

8<sup>th</sup> February, 2024

**BSE Limited (BSE)**

The Department of Corporate Services  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai – 400 001  
**Scrip Code: 532966**

**National Stock Exchange of India Limited (NSE)**

The Listing Compliance Department  
Exchange Plaza Bandra-Kurla Complex  
Bandra (E), Mumbai – 400 051  
**Scrip Code: TITAGARH**

Madam/Sir,

**Sub: Q3 FY24 Earnings Conference Call**

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Transcript of the Q3 FY24 Earnings Conference Call of Titagarh Rail Systems Limited ('the Company') held on Monday, 5<sup>th</sup> February, 2024 at 4:00 P.M. The same can also be accessed on the Company's website at

[https://www.titagarh.in/storage/report/actual/05.02.2024\\_TRANSCRIPT\\_INVESTOR\\_CALL.pdf](https://www.titagarh.in/storage/report/actual/05.02.2024_TRANSCRIPT_INVESTOR_CALL.pdf)

Please take the above on record.

Thanking you,  
Yours faithfully,

**For TITAGARH RAIL SYSTEMS LIMITED  
(Formerly Titagarh Wagons Limited)**

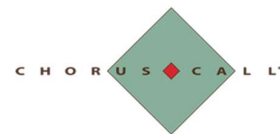
**Dinesh Arya  
Company Secretary & Chief Compliance Officer  
M. No. FCS 3665**

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“Titagarh Wagons Limited  
Q3 FY ‘24 Earnings Conference Call”  
February 05, 2024



**MANAGEMENT:** **MR. UMESH CHOWDHARY – VICE CHAIRMAN AND  
MANAGING DIRECTOR – TITAGARH WAGONS LIMITED  
MR. ANIL AGARWAL – DEPUTY MANAGING DIRECTOR  
AND CHIEF EXECUTIVE OFFICER, FREIGHT RAIL  
SYSTEMS – TITAGARH WAGONS LIMITED  
MR. PRITHISH CHOWDHARY – DEPUTY CHIEF  
EXECUTIVE OFFICER, PASSENGER RAIL SYSTEMS –  
TITAGARH WAGONS LIMITED  
MR. SAURAV SINGHANIA – CHIEF FINANCIAL  
CONTROLLER AND CHIEF RISK OFFICER – TITAGARH  
WAGONS LIMITED**

**MODERATOR:** **MR. DHIRENDRA TIWARI – ANTIQUE STOCK BROKING**

**Moderator:** Ladies and gentlemen, good day, and welcome to Titagarh Rail Systems Q3 FY '24 Earnings Conference Call hosted by Antique Stock Broking. As a reminder, all participant 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 any assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Dharendra Tiwari from Antique Stock Broking. Thanks, and over to you, sir.

**Dhirendra Tiwari:** Thank you. Good afternoon, ladies and gentlemen. On behalf of Antique Stock Broking, I welcome you to the 3Q FY '24 post-result conference call of Titagarh Rail Systems Limited.

To discuss results, we are glad to have with us today Mr. Umesh Chowdhary, Vice Chairman and Managing Director; Mr. Anil Agarwal, Deputy Managing Director and CEO of Freight Rail Systems; Mr. Prithish Chowdhary, Deputy Chief Executive Officer of Passenger Rail Systems; and Mr. Saurav Singhanian, Chief Financial Officer and Chief Risk Officer. We welcome the management of TRSL on this call.

Now I invite Mr. Umesh Chowdhary to give his opening remarks following which, we will open the floor for Q&A. Over to you, Mr. Chowdhary.

**Umesh Chowdhary:** Thank you, Mr. Tiwari. Very good afternoon to everybody, and thank you very much for joining our Q3 earnings call of [inaudible]. The performance of the quarter has been as per on expected lines. I would like to highlight a few key developments of the quarter. And of course, the numbers are already available to everybody, but I would just like to highlight a few key developments of the quarter. For the first time in the history of the company and probably in the history of India, our company has crossed the 1,000 wagon mark per month, which we did in December 2023, when the company produced 1,021 wagons.

This has been our target within this financial year to reach 1,000 numbers, and we were able to break that barrier in December. We are also confident of being able to stabilize at that run rate within this financial year, that is March going forward.

The order book stands at about INR27,500 crores. There have been new tender pipelines that have been happening. And based on capacity, based on strategy, we will continue to book orders as we go along. The other very important milestone of the quarter was a successful conclusion of the QIP happened in December this year.

