

**CMP: INR 805**

**Rating: BUY**

**Target Price: INR 1,116**

**Stock Info**

BSE	532966
NSE	TITAGARH
Bloomberg	TWL:IN
Reuters	TITG.NS
Sector	Capital Goods
Face Value (INR)	2
Equity Capital (INR mn)	269
Mkt Cap (INR mn)	1,08,413
52w H/L (INR)	1,897 / 781
Avg Yearly Volume (in 000')	1,871.1

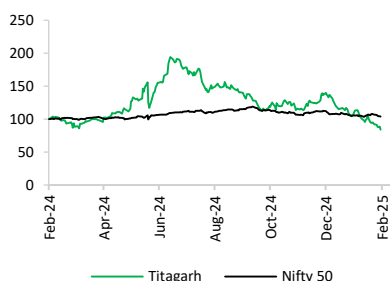
**Shareholding Pattern %**

(As on Dec, 2024)

Promoters	40.46
DII	15.01
FII	13.67
Public & Others	30.87

Stock Performance (%)	3m	6m	12m
TITAGARH	-27.5	-43.1	-16.0
NIFTY	-2.6	-5.0	4.0

**Titagarh vs Nifty**



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**Titagarh Rail Systems** reported numbers, Q3FY25 revenue stood at INR 9,022mn (-5.5% YoY/-14.6% QoQ); below our estimates of INR 9,695mn. Gross Profit stood at INR 2,148mn (+3.5% YoY/-16.8% QoQ), below our estimates of INR 2,385mn. Gross margins improved 207 bps YoY (down by 61 bps QoQ) to 23.8% in Q3FY24. EBITDA stood at INR 1,001mn (-9.6% YoY/-22.7% QoQ); below our estimates of INR 1,280mn. EBITDA margin contracted by 50bps YoY (down by 115 bps QoQ) to 11.1% vs 11.6% in Q3FY24. PAT stood at INR 624mn (-17% YoY/-23.0% QoQ); below our estimates of INR 785mn. PAT margin contracted by 96 bps YoY (down by 75 bps QoQ) to 6.9% vs 7.9% in Q3FY24.

**Key Highlights**

**Strong order book shows potential business visibility:** The order book stood at INR 253.3bn (~6.6 x of FY24 revenue). The standalone order book stood at INR 120bn as of Q3FY25. Freight and passenger rolling share stood at 43:57. JV order book share stood at INR 133.26bn. Vande Bharat with BEL and Wheelsets with Ramkrishna Forgings mix stood at 53:47. The order book consists of 13,689 wagons and 1,589 Metro & Vande Bharat coaches. The order inflow stood at INR 11.06bn in Q3FY25. Around INR 8.5bn from rolling stocks and INR 2.56bn from propulsion systems. The wagon tenders are expected in Q3/Q4FY26E will lead to additional order inflows going forward.

**Slowed down in Wagon execution:** Freight Rail Systems revenue stood at INR 8,528mn (-0.1% YoY/-14.7% QoQ); EBIT Stood at INR 1,018mn (-7.5% YoY/-19.5% QoQ). EBIT margin contracted by 95 bps YoY (down by 70 bps QoQ) to 11.9% vs 12.9% in Q3FY24. Wagons volumes stood at 2,233 wagons and the wagon execution was 744 wagons/month in Q3FY25. Wagon execution was impacted due to the non-availability of wheel sets. Wheelset issues are expected to be resolved by Mar-Apr 2025. The new wheelset plant is under development and 1st deliveries are expected by Apr 2026. The company is targeting 3,000 wagons per quarter going forward.

**Passenger Rail Systems execution is expected to ramp up:** Passenger Rail Systems revenue stood at INR 494mn (-51.1% YoY/-13.2% QoQ); EBIT Stood at INR 47mn (+91.7% YoY/+32.4% QoQ). EBIT margin improved by 703 bps YoY (up by 325 bps QoQ) to 9.4% vs 2.4% in Q3FY24. In Vande Bharat, earlier railways came out with 16 coaches per train, however, it has been changed to 24 coaches per train, which leads to delays in design and execution. The first train was delayed from Jun 2025 to Mar 2026. 2nd train is expected to deliver in 60 days after 1st train delivery. 8 trains are expected in the 1st year and 12 trains delivery is expected in 2nd year. Ahmedabad and Surat Metro's final stage of design is being completed. Ahmedabad first metro train delivery is expected in Q1FY26E. Initially, production is expected 1 train/month and is expected to ramp up to 2 trains/month. Metro cars production is expected to reach 20 cars per month from Q4FY26E onwards. Ahmedabad and Surat metro orders will be key contributors.

**Outlook & Valuation:** Titagarh Rail Systems has a strong order book of INR 253.3bn (~6.6x of FY24 revenue) shows business visibility. The freight wagon's execution is impacted due to the non-availability of wheelsets and is expected to normalize by Apr-25. Current wagon execution is around 750 wagons per month and company is targeting 1,000 wagons per month over the long term. Vande Bharat coaches have been delayed from Jun 2025 to Mar 2026 due to changes of 24 coaches per train (earlier 16 coaches per train). Ahmedabad and Surat metro order execution is expected from Q1FY26E onwards and the company is targeting 20 cars per month from Q4FY26E onwards. The backward integration through traction motors and propulsion systems will add an additional margin of 4-5% in passenger coaches. The industry demand remains strong for freight and passenger coaches and company has the capacity and ability to deliver the orders going forward. We anticipating Q4FY25E is expected to be weaker quarter due to higher base in Q4FY24, execution delays in freight wagons due to the non-availability of wheelsets, and delays in passenger coaches due to Vande Bharat and Metro coaches; however long-term story remains intact. In Base Case, Revenue is expected to grow at a CAGR of 11.2% for FY24-FY27E, and RoE is expected to maintain at 14.4% in FY27E. The stock is trading at 28.5x of its FY26E EPS. In Base Case Scenario, At the CMP of INR 805 per share, We upgraded to a "BUY" (earlier "REDUCE") rating and valued the stock at 30x of its FY27E EPS of INR 37.2 and arrived at a price objective of INR 1,116, an upside of 38.6%.

