TEXMACO

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	134
12 month price target (INR)	211
52 Week High/Low	256/115
Market cap (INR bn/USD bn)	54/0.6
Free float (%)	49.8
Avg. daily value traded (INR mn)	585.3

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	48.27%	48.27%	48.14%
FII	8.14%	8.14%	8.09%
DII	7.38%	7.91%	8.50%
Pledge	0%	0%	0%

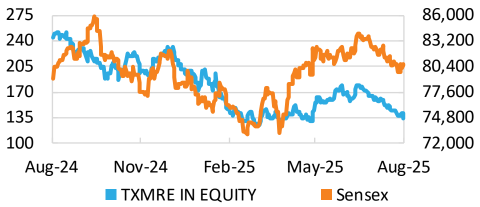
FINANCIALS (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	51,066	48,742	54,623	59,025
EBITDA	4,673	4,363	4,967	5,426
Adjusted profit	2,840	2,422	2,801	3,127
Diluted EPS (INR)	7.1	5.9	6.9	7.7
EPS growth (%)	185.1	(16.4)	15.7	11.6
RoAE (%)	9.3	8.1	8.5	8.8
P/E (x)	18.9	22.6	19.5	17.5
EV/EBITDA (x)	18.2	18.9	16.3	14.6
Dividend yield (%)	1.6	1.3	1.5	1.7

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	48,742	54,623	-7%	-3%
EBITDA	4,363	4,967	-10%	-6%
Adjusted profit	2,422	2,801	-4%	0%
Diluted EPS (INR)	5.9	6.9	-4%	0%

PRICE PERFORMANCE



Soft quarter; order inflows improve

Texmaco Rail (Texmaco) reported a 16% YoY decrease in Q1FY26 consolidated revenue due to continued wheelset availability issues. While EBITDA margin fell ~200bp YoY to 7.8%, adjusted PAT plummeted 50% YoY in Q1FY26. The company dispatched 1,815 wagons during the quarter (2,597 in Q4FY25, 10,612 in FY25). Texmaco ended the quarter with an order book of ~INR70.5bn (~1.4x book-to-bill) and won ~INR10bn orders during the quarter.

Inadequate wheelset availability and limited revenue visibility in the wake of the nil hike in outlay for railways (see *Union Budget: Muted capex growth*) compel us to trim FY26E EPS by 4%. Maintain 'BUY' with a TP of INR211 based on a valuation rollover to Q1FY28E (30x EPS).

Wagon delivery hurt by wheelset shortage

Texmaco's Q1FY26 consolidated revenue at INR9.1bn decreased 16% YoY/32% QoQ due to persistent wheelset availability issue; there was a temporary decline in revenue at Texmaco West Rail too due to a hold on inspections by RDSO. Both issues have now been resolved and management expects wagon production to pick up going ahead. EBITDA margin declined ~200bp YoY (up ~50bp QoQ) while adjusted PAT plunged 50% YoY during the quarter. Wagon production at the consolidated level (including Texmaco West Rail) in Q1FY26 was 1,815 (2,374 in Q1FY25). Profitability in the rail-EPC (Kalindee) segment improved YoY/deteriorated QoQ. Margins in the Bright Power division fell YoY/QoQ. The steel foundry division produced 8,667MT castings in Q1FY26 (10,540MT in Q4FY25, ~41,500MT in FY25). NCLT has approved the amalgamation of Texmaco West Rail with the company.

Order book improves QoQ, aided by multiple order wins

Texmaco ended Q1FY26 with a consolidated order book of ~INR70.5bn (net of inter-segmental orders for the foundry division), up ~INR1bn QoQ; it has a book-to-bill of ~1.4x. Muted wagon ordering from Indian Railways (~9,400 wagons ordered in FY25 versus 24,900 wagons in FY24) has led to a reduction in the wagon order book for wagon manufacturers. 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. Management expects Indian Railways (IR) to come up with a wagon tender in the current fiscal. 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	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	9,106	10,882	(16.3)	13,464	(32.4)
EBITDA	709	1,069	(33.7)	976	(27.3)
Adjusted Profit	300	598	(49.9)	398	(24.6)
Diluted EPS (INR)	0.8	1.5	(49.9)	1.0	(24.6)

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Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	51,066	48,742	54,623	59,025
Gross profit	8,218	7,893	8,845	9,617
Employee costs	1,707	1,873	1,912	2,066
Other expenses	1,838	1,657	1,966	2,124
EBITDA	4,673	4,363	4,967	5,426
Depreciation	431	480	516	552
Less: Interest expense	1,372	1,522	1,572	1,622
Add: Other income	577	500	450	470
Profit before tax	3,680	3,118	3,613	4,034
Prov for tax	843	699	814	910
Less: Other adj	(348)	0	0	0
Reported profit	2,492	2,422	2,801	3,127
Less: Excp.item (net)	348	0	0	0
Adjusted profit	2,840	2,422	2,801	3,127
Diluted shares o/s	399	407	407	407
Adjusted diluted EPS	7.1	5.9	6.9	7.7
DPS (INR)	2.1	1.7	2.0	2.2
Tax rate (%)	22.9	22.4	22.5	22.6

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	399	407	407	407
Reserves	27,573	31,181	33,677	36,499
Shareholders funds	27,972	31,588	34,084	36,906
Minority interest	330	327	324	321
Borrowings	9,254	9,254	9,254	9,254
Trade payables	6,388	6,231	7,132	7,869
Other liabs & prov	839	806	891	954
Total liabilities	48,370	51,762	55,821	59,934
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	5,032	4,852	5,932
Sundry debtors	13,666	13,044	14,618	15,796
Loans & advances	42	40	45	49
Other assets	19,187	19,866	22,020	23,400
Total assets	48,370	51,762	55,821	59,934

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Order intake (INR bn)	26.7	41.7	47.9	55.8
Y-o-Y growth (%)	(12.6)	56.1	15.1	16.3
Book-to-bill ratio (x)	1.5	1.7	1.5	1.6
EBITDA margin (%)	9.2	9.0	9.1	9.2
Net profit margin (%)	5.6	5.0	5.1	5.3
Revenue growth (% YoY)	45.8	(4.6)	12.1	8.1
EBITDA growth (% YoY)	77.3	(6.6)	13.9	9.2
Adj. profit growth (%)	185.1	(14.7)	15.7	11.6

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	2,255	2,162	2,516	2,813
Add: Depreciation	431	480	516	552
Interest (net of tax)	1,025	1,180	1,217	1,256
Others	(9,698)	(1,850)	(5,670)	(3,870)
Less: Changes in WC	(4,588)	(282)	(2,189)	(1,290)
Operating cash flow	(1,398)	2,253	768	2,040
Less: Capex	3,841	1,000	1,000	1,000
Free cash flow	(5,240)	1,253	(232)	1,040

