



**Titagarh Wagons Limited**  
Q3 FY2021 Earnings Conference Call

February 3, 2021

**Management:**

Mr. Umesh Chowdhary – Vice Chairman & Managing Director

Mr. Anil Kumar Agarwal – Director of Finance & CFO

Mr. Saurav Singhania – Group Finance Controller

Hosted by





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**Moderator:** Ladies and gentlemen, good day and welcome to the Titagarh Wagons Limited Q3 FY2021 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participants' lines will be in 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 Mr. Renjith Sivaram from ICICI Securities. Thank you and over to you, Sir!

**Renjith Sivaram:** Thanks, Bikram. Good afternoon all. We have the management of Titagarh Wagon with us represented by Mr. Umesh Chowdhary, the Vice Chairman and Managing Director; Mr. Anil Agarwal, Director Finance and Mr. Saurav Singhania, Group Financial Controller. We will have initial comments from the management followed by Q&A.

**Umesh Chowdhary:** Very good afternoon everybody, I am Umesh Chowdhary, I am the CEO of Titagarh Wagons and I am joined by our CFO Mr. Anil Agarwal and Group Financial Controller and Vice President Strategy, Saurav Singhania. Thank you everybody for joining this Q3 earnings call of Titagarh Wagons.

I guess, I had already covered in the last call the update as far as the post COVID situation for our industry is concerned, but much of the performance has already been captured in this presentation that has been circulated but I would just try to give an overview of the business and rather than repeating the numbers just give a kind of a stock check of the environment. So just as a recap now the company Titagarh Wagons operates in different segments one is the freight mobility, which is wagon business other is the transit and propulsion or the people mobility, which is metro and propulsion business, the third is the water mobility which is the ship building business and the fourth is the road mobility which is modular steel bridges.

As far as the trade business is concerned the rail mobility business is concerned the performance has been pretty stable over the last five or six quarters apart from the quarter that was hit by the COVID we have been able to consistently deliver the number that we had anticipated, post the merger of Cimmco with Titagarh we have enhanced our capabilities for the trade wagon manufacture in our plant in Kolkata the Titagarh plant where we are trying to make that at the center of excellence for the wagon production whereas the Bharatpur plant while we will continue to make some quantities of wagons



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there but small quantities we will develop that primarily as the defense and the services as and when it opens container services we would like to develop container services there and defense business there

The other business which is the passenger mobility that is the Pune contract is execution is going on very well. The production is already started in our prototype in our plant in Italy and we are expecting the first train to be dispatched from Italy in May 2021. We have targeted the first train to be produced in India in our plant in Uttarpara which is being setup in August 2021 and we want to coincide this with the 75th year of Indian Independence as the first make in India aluminum coach that will be produced.

We recently had our design center inaugurated by the Secretary Ministry of Housing and Urban Affairs in January we had setup a design center in Hyderabad which will work very closely with the design center in Italy to indigenize the designs for the railway rolling stock and the metro rolling stock in India and which will be our big step towards making ourselves Atmanirbhar and towards harnessing the full potential of Make in India. Apart from that we have saw in the budget couple of days ago a lot of impetus has been given on the different metro projects all over the country, which we will hope to participate and be competitive.

The development or the propulsion business along with ADB is also going on fine. We expect the prototype to be delivered in about July or August 2021 and thereafter the series production to start by the end of this year. As far as the shipbuilding business is concerned, we have participated in several tenders where we are very well placed and while we had executed the previous orders. We are expecting new orders to come our way as and when they are finalized, and we shall report the same as soon as they materialized in the near future.

The bridge business again was effectively the joint venture which we had with La Martiniere which will then turned into a subsidiary and we have received our first contract from NHIDCL and from certain PWDs in Maharashtra, West Bengal and others so that is the business that is yet to pickup great momentum but we do believe we have now an order book of 470 Crores, 480 Crores in that business but we believe that we will be able to scale up that business over the next three year or two.



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So that is in effect the overview for the defense business I just mentioned that Bharatpur unit we would like to dedicate towards defense, so we just got our small contract for about 30 odd Crores from for defense center which the production has just started in Bharatpur unit. We have participated for larger tenders for similar or equivalent type of defense equipments and we are pursuing those to be produced in Bharatpur Works.

