

## Texmaco Rails & Engineering Limited.

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs75	Rs91	Rs150	100%	BUY	Rs16.4

### About the Company:

Texmaco Rail & Engineering (Texmaco), part of Adventz Group of led by Mr Saroj Poddar, is India's largest railway wagon manufacturer with an annual capacity of 10,000 wagons near Kolkata, West Bengal. It is engaged in the manufacturing of railway freight cars, EMU coaches, locomotive components and assemblies, hydromechanical equipment, bridges, structural equipment and steel castings. The manufacturing facilities are at Belgharia, Agarpara, Panihati and Sodepur near Kolkata in West Bengal. Texmaco has four business segments viz. Heavy Engineering (contributing 67%), EPC (contributing 26%), Steel Foundry (contributing 7%) and others (contributing 1%).

### Results Declared:

- The net sales for the quarter under reference was almost flat at Rs2846mn as against Rs2795mn
- There was improvement in the margins at 8.7% compared to 4.7% in the same quarter last year
- The net profits came in at Rs230mn as against Rs59mn in the comparative quarter. This includes higher other income in the quarter. However, even if taken as per trend, there would be growth at the net levels.
- For the full year, there was a drop in the net sales at Rs9269mn as compared to Rs11545mn. The Ebitda margins also dropped to 3.2% for the full year. There was a drop in the net profits at Rs101mn as compared to Rs336mn in the last year.
- Heavy Engg. , Steel Foundry segment & Rail EPC reported a drop of in revenue of 12%, 5% while the Rail EPC grew by 6.6%. The Steel Foundry division recorded an export of Rs770mn during the year which is 57% of the division's turnover.
- The board has recommended dividend of 25% i.e. Rs0.25 per Equity Share of Rs1/- each
- The overall performance was adversely impacted due to poor wagon order for a major part of the year and due to GST implementation, disruption of site activities for almost 6 months in Rail EPC division.

### Financials ( Standalone):

Result Update (Q4&FY2018)								
Q4&FY18 Result (Rs mn)	Mar-18	Mar- 17	y-o-y	Dec-17	q-o-q	FY18	FY17	y-o-y
Total Income	2846	2795	1.8%	2269	25.4%	9269	11545	(19.7%)
EBITDA	247	131	88.6%	93	165.2%	292	584	(50.0%)
Other Income	218	65	237.4%	123	78.2%	516	473	9.1%
Interest	112	96	16.9%	137	(18.3%)	476	475	0.2%
Depreciation	55	41	32.4%	43	26.7%	187	162	15.4%
Tax	69	(1)	-	(6)	-	44	84	(47.6%)
Net Profit	230	59	287.1%	41	456.7%	101	336	(69.9%)

### Outlook and Recommendations:

The company has reported a decent quarter but lower than expected results on the full year basis due to the poor wagon orders. But, with the gradual increase in focus of the govt. towards the Railways, one of the key beneficiaries should be Texmaco. However, seeing the current trend in the workings of the company; we tone down our target to Rs150 from the current Rs170 over a 12 months horizon.

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