



## “Titagarh Rail Systems Limited Q2 FY '26 Earnings Conference Call”

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

**MR. ANIL AGARWAL – DEPUTY MANAGING  
DIRECTOR, TITAGARH RAIL SYSTEMS LIMITED**

**MR. PRITHISH CHOWDHARY – DEPUTY MANAGING  
DIRECTOR, TITAGARH RAIL SYSTEMS LIMITED**

**MR. SAURAV SINGHANIA – CHIEF FINANCIAL  
OFFICER, TITAGARH RAIL SYSTEMS LIMITED**

**MODERATOR: MS. PRACHI AMBRE – INVESTOR RELATIONS, MUFG  
INTIME**

**Moderator:** Ladies and gentlemen, good day and welcome to Titagarh Rail Systems Limited Q2 FY '26 Earnings Conference Call.

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

I now like to hand this conference over to Ms. Prachi Ambre from MUFG Intime Investors Relations team. Thank you and over to you, ma'am.

**Prachi Ambre:** Thank you. On behalf of Titagarh Rail Systems Limited, I extend a very warm welcome to all the participants on Q2 and H1 FY '26 Financial Results Discussion Call.

Today, on the call we have Mr. Umesh Chowdhary – Vice Chairman and Managing Director; Mr. Anil Agarwal - Deputy Managing Director; Mr. Prithish Chowdhary - Deputy Managing Director and Mr. Saurav Singhania - Chief Financial Officer to provide the operational and financial insights.

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

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

**Umesh Chowdhary:** Thank you, Prachi. Good evening, everybody and thank you for joining the Q2 Earnings Call. As you have already got the numbers, the new addition this time that has been given is the strategic plan of the company, which for the first time we have been able to give a very clear picture on the trajectory that the company is hoping to follow in terms of the manufacturing system and the other businesses that the company is in.

As regards the current quarter is concerned, as I had mentioned earlier also, one month of this quarter was impacted by the wheel set availability and then the wheel set availability, which was primarily impacting the company for the last 2 or 3 quarters, has been resolved. We have started getting normal wheel sets from the month of August 2025. Now, the wheel set availability is normal and we are back to a run rate of around 800 wagons a month and we intend to continue between 800 and 850 wagons per month going forward. We also believe that the wheel set problem should be behind us as the joint venture of ours along with the Ramakrishna Forging to produce wheels in Chennai will get operational by Q1 of next financial year. So this should be a problem that has perennially been causing trouble to the industry, to the wagon industry. This should be a problem of the past.

As far as the passenger rail business is concerned, we have got some very interesting new orders, two orders that we got from Mumbai for Mumbai Line 5 and Line 6 that build up the pipeline of the Metro Coach business up to FY '28. The visibility is there with the order book. And we have also given in the presentation a ramp-up plan of the different SBUs of the passenger rail system, which is the Metro SBU, the Vande Bharat and the Passenger Train SBU, as well as the Propulsion SBU. And we are fairly confident of being able to achieve the targets of all these SBUs that we have given.

So with those few introductory comments, I would be very happy to take any questions.

**Moderator:** Thank you. We will now begin the question-and-answer session. The first question is from the line of Parvez Qazi from Nuvama Group. Please go ahead.

**Parvez Qazi:** Hi. Good evening, sir. Thanks for taking my question. So a couple of questions from my side. First, I think we have about 6 different orders in the passenger coach segment across Vande Bharat and the 5 different metro rail projects that we have. It would be great to hear your views on when can execution start on each of these individual fixed projects? And second is on the wagon business. It is great to hear that wheel set availability has now become normal and we have ramped up to our usual range. With regards to future, what is our view on wagon tendering, especially from the Indian railways? Thank you.

