

Non-wagon business segments & backward integration to steer JWL's earnings going further...



After 3 successive years of growth spearheaded by sustained rise in wagon production volumes-JWL will now see a consolidation phase in the next 2 years especially in their wagons business where growth shall remain rangebound within the band of 10-15% CAGR. Growth going forward will mainly come from other segments & divisions & mainly through margin expansion by the various backward integration levers that JWL has created in terms of brake systems, brake discs, wheelsets, couplers, etc. Once the wheelsets forging plant is ready by FY27-28, that is when substantial backward integration to the tune of ~30% of the wagon cost & ~4-5% of margin expansion will be seen coupled with a massive export opportunity for wheelsets to Europe & other parts of the world. Till then electric mobility of Division of JWL i.e. JEM will see rampant growth across verticals such as e-LCV's, Railway battery vertical & BESS Containers

Financial highlights for the quarter

- **Revenue** of Rs 10,298 Mn in Q3FY25 vs Rs 8958 Mn in Q3FY24 (+15% YoY) vs Rs 10,090 Mn (+2% QoQ)
- **EBITDA** at Rs 1487 Mn vs Rs 1244 Mn (+20% YoY) vs Rs 1,394 Mn (+7% QoQ)
- **EBITDA Margin** at 14.4% vs 13.9% (YoY) vs 13.8% (QoQ).
- **PAT** at Rs 964 Mn vs Rs 815 Mn (+18% YoY) vs Rs 894 Mn (+8% QoQ)
- **EPS** - Rs 2.26 vs Rs 1.98 in Q3FY24 - growth of ~18%
- **Orderbook** as on Dec'24 is 63,200 Mn vs 70,763 Mn (-11% YoY) vs 66,440 Mn (-5% QoQ)

Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net sales	11,784	20,682	36,437	41,020	48,686	56,529
EBIDTA	1,141	2,521	4,892	6,079	7,329	8,907
Margins (%)	9.7	12.2	13.4	14.8	15.1	15.8
Adjusted net profit	497	1,207	3,310	3,896	4,748	5,933
EPS (Rs)	1.3	3.1	8.0	9.18	11.2	14.0
P/E (x)	315	130	50	44	36	29
EV/EBITDA (x)	138	63	34	27	23	19
RoCE (%)	13.89%	23.10%	25.04%	18.72%	20.19%	21.81%
RoE (%)	7.27%	15.02%	20.48%	13.47%	14.47%	15.89%

Source: Company, Dalal & Broacha Research

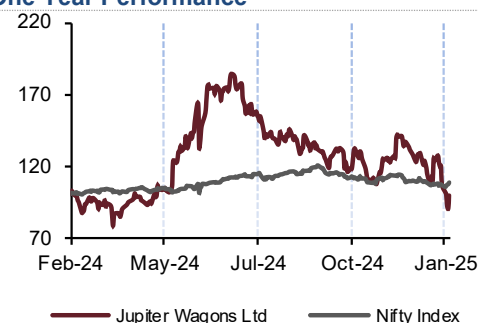
Rating	TP (Rs)	Up/Dn (%)
HOLD	419	4

Market data

Current price	Rs	402
Market Cap (Rs.Bn)	(Rs Bn)	166
Market Cap (US\$ Mn)	(US\$ Mn)	1,920
Face Value	Rs	10
52 Weeks High/Low	Rs	748.1 / 300.5
Average Daily Volume	('000)	39,095
BSE Code		533272
Bloomberg		JWL.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Dec-24	Sep-24
Promoters	68.11	68.11
Public	31.89	31.89
Total	100.00	100.00

Source: BSE

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Conference Call Highlights

Freight Wagons Business

Key highlights of the quarter

- **Production:** 2259 wagons in Q3FY25 vs 1924 wagons in Q2FY24 (+17% YoY) vs 2130 wagons in Q1FY25 (+6% QoQ)
- **Guidance:** On 9MFY25 basis JWL has produced 6343 wagons, Management has targeted a 9,000 wagons production for FY25.
- For FY26 management anticipates a 10,000 wagons production. JWL Management expects a big wagon tender to be floated by Indian Railways in the next 4-6 months.
- JWL remains a dominant player in the private sector market for wagon supply in India & is anticipating strong orders to follow through in the coming months both from the private as well as Indian Railways.

