

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	799
12 month price target (INR)	1,142
52 Week High/Low	1,510/655
Market cap (INR bn/USD bn)	108/1.2
Free float (%)	57.5
Avg. daily value traded (INR mn)	2,822.3

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	40.46%	40.46%	40.46%
FII	9.49%	11.63%	13.67%
DII	11.67%	13.40%	15.01%
Pledge	0.06%	0.06%	0.06%

FINANCIALS

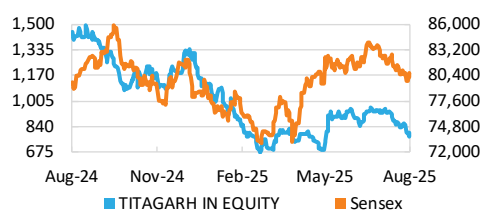
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	38,658	40,039	54,922	62,944
EBITDA	4,390	4,746	6,621	7,588
Adjusted profit	3,034	3,003	4,281	4,840
Diluted EPS (INR)	22.5	22.3	31.8	35.9
EPS growth (%)	2.2	(1.0)	42.5	13.1
RoAE (%)	12.8	11.2	14.1	13.9
P/E (x)	35.5	35.9	25.2	22.2
EV/EBITDA (x)	24.7	23.3	16.9	14.8
Dividend yield (%)	0.1	0.1	0.1	0.1

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	40,039	54,922	-13%	-11%
EBITDA	4,746	6,621	-13%	-11%
Adjusted profit	3,003	4,281	-12%	-14%
Diluted EPS (INR)	22.3	31.8	-12%	-14%

PRICE PERFORMANCE



Bittersweet quarter

Titagarh Rail Systems (TRS) reported a 25%/40% YoY fall in Q1FY26 revenue/PAT as wheelset availability issues persisted, hampering wagon production. On the positive side, order inflows perked up with the company winning two orders for metro rail coaches worth ~INR20bn. The short-term order book increased QoQ to ~INR127bn (book-to-bill of 3.5x). Media reports indicate TRS is an L1 bidder for the Mumbai Metro Line 5 tender for 132 coaches ([Link](#)).

Wheelset availability issues along with subdued wagon tendering compel us to cut FY26E/27E EPS by 12%/14%. Maintain 'BUY' with a revised TP of INR1,142 (earlier INR1,292) as we roll forward the valuation to Q1FY28E (35x EPS).

Wagon production hampered by wheelset availability issues

Q1FY26 operational performance: TRS reported Q1FY26 revenue of INR6.8bn (down 25% YoY/32% QoQ). EBITDA margin fell 20bp YoY to 11.1% while PAT decreased 160% YoY/150% QoQ. Wagon production in Q1FY26 was 1,628 (2,455 in Q4FY25, 2,073 in Q1FY25 and 9,431 in FY25) due to an inadequate supply of wheelsets by Railways. TRS delivered nine coaches (six in Q4FY25, three in Q1FY25 and 12 in FY25) and 300 traction motors/traction converters (176 in Q4FY25, 636 in FY25).

Order book split: TRS ended Q1FY26 with an overall order book of ~INR260bn (~INR245bn at end-FY25); of this, INR127bn (INR112bn orders at end-FY25) worth of orders have to be executed over the next three-five years.

Management confident of execution ramp-up

Management indicated that wheelset availability has get normalised beginning Aug-25. It believes wagon execution/margins in FY26E can match FY25 levels. TRS expects to deliver the prototype of Vande Bharat (VB) trains by Q2FY27E and for Ahmedabad Metro in Q3FY26E. Management expects to produce 120 coaches across Bengaluru and Ahmedabad metro contracts in FY26E (12 in FY25). It expects to achieve monthly production capacity of 50 cars by the end of FY27E.

Order inflows perk up

TRS won ~INR24.7bn orders FY26 to date comprising: i) ~INR4bn orders for 966 wagons from Indian Railways (IR)/private sector; ii) ~INR4.3bn order for 36 coaches from Pune Metro under 'option clause'; iii) ~INR16bn contract from NCC for 108 coaches for Mumbai Metro Line 6; and iv) INR430mn order for 273 traction motors from IR. Management expects IR to float a new wagon tender in Q4FY26E/early FY27E.

Financials

Year to March	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	6,793	9,031	(24.8)	10,036	(32.3)
EBITDA	753	1,018	(26.1)	1,076	(30.1)
Adjusted Profit	428	713	(40.1)	781	(45.2)
Diluted EPS (INR)	3.2	5.3	(40.1)	5.8	(45.2)

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	38,658	40,039	54,922	62,944
Gross profit	9,370	9,905	13,696	15,697
Employee costs	859	890	1,220	1,398
Other expenses	4,121	4,269	5,855	6,710
EBITDA	4,390	4,746	6,621	7,588
Depreciation	295	545	635	675
Less: Interest expense	731	811	985	1,161
Add: Other income	753	668	784	789
Profit before tax	4,116	4,058	5,785	6,540
Prov for tax	1,081	1,055	1,504	1,700
Less: Other adj	0	0	0	0
Reported profit	3,034	3,003	4,281	4,840
Less: Excp.item (net)	0	0	0	0
Adjusted profit	3,034	3,003	4,281	4,840
Diluted shares o/s	135	135	135	135
Adjusted diluted EPS	22.5	22.3	31.8	35.9
DPS (INR)	0.5	0.5	0.5	0.5
Tax rate (%)	26.3	26.0	26.0	26.0

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Book-to-bill ratio (x)	6.3	6.8	5.5	4.9
Orderbook (INR bn)	245.3	270.3	304.7	309.6
Gross margin (%)	24.2	24.7	24.9	24.9
EBITDA margin (%)	11.4	11.9	12.1	12.1
Net profit margin (%)	7.8	7.5	7.8	7.7
Revenue growth (% YoY)	0.3	3.6	37.2	14.6
EBITDA growth (% YoY)	(2.9)	8.1	39.5	14.6
Adj. profit growth (%)	2.2	(1.0)	42.5	13.1

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
Interest cost (%)	1.9	2.0	1.8	1.8
Employee cost (%)	2.2	2.2	2.2	2.2
Other exp. (%)	10.7	10.7	10.7	10.7
Other inc. (%)	1.9	1.7	1.4	1.3
Dep. (% gr. block)	2.7	3.8	4.1	4.1
Effect. tax rate (%)	26.3	26.0	26.0	26.0

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	35.5	35.9	25.2	22.2
Price/BV (x)	4.3	3.8	3.3	2.9
EV/EBITDA (x)	24.7	23.3	16.9	14.8
Dividend yield (%)	0.1	0.1	0.1	0.1

