



“Titagarh Rail Systems Limited  
Q4 and FY '26 Earnings Conference Call”

June 01, 2026



**MANAGEMENT: MR. UMESH CHOWDHARY – VICE CHAIRMAN AND  
MANAGING DIRECTOR – TITAGARH RAIL SYSTEMS  
LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Titagarh Rail Systems Limited Q4 and FY '26 Earnings Conference Call. As a reminder, all participant lines will remain 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 the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Umesh Chowdhary, Vice Chairman and Managing Director, Titagarh Rail Systems Limited. Thank you, and over to you, sir.

**Umesh Chowdhary:** Thank you very much. A very good afternoon to everybody, and a warm welcome to our Q4 FY '26 and financial year FY '26 earnings call. I will probably just start off with a few highlights for the year and for the quarter and then happy to take any questions that might be there.

As you would have seen from the results that have been declared, I would like to first start off by informing everybody that we have finally been able to completely exit our investment in Firema. Firema has been very strategic as an investment to us because pursuant to that acquisition, we were able to start our passenger rail systems business.

However, that part of the strategy was already fulfilled and Firema continued to be both drain on our consolidated balance sheet or P&L as well as on cash flow because of continuous cash needs on account of the losses that it was incurring. With this investment and acquisition of Firema by the Italian State Railways, we have now been able to put a full stop to that.

And all the past and potential liabilities that Firema might -- our company might have with respect to the Firema transaction, everything has been provided for in the balance sheet of the - - financials of the company. And there will be no further losses or liabilities that we expect in regard to Firema.

Apart from that, the other big highlight for the year has been that the Titagarh Naval Systems, the shipbuilding business that was already informed in the past that it's a sunrise sector, and we would like to pursue this business but in a -- without disturbing the existing business of the rail systems. So we have segregated -- hived up the shipbuilding business into a wholly-owned subsidiary.

The subsidiary, which is called Titagarh Naval Systems Limited has acquired land in Falta, which is in the south side of West Bengal and has also taken on lease -- on long-term lease an existing concrete jetty, which was next to the land that has enabled the company to be able to start the construction activity, and we will be able to start production activity for ships in the new land in a short period of time. Within the current financial year, we expect that we should be able to start production in the Titagarh Naval Systems Falta shipyard.

This company has also been one of the first companies to be recognized and approved under the shipbuilding assistance scheme and has been sanctioned capital subsidy for its investment to the tune of 25% by the Government of India. The third highlight of the quarter -- of the year has been that this year has marked the highest ever turnover and profitability for our passenger rail system business.

As I have always mentioned, the wagon business, the freight rail system business is more of an autopilot business or a cruising altitude business, if I can call it, wherein in a good year, we will be able to get to 1,000 wagons a month if there are orders which get placed, and I'll speak more about it as we go along in terms of the recent newspaper reports.

Of course, we do not have any way of confirming or denying them right now. But we are very sure that considering the growth trajectory that the Indian economy has, wagon requirement is bound to be there, whether it is a matter of a few quarters here or a few quarters there, but wagon demand will be there on a sustained basis is what our conviction is.

But irrespective, what we have planned now is for the current year, we should be able to stay at a run rate which is higher than what we have produced last year. So there will be a growth in the freight business. But on the passenger side, we would definitely be able to scale up much faster, and we had given a strategic plan that we would do between 100 to 120 coaches in FY26.

While we have not been able to achieve that target, we have increased the sales from 12 cars in FY25 to 63 cars in FY26, and we are extremely confident of being able to get to 200 cars in FY27. The order book also is quite reflective of this growth trajectory.

On a stand-alone basis, without considering the share of the joint venture, our order book for the passenger rail segment is about INR10,600 crores, whereas the freight rail segment is INR3,100 crores, which signifies the trajectory in which the passenger rail segment has the potential to go.

Our overall order book, including our share of the joint ventures and subsidiary is at about INR27,540 crores. The other highlights that we have for the quarter is in order to enhance our product offering to private sector, we have been able to get the wagon leasing license, and we have received our first contract or we have signed our first contract for wagon leasing.

And we believe that going forward, we will have a healthy mix of the 3 segments of wagon orders. One will be from the railway themselves. The second is from the private sector and the third is what wagons we offer on lease.

We have been also expecting or we've been hearing that the wagon maintenance policy should be announced soon. The wagon leasing business and the wagon maintenance business, once it is done, we believe will be a good addition to our freight business on the whole.

So these have been a few of the highlights. So the last point is on the freight side. We have already completed our capacity and technology enhancement for the foundry, wherein we have installed resin-based molding facilities in both our foundries. And now the foundries are fully capable of increasing its production and meeting the entire casting demand at full capacity of our wagon production.