With these few comments and as far as the financial performance is concerned that is already given in the presentation and I am most happy to take questions and I will try to answer them to the best my ability. I just want to give a brief overview on the overseas operations and the overseas side Titagarh Firema our Italian subsidiary of course started recovering from the aftermath of the COVID crisis and is now slowly just when it was starting to stabilize the second wave Italy and then there was the Christmas, New Year vacation but now the situation is starting to stabilize there and we were able to ramp up production to some extent in the month of January, but we are pretty hopeful that from February onwards we should be able to maintain and grow the production there.

We do have a decent order book and there are several tenders in the pipeline where we are well positioned, we are waiting for those tenders to be finalized. So, while in December 2019 we had turned EBITDA positive in the company but due to the COVID crisis the company has incurred losses and if you would see that in the current quarter and the current nine months results also the Indian operations has done reasonably well. It has done an EBITDA of more than 100 Crores in the first nine months, but the Italian operations continue to lose money which was primarily accentuated due to the COVID crisis. We are very hopeful that 2021-2022 the Italian operations should also become a positive contributor into the company's consolidated balance sheet as far as EBITDA is concerned and we are also trying to get it net positive, but we are clearly confident to bring it back to EBITDA positive in the coming financial year. So, with these comments I would open up the floor to any questions.

**Moderator:**

Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. We have a first question is from the line of Agastya Dave from CAO Capital. Please go ahead.



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**Agastya Dave:** Thank you for the opportunity. Sir my question sir related to the budget there are certain things which I am unable to understand because of this Corona effect that we have on spending so if I look at the rolling stock allocation last year, they have said in the budget 5,786 Crores and the revised estimate is paying 2,000 Crores so and for the next year they have allocated 6,800 Crores so how do I read this? Well, there will be some problems in the receivables for this year and if I adjust for everything is there going to be lower net-net expenditure next year how do I read this? Second question again on the budget during this speech, the Finance Minister is now saying that the DFCC will be commissioned in 2024 so when do you think that ordering will start and then they have also said that the government expects railways to monetize these few things by selling or leasing that is, I really do not know it was nothing in details so how do you see DFCC playing out now because they are already for the three to four years maybe five years behind schedule on DFCC so or the domestic side how do you see rapid demands panning out that these are my questions.

**Umesh Chowdhary:** Thank you very much. I will answer your questions one-by-one and I must in the sake of full disclosures mentioned that pink book which gives out the details I have not been able to study that as yet but based on the various interactions that I have had with the railway officials and limited study of the railway budget that I have been able to do, my answers are caveated by that condition. So as far as the...

**Agastya Dave:** Umesh Ji sorry to interrupt you also I am putting from the expenditure budget just for your information because if you want to check later on that is it from my side yes, sorry to interrupt you.

**Umesh Chowdhary:** I will be getting the complete input anywhere which is being analyzed at my end at my office's end. Just to give you a sense that last year the railways had floated a tender of 10,000 odd wagons but ultimately, they ended up finalizing only 2,500, 3000 wagon orders so probably what you are talking about the reduction in the total expenditure in the last rolling stock is correlating to that. Our company received a very substantial portion of that order. We got an order for about 1,800 wagons out of these 2,500 wagons that was placed so we are as of now we are comfortably placed as far as the order book is concerned. What we do understand is that the railways are likely to come out and they made a wagon acquisition program for the next four, five years and that is giving a very ambitious target as you would be aware that there is also a target to double the freight earnings and doubling of freight earnings cannot happen without substantive increase in wagons or in rolling stocks so we really do not see that there will be a curtailment in rolling stock procurement because the railways had invested tremendously even on borrowed money in building up capacity