Jupiter Tatravagonka Rail Wheel Factory [JT-RWF]- Wheelsets Manufacturing Division... {erstwhile Bonatrans India}

- **Jupiter Wagons Limited has strategically rebranded its subsidiary Bonatrans India Private Limited to Jupiter Tatravagonka Rail Wheel Factory Private Limited. The production capacity will be expanded from the current 20,000 forged wheels and axles per year to 1,00,000 forged wheelsets by setting up of a new facility in Odisha entailing an investment of approximately ₹ 2,500 Crore.**
- **Production:** 7540 wheelsets in 9MFY25 vs 2706 wheelsets in 9MFY24 (~3x jump YoY).
- **Performance:** JT-RWF on a standalone basis recorded a revenue of ~2250 Mn for the 9MFY25 while achieving an EBITDA of 12%;
- **FY25 Outlook:** JWL expects to achieve a 3000 Mn topline in FY25 & anticipates to double the same to 6000 Mn topline by FY26. In FY25 ~500 Mn worth wheelsets were supplied to 3rd parties & JWL expects to be able to supply 50% of its production to 3rd parties in the coming years..
- **Future Outlook:** JWL plans to ramp up capacities at JT-RWF(erst-while Bonatrans) eventually to 40,000-50,000 wheelsets by the end of FY26 & to double production by the end of FY26
- **Industry Scenario & JWL's long term plan:** Wheelsets generally have a life of 6-7 years & considering the significant capex on the Railways side by the Indian government in the last 3 fiscals – India will soon require 5-6 lac wheelsets p.a.- from which Rail Wheel Factory (owned by IR) is able to meet demand for 1-1.5 lacs rest being imported. JWL plans to fill this gap by setting up a fully integrated forging plant to be able to forge wheelsets & backward integrate the same with BonaTrans where currently machining of wheels is being done for supply to IR, metros, Vande Bharat & freight car players.

Brake Disc & Brake System Business

- **Production:** Brake discs: 4237 nos vs 1258 nos in Q3FY24 (~3-4x increase on YoY basis) ; 230 Disc Brake systems manufactured in 9MFY25. Yet to start commercial production of brake systems in Stone India facility. Commercial operations anticipated to commence FY26 onwards.
- **FY25 Guidance:** JWL expects to do atleast 100-200 Cr Business combined from Brake discs & Brake Systems in FY25 .
- **Future Outlook :** Eventually in 3-4 years time, the company expects the brake business to grow to a 1000 Cr+ business.
- Currently JWL has ~44 Cr brake discs & a 60 Cr brake systems order for LHB coaches in their orderbook. The Indian Railways is expected to induct 6000+ new LHB coaches in the system- which could be a big opportunity for JWL in Brake Systems. JWL also expects an order of 500+ nos order for brake system in FY26.
- Once Stone India becomes fully operational ; brake systems which shall be used for captive consumption shall lead to backward integration & thereby augment wagon production margins on a consolidated level further by 0.5- 1% in FY25.

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

CV load Bodies

- Total Production Volume (In Nos): Q3FY25-2391 units vs 3273 units in Q3FY24.
- Business to grow in line with domestic CV growth in India.

Jupiter Electric Mobility

Electric Vehicles Business:

- The company finally received certification from ARAI for their 1st e-LCV model named "Tez" in the 1-ton category.
- Company to adopt a B2B strategy to market the same – from tie-ups with corporates & logistic players. Company in their concall announced their tie-up with "Porter" – a logistics unicorn.
- JEM is set to launch its 1st 1-ton payload e-LCV on 26th February, 2025
- JEM has also forged partnerships with several dealers across 8-10 cities to expand its reach for the e-LCV product sales.
- JEM has already received bookings in hand of ~500+ such vehicles. Company remains confident of delivering 100+ vehicles by FY25.
- JEM is also set to launch its own "Battery-As-a-Service" program for e-LCV's to leverage its own proprietary battery technology created by Log9 & has also formed several financing tie-ups in order to market its upcoming e-LCV.
- Currently Tata motors on the only peer in the segment which Jupiter is targeting & their pricing is around ~14 to 16 lacs per vehicle.