Of course, we are waiting for the large tenders to be finalized so that we can also go for the power enhancement, connectivity enhancement, etcetera. But once this is -- there is visibility on the orders, we will be able to ramp up the production in the foundry to be able to produce castings for the 1,000 wagons a month.

The last point that I would like to mention, the last highlight is during the year, we have also executed orders for Dedicated Freight Corridor Corporation through Mitsui Japan. These are specialized wagons, which are hydraulically and pneumatically operated ballast discharge wagons. These are high-tech wagons, if I may say so.

So that also marks our entry into certain higher end of wagons, which we believe that with the new technology that is being continuously implemented by the railways. The railways would also like to more and more go into higher technology wagons, and we will be able to cater to that demand as well.

So these are the highlights that I would like to mention. All of them will be present -- will be put into the investor presentation that will be uploaded after the call. And I'm happy to take any questions that might come.

**Moderator:** Thank you very much. We will now begin with the question and answer session. First question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

**Balasubramanian:** Good evening, sir. Thank you so much for the opportunity. Sir on the passenger rolling stock side, we have achieved 19% EBIT margin in Q4 FY26. On the full year basis, we have achieved 14.3%. I think our long-term guidance is 15%, but we have reached within a year itself. So I think we have to do a lot of work on the backward integration.

We could reiterate on the margin side for rolling stocks and passenger rolling side. And we have crossed nearly INR500 crores plus in this year. And if I'm taking 120 wagons or 200 wagons by next year, it's like the growth rate is coming nearly INR1,500-plus crores in FY27. If you could -- like how we are going to execute that kind of jump in this financial year?

**Umesh Chowdhary:** So thank you for your questions. Let me explain two, three aspects of your question. One is as far as the margin profile is concerned, we have always guided that passenger rail system, we should be able to get similar margins as we have been able to get in freight rail systems, which is at around 12% which will get further enhanced when we are able to backward integrate and use our own propulsion, which is still about maybe a couple of years from now.

It is also a matter of volumes that the margins will improve because the -- the operating leverage in this business is going to be quite high as the fixed cost of this business is very, very high. Just to give an example, we have almost 150 people working in design engineering and R&D.

And these are all highly skilled people and that are working in the passenger rail system for only design engineering and R&D. So that can give an indication of what kind of operating leverage play will be there in the passenger rail system. The margin in the current quarter has been higher because we are also executing a contract for Bangalore Metro wherein the material does not come into the top line as the material is a free supply item.

Therefore, the EBITDA margin goes up in that contract. And that is a result -- as a result of that, the EBITDA percentage margin during the Q4 of this year as the execution of the Bangalore Metro was higher is slightly better. But on a sustained basis, we do not change the guidance that

we have given in our strategic plan, which was published last year. As far as the ramp-up is concerned, we have already said in the past, we have ramped up from 12 cars to 63 cars this -- in the last year. And to ramp it up to 200 cars in the current year, we are fairly confident and we are well on our way to be able to do that.

**Balasubramanian:** Sir, my second question on the JV for wheel sets, the JV partner mentioned in the concall it will be starting by end of May or June. If you could reiterate where we are now and how we can expect ramp-up for the wheel set plant?

**Umesh Chowdhary:** So the position remains exactly what our JV partner, Ramakrishna had mentioned in their call. We are expecting to start the production in this quarter, that is in June. And we are again confident that the ramp-up plant that is there will be fully achieved. We have a contract of 80,000 wheels per annum from the railways, which is valid for the next 20 years. We have our own requirement, plus there is opportunity to export wheels and to sell it to other strategic players. So there will be a healthy requirement that will be there for the wheels and wheel chair.

**Balasubramanian:** Sir, my last question. On that supply chain disruption side, I think.

**Moderator:** Balasubramanian, sorry to interrupt. Can you speak louder, please?

**Balasubramanian:** Sir, on the supply chain disruption side, which are the specific materials or gas we have faced and how you are mitigating?

**Umesh Chowdhary:** The supply chain constraint you are speaking about, sir?

**Balasubramanian:** Yes, sir.

**Umesh Chowdhary:** Yes. So supply chain constraint, what we have faced is nothing different from all the industry that they have faced. We have faced supply chain constraints for gas, for LDO. And also our suppliers have faced the supply chain constraints. So there have been delays in steel supplies in component supply cases. So these are standard. Now the situation is much better.

I think the government of India has been able to negotiate international deals in order to improve the situation substantially. So the situation remains, I would say, we are watchful of the situation, but we believe that should not impact too much on our targets for the year. Of course, I would also hope that this situation of West Asia comes to an end. So that's something we all continue to hope.