The company raised about INR700 crores by way of the QIP, which received a very strong response from marquee investors, which endorsement on the faith that the investor community has in the company. On the passenger side, a strategic partnership with ABB for development of propulsion for metro and particularly the TCMS for Metro was signed. The work of that has already begun. And in terms of our stated strategy on backward integration or I would say, making the 2 product lines, which is the wagon and the passenger coach as the epicentre.

And capture whatever value can be captured in the radar of that epicenter, both in terms of forward integration for services, backward integration of components is something that we were able to take forward by the strategic partnership alliance that we entered into with the Amber Group, which is also a listed company, their subsidiary, which is into railway components, Sidwal Refrigeration, wherein on one side, Sidwal will join us as a co-partner or a co-investor in Firema, which has also received some very good orders.

And on the other side, we will set up a joint facility in India for interiors and other components, which will help us to backward integrate on our passenger rail system side. The numbers in terms of performance is already available with you.

And with these few words, I would hand it over back to Antique and would be happy to take any questions at this point of time. Thank you.

**Moderator:** Thank you very much. The first question is from the line of Nikhil Abhyankar from ICICI Securities. Please go ahead.

**Nikhil Abhyankar:** Sir, so currently, we've got a tender of 10,000 wagons open. So is there any other tender open right now? And do you expect anything before the general elections?

**Umesh Chowdhary:** Sir, wagon tenders are continuing to come. They are an ongoing one, and we would only comment on them once the tenders are concluded. We would not like to make any interim comments on them, but there are continuous tenders that are happening and from media reports, I'm sure you are aware that the requirements -- earlier the railways used to bulk up their requirement and only come up with 1 mega tender. Now there have been smaller tenders that have been coming up.

**Nikhil Abhyankar:** Understood. And sir, in the recently concluded tender of 20,000 wagons, there was a lot of undersubscribed capacity. I mean, only, I think, around 11,000, 12,000 wagons were ordered. So what -- why exactly was that? And how is the order allocated in these tenders usually?

**Umesh Chowdhary:** So the railways have changed their procurement policy, wherein companies are incentivized and disincentivized both to be more compliant with the delivery requirements, which is good for our company. And that has brought in more responsible bidding, I would say, in the industry.

And earlier regime of people wanting to take orders with or without capacity back up is no longer the case anymore. And in terms of the tender that was finalized, you are right, the tender was not fully finalized. It was almost 45% of the tender, I would say, was short closed, but we expect that will come back again with the revised schedules so that capacities that are available can be utilized.

**Nikhil Abhyankar:** Understood. And sir, of our current order book, how much is private orders? And what is your outlook on private orders going forward say, in FY '25?

**Umesh Chowdhary:** So I'm not sure whether we have disclosed a breakup of the private versus the railway orders, but I can only say that, even today, we have the large market share in terms of the orders booked

with us from private sector in the industry. So we are very strong in the private sector wagon space as well.

**Nikhil Abhyankar:** Okay. And sir, just a final question. Have we started products in or execution for the Vande Bharat...

**Umesh Chowdhary:** Absolutely, yes. We have -- the contract entails design and then production. We are at a very advanced stage of the design completion. We have already submitted our preliminary proposals to the Railway, and we are going as per schedule on this project.

**Nikhil Abhyankar:** So when should we expect the first rollout?

**Umesh Chowdhary:** The first train is scheduled to be rolled out in June 2025.

**Nikhil Abhyankar:** June '25. So June '25. Okay. Okay, sir.

**Umesh Chowdhary:** And we should be seeing the design launch. So it is already with the Railways, so we should be seeing the design launch soon.

**Nikhil Abhyankar:** Okay, sir. Understood. I've got a few more questions, I'll get back at the queue.

**Moderator:** Next question is from the line of Akash from Dalal & Broacha Stock Broking.

**Akash:** Congratulations on the great set of numbers. So my question comes to understand the passenger -- on the passenger mobility segment size, what is the visibility? And what will be our exhibition schedule for the next 2 to 3 years?

**Umesh Chowdhary:** Thank you, sir. So on the passenger side, as you would see in the presentation, we have a very healthy order book. In terms of the pipeline, there are several metro tenders, which are already in the pipeline. The Chennai and Mumbai to name a few have already been published, but there are a number of them which are likely to be issued in the next months.

The company is actively pursuing all these opportunities. There have been announcement on proliferation of Vande Bharat, Vande Metro Train, which we believe will pick up momentum after the elections and the company would be very actively pursuing all of that also.

