

August 14, 2023

To,
The Corporate Relationship Department,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.
Security Code: **533272**

The Manager, Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051.
NSE Symbol: **JWL**

Sub: Transcript of Analysts / Investors Call pertaining to the Un-Audited Financial Results of the Company for the quarter ended 30th June, 2023 conducted on 8th August, 2023

Ref: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“Listing Regulations”) read with SEBI circular dated September 09, 2015, bearing reference no. CIR/ CFD/ CMD/ 4/ 2015 (“Disclosure Circular”).

Dear Sir,

Pursuant to regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Transcript of the Analysts / Investors Call on Un-Audited Financial Results (Standalone and Consolidated) of the Company for the quarter ended 30th June, 2023 held on 8th August, 2023.

The Information is being hosted on the company’s website www.jupiterwagons.com

Kindly take the same on your record.

Thanking You,

Yours Faithfully,
For Jupiter Wagons Limited
(Formerly Commercial Engineers & Body Builders Co Limited)

Ritesh Kumar Singh
Company Secretary and Compliance Officer



“Jupiter Wagons Limited
Q1 FY24 Earnings Conference call”

August 08, 2023

**MANAGEMENT: MR. VIVEK LOHIA – MANAGING DIRECTOR – JUPITER
WAGONS LIMITED
MR. SANJIV KESHRI – CHIEF FINANCIAL OFFICER –
JUPITER WAGONS LIMITED**



Moderator: Ladies and gentlemen, good day and welcome to the Jupiter Wagons Limited Q1 FY24 earnings conference call hosted by Systematix Institutional Equities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mrs. Sandeep Anand from Systematix Institutional Equities. Thank you and over to you, sir.

Sandeep Anand: Thank you and good evening, everyone. Thanks for joining us today for the Q1 FY24 earning calls of Jupiter Wagons Limited. On behalf of Systematix, I would like to thank the management for giving us the opportunity to host this earning call. Today we have with us Mr. Vivek Lohia, Managing Director, and Mr. Sanjeev Keshri, Chief Financial Officer. I'll now hand over the call to the management to give their opening remark, and after that we can open it for the Q&A. Thanks, and with that, over to you, Vivek sir.

Vivek Lohia: Yes, good evening, Sandeep, and thank you. Good evening, everyone, and thank you for joining us for the Q1 FY24 earning call. We are delighted to start FY24 on an exceptionally strong note, continuing the momentum from the prior year. We have reported triple digit growth rates in revenue, EBITDA, as well as profit after tax during the quarter as we continue to scale our various business lines as planned.

The order book has also risen further, providing high visibility of sustained growth. Getting into the quarterly performance, we reported total income of INR 7,554 crores in Q1 FY24, an increase of 155% on a year-to-year basis. EBITDA was INR 100 crores this quarter, more than double the base quarter as it grew by 217% on a year-on-year basis.

Moreover, the EBITDA margin expanded by about 260 basis points on a year-on-year basis, reaching 13.2% compared to 10.6% in Q1, FY23, maintaining the margin of Q4, which is seasonally the strongest quarter for the industry. Further solidifies our position as industry leaders in terms of EBITDA margin.

Profit after tax for the quarter was INR 63.5 crores, nearly 4x that of the base quarter as we reported a growth of 374% year on year basis. Additionally, we are pleased to report that our order book for the quarter stands at over INR 6,100 crores, a testament to our strong performance and promising outlook.

During the quarter, there were several exciting developments, the first of which pertains to Stone India. As we mentioned during a previous call, we have successfully obtained NCLT approvals and we are now in the process of securing the handover and control of the company. We plan to continue its position as an independent going concern and will focus our efforts on rapidly restoring the operational momentum.



A significant proportion of products manufactured by Stone India will be captively consumed by our group entities and Stone India will continue to sell its products to various esteemed entities, including the Indian Railways as well as private parties. We are confident that this development will create exciting opportunities and add significant value to operations.

We are thrilled to announce a significant milestone for Jupiter as we make a strategic entry into global markets. We recently signed a long-term MOU with RITES, a distinguished PSU associated with Indian Railways. This collaboration aims to explore the lucrative market globally for railway freight. Through this partnership with RITES Ltd, we are jointly participating in two tenders in Zimbabwe and Mozambique. These tenders involved approximately 620 freight wagons and are currently in final stages of completion.