**Balasubramanian:** Yes. Thank you, sir.

**Moderator:** Thank you. Next question is from the line of Virat Jain, Individual Investor. Please go ahead.

**Virat Jain:** Hello sir. Thank you for the opportunity. My question is on this leasing order that you won. Can you give some colour around it? How much -- how many wagons are we looking to lease? Who is the customer? That is one. And then the follow-up to that is, how do you see this leasing business growing over the next 2, 3 years?

- Umesh Chowdhary:** Sorry, I couldn't hear your second part of the question, sir. I heard the first part.
- Virat Jain:** How do you see this business growing over the next 2, 3 years, leasing business?
- Umesh Chowdhary:** Sure. So you see the leasing business that we are doing is more as a product offering as an extension to what business we do. We are not going to do any third-party leasing for wagons made by other people, but this is only an enhancement of product offering that we are offering to our customer.
- We intend to -- this order that we have got was from Balmer Lawrie for 2 rakes only. But we intend to calibrate our -- I mentioned in my opening remarks, the three segments or three outlets of our wagons. One is to the railways. The second is to the private sector. And the third will be on the wagon leasing side.
- So on the wagon leasing side, it's going to be a calibrated offering that we will make only to very, very safe clients where we do not see credit risk coming up. So I will not be able to give the exact numbers at this point of time because that is something that will evolve. And I would also not like to mention that for competitive reasons, business reasons. But we will be doing it in a calibrated manner that we can -- I can say. So the growth on the leasing business is not going to be the growth from the leasing business, but a growth in the wagon business owing to the leasing business.
- Virat Jain:** Okay. That's clear. The second question, sir, is on this last railway tender. I mean, any colour you can give around this? When can we see this tender? Also, I think you mentioned newspaper articles, if you can address that also, whatever comments you have to offer and do you feel confident that at least the orders will come in next, let's say, 3 to 6 months?
- Umesh Chowdhary:** See, we cannot speak about the newspaper articles because that would be improper on our part to do that. What I can only say is that we are very confident that the India story is strong. India is well within -- well on its way to become a \$5 trillion economy. And in order to do that, the logistics cost of India and the logistics infrastructure of India has to be very robust.
- And that cannot be achieved unless and until the railway network is very robust. I can give you some very, very high-level numbers to support my belief in this. The railways have invested a cumulative of almost INR20 lakh crores over the last 8 to 10 years. The government of India has invested in the railways almost INR20 lakh crores.
- Now in order to get return on that investment of INR20 lakh crores the railways have to grow their business, which effectively is passenger and freight traffic. So in order to grow the passenger and freight traffic, the last end of the spectrum for investment is the rolling stock, both for passenger and freight, which means trains and wagons.
- So the current carrying of the railways, which is at about 1.6 billion tons, has been stated to be increased to 3 billion tons by 2030. Now that may happen by 2030. That may not happen by 2030 and happen in 2031 or '32. But it will happen, there is no doubt about that. And in order for that to happen, the wagon requirement has to be there.

So to answer your first question based on this, that requirement for wagons will come. There will be a healthy demand for wagons. There can be blips and troughs for brief periods of time based on infrastructure readiness or procurement priorities of the government. But on a sustained basis, we see a healthy demand for the wagon.

And that's why I said that it is a cruising altitude business. Sometimes we can be -- and that's what is given in our strategic plan that this is a business that will be there in a range-bound manner. Bad years, we can do at the rate of 600 wagons a month. Good years, we will do at the rate of 1,000 wagons a month.

**Moderator:** Next question is from the line of Parvez Qazi from Nuvama Group.

**Parvez Qazi:** So my first question is, it would be great if you could give an update about the 5 major passenger port orders that we have, which is Vande Bharat, Gujarat Metro, Mumbai Metro, Pune and the Bangalore Metro? Thank you.

**Umesh Chowdhary:** Sure, Parvez. So I'll start with Pune. So again, I think that was a highlight, which I missed mentioning in my opening remarks, and thank you for asking this question. So Pune, we have completed the supply of the first lot of 34 trains. But what is more important is the milestone that bulk of these trains have now completed their defect liability period. So which means that the provenness of this train is now established.

And the second, if I can call it the badge of honor is that we have received repeat order from Pune Metro for the option quantity of 12 trains. So being a new entrant into the passenger coach business or the passenger rail segment, let's say, 5 years ago, there were apprehensions on the ability of the -- and the capability of the company to be able to establish itself in this business.

These are very important milestones or very important benchmarks for conveying that we have been able to establish ourselves not only complete the order successfully, but complete the defect liability or the warranty period successfully and come out of it.

