

CMP: INR 899

Rating: HOLD

Target Price: INR 965

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)	1,21,050
52w H/L (INR)	1,897 / 655
Avg Yearly Volume (in 000')	2,191

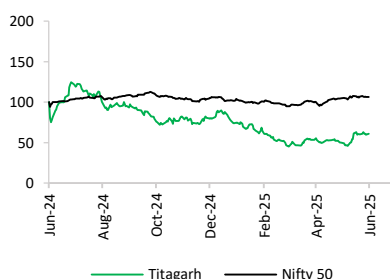
Shareholding Pattern %

(As on Mar, 2025)

Promoters	40.46
DII	13.40
FII	11.63
Public & Others	34.49

Stock Performance (%)	3m	6m	12m
TITAGARH	30.3	-23.9	-39.2
NIFTY	9.6	1.8	6.2

Titagarh vs Nifty



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Titagarh Rail Systems reported numbers, Q4FY25 revenue stood at INR 10,056mn (-4.5% YoY/+11.5% QoQ); above our estimates of INR 9,250mn. Gross Profit stood at INR 2,597mn (+6% YoY/-20.9% QoQ), above our estimates of INR 2,220mn. Gross margins improved 256 bps YoY (up by 202 bps QoQ) to 25.8% vs 23.3% in Q4FY24. EBITDA stood at INR 1,017mn (-15.3% YoY/+1.6% QoQ); slightly below our estimates of INR 1,073mn. EBITDA margin contracted by 129bps YoY (down by 98 bps QoQ) to 10.1% vs 11.4% in Q4FY24. PAT stood at INR 648mn (-20.2% YoY/+3.9% QoQ); slightly below our estimates of INR 665mn. PAT margin contracted by 127 bps YoY (down by 47 bps QoQ) to 6.4% vs 7.7% in Q4FY24.

Key Highlights

Order book remains strong and execution will pick up gradually: The order book stood at INR 245.3bn (~6.3 x of FY25 revenue). The standalone order book stood at INR 112bn as of Q4FY25. Freight and passenger rolling share stood at 38:62. 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 11,500 wagons and 1,583 Metro & Vande Bharat coaches. The order inflow stood at INR 12bn in FY25, across business segments. Around INR 9bn from rolling stocks and INR 3.03bn from propulsion systems. The order book and upcoming tenders would provide business visibility over the long term, however, execution challenges remain there due to a shortage of wheelsets in the short term.

Slowed down in Wagon execution: Freight Rail Systems revenue stood at INR 9,153mn (-10% YoY/+7.3% QoQ); EBIT Stood at INR 1,076mn (-15.9% YoY/+5.7% QoQ). EBIT margin contracted by 82 bps YoY (down by 19 bps QoQ) to 11.8% vs 12.6% in Q4FY24. Wagon volumes stood at 2,455 wagons, and the wagon execution was 818 wagons/month in Q4FY25. Wagon execution was impacted due to the unavailability of wheelsets. Wheelset issues are expected to be resolved by June 2025. The company is targeting 12,000 wagons per annum going forward.

Passenger Rail Systems execution is expected to ramp up: Passenger Rail Systems revenue stood at INR 903mn (+154.1% YoY/+82.9% QoQ); EBIT Stood at INR 33mn (+347.2% YoY/-28.3% QoQ). EBIT margin improved by 160 bps YoY (down by 574 bps QoQ) to 3.7% vs 2.1% in Q4FY24. The passenger segment is expected to achieve a run rate of 20-25 cars per month by the end of FY26E, scaling to 40-50 cars per month by FY27E. The Bangalore Metro project faced delays due to supply chain issues but is now on track, with production expected to stabilize in Q2FY26E. The Ahmedabad and Surat Metro projects will see peak production in FY26E, while Vande Bharat train production will begin in Q4FY26E/Q1FY27E.

