

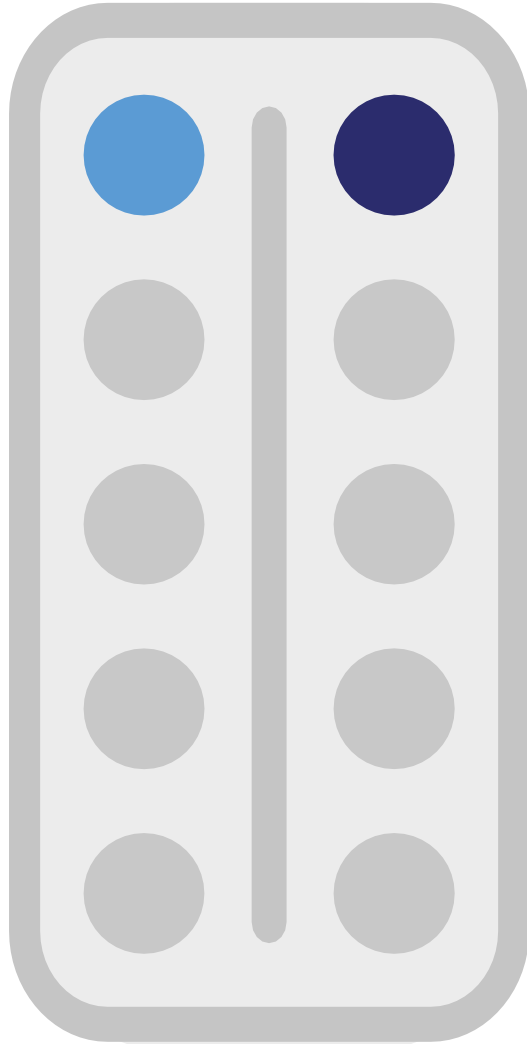
# Texmaco

Rail & Engineering Ltd.

## Investor presentation

June 2024





## **Company Overview**

Key Business Highlights

Growth outlook

Key financials

Annexure

# Adventz Group: USD 4bn conglomerate



**Saroj Kumar Poddar**, *Executive Chairman*



**Akshay Poddar**, *Non-executive Director*

## Agri-Business



- ★ • Zuari Agro Chemicals Ltd.
- ★ • Paradeep Phosphates Ltd.
- ★ • Mangalore Chemicals & Fertilizers Ltd.
- Gobind Sugar Mills Ltd.

★ Listed company

## Engg. & Infrastructure



- ★ • **Texmaco Rail & Engineering Ltd.**
- Touax Texmaco Rail Car Leasing Pvt. Ltd.
- Wabtec Texmaco Rail Pvt. Ltd.
- ★ • Texmaco Infrastructure & Holdings Ltd.

## Emerging Lifestyles



- Zuari Infracore India Ltd.
- Indian Furniture Products Ltd.
- Hettich India Pvt. Ltd.
- Zuari Global Ltd.
- Style Spa Furniture Ltd.

## Services



- Zuari Finserv Ltd.
- Adventz Zuari Insurance Brokers Ltd.
- Zuari Management Services Ltd.
- Lionel India Ltd.

*Adventz has presence across diverse sectors in India*

## Freight cars



- Diverse range of rail freight solutions
  - Indian Railway freight cars
  - Commodity specific special freight cars
  - Freight cars for export
  - Special purpose freight cars
- Only company working with mild-steel, stainless-steel and composite materials for manufacturing of rolling stock solutions

## Steel Foundry



- Largest internationally accredited foundry in India
- Largest foundry for IR castings
- Largest exporter of railway castings in India
- Manufactures parts of freight cars, like bogies and castings, for global clients
- Also caters to MoD, Marine, and mining industries
- Crossings and turnouts for high-speed railway

## Component systems & solutions



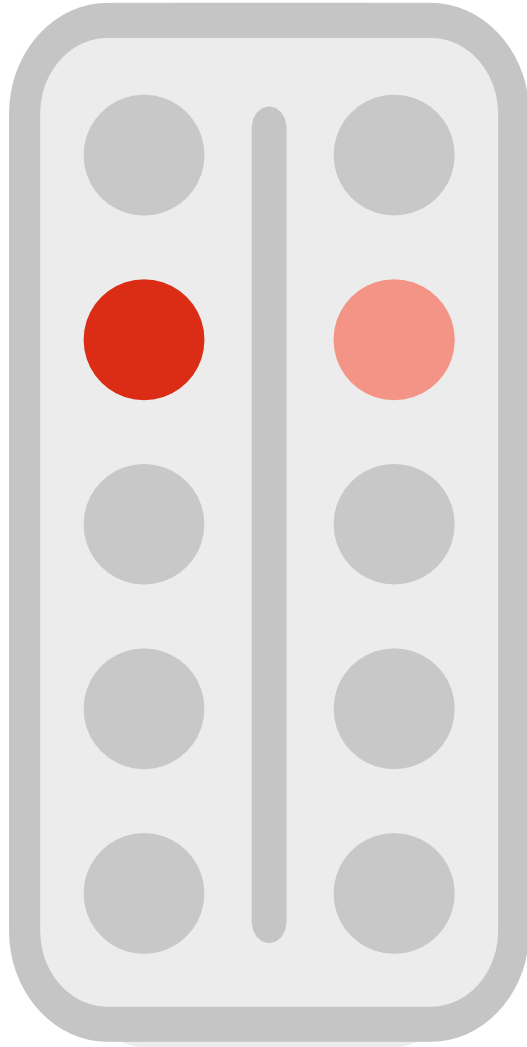
- Global sourcing partner for precision fabricated parts, machined systems and solutions
- Caters to global parties for sourcing bogie, passenger rolling stock and metro rail parts
- Working with global majors
- Development of components for interiors of passenger rolling stock

## Rail Infra & Others



- Over-Head Electrification
- Sub station

Note: Ministry of Defense (MoD); Indian Railways (IR)



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**01**

**Well-positioned to capitalize on the highest ever capital outlay by Indian Railways**

**02**

**Full-suite wagon building and component manufacturing facilities, with export capabilities and credentials**

**03**

**Largest and the only AAR<sup>1</sup> approved steel foundry in India**



**04**

**Access to world class technology from global partnerships**

**05**

**De-risked business model - focused on manufacturing and export prowess**

**06**

**Change management led by professionals and enablers**

Note: 1. Association of American Railroad (AAR)

## National Rail Plan<sup>1</sup> >>>



**Increase modal share of IR in freight from 26% to 45% by 2030**



**Target freight volumes from 1.5bn tones in FY'23 to 3.6bn tones by FY'31E**



**457m tones CO2 savings from DFC in 30 years**

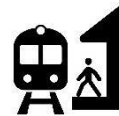


**Invest in infra to cater to growing demand till 2050**

## Capital outlay<sup>2</sup> >>>



**Rolling stock**  
INR 4.8 lakh cr  
*(Wagons 0.9 lakh cr)*



**Terminals**  
INR 0.8 lakh cr



**Track & Infrastructure:**  
INR 9.3 lakh cr

**Total: INR 15.0 lakh cr**

## Key projects

INR 1.5 lakh cr  
Dedicated Freight Corridor (DFC)<sup>1</sup>

INR 2.4 lakh cr  
Budgetary outlay for railways in Union budget'24

INR 5.0 lakh cr  
High Speed Rail corridor<sup>1</sup>

**126 critical and super critical projects** of total cost 1.2 lakh cr for completion by 2024

Note: Indian Railways (IR)