In terms of execution, we would be starting the Bangalore Metro execution with CRRC very soon. So the metro production line, which will have a capacity of about 36 cars per month will be fully ready for production by, I would say, second quarter of the coming fiscal or latest by the third quarter of the coming fiscal. And we'll start picking up on production.

Our target is to reach up to 20 coaches per month in the coming fiscal, which is much larger from where we are on an average, we have been hardly about 3 to 5 coaches per month. And our target is to -- I would say third quarter of next fiscal, we should be able to hit the run rate of 20 coaches -- between 15 to 20 coaches per month.

And the ultimate capacity that we are looking 3 years down the line be -- between 3 and 4 years down the line for the passengers including Vande Bharat and Metro would go up to 70, 72 cars per month. So that is the overall visibility plan for the passenger rail segment.

- Moderator:** Next question is from the line of Vaibhav Shah from JM Financial Limited.
- Vaibhav Shah:** Sir, of the 24,000 wagons order that we had received in May '22. So how much we would have already delivered to railway, a ballpark figure would...
- Umesh Chowdhary:** So approximately, I mean, it has to be delivered over 30 months. It had to be delivered over 30 months. And we have now just crossed less than -- sorry, 39 months. So we have just crossed just about a year now or a little more than a year. So on a pro rata basis, I would say we are, by and large, you can consider it on a pro rata basis.
- Vaibhav Shah:** Okay. And sir, what would be our capex in the first 9 months of this year? And what it would be in FY '25 and '26?
- Umesh Chowdhary:** I would not be able to disclose any number, which is not there in the presentation or what has not been disclosed because in September, we don't give the balance sheet. But whatever was described in the September numbers in terms of the capex, we have already declared about the overall capital investment plan that we are intending to make in the passenger side and also on the freight side, which is INR1,000 crores over the next 2, 3 years, including what we have spent over the last couple of years, and we are pretty much within in line with that.
- Vaibhav Shah:** Is it safe to assume you would have spent around INR300 crores and roughly INR650 crores – INR700 crores to be spent in next 2, 3 years, ballpark?
- Umesh Chowdhary:** I would once again be refraining from giving a number, which is not a part of the presentation. So whatever was disclosed and we do not have that handy with me in the September results is what we would like to state right now.
- Vaibhav Shah:** Okay. And sir, one more on the standalone account, so we have X of wheelset and X of Vande Bharat orders, the AMC part, so the book would be INR7,000 crores for passenger side -- sorry, INR6,800 crores passenger side and around INR7,350 crores for the freight side? If we remove the INR13,000 crores book from the AMC part and wheelset part?
- Umesh Chowdhary:** Yes, approximately. Yes, that's right.
- Vaibhav Shah:** That should be the currently what we have in hands for the standalone books.
- Umesh Chowdhary:** That's right. It's already disclosed on Page 8 of the presentation.
- Vaibhav Shah:** Yes. Okay, I want to confirm that. And lastly, sir, in terms of our Bangalore Metro contract, which are going to start. Sir, what will be the value of the contract?
- Umesh Chowdhary:** We are doing it on a subcontract basis. So the material is on free supply, and therefore, the value is only for the conversion.

- Vaibhav Shah:** So the INR184 crores was like before mentioned during a year back, so that was true?
- Umesh Chowdhary:** Yes, that's right.
- Vaibhav Shah:** Only INR184 crores is there in order backlog?
- Umesh Chowdhary:** Of the Bangalore, that's right.
- Moderator:** Thank you so much. Next question is from the line of Abhishek Shah from Ambit Limited. Please go ahead.
- Abhishek Shah:** Congratulations on good numbers on the order book. I just had a couple of questions in terms of -- on the passenger side, again, what is your sense on -- overall, if you could give any color on maybe this year and the next couple of years, the overall demand of the market size?
- And what would our market share be in that going forward? Also, secondly, it is not that we are at about 1,000 wagons per month currently and are looking to stabilize this going forward. What would be our target over the next couple of years in terms of any growth in that capacity going ahead?
- Umesh Chowdhary:** Thank you. So as far as the passenger is concerned, I have already just gave the numbers that we are looking at stabilizing between 15 to 20 coaches per month within the middle of the coming fiscal. And going forward in 3 to 4 years' time, we would increase it to 70 to 72 coaches per month.
- The market is quite buoyant. There are a number of tenders coming up. Once we are able to touch the 70, 72 cars per month, we would -- in my understanding be the largest -- we would maybe the largest capacity in the country as of now, not factoring in any potential capacity expansion that companies may be planning, but we are not aware of.
- In terms of the freight side, we would first like to stabilize on a consistent basis at 1,000, and then we will discuss about whether the market exists or the demand is sustainable enough for a further capacity enhancement. But right now, what we are looking at is to -- we are not in an average of 1,000. We are on an average of about 700, and we would like to become an average of 1,000 going forward.
- What I mentioned was that we have been able to break a barrier. It's also a barrier of mindsets and everything else that we were able to touch 1,000 wagons in 1 month. And the way we look at it is that if we can do it once, we can do it every month.
- Moderator:** Next question is from the line of Mehul Mehta from Nuvama PCG.
- Mehul Mehta:** What I want to scale in terms of debtors, I think at the first half and like had intensified, I mean it has increased a lot. So is there any softening of debtor cycle or like it's still continuing the same?
- Umesh Chowdhary:** For debtors, it is pretty much the same. The customer mix remains the same. Sometimes the quarter-end debtors are go up also in terms of the sales. As I said, December was a record month

