



“Texmaco Rail & Engineering Limited
Q1 FY '25 Earnings Conference Call”

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MODERATOR: **MR. MOHIT KUMAR – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Texmaco Limited Q1 FY '25 Limited Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mohit Kumar from ICICI Securities. Thank you, and over to you, sir.

Mohit Kumar: Yes. Thanks, Shlok, and good afternoon. On behalf of ICICI Securities, I welcome you all to the Q1 FY '25 Earnings Conference Call of Texmaco Rail and Engineering. Today, we have with us from the management Mr. Indrajit Mookerjee, ED and Vice Chairman; Mr. Sudipta Mukherjee, MD; and Mr. Hemant Bhuwania, the CFO. Without much delay, I would now like to hand over the call to the management for their opening remarks. Over to you, sir.

Indrajit Mookerjee: Good afternoon. I'm Indrajit Mookerjee, Vice Chairman of Texmaco Rail and Engineering. And I would, at the very outset, like to thank you for sparing your valuable time to listen to us in today's call. I also would hope that you have already had the opportunity to review our financial results and the earnings presentation, which has been uploaded in the Stock Exchange as well as on the company's website. I'm very pleased to inform you that we crossed many new heights. We achieved many, many new heights in the quarter just -- that we have just passed on the quarter about which we are going to talk.

It has been a very high successful for us as we have delivered the best financial and the operating metrics in our company's history for the quarter. During this period, we recorded our revenue from operations, which runs INR891.7 crores, showing a growth of 35.8% compared to Q1 same period last year, which is Q1 financial year 2023-'24. This growth was primarily driven by upsize in wagon sales to both Indian Railways, private sectors and also the export with our capabilities to produce them in this period of time. We sold 1,967 units, reflecting a 48% increase from Q1 FY 2024.

You have must have noticed that the EBITDA of our operations is steadily increasing and we - - this quarter, which is Q1 FY '25 of the review, we reached an EBITDA of INR97 crores, representing a 62% year-over-year growth with a margin of 10.9%. This is a steady increase from quarter-to-quarter. Our PAT for the same period stood at INR40.2 crores which is reflecting 176% year-over-year for the same period last year. Both profitability and achievements, both profitability achievements also I'm pleased to say represent first quarter record levels in the history of the company.

The record first quarter revenues in wagon sales were successfully supported by our steel foundries which are located in Belgharia in West Bengal and Raipur in Chhattisgarh. In combination, our foundries produced and let up to the challenge of making 9,474 metric tons of costings for Railways and other components, which shows a growth of 4.4% from last year.

Now I must tell you here that we are almost reached to the capacity. We have reached the capacity, we have debottlenecked and that's the best that we could ever happen that's

happening in the foundry business. The management has been enhancing operational excellence through restructuring the production lines, investing in capacity building, which is through balancing equipment and debottlenecking critical foundry lines.

These successes have been key enablers for our growth story. As you may recall, our stream foundries are one of the leading foundries in India whose products has achieved quality acceptance by the Association of American Railroads, which is a very rare achievement and that's the reason why we can freely export to -- for use in the American rail industries.

Looking forward, our order book is very healthy, which stands at -- in the range of INR7,500 crores, of which freight car business contributes 60%. Of this 60%, 88% is from the Indian Railways. We are optimistic about how this order book will progress in the near term, given the government's commitment to rail the infrastructure through the national rail plan 2030.

In other words, the Railways are working the talk, and we are meeting up to the challenge. From the private sector side, the freight car demand from corporate India is also expected to be resilient during economic momentum the country is currently experiencing. You have also noticed that we have made a significant achievement in the quarter by acquiring 100% of Jindal Rail and Infrastructure Limited for a consideration of INR615 crores and that happened in July 2024. We hope to close the entire transaction by within the next of 3 to 4 weeks' time.

This strategic transaction represents a multiplier of 8.1, which is expected to be completed in the coming weeks, as I said, this development in a step change in Texmaco's manufacturing platform and giving us the top most position, the leadership position in the industry.