Railway Batteries & BESS Containers Business

- Jupiter Wagons Ltd has increased its stake in subsidiary Jupiter Electric Mobility (JEM) from 60% to 75%. This is through purchase of shares as well as by way of a Preferential Issue thereby gaining control and ownership of the proprietary technology for its Railway Battery and Electric Truck Battery Divisions.
- Jupiter Electric Mobility has acquired Log9's railway and electric truck battery assets for a consideration of ~400 Mn, enhancing its position in electric truck and railway battery solutions
- JWL in partnership with Log9, had launched lithium-ion backup batteries for railways , which has been approved by RDSO & by the likes of Siemens & BHEL for their Vande Bharat Trainsets
- Company already won an order for 36 such auxiliary batteries from Siemens this quarter & expects similar such orders to keep flowing from IR as well for AC as well as non-AC passenger/LHB coaches, for Vande Bharat coaches, etc.
- The company also plans to soon develop its own fully integrated batteries by developing its own LFP battery & use its own containers to **create a fully integrated BESS** (Battery Energy Storage System). BESS as a product is highly in demand currently considering electrification & decarbonization is being adopted globally

Containers Business:

- **Production**- 258 units in Q3FY25 vs 190 units in Q3FY24.
- JWL now solely focuses on specialized containers required for battery energy storage & data center usage purposes & has shut its legacy marine containers business. JWL has received traction from reputed clientele such as Schnieder, GE, Tata solar, Toshiba, etc.

CMS Crossings

- **Production:** 258 units in Q3FY25 vs 145 in Q3FY24 vs 214 units in Q2FY25 (QoQ).
- Weldable CMS crossings technology in India : JWL along with some MNC players is one of the few Indian players to have a sizeable capacity in weldable CMS crossings manufacturing.

Valuation & Outlook

In the recent budget for FY24-25, Government has re-iterated its focus on improving 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).

Apart from being a sole freight car manufacturer, JWL has taken a wise approach by continuously diversifying in adjacent businesses to bring more synergy into its existing freight business through acquisitions & forming JV's & tie-ups. In the past 1- 1.5 years we have seen, the acquisition of Bonatrans(JT-RWF) for wheelsets & acquisition of Stone India to venture into brake systems business. The acquisition of Log9 to develop LFP batteries for Railways & pivoting its existing containers business to supply for BESS market has been a prudent move..These steps have helped JWL to backward integrate immensely & have boosted their margins – results of which were seen in this quarter & going forward we can expect margin improvement to continue – once Bonatrans & Stone India start operating at their full potential. At the same time there has been diversification in unrelated business' such as the e-LCV business which will be launched in Q4FY25- it will be interesting how that business adds up to JWL's earnings going forward – as of now one can be optimistic about the business since there are not many competitors apart from Tata Motors currently.

Valuation: We have projected a 17.4%/21%/23.4% CAGR in Revenue/EBITDA/PAT for JWL from FY25-27E. At current price of 404, JWL is valued at 44x/36x/29x FY25e/Fy26e/Fy27e EPS of INR 9.2/11.2/14 respectively. We ascribe a 30x PE multiple to JWL thus arriving at a valuation of INR 419 (+4% upside from current levels). Considering Budget will be a key event, we retain our “HOLD” rating on the stock.

