



**“Titagarh Rail Systems Limited Q2 & H1 FY '25
Earnings Conference Call”**

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MODERATOR: MR. PARTH PATEL – ORIENT CAPITAL

Moderator: Ladies and gentlemen, good day, and welcome to the Titagarh Rail Systems Limited Conference Call.

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

I now hand the conference over to Mr. Parth Patel from Orient Capital. Thank you and over to you.

Parth Patel: Thank you, Mike. On behalf of Titagarh Rail Systems Limited, I extend a very warm welcome to all participants on Q2 and H1 FY '25 Financial Results Discussion Call.

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

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

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

Umesh Chowdhary: Thank you very much, Parth. A very good afternoon to everybody. And thank you once again for joining us to Discuss the Q2 FY '25 Earnings.

We are happy to share with you that the quarter gone by has been the best ever quarter in terms of the top line, marginally better than the previous best, which was last year. And we have registered a decent growth in our EBITDA, in all parameters. I would not repeat the numbers since they are already available in the presentation and in public domain, but I will just restrict myself to give you a little update about various issues and various projects that are going on, which I am sure would be of interest to everybody who's there on the call.

As far as the freight wagon is concerned, the first segment of our business, we have done close to 900 wagons per month on an average in the last quarter. So, the total wagons that have been sold are close to 2,670 to be precise, so an average of 890 wagons or 900 wagons. We are fully confident that this quarter, or maximum in the next quarter, we will start producing and dispatching wagons with the run rate of an average of 1,000 wagons per month, that is 3,000 wagons per quarter.

The order book pipeline from the railways, based on our understanding based on our discussion, looks healthy. The railways are very much on track to achieve their 3 billion tonnes of freight loading by the year 2030, which means that their wagon requirement should only be the same or

accelerate going forward. So, therefore, we have made sure that within this quarter or latest by the next quarter we are able to consistently touch or exceed 1,000 wagons on an average basis per month.

On the other side, we have also taken up expansion of our foundry capacity because of the constraints for the bogies and the couplers. We had ordered new lines or balancing equipments for the foundry. And we believe that by the Q1 of FY '25-'26, the foundry capacity will be fully capable to meet with our wagon production of 1,000 wagons per month. Which means the dependence on the outsourced bogies and couplers would come to an end for maintaining the current planned level of production.

On the other side, the PRS, the passenger rail system, we have three segments within this segment which we operate; one is what we call the commuter trains, which is the Vande Bharat, one is the metro coaches, and the third is the propulsion and electricals.

So, I will start with the metro. As we have already discussed and disclosed in the past, the Pune metro project got completed, and thereafter there was a gap because we were setting up the stainless-steel production line and the production for the Bangalore metro had to be started. This production was delayed by a few months due to certain problems that could not be envisaged or resolved very quickly, primarily it was relating to availability of visas for the Chinese engineers, as the Bangalore Metro is being done along with CRRC, and the Chinese engineers' presence was essential in Calcutta.

Now, of course, the visas have been issued. Also, the equipments that were procured from China, some of the robotic equipment and some fixtures, they could not be installed. But now that is all done and the production, both for the new stainless-steel car body line as well as the fitting assembly and testing line has begun. We are expecting that within December, within this quarter, the current quarter, we will dispatch the first train of Bangalore Metro. And we are well on track to be able to do that.

On the other project, which is the Gujarat Metro, we are planning to give the first train to Ahmedabad in the last quarter of this current fiscal or latest by the first quarter of the following fiscal, which is quarter of April 2025. The design of this was launched and was presented to the honorable Prime Minister when he was inaugurating the Phase-2 of Ahmedabad Metro, that was already in the media. And it has been very well appreciated by the public and by the authorities. It is the first train that is being fully designed and manufactured in stainless-steel by Titagarh as the CRRC or the Bangalore Metro was a design of CRRC.

