

Q1FY26 Result Update | Capital Goods

Wheelset supply disruption dents Q1; recovery expected in H2FY26...



JWL posted a weak Q1FY26, impacted by shortage of wheel sets from Indian Railways' Railway Wheel Factory (RWF) — particularly for 25T axle load wagons where JWL has the bulk of its order book. Revenue, EBITDA and PAT all saw steep YoY declines, though management maintains FY26 guidance, citing improving wheelset supplies from July onwards and plans to recover lost production in H2. The order book remains healthy at ₹59.7 Bn, supported by a steady private order pipeline. Fresh IR tenders expected by FY26 end which should help drive growth in Wagons revenue post FY27.

In the medium term, growth visibility hinges on scaling up the Aurangabad wheelset unit, ramping up the nascent e-LCV and battery energy storage businesses, and executing the Odisha rail wheel and axle project — the next major earnings catalyst from FY28.

Key Events in Q1:

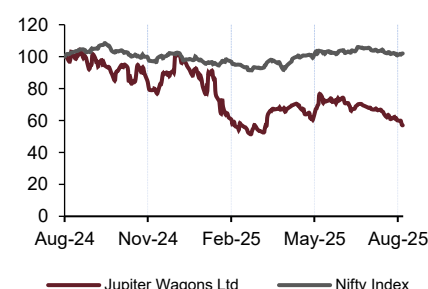
- Secures ₹ 242 cr Order from GATX India (leading private car lessor in India) for supply of 583 specialised wagons of various types BLSS, ACT2, BOXNHL, and BVCM wagons for transporting containers, SUVs, and bulk commodities.
- In June, JWL opened their first dedicated EV showroom in Bengaluru. Plan to open 5-6 more such showrooms by September.

Rating	TP (Rs)	Up/Dn (%)
NEUTRAL	320	2

Market data

Current price	Rs	315
Market Cap (Rs.Bn)	(Rs Bn)	134
Market Cap (US\$ Mn)	(US\$ Mn)	1,527
Face Value	Rs	10
52 Weeks High/Low	Rs	588 / 270.05
Average Daily Volume	('000)	3,128
BSE Code		533272
Bloomberg		JWL.IN
Source: Bloomberg		

One Year Performance



Source: Bloomberg

% Shareholding	Jun-25	Mar-25
Promoters	68.11	68.11
Public	31.89	31.89
Total	100.00	100.00

Source: BSE

Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Net sales	11,784	20,682	36,437	39,633	45,482	53,726
EBIDTA	1,141	2,521	4,892	5,775	6,562	8,117
Margins (%)	9.7	12.2	13.4	14.6	14.4	15.1
Adjusted net profit	497	1,207	3,310	3,803	3,837	4,531
EPS (Rs)	1.3	3.1	8.0	8.96	9.0	10.7
P/E (x)	248	102	40	35	35	30
EV/EBITDA (x)	109	50	27	23	21	18
RoCE (%)	13.89%	23.10%	25.04%	17.83%	16.49%	16.47%
RoE (%)	7.27%	15.02%	20.48%	13.81%	12.37%	12.75%

Source: Company

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Q1FY26 Snapshot:

(Rs.Mn)	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Revenue from Operations	4,593	8,799	-48%	10,445	-56%
Other Income	169	79	115%	120	41%
Total Mfg Cost	2,980	6,549	-54%	7,771	-62%
Employee Benefits Expense	235	171	38%	245	-4%
Other Expenses	780	712	10%	903	-14%
Total Expenses	3,995	7,432	-46%	8,918	-55%
EBITDA (Excluding Other Income)	598	1,367	-56%	1,527	-61%
Depreciation and Amortisation Expenses	162	125	30%	149	9%
EBIT / PBIT	605	1,321	-54%	1,498	-60%
Finance Costs	159	126	26%	166	-4%
Profit before share in profit of associate & tax	445	1,194	-63%	1,332	-67%
Share in profit of associate (net of tax)	(6)	2		-57	
EBT/PBT before exceptional items	440	1,196	-63%	1,275	-66%
Exceptional items	-	-		-	
EBT/PBT before exceptional items	440	1,196	-63%	1,275	-66%
Tax Expense	129	278	-54%	249	-48%
Net Profit after Tax	311	919	-66%	1,026	-70%
EPS	0.73	2.15	-66%	2.40	-70%
		-		-	
Margins (%)			(In bps)	(In bps)	
Gross Margins	35.1%	25.6%	955	25.6%	951
EBITDA Margins (Excl Other Income)	13.0%	15.5%	-251	14.6%	-160
PAT Margins	6.8%	10.4%	-368	9.8%	-306
As a % to sales					
RM as a % to sales	64.9%	74.4%	-955	74%	-951
EE Cost as a % to sales	5.1%	1.9%	318	2%	278
Other exps as a % to sales	17.0%	8.1%	888	9%	833

