



## “Titagarh Rail Systems Limited Q1 FY’26 Earnings Conference Call”

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**MODERATOR: MR. PARTH PATEL – INVESTOR RELATIONS, MUFG  
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**Moderator:** Ladies and gentlemen, good day and welcome to Titagarh Rail Systems Limited Q1 FY26 Earnings Conference Call.

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 this conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Parth Patel from MUFG Intime, IR. Thank you and over to you, sir.

**Parth Patel:** Thank you, Palak. On behalf of Titagarh Rail Systems Limited, I extend a very warm welcome to all the participants on Q1 FY26 Financial Results Discussion Call.

Today, on the call, we have Mr. Umesh Chowdhary -- Vice Chairman and Managing Director, Mr. Prithish Chowdhary -- Deputy Managing Director, and Mr. Saurav Singhania -- Chief Financial Officer.

Before we begin the call, I would like to give a short disclaimer. This call may contain some of the forward-looking statements, which are completely based upon our beliefs, expectations, and opinions as of today. These uncertainties are not a guarantee of our future performance and involve unforeseen risks and uncertainties.

With this, I would like to hand over the call to Mr. Umesh sir. Over to you, sir.

**Umesh Chowdhary:** Thank you, Parth, and a very good afternoon to everybody and thank you very much for joining this earnings call of Q1 FY26.

We have already shared by both the press release alongside with the results yesterday, as well as the investor presentation, a lot of details, and we have tried to segmentize the details this time, and we would intend to follow this format in periods to come, to be able to give the complete picture of the progress of the different projects.

But in a nutshell, I would like to say that, as far as the overall company is concerned, there have been significant developments during the period. The company, I had mentioned in the last call that our focus is going to be a lot on booking new orders. And I am happy to share that the company was able to book orders worth almost Rs.2,500 crores during this period, including GST, some in the passenger rail segment as well as in the freight rail segment. And this is a trend that we intend to continue. This is an effort that we will continue to pursue to build up a stronger order book to have a larger visibility, both in the freight side and the passenger side.

Apart from that, a very significant development during the period has been the acquisition of the land from West Bengal government. This was the land which was earlier a part of Hindustan Motors, which the government has resumed on account of the closure of their unit. And this is contiguous to our existing passenger rail factory. In fact, the only thing we had to do to take possession of the land once we were allotted was to break open the boundary wall. It is that contiguous with our existing facility.

This enables us in many ways; one, of course, it helps us to expand capacity and to pursue backward integration in the same premises. But more than that, it enables us to create a comprehensive facility for testing and commissioning of rakes, including the modern rakes and probably in the future high speed rakes, which as India is moving towards the high speed trains and being a leader or emerging as a leader of the rolling stock, we would definitely also like to evaluate that opportunity in the years to come. So, this will give us a test track of about 1.6 kilometers, a level test track, which is unique because that is not available with any of the private sector or coach manufacturers in India. And it will be a huge advantage to us in the years to come. So, that is a very, very significant development because it is not very easy to get land contiguous to our existing factory. And of course, the promoters have infused Rs.200 crores into the company or have committed to infuse Rs.200 crores in the company against a preferential issue.

And of course, all the other highlights have been given, but on the challenges faced by the company, the severe challenge that has been shared also with the investors in the last quarter was the poor wheel sets supply from the railways, which actually was quite a big setback for the company and for the industry as a whole. I am happy to share over the last two, three weeks, the position has normalized and we are getting adequate wheel sets now from the railways. But, during the quarter, the production fell to almost 1,600-odd wagons, which was a significant drop over the earlier period or the corresponding period. The company is extremely confident, we are almost certain that we will be able to recover this loss of production and maintain volumes which are in line with what we did last year and also the EBITDA margins in line with what we did last year. So, we do not see much of a concern on that as far as the full year is concerned.

However, the biggest growth story, which we have also mentioned in our press release is the passenger rail system. All the SBUs, and we have divided this time the disclosure on the different SBUs within the main business unit of passenger rail system, all the SBUs have actually started functioning. While the Vande Bharat revenue will start accumulating only next year, but all the other SBUs, which is the propulsion and electrical as well as the metro will start contributing in a meaningful manner within the current financial year. I think that, in a nutshell, sums up the overall picture.

And of course, one very important development is also that the company has decided to focus on the core sector of its business, which is railway systems. And we had announced that we had constituted

a board committee to evaluate what we have to do for the shipbuilding, bridges and defense business. So, the board has decided to demerge the shipbuilding business into a wholly-owned subsidiary, which will then pursue its growth with or without induction of strategic/financial partners. But the idea is that to grow that business, which is also a very core sector of the government, the government has identified that as a core growth sector for the country. And considering that our company has all the credentials and is currently also delivering several vessels to the Indian Navy, has delivered vessels to the Coast Guard and National Institute of Ocean Technology and all of that, we believe that this is going to be a business that can grow significantly in its own accord. But since there is not much synergy with our railway business, we would like to pursue it in a separate style and separate company.

