Date – 01st June 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**

Dear Sir/ Madam,

Sub: Transcript of Analysts / Investors Call pertaining to the Audited Financial Results of the Company conducted on 26th May, 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,

In furtherance to our intimation dated 23rd May, 2023, please find enclosed Transcript of the Analysts / Investors Call on Audited Financial Results (Standalone and Consolidated) of the Company for the quarter / year ended 31st March, 2023 held on 26th May, 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 known as Commercial Engineers & Body Builders Co Limited)

Deepesh Kedia
Digitally signed by Deepesh Kedia
Date: 2023.06.01 12:08:15 +05'30'

Deepesh Kedia
Company Secretary

"Jupiter Wagons Limited
Q4 FY23 Investors Conference Call"

May 26, 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 Jupiter Wagons Limited Q4 FY23 Investors 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sidharth Agrawal from Systematix Institutional Equities. Thank you and over to you, Sir.

Sidharth Agrawal: Good evening, ladies and gentlemen. Thanks for joining us today on the Q4 and FY 23 Earnings Call of Jupiter Wagons Limited. On behalf of Systematix I would like to thank the management for giving us the opportunity to host this Earnings Call.

Today we have with us Mr. Vivek Lohia – Managing Director and Mr. Sanjiv Keshri – Chief Financial Officer. I will now hand over the call to the management to give their opening remarks and after that we can open it up for Q&A. Thanks and with that over to you, Sir.

Vivek Lohia: Thank you Sidharth for the introduction. Good evening, everyone and thank you for taking the time to join us for the Q4 FY23 Earning Call.

The Results were declared yesterday, and I hope that each one of you had the opportunity to review them.

FY23 has been the best year in the history of Jupiter Wagons Limited as we registered the highest ever annual Revenue, EBITDA, and Profit after tax. Importantly, we continue to witness strong growth momentum as the total income of Rs. 2,074 crores in FY23 was higher by 75% on a year-on-year basis. EBITDA of Rs. 259 crores was higher by 120% on a year-on-year basis and EBITDA margin has expanded 260 basis point from 9.9% in FY22 to 12.5% in FY23. I am sure all of you have noticed that we delivered an industry-leading EBITDA margin of 12.5%.

PAT was Rs. 125 crores and PAT grew 151% on a year-on-year basis. Recognizing this performance our Board of Directors has recommended the maiden dividend for the company of Re. 0.50 per share on a face value of Rs. 10.

A quick word on our quarterly performance:

Total income was Rs. 713 crore in Q4 quarter higher by 96% on a year-on-year basis. EBITDA was higher by 191% on a year-on-year basis at Rs. 94 crores. The EBITDA margin in Q4 was 13.2% higher than the full year margin of 12.5% indicating the direction in which we can further improve upon our industry-leading margin profile. Profit after tax of Rs. 41 crore is nearly three times the PAT in Q4 last year.

A recent development that I wish to highlight is the successful fund raise of Rs. 125 crore through a QIP offering earlier this month. The QIP received an overwhelming response from marquee investors like Tata Mutual Fund, Ananta Capital, and ITI Mutual Fund to name a few. The funds raised through QIP will be utilized for the acquisition of Stone India, working capital optimization another corporate purpose thereby fueling our growth. We are highly excited about our growth prospects given the unprecedented investment lined up across the country to address the shortfall in infrastructure and cater to the demand for more efficient and competitive mobility solutions.

I will now walk you through the outlook for each of our business lines:

The Indian Railway has made significant investments in its development including rail track, signaling systems, terminals and more. These investments are aimed at expanding capacity. However, to fully utilize the planned infrastructure the Indian Railways need to increase the wagon capacity. Currently, the wagon fleet size stands at about 3,00,000 units as of 2020. According to forecast by the National Rail Plan the total wagon fleet size required is estimated to be around 5,50,000 units by 2031 and 1,000,000 units by 2051. This means that there is a projected incremental demand of approximately 2.5 lakh units by 2031 and 7.5 lakh units by 2051. The current capacity of wagon manufacturers in India is around 30,000 units per year.

