Texmaco Rail & Engg.

Operator: Welcome to the final day of the Bharat Connect Conference 2026, September edition. I welcome you to the call of Texmaco Rail & Engineering Ltd. From the management side, we have Mr. Sandeep Bakka, Deputy CFO. Before I hand over the call to management, I will explain the flow of the event. We will start with the opening remarks from management and then move to the Q&A round. Any participant who would like to ask a question can raise their hand or put it in the chat box. First, we will take questions from participants who have raised their hands and then move to the chat box. If time permits, we will take questions received through clients who were not able to participate. Please note that we will take the last question 5 minutes before the end of the call, which is at 9:55. Thank you very much, and I now hand over to Mr. Sandeep Bakka.

Sandeep Bakka – Deputy CFO: Good morning, everyone. Thank you, Abhishek. Your voice is not audible.

Operator: Sir, your voice is not audible. It was audible earlier. Hello?

Sandeep Bakka – Deputy CFO: Yes. Am I audible?

Operator: Yes, you are audible, but it is still weak. You may start, sir.

Sandeep Bakka – Deputy CFO: Good morning, everyone. Thank you, Abhishek, for connecting us to such a large number of participants. Welcome to the Texmaco Rail & Engineering Ltd. call.

As we are in a trading-window closure period, we will talk more about the numbers published up to June 30. I will start with Texmaco. Texmaco was formerly known as the Textile Machinery Corporation, although it has nothing to do with textiles, and carries the legacy of Dr. K.K. Birla. It was a pre-independence company that was established at the request of Gandhiji at that time. He requested Dr. K.K. Birla to open the first engineering company in India, and Dr. K.K. Birla took the initiative. This is how the Textile Machinery Corporation came into existence.

The name was subsequently changed from Textile Machinery Corporation to Texmaco: the first 3 letters of textile, the first 2 letters of machinery, and the first 2 letters of corporation. This is how Texmaco came into existence. We have completed more than 85 years, and until now we have mainly been in the wagon business. Wagons are our core strength. We are the largest manufacturer of rolling stock and the largest exporter of rolling stock in India.

We recently released our vision document, Texmaco 2.0 for 2030, in May 2026, and it is in the public domain. I hope all of you, or at least some of you, have seen it. There are 3 parts: strengthening the core, breakout diversification, and diversification.

I will come to strengthening the core. When I talk about the core, I am referring to wagon manufacturing. Wagon manufacturing has 3 components: the Indian Railway buyer, private players, and exports.

I will take 2 minutes to discuss the requirements of Indian Railway. As you all know, Indian Railway carries approximately 1.67 billion metric tons of material every year, and it has set a vision to increase this to 3 billion metric tons. Accordingly, its market share would increase from 27% to 45%. However, Indian Railway has recently realized that it will not be able to achieve 3 billion tons, so it

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has revised the target to 2.26 billion tons, to be achieved by 2031.

Indian Railway also has approximately 4.5 lakh wagons on track. If I assume that approximately 6% to 8% of the wagons have to be retired every year, then, considering these 2 aspects, the government has to take initiatives for growth and replace the old wagons. Considering these 2 factors, and the fact that only 1 bulk order has come in a decade, in 2022, for a large number of wagons, after which only approximately 38,000 wagons came through piecemeal orders, there is significant scope.

Although we were the first supplier to Indian Railway and completed our deliveries, considering all these facts, we are hopeful and expect Indian Railway to come up with an order. However, we cannot comment on when that will happen. We are also hearing directly from the source that it will come soon, but we cannot comment on when.

You may also know that the largest consumer of diesel is currently the transportation sector. If Indian Railway increases its market share, diesel consumption will decline, which will also help the economy by reducing crude oil imports.

The Indian Railway Budget 2027 also provides for an Indian Railway budget of approximately 2.95 lakh crore, of which 60,000 crore is for rolling stock, which essentially includes wagons. Considering all these factors, we are hopeful and confident that increased requirements will emerge to maintain the existing pace and support growth.