Quarterly Financials

(Rs.Mn)	Q3FY24	Q2FY25	Q3FY25	YoY Growth (%)	QoQ Growth (%)
Revenue from Operations	8,958	10,090	10,298	15%	2%
Other Income	50	97	148	198%	53%
Total Mfg Cost	6,887	7,687	7,752	13%	1%
Employee Benefits Expense	124	170	181	46%	7%
Other Expenses	704	839	879	25%	5%
Total Expenses	7,715	8,696	8,812	14%	1%
EBITDA (Excluding Other Income)	1,244	1,394	1,487	20%	7%
Depreciation and Amortisation Expenses	68	128	135	97%	6%
EBIT / PBIT	1,225	1,364	1,500	22%	10%
Finance Costs	115	167	145	26%	-13%
Profit before share in profit of associate & tax	1,110	1,197	1,355	22%	13%
Share in profit of associate (net of tax)	(15)	(5)	(59)		
EBT/PBT before exceptional items	1,095	1,192	1,296	18%	9%
Exceptional items	-	-	-		
EBT/PBT before exceptional items	1,095	1,192	1,296	18%	9%
Tax Expense	281	298	332	18%	11%
Net Profit after Tax	815	894	964	18%	8%
EPS	1.98	2.09	2.26	14%	8%
Margins (%)				(In bps)	(In bps)
Gross Margins	23.1%	23.8%	24.7%	161	91
EBITDA Margins (Excl Other Income)	13.9%	13.8%	14.4%	55	62
PAT Margins	9.1%	8.9%	9.4%	27	51
As a % to sales					
RM as a % to sales	76.9%	76.2%	75.3%	-161	-91
EE Cost as a % to sales	1.4%	1.7%	1.8%	38	7
Other exps as a % to sales	7.9%	8.3%	8.5%	68	22

Source: Company, Dalal& Broacha Research

Financials

P&L (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	11,784	20,682	36,437	41,020	48,686	56,529
Total Operating Expenses	8,968	15,745	28,290	31,047	36,392	41,761
Employee Cost	338	420	514	697	949	1,316
Other Expenses	1,336	1,998	2,741	3,197	4,015	4,545
Operating Profit	1,141	2,521	4,892	6,079	7,329	8,907
Depreciation	234	250	282	542	972	1,017
PBIT	907	2,271	4,611	5,537	6,357	7,890
Other income	34	51	245	120	150	200
Interest	182	289	410	442	457	515
PBT (Before share of JV/associates)	760	2,033	4,446	5,214	6,050	7,575
Share of JV/Associates	(3)	(28)	(27)	(20)	210	252
PBT	756	2,005	4,419	5,194	6,261	7,827
Provision for tax	260	798	1,109	1,299	1,513	1,894
PAT (From continuing operations)	497	1,207	3,310	3,896	4,748	5,933
PAT (From Discontinuing operations)	-	-	-	-	-	-
MI	2	1	154	154	154	154
Reported PAT	497	1,207	3,310	3,896	4,748	5,933
Adjusted Profit	497	1,207	3,310	3,896	4,748	5,933

Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	3,874	3,874	4,123	4,245	4,245	4,245
Reserves	2,952	4,159	12,039	24,679	28,564	33,095
Net worth	6,827	8,034	16,162	28,924	32,809	37,340
Minority Interest	2	1	154	154	154	154
Non Current Liabilities	309	537	538	554	549	544
Current Liabilities	3,586	7,769	12,546	13,354	15,421	17,877
Other Liabilities(associated with discontinued operations/ assets held for sale)	-	-	-	-	-	-
TOTAL LIABILITIES	10,728	16,340	29,400	42,986	48,933	55,915
Non Current Assets	5,038	5,508	9,768	15,006	21,462	28,644
Fixed Assets	4,294	4,715	7,905	12,875	18,977	25,697
Goodwill	204	146	146	146	146	146
Non Current Investments	80	113	395	515	670	873
Loans	6	36	41	50	50	50
Non-current assets tax (net)	21	21	15	15	15	15
Deferred Tax Asset	271	-	-	-	-	-
Other Financial Assets	104	340	168	219	285	371
Other Non Current Assets	58	109	337	439	572	745
Current Assets	5,690	10,832	19,631	27,980	27,471	27,272
Current investments	-	-	-	-	-	-
Inventories	3,194	4,912	9,835	10,049	11,373	12,743
Trade Receivables	710	2,133	533	4,187	4,381	4,941
Cash and Bank Balances	407	1,171	1,225	9,006	5,599	1,681
Other bank balances	282	503	904	1,178	1,534	1,998
Short Term Loans and Advances	6	36	41	50	50	50
Other Financial Assets	248	418	202	263	342	446
Other current assets tax (net)	4	3	8	8	8	8
Other current assets	840	1,656	1,975	2,572	3,350	4,363
Other Assets(associated with discontinued operations/ assets held for sale)	-	-	-	-	-	-
TOTAL ASSETS	10,728	16,340	29,400	42,985	48,933	55,915