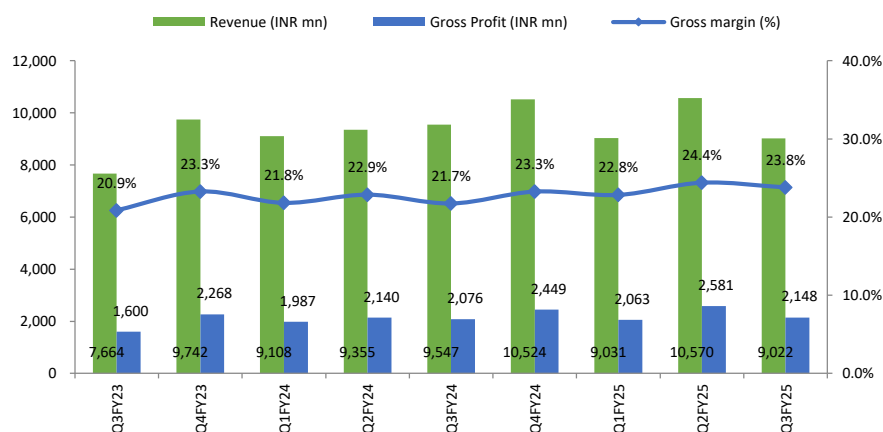
## Q3FY25 Results

## Income statement summary

Particular (INR Mn)	Q3FY24	Q2FY25	Q3FY25	YoY (%)	QoQ (%)
Revenue	9,547	10,570	9,022	-5.5%	-14.6%
Net Raw Materials	7,471	7,989	6,874	-8.0%	-14.0%
Gross Profit	2,076	2,581	2,148	3.5%	-16.8%
Gross Margin (%)	21.7%	24.4%	23.8%	+207 bps	-61 bps
Employee Cost	151	198	218	44.7%	10.2%
Other Expenses	818	1,089	929	13.5%	-14.7%
EBITDA	1,107	1,294	1,001	-9.6%	-22.7%
EBITDA Margin (%)	11.6%	12.2%	11.1%	-50 bps	-115 bps
Depreciation	68	77	64		
Interest expense	182	175	211		
Other income	144.7	107.2	224.8		
Share of profits associate & JV	1	(42)	(66)		
Profit before tax	1,002	1,109	885		
Taxes	251	299	262		
PAT	751	810	624	-17.0%	-23.0%
PAT Margin (%)	7.9%	7.7%	6.9%	-96 bps	-75 bps
Other Comprehensive income	0.2	(7.7)	11.9		
Net profit	751	802	636	-15.4%	-20.8%
Net profit Margin (%)	7.9%	7.6%	7.0%	-83 bps	-54 bps
EPS (INR)	5.6	6.0	4.6		

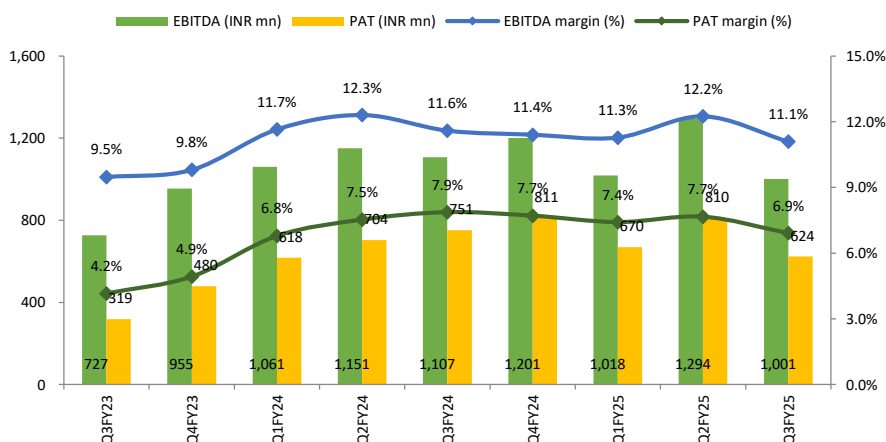
Source: Company Reports, Arianth Capital Research

**Exhibit 1: Gross margins improved 207 bps YoY (down by 61 bps QoQ) to 23.8% in Q3FY25 due to lower RM costs.**



Source: Company Reports, Arianth Capital Research

**Exhibit 2: EBITDA margin contracted by 50 bps YoY (down by 115 bps QoQ) to 11.1% in Q3FY25 due to higher employee costs and other expenses in-terms of sales.**



Source: Company Reports, Arianth Capital Research

**Q3FY25 Concall Highlights****Margins**

- EBITDA margins are expected 13%-15% in the long term, driven by metro ramp-up and increased vertical integration.
- Passenger coaches' margins are 10% and the margins are expected to improve by 4%-5%, once in-house propulsion is fully integrated by FY28E.
- The blended EBITDA margins for freight wagons are 11%-12% and operating leverage could improve margins by 0.5%-1% in the long term.

**Order book**

- The standalone order book stood at INR 120bn as of Q3FY25. Freight and passenger rolling share stood at 43:57.
- JV order book share stood at INR 133.26bn. Vande Bharat with BEL and Wheelsets with Ramkrishna Forgings mix stood at 53:47.

**Volumes**

- Wagon execution was impacted due to the non-availability of wheel sets.
- Wagons volumes stood at 2,233 wagons in Q3FY25. The company is targeting 3,000 wagons per quarter going forward.

**Vande Bharat Trains**

- In Vande Bharat, earlier railways came out with 16 coaches per train, however, it has been changed to 24 coaches per train, which leads to delays in design and execution.
- In Vande Bharat, the first train was delayed from Jun 2025 to Mar 2026. 2<sup>nd</sup> train is expected to deliver in 60 days after 1<sup>st</sup> train delivery. 8 trains are expected in the 1<sup>st</sup> year and 12 trains delivery is expected in 2<sup>nd</sup> year.

**Metro coaches**

- Metro cars production is expected to reach 20 cars per month from Q4FY26E onwards. Ahmedabad and Surat metro orders will be key contributors.
- The plant infrastructures allow up to 36 cars per month capacity. The production will increase to 25 cars per month from FY27E onwards.
- In Bangalore Metro, 1<sup>st</sup> stainless steel coach rolled out in Q3FY25.
- Ahmedabad and Surat Metro's final stage of design is being completed. Ahmedabad first metro train delivery is expected in Q1FY26E. Initially, production is expected 1 train/month and is expected to ramp up to 2 trains/month.
- The upcoming metro tenders from Bangalore, Nagpur, Pune, Patna and Delhi.