On the second SBU which we have is a commuter train or Vande Bharat. Here, again, the progress of the designing activity has progressed very well. However, the operational requirement of the railways necessitated that the new Vande Bharat sleeper trains be used as a replacement for the old Rajdhani and Shatabdis, etc., the sleeper long distance trains which operate now on 24 cars and this contract was for 16 car configuration. As a result of which, some time was spent to discuss the technical, commercial and all the other contractual provisions,

although the contract clearly provides for the railway to be able to do so. We are coming close to a conclusion for this, and we expect that the first train which was scheduled to be delivered in June 2025, will now be delivered by December or January 2025/'26.

Of course, we will be able to make up going forward because it's a long series production. On the other side, both our design work as well as infrastructure building work is going on exactly as per plans. The equipments that we had ordered for the commuter train line, particularly Vande Bharat, will start arriving from November, December this year, and starting to get installed. We are planning to start the production of the car body for Vande Bharat, which is the first step within end of Q4 of this financial year or beginning of Q1 of the next financial year.

As regards the propulsion and electricals SBU is concerned, as we have already highlighted in our presentation, we have ramped up the production of traction motor. We are further ramping it up and the target is to cross an average of 100 traction motors a month, which we will be able to do within Q4 of this financial year. Thereafter, we will look at further expansion as the requirement for traction motors is substantive in the railway system. We will look at ramping it up further, maybe in another couple of quarters or three quarters to 150 traction motors a month.

On the other side, we exported our first converters to Italy, which has been very well received by the customer. And that production line has already started. For the EMU and MEMU traction system, we are now in the final stages of approvals, and testings and approvals. And we are expecting that in Q4 of the current financial year, our prototype propulsion will be dispatched to ICF for the other railway customers that we have. On the metro propulsion side, the TCMS work for the Gujarat metro with ABB is moving as per schedule, and there are no delays or no risks that are associated.

In a nutshell, this is as far as the overall business is concerned. A very quick word on the joint venture on the wheels. The project is going on as per schedule. It is moving very well on track. The civil work and the machinery installation should get completed by end of calendar year 2025, and the trial production should begin thereafter.

So, that is an overview of the quarter gone by. And I am very happy to take any further questions that may be there from the participants. Thank you very much.

Moderator: Thank you, sir. We will now begin the question-and-answer session. We have the first question from the line of Gagandeep from Investec Analytics. Please go ahead.

Gagandeep: Congratulations for good set of number. So, my question is specifically on freight car division. We performed decent in this quarter in terms of volume, can you help me to understand going in next one or two quarters what kind of ordering flow do you see in this segment and what kind of ambition do we see here in second-half of Financial '25?

Umesh Chowdhary: Thank you very much. As far as the performance for the coming couple of quarters is concerned, as I have already said that within this current quarter, that is the December quarter or latest by the March quarter, we will stabilize at run rate of 3,000 wagons per quarter, or 1,000 wagons per

month going forward. In terms of new orders, we already have an order pipeline to see us through for almost the next few quarters. We have already disclosed some numbers in the presentation. There are continuous tenders that are coming up with the railways and we believe that now we would like to be building up further order books and we are moving towards doing that.

Moderator: Thank you. We have the next question from the line of Ameya Sharda from Purnartha Investment Advisors. Please go ahead.

Ameya Sharda: Sir, could you just highlight the timeline for Bangalore and Ahmedabad and Surat metro, what is the expected timeline by which you will be able to deliver the trains?

Umesh Chowdhary: Yes. As I mentioned, sir, that the Bangalore metro, the first train will go out this quarter. And thereafter, every month we will be dispatching between one and two trains after a gap of a month maybe. So, that will be on streamline production. The first train of Ahmedabad is likely to be dispatched in the vicinity of April or May 2025. Then there will be testing and commissioning, and thereafter the regular supplies maybe in a gap of three months we will start again as per the delivery schedule, which will be followed with the Surat metro.

Ameya Sharda: Sir, can we expect the Bangalore metro to be delivered entirely in FY '26 or will it go beyond that?

Umesh Chowdhary: No, it will not be entirely in FY '26, so this Bangalore metro, unlike the other metro is for six car configuration. We have order of 34 trains, and we will be starting with delivery of one train per month. And then gradually increasing it may be in another four or five months to two trains per month. So, will it be spilled over to FY '26-'27 as well?

Ameya Sharda: And we will be doing the Bangalore and Gujarat metro simultaneously, right, or first Bangalore and then Gujarat?