And the company intends to continue to focus on the railway business, which is both the passenger rail system and the freight rail system. For the signaling and safety system, which is a subset of the passenger rail system, the company has participated in a few tenders and is also pursuing certain strategic partnership or tie-ups or technology tie-ups with certain international companies. But that will be folded into the overall business growth of the passenger rail system.

So, with that, I would conclude my opening remarks and I would be very happy to take any questions, any suggestions. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Vedant Sarda from Nirmal Bang Securities Pvt. Ltd. Please go ahead.

**Vedant Sarda:** Thank you for the opportunity. I just wanted to know our full year revenue guidance and our long-term revenue guidance for the company.

**Umesh Chowdhary:** So, we do not give any revenue guidance per se on the company long-term, but what we have mentioned in the guidance note that has been issued alongside with the results, is the freight business of the company we expect in the current year to remain in line with what we have done last year. So, we do not expect any significant growth on the freight side. But on the passenger side, what we had done was 12 cars in metros and about 300 traction motors in the full year in the propulsion. And we are expecting this year to grow that 12 cars to 120 cars, which is a ten-fold jump. And the propulsion system also we are expecting to have a significant jump as we have already disclosed in our press note. In terms of the long-term potential, the first phase expansion of our passenger coach plant will take this capacity, which we expect to reach maybe in the next year or end of next financial year to about 50 cars per month between Vande Bharat and metros subsequently increased to about 72 cars a month in another two to three quarters thereafter. And the long-term target for the passenger is to reach 100 cars per month, which we expect to reach in about three to four years' time, particularly with the acquisition of the new facility or the new asset that we have acquired. As far as the wagon is concerned, our capacity is now between the Calcutta unit and the Bharatpur unit is at about 1,000

to 1,200 wagons. And the business volume that we expect should be in the vicinity of about 900 to 1,000 wagons per month till the new power plants which have been planned, come up or the substantive growth in the railway freight revenue goes, which we expect also should happen once the overall CAPEX of the railways develops and all the DFCs start operations. But till that time, we expect that we will be able to maintain the current run rate of between 900 plus/minus something.

**Vedant Sarda:**

Okay, sir. Thank you so much.

**Moderator:**

Thank you, sir. The next question is from the line of Amay Sharda from Purnatha Investment Advisory Private Limited. Please go ahead.

**Amay Sharda:**

Hi, sir. Thank you for the opportunity. So, the first question was regarding the wheel set issue that we have faced. You say that it has been resolved. So, from August onwards, can we expect 900 to 1,000 wagons per month volume that you have added?

**Umesh Chowdhary:**

So, the wheel set problem has been resolved, in fact, from the last week of July, first week of August. We expect to now produce in the vicinity of 900 wagons a year. As we have given in the press note, we would be able to reach the same numbers or maybe make a marginal improvement over last year. And in order to do that, we should be producing in a ballpark of 900 wagons plus/minus 50 wagons every month and we are confident of being able to do that.

**Amay Sharda:**

Thank you for that, sir. And the second question is regarding the margins in the passenger wagon segment. So, is it so that the margin for propulsion is better than the margin for cars or nothing like that?

**Umesh Chowdhary:**

No, propulsion is a higher margin business, sir. We have always maintained that propulsion is a higher margin business. But of course, right now, it is in a nascent stage. As I have always explained that it is only the operational leverage that is not available. Once we start delivering a certain volume, then the margins that we should be able to get in both operations as well as services should be significantly more than what we should be able to get in the rolling stock.

**Amay Sharda:**

And sir, this 120 metro cars target that we have, out of that, will it be possible to bifurcate how much is from Bangalore metro and how much is from Gujarat?

**Umesh Chowdhary:**

We would not be able to do that for competitive reasons, but in terms of the overall numbers, because that is very important in the current phase of the company, what is important is to see the ramp up. And if we are able to do which we are very, very hopeful and confident of being able to do 120 cars, that in itself with the Mumbai line having come and with the Gujarat Metro and the Vande Bharat and all of that, is a clear indication of how the company's PRS can scale up. As is well known, the

metro coach sells at about 11 crores a piece. And the capacity that is being created once that is operationalized and stabilized, that completely changes the dynamics of the overall company as such.

