

TEXMACO

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	131
12 month price target (INR)	199
52 Week High/Low	240/115
Market cap (INR bn/USD bn)	53/0.6
Free float (%)	49.8
Avg. daily value traded (INR mn)	202.7

SHAREHOLDING PATTERN

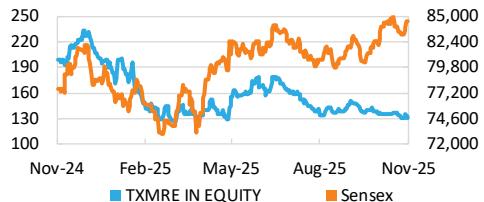
	Sep-25	Jun-25	Mar-25
Promoter	48.27%	48.27%	48.27%
FII	7.03%	8.14%	8.14%
DII	7.21%	7.38%	7.91%
Pledge	0%	0%	0%

FINANCIALS (INR mn)				
Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	51,066	47,202	51,193	56,414
EBITDA	4,673	4,461	4,655	5,186
Adjusted profit	2,840	2,384	2,569	2,947
Diluted EPS (INR)	7.1	5.9	6.3	7.2
EPS growth (%)	185.1	(17.6)	7.8	14.7
RoAE (%)	9.3	8.0	7.9	8.4
P/E (x)	19.0	23.0	21.4	18.6
EV/EBITDA (x)	18.8	19.1	16.9	15.7
Dividend yield (%)	1.6	1.7	1.4	1.6

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	47,202	51,193	-3%	-6%
EBITDA	4,461	4,655	2%	-6%
Adjusted profit	2,384	2,569	-2%	-8%
Diluted EPS (INR)	5.9	6.3	0%	-9%

PRICE PERFORMANCE



Steady quarter; order traction needed

Given wheelset availability is improving, Texmaco Rail (Texmaco) reported a 38% QoQ/115% QoQ increase in Q2FY26 consolidated revenue/adjusted PAT. Wagon dispatch during the quarter rose to 2,334 wagons (1,815 wagons in Q1FY26, 10,612 in FY25). Texmaco ended the quarter with an order book of ~INR66.9bn (~1.4x book-to-bill) and won ~INR8.9bn orders during the quarter.

Inadequate wagon ordering from Indian Railways (IR) in the wake of the nil hike in outlay for railways (see [Union Budget: Muted capex growth](#)) compels us to trim FY27E/28E EPS by 8%/6%. Maintain 'BUY' with a revised TP of INR199 (INR211 earlier) based on 30x Q2FY28E EPS. At the CMP, the stock trades at ~20x/18x FY27E/28E EPS.

Wagon delivery improves as wheelset availability rises

Texmaco's Q2FY26 consolidated revenue at INR12.6bn surged 38% QoQ as wheelset availability improved post Jul-25. Wagon dispatch during the quarter was 2,334 (1,815 wagons in Q1FY26, 2,927 in Q2FY25). EBITDA margin rose 210bp QoQ to 9.9% while adjusted PAT surged 115% QoQ. Profitability in the rail-EPC (Kalindee) segment deteriorated QoQ, but margins in the Bright Power division improved sequentially. Net debt decreased marginally sequentially to ~INR5.7bn even as net working capital cycle deteriorated to 173 days (165 days at end-Q1FY26). The steel foundry division produced 8,413MT castings in Q2FY26 (8,667 MT in Q1FY26, ~41,500MT in FY25). Texmaco West Rail has been amalgamated with the company with effect from April 1, 2025 due to which results are not comparable on a YoY basis.

Order book decreases QoQ due to inadequate wagon ordering by IR

Texmaco ended Q2FY26 with a consolidated order book of ~INR66.9bn (net of inter-segmental orders for the foundry division), down ~INR3.7bn QoQ; it has a book-to-bill of ~1.4x. Muted wagon ordering from Indian Railways (~2,000 wagons ordered YTD FY26 compared with ~9,400 wagons in FY25 and 24,900 wagons in FY24) has led to a reduction in the wagon order book for wagon manufacturers. Texmaco's wagon order book has also declined to ~INR30.7bn (~INR33bn at end-FY25). Nevertheless, the company has tried to make up for this by targeting the private/export wagon space where it has won certain orders. Moreover, it has won multiple orders in the Bright Power division, which has boosted the segment's order book to ~INR18bn (book-to-bill of 3.4x). Management expects Indian Railways (IR) to come up with a wagon tender in Q4FY26. If IR's plan to procure ~38,000 wagons in FY26E (refer to [Union Budget: Muted capex growth](#)) materialises, it shall be a significant positive for the company.

Financials

Year to March	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Net Revenue	12,581	13,459	(6.5)	9,106	38.2
EBITDA	1,244	1,322	(5.9)	709	75.4
Adjusted Profit	646	729	(11.3)	300	115.5
Diluted EPS (INR)	1.6	1.8	(12.9)	0.8	111.6

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	51,066	47,202	51,193	56,414
Gross profit	8,218	7,690	8,289	9,191
Employee costs	1,707	1,814	1,792	1,974
Other expenses	1,838	1,416	1,842	2,030
EBITDA	4,673	4,461	4,655	5,186
Depreciation	431	480	516	552
Less: Interest expense	1,372	1,309	1,590	1,640
Add: Other income	577	350	450	470
Profit before tax	3,680	3,291	3,295	3,790
Prov for tax	843	937	756	873
Less: Other adj	(348)	0	0	0
Reported profit	2,492	2,384	2,569	2,947
Less: Excp.item (net)	348	0	0	0
Adjusted profit	2,840	2,384	2,569	2,947
Diluted shares o/s	399	407	407	407
Adjusted diluted EPS	7.1	5.9	6.3	7.2
DPS (INR)	2.1	2.3	1.9	2.1
Tax rate (%)	22.9	28.5	22.9	23.0

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Order intake (INR bn)	26.7	41.7	44.9	50.8
Y-o-Y growth (%)	(12.6)	56.1	7.9	12.9
Book-to-bill ratio (x)	1.5	1.6	1.5	1.4
EBITDA margin (%)	9.2	9.5	9.1	9.2
Net profit margin (%)	5.6	5.1	5.0	5.2
Revenue growth (% YoY)	45.8	(7.6)	8.5	10.2
EBITDA growth (% YoY)	77.3	(4.5)	4.4	11.4
Adj. profit growth (%)	185.1	(16.1)	7.8	14.7

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.0	6.2	7.0	7.0
Repo rate (%)	6.0	5.0	5.0	5.0
USD/INR (average)	84.0	82.0	81.0	81.0
Order backlog (INR bn)	63.1	63.9	65.2	68.5
Order backlog gth. (%)	(19.9)	1.2	2.0	5.2
Revenue growth (%)	45.8	(7.6)	8.5	10.2
Raw material costs (%)	83.9	83.7	83.8	83.7
Salary costs (%)	3.3	3.8	3.5	3.5
Other costs (%)	3.6	3.0	3.6	3.6

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	19.0	23.0	21.4	18.6
Price/BV (x)	1.9	1.7	1.6	1.5
EV/EBITDA (x)	18.8	19.1	16.9	15.7
Dividend yield (%)	1.6	1.7	1.4	1.6

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	399	407	407	407
Reserves	27,573	31,072	33,336	35,977
Shareholders funds	27,972	31,479	33,743	36,384
Minority interest	330	300	270	240
Borrowings	9,254	9,254	9,254	9,254
Trade payables	6,388	6,034	6,684	7,521
Other liabs & prov	839	784	841	917
Total liabilities	48,370	51,294	54,668	58,741
Net block	9,366	9,886	10,370	10,819
Intangible assets	567	567	567	567
Capital WIP	659	659	659	659
Total fixed assets	10,592	11,112	11,596	12,045
Non current inv	2,456	2,456	2,456	2,456
Cash/cash equivalent	2,221	5,235	5,192	5,875
Sundry debtors	13,666	12,632	13,700	15,097
Loans & advances	42	39	42	47
Other assets	19,187	19,609	21,448	22,964
Total assets	48,370	51,294	54,668	58,741

