



“Texmaco Rail & Engineering Limited
Q4 FY '26 Earnings Conference Call”
May 13, 2026



MANAGEMENT: **MR. INDRAJIT MOOKERJEE – EXECUTIVE DIRECTOR
& VICE CHAIRMAN**
MR. SUDIPTA MUKHERJEE – MANAGING DIRECTOR
**MR. PRAMOD GUPTA – GROUP CHIEF FINANCIAL
OFFICER**
**MR. KISHOR KUMAR RAJGARIA COMPANY CHIEF
FINANCIAL OFFICER**
**MR. SANDEEP BANKA – DEPUTY CHIEF FINANCIAL
OFFICER**

MODERATOR: **MR. NAVIN SAHADEO – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Earnings Conference Call Q4 FY '26 of Texmaco Rail & Engineering Limited hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

I now hand the conference over to Mr. Navin Sahadeo from ICICI Securities. Thank you, and over to you, sir.

Navin Sahadeo: Thank you, Shailendra. Good afternoon, all. I welcome you all to the Q4 FY '26 Conference Call of Texmaco Rail & Engineering Limited. From the management, we have with us Mr. Indrajit Mookerjee, Executive Director and Vice Chairman; Mr. Sudipta Mukherjee, Managing Director; Group CFO, Mr. Pramod Gupta; Company CFO, Mr. Kishor Kumar Rajgaria; and also the Deputy CFO of the company, Mr. Sandeep Banka. So without any further ado, I hand over the floor to the management for their opening comments. Over to you, sir.

Indrajit Mookerjee: Good afternoon, everyone. This is Indrajit Mookerjee. It's always been pleasure talking to you every quarter. This also will continue like this, and you will have more pleasure when we talk because of our advancing and our growth. So having said that, I'd like to welcome once again to today's earnings call of Texmaco Rail & Engineering Limited. We shall be predominantly discussing the financial performance for the quarter just passed, which is the fourth quarter and the full year results of financial year '25-'26.

We will also discuss with you of our growth plan and some of the milestones, which we are achieving or we are yet to achieve. The financial results and presentation materials have already been filed with the stock exchanges, and I'm sure that you had the opportunity to review them ahead of our discussion today. During quarter 4 FY '26, we demonstrated strong operational performance, reflecting the effectiveness of our focused execution, disciplined financial management and commitment to our long-term growth strategy.

In spite of various challenges, we continue to improve our operations, maintain stability and drive value for our stakeholders. We are steadily enhancing our position as the leading provider of rail and infrastructure solutions. And with the expanding range of capabilities across manufacturing, engineering, rail systems, technology-driven services. These efforts reinforce our vision for sustainable growth and our dedication to meeting the evolving needs of our clients and the market.

Having given a brief overview, let me take you through some of the important parameters or some of the important performance parameters of Q4 of FY '25, '26. We reported a revenue from operations of INR1,167 crores, although it's reflecting a 13.3% compared to the same quarter last year, which you know, and we have explained earlier why it happened primarily due to the challenging marketing conditions. Despite these difficult conditions, which all of you know, despite the revenue drop, the [Inaudible 0:04:38] resilience.

EBITDA for the quarter stood at INR116 crores, which is about 10%, which represents a year-on-year improvement of almost 1.2%. Profit after tax stood at INR58 crores, reflecting a PAT

margin of 5%, which also is an increase of 206 basis points compared to the same period last year. Additionally, direct expenses decreased 0.8% Q-o-Q, which really made us to turn out the startling performance, underscoring the success of our efficiency and effectiveness improvements.

These margin expansions highlight our ability to manage costs effectively, improve profitability under these circumstances. Now let me turn into the financial year. In the financial year of 2026, we reported a revenue from operations of INR4,377 crores, which once again is a decline of 14% compared to the last year. From the profitability perspective, EBITDA for the year was INR450 crores with an EBITDA margin of 10.2%, while profit after tax was INR194 crores, translating into a margin of 4.4%.

In our conference, in our investors call earlier, we had mentioned that one of the very major impediments that we pass through is because of challenging positions -- in the supply chain with a special emphasis to availability of wheel sets, which hampered our performance in the quarter 1 of FY '25-'26. Performance during the year was impacted lower [Inaudible 0:06:53] as I said, because of supply chain issues.

And rail and green energy, which we normally call our Kalindee division's performance. However, the good news is that the Infra, which is the electrification business, which also we term as Bright Power division has grown by 66% to a revenue of INR610 crores with an EBIT margin of 10.8%, and it shows phenomenal growth for days to come.

