Infrastructure & Holdings Limited | 136.50 (136.50) | -- (--) | -- (--) | -- (--) | -- (--) | 136.50 (136.50) | -- (--) |
| - Zuari Investments Limited | 72.41 (72.41) | -- (--) | -- (--) | -- (--) | -- (--) | 72.41 (72.41) | -- (--) |
| - Zuari Global Limited | 10.09 (10.09) | -- (--) | -- (--) | -- (--) | -- (--) | 10.09 (10.09) | -- (--) |
| - Mr. Ramesh Maheshwari | -- (--) | -- (--) | -- (--) | -- (--) | -- (--) | -- (--) | -- (--) |
| - Mr. D. H. Kela | -- (--) | -- (--) | -- (--) | -- (--) | -- (0.07) | -- (0.07) | -- (--) |
| - Mr. A. K. Vijay | -- (--) | -- (--) | -- (--) | -- (--) | 0.01 (0.08) | 0.01 (0.08) | -- (--) |

Notes on Financial Statements

2.30 RELATED PARTY DISCLOSURE (Contd...)

(b) Related Party Transactions

(₹ in Lakhs)

| Transactions | Other Related Party | Subsidiary | Associate | Joint venture | Key Management Personnel | Grand Total | Balance outstanding as on 31/03/2016 |
|---|---------------------|--------------------|------------|-----------------|--------------------------|--------------------|--------------------------------------|
| Dividend Received | | | | | | | |
| - Texmaco Infrastructure & Holdings Limited | 3.53 (3.53) | -- (--) | -- (--) | -- (--) | -- (--) | 3.53 (3.53) | -- (--) |
| Others | | | | | | | |
| - Adventz Investments & Holdings Limited (Rent Paid) | -- (14.94) | -- (--) | -- (--) | -- (--) | -- (--) | -- (14.94) | -- (--) |
| - Adventz Finance Pvt. Limited (Rent Paid) | 20.92 (4.08) | -- (--) | -- (--) | -- (--) | -- (--) | 20.92 (4.08) | 0.05 (--) |
| - High Quality Steels Limited (Services Received) | 622.51 (462.88) | -- (--) | -- (--) | -- (--) | -- (--) | 622.51 (462.88) | 158.45 (199.91) |
| - Lionel India Limited (Services Received) | 130.04 (124.97) | -- (--) | -- (--) | -- (--) | -- (--) | 130.04 (124.97) | 1.75 (8.60) |
| - Texmaco Infrastructure & Holdings Limited (Rent Received) | 0.72 (0.81) | -- (--) | -- (--) | -- (--) | -- (--) | 0.72 (0.81) | -- (--) |
| - Texmaco Infrastructure & Holdings Limited (Deposit Against Order) | 0.75 (--) | -- (--) | -- (--) | -- (--) | -- (--) | 0.75 (--) | -- (--) |
| - Texmaco Hi Tech Pvt Limited (Sale of Goods) (Formerly known as Texmaco UGL Rail Pvt. Limited) | -- (--) | -- (--) | -- (--) | -- (0.22) | -- (--) | -- (0.22) | -- (0.22) |
| - Texmaco Hi Tech Pvt Limited (Purchase of Goods) (Formerly known as Texmaco UGL Rail Pvt. Limited) | -- (--) | 138.34 (37.08) | -- (--) | -- (--) | -- (--) | 138.34 (37.08) | 138.34 (80.37) |
| - Texmaco Hi Tech Pvt Limited (Services Provided) (Formerly known as Texmaco UGL Rail Pvt. Limited) | -- (--) | 434.68 (724.26) | -- (--) | -- (--) | -- (--) | 434.68 (724.26) | 986.57 (724.81) |
| - Touax Texmaco Railcar Leasing Pvt. Limited (Sale of Goods) | -- (--) | -- (--) | -- (--) | 4366.32 (--) | -- (--) | 4366.32 (--) | 1391.80 (--) |
| - Zuari Investments Limited (Depository Services) | 0.04 (0.02) | -- (--) | -- (--) | -- (--) | -- (--) | 0.04 (0.02) | -- (--) |
| - Touax Texmaco Railcar Leasing Pvt. Limited (Rent Received) | -- (--) | -- (--) | -- (--) | 0.05 (0.05) | -- (--) | 0.05 (0.05) | -- (--) |
| - Touax Texmaco Railcar Leasing Pvt. Limited (Deposit Against Order) | -- (--) | -- (--) | -- (--) | 2975.32 (--) | -- (--) | 2975.32 (--) | 530.83 (--) |
| - Paradeep Phosphate Limited (Rent Received) | 5.74 (--) | -- (--) | -- (--) | -- (--) | -- (--) | 5.74 (--) | -- (--) |
| - Kalindee Rail Nirman (Engineers) Limited (Interest Receivable against ICD given) | -- (--) | 148.98 (--) | -- (--) | -- (--) | -- (--) | 148.98 (--) | 148.98 (--) |
| - Touax Texmaco Railcar Leasing Pvt. Limited (Interest receivable against CCD given) | -- (--) | -- (--) | -- (--) | 120.82 (--) | -- (--) | 120.82 (--) | 120.82 (--) |
| - Bright Power Projects (India) Pvt. Limited (Interest Receivable) | -- (--) | 5.99 (--) | -- (--) | -- (--) | -- (--) | 5.99 (--) | 5.99 (--) |

Notes on Financial Statements

2.30 RELATED PARTY DISCLOSURE (Contd...)

(b) Related Party Transactions

(₹ in Lakhs)

| Transactions | Other Related Party | Subsidiary | Associate | Joint venture | Key Management Personnel | Grand Total | Balance outstanding as on 31/03/2016 |
|---|---------------------|------------|------------|-----------------|--------------------------|-------------|--------------------------------------|
| Corporate Guarantee Given | | | | | | | |
| - Touax Texmaco Railcar Leasing Pvt. Limited | -- (--) | -- (--) | -- (--) | 1293.21 (--) | -- (--) | -- (--) | 1293.21 (--) |
| Corporate Guarantee Received | | | | | | | |
| - Texmaco Infrastructure & Holdings Limited (Against Cash Credit facility) | -- (--) | -- (--) | -- (--) | -- (--) | -- (--) | -- (--) | 5,000.00 (5,000.00) |

Note: Figures in brackets are for previous financial year.

Due to inadequate profit during the year 2014-15, the minimum remuneration paid to Executive Directors as per the terms of their appointment, exceeded the limit prescribed under Section 198 of the Companies Act, 2013, for which grant of waiver from Central Government is under process. Further, for the current year the remuneration has exceeded the prescribed limit due to inadequate profit for which necessary application to the Central Government shall be made, post approval from the shareholders in the ensuring Annual General Meeting.

The excess remuneration amounting to ₹ 4.71 lakhs has been realised from one of the Executive Directors for the year 2013-14.

2.31 EMPLOYEES STOCK OPTION SCHEME

The Company implemented Texmaco Employee Stock Option Scheme 2014 as approved by the Shareholders of the Company at their meeting held on 4th September, 2014.

Information in respect of Options granted under the Company's Employee Stock Option Scheme are as follows:

| Sl No | Particulars | Employee Stock Option Scheme 2014 |
|-------|--|---|
| 1 | Date of Shareholders approval | 4th September, 2014 |
| 2 | Total number of Options approved under the Schemes | 18,20,000 Ordinary equity Shares of ₹ 1/- each. |
| 3 | Vesting Schedule | The vesting period for conversion of Options is as follows: - 25% of the Options at the end of one year from the date of grant. - 35% of the Options at the end of two years from the date of grant. - 40% of the Options at the end of three years from the date of grant. |
| 4 | Pricing Formula | The exercise price shall be average of the weekly high and low of the closing prices of the related equity shares, quoted on the stock exchanges which records highest trading volume in the Company's Equity Shares, during the twenty six weeks preceding the date of the meeting of the Board of Directors at which the scheme for granting the options would be approved subject to the approval of shareholders, and discounted by such percentage, not exceeding 30% of the above |
| 5 | Maximum term of Options granted | 4 years from the date of vesting |
| 6 | Source of Shares | Primary |
| 7 | Variation in terms of Options | None |

Notes on Financial Statements

| Sl No | Particulars | Employee Stock Option Scheme 2014 | | |
|-------|---|--|-------------------------------------|--|
| 8 | Method used for accounting of share-based payment plans | <p>The employee compensation cost has been calculated using the Intrinsic value method of accounting for Options issued under the Company's Employee Stock Option Schemes.</p> <p>Had we considered the Fair Value approach the Net Income would be lower by - ₹ 180.51 Lakhs.</p> <p>Adjusted Profit: ₹ 1978.49 Lakhs</p> <p>Standalone - Basic : ₹ 0.94 - Diluted : ₹ 0.93</p> | | |
| 9 | Nature and extent of employee share based payment plans that existed during the period including the general terms and Conditions of each plan. | <p>Each Option entitles the holder thereof to apply for and be allotted Ordinary Shares of the Company of ₹ 1/- each upon payment of the exercise price during the exercise period.</p> <p>The exercise would commence from the date of vesting and will expire on completion of the years from the respective date(s) of vesting of options. The options would be exercisable by the employees by a written application accompanied by payment of the consideration amount to the Company to exercise the options in such manners, and on execution of such documents, as may be prescribed by the ESOS Compensation Committee from time to time.</p> | | |
| 10 | Weighted average exercise prices and weighted average fair values of Options whose exercise price either equals or exceeds or is less than the market price of the stock. | <p>Weighted average exercise price per Option : ₹ 41/-</p> <p>Weighted average fair value per Option : ₹ 97/-</p> | | |
| 11 | Option movements during the year | | | |
| | Options outstanding at the beginning of the year | | | 1820000 |
| | Options granted during the year | | | Nil |
| | Options cancelled and lapsed during the year | | | Nil |
| | Options vested and exercisable during the year (net of Options lapsed and exercised) | | | 326250 |
| | Options exercised during the year | | | 219750 |
| | Number of Ordinary Shares of ₹ 1/- each arising as a result of exercise of Options during the year | | | 219750 |
| | Options outstanding at the end of the year | | | 1600250 |
| | Options exercisable at the end of the year | | | 326250 |
| | Money realised by exercise of the Options during the year (₹ in Lakhs) | | | 90,09,750 |
| 12 | Weighted average share price of Shares arising upon exercise of Options | <p>The Options were exercised during the periods permitted under the Schemes, and weighted average share price of Shares arising upon exercise of Options, based on the closing market price on NSE on the date of exercise of Options (i.e. the date of allotment of shares by the Stakeholders Relationship Committee) for the year ended 31st March, 2016 was ₹ 142.39.</p> | | |
| 13 | Summary of Options outstanding, scheme-wise: | | | |
| | Particulars | No. of Options Outstanding | Range of Exercise Prices (₹) | Weighted Average remaining contractual life |
| | Texmaco Employee Stock Option Scheme (introduced in 2014) | 16,00,250 | 41/- | 25 months |

Notes on Financial Statements

| SI No | Particulars | Employee Stock Option Scheme 2014 |
|-------|---|---|
| 14 | A description of the method used during the year to estimate the fair values of Options, the weighted average exercise prices and weighted average fair values of Options granted. The significant assumptions used to ascertain the above. | <p>The fair value of each Option is estimated using the Black Scholes Option Pricing model.</p> <p>Weighted average exercise price per Option : ₹ 41/-</p> <p>Weighted average fair value per Option : ₹ 97/-</p> <p>The fair value of each Option is estimated using the Black Scholes Option Pricing model after applying the following key assumptions on a weighted average basis:</p> <p>(i) Risk-free interest rate 8.01%</p> <p>(ii) Expected life 25 months</p> <p>(iii) Expected volatility 26.39%</p> <p>(iv) Expected dividends 10%</p> <p>(v) The price of underlying shares in market at the time of Option grant ₹ 97/-</p> |
| 15 | Methodology for determination of expected volatility. | The volatility used in the Black Scholes Option Pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. The period considered for the working is commensurate with the expected life of the Options and is based on the daily volatility of the Company's stock price on NSE. The Company has incorporated the early exercise of Options by calculating expected life on past exercise behavior. There are no market conditions attached to the grant and vest. |

Option Granted upto 31st March, 2016 :