Outlook & Valuation: Titagarh Rail Systems has a strong order book of INR 245.3bn (~6.3x of FY25 revenue) shows business visibility. The freight wagon's execution is impacted due to the non-availability of wheelsets and is expected to normalize by Jun-25. Current wagon execution is around 800-820 wagons per month, and the company is targeting 1,000 wagons per month over the long term. Vande Bharat train execution is expected to start from Q4FY26E onwards. Bangalore metro production is expected to stabilize from Q2FY26E and Ahmedabad and Surat metro projects will see peak production from FY26E onwards, and the company is targeting 20 cars per month from Q4FY26E onwards. The propulsion business is expected to reach INR 3-4bn from traction motors and INR 5-10bn from EMU/MEMU propulsion systems in the next 2-3 years. 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 the company has the capacity and ability to deliver the orders going forward. We anticipate execution delays in freight wagons due to the unavailability of wheelsets, and Metro and Vande Bharat execution will ramp up gradually. In the Base Case, Revenue is expected to grow at a CAGR of 17.1% for FY25-FY27E, and RoE is expected to be at 14.3% in FY27E. The stock is trading at 35.7x of its FY26E EPS. In the Base Case Scenario, At the CMP of INR 899 per share, we downgraded to a "HOLD" (earlier "BUY") rating and valued the stock at 30x of its FY27E EPS of INR 32.2 and arrived at a price objective of INR 965, an upside of 7.4%.

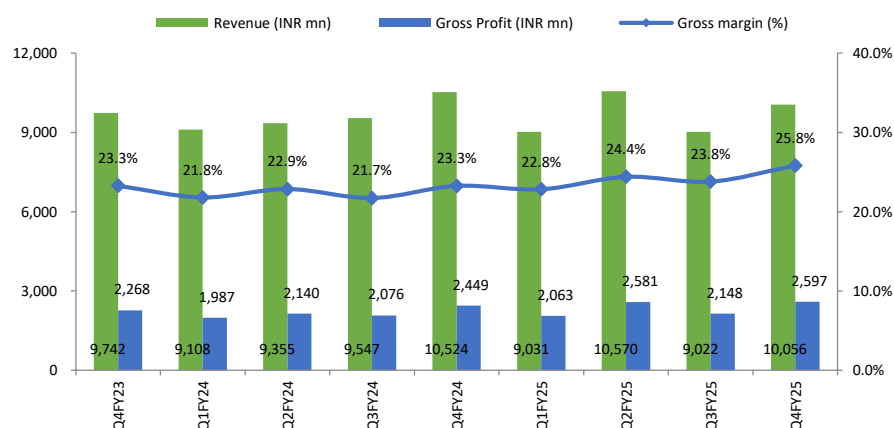
Q4FY25 Results

Income statement summary

Particular (INR Mn)	Q4FY24	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
Revenue	10,524	9,022	10,056	-4.5%	11.5%
Net Raw Materials	8,075	6,874	7,458	-7.6%	8.5%
Gross Profit	2,449	2,148	2,597	6.0%	20.9%
Gross Margin (%)	23.3%	23.8%	25.8%	+256 bps	+202 bps
Employee Cost	181	218	280	54.4%	28.5%
Other Expenses	1,067	929	1,300	21.8%	39.9%
EBITDA	1,201	1,001	1,017	-15.3%	1.6%
EBITDA Margin (%)	11.4%	11.1%	10.1%	-129 bps	-98 bps
Depreciation	70	64	84		
Interest expense	158	211	221		
Other income	146.7	224.8	298.6		
Share of profits associate & JV	(22)	(66)	(88)		
Profit before tax	1,097	885	923		
Taxes	286	262	275		
PAT	811	624	648	-20.2%	3.9%
PAT Margin (%)	7.7%	6.9%	6.4%	-127 bps	-47 bps
Other Comprehensive income	(2.6)	11.9	(16.4)		
Net profit	809	636	631	-21.9%	-0.7%
Net profit Margin (%)	7.7%	7.0%	6.3%	-141 bps	-77 bps
EPS (INR)	6.0	4.6	4.8		

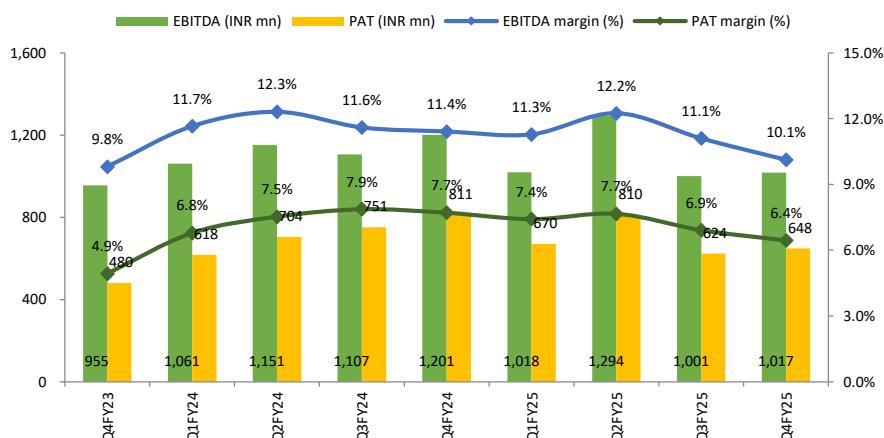
Source: Company Reports, Arianth Capital Research

Exhibit 1: Gross margins improved 256 bps YoY (up by 202 bps QoQ) to 25.8% in Q4FY25 due to lower RM costs.