The 12 train orders from Pune that we have got will be -- and we had already given it in our press announcement when we got the order to be delivered in 2 years' time from the date of the order, and we'll be well on our track to do that.

Gujarat Metro, we already started the supplies. We have already supplied the first trains, and we are confident of completing this order within this financial year, that is FY '27, which is a total of 34 trains or 102 cars. We should be able to complete that within this financial year or a maximum maybe 1 quarter of here or there, but -- by and large, our target is to close it within this year.

As far as Mumbai is concerned, we will start the supply within this financial year, and the execution will happen over the next 2 financial years for both Line 5 and Line 6. The design approvals are at an advanced stage, and we are planning to start the first car body production in the next quarter in Q2 of the current financial year. And the train should get delivered in Q4 of the -- between Q3 and Q4 of the financial year, the first train.

As far as Vande Bharat is concerned, once again, we have said that Q3 of this year -- or within this financial year, we'll be able to deliver the prototype train. We are well on our way to do that. We have already made first 10 car bodies of the Vande Bharat, and now they are entering into the different stages of outfitting and completion. So we are extremely confident that this financial year, the first train of Vande Bharat will get delivered.

**Parvez Qazi:** And when do we expect to complete the Bangalore Metro order?

**Umesh Chowdhary:** Yes, sorry, Bangalore Metro is also something that we will complete within this financial year, maybe spread over to the next quarter -- or the first quarter of the next financial year. But we are dependent on this order for the supply chain from a third party, as I mentioned a little while ago that this is -- materials are supplied on a free supply basis.

So we use the capacity on a fungible basis between our existing other metros and the Bangalore Metro. So that we can optimize on production. So while the contractual delivery provided we get all the free supply materials on time is within this financial year, we are considering whether that there can be a spillover by 1 or 2 quarters.

**Moderator:** Next question is from the line of Sandeep Mukherjee from SKP Securities.

**Sandeep Mukherjee:** Sir, some certain bookkeeping numbers I'd like to ask. Sir, what is the pending number of wagons? And what is the number of private percentage in that?

**Umesh Chowdhary:** So we do not give the breakup of the private and the government orders. But the total orders we have now are about in the ballpark of 6,500 wagons. And then, of course, we are aggressively pursuing booking of new orders, both from private and from the government sectors and the leasing one as well.

**Sandeep Mukherjee:** And sir, what is the number of wagons produced in this quarter, sir?

**Umesh Chowdhary:** In Q4?

**Sandeep Mukherjee:** Yes, in Q4 itself.

**Umesh Chowdhary:** Yes. In Q4, we did about 1,700-odd wagons, which will be a part of the presentation that you will receive in a few minutes.

**Moderator:** Next question is from the line of Amay Sharda from Purnartha Investment Advisors.

**Amay Sharda:** Just wanted to understand regarding the restatement that we had for the Italian subsidiary of Firema. Just wanted to know if there is any kind of cash outflow that is also expected for the same?

**Umesh Chowdhary:** So Firema is now a discontinued business for us and Firema business has already been sold to the Italian state Railway, which is Ferrovie dello Stato. And beyond whatever we have already invested or provided for in our books, there is no cash outflow or losses expected in our books with respect to Firema anymore.

**Amay Sharda:** But like -- so we -- basic -- the numbers for Firema, the losses basically increased, right? So because of that, is the cash outflow also expected to increase or like that's more like a notional number?

**Umesh Chowdhary:** No, that is the loss of Firema's Italian operations. That has nothing to do with the cash flow or cash requirement of the company of Titagarh Rail Systems. Because of those losses, the investment value of the equity shares in the books of Titagarh Rail Systems has been written down or impaired.

But those losses that have incurred -- have been incurred in Firema for the previous year, which was FY25, was the reason why which the company decided not to put in more money and sell it to the Italian State Railways.

So to answer your question in short, that there will be no impact of those losses that have been reported in Firema any further than what has been already taken in our books and declared and there is no further losses or cash outflow outside the provision or the loss that has already been booked in our books and declared in the results.

**Amay Sharda:** Okay. Understood, sir. And sir, my second question was regarding this -- so the Freight segment. So since we have started reporting shipbuilding as a separate segment from the Freight segment, because of which the margins have improved for the Freight segment or like it looks improved on the paper. So does that mean that the current margins will be sustainable for the Freight segment? It's around 12%, and we used to report around 11% before that?

**Umesh Chowdhary:** So as we have always mentioned that Freight business is a business where we have stable margins of 11% to 12%, depending on the mix of the private and the public order, or the railway orders mix of supplies, depending on how the price variation clause and the commodity prices have moved.

