

CMP: INR 352

Rating: BUY

Target Price: INR 495

Stock Info

BSE	532966
NSE	TWL
Bloomberg	TWL:IN
Reuters	TITW.NS
Sector	Capital Goods
Face Value (INR)	2
Equity Capital (INR mn)	239
Mkt Cap (INR mn)	42,089
52w H/L (INR)	365 / 93.4
Avg Yearly Volume (in 000')	178.3

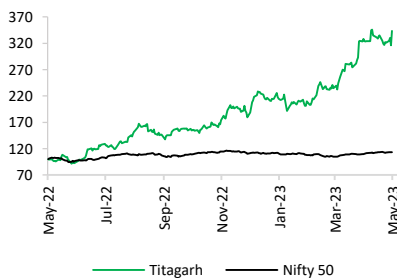
Shareholding Pattern %

(As on Mar, 2023)

Promoters	47.82
DII	6.61
FII	6.07
Public & Others	39.49

Stock Performance (%)	3m	6m	12m
TITAGARH	69.3	97.4	243.6
NIFTY	5.3	-1.0	13.3

Titagarh vs Nifty



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Titagarh Rail Systems reported strong numbers, Q4FY23 revenue stood at INR 9,742mn (+130.8% YoY/+27.1% QoQ); above our estimates of INR 6,781mn, backed by strong order book execution across segments. Gross Profit stood at INR 2,268mn (+86.3% YoY/+41.8% QoQ), above our estimates of INR 1,695mn. Gross margins contracted by 556 bps YoY (up by 241 bps QoQ) to 23.3% vs 28.8% in Q4FY22. The margin contraction is mainly because of the raw material cost increase in terms of sales. The raw material cost in terms of sales stood at 76.7% vs 71.2% in Q4FY22. EBITDA stood at INR 955mn (+107.9% YoY/+31.4% QoQ); above our estimates of INR 610mn. EBITDA margin contracted by 108 bps YoY (up by 32 bps QoQ) to 9.8% vs 10.9% in Q4FY22. PAT stood at INR 480mn (+113.6% YoY/+50.6% QoQ); above our estimates of INR 279mn. PAT margin contracted by 40 bps YoY (up by 77 bps QoQ) to 4.9% vs 5.3% in Q4FY22.

Freight Rail Systems revenue stood at INR 8,081mn (+124.9% YoY/+32.1% QoQ); EBIT Stood at INR 853mn (+80.7% YoY/+35.6% QoQ). EBIT margin contracted by 258 bps YoY (up by 27 bps QoQ) to 10.6% vs 13.1% in Q4FY22. The company is currently executing 700 wagons per month and focused on higher utilizations backed by supply chain efficiencies. **Passenger Rail Systems revenue** stood at INR 1,661mn (+164.4% YoY/+7.3% QoQ); EBIT Stood at INR 100mn (+239.6% YoY/+95.8% QoQ). EBIT margin improved by 133 bps YoY (up by 273 bps QoQ) to 6% vs 4.7% in Q4FY22. The company is making 5-6 cars per month and focused to reach 20 cars per month in FY24 and focused on 70 cars per month over the medium term. The backward integration of propulsion systems will improve the margins going forward.

Key Highlights

Strong order book shows potential business visibility: The order book stood at INR 275.46bn (~9.9x of FY23 revenue) showing potential business visibility. Freight rolling stocks order book stood at INR 148.3bn and Passenger Rolling stocks order book stood at INR 127.16bn. Vandhe Bharat's order book share stood at ~INR 117.81bn. Wheels order book share stood at INR 63bn and the remaining order book of INR 94.65bn is for freight wagons and metro and others.

Capex and Supply chain efficiencies lead to ramp-up execution: The Capex is around INR 10bn, INR 2.5bn already incurred in past years, and the remaining is expected next 3-4 years. Capex is funding through part of internal accruals and debt. Wagon manufacturing capacity stood at 8,400 wagons per annum and is expected to reach 12,000 wagons per annum. Foundry capacity stood at 30,000 MT and is expected to reach 50,000 MT in the next two years. Passenger rolling stock capacity stood at 250 coaches per annum and is expected to reach 850 coaches per annum going forward. The capacity expansion with the availability of wheelsets and supply chain efficiencies lead to a ramp-up in the execution of orders.

Wheels and Vandhe Bharat trains will be the key trigger: Titagarh – RK Forgings bagged orders from the Ministry of Railways to supply ~1.54 million forged wheels of different rolling stocks of Indian Railways over a period of 20 years at about 80,000 wheels per annum. The order worth is around INR 122.6bn, spread over 20 years. Titagarh – BHEL has bagged 80 Vandhe Bharat train supplies and maintenance. First prototype is expected in the next 24 months and commercial supply will begin afterward. The opportunity size is around INR 231bn and Titagarh's share is around 51%. The supply of Vandhe Bharat trains revenue is expected INR 96bn and maintenance revenue is expected around 4.1% of sales over 35 years.

