Trade Brains PORTAL

Titagarh Rail Systems Ltd

2025-06-19

Sector: Capital Goods-Non Electrical Equipment | Industry: Engineering - Heavy - General - Large | Buy

Price@Reco: ₹ 839.55 | Target Price: ₹ 1,050 | Target Period: 16 - 24 Months | Potential Returns: 25.07 %

Stock Info

Symbol	TITAGARH
CMP	₹ 839.55
P/E Ratio (TTM)	42.41
Enterprise Value	₹ 11,884 Cr
Market CAP	₹ 11,724 Cr

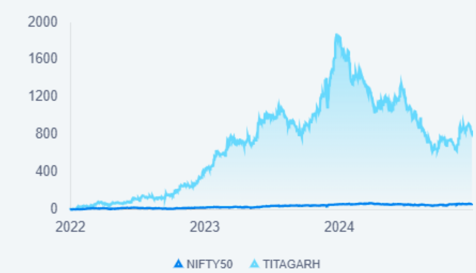
Financial Ratios

ROE (TTM)	11.13
ROCE (TTM)	14.43
Net Profit Margin (TTM)	7.71
EV/EBIDTA (TTM)	23.96
Price/Book Value (TTM)	5.55
Debt to Equity (TTM)	0.16

Shareholding Pattern

PARTICULARS	SEP 24	DEC 24	MAR 25
Promoters	40.46	40.46	40.46
Share Holding Pledge	0.06	0.06	0.06
FII	16.33	13.67	11.63
Total DII	13.94	15	13.41
Public	29.27	30.88	34.51

Indexed Stock Performance



PARTICULARS	TITAGARH	NIFTY50
1M	-5.54%	-0.16%
6M	-30.54%	3.99%
1Y	-40.44%	5.91%
3Y	842.6%	62.26%
3Y-CAGR	111.24%	17.51%

Analyst

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Shashi Kumar

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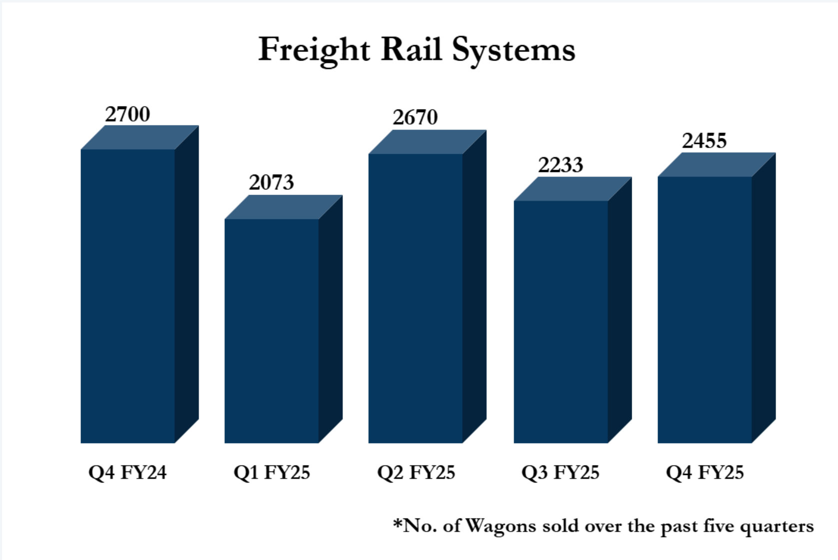
Company Overview

Established in 1997, Titagarh Rail Systems is a leading comprehensive mobility solution provider with a strong presence in India, with more than 25 years of experience. It is primarily engaged in the manufacturing of semi-high-speed trains, urban metros, passenger coaches, propulsion equipment, and a wide array of wagons, including specialized ones. The company now has 4 manufacturing facilities, with a manufacturing capacity of 12,000 wagons and 300 coaches, and processes around 30,000 tons of casting steel per annum. Its total order book stood at Rs 24,526 crore as of FY25, out of which Rs 11,200 Cr is of the company and the remaining Rs 13,326 Cr is its share from the joint venture.

Titagarh Rail Systems is the only Indian company that manufactures both wagons and coaches. It has established a joint venture (JV) with BHEL for the Vande Bharat project and with Ramakrishna Forgings Ltd. for wheelsets. Furthermore, the company continues to be a net debt-negative company.