A. KMP and Senior Management Personnel

| SI No | Name of Employees | Option Granted | Designation |
|-------|-----------------------|----------------|--------------------------------------|
| 1 | Mr. Ramesh Maheshwari | 100000 | Executive Vice Chairman |
| 2 | Mr. D. H. Kela | 50000 | Executive Director & CEO (SF) |
| 3 | Mr. Sandeep Fuller | 50000 | Executive Director & CEO (HED) |
| 4 | Mr. A. K. Vijay | 50000 | Executive Director (Finance) |
| 5 | Mr. Varun Bharthuar | 40000 | Chief Executive Corporate (Projects) |
| 6 | Mr. P. Guha | 40000 | Sr. Vice President E&M (RS) |
| 7 | Mr. U. Banerjee | 40000 | Sr. Vice President E&M (HME & Strls) |
| B | Others | 935000 | - |

2.32 EARNING PER SHARE – The numerator and denominator used to calculate Basic/Diluted Earning per Share

| | | 2015-16 | 2014-15 |
|---|------------|-----------|-----------|
| Net Profit for the period from ordinary activities attributable to equity shareholders (Excluding Preference Share Dividend) – used as numerator. | ₹ in Lakhs | 2,159.00 | 1,373.55 |
| Weighted average number of Equity share outstanding used as denominator for Basic earning per share. | Number | 210101300 | 191705248 |
| Weighted average number of Equity share on account of Employee Stock Option Scheme | Number | 1085250 | - |
| Weighted average number of Equity share used on denominator for Diluted Earning per Share | Number | 211186550 | - |
| (A) Basic Earning per share (face value of Re 1/- each) | ₹ | 1.03 | 0.72 |
| (B) Diluted Earning per share (face value of Re 1/- each) | ₹ | 1.02 | 0.72 |

Notes on Financial Statements

2.33 INTEREST IN JOINT VENTURE (JV)

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

| | Percentage of ownership | Country of Incorporation |
|--|-------------------------|--------------------------|
| Touax Texmaco Railcar Leasing Pvt. Limited | 50%* | India |
| Wabtec Texmaco Rail Pvt. Limited | 40% | India |

* Number of shares held by Texmaco Rail & Engineering Limited in Touax Texmaco Railcar Leasing Pvt. Limited is 12649999 equity shares, whereas number of equity shares held by Touax Rail Limited is 12650001.

The Company's share in assets, liabilities, income and expense in the following jointly controlled entities as at and for the year ended March 31, 2016 is as follows: (₹ in Lakhs)

| Name of Joint Venture | Company's Share in | | | | |
|--|--------------------|-------------|-----------|-----------|--------------------------|
| | Assets | Liabilities | Income | Expenses | Profit/ (Loss) after Tax |
| Texmaco UGL Rail Pvt. Limited | --- | ---- | ----- | ----- | --- |
| | (6368.08) | (1128.44) | (1081.03) | (1877.23) | (795.29) |
| Touax Texmaco Railcar Leasing Pvt. Limited | 4358.16 | 3183.50 | 127.96 | 232.46 | (104.50) |
| | (1305.36) | (26.19) | (53.60) | (79.25) | (25.65) |
| Wabtec Texmaco Rail Pvt. Limited | 262.84 | 186.49 | 88.27 | 100.09 | (11.82) |
| | (---) | (---) | (---) | (---) | (---) |

Note:

- Figures in bracket are audited previous year figure.
- Company has entered into definitive documentation to purchase the entire shareholding of UGL Rail Services Limited, Australia in Texmaco UGL Rail Private Limited for a nominal aggregate consideration of INR 1 (Indian Rupee one only). Pursuant to the acquisition of the aforesaid Shares, Texmaco UGL Rail Private Limited, which was a 50:50 joint venture between the Company and UGL Rail Services Limited, will become a wholly owned subsidiary of the Company.

2.34 EMPLOYEE BENEFITS OBLIGATION :

The Company accounts for Gratuity, Leave and Provident Fund Liability at actuarial valuation at the end of the year i.e. 31st March. Accordingly these Liabilities have been computed by the actuary as at 31st March, 2016.

Employee Benefits

Defined benefits Plans – As per Actuarial valuation as on March 31, 2016

(₹ in Lakhs)

| Transactions | Funded Gratuity 2015-16 | Funded Gratuity 2014-15 | Unfunded Leave 2015-16 | Unfunded Leave 2014-15 |
|---|-------------------------|-------------------------|------------------------|------------------------|
| I Change of Benefit Organisation | | | | |
| Liability at the beginning of the year | 1,972.23 | 1,827.83 | 183.23 | 152.34 |
| Interest cost | 152.85 | 164.50 | 14.20 | 13.71 |
| Current Service Cost | 90.48 | 96.75 | 18.93 | 17.11 |
| Past Service Cost (Non Vested Funds) | | | | |
| Past Service Cost (Vested Funds) | | - | | |
| Benefits Paid | (347.99) | (217.73) | (29.01) | (10.80) |
| Actuarial (Gain)/Loss on obligation | 6.79 | 100.88 | (6.75) | 10.87 |
| Curtailements and Settlements | | - | - | - |
| Plan Amendment | | - | - | - |
| Liability at the end of the year | 1,874.36 | 1,972.23 | 180.60 | 183.23 |

Notes on Financial Statements

2.34 EMPLOYEE BENEFITS OBLIGATION (Contd...)

(₹ in Lakhs)

| Transactions | Funded Gratuity 2015-16 | Funded Gratuity 2014-15 | Unfunded Leave 2015-16 | Unfunded Leave 2014-15 |
|--|-------------------------------|-------------------------------|------------------------------|------------------------------|
| II Fair Value of Plan Assets | | | | |
| Fair value of Plan Assets at the beginning of the year | 2,230.19 | 2,126.24 | - | - |
| Expected Return on Plan Assets | 200.72 | 188.17 | - | - |
| Contributions | 55.99 | 137.02 | 29.01 | 10.80 |
| Benefit Paid | (347.99) | (217.73) | (29.01) | (10.80) |
| Actuarial Gain/(Loss) on Plan Assets | (33.65) | (3.51) | - | - |
| Fair Value of Plan Assets at the end of the year | 2,105.26 | 2,230.19 | - | - |
| Total Actuarial (Gain)/Loss to be Recognised | 40.44 | 104.39 | - | - |
| III Actual Return on Plan Assets | | | | |
| Expected Return on Plan Assets | (200.72) | (188.17) | - | - |
| Actuarial Gain/(Loss) on Plan Assets | (33.65) | 3.51 | - | - |
| Actual Return on Plan Assets | (167.07) | (184.66) | - | - |
| IV Amount Recognised in the balance sheet | | | | |
| Liability at the end of the year | 1,874.36 | 1,972.23 | 180.60 | 183.23 |
| Fair Value of Plan Assets at the end of the year | 2,105.26 | 2,230.19 | - | - |
| Difference | (230.90) | (257.96) | 180.60 | 183.23 |
| Unrecognised Past Service Cost | - | - | - | - |
| Amount Recognised in the Balance Sheet | (230.90) | (257.96) | 180.60 | 183.23 |
| V Expenses Recognised in the Income Statement | | | | |
| Current Service Cost | 90.48 | 96.75 | 18.93 | 17.11 |
| Interest Cost | 152.85 | 164.50 | 14.20 | 13.71 |
| Expected Return on Plan Assets | (200.72) | (188.17) | - | - |
| Net Actuarial (Gain)/Loss to be Recognised | 40.44 | 104.39 | (6.75) | 10.87 |
| Past Service Cost/(Non Vested Benefit) Recognised | - | - | - | - |
| Past Service Cost/(Vested Benefit) Recognised | - | - | - | - |
| Effect of Curtailment or settlement | - | - | - | - |
| Curtailments and Settlements | - | - | - | - |
| Expenses Recognized in the Profit and Loss Account | 83.05 | 177.47 | 26.38 | 41.69 |
| VI Balance Sheet Reconciliation | | | | |
| Opening Net Liability | (257.96) | (298.41) | 183.23 | 152.34 |
| Expense as above | 83.05 | 177.47 | 26.38 | 41.69 |
| Employers Contribution | (55.99) | (137.02) | - | - |
| Effect of Curtailment or settlement | - | - | - | - |
| Benefits paid | - | - | (29.01) | (10.80) |
| Amount Recognised in the Balance Sheet | (230.90) | (257.96) | 180.60 | 183.23 |
| VII Actuarial Assumption | | | | |
| Discount Rate Current | 7.66% | 7.75% | 7.66% | 7.75% |
| Rate of Return on Plan Assets | 8.35% | 9.00% | - | - |
| Salary Escalation Current | 5.00% | 5.00% | 5.00% | 5.00% |

Notes on Financial Statements

2.35

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

2.36 AMOUNT REMITTED DURING THE YEAR ON ACCOUNT OF DIVIDEND (AS CERTIFIED BY THE MANAGEMENT)

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|-------------------------------------|-------------------------|-------------------------|
| Number of Non-resident Shareholders | 17 | 17 |
| Number of Equity Shares held | 14840 | 14840 |
| Dividend remitted (₹ in Lakhs) | 0.04 | 0.04 |
| Year of Dividend paid | 2014-15 | 2013-14 |

2.37 EXPENDITURE IN FOREIGN CURRENCY:

| | | |
|---|--------------|--------------|
| R&D Expenses | 15.91 | 16.86 |
| Travelling and Others | 71.13 | 32.45 |
| Books & Periodicals | - | 0.51 |
| Fees & Subscription | 7.22 | 6.28 |
| General Charges (Charity & Donation, AAR Audit Fee) | - | 0.56 |
| Total (2.37) | 94.26 | 56.66 |

2.38 INCOME IN FOREIGN EXCHANGE:

| | | |
|--------------------------|----------|----------|
| Export of Goods (F.O.B.) | 4,879.92 | 4,098.71 |
|--------------------------|----------|----------|

2.39 VALUE OF IMPORTS ON C.I.F. BASIS

| | | |
|------------------------------------|------------------|-----------------|
| Raw Materials | - | 691.14 |
| Components, Spare Parts and Stores | 11,620.53 | 1,451.91 |
| Capital Goods | 8.21 | 5.40 |
| Total (2.39) | 11,628.74 | 2,148.45 |

2.40 ANALYSIS OF RAW MATERIAL CONSUMED

| | | |
|------------------------|------------------|------------------|
| M.S. & C.I. Scrap | 4,801.71 | 3,849.95 |
| Pig Iron | - | 63.97 |
| Plates & Sheets | 14,560.45 | 4,876.43 |
| Rounds, Bars and Flats | 123.66 | 136.44 |
| Structural | 2,506.52 | 1,266.89 |
| Total (2.40) | 21,992.34 | 10,193.68 |

2.41 VALUE OF RAW MATERIALS AND STORES CONSUMED (INCLUDING COMPONENTS AND SPARE PARTS) SERVICES ETC.:

| | 2015-16 | | 2014-15 | |
|---------------------|------------------|---------------|------------------|---------------|
| | (₹ in Lakhs) | % | (₹ in Lakhs) | % |
| Imported | 25,287.34 | 34.38% | 4,610.27 | 11.24 |
| Indigenous | 48,270.36 | 65.62% | 36,401.28 | 88.76 |
| Total (2.41) | 73,557.70 | 100.00 | 41,011.55 | 100.00 |

2.42

Consumption of raw materials, components, stores and spares parts includes profit/loss on sale thereof and exchange difference arising on Foreign Currency transactions on account of imported Raw Materials/ Stores has been accounted under respective Revenue heads.