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	269	269	269	269
Reserves	24,928	27,931	32,212	37,052
Shareholders funds	25,197	28,201	32,481	37,321
Minority interest	0	0	0	0
Borrowings	5,293	6,293	8,293	8,293
Trade payables	2,343	2,778	5,710	4,511
Other liabs & prov	3,580	3,944	4,345	4,785
Total liabilities	37,779	42,711	52,468	56,707
Net block	9,217	12,173	12,538	12,863
Intangible assets	694	694	694	694
Capital WIP	1,232	1,262	1,292	1,322
Total fixed assets	11,144	14,129	14,524	14,879
Non current inv	3,430	3,430	3,430	3,430
Cash/cash equivalent	4,595	3,707	4,649	4,077
Sundry debtors	6,711	7,811	10,711	12,211
Loans & advances	0	105	210	315
Other assets	10,215	11,675	16,349	18,941
Total assets	37,779	42,711	52,468	56,707

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	3,034	3,003	4,281	4,840
Add: Depreciation	295	545	635	675
Interest (net of tax)	539	600	729	859
Others	2,355	2,321	3,264	2,543
Less: Changes in WC	5,887	1,762	4,944	5,057
Operating cash flow	336	4,708	3,964	3,860
Less: Capex	2,214	3,535	1,035	1,035
Free cash flow	(1,878)	1,173	2,929	2,825

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	12.8	11.2	14.1	13.9
RoCE (%)	18.1	15.0	18.0	17.8
Inventory days	65	68	64	69
Receivable days	57	66	62	66
Payable days	35	31	38	39
Working cap (% sales)	40.8	41.5	39.9	41.8
Gross debt/equity (x)	0.2	0.2	0.3	0.2
Net debt/equity (x)	0	0.1	0.1	0.1
Interest coverage (x)	5.6	5.2	6.1	6.0

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	2.2	(1.0)	42.5	13.1
RoE (%)	12.8	11.2	14.1	13.9
EBITDA growth (%)	(2.9)	8.1	39.5	14.6
Payout ratio (%)	2.2	2.2	1.6	1.4

Exhibit 1: Financial snapshot

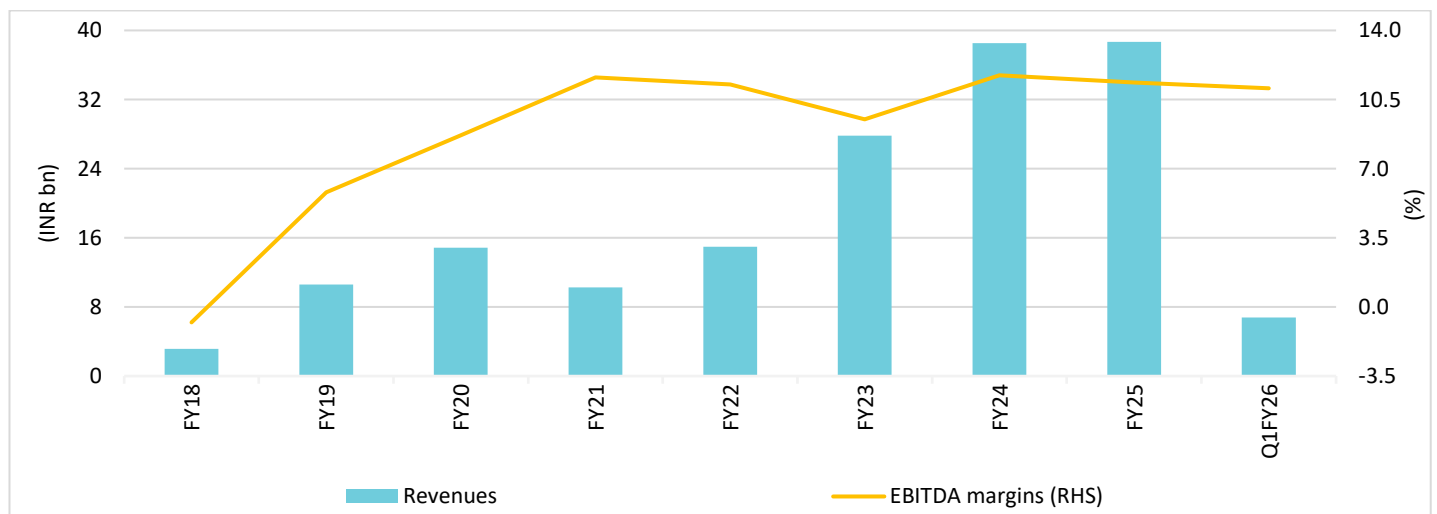
Standalone (INR mn)	Q1FY26	Q1FY25	% YoY	Q4FY25	% QoQ	FY24	FY25	FY26E	FY27E	FY28E
Revenue	6,793	9,031	(24.8)	10,036	(32.3)	38,533	38,658	40,039	54,922	62,944
Direct cost	4,820	6,968	(30.8)	7,458	(35.4)	29,881	29,289	30,134	41,226	47,248
Staff cost	262	173	51.4	270	(3.1)	663	859	890	1,220	1,398
Other expenses	959	872	10.0	1,232	(22.1)	3,470	4,121	4,269	5,855	6,710
Total expenditure	6,041	8,012	(24.6)	8,960	(32.6)	34,014	34,269	35,293	48,302	55,356
EBITDA	753	1,018	(26.1)	1,076	(30.1)	4,519	4,389	4,746	6,621	7,588
Depreciation	119	71	66.9	84	42.8	271	295	545	635	675
EBIT	633	947	(33.1)	993	(36.2)	4,248	4,094	4,202	5,986	6,913
Less: Interest Expense	178	125	42.4	221	(19.1)	735	731	811	985	1,161
Add: Other income	116	123	(5.3)	298	(60.9)	457	753	668	784	789
Add: Prior period items	0	0	NA	0	NA	0	0	0	0	0
Add: Exceptional items	0	0	NA	0	NA	0	0	0	0	0
Profit Before Tax	571	945	(39.5)	1,070	(46.6)	3,970	4,116	4,058	5,785	6,540
Less: Provision for Tax	144	232	(37.8)	289	(50.3)	1,001	1,081	1,055	1,504	1,700
Reported Profit	428	713	(40.1)	781	(45.2)	2,969	3,034	3,003	4,281	4,840
Adjusted Profit	428	713	(40.1)	781	(45.2)	2,969	3,034	3,003	4,281	4,840
Equity capital	269	269		269		269	269	269	269	269
No. of Diluted shares outstanding (mn)	135	135		135		135	135	135	135	135
Adjusted Diluted EPS	3.2	5.3	(40.1)	5.8	(45.2)	22.0	22.5	22.3	31.8	35.9
As % of net revenues										
Direct cost	71.0	77.2	(620.5)	74.3	(336.2)	77.5	75.8	75.3	75.1	75.1
Other expenses	14.1	9.7	446.6	12.3	184.8	9.0	10.7	10.7	10.7	10.7
EBITDA	11.1	11.3	(19.9)	10.7	35.4	11.7	11.4	11.9	12.1	12.1
Reported profit	6.3	7.9	(160.3)	7.8	(148.4)	7.7	7.8	7.5	7.8	7.7
Tax rate	25.2	24.5		27.0		25.2	26.3	26.0	26.0	26.0

