

Delivering on the guidance of 550-600 wagons per month while achieving industry leading margins ~13%, company has managed to ramp-up its production by more than 3 times on a YoY basis.

- Revenue at Rs 7,532 Mn vs Rs 2,954 Mn (+155% YoY) vs Rs 7,117 (+5% QoQ)
- EBITDA at Rs 968 Mn vs Rs 301 Mn (+222% YoY) vs Rs 922 Mn (+5% QoQ)
- EBITDA Margin at 12.9% vs 10.2% (YoY) vs % 13% (QoQ).
- Adj PAT at Rs 629 Mn vs Rs 128 Mn (+391% YoY) vs Rs 385 Mn (60% QoQ) (PAT increase on a QoQ basis due to Effective tax rates normalizing to the levels of 25% from 49% in previous quarter)
- EPS at Rs 1.6 vs Rs 0.33 (YoY) vs Rs 1.01 (QoQ) (Company had raised 1250 Mn by issuing 12.7 Mn equity shares in Q1FY24)
- Orderbook as on Jun'23 is 61,223 Mn vs 46,860 Mn (+31% YoY) vs 58,180 Mn (+5% QoQ)
- Order intake in June quarter being Rs 10,600 Mn

Business Highlights

- JWL has signed an **MoU with RITES**, an established PSU focused in the Railway sector of India. The MoU is in the process of almost closing (currently L1 bidder) for a 620 wagons tender currently, & is expected to win further tenders of ~1000 wagons from export tenders by end of FY24.
- The company's JV - Jupiter Electric Mobility (JEM) has been onboarded as a vendor with Siemens for **lithium ion battery supply for the Vande Bharat trains**.
- Capex:** JWL plans on doing a 2,500 Mn capex for FY24 & FY25 to expand for all its businesses' combined including wagons, brake systems, etc

Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Net sales	11,784	20,682	34,570	44,880	46,078
EBIDTA	1,141	2,521	4,473	5,812	5,933
Margins (%)	9.7	12.2	12.9	13.0	12.9
Adjusted net profit	497	1,207	2,983	4,188	4,369
EPS (Rs)	1.3	3.1	7.5	10.48	10.9
P/E (x)	117	48	20	14	14
EV/EBITDA (x)	52	24	14	10	9
RoCE (%)	13.89%	23.10%	29.51%	30.46%	25.86%
RoE (%)	7.27%	15.02%	24.94%	26.87%	22.59%

Source: Company

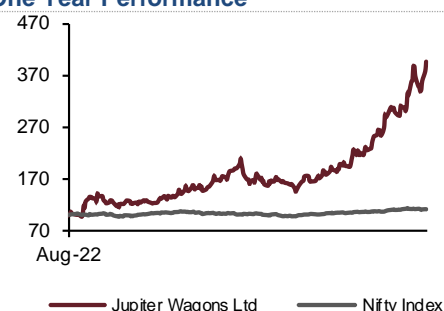
Rating	TP (Rs)	Up/Dn (%)
BUY	262	12

Market data

Current price	Rs	233
Market Cap (Rs.Bn)	(Rs Bn)	93
Market Cap (US\$ Mn)	(US\$ Mn)	1,125
Face Value	Rs	10
52 Weeks High/Low	Rs	234.75 / 57.05
Average Daily Volume	('000)	1,009
BSE Code		533272
Bloomberg		JWL .IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Jun-23	Mar-23
Promoters	72.36	72.36
Public	27.64	27.64
Total	100	100

Source: BSE

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Conference Call Highlights

Freight Wagons Business

Key highlights of the quarter

- JWL has ramped up their production to more than 3 times from 526 wagons in Q1FY23 to 1713 wagons Q1FY24.
- **Orderbook** of ~Rs 40,000 Mn is from the private sector for wagons & ~10500 Mn from Indian Railways.
- **Orders for 2150 Private wagons won in June quarter**
- **FY24 & FY25 Guidance**
- Capacity of wagon production to be increased to **800 wagons p.m. by FY24 end & to 1000 wagons p.m in FY25**
- **Capacity utilization** to remain above 80%
- **EBITDA margins** to remain in the **12-13% band**.

Outlook for the business:

- It is expected that **Indian railways** will be releasing a tender to procure **40,000 wagons** very shortly. Jupiter expects to win a good share from that tender.
- **Private sector momentum** for wagon orders to sustain in the near future, JWL is currently a leader in the private wagons market .

Brake Disc & Brake System Business

- Production Volume(In Nos): 1172 vs 1016 (+15% QoQ basis).
- Brake disc JV with Kavis which was started recently in Mar'23 quarter has picked up quickly , export orders have started flowing & the **orderbook in this segment stands at 1,500 Mn as at 30th Jun'23**.
- **Brake Systems:** Acquisition of Stone India has received NCLT approval in this quarter. Commercial production of Brake systems **to start from Dec'23 onwards**. Company has already received approvals from RDSO for their brake systems.
- **Outlook for brake systems:** **Estimated market size** for brake system by FY25-Rs 50,000 Mn. JWL will be focusing on brake systems for freight wagons, passenger coaches & Vande bharat coaches.

