03 September 2025

SMIFS LIMITED
LEGACY | TRUST GROWTH

INITIATING COVERAGE REPORT

Indian Railways on the fast track to growth…

Wagons, Accessories &

Modern Transit System Industry

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Initiating Coverage l Wagons and Modern Rail l 3 September 2025

Wagons, Accessories & Modern Transit System

Indian railways on the fast track to growth

Indian Railways (IR) plays a pivotal role in India's economic and infrastructural development, serving as the backbone of national connectivity and logistics. As the fourth-largest rail network in the world, it facilitates the daily movement of over 25 million (mn) passengers and transports more than 1.6 billion (bn) tonnes (tn) of freight annually. Over the past decade, IR has witnessed significant transformation, shifting from stagnation to rapid modernization under the leadership of the BJP government, with successive Railway Ministers—Suresh Prabhu, Piyush Goyal, and Ashwini Vaishnaw - driving focused reforms and strategic investments.

IR is undergoing a transformative shift, driven by strategic initiatives that aim to position it as a globally competitive and future-ready transport ecosystem. Flagship projects such as Dedicated Freight Corridors (DFCs), the Make-in-India-based modernization of rolling stock, and large-scale investments in digitization, automation, and AI-led operations are reshaping the sector's core. The introduction of Vande Bharat high-speed trains, the bullet train project, and the rapid expansion of metro networks across urban centers highlight the push toward high-efficiency, passenger-centric transport. Parallelly, the modernization of wagons, coaches, and locomotives, coupled with indigenous manufacturing and increased private sector participation, has elevated India's stature on the global railway map. These efforts not only aim to drastically reduce logistics costs (currently among the highest) but also support industrial growth, export competitiveness, and economic development. Backed by a record-high capital outlay of over Rs 2,400 bn in each of the last three consecutive years, IR is evolving beyond its traditional role—emerging as a key enabler of inclusive development, regional connectivity, and national progress.

Why is the Government of India Prioritizing the Railway Sector?

- **Essential for USD 5 trillion (trn) economy by FY27** — supports scalable, efficient logistics.
- Reduce logistics cost from current **~15% to ~8% of GDP** by 2030.
- **Decongest roads** (CU >150%) by shifting bulk freight to rail.
- Rail emits **~40% less greenhouse gas (GHG)** —vital for Net Zero by 2070.
- **Freight – key revenue churner for IR - ~Rs 2.7 trn revenue in FY25** — 65% from freight, 28% from passengers.

National Rail Plan (NRP) – paving the tracks for India's transport future

The Government of India's sustained focus on transforming IR has gained fresh momentum through bold initiatives—chief among them, the National Rail Plan (NRP). Launched in **2020–21**, the NRP outlines a visionary roadmap with a proposed investment of **Rs 50 trn by 2050** to build a future-ready, integrated rail network. The plan aims to **raise freight modal share to ~45% by 2030** (from ~27% currently), significantly **reduce freight transit time**, and align with the country's broader infrastructure and sustainability goals. Supporting initiatives like **PM Gati Shakti, Dedicated Freight Corridors (DFC)**, and 100% electrification aim to create an integrated, efficient network. The plan also **promotes rolling stock modernization** and station redevelopment, enhancing capacity and service quality. Together, these efforts are reshaping IR as a global-class transport system powering India's growth.

Initiate coverage on all the three listed sector leaders

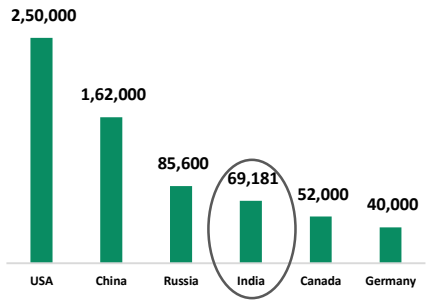
We initiate coverage on all three listed railway wagon manufacturers and assign BUY ratings, driven by attractive valuations and a robust growth outlook over FY26E – FY28E:

Jupiter Wagons Ltd (JWL)– Target Price Rs 406 (23% Upside)

Titagarh Rail Systems Ltd (TRSL)– Target Price Rs 1,183 (~39% Upside)

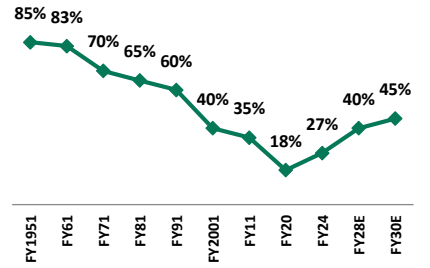
Texmaco Rail & Engineering Ltd (Texmaco)– Target Price Rs 178 (~26% Upside)

Top Rail Network Countries in the World (Kms)



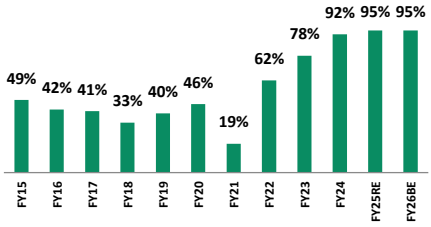
Source: Industry, SMIFS Research

India's Rail Share in Freight Transportation Market & Vision (%)



Source: NRP, SMIFS Research

GoI's Budgetary Support to Total Capital Outlay for Railway Sector (%)



Source: IR, SMIFS Research

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Company Name	Net Sales (Rs Mn)				EBITDA (Rs Mn)				EBITDA Margin (%)				PAT (Rs Mn)			
	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
JWL	39,633	43,020	48,215	54,982	5,775	6,367	7,256	8,522	14.6%	14.8%	15.1%	15.5%	3,823	4,187	4,822	5,783
TRSL	38,678	43,854	63,252	70,544	4,330	4,907	7,647	8,910	11.2%	11.2%	12.1%	12.6%	2,749	3,065	4,406	5,479
Texmaco	51,066	51,244	54,238	58,120	4,673	4,740	5,098	5,667	9.2%	9.3%	9.4%	9.7%	2,486	2,702	3,099	3,629

Source: Company, SMIFS Research Estimates

Company Name	Rating	TP (Rs)	CMP (Rs)	Upside (%)	M Cap (Rs bn)	EPS (Rs)				P/E (x)				EV/EBITDA (x)			
						FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
JWL	Buy	406	330	23%	140	9.1	9.8	11.3	13.5	54.2	33.7	29.2	24.4	35.8	21.5	19.4	16.9
TRSL	Buy	1,183	849	39%	114	20.4	22.4	31.7	39.4	58.4	37.9	26.8	21.5	37.4	24.1	15.6	13.3
Texmaco	Buy	178	141	26%	56	6.2	6.6	7.6	8.9	32.5	21.3	18.5	15.8	18.6	13.0	12.0	10.7

Source: Company, SMIFS Research Estimates

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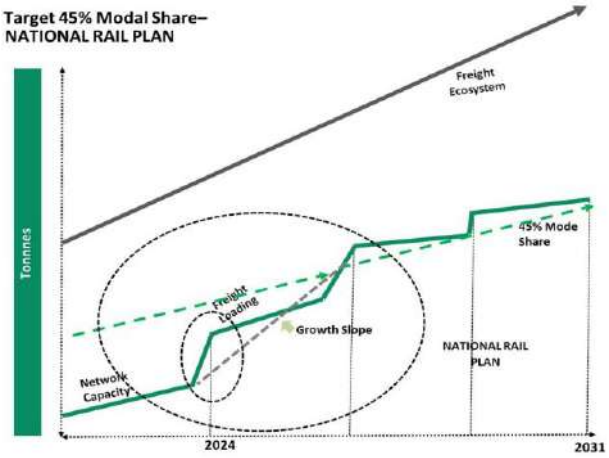
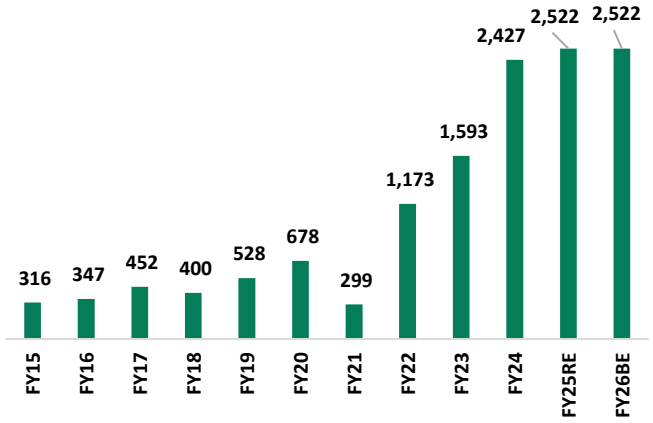
Story in Charts

Fig 1: IR Freight Modal Share Vision



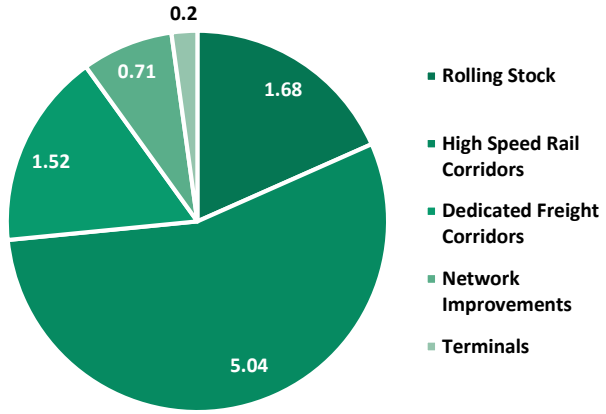
Source: NRP, SMIFS Research

Fig 2: GoI's Budgetary Support to Total Capital Outlay for Railway Sector (Rs bn)



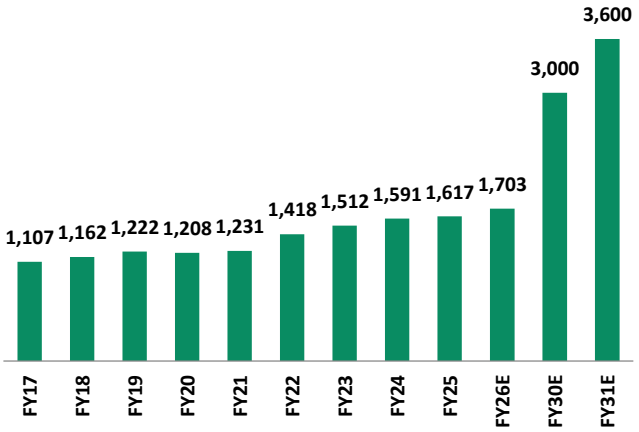
Source: Union Budget, SMIFS Research

Fig 3: NRP Proposed Total Capex of ~Rs 9.15 trn during 2026 - 2031 (Rs trn)



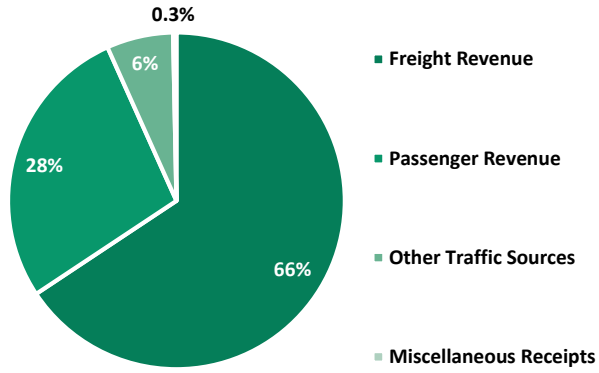
Source: NRP, SMIFS Research

Fig 4: IR Freight Volume (MT)



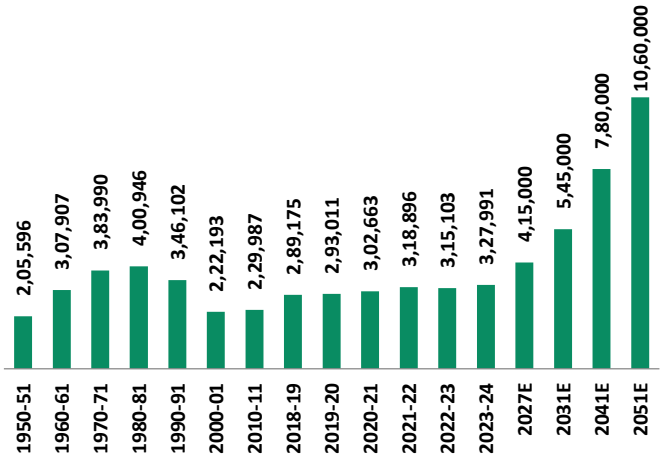
Source: IR, SMIFS Research

Fig 5: IR Internal Revenue Breakdown in FY24 (%)



Source: Union Budget, SMIFS Research

Fig 6: Total wagons in the System and Requirement (Units)



Source: IR, SMIFS Research

Industry Overview

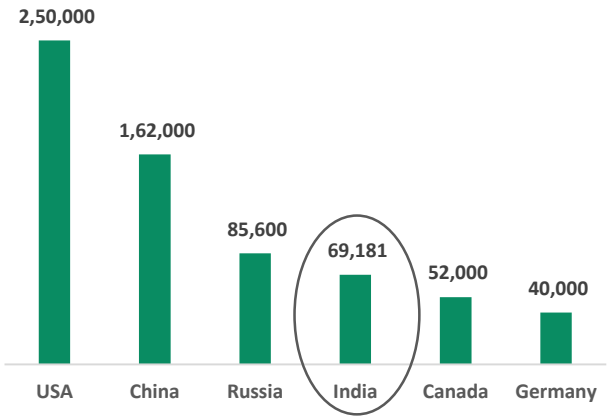
Indian Railways on the fast track to growth

Indian Railways (IR) a cornerstone of India's transportation infrastructure, **operates the world's fourth-largest railway network** and plays a crucial role in driving the nation's economic growth, with **a total route length of 69,181 km**, 135,207 km of track length (including sidings, yards, and crossings), and 109,748 km of running track (every track where trains actually run including multiple lines on the same route) and **about 7,461 stations across the country** as of FY24. IR, a state-owned entity with over 167 years of history, plays a crucial role in India's social and economic development by providing affordable transportation for passengers and bulk freight.

IR has seen consistent growth in both passenger and freight operations over recent years. In FY24, it operated an average of 24,922 trains per day—up from 22,929 trains in FY23—comprising 13,198 passenger trains (compared to 12,541 in FY23) and 11,724 freight trains (up from 10,388). Recognized as one of the busiest railway networks globally**, IR transported ~7.15 bn passengers in FY25, reflecting a YoY growth of ~5%, and moved 1,617 million tonnes (MT) of freight, marking a 2% annual increase**.

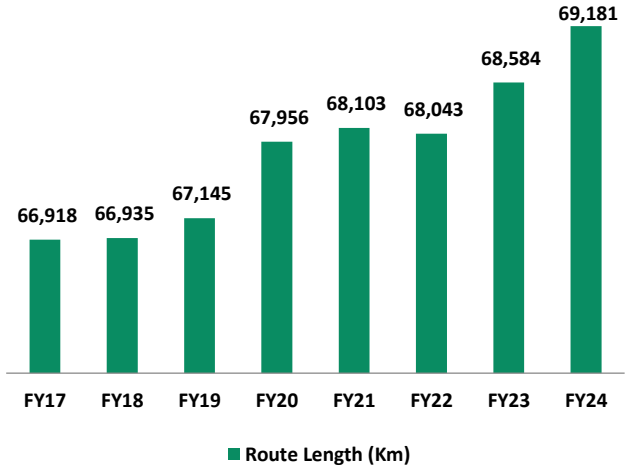
IR sector has seen significant progress over the past decade, including the launch of high-speed trains and station modernization especially after the appointment of Mr Ashwini Vaishnaw as the Railway Minister in 2021. Since his appointment, IR has embarked on a transformative journey, marked by significant advancements across various domains. Often overlooked, Indian Railways remains the most environment-friendly mode of land transport, with significantly lower energy use and CO_2 emissions than roadways or waterways — and India is now actively working to restore its historic importance and prominence.

Fig 7: Top Rail Network Countries in the World (Kms)



Source: Industry, SMIFS Research

Fig 8: India's Railway Network



Source: IR, SMIFS Research

Fig 9: Indian Railway – Growth Drivers

Source: Industry, SMIFS Research

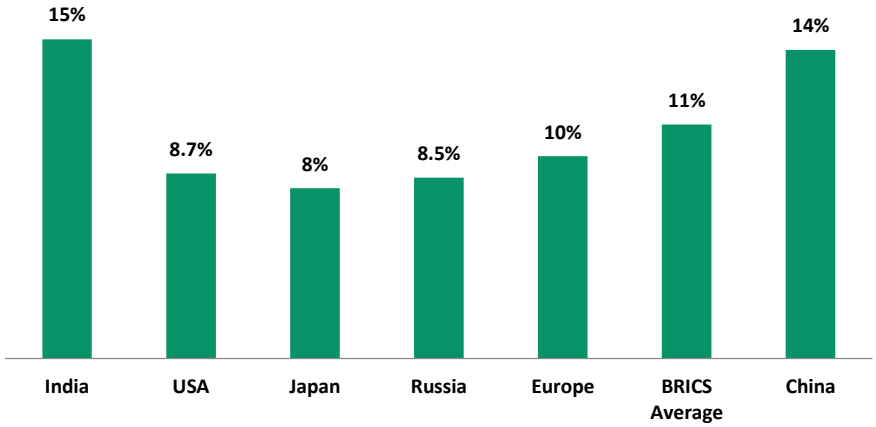
Government initiatives to enhance rail infrastructure and logistics

The logistics industry is a critical enabler of global competitiveness, connecting industries to domestic and international markets. Efficient transportation—across rail, road, air, and maritime—plays a pivotal role in the movement of goods, labor, and raw materials, directly impacting economic growth. Railways continued to be the preferred mode of transport for bulk cargo in India, significantly contributing to lower logistics costs for businesses and enhancing the competitiveness of goods both domestically and internationally. By connecting mines, factories, agricultural zones, and ports to markets nationwide, IR plays a vital role in enabling seamless, efficient supply chains across the country's expansive network.

Economic growth target: India aims to become a USD 5 trillion (trn) economy, aiming to emerge as the world's third-largest economy in the coming years with a strong emphasis on bolstering logistics infrastructure, particularly railways, to support this growth.

Reducing logistics costs: Efforts are underway to **lower logistics costs from ~15% of GDP to below 9%**, aligning with global standards and enhancing export competitiveness. India's transport sector—including roadways (~3.5%), railways (~1.2%), airways (~0.3%), and waterways (~0.1%)—contributed ~5% to the GDP in FY24, amounting to ~Rs 15 trn.

Fig 10:Logistics Cost as a Share of GDP (%)



Source: Ministry of Commerce & Industry (GoI), Global Industry, SMIFS Research

Alleviating road congestion: With **road networks operating at up to 150% capacity**, shifting freight to railways is a strategic move to decongest roads and improve transportation efficiency.

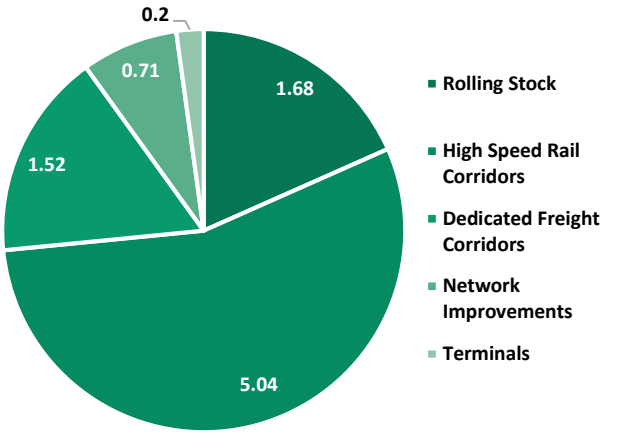
Environmental sustainability: Rail transport emits ~40% less greenhouse gases compared to road transport. IR is committed to becoming a net-zero carbon emitter by 2030, utilizing a mix of renewable energy sources.

Revenue composition: In **FY25, IR recorded total revenues of Rs 2.7 trn**, with freight services contributing Rs 1.75 trn or 65%, and passenger services Rs 755 bn or ~28% of the total.

IR is driving freight growth through infrastructure upgrades, digital integration, and improved logistics network. These efforts are aligned with national initiatives such as the PM Gati Shakti Master Plan, National Logistics Policy, National Rail Plan, etc.

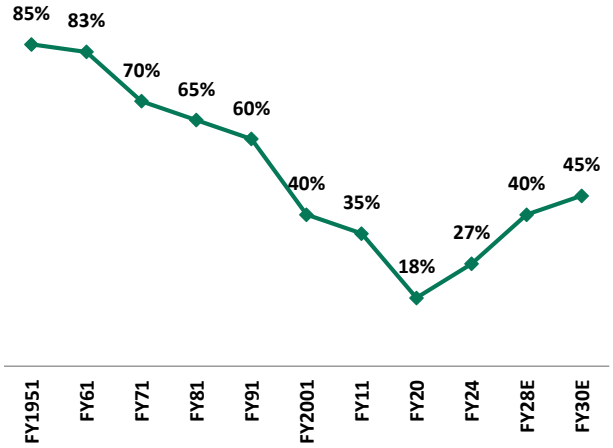
National Rail Plan (NRP): Launched in 2020, NRP aims to build a future-ready railway system by 2030, planning capacity ahead of demand to support long-term growth through 2050. It focuses on capacity expansion, modernization, operational strategies, commercial policies and sustainable growth to meet evolving transportation needs and sustain future demand. **NRP envisions an investment of ~Rs 50 trn by 2050**. For the period 2026–2031, a capital expenditure of ~Rs 9.15 trn is proposed—~57% higher than the Rs 5.8 trn allocated during FY2021–2026—and in line with the projected investment target of ~Rs 9 trn for every subsequent five-year period through 2050.

Fig 11: NRP Proposed Total Capex of ~Rs 9.15 trn during 2026 - 2031 (Rs trn)



Source: NRP, SMIFS Research

Fig 12: Rail Share in Freight Transportation Market (%)

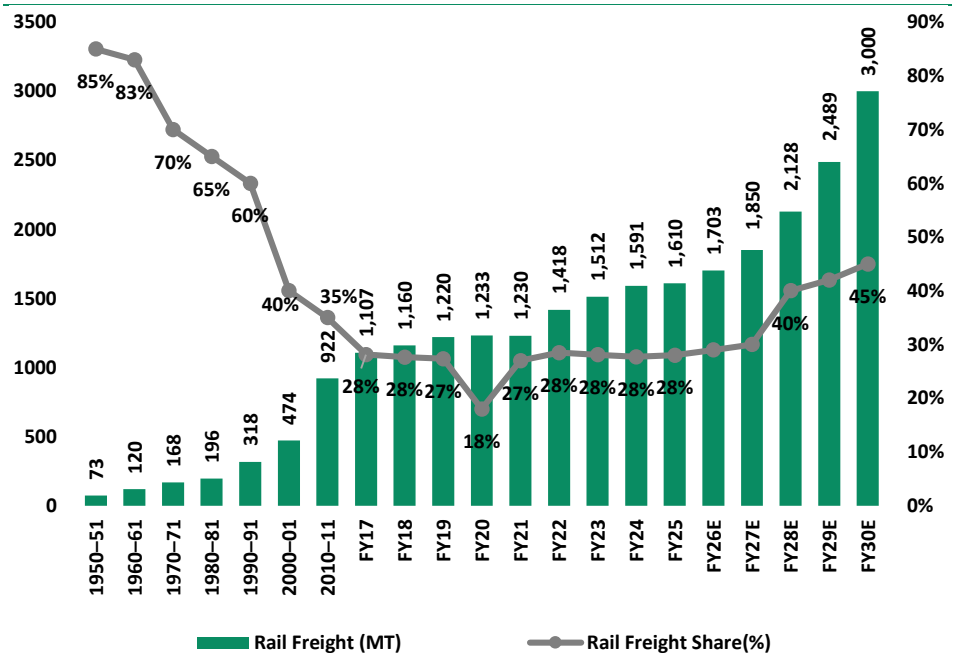


Source: NRP, SMIFS Research

Key objectives of the NRP:

- **Increase the modal share of freight transport from existing 27% to 45% by 2030** – IR freight share fell from 60%-70% during FY70-90.
- Reduce transit time of freight substantially by increasing average speed of freight trains to 50 Kmph
- Implementation of 100% electrification – (As of March 2025, ~98% of IR Broad Gauge (BG) network has been electrified and balance sections have been taken up)
- Multi-tracking of congested routes
- Upgradation of Golden Quadrilateral-Golden Diagonal (GQ/GD) routes
- **Implement and identify new Dedicated Freight Corridors (DFC's)**
- Identify new High Speed Rail Corridors (HSR)
- Assess rolling stock – freight wagons, passenger coaches and locomotives
- Assess the total investment – huge budgetary allocation
- Involvement of private sector

Fig 13: IR Freight Volume (MT) and Rail Freight Share (%)



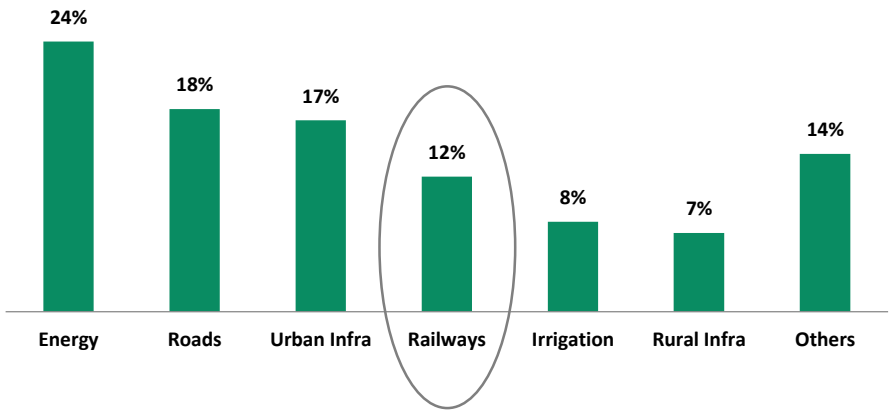
Source: IR, SMIFS Research

PM Gati Shakti – National Master Plan for Multi-Modal Connectivity - Launched in October 2021, the PM Gati Shakti National Master Plan is a transformative initiative to develop an integrated and seamless multi-modal infrastructure network across India. It aims to reduce logistics costs to boost economic growth. It focuses on improving connectivity between rail, road, air, ports, and inland waterways. Gati Shakti supports faster project execution, decongestion, and enhanced logistics efficiency nationwide. As of FY25, the Gati Shakti has identified over 430 infrastructure projects worth Rs 11.17 trn, spanning key sectors like railways, roads, ports, and energy corridors. Major initiatives include multi-modal terminals, port modernization, and dedicated freight corridors aimed at reducing logistics costs and enhancing connectivity across India.

National Logistics Policy (NLP) - Launched in September 2022, aims to streamline and modernize India's logistics ecosystem, with a goal to reduce logistics costs. It focuses on improving efficiency through digital integration, infrastructure development, and multimodal connectivity under the PM Gati Shakti framework. The policy also promotes standardization, capacity building, and a Unified Logistics Interface Platform (ULIP) to ensure real-time visibility and transparency. As of FY25, several states have adopted State Logistics Policies aligned with NLP, and over 600 private sector players are integrated with ULIP. The policy is actively driving infrastructure and process reforms to enhance India's competitiveness in global value chains. India currently ranks 38th out of 139 countries in the World Bank's Logistics Performance Index (LPI) 2023, a significant leap from 54th in 2014. This progress is driven by initiatives like PM Gati Shakti and the National Logistics Policy aiming for a top-25 rank by 2030.

National Infrastructure Pipeline (NIP) - Launched in December 2019 with an initial investment outlay of Rs 111 trn for FY20-25, aiming to provide world-class infrastructure across sectors and boost economic growth. NIP spans sectors like energy, roads, railways, ports, airports, urban infrastructure, and digital services. It is a collaborative effort involving the central and state governments as well as the private sector. As of 2025, NIP has made significant progress, with over 9,600 projects across 37 sub-sectors. ~21% of these projects have been completed, while ~46% are under implementation. The remaining projects are in various stages of development or conceptualization. Notably, ~2,600 projects, valued at Rs 49 trn, are currently at the conceptualization stage, indicating a robust pipeline for future infrastructure development.

Fig 14: NIP - Sector-wise Rs 111 trn Capex Break-up (%)



Source: NIP, SMIFS Research

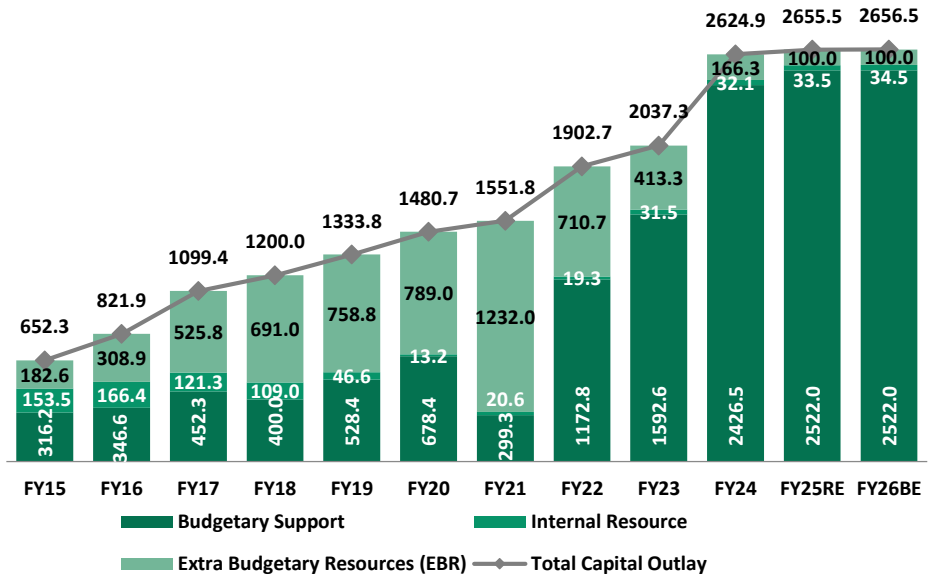
IR backed by record budget allocation

IR has witnessed a significant shift in its funding strategy over the years. Traditionally reliant on external borrowings through the Indian Railway Finance Corporation (IRFC), which traditionally served as the market borrowing arm for IR, especially during FY15 to FY20, a large portion of capital expenditure was financed via debt. However, this trend has seen a notable change since FY22, with a strong increase in gross budgetary support (GBS) from the central government. **In FY23–24, GBS stood at Rs 2.40 trn, which rose to Rs 2.52 trn in FY24–25 and has been kept same at Rs 2.52 trn for FY25–26**. This growing reliance on direct budgetary support has significantly reduced the need for borrowings—IRFC has significantly reduced the **Extra Budgetary Resources (EBR) which has declined from over 50% of total capital outlay till FY21 to just ~4% in FY25RE and FY26BE.** Further to meet the goal of lowering logistics costs, **IR plans to increase the capex by ~15% in FY27 to over Rs 3 trn**. This marks a fiscally prudent transition, enabling IR to fund its infrastructure expansion, modernization, and electrification efforts more sustainably.

Since the liberalization of FDI norms in 2014, IR has also attracted significant foreign investment, with cumulative FDI inflows reaching ~USD 1.42 bn from April 2000-September 2024. **The sector allows 100% FDI under the automatic route in key areas** like suburban corridors, high-speed rail, DFCs, rolling stock, signalling, etc. driving modernization, technology transfer, and capacity expansion in India's rail infrastructure.

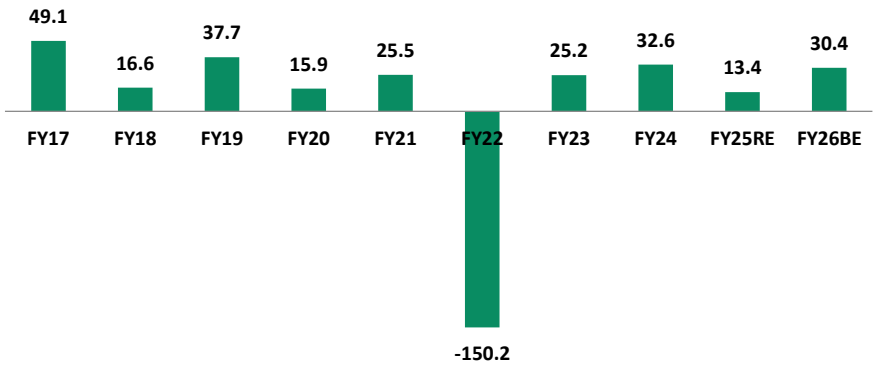
IR net revenue surplus has witnessed significant fluctuations over the years. After recording surpluses in FY17 (Rs 49.1 bn) and FY19 (Rs 37.7 bn), the Railways **faced a sharp downturn due to COVID impact, lower passenger income, high fixed costs, and IR large investments in infrastructure projects**. However, it is now on a path of steady recovery, supported by improved freight performance, operational efficiencies, and increased budgetary support.

Fig 15: IR Capital Outlay (Rs bn)



Source: IR - Budget, SMIFS Research

Fig 16: Railways' Net Revenue Surplus/Deficit (Rs bn)



Source: IR - Budget, SMIFS Research

In FY2025–26 BE, IR operating ratio (OR) is projected at 98.43%, indicating it will spend Rs 98.4 for every Rs 100 earned—slightly better than the 98.9% in FY2024–25 RE but as per IR FY25 provisional data, OR has improved to 98.32%. This ratio, which compares working expenses to traffic receipts, is a key measure of financial health; a lower figure reflects improved profitability and greater room for capital investment.

IR has significantly increased its capital outlay across various sections, with notable growth in the allocation toward **rolling stock. Between FY20 and FY26BE, this segment witnessed a remarkable CAGR growth of ~50%, surging nearly 100 times—from ~Rs 4.5 bn in FY20 to an estimated ~Rs 455 bn in FY26BE.**

Fig 17: Railway's Overview of Receipts and Expenditure for 2025-26 (Rs bn)

Sr No	Item	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 RE	% Change (2024-25RE to 2023-24)	2025-26BE	% Change (2025-26BE to 2024-25RE)
	Receipts										
1	Passenger Revenue	510.7	506.7	152.5	392.1	634.2	706.9	800.0	13%	928.0	16%
2	Freight Revenue	1274.3	1134.9	1172.3	1411.0	1622.6	1682.9	1800.0	7%	1880.0	4%
3	Other traffic sources	114.1	102.0	80.9	109.0	143.0	162.9	186.0	14%	206.0	11%
4	**Gross Traffic Receipts (1+2+3)**	**1899.1**	**1743.6**	**1405.7**	**1912.1**	**2399.8**	**2552.7**	**2786.0**	**9%**	**3014.0**	**8%**
5	Miscellaneous	6.0	3.4	2.1	1.6	1.9	8.2	4.0	-51%	7.0	75%
6	**Total Internal Revenue (4+5)**	**1905.1**	**1747.0**	**1407.8**	**1913.7**	**2401.8**	**2560.9**	**2790.0**	**9%**	**3021.0**	**8%**
7	**Budgetary Support from Government**	**528.4**	**678.4**	**299.3**	**1172.8**	**1592.6**	**2426.5**	**2522.0**	**4%**	**2522.0**	**0%**
8	**Extra Budgetary Resources**	**758.8**	**789.0**	**1232.0**	**710.7**	**413.3**	**166.3**	**100.0**	**-40%**	**100.0**	**0%**
9	Special Loan from Govt.*	0.0	0.0	794.0	0.0	0.0	0.0	0.0		0.0	
10	**Total Receipts (6+7+8+9)**	**3192.2**	**3214.4**	**3733.0**	**3797.1**	**4407.6**	**5153.7**	**5412.0**	**5%**	**5643.0**	**4%**
	Expenditure										
11	Ordinary Working Expenses	1402.0	1502.1	1358.5	1565.1	1802.6	1910.9	2080.0	9%	2262.6	9%
12	Appropriation to Pension Fund	442.8	207.1	5.2	481.0	547.0	590.0	663.6	12%	686.0	3%
13	Appropriation to Depreciation Reserve Fund	3.0	4.0	2.0	0.0	7.0	8.0	8.0	0%	15.0	88%
14	**Total Working Expenditure (11+12+13)**	**1847.8**	**1713.2**	**1365.7**	**2046.1**	**2356.6**	**2508.9**	**2751.6**	**10%**	**2963.6**	**8%**
15	Miscellaneous	19.6	17.9	16.7	17.9	20.0	19.4	25.0	29%	27.0	8%
16	**Total Revenue Expenditure (14+15)**	**1867.4**	**1731.1**	**1382.4**	**2063.9**	**2376.6**	**2528.3**	**2776.6**	**10%**	**2990.6**	**8%**
17	Total Capital Expenditure	1287.1	1467.4	1531.2	1883.4	2005.8	2592.7	2622.0	1%	2622.0	0%
18	Appropriation of Special Loan from Govt.*	0.0	0.0	794.0	0.0	0.0	0.0	0.0		0.0	
19	**Total Expenditure (16+17+18)**	**3154.5**	**3198.5**	**3707.6**	**3947.3**	**4382.4**	**5121.1**	**5398.6**	**5%**	**5612.6**	**4%**
20	***Net Revenue (6-16)***	***37.7***	***15.9***	***25.5***	***-150.2***	***25.2***	***32.6***	***13.4***	***-59%***	***30.4***	***127%***
21	***Operating Ratio***	***97.3%***	***98.4%***	***97.5%#***	***107.4%***	***98.10%***	***98.43%***	***98.90%***		***98.43%***	

Note: *The central government provided a special loan from its general revenue for COVID related resource gap in 2020-21 and to liquidate adverse balance in Pension Fund in 2019-20.
#If the appropriation to the Pension Fund were to be per the requirement, the operating ratio for 2020-21 would have been 131.5%.
RE - Revised Estimate, BE - Budget Estimate

Source: IR - Budget, SMIFS Research

Fig 18: Budgetary Outlay towards Railway Projects (Rs bn)

Sector	FY19	FY20	FY21	FY22	FY23	FY24	FY25RE	FY26BE	% Change
New Lines	56.5	98.7	10.5	207.8	243.8	337.0	314.6	322.4	2.5%
Gauge Conversion	25.9	33.1	1.2	23.4	25.8	44.9	45.4	45.5	0.3%
Doubling	6.1	6.8	3.8	86.8	256.2	368.1	310.3	320.0	3.1%
Railway Research	0.2	0.3	0.6	0.3	0.4	0.3	0.6	0.6	-4.8%
Rolling Stock	45.7	39.6	8.4	134.9	190.4	440.3	462.5	455.3	-1.6%
Leased assets - Payment of Capital Component	91.1	104.6	119.5	145.8	174.6	207.4	249.2	279.0	12.0%
Road Safety Works - Level Crossings	6.8	5.7	0.0	4.5	5.2	5.6	7.1	7.1	-0.6%
Road Safety Works - Road Over/Under Bridges	35.2	35.2	0.0	42.3	48.3	61.0	74.7	70.0	-6.3%
Track Renewals	96.9	93.9	0.0	165.6	163.3	178.5	226.7	228.0	0.6%
Signalling and Telecom	15.4	16.2	0.1	214.5	24.6	37.5	60.1	68.0	13.2%
Electrification Projects	-0.1	0.0	0.0	0.0	3.4	58.1	60.7	61.5	1.3%
Workshop Including Production Units	20.7	20.9	2.2	26.7	24.8	45.1	45.5	46.2	1.7%
Customer Amenities	15.9	19.0	17.9	20.0	21.6	81.2	129.9	121.2	-6.7%
Investment in PSU/JV/SPV etc	97.7	169.2	156.3	257.5	275.3	318.4	275.7	224.4	-18.6%
Metropolitan Transportation Projects	11.6	15.2	2.6	25.2	28.0	19.4	15.4	23.7	53.8%

RE - Revised Estimate, BE - Budget Estimate

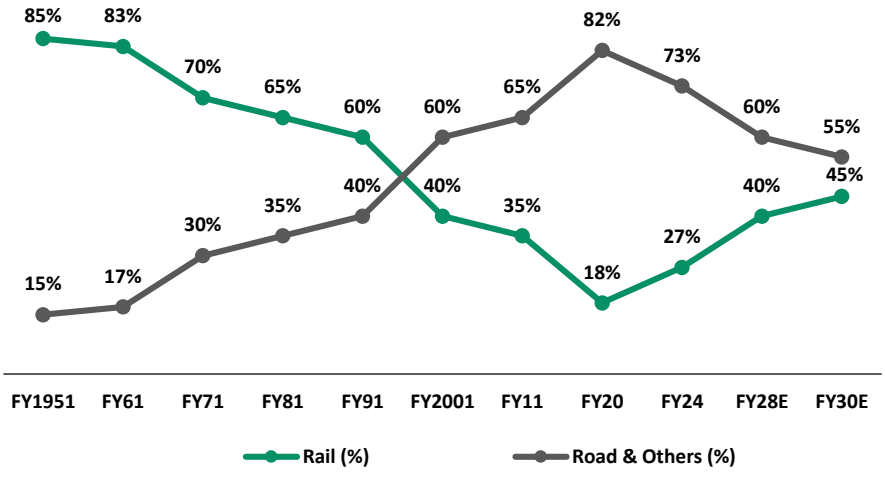
Source: IR - Budget, SMIFS Research

Revitalizing freight and passenger share in Indian railways

IR, a cornerstone of India's logistics sector, has historically been pivotal in transporting a diverse range of goods and passengers. However, over the decades, **IR's freight modal share has seen a decline—from ~89% in 1951 to about 27% in recent years.** Recognizing the need to bolster this share, the Government of India has set an **ambitious target to increase railways' freight modal share to 45% by 2030**. To achieve this, IR is investing in infrastructure modernization, expanding dedicated freight corridors, and introducing services like super-fast parcel trains, aiming to enhance efficiency, reduce logistics costs, and support India's goal of becoming a USD 5 trn economy.

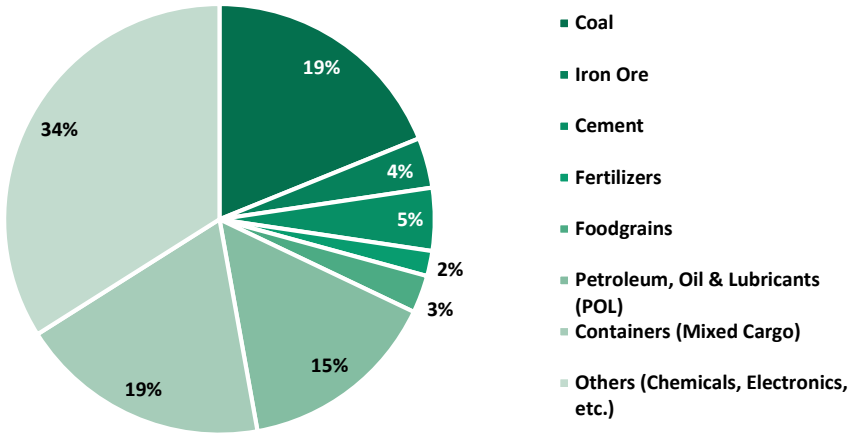
India transports over ~5.3 bn tn of freight annually valued at ~Rs 29 trn as of FY24 while road transport (i.e. trucks) carries ~60% of domestic freight followed by ~27% via rail and remaining ~13% through coastal & inland waterways, pipelines, and airways. India's logistic freight volume is expected to grow at a CAGR of ~8% to ~8.5 bn tn during 2024-30 valuing at ~Rs 58 trn at a CAGR of ~10%.

Fig 19: Modal Share of Railways vs. Other Modes in Freight Transport



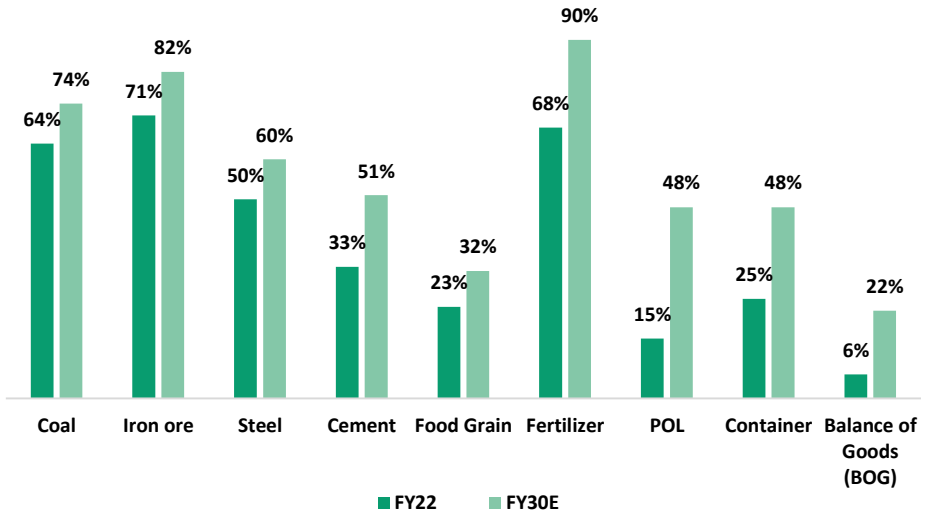
Source: IR - Budget, SMIFS Research

Fig 20: Commodity-wise India's Total Logistics Freight Volume (mn tn) as of FY24



Source: IR, SMIFS Research

Fig 21: IR's share across India's total Commodity Basket (%)

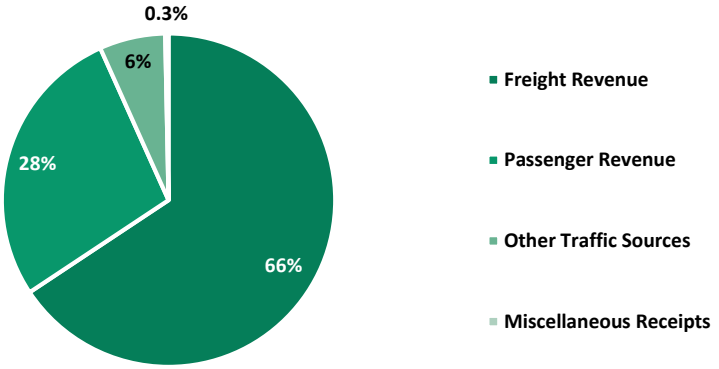


Source: IR, SMIFS Research

The total revenue for IR in FY24 increased by ~7% y-o-y to Rs 2.56 trn, with freight operations accounting for Rs 1.68 trn, constituting about 66% of the total revenue. Passenger services contributed ~28% to the revenue. As of FY25RE total revenue receipt is expected to increase by ~9% y-o-y to Rs 2.79 trn (~65% - freight revenue and ~28% passenger revenue). **As per FY25 provisional data, IR total receipts stood at ~Rs 2.7 trn, including ~Rs 1.75 trn from freight and ~Rs 755 bn from passenger traffic**. While this marks an increase over the FY24 actuals, it falls bit short of the RE for FY25.

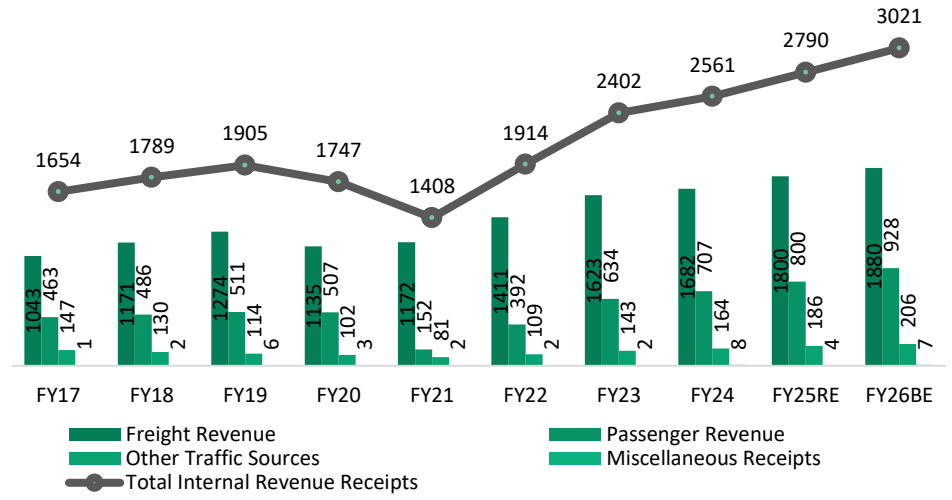
As per FY25-26BE, IR internal revenue is projected to reach Rs 3.02 trn, marking ~8% increase over FY24-25RE. Of this, freight services will remain the largest contributor, accounting for Rs 1.88 trn (~62%), while passenger services are estimated to bring in Rs 928 bn (~31%). Compared to the FY24-25RE, revenue from freight is projected to grow by ~4%, and passenger revenue by a significant ~16%. Looking ahead, the International Energy Agency a report by a Paris-based inter-governmental organization projects that by 2050, India could account for nearly 40% of global rail activity, underscoring IR's growing prominence on the world stage.

Fig 22: IR Internal Revenue Breakdown by Segment in FY24 (%)



Source: IR, SMIFS Research

Fig 23: IR Internal Revenue Receipt Breakdown by Segment (Rs bn)



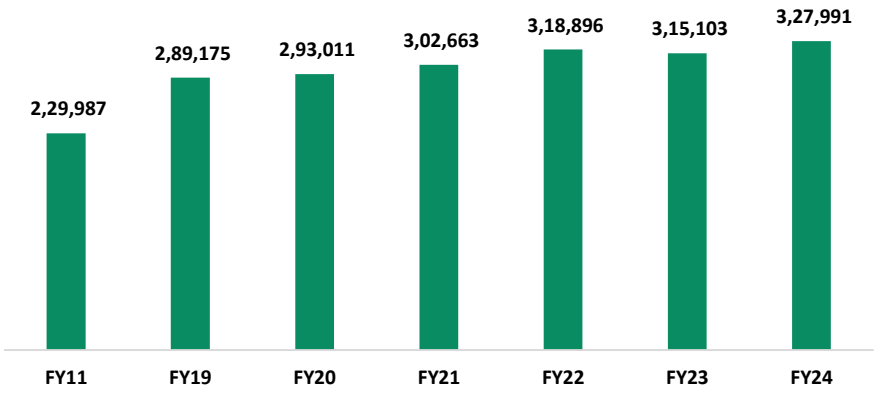
Note: RE – Revised Estimates, BE – Budget Estimates
Source: IR - Budget, SMIFS Research

India's rolling stock landscape

India's rolling stock industry - locomotives, freight rolling stock (wagons), and passenger rolling stock (coaches), is set for exponential growth, fueled by ambitious freight targets, massive infrastructure investments - expanding freight corridors and full-scale electrification, policy reforms encouraging private participation along with booming passenger segment, introduction of semi-high speed trains (Vande Bharat trains- VBT) and rapid metro expansions. All these lead to significant demand for wagons, locomotives and coaches marking a new era of growth and modernization in India's rolling stock ecosystem. **In FY25, IR produced 41,929 wagons (up ~11.5% y-o-y), 1,681 locomotives (up 19% y-o-y) and 7,134 coaches (up 9% y-o-y), marking significant growth in rolling stock manufacturing.**

IR manufactures 100% of its locomotives and most passenger coaches in-house through public production units. Freight wagons, however, are largely procured from private manufacturers, alongside approved public sector and IR-owned workshops. IR has a total of 44 mechanical workshops that handle the maintenance of rolling stock, including locomotives, carriages, and wagons. VBT and metro systems are being developed through a mix of IR-led projects and public-private partnerships, with increasing private sector involvement in design, supply, assembly, and in some cases, full execution by IR. Maintenance is a critical part of railway operations, ensuring long-term efficiency of rolling stock. While IR currently handles all maintenance in-house, it plans to shift towards awarding lifecycle maintenance contracts to manufacturers.

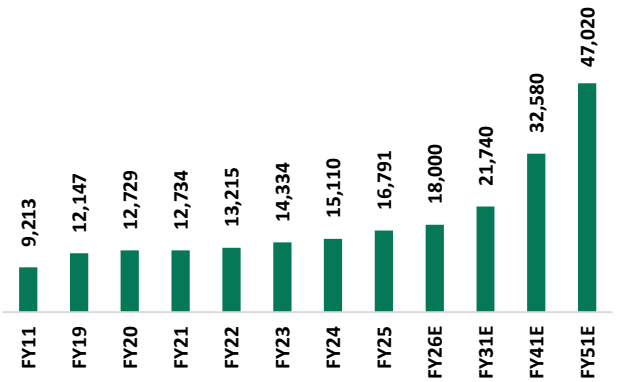
Fig 24: Number of Wagons in IR



Source: IR, SMIFS Research

Locomotives - Locomotives are rail vehicles that power trains, classified as steam, diesel, or electric based on fuel. IR is phasing out diesel for electricity to support 100% electrification and higher freight share, with its fleet as of FY24 comprising 15,110 locomotives (38 steam, 4,397 diesel, 10,675 electric). **As of FY25, IR produced 1,681 locomotives (up by ~11% y-o-y) taking the total to 16,791 locomotives, projected to grow at a ~4% CAGR to ~21,740 units by FY30**. Out of the **total locomotives, ~80% are designated for freight services**, while ~20% were intended for passenger operations.

Fig 25: Number of Locomotives in IR



Source: IR, SMIFS Research

Fig 26: IR's Fleet of Locomotive Stock

Year	Steam	Diesel	Electric	Total
1990-91	2,915	3,759	1,743	8,417
2000-01	54	4,702	2,810	7,566
2010-11	43	5,137	4,033	9,213
2019-20	39	5,898	6,792	12,729
2020-21	39	5,108	7,587	12,734
2021-22	39	4,747	8,429	13,215
2022-23	39	4,730	9,565	14,334
2023-24	38	4,397	10,675	15,110

Source: IR, SMIFS Research

Passenger coaches: Passenger coaches in India were earlier produced as Integral Coach Factory (ICF) type, but now all new coaches are of Linke Hofmann Busch (LHB) design. IR plans to phase out all ICF coaches in favor of LHB coaches for better speed, safety, and comfort. LHB coaches are anti-telescopic, meaning they prevent coaches from penetrating into the adjacent coaches during accidents. IR plans to replace all old ICF coaches with LHB coaches, and thus might create big opportunities for private companies to enter into passenger coach making as well.

