



“Titagarh Rail Systems Limited Q4 FY-25 Earnings Conference Call”

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MODERATOR: **MS. PRACHI AMBRE – MUFG INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 and FY '25 Earnings Conference Call of Titagarh Rail Systems Limited.

As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Prachi Ambre from MUFG Investor Relations. Thank you, and over to you, ma'am.

Prachi Ambre: Thank you, Pooja. On behalf of Titagarh Rail Systems Limited, I extend a very warm welcome to all the participants on Q4 and FY '25 Financial Results Discussion Call.

Today on the call, we have Mr. Umesh Chowdhary – Vice Chairman and Managing Director; Mr. Anil Agarwal – Deputy Managing Director; Mr. Prithish Chowdhary – Deputy Managing Director; and Mr. Saurav Singhanian – 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 Umesh sir for his opening remarks. Over to you, sir. Thank you.

Umesh Chowdhary: Thank you, Prachi. A very good afternoon to everybody, and thank you very much for joining this Q4 FY '25 and FY '25 Earnings Call of Titagarh Rail Systems. It is always indeed a pleasure joining this call to share the updates and to get feedback from the investors of the company.

The year gone by has been pretty much as expected in terms of the freight rail system of the company. Although it was the target of the company to stabilize at about 950 to 1,000 wagons per month, but unfortunately, due to the shortage of wheelsets in the last 2 quarters, the last 2 quarters were impacted. And as a result of which, we could not achieve exactly the number of wagons that we were wanting to.

Just to bring everybody up to speed. In the railway board contracts that we get, the wheelsets have to be essentially procured from Rail Wheel Factory, Bangalore, and they had some problems in terms of access and output of wheels. So right from the Q3 of FY '25, there has been a shortage of wheels that has been plaguing the industry. We understand that from the month of June, that is the current month, the production of Rail Wheel Factory will get normalized. And going forward, this problem should not be existing.

However, we are happy to report that FY '25 has been the highest-ever production of wagons that our company has seen or the industry, in general, has seen in India. We have produced, in FY '25, 9,431 wagons, which, to the best of my knowledge, is the highest produced by any company in a single year in the country ever, which in itself is a record.

In terms of the order book, we have an order book which is, at our targeted production, will see us through for this current financial year. And we expect that by the end of the year, the new tenders should come up and will give us visibility for the coming years as well.

In terms of the FRS, the Freight Rail Systems, just to conclude on the other updates, for the foundry side, which is very important part of backward integration and ensuring that the costs are kept under control, the company has taken up measures to enhance the self-reliability of the entire foundry capacity.

And as a result of this, we have, again, in the foundry, achieved record productions. The production numbers have been disclosed. We have produced 27,240 metric tons in the foundry this year. And this, in itself, is a record production ever for the company.

Going forward, in FY '26, we would have completed the expansion of the foundry. We are installing completely modern foundry production facilities in both our foundries, and this will enhance our production to a substantially higher number. We are targeting, in the first phase, to get to around 40,000 tonnes of castings, which we are confident of being able to achieve on a monthly run rate basis within the current financial year.

As far as the passenger rail system is concerned, once again, there were initial teething troubles that we faced as we had reported in the past in the setting up of the plant due to initially the Chinese visa problems, because a lot of technology transfer as well as equipments were coming in from China.

As well as the Bangalore Metro is a project that we are working and executing with CRRC. The project kickoff was delayed. However, the first train for this project was dispatched in December, January '25, so that is in the quarter. And thereafter, we have dispatched another train, and now the production for the car body and the assembly has started picking up.

The supply chain problems that were also existing for materials to come in from China have gotten resolved. And now we expect that the production for the Bangalore Metro within this quarter should get reasonably well streamlined. And from Q2 of FY '26, it will be fully streamlined.

We have started the car body production for the Gujarat Metro, specifically for the Ahmedabad Metro as well as for the Vande Bharat in the last couple of months. The Gujarat Metro was started in March. And the Vande Bharat has started in April of 2025. We are expecting the first

train of Gujarat Metro, that is Ahmedabad Metro, to be done in Q2 of the current financial year. And the Vande Bharat is expected in end of Q4 or beginning of Q1 of the next financial year.