Source: Company, Nuvama Research

Other highlights

- **Q1FY26 operating performance:** In Q1FY26, TRS's revenue fell 25% YoY, EBITDA margin decreased 20bp YoY and PAT margin came in at 6.3% (down 160bp YoY).

Exhibit 2: TRS's operating performance



Source: Company, Nuvama Research

Exhibit 3: TRS's revenue split by segment



Source: Company, Nuvama Research

Exhibit 4: Margin trajectory by segment

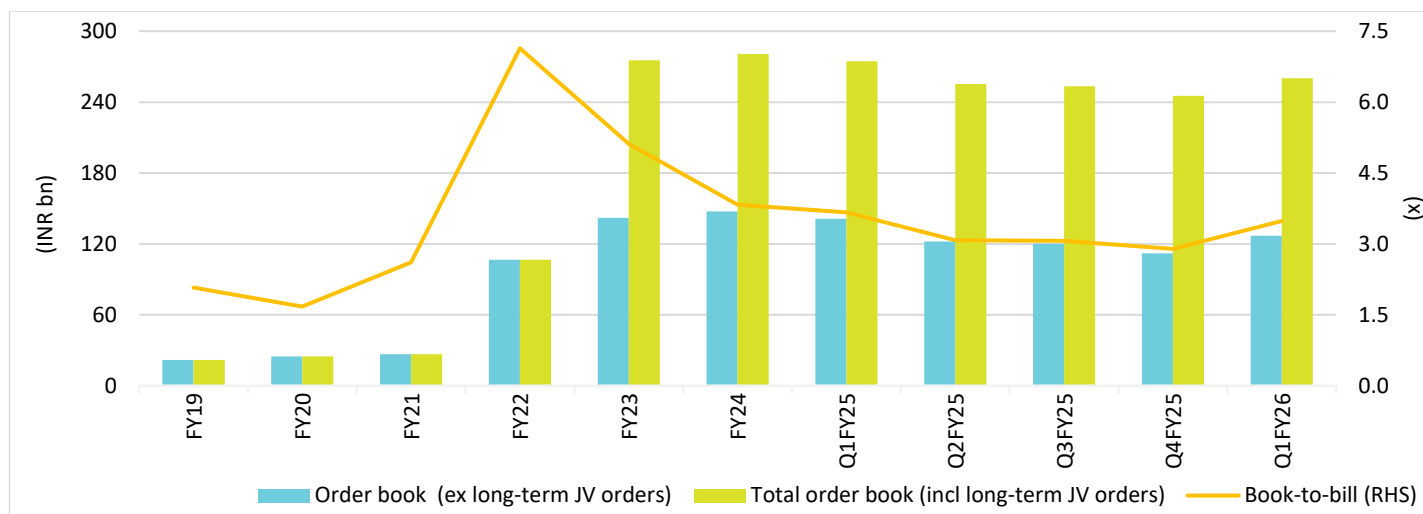


Source: Company, Nuvama Research

- **Order book:** The total order book of the company stood at INR260bn (INR245bn at end-FY25); of this, INR127bn orders (INR112bn orders at end-FY25) have to be executed over the next three–five years. This is further subdivided into INR41.1bn orders for the freight segment and the balance for the passenger segment.

Furthermore, the company has long-term JV orders of INR133bn (of which, INR63bn is TRS's share of forged wheel order and ~INR70bn pertains to the company's share in Vande Bharat AMC JV).