Fig 27: Number of Passenger Coaches in IR

Particulars	FY11	FY19	FY20	FY21	FY22	FY23	FY24
Passenger Coaches							
- EMU	7,292	10,439	11,439	10,991	11,984	11,913	12,229
- Conventional	45,082	55,258	57,121	58,778	63,299	64,671	65,016
- DMU / DHMU	761	1,883	1,795	1,965	1,969	1,711	1,681
- Others	6,500	6,406	6,611	7,949	10,159	11,419	13,022
Total Passenger Coaches	**59,635**	**73,986**	**76,966**	**79,683**	**87,411**	**89,714**	**91,948**

EMU - Electric Multiple Unit; DMU - Diesel Multiple Unit; DHMU - Diesel–Hydraulic Multiple Unit
Source: IR, SMIFS Research

Fig 28: Variety of Coaches

Type	Full Form	Description	Where Used
EMU	Electric Multiple Unit	Self-powered coaches using electricity; no separate locomotive needed	Suburban/local trains (e.g., Mumbai locals, metro-like services)
DMU/DHMU	Diesel Multiple Unit / Dual Mode Multiple Unit	Self-powered coaches with on-board diesel engines; DHMU can run on both diesel and electric	Regional routes without full electrification (e.g., rural areas, hilly regions)
Conventional Coaches	-	Coaches pulled by a separate locomotive (diesel/electric); not self-powered	Long-distance Express, Superfast, Rajdhani, Shatabdi trains
Other Coaches - MEMU	Mainline Electric Multiple Unit	Integrated engines within the carriages, eliminating the need for a separate locomotive	Vande Bharat and new semi-high-speed trainsets - Urban & semi-urban routes with limited distance

Source: IR, SMIFS Research

Fig 29: LHB type Coach vs ICF Coach

Item	LHB	ICF	Remarks
Length of the Body (m)	23.54	21.34	LHB coaches are longer, allowing more seating capacity
Width (m) (External / Internal)	3.24 / 3.07	3.24 / 3.03	Slightly better internal space utilization in LHB
Weight (tonnes)	40.2	47	LHB coaches are lighter, improving speed and efficiency
Bogie Wheelbase (m)	2.56	2.9	Shorter bogie wheelbase in LHB gives smoother rides
Maintenance Periodicity (mn km)	1	0.3–0.4	LHB requires less frequent maintenance (more economical)
Riding Index	2.75	3.5	Lower riding index in LHB = better comfort and stability
Maximum Speed (km/h)	160	110	LHB coaches are built for higher speeds

Source: IR, SMIFS Research

Fig 30: Indian Railways in-house Production Units

Production Units	Location	Product
Locomotives		
Chittaranjan Locomotive Works (CLW)	Chittaranjan, Asansol, West Bengal	Electric Locomotives
Banaras Locomotive Works (BLW)	Varanasi, Uttar Pradesh	Diesel and Electric Locomotives
Patiala Locomotive Works (PLW)	Patiala, Punjab	Electric Locomotives and rebuilding
Diesel Locomotive Factory (DLF) - JV IR & General Electric	Marhowrah, Bihar	Diesel Locomotives
Electric Locomotive Factory (ELF) - JV IR and Alstom	Madhepura, Bihar	Electric Locomotives
Passenger Coaches		
Integral Coach Factory (ICF)	Perambur, Chennai, Tamil Nadu	Passenger Coaches
Rail Coach Factory (RCF)	Kapurthala, Punjab	Passenger Coaches
Modern Coach Factory (MCF)	Raebareli, Uttar Pradesh	Passenger Coaches
Marathwada Rail Coach Factory (MRCF)	Latur, Maharashtra	Passenger Coaches
Wagons		
44 workshops across the country		
Wheel & Axle		
Rail Wheel Factory (RWF)	Bangalore, Karnataka	Wheels, Axles, Wheelsets
Rail Wheel Plant (RWP)	Bela in Chhapra, Bihar	Wheels

Source: IR, SMIFS Research

Railway rolling stock accessories: Rolling stock accessories include components like wheels and axles, couplers, bearings, brakes, and gears, and are largely supplied by a highly fragmented MSME-driven industry. **These accessories are usually procured as part of the overall rolling stock contract, comprising 20%–25% of its total value.** IR has approved over 3,000 vendors for sourcing various rolling stock accessories.

Fig 31: Types of Accessories & Manufacturers

Type of Accessory	Key Domestic Manufacturers
Wheel & Axle	Railway Wheel Factory (RWF), Railway Wheel Plant (RWP)
Brake Systems & Brake Discs	Jupiter Wagons, Stone India, Faiveley Transport Rail Technologies India, Greysham International, Knorr-Bremse India
Couplers	Bhilai Engineering Corporation (BEC), Frontier Alloys, Titagarh Rail Systems, Jupiter Wagons, Texmaco Rail & Engineering
Cast Bogies	Jupiter Wagons, Titagarh Wagons, Texmaco Rail & Engineering, Braithwaite & Co, BEC
Draft Gears	Jupiter Wagons, Titagarh Wagons, Texmaco Rail & Engineering, Frontier Alloys, Raneka Industries, BEC
Bearings	NBC Bearings, Tata Bearings, SKF Bearings, NRB Bearings, Timken India
Brake Shoes	Texmaco Rail & Engineering, BEC, Republic Industrial & Technical Services, Agv International
Brake Beams	Texmaco Rail & Engineering, BEC, Firetex Protective Technologies, Amita Engineering Works
Springs	Texmaco Rail & Engineering, Jupiter Wagons, Shri Adinath Automotive, Aditya Industries, Masko Tech Engineers
Side Bearers	Texmaco Rail & Engineering, Sujan Industries, Pallavi Rubber Products

Source: IR, Industry, SMIFS Research

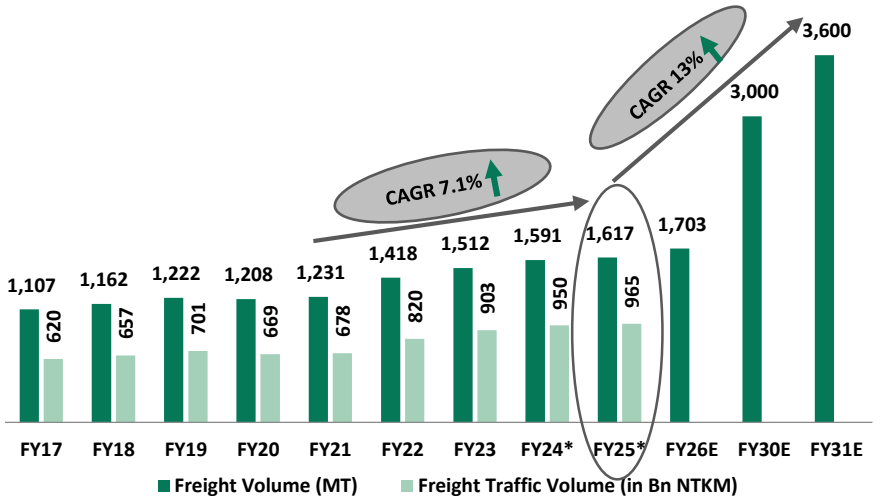
Exports: India is emerging as a key exporter of metro and passenger coaches and locomotives, with major markets including Africa, Australia, the USA, Sri Lanka, Bangladesh, Mozambique, Myanmar and Senegal. Indian-made bogies and underframes are exported to the UK, Saudi Arabia, France, and Australia. Additionally, wagons are being exported to Belgium, Senegal, and Malaysia, showcasing India's growing presence in the global rail manufacturing market.

Freight push for IR growth

Freight remains the largest contributor to IR revenue, accounting for over 65% of total earnings. Under the 'Hungry for Cargo' drive, IR has enhanced ease of doing business, introduced competitive pricing, and attracted both traditional and new commodity streams. It crossed key milestones by achieving 1,418 MT in FY22, 1,512 MT in FY23, 1,591 MT in FY24 and 1,617 MT in FY25 with freight volumes growing at a CAGR of ~7% between FY21 and FY25. **IR now targets 1,700 MT by FY26, 3,000 MT by 2030 (advanced from FY27), and 3,600 MT by 2031. As of Q1FY26, IR freight volume increased by ~2% YoY to 413 MT.**

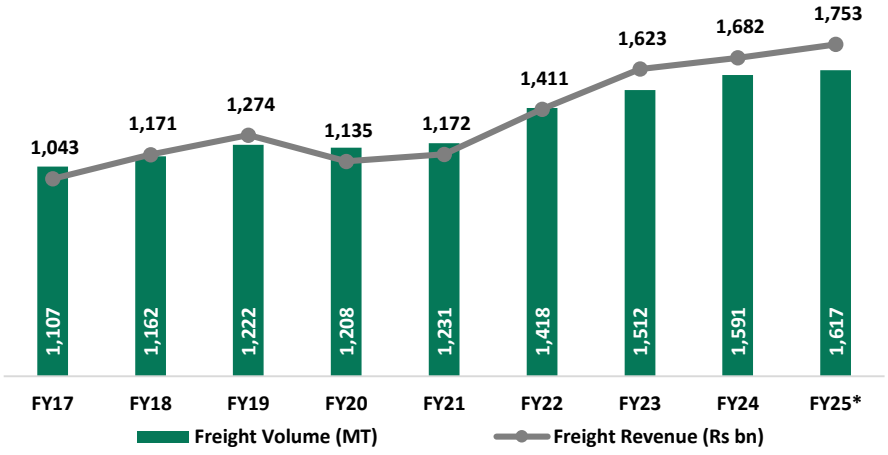
IR freight transport, measured in Net Tonne Kilometres (NTKM) — where one NTKM equals moving 1 tn of goods over 1 km — grew by 10% in FY23, reaching a record 903 bn NTKMs (820 bn NTKM in FY22). With continued growth, it is anticipated to touch 965 bn NTKMs by FY25. Further, the Government of India's ambitious plan to improve the modal share of rail in freight and its substantial investments in infrastructure for capacity creation such as DFC - have unlocked a multi-year opportunity. Backed by strong policy reforms, IR is well-positioned to regain and significantly expand its share in the national freight transport ecosystem.

Fig 32: Railway Freight Volume (MT)



*NTKM data is an estimated figure
Source: IR, SMIFS Research

Fig 33: IR Freight Carried and Freight Revenue



*Provisional data for Freight Revenue
Source: IR, SMIFS Research

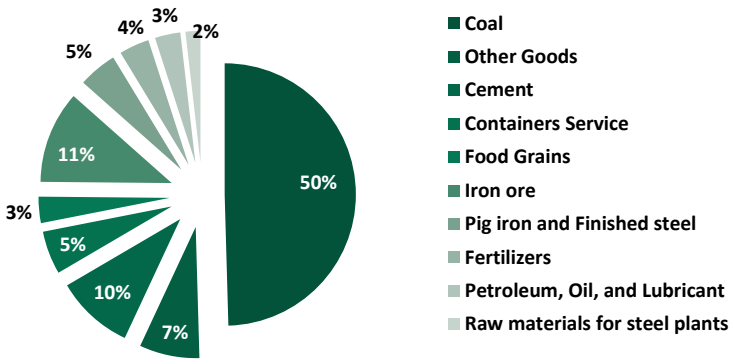
Coal continues to dominate IR freight basket, crossing the 50% mark in total freight loading in FY24 and contributing over 51% to freight revenue. Together with other bulk commodities like iron ore, cement, and steel, it forms 65%–70% of IR's freight earnings. Despite India's gradual push towards green energy and reduced coal reliance in the long term, coal demand remains robust in the near future, especially for power and steel sectors. To future-proof revenue and enhance resilience, IR is actively expanding its freight basket share towards non coal basket by tapping into high-potential segments such as containers, automobiles, fertilisers, and food grains, supported by improved infrastructure and customer-focused policies. Containerized rail freight is emerging as a key logistics driver, though currently only 2–3 lines reach ship berthing points. To address this, 23 new container terminals are planned across states, with enhanced port connectivity via DFC routes.

Fig 34: Freight Traffic Details – Earnings (Rs Bn) and Tonnes Carried (Mn)

Year	FY19		FY20		FY21		FY22		FY23		FY24		FY25RE	FY26BE
Commodity	Rs Bn	Mn	Rs Bn	Mn	Rs Bn	Mn	Rs Bn	Mn	Rs Bn	Mn	Rs Bn	Mn	Rs Bn	Rs Bn
Coal	570	606	544	587	496	542	659	653	807	727	851	787	931	985
Other Goods	83	87	74	85	85	102	100	119	117	125	113	118	115	125
Cement	102	117	87	110	97	120	106	137	122	144	133	153	116	128
Containers Service	74	60	26	61	51	63	63	74	71	79	81	85	98	102
Food Grains	76	39	62	38	92	63	107	74	100	71	70	51	83	79
Iron ore	94	137	110	153	127	159	131	168	123	160	132	181	139	141
Pig iron and Finished steel	84	54	73	53	74	60	91	69	105	70	115	76	112	108
Fertilizers	63	52	58	51	58	54	54	49	66	56	71	59	76	77
Petroleum, Oil, and Lubricant	56	43	59	45	57	42	58	46	63	48	67	50	72	74
Raw materials for steel plants	24	26	22	26	20	25	24	29	27	28	26	29	29	31
Miscellaneous revenue	49		20		15		18		21		24		29	31
Total	1,274	1222	1,135	1208	1,172	1231	1,411	1418	1,623	1509	1,683	1588	1,800	1,880

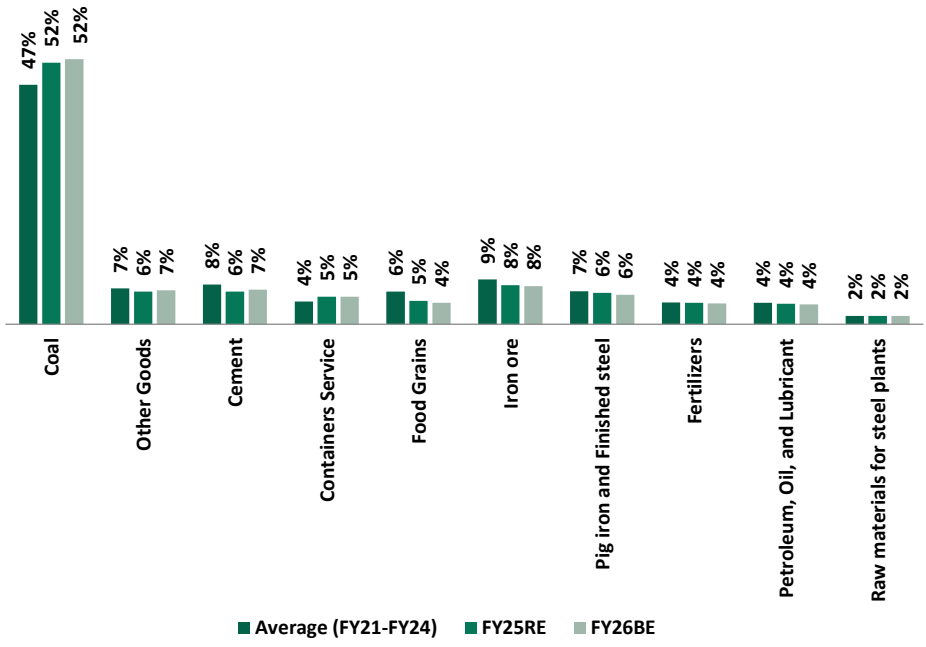
Source: IR, SMIFS Research

Fig 35: IR's Freight loading by Commodity in FY24 (%)



Source: IR, SMIFS Research

Fig 36: Commodity wise Contribution to IR Freight Revenue (%)



Source: IR, SMIFS Research

Increase in demand of industrial commodities will boost the freight rail revenue

India, the world's second-largest coal producer and consumer after China, continues to rely heavily on coal as the primary fuel for power generation. In FY23, coal demand crossed 1 bn tn, driven by rising economic activity, expansion in coal-intensive sectors like steel and cement, elevated gas prices pushing industries toward cheaper coal, and extreme temperatures spiking power demand. **Demand is projected to reach 1.5 bn tn by FY30, growing at a CAGR of ~6%.** IR, which earns over 50% of its freight revenue from coal, plays a crucial role in transporting this key commodity to power and industrial hubs. Despite a renewable energy push, coal remains vital due to its role in ensuring baseload power, with 1 kg of coal generating ~8 kWh of electricity.

India, the world's third-largest electricity producer and consumer, is projected to expand power generation capacity from 457 GW in FY25 to 673 GW by FY30 at a CAGR of 8%. **Despite a growing shift toward renewables, coal remains dominant, contributes more than 55% of the total commercial energy of the country and accounts for 70% of the total generation, with overall power consumption expected to rise from 1,800 to 2,300 bn units during this period.**

India's domestic steel capacity is projected to reach 160 MMT in FY25 and expand to ~300 MMT by FY30, supported by strong infrastructure push. The NIP (Rs 111 trn investment) and National Steel Policy 2030 aim to boost capacity, targeting 300 MMT capacity, 250 MMT production, and 230 MMT demand by 2030.

Car transportation via IR

Year	Cars Transported via Rail (in mn units)	Share in Total Car Dispatch (%)	Estimated Revenue to IR (Rs mn)
FY20	0.12	2.5%	1,200
FY21	0.15	3.2%	1,800
FY22	0.21	6.5%	3,100
FY23	0.37	11.5%	5,400
FY24	0.55	16.5%	7,700
FY25	1.04	20.3%	9,730

Source: IR, SMIFS Research

IR is fast becoming the **backbone of automobile logistics in India**, offering a cost-effective, safer, and greener alternative to road transport. Backed by the PM GatiShakti plan, it's expanding multimodal capacity with specialized double-decker wagons like BCACB and ACT for SUVs. **Rail's share in auto freight has jumped from ~1.5% in 2016, ~2.5% in FY20 to ~20% in FY25, with transportation of 1 mn units in FY25 (~0.12 mn units in FY20).** Dedicated Freight Corridors and the AFTO scheme are further accelerating this shift, helping OEMs cut emissions and logistics costs while enhancing delivery efficiency across India. **With growing OEM adoption, rail-based car movement may hit ~3 mn units/year by FY30, growing at ~25% CAGR during FY25-30.**

India is undergoing a major transformation in infrastructure and manufacturing, driving strong demand for cement, steel, and iron ore. This is fueled by government initiatives like Bharatmala and Gati Shakti, along with growing urbanization and private investment. IR will benefit from increased container services and higher freight movement of bulk commodities like coal, cement, and steel. The expansion of DFC, multimodal logistics parks, and seamless last-mile connectivity will further strengthen IR role as the backbone of industrial and infrastructure logistics in the country and further boost its freight loading and revenue potential.

Fig 37: Major Commodity Expectations

Segment	FY25	FY30E	CAGR%
Power			
Generation	457 GW	673 GW	8%
Consumption	1800 bn unit	2300 bn unit	5%
Coal			
Demand (domestic)	1.1 bn tn	1.5 bn tn	6%
Steel			
Domestic Capacity	160 MMT	300 MMT	13%
Global Capacity	2500 MMT	2900 MMT	3%
Iron ore			
Domestic Production	290 MMT	400 MMT	7%
Global Production	2600 MMT	3100 MMT	4%
Cement			
Domestic Capacity	650 MMT	850 MMT	6%
Global Capacity	4000 MMT	5500 MMT	7%

Source: IR, Industry, SMIFS Research

Strengthening rail freight for a future-ready economy

The Government of India is driving Indian Railways' transformation by aiming to raise its freight share from ~27% to ~45% and double volumes to 3 bn tn by 2030. This is supported by major infrastructure upgrades like DFCs, signalling, track improvement, station and platform modernization, etc.

As of 2025, the freight wagon market in India is valued at Rs 120–140 bn, driven by large-scale procurement from IR and increasing private sector participation. **By 2031, the market is projected to nearly double, reaching Rs 250–300 bn, supported by a strong CAGR of 10–12%**, fueled by rising freight demand, technological upgrades, and export potential.

In FY24, IR added 5,300 km of new tracks, a significant jump from just 4 km/day in 2015 to 14.5 km/day presently. For FY25, it aims to lay ~5,500 km of tracks (3,433 km commissioned from April-December 2024), contributing to its broader goal of adding 25,000 km over the next five years. Alongside expansion, the Railways is also upgrading 23,000 km of existing tracks to support speed of up to 130 kmph, ensuring both capacity enhancement and modernization.

As of March 2024, across IR, 488 Railway infrastructure projects (187 new line, 40-gauge conversion and 261 doubling) of total length 44,488 km, costing ~Rs 7.4 trn are in planning/approval/construction stage, out of which, 12,045 km length has been commissioned and an expenditure of ~Rs 2.92 trn has been incurred upto March, 2024. Simultaneously, IR is enhancing rolling stock which plays a crucial role in both rail freight and passenger transportation, directly impacting efficiency, capacity, and service quality.

This growing need for network expansion and enhanced freight efficiency is incomplete without a corresponding increase in wagon capacity. The demand for advanced, high-capacity wagons is crucial to support bulk transport, improve turnaround times, and optimize logistics costs. **Wagons requirement is being met by both public and private manufacturers, with the majority of supply coming from the private sector.** IR is focused on modernizing its maintenance infrastructure, replacing old wagons, enhancing material handling systems, and strengthening IT capabilities to improve turnaround time and operational reliability. These efforts are also aligned with broader macroeconomic growth and rising demand in core sectors, further driving the need for an expanded and efficient wagon fleet.

Track Commissioning

Period	New Track Commissioned	Average Commissioning of new tracks
2009-14	7,599 km	4.2 km/day
2014-24	31,180 km	8.54 km/day
2024	5,300 km	14.5 km/day

Source: IR, SMIFS Research

Axle Loads and Train Capacities

Axle Load	Train Load Capacity	Notes
20.3 tn	4,800–5,400 tn	Standard BOXN wagons
22.9 tn	5,300–5,400 tn	BOXNHL wagons introduced
25 tn	5,200–5,300 tn	New-generation wagons like BOXNS and BOBSNS
32.5 tn	Up to 13,000 tn	Planned for DFCs; enables heavy-haul operations

Source: IR, SMIFS Research

Wagon turn-round (in days)

Year	Days
1980-81	15.20
1990-91	11.50
2000-01	7.50
2010-11	4.97
2018-19	5.00
2019-20	5.30
2020-21	5.43
2021-22	4.74
2022-23	4.70
2023-24	**5.11**

Source: IR, SMIFS Research

Axle Loads and Train Capacities

Track gauge	IR track gauge
762 mm (2 ft 6 in) and 610 mm (2 ft) - Narrow Gauge	~1,300 km
1,000 mm (3 ft 3 3⁄8 in) - Metre Gauge	~1,500 km
1,435 mm (4 ft 8 1⁄2 in) - Standard Gauge	245 km
1,676 mm (5 ft 6 in) - Broad Gauge	65,977 km

Source: IR, SMIFS Research

Understanding wagons: the backbone of India's freight transformation

IR is modernizing infrastructure and accelerating advanced wagon designs to enable efficient, cost-effective transport for diverse freight needs:

Infra modernization: IR is heavily investing in rail infrastructure and innovative wagon technologies.

Design evolution: Shift from 4-wheeler to 8-wheeler bogie wagons; upgrade from vacuum to air brakes.

Higher axle loads: Increased train load capacity from 2,000 tn to over 5,000 tn with plans to reach ~13,000 tn; shift to higher axle loads from 20.3 tn to 22.9 tn and now moving to 25 tn. A typical freight wagon in India carries ~60 tn of payload (with a gross weight of ~90 tn). In contrast, a long-haul freight train with 80 to 100 wagons can transport a massive 5,000 to 6,000 tn of cargo in a single journey. On the other hand, even a standard to multi-axle road truck can carry only about 30 to 50 tn, highlighting the superior bulk-carrying efficiency of rail transport over long distances.

Tech advancements: New high-capacity wagons like BOXNHL, BCNHL introduced via R&D.

Efficiency gains: Wagon turnaround reduced from ~15 days (1980s) to ~5 days (FY24).

Broad gauge (BG) push: Narrow and meter gauge tracks are gradually being phased out or limited to select hilly regions, while standard (mostly present in city for metro) and other gauges are being converted to broad gauge. The gauge—defined as the distance between the inner sides of the two rails—is critical for capacity and speed. Currently, broad gauge covers ~68,489 km (~99%) out of a total 69,181 km route length.

Types of wagons: Goods are transported via a wide range of rail wagons, each designed to suit specific cargo types, loading methods, and safety requirements. Freight is classified into containerized, liquid, bulk commodities, and others, catering to sectors like oil & gas, mining, logistics, and postal services. With over 20 specialized wagon types in service, each is uniquely identified for efficient tracking and operations. The **average cost of standard freight wagons in India ranges from Rs 3–4 mn**, depending on type and specifications. **Specialized wagons** for defense, high-security cargo, or unique applications can cost significantly higher, **exceeding Rs 4.5 mn per unit**.

Freight Transport Cost Comparison (Rs /tn-km)

Mode	Cost (Rs/tn-km)	Notes
Railways	1 - 1.6	Cost-effective for long distances; lower CO_2 emissions
Roadways	2 - 3.6	Dominant mode, handling ~70% of freight; higher costs due to fuel and tolls
Waterways	0.5 - 1.5	Most economical; underutilized
Airways	~18.0	Fastest but most expensive; used for high-value or urgent goods.

Source: NITI Aayog, SMIFS Research

Freight Transported per 1 litre of Fuel per Km

Mode	Tns
Rail	85
Road	24

Source: NITI Aayog, SMIFS Research

Fig 38: Common Types of Freight Wagons in India

Wagon Type	Purpose
BOXN / BOXNS	Open wagons for bulk commodities like coal and steel
BOBR / BOBRN	Bottom discharge wagons for coal and similar materials
BCN / BCNA	Covered wagons for bagged goods and food grains
BTPN	Tank wagons for transporting liquids such as oil and chemicals
BRN / BRNA	Flat wagons for heavy machinery, vehicles, and containers
BFNS / BFNSM	Flat wagons designed for steel coils and long products
BLCS / BLCM	Container flat wagons for intermodal freight
BOYEL / BOYEL 25T	High-capacity wagons for iron ore and similar bulk materials
BOBS / BOBSNS	Open wagons for stone, ballast, and aggregates
BTFLN	Tank wagons for transporting liquefied petroleum gas (LPG)

Source: SMIFS Research

Fig 39: Wagon's Key Components and Cost Breakdown

Component	Description	Estimated Cost Contribution (%)
Steel Structure	Underframe, sidewalls, end walls, roof (for covered wagons)	~35%
Bogies & Wheelsets	Axles, wheels, suspension system (manufactured as per IR standards)	~35%
Couplers & Buffers	Used for wagon connectivity and shock absorption	~8%
Brake System	Air brake system, brake cylinders, pipelines	~7%
Painting & Coating	Corrosion-resistant coatings and finishing	~5%
Manufacturing & Assembly	Labor, welding, machining, and fabrication	~8%
Testing & Certification	Quality checks, load testing, and regulatory approvals	~2%

Source: IR, SMIFS Research

Cost-effective rail transport: An efficient supply chain has improved flexibility in trade, ensuring better access to raw materials and timely delivery of finished goods. Rail transport is not only more cost-effective than road—offering savings on fuel, logistics, and security—but also environmentally friendly, producing significantly lower CO_2 emissions. **A single freight train can replace 50–80 trucks, making it a scalable and sustainable choice. Moreover, rail transport is over 3.5 times more fuel-efficient than road transport.**

High entry barrier and scaling capacity to meet freight demand: Establishing a wagon manufacturing facility demands substantial capital investment, extensive infrastructure, and a prolonged gestation period to obtain necessary approvals, making it a sector with significant entry barriers. IR is the primary procurer of wagons in India, with the majority of the country's rail freight transported through its extensive fleet. **This positions IR as the dominant player in the nation's freight movement by rail. India's wagon manufacturing capacity has expanded to 50,000–55,000 wagons p.a., up from about 35,000-40,000 units p.a.** earlier with actual procurement by IR averaging ~10,000 units per year, leading to underutilization. **At peak utilization, wagon manufacturing facilities operate at ~85% of their total installed capacity.** However, recent years have seen a significant uptick in production to meet growing freight demand and to meet IR's modal freight share target. **In FY25, IR achieved a record production of 41,929 wagons (~11% YoY growth), surpassing FY24's 37,650 units.** This marks a substantial rise from the annual average of ~13,262 wagons produced between 2004–2014. **Total wagon production in the last three years reaches 1,02,369 units.**

In FY25, IR produced a record 41,929 wagons (~11% YoY growth), up from 37,650 in FY24 and far above the 2004-14 average of ~13,262. Wagon output over the past three years totals 1,02,369 units.

Fig 40: Railway Wagon Manufacturers

Railway Wagon Manufacturers	Capacity (in Units) FY18-22	Capacity (in Units) FY25
Titagarh Rail Systems Ltd	8,000	12,000
Texmaco Rail & Engineering Ltd	6,500	10,000
Jupiter Wagons Ltd	6,000	10,000
Hindustan Engineering & Industries Ltd	4,300	8,000
BESCO (WD & FD)	3,000	5,000
Modern Industries Ltd	3,300	3,300
Jindal Rail Infrastructure Ltd	3,000	3,000
Oriental Rail Infrastructure Ltd	1,000	1,500
Other Private & Public Sector Players	2,000-5,000	5,000-7,000
Total Capacity	**35,000 - 40,000**	**50,000 - 55,000**

Wagon production in India involves various entities that can be classified into three primary segments:

1. Private Sector: **Texmaco Rail, Titagarh Rail, Jupiter Wagons**, Hindustan Engineering & Industries, Modern Industries, Oriental Rail Infrastructure, BESCO (WD), BESCO (FD), Jindal Rail Infrastructure
2. PSUs: Braithwaite & Company, Sail RITES Bengal Wagon Industry Ltd (SRBWIL), Burn Standard Company, Kolkata
3. IR Workshops: workshops at Amritsar, Punjab; Golden Rock, Tiruchirappalli, Tamil Nadu; Samastipur & Jamalpur, Bihar; and Hubli, Karnataka.

Fig 41: Wagon Production Plans and Execution

Wagons Production (Units)	FY18	FY19	FY20*	FY21	FY22	FY23	FY24	FY25
Production Plan for RSP (Rolling Stock Program)	7,116	11,000	11,000	10,000	9,600	21,000	23,000	30,000
Actual Production	**6,290**	**9,535**	**10,604**	**10,062**	**8,386**	**17,935**	**20,186**	**29,889**
- Industry	5,639	9,014	9,670	8,906	7,804	16,525	18,449	27,256
- Public Sector Units / Railway - Work Shop	651	521	934	1,156	582	1,410	1,737	2,633
Cumulative excess/shortfall (RSP)	***-826***	***-1,465***	***-396***	***62***	***-1,214***	***-3,065***	***-2,814***	***-94***
CONCOR/BLC wagons	873	1,749	1,356	578	1,223	783	3,638	1,258
Other Pvt Wagons	852	1,365	2,535	1,881	3,187	4,072	13,826	10,782
Total Production	**8,015**	**12,649**	**14,495**	**12,521**	**12,796**	**22,790**	**37,650**	**41,929**

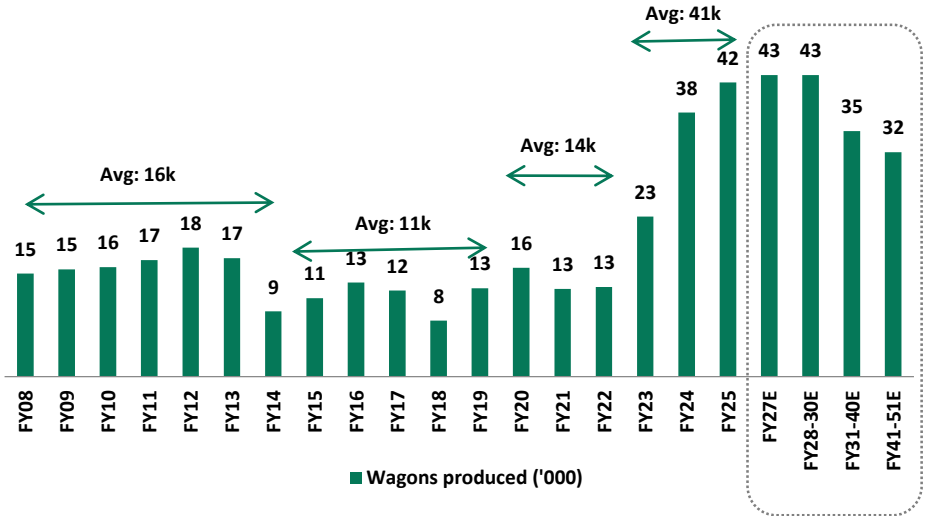
*Till February 2020
Source: IR, SMIFS Research

Fig 42: Firm-wise Production of Rolling Stock Program (RSP) Wagons

Sr. no.	Name of wagon builders	FY22	FY23	FY24	FY25
1	Modern	789	702	27	0
2	Texmaco	668	2327	5116	6640
3	H.E.I.	473	2342	2762	3962
4	Besco(WD)	279	934	810	448
5	Titagarh	2468	4942	4951	7322
6	Jupiter	1743	2423	1964	4348
7	Oriental	6	420	916	1205
8	Bescoc (FD)	2	300	973	949
	Total Private Sector	**6428**	**14390**	**17519**	**24874**
9	Braithwaite	1092	1451	376	1476
10	SRBWIL (SAIL)	284	684	554	906
	Total Public Sector	**1376**	**2135**	**930**	**2382**
	Total Industry	**7804**	**16525**	**18449**	**27256**
11	ASR w/shop	156	562	601	611
12	GOC w/shop	156	50	381	785
13	SPJ w/shop	186	299	308	395
14	Jamalpur	84	499	447	842
	Total IR Wagon/shops	**582**	**1410**	**1737**	**2633**
	Grand Total	**8386**	**17935**	**20186**	**29889**

Source: IR, SMIFS Research

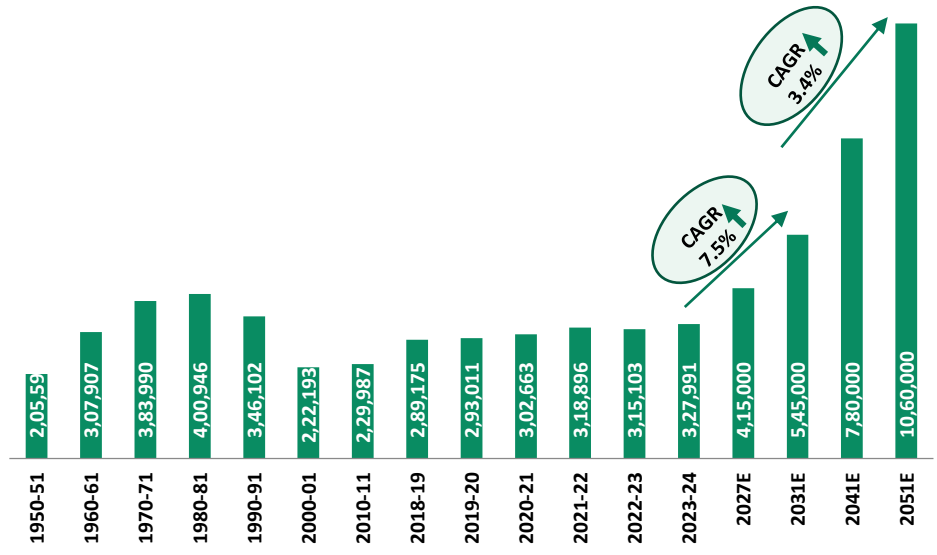
Fig 43: Wagons Production On Rise In IR Network



Source: IR, SMIFS Research

IR wagon expansion plan: To meet the **ambitious freight volume targets of 3,000 MT by 2030 and 3,600 MT by 2031, IR plans to expand its wagon fleet from the current ~3,27,991 units to ~5,45,000 by FY2031.** Given the average life of a wagon is around 20–25 years, there is an **immediate need to replace nearly ~1,00,000 aging wagons** over the next five years creating a clear replacement demand for ~20,000 wagons annually. **Consequently, IR is expected to procure around 35,000–40,000 wagons p.a. over the next five years, including both new additions and replacements**. In parallel, private players are anticipated to add another ~10,000 wagons annually, further boosting overall industry volumes. **Thus, representing a market opportunity of ~Rs 800 bn over the period**.

Fig 44: Total Wagons in the System and Requirement (in Units)



Source: IR, SMIFS Research

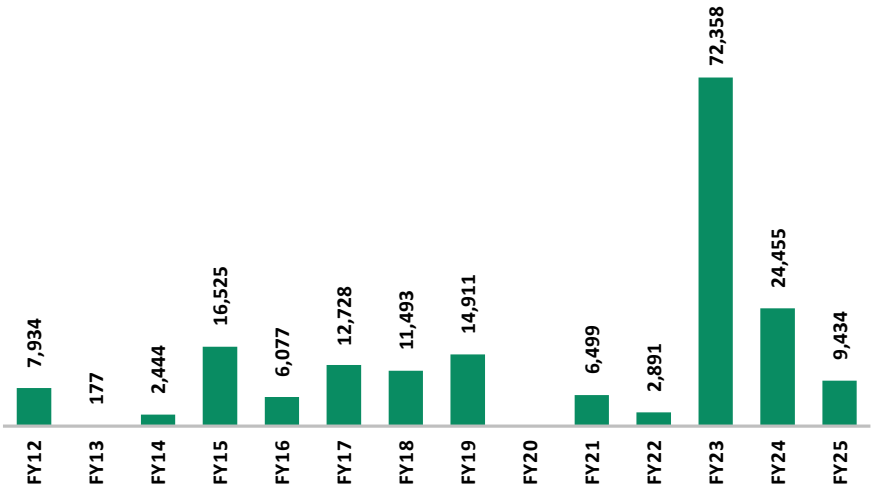
Record wagon procurement tender: Over the past decade, significant infrastructure investments have now translated into improvements in rolling stock. In 2022, IR issued its largest-ever wagon tender, aiming to procure 90,000 wagons over a 39-month period, with an estimated investment of ~Rs 300-350 bn. This tender alone surpasses the total procurement volume of the last decade. **Out of the 90,000 wagons, 72,358 were allocated through a bucket-filling mechanism, valued at ~Rs 250 bn in May 2022.** The tender was distributed among ~10 public and private manufacturers, with wagon prices

ranging from Rs 3 - 3.5 mn per unit, reflecting a 20% increase compared to the previous order. The tendering process has seen significant improvements, including the introduction of a price escalation clause, offering relief against fluctuations in raw material costs, along with better payment terms for wagon manufacturers.

Following its largest-ever wagon procurement, IR continued its aggressive fleet expansion with orders—one for ~11,000 BOXNS-type wagons and another for ~12,000 BOSM-type wagons. In addition, it placed orders for about 10,900 wagons of various other types in smaller quantities, further reinforcing its commitment to enhancing freight capacity and modernizing its rolling stock.

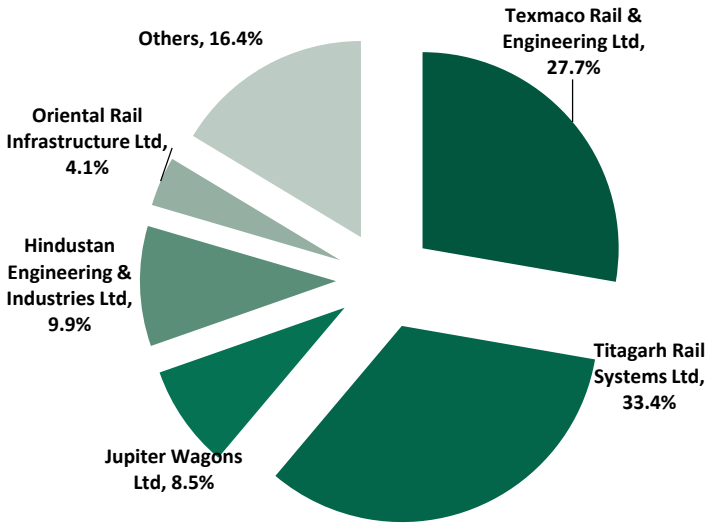
IR is expected to come out with a significant tender to procure 30,000-40,000 wagons in H2FY26. Along with this, discussions are also underway for a substantial order of new-generation wagons and aluminium wagons, marking a significant step toward modernizing IR freight fleet. Thus, such order pipeline visibility is a major boost for the industry, which has been facing challenges related to low capacity utilization due to subdued demand. It offers strong medium too long term revenue visibility for the sector, positioning it for growth as demand picks up and modernization efforts take shape.

Fig 45: Wagons Tender by IR



Source: IR, SMIFS Research

Fig 46: IR Historic Tender of 72,358 Wagons



Note: % allotted is without considering the surrender of tranche of order by Texmaco, TRSL
Source: IR, SMIFS Research

India unveils first 'Make in India' aluminium freight rake: A groundbreaking innovation

In October 2022, IR launched its first indigenously designed aluminium freight rake (61 wagons of BOBRN-ALHSM1) in collaboration with RDSO, HINDALCO, and BESCO Wagon. Aluminium trains, widely used in the US, Europe, and Japan for their sleek designs and high-speed tilt capabilities, are now part of India's efforts to modernize rail freight and achieve significant carbon savings.

The aluminium freight rake features a fully lockbolted, weld-free superstructure, making it stronger and more durable. It is 3.25 tn lighter than steel rakes, enabling 180 tn of extra carrying capacity and a high payload-to-tare ratio of 2.7. This reduces fuel use in empty runs and cuts over 14,500 tn of CO_2 emissions over its lifetime. Though the rake costs 35% more due to its aluminium build, it offers 80% resale value and lower maintenance costs due to better corrosion and abrasion resistance. Its adoption also reduces reliance on imported metals like nickel and cadmium, supporting the local aluminium industry.

In a significant step toward India's sustainability goals, Indian Railways plans to deploy over one lakh aluminium wagons in the coming years, aiming to cut annual carbon emissions by more than 2.5 mn tn. Additionally, a tender for ~10,000 aluminium wagons is expected going forward.

Fig 47: BOBRN type Wagon – Steel vs Aluminium

Features	BOBRNHS - Steel	BOBRN-ALHSM1
Tare Weight (estimated)	25.61 tn	23.54 tn
Gross Weight of a Wagon	89.28 tn	87.28 tn
Load Capacity	63.67 tn	63.74 tn
Axle Load (loaded)	22.32 tn	21.82 tn
Axle Load (empty)	6.40 tn	5.88 tn
Payload-to-tare ratio	2.48	2.71

Source: IR, SMIFS Research

Fig 48: Key Differences between Aluminium and Steel Wagon

Feature	Aluminium Wagons	Steel Wagons
Weight (Tare)	Lighter by ~3–4 tonnes	Heavier
Payload Capacity	Higher (due to lower tare weight)	Lower (due to higher tare weight)
Payload-to-Tare Ratio	Higher (2.7-2.85)	Lower (2.6 or less)
Corrosion Resistance	Excellent (natural oxide layer)	Moderate; prone to rust without treatment
Maintenance Cost	Lower (due to less corrosion and abrasion)	Higher (requires regular painting/repairs)
Lifespan	Longer (30+ years, with less wear)	Slightly shorter
Carbon Footprint	Lower (reduces fuel use in empty runs, recyclable)	Higher
Cost (Initial)	~35% higher upfront	Lower initial cost
Resale Value	High (~80%), good scrap value and recyclability	Moderate; lesser demand and lower scrap price
Recyclability	Fully recyclable with minimal loss of quality	Recyclable but energy-intensive; lower reuse rate
Carbon Emissions	Lower lifecycle emissions; over 14,500 tons of CO_2 saved per rake over lifetime	Higher emissions during operation and manufacturing

Source: IR, Industry, SMIFS Research

Wagon allocation system:

Previous wagon allocation scheme: Under IR's earlier tender norms, 60% of the order quantity was allocated to the L1-L6 bidders (lowest to the sixth-lowest bidder) in a set ratio of 13:12:11:10:8:6, all at the L1-price. The remaining 40% was distributed among eligible regular wagon manufacturers based on their average annual production over the past five years. This policy aimed to boost the capacity utilization of smaller players in the industry by considering their production capabilities.

Bucket filling mechanism: It introduced IR in December 2018 to replace the previous allocation method and is designed to ensure more efficient distribution of orders based on the manufacturers' capacity to supply and delivery timelines. The L1 bidder (lowest bidder) receives the first allocation up to its proven capacity, with the remaining orders distributed to L2, L3, and other bidders based on their capabilities. For orders under 1,000 wagons, the entire quantity typically goes to the L1 bidder. For larger orders, the allocation is shared among multiple bidders to ensure balance and prevent overloading any single supplier.

Manufacturers are assessed on their capacity to deliver within the specified schedule by an independent RDSO team, considering their total allotment and outstanding orders. A manufacturer's IR order book should not exceed twice its peak annual production over the last five years, or its overall capacity, whichever is higher, ensuring no manufacturer is overwhelmed with excessive orders. This system optimizes capacity utilization, ensures timely deliveries, and promotes fair allocation across all manufacturers.

Boosting private wagon ownership: IR introduced the 'Own Your Wagon Scheme' in 1992, marking the beginning of private participation in wagon ownership. Over time, more flexible schemes like Wagon Investment Scheme (WIS), General Purpose Wagon Investment Scheme (GPWIS), Liberalised Wagons Investment Scheme (LWIS), Liberalised Special Freight Train Operators (LSFTO), Automobile Freight Train Operator Scheme (AFTO), Wagon Leasing scheme (WLS), etc. were launched to attract private capital, streamline operations, and expand rolling stock. Introduction of these schemes enabled private sector entities to own wagons to mitigate the shortage of rail wagon with the IR.

LWIS amendment was brought in FY19 which permitted the investors to load third party cargo in their rakes in empty directions. This move unlocked more efficient use of assets and widened investor interest. Previously, only specialized wagons were open for private investment; now, general-purpose wagons like BOX, BOXN, and BCN are also included, creating new avenues for PSUs, ports, and mining firms. In April 2023, IR halted new orders of BOXNHL type (open/uncovered) wagon through GPWIS scheme from the private sector for two years due to track congestion issues. But overall, these liberalised schemes are expected to drive long-term private investments in wagon infrastructure, ensuring reduce IR's capital burden, boosting wagon supply and improving freight reliability.

Private sector ownership of wagons has increased over the last few years. Companies from logistics, steel, and mining sectors including SAIL, NTPC, Adani Logistics, TM International Logistics (JV of Tata Steel), Rungta Mines, etc., have acquired private wagons between 2017-2022. A few leasing companies have also entered in the domestic market. GATX India Pvt Ltd (a subsidiary of Gatx Corp, USA) is the largest private owner of wagons in India with a fleet of ~10,000 wagons. Touax Texmaco Railcar Leasing Ltd (a JV of Texmaco Rail & Engineering Ltd) and Adani Ports and Special Economic Zones Ltd are also registered wagon leasing companies with IR. Further, logistics players and automobile manufacturers have acquired private wagons.

Going forward, private players are expected to continue adding approximately 8,000–10,000 wagons annually, driven by supportive policies and sustained demand for dedicated logistics solutions.

Global freight wagon market poised for sustained growth: Freight wagon demand is expected to recover steadily, driven by global economic reopening, free trade agreements, and expanding logistics infrastructure. Enhancements in railway networks and government support for public transport are fueling this growth. Rail freight remains a cost-effective and eco-friendly mode of transporting goods in bulk, making it vital for both domestic and international trade. Its fuel efficiency and lower operational costs compared to road transport contribute to its growing market share.

As of 2024, the global rail transport market is experiencing robust growth. It expanded from ~USD 590 bn in 2024 to a projected ~USD 634 bn in 2025, reflecting a growth of ~7.3%. This upward trajectory is driven by factors such as strong economic growth in emerging markets, the rise of e-commerce, and increased mining activities. Looking ahead, the market is expected to reach ~USD 806 bn by 2029, maintaining a CAGR of ~6.2%. **In the freight wagon segment, the market was valued at ~USD 180 bn in 2023 and is anticipated to grow to ~USD 275 bn by 2033, registering a CAGR of ~4.3% over the forecast period.**

China holds the world's largest freight wagon fleet and leading manufacturing capacity, while the U.S. leads in freight leasing and private wagon share. Both China and U.S. is projected to grow at a CAGR of ~5.5% over 2023–2030. Russia and Japan are expected to witness a CAGR of ~3.5%, while within Europe, Germany is forecast to grow at about ~3%. The Asia-Pacific region, led by Australia, India, and South Korea, is anticipated to expand at a CAGR of ~4%, driven by increasing investments in rail infrastructure and logistics efficiency.

Fig 49: Wagon market in major economies

Parameter	USA	China	Russia	Europe (EU Region)
Freight Car Production Capacity (units p.a.)	50,000–60,000	100,000–120,000	60,000–70,000	25,000–35,000
Average Annual Demand (units)	35,000–45,000	80,000–100,000	40,000–50,000	20,000–30,000
Largest Players	Greenbrier, Trinity Industries, National Steel Car (Canada-based but serves U.S. market), FreightCar America	CRRC, Qiqihar, Tangshan	United Wagon Co., Altaivagon, RM Rail	Tatravagónka (Slovakia), Greenbrier Europe, Ermewa
Total Wagon Fleet Size (FY24)	~1.7 mn	3.7 – 4 mn	1.2–1.3 mn	0.7 - 0.8 mn
Pvt : Govt Ownership	75:25	60:40	55:45	~80:20
Average Cost per Wagon (USD)	100,000–130,000	50,000–70,000	60,000–80,000	90,000–120,000

Source: Industry, SMIFS Research

Dedicated Freight Corridor (DFC) – A game changer

The government's vision to create dedicated lines for moving the freight through DFC are expected to be a game changer for Railway transportation. To increase the modal share in freight, IR introduced a plan to construct DFCs in 2005. DFC will offer higher transport output and carrying capacity due to faster transit of freight trains. These corridors would see the running of double stack container trains and heavy haul trains which would bring down the unit cost of freight transport. This is also expected to improve the supply chain for the industries/logistics players located in the corridor catchment areas.

IR golden quadrilateral linking the four metropolitan cities of Delhi, Mumbai, Chennai and Howrah, and its two diagonals (Delhi-Chennai and Mumbai-Howrah) comprises of 16% of the route but carry more than 52% of the passenger traffic and 58% of freight traffic of IR. This trunk route is highly saturated - line capacity utilization varying between 115% to 150%. IR priorities running passenger trains, resulting in long waiting hours for freight trains. **To eliminate this problem, IR is increasing its freight transportation capacity by constructing the golden quadrilateral (8,000-10,000 km) through DFC**. This golden project will set up new stations and logistic parks for freight trains. ***This will reduce its unit cost of transportation, lower transit times, increase utilisations and improve specific fuel consumption. Also lead to an increase in traffic which will result in demand of wagons.***

Adoption of DFC route by IR will make it **more attractive and regain railway's market share of freight transport:**

- **increasing axle load** for carrying additional traffic per wagon – 22.9/T to 25/T
- deployment of **higher capacity locomotives**
- **higher capacity wagons** - capacity of 13,000 tn load from usual 5,000 tn of freight trains
- accommodate longer train lengths - **increase in the length** of freight trains up to 1.5 km by adding more boogies (current length ranges from 500-1,000 m)
- enable **double stacking** of containers for intermodal movement
- **wagon width** will be 3,600 mm from the existing 3,200 mm, and the **height** will be 5.1m in a single stack container and 7.1m in a double-stack container. Currently, IR freight trains' height is 4.265m only
- improvement in **maintenance practices** of wagons and locomotives
- addition of **high-speed freight trains** - enables freight trains to operate at an average speed of 70-90 Km/hr, as against the existing 25-30 Km/hr. Currently
- improvement in **track and signalling** - development of the Train Protection and Warning System
- **centralized control system**
- **eco-friendly transport system** - in the first 30 years, there will be a reduction of over 450 mn tn of CO2. It will help to increase greenhouse gases in the environment.

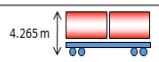
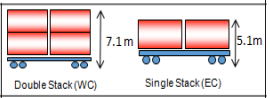
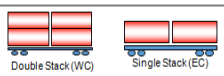
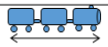
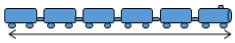
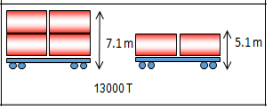
In August 2025, IR created history by running '**Rudrastra', Asia's longest freight train—a 4.5 km giant with 354 wagons and 7 locomotives**—covering ~200 km across parts of the Dedicated Freight Corridor (DFC) and conventional tracks, while maintaining an average speed of 40 km/h and completing the journey in just 5 hours. This milestone highlights the GoI's strong focus on modernising freight transport, optimising logistics efficiency, and shifting bulk cargo from road to rail.

Fig 50: 6 DFC's in India

Corridor	Length (km)	Status	Start Point	End Point
1. Eastern DFC (EDFC)	1,337 km	**Fully Operational**	**Sahnewal** (Punjab)	**Dankuni** (WB)
2. Western DFC (WDFC)	1,506 km	~96.4% done; full by Dec 2025	**Dadri** (Uttar Pradesh)	**JNPT** (Navi Mumbai, Maharashtra)
3. East-West Corridor	~2,000 km	**Announced**	**Kolkata** (West Bengal)	**Mumbai** (Maharashtra)
4. North-South Corridor	~975 km	**Announced**	**Delhi**	**Chennai** (Tamil Nadu)
5. East Coast Corridor	~1,115 km	**Announced**	**Kharagpur** (West Bengal)	**Vijayawada** (Andhra Pradesh)
6. Southern Corridor	~892 km	**Proposed**	**Goa**	**Chennai** (Tamil Nadu)

Source: IR, SMIFS Research

Fig 51: Upgraded Dimensions & Design Features of Wagons for DFC

Feature	Existing on IR	On DFC
Moving Dimensions		
Height		
Width		
Container Stack		
Train Length		
Train Load		

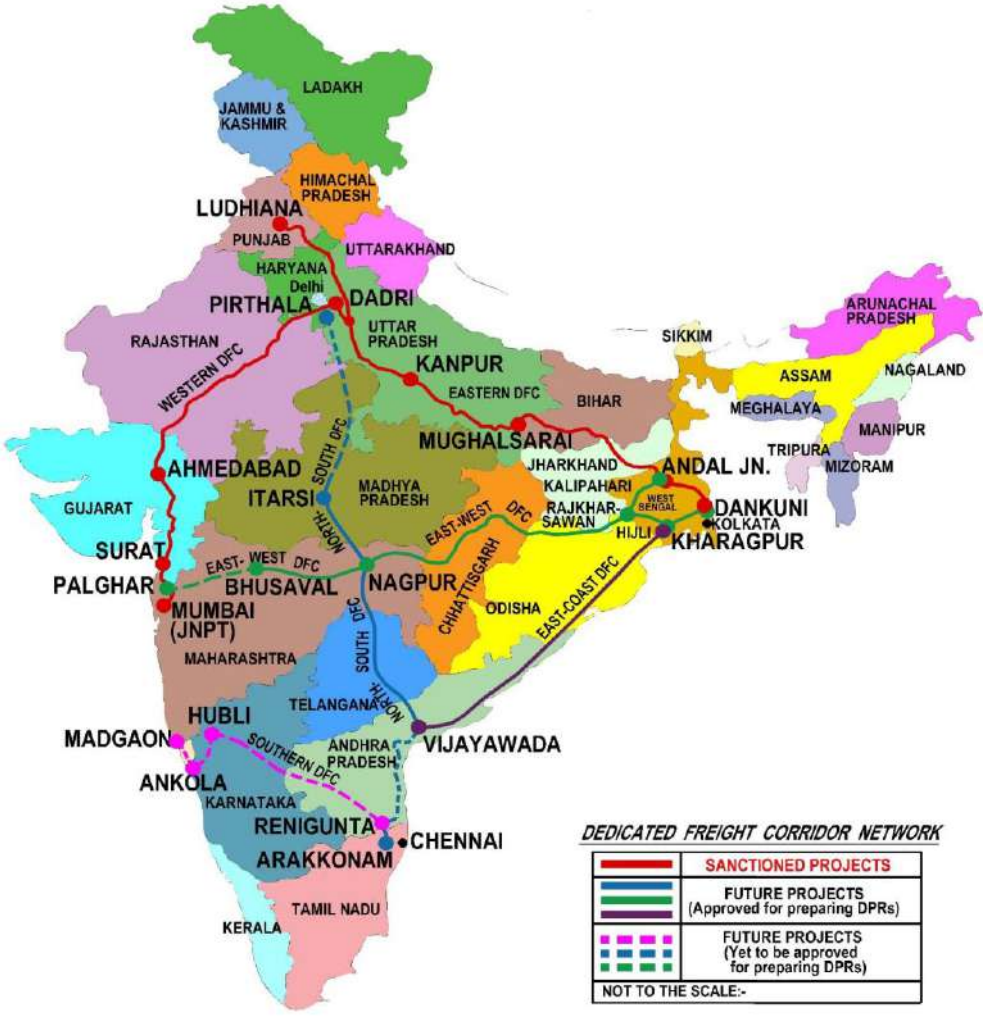
Feature	Existing on IR	On DFC
Heavier Axle load		
Axle Load	22.9 T/25T	25/T (Track Structure), Bridges & Formation Designed for 32.5T
Track loading Density		
Minimum Speed	 75 Kmph	 100 Kmph
Grade	Up to 1 in 100	1 in 200
Curvature	Up to 10 Degree	Up to 2.5 Degree
Traction	Electrical (25 KV)	Electrical (2x25 KV AT Feeding)
Station Spacing	7-10 Km	40 km on Double Line 10 Km on Single Line
Signalling	Absolute/Automatic with 1 Km spacing	Automatic With 2Km Spacing
Communication	Emergency Socket/Mobile Train Radio	Mobile Train Radio

Source: Dedicated Freight Corridor Corporation of India, SMIFS Research

The cumulative CAPEX for building the EDFC and WDFC has risen to ~Rs 1.24 trn. **As of FY25, an average of 352 freight trains per day operated on DFC tracks, up from 247 trains/day in FY24**. Despite the increase, the current utilization remains low, well below **the total capacity of ~480 trains/day, indicating ample room for future growth**. India's next phase of freight corridor expansion is projected to involve a capex outlay of Rs 2 trn.

