Texmaco Infrastructure & Holdings Limited

July 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	21.26 (Reduced from 22.63)	CARE BBB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Texmaco Infrastructure & Holdings Limited (Texmaco) continues to derive strength from its promoters' experience, presence of escrow mechanism, diversified revenue stream, comfortable capital structure, healthy investment profile with holdings in major group companies, and stable financial performance despite loss reported in FY25 considering deferred tax expenses. The rating also takes note of the joint development agreement (JDA) signed by Texmaco with Oro Bloom Developments Private limited, a joint venture company of Hines Group (USA) and Conscient Group for development of residential, commercial/retail and Community Service Personnel ("CSP")/Economically Weaker Section ("EWS") on its 10 acre land approx (formerly Birla Mills Compound) in Kamla Nagar, Delhi. Texmaco also entered a development agreement with the PS Group for a residential project on ~137 cottah land owned by the Company in Kolkata (Entally). CARE Ratings Limited (CareEdge Ratings) notes that the company will not be availing debt for both projects as their development, construction and marketing costs are to be borne by the developer per the agreement. However, the rating continues to be constrained by small scale of operations, risk of non-renewal of rent agreement, risk of diminution in value of investments, vulnerability of cash flows to hydro power unit generation and regulatory risks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in rental income resulting in improvement in rental income/equated monthly installment (EMI).
- Significant improvement in income with sustenance of healthy net debt profile.

Negative factors

- Decreasing rental income by 15% considering termination of agreement after lock-in period on a sustained basis.
- Decreasing total debt to investments below 0.20x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CareEdge Ratings believes that occupancy of the leased-out properties will remain at current levels in the medium term and revenue visibility from other sources of income such as income from sale of hydro power, dividend, and interest income, anticipated revenue deriving from real estate projects under JDA FY26 onwards.

Detailed description of key rating drivers:

Key strengths

Experienced promoters

Texmaco belongs to S.K. 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. S.K. Poddar, son-in-law of Late K. K. Birla, is at the helm of the group's affairs.

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

Presence of escrow mechanism

The company maintains an escrow account in Axis Bank to route rentals received from two tenants towards servicing debt obligations. Lease rentals of ₹0.31 crore monthly are directly deposited in the escrow account to meet monthly debt obligations of ₹0.28 crore. There is sufficient cushion regarding collection of rentals by 10th of every month and payment against debt obligations by 15th of every month.

Diversified revenue stream

Texmaco is deriving income from primarily three segments, interest & dividend income from its strategic investments, real estate and hydro power. In FY25, Texmaco earned 47% of its total operating income (TOI) from interest and dividend followed by 36% from rental income and the remaining 17% from income from sale of hydro power and other operating income. Rental income is majorly derived from Texmaco's "Global Business Park" property. Occupancy ratio in May 2025 stood at 100% compared to 75% as on April 2024. The contract's tenure is mostly for nine years with escalation clause of 15% every three years. The lock-in period is three years. The collection efficiency is also maintained at ~100%. The escrowed rental income against EMI payment for FY25 was 1.11x.

The company supplied 8.03 million units (mU) of power in FY25 against 7.50 mU of power in FY24 to West Bengal State Electricity Distribution Company Limited (WBSESC) from its 3-MW mini hydro power project at Neora, District Kalimpong, in West Bengal. The company has entered a long-term power purchase agreement (PPA) with West Bengal State Electricity Distribution Company Limited for supply of power at a tariff of ₹3.60 per kWh for 10 years (agreement expiring on April 2, 2026), which reduces off-take risk of the power.

Comfortable capital structure and debt coverage indicators

Capital structure is comfortable with overall gearing ratio of 0.02x as on March 31, 2025 (0.02x as on March 31, 2024). Debt coverage indicators marked by total debt to gross cash accruals (TD/GCA) improved from 6.70x in FY24 to 2.59x in FY25 owing to higher cash accruals generated in the fiscal year. Interest coverage stood at 2.37x in FY25 (2.35x in FY24).

The company's capital structure and debt coverage indicators are expected to remain at current levels in the near future in absence of major debt-funded capex.

Healthy investments profile

Texmaco has a healthy net worth base largely invested in land and buildings, mutual fund investments, and strategic investments in group companies. It also provides loans and advances to group entities and non-group entities. In case of outside entities, the company gives loan based on the Texmaco group's past and relationship with the outside party. As on March 31, 2025, the company had investments of ₹79.75 crore in land bank and properties, ₹1,171.23 crore in equity instruments, ₹230.38 crore in mutual funds and has provided loans and advances of ₹25.15 crore to subsidiaries and body corporates. The market value of such quoted equity instruments was ₹1481.66 crore as on June 10, 2025, against ₹1521.25 crore as on May 28, 2024, indicating a healthy investment portfolio. The investment profile is expected to remain healthy in the near-to-medium term.