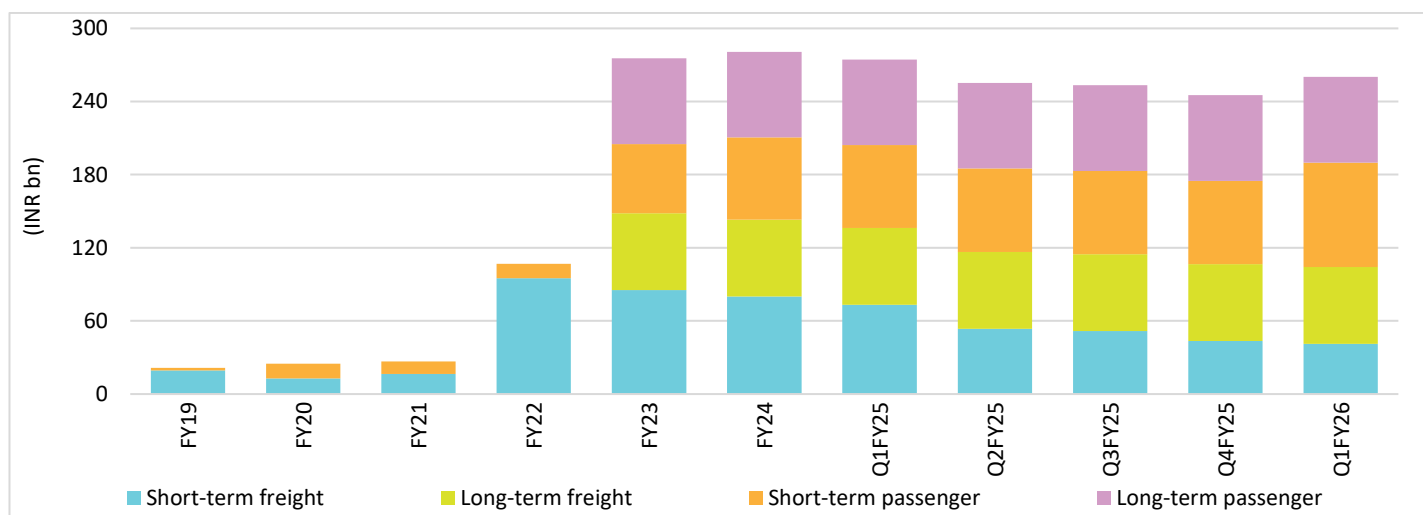
Exhibit 5: TRS's order book trajectory



Source: Company, Nuvama Research

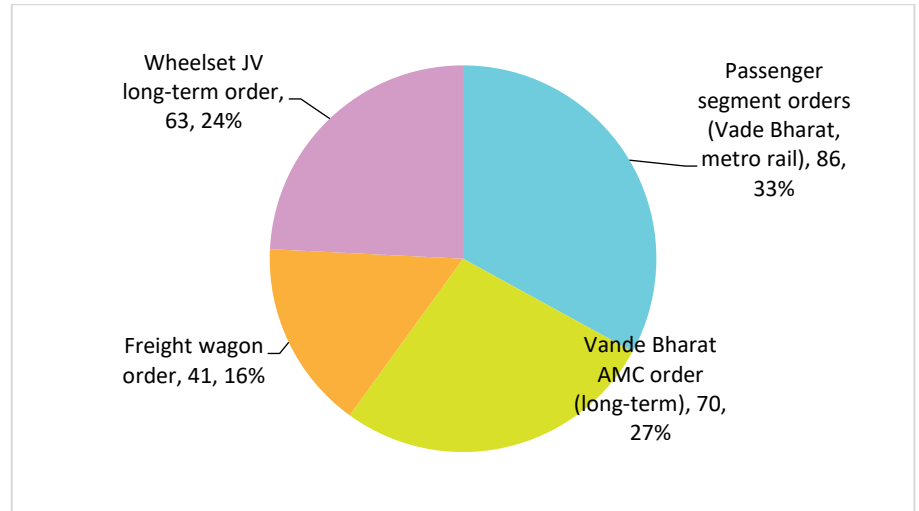
Note: Book-to-bill ratio is calculated by excluding long-term JV orders from the order book

Exhibit 6: TRS's total order book mix



Source: Company, Nuvama Research

Exhibit 7: Order book split at end-Q1FY26



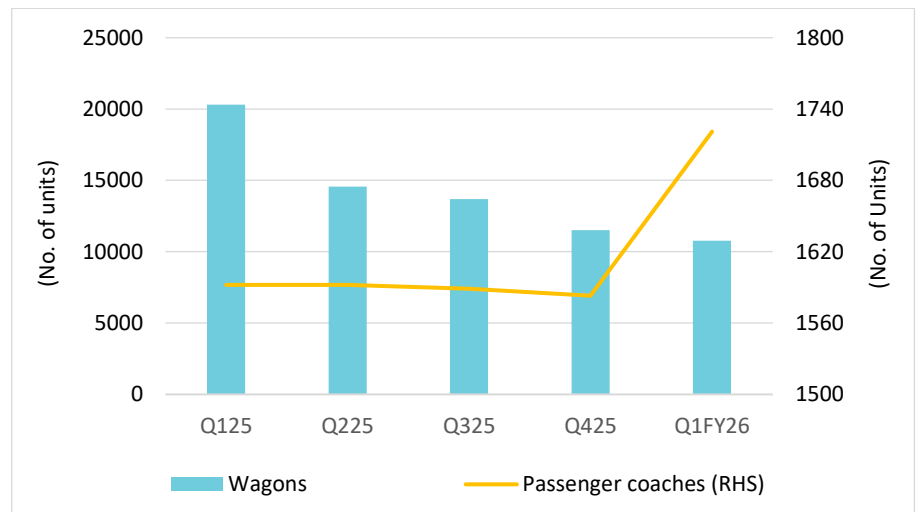
Source: Company, Nuvama Research

Notes: i) Freight order book includes SBD orders as well.

ii) Passenger order book includes TRS's share of Vande Bharat order.

As at end-Q1FY26, the order book consisted of orders for 10,772 wagons (11,500 wagons at end-FY25, 20,300 wagons at end-Q1FY25) and 1,721 metro and Vande Bharat coaches (1,583 coaches at end-FY25, 1,592 at end-Q1FY25).

Exhibit 8: Order book (in units) for wagons and coaches for TRS

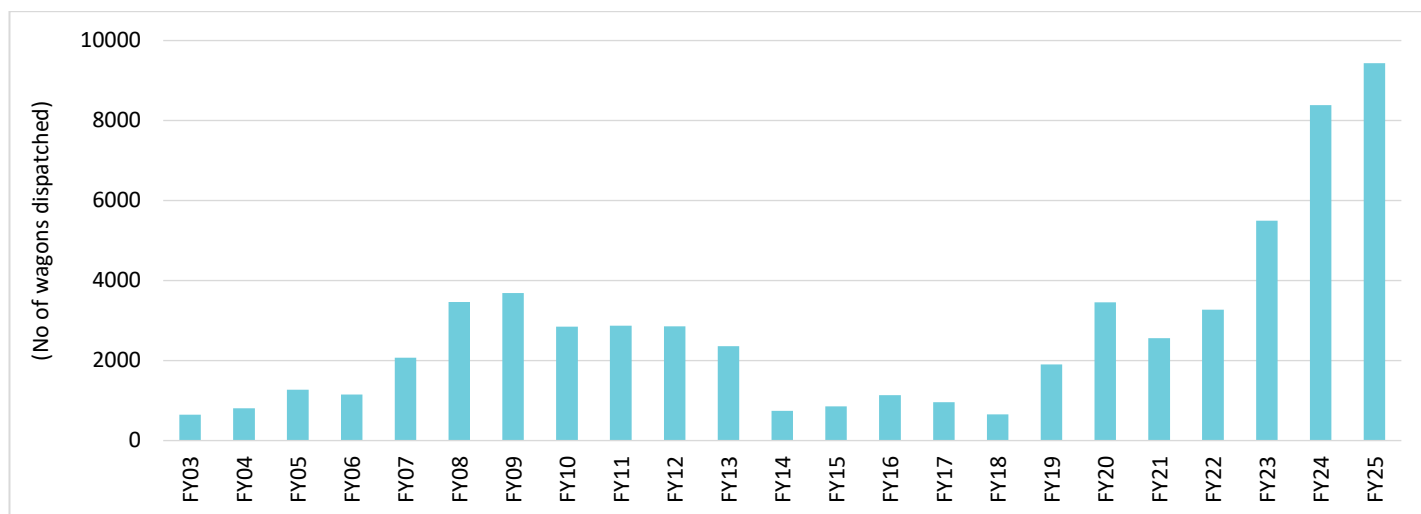


Source: Company, Nuvama Research

- Wagon dispatch:** Elections/heatwaves had led wagon production to fall to 2,073 in Q1FY25 (2,700 in Q4FY24, 8,389 in FY24). Production had recovered in Q2FY25 with the company delivering 2,670 wagons. However, dispatches declined QoQ to 2,233 in Q3FY25 and 2,455 in Q4FY25 due to inadequate availability of wheelsets (which are supplied by IR).