My request to you would be not to consider on a quarter-to-quarter basis the margins, but to consider it on a longer period. And there, the margins are going to continue to be on the same level, which is vicinity of 12%. Some quarters can be 0.5%, 1% lower, some quarters can be 0.5%, 1% more. But 12% on a steady-state basis is what we can consider over maybe 4, 5 quarters going forward as well. Unless and until there is a change in the market dynamics, this is where we should stand.

**Amay Sharda:** Okay. Understood, sir. And sir, the last question was, so whenever -- in the passenger segment, just wanted to understand like once a company -- the Titagarh starts working on a new metro train or a new passenger train segment order, so like after producing the first prototype, how much longer time does the company take to basically ramp up the number of trains?

So like once you have delivered the first prototype, if the approval comes, then automatically, we can ramp it up to 2 to 3 trains per month or like it takes some kind of a learning curve to be able to do that?

**Umesh Chowdhary:** Normally, there is no steady-state answer for different projects. Each project has their own criticality. But what I can answer here is on a general basis, on an average basis, the benchmark is that the learning curve or the time taken, the gestation period is more for the designing and the prototype.

Once the prototype is done, of course, there is a learning curve to achieve efficiencies, but the production gets ramped up immediately thereafter. I would not say on the day -- second day of the prototype, but maybe over a period of 2 to 3 months of the prototype. And we always balance the production between different projects. So that the overall production does not get adversely impacted to a great extent when we move from one project to the other.

So as you can realize that this is a new business for the company. We are still establishing. It's the first time that we have done record turnover, record margins in this business, which is only, I would say, a sign of things to come in the future. But our objective over the next years is going to be that when we switch over from one project to the other, the disruption in the overall production should be 0 or near to 0.

**Amay Sharda:** Okay, sir. Understood. Thank you so much.

**Moderator:** Thank you. Next question is from the line of Khush Nahar from Electrum PMS. Please go ahead.

**Khush Nahar:** Yes. Hi, sir. Thank you for the opportunity. A couple of questions. So one, could you elaborate more on the opportunity that we have for the DFC, the specialized wagon manufacturing, which is there? So what kind of overall target market are we looking at and what the competitors or players involved in this type of segment?

**Umesh Chowdhary:** Sure. So as far as DFC is concerned, we need to see the DFC as a part of the extended network of the wagons of the railways. So therefore, you should not see -- look at the DFC as a separate part of the railways, which will require completely different wagons.

However, there will be from time to time, special purpose wagons that will be taken. The one that I mentioned about in my opening comments, was the special purpose wagon that we have given. Those are some of them required for maintenance purposes or inspection purposes. But the types of competitors are going to be almost the same as we have in other wagons.

Wagon business is -- the competitive landscape does not change from one type of wagon to the other. But in terms of the overall requirement for the DFCC for wagons, I would rather present it differently and say that there will be no separate demand for DFCC on a larger basis.

But because of DFCC, the overall demand will increase as the bottlenecks that exist in the Indian railway network will get addressed or will get removed and the overall throughput of the traffic movement of the railways will get enhanced.

**Khush Nahar:** Right. Sir, in terms of the PRS execution, so maybe just to get some sense that when could we see a similar...

**Umesh Chowdhary:** Sorry, your voice is not clear. Can you please go off the hands-free mode.

- Khush Nahar:** Yes. Is it better now?
- Umesh Chowdhary:** Yes.
- Khush Nahar:** So my question was regarding the passenger rail system. So since now that we have the required capacity in FY27, what according -- in which year according to you, can we see the full potential this is the current order book that we have in terms of numbers for the PRS segment?
- Umesh Chowdhary:** So we have already given that in our strategic plan that we will be ramping up our production and our capacity and our capability on a year-to-year basis right up to 2030. The years that we personally are watching for are 2028 as '27 is, of course, a very important year.
- And then 2028 is going to be the year where Vande Bharat will be in full production and metros will be in full production. And then continuously, we would expect to continue to ramp up the production up to the targets that we have for FY '30.
- Khush Nahar:** All right. Thank you, sir.
- Moderator:** Thank you. Next question is from the line of Rajesh Bhandari from Nakoda Engineers. Please go ahead.
- Rajesh Bhandari:** Hello. Good evening, sir. Hello. Can you hear me, sir?
- Umesh Chowdhary:** Yes. Good evening, sir. Please go ahead.
- Rajesh Bhandari:** Yes. Sir, as you mentioned, we have a total order book of INR27,544 crores. That includes order for wheels also?
- Umesh Chowdhary:** Yes, as I mentioned, that includes our share of the joint venture. So if we have 49% of the joint venture, then the number of INR27,540 crores includes 49% of the wheel joint venture that we have. So that's how the number of INR27,540 crores on a consolidated level is calculated, including our share of it.
- Rajesh Bhandari:** Yes. And sir, we have metro, wagons, wheels, naval and also in metro plus we have Vande Bharat also. So, now the variety is too good. But our turnover was INR3,822 crores for FY25 and INR3,190 crores for FY26. So, what can we expect in FY27, '28 and '29, sir, approximate?
- Umesh Chowdhary:** So we cannot give you forward-looking projections, sir, but in our strategic plan that is already uploaded on our website, we have mentioned that 2 businesses that have to be seen separately, the passenger business and the Freight business.
- As I mentioned in the earlier comments also that our freight business is a steady-state business. We can call it a cruising altitude business, which will be range bound. The passenger business is the one that will be growing year after year.
- And in terms of the turnover split, if you see that the overall company-wise, the turnover of the passenger business was less than 10% in the FY25 and has increased to about approximately