Cash Flow St. (Rs. mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
PBT (excluding JV/Associates)	760	2,033	4,446	5,054	5,660	6,575
Add: Dep. & Amort.	234	250	282	542	762	1,017
Add: Interest Expenses	182	289	410	442	457	515
Operating profit before working capital change	1,175	2,572	5,138	6,039	6,879	8,107
(Inc)/Dec in						
Working capital adjustment	(718)	(2,597)	(4,149)	0	(855)	(1,246)
Gross cash generated from operations	457	(25)	989	6,039	6,024	6,862
Direct taxes paid	(260)	(798)	(1,109)	(1,264)	(1,415)	(1,644)
Others	398	1,600	(72)	347	391	379
CF from Oper. activities	595	777	(191)	5,123	5,000	5,597
CF from Inv. activities	(491)	(1,224)	(4,646)	(6,043)	(7,542)	(8,612)
CF from Fin. activities	(168)	1,212	4,889	8,730	(864)	(903)
Cash generated/(utilised)	(63)	765	52	7,809	(3,406)	(3,918)
Cash at start of the year	470	407	1,171	1,225	9,006	5,599
Cash at end of the year	407	1,171	1,225	9,006	5,599	1,681
Balance sheet	407	1,171	1,223	9,033	5,599	1,681
Ratios	FY22	FY23	FY24	FY25E	FY26E	FY27E
OPM	9.68%	12.19%	13.43%	14.82%	15.05%	15.76%
NPM	4.20%	5.82%	9.02%	9.47%	9.72%	10.46%
Tax Rate	34.36%	39.81%	25.09%	25.00%	24.16%	24.20%
Growth Ratios (%)						
Net Sales	18.00%	75.52%	76.17%	12.58%	18.69%	16.11%
Operating Profit	7.32%	120.90%	94.10%	24.25%	20.57%	21.53%
PBT	15.32%	167.65%	118.72%	17.27%	16.03%	25.20%
PAT	-7.01%	143.03%	174.30%	17.69%	21.88%	24.96%
Per Share (Rs.)						
Net Earnings (EPS)	1.28	3.11	8.03	9.18	11.19	13.98
Cash Earnings (CPS)	1.88	3.76	8.71	10.45	13.48	16.37
Payout ratio	0%	0%	6%	5%	4%	4%
Dividend	0.00	0.00	0.50	0.50	0.50	0.50
Book Value per share (BVPS)	17.62	20.74	39.20	68.14	77.29	87.96
Free Cash Flow	259	106	(1,433)	(390)	(1,864)	(2,140)
Valuation Ratios						
P/E(x)	315.23	129.71	50.32	44.02	36.12	28.91
P/B(x)	22.93	19.48	10.31	5.93	5.23	4.59
EV/EBIDTA(x)	138.04	62.78	34.49	27.32	23.11	19.46
Div. Yield(%)	-	-	0.12	0.12	0.12	0.12
FCFF Yield(%)	0.17	0.07	(0.86)	(0.23)	(1.09)	(1.25)
Return Ratios (%)						
ROE	7.27%	15.02%	20.48%	13.47%	14.47%	15.89%
ROCE	13.89%	23.10%	25.04%	18.72%	20.19%	21.81%

Source: Company, Dalal & Broacha Research

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