August 4, 2026

To Sr. General Manager Department of Corporate Services BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 Scrip Code: 544317	To Sr. General Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Scrip Symbol: TRANSRAILL

Sub: Intimation regarding upgrade in Credit Rating under Regulation 30 of SEBI Listing Regulations

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), please note that India Ratings & Research has upgraded the Bank loan facilities ratings of the Company as given below:

Instrument Type	Size of Issue (INR million)	Rating assigned along with Outlook/ Watch	Rating Action
Bank loan facilities	4,700	IND AA-/Stable/IND A1+	Long-term rating upgraded; Short-term rating affirmed

The rating letter dated August 4, 2026 received from India Ratings & Research is enclosed herewith.

Kindly take the same on your records.

For Transrail Lighting Limited

MONICA TANAY GANDHI Digitally signed by MONICA TANAY GANDHI Date: 2026.08.04 17:21:44 +05'30'

Monica Gandhi
Company Secretary and Compliance Officer

Encl: As above

India Ratings Upgrades Transrail Lighting’s Bank Loan Facilities to ‘IND AA-’; Outlook Stable

Aug 04, 2026 | Transrail Lighting Limited | Civil Construction

India Ratings and Research (Ind-Ra) has upgraded Transrail Lighting Limited’s (TLL) bank loan facilities’ long-term rating to ‘IND AA-’ from IND A+, with a Stable Outlook, while affirming the short-term rating at ‘IND A1+’. The instrument-wise rating actions are as follows:

Details of Instruments

Instrument Type	Regulator of Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (INR million)	Rating Assigned with Outlook/Watch	Rating Action
Bank loan facilities	RBI	-	-	-	4,700	IND AA-/Stable/IND A1+	Long-term rating upgraded; Short-term rating affirmed

Analytical Approach

Ind-Ra continues to take a standalone view of TLL to arrive at the ratings.

Detailed Rationale of the Rating Action

The upgrade reflects Ind-Ra's expectation that TLL is likely to continue to sustain its improved business and financial risk profile in FY27, in line with FY26 levels. The company has demonstrated robust cash flow generation, resulting in comfortable liquidity and strong debt protection metrics over FY25-FY26 and is likely to continue the same over FY27. Despite the planned capex over FY27, Ind-Ra expects the company's credit profile to remain resilient, supported by healthy internal accruals and prudent financial management, with leverage and coverage indicators likely to remain comfortable. The company's net working capital cycle marginally improved in FY26, and the agency expects it to sustain over the medium term, with timely recoveries. Sector-wide competitive intensity, volatility in raw material prices and demand conditions, any deterioration in the working capital cycle, and significant cash outflows towards group entities will remain a key rating monitorable.

Ind-Ra also noted that the Board has in-principally approved the amendment of memorandum of association, which is subject to the shareholders' approval and obtained necessary Board approval for raising capital of up to INR6,000 million, through a qualified institutional placement.

List of Key Rating Drivers

Strengths

- Established execution track record, supported by healthy order book
- Upward revenue trajectory likely to continue in FY27
- Comfortable credit metrics

Weaknesses

- Elongated working capital cycle
- Inherent industry risks

Detailed Description of Key Rating Drivers

Established Execution Track Record, Supported by Healthy Order Book: Ind-Ra expects the order book to remain healthy over the near-to-medium term, due to the company's strong pre-qualifications in the transmission and distribution (T&D) segment, and increasing order inflows in the domestic T&D segment. TLL received new orders worth INR85 billion in FY26, resulting in a closing order book of INR163 billion (including L1 orders) at FEY26. Its orders comprised domestic T&D (INR88 billion) and overseas counter parties (INR62 billion), with T&D, including substations, accounting for 92%, followed by civil construction (5%), and railway electrification, poles and lighting (3%).

About 58% of the order book is at the nascent stage of execution, i.e., less than 10% posing an inherent execution risk. Any delay in starting of high-value orders is likely to lower the revenue expectations for FY27; hence, remains a key monitorable. However, Ind-Ra draws comfort from the strong execution track record of the company and expects a timely start of execution. At FYE26, the top 10 orders comprised 36% of the order book by value lowering the project concentration risk. Furthermore, the exposure to river-crossing project in Bangladesh has reduced considerably to 3% of the overall order book.

At FYE24, around 39% of TLL's order book was distributed in India and the rest was from overseas markets. However, in FY25, domestic projects had a share of 55% and the same has increased to 60% at FYE26. The shift in order book mix is not materially impacting the company's revenue profile; however, due to the domestic competitiveness, the margins could be under pressure. The overseas order book had been largely insulated from sovereign risk, as most of the orders were majorly funded by multilateral agencies such as the World Bank, the Asian Development Bank, the French Development Agency and Export-Import Bank of India (debt rated at 'IND AAA'/Stable) or were LC backed.