The company has remained focused on maintaining a strong balance sheet, driving cost optimization. throughout the year. And as a part of this strategy, our cash flow improved. The net debt decreased to INR444 crores, reflecting a disciplined financial management and a focus on reducing leverage. The net debt-to-equity ratio improved from 0.22 in FY '25 to 0.21 in H1 of FY '26 and further strengthened to 0.18 in the end of FY '26.

This consistent reduction in debt levels underscores our commitment to enhancing financial stability, ensuring long-term growth and improving shareholder value. It puts us into a unique position to satisfy our growth aspirations for the coming years. On the operational front, we delivered 2,196 freight cars in Q4 of FY 2026, while the Foundry division recorded a total volume of 8,964 metric tons.

For the full year, company delivered 8,372 freight cars, which could be lower than last year, where we had a record numbers. But still, we are one of the top primary manufacturer of freight cars and possibly one of the high market shareholder. The Foundry division achieved a 34,000 metric ton performance. The performance of both the quarter and the year-wise was impacted strongly by global supply chain disruptions, which affected production schedules, shipping transportations on export.

Imposition of U.S. tariffs also destabilize some of our very strong business with the U.S. And these have had, no doubt, some amount of adverse effect on our volume, which, as you understand, could was beyond our control. There is one more subject which I have to say to you

that you would have noticed from our published results that the company has created a provisions for contingencies of INR700 crores from its free results.

We would like to talk about this before we discuss all other exciting [Inaudible 0:10:20] around adjacencies and breakaway growth business. In context of ongoing geopolitical tension and trade uncertainties, which includes energy supply, shipping, transportation, supply chain, we have seen instances of large contracts not meeting their expected outcome due to these uncontrollable external factors.

Keeping in mind of the volatile and uncertain macroeconomic situation, the company wanted to start the next phase of Texmaco or transformation of Texmaco, as you can call Texmaco 2.0 journey with adequate safety net. Accordingly, as a risk mitigation measure, our Risk Management Committee, Audit Committee and the Board and the management decided that it would be most prudent to make a contingency provisions against any possible unforeseen circumstances. I must tell you that this has no cash impact because of this provision.

It is an exercise in strengthening our balance sheet and improving our risk-taking capability as we bid to win large contracts. Overall, the company believes the provision enhances financial resilience transparency, which is very important, long-term sustainability, while preserving visibility of the underlying operational performance and supporting continued growth. In this respect, I also must say that there's a huge amount of claims for our projects, which are pending. And these are the ones, which takes a little bit of time. So we need to hold some patience.

The company believes that this contingency provision is a maximum potential risk under the worst-case scenario, as we get more visibility of implementation of the ongoing and the future contracts and realizations of significant claims that it has in relation to the ongoing project, there will be scope for potential savings out of these contingency provisions. And I already have mentioned of some huge claims also, which are lying, which we are working on with our customers.

You would also have noticed that the statutory auditors have thus qualified their report. This has been done only on account of provision being adjusted against the free reserves instead of taking it from the profit and loss account, which we think we're taking out of the reserves is the right thing to do and as the contingency provision is not related to any specific risk or within any specific time frame.

As we commence our journey for FY 2027 with a refreshed strategic path, we are looking forward to scaling the railways business profitably even as we complement its cyclical nature with nonlinear growth drivers across new and nascent industries. Dear investors, I think there are great stories to say because it's just a story, it's reality. Our future looks absolutely strong, and we are sitting on a very strong solid foundation.

As we go forward, you will see that while we are excelling our dependence on the wagon industry, we also are ensuring at the same time that our overdependence is reduced because of the cyclical nature of the industry. We thus have our successful move into EPC projects, railway-related projects, adjacencies and also a few other related growth areas.

And I think there is no one else, who should be able to narrate this to you other than the person, who is making it to happen. So I would like to hand it over to our Managing Director, Sudipta Mukherjee, to tell you what we are doing, how we have all as a team agreed into a vision 2030. And this is just not a vision, it's becoming a reality day by day. You will hear more good news about it. So Sudipta?

Sudipta Mukherjee:

Thank you. Good afternoon, everybody. It's always a pleasure to connect with you. So you must have noticed or seen the document we have uploaded as a presentation and the vision and the way forward for the company. But to explain the rationale and to pass to you the underneath thinking, thought that we use this platform as a kind of interaction and a kind of speech from our end.

So I mean, of course, while we are continuously doing and growing in the core segment and we are differently approaching it. So in the whole theme of it, what we have identified that, of course, the predominant thing the freight rolling stock and its components, while we have a robust market, domestic market in India, but it always goes through such cyclicalities, which sometimes takes it upward and sometimes.

