Texmaco Rail & Engineering Limited

July 04, 2025

Facilities	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	1,340.59 (Reduced from 1,374.02)	CARE A; Stable	Reaffirmed and removed from Rating Watch with Developing Implications; Stable outlook assigned
Long-term / Short-term bank facilities	2,425.00 (Enhanced from 2,410.00)	CARE A; Stable / CARE A1	Reaffirmed and removed from Rating Watch with Developing Implications; Stable outlook assigned
Short-term bank facilities	30.00	CARE A1	Reaffirmed and removed from Rating Watch with Developing Implications

Details of facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Texmaco Rail & Engineering Limited (TexRail) continue to draw strength from its experienced promoters, established position in the domestic railway wagon industry being the largest wagon manufacturer, diversified revenue profile with presence across various segments of railway infrastructure, backward integration through in-house foundry, and sizeable equity infusion through preferential allotment and qualified institutional placements (QIP) issue in FY24. Ratings further factor in continued healthy financial performance in FY25 (refers to April 01 to March 31), with significant ramp up in order execution though moderation witnessed in Q4FY25 due to non-availability of wheel sets.

Improved financial performance is expected to sustain in the medium term in view of healthy order book position despite moderation from previous year, and diversification of customer base with acquisition of 100% equity stake in Texmaco West Rail Limited (TWRL; erstwhile Jindal Rail Infrastructure Limited). Improvement in profitability has also led to improved debt coverage indicators with total debt/PBILDT continue to remain below 3.5x as on March 31, 2025, which is likely to sustain, despite of its capex plans in the medium term. Ratings further consider strengthening of TexRail's business risk profile with completion of acquisition of TWRL in the last year, for a consideration of ~₹614 crore, largely funded from QIP issue proceeds and internal accruals. The acquisition has led to reinforcement of TexRail's strong market position in freight wagon and diversification of TexRail's customer base to private sector players.

Ratings continue to remain constrained by significant blockage of funds in slow-moving receivables (including unbilled revenue) mainly in the "Infra-Rail & Green Energy" division leading to low return indicators. Ratings also factor in exposure to raw material price volatility & availability and tender-based nature of business.

The company is currently in the process of demerging its "Infra-Rail & Green Energy" division, which includes business of execution of projects in the area of hydro mechanical works, bridge & structural, track laying, signaling & telecommunication among others. The division continues to have significant funds blocked in slow-moving receivables (including unbilled revenue) and has weak financial performance due to legacy contracts.

Assets and liabilities of Infra-Rail & Green Energy division is expected to be transferred into a separate entity and the remaining businesses of manufacturing wagons, steel foundry and electrical divisions, where it has large orders from Indian Railways, are expected to remain in TexRail. However, the demerged entity would be a wholly owned subsidiary of TexRail, instead of the earlier plan of transferring it to a separately listed entity with mirror shareholding as TexRail. Consequently, the demerged entity would continue to be considered in consolidated operations of TexRail, having no impact on the credit risk profile of TexRail on a consolidated basis. In view of gaining this clarity, CARE Ratings Limited (CareEdge Ratings) has now removed ratings from 'Rating watch with developing implications'.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in return on capital employed (ROCE) above 12% on a sustained basis with improvement in scale of operations and operating margin.
- Improvement in coverage indicators with total debt to profit before interest, lease rentals, depreciation, and taxation (TD/PBILDT) going below 2.5x on a sustained basis.
- Efficient management of working capital requirement and improvement in operating cycle.

Negative factors

- Substantial decline in total operating income (TOI) or decline in operating profitability (PBILDT margin less than 7%) on a sustained basis.
- Deterioration in coverage indicators with TD/PBILDT going above 4.5x on a sustained basis.
- Significant deterioration in average collection period.

Analytical approach: Consolidated
CareEdge Ratings has considered the consolidated analytical approach, considering operational and financial linkages of TexRail with its subsidiaries/JVs. Companies consolidated are listed under Annexure – 6.

Outlook: Stable
Stable outlook reflects that TexRail is expected to benefit from its leadership position in wagon industry and its operating performance is expected to continue to benefit from its strong order book position and stable demand outlook.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with demonstrated fund support
TexRail is part of the Saroj Kumar Poddar faction of the K. K. Birla group, which was subsequently rechristened as Adventz Group. Adventz is an established business group in the country having interests in fertilizers, chemicals, financial services, real estate and sugar. Promoters have significant business experience and demonstrate support to TexRail by infusion of funds as equity and unsecured loans, when required. This support is expected to continue going forward as well.