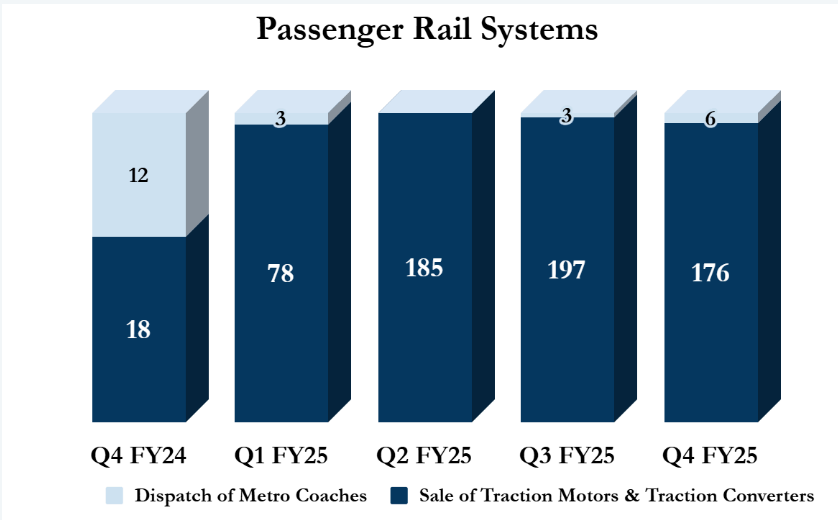
Business Segments:

Freight Rail Systems (FRS): This segment includes the manufacturing of wagons, loco shells, bogies, couplers, and their components. Under this segment, Shipbuilding, Bridges, and Defence (SBD) business is also included, where the company manufactures products including coastal research vessels, naval vessels, passenger ships, cargo ferry vessels, and tugs; metal canisters and integrated field shelters for the Indian Air Force; and Bailey bridges, steel modular bridges, and uni-bridges. It sold 9,431 wagons during FY25, up 12.4% year over year, compared to 8,389 in FY24.



(Source: Company Report, Trade Brains Research)

Passenger Rail Systems (PRS): Under this segment, the company manufactures and designs metro passenger coaches for semi-high-speed trains, EMUs (electric multiple units), train sets, monorails, propulsion equipment, traction motors, and their components. This segment has an order book of Rs 4,350 crore in FY25. This segment has an expanding rolling stock capacity of 300 per annum in FY25, which the company is planning to increase to 850 per annum in FY27 and further increase to 1,200 per annum by 2030. The company has an order book of 1,583 Metro and Vande Bharat coaches as of FY25.



(Source: Company Report, Trade Brains Research)

Investment Rationale

Robust Financial Performance: Revenue from operations stood at Rs 3,867 crore, a marginal growth compared to Rs 3,853 crore in FY24. However, revenue grew 18% CAGR since FY23. EBITDA stood at Rs 439 crore, a marginal decrease compared to

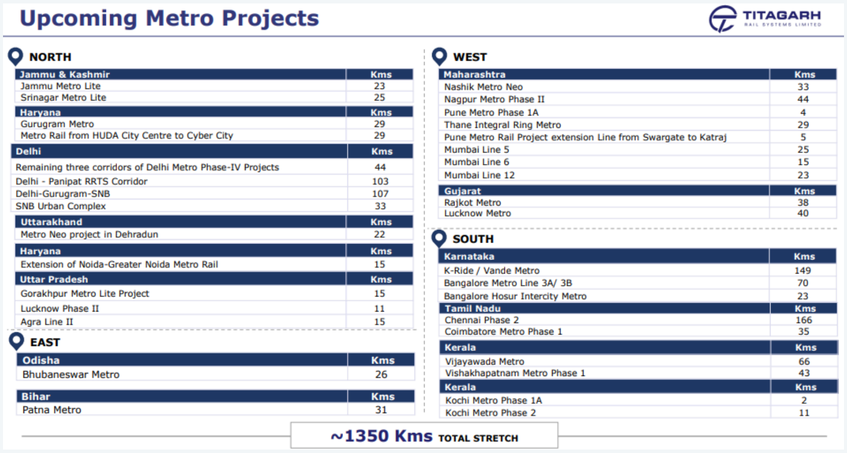
Rs 451.93 crore in FY24. PAT stood at Rs 274 crore, a 4.9% decrease compared to Rs 288 crore in FY24, but PAT has been growing at a healthy CAGR of 43% since FY23. EBITDA margin stood at 11.35%, whereas PAT margin stood at 7.85%, up by 14 bps compared to 7.71% in FY24. FRS segment revenue stood at Rs 3,610.27 crore in FY25, a growth of 5.64% YoY. PRS segment revenue stood at Rs 255.55 crore in FY25.

