



21st September, 2022

National Stock Exchange of India Limited
Exchange Plaza Bandra-Kurla Complex
Bandra (E), Mumbai-400051
Scrip Code: TWL (EQ)

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400001
Scrip Code: 532966

Dear Sirs,

Sub: Transcript of the Investor Update 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 Investor Update Call of Titagarh Wagons Limited ('the Company') held on Wednesday, 14th September, 2022 at 4:00 P.M. The same can also be accessed on the Company's website at www.titagarh.in

Please take the above on record.

Thanking you,

Yours faithfully,
For TITAGARH WAGONS LIMITED

**RAVI
PRAKASH
MUNDHRA**

Digitally signed by RAVI PRAKASH MUNDHRA
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Ravi Prakash Mundhra
Company Secretary

Encl.: As above.

TITAGARH WAGONS LIMITED

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“Titagarh Wagons Limited
Investor Update Conference Call”

September 14, 2022



**MANAGEMENT: MR. UMESH CHOWDHARY – VICE CHAIRMAN & MD -
TITAGARH WAGONS LIMITED
MR. ANIL AGARWAL - DIRECTOR FINANCE - TITAGARH
WAGONS LIMITED
MR. SAURAV SINGHANIA - GROUP FINANCIAL
CONTROLLER - TITAGARH WAGONS LIMITED**

ANALYST: MS. AASHNA - ICICI SECURITIES LIMITED



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Moderator: Good day, Ladies and gentlemen, and welcome to Investor Update Conference Call of Titagarh Wagons Limited hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during 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 to Ms. Aashna from ICICI Securities. Thank you and over to you, Madam!

Aashna: Thank you Mitchell, and good day everyone. On behalf of ICICI securities I would now like to welcome you all for the Investor Update call of Titagarh Wagons Limited. The management today is being represented by Mr. Umesh Chowdhary - Vice Chairman and Managing Director, Mr. Anil Agarwal - Director Finance; and Mr. Saurav Singhanian - Group Financial Controller. We will start the call with the opening remarks from the management post which we will have the Q&A session. I would now like to hand over the call to Mr. Chowdhary for his opening remarks. Thank you and over to you Sir.

Umesh Chowdhary: Thank you Ma'am. Very good afternoon everybody, and thank you very much for joining this update call. I am very pleased to have this call because we wanted to share a very important development that has taken place for the company as was announced a couple of months ago that we had signed an agreement with the Government of Italy to come in as an equity partner, which was subject to certain approvals, regulatory and statutory approvals. On receipt of those approvals last week on Thursday, the detail got finalized and the Government of Italy through its investment arm, Invitalia and the private equity firm based in UAE, Hawk Eye have invested in a total of €14.5 million as primary infusion into Titagarh Firema. The promoters and shareholders have also infused €5.5 million as a part of this agreement. So the total recapitalization that has taken place of Titagarh Firema has been to the tune of €20 million. As a result of this, the equity base of Titagarh Firema has increased from €13 million to €33 million which has resulted in not only improving the liquidity position, but also the entire ratios of the company. The investment of Invitalia particularly does not only bring in the required capital, but also is extremely important because most of the customers for the Italian company is one of the arms of the Government of Italy or the other and it brings in a huge amount of strategic advantage particularly for a company like us which is a foreign company and operating in a foreign jurisdiction to have the Government of Italy on other side of the table is going to be and we are already seeing some of it a big advantage to achieve the target. The target for the company is to get to a production of 20 cars per month which would mean 240 to 250 cars per annum. The average selling price of a car in Italy is about in Europe is between €1.6 to €2.0 million. So the company has the potential in the next three, four years to reach the full