In summary, we are quietly confident of Texmaco delivering significant value to stakeholders by its long-term focus on sustainable growth, operational efficiencies and technical innovations. And I think I will be falling short, if I don't say our new acquisitions has been a tremendous synergistic fit and also has given us access to new designs of wagons, which are going to be the future as the wagon design efficiencies and as far as the -- and as the Railways want more efficient wagons on track.

So with these few words, I'll be very happy to request our Managing Director, Mr. Sudipta Mukherjee and our CFO, Mr. Hemant Bhuwania to jointly address any question that you may have. I'm also available if you have any questions that I should be able to answer. Thank you very much for your patience hearing.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Jainam Jain from ICICI Securities.

Jainam Jain: Congratulations on your great results. I had a couple of questions for the management. Firstly, starting with the margins. That is the margins in the quarter were quite lukewarm compared to the last 3 quarters. So what is the margin -- margin level one should look for? And is 9% a fair margin to look at?

Hemant Bhuwania: So hello, good afternoon. So if you see our -- hello, are we audible?

- Indrajit Mookerjee:** Yes. Hemant, I wanted you to address to the question.
- Hemant Bhuwania:** So if you see Q-o-Q margin, so last year, in quarter 4, we had an EBITDA of 9.5% for Texmaco Rail stand-alone, whereas if you see our Q1 results, in spite of there is a dip in turnover, the EBITDA has gone up. So in Q4 -- sorry, Q1 this year, we have reported an EBITDA of 11% -- close to 11%.
- So moving forward, if you see, this will totally depend upon a number of wagons that is being executed over a period of time and the economy of scale. So we did around close to 2,000 wagons in quarter 1 of current -- in Q1 this year, and we expect from here onwards, there would be an upward trend in the execution cycle as well.
- So as the execution goes up, you will even see a better EBITDA percentage going forward.
- Sudipta Mukherjee:** Just to add on Hemant. Sudipta here. So one is the numbers or the volume. And the other one is that we, as a manufacturer, are consciously focusing to be more efficient. So the combination we are choosing in terms of our order book and all this along with the volume with a strict focus on the qualitative and new type of wagons and why we have a better contribution in the coming days. So rather than, I mean, moving from a commodity thing to a combination of volume and new kind of product lines or better products for the market.
- Jainam Jain:** Okay, sir. And I had a further question for the tendering pipeline. That is how do you see the tendering pipeline for railway wagons coming in this year? And are you expecting some tenders in the near future?
- Hemant Bhuwania:** Yes. So if you talk about Railways, I mean, whatever the -- we hear on the procurement plan based on the long-term plan Railway has. So year-to-year, it is a little more than 30,000, which is being planned by Railways. And in this financial year, we have seen a small amount of order, which has come up, I mean, kind of a tender, which has come up which is within 2000.
- So the balance we expect to come up within this financial year itself and as it was an election year, so that maybe could be the reason that the thing is there, and we hear that the process is on to come up. Other than the Railway, there would be -- we also expect that there will be a very good pipeline for the private procurement, particularly in terms of the industry like steel, mining and cement.
- Jainam Jain:** Okay, sir. And what is the update on the demerger of the business?
- Indrajit Mookerjee:** What was the question sir?
- Jainam Jain:** What is the update in...
- Indrajit Mookerjee:** Yes, what is the update on?
- Jainam Jain:** Demerger of business?
- Indrajit Mookerjee:** Okay. Okay. Sorry, I could not hear you very well. I -- my apologies. Now we actually have gotten no objection from the statutory authority with the stock exchange for the demerger. But

there are various other issues are all connected which is like the banks and a few other -- few other problems, which legal issues, which we are currently handling with it -- handling it, because once we -- after we demerge also, we have to look at how the -- what the strategy of the new company is going to be and how it's going to move.

So all these are some of the things which required some more homework. In the meanwhile, we also have to discuss and finalize the arrangement with the banks because currently, we don't have the clearances from them with a counter guarantee, corporate guarantee, which doesn't make much sense to us. So we are discussing. So I think as soon as we come to a very clear position we will report. Currently, there is nothing more to report than what we have done last time. This is work in progress. It is WIP, work in progress.

Moderator: The next question is from the line of Madhu Bhandari from Nakoda Investments.