Our intention is to uphold the MOU with RITES and capitalize on this exciting development to secure export orders in the near future. This move makes a significant step towards our goal of global expansion and we are enthusiastic about the opportunities it presents for Jupiter's growth and success in the international arena. The demand for wagons remains strong, with significant interest observed from private customers in the current quarter.

Private parties have placed orders for freight wagons totaling approximately INR1,000 crores. Additionally, the Indian Railway is preparing to launch a substantial global tender expected to encompass a large-scale procurement and include a multi-year maintenance commitment.

Our discussion with various industry participants as well as all indication points towards procurement of around 40,000 additional conventional wagons by Indian Railways. Our container business is experiencing a surge in demand for specialized products, attracting significant interest from esteemed international clients, such as General Electric, Schneider, and others.

We have successfully secured a contract for 40 feet open top coil containers with a pilot order value of INR10 crores. Additionally, we have received a LOI from General Electric indicating the interest to purchase 1,000 units of special flex inverter containers for the fiscal year 2024-25.

Jupiter Electric Mobility has recently partnered with Siemens, as well as other leading manufacturers for supply of lithium-ion batteries for the Indian Railways flagship project of Vande Bharat train. In addition, we are currently conducting trials with RDSO to supply batteries to Indian Railways for their existing coaches. This collaboration and testing phase marks a significant milestone in our effort to provide sustainable and efficient mobility solutions to our customers in India.

Our joint venture with Talleres of Spain, JWL, Talegria India Ltd is set to launch a pilot batch of weldable CMS crossings in Q2, followed by field trials. We have already received a significant INR 200 crores orders from Indian Railways for this product. Given the high interest from both domestic and international markets, we expect a strong influx of orders over the next 18 months.



Simultaneously, our joint venture with JWL Kovis India Pvt Ltd has begun delivering brake discs to Indian railways during this quarter. We have secured export orders, the supplies for which we'll be starting from third quarter onwards of this financial year, as well as we are currently participating in significant tenders from Indian railways for brake discs. We are excited about our future prospects given the strategic entry into global markets, strong demands for wagon and containers and the significant milestones achieved in our mobility solutions ventures. With a robust order book, promising collaboration and a focus on innovation and quality, we are confident of continuing to drive growth and success for Jupiter Wagons Ltd.

Thank you all for your unwavering support and confidence in our vision. We can now open the floor for questions.

- Moderator:** The first question is from the line of Akash from Dalal & Broacha. Please go ahead.
- Akash:** Congrats Sir on the great set of numbers. Thanks for the opportunity. So my first question would be, what is the current order book breakup?
- Vivek Lohia:** Good evening, Akash. So, as stated earlier, right now a majority of our order books is from the private sector. So, a tentative breakup would be about INR 4,000 odd crores of orders are from the private sector and about INR 1,050 odd crores is from Indian Railways.
- Akash:** Okay and the whole order book is around INR 6,100 odd crores, so the balance would be?
- Vivek Lohia:** So, balances for the commercial vehicles, containers and crossings the other products which we make. So, the wagon order book would be roughly about INR 4,500 crores and the balance would be the other products which we manufacture.
- Akash:** Okay sir. Sir, so also one question was regarding the export order that we won. So the 620 wagon tender, have we already won along with rights or is it in the process?
- Vivek Lohia:** One correction I think the wagon order book is about INR 5,500 crores I wrongly said as INR 4,500 crores and the balance is the rest of the items and what was your second question could you repeat it again.
- Akash:** Yes. I'll repeat my second question do we have a breakup handy for the balance or the remaining businesses like the CB bodies and the containers?
- Vivek Lohia:** I won't have the breakup with me right now, but if you so desire it can be shared with you later.
- Akash:** No problem sir. Yes, my second question was for that 620 wagon tender that we have won along with the rights. So, have you already won that order or is it in process?
- Vivek Lohia:** No, no, we have not won the order. We are currently, we are L1 in that tender.
- Akash:** Got it. And the thousand further wagon order that we are expecting, so that will be closing that, sorry, I mean, we will be winning that by the end of this calendar year or by next year?