The other great development that we've had is the propulsion division of the business has picked up. During the year, we have supplied 636 traction motors as a part of the propulsion and Electrical Sub-business unit of the PRS. This being a new division, to have reached a run rate of 636 in the first year is quite satisfying. We are now targeting to ramp this up to between 125 to 150 traction motors per month. So that is 1,500 to 1,800 traction motors per month from this financial year itself.

As far as the propulsion is concerned, the prototype set of the EMU propulsion is now ready. It is under the final testing and approval of RDSO. We are expecting and are confident that the first set of propulsion, which is the EMU propulsion, will be supplied within Q1 of this financial year or the beginning of Q2 of the financial year.

This is, in a nutshell, the business of the PRS. We are quite hopeful and confident that we will be able to achieve the run rate of between 20 to 25 cars a month within the financial year. And all the facilities are set up, and once the Vande Bharat production also comes in stream, we will be able to enhance this to double of that, which we expect to be able to do in FY '27, where our target would be to get to a run rate of between 40 to 50 cars per month.

In terms of the order book pipeline or the tender pipeline in the Metro segment, there are a number of tenders where the company has participated, and a number of tenders that are expected to be floated. As a matter of policy, we are not speaking about specific tenders or opportunities till the results of those are finalized.

During the year, the company has enhanced its activity in 2 new business areas. One is the SSS, which is the Safety and Signaling Systems. This business, while we have taken up as an SBU, is working more as a subset of the PRS as well. And we have already started participating in tenders where we have gotten qualified for certain safety and signaling systems. And we are in the process of further entering into technology tie-ups and joint ventures to enhance our presence in the vast scope of business that exists in the safety and signaling systems within the railways and the metros.

And the 4th business segment that we have reembarked upon is the Shipbuilding and Maritime Systems, what we call SMS. As you would be aware, the company has been in the shipbuilding venture for a while and has very good credentials.

As a company, we have delivered several marquee projects, including vessels for National Institute of Ocean Technology. Some of these vessels had found its way into being one of the most coveted vessels, which were included in the presidential fleet review, which is a very prestigious thing.

The company has also exported, through GRSE, vessels to Guyana under the Indo-Guyanese friendship schemes, and has done many warships as in fast patrol vessels for Indian Coast Guard, again, along with GRSE. As we speak, the company is delivering several vessels to the Indian Navy.

And considering the trust of the Indian government on attaining Atmanirbharta on their naval and the shipbuilding side and the incentives and the focus given in this segment as we had heard during the budget of the Honorable Finance Minister earlier this year, the company has reembarked on this venture, and has got a land in Falta, which is on the south side of the Howrah Bridge, which takes away the impediments that the company used to face in building more important or larger vessels as it did not have the air clearance owing to the Howrah Bridge.

The company is now in the process of revamping that facility or building up on that facility. And of course, as was announced a few quarters ago, the company has also constituted a Board-level committee to define the strategy or the way forward for the shipbuilding and maritime systems, whether it would be part of the parent company or a subsidiary or a strategic joint venture, et cetera. We believe that within the next few months, we will be able to finalize and come back to the market as to what the final strategy, CAPEX plan and the business plan for the shipbuilding and maritime systems would be.

This is, in a nutshell, the past year and the future year's outlook for the company. And with this, I would open up the floor to any questions or any suggestions that might be there. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Balasubramanian from Arihant Capital.

Balasubramanian A: Good evening, sir. Thank you so much for the opportunities. Sir, my first question regarding signaling systems, who are our global JV partner? And what are the timelines for products and approval? And what kind of revenue visibility we can expect over 3 to 5 years? Those are my first question, sir.

Umesh Chowdhary: Thank you. So this is a new business unit. It will definitely take some time. We have started participating in some tenders. We have participated in a particular tender, the results of which is still awaited.