However, this capacity has been significantly underutilized as Indian railway has been procuring an average of 8,200 annually over the past six years. In the fiscal year 2022-23 Indian railways plan to procure 90,000 wagons over a period of 39 months which translates to approximately 30,000 wagons per year for the next three years. Thus, the visibility of government ordering is high as multiple tenders including a large global tender is likely to be launched in the next three to six months. These tenders are expected to amount to a requirement of around 60,000 to 80,000 wagons in aggregate. This aims to utilize the existing manufacturing capacity consistently and effectively. Following a prolonged period of slow growth, the wagon industry has experienced a revival driven by government emphasis on infrastructure development and expanding capacity.

Currently, approximately 30% to 35% of our wagon order book consists of private sector orders. As a result, the freight wagon business continues to enjoy high visibility and will sustain at this level at momentum from the private sector is expected to continue for the next couple of years. Our Brake discs business is expected to generate initial revenues in FY23- 24 as orders have already been received and execution has commenced. We expect to scale up order bookings and generate annual revenues of Rs. 200 to 250 crores within two years of commencement of business with equal contribution both from domestic as well as from the export markets.

We had discussed our braking system business last quarter. I am happy to inform you that in the braking system business orders have been received for the supply to manufacture of brakes for passenger coaches. The first order for freight brake system was also received from Indian Railways. We are looking on certification of brake systems for freight wagons which allow it to cater to requirements of Indian Railways freight division as well as our own captive requirements. We aspire to generate the revenue run rate of Rs. 250 to 300 crores per annum from this business by the end of FY24-25. Both the brake business, i.e., Break disc as well as the braking system have potential to scale to a combined revenue of about Rs. 500 crores over the next two years.

The electric vehicle market in India is experiencing rapid growth and with much of the focus on passenger vehicles, two and three wheelers. In January, at the Auto Expo in New Delhi we launched 2 Electric LCVs. These vehicles have received an overwhelming positive response. Jupiter Electric Mobility, the Commercial electric division of Jupiter wagons aims to establish itself as the leading player in India's commercial electric vehicle segment. Our strategic alliance and partnership with Green Power have played a pivotal role in our progress. 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. Our commercial production is scheduled to commence in the 4th Quarter of 2024 marking an important milestone for us.

Looking ahead:

We have a vision to develop a comprehensive range of electric vehicles and are evaluating partnerships in order to widen the range of products. For the near term, the focus will be to develop a portfolio of three to four vehicles with payload capacity between 1 to 5 tons. To summarize, our position in the order book continues to remain strong at about Rs. 6,000 crores as on March 31st, 2023. Currently we have a high visibility in terms of our growth at nearly three times the annual revenue of Rs. 2,000 crores in FY23.

With this, I would like to take the opportunity to open the forum for any questions you may have. Thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. We take the first question from the line of Ankur Kumar from Alpha Capital. Please go-ahead Sir.

Ankur Kumar: Sir, my first question is on the order book, so on Rs. 5,800 crore order books say Rs. 6,000 crores, can you please bifurcate it into various segments please?

Vivek Lohia: So, as I have told you the order book is about Rs. 6,000 crores out of which Rs. 5,000 crores are for wagons and the balance order book is mainly for our CV business as well as well the container business and as I have told we have already started getting some order books on the brake systems also, but that would right now constitute a very small number which will increase in the subsequent quarters. This also includes an order book of about Rs. 200 crores for Weldable CMS Crossings.

Ankur Kumar: Sir on execution can you please explain how much timeline because in the last call I think we said that 60% of the order book will be executed in the next year FY24, so is that still holds?

Vivek Lohia: So, I do not know in terms of percentage, but right now we are supplying on an average last year we supplied about 450 to 500 wagons to the railways per month and now we have already scaled up our supplies to about close to 600 wagons. So, the target is that before end of the year we will go up to close to 700 wagons every month.

Moderator: Thank you sir. We take the next question from the line of Mr. Vasudev from Nuvama. Please go ahead.

Vasudev: So, in the presentation you have mentioned about the new wagon tender for 50,000 to 80,000 wagons, so my first question is whether it will come in Q2 or Q3 and after the tender is floated how much time will it take as in by when will the order get finalized?

Vivek Lohia: So, we expect the tenders to come out in the next three to four months and generally typically the government does not take very long to finalize the tenders within three to four months they tend to finalize the tenders. So, we expect the orders to come either in depending upon when the tender is out either in Q2 or Q3 we expect railways to give us the orders.