Notes on Financial Statements

2.43 DETAILS OF INVENTORY OF WORK IN PROGRESS

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|------------------------------|-------------------------|-------------------------|
| Work-in- Process | | |
| - Heavy Engineering Division | 7,181.02 | 5,250.11 |
| - Steel Foundry Division | 3,559.02 | 3,344.99 |
| Total (2.43) | 10,740.04 | 8,595.10 |

2.44

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.

| | | |
|---|-----------|----------|
| (1) The particulars of derivative contracts entered into for hedging purpose, outstanding as at 31st March are as under : | | |
| (a) - Un-hedged foreign currency exposure as at 31st March 16 – Payables. Euro: 8,15,311 & USD: 1,71,31,784 (Previous Year: Euro: 92,516 & USD: 40,09,945) | 11,916.92 | 2,568.36 |
| (b) - Un-hedged foreign currency exposure as at 31st March 16 – Receivable. AUD: 9,57,977, USD: 13,81,416 Euro: 21,87, 802 and NRS: 47,82,516 - (Previous Year: AUD: 4,80,915, USD: 11,34,515 Euro: 15,06,566 and NRS: 10,47,88,461) | 3,081.33 | 2,634.93 |

2.45 DETAILS OF EXPENSES/(INCOME) RELATED TO PREVIOUS YEAR

| | | |
|----------------------------|----------|-------------|
| Expenses | | |
| (i) Miscellaneous Expenses | - | 1.41 |
| (ii) Income Tax | - | - |
| Total (2.45) | - | 1.41 |

2.46 DETAILS OF INCOME/ EXPENSES DISCLOSED ON NET BASIS

| Sl No | Particulars | | |
|----------|---|----------------|-----------------|
| 1 | Freight, Packing and Transport | | |
| | Paid | 938.39 | 757.78 |
| | Received | 617.37 | 546.30 |
| | Net | 321.02 | 211.48 |
| 2 | Profit on sale of Fixed Assets | | |
| | Profit | 22.65 | 13.89 |
| | Loss | - | 4.25 |
| | Net | 22.65 | 9.64 |
| 3 | Profit on sale of current investment | | |
| | Mutual Funds & Others | | |
| | Profit | 1821.56 | 1,003.43 |
| | Loss | - | - |
| | Net | 1821.56 | 1,003.43 |

Notes on Financial Statements

2.47 INFORMATION ABOUT SEGMENT WORKING IS GIVEN BELOW

(₹ in Lakhs)

| | 2015-16 | | | 2014-15 | | |
|--|-------------------------|------------------|-------------------|-------------------------|------------------|-------------------|
| | Heavy Engg. Division | Steel Foundry | Total | Heavy Engg. Division | Steel Foundry | Total |
| | 1 | 2 | 3 (1+2) | 1 | 2 | 3 (1+2) |
| Revenue (Net of Excise Duty and Cess) | | | | | | |
| External Sales | 66,013.57 | 6,437.42 | 72,450.99 | 37,762.38 | 5,019.38 | 42,781.76 |
| Internal-Segment Sales | 651.03 | 13,179.41 | 13,830.44 | 666.35 | 9,356.06 | 10,022.41 |
| Other Operating Revenue | 293.99 | 55.70 | 349.69 | 1,049.64 | 26.16 | 1,075.80 |
| Total Revenue | 66,958.59 | 19,672.53 | 86,631.12 | 39,478.37 | 14,401.60 | 53,879.97 |
| Result | | | | | | |
| Segment Result | 2,194.33 | 989.97 | 3,184.30 | 2,871.53 | (657.43) | 2,214.10 |
| Unallocated Corporate Expenses | | | - | | | - |
| Operating Profit/(Loss) | | | 3,184.30 | | | 2,214.10 |
| Interest Expense | | | (1,260.90) | | | (955.84) |
| Interest Income | | | 696.24 | | | 364.05 |
| Total Profit/(Loss) before Tax | | | 2,619.64 | | | 1,622.31 |
| Provision for Current Tax | | | (370.92) | | | 135.00 |
| Provision for Deferred Tax | | | (89.72) | | | 336.50 |
| Income Tax for Earlier Year | | | - | | | (222.74) |
| Profit/(Loss) from ordinary activities | | | 2,159.00 | | | 1,373.55 |
| Extra ordinary items | | | - | | | - |
| Net Profit/(Loss) | | | 2,159.00 | | | 1,373.55 |
| Other Information | | | | | | |
| Segment assets | 74,717.91 | 15,998.66 | 90,716.57 | 58,675.46 | 15,183.95 | 73,859.41 |
| Unallocated Corporate assets | | | 54,163.67 | | | 60,964.24 |
| Total assets | | | 144,880.24 | | | 134,823.65 |
| Segment liabilities | 45,402.49 | 6,763.63 | 52,166.12 | 38,508.72 | 6,216.03 | 44,724.75 |
| Unallocated corporate liabilities | | | 139.59 | | | - |
| Total Liabilities | | | 52,305.71 | | | 44,724.75 |
| Capital expenditure | 1,227.60 | 689.17 | 1,916.77 | 975.00 | 855.75 | 1,830.75 |
| Depreciation | 818.28 | 437.78 | 1,246.06 | 872.56 | 621.06 | 1,493.62 |
| Non-cash expenses other than depreciation | | | 361.11 | | | 109.84 |

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

Notes on Financial Statements

2.48 PARTICULARS IN RESPECT OF GOODS MANUFACTURED

(₹ in Lakhs)

| Class of Goods | | Sale | Opening Stock | Closing Stock |
|---|---------|-----------|---------------|---------------|
| Wagons | 2015-16 | 62,661.37 | - | - |
| | 2014-15 | 33580.27 | - | - |
| Structurals | 2015-16 | 2,826.24 | 682.05 | - |
| | 2014-15 | 5295.60 | 672.73 | 682.05 |
| Bridge | 2015-16 | 3,292.92 | - | 1,238.06 |
| | 2014-15 | - | - | - |
| Water Tube Boilers and Package Boilers | 2015-16 | - | - | - |
| | 2014-15 | - | - | - |
| Pressure Vessels, Heat Exchangers and Chemicals Machineries | 2015-16 | - | - | - |
| | 2014-15 | 11.20 | - | - |
| Site Fabrication and Erection | 2015-16 | 743.63 | - | - |
| | 2014-15 | 225.70 | - | - |
| Steel Castings & Ingots (Including Draft Gear 4000 Sets) | 2015-16 | 21,633.75 | - | - |
| | 2014-15 | 15968.73 | - | - |
| Power Tiller/Reaper | 2015-16 | 192.82 | 66.92 | 9.55 |
| | 2014-15 | 172.92 | 54.61 | 66.92 |
| Ring Frames, Doublers and Worsted Ring Frames | 2015-16 | - | 0.61 | 0.61 |
| | 2014-15 | - | 0.61 | 0.61 |
| Speed Frames | 2015-16 | - | 0.39 | 0.39 |
| | 2014-15 | - | 0.39 | 0.39 |
| Others | 2015-16 | 358.34 | - | - |
| | 2014-15 | 701.99 | - | - |
| TOTAL | 2015-16 | 91,709.07 | 749.97 | 1,248.61 |
| | 2014-15 | 55,956.41 | 728.34 | 749.97 |

2.49

Previous year figure have been regrouped/ rearranged/ restated/ recast wherever necessary to confirm this year classification.

2.50

Figures below ₹ 500/- have been omitted for rounding off and ₹ 500/- & above have been rounded off to the next ₹1000/-.

In terms of our Report of even date attached herewith.

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

Chartered Accountants

Firm Registration No: 304153E

P. K. Gutgutia

Partner

Membership No.6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 30th May, 2016

Ravi Varma
Company Secretary

A. K. Vijay
Executive Director & CFO

S. K. Poddar
Ramesh Maheshwari
A. C. Chakrabortti
D. H. Kela
Sandeep Fuller

Directors

Statement containing salient features of the financial statement of subsidiary as at 31.03.2016

Part "A": Subsidiaries

(₹ in lakhs)

| SI No | Name of Subsidiary Company | Kalindee Rail Nirman (Engineers) Limited * | Texmaco Hi Tech Private Limited | Bright Power Projects (India) Private Limited |
|-------|--|--|---------------------------------|---|
| 1 | Reporting period for the subsidiary concerned, if different from the holding Company's reporting period | No | No | No |
| 2 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | NA | NA | NA |
| 3 | Share Capital | 1,650.76 | 8,345.00 | 130.00 |
| 4 | Reserves & Surplus | 9,206.44 | 516.31 | 3,986.14 |
| 5 | Total Assets | 47,675.04 | 11,488.13 | 13,406.36 |
| 6 | Total Liabilities | 36,817.84 | 2,626.82 | 9,290.22 |
| 7 | Investments | - | - | - |
| 8 | Turnover | 37,226.97 | 848.70 | 10,129.91 |
| 9 | Profit before Taxation | 112.22 | (1,631.60) | 807.36 |
| 10 | Provision for Taxation | 25.76 | (13.63) | 317.54 |
| 11 | Profit after Taxation | 86.46 | (1,617.97) | 489.82 |
| 12 | Proposed Dividend | NIL | NIL | NIL |
| 13 | % of shareholding | 42.87% | 100% | 55% |

* The Company is subsidiary by virtue of control of management

Statement Pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Venture

Part "B": Associates and Joint Ventures

(₹ in lakhs)

| SI No | Name of Associates/ Joint Ventures | Touax Texmaco Railcar Leasing Private Limited (Joint Venture) | Wabtec Texmaco Rail Private Limited (Joint Venture) |
|-------|--|---|---|
| 1 | Latest audited Balance Sheet Date | 31st March, 2016 | 31st March, 2016 |
| 2 | Shares of Associate/ Joint Ventures held by the Company on the year end | | |
| | Numbers | 12,649,999 | 881700 |
| | Amount of Investment in Joint Venture | 1264.99 | 88.16 |
| | Extent of Holding (in %) | 50% | 40% |
| 3 | Description of how there is significant influence | Holding more than 20% | Holding more than 20% |
| 4 | Reason why the Joint Venture is not consolidated | N.A. | N.A. |
| 5 | Net worth attributable to Shareholding as per latest audited Balance Sheet | 2349.32 | 190.87 |
| 6 | Profit / Loss for the year | (209.01) | (29.55) |
| | i. Considered in Consolidation | (104.51) | (11.81) |
| | ii. Not Considered in Consolidation | N.A. | N.A. |
| 1 | Names of associates or joint ventures which are yet to commence operations. | | NIL |
| 2 | Names of associates or joint ventures which have been liquidated or sold during the year | | NIL |

Kolkata - 700 056

Dated: 30th May, 2016

Ravi Varma

Company Secretary

A. K. Vijay

Executive Director & CFO

S. K. Poddar

Ramesh Maheshwari

A. C. Chakrabortti

D. H. Kela

Sandeep Fuller

Directors

Independent Auditors' Report

To
The Members of
Texmaco Rail & Engineering Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TEXMACO RAIL & ENGINEERING LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its jointly controlled entities comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position and consolidated financial performance of the Group including its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated

financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us in respect of the group, and the audit evidence obtained by the other auditors in terms of their report referred to in other matters paragraphs below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its jointly controlled entities as at 31st March, 2016, and their consolidated profit for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements of three subsidiaries and two jointly controlled entities whose financial statements referred the Group's share of total assets of ₹ 76,240.90 Lakhs as at 31st March 2016 and the groups share of total revenue of ₹ 24,812.31 Lakhs for the year ended on that date as considered in the financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosure included in respect of the subsidiary and jointly controlled entities is solely on the reports of the other auditors.
- (b) Our opinion on the consolidated financial statements, and our report on other legal and Regulatory requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements.

Emphasis of matter

In one subsidiary, the Statutory Auditor has drawn attention regarding treatment of provision for doubtful debts of ₹ 5477.21 Lakhs by withdrawn from balance of Profit & Loss of earlier years based on an expert opinion obtained by the Company for which no specific treatment is prescribed in the Accounting Standards and in the Companies Act, 2013. Their opinion is not qualified in respect of this matter.

Report on other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other Auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary companies and its jointly controlled entities, none of the directors of the Group companies and its jointly controlled entities is disqualified as on 31st March, 2016

from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial control over financial reporting and the operating effectiveness of such control, refer to our Report in Annexure 'A' which is based on the auditor's reports of the Holding Company, subsidiary companies and its jointly controlled entities, incorporated in India.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its jointly controlled entities in accordance with the generally accepted accounting practice - also refer Note 2.28(b), (c to f) to the consolidated financial statements.
 - ii. The Group, its jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and jointly controlled entities, incorporated in India.

For K. N. Gutgutia & Co.

Chartered Accountants

Firm Registration No.304153E

P. K. Gutgutia

Partner

Place : Kolkata

Date : 30th May, 2016

Membership No. 6994

ANNEXURE - A TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 (f) of the Independent Auditor's Report of even date to the members of Texmaco Rail & Engineering Limited of the Consolidated financial statements for the year ended 31st March 2016.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the Internal Financial Controls over financial reporting of **TEXMACO RAIL & ENGINEERING LIMITED** (herein after referred to as "The Holding Company"), its subsidiary companies & its jointly controlled companies as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Director's of the Holding Company, its subsidiary companies & its jointly controlled companies which are Company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the

Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting includes obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors of the subsidiary companies & its jointly controlled companies which are companies incorporated in India, in terms of their report referred to in other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies & its jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to three subsidiary companies and two jointly controlled companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For K. N. Gutgutia & Co.