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scale operation and having the Government of Italy as a shareholder would support in a very big way this target of the company. In terms of the Indian operations how this investment impact the Indian operations, I would like to give a little overview. One of the rationale for investment from India into Titagarh Firema that is the Italian company was for Titagarh Wagons to be able to enter into the passenger rolling stock business in India, the metro, the semi high speed, and all these other trains. Titagarh Wagon has produced EMU's and MEMU's in the past, but did not have the credentials, qualifications, or the technology as well as the manufacturing know how for making modern metro trains or high/semi high-speed trains. With the acquisition of Titagarh Firema, we have been able to get all of this and as you are aware we were able to win the contract of Pune metro where out of 102 coaches, 9 coaches came from Italy and the balance 93 coaches are being produced in India. The production is already in its full swing, we have supplied 8 trains up till now and we would be supplying another 8 trains including 3 of Italy and another 2 would be supplied this month. So the production is going on very smoothly, the entire transfer of technology and transfer of manufacturing into our Indian facility has been completed. In addition to that we were able to sign the contract with CRRC for supplying stainless steel cars to the Bangalore metro. This enables Titagarh Wagons to be the only company in India to have the technology and the capability to produce both stainless steel as well as aluminum metro and our current capacity, the capacity that we intend in the first phase is about 250 cars again over here and to be enhance to 450 cars over a period of time. The Indian company that is Titagarh Wagon is able to qualify in most of the Indian tenders however in very large tenders in India, we have been and we would continue to participate in consortium with Titagarh Firema. In terms of the technology designs available, the design center of Italy and the design center of India work under very close cooperation with each other. We have a long-term ten year cooperation agreement which is further extendable, which was signed about two or three years ago, which internally includes the joint working for projects both in Italy, in India and worldwide. So as such while the two companies would now work on an independent basis, they would continue to complement each other and take advantage of the synergy of the other company.

In terms of financial accounting and reporting as a result of this equity infusion, Titagarh Firema ceases to be a subsidiary of Titagarh Wagons. On one side the revenue that has been on the consolidated basis would definitely come down because the revenues, the top line of the company which was reported whether in March 2022 or June 2022 or even before was including the consolidation of the sales of Titagarh Firema. However because of the legacy contract, the problem of COVID and so on the results the bottom line of Titagarh Firema has been a drag on the consolidated results of Titagarh Wagon. Apart from that in terms of the balance sheet consolidation there would not be any balance sheet consolidation, there



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would be only a profit and loss consolidation to the extent of the percentage of ownership of Titagarh Wagon which is 49%. In terms of balance sheet consolidation, India has very little minimal debt whereas Italy works in a completely different geography where debt cost is very different, therefore the consolidated balance sheet of the two entities use to consolidate two completely diverse geographies which follow different norms of financial management prudence and therefore were projecting a distorted picture of the consolidated balance sheet. Going forward due to this deconsolidation this balance sheet presentation of Titagarh Wagon would be on a standalone basis and the balance sheet numbers would not get consolidated and that would automatically improve the balance sheet ratios of the Titagarh Wagons going forward. All in all we feel very happy and very elated that the Government of Italy which is the sovereign have considered Titagarh Firema as a worthy investment. It is not very often that one sees that the sovereign invest into a private sector company to acquire a minority stake and that too a company owned by a foreigner which has happened in this case. So this is a very strong validation of the potential of the project, but also of the Titagarh brand and we thank the Government of Italy, the private equity investor and we believe that this would be a very important turning point for Titagarh Firema in Italy. With those words I am happy to take any questions I hope I have been able to cover the salient features of this development in a nutshell, but I am happy to dive deep and answer any questions that may be possible for me to answer. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Chinmayi Upadhyay from Moneybee Investment Advisors Private Limited. Please go ahead.

Chinmayi Upadhyay: Hello Sir, thank you for giving me the opportunity. I just want to ask the cash that have been infused in the Italy subsidiary, how is that going to be used. If you could shed some light on that.

Umesh Chowdhary: The cash that has been infused into the Italian subsidiary would be used for the stabilization of the operations of the company. As I mentioned that we would target to get to a production level of 20 cars per month. Now the average production is hardly 2 - 3 cars per month. The target is that within one year we should come to 10 cars and then grow it gradually to 20 cars over the next three, four years. So one of the utilization would be this and the second is to stabilize. We have an order book including framework contracts of about €500 million, we also signed a contract with the Lazio region recently, so the cash would be utilized to support the working capital needs for execution of this contracts.

Chinmayi Upadhyay: And how was the TWL financed their equity infusion.



