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Q3FY26 Result update
17th Feb 2026

Titagarh Rail Systems Ltd

Passenger coaches ramping up, while wheelset JV is expected to navigate supply chain constraints.

CMP: INR 753

Rating: BUY

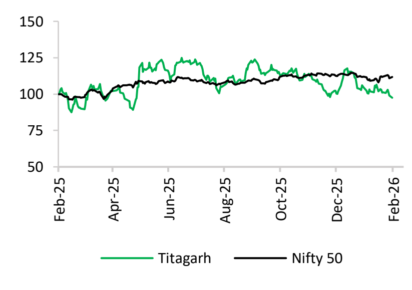
Target Price: INR 1,006

Stock Info	
BSE	532966
NSE	TITAGARH
Bloomberg	TWL:IN
Reuters	TITG.NS
Sector	Capital Goods
Face Value (INR)	2
Equity Capital (INR mn)	269
Mkt Cap (INR mn)	1,01,391
52w H/L (INR)	974 / 655
Avg Yearly Volume (in 000')	1,791.6

Shareholding Pattern % *(As on Dec, 2025)*	
Promoters	40.46
DII	12.60
FII	10.66
Public & Others	36.28

Stock Performance (%)	3m	6m	12m
TITAGARH	-14.4	-8.5	-2.4
NIFTY	-1.3	3.2	11.9

Titagarh vs Nifty



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Titagarh Rail Systems reported numbers, Q3FY26 revenue stood at INR 8,321mn (-7.8% YoY/+4.1% QoQ); slightly below our estimates of INR 8,413mn, supported by passenger rail systems. Gross Profit stood at INR 2,244mn (+4.4% YoY/+7.3% QoQ), above our estimates of INR 2,020mn. Gross margins improved 315 bps YoY (up by 80bps QoQ) to 27% in Q3FY26, due to lower raw material costs. EBITDA stood at INR 920mn (-8% YoY/+10.1% QoQ); slightly below our estimates of INR 933mn. EBITDA margin flat YoY (up by 60 bps QoQ) to 11.1% in Q3FY26, due to higher employee and other expenses in-terms of sales. PAT stood at INR 482mn (-22.6% YoY/+30.3% QoQ); slightly below our estimates of INR 543mn. PAT margin contracted by 111 bps YoY (+116 bps QoQ) to 5.8% in Q3FY26.

Key Highlights

Transformative shift to high-growth passenger rail systems: The company ramped up production from 3 cars (Q3FY25) to 18 metro cars in Q3FY26. Further, the company is targeting 20 cars/month in the coming months. The new aluminum metro coach line, the in-house production of traction motors and converters, and the strategic technology transfer agreements with ABB for the complete range of Train Control and Management Systems (TCMS) position to capture higher margins and control its supply chain. The backward integration is expected to lead to margin expansion to 15% over the next 2-3 years. The commencement of Vande Bharat car body production and the establishment of facilities for high-speed trains are the growth drivers going forward.

Navigating wheelset constraints in freight wagons: The company is facing supply headwinds for wheelset which impacted wagon production. The upcoming in-house wheelset JV, with trial production due by Mar-26, is expected to resolve these disruptions permanently. The company is targeting 800-1,000 wagons/month, as wheelset supply chain normalizes. The company is expanding its addressable market with the acquisition of a wagon leasing license. This license will allow it to penetrate the private sector more deeply and capture a share of the emerging wagon maintenance market.

Prudent capital allocation to support future growth: The planned capex of INR 10bn for the passenger rail scale-up is underway and is being funded through a mix of prior equity raises, internal accruals, and debt. The investment in backward integration is expected to improve margins from 11%-12% to 15% over the medium term. The Firema subsidiary is being acquired by state railways, the shipbuilding business is structured as a separate subsidiary to benefit from the government focus, and a board level committees actively formulating a defence strategy leading to future diversification.

Outlook & Valuation: Titagarh Rail Systems is focused on ramping up metro car production to 20 cars/month, supported by the commencement of series production for the Ahmedabad metro and the ongoing execution of the Bangalore and upcoming Mumbai metro projects. Passenger coaches' margins are expected to sustain 11%-12% in the near term and expand towards 15% over the next 2-3 years as backward integration initiatives and commencement of new aluminum coach line. The successful commissioning of the wheelset JV by Mar-26 is expected to resolve wheelset supply chain constraints and enable the improvement of wagon volumes to 800-1,000 wagons/month going forward. The final resolution of the Firema issue removes a legacy overhang, the new wagon-leasing license to capture the private wagons market, and the shipbuilding subsidiary benefits from government tailwind, which are the future diversification avenues. In the Base Case, Revenue is expected to grow at a CAGR of 13.7% for FY25-FY28E, and RoE is expected to be at 14.6% in FY28E. The stock is trading at 36.2x of its FY27E EPS. In the Base Case Scenario, At the CMP of INR 753 per share, we are maintaining our "BUY" rating and value the stock at 30x of its FY28E EPS of INR 33.5 and arrive at a price objective of INR 1,006, an upside of 33.5%.