I mean, you need to take a back. So we, as a company, I mean, considering the present situation, we, of course, have to grow. And the theme which we have picked for us is, of course, that we, as a company wants to grow in the top line at least 2x. And of course, one of the large and biggest focus that we wanted to have that we take our bottom line or the EBITDA percentages mid-teen and above.

So considering all of this, we took time and crafted very carefully after a thorough study, a kind of a plan, which we call that Texmaco 2.0, where we have considered all kind of risks, which could come in and what is the volatility or whatever. And in that way, we have divided this theme into primarily 3 parts. One is strengthening the core. Why we need to strengthen the core because this is one segment. Of course, we admit that there will be effect of cyclicity. But if we see that the relevance of railway cannot go away.

And in the present circumstances overall, such an efficient and sustainable energy solution, where it has always a positive impact on the commodity pricing or the GDP growth of our country. So it will always be relevant. And that's why we thought of focusing more and more on the capability of us and of course, derisk the business, which we call as a strengthening the core.

So strengthening the core is, of course, will also involve certain inclusions of certain product lines, having the design and engineering capability and also to reach to newer regions. And second theme of the vision is, of course, this synergistic diversification in the way forward that how we take the company to multiples of the top revenue and the growth.

So there, of course, we have carefully analyzed that what is going to change in the way forward and the fund flow so far the government expenditures are concerned. And we all know that there is a huge reliance and importance and fund allocation is happening in and around the safety and network of the railways and also in and around the passenger mobility segment. So in the whole ecosystem and while we have an infrastructural division, which is now has a tailwind of growth.

So we always have felt that rather than having [Inaudible 0:19:46] certain technology products within the company, which gives us leverage and advantage to work around the ecosystem and the supply chain. So while we are remaining dedicated to give a total solution in and around the passenger mobility or the railway safety network.

So there the focus is, of course, also to have the propulsion and also to have this -- I mean, other power electronic items and also in signaling, including Kavach and electronic interlocking, MSDAC, DPWIS. So all of this makes us a more complete and a strategic player, where we have more control over the ecosystem while we deliver or commit to deliver. Then of course, we felt that railway has always remain very efficient, lucrative, sustainable business vertical, while we want to focus.

And continue to focus and work together, making us a prominent technology company in and around that. We felt that in the whole process of it, we needed to also look for a kind of a breakout diversification, which actually helps us mitigate a lot of risks and we can always find out some sunshine sector. And which is also on a technical maturity index, maybe sounds a little breakout, but there is a lot of integration on the engineering side of it.

So we chose defense as part of it. Of course, we have focused on the digital business, while we have launched our global capability center and that we have now -- of course, you all know that we have launched a platform called Invariz.ai, which is powered by ServiceNow, which is one of the global largest company and also who works for companies like NVIDIA and all.

And we are taking the integration support of AI through that. And we are here to provide service in and around the railway as well as the whole value chain of a business to start with and then we are going into different path to provide service all over the globe. So this remains the theme.

And as part of the Vision 2030 road map of the Texmaco 2.0, so therefore, we are not only strengthening our core business, but also investing in the development of future-ready growth engines. So in addition to our focus on the wagon and rail infrastructure, as I have mentioned, you can see that.

We are scaling up on the strategic opportunities, which is emerging areas into the signaling safety system, Kavach system, propulsion technologies, metro and urban mobility. So these are, of course, all you will agree that are expected to play a key role in the modernization of the whole railway network.

And there is a huge global traction in and around that if you -- along with it, just not to have a transaction mindset, but to imbibe and the technology and develop the capability in and around this and have a control over the ecosystem, which makes us a distinct player in the whole system. So we are proud to be an Indian company being in this horizon and coming up as a global solution provider, as a complete solution provider with a technology backup.

So I mean the theme remains very strong and our commitment to excellence supported by the ongoing investments in technology and human capital that, of course, positions us navigate the challenges and pursue the growth opportunities more holistically. So these efforts are intended

to drive long-term value, which I think that will be very appreciated and more of a bulletproof, I think, for the interest of all the stakeholders and the company.

So in the way forward, of course, we are looking forward to make this Texmaco 2.0 in new avatar, which we, of course, want to achieve in the next 12 to 36 months. Thank for the patient hearing. So of course, we can have questions-and-answers now.

Moderator: Your first question is from Koundinya Nimmagadda from Jefferies.

Koundinya Nimmagadda: A couple of questions from my end. Firstly, on the wagon side of things, what is the kind of visibility that you have with respect to new orders from railways? Is something being discussed out there? Or is it like completely blank? I mean if you can throw some color on that before I move on to the next question.