Now I will come to export orders. In Q1, we received an order from South Africa of approximately 4,100 crore, with 2 components. One component is the supply of wagons, worth approximately 2,200 crore, and the other is the operation and maintenance service for 15 years. We also received a locomotive order from South Africa in Q2 for $135 million. Considering these 3 orders and the long-term operation and maintenance opportunity, we will shortly open our office in South Africa, possibly in Q3 itself.

You may know that the South African government has not undertaken much railway development since 1962. Therefore, there is a great deal of work to be done, and we see huge potential. We have become one of the preferred partners in South Africa, and we won this landmark order after considerable hard work. This order did not come in 1 day. After working there for more than 3 years with multiple companies, we became a preferred JV partner and were able to secure this order.

We expect that once we have a presence there, we will gain an advantage, and the order we have received is just the beginning. Furthermore, as I said, Indian Railway has not yet come up with an order. It has given bulk users such as power, steel, and cement companies the option to have a “buy your own wagon” scheme, under which they can purchase wagons.

You may have seen our announcement regarding the buy-your-own-wagon scheme. Private players such as JSW, Vedanta, and UltraTech have given us orders, and we have been converting the majority of these opportunities in our favor. Approximately 40% is being converted outside the rest of India.

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Orders from private players are also part of our order book. We also have a division called Bright Power, which has been doing very well since we acquired the company approximately 3.5 years ago. It has turnover in the double digits, and the number reported in the last quarter was 197 crore, with an EBITDA margin of approximately 12%. We expect this to continue growing. It grew by 60% last year, and we expect it to grow by another 60% and continue on this growth path going forward.

Our erstwhile Kalindee division is internally referred to as TRIS, or Texmaco Rail Infrastructure System and Solution. It now has a 4-digit order book, and we are working at a double-digit EBITDA margin. Since we took over this company, it had never reported a positive EBITDA. For the first time, in the last quarter it reported a break-even number, and we are hopeful that it will start generating profit and deliver better results than where we are today.

Our foundry is mainly for internal consumption. Only a small amount, approximately 100-150 crore, goes outside the company each year. We also have 1 small segment called HME.

We also have a JV with Touax, in which Trinity recently joined as a JV partner with the US multinational, and we received an equity injection from them. Touax is a leasing partner for the railway. We have approximately 35 rakes on lease in the market. We expect to receive some more orders, and we expect this number to grow at least 3-4 times, because Indian Railway has not yet come up with the order and private players that do not want to undertake capex consider this the best model.

Generally, these leases are for 10-12 years, up to 15 years, after which they are renewed. This is the general trend in leasing.

We also have a subsidiary called Saira Asia, which is involved in interiors for Vande Bharat and Amrit Bharat. We have another subsidiary, Newag, with a Czech Republic group company of AZC, one of the largest private players in Europe. This will possibly be inaugurated shortly, and once we receive approval for the prototype from Indian Railway, we will commence supplies from the next financial year.

If I talk about the order book, our export order book as of date is the highest. Considering South Africa alone and the locomotive orders, it is approximately 5,300-5,400 crore. We also have an order from Cameroon, for which intimation has been given to the exchange. Altogether, our export order book is more than approximately 5,700 crore.

We have domestic orders of more than approximately 1,200 crore. The Indian Railway order book is currently only 150 crore. Bright Power's order book is approximately 1,800 crore. As I said, TRIS has a 4-digit order book, and HME, foundry, and the other businesses together have approximately 250 crore. This is the order book we have.

I will now move to diversification. We are entering the defense business, and we have informed the exchange that we have formed a subsidiary called Texmaco Defense Technology Limited with a fund, with the holding split 70:30. The fund has prior experience in defense.

We are entering into 4 specific products. An expression of interest has already been issued for 1 of them, and we will participate in it. We will submit our prototype to the army shortly. Once we

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receive approval, the process will proceed further.