Outlook & Valuation: Titagarh Railsystems has a strong order book (~9.9x of FY23 revenue), well positioned to benefit from freight wagons, Vandhe Bharat Trains, Metros, and global wagon tenders, Italy's business net profitability is expected in FY24, Capacity expansion, backward integration, New orders for Vandhe Bharat Trains and Wheelsets will drive business growth going forward. In Base Case, Revenue is expected to grow at CAGR 38.7% over the period of FY23-FY25E, RoE is expected to improve from 14.9% (FY23) to 24.5% in FY25E. The stock is trading at 19.4x of its FY24E EPS. In Base Case Scenario, At the CMP of INR 352 per share, We maintain our "BUY" rating and valued the stock at 18x of its FY25E EPS, and arrived at a price objective of INR 495, an upside of 40.7%. On our price objective of INR 495, the stock would trade at 11x FY25E EV/EBITDA.

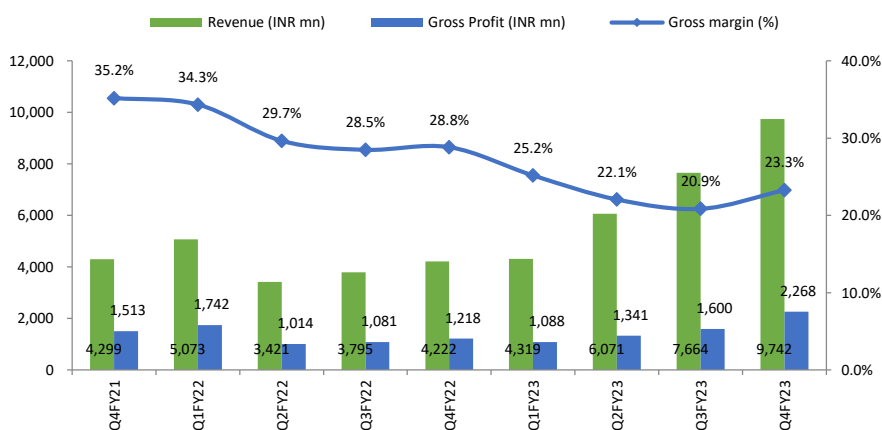
Q4FY23 Results

Income statement summary

Particular (INR Mn)	Q4FY22	Q3FY23	Q4FY23	YoY (%)	QoQ (%)
Revenue	4,222	7,664	9,742	130.8%	27.1%
Net Raw Materials	3,004	6,064	7,474	148.8%	23.2%
Employee Cost	130	142	169	29.7%	19.2%
Other Expenses	628	731	1,144	82.3%	56.5%
EBITDA	459	727	955	107.9%	31.4%
EBITDA Margin (%)	10.9%	9.5%	9.8%	-108 bps	+32 bps
Depreciation	56	54	64		
Interest expense	157	230	222		
Other income	40.1	104.4	69.8		
Share of profits associate & JV	-	(74)	(37)		
Profit before tax	287	473	702		
Taxes	63	154	222		
PAT	225	319	480	113.6%	50.6%
PAT Margin (%)	5.3%	4.2%	4.9%	-40 bps	+77 bps
Other Comprehensive income	19.9	(11.9)	(2.8)		
Net profit	245	307	477	95.1%	55.6%
Net profit Margin (%)	5.8%	4.0%	4.9%	-90 bps	+90 bps
EPS (INR)	1.9	2.7	4.0		

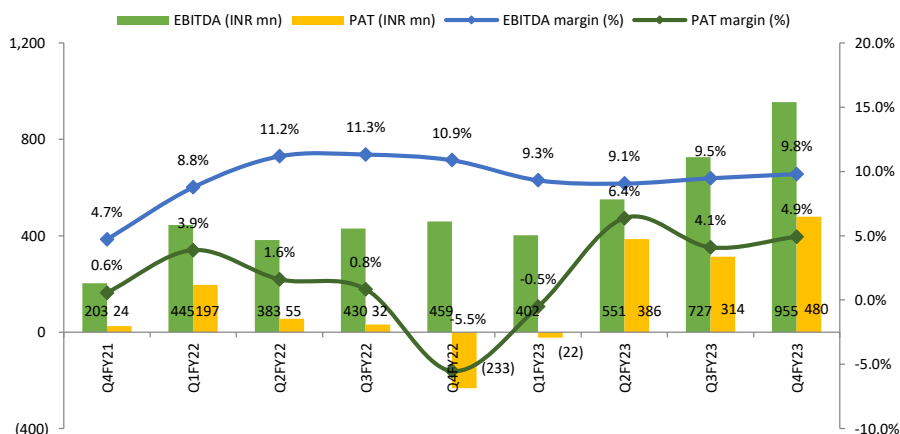
Source: Company Reports, Arianth Capital Research

Exhibit 1: Gross margins contracted by 556 bps YoY to 23.2% due to higher RM costs.



Source: Company Reports, Arianth Capital Research

Exhibit 2: EBITDA Margin contracted by 108 bps YoY due to higher RM costs and partially offset by employee and other expenses.



