

Jupiter Wagons Ltd- Master document

Recommended Market cap as on 11/04/2023 - Rs. 3821 Cr.

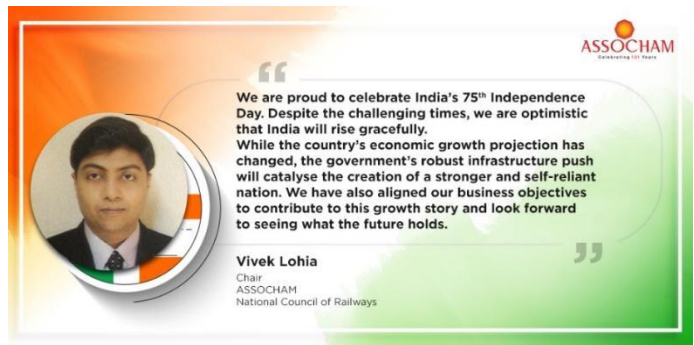
Current Market cap as of 23/12/2025- Rs. 20,142 Cr.

(Note- 31,752 Cr. was the all-time high market cap)

Establishment

- Incorporated in 2006, is a part of the Kolkata-based Jupiter Group. Company engages in business of engages in the business of manufacturing of railway wagons, high speed bogie. for Indian railway and private companies.
- Company is backward integrated with a foundry shop to manufacture various components of a typical wagon like couplers, bogies, draft gears, CRF section, etc. Company also manufactures Load bodies application for Commercial vehicles.
- Jupiter wagon started business wagon business in 2013-2014 partnering with Tatravagonka (European market leader in Freight and wagon manufacturing) for manufacturing of wagons.
- Marquee clientele Indian railways, The ministry of Defense, GATEX, Adani, Tata motors, Volvo Eicher motors, Bharat Benz, Avia motors, etc.
- Company has global partnership with Slovakian company Tatravagonka (promoter group 20% stake), DAKO-CZ, Kovis prouizvodna, Telleres Algeria S.A (Spain), Frenoplast S.A (Poland) and LAF-CIM.

Promoter



Mr. Vivek Lohia (Managing Director)

- He is a Management Graduate from the Wharton Business School, U.S.A., presently Mr. Lohia is serving as a Director on the Board of Jupiter Wagons Limited a promoter group company manufacturer of Wagons and equipment for Railways and Engineering sector, he is also associated with many other companies, associations and committees on various positions.
- Mr. Lohia possesses in overall more than 20 years of experience in Service operations managements, Rail Transport Planning and management, infrastructure and transportation system, supply chain and logistics management, Marketing Management
- Mr. Lohia is Chairperson of ASSOCHAM National council of railway.

Mr. Vikash Lohia (Whole time director)





- He is a Graduate (B.S-M&T program) from Wharton Business School. He has an experience of more than 20 year on commercial purchase/commercial department, leading the company in building a global reputation with a differentiated business model.

Mr Asim Ranjan Dasgupta (Whole time director)

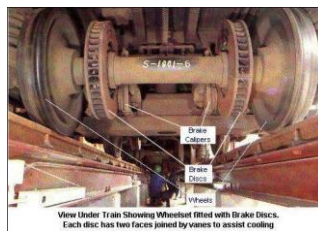
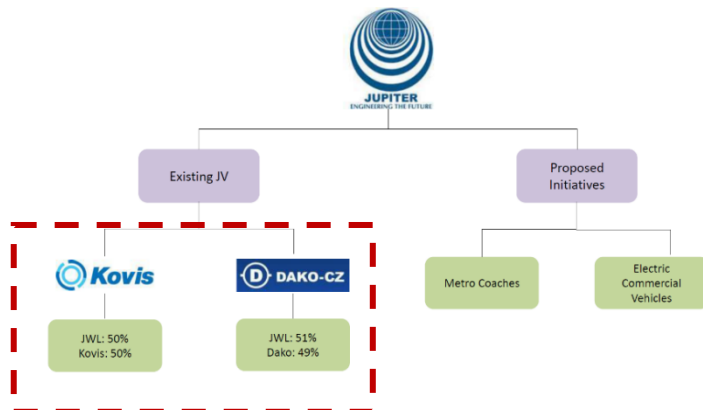
- He is an alumnus of IIT Kharagpur and he is Qualified Mechanical Engineer. Mr. Gupta has served in senior positions in the organizations such as Hindustan Engineering, Burn Standard, Burnpur, Braithwaite & Co. In addition to the above He worked with many renowned wagons manufacturing companies in a senior most position and he has a total 50 years of experience in the wagons industry.

Global partnership


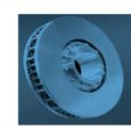



- Tatravagonka and Budamar Logistics for manufacturing wagons
- DAKO-CZ for manufacturing disc brake systems of Linke Hofmann Busch coaches
- Kovis Proizvodna družba for manufacturing brake discs of Linke Hofmann Busch coaches
- Talleres Alegría S.A. for manufacturing welded cast manganese steel crossings of high-speed tracks
- LAF-CIM Group for manufacturing center buffer couplers with balanced draft gears of Linke Hofmann Busch coaches
- Colway Ferroviaria S.L. for manufacturing high-speed passenger coach interiors and modern toilet systems (for common and disabled passengers)
- Frimatrail Frenoplast S.A. for manufacturing brake pads of Linke Hofmann Busch, metro and other locomotive coaches

| | | | |
|---|--|--|---|
|  <p>Tatravagonka (CSG Group, Czech Republic and Budamar) designs, Slovakia) for manufacturing wagons. Tatravagonka is one of the most eminent players in the industry with a European market share of >30%. Over the past century, Tatravagonka has emerged as the leader in the development and production of freight wagons in Europe. Tatravagonka is respected for its unique customer designs. Its large product basket comprises special wagons, hoppers and ancillary products.</p> |  <p>Budamar Logistics provides logistical support to clients. Rutimac is a European leader in logistics. Freight forwarding and multimodal transport services. The Company has a rich legacy in serving maritime customers with its diversified service portfolio. The Company is one of the major shareholders in Tatravagonka.</p> |  <p>DAKO-CZ (Czech Republic) for manufacturing disc brake systems of Linke Hofmann Busch coaches. Dako's product portfolio includes brake systems and components for freight and passenger vehicles, suburban units, locomotives, metro cars and trams. Dako's devices for pneumatic brake systems, including distributor valves, complementary valves, mechanical and electrical brake valves, brake cylinders and disc brake units, among others, comply with international standards and UIC regulations. Dako's in-house R&D team and modern day testing laboratory enables the company to respond rapidly and flexibly to changing customer requirements.</p> |  <p>Kovis Proizvodna družba (Slovenia) for manufacturing brake discs of Linke Hofmann Busch coaches. The Kovis Group comprises four companies, namely Kovis, which produces brake discs, axles boxes, brake shoe holders, brake pads and plain bearings for the railway sector. Kovis Livarna produces high-quality castings made of ductile and grey cast iron. Kovis SP undertakes processing and production of high-quality axle boxes for freight wagons. Kovis Transport provides logistical and internal-external transport services. Nearly 98% of the group's revenues are generated from exports to 34 countries including Germany, Poland, Slovakia, the Czech Republic, France, Hungary, Great Britain, Italy and Slovenia as well as the United States.</p> |
|---|--|--|---|

