“Texmaco Rail & Engineering Limited

Q2 FY27 Earnings Conference Call”

November 11, 2026

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

Moderator: Ladies and gentlemen, good day, and welcome to Texmaco Rail & Engineering Limited Q2 FY27 Earnings Call 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. Please note that this conference is being recorded.

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

Navin Sahadeo: Thank you, Siddhant. Good afternoon, everyone. On behalf of ICICI Securities, I welcome you all to the Q2 FY27 Earnings Call of Texmaco Rail & Engineering. From the management, we have with us Mr. Indrajit Mookerjee, Executive Director and Vice Chairman; Mr. Sudipta Mukherjee, Managing Director; Mr. Shibu Mathews, the company's CFO; and also Mr. Sandeep Banka, Deputy CFO and Head Investor Relations.

So without any further ado, I hand over the floor to the management for their opening comments. Over to you, sir.

Indrajit Mookerjee: Thank you very much. This is Indrajit Mookerjee, Executive Director and Vice Chairman of Texmaco Rail & Engineering Limited. Good afternoon, all our friends, our investors. It's always a pleasure to connect with you.

On behalf of the management team, I welcome you to the quarter 2 and H1 '27 earnings calls of Texmaco Rail & Engineering Limited. Joining me today in this call are our Managing Director, Mr. Sudipta Mukherjee; our new Chief Financial Officer, Mr. Shibu Mathews; our Deputy CFO and Head of Investor Relations, Mr. Sandeep Banka.

I would like to take this opportunity to welcome Shibu to his first earnings call with Texmaco and look forward to his contribution as we take the company into its next phase of growth. Shibu has very niche experience in the financial areas in various kinds of companies and in various places. Our financial results and earnings presentations have been made available to all of you. And I hope you have had the time to review them.

So I will like to take this opportunity to tell you broadly, give you a broad commentary of our operations and what we are thinking of doing and where the business is moving to. Sudipta, Shibu, and Sandeep will be available to answer all your queries.

When we introduced Texmaco 2.0, we broadly spoke of three areas of focus. The first was strengthening our core freight rolling stock business and our foundry business. The second was

expanding into related railway adjacencies, which are basically technologies and components. And thirdly, the concentration onto the export market.

I'm happy to state that we are making very successful progress in all these areas. We are now in almost at the finishing stage of our work in progress towards achieving Texmaco 2.0. I would like to thank you for your patient support in our exercise. I think the tipping point has come.

Please, I do not want to make an impression that we are moving away from our core business. On the other hand, we have strengthened our core business by improving on efficiency, cost control, and bringing in modern design through our GCC, which is operating out of Delhi, as well as our partnership with Trinity Engineering, one of the major of the U.S., and Wabtec.

We had taken challenges from the formidable Chinese manufacturers very successfully in establishing our footprints in export market with special focus on Africa. We have turned around our EPC business into profitability, although very small, but we see a very strong beginning. And the electrical contracting business is flourishing.

Our rail adjacency business like profitable export to the U.S. found a bit of rough weather because of constant fluctuation of tariff situation. But now I think the stability has come, and you would very soon see strong results coming out of it. This is also reflected in our order book, where export has shot up to 54% against 9% on a Y-o-Y basis, fuelling upward trend in the profit margin because the export business has very high profit margin.

Dear friends, I would not like to take too much of time, but would like to say that the quality of our earnings have definitely changed despite a very challenging situation which we have encountered. And that's why you will find that our quarter 2 results have been better than the quarter 1 results with all qualities and in numbers.

I would also like to say that we have made forays into defence business, which is completely out of the railway business, but has the same DNA requirement of manufacturing. So we will -- you will hear more about it as we progress.

I would like to tell you a quarter at a glance. Before I do anything else, I would like to say that the standalone revenue from operations was INR863 crores, which is 15% higher than the last quarter. EBITDA was INR88 crores with a margin of 10.2%, and profit had been INR36 crores. We delivered more wagons than last quarter.

We delivered about 1,106 wagons, and our foundry also started going -- showing upward trend in producing 6,468 metric tons. All 3 of our divisions grew in revenue over Q1 in spite of the condition, environment that I have already stated. And 6 of them, which is freight car and infra rail and green energy, improved both PBIT and the EBITDA margin.