Vasudev: And my second question is on the private sector ordering, so how is your ordering scenario looking like from the private sector and if you can share your order intake from private players in FY23 and how does that compare with the previous three to four years?

Vivek Lohia: So, what we are seeing is that the order book from the private sector is being very consistent and there is a lot of visibility still. So, as we have already mentioned that for FY23 our order book capacity is fully utilized. So, now we have already started getting orders from the private sector for FY24 and we do not see much of slow down and on the contrary, I see a very strong uptake in order book for the next year.

Vasudev: So, like in FY23 our order intake was higher than what we had in FY20-21-22 from the private side?

Vivek Lohia: Yes, definitely.

Vasudev: And lastly sir on the General-Purpose Wagon Investment Scheme (GPWIS) scheme the government has halted this scheme, so what are your views on that, and do you expect the government to come out with a new scheme or how do you see it?

Vivek Lohia: Can you please repeat the question I could not follow it.

Vasudev: On the GPWIS scheme?

Vivek Lohia: See again the GPWIS scheme just pertains to one type of wagon that is in BOXNS wagon. So, there is a misconception that the government is banned private sector of placing orders for all the types of wagons that is not true. We are seeing a very robust demand which is coming for say container wagons, the automobile wagons for carrying wagons for coils wagon requirements from the cement sector and even when you look at the requirements under the GPWIS scheme, that is the BOXN wagon, the whole idea of the government is that there is a pending they have already given permissions about close to anything between 300 to 500 rakes that is the number which the railway ministry is saying. So, their idea is that for the next two years they want these rakes to be inducted. So, that is close to about 30,000 odd wagons, which is a substantial number. So, they want these wagons to be inducted before they give new permissions. So, it is not that they have banned these private sector wagons to be inducted. The whole idea is that there is a huge backlog which is there. So, they wanted that backlog to first get fulfilled before they give fresh permission.

Moderator: Thank you. We take the next question from the line of Mr. Naitik Mohata from Sequent Investments. Please go ahead, Sir.

Naitik Mohata: So, my first question is regarding our JV Dako which is for the brake system. So, we were under the impression that the brake system JV would ramp up pretty quickly as almost Rs. 250 crores of brake systems are needed by Jupiter Wagon for self-consumption as well and the opening remarks were probably like Rs. 200 crores to 250 crore run rate in a two-year, three-year period, so could you just explain more on that?

Vivek Lohia: No, it was not in the two-year, three-year period what we are talking about a Rs. 250 croresrun rate next year itself in FY 24 what I mean to say the financial year 24-25 we are saying that we will ramp up to Rs. 250 crores. What I said in my opening remark is that we have already got the certification for the passenger coach business where we will start now booking orders from Indian Railways and execution has already started this year itself, but then obviously since the orders will start coming this year majority of the executions you will see in the next financial year and on the freight side of the business as I have stated that we expect to get a final certification by the end of this year so you will start seeing the execution again happening next year where majority of the captive business will start getting reflected.

Naitik Mohata: So, sir what you are saying is we can expect somewhere around Rs. 200 crores, Rs. 250 crores of revenue out of this in FY24 itself?

Vivek Lohia: Financial Year ‘24-25.

Naitik Mohata: And sir in Financial Year '23-24?

Vivek Lohia: FY24 is as I have told you that we are basically this is the year where we will start getting the order books from railway. So, I cannot give you exact numbers, but from Quarter 3 onwards you will start seeing execution happening, but for the next financial year I can definitely give you indication in terms of our revenues because we will have order books in hand. So, you have to appreciate that we cannot predict exactly when the tenders will come out and when will the railway workshops finalize those tenders. So, we expect the tenders to start coming out from July and August and then as and when they finalize it then we will start our execution.

Naitik Mohata: Sir what is the kind of investment that we have undertaken for the brake systems JV and considering the capacity that we have put up, so what kind of peak revenues do you think can be generated from the segment?

Vivek Lohia: So, as I have told earlier also most of the investments which are needed in the JV has already been done. Incrementally we are looking at about from Jupiter side our incremental investment of about Rs. 50 odd crores because as you would appreciate it is a 50-50 JV so our partners will be quickly contributing in terms of investments and in the next two to three years, we are looking at the business of we have enough capacity built in for the revenues to go up to about Rs. 1,000 odd crores.

