

JUPITER WAGONS LIMITED
(formerly known as Commercial Engineers & Body Builders Co Limited)
(CIN No – L28100MP1979PLC049375)

Date – 18 November 2022

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 Unaudited Financial Results of the Company conducted on 14 November 2022

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 12 November 2022 and 15 November 2022, please find enclosed Transcript of the Analysts / Investors Call on Unaudited Financial Results (Standalone and Consolidated) of the Company for the quarter / half year ended 30 September, 2022 held on 14 November, 2022.

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
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Deepesh Kedia
Date: 2022.11.18
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Deepesh Kedia
Company Secretary



“Jupiter Wagons Limited 2QFY23 Earnings Conference Call”

November 14, 2022



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

MODERATOR: MR. SIDDHARTH AGRAWAL – SYSTEMATIX INSTITUTIONAL EQUITIES



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Moderator:

Ladies and gentlemen, good day and welcome to Q2 FY'23 Results Call of Jupiter Wagons Limited 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 this 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. Siddharth Agrawal from Systematix Institutional Equities. Thank you. And over to you, sir.

Siddharth Agrawal:

Hello and good evening. On behalf of Systematics Group, I would like to welcome the management of Jupiter Wagons and all the participants on today's Q2 FY'23 Earnings Call of Jupiter Wagons.

The management will be represented by Mr. Vivek Lohia – Managing Director and Mr. Sanjiv Keshri – Chief Financial Officer.

Now, without any further delay, I would like to hand over the call to Mr. Lohia to make his opening remarks, post that, we will open the session for Q&A. Over to you, sir.

Vivek Lohia:

Thank you. Good evening, everybody. I would like to begin the session by stating that Jupiter Wagons has achieved one of its strongest financial as well as in terms of the absolute quantity, our strongest numbers in any quarter. This is just the beginning of our growth story, and it is our endeavor to further consolidate our core business and also use our strong cash flows and establishing our new business especially the braking business.

For the first time, we have placed an order of close to 20,000 wheel sets on foreign buyers to ensure that our delivery of wheel sets does not hold up our momentum. This has been one of the biggest orders placed by any Indian manufacturers on foreign buyers. And this will also substantially reduce our dependency on Indian Railways for wheel sets and thus keeping us in a very strong position as you know wheel sets have been one of the biggest challenges in delivering the wagons to IR.

As you can see from the numbers, we have supplied more than 860 wagons to Indian Railways in this quarter. Last month itself, we did a production of close to 400-plus wagons and we expect the numbers to further strengthen over the coming months.

Similarly, in other segments also, our performance has been much stronger. We expect the numbers from our CV business to be much better in the next two quarters as the monsoon season is always one of the leanest seasons in the sector and we are seeing a huge demand coming from both the OEMs as well as from the general industry for the commercial vehicles.

In case of containers also, we are now working very closely with the companies such as GE and DP World. We are proud to announce that we have supplied containers to GE which in turn they



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have exported out of India. This is one of the first time that GE has exported containers out of India and we expect the business to grow further.

Now, coming to our newer verticals, I am happy to announce that both our joint ventures with Kovis for brake discs and DAKO is performing as per our expectation. When it comes to break this business, our plant has been certified by Indian Railways and we have started our commercial production there. We expect the plant to be fully operational by January or February of next year and we have already participated in tenders of about 40,000 brake discs and we expect to get substantial order from Indian Railways in the next two quarters on brake discs.

Similarly, when it comes to the brake system, again, we are expecting the certification from Indian Railways very shortly, and also we expect strong order books in the next two quarters.

Recently, the company has been shortlisted as the L1 bidder by the CoC for the acquisition of Stone India. And that will further strengthen our brake business as we can take advantage of the vast infrastructure of Stone India and a large number of licenses which is held by Stone India, thus accelerating our performance in the brake business.

Finally, for our electric vehicle business, again, it is in line with our expectation, and we are expecting to launch our first electric vehicle again in the first quarter of next year. And we are already seeing a huge demand on the electric vehicles side. I think in India, more than passenger vehicles, on the commercial side, electric vehicles are going to be the gamechanger. If you want to make a significant difference in terms of the fossil fuel consumption on the environmental side, the focus should be on the commercial vehicles. If you see the general run compared to passenger vehicles, the commercial vehicles run substantially more on Indian roads. So, we are very bullish on this venture and we expect it to be a game changer for the company.

I think from my side, this is it and then I leave the floor for the questions.

Moderator: We will now begin the question-and-answer session. We have the first question from the line of Siddharth Agrawal. Please go ahead.

Siddharth Agrawal: So, I and a couple of clients had a couple of questions. Sir, firstly, what kind of reception are you seeing from the Indian Railways right now and how have you seen they have changed over the last two years and what is your outlook over here?

Vivek Lohia: Can you repeat your first question?