1. Source: CARE report 2. National Rail plan, capital outlay 2021-2031

*20+ types of freight cars - supplied to core sectors of the nation ...*

  
**Agri / Food**

  
**Auto**

  
**Steel**

  
**Cement**

  
**Alumina /  
Powders**

  
**Oil**

  
**Fly Ash**

  
**Coal**

  
**Milk**

  
**Defense**

  
**Iron ore**

  
**Container**

  
**LPG**

*... and many more*



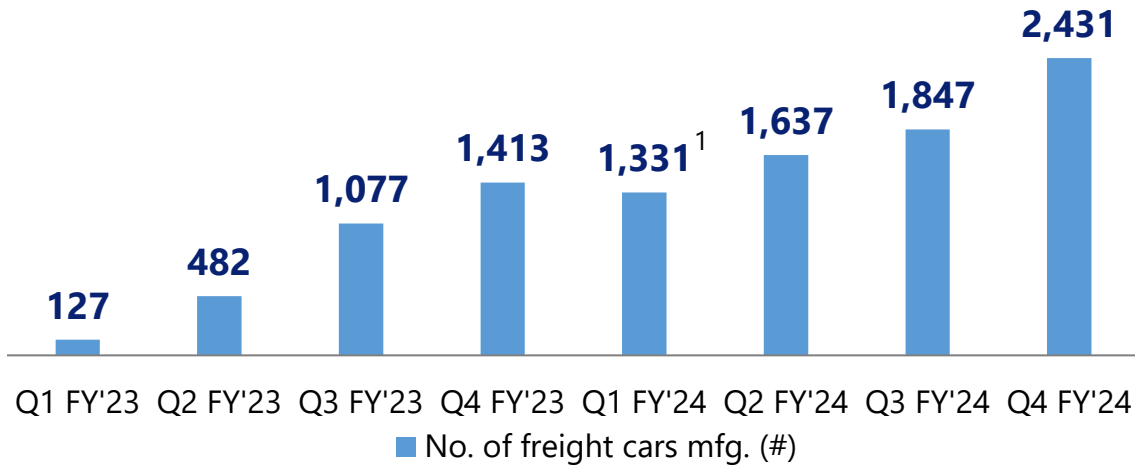
**Over 50,000+ freight cars supplied over past c.20 years**



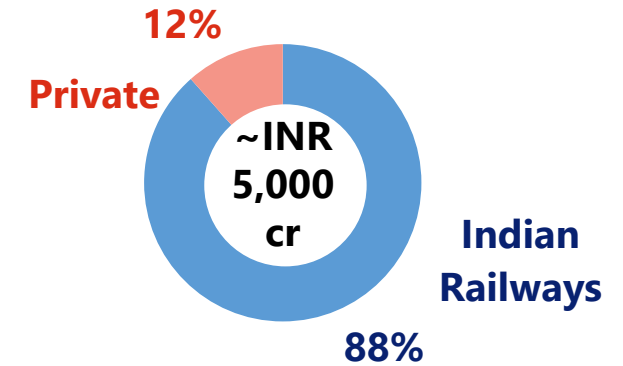
**Technically equipped to cater to markets across all gauges**



## Strong trend of ramp-up production



## Strong order-book of freight cars (Mar'24)



**Strategic alliance with Hindalco for Aluminum freight cars**



**Won its largest ever order of 20,000+ freight cars from IR**

Note: Indian Railways (IR)

1. Minor decline due to change in specifications from IR



**12,000+ VUs sold to Indian Railways in over 10 years**



Note: Vehicle Units (VUs)



**7,000+ VUs sold to private parties in 10 years**



**550+ VUs exported to foreign markets over the past 10 years**

	Gondola Wagon for Iron Ore (Liberia)
	Tank Wagon (Sri Lanka)
	Oil Tank Wagon (Bangladesh)
	Mineral Wagon (Ghana)
	Tank car for Phosphoric acid (Senegal)
	Container flat Wagon (Mali)
	Cars with sliding doors (Uganda)
	Side discharge cars (Vietnam)
	Low sided flat cars (Hungary)

## Six manufacturing facilities

5 located at Agarpara, Belgharia, Sodepur and Panihati in Kolkata, WB  
1 facility located at Raipur, CG

## Strategic location

Connectivity to major highways and ports  
Facilities in Kolkata situated within a radius of 5km  
Internal network of 15 rail lines

## 2 wagon manufacturing facilities

12 Bays for production of freight cars/Loco shells  
Large yard to hold 200+ freight cars

## Total ~200-acre facilities

~114 acres at Belgharia & Agarpara & ~42 acres at Panihati & Sodepur  
~30 acres at Raipur, CG

## Effective expansion

Expansion of capabilities by enhancing existing facilities  
Establishing new mfg. facilities

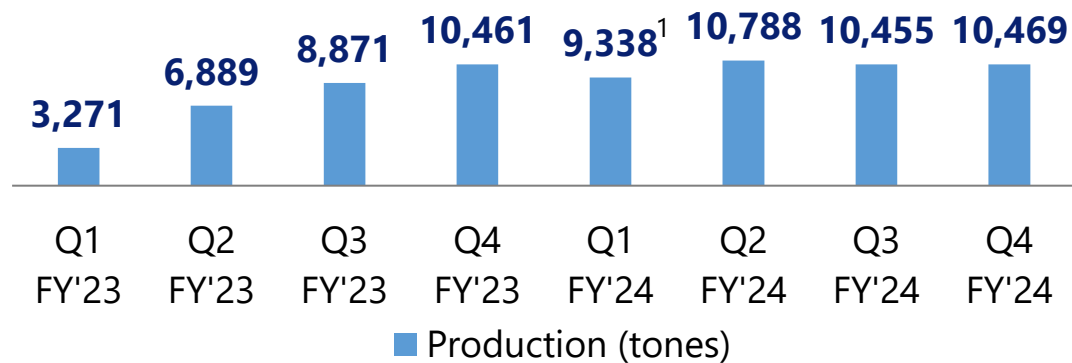
# Largest and internationally approved steel foundry in India