Source: Company Reports, Arianth Capital Research

Q4FY23 Concall Highlights**Wheelsets**

- Titagarh – RK Forgings bagged orders from the Ministry of Railways to supply ~1.54 million forged wheels of different rolling stocks of Indian Railways over a period of 20 years at about 80,000 wheels per annum. The order worth is around INR 122.6bn, spread over 20 years. The company has 50:50 partnerships with RK Forgings.
- The green field plant is expected to be set up with INR 10bn capex. The capacity is expected around 2 lakh wheels per annum. Around 80,000 wheels goes for Indian railways (~40% of capacity) and the remaining for captive consumption, domestic sales, and exports. The wheels plant will reduce import dependence from China, Ukraine, and other countries.

Vandhe Bharat trains

- Titagarh – BHEL has bagged 80 Vandhe Bharat train supplies and maintenance. First prototype is expected in the next 24 months and commercial supply will begin afterward. The opportunity size is around INR 231bn and Titagarh's share is around 51%. The supply of Vandhe Bharat revenue is expected INR 96bn and maintenance revenue is expected around 4.1% of sales over 35 years.

Order book

- The order book stood at INR 275.46bn (~9.9x of FY23 revenue) showing potential business visibility. Freight rolling stocks order book stood at INR 148.3bn and Passenger Rolling stocks order book stood at INR 127.16bn.
- Shipbuilding and other small business merged into freight rail systems.

Capex

- The Capex is around INR 10bn, INR 2.5bn already incurred in past years, and the remaining is expected next 3-4 years. Capex is funding through part of internal accruals and debt.

Passenger Rail Systems

- In passenger rail systems, the company is making 5-6 coaches per month and focused to reach 20 coaches per month in FY24. The company focused on reaching 70 coaches per month over the medium term. Out of 70 coaches, 35 coaches are for metro cars and the remaining for Vandhe Bharat trains.

Margins

- EBITDA margin is expected around 8% to 10% going forward.

Freight Rail Systems

- The company currently manufactures 700 wagons per month and is focused to achieve 1,000 wagons per month going forward.

Titagarh Firema

- Titagarh Firema is expected to be EBITDA positive in FY24. Headwinds remain strong in Europe.

Metros

- Bangalore metro coaches production is expected to start from Q3FY24.
- The Pune metro project has completed around 50% in FY23 and the remaining is expected to complete in FY24. The Pune metro project has 34 trains and each train has 3 coaches.
- Pune metros are aluminum coaches and Vandhe Bharat trains are stainless steel coaches.

Other Highlights

- Passenger rail car realization is around INR 10mn.
- All the large projects have price variation clauses.
- 50,000 wagon global tender is expected to come in the coming months.

Scenario Analysis

Exhibit 3: Scenario Analysis

Bull Case (INR mn)	FY23	FY24E	FY25E
Freight Rail Systems	22,509	32,000	43,200
Passenger Rail Systems	5,287	13,680	20,520
Shipbuilding, Bridges and Defence	-	670	683
Total Revenue	27,796	46,350	64,403

Base Case (INR mn)	FY23	FY24E	FY25E
Freight Rail Systems	22,509	29,070	36,480
Passenger Rail Systems	5,287	10,200	16,320
Shipbuilding, Bridges and Defence	-	670	683
Total Revenue	27,796	39,940	53,483

Bear Case (INR mn)	FY23	FY24E	FY25E
Freight Rail Systems	22,509	25,380	33,300
Passenger Rail Systems	5,287	8,640	13,440
Shipbuilding, Bridges and Defence	-	670	683
Total Revenue	27,796	34,690	47,423

Source: Company, Arianth Capital Research

Valuation

Exhibit 4: Bull Case Scenario

Particular (INR mn)	FY23	FY24E	FY25E
Revenue	27,796	46,350	64,403
EBITDA	2,635	4,279	6,145
EBITDA Margin (%)	9.5%	9.2%	9.5%
PAT	1,157	2,627	4,102
PAT Margin (%)	4.2%	5.7%	6.4%
EPS (INR)	11.3	22.0	34.3

Valuation - P/E (FY25E)

EPS (INR) 34.3

P/E (x) 20.0

Target Price (INR) 686

CMP (INR) 352

Upside/Downside (%) 94.9%

Source: Company, Arianth Capital Research

Exhibit 5: Base Case Scenario

Particular (INR mn)	FY23	FY24E	FY25E
Revenue	27,796	39,940	53,483
EBITDA	2,635	3,687	5,103
EBITDA Margin (%)	9.5%	9.2%	9.5%
PAT	1,157	2,168	3,291
PAT Margin (%)	4.2%	5.4%	6.2%
EPS (INR)	11.3	18.1	27.5

Valuation - P/E (FY25E)