Naitik Mohata: Secondly sir regarding our acquisition of Stone India, so if you could give any updates what is the acquisition process is looking like and when can we start some production there?

Vivek Lohia: So, we are very hopeful that we will get the final orders very soon. So, again very difficult to predict the timeline when it comes to the judiciary, but I think we are very confident that in the next one, two months we will get the final order and our road map is also pretty clear. I think once we get the acquisition within two quarters, we will be in a position to start commercial production.

Moderator: Thank you. The next question is from the line of Mr. Jayesh Shah from OHM Portfolio. Please go ahead.

Jayesh Shah: I have never looked at this company before so I am really surprised at the EBITDA contribution margin of 12.5% which is industry leading and I see that all the peers are earning EBITDA of between 5% to 8% and secondly your asset turnover of ratio also looks very high, so could you please explain what is differentiating Jupiter wagons from the rest?

Vivek Lohia: One is that we have a very integrated operation when it comes to comparison between our peers and then secondly, I think in terms of our order book also we are very selective when it comes to our order book, and we have been very focused on execution. I think these are the things which separate us from our competition.

Jayesh Shah: But these are all tender orders so I thought that margins cannot be so different between.

Vivek Lohia: As I told you it is about the speed of execution and the integration. So, I think that is where the major difference in and then if you look at the order books we have a very strong order book from the private sector I think where we are making much more specialized kind of wagons and we have if you look at the range of wagons also which we produce compared to our peers we are producing same volume of wagons. We are producing one of the highest wagons in the industry, but we have a very vast range of wagons so that also helps us in our margins.

Jayesh Shah: So, does it imply that your private sector business is at say roughly around 15% to 20% margin in the government business would be at lower margin?

Vivek Lohia: No, I would not say that, so I am trying to say is that we have are making much more specialized wagons compared to when the government places orders for wagons they generally place orders for very standardized kind of wagons whereas compared to our peers we make much more specialized wagons. So, that definitely helps in our margins and as I have told you very clearly that our integration is much stronger than our peers as well as our execution. So, that definitely contributes to our margin.

Jayesh Shah: And can you talk on the asset turn as well because your Gross block also is pretty low?

Vivek Lohia: I think that is the question you have to ask my competition rather than asking again as I have told you we run a very tight ship and for us execution is the key. So, maybe I think that is where we are differentiating ourselves, but I think you have to ask the competition this question more than us.

Jayesh Shah: And over next two, three years would your revenue mix look very different when the other businesses scale up?

Vivek Lohia: As I have told we are ramping a production capacity. So, obviously that will be commensurate in the revenue numbers also and as we are adding the brake business and obviously on the freight side the brake becomes captive for the wagon business. So, that will also reflect on the margins.

Moderator: Thank you. The next question is from the line of Mr. Ankur Kumar from Alpha Capital. Please go ahead.

Ankur Kumar: Sir in terms of last year's revenue Rs. 2000 odd crore, can you we say that wagon would be around Rs. 1,600 crores?

Vivek Lohia: Yes, I think that is the right statement.

Ankur Kumar: And sir on tax rate can you comment last year was quite high, so is it like we had past losses and that is gone?

Sanjiv Keshri: This year our tax is coming at a 49%, but actually we have opted the 25% upon this year onwards and after the merger we filed the revised return of the earlier year also from the first October 2019 and opted the 25% rate of tax, so if you calculate the tax at 25% it would come to around Rs. 52 crores on our PBT and there are the deferred tax charges are charged this generally arise due to the prior year brought forward losses which we had adjusted against our old two years and second is due to change in the tax rate earlier last year when we close our books of accounts of March 2022, we considered the deferred tax at 33% and this year 25%. So, there is a charge of that 10% extra. So, around Rs. 25 crores are the deferred tax charge and again the Rs. 5 crores, Rs. 6 crores are the nondeductible expenses on which the deferred tax has been created. So, it comes to around Rs. 80 crores which coming around 49%, but onwards it will come to 25%.

Ankur Kumar: For FY24 it will be 25%?

Sanjiv Keshri: Yes.

Ankur Kumar: Sir one last question in railway wagon we did 1,532 wagons in Q4 so like 500 per month now we are saying we have moved to 600 monthly run rates in wagons, is it like from the April we just moved to 1,500 wagons or like we moved earlier?

Vivek Lohia: When I am talking about 600 odd wagons, we have already started executing that kind of numbers every month.