Capacity of 42,000 tones p.a., currently running at near 100% utilization

## Versatile process with demonstrated quality & capability

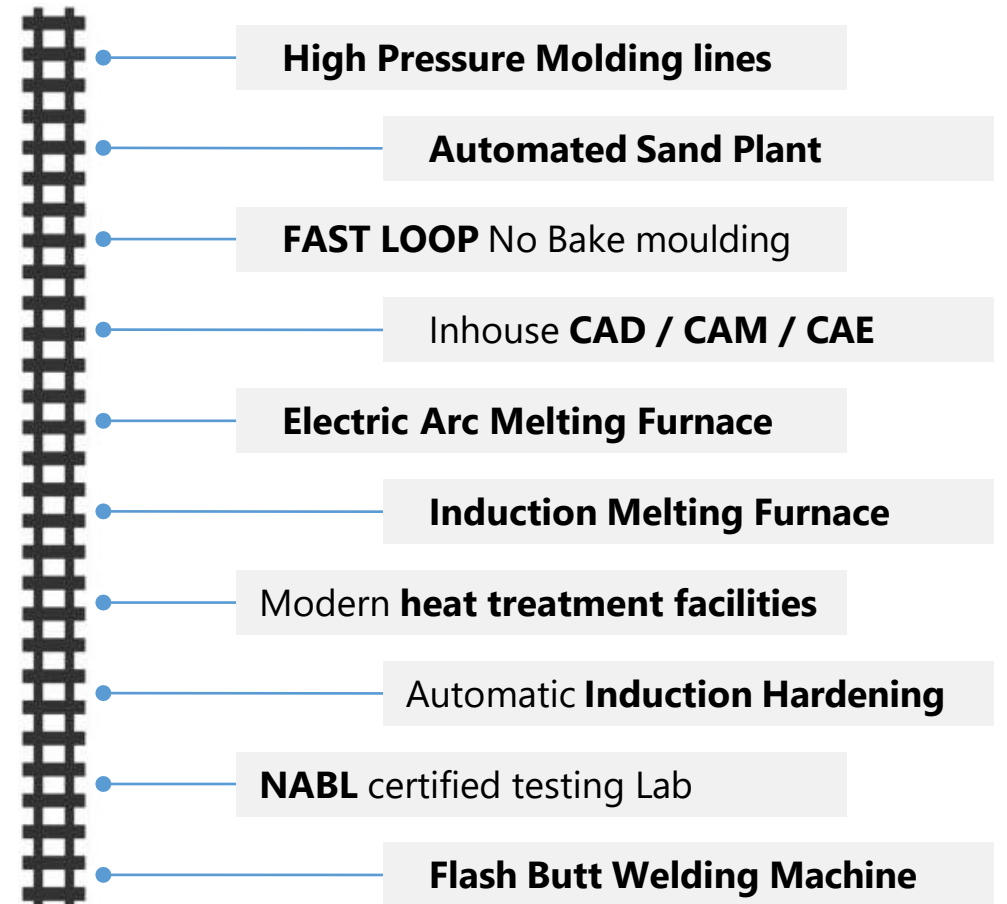
- ✓ **Two Class A Foundries** in Kolkata & Raipur with Railway Bogie, Coupler & Crossing mfg. facilities
- ✓ Proven capability of Railway & Mining Castings for domestic and export

### Strong trend of ramp-up in utilization

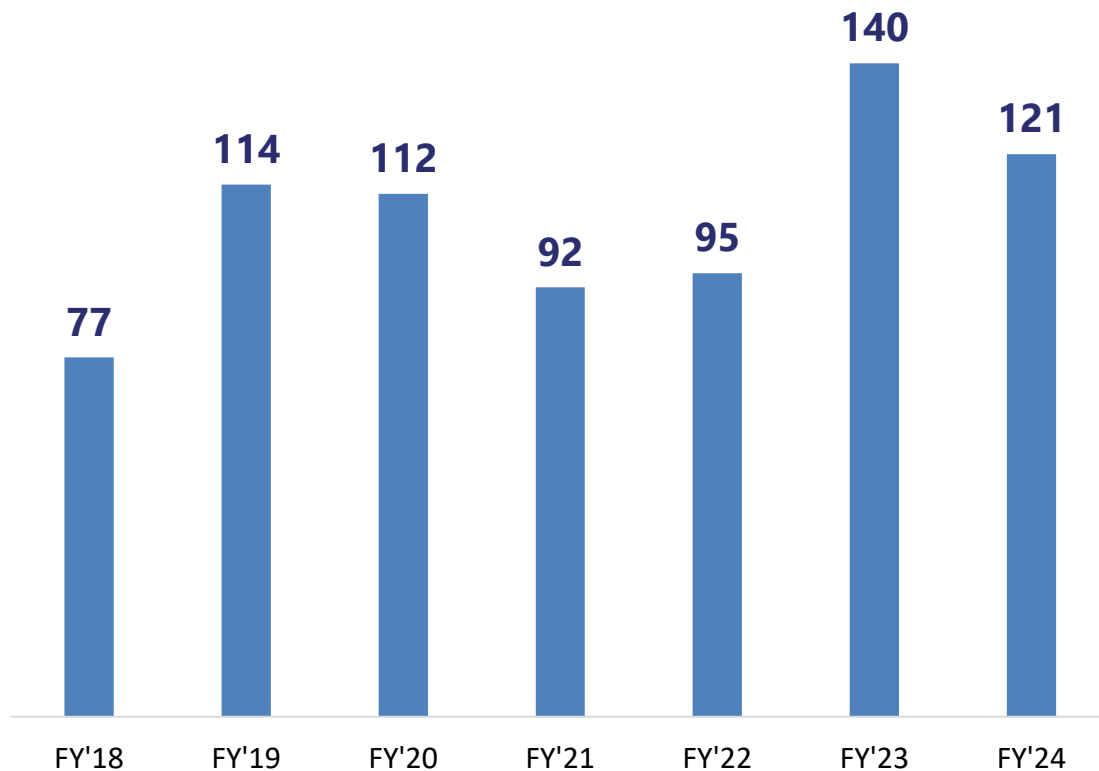


Note: Computer-Aided Design (CAD); Computer-Aided Engineering (CAE); Computer-aided Manufacturing (CAM); National Accreditation Board for Testing and Calibration Laboratories (NABL); Indian Railways (IR)  
1. Minor decline due to change in specifications from IR

## Industry leading Infrastructure base



## Export Turnover (INR in Crs)



## Strong moat of technical capabilities and certifications

- ✓ **Only Indian company certified by Association of American Railroad (AAR)**
- ✓ **Exports to niche markets – USA, Australia, and Eurasia, etc.**
- ✓ **Manufacturer and Exporter of Critical Earth Moving, Defense and Industrial Castings**
- ✓ **Significant enquiries from fortune 500 companies for Industrial castings**
- ✓ **In-house R&D team recognized by Department of Science and Industrial Research, Govt. of India**

**Wabtec  
Texmaco**



## Hi-tech products

- TMX® Bogie mounted brake systems - durable, lightweight materials, freely suspended systems
- Low & High Friction Brake blocks for Freight, Loco & Coach applications
- Draft Gear and Friction Wedges

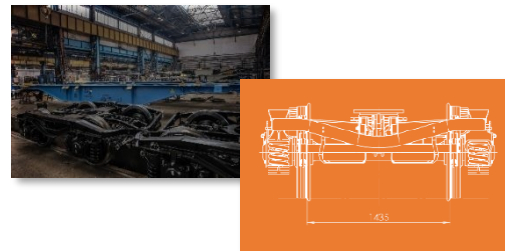
**Touax  
Texmaco**



## Leasing solutions

- Serves a diverse customer-base made of private companies or operators of industrial clients

**Texmaco  
Nymwag**



## Freight cars & components

- Manufacturing of freight cars for domestic and international markets
- Manufacturing of Railway components for domestic and international markets



**Australia**



**Mozambique**



**Kazakhstan**

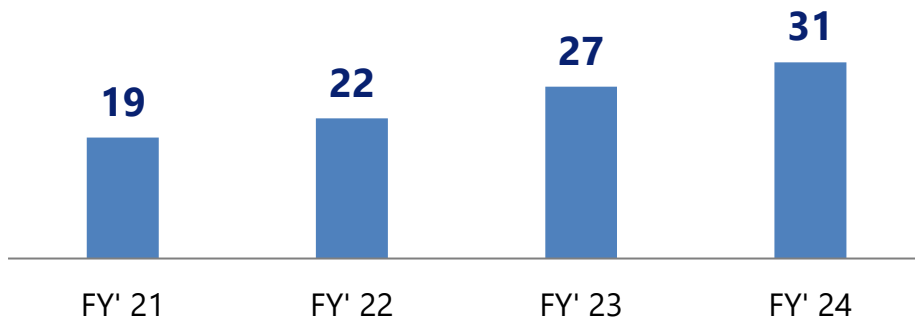


***Spreading wings in international markets***



***Large equipment base, enabling automation and precision***

### Hi-tech components turnover (INR cr)



- Surge in global demand for high standard components; supply-chain disruptions create new and large opportunities
- One of the few manufacturers with capabilities, client relationships and certifications to tap the global market
- Expected to be qualified supplier to the European region soon
- Texmaco JV with WABTEC to mfg. world class braking systems and other components for supply to domestic and US market

# TexERM

- TexERM\* is our Brand for Enterprise Risk Management across the Corporation
- Policy & Documentation are ready to launch
- Core group and Departmental Champions identified
- Project approach on Risk areas initiated under Chief Risk Officer (CRO).



