

The company has posted their highest-ever quarterly revenue as well as their highest ever EBITDA margins of 13.9%. 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. The company has also seen solid growth in its orderbook this quarter of ~19% QoQ & 24% YoY.

- Revenue at Rs 8,958 Mn vs Rs 6,444 Mn (+39% YoY) vs Rs 8,793 (+2% QoQ)
- EBITDA at Rs 1,244 Mn vs Rs 801 Mn (+55% YoY) vs Rs 1,207 Mn (+3% QoQ)
- Highest-ever EBITDA Margin at 13.9% vs 12.4% (YoY) vs % 13.7% (QoQ).
- Adj PAT at Rs 821 Mn vs Rs 241Mn (+240% YoY) vs Rs 629 Mn (+30% QoQ)
- Orderbook as on Q3FY24 is 70,763 Mn vs 57,030 (+24% YoY) vs 59,527 Mn (+19% QoQ).

### Business Highlights

- New Order wins:** 1) order for 4,000 BOXNS wagons worth ~16,170 Mn from Indian Railways; 2) contracts from the Defense Ministry for Boggie Open Military (BOM) Wagons for ~4730 MN. 3) First-of-its kind order from private customers for Double Decker Automobile Carrier wagons ~1000 Mn

### 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	5,033	6,496	8,529
Margins (%)	9.7	12.2	13.8	14.5	15.3
Adjusted net profit	497	1,207	3,294	4,514	6,073
EPS (Rs)	1.3	3.1	8.2	11.30	15.2
P/E (x)	316	130	49	36	27
EV/EBITDA (x)	138	63	33	26	19
RoCE (%)	13.89%	23.10%	32.44%	32.87%	33.67%
RoE (%)	7.27%	15.02%	26.75%	27.74%	27.95%

Source: Dalal & Broacha Research, Company

Rating	TP (Rs)	Up/Dn (%)
<b>BUY ON DIPS</b>	<b>456</b>	<b>13</b>

### Market data

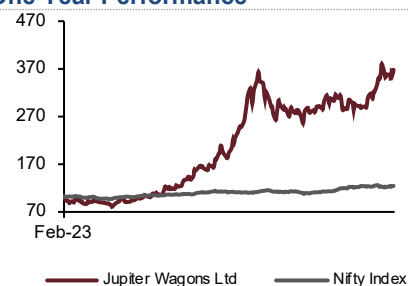
Current price	Rs	405
Market Cap (Rs.Bn)	(Rs Bn)	167
Market Cap (US\$ Mn)	(US\$ Mn)	2,015
Face Value	Rs	10
52 Weeks High/Low	Rs	434 / 85.2
Average Daily Volume	('000)	2,571
BSE Code		533272

Bloomberg

JWL .IN

Source: Bloomberg

### One Year Performance



Source: Bloomberg

% Shareholding	Dec-23	Sep-23
Promoters	70.12	72.37
Public	29.88	27.63
<b>Total</b>	<b>100</b>	<b>100</b>

Source: BSE

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- **QIP Details** : Company has raised proceeds via QIP route in Q3 worth ~4500 Mn of which it plans to use ~2150 MN for meeting its working capital requirements, ~50 Mn for capex related to its Steel foundry in Jabalpur & the balance proceeds for general corporate purposes & inorganic growth.
- **Capacity Ramp-up**: 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.

## Conference Call Highlights

### Freight Wagons Business

#### Key highlights of the quarter

- JWL has ramped up their production to more than doubled from 1427 wagons in Q3FY23 to 1924 wagons Q2FY24 ~640 wagons p.m. inspite of around 10 days production loss due to Puja and other festivities during the period.

### 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 13.9% 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 13,000 wagons** with new-age design specifications & 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 considering **3 significant freight corridors planned to be launched in the eastern part of the country in addition to the currently launched eastern DFC** , JWL is currently one of the leaders in the private wagons market .

## Brake Disc & Brake System Business

- Production Volume( In Nos): 3,450 vs 1439 (+239% QoQ basis).
- Brake disc JV with Kovis which was started recently in Mar'23 quarter has picked up quickly , export orders have started flowing. Orderbook in hand as on Q3FY24 for Brake Discs ~197 Mn, including orders for **Vande Bharat**.
- **Guidance:** JWL expects to do ~1000 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:** 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 received for axle-mounted disc brake system from Indian Railways for ₹ 1120 Mn for LHB Coaches.

**Company expects to do ~4000-5000 Mn Business in total for brake discs, brake systems (including exports) 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): 3273 vs 1898 (YoY) vs 2431(QoQ)

## Containers Business

- Production( In Nos): 190 vs 307(YoY) vs 131(QoQ)

## Electric Mobility Business

- The company is to launch their 1<sup>st</sup> e-LCV model in Q4FY24.
- Currently await certification post which they can start commercial production.
- Company plans on introducing 3-4 models in the 1-ton to 5-ton payload category in FY25.