Sudipta Mukherjee: Thank you for asking. We believe very strongly that Indian Railway or the Indian rail story will remain robust. And I repeat that you all have seen that there have been a significant large order first time in the history of the country was awarded in the year 2022-23. And of course, due to our execution rate because we remained the highest supplier to Indian railways, so the railway order portfolio, you may not may be hearing more, but it's poised to come because you see as per the National Rail plan, the kind of achievement India and Indian railway wants to achieve.

So there is a huge requirement is going to come. And we believe that in near terms, it should be no less than a range of 1.5 lakh to 2 lakhs wagons and it is further getting boosted because last 1.5 -- I mean, 2 years rather. If the wagon order has not come, government has very carefully worked to decongest the whole railway tracks, so many double lines and corridors have been announced.

And we are also happy to let you know that the WDFC and EDFC are also coming into operation. Some of them are already into operation and the whole integration will happen. So if the new wave of the cycle is all poised for start.

So we have a great hope and it can come any time. So sometimes a little bit of silence is not a bad news. So we always believe that a lot of work is happening behind, and you will see that flow of orders will come in. Second is that government is also encouraging private companies to invest and participate into the system. And there's a lot of traction.

I mean, in terms of -- if you see that the commodity like cement, steel, automobile. So everybody wants an efficient system of transportation and everybody wants to have a sustainable way of transportation and everybody wants to have a reduction of logistic cost. So railway has remained the most efficient solutions within the country. And I mean, a lot of investments are coming in and around it.

And a lot of private wagon orders are coming and railway is also working to come up with a lot of policies for introduction of new design wagons. So in a combination and as a whole, it gives us a huge hope that there will be a good momentum of freight rolling stock procurement in the country for a longer term.

Koundinya Nimmagadda: Sir, just on the railway order, right, like have any bids been called out? Or is it something still not yet been there?

Sudipta Mukherjee: We have not seen any carving out. So we rather find it as a very strategic move because the whole national rail plan, I mean, as a layman, if we convert it into the percentages of achievement target was made because that was the first disclosed published document of the government that the railway motor share they wanted to have around 47% so for the whole logistics of the country, and we remain still at the 27%, 28% mark because all the sectors are equally growing.

And if you see that off late recently Prime Minister has again asked people to go for railways. So I mean, overall, the system is that -- I mean, say, those 3 lakh or 4 lakh of wagons could not be procured at a go. So there was a first stage, which came out around 1.3 lakh, 1.4 lakh of wagons from 2022 to '23. The balance start to come and which we believe will come very soon.

Koundinya Nimmagadda: Sure, sir. My second question is on your Vision 2030 plan. So I mean, see with respect to your diversification into wheels or even the metro and real estate especially something like wheels, a couple of your peers have already ventured out there. Do you think you are a little late to the party there and there could be a potential oversupply scenario out here? What's the right to win here for the company, if you can elaborate a bit, please?

Sudipta Mukherjee: It's a very good question. First of all, the whole intent is not to copy. And our strategy to enter into the wheel segment is not being envisaged to play in the same ground. So in the coming days, we will get to know. Of course, it helps us in our internal consumption, and there are some kind of assured offtake business opportunities we are working around.

So it's going to help us as a whole. And we see the business in a different light and different playground perhaps.

Indrajit Mookerjee: Yes. We have considered the supply-demand situation, sir. As Sudipta said, we are just not jumping into a band wagon. So we have looked at the supply-demand and the product that we are going to be preparing or making it ready for -- is one of our designed movement to the railway adjacency. It's not come out of sudden day sort.

Sudipta Mukherjee: So I want to answer, I mean, in the strategy regarding your first point, of course, you have asked me specifically on the railway wagon -- Indian railway wagon order perhaps. But for Texmaco, if you have seen that we are also consciously focusing as a derisked percentage share that while we want to remain the leading position so far supply to Indian railways are concerned.

And at the same time, increasing our reach to other geographies and also to cater to the private segment is also the theme of the whole growth story. And I mean, today, I'm happy to let you know that our whole order book, if you analyze the wagon, so around 70% is from private. I mean this is, of course, whatever we are talking on the earnings call on 31st March.

But one of the recent few developments, I can mention that the company is progressing very strongly in the African continent. And, we had seen some major order wins, including Cameroon, now South Africa, and we are expecting a few more. So for us, wagon orders for the

core business, I mean, we find that it is going to remain very, very niche and very close to our heart.

Moderator: The next question is from Parvez Qazi from Nuvama Group.

Parvez Qazi: So wanted some more details on the South African order that we announced yesterday. The order mentioned that we need to supply some 2,200 wagons, some 30 diesel locomotives by FY '28. And there's also some 15-year maintenance partnership involved. So a couple of questions on this. One, of this INR4,000-odd crores order, is it all to be delivered over the next 2 years? Or is there some maintenance component also included in this INR4,000 crores order?