High-Speed Rail (HSR) corridors - The National High Speed Rail Corporation Ltd (NHSRCL) is **leading India's bullet train mission** under the High-Speed Rail (HSR) corridors initiative. Currently, only the Mumbai–Ahmedabad corridor is under construction, set to be operational by FY27 to run India's first bullet train. HSR have been allocated capex of ~Rs 5.1 trn (FY26-31) with 12 HSR corridors (>250 km/h) spanning ~7,200 km. Around seven other corridors—including Delhi–Ahmedabad, Delhi–Varanasi, and Chennai–Bengaluru–Mysuru—are in various stages of planning or approval. These are part of the larger Diamond Quadrilateral vision to connect Delhi, Mumbai, Chennai, and Kolkata. Once complete, bullet trains running up to 320 km/h will transform intercity travel with faster, safer, and more efficient connectivity.

Fig 52: DFC routes



Source: DFCCIL, SMIFS Research

Advancements in wheelset production for IR

Rail wheelsets, consisting of wheels mounted on an axle, are essential for the stability, load distribution, and smooth movement of railway wagons. Their precision and strength are critical to ensuring the safety and efficiency of rail operations.

Until the early 1980s, IR imported ~55% of its wheel and axle requirements. High import costs, delays, and foreign exchange constraints negatively affected wagon production and maintenance. To address these issues, t**he Government of India established the Rail Wheel Factory (RWF) in Yelahanka, Karnataka, in 1984, and the Rail Wheel Plant (RWP) in Bela, Bihar, in 2012.** Despite these initiatives, **IR continued to import roughly 30% of its wheelsets** from countries like China, Russia, Ukraine, the UK, and the Czech Republic. However, following border tensions, imports from China were banned, and the ongoing war between Russia and Ukraine further complicated sourcing from these regions. As a result, RWF and RWP became the primary suppliers to optimize domestic capacity utilization.

Nevertheless, delays in the expansion of domestic production capacity and rising demand from major projects like the historic wagon tender, Vande Bharat trains, and metro expansions led IR to allow limited private imports, primarily from China. In this context, RWF and RWP were tasked with prioritizing government procurement.

In FY25, RWF achieved its best performance, producing 201,150 wheels (up from 196,265 in FY24), 93,880 axles (compared to 83,504 in FY24), and 98,350 wheelsets (up from 94,275 in FY24). The Rail Wheel Plant, with a production capacity of ~100,000 wheels, achieved a record of 42,167 wheels in FY24. IR also procures wheels from Rashtriya Ispat Nigam Limited (RINL) in Rai Bareli, which produced ~21,000 wheels in FY25 with a total capacity of ~1,00,000 forged wheels, and from Steel Authority of India (SAIL), which

produced ~40,000 wheels, with a total capacity of ~70,000 forged wheels. Despite these domestic efforts, in FY25 alone, IR spent Rs 9 bn on importing forged wheels to meet its needs.

The Titagarh- Ramkrishna Forgings JV is setting up a state-of-the-art manufacturing facility in India for forged wheel - estimated capacity of 2,28,000 wheels out of which 80,000 wheels p.a. will be directly procured by IR for over a period of 20 years. Additionally, Jupiter Wagons has ventured into wheelset manufacturing and plans to reach a production capacity of 100,000 wheelsets by FY27. **With Indian Railways' ongoing expansion plans over the next five years, the projected demand for wheelsets is expected to range between 250,000 and 300,000 units. Given that each wheelset costs ~Rs 3,00,000, this would create a market worth ~Rs 90 bn.** This significant demand reflects the growing need driven by various railway projects and the expansion of rail capacity.

Fig 53: Wheelsets requirement in India

Rolling Stock	Units	Wheelsets
Wagons (New)	~40,000	~1,60,000 (4 in each)
Wagons (Replacement)	~10,000	~40,000 (4 in each)
Coaches	~10,000	~40,000 (4 in each)
Locomotives	~2,000	~12,000 (6 in each)
Total wheelsets		~2,52,000
Total wheels		~5,04,000 wheels
Total axles		~2,52,000 units

Source: IR, Industry, SMIFS Research

The global railway wheel set market is set for significant growth, driven by technological innovations, infrastructure advancements, and a growing emphasis on sustainable transportation solutions. **Valued at ~USD 4.35 bn in 2024, the market is expected to reach ~USD 6.33 bn by 2031, growing at CAGR of ~5.5% from 2024 to 2031.** As India progresses towards self-sufficiency in wheelset production, the country is also focusing on expanding its export opportunities, thereby enhancing its presence in the global market.

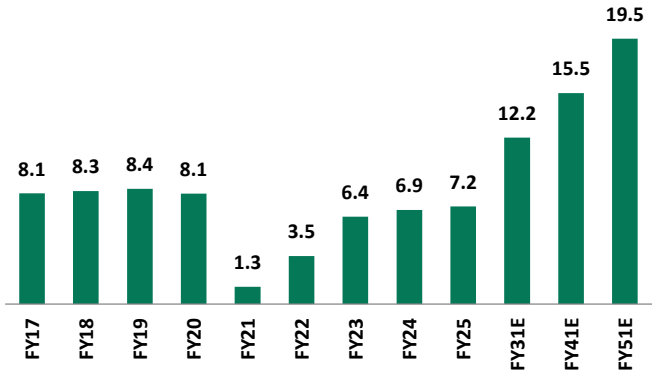
Building the future of passenger mobility in IR

Passenger traffic on IR saw a significant increase to 7.2 bn in FY25 from 3.5 bn in FY22. This marked a strong recovery, though it remained below pre-pandemic levels. Passenger operations **accounted for ~28% of IR's total internal revenue in FY25 provisional data, with passenger revenue witnessing ~7% y-o-y growth, reaching Rs 755 bn.** Passenger traffic is primarily divided into suburban and non-suburban segments. Suburban traffic involves short-distance travel, typically under 150 km, within cities and suburbs, such as local trains and metro services. Non-suburban traffic, which mainly consists of long-distance and intercity trains, continues to be the largest contributor to passenger revenue for IR.

Looking ahead, the **Railways Ministry has set an ambitious target to increase passenger traffic to over 12 bn by FY31.** This growth will be driven by rapid modernization initiatives, including the redevelopment of existing railway stations to world-class standards, the development of greenfield stations with infrastructure comparable to leading airports, the introduction of high-speed rail projects, the expansion of metro rail networks, and the launch of new intercity and route-specific trains to enhance connectivity. Collectively, these efforts aim to transform the passenger experience and play a key role in reshaping India's transportation landscape.

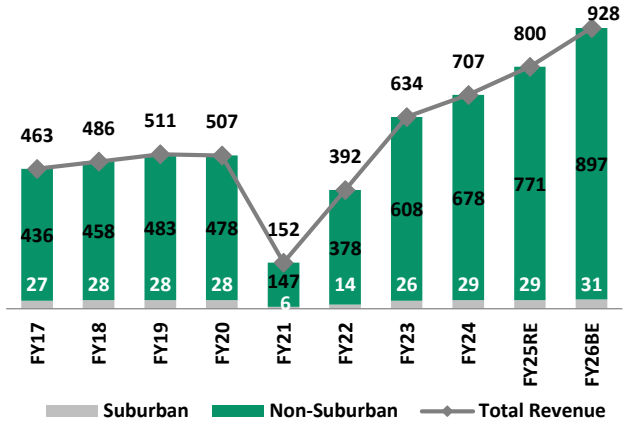
The inability to provide confirmed tickets to passengers has been a recurrent problem with the national transporter. In FY25, IR operated ~13,900 trains per day, reflecting expanding operations and demand. IR has unveiled an ambitious initiative aimed at increasing passenger capacity and waitlist free railways by **rolling out ~3,000 new trains over the next four to five years besides 400 to 450 Vande Bharat trains. This expansion plan includes the addition of 8,000 - 10,000 coaches and the launch of nearly 500 new trains each year.** The initiative is part of a larger strategy to modernize the railway system, improve operational efficiency, and provide enhanced services to passengers nationwide.

Fig 54: Passenger Originating (bn)



Source: IR, SMIFS Research

Fig 55: Passenger Traffic Revenue (Rs bn)



Source: IR, SMIFS Research

Future of IR: Vande Bharat Train (VBT) and road ahead

Vande Bharat Train, formerly known as Train 18, is India's first indigenously designed and manufactured semi-high-speed train, marking a significant milestone in the modernization of IR. Launched in 2019, the VBT is a Mainline Electric Multiple Unit (MEMU) train set, designed and manufactured at IR own production facilities. It is the fastest train in India, capable of reaching a top speed of 180 km/h. The train's design prioritizes safety with features like KAVACH, an indigenously developed Train Collision Avoidance System. With a substantial reduction in journey time — by 25% to 45% — it represents a game-changer for IR, much like the Rajdhani and Shatabdi Express trains did in their time. **A 16-coach VBT train costs ~Rs 1,150 mn, while an 8-coach Mini VBT costs about ~Rs 700 mn by IR at its own manufacturing units.**

Fig 56: VBT: Bidder details and Contracts Awarded

Bidder / JV Name	Bid Price per Trainset (Rs mn)	Trainsets Awarded	Status	Total Contract Value	Manufacturing Facility
Transmashholding (Russia) – Rail Vikas Nigam Ltd (RVNL) - JV - Kinet Railway Solutions Ltd	**1,200**	120	Awarded (L1)	~Rs 360 bn (~Rs 144 bn - trainsets; ~Rs 216 bn - maintenance)	Marathwada Rail Coach Factory, Latur, Maharashtra
Bharat Heavy Electricals Ltd – Titagarh Rail Systems Ltd	**1,398**	80	Awarded (L2)	~Rs 240 bn (~Rs 96 bn - trainsets; ~Rs 144 bn - maintenance)	Uttarpara, West Bengal and ICF, Chennai, Tamil Nadu
BEML Ltd – Siemens Ltd (Indian arm of Siemens AG, Germany)	**1,450**	0	Not Awarded	-	-
Alstom Transport India Limited (subsidiary of Alstom SA, France)	**1,645**	0	Not Awarded	-	-
Medha Servo Drives Private Ltd – Stadler Rail AG (Switzerland)	**1,650**	0	Not Awarded	-	-

Source: IR, SMIFS Research

IR floated a tender for the manufacturing and maintenance (for 35 years) of 200 Vande Bharat sleeper variant trains, with a total project worth ~Rs 590 bn. The bids were evaluated, and the following results were announced:

BEML was given a nomination-based contract for 10 trainsets to be manufactured at the ICF in Chennai, valued at Rs 6.75 bn.

In a parallel development, IR floated a maiden tender for the manufacturing and maintenance of 100 aluminium-bodied Vande Bharat trains. French multinational Alstom emerged as the lowest bidder, quoting Rs 1,509 mn per trainset, while the other bidder, a consortium of Stadler Rail (Switzerland) and Medha Servo Drives, quoted Rs 1,690 mn per trainset. However, IR found the bids to be too high and requested a reduction to Rs 1,400 mn per trainset. Alstom's counteroffer of Rs 1,450 mn led to the cancellation of the tender, delaying the introduction of these lightweight, energy-efficient trains. The future of this aluminium-bodied Vande Bharat project remains uncertain as IR has not yet reissued the tender.

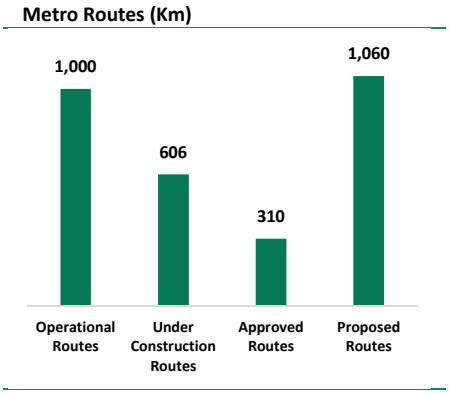
Currently, 136 VBT are operational across various routes in India. The Government of India has ambitious plans, aiming to launch 400 VBT and 1,000 Mini VBT and other variant trains in the coming years. The estimated opportunity size in the next 3 to 4 years is ~Rs 500 bn for VBT and ~Rs 600 bn for other variations of VBT. IR also plans to upgrade **~40,000 conventional railway coaches to meet Vande Bharat Standard coaches**

As part of the Union Budget for 2025-26, the government announced the introduction of 200 new VBT, 100 Amrit Bharat trains (non-AC high-speed trains for long-distance travel), 50 Namo Bharat rapid trains (for inter-city connections within 100–250 km), and 17,500 general non-AC coaches, which will transform the travel experience for the masses in the next 2-3 years.

Metro rail advancements

India, now the third-largest metro network in the world after China and the United States, has over 1,000 km of operational metro lines which has increased from 229 km in 2014. As of April 2025, 17 metro systems operate across 23 cities in 11 states, deploying more than 2,500 metro coaches. With rapid urbanization and population growth, metro systems are essential to addressing congestion and boosting urban mobility.

The Indian government aims to further expand this network, targeting the **extension of metro systems to 50 cities and increasing the total operational metro rail network by >2x to ~2,000 km.** This expansion will necessitate the procurement of 2,000 to 2,500 metro rail coaches, creating a market opportunity valued at Rs 300-400 bn in next 3-4 years. Additionally, the government is introducing Metro Lite and Metro Neo lines, designed for smaller cities with lower peak traffic. In line with the 'Make in India' initiative, the Indian government has mandated that 75% of metro cars and 25% of critical metro construction equipment be procured domestically. For FY25, the government has allocated ~Rs 248 bn in capital expenditure for Mass Rapid Transit System (MRTS) and metro projects, underscoring the nation's commitment to expanding its metro network and improving urban transportation.



Source: IR, SMIFS Research

Major metro manufacturing players in India include public sector entities like BEML and Integral Coach Factory (ICF), while the private sector and JV are represented by companies such as Alstom, Siemens, TRSL, and Medha Servo Drives, etc.

Fig 57: Upcoming Metro Projects

Region	State/UT	Project	Length (Km)
North	Jammu & Kashmir	Jammu Metro Lite	23
		Srinagar Metro Lite	25
	Haryana	Gurugram Metro	29
		Metro Rail from HUDA City Centre to Cyber City	28
	Delhi	Remaining three corridors of Delhi Metro Phase-IV Projects	44
		Delhi - Panipat RRTS Corridor	103
		Delhi-Gurugram-SNB	107
		SNB Urban Complex	33
	Uttarakhand	Metro Neo project in Dehradun	22
	Haryana	Gorakhpur Metro Lite Project	15
		Extension of Noida-Greater Noida Metro Rail	15
East	Odisha	Bhubaneswar Metro	26
	Bihar	Patna Metro	31
West	Maharashtra	Nashik Metro Neo	33
		Nagpur Metro Phase II	44
		Pune Metro Phase 1A	4
		Pune Integral Ring Metro	29
		Pune Metro Rail Project extension (Swargate to Katraj)	5
		Mumbai Line 4	32
		Mumbai Line 5	25
		Mumbai Line 6	15
South	Karnataka	K-Ride / Vande Metro	149
	Tamil Nadu	Chennai Phase 2	166
		Chennai Phase 1	45
	Kerala	Kochi Metro Phase 1A	2
		Kochi Metro Phase II	11

Source: IR, SMIFS Research

Railway propulsion markets on the rise

The railway propulsion system, comprising integrated components like traction motors, converters, and train control systems (TCMS), is vital for converting energy—whether electric, diesel, or steam—into motive force for train movement. With rapid urbanization and population growth globally, there is rising demand for efficient and sustainable rail transportation. Governments worldwide are promoting the shift to electric transportation to reduce carbon emissions, further driving the market.

The global railway propulsion system market was valued at ~USD 10,514 mn in 2024 and is projected to reach ~USD 14,794 mn by 2031, growing at a ~5% CAGR. **In India, the market stands at ~USD 290 mn as of 2024 and is expected to expand at a higher CAGR of ~9% during 2024–2031.** India's focus on railway modernization, electrification projects, and sustainable technologies is creating strong growth opportunities. Domestic and international companies are increasingly investing and collaborating to capitalize on this evolving market.

Sustained growth ahead for India's Rail EPC industry

The Engineering, Procurement, and Construction (EPC) segment within India's railway infrastructure is witnessing accelerated growth, propelled by strategic policy reforms, large-scale government investments, government's ambitious plans to enhance connectivity, improve safety, increase the efficiency of rail transport and a focused push toward modernization and sustainability. Major initiatives like the DFC project, high-speed rail corridors, and station redevelopment programs are key drivers of growth in this market. Rail EPC projects span a broad range of activities including new line construction, doubling/tripling of lines, gauge conversion, electrification, metro and high-speed rail systems, signaling and telecom upgrades, construction of rail-cum-road and road over bridges, and comprehensive station redevelopment. This transformation is backed by the government's long-term infrastructure vision, with **the Rail EPC market expected to be worth ~Rs 3 trn between 2024 and 2030. The sector is poised to grow at a CAGR of 12–15% over the next five years,** driven by ongoing projects and future infrastructure plans aimed at transforming the railway sector.

Annual capital expenditure by IR for EPC-related projects has also seen a substantial increase, rising from ~Rs 700 bn in FY22 to an estimated ~Rs 1,100 bn by FY26. This sharp uptick in spending underscores a strong and sustained commitment to infrastructure development. The convergence of financial backing, modernization imperatives, and execution-ready plans sets a robust foundation for continued expansion in this critical infrastructure segment.

Fig 58:

EPC Rail Project Type	Public Sector Companies	Private Sector Companies
New Line Construction	IRCON, RVNL, RITES	Texmaco, L&T, Tata Projects, KEC, Kalpataru, Montecarlo, Afcons, KEC, Ashoka Buildcon
Track Doubling / Tripling	RVNL, IRCON	Texmaco, KEC, Kalpataru, Tata Projects, Montecarlo
Gauge Conversion	IRCON, RVNL, RITES	L&T, KEC, Tata Projects
Electrification	CORE, IRCON, RVNL	Texmaco, KEC, Kalpataru, L&T, Ashoka Buildcon, Montecarlo
Metro & High-Speed Rail Systems	IRCON, RVNL	Texmaco, L&T, Tata Projects, Afcons, J Kumar, ITD Cementation, Alstom
Signaling & Telecom	BEL	Texmaco, Siemens, Alstom, Hitachi Rail STS, HBL Power, L&T
Rail-cum-Road Bridges & ROBs	IRCON, RVNL	Texmaco, Afcons, L&T, Tata Projects, J Kumar, Ashoka Buildcon
Station Redevelopment	IRCON, RVNL	L&T, Tata Projects, KEC, NBCC

Source: IR, SMIFS Research

Kavach: India's Indigenous Automatic Train Protection System Revolutionizing Railway Safety

Kavach is India's indigenously developed Automatic Train Protection (ATP) or Train Collision Avoidance System (TCAS), designed by Indian Railways to significantly enhance train safety. It is specifically aimed at preventing collisions and incidents of signal passing at danger (SPAD). Kavach received the prestigious Safety Integrity Level (SIL-4) certification in 2019, the highest level of safety certification for such systems. In July 2020, the Ministry of Railways formally adopted Kavach as the National ATP system, and the latest Kavach Version 4.0 was approved by the Research Design and Standards Organisation (RDSO) in July 2024, introducing enhanced capabilities to meet India's growing transportation demands.

Kavach is widely recognized as the most cost-effective ATP system in the world. The cost of installing the trackside infrastructure, including station-based equipment, is ~Rs 5 mn/km, while the cost of equipping a locomotive is ~Rs 8 mn. This is significantly lower than the global average, making Kavach highly competitive and attractive for export, particularly to countries seeking affordable and scalable safety solutions for their rail networks.

The system has been developed through collaborations with leading Indian technology firms such as Medha Servo Drives, HBL Power Systems, and Kernex Microsystems. Recently, international players like Siemens (Germany) and KYOSAN (Japan) have also partnered in its development, reinforcing Kavach's global relevance and technological credibility.

As of early 2025, Kavach has been implemented across approximately 2,000 route km, covering 381 stations and installed on 482 locomotives. Implementation is being undertaken in phased mission mode across the Indian Railways network. **Plans are already underway to equip 10,000 locomotives with Kavach, and Railway Minister Ashwini Vaishnaw recently stated that the entire IR network will be covered by Kavach within the next six years—a timeline far more aggressive than those seen in countries like Germany or France.** The minister also noted that work is currently in progress to deploy Kavach across 15,000 route km of track.

In terms of investment, a total of Rs 19.5 bn has been spent on Kavach-related infrastructure so far with further funding to be sanctioned in accordance with project milestones and implementation progress. The strong policy support, combined with technical advancements and execution speed, positions Kavach as a landmark initiative in global railway safety innovation.

SWOT Analysis

Strength

- Most economical mode of transport covering long distances and connecting larger parts of the country through vast networks.
- Higher freight capacity per unit compared to road transport, reducing traffic congestion, carbon emissions and rates remain competitive for bulk transport.
- Offers long-distance, suburban, metro, luxury, freight, and parcel services under one umbrella.
- Safest mode of transport with minimal damage to goods during transit.
- Government's support with mega initiatives along with increase in budgetary allocations toward IR driving growth.
- Strong domestic manufacturers and technology integration.

Weakness

- Inconsistent tendering processes by IR creating business uncertainty.
- Dependence on imports for critical components like wheels, axles, and brake system.
- Enormous capital expenditure requirements for project implementation amidst limited internal funding.
- Faces operational challenges including overreliance on freight cross-subsidy, aging infrastructure, low average speeds, subpar passenger service quality, and persistent safety concerns.

Opportunity

- GoI's ambitious plan to increase rail freight share in transport to 45% by 2050 through NRP, PM Gati Shakti, and DFC.
- Significant growth potential in the logistics industry driven by e-commerce, automobiles, and other sectors.
- Increasing mining output, cement and steel production boosting demand for freight transport.
- Urbanization driving need for efficient urban transit systems including high-speed trains, semi high speed trains, metro, and light rail.
- Private investment in trains, stations, terminals, logistics parks, and warehousing.
- Opportunity to export coaches, wagons, and metro rail expertise to other developing nations.

Threat

- Escalation in raw material prices, particularly steel, impacting production costs.
- Potential delays in implementation of government schemes affecting industry growth.
- Quality-related challenges impacting competitiveness and safety standards.
- Delays in tendering by IR significantly impacting individual companies' performance.
- Increasing focus on alternative transport modes like highways, waterways and airways diverting investment.

Porter's Five Forces Analysis for Indian Railway Wagon Industry

1. Threat of New Entrants (Low to Moderate)

High capital requirements and technical expertise create significant barriers, while established relationships with IR limit market access for newcomers.

2. Bargaining Power of Suppliers (Moderate)

Steel suppliers and specialized component manufacturers maintain moderate leverage due to commodity price fluctuations and limited sourcing options for critical parts.

3. Bargaining Power of Buyers (High)

IR dominates as the primary buyer with centralized procurement decisions, though emerging private sector participation slightly reduces this concentration.

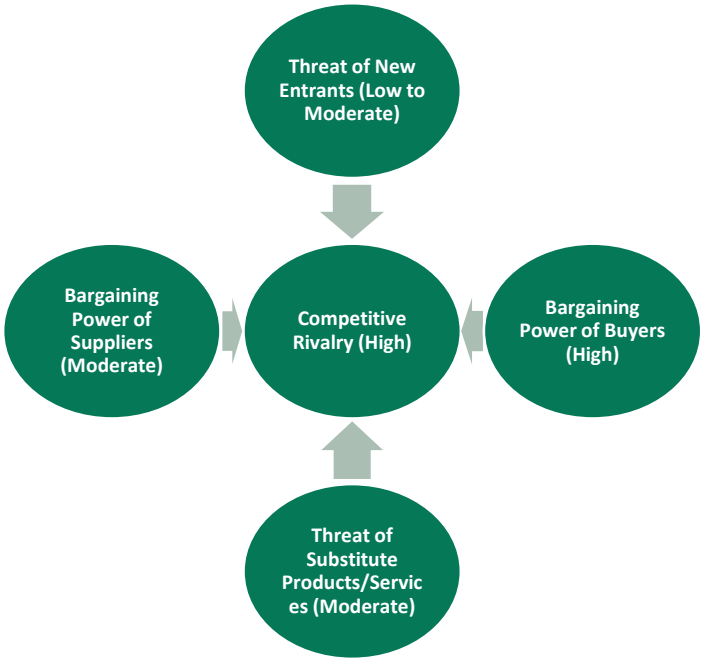
4. Threat of Substitute Products/Services (Moderate)

Road, water, and pipeline transportation offer alternatives for specific routes and commodities, yet rail maintains advantages for bulk long-distance freight.

5. Competitive Rivalry (High)

Limited differentiation and dependence on government tenders intensifies price-based competition among established players operating in a market with cyclical demand patterns.

Fig 59: Porter's Five Forces Analysis for IR Wagon Industry



Source: IR, SMIFS Research

Peer Comparison

Company Name	Net Sales (Rs in mn)				EBITDA				EBITDA Margin(%)			
	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Jupiter Wagons Ltd	39,633	43,020	48,215	54,982	5,775	6,367	7,256	8,522	14.6%	14.8%	15.1%	15.5%
Titagarh Rail Systems Ltd	38,678	43,854	63,252	70,544	4,330	4,907	7,647	8,910	11.2%	11.2%	12.1%	12.6%
Texmaco Rail & Engineering Ltd	51,066	51,244	54,238	58,120	4,673	4,740	5,098	5,667	9.2%	9.3%	9.4%	9.7%

Company Name	PAT (Rs mn)				PAT Margin (%)				EPS (Rs)			
	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Jupiter Wagons Ltd	3,823	4,187	4,822	5,783	9.6%	9.7%	10.0%	10.5%	9.1	9.8	11.3	13.5
Titagarh Rail Systems Ltd	2,749	3,065	4,406	5,479	7.1%	7.0%	7.0%	7.8%	20.4	22.4	31.7	39.4
Texmaco Rail & Engineering Ltd	2,486	2,702	3,099	3,629	4.9%	5.3%	5.7%	6.2%	6.2	6.6	7.6	8.9

Company Name	P/E (x)				RoE (%)				RoCE (%)			
	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Jupiter Wagons Ltd	54.2	33.7	29.2	24.4	17.5%	14.0%	14.1%	14.9%	12.4%	10.6%	9.6%	9.1%
Titagarh Rail Systems Ltd	58.4	37.9	26.8	21.5	11.7%	11.6%	14.2%	15.0%	9.6%	10.0%	12.2%	12.9%
Texmaco Rail & Engineering Ltd	32.5	21.3	18.5	15.8	9.3%	9.0%	9.3%	10.1%	7.6%	7.9%	8.2%	8.7%

Company Name	CAGR FY25-28E (%)			Wagons Manufactured (units)				Total Order Book (Rs mn)			
	Revenue	EBITDA	PAT	FY25	FY26E	FY27E	FY28E	FY22	FY23	FY24	FY25
Jupiter Wagons Ltd	12%	14%	15%	8,718	8,726	9,450	10,050	46,000	58,184	71,017	63,036
Titagarh Rail Systems Ltd	22%	27%	26%	9,431	9,458	9,950	10,350	140,650	275,460	280,760	245,260
Texmaco Rail & Engineering Ltd	3%	4%	12%	10,612	10,615	10,950	11,500	90,540	90,000	80,000	70,000

Source: Company, SMIFS Research Estimates

Jupiter Wagons Ltd (JWL)

Complete Mobility Solutions Provider

Jupiter Wagons Ltd (JWL), founded in 2006 by Mr. M.L. Lohia & Family, is a Kolkata-based integrated mobility solutions provider. Listed in 2022 via a reverse merger with CEBBCO, the company manufactures over 8,500 railway wagons annually, along with components, specialized containers, and CV load bodies. Strategic alliances with global players, including Tatravagonka (18.7% stake), have enhanced its capabilities across brake systems, CMS crossings, electric LCVs, and drones. Recent acquisitions—Stone India, Bonatrans India (now Jupiter Tatravagonka Railwheel Factory Pvt Ltd - JTRF), and Log9's asset acquisition for high quality battery—have expanded JWL's presence in braking, wheelsets, and electric mobility solutions. We project JWL's revenue to grow at a CAGR of ~15% over FY25-28E led by expansion opportunities in businesses, including railway braking system, brake disc, wheelsets, eLCVs, batteries for CEVs and railways. EBITDA margin is expected to improve to ~15.5% in FY28E resulting in RoE/RoCE of 15%/9% in FY28E. JWL's strong order book, leadership in wagons and wheelsets, and strategic alliances position it well to tap India's mobility growth. Its diversified portfolio, innovation focus, and debt-free status ensure long-term strength. As the only private player meeting large wheelset demand and scaling niche brake systems, JWL has a clear edge. We value the stock at 30x FY28E EPS of Rs 13.5, with a target price of Rs 406 and a BUY rating, indicating ~23% upside.

Scaling new heights: JWL's wagon growth strategy

JWL is riding India's rail freight boom with a robust order book of ~Rs 59.72 bn as of June 2025 of which over 80% is from wagons—driven largely by private orders. The wagon segment contributed ~86% of FY25 revenue, with a 50:50 private-to-IR mix. To meet demand, JWL has expanded capacity from ~6,500 units (FY22) to ~10,800 units (FY25) and targeting to manufacture ~9,000 wagons in FY26E (8,718 units in FY25). Backed by foundry expansions and global partnerships with Tatravagonka and RITES, JWL is also eyeing good export orders.

Strategic foray into braking and wheelsets to drive long-term growth

JWL is expanding into high-margin rail components through subsidiary Stone India and JVs with DAKO-CZ and KOVIS for brake systems and discs, with RDSO approvals in place and deliveries underway. With the Indian brake system market expected to double by FY28, JWL targets Rs 2–3 bn revenue by FY26 and ~Rs 10 bn long-term. Simultaneously, its acquisition of Bonatrans India (now JTRF) makes it the first private player with in-house wheelset manufacturing. Backed by a ~Rs 2.55 bn external order and plans for a Rs 25 bn forging line in Odisha, JWL aims to produce 100,000 forged wheelsets annually, reducing import reliance and boosting global competitiveness.

Strategic diversification to achieve ~50% revenue from non-wagon business

JWL is strategically diversifying beyond wagons to achieve a ~50% revenue mix from non-wagon businesses over the next 4-5 years. The company has expanded into critical railway components, including brake systems, brake discs, wheelsets, and CMS crossings, while also growing its presence in load bodies, containers, and electric commercial vehicles. JWL's container business is gaining momentum with high-value contracts, and its EV subsidiary, Jupiter Electric Mobility (JEM), is scaling up eLCV production and battery technology. These expansions position JWL as a comprehensive mobility solutions provider, leveraging India's infrastructure growth and self-reliance initiatives.

Valuation

JWL has transformed into a comprehensive mobility solutions provider, leveraging strategic partnerships, technology alliances, and portfolio expansion to drive long-term growth. With strong order inflows, a diversified product portfolio, and a dominant position in the domestic wagon and wheelset industry, JWL remains well-positioned for sustained profitability. ***Thus, we have valued the stock at 30xFY28E EPS of Rs 13.5 to arrive at a target Price of Rs 406. We initiate this coverage with a "BUY" rating on the stock, with an upside of ~23%.***

Rating: BUY | **Upside: 23%**

Current Price: 330 | **Target Price: 406**

|Market data

Bloomberg:	JWL:IN
52-week H/L (Rs):	588/270
Mcap (Rs bn/USD bn):	140/1.59
Shares outstanding (mn):	424.5
Free float%:	31.8
Daily vol. (3M Avg. in '000):	2,103
Face Value (Rs):	10

Source: Bloomberg; SMIFS Research

|Shareholding pattern (%)

	Jun-25	Mar-25	Dec-24	Sep-24
Promoter	68.1	68.1	68.1	68.1
FIIs	4.5	3.9	3.5	3.5
DIIs	1.4	1.7	1.7	1.9
Public/others	26.1	26.3	26.7	26.5

|Promoter Pledging

Pledging	NA	NA	NA	NA

Source: BSE

|Price performance (%)

	1M	3M	12M	36M
NIFTY 50	-1.6	-1.6	-2.9	41.1
NIFTY 500	-2.4	-1.8	-4.9	50.0
JWL	-7.2	-22.0	-43.5	325.4

as 02nd September 2025

Source: AceEquity, SMIFS Research

|3 Year Price Performance Chart

Source: BSE

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Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Adj EPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY24	36,437	76.2%	4,892	13.4%	3,316	174.5%	8.2	27.4%	17.5%	32.8	22.9
FY25	39,633	8.8%	5,775	14.6%	3,823	15.3%	9.1	17.5%	12.4%	54.2	35.8
FY26E	43,020	8.5%	6,367	14.8%	4,187	9.5%	9.8	14.0%	10.6%	33.7	21.5
FY27E	48,215	12.1%	7,256	15.1%	4,822	15.2%	11.3	14.1%	9.6%	29.2	19.4
FY28E	54,982	14.0%	8,522	15.5%	5,783	19.9%	13.5	14.9%	9.1%	24.4	16.9

Source: Company, SMIFS Research Estimates

Investment Rationale

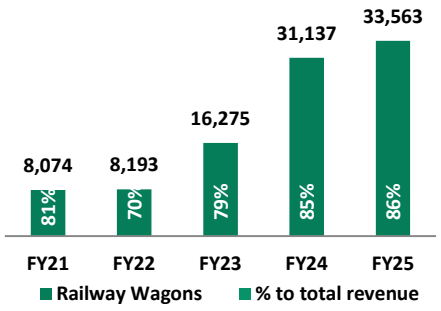
Scaling new heights: JWL's wagon manufacturing and expansion strategy

JWL is strategically poised to benefit from India's rising rail freight expansion.

Strong order book:

- The government's push to increase freight share resulted in a historic order of ~72,358 wagons in FY23, of which **JWL secured 6,145 wagons (~8.5%) worth ~Rs 21 bn** and the entire order was to be delivered by H1FY25 in tranches but now extended upto H1FY26 as per IR's directive.
- Following this, Indian Railways (IR) has issued fresh wagon orders totaling ~34,000 units. In December 2023, **JWL secured an order for 4,000 BOXNS wagons worth Rs 16.17 bn** (including GST), specifically for the Dedicated Freight Corridor (DFC) which needs to be delivered by June 2026.
- Further strengthening its order book, JWL won a **Rs 4.73 bn order from the Ministry of Defence in January 2024 for 697 Bogie Open Military (BOM) wagons**.
- In March 2024, JWL added another **2,237 BOSM wagons worth Rs 9.57 bn from IR**.
- Private sector demand is also a significant growth driver. In FY24, JWL secured orders for **2,150 wagons (~Rs 10.6 bn) from private customers**.
- Additionally, it received a **Rs 1 bn order for four rakes of double-decker automobile carrier wagons from a leading Indian automobile manufacturer**, with deliveries already underway.
- In January 2025, JWL got Letter of Acceptance (LoA) worth **Rs 6 bn from Ambuja Cements & ACC both part of the Adani Cement Group, for the manufacture and supply of BCFCM rakes and BVCM wagons**.
- In August 2025, has bagged an order of **583 specialised wagons worth Rs 2.42 bn from GATX India Pvt Ltd**, the largest private railcar lessor in the country. It includes a combination of BLSS (SUV Carriers), ACT2 (Bi-level SUV Carrier), BOXNHL, along with BVCM wagons (bulk commodities).

Railway wagons revenue (Rs Mn)



Source: Company, SMIFS Research

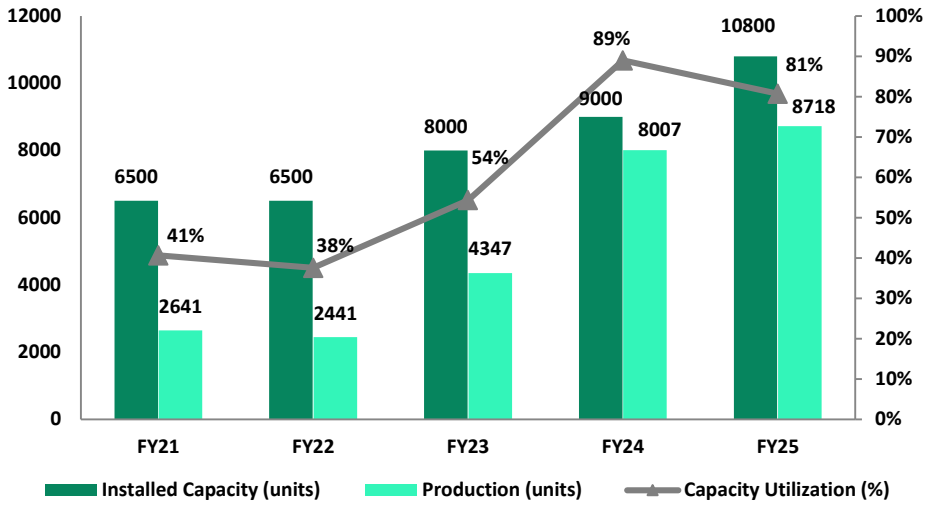
As of June 2025, JWL's total order book stands at ~Rs 59.72 bn of which over 80% is from wagons (~11,500 wagons - ~4,000 IR and ~7,500 private). Going forward, IR is expected to place annual wagon orders ranging between 30,000-40,000 wagons, while private sector demand is estimated at 10,000-15,000 wagons annually with substantial tenders anticipated over the next 3–4 months. JWL is well-positioned to capitalize on these opportunities and secure new contracts. As of FY25, ~85% of JWL's total revenue was derived from the wagon manufacturing segment. The company's wagon order mix stands at roughly 50:50 between private players and IR (In FY24 it was ~75:25).

Capacity expansion to drive growth - JWL has expanded its wagon production capacity from ~6,500 units p.a. in FY22 to over 10,800 units p.a. in FY25. It aims to manufacture ~9,000 wagons in FY26E (8,718 units in FY25) and further scale up the total manufacturing capacity to ~12,000 wagons in FY27E, driven by its foundry expansion. **The company aims to maintain a balanced 50:50 revenue split between IR and private orders, leveraging the private sector's higher margins, which are approximately 300-400 bps above IR orders.** With its enhanced capacity and technical alliance with Tatravagonka, JWL is well-positioned to secure upcoming new generation wagon orders from IR.

To support growing production, JWL is ramping up its foundry capacity. **The Kolkata foundry was expanded from 2,500 MT to 3,500 MT per month in FY25 (fabrication capacity ~45,000 MTPA),** with further expansion plans. JWL had planned to establish a new foundry in Jabalpur with a 2,000 MT per month capacity at an estimated capex of ~Rs 2 bn. However, the project is currently on hold due to statutory issues. If implemented will optimize logistics costs and ensure a stable supply of steel castings for both domestic and export markets.

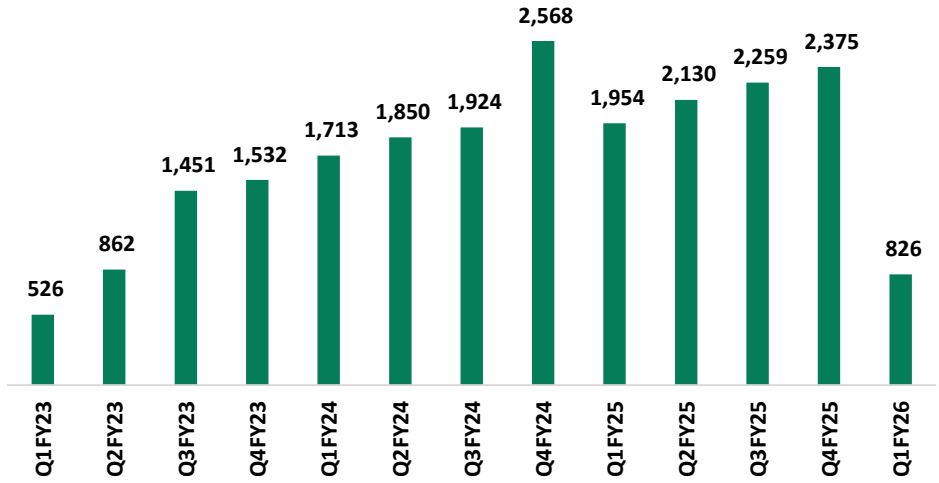
Strengthening global presence - JWL has expanded into international markets through a strategic MoU with RITES Ltd. This partnership is aimed at exploring global railway rolling stock projects. JWL anticipates receiving good export orders for wagons soon, further diversifying its revenue base.

Fig 60: JWL's wagon production & capacity utilization



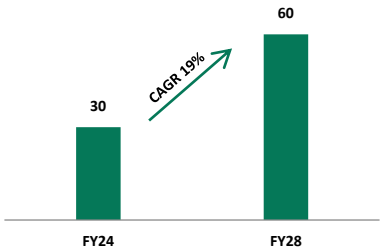
Source: Company, SMIFS Research

Fig 61: JWL's quarterly wagon production (units)



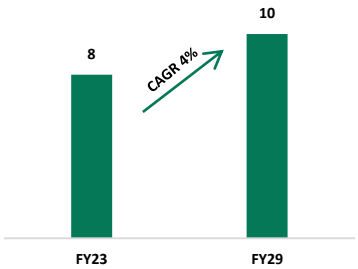
Source: Company, SMIFS Research

Domestic brake system market (Rs bn)



Source: Industry, SMIFS Research

Global Brake System Market (USD Bn)



Source: Industry, SMIFS Research

Strategic expansion into brake systems and brake discs unlocking long-term growth potential

Brake System: To diversify beyond wagon manufacturing, **JWL ventured into the brake system segment in 2017 through a 50:50 JV with Europe's DAKO-CZ, a global leader in rail braking solutions**. Braking systems play a critical role in railway safety and efficiency, and the market is poised for significant growth driven by increasing investments in rail infrastructure, stricter safety regulations, and network expansion. Historically, India relied on imports from Germany, France, and Hungary for railway brake systems, but the government's National Rail Plan (NRP) and the Make in India initiative have created strong opportunities for domestic manufacturers. **Given the high entry barriers due to stringent approval processes, the Indian brake system market, currently valued at ~Rs 30 bn, is expected to double to Rs 50-60 bn by FY28.** On a global scale, the railway braking system

market is projected to experience steady growth, with estimates indicating a valuation of ~USD 8 bn in 2023, expected to reach ~USD 10 bn by 2029, growing at a CAGR of ~4%. The segment is dominated by key global players such as Faiveley Transport, Greysham International, and Knorr-Bremse**. The cost of braking systems stands at ~Rs 0.25 mn per freight wagon and ~Rs 2.5 mn per passenger coach**, offering high double-digit margins making it a highly lucrative segment.

After nearly four years of meeting stringent regulatory and safety standards, JWL's braking system JV successfully received a license from RDSO to manufacture and supply brake systems to IR. The JV, JWL DAKO-CZ, aims to design, manufacture, and supply brake systems for high-speed passenger coaches, metro coaches, and freight wagons in India. With approvals secured for the manufacturing of LHB brake systems, JWL is now well-positioned to actively participate in IR tenders, marking a significant milestone in its expansion strategy. The JV has already begun manufacturing axle-mounted disc brake systems, which have been approved by IR. This development is expected to contribute substantially to JWL's overall revenue growth, as the company targets both domestic and export sales. **Currently, the JV has an annual production capacity of ~1,700 units, with plans for gradual expansion**.

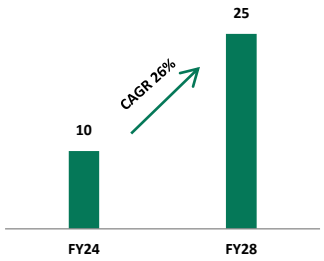
Furthermore, with the acquisition of Stone India, JWL has gained an additional advantage in the brake systems segment, leveraging its existing infrastructure and licenses, particularly for freight wagon brake systems. **As part of its long-term strategy, JWL's management has set an ambitious goal of capturing a 20% market share in India's railway brake system sector within the next 3-4 years.**

Brake Disc: JWL has strategically expanded into the brake disc segment, a crucial component in the railway industry, through **a 50:50 JV with KOVIS in 2019**. The company's trial production received approval from IR, and deliveries commenced in Q1FY24. Unlike freight rail, which primarily uses the BMBS air brake system (without brake discs), passenger rail employs the LHB disc brake system, requiring brake discs for optimal braking performance. The Indian brake disc market is currently valued at ~Rs 10 bn, with each LHB passenger coach requiring eight brake discs, costing ~Rs 0.25 mn per coach. **With margins exceeding 20%, the market is expected to grow at a robust CAGR of ~26%, reaching Rs 25 bn by FY28.** Globally, the brake disc market was valued at ~USD 428 mn in 2022 and is projected to reach ~USD 579 mn by 2028, growing at a CAGR of 5.18%. The India brake pads market alone was valued at ~USD 1.2 bn in 2022 and is expected to grow at a CAGR of ~6% from 2023 to 2030.

JWL's brake system and brake disc JVs with DAKO-CZ and KOVIS have secured a strong order of Rs 1,500 mn and Rs 650 mn, respectively as of Q4FY25. The company has received an order for ~16,000 brake discs to be supplied to Knorr-Bremse for IR, along with ~350 brake systems. Additionally, IR has outlined plans to produce ~8,000 LHB coaches across its manufacturing facilities in FY25-26, presenting a significant opportunity for JWL. **The company anticipates supplying 8,000-10,000 brake systems in FY26**, with further demand expected from metro rail projects.

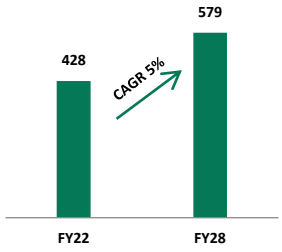
JWL has also begun exporting brake system components to European markets, signaling its growing international presence. **Management expects the brake systems and brake disc businesses to generate double the revenue to ~Rs 2 bn by FY26 (~Rs 1 bn in FY25)**, with a **long-term target of reaching Rs 10 bn** in the coming years. The successful scale-up of both JVs is set to be a transformative growth driver for JWL, positioning the company as a key player in India's evolving railway braking system market.

Domestic brake disc market (Rs bn)



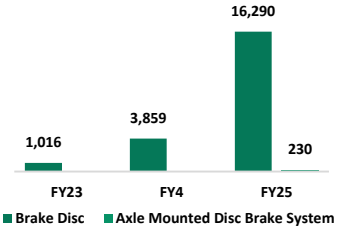
Source: Industry, SMIFS Research

Global Brake Disc Market (USD Mn)



Source: Industry, SMIFS Research

JWL's Brake system and brake disc manufactured (units)



Source: Industry, SMIFS Research

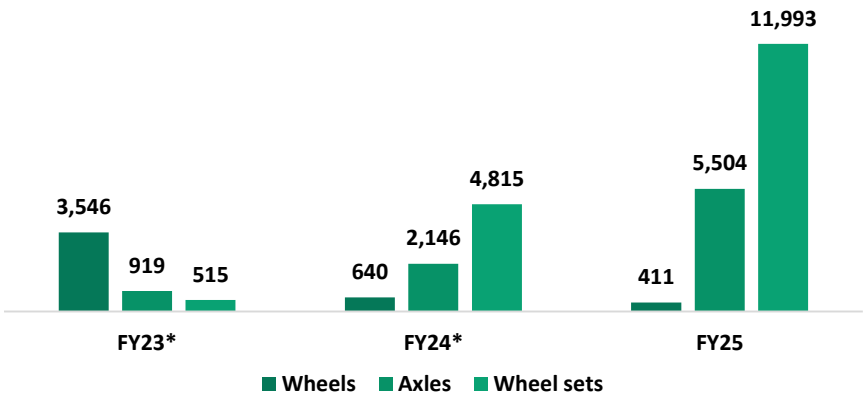
JWL ventures into wheelset manufacturing to capitalize on rail demand, drive self-reliance & growth

In March 2024, JWL acquired Bonatrans India Pvt Ltd (BIPL – turnover: FY21-Rs 400 mn; FY22-Rs 510 mn, FY23-Rs 635 mn, FY24-Rs 1,683 mn) and strategically rebranded it as **Jupiter Tatravagonka Railwheel Factory Pvt Ltd (JTRF)** to enhance its capabilities in supplying wheels, axles, and wheel sets for railway wagons, LHB coaches, metro trains, Vande Bharat, and locomotives. This acquisition, valued at Rs 2.71 bn, marks a significant milestone, positioning JWL as the first rolling stock manufacturer in India with its own wheel plant in **Chhatrapati Sambhajinagar, Aurangabad, Maharashtra**. The move strengthens JWL's self-reliance and operational efficiency while reducing its dependence on imported wheels. **JTRF holds all necessary certifications to supply to Indian Railways (IR) for metro, Vande Bharat, and LHB coaches and is also accredited for exports to Europe and North America. Its clientele includes BEML Ltd, Alstom Rail Transportation India Pvt Ltd, Plasser India Pvt Ltd, and Titagarh Rail Systems Ltd.**

Currently, JTRF primarily operates as a machining & assembly unit; however, it has announced plans to establish an integrated forging line with an investment of ~Rs 25 bn (proposed to be funded in debt-to-equity ratio of 65:35) and land for the same has been successfully secured in Haldiapada, Khordha, Odisha. **In the new facility, axle production is expected to commence by Q4FY27, followed by wheelset production by Q4FY28, with an annual capacity of ~100,000 forged wheel sets**. These will cater to JWL's freight car orders, Indian Railways' requirements, and international markets, including Tatravagonka, which procures ~60,000 wheel sets annually. Of the 1,00,000 wheel sets produced annually, ~30,000 will be utilized in-house, ~30,000 supplied to Tatravagonka, and the remaining ~40,000 sold to IR, other players or exported to other markets. At present, **JTRF's Aurangabad facility has increased its machining & assembling capacity from 20,000 to 25,000 wheelsets with a gradual increase to 40,000 to 50,000 by FY27.** The acquisition solidifies JWL's position as a leader in integrated mobility solutions, propelling it toward becoming a comprehensive rolling stock manufacturer.

Financially, JTRF has shown significant improvement post-acquisition. In Q1FY25, revenue surged fivefold to Rs 743.6 mn, with EBITDA rising to Rs 93 mn, achieving a margin of ~12.5%, while PAT turned positive on a year-on-year basis, reaching Rs 70 mn. During FY25, the wheelset segment generated revenue of ~Rs 3.4 bn with operating margin of 12-13% and is expected to touch revenue of ~Rs 6 bn in FY26E and **at its peak it will generate Rs 28-30 bn by FY29**. With scaling operations, EBITDA margins for this segment are projected to improve. **In February 2025, JTRF was awarded a prestigious contract worth Rs 2.55 bn from Braithwaite & Co. for the supply of 9,140 wheelsets of 840 mm diameter for 25-ton axle load applications**. **In August 2025, received an order to supply of total 5,376 wheelsets for Vande Bharat Train for an order value of ~Rs. 2,150 mn.**

Fig 62: Wheels, Axles and Wheelsets (in units)



*BIPL data before acquisition
Source: Company, SMIFS Research

Strategic diversification to achieve ~50% revenue from non-wagon business

i. Diversifying beyond wagons - expanding into critical railway components

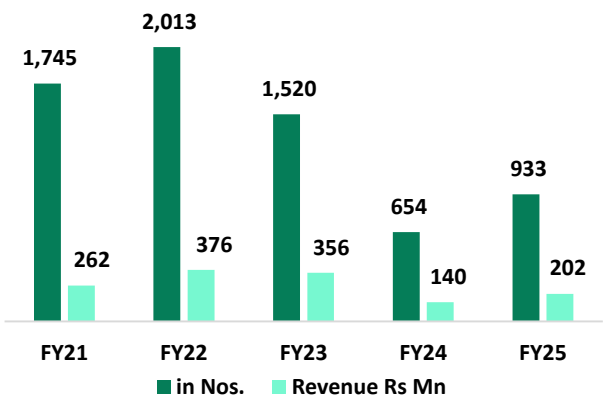
JWL, which currently derives 80%-85% of its revenue from its railway wagon business, is strategically diversifying its portfolio to reduce dependency on a single segment. By leveraging global technologies and aligning with the Aatmanirbhar Bharat and Make in India initiatives, the company aims to generate ~50% of its total revenue from non-wagon businesses over the next 3-4 years. This expansion is driven by key acquisitions, joint ventures, technical collaborations, and new partnerships. **JWL has established JVs with DAKO-CZ (Czech Republic) for brake systems and Kovis Livarna (Slovenia) for brake discs**, strengthening its presence in critical railway components. Additionally, the **acquisition of Stone India, a former supplier of engineering products to IR, enhances synergy in JWL's braking systems and electronic pantographs**. Stone India's pantograph production has received IR approval, with prototype deliveries expected in H1FY26. Furthermore, **JWL's entry into the wheelset business through the acquisition of TRF** bolsters its vertical integration, expanding its product reach and reinforcing its position as a comprehensive rolling stock manufacturer.

Cast Manganese Steel (CMS) crossings play a crucial role in railway infrastructure, enabling smooth train transitions between intersecting tracks. Recognizing the increasing demand for high-speed and heavy-haul rail networks, JWL has partnered with Talleres Alegria of Spain, leveraging its expertise to develop weldable CMS crossings. These **crossings are replacing traditional ones to meet IR's evolving safety** and efficiency requirements. **In FY25, JWL produced 933 CMS crossings and has secured orders worth Rs 1.8 bn for weldable CMS crossings, totalling ~7,200 sets.**

The current CMS crossing market in India is estimated at Rs 40-50 bn, with JWL emerging as one of the key indigenous players in this niche segment. The industry has high entry barriers due to the limited availability of production machinery, with only one such unit manufactured globally per year. This exclusivity enables strong pricing power and healthy margins of approximately 13-15%. JWL operates alongside a small group of competitors, including Voestalpine VAE VKN India Pvt Ltd and Vossloh Beekay Castings Ltd, benefiting from the government's Make in India initiative.

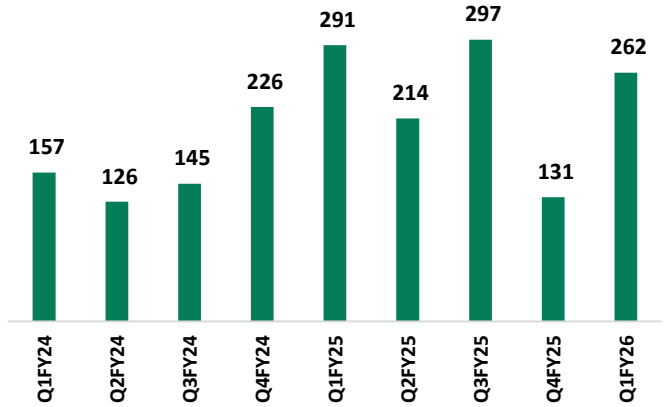
Additionally, IR's ongoing infrastructure expansion presents a strong growth opportunity for CMS crossings. As of November 2024, IR is managing ~488 infrastructure projects, including 187 new lines, 40 gauge conversions, and 261 doubling initiatives, spanning a total of 44,488 km with an estimated investment of Rs 7.44 trn. In FY26BE, the budget allocation for new line, gauge conversion, and doubling projects reached ~Rs 688 bn, reflecting the government's commitment to railway modernization and creating significant opportunities for domestic manufacturers like JWL.

Fig 63: CMS Crossing revenue (Rs mn) and units produced (nos.)



Source: Company, SMIFS Research

Fig 64: CMS Crossing quarterly (in nos.)



Source: Company, SMIFS Research

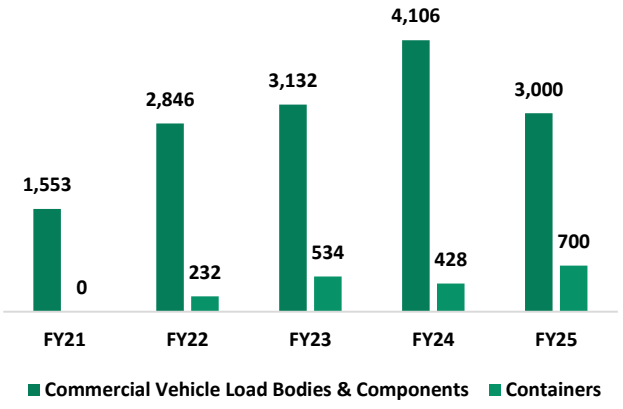
ii. JWL's expansion into non-rail mobility with load bodies & containers

JWL also produces products related to application-based load bodies for **commercial vehicles (CV) & containers (Non-Rail mobility) which contributes 12%-15%** of the total revenue. The demand for load bodies closely mirrors that of commercial vehicles and the demand for CVs has been intricately linked to the country's GDP growth. Domestic sales volumes for CVs stood at 9,62,468 units in FY23 grew at a CAGR of ~30% during FY21-FY23 but volumes remained almost flat at 9,67,878 units in FY24. **Light Commercial Vehicles (LCVs) are dominated by ~60%** share while Medium & Heavy Commercial Vehicles (MHCVs) contributes ~40% to overall CV sales.