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and if they do not buy wagons they will never be able to monetize or utilize that capacity and if we want to utilize the capacity there is the only logical step for that is to buy more wagons. So, we understand from our sources that the new tender is getting finalized issuance of the new tender is getting finalized and it is not going to be that quantity that they intent to procure. As far as the Dedicated Freight Corridor is concerned to the best of my memory, she said that it will be operational in phases from 2022 and will be fully commissioned by 2024. So we do know that there are phases or there are parts of the DFC that are getting commissioned and the work is going on pretty expeditiously of course during the COVID there was a bit of a slowdown which is much understandable but how the wagons will be procured, how the private sector will be brought in, into the DFC it is something which is not yet fully clear but what we presume is that the infrastructure will be given by the railways and the wagons will be procured by private players like in the wagon investment scheme or a container train operator scheme or the special freight train operator scheme and they would be allowed to take the traffic or to market the traffic. We believe that this will be a much more cost effective and I would say forward-looking step on part of the railways to do so because the efficiencies of the private sector with infrastructural backbone of the government will be able to get the maximum results. So the DFC is a reality whether it is coming one year here or one year there the wagon demand when so much of thousands and thousands of Crores have gone into creating their infrastructure obviously that infrastructure can only be utilized if there are wagon is commensurate to that.

**Agastya Dave:**

Thank you very much Sir.

**Moderator:**

Thank you. We have next question from the line of Sreeram Ramdas from Green Portfolio. Please go ahead.

**Sreeram Ramdas:**

Two questions I will say it one-by-one. Like it is mentioned the first delivery for the Pune projects, Pune metro project are not scheduled until May, but we are seeing revenues being booked under the Italian subsidiary, so I want to understand where are these revenues coming from say from the Catania project or are, we getting milestone payment for the Pune project how is it like? Thank you.

**Umesh Chowdhary:**

Sure, Pune project is only one of the projects that the Italian subsidiary has. The total order book of the Italian subsidiary stands at about between 250 to 300 million of Euros out of which Pune is only about 15 to 20 million Euros, so the Italian subsidiary revenues are being booked by the different projects whether it is Creditalia, whether it is Catania, whether it is metro Campania etc so the various projects that Italian subsidiary is executing.



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**Sreeram Ramdas:** Sir secondly what is the tender scheduled for the Pune project and the Catania tender like how much percentage of the work have we delivered in this financial year and how much do we intent to deliver in the next financial year, financial year 2022?

**Umesh Chowdhary:** As I mentioned from that prototype for Pune will be delivered by May this year from Italy and the first train from India will be delivered by August of this year and so we have not yet delivered any train for the Pune project. This train is for Catania the Catania prototype is likely to be delivered and is scheduled according to the contract it is scheduled to go by September 2021, but we expect that we should be able to deliver it a couple of months ahead of schedule.

**Sreeram Ramdas:** Sir just one more question if you can take it. I just want to understand the partnership we have with ADB so what progress are we made, and will we see this new propulsion systems starting to generate revenues in the maybe 12 to 18 months time?

**Umesh Chowdhary:** Yes, Sir I just mentioned that in my opening comments that we are expecting the prototype with around ADB to be developed by August September this year and by end of this year we should start production for the propulsion which is in collaboration with ADB.

**Sreeram Ramdas:** Thank you very much Sir.

**Moderator:** Thank you Sir. We have next question from the line of Nishith Shah from Aequitas Investments. Please go ahead.

**Nishith Shah:** Good evening. Thank you for the opportunity. Sir I want to understand the tender pipeline for wagons for us?

**Umesh Chowdhary:** Sure, the tender that has not yet been floated as yet. As I mentioned the few minutes ago that normally the tender floating is followed by after the budgets so now that the budget reallocation as been done, we expect that the tender should be floated over the next few weeks. We cannot give the exact quantity because this has not been made in public, but we do understand that the railways are planning a substantive increase growth in their traffic targets. Therefore, we expect that the wagon quantities to be procured by the railway should be healthy. Having said that as far as private sector is concerned thats another positive kind of a feeler that we are getting from the private sector which has started finalizing orders. We had booked some orders during the last quarter from private sector and which is very heartening to see because during the COVID period the private sector wagon demand had completely drive down and that has come back again in the last month and a half or two.