- Vivek Lohia:** So, we are participating in significant number of tenders which are happening globally and we have participated in a large number of tenders. So, we expect I think by this financial year to get order book close to those numbers.
- Akash:** Got it, got it sir. And the realization for these export wagons is similar to what we fetch in the private sector or is it even higher or something?
- Vivek Lohia:** It is, honestly it depends from tender-to-tender and even the global landscape is competitive. So, again it's a tender-to-tender it depends.
- Akash:** Got it, got it. My second question was regarding this brake systems that we are manufacturing along with the Stone India. So, when is that expected to commercialize?
- Vivek Lohia:** Our expectation is that by the end of this year we should be in a position to start commercial operations there.
- Akash:** Okay, so by December. And what is the current order book in hand for brake systems?
- Vivek Lohia:** So, currently, as we have mentioned that we have started operations in the brake business where we have an order book of roughly about INR 150 odd crores. On the brake system side, there are tenders which have recently opened which we have participated in. So, we expect the order books to come in the next quarter for them.
- Akash:** Got it. Also sir, our gross margins have seemed to be dropped in Q1 from around 25 to 22. Any significant reason why so?
- Vivek Lohia:** So see, this gross margin also depends on the mix of the products. So there is no specific reason that is only the mix of the product has changed.
- Akash:** Okay, okay. So, it's about the mix. So, I mean...
- Moderator:** So sorry to interrupt maybe I please request you to rejoin the queue for your follow up as we have people waiting for their turn.
- Akash:** No problem, no problem.
- Moderator:** Thank you. The next question is from the line of Balasubramanian from Arihant Capital. Please go ahead.
- Balasubramanian:** Good evening, Vivek sir. Congratulations for good setup numbers.
- Moderator:** Sir, we have just lost the line for the current participant. We proceed to the next question. The next question is from the line of Sanjaya from Amberson. Please go ahead.
- Sanjaya:** Yes, sir. Congratulations on a good set of numbers. So, my question is that in terms of your capacity you are planning to increase that. So, can you just share that what kind of capacity you have now and what will it be going forward?



Vivek Lohia:

So currently, we have a capacity. So the capacity expansion as we have mentioned earlier is basically organic and it is a continuous process for us and we have been, as we had anticipated these kind of order books to come through. So, we have been -- at a continuous level, we have been focused on capacity enhancement.

So, we expect to by end of this year, we expect to reach a capacity of close to 800 wagons per month. And by next year, we are looking to manufacture about 1,000 wagons per month. But again, you know, this is subject to the kind of mix of wagons which we produce. So as you are aware that right now, our most of our orders is more on the private side than on the railway side. So, there at one time we produce a lot of different varieties of wagons. So, depending upon the mix of the wagon, the numbers may vary from one to one, but it will not be very significant.

Sanjaya:

Yes, so just want to know whether this capacity has that was supposed to come up at the end of Q1 has happened and the last thing that I wanted to hear from you is on your EV bus plan like what are the status there?

Vivek Lohia:

So as I told you earlier the capacity expansion is organic. So, the capacity expansion, it's a continuous. Our target is to reach a capacity of about 1,000 wagons a month. So, we are building our capacity towards that. So, it's a continuous process, the capacity expansion. And when it comes to EV, we will be launching not a bus, we will be launching our first EV truck as I maintain by end of the year EV truck will be launched. Currently the approval process for the same is being undertaken.

Moderator:

Thank you. The next question is from the line of Sushil Prashar from Individual Investor. Please go ahead.

Sushil Prashar:

Hi, Vivek. Congratulations for the great set of numbers and thanks for the opportunity. So, I heard that we have onboarded as a vendor sustenance for supply for lithium ion battery for Vande Bharat train. So, if you could elaborate more on this. And I also wanted to check if we are also exploring opportunities in other sectors apart from the railway sector for the batteries?

Vivek Lohia:

Yes, so Jupiter, our focus is in the railway sector currently most of the batteries which are used are the traditional batteries which are again which carry a lot of weight so as well as you know they are not very environmental friendly and then the life cycles are also very less. So, idea is to replace them with smart batteries which are much more efficient which have a better life cycle and which carry less weight.

So, it makes the rolling stock much lighter so that is the whole idea behind it, So, yes so our focus is both on the -- all the kinds of rolling stock which railway has which includes the coaches the Vande Bharat and going forward maybe also the metro business. So that is our focus on the battery side. And I think that is right now that is what we are working on in the first step and later on we may explore other areas also. But right now that is what we are focusing on.

Sushil Prashar:

Thank you.

Moderator:

The next question is from the line of Balasubramanian from Arihant Capital. Please go ahead.



Balasubramanian: Good evening, Great sir. Congratulations on the good setup numbers. Sir, like we are majorly executing on the private wagon side, what would be the margin difference between railway wagons and private wagons? And how do we look at like railway wagons are majorly into same design, but private wagons are lots of designs are there. So how you are executing? Is there any execution challenges are there?