- Amay Sharda:** Absolutely, sir. So, the Bangalore Metro is also Rs.11 crores a piece or is that lower than that?
- Umesh Chowdhary:** Bangalore Metro has a manufacturer of CRRC. So, there the material is all free supply. So, the entire revenue does not flow into our books.
- Moderator:** The next question is from the line of Mohit Motwani from Tara Capital. Please go ahead.
- Mohit Motwani:** Hi, sir. Thank you for the opportunity. My first question is around the dispatch of nine coaches which has been done in this quarter. Can you let us know for which metro project was this done for?
- Umesh Chowdhary:** We do not disclose the customer name for competitive reasons. But we have disclosed that our first rake was flagged off by the Hon'ble Prime Minister day before yesterday, and some of you may have also seen the visuals wherein it was a moment of pride for the company to see that the Titagarh name was prominently displayed where the Prime Minister was flagging off the coach.
- Mohit Motwani:** Sure. As you mentioned that, you have shared the 120 coaches what will be the split. But if you can let us know now you have four to five Metro orders, is there any completion timeline for each of these that you can share with us?
- Umesh Chowdhary:** We have already shared that the Mumbai Metro has to be completed, I think, if my memory serves me correct, around 24 months or so. So, each one of them have a different delivery timeline and we have done our balancing of the capacity accordingly.
- Mohit Motwani:** Okay. Okay. And lastly, you have done nine coaches in this first quarter and you are expecting to complete 120 coaches by end of this financial year, which is about 111 coaches in the rest of the year. So, that is about 12 coaches per month that you will be doing and that will be around, I think, close to 50% capacity utilization. So, what is driving this change -- is it the operationalization of the new plant or is the ramp up of your facilities, if you can give some sense on that?
- Umesh Chowdhary:** It is a host of that, sir. So, it will not be on an equated basis, I mean, it is not going to be an average run rate. It is going to be ramped up. So, it is not going to be on every quarter the same. The idea is that every quarter there has to be an improvement versus the previous one.
- Mohit Motwani:** Sure. Got it.
- Umesh Chowdhary:** As we have written also, that it marks the beginning for the stainless steel coach production of Titagarh, so our entire stainless steel production line is now fully operational. And that in itself is going to be the game changer for us.

- Mohit Motwani:** Got it. Got it. Thank you for those answers, sir. I will come back in the future. Thank you.
- Moderator:** Thank you, sir. The next question is from the line of Aryamaan Agarwal from Money Stories Asset Management. Please go ahead.
- Aryamaan Agarwal:** Good afternoon. So, I want to understand how the order pipeline scenario is looking in the next nine months, both in the freight railway systems and the passenger rail systems, what sort of demand are we looking at?
- Umesh Chowdhary:** Yes, good afternoon, sir. So, we have already given some details about the order book that we have. And you can see that for the Vande Bharat, we have a very healthy order book. For the metro, because of the development time, we are looking at booking further orders, although we have about 440-odd coaches in order with us now. But we have participated and we are continuing to participate in additional tenders to get further metro business. And the same is the story with the propulsion. While we have some orders, we have an order book of about Rs.550-odd crores in the propulsion, which in itself is a very big thing because all these businesses combined were contributing to less than single digit in terms of the past revenues of the company. And the very fact that the business of each one of the SBU under the passenger has actually started developing on its own is quite significant. So, to answer your question, the order pipeline in the investor presentation has been given for the metro and we have seen it in media about the large tenders that are expected both in terms of metro as well as suburban transport like MRVC, etc., and the company would definitely pursue these opportunities as we go along. As far as the freight business is concerned, we have declared an order book which is outstanding order book of about 10,500 wagons. And continuously, during the quarter also, we booked an order of about 900 or close to 900 wagons. And we believe that considering the overall cost advantage and the policy of the government to move the transportation from road to rail, the wagon tenders should be issued somewhere this year.
- Aryamaan Agarwal:** All right. So, from the government's order perspective, we are not seeing any slowdown as such, the orders are flowing in well?
- Umesh Chowdhary:** So, the orders for the passenger side have been very robust. For the freight, as I had mentioned earlier also, the small tenders from the railways and private sectors are continuously coming. The large tenders were to be done on a three-year basis. So, the last one was done about three years ago. And we are expecting or I would say in all probability, the railway should come back with their renewed demand somewhere this year.
- Aryamaan Agarwal:** Got it. Got it. And secondly, on the shipbuilding business, what sort of a vision do we have in that segment, what sort of a business are we looking at creating?