JDAs with Oro Bloom Developments Private Limited and PS Group Reality Private Limited

Texamco entered a JDA with Oro Bloom Developments Private Limited for development of its 10 acre land approx. (formerly Birla Mills Compound) in Kamla Nagar, Delhi. The project will have residential, commercial/retail and Community Service Personnel ("CSP")/Economically Weaker Section ("EWS") components. The project is to be developed, constructed, and marketed entirely by the developer at its own cost. The company being the land owner shall receive 44% share of base revenues, 62% of the incremental revenue and other charges and incomes.

Texmaco also entered a development agreement with PS Group for a residential project on 137 cottah (approx.) land owned by the Company in Kolkata (Entally). Per the agreement, PS Group will develop and promote the property on behalf of the company, and obtain all requisite sanctions, permissions, license, and permit among others for development of this property. The project is to be developed, constructed, and marketed entirely by the developer at its own cost. The project name is Jade Grove Phase II.

CareEdge Ratings notes that Texmaxo will not avail debt for development, construction and marketing of both projects.

Stable financial performance despite small scale of operations
The TOI remained stable at ₹17.68 crore in FY25 (₹17.64 crore in FY24). The profit before interest, lease rentals, depreciation and taxation (PBILDT) margin improved to 38.67% in FY25 to 36.76% in FY24 considering lower operating overheads. Texmaco reported loss of ₹8.56 crore against profit after taxation (PAT) of ₹3.57 crore in FY24 considering deferred tax expenses of ₹12.71 crore pertaining to changes made in the Budget 2024 relating to non-availability of indexation benefit on long term capital gain charged in FY25.
Despite the loss reported in FY25, the company continued to report positive cash accruals of ₹11.59 crore in FY25 against GCA of ₹4.75 crore in FY24.

Key weaknesses
Risk of non-renewal of rent agreement
Texmaco derives part of its income from rent received from its property leased out in Gurugram and Delhi. In all rent agreements, renewal option is after three years and Texmaco is exposed to non-renewal of agreement post expiry of the contract. However, contracts have already been renewed in the past with contracted escalation, which mitigates the risk to a certain extent.

Vulnerability of cash flow to hydro power unit generation
Texmaco owns and operates a 3-MW hydro power plant over the Neora river in Kalimpong, West Bengal. Power generation depends on the rainfall and other factors, and Texmaco witnesses variability in hydro power generation considering such parameters.

Regulatory risks
Real estate projects are prone to varying degrees of uncertainty, at the macro-level, affecting the economy as a whole and at the sector level. The projects are prone to local, state, and national laws and regulations (governing acquisition, construction, and development of land among others). Failure to comply with such rules and regulations often leads to delays or in the worst case, complete closure of the project; all of which may lead to a complete or partial loss of capital invested.

Liquidity: Adequate
Adequate liquidity characterised by sufficient cushion in GCA of ₹11.59 crore against repayment obligations of ₹2.55 crore in FY25 and moderate cash balance of ₹1.91 crore as on March 31, 2025. Texmaco has liquidity in the form of liquid investments in mutual funds amounting ₹230.38 crore as on March 31, 2025, and low debt servicing obligation. In FY26, the company has repayment obligation of ₹2.60 crore, against which it is expected to generate sufficient cash flows.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria
Definition of Default
Investment Holding Companies
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial ratios-Non financial sector
Rating methodology for debt backed by Lease Rental Discounting (LRD)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Realty	Realty	Residential, commercial projects

Texmaco was incorporated as Textile Machinery Corporation Limited in September 1939. Currently, the company derives its major income from leased properties, dividend & interest income from strategic investments, and operation of a 3-MW mini hydro power project at Neora, District Kalimpong, in West Bengal. Texmaco is part of the Adventz group, a faction of the erstwhile K. K. Birla group.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Ab)
Total operating income	17.64	17.68
PBILDT	6.49	6.84
PAT	3.57	-8.56
Overall gearing (times)	0.02	0.02
Interest coverage (times)	2.35	2.37

A: Audited, Ab: Abridged, 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Lease rental discounting/ Rent Receivables Financial		-	-	-	21.26	CARE BBB+; Stable

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	Fund-based - LT-Lease rental discounting/ Rent Receivables Financial	LT	-	-	-	-	-	1)Withdrawn (29-Jun-22)
2	Fund-based - LT-Lease rental discounting/ Rent Receivables Financial	LT	21.26	CARE BBB+; Stable	-	1)CARE BBB+; Stable (07-Jun-24)	1)CARE BBB+; Stable (05-Jun-23)	1)CARE BBB+; Stable (29-Jun-22)

LT: Long term

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

Annexure 4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Lease rental discounting/ Rent Receivables Financial	Simple

Annexure 5: Lender details

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

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.

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