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

➤ CMS Crossings

- With high-speed rail & rising safety concerns – demand for **weldable** CMS crossings is increasing. JWL is also one of the few entities having the Weldable CMS crossings technology in India. A 2000 Mn order already received from IR for CMS crossings, strong levels of order booking are anticipated over next 18 months

CV load Bodies

- Production Volume (In Nos): 2191 vs 2059(YoY) vs 2161(QoQ)

Containers Business:

- Production(In Nos): 112 vs 357(YoY) vs 158 (QoQ)
- **Orders for specialized container** of 1000 units High demand & inquiries received for specialized containers from marquee clients like GE, Schneider, etc.

Electric Mobility Business:

- The company is to launch their 1st e-LCV model in Q4FY24.
- JEM((electric mobility JV of Jupiter) plans to supply **lithium ion batteries** which are lighter & more efficient – **for Vande Bharat trains**, passenger coaches & even metros in future. **Big opportunity for JEM.**

● Other Financial KTA's

- JWL plans on doing a **250 Cr capex** for FY24 & FY25 to expand for all its businesses' combined including wagons, brake systems, etc
- **Current ratio** of JWL has increased from 1.42 in FY23 to 1.57
- Working capital to remain at similar levels in the near future.

Valuation & Outlook

Jupiter Wagons has ramped up their production to more than 3 times from 526 wagons in Q1FY23 to 1713 wagons Q1FY24. (12% increase in production on a QoQ Basis). Thus delivering on their guidance of 550-600 wagons production rate per month. An other fact that stands out for JWL is that they have managed to ramp up production without compensating on the margins. JWL enjoys an industry leading EBITDA margins of 13% depicting their superior execution skill.

The company has revised their guidance for wagon production p.m to 800 wagons by the end of FY24 & to reach 1000 wagons p.m production rate by end of FY25.

At CMP of 233, JWL currently trades at 31x FY24E EPS of Rs 7.5 & 22x FY25E EPS of Rs 10.48. With the thrust of heavy capex by Indian railways & private sector in rail freight business, strong capacity ramp-up guidance by company, solid execution history of JWL, we have raised the target P/E multiple from 22x to 25x on FY25 estimates- thus we value Jupiter wagons at 25x FY25E EPS of Rs 262. (12% upside). We maintain a “BUY” rating on the stock.

Quarterly Financials

(Rs.Mn)	Q1FY24	Q1FY23	YoY Growth (%)	Q4FY23	QoQ Growth (%)
Revenue from Operations	7,532	2,954	154.97%	7,117	5.83%
Other Income	22	12	89.38%	10	120.23%
Total Mfg Cost	5,835	2,165	169.49%	5,493	6.23%
Employee Benefits Expense	112	93	21.54%	113	-0.54%
Other Expenses	617	396	55.75%	589	4.71%
Total Expenses	6,564	2,653	147.37%	6,195	5.96%
EBITDA (Excluding Other Income)	968	301	222.11%	922	4.97%
Depreciation and Amortisation Expenses	66	60	8.49%	62	5.76%
EBIT / PBIT	925	252	267.15%	870	6.25%
Finance Costs	84	56	49.84%	87	-4.09%
Profit before share in profit of associate & tax	841	196	329.05%	783	7.40%
Share in profit of associate (net of tax)	(2)	(4)		(8)	-72.59%
EBT/PBT before exceptional items	839	192	336.38%	776	8.17%
Exceptional items	-	-		-	
EBT/PBT before exceptional items	839	192	336.38%	776	8.17%
Tax Expense	210	64	228.04%	383	-45.11%
Net Profit after Tax	629	128	390.64%	392	60.29%
EPS	1.60	0.33	383.89%	1.01	58.08%
Margins (%)			(In bps)		(In bps)
Gross Margins	22.5%	26.7%	-417	22.8%	-29
EBITDA Margins (Excl Other Income)	12.9%	10.2%	268	13.0%	-11
PAT Margins	8.3%	4.3%	401	5.5%	284
As a % to sales					
RM as a % to sales	77.5%	73.3%	417	77.2%	29
EE Cost as a % to sales	1.5%	3.1%	-164	1.6%	-10
Other exps as a % to sales	8.2%	13.4%	-522	8.3%	-9

Source: Dalal & Broacha Research, Company

Financials

P&L (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	11,784	20,682	34,570	44,880	46,078
Total Operating Expenses	8,968	15,745	26,293	34,154	35,019
Employee Cost	338	420	520	650	748
Other Expenses	1,336	1,998	3,284	4,264	4,377
Operating Profit	1,141	2,521	4,473	5,812	5,933
Depreciation	234	250	313	329	352
PBIT	907	2,271	4,160	5,483	5,581
Other income	34	51	80	120	150
Interest	182	289	415	494	461
PBT (Before share of JV/associates)	760	2,033	3,825	5,110	5,270
Share of JV/Associates	(3)	(28)	114	356	416
PBT	756	2,005	3,939	5,466	5,687
Provision for tax	260	798	956	1,277	1,318
PAT (From continuing operations)	497	1,207	2,983	4,188	4,369
PAT (From Discontinuing operations)	-	-	-	-	-
MI	2	1	1	1	1
Reported PAT	497	1,207	2,983	4,188	4,369
Adjusted Profit	497	1,207	2,983	4,188	4,369