Madhu Bhandari: Sir, my question is that the demerger, which you are talking about, when is it expected that it will be done? Approximately 6 months, 1 year?

Indrajit Mookerjee: In any case, an NCLT process takes about 9 months to 12 months. And we have to go and apply which we haven't done because, as I said, that there are a few internal things which we are trying to sort out. So you can take that kind of a time span. It's very difficult to give a specific one. But normally, that's what it takes, as you know very well.

Madhu Bhandari: And sir, in this demerger, the shareholders' interest will be taken care of?

Indrajit Mookerjee: Obviously, that is the reason why it is in WIP, that is our prime consideration.

Madhu Bhandari: And takeover of Jindal, will be a subsidiary or it will be a part of any of the split?

Indrajit Mookerjee: Demerger. Actually, can I request Hemant to respond to this question more -- he will be able to answer more technically.

Hemant Bhuwania: Okay. So Madhu, hello, this is Hemant. So initially, yes, we will be acquiring 100% stake of Jindal Rail, and it will become a 100% subsidiary of Texmaco Rail. So we have signed the definitive agreement on 25th of July, and we expect the closing to happen within next few weeks' time. Once the closing happens, we expected, yes, before the Q2 results that this acquisition should be completed.

Madhu Bhandari: Yes, sir. Sir it will be 100% subsidiary of Texmaco Rail, understood. But when the demerger happen, then also, it will be 100% subsidiary or it will become a part of one of the demerger entity?

Hemant Bhuwania: No. So this will be a 100% subsidiary of Texmaco. This will be a part of Mother Texmaco Rail.

Madhu Bhandari: Okay. And, sir, the turnover that has been there, the progress that happened earlier, that turnover growth is not visible right now, sir.

- Indrajit Mookerjee:** Sudipta, you can answer to this question, Sudipta. You already had touched upon, but you can once emphasize.
- Madhu Bhandari:** And I had one more point, sir. I saw one of the video where double wagon, I mean, double, two-storeyed wagon, closed wagons, the Indian Railway is planning to transport through that electrical engine. So are we going to be part of that?
- Sudipta Mukherjee:** Addressing the first part of your thing, I think you are comparing with the results of the Q4 last year.
- Madhu Bhandari:** Yes. Yes, sir. Yes, sir. Yes, sir.
- Sudipta Mukherjee:** So I mean, historically, if you see that the Q1 normally maybe sometime it is lesser than that, and there are many reasons. I mean we had extreme weather, particularly in this quarter we have seen. We had the elections also around the corner and there were certain supply chain issues and there were certain design issues, which are external factors.
- Secondly, if you see that your company very consciously putting effort to improve on the capabilities, so quarter-to-quarter or the yearly projection, whatever we have given you, we have no doubt that we will meet that and even we do better, and we'll make it up in the coming quarters. And being the first quarter after a very good performance on the last financial year.
- Internally also, we have ventured into in developing certain process changes, production lines improvement and all this. So it has been a combined effort, I mean, combined result of whatever that in terms of wagon numbers, we may not have achieved higher than the Q4. But we can assure you on behalf of the management that you will see, it is well made up, and we are actually achieving whatever we have promised you.
- Indrajit Mookerjee:** In fact, Sudipta, sorry, to hold you. I think I wanted to also say that if you look at our July results, the July run rate is much higher than the run rate of the first quarter. Thanks. Sorry for interrupting.
- Madhu Bhandari:** No, thank you, sir. Thanks for the information. And my second point was the 2 stories wagons.
- Sudipta Mukherjee:** I'm coming to it. So it is called double stack container movement.
- Madhu Bhandari:** Yes, sir. Yes, sir.
- Sudipta Mukherjee:** Your company is already equipped to manufacture those wagons, and in fact, in the coming quarter, we will be supplying few such rigs to one of our customer. But loading double stack or not is a prerogative on which particular line it runs, but the wagon, yes your company is capable of, and we are supplying in the present quarter itself. And even -- we were -- off-line, we were talking about acquisition of Jindal Rail. So they were actually instrumental in developing this wagon. So we have a better bandwidth to supply these in the future compared to now.
- Madhu Bhandari:** Yes, that will be kind of a monopoly.