17% in the FY26 and it will continue to increase. And our expectation is that it will follow somewhere with the percentages split of the order book in the future in maybe 3 to 4 years or 5 years' time.

- Rajesh Bhandari:** In course of time, it can even overtake the wagon turnover also?
- Umesh Chowdhary:** Sir, as I mentioned that it will follow the almost -- we expect -- we expect that in the next 4 to 5 years' time, maybe by FY30, it will be in line of the order book percentages. Today, in terms of the order book percentage freight is just about 25% or 30%, between 20% to 30% and passenger is about 70%, 70% to 80%. So the potential of the passenger business to grow is to the same level that it can be on a stand-alone basis, 78% of the overall business.
- Rajesh Bhandari:** When will the production of wheel start, sir?
- Umesh Chowdhary:** I had already told you a while ago that the production will start in June.
- Rajesh Bhandari:** Then it will go on full swing?
- Umesh Chowdhary:** That's right.
- Rajesh Bhandari:** And what about naval, sir?
- Umesh Chowdhary:** I have already told you about naval. We will start production in our new yard this year.
- Rajesh Bhandari:** Since when, sir? The voice is not clear.
- Umesh Chowdhary:** We will be starting the new yard production within the end of this financial year in the new year.
- Rajesh Bhandari:** Yes, yes, yes. So we can expect in next 2, 3 years, the turnover will multiply rather?
- Umesh Chowdhary:** We hope so, sir.
- Moderator:** Next question is from the line of Amitoj Singh from 360 ONE Capital.
- Amitoj Singh:** First, I just wanted to ask, can you give me a breakdown of wagons that we have dispatched out of the 63 wagons split for project, if that is available?
- Umesh Chowdhary:** Sorry, we never do that, sir.
- Amitoj Singh:** Okay. And if any outstanding order book or coaches that we are yet to deliver for each project or broad-based number that is available?
- Umesh Chowdhary:** So we have a total order that we are yet to deliver is about 522 metro coaches and 1,280 Vande Bharat coaches.
- Amitoj Singh:** Okay. Sir, will we be releasing a presentation so that I don't think I can see the same?

- Umesh Chowdhary:** Yes, we will immediately -- during the course of the day today, the presentation will be updated. They will also be addressing some of the questions that come up during the call today.
- Moderator:** Next question is from the line of Akash Agarwal, individual investor.
- Akash Agarwal:** Just wanted to know this Vande Bharat is getting delayed month-on-month, month-on-month, quarter-on-quarter. So is this now firm date that next quarter we'll be able to deliver the prototype?
- Umesh Chowdhary:** Sir, we never said next quarter and there have been no delays after the initial delay on Vande Bharat. We have always maintained that the Vande Bharat train will be delivered in the current financial year, the end of Q3 or beginning of Q4 of the year. The initial delays that had taken place were because of the confusion on the 16 to 24 coaches by the railways and the railways has recognized that and refixed the delivery accordingly to FY '27, Q3 or Q4, I do not remember, but that's when we are confident of being able to deliver the train. So to clarify, there are no delays from our side on Vande Bharat. We are very well on schedule as per the contract with no imposition of any kind of damages or delays.
- Akash Agarwal:** Sure. So just the second question, sir. So once we deliver a prototype, then revenue will recognize in this financial year, right?
- Umesh Chowdhary:** Then we will start delivering the balance of the trains. We have a total of 80 trains. Each train is of 16 cars, and there is a schedule against which the trains have to be delivered. And that schedule has also been represented in our strategic plan presentation that was uploaded last year, a few months ago.
- Moderator:** Next question is from the line of Koundinya Nimmagadda from Jefferies India.
- Koundinya Nimmagadda:** Just continuing on the previous participant's question. My understanding is that you will be delivering or you are supposed to deliver 2 Vande Bharat trains this year. Is that fair or is there a change in plan out there?
- Umesh Chowdhary:** It is absolutely fair. We will be delivering 2 Vande Bharat trains within this financial year.
- Koundinya Nimmagadda:** And any tentative time line, any specific quarter where you can flag it to us that this will be the quarter where you can see that turnaround or a first prototype delivery that we can look forward to?
- Umesh Chowdhary:** So we are looking at the first train to be delivered in end of Q3 or beginning of Q4. So let's say, between Q3 and Q4 will be the first Vande Bharat train that will get delivered.
- Koundinya Nimmagadda:** Sure. Got it, sir. Sir, second thing, if you can speak a little bit about your Naval expansion plan and what is it that you're planning to do? And then how are you planning to fund the capex out there? You did speak about starting the Naval at the end of this year. Can you speak -- help us understand throw a little bit more color on what can we expect out here?