Umesh Chowdhary: No, no, it will be simultaneous.

Moderator: Thank you. We have the next question on the line of Vikas Reddy from Lakshmi Kala Investments. Please go ahead.

Vikas Reddy: Sir, congratulations on a good set of numbers and maintain good freight wagons production. Sir, my first question is, as I can see in the last exchange filing that you have short closed the 3,089 BCNA wagons. What's the reason behind that? And are we looking good margins in PR segment for the short, closed Wagons?

Umesh Chowdhary: So, as we have already disclosed in the same filing that the reason for the short closing was that this was relating to an earlier tranche which was carrying on as a backlog. And if we took up the execution of that now, it would not be financially rewarding to us and it would also block up our entire capacity. And considering the overall demand situation and also the fact that the railways had already initiated the exercise of the option quantity, by which the first part of the auction quantity of 700-odd boxwagon was released, in the overall balance of economic sense it made

better sense to short close this 3,000 wagons. Therefore, it was done. There is no additional impact that it will make, because we already have an order book of more than 14,500 wagons as on the 1st of October. So, the company's performance is not at all impacted on this account.

Vikas Reddy: My second question is, in the month of August, Indian Railways cancelled Rs. 38,000 crores of Vande Bharat to Alstom India for 100 Vande Bharat aluminium sets. So, if the rebidding happens, are we interested to participate further? And we are only the company to Make in India and Made in India.

Umesh Chowdhary: So, not only we are the only company in India to be Made in India, but we are the only company in India which has made aluminium coaches in India. The Bangalore metro coaches that we have manufactured and supplied are the only trains that have been made in aluminium. Sorry, the Pune, not the Bangalore, the Pune. So, as and when this tender does come up, we would definitely be interested. Of course, each tender is evaluated by us on the merit of the tender at that particular point of time. But in principle, this is something which is very much up our ally.

Vikas Reddy: And my last question, sir, in the decline in passenger rail segment in this Q1 and Q2 quarter, so when can we expect the PR segment to start contributing to revenues, sir?

Umesh Chowdhary: As I just mentioned, the production will be streamlined from Q4 of this year and will start growing from Q1 of the next year when Ahmedabad also starts.

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

Rajesh Bhandari: Good afternoon, sir, and congratulations for the good numbers. The orders that we have for Vande Bharat metro line, can we expect by '25-'26 the turnover may even be more than double?

Umesh Chowdhary: That is a very difficult question to answer because that entails giving forward-looking guidelines, but we have already given you the overall position. In FY '25-'26 we will start the Bangalore metro. We stabilize the Bangalore metro; we will start the Ahmedabad metro. So, Vande Bharat will get stabilized in '26-'27, because the first train is likely to be done by December '25 or January '26. So, really I would say that the full impact of the PRS advantage will start coming to us in FY '26-'27.

Rajesh Bhandari: So, sir, is the cost of one such train about Rs. 60 crores to Rs. 70 crores?

Umesh Chowdhary: The Vande Bharat metro if it is of 16 coaches then it will be around Rs. 120 crores, and if it has 24 coaches then the cost will increase pro rata.

Rajesh Bhandari: So, by '26-'27 then as a company we should be in a very comfortable position because of the kinds of orders we have and expected.

Umesh Chowdhary: Sir, we believe we are also in a good position now.

Rajesh Bhandari: No, of course, sir.

Umesh Chowdhary: But thank you very much for your wishes.

Rajesh Bhandari: And sir, regarding our debt, when can we expect to be zero debt company?

Umesh Chowdhary: Sir, we are a net debt free company. If you see the cash and the bank deposits with the debt, we are almost a debt free company today.

Rajesh Bhandari: And any plans of bringing any QIP?

Umesh Chowdhary: No, we do not have any such plans, if any such plans come up in future we will definitely let you know.

Rajesh Bhandari: Okay. And regarding wheels, next year we will be starting with RK Forge, so in this do we expect that we can also get orders from out of India?

Umesh Chowdhary: Yes, that's right. The capacity that we have planned, the advantage that we have is the Railways has written manufacturing of 80,000 wheels per year for at least next 20 years.