The Government of India's emphasis on economic development, coupled with initiatives like 'Make in India,' has attracted numerous multinational companies to invest in the country, positioning India as a viable alternative to China in the manufacturing sector. This strategic shift is expected to bolster the demand for commercial vehicles (CVs) due to increased goods transportation needs, subsequently driving the requirement for load bodies. **The domestic load body industry grew by 5-7% in FY25** in-line with the commercial vehicles industry and maintain a structural up-cycle in the near-medium term. The domestic CV industry is projected to experience a growth of ~5% in FY26 as well with LCVs segment is expected to grow faster than MHCVs in coming years.

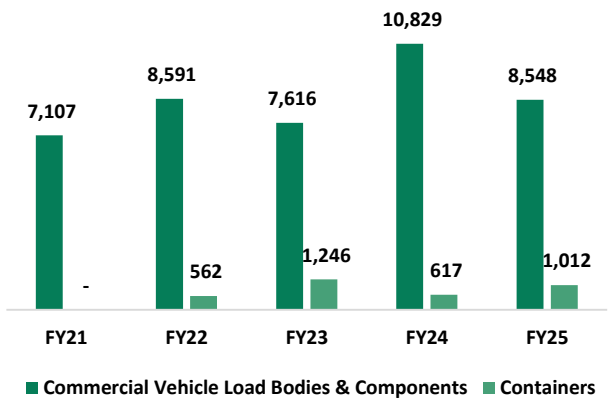
JWL has established itself as a market leader in specialized container manufacturer in India. The company has entered strategic manufacturing of containers for DATA Centres. The container business is witnessing high interest in specialized products, and JWL's engagement with marquee international customers will further elevate the business performance. JWL secured a contract for 40 feet 'Open Top, Coil Containers' with a pilot order worth Rs 100 mn. Also received a Letter of Intent (LOI) from an Indian Subsidiary of a prestigious global group, General Electric for the supply of 1,000 units of special Flex Inverter containers. JWL has transitioned to producing high-value BESS containers—essential for solar and data center energy storage—aligning with its capabilities and enabling it to offer integrated solutions for diverse domestic and global applications, while actively pursuing export opportunities with US and European firms.

Fig 65: Multimodal Mobility Business Revenue (Rs mn)



Source: Company, SMIFS Research

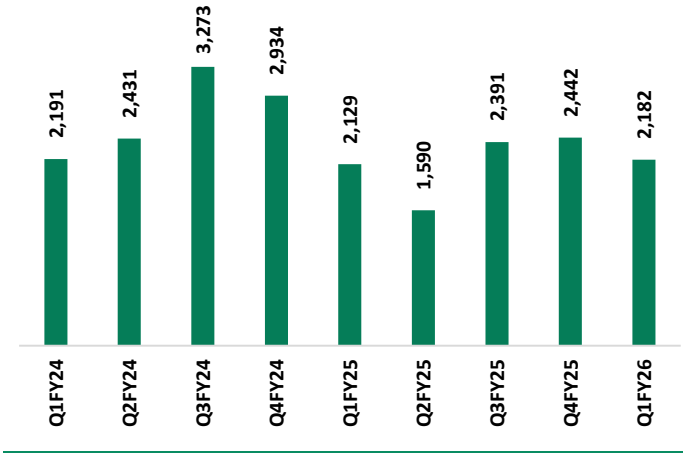
Fig 66: CV Load Bodies & Containers (in nos.)



Source: Company, SMIFS Research

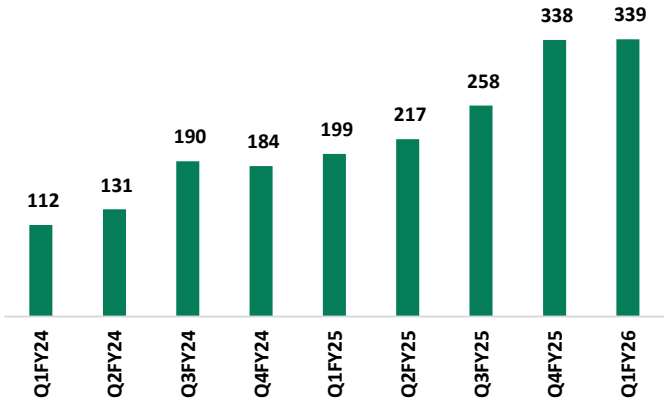
India utilizes 3,50,000-4,00,000 containers annually, with a significant reliance on imports from China, US, Japan. Indian container imports grew from USD 57.5 mn in FY18 to a peak of USD 150.9 mn in FY23, but declined to USD 103.5 mn in FY24, likely due to increased domestic container manufacturing, reduced dependency on imports, and a slowdown in global trade demand. To enhance self-sufficiency, the government is promoting domestic container manufacturing under **Make in India and Atmanirbhar Bharat initiatives. CONCOR, India's largest container fleet operator with ~51,000 containers plans to expand its fleet to 1,50,000-2,00,000 containers over the next 3-4 years,** sourcing them domestically, with ~18,000 containers already ordered. India's container handling capacity is set to double to 40 mn 20-foot equivalent units (TEUs) in the next 5 years. The GoI aims to establish Bhavnagar, Gujarat, as a container manufacturing hub with Rs 10 bn investment providing strong visibility for future growth. This growing demand presents a significant opportunity for players like JWL to expand their presence in the sector.

Fig 67: Commercial Vehicle Bodies quarterly (nos.)



Source: Company, SMIFS Research

Fig 68: Containers quarterly (in nos.)



Source: Company, SMIFS Research

iii. JWL's leap into green commercial transport

JWL, committed to infrastructure innovation, established Jupiter Electric Mobility (JEM) in November 2021 to enter the commercial electric vehicle (CEV) market, targeting a Rs 5-6 bn opportunity by FY26-27. **JEM has received approval for its in-house manufactured completely 'Make in India', 2.2 tn Gross Vehicle Weight (GVW) & 1.1 tn payload capacity electric light commercial vehicle (eLCV), JEM TEZ, launched in March 2025 at an ex-showroom price of Rs 1.035 mn.**

The company aims to sell 800-1,000 units in FY26 (65-85 vehicles per month), generating Rs 1 bn in first-year revenue, with a projected two times YoY growth and plans to introduce another 1 tn and 2 tn payload variants in FY26. **With the focus on eLCV market, JEM eyes 1,00,000 unit sales in 5 years.** JWL has already secured an order of 500 eLCVs. JEM's eLCVs are primarily targeting last-mile delivery in key metros like Mumbai, Delhi-NCR, Pune, and Bengaluru, supported by planned service facilities for seamless after-sales support. Company inaugurated its maiden showroom in Jayanagar, in the heart of the city, Bengaluru for its eLCV. JWL is building a comprehensive EV ecosystem through partnerships with Porter, Pulse Energy, Battwheel, Tapfin, and others, focusing on charging infrastructure, financing, and after-sales support. **JWL also signed an MOU with Pickkup, a fast-growing Delhi-based logistics platform specialising in sustainable intra-city and intercity deliveries and aims to deploy 300 units of JEM TEZ.**

The rising penetration of EVs in India (~5% of total vehicle sales in FY24) and Government initiatives promoting 30% EV adoption by 2030 provide a strong growth backdrop. Factors such as policy incentives, expanding charging infrastructure, high fuel prices, and shifting consumer preferences are driving EV adoption, with the eLCV segment poised for significant expansion in industries like e-commerce, logistics, and construction.

JEM has acquired Log9's technology and business assets for its Railway Battery and Electric Truck Battery Divisions for ~Rs 400 mn. This acquisition includes Log9's advanced manufacturing facility in Devanahalli, Bangalore, and its engineering teams, reinforcing JEM's capabilities in electric mobility. **With battery costs accounting for 30%-35% of eLCV expenses and IR procuring Rs 10-15 bn worth of batteries annually, JEM is strategically integrating battery production into its rail, eLCV, and container business.** Targeting India's battery energy storage market of ~Rs 100 bn along with utility-scale storage opportunities estimated at ~10 GW annually (1MW=Rs 10 mn). Strengthening its position in the electric truck segment, JEM has already secured an order for BESS batteries from IR and has also started supplying to Siemens for Vande Bharat train battery solutions**. The Bangalore battery line is running close to full utilization, while an additional module line in Indore is set to be commissioned by September 2025, strengthening overall capacity.** This acquisition propels JEM toward backward integration, enhancing its competitive edge in India's electric mobility landscape.

Strategic capital infusion through QIP for expansion and integration

JWL has strategically leveraged qualified institutional placements (QIP) and preferential share allotments to drive expansion, backward integration, and operational efficiency. In total, the **company has raised ~Rs 13.3 bn through QIP over multiple rounds and Rs 1.35 bn through preferential allotment**, reducing its reliance on external debt and strengthening its financial position.

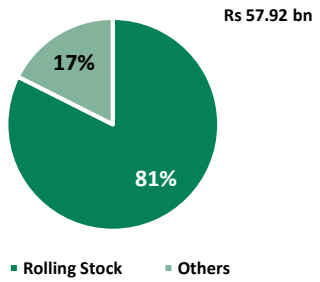
- **May 2023:** Raised **Rs 1.25 bn** via QIP to fund the acquisition of Stone India, optimize working capital, and support corporate expansion.
- **December 2023:** Secured **Rs 4.03 bn** through QIP for setting up a new foundry in Jabalpur, which in turn not only increases the capacity but also saves on cost of transporting from the Kolkata foundry to the unit in Jabalpur.
- **May 2024:** Allotted **2,872,340 convertible warrants** to promoter **Tatravagonka A.S.** at Rs 470 /warrant, raising up to **Rs 1.35 bn,** with 25% paid upfront and the remainder within **12–18 months.** Strategical move to validate the partner's confidence in the company's future growth and capacity initiative.
- **July 2024:** Successfully raised Rs **8 bn through QIP**, the proceeds of which will be utilized for the acquisition of Bonatrans—a wheelset manufacturer—and to further scale up backward integration through the establishment of forged rail wheel and axle manufacturing capabilities**.**

These strategic investments have significantly contributed to JWL's expansion across key business verticals, including rail mobility, foundry operations, and high-value manufacturing. As a result of these capital infusions, **promoter shareholding declined from 74.6% in March 2023 to 68.11% as of March 2025**, reflecting a well-balanced approach to capital structuring while maintaining growth momentum.

In January 2025, JWL announced that its board has approved an enabling resolution to raise up to Rs 30 bn through QIP. However, the company clarified that this does not indicate an immediate fundraising plan. Given expectations of a substantial and growth-focused IR plans, JWL remains well-positioned to capitalize on emerging opportunities while keeping financial flexibility for future expansions and strategic investments. Although the **company has planned a total capex of Rs 25 bn for its forged wheel manufacturing project, proposed to be funded in debt-to-equity ratio of 65:35,** capital structure is expected to remain comfortable on back of healthy operating performance and steady accretion to reserves sufficient to fund incremental working capital requirement arising from growth in scale of operations.

JWL eyes strong growth with diversified product portfolio

JWL Order Book as of June 2025



Source: Company, SMIFS Research

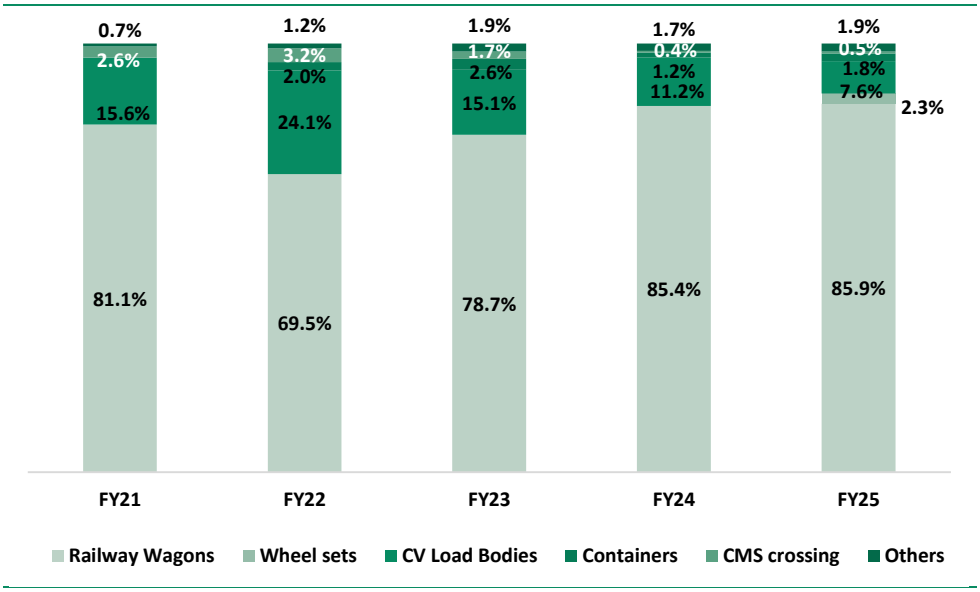
In FY25, JWL's consolidated net sales grew by ~8.8% YoY to Rs 39.63 bn. In H2FY25 and Q1FY26, wheelset shortages—due to dependency on Railway-supplied wheels—caused delays. However, global sourcing is set to ease the issue by mid-June. Meanwhile, JTRF is supporting private orders, ensuring smooth execution on that front. **Revenue growth in Q1FY26 declined by ~48% YoY which was mainly due to insufficient supply of wheel sets from IR and partial disruption in production upto May 6, 2025 was due to labour unrest in JWL's Jabalpur unit that commenced on April 5, 2025.** Management guided that with wheelset supplies normalizing from Q2FY26, they expect to recover the Q1FY26 wagon shortfall within FY26.

EBIDTA during FY25 increased by ~18% YoY to Rs 5.77 bn maintaining industry-leading EBIDTA margin of ~14.6%. In Q1FY26 EBITDA declined by ~56% YoY to Rs 600 mn with decline in EBIDTA margin by ~250 bps YoY to 13% mainly due to operational deleverage. JWL's PAT grew by ~15.3% YoY to Rs 3.82 bn in FY25 with PAT margin increased by ~55bps YoY to 9.6% in FY25. Q1FY26's PAT decreased significantly by ~64% YoY to Rs 327 mn.

JWL is a net debt free company. As of Q1FY26 gross debt stood at ~Rs 4.96 bn increased from ~Rs 4.84 bn in FY25 and ~Rs 3.37 bn in FY24. **With a strong order book of ~Rs 57.92 bn (as of June 2025) includes ~11,500 wagons order which is over 80% of the total order book, equivalent to over one years of execution**, JWL remains well-positioned for sustained growth in the coming years.

JWL achieved a strong revenue CAGR of ~41% from FY21-25, driven by wagon orders from IR, private players, and expansion in load bodies, components, and container businesses. EBIDTA and PAT grew at a CAGR of ~53% and ~64%, respectively, benefiting from JWL's high-margin diversified product portfolio during FY21-24**. Looking ahead, JWL expects revenue to grow at a CAGR of ~12% from FY25-28E, with ~74% of revenue generated from wagons, including components for wagons and passenger coaches**. YoY revenue growth is projected at ~9% in FY26E and ~12% in FY27E. EBITDA is expected to grow at ~14% CAGR during FY25-28E with margins in the range of ~14.5-15.5%. PAT to grow at a CAGR of ~15%, with PAT margins improving from ~5% in FY21 to over 10% in FY28E.

Fig 69: Segmentwise Revenue Mix (%)



Source: Company, SMIFS Research

Growth Journey of JWL over the Period

Year	Milestone
2005	JWL founded by Mr. Murari Lal Lohia & Family in Kolkata as a manufacturer of freight wagons and components
2015-16	Tatravagonka A.S initially entered JWL in 2015 with ~13% stake, doubled to 26% in 2016 via a structured investment route
2017	Established JWL DAKO-CZ India Ltd, a 50:50 JV with DAKO-CZ, a leading European manufacturer of brake systems based in the Czech Republic
2019	Incorporated JWL-KOVIS India Pvt Ltd, a 50:50 JV with Kovis Livarna (Slovenia) renowned for its expertise and legacy in foundry products.
2019	Acquired 68% stake in CEBBCO (Commercial Engineers & Body Builders Co Ltd) via NCLT process for ~Rs 1 bn
2022	Completed reverse merger with CEBBCO and was listed on BSE and NSE as Jupiter Wagons Ltd
2022	Forayed into EVs through subsidiary Jupiter Electric Mobility (JEM)
2023	Acquired Stone India Ltd for a consideration of ~Rs 250 mn, under the Corporate Insolvency Resolution Process, specializes in brake systems and train lighting alternators
2023-24	Raised Rs 1.25 bn in May 2023 via QIP at Rs 103.75 per share (FV Rs 10) to fund the acquisition of Stone India, optimize working capital, and support corporate expansion; Secured Rs 4.03 bn through QIP at Rs 315 per share in December 2023 for setting up a new foundry in Jabalpur; Allotted 2,872,340 convertible warrants to promoter Tatravagonka A.S. at Rs 470 per warrant, raising up to Rs 1.35 bn in May 2024; Successfully raised Rs 8 bn via QIP in July 2024 at Rs 655.5 per share for the backward integration of forged rail wheel and axle manufacturing
2024	Acquired Bonatrans India Pvt Ltd (BIPL) for a sum of Rs 2.71 bn and forayed into wheelset manufacturing
2024	Acquires Log9's Railway and Electric Truck Battery Divisions
2025	Launched 2 tn Gross Vehicle Weight (GVW) electric light commercial vehicle (eLCV), JEM TEZ at an ex-showroom price of Rs 1.035 mn

Corporate Governance

We believe that good corporate governance is necessary for enhancing shareholders' trust. Hereby, we present a detailed framework on corporate governance, covering the composition of directors, compensation paid to promoters and independent directors, details of auditors and their remuneration, the nature and amount of contingent liabilities, CSR expenditures, and related party transactions.

Promoters' Shareholding

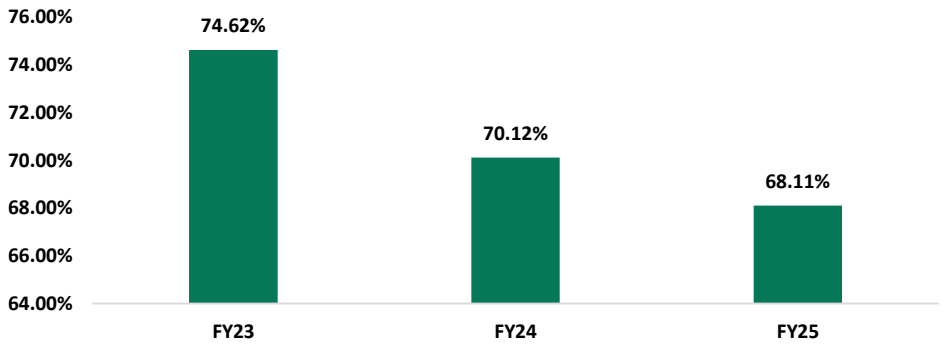
JWL is promoted by Mr. Murari Lal Lohia and family. The promoters currently hold 49.42% of the equity capital. Tatravagonka A.S., a leading Slovakian freight-wagon manufacturer, holds 18.69% equity stake in JWL, positioning it as a key promoter-level shareholder. The company initially acquired ~26% stake in 2015 in unlisted JWL and had also invested in CEBBCO which was later acquired by JWL. Thus, total promoter holding is ~68.1% of the equity capital along with 1.4% and 4.5% being held by DIIs and FIIs respectively. The details of the shareholding and its movement are indicated in the following table and chart:

Fig 70: Latest Promoter Shareholding (June 2025)

Particulars	% Holding
Murari Lal Lohia HUF	1.72
Vikash Lohia	2.69
Murari Lal Lohia	3.59
Vivek Lohia	1.84
Ritu Lohia	0.34
Shradha Lohia	0.17
Usha Lohia	0.45
Late Samir Kumar Gupta	0.01
Jupiter Metal Spring Pvt Ltd	10.22
Anish Consultants & Credits Pvt Ltd	3.62
Karisma Goods Pvt Ltd	21.10
Jupiter Forgings & Steel Pvt Ltd	3.52
Riddles Marketing Pvt Ltd	0.13
Tatravagonka A.S.	18.69
Total	**68.11**

Source: Company, SMIFS Research

Fig 71: Promoter Shareholding



Source: Company Annual Report, SMIFS Research

The promoter stake has decreased from ~74.6% to ~68.1% between FY23–FY25 due to substantial QIP-driven equity dilution, offset partially by preferential allotment via warrants—indicating a balanced approach to funding expansion while allowing promoters to maintain control.

Promoter Remuneration

The promoter remuneration stood at ~1.2% of PBT as on FY24.

Fig 72: Remuneration of promoter **(Rs in Mn)**

Name	FY22	FY23	FY24
Vivek Lohia (MD)	36.7	36.7	42.4
Vikash Lohia (Promoter Whole Time Director)	12.2	14.9	17.8
Total	**48.9**	**51.6**	**60.2**
As a % of PBT	*2.4%*	*1.2%*	*1.2%*

Source: Company Annual Reports, SMIFS Research

Independent Director's Compensation

Independent directors were cumulatively paid ~Rs 9.3 mn which is 0.2% of PBT as on FY24. Independent directors were paid sitting fees.

Fig 73: Remuneration of Independent Director **(Rs in Mn)**

Name	FY24 Compensation (Rs in mn)	As % to PBT (FY24)
Asim Ranjan Dasgupta	1.6	0.0
Abhishek Jaiswal	6.1	0.1
Avinash Gupta	0.2	0.0
Prakash Yashwant Gurav	0.4	0.0
Manchi Venkatraja Rao	0.3	0.0
Ganesan Raghuram	0.3	0.0
Madhuchhandha Chatterjee	0.4	0.0
Total	*9.3*	*0.2%*

Source: Company Annual Report FY24, SMIFS Research

Board Composition

Independent directors constitute ~50% of the board composition. The details are given below:

Fig 74: Board Composition

Particulars	FY22	FY23	FY24
Promoter group – MD & Whole Time Directors	2	2	2
Whole Time Director	3	3	2
Non-Executive Independent Director	8	6	5

Source: Company Annual Reports, SMIFS Research

Related Party Transaction

All the transactions have been entered on arm's length basis. The loans to related parties are short-term in nature and are repayable on demand. Goods sold and purchased from related parties during the year based on market rate and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and at market rates.

Fig 75: Related Party Transaction **(Rs in mn)**

Particulars	FY22	FY23	FY24
Purchase of raw materials and components			
JWL Dako Cz India Ltd	1.3	-	-
JWL Kovis (India) Pvt Ltd	-	65.1	-
Purchase of capital goods			
JWL Kovis (India) Pvt Ltd	-	-	0.5
JWL Dako Cz India Ltd	-	-	8.5
Job Work Charges			
Jupiter Tsaw Onedrone India Pvt Ltd	-	-	0.9
Share Subscription			
Jupiter Tsaw Onedrone India Pvt Ltd	-	-	10.0
Sale of raw material			
JWL Dako Cz India Ltd	42.2	-	-
JWL Kovis (India) Pvt Ltd	-	1.8	19.9
Sale of assets			
JWL Dako Cz India Ltd	77.6	-	-
JWL Kovis (India) Pvt Ltd	14.8	139.4	-
Rent			
JWL Dako Cz India Ltd		-	9.0
JWL Kovis (India) Pvt Ltd	0.1	0.1	0.1
Investment made			
JWL Kovis (India) Pvt Ltd	61.3	20.4	52.9
JWL Talegria (India) Pvt Ltd	-	0.4	60.0
JWL Dako Cz India Ltd	-	43.1	200.0
Advances granted			
JWL Dako Cz India Ltd	53.2	43.7	-
JWL Talegria (India) Pvt Ltd	-	19.6	-
JWL Kovis (India) Pvt Ltd	51.1	81.9	2.2
Refund of advances granted			
JWL Kovis (India) Pvt Ltd	51.0	82.1	-
JWL Dako Cz India Ltd	-	54.7	-
Consultancy charges			
Mr Murari Lal Lohia	4.8	4.8	4.8
Rent Paid			
Mr Murari Lal Lohia	2.4	2.4	2.4
Advance granted			
Mr Murari Lal Lohia	-	-	3.2
Mr Samir Kumar Gupta	-	3.7	-
Mr Vivek Lohia	-	-	55.7
Interest income			
Anish Consultants & Credits Pvt Ltd	-	2.3	3.3
Loan			
Anish Consultants & Credits Pvt Ltd	-	30.0	-
Purchase of capital goods			
Technit Space and Aero Works Private Ltd	-	-	2.9
Consultancy charges			
Karisma Goods Pvt Ltd	-	7.9	31.8
Advance given			
Karisma Goods Pvt Ltd	-	10.8	0.5
Total			

Source: Company Annual Reports, SMIFS Research

Key Management Personnel

Fig 76: Details of promoter and director

Name	Designation	Profile
Mr. Vivek Lohia	Managing Director	Mr. Vivek Lohia, a Wharton Business School graduate, has over 20 years of experience in service operations, rail transport, infrastructure, supply chain, and marketing management. He was appointed as Managing Director (Promoter/Executive) on May 30, 2022. He oversees finance operations and key customer relationships to drive company growth. Mr. Lohia also serves as Chairman of the National Railway Council of ASSOCHAM and is affiliated with other industry bodies like FICCI and CII.
Mr. Vikash Lohia	Deputy Managing Director	Mr. Vikash Lohia holds a graduate degree from Wharton Business School and has over 20 years of experience, including 15 years in the wagon industry. He leads the commercial activities of the Company and plays a key role in achieving strategic goals. Under his leadership, the Company has established a global reputation and a differentiated business model. He is also a member of FICCI and CII.
Mr. Swapan Kumar Chowdhury	Whole Time Director	Mr. Swapan Kumar Choudhury holds a postgraduate Engineering degree from IIT Kharagpur and has over 40 years of experience in wagon manufacturing. He leads the Company's wagon manufacturing division, driving the adoption of world-class manufacturing practices. He has been appointed as an Additional Director in the category of Whole-time Director w.e.f. July 13, 2024.
Mr. Abhishek Jaiswal	Whole Time Director & CEO	Mr. Abhishek Jaiswal hold a Bachelor's of Engineering with Diploma in Business Management having vast experience of more than 30 years. He has been associated with the Company since 1992 and is heading the operations division of the Company. As a Whole-time Director and C.E.O. of the Company his core responsibilities include setting and executing the organisation's strategy, allocating capital, and building and overseeing the executive team.
Mr. Avinash Gupta	Independent Director	Mr. Avinash Gupta has 30 years of experience in finance and accounts and has led several organisations, including Deloitte. He currently serves as the Managing Director of Dun & Bradstreet Information Services India Pvt. Ltd. His core expertise lies in economics, business management, and finance. He holds an MBA from the A.B. Freeman School of Business, Tulane University (Dean's List with full fellowship), and a B.Tech in Mechanical Engineering from IIT-BHU, Varanasi.
Mr. Ganesan Raghuram	Independent Director	Mr. Ganesan Raghuram has over 40 years of experience in infrastructure, transport systems, logistics, and supply chain management. He has held key academic positions, including Director of IIM Bangalore, and is currently a consultant at IIM Bangalore and Professor (Emeritus) at various institutions. He has served as a Non-Executive Independent Director on the Board of Adani Ports since 2012 and is involved in multiple advisory roles. He holds a B.Tech from IIT Madras, a PGDM from IIM Ahmedabad, and a Ph.D. from Northwestern University, USA.
Dr. Madhuchhanda Chatterjee	Independent Director	Dr. Madhuchhanda Chatterjee has been serving as a Director on the Board since 2019. She has extensive experience in administration, CSR, sustainability, NGOs, academics, education, and authorship. Dr. Chatterjee has worked as a Consultant with the Ministry of Culture, Government of India, and served as the Nodal Officer for a digitisation project under the Indira National Centre for the Arts.
Mr. Santunu Roy	Independent Director	CA Santanu Ray is a Fellow of the Institute of Chartered Accountants of India with extensive corporate experience in India and Europe. He has been appointed as an Independent Director w.e.f. July 13, 2024. He is currently a Professor at Sister Nivedita University and the only Professor Emeritus of the Techno India Group. Prof. Ray has over two decades of academic leadership experience and has also served as Independent Director on the boards of companies like Century Plyboards and Star Cement. He currently holds board positions in La Opala RG Ltd, SKP Securities Ltd, Bharat Road Networks Ltd, and Tantia Construction Ltd.
Mr. Navin Nayar	Independent Director	CA Navin Nayar is a Qualified Chartered Accountant with over 30 years of experience in audit, taxation, and financial services. He serves as a consultant to several large corporates across diverse industries and is an Independent Director on the boards of reputed companies like Kilburn Engineering Ltd, Bengal Tea & Fabrics Ltd, and Duncan International (India) Ltd. He also chairs Audit Committees and plays a key role in ensuring financial transparency and regulatory compliance. He meets all independence criteria under the Companies Act and Listing Regulations.
Ms. Ritu Lohia	President	Ms. Ritu Lohia holds a Master's degree in Finance & Economics from the prestigious London School of Economics & Political Science, with an MBA in Finance from IISWBM. She has been heading the container business of JWL. She has worked with the likes of PWC, SREI, Deloitte Touche Tohmatsu to name a few in her illustrious career.
Mr. Ritesh Kumar Singh	Group Company Secretary	Mr. Ritesh Kumar Singh is B. Com (Hons), Master of Business Law from NLSIU(Bengaluru) and Fellow Member of Company Secretary, having rich experience of more than 15 years in Secretarial, Legal and Finance work in Manufacturing and Infrastructure Listed Companies. He was previously employed as Company Secretary and Compliance Officer in Century Ply Group, India Power Group, Shristi Infra Group and Ispat Group of Companies.

Source: Company, SMIFS Research

CSR Activities

JWL has been actively involved in CSR activities for the betterment of the society. The company has spent ~Rs 25 mn in FY24 and ~Rs 12.5 mn in FY23. The spend as % of prescribed limit is over 100%.

Fig 77: CSR spend **(Rs in mn)**

Company	Avg Net Profit (last 3 Yrs)	Prescribed Expenditure	Total Spends	Spend as % of prescribed limit
FY24	1,178.6	23.6	25.0	106%
FY23	572.7	11.5	12.5	108%
FY22	294.7	5.9	7.5	127%

Source: Company Annual Reports, SMIFS Research

Auditors

Company has appointed Walker Chandiok & Co LLP as its statutory auditors. In total, the company has paid a sum of Rs 7.2 mn to the statutory auditors, which represents ~0.16% of consolidated PBT for FY24.

Fig 78: Auditor fee

Auditor Name	Type	Auditor Fees - (Rs mn)	As a % of PBT
Walker Chandiok & Co LLP	Statutory auditor	7.2	0.16%

Source: Company Annual Reports, SMIFS Research

Company Background

Jupiter Wagons Ltd (JWL), incorporated in 2006, is the flagship company of the Kolkata-based Jupiter Group, serving as one-stop solution provider for freight wagons, offering comprehensive and technologically advanced solutions to meet the growing demands of the railway sector. Under the strategic leadership of Mr. Murari Lal Lohia, Chairman Emeritus, and Mr. Vivek Lohia, Managing Director, the company has evolved into India's most integrated railway engineering firm.

JWL has established itself as a leading provider of comprehensive mobility solutions, holding a strong market position as a fully integrated manufacturer of wagons and rolling stock components including couplers, draft gears, bogies and CRF (Cold Rolled Formed) section. The company is also engaged in the production of specialized application-based load bodies tailored for commercial vehicles, as well as the manufacturing of a diverse range of containers, including ISO-certified marine containers and refrigerated containers for both domestic and international markets.

JWL's manufacturing installed capacity

Products	Annual Capacity (units)
Wagons	10,800
High Tensile Couplers	30,000
Draft Gears	30,000
Bogies	30,000
Cast Manganese Steel Crossings	3,000
Fabrication	45,000 MT
Commercial Vehicle Load Bodies	24,000
Container	3,500

Source: Company, SMIFS Research

In pursuit of building capabilities for future growth, JWL has incorporated global technologies into India through a series of strategic acquisitions, joint ventures, technical collaborations, new partnerships, and asset purchases. Thus, diversified its product portfolio by venturing into safety systems through development of high speed brake systems for passenger and freight, integrated track solutions through weldable Cast Manganese Steel (CMS) crossings and expanded into the electric mobility sector by introducing Electric Light Commercial Vehicles (ELCVs), advanced battery solutions for electric trucks & IR, and drones. Leveraging its extensive experience in the steel fabrication industry, JWL has strategically utilized its expertise in heavy fabrication to support and enhance EPC projects. By integrating robust and cutting-edge technology into its product offerings, the company continues to reinforce its market presence and drive growth in emerging industries.

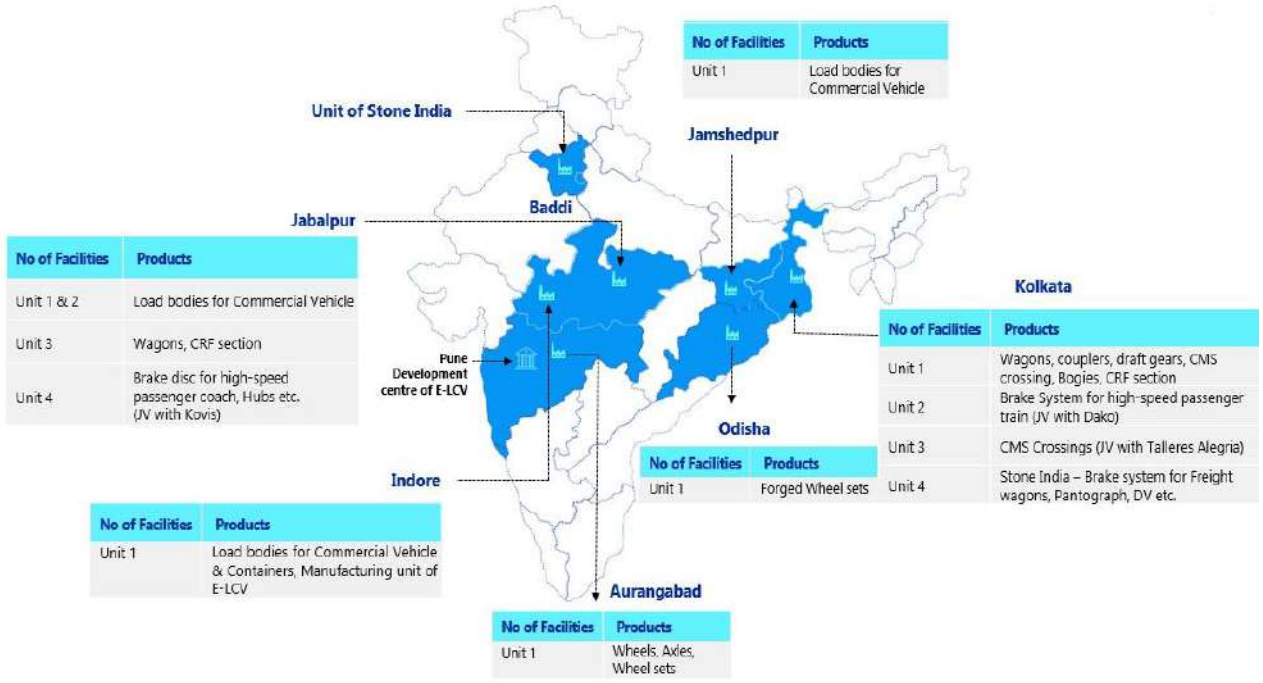
Tatravagonka Poprad (CSG Group, Slovakia) is the largest and dominant player in the European wagon industry, commanding a market share of over 40%, has been a strategic investor and co-promoter in JWL, currently holding an 18.7% stake. Tatravagonka's association with JWL dates back to 2015, when it acquired ~26% stake in the company for ~Rs 900 mn. **Beyond its financial investment, Tatravagonka supports JWL by providing technical expertise and facilitating the transfer of advanced wagon manufacturing technologies and best practices**.

In 2019, JWL acquired ~68% stake in Madhya Pradesh based Commercial Engineers and Body Builders Company Ltd (CEBBCO) under a debt resolution plan for ~Rs 1 bn. CEBBCO was traditionally involved in manufacturing load bodies for commercial vehicles and railway freight wagon. Subsequently, the company was listed in June 2022 through a reverse merger with CEBBCO. Following the merger, the company's name - CEBBCO was officially changed to Jupiter Wagons Ltd, effective May, 2022. The merger facilitated important synergies within diverse business operations.

JWL has world-class manufacturing facilities – strategically located across Kolkata, Jabalpur, Aurangabad, Indore, Baddi and Jamshedpur with full backward integration to its foundry operations. Additionally, its state-of-the-art development centre in Pune injects expertise into the manufacturing capabilities.

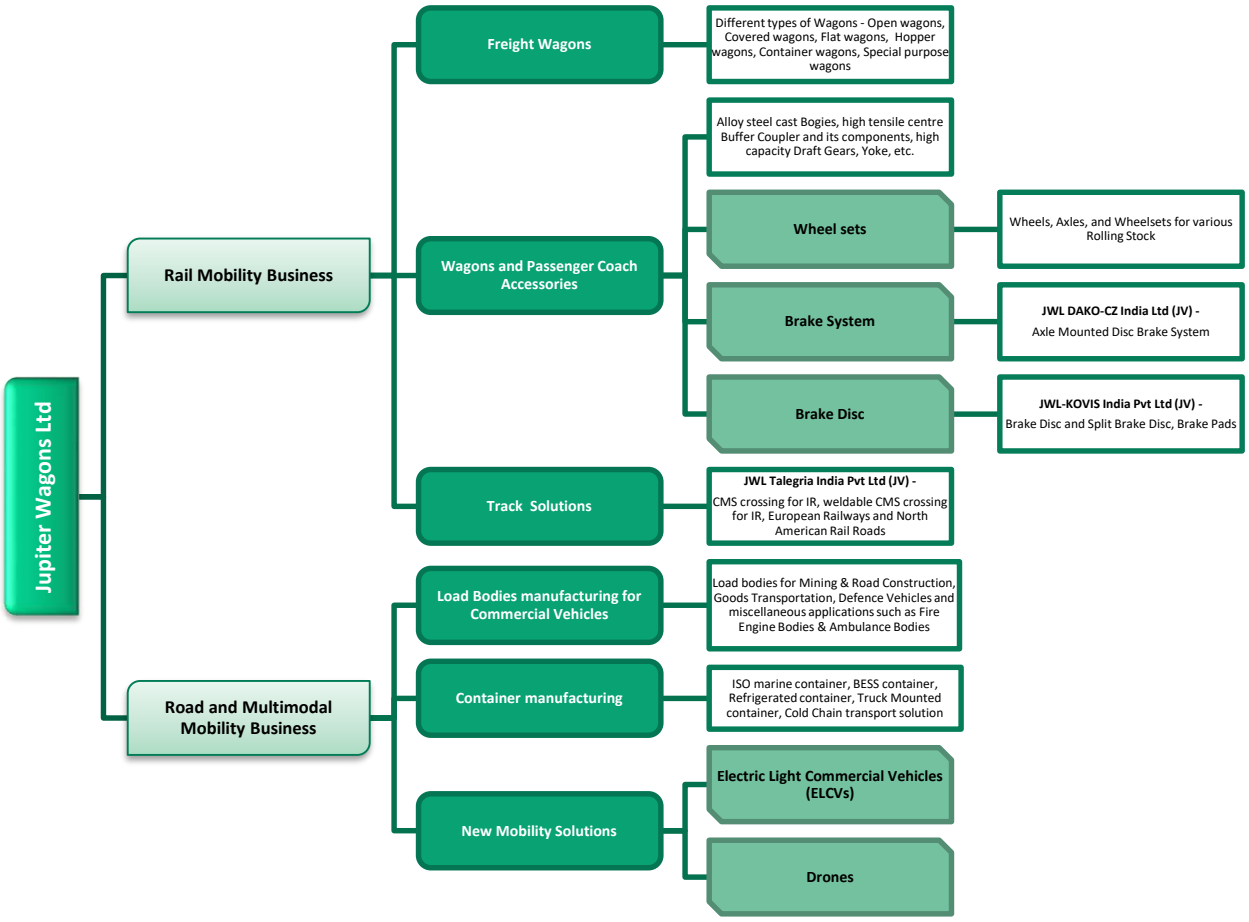
As of FY25, JWL generated ~86% of its total revenue from railway wagons and wagon & passenger coach accessories, reaffirming its strong presence in the rail mobility sector. The remaining 14% of revenue comes from other business segments, with commercial vehicle load bodies & components contributing ~8%, containers ~2%, wheelsets ~2% and CMS crossings ~0.5%. In FY24-25, the company strategically focused on its wagon segment, leading to a significant revenue boost from this category, while other business verticals saw a comparatively lower contribution compared to previous years.

Fig 79: JWL manufacturing platforms



Source: Company, SMIFS Research

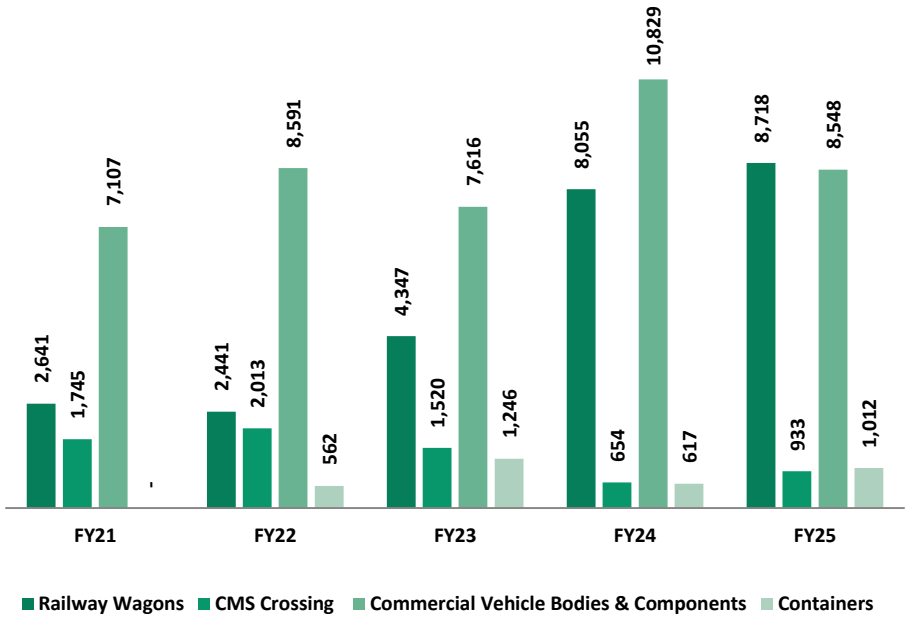
Fig 80: JWL's comprehensive business portfolio



Source: Company, SMIFS Research

Starting from FY25, JWL has begun generating revenue through its Joint Ventures (JVs) and wheel sets business, further expanding its business operations and strengthening its market presence. Additionally, from FY26 onwards ELCVs will begin generating revenue. **Looking ahead, the company aims to diversify its revenue streams, with a strategic plan to generate approximately 50% of its total revenue from non-wagon businesses. This shift underscores JWL's focus on growth beyond railway wagons, tapping into emerging opportunities in other mobility and infrastructure segments.**

Fig 81: Major revenue generating segments - Yearly production (in units)



Source: Company, SMIFS Research

JWL's Business Verticals

Rail Mobility Business

- WL derives the majority of its total revenue from the segment, with wagon manufacturing alone being the largest contributor.

Fig 82: Major revenue generating segments

Wagon and Passenger Coach Accessories

Wagon accessories

- Alloy steel cast bogies
- High tensile centre buffer couplers
- High-capacity draft gears

Passenger coach accessories

- Fabricated bogies
- Balanced draft gears
- Axle mounted disc brake system
- Brake disc and split brake disc
- AAR-H Type Coupler with balanced draft gear

Wheelsets

- Freight wagons
- Passenger coaches
- Metro coaches
- Locomotive

Wagons

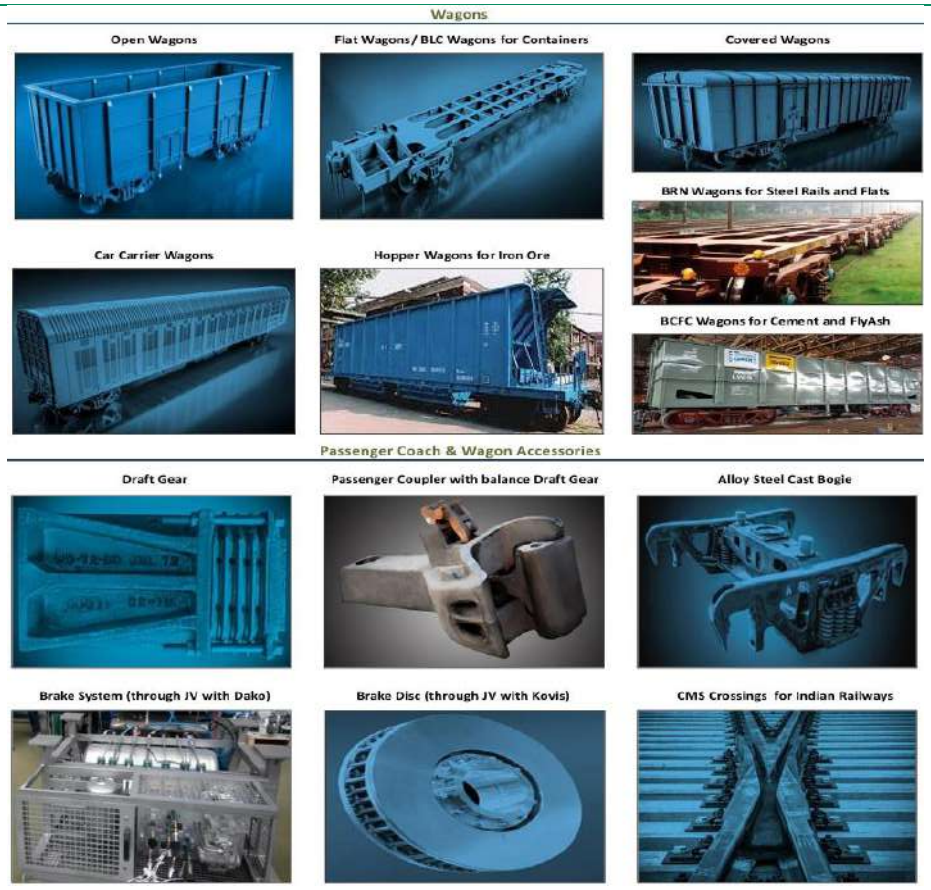
- Open wagons
- Covered wagons
- Flat wagons
- Defense wagons
- Container Carrier wagons
- Cement wagons
- Car Carrier wagons
- Coil Carrier wagons

Track Solutions

- CMS crossings for Indian Railways
- Weldable CMS crossings for IR, DFC & European Railways
- Explosion hardenable AREMA frogs (CMS crossings) for North American rail roads

Source: Company, SMIFS Research

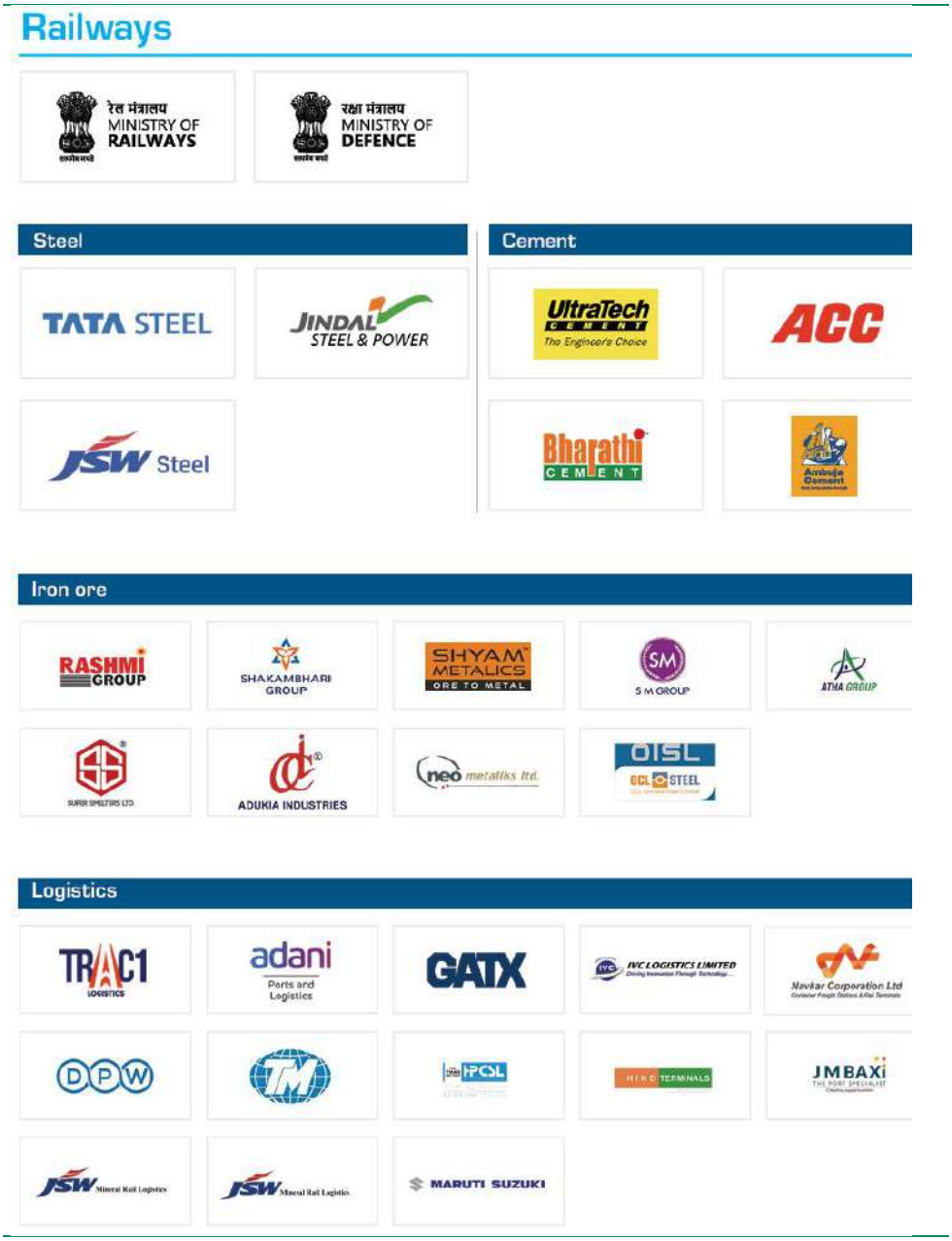
Fig 83: Wagons, Passenger coach & Wagon accessories



Source: Company, SMIFS Research

i. ***Freight car/ Railway wagons:*** JWL's railway wagons and accessories segment remains the primary revenue contributor, accounting for ~86% of total revenue, reaching ~Rs 33,500 mn in FY25. As one of India's leading wagon manufacturers, JWL has significantly expanded its production capacity from ~6,500 wagons p.a. in FY22 to over 10,800 wagons p.a. in FY25. With fully integrated manufacturing and in-house design capabilities, JWL offers a diverse range of wagons catering to IR, defense, and private players, reinforcing its leadership in the railway freight sector. JWL has two fully integrated freight wagon manufacturing facility at Hooghly, West Bengal and Jabalpur, Madhya Pradesh.

Fig 84: JWL's major public and private customers



Source: Company, SMIFS Research

ii. ***Wagons and passenger coach accessories:*** JWL manufactures a wide range of wagon and passenger coach accessories for IR, in-house consumption, and the broader industry. Its wagon accessories include alloy steel cast bogies, high tensile center buffer couplers, and high-capacity draft gears, while its passenger coach accessories comprise fabricated bogies, couplers and draft gears, axle-mounted disc brake systems, brake discs, and pads. The increasing demand for railway rolling stock has significantly boosted the need for steel castings and fabricated components. In response, JWL has embarked on a strategic foundry expansion plan with a long-term vision, aimed at

strengthening its manufacturing capabilities. JWL currently operates a foundry in Kolkata with a production capacity of ~3,500 MT per month. Additionally, the company is setting up a new foundry in Jabalpur, which will have a capacity of 2,000 MT per month upon completion.

It also offers a comprehensive range of products under the category, which includes wheelsets, brake discs, brake systems, and track solutions catering to IR, in-house consumption, and the broader railway industry.

a. ***Wheelsets:*** In March 2024, JWL acquired Bonatrans India Pvt Ltd (BIPL), and became first Indian rolling stock manufacturer with its own wheel plant situated at Aurangabad, Maharashtra for a sum of Rs 2.71 bn which had machining capacity of ~20,000 forged wheelsets annually.

b. ***Brake system:*** In 2017, JWL established **JWL DAKO-CZ India Ltd, a 50:50 JV with DAKO-CZ**, a leading European manufacturer of brake systems based in the Czech Republic. With a legacy of over 205 years, DAKO-CZ specializes in the production of pneumatic, electromechanical, and hydraulic brake systems for rolling stock, along with other critical railway components. This strategic JV is set to provide high-speed passenger train brake systems in India, with the IR already approving an axle-mounted disc brake system.

   Stone India acquisition: In FY24, JWL acquired Stone India Ltd for a consideration of ~Rs 250 mn, under the Corporate Insolvency Resolution Process. Stone India Ltd, a trusted vendor and a former supplier of engineering products to IR, specializes in brake systems and train lighting alternators. Its primary product vertical consists of air brakes for various applications, alternators, high-reach pantographs, brake blocks, air spring, valves and platform screen door systems among others. The acquisition marks a strategic alliance to leverage synergies and drive sustainable growth. The acquisition enables JWL to leverage Stone India's extensive infrastructure, legacy licenses, and expand its freight wagon manufacturing and advanced brake system portfolio. Additionally, JWL can utilize Stone India's facility to explore further opportunities and diversify its business. JWL infused ~Rs 300 mn for facility modernization which has been completed, with expectation of licenses approval for freight brake systems by IR shortly. Commercial production is expected to commence by FY26 end. Meanwhile, Stone India's pantograph production has received IR approval, with prototype deliveries scheduled soon, highlighting significant growth potential in this segment.

c. ***Brake disc:*** In 2019, JWL incorporated **JWL-KOVIS India Pvt Ltd, a 50:50 JV with Kovis (Slovenia)** showcases a rich legacy in the foundry industry, renowned for its expertise in producing castings from grey and nodular cast iron. This JV's objective is to offer a wide range of products, including brake discs, axles, and gear boxes for railway rolling stock. IR has already approved brake-disc for high-speed passenger coaches, metro and similar applications, signaling a major milestone in the collaboration.

iii. ***Track solution:*** JWL is a key player in the track solutions segment, offering Cast Manganese Steel (CMS) crossings for IR as well as the Association of American Railroads (AAR). Expanding its product offerings, JWL introduced weldable CMS crossings for both Broad gauge (BG) and Metro for IR and European Railways. JWL formed a 50:50 JV, JWL Talegria India Pvt Ltd with Talleres Alegria of Spain in 2019 which is over 100-year company into manufacturing of track components who will provide complete technological support, enabling JWL to enhance its capabilities and cater to international markets.

Road and Multimodal Mobility Business

JWL has expanded beyond rail wagons and engineering components into the non-rail mobility sector or road and multimodal mobility business, focusing on commercial vehicle load bodies and containers. These segments accounted for ~Rs 3,700 mn (~10% of total revenue) in FY25, with products designed and manufactured to meet the specific needs of OEMs, non-OEM players, and the Ministry of Defence. JWL has also ventured into drone manufacturing, with its impact expected to be seen in the coming years.