Apart from defense, we are also entering renewable energy. We are also pursuing foundry-related business for crossings, Kavach, and propulsion. Regarding propulsion, we recently announced a JV with Skoda. We are also working on crossings. We already supply crossings to Indian Railway, but we are advancing the product through technology partnerships.

This crossing is also something unique for Indian Railway. It allows the track to be changed at a faster pace rather than operating at a slow speed. As the name Texmaco 2.0 suggests, we expect turnover to almost double from the current level, and we expect EBITDA margins to gradually increase. EBITDA margins will rise from the current level.

Including other income, we reported 10.8% in Q1 FY27. This will gradually increase by 2030, with an increase every year.

Management is confident of achieving this, and the Board reviews our decisions for 2030 and our progress from time to time. The team is quite confident. The CFO is new and was previously with ITC and MRF. I joined this company from the Sanjiv Goenka Group approximately 8 months ago. The export business is being handled by a person who was outside India for more than 25 years, and we are working aggressively on exports.

As of now, our order book is full for more than 2 years. However, once we receive the Indian Railway order and implement our growth plan, we expect the order book size to increase substantially over the next 1-1.5 years.

Whenever we receive any type of order from the market, whether domestic, export, or cable-laying orders from Bright Power, we inform the exchange. Bright Power is involved in overhead signaling and wiring. Indian Railway has more than 150,000 kilometers of...

Management: ...overhead wiring. Recently, we received an order for 10,000 kilometers in the southern region, in the Bangalore-Hubli section. We have received another order for 500 kilometers in Odisha. We expect to receive more such orders, along with 2 years of maintenance.

Bright Power's dependence on Indian Railway is only approximately 60%. We receive the remaining 40% of our orders from State Electricity Boards. Bright Power is doing very well. We expect it to continue growing at the rate of 60% that I mentioned. You can calculate the number, but I do not want to discuss it because you will appreciate that the trading window is currently closed.

I have already discussed Kalindee. The timeline for supplying wagons to South Africa is to start in Q2 FY28 and finish in FY28 itself. Any remaining supply will be made in Q1 FY29, but that will be a very small amount and will not be significant.

The private orders currently in our books will possibly be supplied during this financial year. Of the Cameroon order, the remaining approximately 350 wagons will be completed during this financial year.

The Indian Railway order and the Bright Power order will continue on the same trajectory. Despite the deliveries we are discussing and will make, the order book will continue to remain in place, and

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fresh orders will also come in. The same applies to Kalindee, in the same manner as Bright Power.

I will pause here. I believe we can now take questions, and if I have left anything out, I will try to address it.

Operator: Thank you very much, sir. Participants can raise their hands or put their questions in the chat box. A number of questions have also been asked by people who were unable to join for various reasons. Without taking much more time, and since you have given a very good explanation of the business, the first question is from Mr. Darshil Javeri. I request everyone to introduce themselves before asking a question.

Darshil Javeri – Crown Capital: Good morning, sir. Thank you very much. I am Darshil Javeri from Crown Capital. We are a fund based in Mumbai.

I wanted to understand more about our plans for FY27. How do you see revenue and margins developing?

Management: Good morning, Darshil. I have limitations on what I can say. Honestly speaking, since there is no Indian Railway order, I personally do not see much growth in FY27. However, we will try our best to maintain performance in line with FY26.

Darshil Javeri – Crown Capital: Understood. The South Africa order will come completely next year, correct? Will that order be more margin-accretive than our normal business? Is that the right way to look at it?

Management: The South Africa order has 2 components, as I said. One is the delivery of wagons, and the second is operation and maintenance. The delivery of wagons will take place in FY28, starting from Q2 FY28, and will mostly be completed in FY28. Yes, exports have better margins than domestic business, and domestic business has slightly better margins than Indian Railway business.