Our turnover mix is also broadening. Freight cars contributed 62.3% of standalone turnover this quarter compared to 68.8% in Q1 and 74.7% same quarter last year. Infra business, infra electrical business has risen to 27.8% of turnover, which is a massive jump from earlier year.

Put simply, businesses outside freight cars also are showing an improvement, and today its makeup almost like 37% of the turnover as against 25% same period last year. These are all some of the actions which we are in, where we are strengthening our core business as well as our other businesses are also taking shape. So having said this, I would like to conclude.

And if you -- I would like to hand over to Sudipta, for your comments on our business and any questions, I'm sure the team of you, Shibu, and Sandeep will be answering. Thank you.

Sudipta Mukherjee: Thank you very much. So we shall take this opportunity to wish all of you a very happy Diwali. And of course, we normally follow that immediately after the result, we go for the investor call. But due to the festive season, we had to change the dates and defer it to today. Today is also an auspicious day, but in continuation what Indrajit has mentioned, I think he has touched upon all the triggers and broad points towards which Texmaco is going.

So I just would like to sum up and give you few pointers maybe, which will be good for discussion and question. So let me first make our ambition clear that Texmaco -- our ambition remains to build Texmaco into a more diversified and internationally competitive, acclaimed railway engineering company, delivering sustainable growth and better returns on capital.

While we say so, as Indrajit has mentioned out and pointed out about our strategy. So one of the major strategy is the core operational transformation, operational transformation of the core businesses. And of course, the rest remains on the growth and the diversification.

So if you see that we are -- as he has mentioned, on a tipping point, we are actually in an inflection point. And the revenue was up, up to 14.6% or around 15% from quarter-to-quarter. And the rail infra also grew around 41% or 42% Q-on-Q, and the electrical infra also grew 38% Q-on-Q.

So these are the signals or symptoms on which Texmaco, I mean, we have been pointing out to you that how the core operational business are getting turned around. While we had delivered more number of wagons, but I'm happy to let you know that out of the whole kitty of the order book, say around INR8,000 crores pertains to the freight rolling stock. And our strong focus on execution and in the leadership of execution will remain in the domestic as well as in the export market.

So this INR8,000 crores, if I have to say and indicate of a delivery, of course, it spans around this year and the next year. And if we go to the other infra and other component business, that also accounts around INR3,000 crores to INR3,500 crores of order deliverable, executable within this year and the next financial year.

As Indrajit has mentioned that we are qualitatively changing, yes, that remains one of the major driver in our strategy. And we are -- whatever we are pursuing in transformation of the core, you can see

that there is an upward momentum towards which we have been trying to narrate and explain our focus to you whenever we get opportunity.

In the diversification business also, we are focusing and very much on track on the publicly announced partnerships and various initiatives we have done of late. And our objective is to build a business that convince Texmaco's engineering capabilities, the potential and the capabilities of the company, along with improving the resilience of the earnings across the market cycles.

So this remains the core theme, along with our ambition, which I stated in the beginning. And we intend to evaluate each opportunity which comes on our way, of course with the commercial readiness of it, the capital requirement, and the expected returns in the nearest terms.

So what I want to emphasize here, that in the way forward of our growth journey, which we are very well positioned in terms of order and focus on execution and the profitability, the financial discipline will remain one of the major theme of the company, also to trigger the whole process and make it a success.

So thank you very much. I would definitely look forward for questions. And if, Shibu, you want to just have a run through the numbers, just for the reference of the investors.

Shibu Mathews: Thank you. And I'd also like to join my colleagues in wishing all of you the compliments of the festive season. Just to give you a rundown through the major numbers, as earlier mentioned, the income from operations for this quarter ended 30 September was INR860 crores. This compares with INR753 crores in the previous quarter, sequentially previous quarter; hence, we are around INR110 crores up.

However, as we discussed, compared to quarter 2 of previous year, we are down. It was almost INR1,250 crores in that quarter, so we are almost INR386 crores lower, predominantly in the freight car business. As you all know, orders from Indian Railways has been much less compared to the -- that period. And other income, we are at around INR14.7 crores, which is compared against INR24.9 crores in the previous quarter. There were some non-repeatable items because of which other income this year is -- this quarter is slightly lower.