Sudipta Mukherjee: Parvez, so thank you for flagging the question. So it's a complete solution providing contract right from design to maintain the whole life cycle, which they define as 15 years. So to answer you, the pricing is inclusive of all of the rolling stock or the wagon and the maintenance of it for 15 years. And regarding delivery, yes, the delivery has to be completed within -- as of now, as per the letter of the award by the financial year end 2028.

But there could be some modifications depending upon the situation at the customers end. It may be less also, it may be more also. So that provision is there, but in terms of the delivery time. So it is not based on us, but we are taking it as a financial year end 2028.

Parvez Qazi: So on this order, what kind of revenues do we expect to book over the next 2 years is FY '27 and '28?

Sudipta Mukherjee: You know the order value. So definitely, that is going to be the bucket as of now.

Parvez Qazi: And lastly, who will do this locomotive part? I mean we obviously have capabilities on the wagon side. But for the locomotive production, do we tie up with or how will this be handled?

Sudipta Mukherjee: So we have our strategy and process in place. Now at this point of time, we are not able to disclose everything. But definitely, we have accepted the award and definitely, we are eligible to do that hence we got it. So you will come to know, and I will be happy to -- I mean, once we progress, we'll be happy to let you know.

Indrajit Mookerjee: See, right now, there is a little bit of disclosure issue. So we'll come back to you.

Parvez Qazi: Sure. And just for my knowledge, I mean, I know our contracts with Indian railways have commodity pass-through. Now considering that the global supply chain situation is quite volatile, this contract also does it have raw material cost pass-through? Or is it a fixed price contract?

Indrajit Mookerjee: So there is a lot of this kind of global -- this thing, as I cannot be too specific now because it is in an envelope of the total value. So many things in the way forward has to be worked out because there is a lot of stuff involved into it, including localization and all. So all these things are getting worked out. And to answer you very straight, the East is very well covered.

Moderator: The next question is from Mr. Karan from Asit C Mehta.

- Karan:** Hello. My question has been answered.
- Moderator:** The next question is from Darshil Jhaveri from Crown Capital.
- Darshil Jhaveri:** Sir, just wanted to understand like with our current order book and a new order, how would we look at FY '27, as a whole year, sir, in terms of our revenue and EBITDA.
- Sudipta Mukherjee:** I mean we definitely envisage a growth in terms of top line and very good achievement in terms of growth in the bottom line also. We cannot be too specific for a forward-looking statement. But I can tell you that now we have also come out with a vision document that where exactly we want to be. And definitely, this is not that it's going to happen only on the last year. So we see that there will be incremental progress in the whole journey, and you will find there is a significant improvement in both.
- Darshil Jhaveri:** Sir, not anything specific, but in terms of margin like we've done around 9%. So we aim for at least 10% to 11% in the next. Sir, how would the margin trajectory will be? I don't want any exact numbers, but because the South Africa order has also come up, so is that more margin accretive? How could we just look at our PAT or EBITDA, whatever margin you were able to disclose there?
- Sudipta Mukherjee:** You were right. And I'm so happy that you have narrated it so nicely. And our Vision 30 document, I mean, whatever I have spilled out as a target or a vision that we want to 2x our top line. But at the same time, we want to sustainably remain on the -- I mean of the EBITDA. So that is a journey, which we want to do.
- And definitely, the answer is that you will see good improvement over and above whatever we have achieved in this year, in the coming year. But to be specific forward looking, you can appreciate you know that I can't speak on that.
- Darshil Jhaveri:** No worries about that, sir. And sir, just on the like in terms of our new products or something like going into a lot of different segments. So number one, to build that, will we need any more capex that we have outlined? I think you've outlined INR200 crores for defense, but for metros and everything will we need any more other capex. And with regards to that, sir like what about our debt position will we increase that also? Or how you will try funding our new business capex.
- Sudipta Mukherjee:** So you have seen that we have significantly improved on the debt position. And it is today, I think, a little more than INR400 crores. And on our ratio, it is less than 0.2. And we are very hopeful that we will generate a good amount of money out of the business, while we have our growth plan intact. Yes, there will be requirement of capex and in spite of that capex, we expect that our ratio should remain within the range and we will have a good trajectory not disproportionate.
- Darshil Jhaveri:** Just wanted to understand like what's our Interest cost in general because I think we are doing around INR120 crores of interest for the full year, right? So just wanted to understand in terms of interest -- what is the rate of interest that we are getting on receivables. We are also very A plus bracket. So how can we focus on return reducing that, sir?

