

Continued execution on freight, passenger rail systems yet to pick-up.

CMP: INR 1,630

Rating: REDUCE

Target Price: INR 1,540

Stock Info

BSE	532966
NSE	TITAGARH
Bloomberg	TWL:IN
Reuters	TITG.NS
Sector	Capital Goods
Face Value (INR)	2
Equity Capital (INR mn)	269
Mkt Cap (INR mn)	2,19,519
52w H/L (INR)	1,897 / 610
Avg Yearly Volume (in 000')	1,890.4

Shareholding Pattern %

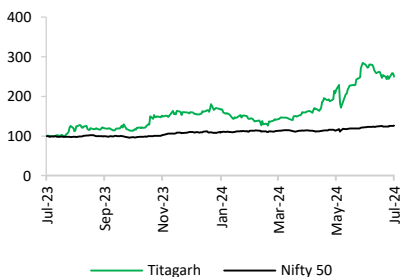
(As on Jun, 2024)

Promoters	40.46
DII	14.13
FII	19.56
Public & Others	25.83

Stock Performance (%)

	3m	6m	12m
TITAGARH	48.2	49.1	149.9
NIFTY	13.6	14.8	26.3

Titagarh vs Nifty



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Titagarh Rail Systems reported numbers, Q1FY25 revenue stood at INR 9,031mn (-0.8% YoY/-14.2% QoQ); below our estimates of INR 9,570mn. Gross Profit stood at INR 2,063mn (+3.8% YoY/-15.8% QoQ), below our estimates of INR 2,096mn. Gross margins improved 102 bps YoY (down by 43 bps QoQ) to 22.8% in Q1FY25. EBITDA stood at INR 1,018mn (-4% YoY/-15.2% QoQ); below our estimates of INR 1,110mn. EBITDA margin contracted by 37 bps YoY (down by 13 bps QoQ) to 11.3% vs 11.7% in Q1FY24. PAT stood at INR 670mn (+8.4% YoY/-17.5% QoQ); below our estimates of INR 690mn. PAT margin improved by 63 bps YoY (down by 29 bps QoQ) to 7.4% vs 6.8% in Q1FY24.

Key Highlights

Strong order book shows potential business visibility: The order book stood at INR 274.43bn (~7.1x of FY24 revenue). The standalone order book stood at INR 141.17bn as of Q1FY25. Freight and Passenger mix stood at 51.9% and 48.1%. The JV order book stood at INR 133.26bn as of Q1FY25. Vande Bharat and Wheelsets mix stood at 52.7% and 47.3%. The order book of 20,300 wagons and 1,592 Metro & Vande Bharat coaches. The order inflow stood at INR 3.5bn in Q1FY25. Around INR 2.5bn from rolling stocks and INR 1bn from propulsion systems. The order pipeline is around INR 550bn from Metro Coaches, Vande Bharat, propulsion, and traction motors.

Continued Wagon execution: Freight Rail Systems revenue stood at INR 8,422mn (+12.9% YoY/-17.2% QoQ); EBIT Stood at INR 1,019mn (+4.8% YoY/-20.3% QoQ). EBIT margin contracted by 93 bps YoY (down by 47 bps QoQ) to 12.1% vs 13% in Q1FY24. The wagon volume stood at 2,073 (+13% YoY/-23.2% QoQ) in Q1FY25. The wagon execution was 691 wagons/month in Q1FY25. The current capacity stood at 800-850 wagons/month and focused on a steady output of 1,000 wagons per month.

Passenger Rail Systems execution is expected to ramp up: Passenger Rail Systems revenue stood at INR 609mn (-63% YoY/+71.3% QoQ); EBIT Stood at INR 37mn (-41.7% YoY/+398.1% QoQ). EBIT margin improved by 224 bps YoY (up by 401 bps QoQ) to 6.1% vs 3.9% in Q1FY24. Passenger coaches' margins are around 10%-11% without propulsion and backward integration of propulsion systems will increase the margin by 4%. Overall, the margins are expected to be 14%-15% going forward. Passenger rail volumes stood at 3 cars (-50% YoY/-75% QoQ) in Q1FY25. The volume impact is due to the design phase in current projects and nearing completion of earlier projects. Recently, the company has completed Pune metro projects and started Bangalore metro projects. The company is focused on ramp-up 10-15 cars per month by Q3FY25E/Q4FY25E. The company is focused on achieving 70 cars/month over the next 3 years.

Capex will lead to sustainable long-term growth: The capex is expected INR 7-10bn over the next 2-3 years. Passenger rolling stocks capacity stood at 300 cars/annum and is expected to reach 850 cars/annum by FY27E and 1,200 cars/annum by FY28E. Metro coaches capacity is expected to reach 36 cars/month by FY27E and Vande Bharat coaches capacity is expected to reach 36 cars/month by FY27E. Propulsions capacity is expected to reach 200 motors/month, 100 converters/month, and TCMS – 25KV AC for metros by Sep-27E. Wheelsets JV's capex is around INR 18bn in 2 phases. The capacity is expected around 2 lakh wheels and have commitment of supplying 80,000 wheels/annum over 20 years to Indian railways. The remaining will be for captives and exports. Indian railways are carrying 1.5bn tonnes of traffic and are expected to reach 3bn tonnes of traffic by FY30. We believe, the capex will fulfill the demand for freight wagons and passenger coaches.

Outlook & Valuation: Titagarh Rail Systems has a strong order book (~7.1x of FY24 revenue) shows business visibility. The freight wagons capacity stood at 800-850 wagons per month and expected to reach 1,000 wagons per month going forward. Passenger coaches execution is expected to reach 10-15 cars/month by Q3FY25E/Q4FY25E and focused on 70cars/month over next 3 years. The backward integration through traction motors and propulsion systems will add an additional margin of 4% in passenger coaches. The industry demand remains strong for freight and passenger coaches and company has the capacity and ability to deliver the orders going forward. In Base Case, Revenue is expected to grow at a CAGR of 17.2% for FY24-FY27E, and RoE is expected to maintain at 17.1% in FY27E. The stock is trading at 49.6x of its FY25E EPS. In Base Case Scenario, At the CMP of INR 1,630 per share, We downgraded to a "REDUCE" (earlier "BUY") rating and valued the stock at 30x of its FY27E EPS of INR 51.3, and arrived at a price objective of INR 1,540, a downside of 5.5%.