| | | | |
|--|---|---|---|
|  <p>Talleres Alegría S.A. (Spain) for manufacturing welded cast manganese steel crossings of high-speed tracks. Talleres Alegría's activities revolve around designing, manufacturing and providing technical assistance pertaining to fixed track equipment for conventional lines, subways, trams and high-speed lines. Furthermore, the company is accredited with the UNI-EN ISO 9001:2000 and UNI-EN ISO 14001 certifications pertaining to quality and environmental management systems.</p> |  <p>Frimatrail Frenoplast S.A. (Poland) for manufacturing brake pads of Linke Hofmann Busch, metro and other locomotive coaches. Frimatrail Frenoplast S.A. produces composite friction materials for railway vehicles and supplies the products from a well-known manufacturer of composite friction materials for railway vehicles. The company puts emphasis on the development of new products like composite brake shoes (low and high-friction) for passenger and freight trains and disc brake pads as well to make the rail journey safer and more environment-friendly.</p> |  <p>Colway Ferroviaria S.L. (Spain) for manufacturing high-speed passenger coach interiors and modern toilet systems (for general and disabled passengers). Belonging to the Colway Group, Colway Ferroviaria designs, engineers, manufactures, supplies, installs and commissions turnkey railway vehicle interiors. Through the integrated management of modular supplies, based on its in-depth sectoral experience, capable personnel and state-of-the-art R&D base, the company has expertly addressed the needs of its clientele primarily comprising private railway players and public administrative bodies.</p> |  <p>LAF-CIM Group (France) for manufacturing centre buffer couplers with balanced draft gears of Linke Hofmann Busch coaches. Les Appareils Ferroviaires is one of the most well-known designers and manufacturers of high-quality, tailor-made railway components such as East-West Ulnik couplers and Modakohlt drawbars. The company has a presence in 120 countries, having designed and manufactured >80,000 couplers. The company's product portfolio includes automatic couplers, crabs, traction devices, draft gears, fuse devices and special buffers.</p> |
|--|---|---|---|



Existing Joint Ventures

| | | |
|---|---|---|
| <p>1</p>  <p>JWL: 50% Kovis: 50%</p> | <p>Company is currently setting up infrastructure, and is expected to commence production and generate Revenue from FY23</p> <p>Brake Disc for LHB coaches</p> <p>Approved by RDSO</p>  | <p>Clients: Passenger Transport</p> <p>ALSTOM SIEMENS SKODA CAF</p> <p>BOMBARDIER NedTrain DB Mobility Networks Logistics</p> <p>Clients: Freight Transport</p> <p>VTG GRENDEL PTT RAIL ASTRA RAIL</p> <p>BONATRANS OHH-VALDOUNES</p> |
| <p>2</p>  <p>JWL: 51% Dako: 49%</p> | <p>Company is currently setting up infrastructure, and is expected to commence production and generate Revenue from FY23</p> <p>Approved by RDSO</p> <p>Brake Systems for:</p> <ul style="list-style-type: none"> High Speed Passenger Coach Metro-coach Freight Car <p>Brake System for train units & Metro</p>  <p>Brake System for Passenger coaches & Locomotives</p>  | |



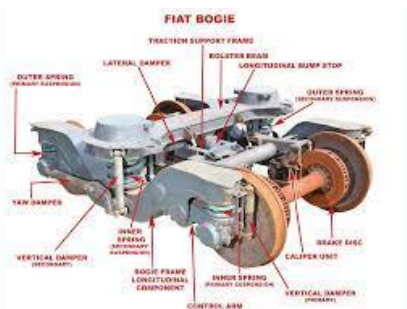
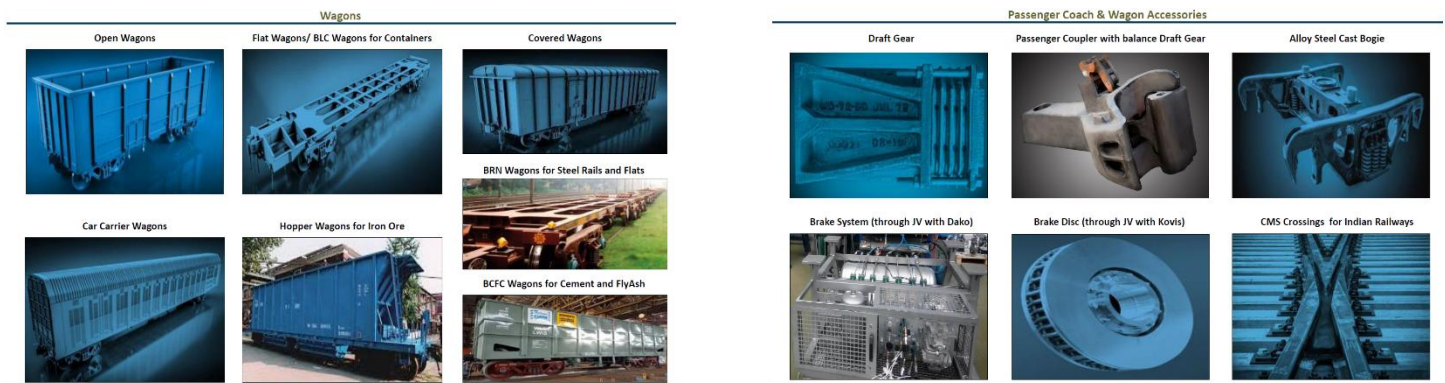
Industry capacity

- The wagon manufacturing industry had never supplied more than 15,000 wagons. While the installed capacity of the industry is about 30,000 wagons (Optimal capacity up to 65%), the capacity was never fully utilized.
- The Target run rate required is 2,500 wagons per month considering 30,000 wagons per year.

Revenue mix

- Company has two division Wagon business which comprises 75% of total sales and Commercial vehicles (CV) business which comprises 25%.
- CV business has been from the acquisition of CEBBCO.