Darshil Javeri – Crown Capital: That is helpful. I also wanted to understand more about defense. Could you explain in greater detail what the plan and vision are, and where we want to see ourselves by 2030 in defense?

Management: We have been working on defense for the last 1 year. It is not that we suddenly made an announcement. We have also undertaken visits. The technology being used and brought into India is very advanced, and developed countries such as the US and Russia are using it.

We will also undertake some capex for defense during this financial year itself. We expect defense turnover to reach 4 digits by 2030.

Darshil Javeri – Crown Capital: That means 1,000 crore or more of defense turnover. That is good to know. When we say that we want to improve EBITDA margins year-on-year, what is the vision? Should we expect year-on-year growth next year, or will it be more back-ended? Will it be linear in nature?

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Management: There will be growth. You have already asked about exports, and I have already discussed that exports will continue to grow. We also expect margins to improve because of defense.

I cannot state the numbers right now because of the limitation arising from the trading-window closure, but there will be a significant increase and improvement in EBITDA margins. It will happen gradually year after year.

Last year, including other income, the margin was 10%. In the first quarter, we achieved 10.8%. Therefore, there has been an increase of approximately 0.8% in the first quarter itself. It will gradually increase from here.

Darshil Javeri – Crown Capital: That is fair and appears steady. I have 1 more question, if I may. Defense is highly dependent on approvals. Are we confident about that? If we have to commit significant capex, what are the funding plans?

Management: As I said, you are correct that it is subject to approval, and there are multiple layers of approval. We will submit our prototype, and once we receive approval, we will begin Make in India production.

The capex planned for defense during this financial year is approximately {? 250 crores ?}, or, to be more precise, {? 200 crores ?}. As of now, we will fund it through internal accruals. Loans will be taken in phases. By 2030, however, we do not expect to have a very large loan book, because as of March 31, 2026, our reported net debt was only 444 crore.

Darshil Javeri – Crown Capital: If a large railway order comes in, our working capital may be stressed, in addition to the defense capex. Do we have any plans for fundraising at present?

Management: Not in the immediate future. However, whatever is required, we will do it, and we will maintain the debt-equity ratio. As of now, there is nothing in the pipeline for raising funds.

Operator: Sahil, you may ask your question.

Sahil: Good morning, sir. Sahil here from {? [inaudible] Management ?}. My basic question is about defense. Could you give us some color on the products we are looking to manufacture and the potential size of the opportunity? You also mentioned that an EOI has been released by the Indian Army. Could you give us some color on that?

Management: The expression of interest relates to armored vehicles for the Indian Army, and we are working on it. This is an anti-accident system involving both hard-kill and soft-kill systems. It is 1 of the products.

We are working on 4 products, and announcements will be made from time to time. I think we will make all the announcements in the near future. It will not take very long; the announcements will come shortly.

Sahil: You mentioned that you are developing 4 products. Could you give us some color on each product?

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Management: I would not like to discuss this in greater detail, Sahil, because as of now we have not given any intimation to the exchange regarding the product details. It would not be wise on my part to discuss them until then. However, we are at a very advanced stage for 1 of the products, for which I think we will be...

Sahil: [crosstalk] ...in India or elsewhere, these 3-4 locations where you could discuss it and proceed, which would be the major focus [overlap].

Management: Sorry. Sahil, it is not wise to comment as of now. However, as I said, 1 product is at a very advanced stage, and we will be submitting our prototype shortly. We have undertaken advanced work on it. Once we submit the prototype, we will inform the exchange and all of you.

Sahil: Thank you very much.

Operator: The next question is from Mr. Aman Gupta. Aman, you may ask your question.

Aman Gupta – Guardian Capital: I am Aman Gupta from Guardian Capital. We are a Mumbai-based AIF.