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Umesh Chowdhary: TWL has very little debt on its book, so as of now the entire equity that has been infused or that is sitting in the books of TWL is by its own internal accruals primarily.

Chinmayi Upadhyay: And when do you expect the breakeven.

Umesh Chowdhary: We are expecting EBITDA breakeven this year, although we were expecting certain developments to happen earlier but they took a little time but we would try to reach EBITDA breakeven this year and the PAT breakeven or a net breakeven the following year.

Chinmayi Upadhyay: This is you are telling on a full year basis?

Umesh Chowdhary: That is right.

Chinmayi Upadhyay: Thank you so much I will get back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Darshan Zaveri from Crown Capital. Please go ahead.

Darshan Zaveri: Sir I just wanted to ask regarding our domestic order book. We have received the mega order from railways. So how do we foresee the current landscape in India like if the railways is under a huge investment cycle, so do we foresee any other bigger orders coming our way during this year or next year have we bided for some new orders exit. Could you throw some light on that?

Umesh Chowdhary: In terms of the railway wagon demand, the railways have placed an order for three years, we understand that the railways also have further requirement. The total order that they have placed is about 70,000 wagons. Unconfirmed reports based on newspaper say that the railways have a planned acquisition of 3,00,000 wagons. So we believe it is a long way to go. The railways would require additional wagons going forward and we are ramping up our capacity continuously. In terms of the metro space there are many tenders that are there in the metro field, we have been qualifying and participating in most of the metro tenders and we have participated in several and we would announce and come back to you about them as and when we are able to succeed in some of those tenders, we would not like to mention or announce tenders based on our participation because participation is only the first aspect of it and there are several rounds of competition that have to be gone through. So, we would not like to announce the participation of tenders, but whenever we do win, we will come back to you, but suffice to say that the pipeline both in terms of the tender participated and the tenders expected is very strong.



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- Darshan Zaveri:** Sir so sorry but these 3 lakhs why didn't we expecting over a period of next five six year or the next two three years because elections are also coming up. So, it will be in the recent space, correct?
- Umesh Chowdhary:** We cannot say that because this is based on as I said unconfirmed newspaper reports and different reports and discussion that we have had, that we have been given to understand that the railways are looking at this kind of a number.
- Darshan Zaveri:** And just one more question if I may. if new additional orders how will that affect our current capacity? How much of current capacity are we utilizing and once we start getting the big railway order how much would we did? will we be able to absorb new orders because a significant portion would be block for some time.
- Umesh Chowdhary:** No, we have started executing the order that we got form the railways, the order execution has already started. we do not see that to be a challenge.
- Darshan Zaveri:** Okay so capacity is not a constraint. Thank you that is it from my side, all the best sir and thank you for answering my questions.
- Moderator:** Thank you. The next question is from the line of Anurag Patil from Roha Asset Managers. Please go ahead.
- Anurag Patil:** Thank you for the opportunity. Sir currently in the Italy business are you facing any disruption due to energy issues etc?
- Umesh Chowdhary:** We are not facing any disruptions, but definitely the energy cost has gone up quite a bit. We need to see what happens during the winter for the gas availability and the gas cost, but yes energy and gas is a big challenge in Europe.
- Anurag Patil:** So in the winter again is there a possibility that our production can be affected or only the cost can go up for us?
- Umesh Chowdhary:** We expect that the cost will be only the kind of criteria, but production should not get affected.
- Anurag Patil:** And considering if the cost goes up still we will be able to breakeven at EBITDA are we comfortable on that side or it is reduced?



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Umesh Chowdhary: Energy cost is not a very significant cost, but, yes, it is an important factor. European geography has been undergoing several challenges as we all know whether it is depletion of the euro currency whether it is the energy crisis the aftermarket of COVID etc. also there is political uncertainty in Italy because there is election coming up later this month. So these challenges are always there and one cannot say anything about them because they are very uncertain and if something of a force majeure nature happens there is a very difficult it is not impossible to be predicted. But what we can say is like to have the Government of Italy as a partner in fact one of the reasons why we really were very keen to have them as a partner is because many of these uncertainties get hedged the risk of these uncertainties get mitigated and hedged by having the government as a partner or your side as a table.