Product portfolio



Product Overview

1) Open Wagons- BOXNS, BONHL, BOXNHS, BOY

Type of Commodity- Coal



2) Covered Wagons- BCNHL, BCNAHS

Type of Commodity- Food Grain, Fertilizers, bag quantities



3) Flat Wagons – BRNA/BRNAHS, BRNA-EUR, BFNS/BFNSM1, BFSNSM22.9

Type of Commodity- Rail, Steel Plates, Sleepers



4) Hopper Wagons

Type of Commodity- Ballast

5) Container Wagons

Type of Commodity- Container



6) Special Purpose Wagons



Key Clientele

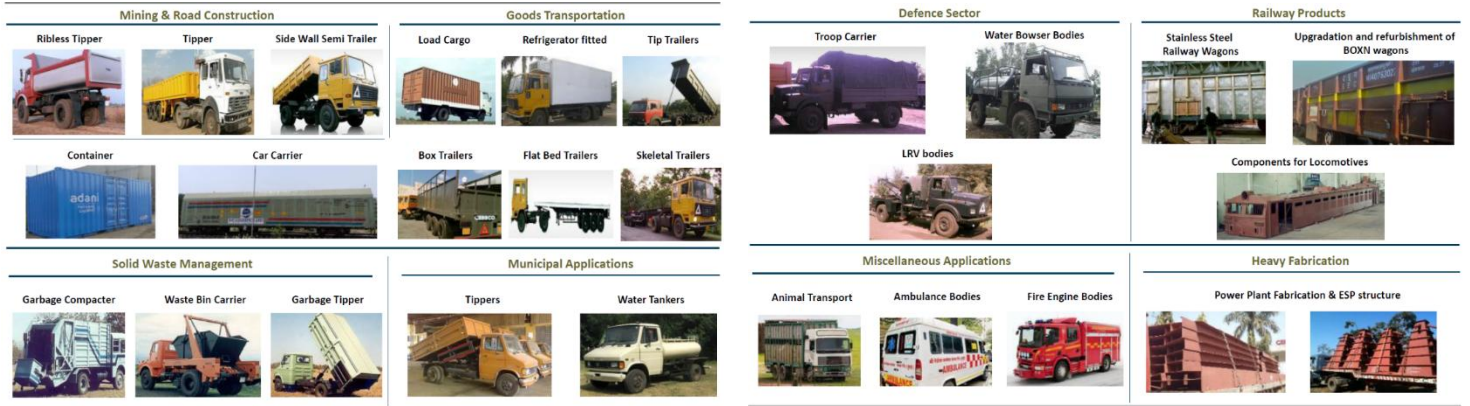
Blue Chip Companies



Public Sector/ Indian Government



Commercial Vehicle division



Key Clientele



Manufacturing facility

Jupiter wagon

Located at West Bengal and spread across 100 acres of industrial land with 4km of railway siding and captive power substation

| Total Capacity | | Infrastructure | |
|---|------------------------------------|---|--|
| Product | Annual Production Capacity (units) | <p>MOST DIVERSIFIED AND FASTEST GROWING RAILWAY & TRANSPORTATION ENGINEERING ENTERPRISE</p> <p>GLOBAL TECHNOLOGY</p> <p>COMPLETE MOBILITY SOLUTIONS PROVIDER</p> <p>JUPITER ENGINEERING THE FUTURE</p> | |
| Wagons | 4,200 | | |
| High Tensile Couplers | 14,000 | | |
| Draft gears | 14,000 | | |
| Bogies | 10,000 | | |
| Cast manganese steel crossings / Turnouts | 3,000 | | |

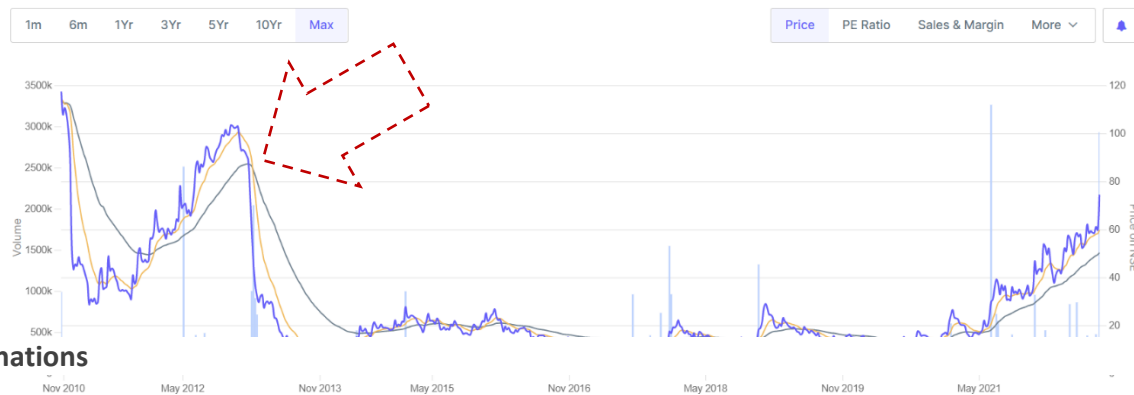
CEEBCO



Integrated manufacturing of over 24,000 vehicle bodies per annum.; 3,000 wagons per annum; 6,000 tons per annum of heavy fabrication facilities; and container manufacturing of 2,400 per annum

- **Company has wagon capacity of 6,500 wagons per year.**

Issues with CEBCO



Resignations

- On 1st December 2010 CEBCO announced that the Chief Financial Officer Abhijit Kanvinde, resigned with effect from November 30, 2010. Mr Kanvinde was the at the time of the IPO
- On 10th August 2011 CEBCO informed the stock exchanges BSE that Mr. Bharat Bakhshi, nominee director of New York Life Investment Management Fund (FVCI) from the board of CEBCO. He was a director at the time of the IPO. Mr. Shyam Mani was appointed [Aug. 2011] as additional director on the board of the Company after the resignation of the New York nominee director.
- On 15th December 2011 Mr. A. K. Rao (Independent Director) resigned and Mr. Praveen Kumar was appointed as an independent Director of the Company. Mr. AK Rao was an Independent Director prior to the IPO
- On 30th January 2012, Mr Shyam Mani resigned. He was with the company barely six months. The Board decided that Mr. Kailash Gupta, CMD should request Mr. Mani to continue but Mr Mani obviously had made up his mind and so on 15th February 2012 the Board accepted Mani's resignation
- On 7th February 2012 Mr. Amit Jain, CFO, resigned and Mr. Abhijit Kanvinde was appointed as the CFO again.

Issue between promoters

Introduction

- The Securities and Exchange Board of India (SEBI) has taken a conservative stand in its interpretative letter dated December 5, 2012 issued to Commercial Engineers and Body Builders Company Ltd. (CEBCO).
- The letter clarifies that the exemption for inter se transfer of shares amongst promoters can only be availed by persons who are disclosed as promoters in the shareholding pattern of the target company for the last three years even in cases where the target company has not completed three years of listing on a stock exchange.

Facts

- Equity shares of CEBCO were listed on NSE and BSE on October 18, 2010. The promoters and the promoter group collectively hold 55.81% of the paid-up share capital of CEBCO.
- Mr. Ajay Gupta (AG), one of the promoters of the Company, intends to sell shares of CEBCO constituting 17.61% of the paid-up share capital to Mr. Kailash Gupta (KG) another promoter of the Company and also father-in-law of AG. Since, the proposed transfer will trigger the open offer obligations under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the Takeover Code), parties want to avail the benefit of exemption under Regulation 10(1)(a)(ii) of the Takeover Code.
- Per Regulation 10(1)(a)(ii) of the Takeover Code, acquisition pursuant to inter se transfer of shares amongst persons named as promoters in the shareholding pattern filed by the target company in terms of the listing

agreement or Takeover Code for not less than three years prior to the proposed acquisition is exempt from mandatory open offer requirements subject to prescribed pricing and disclosure conditions.

- Both AG and KG have been identified as promoters of CEBBCO in all the shareholding patterns filed with NSE and BSE since the date of listing of CEBBCO. AG has been a shareholder/promoter of CEBBCO since December 23, 2006 while KG has been a shareholder/ promoter of CEBBCO since October 3, 2005.