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	65.5	68.7	75.8
Order backlog growth (%)	(19.9)	3.7	4.9	10.4
Revenue growth (%)	45.8	(4.6)	12.1	8.1
Raw material costs (%)	83.9	83.8	83.8	83.7
Salary costs (%)	3.3	3.8	3.5	3.5
Other costs (%)	3.6	3.4	3.6	3.6

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	9.3	8.1	8.5	8.8
RoCE (%)	13.9	11.1	11.6	11.9
Inventory days	61	61	61	61
Receivable days	98	98	98	98
Payable days	46	47	48	49
Working cap (% sales)	54.8	63.7	61.5	61.8
Gross debt/equity (x)	0.3	0.3	0.3	0.2
Net debt/equity (x)	0.2	0.1	0.1	0.1
Interest coverage (x)	3.1	2.6	2.8	3.0

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	18.9	22.6	19.5	17.5
Price/BV (x)	1.9	1.7	1.6	1.5
EV/EBITDA (x)	18.2	18.9	16.3	14.6
Dividend yield (%)	1.6	1.3	1.5	1.7

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	185.1	(16.4)	15.7	11.6
RoE (%)	9.3	8.1	8.5	8.8
EBITDA growth (%)	77.3	(6.6)	13.9	9.2
Payout ratio (%)	33.8	28.9	29.1	29.1

Source: Company and Nuvama estimates

Exhibit 1: Financial snapshot (INR mn)

Financial Snapshot (Standalone)	Q1FY26	Q1FY25	YoY %	Q4FY25	QoQ %	FY25	FY26E	FY27E	FY28E
Revenue	9,106	10,882	(16.3)	13,464	(32.4)	51,066	48,742	54,623	59,025
Direct cost	7,643	9,043	(15.5)	11,350	(32.7)	42,848	40,849	45,778	49,408
Staff cost	446	399	11.8	437	2.2	1,707	1,873	1,912	2,066
Other expenditure	308	371	(17.1)	701	(56.1)	1,838	1,657	1,966	2,124
Total expenditure	8,397	9,813	(14.4)	12,488	(32.8)	46,393	44,379	49,656	53,598
EBITDA	709	1,069	(33.7)	976	(27.3)	4,673	4,363	4,967	5,426
Depreciation	109	106	2.9	109	(0.2)	431	480	516	552
EBIT	601	963	(37.7)	867	(30.7)	4,241	3,883	4,451	4,875
Less: Interest Expense	307	279	10.1	343	(10.5)	1,372	1,522	1,572	1,622
Add: Other income	80	165	(51.3)	166	(51.8)	577	500	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.	63	733	(91.4)	373	(83.1)	234	257	283	311
PBT	374	849	(56.0)	690	(45.9)	3,331	3,118	3,613	4,034
Tax	143	322	(55.5)	336	(57.3)	843	699	814	910
Reported profit	230	527	(56.3)	355	(35.0)	2,492	2,422	2,801	3,127
Less: Minority Interest	-7	-206	(96.8)	-19	(65.3)	-3	-3	-3	-3
Adjusted profit	300	598	(49.9)	398	(24.6)	2,840	2,422	2,801	3,127
Equity capital	399	399		399		399	407	407	407
No. of Diluted shares outstanding (mn)	399	399		399		399	407	407	407
Adjusted Diluted EPS	0.7	1.5	NA	1.0	NA	7.1	5.9	6.9	7.7
As % of net revenues									
Direct cost	83.9	83.1	83	84.3	-37	83.9	83.8	83.8	83.7
Other expenses	3.4	3.4	-3	5.2	-183	3.6	3.4	3.6	3.6
EBITDA	7.8	9.8	-203	7.2	54	9.2	9.0	9.1	9.2
Adjusted profit	3.3	5.5	(220.4)	3.0	34.0	5.6	5.0	5.1	5.3
Tax rate	38.3	37.9	46	48.6	-1,029	25.3	22.4	22.5	22.6

Source: Company, Nuvama Research

Order intake improves

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
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 substation 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 middle of October 2025
Jul-25	TCI	Purchase of two rakes containing (54 NO'S ACT-3 TYPE wagons and two 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 and customer needs, which can carry SUV, small trucks and tractors. 24 months execution period.
Jun-25	South Western Railway	TRD maintenance and 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-DMM sections	278	24 months execution period.
Jun-25	CAMALCO SA., Cameroon	i) Manufacture and supply of wagons: Initial order for 560 open top wagons to be completed in two phases within 24 months from purchase order date with the provision for additional order of 1040 wagons in subsequent phases. ii) Long-term maintenance contract for wagons supplied by the company for a period of 20 years.	2820	i) Order of 560 wagons: USD32,760,000 (equivalent to INR2.82bn). ii) Value of long-term maintenance contract relating to 560 wagons for 20 years: USD29,484,000 (equivalent to INR2.53bn). Furthermore, this initial order includes provision for additional order relating to supply of 1040 wagons over the next five years and long-term maintenance thereof.
Jun-25	MRVCL	Supply, construction, installation, testing, commissioning of 1X25 kV 110/25 kV TSS with 40/56 MVA AC traction transformers, two nos. SPs and associated works for third, fourth lines of Central Railway	440	18 months execution period.
Jun-25	MRVCL	Design, supply, construction, installation, testing and commissioning of traction transformers and associated work for Western Railway	1223	30 months execution period.
May-25	Ministry of Railways	Eight rakes of flat multi-purpose wagons	1406	Six months execution period.
Orders won in FY26			**7738**	