- Umesh Chowdhary:** That is a very interesting segment. So, what we have declared in our press release also that the facility that we are creating in Palta, we would have a capacity to do around 12 to 14 or 14 to 16 vessels per year of up to 150-160 meters. And that is quite significant in terms of the facility that this company, this SPV will create, we would like to do all sorts of ships, including all sorts of naval ships and other ships. And while the details of this project or the business plan of this project will be issued in due time, and it is just a decision that was finalized yesterday and will be implemented over the next week, we believe, considering the number of policies that the government has come out with on the shipbuilding sector, and also based on interaction that we have had with the various departments of the government, the government has clearly identified shipbuilding or specialized shipbuilding, particularly as a very core niche sector for the country's development and growth. And particularly because we have the expertise, we have the qualifications of this business, we feel that this can be a very strategic business or a growth-oriented business that we would like to pursue independently.
- Aryamaan Agarwal:** Perfect. Thank you. Look forward to having a great year with the PRS ramp up.
- Umesh Chowdhary:** Thank you.
- Moderator:** The next question is from the line of Parvez Qazi from Nuvama Group. Please go ahead.
- Parvez Qazi:** Hi, good afternoon, and thanks for taking my question. So, a couple of questions from my side on the passenger business. So, we mentioned in a press release that we expect the dispatch of Ahmedabad Metro coaches to start in Q3. So, by when do we expect to kind of complete this order - will it be in one year or will it be slightly longer?
- Umesh Chowdhary:** Yes, hi Parvez. So, yes, we will complete it within a year because Ahmedabad is only 30 cars. So, we have already started the production of two trains, that is six cars, and we will deliver the two trains one after the other in Q3, Q4 timeframe, and thereafter, we intend to deliver, maybe two to three trains in a month and complete this. So, yes, to answer your question, we expect that based on the delivery timelines of the contract, once we start the delivery, we should be able to complete it in about a year to 16 months time, both Ahmedabad and Surat.
- Parvez Qazi:** Sure. For the Mumbai Metro Line 6 order that we have recently received for 108 coaches, the execution timeframe is I think about 24-odd months. So, from when does this 24-month start?
- Umesh Chowdhary:** It started on the 2nd of August, the day we received the LoA.
- Parvez Qazi:** And when do we expect the dispatch to start here?
- Umesh Chowdhary:** So, the first train is scheduled to be dispatched, if my memory serves me right, in 62 weeks from the 2nd of August.



- Parvez Qazi:** And lastly, Pune Metro, the additional order that we got is scheduled to be delivered in 30-odd months. So, when do we expect delivery of that to start?
- Umesh Chowdhary:** So, it starts in 24 months. That is another significant thing. I am sorry, I missed that in my opening comments. Thank you very much for asking this question. So, the Pune repeat order that we have received during this period is a very significant development for two reasons. Number one, it kind of establishes the confidence of the customer on the company. To receive a repeat order is always a kind of validation of confidence. And the second is that these are aluminum coaches. So, what we have gone ahead this time and done is, we have used this order to set up our complete aluminum manufacturing lines. As you may be aware that in the past, we were getting the flat packs from our associate in Italy and we were doing the final assembly of the aluminum coaches in Calcutta. But with this order, we have already now placed the order. And in fact, as a matter of fact, the equipments are already on the high seas and they should be arriving within this month for making the complete aluminum coaches in Calcutta. This would make us the only company in India to have both aluminum and stainless-steel manufacturing, complete manufacturing facilities. To answer your question, that the first train for Pune under the auction should get delivered between 18 to 24 months and complete thereafter within the next six to nine months.
- Moderator:** The next question is from the line of Sudeep Anand from Systematix. Please go ahead.
- Sudeep Anand:** Yes, thanks for taking my question. So, just one question on Vande Bharat.
- Moderator:** Sorry to interrupt you, sir. Your voice is very low and it is breaking.
- Sudeep Anand:** So, sir, as we expect our first prototype of Vande Bharat to be ready by Q2 FY27, is it also -
- Umesh Chowdhary:** I am sorry, sir, your voice is again breaking.
- Sudeep Anand:** So, what I was asking, sir, since I was expecting the first prototype of Vande Bharat by Q2 FY27, is it subject to approval after that from Indian railways?
- Umesh Chowdhary:** So, there is a concurrent approval process, sir. And as a matter of fact, we had the delegation from the railways headed by the concerned member even today, which is there in our social media. So, this is a concurrent approval process. And then after the train is delivered, it has to go through an oscillation trial. This is a very standard process. So, the terms of the contract is that once the prototype is delivered, in two months thereafter, we have to deliver the second prototype. And thereafter, in two or three months, something like that, we can start the regular production and dispatches. That is the time that is normally required for the oscillation trials.