- Sudipta Mukherjee:** Yes. So Kishor will come back to you on the interest. One point just I wanted to add on the capex side of it. Of course, you have seen now that the Board has approved for INR200 crores capex for our defense business. So we'll be progressively assessing and doing the way we are going and eating to the market.
- But I mean what we have seen that we will be coming back to you and letting you know that what is the kind of capex we are envisaging. But on an envelope as of now, it should be within INR1,500 crores kind of.
- Darshil Jhaveri:** What period sir till 2030?
- Kishor Rajgaria:** Yes. See our finance cost also includes the bank guarantee commissions charges. So that is not only related to interest.
- Moderator:** The next question is from Abhinav Bhandari from Bandhan AMC.
- Abhinav Bhandari:** Just jumping on this South African order once again. Just wanted to understand, was it an internationally competitive bided order or a negotiated order? What kind of peers were there along with us if it was a competitively bided order? And what played to our strengths in winning this order? Just some more understanding on that.
- Indrajit Mookerjee:** I would rather love to mention to you because I'm also not privy to all the competition what our customer has chosen from. But yes, Texmaco is the only company in India who has the supply track record of 16 countries in the world. And we have the capability of producing various standard bogies and wagons of various gauges right from meter gauge, tape gauge, standard gauge, broad gauge and we have the credential of AR. We have the credential of other continents and our products are successfully running so far as the qualification is concerned. And this is not the only order which Texmaco has won.
- This is one of the largest, of course, in the history by any Indian company. But our products are already running in that sector successfully over the years and the ages. And when we go to such international competition, yes, we compete with Europeans, we compete with Chinese to name few. And sometimes, of course, you also have a local competition.
- Abhinav Bhandari:** Sure. That's helpful. And just some more understanding on if there are such similar prospects lined up for us or the Indian industry as such across the globe, just to understand on that piece.
- Indrajit Mookerjee:** So as I said that we work on multi-continent and we are already existing there and we have the qualifications. So definitely, I mean, Texmaco as a company will look forward and is engaged in various such business prospects. I can't talk about others.
- Moderator:** The next question is from Sandeep Mukherjee from SKP Securities Limited.
- Sandeep Mukherjee:** Sir my first question is like to create a Texmaco to aligning with your vision of 2030. So how much capex incremental capex do you need, sir?
- Sudipta Mukherjee:** I think I have just answered it.

- Sandeep Mukherjee:** It was not audible actually. It was.
- Sudipta Mukherjee:** I said that, see we cannot predict a specific number, for entering into the defense business, now the Board has approved about INR200 crores. But this whole bucket can be -- I mean, we can predict a range of INR1,500 crores to INR2,000 crores as of now. But I said and we promise that as we progress in each, we come back to you and let you know what is the kind of estimation we have done. Because lot of stuff have to be done and it's in a progressive manner. And it could also have a very -- I mean, frequently, we have to come back to you and we will let you know.
- Sandeep Mukherjee:** And my next question is how much wagons are produced in Jindal means Texmaco West? How much wagons are produced?
- Sudipta Mukherjee:** So you have asked me actually, to be very honest, we have started looking at the vehicle numbers, which unit has produced because it's a unit of Texmaco now. So we have to see that. But on a consolidated number, I think this year, we have produced 8,000 -- what is the total [Inaudible 0:47:48] approx. or 8,350. So one thing I must tell you that, we as a company has started believing in that we have to come out of this vehicle numbers because when we started talking about this, the whole industry was manufacturing commodity wagons, which railways initially first tendered, okay?
- So now there is a whole metric change in the game. And I mean, as I have said about the Texmaco story that in automobile, in steel, in cement, in alumina, in petroleum -- then all of the specialized wagons we are manufacturing and we are doing these export wagons to each wagon, food grain. So all of these are unique numbers. And at a point of time, I think we are making 11 types of wagons. So this was never really seen and because we have that kind of an infrastructure we are able to do.
- So more than the wagon numbers for the vehicle units, what we are looking forward is the quality and the delivery we are making. So volume to value is the journey. I'm very thankful for you to ask this question. So that's the one of the fundamental theme of Texmaco 2.0. Whatever we will do, we will more look for value internally as well as external.
- Moderator:** The next question is from Mr. Navin Sahadeo from ICICI Securities.
- Navin Sahadeo:** Sir, 2 quick questions. One was regarding the South African order. Will it be fair to assume that a significant portion of the revenues will accrue largely in FY '28. I know you didn't give a precise answer to the previous question around this. But at least directionally or to a large extent, is it fair to assume that since we have just received the order, a bulk of the revenues would be booked in FY '28 since our endeavor was to finish this or meet this order by FY '28.
- Sudipta Mukherjee:** You are right. As of now, yes. And one thing just to mention to you that while that South Africa order is covering that, presently, we are charging Cameroon. And we are expecting few for this. We are exporting wagons to Cameroon now in this financial year primarily. That's also a substantial large order. And that also comes with maintenance. And we are also expecting a few more, which the delivery will also include in this year.