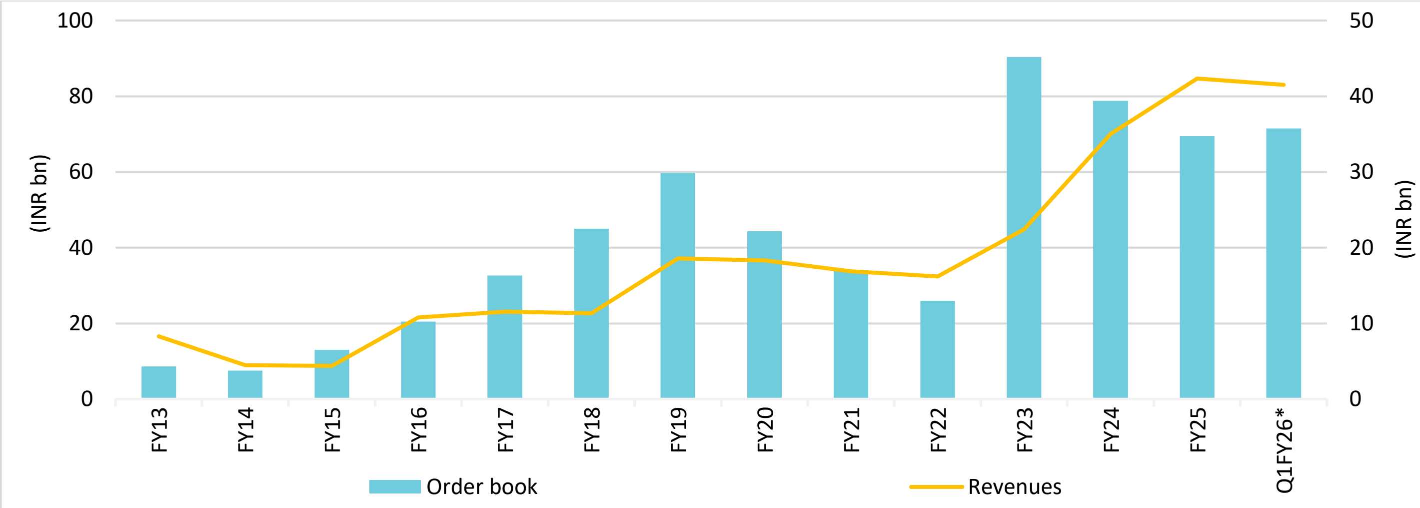
Source: Company, Nuvama Research

Order book increases QoQ

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

Aided by the multiple order wins, the company's order book rose QoQ in Q1FY26. Its order book as at end-Q1FY26 was ~INR70.5bn.

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



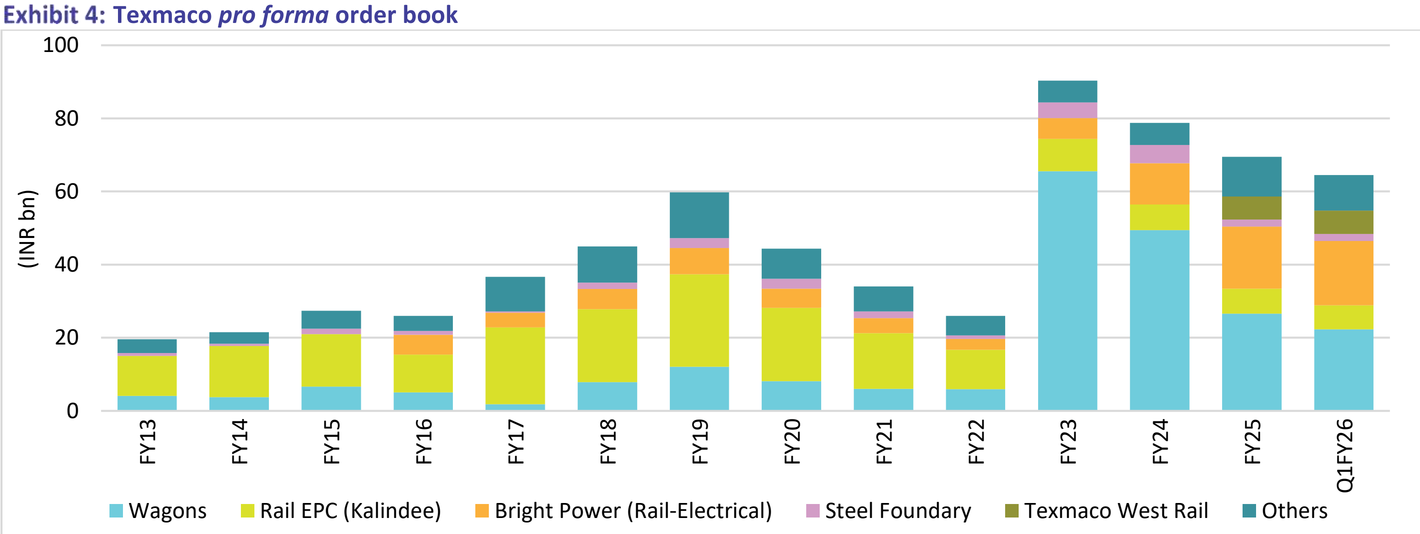
Source: Company, Nuvama Research

*Note: * TTM revenues for Q1FY26*

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



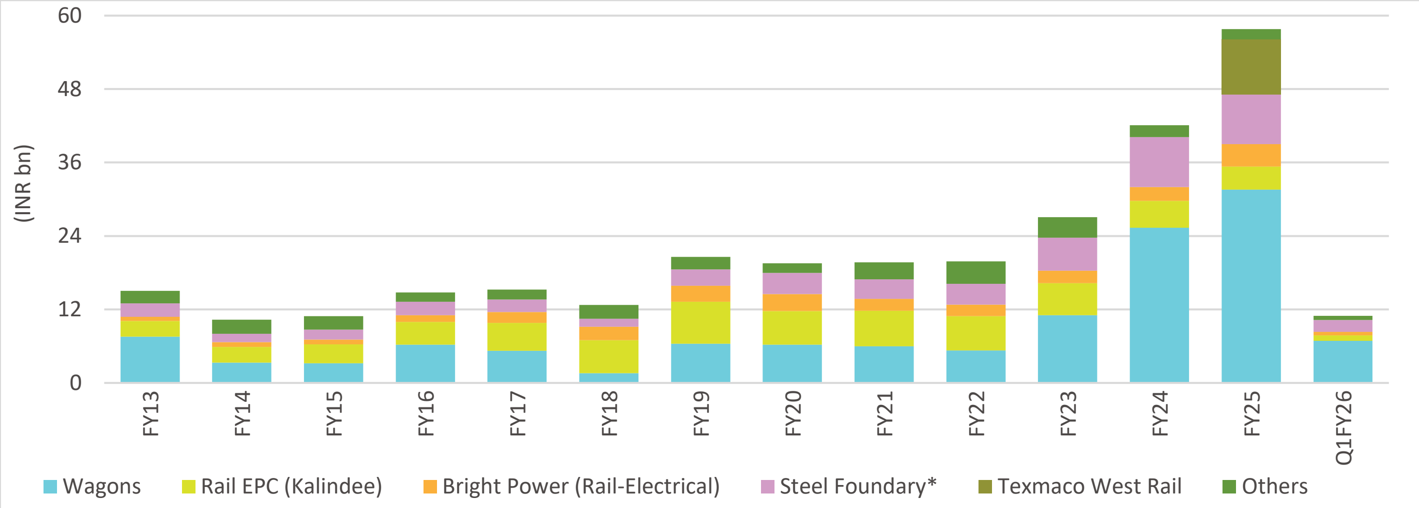
Source: Company, Nuvama Research

Note: The chart above represents a hypothetical scenario assuming the inclusion of Kalindee's order book from FY13 and of Bright Power from FY16
Note: 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 ~77% of the standalone quarterly revenue in Q1FY26 while Rail & Green energy and infra-electrical segments contributed 10–12% each.