- Sudeep Anand:** Okay. So, basically, we can expect the regular production of Vande Bharat from Q4 FY27, and that is around 20 to 25 cars as guided earlier per month?
- Umesh Chowdhary:** I am sorry, can you repeat your question?
- Sudeep Anand:** So, basically, we can expect the regular production of Vande Bharat from Q4 FY27?
- Umesh Chowdhary:** That is after we submit the two prototypes.
- Sudeep Anand:** And roughly about 20 to 25 cars per month as we had guided earlier?
- Umesh Chowdhary:** Yes. So, 20 to 25 cars per month goes in a phase. The delivery schedule of the contract is the first year we have to deliver them eight trains, then 12 trains, then 16, and then 25 trains per year.
- Sudeep Anand:** That is correct. Thank you so much, sir. Thanks, and all the best, sir.
- Umesh Chowdhary:** Thank you.
- Moderator:** The next question is from the line of Akash from Dalal & Broacha. Please go ahead.
- Akash:** So, yes, thanks for the opportunity. So, basically, my question is just an add-on to the question one of my earlier participants asked you. Just wanted to have a clarity, that is from Q2 FY26 onwards, do we exactly plan to deliver on our metro orders? I mean, if you could help us understand by when we will be completing the Bangalore Metro and how the revenue will reflect for other metro orders in our books of accounts?
- Umesh Chowdhary:** So, as I mentioned, sir, for competitive reasons, we cannot really give customer-wise bifurcation, but we can give the overall plan production and dispatch targets, which is for the current year, we are targeting and we are expecting to deliver 120 cars. This will be a mix of both Bangalore and Gujarat, which is Ahmedabad and Surat, because these are the two contracts that are being executed, which will be followed by the Mumbai and the Pune option clause.
- Akash:** Okay, and just one more confirmation I wanted. So, I think earlier in one of our calls, you had alluded that in the Vande Bharat and the metro coaches, we will be doing somewhere margins of around 8% to 10%, right, and propulsion will be significantly higher, almost around 16% to 18%. So, is my understanding right?
- Umesh Chowdhary:** So, on a metro, I had mentioned that the margins are similar to the one in the freight business, which is between 10%, 12%. And then of course the operating leverage comes in. So, being a nascent business, we do expect that we will only be able to improve upon this as we go along. And as far as the propulsion is concerned, you are absolutely right. It is between 15% to 20% of margin. Again,

this is something that we will be able to achieve once we are able to achieve the desired volumes, which we are ramping up and we should be getting to each one of the targets over the next, I would say in different aspects, in different quarters, but on an overall basis, between the next four to six quarters, we should be able to stabilize all the SBUs significantly.

**Akash:** Thank you, sir. Just last follow-up on this. What would be the break-even volume at which we should be able to manage these margins, like what capacity we need to function to be able to consistently clock a double-digit margin? And similarly on the propulsion side, what would be the break-even volume?

**Umesh Chowdhary:** So, I had mentioned this earlier in the last call also, once we are able to reach between 15 to 20 cars production, we should be able to get the optimum margin. And thereafter, the operating leverage or advantage once we add on the volume, will only improve the margin from there.

**Akash:** And propulsion?

**Umesh Chowdhary:** As far as propulsion is concerned, there are different business segments. The traction motor, we should be able to get that at about 120 to 150, which we have almost reached now. So, at 150 traction motor a month, which we are expecting to, and we have mentioned this in our press release also, by end of this year, we should be able to stabilize at 150 traction motors a month, that is 450 traction motors a year, we should be able to get to the desired margin. As far as propulsion is concerned, which is the propulsion system, we should be able to do that between one to one and a half rakes a month, and of course, our target is to get to two rakes a month.

**Akash:** Okay, and for propulsion, we do not have any more revenue share with ABB, right or do we still share?

**Umesh Chowdhary:** We never had a revenue share with ABB.

**Akash:** For propulsion technology?

**Umesh Chowdhary:** We had a technology transfer, but we never had a revenue share. We have some components, which we buy from them, and we have already paid them for the transfer of technology that we had to do.

**Moderator:** The next question is from the line of Rajesh Bhandari from Nakoda Engineers. Please go ahead.

**Rajesh Bhandari:** Good afternoon, sir. My first question is basically on the wheels. Sir, the wheels were owned by a different factory. What is its status now? How much will we manufacture per year? And will we give it to the railways or will we keep it for our own use?