Vivek Lohia: Yes, so thank you again. So over the years, Jupiter has built a very strong design and R&D portfolio. So, we have a very strong team, both in terms of our design setup, as well as on the execution bit and that is the reason also we are the leading suppliers of private wagons. So, we don't see any kind of execution challenges which comes there.

Definitely with the economies of scale and as we have mentioned earlier also given the each order book on the private side is significantly smaller than the railway and a lot of times the wagons are more much more complex. So the margin profile is definitely better than that of IR.

Balasubramanian: Okay, sir. So on that private wagons, so majorly we are importing deal sets from China or some other countries. Like earlier what went wrong on the execution side, like currently what are the things that improved and right now the industry talking about around 50,000 global vacant tenders as of now next three to four months so what is your thought process on that and the third thing this is the India is right now moving into passenger coaches side like Vande Bharat and metro side so like in future we have any plans to enter into these segments?

Vivek Lohia: So, one is on the wheel sets. I think we are in a very comfortable position because we have invested significantly in terms of procurement of wheel sets. So, we don't see any challenges generally we try to maintain an inventory of close to about one months to two months when it comes to wheel sets I don't see any challenge.

Going forward also we are Jupiter itself is exploring to set up its own wheel set manufacturing, but that is something which we are looking at. And immediately, again, our focus is more on the brake systems when it comes to Vande Bharat and metros. We are not looking to enter that business because we feel that already it is a very crowded portfolio as of now. So, but if some significant opportunity comes in the near future, we may review that decision.

Balasubramanian: Sir, on the global center side, any thought process on that because we also formed some JVs for on the export side also?

Vivek Lohia: When it comes to the global tender we are, Jupiter again is placed very strongly as you are aware that Uttara Wadgaonkar is a promoter in Jupiter and they are one of the biggest producers of freight cars in Europe and globally. So I have maintained that we have access to all the technology and designs and we are at an advantageous position. So as and when that tender comes, we are ready for the same.

Balasubramanian: Okay sir, okay, got it. Thank you sir.

Moderator: Thank you. The next question is from the line of Rajesh Vora from Jainmay Venture. Please go ahead.



Rajesh Vora:

Good afternoon gentlemen. On a very strong set of number. Congratulations, Vivekji. My question is over the time, over the last couple of years, your number of wagons sold to Indian railways is coming down from 71% in FY '22 to 33% in the first quarter. So do you expect this kind of trend to continue? How are we positioned based on the current order backlog?

Vivek Lohia:

So currently as you are aware, I've told earlier also, the order book from private sector is much higher than from Indian railways. So that is why you see more of the skew coming towards the private sector. But going forward, definitely with the new railway tenders which are in the offering as and when they are finalized, you will see a significant uptake from our side in terms of executing Indian railway orders. But then our private order book will continue to remain very strong and that is our forte and our focus also. So, it will be -- you will see parallel execution both in terms of the IR order book as well as the private order book.

Rajesh Vora:

Okay, so going forward, if you do expect to win significant chunk of the upcoming order your IR proportion may continue to increase from a current number. Is that the right way to look at it?

Vivek Lohia:

Yes, yes, that is the reason, we are increasing our capacity because we want to focus on both the IR business as well as the private business.

Rajesh Vora:

Absolutely. On the joint venture side, Vivekji, you have done a wonderful job of picking the right product and finding the right partners globally. Over the next three years, four years, as they continue to scale up, if I look at non-wagon business portion of the revenue which is currently very small, where do you see that number going as a percentage of total revenue of the consolidated company over the next three four years, directionally?

Vivek Lohia:

Again very difficult to give you any kind of forward numbers, but again, as I stated that the brake business will become a very significant business for us, as well as, and the market for the brake systems currently is around anything close to INR5,000 crores is the market. So we expect to get a significant portion of that market, plus we have been now focusing on the EV business. Again in India, if you look at the last mile connectivity that is the segment which we are focusing on which is vehicles with payload from 1 ton all the way up to say 3.5 tons to 4 tons. That market itself is close to about anything between 400,000 vehicles to 600,000 vehicles annually. So obviously, there is a significant market which we can tap. But again, the market potential is huge but as of now, very difficult to give you any kind of forward guidance.