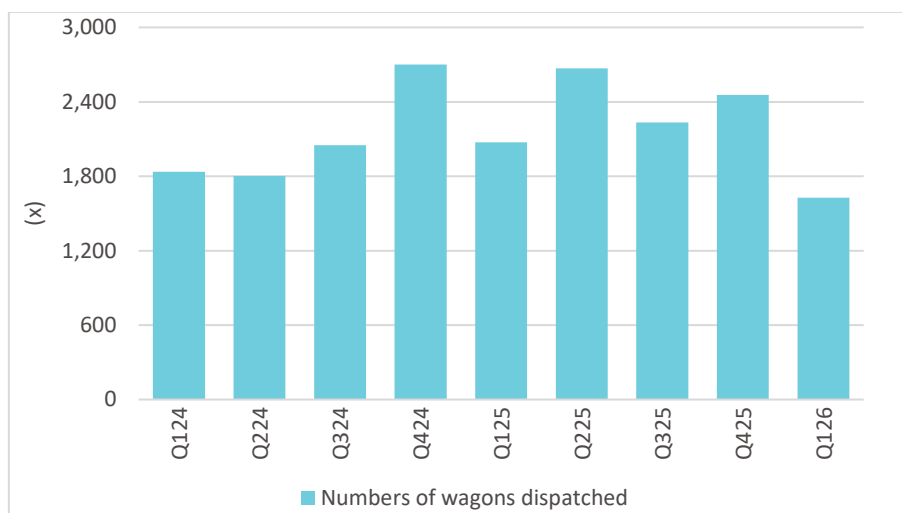
The unavailability of wheelsets persisted in Q1FY26, hampering production. TRS delivered 1,628 wagons in Q1FY26.

Exhibit 9: TRS's wagon dispatch



Source: Company, Nuvama Research

Exhibit 10: Wagon dispatch history

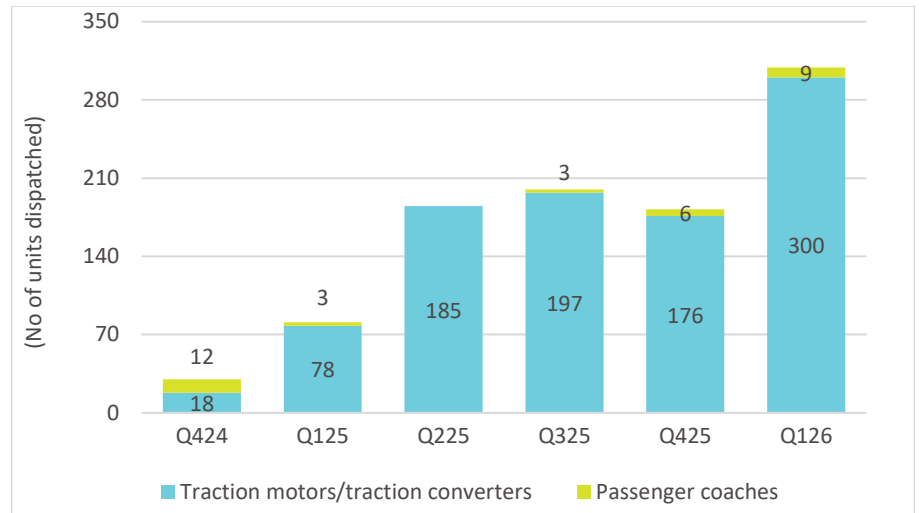


Source: Company, Nuvama Research

Revenue for the freight division at INR6bn in Q1FY26 was down 29% YoY and 34% QoQ. EBIT margins for the freight division at 11.2% in Q1FY26 were down 90bp YoY/60bp QoQ.

- Passenger division:** In Q1FY26, TRS delivered nine coaches (six in Q4FY24, three in Q3FY25, nil in Q2FY25, three in Q1FY25 and 42 in FY24). It delivered 300 traction motors/traction converters (176 in Q4FY25, 197 in Q3FY25, 185 in Q2FY25, 636 in FY25, and 84 in FY24).

Exhibit 11: Passenger coach division's performance

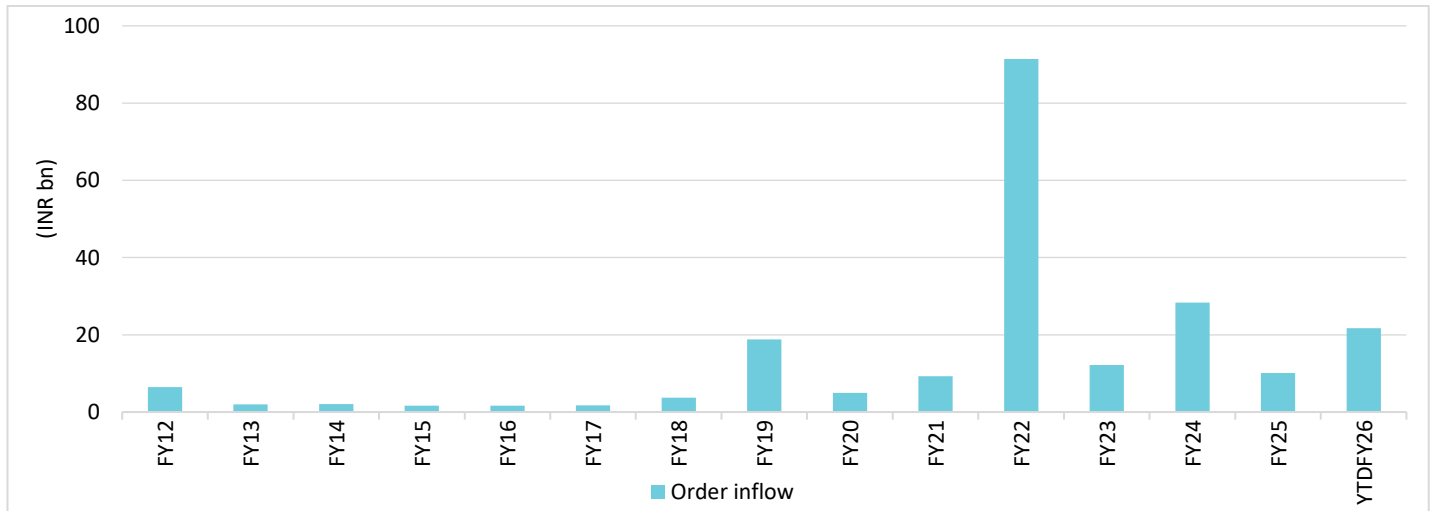


Source: Company, Nuvama Research

Revenue for the passenger division at INR774mn in Q1FY26 was up 27% YoY but down 12% QoQ. EBIT margin for the division was 11.3% in Q1FY26, up 520bp YoY/80bp QoQ.