**Traction motors**

- Traction motor volumes stood at 100 units in Q3FY25 and targeting 150 units per month from mid of FY26E onwards.

**Q3FY25 Concall Highlights****Freight wagons**

- Private sector wagons demand 10%-15% of the total wagon market. Private wagon orders are fixed price contracts and margins are 2%-3% higher than railway wagons.
- Indian railway wagon tenders are expected in Q3/Q4FY26E.

**Wheelsets**

- Rail Wheel Factory supply disruptions impacted production and railways allowed the use of imported wheelsets to maintain deliveries.
- Wheelset issues are expected to be resolved by Mar-Apr 2025.
- The new wheelset plant is under development and 1<sup>st</sup> deliveries are expected by Apr 2026.

**Signaling & Safety Systems**

- In Signaling & Safety Systems, the company is targeting rail-mounted safety & track maintenance vehicles, Onboard safety systems, and Electronics-oriented signaling systems.
- The company has already partnered with leading players and exploring further JV, consortium bidding, and in-house R&D. Revenue is expected from FY28E onwards.

**Shipbuilding and Maritime Systems**

- In Shipbuilding and Maritime Systems, the company is focused on specialized vessels for the Navy, Coast Guard, and Civilian use. The company is looking for alliance, partnership, and tender participation and revenue is expected from FY28E onwards.

**Other highlights**

- The government goal of 3bn tons of freight movement by 2030 will drive continuous wagon procurement.
- Passenger coaches capex is on track for completion in FY26E.
- The company is exploring an aluminum coach manufacturing line to reduce costs and reduce dependence on imported completely knocked-down kits.

## Scenario Analysis

## Exhibit 3: Scenario Analysis

Bull Case (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Freight Rail Systems	22,509	34,176	39,780	41,340	44,850
Passenger Rail Systems	5,287	4,357	2,850	9,450	16,200
<b>Total Revenue</b>	<b>27,796</b>	<b>38,533</b>	<b>42,630</b>	<b>50,790</b>	<b>61,050</b>

Base Case (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Freight Rail Systems	22,509	34,176	35,690	36,480	38,760
Passenger Rail Systems	5,287	4,357	2,182	8,160	14,280
<b>Total Revenue</b>	<b>27,796</b>	<b>38,533</b>	<b>37,872</b>	<b>44,640</b>	<b>53,040</b>

Bear Case (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Freight Rail Systems	22,509	34,176	31,820	33,670	35,150
Passenger Rail Systems	5,287	4,357	1,600	6,800	12,800
<b>Total Revenue</b>	<b>27,796</b>	<b>38,533</b>	<b>33,420</b>	<b>40,470</b>	<b>47,950</b>

Source: Company, Arianth Capital Research

## Valuation

## Exhibit 4: Bull Case Scenario

Bull Case (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	27,796	38,533	42,630	50,790	61,050
EBITDA	2,635	4,519	4,937	6,069	7,539
EBITDA Margin (%)	9.5%	11.7%	11.6%	11.9%	12.3%
PAT	1,157	2,865	3,224	4,645	5,841
PAT Margin (%)	4.2%	7.4%	7.6%	9.1%	9.6%
EPS (INR)	11.3	21.4	23.9	34.5	43.4

Valuation - P/E (FY27E)	
EPS (INR)	43.4
P/E (x)	30.0
<b>Target Price (INR)</b>	<b>1,301</b>
<b>CMP (INR)</b>	<b>805</b>
<b>Upside/Downside (%)</b>	<b>61.6%</b>

## Exhibit 5: Base Case Scenario

Base Case (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	27,796	38,533	37,872	44,640	53,040
EBITDA	2,635	4,519	4,386	5,334	6,550
EBITDA Margin (%)	9.5%	11.7%	11.6%	11.9%	12.3%
PAT	1,157	2,865	2,765	4,023	5,008
PAT Margin (%)	4.2%	7.4%	7.3%	9.0%	9.4%
EPS (INR)	11.3	21.4	20.5	29.9	37.2

Valuation - P/E (FY27E)	
EPS (INR)	37.2
P/E (x)	30.0
<b>Target Price (INR)</b>	<b>1,116</b>
<b>CMP (INR)</b>	<b>805</b>
<b>Upside/Downside (%)</b>	<b>38.6%</b>

Source: Company, Arianth Capital Research

## Exhibit 6: Bear Case Scenario

Bear Case (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	27,796	38,533	33,420	40,470	47,950
EBITDA	2,635	4,519	3,871	4,836	5,921
EBITDA Margin (%)	9.5%	11.7%	11.6%	11.9%	12.3%
PAT	1,157	2,865	2,336	3,602	4,479
PAT Margin (%)	4.2%	7.4%	7.0%	8.9%	9.3%
EPS (INR)	11.3	21.4	17.3	26.7	33.3

Valuation - P/E (FY27E)	
EPS (INR)	33.3
P/E (x)	30.0
<b>Target Price (INR)</b>	<b>998</b>
<b>CMP (INR)</b>	<b>805</b>
<b>Upside/Downside (%)</b>	<b>23.9%</b>

Source: Company, Arianth Capital Research

## Sensitivity Analysis

## Freight Rail Systems Revenue (INR mn) - FY25E

		Freight Wagon Realization (INR mn/Wagon)										
		3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5
Wagon Volumes	35,690											
	7,800	27,300	28,080	28,860	29,640	30,420	31,200	31,980	32,760	33,540	34,320	35,100
	8,200	28,700	29,520	30,340	31,160	31,980	32,800	33,620	34,440	35,260	36,080	36,900
	8,600	30,100	30,960	31,820	32,680	33,540	34,400	35,260	36,120	36,980	37,840	38,700
	9,000	31,500	32,400	33,300	34,200	35,100	36,000	36,900	37,800	38,700	39,600	40,500
	9,400	32,900	33,840	34,780	35,720	36,660	37,600	38,540	39,480	40,420	41,360	42,300
	9,800	34,300	35,280	36,260	37,240	38,220	39,200	40,180	41,160	42,140	43,120	44,100
	10,200	35,700	36,720	37,740	38,760	39,780	40,800	41,820	42,840	43,860	44,880	45,900
	10,600	37,100	38,160	39,220	40,280	41,340	42,400	43,460	44,520	45,580	46,640	47,700
	11,000	38,500	39,600	40,700	41,800	42,900	44,000	45,100	46,200	47,300	48,400	49,500
	11,400	39,900	41,040	42,180	43,320	44,460	45,600	46,740	47,880	49,020	50,160	51,300
	11,800	41,300	42,480	43,660	44,840	46,020	47,200	48,380	49,560	50,740	51,920	53,100