Siddharth Agrawal: So, what kind of reception are we seeing from the Indian Railways? We have been hearing that they have got very aggressive. In the last two years what kind of change and what is the outlook on their demand flows from here?



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- Vivek Lohia:** So, when it comes to Indian Railways, as we have stated earlier also, they are very bullish on the sector and currently their share of the entire logistics space is around 20-25% and there is a clear roadmap that by 2030 they want to take 40% of the market share. So, that I think it flows directly from the prime minister himself. Railways has earmarked under the Gati Shakti Program of Hon'ble Prime Minister. Railways has earmarked to spend about close to \$750 billion in the next five years on the railways infrastructure. And I don't see any slow down in their offtake or in the growth in the coming years. When we compare to two years back, I think railways is now listening more to the industry because one of our main demands to Indian Railways has been to instead of coming out with annual contracts to come out with contracts for at least two years or three years of visibility as it will help the industry plan better and also will help us improve our supplies to Indian Railways. And it has happened for the first time and now you can see the results for yourself. Please go ahead with your next question.
- Siddharth Agrawal:** So, right now, what is your order book?
- Vivek Lohia:** Today, I think we have order book of close to Rs.4,000 crores and this quarter itself we have added another Rs.500 crores of new order book and we are in further discussions with various customers. So, when it comes to ordering books, we don't see any challenge. So for us, the main challenge is in terms of execution and in my introduction I said very clearly that today one of the biggest challenges when it comes to execution is the wheel set. So, we have placed today orders of close to 20,000-wheel sets which is I think biggest orders placed by any Indian manufacturers, and this is also translating into our performance. As a company, we never like to give excuses. So, our main focus is always on our execution. And I think over the next quarters, you will see our numbers to be much stronger.
- Siddharth Agrawal:** What is your split of order book between railways and private sector?
- Vivek Lohia:** I think it is close to 50:50 and I think as quarters progress the order from the private sector will increase further and these orders carry better margins. So, it will help the company also in the long term.
- Siddharth Agrawal:** Sir, you spoke about the electric business. So, would you be able to shed some light on what's happening on the ground... what kind of order inflows are we seeing? What's the status of our trial run? Who would be our major customers in this space, because I think EV is the hot topic nowadays?
- Vivek Lohia:** Our focus is only on the commercial vehicles segment. We are not targeting the passenger vehicles. The vehicles right now which we are focusing on is up to 12-tons axle load vehicles. Our focus on vehicles which can run within the city –
- Sanjiv Keshri:** Connect satellite towns.



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- Vivek Lohia:** We are seeing a huge traction and interest of the market. So, till such time, we expect the vehicles to be on development on both the vehicles happening currently and we expect the vehicles to be ready by the first quarter of next year.
- Siddharth Agrawal:** When you say ready means commercial launch?
- Vivek Lohia:** Commercial launch may happen a little later. By the first quarter, we are expecting to give it to ERI for the homologation.
- Siddharth Agrawal:** Have we got any orders from here? What is the capacity that we are looking at?
- Vivek Lohia:** We have not yet started taking any order book, but definitely there is huge interest from the customers. Today, there is no vehicle in the market, in the segments which I am talking about. So, in terms of overall capacity, we have not firmed-up our plans completely. So, we will be disclosing it over the next one or two quarters.
- Siddharth Agrawal:** In the meanwhile, I got another question from a client with respect to our wagons order. Over what time period, will our order book be executed?
- Vivek Lohia:** So, it's over the next three years. Indian Railways orders is supposed to be executed over the next three years. And as of now, we are one of the leaders in terms of the performance metrics in the Indian Railways. So, today, our run rate is much higher than what we are supposed to give to Indian Railways as per the contract. When it comes to the private order book, I think, as I have told you that we are taking new orders every quarter. So, this is going to be an ongoing thing.
- Siddharth Agrawal:** You mentioned that private orders are more margin accretive. So, would you be able to share the margins of both the segments?
- Vivek Lohia:** It is not possible for us to share at the moment, but I think from the numbers if you compared to our peers, the numbers you can get a picture on this.
- Siddharth Agrawal:** Would you be able to share what kind of incremental margins the private orders give you?
- Vivek Lohia:** As I have told you, this is company-specific information, so which cannot be shared with the margin engine.
- Siddharth Agrawal:** When we mentioned Rs.4,000 crores order book, so, are we able to give the number of wagons on order?
- Vivek Lohia:** Overall, it's close to about 12,000 wagons which we have currently.