**Company remains net debt free as on 31st Dec'23.**

## Valuation & Outlook

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In the recent interim budget, Government has given special thrust on railways & infrastructure , the Ministry of Railways has allocated Rs 2.55 trillion( +5.8% more than PY allocation)- & with 3 new special freight corridors announced to be launched in the coming years under PM Gati Shakti scheme. These announcements have tremendously boosted prospects of railway freight focused players & mobility players like Jupiter Wagons(JWL). Hence from this quarter onwards,**we have revised the target multiple for JWL from 25x P/E to 30x P/E.**

**At CMP of 405, JWL currently trades at 49x FY24E EPS of Rs 8.2 & 36x FY25E EPS of Rs 11.3 & 27x Fy26E EPS of 15.2.-We have valued Jupiter wagons at 30x FY26E EPS of Rs 15.2 at Rs 456. (~13% upside). Considering the recent run-up in the stock price , We recommend a “BUY on DIPS” rating on the stock.**

## Quarterly Financials

(Rs.Mn)	Q3FY23	Q2FY24	Q3FY24	YoY Growth (%)	QoQ Growth (%)
<b>Revenue from Operations</b>	6,444	8,793	8,958	<b>39.01%</b>	<b>1.88%</b>
Other Income	19	58	50	159.13%	-14.06%
Total Mfg Cost	4,968	6,873	6,887	38.63%	0.20%
Employee Benefits Expense	110	118	124	12.56%	4.59%
Other Expenses	565	594	704	24.59%	18.38%
Total Expenses	5,643	7,586	7,715	36.72%	1.70%
<b>EBITDA (Excluding Other Income)</b>	<b>801</b>	<b>1,207</b>	<b>1,244</b>	<b>55.18%</b>	<b>3.05%</b>
Depreciation and Amortisation Expenses	62	71	68	11.35%	-3.92%
<b>EBIT / PBIT</b>	<b>759</b>	<b>1,193</b>	<b>1,225</b>	<b>61.35%</b>	<b>2.64%</b>
Finance Costs	74	104	115	54.15%	10.00%
<b>Profit before share in profit of associate &amp; tax</b>	<b>685</b>	<b>1,089</b>	<b>1,110</b>	<b>62.14%</b>	<b>1.93%</b>
Share in profit of associate (net of tax)	(12)	6	(15)		-356.32%
<b>EBT/PBT before exceptional items</b>	<b>672</b>	<b>1,095</b>	<b>1,095</b>	<b>62.88%</b>	<b>0.02%</b>
Exceptional items	-	-	-		
<b>EBT/PBT before exceptional items</b>	<b>672</b>	<b>1,095</b>	<b>1,095</b>	<b>62.88%</b>	<b>0.02%</b>
Tax Expense	227	274	281	23.93%	2.33%
<b>Net Profit after Tax</b>	<b>446</b>	<b>821</b>	<b>815</b>	<b>82.67%</b>	<b>-0.75%</b>
<b>EPS</b>	<b>1.15</b>	<b>2.05</b>	<b>1.98</b>	<b>71.66%</b>	<b>-3.83%</b>

Margins (%)				(In bps)	(In bps)
Gross Margins	22.9%	21.8%	23.1%	21	129
EBITDA Margins (Excl Other Income)	12.4%	13.7%	13.9%	145	16
PAT Margins	6.9%	9.3%	9.1%	217	-24

As a % to sales					
RM as a % to sales	77.1%	78.2%	76.9%	-21	-129
EE Cost as a % to sales	1.7%	1.3%	1.4%	-32	4
Other exps as a % to sales	8.8%	6.8%	7.9%	-91	110

Source: Dalal & Broacha Research, Company

## 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	27,992	34,333	42,315
Employee Cost	338	420	520	572	658
Other Expenses	1,336	1,998	2,917	3,478	4,176
<b>Operating Profit</b>	<b>1,141</b>	<b>2,521</b>	<b>5,033</b>	<b>6,496</b>	<b>8,529</b>
Depreciation	234	250	376	579	580
PBIT	907	2,271	4,657	5,917	7,949
Other income	34	51	80	120	150
Interest	182	289	438	494	557
PBT ( Before share of JV/associates)	760	2,033	4,300	5,544	7,542
Share of JV/Associates	(3)	(28)	69	356	416
PBT	756	2,005	4,369	5,900	7,959
Provision for tax	260	798	1,075	1,386	1,886
PAT (From continuing operations)	497	1,207	3,294	4,514	6,073
PAT (From Discontinuing operations )	-	-	-	-	-
MI	2	1	1	1	1
Reported PAT	497	1,207	3,294	4,514	6,073
<b>Adjusted Profit</b>	<b>497</b>	<b>1,207</b>	<b>3,294</b>	<b>4,514</b>	<b>6,073</b>