Fig 85: JWL's commercial vehicles and container business

Source: Company, SMIFS Research

Commercial vehicle load bodies key customers

Source: Company, SMIFS Research

Container business key customers

Source: Company, SMIFS Research

i. ***Load bodies for commercial vehicles (CV):*** JWL's acquisition of CEBBCO marked its entry into the metal fabrication business, specializing in load bodies for commercial vehicles and tippers for the medium and heavy commercial vehicle (M&HCV) segment. Serving OEMs, OEM dealers, and other customers, **this vertical contributed ~Rs 3,000 mn (~8% of total revenue) in FY25, with total shipments reaching 8,548 units (~10,806 units in FY24) and margins remaining 8-9%.** CEBBCO was a leading manufacturer in India, offering a diverse product portfolio that included fabrication of load bodies for infrastructure, construction, municipal disposers, fire engines, refrigerated vans, ambulances, and specialized defense vehicles, as well as water and oil tankers mounted on commercial vehicle chassis. The CV load body consists of various components parts including floor panels, side walls, tail gate, sub frame, etc., assembled and mounted onto the chassis with specific arrangements. Typically procured from OEM manufacturers, it represents 10%-40% of the vehicle's total cost. Application based commercial vehicle load bodies facilities are situated at Jabalpur (2 units) & Indore, MP and Jamshedpur, Jharkhand with annual capacity of manufacturing 24,000 units. Its key customers include Tata Motors, VE Commercial Vehicles, Mahindra, Reliance, etc.

ii. ***Containers:*** JWL expanded into the container manufacturing business in FY21 at Indore facility with capacity of producing 3,500 units, expanding its product portfolio beyond rail mobility and aligning with the Make in India initiative to reduce reliance on imports. It is one of the leading manufacturers of containers in India, capable of manufacturing containers of length upto 40 feet. The company focuses on producing shipping containers, specialized containers for defense applications, car carriers, refrigerated and RSU containers, truck mounted containers and customized solutions for various industries. Notably, JWL designed and developed a container for a Fortune 500 company in the renewable energy sector, successfully meeting stringent quality and safety standards. A new 40 ft conventional dry container costs Rs 0.4-0.5 mn, while a 40 ft refrigerated container is priced at Rs 0.65-0.7 mn due to its refrigeration function and customization. **In FY25, the company's container segment contributed ~Rs 700 mn, accounting for about 1% of JWL's total revenue, with total shipments reaching 1,012 units (633 units in FY24).** The profit margins for this segment remained robust, averaging ~15%. Some of its major customers in the segment include Adani, GE, Schneider Electric, DPW, etc.

Fig 86: JWL manufacturing platforms

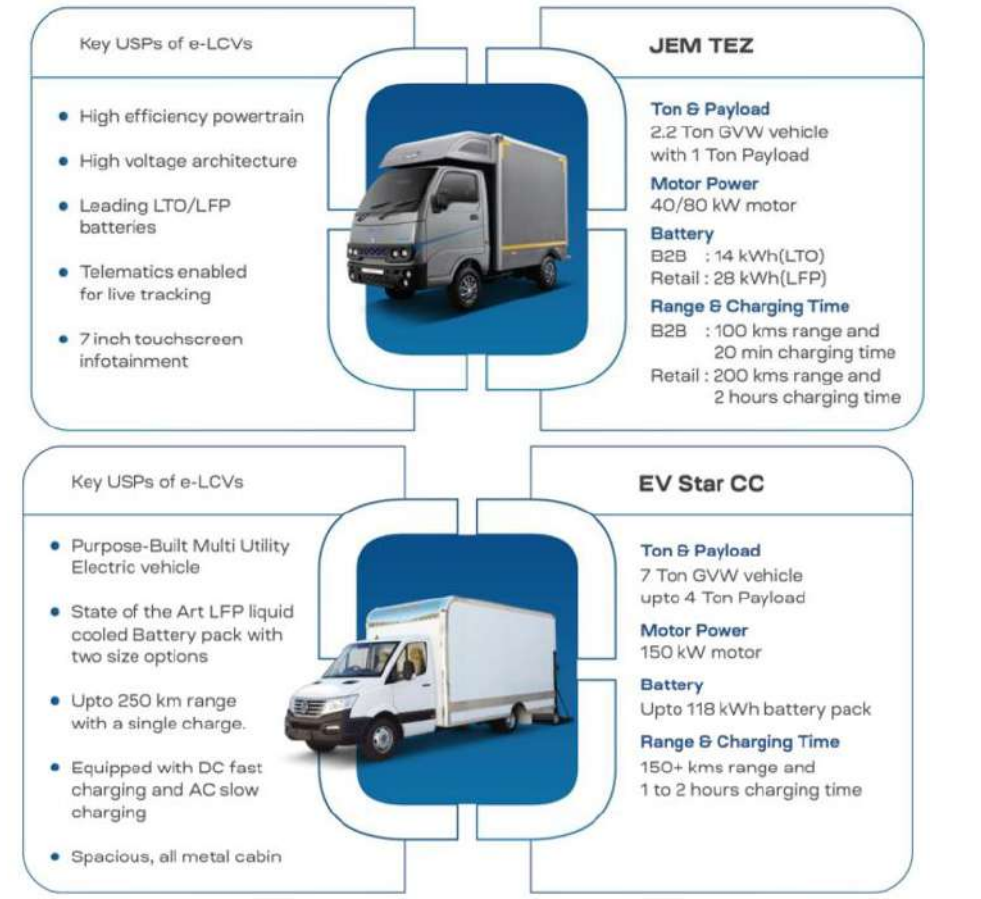
Source: Company, SMIFS Research

iii. ***New Mobility Solution –*** Jupiter Wagons Limited (JWL) has strategically expanded into the electric mobility sector, encompassing electric commercial vehicles, advanced battery solutions for both vehicles and railways, and drone technology to capitalize on the burgeoning mobility market.

a. ***Electric Light Commercial Vehicles (eLCVs):*** In November 2021, JWL ventured into the electric mobility sector through a subsidiary, Jupiter Electric Mobility Pvt Ltd (JEM), focusing on electric light commercial vehicles (eLCVs). JWL increased its stake in JEM from 60% to 75% during Q3FY25 and also inaugurated its state-of-the-art EV manufacturing plant in Madhya Pradesh's rapidly growing automotive and electric vehicle hub Pithampur, Indore in March 2025. **The new facility is designed to produce 8,000–10,000 eLCVs annually,** with plans for phased capacity expansion to meet the growing demand for sustainable last-mile logistics. JWL recognizes substantial growth prospects in the escalating demand for eLCVs, driven by several factors including the growing recognition of electric vehicle advantages, the imperative to mitigate air pollution, and Government initiatives promoting electric mobility. To capitalize on these opportunities, JWL has established JEM and is engaged in the design, development, manufacturing, assembly, supply, and after-sales service of electric vehicles and components across all ranges. **It unveiled two eLCV models — the JEM TEZ with a 2.2 tn Gross Vehicle Weight (GVW) & 1.1 tn payload capacity and the EV STAR CC with a 7-tonne GVW – at the Auto Expo 2023**. These strategic initiatives position JWL to effectively meet the rising demand for sustainable transportation solutions.

b. ***Drones:*** Jupiter Tsaw Onedrone India Pvt Ltd was incorporated in 2023 in collaboration with JWL's subsidiary JEM and Technit Space and Aero Works Pvt Ltd. JWL forayed into the manufacturing of drones for commercial purposes, with a particular focus on addressing the needs of the national agrarian economy. GoI continues to advance its initiatives in drone technology through the Drone Shakti and Kisan Drones programs, aiming to bolster various sectors, and in the Union Budget 2025-26, the Government has demonstrated a strong commitment to the drone industry by introducing an enhanced Production-Linked Incentive (PLI) scheme which would help in providing opportunities for drone service providers. The objective of Jupiter Tsaw is to manufacture, design, develop, buy and sell of radar equipment, GPS devices, drones and nautical equipment. It is yet to commence its commercial activities.

Fig 87: JWL's electric light commercial vehicle – JEM TEZ



Source: Company, SMIFS Research

c. ***Railway battery and electric truck battery divisions:*** JEM acquired Log9's technology and business assets (state-of-the-art manufacturing facility in Devanahalli, Bangalore) for its railway battery and electric truck battery divisions for ~Rs 400 mn in October 2024. In 2022, JWL already partnered with Log9 (Indian nanotechnology company) to integrate its technology for electric LCVs.

Fig 88: JWL's manufacturing highlights

Segment Units (in nos.)	FY21	FY22	FY23	FY24	FY25
Wagons	2,641	2,441	4,347	8,055	8,718
CMS Crossing	1,745	2,013	1,520	654	933
Commercial Vehicle Bodies & Components	7,107	8,591	7,616	10,829	8,548
Containers		562	1,246	617	1,012
Wheels			3,546	640	411
Axles			919	2,146	5,504
Wheel sets			515	4,815	11,993
Brake Disc			1,016	3,859	16,290
Axle Box / Hubs (export)			100	2,810	7,680
Axle Mounted Disc Brake System					230

Source: Company, SMIFS Research

JV's and Strategic Alliances with Global Partners

JWL has established key global partnerships to enhance technological expertise and expand its footprint in the rail industry.

Fig 89: JWL's alliances

S. No	Name of Entity	Principal activities	Ownership (%)
I	**Subsidiaries**		
1	Habitation Realestate LLP	Letting out of property	90.00%
2	Jupiter Electric Mobility Pvt Ltd	Manufacturer of electrical equipment - eLCVs, batteries	75.00%
3	Stone India Ltd	Manufacturing and sale of brake system, wagon components, pantographs	100.00%
4	Jupiter Tatravagonka Railwheel Factory Pvt Ltd (formerly Bonatrans India Pvt Ltd)	Manufacturing and sale of wheelsets and their components	97.79%
II	**Joint Venture**		
1	JWL Dako-CZ India Ltd	Manufacturing and sale of wagons components - brake system	50.00%
2	JWL Kovis (India) Pvt Ltd	Manufacturing and sale of wagons components - brake discs	50.00%
3	JWL Talegria India Pvt Ltd	Manufacturing and sale of wagons components - weldable CMS crossings	50.00%
III	**Step Down Joint Venture**		
1	Jupiter TSAW Onedrone India Pvt Ltd	Drone delivery services	50.00%

Source: Company, SMIFS Research

JWL's alliances

Source: Company, SMIFS Research

Tatravagonka Poprad (Budamar Logistics group, Slovakia): A leading European wagon manufacturer with ~40% market share, Tatravagonka has been a strategic investor in JWL since 2015 and currently holds a 18.7% stake. With its 100+ years of expertise, JWL benefits from advanced design and research capabilities, particularly in the development of next-generation freight wagons for IR and reinforces JWL's position in both domestic and global markets. Budamar Logistics is a European leader in multimodal transport and logistics, Budamar supports JWL's freight operations and is a key stakeholder (~50%) in Tatravagonka.

LAF (Les Appareils Ferroviaires, France): A CIM Group company with 80 years of expertise, LAF partners with JWL in developing high-speed passenger trains and manufacturing centre buffer couplers with balanced draft gears of LHB coaches.

GreenPower Pvt Ltd: A wholly owned subsidiary of GreenPower Motor Company Inc., North America (one of the largest CEV manufacturers). This partnership will provide commercial vehicles for delivery, public transportation, schools, vanpools, micro-transit, shuttles and other applications. Initial launch will consist of a 7/9 MT capacity urban goods carrier.

MoU with CAF (Spain): JWL has signed an MoU with CAF (Construcciones y Auxiliar de Ferrocarriles), a pioneer in railway mass transit systems for passengers and maintains a formidable global presence. JWL's MoU with CAF is to serve as the company's Indian manufacturing arm, focusing on various urban metro mass rapid transit systems in India.

MOU with RITES Ltd: JWL's strategic entry into the global markets by signing a long term MOU with RITES, a prominent PSU associated with the IR, to explore opportunities in the international market for railway rolling stock projects. JWL's focus is on the design, manufacturing, and supply of Railway wagons.

Key risks

- **Dependence on IR & Government orders:** A significant portion of JWL's revenue comes from IR and government tenders. Any slowdown in allocations or policy changes could impact its order book and financial performance.
- **Tender-based business & intense competition:** JWL operates in a highly competitive bidding environment, where unsuccessful tenders or lower-than-expected order inflows could impact revenue visibility and margins.
- **Raw material price volatility & supply constraints:** Dependence on RDSO-approved vendors for key inputs like steel, CTRB, and wheelsets exposes JWL to supply chain disruptions and price fluctuations, although escalation clauses mitigate risks to some extent.
- **Utilization of planned fundraising:** JWL's enabling resolution to raise up to Rs 30 bn lacks clarity on utilization, potentially leading to concerns over capital allocation and shareholder dilution.
- **Execution & expansion risks:** Timely execution of large projects, including the Odisha forging unit, is crucial. Any delays or cost overruns could impact growth and profitability.
- **Regulatory & policy risks:** Changes in Government policies, railway procurement norms, or industry regulations could pose operational challenges, affecting future growth prospects.
- **Economic slowdown & logistics growth dependency:** The logistics industry typically grows at 1.1x to 1.3x of GDP growth, making it vulnerable to economic downturns. However, with IR aiming to increase its freight share to 45% by 2030 (from ~27% currently), rail logistics expansion may partially mitigate the impact of broader economic slowdowns.

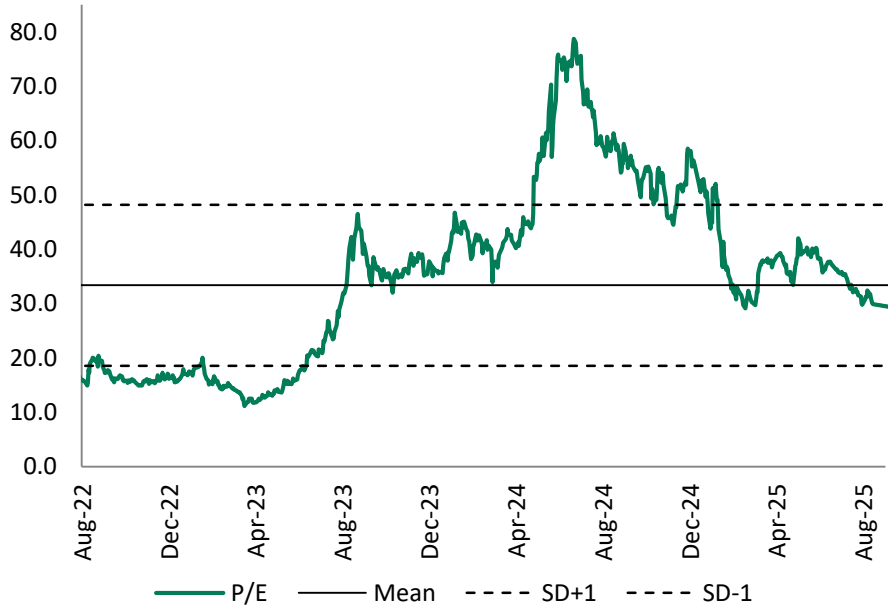
Valuation and Recommendations

JWL has evolved from a leading wagon manufacturer into a comprehensive mobility solutions provider leveraging strategic partnerships and portfolio expansion to strengthen its market presence. By integrating global technologies with its robust infrastructure, the company continues to drive innovation and ensure long-term industry visibility.

The company is well-positioned to benefit from the Government of India's (GoI) focus on enhancing rail freight modal share, leading to increased demand for wagons. Strong order inflows from IR and private players further reinforce its growth trajectory. JWL's strategic initiatives, including technology alliances with globally renowned players, investment in niche segments, and acquisitions of margin-accretive businesses, are expected to drive profitability. Additionally, the company is well-positioned to capitalize on expansion opportunities in businesses, including railway braking system, brake disc, wheelsets, eLCVs, batteries for CEV and railways, load bodies, and containers unlocking significant long-term growth potential.

With a diversified and expanding portfolio, strong private sector demand, and strategic collaborations, JWL is well-equipped to navigate industry dynamics. Its focus on innovation, efficient capital management, and market-driven growth strategies position it as a key player in India's transportation and mobility sector. Considering JWL's robust order book, dominant presence in the domestic wagon industry and its unique position as the only private player catering to India's massive wheelset demand, commercialization of niche braking systems, a diverse mobility product portfolio, backed by experienced promoters, a debt-free status, and efficient working capital management, JWL maintains a strong competitive edge in the industry. ***We have valued the stock at 30xFY28E EPS of Rs 13.5 to arrive at a Target Price of Rs 406. We initiate this coverage with "BUY" rating on the stock, with an upside of ~23%.***

Fig 90: 1 Year Forward P/E Chart



Source: ACE Equity, SMIFS Research

Quarterly financials, operating metrics & key performance indicators

Fig 91: Quarterly Financials (Consolidated)

Y/E March (Rs mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Sales	**8,793**	**8,958**	**11,154**	**8,799**	**10,090**	**10,298**	**10,445**	**4,593**
COGS	6,873	6,887	8,695	6,549	7,687	7,752	7,771	**2,980**
Gross Profit	1,920	2,071	2,459	2,250	2,404	2,546	2,675	**1,613**
Employee Costs	118	124	160	171	170	181	245	**235**
Other Expenditure	594	704	826	712	839	879	903	**780**
EBIDTA	**1,207**	**1,244**	**1,474**	**1,367**	**1,394**	**1,487**	**1,527**	**598**
Depreciation	71	68	76	125	128	135	149	**162**
Other Income	58	50	116	79	97	148	120	**169**
PBIT	**1,193**	**1,225**	**1,513**	**1,321**	**1,364**	**1,500**	**1,498**	**605**
Interest	104	115	108	126	167	145	166	**159**
Profit/Loss from JV and Associates	**6**	**-15**	**-16**	**2**	**-5**	**-59**	**-57**	**-6**
PBT	**1095**	**1095**	**1390**	**1196**	**1192**	**1296**	**1275**	**440**
Tax	274	281	343	278	298	332	249	**129**
Tax rate (%)	25.1%	25.6%	24.7%	23.2%	25.0%	25.6%	19.5%	**29.3%**
Reported PAT	**821**	**815**	**1046**	**919**	**894**	**964**	**1026**	**311**
Minority interests	**0**	**0**	**-6**	**0**	**-4**	**-9**	**-7**	**-16**
Consolidated PAT	**821**	**815**	**1052**	**919**	**897**	**973**	**1033**	**327**
Adjusted PAT	**821**	**815**	**1052**	**919**	**897**	**973**	**1033**	**327**
YoY Growth (%)								
Revenue	111.0%	39.0%	56.7%	16.8%	14.8%	15.0%	-6.4%	-47.8%
EBIDTA	143.1%	55.2%	59.8%	41.2%	15.5%	19.5%	3.6%	-56.2%
Adj. PAT	241.1%	82.7%	168.2%	46.2%	9.3%	19.5%	-1.8%	-64.4%
QoQ Growth (%)								
Revenue	16.7%	1.9%	24.5%	-21.1%	14.7%	2.1%	1.4%	-56.0%
EBIDTA	24.7%	3.0%	18.5%	-7.3%	2.0%	6.6%	2.7%	-60.8%
Adj. PAT	30.6%	-0.7%	29.1%	-12.6%	-2.4%	8.5%	6.1%	-68.3%
Margin (%)								
Gross margin (%)	21.8%	23.1%	22.0%	25.6%	23.8%	24.7%	25.6%	35.1%
Employee cost/ revenue (%)	1.3%	1.4%	1.4%	1.9%	1.7%	1.8%	2.3%	5.1%
Other expenses/revenue (%)	6.8%	7.9%	7.4%	8.1%	8.3%	8.5%	8.6%	17.0%
EBIDTA margin (%)	13.7%	13.9%	13.2%	15.5%	13.8%	14.4%	14.6%	13.0%
Adj. PAT margin (%)	9.3%	9.1%	9.4%	10.4%	8.9%	9.5%	9.9%	7.1%
No. of Wagons Manufactured (Units)	**Q2FY24**	**Q3FY24**	**Q4FY24**	**Q1FY25**	**Q2FY25**	**Q3FY25**	**Q4FY25**	**Q1FY26**
Wagons	**1,850**	**1,924**	**2,568**	**1,954**	**2,130**	**2,259**	**2,375**	**826**
YoY Growth (%)	*114.6%*	*32.6%*	*67.6%*	*14.1%*	*15.1%*	*17.4%*	*-7.5%*	*-57.7%*
QoQ Growth (%)	*8.0%*	*4.0%*	*33.5%*	*-23.9%*	*9.0%*	*6.1%*	*5.1%*	*-65.2%*

Source: Company, SMIFS Research

Financial Statements (Consolidated)

Income Statement

YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenues	**36,437**	**39,633**	**43,020**	**48,215**	**54,982**
Raw Materials	28,290	29,758	32,286	36,137	41,181
% of sales	77.6%	75.1%	75.1%	75.0%	74.9%
Personnel	514	766	925	964	1072
% of sales	1.4%	1.9%	2.2%	2.0%	2.0%
Manufact. & Other Exp.	2741	3333	3442	3857	4206
% of sales	7.5%	8.4%	8.0%	8.0%	7.7%
EBIDTA	**4,892**	**5,775**	**6,367**	**7,256**	**8,522**
Other Income	245	444	430	482	550
Depreciation	282	536	617	695	739
PBIT	**4,856**	**5,682**	**6,180**	**7,043**	**8,333**
Finance Cost	410	604	659	696	729
Profit/Loss from JV	-27	-119	77	100	127
Core PBT	**4,174**	**4,515**	**5,168**	**5,964**	**7,181**
Exceptional Item	0	0	0	0	0
PBT	**4,419**	**4,959**	**5,598**	**6,447**	**7,731**
Tax-Total	1109	1156	1411	1625	1948
Tax Rate (%)	25.1%	23.3%	25.2%	25.2%	25.2%
Reported PAT	**3,310**	**3,803**	**4,187**	**4,822**	**5,783**
Non-controlling interests	-5	-20	0	0	0
Consolidated PAT	**3,316**	**3,823**	**4,187**	**4,822**	**5,783**
Adjusted PAT	**3,316**	**3,823**	**4,187**	**4,822**	**5,783**

Source: Company, SMIFS Research Estimates

Key Ratios

YE March	FY24	FY25	FY26E	FY27E	FY28E
Growth ratios (%)					
Net sales	76%	9%	9%	12%	14%
EBIDTA	94%	18%	10%	14%	17%
Adj PAT	174%	15%	10%	15%	20%
Margin Ratio (%)					
Gross Profit	22.4%	24.9%	25.0%	25.1%	25.1%
EBITDA Margin	13.4%	14.6%	14.8%	15.1%	15.5%
EBIT Margin	12.7%	13.2%	13.4%	13.6%	14.2%
Core PBT Margin	9.6%	11.5%	11.7%	11.8%	12.2%
Adj PAT Margin	9.1%	9.6%	9.7%	10.0%	10.5%
Return Ratio (%)					
ROE	27.4%	17.5%	14.0%	14.1%	14.9%
ROCE	17.5%	12.4%	10.6%	9.6%	9.1%
Turnover Ratio days (days)					
Gross Block Turnover (x)	5.4	4.5	4.1	4.1	4.3
Adj OCF/ PAT (%)	-18	11	183	121	88
Inventory	95	108	107	95	90
Debtors	35	60	60	60	60
Creditors	48	59	50	50	50
Cash Conversion Cycle	82	109	117	105	100
Solvency Ratio (%)					
Debt-equity (x)	0.2	0.2	0.3	0.4	0.5
Net Debt-equity (x)	0.1	0.0	-0.1	0.0	0.1
Gross Debt/EBIDTA	0.7	0.8	1.3	2.0	2.6
Current Ratio	1.6	2.2	2.5	2.4	2.6
Interest Coverage Ratio (x)	11.2	8.7	8.7	9.4	10.7
Dividend					
DPS (Rs)	0.6	1.0	1.4	1.5	1.5
Dividend Payout (%)	7.3%	11.0%	14.3%	13.3%	11.1%
Dividend Yeild (%)	0.2%	0.3%	0.4%	0.4%	0.4%
Per share (Rs)					
EPS (Reported)	8.2	9.1	9.8	11.3	13.5
Adj EPS	8.2	9.1	9.8	11.3	13.5
CEPS	8.7	10.3	11.2	12.9	15.3
Book value	71.3	94.2	113.9	142.0	173.7
Valuation					
P/E	32.8	54.2	33.7	29.2	24.4
P/BV	3.8	5.2	2.9	2.3	1.9
EV/EBITDA	22.9	35.8	21.5	19.4	16.9
EV/Sales	3.1	5.2	3.2	2.9	2.6
Adj M.Cap/Core PBT	26.1	44.7	24.8	21.1	17.0
Adj M.Cap/ Adj OCF	-181.0	460.9	16.7	21.6	23.8

Source: Company, SMIFS Research Estimates

Balance Sheet

YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Sources of funds					
Capital	4,123	4,245	4,274	4,274	4,274
Reserves & Surplus	12,193	23,431	28,032	32,213	37,355
Shareholders' Funds	**16,316**	**27,676**	**32,306**	**36,487**	**41,629**
Total Debt	**3,377**	**4,842**	**8,342**	**14,842**	**22,342**
Other Non-current liabilities	462	438	438	438	438
Total Liabilities	**20,154**	**32,956**	**41,086**	**51,767**	**64,409**
Application of funds					
Net Block inc Capital WIP	6,721	7,889	13,347	21,727	28,988
Right of Use Assets	336	402	402	402	402
Non Current Investment	395	336	461	586	711
Other non-current Asset	**2,317**	**5,785**	**2,730**	**2,682**	**2,760**
Inventories	9,835	7,694	9,465	9,405	10,154
Sundry Debtors	4,908	8,149	7,072	7,926	9,038
Other Current Assets	2,225	2,498	2,522	2,821	3,210
Quasi Cash Investment	533	1,302	430	482	550
Cash & Bank Balances	2,130	5,936	12,232	14,658	18,442
Total Current Assets	**19,631**	**25,579**	**31,720**	**35,292**	**41,394**
Sundry Creditors	5,530	4,078	4,423	4,950	5,641
Other Current Liabilities	3,715	2,957	3,152	3,972	4,204
Total Current Liabilities	**9,246**	**7,035**	**7,575**	**8,922**	**9,846**
Net Current Assets	**10,386**	**18,544**	**24,146**	**26,370**	**31,548**
Total Assets	**20,154**	**32,956**	**41,086**	**51,767**	**64,409**

Source: Company, SMIFS Research Estimates

Cash Flow

YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Operating profit before WC changes	**4,994**	**5,829**	**6,874**	**7,838**	**9,199**
Net change in working capital	-4,099	-3,641	2,876	302	-1,405
Income tax paid	-1,086	-1,146	-1,411	-1,625	-1,948
Cash flow from operating activities (a)	**-191**	**1,042**	**8,340**	**6,516**	**5,846**
Adjusted OCF	-601	438	7,681	5,819	5,117
Capex	-1,248	-5,081	-6,075	-9,075	-8,000
Adjusted Free Cash Flow	-1,849	-4,644	1,606	-3,256	-2,883
Cash flow from investing activities (b)	**-4,646**	**-6,276**	**-5,328**	**-9,252**	**-8,193**
Debt Issuance (repayment)	500	1,466	3,500	6,500	7,500
Interest & Lease expenses	-411	-612	-659	-696	-729
Dividend Paid	-323	-551	-598	-641	-641
Issue of Equity, QIP raised	5,123	8,113	1,041	-	-
Cash flow from financing activities (c)	**4,889**	**8,416**	**3,284**	**5,163**	**6,130**
Net change in cash (a+b+c)	**52**	**3,182**	**6,296**	**2,426**	**3,784**

Source: Company, SMIFS Research Estimates

Titagarh Rail Systems Ltd (TRSL)

Precision engineering for freight and passenger rail

Founded in 1997 and headquartered in Kolkata, TRSL is India's leading private manufacturer of freight and passenger rolling stock with ~25% wagon market share. Backed by four integrated manufacturing units, the company has expanded globally via its acquisition of Italy's Firema and key JVs with BHEL (VBT) and Ramkrishna Forgings (wheelsets). In Q1FY26, TRSL secured ~Rs 25 bn new orders, taking its total order book to ~Rs 127 bn (~32% freight, ~68% passenger). TRSL's order book share with its two JV's stood at ~Rs 133.3 bn (~Rs 63 bn for wheelsets and ~Rs 70.3 bn for VBT). Strong demand from IR, capacity expansion, and backward integration into propulsion and wheelsets are set to drive growth. TRSL delivered ~27% CAGR in revenue/EBITDA over FY22–25 and is projected to grow at ~22%/~27% CAGR over FY25–28E, with EBIDTA margin expansion of over 100 bps and RoE/RoCE reaching ~15%/~13% by FY28E. Valuing at 30x FY28E EPS of Rs 39.4, we assign a target price of Rs 1,183 and initiate with a "BUY" rating, offering ~39% upside.

Established market position in the core wagon manufacturing business

TRSL holds ~25% share in the wagon market, backed by efficient operations and expanded capacity of 12,000 wagons annually. It achieved a record monthly output of over 1,000 wagons in March 2024. As of June 2025, its wagon order book stands at ~10,772 units worth Rs 41.1 bn, including a revised IR order of 22,194 wagons (Rs 72 bn) and fresh orders of 4,463 BOSM wagons worth ~Rs 19 bn, 780 BVCM type wagons worth ~Rs 3 bn and private orders. With strong demand from both IR (30,000–40,000 p.a.) and private players (10,000–15,000 p.a.), TRSL is well-placed to tap sustained growth.

Strategic integration in forged wheels and propulsion systems to accelerate future growth

To strengthen self-reliance and address critical supply chain gaps, TRSL is strategically integrating backward into forged wheel and rail propulsion system manufacturing. Through a JV with Ramkrishna Forgings, it is setting up a Rs 22 bn forged wheel plant to cater to surging demand, backed by a Rs 126 bn long-term order from IR. Simultaneously, TRSL is scaling up its propulsion systems—including traction motors and converters—with global partners like ABB and TFA, targeting high-margin growth and full in-house integration by FY28.

Capturing passenger rail opportunities: Vande Bharat and metros

TRSL, through its JV with BHEL, secured a milestone ~Rs 230 bn order to build 80 Vande Bharat sleeper trains with 35-year maintenance. Despite initial delays due to design changes and coach expansion, launched production line in April 2025, with the first prototype expected by March 2026. This positions TRSL as a key player in India's upcoming Vande Bharat rollout.

Riding on India's rapid urbanization and metro expansion, TRSL has made significant inroads with successful completion of its Pune Metro order (further additional order awarded) and expanded into Bangalore, Surat, and Ahmedabad projects. With a current capacity of ~25 coaches/month, the company aims to scale up to ~70 coaches/month by FY28. With production capacity scaling up and a robust order pipeline, TRSL is well-placed to tap into the growing demand for ~5,000 metro coaches under the government's 'Make in India' push, emerging as a major player in the country's metro transformation.

Backed by strong order book, new segments and strategic capex, TRSL eyes higher growth and profitability

TRSL is positioned for accelerated growth, backed by a strong standalone order book of Rs 127 bn and an additional Rs 133 bn through JVs. These orders span across freight, passenger, and high-margin segments such as wheelsets and propulsion systems. With focused capex of Rs 6 bn towards capacity expansion and backward integration, alongside strengthened financials from recent fundraises (~Rs 9.9 bn), the company is set to enhance margins and diversify revenue streams. TRSL's evolving business mix, rising share of PRS, and operational scale-up position it for sustainable profitability.

Valuation

TRSL is well-positioned to benefit from India's rail infrastructure push, backed by its integrated capabilities across freight, passenger, propulsion, and wheelset segments. With a strong order book, margin-accretive verticals, and a debt-free balance sheet, the company is set for sustained growth and improved profitability. ***Thus, we have valued the stock at 30xFY28E EPS of Rs 39.4 to arrive at a target Price of Rs 1,183. We initiate this coverage with a "BUY" rating on the stock, with an upside of ~39%.***

Rating: BUY | **Upside: 39%**

Current Price: 849 | **Target Price: 1,183**

|Market data

Bloomberg:	TITAGARH:IN
52-week H/L (Rs):	1,476/655
Mcap (Rs bn/USD bn):	114/1.30
Shares outstanding (mn):	134.7
Free float%:	59.54%
Daily vol. (3M Avg. in '000):	2,486
Face Value (Rs):	2

Source: Bloomberg; SMIFS Research

|Shareholding pattern (%)

	Jun-25	Mar-25	Dec-24	Sep-24
Promoter	40.5	40.5	40.5	40.5
FIIs	9.5	13.4	15.0	13.9
DIIs	11.6	11.6	13.7	16.3
Public/others	38.4	34.5	30.9	29.3

|Promoter Pledging

Pledging	NA	NA	NA	NA

Source: BSE

|Price performance (%)

	1M	3M	12M	36M
NIFTY 50	-1.6	-1.6	-2.9	41.1
NIFTY 500	-2.4	-1.8	-4.9	50.0
TRSL	-2.6	-9.4	-43.6	422.8

as on 02nd September 2025;

Source: AceEquity, SMIFS Research

|3 Year Price Performance Chart

Source: BSE

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Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Console PAT	YoY (%)	EPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY24	38,533	38.6%	4,519	11.7%	2,861	119.8%	22.5	18.0%	13.8%	32.6	20.7
FY25	38,678	0.4%	4,330	11.2%	2,749	-3.9%	20.4	11.7%	9.6%	58.4	37.4
FY26E	43,854	13.4%	4,907	11.2%	3,065	11.5%	22.4	11.6%	10.0%	37.9	24.1
FY27E	63,252	44.2%	7,647	12.1%	4,406	43.7%	31.7	14.2%	12.2%	26.8	15.6
FY28E	70,544	11.5%	8,910	12.6%	5,479	24.4%	39.4	15.0%	12.9%	21.5	13.3

Source: Company, SMIFS Research Estimates

Investment Rationale

Established market position in the core wagon manufacturing business

Over the years, Titagarh Rail Systems Ltd (TRSL) has maintained a strong leadership position in wagon manufacturing with a consistent market share of ~25%, supported by its competitive cost structure, state-of-the-art infrastructure, in-house design capabilities, and efficient working capital management. In response to increasing government expenditure and railway modernization efforts, the company has **scaled up its wagon manufacturing capacity from 8,400 wagons p.a. in FY23 to 12,000 wagons p.a.**, positioning itself well to meet the surging demand. In March 2024, it crossed the milestone of producing over 1,000 wagons in a single month, showcasing its enhanced manufacturing capabilities. TRSL is on track to consistently achieve 12,000 wagons production annually supported by a strong order pipeline.

Strong order book:

- In FY23, IR issued a historic order for 72,358 wagons, of which TRSL bagged the largest share (~33%), amounting to its single largest order ever—24,177 wagons (including 4,323 BOXNHL and 19,854 BCNAHSM), valued at ~Rs 78 bn, to be delivered in six tranches over 39 months. However, in August 2024, due to operational, financial, and contractual considerations, TRSL requested to short close 3,089 BCNA wagons from Tranche 3, which were scheduled for delivery between September 2023 and February 2024. IR accepted the short closure and, in turn, issued a replacement order for 716 BOXNHL wagons, **revising the contract total to 21,804 wagons, valued at ~Rs 71 bn**. Due to delays in wheelset supply from IR, the order completion timeline has been extended to H1FY26.
- TRSL also received a reinstated **order for 390 wagons valued at Rs 3.3 mn each**, which had originally been short-closed in 2020, reflecting renewed trust and sustained collaboration with IR.
- Further, in March 2024, TRSL received another major order from IR for the manufacture and supply of **4,463 BOSM wagons, valued at ~Rs 19.09 bn**.
- Recently in July 2025, the company received an **order from IR for 780 BVCM-C wagons worth Rs 3.13 bn**, i.e. each wagon costs ~Rs 4 mn to be executed in 9 months.
- Notably, it also secured an order **from Ambuja Cements to supply 16 BVCM rakes, valued at Rs 5.37 bn**, scheduled for delivery between January 2026 and March 2027.

TRSL is also expanding its foundry from 30,000 MT p.a. to ~48,000 MT p.a. by FY27 aiming to achieve self-sufficiency for its captive requirements.

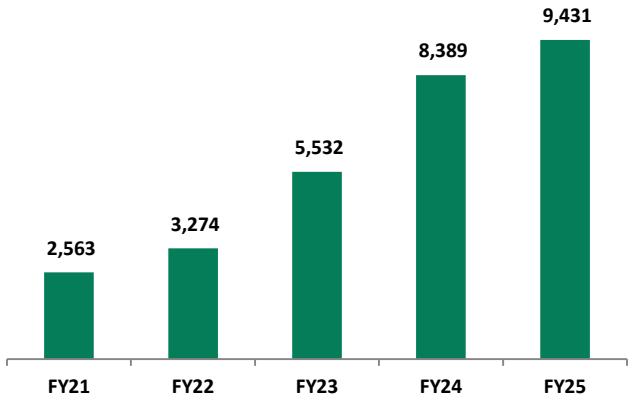
TRSL is installing completely modern foundry production facilities in both its foundries situated at Titagarh and Uttarpara respectively, and this is expected to enhance production from 30,000 MT p.a. to ~40,000 MT p.a. by FY26 and ~48,000 MT p.a. by FY27 aiming to achieve self-sufficiency for its captive requirements.

Freight Rail Systems (FRS) continues to be the core revenue driver for TRSL, contributing over 90% of total revenue in FY25, amounting to Rs 36.1 bn. Over the years, capacity utilization (CU) had remained in the 30%–40% range, but is now reaching optimal levels due to operational efficiency and scale.

As of June 2025, TRSL's freight rolling stock business order book stood at ~Rs 41.1 bn consisting of ~10,772 wagons with a large share from IR. The company is now also actively tapping into private sector opportunities, with domestic demand from private players estimated at 10,000–15,000 wagons annually for the next 4–5 years, alongside IR's anticipated annual demand of 30,000–40,000 wagons, including aluminium wagons. **Notably, TRSL remains the only Indian manufacturer currently producing aluminium wagons in partnership with its associate company Titagarh Firema S.p.A (TFA), giving it a technological edge**. Any new tenders for aluminium coaches could significantly enhance TRSL's growth trajectory.

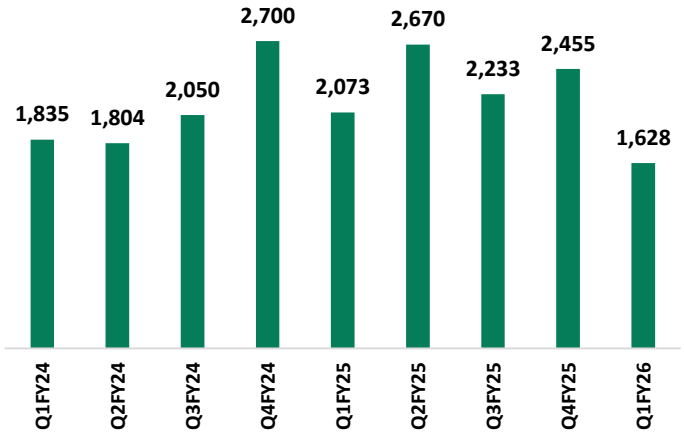
TRSL's strong order book, capacity expansion, technological leadership, and strategic diversification into the private sector make it well-positioned to capitalize on the robust and sustained demand in India's rail freight segment.

Fig 92: TRSL's yearly wagon production (units)



Source: Company, SMIFS Research

Fig 93: TRSL's quarterly wagon production (units)



Source: Company, SMIFS Research

Driving India's modern rail revolution: Vande Bharat opportunity

According to the National Rail Plan (NRP) developed by IR, passenger demand is projected to grow by ~2.5x by 2050, driving the need for significant expansion in capacity and technology upgrades across the network. This forecast has created a long-term opportunity in the passenger rolling stock segment, especially with the rising adoption of public transport like local, semi-high-speed trains, and metros.

BHEL–TRSL consortium (51:49) emerged as the only homegrown Indian player, securing the order to supply 80 Vande Bharat sleeper trains from IR.

To address this, in FY23, IR awarded contracts for the manufacture and maintenance of 200 Vande Bharat trains worth ~Rs 590 bn. Among the five bidders, **the BHEL–TRSL consortium (51:49) emerged as the only homegrown Indian player, securing the order to supply 80 Vande Bharat sleeper trains (16 coaches each) along with a 35-year annual maintenance contract (AMC), valued at ~Rs 230 bn (approx. Rs 1.2 bn per train; ~Rs 96 bn for trainsets; Rs 135-140 bn towards maintenance)**. This marked the first time such a large-value sleeper train contract was awarded to an Indian consortium. JV will carry out primary production at its Uttarpara facility in West Bengal, while the ICF facility will be utilized solely for final assembly, testing, and commissioning. It is also responsible for upgrading and maintaining the designated depots. **With the acquisition of ~40 acres land adjacent to its existing 34-acre Uttarpara facility** in West Bengal, TRSL is expected to undertake testing and commissioning of Vande Bharat trains within its own facility, enhancing operational efficiency and integration.

Initially, the first two trainsets are scheduled for delivery by FY27, with the remaining trains to follow gradually through 2032. IR later proposed increasing the trainset configuration from 16 to 24 coaches to enhance capacity and operational efficiency. This triggered discussion on redesign requirements—such as additional toilets, luggage space, and pantry cars—resulting in a delay of ~9 months. In April 2025, the JV formally launched the Vande Bharat Sleeper (VBT) production line at its Uttarpara facility. Although IR had initially accepted the proposal to begin with a few 16-coach trains before transitioning to 24-coach sets, the plan was subsequently revised. **It was ultimately decided to proceed with delivering only 16-coach trainsets.** As per the updated timeline, **the first Vande Bharat Sleeper prototype by BHEL–TRSL consortium is now expected to roll out by Q2FY27.**

Overall, IR plans to launch 400 Vande Bharat trains, including sleeper variants, representing a massive Rs 1.2–1.5 trn opportunity for the private sector. This aligns closely with NRP's vision for a future-ready railway system, and positions players like Titagarh-BHEL to benefit from this multi-year pipeline.

In the Union Budget 2025–26, the government further announced 200 new Vande Bharat trains, 100 Amrit Bharat non AC-trains, 50 Namo Bharat rapid rail sets, and 17,500 general sleeper coaches, all set to transform rail travel experiences across the country over the coming years. This aligns closely with NRP's vision for a future-ready railway system, and positions players like Titagarh-BHEL to benefit from this multi-year pipeline.

Metro rail expansion in India – a multi-billion-rupee opportunity

India's metro rail sector is witnessing rapid growth, driven by rising urbanization, demand for efficient public transport, and a strong government push for sustainable mobility. The government plans to expand metro coverage to 50 cities and more than double the operational network to over 1,700 km, generating demand for ~5,000 metro coaches. A comprehensive five-year plan is being formulated to fast-track projects, including cost-effective Metro Lite and Metro Neo systems for smaller cities. This expansion, under the 'Make in India' and Atmanirbhar Bharat initiatives, presents significant long-term opportunity.

TRSL, having forayed into the metro segment in 2019, is actively capitalizing on this momentum. Its entry began with the Pune Metro order, which was successfully completed in FY25. Building on that success, TRSL secured additional metro orders for Bangalore Metro, Surat Metro and Ahmedabad Metro.

Metro coach order book stood at ~Rs 31 bn for ~441 coaches (36 Pune, 108 Mumbai, 195 Bangalore, 30 Ahmedabad, 72 Surat) as of June 2025. Production is set to scale up from **12 cars in FY25 to 120 cars in FY26**, with further capacity expansion in the coming years. **Company has steadily enhanced its manufacturing capabilities, reaching a production capacity of ~25 coaches p. m. (~300 coaches annually), with an aim to increase to ~36 coaches p.m. (~432 coaches p.a.) by FY26-27 and to ~70 coaches p.m. (~850 coaches p.a.) by FY27-28 to meet growing demand.**

Titagarh became the first Indian company to manufacture aluminium-bodied metro coaches, delivering them for Pune Metro—enhancing efficiency through lighter, modern rolling stock.

- **Pune Metro:** TRSL, along with its Italian arm TFA, **secured India's first and only aluminium-bodied metro coaches for the Pune Metro for Rs 11.25 bn contract to supply 34 trainsets (102 coaches).** Three trainsets were built in Italy and delivered in 2021, with the rest manufactured at TRSL's West Bengal plant. Despite initial delays due to COVID and it being TRSL's first metro project, 23 trainsets were delivered by Sep 2023, and the full order was completed by FY24-25. The contract also includes a 10-year maintenance option, highlighting TRSL's growing capabilities in metro rolling stock.

  In June 2025, consortium of TRSL and Titagarh Firema S.p.A, associate company, has **received LoA for supply of 12 additional trainsets (36 coaches)** to design, manufacture, supply, testing, and commissioning of passenger rolling stock (EMU) and training of personnel for Pune Metro Rail Project from Maharashtra Metro Rail Corporation Ltd for an order value of ~Rs 4.3 bn to be executed within 30 months. Company has ordered equipment to set up the complete facility for production of aluminum metro coaches including flat packs which were imported earlier from it's associate in Italy. TRSL expects to complete this project by H1FY28.

- **Bangalore Metro:** TRSL secured a Rs 1.84 bn job contract from CRRC Nanjing Puzhen Co Ltd (subsidiary of CRRC - China Railway Rolling Stock Corporation) in FY24 to manufacture 204 stainless steel metro coaches (34 trains) for Bangalore Metro. The contract is part of Bangalore Metro Rail Corporation Ltd's (BMRCL) ~Rs 16 bn order to CRRC, which required 75% of the coaches to be made in India. Due to delays in CRRC's India setup, TRSL was roped in, rolling out its first stainless steel metro trainset in Q3FY25. The project faced initial delays due to late machinery imports and visa issues for Chinese workers. With this, TRSL has now demonstrated capability to build

aluminum, steel, and stainless steel coaches—strengthening its position for future metro contracts. The first train manufactured by the company for **Bangalore metro was inaugurated by the Honorable Prime Minister on 10th August 2025.**

- **Surat Metro:** TRSL received a Letter of Acceptance (LoA) in June 2023 from Gujarat Metro Rail Corporation (GMRC) to supply 72 coaches (24 trains) for the Surat Metro Phase-I project, valued at Rs 8.66 bn. The contract mandates prototype delivery in 70 weeks and full completion within 110 weeks and will be delivered by FY27. These trains will support Grade of Automation (GoA) 4 operations (driverless metro). Delivery timelines may align with the progress of infrastructure and signalling readiness.
- **Ahmedabad Metro:** TRSL received a Rs 3.5 bn order in August 2023 from GMRC to supply 30 coaches (10 trains) for the Ahmedabad Metro Phase-II. The prototype is due in 70 weeks, with full delivery in 94 weeks. The trains will support GoA2 and GoA3 automation levels. With final designs underway, the first train is expected to be dispatch by FY26, starting at 1 train per month, later ramping to 2 per month. The Ahmedabad contract will be executed before Surat.
- **Mumbai Metro:** TRSL has received letter of acceptance in August 2025 from NCC Ltd for design, manufacture, supply, installation, integration, testing and commissioning of rolling stock - 18 trains of 6 cars each to taking to 108 metro coaches including 5 years of comprehensive maintenance after 2 years of defect liability maintenance period of line 6 of Mumbai Metro Rail Project of Mumbai Metropolitan Region Development Authority (MMRDA). The order value is about Rs 15.98 bn.

With its stainless steel metro coach line now fully operational, Titagarh is well-positioned to tap into rising metro opportunities and gain a competitive edge. The company is actively bidding or monitoring multiple tenders across cities like Bhubaneswar, Chennai, Bangalore, Patna, Pune, Delhi, and Nagpur. Management expects most of these to be finalized in the coming financial year, potentially driving significant order inflows and strengthening its role in India's growing metro rail sector.

Backward Integration into Forged Wheel Manufacturing: A Game-Changer Amid Soaring Demand and Import Constraints

Historically, while the government-owned Rail Wheel Factory (RWF) supplied wheels for IR and private orders as well, domestic wagon manufacturers use to import the shortage from countries such as China, Ukraine, Czechoslovakia, and Germany to meet their requirements. However, a surge in wagon demand led RWF to prioritize IR orders, creating a supply crunch for private players. Geopolitical issues like the Russia-Ukraine war and China trade restrictions further worsened the shortage. In response, under the Atmanirbhar Bharat initiative, IR invited bids for setting up indigenous forged wheel manufacturing to ensure long-term self-reliance and reduce import dependency for the rail sector.

Forged wheels tender details

Particulars	Tender details
Total capacity	2,28,000 wheels p.a.
TRSL's share in the JV	49%
Guaranteed offtake by IR	15,40,000 wheels in 20 years
Opportunity size of tender	Rs 126 bn for guaranteed offtake (TRSL's share ~Rs 63 bn)
Average weight per wheel	435 Kg
Aluminium price	Rs 180-200/Kg
Price per wheel	Rs 78,000 - Rs 80,000

Source: Company, SMIFS Research

To boost domestic forged wheel production, **TRSL and Ramkrishna Forgings formed a 49:51 JV—Ramkrishna Titagarh Rail Wheels Ltd (RTRWL)—and secured a Rs 126 bn, 20-year order from IR to supply 1.54 mn wheels, with a guaranteed annual offtake of 80,000 wheels.** The JV is setting up a greenfield plant in Chennai with a phased **capacity of 2,28,000 wheels per year**: Phase-I (114,000 wheels) by April 2026; Phase-II (additional 114,000 wheels) by April 2028. Total capex is Rs 22 bn (Rs 18 bn for Phase-I, Rs 4 bn for Phase-II), funded in a 70:30 debt-equity ratio. Surplus capacity will cater to in-house use, third-party sales, and exports. Backed by TRSL's rolling stock expertise and RKFL's forging strengths, the project benefits from strong promoter synergy and long-term demand visibility driven by India's rail infrastructure push.

TRSL eyes strong growth in rail propulsion and traction motor market

TRSL is advancing in backward integration by developing in-house propulsion systems—including traction motors, converters, and TCMS (Train Control and Management

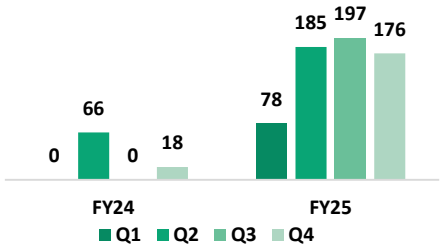
Systems)—critical components that make up 20–30% of a train's cost and offer high EBITDA margins (20–30%). Supported by IR and in collaboration with ABB and associate TFA, TRSL is building GoA4-compliant systems for metros and EMUs. Propulsion system is priced at ~Rs 30 mn each, and typically installed in alternate coaches. The business yields margins of 5–10%.

Prototype dispatch to ICF is planned for Q1FY26, with testing underway. Traction motor production has scaled from 100 to 150 units/quarter as of Q4FY25, **touched 300 units in Q1FY26 and targets to reach ~450 units/quarter by Q4FY26.** The domestic market demand is 4,000–5,000 motors/year with each EMU requiring ~4 motors and locomotives needing up to 6, priced between Rs 1–2.5 mn each.

TRSL also successfully exported its first traction converters to TFA, marking its first international propulsion order. Converter production is being ramped from 16 to 32 units/month, with a long-term goal of 100/month by FY28.

Additionally, TCMS development for Gujarat Metro is on track. By integrating its propulsion systems across all coach offerings, TRSL expects to improve margins by 400–500 bps by FY28. With support from TFA's Italian facilities, TRSL is well-positioned to grow in the high-margin propulsion space both in India and globally.

Traction Motors & Traction Converters quarterly sales

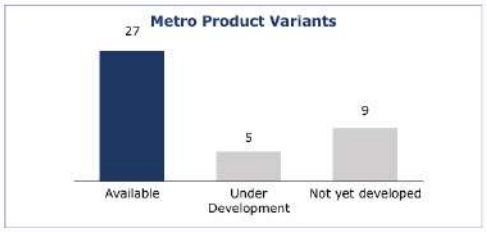


Source: IR, SMIFS Research

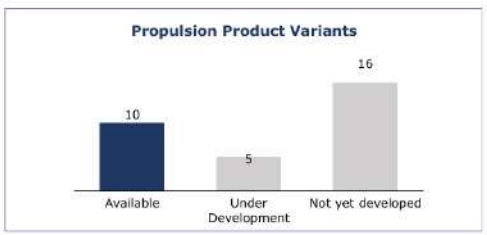
Fig 94: TRSL's strategic investment & production enhancement plan

Source: Company, SMIFS Research

Fig 95: TRSL's engineering plan for future FY26-27 onwards



	Available	Under development	Not yet developed	Grand Total
Metro Product Variants	27	5	9	41
Carbody + Bogies	5	1	1	7
Propulsion - 25kV	9	2	4	15
Propulsion - 750Vdc	4	2	4	10
1500Vdc	4			4
3000Vdc	5			5



	Available	Under development	Not yet developed	Grand Total
Propulsion Product Variants	10	5	16	31
EMU - Onboard	4	1		5
MEMU - Onboard	2	3		5
Train 18 - Underslung	3	1	6	10
Locomotive (WAG 9 & WAP 5)	1		4	5
MEMU - Underslung (Vande Metro)			6	6

Source: Company, SMIFS Research

Backed by strong order book, new segments and strategic capex, TRSL eyes higher growth and profitability

TRSL received ~Rs 24.7 bn worth of orders in Q1FY26, totalling to ~Rs 127 bn. This includes ~Rs 41.1 bn (~32%) for freight rolling stocks & Rs 85.8 bn (~68%) for passenger rolling system. TRSL's order book share with its two JV's stood at Rs 133.3 bn which includes ~Rs 63 bn for wheelsets and ~Rs 70.3 bn for VBT. **As of June 2025 order book consists of orders for ~10,772 wagons and ~441 Metro and ~1,280 Vande Bharat coaches.**

TRSL has plans to incur Rs 10 bn capex in 3 years FY25-27, out of which ~1.5 bn is being used towards its freight segment including wagons, components and foundry. ~Rs 6.5 bn will be invested to increase the annual passenger coach capacity with the investment in robo machineries. Further, it will invest ~Rs 2 bn to set up the forged wheel production unit in JV.

TRSL raised ~Rs 7 bn through QIP and ~Rs 2.9 bn through preferential allotment mainly to bolster its financial position for expansion & growth initiatives, backward integration, reducing debt and meeting working capital requirements.

TRSL has strategically leveraged QIP and preferential share allotments mainly to bolster its financial position for expansion & growth initiatives for its various divisions, backward integration, operational efficiency reducing debt and meeting working capital requirements. **TRSL raised ~Rs 7 bn through QIP and ~Rs 2.9 bn through preferential allotment**:

June 2023: raised ~**Rs 2.9 bn through a preferential allotment by issuing 7.6 mn shares at Rs 380 per share** to Smallcap World Fund Inc (FPI). The proceeds were intended to meet working capital requirements and general corporate purposes. Following this equity dilution, the investor held ~5.98% stake in the company, but as of December 2024, it had fully exited its position.

December 2023: successfully completed a **QIP, raising ~Rs 7 bn at Rs 933 per share**. The funds were earmarked for repaying outstanding debt amounting to Rs 5.18 bn and for meeting working capital needs of Rs 1.69 bn.

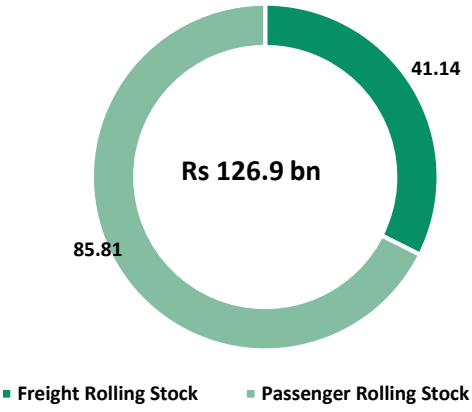
July 2025: TRSL announced plans **to raise ~Rs 2 bn through a preferential allotment of 21,16,402 convertible warrants** to members of its Promoter Group at a floor price of Rs 945 per warrant (FV Rs 2).

TRSL is expected to be a beneficiary of IR's robust capex spending with its capacity expansion at both PRS and FRS, and focus on margin expansion from wheelset and propulsion system production. During FY22-FY25, TRSL's revenue/EBITDA expanded at ~27%/27% CAGR, while **we forecast ~22%/27% CAGR during FY25-FY28E, respectively, to be led by enhanced capacity and strong order book. EBIDTA margins are expected to improve by over 100 bps by FY28E to ~12.6% from current ~11.2% in FY25**.