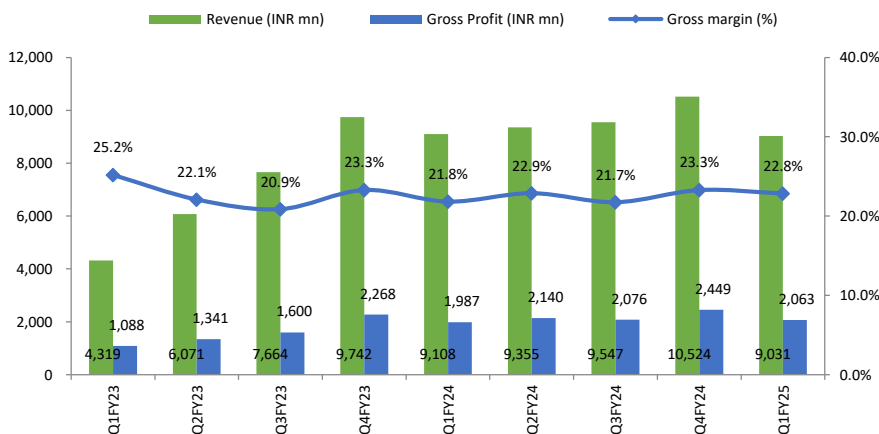
Q1FY25 Results

Income statement summary

Particular (INR Mn)	Q1FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Revenue	9,108	10,524	9,031	-0.8%	-14.2%
Net Raw Materials	7,120	8,075	6,968	-2.1%	-13.7%
Gross Profit	1,987	2,449	2,063	3.8%	-15.8%
Gross Margin (%)	21.8%	23.3%	22.8%	+102 bps	-43 bps
Employee Cost	158	181	173	9.4%	-4.7%
Other Expenses	768	1,067	872	13.5%	-18.3%
EBITDA	1,061	1,201	1,018	-4.0%	-15.2%
EBITDA Margin (%)	11.7%	11.4%	11.3%	-37 bps	-13 bps
Depreciation	66	70	71		
Interest expense	191	158	125		
Other income	38.9	146.7	122.9		
Share of profits associate & JV	-	(22)	(44)		
Profit before tax	843	1,097	901		
Taxes	225	286	232		
PAT	618	811	670	8.4%	-17.5%
PAT Margin (%)	6.8%	7.7%	7.4%	+63 bps	-29 bps
Other Comprehensive income	11.2	(2.6)	(0.9)		
Net profit	629	809	669	6.3%	-17.3%
Net profit Margin (%)	6.9%	7.7%	7.4%	-50 bps	-28 bps
EPS (INR)	5.2	6.0	5.0		

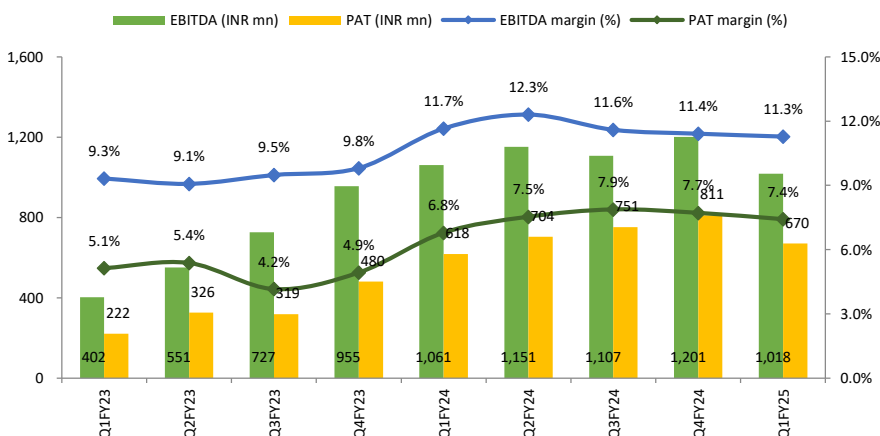
Source: Company Reports, Aриhant Capital Research

Exhibit 1: Gross margins improved 102 bps YoY (down by 43 bps QoQ) to 22.8% in Q1FY25 due to lower RM costs.



Source: Company Reports, Aриhant Capital Research

Exhibit 2: EBITDA margin contracted by 37 bps YoY (down by 13 bps QoQ) to 11.3% in Q1FY25 due to higher employee costs and other expenses in-terms of sales.



Source: Company Reports, Aриhant Capital Research

Q1FY25 Concall Highlights

Margins

- Wagons margins are expected to be around 12%-12.5% going forward.
- Passenger coaches' margins are around 10%-11% without propulsion. Backward integration of propulsion systems will increase the margin by 4%. Overall, the margins are expected to be 14%-15% going forward.

Wagon volumes

- The wagon volume stood at 2,073 (+13% YoY/-23.2% QoQ) in Q1FY25. The wagon execution was 691 wagons/month in Q1FY25. The current capacity stood at 800-850 wagons/month and focused on a steady output of 1,000 wagons per month.

Passenger Coaches volumes

- Passenger rail volumes stood at 3 cars (-50% YoY/-75% QoQ) in Q1FY25. The volume impact is due to the design phase in current projects and nearing completion of earlier projects. Recently, the company has completed Pune metro projects and started Bangalore metro projects.
- The company is focused on achieving 70 cars/month over the next 3 years.

Metros

- In the Bengaluru metro, the company commenced the production of trainsets for the Bangalore Metro Phase 2 yellow line project. The dispatch is expected from Q2FY25E onwards. The company will manufacture 34 out of 36 trainsets.
- Earlier, the delay in Bangalore metro projects due to non-availability of China Visa and resolved and production started. The company is focused on 10-15 cars per month by Q3FY25E/Q4FY25E.
- Ahmedabad and Surat metro execution is expected to start from Q4FY25E onwards.

Exports

- The company has started the export of traction converters. The 1st batch of 8 converters shipped to Titagarh Firema, Italy in Jul-24. The export order value is around INR 650mn (EUR 7.18mn).

Realization

- The average wagon realization is around INR 40.6 lakhs.

Market share

- The company has a 25%-30% market share for wagon manufacturing.

Order book

- The standalone order book stood at INR 141.17bn as of Q1FY25. Freight and Passenger mix stood at 51.9% and 48.1%.
- JV order book stood at INR 133.26bn as of Q1FY25. Vande Bharat and Wheelsets mix stood at 52.7% and 47.3%.
- The order book of 20,300 wagons and 1,592 Metro & Vande Bharat coaches.
- The order inflow stood at INR 3.5bn in Q1FY25. Around INR 2.5bn from rolling stocks and INR 1bn from propulsion systems.

Q1FY25 Concall Highlights**Order book**

- The order pipeline is around INR 550bn from metro coaches, Vande Bharat, propulsion, and traction motors.

Wheelsets

- Wheelsets JV's capex is around INR 18bn in 2 phases. The capacity is expected around 2 lakh wheels and has the commitment of supplying 80,000 wheels/annum over 20 years to Indian railways. The remaining will be for captives and exports.
- Currently, SAIL is manufacturing forged wheels. Railways have 2 plants in Patna and Bangalore for cast wheels.

Capex

- The capex is expected INR 7-10bn over the next 2-3 years. The capex is included earlier some part of capex also.
- In passenger rolling stocks capacity stood at 300 cars/annum and is expected to reach 850 cars/annum by FY27E and 1,200 cars/annum by FY28E.
- Metro coaches capacity is expected to reach 36 cars/month by FY27E and Vande Bharat coaches capacity is expected to reach 36 cars/month by FY27E.
- In propulsions, the capacity is expected to reach 200 motors/month, 100 converters/month, and TCMS – 25KV AC for metros by Sep-27E.

Design Centre

- The company has inaugurated a new engineering center in Bengaluru for innovation and design. The facility will be used for new product development for Train Control & Monitoring Systems (TCMS) and advanced Propulsion Systems.

Other highlights

- The company has a strategic tie-up with ABB for Metro TCMS and EMU propulsion.
- Freight rolling stock witnessed growth despite high labor absenteeism due to general elections and heat waves.
- The increase in employee costs is due to an increase in employee counts and the recent start of the Bangalore Design Centre.
- The company is net debt-free in Q1FY25.
- Traction motor volumes stood at 78 (+333.3% QoQ) in Q1FY25.
- Indian railways are carrying 1.5bn tonnes of traffic and are expected to reach 3bn tonnes of traffic by FY30.