Chartered Accountants
Firm Registration No.304153E

P. K. Gutgutia
Partner

Place : Kolkata
Date : 30th May, 2016

Membership No. 6994

Consolidated Balance Sheet As at 31st March, 2016

| Particulars | Note No. | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|--|----------|-------------------------|-------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' funds | | | |
| (a) Share capital | 2.1 | 2,102.84 | - |
| (b) Reserves and surplus | 2.2 | 88,834.51 | - |
| | | 90,937.35 | - |
| (2) Minority Interest | | | |
| | | 7,829.90 | - |
| (3) Non-current liabilities | | | |
| (a) Long-term borrowings | 2.3 | 761.51 | - |
| (b) Deferred tax liabilities (net) | 2.4 | 214.97 | - |
| (c) Other long term liabilities | 2.5 | 2,167.50 | - |
| (d) Long-term provisions | 2.6 | 538.95 | - |
| | | 3,682.93 | - |
| (4) Current liabilities | | | |
| (a) Short-term borrowings | 2.7 | 38,560.99 | - |
| (b) Trade payables | 2.8 | 36,628.07 | - |
| (c) Other current liabilities | 2.9 | 18,473.11 | - |
| (d) Short-term provisions | 2.10 | 1,419.21 | - |
| | | 95,081.38 | - |
| Total | | 197,531.56 | - |
| II. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | 2.11 | | |
| (i) Tangible assets | | 34,374.67 | - |
| (ii) Intangible assets | | 490.81 | - |
| (iii) Capital work-in-progress | | 1,967.24 | - |
| | | 36,832.72 | - |
| (b) Non-current investments | 2.12 (A) | 1,265.02 | - |
| (c) Long-term loans and advances | 2.13 | 4,893.73 | - |
| (d) Other non-current assets | 2.14 | 6,208.25 | - |
| | | 49,199.72 | - |
| (2) Current assets | | | |
| (a) Current investments | 2.12 (B) | 34,071.27 | - |
| (b) Inventories | 2.15 | 32,661.32 | - |
| (c) Trade receivables | 2.16 | 50,916.12 | - |
| (d) Cash and bank balances | 2.17 | 6,830.01 | - |
| (e) Short-term loans and advances | 2.18 | 15,349.06 | - |
| (f) Other current assets | 2.19 | 8,504.06 | - |
| | | 148,331.84 | - |
| Total | | 197,531.56 | - |
| Accounting Policies & Notes on Consolidated Financial Statements | 1 & 2 | | |

Notes 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

Firm Registration No: 304153E

P. K. Gutgutia

Partner

Membership No.6994

6C, Middleton Street,
Kolkata - 700 071

Dated: 30th May, 2016

Ravi Varma

Company Secretary

A. K. Vijay

Executive Director & CFO

S. K. Poddar

Ramesh Maheshwari

A. C. Chakrabortti

D. H. Kela

Sandeep Fuller

Directors

Consolidated Statement of Profit and Loss for the year ended 31st March, 2016

| Particulars | Note No. | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|--|----------|-------------------------|-------------------------|
| I. REVENUE FROM OPERATIONS | | | |
| Sale of products | 2.20 | 89,824.73 | - |
| Less: Inter Segment Revenue | | (13,832.86) | - |
| Less: Excise Duty | | (5,427.81) | - |
| | | 70,564.06 | - |
| Sale of Traded Goods | | 71.44 | - |
| Sale of services | | 24,353.76 | - |
| | | 94,989.26 | - |
| Other operating revenues | 2.20 | 371.40 | - |
| Total | | 95,360.66 | - |
| II. Other income | 2.21 | 3,148.99 | - |
| III. Total Revenue (I + II) | | 98,509.65 | - |
| IV. EXPENSES: | | | |
| Cost of materials consumed (incl services) | 2.22 | 69,141.87 | - |
| Purchases of Stock-in-Trade | | 69.39 | - |
| Changes in inventories of finished goods | 2.23 | (2,901.90) | - |
| Employee benefits expense | 2.24 | 6,791.08 | - |
| Finance costs | 2.25 | 3,884.44 | - |
| Depreciation and amortization expenses | 2.11 | 1,687.08 | - |
| Other expenses | 2.26 | 17,882.90 | - |
| Total expenses | | 96,554.86 | - |
| V. Profit before exceptional and extraordinary items and tax (III-IV) | | 1,954.79 | - |
| VI. Exceptional Items | | 3,195.04 | - |
| Less: Transfer from Surplus | | (3,195.04) | - |
| VII. Profit before extraordinary items and tax (V-VI) | | 1,954.79 | - |
| VIII. Tax expense: | | | |
| (1) Current tax | | 583.70 | - |
| (2) MAT Credit Entitlement | | (144.44) | - |
| (3) Income Tax for earlier year | | 5.06 | - |
| (4) Deferred tax | | 103.91 | - |
| IX. Profit for the period from continuing operations (VII-VIII) | | 1,406.56 | - |
| X. Minority Interest | | 83.91 | - |
| XI. Profit for the period (IX-X) | | 1,322.65 | - |
| XII. Earnings per equity share: (face value of ₹ 1/- each) | | | |
| (1) Basic | | 0.63 | - |
| (2) Diluted | | 0.63 | - |
| Accounting Policies & Notes on Consolidated Financial Statements | 1 & 2 | | |

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

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

Chartered Accountants

Firm Registration No: 304153E

P. K. Gutgutia

Partner

Membership No.6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 30th May, 2016

Ravi Varma
Company Secretary

A. K. Vijay
Executive Director & CFO

S. K. Poddar
Ramesh Maheshwari
A. C. Chakrabortti
D. H. Kela
Sandeep Fuller

Directors

Notes on Consolidated Financial Statements

1. ACCOUNTING POLICIES

Basis of Accounting

The Financial Statements have been prepared and presented under the historical cost convention and on the accrual basis except for certain Fixed Assets, which are revalued in accordance with Generally Accepted Accounting Principles (GAAP) in India. GAAP comprises Accounting Standards notified by the Central Government of India under section 133 of the Companies Act, 2013, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 2013 and guidelines issued by Securities and Exchange Board of India.

Fixed Assets

Fixed Assets are carried at the cost of acquisition or construction less accumulated depreciation except certain Revalued Assets which are stated on the basis of their revalued costs less accumulated depreciation. Intangible Assets are recorded at the consideration paid for acquisition less accumulated amortization. The cost of Fixed Assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective Assets. Borrowing costs directly attributable to acquisition or construction of those fixed Assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

The Company assesses at each balance sheet date whether there is any indication that an Asset may have been impaired. If any such indication exists, the Company estimates the recoverable amount of the Asset. If such recoverable amount of the Asset or the recoverable amount of the cash generating unit to which the Asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the Asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

Depreciation

Tangible Fixed Assets

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 generally in accordance with the life of the respective assets as prescribed in Schedule II of the Companies Act, 2013 except certain assets for which useful life of assets has been ascertained based on report of technical experts. The difference between depreciation on revalued amount of fixed assets and its corresponding amount of original fixed assets is being transferred from Revaluation Reserve to General Reserve.

Intangible Fixed Assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, intangible assets are carried at its cost less any accumulated amortization and any accumulated impairment loss. Intangible assets are amortized on Straight Line Basis over its useful life.

Investments

Investments are either classified as current or non-current based on management's intention at the time of purchase. Current Investment are stated at lower of cost and fair value.

Non-current 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. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reason for the reduction is no longer exist

Revenue Recognition

Sales revenue is recognized 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 recognized as the services are rendered based on agreement/arrangement with the concerned parties. Dividend income on investments is accounted for when the right

Notes on Consolidated Financial Statements

to receive the payment is established. Interest income is recognized 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. Capital Gain on investments are accounted at the time of encashment.

Leases

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the statement of profit and loss. Costs, including depreciation are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

Employee Benefits

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

(2) **Leave :**

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

(3) **Gratuity:**

The Group's liabilities under Payment of Gratuity Act, long-term compensated absences and pension are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method except for short-term compensated absences which are provided for based on estimates. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the terms of the Government bonds are consistent with the estimated terms of the defined benefit obligation.

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 realizable 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 translated at the exchange rate prevailing on that date. All exchange differences are recognized in Statement of Profit & Loss except in case of long term liabilities, where they relate to acquisition of Fixed Assets in which case they are adjusted to the carrying cost of such assets. Premium or discount on forward exchange contract is amortised as expense or income over the life of the contract. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency

Notes on Consolidated Financial Statements

are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. Forward exchange contracts taken for highly probable/forecast transactions, which are not covered by Accounting Standard 11, are marked to market in accordance with the principles under AS 30 "Financial Instruments: Recognition and Measurement".

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 preparation of the Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and disclosure of contingent Liabilities on the date of the Financial Statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Difference between the actual result and the estimates are recognized in the period in which the results are known/ materialized.

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 three business segments namely Heavy Engineering Division, Steel Foundry Division and EPC segments.
- 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 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. Deferred Tax assets/ liabilities are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable/ virtually certain to be realized.

Employee Stock Option Scheme

In respect of Stock options granted pursuant to the Company's Employees Stock Option Schemes 2014, 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.



Notes on Consolidated Financial Statements

Government Grant

Grants from the government are recognized when there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. Revenue grants/subsidies are recognized in the Statement of Profit & Loss. 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.

Earning Per Share

Earnings per share is calculated by dividing the net profit/ loss for the period attributable to equity shares holders by the weighted average number of equity shares outstanding during the period.

Cash Flow Statement

Cash Flow are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from regular revenue generating, financing and investing activities of the Company are segregated.

Notes on Consolidated Financial Statements

2. Notes on Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|--|-------------------------|-------------------------|
| 2.1 SHARE CAPITAL | | |
| Authorised Capital | | |
| 30,00,00,000 Equity shares at par value of ₹ 1/- each | 3,000.00 | - |
| Issued, Subscribed and Paid Up Capital | | |
| 21,02,83,723 Equity shares at par value of ₹ 1/- each fully paid | 2,102.84 | - |

Notes:

- (i) The Company has only one class of shares referred to as equity shares having a par value of ₹ 1/-. Each holder of equity shares is entitled to one vote per share.
- (ii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.
- (iii) Issued, Subscribed and Paid Up Capital includes 12,71,83,090 equity shares allotted on the basis of 1 equity shares in TexRail for ₹ 1/- each credited as fully paid-up for every 1 equity shares held by each member of Texmaco Infrastructure & Holdings Limited (formerly Texmaco Limited) on record date without payment being received in cash.

(iv) Reconciliation of number of Issued, Subscribed and Paid-up Capital

| Particulars | 31.03.2016 | | 31.03.2015 | |
|---|---------------------|---------------------|---------------------|---------------------|
| | No. of Equity Share | Amount (₹ in lakhs) | No. of Equity Share | Amount (₹ in lakhs) |
| Number of Shares at the beginning of the year | 210063973 | 2,100.64 | - | - |
| Add: Allotment as per QIP | - | - | - | - |
| Add: Allotment under ESOS | 219750 | 2.20 | - | - |
| Number of Shares at the end of the year | 210063973 | 2,102.84 | - | - |

- (v) During the year the Company has allotted 2,19,750 Equity Shares to its employee under Employee Stock Option Scheme.
- (vi) The dividend proposed by the Board of Directors is subject to the approval of shareholders in Annual General meeting. The Company has proposed to pay dividend amounting to ₹ 632.73 lakhs (including corporate dividend tax of ₹ 107.02 lakhs). The rate of proposed dividend is ₹ 0.25 per equity shares.
- (vii) **The name of Shareholders holding more than 5% of Equity shares**

| Name of Shareholders | 31.03.2016 | | 31.03.2015 | |
|---|--------------|---------------------------|--------------|---------------------------|
| | % of holding | No. of equity shares held | % of holding | No. of equity shares held |
| Texmaco Infrastructure & Holdings Limited | 25.96 | 54600000 | - | - |
| Zuari Investments Limited | 13.77 | 28963900 | - | - |

Notes on Consolidated Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---|-------------------------|-------------------------|
| 2.2 RESERVES AND SURPLUS | | |
| Capital Reserve | | |
| Balance as per last Account | 1,528.86 | - |
| Security Premium Reserve | | |
| Balance as per last Account | 29,192.57 | - |
| Add: On issue of ESOS | 227.49 | - |
| | 29,420.06 | - |
| Revaluation Reserve | | |
| Balance as per last Account | 1,322.55 | - |
| Less: On Assets sold/discarded during the year | (6.35) | - |
| Less: Transferred to General Reserve (See Note) | (39.86) | - |
| Less: Transfer to Minority Interest | (4.56) | - |
| | 1,271.78 | - |
| State Capital Investment Subsidy | | |
| Balance as per last Account | 15.00 | - |
| | 15.00 | - |
| General Reserve | | |
| Balance as per last Account | 45,606.76 | - |
| Add: Transfer from Revaluation Reserve (See Note) | 39.86 | - |
| Add: Transfer from Statement of Profit & Loss | 500.00 | - |
| | 46,146.62 | - |
| Surplus | | |
| Balance as per last Account | 11,631.98 | - |
| Less: Transfer to Statement of Profit & Loss | (3,195.04) | - |
| Less: Share of Minority Interest | 1,825.33 | (1,369.71) |
| Add: Profit after Tax as per Statement of Profit and Loss | 1,322.65 | - |
| | 11,584.92 | - |
| Less: Appropriation | | |
| Proposed Dividend | | |
| On Equity Shares | 525.71 | - |
| Tax on Dividend | 107.02 | - |
| Transfer to General Reserve | 500.00 | - |
| | 1,132.73 | - |
| | 10,452.19 | - |
| Total (2.2) | 88,834.51 | - |

Note:

Represent difference between depreciation on revaluation cost of fixed assets & original cost of fixed assets.