My question is about the broader opportunity arising from dedicated freight corridors, whether in wagons or in the signaling, Kavach, and other areas you mentioned. Do you see a greater opportunity developing because of the 2 corridors that are already operational or because of the 3 new corridors that have been announced? Could you give us some color on that?

Management: As I said, I have already started discussions in this area, and there is significant potential based on the government's growth plans and the need to maintain the existing old wagons.

The opportunity is not limited to DFCs. The Railway Minister also gave a speech approximately 2 weeks ago in which he discussed a 4-line quadrilateral railway network for the entire country. Therefore, a lot of positive thoughts and signals are coming from the railway sector.

We are confident that we will receive orders. The only issue is that we are also waiting for them.

Aman Gupta – Guardian Capital: Understood. Do we have any sense of how large the opportunity could be?

Management: We expect the 2022 order to be repeated, and 1 such repetition will not be sufficient.

Aman Gupta – Guardian Capital: Understood. That is all from my side.

Operator: The next question is from Mr. Deepanshu Bhattia.

Deepanshu Bhattia – Finviz: Hello, am I audible?

Yes, I am Deepanshu from Finviz. I have a few questions. My first question is about the core wagon business and the business we are currently doing, which is approximately 5,000 crore. What is the trajectory for that business over the next 5 years? Will revenue remain at approximately 5,000-6,000 crore, or will it grow by 20%?

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Management has discussed 20% growth for the next 2 years. Does that apply to the core business or to the core business plus the new businesses?

Management: There are 3 components, as I said. If I include Kavach, propulsion, crossings, and all these activities in the existing business, I see the ratio by 2030 being 70:30.

Deepanshu Bhattia – Finviz: The 30% would be defense and the other businesses, and 70% would be the existing business?

Management: Correct. All the new businesses will account for approximately 30%, including {? Nymwag ?}, which will be part of the picture by and large. {? Nymwag ?} does not have production as of today, so including it, I believe the ratio will be 70:30.

Deepanshu Bhattia – Finviz: Today's revenue is 5,000 crore, so could it become approximately 7,000–8,000 crore?

Management: We were close to 4,300 crore last year. Accordingly, you can do your own calculations.

Deepanshu Bhattia – Finviz: Can we assume that 20% growth may come on this 4,300 crore base for the next few years? That is what management has indicated.

Management: I would not like to comment on the numbers at present, Deepanshu, because of the trading-window limitation. However, regarding the 70:30 ratio, when the business doubles, it will be 70:30.

The next point is that some revenue is, I would say, one-time capex-related revenue. The government may have capex requirements for 3–4 years, while private players may have requirements over a longer period.

I see longer-term revenue streams from the Trinity 2X joint venture, which will provide recurring income through rent. The second is the maintenance component of the Africa order, which runs for 15 years.

If I discuss this recurring income after the sale of the product, how large could it become 3–4–5 years from now? Would it remain a very small part, or would it become a significant part of our future cash flow?

Management: I have already discussed that this does not require significant capex involvement, so many people prefer the 2X leasing agreement and arrangement. There is a great deal of potential. I can tell you that every quarter...

Management: ...last quarter, we received an order for 3 rakes in 2X. We are receiving more or less more than that number of orders every quarter. Therefore, by the time we reach our Vision Document 2030, we expect to grow by 3 times from our current position.

Are you there, Vishal? Hello?

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Vishal: I am taking some questions from the chat window now. There is a first question: if the large government order that is due comes through, will it increase our guidance or change what we have given for 2030?

Management: Of course, we expect some positive impact. In fact, the guidance numbers will benefit compared with what we have stated. In terms of productivity and overall revenue, this will help significantly.

Vishal: Excluding South Africa and locomotives, what is the executable order book? Does the 2030 execution apply to the 11,500 crore gross order book or to the order book excluding South Africa?

Management: The order book, other than the major export orders, is executable. As I said, Bright Power has an order book of 1,800 crore. Approximately 50% of that will be executed in this financial year.