Scenario Analysis

Exhibit 3: Scenario Analysis

Bull Case (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Freight Rail Systems	22,509	34,176	43,200	46,000	50,000
Passenger Rail Systems	5,287	4,357	6,300	14,400	18,450
Total Revenue	27,796	38,533	49,500	60,400	68,450

Base Case (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Freight Rail Systems	22,509	34,176	39,780	42,120	46,800
Passenger Rail Systems	5,287	4,357	5,100	12,240	15,300
Total Revenue	27,796	38,533	44,880	54,360	62,100

Bear Case (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Freight Rail Systems	22,509	34,176	36,480	38,000	43,700
Passenger Rail Systems	5,287	4,357	4,800	10,400	12,800
Total Revenue	27,796	38,533	41,280	48,400	56,500

Source: Company, Arianth Capital Research

Valuation

Exhibit 4: Bull Case Scenario

Bull Case (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	27,796	38,533	49,500	60,400	68,450
EBITDA	2,635	4,519	5,766	7,308	8,590
EBITDA Margin (%)	9.5%	11.7%	11.6%	12.1%	12.5%
PAT	1,157	2,865	4,953	6,544	7,676
PAT Margin (%)	4.2%	7.4%	10.0%	10.8%	11.2%
EPS (INR)	11.3	21.4	36.8	48.6	57.0

Valuation - P/E (FY27E)

EPS (INR) 57.0

P/E (x) 30.0

Target Price (INR) 1,710

CMP (INR) 1,630

Upside/Downside (%) 4.9%

Exhibit 5: Base Case Scenario

Base Case (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	27,796	38,533	44,880	54,360	62,100
EBITDA	2,635	4,519	5,228	6,577	7,793
EBITDA Margin (%)	9.5%	11.7%	11.6%	12.1%	12.5%
PAT	1,157	2,865	4,429	5,839	6,914
PAT Margin (%)	4.2%	7.4%	9.9%	10.7%	11.1%
EPS (INR)	11.3	21.4	32.9	43.4	51.3

Valuation - P/E (FY27E)

EPS (INR) 51.3

P/E (x) 30.0

Target Price (INR) 1,540

CMP (INR) 1,630

Upside/Downside (%) -5.5%

Source: Company, Arianth Capital Research

Exhibit 6: Bear Case Scenario

Bear Case (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	27,796	38,533	41,280	48,400	56,500
EBITDA	2,635	4,519	4,809	5,856	7,090
EBITDA Margin (%)	9.5%	11.7%	11.6%	12.1%	12.5%
PAT	1,157	2,865	4,020	5,144	6,241
PAT Margin (%)	4.2%	7.4%	9.7%	10.6%	11.0%
EPS (INR)	11.3	21.4	29.9	38.2	46.3

Valuation - P/E (FY27E)

EPS (INR) 46.3

P/E (x) 30.0

Target Price (INR) 1,390

CMP (INR) 1,630

Upside/Downside (%) -14.7%

Source: Company, Arianth Capital Research

Sensitivity Analysis

Freight Rail Systems Revenue (INR mn) - FY25E

		Freight Wagon Realization (INR mn/Wagon)										
		3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5
	39,780											
Wagon Volumes	8,400	29,400	30,240	31,080	31,920	32,760	33,600	34,440	35,280	36,120	36,960	37,800
	8,800	30,800	31,680	32,560	33,440	34,320	35,200	36,080	36,960	37,840	38,720	39,600
	9,200	32,200	33,120	34,040	34,960	35,880	36,800	37,720	38,640	39,560	40,480	41,400
	9,600	33,600	34,560	35,520	36,480	37,440	38,400	39,360	40,320	41,280	42,240	43,200
	10,000	35,000	36,000	37,000	38,000	39,000	40,000	41,000	42,000	43,000	44,000	45,000
	10,400	36,400	37,440	38,480	39,520	40,560	41,600	42,640	43,680	44,720	45,760	46,800
	10,800	37,800	38,880	39,960	41,040	42,120	43,200	44,280	45,360	46,440	47,520	48,600
	11,200	39,200	40,320	41,440	42,560	43,680	44,800	45,920	47,040	48,160	49,280	50,400
	11,600	40,600	41,760	42,920	44,080	45,240	46,400	47,560	48,720	49,880	51,040	52,200
	12,000	42,000	43,200	44,400	45,600	46,800	48,000	49,200	50,400	51,600	52,800	54,000
	12,400	43,400	44,640	45,880	47,120	48,360	49,600	50,840	52,080	53,320	54,560	55,800

Freight Rail Systems Revenue (INR mn) - FY26E

		Freight Wagon Realization (INR Mn/Wagon)										
		3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5
	42,120											
Wagon Volumes	8,500	29,750	30,600	31,450	32,300	33,150	34,000	34,850	35,700	36,550	37,400	38,250
	9,000	31,500	32,400	33,300	34,200	35,100	36,000	36,900	37,800	38,700	39,600	40,500
	9,500	33,250	34,200	35,150	36,100	37,050	38,000	38,950	39,900	40,850	41,800	42,750
	10,000	35,000	36,000	37,000	38,000	39,000	40,000	41,000	42,000	43,000	44,000	45,000
	10,500	36,750	37,800	38,850	39,900	40,950	42,000	43,050	44,100	45,150	46,200	47,250
	11,000	38,500	39,600	40,700	41,800	42,900	44,000	45,100	46,200	47,300	48,400	49,500
	11,500	40,250	41,400	42,550	43,700	44,850	46,000	47,150	48,300	49,450	50,600	51,750
	12,000	42,000	43,200	44,400	45,600	46,800	48,000	49,200	50,400	51,600	52,800	54,000
	12,500	43,750	45,000	46,250	47,500	48,750	50,000	51,250	52,500	53,750	55,000	56,250
	13,000	45,500	46,800	48,100	49,400	50,700	52,000	53,300	54,600	55,900	57,200	58,500
	13,500	47,250	48,600	49,950	51,300	52,650	54,000	55,350	56,700	58,050	59,400	60,750

Freight Rail Systems Revenue (INR mn) - FY27E

		Freight Wagon Realization (INR Mn/Wagon)										
		3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5
	46,800											
Wagon Volumes	9,500	33,250	34,200	35,150	36,100	37,050	38,000	38,950	39,900	40,850	41,800	42,750
	10,000	35,000	36,000	37,000	38,000	39,000	40,000	41,000	42,000	43,000	44,000	45,000
	10,500	36,750	37,800	38,850	39,900	40,950	42,000	43,050	44,100	45,150	46,200	47,250
	11,000	38,500	39,600	40,700	41,800	42,900	44,000	45,100	46,200	47,300	48,400	49,500
	11,500	40,250	41,400	42,550	43,700	44,850	46,000	47,150	48,300	49,450	50,600	51,750
	12,000	42,000	43,200	44,400	45,600	46,800	48,000	49,200	50,400	51,600	52,800	54,000
	12,500	43,750	45,000	46,250	47,500	48,750	50,000	51,250	52,500	53,750	55,000	56,250
	13,000	45,500	46,800	48,100	49,400	50,700	52,000	53,300	54,600	55,900	57,200	58,500
	13,500	47,250	48,600	49,950	51,300	52,650	54,000	55,350	56,700	58,050	59,400	60,750
	14,000	49,000	50,400	51,800	53,200	54,600	56,000	57,400	58,800	60,200	61,600	63,000
	14,500	50,750	52,200	53,650	55,100	56,550	58,000	59,450	60,900	62,350	63,800	65,250