Ankur Kumar: And any commentary on margins because you earlier also mentioned that we are the best and we expect to stay the best, so any commentary on that front?

Vivek Lohia: So, I think the margin in FY24 will continue to remain the same and as I have told earlier that as and when the brake business starts contributing you will find some incremental increase in margins.

Moderator: Thank you. The next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.

Alisha Mahawla: Sir couple of questions one what is the total wagon capacity currently?

Vivek Lohia: It is about 7,400 wagons that is the annual capacity.

Alisha Mahawla: And are we looking at adding anymore capacity on the wagon side in the next two years?

Vivek Lohia: Yes, as I have told clearly that we are already in the process of adding additional capacity. So, last year if you see we were executing about on an average about 450-500 wagons per month which we are now ramped it up to about 600 wagons and the idea is that before end of the year, we want to take this to about 750 wagons.

Alisha Mahawla: And in the Rs. 4,300 - 4,400 crore wagon that we did for the current year in FY23 how much was for Indian airways and how much is private?

Vivek Lohia: So, I think about the last year about 60% was Indian Railways and about 40% was private.

Alisha Mahawla: And the capacity expansion that we are doing we are already a 600 talking of going to 750, is this largely because we are seeing demand in the Indian railway side, or do we expect this in between Indian Railways in private to continue to be 60-40?

Vivek Lohia: No, obviously this is because we expect as I have told at the very beginning that we expect sizable order book coming from Indian Railways. So, we want to expand our capacity to meet those requirements and also, we are seeing huge traction from the private sector also. So, it is to cater to both the demands.

Alisha Mahawla: And is there any margin difference between the two?

Vivek Lohia: Nothing very significant, the only thing is that on the private side the wagons we do much more specialized wagons. So, definitely the more specialized wagons we execute so the margins are slightly better in those.

Alisha Mahawla: And what is the total CAPEX that we are looking to do for FY24, is there any CAPEX left for brake systems or brake disc and you did mention the increased capacity for wagon, so what is the CAPEX plan?

Vivek Lohia: So, as stated earlier on the brake side we are looking at about a Rs. 50 odd crores of CAPEX going forward and besides that on Stone India the acquisition cost would be about Rs. 25 odd crores and we are looking at additional CAPEX of about Rs. 30 odd crores there to modernize the facilities and start operations. Beyond that, again on the wagon side definitely there will be an incremental CAPEX of about Rs. 100 to 200 crores.

Alisha Mahawla: And how we plan to fund this almost Rs. 350 crores of CAPEX that we plan to do in FY24?

Vivek Lohia: As you can see from a cash flow number in the next two years, we expect to generate idle cash flow and also, we have raised about Rs. 100 crores for my QIP. So, I think both put together would be sufficient.

Alisha Mahawla: You were not looking at any incremental debt?

Vivek Lohia: No, we are not looking at any incremental debt.

Alisha Mahawla: And you said the Indian Railways orders that we got from the brake disc side did it contribute to anything in Q4?

Vivek Lohia: So, we already have orders of brake disc of about Rs. 30 odd crores which we have started executing. On the brake systems as I have told you we recently about two months back got our final approval. So, we are waiting for the next tender cycle which we expect to start from July, August onwards. So, that's when we will start building on that order book and I think you will start seeing execution happening. So, as I told you on the CAPEX, we are not looking to raise any debt and we have quite strong cash flow as well as the money we have raised into QIP I think that would be sufficient for us to fund all our CAPEX requirements for the next two years.

Alisha Mahawla: I think what I could not hear was on the Brake disc and the Brake system side that brake disc contribute anything in Q4 and I think you explain that brake system this should only contribute in H2 of next year, so if you could just re-explain that part?

Vivek Lohia: Brake disc already the contribution is about around Rs. 7 odd crores and we have order book of about Rs. 30 crores already and which we are executing and next year we expect the order execution to be about close to Rs. 100 odd crores on the brake disc because we are continuously building on the order book. On the brake system as I have told you that we recently got our approvals, and we expect the tenders to start coming in around July and August. So, that is when we will start getting orders and execution will start either in the end of third quarter or beginning 4th Quarter.

Moderator: Thank you. We take the next question from the line of Anik Mitra from Finartha. Please go ahead.