Exhibit 5: Texmaco's revenue growth picks up pace



Source: Company, Nuvama Research

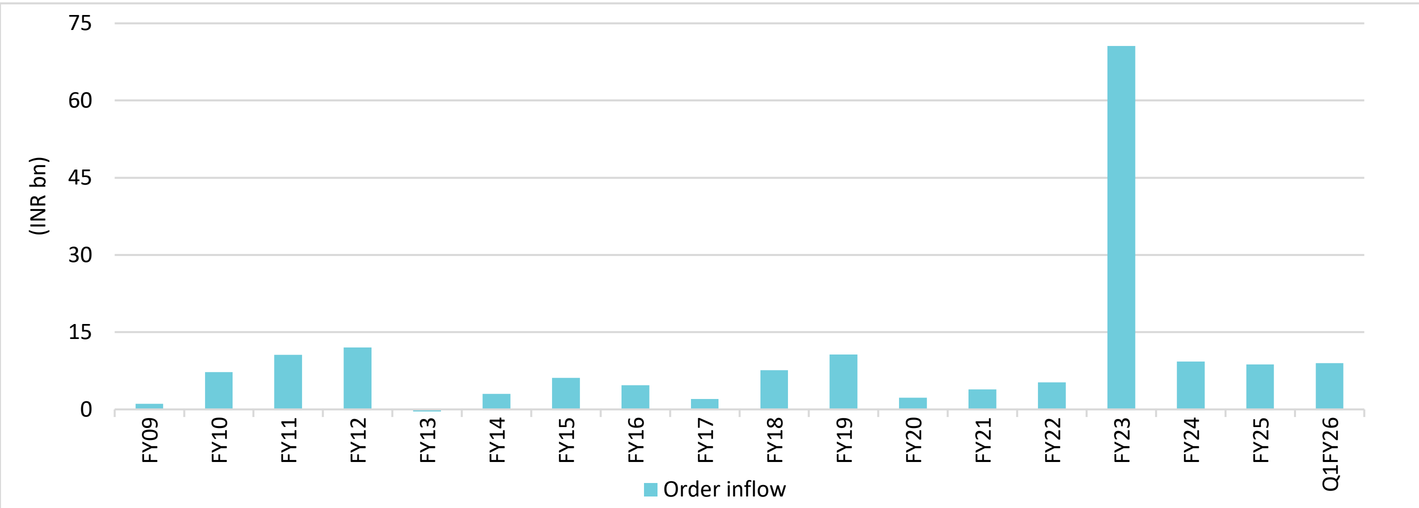
Notes: i) Indicates gross revenues not adjusted for intersegmental elimination.
ii) The chart above represents a hypothetical scenario assuming the inclusion of revenues of Kalindee and Bright Power from FY13.
iii) Our estimates for steel foundry revenues for FY25/Q1FY26.

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



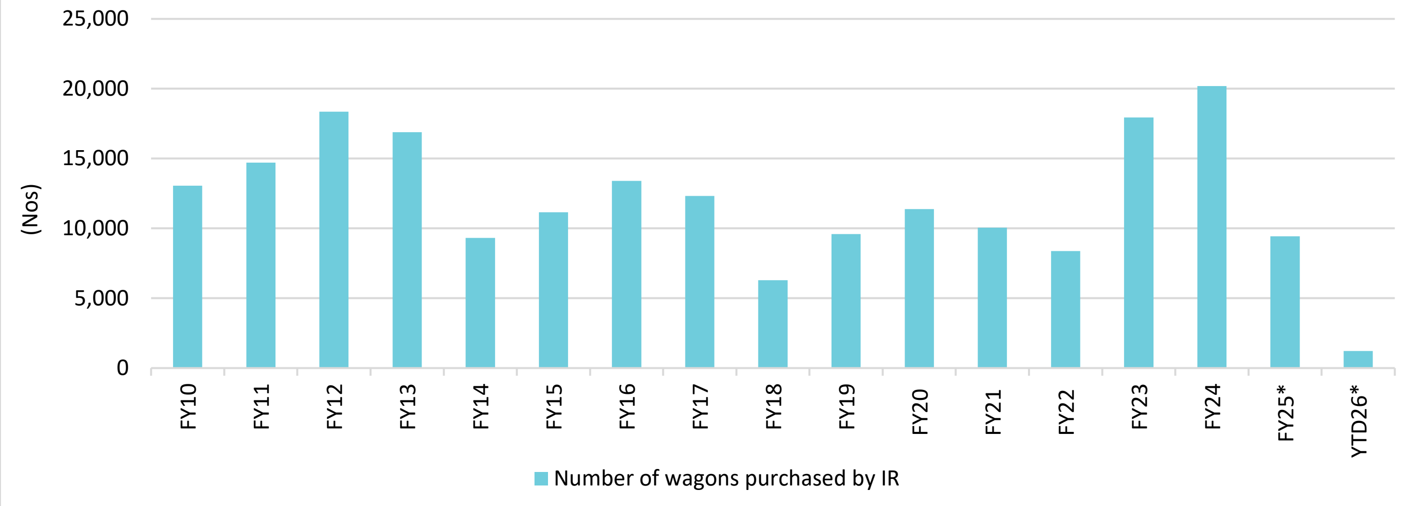
Source: Company, Nuvama Research

Note: Excludes Texmaco West Rail

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 was reported in wagon orders in Q1FY26; the company has won orders from the public sector, private sector as well as export orders in the wagon segment in FY26.