Source: Company Reports, Arianth Capital Research

- Bull Case

- Base Case

- Bear Case

Sensitivity Analysis

Passenger Rail Systems Revenue (INR mn) - FY25E

		Rollingstocks Realization (INR mn/car)											
		5,100	60	65	70	75	80	85	90	95	100	105	110
Rollingstocks Volumes	20		1,200	1,300	1,400	1,500	1,600	1,700	1,800	1,900	2,000	2,100	2,200
	30		1,800	1,950	2,100	2,250	2,400	2,550	2,700	2,850	3,000	3,150	3,300
	40		2,400	2,600	2,800	3,000	3,200	3,400	3,600	3,800	4,000	4,200	4,400
	50		3,000	3,250	3,500	3,750	4,000	4,250	4,500	4,750	5,000	5,250	5,500
	60		3,600	3,900	4,200	4,500	4,800	5,100	5,400	5,700	6,000	6,300	6,600
	70		4,200	4,550	4,900	5,250	5,600	5,950	6,300	6,650	7,000	7,350	7,700
	80		4,800	5,200	5,600	6,000	6,400	6,800	7,200	7,600	8,000	8,400	8,800
	90		5,400	5,850	6,300	6,750	7,200	7,650	8,100	8,550	9,000	9,450	9,900
	100		6,000	6,500	7,000	7,500	8,000	8,500	9,000	9,500	10,000	10,500	11,000
	110		6,600	7,150	7,700	8,250	8,800	9,350	9,900	10,450	11,000	11,550	12,100
	120		7,200	7,800	8,400	9,000	9,600	10,200	10,800	11,400	12,000	12,600	13,200

Passenger Rail Systems Revenue (INR mn) - FY26E

		Rollingstocks Realization (INR Mn/car)											
		12,240	60	65	70	75	80	85	90	95	100	105	110
Rollingstocks Volumes	100		6,000	6,500	7,000	7,500	8,000	8,500	9,000	9,500	10,000	10,500	11,000
	110		6,600	7,150	7,700	8,250	8,800	9,350	9,900	10,450	11,000	11,550	12,100
	120		7,200	7,800	8,400	9,000	9,600	10,200	10,800	11,400	12,000	12,600	13,200
	130		7,800	8,450	9,100	9,750	10,400	11,050	11,700	12,350	13,000	13,650	14,300
	140		8,400	9,100	9,800	10,500	11,200	11,900	12,600	13,300	14,000	14,700	15,400
	150		9,000	9,750	10,500	11,250	12,000	12,750	13,500	14,250	15,000	15,750	16,500
	160		9,600	10,400	11,200	12,000	12,800	13,600	14,400	15,200	16,000	16,800	17,600
	170		10,200	11,050	11,900	12,750	13,600	14,450	15,300	16,150	17,000	17,850	18,700
	180		10,800	11,700	12,600	13,500	14,400	15,300	16,200	17,100	18,000	18,900	19,800
	190		11,400	12,350	13,300	14,250	15,200	16,150	17,100	18,050	19,000	19,950	20,900
	200		12,000	13,000	14,000	15,000	16,000	17,000	18,000	19,000	20,000	21,000	22,000

Passenger Rail Systems Revenue (INR mn) - FY27E

		Rollingstocks Realization (INR Mn/car)											
		15,300	60	65	70	75	80	85	90	95	100	105	110
Rollingstocks Volumes	100		6,000	6,500	7,000	7,500	8,000	8,500	9,000	9,500	10,000	10,500	11,000
	115		6,900	7,475	8,050	8,625	9,200	9,775	10,350	10,925	11,500	12,075	12,650
	130		7,800	8,450	9,100	9,750	10,400	11,050	11,700	12,350	13,000	13,650	14,300
	145		8,700	9,425	10,150	10,875	11,600	12,325	13,050	13,775	14,500	15,225	15,950
	160		9,600	10,400	11,200	12,000	12,800	13,600	14,400	15,200	16,000	16,800	17,600
	175		10,500	11,375	12,250	13,125	14,000	14,875	15,750	16,625	17,500	18,375	19,250
	190		11,400	12,350	13,300	14,250	15,200	16,150	17,100	18,050	19,000	19,950	20,900
	205		12,300	13,325	14,350	15,375	16,400	17,425	18,450	19,475	20,500	21,525	22,550
	220		13,200	14,300	15,400	16,500	17,600	18,700	19,800	20,900	22,000	23,100	24,200
	235		14,100	15,275	16,450	17,625	18,800	19,975	21,150	22,325	23,500	24,675	25,850
	250		15,000	16,250	17,500	18,750	20,000	21,250	22,500	23,750	25,000	26,250	27,500

Source: Company Reports, Arianth Capital Research

- Bull Case

- Base Case

- Bear Case

Industry Wagon Volumes – Indian Railways (RSP)

Wagon Volumes (company wise)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Titagarh Rail Systems	447	620	810	591	571	1,183	1,522	1,666	1,430	949	1,195	1,377	1,515
Jupiter Wagons	560	334	388	461	326	512	830	755	557	314	277	816	997
Texmaco	209	135	258	66	29	339	913	1,046	998	1,098	1,355	1,665	1,439
Modern	215	178	264	132	250	408	-	44	27	-	-	-	-
H.E.I	222	119	91	11	203	481	923	735	550	610	566	1,036	758
Besco (WD)	62	113	104	-	105	219	290	320	249	208	196	157	96
Besco (FD)	-	-	-	-	-	-	85	215	200	225	205	343	310
Oriental	-	-	-	-	-	-	-	171	232	148	182	264	241
Amtek	5	-	-	-	-	17	-	-	-	-	-	-	-
CIMMCO	-	-	-	-	-	-	-	-	-	-	-	-	-
CEBBCO	-	2	-	-	-	-	-	-	-	-	-	-	-
Jindal	-	-	-	-	-	-	-	-	-	-	-	-	-
Braithwaite	158	278	198	458	358	250	385	458	153	111	82	-	284
SRBWIL	-	35	88	161	101	170	206	207	132	-	152	258	263
Total Industry Wagons	1,878	1,814	2,201	1,880	1,943	3,579	5,325	5,678	4,444	3,697	4,292	5,974	5,903

Volume Share (%)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Titagarh Wagons	23.8%	34.2%	36.8%	31.4%	29.4%	33.1%	28.6%	29.3%	32.2%	25.7%	27.8%	23.0%	25.7%
Jupiter Wagons	29.8%	18.4%	17.6%	24.5%	16.8%	14.3%	15.6%	13.3%	12.5%	8.5%	6.5%	13.7%	16.9%
Texmaco	11.1%	7.4%	11.7%	3.5%	1.5%	9.5%	17.1%	18.4%	22.5%	29.7%	31.6%	27.9%	24.4%
Modern	11.4%	9.8%	12.0%	7.0%	12.9%	11.4%	0.0%	0.8%	0.6%	0.0%	0.0%	0.0%	0.0%
H.E.I	11.8%	6.6%	4.1%	0.6%	10.4%	13.4%	17.3%	12.9%	12.4%	16.5%	13.2%	17.3%	12.8%
Besco (WD)	3.3%	6.2%	4.7%	0.0%	5.4%	6.1%	5.4%	5.6%	5.6%	5.6%	4.6%	2.6%	1.6%
Besco (FD)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%	3.8%	4.0%	6.1%	4.8%	5.7%	5.3%
Oriental	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.2%	4.1%	3.3%	4.9%	6.2%	5.4%	4.1%
Amtek	0.3%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CIMMCO	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CEBBCO	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Jindal	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Braithwaite	8.4%	15.3%	9.0%	24.4%	18.4%	7.0%	7.2%	8.1%	3.4%	3.0%	1.9%	0.0%	4.8%
SRBWIL	0.0%	1.9%	4.0%	8.6%	5.2%	4.7%	3.9%	3.6%	3.0%	0.0%	3.5%	4.3%	4.5%

Source: Ministry of Railways, Arianth Capital Research; Volumes as per RSP (Indian Railway)

Wagon Industry Note

ArianthCapital **31st Mar 2023** **Industry Note** **Wagons**

Wagons are gearing up on the right track.