for us in terms of production. So therefore, the debtors wells up on end of December. But there is no -- if your question is, if there is a fundamental shift in the characteristic of the market or the way the market behaves in terms of the debtor management, no, there is no change.

**Mehul Mehta:** So maybe if you can reply in terms of like, say, our working capital cycle deals, like you can say, at FY '23 ends. Should we expect like by even FY '24 and it should be increasing or like maybe some sort of indication on that?

**Umesh Chowdhary:** We'd not like to give any indication of the numbers of the future. But what is declared in the chart on Slide 13 gives you a flavour of the average working capital days that we have had with. And we believe that we should be able to stay with the same or improve upon it.

**Mehul Mehta:** Got it. Another question is in terms of capital employed, I feel -- I look at for trade segment, it has been about INR858 crores at the end of quarter 3. So could you like share in terms of what would be working capital and net block kind of like a breakup in terms of the INR850-odd crores?

**Umesh Chowdhary:** The numbers that have been disclosed. I would not be having that number handy, but the numbers that have been disclosed, I think, are already giving that breakup. I don't know if Saurav, is there any other number that is on public domain that you are able to share then you can do that please.

**Saurav Singhania:** No, sir, I think this is the only number which is right now there in the public domain because breakup of balance sheet is not there this time.

**Moderator:** Thank you. Next question is from the line of Karan Gupta from Baraniun Capital. Please go ahead.

**Karan Gupta** Hello. Am I audible?

**Moderator:** Yes.

**Umesh Chowdhary:** Yes.

**Karan Gupta** Yes. So sir, related to the passenger side, when...

**Umesh Chowdhary:** Your voice is unclear, sir.

**Karan Gupta** Sir, my question is regarding the passenger segment. What is the estimation you are having in terms of volume that you'll break even the margin expansion in this segment like 2% to 3%, we are paying as of now.

But what's the margin expansion we are seeing in this segment because in passenger segment, all the propulsional and electrical things we are doing at this time. So what's the margin expansion that you are seeing?



- Umesh Chowdhary:** So as we had shared in the past the normal margin, if we buy propulsion that is -- we are not doing our own propulsion is around 10%, but when we are able to switch over to our own propulsion, we will be able to see a margin enhancement of almost 4% to 5%.
- So once we are fully integrated with our own propulsion and we are able to also have the operating leverage in terms of reaching the optimum level of production as per capacity or near to capacity, we should be able to get to these levels of margin. Right now, the margins are not really a parameter of the real scenario because the volumes are extremely small. Therefore, the fixed costs and the operating leverage is really not there.
- Karan Gupta** So not estimating any breakeven in terms of volume?
- Umesh Chowdhary:** We are already breaking even. We are already at EBITDA positive. So even volumes at current levels, if you see the segmented revenue, there is an EBITDA positive.
- Karan Gupta** Okay. And next couple of years, any plan to raise capital?
- Umesh Chowdhary:** No, as of now, with the current level of capacity expansion plan that we have undertaken and the projects that we have on hand, we believe that we are fully capitalized.
- Moderator:** Thank you. Next question is from the line of Rajesh Bhandari from Nakoda Engineers. Please go ahead.
- Rajesh Bhandari:** Sir, you mentioned that our order book portion is approximately INR27,000 crores. Does this include service also because service also we have big large order?
- Umesh Chowdhary:** Yes, sir. It does include service also. As I was just mentioned, by in a question -- a couple of questions before, on Page number 8, we have given that breakup as well.
- Rajesh Bhandari:** This turnover approximately, say, INR3,500 to INR3,800, maybe we may close '23-'24 in INR3,600 approximately. What is our expected turnover for '24-'25, '25-'26 and '26-'27, as expected?
- Umesh Chowdhary:** Sir, we do not give any forward-looking projections. But I think you can safely see that the run rate of the wagon is stabilized and the passenger segment will start coming in with the kind of order book that we have we should be able to start delivering the numbers out of the passenger segment also in the -- next year.
- Rajesh Bhandari:** Yes, sir. The reason I asked was that there was not much difference between the last quarter's turnover and this quarter's turnover. Otherwise, there was a 25%-30% difference earlier.
- Umesh Chowdhary:** Yes, you are absolutely right. And that is what we had -- I had said in the last call also that we are now stabilizing at about 700, 750 wagon per month level and if you see the breakup of the revenue, it is almost 90% from the freight segment right now. The passenger segment will start coming in from the Q3 of next year.
- Rajesh Bhandari:** Q3 of next year?