EPS (INR) 27.5

P/E (x) 18.0

Target Price (INR) 495

CMP (INR) 352

Upside/Downside (%) 40.7%

Source: Company, Arianth Capital Research

Exhibit 6: Bear Case Scenario

Particular (INR mn)	FY23	FY24E	FY25E
Revenue	27,796	34,690	47,423
EBITDA	2,635	3,203	4,525
EBITDA Margin (%)	9.5%	9.2%	9.5%
PAT	1,157	1,793	2,841
PAT Margin (%)	4.2%	5.2%	6.0%
EPS (INR)	11.3	15.0	23.8

Valuation - P/E (FY25E)

EPS (INR) 23.8

P/E (x) 16.0

Target Price (INR) 380

CMP (INR) 352

Upside/Downside (%) 8.0%

Source: Company, Arianth Capital Research

Note: Valuations are based on FY25E, Titagarh Wagons has first mover advantage in wheelsets and expected to supply 80,000 wheels per annum to railways and remaining to private & exports. The wheels revenue is expected to start from FY26E onwards. Vandhe Bharat prototype is expected to supply in next 24 months and revenue is expected from FY26E onwards.

Sensitivity Analysis

Freight Rail Systems Revenue (INR mn) - FY24E

		Freight Wagon Realization (INR mn/Wagon)											
		29,070	3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5
Wagon Volumes	6,000	21,000	21,600	22,200	22,800	23,400	24,000	24,600	25,200	25,800	26,400	27,000	
	6,400	22,400	23,040	23,680	24,320	24,960	25,600	26,240	26,880	27,520	28,160	28,800	
	6,800	23,800	24,480	25,160	25,840	26,520	27,200	27,880	28,560	29,240	29,920	30,600	
	7,200	25,200	25,920	26,640	27,360	28,080	28,800	29,520	30,240	30,960	31,680	32,400	
	7,600	26,600	27,360	28,120	28,880	29,640	30,400	31,160	31,920	32,680	33,440	34,200	
	8,000	28,000	28,800	29,600	30,400	31,200	32,000	32,800	33,600	34,400	35,200	36,000	
	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		

Freight Rail Systems Revenue (INR mn) - FY25E

		Freight Wagon Realization (INR Mn/Wagon)											
		36,480	3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5
Wagon Volumes	6,300	22,050	22,680	23,310	23,940	24,570	25,200	25,830	26,460	27,090	27,720	28,350	
	6,800	23,800	24,480	25,160	25,840	26,520	27,200	27,880	28,560	29,240	29,920	30,600	
	7,300	25,550	26,280	27,010	27,740	28,470	29,200	29,930	30,660	31,390	32,120	32,850	
	7,800	27,300	28,080	28,860	29,640	30,420	31,200	31,980	32,760	33,540	34,320	35,100	
	8,300	29,050	29,880	30,710	31,540	32,370	33,200	34,030	34,860	35,690	36,520	37,350	
	8,800	30,800	31,680	32,560	33,440	34,320	35,200	36,080	36,960	37,840	38,720	39,600	
	9,300	32,550	33,480	34,410	35,340	36,270	37,200	38,130	39,060	39,990	40,920	41,850	
	9,800	34,300	35,280	36,260	37,240	38,220	39,200	40,180	41,160	42,140	43,120	44,100	
	10,300	36,050	37,080	38,110	39,140	40,170	41,200	42,230	43,260	44,290	45,320	46,350	
	10,800	37,800	38,880	39,960	41,040	42,120	43,200	44,280	45,360	46,440	47,520	48,600	
11,300	39,550	40,680	41,810	42,940	44,070	45,200	46,330	47,460	48,590	49,720	50,850		

Passenger Rail Systems Revenue (INR mn) - FY24E

		Rolling Stocks Realization (INR mn/car)											
		10,200	60	65	70	75	80	85	90	95	100	105	110
Rolling Stocks Volumes	74	4,440	4,810	5,180	5,550	5,920	6,290	6,660	7,030	7,400	7,770	8,140	
	84	5,040	5,460	5,880	6,300	6,720	7,140	7,560	7,980	8,400	8,820	9,240	
	94	5,640	6,110	6,580	7,050	7,520	7,990	8,460	8,930	9,400	9,870	10,340	
	104	6,240	6,760	7,280	7,800	8,320	8,840	9,360	9,880	10,400	10,920	11,440	
	114	6,840	7,410	7,980	8,550	9,120	9,690	10,260	10,830	11,400	11,970	12,540	
	124	7,440	8,060	8,680	9,300	9,920	10,540	11,160	11,780	12,400	13,020	13,640	
	134	8,040	8,710	9,380	10,050	10,720	11,390	12,060	12,730	13,400	14,070	14,740	
	144	8,640	9,360	10,080	10,800	11,520	12,240	12,960	13,680	14,400	15,120	15,840	
	154	9,240	10,010	10,780	11,550	12,320	13,090	13,860	14,630	15,400	16,170	16,940	
	164	9,840	10,660	11,480	12,300	13,120	13,940	14,760	15,580	16,400	17,220	18,040	
174	10,440	11,310	12,180	13,050	13,920	14,790	15,660	16,530	17,400	18,270	19,140		