Exhibit 7: Wagons procured by IR

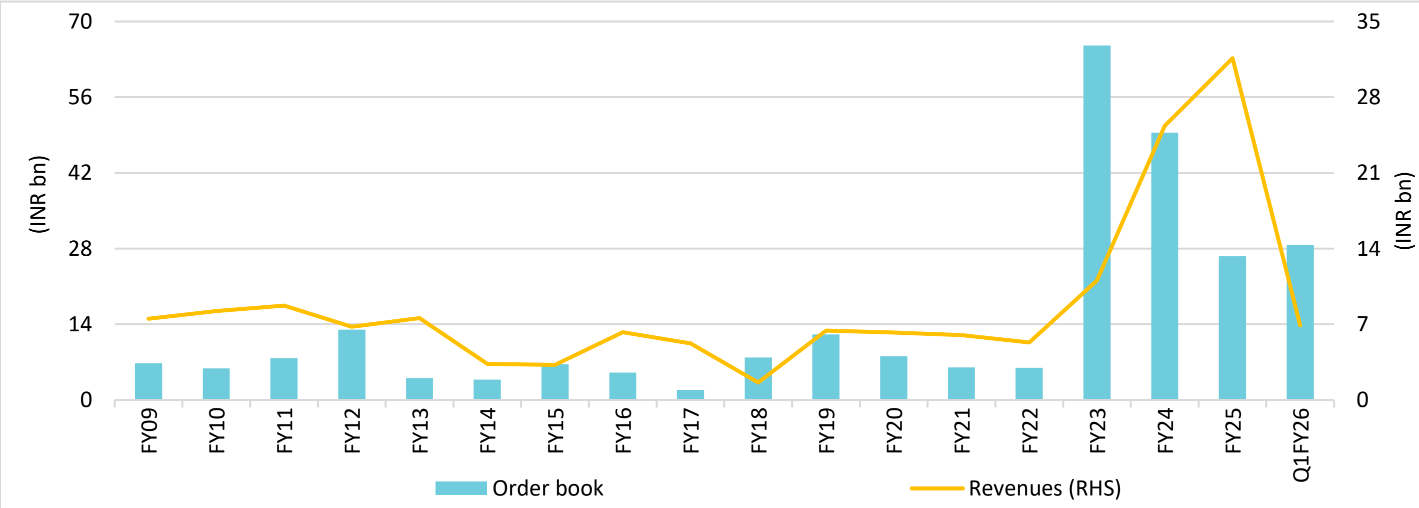


Source: Government documents, Nuvama Research

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.

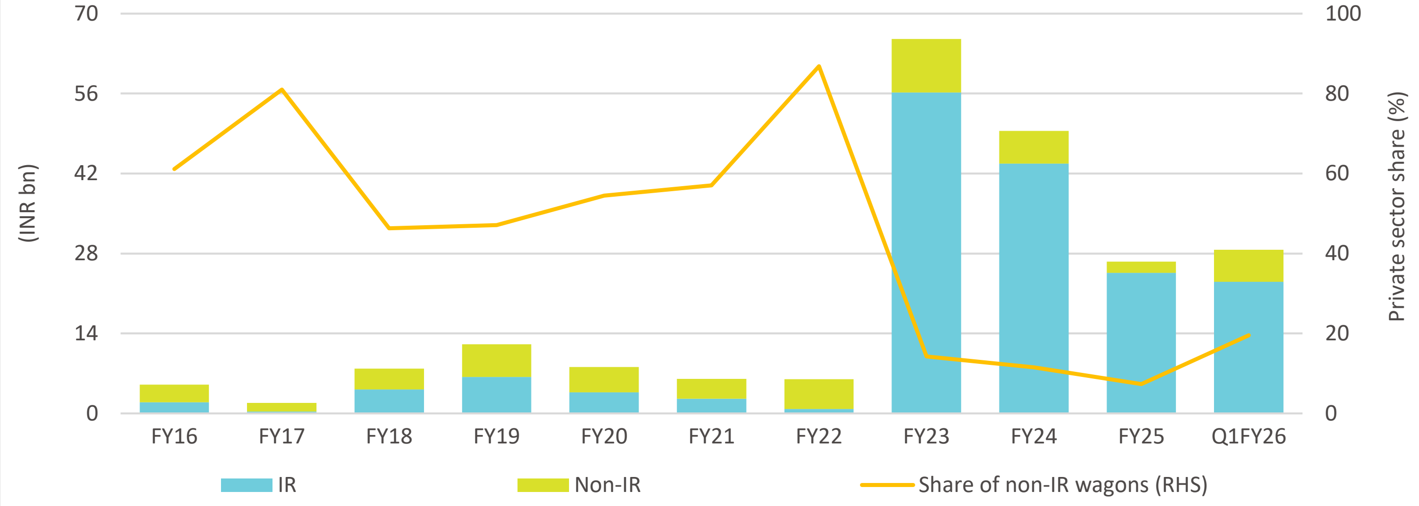
Exhibit 8: Texmaco's wagon order book shows signs of revival in Q1FY26



Source: Company, Nuvama Research

Note: Excludes Texmaco West Rail

Exhibit 9: Both IR and private sector wagon order books pick up post-FY22



Source: Company, Nuvama research

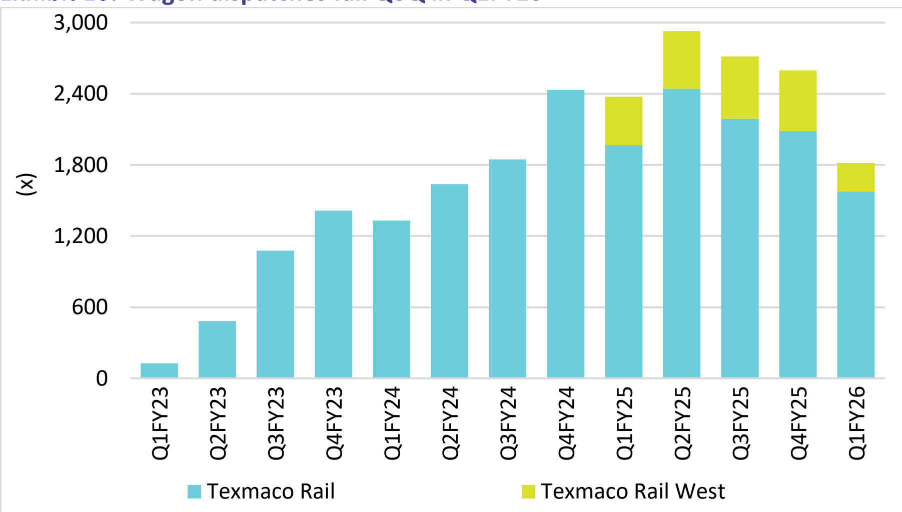
Note: Excludes Texmaco West Rail

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 Q1FY26.

To ameliorate the impact of shortage of wheelsets, Railways has allowed wagon manufacturers to use imported wheelsets.

While the wheelset issue is slowly improving, it is still persisting. Management mentioned that the situation has improved in Aug-25.