# Environment, Social & Governance @ Texmaco

- World Bank approved ESG framework launched
- Impact assessment & Severity Audited with Materiality under process
- 5-year horizon plan to create positive impact on Environment, Social factors and overall Governance



E



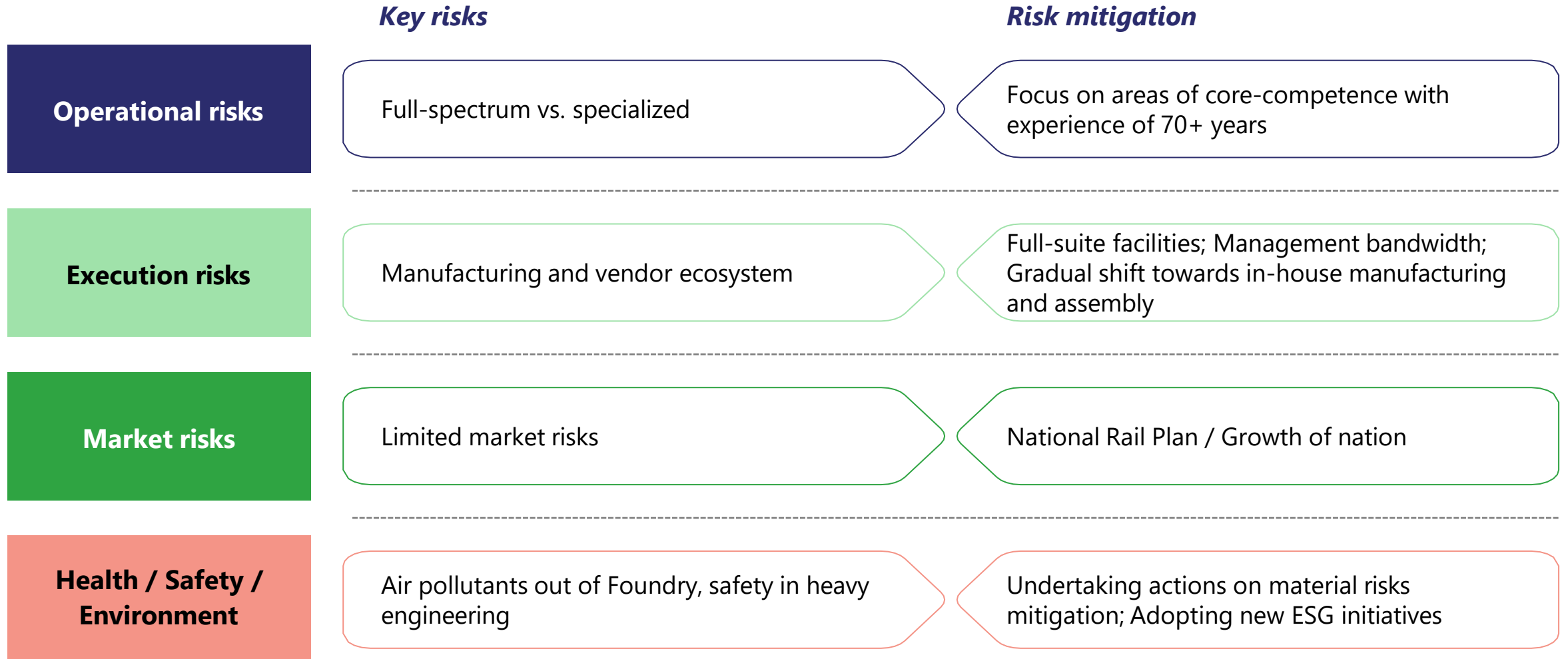
S



G



# A De-risked business model



**01**

**Focus areas**

Identify Strategic  
Business Units (SBUs)

**02**

**Management**

Infusion of experienced  
talent from within &  
outside the industry

**03**

**Efficiency**

Rationalization of  
product and process  
Focused cost reduction

**04**

**Monitoring**

Equip management  
with tools to monitor  
and execute



**Indrajit Mookerjee**  
Executive Director and Vice  
Chairman

- B.Tech in Chemical Engineering from IIT, KGP
- Masters Degree in Chemical Engineering from Georgia Institute of Technology, USA
- Held senior management positions with various multinationals



**Sudipta Mukherjee**  
Managing Director

- Postgraduate from IISWBM, Production Management from AOTS Japan
- Ex. Management Certification from Tepper School of Business, USA & Fulbright Fellowship in Leadership & Management from Carnegie Mellon University, USA



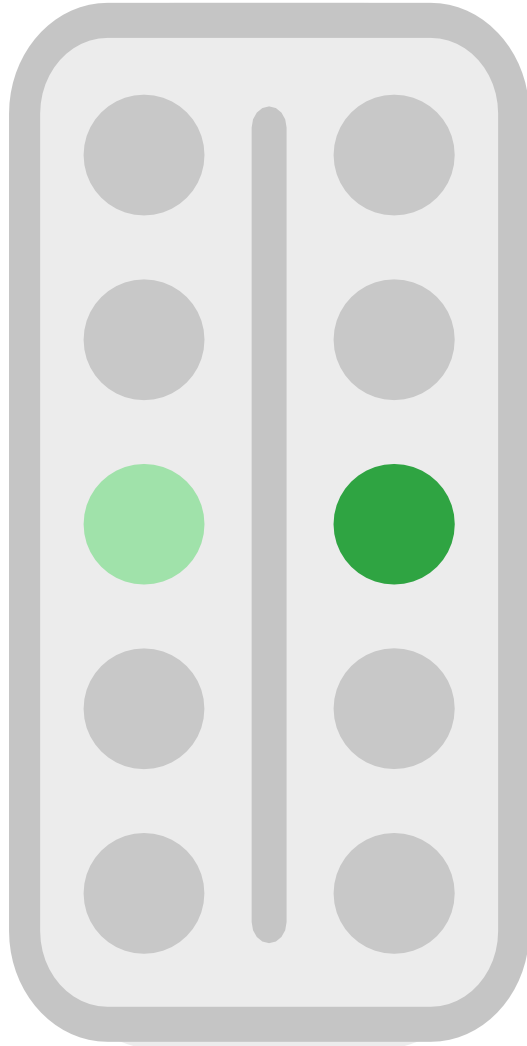
**Hemant Bhuwania**  
Chief Financial Officer

- Chartered Accountant, and B.Com (Hons.)
- Rich experience in Corporate Finance, Treasury, Budgeting, Costing, Banking, Finance & Accounts