- Umesh Chowdhary:** Yes, of the coming year.
- Rajesh Bhandari:** I have only one 27000 order book, then how many years will it take? There won't be any short closing?
- Umesh Chowdhary:** Yes, All these are long term orders, like wheel sets are 20 years old, AMC is long term So these are all based on the orders that are going on as for the plans and as for the delivery requirements of the customer, we will be able to barring a few couple of months here and there, which is normal in this industry and this will be made up, but there is no failure on a larger-scale basis.
- Moderator:** Thank you. Next question is from the line of Indrajit Chakraborty from Scrip Trading Corporation. Please go ahead.
- Indrajit Chakraborty:** Okay. My question is regarding our passenger rail system. I find that the revenue this quarter is significantly lower year-on-year. So can you please explain why this has happened? That is my first question.
- Umesh Chowdhary:** Yes. Go ahead, sir. Please go ahead with your rest of questions.
- Indrajit Chakraborty:** Yes. And my second question is that what is the net order intake for this quarter? This quarter which is went by, what is the net order intake?
- Umesh Chowdhary:** So as far as the passenger rail segment is concerned, it is, as I mentioned a little while earlier, the Pune Metro contract is coming towards the finish, and we will be starting the next contract in April. So this is the intervening period. Therefore, the numbers are muted. As far as the net order intake is concerned, Saurav, I don't know if we have disclosed that number. If you have, then you can please...
- Saurav Singhania:** No, sir. We don't disclose quarter-on-quarter order intake. It's a total number in the page, Slide #8, which is in the breakup.
- Umesh Chowdhary:** But I think it can be simply worked out. So we've not like mentioned that right now because we have not put it as a part of the presentation, but I think it can be figured out from the overall order backlog that has been carrying forward.
- Indrajit Chakraborty:** Okay. And if I might ask one more question. It just means trying to know why this has happened that they have recently concluded that 20,000 wagon order, which has recently concluded, and it was not fully filled up. So Titagarh did not receive any orders from there. So can you please tell us that what is the reason behind that? Is there any reason -- specific reason like a lack of capacity or something like that on behalf of Titagarh?
- Umesh Chowdhary:** I just mentioned, sir, a little while ago that every tender has its own peculiarity. And there are number of -- railways have started coming up with multiple smaller tenders. It is not possible for a single company to win every single tender. We are in a competitive landscape. It is a normal practice that you win some tenders. You don't win some tenders on account of either the pricing or your capacity or even your capacity planning based on the market circumstances, which is a

decision that is taken on a case-to-case basis. On an overall basis, we continue to be market leaders.

**Indrajit Chakraborty:** And we still have the capacity to take on new orders, right, sir?

**Umesh Chowdhary:** Absolutely.

**Moderator:** Thank you. Next question is from the line of Rajamohan V., an individual investor. Please go ahead.

**Rajamohan V:** Congratulations once more on solid performance. I have a couple of broad questions. The first one was on passenger rail specific to Vande Bharat. You mentioned in your presentation, the estimated opportunity over the next 3, 4 years is about INR48,000 crores to INR52,000 crores in Vande Bharat and INR60,000 crores to INR65,000 crores for mini Vande Bharat.

Being a major private wagon manufacturer and with the credentials getting established after probably executing on the 80 trains in the first order set, do we have any market share target based on your understanding of the ground realities on say, indigenization and the competitive scenario. Also, in the context of rules being tightened and bidders coming short, I would like your perspective.

**Umesh Chowdhary:** Thank you very much, sir. In terms of the market size, it is quite large. And in terms of our aspirations, I would say they are also quite ambitious. I would not like to put a number to that target, but we would definitely like we have been able to attain market leadership on the passenger, on the freight side, we would definitely try to attain market leadership on the passenger side.

