



Texmaco Limited

BUY

May 10, 2007

Current Price : Rs836
Target Price : Rs1090
Upside : 30%

52 Week H/L:Rs1428/Rs481

Avg Daily Vol : 7748

Market Cap. : Rs8.7bn

BSE Code : 505400

NSE Symbol : TEXMCOLTD

Shareholding pattern

Shareholder	Mar 2007
Promoters	52.54%
FI/MF	15.04%
FII	0.77%
Public & Others	31.65%

Company Profile

Texmaco Limited, a K K Birla Group company was incorporated in 1939 to manufacture heavy engineering products such as railway wagons for carrying goods, hydro-mechanical equipment for hydel projects, heavy engineering machinery for shipbuilding and bridge construction, and industrial boilers and machinery used in oil and fertilizer industries. Texmaco's Product line also includes Steel Structures, Boilers, Pressure Vessels and Heat Exchangers, Chemical plants, Sugar machinery, Coal mining machinery, Diesel powered fork lifts, steel and grey iron casting. The company currently has an order book of Rs20bn in its various business segments

Texmaco has reported a revenue growth of 10% yoy to Rs3.74bn and a net profit growth of 46% yoy to Rs285mn in FY07. OPM has expanded by 240 bps from 11.1% to 13.5%. EPS has risen from Rs18.4 in FY06 to Rs27.6 in FY07.

Key Triggers

- **Entry of private players into containerized freight segment** and the Indian Railways' aggressive wagon procurement targets augur well for Texmaco's wagon business, which account for ~50% of its revenues. The company is also looking at a venture/collaboration with a global wagon manufacturer for venturing into new generation freight carriers.
- **New steel foundry** has commenced operations in FY07 and is expected to contribute significantly to margins through high value-added exports.
- **Unlocking of idle land value, business restructuring and inorganic growth** options could be additional triggers to the stock price.
- **Moving Average Convergence:** The short & medium term moving averages have converged and the price is trading above the moving averages. Further, the price is on the verge of cross over 200 DEMA which would add further strength in the stock.



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This report is for Retail Clients only

Source : Reuters

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Analyst holding in stock : Nil