**Umesh Chowdhary:** Thank you, Parvez. So as far as the Metro or the passenger train rail segment is concerned, the sooner as you know we have already supplied, we have got the option that will be starting in 2 years' time. We have a delivery period of starting from 2 years to be ended in 2-1/2 years because that is an Aluminium coach and we have already received the machines for making the Aluminium coaches entirely in India. So the earlier contract that we had executed for Pune was executed by bringing in flat packs from Italy. But now we have set up the entire facility. The machines have come. They are under installation. They will be getting into production sometime in Q1 of FY '27. And we will be producing the entire car body of Aluminium for Pune in our plant in Uttarpara. As far as the Gujarat Metro is concerned, this quarter, that is Q3 of the current financial year, we will deliver the prototype. And then the production will ramp up in the manner that is envisaged in the contract, so between 2 and 3 trains per month, going up to 3 trains per month. And we have given the overall numbers of coaches, which includes the Gujarat as well as the Bangalore that we intend to be able to deliver this year, which is between 100-120 cars, which is almost 8-10 fold jump over the number of cars that we delivered last year, which will again almost double next year. So it is a huge ramp up that we are going to witness. As far as Mumbai is concerned, the first train should go somewhere in Q3 of next Financial Year, Q3 or Q4 of next Financial Year and then it will get ramped up. For Vande Bharat, again, we are intending to deliver the first train, the Vande Bharat Sleeper, the first car body is already made. And we are intending to deliver the first train in Q3 of the next Financial Year. So that is how the ramp up will happen in all the passenger orders that we have. As far as the freight wagon is concerned, we have an order of about 9,000 wagons. So that gives us visibility for the next around 4 quarters. We are considering the overall demand forecast and the traffic forecast that

targets that the railways have. We are hopeful that the tender should come out by Q1 of the coming Financial Year. So we will have enough time to switch over or complete the existing contracts and then get on to the new contracts.

- Parvez Qazi:** Thank you, sir. I will come back in the queue for more questions.
- Umesh Chowdhary:** Thank you.
- Moderator:** Thank you. The next question is from the line of Amay Sharda from Purnartha Investment Advisors. Please go ahead.
- Amay Sharda:** Hi, sir. Thank you for the opportunity. I just wanted to ask, can you share the number, like how many wagons did we send out in the September month, last month of Q2?
- Umesh Chowdhary:** I am sorry, I didn't get your question. Can you repeat your question?
- Amay Sharda:** So sir, in Q2, last month, like September, how many wagons did we produce, freight wagons?
- Umesh Chowdhary:** We do not give monthly figures, Mr. Sharda. We can only give you the quarterly numbers. We have disclosed the quarterly dispatch of wagons in our presentation, which is 1,872 wagons during Q2 of FY '26.
- Amay Sharda:** So just like and that has normalized now and we will do 800-850 going forward, right?
- Umesh Chowdhary:** Yes, on an average, yes, approximately 800 wagons we should consider for the plans of execution, although our capacity is 1,000 wagons, but in order to wait for the new tenders to come in and till that time to have an even workflow, we are planning to do between 800-850 wagons.
- Amay Sharda:** And sir, next question was regarding the Line 5 and Line 6 Mumbai Metro order that we received. So like, can you bifurcate how much is the AMC value and how much is the value for just the delivery of wagons?
- Umesh Chowdhary:** So approximately, 15% is the AMC value and the balance is the supply value.
- Amay Sharda:** 15% is AMC. And sir, one last question was regarding the tax rate?
- Umesh Chowdhary:** AMC is approximately 3% per year. That is the normal trend of Metro. In the case of Vande Bharat, it is 4% per year.
- Amay Sharda:** Got it. Last question was regarding the tax rate for this quarter. I think the tax rate was a little high. So any reason for that or will it get normalized going forward?
- Umesh Chowdhary:** I will request the CFO to answer.