Passenger Rail Systems Revenue (INR mn) - FY25E

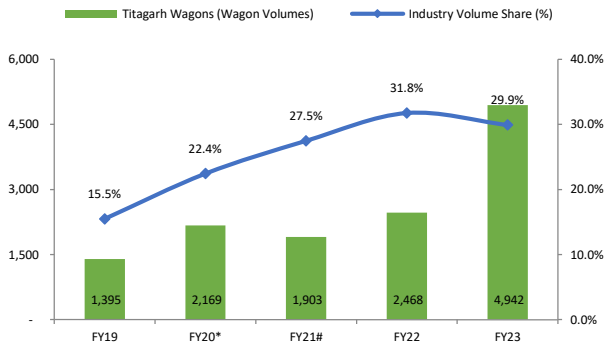
		Rolling Stocks Realization (INR Mn/car)											
		16,320	60	65	70	75	80	85	90	95	100	105	110
Rolling Stocks Volumes	160	9,600	10,400	11,200	12,000	12,800	13,600	14,400	15,200	16,000	16,800	17,600	
	168	10,080	10,920	11,760	12,600	13,440	14,280	15,120	15,960	16,800	17,640	18,480	
	176	10,560	11,440	12,320	13,200	14,080	14,960	15,840	16,720	17,600	18,480	19,360	
	184	11,040	11,960	12,880	13,800	14,720	15,640	16,560	17,480	18,400	19,320	20,240	
	192	11,520	12,480	13,440	14,400	15,360	16,320	17,280	18,240	19,200	20,160	21,120	
	200	12,000	13,000	14,000	15,000	16,000	17,000	18,000	19,000	20,000	21,000	22,000	
	208	12,480	13,520	14,560	15,600	16,640	17,680	18,720	19,760	20,800	21,840	22,880	
	216	12,960	14,040	15,120	16,200	17,280	18,360	19,440	20,520	21,600	22,680	23,760	
	224	13,440	14,560	15,680	16,800	17,920	19,040	20,160	21,280	22,400	23,520	24,640	
	232	13,920	15,080	16,240	17,400	18,560	19,720	20,880	22,040	23,200	24,360	25,520	
240	14,400	15,600	16,800	18,000	19,200	20,400	21,600	22,800	24,000	25,200	26,400		

 Bull Case Scenario  Base Case Scenario  Bear Case Scenario

Source: Company, Arianth Capital Research

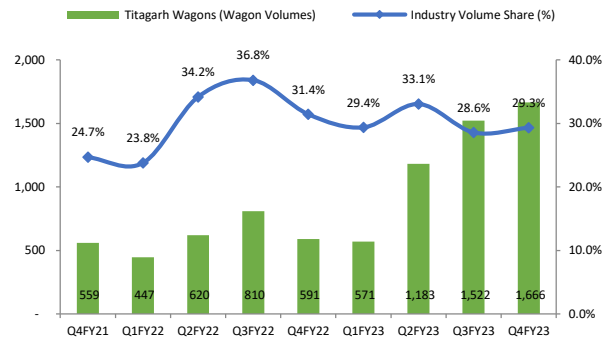
Industry Wagon Volumes – Indian Railways (RSP)

Exhibit 7: Titagarh Wagons ramped up production and maintains ~30% volume share as of FY23.



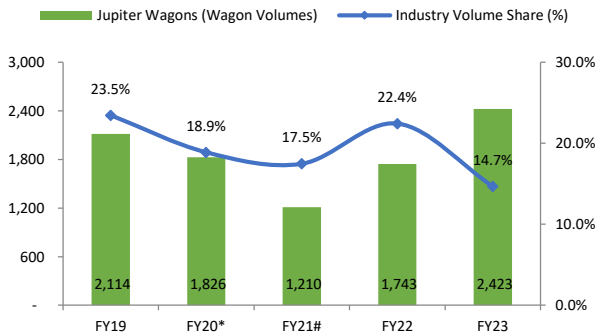
Source: Ministry of Railways, Industry, Aриhant Capital Research

Exhibit 8: Titagarh Wagons volumes increased by ~3x over the period of Q4FY21-Q4FY23.



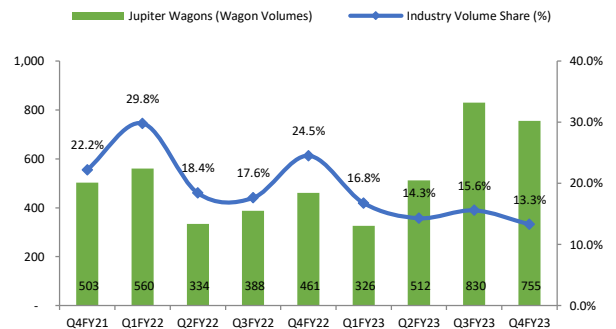
Source: Ministry of Railways, Industry, Aриhant Capital Research

Exhibit 9: JWL has ramped-up Private wagon manufacturing in FY23 and reduced railway volumes. Private wagons are yielding higher realizations compared to Indian railway wagons.