Source: Company, Dalal & Broacha Research

Financial highlights for the quarter

- Revenue: ₹4,593 Mn vs ₹8,799 Mn (-47.8% YoY) vs ₹10,445 Mn (-56.0% QoQ)
- EBITDA: ₹598 Mn vs ₹1,367 Mn (-56.2% YoY) vs ₹1,527 Mn (-60.8% QoQ)
- EBITDA Margin: 13.0% vs 15.5% (-250 bps YoY) vs 14.6% (-160 bps QoQ)
- PAT: ₹311 Mn vs ₹919 Mn (-66.2% YoY) vs ₹1,026 Mn (-69.7% QoQ)
- PAT Margin: 6.5% vs 10.4% (-390 bps YoY) vs 9.8% (-330 bps QoQ)
- EPS: ₹0.77 vs ₹2.27 (-66.0% YoY) vs ₹2.29 (-66.4% QoQ)

Key Conference Call Highlights

Freight Wagons Business

Key highlights of the quarter

- **Wagon production** in Q1FY26 stood at 826 units, down 57.7% YoY from 1,954 units in Q1FY25 and down 65.2% QoQ from 2,375 units in Q4FY25, primarily due to acute wheelset shortages from RWF impacting 25T axle load wagons.
- With **wheelset supplies** stabilising from July 2025 and expected to improve further, management has maintained the FY26 production guidance of ~10,000 wagons, implying a sharp recovery in H2FY26.
- The company expects substantial tender from Indian Railways in Q3–Q4FY26 under the PM Gati Shakti initiative, which should support order inflow in the core wagons business.

Jupiter Tatravagonka Rail Wheel Factory [JT-RWF]- Wheelsets & Axles

(Aurangabad & Orissa Projects)

- **Wheelset production** in Q1FY26 was 4,811 units, more than doubling YoY from 1,925 units in Q1FY25 and up 8.0% QoQ from 4,453 units in Q4FY25, supported by strong output from the Aurangabad plant.
- The Aurangabad unit supplied over 4,000 wheelsets from internal capacity in Q1FY26 to mitigate the impact of RWF shortages and is on track to achieve ₹5.5 Bn revenue in FY26, with a target to double to ₹10 Bn in FY27.
- The Odisha wheel & axle project, involving ₹25 Bn phased capex, has commenced construction and is scheduled for commissioning by end-CY27, with potential to generate ₹20–30 Bn in annual revenue by FY28–29 and 40–50% of output earmarked for exports.

Brake Disc & Brake System Business

- Brake disc production in Q1FY26 stood at 5,199 units, up 14% YoY from 4,564 units in Q1FY25 but down marginally from Q4FY25 levels (5,292 units).
- The combined brake systems business (Kovis JV + Dako JV) is expected to deliver over ₹2.5 Bn in FY26, with **deliveries skewed towards H2FY26**.
- Stone India's production is expected to commence in Q4FY26 after obtaining final certifications, with the combined brake disc and brake systems portfolio projected to achieve **₹3–5 Bn revenue from FY27 onwards at strong EBITDA margins**.

Other businesses' (CMS Crossings, CV Bodies, Containers, Electric Mobility)

- CV Bodies: Production was 2,182 units in Q1FY26, up 2.5% YoY from 2,129 units in Q1FY25 but down 10.6% QoQ from 2,442 units in Q4FY25.
- Containers: Production was 339 units in Q1FY26, up 70% YoY from 199 units in Q1FY25 and marginally higher than 338 units in Q4FY25.
- CMS Crossings: Production was 262 units in Q1FY26, down 9.9% YoY from 291 units in Q1FY25 but up 100% QoQ from 131 units in Q4FY25.