Notes on Consolidated Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|--|-------------------------|-------------------------|
| 2.3 LONG TERM BORROWINGS | | |
| Secured | | |
| From Bank | | |
| Term Loan / Foreign Currency Term Loan (TL/FCTL) | 676.45 | - |
| Car Loan | 75.12 | - |
| Unsecured | | |
| From Others | - | |
| Term Loan | 9.94 | - |
| Total (2.3) | 761.51 | - |

Note: Term Loan from Bank is secured against the Fixed Assets created from such loan. The FCTL loan is payable in balance 3 half yearly installments payable in June and December each year. Remaining Term Loan from bank is repayable in 8 quarterly installments. Car Loan is Secured against hypothecation of car.

| | | |
|---|---------------|----------|
| 2.4 DEFERRED TAX LIABILITIES (NET) | | |
| Note: Deferred Tax Assets/Liability is recognised as per AS 22 "Accounting for Taxes on Income" issued by the Companies (Accounting Standard) Rules, 2006 The Deferred Tax Assets & Liabilities comprises of Tax effect of following timing differences: | | |
| Deferred Tax Assets | | |
| Items u/s 43B and u/s 40(a)(i)(a) of I.T Act | (1,890.19) | - |
| Deferred Tax Liabilities | | |
| Depreciation | 2,105.16 | - |
| Net Deferred Tax (Liability)/ Assets, Total (2.4) | 214.97 | - |

| | | |
|--|-----------------|----------|
| 2.5 OTHER LONG TERM LIABILITIES | | |
| Trade Payables | 613.16 | - |
| Others | 1,554.34 | - |
| Total (2.5) | 2,167.50 | - |

| | | |
|---------------------------------|---------------|----------|
| 2.6 LONG TERM PROVISIONS | | |
| Provision for employee benefits | | |
| For Leave | 192.82 | - |
| For Gratuity | 11.69 | - |
| Others | | |
| For Contingency | 1.00 | - |
| For Warranty and others | 333.44 | - |
| Total (2.6) | 538.95 | - |

Note: The Company accounts for leave and Gratuity liability based on Actuary Valuation

Notes on Consolidated Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---|-------------------------|-------------------------|
| 2.7 SHORT TERM BORROWINGS | | |
| Secured | | |
| Loans repayable on demand | | |
| From banks | | |
| - Cash Credit | 29,960.99 | - |
| - Short Term Loan | 3,000.00 | - |
| | 32,960.99 | - |
| Unsecured | | |
| Loans and Advances from Related Parties | 1,700.00 | - |
| Other Loans and Advances | 3,900.00 | - |
| | 5,600.00 | - |
| Total (2.7) | 38,560.99 | - |

Note:

- Cash Credit facilities is secured by hypothecation of 1st charge on stocks, book debts and other current assets and 2nd charge on Fixed Assets.
- Post Demerger of Heavy Engineering and Steel Foundry businesses of Texmaco Limited (now known as Texmaco Infrastructure & Holdings Limited), the first charge created on immovable property and corporate guarantee of Texmaco Limited continues.

| | | |
|---------------------------|------------------|----------|
| 2.8 TRADE PAYABLES | | |
| MSME | 234.59 | - |
| Others | 36,393.48 | - |
| Total (2.8) | 36,628.07 | - |

Notes:

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

| Particulars | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---|-------------------------|-------------------------|
| Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows: | | |
| (a) Principal amount due | 234.59 | - |
| 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 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. | | |

Notes on Consolidated Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|--|-------------------------|-------------------------|
| 2.9 OTHER CURRENT LIABILITIES | | |
| Current maturities of long-term debt | | |
| Term Loan / Foreign Currency Term Loan (TL/FCTL) | 695.29 | - |
| Car Loan | 14.78 | - |
| Interest accrued but no due on borrowings | 272.54 | - |
| Interest accrued and due on borrowings | 48.33 | - |
| Unpaid Dividends | 23.54 | - |
| Other payable | - | |
| TDS and Other Taxes Payable | 961.52 | - |
| Liabilities for Expenses | 2,098.20 | - |
| Amount Due to Employee | 666.15 | - |
| PF, ESI amount Payable | 98.52 | - |
| Others Misc. Payable | 1,118.21 | - |
| Misc. Security Deposit | 617.57 | - |
| Advance from Customer (Deposit against order) | 11,858.46 | - |
| Total (2.9) | 18,473.11 | - |

Note:

There is no amount due and outstanding to be credited to the Investor Education and Protection Fund against unpaid dividend as at 31.03.2016

| | | |
|-----------------------------------|----------------|---|
| 2.10 SHORT-TERM PROVISIONS | | |
| Provision for employee benefits | | |
| For Leave | 83.21 | - |
| For Gratuity | 161.88 | - |
| Provision for Expenses | 72.79 | - |
| Provision for Others | 468.60 | - |
| Others | | |
| Proposed Dividend | 525.71 | - |
| Tax on Dividend | 107.02 | - |
| Total (2.10) | 1419.21 | - |

Notes on Consolidated Financial Statements

2.11 FIXED ASSETS

| DESCRIPTION OF ASSETS | GROSS BLOCK | | | | DEPRECIATION | | | NET BLOCK | |
|---------------------------------|------------------|---------------------------|--------------------|------------------|------------------|------------------|--------------------|------------------|------------------|
| | As on 01/04/15 | Additions during the year | Sales/ Adjustments | As on 31/03/16 | As on 01/04/15 | During the year | Sales/ Adjustments | As on 31/03/16 | As on 31/03/15 |
| | | | | | | | | | |
| TANGIBLE ASSETS | | | | | | | | | |
| LAND | 1,376.61 | - | - | 1,376.61 | 0.47 | 0.02 | - | 0.49 | 1,376.12 |
| BUILDINGS | 15,115.46 | 666.04 | - | 15,781.50 | 3,816.44 | 329.36 | - | 4,145.80 | 11,635.70 |
| ROADS | 166.18 | 15.14 | - | 181.32 | 69.68 | 20.15 | - | 89.83 | 91.49 |
| RAILWAY SIDINGS | 364.73 | - | - | 364.73 | 182.70 | 10.29 | - | 192.99 | 171.74 |
| PLANT & MACHINERY | 28,890.62 | 2,675.24 | 72.09 | 31,493.77 | 10,918.82 | 1,334.74 | 62.43 | 12,191.13 | 19,302.64 |
| ELECTRICAL MACHINERY | 1,112.97 | 167.16 | 0.20 | 1,279.93 | 552.76 | 59.63 | 0.14 | 612.25 | 667.68 |
| OFFICE EQUIPMENTS | 764.73 | 69.22 | 0.59 | 833.36 | 559.54 | 60.68 | 0.59 | 619.63 | 213.73 |
| FURNITURE & FITTINGS | 542.58 | 48.20 | 0.37 | 590.41 | 273.67 | 51.79 | 0.35 | 325.11 | 265.30 |
| VEHICLES | 1,219.34 | 232.97 | 34.02 | 1,418.29 | 677.77 | 113.96 | 23.71 | 768.02 | 650.27 |
| TOTAL | 49,553.22 | 3,873.97 | 107.27 | 53,319.92 | 17,051.85 | 1,980.62 | 87.22 | 18,945.25 | 34,374.67 |
| CWIP (Capital Work in Progress) | 482.13 | 2,767.29 | 1,282.18 | 1,967.24 | - | - | - | - | 1,967.24 |
| INTANGIBLE ASSETS | | | | | | | | | |
| SOFTWARE | 588.19 | 135.53 | 230.88 | 492.84 | 256.15 | 116.92 | 146.11 | 226.96 | 265.88 |
| LICENSE | 250.00 | - | - | 250.00 | 17.91 | 7.16 | - | 25.07 | 224.93 |
| TOTAL | 838.19 | 135.53 | 230.88 | 742.84 | 274.06 | 124.08 | 146.11 | 252.03 | 490.81 |
| GRAND TOTAL | 50,873.54 | 6,776.79 | 1,620.33 | 56,030.00 | 17,325.91 | *2,104.70 | 233.33 | 19,197.28 | 36,832.72 |
| <i>Previous Year</i> | - | - | - | - | - | - | - | - | - |

* Out of this ₹ 1,687.08 Lakhs charged to Statement of Profit and Loss being the depreciation and amortisation of holding company and its share of post acquisition in subsidiaries, share of minority and share of Joint Ventures.

Notes on Consolidated Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|--|-------------------------|-------------------------|
| 2.12 A. NON-CURRENT INVESTMENTS (AT COST) | | |
| OTHER THAN TRADE INVESTMENTS | | |
| Fully paid-up | | |
| Investments in Equity Instruments (Quoted) | | |
| Texmaco Infrastructure & Holdings Limited | 732.63 | - |
| 23,49,809 Shares of ₹ 1 each | | |
| Chambal Fertilisers & Chemicals Limited | 532.39 | - |
| 10,00,000 Shares of ₹ 10 each | | |
| TOTAL NON CURRENT INVESTMENTS | 1,265.02 | - |
| i) Aggregate amount of quoted investments | 1,265.02 | - |
| ii) Market Value of quoted investments | 1,270.39 | - |
| iii) Aggregate amount of unquoted investments | - | - |
| iv) Aggregate Provision for diminution in value of Investments | - | - |
| 2.12 B. CURRENT INVESTMENTS (At Lower of Cost and Fair Value) | | |
| Fully paid-up | | |
| a) Investments in Equity Instruments (Quoted) | | |
| Powergrid Corporation of India Limited | 16.78 | - |
| 11,000 Shares of ₹ 10 each | | |
| Tata Teleservices (Maharashtra) Limited | 9.79 | - |
| 22,666 Units of ₹ 10 each | | |
| EIH Limited | 17.29 | - |
| 10,000 Shares of ₹ 2 each | | |
| SREI Infrastructure Finance Limited | 2.17 | - |
| 1,800 (2015: 1,800) Shares of ₹ 10 each | | |
| Century Textiles & Industries Limited | 4.35 | - |
| 500 Shares of ₹ 10 each | | |
| NHPC Limited | 36.53 | - |
| 1,01,471 Shares of ₹ 10 each | | |
| Sub-total | 86.91 | - |
| Less: Provision for Diminution | (31.53) | - |
| Sub-total-(a) | 55.38 | - |
| b) Investments in Bonds (Unquoted) | | |
| In NABARD | 1,938.05 | - |
| 20750 Units of ₹ 8500 each (FV ₹ 20,000) | | |
| In 6.70% IRFC (Tax Free) | 540.00 | - |
| 540 Units of ₹ 1,00,000 each | | |
| In 8.10% IRFC (Tax Free) | 217.51 | - |
| 21,751 Units of ₹ 1,000 each | | |
| In 8.30% GOI | 462.50 | - |
| 5,00,000 Units of ₹ 100 each | | |
| In 8.30% NHAI (Tax Free) | 494.48 | - |
| 49,448 Units of ₹ 1,000 each | | |
| In 8.20% HUDCO (Tax Free) | 500.00 | - |
| 50,000 Units of ₹ 1,000 each | | |
| Sub-total-(b) | 4,152.54 | - |