- Umesh Chowdhary:** Sir, the status of our wheels, which we have also given in our press release, that this trial production will be Q4 this year or Q1 next year. That is, between January to June, it will get stabilized, the trial production. And the total capacity that we are envisaging in that unit will be about 220,000 wheels. We have an assured offtake of 80,000 wheels from the railways. And we can use the rest and we can sell it to people as well.
- Rajesh Bhandari:** Okay. So, in this, sir, we will be able to manufacture 2 lakh wheels, means one lakh set?
- Umesh Chowdhary:** Right, absolutely.
- Rajesh Bhandari:** So, what turnover can we expect in this, sir?
- Umesh Chowdhary:** Sir, the approximate selling price of a wheel is from Rs.80,000 to Rs.1 lakh.
- Rajesh Bhandari:** So, the wheel set?
- Umesh Chowdhary:** One wheel.
- Rajesh Bhandari:** We will make the whole wheel and wheel set?
- Umesh Chowdhary:** It is a mixture of that, but right now it is primarily a wheel plant and then subsequently, we can start making wheel set also over there, sir.
- Rajesh Bhandari:** Okay. Forging will be supplied by this RK Forgings?
- Umesh Chowdhary:** No, this is a plant which will forge itself. This is a joint venture between us and RK Forgings. And so, this will be an end-to-end plant.
- Rajesh Bhandari:** Okay. So, in this, sir, the time it took us, any reason, because I understand it is a company called Hilton Metal. They also got approval from RITES.
- Umesh Chowdhary:** I would not like to comment on that. But this is a plant that has been set up in a record time. I can only tell you that.
- Rajesh Bhandari:** Sir, you told us that we are in a signaling system. So, are we into kavach system also? And our turnover for FY27 and FY28 total?
- Umesh Chowdhary:** We are not into kavach system as of now, sir.
- Rajesh Bhandari:** Our turnover for FY27 and FY28, sir?

**Umesh Chowdhary:** We do not give any forward-looking projections of that nature. We have given quantitative projections in our press note, sir.

**Rajesh Bhandari:** Okay. Thank you. Thank you, sir.

**Moderator:** The next question is from the line of Aniket from StepTrade Capital. Please go ahead.

**Aniket:** There is one news which is coming out, which is the risk of losing Rs.173 crores linked with Italian subsidiary, Firema. Can you clarify this?

**Umesh Chowdhary:** Sure, sir. This is the investment that we have made in our Italian associate, Firema. And we have given the disclosure both in our press note as well as in our results, both March and in June, that Firema has been facing certain challenges, financial and operational challenges. As is well known that we had invested into Firema and initially acquired it as a 100% subsidiary and subsequently, it became a jointly owned company between us and the government of Italy, where the government of Italy also along with the other investors. So, government of Italy owns about 30%, other investors also own certain percentage. And it seems to be a subsidiary of the company and it remains as an associate. So, the standing value of investment is the value which has been disclosed in our financial results. Over a period of time, the primary purpose or the goal of acquiring technology credentials and setting up our passenger rail system business has already been achieved. And today, the company is fully independent in terms of the passenger rail system business and able to execute the orders with no support required from Firema. The company Firema is now under what is called a CNC process. And we are inactive. The company is in active dialogue through the ministry to explore if the government can either enhance their stake or there can be other equity investors. So, this is a situation which is uncertain. And therefore, clarity should emerge on that by the end of this calendar year or Q3 or Q4 of this financial year. The amount which has been disclosed in the results is the amount which has already been invested in the past by the company. So, there is no cash loss or potential cash loss. But considering the overall size of the company, the size of the asset and the strategic nature of the asset to the government, we are hopeful of finding a positive resolution as we go along.

**Aniket:** So, there is one more question. Have you mentioned the land acquired by the company from the government, right? So, could you just clarify that what is the purpose of the land and how it is going to be utilized?

**Umesh Chowdhary:** I have already mentioned this in my opening comments, sir, is that this is the land which is contiguous to our existing passenger rail system factory. In fact, as I mentioned that it is just the boundary wall had to be removed in order to take possession of the land. And this is going to be used for expanding both the production as well as backward integration, but more importantly, the testing and commissioning of rakes that are going to be produced in the passenger rail system. We have acquired

this land, which is about 40-acres in size on a total payment of around Rs.136 crores or Rs.137 crores to the government.

**Aniket:** So, could you please specify what kind of backward integration the company is planning to do?

**Umesh Chowdhary:** It is backward integration of the coach manufacturing. So, the components that go into the coach manufacturing, whether it is the various components or CRF or things like that.

**Aniket:** Okay, thank you, sir.

**Moderator:** The next question is from the line of Rehan Syed from Trinetra Asset Managers. Please go ahead.

**Rehan Syed:** Yes. Thank you for the opportunity, sir. And so I want just more clarification regarding your Vande Bharat.