There may be some variation, but if you take the growth number, you can calculate it. Excluding the export orders, I see the entire order book, including the Bright Power numbers and the TRIS business, which is the Green Infra and Kalindee business, as executable.

Approximately 50% of the Bright Power order book and the corresponding amount from the other businesses will be executed this year. Excluding the export orders, I believe all the orders are executable this year, and the balance will be executed 100% in the next financial year.

As we receive more orders, as expected, including the Indian Railway order that everyone is expecting, the situation will improve further.

Vishal: What is the target ROCE over the longer term?

Management: It will be in the double digits, but...

Vishal: Can you discuss the industry structure of the rolling stock business? Are we seeing increasing competitive intensity or consolidation in the sector? How do you see margins in this business?

Management: I cannot say that there is consolidation. However, many new players and entrants are coming in. Our subsidiary Nymwag itself is a new entrant into this business.

The entry of new players is opening the door to opportunities and providing new advantages. For example, Trinity has the highest number of wagon designs. It has approximately 200 wagon designs, which no one else in the world has. India has hardly 20 wagon designs.

This will also provide an advantage. A new entrant will always have some advantage over the others. If Indian Railway comes out with an order for 2 lakh wagons, I do not think any 1 company can supply them in 1 or 2 years.

New entrants will provide an advantage to the government by enabling earlier delivery of supplies. Until now, we have completed 100% of our deliveries to Indian Railway.

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Vishal: What is your strategy for the defense business? When do you see defense reaching 30% of revenue? Also, what is your early indication regarding the defense business?

Management: I think defense will start showing more movement from the next financial year itself. Reaching 30% of revenue is a significant question, but I have said that we expect a 4-digit number. Therefore, after 2030, perhaps in {? 31, 32 ?}, if this happens, I will not be surprised.

It is difficult to comment on defense becoming 30% of revenue, but it is not unachievable. It is achievable.

Vishal: Regarding the African order, is it based on our own design or a licensed design? Who will supply the engine and traction equipment? What is the delivery schedule, monetary exposure, and margin compared with wagons?

Management: Are you referring to the locomotive?

Vishal: Yes, sir.

Management: For the locomotive, our JV partner is Wabtec. We are already working with Wabtec in India. We will supply locomotives to South Africa with Wabtec. This will also take place in FY28.

Vishal: What is the land capex, what capex are we undertaking, and what is the share of the JV partner in the locomotive business?

Management: There is no major capex for the export order. We will manufacture the wagons here and send them there for assembly. We will open 1 office there.

As of now, no capex is planned, because even if the current order is repeated, there is a high probability that we will be able to cater to it from our Indian facility. If something extraordinary arises, the situation may be different, but at present there is no indication that we will undertake major capex in South Africa.

Vishal: Vagus, spelled V-A-G-U-S, is investing 30% at a 200 crore pre-money valuation. Does that imply a 667 crore valuation for Texmaco Defense? What is the tranche structure and the milestone schedule? Could you discuss the JV in more detail?

Management: Abhishek, I am sorry. I missed your first line. Could you repeat it?

Vishal: Vagus, spelled V-A-G-U-S, is investing 200 crore for 30% post-money ownership in Texmaco Defense.

Management: You are referring to the 30% partner?

Vishal: Yes.

Management: It is a fund house that is working with us and already has exposure to the defense sector. It understands defense. We joined hands with them, and I can tell you that they have an in-depth understanding of defense and the relevant technology.

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The technology partner will supply the technology to us through them, and we will undertake Make in India production of the hardware in Kolkata.

Vishal: What is your outlook on the Wabtec JV, air brakes, and the other products? How will revenue scale up for that particular business?

Management: Regarding Wabtec, this is the first locomotive order we have received. We expect to receive more locomotive orders as well. As I said, after {? 1962 ?}, not much has happened in South Africa, so we see significant potential.

We will have an advantage because we will shortly have a full-time office in South Africa.