Source: Company Reports, Arianth Capital Research

Exhibit 2: EBITDA margin contracted by 129 bps YoY (down by 98 bps QoQ) to 10.1% in Q4FY25 due to higher employee costs and other expenses in-terms of sales.



Source: Company Reports, Arianth Capital Research

Q4FY25 Concall Highlights**Freight Rail Systems**

- The company has produced 9,431 wagons in FY25 and is targeting 12,000 wagons per annum from FY26E onwards.

Passenger Rail Systems

- Passenger Rail Systems' margins are lower due to setup challenges, and normalization is expected once production ramp-up.
- The passenger segment is expected to achieve a run rate of 20-25 cars per month by the end of FY26E, scaling to 40-50 cars per month by FY27E.

Metros and Vande Bharat Trains

- The Bangalore Metro project faced delays due to supply chain issues but is now on track, with production expected to stabilize in Q2FY26E.
- The Ahmedabad and Surat Metro projects will see peak production in FY26E, while Vande Bharat train production will begin in Q4FY26E/Q1FY27E.

Traction motors and Propulsion systems

- The propulsion business is expected to reach INR 3-4bn from traction motors and INR 5-10bn from EMU/MEMU propulsion systems in the next 2-3 years.
- The propulsion division has an order book of INR 4bn for EMU/MEMU systems, with more tenders in the pipeline.
- The company has supplied 636 traction motors in FY25 and is targeting 1,500-1,800 motors in FY26E.

Foundry

- The foundry volumes stood at 27,240 MT in FY25. The company is investing in modernizing its foundries, targeting a production capacity of 40,000 MT of castings in FY27E.
- The foundry division's backward integration efforts have helped control costs, contributing to margin stability.

Order book

- The order book stood at INR 112bn, and the JV order book stood at INR 133.3bn.

Wheelsets

- Wagon production faced challenges due to wheelset shortages from the Rail Wheel Factory in Bangalore, but normalization is expected to begin from Jun-25.
- The wheelset JV with Ramakrishna Forgings is on track, with production expected to commence by Jun-26.
- The wheelset JV capex is around INR 20bn. The wheelset JV will produce 220,000 wheels annually, with 80,000 wheels towards Indian Railways.

Q4FY25 Concall Highlights**Shipbuilding and Maritime Systems**

- The shipbuilding and maritime systems division is being revived, with land acquired in Palta for facility expansion.
- In maritime, the company focused on naval and commercial vessels, aligning with the government's Atmanirbhar Bharat initiative.

Safety and Signaling Systems

- This Safety and Signaling Systems unit is in the early stages, with participation in tenders underway.
- The company is collaborating with Mermec (Italy) and other global partners for safety and signaling systems. The company is exploring technology tie-ups to enhance its capabilities in this high-potential segment.

Other highlights

- The key growth drivers are government infrastructure spending, metro expansions, Vande Bharat train production, and the revival of the shipbuilding division.

Scenario Analysis

Exhibit 3: Scenario Analysis

Bull Case (INR mn)	FY23	FY24	FY25	FY26E	FY27E
Freight Rail Systems	22,509	34,176	36,103	41,340	44,850
Passenger Rail Systems	5,287	4,357	2,575	9,450	16,200
Total Revenue	27,796	38,533	38,678	50,790	61,050

Base Case (INR mn)	FY23	FY24	FY25	FY26E	FY27E
Freight Rail Systems	22,509	34,176	36,103	36,480	38,760
Passenger Rail Systems	5,287	4,357	2,575	8,160	14,280
Total Revenue	27,796	38,533	38,678	44,640	53,040

Bear Case (INR mn)	FY23	FY24	FY25	FY26E	FY27E
Freight Rail Systems	22,509	34,176	36,103	33,670	35,150
Passenger Rail Systems	5,287	4,357	2,575	6,800	12,800
Total Revenue	27,796	38,533	38,678	40,470	47,950