- Saurav Singhania:** So yes, the tax rate was approximately 26 point something percentage, but it is the effect of certain transactions when it happens during the quarter, but it will normalize over the year. It will come down to almost like 25.5, which has been the standard rate for us.
- Amay Sharda:** Sure. Thank you so much. That is it from my side.
- Umesh Chowdhary:** Yes. Thank you.
- Moderator:** Thank you. The next question is from the line of Archit Agrawal from Steptrade Capital. Please go ahead.
- Archit Agrawal:** Hello. Sir, you have given the guidance for 1,000 purchases per year for FY '26, right?
- Umesh Chowdhary:** Can you please pick up the receiver and speaker? There is some disturbance on the line.
- Archit Agrawal:** Hello. Sir, I think there is some network issue. Am I audible?
- Umesh Chowdhary:** Yes, go ahead.
- Archit Agrawal:** Sir, question is with regard to that guidance of the 1,000 coaches. So sir, is it still doable or not? And what is the progress? So when we look at this 6 months, so can you throw some light on the first half number out of that 1,000 coaches guidance?
- Umesh Chowdhary:** We have not given any guidance for 1,000 coaches, sir. We have given guidance for between 100-120 car coaches in this financial year. And we are well on track to be able to achieve that. We have given this, released this guidance. So definitely, we were not able to achieve that.
- Archit Agrawal:** When we look at quarter 1 guidance, so it shows 1,000 coaches or wagons per month, right? That is the run rate for entire FY '26?
- Umesh Chowdhary:** I think you are mixing up between the wagons and the coaches. Sir, wagons, there are two segments that the company operates in, the freight segment and the passenger segment. The capacity that we have for the freight segment is 1,000 wagons per month, which has been impacted due to the wheel set problem. Now that the wheel set problem has been resolved, we have a capacity to do 1,000 wagons. But to even out till the new tender is published and finalized by the railway, the company wants to do between 800-850 wagons, in order to even out the workload in anticipation of the new tender. As far as the passenger coaches is concerned, Metro coaches is concerned, we have given a guidance that this year we will do between 100-120 cars and we are well on track to be able to do that.
- Archit Agrawal:** So sir, for this freight wagon, can we say for the second half, it will be 6,000 or 5,000?
- Umesh Chowdhary:** I just mentioned it is going to be 800-850 wagons per month, sir.

- Archit Agrawal:** Understood. Thank you.
- Moderator:** Thank you. Next question is from the line of Pranjal Jain from Morgan Stanley. Please go ahead.
- Pranjal Jain:** Yes. Thanks for the opportunity. Sir, I have two questions. One is, I wanted to kind of understand in terms of execution risk, while you kind of elaborated on the freight side, but wanted to see if there are any execution risks that you foresee on the passenger side or any supply chain issues that one can kind of foresee in the near future?
- Umesh Chowdhary:** Yes, Pranjal. So thank you. We have already factored those in. We have been in this business for a while now. We started making Passenger coaches or Metro coaches in 2021 in the Uttarpara factory. And the reason why we have, for the first time, put out the ramp up and standardize our production setup. And we are confident of being able to achieve the ramp up run rate that we have given in our presentation. In terms of supply chain problems in our industry, supply chain problems is almost like goes hand in hand with existence. So we will continue to have that problem somewhere or the other, and the bottleneck keeps on shifting. So that is exactly where we have been prepared for and we have geared ourselves up for to be able to address all these issues as they come along. I would also like to state that one thing that we have now taken up and to a great extent has been implemented and balance will be implemented within this Financial Year is a lot of backward integration in terms of making of these coaches. So all supply chain that we were dependent on for making car bodies within this financial year, in March this year, we will have almost entirely, 100% will be in-house with us. So that we will address a great deal of supply chain technologically and facility-wise, process-wise, approval-wise, order-wise, we are all geared up.
- Pranjal Jain:** Sure, sir. And secondly, if you could kind of elaborate a bit more on the shipbuilding and what are the prospects and what kind of addressable market did you see? These will be my questions. Thank you.
- Umesh Chowdhary:** I am sorry, I just lost your question. You said on the shipbuilding, what is the question?
- Pranjal Jain:** On shipbuilding, if you can elaborate, what kind of segments are we targeting? What is the addressable market? Which are the key capabilities that we are kind of targeting towards?
- Umesh Chowdhary:** So as far as the shipbuilding is concerned, over the last few years, we have delivered more than 35 vessels to the Indian Navy, to the Coast Guard, to the National Institute of Ocean Technology, to GRSE. We have also exported a vessel to Guyana. So we have developed a great deal of capability over the last 5-7 years that we have been in this business. And now, in line with the government's policy, where the Government of India has decided that India must be Atmanirbhar also on the shipbuilding side, the industry is being given a great deal of emphasis. So we have kind of been able to leverage upon all these expertise, the qualifications that we had in the past to be able to grow this business. So we will concentrate only on the specialized shipyards, apart from some very few bulk ships, which we can consider from time to time. But primarily, our

focus is going to be on specialized vessels. We will focus on vessels which are between 100-150 meters or 160 meters in length. And the yard that we are building in the South of Bengal, in Falta, where we have already got a jetty as well, a concrete jetty. And we had acquired this land by way of acquiring a company, or land from a company called Precision Shipyards. And so, with this, we will be able to have a capacity of doing around 16-18 vessels per year and we are already a naval-approved shipyard. So we are also working on enhancing the type of vessels that we can deliver to the Indian Navy. And in our presentation also, we have given some of the vessels that we have manufactured in the past.

