

The company has posted their highest-ever quarterly revenue as well as their highest ever EBITDA margins of 13.7%. Having already reached a production run rate of 700 wagons p.m. the management has guided for increasing the same to 800 wagons p.m by the end of FY24 & to 1000 wagons p.m. by the end of FY25.

- Revenue at Rs 8,793 Mn vs Rs 4,167 Mn (+111% YoY) vs Rs 7,532 (+17% QoQ)
- EBITDA at Rs 1,207 Mn vs Rs 496 Mn (+143% YoY) vs Rs 968 Mn (+25% QoQ)
- Highest-ever EBITDA Margin at 13.7% vs 11.9% (YoY) vs % 12.9% (QoQ).
- Adj PAT at Rs 821 Mn vs Rs 241Mn (+240% YoY) vs Rs 629 Mn (+30% QoQ)
- EPS at Rs 2.05 vs Rs 0.62 (YoY) vs Rs 1.60 (QoQ) (Company had raised 1250 Mn by issuing 12.7 Mn equity shares in Q1FY24)
- Orderbook as on Jun'23 is 59,527 Mn vs 58,760 (+1% YoY) vs 61,223 (-3% QoQ) [Order intake momentum stays robust, however total orderbook has slightly declined on the back of stronger execution in this quarter]

Business Highlights

- The company plans to increase its wagon production from the current 700 wagons p.m to 800 wagons p.m by end of FY24 through expansion of their current steel foundry capacity at Kolkata from 2500 metric tonnes to 3000 metric tonnes. And by adding one more steel foundry at Jabalpur of 2000 metric tonnes capacity in the next 18 months it plans to scale up production to 1000 wagons p.m by the end of FY25.
- The Indian Railway has yet again issued a tender of 20,000 wagons, the timeline for submission of bids is by mid-November. JWL expects to gain a sizeable share of the order.
- Capex:** JWL plans on doing a 7,000 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	36,462	44,880	55,678
EBIDTA	1,141	2,521	4,742	6,115	8,250
Margins (%)	9.7	12.2	13.0	13.6	14.8
Adjusted net profit	497	1,207	3,120	4,228	5,864
EPS (Rs)	1.3	3.1	7.8	10.58	14.7
P/E (x)	247	102	41	30	22
EV/EBITDA (x)	108	49	27	21	15
RoCE (%)	13.89%	23.10%	31.00%	31.75%	33.52%
RoE (%)	7.27%	15.02%	25.79%	26.81%	27.90%

Source: Company, Dala & Broacha Research

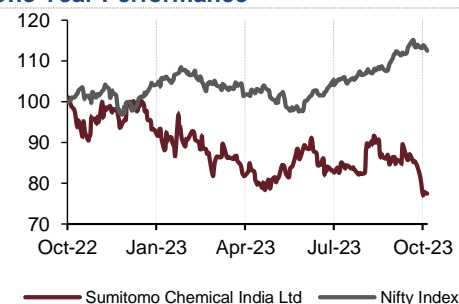
Rating	TP (Rs)	Up/Dn (%)
BUY ON DIPS	367	16

Market data

Current price	Rs	317
Market Cap (Rs.Bn)	(Rs Bn)	127
Market Cap (US\$ Mn)	(US\$ Mn)	1,521
Face Value	Rs	10
52 Weeks High/Low	Rs	412.5 / 71.05
Average Daily Volume	('000)	802
BSE Code		533272
Bloomberg		JWL .IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Sep-23	Jun-23
Promoters	75	75
Public	25	25
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 doubled from 862 wagons in Q2FY23 to 1850 wagons Q2FY24.
- **Total Order book for wagons being Rs 53,000 Mn (representing ~13500 wagons)** of which ~Rs 42,000 Mn is from the private sector for wagons & ~11000 Mn from Indian Railways.
- **Orders intake in Sep'23 quarter mainly from private sector ordering.**

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**
- Industry leading EBITDA margins generated yet again of 13.7% Once **backward integration** for brake systems is completed by the commencement of Stone India facility, **JWL should be able to generate margins north of 14-15% from FY25 onwards**

Outlook for the business

- **Indian railways recently issued a tender** for 20,000 wagons & a global tender for **10,000 further wagons** expected 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): 1429 vs 1172 (+21% QoQ basis).
- Brake disc JV with Kovis which was started recently in Mar'23 quarter has picked up quickly , export orders have started flowing.
- **Guidance:** JWL expects to do 500 Mn Business from Brake discs in FY24, & 15,000 Mn by FY25 of which 500 Mn shall be garnered through export of brake discs
- **Brake Systems:** Acquisition of Stone India has received NCLT approval in this quarter. Commercial production of Brake systems **to start from Q4FY24 onwards**. Company has already received approvals from RDSO for their brake systems.
- **Outlook for brake systems:** Order for **1000 Brake Systems** expected by the end of FY24 which shall be then executed in FY25