Sudipta Mukherjee: Hope, I mean, I would be more than happy if whatever encouraging words you were giving. So we will be in an advantageous position.

Moderator: The next question is from the line of Chintan Patel from Abans Investment Managers.

Chintan Patel: Sir, recently, we acquired Jindal Rail, can you tell us what is the manufacturing capacity of it?

Sudipta Mukherjee: I mean as per the railway capacity, I think they were in last assessed capacity a couple of years back, which Railway did was around 2,200. And but it is not a limitation to do more. And on a typical month, they have already crossed more than 200 wagons. So I mean, from a specialized in a combination perspective, I think that capacity can be even 60% to 70% improved without any further capex.

Chintan Patel: Okay. Understood. And sir, if we do the greenfield project for the same capacity, what kind of the investment will we require?

Sudipta Mukherjee: It's very difficult to mention because how can we figure out what would be the cost of the land, which part of the country it is? And most importantly, in our kind of business, I can only tell you that if anybody starts today to hit the market due to the process of compliance and proving out the product and having a kind of a developmental order -- the whole process may take 4 to 5 years' time.

Chintan Patel: Okay. And assuming the land parcel we have, so what kind of the capex we needed to put up a greenfield capacity?

Sudipta Mukherjee: It is difficult to mention which process we will go into. I mean what is your objective of the question, if you can be little candid, I will be better answering you.

Chintan Patel: So sir, we acquired the facility at around \$687 million. So that is an investment we did. So if we are putting a greenfield capex, so what kind of the investment needed?

Sudipta Mukherjee: I can -- one sentence I can answer you that it may be lesser than that particular thing, but you have to appreciate what kind of asset it has. And also the opportunity comes with the business. I mean, as I say that if you start today, so 3, 4 years or 5 years you are losing a ready business. So this company is contributing to the balance sheet of the company positively with a very good margin from day 1.

Indrajit Mookerjee: I think I want to also add supplement to Mr. Sudipta Mukherjee, who explained it very nicely. I also would like to complement the gentleman who asked this question because it's a very important and good question. And this was first thing in our mind before we decided whether to acquire or not. Actually, the IRR, the internal rate of returns are going to be much higher where you are in this business, as Mr. Mukherjee has, as our Managing Director has already said that you start with positive cash flow.

Now when you work to a new plan, you have to wait for cash flows to come after a few years. And as you know, as you start discounting, what you get on today's NPV will be very low. So we -- this was a very, very important question. And this was the first thing that we discussed in

our Board before we will decide whether we should go for an acquisition or not. And this is far away better than the greenfield project.

And in addition, I also have to tell you that this just didn't come nearly with capacity. It came with good manpower, very strong design capabilities of that company. Some of our learned investors, a little while ago asked about certain double stack. So these are all various new designs, which are available with -- which were available with Jindal, which is now getting passed on to us. So there are lots of other benefits which we call synergies, they are hugely important to our industry.

And last but not the least. Just any land is not going to be useful. It's very difficult to get a land which is connected with the railway siding because the product goes on railway lines into the real railway system. It's just not anywhere in the middle of nowhere we put up a factory and then you cannot transport your product. So all these put together, it makes financial as well as nonfinancial synergies. I hope I have been able to answer your -- address to your very, very good question.

Chintan Patel: Okay. And sir, we acquired a 51% stake in Saira Asia, which is manufacturing interior for railway passenger mobility. And we just acquired Jindal Rail, which is a fungible for both freight and passenger wagons. So could you just share some outlook on that for passenger mobility, is there any plan to do some passenger wagons going forward as we are seeing some traction on a passenger side trains, especially Vande Bharat.

Indrajit Mookerjee: I could only answer you that your assumptions are very correct. We are -- the freight mobility is a part of Indian railway. But a major part is also in the passenger mobility, which is also getting privatized because Railways are looking for private players to come in. And this is one of the building blocks towards our move to passenger mobility because whatever you make, you also need to have low cost, good quality components.

And Saira is actually a European company, which also holds a strong modern designs. And I think it is going to help us a lot in moving towards the field of passenger mobility. We just don't want to jump into it. We are very carefully moving into it so that we don't get into any unwanted risky situation.