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	2,255	2,085	2,243	2,592
Add: Depreciation	431	480	516	552
Interest (net of tax)	1,025	936	1,225	1,262
Others	(9,698)	(714)	(4,894)	(4,256)
Less: Changes in WC	(4,588)	57	(1,792)	(1,480)
Operating cash flow	(1,398)	2,730	883	1,629
Less: Capex	3,841	1,000	1,000	1,000
Free cash flow	(5,240)	1,730	(117)	629

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	9.3	8.0	7.9	8.4
RoCE (%)	13.9	11.0	10.9	11.5
Inventory days	61	61	61	61
Receivable days	98	98	98	98
Payable days	46	47	48	49
Working cap (% sales)	54.8	65.2	64.4	63.2
Gross debt/equity (x)	0.3	0.3	0.3	0.3
Net debt/equity (x)	0.2	0.1	0.1	0.1
Interest coverage (x)	3.1	3.0	2.6	2.8

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	185.1	(17.6)	7.8	14.7
RoE (%)	9.3	8.0	7.9	8.4
EBITDA growth (%)	77.3	(4.5)	4.4	11.4
Payout ratio (%)	33.8	39.3	29.4	29.6

Exhibit 1: Financial snapshot (INR mn)

Financial snapshot (Standalone)	Q2FY26	Q2FY25	YoY %	Q1FY26	QoQ %	FY25	FY26E	FY27E	FY28E
Revenue	12,581	13,459	(6.5)	9,106	38.2	51,066	47,202	51,193	56,414
Direct cost	10,458	11,322	(7.6)	7,643	36.8	42,848	39,511	42,904	47,223
Staff cost	503	431	16.9	446	12.8	1,707	1,814	1,792	1,974
Other expenditure	376	385	(2.4)	308	22.1	1,838	1,416	1,842	2,030
Total expenditure	11,337	12,137	(6.6)	8,397	35.0	46,393	42,741	46,538	51,227
EBITDA	1,244	1,322	(5.9)	709	75.4	4,673	4,461	4,655	5,186
Depreciation	111	109	1.6	109	1.9	431	480	516	552
EBIT	1,133	1,213	(6.6)	601	88.7	4,241	3,981	4,139	4,635
Less: Interest Expense	302	402	(24.9)	307	(1.7)	1,372	1,309	1,590	1,640
Add: Other income	80	165	(51.2)	80	0.3	577	350	450	470
Add: Prior period items	0	0	NA	0	NA	-348	0	0	0
Add: Exceptional items	0	0	NA	0	NA	0	0	0	0
Add: Share of profit from assoc.	797	1,047	(23.9)	317	151.0	234	269	296	325
PBT	912	975	(6.5)	374	144.1	3,331	3,291	3,295	3,790
Tax	342	301	13.7	143	139.0	843	937	756	873
Reported profit	570	674	(15.5)	230	147.3	2,492	2,384	2,569	2,947
Less: Minority Interest	-227	-373	(39.1)	-87	160.9	-3	-30	-30	-30
Adjusted profit	646	729	(11.3)	300	115.5	2,840	2,384	2,569	2,947
					#N/A				
Equity capital	407	399		399		399	407	407	407
No. of Diluted shares outstanding (mn)	407	399		399		399	407	407	407
Adjusted Diluted EPS	2	1.8	NA	1	NA	7.1	5.9	6.3	7.2
As % of net revenues									
Direct cost	83.1	84.1	-100	83.9	-81	83.9	83.7	83.8	83.7
Other expenses	3.0	2.9	13	3.4	-39	3.6	3.0	3.6	3.6
EBITDA	9.9	9.8	7	7.8	210	9.2	9.5	9.1	9.2
Adjusted profit	5.1	5.4	(27.7)	3.3	184.3	5.6	5.1	5.0	5.2
Tax rate	37.5	30.9	667	38.3	-80	25.3	28.5	22.9	23.0

Source: Company, Nuvama Research

Order intake in non-wagon space perks up

Given wagon ordering from IR has been tepid over the past year, Texmaco has enhanced its focus on the private sector and export wagons; in addition, it has won multiple orders in the non-wagon space too.

Exhibit 2: YTD FY26 order wins for Texmaco

Date	Client	Details	Value (INR mn)	Comments
Nov-25	Delhi Metro Rail Corporation	Installation & Commissioning of Ballastless Track including Supply of Buffer Stop	128	12 months execution period.
Oct-25	Maharashtra Metro Rail Corporation (Maha-Metro)	Design, Supply, Installation, Testing & Commissioning of 25kV Flexible Overhead Catenary System, associated 25kV Sectioning Posts, 33kV Auxiliary SubStation (ASS), associated Cabling and SCADA Systems for PCMC-Nigdi Elevated Extension of Pune Metro Rail Project	446	110 weeks execution period.
Oct-25	Central Railway	Design, manufacture, supply of associated equipments, erection, testing & commissioning of 132kV/55kV (2*25kV System) Scott Connected transformer along with sectioning & Paralleling Post (SP) and Sub-sectioning & Paralleling Post (SSP) in Beed-Parli section in connection with Ahmednagar-Beed-Parli New BG Line of Central Railway	339	12 months execution period.
Sep-25	UltraTech Cement	BCFC Wagons along with Brake Van	869	To be delivered by March 2026
Sep-25	RVNL	Design, Supply, Erection, Testing and Commissioning of 2*25 KV Traction Over-Head Equipment and associated activities at Yavatmal-Digras section of Nagpur Division in Central Railways.	1291	18 months execution period.
Aug-25	Leap Grain Rail Logistics Private Limited	BCBFG wagons along with BVCM Brake Van	1032	To be delivered within 10 months
Aug-25	Central Railway	Design, Supply, Erection, Testing and Commissioning of 110 KV/25KV AC Traction Substation, SSP and associated works to be executed over a period of 24 months.	731	This order is the composite order for 132/25 Kv Traction Sub Station along with incoming supply provision including modification to 132 KV transmission line using HTLS conductor to provide incoming supply to the traction substation.
Jul-25	UltraTech Cement	BOXNHL wagons along with BVCM Brake Van	478	To be delivered by mid of October 2025
Jul-25	TCI	Purchase of 02 Rakes Containing (54 NO'S ACT-3 TYPE WAGONS and 02 NO'S BVCM)	363	These Auto Car Taller Wagon (ACT 3) are landmark Automobile carrier wagon newly developed and designed by Texmaco as per market & customer needs which can carry SUV , Small Trucks and Tractors. 24 months execution period.
Jun-25	South Western Railway	TRD maintenance & breakdown activities in BYPL(Incl)-OML(Excl), YNK(excl)- BWT(excl), BAW(incl)-SPGR(incl) SBC(incl)- JTJ(Excl), BAW(Excl)-HAS(Excl), BID-Y and YNK-	278	24 months execution period.
Jun-25	CAMALCO SA., Cameroon	(a) Manufacture and Supply of Wagons: Initial order for 560 Open top Wagons to be completed in 2 phases within 24 months from Purchase order date with the provision for additional order of 1040 wagons in subsequent phases. (b) Long term maintenance contract for wagons supplied by Company for a period of 20 years.	2820	a) Order of 560 wagons: USD 32,760,000 (United States Dollars Thirty Two Million Seven Hundred Sixty Thousand Only) (equivalent to INR 282 Crore). (b) Value of Long term maintenance contract relating to 560 Wagons for 20 years: USD 29,484,000 (United States Dollars Twenty Nine Million Four Hundred Eighty Four Thousand Only) (equivalent to INR 253 Crore). Further, this initial order includes provision for additional order relating to supply of 1040 Wagons in next 5 years and long term maintenance thereof.
Jun-25	MRVCL	Supply, Construction, Installation, Testing and Commissioning of 1X25 kV 110/25 kV TSS with 40/56 MVA AC traction transformers, 2 nos. SPs & associated works for 3rd & 4th lines of Central Railway	440	18 months execution period.
Jun-25	MRVCL	Design, Supply, Construction, Installation, Testing and Commissioning of traction transformers & associated work for Western Railway	1223	30 months execution period.
May-25	Railways	8 rakes of Flat Multi-Purpose Wagons	1406	6 months execution period.
Orders won in FY26			11842	