## Freight Rail Systems Revenue (INR mn) - FY26E

		Freight Wagon Realization (INR Mn/Wagon)										
		3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5
Wagon Volumes	36,480											
	7,600	26,600	27,360	28,120	28,880	29,640	30,400	31,160	31,920	32,680	33,440	34,200
	8,100	28,350	29,160	29,970	30,780	31,590	32,400	33,210	34,020	34,830	35,640	36,450
	8,600	30,100	30,960	31,820	32,680	33,540	34,400	35,260	36,120	36,980	37,840	38,700
	9,100	31,850	32,760	33,670	34,580	35,490	36,400	37,310	38,220	39,130	40,040	40,950
	9,600	33,600	34,560	35,520	36,480	37,440	38,400	39,360	40,320	41,280	42,240	43,200
	10,100	35,350	36,360	37,370	38,380	39,390	40,400	41,410	42,420	43,430	44,440	45,450
	10,600	37,100	38,160	39,220	40,280	41,340	42,400	43,460	44,520	45,580	46,640	47,700
	11,100	38,850	39,960	41,070	42,180	43,290	44,400	45,510	46,620	47,730	48,840	49,950
	11,600	40,600	41,760	42,920	44,080	45,240	46,400	47,560	48,720	49,880	51,040	52,200
	12,100	42,350	43,560	44,770	45,980	47,190	48,400	49,610	50,820	52,030	53,240	54,450
	12,600	44,100	45,360	46,620	47,880	49,140	50,400	51,660	52,920	54,180	55,440	56,700

## Freight Rail Systems Revenue (INR mn) - FY27E

		Freight Wagon Realization (INR Mn/Wagon)										
		3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5
Wagon Volumes	38,760											
	8,000	28,000	28,800	29,600	30,400	31,200	32,000	32,800	33,600	34,400	35,200	36,000
	8,500	29,750	30,600	31,450	32,300	33,150	34,000	34,850	35,700	36,550	37,400	38,250
	9,000	31,500	32,400	33,300	34,200	35,100	36,000	36,900	37,800	38,700	39,600	40,500
	9,500	33,250	34,200	35,150	36,100	37,050	38,000	38,950	39,900	40,850	41,800	42,750
	10,000	35,000	36,000	37,000	38,000	39,000	40,000	41,000	42,000	43,000	44,000	45,000
	10,500	36,750	37,800	38,850	39,900	40,950	42,000	43,050	44,100	45,150	46,200	47,250
	11,000	38,500	39,600	40,700	41,800	42,900	44,000	45,100	46,200	47,300	48,400	49,500
	11,500	40,250	41,400	42,550	43,700	44,850	46,000	47,150	48,300	49,450	50,600	51,750
	12,000	42,000	43,200	44,400	45,600	46,800	48,000	49,200	50,400	51,600	52,800	54,000
	12,500	43,750	45,000	46,250	47,500	48,750	50,000	51,250	52,500	53,750	55,000	56,250
	13,000	45,500	46,800	48,100	49,400	50,700	52,000	53,300	54,600	55,900	57,200	58,500

Source: Company Reports, Arihant Capital Research

- Bull Case

- Base Case

- Bear Case

## Sensitivity Analysis

## Passenger Rail Systems Revenue (INR mn) - FY25E

		Rollingstocks Realization (INR mn/car)										
		70	75	80	85	90	95	100	105	110	115	120
Rollingstocks Volumes	2,182											
	5	350	375	400	425	450	475	500	525	550	575	600
	10	700	750	800	850	900	950	1,000	1,050	1,100	1,150	1,200
	15	1,050	1,125	1,200	1,275	1,350	1,425	1,500	1,575	1,650	1,725	1,800
	20	1,400	1,500	1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400
	25	1,750	1,875	2,000	2,125	2,250	2,375	2,500	2,625	2,750	2,875	3,000
	30	2,100	2,250	2,400	2,550	2,700	2,850	3,000	3,150	3,300	3,450	3,600
	35	2,450	2,625	2,800	2,975	3,150	3,325	3,500	3,675	3,850	4,025	4,200
	40	2,800	3,000	3,200	3,400	3,600	3,800	4,000	4,200	4,400	4,600	4,800
	45	3,150	3,375	3,600	3,825	4,050	4,275	4,500	4,725	4,950	5,175	5,400
	50	3,500	3,750	4,000	4,250	4,500	4,750	5,000	5,250	5,500	5,750	6,000
	55	3,850	4,125	4,400	4,675	4,950	5,225	5,500	5,775	6,050	6,325	6,600

## Passenger Rail Systems Revenue (INR mn) - FY26E

		Rollingstocks Realization (INR Mn/car)										
		60	65	70	75	80	85	90	95	100	105	110
Rollingstocks Volumes	8,160											
	70	4,200	4,550	4,900	5,250	5,600	5,950	6,300	6,650	7,000	7,350	7,700
	75	4,500	4,875	5,250	5,625	6,000	6,375	6,750	7,125	7,500	7,875	8,250
	80	4,800	5,200	5,600	6,000	6,400	6,800	7,200	7,600	8,000	8,400	8,800
	85	5,100	5,525	5,950	6,375	6,800	7,225	7,650	8,075	8,500	8,925	9,350
	90	5,400	5,850	6,300	6,750	7,200	7,650	8,100	8,550	9,000	9,450	9,900
	95	5,700	6,175	6,650	7,125	7,600	8,075	8,550	9,025	9,500	9,975	10,450
	100	6,000	6,500	7,000	7,500	8,000	8,500	9,000	9,500	10,000	10,500	11,000
	105	6,300	6,825	7,350	7,875	8,400	8,925	9,450	9,975	10,500	11,025	11,550
	110	6,600	7,150	7,700	8,250	8,800	9,350	9,900	10,450	11,000	11,550	12,100
	115	6,900	7,475	8,050	8,625	9,200	9,775	10,350	10,925	11,500	12,075	12,650
	120	7,200	7,800	8,400	9,000	9,600	10,200	10,800	11,400	12,000	12,600	13,200