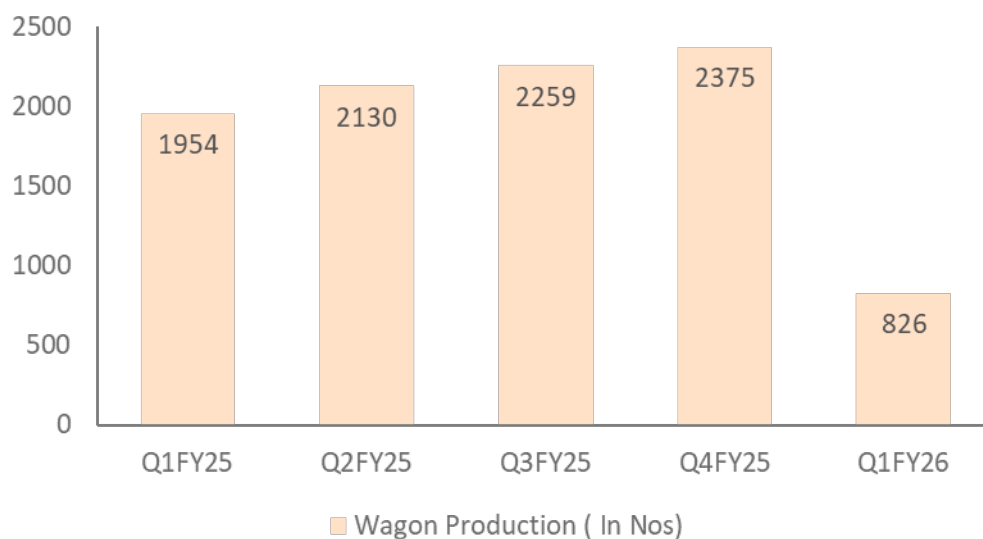
Management is investing in advanced automation technologies, including robotic welding and enhanced NDT systems, to improve manufacturing productivity, quality, and cost efficiency across various verticals.

Jupiter Electric Mobility (E-LCV , Batteries & BESS)

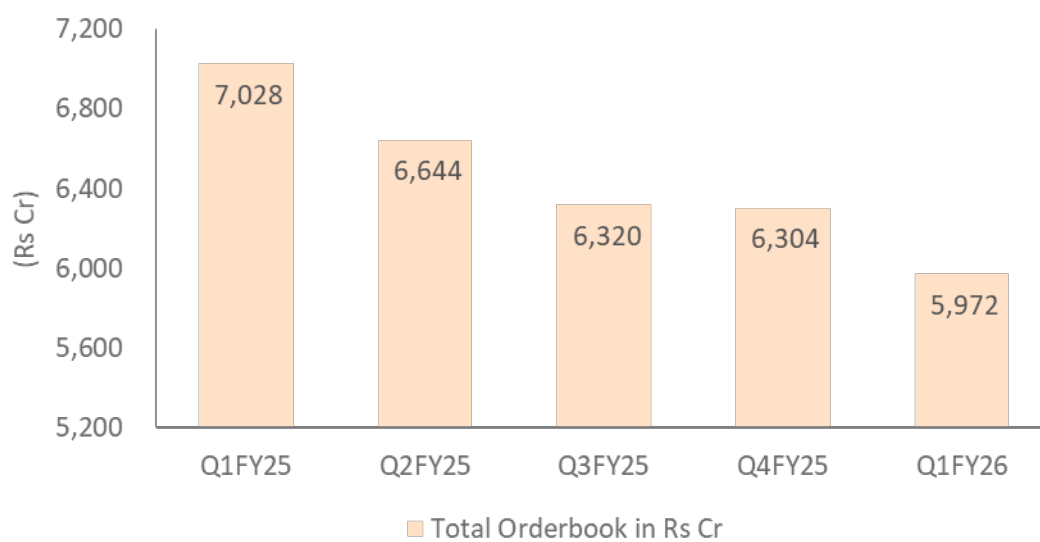
- Commercial production of the JEM TEZ e-LCV began in June 2025, with over 50 vehicles supplied in Q1FY26.
- The company plans to open six dealerships across India by September 2025 and launch two new vehicle models in FY26 — a 2-ton payload model and a 1-ton variant — to expand its portfolio.
- An MoU has been signed with Pickup to deploy 300 TEZ vehicles by December 2025 under the PM e-DRIVE initiative, marking a strong push in sustainable last-mile logistics.
- The battery systems business, which has begun supplies to Siemens for Vande Bharat trains, is witnessing over 100% month-on-month growth and is targeting ₹2–3 Bn revenue by FY27 and ₹5–10 Bn by FY28.
- A second battery module manufacturing line is being installed in Indore (commissioning in September 2025), while the existing Bengaluru facility is expected to reach full utilisation by end-FY26.