Anik Mitra: Sir, according to your commentary your current run rate is 7,400 wagons per annum, and you are planning to extent it to around 8,400 per annum?

Vivek Lohia: So, what I was stating is that our rated capacity is 7,400, but last year we were on an average we executed between 450 to 500 wagons and this year we have now ramped it up to about 600 wagons we are executing every month and we are now building in further capacity and by end of this year we want to go up to 750 wagons.

Anik Mitra: Now if we consider 600 odd wagons in this year in FY24 so it will be around 7,200 wagons in FY24, so what is the timeline for execution of your current order book of Indian railways.

Vivek Lohia: So, the Indian Railway order book we are planning about 70% order book in this financial year itself.

Anik Mitra: I could not get you your voice is breaking the 50% in this financial year.

Vivek Lohia: About 70 odd percent of the Indian Railway order book, we plan to execute in this financial year itself.

Anik Mitra: So, sir in that case, like with private order book and your current Indian railway order book is your facility totally occupied at least till end of this year am I correct?

Vivek Lohia: So, right now whatever order books which we have if we do not also add any further order books it keeps our facility occupied for the next about 18 months.

Anik Mitra: Now, sir based on the previous tender what Indian Railways floated. So, Indian Railway has given the order to both facilities who has the existing capacity now my question is as in next three to six months another global tender is expected to be floated by Indian Railways, so sir how you are poised to capture that opportunity?

Vivek Lohia: So, we already have sizes, so if you look at our capacity today our rated capacity is 7,400 wagons and if you look at generally the order cycle is for three years if you calculate on that basis today our capacity the Indian. Railway rated capacity is about 24,000 wagons and as I have told you compared to our peers, we are breaking most of our order book, so today if you look at our capacity, we have the maximum available capacity for Indian Railways to place orders. We have we have complete fix whereas if you look at a peer their order book to take another two years to execute. So, they do not have additional capacities which are there.

Anik Mitra: Do you have that additional capacities to capture the new tender?

Vivek Lohia: Yes, that is what I was trying to say at the very beginning that the new tenders which are coming and where we expect quite a sizable order book from the same.

Anik Mitra: Sir, my next question is what is the average differential of margin between government and private wagons?

Vivek Lohia: Again, it is a very difficult question to answer because it depends on the types of wagons which are there and there are a lot of other factors. So, it is a question which is very difficult for me to answer.

Anik Mitra: Sir another question is E-LCV sir in E-LCV business are you assembling the parts like whatever the components are required or let us say battery or are you manufacturing everything in house?

Vivek Lohia: No, so today nobody manufactures 100% in house obviously it is a combination lot of the part we outsource also and lot of the parts we manufacture ourselves also.

Anik Mitra: Which components you are manufacturing in house?

Vivek Lohia: So, right now I am not at liberty to disclose that, but if needed we will disclose that at a later time, but what I can tell you is that when a vehicle will be launched it will be with 90% localization.

Anik Mitra: 90% localization means from Indian vendor whether it is you or some other in in general?

Vivek Lohia: Yes.

Anik Mitra: And sir in terms of battery system if you disclose something if you do not have any limitation?

Vivek Lohia: Battery system also will be made in India only.

Moderator: Thank you. We take the next question from the line of Mr. Pankaj from Affluent Asset. Please go ahead.

Pankaj: Sir, wanted to understand have a better understanding about braking system, so as you mentioned that we have an order book of Rs. 30 odd crores and if I am not wrong the Stone India acquisition which you are going to make that is also related to braking system, so where does the braking system is used in both passenger and freight wagons and who are the competitors we have what is the total addressable market, so do we supply to both Indian Railways and the makers of this metro coaches and Vande Bharat trains etc.?

Vivek Lohia: So, today the total market for brake systems is roughly at about Rs. 3,000 odd crores in which you would say about 80% of the market is catering to Indian Railways only and the market today is mainly dominated by two players one is Knorr-Bremse it is a German company and then there is a company called Faiveley Wabtec which is a is a French American company. We are going to bring to the Indian Railways as well as the Vande Bharat business. We are currently not focusing on the metro business because it is a very small. So, they are the ones who are dominating and 80% of today if you look at the Indian market is catering to the Indian Railway requirement. The Metro segment is a very small segment right now in India. So, initially our focus is on the railway segment where we are going to be catering to the freight business the passenger coach business as well as the Vande Bharat business. Right now, we are not looking at the metro business once we consolidate ourselves in the railway business then maybe we will start looking at the Metro business.