Notes on Consolidated Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|--|-------------------------|-------------------------|
| 2.12 B. CURRENT INVESTMENTS (At Lower of Cost and Fair Value) | | |
| c) Investments in Mutual Funds (Unquoted) | | |
| Axis Treasury Advantage Fund Growth 645 Units of ₹ 1000 each | 10.00 | - |
| Birla Sun Life Income Plus Growth Regular Plan 21,15,639 Units of ₹ 10 each | 1,116.88 | - |
| Birla Sun Life Treasury Optimiser Fund Growth 2,88,403 Units of ₹ 100 each | 500.00 | - |
| Birla Sun Life Short Term Opportunities Fund Growth 21,90,494 Units of ₹ 10 each | 500.00 | - |
| Birla Sun Life Dynamic Bond Fund Retail Growth -Regular plan 42,04,472 Units of ₹ 10 each | 1,000.00 | - |
| DSP Black Rock FMP Series 144 Growth 13,54,396 Units of ₹ 10 each | 135.44 | - |
| Franklin India Short Term Income Fund Growth 17424 Units of ₹ 1000 each | 500.00 | - |
| Franklin India Corporate Bond Opportunities Growth 35,54,721 Units of ₹ 10 each | 500.00 | - |
| HDFC Income Fund - Growth 21,98,991 Units of ₹ 10 each | 575.97 | - |
| HDFC FMP 369 Days March 2015 (3) Series 29 Regular Growth 79,00,000 Units of ₹ 10 each | 790.00 | - |
| HDFC Short Term Plan Growth 38,03,887 Units of ₹ 10 each | 1,000.00 | - |
| HDFC Corporate Debt Opportunity Fund -Growth 44,54,978 Units of ₹ 10 each | 500.00 | - |
| HDFC Gilt Fund LTP -Growth 17,63,332 Units of ₹ 10 each | 500.00 | - |
| IDFC Super Saver Income Fund Institutional Plan Growth Regular Plan 2,74,659 Units of ₹ 10 each | 78.44 | - |
| IDFC SSIF Medium Term Plan Growth 21,27,651 Units of ₹ 10 each | 500.00 | - |
| ICICI Prudential Short Term Plan Growth 7,53,792 Units of ₹ 10 each | 210.15 | - |
| ICICI Prudential Regular Saving Fund Growth 1,40,45,832 Units of ₹ 10 each | 2,000.00 | - |
| ICICI Prudential Saving Fund -Growth 6,50,785 Units of ₹ 100 each | 1,456.15 | - |
| IIFL Dynamic Bond Fund Direct Plan-Growth 2,93,79,881 Units of ₹10 each | 3,500.00 | - |
| Kotak Income Opportunity Fund- Growth 6,30,282 Units of ₹ 10 each | 79.11 | - |
| Kotak Medium Term Fund Growth 91,64,818 Units of ₹ 10 each | 1,008.11 | - |

Notes on Consolidated Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---|-------------------------|-------------------------|
| 2.12 B. CURRENT INVESTMENTS (At Lower of Cost and Fair Value) | | |
| Reliance Short Term Fund -Growth 19,10,833 Units of ₹ 10 each | 500.00 | - |
| Reliance Income Fund- Growth Plan - Bonus Option 1,87,33,022 Units of ₹ 10 each | 2,030.11 | - |
| Reliance Dynamic Bond Fund Direct Growth Plan 37,49,367 Units of ₹ 10 each | 588.65 | - |
| Reliance Dynamic Bond Fund Growth Plan - Growth Option 59,87,327 Units of ₹ 10 each | 1,136.15 | - |
| Reliance Regular Saving Fund Debt Plan- Growth Plan Growth Option 1,90,10,042 Units of ₹ 10 each | 3,230.66 | - |
| Reliance Medium Term Plan 14,73,281 Units of ₹10 each | 452.91 | - |
| Reliance Money Manager Fund - Growth Plan Growth Option 76,23,209 Units of ₹10 each | 76.21 | - |
| SBI Magnum Income Fund Regular Plan - Growth 38,52,150 Units of ₹ 10 each | 1,079.01 | - |
| SBI Magnum Gilt Fund -LTP Growth 16,55,673 Units of ₹ 10 each | 500.00 | - |
| SBI Premier Liquid Fund Regular Plan Growth 92,712 Units of ₹1000 each | 2,200.00 | - |
| SBI Ultra Short Term Debt Fund Regular Plan Growth 58,144 Units of ₹1000 each | 1,109.40 | - |
| UTI Short Term Income Fund Growth 29,79,383 Units of ₹ 10 each | 500.00 | - |
| Sub-total-(c) | 29,863.35 | - |
| TOTAL NON CURRENT INVESTMENTS | 1,265.02 | - |
| TOTAL CURRENT INVESTMENTS | 34,071.27 | - |
| Aggregate amount of Quoted Current Investments | 86.91 | - |
| Market Value of Quoted Current Investments | 55.38 | - |
| Aggregate amount of Unquoted Investments | 34,015.89 | - |
| Aggregate amount of written down on Current investments | 31.53 | - |
| Aggregate NAV value of unquoted Mutual Funds | 33,467.01 | - |

| 2.13 LONG TERM LOANS AND ADVANCES | | |
|--|-----------------|----------|
| Unsecured Considered Good | | |
| Capital Advances | 1,039.64 | - |
| Security Deposits | 321.42 | - |
| Balance with Government Authority | 462.08 | - |
| Other loans and advances | - | - |
| Income Tax(Net of Advance Tax) | 1,937.42 | - |
| Prepaid Expenses | 133.17 | - |
| Other loans and advances | 1,000.00 | - |
| Total (2.13) | 4,893.73 | - |

Notes on Consolidated Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---------------------------------------|-------------------------|-------------------------|
| 2.14 OTHER NON-CURRENT ASSETS | | |
| Unsecured Considered Good | | |
| Long Term Trade Receivables | 5,382.26 | - |
| Others | | |
| Other Non-Current balances with banks | 716.03 | - |
| Interest Accrued | 109.96 | - |
| TOTAL (2.14) | 6,208.25 | - |

| | | |
|-------------------------------|------------------|----------|
| 2.15 INVENTORIES | | |
| Raw Materials & Components | 15,420.18 | - |
| Work-in-progress | 14,718.69 | - |
| Finished Goods | 1,257.78 | - |
| Stores and spares | 1,239.97 | - |
| Goods in Transit - Components | 24.70 | - |
| Total (2.15) | 32,661.32 | - |

Notes:

1 Stock as per inventories taken, valued and certified by the management.

2 Mode of valuation

Inventories are valued at the lower of cost or 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.

| | | |
|--|------------------|----------|
| 2.16 TRADE RECEIVABLES | | |
| More than six months from the due date | | |
| Unsecured, considered good | 14,928.06 | - |
| Considered Doubtful | 7,098.26 | - |
| | 22,026.32 | - |
| Others-Unsecured, considered good | 35,988.06 | - |
| Less: Provision for doubtful debt | (7,098.26) | - |
| Total (2.16) | 50,916.12 | - |

Notes:

1 In the opinion of the management trade receivables have a value on realisation in the ordinary course of business unless otherwise stated, at least to the amount at which they are stated.

2 Trade Receivables includes Retention Money ₹ 14,630.56 lakhs.

Notes on Consolidated Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---|-------------------------|-------------------------|
| 2.17 CASH AND BANK BALANCES | | |
| Cash and cash equivalents | | |
| Balances with banks | | |
| Current Accounts | 2,214.83 | - |
| Cheques, drafts on hand | 8.79 | - |
| Cash on hand | 81.28 | - |
| | 2,304.90 | - |
| Other bank balances | | |
| Term Deposit of upto twelve months maturity | 3,587.87 | - |
| Term Deposit of more than twelve months maturity(earmarked) | 913.70 | - |
| Unpaid Dividend Account | 23.54 | - |
| | 4,525.11 | - |
| Total (2.17) | 6,830.01 | - |

| | | |
|---|------------------|----------|
| 2.18 SHORT TERM LOANS AND ADVANCES | | |
| Unsecured Considered Good | | |
| Other loans and advances- | | |
| Loan to Body Corporates | 3,775.00 | - |
| Advance to Parties | 2,695.59 | - |
| Advance to Employee | 105.11 | - |
| Other Advances | 624.06 | - |
| Prepaid Expenses | 686.48 | - |
| Balances with Government Deptt | 6,948.54 | - |
| Security Deposits | 64.87 | - |
| Income Tax(Net of Provision) | (95.03) | - |
| MAT Credit Entitlement | 544.44 | - |
| Total (2.18) | 15,349.06 | - |

| | | |
|----------------------------------|-----------------|----------|
| 2.19 OTHER CURRENT ASSETS | | |
| Unbilled Revenue | 7,752.87 | - |
| Interest accrued on Loans | 646.70 | - |
| Earnest Money Deposit | 104.49 | - |
| Total (2.19) | 8,504.06 | - |

Notes:

Interest on Loan given to a Body Corporate has not been provided for during the Financial Year as the recovery of the same is uncertain. However, the management is hopeful of recovery of the outstanding.

Notes on Consolidated Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|-------------------------------------|-------------------------|-------------------------|
| 2.20 REVENUE FROM OPERATIONS | | |
| Sale of products | 89,824.73 | - |
| Less: Inter Segment Revenue | (13,832.86) | - |
| Less: Excise Duty | (5,427.81) | - |
| | 70,564.06 | - |
| Sale of Trading Goods | 71.44 | - |
| Sale of services | 24,353.76 | - |
| | 94,989.26 | - |
| Other operating revenues | 371.40 | - |
| Total (2.20) | 95,360.66 | - |

| | | |
|---|-----------------|---|
| 2.21 OTHER INCOME | | |
| Interest Income | | |
| From Bank | 455.75 | - |
| From Others | 345.17 | - |
| Dividend - Income from Current Investments | 92.40 | - |
| Dividend - Income from Non-Current Investments | 22.52 | - |
| Net gain on Sale of Current Investments | 1380.39 | - |
| Net gain on Sale of Non-Current Investments | 504.20 | - |
| Miscellaneous Receipts and Income | 149.55 | - |
| Insurance Claim Received | 7.86 | - |
| Sundry Credit Balance Adjusted | 4.52 | - |
| Profit on sale of Fixed Assets (Net) | 23.74 | - |
| Rent Received | 125.17 | - |
| Commission Income | 15.91 | - |
| Provision & Excess Liabilities Written Back | 18.98 | - |
| Provision for Diminution of Current Investment Written Back | 2.83 | - |
| Total (2.21) | 3,148.99 | - |

| | | |
|---|------------------|---|
| 2.22 COST OF MATERIAL CONSUMED | | |
| Opening Stock of Raw Materials | 5,354.88 | - |
| Add: Raw materials Purchased and Departmental Transfers etc. | 20,720.82 | - |
| | 26,075.70 | - |
| Less: Returns, Sales and Departmental issues used in Works and In Block | 74.95 | - |
| Less: Closing Stock of Raw Materials | 4,761.71 | - |
| | 4,836.66 | - |
| | 21,239.04 | - |
| Consumption of Components | 61,735.69 | - |
| Less Inter Segment Revenue | (13,832.86) | - |
| Total (2.22) | 69,141.87 | - |

Notes on Consolidated Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|------------------------------------|-------------------------|-------------------------|
| 2.23 CHANGES IN INVENTORIES | | |
| Opening Stock | | |
| Finished Goods | 749.97 | - |
| Work-in-progress | 12,324.60 | - |
| | 13,074.57 | - |
| Less: Closing Stock | | |
| Finished Goods | 1,257.78 | - |
| Work-in-progress | 14,718.69 | - |
| | 15,976.47 | - |
| Total (2.23) | (2,901.90) | - |

| | | |
|---|-----------------|----------|
| 2.24 EMPLOYEE BENEFITS EXPENSE | | |
| Salaries, Wages and Bonus | 5,628.24 | - |
| Contribution to provident and other funds | | - |
| Provident Fund and Pension Fund | 461.39 | - |
| Superannuation Fund | 44.21 | - |
| Gratuity | 56.07 | - |
| Provision for Leave Encashment | 30.64 | - |
| VRS Expenses | 41.41 | - |
| ESOS Expenses | 139.59 | - |
| Staff Welfare Expenses | 389.53 | - |
| Total (2.24) | 6,791.08 | - |

| | | |
|------------------------------|-----------------|----------|
| 2.25 FINANCE COST | | |
| Interest Expenses | | |
| Banks | 2876.66 | - |
| Fixed Deposit | - | - |
| Others | 129.08 | - |
| | 3,005.74 | - |
| Other Borrowing Costs | 878.70 | - |
| Total (2.25) | 3,884.44 | - |

| | | |
|--|-----------------|----------|
| 2.11 DEPRECIATION AND AMORTISATION EXPENSES | | |
| Depreciation on Tangible Assets | 1601.06 | - |
| Depreciation on Intangible Assets | 86.02 | - |
| Total (2.11) | 1,687.08 | - |