**Avijit Mitra**  
Chief Executive Officer (Steel Foundry)

- Diploma in Mechanical Engineering
- Advanced Diploma in Foundry Technology from NIFFT
- Held senior management roles across the leading auto manufacturing, foundry and metallics industries



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**Growth outlook**

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**01**

## **Streamlining operations**

- Re-engineer existing product lines
- Market focused approach
- Create centers of excellence
- Cost reduction
- Conscious and selective backward integration

**02**

## **Optimizing revenue mix**

- Increase share of exports and sales to private parties across all segments
- Journey to manufacture 1,000 freight cars per month

**03**

## **Enabling transformation**

- Re-organized key management
- Embracing new responsibilities
- Access to global technology
- Debt-free in 3 years

**04**

## **Demerging non-core businesses**

- Kalindee  
*(Track laying, Signaling, Telecommunications, Auto Fare collection, etc.)*

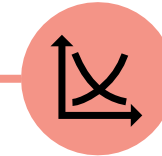
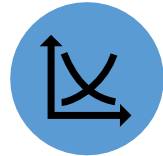
# Strong growth visibility - existing and future

**IR plans to procure 1,50,000 freight cars by 2025**



**Won its largest ever order of 20,000+ freight cars from Indian Railways, execution underway**

**Texmaco augmenting existing human capital and expand on technology and infrastructure**



**3-5x growth in export of components and railway castings; Qualified supplier to foreign players; also benefitting from geo-political shift in supply-chains**

**Strong infra spend by Govt. flowing down to rolling stock, where wagon manufacturers have received orders exceeding the total of last 10 years**



**Company expanding its global reach by capitalizing on existing moats – accreditations, partnerships, and R&D**

Note: Indian Railways (IR)

## Project costs

Process engineering by identifying Non-value added & complement vs. value added in the whole life cycle

## Standardization

Creation of standard definitions and standardization of all activities

Defining SOPs

## Sourcing

Renegotiation of existing supplier contracts based on assured offtake

Various other hand holdings to improve process

## Inventory management

Inventory reduction with tie ups and backward integration

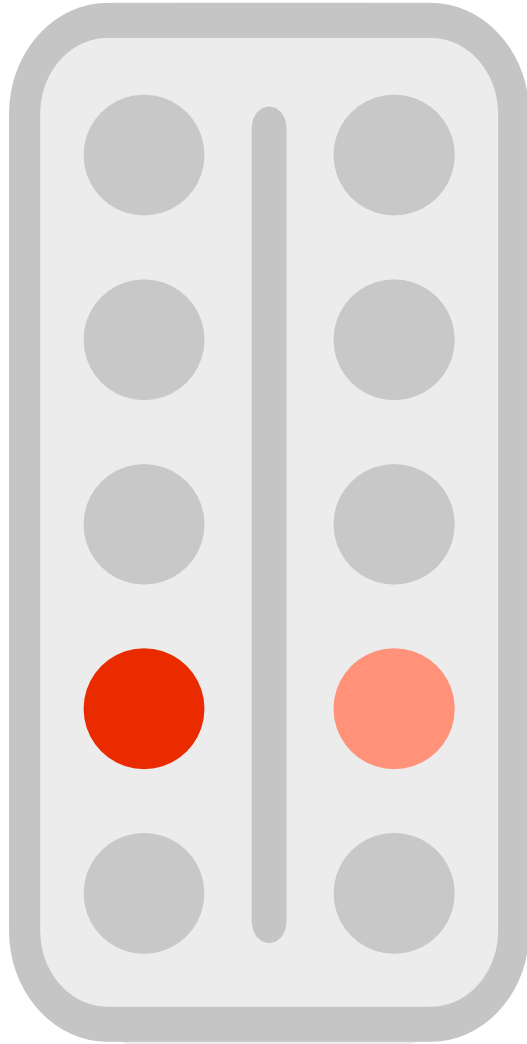
In-house component developments

## Reorganization

Reorganization and having specific Job role aligned with targets

Note: Standard Operating Procedure (SOP)





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## Q4 FY'24 Key updates

### Acquired 51% stake in Saira Asia

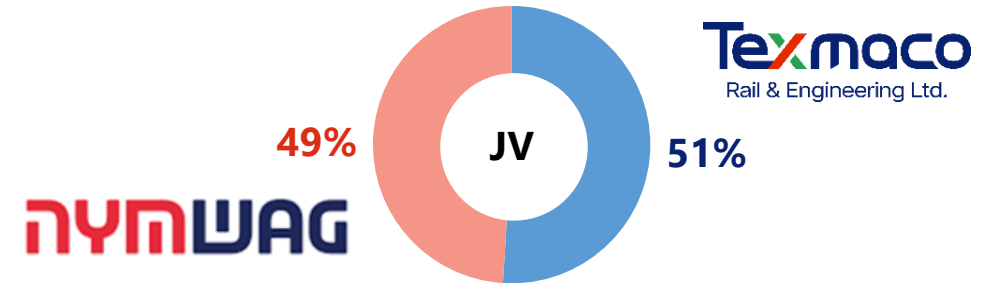


- A railway interior company specializing in passenger coach interiors
- Serving international customers such as Bombardier, Alstom and Hyundai-Rotem
- Saira Asia has designed the interior of Vande Bharat as well as the Delhi Metro

✓ **Acquisition allows for business expansion into passenger mobility**

✓ **INR 500-600cr revenue potential**

### Increased stake in JV with Nymwag

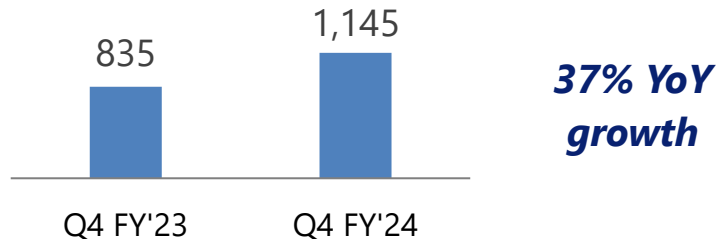


- Was previously a 50:50 JV with Nymwag
- Partnership for the manufacturing of freight cars and Railway components for domestic and international markets

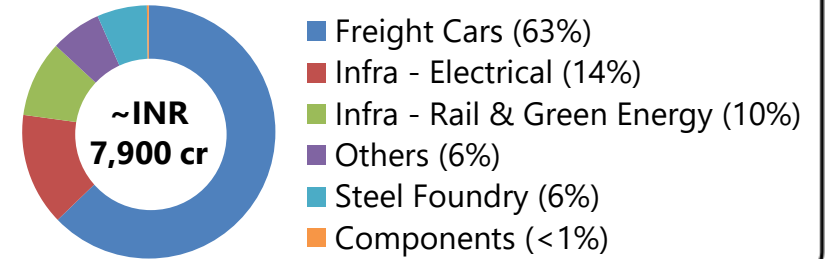
# Snapshot of recent financial performance (Q4 FY'24)

Demonstrated growth across revenue and profitability

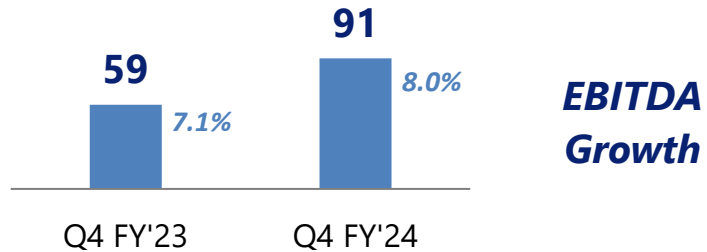
## Revenue from Operations (INR Crs)