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

CMS Crossings

- Weldable CMS crossings technology in India. A 2000 Mn order already received from IR for CMS crossings is under trials currently , revenue booking anticipated to start from FY25 onwards

CV load Bodies

- Production Volume (In Nos): 2431 vs 1490(YoY) vs 2161(QoQ)
- CV Load bodies orderbook as on Sep'23 at 2700 Mn

Containers Business:

- Production(In Nos): 131 vs 424(YoY) vs 112 (QoQ)
- Container orderbook scaling up strongly considering recent orders from Schnieder & GE, strong revenue flows expected from Fy25 onwards.

Electric Mobility Business:

- The company is to launch their 1st e-LCV model in Q4FY24.

Other Financial KTA's

- JWL plans on doing a **7000 Mn 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 1.51 in H1FY24
- Working capital to remain at similar levels in the near future.

Valuation & Outlook

Jupiter Wagons has ramped up their production to more than doubled its production from 862 wagons in Q2FY23 to 1850 wagons Q2FY24. (214% increase in production on a YoY Basis). JWL has already reached a 700 wagons p.m production rate - Thus delivering & surpassing their initial guidance of 550-600 wagons production rate per month for FY24. 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 & has also guided that there is further room for margin expansion Fy25 onwards once the backward integration kicks in through the manufacturing of brake systems.

From this quarter onwards, we have rolled over our estimates from Fy25 to Fy26 estimates for valuations purpose. At CMP of 317, JWL currently trades at 41x FY24E EPS of Rs 7.8 & 30x FY25E EPS of Rs 10.58 & 22x Fy26E EPS of 14.7. 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 valued Jupiter wagons at 25x FY26E EPS of Rs 14.7 at Rs 367. (~16% upside). Considering the recent run-up in the stock price, We recommend a "BUY on DIPS" rating on the stock.

Quarterly Financials

(Rs.Mn)	Q2FY23	Q2FY24	YoY Growth (%)	Q1FY24	QoQ Growth (%)
Revenue from Operations	4,167	8,793	111.01%	7,532	16.74%
Other Income	10	58	485.57%	22	160.63%
Total Mfg Cost	3,119	6,873	120.38%	5,835	17.80%
Employee Benefits Expense	104	118	13.74%	112	5.22%
Other Expenses	448	594	32.70%	617	-3.58%
Total Expenses	3,671	7,586	106.66%	6,564	15.57%
EBITDA (Excluding Other Income)	496	1,207	143.14%	968	24.67%
Depreciation and Amortisation Expenses	66	71	8.16%	66	8.82%
EBIT / PBIT	440	1,193	171.03%	925	29.06%
Finance Costs	71	104	45.76%	84	24.50%
Profit before share in profit of associate & tax	369	1,089	195.30%	841	29.51%
Share in profit of associate (net of tax)	(4)	6		(2)	-381.88%
EBT/PBT before exceptional items	365	1,095	200.42%	839	30.52%
Exceptional items	-	-		-	
EBT/PBT before exceptional items	365	1,095	200.42%	839	30.52%
Tax Expense	124	274	121.35%	210	30.35%
Net Profit after Tax	241	821	241.16%	629	30.58%
EPS	0.62	2.05	230.88%	1.57	30.58%
Margins (%)			(In bps)		(In bps)
Gross Margins	25.2%	21.8%	333	22.5%	263
EBITDA Margins (Excl Other Income)	11.9%	13.7%	-181	12.9%	-94
PAT Margins	5.8%	9.3%	-356	8.3%	-257
As a % to sales					
RM as a % to sales	74.8%	78.2%	-333	77.5%	-263
EE Cost as a % to sales	2.5%	1.3%	115	1.5%	100
Other exps as a % to sales	10.8%	6.8%	399	8.2%	256

Financials

P&L (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	11,784	20,682	36,462	44,880	55,678
Total Operating Expenses	8,968	15,745	27,736	34,154	42,315
Employee Cost	338	420	520	572	658
Other Expenses	1,336	1,998	3,464	4,039	4,454
Operating Profit	1,141	2,521	4,742	6,115	8,250
Depreciation	234	250	376	579	580
PBIT	907	2,271	4,366	5,536	7,671
Other income	34	51	80	120	150
Interest	182	289	438	494	557
PBT (Before share of JV/associates)	760	2,033	4,008	5,162	7,264
Share of JV/Associates	(3)	(28)	114	356	416
PBT	756	2,005	4,122	5,518	7,680
Provision for tax	260	798	1,002	1,291	1,816
PAT (From continuing operations)	497	1,207	3,120	4,228	5,864
PAT (From Discontinuing operations)	-	-	-	-	-
MI	2	1	1	1	1
Reported PAT	497	1,207	3,120	4,228	5,864
Adjusted Profit	497	1,207	3,120	4,228	5,864