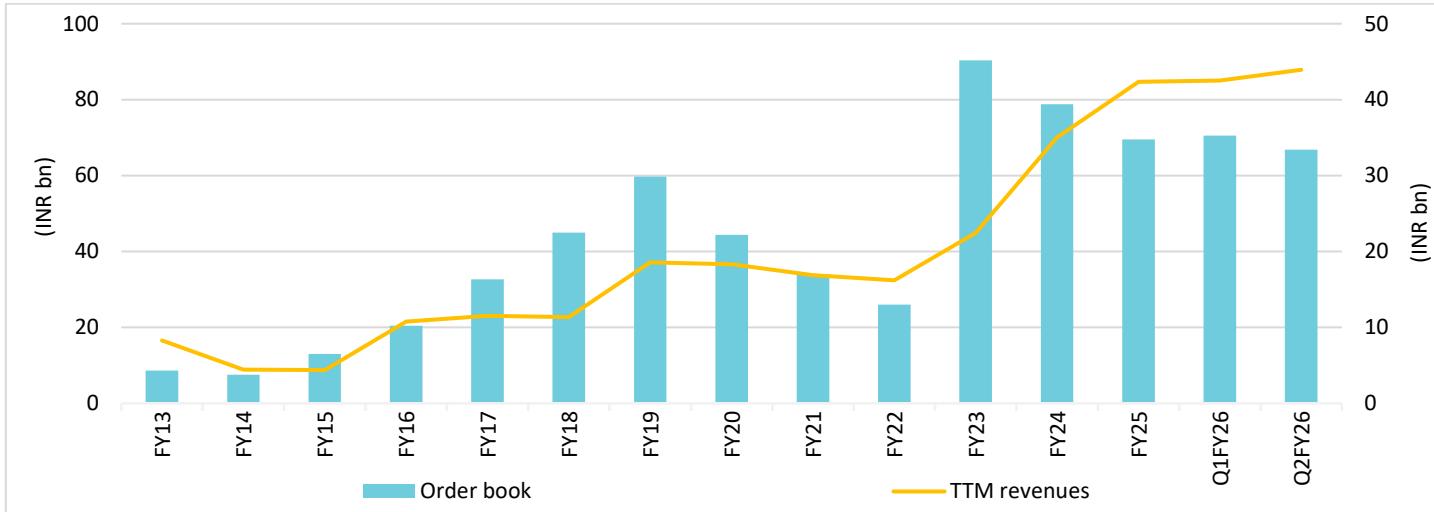
Source: Company, Nuvama Research

Order book decreases QoQ

Texmaco's order book reported a sharp turnaround post-FY22 as wagon ordering gathered momentum. However, inadequate wagon ordering by IR post FY24 has led to a decline in the order book.

The company's order book declined QoQ in Q2FY26. Its order book as at end-Q2FY26 was ~INR66.9bn.

Exhibit 3: Texmaco's order book and revenue rebound after FY22



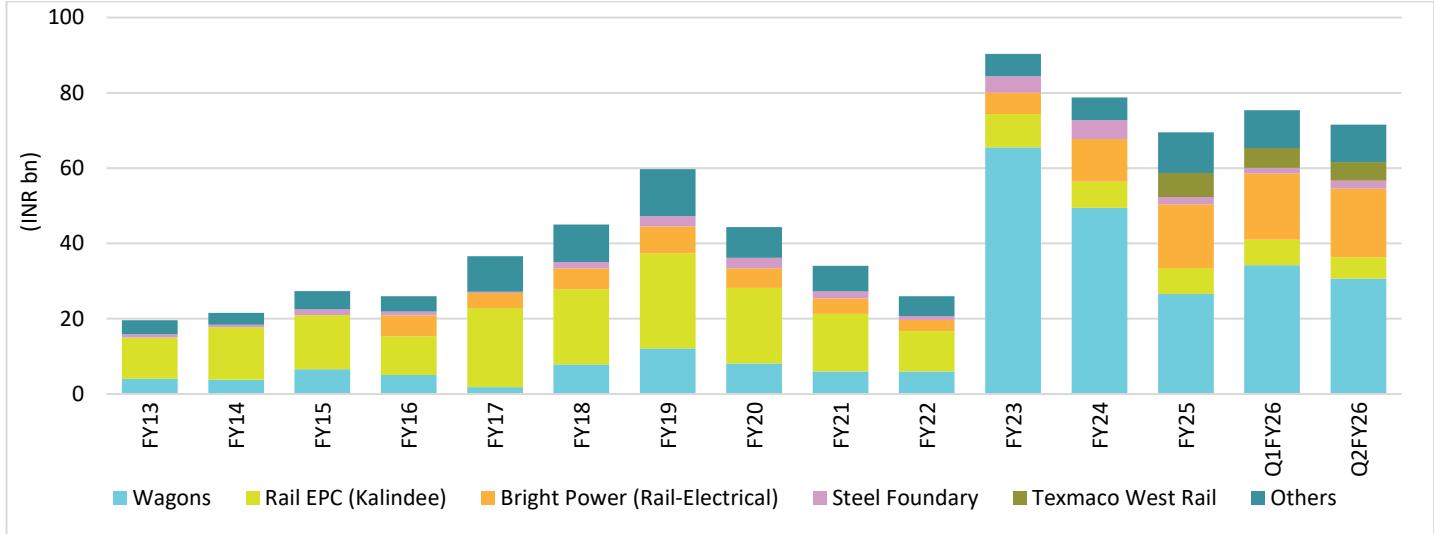
Source: Company, Nuvama Research

Note: The order book of Kalindee and Bright Power was included in Texmaco's order book starting FY16 and FY18, respectively.