Industry Sector Note

Union Budget 2023-24: Railway notified order to INR 2.4 lakh in which by the end of 2023-24 fiscal year, the wagon manufacturing is ramping up due to demand for freight & passenger wagons. There is a shift to commercial vehicles to haul for transportation. Recently, Indian transporters raised a demand for 50,000 wagons and awarded 7,000 wagons to 7 manufacturers. Further, the industry is expected to manufacture around 50,000 wagons in the next 2 to 3 years. The government is coming up with 50,000 advanced freight wagons in global and each wagon cost around INR 700,000. INR 500 cr will be a game changer in the wagon business. These wagon manufacturers are full swing mode for manufacturing and operating at 70% to 90% capacity compared to 40% in past years. The industry currently operates 1,00,000 wagons and new wagons are expected to add going forward. The wagon manufacturing was impacted due to unavailability of wheel sets, Indian wagon manufacturers regularly procure wheelsets from China which was impacted due to supply chain issues. Post-Dew-22, wagon manufacturing ramped up due to normalisation of wheelset supply.

The wagon manufacturers' revenue is expected to grow at 25% CAGR over the period of FY22-FY26, backed by strong order inflows from the Indian railway along with an increase in price per wagon. Ramp up in capacity utilisation and better absorption of fixed costs led to EBITDA margin improvement of 200 bps for wagon manufacturers over the period of FY22-FY24. Wagon manufacturers' Debt/EBITDA is expected to reduce from ~6x to less than 2x going forward. The debt coverage metrics are expected to improve along with the improvement of revenue and margins. Overall, wagon manufacturers' credit profile is likely to improve over the medium term.

The price per wagon is currently in the range of INR 5.80m to INR 6.50m based on wagon models. Private wagon price is INR 5.80m to INR 6.50m higher than railway wagons which is more than 20%. Private wagons are fixed price contracts, as wagon manufacturers are taking 20-30% advance from corporates to fix the order. The price per wagon contracts are now shifting to cost-plus model in around 10-20 months. Railway wagon contracts are now shifting to cost-plus model and their price through based on BPs. The price per wagon demand leads to an increase in coal transportation. The wagon demand is witnessed from Cement, Steel, Coal and Mining industries. Wagon transport is more convenient and economical than commercial vehicles.

Titagarh wagon's order book-to-revenue ratio stood at 4.5x (FY23 FYTM revenue), which provides revenue visibility. The order book stood at around INR 2,700 cr in 30 months. Recently, Titagarh Wagons and Rail, are at an INR 2,000 cr per year. The order is well-situated for 40 cr in around INR 1,200 cr. Titagarh wagons and Rail maintains freight segment 1:1 for manufacturing and supplying wheelsets to Indian railways. The supply of 7-8 million wheelsets of different rolling stock of Indian Railways over a period of 20 years at about 80,000 wheelsets per annum.

Jupiter wagon's order book-to-revenue ratio stood at 3.2x (FY23 FYTM revenue), which provides revenue visibility. The order book stood at around INR 1,200 cr in 30 months. The company has placed orders of steel to 20,000 wheel sets in foreign supply. The company is currently making 500 to 600 wagons per month. The company has a requirement to supply 500 wagons to 40,000 wheel sets and expects substantial orders from Indian Railway. The company is targeting commercial EV freight by Oct-Nov this year. The company is targeting 30% in commercial EV and focused capacity to 7% to 30% market share.

Amtek's order book-to-revenue ratio stood at 4.8x (FY23 FYTM revenue), which provides revenue visibility. The company has received orders for 28,470 wagons from Indian Railways. The order is worth around INR 3,500 cr which is receivable in 30 months. The company is currently making 500 to 600 wagons per month. The company has a requirement to supply 500 wagons to 40,000 wheel sets and expects substantial orders from Indian Railway. The company is targeting commercial EV freight by Oct-Nov this year. The company is targeting 30% in commercial EV and focused capacity to 7% to 30% market share.

Titagarh Capital Markets Ltd

Source: Arianth Capital Research

Titagarh Plant Visit Note

ArianthCapital **15th Apr, 2023** **Plant Visit Note** **Titagarh Wagons**

Wagons on cards

Company: INR 205
Rating: BUY
Target Price: INR 470

Stock Info
NSE: 532966
NSE: TITAGH
BSE: 107636
Sector: Capital Goods
Face Value (INR): 2
Market Cap (INR mn): 239
Mkt Cap (INR mn): 53,279
52Wk High (INR): 332/18.4
Avg. Yield (YTD) (in %): 108.3

Shareholding Pattern % (pre-close)
Promoters: 49.2
MFI: 6.78
Public & Others: 40.1

Stock Performance (%) 3m, 6m, 12m, 3Yr
3m: 5.27
6m: 31.7
12m: 18.8
3Yr: 5.7, 2.3, 4.4

TWELSE HISTORY
12M: 18.8
6M: 31.7
3M: 5.27

Key Highlights:

- We visited Titagarh freight wagons and ship building plant at Titagarh, Kolkata and Rolling stock, Propulsion systems and traction motor plant at Cuttack, Kolkata. Also we interacted with Mr. Sanku Kumar – Freight Rolling Stock COO, Mr. Manoj Kumar Das – Freight Wagon Plant Head, Mr. Sanjiv Singh – Passenger Rolling Stock COO, Mr. Venkatesh Srinivasan – Passenger Rolling Stock Plant Head, Mr. S.C. Subramanian – Propulsion Plant Head, Mr. Sourav Singhania – IT CRO & Group Finance Controller, Mr. Anil Kumar Jagtap – Director (Finance), CIO & CFO and other Titagarh managers.
- Strong revenue visibility backed by order book: The company has an order book of 25,000 wagons and around 8,000-10,000 wagons are expected to complete in FY24 at optimum utilization levels. We are expecting around INR 380m – INR 400m revenue in FY24 on a conservative basis. The company is manufacturing around 800 wagons per month and focused to manufacture 1,000 wagons per month from September onwards due to improvement in supply chain efficiencies. The plant is making around 32-34 wagons per day and is focused to reach 40 wagons per day. Out of 40 wagons, 25 are boxcars, wagons and 15 are Covered Wagons. There is a structure change in wagons and rail systems due to make-in India. The industry is expected to manufacture 30,000 to 30,000 wagons per annum and Titagarh is expected to capture 30%-35% share over medium term.
- First mover advantage in wheelsets: Titagarh wagons bagged orders from the Ministry of Railways to supply “2.5 million forged wheel sets of different rolling stock of Indian Railways” over a period of 20 years at about 77,000 wheel sets per annum. The order worth is around INR 522 bn. The order is over 20 years. The company has 30% participation with An Forgeings. The price costs around INR 150m and will be funded through government and long term loans. The funding is expected to complete in the next 2 years. The company is setting up a capacity of 2 lakh wheel sets per annum. Around 7,000 wheel sets are expected to supply to Indian Railway and the remaining to others. In the wheelset plant, the breakeven is normally expected at 40,000 to 50,000 wheelsets.
- Costing wheelsets cost around INR 2.3 lakh, while forged wheelsets cost around 2.1 lakh to INR 2.8 lakh, forged wheelsets are costlier and stronger than casting wheelsets. On a conservative basis, we assume INR 200m per wheelset. Titagarh's response phase is expected around INR 400m to INR 200m in 3 years which starts from FY26. The payback period is expected in 3 years. Wheelsets production capacity are expected around 1.5 lakh going forward. Titagarh-tilk forging is expected to export wheelsets after 5 to 6 years, which will be a potential opportunity.
- Backward integration will lead to margin improvement: The backward integration of traction motor and propulsion systems will lead to margin improvement.
 - IN Propulsion: INR 1 and INR 1000 system order for propulsion motor.
 - IN Propulsion: INR 1 and INR 1000 system order for propulsion motor.
 - IN Propulsion: INR 1 and INR 1000 system order for propulsion motor.