Technical tie-ups and backward integration
TexRail has long-standing presence in the railway wagon industry, being largest player in the domestic wagon manufacturing industry with present annual capacity to manufacture 13,000 wagons (TexRail: 10,000 per annum and TWRL: 3,000 per annum). Over the years, it has added capacity for manufacturing hydro-mechanical equipment, heavy steel structures, and process equipment. The company has strong backward integration, with in-house foundry facility having annual capacity of 48,000 MTPA of steel casting, enabling it to control cost and quality.
It ventured in rail engineering, procurement, and construction (EPC) for railway track laying, signalling and telecommunication through acquisition of Kalindee Rail Nirman (Engineers) Limited (KRN) and railway electrical contracts for overhead lines, transformers and other equipment through Bright Power Projects (India) Private Limited (BPPPL), both were later merged with TexRail.
TexRail has tied up with foreign entities having technical expertise across businesses. Touax Texmaco Railcar Leasing Private Limited, is a JV for wagon leasing with Touax Rail of France, having expertise in leasing freight cars (wagons) among others. Wabtec Texmaco Rail Private Limited is a JV for export of foundry products, with Wabtec Corporation of US, a global supplier of highly engineered components and systems for railways and specific industrial markets. It also entered a 51:49 JV, Texmaco Nymwag Rail & Components Private Limited, with Nymwag C.S. (a Czech company), for manufacturing wagons and wagon components. In June 2024, it has entered a share purchase agreement (SPA) and shareholders' agreement for 51% stake in Saira Asia Interiors Private Limited, the company engaged in designing metro interior products.

Healthy order book position in view of GoI thrust on railway infrastructure
TexRail had a healthy order book position of ₹6,951 crore as on April 01, 2025 (1.36x of TOI of FY25). The order book includes orders of Indian Railways (₹2,463 crore) and orders from private players for wagons, other rolling stocks, bridges, structural, steel foundry, order book of Infra – Rail and Green Energy division (₹685 crore), Infra – Electrical division (₹1,695 crore), and order book of TWRL (₹638 crore). There were orders of ₹955 crore in other subsidiaries/JVs.

Given the high working capital intensity in civil work dominated orders, the company has restricted in-take of such orders in its Infra – Rail and Green Energy division. The management has shifted its focus to contracts entailing smaller duration and lower requirements of working capital.

Favourable industry demand scenario

The railways is the largest consumer of wagons in the country. The outlook for the wagon industry mainly depends on demand and budgeted allocation for such outlays. The GoI is focusing on improving railway infrastructure and ensuring faster development and completion of tracks, rail electrification, rolling stock manufacturing and delivering passenger freight services. Budgetary allocation towards railway projects is at ₹2.52 lakh crore for 2025-26 (₹2.55 lakh crore in the previous year). This has resulted in influx of orders from GoI for freight wagons. Apart from supplying wagons to Indian railways, TexRail has been receiving large orders for commodity specific wagons from private sector companies. TexRail, with large capacity for manufacturing these wagons, is well-placed to take advantage of this growing demand.

Significant growth in TOI with improved profitability margins

In FY25, TOI grew by 46% y-o-y considering increased execution of orders and increase in order book with the Government's thrust on railways infrastructure, an increase in sales volume of steel foundry, and added sales from newly acquired TWRL. The company's PBILDT margin also improved to 9.31% (PY:7.61%) because of significant increase in sales revenue and higher margins from TWRL, which mostly sells to private players. The company has also started importing wheel sets for private parties and execution has improved. Execution of orders from Indian Railways has also gathered pace. The Infra – Rail and Green Energy division had losses of ₹5.90 crore in FY24 and ₹29.09 crore in FY25 and decrease in revenue in the last two years. On the other hand, performance in Infra – Electrical division has improved in the last two years, with segmental profits at ₹23.92 crore in FY24, which increased to ₹44.44 crore in FY25, which is driving the upward thrust of TexRail.

Improved debt coverage indicators despite increased debt level

TexRail's consolidated debt increased from ₹1,101.97 crore as on March 31, 2024, to ₹1,537.23 crore as on March 31, 2025 (₹1,511.43 crore as on March 31, 2023), because of inclusion of debt from newly acquired JRIL, and new term debt of ₹300 crore sanctioned for meeting working capital requirement in line with significant growth in its scale of operations. There was also an increase in acceptances due to increased import of wheel sets for meeting private party orders. Its TD/PBILDT however improved from 10.39x as on March 31, 2023, to 4.13x as on March 31, 2024, and further 3.23x as on March 31, 2025, because of significant growth in its operating profits, although TD/PBILDT continues to remain at a high level considering significant delay in realisation of its stuck / unbilled receivables in Infra – Rail and Green Energy Division.