Issue

- CEBBCO became a listed company only on October 18, 2010 and therefore, it is impossible for the company to have filed a shareholding pattern for three years prior to the proposed acquisition.
- Though KG and AG had been promoters of CEBBCO for more than three years, since CEBBCO was listed for only 2 years prior thereto, AG and KG had been reflected as promoters in the filings with the stock exchanges for only two years.
- Accordingly, CEBBCO approached the SEBI to seek guidance as to whether a transfer of shares from AG to KG would be for the exemption under Regulation 10(1)(a)(ii) of the Takeover Code.

Order

- SEBI, however, did not accept the arguments of CEBBCO and clarified that the exemption under Regulation 10(1)(a)(ii) of the Takeover Code could be availed only if all the compulsory conditions were duly fulfilled.
- One of the prescribed conditions is that the transferor and the transferee should have been identified as promoters of the target company in the shareholding pattern filed under the listing agreement or the Takeover Code for three years prior to the acquisition.
- If this condition is not fulfilled for any reason whatsoever, inter alia including if the target company was not listed for three years, then the exemption under Regulation 10(1)(a)(ii) of the Takeover Code cannot be availed.

Salient Points from the Conference Call which was addressed by Ajay Gupta

- There is nothing wrong with the operations of the company. No reason for the stock to behave the way it did in the last 2 days.
- Deloitte is our auditor and they have not made any adverse comments about the management ever.
- There are more than 50% non-promoter board members
- Tata Capital has a board member by virtue of their 11% stake in the company. He sits on the management committee and audit committee of the company
- The inter se transfer of shares was requested for because they wanted to create a family trust for tax efficiency.
- Ajay Gupta and others would transfer their shares to Mr Kailash Gupta and he would then in turn create the trust where all of the promoters would have a stake as before.

Value pickr discussions

- Finally, market speculation proved correct. Ajay Gupta [Son-in-law] of Kailash Gupta, Chairman cum Managing director has resigned, see news here http://www.bseindia.com/corporates/anndet_new.aspx?newsid=957f43c5-4358-46e0-b780-f3d84171d320 1. What's more disturbing is that as per filing, Ajay Gupta has resigned on 26th March and company is informing investors now. Yesterday in the filing, company confirmed that Ajay Gupta has transferred his entire shareholding to Kailash Gupta as GIFT
- Not only this even the nominee director of PE fund [Tata capital] which holds more than 10% had resigned in mid-March 2013 itself. PE nominee generally resigned so that PE fund can dilute their stake, otherwise they can be accused of insider trading

| Dr. Kailash Gupta | Terms of appointment |
|---|---|
| Salary | Monthly basic salary of ₹ 100,000 per month with 10% annual increment. |
| Housing | House rent allowance of ₹ 150,000 per month. |
| Mr. Ajay Gupta | Terms of appointment |
| Salary | Monthly basic salary of ₹ 500,000 per month with 10% annual increment. |
| Commission | Commission is 2.5% of the audited profit after tax for the financial year adjusted for the commission. |
| Communication facilities | One mobile phone and one telephone at residence and expenses on actual. |
| Conveyance Facilities | One Car with Driver and fuel, repairs and maintenance of car on actual. |
| Leave | 30 days per annum |
| Gratuity | As per applicable laws |
| Contribution to Provident Fund, Super-annuity Fund & Annuity Fund | As per applicable laws |
| Personal Accident Insurance | Annual Cover for self for ₹ 25,00,000 |
| Club Fees | One Club Membership anywhere in India |
| Leave Travel | One foreign trip per Year up to ₹ 5,00,000 per annum |
| Medical Expenses | Medical Insurance for Self and Family. Annual cover for self and Wife of ₹ 7,00,000 each and ₹ 5,00,000 each for two children |

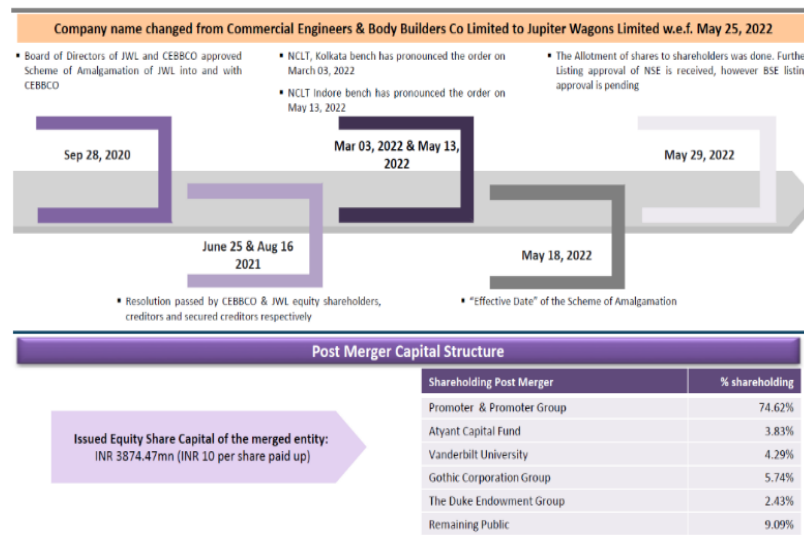
| Designation | Name of Director | Position | No of Board Meetings (Attendance) | Last AGM Attendance |
|-------------------------------|---|--------------------------------|-----------------------------------|---------------------|
| Managing Director/ Chairman | Dr. Kailash Gupta | Promoter Executive | 7 | Present |
| Whole Time Executive Director | Mr. Ajay Gupta (Resigned on 26th March 2013) | Promoter Executive | 7 | Present |
| Director | Mr. Akhil Shri Prakash Awasthi (resigned on 18th March 2013) | Non-executive Nominee Director | 3 | Absent |
| Director | Mr. Sevantilal Popatlal Shah | Non-Executive Independent | 4 | Absent |
| Director | Mr. Sudhir Kumar Vadehra | Non-Executive Independent | 1 | Absent |
| Director | Mr. Ravi Gupta | Non-Executive Independent | 7 | Absent |
| Director | Mr. Praveen Kumar | Non-Executive Independent | 1 | Absent |

Annexure –(A) to Director's Report

| Name | Age | Designation | Qualification | Date of Commencement of Employment | Experience of No. of Years | Employment Held, Name of the Company and Designation | Remuneration Received (₹ in Lacs) | % of Shares Held |
|---------------|-----|--------------------------------|------------------------|------------------------------------|----------------------------|--|-----------------------------------|------------------|
| Ajay Gupta | 40 | Whole Time Executive Director | B.Com | 01.10.2005 | 13 years | | 79.72 | 20.53 |
| Kailash Gupta | 66 | Chairman cum Managing Director | Ph. D. M.Sc. (Physics) | 28.09.1979 | 33 years | | 51.86 | 23.02 |

Amalgamation between JWL and CEEBCO

- Jupiter wagon acquired M.P based CEEBCO in Feb 2019 under a National Company Law Tribunal (NCLT) governed stressed asset sale at Rs. 100 Cr. Company guided revenue of Rs. 1,000 Cr. for next 1-2 yrs. which they proved in Mar2022.
- Jupiter wagon bought 68% stake in CEEBCO, while lender Tata capital and Axis bank held 18% stake by invoking pledged shares and opting to retain promoter shares. Company got listed on BSE and NSE in June 2022.
- Acquiring CEEBCO was a strategic move as JWL wanted to expand wagon facilities looking at opportunities and rather than going for the green field company acquired CEEBCO which also had a land bank and Auto OEM business which helped Jupiter to enter into new business.
- CEEBCO's land bank and unused facility helped Jupiter to save land cost for the manufacturing facility of the braking system JV between JWL and Kovis. Brake disc used in LGB loaches, Adjacent to CEEBCO facility which reduced capital employed by Jupiter.