Anurag Patil: Can you elaborate on your Capex plan for current year and next two to three years?

Umesh Chowdhary: We have already announced that including the Capex that we have incurred in the last couple of years the total Capex across our three businesses that we are looking over the next five years is about a Rs. 1,000 Crores out of which we would have already spend about 25% - 30% in the last two three years and this is something that we would be spending based on the targeted capacity that we have to reach. Our objective and our aim has always been to be very conscious and very careful in putting money on the Capex and we would only put money on a very objective and a very careful manner.

Anurag Patil: One last question, on the domestic business side are the margins different in passenger rolling business versus the freight business?

Umesh Chowdhary: On a blended basis they come to between 8% and 10%. I would say that on contract by contract, segment by segment they do vary but we have always given a guidance that our EBITDA margin in the Indian business would be around 8% to 10% and our endeavor is always to keep it at the higher end of the spectrum.

Anurag Patil: Okay that is it from my side. Thank you very much.

Moderator: Thank you. The next question is from the line of Karan Mehta from Nirzar Securities. Please go ahead.

Karan Mehta: Thank you Sir for the opportunity. I have just a couple of questions evolving around our Italian operation. What the execution period of the current order book in Italy and secondly what is the status of negotiation of payment terms with our creditors in the Italian operation?



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Umesh Chowdhary: The execution cycle of the existing order varies between three to four years. Some of the orders that we have our framework contract, so they have not yet been entirely released, they would be released as we progress in the execution of them. I would say on an average four year would be the fair time for the execution of the existing contract. Having said that there are new contracts also that we are now negotiating, and we are bidding for and we are hopeful that we will be successful in some of them. In terms of the negotiation with the suppliers more or less we have been able to achieve the entire negotiation. Now with the recapitalization and the improvement of the cash flow we do not see that as a challenge and we should be able to overcome that issue completely within few weeks.

Karan Mehta: And if I can squeeze in one more question, what is the opportunity that we see in metro and defence segment for the next one to two years.

Umesh Chowdhary: On metro segment we see a very large opportunity, the tier-I and tier-II cities are all going for metros and this is a very big opportunity. For the defence, while we are present on the defence side we have not participated in any very large tender. So our strategy is that while we have these three business verticals the first one is the mature one which is a freight, the second one is what we are focusing now in a greater proportion which is transit and population to stabilize and mature that business and the third one is like an incubation business we have an order book of about Rs. 400 - 450 Crores on the ship building bridges and defence and this is the business that we will look at propelling once we have been able to complete the resource allocation whether it is fund resources or time resources to the second business.

Karan Mehta: Thank you that was very helpful. I will get back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Hemant an individual investor. Please go ahead.

Hemant: Thank you for providing me the opportunity. If I got right from the opening remarks the Italian Firema company, it seems to be subsidiary of the company of the main company that is Titagarh Wagons Limited and the results and all will not be consolidated into Titagarh Wagons right?

Umesh Chowdhary: It will not be consolidated as a subsidiary, but it will be consolidated only the P&L will be consolidated on a percentage of ownership method. Under equity method accounting, associate accounting.