<b>Balance Sheet ( Rs mn )</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>	<b>FY26E</b>
Equity capital	3,874	3,874	3,995	3,995	3,995
Reserves	2,952	4,159	8,319	12,277	17,734
<b>Net worth</b>	<b>6,827</b>	<b>8,034</b>	<b>12,314</b>	<b>16,272</b>	<b>21,729</b>
Minority Interest	2	1	1	1	1
<b>Non Current Liabilities</b>	<b>309</b>	<b>537</b>	<b>574</b>	<b>644</b>	<b>754</b>
<b>Current Liabilities</b>	<b>3,586</b>	<b>7,769</b>	<b>11,706</b>	<b>14,582</b>	<b>18,133</b>
<b>Other Liabilities( associated with discontinued operations/ assets held for sale )</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>10,728</b>	<b>16,340</b>	<b>24,594</b>	<b>31,498</b>	<b>40,616</b>
<b>Non Current Assets</b>	<b>5,038</b>	<b>5,508</b>	<b>7,890</b>	<b>12,168</b>	<b>12,072</b>
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
<b>Current Assets</b>	<b>5,690</b>	<b>10,832</b>	<b>16,705</b>	<b>19,331</b>	<b>28,545</b>
Current investments	-	-	-	-	-
Inventories	3,194	4,912	9,203	11,288	13,912
Trade Receivables	710	2,133	2,797	3,566	4,576
Cash and Bank Balances	407	1,171	1,113	(516)	3,112
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
<b>Other Assets( associated with discontinued operations/ assets held for sale )</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>10,728</b>	<b>16,340</b>	<b>24,595</b>	<b>31,498</b>	<b>40,616</b>

Cash Flow St. (Rs. mn)	FY22	FY23	FY24E	FY25E	FY26E
<b>PBT (excluding JV/Associates)</b>	<b>760</b>	<b>2,033</b>	<b>4,300</b>	<b>5,544</b>	<b>7,542</b>
Add: Dep. & Amort.	234	250	376	579	580
Add: Interest Expenses	182	289	438	494	557
<b>Operating profit before working capital change</b>	<b>1,175</b>	<b>2,572</b>	<b>5,113</b>	<b>6,616</b>	<b>8,679</b>
<b>(Inc)/Dec in</b>					
Working capital adjustment	(718)	(2,597)	(2,488)	(1,846)	(2,366)
<b>Gross cash generated from operations</b>	<b>457</b>	<b>(25)</b>	<b>2,625</b>	<b>4,770</b>	<b>6,312</b>
Direct taxes paid	(260)	(798)	(1,075)	(1,386)	(1,886)
Others	398	1,600	197	276	373
<b>CF from Oper. activities</b>	<b>595</b>	<b>777</b>	<b>1,748</b>	<b>3,660</b>	<b>4,800</b>
<b>CF from Inv. activities</b>	<b>(491)</b>	<b>(1,224)</b>	<b>(2,747)</b>	<b>(4,886)</b>	<b>(524)</b>
<b>CF from Fin. activities</b>	<b>(168)</b>	<b>1,212</b>	<b>941</b>	<b>(404)</b>	<b>(647)</b>
<b>Cash generated/(utilised)</b>	<b>(63)</b>	<b>765</b>	<b>(58)</b>	<b>(1,629)</b>	<b>3,629</b>
Cash at start of the year	470	407	1,171	1,113	(516)
Cash at end of the year	407	1,171	1,113	(516)	3,112
Balance sheet	407	1,171	1,113	(517)	3,112



<b>Rat ios</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>	<b>FY26E</b>
OPM	9.68%	12.19%	13.80%	14.47%	15.32%
NPM	4.20%	5.82%	9.01%	10.03%	10.88%
Tax Rate	34.36%	39.81%	24.61%	23.49%	23.69%
<b>Growth Ratios (%)</b>					
Net Sales	18.00%	75.52%	76.29%	23.09%	24.06%
Operating Profit	7.32%	120.90%	99.68%	29.07%	31.29%
PBT	15.32%	167.65%	111.51%	28.93%	36.05%
PAT	-7.01%	143.03%	172.93%	37.05%	34.54%
<b>Per Share (Rs.)</b>					
Net Earnings (EPS)	1.28	3.11	8.24	11.30	15.20
Cash Earnings (CPS)	1.88	3.76	9.19	12.75	16.65
Payout ratio	0%	0%	6%	4%	3%
Dividend	0.00	0.00	0.50	0.50	0.50
Book Value per share (BVPS)	17.62	20.74	30.82	40.73	54.39
Free Cash Flow	259	106	(796)	(891)	4,741
<b>Valuation Ratios</b>					
P/E(x)	316.01	130.03	49.12	35.84	26.64
P/B(x)	22.98	19.53	13.14	9.94	7.45
EV/EBIDTA(x)	138.38	62.93	32.56	25.52	19.03
Div. Yield(%)	-	-	0.12	0.12	0.12
FCFF Yield(%)	0.16	0.07	(0.49)	(0.55)	2.93
<b>Return Ratios (%)</b>					
ROE	7.27%	15.02%	26.75%	27.74%	27.95%
ROCE	13.89%	23.10%	32.44%	32.87%	33.67%
<i>Source: Dalal&amp; Broacha Research</i>					
<b>RoA</b>	<b>5%</b>	<b>7%</b>	<b>13%</b>	<b>14%</b>	<b>15%</b>

Source: Dalal & Broacha Research, Company

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