Source: Company, Arianth Capital Research

Valuation

Exhibit 4: Bull Case Scenario

Bull Case (INR mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	27,796	38,533	38,678	50,790	61,050
EBITDA	2,635	4,519	4,330	5,864	7,263
EBITDA Margin (%)	9.5%	11.7%	11.2%	11.5%	11.9%
PAT	1,157	2,865	2,736	3,997	5,140
PAT Margin (%)	4.2%	7.4%	7.1%	7.9%	8.4%
EPS (INR)	11.3	21.4	20.4	29.7	38.2

Valuation - P/E (FY27E)

EPS (INR) 38.2

P/E (x) 30.0

Target Price (INR) 1,145

CMP (INR) 899

Upside/Downside (%) 27.4%

Exhibit 5: Base Case Scenario

Base Case (INR mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	27,796	38,533	38,678	44,640	53,040
EBITDA	2,635	4,519	4,330	5,154	6,310
EBITDA Margin (%)	9.5%	11.7%	11.2%	11.5%	11.9%
PAT	1,157	2,865	2,736	3,394	4,333
PAT Margin (%)	4.2%	7.4%	7.1%	7.6%	8.2%
EPS (INR)	11.3	21.4	20.4	25.2	32.2

Valuation - P/E (FY27E)

EPS (INR) 32.2

P/E (x) 30.0

Target Price (INR) 965

CMP (INR) 899

Upside/Downside (%) 7.4%

Source: Company, Arianth Capital Research

Exhibit 6: Bear Case Scenario

Bear Case (INR mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	27,796	38,533	38,678	40,470	47,950
EBITDA	2,635	4,519	4,330	4,673	5,704
EBITDA Margin (%)	9.5%	11.7%	11.2%	11.5%	11.9%
PAT	1,157	2,865	2,736	2,985	3,821
PAT Margin (%)	4.2%	7.4%	7.1%	7.4%	8.0%
EPS (INR)	11.3	21.4	20.4	22.2	28.4

Valuation - P/E (FY27E)

EPS (INR) 28.4

P/E (x) 30.0

Target Price (INR) 851

CMP (INR) 899

Upside/Downside (%) -5.3%

Source: Company, Arianth Capital Research

Sensitivity Analysis

Freight Rail Systems Revenue (INR mn) - FY26E

		Freight Wagon Realization (INR Mn/Wagon)										
	36,480	3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5
Wagon Volumes	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)										
	38,760	3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5
Wagon Volumes	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, Arianth Capital Research

- Bull Case

- Base Case

- Bear Case

Sensitivity Analysis

Passenger Rail Systems Revenue (INR mn) - FY26E

		Rollingstocks Realization (INR Mn/car)										
	8,160	60	65	70	75	80	85	90	95	100	105	110
Rollingstocks Volumes	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)										
	14,280	60	65	70	75	80	85	90	95	100	105	110
Rollingstocks Volumes	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)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Titagarh Rail Systems	591	571	1,183	1,522	1,666	1,430	949	1,195	1,377	1,515	2,008	1,889	1,910
Jupiter Wagons	461	326	512	830	755	557	314	277	816	997	790	1,071	1,490
Texmaco	66	29	339	913	1,046	998	1,098	1,355	1,665	1,439	2,108	1,573	1,520
Modern	132	250	408	-	44	27	-	-	-	-	-	-	-
I.E.I	11	203	481	923	735	550	610	566	1,036	758	778	943	1,483
Wesco (WD)	-	105	219	290	320	249	208	196	157	96	79	108	165
Wesco (FD)	-	-	-	85	215	200	225	205	343	310	178	246	215
Oriental	-	-	-	171	232	148	182	264	322	241	373	335	256
Amtek	-	-	17	-	-	-	-	-	-	-	-	-	-
MMCO	-	-	-	-	-	-	-	-	-	-	-	-	-
EBBCO	-	-	-	-	-	-	-	-	-	-	-	-	-
Indal	-	-	-	-	-	-	-	-	-	-	-	-	-
Grainthwaite	458	358	250	385	458	153	111	82	-	284	477	183	532
RBWIL	161	101	170	206	207	132	-	152	258	263	205	251	187
Total Industry Wagons	1,880	1,943	3,579	5,325	5,678	4,444	3,697	4,292	5,974	5,903	6,996	6,599	7,758

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

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Source: Arianth Capital Research