Balance Sheet (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Equity capital	3,874	3,874	3,995	3,995	3,995
Reserves	2,952	4,159	7,963	11,596	15,349
Net worth	6,827	8,034	11,958	15,591	19,344
Minority Interest	2	1	1	1	1
Non Current Liabilities	309	537	574	644	754
Current Liabilities	3,586	7,769	11,191	13,892	15,635
Other Liabilities(associated with discontinued operations/ assets held for sale)	-	-	-	-	-
TOTAL LIABILITIES	10,728	16,340	23,723	30,127	35,732
Non Current Assets	5,038	5,508	6,505	6,802	7,301
Fixed Assets	4,294	4,715	5,546	5,618	5,824
Goodwill	204	146	146	146	146
Non Current Investments	80	113	148	193	252
Loans	6	36	4	4	4
Non-current assets tax (net)	21	21	21	21	21
Deferred Tax Asset	271	-	-	-	-
Other Financial Assets	104	340	443	579	757
Other Non Current Assets	58	109	142	186	243
Current Assets	5,690	10,832	17,218	23,326	28,432
Current investments	-	-	-	-	-
Inventories	3,194	4,912	8,644	11,229	11,513
Trade Receivables	710	2,133	2,652	3,566	3,787
Cash and Bank Balances	407	1,171	2,549	4,128	7,383
Other bank balances	282	503	656	857	1,120
Short Term Loans and Advances	6	36	4	4	4
Other Financial Assets	248	418	546	714	932
Other current assets tax (net)	4	3	3	3	3
Other current assets	840	1,656	2,163	2,825	3,689
Other Assets(associated with discontinued operations/ assets held for sale)	-	-	-	-	-
TOTAL ASSETS	10,728	16,340	23,724	30,126	35,733

Cash Flow St. (Rs. mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT (excluding JV/Associates)	760	2,033	3,825	5,110	5,270
Add: Dep. & Amort.	234	250	313	329	352
Add: Interest Expenses	182	289	415	494	461
Operating profit before working capital change	1,175	2,572	4,553	5,932	6,083
(Inc)/Dec in					
Working capital adjustment	(718)	(2,597)	(2,054)	(2,249)	(368)
Gross cash generated from operations	457	(25)	2,499	3,683	5,715
Direct taxes paid	(260)	(798)	(956)	(1,277)	(1,318)
Others	398	1,600	167	224	288
CF from Oper. activities	595	777	1,709	2,630	4,686
CF from Inv. activities	(491)	(1,224)	(1,295)	(647)	(880)
CF from Fin. activities	(168)	1,212	964	(404)	(551)
Cash generated/(utilised)	(63)	765	1,378	1,579	3,255
Cash at start of the year	470	407	1,171	2,549	4,128
Cash at end of the year	407	1,171	2,549	4,128	7,383

Source: Dalal & Broacha Research, Company

Ratios	FY22	FY23	FY24E	FY25E	FY26E
OPM	9.68%	12.19%	12.94%	12.95%	12.88%
NPM	4.20%	5.82%	8.61%	9.31%	9.45%
Tax Rate	34.36%	39.81%	24.28%	23.37%	23.17%
Growth Ratios (%)					
Net Sales	18.00%	75.52%	67.15%	29.82%	2.67%
Operating Profit	7.32%	120.90%	77.45%	29.95%	2.08%
PBT	15.32%	167.65%	88.17%	33.58%	3.15%
PAT	-7.01%	143.03%	147.16%	40.43%	4.31%
Per Share (Rs.)					
Net Earnings (EPS)	1.28	3.11	7.47	10.48	10.94
Cash Earnings (CPS)	1.88	3.76	8.25	11.31	11.82
Payout ratio	0%	0%	7%	5%	5%
Dividend	0.00	0.00	0.50	0.50	0.50
Book Value per share (BVPS)	17.62	20.74	29.93	39.03	48.42
Free Cash Flow	259	106	566	2,229	4,127
Valuation Ratios					
P/E(x)	117.04	48.16	20.09	14.31	13.72
P/B(x)	8.51	7.23	5.01	3.84	3.10
EV/EBIDTA(x)	51.79	23.73	13.54	10.20	9.46
Div. Yield(%)	-	-	0.33	0.33	0.33
FCFF Yield(%)	0.45	0.18	0.94	3.72	6.89
Return Ratios (%)					
ROE	7.27%	15.02%	24.94%	26.87%	22.59%
ROCE	13.89%	23.10%	29.51%	30.46%	25.86%

Source: Dalal & Broacha Research, Company

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