On PBT, we are higher by around INR7 crore: INR44.1 crores in the previous quarter, this quarter we are at INR51 crores. And EBITDA, an increase around INR7 crores. So despite the challenging environment, we've managed to keep our EBITDA percentage at around 10.2%, and which compares with 10.8% in the previous quarter.

But as I said, there were some non-repeatable items in the other income for the previous quarter. If you were to exclude that, actually our effective adjusted EBITDA this quarter is around 70 bps higher. PBT, we are almost similar to previous quarter, 5.9%, the amount is INR51.2 crores. So these were some of the highlights when you compare the sequential quarter and also Q2 of previous year.

Sudipta Mukherjee: Shibu, you can mention about the rating change which you have...

Shibu Mathews: Yes. One good news which we want to convey to our associates is that CRISIL has rated us as A+ for long-term limits. Earlier we had a rating of A, so this is an upgradation by a notch. And also in our ESG ratings, we're at the grade of 51 to 59, which is also an improvement for us. These are some of the salient points in the quarter which we thought we'd bring to your notice.

Sudipta Mukherjee: So just to add on, Shibu has very nicely mentioned about the salient points and the headline topics. So of late, obviously we have got few -- continue to get few good orders from the private sector and of course also from the railways. And we believe this momentum will continue, including some further inflow starting from this month itself for domestic private as well as export.

And the ratios of the order book today qualitatively changes for Texmaco in terms of the core business. It's more around 80%, 85% is private and export, and around 15% to 16% is Indian Railway. So while this pie looks like this, but of course the execution, we remain the top supplier, continue to remain the top -- the highest supplier to the Indian Railways, as well as also the highest exporter so far also in this year, half-yearly.

Indrajit Mookerjee: I think we are open to questions, so.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Sucrit D. Patil from EyeSight FinTrade Private Limited.

Sucrit D. Patil: I have 2 questions. So my first question to Mr. Sudipta Mukherjee is your revenue fell 30%, 31% this year-on-year because I understand Indian Railway orders have slowed down, though your recent INR426 crores, INR427 crores private wagon win shows strong diversification. I just want to understand, as you shift more towards private domestic buyers and export markets, how are you managing the risk of order delays or custom design changes?

And what steps are you taking to make sure the factories run at full capacity without relying heavily on government tenders? Just want to understand in case of government tenders slow down, what is the next plan of action?

Sudipta Mukherjee: Yes. Thank you very much for the question. So one thing, as you have -- I think whatever you have narrated, it has the answers within it. So this diversification was conscious on part of Texmaco that we do not want to depend on one single customer or one single domain, say, more than 40%. That's our internal kind of target we have taken to diversify the portfolio and to have a sustainable growth.

In terms of the -- while we do this diversification and more pie on the private and the export, as you have rightly mentioned, it comes with the new designs and new supply chain and a new this thing. So all of this takes time, but the output of these wagons will never match with the numbers of the commodity wagon, which we normally used to make or seen in the last couple of years during the execution of the Indian Railway orders because these are of different types and it calls for a different -- I mean, input in the whole life cycle. So you are not also comparing in terms of numbers.

But yes, we are very well protected that even if there is not much railway order, you can see that I have mentioned in my remarks, opening remarks, that we have around INR8,000 crores of freight wagons orders to be executable within this year and the next year as of now. And the order flow is on, and we have a pie of around 85% of the private orders. So we feel that we have a very clear path now, and we don't envisage any obstacle in terms of execution of this.

And of course, the first half of the year, I also -- earlier also mentioned that it may remain some timid due to various reasons, and it is not specific to Texmaco. There were many reasons all over [inaudible 0:21:45], but we can expect much, much, much better output and rebound in the next part of the year.

Sucrit D. Patil: My second question to Mr. Mathews is, I just want to understand that once we take out the onetime INR75 crores, INR76 crores JV gain, your core business profit is much lower than last year, if I'm not mistaken, because of higher input costs and lower volumes. I just want to understand forward guidance on how you will defend your profit margins in case raw material prices rise? And how will you make sure private customers pay on time without tying up your working capital? Thank you.