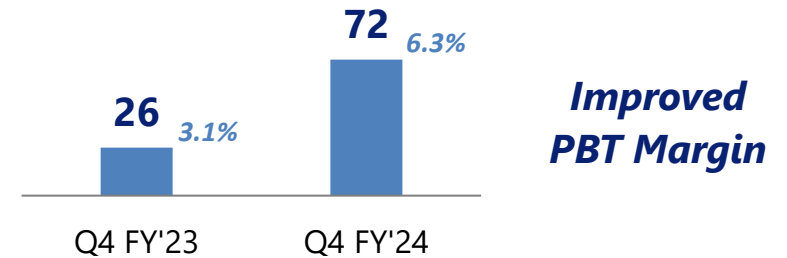
## Status of order-book (as of Mar'24)



## EBITDA (INR Crs)<sup>1</sup>



## PBT (INR Crs)<sup>1</sup>



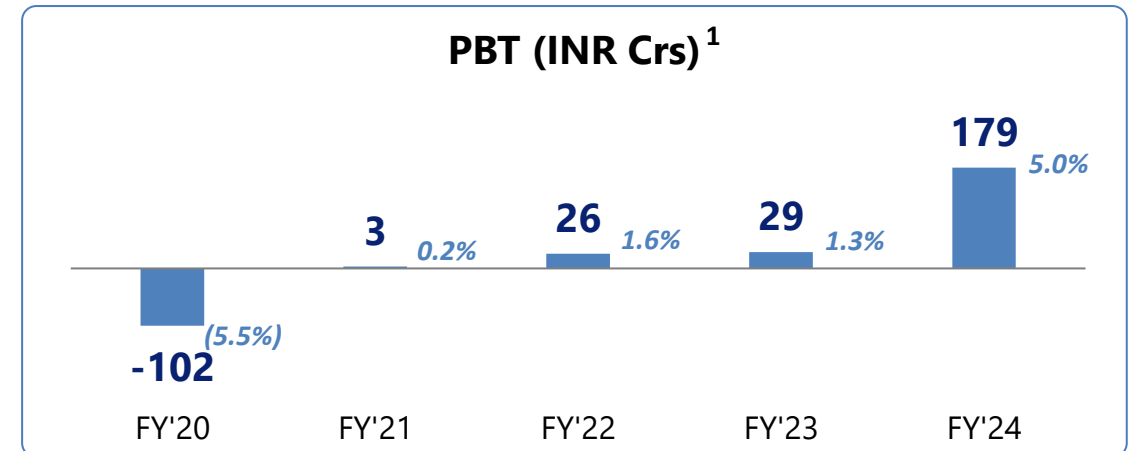
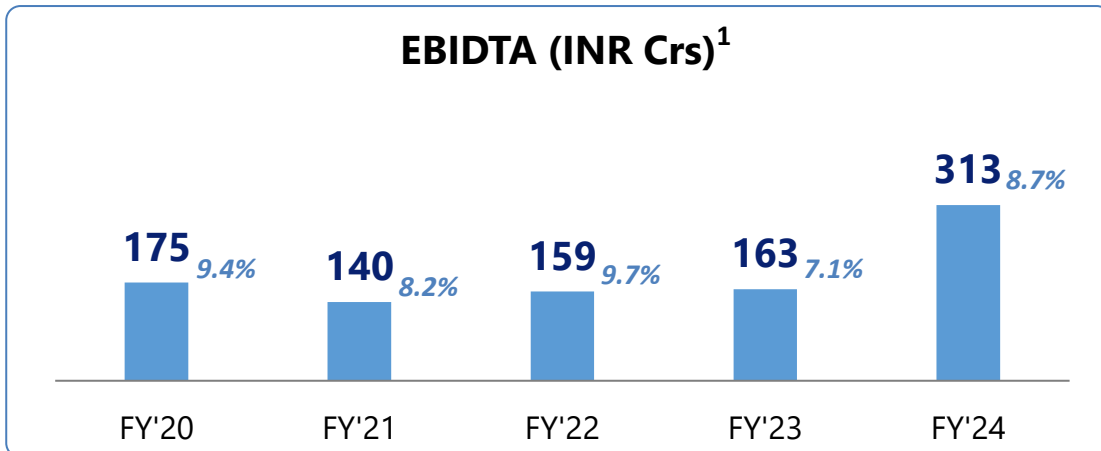
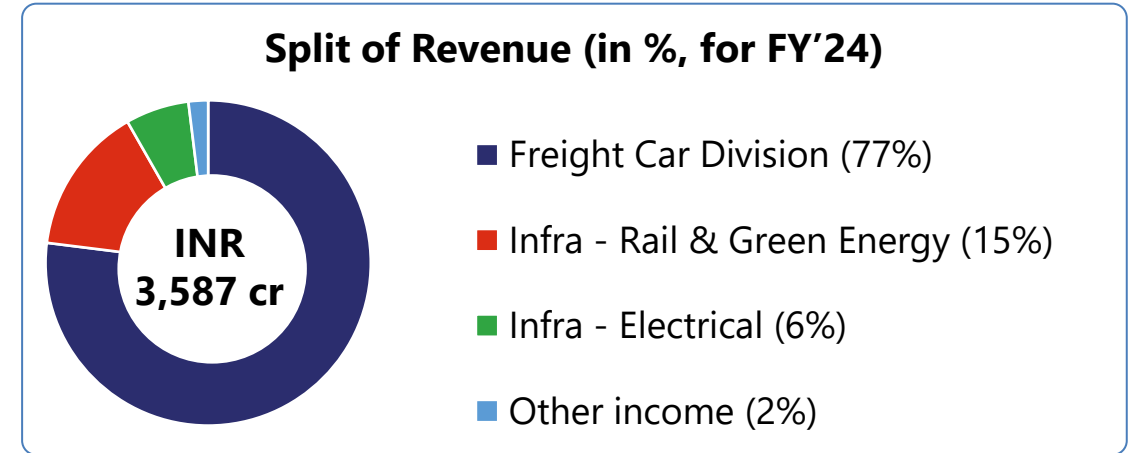
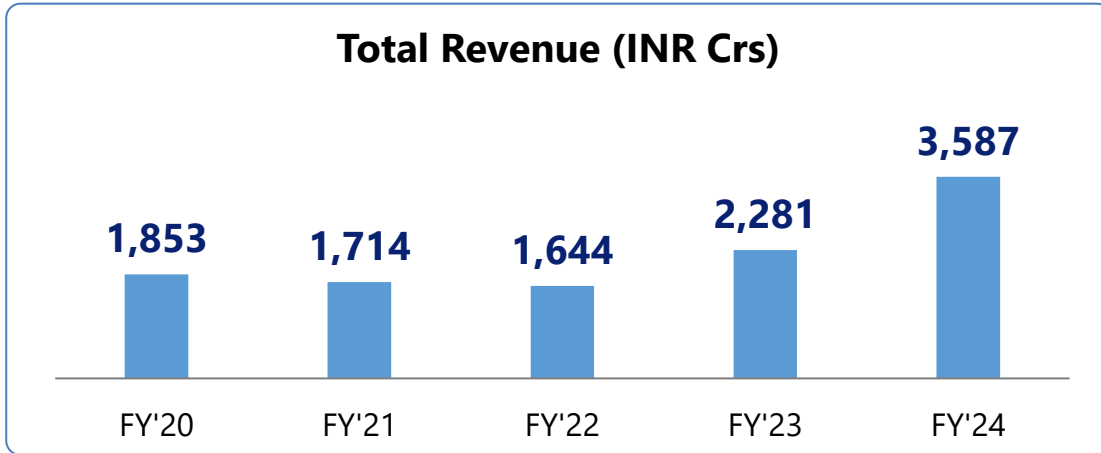
Note: 1. Margin as a % of Revenue from operations