At FYE26, TLL had a revenue visibility of 2.4x basis FY26 revenue. Ind-Ra has seen some delays in the execution run-rates in a few projects, largely owing to a delay in approvals and clearances from the counterparty. However, the company stated that the extension of timelines shall be available as the delay is not on account of TLL. Ind-Ra draws comfort from TLL's ability in securing and delivering international projects successfully over the last five years, along with the company being one of the top players in the domestic market. The company has facilities in Deoli (Maharashtra), Butiborri (Maharashtra), Vadodara and Silvassa (Gujarat) for manufacturing towers, conductors and poles.

Upward Revenue Trajectory Likely to Continue in FY27: Ind-Ra expects TLL's revenue to increase at least 20% yoy in FY27, backed by strong order inflows during FY26, and commissioned and planned capex expansion over FY26-FY27. The company has around 40% of orders from Power Grid Corporation of India Limited, which is likely to be a key revenue driver in FY27. The company's revenue grew to INR68.8 billion in FY26 (FY25: INR53.1 billion; FY24: INR40.8 billion), due to improved execution of domestic and international orders received during FY24-FY26.

The revenue from international orders remained steady at 50% yoy in FY26 (FY25: 58%; FY24: 59%). However, given the change in geographical composition of orders in FY26, the share of international orders is likely to reduce post FY26. Ind-Ra estimates the company to maintain margins in the range of 12%-14% over FY27-FY28, despite rise in share domestic orders in the overall order-book, due to presence of strong backward integration, which ensures better control over input costs, supply chain efficiency, and margin stability. The company's EBITDA margins contracted to 13.8% in FY26 (14.8%; 13.8%), due to lower-than-expected execution in 4QFY26, owing to supply chain disruptions accentuated by the Middle Eastern crisis. The EBITDA grew to INR9.5 billion in FY26 (INR7.8 billion; INR5.6 billion).

Comfortable Credit Metrics: Ind-Ra expects TLL's credit metrics to remain comfortable in FY27 in line with FY26 levels due to the likely growth in the revenue to be adequately supported by a combination of debt and customer advances, resulting in the interest coverage (operating EBITDA/finance cost) remaining range bound between 2.8x and 3.2x. Further, the capex in FY27 is likely to be funded through a combination of internal accruals and low quantum of term debt. Consequently, Ind-Ra expects TLL's total outside liabilities/EBITDA, which had improved and was lower than that of some of the top-rated peers', to remain stable at 5.5x-6.0x during FY27-FY28 (FY26: 5.4x; FY25: 5.6x).

TLL's interest coverage improved to 2.8x in FY26 (FY25: 2.6x; FY24: 2.3x) and net leverage (adjusted for letter of credit acceptances) to 1.7x (1.9x; 2.5x), supported by rise in absolute EBITDA, while maintaining debt at lower levels than previous years. Although TLL's interest coverage is lower than that of other similarly rated peers, it is largely on account of it availing foreign bank guarantees. The company's gross debt was INR7.4 billion at FYE26 (FYE25: INR7.2 billion; FYE24: INR7.3 billion). The company has a principal debt of INR0.3 billion at FYE26, the repayment of which is contingent upon the execution of the novation agreement by the lenders, i.e., insurance companies pertaining to the business restructuring agreed with its group company in 2017.

Elongated Working Capital Cycle: Ind-Ra expects TLL's net working capital cycle (excluding letter of credit acceptances) to remain stretched at 150-160 days during FY27-FY28 (FY26: 137 days; FY25: 154 days; FY24: 152 days). The gross working capital cycle (debtors, contract assets, inventory, advances to suppliers and retention money) was stretched at 300 days in FY26 (FY25: 343 days; FY24: 342 days; FY23: 313 days). Therefore, TLL's reliance on customer advances and trade creditors is high, resulting in an overall net working capital cycle as a share of revenue at 38% in FY26 (FY25: 45%; FY24: 44%) and is likely to remain in excess of 40% of the revenue over FY27-FY28, due to the nature of underlying orders as well as the business segment in which the company is operating.