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	8,100	11,772	17,021
Net worth	6,827	8,034	12,095	15,767	21,016
Minority Interest	2	1	1	1	1
Non Current Liabilities	309	537	574	644	754
Current Liabilities	3,586	7,769	11,665	14,554	18,133
Other Liabilities(associated with discontinued operations/ assets held for sale)	-	-	-	-	-
TOTAL LIABILITIES	10,728	16,340	24,335	30,965	39,902
Non Current Assets	5,038	5,508	7,890	12,168	12,072
Fixed Assets	4,294	4,715	6,883	10,855	10,334
Goodwill	204	146	146	146	146
Non Current Investments	80	113	157	219	305
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	472	657	914
Other Non Current Assets	58	109	152	211	294
Current Assets	5,690	10,832	16,446	18,798	27,831
Current investments	-	-	-	-	-
Inventories	3,194	4,912	9,119	11,229	13,912
Trade Receivables	710	2,133	2,797	3,566	4,576
Cash and Bank Balances	407	1,171	938	(991)	2,398
Other bank balances	282	503	699	973	1,353
Short Term Loans and Advances	6	36	4	4	4
Other Financial Assets	248	418	582	810	1,126
Other current assets tax (net)	4	3	3	3	3
Other current assets	840	1,656	2,304	3,205	4,458
Other Assets(associated with discontinued operations/ assets held for sale)	-	-	-	-	-
TOTAL ASSETS	10,728	16,340	24,335	30,965	39,903

Cash Flow St. (Rs. mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT (excluding JV/Associates)	760	2,033	4,008	5,162	7,264
Add: Dep. & Amort.	234	250	376	579	580
Add: Interest Expenses	182	289	438	494	557
Operating profit before working capital change	1,175	2,572	4,822	6,235	8,400
(Inc)/Dec in					
Working capital adjustment	(718)	(2,597)	(2,444)	(1,859)	(2,397)
Gross cash generated from operations	457	(25)	2,377	4,376	6,004
Direct taxes paid	(260)	(798)	(1,002)	(1,291)	(1,816)
Others	398	1,600	197	276	373
CF from Oper. activities	595	777	1,572	3,362	4,560
CF from Inv. activities	(491)	(1,224)	(2,747)	(4,886)	(524)
CF from Fin. activities	(168)	1,212	941	(404)	(647)
Cash generated/(utilised)	(63)	765	(234)	(1,928)	3,389
Cash at start of the year	470	407	1,171	938	(991)
Cash at end of the year	407	1,171	938	(991)	2,398

Ratios	FY22	FY23	FY24E	FY25E	FY26E
OPM	9.68%	12.19%	13.00%	13.62%	14.82%
NPM	4.20%	5.82%	8.54%	9.40%	10.50%
Tax Rate	34.36%	39.81%	24.31%	23.39%	23.65%
Growth Ratios (%)					
Net Sales	18.00%	75.52%	76.29%	23.09%	24.06%
Operating Profit	7.32%	120.90%	88.11%	28.96%	34.92%
PBT	15.32%	167.65%	97.17%	28.79%	40.72%
PAT	-7.01%	143.03%	158.53%	35.52%	38.70%
Per Share (Rs.)					
Net Earnings (EPS)	1.28	3.11	7.81	10.58	14.68
Cash Earnings (CPS)	1.88	3.76	8.75	12.03	16.13
Payout ratio	0%	0%	6%	5%	3%
Dividend	0.00	0.00	0.50	0.50	0.50
Book Value per share (BVPS)	17.62	20.74	30.28	39.47	52.61
Free Cash Flow	259	106	(971)	(1,190)	4,502
Valuation Ratios					
P/E(x)	247.35	101.78	40.59	29.95	21.59
P/B(x)	17.99	15.29	10.47	8.03	6.03
EV/EBIDTA(x)	108.50	49.40	27.19	21.44	15.49
Div. Yield(%)	-	-	0.16	0.16	0.16
FCFF Yield(%)	0.21	0.09	(0.77)	(0.94)	3.56
Return Ratios (%)					
ROE	7.27%	15.02%	25.79%	26.81%	27.90%
ROCE	13.89%	23.10%	31.00%	31.75%	33.52%

Source: Dalal & Broacha Research, Company

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