Vishal: There is a question about the value of the single-toilet system, HVAC distribution, passenger seats, and other products. What is the expected domestic market for these offerings? Could you repeat the question?

What is the value of the new products, such as the single-toilet system, HVAC distribution, passenger-seat offerings, and other products offered under the interiors business? What is the expected annual market size, or TAM, for these offerings?

Management: As of now, we are selling all these products through Saira Asia, and the turnover is very low, in the single-digit crore range. However, we expect this to grow to 3 digits by 2030.

It will not be possible for me to share the number in that detail. You can email me, and I will try to obtain the information from my team and come back to all of you.

Vishal: Are you facing any supply-side issues because of global headwinds? Are we seeing any such issues? How are the contracts structured, especially in South Africa, and how has the foreign exchange been hedged, given that the currency has been quite volatile?

Management: There are 2 aspects. On the supply side, there were issues in Q1. We faced some issues with imported materials, but these have been addressed to some extent. They have not been addressed 100%.

Regarding South Africa, we are receiving orders in dollars. We received a locomotive order of $135 million and approximately $430 million for the wagon export order. We are discussing the amounts in Indian rupees because we have converted them ourselves.

From the time we received the orders, the dollar has appreciated, so there is an incremental value. We do not see any problem in terms of supply, and the orders are against advance LCs.

We will receive the money in dollars. We will try to hedge it in a mixed manner. We will hedge the amount required for whatever we import, and we will hedge the balance as and when we start supplying.

Vishal: Regarding the foundry business, what is the external versus captive share, utilization, and margin? Has the transition in the foundry product mix been completed?

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Management: I will add 1 point here. My foundry capacity was approximately 15,000–20,000 metric tons in 2021. Without major capex, we have increased it to 50,000 metric tons, and the target is to take it to 80,000 tons by 2030.

Despite the enhancement in capacity without major capex, most of the consumption is internal to the company. Of the approximately 200 crore of consumption, more than 90% is internal.

Vishal: Some of our peers are discussing order book execution of more than 60% to 70%, while our execution is 20% to 30%. Is this execution gap due to supply-side constraints or longer-tenure rebooking? What is the wagon-only burn rate?

Management: Except for the major South Africa order, all orders can be executed this year. However, we cannot execute the entire Bright Power order book of 1,800 crore in this year itself. Similarly, Kalindee, or TRIS, cannot be executed 100% this year.

All the private orders can be completed this year. Indian Railway has orders worth approximately 145–200 crore, which can and will be completed this year. We also have some HME and foundry orders, which will be completed.

Therefore, I do not see any execution challenge as such.

Vishal: What is your order book on the Kavach side? How do we compare with HBL, Kernex, or Medha on cost and approvals? What is our share of awards overall?

Management: As of now, we do not have any Kavach orders. We will enter this segment, and there is significant potential because Indian Railway came up with a Kavach requirement in 2023.

For some reason, that order could not be completed. My understanding is that the technology was the issue, and the orders could not be supplied by the relevant parties. We are entering into a detailed technology JV, and the technology is established.

Once Indian Railway comes up with an order, we will participate. As of now, there is no Kavach order.

Vishal: Some of our peers are entering segments such as shipping or BSS. Do we have any plans to enter those businesses?

Management: Not exactly. As I said, we are entering defense as the core product. One product is related to armored vehicles, another is related to shipping, and another is related to high-altitude applications. These are the areas we are pursuing.

Vishal: What are the economics of the Trinity JV on the leasing side, including lease yield, tenor, and residual values? What is the value of Texmaco's 34% equity in the 100-rake plan?

Management: Trinity has entered at a value that is approximately 3 times the value at which the company was formed 10 years ago. The valuation itself shows that the company has been able to obtain better value and create a market.

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As I mentioned, after Trinity's entry, it brought approximately 200 types of wagon designs. This is an advantage. Trinity has also invested approximately 340 crore as equity. This will help reduce the debt of that company by more than 70% to 80%.