Tatravagonka A.S (founded in 1922, 100-Year-old company)

- Annual production: 4,000 freight wagons and 10,000 bogies
- 9 specialized manufacturing lines with possibility of producing 9 various types of freight wagons at the same time
- Monthly capacity of each production line: 100 freight wagons
- Market share: > 40 % of European market
- Average annual turnover: > 350 mil. Euro (Rs. 2,800 Cr.)

Industry scenario

- Railways earns its internal revenue primarily from passenger and freight traffic. In 2022-23, Railways is estimated to earn 69% of its internal revenue from freight and 24% from passenger traffic.
- The remaining 7% will be earned from other miscellaneous sources such as parcel service, coaching receipts, and sale of platform tickets.

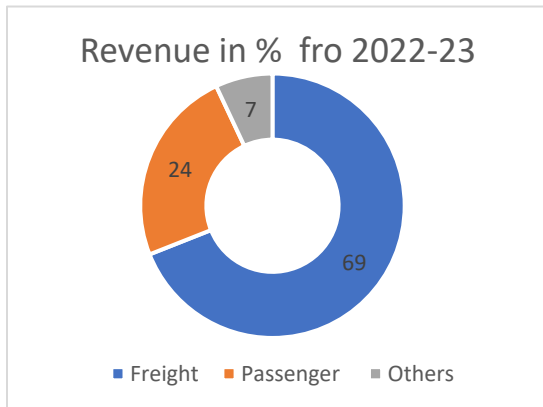


Table 1: Overview of Railways Receipts and Expenditure for 2022-23 (in Rs crore)

| | 2020-21 | 2021-22 BE | 2021-22 RE | % Change (2021-22 BE to 2021-22 RE) | 2022-23 BE | % Change (2021-22 RE to 2022-23 BE) |
|-------------------------------------|----------|------------|------------|-------------------------------------|------------|-------------------------------------|
| Receipts | | | | | | |
| 1 Passenger Revenue | 15,248 | 61,000 | 44,375 | -27% | 58,500 | 32% |
| 2 Freight Revenue | 1,17,232 | 1,37,810 | 1,45,275 | 5% | 1,65,000 | 14% |
| 3 Other traffic sources | 8,050 | 16,500 | 12,100 | -34% | 16,100 | 33% |
| 4 Gross Traffic Receipts (1+2+3) | 1,40,571 | 2,17,110 | 2,01,750 | -7% | 2,39,600 | 19% |
| 5 Miscellaneous | 213 | 350 | 250 | -29% | 400 | 60% |
| 6 Total Internal Revenue (4+5) | 1,40,784 | 2,17,460 | 2,02,000 | -7% | 2,40,000 | 19% |
| 7 Budgetary Support from Government | 29,926 | 1,07,300 | 1,17,300 | 9% | 1,37,300 | 17% |
| 8 Extra Budgetary Resources | 1,23,196 | 1,00,258 | 95,200 | -5% | 1,01,500 | 7% |
| 9 Special Loan from Govt.* | 79,398 | | | | | |
| 10 Total Receipts (6+7+8+9) | 3,73,303 | 4,25,018 | 4,14,500 | -2% | 4,78,800 | 16% |

- Passenger traffic is broadly divided into two categories: suburban and non-suburban traffic. Suburban trains are passenger trains that cover short distances of up to 150 km and help move passengers within cities and suburbs.
- Majority of the passenger revenue (94.4% in 2019-20) comes from the non-suburban traffic (or the long-distance trains). Over the years, Railways has been unable to meet its operational cost of passenger services. Except AC-3 Tier segment.

Table 3: Operational profit/loss of various classes of passenger services (in Rs crore)

| Class | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
| AC-1st Class | -176 | -139 | -165 | -249 | -403 |
| 1st Class | -58 | -53 | -35 | -39 | -38 |
| AC 2 Tier | -463 | -559 | -604 | -908 | -1378 |
| AC 3 Tier | 898 | 1,041 | 739 | 318 | 65 |
| AC Chair car | -6 | 118 | 98 | 243 | -182 |
| Sleeper Class | -8,301 | -9,313 | -11,003 | -13,012 | -16,056 |
| Second class | -8,570 | -10,025 | -11,524 | -13,214 | -14,457 |
| Ordinary Class | -13,238 | -14,648 | -16,568 | -19,124 | -20,450 |
| EMU suburban services | -5,125 | -5,324 | -6,184 | -6,754 | -6,938 |
| Total | -36,286 | -37,937 | -46,025 | -55,020 | -63,364 |

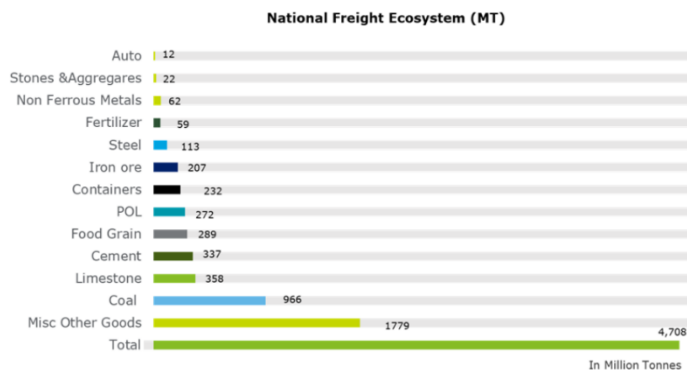
- Losses in passenger services are primarily caused due to: (i) passenger fares being lower than the costs, and (ii) concessions to various categories of passengers (senior citizens, National award winners etc.). Railways classifies these provisions as social service obligations.