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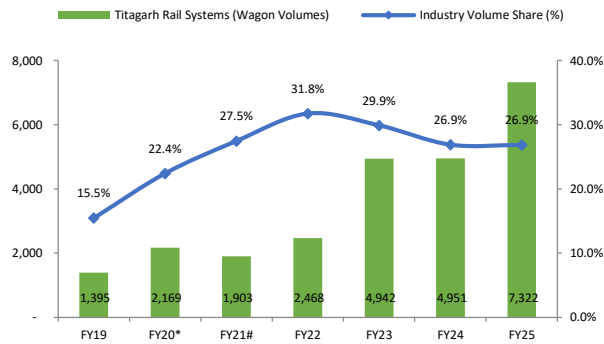
Source: Arianth Capital Research

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Source: Arianth Capital Research

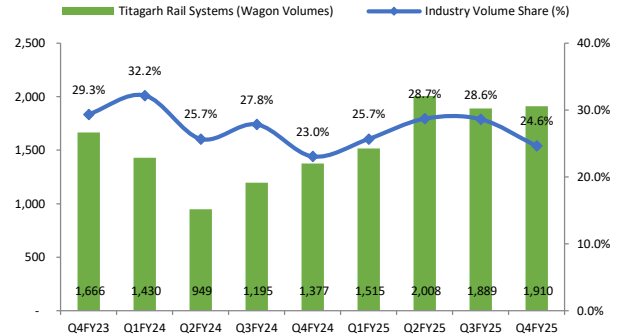
Industry Wagon Volumes – Indian Railways (RSP)

Exhibit 7: Titagarh's railway wagon volume share maintained to 26.9% in FY25.



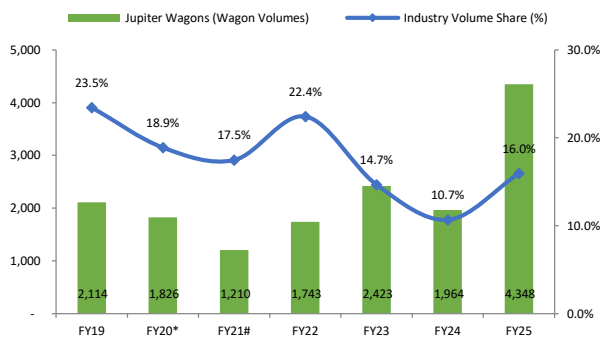
Source: Ministry of Railways, Industry, Arianth Capital Research

Exhibit 8: Titagarh's railway wagon volume share reduced to 24.6% in Q4FY25.



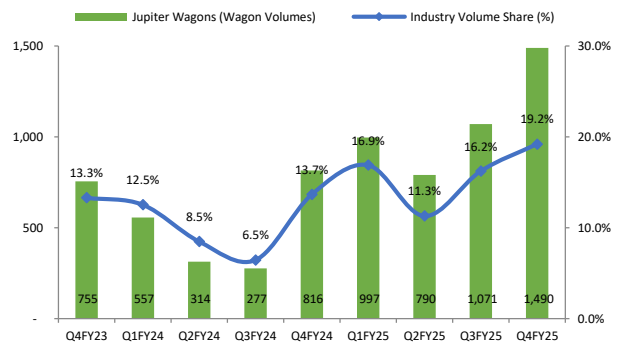
Source: Ministry of Railways, Industry, Arianth Capital Research

Exhibit 9: Jupiter's railway wagon volume share increased to 16% in FY25.



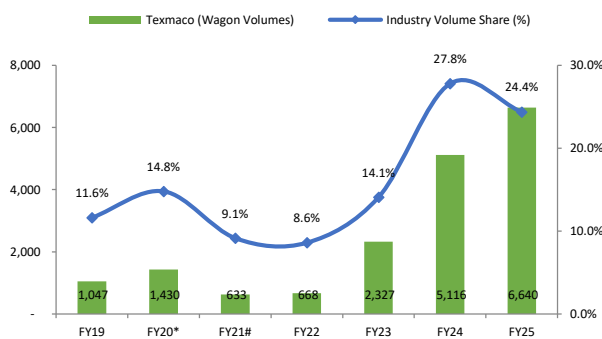
Source: Ministry of Railways, Industry, Arianth Capital Research

Exhibit 10: Jupiter's railway wagons execution remain strong and volume share increased to 19.2% in Q4FY25.