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- Nishith Shah:** Sir is there any Coal India tender out?
- Umesh Chowdhary:** No. There is no tender out from Coal India as we understand Coal India is giving the mandate and the money to the railways to buy the wagons.
- Nishith Shah:** Sir, are there any execution challenges in wagons division now like we said sir any other or everything is resolved?
- Umesh Chowdhary:** No, we said no longer is the challenge. Railways actually Bengaluru has done a phenomenal job in ramping up production and they are one of the cost competitive producers of railways in the world now. The only limited challenge now which I hope is temporary is the continuing increase of steel prices and that does bring about little bit of a concern for the industry although majority of our orders are with the price variation clause but there is always the lag between the price variation that we get from the client and the purchase price of steel because price variation is linked to the wholesale price index which moves at a lag of 6 to 8 weeks. We do hope that with the government addressing the issues on import duties and all of that the rampant increase of almost on a weekly basis of the steel prices will be checked.
- Nishith Shah:** Sir I read somewhere that there was some shortages of wagons for logistics purpose is that true that the demand was sourced from?
- Umesh Chowdhary:** Yes, the demand has suddenly picked up. The railways did not anticipate and this is again what we have also seen from media reports and based on various discussions that we have had that covered wagons had becomes very, very scarce and the railways did not expect that suddenly the demand for covered wagons will pick up in such a healthy manner but then the railways was quick to finalize orders and as I said we received some orders and we have already started production for the covered TCNA wagons also.
- Nishith Shah:** Sir what is our order book as on December or latest if you can share for India and consolidate basis?
- Umesh Chowdhary:** It is given in the presentation, but I would just request my colleague Anil Agarwal to take it.
- Anil Agarwal:** It is around 5,100 Crores and it is more or less equally distributed between India and overseas.





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- Nishith Shah:** Wagon dispatch numbers for the quarter?
- Anil Agarwal:** For the first nine months we have dispatched something around 2,000 plus wagon and for first quarter of course was very low and it is more or less in equally distributed in the second two quarters more or less.
- Nishith Shah:** Sir out of our order book how much would be from private?
- Umesh Chowdhary:** So, about 80%, 85% of our wagons are now from railways and about 15% are from the private but this figure keeps on varying based on orders being finalized by private sector because private sector unlike the railways do not go for a mega tender, they finalize orders on an ongoing basis.
- Nishith Shah:** Sir private would be more of fixed and railways would have a price variation clause, right?
- Umesh Chowdhary:** I did not get your point sorry.
- Nishith Shah:** Railways orders will have a price variation clause and private orders would have a fixed price contract right.
- Umesh Chowdhary:** That is right most of the cases.
- Nishith Shah:** Sir last question from my side so do we still target this net debt fee target by March 2021 for standalone Titagarh?
- Umesh Chowdhary:** For standalone our net debt has already come down to around 65 Crores in the end of December and if you see from March 2019 the net debt was more than 300 Crores so there has been a significant reduction we are still trying but of course there have been challenges in this year as well everybody knows but our endeavor is still to target to get either we become debt free or near debt free on the Indian or net debt free on the Indian operations by the end of March.
- Nishith Shah:** Thank you so much Sir.
- Moderator:** Thank you. We have next question from the line of Vipin Goel from ICICI Securities. Please go ahead.



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**Vipin Goel:** Sir sometime back we had signed a technology agreement for that gives us entry into the LRV segment so that was under the metro coach segment so have we seen any orders there and if any then what is the outlook there that you see?

**Umesh Chowdhary:** The LRV segment agreement that we have signed was to acquire the design rights for platform which is basically metro line that we would have heard in the budget speech of the Honorable Finance Minister she announced that the next generation of metros for smaller cities would be introduced which would be Metro Lite and Metro Neo so that designs that we did acquire was Metro Lite design. The tenders have not yet been issued for these, but we understand that there are several tier II cities in India that will be going for metro line and the acquisition of this design rights will enable us to compete in those tenders.

**Vipin Goel:** Then Sir on the private wagon side you commented that 15% of the current mix is private?

**Umesh Chowdhary:** That is a ballpark that I have given not exactly.

**Vipin Goel:** Sir broadly just what is the demand that you are seeing there any particular players or any large orders that you are seeing from this side?