As regard the joint venture partners is concerned, we have different products that we are doing in this segment. We are in partnership or in dialogue in some cases with different partners. As was announced, we are working with a company called MERMEC in Italy for some of the products. There are other companies in different parts of the world for different products that we are working on.

We would not announce any of these on a premature basis. As and when we are able to succeed in a particular venture, we will definitely come back and announce to the market, both the exact

specific opportunity, which materializes, along with the names and details of the strategic partner in that case. As a matter of policy, we would like to be conservative in our approach, not to announce something before it is completely finalized.

Balasubramanian A: Okay, sir. Sir, on the traction motor side, I think our revenue is around INR 300 crores. I think the opportunity size is around INR 2,000 crores as per the presentation. Like what are the steps to tap the opportunity?

Umesh Chowdhary: I missed your last part of the question, sir.

Balasubramanian A: On the traction motor side, I think our top line is around INR 300 crores, and the opportunity size is mentioned around INR 2,000 crores kind of opportunity size. And like how we are going to tap that opportunity? I think we are doing around 100 motors per month.

Umesh Chowdhary: Yes. I don't know where you get the revenue number from, but I will just give you about the opportunity. The opportunity indeed is quite large.

As far as how we are tapping the opportunity, as I just mentioned, we have already got into a run rate of about 125 traction motors a month. So we are confident of from an average of 50 motors per month last year, we will be able to increase it to between 125 to 150 motors a month this year. But that is only one part of the business segment of the propulsion and electrical.

Apart from that, once our EMU and MEMU propulsion is approved by the railways, that in itself, we have an order book of close to INR 400 crores on that. And there are several tenders in the pipeline for that. So we believe that this business, we have been working on this for a while now, and we are fully in state of readiness to be able to take off on this business. And within the next maybe 2 years or so, we will be fully into this business, and this will be one of the main lines of business for us.

Balasubramanian A: Okay, sir. Sir, on that wheelsets planned earlier, a year back, it's estimated around INR 1,300 crores, INR 1,400 crores. As far as RK Forgings, they mentioned around INR 2,000 crore kind of CAPEX is estimated. But the CAPEX, sir, keeps increasing. Because of the delays in the plant, and how do you see cost escalation side?

Umesh Chowdhary: No, there is no CAPEX delay. Earlier estimation that was given was a very basic estimate. Once the project report was finalized, including 2 phases of the project, the cost is what has been announced by RKFL. The project is going on pretty much on track and pretty much within the budget that was approved in the project report, based on which the project has been taken up.

Balasubramanian A: Okay. Sir, on the wheelsets side, like still we are facing issues. So when we can expect normalcy?

Umesh Chowdhary: I'm sorry, I could not hear you again.

- Balasubramanian A:** Sir, actually the delay in wagon production is because of the wheelsets issues. And when we can expect normalcy overall in the industry?
- Umesh Chowdhary:** I already mentioned that in my opening comments, sir, that we understand from the month of June, the production of wheelsets will become normalized.
- Balasubramanian A:** Okay sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Parvez Qazi from Nuvama Group. Please go ahead.
- Parvez Qazi:** Hi. Good afternoon, sir, and thanks for taking my question. So my first question is on the wagon ordering side. I mean you mentioned that we expect a tender from Indian Railways, maybe sometimes towards the end of this year. But wanted to get your views on private sector wagon ordering. How has it been? And which are the sectors which are driving private sector wagon order?
- Umesh Chowdhary:** Yes, hi, Parvez. So the market is aware that there was a moratorium that was put on the wagon investment scheme, which has actually dampened the private sector offtake over the last few quarters. This moratorium, we believe, should not last for long, because there is a lot of appetite from the private sector to buy wagons. And there have been continuous representations. And I also believe that it is a win-win situation that the wagon is invested into by the private sector.
- So as of now, the wagon procurement that was happening was primarily on SFTO scheme, which is Special Freight Train Operator Scheme, and certain specialized wagons. But the bulk of the wagon demand from the private sector will really come once the wagon investment scheme is reopened. So we are waiting and seeing if and when the scheme is reopened, which we believe will be giving a large flip to the private sector in wagon investment.
- Having said that, we have always maintained as a company that whatever the situation may be, 80% of the wagons are likely to be procured by the Indian Railways. And that's the reason why, as a strategy, we always did not want to put our eggs in a basket, which is not sustainable. And we always tried to maintain our order book ratio and our execution ratio in a manner that quarter-to-quarter apart, we should always have the larger chunk of the dependents and the focus on the Indian Railway wagon offtake.
- As a result of that, today, we are in a position where we have at least a good order visibility and not dependent only on the private sector. Having said that, private sector is definitely likely to come back, and we are waiting for the wagon investment scheme ban or the moratorium to be reconsidered by the railways, hopefully, very soon.
- Parvez Qazi:** Sure. Thanks. Two questions on the Passenger business. One would be great to get an update on the Surat Metro. And second, over the medium to long term, what is the kind of annual potential in terms of revenues, et cetera, that we see from the Propulsion business? Thank you.