## Key Highlights of FY'24

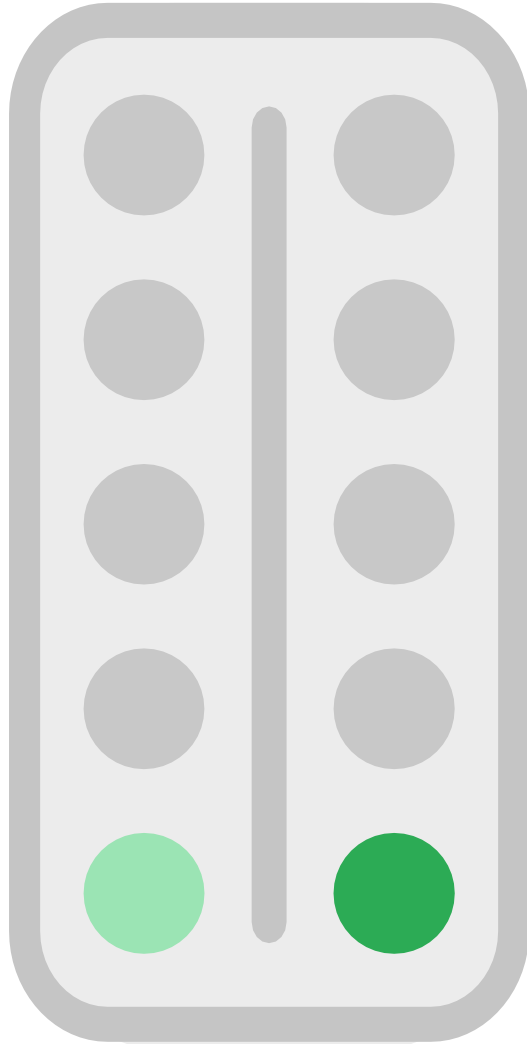
- 1. Highest ever Turnover:**
  - Gross Turnover: INR 4,209 cr<sup>1</sup>
  - Net Turnover: INR 3,503 cr
- 2. Highest PBT achieved: INR 179 cr**
- 3. Highest Production of Freight Cars: 7,246 Nos.**
- 4. Highest Sales of Steel Castings: 35,429 MT**
- 5. Turnover crossed INR 1,000 cr in a quarter**
- 6. Equity raise to the extent of INR 1,050 cr (QIP: INR 1,000 cr + Pref: INR 50 cr)**
- 7. Lowest Borrowings / Debt in last 5 years at INR 630 cr<sup>2</sup>**

Note: 1. Including other operating income

2. Company has further reduced debt to the extent of INR 175 cr in the 1<sup>st</sup> week of April 24



Note: 1. Margin as a % of Total Revenue



Company Overview

Key Business Highlights

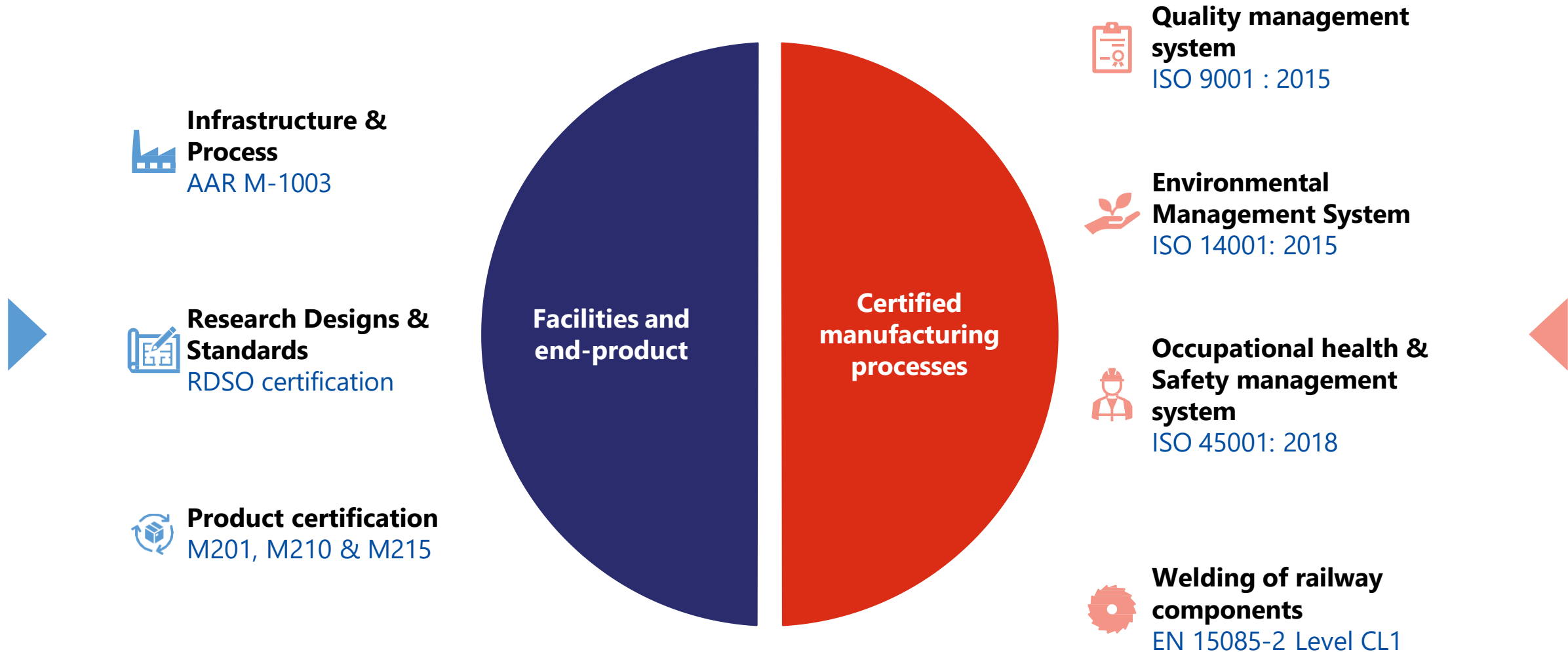
Growth outlook

Key financials

**Annexure**

- ISO 9001: 2015, ISO:14001, ISO:45001 certified by Berue Veritus
- AAR M 1003, M201, M210 & M215 by Association of American Railroads.
- Product and Facility Certified by Ukrain Railroad.
- DSIR, Govt. Of India recognised In house R&D Unit.
- Certified Export House recognised by Ministry of Commerce, Govt. Of India
- Best Foundry of the Year – 2009 by Institute of Indian Foundrymen.
- Casting of the year – 2012 by Institute of Indian Foundrymen.
- Star Performer of the Year (Export) -2015-16, 2016-17, 2017-18.
- Certified with ISO 17025:2017, General requirements for the competence of testing and calibration laboratories