- Navin Sahadeo:** Understood. So just from a like run rate point of view, it seems then that given the exit order book, it's possible that FY '27 can be a little softer versus '26 and '28 then can see a meaningful jump. Is that the correct understanding?
- Sudipta Mukherjee:** No. I said that we will grow in the top line and bottom line both in this financial year compared to last year. That's our work which is going on.
- Navin Sahadeo:** Understood. Second then, my question was around the announcement foray into defense segment. So I would just request to throw some more light into this as to what exactly are we trying to like do here, which verticals are we like looking at? And when can we possibly expect the first commercial order in this particular space?
- Sudipta Mukherjee:** So the company is into advanced stage of technology tie-ups into certain very strategic segments, which may include autonomous kind of vehicles and other stuff. So if I apologize and I believe he will support me not -- I am not in a position to disclose today in this call. But within a few weeks, you will get to know as things progress in each of this. The Board has, of course, sanctioned the budget because there are some outflow will also happen along with it. So we are pretty certain that in this financial year, we will see a positive step forward towards that.
- Moderator:** The next question is from Mr. Ashok Shah from Eklavyainvesco Family Office.
- Ashok Shah:** Sir, are we ready for any acquisition in the wheel sector if any private company is making it because wheels is always in demand and there is always shortage.
- Sudipta Mukherjee:** While in all of the business segments, what we have indicated, we are open for meaningful collaboration and acquisition too. We are, of course, working on certain prospects. But if anything comes, we remain open.
- Moderator:** The next question is from Mr. Rupesh Tatiya from Long Equity Partners.
- Rupesh Tatiya:** My question, sir, is on wheel set shortage issue that industry was grappling with. Can you give some view about how this issue will play out in FY '27 and FY '28? Is it fair to assume that there will be no major shortage in, let's say, from second half of FY '27 once the large order comes?
- Indrajit Mookerjee:** I can answer you from the current macroeconomic scenario and the various steps government is taking. So as of now or the policy guidelines, what government has. So the wheel we remain historically dependent on Indian railway supply because it was mandated for Indian railway ordered wagons. Now when the private is increasing, what is the policy decision government takes in terms of allowing us to import or they insist us buying. As of now, they say that Indian Railway has enough capacity and they can supply.
- So we are yet to check this. And I mean we'll be very happy to not to import if things works out in that way. As of now, it's going smooth. There was off and on, it comes on, but there have been a ramp-up in terms of the capacity by Indian Railway also. So it's a kind of a mixed answer I do not have right now.

But for Texmaco, you see that we have as of now a good backup in terms of the private orders and with the exports coming in, and we are not dependent exactly on this crisis. So in that way, we should not encounter much as of now.

Rupesh Tatiya: The second question, sir, is the private sector in India, right, specifically I'm asking about India, what would be our market share? And can you give some idea about the opportunity?

Indrajit Mookerjee: So I think in the private sector overall target, we are in the range of anything around 40% as of now, 40% to 45% and it changes the scenario changes. But when it's more of a specialized type wagon, so our percentage has gone up. And so we feel that this continuity will remain, and we will improve upon if not remain here. I mean this is a good share because the volume in the private is increasing.

Rupesh Tatiya: But the size is like, let's say, 10,000 wagons a year in the private sector, sir?

Indrajit Mookerjee: It depends. There was around 10,000, sometimes it is 7,000. But we feel that on a consistent basis, it can remain in the range of 12,000 to 15,000.

Rupesh Tatiya: And then the final question, sir, I mean this large wagon tender that is expected in your assessment, what would be the latest time by which the tender will be out? Q3 is latest. Is that a fair assumption to make?

Indrajit Mookerjee: First of all, sir, it may come at a go or it may be divided into a few tranches also. But the requirement will remain. Even if it comes at a go or if it comes every year, it hardly matters, but we know there is a need and requirement of consistent if I even divide it into year-wise. So there will be a requirement about 25,000 to 30,000 wagon for the coming 5 to 7 years. And even whatever wagons retires, that's also in the range of around 10,000 to 14,000 per annum.

So I mean, combining on a worst-case scenario, there should be a requirement of around 25,000 to 30,000. That's what we feel to ramp up the railway share. And I feel that government is quite actively working. But when it will come, how it will come, what would be the priority, you and me, we are in the same state. We can't just comment on that.

Moderator: The next question is from Harsh Sheth from ICICI Securities.

