Texmaco Rail & Engineering Limited

July 07, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	1,380.29 (Enhanced from 1,340.59)	CARE A; Stable	Reaffirmed
Long-term / Short-term bank facilities	2,950.00 (Enhanced from 2,425.00)	CARE A; Stable / CARE A1	Reaffirmed
Short-term bank facilities	70.00 (Enhanced from 30.00)	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Texmaco Rail & Engineering Limited (TexRail) continues 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 segments of railway infrastructure, and backward integration through in-house foundry.

Ratings also factor in moderation in financial performance in FY26 (refers to April 01 to March 31), with lower scale of operations and moderation in profitability due to industry-wide decline in wagon dispatch arising from non-availability of wheel sets from Rail Wheel Factory. This apart, a ₹700 crore contingency provision created from free reserves to address geopolitical and supply chain risks, led to moderation in leverage position as on March 31, 2026. Despite this, the financial risk profile continues to be strong with adequate liquidity position and healthy capital structure supported by strong cash accruals and significant fund infusion through qualified institutional placements (QIP) and warrant issue in the last two years. This apart, acquisition of 100% equity stake in Jindal Rail Infrastructure Limited (later renamed as Texmaco West Rail Limited [TWRL] and merged with TexRail) has led to significant boost in orders from private sector players.

Ratings remain constrained by significant blockage of funds in slow-moving receivables (including unbilled revenue), primarily in the "Infra-Rail & Green Energy" division, resulting in weak return indicators. TexRail is in the process of demerging its "Infra-Rail & Green Energy" division, which undertakes hydro-mechanical works, bridge and structural projects, track laying, and signalling and telecommunication works, among others. This division continues to exhibit significant receivable build-up and weak financial performance due to legacy contracts.

Ratings also factor in exposure to raw material price volatility and availability risks, and tender-based nature of business.

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.

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

Analytical approach: Consolidated
CARE Ratings Limited (CareEdge Ratings) has considered the consolidated analytical approach, considering operational and financial linkages of TexRail with its subsidiaries/joint ventures (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 position in private sector customers 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 fertilisers, 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 15,400 wagons (including 2,400 wagons in its subsidiary Texmaco Nymwag Rail and Components Private Limited commissioned in April 2026). 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 50,000 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. In September 2024, TexRail acquired 100% of Jindal Rail Infrastructure Limited (renamed TWRL) for ~₹614 crore, enhancing wagon capacity by 3,000 units and expanding its private sector reach. Earlier, it integrated KRN (merged in 2017) and BPPPL (merged in 2019), strengthening railway EPC and electrical contracting capabilities. TexRail also entered multiple partnerships, including a 51:49 JV with Nymwag (Czech Republic) for wagon manufacturing, a 34% leasing JV with France-based Touax Group (restructured in June 2026), and acquired a 51% stake in Saira Asia Interiors (June 2024) for metro interior design.

Satisfactory order book with increasing orders from private sector players
TexRail's order book declined to ₹5,408 crore as on March 31, 2026 (₹6,951 crore as on March 31, 2025). While orders from Indian Railways have reduced, the increase in private sector and export orders has supported its order book. In Q1FY27, the company has secured a large international contract in South Africa worth over ₹4,000 crore, which includes supplying 2,200 wagons and 30 diesel locomotives by FY28.

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.

Healthy financial performance despite moderation witnessed in FY26
The company reported moderation in TOI, despite maintaining a sizeable scale of operations. In FY26, TOI declined by 14% year-on-year (y-o-y) considering lower sales volumes in steel foundry and wagons divisions (which declined by 21% y-o-y). This was primarily due to wheelset supply constraints impacting wagon production across the industry and export-related challenges in the foundry segment. Consequently, the company's PBILDT margin also moderated slightly to 8.92% in FY26 (PY: 9.34%).

The freight car division reported a moderation in profitability from ₹389.35 crore in FY25 to ₹283.74 crore in FY26, considering wheelset challenges. The Infra – Rail and Green Energy division reported losses of ₹29.09 crore in FY25 and ₹27.40 crore in FY26, reflecting continued weakness in segmental performance. On the other hand, the Infra – Electrical division showed improvement in the last two years, with segmental profit increasing from ₹44.44 crore in FY25 to ₹65.93 crore in FY26, supporting overall profitability.