Chintan Patel: Okay. Understood. And sir, just a last question. Can you share some outlook or financial outlook over the next 3 to 5 years?

Indrajit Mookerjee: The giving a financial outlook, I think, is going to be a challenge. Hemant, would you like to take on this question?

Hemant Bhuwania: Absolutely, so commenting on any forward-looking statement we would like to refrain. Sorry, so we wouldn't like to duck on this question, please. And I fully understand and we appreciate. I would -- we hope that you also appreciate that, yes, we are on our investor call, and we are barred to give a forward-looking statement over here.

Chintan Patel: Okay. Okay. Okay, sir, more like a vision.

- Hemant Bhuwania:** Sorry, we didn't get you -- can you come again, please?
- Chintan Patel:** So more like a vision, like what kind of sort of a vision over the next 3 to 5 years?
- Hemant Bhuwania:** Reason?
- Chintan Patel:** Vision, vision.
- Indrajit Mookerjee:** Well, we want to be the best-performing company in the freight car movement. We also would like to be in the areas of making components and our freight cars, we also want these to be sold not only to Indian Railway and private customers. We also have an eye on the global market. We said -- secondly, as I said, we would like to be on the component basis. We also like to be -- when I say component business, I really meant the costing products, foundries. So we are looking at increasing our foundry capacity because as I have mentioned in my opening remark that our foundry has the product acceptability in the U.S. And that's a very good -- very, very rare thing to happen for an Indian company to happen.
- So we have a great demand from -- because of various geopolitical reasons. And last but not the least, I think you only have mentioned that we want to make our own strategic plans towards moving from freight to customer mobility. But we want to be very cautious so that our investors are not taken by surprise. And that's the reason I mentioned that particular terminology that we want to move like building up small building blocks and they make the whole thing.
- Moderator:** The next question is from the line of Parvez Qazi from Nuvama Group.
- Parvez Qazi:** So I just had one question. One looks at the segmental results. The Infra Rail & Green Energy segment actually has a negative EBIT this quarter. Is it because of some one-off or maybe certain projects which were at the closing stage and we had to make certain provisions there?
- Hemant Bhuwania:** Yes, you see our rail infra and green energy, which is mainly Kalindee Hydromechanical and Bridge. They had reported a loss of INR10.1 crores over EBIT. The main reason of it is that yes, there are a few legacy contracts which are being continued, which management has full focus on how do we close this contract, either close and complete or how can we short-close this contract. So we are fully on it. And hopefully, by next quarter, we should come up with some good news on short closure of one of the major contracts, which is currently a bottled -- currently bottleneck for Kalindee division. But yes, till such time, there are a couple of legacy contracts, which we have to live with.
- Indrajit Mookerjee:** I'd like to add Hemant on to your comments by saying that most of these contracts there are a huge amount of potential claims, which we have not yet got paid. So we are also very actively pursuing our efforts, efforts to realize this claim. And as you know that with the government complaints, it takes a long time to redo the change to reclaim and get the money. But we have very strong claims, and we have very strong reason to believe that they are really genuine ones, and we should be successful in the matter, the question is of time.
- Moderator:** The next question is from the line of Moksha Shah from Agility Advisors.