Shibu Mathews: Yes. So as you mentioned, the exceptional income is a onetime gain, and it is not -- it is more to meet disclosure requirements. But if you look at our EBITDA performance over the quarter, previous quarter, we have defended our EBITDA quite well by taking multiple actions to reduce waste, supply chain is working on reducing cost of raw materials. There are various initiatives around cost reductions, which we have undertaken.

There are also steps around, say, the finance cost. If you would see, there's a reduction in finance cost compared to the previous quarter, that is Q2 of last year and even to the last quarter. As we -- as I mentioned earlier, we are working on upgrade of our credit rating, which is also translating into lower finance costs.

There are multiple initiatives in power and fuel, in freight negotiations to which we feel that we'll be able to generate better returns. And also, if you look at the EBITDA margin, it's also improving because of mix, thereby the margins are getting better. So I think with combination of this, we are pretty confident that we're able to retain, if not improve our margins going forward.

Sucrit D. Patil: Just a final note to that question and my question with this only. I understand that answers the raw material prices area. But what contingency plans have been done in case customers don't pay on time? Is that like it locks up your working capital. Just want to understand what is the plan for that scenario also?

Shibu Mathews: Customers not paying on time is not a scenario -- it's not something which is maybe one or exceptions, but we're not seeing a trend of that in our business because as you know, all our customers are well placed and well known, and we don't work with customers who are of redoubtable backgrounds. So we don't see that as much of concern.

Plus our entire contract, we have a significant portion which is advanced. So even before we start manufacturing or even before we procure raw materials, a significant part of the consideration is already received. And also, we have milestones through which by the time of delivery, by the time of significant part of the revenue is already realized.

So we'll obviously continue to optimize this to make sure, like for example, in our export contracts, we are ensuring that most of it is against LC. So we don't see the risk which you envisage of customers not paying as being very significant. It could happen one odd case where we'll have to take measures. But we don't see that as much of a concern.

Moderator: The next question comes from the line of Parvez Qazi from Nuvama Group.

Parvez Qazi: So my first question is, we have obviously diversified a lot over the last 1 year, reduced our dependence on railways. I think the presentation mentions that barely around 1%, 1.5% of our order book comes from the Indian Railways now. So significant achievement.

Now we've recently received a INR400 crores order from Indian Railways, which is they're exercising the option clause. Just wanted to get your views on -- and while this is a short-term order, but wanted to get your views on further wagon ordering from Indian Railways, let's say in FY28?

Sudipta Mukherjee: This is Sudipta. Yes. So we -- the private orders and the export orders, whatever we are getting and as I say that there will be a momentum because this is -- this was also related to certain capability and engineering, which we invested in, and the people. So that will continue.

In regard to Indian Railway, I mean, we can't have a base work, but yes, it was a very welcome initiative by railway because you know that certain things for excess -- I mean, for increased power generation, railway needed to invest in transportation of coal. So the last tender came out like that. And it has a statutory obligation that who had which contract and based on that, that percentage was distributed.

But I think that this is not the end of all because there are many things which railway is very consciously focusing and have spent a lot of money last 2 years on augmenting the infrastructure and decongest the whole network. And with the focus of the Honorable Minister, Railway Minister, that on the simplifying the procurement policy by the private players and the private investment, welcoming private investment and designs.

So the railway demand has to be looked into in 2 ways, what is these private companies will be investing, the PSUs and undertakings will be investing, and also the Government of India will be investing because the clear mandate is to increase the rail model share. So we feel that this will continue. And the railway will also come up with their orders. But I cannot just indicate you a time, which I hope you will appreciate.

Parvez Qazi: My second question is regarding our South African orders. So we had earlier got INR4,000 crores orders, we got INR1,300 crores orders for locomotives. So one, who will do this locomotive part?

Will this be done in a stand-alone entity? Or will this be done under our Wabtec JV? That's the first question. And second, any color on what kind of execution that we can see in FY28 on both the wagon and the locomotive part of the orders, that would be great?

Sudipta Mukherjee: So it looks like -- I mean, as per the contract, so the FY28 and plus 1 quarter. So FY27, '28, and plus 1 quarter, that is the delivery of both. Now it was a turnkey solution. And of course, wagon locomotive, and it doesn't end here. We have to have a maintenance for 15 years. So that will also continue for both. So that also has to come.