## Passenger Rail Systems Revenue (INR mn) - FY27E

		Rollingstocks Realization (INR Mn/car)										
		60	65	70	75	80	85	90	95	100	105	110
Rollingstocks Volumes	14,280											
	145	8,700	9,425	10,150	10,875	11,600	12,325	13,050	13,775	14,500	15,225	15,950
	150	9,000	9,750	10,500	11,250	12,000	12,750	13,500	14,250	15,000	15,750	16,500
	155	9,300	10,075	10,850	11,625	12,400	13,175	13,950	14,725	15,500	16,275	17,050
	160	9,600	10,400	11,200	12,000	12,800	13,600	14,400	15,200	16,000	16,800	17,600
	165	9,900	10,725	11,550	12,375	13,200	14,025	14,850	15,675	16,500	17,325	18,150
	170	10,200	11,050	11,900	12,750	13,600	14,450	15,300	16,150	17,000	17,850	18,700
	175	10,500	11,375	12,250	13,125	14,000	14,875	15,750	16,625	17,500	18,375	19,250
	180	10,800	11,700	12,600	13,500	14,400	15,300	16,200	17,100	18,000	18,900	19,800
	185	11,100	12,025	12,950	13,875	14,800	15,725	16,650	17,575	18,500	19,425	20,350
	190	11,400	12,350	13,300	14,250	15,200	16,150	17,100	18,050	19,000	19,950	20,900
	195	11,700	12,675	13,650	14,625	15,600	16,575	17,550	18,525	19,500	20,475	21,450

Source: Company Reports, Arianth Capital Research

- Bull Case

- Base Case

- Bear Case



Wagon Volumes (company wise)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Itagarh Rail Systems	810	591	571	1,183	1,522	1,666	1,430	949	1,195	1,377	1,515	2,008	1,889
Jupiter Wagons	388	461	326	512	830	755	557	314	277	816	997	790	1,071
Texmaco	258	66	29	339	913	1,046	998	1,098	1,355	1,665	1,439	2,108	1,573
Modern	264	132	250	408	-	44	27	-	-	-	-	-	-
I.E.I	91	11	203	481	923	735	550	610	566	1,036	758	778	943
esco (WD)	104	-	105	219	290	320	249	208	196	157	96	79	108
esco (FD)	-	-	-	-	85	215	200	225	205	343	310	178	246
Oriental	-	-	-	-	171	232	148	182	264	322	241	373	335
umtek	-	-	-	17	-	-	-	-	-	-	-	-	-
IMMCO	-	-	-	-	-	-	-	-	-	-	-	-	-
EBBCO	-	-	-	-	-	-	-	-	-	-	-	-	-
ndal	-	-	-	-	-	-	-	-	-	-	-	-	-
raithwaite	198	458	358	250	385	458	153	111	82	-	284	477	183
RBWIL	88	161	101	170	206	207	132	-	152	258	263	205	251
<b>Total Industry Wagons</b>	<b>2,201</b>	<b>1,880</b>	<b>1,943</b>	<b>3,579</b>	<b>5,325</b>	<b>5,678</b>	<b>4,444</b>	<b>3,697</b>	<b>4,292</b>	<b>5,974</b>	<b>5,903</b>	<b>6,996</b>	<b>6,599</b>

Source: Ministry of Railways, Arianth Capital Research: Volumes as per RSP (Indian Railway)

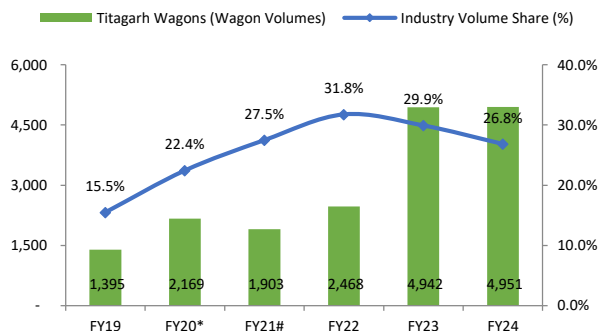
Source: Arianth Capital Research

Source: Arianth Capital Research

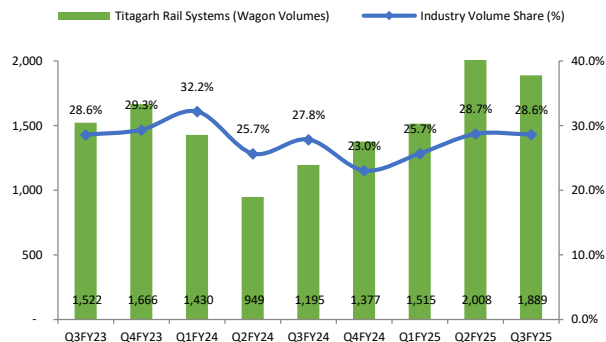
Source: Arianth Capital Research



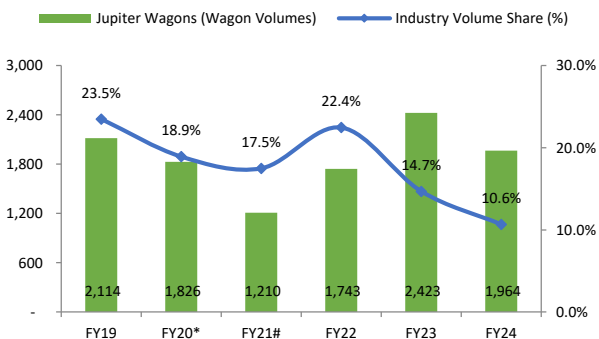
## Industry Wagon Volumes – Indian Railways (RSP)