Notes on Consolidated Financial Statements

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|---|-------------------------|-------------------------|
| 2.26 OTHER EXPENSES | | |
| Consumption of stores and spares part | 6,281.86 | - |
| Power and Fuel | 4,473.16 | - |
| Rent | 88.26 | - |
| Repairs to buildings | 384.33 | - |
| Repairs to machinery | 421.81 | - |
| Repairs to others | 128.85 | - |
| Insurance | 113.77 | - |
| Rates and Taxes excluding taxes on Income | 234.46 | - |
| Hire Charges | 483.79 | - |
| Freight, Packing and Transport (Net) | 765.81 | - |
| Inspection & Testing Charges | 43.79 | - |
| Erection Expenses | 806.42 | - |
| Drawings and Designs | 5.09 | - |
| Royalty & Knowhow | 11.72 | - |
| Research & Development | 76.57 | - |
| Technical Consultancy | 164.91 | - |
| Other Construction and Operating Expenses | 539.22 | - |
| Excise Duty Provided on Stock | 0.45 | - |
| Selling Agents Commission | 35.38 | - |
| Selling Expenses | 302.09 | - |
| Director's Sitting Fees | 18.01 | - |
| Director's Commission | 13.35 | - |
| Payments to the Auditor (incl Service Tax) | | |
| As Auditor | 21.50 | |
| For Tax Audit | 5.28 | |
| For Quarterly Review | 2.90 | |
| For Fees for Other Services (incl for issuing various certificates) | 8.35 | |
| As Cost Auditor | 1.40 | |
| For Reimbursement of out of pocket expenses | 2.18 | 41.61 |
| Claim and Damage | | 8.14 |
| Donation (Refer Note below) | | 52.60 |
| CSR Expenses (Refer Note below) | | 34.13 |
| Miscellaneous Expenses | | 1,981.86 |
| Sundry Debit Balance Adjusted | | 11.49 |
| Bad Debt/advances written off | | 242.13 |
| Fixed Assets Written off | | 42.40 |
| Expenses related to previous year | | 1.19 |
| Preliminary Expenses | | 1.76 |
| Net (gain)/loss on foreign currency transaction | | 72.49 |
| Total (2.26) | | 17,882.90 |

1) Note on CSR Expenses

(i) Gross amount required to be spent by the Company during the year: ₹ 107.48 lakhs

(ii) Amount spent during the year on:

| | In Cash | Yet to be paid | Total |
|---|--------------|----------------|--------------|
| (a) Construction/ acquisition of any assets | 9.34 | - | 9.34 |
| (b) On purpose other than (a) above | 24.79 | - | 24.79 |
| TOTAL | 34.13 | - | 34.13 |

2) Note on Donation

Donation includes ₹ 50.00 lakhs paid to All India Trinamool Congress.

Notes on Consolidated Financial Statements

2.27 PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statement that relate Texmaco Rail & Engineering Limited and its various subsidiaries and investments in Joint Ventures have been prepared on the following basis:

- The Financial Statements of the Company and its Subsidiaries are combined on a line - by - line basis by adding together the book value of like terms of assets, liabilities, income and expenditure, after fully eliminating intra group balance, intra group transactions and any unrealized profit/ loss included therein (as per Accounting Standard - 21 (Consolidated Financial Statements notified by Companies (Accounting Standard) Rules, 2006).
- Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per AS-27 – “Financial Reporting of Interests in Joint Ventures”.
- The Consolidated Financial Statements have been prepared using uniform accounting policies, except stated otherwise, for like transaction and are presented, to the extent possible, in the same manner as the Company’s separate Financial Statement.

| The Subsidiaries and Joint Venture companies considered in the Financial Statement are as follows: | Country of Incorporation | % of Voting power as on 31.03.2016 |
|--|--------------------------|------------------------------------|
| Subsidiaries | | |
| Kalindee Rail Nirman (Engineers) Limited (w.e.f. 31st August, 2015) | India | 42.87* |
| Bright Power Projects (India) Private Limited (w.e.f. 4th January, 2016) | India | 55.00 |
| Texmaco Hi-Tech Private Limited (w.e.f. 1st October, 2015) | India | 100.00 |
| Joint Ventures | | |
| Wabtech Texmaco Rail Private Limited (w.e.f. 15th July, 2015) | India | 40.00 |
| Touax Texmaco Railcar Leasing Private Limited | India | 50.00 |

* The Company is subsidiary by virtue of control of management

- For the Companies which had become subsidiary during the year, the Profit/Loss for the year has been segregated between pre-acquisition and post acquisition for calculation of goodwill/capital reserve/minority interest and the post acquisition Profit/Loss has also been segregated for calculating the share of the minority share holders.

2015-16
(₹ in Lakhs)

2.28 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Commitments

| | |
|---|----------|
| Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advance) | 2,438.07 |
|---|----------|

(b) Contingent Liabilities (not provided for) in respect of :

| | |
|---|----------|
| (a) Guarantees given by Banks in the normal course of Business. | 81268.86 |
| (b) Letters of Credit opened by Banks in the normal course of Business. | 16393.69 |
| (c) Bonds issued to Custom Department | 92.20 |
| (d) Claims under dispute (Excise Duty, Service Tax & others) | 5862.82 |
| (e) Claims not acknowledged as debts (Amount unascertainable) | - |
| (f) Income Tax assessment under appeal (Amount unascertainable) | - |

Notes on Consolidated Financial Statements

2.29 RELATED PARTY DISCLOSURE

(a) Name of the related parties and relationship as per Accounting Standard 18

| Relationship | Parties Where Control Exist 2015-16 |
|--|---|
| A. Key Management Personnel | Mr. S. K. Poddar, Executive Chairman |
| | Mr. Ramesh Maheshwari, Executive Vice Chairman |
| | Mr. D. H. Kela, Executive Director & CEO (SF) |
| | Mr. Sandeep Fuller, Executive Director & CEO (HED) |
| | Mr. A. K. Vijay, Executive Director (Finance) & CFO |
| | Mr. Ravi Varma, (Company Secretary) (w.e.f: 22nd June 2015) |
| B. Relative of Key Management Personnel | Ms. Jyotsna Poddar, (Wife of Mr. S. K. Poddar) |
| | Mr. Akshay Poddar, (Son of Mr. S. K. Poddar) |
| | Ms. Puja Poddar, (Daughter in Law of Mr. S. K. Poddar) |
| | Ms. Shradha Agarwal, (Daughter of Mr. S. K. Poddar) |
| C. Group Company where transaction exists. | Zuari Investments Limited |
| | Duke Commerce Limited |
| | Adventz Securities Enterprises Limited |
| | Zuari Global Limited |
| | New Eros Tradecom Limited |
| | Master Exchange & Finance Limited |
| | Adventz Investments Co. Pvt. Limited |
| | Adventz Securities Trading Pvt. Limited |
| | Adventz Finance Pvt. Limited |
| | Eureka Traders Pvt. Limited |
| | Abhishek Holdings Pvt. Limited |
| | Greenland Trading Pvt. Limited |
| | Indrakshi Trading Company Pvt. Limited |
| | Zuari Management Services Limited |
| | High Quality Steels Limited |
| | Lionel India Limited |
| | Texmaco Infrastructure & Holdings Limited |
| | Macfarlane & Co. Limited |
| | Mangalore Chemicals & Fertilizers Limited |
| | Paradeep Phosphate Limited |

Notes on Consolidated Financial Statements

2.29 RELATED PARTY DISCLOSURE (Contd...)

(b) Related Party Transactions

(₹ in Lakhs)

| Transactions | Other Related Party | Subsidiary | Associate | Joint venture | Key Management Personnel | Grand Total | Balance outstanding as on 31/03/2016 |
|---|---------------------|------------|-----------|---------------|--------------------------|-------------|--------------------------------------|
| Remuneration Paid | | | | | | | |
| - Mr. S. K. Poddar | -- | -- | -- | -- | 363.76 | 363.76 | -- |
| | (--) | (--) | (--) | (--) | (--) | (--) | (--) |
| - Mr. Ramesh Maheshwari* | -- | -- | -- | -- | 176.88 | 176.88 | -- |
| | (--) | (--) | (--) | (--) | (--) | (--) | (--) |
| - Mr. D. H. Kela* | -- | -- | -- | -- | 112.24 | 112.24 | -- |
| | (--) | (--) | (--) | (--) | (--) | (--) | (--) |
| - Mr. Sandeep Fuller* | -- | -- | -- | -- | 96.16 | 96.16 | -- |
| | (--) | (--) | (--) | (--) | (--) | (--) | (--) |
| - Mr. A. K. Vijay* | -- | -- | -- | -- | 67.76 | 67.76 | -- |
| | (--) | (--) | (--) | (--) | (--) | (--) | (--) |
| - Mr. Ravi Varma (for part of the year) | -- | -- | -- | -- | 9.05 | 9.05 | -- |
| | (--) | (--) | (--) | (--) | (--) | (--) | (--) |

*This includes perquisites on equity share allotted in pursuant to Employee Stock Option Scheme

| Transactions with Relative of Key Management Personnel | | | | | | | |
|---|--------|------|------|------|------|--------|--------|
| - Mr. Akshay Poddar (Sitting Fees & Commission) | 3.50 | -- | -- | -- | -- | 3.50 | -- |
| | (--) | (--) | (--) | (--) | (--) | (--) | (--) |
| Investment | | | | | | | |
| - Texmaco Infrastructure & Holdings Limited | -- | -- | -- | -- | -- | -- | 732.63 |
| | (--) | (--) | (--) | (--) | (--) | (--) | (--) |
| Dividend Received | | | | | | | |
| - Texmaco Infrastructure & Holdings Limited | 3.53 | -- | -- | -- | -- | 3.53 | -- |
| | (--) | (--) | (--) | (--) | (--) | (--) | (--) |
| Others | | | | | | | |
| - Adventz Investments & Holdings Limited (Rent Paid) | -- | -- | -- | -- | -- | -- | -- |
| | (--) | (--) | (--) | (--) | (--) | (--) | (--) |
| - Adventz Securities Enterprises Limited (Loans Received) | 200.00 | -- | -- | -- | -- | 200.00 | 700.00 |
| | -- | -- | -- | -- | -- | -- | -- |
| - Adventz Securities Enterprises Limited (Interest Paid) | 67.98 | -- | -- | -- | -- | 67.98 | 25.56 |
| | -- | -- | -- | -- | -- | -- | -- |
| - Adventz Finance Pvt. Limited (Rent Paid) | 20.92 | -- | -- | -- | -- | 20.92 | 0.05 |
| | (--) | (--) | (--) | (--) | (--) | (--) | (--) |
| - Adventz Finance Pvt. Limited (Loans Received) | -- | -- | -- | -- | -- | -- | 100.00 |
| | (--) | (--) | (--) | (--) | (--) | (--) | -- |

Notes on Consolidated Financial Statements

2.29 RELATED PARTY DISCLOSURE (Contd...)

(b) Related Party Transactions

(₹ in Lakhs)

| Transactions | Other Related Party | Subsidiary | Associate | Joint venture | Key Management Personnel | Grand Total | Balance outstanding as on 31/03/2016 |
|--|---------------------|------------|-----------|---------------|--------------------------|-------------|--------------------------------------|
| Transactions with Relative of Key Management Personnel | | | | | | | |
| - Adventz Finance Pvt. Limited (Interest Paid) | 135.22 | -- | -- | -- | -- | 135.22 | 50.46 |
| | -- | -- | -- | -- | -- | -- | -- |
| - High Quality Steels Limited (Services Received) | 622.51 | -- | -- | -- | -- | 622.51 | 158.45 |
| | -- | -- | -- | -- | -- | -- | -- |
| - Lionel India Limited (Services Received) | 162.48 | -- | -- | -- | -- | 162.48 | 8.81 |
| | -- | -- | -- | -- | -- | -- | -- |
| - Texmaco Infrastructure & Holdings Limited (Rent Received) | 0.72 | -- | -- | -- | -- | 0.72 | -- |
| | -- | -- | -- | -- | -- | -- | -- |
| - Texmaco Infrastructure & Holdings Limited (Deposit Against Order) | 0.75 | -- | -- | -- | -- | 0.75 | -- |
| | -- | -- | -- | -- | -- | -- | -- |
| - Zuari Investments Limited (Depository Services) | 0.04 | -- | -- | -- | -- | 0.04 | -- |
| | -- | -- | -- | -- | -- | -- | -- |
| - Paradeep Phosphate Limited (Rent Received) | 5.74 | -- | -- | -- | -- | 5.74 | -- |
| | -- | -- | -- | -- | -- | -- | -- |
| Corporate Guarantee Received | | | | | | | |
| - Texmaco Infrastructure & Holdings Limited (Against Cash Credit facility) | -- | -- | -- | -- | -- | -- | 5,000.00 |
| | -- | -- | -- | -- | -- | -- | -- |

Note: Figures in brackets are for previous financial year.