**Umesh Chowdhary:** Absolutely, sir. So we have already mentioned in the past that the total project cost that we have identified for the TNSL is about INR610 crores, for which we have also received approval from the capital shipbuilding scheme for 25%, right, 25% capital subsidy, which will be given by the government of India.

Balance of the capex is going to be funded between a mix of debt and equity in TNSL. The idea of having this as a separate company, as we had also mentioned in the past, was to look for strategic financial investors in Titagarh Naval Systems so that the equity outflow from the parent that is Titagarh Rail Systems is of a limited nature.

And also over a period of time, once the business is stabilized, we may look at separately listing this company. But that's something which is to do with the future, which we had announced that as the rationale for segregating the shipbuilding business into a separate company.

But as of now, what we are going ahead with is what I mentioned, INR610 crores project for which the land has already been allotted and acquired by us. And we've already got the jetty and the construction work is going to be starting very soon.

**Koundinya Nimmagadda:** Understood, sir. Sir, if I may ask a couple of bookkeeping questions. Firstly, if I were to look at the inventory days, I mean, there appears to be some rise out there. I mean, what this increase in proportion to sales? I mean the absolute inventory is fine, but as a percentage of sales has gone up. I mean, if you can help us understand that better?

**Umesh Chowdhary:** So it is always you have the ramp-up, sir. So you will get more details with the presentation also. But the inventory number of days, I had mentioned in my last investor call presentation that -- the KPI that we are looking for is inventory control in the freight, which has been disturbed because of the supply chain constraints. When you have supply chain constraints, they are limited to a few items, which we can call as balancing items so that the balance material that we have received kind of gets into a stuff inventory, but those are temporary in nature.

As far as passenger is concerned, we are at the ramp-up stage. This has been a new business for the company. And we are not really monitoring for the first 2 quarters of this financial year also, the inventory carrying, but we are monitoring more on the output ramp-up. And once that is done, the inventory carrying will automatically become normalized.

**Koundinya Nimmagadda:** Sir, can you also touch EBITDA on the debtor days? I understand passenger would have higher debtor days, but it looks closer to 100-odd days. I mean, what should we look at as a sustainable number out there?

**Umesh Chowdhary:** So just to add one more point to your last point, one more highlight to your last question. This year, we have been able to generate a cash from operations. Free cash flow has been INR380 crores as against almost a flat free cash flow in the previous year of March '25 or maybe a slightly negative cash flow in March '25. So it has been a year which has generated us free cash flow, which is healthy.

And to answer the next question, which is debtors. So debtors mostly once again, in terms of the normalized working capital cycle, the freight has a normalized working capital, net working capital days of 30. The passenger would have net working capital day of about 75 days. But that will only get achieved once we have achieved some kind of operating leverage or a scale of production, which we expect to achieve by the end of this financial year for the passenger.

**Koundinya Nimmagadda:** If I may ask one last question. On the Firema side, if I heard correctly, there is no potential cash outflow from the business or any contingent liabilities. Is that a fair understanding?

**Umesh Chowdhary:** As far as Firema is concerned, beyond what we have already provided for and taken hit in our books, there is no further liability that we are going to accrue in terms of Firema. Of course, I'm talking about in all unforeseen circumstances are unforeseen circumstances, but we have provided for everything which is to be provided for or liabilities that have to be taken, and there is no further cash outflow or liability beyond what we have already taken.

I would also just add one more point. I'm sorry, I missed out, which was slight delays in payments in terms of debtors in end of the financial year by the government, by the public sector, but that is something which keeps on happening every year. So my CFO just pointed that out to me and I just highlighted.