- Umesh Chowdhary:** Sure. So as far as Surat Metro is concerned, these are extension of the 2 projects, which is Ahmedabad and Surat actually are extension of Gujarat Metro, 2 projects together, side by side. And when I say that the Ahmedabad Metro will start in Q2 of this financial year, it is going to be followed immediately thereafter by the Surat Metro. So the trains are going to be supplied in tandem of each other. So within this financial year, both these projects will attain their peak production and supply.
- As far as the Propulsion business is concerned, to give you a very high-level order of magnitude potential and I'm talking about propulsion for sales. That is not propulsion for our own consumption. We believe that we can easily look at doing approximately 2,000 traction motors a year, which will give us a revenue of about INR 300 crores to INR 400 crores.
- And as far as the EMU/MEMU and other propulsion systems for the railway is concerned, this should be another about INR 500 crores, INR 700 crores to INR 1,000 crores. Of course, it will take a couple of years, 2 to 3 years, to mature. But outside Propulsion business has a large potential, and our capacity that we are building, the capability that we are building is to be able to achieve our overall business of close to INR 1,500 crores only on the sales of propulsion.
- Parvez Qazi:** That's great sir. Thanks and all the best for future.
- Umesh Chowdhary:** Thank you, Parvez.
- Moderator:** Thank you. The next question is from the line of Koushik Mohan from Ashika Group. Please go ahead.
- Koushik Mohan:** Sir, I just wanted to understand one single thing like on the time line, what will be our capacities and how many units side we are going to come for wheelset? And when the revenue will start reflecting in our books?
- Umesh Chowdhary:** Sure. As far as the wheelset is concerned, the contractual delivery is supposed to start from June 2026, and we are very much well in track to be able to achieve that. I think more details have also been given by the other joint venture partner in their call about the wheel plant, and it is exactly the same in terms of the revenue ramp-up that has been already shared by them.
- Koushik Mohan:** And second thing I just wanted to understand, what will be our time lines to deliver one wagon, one metro car? How much time line do we take it to get it from 0 to fully manufactured in our warehouse? Exactly how much time do we...
- Umesh Chowdhary:** Sir, your voice was breaking up. Can you repeat your question? Your voice broke up.
- Koushik Mohan:** Yes, sir. Sir, I just wanted to understand, how long will we take to manufacture one car, one metro car?
- Umesh Chowdhary:** You mean to say the cycle time? From beginning to end?