Quarterly Charts

Wagon Production (In Nos)



Total Orderbook in Rs Cr



Source: Company, Dalal & Broacha Research

Valuation & Outlook

The **wagon business has plateaued**, with maximum 10-15% CAGR from FY25-27E. Consolidated margins of **14.6% in FY25** (post-Bonatrans acquisition) appear to have peaked.

Entry into the competitive e-LCV segment (competing with Tata, Volvo, etc.) is not expected to significantly boost JWL's overall margins. We foresee a modest **50-60 bps EBITDA margin improvement** by FY27 with the current setup.

PAT margins are projected to **decline from 9.5% to 8.4% by FY27** due to increased finance costs from the **~₹16 Bn debt for Orissa capex & accelerated depreciation**.

We estimate JWL's Revenue/EBITDA/PAT to grow at 16%/19%/9% from FY25-27E. At CMP ₹318, JWL trades at 35x FY26 EPS (₹ 9), 40x FY27e EPS (₹10.7)

The **Orissa wheelsets project** presents a lucrative long-term opportunity, being both margin and RoCE-accretive. While commercialization begins in FY28, at peak operations (FY29/30), it has the potential to add **~₹5 Bn to EBITDA and ₹10-11 incremental EPS**.

We remain **positive on JWL's long-term story (3-5 years)**, bullish on the overall railway theme given government thrust. However, **near-term execution risks are higher** due to RWF wheelset availability challenges and JWL's entry into the e-LCV business without prior experience.

We value JWL at target price **₹320 (30x FY27e EPS of ₹10.67)**, *~1% upside from CMP*. We maintain our **"NEUTRAL" rating**. We anticipate the stock to **consolidate within the ₹300-₹400 range** until the wheelsets plant contributes revenue or new orders provide further earnings visibility.

Financials

P&L (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	11,784	20,682	36,437	39,633	45,482	53,726
Total Operating Expenses	8,968	15,745	28,290	29,758	34,066	39,934
Employee Cost	338	420	514	766	940	1,128
Other Expenses	1,336	1,998	2,741	3,333	3,913	4,548
Operating Profit	1,141	2,521	4,892	5,775	6,562	8,117
Depreciation	234	250	282	536	574	640
PBIT	907	2,271	4,611	5,239	5,989	7,477
Other income	34	51	245	444	150	200
Interest	182	289	410	604	980	1,480
PBT (Before share of JV/associates)	760	2,033	4,446	5,078	5,159	6,197
Share of JV/Associates	(3)	(28)	(27)	(119)	105	126
PBT	756	2,005	4,419	4,959	5,264	6,323
Provision for tax	260	798	1,109	1,156	1,427	1,793
PAT (From continuing operations)	497	1,207	3,310	3,803	3,837	4,531
PAT (From Discontinuing operations)	-	-	-	-	-	-
MI	2	1	154	133	133	133
Reported PAT	497	1,207	3,310	3,803	3,837	4,531
Adjusted Profit	497	1,207	3,310	3,803	3,837	4,531

Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity capital	3,874	3,874	4,123	4,245	4,245	4,245
Reserves	2,952	4,159	12,039	23,298	26,772	31,277
Net worth	6,827	8,034	16,162	27,543	31,017	35,522
Minority Interest	2	1	154	133	133	133
Non Current Liabilities	309	537	538	709	5,867	10,860
Current Liabilities	3,586	7,769	12,546	11,607	12,662	14,520
Other Liabilities(associated with discontinued operations/ assets held for sale)	-	-	-	-	-	-
TOTAL LIABILITIES	10,728	16,340	29,400	39,992	49,679	61,035
Non Current Assets	5,038	5,508	9,768	14,412	20,801	30,615
Fixed Assets	4,294	4,715	7,905	9,442	14,736	23,142
Goodwill	204	146	146	146	146	146
Non Current Investments	80	113	395	336	429	548
Loans	6	36	41	45	50	50
Non-current assets tax (net)	21	21	15	27	27	27
Deferred Tax Asset	271	-	-	-	-	-
Other Financial Assets	104	340	168	203	259	331
Other Non Current Assets	58	109	337	3,454	4,408	5,625
Current Assets	5,690	10,832	19,631	25,579	28,878	30,420
Current investments	-	-	-	-	-	-
Inventories	3,194	4,912	9,835	7,694	10,707	12,507
Trade Receivables	710	2,133	533	8,149	4,122	4,850
Cash and Bank Balances	407	1,171	1,225	4,407	7,292	4,496
Other bank balances	282	503	904	1,529	1,951	2,489
Short Term Loans and Advances	6	36	41	45	50	50
Other Financial Assets	248	418	202	321	409	523
Other current assets tax (net)	4	3	8	3	3	3
Other current assets	840	1,656	1,975	2,129	2,716	3,466
Other Assets(associated with discontinued operations/ assets held for sale)	-	-	-	-	-	-
TOTAL ASSETS	10,728	16,340	29,400	39,990	49,679	61,035

Cash Flow St. (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
PBT (excluding JV/Associates)	760	2,033	4,446	5,028	5,199	6,573
Add: Dep. & Amort.	234	250	282	535	574	640
Add: Interest Expenses	182	289	410	440	430	506
Operating profit before working capital change	1,175	2,572	5,138	6,003	6,202	7,719
(Inc)/Dec in						
Working capital adjustment	(718)	(2,597)	(4,149)	(2,551)	2,289	(1,629)
Gross cash generated from operations	457	(25)	989	3,452	8,491	6,090
Direct taxes paid	(260)	(798)	(1,109)	(1,257)	(1,300)	(1,643)
Others	398	1,600	(72)	(1,153)	(689)	(1,235)
CF from Oper. activities	595	777	(191)	1,042	6,502	3,212
CF from Inv. activities	(491)	(1,224)	(4,646)	(6,276)	(6,705)	(10,111)
CF from Fin. activities	(168)	1,212	4,889	8,416	3,087	4,103
Cash generated/(utilised)	(63)	765	52	3,182	2,884	(2,796)
Cash at start of the year	470	407	1,171	1,225	4,407	7,292
Cash at end of the year	407	1,171	1,225	4,407	7,292	4,496
Balance sheet	407	1,171	1,223	4,406	7,291	4,496

Ratios	FY22	FY23	FY24	FY25	FY26E	FY27E
OPM	9.68%	12.19%	13.43%	14.57%	14.43%	15.11%
NPM	4.20%	5.82%	9.02%	9.49%	8.41%	8.40%
Tax Rate	34.36%	39.81%	25.09%	23.32%	27.11%	28.35%
Growth Ratios (%)						
Net Sales	18.00%	75.52%	76.17%	8.77%	14.76%	18.13%
Operating Profit	7.32%	120.90%	94.10%	18.04%	13.63%	23.69%
PBT	15.32%	167.65%	118.72%	14.21%	1.59%	20.14%
PAT	-7.01%	143.03%	174.30%	14.88%	0.90%	18.08%
Per Share (Rs.)						
Net Earnings (EPS)	1.28	3.11	8.03	8.96	9.04	10.67
Cash Earnings (CPS)	1.88	3.76	8.71	10.22	10.39	12.18
Payout ratio	0%	0%	6%	11%	11%	9%
Dividend	0.00	0.00	0.50	1.00	1.00	1.00
Book Value per share (BVPS)	17.62	20.74	39.20	64.88	73.07	83.68
Free Cash Flow	259	106	(1,433)	(1,031)	635	(5,835)
Valuation Ratios						
P/E(x)	248.13	102.10	39.61	35.50	35.18	29.80
P/B(x)	18.05	15.34	8.11	4.90	4.35	3.80
EV/EBIDTA(x)	108.84	49.56	27.24	23.45	20.80	17.77
Div. Yield(%)	-	-	0.16	0.31	0.31	0.31
FCFF Yield(%)	0.21	0.09	(1.09)	(0.76)	0.47	(4.32)
Return Ratios (%)						
ROE	7.27%	15.02%	20.48%	13.81%	12.37%	12.75%
ROCE	13.89%	23.10%	25.04%	17.83%	16.49%	16.47%

Source: Company, Dalal & Broacha Research

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