**Exhibit 7: Titagarh's railways wagons volume share stood at 26.8% in FY24.**

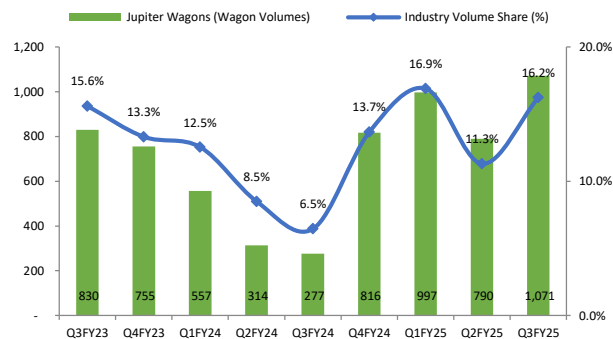
Source: Ministry of Railways, Industry, Arianth Capital Research

**Exhibit 8: Titagarh's railway wagon execution remain on track in Q3FY25.**

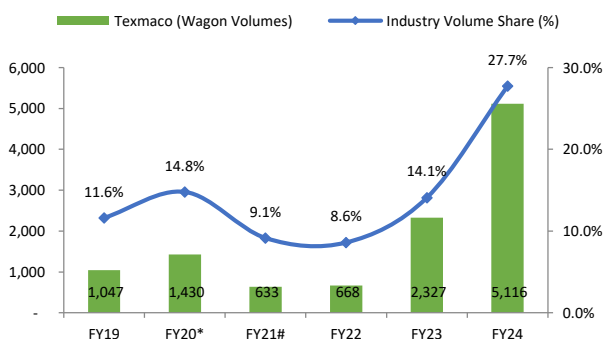
Source: Ministry of Railways, Industry, Arianth Capital Research

**Exhibit 9: JWL has ramped-up Private wagon manufacturing in FY24 and reduced railway volumes. Private wagons are yielding higher realizations compared to Indian railway wagons.**

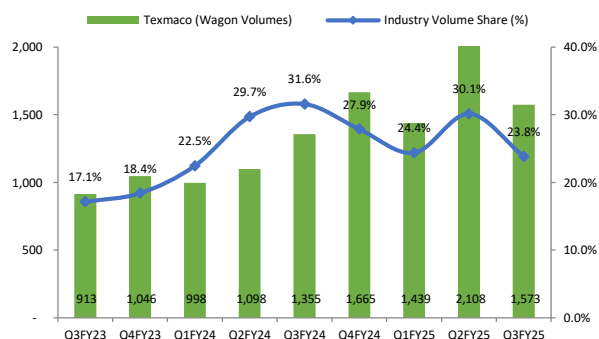
Source: Ministry of Railways, Industry, Arianth Capital Research

**Exhibit 10: JWL railway wagons are moving upward trajectory and private wagon execution remains strong.**

Source: Ministry of Railways, Industry, Arianth Capital Research

**Exhibit 11: Texmaco ramped up production and volume share stood at 27.7% in FY24.**

Source: Ministry of Railways, Industry, Arianth Capital Research

**Exhibit 12: Texmaco's railway wagon volumes share slightly dropped in Q3FY25.**

Source: Ministry of Railways, Industry, Arianth Capital Research

## Financial Statements

## Income statement summary

Y/e 31 Mar (INR Mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	15,206	14,675	27,796	38,533	37,872	44,640	53,040
Net Raw Materials	9,934	10,476	21,499	29,881	28,860	33,926	40,204
Employee Cost	2,106	454	565	663	801	937	1,061
Other Expenses	2,360	2,096	3,096	3,470	3,824	4,442	5,225
<b>EBITDA</b>	<b>806</b>	<b>1,649</b>	<b>2,635</b>	<b>4,519</b>	<b>4,386</b>	<b>5,334</b>	<b>6,550</b>
<b>EBITDA Margin (%)</b>	<b>5.3%</b>	<b>11.2%</b>	<b>9.5%</b>	<b>11.7%</b>	<b>11.6%</b>	<b>11.9%</b>	<b>12.3%</b>
Depreciation	(299)	(184)	(225)	(271)	(282)	(365)	(431)
Interest expense	(812)	(573)	(807)	(735)	(721)	(298)	(259)
Other income	249	177	426	398	635	804	955
Share of profits associate & JV	1	-	(127)	(26)	(213)	-	-
<b>Profit before tax</b>	<b>(55)</b>	<b>1,070</b>	<b>1,901</b>	<b>3,886</b>	<b>3,806</b>	<b>5,474</b>	<b>6,814</b>
Taxes	(132)	(292)	(555)	(1,001)	(1,038)	(1,451)	(1,806)
<b>PAT</b>	<b>(187)</b>	<b>778</b>	<b>1,346</b>	<b>2,884</b>	<b>2,768</b>	<b>4,023</b>	<b>5,008</b>
<b>PAT Margin (%)</b>	<b>-1.2%</b>	<b>5.3%</b>	<b>4.8%</b>	<b>7.5%</b>	<b>7.3%</b>	<b>9.0%</b>	<b>9.4%</b>
<b>Loss from Discontinued operations</b>	<b>-</b>	<b>(780)</b>	<b>(89)</b>	<b>(23)</b>	<b>(3)</b>	<b>-</b>	<b>-</b>
<b>Net PAT</b>	<b>(187)</b>	<b>(2)</b>	<b>1,257</b>	<b>2,861</b>	<b>2,765</b>	<b>4,023</b>	<b>5,008</b>
Other Comprehensive income	81	57	(100)	3	-	-	-
<b>Net profit</b>	<b>(106)</b>	<b>55</b>	<b>1,157</b>	<b>2,865</b>	<b>2,765</b>	<b>4,023</b>	<b>5,008</b>
EPS (INR)	(1.6)	6.5	11.3	21.4	20.5	29.9	37.2