- Koushik Mohan:** Yes, from beginning to end, full from the start to wire harnessing and entire...
- Umesh Chowdhary:** So it depends upon the different type of cars. There are different configurations that are there, and each one of them have a different cycle.
- So if I can just explain to you, probably it will be easier. So after designing is done, then a prototype stage is done, then there is controlled series production, and then there is the series production. Each one of them have a separate cycle time, which are quite different from each other, because there is a learning curve involved. So I will probably just speak about once the maturity level is reached, then the total production time, when you start cutting the sheets to the time you are able to roll out, the car is considered to be around 60 to 90 days.
- Koushik Mohan:** 60 to 90 days. Okay. Sir. And in this year, how many cars that are we planning to sell? Any guidance do we have? Is there any specific number?
- Umesh Chowdhary:** We do not give a specific number as a policy, but I have just mentioned to you that within this year, we are looking at ramping up our production to be able to achieve a run rate of between 20 to 24 cars or 25 cars a month. We should be able to do that by end of the financial year. And by that time, it is going to be a ramp-up on a monthly basis.
- Koushik Mohan:** Got it. Sir, 20 to 25, we are talking about selling? Or is it only with the manufacturing?
- Umesh Chowdhary:** It's the same. This is a made-to-order product. It's not a made-to-stock product. So we only produce when we have the orders.
- Koushik Mohan:** Got it, sir. Got it. And any new development in Bangalore Metro, sir? Are we having any new developments in Bangalore Metro?
- Umesh Chowdhary:** New developments as in?
- Koushik Mohan:** Sir, because recently, there was one announcement by Bangalore Metro telling on their Yellow line that has been delayed by 3 months. So I just wanted to understand, is it affecting us? Or like what was this announcement came from Bangalore Metro?
- Umesh Chowdhary:** I have not read the announcement, so I cannot comment upon that. But as far as we are concerned, our production is going on. There were some hiccups in the beginning, because as we have already informed, this is a contract where we are doing only the manufacturing. The material comes in as a free supply from CRRC. And there were some challenges to get the materials on time from CRRC. Now things have gotten streamlined, and now the production is happening as we are expecting them to happen.
- Koushik Mohan:** Thanks, sir. I will get back in the queue.

- Moderator:** The next question is from the line of Amay Sharda from Purnartha Investment Advisors. Please go ahead.
- Amay Sharda:** Thanks for the opportunity. Sir, I just had 2 questions. One was regarding the Passenger segment. I think the margins in this quarter have been low as compared to previous quarter. Any reason for that?
- Umesh Chowdhary:** I think the margins have been better, sir, in this quarter, if I am correct. We have an EBITDA margin of about 10% in this quarter. So in fact, it's a positive trend. From 9.44%, it has gone up to 10.4%.
- Amay Sharda:** So speaking specifically for Passenger segment, I think they have been reduced from 9% to 3% or 4%.
- Umesh Chowdhary:** I do not know which slide are you referring to. If you refer to Slide 15, it will be clear.
- Amay Sharda:** Okay. I will do that, sir. Second was regarding the Titagarh Firema audit qualification that was there in the results. Can you explain that? Like what can be the maximum impact we can expect for that?
- Umesh Chowdhary:** So as far as Titagarh Firema is concerned, first, I would like to clarify whatever has been mentioned in the notes to our accounts, it is a situation which is still developing. We still do not have clarity as to which way the situation is going to develop. But we are watching the situation with great care and caution. Whatever was the investment made, a substantial part of it was already earlier provided for in our books. And the balance, whatever is the potential noncash loss that is possible, has been quantified in our annual accounts.
- Amay Sharda:** Got it. Just to confirm the maximum impairment, if at all, we can expect will be to the tune of book value of the investment in our books, right? Nothing more than that?
- Umesh Chowdhary:** That's right.
- Amay Sharda:** Okay, sure. Thank you so much, sir.
- Moderator:** Thank you. The next question is from the line of Sandeep Mukherjee from SKP Securities. Please go ahead.
- Sandeep Mukherjee:** Thank you for taking my question. Sir, what could be our shipbuilding revenue for FY '25?
- Umesh Chowdhary:** As you can make out from the investor presentation, we do not disclose this as a separate revenue segment, sir.
- Sandeep Mukherjee:** Okay, sir. So my next question is in the opportunity pipeline, you have mentioned that propulsion system has an opportunity pipeline of INR 2,000 crores. So is this including traction motor? So

can we understand it like you will be delivering it in a kit basis, which includes traction motor, TCMS and traction converter? Or sir, traction motor is separate from this?