- **Indian Railways order:** Titagarh had won the single-largest order ever for the company from the Indian Railways (IR) for 24,177 wagons for a contract price of ~INR78bn in May-22.

Exhibit 12: Wagon order inflows



Source: Company, Nuvama Research

FY26 to date, TRS has bagged orders for 966 wagons from IR and the private sector for an aggregate contract value of ~INR4bn. This includes an INR3.1bn contract from IR for delivery of 780 BVCM-C wagons.

The total order book of the freight segment stands at ~INR41.1bn representing 10,772 wagons.

IR has awarded ~1,220 wagons to date during the current fiscal.

Exhibit 13: Wagons procured by IR



Source: Government documents, Nuvama Research

Note: * For FY25-YTD FY26, the figures denote wagon orders placed by IR to various wagon manufacturers

- The foundry capacity expansion project of TRS is nearing completion, which will result in production capacity of ~8,500 tons/quarter by Q3FY26 and ~10,000 tons/quarter by Q4FY26. This will make the company fully self-sufficient for internal casting requirement for wagons.

- Vande Bharat order:** Titagarh in a JV with BHEL had received a contract to manufacture 80 VB trains of 16 coaches each at a price of INR1.2bn per train. TRS will have a shareholding of 51% in the JV. Apart from this, the JV would have an AMC contract for 35 years, wherein TRS's share of revenue would be ~INR70bn.

TRS is in advanced stages of completion of design phase of the project and has set up the complete car body production line for VB coaches in its plant in Uttarpara. It has started the production of the first car body during Q1FY26 and expects to complete the production of the prototype train of 16 cars by Q2FY27 post which series production will continue.

- CRRC contract:** The company received an order to manufacture 204 coaches (34 trains of six coaches each) for Bangalore Metro on a "job contract basis" from the CRRC.

The delivery for the contract commenced in Jan-25.

- Gujarat metro orders:** For Ahmedabad metro order of 30 coaches (ten trains of three coaches each), TRS has commenced the production of the prototype train and expects to deliver the first train by Q3FY26E.

Delivery of Surat Metro (72 coaches) shall start post the Ahmedabad metro.

- Pune Metro order:** In Jun-25, the company won an order for 12 trainsets (36 coaches) worth ~INR4.3bn as quantity variation from Maharashtra Metro Rail Corporation for the Pune Metro rail project.

The contract has a delivery period of 30 months with the first train to be dispatched in 24 months from the date of receipt of LoA. This order is for Aluminium coaches.

TRS has used this opportunity to order equipment to set up the complete facility for production of aluminium metro coaches including flat packs, which were

earlier imported from its associate in Italy. The company expects to complete this project by Q1FY27E, making it the only company in India.

- **Mumbai Metro Line 6 order:** In Aug-25, TRS received an order worth ~INR16bn from NCC for 18 trains of 6 cars each (totalling to 108 metro coaches) for Mumbai Metro Line 6 project of MMRDA.

The coaches have to be delivered in 104 weeks (24 months) with the first train to be delivered in 62 weeks.

- With the recent additions, the total order book for the metro coach segment stands at ~INR31bn covering 441 coaches across Pune metro, Mumbai metro Line 6, Ahmedabad metro, Surat metro and Bangalore metro (via manufacturing contract from CRRC)
- **Mumbai Metro Line 5 order:** Media reports indicate TRS is L1 bidder for the Mumbai Metro Line 5 tender for 132 coaches ([Link](#)). Assuming similar pricing as the Line 6 order, the total value for the rolling stock portion can be ~INR19-20bn, in our view.
- The company is targeting production of 120 coaches in FY26E against 12 coaches in FY25. The total rated capacity for Metro coaches in the first phase would be 250–300 cars per year, which the company would achieve by Q2FY27.

It expects to reach production capacity of 50 cars/month by end-FY27E, 70 cars/month by end-FY28E and 100 cars/month over the next three–four years.

- **Propulsion system:** TRS has secured orders for supply of 273 traction motors to IR for ~INR430mn, resulting in a total external order book of this division of ~INR5.4bn consisting of traction motors for locomotives, propulsion systems including traction converters for EMU and propulsion systems including traction converters for MEMUs.

It produced 300 traction motors during Q1FY26 against 176 in Q4FY25 and expects to achieve the targeted production of 450 traction motors per quarter by Q4FY26 subject to orders.

The company has obtained the design approvals for the EMU propulsion system and has completed the production of the prototype rake for the same which is under the final phases of testing and approvals and expects to despatch the prototype during Q2FY26.

Over the medium term, management believes TRS can produce 2,000 traction motors annually (INR3–4bn revenues) in addition to INR5–10bn annual revenues from propulsion system for EMU/MEMU/VBs. Hence, the annual revenue potential for the propulsion system alone can be ~INR15bn.

- **Wheelsets JV with RK Forgings:** The delivery of wheelsets is scheduled to commence in Jun-26E; the project is progressing as per schedule.
- **Partnership with ABB:** Titagarh has formed a strategic partnership with ABB India to supply propulsion systems for metro rolling stock projects in India. This agreement will enable development of in-house capabilities for the company's own TCMS, including driverless (Grade of Automation 4) TCMS, and setting up of a TCMS Laboratory along with the development of the source codes, which is often referred to as the 'brain of the train'.

- **Alliance with Amber Enterprises:** Titagarh also entered into a strategic alliance with Sidwal Refrigeration Private Limited, a wholly-owned subsidiary of Amber Enterprises India Limited, in Jan-24 to carry on the business of railway components and subsystems. Both companies would invest ~INR1.2bn each in an SPV to set up a new facility in India to manufacture critical railway components and subsystems for metro coaches/passenger rolling stock. The SPV would also make fresh investments in Titagarh Firema SpA, along with new investment to be made by the Government of Italy.
- **Issue of warrants to promoters:** The company has approved issuance of ~2.1mn convertible warrants at INR947/- each to promoter group entities, totalling ~INR2bn, with shareholder approval in place.
- **Purchase of land:** TRS entered into a 99-year lease agreement in Jul-25 with the West Bengal government for ~40 acres of land contiguous to its existing factory at Uttarpara, West Bengal, at an aggregate cost of ~INR1.37bn. The strategic nature of this land parcel provides crucial space for establishing enhanced production infrastructure, and dedicated areas for testing and commissioning of metro coaches and Vande Bharat trains.
- **Transfer of shipbuilding and maritime business:** The company plans to transfer the shipbuilding and maritime business to a wholly owned subsidiary (Titagarh Naval Systems Private Limited). It proposes to establish and expand its shipbuilding facility at Falta where it had acquired the assets of Precision shipyard in 2023 with capacity to produce 12–16 vessels per year of up to 180 meters in length.