**Umesh Chowdhary:** Sorry, your voice is echoing. If you can just not be on the speaker mode, it will be easier.

**Rehan Syed:** I will just repeat my question again. So, I just want to clarify regarding your Vande Bharat sleeper train prototype that you have some comments regarding expected by Q2 of 2027. So, how is the company mitigating potential delays especially given the complexity of the design and manufacturing lines on this site?

**Umesh Chowdhary:** So, we have a very robust system of monitoring, sir, and project management. We have a full team which is working on that. And in a project of this, it also involves many things, many, many, let us say, steps that have to be taken by the counterpart, which is the railways. They have to be very closely managed and dealt with the customer themselves. So, as of now, we are not expecting any delays from the schedule that we have shared in our presentation. And of course, if there are certain areas, there is no one medicine for all problems, so depending on if there are problems, we will resolve them as we go along.

**Rehan Syed:** So, as of now, we are on the line for that, right?

**Umesh Chowdhary:** That is right.

**Rehan Syed:** Thank you.

**Moderator:** The next question is from the line of Vivek Gupta from Star Investment. Please go ahead.

**Vivek Gupta:** So, my first question would be just to understand the long-term strategic goals for Titagarh Naval Systems Private Limited following the transfer of the shipbuilding business. Like, is the company actively considering external investors or strategic partnership to scale the operations? Additionally,

what is the expected timeline for finalizing the strategy for the defense and bridge business segment, and whether this involve a full divestment or a joint venture or another form of strategic collaboration?

**Umesh Chowdhary:**

Yes, thank you very much for your question. So, as far as the shipbuilding business or the naval business is concerned, we have very clearly mentioned and would like to restate that we are open to all sorts of options, both in terms of strategic partnerships or joint ventures, primarily in order to capture the growth potential and the opportunities in this segment. And as we go along, this will be defined in terms of the timeline for the defense and what we exactly intend to do, that is what the board committee has been constituted for. And we expect that over the next maybe two to three months time, we will be able to have the final deliberation, and then, of course, subject to the approval of the board, we will communicate the final outcome to yourself as well as to the markets. Whether we would look at a complete divestment, joint venture, strategic partnership, this is something exactly what we would evaluate. But what the board has very clearly identified that for Titagarh Rail Systems, our core business has been the railways and should be the railways. And we should not have non-core businesses within the company which end up taking away from both financial and managerial resources. As a matter of fact, when we had ramped up the passenger rail systems about two years ago, when we got the Vande Bharat, I had, in fact, mentioned it that time also in my investor presentations and calls that we had decided not to allocate any capital or managerial time to this shipbuilding business for the next couple of years and thereafter, we will formulate the strategy of what we have to do with this. Having spent a lot of time, effort, and energy in coming to the stage where we are on the shipbuilding business, where we are meeting with a lot of eligibility credentials, and we have developed a very good brand name in the customer fraternity for the vessels that have been manufactured by us. Some of them have also been featured in the presidential fleet review of the Government of India, which is a very significant recognition. We felt that it was not in the interest of the company to just let that be and walk out of that business, but to grow it in a separate manner, without disturbing or without taking away from the importance of the rail business, but give separate importance to this business as well. The same will be the motivation for the defense and the bridges business, where the deliberation will be done keeping the same considerations.

**Vivek Gupta:**

So, with the new land acquisition in Uttarpara, could you just provide the timeline for full operationalization of that extended facilities, that is including the 1.6 kilometer test track, and what would be the investment that is required?

**Umesh Chowdhary:**

We just acquired this land maybe two to three weeks ago, and we have already started the working on that. And once the entire plan is finalized, we will definitely announce it. In terms of the timeline for implementation, we expect to do it in phases. As I had mentioned, the phase of production increase as well as backward integration and the test track. So, all of that we will share in due course of time. But I can share that we will be moving very fast, particularly for the phase-I, wherein the immediate requirement of the test track and the expansion in order to achieve the current first level of targeted

production for 50 cars a month, which is 25 metros and 25 Vande Bharat, we are targeting to implement that within the next 12-months.

**Vivek Gupta:** Okay. Thank you. That is it from my side.

**Umesh Chowdhary:** Thank you.

**Moderator:** The next question is from the line of Pranjal from Morgan Stanley. Please go ahead.

**Pranjal:** Thanks for taking my question. Sir, I have two questions. One is related to the CAPEX that we would incur for this financial year and FY27. While we do understand that we would do a CAPEX of around Rs.140-odd crores for the land, but in terms of capacity addition, any additional CAPEX do we assign here?