Umesh Chowdhary: They are both unique to each other. There is the traction motors also that are separate. And then if we go into the details of this, it will be becoming too technical in nature for this kind of a call. But the configuration of propulsion systems are made into different segments, and this is a combination. So I would rather stay with the financial outlook of this rather than getting into the technical nitty-gritties of it. And it is a combination of all the items that you mentioned, which is propulsion, traction motor, TCMS, et cetera.

Sandeep Mukherjee: Okay, sir. And my next question is like you have mentioned in the opportunity pipeline that metro coaches contract is opportunity pipeline of INR 15,800 crores, and Vande Bharat coaches is INR 72,000 crores. So this is the opportunity pipeline for the private sector? Or is that something that ICF is also included in it, ICF also produces Vande Bharat and metro coaches, if I'm not wrong? So does this opportunity pipeline include the government part also?

Umesh Chowdhary: Opportunity is, in general, we do not still know in case the railway decides to get some of these manufactured in government sector. But normally, we are expecting that this is the kind of business. At least as far as the metro is concerned, it only comes to the private sector, and we expect this is the business that should come to the private sector. But then, of course, government policy is something that we do not have the visibility and the control to comment upon.

Sandeep Mukherjee: Understood sir. Thank you very much.

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

Rajesh Bhandari: Hello, good afternoon, sir. Sir, our main production items are wagons, propulsion system, traction, metro rails, Vande Bharat and wheels. Sir, in financial year, '26, '27 and '28, what kind of turnover we can expect, sir? Total.

Umesh Chowdhary: We cannot give any forward-looking guidance in terms of turnover. What we shared and what we can share with you is what is the company's capacity for the different segments.

Rajesh Bhandari: Yes. From Capacity point of view. Okay, right from capacity point of view.

Umesh Chowdhary: So as far as the segments are concerned, the Freight Business segment, we have a capacity of doing 12,000 wagons a year, which if we look at just extrapolating the sales number can give us a potential revenue of around INR 4,000 crores, INR 4,500 crores.

As far as the Passenger segment is concerned, the 3 years are going to completely give a different story as we are in the process of ramping up. You can see it in the Investor Presentation how we are ramping up our production capacity.

So let me speak about the Coach production capacity at peak. Coach, I mean Vande Bharat Metro, on an average, gives us around INR 10 crores per coach of revenue. So that is the kind of capacity that we are creating in terms of the coach production. And the propulsion, I have already spoken about.

So all the 3 segments that we have, which is the Wagon segment, propulsion and the Coach segment, all 3 of them are being scaled up to be one of, if not the largest capacities in the country. And of course, depending upon a host of other factors, that is the overall market demand, the buoyancy of the country's growth, et cetera, we should be in a leadership position for all of them.

As far as the wheels is concerned, again, we have already mentioned, it's a joint venture between ourselves and Ramakrishna Forgings. And the overall capacity that has been created there is for about 220,000 wheels per year, out of which, 80,000 wheels is on a guaranteed offtake basis by the Indian Railways. So that, on a ballpark number, each wheel sells for about INR 1 lakh or some lakh plus/minus 10%. So that's the kind of capacity that we are creating for the wheel venture. I hope that answers your question.

Rajesh Bhandari: Yes. Sir, this 20,000 order for wheels, that is only the Titagarh part or with RK Forgings, INR 20,000 crores.

Umesh Chowdhary: No, the order is about INR 14,000 crores, and that is for the company. That is not Titagarh's part. In our investor presentation, we have mentioned about our share of the joint venture. As you can see it in one of the pages of the order book where our share of joint venture is mentioned. This is on page...

Moderator: Sir, sorry to interrupt you, but we request you to rejoin the queue for follow up question.

Rajesh Bhandari: Only last question.

Moderator: Sir, you can join back the queue as there are other participants waiting for their turn. Thank you.

The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: Hello. Good evening, sir. Thank you for taking my question. So a lot of my questions have been answered, but I got dropped in the call in the between, so I had to rejoin the queue. So just wanted to know, from an order book perspective, I think we have around INR 11,000 crores for our company itself. And I think around INR 13,000 crores in the JV. So just wanted to know the execution time line for those, sir?