Course of action

- The Ministry of Railways has envisioned the preparation of National Rail Plan (NRP) for India keeping the year 2050 as the horizon (2019 as base year)
- The Ministry of Railways has mandated Rail India Techno Economic Services (RITES) to provide advisory services by further appointing a consultant. In pursuance of the above and to enable preparation of National Rail Plan, the RITES have assigned the study to M/s AECOM India Private Limited

National freight ecosystem

- Total commodity volumes in the national freight ecosystem in FY 18-19 were projected at 4,708 MT a



Projected Commodity Demand in Million Tons

Table 0-6: Projected Commodity Demand in Million Tons

| Commodity (Demand) | 2019 | 2021 | 2026 | 2031 | 2041 | 2051 |
|--------------------|--------------|--------------|--------------|--------------|---------------|---------------|
| BOG | 2,172 | 1,922 | 2,638 | 3,499 | 4,774 | 6,309 |
| Cement | 339 | 399 | 601 | 813 | 1,355 | 2,114 |
| Coal | 965 | 1,052 | 1,237 | 1,502 | 2,081 | 2,136 |
| Container | 231 | 316 | 411 | 546 | 870 | 1,264 |
| Fertilizer | 61 | 74 | 100 | 128 | 196 | 284 |
| Food grains | 287 | 315 | 362 | 416 | 541 | 701 |
| Iron Ore | 207 | 221 | 295 | 377 | 569 | 798 |
| Pig Iron | 113 | 121 | 164 | 215 | 322 | 452 |
| POL | 273 | 329 | 484 | 629 | 930 | 1,323 |
| Steel RM | 61 | 56 | 74 | 95 | 143 | 200 |
| Total | 4,709 | 4,805 | 6,366 | 8,220 | 11,780 | 15,583 |

Figure 5-43: Potential growth in freight transport demand on railways

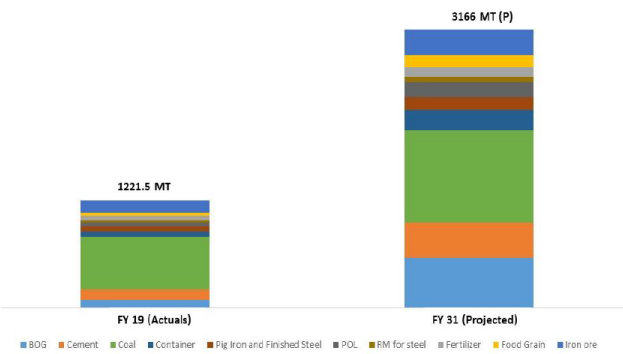
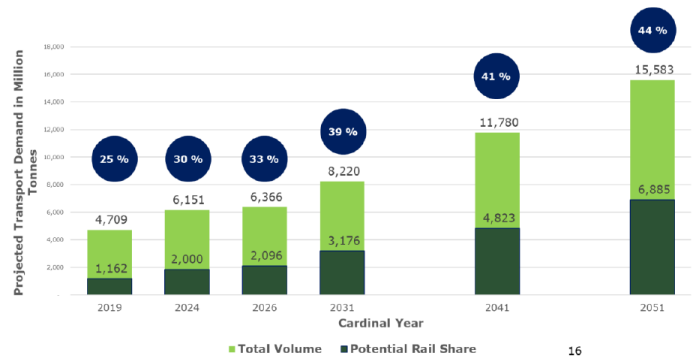


Figure 5-10. Potential freight transport demand for railways



- Considering the demand of commodities, Optimizing the IR revenue and Gov vision to reduce logistic cost NRP came up with a procuring plan of Wagons, Passenger coach, Locomotives till 2050.
- Capital expenditure requirements for rolling stock (wagons, coaches and locomotives) account for ~29% of the total capital expenditure requirements for Infrastructure of Railways.

Procurement plan per year for Wagons and Passenger coach

Table 19-28: Wagon Procurement Plan per year

| Year | BCN | BOXN | BCACBM | BLC | BRN | BCFC | BTPN | Total |
|---------|--------|--------|--------|-------|-------|-------|-------|--------|
| 2018-26 | 10,274 | 1,956 | 815 | 2,246 | 1,814 | 520 | 397 | 18,022 |
| 2026-31 | 10,258 | 10,013 | 740 | 5,613 | 1,386 | 764 | 4,267 | 33,041 |
| 2031-41 | 8,880 | 8,682 | 407 | 4,490 | 1,687 | 1,310 | 4,695 | 30,151 |
| 2041-51 | 12,145 | 10,651 | 546 | 6,468 | 2,775 | 3,634 | 6,856 | 43,075 |

- Procurement plan is the number of wagons that will have to be procured every year in each category. It is calculated by dividing the total demand in any period between two cardinal years by the total number of years
- The current production capacity is around 20,000 Wagons per year. Thus, it may be enough to meet the demand till 2026.
- The production capacity will have to be enhanced to meet the demand beyond 2026.

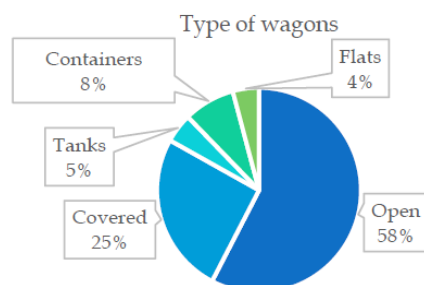
Table 19-38: Procurement Plan (New AC and Non-AC coaches required) for each Year

| Year | Procurement plan per year | | |
|------|---------------------------|--------|-------|
| | AC | Non-AC | Total |
| 2018 | - | - | - |
| 2026 | 904 | 5,249 | 6,153 |
| 2031 | 863 | 3,716 | 4,579 |
| 2041 | 752 | 2,679 | 3,431 |
| 2051 | 1,162 | 3,446 | 4,608 |

Wagon types

- Covered Container (BCN)
- Open Container (BOXN)
- Flat Container (BLC)
- Rapid Discharge (BRN)
- Tank Container (BTPN)

Figure 21-7: Type of wagons in Indian rail system



- As of March 2020, there were approximately 2,95,000,151 wagons as part of the Indian rail network. Over the past 5 years, since March 2015, the fleet has grown annually by ~3%.
- About 60% of these are open wagons (predominantly variants of BOXN wagons), which carry bulk commodities like coal, iron ore, cement clinker, and other raw materials for steel (dolomite and limestone). Another 25% are covered wagons (variants of BCN wagons)

Capex requirements in Railway wagons.

- Total capex for Rolling stock (wagons) would be Rs. 85,603 Cr. over the next 10 years till 2031.

Triggers

Mega order of wagon from Indian railway in line with government vision to reduce logistic cost of the economy.

- Indian Railways (IR) has come out with a tender on May 22 to procure 90,000 Wagons in next 3 years', worth Rs.35,000 Cr (prices of wagon may change).
- Under the National Rail Plan (NRP), Center wants to significantly increase the national transporter's freight numbers, along with its modal freight share to 45 per cent by 2030. As per GOI estimates, consolidated demand for freight will be over 6,300 million Tons (MT) by 2026 and 8,220 MT by 2031.
- Having ferried 1,418 MT in this fiscal, IR would need to account for over 3,600 MT in 2031 to meet its NRP targets. In the medium-term, it is targeting over 2,000 MT by 2024
- As per Indian Budget, IR aims to increase its annual freight loading to 1,475 MT, with a projected revenue at Rs 1.65 trillion in 2022-23

Wagon orders and CV guidance to provide revenue visibility.