**Pranjal Jain:**

Thank you. That is it from my side.

**Moderator:**

Thank you. The next 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, you have mentioned 120 cars by the end of the year on the passenger coach's side. And whether you are completely ready with in terms of supply chain for specialized components, labor skilling, and like everything is ready for the execution side, I just want to understand. And by its need also higher working capital side, how you are going to manage those?

**Moderator:**

Just a moment. Ladies and gentlemen, the management line has been disconnected. I will quickly get connected. Thank you. Ladies and gentlemen, the management line has been connected. Sir, please go ahead.

**Umesh Chowdhary:**

There was a network problem and we lost the connection. So I was mentioning about the ramp-up that we are fully confident. And that is the reason we have given a complete roadmap of the ramp-up that we will have not only for the current year, but for the coming few years. And also how we are backed up with confirmed order books for the Metro Coach up to FY '28 and for the Vande Bharat up to FY '31. As far as the working capital is concerned, the company has sufficient working capital limits, which is unutilized. And we are very comfortable in terms of the working capital management.

**Balasubramanian:**

Sir, Firema is currently facing challenges. And what is the revised international strategy? Are there plans to bid our international Metro or train contracts using the Indian manufacturing base? And we have in-house design capabilities also. And what we are going to do in Firema, whether we are going to exit or is there any final solution that may be in a short period of time?

**Umesh Chowdhary:**

So as far as Firema is concerned, there were multiple objectives for the investment into Firema. The primary one of them was to be able to set up the facility in India with the transfer of technology, know-how and credentials. Titagarh has already been able to do that. Now, we are a leading manufacturer of coaches, perhaps with the largest order book for passenger coaches in India. Today, our order book, including both Metro and Vande Bharat, is larger than what other even foreign companies or Indian companies in India have. And that has been possible because

of the initial support that we had got from Firema. Now, that strategy is fully achieved and accomplished. And we had mentioned that the operational requirement and the capital requirement of Firema that is required. It is a joint venture between us and the government of Italy. The government of Italy owns a little above 30% in that. So we are in discussion with them to dilute ourselves substantially and let one of the arms of the Government take control of that company. As regards the international strategy is concerned, the international strategy of Titagarh would continue to export, not to manufacture in Europe or other countries. And we will continue to pursue our endeavor to export products from India either to Firema or to other customers. But currently, the overall market and the order pipeline in India is very robust. So we are focusing primarily on the Indian market and developing additional capabilities and competencies like the Aluminium coach line. Because in most of these developed countries, Europe, etc., the coaches that they buy is of Aluminium and not of stainless steel. So over a period of time, we will re-enter in a significant manner the international market and start exporting coaches. But for the time being, we are not looking at manufacturing presence outside India.

**Balasubramanian:** Sir, on that vessel business, we have 14-16 vessels per annum on the capacity side. And what is the average realization per vessel and what upcoming deliveries are there? And what kind of order book we have right now? And what kind of enquiry pipelines we are witnessing?

**Umesh Chowdhary:** Are we talking about the passenger side of Indian company?

**Balasubramanian:** Vessel, sir. Ship.

**Umesh Chowdhary:** I am sorry. So ship building, we have already declared. We have about Rs. 500 odd crore order book. And we have a very healthy pipeline of enquiries. We have been seeing a lot of announcements from various ministries about their requirement of vessels. That will be in the coming years we met from Indian shipyards. So we are seeing a very healthy pipeline. So we cannot disclose any of these till they are matured. Because we do not like to for both competitive reasons and for propriety reasons, we do not want to be announcing any one of them in haste. But as they develop and they become mature, we will definitely come back and announce that.

**Balasubramanian:** Thank you.

**Moderator:** Thank you. The next question is from the line of Amitoj Singh from B&K Securities. Please go ahead.

**Amitoj Singh:** Thank you so much, sir, for taking my question. I had one question on the service side. I think I missed that in the early part of the call. How much portion of the Mumbai Metro, both lines 5 and 6, are service contracts?