During FY25, consolidated revenue remained flattish YoY to Rs 38.7 bn. The sales of wagons to IR were adversely affected due to the continued shortage of wheel sets from the RWF in H2FY25 but still its wagon production grew by ~12.4% to 9,431 wagons in FY25. Revenue from the FRS segment grew by ~6% YoY to Rs 36.1 bn in FY25 (~93% of total revenue) whereas on the other hand, the PRS segment witnessed a significant decline, with revenues falling ~40% YoY to Rs 2.6 bn (7% of total revenue). Gross debt stood at Rs 5.3 bn as of FY25 vs Rs 662 mn in FY24 and net debt stood at Rs 619.4 mn.

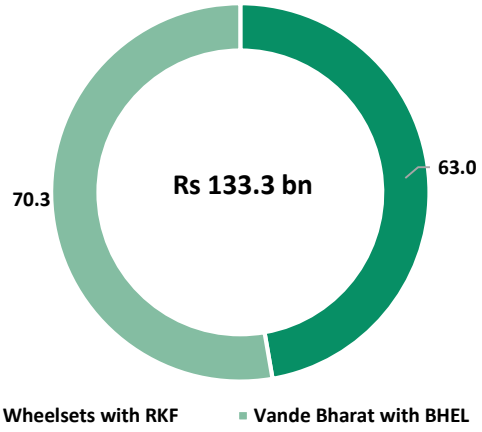
In Q1FY26 consolidated revenue declined by ~25% YoY due to non availability of wheel sets **but management expects to recover the Q1FY26 wagon shortfall within FY26. TRSL dispatched 1,628 wagons in Q1FY26 vs 2,455 wagons in Q4FY25 and 2,073 wagons in Q1FY25.** Despite revenue decline, consolidated EBIDTA margins were maintained at 11.1% and PAT declined significantly by ~54% YoY. Going forward, we expect FRS business will generate ~60% of the total revenue in FY28E and PRS segments will generate ~40% with overall margins steadily improving. With a robust order book in the wagons segment and growing opportunities in the metros along with commissioning of its wheel set and propulsion system, TRSL is well-positioned for sustained revenue and profitability growth.

Fig 96: TRSL's Own Order Book as of June 2025 (Rs bn)



Source: Company, SMIFS Research

Fig 97: JV Share Order Book as of June 2025 (Rs bn)



Source: Company, SMIFS Research

Fig 98: TRSL's JV Order Details

Vande Bharat	
Supply (A)	₹ 9,600 cr. — ₹ 120 cr. * 80 train sets; ₹ 120 cr. is the L1 price
Maintenance (B)	~ ₹ 13,500cr. — 35 years @ 4.1% p.a. of the supply price
Contract Value (A+B)	₹ 23,100 cr.
Titagarh's Share	~51%
Price Variation	Applicable for both supply and maintenance

Forged Wheel	
Guaranteed Offtake	~15.40 Lakhs wheels over 20 years
Contract Value	~ ₹ 12,600 cr. For guaranteed off-take
Titagarh's Share	~49%
Total Capacity	2.28 lakhs wheels/year

Source: Company, SMIFS Research

Fig 99: TRSL's Metro orders

PUNE Metro

Secured and delivered a Rs 11.25 bn contract from Maharashtra Metro to supply 34 trainsets (102 coaches).

Received LoA for supply of 12 additional trainsets (36 coaches) for an order value of ~Rs 4.3 bn.

BANGALORE Metro

Designed by CRRC-Nanjing and manufacturing at TRSL factory, Kolkata.

6 cars configuration with volume of 36 trainsets.

The first 2 trainsets shall be manufactured & delivered from CRRC Nanjing, China.

Remaining 34 trainsets will be manufactured by TRSL.

SURAT & AHMEDABAD Metro

The Surat Metro is 3-Car configuration with 24 trainsets valued at Rs 8.66 bn.

The Ahmedabad Metro is 3-Car configuration with 10 trainsets valued at Rs 3.5 bn

Source: Company, SMIFS Research

Growth Journey of TRSL over the Period

Year	Milestone
1983	Company initially started as a foundry unit supplying castings to IR
1997	Establishment as a manufacturing unit of freight wagons
2007	Expanded into the manufacture of Electric Multiple Units (EMU) and Mainline Electric Multiple Units (MEMU) for IR, diversifying into passenger rolling stock Foundry capacity increased to 25,000 MT from 12,000 MT with acquisition of new facility
2008	Listed in stock exchanges
2009	Certified by RDSO G105 with a production capacity of 8,400 wagons/year
2010	Acquired a majority stake in Cimmco Birla Ltd, reviving the company which was under financial stress (later merged in 2020)
2013	Acquired AFR France to strengthened its global footprint for freight wagon expertise (later divested in 2019)
2015	Acquired Firema SpA, an Italian passenger rail systems manufacturer, adding international passenger coach manufacturing capability and technology (later stake reduced in 2022)
2017	Entered in Technical collaboration with Matier, SAS France for Modular Steel Bridges
2019	Awarded India's first and only aluminium-bodied metro coaches for the Pune Metro for Rs 11.25 bn contract to supply 34 trainsets (102 coaches)
2022	Bagged the single largest order ever from IR for 24,177 wagons valued at ~Rs 78 bn
2022	Awarded steel-bodied metro coaches for the Bangalore Metro in collaboration with China's CRRC for 204 metro coaches (34 trains) for ~Rs 15 bn
2022	Delivered first prototype of Propulsion Equipment
2023	TRSL's consortium with BHEL awarded the prestigious project to design and manufacture the Vande Bharat sleeper version, including a 35-year maintenance (AMC) contract for ~Rs 240 bn
2023	Incorporated a JV, Ramkrishna Titagarh Rail Wheels Ltd (RKTRW) with RKF to set up a manufacturing facility in India with a targeted production capacity of up to 2,28,000 forged wheels p.a.
2023	Raised ~Rs 2.88 bn through a preferential allotment by issuing 7.6 mn shares at Rs 380 per share; Completed a QIP, raising ~Rs 7 bn at Rs 933 per share
2024	Awarded metro coaches for Surat metro - 72 coaches (24 trains) valued at Rs 8.57 bn and Ahmedabad metro - Rs 3.5 bn order to supply 30 coaches (10 trains)
2024	Strategic collaboration with ABB for Propulsion Systems manufacturing in India Strategic alliance with Sidwal Refrigeration Pvt Ltd (a WOS of Amber Enterprises India Ltd) for manufacturing critical railway components and subsystems for Metro Coaches/Passenger Rolling Stock
2025	Consortium of TRSL and Titagarh Firema S.p.A, received LoA for supply of 12 additional trainsets (36 coaches) for Pune Metro for an order value of ~Rs 4.3 bn
2026	Plans to raise ~Rs 2 bn through a preferential allotment of 21,16,402 convertible warrants to members of its Promoter Group at a floor price of Rs 945 per warrant (FV Rs 2).

Corporate Governance

We believe that good corporate governance is necessary for enhancing the trust of the shareholders. Hereby, we present a detailed framework on corporate governance for the comfort of the investors of TRSL considering board of directors, remuneration of key managerial personnel, contingent liability etc.

Promoters' Shareholding

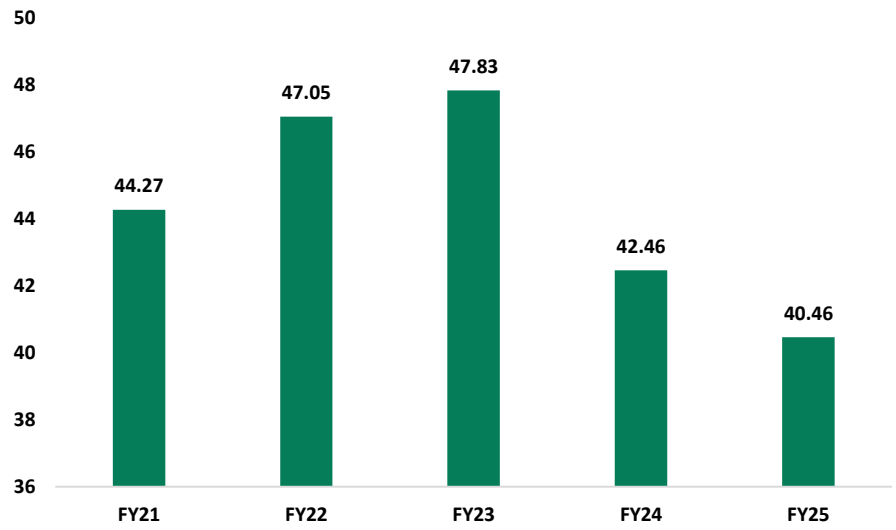
TRSL is promoted by Mr. Umesh Chowdhary. The promoters currently hold 40.46% of the equity capital. The details of the shareholding and its movement are indicated in the following table and chart:

Fig 100: Latest Promoter Shareholding (June 2025)

Particulars	% Holding
Rashmi Chowdhary	7.52
Umesh Chowdhary	0.06
Jagdish Prasad Chowdhary	0.05
Vinita Bajoria	0.02
Titagarh Capital Management Services Private Ltd	17.87
Titagarh Logistics Infrastructures Private Ltd	1.42
Jagdish Prasad Chowdhary(Trustee of Chowdhary foundation)	13.52
Total	**40.46**

Source: Company Annual Report FY24, SMIFS Research

Fig 101: Promoter Shareholding



Source: Company Annual Report, SMIFS Research

The promoter stake has decreased from ~47.8% to ~40.46% between FY23–FY25 due to substantial QIP-driven equity dilution, offset partially by preferential allotment via warrants—indicating a balanced approach to funding expansion while allowing promoters to maintain control.

Promoter Remuneration

The promoter remuneration stood at ~2% of PBT as on FY24.

Fig 102: Remuneration of promoter **(Rs in Mn)**

Name	FY21	FY22	FY23	FY24
J. P. Chowdhary	25.7	24.0	25.7	36.3
Umesh Chowdhary	21.3	24.0	25.7	36.3
Prithish Chowdhary	0.1	0.4	3.3	5.7
Total Remuneration	**47**	**48**	**55**	**78**
As a % of PBT	*4.4%*	*4.5%*	*2.9%*	*2.0%*

Source: Company Annual Reports, SMIFS Research

Independent Director's Compensation

Independent directors were cumulatively paid ~Rs 13.8 mn which is 0.4% of PBT as on FY24. Independent directors were paid sitting fees.

Fig 103: Remuneration of Independent Director **(Rs in Mn)**

Name	FY24 Compensation (Rs in mn)	As % to PBT (FY24)
Manoj Mohanka	2.5	0.1
Atul Ravishanker Joshi	2.3	0.1
Sunirmal Talukdar	2.4	0.1
Sushil Kumar Roongta	1.8	0.0
Krishan Kumar Jalan	1.7	0.0
Nayantara Palchoudhuri	1.6	0.0
Bontha Prasada Rao	0.9	0.0
Debanjan Mandal	0.6	0.0
Total	***13.8***	***0.4%***

Source: Company Annual Report FY23, SMIFS Research,

Board Composition

Independent directors constitute 57% of the board composition. The details are given below:

Fig 104: Board Composition

Particulars	FY21	FY22	FY23	FY24
Promoter group – Chairman & MD	2	2	2	2
Non-Executive Director	2	1	1	1
Other Executive Directors	2	2	3	3
Independent Directors	7	5	6	8

Source: Company Annual Reports, SMIFS Research

Contingent Liabilities

The company's contingent liability has decreased over the period of 4 years and stood at 8.3% of net worth as of FY24. A major portion of contingent liabilities is safe items taken into consideration in calculating total liability.

Fig 105: Contingent Liability **(Rs in Mn)**

Particulars	FY21	FY22	FY23	FY24
Disputed claims contested by the Group and pending at various courts/arbitration	327.7	327.7	320.0	501.2
Sales tax authorities	220.3	252.2	252.0	251.0
Income tax authorities	536.8	536.8	495.0	446.3
Customs and Excise Authorities	1439.0	1386.8	1384.9	512.7
Goods and service tax Authorities	-	16.9	16.8	50.9
Custom Duty on import of equipments and spare parts under EPCG scheme	119.0	119.0	119.0	77.6
Total	**2643.1**	**2639.6**	**2588.1**	**1839.8**
As a % of Net Worth	***31.4%***	***31.3%***	***26.8%***	***8.3%***

Source: Company Annual Reports, SMIFS Research

Related Party Transaction

All transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulation during the financial year 2023-24 were in the ordinary course of business and on arm's length basis.

Fig 106: Related Party Transaction **(Rs in mn)**

	FY21	FY22	FY23	FY24
Sale of products				
Titagarh Firema S.p.A		-	20.9	10.1
Total		**-**	**20.9**	**10.1**
Unspent Liabilities No Longer Required Written Back				
Titagarh Firema S.p.A		-	-	3.4
Total		**-**	**-**	**3.4**
Purchase of Raw Materials and Components				
Titagarh Firema S.p.A		-	280.7	243.0
Nicco Eastern Private Ltd		-	10.4	42.4
Total		**-**	**291.1**	**285.4**
Design & Development Expenses				
Titagarh Firema Engineering Services Pvt Ltd		-	30.1	-
Total		**-**	**30.1**	**-**
Reimbursement of Expenses Received				
Titagarh Enterprises Ltd		-	3.1	3.6
Titagarh Firema Engineering Services Pvt Ltd		-	-	1.0
Total		**-**	**3.1**	**4.4**
Reimbursement of Expenses Paid				
Ramkrishna Titagarh Rail Wheels Ltd		-	-	1.5
Shivaliks Mercantile Private Ltd		-	-	0.9
Titagarh Firema Engineering Services Pvt Ltd		-	-	25.4
Total		**-**	**-**	**27.8**
Payment for Lease Rental				
Titagarh Enterprises Ltd	67.6	67.6	86.5	135.2
Total	**67.6**	**67.6**	**86.5**	**135.2**
Interest expense on Loan				
Titagarh Enterprises Ltd	-	6.9	12.8	-
Total	**-**	**6.9**	**12.8**	**-**

Source: Company Annual Reports, SMIFS Research

Key Management Personnel

Fig 107: Details of promoter and director

Name	Designation	Profile
Mr. Jagdish Prasad Chowdhary	Executive Chairman	Mr. Jagdish Prasad Chowdhary, aged 80 years, is the executive chairman of the Company. He has been the President of the Confederation of Indian Industry and has been presented with a token of appreciation for his outstanding leadership and contribution towards Indian industry and CII by Mr. Pranab Mukherjee, the then President of India. He is currently a member of Central Board of Trustees, Employees' Provident Fund Organisation. He has promoted Titagarh Group of companies including Titagarh Wagons Ltd which was incorporated in 1997 and is flagship company of the Group. He was appointed as the executive chairman of the Company with effect from January 8, 2007.
Mr. Umesh Chowdhary	Vice Chairman and Managing Director	He is Vice Chairman & Managing Director of TRSL. The Italian Republic has bestowed upon him the honour of 'CAVALIERE ORDINE DELLA STELLA D'ITALIA" (Knight of the Order of the Star of Italy) which is one of the highest civilian orders awarded to any Foreign national, as a recognition of his outstanding contribution to the bilateral ties between India and Italy. He has held the office of the Chairman - Confederation of Indian Industry, Eastern Region, Chairman, National Committee of Railways, CII. He is also a committee member of Indian Chamber of Commerce, and a Director on the Board of WBIDC. He is also the Honorary Consul of Switzerland in Kolkata since 2010.
Mr. Anil Kumar Agarwal	Deputy Managing Director	Mr. Anil Kumar Agarwal, aged 48 years, is the Deputy Managing Director of the Company. He began his career with the Company and has now 25 years of association including as CFO since 8th December, 2006 and was appointed as the Director (Finance) and CFO of the Company w.e.f. 29th May, 2019. He holds a Bachelor`s degree in Commerce from Calcutta University and is a qualified Chartered Accountant and a Cost Accountant. He will now oversee the performance of both the Freight Rail Systems (FRS) and Passenger Rail Systems (PRS) verticals.
Mr. Prithish Chowdhary	Deputy Managing Director	Mr. Prithish Chowdhary aged about 23 years, is a qualified International Baccalaureate from Le Rosey Institut, Geneva and has completed his B.Com from St. Xavier's College, Kolkata. He is a member of the Indian Chamber of Commerce and represents the Company as its nominee in Confederation of Indian Industry. He was appointed as Non-Executive Director of the Company w.e.f 1st January, 2021 and later appointed as Whole-time Director of the Company designated as Director (Marketing and Business Development) and was also assigned additional role of Deputy CEO of the PRS vertical of the Company. He has been appointed as the Deputy Managing Director of the Company w.e.f. 15th May, 2024. He has demonstrated excellent leadership skills and the PRS vertical of the Company has received substantial boost owing to his innovative and youthful ideas implemented successfully. Mr. Chowdhary has also been instrumental in building relationships across clientele (both government and non-government) and business generation in all verticals.
Mrs. Rashmi Chowdhary	Non-Executive Director	She has been serving on the board since August 14, 2014. She is now the Honorary Consul for the Consulate of the Kingdom of Morocco in Kolkata. She brings over 10 years of experience in corporate governance.
Mr. Vijay Subramanian	Chief Executive Officer (Passenger Rail Systems) & Chief Transformation Officer	Mr. Subramanian at 51 years has 29 years of rich experience in Rolling Stock/ Automotive, Chemical, Float glass and Process Industries, of which 18 years at senior level including 5 years at Alstom Transport as Managing Director. He is BE in Chemical engineering and holds PG diploma in operations management. Prior to joining TRSL, he was CEO of Titagarh Firema SpA, Italy, associate company. He was appointed as the Chief Transformation Officer of the Company w.e.f. 7th April, 2025.
Mr. Saket Kandoi	Director & Chief Executive Officer (Shipbuilding & Maritime Systems)	Mr. Saket Kandoi aged 36 years holds B.A. (Hons) in Business Management from University of Kent and has about 16 years' experience starting his career with the Company in 2007. He is dynamic, young and energetic leader with knowledge and experience in operations and business development. He is a member of Standing Committee (Transport, Logistics & Water ways) of Bharat Chamber of Commerce. He has been appointed as Whole-Time Director (Director-Freight Rolling Stock) with effect from 17th March, 2023.
Mr. Devendra Kumar Vyas	Chief Executive Officer (Freight Rail Systems)	Mr. Vyas is a qualified CA and has rich experience of over 28 years of which 17 years at a senior level including CEO and Managing Director of Srei Equipment Finance Ltd during 2008 till 2020. He has been acting as Chief Business Officer of the said company since November, 2021. He is responsible for Business, Strategy Planning, Life Cycle Solution, OEM Collaborations, and possesses strong leadership skills. He has to his credit, several awards and recognitions including Best CEO, Golden Global Achiever's Award, CA Business Achiever's award etc. He has been appointed as Chief Executive Officer (Freight Rail Systems) with effect from 6th April, 2025.
Mr. Aditya Purohit	Company Secretary & Compliance Officer	Mr. Purohit at 41 years of age, is a qualified Company Secretary and associate member of the Institute of Company Secretaries of India since 2010. He has 19 years of experience of which 15 years post professional qualification. He was General Manager- Secretarial and Legal in Birla Group before joining the Company.
Mr. Saurav Singhania	Chief Financial Officer	Mr. Saurav Singhania aged about 39 years is a Fellow Member of Institute of Chartered Accountants of India and has rich experience of over 16 years in finance, accounts, and other corporate functions such as strategy, planning, and fund raising. He was appointed Group Finance Controller of the Company on 27th June, 2015 and Joint CFO on 28th November, 2022 and has been promoted to the position of Chief Financial Officer with effect from 20th December, 2023.
Mr. Atul Joshi	Non-Executive Independent Director	Mr. Atul Joshi, aged about 50 years, is a double graduate in Commerce and Economics from Bombay University and a Chartered Accountant. He also holds Bachelor in General Law. He is an economic policy veteran and has 25 years of rich experience. Most recently he was Heading Fitch Ratings Group. He has been on the Board of Directors of the Company since January 24, 2018.
Mr. B. Prasada Rao	Non-Executive Independent Director	Mr. Rao, at 69 years is ex-Chairman & Managing Director of Bharat Heavy Electricals Limited (BHEL). He is a Mechanical Engineering Graduate from Jawaharlal Nehru Technological University, Kakinada

		and a Post Graduate in Industrial Engineering from NITIE, Mumbai. During a career spanning more than 37 years in BHEL, Mr. Rao handled a variety of assignments and has diversified, versatile and varied experience both in Strategic as well as operational areas in all business segments of BHEL. He was elevated to the Board of BHEL in 2007 and as its Chairman & Managing Director in 2009. Further, Mr. Rao was conferred "Honorary Doctorate" by Jawaharlal Nehru Technological University, Kakinada. Honorable Governor of Andhra Pradesh presented the same during Aug'19 at the University convocation function. Post retirement from BHEL, he was Managing Director of Steag Energy Services India, a 100% owned subsidiary of Steag Energy Services Germany.
Mr. Debanjan Mandal	Non-Executive Independent Director	Mr. Mandal, aged 50 years is the Managing Partner of Fox & Mandal, a premier multi-disciplinary law firm in Kolkata established in 1896. He enrolled as an advocate in 1999 and became the youngest partner of Fox & Mandal at the age of 30 in 2004. The St. Xavier's alumnus has over 20 years of post-qualification experience in the fields of corporate and commercial laws, real estate, infrastructure and dispute resolution and mergers and acquisitions. He is a member of Incorporated Law Society, High Court at Calcutta, Supreme Court Bar Association and International Bar Association, U.K. Presently he serves on the Boards of several companies in an array of sectors including in tea, retail, plywood and hospitality like CESC Ltd, Century Plyboards (India) Ltd, Spencer's Retail Ltd and is also a member of Indian Chamber of Commerce, Kolkata and Chairman of ICC National Expert Committee on Corporate and Legal Affairs. He was conferred the Forbes Legal Powerlist 2022 by Forbes India as Top Managing Partner (2022) and 'A-List-Top 100 Lawyers' by India Business Law Journal (2022).
Mr. Krishan Kumar Jalan	Non-Executive Independent Director	He is serving as an Independent Director on Company's Board since August 13, 2020. He holds Master of Philosophy degree in Mathematics and Public Administration. He is former Secretary to the Government of India and spent over three and half decades in the Indian Administrative Service, Haryana Cadre. He has held various senior positions including Additional Chief Secretary, Principal Secretary and Director of various departments of Haryana Government. During his initial career, he worked as the District Magistrate/Collector for five districts in Haryana namely Bhiwani, Sonepat, Rewari, Faridabad and Karnal. With Government of India, he had worked as Central Provident Fund Commissioner and major e-governance initiatives and activities were undertaken in the Employee Provident Fund Organization under his leadership. He has also worked as Joint Secretary in the Ministry of Textiles, Government of India.
Mr. Sushil Kumar Roongta	Non-Executive Independent Director	An Electrical Engineer from BITS, Pilani and PG Diploma in Business Management (International Trade) from IIFT, Delhi he has about 50 years of experience in Industry. He was the Executive Chairman of SAIL (Steel Authority of India Limited) during 2006-2010. He has also served as the Chairman, Board of Governors, Indian Institute of Technology (IIT), Bhubaneswar and as Chairman of Panel of Experts on Reforms in the Central PSEs constituted by the then Planning Commission. 'Roongta Committee Report' is generally taken as a benchmark for CPSE reforms. He presently is NonExecutive Chairman of BALCO and also serves as director on the boards of several reputed companies
Ms. Nayantara Palchoudhuri	Independent Director	She is a Non-Executive Independent Director of TRSL since June, 22, 2020. She has more than 26 years' experience in the operations and management of the tea estates in North Bengal. Apart from being a member of the board of several other companies and serving as the Honorary Consul for Norway in Eastern Region, she is Vice Chairman Indian Tea Association and Vice Chairman (Additional) and Council Member of Tea Research Association. She is B.A. (HONS) in Political Science from University of Jadavpur with a First Class First and was awarded the University Gold Medal and the National Scholarship. She also holds a M.A. in Development Studies from the School of Oriental and African Studies (University of London), M. Phil (Research Degree) from the London School of Economics & Political Science (LSE) and was awarded the Metcalfe Scholarship Served as a member of the Senate of University of Calcutta.

Source: Company, SMIFS Research

CSR Activities

TRSL has been actively involved in CSR activities for the betterment of the society. The company has spent ~Rs 13 mn in FY24, spend as % of prescribed limit is 100%.

Fig 108: CSR spend **(Rs in mn)**

Company	Avg Net Profit (last 3 Yrs)	Prescribed Expenditure	Total Spends	Spend as % of prescribed limit
FY24	648.1	12.9	12.9	100.0
FY23	-0.2	-	4.5	-
FY22	-456.5	-	0.7	-
FY21	-672.4	-	0.5	-

Source: Company Annual Reports, SMIFS Research

Auditors

TRSL appointed Price Waterhouse & Co Chartered Accountants LLP and M/s Salarpuria & Partners as the statutory auditor. The auditors have given a true and fair view for the results of the FY24.

Fig 109: Auditor fee

Auditor Name	Type	Auditor Fees - (Rs mn)	As a % of PBT
Price Waterhouse & Co Chartered Accountants LLP and M/s Salarpuria & Partners	Statutory Auditors	12.4	0.3%

Source: Company Annual Reports, SMIFS Research

Company Background

Titagarh Rail Systems Ltd (TRSL), formerly known as Titagarh Wagons Ltd, was established in 1997 by Jagdish Prasad Chowdhary. The company is now led by the next generation, with Umesh Chowdhary serving as Vice Chairman & Managing Director (MD) and his son, Prithish Chowdhary, as Deputy MD. Headquartered in Kolkata, West Bengal, TRSL is a leading rail mobility solutions provider. **Company initially started as a foundry unit in 1983, supplying castings to IR. Over the years, it has evolved into India's largest private wagon manufacturer** with a market share of ~25% in domestic wagon procurement.

The company expanded into passenger rail systems and was the first private manufacturer of EMU/MEMU coaches for IR. Presently, it is the only private-sector entity in India that manufactures both freight and passenger rolling stock. Company specializes in manufacturing wide array of wagons, semi high-speed trains, urban metros, passenger coaches, propulsion systems, steel castings and shipbuilding, defense, bridge construction, etc. With four state-of-the-art manufacturing facilities—two in Titagarh, one in Uttarpara (West Bengal), and one in Bharatpur (Rajasthan)—**TRSL has an annual production capacity of around 12,000 wagons, 300 coaches, 30,000 MT of steel castings and 2,400 traction motors & 200 convertors for propulsion.**

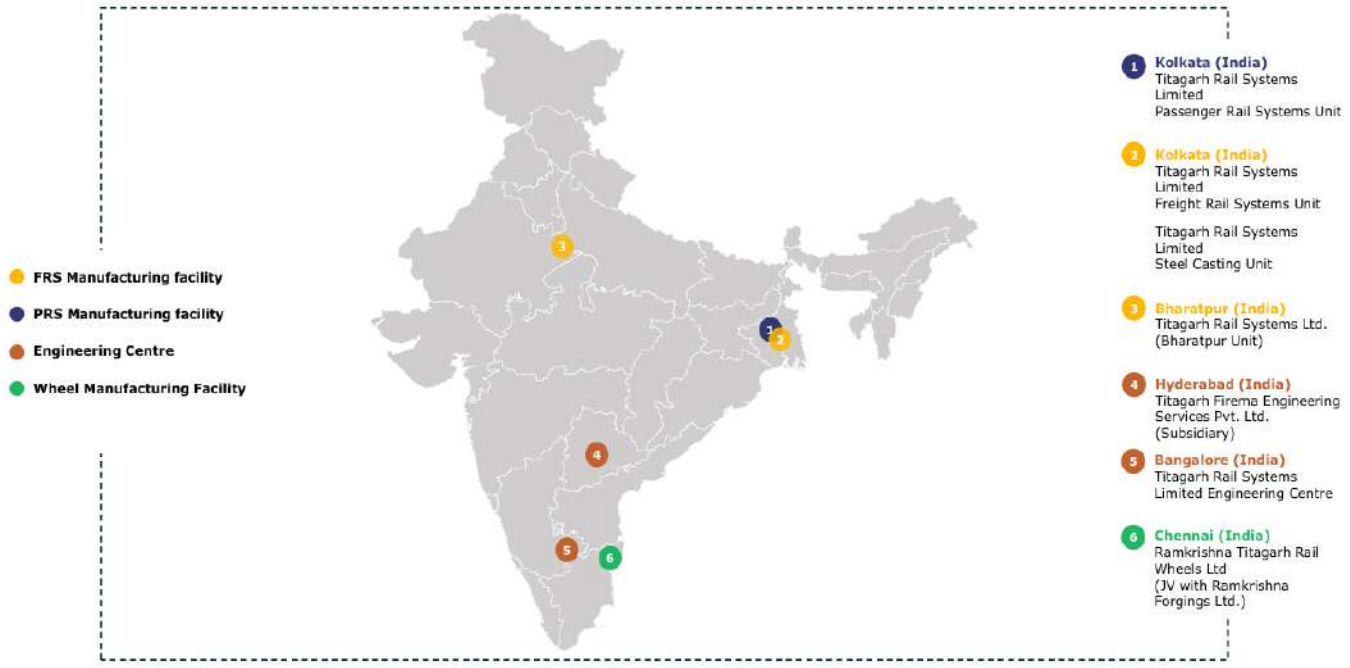
Internationally, TRSL has strengthened its global footprint through strategic acquisitions, including France-based Arbel Fauvet Rail (AFR) in 2010 for freight wagon expertise (later divested in 2019) and Italy-based Firema in 2015 for passenger rail technology (presently an associate company). Additionally, it acquired Sambre et Meuse in 2015, a leading manufacturer of cast steel bogies, further enhancing its rail freight solutions. The company acquired majority stake in Cimmco Ltd, a S K Birla Group Company, and later in 2020 was merged who is engaged in wagon manufacturing to consolidate its operations. Domestically, it has formed key partnerships in 2023, including a consortium with Bharat Heavy Electricals Limited (BHEL) for manufacturing and maintaining 80 Vande Bharat trainsets under the Indian government's 'Make in India' initiative, marking its entry into the high-speed train segment. TRSL also partnered with Ramkrishna Forgings Ltd (RKF) to establish Ramkrishna Titagarh Rail Wheels Ltd (RTRWL) for manufacturing and supplying forged wheels. Moreover, in 2024, its strategic collaboration with ABB for propulsion systems and alliance with Sidwal Refrigeration Pvt Ltd for railway components.

TRSL signed a 99-year lease with the West Bengal government for ~40 acres of land adjacent to its existing 34-acre Uttarpara facility which will support additional production, testing, and commissioning infrastructure for metro and Vande Bharat coaches.

TRSL signed a 99-year lease with the West Bengal government for ~40 acres of contiguous land to its existing >34-acre Uttarpara facility, for Rs 1.37 bn. This strategic expansion will support additional production, testing, and commissioning infrastructure for metro and Vande Bharat coaches, including a dedicated test track, enhancing TRSL's capabilities in passenger and defence rolling stock manufacturing.

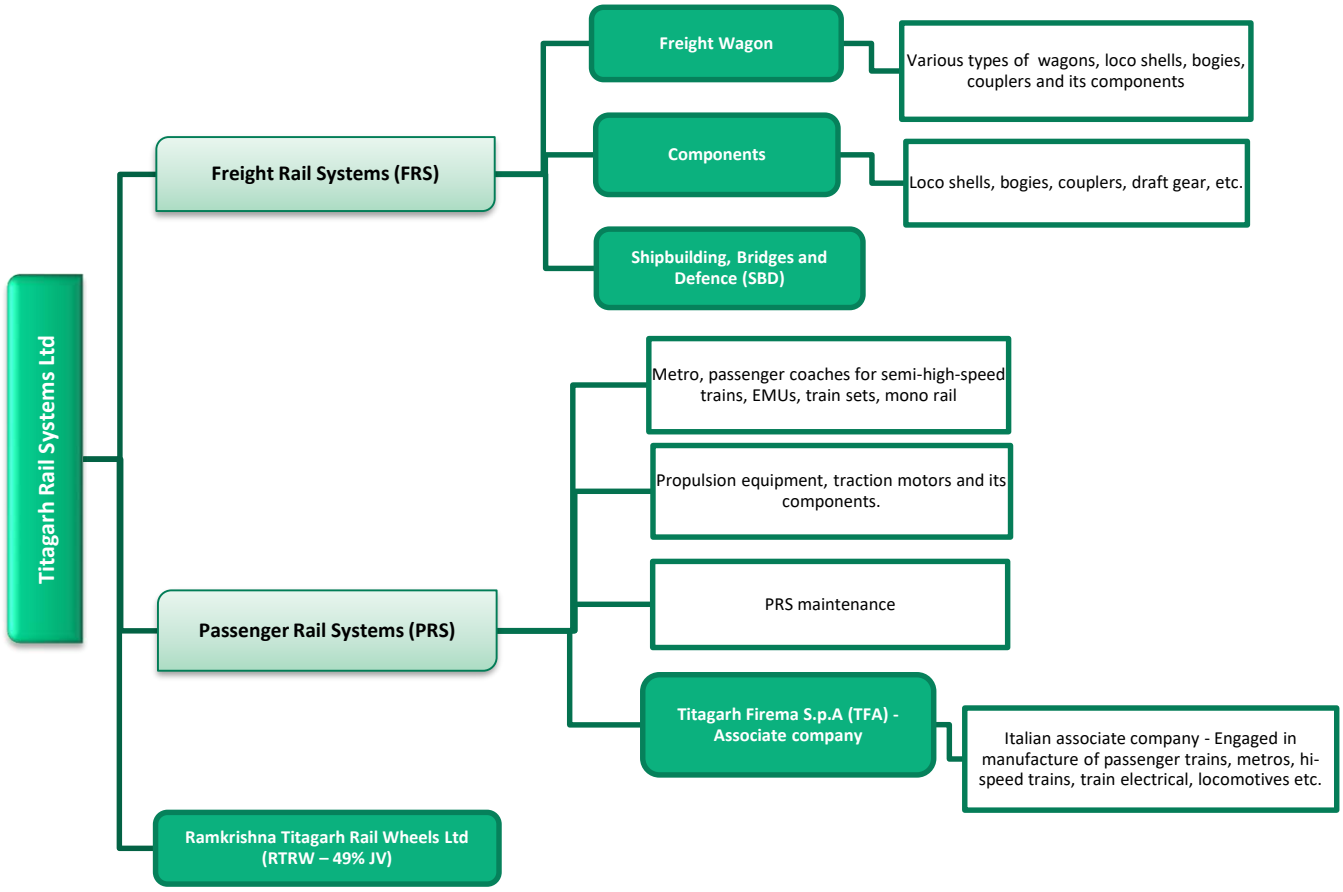
With a strong emphasis on innovation, operational synergy, and global expansion, TRSL continues to be a key player in India's rail infrastructure, contributing to the modernization and indigenization of railway transportation. The company remains committed to the 'AatmaNirbhar Bharat' and 'Viksit Bharat' visions, focusing on cutting-edge technology, sustainability, and high-quality mobility solutions.

Fig 110: TRSL's manufacturing platforms



Source: Company, SMIFS Research

Fig 111: TRL's comprehensive business portfolio



Source: Company, SMIFS Research

The Company operates under two segments namely:

I. **Freight Rail Systems (FRS) -** Consists of manufacturing of wagons, loco shells, bogies, couplers, CMS crossings and other components. This segment also encompasses shipbuilding, bridges and defence (SBD) business which includes (i) coastal research vessels, naval vessels, passenger ships and cargo ferry vessels, and tugs; (ii) metal canisters, and integrated field shelters for the Indian Air Force; and (iii) bailey bridges, steel modular bridges and unibridges.

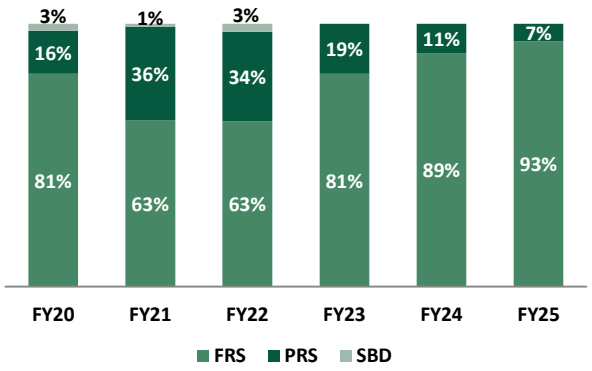
II. **Passenger Rail Systems (PRS) -** Consists of designing and manufacturing of metro, passenger coaches for semi-high-speed trains, EMUs, train sets, mono rail, propulsion equipment, traction motors and its components.

FRS and PRS contributed ~93% & ~7% to the total sales in FY25. SBD was merged with FRS business in FY23 which use to generate an average of ~2% of the total sales. Recently, company announced formation of new verticals under the names of **shipbuilding & maritime systems (SMS)** and **safety & signaling systems (SSS**). Moving forward, the company's revenue composition is expected a significant shift, with non-wagon businesses making a substantial contribution to overall earnings.

Fig 112: TRSL's FRS & PRS platforms

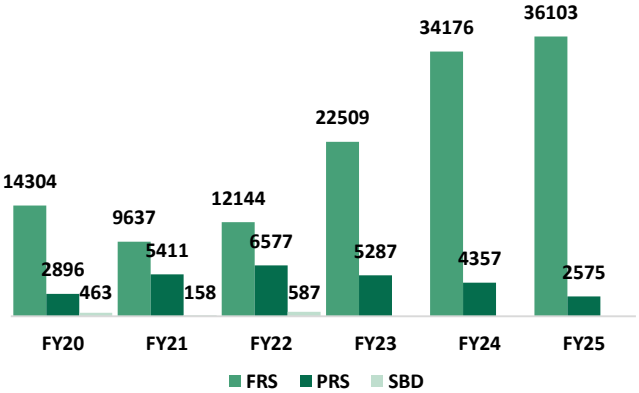
Source: Company, SMIFS Research

Fig 113: Segment wise Revenue Mix (%)



SBD was merged with FRS in FY23
Source: Company, SMIFS Research

Fig 114: Segment wise Revenue Mix (Rs Mn)



SBD was merged with FRS in FY23
Source: Company, SMIFS Research

Freight Rail Systems (FRS)

Freight Wagon & Components: TRSL's railway wagons and components segment remains the primary revenue contributor, accounting for ~93% of total revenue, reaching ~Rs 36,100 mn in FY25. As one of India's leading wagon manufacturers, TRSL has significantly expanded its production capacity from ~8,400 wagons p.a. in FY21 to ~12,000 wagons p.a. currently. With fully integrated manufacturing and in-house design capabilities, TRSL offers a diverse range of wagons including special purpose wagons catering to IR, defense, and private players. Company also manufacture components for the freight rail systems, including cast bogies, couplers and draft gears which are primarily used for captive consumption and also manufacture loco shells and CMS crossing for sale to third parties. TRSL incorporated a JV in 2023, Ramkrishna Titagarh Rail Wheels Ltd (RKTRW) with RKF and intends to set up a manufacturing facility in India with a targeted production capacity of up to 2,28,000 forged wheels p.a. **In February 2025, company announced the establishment of a new business vertical named Safety and Signaling Systems (SSS) to develop advanced safety and signaling solutions for India's railway and metro networks, aligning with the IR's emphasis on enhancing safety and modernizing signaling infrastructure.** This initiative leverages the existing JV with Mermec, an Italian company specializing in railway diagnostics and signaling systems, to introduce modern technologies and products into the Indian railway system.

Its manufacturing facility at **Titagarh (Facility I) is engaged in the manufacturing of freight wagons**, wagon components and shipbuilding and the other manufacturing facility at **Titagarh (Facility II) is engaged in the manufacturing of foundry items** including cast bogies, couplers and draft gears which are primarily used for captive consumption in the freight wagons and manufacture other products such as CMS crossings and other miscellaneous castings products for sale to IR and third parties. Acquisition and later merger of Cimmco with TRSL resulted in gaining control over its Bharatpur manufacturing facility which is engaged in manufacturing of special purpose wagons (capacity ~2,400 wagons), loco shells and defense equipment.

In FY23, considering the changes in the overall business activities and internal re-organisation, the operating segments were re-assessed, and the Shipbuilding, Bridges and Defence (SBD) segment was merged with FRS division.

Fig 115: TRSL's FRS product mix

Source: Company, SMIFS Research

Passenger Rail Systems (PRS)

TRSL is India's first private manufacturer of passenger coaches for IR since 2007, with current installed capacity of ~300 coaches p.a. It designs and manufactures metro trains, semi-high-speed train coaches, EMUs, monorails, propulsion systems, and traction motors. In FY25, PRS contributed ~7% of total revenue to ~Rs 2,575 mn, down from FY25 (~11% share or Rs 4,358 mn) due to the near completion of the Pune Metro project and the other orders under PRS were in the initial stage i.e. design phase.

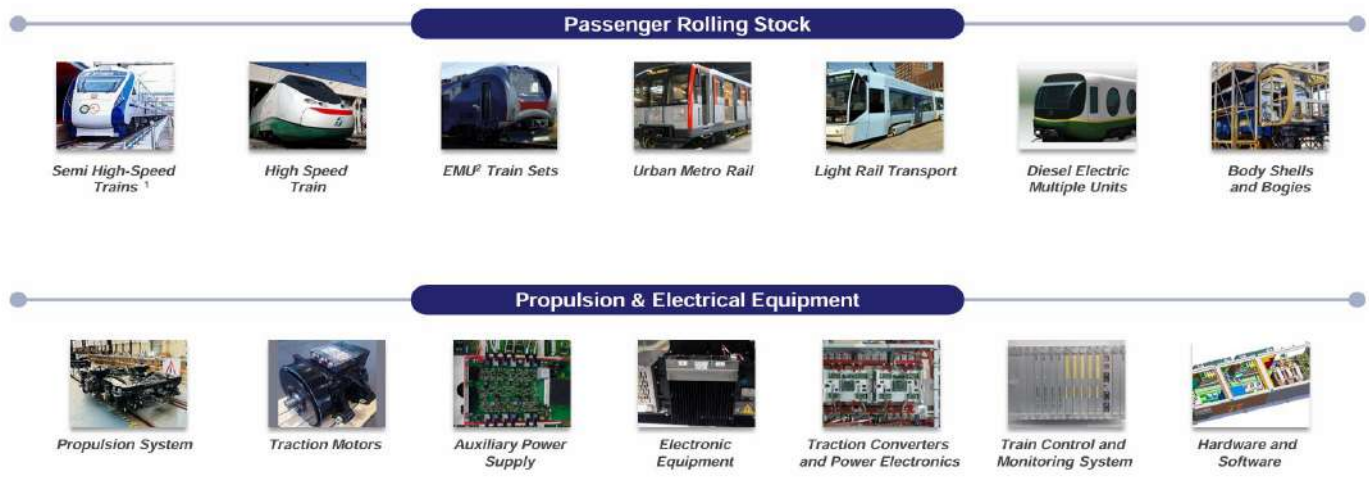
Company's Uttarpara facility in West Bengal manufactures aluminium and stainless-steel passenger coaches including EMU/ MEMU, metros, semi high speed trainsets, electrical items such as cabinets, cubicles and cable harnessing which are primarily used for captive consumption and develop propulsion systems (including traction motor, traction converter and Train Control & Management System - TCMS).

TRSL's acquisition of Italy's Firema Trasporti in 2015 strengthened its global presence and technology capabilities, especially in metro and Vande Bharat trains. Firema's facility in Caserta, Italy which manufactures passenger rolling stock including propulsion systems and has a design centre at Savona in Italy for the design and engineering of the passenger rolling stock. In FY24, TRSL formed a JV, Titagarh Firema Engineering Services Pvt Ltd with Firema which has a design centre at Hyderabad, Telangana for the purpose of engineering and design related services to support the transit & propulsion business.

TRSL entered the metro segment in 2019 with its first order for Pune Metro (102 coaches), completed in FY24. Received additional 12 trainsets order for Pune metro in 2025. It subsequently secured orders for 204 coaches for Bangalore Metro, 72 coaches for Surat Metro, 30 coaches for Ahmedabad Metro, and 108 coaches for Mumbai Metro along with it has applied for multiple tenders across the country, aiming to expand its footprint in the metro segment. A major milestone was achieved in FY23 with the successful completion of traction motor trials. Bulk supply clearance was granted in July 2023, positioning the company for unrestricted supply in the developmental category.

Additionally, a partnership with ABB India aims to enhance 'Make in India' initiatives by co-developing propulsion systems for metro projects, initially focusing on Gujarat orders. Under this collaboration, ABB will provide expertise in propulsion systems and electrical equipment, while TRSL will leverage its specialization in metro and PRS. This collaboration is expected to boost TRSL's order book and market expansion. Also made strategic alliance with Sidwal Refrigeration Pvt Ltd (a wholly owned subsidiary of Amber Enterprises India Ltd) for manufacturing critical railway components and subsystems for metro coaches/passenger rolling stock.

Fig 116: TRSL's PRS product mix



Source: Company, SMIFS Research

In FY23, TRSL achieved a major milestone by foraying into the Vande Bharat train segment. **The company, in a consortium with Bharat Heavy Electricals Ltd (BHEL), won a contract from IR to a manufacturing-cum-maintenance order of 80 Vande Bharat trains (each comprising 16 coaches) for a total contract value of Rs 240 bn**. Under this JV, BHEL is responsible for electrical and propulsion systems, while Titagarh will handle coach manufacturing.

Shipbuilding:

TRSL diversified into the shipbuilding business through a merger with Corporate Shipyard Pvt Ltd in FY11 which had ~25 years of experience in shipbuilding. With authorization from the Government of India for warship manufacturing, the company produces a range of vessels, including coastal research ships, naval vessels, passenger and cargo ships, and tugs. To further strengthen its presence in shipbuilding, the **company acquired an 8.8-acre land parcel from Precision Engineers and Fabricators Pvt Ltd in Falta, West Bengal, in 2022.**

Single largest order to date, valued at Rs 4.45 bn, from Garden Reach Shipbuilders & Engineers (GRSE) for the construction, trials, and delivery of two Coastal Research Vessels (CRVs) for the Geological Survey of India (GSI). TNS has an order book of ~Rs 5.75 bn (including taxes).

In February 2025, Titagarh introduced a dedicated business vertical, Ship Building and Maritime Systems (SMS), to strengthen and expand its focus on the sector. In Q1FY26 management announced transfer of SMS business to a **wholly owned subsidiary, Titagarh Naval Systems Pvt Ltd (TNS).** The new company will focus on shipbuilding, leveraging GoI initiatives, aiming to expand its Falta facility to produce 12–16 vessels annually (up to 180 m in length) and pursue growth independently or with strategic partners, building on its delivery of 35+ vessels to key Indian agencies.

In August 2025, TRSL has secured its **single largest order to date, valued at Rs 4.45 bn,** from Garden Reach Shipbuilders & Engineers (GRSE) for the construction, trials, and **delivery of two Coastal Research Vessels (CRVs)** for the Geological Survey of India (GSI). **TNS has an order book of ~Rs 5.75 bn (including taxes).**

Bridges and Defence: The company's operations in this segment encompass the production of metal canisters and integrated field shelters designed for the Indian Air Force. Additionally, various mobile shelters are manufactured to support protection and communication needs. Collaboration with the Indian Air Force extends to the supply and installation of integrated field shelters. The company was also engaged in bridge manufacturing, offering solutions such as bailey bridges, steel modular bridges, and unibridges. Formation of committee was announced to propose strategy for the business in order to enable the company to focus on the core business of Railway systems, while allowing the development of the other businesses independently.

JV's and Strategic Alliances with Global Partners

Titagarh Firema S.p.A (TFA) – An associate company with 25.43% share engaged in manufacture of passenger trains, metros, hi-speed trains, train electrical, locomotives etc.

TRSL acquired 90% stake in the financially distressed Firema Trasporti S.p.A. (Firema), an Italian metro and high-speed train manufacturer through a SPV named **Titagarh Firema Adler S.p.A.** The remaining 10% was held by Adler Plastics S.p.A. In 2017, TRSL acquired the remaining 10% stake, making **Titagarh Firema S.p.A. (TFA)** a wholly-owned subsidiary and expanding TRSL's capabilities in European and Indian railway markets. TFA was financially struggling, and external capital was needed to sustain operations. Whilst TRSL reduced its stake in TFA to 49.7% following equity investment by Invitalia (Italian Govt Investment Arm) and UAE-base PE firm in 2022. In 2024, TRSL's direct stake in Firema further declines to 25.43% but it holds additional influence through its JV entity, Shivaliks Mercantile Pvt Ltd, which owns 34.59% in TFA and thus keeps TRSL's effective influence at ~60% while avoiding full ownership risks.

Titagarh Mermec Pvt Ltd (TMPL – 50% JV) – In 2018, TRSL entered into 50% JV with Mermec S.p.A., an Italian company engaged in development and manufacture of cost effective diagnostic solutions for signalling and safety. Its operations extend to India, Nepal, Bangladesh, Myanmar, Bhutan, and Sri Lanka.

Titagarh Firema Engineering Services Pvt Ltd (TFES – 49% JV) - Incorporated in 2023, TRSL and TFA entered into 49:51 JV to acquire TFA's design centre in Hyderabad, carrying the business of research, engineering and design related services to support passenger rail segment business.

Ramkrishna Titagarh Rail Wheels Ltd (RTRW – 49% JV) – JV between **TRSL and RKF in the ratio 49:51**, to manufacture forged railway wheels in India.

Shivaliks Mercantile Pvt Ltd (Shivaliks – 44.63% JV) – A special purpose vehicle (SPV) company for making fresh investments into Titagarh Firema SPA and to carry on the business of railway components and subsystems for rolling stock.

In 2024, a strategic alliance was formed between TRSL and Sidwal Refrigeration Industries Pvt Ltd (Sidwal), a wholly owned subsidiary of Amber Enterprises India Ltd. As part of this partnership, both companies invested Rs 1 bn each to acquire equal control in Shivaliks, a JV-SPV, to set up a new manufacturing facility in India focused on producing critical railway components and subsystems for railway and metro coaches. Additionally, JV-SPV made fresh equity investments into TFA, further strengthening its international presence.

BHEL-TRSL consortium - In consortium with Bharat Heavy Electricals Ltd (BHEL), TRSL was awarded manufacturing cum maintenance of Vande Bharat Trainsets including up-gradation of the government manufacturing units & trainset depots and comprehensive maintenance of the same for 35 years in the mega tender of IR.

Simplified overview of TRSL's other subsidiaries

In July 2010, TRSL, acquired Arbel Fauvet Rail (AFR), France which was specialized in the production of wagons and locomotives and formed **Titagarh Wagons AFR (TWA).** TWA faced significant financial and operational challenges and in 2019 was placed under judicial reorganization but recovery efforts failed. TRSL had to write off its investment in TWA due to losses. TWA is under liquidation, TRSL is no longer in control of TWA.

Titagarh Singapore Pte. Ltd (TSPL) was incorporated in 2008, in Singapore as a subsidiary of TRSL. In 2015-16, TSPL, along with its parent company, acquired the assets and business of Firema Trasporti S.p.A. In November 2020, TRSL transferred its shares in TSPL to another subsidiary, **Titagarh Bridges and International Pvt Ltd (TBIPL)**. Eventually, TBIPL merged with TRSL, making TSPL a direct subsidiary. Currently, TSPL is under liquidation.

In 2017, TRSL established a 50:50 JV, Matiere Titagarh Bridges Pvt Ltd (MTBPL) with Matiere SAS, a French company specializing in bridge construction. In 2020, TRSL acquired the remaining 50% stake making MTBPL a wholly-owned subsidiary and renamed as TBIPL.

Key risks

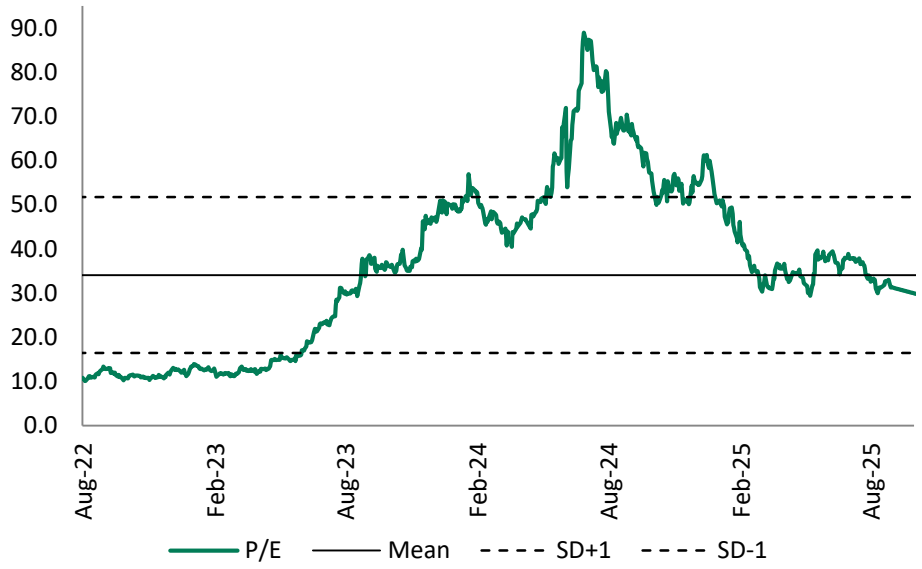
- **Order & tender dependence:** Heavy reliance on government tenders and contracts, especially from IR & metro projects. Any slowdown in government orders could affect revenues.
- **Intense competition:** Intense competition in the freight wagon manufacturing space may exert pressure on pricing and margins and the entry of new players encouraged by government initiatives.
- **Raw material price volatility:** Steel, aluminum, and other key inputs are subject to price fluctuations, impacting manufacturing costs.
- **Execution & delivery delays:** Large railway projects often face delays due to supply chain issues, regulatory approvals, or labor shortages, leading to cost overruns.
- **Regulatory & policy risks:** Changes in Government policies, railway procurement norms, or industry regulations could pose operational challenges, affecting future growth prospects.

Valuation and Recommendations

GoI's increasing focus on improving the modal share of railways in freight movement and accelerating adoption of public transport systems has created a long-term opportunity for TRSL. With its integrated business model spanning freight and passenger rolling stock, propulsion systems, and backward integration into wheelset manufacturing, TRSL is well positioned to capitalize on these structural growth drivers.

