

13th July 2023

Jupiter Wagons Ltd.

BSE: 533272 | NSE: JWL



Recommendation
BUY



Time Period
12 months



Current Price
175.0/-



Target Price
201.0/-



Potential Upside
15.0%

Jupiter Wagons Limited (JWL) is one of the premier manufacturers of railway wagons, components and castings for passenger coaches and freight wagons in India. It is one of the top manufacturers of advanced railway transportation equipment worldwide. It also designs and manufactures application-based load bodies for commercial vehicles.

Five Reasons to Buy

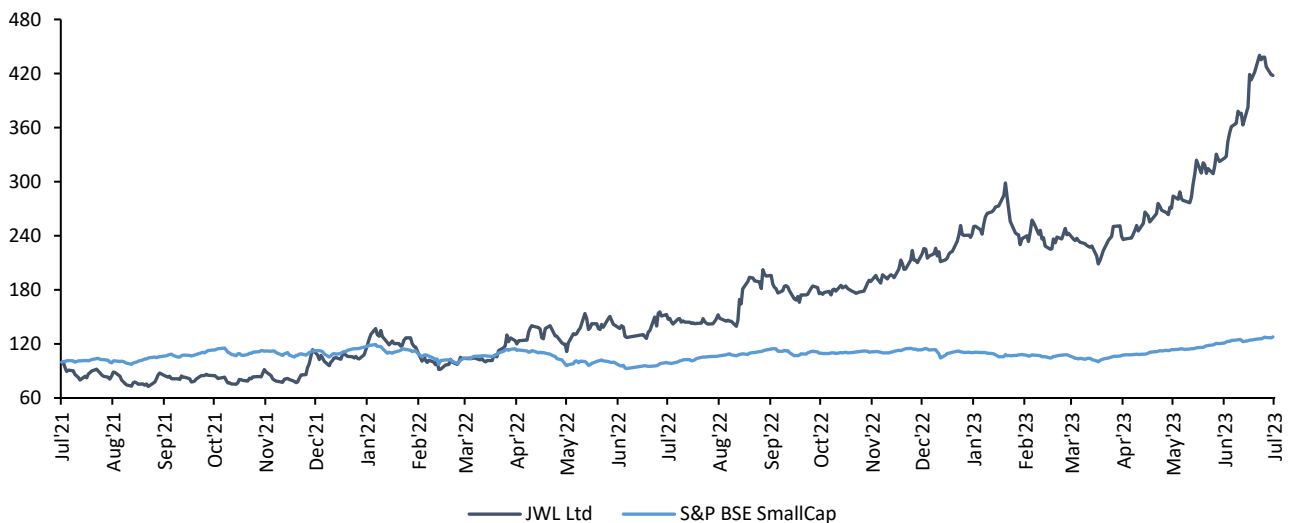
- Demand Outlook: (a) Freight Wagon Business:** The management alluded private demand to continue from private customers on back of increased capex and expects significant momentum to continue over the next few years. Outlook for wagon orders from Indian railways remains highly favorable with multiple tenders including a large global tender likely to be launched over the next 3-6 months. These tenders are expected to amount to a requirement of around 50,000-80,000 wagons in aggregate.
 (b) Brake Disc Business: It expects to generate initial revenues in FY23-24 as orders have been received and execution has commenced. The company expects to scale up order bookings and aims to generate annual revenues of Rs 250-300 cr within 2 years of commencement of business.
- Electric Light Commercial Vehicle Segment (eLCV):** Jupiter Electric Mobility formed a partnership with Green Power to foray into the commercial electric vehicle space. In Jan'23, the company at the Auto Expo in New Delhi launched 2 Electric LCVs. With the introduction of JEM TEZ and EV Star CC, Jupiter Group is entering a new era in the EV market. These E-LCVs are powered by batteries and offer range of 80 to 250 kilometers on a single charge. Its commercial production is scheduled to commence in the 4QFY24 and aims to establish itself as a leading player in India's commercial electric vehicle segment.
- Healthy Order Book:** As on 31st Mar'23, the order book of the company continues to remain healthy and robust at Rs 6,000 cr providing revenue visibility for the next 18 months. The order book break up is as follows:- Rs 5,000 cr are for wagons and the balance order book is for the commercial vehicle (CV) and container business. The company has increased its manufacturing capacity from 450-500 wagons per month in FY23 to 600 wagons per month in 4QFY23. Further, it plans to increase the capacity to 700 wagons per month by 4QFY24 to meet the growing demand of wagon from Indian Railways.
- Capex guidance for FY24E:** The management guided a capex of Rs 50 cr for brakes, Rs 25 cr for Stone India acquisition and an additional capex of Rs 30 cr to modernize the facilities, and Rs 100-200 cr incremental capex on the wagon side. The company plans to fund the capex from internal accruals and QIP and does not intend to borrow any debt.
- Robust FY23 performance and Outlook; Attractive valuation:** During FY23, the company's standalone revenue increased by 75% YoY to Rs.2,073 crores, EBITDA increased by 120% YoY to Rs.259 crores and PAT increased by 151% YoY to Rs.125 crores. During FY23, EBITDA margin stood at 12.5%. For FY24, the management guided EBITDA margin to remain same and improve ahead on back of brake business contributing with higher margins. At the current price of Rs. 176, the stock is trading at a P/E of 23.6x/14.6x to its FY24E/FY25E of Rs.7.3/11.8 earnings based on our estimates.