Liquidity: Adequate

The company has adequate liquidity position with surplus liquidity of ₹307 crore as on March 31, 2025. Average fund-based working capital limit utilisation stood comfortable at ~67% for 12 months ended March 2025. The company's liquidity position is expected to remain adequate in the medium term given good revenue visibility with healthy cash flows from its operations.

Key weaknesses

Elongated receivables leading to moderate return indicators

TexRail's nature of business entails considerable dependence on working capital requirements in the form of fund-based and non-fund-based borrowings. Debtors (including retention) increased from ₹882 crore as on March 31, 2024, to ₹1,146 crore as on March 31, 2025. Increase in debtors mainly relates to the freight car division, where the company is executing wagon orders for railways.

Unbilled debtors, mainly pertaining to Infra – Rail & Green Energy (KRNL) and Infra – Electrical (BPPPL) division, slightly decreased from ₹709 crore as on March 31, 2024, to ₹689 crore as on March 31, 2025. As articulated by the management, the company is in the process for filing claims, which were not filed earlier and has taken consultations for them. Contrary to the earlier expectation of recovering part of unbilled revenue, the company has not been able to recover them fully, which is expected to be recovered from FY26 onwards.

Timely receipt of slow-moving receivables and quick resolution of matters under arbitration will be crucial from the company's liquidity and cash flow perspective. Its return indicators marked by ROCE improved to 13.78% in FY25 against 10.54% in FY24 (6.42% in FY23), which is although lower, considering its stuck receivables, despite improvement in its profitability in FY25.

Exposure to raw material price volatility and timely availability

Wagon manufacturers have to rely on Research Design and Standards Organisation (RDSO) approved vendors for the supply of major raw materials such as steel, cartridge tapered roller bearings (CTRB), and wheel sets, among others.

The company is exposed to significant raw material price volatility, which is mitigated to an extent due to presence of escalation clause with respect to variation in input prices in long-term contracts of railways and private parties (except orders from private parties to be executed in short-term, 1-2 months). In the rail EPC segment also, the company is exposed to raw material price volatility.

Risk associated with tender based business and competition

TexRail receives majority orders from Indian Railways and other government and semi-government entities and exports based on tender. Hence, revenue depends on the company's ability to successfully bid for these tenders. The company faces stiff competition from other established players in the wagon segment. In the rail EPC segment, it is exposed to competition from larger players in the industry.

Environment, social, and governance (ESG) risks

The company undertakes steps to minimise waste, conserve resources and undertakes continuous improvement of processes to protect the environment. It is working on rainwater harvesting and is moving on to green power for operations in its factories (Urla foundry already moved into green power). The company has on-going CSR projects in health and education sectors, with ~1,100 beneficiaries. The board of directors comprise 12 members, of which six are independent directors.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Consolidation
Construction

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial manufacturing	Railway wagons

TexRail has an installed capacity of 10,000 Vehicular Units (VUs) of wagons, which remain flexible in nature, 20,400 MTPA of structurals, 10,000 MTPA of bridges and 48,000 MTPA of steel castings. The product range of TexRail comprises of railway freight cars, hydro-mechanical equipment, industrial structural, steel castings, loco shells, electrical mechanical unit (EMU), railway bridges and pressure vessels, which are manufactured across four manufacturing facilities in West Bengal. TexRail also has presence in overseas markets.

TexRail acquired equity stake in KRNL in FY14 and subsequently merged with it on February 11, 2017, (appointed date being April 01, 2014). KRNL's business for execution of railway projects involving track laying, signaling and telecommunication in India is running as the 'Infra – Rail & Green Energy' division under TexRail.

In January 2016, TexRail acquired 55% shareholding in BPPPL. BPPPL and another subsidiary Texmaco Hi-Tech Private Limited merged with TexRail vide and NCLT order received in April 2019, with appointed date being April 01, 2017. It is running as the Infra - Electrical division, which undertakes electrical contracts for erection, installation, commissioning and maintenance of overhead lines, transformers and other equipment for Indian Railways.

In September 2024, TexRail acquired 100% shareholding in TWRL (previously Jindal Rail Infrastructure Limited) which has installed capacity of 3,000 VUs. It is also engaged in manufacturing railway freight wagons, selling mostly to private players.