Note: Order book for FY25 includes net order book of foundry division while previous periods include gross order book

Note: Includes Texmaco West Rail order book

Exhibit 4: Texmaco pro forma order book



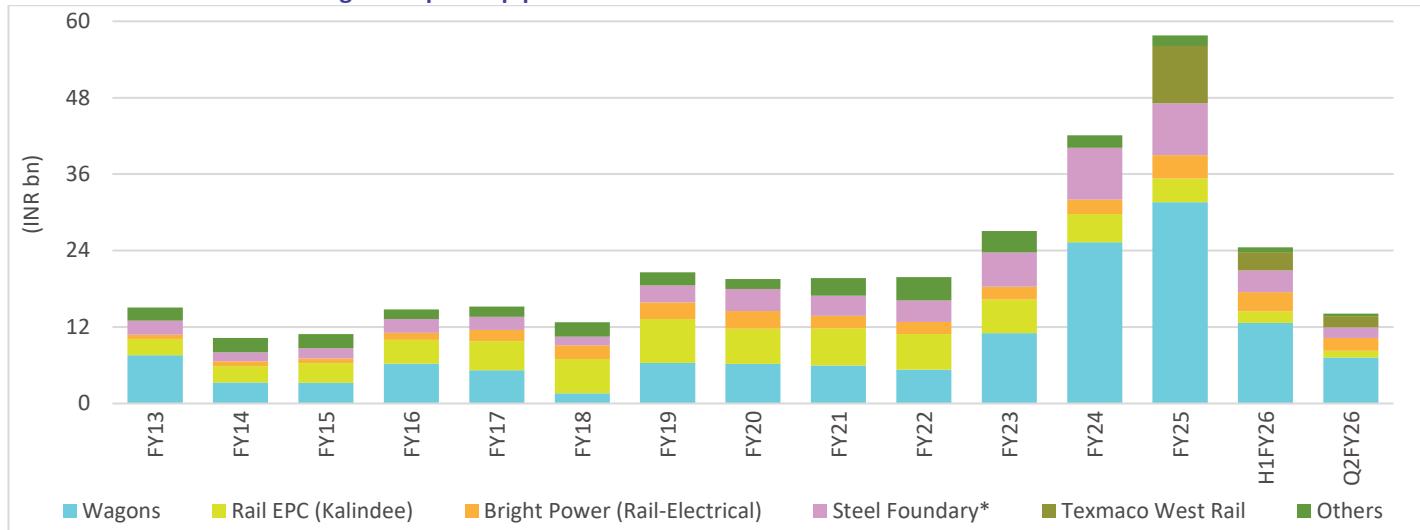
Source: Company, Nuvama Research

Note: The chart above represents a hypothetical scenario assuming the inclusion of Kalindee's order book from FY13 and of Bright Power from FY16. Order includes net order book of foundry division while previous periods include gross order book

Note: Texmaco West Rail (erstwhile Jindal Rail) was acquired in FY25

The freight division (including the steel foundry segment) contributed ~75% of quarterly revenues in Q2FY26 while Rail & Green Energy/infra-electrical segments contributed 9%/16%.

Exhibit 5: Texmaco's revenue growth picks up pace



Source: Company, Nuvama Research

Notes: * i) Indicates gross revenues not adjusted for intersegmental elimination.

ii) The chart above represents a hypothetical scenario assuming the inclusion of revenues of Kalindee and Bright Power from FY13.

Sluggish order intake in wagon business

In May-22, IR awarded ~72,000 wagons to various wagon players in the country. Texmaco bagged an order of 20,067 wagons valued at ~INR64.5bn from IR as part of this tender. The momentum continued in FY24 with IR awarding ~24,900 wagons of which the company won 3,400 valued at ~INR11.6bn.

However, wagon ordering has been sluggish post-FY24.

Exhibit 6: Wagons procured by IR

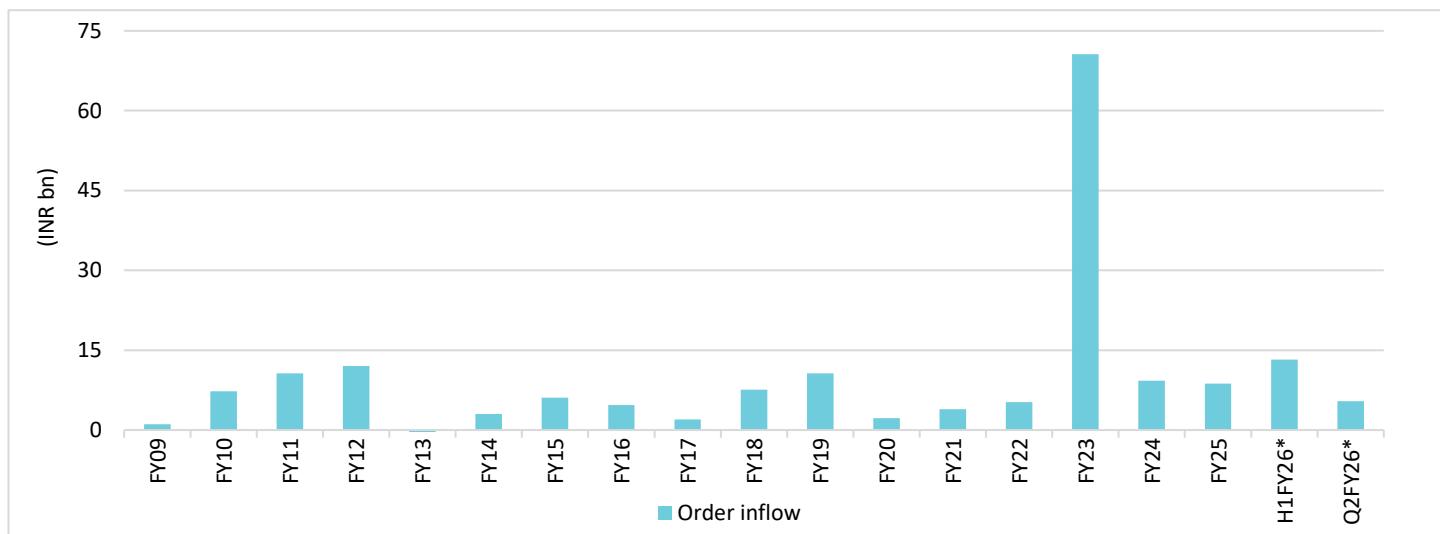


Source: Government documents, Nuvama Research

Note: For FY25-YTDFY26, the figures denote wagon orders placed by IR to various wagon manufacturers

After the large wagon tender provided by IR in FY23, wagon ordering has decreased over the past two years.

Exhibit 7: Order inflow in Texmaco's wagon segment shot up in FY23/24



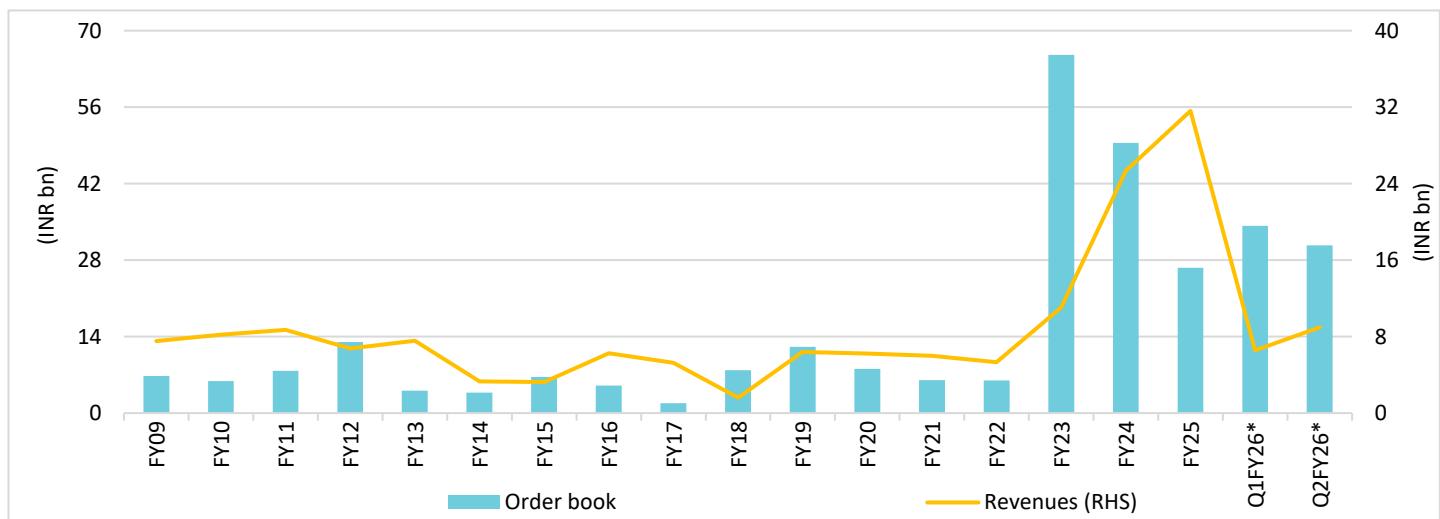
Source: Company, Nuvama Research

Note: * Includes Texmaco West Rail for Q2/H1FY26

In FY25, the company received orders for 677 BOBRN wagons from IR at a total contract value of ~INR2.9bn (including GST); this is apart from the 357-wagon orders won by Texmaco West Rail.