Rajesh Bhandari: You mean Indian Railway?

Umesh Chowdhary: Yes. 2,20,000 wheels project that is being set up, in that 80,000, meaning almost 40% to 50% wheels are already presold for the next 20 years.

Rajesh Bhandari: To the Indian Railways?

Umesh Chowdhary: To the Indian Railways. Then there is our own requirement which is Titagarh's requirement. Then there is the export potential. So, definitely that project is looking very attractive and very encouraging.

Rajesh Bhandari: Previous I guess Ukraine had the monopoly in it, right?

Umesh Chowdhary: No, maximum used to be from China, Ukraine used to supply few quantity, but maximum was from China.

Moderator: Thank you. We have the next question on the line of Srinidhi Karlekar from HSBC. Please go ahead.

Srinidhi Karlekar: Sir, would it be possible to update us on the near-term awarding pipeline in the metro business?

Umesh Chowdhary: Sure, Srinidhi. So, there are many tenders which are in the pipeline right now. There are several tenders which have already been floated, including tenders in Mumbai, Bhubaneswar, Chennai, etc. Our focus in the last few quarters was not to get new orders, but to stabilize our production lines. And our focus has been given in the last two, three quarters for that, or even more. Now our focus will again go back that the production lines have started, and we will be going in for

more aggressive order booking spree. So, from let's say Calendar Year '25 onwards we will be looking at building up order book to the next levels.

Srinidhi Karlekar: You said that Chennai, Bhubaneswar and Mumbai you think most probably Calendar '25 awarding your full stock is possible?

Umesh Chowdhary: Yes, I think there would be many more tenders that will come up in the coming year, because even, I mean, every day we are seeing new tenders being on new projects being sanctioned. Even this morning there was news that in Hyderabad some new lines have been approved by the cabinet. So, there is Pune, there is Ahmedabad additional, there is Nagpur Phase-2. So, there are a number of metros that are coming up now. And the Government of India is really focusing a lot on urban mobility.

Srinidhi Karlekar: Right. And sir, on the Vande Bharat you kind of alluded to the change of configuration resulting in delays. So, would you say that largely technical and commercial discussions are done and how are they likely to impact expected margin you are likely to make on this project?

Umesh Chowdhary: There will be no impact on the expected margins in this, Srinidhi, because this is a part of the contract that the trains can be increased from 16 to 20 or 24. And by and large, this is only a reconfiguration. The only thing which is there is that, because of this change the first train might be delayed by between 6 to 9 months.

Srinidhi Karlekar: And sir, the last one if I may. Sir, on the freight wagon business, the private sector order addition seems to be quite soft. Any particular reason that you may want to allude it to?

Umesh Chowdhary: No, it is not soft. The steel sector has been going slow in the last quarter, as we are all aware. So, to that extent, there are certain deferments of finalizations. But I do not see this as softness. I would say that the buoyancy of the demand, as we see, is remaining as it was earlier. Maybe some decision making from one quarter to another can be deferred, but ours is not really a very strictly quarter-to-quarter business being a capital good. Decisions can get spilled over by a month or two months, which is very normal in the industry.

Moderator: Thank you. We have the next question from line of Harshil Sethia from Renaissance Investment. Please go ahead.

Harshil Sethia: Hi sir, can you just help me with the quantum of orders for the Vande Bharat train, what would be the order size? And is it wholly billed, the Rs. 6,000 crores, Rs. 7,000 crores?

Umesh Chowdhary: I am sorry I could not understand your question, if you could just be a little closer to the phone.

Moderator: Mr. Sethia, if you could go off the speakerphone, your audio kind of interrupts in between.

Harshil Sethia: Sir, whatever Vande Bharat trains we would be delivering would be via the JV with BHEL, correct?