**Umesh Chowdhary:** Yes, sir. It is 15%. 15% is service and 85% is the supply.

**Amitoj Singh:** Is the supply part. And when is scheduled to be started after the first delivery?



- Umesh Chowdhary:** There is a 2-year warranty. Unlike Vande Bharat, where the service contract starts immediately after delivery. In the case of Mumbai Metro, after the warranty period, there is a 2-year warranty and then there is the AMC contract that comes in.
- Amtoj Singh:** Got it, sir. And sir, just wanted to ask you, what is the scope that you see in these service contracts? And any guidance on how much margin we make on this contract?
- Umesh Chowdhary:** Service is traditionally a high margin business. And the overall trend of the market is to go for comprehensive contracts, which means supply plus servicing. We have seen that in Vande Bharat, where the contract was placed with a supply with 35-year AMC. We have seen this in Mumbai, where it is supply plus 5-year. And we believe that it may be also extended beyond 5 years. We are seeing that in other tenders that are coming out now. So we believe that this is something which is going to be the order of the day. And obviously, globally, the service business is always a much better margin business. And depending on the type of the product and the age of the product, this can give anything between 20%-30% EBITDA levels.
- Amtoj Singh:** Got it, sir. And my next question was on the propulsion system side of the business. I think earlier we had mentioned that we were focused on completely backward integrating traction motors, considering we had a partnership with ABB around that. So how has that been ventured out?
- Umesh Chowdhary:** So we have given that also in our strategic plan. If you see the strategic plan and outlook speaks specifically of the propulsion system as a separate SBU. And there we have also explained how the propulsion system is going to be an SBU that will take care of our internal requirements, but also going to be selling components to the Indian railways and to others. Traction motors, we are already selling substantial traction motors to the Indian railway. We have been doing that. This quarter, we will start our first propulsion system supplies also for EMU menu. The TCMS is something that we have taken a complete transfer of technology from ABB, with whom we have a TOT agreement. So in this manner, the component part, the cabinet cubicle, now we are completely 100% doing it already for our existing Metro. So all the items that we are doing as far as the propulsion system, electrical and components. Over a period of the next couple of years, we are intending to do introducing our own propulsion. Maybe it will take 2-3 years because there is an eligibility that one has to go through. So between 2-3 years' time, we will be able to do our own propulsion for our Metro coaches also.
- Amtoj Singh:** Got it, sir. Thank you so much. That was it from my side.
- Umesh Chowdhary:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sahil Kanade from Asian Market Securities. Please go ahead.

- Sahil Kanade:** Hello. Thank you for the opportunity. My question is on rate order book. What proportion of your current rate order book is linked to replacement versus new demand? And how do you see this evolving over the next few years?
- Umesh Chowdhary:** So one is that as I have mentioned that we have an order book, which is giving us the visibility for the next 4 quarters or so. As far as the new wagon order is concerned, today Indian Railway is moving about 1.6 billion tons of traffic. And the stated target of the railways is to move 3 billion tons by 2030. Considering that the wagons get replaced in between 25-30 years, depending on the time when the wagons were added, because the older wagons had a shorter life than the newer ones, we believe that the wagon demand should continue to remain healthy. And therefore, that gives us the optimism that the new tender should come out somewhere in the beginning of the next Financial Year.
- Sahil Kanade:** Thank you.
- Moderator:** Thank you. The next question is from the line of Disha from Sapphire Capital. Please go ahead.
- Disha:** Yes. Firstly, thanks a lot for the opportunity. So sir, my question was on the PRS segment side. So initially we had mentioned like the EBITDA margins will be hitting around 8%-9%. And then as volumes start kicking in, we will be able to reach the 11%-12% margin level. So what is like the sort of monthly run rate of coaches that we have to achieve in order to reach this 11%-12% margin level?
- Umesh Chowdhary:** Yes, ma'am. So we believe that when we are able to, so the break-even point or the cut-off point to be able to get to this operating leverage is approximately 150-200 coaches a year, where we should be able to reach the run rate from Q4 this year.
- Disha:** That we are expecting to reach from this quarter 4, right?
- Umesh Chowdhary:** The Q4, we will be able to reach the run rate of 150-200 cars per year.
- Disha:** All right. Understood. The second question was on the shipbuilding side. So I understand like it is at a very nascent stage. So it will take some time to ramp up. But like, say, 3-4 years down the line, what is the sort of revenue potential we see from this side? And also, how is the margin profile?
- Umesh Chowdhary:** So ma'am, the shipbuilding, as we have given in our presentation, the capacity that we are planning is for 15-18 vessels per year. And each vessel, depending on the intricacy of the vessel and the nature of the vessel, sells anything between Rs. 100-Rs. 250 crores per vessel. So that is the kind of the addressable market that we are targeting. And we believe that the kind of market size is very large, considering the focus of the government of discouraging import and Make In India self-reliant and self-sufficient in the shipbuilding. And normally, since we are going to be in the specialized shipbuilding sector if the industry gives about 15%-17% EBITDA margin.