**Koundinya Nimmagadda:** Sure sir. Thank you very much and all the best.

**Umesh Chowdhary:** Thank you.

**Moderator:** Thank you. Next follow-up question is from the line of Virat Jain, Individual Investor. Please go ahead.

**Virat Jain:** Yes. Thank you for the follow up sir. One question I asked last time is, do you expect this last tender, I mean, do you feel confident this last tender will come in 3 to 6 months? So that was the last times question. And then the second question is in the leasing business, do you expect Indian Railways to be a large customer?

**Umesh Chowdhary:** So both of them are questions that we will not be able to answer because we do not have enough information to do that. But I already explained the reason why we believe that wagon requirement is going to be there, whether it is one large tender or several smaller tenders in just very, very high levels or very order of magnitude basis without kind of vetting of the data that I'm presenting, which can be always verified from public domain.

The overall stock of wagons that the railways have is about 4 lakh wagons, 400,000 wagons. And if you look at the replenishment demand is about 4% of that. If GDP is growing at 6%, they need 6% additional wagons. So 6 plus 4 is 10% and 4 lakh wagons is what they have. So we believe that there can be ups and downs on certain periods of time. But on an overall basis, the wagon demand is something which has to be there if the India story continues to be there.

And we are absolutely certain that the government and the political leadership is fully committed to making India achieve its rightful place in the economic development. So there is no reason why wagon demand should fall apart.

**Virat Jain:** Okay. And sir, the second question is this 80,000 wheelset contract in FY27, can we pencil in, let's say, 30,000, 40,000 wheelset supply?

**Umesh Chowdhary:** That is as per the contractual terms. I will not be able to give you the exact number right now, but we will definitely start the supply in FY27. So what is the exact quantity, I apologize, but I do not have that number ready with me, but we will definitely try to incorporate that in our presentation.

**Virat Jain:** Okay. Thank you. Thank you for answering my questions.

**Moderator:** Thank you. Next follow-up question is from the line of Rajesh Bhandari from Nakoda Engineers. Please go ahead.

**Rajesh Bhandari:** Sir, in metro coaches, we were also planning for aluminium coaches?

**Umesh Chowdhary:** The coaches that we have delivered to Pune are aluminium coaches and the option quantity that we have got from Pune for the 12 additional trains are also aluminium coaches. So this makes us, it's a very interesting question. Thank you for asking this, Bhandari, sir. But this makes us the only company in the country who has both the capabilities of stainless steel and aluminium coaches.

Earlier, we were importing the flat packs or the subassemblies for these aluminium coaches from Firema from Italy. But now in the last year, we have imported all the machines that are required for making those flat packs within the country. So within this year and the coming year, that is FY27 and beginning of FY28, we will be fully Atmanirbhar or self-sufficient to make aluminium coaches from raw material or from extrusion onwards.

So that will make us fully integrated manufacturers of both aluminium and stainless steel coaches. By the way, world over, high-speed trains are also made in aluminium. That also opens up our opportunity, and that is going to be something that we will definitely be working towards. And I have mentioned this in the past in my public interaction, media interaction that we would consider ourselves to be fully prepared and ready to take on the next challenge for Indian infrastructure, which is high-speed trains.

**Rajesh Bhandari:** Sir, a question when we say coach or cart do we mean ek dabba?

**Umesh Chowdhary:** Coach or car, is ek dabba only someone says car someone says coach depending on their mood.

**Rajesh Bhandari:** Yes, sir. So ek dabba is approximately around INR10 crores?

**Umesh Chowdhary:** That's right.

**Rajesh Bhandari:** Okay sir. Thank you sir. Thank you very much.

**Umesh Chowdhary:** Thank you sir.

**Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Umesh Chowdhary for closing comments.

**Umesh Chowdhary:** Thank you very much. Thank you, everybody, for participating in this call, and thank you for the very, very interesting insightful questions that were asked. We believe that India infrastructure story is in a very interesting moment. And thanks to the support that all of you, all the investors and all the customers and the stakeholders, employees have provided.

The timely entry of the company into alternative business, which is the passenger rail segment business makes us unique in this whole infrastructure story, wherein we are able to cater to both the streams, which is the freight growth story of India and the passenger growth story of India.

We are very confident. We are very bullish of both these stories continuing in a very healthy manner, in a very forward-looking manner, and we look forward to playing our own role in the infrastructure growth in both these segments and of course, in the shipbuilding segment. So thank you very much for your continued support, and I look forward to interacting after the next quarters.

**Moderator:** Thank you very much. Thank you, Mr. Umesh Chowdhary for taking out time and addressing the participants' questions. On behalf of Titagarh Rail Systems Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.