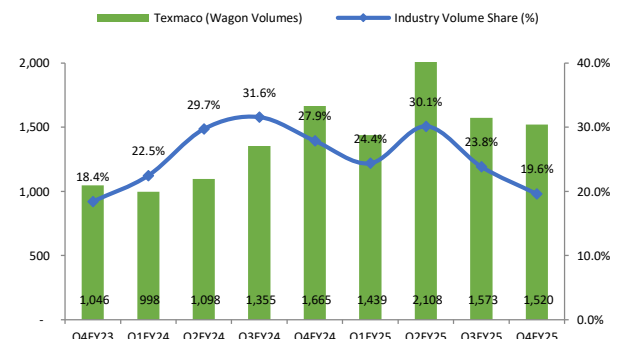
Source: Ministry of Railways, Industry, Arianth Capital Research

Exhibit 11: Texmaco's railway wagon volumes reduced to 24.4% in FY25.



Source: Ministry of Railways, Industry, Arianth Capital Research

Exhibit 12: Texmaco's railway wagon volumes share dropped to 19.6% in Q4FY25.



Source: Ministry of Railways, Industry, Arianth Capital Research

Financial Statements

Income statement summary

Y/e 31 Mar (INR Mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	15,206	14,675	27,796	38,533	38,678	44,640	53,040
Net Raw Materials	9,934	10,476	21,499	29,881	29,289	33,714	39,952
Employee Cost	2,106	454	565	663	869	981	1,139
Other Expenses	2,360	2,096	3,096	3,470	4,190	4,791	5,639
EBITDA	806	1,649	2,635	4,519	4,330	5,154	6,310
EBITDA Margin (%)	5.3%	11.2%	9.5%	11.7%	11.2%	11.5%	11.9%
Depreciation	(299)	(184)	(225)	(271)	(296)	(341)	(409)
Interest expense	(812)	(573)	(807)	(735)	(732)	(999)	(960)
Other income	249	177	426	398	754	804	955
Share of profits associate & JV	1	-	(127)	(26)	(239)	-	-
Profit before tax	(55)	1,070	1,901	3,886	3,817	4,617	5,896
Taxes	(132)	(292)	(555)	(1,001)	(1,067)	(1,224)	(1,562)
PAT	(187)	778	1,346	2,884	2,751	3,394	4,333
PAT Margin (%)	-1.2%	5.3%	4.8%	7.5%	7.1%	7.6%	8.2%
Loss from Discontinued operations	-	(780)	(89)	(23)	(1)	-	-
Net PAT	(187)	(2)	1,257	2,861	2,749	3,394	4,333
Other Comprehensive income	81	57	(100)	3	(13)	-	-
Net profit	(106)	55	1,157	2,865	2,736	3,394	4,333
EPS (INR)	(1.6)	6.5	11.3	21.4	20.4	25.2	32.2

Source: Company Reports, Arianth Capital Research

Balance sheet summary

Y/e 31 Mar (INR Mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity capital	239	239	239	269	269	269	269
Reserves	8,167	8,182	9,396	22,041	24,561	27,954	32,288
Net worth	8,406	8,421	9,636	22,311	24,830	28,224	32,557
Minority Interest	-	1	-	-	12	12	12
Provisions	814	912	112	203	313	98	116
Debt	8,584	9,316	3,608	1,919	6,672	6,652	6,152
Other non-current liabilities	1,868	145	417	1,334	562	670	530
Total Liabilities	19,672	18,796	13,772	25,767	32,389	35,655	39,368
Fixed assets	8,330	8,790	6,200	6,476	8,308	10,863	13,159
Capital Work In Progress	162	152	123	1,078	396	205	245
Other Intangible assets	536	646	16	674	1,518	1,518	1,518
Investments	923	765	1,006	3,621	3,876	4,018	4,774
Other non current assets	739	1,419	1,714	574	1,733	2,232	2,652
Net working capital	7,034	5,729	3,650	7,076	10,459	8,229	9,376
Inventories	3,852	5,039	4,614	5,237	5,233	6,004	7,005
Sundry debtors	5,672	6,591	2,791	5,325	6,709	6,604	7,556
Loans & Advances	-	-	-	-	-	-	-
Other current assets	2,576	2,093	4,953	3,038	3,751	3,424	4,069
Sundry creditors	(3,980)	(4,387)	(3,231)	(3,194)	(2,350)	(3,786)	(4,481)
Other current liabilities & Prov	(1,085)	(3,606)	(5,478)	(3,330)	(2,884)	(4,018)	(4,774)
Cash	1,240	421	1,000	6,091	4,674	7,698	6,318
Other Financial Assets	706	874	63	177	1,425	893	1,326
Total Assets	19,672	18,796	13,772	25,767	32,389	35,655	39,368