The company's proactive capacity expansion, technology partnerships, and entry into high-margin verticals like are expected to meaningfully drive revenue growth and margin improvement over the coming years, supported by robust order book across the segments. TRSL's strong execution capability, debt-free balance sheet, and improving working capital cycle further enhance its outlook, paving the way for consistent improvement in return ratios and free cash flow generation***. Thus, we have valued the stock at 30xFY28E EPS of Rs 39.4 to arrive at a target Price of Rs 1,183. We initiate this coverage with a "BUY" rating on the stock, with an upside of ~39%.***

Fig 117: 1 Year Forward P/E Chart



Source: ACE Equity, SMIFS Research

Quarterly financials, operating metrics & key performance indicators

Fig 118: Quarterly Financials (Consolidated)

Y/E March (Rs mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Sales	**9,355**	**9,547**	**10,524**	**9,031**	**10,570**	**9,022**	**10,056**	**6,793**
COGS	7,215	7,471	8,075	6,968	7,989	6,874	7,458	4,820
Gross Profit	2,140	2,076	2,449	2,063	2,581	2,148	2,597	1,973
Employee Costs	173	151	181	173	198	218	280	263
Other Expenditure	816	818	1,067	872	1,089	929	1,300	959
EBIDTA	**1,151**	**1,107**	**1,201**	**1,018**	**1,294**	**1,001**	**1,017**	**751**
Depreciation	67	68	70	71	77	64	84	119
Other Income	68	145	147	123	107	225	299	117
PBIT	**1,152**	**1,184**	**1,278**	**1,070**	**1,325**	**1,162**	**1,232**	**748**
Interest	203	182	158	125	175	211	221	178
Profit/Loss from JV and Associates	**-5**	**1**	**-22**	**-44**	**-42**	**-66**	**-88**	**-110**
PBT	**944**	**1002**	**1097**	**901**	**1109**	**885**	**923**	**460**
Tax	240	251	286	232	299	262	275	145
Tax rate (%)	25.4%	25.0%	26.1%	25.7%	27.0%	29.6%	29.8%	31.5%
Reported PAT	**704**	**751**	**811**	**670**	**810**	**624**	**648**	**315**
Minority Interest	0	0	0	0	0	0	0	1
Profit or loss from discontinued operations	2	-3	-22	1	-3	4	-3	-6
Consolidated PAT	**706**	**748**	**790**	**670**	**807**	**628**	**645**	**309**
Adjusted PAT	706	748	789	670	807	628	645	309
YoY Growth (%)								
Revenue	54.1%	24.6%	8.0%	-0.8%	13.0%	-5.5%	-4.5%	-24.8%
EBIDTA	109.0%	52.3%	25.7%	-4.0%	12.5%	-9.6%	-15.3%	-26.2%
Adj. PAT	46.4%	129.6%	63.7%	8.4%	14.3%	-16.1%	-18.4%	-53.9%
QoQ Growth (%)								
Revenue	2.7%	2.1%	10.2%	-14.2%	17.0%	-14.6%	11.5%	-32.4%
EBIDTA	8.5%	-3.8%	8.5%	-15.2%	27.1%	-22.7%	1.6%	-26.2%
Adj. PAT	14.2%	6.0%	5.5%	-15.1%	20.4%	-22.2%	2.7%	-53.2%
Margin (%)								
Gross margin (%)	22.9%	21.7%	23.3%	22.8%	24.4%	23.8%	25.8%	29.0%
Employee cost/ revenue (%)	1.8%	1.6%	1.7%	1.9%	1.9%	2.4%	2.8%	3.9%
Other expenses/revenue (%)	8.7%	8.6%	10.1%	9.7%	10.3%	10.3%	12.9%	14.1%
EBIDTA margin (%)	12.3%	11.6%	11.4%	11.3%	12.2%	11.1%	10.1%	11.1%
Adj. PAT margin (%)	7.5%	7.8%	7.5%	7.4%	7.6%	7.0%	6.4%	4.5%
Segment Revenue (Rs mn)	**Q2FY24**	**Q3FY24**	**Q4FY24**	**Q1FY25**	**Q2FY25**	**Q3FY25**	**Q4FY25**	**Q1FY26**
Freight Rail Systems (FRS)	8,009	8,538	10,169	8,422	10,000	8,528	9,153	6,019
Passenger Rail Systems (PRS)	1,346	1,009	355	609	569	494	903	774
Total	**9,355**	**9,547**	**10,524**	**9,031**	**10,570**	**9,022**	**10,056**	**6,793**
EBIT (Rs mn)								
Freight Rail Systems	1,082	1,100	1,279	1,019	1,264	1,018	1,076	671
Passenger Rail Systems	36	24	8	37	35	47	33	86
Total	**1,118**	**1,124**	**1,286**	**1,056**	**1,299**	**1,065**	**1,109**	**758**
No. of Wagons Manufactured (Units)	**Q2FY24**	**Q3FY24**	**Q4FY24**	**Q1FY25**	**Q2FY25**	**Q3FY25**	**Q4FY25**	**Q1FY26**
Wagons	**1,804**	**2,050**	**2,700**	**2,073**	**2,670**	**2,233**	**2,455**	**1,628**
YoY Growth (%)	-	-	-	*13.0%*	*48.0%*	*8.9%*	*-9.1%*	*-21.5%*
QoQ Growth (%)	*-1.7%*	*13.6%*	*31.7%*	*-23.2%*	*28.8%*	*-16.4%*	*9.9%*	*-33.7%*

Source: Company, SMIFS Research

Financial Statements (Consolidated)

Income Statement					
YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenues	**38,533**	**38,678**	**43,854**	**63,252**	**70,544**
Raw Materials	29,881	29,289	33,154	47,761	53,204
% of sales	77.5%	75.7%	75.6%	75.5%	75.4%
Employee Costs	663	869	1,044	1,455	1,446
% of sales	1.7%	2.2%	2.4%	2.3%	2.1%
Manufact. & Other Exp.	3,470	4,190	4,749	6,388	6,984
% of sales	9.0%	10.8%	10.8%	10.1%	9.9%
EBIDTA	**4,519**	**4,330**	**4,907**	**7,647**	**8,910**
Other Income	398	754	460	633	705
Depreciation	271	296	384	574	634
PBIT	**4,646**	**4,788**	**4,984**	**7,706**	**8,981**
Finance Cost	735	732	718	963	1,148
Profit/Loss from JV	-26	-239	-167	-852	-508
Core PBT	**3,488**	**3,064**	**3,638**	**5,258**	**6,619**
Exceptional Item	0	0	0	0	0
PBT	**3,886**	**3,817**	**4,098**	**5,890**	**7,325**
Tax-Total	1,001	1,067	1,033	1,484	1,846
Tax Rate (%)	25.8%	27.9%	25.2%	25.2%	25.2%
Reported PAT	**2,884**	**2,751**	**3,065**	**4,406**	**5,479**
Minority Interest	0	0	0	0	0
Profit/loss discount. ops	-23	-1	0	0	0
Consolidated PAT	**2,861**	**2,749**	**3,065**	**4,406**	**5,479**
Adjusted PAT	2,861	2,749	3,065	4,406	5,479

Source: Company, SMIFS Research Estimates

Key Ratios					
YE March	FY24	FY25	FY26E	FY27E	FY28E
Growth ratios (%)					
Net sales	39%	0%	13%	44%	12%
EBIDTA	72%	-4%	13%	56%	17%
Console PAT	120%	-4%	12%	44%	24%
Margin Ratio (%)					
Gross Profit	22.5%	24.3%	24.4%	24.5%	24.6%
EBITDA Margin	11.7%	11.2%	11.2%	12.1%	12.6%
EBIT Margin	11.0%	10.4%	10.3%	11.2%	11.7%
Core PBT Margin	9.1%	7.9%	8.3%	8.3%	9.4%
Console PAT Margin	7.4%	7.1%	7.0%	7.0%	7.8%
Return Ratio (%)					
ROE	18.0%	11.7%	11.6%	14.2%	15.0%
ROCE	13.8%	9.6%	10.0%	12.2%	12.9%
Turnover Ratio days (days)					
Gross Block Turnover (x)	4.2	4.6	4.5	5.7	4.6
Adj OCF/ PAT (%)	4	-62	140	36	80
Inventory	60	65	66	64	64
Debtors	38	57	57	54	54
Creditors	39	35	35	37	37
Cash Conversion Cycle	59	87	88	81	81
Solvency Ratio (%)					
Debt-equity (x)	0.0	0.2	0.2	0.2	0.2
Net Debt-equity (x)	-0.1	0.2	0.0	0.0	0.0
Gross Debt/EBIDTA	0.1	1.2	1.2	1.2	1.0
Current Ratio	2.7	2.0	1.8	1.9	2.0
Interest Coverage Ratio (x)	5.8	5.5	6.3	7.3	7.2
Dividend					
DPS (Rs)	0.8	1.0	1.5	1.5	2.5
Dividend Payout (%)	3.6%	4.9%	6.7%	4.7%	6.3%
Dividend Yeild (%)	0.1%	0.1%	0.2%	0.2%	0.3%
Per share (Rs)					
EPS (Reported)	22.5	20.4	22.4	31.7	39.4
Adj EPS	22.5	20.4	22.4	31.7	39.4
CEPS	23.3	22.6	25.2	35.9	44.0
Book value	164.7	184.5	206.2	244.1	281.0
Valuation					
P/E	32.6	58.4	37.9	26.8	21.5
P/BV	4.4	6.5	4.1	3.5	3.0
EV/EBITDA	20.7	37.4	24.1	15.6	13.3
EV/Sales	2.4	4.2	2.7	1.9	1.7
Adj M.Cap/Core PBT	26.5	50.9	30.7	21.4	16.8
Adj M.Cap/ Adj OCF	749.6	-91.4	26.0	71.6	25.2

Source: Company, SMIFS Research Estimates

Balance Sheet					
YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Sources of funds					
Capital	269	269	269	274	274
Reserves & Surplus	21,914	24,572	27,932	33,630	38,762
Shareholders' Funds	**22,183**	**24,842**	**28,201**	**33,904**	**39,035**
Total Debt	**663**	**5,293**	**5,793**	**9,293**	**8,793**
Other Non-current liabilities	2,307	1,556	1,556	1,556	1,556
Total Liabilities	**25,153**	**31,691**	**35,550**	**44,753**	**49,385**
Application of funds					
Net Block inc Capital WIP	7,554	8,704	12,320	15,746	17,112
Right of Use Assets	907	834	834	834	834
Non Current Investment	370	524	524	524	524
Other non-current Asset	**3,465**	**5,770**	**7,070**	**8,470**	**8,470**
Inventories	5,237	5,233	5,995	8,375	9,329
Sundry Debtors	5,325	6,709	6,849	9,358	10,437
Other Current Assets	3,215	5,176	4,155	4,454	4,731
Quasi Cash Investment	-	-	-	-	-
Cash & Bank Balances	6,091	4,674	4,460	5,429	6,980
Total Current Assets	**19,868**	**21,792**	**21,459**	**27,615**	**31,476**
Sundry Creditors	3,194	2,350	3,179	4,842	5,393
Other Current Liabilities	3,817	3,582	3,477	3,594	3,637
Total Current Liabilities	**7,011**	**5,932**	**6,656**	**8,435**	**9,031**
Net Current Assets	**12,857**	**15,860**	**14,803**	**19,180**	**22,446**
Total Assets	**25,153**	**31,691**	**35,550**	**44,753**	**49,385**

Source: Company, SMIFS Research Estimates

Cash Flow					
YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Operating profit before WC changes	**4,755**	**4,573**	**5,200**	**7,491**	**9,442**
Net change in working capital	-2,891	-4,590	843	-3,522	-2,181
Income tax paid	-1,006	-958	-1,033	-1,500	-1,930
Cash flow from operating activities (a)	**858**	**-974**	**5,011**	**2,468**	**5,331**
Adjusted OCF	123	-1,706	4,293	1,505	4,183
Capex	-1,635	-2,360	-4,000	-4,000	-2,000
Adjusted Free Cash Flow	-1,512	-4,066	293	-2,495	2,183
Cash flow from investing activities (b)	**-5,369**	**-5,788**	**-5,300**	**-5,400**	**-2,000**
Debt Issuance (repayment)	-466	-281	-	-	-
Interest & Lease expenses	-1,973	4,112	-218	2,537	-1,648
Dividend Paid	-64	-108	-205	-208	-347
Issue of Equity	9,747	-	499	1,505	-
Cash flow from financing activities (c)	**7,244**	**3,724**	**76**	**3,834**	**-1,995**
Net change in cash (a+b+c)	**2,736**	**-3,037**	**-213**	**902**	**1,335**

Source: Company, SMIFS Research Estimates

Texmaco Rail & Engineering Ltd (Texmaco)

Embracing sustainable transformation

Texmaco Rail & Engineering Ltd., a key entity of the Adventz Group led by Mr. Saroj Poddar, is a leading player in India's railway and infrastructure sector with over 80 years of legacy. Headquartered in Kolkata, it commands ~25% market share in freight car manufacturing and operates India's largest railway casting foundry. With the acquisition of Texmaco West Rail Ltd (formerly Jindal Rail Infrastructure Ltd), the company expanded its annual wagon production capacity to ~15,000 units. Wagon manufacturing is major revenue contributor fueled by strong IR and private sector orders, with a robust overall order book of ~Rs 70.5 bn as on June 2025. Texmaco has the largest steel foundry in India and further scaling its in-house steel foundry capacity to meet growing demand, supported by global certifications and export capabilities. Through strategic JVs and technical collaborations (Wabtec, Touax, Nymwag, Hindalco, etc.), it is enhancing capabilities in rolling stock, aluminum wagons, and railway interiors. Texmaco is also engaged in the Engineering, Procurement, and Construction (EPC) business through Infra-Electrical vertical (Bright Power) which has already secured significant orders, reinforcing growth momentum and Infra - Rail & Green Energy vertical (Kalindee) which has now been brought under a wholly owned subsidiary to sharpen focus on high-value, technology-driven projects such as signalling, electrification, and sustainable rail solutions.

In FY25, Texmaco's consolidated revenue increased by ~46% YoY to Rs 51 bn and EBIDTA increased by ~77% YoY to Rs 4,673 mn, with EBIDTA margin of ~9.2%, increased by ~163 bps YoY. Company's PAT in FY25 increased by ~120% YoY to ~Rs 2,486 mn. Going forward, we expect revenue to grow at a ~4% CAGR over FY25–28E, driven by a steady flow of wagon orders from Indian Railways and private players, with operations running near full capacity. Additionally, Infra - Rail & Green Energy and Infra-Electrical vertical are poised to gain momentum, supported by expanding opportunities in the rail infrastructure space across various geographies.

Wagon manufacturing expansion driving growth

Texmaco's wagon manufacturing, contributes over 80% of revenue, has seen a surge with capacity rising to ~15,000 wagons annually post the TWRL acquisition and a robust freight car order book of ~Rs 36 bn (IR:Pvt – 66:34) as of June 2025. Texmaco expects to manufacture ~12,000 wagons p.a. soon on the back of huge order visibility from IR, private players and also export demand. This integrated expansion, backed by JVs and global partnerships, enhances efficiency, supports cost control, and drives technological advancement across product lines. Texmaco's plan to enhance its existing foundry's capacity through backward integration is expected to support margin improvement by reducing dependence on external sourcing and improving cost efficiency.

Rethinking EPC: from demerger to strategic consolidation

Texmaco's EPC segment, strengthened by the acquisitions of Kalindee (2015) and Bright Power (2016), has been a key revenue driver, contributing 30%-50% between FY18-FY23 but declining to below 20% in FY24 & FY25 due to competition and working capital challenges. Initially planning to demerge its Infra - Rail & Green Energy division, Texmaco later opted to retain strategic control by transferring it to a wholly owned subsidiary within 12-15 months. With IR's ~Rs 2.65 trn capex allocation for FY26-27, Texmaco is refocusing on core strengths like signalling & telecommunications (S&T) and ballastless tracks while leveraging growth in electrification and green rail solutions, aligning with India's railway modernization and net-zero targets.

Passenger rail foray along with strategic investments, expanding order book, and financial resilience

In June 2024, Texmaco acquired a 51% stake in Vadodara-based Saira Asia Interiors, a metro interiors specialist, advancing its strategy to enter the passenger rolling stock space. As of June 2025 Texmaco's cumulative order book stands at ~Rs 70.5 bn. Texmaco has also entered into a JV with RVNL to collaborate on railway and infrastructure projects. Strategic fund-raising through QIP and preferential allotments strengthened its financial position, enabling expansion, debt reduction, and operational efficiencies. With strong wagon demand and EPC growth, revenue, EBITDA, and PAT are projected to grow at ~4%, ~7%, and ~13% CAGR over FY25-FY28E.

Valuation

Currently, the stock is trading at a P/E of 16x FY28E EPS of Rs 8.9. We value the stock at 20x on back strong growth in India's rail infrastructure, backed by a robust order book, strategic expansions, and government initiatives in freight, high-speed rail, and safety upgrades. With improved financial flexibility, operational efficiencies, and a focus on high-margin projects, the company is well-positioned for sustained profitability and deliver an EPS CAGR of ~13% over FY25-28E. ***We arrive at a target price of Rs 178 per share (20x FY28E EPS of Rs 8.9) which provides an upside of ~26% from current valuations. Therefore, we assign "BUY" rating on the stock***. Our call has a downside risk in case of any disappointment in the volume of wagons tender and units sold by the company.

Rating: BUY | **Upside: 26%**

Current Price: 141 | **Target Price: 178**

|Market data

Bloomberg:	TXMRE:IN
52-week H/L (Rs):	254/115
Mcap (Rs bn/USD bn):	56.3/0.6
Shares outstanding (mn):	399.5
Free float%:	51.74%
Daily vol. (3M Avg. in '000):	3,142
Face Value (Rs):	1

Source: Bloomberg; SMIFS Research

|Shareholding pattern (%)

	Jun-25	Mar-25	Dec-24	Sep-24
Promoter	48.3	48.3	48.1	48.1
FIIs	8.1	8.1	8.1	7.9
DIIs	7.4	7.9	8.5	8.7
Public/others	36.2	35.7	35.3	35.3

|Promoter Pledging

Pledging	NA	NA	NA	NA

Source: BSE

|Price performance (%)

	1M	3M	12M	36M
NIFTY 50	-1.6	-1.6	-2.9	41.1
NIFTY 500	-2.4	-1.8	-4.9	50.0
Texmaco	-10.7	-15.4	-43.7	170.6

as on 02nd September 2025;

Source: AceEquity, SMIFS Research

|3 Year Price Performance Chart

Source: BSE

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Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj. PAT	YoY (%)	EPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY24	35,029	56.1%	2,635	7.5%	1,128	340.7%	3.3	5.8%	4.5%	38.4	18.9
FY25	51,066	45.8%	4,673	9.2%	2,486	120.5%	6.2	9.3%	7.6%	32.5	18.6
FY26E	51,244	0.3%	4,740	9.3%	2,702	8.7%	6.6	9.0%	7.9%	21.3	13.0
FY27E	54,238	5.8%	5,098	9.4%	3,099	14.7%	7.6	9.3%	8.2%	18.5	12.0
FY28E	58,120	7.2%	5,667	9.7%	3,629	17.1%	8.9	10.1%	8.7%	15.8	10.7

Source: Company, SMIFS Research Estimates

Investment Rationale

Wagon manufacturing surge securing growth prospects

The Indian government's push to enhance rail freight modal share and invest in infrastructure has created a long-term growth opportunity for wagon manufacturers, particularly Texmaco. During a slowdown in wagon orders, Texmaco diversified into non-wagon businesses. However, with railway modernization and freight revival gaining momentum, the company is now poised to capitalize on rising demand. This segment generated over 84% of total revenue in FY25 solidifying its position as the primary revenue driver for Texmaco.

Texmaco's freight car division, holding ~25% market share, is one of India's leading wagon manufacturers. The company expanded its production capacity from 6,800 wagons in 2023 to over 11,000 wagons currently with optimum capacity utilization which never crossed 30%-40% of the capacity over the last many years. Strengthening its manufacturing footprint, Texmaco acquired Texmaco West Rail Ltd (TWRL), formerly Jindal Rail Infrastructure Ltd, in Gujarat, adding ~3,000 wagons p.a. and increasing its total production capacity to ~15,000 wagons annually. This acquisition has enhanced Texmaco's presence in the private sector and boosted its export potential. **TWRL also has 60+ acres of surplus land bank facilitating rapid expansion, flexible manufacturing for rolling stock, a stronger components ecosystem, wider geographical reach, and greater engagement with private players.**

TWRL also has 60+ acres of surplus land bank facilitating rapid expansion, flexible manufacturing for rolling stock, a stronger components ecosystem, wider geographical reach, and greater engagement with private players.

Strong order book:

- The government's emphasis on freight expansion resulted in a record order of 72,358 wagons in FY23. Texmaco secured its largest-ever single order from IR for 20,067 wagons worth ~Rs 64.5 bn, initially scheduled for delivery by H1FY25 but now extended to H1FY26 as per IR's directive. This included 1,017 BOBRN wagons worth Rs 3.64 mn per wagon and 19,050 BCNA wagons worth Rs 3.19 mn per wagon. Since BCNA-type wagons had not been produced for a long period, Texmaco had to manufacture a prototype and secure approval, causing an initial three-month delay. The company became the sole producer of BCNA wagons, which require more time to manufacture than BOXN wagons (1 BCNA = 1.5 BOXN wagons). However, following a strategic decision to forgo the second tranche, **the order was revised to 16,722 wagons valued at Rs 53.9 bn** resulting in recovery notice from IR of Rs 380 mn during Q1FY24.
- In December 2023, IR allotted another 11,000 wagons specifically for the Dedicated Freight Corridor (DFC), of which **Texmaco received an order for 3,400 BOXNS wagons worth Rs 13.74** bn to be completed by June 2026.
- Additionally, in September 2024, Texmaco **secured an order for 677 BOBRN wagons worth Rs 2.94 bn** to be completed within nine months which is now extended.
- The company also received an order for **17 rakes (~357 specialized wagons) for TWRL**, valued at Rs 1.78 bn in May 2025.
- In May 2025, Texmaco received **8 rakes of Flat Multi-Purpose (FMP) Wagons** (each rake consists of 45 wagons - 360 units) to be executed within 6 months, valuing Rs 1.4 bn. The newly developed FMP wagon represents a breakthrough in rail freight technology.
- In June 2025, Texmaco secured a **Rs 5.35 bn export order from CAMALCO SA., Cameroon, including the supply of 560 open-top wagons (Rs 2.82 bn)** over 24 months, with a provision for 1,040 additional wagons. The deal also **includes a 20-year maintenance contract worth Rs 2.53 bn** with overall margins remaining in high teens.
- In July 2025, received an order for **~Rs 363 mn from Transport Corporation of India Ltd for 2 rakes (54 no's Act-3 Type Wagons** and 2 no's BVCM) to be delivered in 24 months with a provision for further order of similar 8 rakes.
- In July 2025, received an order for **~Rs 478 mn from Ultratech Cement Ltd for BOXNHL wagons** along with BVCM Brake Van to be delivered by mid of October 2025.

- In August 2025, received an order for ~**Rs 1,032 mn from M/s. Leap Grain Rail Logistics Pvt Ltd for BCBFG wagons** along with BVCM Brake Van to be delivered within 10 months.

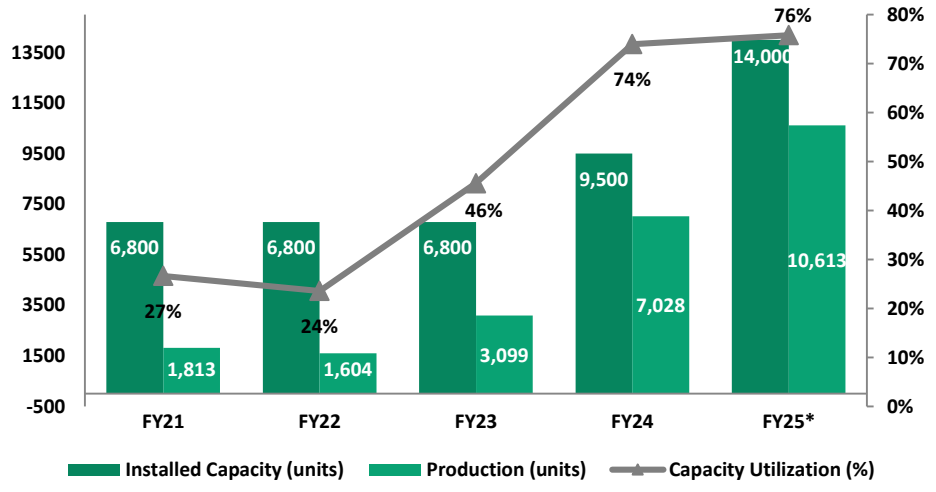
Going forward, IR is expected to place annual wagon orders ranging between 30,000-40,000 wagons, while private sector demand is estimated at 10,000-15,000 wagons annually.

As of June 2025, Texmaco's wagon manufacturing order book stands at ~Rs 36 bn with ~8,500 wagons, representing ~51% of the total order book, with a split of 66% IR orders and 34% private sector orders. In FY25, Texmaco produced 10,613 wagons (65:35 between IR and private players + exports) including TWRL production and aims to cross ~11,000 units in FY26. Among the private sector contribution Texmaco has delivered export orders, such as tank wagons to Cameroon and gondola wagons to Liberia, part of repeat orders from ArcelorMittal Liberia Ltd. The company is now optimizing production by focusing on fewer wagon variants, improving efficiency, and scaling overall manufacturing output.

Further strengthening its global presence, **Texmaco has entered into a Global Supply & Services Agreement with Trinity Rail Group LLC, a leading North American rolling stock leasing and manufacturing solutions provider**. Under this partnership, Texmaco will become a key supplier of rolling stock components, including foundry products, for North America and other international markets. This collaboration enhances Texmaco's manufacturing and export capabilities while supporting India's rail infrastructure expansion goals.

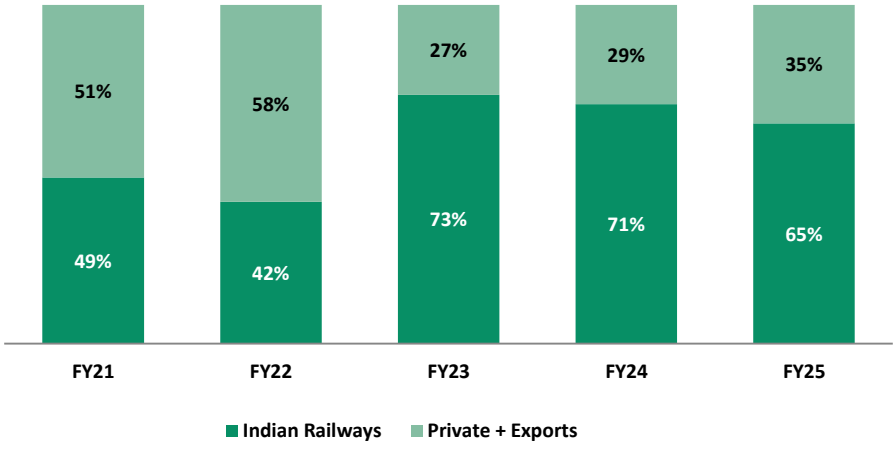
Texmaco's JVs are driving growth in wagon and foundry manufacturing, with **Touax Texmaco JV** expanding its leased fleet and developing advanced wagon designs, including aluminum wagons and autocars, to meet rising private sector demand and **it commands a market share of 15%–20%. Texmaco through its 51:49 JV with NYMWAG is setting up a state-of-the-art wagon manufacturing facility** at its Sodepur plant. This ~Rs 2 bn investment will have a production capacity of ~2,500 wagons p.a. along with components majorly focused towards export market. The project is expected to be commissioned by Q4FY26, followed by an additional year for regulatory approvals before commencing commercial production. Meanwhile, **Wabtec Texmaco JV** has achieved record production of draft gears, expanded exports to Wabtec Mexico, and is introducing advanced braking systems and air brake equipment for IR, reinforcing Texmaco's leadership in freight wagon technology. This JV has **grown 100% over period of last 3 years and targets 15%–20% YoY growth in FY26**.

Fig 119: Texmaco wagon production & capacity utilisation



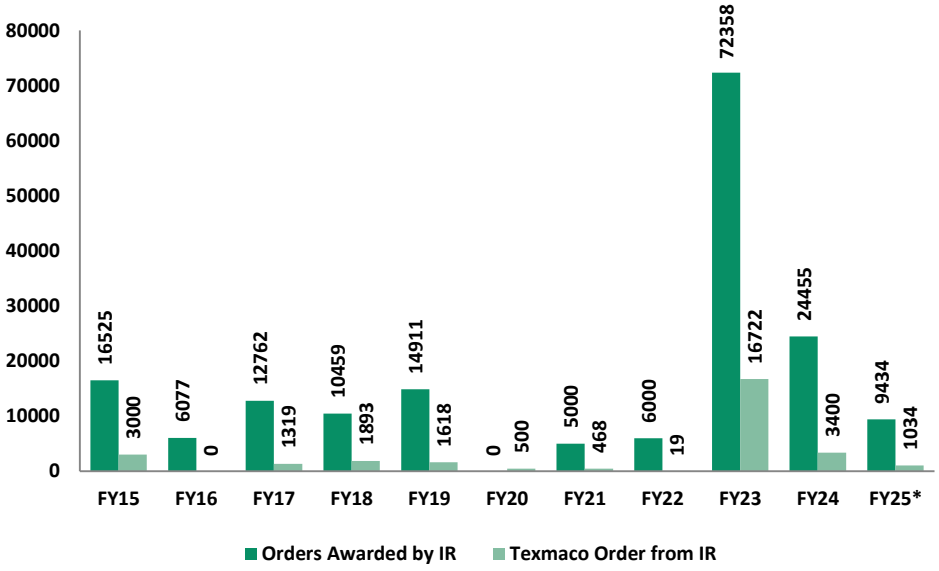
*Includes wagon production through TWRL
Source: Company, SMIFS Research

Fig 120: Texmaco wagon order execution (%)



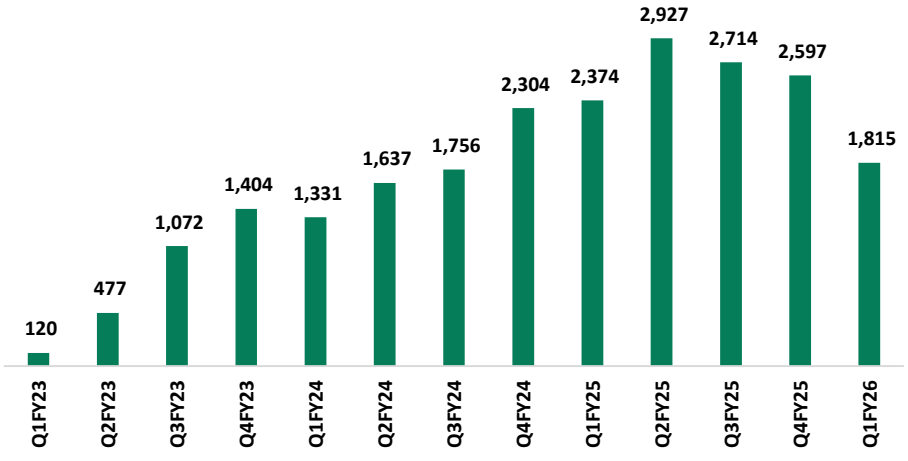
Source: Company, SMIFS Research

Fig 121: IR Wagon Procurement by Texmaco



*Includes wagon order to TWRL
Source: Company, SMIFS Research

Fig 122: Quarterly Number of Wagons Manufactured (Units)



From Q1FY25 includes wagon production through TWRL
Source: Company, SMIFS Research

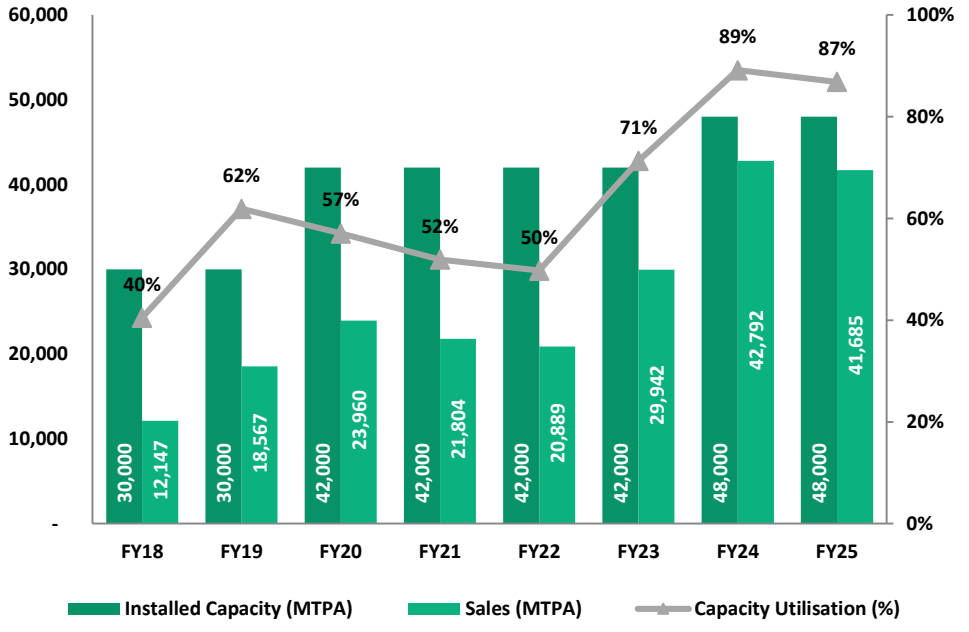
Texmaco strengthens steel foundry capabilities; backward integration on track

Texmaco's strong backward integration, supported by its state-of-the-art foundry infrastructure, ensures superior cost control and quality management. Texmaco's Belgharia plant is the largest steel foundry in India and company remains **India's only steel foundry certified by the Association of American Railroads (AAR, M-1003), allowing it to export railway castings to North America.** Texmaco had earlier evaluated plans for a greenfield foundry to boost casting capacity. However, the company has since shelved those expansion plans. Instead, it will pursue gradual capacity enhancement of its existing steel foundry through backward integration, supporting its strategic focus on cost efficiency and operational resilience. It will also focus on various different type of components diversifying Texmaco's product portfolio and reinforcing its leadership in domestic and international markets.

In Q4FY24, steel foundry achieved its highest quarterly output of ~12,221 MT, with FY24 sales at ~42,792 MT and ~41,685 MT in FY25 of castings and railway components, while revenue touched ~Rs 8,160 mn and ~Rs 7,500 mn in FY24 and FY25 respectively. In a strategic move towards high-value product diversification, Texmaco is upgrading its railway crossing business to a complete railway turnout system. The **company has signed a technical collaboration with Sampyo Rail, South Korea, a leading provider of railway turnouts, marking Texmaco's entry into a niche segment with limited global suppliers**. Additionally, the foundry successfully delivered its first consignment of GET castings for mining machinery to Bradken, Australia, expanding its international footprint.

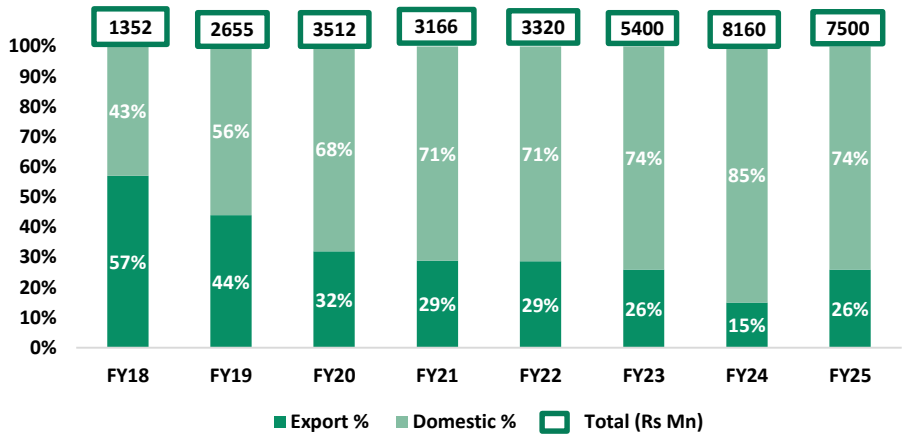
Texmaco has entered into passenger mobility couplers (for Metro, Vande Bharat projects). Diversifying into automobile and mining casting products – focusing on specialised, non-commodity markets for better margins. Texmaco's advanced steel foundry, backed by automation and strict quality control, is expanding to strengthen in-house capabilities, improve margins, and meet rising demand from IR, private players, and exports — positioning the company as a key global supplier of railway castings and components.

Fig 123: Steel Foundry - Production & Capacity Utilisation



Source: Company, SMIFS Research

Fig 124: Steel Foundry - Domestic & Export Revenue



Source: Company, SMIFS Research

Strategic realignment drives Texmaco's rail infrastructure momentum

Texmaco's journey towards becoming an integrated rail solutions provider led to the acquisition of Kalindee in 2015 and Bright Power in 2016—both established EPC service providers for IR and metro projects. Over the years, these businesses played a crucial role in Texmaco's growth, contributing significantly to its topline. Between FY18 and FY23, their revenue contribution ranged between 30%-50%, though it declined to below 20% in FY25. **Kalindee faced intense competition, cost overruns, and elongated working capital cycles due to high receivables (including unbilled revenue). These challenges led to increased debt and interest expenses. Bright Power, on the other hand, demonstrated relatively stable performance.**

Recognizing the need for improved operational efficiency, Texmaco restructured the EPC segment into two distinct divisions: Infra - Rail & Green Energy Division (comprising Kalindee along with Hydro-mechanical equipment (HME) & Bridges & Structures (BSD) divisions); Infra - ElectricaldDivision (consisting of Bright Power).

Given the high working capital intensity of Kalindee's operations, Texmaco initially planned to demerge the Infra - Rail & Green Energy division. The rationale was to segregate this capital-intensive segment into a separate entity, Belgharia Engineering Udyog Pvt Ltd (BEUPL). Under the proposed demerger, existing Texmaco shareholders were to receive one share of BEUPL for every three shares of Texmaco as of the record date. However, in Q3FY25, Texmaco announced the withdrawal of the demerger plan, citing changes in the business environment and commercial considerations. Instead, the **company decided to transfer the Infra - Rail & Green Energy division to BEUPL as a wholly owned subsidiary within the next 12-15 months. This move enables Texmaco to retain strategic control over the division while ensuring business continuity**. As of now, Kalindee has nearly completed its ongoing projects, with Mumbai Metro, Bangalore Metro, and one Bangladesh project successfully delivered in Q1FY26 despite political uncertainties, earning acknowledgments and compliments. Only one Bangladesh project remains, which is expected to be completed by March 2026. **This division has an order book of ~7 bn as on June 2025 with further focus on short-duration, high-value projects, and plans to actively bid for additional contracts from IR in the near future.**

Infra – Electrical division is performing well with an order book of ~Rs 17.5 bn, driven by high-margin rail electrification projects like traction substations and signaling systems. Its strong execution is expected to boost Texmaco's margins and strengthen its position as a comprehensive rail infrastructure player.

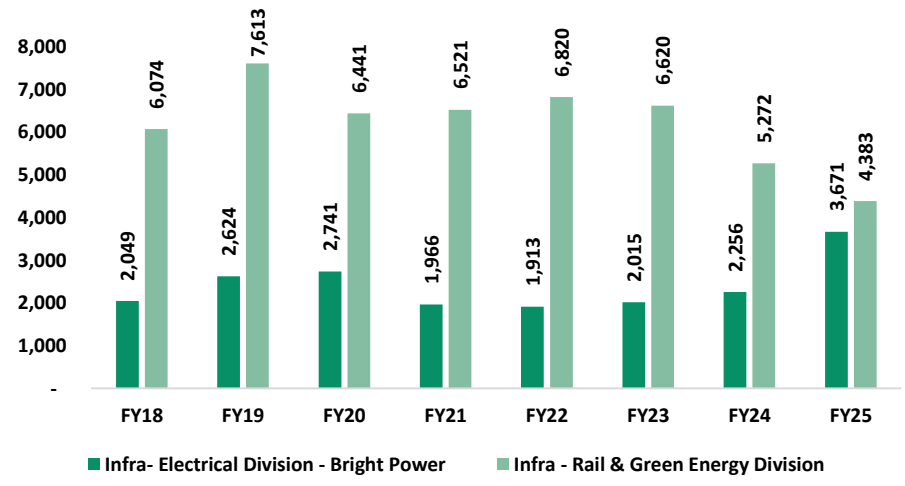
Infra – Electrical division is performing well with an order book of ~Rs 17.5 bn, driven by high-margin rail electrification projects like traction substations and signaling systems.

Company has signed MoU with M/s Rail Vikas Nigam Ltd (RVNL) and later approved a JV with RVNL (49:51) to manufacture and maintain rolling stock, locomotives, trainsets, and execute rail infrastructure projects. Texmaco Rail secured two orders from Mumbai Railway Vikas Corporation Ltd in June 2025 – Rs 440.4 mn for supply and commissioning of traction transformers, SPs & related works (18-month timeline) and Rs 1,223.1 mn for design-to-commissioning of traction transformers for Western Railway (30-month timeline). South Western Railway awarded a Rs 277 mn TRD maintenance order (24 months), while Central Railway awarded a Rs 731 mn traction substation order (24 months).

Texmaco is also at the forefront of next-generation rail technology. **The company has signed a Memorandum of Understanding (MoU) with Nevomo, a Polish technology firm specializing in Magrail technology (magnetic levitation tracks) and Linear Propulsion Systems.** This partnership will drive cutting-edge advancements in high-speed rail infrastructure, AI-powered predictive diagnostics, self-propelled wagons, and driverless freight trains, ushering in a new era of innovation in both Indian and global railway ecosystems.

IR has allocated a capex of Rs 2.65 trn for FY25-26, emphasizing infrastructure expansion, station modernization, electrification, Kavach (train collision avoidance system), and high-speed rail projects. This substantial investment aligns with Texmaco's strategic focus on the Rail EPC sector. Texmaco is realigning its business to capitalize on these opportunities by expanding its focus and selectively bidding for projects in its core strength areas, including signaling & telecommunications (S&T) and ballast-less track work, which have shorter execution cycles. Prioritizing the efficient execution of existing contracts and commercial closure of ongoing projects to ensure financial stability and operational efficiency. Additionally, IR's commitment to achieving net-zero carbon emissions by 2030 presents significant opportunities in electrification and sustainable rail solutions. Texmaco's expertise in green energy solutions and ballastless track systems positions it well to contribute to and benefit from India's evolving rail infrastructure landscape.

Fig 125: Infra division revenue (Rs mn)

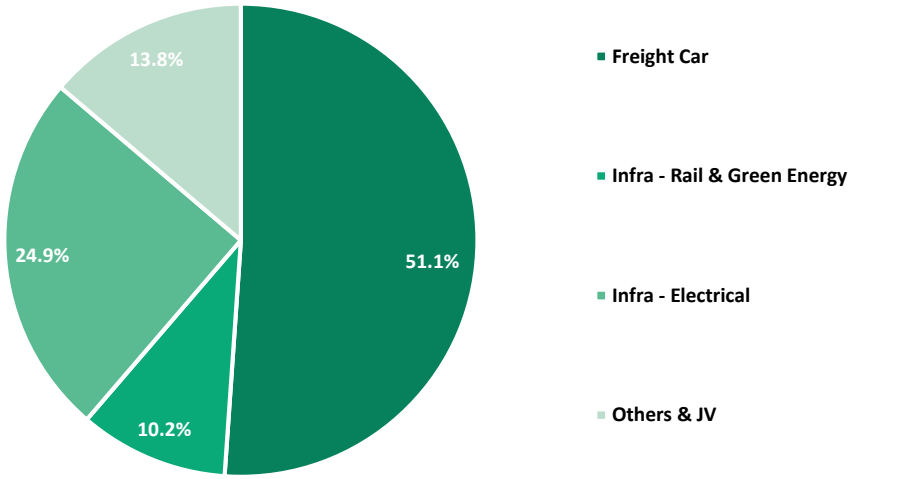


Source: Company, SMIFS Research

Texmaco's growth momentum: strategic investments, expanding order book, and financial resilience

Total **order book as of June 2025 stood at Rs 70.5 bn** - ~51% from Freight Car (IR:Pvt order – 66:34), ~10% from Infra - Rail & Green Energy, ~25% from Infra – Electrical and ~14% from other subsidiaries & JV.

Fig 126: Texmaco's Order Book as of June 2025(%)



Source: Company, SMIFS Research

Texmaco has raised ~Rs 10 bn through multiple QIP rounds, ~Rs 1.5 bn via convertible warrants, and Rs 500 mn from promoter entities, strengthening its financial position and reducing reliance on external debt.

Texmaco has strategically leveraged qualified institutional placements (QIP) and preferential share allotments mainly to bolster its financial position for expansion & growth initiatives for its various division, backward integration, operational efficiency reduce high cost debt, meeting working capital requirements and capitalising on international opportunities. **Texmaco has raised ~Rs 10 bn through multiple QIP rounds, ~Rs 1.5 bn via convertible warrants, and Rs 500 mn from promoter entities, strengthening its financial position and reducing reliance on external debt:**

September 2023: **Promoter entity** Adventz Finance Pvt Ltd and Mr Saroj Kumar Poddar **invested Rs 500 mn at Rs 145/share**.

November 2023: Raised **Rs 7.5 bn through a QIP** at Rs 129/share (issuing 58.09 mn equity shares) to fund capital expenditures, repay borrowings, support working capital, and for general corporate purposes.

February 2024: Secured **Rs 1.5 bn via issuance of 83.4 mn convertible warrants** on a preferential basis—Rs 750 mn from Samena Green Ltd (non-promoter) and Rs 750 mn from Adventz Finance Pvt Ltd (promoter) at Rs 193/share.

March 2024: **Raised Rs 2.5 bn through a QIP** at Rs 155/share issuing 16.13 mn equity shares).

These strategic investments have significantly contributed to Texmaco's expansion across key business verticals, including rail mobility and foundry operations. As a result of these capital infusions, promoter shareholding declined from 58.7% in March 2023 to 48.27% as of March 2025, reflecting a well-balanced approach to capital structuring while maintaining growth momentum.

As on date, Texmaco utilized ~Rs 4 bn to retire high-cost debt, Rs 4 bn for working capital, ~Rs 400 mn for general corporate purposes and ~Rs 2 bn for acquisition and capex, through QIP proceeds and internal accruals.

Texmaco's consolidated debt stood at Rs 9.25 bn as on March 31, 2025 increased from Rs 6.3 bn in March 31, 2024, mainly due to the inclusion of TWRL's debt, a Rs 3 bn term loan for working capital, and higher acceptances from increased wheel set imports for private orders.

In FY25, Texmaco's consolidated revenue increased by ~46% YoY to ~Rs 51 bn. ~84% revenue was generated through freight car division; ~9% through infra - rail & green energy division; and ~7% through infra- electrical division. 10,612 wagons were sold in FY25 includes wagons from TWRL (~1,917 wagons). Wagon production in Q3 & Q4FY25

dipped due to wheel-set shortages from IR. To mitigate this, Texmaco ramped up private sector orders. It has also started importing wheel sets for private parties as well as IR orders and execution of orders has gathered pace. EBIDTA during FY25 increased by ~77% YoY to Rs 4,673 mn, with EBIDTA margin to ~9.2% (increased by 163 bps YoY) in FY25. Company's PAT during FY25 increased by ~120% YoY to ~Rs 2,492 mn with PAT margin increased by ~165 bps YoY to ~4.9%.

Though Q1FY26 remain subdued with revenue declined by ~16% YoY to ~Rs 9 bn **due to non availability of wheel sets but with improved wheelset supplies since July 2025, the company expects to meet/exceed FY25 wagon volumes in FY26.** In Q1FY26, company delivered 1,815 freight cars (2,597 in Q4FY25 & 2,374 in Q1FY25). In Q1FY26, EBITDA declined by ~34% YoY to Rs 710 mn with decline in EBIDTA margin by ~200 bps YoY to 7.8%. PBT & PAT also decreased significantly by ~52% & ~50% YoY respectively.

From FY21 to FY25, Texmaco achieved a strong revenue CAGR of ~32%, driven by significant wagon order inflows from IR. EBITDA and PAT grew at a CAGR of ~41% and ~124%, respectively, supported by higher wagon production, operational efficiencies, and cost optimization. Looking ahead, revenue, EBITDA, and PAT are projected to grow at a CAGR of ~4%, ~7%, and ~13%, respectively, over FY25-FY28E.

Going forward, wagons division will continue to generate ~83% of the total revenue in FY28E and infra segments will generate ~17% in with overall margins steadily improving every year. With a robust order book, particularly in the wagon and infra segments, and growing opportunities in the rail infrastructure space, Texmaco is well-positioned for sustained revenue and profitability growth. The company's strong financial backing, operational efficiencies, and focus on high-margin projects will drive long-term growth.

Growth Journey of Texmaco over the Period

Year	Milestone
1939	Founded by Dr K K Birla as Textile Machinery Corporation Ltd
1954	Foundation stone laid of Steel Foundry & the Company started manufacturing of Railway Freight Cars
1965	Received first ever export order for wagons and became the first company in India to export wagons to East Africans Railways
1974	Company's name changed to Texmaco Ltd in view of diversified product range
2006	Established India's largest and state of the art Steel Foundry with capacity of 30,000 MTPA
2008	Order book crossed Rs 20 bn; Earned the distinction of largest producer of Freight Cars in India
2009	Company raised Rs 1.7 bn through QIP in July 2009 by issuing equity shares at Rs 104 (FV Re 1) each
2010	The Heavy Engineering and Steel Foundry divisions of Texmaco Ltd were demerged to Texmaco Rail & Engineering Ltd; Other businesses were retained in Texmaco Ltd which was renamed subsequently as Texmaco Infrastructure & Holdings Ltd
2011	Texmaco Rail & Engineering Ltd got listed on March 2011
2011	Entered into a JV with Australian company UGL for manufacturing of wagon component
2012	Entered into 50:50 JV with the French Group Touax Rail and owned & leased wagons to the industry and other end users
2013	Diversified into manufacturing of Coaches and Loco Shells and delivered first rake of EMU to IR
2014	Bridge & Structural Division set up at Panihati; Raised Rs 3 bn by way of QIP in November 2014 by issuing equity shares of Re 1 each at Rs 107
2015	Entered into 60:40 JV with Wabtec Corporation, USA; Acquired Kalindee Rail Nirman (Engineers) Ltd with a total investment of Rs 600–650 mn through promoter stake purchases and open offers, thereby securing a controlling interest; JV with Australian company UGL became wholly owned subsidiary and renamed as Texmaco Hi-Tech Pvt Ltd
2016	Acquired majority stake (55%) in Bright Power Projects (India) Pvt Ltd
2019	Hi-tech and Bright Power were merged into TEXMACO; Acquired Urla foundry at Raipur for Rs 900 mn
2020	Successfully completed the preferential allotment of ~Rs 790 mn; Completed Rights issue worth ~Rs 1.65 bn
2022	Single largest order received from IR for 20,000+ wagons
2023	Promoter entity Adventz Finance Pvt Ltd and Mr Saroj Kumar Poddar invested Rs 500 mn at Rs 145 per share in September 2023; In November 2023 it raised Rs 7.5 bn through a QIP at Rs 129 per share (issuing 58.09 mn equity shares) to fund capital expenditures, repay borrowings, support working capital, and for general corporate purposes; Secured Rs 1.5 bn via issuance of 83.4 mn convertible warrants on a preferential basis—Rs 750 mn from Samena Green Ltd (non-promoter) and Rs 750 mn from Adventz Finance Pvt Ltd (promoter) at Rs 193 per share in February 2024; In March 2024, raised Rs 2.5 bn through a QIP at Rs 155 per share issuing 16.13 mn equity shares.
2024	Acquired Jindal Rail Infrastructure Ltd, in Gujarat for an aggregate consideration of Rs 6.15 bn and enterprise value of Rs 6.87 bn, which adds an additional capacity of ~3,000 wagons p.a.
2025	Entered into 51:49 JV with Nymwag C.S. (a Czech company), for manufacturing wagons and wagon components; Texmaco acquired a 51% stake in Saira Asia Interiors, based in Vadodara, specializing in metro interior products; Signed MoU with M/s Rail Vikas Nigam Ltd to establish a framework for collaboration in areas of mutual interest, particularly in the field of railway infrastructure and allied sectors

Corporate Governance

We believe that good corporate governance is necessary for enhancing the trust of the shareholders. Hereby, we present a detailed framework on corporate governance for the comfort of the investors of Texmaco considering board of directors, remuneration of key managerial personnel, contingent liability etc.

Promoters' Shareholding

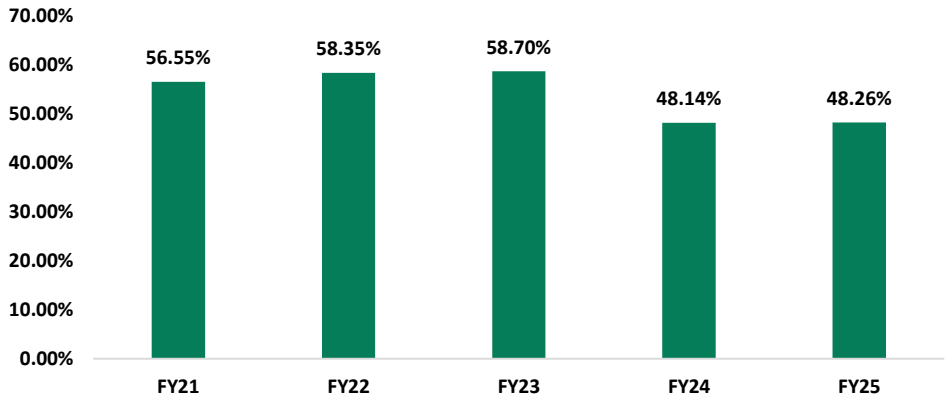
Texmaco is promoted by Mr. Saroj Kumar Poddar and family. The promoters currently hold 48.26% of the equity capital. The details of the shareholding and its movement are indicated in the following table and chart:

Fig 127: Latest Promoter Shareholding (June 2025)

Particulars	% Holding
Saroj Kumar Poddar (as an individual)	6.15
Jyotsna Poddar (as an individual)	0.03
Saroj Kumar Poddar (as a trustee - Saroj And Jyoti Poddar Holdings Pvt Trust)	0.95
Akshay Poddar	0.07
Puja Poddar	0.04
Shradha Agarwala	0.01
Anisha Berlia	0.01
Aashti Agarwala	0.01
Zuari International Ltd	15.96
Texmaco Infrastructure & Holdings Ltd	14.77
Adventz Finance Private Ltd	6.95
Duke Commerce Ltd	1.88
Adventz Securities Enterprises Ltd	0.95
Zuari Industries Ltd	0.19
New Eros Tradecom Ltd	0.18
Premium Exchange And Finance Ltd	0.05
Jeewan Jyoti Medical Society	0.04
Total	**48.26**

Source: Company, SMIFS Research

Fig 128: Promoter Shareholding



Source: Company, SMIFS Research

The promoter stake has decreased from ~58.7% to ~48.26% between FY23–FY25 due to substantial QIP-driven equity dilution, offset partially by preferential allotment via warrants—indicating a balanced approach to funding expansion while allowing promoters to maintain control.

Promoter Remuneration

The promoter remuneration stood at ~2.5% of PBT as on FY24.

Fig 129: Remuneration of promoter **(Rs in Mn)**

	FY21	FY22	FY23	FY24
Saroj Kumar Poddar	27.4	42.4	38.5	40.9
As a % of PBT	*82.0%*	*16.1%*	*18.9%*	*2.5%*

Source: Company Annual Reports, SMIFS Research

Independent Director's Compensation

Executive and independent directors were cumulatively paid ~Rs 58.9 mn which is ~3.6% of PBT as on FY24.

Fig 130: Remuneration of Executive & Independent Director **(Rs in Mn)**

Name	FY24 Compensation (Rs in mn)	As % to PBT (FY24)
Indrajit Mookerjee	12.5	0.7
Sudipta Mukherjee	13.4	0.8
D. H. Kela	15.2	0.9
U. V. Kamath	3.2	0.2
A. K. Vijay	8.8	0.5
D. R. Kaarthikeyan	0.9	0.0
Utsav Parekh	1.2	0.1
P. S. Bhattacharyya	0.7	0.0
Virendra Sinha	0.9	0.0
Rusha Mitra	0.6	0.0
Akshay Poddar	0.7	0.0
Amitabha Guha	0.8	0.0
Total	*58.9*	*3.6%*

Source: Company Annual Report FY24, SMIFS Research

Board Composition

Independent directors constitute ~46% of the board composition. The details are given below:

Fig 131: Board Composition

Particulars	FY21	FY22	FY23	FY24
Promoter group - Executive Chairman	1	1	1	1
Non-Executive and Non-Independent Directors	1	1	1	1
Managing Director & Executive Directors	5	4	4	5
Independent Directors	7	7	6	6

Source: Company Annual Reports, SMIFS Research

Contingent Liabilities

The company's contingent liability stood at ~47% of net worth as on FY24.

Fig 132: Contingent Liability **(Rs in Mn)**

	FY21	FY22	FY23	FY24
Bank / Corporate Guarantees given in the normal course of Business	9,393	8387	12183	9,928
Bonds issued to Custom Department	9	9	9	9
Claims under dispute (Excise, Service Tax, Income Tax and others)	2,007	1260	1,861	2,058
Total	**11,409**	**9,656**	**14,055**	**11,996**

Source: Company Annual Reports, SMIFS Research

Related Party Transaction

All related party transactions that took place during FY24 were entered in the ordinary course of business and on arm's length basis. An omnibus approval from the Audit Committee for the financial year is obtained for the transactions which are repetitive in nature. All related party transactions are reported to and approved by the Audit Committee / Board. The details of such transactions were also placed before the Audit Committee and the Board for their review, on a quarterly basis.