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- Hemant:** One more thing like margin you have already guided 8% to 10%, what kind of revenue are you targeting for FY2023 and FY2024 if you can guide us.
- Umesh Chowdhary:** We have not disclosed or we have not given any issued any guidance for the revenue but we have an order book of about Rs. 10,000 Crores most of the contracts are to be executed over three years that gives a fair idea of how we are targeting of course it is not going to be equated but we are definitely targeting to achieve the delivery timelines that have been stipulated by the clients.
- Hemant:** So Rs. 10,000 Crores in next three years right.
- Umesh Chowdhary:** That is right.
- Hemant:** Okay thanks a lot.
- Moderator:** Thank you. The next question is from the line of Tushar Sarda from Athena Investments. Please go ahead.
- Tushar Sarda:** Thank you for the opportunity. I had two questions. Who will have management control of Firema does it stay with you or government will also participate in the management?
- Umesh Chowdhary:** The management of Titagarh Firema is an independent professionally run management. As of now I am the Interim CEO myself, but that is only as an interim we are in the process of identifying a CEO. The board of Titagarh Firema is completely independent wherein nominees of all the shareholders are present to their holding.
- Tushar Sarda:** And second given the current situation in Europe and one keeps reading scary stories, what is your confidence of revival of this and what happens if there are further losses? does Titagarh have any further liability in terms of contribution, equity or debt or whatever?
- Umesh Chowdhary:** Of course, Europe is the challenging jurisdiction, all jurisdictions are challenges, no jurisdiction is free of challenges, but Europe at this point of time due to geopolitical issues and different issues offer a little more challenges in maybe some other territories some other geographies. The business, the potential over there the market is a very buoyant. So it is not going to be a cake walk, it is going to be a challenge, but definitely as per the plan that we have, we see that the unit again maybe delayed by a couple of quarters or four quarters, but the journey does seem to be having a very promising future and the very fact that the government and the private equity investor have also come in as investors into the company obviously also kind of indicates this conviction that we have that the unit does have a bright



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future. In terms of commitments of Titagarh Wagon, Titagarh Wagon has no commitment to support any losses or any debt obligation of Titagarh Firema or there is no kind of undertaking given to infused additional equity and any decisions that have to be taken by Titagarh Wagon on whether or not to put further cash into Titagarh Firema is purely to be decided by Titagarh Wagons board on the merit of such decision.

Tushar Sarda: Thank you. I will get back in the queue.

Moderator: Thank you. The next question is from the line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.

Parvez Akhtar Qazi: Good afternoon sir, and thanks for taking my question. Two questions from my side, we are seeing increasing opportunities in the Vande Bharat trains and then I believe three tenders are have already out. so first if you could guide us, I mean what role could we play, I mean, either now or probably in future in that direction what kind of opportunities can be capture in that segment and the second is we do have a propulsion system order from railways at a developmental state. Any update on that what is a status by when can we see any development from that.

Umesh Chowdhary: As far as Vande Bharat is concerned, absolutely it is a very exciting opportunity. There are three tenders worth 400 trains that have been floated, but we understand that it is just a first in the series of the tenders that is going to be there. The railways intends to replace all the antiquated passenger trains that are currently running on its system with these modern trains. Our company is evaluating very seriously participation in some of these tenders. The final decision on how aggressively or whether to go ahead or not is going to be taken on the merit of the risk and reward analysis which is being conducted. But definitely this is an opportunity which sooner or later as you pointed out we will be in and whether it is in the current one that have been floated or it is going to be in the future one but Titagarh will definitely be a important player in this field. In terms of the propulsion, the facility setup has already been completed. The tractions motors production has already started we have already offered the prototype traction motors to the railways for clearance. The traction propulsion, the converter system is going on. There have been certain delays because of some reasons but now we have been again on track and we are expecting still that within this financial year we will be able to offer the prototype.

Parvez Akhtar Qazi: Great thanks and all the best for future.

Moderator: Thank you. There is a follow up question from the line of Chinmayi Upadhyay from Moneybee Investment Advisors Private Limited. Please go ahead.



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Chinmayi Upadhyay: Sir in the railway order that you have in the past concall, you have mentioned that you want to achieve 700 wagons a month capacity. Can you tell us if that is something that we are currently achieving?

Umesh Chowdhary: No, madam we have not been able to reach the 700 wagon per month capacity till now. I had mentioned in the previous concall also which was about a month ago that we will be able to reach that in about three to four months time and I think we should be able to do that even before the targeted timelines.

Chinmayi Upadhyay: And given what would be the current capacity then on a per month basis?

Umesh Chowdhary: We have already been able to ramp it up to up to 500 wagons and we would be able to cover this journey from 500 to 700 in the next three months or so.

Chinmayi Upadhyay: And the capacity that you have ramped up the wheel set procurement for the same is appropriately available to you?