Titagarh Capital Markets Ltd

Source: Arianth Capital Research

Railway Sector Note

ArianthCapital **30th Apr 2023** **Sector Update** **Railways**

Ready to leave station.

Industry Sector Note

Indian railways system is 4th largest in the world, behind only US, Russia, and China. India is the 4th largest rail freight carrier in the world. Indian railways are the single largest employer in India and the 8th largest in the world. The Railway Group is addressing an uphill and uneven road for the next decade. In the FY22 budget, the government has allocated INR 1 lakh or in the Ministry of Railways (MoR), the budget investments towards dedicated freight corridor, network decoupling, bullet train, high speed, and semi-high-speed train projects. The “Remember Rail” initiative for the development of alternate high-tech machines, that are needed to build high-speed rails. The national rail plan for 2023, Indian railways is expected to launch a fully private railway system by 2025 to bring down logistics cost and ensure 100% electrification in rail routes by FY24. The railway infrastructure investment is expected around INR 90 lakh or between 2018-2024.

The increasing interest in urban and rural areas has made rail travel affordable for a large number of Indians. The improvement in rural connectivity will be the major driver for the growth. In railways, around 800 new stations are coming up will be a big booster for passenger and freight growth and opportunities for railway companies. The urban population is expected to reach 545 m by FY25 and further accelerated in train cities.

National Infrastructure Investments are nearing INR 75 lakh of projects under execution and the National Infrastructure Plan outlined by the Government investment of INR 311 lakh or over the period of FY22-FY26. Transport, Storage, and water projects account for 80% of NIP spending of planned INR 111 lakh or. More than 50% of NIP projects are under construction and 5% of the opportunities at INR 42 lakh or higher in the transport sector. The redevelopment opportunity in railways has INR 1 lakh or with commercial development accounting for 70% of development. Around 400 stations have been identified for the railway and 27 station halts has completed construction. The station redevelopment scope is expected to be implemented under the PPP format.

The railway infra players have the potential opportunity to be 400 Vande Bharat Trains, 75 Vande Bharat trains are expected to be completed by Aug 2023. 100 PMG Garib Rath Canteen, 2,000 new passenger train coach, solar power based in 2,000 stations, 123 stations redevelopment and connectivity to its major ports. The planned capacity uplift is expected to finance through budgetary support and revenue from internal market and market borrowings & Institutional Finance.

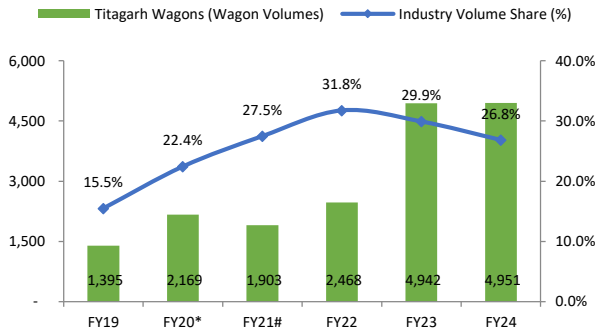
Disabling of lines and low time caps are expected around 60% of total railway caps and Rail Vikas Nigam's 50% of business comes from these areas which show the company has a potential business opportunity going forward. Locomotives and Wagons caps are expected around 20% of the total railway cap and Titagarh Wagons, Traction Rail & Engineering and Jupiter Wagons are expected to benefit going forward. Main tracking caps are expected around 30% of total railway caps and this is benefiting 70% of the traction equipment and Indian railways. The company has potential business opportunity going forward. Construction lines caps are expected around 2% of total railway caps, IEC international and Katarah Projects are expected to benefit from transmission railway caps. The automatic signalling capacity is expected around 2% of railway caps and Bharat is well positioned on signalling and modernization of projects. Overall, the railway infra companies are from International, IEC International, Rail Vikas Nigam, Traction Wagons, Traction Rail & Engineering, Steel, Rollers, Katarah Projects, Jupiter Wagons, Katarah Micro Systems are expected to be benefited on Railway caps. There are going forward. All the Railway infra companies are maintaining at least 2 of the order book to the revenue which shows potential business viability going forward.

Titagarh Capital Markets Ltd

Source: Arianth Capital Research

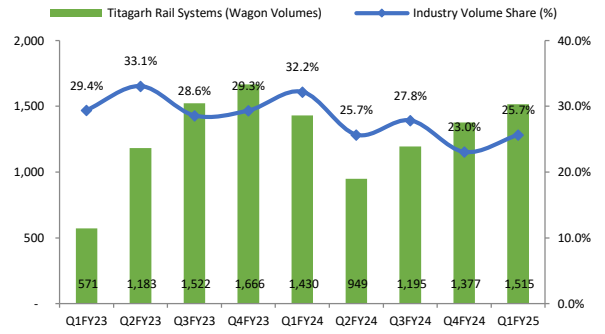
Industry Wagon Volumes – Indian Railways (RSP)

Exhibit 7: Titagarh’s railways wagons volume share stood at 26.8% in FY24.



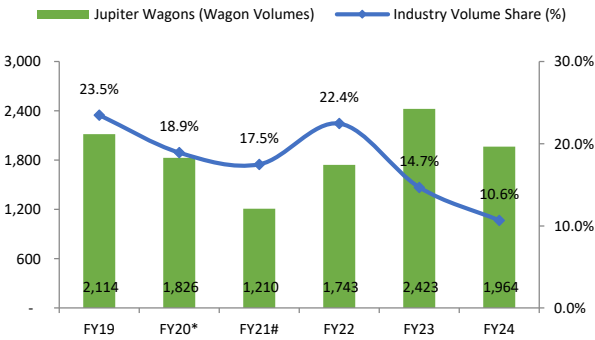
Source: Ministry of Railways, Industry, Aриhant Capital Research

Exhibit 8: Titagarh’s railway wagon execution remain on track in Q1FY25.



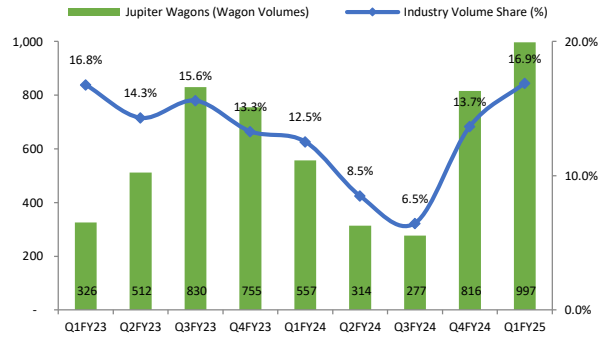
Source: Ministry of Railways, Industry, Aриhant Capital Research

Exhibit 9: JWL has ramped-up Private wagon manufacturing in FY24 and reduced railway volumes. Private wagons are yielding higher realizations compared to Indian railway wagons.