Due to inadequate profit during the year 2014-15, the minimum remuneration paid to Executive Directors as per the terms of their appointment, exceeded the limit prescribed under Section 198 of the Companies Act, 2013, for which grant of waiver from Central Government is under process. Further, for the current year the remuneration has exceeded the prescribed limit due to inadequate profit for which necessary application to the Central Government shall be made, post approval from the shareholders in the ensuing Annual General Meeting.

The excess remuneration amounting to ₹ 4.71 lakhs has been realised from one of the Executive Directors for the year 2013-14.

2.30 EARNING PER SHARE – The numerator and denominator used to calculate Basic/Diluted Earning per Share

| | | 2015-16 | 2014-15 |
|--|------------|--------------|---------|
| Net Profit for the period from ordinary activities attributable to equity shareholders. | ₹ in Lakhs | 1,322.65 | - |
| Weighted average number of Equity share outstanding used as denominator for Basic earning per share. | Number | 21,01,01,300 | - |
| Weighted average number of Equity share on account of Employees Stock Option Scheme | Number | 10,85,250 | - |
| Weighted average number of Equity share used as denominator for Diluted Earning per Share | Number | 21,11,86,550 | - |
| (A) Basic Earning per share (face value of ₹ 1/- each) | ₹ | 0.63 | - |
| (B) Diluted Earning per share (face value of ₹ 1/- each) | ₹ | 0.63 | - |

Notes on Consolidated Financial Statements

2.31 VALUE OF RAW MATERIALS AND STORES CONSUMED (INCLUDING COMPONENTS AND SPARE PARTS) SERVICES ETC.:

| | 2015-16 | | 2014-15 | |
|---------------------|------------------|---------------|--------------|----------|
| | (₹ in Lakhs) | % | (₹ in Lakhs) | % |
| Imported | 25,290.49 | 28.33% | | |
| Indigenous | 63,966.10 | 71.67% | - | - |
| Total (2.31) | 89,256.59 | 100.00 | - | - |

2.32 VALUE OF IMPORTS ON C.I.F. BASIS

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|------------------------------------|-------------------------|-------------------------|
| Raw Materials | 164.34 | - |
| Components, Spare Parts and Stores | 11,621.88 | - |
| Capital Goods | 8.21 | - |
| Total (2.32) | 11,794.43 | - |

2.33 EXPENDITURE IN FOREIGN CURRENCY:

| | 2015-16 | 2014-15 |
|---|---------------|----------|
| R&D Expenses | 15.91 | - |
| Travelling and Others | 102.47 | - |
| Fees & Subscription | 7.22 | - |
| General Charges (Charity & Donation, AAR Audit Fee) | 29.14 | - |
| Total (2.33) | 154.74 | - |

2.34 EXPENDITURE IN FOREIGN CURRENCY:

| | 2015-16 | 2014-15 |
|--------------------------|-----------------|----------|
| Export of Goods (F.O.B.) | 5,465.97 | - |
| Commission | 39.77 | - |
| Total (2.34) | 5,505.74 | - |

2.35

Consumption of raw materials, components, stores and spares parts includes profit/loss on sale thereof and exchange difference arising on Foreign Currency transactions on account of imported Raw Materials/ Stores has been accounted under respective Revenue heads.

2.36 ANALYSIS OF RAW MATERIAL CONSUMED

| | 2015-16 | 2014-15 |
|------------------------|------------------|----------|
| M.S. & C.I. Scrap | 4,801.71 | - |
| Pig Iron | - | - |
| Plates & Sheets | 13,637.33 | - |
| Rounds, Bars and Flats | 123.66 | - |
| Structural | 2,506.52 | - |
| Others | 169.82 | - |
| Total (2.36) | 21,239.04 | - |

2.37 DETAILS OF INVENTORY OF WORK IN PROGRESS

| | 2015-16 | 2014-15 |
|------------------------------|------------------|----------|
| Work-in- Process | | |
| - Heavy Engineering Division | 7,181.02 | - |
| - Steel Foundry Division | 3,559.02 | - |
| - EPC Contracts | 3,845.19 | - |
| - Others | 133.46 | - |
| Total (2.37) | 14,718.69 | - |

Notes on Consolidated Financial Statements

2.38 DETAILS OF EXPENSES/(INCOME) RELATED TO PREVIOUS YEAR

| | 2015-16 (₹ in Lakhs) | 2014-15 (₹ in Lakhs) |
|----------------------------|-------------------------|-------------------------|
| Expenses | | |
| (i) Miscellaneous Expenses | 1.19 | - |
| (ii) Income Tax | - | - |
| Total (2.38) | 1.19 | - |

2.39

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.

| | | |
|---|-----------|---|
| (1) The particulars of derivative contracts entered into for hedging purpose, outstanding as at 31st March are as under : | | |
| (a) - Un-hedged foreign currency exposure as at 31st March 16 – Payables. Euro: 8,15,311 & USD: 1,73,21,968 | 12,042.92 | - |
| (b) - Un-hedged foreign currency exposure as at 31st March 16 – Receivable. AUD: 9,57,977, USD: 15,25,338, Euro: 21,87,802 and NRS: 47,82,516 | 3,176.68 | - |

2.40 AMOUNT DUE FROM/ TO CUSTOMERS ON CONSTRUCTION CONTRACTS

| | | |
|---|-----------|---|
| Contract Revenue for the year | 42,316.46 | - |
| Aggregate amount of cost incurred and recognised profit less recognised losses upto the reporting date on contract under progress | 69,367.09 | - |
| Advance received from customer | 3,231.25 | - |
| Retention Money | 10,483.95 | - |
| Structural | 13,032.74 | - |
| Gross amount due to customer for contract work | 533.26 | - |

2.41 THE SUBSIDIARY COMPANIES HAVE TAKEN/GIVEN SOME PROPERTIES UNDER OPERATING LEASE

| | | |
|---|----------|---|
| THE LEASE RENT PAID/RECEIVED ARE AS FOLLOWS | | |
| Lease Rent Paid | 64.64 | - |
| Lease Rent Received | 125.41 | - |
| Details regarding assets given on operating lease | | |
| Gross carrying amount as at the end | 3,081.82 | - |
| Accumulated depreciation as at the end | 66.50 | - |
| Depreciation recognised statement of profit & loss | 36.43 | - |
| Impairment losses recognized in statement of profit & loss. | - | - |
| Details of Future Lease Rent Receivable | | |
| Not later than one year | 429.03 | - |
| Later than one year but not later than five years | 1,848.80 | - |
| Later than five years | 2,309.12 | - |

Notes on Consolidated Financial Statements

2.42 INFORMATION ABOUT SEGMENT WORKING IS GIVEN BELOW

(₹ in Lakhs)

| | 2015-16 | | | | | 2014-15 | | | | |
|--|----------------------|------------------|------------------|-----------------|-------------------|----------------------|---------------|-----|--------|-------------|
| | Heavy Engg. Division | Steel Foundry | EPC | Others | Total | Heavy Engg. Division | Steel Foundry | EPC | Others | Total |
| | 1 | 2 | 3 | 4 | 5 (1+2+3+4) | 1 | 2 | 3 | 4 | 5 (1+2+3+4) |
| Revenue (Net of Excise Duty and Cess) | | | | | | | | | | |
| External Sales | 63,761.24 | 6,437.42 | 24,248.21 | 542.39 | 94,989.26 | - | - | - | - | - |
| Internal-Segment Sales | 651.03 | 13,179.41 | - | 2.42 | 13,832.86 | - | - | - | - | - |
| Other Operating Revenue | 293.99 | 55.70 | - | 21.71 | 371.40 | - | - | - | - | - |
| Total Revenue | 64,706.26 | 19,672.53 | 24,248.21 | 566.52 | 109,193.52 | - | - | - | - | - |
| Result | | | | | | | | | | |
| Segment Result | 2,194.32 | 989.97 | 1,739.66 | (764.34) | 4,159.61 | - | - | - | - | - |
| Unallocated Corporate Expenses | | | | | - | | | | | |
| Operating Profit/(Loss) | | | | | 4,159.61 | - | - | - | - | - |
| Interest Expense | | | | | (3,005.74) | - | - | - | - | - |
| Interest Income | | | | | 800.92 | - | - | - | - | - |
| Total Profit/(Loss) before Tax | | | | | 1,954.79 | - | - | - | - | - |
| Provision for Current Tax | | | | | 439.26 | - | - | - | - | - |
| Provision for Deferred Tax | | | | | 103.91 | - | - | - | - | - |
| Income Tax for Earlier Year | | | | | 5.06 | - | - | - | - | - |
| Profit/(Loss) from ordinary activities | | | | | 1,406.56 | - | - | - | - | - |
| Minority Interest | | | | | 83.91 | | | | | |
| Extra ordinary items | | | | | - | | | | | |
| Net Profit/(Loss) | | | | | 1,322.65 | | | | | |
| Other Information | | | | | | | | | | |
| Segment assets | 68,541.31 | 15,998.66 | 48,244.33 | 3,093.91 | 135,878.21 | - | - | - | - | - |
| Unallocated Corporate assets | | | | | 54,163.67 | | | | | |
| Total assets | | | | | 190,041.88 | | | | | |
| Segment liabilities | 45,402.48 | 6,763.63 | 41,069.21 | 3,909.50 | 97,144.82 | - | - | - | - | - |
| Unallocated corporate liabilities | | | | | 139.59 | | | | | |
| Total Liabilities | | | | | 97,284.41 | | | | | |
| Capital expenditure | 1,227.60 | 689.17 | 381.41 | 3,194.68 | 5,494.61 | - | - | - | - | - |
| Depreciation | 818.28 | 437.78 | 272.63 | 158.39 | 1,687.08 | - | - | - | - | - |
| Non-cash expenses other than depreciation | | | | | 424.12 | | | | | |

2.43

This being the first year of Consolidated Financial Statement (CFS), previous year figures not applicable.

2.44

Figures below ₹ 500/- have been omitted for rounding off and ₹ 500/- & above have been rounded off to the next ₹ 1,000/-.

In terms of our Report of even date attached herewith.

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

Chartered Accountants

Firm Registration No: 304153E

P. K. Gutgutia

Partner

Membership No.6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 30th May, 2016

Ravi Varma

Company Secretary

A. K. Vijay

Executive Director & CFO

S. K. Poddar

Ramesh Maheshwari

A. C. Chakrabortti

D. H. Kela

Sandeep Fuller

Directors

Going Global



Export Markets

Australia, USA, Canada, South America - Chile
Bangladesh, Nepal, Bhutan, Sri Lanka
Africa – Mali / Ghana / Cameroon / Ivory Coast

Reaching out the world markets



MOMENT OF GLORY



Executive Vice Chairman, Ramesh Maheshwari, being felicitated by The Hon'ble President of India, Shri Pranab Mukherjee on the occasion of honouring the 'Legends of Engineering Exports'.



TEXMACO RAIL & ENGINEERING LTD.

The Total Rail Solution Provider
Belgharia, Kolkata 700 056