Pankaj: So, as I understand the braking system is an imported item am I right?

Vivek Lohia: No, it is not an imported item. They are manufactured in India locally also, but yes surrounding are also imported.

Pankaj: Each wagon or a coach requires separate braking system, so as the number of wagons are secured, or number of forces secured by Indian Railways the number increases the demand for braking system will also increase?

Vivek Lohia: Yes, you are definitely correct because that is why we are anticipating that the market is going to expand further. If you look at the Vande Bharat which is a very new discussion so as and when the fleet of Vande Bharat increases, and the private sector starts manufacturing Vande Bharat you will find a substantial increase in the size of the brake system business and also as the wagon demand picks up you will see incremental increase there.

Pankaj: And sir roughly what is the content in value terms what would be the ticket size for the whole braking system of a train?

Vivek Lohia: So, when it comes to on a wagon it is roughly anything between 2,00,000 to 3,00,000 depending upon the wagon type. When it comes to LHB coaches it is roughly between Rs. 20 to 25 lakhs are the cost of a braking system and when it comes to Vande Bharat it is approximately around Rs. 60 odd lakhs.

Pankaj: And going forward with acquisition of Stone India, so what would be our capacity or what would be the potential revenues which we can garner as and when we ramp up the facilities including our capacity and India capacity.

Vivek Lohia: In the next two to three years, we are looking to this business we see a potential of at least Rs. 1,000 odd crores, but beyond that right now for me to predict in terms of revenues and all that it is very difficult, but as in how the businesses start ramping up in future quarters, I can give you better guidance on the same.

Pankaj: Rs. 1,000 odd crores per annum?

Vivek Lohia: Per annum yes.

Moderator: Thank you. The next question is from the line of Mr. Jay Naik Individual investor. Please go-ahead sir.

Jay Naik: Sir, I have got a couple of questions while you have provided ample information on your brakes in wagon business, would appreciate if you could throw more lights on your other businesses that is container business and commercial vehicle load body business and maybe the weldable crossing business how we are trying to scale these businesses up, how demand is looking and how we are ensuring the proper focus and management bandwidth to manage this non brake and non-wagon business?

Vivek Lohia: So, on the container business this year we expect to generate a revenue of close to about Rs. 100 odd crores and our focus is again there also it is on rather than to make standard containers the focus is on specialized containers. So, now we are adding a lot of GE type customer. GE is one of our marquee clients. Now we're adding clients like Schneider and other global clients, and these are now containers which were earlier not manufactured in India which now we have started manufacturing in India for these companies. So, the whole idea is that to focus on specialized containers and that is how to expand the business and on the commercial vehicle business again CEBBCO has been traditionally very strong in that business, and we have a sizable infrastructure there and if you look at both Tata Motors and Eicher we are one of their biggest suppliers. So, as the commercial vehicle market keeps on growing, we expect our revenues to increase from that segment, but as I have told earlier also that the segment will continue to, the EBITDA margins would continue to remain around 8% to 10% kind of margins because the volume will go up, but the given the nature of the segment the margins will continue to remain the same.

Jay Naik: So, 8% to 10% you are saying margin profile for both container?

Vivek Lohia: Not for containers for the commercial vehicle business. For containers since we are making specialized containers the margins are much better.

Jay Naik: Sir in mid to long term since probably there may not be quite a synergy between wagon brake business and the commercial vehicle in container business would be think of hiving them of demerging them of at later point in future, is there anything which you can throw light on?

Vivek Lohia: I would not agree with the statement that these completely different businesses because at the end of the day they are all related to fabrication. So, immediately there is no such thought process in terms of having all these businesses in two separate entities.

Jay Naik: And if you could throw some lights on your new product initiatives, new programs on the passenger coach business Vande Bharat coaches for Metro's new products that you may be developing or in pipeline?

Vivek Lohia: So, as I have told that right now there is no intention of the company to get into manufacturing of Vande Bharat coaches. Our whole idea is to focus on the big systems for Vande Bharat as well as for passenger coaches and on the metro side as I already mentioned that we have a tie up with CAF and CAF is bidding for a lot of metro tenders in India. So, as and when they win a metro bid then we will set up that business.