Umesh Chowdhary: So each of the order has a separate execution, and I will speak about our company's orders. The freight wagon, the FRS segment orders primarily have about approximately a 1-year execution, whereas the Passenger segment has a longer execution, particularly on the Vande Bharat. As far as the JV is concerned, both the service as well as the wheel JV both have a longer-term

execution. So the execution of these contracts they cannot be clubbed up in one basket. They're all very different in terms of their time lines.

Darshil Jhaveri: Fair enough, Sir. And just wanted to know, I think the railway, I think a new order, which should come in some time. So any kind of conversation that we're hearing when the new tender will come, obviously, it's all speculation, but any rough time line that you all are anticipating or preparing we foresee something coming up soon or maybe first half, second half? Anything you could just comment on, Sir?

Umesh Chowdhary: See as you're very rightly yourself commented that commenting anything will be speculative and we would not like to indulge in that. But the railways have set up their target of achieving a 3 billion tonne of growth on one side. On the other side, the Gati Shakti program of the Honorable Prime Minister very clearly defined that the logistics cost of India has to be brought down as a percentage of the GDP in order, now we are already the 4th largest economy, which is a great development for us as Indians.

And in order to now jump and get to the third largest economy, which I believe is just an arm length away, we will have to improve upon our cost efficiency, and one of the most lowest hanging fruit and essential cost efficiency measures that can be adopted and targeted is the logistics cost, for which enhance railway movement of goods and commodities is must. So having said that, we cannot speak about discussions or speculative, but it is our estimate and our belief that the growth in the Railway segment or the Railway Cargo segment, should also continue. And being a market leader, being one of the most front runners and being prepared for this enhanced growth, we should be in a good pole position to be able to be a part of this growth.

Darshil Jhaveri: Fair enough. Yes. No, I thought, Sir was saying something. And just like on the something different part maybe...

Moderator: Sorry to interrupt you, but we request you to rejoin the queue for follow-up question.

The next question is from the line of Raj Patel from RK Securities. Please go ahead.

Raj Patel: So considering the production challenge and the segmental revenue fluctuation observed in FY '25, how does the management view the outlook for quarter 1 FY '26, especially should we anticipate a meaningful improvement in execution compared with quarter 1 FY '25, particularly in relation to FRS and Metro deliveries?

Umesh Chowdhary: Thank you, sir. I have already mentioned that the wheelset problem that was there that was playing in the industry continues in the first part of Q1 FY '26 as well. The production of wheelset started from today, as a matter of fact, in Rail wheel factory as we are informed in the line that was shut. So, we expect that from the month of June, the production should pick up, and therefore, normalcy, if I can call it normalcy, should attain from this month onwards.

There has been a shortage of wheelset in the earlier parts of the quarter as is very well known and is in public domain. The metro production is picking up, and it is continuously going to pick up, and we will achieve the targeted production, as I mentioned, by the end of this financial year.

Raj Patel: Okay. And my next question was, we understood that a recent tender was floated for the Nagpur Metro project. So has Titagarh participated in this bid? And if so, could you please provide us insight on the scope of the project and the competitive landscape?

Umesh Chowdhary: Number one, Titagarh is participating in every single metro project that comes up in the country. So, there would be no metro project where we would not be interested and we will not be participating.

Secondly, the Nagpur project is still on the tender phase. So, it is not yet finalized or the tender has not been submitted as of yet.

Raj Patel: Okay. That was all from my side.

Moderator: The next question is from the line of Ravi Gupta from RT Investment. Please go ahead.

Ravi Gupta: My first question is, could you provide an update on the timeline for achieving the targeted run rate of 1,200 wagons per month? And based on current production trends and operational readiness, is there any revised guidance or internal milestone the company is working towards?

Umesh Chowdhary: As far as the company is concerned, we have already touched on a number of occasions, 1,000 wagons per month. The overall wagon capacity is calibrated also on the overall business opportunity available.