Source: Company Reports, Arianth Capital Research

Du-Pont Analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25	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	1.0	1.0
EBIT margin (x)	0.0	0.10	0.09	0.11	0.10	0.11	0.11
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	1.3	1.3
RoE (%)	-2.3%	9.2%	14.9%	18.1%	11.7%	12.8%	14.3%

Source: Company Reports, Arianth Capital Research

Financial Statements

Cashflow summary

Y/e 31 Mar (INR Mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Profit before tax	(55)	1,070	1,901	3,886	3,817	4,617	5,896
Depreciation	299	184	225	271	296	341	409
Tax paid	(132)	(292)	(555)	(1,001)	(1,067)	(1,224)	(1,562)
Working capital Δ	(2,419)	1,305	2,079	(3,426)	(3,383)	2,230	(1,147)
Operating cashflow	(2,307)	2,267	3,651	(271)	(337)	5,965	3,595
Capital expenditure	(538)	(633)	2,394	(1,503)	(1,446)	(2,705)	(2,745)
Free cash flow	(2,845)	1,634	6,045	(1,774)	(1,782)	3,261	849
Equity raised	138	(761)	(134)	9,855	(112)	0	-
Investments	(124)	158	(241)	(2,615)	(255)	(141)	(756)
Others	2,347	(957)	1,145	369	(3,250)	32	(853)
Debt financing/disposal	941	732	(5,708)	(1,688)	4,753	(20)	(500)
Other items	224	(1,625)	(528)	1,008	(662)	(107)	(121)
Net Δ in cash	680	(820)	579	5,091	(1,417)	3,024	(1,381)
Opening Cash Flow	561	1,240	421	1,000	6,091	4,674	7,698
Closing Cash Flow	1,240	421	1,000	6,091	4,674	7,698	6,318

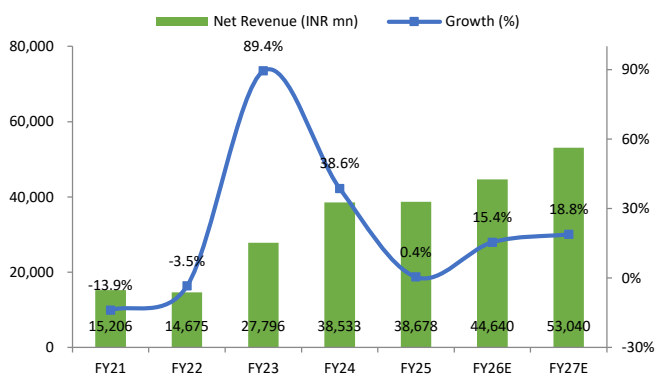
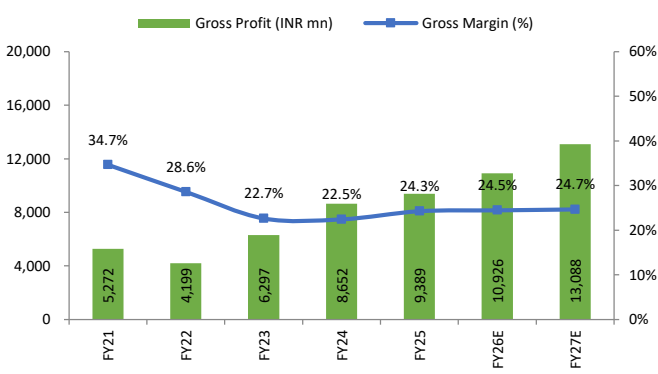
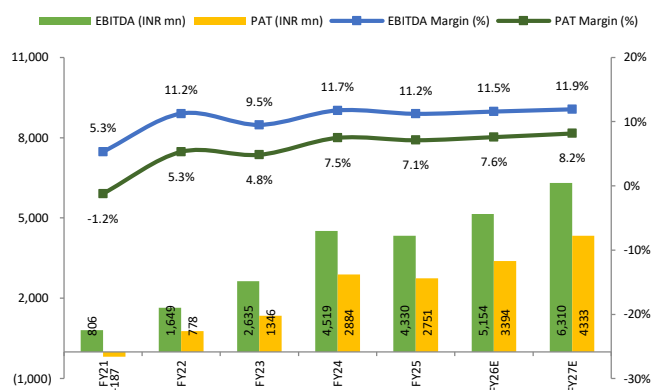
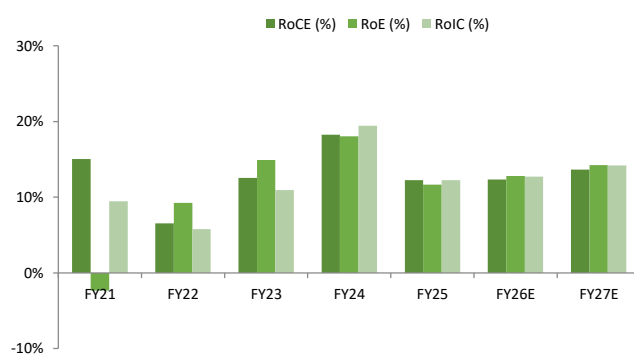
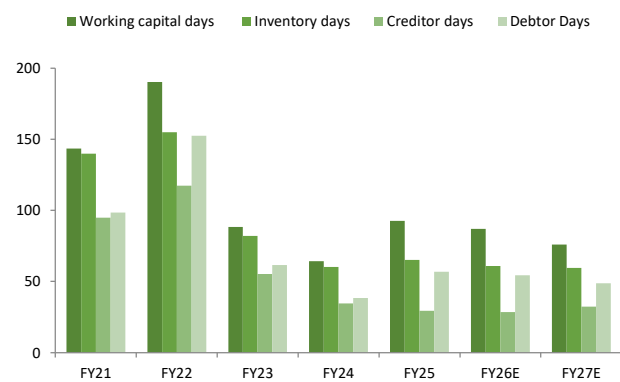
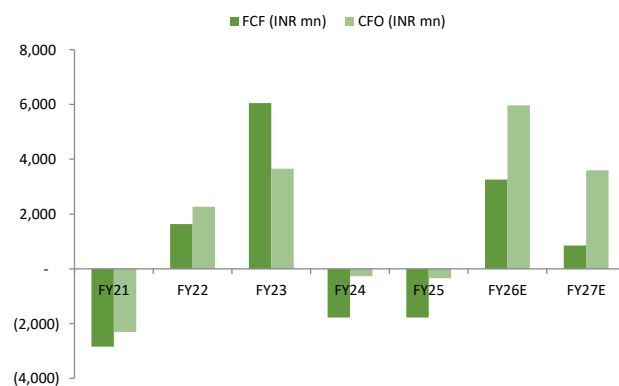
Source: Company Reports, Arianth Capital Research