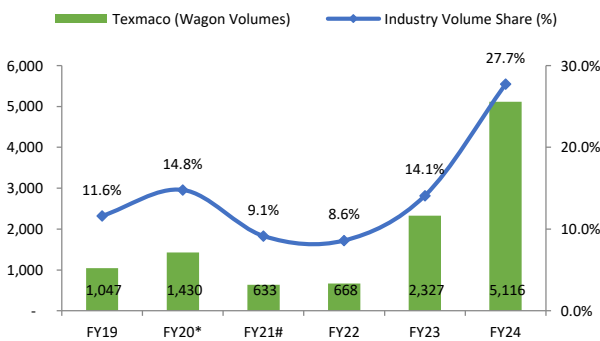
Source: Ministry of Railways, Industry, Aриhant Capital Research

Exhibit 10: JWL railway wagons are moving upward trajectory and private wagon execution remains strong.



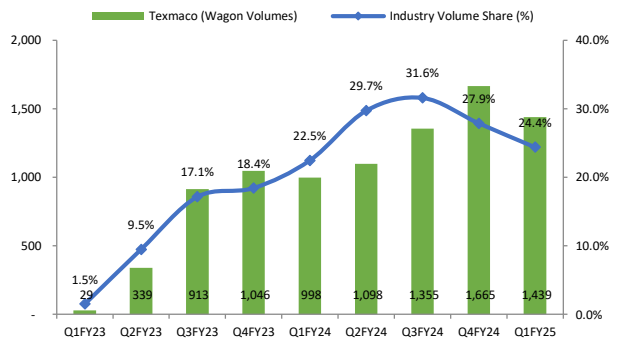
Source: Ministry of Railways, Industry, Aриhant Capital Research

Exhibit 11: Texmaco ramped up production and volume share stood at 27.7% in FY24.



Source: Ministry of Railways, Industry, Aриhant Capital Research

Exhibit 12: Texmaco’s railway wagon volumes share slightly dropped in Q1FY25.



Source: Ministry of Railways, Industry, Aриhant Capital Research

Financial Statements

Income statement summary

Y/e 31 Mar (INR Mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	15,206	14,675	27,796	38,533	44,880	54,360	62,100
Net Raw Materials	9,934	10,476	21,499	29,881	34,692	41,803	47,507
Employee Cost	2,106	454	565	663	763	897	994
Other Expenses	2,360	2,096	3,096	3,470	4,197	5,083	5,807
EBITDA	806	1,649	2,635	4,519	5,228	6,577	7,793
EBITDA Margin (%)	5.3%	11.2%	9.5%	11.7%	11.6%	12.1%	12.5%
Depreciation	(299)	(184)	(225)	(271)	(363)	(438)	(518)
Interest expense	(812)	(573)	(807)	(735)	(537)	(249)	(216)
Other income	249	177	426	398	1,697	2,055	2,347
Share of profits associate & JV	1	-	(127)	(26)	-	-	-
Profit before tax	(55)	1,070	1,901	3,886	6,025	7,945	9,406
Taxes	(132)	(292)	(555)	(1,001)	(1,597)	(2,105)	(2,493)
PAT	(187)	778	1,346	2,884	4,429	5,839	6,914
PAT Margin (%)	-1.2%	5.3%	4.8%	7.5%	9.9%	10.7%	11.1%
Loss from Discontinued operations	-	(780)	(89)	(23)	-	-	-
Net PAT	(187)	(2)	1,257	2,861	4,429	5,839	6,914
Other Comprehensive income	81	57	(100)	3	-	-	-
Net profit	(106)	55	1,157	2,865	4,429	5,839	6,914
EPS (INR)	(1.6)	6.5	11.3	21.4	32.9	43.4	51.3

Source: Company Reports, Arianth Capital Research

Balance sheet summary

Y/e 31 Mar (INR Mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	239	239	239	269	269	269	269
Reserves	8,167	8,182	9,396	22,041	26,470	32,309	39,223
Net worth	8,406	8,421	9,636	22,311	26,739	32,578	39,492
Minority Interest	-	1	-	-	-	-	-
Provisions	814	912	112	203	61	74	85
Debt	8,584	9,316	3,608	1,919	1,999	1,979	1,479
Other non-current liabilities	1,868	145	417	1,334	673	815	621
Total Liabilities	19,672	18,796	13,772	25,767	29,473	35,448	41,678
Fixed assets	8,330	8,790	6,200	6,476	9,592	11,674	13,803
Capital Work In Progress	162	152	123	1,078	121	146	52
Other Intangible assets	536	646	16	674	674	674	674
Investments	923	765	1,006	3,621	4,039	4,892	5,589
Other non current assets	739	1,419	1,714	574	2,244	2,718	3,105
Net working capital	7,034	5,729	3,650	7,076	7,874	8,642	9,723
Inventories	3,852	5,039	4,614	5,237	7,414	8,704	9,762
Sundry debtors	5,672	6,591	2,791	5,325	6,148	7,149	8,167
Loans & Advances	-	-	-	-	-	-	-
Other current assets	2,576	2,093	4,953	3,038	3,689	3,723	4,253
Sundry creditors	(3,980)	(4,387)	(3,231)	(3,194)	(4,889)	(5,498)	(6,249)
Other current liabilities & Prov	(1,085)	(3,606)	(5,478)	(3,330)	(4,488)	(5,436)	(6,210)
Cash	1,240	421	1,000	6,091	4,481	5,614	7,180
Other Financial Assets	706	874	63	177	449	1,087	1,553
Total Assets	19,672	18,796	13,772	25,767	29,473	35,448	41,678

Source: Company Reports, Arianth Capital Research

Du-Pont Analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Tax burden (x)	3.4	0.7	0.7	0.7	0.7	0.7	0.7
Interest burden (x)	(0.1)	0.7	0.8	0.9	1.2	1.3	1.3
EBIT margin (x)	0.0	0.10	0.09	0.11	0.11	0.11	0.12
Asset turnover (x)	0.8	0.6	1.2	1.6	1.5	1.5	1.4
Financial leverage (x)	2.5	2.8	2.5	1.5	1.3	1.2	1.2
RoE (%)	-2.3%	9.2%	14.9%	18.1%	18.1%	19.7%	19.2%

Source: Company Reports, Arianth Capital Research

Financial Statements

Cashflow summary

Y/e 31 Mar (INR Mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Profit before tax	(55)	1,070	1,901	3,886	6,025	7,945	9,406
Depreciation	299	184	225	271	363	438	518
Tax paid	(132)	(292)	(555)	(1,001)	(1,597)	(2,105)	(2,493)
Working capital Δ	(2,419)	1,305	2,079	(3,426)	(798)	(768)	(1,081)
Operating cashflow	(2,307)	2,267	3,651	(271)	3,994	5,510	6,351
Capital expenditure	(538)	(633)	2,394	(1,503)	(2,521)	(2,546)	(2,552)
Free cash flow	(2,845)	1,634	6,045	(1,774)	1,473	2,963	3,799
Equity raised	138	(761)	(134)	9,855	-	-	-
Investments	(124)	158	(241)	(2,615)	(418)	(853)	(697)
Others	2,347	(957)	1,145	369	(1,942)	(1,112)	(852)
Debt financing/disposal	941	732	(5,708)	(1,688)	80	(20)	(500)
Other items	224	(1,625)	(528)	1,008	(802)	155	(184)
Net Δ in cash	680	(820)	579	5,091	(1,610)	1,133	1,566
Opening Cash Flow	561	1,240	421	1,000	6,091	4,481	5,614
Closing Cash Flow	1,240	421	1,000	6,091	4,481	5,614	7,180