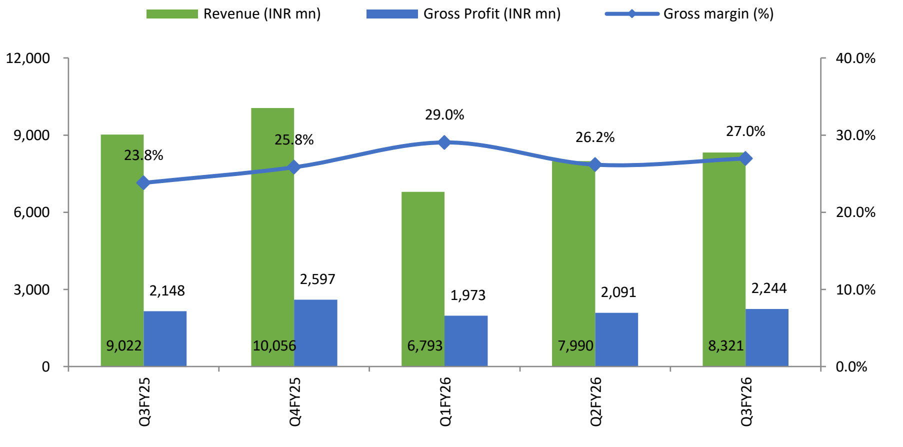
Q3FY26 Results

Income statement summary

Particular (INR Mn)	Q3FY25	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Revenue	**9,022**	**7,990**	**8,321**	**-7.8%**	**4.1%**
Net Raw Materials	6,874	5,900	6,077	-11.6%	3.0%
Gross Profit	**2,148**	**2,091**	**2,244**	**4.4%**	**7.3%**
Gross Margin (%)	**23.8%**	**26.2%**	**27.0%**	**+315 bps**	**+80 bps**
Employee Cost	218	255	306	40.4%	19.9%
Other Expenses	929	999	1,017	9.4%	1.8%
EBITDA	**1,001**	**836**	**920**	**-8.0%**	**10.1%**
EBITDA Margin (%)	**11.1%**	**10.5%**	**11.1%**	**-3 bps**	**+60 bps**
Depreciation	64	124	125		
Interest expense	211	183	178		
Other income	224.8	144.4	107.8		
Share of profits associate & JV	(66)	(101)	(74)		
Profit before tax	**885**	**573**	**652**		
Taxes	262	203	169		
PAT	**624**	**370**	**482**	**-22.6%**	**30.3%**
PAT Margin (%)	**6.9%**	**4.6%**	**5.8%**	**-111 bps**	**+116 bps**
EPS (INR)	**4.6**	**2.8**	**3.6**		

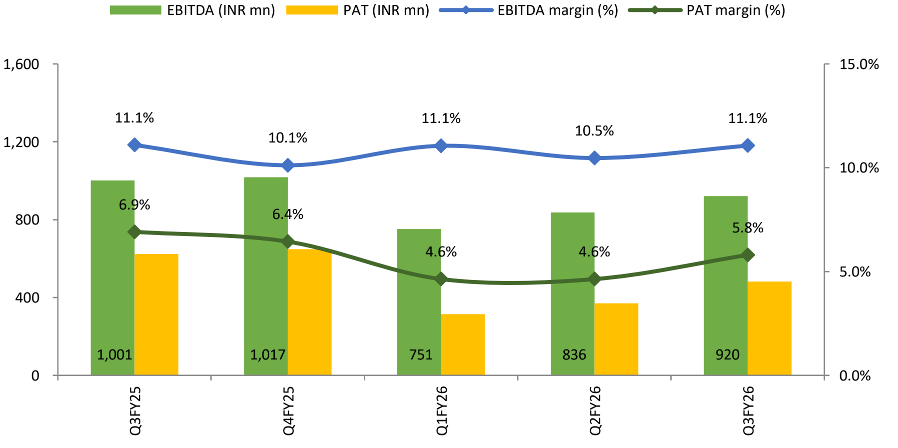
Source: Company Reports, Arihant Capital Research

Exhibit 1: Gross margins improved 315 bps YoY (up by 80 bps QoQ) to 27% in Q3FY26 due to lower RM costs.



Source: Company Reports, Arihant Capital Research

Exhibit 2: EBITDA margin flat YoY (up by 60 bps QoQ) to 11.1% in Q3FY26 due to higher employee costs and other expenses in-terms of sales.



Source: Company Reports, Arihant Capital Research

Segments and Order book

Exhibit 3: Freight wagons volumes impacted due to wheelset supply chain constraints. The JV wheelsets are expected to resolve wheelsets constraints and wagon production is expected to normalize in the coming quarters. Passenger rolling stock volumes improved from 3 cars (Q3FY25) to 18 cars in Q3FY26. The company is targeting 20 cars/month in the coming months, which is expected to improve passenger rolling stock revenue going forward.

Segment Revenue (INR mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Freight Rolling Stock	8,528	9,153	6,019	6,768	6,657	-21.9%	-1.6%
Passenger Rolling Stock	494	903	774	1,222	1,664	236.8%	36.1%
Total Revenue	**9,022**	**10,056**	**6,793**	**7,990**	**8,321**	**-7.8%**	**4.1%**

Segment Revenue share (%)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Freight Rolling Stock	94.5%	91.0%	88.6%	84.7%	80.0%		
Passenger Rolling Stock	5.5%	9.0%	11.4%	15.3%	20.0%		
Total Revenue	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		

Source: Company Reports, Arihant Capital Research

Exhibit 4: Freight wagon margins are expected to stabilize 11%-12% going forward. Passenger Rail Systems margins are expected to stabilize 11%-12% in the near term and 15% over the next 2-3 years, supported by backward integration.

Segment EBIT (INR mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Freight Rolling Stock	1,018	1,076	671	726	747	-26.6%	2.9%
Passenger Rolling Stock	47	33	86	140	216	363.3%	54.4%
Total EBIT	**1,065**	**1,109**	**758**	**866**	**963**	**-9.5%**	**11.2%**

Segment EBIT Margin (%)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Freight Rolling Stock	11.9%	11.8%	11.2%	10.7%	11.2%	-71 bps	+49 bps
Passenger Rolling Stock	9.4%	3.7%	11.1%	11.4%	13.0%	+354 bps	+154 bps
EBIT Margin	**11.8%**	**11.0%**	**11.2%**	**10.8%**	**11.6%**	**-22 bps**	**+74 bps**

Source: Company Reports, Arihant Capital Research

Exhibit 5: The company has received INR 40bn orders from metros in the past 6 months and intends to bid on potential high-speed train projects and tenders from organizations like MRVC. Freight wagon tenders are expected in FY27E, which would improve the order book going forward.

Standalone Order book (INR bn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Freight Rolling Stock	51.6	43.5	41.1	36.3	31.3	-39.4%	-13.9%
Passenger Rolling Stock	68.5	68.5	85.8	109.6	107.9	57.6%	-1.5%
Shipbuilding	-	-	-	4.9	5.0		1.4%
Standalone order book	**120.1**	**112.0**	**127.0**	**150.8**	**144.6**	**20.4%**	**-4.1%**

JV - Order book (INR bn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Vande Bharat with BHEL	70.3	70.3	70.3	70.3	70.0	-0.4%	-0.4%
Wheelsets with Ramakrishna Forgings	63.0	63.0	63.0	63.0	63.0	0.0%	0.0%
JV - order book	**133.3**	**133.3**	**133.3**	**133.3**	**133.0**	**-0.2%**	**-0.2%**
Total order book	**253.3**	**245.3**	**260.2**	**284.0**	**277.6**	**9.6%**	**-2.3%**

Standalone Order book (%)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Freight Rolling Stock	20.4%	17.7%	15.8%	12.8%	11.3%		
Passenger Rolling Stock	27.0%	27.9%	33.0%	38.6%	38.9%		
Shipbuilding	0.0%	0.0%	0.0%	1.7%	1.8%		
Standalone order book	**47.4%**	**45.7%**	**48.8%**	**53.1%**	**52.1%**		

JV - Order book (%)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Vande Bharat with BHEL	27.7%	28.6%	27.0%	24.7%	25.2%		
Wheelsets with Ramakrishna Forgings	24.9%	25.7%	24.2%	22.2%	22.7%		
JV - order book	**52.6%**	**54.3%**	**51.2%**	**46.9%**	**47.9%**		
Total order book	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		

Source: Company Reports, Arihant Capital Research

Q3FY26 Concall Highlights

Margins

- In passenger rolling stocks, the company is maintaining 11%-12% margins in the near term. The company is investing in in-house production of critical components like traction motors, traction converters, and the Train Control and Monitoring System (TCMS). The deep integration is expected to improve 4%-5% margins, and the company is targeting 15% margins over the medium term, supported by backward integration, particularly in propulsion systems.