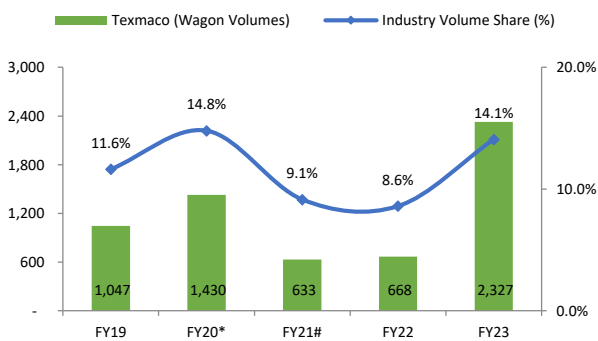
Source: Ministry of Railways, Industry, Aриhant Capital Research

Exhibit 10: Jupiter Wagons volumes increased by ~1.5x over the period of Q4FY21-Q4FY23.



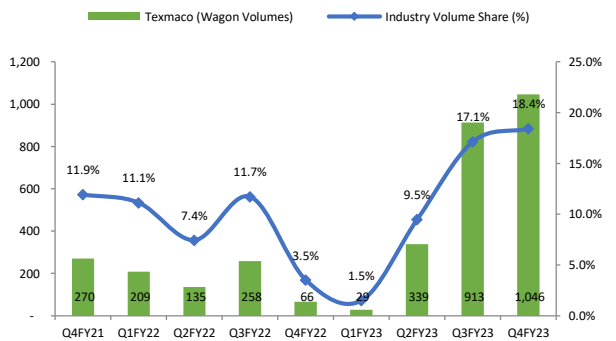
Source: Ministry of Railways, Industry, Aриhant Capital Research

Exhibit 11: Texmaco ramped up production and maintains 14% volume share as of FY23.



Source: Ministry of Railways, Industry, Aриhant Capital Research

Exhibit 12: Texmaco volumes increased by ~3.9x over the period of Q4FY21-Q4FY23.



Source: Ministry of Railways, Industry, Aриhant Capital Research

Financial Statements

Income statement summary

Y/e 31 Mar (INR Mn)	FY20	FY21	FY22	FY23	FY24E	FY25E
Revenue	17,663	15,206	14,675	27,796	39,940	53,483
Net Raw Materials	11,515	9,934	10,476	21,499	30,754	40,968
Employee Cost	1,518	2,106	454	565	879	1,177
Other Expenses	3,421	2,360	2,096	3,096	4,620	6,235
EBITDA	1,209	806	1,649	2,635	3,687	5,103
EBITDA Margin (%)	6.8%	5.3%	11.2%	9.5%	9.2%	9.5%
Depreciation	(291)	(299)	(184)	(225)	(244)	(301)
Interest expense	(883)	(812)	(573)	(807)	(721)	(631)
Other income	340	249	177	426	320	337
Profit before tax	375	(55)	1,070	1,901	3,042	4,508
Taxes	205	(132)	(292)	(555)	(874)	(1,217)
PAT	580	(187)	778	1,346	2,168	3,291
PAT Margin (%)	3.3%	-1.2%	5.3%	4.8%	5.4%	6.2%
Loss from Discontinued operations	(941)	-	(780)	(89)	-	-
Net PAT	(361)	(187)	(2)	1,257	2,168	3,291
Other Comprehensive income	53	81	57	(100)	-	-
Net profit	(309)	(106)	55	1,157	2,168	3,291
EPS (INR)	5.0	(1.6)	6.5	11.3	18.1	27.5

Source: Company Reports, Arihant Capital Research

Balance sheet summary

Y/e 31 Mar (INR Mn)	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity capital	231	239	239	239	239	239
Reserves	7,435	8,167	8,182	9,396	11,565	14,855
Net worth	7,666	8,406	8,421	9,636	11,804	15,095
Minority Interest	789	-	1	-	-	-
Provisions	1,017	814	912	112	875	1,172
Debt	7,644	8,584	9,316	3,608	5,108	5,408
Other non-current liabilities	1,441	1,868	145	417	599	802
Total Liabilities	18,556	19,672	18,796	13,772	18,386	22,477
Fixed assets	8,254	8,330	8,790	6,200	8,479	10,684
Capital Work In Progress	-	162	152	123	106	131
Other Intangible assets	381	536	646	16	16	16
Investments	799	923	765	1,006	799	802
Other non current assets	789	739	1,419	1,714	1,997	2,674
Net working capital	4,615	7,034	5,729	3,650	5,689	6,501
Inventories	3,763	3,852	5,039	4,614	6,741	8,755
Sundry debtors	2,538	5,672	6,591	2,791	6,018	8,059
Loans & Advances	531.6	-	-	-	-	-
Other current assets	1,944	2,576	2,093	4,953	3,283	2,198
Sundry creditors	(3,512)	(3,980)	(4,387)	(3,231)	(5,959)	(6,627)
Other current liabilities & Prov	(649)	(1,085)	(3,606)	(5,478)	(4,393)	(5,883)
Cash	561	1,240	421	1,000	901	999
Other Financial Assets	3,159	706	874	63	399	669
Total Assets	18,556	19,672	18,796	13,772	18,386	22,477