- Umesh Chowdhary:** It's not JV, it's a consortium.
- Harshil Sethia:** And this order size of currently which is Rs. 7,000 crores, so how would that be bifurcated?
- Umesh Chowdhary:** No, the order is not Rs. 7,000 crores. This is our share of the JV. The total order is larger. And our share of the order is what has been given in the slides.
- Harshil Sethia:** And sir, one more question that I had, the metro delivery order, so what would be the quantum of those orders in total?
- Umesh Chowdhary:** We have already disclosed that it's there in the presentation also, sir, you will be able to find it, Bangalore and Surat and all of that.
- Moderator:** Thank you. We have the next question from the line of Aakash from Dalal & Broacha. Please go ahead.
- Aakash:** Sir, I would like to understand when we say that we will be delivering our first metro train or rake next quarter, so that would involve how many coaches?
- Umesh Chowdhary:** The Bangalore is six coaches, unlike Ahmedabad and Pune which is three coaches.
- Aakash:** Got it. So, the next quarter would entail somewhere between five to six coaches being delivered, and the quarter after that, how much can we expect? Will we be able to increase our production rate?
- Umesh Chowdhary:** Yes, absolutely. The capacity that we have installed is much larger. And our target is to reach full capacity in the shortest period of time. But definitely, we will start delivering at the rate of one train per month, and thereafter increase it to two trains in the first phase, and thereafter further.
- Aakash:** Sir, I think earlier in one of the earlier concalls you had highlighted that the capacity would be somewhere around 25 coaches per month, right, by Q4 of this year?
- Umesh Chowdhary:** That's right, the capacity, we have already installed all our equipment and today all the equipment to be able to produce 25 cars per month is there. Now, because there was a delay by about four to five months or maybe around six months on account of the installation of the equipment, the general, the normal ramp-up time that is required is what is required. I had also said that we target to achieve a production range of around 15 to 20 cars per month to start with. We think we should be able to reach that run rate in Q1, end of Q1 of '26.
- Aakash:** Sir, I just wanted to understand the propulsion segment that we have, the propulsion motors or traction motors and converters that we supply. Sir, what would be our margins and realizations in that business?
- Umesh Chowdhary:** So, we do not give segment by segment margins as a matter of competitive strategy. But on an overall blended basis, we have already given guidance that our two business segments, the FRS

which is freight rail segment and the passenger rail segment, which is the freight rail segment we would continue to get a margin of between around 12% vicinity. And in the passenger rail segment, once we are able to get to normalized volume, then we will be able to get between 10% to 15%, depending upon the propulsion indigenization or making the propulsion as a make item rather than a buy item.

Aakash: Sir, if you could help us understand the opportunity and the TAM that we have in this propulsion segment, I mean, I would just like to understand that business.

Umesh Chowdhary: I am sorry, could you repeat your question once again?

Aakash: If you could explain us the total addressable market or opportunity that we are looking at in the propulsion segment, propulsion motors and converters.

Umesh Chowdhary: So, one train, I am talking of a newly built train, the propulsion constitutes to about 25% to 30% of the value of the train. So, if a coach is Rs. 10 crores, it requires propulsion of between Rs. 2.5 crores to Rs. 3 crores.

Moderator: Thank you. We have the next question from the line of Parvez Qazi from Nuvama Group. Please go ahead.

Parvez Qazi: Sir, my first question is on the wagon ordering, generally for the Indian Railways I think in H1 they have given orders for roughly around 7,000 wagons. So, in your discussion with railways, what do you see about their plans for ordering, let's say, in the second-half of FY '25 and also for FY '26? And the second question is, for the expansion of our coach manufacturing capacity, which is underway, I mean, what is the status? And by when do we expect that program to get completed? Thank you.

Umesh Chowdhary: Thank you, Parvez. So, I will answer your second question first. I already mentioned that in my opening comments that the expansion of the capacity is something which is almost complete. And within this quarter or latest by the last quarter of this financial year, that is January to March, we will be able to achieve the 1,000 wagons per month run rate. As far as the ordering is concerned, what the railways have been doing is that the special purpose wagons which are smaller in numbers which keep on coming up with the smaller tenders, the bulk wagon, which is the BCNA and the Box, that is always purchased through a large bulk multi-year tender now. So, since the previous tender is still going on, the supplies are still to be done for another one year, plus there is an option for the Railways to exercise. So, we hope somewhere in middle or maybe earlier part of 2025, the bulk tenders will come. Having said that, smaller tenders are continuously coming, and we see multiple of those coming out from the Railways even now.