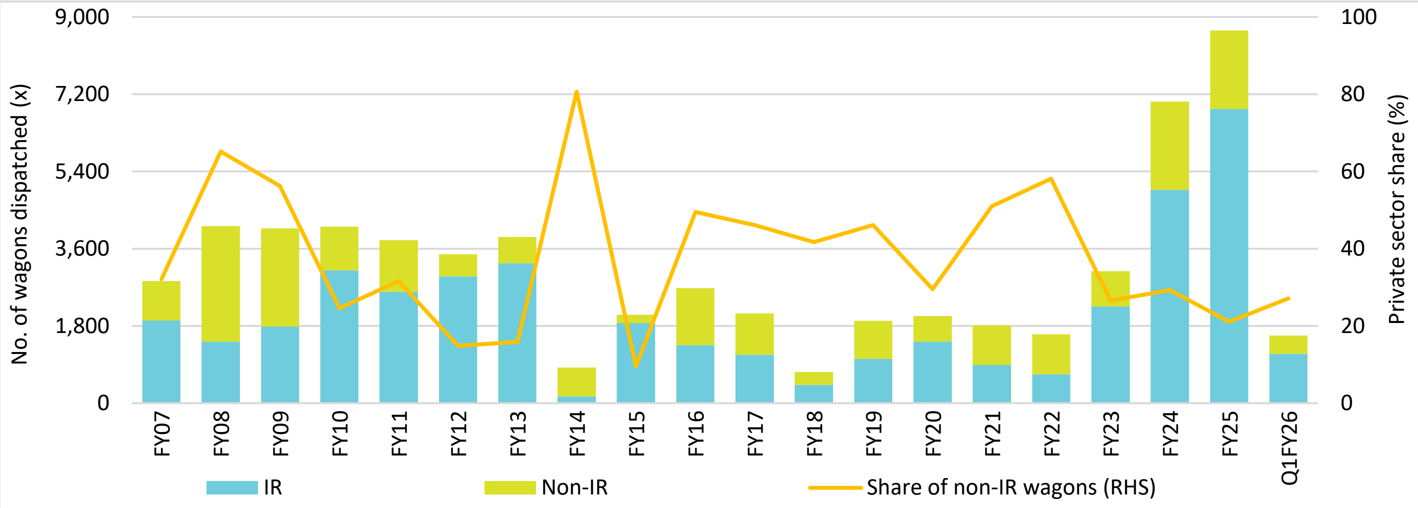
Exhibit 10: Wagon dispatches fall QoQ in Q1FY26



Source: Company, Nuvama research

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

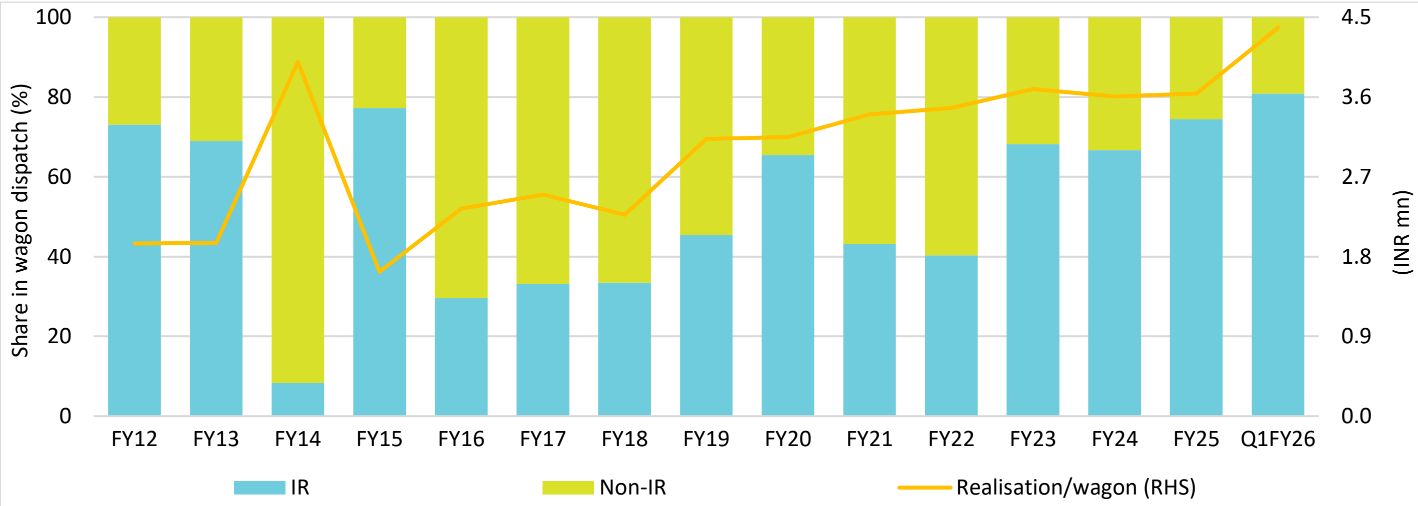
Exhibit 11: Wagon production swells post-FY22



Source: Company, Nuvama Research

Note: Excludes Texmaco West Rail

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***).

The company 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 is likely to be completed by end-H1FY26.

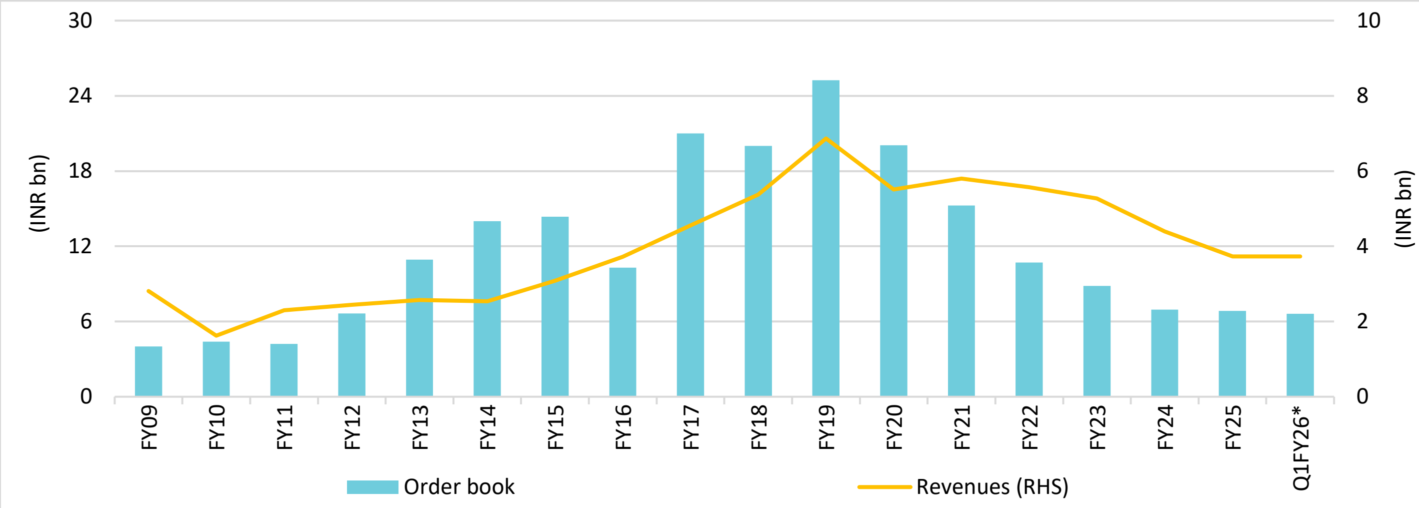
Texmaco currently has a capacity to produce ~15,000 wagons yearly at the consolidated level.