It will pursue this growth opportunity independently or via induction of strategic partners / investors as the case may be.

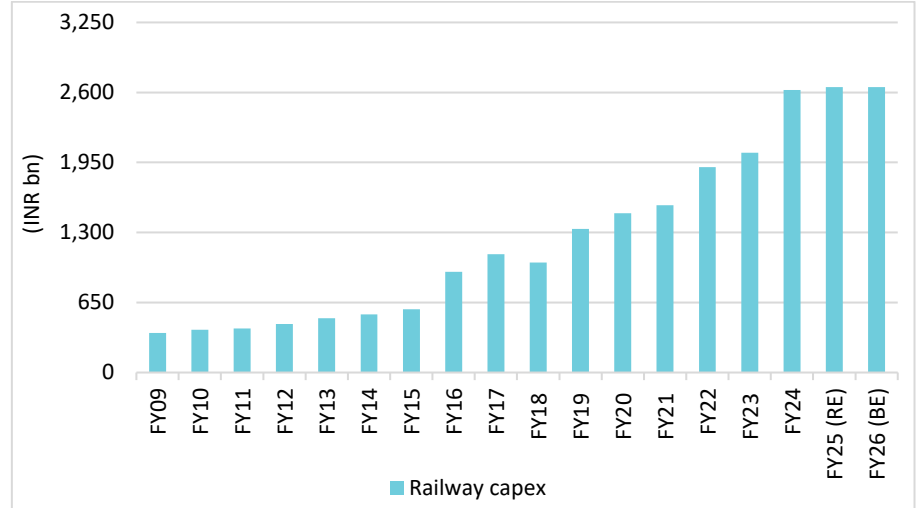
- **Defence business:** TRS has formed a committee to propose strategy for the defence and bridge business segment (including inter alia identification of a strategic / joint venture partner) in order to enable the company to focus on the core business of Railway systems, while allowing the development of the other businesses independently.
- **Titagarh Firema Spa (Firema):** The associate of the company i.e. Firema, where the Government of Italy, through its investment agency, Invitalia also owns 31.01% equity shares, has been facing operational and financial challenges due to which Firema has obtained necessary protection procedures under the Italian Crisis Code - Composizione Negoziata della Crisi (CNC).

Under the CNC process, Firema, with the support of the Ministry of Enterprise, Government of Italy, have been actively trying to find a resolution to the aforesaid problems including identification of potential equity investors for Firema. The CNC process is likely to be finalised in Q3FY26.

Railways: Budgetary allocation flat YoY in FY26

In the recent Union Budget, the government allocated ~INR2.7tn to the railway sector, which is flat YoY.

Exhibit 14: Railways—Capex has flattened post-FY24



Source: Government documents, Nuvama Research

Note: RE – Revised Estimate, BE – Budgeted Estimate

Note: FY21 excludes an amount of ~INR794bn provided as a 'Special Loan for covid-related resource gap' and towards liquidating the adverse balance that occurred in Public Account in FY20.

Exhibit 15: Railways – Key plan heads

Investment by some of key plan heads	FY21	FY22	FY23	FY24	FY25 (BE)	FY25 (RE)	FY26 (BE)	FY26/FY25 (BE)	FY26/FY25 (RE)
Grand total	2,346	1,903	2,040	2,622	2,652	2,652	2,652	0%	0%
- Of which									
New lines (Construction)	149	212	247	337	346	315	322	-7%	2%
Gauge conversion	40	28	29	45	47	45	46	-4%	0%
Doubling	242	322	300	368	293	310	320	9%	3%
Electrification	61	70	67	58	65	61	62	-5%	1%
Rolling stock	322	414	443	540	523	589	589	13%	0%
Leased Assets - Payment of Capital Component	119	146	175	207	243	249	279	15%	12%
Road safety	41	42	48	61	93	75	70	-25%	-6%
Track renewals	117	141	163	179	177	227	228	29%	1%
Investment in Coml./Govt. Und.	156	258	275	319	328	276	224	-31%	-19%
Investment in Non Govt. and. incl. JVs/SPVs	0	0	0	0	0	0	0	NA	NA
Metropolitan Transport Projects	15	25	45	45	41	39	40	-2%	2%
Passenger Amenities	26	20	22	81	155	130	121	-22%	-7%

Source: Government documents, Nuvama Research

Note: RE – Revised Estimate, BE – Budgeted Estimate

Exhibit 16: Railways – Physical targets

Capex in units	FY21	FY22	FY23	FY24	FY25 (BE)	FY25 (RE)	FY26 (BE)	FY26/FY25 (BE)	FY26/FY25 (RE)
Electrification (km)	6,015	6,366	6,565	7,188	0	0	0	NA	NA
Track Renewals (Track Kms.)	4,363	4,275	5,227	5,950	5,000	5,000	5,500	10%	10%
Doubling	1,614	1,984	3,186	2,244	2,900	2,900	2,600	-10%	-10%
New Lines (Route Kms.)	286	289	1,815	2,806	700	700	700	0%	0%
Gauge Conversion (Route Kms.)	470	636	242	259	200	200	200	0%	0%
Rolling stock									
Rolling Stock - Diesel Loco	10	100	103	105	100	100	100	0%	0%
Rolling Stock - Electric Loco	754	1,110	1,086	1,367	1,600	1,600	1,600	0%	0%
Coaches	4,903	7,151	5,877	6,560	8,405	7,910	9,423	12%	19%
Wagons	10,062	8,386	17,935	20,186	38,000	30,000	38,000	0%	27%

Source: Government documents, Nuvama Research

Note: RE – Revised Estimate, BE – Budgeted Estimate

Compared with the budgeted targets for FY25, the procurement of both wagons and passenger coaches fell short of target; Railways intends to cover up the shortfall in FY26. It plans to procure 38,000 wagons in FY26 (BE) compared with 30,000 in FY25 (RE). Similarly, the target for coach procurement has also increased to 9,423 in FY26 (BE) versus 7,910 in FY25 (RE). The targets for locomotives remain flat YoY at 1,600.