**Umesh Chowdhary:** There are a number of companies that are finalizing orders and in all the private orders the only segment in the private business that has not seen new orders is the container segment which is probably because of the reductions in the EXIM traffic but apart from that there is a healthy traction that we have seen in the WIS in the AFTO that is the Automobile wagon. The steel companies or the cement companies are doing very well now so there we have seen that they are coming up with renewed demand for buying wagons, so this is the private wagon business is something which does not work on great deal of future for visibility the tenders come up based on requirements and normally the cycle challenge of tender coming up to ordering to supply much shorter than that of a Indian railway cycle.

**Vipin Goel:** Sir just one on the navy side so earlier we were like quite positive on wagon orders from the navy especially I think we are in the special vessels segment that we cater to within ship building so any activity there considering the positive budget?

**Umesh Chowdhary:** Yes. As I mentioned in my opening comments we have, and we are continuing to participate in different tenders of the Indian Navy. Some of them we have participated, and we are well positioned but we shall make necessary announcements as and when they get concluded and we continue to remain positive.



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**Vipin Goel:** Sir just last one on the capex side we had spent some money in upgrading the Uttarpara plant so is that done and then if not then what portion of capex would go into that apart from the maintenance capex and then you can just give the numbers on that?

**Umesh Chowdhary:** The capex is already ongoing as I mentioned that the first coach from our Uttarpara plant is likely to be rolled out in August 2021 the plant is being set up now. The capex work is ongoing and we expect that by April or May the bulk of the capex work will be over in the Uttarpara plant and I am happy to state that most of the capex we are doing it by our internal resources and we have still been able to in spite of the capex that we have incurred in Uttarpara as well as in our other plants in order to upgrade the infrastructural facilities of our plant we have still been able to continue with our target to reduce the net debt of the company.

**Vipin Goel:** Sir just what will that number be in the capex side?

**Umesh Chowdhary:** We have not disclosed the capex numbers but between all our plants the capex that we are incurring, or we have incurred in the last year or we are incurring in the coming future year or couple of years is about 100-odd Crores.

**Vipin Goel:** That is it from my side. Thank you and all the best.

**Moderator:** Thank you. We have next question from the line of Bhagyesh Kagalkar from HDFC Mutual Fund. Please go ahead.

**Bhagyesh Kagalkar:** Two clarifications one is on the margins in the wagon division means the private sector price variation clause in steel and the Indian railway can you just throw further light and what is the strategy?

**Umesh Chowdhary:** Generally, the EBITDA margin for wagons is at about between 9% and 11% at this point of time. Now as far as the private sector is concerned because of the abnormal price increase in the steel in some of the contracts that were finalized before this abnormal price increase started while we were able to block at the matter of strategy we always finalize the back to back contract as soon as we have the contract from our client so there the EBITDA margins might reduce by 1% percentage or 2%, but on a blended basis between the railways and the private sector we should be able to maintain on the wagon business anything between 9% to 11% EBITDA margins.



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- Bhagyesh Kagalkar:** Sir second question is on mix 5 to 6 years or say two years from now this DFCs has not helped for very long time that it will be for different wagon etc., would so far date the tender has not come so actually what is the DFC target in next five years how much the wagon procurement in India will be at least the Indian railway and the private sector also roughly you will have some estimate?
- Umesh Chowdhary:** The only basis that we have to give a number on this is a number that has been published by the railways. The railways came out with a five-year business plan or a vision plan for procurement of rolling stock in that five years procurement they have which is in public domain they have expected that they will add around 2 lakh or something like that, 2 lakh or 2.5 lakh batches.
- Bhagyesh Kagalkar:** Substantial number again 2.5 lakh wagons.
- Umesh Chowdhary:** That is right it is a very substantial number and that is what the Railway Ministry has given as a forecast this includes the private sector wagon act that is the PBP wagon addition as well as the DFC wagon addition.
- Bhagyesh Kagalkar:** In five years time they expect this kind of procurement across all?
- Umesh Chowdhary:** That is right, and we will be happy to share the document with you. I will get the document across.
- Bhagyesh Kagalkar:** But the wagon related to DFC which is supposed to be a different axle wagon or a costlier wagon so far to orders has not been released by railway. Am I right?
- Umesh Chowdhary:** No, Railway's have not finalized any orders. We have received some orders from some Japanese companies which are constructing the part of DFC but they are not effectively for freight carry purposes they are more of multipurpose wagon for construction and some part of the rail carry.
- Bhagyesh Kagalkar:** Thank you Sir and all the best.
- Moderator:** Thank you. We have next question from the line of Ankur Chadda an investor. Please go ahead.