And regarding the locomotive, obviously, Texmaco will be part of the manufacturing, cannot be providing some of the stuffs to the integrator, but it's under discussion. And you will get to know very soon that how and what mechanism it will be supplied or supplied from which entity. But it will be from India, of course, that I can guarantee you.

Moderator: The next question comes from the line of Balasubramanian from Arihant Capital.

Balasubramanian: Sir, we have signed MoU for wheels JV. Could you please share more updates, especially for this MoU, because our 2 other competitors almost end stage of their wheelset factories? Just want to understand our purpose and how we are going to take it forward, this wheels JV.

Sudipta Mukherjee: So we intend to be in the wheel business. And we -- while we want to do it, we want to do it in a more complete way. And our scale of product line -- range, we are looking forward that also keeping it in line with the ambition of the country, I mean, in terms of the heavy haul and the high-speed trains.

So this is the, in a way, the ambition of Texmaco. So you will get to know further details as we progress, but we can say, as Mr. Indrajit Mookerjee has also mentioned, that we are into very active work in and around everything what we have communicated to you. And is in work in progress and within the timeline.

Balasubramanian: Sir, my second question, our export order book nearly INR5,800 crores range, and we made a provision nearly some INR700 crores, is majorly for export-related freight and other things, and including Bangladesh orders. So if I'm calculating, it's almost 12% kind of range of order book for provisions.

Generally export margins are 14%, 15% kind of range, but if you already made adjustment of INR700 crores, hardly 3%, 4% left on the table. Sir, please correct me, if I'm wrong, like what we went wrong and what are the process and implementations we have done, especially for upcoming export orders?

Sudipta Mukherjee: So that adjustment has nothing to do with the future returns or the orders what we are doing because it's not linked with anything specific. It was more of a risk mitigation measure which the company took. And it's in no way affecting our return on execution, what we will be doing, including the export orders of locomotives, the wagons, all the top lines and bottom lines will come. And these are all very good profitable orders compared to whatever you see.

In terms of -- I mean, in relation to the infrastructure business, we are happy to let you know that most of the legacy businesses of the company is over. And I mean, we are in a very good position to even -- we believe that we are in a very good position to realize a few of our old claims also. So we are in a very sound path and with a wonderful team and focused approach. So the results are no way going to be affected and it has no correlation with the indefinite things which you were referring to.

Balasubramanian: Sir, my last question on the capex side, if I'm looking at the balance sheet, there is no movement compared to FY26 till now. Just want to understand how we are planned for our capex. And what is the progress and especially if you look at debt side also, if you could share, because most of the capex is linked to debt. So if you could share that capex plan as well as how that debt profile moves over the next 2 to 3 years?

Shibu Mathews: Yes. So Shibu here. I will not be able to do exact number of our capex spend for this year, as it's an evolving thing. But we have a plan, and we have executed almost 40% of that. So that will indicate that we are on track. As you know, we have ambitious growth plans across the businesses, and we'll be spending in line with that.

And as far as debt is concerned, if you look at our balance sheet, we're actually retiring debt. Every quarter, our debt is coming down. And we are confident that whatever we need to spend for our capex, for our growth capex and also maintenance capex, as of now, we should be able to meet from our operational surpluses -- operational surpluses. So we don't see a need for debt in the short term.

Sudipta Mukherjee: So just to add to Shibu's point on the capex. In the core business, we are not putting any capex because that was one of the beauty that we are not, I mean, whatever we have been able to generate and what we will be generating is only sweating the present infrastructure. So the capex are going to go, to echo Shibu, is more on the growth businesses and you will find it soon as it gets deployed.

Balasubramanian: Yes, sir, actually why I'm asking these questions, we have given a guidance of 2.0 of nearly INR9,000 crores to INR10,000 crores kind of top line. So that's why, like, what kind of support capital we are going to infuse? If we could get some sense on it in terms of sales for capex or maybe 3 to 4 years' time frame, if you could share more clarity.