Rajesh Vora:

Sure, is it possible to sort of say roughly, when based on your current estimate, can EVs become, it will have its own fixed overheads and operating overheads, by when can we sort of expect it to contribute to your numbers, is it two three years away, longer?

Vivek Lohia:

No as I have told you by December, we are launching a first vehicle, so you will see the numbers coming from next financial year onwards. And as -- and we are planning over the next year or so we are planning to launch at least another two different categories of vehicle, so you will see the numbers playing out by it from next financial year onwards.

Rajesh Vora:

Okay, wonderful. All the very best. Thank you.



- Vivek Lohia:** Thank you.
- Moderator:** Thank you. The next question is from the line of Akash from Dalal & Broacha. Please go ahead.
- Akash:** Hi, thanks for the opportunity once again. My question was, what is the capacity we will be having in brake system once Stone India goes live?
- Vivek Lohia:** So Akash, again, the products which we have in Stone India is very different from the products in the JVs. So in Stone India again as I have told you our focus is on the freight brake. One.
- And second is that they have lot of the brake system and other accessories for locomotive as well as for the Pentagraph. So these are the areas which we are going to focus in Stone India. And as and when, we start the operations, we will keep on building on capacity. But right now, it is very difficult at this stage for us to comment on the capacities.
- Akash:** Got it. So Stone India will be focusing on the freight brakes and the Vande Bharat brake systems and passenger systems...
- Vivek Lohia:** Stone India will be mainly focusing on the freight brakes on Vande Bharat and the locomotive.
- Akash:** Okay, got it. And sir, secondly, with regard to this lithium-ion batteries, for which we have been on boarded by Siemens as a vendor. So what kind of market size or opportunity are we seeing in that sector in let's say the next five years?
- Vivek Lohia:** There is a significant market size, the entire Vande Bharat portfolio is available to us now. And as I have told you, our trials have started on the existing rolling stock also of Indian railways. So that itself is again a significant market. So there is a tremendous market potential there.
- Akash:** So does every coach need one battery is it?
- Vivek Lohia:** Yes.
- Akash:** And there are no other competitors or there must be many?
- Vivek Lohia:** I am not aware of the competitive landscape now.
- Akash:** Okay. Got it, sir. And what would be the realization for battery or something like that? Any idea?
- Vivek Lohia:** Again, right now, it's too early for us to we are just conducting our trials and all that, that maybe later we can get into that.
- Akash:** Got it, sir. Yes. thank you.
- Moderator:** Thank you. The next question is from the line of Tarun Sancheti from Sunshine Capital. Please go ahead.
- Tarun Sancheti:** Hi, good afternoon management team. Many congratulations for a fantastic set of number. Sir, my question is, see there is an all-round growth visibility both on the wagon line side of the



business. Also, there are few development in terms of the joint venture with Kovis and Talleres for Spain. Will it be helpful if you can provide a bit of detail on the presentation in terms of what is possible capex for the next two years? And how the order book is going to look like specifically, for these two JVs? If you can talk about that, that would be helpful.

Vivek Lohia:

In terms of the capex, as I think I mentioned earlier also, we are looking when it comes to the JVs and the existing business, we are looking our capex plans about close to about INR250-odd crores of capex, which we have envisaged. In terms of again the breakup of JV business, again as I have told, very difficult for us to give any forward numbers, but I have told you the break business is close to about, today the Indian market size is about close to INR5,000-odd crores. And when it comes to the JV with Talleres again our focus is on the weldable crossings. There itself today if you look at the crossing market India buys anything between 15,000 to 20,000 crossings annually.

And now with everything moving towards high speed and safety being a major concern, you will see a significant shift which will happen from the traditional fish bolted crossings which you have been supplying to move towards the weldable crossings. So we, in the next four to five years, we expect the market to this requirement, which is there for about 15,000 crossings, 20,000 crossings, to shift from the traditional crossing more towards the weldables.

Tarun Sancheti:

Thank you for sharing that broader market perspective. Out of that bigger umbrella, what is the specific number or the market share that we are looking at? Say, for this big size, where is there is market share of 5,000 crores? What is the percentage share that we are eyeing for at this moment?

Vivek Lohia:

Again, see we envisage to be a major player, definitely in this sector and we have a lot of strengths. We have our internal consumption itself. So there's a captive market. Plus we understand the railway business very well but again for us to give any kind of numbers right now, I think will be too early.

Tarun Sancheti:

Okay. Is it fair to expect that say let's, follow up quarter etcetera, you would be in a position to give some guidance on that?