Umesh Chowdhary: The wheel set for the railway orders are primarily supplied by the Rail Wheel Factory who have also ramped up their production. So till now we have not had a major problem on the wheel set. Going forward of course we will have to see it on a month-to-month basis but the railways have come up with very meticulous planning they have come out with a long-term tender also for purchase of 80,000 wheels. We believe that the railways are really moving in a very planned, very systematic manner wherein we should not have problems in being able to source wheel sets.

Chinmayi Upadhyay: And lastly I want to ask that the per wagon realization is close to 32 lakh, is the assumption correct?

Umesh Chowdhary: I did not get your question can you please repeat.

Chinmayi Upadhyay: The per wagon realization comes up to around 32 lakhs, is that assumption correct based on the order size and the revenue potential?

Umesh Chowdhary: Yes, so it depends up on the type of wagon there are different types of wagons, the prices of wagon vary between 30 to 40 lakhs depending on the type of wagon.

Chinmayi Upadhyay: Thank you so much Sir I will get in line thank you.



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Moderator: Thank you. The next question is from the line of Ramchandra a retail investor. Please go ahead.

Ramchandra: Good afternoon Sir and thank you for taking my question. My question is that regarding Firema, how much was initially paid for the stake and how much have you paid as of now for this new equity infusion that is my first question and my second question is regarding the propulsion system that how much is the total size of the opportunity here and when from would this company be able to take advantage of that? Thank you very much.

Umesh Chowdhary: In terms of the equity investment, the currency equity has been invested by the Government of Italy and the private equity investor. In terms of the money that we have, €13 million of existing equity that was there was entirely invested by our self by us and our 100% subsidiary. We had acquired this company at a nominal value of about €12 - €15 million but the total as a part of the acquisition we had to also takeover some legacy contracts, contracts that were unexecuted for even up to 12 - 15 years and the other obligation we took over was to not layoff any of the employees. so during the acquisition itself we have estimated that the total cost of acquisition including the cost of these contracts' execution of the contracts and the losses thereon would be to the tune of €50 - €60 million. I would say that our total cost of acquisition has not been way out of that figure it has been in that range maybe €5, €10 million here or there. So, we do not see that the cost of acquisition has gone way out of our budget. The second half of question was on the potential of the propulsion, we believe that the propulsion business can be a very large business. We have set up capacity to produce up to 200 traction motors a month and up to about 8 traction convertors a month. If we are able to reach full capacity this would give us the revenue of anything between Rs. 1,000 to Rs. 1,500 Crores and this is higher technology product so the margins are slightly better than the other conventional products. Of course, we will take some time to be able to reach this full potential I would give myself three years to be able to reach this full potential. In three years time we feel confident to be able to reach full or near the full potential of this capacity.

Ramchandra: If I might ask that this propulsion system has the revenue started tripling in as of now or when would it start, when would this revenue start being generated?

Umesh Chowdhary: This financial year.

Ramchandra: Thank you.

Moderator: Thank you. There is follow up question from the line of Hemant an individual investor. Please go ahead.



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Hemant: Thank you for providing me the opportunity again. Just a follow up, like you have mentioned in response to my previous question the order book of Rs. 10,000 Crores will be for the Indian entity only and it will be executed in a span of three years. I just wanted to have a full revenue picture of TWL, like as I asked you, you told me that the revenue from the Italian company on the basis of the equity ownership so post this transaction how much stake TW holds in the Italian company and what kind of revenue it can get from the Italian company. I just wanted to have overall revenue picture that is why I am asking you.

Umesh Chowdhary: So the holding of Titagarh Wagon in Titagarh Firema is now 49% in terms of the equity accounting method, the revenue of the investee company which in this case is Titagarh Firema is not consolidated on the revenue figures of Titagarh Wagon. So the revenue figure of Titagarh Wagon would continue to be the sales generated out of the operations of Titagarh Wagons only. The profit and loss of Titagarh Firema which is the investee company would be on a pro rata basis consolidated in the P&L as separate line item.

Hemant: Any ballpark number for that thing maybe one year, two years down the line what kind of revenue it can be added as a separate line item.

Umesh Chowdhary: The revenue will not be added as a separate line item that is what I just explained that according to the accounting the equity accounting method the revenue of the investee company is not added to the revenue of the holding company or of the investor company.