Source: Company Reports, Arihant Capital Research

Du-Pont Analysis

Y/e 31 Mar	FY20	FY21	FY22	FY23	FY24E	FY25E
Tax burden (x)	1.5	3.4	0.7	0.7	0.7	0.7
Interest burden (x)	0.4	(0.1)	0.7	0.8	0.9	0.9
EBIT margin (x)	0.1	0.0	0.10	0.09	0.09	0.09
Asset turnover (x)	0.9	0.8	0.6	1.2	1.6	1.8
Financial leverage (x)	2.6	2.5	2.8	2.5	2.3	2.3
RoE (%)	7%	-2%	9%	15%	20%	24%

Source: Company Reports, Arihant Capital Research

Financial Statements

Cashflow summary

Y/e 31 Mar (INR Mn)	FY20	FY21	FY22	FY23	FY24E	FY25E
Profit before tax	375	(55)	1,070	1,901	3,042	4,508
Depreciation	291	299	184	225	244	301
Tax paid	205	(132)	(292)	(555)	(874)	(1,217)
Working capital Δ	254	(2,419)	1,305	2,079	(2,039)	(812)
Operating cashflow	1,127	(2,307)	2,267	3,651	373	2,779
Capital expenditure	635	(538)	(633)	2,394	(2,506)	(2,531)
Free cash flow	1,762	(2,845)	1,634	6,045	(2,133)	249
Equity raised	(1,013)	138	(761)	(134)	-	(0)
Investments	155	(124)	158	(241)	207	(3)
Others	(498)	2,347	(957)	1,145	(619)	(946)
Debt financing/disposal	(1,985)	941	732	(5,708)	1,500	300
Other items	945	224	(1,625)	(528)	946	500
Net Δ in cash	(634)	680	(820)	579	(99)	99
Opening Cash Flow	1,195	561	1,240	421	1,000	901
Closing Cash Flow	561	1,240	421	1,000	901	999

Source: Company Reports, Arianth Capital Research

Ratio analysis

Y/e 31 Mar	FY20	FY21	FY22	FY23	FY24E	FY25E
Growth matrix (%)						
Revenue growth	13.3%	-13.9%	-3.5%	89.4%	43.7%	33.9%
Op profit growth	45.1%	-33.3%	104.5%	59.8%	39.9%	38.4%
Profitability ratios (%)						
OPM	6.8%	5.3%	11.2%	9.5%	9.2%	9.5%
Net profit margin	3.3%	-1.2%	5.3%	4.8%	5.4%	6.2%
RoCE	11.0%	15.1%	6.6%	12.6%	17.2%	19.0%
RoNW	7.3%	-2.3%	9.2%	14.9%	20.2%	24.5%
RoA	3.1%	-1.0%	4.1%	9.8%	11.8%	14.6%
Per share ratios (INR)						
EPS	(2.7)	(0.9)	0.5	9.7	18.1	27.5
Dividend per share	-	-	-	-	-	-
Cash EPS	7.5	0.9	8.0	13.1	20.2	30.0
Book value per share	66.3	70.4	70.4	80.6	98.7	126.2
Valuation ratios (x)						
P/E	-	-	767.1	36.4	19.4	12.8
P/CEPS	46.7	376.8	43.8	26.8	17.5	11.7
P/B	5.3	5.0	5.0	4.4	3.6	2.8
EV/EBITDA	38.8	60.1	30.5	16.6	12.3	9.0
Payout (%)						
Dividend payout	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax payout	-54.7%	-239.9%	27.3%	29.2%	28.7%	27.0%
Liquidity ratios						
Debtor days	62	99	153	62	40	48
Inventory days	142	140	155	82	67	69
Creditor days	98	95	117	55	46	47
WC Days	106	143	190	88	61	70
Leverage ratios (x)						
Interest coverage	1.0	0.6	2.6	3.0	4.8	7.6
Net debt / equity	0.9	0.9	1.1	0.3	0.4	0.3
Net debt / op. profit	5.9	9.1	5.4	1.0	1.1	0.9

Source: Company Reports, Arianth Capital Research

Story in Charts

Exhibit 13: Freight Wagons and rolling stocks are expected to drive revenue.