Vivek Lohia:

Yes, I think once the businesses become fully operational, I think by next year I think, we would be in a much more comfortable position to give guidance in terms of market share because right now I think we are too early in the cycle to give any kind of numbers.

Tarun Sancheti:

Much appreciated. Last question I have is related to the captive wagon business wherein again we have line of item, very large order book. To cater to that I do understand that we are ramping up capacity towards 1,000 wagon per month. Any further capex envision for this particular section of the business, within say, next one year?

Vivek Lohia:

As of now, we are looking to ramp-u, ramp it up to about 1,000 wagons. And the way we see the market growing, I think we will be in a very comfortable position. But then again, these things are dynamic. If we see the growth numbers coming out much more strongly. And so it all depends on how the future numbers shape up. So again, this is a dynamic to retain a market share



and grow on the market share so that has been and help the government because as you have told me that if the if the economy has to be if India has to become a 7 trillion, 10 trillion economy.

Then the railway has to play a very significant part, because not only is it environmental friendly, it's very cost effective. So if logistics cost has to come to single digits, I think it cannot happen without railway playing a significant part. So we are part of that journey and the government has been very, very, I think proactive when it comes to investing in the rail infrastructure and we see that investment growing over the next, they've already it is -- the railway is a significant part of the GDP spend. And we expect it to grow further. So again, it's very dynamic so we don't expect any growth slowdown definitely we expect the growth numbers to increase, but then depending upon how the landscape shapes up, we will take a call.

Tarun Sancheti: Sure, just a connected question and then I'll join back in the queue. So INR250 crore is the anticipated capex between the two JVs and on wagon business as of now, do we have any envision any additional capex or if you can give some number in terms of that.

Vivek Lohia: Talk about this INR250 crores number, it is including the wagon business as well as the JVs.

Tarun Sancheti: Okay, it is all inclusive, okay. Fair enough, thank you very much and looking forward to a bit of more detail in the coming presentation, etcetera. Thank you again.

Moderator: Thank you. The next question is from the line of Tushar Ranghate from Kamyaka Wealth. Please go ahead.

Tushar Ranghate: Yes, good afternoon sir and congratulations for your great set of numbers. Sorry sir if this might be a repetitive question. I just want to understand the MOU which you did with the RITES. What sort of growth you are seeing on that? Your future prospects on that? Yes, that would be my first question, sir.

Vivek Lohia: Which MOU? I could not understand. The RITES, MOU you are talking about?

Tushar Ranghate: Yes.

Vivek Lohia: Okay. I think I mentioned earlier also in the call that with RITES, it is the MOU where we are looking to do -- participate in collaboration with them in any global tenders which are there for rolling stock. That is the primary aim of that tender and we are seeing considerable demand coming from globally for rolling stock, so that is primarily the aim in that tender and we emphasize ourselves to be very competitive in that segment and we expect decent order books from that.

Tushar Ranghate: Fair, enough, sir. Last question would be on the Stone India. Now we are on the final stage in order to get the asset of Stone India. I just wanted to understand, what sort of revenues can we get from the capacities of Stone India?

Management: Again, as we have the NCLT process just got completed and it's not been a month also since we have acquired that company. So right now, it will be too early for us to give any guidance on Stone India. What we can clearly mention is that for us in terms of our freight business, again it



is a completely capital business for us. So that itself is a significant business there and again forward guidance we can, right now, it's too early for that.

Tushar Ranghate: Okay, sir. In terms of Stone India, do you feel you need to do any incremental capex in order to get the facility to our Jupiter Wagon standard?

Management: Yes, definitely we will be doing capex there and we will be doing significant capex in Stone India. But again, right now, it's too early for us to give any kind of guidance on that. We want it to be as per, we are looking to manufacture rakes for Vande Bharat for locomotives there as well as for freight. So we want it as per global standards, the facility.

Tushar Ranghate: Got it, sir. Thank you.

Moderator: Thank you. The next question is from the line of Abhinav Bhandari from Soham Asset Management. Please go ahead.

Abhinav Bhandari: Yes, thanks for the opportunity and super quarter, sir. Many congratulations for that. Two questions. One is any color of working capital and borrowings that you can give for the quarter? And the second question is, the new order which you have got from the private sector, 2,100 wagons for INR1,060 crores, pricing looks to be fairly attractive. So is this the new normal on pricing or there are some higher specifications here for these wagons? Also, what is the expectation period for this?