Parvez Qazi: Sir, actually I want, I am sorry if I didn't put the question correctly, I wanted to know about the status of the expansion capacity in the passenger coach segment.

Umesh Chowdhary: Okay, I am sorry. On the passenger coach segment, as I mentioned, our line for the metro coach has already been set up now, it has started production. I also mentioned that there was some

delay on account of the commissioning and starting production primarily on account of the visa issues between China and India. Now that has been resolved and production has started. We are now looking at ramping up on a month-on-month basis to be able to reach at least between 15 to 20 cars in Q1 of FY '26, towards the end of Q1. So, our target is around June '25 we should be able to reach a production level of 15 to 20 cars per month. Thereafter, it will also depend a lot on the inflow of new order. And that's where I mentioned that our focus will shift a lot on bringing in new orders in the next year. For the Vande Bharat, our first train production, as I said, will be done by December '25 or January '26, and then gradually the production will ramp up. But the setting up of the line is going on as per schedule. Our line should be set up latest by April or May 2025 for the entire Vande Bharat line.

Moderator: Thank you. We have the next question line of Mohit Motwani from Tara Capital. Please go ahead.

Mohit Motwani: Sir, my first question is on your propulsion and electrical. So, in this particular quarter there was no metro coach or Vande Bharat coach delivered, so we made around Rs. 57 crores of revenue, and your presentation says Rs. 185 traction motors. So, fair to say the average realization for these would be around Rs. 30 lakhs per motor or a converter, would that be a fair assumption?

Umesh Chowdhary: Not really. While no metro coaches have been delivered, metro coaches have been produced, and this business is always accounted for on a percentage of completion method basis of accounting. So, therefore, there is a mixture of metro and propulsion which has been done. And in the propulsion also it is not only traction motors, but it is also traction converters.

Mohit Motwani: And in terms of your EMU and MEMU which you are planning to start from 4Q FY '25, if that is correct, any revenue targets that you have in mind for FY '26-'27, what can be the opportunity size for us?

Umesh Chowdhary: We have a very robust order book for propulsion, as we disclosed. We have a robust order book for proportion. I cannot disclose the number because it's not a part of our presentation. But we do have a robust pipeline of orders as well and an order book. So, we will be able to ramp up production in FY '25, overall, on the propulsion business.

Moderator: Thank you. We have the next question line of Nirav Vasna from JSK Portfolio Manager. Please go ahead.

Nirav Vasna: I have a question which is very specific pertaining to our freight division. So, today we are having an order book of around 14,500 wagons, which is to be delivered. And if I assume that the monthly run rate is going to be 1,000 wagons per month, you will exhaust this order book in max 15 to 16 months. The question is that, can our freight division be a vendor for supply of wagons to overseas customers after supplying a lot of products to India? This is one point that I wanted to understand.

Umesh Chowdhary: So, as far as wagons are concerned, we have exported wagons in the past also. Having said that, there is not a very large-scale market of export for wagons simply because the cost of logistics

to export wagon is very high compared to as a percentage of the overall cost of the wagon, considering the weight and the volume of the wagon. But I would also like to mention that having a 15 month order book is not really a short order book cycle in the slide. Because unlike the passenger coaches -- if you could kindly go on mute, it will be easier for me please.

Moderator: Mr. Nirav, if you could go off the speakerphone, there's a lot of background sound in your audio. Thank you.

Umesh Chowdhary: Thank you. So, unlike passenger trains, where the gestation from the order book to the first train is almost two years, in the case of freight wagon the gestation from the order book to the first wagon is much shorter, it is more like three to six months. So, therefore, we do not see this as something that keeps us awake at night.

Nirav Vasna: And according to you, bulk tender or I can say big tender from Indian Railways for freight, any timeline that you can give wherein that can act as a feeder? Because as I understand, Indian Railways is now coming up with the concept of bulk tenders wherein once the tender is concluded, the vendors have order book visibility of around two to three years. So, any bulk tender according to you which is there in the offering or any timeline that you can prescribe to that, that will be helpful.