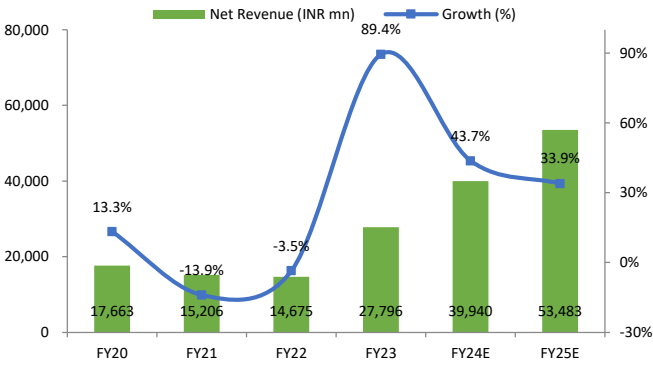


Exhibit 14: Gross margins are expected to improve going forward.

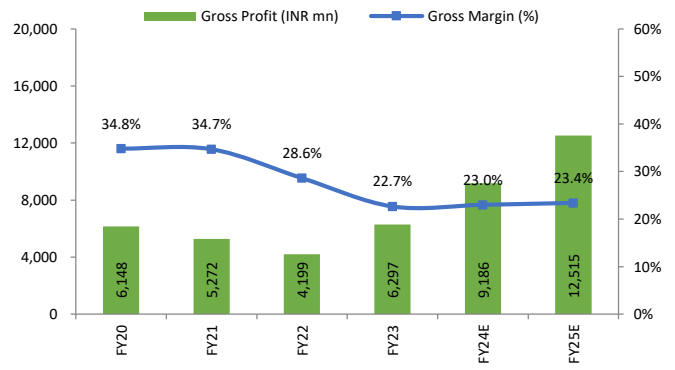


Exhibit 15: Growth in EBITDA & PAT levels

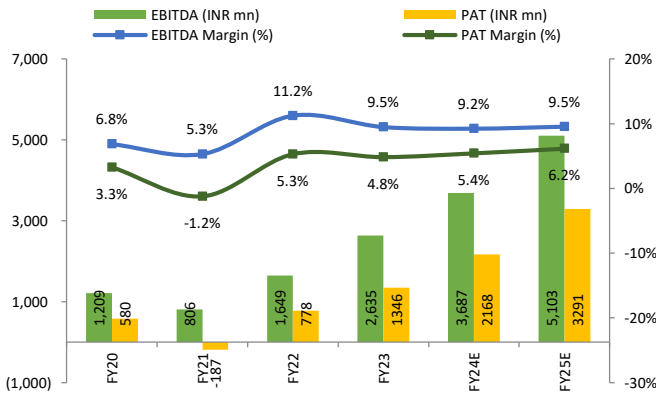


Exhibit 16: Return ratios to be improve

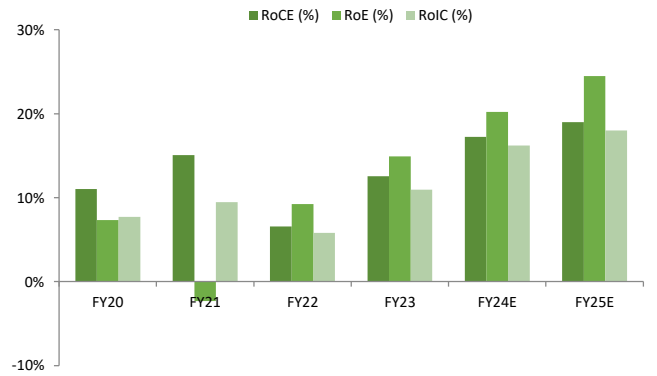


Exhibit 17: Working capital days to be improve.

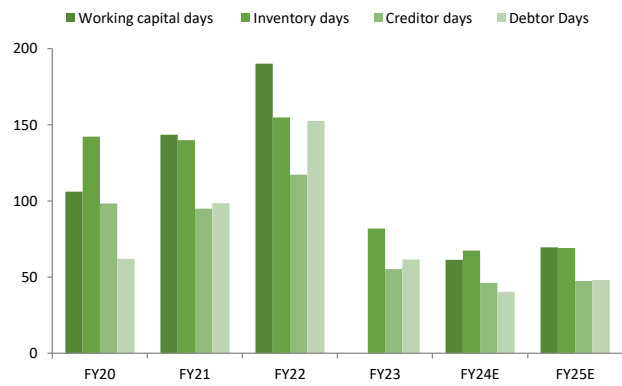
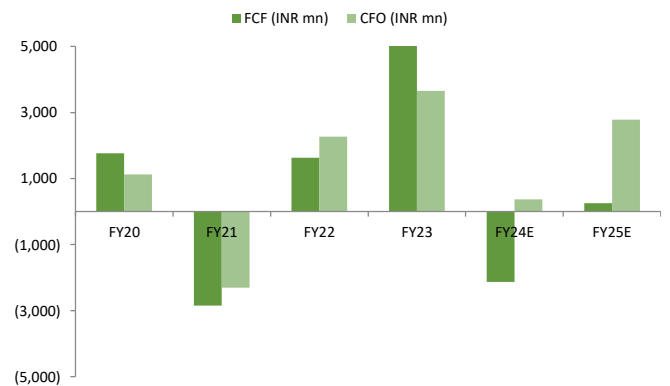


Exhibit 18: Cash flows to be improve.



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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