Jay Naik: Sir, one last question the recent news article came about the Porsche wheel manufacturing plant government putting on the block RINL plant, so do we have any plan to further backward integrate our wagon manufacturing by taking over or acquiring this Porsche wheel plant or any foray into the Porsche wheel plant business?

Vivek Lohia: So, what I was saying is that I am not aware of any disinvestment by the government, but as and when disinvestment happens by the government, we will definitely look into it and so that is when I can give you better guidance, but right now I am not aware of any such disinvestment.

Moderator: The next question is from the line of Mr. Pratik Rathi from Capital Advisors. Please go-ahead sir.

Pratik Rathi: So, I have a couple of questions like I just wanted to understand how many plants do you have in West Bengal?

Vivek Lohia: We have one facility in West Bengal and as and when acquires Stone India that will be our second plant.

Pratik Rathi: And after you acquire Stone India what would be the contribution from these plants to your revenue?

Vivek Lohia: So, what I am trying to say is Stone India we have not yet acquired. So, it is a very difficult question for me to answer in terms of what will be.

Pratik Rathi: Not keeping in mind Stone India not including that, so as of today how much is the West Bengal plant contributing to the revenue?

Vivek Lohia: So, today if you look at a wagon mix about 60% of our wagon is produced in a West Bengal facility and about 40% of our wagon is produced in our Madhya Pradesh facility.

Pratik Rathi: So, the blended contribution to revenue the percentage total if you are making would be that?

Vivek Lohia: Again, I do not have those numbers so I would not like to.

Pratik Rathi: Can it be expected like 50%?

Vivek Lohia: Yes, you could say that it could be 50%.

Pratik Rathi: And just from getting an understanding like do you face any issues from operating out of West Bengal because you know we have had the history wherein West Bengal did not allow the Tata plan to operate well, so what kind of efficiency and like is it a good long term operational efficiency that can kick from West Bengal like just wanted to understand?

Vivek Lohia: Yes, I understand, but we do not face any challenges out of that facility, and we do not foresee any challenges also. So, I cannot comment on the Tata business, but we have no complaints, and we are very happy with our facilities there and even from the workforce point of view I think it is a very efficient operation which we run there.

Pratik Rathi: And on the commercial vehicle business that electric mobility like what is the mindset behind going into that kind of business when your core business is in the line of wagon manufacturing and all of that?

Vivek Lohia: So, I would slightly differ. So, as you are aware that we are also making load bodies for the commercial vehicles. So, we have substantial infrastructure dedicated, and we have about more than 20 years of experience in this segment. So, that is where we thought that we could leverage our infrastructure and our experience much better and then we saw good opportunity in this segment. So, we decided to enter that segment.

Pratik Rathi: And how would you reach out to the customers in terms of because it is already a very competitive market, is not it?

Vivek Lohia: Honestly, if you look at the eLCV segment right now and the four-wheeler segment especially there is no product which is available in the market. So, I would not say that it is a very competitive market, most of the competition is in the IC engine segment. So, we definitely see a huge opportunity in this segment.

Pratik Rathi: And in the previous answer you said that like to some other participant like the EBITDA in this area of business would be 8%?

Vivek Lohia: No, I was talking about the traditional load body business which we are doing it was not related to the eLCV business.

Pratik Rathi: So, eLCV business what would be the EBITDA?

Vivek Lohia: Again, it is right now honestly, I will not be in a position to comment on that.

Pratik Rathi: Can you answer this would this crack our margins by any chance, would we sustain on this margin or what would be impact on margin?

Vivek Lohia: No, I do not see the reason why we cannot sustain on these margins.

Pratik Rathi: So, there is a sustainability to this quarter margin?

Vivek Lohia: Yes definitely. I have also stated earlier that we do not see why we cannot sustain these margins.

Moderator: Thank you. Ladies and gentlemen that was the last question for the day. I would now like to hand the conference over to Mr. Sidharth Agrawal for closing comments.

Sidharth Agrawal: I would like to thank Mr. Vivek Lohia for giving us the opportunity to host the earnings call. Trust me sir we all learned a lot on Jupiter wagons and your sector today. Thanks a lot once again.

Moderator: Thank you, Ladies and Gentlemen on behalf of Systematix Institutional Equities that concludes this conference. Thank you for joining us and you may now disconnect your lines.