Brief Consolidated Financials (₹Crore)	FY24 (A)	FY25 (UA)
Total operating income	3503.78	5106.57
PBILDT	266.52	475.54
PAT	112.98	248.88
Overall gearing (times)	0.44	0.55

Interest coverage (times)	2.01	3.47

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	930.00	CARE A; Stable
Fund-based - LT-Term Loan		-	-	September 2030	410.59	CARE A; Stable
Fund-based - ST-Packing Credit in Foreign Currency		-	-	-	30.00	CARE A1
Non-fund-based - LT/ ST-BG/LC		-	-	-	2425.00	CARE A; Stable / CARE A1

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - ST-Forward Contract	ST	-	-	-	-	-	1)Withdrawn (05-Jul-22)
2	Fund-based - LT-Cash Credit	LT	930.00	CARE A; Stable	-	1)CARE A (RWD) (08-Jan-25) 2)CARE A- (RWD) (05-Aug-24) 3)CARE A- (RWP) (05-Jul-24)	1)CARE BBB+ (RWP) (26-Mar-24) 2)CARE BBB+ (RWP) (05-Jan-24) 3)CARE BBB+; Stable	1)CARE BBB+; Stable (28-Mar-23) 2)CARE A-; Negative (05-Jul-22)

							(11-May-23)	
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	2425.00	CARE A; Stable / CARE A1	-	1)CARE A / CARE A1 (RWD) (08-Jan-25) 2)CARE A- / CARE A2+ (RWD) (05-Aug-24) 3)CARE A- / CARE A2+ (RWP) (05-Jul-24)	1)CARE BBB+ / CARE A2 (RWP) (26-Mar-24) 2)CARE BBB+ / CARE A2 (RWP) (05-Jan-24) 3)CARE BBB+; Stable / CARE A3+ (11-May-23)	1)CARE BBB+; Stable / CARE A3+ (28-Mar-23) 2)CARE A-; Negative / CARE A2 (05-Jul-22)
4	Fund-based - LT-Term Loan	LT	410.59	CARE A; Stable	-	1)CARE A (RWD) (08-Jan-25) 2)CARE A- (RWD) (05-Aug-24) 3)CARE A- (RWP) (05-Jul-24)	1)CARE BBB+ (RWP) (26-Mar-24) 2)CARE BBB+ (RWP) (05-Jan-24) 3)CARE BBB+; Stable (11-May-23)	1)CARE BBB+; Stable (28-Mar-23) 2)CARE A-; Negative (05-Jul-22)
5	Fund-based - ST-Packing Credit in Foreign Currency	ST	30.00	CARE A1	-	1)CARE A1 (RWD) (08-Jan-25) 2)CARE A2+ (RWD) (05-Aug-24) 3)CARE A2+ (RWP) (05-Jul-24)	1)CARE A2 (RWP) (26-Mar-24) 2)CARE A2 (RWP) (05-Jan-24) 3)CARE A3+ (11-May-23)	1)CARE A3+ (28-Mar-23) 2)CARE A2 (05-Jul-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Packing Credit in Foreign Currency	Simple
4	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Texmaco Transtrak Pvt. Ltd. (Transtrak)	Full	Subsidiary
2	Panihati Engineering Udyog Private Limited	Full	Subsidiary
3	Belgharia Engineering Udyog Private Limited	Full	Subsidiary
4	Texmaco Rail Electrification Limited	Full	Subsidiary
5	Texmaco Rail Systems Private Limited	Full	Subsidiary
6	Texmaco West Rail Limited (formerly Jindal Rail Infrastructure Limited)	Full	Subsidiary
7	Saira Asia Interiors Pvt. Ltd	Full	Subsidiary
8	Texmaco Nymwag Rail & Components Private Limited (TNRCPL; formerly Belur Engineering Private Limited)	Full	Subsidiary
9	Touax Texmaco Railcar Leasing Private Limited (Touax)	Proportionate	Joint Venture
10	Wabtec Texmaco Rail Private Limited (Wabtec)	Proportionate	Joint Venture
11	Texmaco Defence Systems Private Limited (Texmaco Defence)	Proportionate	Associate

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Name: Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Name: Saikat Roy Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in	**Analytical Contacts** Name: Hardik Shah Director **CARE Ratings Limited** Phone: +91-22-6754 3591 E-mail: Hardik.shah@careedge.in Name: Richa Bagaria Associate Director **CARE Ratings Limited** Phone: +91-33-4018 1653 E-mail: richa.jain@careedge.in Name: Mayank Sourabh Lead Analyst **CARE Ratings Limited** E-mail: Mayank.Sourabh@careedge.in

About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:
This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

For detailed Rating Report and subscription information, please visit www.careratings.com