Ultimately, my EBITDA will convert directly into PBT, apart from approximately 100 crore of loans for working capital.

Vishal: There is also an option for the promoter to subscribe to the preferential issue at 190 per share. Do you have any view on that scenario?

Management: It is too early to comment. However, our promoters carry the legacy of the Birlas, and Dr. Saroj Kumar Poddar, our Chairman, is strongly committed to value creation for both shareholders and the company.

Vishal: What is the reason for the resignation of the CFO? Has the new CFO brought about any changes on the audit side or any accounting policy changes?

Management: The previous CFO moved into private practice due to health reasons. A new CFO has joined, who has more than 25 years of experience with companies such as ITC, MRF, and Bharti Airtel.

We are implementing SAP across all the units together. We have already awarded this work to PwC. We are working on ERP integration and automation in accounting. We are also working on automation for real-time reporting.

This will help us make decisions faster. With his experience, we will also benefit more in terms of bookkeeping and faster reporting.

Operator: There is a question from Mr. Pushkar Jain. Pushkar, you may ask your question.

Pushkar Jain – Milli Capital: Good morning. I am Pushkar Jain from Milli Capital. We run an alternative investment fund from Mumbai.

My question is about the foundry business. You are increasing capacity to 90,000 tons per annum. Given the demand and your competitiveness in eastern India, do you see an opportunity to serve the external market after meeting your internal requirements? Could you increase capacity from 90,000 tons to approximately 1,40,000 tons? Is that a possibility? Do you have the required land? Are you considering such an expansion? Please clarify.

Management: Good morning, Pushkar. We are aiming to reach 80,000 tons by 2030, and we have sufficient land. As of now, increasing capacity from 80,000 to 1,40,000 tons is not part of the plan.

We will review it as and when the requirement arises. The expansion from 20,000 to 50,000 tons and from 50,000 to 80,000 tons is possible without major capex. However, increasing capacity from 80,000 to 1,40,000 tons will require substantial capex, including an increase in the number of furnaces and the installation of transformers.

As of now, we are not exploring that expansion, but it will depend on where we stand in the future. If, for example, Indian Railway comes up with a huge requirement that has to be delivered within 3

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years, we cannot rule it out. We can undertake that expansion. We have the land bank and the ability to do it.

Pushkar Jain – Milli Capital: It may take some time, but the external market is also very robust. All foundry companies are doing very well. That is why I raised the question. Given your competitive advantage in eastern India, your land bank, and the availability of infrastructure, is it worthwhile to consider such an expansion?

Management: That is a good point and something to consider. We will discuss it with management. As of now, it is not in the pipeline, but we will present your point of view to management.

Pushkar Jain – Milli Capital: Thank you, sir. All the best.

Management: Thank you, Pushkar.

Operator: Due to time constraints, that was the last scheduled question. I will take 1 more question. What is the reason Zuari Industries is buying Texmaco Infra from its subsidiary?

Management: Texmaco Infra is a different company, and I cannot comment on it. I can talk about Rail, but regarding Infra, what we have heard is not something I should comment on. It would not be appropriate for me to comment on it.

Operator: Understood. I would like to thank the management. Do you have any closing comments?

Management: I would again like to thank all of you for taking the time to be with us and for showing your confidence in us. I can tell you, in 1 line, that you can remain confident in the management and in the steps we are taking.

We are taking some initial steps, but we are confident that these steps will translate into what we have committed, and possibly something much better than that. Thank you.

Operator: Thank you very much. I would like to thank the management of Texmaco Rail & Engineering Ltd. You can also connect with my team and Bala. He has a good understanding of the stock. We cover the stock. Thank you very much.

If anyone wants a deeper discussion, we can help connect you with the management team. Thank you very much. Vishal, please make sure that you share the group invitations.

Vishal: Okay, sure, sir.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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