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**Ankur Chadda:** Sir my question is with regards to the employee benefit expenses on a consolidated basis it jumped up from 40 Crores to 58 Crores that is quite a substantial jump so can you please throw some light on that?

**Anil Agarwal:** The employee cost includes stocks from Titagarh India as well as Titagarh Italy so there is not any increase in employee cost in India. There is an increase in the employee cost in Italy by 1 million euro almost like 8 to 9 Crores because of two reasons one is obviously there has been an change in the exchange rate that was used in the last quarter versus this quarter and then there has been certain increase in the temporary people because of the ramp up of the production so as Mr. Chowdhary said in his opening remarks regarding the ramp up activity so if from January onwards if from the last quarter we started ramping up the production that is for which the temporary work load had to be taken so that is basically there.

**Ankur Chadda:** Would it be correct to presume that the employee cost flows in before you actually start booking the revenue for the products in Italy so we think the higher cost, but we have not seen an equivalent norms of higher revenues in the Italian operation because there the product to come?

**Anil Agarwal:** Yes so obviously the level of volumes will keep on increasing you will see a better much better volumes in Q4 and going forward in terms of the ramp up.

**Ankur Chadda:** This cost also expected to go up more or it is probably stabilizes at that kind of level employee expenses?

**Anil Agarwal:** There won't be increase in the permanent workload obviously the permanent salary remains the same so if it requires to increase the temporary in order to match the mismatch in the work load required versus work load available so that would be higher at the marginal cost.

**Ankur Chadda:** When do we start expecting the Italian operation to be stabilized at an optimum level?



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**Umesh Chowdhary:** As I mentioned that the Italian operations December 2019, we had for almost four quarters turn EBITDA positive and then the COVID crisis hit us and Italy unfortunately has been very badly hit among all the economies in the world that kind of gave us a little bit of a jolt over the last four quarters but we are fairly confident that 2021-2022 which is the coming fiscal we should be again EBITDA positive and we are doing our best to make it net positive.

**Ankur Chadda:** In terms of this metro lite technology are there any other indigenous players in India who have this technology?

**Umesh Chowdhary:** In the metro segment as you would be aware there are only four Indian companies which are making metro coaches under the Make in India program of the government out of them two have got merged Alstom and Bombardier now have become one entity which leaves Titagarh and the two other Indian entities. I am sure that each one of the companies would expand if they do not already have of course Bombardier and Alstom already do have but also BML would expand their product portfolio to include metro lite because the market would demand so.

**Ankur Chadda:** Let us say 12 months are there any metro tenders which are coming up?

**Umesh Chowdhary:** Yes, as we heard from the Honorable Finance Minister speech, she has made allocation to several metro projects in Chennai, Surat and in the past there were others done in Patna, Bhopal, Indore, and all etc., so we are expecting that number of metro tenders should come up in the coming fiscal.

**Ankur Chadda:** That is from me. Thank you and all the best.

**Moderator:** Thank you. We have next question from the line of Kashyap Jhaveri from Emkay Investment Managers. Please go ahead.

**Kashyap Jhaveri:** Thank you for the opportunity. I joined the call a bit late but in terms of DFC plus the 10,000, I think in one of your remarks you also mentioned that last year the target was 10,000 but there was underachievement and probably in this budget given the provisions on rolling stock there could be higher deferment but over next three to five years what is the size yearly tenders or let us say yearly procurement that we are expecting from the government?



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**Umesh Chowdhary:** I understand FY2022 you mentioned that because of underachievement this year and looking at the budget there could be very strong deferment but over next five years what could be the number that one could probably expect. As I was just mentioning a few minutes ago that FY2021 is an aberration year we do not know we should not take FY2021 as a benchmark year but having said that the only basis on which we can comment about the future potential of wagon procurement is based on the government numbers that have been published and there was a five years plan for procurement of workshop published by the government it said of 2,00,000 or 2,15,000 something like that, I guess to be procured over the next five years.