- Freight wagon business margins are expected to be stable at 11%-12.5% going forward.

Wheetsets

- The wheelset shortage affected the freight wagon business. The company is heavily reliant on JV for wheelsets. The trial production is expected to be Mar/Apr-26, with stabilization in 1-2 quarters. The internal source of wheelsets is expected to permanently resolve supply chain problems.

- The company is currently importing wheelsets for private wagons. The lead time is around 4-5 months from order placement to receipts and utilization.

Wagons

- The company is targeting 800-1,000 wagons per month once the wheelset supply chain normalizes.

Wagon leasing

- The company got a wagon leasing license. The company can provide comprehensive solutions to customers. It's expected to increase market share in the private sector wagon market.

Metros and Vandebharat

- The company has booked INR 40bn new metro orders, specifically for Mumbai Metro’s Lines 5 and 6, in the past 6 months. The company is actively participating in new tenders.

- The company produced 18 metro cars in Q3FY26, and metro car volumes stood at 39 metro cars in 9MFY26. The production ramp-up is underway, with Jan-26 output exceeding Dec-25 volumes. The company is targeting 20 cars/month in the coming months.

- Production for Ahmedabad and Bangalore metros is ongoing.

- Pune aluminum metro project will commence car body production after the new aluminum coach line completion (Q2FY27E). Mumbai metro execution is expected to begin in Q3FY27E.

- The new aluminum coach production will be used for metros and aluminum coaches for high-speed/semi-high-speed trains.

- Vande Bharat car body production has started, with the first 16-car rake expected to be ready by Q3FY27E.

Q3FY26 Concall Highlights

Transfer of Technology

- The company has expanded agreements with ABB for the transfer of technology for the 25 kV Train Control and Monitoring System (TCMS). This, combined with the earlier 750V TCMS technology, covers all metro types.

- The company is setting up in-house production for critical components like traction motors and traction converters, leveraging technology transfer from ABB. The first propulsion set for EMUs has already been approved by RDSO. The order book of INR 5bn is expected to contribute from FY27E onwards.

Firema

- The company's initial investment objectives for Firemas are to gain technology for the Indian passenger rail business (resounding success) and to produce for the European market (not succeeded).

- The Italian state railways made an offer to acquire the Firemas, and a deal is in progress. There are no significant further charges or impairments expected in the company's books.

Capex

- The capex is expected to be INR 10bn. The expansion is underway and funded through previous equity, internal accruals, and debt.

Other highlights

- The merger of ship building business is completed and operates as a 100% subsidiary.

- The company has established board level committee to formulate a strategy for defence.

- The company intends to bid on potential high-speed train projects and tenders from organizations like MRVC.

Scenario Analysis

Exhibit 6: Scenario Analysis

Bull Case (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Freight Rail Systems	22,509	34,176	36,103	30,030	35,100	40,950
Passenger Rail Systems	5,287	4,357	2,575	5,850	12,600	23,400
Total Revenue	**27,796**	**38,533**	**38,678**	**35,880**	**47,700**	**64,350**

Base Case (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Freight Rail Systems	22,509	34,176	36,103	27,360	31,008	36,480
Passenger Rail Systems	5,287	4,357	2,575	5,100	10,200	20,400
Total Revenue	**27,796**	**38,533**	**38,678**	**32,460**	**41,208**	**56,880**

Bear Case (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Freight Rail Systems	22,509	34,176	36,103	24,790	27,750	33,300
Passenger Rail Systems	5,287	4,357	2,575	4,400	8,800	18,400
Total Revenue	**27,796**	**38,533**	**38,678**	**29,190**	**36,550**	**51,700**

Source: Company, Arihant Capital Research

Valuation

Exhibit 7: Bull Case Scenario

Bull Case (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	27,796	38,533	38,678	35,880	47,700	64,350
EBITDA	2,635	4,519	4,330	3,921	5,380	7,510
EBITDA Margin (%)	9.5%	11.7%	11.2%	10.9%	11.3%	11.7%
PAT	1,157	2,865	2,736	2,140	3,404	5,261
PAT Margin (%)	4.2%	7.4%	7.1%	6.0%	7.1%	8.2%
EPS (INR)	11.3	21.4	20.4	15.9	25.3	39.1

Valuation - P/E (FY28E)	
EPS (INR)	39.1
P/E (x)	30.0
Target Price (INR)	**1,172**
CMP (INR)	**753**
Upside/Downside (%)	**55.7%**

Source: Company, Arihant Capital Research

Exhibit 8: Base Case Scenario

Base Case (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	27,796	38,533	38,678	32,460	41,208	56,880
EBITDA	2,635	4,519	4,330	3,543	4,642	6,629
EBITDA Margin (%)	9.5%	11.7%	11.2%	10.9%	11.3%	11.7%
PAT	1,157	2,865	2,736	1,837	2,798	4,513
PAT Margin (%)	4.2%	7.4%	7.1%	5.7%	6.8%	7.9%
EPS (INR)	11.3	21.4	20.4	13.6	20.8	33.5

Valuation - P/E (FY28E)	
EPS (INR)	33.5
P/E (x)	30.0
Target Price (INR)	**1,006**
CMP (INR)	**753**
Upside/Downside (%)	**33.5%**

Source: Company, Arihant Capital Research

Exhibit 9: Bear Case Scenario

Bear Case (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	27,796	38,533	38,678	29,190	36,550	51,700
EBITDA	2,635	4,519	4,330	3,181	4,111	6,016
EBITDA Margin (%)	9.5%	11.7%	11.2%	10.9%	11.2%	11.6%
PAT	1,157	2,865	2,736	1,547	2,361	3,989
PAT Margin (%)	4.2%	7.4%	7.1%	5.3%	6.5%	7.7%
EPS (INR)	11.3	21.4	20.4	11.5	17.5	29.6