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- Siddharth Agrawal:** 50:50 between private and public?
- Vivek Lohia:** Yes.
- Moderator:** The next question is from the line of Vipul Sanghvi. Please go ahead.
- Vipul Sanghvi:** The question that I wanted to ask is that, if you can tell us a bit about the integration of CEBBCO facilities with JWL? And how are we kind of picking up on the utilization of the combined asset that we have?
- Vivek Lohia:** As of today, I would say that, today is Jupiter Wagons. CEBBCO in terms of the employees and overall, CEBBCO as an organization is no longer existent. I would say that in terms of integration, we have been fully able to absorb the entire CEBBCO infrastructure. If you look at our performance, it is much higher than the erstwhile CEBBCO ever achieved. In our presentation, we have also highlighted in terms of the numbers. So, in erstwhile CEBBCO, the wagon facility was never utilized. So, today, we are rolling out close to about 200 wagons every months from that facility, as well as if you look at the commercial vehicles output also, it's one of the highest numbers which we did last year and we expect the numbers to be much better this year and plus we have also started the container business from that facility which is a new addition.
- Vipul Sanghvi:** Secondly, if you can tell us briefly about the funnel of orders which you are seeing most on the private and the railways side, what kind of ordering activity that you are expecting say over the next two, three quarters?
- Vivek Lohia:** We are seeing a lot of traction on the private sector...I will give you an example, if you look at the auto sector, as you all are aware over the last two years, the auto sector was not performing very well because of the chip shortages and supply chain constraint which they have, but suddenly, there is a huge momentum there. So, now we are seeing a lot of demand coming from that sector, especially for the taller auto wagons, which is again a new design which we are currently working on, and we have already started the prototype for the same. So, we expect going forward a huge traction from there. Similar demand we are seeing a lot of enquiries from the cement sector... I think that is again one industry we are seeing newer demand. Also, from the logistics players, especially for the container wagons. If you look at the demand from the steel sector, that is where the main demand is coming from.
- Vipul Sanghvi:** Will it be possible to quantify that kind of ordering that you are expecting say over next six to nine months?
- Vivek Lohia:** Very difficult to quantify in terms of numbers, but I think the order books which we have currently, we expect the trend to continue over the next one year at least.



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Vipul Sanghvi: Of course, there was a decent margin improvement in the current quarter. When do you see that we can be in the ballpark of 14-15% EBITDA margin you think we will exit at that kind of a number in Q4?

Vivek Lohia: I would not like to speculate on the EBITDA margin, but as I have told earlier also in this call, we expect the growth momentum to continue. So, as the revenues keep on increasing, obviously, it will have a positive impact on the EBITDA margins also. And I have told you earlier also that we have been able to consolidate the business very well now. Now, you are also seeing the fruits of the consolidation. Because of the consolidation of the CEBBCO and the Jupiter business, there is a lot of price advantages that the organization is able to get. And going forward, the brake business also will definitely be a contributor towards the EBITDA margin.

Moderator: The next question is from the line of Jay Naik as an individual investor. Please go ahead.

Jay Naik: I just wanted you to give us a brief overview on our braking business, when it would start and what kind of orders we are expecting and when the revenue would start kicking in and what is the opportunity size? I know you explained it in the last investor call, but I would request you to do it again. The second one was with the more orders and our capacity utilization going up, what kind of margin improvements probably we can expect in the quarters to come, sir?

Vivek Lohia: When it comes to the brake business, as I have said, we are very bullish on that. As India is now focusing more and more on IC trains and new designs of wagons, we believe that the brake systems are going to be very critical to the development of the railway infrastructure. So, as I have told you earlier in the call that for our brake discs facility, it has already now been approved by Indian Railways and we have commenced our production from there. We are right now doing trial production and we expect that the plant to be fully commissioned by beginning of next year. Again, I have already stated in the call that we have already participated in the various tenders. The quantum is close to around 50,000 to 60,000 brake discs. So, we expect good order book from there. The revenues from the brake business, you will start seeing I think from beginning 2023. When it comes to our JV with DAKO, we are right now in the process of getting the final approvals from IR. And in that business also we expect good order books over the next one or two quarters. Also, in both the businesses, we are also looking at exporting to the European market from both these businesses. So, that order book also will start flowing in next year. Again, on the margin side, as I have said that, as our revenues increase and the company keeps on consolidating, you will definitely see better margins over the next quarters... but I would not like to speculate on the exact margins.

Jay Naik: In our annual report, you have mentioned about some partnership joint ventures for battery packs and the EV chargers. If you can give some update on that if possible?



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- Vivek Lohia:** On the battery pack, we did not specifically mention any joint venture. On the EV chargers, yes, we have already started working. Right now, it is under development and we expect to launch the charger very shortly.
- Moderator:** Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference back to Mr. Siddharth Agrawal for closing comments. Thank you and over to you, sir.
- Siddharth Agrawal:** I would like to thank Mr. Vivek Lohia and Mr. Sanjiv Keshri for your valuable inputs today. Trust me, sir, we all learnt more about Jupiter Wagons today and also thanks to my colleague at Systematix and all our clients for participating on the call. Thank you very much once again, sir. All the best to you.
- Vivek Lohia:** Thank you, Siddharth.
- Sanjiv Keshri:** Thank you.
- Moderator:** 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.