**Gondola Wagon  
(Liberia) For Iron Ore**



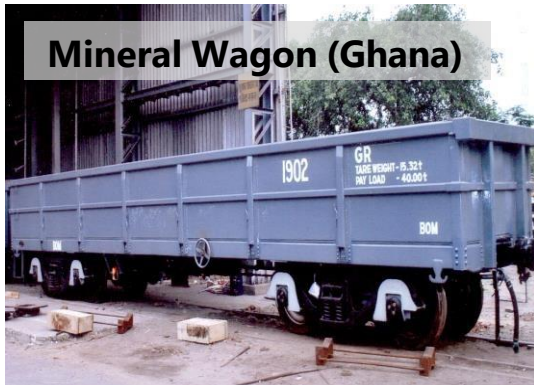
**Tank Wagon (Sri Lanka)**



**Oil Tank Wagon  
(Bangladesh)**



**Mineral Wagon (Ghana)**



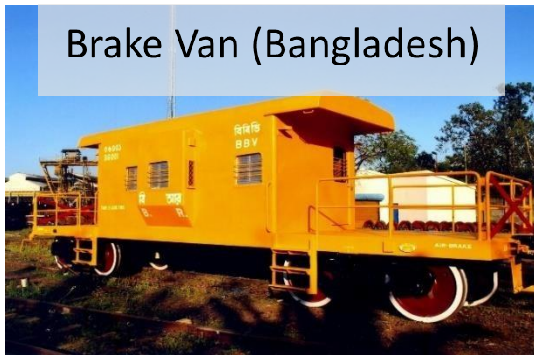
**Tank car for transport of  
Phosphoric Acid (Senegal)**



**MG Container flat  
wagon for Mali**



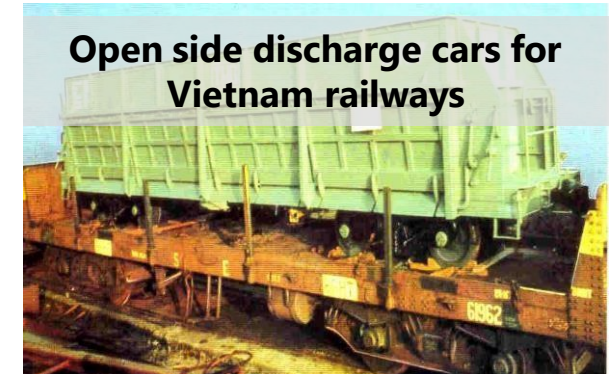
**Brake Van (Bangladesh)**



**Covered cars with sliding  
doors for Zambian railways**



**Open side discharge cars for  
Vietnam railways**





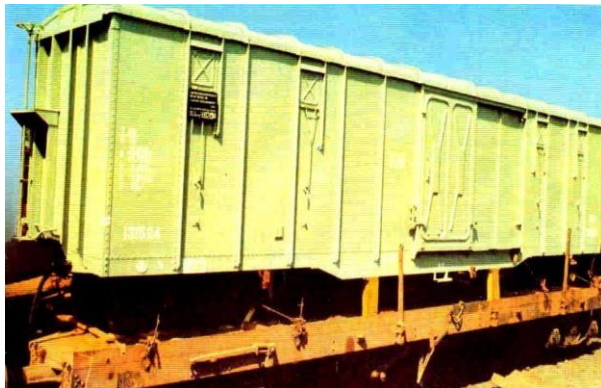
**Open hopper side discharge cars for Bangladesh railway**



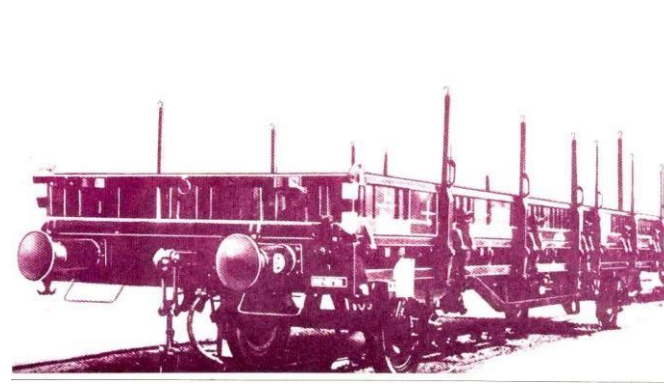
**Covered side discharge hopper car for Bangladesh railway**



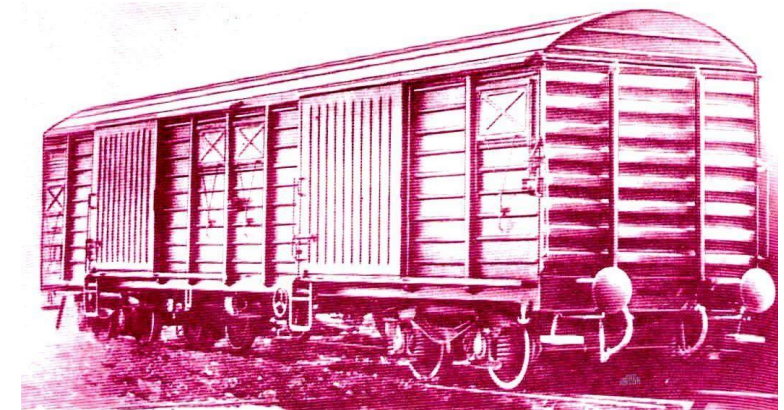
**Covered cars with sliding doors for Uganda railways**



**Covered cars with sliding doors for Vietnam railways**



**Low sided flat cars for Hungarian railways**



**Covered car with sliding doors for Yugoslav railways**

# Loco shell & fabricated bogies



Loco Shells to Indian Railways



Flexi Curve Loco Bogie- Mozambique



Loco Bogie Frame- Queensland Railways



Flexi Curve Loco Bogie- Mozambique



Loco Bogie Frame- Queensland Railways



LHB Bogies - Indian Rlys.



L Bogies for Bangalore Metro, through BEML



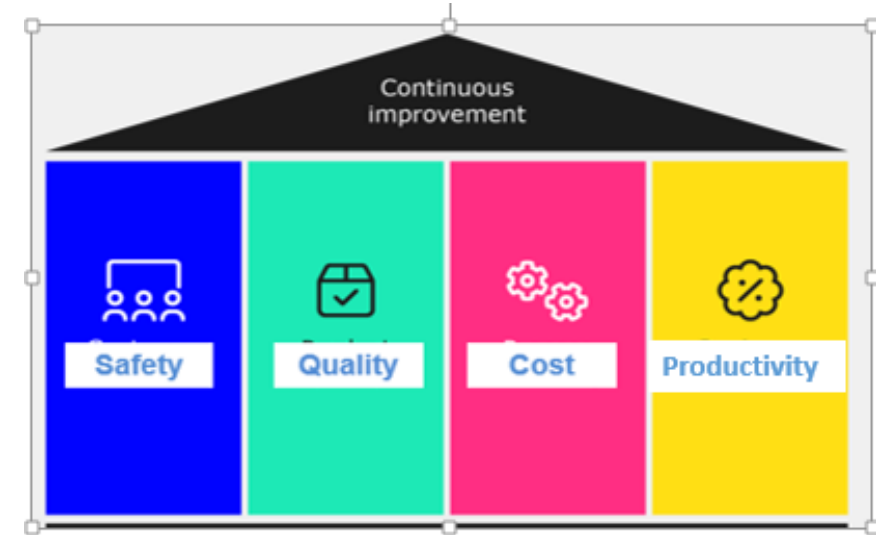
**Kolkata & Raipur units**

## The plant



## The products







Thank You





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