Healthy capital structure despite moderation in debt coverage indicators

TexRail's consolidated debt stood at ₹1515 crore as on March 31, 2026 (₹1,537 crore as on March 31, 2025). While the debt remained stable y-o-y, the creation of contingency provision in FY26, impacted the net-worth leading to a moderation in overall gearing ratio to 0.65x as on March 31, 2026 (0.56x as on March 31, 2025). Despite this, the gearing continues to remain comfortable.

Its TD/PBILDT also moderated to 3.88x as on March 31, 2026, from 3.23x as on March 31, 2025, because of moderation in its operating profits and delay in rationalisation of its debt due to sustained high level of unbilled revenue.

Key weaknesses

Elongated receivables leading to moderate return indicators

TexRail's nature of business entails considerable dependence on working capital requirements in form of fund-based and non-fund-based borrowings. Debtors (including retention money) stood at ₹1,248 crore as on March 31, 2026 (₹ 1,366 crore as on March 31, 2025). Debtors majorly relate 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, increased from ₹679 crore as on March 31, 2025, to ₹765 crore as on March 31, 2026. 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, which is expected to be now recovered in the medium term.

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 moderated with ROCE at 10.77% in FY26 against 13.78% in FY25, considering lower profitability.

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.

Liquidity: Adequate

The company has adequate liquidity position with surplus liquidity of ₹290 crore as on March 31, 2026. Average fund-based working capital limit utilisation stood comfortable at ~41% for 12 months ended March 2026. The company is estimated to generate adequate accruals in the range of ₹280-380 crore, which shall comfortably cover its maturing debt obligations. The company's liquidity position is expected to remain adequate in the medium term, given the good revenue visibility with healthy cash flows from its operations.

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 commissioned a 10-megawatt solar power installation at the Urla foundry in Raipur, lowering carbon emissions. The company has on-going corporate social responsibility (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 Sector

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 15,400 vehicular units (VUs) of wagons (including 2,400 wagons in its subsidiary Texmaco Nymwag Rail and Components Private Limited), which remain flexible in nature, 20,400 MTPA of structurals, 10,000 MTPA of bridges, and 50,000 MTPA of steel castings. TexRail's product range 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.

Consolidated Financials

Brief Financials (₹ crore)	FY25 (A)	FY26 (Abridged)
Total operating income	5106.57	4377.27
PBILDT*	476.87	390.59
Profit after tax (PAT)	248.88	193.57
Overall gearing (x)	0.56	0.65
Interest coverage (x)	3.48	3.19

A: Audited; UA: Unaudited; Note: These are latest available financial results.
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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		-	-	-	1065.00	CARE A; Stable
Fund-based - LT-Term Loan		-	-	16-01-2030	315.29	CARE A; Stable
Fund-based/Non-fund-based-Short Term		-	-	-	70.00	CARE A1
Non-fund-based - LT/ ST-BG/LC		-	-	-	2950.00	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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	1065.00	CARE A; Stable	-	1)CARE A; Stable (04-Jul-25)	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)
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	2950.00	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (04-Jul-25)	1)CARE A / CARE A1 (RWD) (08-Jan-25) 2)CARE A- / CARE A2+ (RWD)	1)CARE BBB+ / CARE A2 (RWP) (26-Mar-24) 2)CARE BBB+ /

							(05-Aug-24) 3)CARE A- / CARE A2+ (RWP) (05-Jul-24)	CARE A2 (RWP) (05-Jan-24) 3)CARE BBB+; Stable / CARE A3+ (11-May-23)
3	Fund-based - LT-Term Loan	LT	315.29	CARE A; Stable	-	1)CARE A; Stable (04-Jul-25)	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)
4	Fund-based/Non-fund-based-Short Term	ST	70.00	CARE A1	-	1)CARE A1 (04-Jul-25)	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)

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/Non-fund-based-Short Term	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	Belgharia Engineering Udyog Private Limited	Full	Subsidiary
3	Texmaco Defence Technologies Limited (Texmaco Rail Electrification Limited)	Full	Subsidiary
4	Texmaco Middle East DMCC	Full	Subsidiary
5	Texmaco Rail Systems Private Limited	Full	Subsidiary
6	Saira Asia Interiors Pvt. Ltd	Full	Subsidiary
7	Texmaco Nymwag Rail & Components Private Limited (TNRCPL; formerly Belur Engineering Private Limited)	Full	Subsidiary
8	Touax Texmaco Railcar Leasing Private Limited (Touax)	Moderate	Joint Venture
9	Wabtec Texmaco Rail Private Limited (Wabtec)	Moderate	Joint Venture
10	Panihati Engineering Udyog Private Limited	Moderate	Associate

Annexure-7: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Note on complexity levels of the 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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