Metro rail: Capex increases YoY

The metro rail segment is likely to get ~INR336bn worth of support in FY26 (BE), up 19% YoY compared with FY25 (RE) and 35% YoY compared with FY25 (BE).

Exhibit 17: Metro rail – Proposed plan outlay

Particulars (INR bn)	FY21	FY22	FY23	FY24	FY25 (B.E.)	FY25 (R.E.)	FY26 (B.E.)	FY26/FY25(BE)	FY26/FY25(RE)
Metro and MRTS	86	233	235	230	248	282	336	35%	19%

Source: Government documents, Nuvama Research

Note: RE – Revised Estimate, BE – Budgeted Estimate

Media reports indicate that the central government has set a goal to scale up metro and intercity rapid rail connectivity in India as it wants to scale up metro connectivity to decongest cities as they grow.

Company Description

Incorporated in 1998, TRS is a reputed player in India's railway sector. The company went public in 2008. TRS's business is primarily divided into following verticals:

- Railways division - The division is involved in the manufacture of wagons and coaches and undertakes steel casting.
- Defence division – TRS primarily develops and supplies bailey bridges, nuclear shelters, canisters, rail wagons for transporter cumtiler launchers and other engineering equipment.
- Other division – The earth moving machinery division manufactures crawler cranes and excavators; the forged wheels division, the shipbuilding division manufactures naval barges and bulk carriers; and the tractor division manufactures tractors and other agricultural equipment.

TRS acquired 75% of equity share capital of Cimmco, which has a manufacturing facility of 2,400 wagons per annum at Bharatpur, Rajasthan. The company has also expanded overseas by acquiring 49% stake in AFR, France which specialises in freight wagons and Firema, Italy which specialises in passenger and metro rolling stock.

Investment Theme

The inorganic route is propelling the growth trajectory – TRS is well entrenched in the wagon segment having beefed up the business in its near two decade journey. To capitalise on Indian Railways' (IR) wagon tendering policy, which favours players with a strong track record, the company acquired Cimmco, an established player in the wagon segment. Similarly, acquisition of AFR (the biggest French wagon maker) bolstered its design skills and expanded geographical presence. While low wagon orders in the past few years hurt TRS, it remains well placed to benefit from rising demand for custom-made wagons post commissioning of DFC.

De-risking through diversification – To reduce dependence on wagon segment, TRS ventured into the fast-growing coach segment. Acquisition of Firema (now associate company), an Italian passenger and metro coach maker, has enabled the company to tap the growing Metro rail business. Similarly, Cimmco fortified its presence in the high-potential defence segment, which is likely to provide a fillip to order inflows, going ahead.

Key Risks

Predatory pricing by new entrants – The number of players competing in the wagon industry has been on the rise over the years. With wagon ordering being sluggish, increased competition impacted TRS' margin. Continuance of the same could weigh on the company's operating margins.

Risks from overseas acquisitions, new ventures – TRS has acquired AFR and Firema, both of which are in Europe, which is experiencing economic slowdown. This can impact the financial performance of the afore-mentioned companies, going ahead. Similarly, foray into new business ventures, which may require additional capital could strain TRS' balance sheet.

Additional Data

Management

EC	Mr. Jagdish Chowdhary
CEO & MD	Mr. Umesh Chowdhary
Director	Mr. Anil Kumar Agarwal
CFO	Mr. Saurav Singhania
Auditor	PWC

Holdings – Top 10*

% Holding		% Holding	
HDFC MF	3.76	Bajaj Allianz	0.63
HSBC MF	1.45	Carneo AB	0.33
Master Trust BO	1.19	Vontobel Holdin	0.20
Mirae Asset MF	1.01	Nord est AMC	0.16
Norges Bank	0.65	Kawada Technolo	0.07

*Latest public data

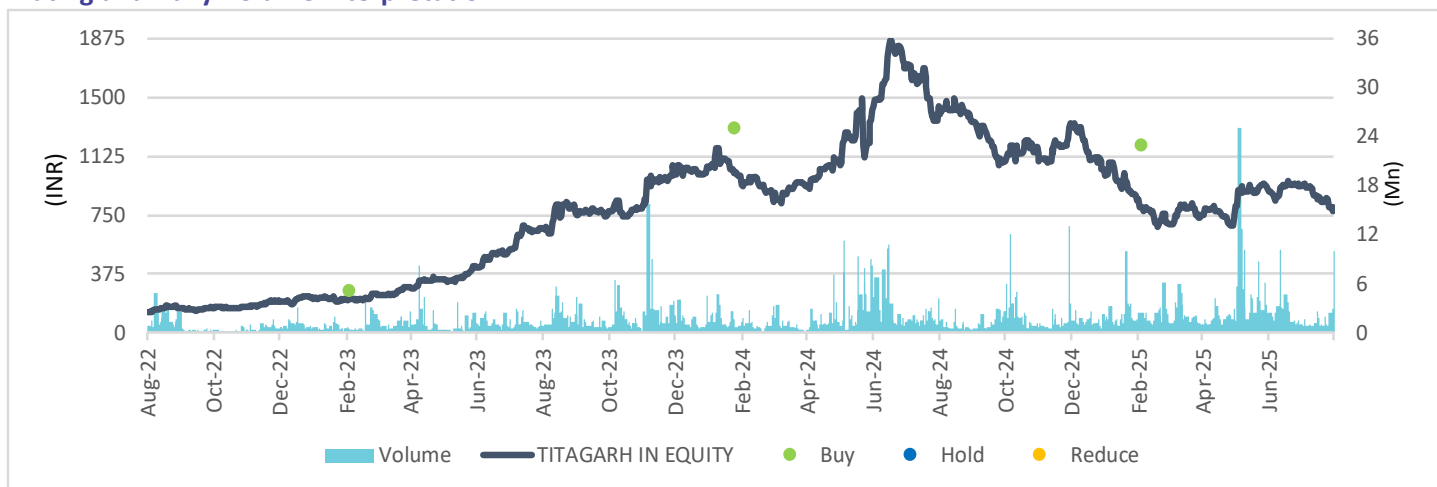
Recent Company Research

Date	Title	Price	Reco
02-Jun-25	Mixed bag; <i>Result Update</i>	908	Buy
14-Feb-25	Battling multiple headwinds; <i>Result Update</i>	800	Buy
29-Oct-24	Steady quarter; temporary speed-breakers; <i>Result Update</i>	1,151	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
12-Aug-25	KNR Constructions	Order inflows improve; <i>Result Update</i>
09-Aug-25	Afcons	Execution and margins improve; <i>Result Update</i>
08-Aug-25	NBCC	Steady 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%	198
Hold	<15% and >-5%	70
Reduce	<-5%	36

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