TLL's gross working capital cycle/revenue will remain higher than those of a few other 'IND AA-' rated peers, ranging 75%-85% in FY27-FY28 (FY26: 77%; FY25: 89%) owing to the nature of underlying T&D contracts, which involve retention during supply and erection phases of the contracts. The company manages the working capital cycle through its strong supplier network and LC, which have a usance period of 120-150 days. Ind-Ra draws comfort from TLL's ability to manage its gross working capital cycle using its funding tie-ups and strong bargaining power with its suppliers. Any change in these factors could impact the company's liquidity profile; therefore, result in a negative rating action and remains a key rating monitorable. Given the nature of the T&D segment and orders that need to be executed over one-to-three years, Ind-Ra expects the working capital cycle to remain stretched and to be funded by a combination of working capital debt, mobilisation advances and sundry creditors.

Inherent Industry Risks: Being an engineering procurement & construction company, TLL is exposed to high competition, delays in realisation of receivables, project delays, cost and timeline overruns, and litigation. As the T&D sector accounts for majority of its existing order book, the company is also exposed to the cyclicality in the sector, and any pressure on cash flows of the counterparties could also adversely impact TLL's collections.

Liquidity

Adequate: Given the unutilised working capital limit of nearly INR4.0 billion and unencumbered cash of over INR4.7 billion at FYE26 (FYE25: INR3.8 billion; FYE24:vINR1.0 billion), the company has an adequate liquidity cushion vis-a-vis term loan repayment obligations of INR0.6 billion in FY27 and capex expansion plans of INR2 billion-INR3 billion. Ind-Ra expects the liquidity profile to remain adequate over FY27-FY28, with cumulative positive cash flow from operations of INR7 billion-INR8 billion, despite expected investments into overseas subsidiary entities.

Furthermore, the company is in the process of acquiring a minority stake in an entity which shall entail an outflow of INR0.6billion to INR0.75 billion, over FY27-FY29. Ind-Ra believes that similar significant cash- outflows—other than those expected—to group companies during FY27-FY28 could impact the company's overall liquidity profile; hence, shall remain a key monitorable. The average utilisation of TLL's fund-based working capital limits remained around 69% over the 12 months ended May 2026. The non-fund-based limits were 84% utilised at end-May 2026 and the company had availed surety bonds of about INR11 billion at FYE26.

The company's cash flow from operations turned positive to INR1.6 billion in FY25 (FY24: negative INR0.6 billion; FY23: INR0.5 billion) and further improved to INR 5.0 billion in FY26, due to improved collection efficiency during the year. Ind-Ra expects the cash flow from operations to remain positive in FY27 owing to the execution of new orders; this is likely to result in the availability of customer advances as well as the release of contract assets from projects, which have witnessed robust execution during FY25 and FY26, and shall likely be nearing completion in FY27.

Rating Sensitivities

Positive: Segmental diversification while maintaining current levels of profitability and cash flow from operations with Ind-Ra-adjusted interest coverage exceeding 3.5x, could lead to a positive rating action.

Negative: Developments that could result in a negative rating action on a sustained basis are:

- deterioration in the profitability and/or cash flow from operations and/or,
- an increase in the working capital lock-up resulting in the net leverage (including LC acceptances) increasing above 3.0x, and/or Ind-Ra-adjusted interest coverage falling below 2.75x
- higher-than-expected cash outflows to its group companies

Any Other Information

Not applicable

About the Company

TLL is a leading engineering procurement & construction company, with over three decades of experience and a presence across the power T&D, lighting infrastructure, substations, railways and civil construction sectors. TLL was incorporated as Transrail Engineering Company Limited in 1984 by D C Bagde. In October 2016, the T&D business division of Gammon India Ltd. was transferred to TLL through a business transfer agreement. Gammon India transferred its 75% equity in TLL to Ajanma Holdings Private Limited. The company has in-house manufacturing facilities for tower (1,01,000 tonnes per annum (TPA)), conductors (60,000TPA) and poles (25,000TPA) in Deoli, Butiborri, Vadodara and Silvassa. The company caters to customers in over 40 countries worldwide.

Key Financial Indicators

Particulars (INR million)	FY26	FY25
Revenue	68,786	53,076
EBITDA	9,473	7,832
EBITDA margins (%)	13.8	14.8
Interest coverage (x)	2.8	2.6
Net adjusted leverage (including LC acceptances) (x)	1.7	1.9

Particulars (INR million)	FY26	FY25
Source: TLL, Ind Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook			
	Rating Type	Rated Limits (INR million)	Current Rating	25 August 2025	26 July 2024	24 July 2024	21 August 2023
Bank loan facilities	Long-term/Short-term	4,700	IND AA-/Stable/IND A1+	IND A+/Positive/ IND A1+	IND A+/Stable/ IND A1+	IND A+/Stable/ IND A1+	IND A+/Stable/ IND A1+

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process

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