Some pickup has been reported in wagon orders in H1FY26; the company has won orders from the public sector, private sector as well as export orders in the wagon segment in FY26.

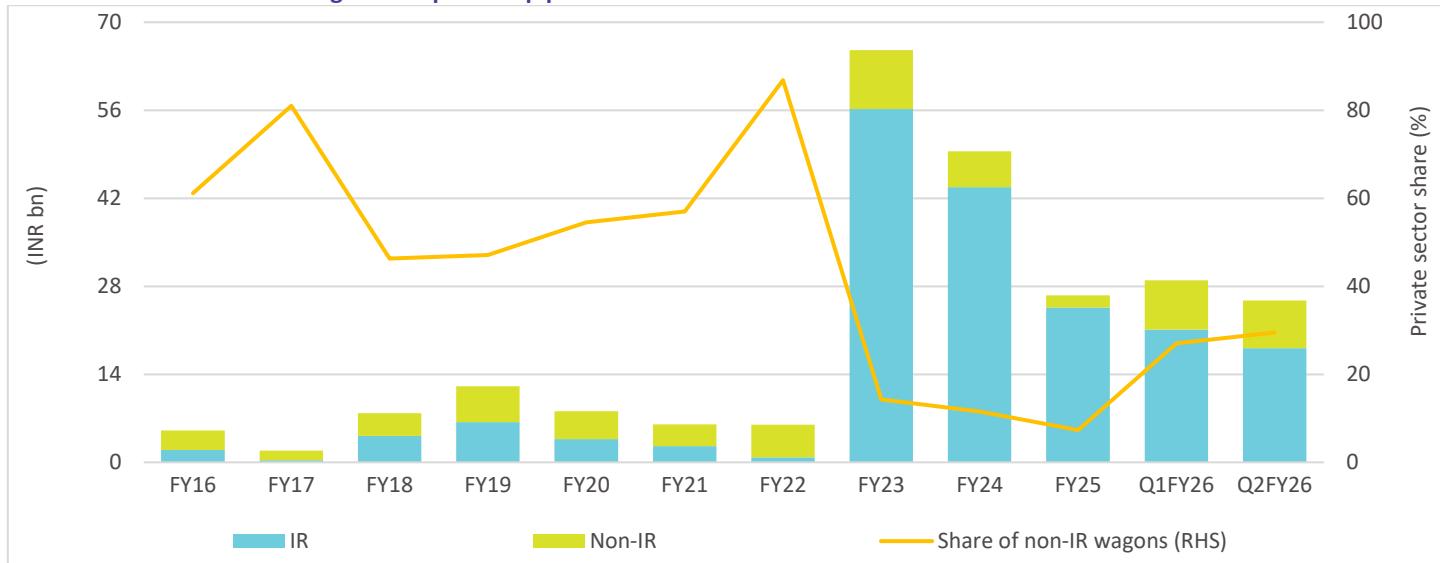
Exhibit 8: Texmaco's wagon order book has decreased post-FY24



Source: Company, Nuvama Research

Note: * Includes Texmaco West Rail for Q1/Q2FY26

Exhibit 9: Share of non-IR wagons has picked up post-FY25

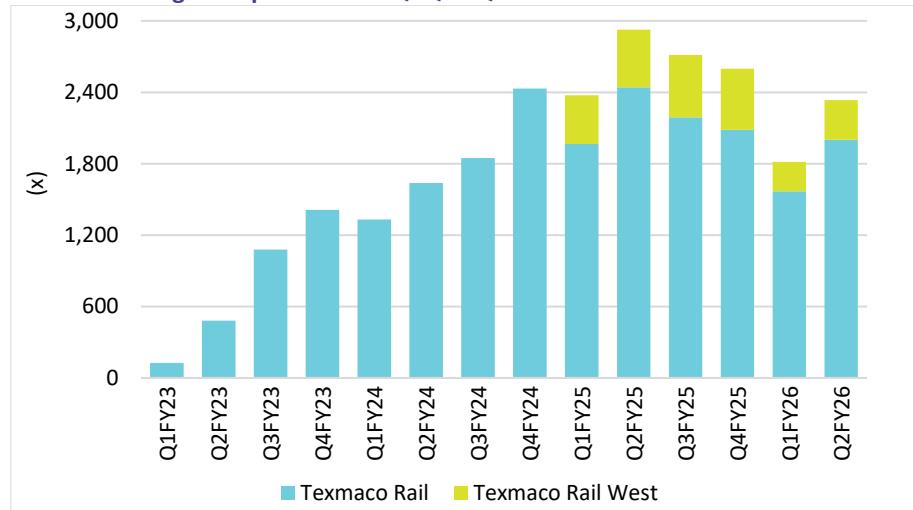


Source: Company, Nuvama research

Note: Excludes Texmaco West Rail

Elections and heatwaves along with certain design and supply chain issues had affected execution during Q1FY25; but production normalised in Q2FY25. However, inadequate availability of wheelsets from the Indian Railways affected wagon dispatches and revenue in H2FY25 as well as in Q1FY26 and Jul-25. Wagon availability improved in Aug-Sep 2025.

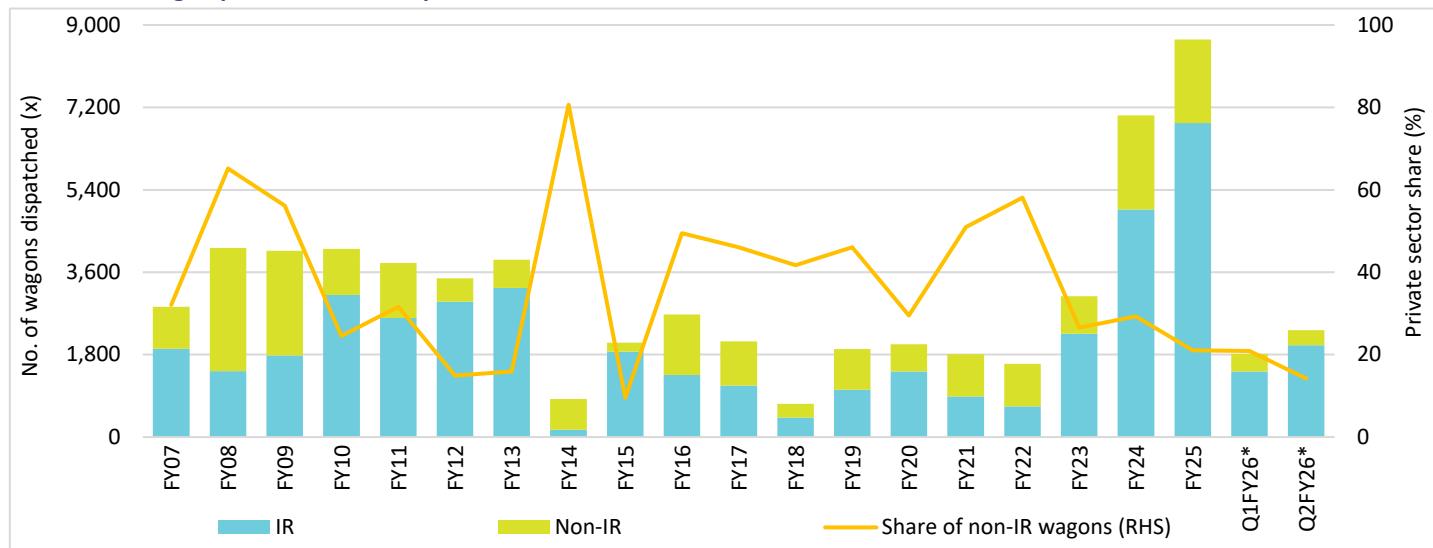
Exhibit 10: Wagon dispatches rise QoQ in Q2FY26