Management: So in terms of the working capital requirements, it will remain at similar numbers. We don't see any significant increase in terms of working capital requirements. So yes, as and when the revenues keep on increasing, definitely proportionately you may have, because you have to maintain larger inventories, so you may find working capital and to increase but not significantly. And if you look at our current ratios, it has improved significantly.

Currently we are at from 1.42 we have gone up to 1.57, so I don't see any challenges there. In terms of see the realization again, it's a very dynamic thing. It depends on the competitive landscape, which kind of wagon orders are there. So currently a lot of the order books, which new order books, which we have got, include wagons, which are very, it's not, they are very specialized wagons. So again, depends on the kind of order books which we get and on the competitive landscape. So it's a very dynamic thing. So very difficult to give a straight forward answer to that.

Abhinav Bhandari: And what would be the net borrowing number at the end of the '22?

Management: See on the term loan side, the around INR17 crores is the term loan borrowing and on the current on a working capital side, it is around INR275 crores.

Abhinav Bhandari: Is it net cash? This is a net of cash, is it?

Management: No, it is not a net of cash. Net of cash is that we are a net zero debt company.

Abhinav Bhandari: And just one last question. The execution period on this private or wagon product with your...



- Management:** So we are looking at an order book. We are looking to execute it over the next 18 months.
- Abhinav Bhandari:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Rajesh Vora from JNM Ventures. Please go ahead.
- Rajesh Vohra:** Yes, Vivekji, would you be able to give us what percentage of this current quarter's revenue is from the Wagon segment and for the FY 23?
- Vivek Lohia:** Just one second. Hold on. So for the current quarter, it is INR655 crores from the Wagon business and INR100 crores is from the other businesses. But this does not include numbers from the rake business because those are 50-50 JVs, so the top line doesn't get captured. It is only on the EBITDA side that those numbers get captured.
- Rajesh Vohra:** Sure. And for the FY '23, what is this number? Wagon revenue number for FY '23?
- Vivek Lohia:** It was around 75% from the wagon and 25% from the other business.
- Rajesh Vohra:** Okay. Wonderful. That's very useful. This quarter Vivekji, you have done 1,700 plus number of wagons are sold and that implies around 570 odd wagons per month. Your capacity of I think what 700 currently?
- Vivek Lohia:** So as I have told you very clearly, again it all depends on the wagon mix and the kind of wagons which we manufacture. So if we see, you have to realize that on the private side, a lot of times they are very specialized wagons and we have to do different designs of wagons. So you will find some kind of changes in the number from month to month. So again, very difficult to predict in terms of, but yes, going forward as I've clearly told that, this year we target to produce, by end of this year, we want to increase our capacity to about 800 wagons per month.
- Rajesh Vohra:** Okay, so I completely agree with you, quarter to quarter it can be very very different, but on a yearly basis, what sort of capacity utilization we should expect for this year broadly?
- Vivek Lohia:** Very difficult again for us to comment but definitely it will be about 80% plus.
- Rajesh Vohra:** Okay, wonderful. Thank you so much and all the very best.
- Moderator:** Thank you. The next question is from the line of Parvez Kazi from Nuvama, please go ahead.
- Parvez Kazi:** Hi, good afternoon and congratulations for a great set of numbers. Sir, my first question is regarding the split, which you had given earlier of the wagon order book, did you say we have about INR4,500 crores orders from private sector and about INR1,050 crores from Indian railways, are these numbers correct?
- Vivek Lohia:** Yes.
- Parvez Kazi:** Great. And second, when we talk about the private sector wagon orders, from which segments or of customers are we getting these orders?