Sudipta Mukherjee: So it's again something that we will come back to you. Definitely it's a very, very valid question, time to time we will come back to you. It's a combination of organic and inorganic kind of a process. We will follow a financial discipline, will follow that the business, even if we have to acquire, has to earn money from day one, fulfilling our criteria of much higher EBITDA and sustainability, technology, everything.

So we first came to you to inform that we have earmarked a capex of around INR200 crores around defence business, right? So balance also we will be coming to you as soon as it actually shapes up. So that's how we are planning. So we have -- I mean, we are on track. We'll let you know in time.

Moderator: The next question comes from the line of Hari Kumar S., who is an Individual Investor.

Hari Kumar S.: My two questions, sir. One is on the this RVNL JV, it was expected to be a huge opportunity, but when is it going to start, sir?

Sudipta Mukherjee: So we are waiting for the right size of tender or opportunities to work with. It is already there. And many things, I mean, the big portions, big topics, or the big tenders which were, you know, it takes little bit of time. So that's how it is. It can start any moment, even in -- we expect that within this financial year, something should come out, a good one.

Hari Kumar S.: And the second question, sir, on this Nymwag, and how is the European opportunity, and how is the Nymwag potential, sir?

Sudipta Mukherjee: Nymwag, we have created a joint venture in India. Of course, the objective was to bring new design rolling stocks to Indian market and also to export to the other countries. And so far India is concerned, the company has got the RDSO is a Research Designs and Standards Organization who gives an approval for a company to start manufacturing.

So there is a certification called G-105 certification. We got the initial approval of G-105 certification, and we are under the condition that first we have to create a prototype or start manufacturing something. We have applied to railways for granting some orders for us to start the prototype. So the plant is almost production ready.

Hari Kumar S.: And lastly, sir, this castings business, being there is huge potential, why are we not putting more, expanding our capacities in that foundry business?

Sudipta Mukherjee: Very good question. Foundry business, we have already expanded our capacity to a large level. I mean, you know that couple of years back, we were in the range of 20,000, 25,000 metric ton. Today we are, I think, the largest on the railway segment. 60,000 metric ton is our capacity today in terms of -- I mean, combining both the foundries.

And I'm happy to let you know that so far the trajectory and trend is going, that other than meeting with our domestic requirement, we'll be having one of the highest exports in spite of the stringent tariff regime in this financial year only, starting from this financial year, and it has a very high growth trajectory we look forward to.

Hari Kumar S.: Are we not constrained at the capacity, sir?

Sudipta Mukherjee: Not at all.

Moderator: The next question comes from the line of Viren Patel from Balaji Securities

Viren Patel: Sir, first of all, I want to like to know, I see that we have an order book of INR10,000 crores. So my first question is, when this INR10,000 crores of order books is going to be executed?

And my second question is regarding the provision of INR700 crores, I think in the last 1 year or around 6 months back. There is hardly any exact details about what this provisions are all about, and suddenly why this suddenly this provisions have come, and exact details have not been shared with the investors, so that's a huge amount. And even the CRISIL has not given any update about what this provision is all about. And in spite of that, you got the A rating, so that's something we are not able to understand.

And my third question is, I've been part of this investor call for quite a long time, and you've always been very optimistic, you'll be coming up with great results in coming quarters. But you know, whenever the quarter results comes, we never see that kind of results happening from the company's side and then that is always next quarter happening.

So when do we see continuous basis that we will be having good quarters and the profits will remain better than last quarter? So these are my three questions, hope you can answer them properly. Thank you.

Sudipta Mukherjee: A long question. Sorry if I go wrong, because it was multiple questions together, so I may miss the flow.

Viren Patel: If you want, I can break it up in three, if you can go by...

Sudipta Mukherjee: No. So one was the order book, when it is executable. Second is that quarter-to-quarter result. And the third was related to some provision.

Viren Patel: INR700 crores.

Sudipta Mukherjee: Yes. So I think that provision thing has -- is I think 2 quarters or 3 quarters, we have already given a clarification about that, so there is no point of again and again repeating this.

Viren Patel: Sir, what exactly that we're not able to understand, what suddenly there's such a huge amount of...