Source: Company, Nuvama research

In Q2FY26, Texmaco dispatched 2,334 wagons at the consolidated level compared with 1,815 wagons in Q1FY26, 2,597 in Q4FY25 and 2,714 in Q3FY25. In FY25, it dispatched 10,612 wagons of which ~1,930 were from Texmaco West Rail.

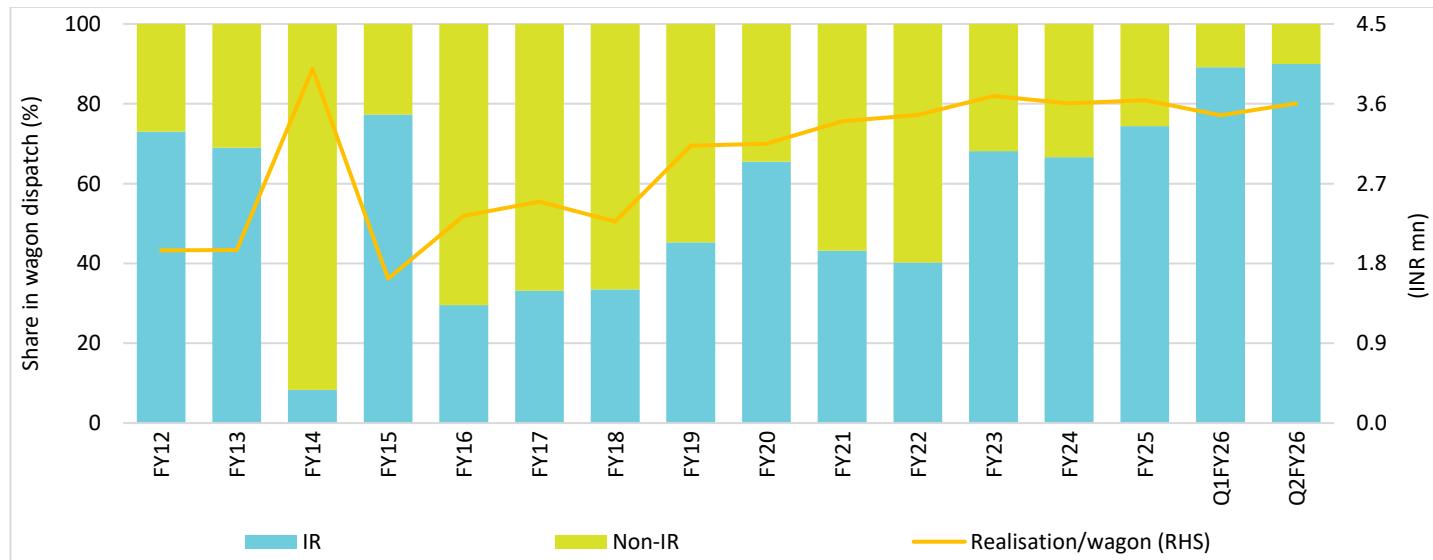
Exhibit 11: Wagon production swells post-FY22



Source: Company, Nuvama Research

Note: * Includes Texmaco West Rail for Q1/Q2FY26

Exhibit 12: Share of IR wagons in dispatches goes up post-FY22



Source: Company, Nuvama Research

Note: Excludes Texmaco West Rail

Texmaco's strength in the wagon vertical has been reinforced as the company acquired Jindal Rail (JRIL) for a cash consideration of INR6.15bn and renamed it Texmaco West Rail. It focuses on private sector wagons and has delivered over 8,600 wagons since 2012 (refer to [Value-accretive acquisition](#)).

Texmaco West Rail manufactured over 1,650 wagons and clocked revenue/EBITDA/PBT of INR7.5bn/~INR850mn/INR574mn in FY24. In FY25, it clocked revenue/PBT of ~INR9bn/1.25bn. The merger of Texmaco West Rail with the parent company has been completed.

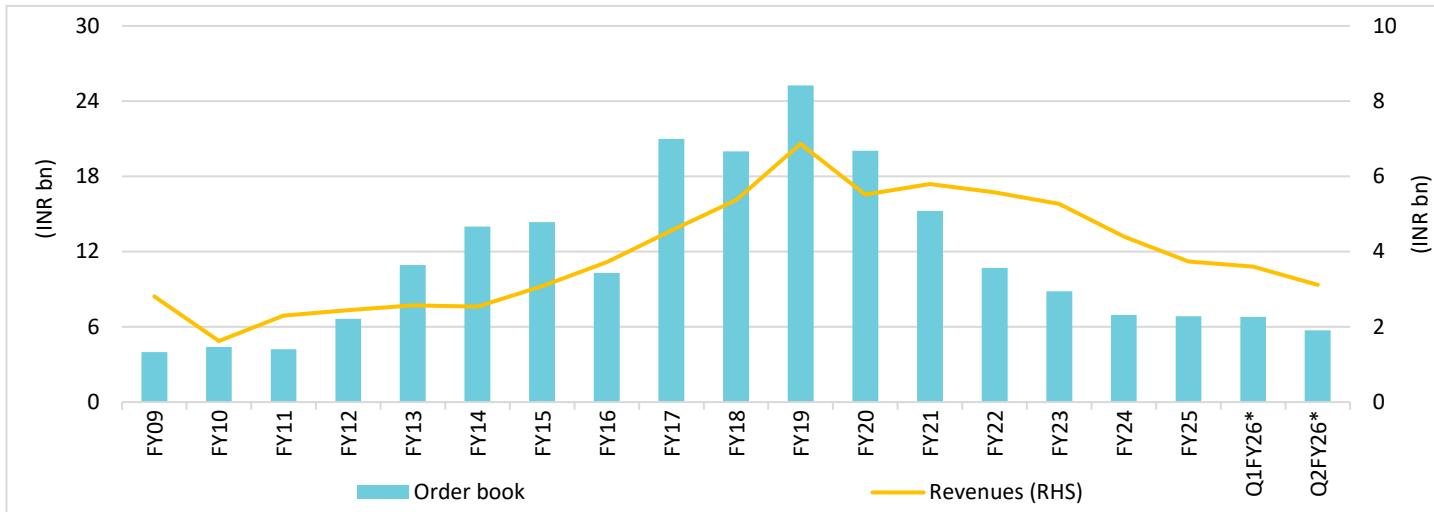
Texmaco currently has a capacity to produce ~15,000 wagons yearly at the consolidated level.

Order book of Bright Power division rises QoQ

To counter the inherent cyclicity of the wagon business, Texmaco has expanded its product offerings to reduce concentration risks.

- **Rail EPC division:** In the rail EPC space, the focus of the company is to complete the low-margin legacy contracts.