Source: Company Reports, Arianth Capital Research

## Balance sheet summary

Y/e 31 Mar (INR Mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	239	239	239	269	269	269	269
Reserves	8,167	8,182	9,396	22,041	24,809	28,832	33,840
<b>Net worth</b>	<b>8,406</b>	<b>8,421</b>	<b>9,636</b>	<b>22,311</b>	<b>25,079</b>	<b>29,102</b>	<b>34,110</b>
Minority Interest	-	1	-	-	-	-	-
Provisions	814	912	112	203	52	61	73
Debt	8,584	9,316	3,608	1,919	1,999	1,979	1,479
Other non-current liabilities	1,868	145	417	1,334	568	670	530
<b>Total Liabilities</b>	<b>19,672</b>	<b>18,796</b>	<b>13,772</b>	<b>25,767</b>	<b>27,698</b>	<b>31,812</b>	<b>36,192</b>
Fixed assets	8,330	8,790	6,200	6,476	9,673	11,829	14,043
Capital Work In Progress	162	152	123	1,078	121	146	52
Other Intangible assets	536	646	16	674	674	674	674
Investments	923	765	1,006	3,621	3,408	4,018	4,774
Other non current assets	739	1,419	1,714	574	1,894	2,232	2,652
<b>Net working capital</b>	<b>7,034</b>	<b>5,729</b>	<b>3,650</b>	<b>7,076</b>	<b>6,553</b>	<b>7,005</b>	<b>8,216</b>
Inventories	3,852	5,039	4,614	5,237	6,167	7,064	8,261
Sundry debtors	5,672	6,591	2,791	5,325	5,188	5,870	6,975
Loans & Advances	-	-	-	-	-	-	-
Other current assets	2,576	2,093	4,953	3,038	3,113	3,058	3,633
Sundry creditors	(3,980)	(4,387)	(3,231)	(3,194)	(4,128)	(4,523)	(5,350)
Other current liabilities & Prov	(1,085)	(3,606)	(5,478)	(3,330)	(3,787)	(4,464)	(5,304)
Cash	1,240	421	1,000	6,091	4,996	5,015	4,456
Other Financial Assets	706	874	63	177	379	893	1,326
<b>Total Assets</b>	<b>19,672</b>	<b>18,796</b>	<b>13,772</b>	<b>25,767</b>	<b>27,698</b>	<b>31,812</b>	<b>36,192</b>

Source: Company Reports, Arianth Capital Research

## Du-Pont Analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Tax burden (x)	3.4	0.7	0.7	0.7	0.7	0.7	0.7
Interest burden (x)	(0.1)	0.7	0.8	0.9	0.9	1.1	1.1
EBIT margin (x)	0.0	0.10	0.09	0.11	0.11	0.11	0.12
Asset turnover (x)	0.8	0.6	1.2	1.6	1.3	1.3	1.4
Financial leverage (x)	2.5	2.8	2.5	1.5	1.2	1.2	1.2
<b>RoE (%)</b>	<b>-2.3%</b>	<b>9.2%</b>	<b>14.9%</b>	<b>18.1%</b>	<b>11.7%</b>	<b>14.9%</b>	<b>15.8%</b>

Source: Company Reports, Arianth Capital Research

## Financial Statements

## Cashflow summary

Y/e 31 Mar (INR Mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Profit before tax	(55)	1,070	1,901	3,886	3,806	5,474	6,814
Depreciation	299	184	225	271	282	365	431
Tax paid	(132)	(292)	(555)	(1,001)	(1,038)	(1,451)	(1,806)
Working capital Δ	(2,419)	1,305	2,079	(3,426)	523	(453)	(1,210)
<b>Operating cashflow</b>	<b>(2,307)</b>	<b>2,267</b>	<b>3,651</b>	<b>(271)</b>	<b>3,573</b>	<b>3,936</b>	<b>4,229</b>
Capital expenditure	(538)	(633)	2,394	(1,503)	(2,521)	(2,546)	(2,552)
<b>Free cash flow</b>	<b>(2,845)</b>	<b>1,634</b>	<b>6,045</b>	<b>(1,774)</b>	<b>1,052</b>	<b>1,390</b>	<b>1,677</b>
Equity raised	138	(761)	(134)	9,855	-	-	-
Investments	(124)	158	(241)	(2,615)	212	(609)	(756)
Others	2,347	(957)	1,145	369	(1,522)	(852)	(853)
Debt financing/disposal	941	732	(5,708)	(1,688)	80	(20)	(500)
Other items	224	(1,625)	(528)	1,008	(917)	111	(128)
<b>Net Δ in cash</b>	<b>680</b>	<b>(820)</b>	<b>579</b>	<b>5,091</b>	<b>(1,094)</b>	<b>19</b>	<b>(560)</b>
<b>Opening Cash Flow</b>	<b>561</b>	<b>1,240</b>	<b>421</b>	<b>1,000</b>	<b>6,091</b>	<b>4,996</b>	<b>5,015</b>
<b>Closing Cash Flow</b>	<b>1,240</b>	<b>421</b>	<b>1,000</b>	<b>6,091</b>	<b>4,996</b>	<b>5,015</b>	<b>4,456</b>