**Umesh Chowdhary:** Yes. Hi, Pranjal. So, yes, Rs.140 crores is what we have already spent for the land, that is not going to be spent in the future. In terms of building the facility on that plant, we will have to incur CAPEX, but this will be within the overall CAPEX plan that was already presented. We had mentioned in the past that we will be spending about a total of Rs.1,000 crores or so, and this will be forming a path. Additional CAPEX if required, will be something that we are still working on, and we will share with you. But because we are moving in phases in terms of putting the CAPEX alongside with the business growth, we do not envisage for the current levels to have significantly higher CAPEX than what we had already budgeted for.

**Pranjal:** So, just one clarification here. So, this Rs.1,000 crores would be spent over the next three years is what I recollect?

**Umesh Chowdhary:** Including what we have already spent in the last year. So, yes, that is right. So, last year plus this year and next year. So, this will all be completed by FY27.

**Pranjal:** And my second question is related to the order book that we have on the wagon side of roughly 10,700-odd wagons. So, if you could provide a rough mix between the share of Indian railways and private orders?

**Umesh Chowdhary:** I do not think we normally share that due to competitive reasons, and whatever the data has been given in our investor presentation is what I can share at this point of time.

**Pranjal:** Sure, sir. And so, one last question with just one clarification here as well. The propulsion that we co-develop with ABB, are we going to use the same for our Gujarat Metro projects and the Mumbai Line 6 as well?



- Umesh Chowdhary:** Mumbai Line 6, we have just received the LoA about just less than 10 days ago. So, we are still evaluating what exactly we will be doing as far as that is concerned. But Gujarat Metro, the propulsion that we are using is a mixture. So, the TCMS is something that we have acquired the transfer of technology from ABB, and the traction converter is something that we are buying from them.
- Pranjal:** Sure, sir. These were my questions. Thank you and all the best.
- Umesh Chowdhary:** Thank you so much.
- Moderator:** Thank you, ma'am. The next question is from the line of Parvez Qazi from Nuvama Group. Please go ahead.
- Parvez Qazi:** Hi, thanks for taking my follow-up question. Wanted to get your views on wagon tendering, both from Indian railways and private sector, while obviously private sector, I mean, we have seen small size orders both from private sector and Indian railways, but do we expect any large size tender from Indian railways? And if yes, I mean, when do we expect that -- will it come in FY26 or there is a possibility that it may shift to FY27? Thank you.
- Umesh Chowdhary:** So, we are, Parvez, seeing a lot of small tenders being floated by the railways and by the private sector alike. And there is of late a good flow of enquiries and traction from various private sector customers or potential customers for wagons. As far as the large tender is concerned, this is something which is very difficult to predict. But based on our expectations and assessment, hoping that the tender should get issued by end of this financial year or beginning of next financial year. I would say more we hope that it should come towards the end of this financial year. But that is something which is only something which we can assume. And ultimately, this is a decision that follows many aspects or many considerations of the government.
- Parvez Qazi:** Sure, sir. Thanks.
- Moderator:** Ladies and gentlemen, due to interest of time, that was the last question. I now hand the conference over to Mr. Umesh Chowdhary – Vice Chairman and Managing Director of Titagarh Rail Systems Limited for closing comment. Over to you, sir.
- Umesh Chowdhary:** Yes, thank you very much, and once again thank you everybody for joining this call, taking time out to ask so many relevant questions. As I mentioned in the beginning, this year and the next year are very important years for us, particularly because of the takeoff stage of the passenger rail systems business. These two years are going to see significant developments on the SBUs of the passenger rail systems. We have given in our press note the way we are developing this business, particularly from being a pure manufacturing company, we are actually becoming a technology company. We

have invested significantly on design and engineering and R&D, and we are continuing to do so and grow upon that investments. This will be a paradigm shift in the future of the company, because in the two segments of the company, the freight rail segment and the passenger rail segment, while the freight rail segment is more, I mean, I could classify it is almost like an annuity business, because the wagon demand, considering the GDP growth, etc., barring few quarters here or there, like we had this quarter of wheel set challenges, there could be other challenges as we have faced in the past also. But, by and large, this is a steady business. But the real growth driver for the company on an overall basis will start coming in from the passenger rail segment, which if we compare simply the order book today, out of Rs.26,000 crores order book, including our share of joint venture, the wagon business order book is just about Rs.4,000, 4,500 crores, whereas that was the business that contributed to more than 90% of our revenue historically, or maybe 95% of our revenue historically. That extrapolated kind of gives us the confidence and the expectation to be able to completely change the trajectory of the company with the stabilizing of the passenger rail systems. So, thank you very much for the support, for the interest in the company, and look forward to future interactions.

**Moderator:**

Thank you, sir. On behalf of Titagarh Rail Systems, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.