Valuation - P/E (FY28E)	
EPS (INR)	29.6
P/E (x)	30.0
Target Price (INR)	**889**
CMP (INR)	**753**
Upside/Downside (%)	**18.0%**

Source: Company, Arihant Capital Research

Sensitivity Analysis

Freight Rail Systems Revenue (INR mn) - FY26E

27,360	Freight Wagon Realization (INR Mn/Wagon)										
Wagon Volumes	3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5
5,200	18,200	18,720	19,240	19,760	20,280	20,800	21,320	21,840	22,360	22,880	23,400
5,700	19,950	20,520	21,090	21,660	22,230	22,800	23,370	23,940	24,510	25,080	25,650
6,200	21,700	22,320	22,940	23,560	24,180	24,800	25,420	26,040	26,660	27,280	27,900
6,700	23,450	24,120	24,790	25,460	26,130	26,800	27,470	28,140	28,810	29,480	30,150
7,200	25,200	25,920	26,640	27,360	28,080	28,800	29,520	30,240	30,960	31,680	32,400
7,700	26,950	27,720	28,490	29,260	30,030	30,800	31,570	32,340	33,110	33,880	34,650
8,200	28,700	29,520	30,340	31,160	31,980	32,800	33,620	34,440	35,260	36,080	36,900
8,700	30,450	31,320	32,190	33,060	33,930	34,800	35,670	36,540	37,410	38,280	39,150
9,200	32,200	33,120	34,040	34,960	35,880	36,800	37,720	38,640	39,560	40,480	41,400
9,700	33,950	34,920	35,890	36,860	37,830	38,800	39,770	40,740	41,710	42,680	43,650
10,200	35,700	36,720	37,740	38,760	39,780	40,800	41,820	42,840	43,860	44,880	45,900

Freight Rail Systems Revenue (INR mn) - FY27E

31,008	Freight Wagon Realization (INR Mn/Wagon)										
Wagon Volumes	3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5
6,000	21,000	21,600	22,200	22,800	23,400	24,000	24,600	25,200	25,800	26,400	27,000
6,500	22,750	23,400	24,050	24,700	25,350	26,000	26,650	27,300	27,950	28,600	29,250
7,000	24,500	25,200	25,900	26,600	27,300	28,000	28,700	29,400	30,100	30,800	31,500
7,500	26,250	27,000	27,750	28,500	29,250	30,000	30,750	31,500	32,250	33,000	33,750
8,000	28,000	28,800	29,600	30,400	31,200	32,000	32,800	33,600	34,400	35,200	36,000
8,500	29,750	30,600	31,450	32,300	33,150	34,000	34,850	35,700	36,550	37,400	38,250
9,000	31,500	32,400	33,300	34,200	35,100	36,000	36,900	37,800	38,700	39,600	40,500
9,500	33,250	34,200	35,150	36,100	37,050	38,000	38,950	39,900	40,850	41,800	42,750
10,000	35,000	36,000	37,000	38,000	39,000	40,000	41,000	42,000	43,000	44,000	45,000
10,500	36,750	37,800	38,850	39,900	40,950	42,000	43,050	44,100	45,150	46,200	47,250
11,000	38,500	39,600	40,700	41,800	42,900	44,000	45,100	46,200	47,300	48,400	49,500

Freight Rail Systems Revenue (INR mn) - FY28E

36,480	Freight Wagon Realization (INR Mn/Wagon)										
Wagon Volumes	3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5
7,500	26,250	27,000	27,750	28,500	29,250	30,000	30,750	31,500	32,250	33,000	33,750
8,000	28,000	28,800	29,600	30,400	31,200	32,000	32,800	33,600	34,400	35,200	36,000
8,500	29,750	30,600	31,450	32,300	33,150	34,000	34,850	35,700	36,550	37,400	38,250
9,000	31,500	32,400	33,300	34,200	35,100	36,000	36,900	37,800	38,700	39,600	40,500
9,500	33,250	34,200	35,150	36,100	37,050	38,000	38,950	39,900	40,850	41,800	42,750
10,000	35,000	36,000	37,000	38,000	39,000	40,000	41,000	42,000	43,000	44,000	45,000
10,500	36,750	37,800	38,850	39,900	40,950	42,000	43,050	44,100	45,150	46,200	47,250
11,000	38,500	39,600	40,700	41,800	42,900	44,000	45,100	46,200	47,300	48,400	49,500
11,500	40,250	41,400	42,550	43,700	44,850	46,000	47,150	48,300	49,450	50,600	51,750
12,000	42,000	43,200	44,400	45,600	46,800	48,000	49,200	50,400	51,600	52,800	54,000
12,500	43,750	45,000	46,250	47,500	48,750	50,000	51,250	52,500	53,750	55,000	56,250

Source: Company Reports, Arihant Capital Research

- Bull Case
- Base Case
- Bear Case

Sensitivity Analysis

Passenger Rail Systems Revenue (INR mn) - FY26E

Rollingstocks Volumes	Rollingstocks Realization (INR Mn/car)										
5,100	**60**	**65**	**70**	**75**	**80**	**85**	**90**	**95**	**100**	**105**	**110**
35	2,100	2,275	2,450	2,625	2,800	2,975	3,150	3,325	3,500	3,675	3,850
40	2,400	2,600	2,800	3,000	3,200	3,400	3,600	3,800	4,000	4,200	4,400
45	2,700	2,925	3,150	3,375	3,600	3,825	4,050	4,275	4,500	4,725	4,950
50	3,000	3,250	3,500	3,750	4,000	4,250	4,500	4,750	5,000	5,250	5,500
55	3,300	3,575	3,850	4,125	4,400	4,675	4,950	5,225	5,500	5,775	6,050
60	3,600	3,900	4,200	4,500	4,800	5,100	5,400	5,700	6,000	6,300	6,600
65	3,900	4,225	4,550	4,875	5,200	5,525	5,850	6,175	6,500	6,825	7,150
70	4,200	4,550	4,900	5,250	5,600	5,950	6,300	6,650	7,000	7,350	7,700
75	4,500	4,875	5,250	5,625	6,000	6,375	6,750	7,125	7,500	7,875	8,250
80	4,800	5,200	5,600	6,000	6,400	6,800	7,200	7,600	8,000	8,400	8,800
85	5,100	5,525	5,950	6,375	6,800	7,225	7,650	8,075	8,500	8,925	9,350