**Kashyap Jhaveri:** That is it from my side. Thank you so much.

**Moderator:** Thank you. We have next question from the line of Rahul Jagwani from Insync Capital. Please go ahead.

**Rahul Jagwani:** During March, our standalone debt is coming down but for the nine months the interest cost is only maturing what is the interest cost do we expect now going ahead in next year because I think because net debt is now 60 Crores?

**Anil Agarwal:** In the finance cost there is some elements of accounting done in compliances the Indian Accounting Standard so there is a notional interest cost element also in that but this also this finance cost also include interest on cash credit, utilization as well as the bank charges the financial charges on the issuance of the bank guarantee letter of credit and all that so as we have already mentioned about reduction in the overall debt position so that will have some positive impact on the finance cost going substantially down in the near future.

**Rahul Jagwani:** Can you just and what is the debt in the Italian subsidiary can you update on that?

**Umesh Chowdhary:** Sorry we did not get your question can you repeat it again.

**Rahul Jagwani:** Can you just update on the consolidated debt also.

**Umesh Chowdhary:** The Italian debt is it about so the only other debt that we have which is in the Italian subsidiary that is about 700 Crores.

**Rahul Jagwani:** Thanks.



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**Moderator:** Thank you Sir. We have next question from the line of Sreeram Ramdas from Green Portfolio. Please go ahead.

**Sreeram Ramdas:** I just want to ask are we L1 or L3 bidder in any of the metro projects in any of the rail project as of now?

**Umesh Chowdhary:** Metro project the tenders are likely to come out. I mean there are some of them have been published and some of them are likely to be published and if there are any ongoing tenders which have not been finalized, I would not like to comment upon them at this point of time for competitive reasons.

**Sreeram Ramdas:** You will not comment it. That makes sense. Brilliant thank you very much sir. Thank you.

**Moderator:** Thank you. We have next question from the line of Akash Damani from Edelweiss Financial Services. Please go ahead.

**Akash Damani:** Most of my questions have already been answered. Just if you could get some guidance for FY2022 and 2023, revenue and margin guidance?

**Umesh Chowdhary:** We do not give a forward-looking statement or a guidance as a matter of policy till now but what I can say is that I mentioned in my opening speech about the different various business segments historically the only business segment that was contributing was freight wagons or the mobility on rail that would continue to be stable as we expect over the next couple of years and the new business segments that would start contributing to both the top and the bottomline would be the passenger mobility or the transit and propulsion business and to an extent the shipbuilding business so based on that the new segments that the company has been working on over the last few years we should start seeing the revenue recognition partly in 2021-2022 but fully in 2022-2023 or I would s substantially it is 2022-2023.

**Akash Damani:** Thank you.

**Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to Mr. Renjith Sivaram of ICICI Securities for closing comments. Over to you Sir!





*Titagarh Wagons Limited*  
*February 03, 2021*

**Renjith Sivaram:** I take this opportunity to thank the management of Titagarh Wagons to giving us the opportunity to host this call. I thank all the participants and Sir do you want to make any closing comments, or shall we close?

**Umesh Chowdhary:** I think the presentation that has been speculated also gives the targets that we had set over the last few quarters and I have been interacting after our quarterly results with the investors and I think our endeavor has been to achieve those targets that we have set for ourselves and you would see from the presentation that some of them we have been able to achieve our target some of them we are on our way to achieving our target. I would only like to state that the budget that has been announced day before yesterday in the Parliament is something which is very heartening for companies like us since the whole policy of the government is to encourage Indian manufacturing and infrastructure build. Our company is primarily into the infrastructure space and creating infrastructure for the mobility solution and therefore we see that for all the verticals that we have there is a good opportunity that lies forward. We have been able to upgrade ourselves both in terms of management processes, IT processes, plant infrastructure and so on and we believe that over the next few years we will be able to get advantage of the work of the investments that have been put in over the last couple of years to this. So, with those words I would thank you everybody for joining this call and your continued support to the company.

**Renjith Sivaram:** Ladies and gentlemen on behalf of ICICI Securities ltd that concludes this conference call. Thank you for joining with us. You may now disconnect your lines.



*Titagarh Wagons Limited  
February 03, 2021*

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*Note: This transcript has been edited to improve readability*



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