- Disha:** 15%-17% EBITDA margin?
- Umesh Chowdhary:** Yes. But as you very correctly said yourself, it is a very nascent stage of the ramp up of this business. And things are still developing. But we are hopeful and we are confident of being able to get to these numbers.
- Disha:** Alright. That is great to know. Thank you so much, sir. That is it from my side.
- Umesh Chowdhary:** Thank you.
- Moderator:** Thank you. The next question is from the line of Deepak from SVAN Investments. Please go ahead.
- Deepak:** Yes. Hi. Good evening, sir. I just wanted to check it out on this passenger side of the business. We have given the production target of 200 and then scaling up to 300 for the Metros. And then, Vande Bharat production is also scaling up from 32 to 192 in FY '28. In the PRA segment, we already mentioned that we are looking at 12% kind of margin by Q4. If you can also give the broader sense, once this Vande Bharat also comes into the picture when the production for this is, what kind of blended margin we would be looking at?
- Umesh Chowdhary:** So as I mentioned earlier also in the earlier call, that Metro when we do our own propulsion, then we are looking at an increase of EBITDA margin by at least 4%-5%. Till that time, we are looking at both Vande Bharat and Metro at a margin profile of around 11%-12%. And the propulsion is a slightly higher margin business where we can target anything between 15%-20% of margin. And the service is another business, which is a higher margin business where we can look at an EBITDA of between 20%-25%. So if you look at the overall passenger rail segment, it is divided into these 4 SBUs as we have given out or laid it down in our strategic plan also and each one of the SBUs has its own margin profile. And we have tried to explain how each one of the SBU is likely to ramp up in the period to come.
- Deepak:** And then, sir, either on the SBU side, what would be the kind of margin we are looking out for the Vande Bharat or what is the blended margin we are looking out for all the SBUs together?
- Umesh Chowdhary:** I just gave you the numbers, sir. 11%-12%.
- Deepak:** Thank you and wish you all the best.
- Umesh Chowdhary:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Ashish Shah from HDFC Mutual Fund. Please go ahead.
- Ashish Shah:** Yes. Thanks for the opportunity. Sir, want to maybe dwell a little bit more.

**Umesh Chowdhary:** Sir, your voice is very feeble.

**Ashish Shah:** Yes. Just one second. Better now?

**Umesh Chowdhary:** Yes. Much better.

**Ashish Shah:** Yes. Sir, I just wanted to dwell a bit more on the shipbuilding side. So what type of vessels are we talking about when we are saying 15-18 vessels a year, typically, what would be these vessels? And also, the other related subject also is that what will it take for us to be able to really be able to manufacture this? Is there going to be a substantial amount of CAPEX or a capability buildup or a technology tie-up? So if you can just maybe dwell a little bit on that?

**Umesh Chowdhary:** Sure. Absolutely. So as we have explained that we are looking at doing this in a separate vehicle with strategic/ financial partner and this company, we would like to grow and develop on its own. The parent company, which is Titagarh Rail System, does not want to keep this as a part of Titagarh Rail System because of the opportunity size being so high as we have expressed in the strategic plan and outlook. The existing order book between the different businesses is close to Rs. 30,000 crores, Rs. 28,000-Rs. 29,000 crores today. And the new tenders that are there in the market or likely to be there in the market is also very large. So we believe that there are 3 business segments in the company which the company has nurtured, the company has developed. The primary business is the railway system business that would continue to be in the Titagarh Railway System umbrella. The other one is the marine or the shipbuilding side which is being spun off to Titagarh Naval Systems wherein we will induce about Rs. 50 crores of capital from the company. And this company can then raise its own capital debt, etc., to build up the capability and the capacity. And the third for which the board has constituted a committee to evaluate is the defense and bridge segment where the order book today is very small. It is almost insignificant, less than Rs. 40 crores. But there does lie a very large opportunity in this segment because again here the company has in the past done a number of marquee projects for the Indian Defense Forces including some strategic equipments like nuclear, biological and chemical warfare shelters, launching systems, etc. So this is something that is being evaluated. But the idea would be then again to see how all the 3 businesses can be grown but grown independently without dependence or interdependence on one another. As regard the kind of vessels that we are looking at doing in the shipbuilding, it is primarily as I said naval vessels or research vessels and some specialized vessels for the general maritime systems. We have done fast patrol vessels, we have done diving support craft which is the first time diving support craft has been manufactured, designed and manufactured in India. So vessels like these that is being targeted by us to be done in our shipyard.