Passenger Rail Systems Revenue (INR mn) - FY27E

Rollingstocks Volumes	Rollingstocks Realization (INR Mn/car)										
10,200	**60**	**65**	**70**	**75**	**80**	**85**	**90**	**95**	**100**	**105**	**110**
70	4,200	4,550	4,900	5,250	5,600	5,950	6,300	6,650	7,000	7,350	7,700
80	4,800	5,200	5,600	6,000	6,400	6,800	7,200	7,600	8,000	8,400	8,800
90	5,400	5,850	6,300	6,750	7,200	7,650	8,100	8,550	9,000	9,450	9,900
100	6,000	6,500	7,000	7,500	8,000	8,500	9,000	9,500	10,000	10,500	11,000
110	6,600	7,150	7,700	8,250	8,800	9,350	9,900	10,450	11,000	11,550	12,100
120	7,200	7,800	8,400	9,000	9,600	10,200	10,800	11,400	12,000	12,600	13,200
130	7,800	8,450	9,100	9,750	10,400	11,050	11,700	12,350	13,000	13,650	14,300
140	8,400	9,100	9,800	10,500	11,200	11,900	12,600	13,300	14,000	14,700	15,400
150	9,000	9,750	10,500	11,250	12,000	12,750	13,500	14,250	15,000	15,750	16,500
160	9,600	10,400	11,200	12,000	12,800	13,600	14,400	15,200	16,000	16,800	17,600
170	10,200	11,050	11,900	12,750	13,600	14,450	15,300	16,150	17,000	17,850	18,700

Passenger Rail Systems Revenue (INR mn) - FY28E

Rollingstocks Volumes	Rollingstocks Realization (INR Mn/car)										
20,400	**60**	**65**	**70**	**75**	**80**	**85**	**90**	**95**	**100**	**105**	**110**
200	12,000	13,000	14,000	15,000	16,000	17,000	18,000	19,000	20,000	21,000	22,000
210	12,600	13,650	14,700	15,750	16,800	17,850	18,900	19,950	21,000	22,050	23,100
220	13,200	14,300	15,400	16,500	17,600	18,700	19,800	20,900	22,000	23,100	24,200
230	13,800	14,950	16,100	17,250	18,400	19,550	20,700	21,850	23,000	24,150	25,300
240	14,400	15,600	16,800	18,000	19,200	20,400	21,600	22,800	24,000	25,200	26,400
250	15,000	16,250	17,500	18,750	20,000	21,250	22,500	23,750	25,000	26,250	27,500
260	15,600	16,900	18,200	19,500	20,800	22,100	23,400	24,700	26,000	27,300	28,600
270	16,200	17,550	18,900	20,250	21,600	22,950	24,300	25,650	27,000	28,350	29,700
280	16,800	18,200	19,600	21,000	22,400	23,800	25,200	26,600	28,000	29,400	30,800
290	17,400	18,850	20,300	21,750	23,200	24,650	26,100	27,550	29,000	30,450	31,900
300	18,000	19,500	21,000	22,500	24,000	25,500	27,000	28,500	30,000	31,500	33,000

Source: Company Reports, Arihant Capital Research

- Bull Case
- Base Case
- Bear Case

Industry Wagon Volumes – Indian Railways (RSP)

Wagon Volumes	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Titagarh Rail Systems	1,522	1,666	1,430	949	1,195	1,377	1,515	2,008	1,889	1,910	1,437	1,536	1,423
Jupiter Wagons	830	755	557	314	277	816	997	790	1,071	1,490	255	794	865
Texmaco	913	1,046	998	1,098	1,355	1,665	1,439	2,108	1,573	1,520	1,118	1,703	1,349
Modern	-	44	27	-	-	-	-	-	-	-	-	-	-
H.E.I	923	735	550	610	566	1,036	758	778	943	1,483	908	1,098	940
Besco (WD)	290	320	249	208	196	157	96	79	108	165	110	157	168
Besco (FD)	85	215	200	225	205	343	310	178	246	215	157	146	238
Oriental	171	232	148	182	264	322	241	373	335	256	176	270	173
Amtek	-	-	-	-	-	-	-	-	-	-	-	-	-
CIMMCO	-	-	-	-	-	-	-	-	-	-	-	-	-
CEBBCO	-	-	-	-	-	-	-	-	-	-	-	-	-
Jindal	-	-	-	-	-	-	-	-	-	-	42	147	168
Braithwaite	385	458	153	111	82	-	284	477	183	532	228	279	260
SRBWIL	206	207	132	-	152	258	263	205	251	187	199	221	269
Total Industry Wagons	**5,325**	**5,678**	**4,444**	**3,697**	**4,292**	**5,974**	**5,903**	**6,996**	**6,599**	**7,758**	**4,630**	**6,351**	**5,853**

Volume Share (%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Titagarh Rail Systems	28.6%	29.3%	32.2%	25.7%	27.8%	23.0%	25.7%	28.7%	28.6%	24.6%	31.0%	24.2%	24.3%
Jupiter Wagons	15.6%	13.3%	12.5%	8.5%	6.5%	13.7%	16.9%	11.3%	16.2%	19.2%	5.5%	12.5%	14.8%
Texmaco	17.1%	18.4%	22.5%	29.7%	31.6%	27.9%	24.4%	30.1%	23.8%	19.6%	24.1%	26.8%	23.0%
Modern	0.0%	0.8%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
H.E.I	17.3%	12.9%	12.4%	16.5%	13.2%	17.3%	12.8%	11.1%	14.3%	19.1%	19.6%	17.3%	16.1%
Besco (WD)	5.4%	5.6%	5.6%	5.6%	4.6%	2.6%	1.6%	1.1%	1.6%	2.1%	2.4%	2.5%	2.9%
Besco (FD)	1.6%	3.8%	4.5%	6.1%	4.8%	5.7%	5.3%	2.5%	3.7%	2.8%	3.4%	2.3%	4.1%
Oriental	3.2%	4.1%	3.3%	4.9%	6.2%	5.4%	4.1%	5.3%	5.1%	3.3%	3.8%	4.3%	3.0%
Amtek	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CIMMCO	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CEBBCO	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Jindal	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	2.3%	2.9%
Braithwaite	7.2%	8.1%	3.4%	3.0%	1.9%	0.0%	4.8%	6.8%	2.8%	6.9%	4.9%	4.4%	4.4%
SRBWIL	3.9%	3.6%	3.0%	0.0%	3.5%	4.3%	4.5%	2.9%	3.8%	2.4%	4.3%	3.5%	4.6%

Source: Ministry of Railways, Arihant Capital Research; Volumes as per RSP (Indian Railway)