Exhibit 13: Rail EPC (Kalindee) division reorients business model



Source: Company, Nuvama Research

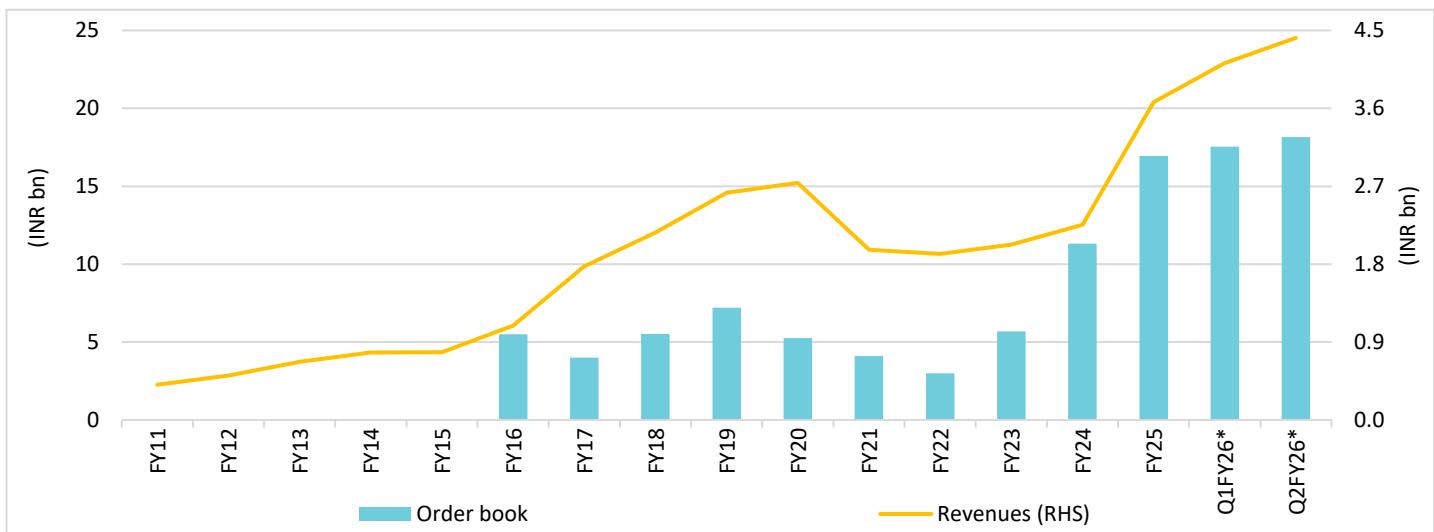
Note: * TTM revenues for Q1/Q2FY26

- **Bright Power:** Bright Power specialises in providing overhead electrification (OHE) solutions.

The segment logged strong order accretion over the last couple of years. Its order book had surged ~5.7x over FY22–25. This is likely to lead to healthy revenue growth, going ahead.

This division closed the quarter with an order book of ~INR18.2bn and earned a revenue of ~INR2bn in Q2FY26.

Exhibit 14: Bright Power (infra-electrical) poised to log robust growth, going ahead



Source: Company, Nuvama research

Note: * TTM revenues for Q1/Q2FY26

- **Steel foundry:** Texmaco boasts of the largest internationally accredited foundry in India, which is the only foundry approved by the Association of American Railroad (AAR) in the country. The company has the largest foundry for IR castings and is the biggest exporter of railway castings in India.

The steel foundry division produced 8,413MT castings in Q2FY26 (8,667MT in Q1FY26, ~10,540MT in Q4FY25 and ~41,700MT in FY25).

The foundry casting division had clocked revenue of ~INR8bn in FY25.

Exhibit 15: Foundry division posting strong growth

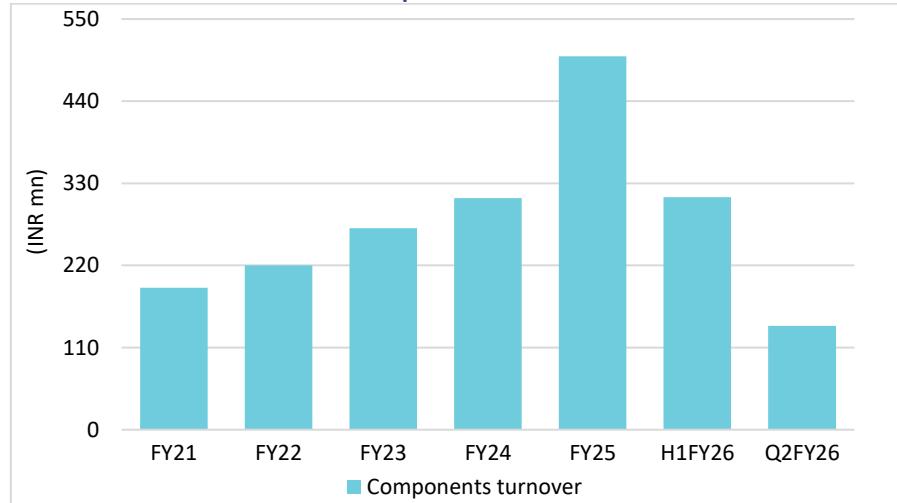


Source: Company, Nuvama Research

- Components:** Texmaco has been present in the component business for quite some time now. Its hi-tech unit has long-term contracts with domestic and international customers for supply of bogie frames, under frames, fuel tanks, end assemblies, bolsters, snow-ploughs, brake levers and APUs, car body shell (CBS) components for IR e-Loco project, mining and earth mover equipment components.

The hi-tech division clocked revenue of ~INR500mn in FY25 and INR312mn in H1FY26.

Exhibit 16: Turnover of hi-tech components



Source: Company, Nuvama research

The component business is now reporting significant traction aided by higher domestic demand, government efforts to reduce import through domestic manufacturing (import substitution) as well as surging export opportunities due to the China-plus-one factor.

For many MNCs, Texmaco is a global sourcing partner for precision-fabricated parts, machined systems and solutions. The company supplies bogies, passenger rolling stock and metro rail parts to many global majors.

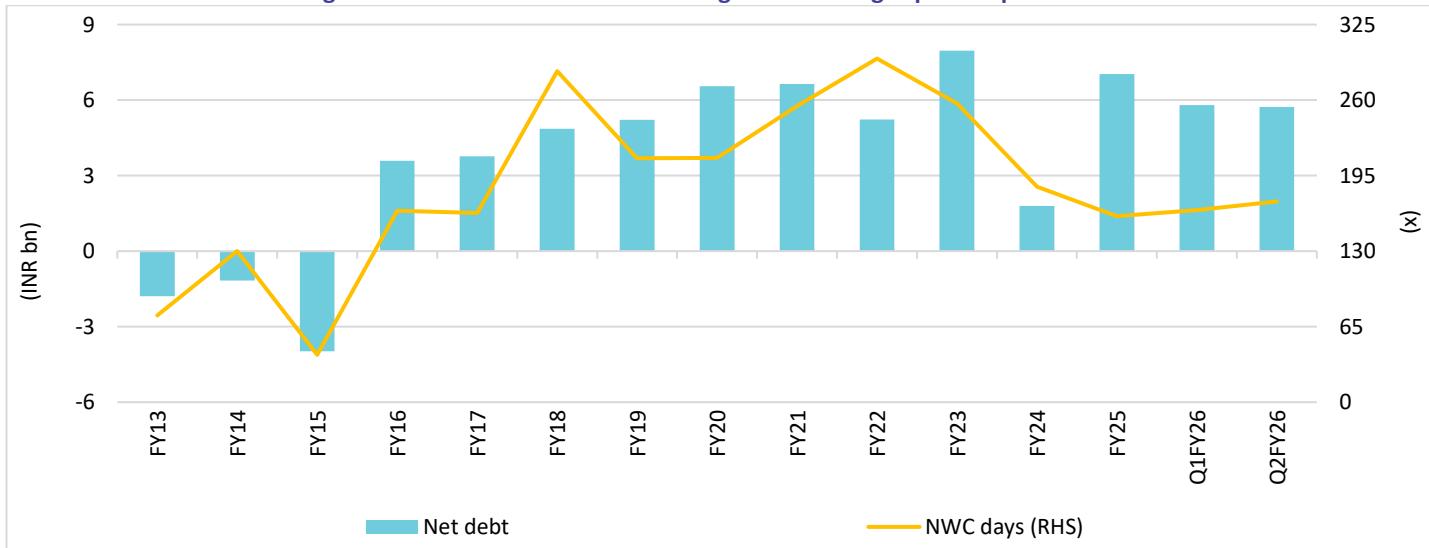
The company has created a niche for itself in the component business through JVs and acquisitions. These include:

- **Wabtec JV:** Texmaco has a 40% stake in this JV (balance held by Wabtec Corporation of the US), which is geared towards production of high-value components including bogie-mounted brake systems, low-and-high-friction brake blocks (for freight, loco and coach applications), draft gears and friction wedges.
- **NYMWAG JV:** Texmaco has a 51% stake in this JV (balance held by NYMWAG CS a.s. – AZC Group), which plans to manufacture freight wagon and/or its components for domestic and international markets.
- **Saira Asia:** The company has acquired a 51% stake in Saira Asia, which manufactures components for interiors of passenger rolling stock. Saira Asia serves international customers such as Alstom and Hyundai-Rotem. It has designed the interior of Vande Bharat as well as coaches for Delhi Metro. The company believes Saira Asia has a revenue potential of INR5–6bn. The company has received ~INR230mn new orders in the last five months, mainly related to Vande Bharat.

Fortified balance sheet to aid growth

Increasing exposure to rail-EPC projects led to a steady rise in leverage levels for Texmaco since the rail EPC division needs a considerable amount of working capital.

Exhibit 17: Texmaco's leverage increases over FY15–23 due to high net working capital requirements



Source: Company, Nuvama Research

However, with the contribution of the wagon segment in overall revenue increasing, the company's net working capital cycle is coming down.

Its leverage levels declined marginally QoQ in Q2FY26 even as net working capital cycle deteriorated.

Company Description

Texmaco, incorporated in 1939, started as a textile machinery manufacturing company. The company later diversified into other engineering fields and is today ISO: 9001-2008 certified, boasting a wide variety of business lines such as wagon manufacturing, components and assemblies, hydro-mechanical equipment, bridges, structural equipment and steel castings. Over years, Texmaco has built a strong infrastructure base, spread across 155 acres, including five manufacturing facilities on the outskirts of Kolkata, in Agarpara, Belgharia, Sodepur and Panihati.

The company's rolling stock division started operations in 1954. Since then, Texmaco has solidified its position as one of the largest suppliers of wagons in India with one out of every four wagons on the IR network produced by the company. The company was also the pioneer in wagon exports—going on for five decades now. Texmaco has exported wagons in the past to European, African and South-East Asian countries while competing with global players.

Investment Theme

- Rich legacy of excellence in rolling stock space
- Diversified business model counters inherent cyclicalities
- Balance sheet mended; focus turns towards growth
- Potential demerger of the rail EPC business, which shall leave Texmaco with the capital-light wagons, OHE and components business
- Operating margins and working capital improvement
- Ramp-up of the component business

Key Risks

- **Concentration risk:** Majority of Texmaco's profitability currently comes from the wagon segment. A slowdown in wagon ordering from IR in the past had adversely impacted the company's turnover. Any slowdown in the wagon space in future can cast a shadow on the company's growth plans.
- **Predatory pricing by new entrants:** New players are entering the railway space attracted by the ambitious growth plans of IR. Increased competition can impact the company's margins adversely.
- Uncertainty about the demerger of the rail-EPC subsidiary.

Additional Data

Management

Chairman	S. K. Poddar
MD	Sudipta Mukherjee
CFO	Kishor Rajgaria
Director	A. K. Vijay
Auditor	L.B.Jha & Co

Holdings – Top 10*

	% Holding		% Holding
Nippon	2.86	Norges Bank	0.55
HDFC Trustee	1.83	Generali Central	0.23
Samena	1.24	Zuari Industries	0.19
Adventz Securit	0.94	New Eros Tradec	0.18
Saroj & Jyoti P	0.90	Poddar Akshay	0.07

*Latest public data

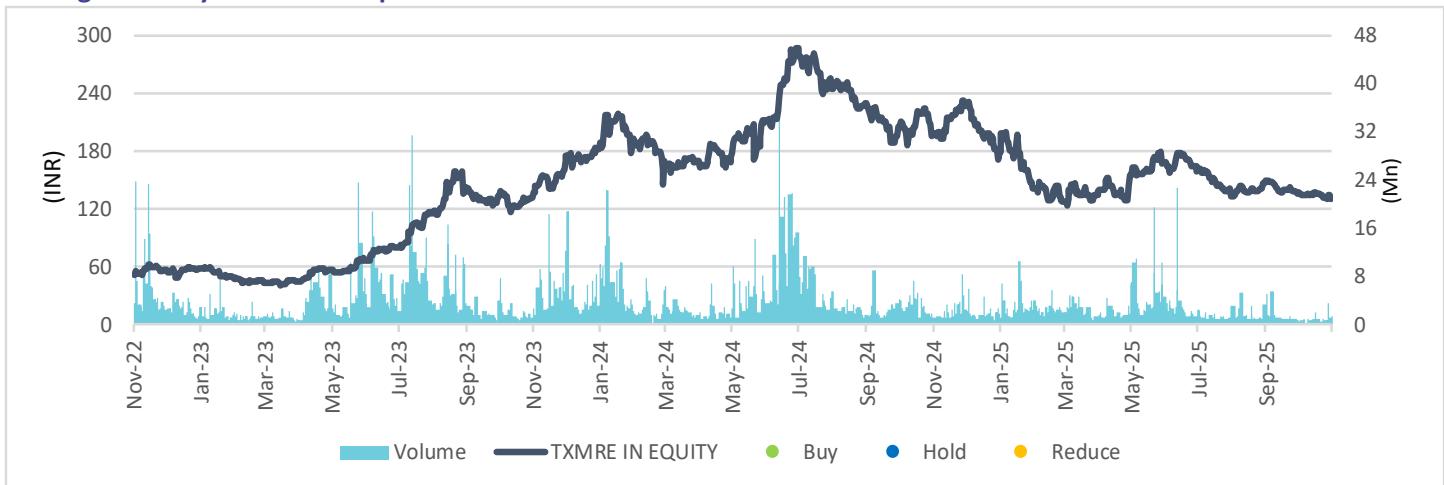
Recent Company Research

Date	Title	Price	Reco
18-Aug-25	Soft quarter; order inflows improve; <i>Result Update</i>	134	Buy
18-May-25	New tie-ups to drive growth; <i>Result Update</i>	163	Buy
03-Feb-25	Chasing growth in the face of headwinds; <i>Result Update</i>	162	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
14-Nov-25	NBCC	Decent quarter; <i>Result Update</i>
14-Nov-25	Capacite Infraprojects	Healthy quarter; <i>Result Update</i>
13-Nov-25	KNR Constructors	Weak quarter; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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