Harsh Sheth: Sir, just a couple of questions. So firstly, on the real estate plan that we have mentioned in our results press release. So we have some land bank and we plan to develop a real estate project on it, and we have also created this new vertical. So if you could throw some light on how big this land bank is and what could be the size of opportunity?

Sudipta Mukherjee: So basically, it is that you can put it in a theme of land bank unlocking. So there are so many unutilized things in and around. So for making our balance sheet stronger or to utilize it properly, I mean that was the whole theme of it, the real estate.

Indrajit Mookerjee: No, actually, it is supplementing Sudipta in addition to his question that we have reorganized and restructured our operations. As a result, we have some prime land, which has come up. It is

not a distressed sale of land. So it's just that it has come up, which is a good value. And the competency requirement for development of land is totally different from making wagons. So we decided that this will be a separate business division. And I don't think this division is going to be a long continuous one because we don't have that much of land. But whatever we have, we will start developing it.

As you know that there has been some issues on the land ceiling Act, et cetera, which I hear is going to be going out because today, there is a press statement given by the BJP President, but whatever it happens. So when we come to that situation, we will start developing this land through our own development company. So this is a scenario. It's not that we are selling land to sort of get money out of it. But since we have restructured, we have got good land at premium places, why not we develop.

Harsh Sheth: And sir, secondly, on our last month's announcement of the launch of Invariz and the foray into GCC. So I believe we had done a soft launch towards the end of 2025 in Faridabad. So just wanted more color on this. I mean, if you could.

Indrajit Mookerjee: It's a very interesting project. Actually, we have actually already launched an AI platform in collaboration with an international American company, which is also a partner of NVIDIA. So we have access to most of the cloud. And we will also have access to AWS and Microsoft of the cloud. Basically, this GCC will be working on portfolios instead of going into a huge amount of back-to-back, wall-to-wall kind of services, we will work on specific portfolios.

For example, the rail solutions, rail design. Then we also will look into the CRM, the customer relation management. Then we'll also look into cost reduction in production we have also mentioned operations [Inaudible 1:02:17]. So this is going to be a very interesting one. We are also looking at the fertilizers used that how we can reduce water consumption in field, how can [Inaudible 1:02:40], so it's an interesting this is not only for internal use. We are also going out to market. So we expect that this is going to be one of the major, major growth area for us.

Harsh Sheth: That was precisely the question. So is the primary goal to digitize our own internal manufacturing process or largely of the Adventz Group or vision to build a stand-alone commercial AI services business?

Indrajit Mookerjee: Ultimately, the vision is that it will be a commercial AI. Right now, it is being anchored by Texmaco because there are a lot of internal work also we need to do. However, it will be go to market, in fact, people have lots of opportunities. And we started already bringing in number of seats. We don't want too many number of seats, but as happening in today's GCC, everyone starting with an optimized number because as you have the AI, you can cut down on numbers of people. And that's exactly what we are doing. We have got a very strong team actually working for us. We have a very, very strong team on this.

Moderator: Ladies and gentlemen, we will take this as the last question for today's call. I now hand the conference over to management for the closing comments. Over to you, sir.

Indrajit Mookerjee: Well, this is Indrajit Mookerjee once again. And I'll have to thank the investors from the bottom of my heart because I know that you're asking these questions because you love the company and you want the company to prosper. And it is our duty as the operators of the company, as a management of the company to give you correct precise information. But I also have to say that somewhere we couldn't have given you the exact numbers that you wanted because we also are bound by certain guidelines with our partners, confidentiality disclosures. So we also have to sort of do a we have to be something we balance walking.

While we want to satisfy with all your questions and tell you what we are doing, but at the same time, somewhere we have to restrict certain disclosure of information. So if we have not satisfied you on this, then this was completely unintended. And please, I do apologize on behalf of all my colleagues and friends. However, you can see that your company is poised for growth. And we are transforming.

As you would have seen, we are transforming. We are reducing on to the risk of cyclical type of business. We are moving into the -- sustainability is one of our major areas that we are going because this sustaining growth is very important as you start exporting because it becomes also very important from the environmental sustenance as well as whatever we want to do, we want it for a long-term sustaining. We just don't want it to be just one opportunity and do it.

So everything is very well thought out. We had many, many sessions of strategy before we came to this. We also have taken the services of the top management gurus of the world, the people who are considered to be the top most management advisers, and they work mostly in the U.S. and Europe. And we also have interacted with them to sort of see whether we are making any mistakes or not so that we don't have mistakes. Having said this, I wish to thank all of you for spending your time with us.

Moderator: Thank you.

Sudipta Mukherjee: Thank you, everyone.

Moderator: Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Indrajit Mookerjee: Thank you.

Sudipta Mukherjee: Thank you.

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