Source: Company Reports, Arianth Capital Research

Ratio analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Growth matrix (%)							
Revenue growth	-13.9%	-3.5%	89.4%	38.6%	16.5%	21.1%	14.2%
Op profit growth	-33.3%	104.5%	59.8%	71.5%	15.7%	25.8%	18.5%
Profitability ratios (%)							
OPM	5.3%	11.2%	9.5%	11.7%	11.6%	12.1%	12.5%
Net profit margin	-1.2%	5.3%	4.8%	7.5%	9.9%	10.7%	11.1%
RoCE	15.1%	6.6%	12.6%	18.1%	19.0%	18.7%	16.9%
RoNW	-2.3%	9.2%	14.9%	18.1%	19.7%	19.2%	17.1%
RoA	-1.0%	4.1%	9.8%	15.0%	16.5%	16.6%	15.3%
Per share ratios (INR)							
EPS	(0.9)	0.5	9.7	21.3	32.9	43.4	51.3
Dividend per share	-	-	-	0.5	-	-	-
Cash EPS	0.9	8.0	13.1	23.4	35.6	46.6	55.2
Book value per share	70.4	70.4	80.6	165.7	198.5	241.9	293.2
Valuation ratios (x)							
P/E	-	-	168.4	76.6	49.6	37.6	31.8
P/CEPS	1,744.9	202.6	124.0	69.6	45.8	35.0	29.5
P/B	23.2	23.1	20.2	9.8	8.2	6.7	5.6
EV/EBITDA	249.3	123.1	74.6	46.8	40.7	32.1	26.7
Payout (%)							
Dividend payout	0.0%	0.0%	0.0%	2.2%	0.0%	0.0%	0.0%
Tax payout	-239.9%	27.3%	29.2%	25.8%	26.5%	26.5%	26.5%
Liquidity ratios							
Debtor days	99	153	62	38	47	45	45
Inventory days	140	155	82	60	67	70	71
Creditor days	95	117	55	34	37	40	39
WC Days	143	190	88	64	76	75	76
Leverage ratios (x)							
Interest coverage	0.6	2.6	3.0	5.8	9.1	24.7	33.7
Net debt / equity	0.9	1.1	0.3	-0.2	-0.1	-0.1	-0.1
Net debt / op. profit	9.1	5.4	1.0	-0.9	-0.5	-0.6	-0.7

Source: Company Reports, Arianth Capital Research

Story in Charts

Exhibit 13: Freight Wagons, Metro and Vande Bharat trains are expected to drive revenue growth over the period of FY24-FY27E.

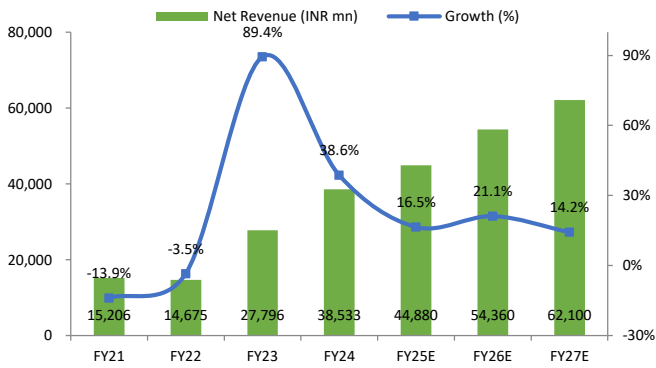


Exhibit 14: Gross margins are expected to improve going forward.

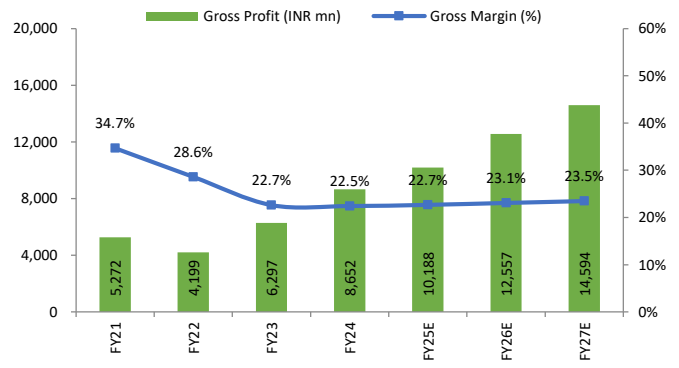


Exhibit 15: Growth in EBITDA & PAT levels

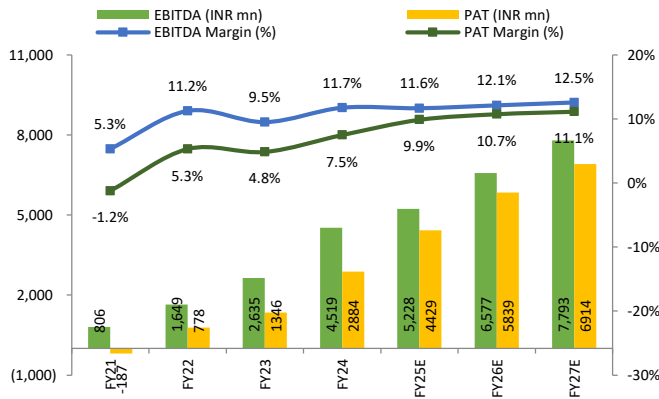


Exhibit 16: Return ratios to be improve

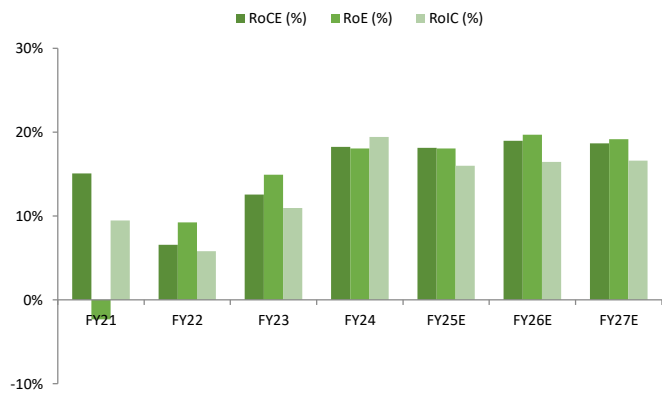


Exhibit 17: Working capital days to be improve.

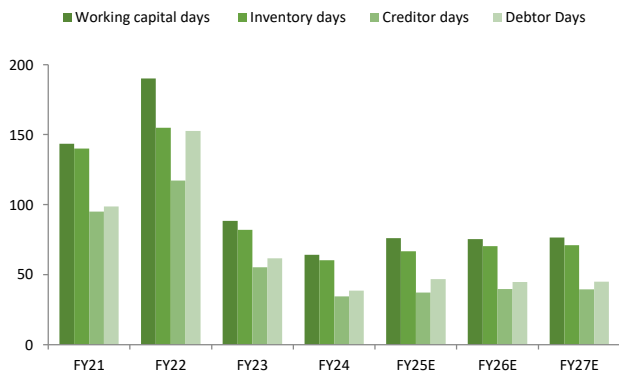
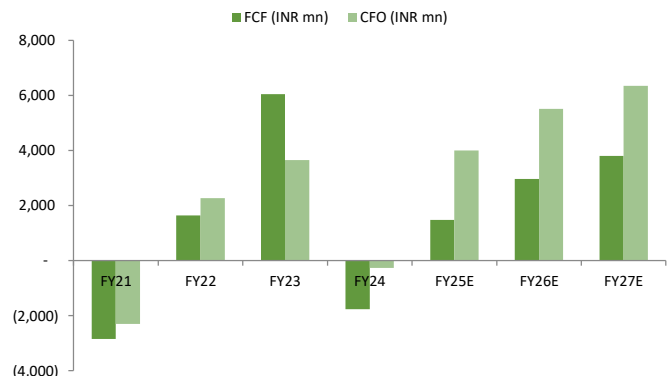


Exhibit 18: Cash flows to be improve.



Source: Company Reports, Arianth Capital Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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