Ratio analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Growth matrix (%)							
Revenue growth	-13.9%	-3.5%	89.4%	38.6%	0.4%	15.4%	18.8%
Op profit growth	-33.3%	104.5%	59.8%	71.5%	-4.2%	19.0%	22.4%
Profitability ratios (%)							
OPM	5.3%	11.2%	9.5%	11.7%	11.2%	11.5%	11.9%
Net profit margin	-1.2%	5.3%	4.8%	7.5%	7.1%	7.6%	8.2%
RoCE	15.1%	6.6%	12.6%	18.3%	12.3%	12.4%	13.7%
RoNW	-2.3%	9.2%	14.9%	18.1%	11.7%	12.8%	14.3%
RoA	-1.0%	4.1%	9.8%	11.2%	8.5%	9.5%	11.0%
Per share ratios (INR)							
EPS	(0.9)	0.5	9.7	21.3	20.3	25.2	32.2
Dividend per share	-	-	-	0.5	0.8	-	-
Cash EPS	0.9	8.0	13.1	23.4	22.6	27.7	35.2
Book value per share	70.4	70.4	80.6	165.7	184.4	209.6	241.8
Valuation ratios (x)							
P/E	-	-	92.9	42.3	44.2	35.7	27.9
P/CEPS	-	-	68.4	38.4	39.7	32.4	25.5
P/B	12.8	12.8	11.2	5.4	4.9	4.3	3.7
EV/EBITDA	141.1	70.1	41.4	25.1	27.5	22.5	18.4
Payout (%)							
Dividend payout	0.0%	0.0%	0.0%	2.2%	3.9%	0.0%	0.0%
Tax payout	-	27.3%	29.2%	25.8%	27.9%	26.5%	26.5%
Liquidity ratios							
Debtor days	99	153	62	38	57	54	49
Inventory days	140	155	82	60	65	61	59
Creditor days	95	117	55	34	29	28	32
WC Days	143	190	88	64	93	87	76
Leverage ratios (x)							
Interest coverage	0.6	2.6	3.0	5.8	5.5	4.8	6.1
Net debt / equity	0.9	1.1	0.3	-0.2	0.1	-0.0	-0.0
Net debt / op. profit	9.1	5.4	1.0	-0.9	0.5	-0.2	-0.0

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 FY25-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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NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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