Umesh Chowdhary: The bulk is already under execution, sir, and it is up to the Railways when they come up with the next bulk tender. But we expect that considering the targets of the Railway, considering the target of the government to reduce the logistics cost, overall logistics cost as a percentage of their GDP, the tender pipeline and the bulk, whether it is bulk or short tenders, it is going to continue as it is.

Nirav Vasna: Alright. Thank you very much, sir. And wishing you and the entire team at Titagarh a Happy Diwali.

Umesh Chowdhary: Thank you very much and same to you, sir.

Moderator: Thank you. We have the next question from the line of Mr. Sudeep Anand from Systematix. Please go ahead.

Sudeep Anand: Sir, just a couple of questions. One is that, how do you see that demand coming from the private side during the quarter? And with the new corridor announcement, how do you see the future of it? And secondly, sir, what was our CapEx in Q2 and how much we are going to spend in FY '25? Yes, that's it for my side.

Umesh Chowdhary: So, as far as the demand is concerned, I think I had already discussed this a little while ago that the demand of the wagons in the private sector also remains as it is. It is not a very large part of the overall wagon demand. I mean, the Indian Railway continues to be the largest buyer of wagon. Having said that, the private sector demand we expect is going to continue in the same manner. As far as the CapEx is concerned, whatever CapEx was announced in the past has been

what we are executing now. There is no new CapEx, substantial CapEx that has been undertaken by the company in the last quarter.

Moderator: Thank you. We have the next question from the line of Krish Nahar from Electrum PMS. Please go ahead.

Krish Nahar: Sir, I just wanted to know, is there any update on --

Moderator: Mr. Nahar, your audio is breaking up, if you could kindly go off your speakerphone. Mr. Nahar, can you hear us?

Krish Nahar: Sir, I just wanted an update on the Sidwal JV, when can we expect some revenue on that side?

Umesh Chowdhary: So, it is too premature because our JV agreement our association with Sidwal is to develop new products. We are still in the phase of finalizing the preliminary part of it. It is still far away from contributing revenue to our balance sheet.

Krish Nahar: And sir on the wheel side, we can expect revenues to reflect from FY '27 on the RK Forgings JV?

Umesh Chowdhary: That's right. As I mentioned already that's what we are expecting.

Moderator: Thank you. We have the next question from the line of Amit Kumar, an investor. Please go ahead.

Amit Kumar: Thank you for the opportunity and congratulations for a good set of numbers. I have a question that we will be starting to deliver Bangalore metro trains from this month per month. So, does that mean we will be delivering approximately three trains per month, that means 18 coaches? And for Ahmedabad we will be starting one train from April '25, so if you could provide me the value of per-train for Bangalore and Ahmedabad, is it same or is it different? This is my first question.

Umesh Chowdhary: Yes, please go ahead with all your questions and I will try to answer them together, sir.

Amit Kumar: The second question is like, what is the value of Vande Bharat and how many Vande Bharat will be delivered per month after December 2025? Because we will be starting first Vande Bharat in December '25, this is my second question.

Umesh Chowdhary: Sure. So, as far as the first question is concerned, we are talking of delivering one train per month to Bangalore to start with, and then it will be ramped up to two trains per month, and then we will target to even ramp up further. But we also have to incorporate the other projects into production, which is Ahmedabad, Surat, and hopefully other projects that we will win down the line. So, it's not possible for us to disclose apart from what is already available in the media, particular contract value or per coach value of each project. But in the case of Bangalore, since we are only doing the manufacturing, the material is all coming on free supply. Definitely the

top line of Bangalore will be lower to that extent compared to the top line of other projects. As far as Vande Bharat is concerned, there is a scheduled delivery after the prototype which is, again, partially available in public domain. I can only say that it will start with the first train, then the second train has to be given three months thereafter. Then each year there is a step-up of production which is first year is eight train, second year is, I believe, 11 or 12, and then it goes up to 20 trains per year.

Amit Kumar: And if you could provide what is the bid pipeline as of now, how many orders in terms of value or volume we have as of now?

Umesh Chowdhary: No, we have participated in several tenders. I would not be able to give you the details of that, apart from what is already disclosed in the presentation. But I would say that the overall business prospects that are there and the overall spending by the government in the metro in both PRS and the FRS segment is quite substantial. You can find some data of the likely upcoming tenders in the Page 31 of our presentation.