- Moksha Shah:** Just had one question. Are you planning to sell any of our lands to raise additional funds?
- Hemant Bhuwania:** So sorry, Mrs. Shah, you are not audible. If you can be loud, please.
- Moksha Shah:** Are we planning to sell any of our lands to raise additional funds?
- Hemant Bhuwania:** Are we to repeat your question, please?
- Moksha Shah:** Are we planning to sell any of our lands to raise additional funds? Land. Land.
- Indrajit Mookerjee:** This question is selling land to raise funds or not.
- Moksha Shah:** Yes. To sell additional lands. Yes.
- Hemant Bhuwania:** So Mrs. Shah, right now, there is no thought on selling of any of our land, which we have. In fact, in our opening remarks and few of the conversation, you must have heard that we have -- we are in the process of acquiring some of the -- one of the company Jindal Rail, wherein there is some extra parcel of land. So right now, we do not have any thought on selling any of the land parcel.
- Indrajit Mookerjee:** No, no, we don't -- we e not selling any land, madam.
- Moderator:** The next question is from the line of Nidhi Shah from ICICI securities.
- Nidhi Shah:** My first question would be, how do you see the execution of wagons in the balance of this fiscal? How much and -- subsequently, how much of our order book that we currently have is deliverable post FY '26?
- Sudipta Mukherjee:** To answer you the first part, I mean, we are already on the run rate 750 plus in terms of Texmaco units are concerned. And we feel that will be better off and as per plan, we'll be able to maintain in the next coming quarters, we will increase the number. I've not got actually your second question.
- Nidhi Shah:** Second question was basically how much part of our order book is to be delivered after FY '26. So FY '26 onward. So FY 2025, as you mentioned your run rate.
- Sudipta Mukherjee:** As of now, whatever we have the contract in terms of rate rolling stock, it spreads over up to September 2025. And a few of those are, of course, may go up to another 1 or 2 months contracts.
- Nidhi Shah:** All right, all right. And also, what is the update on the modern value in tenders? And is this supposed to be delivered, what is the delivery time period of this one?
- Sudipta Mukherjee:** Madam, the tender has not come yet. So we do not know what will be the delivery time. There was a draft, which was initiated and kind of opinion seeking meeting happened last year in the roller board. So the whole tender was, I think, spread over for more than 2 years. What would be the revised one, which is coming up, we do not know, but we have heard, I mean, as you have heard perhaps it is coming.

- Moderator:** The next question is from the line of Deepak, an individual investor.
- Deepak:** My first question is, in the previous con call, you have given the guidance to improve the EBITDA to 12.5% to 13%. Is there any hope to reach that target in this fiscal year?
- Hemant Bhuwania:** So yes, Deepak, certainly, that is the endeavor in which we all are working. So yes, the number which we mentioned, 12.5%, we should be able to achieve it in a staggered way within this financial years.
- Deepak:** Okay. Now my second question is any expected time line for the new fresh tender from the Indian Railways this year?
- Sudipta Mukherjee:** Deeper, I mean it is very difficult to guess, but we feel like you that it is due. And it should come up in any point of time, maybe within a couple of weeks or months.
- Deepak:** Okay. And what about the guidance you have given the guidance of 1,000 wagons.
- Moderator:** Please return back to the question queue. The next question is from the line of Ishita Lodha from Svan Investments.
- Ishita Lodha:** My question is with respect to the previous participant question with respect to the Jindal acquisition that we did. I heard that the company produced 2,200 wagons last year. And you're planning to increase the capacity further by 60% to 70%, that implies almost 3,500 wagons of annual runway. Is my understanding right?
- Indrajit Mookerjee:** You have to repeat very quickly the question, please? Small part of it because it was very faint, your voice was very faint.
- Ishita Lodha:** Okay. So my question was with respect to the acquisition that we did. So I heard in the previous participant's answer that the target company had produce 2,200 wagons last year. And the company is trying to increase -- do some capacity augmentation there as well by 60% to 70%. So that means the target company can do 3,500 wagons of annual production. Is my understanding correct?
- Sudipta Mukherjee:** Yes. So the question was that how -- what should be the capacity we've seen. We said that without any capex, we feel in a given context that, that can be achieved. You are right.
- Ishita Lodha:** Okay. So this is no minimal capex requirement?
- Sudipta Mukherjee:** Yes.
- Ishita Lodha:** Okay. So this is through, sir, debottlenecking initiatives that the company might take? Or I mean, how is this?
- Sudipta Mukherjee:** Yes. You have seen in Texmaco also. I mean, whatever be the changes we have made in last few quarters, including the last financial year and all these improvements were done with minimal capex. It is all about the management efficiency and other tools.