- Vivek Lohia:** It is across the board. It includes your steel companies, cement companies, your container operators, as well as from the auto sector, as well as the shipping, the ports?
- Parvez Kazi:** Broadly, what would be, the current, let's say, demand from private sector on an annual basis? I know these numbers would have been very different historically, but currently, wouldn't it be fair to say, the total market size on private sector would be let's say anywhere between 150 to 200 rakes?
- Vivek Lohia:** You're talking monthly or annually?
- Parvez Kazi:** Annually. The market size itself.
- Vivek Lohia:** Again, as I have told you we are seeing a very difficult to predict the market because we are seeing a significant offtake, which is happening in the market. Since, after a long time, there is a lot of private capital which is now being deployed in the country. Because initially most of the growth was coming through government spending. But now there is a lot of private capital coming and since we are -- it is a capital good, we are in a capital good industry. So these numbers are, these are very dynamic month on month, we are seeing the demand increasing. So yes, but yes, what the numbers you have said, definitely those are the numbers. We are seeing those numbers happening and it may be bigger than that.
- Moderator:** Thank you. The next question is from the line of Nitin Raheja from Prapu Das Liradhar. Please go ahead.
- Parvez Kazi:** Hi. Thanks for the opportunity. I just wanted to understand how much of steel is required to make one wagon?
- Management:** You know, it all depends on the type of wagons which you are making because each wagon has a different varieties of steel and different quantities of steel. So you know honestly I cannot comment on that.
- Moderator:** Thank you. The next question is from the line of Akash from Dalalan Broadshop. Please go ahead.
- Akash:** Sir, going ahead, do we see, due to the increasing wagon production, do we see any, are margins increasing due to operating leverage from year on, the 13% levels?
- Management:** Akash, as I have told you also, we are, I think, going forward also our margins will be between 12% to 13% and we are pretty confident on those numbers. Definitely you do enjoy operating leverages and as and when other businesses grow they will keep on contributing to the margins. But I think 12 to, on a long term and on a sustainable basis, I think a 12% to 13% margin is what you should look at. And we are very confident on those numbers.
- Akash:** Okay, sir. And in terms of exports, which countries are we participating in, broadly?
- Management:** Mainly, it's across the board we have participated in tenders for the African continent in Asia we are in discussions for an order book in Australia so it's across the board.



- Akash:** Okay and sir there's one earlier in this con call you gave a INR250 crore number so I just missed you gave that for what?
- Management:** For the capex those were tentatively our capex plans for the break business and our existing business.
- Moderator:** Thank you. The next question is from the line of Tushar Raghatate from Kamayakya Wealth. Please go ahead.
- Tushar Ranghate:** Yes, thank you for the follow up. Sir, in the interview you mentioned about the global tender from the Government, any update on that sir?
- Management:** Very difficult to give you any kind of update but we expect, we are aware that it is under deliberation and we expect it to come out any time shortly.
- Tushar Ranghate:** Got it. Sir, in terms of the container business?
- Management:** Yes, about the tender, that much I can say.
- Tushar Ranghate:** Sir, in terms of the container business, in terms of the container production manufacturing, do you see any growth going forward? Because if you see in the last year, I think the numbers were high compared to FY '23. In FY '23, the numbers were pretty good in the container?
- Management:** So container business in India is going to keep on growing. We are very confident about that. And as the market matures, the Indian manufacturers are going to get more and more competitive when compared to, because it's you have to understand that it's a pretty new business right now in India people are still learning.
- The steel industry because majority of the inputs come from the steel industry cotton steel again which is primarily used in containers, is again something which is newly being developed in India. So as the volumes increase, we will get more and more competitive and the domestic demand again is very strong.
- And as I have told you, it's not only marine containers, we are now making very, very specialized containers. So, yes, I see a very strong future. So we are also investing. Right now, Jupiter is investing in a complete robotic line for manufacturing of the container, which will, again, contribute towards not only quality, but reduction in cost. So I think you'll have more and more people investing capex towards this.
- Tushar Ranghate:** Sir my last question in terms of your EV business, when can we expect the revenue coming from the EVs?
- Management:** As I said in the next year you will start seeing the revenues coming in.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to the management for their closing comments.



Management:

I would like to thank all the participants to be part of our call today and to share our growth story. And as mentioned that we see a very strong outlook in this year as well as in the coming years. The government is, as stated earlier, that the government is committed towards bringing the logistics costs in India to single digits and that is again very, going to play a very important role towards meeting our economic goals making India a 10 trillion dollar economy and the railway is going to continue to play a significant part in that journey there's a lot of infrastructure push which is coming as well as capital which is happening from the government as well as from the private side.

So this is going to give a huge momentum to this sector and beyond this as I have told you we are adding a lot of value added products which are at global scale. So they are not only for the Indian market but which will help us compete globally itself. We are also very bullish on the EV business because we see that to be the way forward especially when it comes to the last mile vehicles. So I think we are to summit I think we are quite bullish on our current trajectory which the company is taking and for the near future. Thank you.

Moderator:

Thank you. On behalf of Systematix Institutional Equities, we conclude today's conference. Thank you all for joining. You may now disconnect your lines. Thank you.

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