Order book of Bright Power division rises QoQ

To counter the inherent cyclicality 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 Q1FY26*

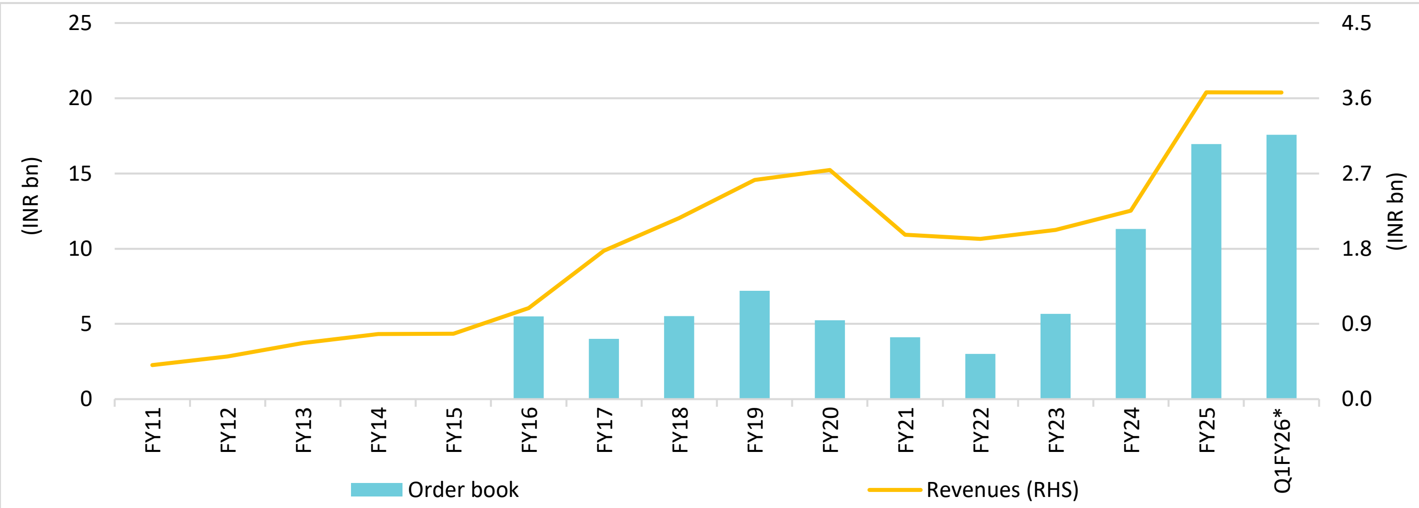
The company has finished one contract in Bangladesh; it expects the second contract to be completed by end-FY26.

- **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 ~INR17.5bn and earned a revenue of ~INR1bn in Q1FY26.

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



Source: Company, Nuvama research

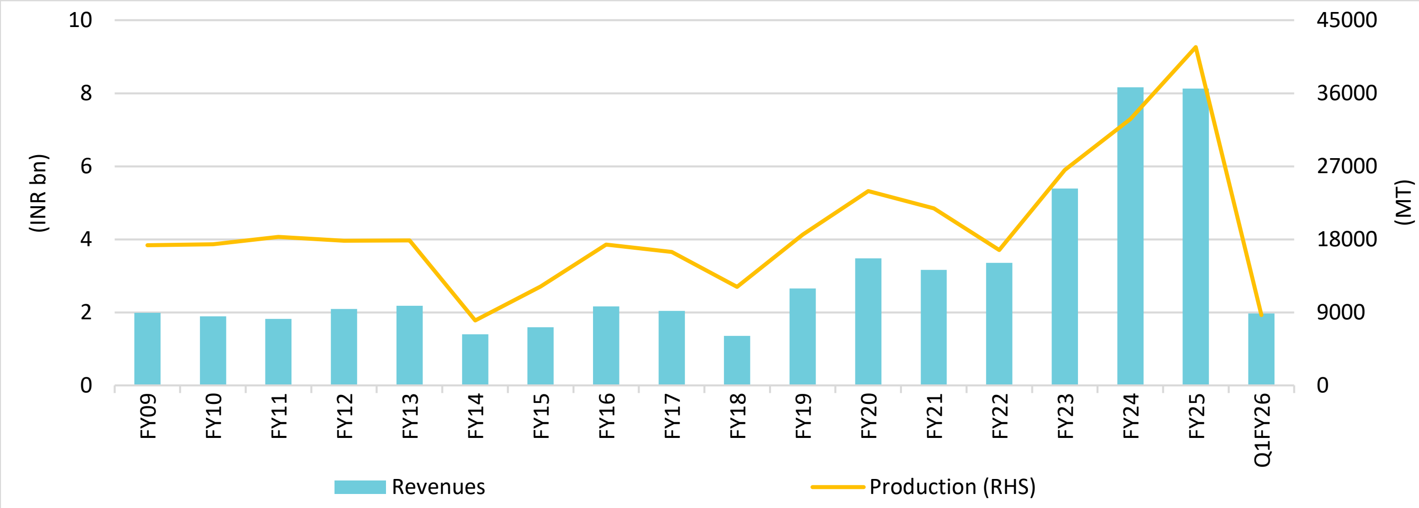
*Note: * TTM revenues for Q1FY26*

- **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 8,667MT in Q1FY26, ~10,540MT casting 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

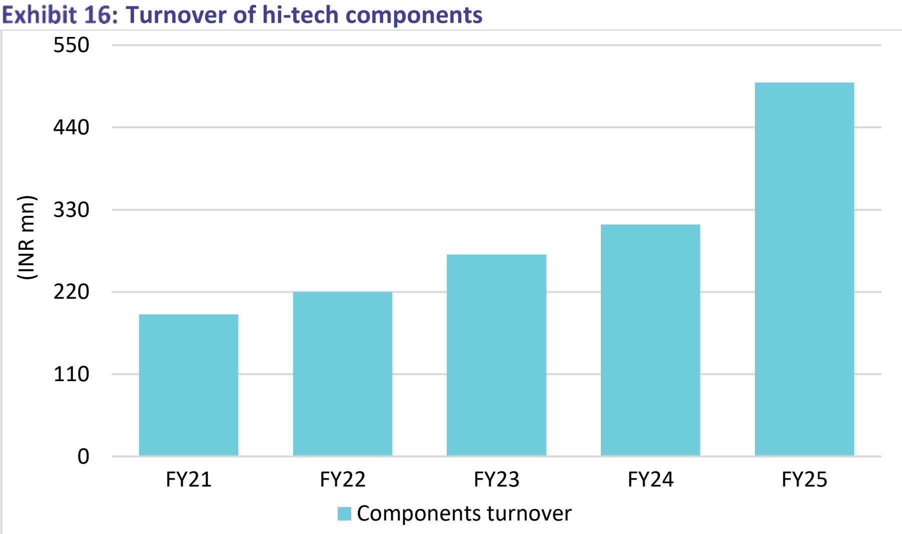


Source: Company, Nuvama Research

- **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.