- Ishita Lodha:** Okay. And what is the time line by which you are looking at this kind of capacity?
- Sudipta Mukherjee:** I cannot answer you now as Vice Chairman has explained you that couple of weeks will be more required for us to complete the acquisition process. I mean when we will augment it, it will depend on the necessity of the market and definitely, whatever we are doing, the objective of the company, including all of its subsidiary is a clear focus to improve the efficiency. So the moment it is in our hand, immediately, we are in at it of everything. So I mean, to be specific, a date is difficult, but you can trust on us.
- Moderator:** The next question is from the line of Manish from LIC Mutual Funds. Please go ahead.
- Mahesh:** Sir, my name is Mahesh. Sir, most of my questions have been answered. Just wondering, I mean, going forward, what would be your monthly rate in terms of wagon manufacturing?
- Sudipta Mukherjee:** I mean, wagon figures, as I have also -- I mean, we tried to explain in the last management -- I mean last investor call also, it depends on the combination and types of wagons. In general, the capacity, which is the commodity type of box and DCM kind of a wagon. So your company will be having a capacity more than 1,000 wagons a month. But again, when we come to the question of efficiency and when we come to the question of the tender which is supposed to come. What is the type of wagon the number of vehicle may vary, but the efficiency and the targeted turnover will be on focus.
- Mahesh:** Okay. So basically, size and the weight will be very different.
- Sudipta Mukherjee:** It may happen. It may happen because of the changed dynamics in the market, so sometimes some industry comes up as one of the learned gentlemen was mentioning about the double stack. So it depends on what kind of things will come, but we have consistent capacity now, suppose around to produce around 1,000 wagons. But if you see that we have been the most versatile company and making around 7, 8 types of products for the market which nobody makes.
- So the focus of the company would be to improve on the efficiency. And I mean, top line, bottom line, both. But some months, sometimes you may see that it has gone up more than 1,000, sometimes you may see that it has gone up a little less than 1,000. So that hardly is going to affect the business prospect.
- Mahesh:** Sure. And sir, in last 1 or 2 months, there has been a correction in the commodity prices. So will this benefit us in terms of when you get the project?
- Sudipta Mukherjee:** So basically, if you see that in our railway, most of the items, even if the steel prices go down, but railway steels are specialized steels. So it doesn't go down to the tune the other steels or other commodity goes down. So it may have -- I mean, it goes up and goes down. But in railway orders, we are covered by PVC clauses, which takes care.
- Mahesh:** Okay. So all the -- I mean the wagon manufacturing, I mean, we have back-to-back -- either have a back-to-back arrangement or we have PVC clauses in the contract.

Sudipta Mukherjee: So for Texmaco, suppose we have -- I mean, as of now, 60% of our order book is railway and in terms of our turnover. So it's more than 80% -- 85% is our railway contracts. And it is covered under PVC. In private, of course, it depends on customers, I mean the type of product, whatever, but mostly, we try to take care of our interest in terms -- when we take the order in terms of the contracts.

Moderator: In the interest of time, this was the last question for today. I would now like to hand the conference over to the management for closing comments.

Indrajit Mookerjee: It's been a pleasure talking to you, and I would like to thank each and everyone who has shown interest in our company and have asked very, very pertinent questions. And these questions, some of them are very interested to us for our own growth and for our own introspection. So I would like to thank them, and I hope we and our team have been able to address to the queries, questions, our broad strategies, etcetera.

Only one point that I would like to mention is that I would like all of you to ensure that we have a very strong vibrating, energetic team and which is the team very focused to achieve the target. And our targets are to be the best-performing company in terms of various ratios. And it is just not being the largest company making the largest number of wagons.

But it is more important is how we optimize our product mix, how we reduce our cost, how we slowly migrate to new areas without creating jolts. So these are the various strategies which we have in our mind. And as we keep on having our quarterly, as you see our quarterly results, I hope you would see a gradual improvement.

We have seen that it's happening on the improvement in the numbers, on the ratios. And this has happened despite that the -- given we also had to take a loss in one of our divisions even then. So we also are having a very focus on the other companies, which is our EPC company, which is not doing as good as we wanted it to be done. So there is various issue, which we already have in our mind. So we will be able to discuss that in course of time. So hopefully, we have satisfied you with all your queries. And thank you for your patience hearing as well as sparing your time with us. Thank you.

Moderator: Thank you, sir. On behalf of ICICI Securities, that concludes today's conference. Thank you for joining us, and you may now disconnect your lines.