- Jupiter wagon Ltd, Titagarh Wagons Ltd (30%), Texmaco Rail & Engineering Ltd together hold 70% market share of which Jupiter wagon is the most integrated wagon manufacturer.
- JWL has a Total order book of Rs. 4,700 Cr. and Wagon order book of Rs. 4,500 Cr. with average execution period of 3 yrs. of which manufacture wagons orders from IR worth's Rs. 3,000 Cr with execution period of 3 yrs. (67% of total wagons order book). and Private wagon worth Rs. 1,500 Cr. with execution period of 2.5 yrs. (33%)

- Further, management expects IR is going to come with an order of 40,000 Wagons in next 6-8 months from Q1FY24, Company expects min Rs. 2,000 Cr worth orders.
- CV business has historically been 25% of the total revenue. Management has guided for Rs.430 Cr. business for FY23 on the back of CV upcycle.
- Wagon orders will start to reflect majorly from Q2 FY23 (50% contribution from wagon) considering execution of 3 yrs. for IR and 2.5 yrs. for private wagon orders. and CV guidance of Rs. 430 Cr compiling these the expected revenue translates to Rs. 1,780 Cr. Vs Rs. 1,178 Cr in FY22 with EBITDA margins of 10-11%
- * (Systematix guided for 20% growth in Topline for FY23 which translates to Rs. 1440 Cr)
- Company has gone for high margin closed wagon which has EBITDA margins of 10-15% (Titagarh order has margins of 8-9% and Texmaco 8-10%) with pass through mechanisms built in only for IR wagons

*(Systematix said that JWL intentionally did not bid for open wagon due to margins, JWL wagons margins are higher than competitors)

New business to further integrate the manufacturing of wagons and entering into adjacent business verticals.

- The company has entered into a JV for Brake system (JV with KOVIS a European company) for Indian railways, Freights as well as for passengers. There are only 3-4 Companies in India which manufactures brake system
- In the freight wagon business, the company is the only manufacturer with integrated brake system with EBITDA margins of 20% plus in brake systems, High entry barriers as it will take 4-5 years to get the technology and have their own braking system for any peers.
- The total market size of Brake system and Brake disc is Rs. 6,000 Cr. Considering Freight side given the IR order to supply 30,000 Wagons in next 12 months with each brake system is roughly about Rs.1.5 lakh which translates to about to Rs.3, 500 Cr and Passenger LHB coaches with 6,000 LHB coach demand from IR and each brakes system cost Rs. 22 lakhs translate to Rs. 1,200 Cr. market of LHB brake systems. Further Brake disc has Rs. 1,000 Cr. market size.
- Each wagon cost is Rs. 30-35 Lakhs and the total brake system cost ~ Rs. 3.5 lakhs (10% of wagons cost) this backward integration will help JWL control on cost and give them an edge over its peers.
- Management has plans to take brake system business to 25-30% of their total revenue in next 2-3 yrs. and expand the geography through brake system taking the advantage of low manufacturing cost in India with plans to have exports contributing 20-25% of total revenue.
- The company is undergoing capex which will be operational from Q3FY23, Company has got Initial order of Rs. 80 Cr. Per wagon cost is 30-32 lakhs of which braking system cost is 3 lakhs (10%).
- In braking system there are only 3-4 players in the industry with market size of Rs. 6000 Cr and Jupiter is confident enough to target 5-10% of total pie. Braking system has 20% plus EBITDA margins.

Change in Promoter and its Statutory Auditors

- Vivek Lohia (is a Graduate (B.S-M&T program) from Wharton Business School.) Is the new MD of the company replacing Abhishek Jaiswal as Whole Time Director & C.E.O. of the CEEBCO. The company has changed its Statutory Auditors from Walker Chandiook & Co LLP to Grant Thornton.

Low float company with MNC increasing stake

- The company has ~75% promoter holding with an FV of Rs. 10, Tatravagonka A.S. (Avg. rev Rs. 2,800 Cr) which is the No1 company in Europe in Freight wagon transport and has been since 100 Yrs. Increased its stake from ~7.6 to 20.48% on June 22 and DII hold ~18.5% (endowment funds...etc.) with the public holding of ~6.93%

Export opportunity in braking systems

- JV European partner wants the product to be made in India and sent back to them the company's foundry is AAR (US) certified and the company is exploring export markets as well.
- Currently, the company is exporting 200 Crossings to American markets. Kovis joint venture is an export-oriented facility.
- Management targets 20-30% of sales from Brakes system and Brake disc in next 2-3 years.

Foraying into Electric CV

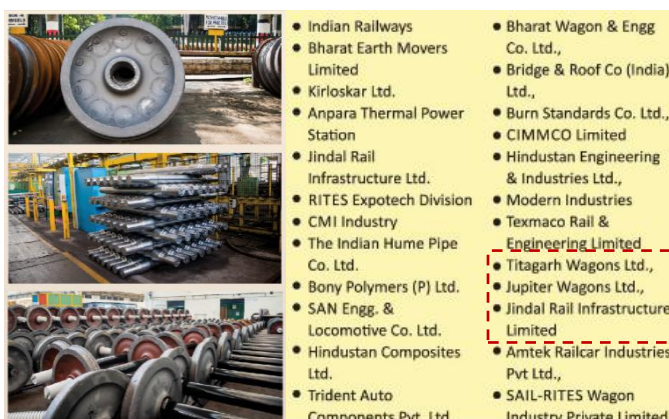
- The company has forayed into Electric CV space by tying up with green power US based (Nasdaq listed) company has capability to build 7-30 tons payload Buses and CVs. Green power is seeing India as a manufacturing hub for the US and other markets. Jupiter is launching a 7 tons Electric CV in Q1 FY24.

Entered in Mass transits business for further growth

- The company has recently entered into a JV with CAF (Spanish company) 3rd biggest in the World to manufacture Metro coaches and Mass transit systems in the world.
- Company is planning to open a manufacturing facility with them in India with an investment of Rs. 200-300 Cr shared equally. In the coming 18 months the company wants to start manufacturing metro cars out of India.

Risks

- Ukraine is the largest manufacturer and supplier of wheel sets (40-45% share) in Europe, Due to current geopolitical issues there has been a major increase in prices and delivery timeline. The entire wheel set requirement of Europe has moved to China. Because of steel demand and supply mismatch the prices of wheel sets have gone through roof with price differential touching ~4 lakhs a wagon (wagon cost ~Rs. 30-35 lakhs)
- In India Rail wheel factory (RWF) owned by Indian railways is the sole manufacturer of wheel sets. Indian railways had informally informed that RWF shall provide wheel sets to IR wagons only and not for manufacturing private player's wagons.

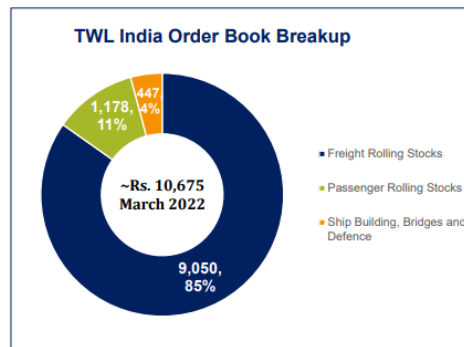


- The private wagon manufacturing is a fixed contract and no pass-through mechanism is available in these contracts. This has led to a delay in Private wagon orders and manufacturing, Though Industry has secured orders from China (Jupiter wagon has secured) at high prices.
- Increase in steel prices can be erode the margins in private wagon and CV load body business as contract are fixed
- Competition pressure as Wagon Bid is on L1 basis.
- Industry concentration on IR orders can be a threat if the Gov delayed or postponed the procuring plans under unforeseen events.