Hemant: So what kind of profitability can be added just to modify my question any loss number any range will help.

Umesh Chowdhary: I have already given the potential of the Italian company. our target is in four years to reach the full potential of 240 coaches even at a 1.6, 1.7 million average that means revenue of almost Rs. 400 million. The geography of Italy or of Europe gives an EBITDA of 5% - 6% on a general average basis. So we would not be able to give you share any projections at this point of time but that is the maximum potential that the Italian company offers in terms of size and scale.

Hemant: So your target is to reach to 240 coaches per year.

Umesh Chowdhary: Yes, in four years time that is the capacity that we will have and of course then being able to reach the full target is the factor of many things like getting orders etc., etc., but that is the capacity that we would generate or we would develop within the next three to four years.



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- Hemant:** Thanks a lot Sir it is really helpful.
- Moderator:** Thank you. There is follow up question from the line of Chinmayi Upadhyay from Moneybee Investment Advisors Private Limited. Please go ahead.
- Chinmayi Upadhyay:** Thank you so much Sir. One last question was in the railway on the wagon side if any eventually we do expect to pay a 700 wagons per month capacity so in that case will the operating leverage play out or margins are expected to remain between 8% to 10%. Thank you.
- Umesh Chowdhary:** The margins that I have mentioned this also in the last call that while bidding we consider because this in a tender oriented business margin is always a factor of your size of order and the spreading of the cost accordingly so while bidding we always factor this change in order to get sizable orders and we believe that even at the full capacity the margins threshold would be in the range of 8% to 10% EBITDA.
- Chinmayi Upadhyay:** Thank you so much that was very helpful. Thank you.
- Moderator:** Thank you. The next follow up question is from the line of Ramchandra a retail investor. Please go ahead.
- Ramchandra:** Thank you Sir for taking my question once more. I just have one small thing to ask that are there any plans for the company to get into the shipping container business because I feel there is some similarity so is there any chance of getting into a shipping manufacturing shipping containers. Thank you.
- Umesh Chowdhary:** Thank you for the suggestion. We have explored this opportunity in the past, we always keep an open mind towards the new synergistic diversification, however we feel that it is a very low value-added item and the price levels compared to certain other countries in South East Asia is not remunerative. Today on a short-term basis because there is a shortage of containers the prices have moved up but probably over a period of time, we do not believe it is going to be sustainable so we have decided not to invest in manufacturing shipping containers at this point of time. Having said that if there is a change of market scenario or government policies and if the company feels that this is the line of product which will be sustainable and contributing to the company, we will definitely evaluate and get into it.
- Ramchandra:** Thank you very much.



Titagarh Wagons Limited
September 14, 2022

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Umesh Chowdhary: Thank you for a very insightful interaction some of the questions in fact most of the questions are very interacting and give us food for thought in a nutshell I would like to share that this is a very positive development for Titagarh Firema and for Titagarh Wagons because at some level this similarities of the methods of operations of the financial ratios of everything was kind of driving the value of both companies with each other. We believe that with the Government of Italy investing into Titagarh Firema, Titagarh Firema would be able to get it is on wings to fly on the other side Titagarh Wagon which is now fully capable and independent and as the Prime Minister has asked companies to become Aatm Nirbhar we believe Titagarh Wagon today is truly Aatm Nirbhar and will be able to provide synergy drawdown from synergy of Titagarh Firema but work on a very, very independent and Aatm Nirbhar basis and be able to grow with a very on the back of a very strong order book and a very strong market tailwind, Titagarh Wagon should be able to see a very healthy growth in its opportunity is going forward. On the other hand Titagarh Firema with the support the Italian government with the support of the private equity firm would be able to put in a very strong professional management in place and be able to unleash and unlock its true potential. I see on the net nothing negative in this entire transaction and in this entire development all I can see is very positive for both companies independently and jointly with the Government of Italy coming in as an investor. Thank you very much for your support, for your confidence and for all the questions that were asked.

Moderator: Thank you. On behalf of ICICI Securities that concludes this conference call. Thank you for joining us and you may now disconnect your lines.