The very fact that we have been able to be a first mover, whether it was aluminum metro, whether it is a private sector metro manufacturing, whether it is Vande Bharat, is a testimony to what I just now said. And we believe -- let me put it the other way around that the capacity that we are creating is something that I have already disclosed. And our first target will be over the next 4 to 5 years' time to ensure we have enough orders to fill up that capacity, which in itself is a very large jump because from an existing level, it means almost a 24 year jump.

**Rajamohan V:** Okay. That was a good perspective on the whole thing. On -- second one -- second final one, the freight rail of the 1 lakh to 1.2 lakh wagons plant in India between 2022 to '26, which has been mentioned in your presentation. We have completed 2 years, 2022 and 2023. Out of this 1 lakh to 1.2 lakh, how much would have been executed? And as we hit 1,000 wagons a month, how do we see it accelerate over the next 3 years, though you say you will stabilize at 1,000 wagons, what is your opportunity accelerating for you to step on the pedal further? Could we sort of -- I was just trying to guess it would be head towards the 2,500 to 3,000 wagons a month production capability by '26?

**Umesh Chowdhary:** Sir, we would not like to pre-empt any situation. We would like to wait and watch. We believe that the current -- so firstly, your question was whether the addition has been pro rata to the overall target, and the answer is yes.

The addition is, is it consistent with the overall targets? I would not say pro rata, but I would say in line. In terms of the capacity according to our understanding, the capacity is something which the planning is a dynamic one because the way the Indian government is progressing the way India is progressing. I don't think that one can always have any time the luxury of sitting back and relaxing.

So we are waiting -- like this -- we heard the Finance Minister, honourable Finance Minister announced 3 new corridors. And of course, after the election, when the new budget is presented, we will see what kind of opportunities are presented, and we will recalibrate ourselves based on that. But what we are very, very conscious about is that we would not like to be trigger happy. We would like to have some bit of consistency and market visibility before we push the pedal further.

**Rajmohan V:** But you've seen that consistency, especially in the last 3 years where basically the railway budget itself has gone through the roof in terms of exploding. So you've seen the consistency on the ground also happening with the government intention also pretty clear, right?

**Umesh Chowdhary:** Absolutely, absolutely. There is absolutely no second doubt about it. No second thought about it.

**Moderator:** Next question is from the line of Vaibhav Shah from JM Financial Limited.

**Vaibhav Shah:** Sir, typically, when we win a wagon order, so suppose we win a wagon order today, so typically, when do we start the production or delivery of those orders for wagon segment in the freight side?

**Umesh Chowdhary:** Normally, it's about 5 to 6 months that the railway gives us as a gestation. But then that's a normal thing. It depends on a tender-to-tender basis, sir.

**Vaibhav Shah:** Okay. And how will it be the same in the passenger side.

**Umesh Chowdhary:** It's much longer because the designing is involved.

**Vaibhav Shah:** So it could be roughly between 12 to 18 months, at least?

**Umesh Chowdhary:** It depends on a tender-to-tender basis.

**Moderator:** Next question is from the line of Nikhil Abhyankar from ICICI Securities.

**Nikhil Abhyankar:** Sir, I had a follow-up on. In the recent budget, there was an announcement that 40,000 passenger coaches will be converted to Vande Bharat class. So do we -- can we participate in that opportunity? And how do you think will it be executed?

**Umesh Chowdhary:** Thank you, sir. We do not have a complete picture on this. We also have seen the announcement. Once the railways form up their requirement on the whole project and the tender, etcetera, we will definitely evaluate, having been already got an advantage of a first mover in this segment, we would definitely not let go off any opportunity which we...