Competition

Titagarh Wagons Ltd

- Company manufactures freight wagons, bailey bridges, heavy earth-moving and mining equipment, steel and spheroidal graphite iron castings, and other products.
- The company has four manufacturing facilities: two in Titagarh and one in Uttarpara, both in West Bengal, and one in Bharatpur, Rajasthan. **It has capacity to manufacture 8,400 wagons**, 200 Metro coaches and 36 electric multiple unit coaches, and process around 30,000 tons of casting steel, per annum.
- It also has the capacity to manufacture bridges, shelters, and propulsion equipment. Furthermore, it has a shipbuilding division, which delivered its first ship, a 1,000-tonne fuel tanker, to the Indian Navy in May 2018



Freight Rolling Stocks

- Well established business segment with strong **order book of ~Rs. 8,465 Cr** at the end June 2022.
- Largest installed capacity of 8400 wagons per annum. Well positioned to capitalize on the growing opportunities arising from the increased government expenditure especially on wagons procurement
- Leading company in India to be engaged in the manufacturing of freight and growth fundamentals are fully aligned with growing industry dynamics

Passenger Rolling Stocks

- Strong Indian **orders book of ~Rs. 1,211 Cr** at the end June 2022
- Execution of Pune Metro project is on schedule. Production at Uttarpara (West Bengal, India) is in full swing and expecting order to be completed within FY23.
- CRRC contract worth Rs. 184 crores for 204 coaches for BMRC has been received.
- Bidding has been completed for Surat Metro and DMRC for which financial bid is yet to be opened. Various tenders are due for bidding.
- Prototype development for various propulsion systems are in advanced stages

Shipbuilding, Bridges and Defence

- **Order book of ~Rs. 365 Cr** comprising of Shipbuilding, Specialized equipment's for India defence at the end of June 2022
- Execution started in has picked up during the quarter and ins ongoing
- The Company has successfully launched its first warship vessel for the Indian Coast Guard in Co-operation with GRSE.

| Freight Rolling | Passenger Rolling Stock | Shipbuilding Bridges & Defence |
|--|--|--|
| <p>Key Products All types of Freight Wagons, Bogies, Couplers, Draft Gears, CMS Crossings</p> <p>Market leader with win percentage of more than 50% of total order placed by Indian Railways in last few years</p> <p>Rs. 9,050 Crore FY22 Revenue 85% Share</p> | <p>Key Products All Passenger Rolling Stock, Propulsion and Electrical Equipment and Services</p> <p>First private company in India to possess modern day passenger rolling stock technology</p> <p>Rs. 1,178 Crore FY22 Revenue 11% Share</p> | <p>Key Products Naval Vessels, Passenger Ship, Bailey-type portable modular bridges, mobile shelters, Tank Carrier Wagon</p> <p>Diversified into shipbuilding through merger with 25-year-old Corporate Shipyard. Collaboration with French partner Matiere, to offer steel modular bridges</p> <p>Rs. 447 Crore FY22 Revenue 4% Share</p> |

Texmaco Rail & Engineering Ltd

- Texmaco Rail & Engineering Ltd is an engineering infrastructure co. & part of the Adventz Group, The co. is involved in the business of manufacturing Rolling stock, hydro-mechanical equipment, steel castings & construction of Rail EPC, bridges, and other steel structures
- TexRail has an installed capacity of 10,000 Vehicular Units (VUs) of wagons which remains flexible in nature, 20,400 MTPA of structurals, 10,000 MTPA of bridges and 42,000 MTPA of steel castings.
- The product range of TexRail comprises of railway freight cars, hydro-mechanical equipment, industrial structurals, steel castings, loco shells, electrical mechanical unit (EMU), railway bridges and pressure vessels which is manufactured across four manufacturing facilities in West Bengal.

Peer Comparison

| Metric | Jupiter | Titagarh | Texmaco | Oriental Rail |
|---------------------------|-----------|----------|---------|---------------|
| M-cap (in Cr.) | 3,024 | 1961 | 1653 | 663 |
| TTM Revenue | 1053 | 1953 | 1590 | 186 |
| OPM (3yr avg) | 10.5(2yr) | 4.7% | 8% | 16% |
| P/E | 78.9 | | | 37.8 |
| EV/EBITDA | 32.9 | 18.4 | 17.8 | 21.5 |
| Debt/Equity | 0.2 | 1.09 | 0.54 | 1.64 |
| ROCE (3yr avg) | 14% | 4.87% | 7.06% | 12.7% |
| FAT | 2.34 | 1.64 | 3.05 | 1.3 |
| Cash Conversion | 93 | 144 | 143 | 400 |
| WC Days | 78 | 106 | 328 | 265 |
| Total Order book (in Cr.) | 3,000 | 10,000 | 9050 | 1800 |
| Wagons order (No) | | 7,800 | 6,450 | 1212 |

Peer Comparison (when we found)

| Metric | Jupiter | Titagarh | Texmaco | Oriental Rail |
|------------------|-----------|----------|---------|---------------|
| M- cap | 2090 | 1190 | 1287 | 636 |
| TTM Revenue | 1178 | 1931 | 1622 | 173 |
| OPM (3yr avg) | 10.5(2yr) | 4.7% | 8% | 16% |
| P/E | 42.1 | | 70.4 | 40.8 |
| EV/EBITDA | 18.4 | 12.2 | 10.8 | 24.3 |
| Debt/Equity | 0.2 | 1.09 | 0.54 | 1.64 |
| ROCE (3yr avg) | 14% | 4.87% | 7.06% | 12.7% |
| FAT | 2.34 | 1.64 | 3.05 | 1.3 |
| Cash Conversion | 93 | 144 | 143 | 400 |
| WC Days | 78 | 106 | 328 | 265 |
| Total Order book | 2385 | 10,000 | 9,050 | 1,800 |
| Wagons order | | 7800 | 6450 | 1212 |

Jupiter wagon

- Wagon order of ~Rs. 3,000 Cr. (to be executed over a period of thirty-nine months) against the recent tender for Wagons issued by the Ministry of Railways and Private wagons ordered Rs. 1500 Cr.

Titagarh 32.34 (26.9%)

- Order of 24,117 wagons for Rs. 7,800 Cr. (39 months) and a total value of Rs. 9000+ Crores which take the order backlog to Rs. 10,000 Crores for the Indian operation in itself and gives the good visibility for the future.

Texmaco Rail & Engineering Ltd 32.14 (22.3%)

- The Company has recently bagged an order for 20,067 wagons valuing approx. Rs. 6,450 Cr. in May 2022 (to be executed over a period of thirty-nine months), against the recent Railway tender for wagons. This is the largest ever single wagon order released by the Indian Railways on the Company

Oriental 40.89 L (3.3%)

- Oriental Foundry Private Limited has successfully secured an order for 2,964 Wagons valuing Rs. 1,211.89 Crores (to be executed over a period of thirty-nine months) against the recent Railway tender for Wagons issued by the Indian Railways.