Wagon Industry Note

Source: Arihant Capital Research

Titagarh Plant Visit Note

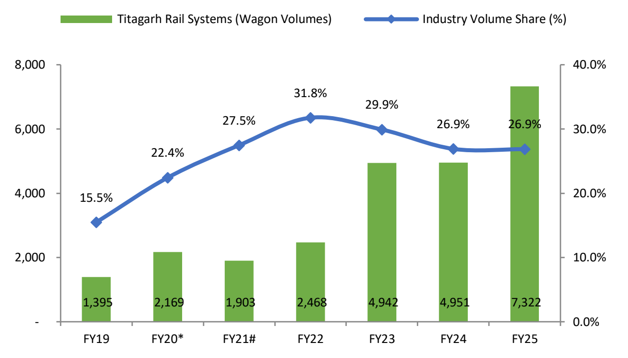
Source: Arihant Capital Research

Railway Sector Note

Source: Arihant Capital Research

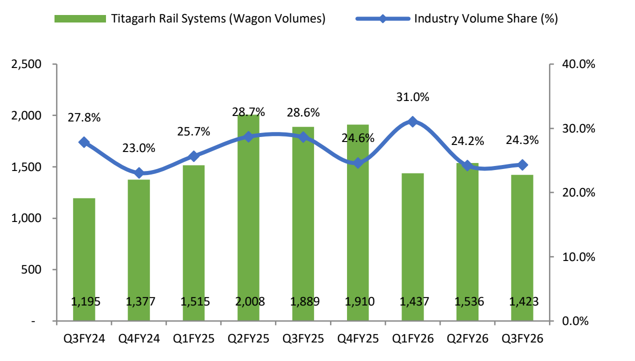
Industry Wagon Volumes – Indian Railways (RSP)

Exhibit 10: Titagarh's railway wagon volume share maintained to 26.9% in FY25.



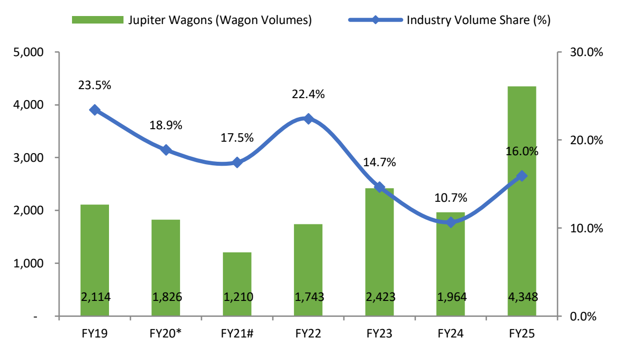
Source: Ministry of Railways, Industry, Arihant Capital Research

Exhibit 11: Titagarh's railway wagon volume share maintained at 24.3% in Q3FY26.



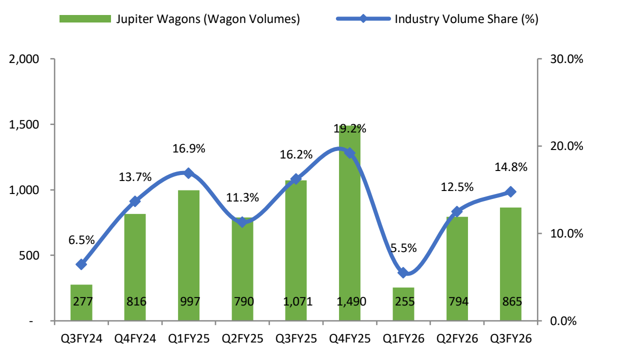
Source: Ministry of Railways, Industry, Arihant Capital Research

Exhibit 12: Jupiter's railway wagon volume share increased to 16% in FY25.



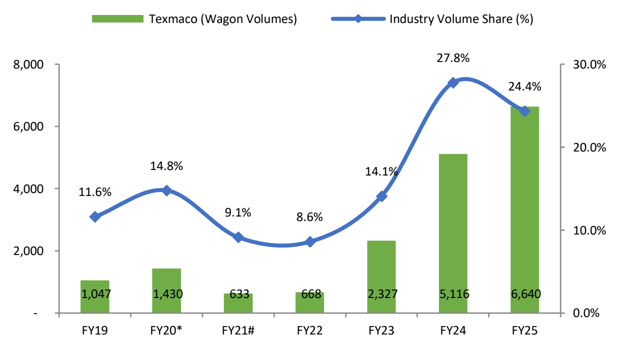
Source: Ministry of Railways, Industry, Arihant Capital Research

Exhibit 13: Jupiter's railway wagons volume share stood at 14.8% in Q3FY26.



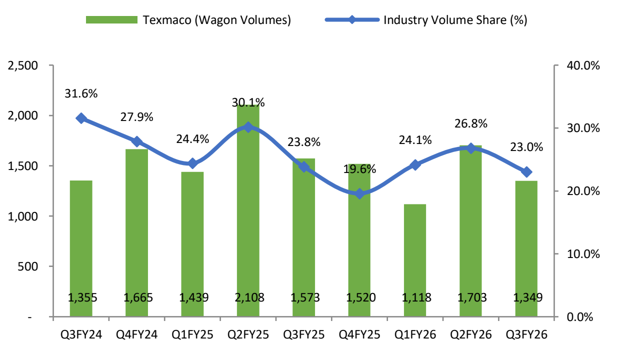
Source: Ministry of Railways, Industry, Arihant Capital Research

Exhibit 14: Texmaco's railway wagon volumes reduced to 24.4% in FY25.



Source: Ministry of Railways, Industry, Arihant Capital Research

Exhibit 15: Texmaco's railway wagon volumes share reduced to 23% in Q3FY26.



Source: Ministry of Railways, Industry, Arihant Capital Research

Financial Statements

Income statement summary

Y/e 31 Mar (INR Mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	14,675	27,796	38,533	38,678	32,460	41,208	56,880
Net Raw Materials	10,476	21,499	29,881	29,289	23,699	30,003	41,277
Employee Cost	454	565	663	869	1,081	1,351	1,837
Other Expenses	2,096	3,096	3,470	4,190	4,138	5,212	7,137
EBITDA	**1,649**	**2,635**	**4,519**	**4,330**	**3,543**	**4,642**	**6,629**
EBITDA Margin (%)	**11.2%**	**9.5%**	**11.7%**	**11.2%**	**10.9%**	**11.3%**	**11.7%**
Depreciation	(184)	(225)	(271)	(296)	(495)	(607)	(721)
Interest expense	(573)	(807)	(735)	(732)	(704)	(710)	(668)
Other income	177	426	398	754	584	668	921
Share of profits associate & JV	-	(127)	(26)	(239)	(357)	(247)	(114)
Profit before tax	**1,070**	**1,901**	**3,886**	**3,817**	**2,572**	**3,745**	**6,048**
Taxes	(292)	(555)	(1,001)	(1,067)	(735)	(947)	(1,535)
PAT	**778**	**1,346**	**2,884**	**2,751**	**1,837**	**2,798**	**4,513**
PAT Margin (%)	**5.3%**	**4.8%**	**7.5%**	**7.1%**	**5.7%**	**6.8%**	**7.9%**
Loss from Discontinued operations	**(780)**	**(89)**	**(23)**	**(1)**	**-**	**-**	**-**
Net PAT	**(2)**	**1,257**	**2,861**	**2,749**	**1,837**	**2,798**	**4,513**
Other Comprehensive income	57	(100)	3	(13)	-	-	-
Net profit	**55**	**1,157**	**2,865**	**2,736**	**1,837**	**2,798**	**4,513**
EPS (INR)	6.5	11.3	21.4	20.4	13.6	20.8	33.5