- Nikhil Abhyankar:** So basically, not before this election, do you expect this to move forward?
- Umesh Chowdhary:** I would not be able to comment on that because this is purely with the government. So whatever -- this is the announcement has made maybe before the election, but this is something which will be speculative for me to comment either ways.
- Nikhil Abhyankar:** Okay. Understood. And sir, what is the status of the wheelset factories that we are setting up?
- Umesh Chowdhary:** The project is moving on. The wheelset plant machine ordering, etcetera, everything is going on. And we are scheduled to start production in 2026 -- '25, and we should be kind of '25, and we should be on target with that.
- Nikhil Abhyankar:** Okay. And sir, any update on like GPWIS scheme was a stock a few years back. So any update on that? Will it be retained or will it be allowed again?
- Umesh Chowdhary:** To the best of my understanding, the scheme was not stopped. New permissions were not being given because there were a number of permissions that were already there for which the wagon procurement was pending. A lot of wagon procurement has been happening on that.
- And we will see once the pendency reduces what the railway decides. We also believe that it's a win-win policy for the industry and the government alike. And therefore, we believe that the railways will take a decision, which is in the best interest of both railways and the industry.
- Nikhil Abhyankar:** Okay. Sir, and just a final question. What will be the debt equity and cash balance as on December '23?
- Umesh Chowdhary:** As I mentioned that we do not declare the balance sheet. So whatever numbers have been declared in the presentation or in the results are the only numbers that we will be able to share.
- Moderator:** Next question is from the line of Balasubramanian from Arihant Capital.
- Balasubramanian:** Congratulations for good set of numbers. Sir, my first question is regarding on the metro side, we have delivered 27 train sets out of 34. And you have mentioned that the remaining will be delivered by end of this year. And it means like around 78 sets -- around 24 cars we can be able to deliver in this quarter itself, sir?
- Umesh Chowdhary:** That's right, sir. But a lot of trains are already produced that are in testing. So we believe that bulk of it maybe apart from a train or so will be all completed within this financial year or beginning of the next.
- Balasubramanian:** Okay, sir, got it. Any further metro orders are in pipeline, sir?
- Umesh Chowdhary:** There are tenders which are in the pipeline, and we will definitely announce about them once as and when we are able to attain success in them.
- Balasubramanian:** Okay. Got it. Sir, recently we've been entered a strategic partnership with ABB and strategic alliance with Sidwal so like what kind of synergies we have on those partnerships? And is there any other plan in the future?

**Umesh Chowdhary:** The synergies of both these partnerships have already been disclosed in the press release. There is a substantiate synergy and advantage that we have in both the alliances and that is the primary reason why we entered into those alliances.

As far as future is concerned, as a company, we are always looking at opportunities. I mentioned in the beginning that keeping the 2 business segments as our nodal central points, we are looking at hovering around and [spectriming] that those two nodal points to expand as much the value proposition that we can offer or we can capture. And we will continue to do that. So we are always with an open mind to see what are the additional things that can be done.

**Balasubramanian:** Okay, sir. Sir, what's your view on the upcoming global and other tenders, especially on the global tenders, like we have to come out with our own designs and the margins are also slightly higher. So what's your view on those tenders? And what kind of realization we can expect?

**Umesh Chowdhary:** We will definitely be participating in all the tenders that are shooting our business segment and are adding value to the overall strategy of the company or as for the overall strategy of the company. But for obvious reasons, I would not be able discuss on a tender to tender basis in this call.

**Balasubramanian:** Got it, sir. Got it. Sir, like what kind of business visibilities we have on that propulsion system?

**Umesh Chowdhary:** We have already mentioned that propulsion system is something which is very essential for margin enhancement. And this is, I would say, an essential part of our strategy, which we are pursuing.

**Balasubramanian:** Sir, any number we are targeting, sir?

**Umesh Chowdhary:** It will be backward integrated with our coach production. So whatever coaches -- our target, our ambition would be that in years to come whether that can be achieved in x or y years, but years to come, we would like achieve self sufficiency for the propulsion for whatever coaches we produce.

**Balasubramanian:** Got it, sir. Sir, earlier, we guided 1,000 wagons per month by end of this year, but we already achieved in Q3 itself in December month. So what would be our target in coming quarters?

**Umesh Chowdhary:** Cannot give any forward-looking statements, as I mentioned earlier, sir.

**Balasubramanian:** Okay. Fine, sir. Sir, in this quarter, how much wagons we have produced and what will be the private and railway mix?

**Umesh Chowdhary:** Whatever is disclosed in the presentation is what we can disclose. Anything outside that in terms of the numbers, is something that we are unable to share right now. I can only once again repeat that we have the market leadership in terms of the order book for both the private sector wagons as well as the Indian railway wagons.