Fig 133: Related Party Transaction **(Rs in mn)**

Particulars	FY21	FY22	FY23	FY24
Loans & Advances Received / Repaid				
Adventz Finance Pvt. Ltd.				-237.0
Adventz Securities Pvt. Ltd.				-
Zuari International Ltd.				-93
Zuari Management Services Ltd.				-397
Total				**-727**
Others				-31.5
Total				**-31.5**

Source: Company Annual Reports, SMIFS Research

Key Management Personnel

Fig 134: Details of promoter and director

Name	Designation	Profile
Mr. Saroj Kumar Poddar	Executive Chairman	Mr. Saroj Kumar Poddar aged 76 years, a leading Indian industrialist of international repute, is Chairman of the Adventz group. He is the Chairman of India-Saudi Arabia Joint Business Council and is a Member of the Indo-French CEO Forum. Mr. Poddar has served as President of FICCI and International Chamber of Commerce in India, and has been appointed by the Government of India on the Board of Trade - the highest body on trade – as well as on the Board of the Indian Institute of Science, Bengaluru.
Mr. Akshay Poddar	Non-executive & Non-Independent Director	Mr. Akshay Poddar, aged 45 years is the son of Mr. Saroj Kumar Poddar. He holds a degree in Honours in Accounting & Finance from London School of Economics and Political Science, from University of London. He has expertise in managing large business setups.
Mr. Indrajit Mookerjee	Executive Director & Vice Chairman	Mr. Indrajit Mookerjee aged 74 years earned his B. Tech (Hons) Degree in Chemical Engineering from the Indian Institute of Technology, Kharagpur and did his Masters Degree (MS in Chemical Engineering) from Georgia Institute of Technology, Atlanta, USA. He was the Managing Director of Lorch Welding Products Private Ltd.
Mr. Sudipta Mukherjee	Managing Director	Mr. Sudipta Mukherjee, a Post graduate from IISWBM and has certification on Production Management from AOTS Japan, Executive Management Certification from Tepper School of Business, USA & Fulbright Fellowship in Leadership & Management from Carnegie Mellon University, Pittsburgh, USA. He carries with him about 25 years of rich & expert experience across Rail Rolling Stock, Logistics, Railway Components, Foundry & castings, Bridges & Structures, Defence Sector to mention some key areas. He has actively participated in Industry through various professional association as Chairman of ITI Barrackpore, CII member for Advisory to Railway on Design, HR&IR Sub Committee member of CII, Chairman Railway Task Force- CII and many more. Earlier he was associated with Titagarh Wagons Ltd. as Whole Time Director.
Mr. A. K. Vijay	Executive Director	Mr. A. K. Vijay aged 68 years is a qualified Chartered Accountant and a qualified Company Secretary with an experience of 45 years. He holds expertise in financial matters. He is also a director at several other companies, including Shree Export House Ltd and Macfarlane & Co. Ltd.
Mr. U. V. Kamath	Executive Director	Mr. U. V. Kamath, an Electrical Engineering graduate, was a founder director of Bright power Projects (India) Pvt Ltd. After completion of his Electrical Engineering degree in the year 1986 from MIT-Manipal, he has acquired more than 30 years of vast experience in the field of Railway Electrification business and other electrical engineering service industry, well recognised in the field. He has been associated with the Company for last seven years, during which he has gained experience in executing all Railway business including track laying and S&T business.
Ms. Rusha Mitra	Independent Director	Ms. Rusha Mitra, a law graduate from The W. B. National University of Juridical Sciences Kolkata, has spent over a decade at M/S Khaitan & Co, Advocates and has specialisation in corporate restructuring, mergers, acquisitions, demergers, reconstructions and reorganisation and advises companies on wide range of corporate law matters and Insolvency & Bankruptcy related matters.
Mr. Partha Sarathi Bhattacharyya	Independent Director	Mr. Partha Sarathi Bhattacharyya is a Postgraduate in Physics from Jadavpur University and a Fellow Member of Institute of Cost Accountants of India. He also received training from Harvard University in investment appraisal and financial evaluation. With over 40 years of experience, he is the former Chairman of Coal India Ltd. and has held leadership roles in BCCL, Haldia Petrochemicals, and Deepak Fertilisers.
Mr. Utsav Parekh	Independent Director	Mr. Utsav Parekh has been a pioneer in the Investment Banking field in India. He has an experience of over 38 years in this field. He is the Promoter and Chairman of SMIFS Capital Market Ltd which has grown to become one of the foremost Investment Banking companies in Kolkata. He is also one of the first private equity investors in India having invested in a full range of companies ranging from IT, Real Estate, Entertainment, Sports Management and Telecommunications amongst others. He is also an Honorary Counsel of the Czech Republic in Kolkata.
Mr. Virendra Sinha	Independent Director	Mr. Virendra Sinha, a Post-graduate in Business Administration from Allahabad University, started his career with Balmer Lawrie and Company Ltd in the year 1980 as a Management Trainee. He headed Balmer Lawrie (U.K.) Ltd., a wholly owned subsidiary of Balmer Lawrie which was engaged in Leasing of Freight Containers and Tea Blending & Packaging. In January 2012 he took over as the Chairman & Managing Director of Balmer Lawrie and superannuated in July 2015.
Mr. Hemant Bangur	Independent Director	Mr. Hemant Bangur, 52 years of age, is a Post-graduate in International Trade from Indian Institute of Foreign Trade, New Delhi. He has vast experience in Jute, Plantation, Fertilizer, Paper, Real Estate and Financial Services industry with expertise in operations, corporate governance & restructuring, finance, taxation and legal matters. Currently, Mr. Bangur is the Executive Chairman of Gloster Ltd, Non-Executive Chairman of Shri Vasuprada Plantations Ltd. He is also the Chairman of Indian Tea Association, the oldest and largest Tea Association in India as well as holds directorships in various other companies.
Mr. Marco Philippus Ardeshir Wadia	Independent Director	Mr. Marco Philippus Ardeshir Wadia, aged 68 years, is a B.A. (Hons) and LLB from Bombay University. He is a member of the Bar Council of India. He has been a practicing advocate since 1986 and, was a partner in the Law Firm Crawford Bayley & Co. from 2001 to 2024. He has over 30 years of experience in the legal profession specialising in Joint Ventures, Contracts, Corporate matters and mergers and acquisitions. He presently serves as an Independent Director of Stovec Industries Ltd, Mangalore Chemicals & Fertilizers Ltd and a number of private Companies.
Mr. Kishor Kumar Rajgaria	Chief Financial Officer	Mr. Kishor Kumar Rajgaria, 56 years of age, is a Qualified Chartered Accountant, Company Secretary & Cost Accountant. He has an overall work experience of over two decades in the field of Business Planning, Taxation, Costing, Internal Audit and in Legal & Secretarial. He was designated as Joint Chief Financial Officer, Company Secretary & Compliance Officer of the Company. He was earlier associated with Texmaco Infrastructure & Holdings Ltd as CFO since 2015 and Institute of Management Technologies as Deputy Group CFO.
Mr. Sandeep Kumar Sultania	Company Secretary & Compliance Officer	Mr. Sandeep Kumar Sultania is a Qualified Chartered Accountant, Company Secretary, Cost & Management Accountant, and holds a Master's in Business Finance and Commerce. He also holds certifications in IFRS, SAP ERP, and Information System Audit. With over 27 years of experience in strategic finance, accounting, taxation, compliance, and automation, he has held senior roles including CFO and Company Secretary at listed firms like Manaksia, SREI, and Emami, where he last served as Head of Business Finance and Company Secretary.
Mr. Anil Kumar Sharma	Vice President – Operations (Steel Foundry)	An enthusiast and dedicated professional, contributing to the Steel Foundry industry for almost 3 decades, Mr. Anil Kumar Sharma is currently heading the overall operations of the Steel Foundry division of Texmaco, Belgharia. He is a qualified B.Tech Mechanical Engineer and has also done MBA in Marketing. Having profound knowledge and expertise in Foundry & Forge Technology, he has been significantly instrumental.

Source: Company, SMIFS Research

CSR Activities

The company has spent ~Rs 4.4 mn in FY24 in CSR activities for the betterment of the society.

Fig 135: CSR spend **(Rs in mn)**

Company	Avg Net Profit (last 3 Yrs)	Prescribed Expenditure	Total Spends	Spend as % of prescribed limit
FY24	235	4.7*	4.4	94
FY23	-202	-	2.1	-
FY22	32.7	0.6	0.7	116
FY21	36.5	0.7	1.2	171

*Amount required to be set-off for FY24 – Rs 2.1 mn (Net total CSR obligation – Rs 2.6 mn)

Source: Company Annual Reports, SMIFS Research

Auditors

Metro brands appointed Messrs L. B. Jha & Co as the statutory auditor.

Fig 136: Auditor fee

Auditor Name	Type	Auditor Fees in FY24 (Rs mn)	As a % of PBT
Messrs L. B. Jha & Co	Statutory Auditors	7.1	0.44%

Source: Company Annual Reports, SMIFS Research

Company Background

Texmaco Rail & Engineering (Texmaco) is a leading player in India's railway and infrastructure sector, headquartered in Kolkata. The company was incorporated pursuant to its demerger in April 2010 from the erstwhile Texmaco Ltd founded by renowned industrialist, Dr. K. K. Birla in 1939, now a part of Adventz Group headed by Mr. Saroj Poddar. **With a legacy spanning over eight decades, Texmaco commands a market share of ~25% in India's freight car manufacturing sector and holds the largest railway casting foundry capacity in India and is also one of the largest exporter of railway castings in India**. The company's expertise extends beyond railway freight cars and manufactures a diverse range of products viz., hydro-mechanical equipment & industrial structural, loco components and loco shells, steel girders for railway bridges, steel castings, hi-tech rolling stock components and pressure vessels, etc. along with EPC contracts for Indian Railways and metro projects for execution of railway track, signalling & telecommunication projects, rail electrification & automatic fare collection etc. on turnkey basis.

In 2024, to better reflect the strategic alignment of its business operations, the management restructured its reportable segments multiple times, with the current classification as follows - Freight Car (freight car manufacturing, steel foundry and components systems), Infra – Rail & Green Energy (Kalindee, hydro-mechanical equipment (HME), bridges & other structures division (BSD) and Infra – Electrical (Bright Power). The company has seven manufacturing facilities, with five located in West Bengal (Agarpara, Belgharia (2), Sodepur and Panihati), one in Vadodara in Gujarat and one in Urla, Raipur in Chhattisgarh.

Texmaco has the capability to manufacture all types of wagons required by Indian Railways, private players, and export markets. **Its annual production capacity has expanded from 6,800 wagons in 2023 to over 11,000 wagons currently**. In 2024, the company further strengthened its manufacturing footprint by acquiring Texmaco West Rail Ltd (TWRL), formerly Jindal Rail Infrastructure Ltd, in Gujarat for an aggregate consideration of Rs 6.15 bn and enterprise value of Rs 6.87 bn, which adds an additional capacity of ~3,000 wagons p.a. This **acquisition has increased Texmaco's total wagon production capacity to ~15,000 wagons.**

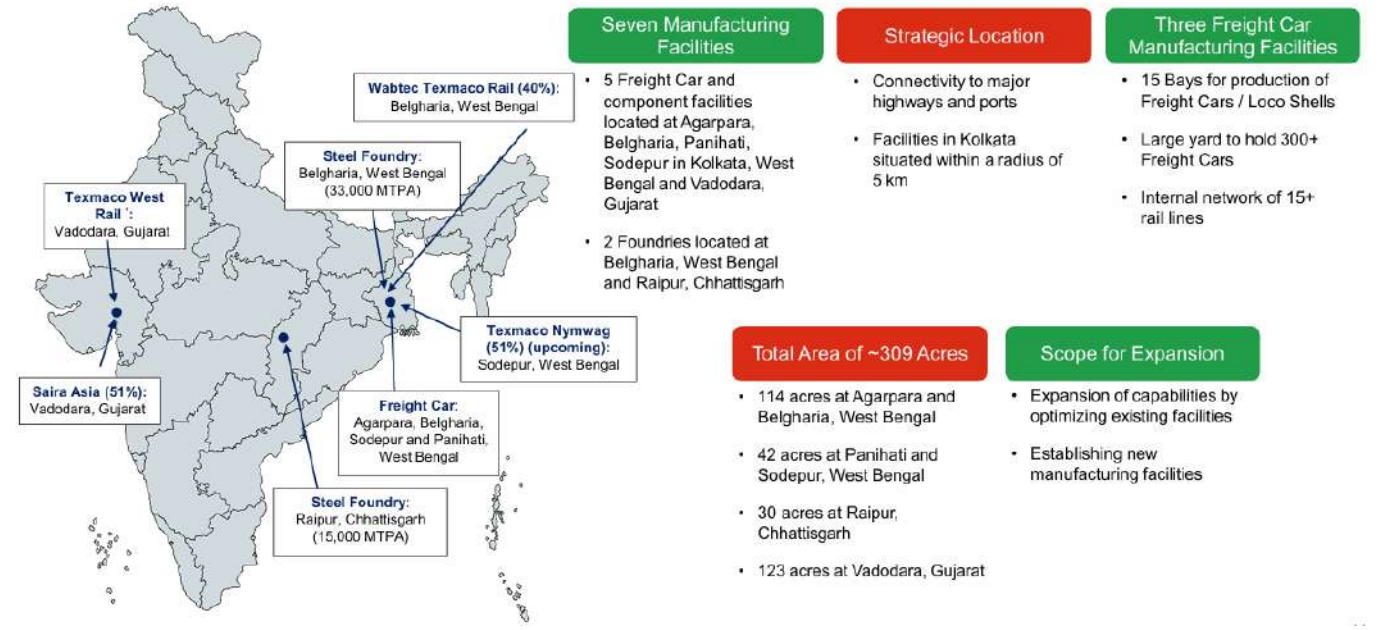
The company has strong backward integration, with in-house state-of-the-art steel foundry facility enabling it to control cost and **quality with an installed capacity of 48,000 MTPA, located at Belgharia, West Bengal (33,000 MTPA) and Urla, Raipur, Chhattisgarh (15,000 MTPA)** having Quality Assurance Certificate (M-1003) from AAR (Association of American Railroads), making it the only foundry in India qualified to export railway castings to North America.

Texmaco's commitment to becoming a fully integrated rail solutions provider it ventured into rail engineering, procurement, and construction (EPC) through acquisition of Kalindee Rail Nirman Ltd (Kalindee) in 2015 and Bright Power Projects Pvt Ltd (Bright Power) in 2016. **Kalindee is a leader in ballastless track systems for metro projects and has a strong presence in signaling and track laying, while Bright Power specializes in overhead electrification (OHE) solutions for IR**. Both companies have since been merged with Texmaco. In FY24, Texmaco's board proposed the demerger of its Infra – Rail & Green Energy division but in Q3FY25, **it has announced withdrawal of the proposed demerger citing changes in business environment and commercial considerations.**

Texmaco has partnered with global leaders to enhance its technical expertise and market reach. Its key JV include Touax Texmaco Railcar Leasing (50%) with Touax Rail (France) for wagon leasing, Wabtec Texmaco Rail Pvt Ltd (40%) is a JV for export of foundry products, with Wabtec Corporation of US, a global supplier of highly engineered components and systems for railways and specific industrial markets. It also entered a 51:49 JV, Texmaco Nymwag Rail & Components Pvt Ltd, with Nymwag C.S. (a Czech company), for manufacturing wagons and wagon components. In June 2024, Texmaco acquired a 51%

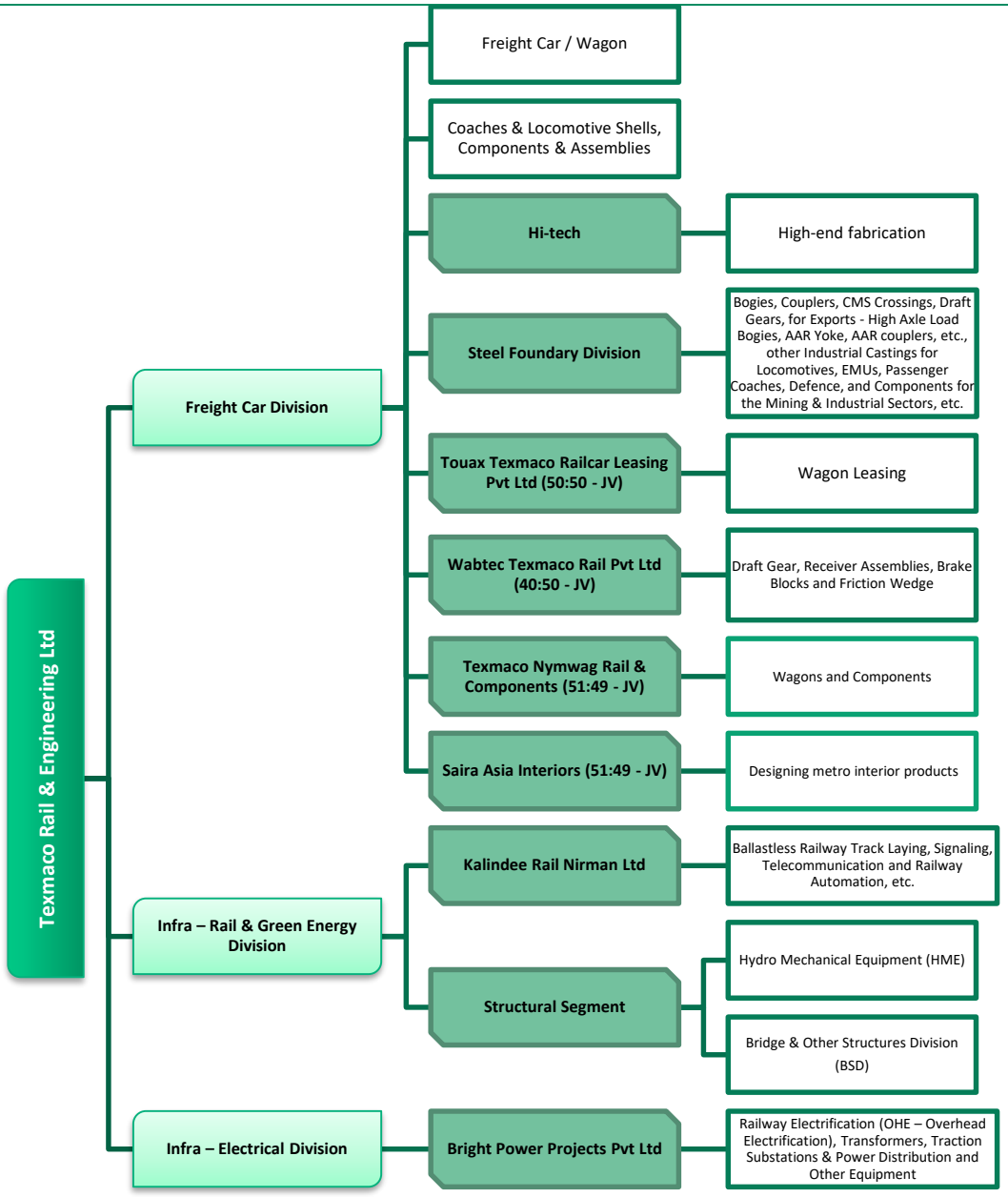
stake in Saira Asia Interiors, based in Vadodara, specializing in metro interior products, as part of its broader strategy to expand into the passenger rolling stock business. Company has also signed MoU with M/s Rail Vikas Nigam Ltd and in August approved a JV with RVNL (49:51) to manufacture and maintain rolling stock, locomotives, trainsets, and execute rail infrastructure projects to establish a framework for collaboration in areas of mutual interest, particularly in the field of railway infrastructure and allied sectors. With a strong track record, diversified business segments, and a focus on innovation, Texmaco continues to play a pivotal role in shaping India's railway infrastructure and reinforcing its global footprint.

Fig 137: Texmaco manufacturing platforms



Source: Company, SMIFS Research

Fig 138: Texmaco's comprehensive business portfolio



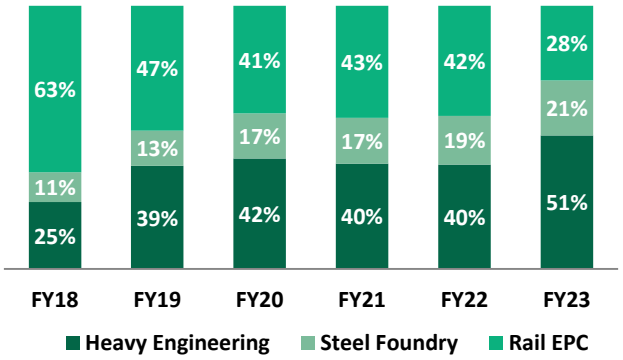
Source: Company, SMIFS Research

Till FY23, Texmaco's revenue was categorized into following major business segments viz. Heavy Engineering Division (HED - rolling stock/wagons, steel structures for hydroelectric power plants, bridges, etc), Steel Foundry Division and Rail EPC (Kalindee and Bright Power). As of FY23, HED and Rail EPC contributed ~51% & ~28% respectively to total sales, whereas steel foundry made up the remaining ~21%.

In Q2FY24, to better align its business operations strategically, the company reclassified its segments into Heavy Engineering Division (HED) for freight cars and components, Steel Foundry Division, Infra – Electrical Division (Bright Power), and Infra – Rail & Green Energy Division (Kalindee, HME & BSD).

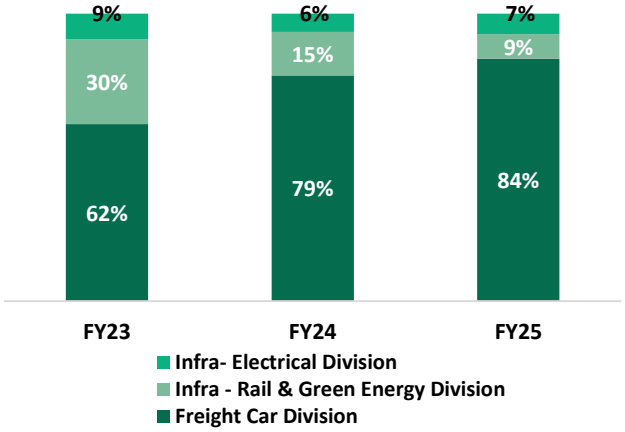
Later, in Q4FY24, the management further refined its business classification into three segments: Freight Car Division (comprising HED – freight cars & components and Steel Foundry), Infra – Electrical Division (Bright Power), and Infra – Rail & Green Energy Division (including Kalindee Rail and HME & BSD). As a result, the FY24 revenue mix stood at ~79% (~Rs 27,500 mn) from Freight Cars, 15% (~Rs 5,272 mn) from Infra – Rail & Green Energy, and 6% (~Rs 2,256 mn) from Infra – Electrical.

Fig 139: Former segment bifurcation revenue mix (%)



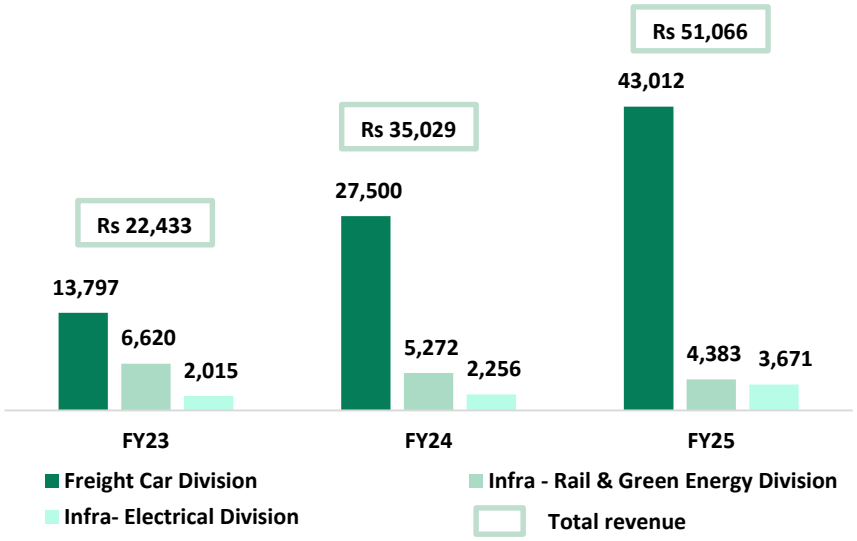
Source: Company, SMIFS Research

Fig 140: Present segment bifurcation revenue mix (%)



Source: Company, SMIFS Research

Fig 141: New segmentation revenue mix (Rs mn)



Source: Company, SMIFS Research

Texmaco's Business Verticals –

i. Freight Car Division -

Wagons: Texmaco's freight car division, holding ~25% market share, is one of India's leading wagon manufacturers, **expanding its production capacity from 6,800 wagons in 2023 to over 11,000 wagons currently**. In 2024, Texmaco expanded its manufacturing footprint by **acquiring Texmaco West Rail Ltd (formerly Jindal Rail Infrastructure Ltd) in Gujarat, adding ~3,000 wagons p.a. and increasing its total capacity to ~15,000 wagons annually.** The acquisition, valued at Rs 6.15 bn with an enterprise value of Rs 6.87 bn, is funded through issue proceeds and internal accruals, strengthening Texmaco's presence in the private sector and exports. JRIL, a market leader in specialized wagons, holds a 60+ acre land bank and has an order book of ~2,000 wagons for delivery in 12-14 months.

Texmaco specializes in manufacturing over 20 types of freight cars, including cement, alumina, car carriers, LPG, fly ash, coal hoppers, steel coil, and container carrying wagons. As a key supplier to both private and public sector clients, including power plants, container freight operators, industries involved in the production/distribution of commodities and the Ministry of Defence, Texmaco leads in the defence segment as well. One of the few companies working with mild steel, stainless-steel and composite materials for manufacturing of rolling stock solutions. Texmaco operates five freight car and component manufacturing sites—four in West Bengal (Agarpara, Belgharia, Panihati, and Sodepur) and one in Vadodara, Gujarat.

With a legacy of being India's largest wagon exporter since 1965, Texmaco meets international standards and has approvals from global bodies like the American Society for International Designs. Equipped with advanced design capabilities (3D Modeling-CREO, FEA-Ansys, AutoCAD), it supplies wagons across various gauges worldwide. The company has established a strong presence in African and Asian markets, exporting over 600 freight cars in the past decade to countries like Liberia, Mozambique, Bangladesh, Sri Lanka, Ghana, Vietnam, and others, reinforcing its leadership in global railway solutions.

Coach & Locomotive Shells, Components & Assemblies: Texmaco has established itself as the largest supplier of complete shell assemblies and sub-assemblies to IR. As India moves towards 100% railway electrification and metro rail expansion, the demand for electric locomotives and metro coaches is expected to rise significantly, driven by both IR and private sector requirements. The company has fulfilled contracts with Alstom for locomotive shell supply and with GE India Industrial Pvt Ltd for locomotive sub-assemblies. **While Texmaco had earlier planned to vacate its locomotive shell production area post-completion of existing orders to focus on expanding freight car manufacturing, but with the rising need for locomotives and its enhanced foundry capacity have led the company to reinitiate product development in this segment.**

Fig 142: Texmaco's freight car clientele and catering sectors

Source: Company, SMIFS Research

Fig 143: Texmaco's types of wagons produced

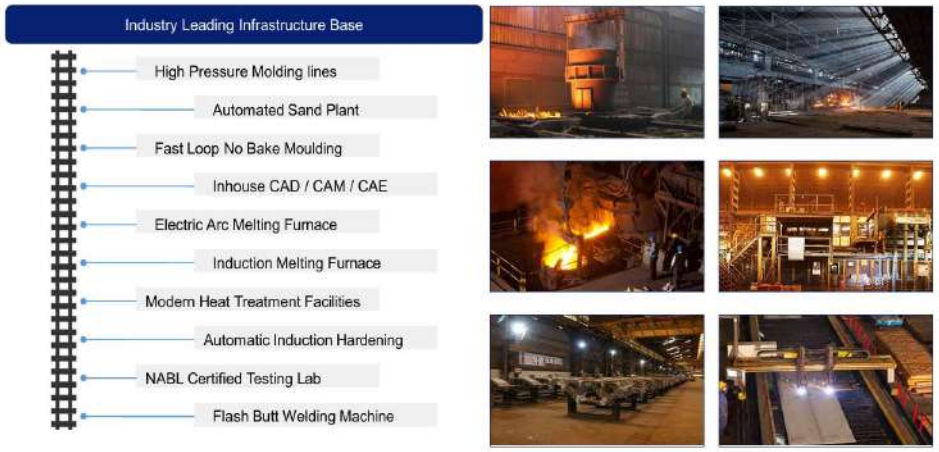
Source: Company, SMIFS Research

Steel Foundry: Texmaco is a leading manufacturer and exporter of critical castings for earth-moving equipment, defense, and industrial applications. It plays a significant role in producing various freight car components such as bogies, couplers, CMS crossings, draft gears, etc., certified by RDSO for IR and other private & global clients including the Ministry of Defense, marine, and mining industries. As one of the largest foundries catering to IR, Texmaco is also a key exporter of railway castings, supplying to international markets such as the USA, Australia, and Eurasia. The company is among the few Indian foundries certified by the Association of American Railroads (AAR), further strengthening its global credibility. Texmaco has also witnessed significant interest from

Fortune 500 companies for industrial castings. Its in-house R&D team is recognized by the Department of Science and Industrial Research, Government of India, ensuring continuous innovation and quality enhancement in its manufacturing processes. Its metallurgical laboratory is ISO/IEC 17025:2017 certified by National Accreditation Board for Testing and Calibration Laboratories (NABL), ensuring high standards in testing and calibration. Expansion plans include accreditation for metallography and wet chemical analysis.

In April 2019, acquired a steel casting foundry from Simplex Castings Ltd, located at Urla Industrial Estate in Raipur, Chhattisgarh at ~Rs 877 mn, was structured as a slump sale and added a production capacity of 12,000 MTPA (later expanded to 15,000 MTPA) aimed to complement its existing product range.

Fig 144: Texmaco's steel foundry



Source: Company, SMIFS Research

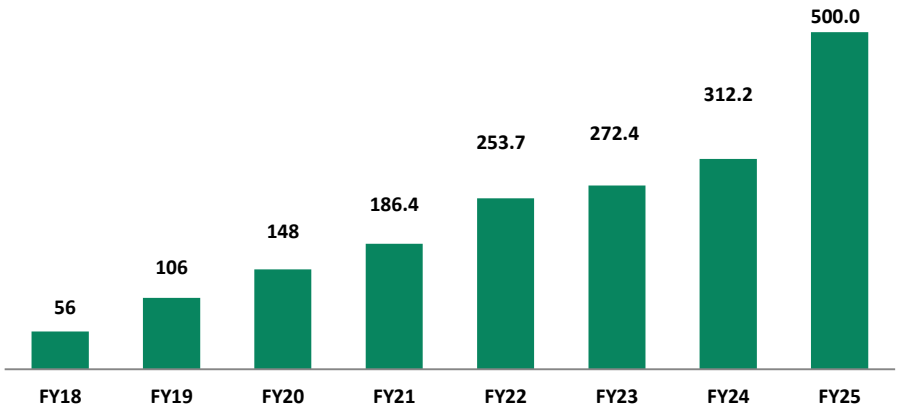
Fig 145: Texmaco's steel foundry products

Source: Company, SMIFS Research

Hi-Tech Components Systems division: Texmaco's Hi-Tech Components Systems division was established through a 50:50 JV with UGL Rail Services Ltd, Australia, in 2011. The state-of-the-art facility was set up to meet the growing demand for locomotive, wagon, and coach components. In 2015, Texmaco acquired full ownership, renaming it Texmaco Hi-Tech Pvt Ltd, and later merged it into Texmaco in 2019 to leverage growth opportunities. The unit has since built a strong global customer base, supplying high-precision components to companies like GE Transportation, Alstom, Harsco, and ZF. It plays a critical role in providing E-Loco CBS primary parts and diesel loco platform kit parts to Alstom and Wabtec. With stabilizing demand, product approvals, and production ramp-up, the division is positioned for sustained growth.

Additionally, Texmaco has established a Global Capability Center (GCC) in Faridabad to strengthen its presence in advanced engineering solutions. The center focuses on consultancy, custom solutions, global sourcing, and expanding export capabilities beyond freight cars. **With growing demand and supply chain disruptions creating new opportunities, Texmaco is well-positioned as a key supplier of precision components, including bogies, cab structures, booms, and metro rail parts, catering to both domestic and international markets.**

Fig 146: Hi-tech revenue (Rs mn)



Source: Company, SMIFS Research

ii. Rail EPC Businesses –

Texmaco has established itself as a leading railway EPC player in India and globally, offering end-to-end solutions in track work, signaling, telecom, electrification, and power distribution. With strategic acquisitions, it has expanded into railway asset maintenance and turnkey infrastructure projects, enhancing its expertise in design, installation, and commissioning.

a. Infra – Rail & Green Energy Division:

Texmaco has adopted a strategic and focused approach towards Rail Infrastructure and Green Energy, reclassifying its Rail EPC Division into 'Infra – Rail & Green Energy,' comprising the Rail EPC Kalindee Division and HME/BSD Division. This restructuring enhances the division's contribution to key growth areas.

Kalindee: With its acquisition of a controlling stake in Kalindee in 2015, Texmaco strengthened its EPC capabilities in signaling, track laying, telecommunications, and auto fare collection. Kalindee holds a leadership position in ballastless tracks for metro projects and has expanded its presence in railway infrastructure with Texmaco's financial support. Notably, the unit is a key contractor for laying ballastless tracks in Kolkata's East-West Metro Corridor, a project connecting Howrah and Sealdah stations via an underwater

tunnel 32 meters below the Hooghly River. The division specializes in advanced rail technologies, including optic fiber networks, GSM-based mobile train radio systems and end-to-end turnkey track projects. It also offers smart rail solutions, such as automated fare collection, train control systems, passenger information services, and security solutions.

HME & BSD: Texmaco provides end-to-end solutions for hydro-mechanical equipment used in hydro power plants, pumped storage plants, irrigation projects, and flood control systems. With manufacturing facilities in Panihati and Sodepur, the company produces steel gates, hoists, penstocks, gantry cranes, EOT cranes, and other critical components. It has also expanded into refurbishment and replacement projects, gaining national and international recognition for its engineering and manufacturing expertise.

In the infrastructure sector, Texmaco specializes in manufacturing steel superstructures, including girders and hull blocks for bridges and flyovers. The company designs, fabricates, and supervises installations, catering to both railway and station construction projects. Its export credentials in steel girder bridges have been strengthened through successful project execution for major EPC contractors in India and abroad.

The company has completed most of its pending HME and BSD projects, except for the 2000 MW Subansiri hydro project which is ~90% completed but scaling upto full capacity will be completed by mid 2026. Additionally, the rehabilitation of Farakka Barrage Gates has been completed, with a new project awarded in 2023 currently under execution.

Fig 147: Texmaco's Infra – Rail & Green Energy projects

Source: Company, SMIFS Research

b. Infra – Electrical Division:

Texmaco acquired a 55% stake in Bright Power in 2016, making it a subsidiary alongside Kalindee, and later merged it into Texmaco in 2019. Bright Power specializes in power distribution and railway electrification, operating with a "concept to commissioning" approach. The company has successfully executed traction and transformer substations with capacities ranging from 66kV to 220kV, delivering comprehensive solutions for railway electrification projects. Going forward, Bright Power was reported under a newly formed segment: Infra – Electrical division.

The Infra Electrical Division provides turnkey solutions across power, industrial, petrochemical, pharmaceutical, infrastructure, and high-rise building sectors. With expertise in designing, supplying, installing, testing, and commissioning electrical systems, it has executed large-scale traction and transformer substations up to 220kV. The division has also supplied and installed new transformers, integrating substations with advanced numerical relays and cutting-edge technology, further solidifying its leadership in the sector.

During FY24, the division made significant strides in its diversification into transmission and distribution by securing orders from state utilities in Maharashtra and Madhya Pradesh. Strengthening its position from maintenance to construction in railway electrification, the company secured multiple orders for 2x25 kV traction, covering both Overhead Electrification (OHE) and substations. Texmaco is well-positioned to capitalize on further opportunities in 2x25 kV traction, particularly for new railway lines and special purpose vehicles (SPVs) of IR.

Fig 148: Texmaco's Infra – Electrical Division projects

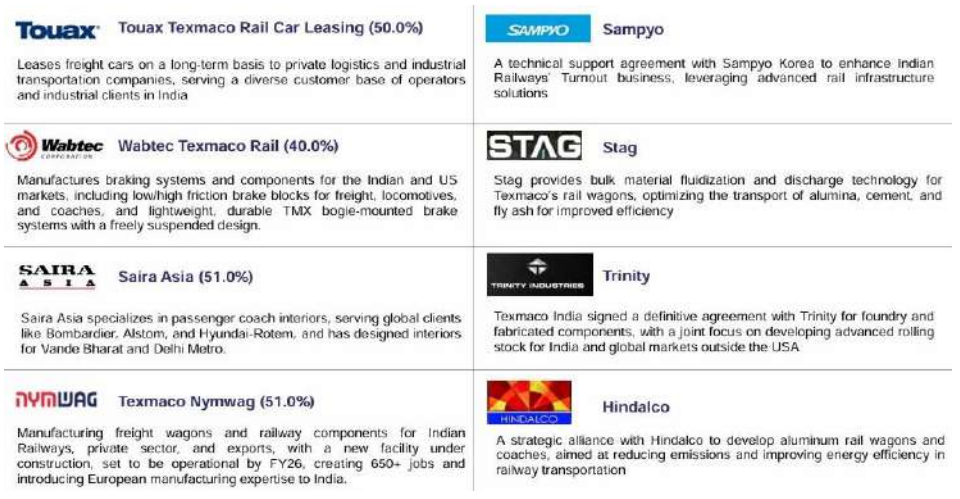
Source: Company, SMIFS Research

JV's and Strategic Alliances with Global Partners

In order to strengthen its domestic presence and enhance export potential, Texmaco has formed strategic collaborations with leading multinational companies:

- **Wabtec Texmaco (40% JV):** manufactures world class braking systems and components for the Indian and US markets. The JV has achieved record-high production volumes of draft gears and friction wedges, while significantly increasing exports of receivers to Wabtec, Mexico, driven by AAR's 2025 mandate. The JV is also introducing advanced technologies such as the 4-Port Automated Brake Pressure Monitoring System and the Brake System Health Monitor for Indian Railways. Additionally, it has established a dedicated facility for manufacturing Air Brake Equipment, including C3W-type Distributor Valves, and is in the process of obtaining RDSO approval for commercial supply. These strategic initiatives reinforce Texmaco's leadership in wagon and foundry manufacturing, ensuring sustained growth, technological advancement, and strong market positioning in both domestic and export segments.
- **Touax Texmaco (50% JV):** Formed JV with Touax rail a subsidiary of Touax Group, headquartered in France for leasing freight cars on a long-term to private sector logistics and industrial transportation companies in India. The JV has successfully leased out its fleet of 27 rakes for periods ranging from 10 to 14 years, with strong demand for an additional 50 rakes from major customers like TMIL, JSW, and Orient Cement. The JV is also diversifying its wagon portfolio by developing advanced designs for steel coils, cement, and autocars, along with new initiatives such as aluminum wagons and improved cement carriers, positioning itself for long-term growth in the private wagon market.
- **Nymwag Texmaco (51% JV):** Manufacturing freight wagons and railway components for IR, private sector, and exports; facility under construction.
- **Saira Asia (51% JV):** manufactures passenger coach railway interiors, based in Vadodara.
- **Rail Vikas Nigam Ltd (RVNL) (49% JV):** The JV will combine Texmaco and RVNL's strengths to manufacture and maintain rolling stock, locomotives, trainsets, and undertake rail infrastructure projects in India and abroad.
- **Sampyo:** Texmaco's foundry has signed a technical collaboration with Sampyo Korea for IR Turnout business.
- **Stag:** provides bulk material fluidization and discharge technology for Texmaco's rail wagons, enhancing efficiency in transporting alumina, cement, and fly ash.
- **Trinity:** signed a definitive agreement with Trinity for foundry and fabricated components, also for jointly developing advanced rolling stock for India and global markets outside USA.
- **Hindalco:** strategic alliance to develop aluminum rail wagons and coaches for emission reduction and efficiency.

Fig 149: Business & technology Partnership



Source: Company, SMIFS Research

Key risks

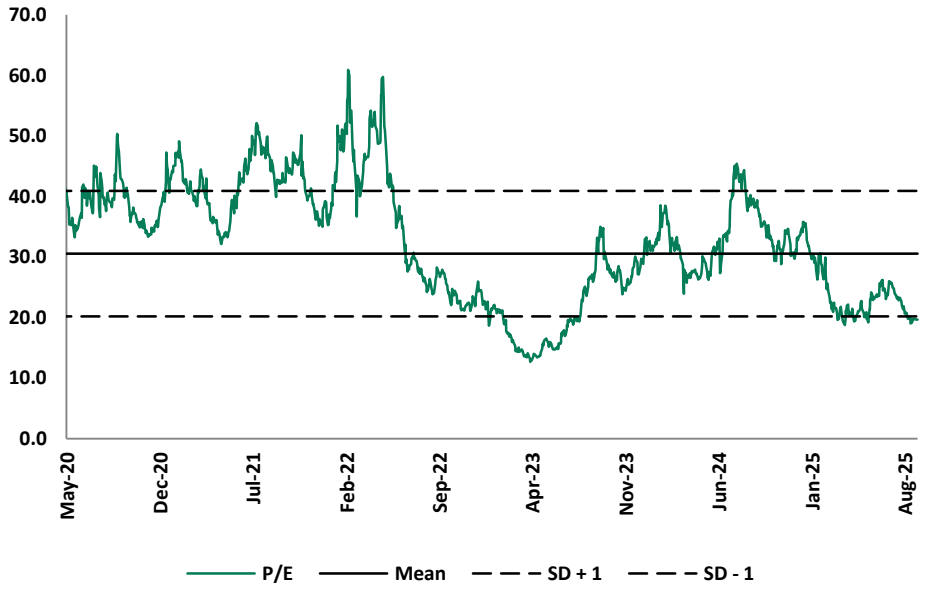
- **Dependence on IR:** A significant portion of Texmaco's revenue comes from IR orders. Any delays, policy changes, or budget constraints from IR could impact order inflows and execution timelines.
- **Working capital intensity:** The rail EPC segment, especially Kalindee, has high receivables and elongated working capital cycles, which could strain liquidity and increase reliance on debt.
- **Execution risks:** Delays in project approvals, supply chain disruptions (such as wheel-set shortages), or labor constraints could affect timely execution and impact financial performance.
- **Rising raw material costs:** Fluctuations in steel, wheel sets, and other input costs could compress margins, especially if cost pass-through mechanisms are not fully in place.
- **Regulatory & policy risks:** Any changes in government policies regarding freight movement, rail modernization, or funding allocations could impact Texmaco's long-term growth prospects.
- **Debt & financial leverage:** Despite equity fundraisers, Texmaco's debt levels remain a concern. Further increase in borrowings or higher interest rates could impact profitability.

Valuation and Recommendations

Texmaco is well-positioned to capitalize on the strong growth momentum in India's rail infrastructure sector, supported by a healthy order book. The government's continued thrust on increasing rail's share in freight transportation, rapid electrification, high-speed rail projects, and enhanced safety measures like Kavach present a multi-year opportunity for wagon manufacturers. Texmaco's diversified business model across freight cars, EPC, and foundry operations, along with its technical collaborations and R&D capabilities, ensures a competitive edge in this evolving landscape. Additionally, the company's strategic backward integration and import substitution initiatives further strengthen its cost efficiency and supply chain resilience.

With a strong balance sheet backed by strategic fund raisings, Texmaco has significantly reduced its reliance on high-cost debt while ensuring financial flexibility for expansion. The company's focus on high-margin projects, operational efficiencies, and increased execution of private sector orders will drive steady revenue and profitability growth. As the demand for wagons continues to rise, along with increasing private participation in rail freight, Texmaco remains well-positioned to leverage these opportunities and sustain long-term value creation. The combination of robust order inflows, improving margins, and strategic investments will enable Texmaco to strengthen its leadership in the rail mobility and EPC space. ***Thus, we have valued the stock at 20xFY28E EPS of Rs 8.9 to arrive at a target price of Rs 178. We initiate this coverage with a "BUY" rating on the stock, with an upside of ~26%.***

Fig 150: 1 Year Forward P/E Chart



Source: ACE Equity, SMIFS Research

Quarterly financials, operating metrics & key performance indicators

Fig 151: Quarterly Financials (Consolidated)

Y/E March (Rs mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Sales	**8,050**	**8,964**	**11,446**	**10,882**	**13,459**	**13,261**	**13,464**	**9,106**
COGS	6,759	7,543	9,771	9,043	11,322	11,052	11,350	7,643
Gross Profit	1,292	1,421	1,674	1,839	2,137	2,209	2,114	1,463
Employee Costs	340	361	361	399	431	441	437	446
Other Expenditure	190	235	477	371	385	463	701	308
EBIDTA	**762**	**825**	**836**	**1,069**	**1,322**	**1,306**	**976**	**709**
Depreciation	88	89	88	106	109	108	109	109
Other Income	54	89	195	165	165	81	166	80
PBIT	**728**	**825**	**944**	**1,128**	**1,378**	**1,279**	**1,034**	**681**
Interest	366	338	277	279	402	347	343	307
Profit/Loss from JV and Associates	**44**	**47**	**36**	**65**	**67**	**65**	**37**	**63**
PBT	**406**	**533**	**703**	**914**	**1042**	**996**	**727**	**437**
Tax	160	229	250	322	301	233	336	143
Tax rate (%)	39.4%	42.9%	35.6%	35.2%	28.9%	23.3%	46.2%	32.8%
Reported PAT	**246**	**304**	**453**	**592**	**741**	**764**	**392**	**293**
Non-controlling interests	**-1**	**-1**	**-1**	**-6**	**12**	**-3**	**-6**	**-7**
Consolidated PAT	**246**	**305**	**453**	**598**	**729**	**767**	**398**	**300**
Adjusted PAT	**246**	**305**	**453**	**598**	**729**	**767**	**398**	**300**
YoY Growth (%)								
Revenue	66.2%	43.5%	37.0%	65.7%	67.2%	47.9%	17.6%	-16.3%
EBIDTA	75.9%	47.3%	51.3%	405.3%	73.4%	58.3%	16.7%	-33.7%
Adj. PAT	59.7%	138.0%	147.3%	369.2%	195.6%	151.6%	-12.2%	-49.9%
QoQ Growth (%)								
Revenue	22.6%	11.4%	27.7%	-4.9%	23.7%	-1.5%	1.5%	-32.4%
EBIDTA	260.4%	8.2%	1.4%	27.8%	23.7%	-1.2%	-25.2%	-27.3%
Adj. PAT	93.3%	23.7%	48.6%	32.0%	21.8%	5.3%	-48.2%	-24.6%
Margin (%)								
Gross margin (%)	16.0%	15.9%	14.6%	16.9%	15.9%	16.7%	15.7%	16.1%
Employee cost/ revenue (%)	4.2%	4.0%	3.2%	3.7%	3.2%	3.3%	3.2%	4.9%
Other expenses/revenue (%)	2.4%	2.6%	4.2%	3.4%	2.9%	3.5%	5.2%	3.4%
EBIDTA margin (%)	9.5%	9.2%	7.3%	9.8%	9.8%	9.8%	7.2%	7.8%
Adj. PAT margin (%)	3.1%	3.4%	4.0%	5.5%	5.4%	5.8%	3.0%	3.3%

Segment Updates (Rs mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Freight Car Division								
Revenues	6,491	6,856	8,844	9,301	11,775	11,150	10,786	7,290
EBIT	538	621	651	913	1,111	1,130	736	478
EBIT (%)	8.3%	9.1%	7.4%	9.8%	9.4%	10.1%	6.8%	6.6%
Infra - Rail & Green energy								
Revenues	1,238	1,422	1,651	1,045	939	1,096	1,303	828
EBIT	49	10	-122	-102	-96	-100	7	-19
EBIT (%)	3.9%	0.7%	-7.4%	-9.8%	-10.2%	-9.1%	0.5%	-2.3%
Infra - Electrical								
Revenues	322	687	950	536	745	1,015	1,374	988
EBIT	42	74	96	61	100	117	167	91
EBIT (%)	13.0%	10.7%	10.1%	11.3%	13.4%	11.6%	12.1%	9.2%
No. of Wagons Manufactured (Units)	**Q2FY24**	**Q3FY24**	**Q4FY24**	**Q1FY25**	**Q2FY25**	**Q3FY25**	**Q4FY25**	**Q1FY26**
Wagons	**1,637**	**1,756**	**2,304**	**2,374**	**2,927**	**2,714**	**2,597**	**1,815**
YoY Growth (%)	*243.2%*	*63.8%*	*64.1%*	*78.4%*	*78.8%*	*54.6%*	*12.7%*	*-23.5%*
QoQ Growth (%)	*23.0%*	*7.3%*	*31.2%*	*3.0%*	*23.3%*	*-7.3%*	*-4.3%*	*-30.1%*

Source: Company, SMIFS Research

Financial Statements (Consolidated)

Income Statement					
YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenues	**35,029**	**51,066**	**51,244**	**54,238**	**58,120**
Raw Materials	29,523	42,848	42,968	45,451	48,646
% of sales	84.3%	83.9%	83.9%	83.8%	83.7%
Personnel	1,388	1,707	1,794	1,898	2,063
% of sales	4.0%	3.3%	3.5%	3.5%	3.6%
Manufact. & Other Exp.	1,482	1,838	1,742	1,790	1,744
% of sales	4.2%	3.6%	3.4%	3.3%	3.0%
EBIDTA	**2,635**	**4,673**	**4,740**	**5,098**	**5,667**
Other Income	695	577	384	461	494
Depreciation	382	431	454	508	546
PBIT	**2,949**	**4,818**	**4,670**	**5,052**	**5,614**
Finance Cost	1,327	1,372	1,269	1,124	979
Core PBT	**1,094**	**3,103**	**3,257**	**3,716**	**4,397**
Exceptional Item	0	0	0	0	0
Share of Profit/(Loss) from JV/ associates	168	234	241	249	256
PBT	**1,790**	**3,680**	**3,642**	**4,177**	**4,891**
Tax-Total	660	1191	940	1078	1262
Tax Rate (%)	36.9%	32.4%	25.8%	25.8%	25.8%
Reported PAT	**1,130**	**2,489**	**2,702**	**3,099**	**3,629**
Non-controlling interests	-2	-3	-	-	-
Consolidated PAT	**1,128**	**2,486**	**2,702**	**3,099**	**3,629**
Adjusted PAT	**1,128**	**2,486**	**2,702**	**3,099**	**3,629**

Source: Company, SMIFS Research Estimates

Key Ratios					
YE March	FY24	FY25	FY26E	FY27E	FY28E
Growth ratios (%)					
Net sales	56%	46%	0%	6%	7%
EBIDTA	81%	77%	1%	8%	11%
Adj PAT	341%	120%	9%	15%	17%
Margin Ratio (%)					
Gross Profit	15.7%	16.1%	16.2%	16.2%	16.3%
EBITDA Margin	7.5%	9.2%	9.3%	9.4%	9.7%
EBIT Margin	6.4%	8.3%	8.4%	8.5%	8.8%
Core PBT Margin	3.1%	6.1%	6.4%	6.9%	7.6%
Adj PAT Margin	3.2%	4.9%	5.3%	5.7%	6.2%
Return Ratio (%)					
ROE	5.8%	9.3%	9.0%	9.3%	10.1%
ROCE	4.5%	7.6%	7.9%	8.2%	8.7%
Turnover Ratio days (days)					
Gross Block Turnover (x)	0.9	1.1	1.0	1.0	1.1
Adj OCF/ PAT (%)	-33	-74	98	82	-35
Inventory	76	60	76	75	72
Debtors	87	80	91	90	90
Creditors	79	57	55	55	55
Cash Conversion Cycle	83	83	112	110	107
Solvency Ratio (%)					
Debt-equity (x)	0.2	0.3	0.3	0.2	0.2
Net Debt-equity (x)	0.1	0.3	0.2	0.1	0.1
Gross Debt/EBIDTA	2.4	2.0	1.7	1.4	1.1
Current Ratio	2.7	2.3	2.4	2.4	2.4
Interest Coverage Ratio (x)	1.7	3.1	3.4	4.1	5.2
Dividend					
DPS (Rs)	0.5	0.8	0.8	1.0	1.3
Dividend Payout (%)	15.2%	12.1%	12.1%	13.1%	14.0%
Dividend Yeild (%)	0.3%	0.5%	0.5%	0.6%	0.8%
Per share (Rs)					
EPS (Reported)	3.3	6.2	6.6	7.6	8.9
Adj EPS	3.3	6.2	6.6	7.6	8.9
CEPS	3.8	7.3	7.8	8.9	10.3
Book value	63.3	70.9	78.1	84.7	92.4
Valuation					
P/E	38.4	32.5	21.3	18.5	15.8
P/BV	2.0	2.8	1.8	1.7	1.5
EV/EBITDA	18.9	18.6	13.0	12.0	10.7
EV/Sales	1.4	1.7	1.2	1.1	1.0
Adj M.Cap/Core PBT	39.7	25.0	16.4	14.5	12.3
Adj M.Cap/ Adj OCF	-117.7	-42.3	20.2	21.2	18.7

Source: Company, SMIFS Research Estimates

Balance Sheet					
YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Sources of funds					
Capital	399	399	407	407	407
Reserves & Surplus	24,904	27,903	31,396	34,088	37,208
Shareholders' Funds	**25,303**	**28,302**	**31,804**	**34,496**	**37,616**
Total Debt	**6,297**	**9,254**	**8,254**	**7,254**	**6,254**
Other Non-current liabilities	1,050	802	802	802	802
Total Liabilities	**32,650**	**38,359**	**40,860**	**42,552**	**44,672**
Application of funds					
Net Block inc Capital WIP	4,507	9,470	10,515	11,508	12,461
Right of Use Assets	44	269	269	269	269
Non Current Investment	1,344	1,630	1,640	1,681	1,744
Other non-current Asset	**1,192**	**1,175**	**1,175**	**1,175**	**1,175**
Inventories	7,236	8,520	9,947	10,328	10,540
Sundry Debtors	8,817	13,666	12,776	13,374	14,331
Other Current Assets	11,729	10,709	10,560	11,159	11,936
Quasi Cash Investment	2,904	826	512	542	581
Cash & Bank Balances	4,075	2,105	3,354	2,920	2,703
Total Current Assets	**34,761**	**35,826**	**37,150**	**38,323**	**40,091**
Sundry Creditors	6,758	6,388	6,320	6,685	7,155
Other Current Liabilities	2,442	3,623	3,570	3,719	3,914
Total Current Liabilities	**9,199**	**10,011**	**9,890**	**10,405**	**11,069**
Net Current Assets	**25,562**	**25,815**	**27,260**	**27,919**	**29,022**
Total Assets	**32,650**	**38,359**	**40,860**	**42,552**	**44,672**

Source: Company, SMIFS Research Estimates

Cash Flow					
YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Operating profit before WC changes	**3,226**	**5,336**	**5,365**	**5,809**	**6,416**
Net change in working capital	-2,384	-5,359	-510	-1,063	-1,282
Income tax paid	116	-442	-940	-1,078	-1,262
Cash flow from operating activities (a)	**958**	**-466**	**3,916**	**3,668**	**3,873**
Adjusted OCF	-369	-1,838	2,646	2,544	2,894
Capex	-821	-5,325	-1,500	-1,500	-1,500
Adjusted Free Cash Flow	-1,190	-7,163	1,146	1,044	1,394
Cash flow from investing activities (b)	**-6,329**	**-956**	**-1,196**	**-1,572**	**-1,601**
Debt Issuance (repayment)	-3,554	2,945	-1,000	-1,000	-1,000
Interest & Lease expenses	-1,379	-1,367	-1,269	-1,124	-979
Dividend Paid	-48	-200	-326	-407	-509
Issue of Equity, QIP raised	10,311	344	1,125	-	-
Cash flow from financing activities (c)	**5,330**	**1,721**	**-1,470**	**-2,532**	**-2,488**
Net change in cash (a+b+c)	**-38**	**301**	**1,249**	**-435**	**-217**

Source: Company, SMIFS Research Estimates

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