Sudipta Mukherjee: I don't have the document right now, it's a published document and company given a note on that. Please go through and we'll be very happy to answer you if you have a -- separately, if you want, we can clarify again. First go through that. I don't have the paper right now with me. And it was definitely done on -- in apprehension of the situation of the geopolitical reasons to remove the uncertainty, because the company was venturing into a growth path, which actually relates to your question of a sustainable growth.

So I'm very happy to know that in every quarter you have been participating in the call, and we really appreciate patience and your belonging to the organization. And it is our utmost responsibility to give the best out of ourselves and return to you as a shareholder. And if you -- if you are in the calls and if you are noticing with belongingness to the company, then you must have noticed that the company has transformed last couple of years, particularly from 2022, 2023 to till date.

And it was done at a time when the company had the highest number of orders from Indian Railways in the history of its life, and the company's history goes back to 80 years. And I mean, from there to then, today, we have recognized the issues around the question you have asked that when we have a sustainable growth. So we came out with a clear thought process that we have to derisk our business by removing the overdependence.

And if our core strength is manufacturing, let us focus on manufacturing, let us focus whatever we are doing in terms of our core business like freight rolling stock, the foundry, and the other niche components. Let us have a strength which is global. And that's what we are doing. We have also decided that we will not put all the eggs into the same bucket. While we maintain our leadership, and as a proud Indian, we will be a global company, at the same time we will not have -- we will have diversified portfolio.

So this we mention as strengthening the core, through which we feel we will have a sustainable contribution of the business in the top line of the company, in and around INR4,000 crores to INR5,000 crores in the coming days. And balance INR5,000 crores to INR6,000 correct crores, we wanted to create a mirror with various business plans like our adjacencies, like wheel, passenger mobility components, and passenger trains, and also breakaway businesses like defence and renewables.

So these are very well-knit plan of the company. The company has clearly focused last 3.5 years or more particularly last 2.5 years, on creating the capability within the organization. And then once we have got convinced about it, we came to you, published our Vision 2030, which Mr. Mookerjee was mentioning as Texmaco 2.0, and we are on that track.

And you can see that the year 2022-'23 onwards, or even before that, in the freight rolling stock or in the foundry business, the railway contracts used to constitute 95% or 90% of the order, and today we are 80 plus, 85% private and export orders and balance are of railway. So it shows that while we heavily depend or hugely depend on Indian Railway, we are sold out to the story of Indian Railway. So being Aatmanirbhar, we want to be a global Indian company who not only serves the world-class products to the Indian Railway, but also supplies to the world as a Make in India project.

So this is how is the theme, and we feel we have given you a result which is better than the last quarter. There are some force majeure and geopolitical situation which is not unique to Texmaco. It affects our life, we can't say anything on that, but we are very much on track and we are very much hopeful that we will be giving you better results even from the next quarter onwards.

Viren Patel: So this INR10,000 crores will be executable in...

Sudipta Mukherjee: I'm sorry, I missed that part, but I'm also not sorry because I'm repeating. You have not heard my first opening remark, I mentioned to you that all the rolling stock orders are executable in next 10 quarters.

Viren Patel: So we expect that in coming quarters, the result will be better than last quarter. That is how we can look at the company?

Sudipta Mukherjee: We must expect and you must have faith and trust in us.

Moderator: The next question comes from the line of Sandeep Mukherjee from SKP Securities Limited.

Sandeep Mukherjee: Sir, what will be the pending number of wagons for Q2?

Sudipta Mukherjee: Q2 specific is difficult to say. We have a order book of around 7,200 wagons, I think, if I am not wrong.

Indrajit Mookerjee: Q3. He will reframe the question.

Sudipta Mukherjee: No, no, he is asking the pending wagon orders.

Indrajit Mookerjee: No, no, the question is different. What is your question, can you repeat, please?

Sandeep Mukherjee: Sir, what will be the pending number of wagons, number of wagons I am mentioning?

Indrajit Mookerjee: Then he already -- Mr. Mukherjee has answered you.

Sandeep Mukherjee: 7,200, and this is split 85% and 15% between private and IR, if I'm not wrong?

Sudipta Mukherjee: Yes, sir, this is as on date. And after execution of -- after execution of Q2.

Sandeep Mukherjee: And my next question is, sir, what will be the volume from steel foundry or that steel foundry dispatch in H1 FY27?