Key Risk Factors: Volatility in raw material prices (coal & metals), lower spending by railway on wagon procurement.

Financial Summary

Particulars (Rs cr)	FY22A	FY23A	FY24E	FY25E
Net Sales (Rs. crs)	1,178.0	2,068.0	3,451.0	4,102.0
EBITDA (Rs. Crs)	114.0	252.0	449.0	595.0
Adj.Net Profit (Rs. Crs)	50.0	121.0	293.0	473.0
EBITDA Margin (%)	9.7%	12.2%	13.0%	14.5%
RoE	7.3%	15.0%	24.0%	27.9%
P/E (x)	146.7	58.7	23.6	14.6

Stock Performance (2-Years)



Source: BSE, SSL Research

Recommendation History

Date	Stock Price	Target Price	Recommendation	Status
-	-	-	-	-

SBICAP Securities Limited

(CIN): U65999MH2005PLC155485

SEBI Registration No.: Stock Broker: INZ000200032 | DP Registration No.: IN-DP-314-2017 | Research Analyst : INH000000602

Portfolio Manager: INP000004912 | IRDA : CA0103 | PFRDA Registration No: POP 26092018

Registered & Corporate Office: Marathon Futurex, Unit No. 1201, B-Wing, 12th Floor, N M Joshi Marg,
 Mafatlal Mill Compound, Lower Parel East, Mumbai 400013

For any information contact us:

(022) 6854 5555 | E-mail: helpdesk@sbicapsec.com | Web: www.sbisecurities.in
DISCLOSURES & DISCLAIMERS:

Analyst Certification: The views expressed in this research report ("Report") accurately reflect the personal views of the research analysts ("Analysts") employed by SBICAP Securities Limited (SSL) about any and all of the subject issuer(s) or company(ies) or securities. This report has been prepared based upon information available to the public and sources, believed to be reliable. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

The Analysts engaged in preparation of this Report or his/her relative:-

(a) do not have any financial interests in the subject company mentioned in this Report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the Report.

The Analysts engaged in preparation of this Report:-

(a) have not received any compensation from the subject company in the past twelve months; (b) have not managed or co-managed public offering of securities for the subject company in the past twelve months; (c) have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (d) have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (e) has not received any compensation or other benefits from the subject company or third party in connection with the Report; (f) has not served as an officer, director or employee of the subject company; (g) is not engaged in market making activity for the subject company.

Name	Qualification	Designation
Sudeep Shah	MMS-Finance	DVP- Technical & Derivative Research
Sunny Agrawal	B.E, MBA (Finance)	DVP - Fundamental Research
Rajesh Gupta	PGDBM (Finance), MA (Bus. Eco)	AVP - Fundamental Research
Monica Chauhan	C.A.	Research Analyst - Equity Fundamentals
Harsh Vasa	C.A.	Research Analyst - Equity Fundamentals
Sumeet Shah	B.E., CFA	Research Analyst - Equity Fundamentals
Gautam Updhyaya	MBA (Finance)	Research Analyst - Equity Derivatives
Netra Deshpande	MMS (Finance)	Sr. Research Analyst - Currency & Commodity
Vinayak Gangule	BE (IT)	Research Analyst - Equity Technicals
Pratik Patni	BSc (Biotech Entire)	Research Analyst- Equity Derivatives
Amit Chawda	B. Com	Research Analyst - Equity Technicals
Kalpesh Mangade	B.Com	MIS Analyst - Retail Research

For other Disclosures please visit: https://bit.ly/R_disclaimer02