As far as the company is concerned, it is also ready to ramp up and get to 1,200 wagons per month, but we shall be only doing that once we see sustainable business demand in terms of the business outlook, and that would also happen once the new tender of the railways is finalized. But I can confirm that particularly with the expansion of the foundry that we are going to bring on stream within this financial year, we are, as a company, ready to ramp up our production should the market support us in terms of adequacy of volumes to produce 1,200 wagons a month.

Ravi Gupta: Understood, sir. Sir, my next question is, what is the management's outlook on revenue growth and EBITDA margin performance for the upcoming quarter in FY '26 as a whole? And are there any updated targets or internal benchmarks that can be shared?

Umesh Chowdhary: Unfortunately, internal targets cannot be shared. Whatever could have been shared has already been shared in our investor presentation. So, I apologize, we'll not been able to share any further numbers apart from that.

Ravi Gupta: All right, sir. Thank you. That's all from my side.

- Moderator:** Thank you. The next follow-up question is from the line of Rajesh Bhandari from Nakoda Engineers. Please go ahead.
- Rajesh Bhandari:** Thank you sir for giving the opportunity. I just wanted to know how our projected turnover like for wagons you said, INR 4,500 crores per year, 12,000 wagons. For Metro and for Vande Bharat, what is our kind of capacity total?
- Umesh Chowdhary:** As I have already mentioned that in our first phase, it is there in the investor presentation also. In the first phase, which we are expecting, since you were asking from a timeline of 2027-28, so we are targeting to achieve a target of 800 to 850 cars per annum, and about 200 to 250 traction motors per month. So about 3,000 traction motors per month.
- Rajesh Bhandari:** Sir, like you said, 850 cars, INR 10 crores per car means INR 8,500?
- Umesh Chowdhary:** Your maths is better than mine. I need a calculator.
- Rajesh Bhandari:** Yes, yes, yes. This was my main question. Right, sir.
- Umesh Chowdhary:** Thank you, sir.
- Rajesh Bhandari:** Thank you, sir.
- Moderator:** Thank you. Ladies and gentlemen, in the interest of time, we'll take this as a last question. I now hand the conference over to the management for closing comments.
- Umesh Chowdhary:** Thank you very much. Thank you, everybody, for joining the call and wishing us with very interesting and very kind of thought-provoking questions. But to sum up, I would say that this year, FY '26, is going to be a very critical year for the company. It is going to be a transformative year. I would say FY '26 and then FY '27 are 2 very, very critical transformative years for the company, because historically, as also was the name of the company was a wagon company. Wagon is a stable commoditized business.
- The Passenger Rail segment that we have is a big upgrade on technological competence, is a big upgrade on value addition that we are doing, which is very reflective of the fact that one wagon, which weighs approximately or which volumes approximately the same as the passenger coach sells at between INR 35 lakh to INR 40 lakh, whereas one passenger coach of the same volume sells at INR 10 crores. So that is the kind of technological or the difference in intricacies and complexities that exist.
- And for Titagarh, this year, it's going to be year where we will transform the passenger rail system into the next level, and FY '27 is going to be the year where the Vande Bharat and the Metro simultaneously will start production at full capacity. So, these 2 years are going to be transformational for the year. At the same time, we are very bullish on the shipbuilding and maritime systems, which we are relaunching.

We believe that in the years to come, this is something that is going to be a very important part of the group's strategy. And of course, not having taken or not taking away the importance that the Wagon business continues to have for us, which is our bread and butter business. We believe these 2 new businesses, along with the safety and signaling systems, which is going to be primarily on the business development stage over the next 1 or 2 years. I don't expect that to get reflected into our P&L, but more into our order book, is going to cast the way for the years to come.

The company is fully prepared for all these segments and is very excited. And the government of India has continued to give a big focus on infrastructure, particularly on mobility and urban mobility. We have seen a number of announcements of projects, whether it is for metro, whether it is for local trains like Mumbai Local or Vande Bharat, et cetera. And we are very excited and very honored and very privileged to be in this industry in this time of growth of the country.

So, thank you very much for the support from everybody, and we look forward to reporting substantive progress particularly the PRS during this financial year. Thank you very much, and have a great year ahead.

Management:

Thank you.

Moderator:

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