Source: Company Reports, Arianth Capital Research

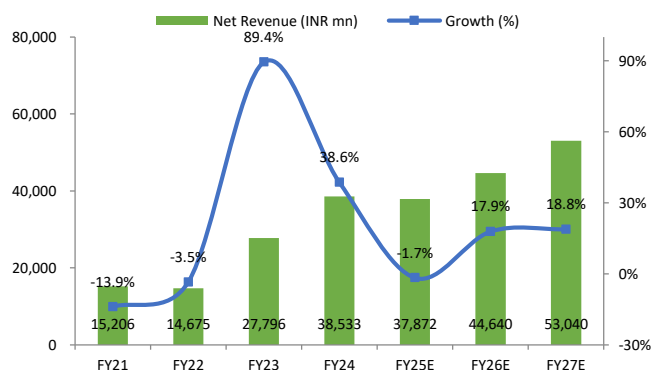
## Ratio analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Growth matrix (%)</b>							
Revenue growth	-13.9%	-3.5%	89.4%	38.6%	-1.7%	17.9%	18.8%
Op profit growth	-33.3%	104.5%	59.8%	71.5%	-2.9%	21.6%	22.8%
<b>Profitability ratios (%)</b>							
OPM	5.3%	11.2%	9.5%	11.7%	11.6%	11.9%	12.3%
Net profit margin	-1.2%	5.3%	4.8%	7.5%	7.3%	9.0%	9.4%
RoCE	15.1%	6.6%	12.6%	13.4%	14.6%	15.6%	14.3%
RoNW	-2.3%	9.2%	14.9%	11.7%	14.9%	15.8%	14.4%
RoA	-1.0%	4.1%	9.8%	10.0%	12.6%	13.8%	12.9%
<b>Per share ratios (INR)</b>							
EPS	(0.9)	0.5	9.7	21.3	20.5	29.9	37.2
Dividend per share	-	-	-	0.5	-	-	-
Cash EPS	0.9	8.0	13.1	23.4	22.6	32.6	40.4
Book value per share	70.4	70.4	80.6	165.7	186.2	216.1	253.3
<b>Valuation ratios (x)</b>							
P/E	-	-	83.2	37.8	39.2	26.9	21.6
P/CEPS	861.7	100.1	61.3	34.4	35.6	24.7	19.9
P/B	11.4	11.4	10.0	4.9	4.3	3.7	3.2
EV/EBITDA	-	-	37.1	22.3	23.3	19.0	15.4
<b>Payout (%)</b>							
Dividend payout	0.0%	0.0%	0.0%	2.2%	0.0%	0.0%	0.0%
Tax payout	-239.9%	27.3%	29.2%	25.8%	27.3%	26.5%	26.5%
<b>Liquidity ratios</b>							
Debtor days	99	153	62	38	51	45	44
Inventory days	140	155	82	60	72	71	70
Creditor days	95	117	55	34	40	40	39
WC Days	143	190	88	64	83	76	75
<b>Leverage ratios (x)</b>							
Interest coverage	0.6	2.6	3.0	5.8	5.7	16.6	23.6
Net debt / equity	0.9	1.1	0.3	-0.2	-0.1	-0.1	-0.1
Net debt / op. profit	9.1	5.4	1.0	-0.9	-0.7	-0.6	-0.5

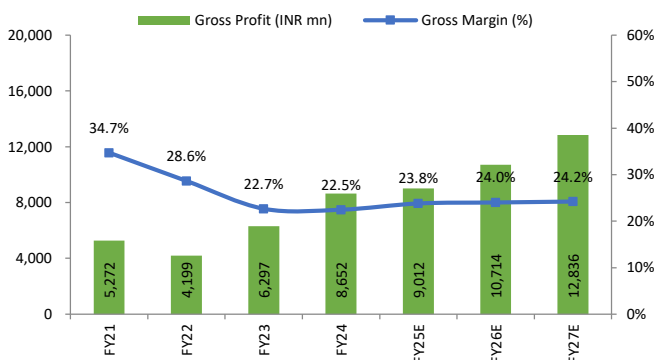
Source: Company Reports, Arianth Capital Research

## Story in Charts

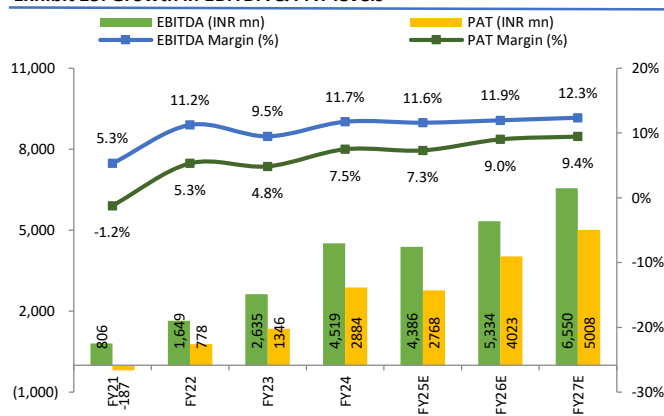
**Exhibit 13: Freight Wagons, Metro and Vande Bharat trains are expected to drive revenue growth over the period of FY25E-FY27E.**



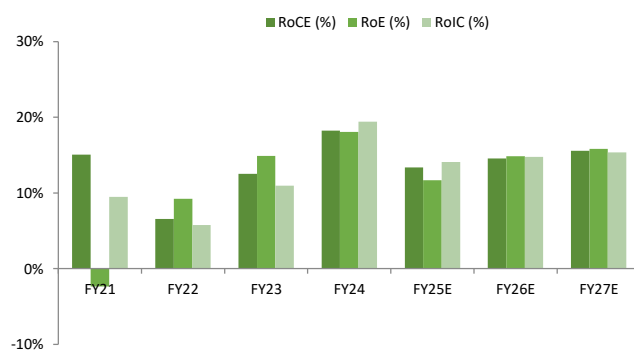
**Exhibit 14: Gross margins are expected to improve going forward.**



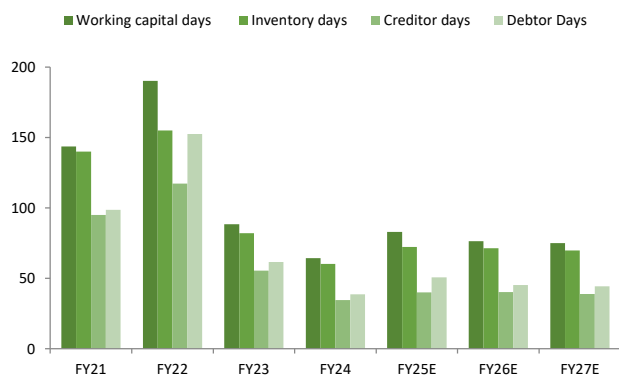
**Exhibit 15: Growth in EBITDA & PAT levels**



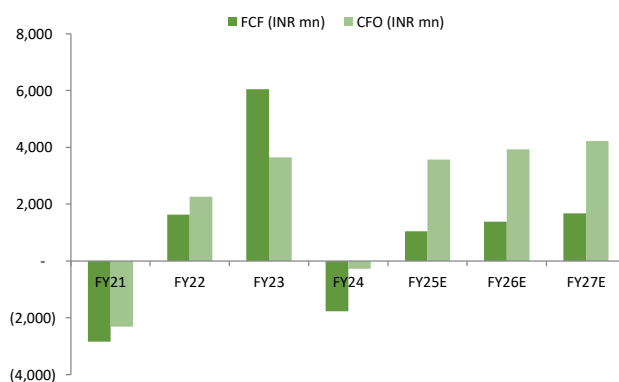
**Exhibit 16: Return ratios to be improve**



**Exhibit 17: Working capital days to be improve.**



**Exhibit 18: Cash flows to be improve.**



Source: Company Reports, Arianth Capital Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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