Moderator: Thank you. We have the next question from the line of Bharat Shah from Ask Investment. Please go ahead.

Bharat Shah: I just wanted to understand, after the bit of a lull during the election period and all that, is the overall thrust in energy of ordering in the railway back to normal?

Umesh Chowdhary: Bharat bhai, there was never any lull so to say, there were only restrictions which are normal restrictions in terms of placing of orders, etc. But what we have seen is that the government functioning even during the election period continued, particularly in the railway ministry in a very, very orderly and the same pace that they were keeping in the past. Ours is typically a CapEx production or item, which is very lumpy in procurement cycles. It's not a consumer product that will be consumed on a month-to-month basis and therefore has to be ordered. So, while the orderings will always continue to be lumpy, what we see as a KPI is, whether the momentum of the railway plans, expansions, discussions are continuing, and that is exactly on track as per what we hoped or expected.

Bharat Shah: Sir, which means it's business as usual, really speaking, the period of April to June or thereafter has not really affected our business in any way?

Umesh Chowdhary: No, absolutely not. The Railways working, when you are speaking specifically about the Railway working, no, the Railway working of the government working has really kept its pace and its momentum going.

Bharat Shah: And our different businesses have different dynamics, our passenger train, freight train, propulsion and the JVs, all have different kind of business dynamics, dimensions, timelines. But broadly, what we were kind of envisaging somewhere around last year, that in a space of four to five years' time essentially our business revenues are not really, on a short term basis or quarter-to-quarter. But over five-year basis we were expecting our overall size of the business to triple, if not more. Does that picture/vision remain intact?

Umesh Chowdhary: So, as far as numbers are concerned, I would refrain from giving any numbers. What I would like to say is that in terms of the vision, our vision remains more than intact. We would continue to be at this 1,000 wagon mark of freight wagons. And if the demand or the targets of the government increases, if the opportunity size increases, we would not be shy to increase the capacity further. In terms of the metro, we are still planning to be at the 36 cars per month capacity. Considering the overall, I would say that even the older metros will start coming up for replacement in a couple of years. So, we believe that this demand should be there, and the urban population of India is not going to decrease. And the same is for the commuter trains. So, overall, what we are planning is very much intact from where we are, we are looking at a quantum jump, particularly on the passenger rail segment.

Bharat Shah: Quantum jump in the passenger rail part you said?

Umesh Chowdhary: That's right, Bharat bhai, yes.

Bharat Shah: And freight business I assume will be relatively very more incremental.

Umesh Chowdhary: That's right, unless and until the new corridors come up. So, our belief is that the new power plant capacity, the thermal thrust that has been given by the government again will result in a substantial increase in freight loading by maybe another four years by the time these power plants are ready. And the new freight corridors that the government has been announcing also in the last budget, they would also start getting commissioned. And of course, the speed of commissioning is going to be much better than what we have seen in the past. So, that will result in or will lead to the next spurt of the level. Or let me put it in your terms, that will result in the next rerating of the demand. But as of the current levels, it's going to be more of an incremental one.

Bharat Shah: Right. And would it be fair to say that while, of course, inter-period variation and changes is the nature of the business, given the fact that it is order book driven kind of activity largely, over the five-year time frame, each year should reflect a meaningful growth over the previous year.

Umesh Chowdhary: Yes, it should, but it is not a linear graph. Because when projects, particularly for example Vande Bharat's wheel projects and all of that is continuing, then the graph of the growth does not become linear, it becomes a little choppy.

Moderator: Thank you. In the interest of time, that was the last question for today's conference call. I would now like to hand the conference over to Mr. Umesh Chowdhary, Vice Chairman and Managing Director, for closing comments.

Umesh Chowdhary: Thank you very much. And thank you everybody for participating on the call, and once again, asking some very interesting questions, which always give us food for thought. Before closing the call, from my side, I would like to wish everybody a very happy, prosperous and healthy Diwali and wonderful New Year ahead. So, thank you very much for supporting the company, having your trust. And we hope we would continue to live up to that trust in the next year as well. Thank you.

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