**Moderator:** Next question is from the line of Kunal from B&K Securities.

- Kunal:** Sir, my question is pertaining to the passenger rail segment. Sir, how should we think about the trajectory of margin in that business? Should we -- is 10% our aspirational margin achievable by '26 in that segment?
- Umesh Chowdhary:** Yes, Kunal, absolutely. I think as I had mentioned in the past also that once we are able to reach the first targeted level of production, which is 15 to 20 cars per month, we should be able to get to margin level between 8% to 10% and when the propulsion starts coming in, then the margin enhancement happens.
- Moderator:** Next question is from the line of Devesh Kasliwal from Antique Stock Broking.
- Devesh Kasliwal:** Congratulations on a good set of numbers, sir. Just one clarification. Your presentation says that the overall capacity currently is of 8,400 wagons for a year and you have crossed 1,000 wagons in December. So can you just give the -- like are we already at the 12,000 mark right now? Or this is just because of the overutilization in our foundry.
- Umesh Chowdhary:** No, the capacity, thank you, sir. The capacity of 8,400 with the RDSO assets capacity. And the fact that we have been able to surpass that, we have already applied for revalidation of the assets capacity.
- Moderator:** Next question is from the line of Sriharsha, an Individual Investor.
- Sriharsha:** Congratulations on a good set of numbers. Regarding the shipbuilding capacity, are we expecting any orders from the defense ministry? And are you also looking out for any joint venture for the shipbuilding technology?
- Umesh Chowdhary:** As far as the shipbuilding is concerned, we have already announced in the past that considering the current financial and management bandwidth required on the rail business for the company, we would be exploring the possibility of inducting strategic partner for the shipbuilding and the defence business so that we can grow that, which also has a great opportunity.
- So we have been a little muted in allocating much resources on new builds on the shipbuilding side, but we are purchasing on the opportunity of structuring it in a manner so that the growth potential of the rail business does not become a bottleneck for the growth potential of the shipbuilding and the defence business without drawing upon the resources of the rail business.
- Sriharsha:** Another question, sir? Do you require -- are you to raise any extra caps -- any extra capital other than the recent QIP of INR700 crores for executing the order backlog of this INR27,500 crores?
- Umesh Chowdhary:** I already answered this, sir a little while ago that based on the current level of expansion that we have in the pipeline and the capacity building plan, we are adequately capitalized.
- Moderator:** Next question is from the line of Indrajit Chakraborty: from Scrip Trading Corporation.
- Indrajit Chakraborty:** I need some clarity regarding Titagarh Firema into that Italian joint venture, which we have. What is the status there? When from -- where can Titagarh start thinking of getting something out of it other than technological know-how which you have received, when would it start

contributing to the profits of the company directly? If you could please throw some light on this matter.

**Umesh Chowdhary:** Thank you. As far as Titagarh Firema is concerned, there is a new order that was signed by Titagarh Firema for coaches for the Italian Railways. So the current order book of Firema stands at almost EUR 1 billion. It was the need of capital, which now with the alliance with Amber and the Government of Italy agreeing to in principle infuse further capital. We should be able to get this problem resolved as well. So we are hopeful that Firema by 2025, '26 should start contributing on a positive side. '24, '25 also should be much better results on the positive side. But the real -- I mean, the real growth will happen -- start happening in the next 12 to 18 months.

**Indrajit Chakraborty:** And the effect will be felt in our -- the same profit and loss account also, right, sir?

**Umesh Chowdhary:** On the pro rata basis, the balance sheet accounting norms are following. But [inaudible] subsidy of Titagarh Rail Systems anymore. So therefore, it cannot be considered as a consolidation. But whatever are we based on the accounting norms, it will definitely do the same.

**Moderator:** As there are no further questions, I would now like to hand the conference over to Mr. Dhirendra Tiwari for closing comments.

**Dhirendra Tiwari:** Thank you very much sir. Let me thank the management of Titagarh Rail Systems for giving us the opportunity to host the call. I would also like to thank all the participants for attending the call. Before I invite Umesh ji for final words.

**Umesh Chowdhary:** Thank you, Dhirendra ji. Once again, it was very interesting to interact with all the participants in this call. The questions have been very interesting, very insightful and have helped us to think deeper. Thank you to everybody for all the confidence that has been entrusted upon the company.

And we do hope and look forward to live up to these expectations and continue to follow the vision of the Honourable Prime Minister of the Government of India of Make in India Atmanirbhar, completely Atmanirbhar and that's our sector, all the products that we are doing are all towards that effect and infrastructure, which is going to be a growth story in the country, I think India has just started to build up our catch up on the requirement in terms of infrastructure and particularly in terms of mobility infrastructure.

And the company is pretty much in the right place, at the right time to be able to enjoy this tailwind. So thank you very much once again to everybody. And thank you, Dhirendra ji for hosting this call.

**Dhirendra Tiwari:** Thank you very much. Thank you, sir. Thank you all the participants. Now we conclude the call. Have a good night.

**Moderator:** Thank you. On behalf of Antique Stock Broking, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.