Sudipta Mukherjee: That is little difficult for me to answer, because it will depend on the wagon numbers and few orders coming in. But we should be able to deliver in and around 35,000 to 40,000 metric ton minimum, and at least 25% to 30%, which I was referring to, should be exports. And which was not there, I mean, this is something which is good going to happen with the company.

Moderator: The next question comes from the line of Hari Kumar S., who is an Individual Investor.

Hari Kumar S.: The recent government tender, our share of the total order has been less. Is there any strategic reason, sir, or we don't have the capacity?

Sudipta Mukherjee: We have enormous capacity, sir. Unfortunately, the government decided to distribute the option -- exercise the option quantity based on a specific contract, and it calls for that whoever had executed that particular type on that particular contract got the more order, you know? So it happened in that way, but it is a cycle.

Now it doesn't stop us to get our option quantity from our order when government needs these wagons, okay? So it's only a matter of timing and optic, and government has been very fair and we look forward because we have our certain approaches lying with the ministry related to the same coal power generation, and it's a good amount, you know.

Hari Kumar S.: And this power transmission, like the national grid expansion is going on, sir, are we eligible, are we planning to participate in them also, sir, apart from railway electrification?

Sudipta Mukherjee: We are already -- we are already participating in various electrical tenders, and just to give you a kind of a feel that we are very hopeful, you can see that our growth has been phenomenal in terms of achievement of the top line in the electrical business, which is never before, and we crossed -- I mean, we reached almost INR250 crores in one quarter.

So in a run rate multiplied, it is going -- I mean, it has all the possibilities to touch upon 4-figure, which is going to be a significant jump. And we have an order backlog of around INR1,600 crores to be executable within this financial year and next four quarters.

Moderator: The next question comes from the line of Navin Sahadeo from ICICI Securities Limited.

Navin Sahadeo: Sir, just to confirm, did you mention that we need not set up any facility in South Africa and everything can be then exported from India itself? Is that correct or that's still under evaluation?

Sudipta Mukherjee: That's not correct. We will be putting up a facility in South Africa because we have to carry out the maintenance and we want to have a much more bigger pie of the businesses. This is not the end of all, this is a very good beginning, we can say. I mentioned that the locomotives mostly will be supplied from India. It will be -- we are looking for a Make in India locomotive to supply.

Navin Sahadeo: So then from that perspective, is there possibility of any revenue of the South African order accruing in second half of this fiscal or it will largely be in the next fiscal onwards only?

Sudipta Mukherjee: It will be next fiscal onwards, sir, not in this fiscal. We will have other export orders in this fiscal.

Navin Sahadeo: And I always appreciate the way you have diversified your overall order book, so congratulations on that. And that's it from my side.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of question-and-answer session. I now hand the conference over to management for closing comments.

Indrajit Mookerjee: This is Indrajit Mookerjee, I'll request Sudipta to conclude the meeting.

Sudipta Mukherjee: Okay. So thank you, everyone. I mean, it has been really encouraging the way you participated and asked questions, and your compliments makes us more responsible, and we can promise that we are very honestly and very transparently trying to transform the company.

And we want to engage with you more, and we are here, I mean, we are -- we have taken all kind of possible measures in terms of, as I have emphasized, that the key pillars is the financial discipline, cost competitiveness, and efficiency improvement, operational excellence, improving the execution, focus on the execution for much more returns.

And all of this will remain one of the key themes, including pursuing very strongly to finish and complete our diversification or the growth business opportunities as soon as possible so that we start earning or have a visibility of earning some revenues at the earliest, if possible within this financial year or the next.

So, I mean, this may be too ambitious to call for this financial year, but I'm just telling that the way the management is agile and focusing on it to have the work done. And we want to really try to put the company into a robust sustainable growth model, when some of you were very conscious and eager that we perform better each and each every quarter and in the coming years. So that is the focus of the management, and look forward for your continued support. All the best wishes for the upcoming festivals, and look forward to engage with you more.

Any questions, anything specific, you may please feel free to connect Sandeep, who is our Deputy CFO and the new Investor Relations person, and we'll be very, very happy to answer you and engage with you and take your advice and keep you informed. Thanks a lot. Have a good day.

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