Source: Company Reports, Arihant Capital Research

Balance sheet summary

Y/e 31 Mar (INR Mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity capital	239	239	269	269	269	269	269
Reserves	8,182	9,396	22,041	24,561	26,122	28,640	32,702
Net worth	**8,421**	**9,636**	**22,311**	**24,830**	**26,391**	**28,909**	**32,971**
Minority Interest	1	-	-	12	12	12	12
Provisions	912	112	203	313	71	90	125
Debt	9,316	3,608	1,919	6,672	7,402	6,802	6,552
Other non-current liabilities	145	417	1,334	562	487	412	569
Total Liabilities	**18,796**	**13,772**	**25,767**	**32,389**	**34,363**	**36,226**	**40,229**
Fixed assets	8,790	6,200	6,476	8,308	11,210	13,814	16,353
Capital Work In Progress	152	123	1,078	396	212	260	309
Other Intangible assets	646	16	674	1,518	1,518	1,518	1,518
Investments	765	1,006	3,621	3,876	3,246	3,709	5,119
Other non current assets	1,419	1,714	574	1,733	1,623	2,060	2,844
Net working capital	**5,729**	**3,650**	**7,076**	**10,459**	**10,101**	**10,017**	**11,666**
Inventories	5,039	4,614	5,237	5,233	6,493	6,987	7,916
Sundry debtors	6,591	2,791	5,325	6,709	5,069	5,871	7,948
Loans & Advances	-	-	-	-	-	-	-
Other current assets	2,093	4,953	3,038	3,751	3,113	3,161	4,208
Sundry creditors	(4,387)	(3,231)	(3,194)	(2,350)	(2,139)	(2,705)	(3,855)
Other current liabilities & Prov	(3,606)	(5,478)	(3,330)	(2,884)	(2,435)	(3,297)	(4,550)
Cash	421	1,000	6,091	4,674	5,156	3,817	997
Other Financial Assets	874	63	177	1,425	1,298	1,030	1,422
Total Assets	**18,796**	**13,772**	**25,767**	**32,389**	**34,363**	**36,226**	**40,229**

Source: Company Reports, Arihant Capital Research

Du-Pont Analysis

Y/e 31 Mar	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Tax burden (x)	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Interest burden (x)	0.7	0.8	0.9	0.9	0.8	0.9	1.0
EBIT margin (x)	0.10	0.09	0.11	0.10	0.09	0.10	0.10
Asset turnover (x)	0.6	1.2	1.6	1.3	1.0	1.2	1.5
Financial leverage (x)	2.8	2.5	1.5	1.2	1.2	1.2	1.2
RoE (%)	**9.2%**	**14.9%**	**18.1%**	**11.7%**	**7.2%**	**10.1%**	**14.6%**

Source: Company Reports, Arihant Capital Research

Financial Statements

Cashflow summary

Y/e 31 Mar (INR Mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	1,070	1,901	3,886	3,817	2,572	3,745	6,048
Depreciation	184	225	271	296	495	607	721
Tax paid	(292)	(555)	(1,001)	(1,067)	(735)	(947)	(1,535)
Working capital Δ	1,305	2,079	(3,426)	(3,383)	358	84	(1,649)
Operating cashflow	**2,267**	**3,651**	**(271)**	**(337)**	**2,690**	**3,489**	**3,586**
Capital expenditure	(633)	2,394	(1,503)	(1,446)	(3,212)	(3,260)	(3,309)
Free cash flow	**1,634**	**6,045**	**(1,774)**	**(1,782)**	**(522)**	**229**	**277**
Equity raised	(761)	(134)	9,855	(112)	-	-	0
Investments	158	(241)	(2,615)	(255)	630	(463)	(1,410)
Others	(957)	1,145	369	(3,250)	236	(169)	(1,175)
Debt financing/disposal	732	(5,708)	(1,688)	4,753	730	(600)	(250)
Other items	(1,625)	(528)	1,008	(662)	(317)	(56)	191
Net Δ in cash	**(820)**	**579**	**5,091**	**(1,417)**	**482**	**(1,339)**	**(2,820)**
Opening Cash Flow	**1,240**	**421**	**1,000**	**6,091**	**4,674**	**5,156**	**3,817**
Closing Cash Flow	**421**	**1,000**	**6,091**	**4,674**	**5,156**	**3,817**	**997**

Source: Company Reports, Arihant Capital Research

Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Growth matrix (%)							
Revenue growth	-3.5%	89.4%	38.6%	0.4%	-16.1%	27.0%	38.0%
Op profit growth	104.5%	59.8%	71.5%	-4.2%	-18.2%	31.0%	42.8%
Profitability ratios (%)							
OPM	11.2%	9.5%	11.7%	11.2%	10.9%	11.3%	11.7%
Net profit margin	5.3%	4.8%	7.5%	7.1%	5.7%	6.8%	7.9%
RoCE	6.6%	12.6%	18.3%	12.3%	7.9%	10.1%	13.5%
RoNW	9.2%	14.9%	18.1%	11.7%	7.2%	10.1%	14.6%
RoA	4.1%	9.8%	11.2%	8.5%	5.3%	7.7%	11.2%
Per share ratios (INR)							
EPS	0.5	9.7	21.3	20.3	13.6	20.8	33.5
Dividend per share	-	-	0.5	0.8	2.0	2.1	3.4
Cash EPS	8.0	13.1	23.4	22.6	17.3	25.3	38.9
Book value per share	70.4	80.6	165.7	184.4	196.0	214.7	244.9
Valuation ratios (x)							
P/E	-	77.8	35.4	37.1	55.2	36.2	22.5
P/CEPS	93.6	57.3	32.1	33.3	43.5	29.8	19.4
P/B	10.7	9.3	4.5	4.1	3.8	3.5	3.1
EV/EBITDA	59.5	34.8	20.7	23.0	28.3	21.7	15.4
Payout (%)							
Dividend payout	0.0%	0.0%	2.2%	3.9%	15.0%	10.0%	10.0%
Tax payout	27.3%	29.2%	25.8%	27.9%	28.6%	25.3%	25.4%
Liquidity ratios							
Debtor days	153	62	38	57	66	48	44
Inventory days	155	82	60	65	90	82	66
Creditor days	117	55	34	29	28	24	24
WC Days	190	88	64	93	128	106	86
Leverage ratios (x)							
Interest coverage	2.6	3.0	5.8	5.5	4.3	5.7	8.8
Net debt / equity	1.1	0.3	-0.2	0.1	0.1	0.1	0.2
Net debt / op. profit	5.4	1.0	-0.9	0.5	0.6	0.6	0.8