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.

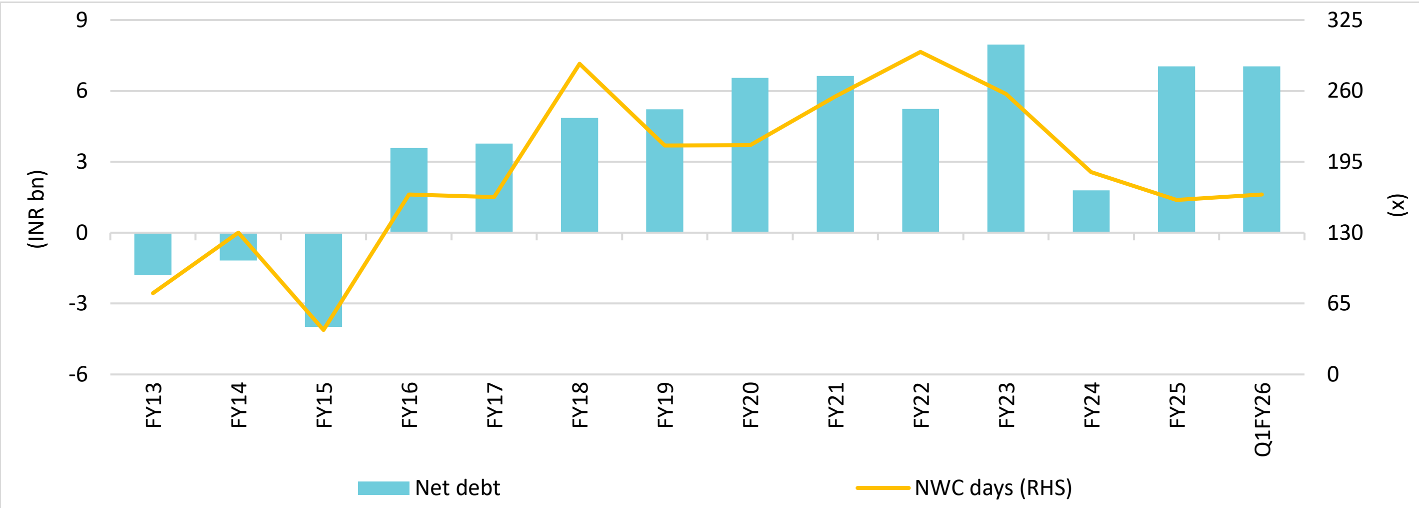
The company has created a niche for itself in the component business through JVs and acquisitions. These include:

- **Wabtec JV:** Texmaco holds 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 increased 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 remained flat QoQ in Q1FY26.

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 cyclicality
- 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	Bajaj Allianz	0.50
Samena	2.00	Zuari Industies	0.19
HDFC Trustee	1.83	New Eros Tradec	0.18
Adventz Securit	0.95	Future Gen Indi	0.06
Norges Bank	0.57	TIAAA	0.04

**Latest public data*

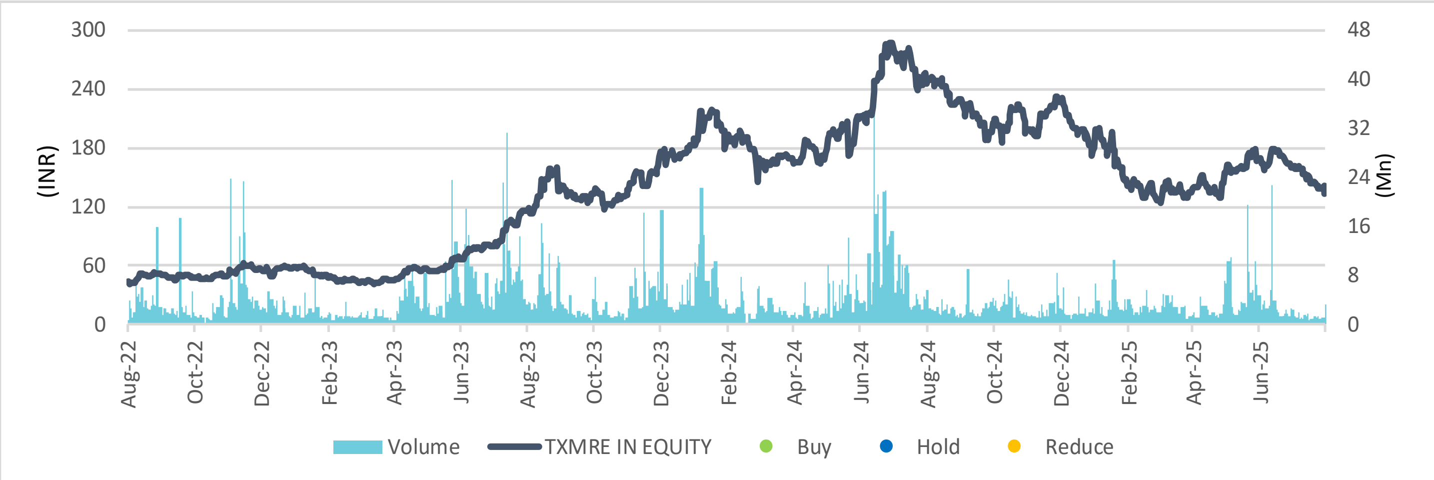
Recent Company Research

Date	Title	Price	Reco
18-May-25	New tie-ups to drive growth; *Result Update*	163	Buy
03-Feb-25	Chasing growth in the face of headwinds; *Result Update*	162	Buy
28-Oct-24	Another healthy quarter; *Result Update*	206	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
14-Aug-25	PNC Infratech	Order inflows bring cheer ; *Result Update*
12-Aug-25	Ashoka Buildcon	Asset monetisation critical; *Result Update*
12-Aug-25	KNR Constructions	Order inflows improve; *Result Update*

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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