**Ashish Shah:** Right sir. Sir, in the Mumbai Metro project you said that by 3Q or 4Q of FY '27 is when the first delivery starts, the first train will get delivered. This is for both the packages or only the Line 5 that we were talking about?

**Umesh Chowdhary:** I am sorry, I lost your voice. Can you repeat your question?

- Ashish Shah:** I am saying sir that we have 2 new orders from Mumbai Metro, the Line 5 and Line 6. Now, the 3Q or 4Q FY '27 timeline that you gave for the commencement of the delivery that is for both the Lines or that is for maybe one of the Lines?
- Umesh Chowdhary:** Sure, the delivery schedule for Line 6 is before Line 5, but the vehicles are going to be quite similar to each other. So we will adjust the delivery of the Lines based on the customer requirement as such because there is not much of a difference between the Metro coaches for both the lines. But since we had got the contract of the Line 6 before Line 5, there is a headway or earlier delivery for Line 6 by about 4-6 weeks, something like that, maybe 8 weeks.
- Ashish Shah:** Right, so it starts, let us say, end of by 3Q or 4Q of FY '27 and over what period the entire delivery has to be done?
- Umesh Chowdhary:** And I am speaking from just memory here, so barring some errors, it will be completed in about a year and a half or so from the day it starts. Between year and a half or 2, 18-24 months.
- Ashish Shah:** Alright, sir. That is all. Thank you.
- Moderator:** Thank you. The next participant is from the line of Sandeep Mukherjee from SKP Securities Limited. Please go ahead.
- Sandeep Mukherjee:** Yes, sir. Thanks for taking my question. Can you throw some color on what adjacencies we are looking forward in the vehicle leasing business?
- Umesh Chowdhary:** I am sorry, what? Can you repeat your question, please?
- Sandeep Mukherjee:** Yes, sir. Sir, what adjacencies we are looking forward in the vehicle leasing business? Like we have applied for the license for the vehicle leasing?
- Umesh Chowdhary:** I didn't get your question. What adjacencies in the sense? I am sorry, I didn't understand.
- Sandeep Mukherjee:** Sir, we have applied for the vehicle leasing license?
- Umesh Chowdhary:** Yes, that is right.
- Sandeep Mukherjee:** So what adjacencies we should look forward in this business, sir?
- Umesh Chowdhary:** I will answer it. Your question is what is this? So basically the private sector wagon demand which has been there has been primarily or I would say to a great extent, many of the customers are looking at wagons on long-term lease models. And in order to be able to offer or capture that part of the market or have more effective private sector demand, we have taken a wagon leasing license. We also believe that there have been newspaper reports that maintenance of wagon is going to be permitted to the leasing companies of wagons or the wagons that are given on lease can be maintained by the owner of the wagon which are the leasing companies. We believe that

is a very interesting business to be in. So in order to be able to enhance the market share in the private sector business and also keep the options for maintenance of wagons open with us, we had the experience or we made the qualification license to get to the license thanks to leasing transaction that the company had done in the past for wagons to the Indian Railways. So we have applied and we are hopeful of getting this license soon.

**Sandeep Mukherjee:** Thank you, sir.

**Moderator:** Thank you. Ladies and gentlemen, in the interest of the time, this is the last question. And I now hand over the conference to Mr. Umesh Chowdhary for closing comments.

**Umesh Chowdhary:** Thank you. And thank you for a very interesting set of questions. I would only like to close by once again drawing attention to the strategic plan and the outlook document that the company has presented which gives a complete roadmap of how the company is likely to develop and the trajectory of how the company is going to make a tectonic shift from being predominantly a freight company to a passenger train and Metro coach and a high-value-added commodity manufacturing company and how the strategic joint ventures that the company has is likely to benefit both strategically and financially, the overall size and the balance sheet of the company in the years to come. So thank you once again for all the support and thank you for joining this call today.

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