Source: Company Reports, Arihant Capital Research

Story in Charts

Exhibit 16: Freight Wagons, Metro and Vande Bharat trains are expected to drive revenue growth over the period of FY25-FY28E.

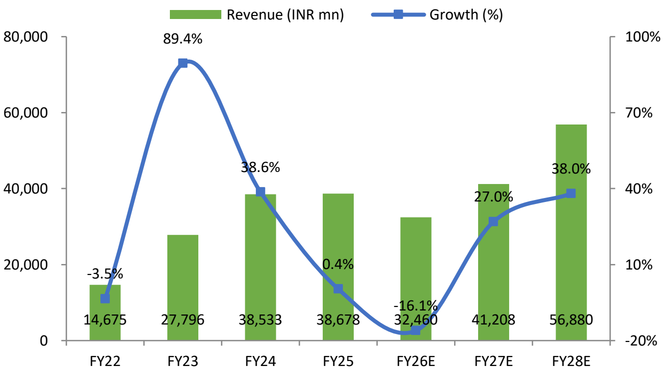


Exhibit 17: Gross margins are expected to improve going forward.

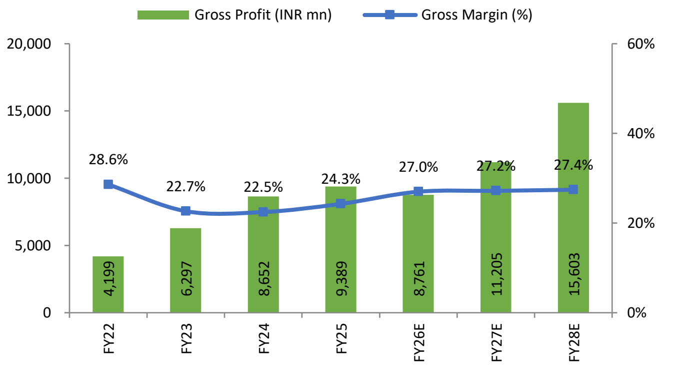


Exhibit 18: Growth in EBITDA & PAT levels

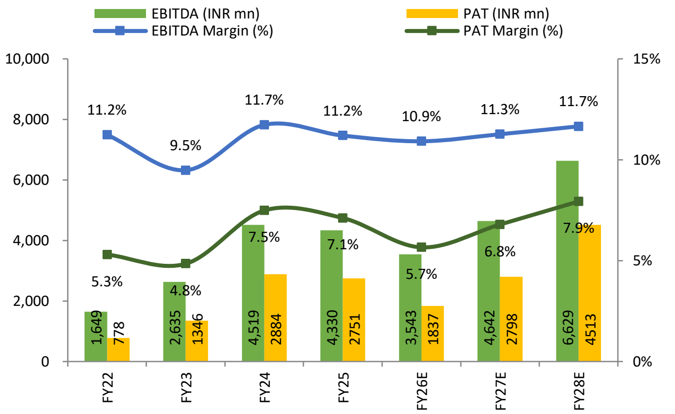


Exhibit 19: Return ratios is expected to improve from FY27E onwards.

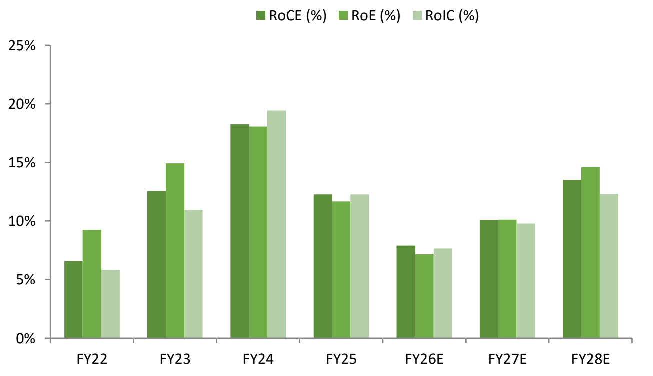


Exhibit 20: Working capital days to be improve.

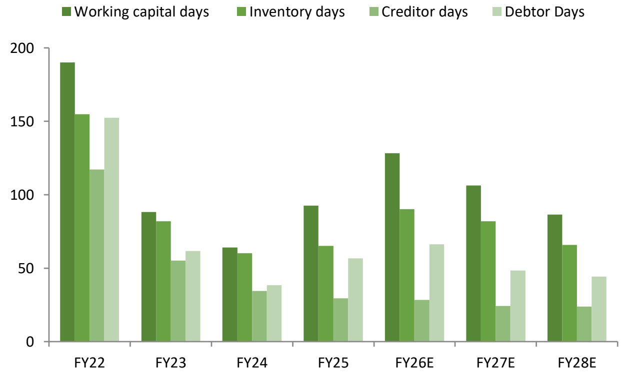
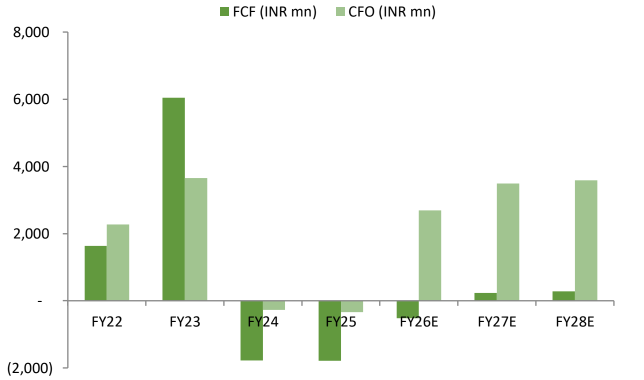


Exhibit 21: Cash flows to be improve.



Source: Company Reports, Arihant Capital Research

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NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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