Market Leader in Freight Wagons: The company is the largest wagon manufacturer in India, with a 25% market share in freight wagons. It has around 25 years of experience in designing and manufacturing wagons. It has successfully grown the order book from Rs 1,024 crore in FY21 to Rs 4,350 crore in FY25. The company achieved the highest ever quarterly production in the FRS segment of 7,632 MTs in Q4 and an annual production of 27,240 MTs. FRS segment grew from Rs 980 crore in FY21 to Rs 3,610 crore in FY25, growing at a healthy CAGR of 38.5%

Ship Building and Maritime Systems (SMS): The company is licensed by the Ministry of Commerce and Industry to manufacture vessels and components, including armored vehicles and naval vessels for the Indian Navy. The Government of India has set up a Maritime Development Fund of Rs 25,000 crore and is targeting to increase the investments to Rs 1.5 lakh crore by 2030. The government also made some favorable changes in regulations, like the revamped Shipbuilding Financial Assistance Policy (SBFAP 2.0). The government also extended customs duty exemptions for 10 years to reduce shipbuilding costs and enhance competitiveness. The company has delivered several marquee projects, including vessels for the National Institute of Ocean Technology, and exported, through GRSE (Garden Reach Shipbuilders and Engineers), vessels to Guyana under the Indo-Guyanese friendship schemes, and made fast patrol vessels for the Indian Coast Guard with GRSE.

Safety and Signaling Systems (SSS): The company is expanding its vertical from the production of wagons and coaches towards the introduction of advanced signaling & safety tech to both rail and metro networks. It is leveraging the existing JV with MERMEC (Italy), along with other key global leaders, which specializes in signaling technologies. It is working as an SBU (Strategic Business Unit), but also as a subset of the PRS segment.

Upcoming projects: As of 31st March 2025, there are upcoming metro projects of around a 1,350 km stretch. It has some key projects like Chennai Phase 2 Metro (166 km), Vande Metro in Karnataka (149 km), Delhi-Gurugram-SNB (107 km), etc. Apart from these projects, there is a huge opportunity pipeline of projects, which the company has its eyes on to win. Some key projects are Metro coach contracts of an estimated value of Rs 15,800 crore, Vande Bharat Coach of an estimated value of Rs 72,000 crore, etc.



Upcoming Metro Projects

TITAGARH RAIL SYSTEMS LIMITED

NORTH

Jammu & Kashmir	Kms
Jammu Metro Lite	23
Srinagar Metro Lite	25

Haryana	Kms
Gurugram Metro	29
Metro Rail from HUDA City Centre to Cyber City	29

Delhi	Kms
Remaining three corridors of Delhi Metro Phase-IV Projects	44
Delhi - Panipat RRTS Corridor	103
Delhi-Gurugram-SNB	107
SNB Urban Complex	33

Uttarakhand	Kms
Metro Neo project in Dehradun	22

Haryana	Kms
Extension of Noida-Greater Noida Metro Rail	15

Uttar Pradesh	Kms
Gorakhpur Metro Lite Project	15
Lucknow Phase II	11
Agra Line II	15

EAST

Odisha	Kms
Bhubaneswar Metro	26

Bihar	Kms
Patna Metro	31

WEST

Maharashtra	Kms
Nashik Metro Neo	33
Nagpur Metro Phase II	44
Pune Metro Phase 1A	4
Thane Integral Ring Metro	29
Pune Metro Rail Project extension Line from Swargate to Katraj	5
Mumbai Line 5	25
Mumbai Line 6	15
Mumbai Line 12	23

Gujarat	Kms
Rajkot Metro	38
Lucknow Metro	40

SOUTH

Karnataka	Kms
K-Ride / Vande Metro	149
Bangalore Metro Line 3A/ 3B	70
Bangalore Hosur Intercity Metro	23

Tamil Nadu	Kms
Chennai Phase 2	166
Coimbatore Metro Phase 1	35

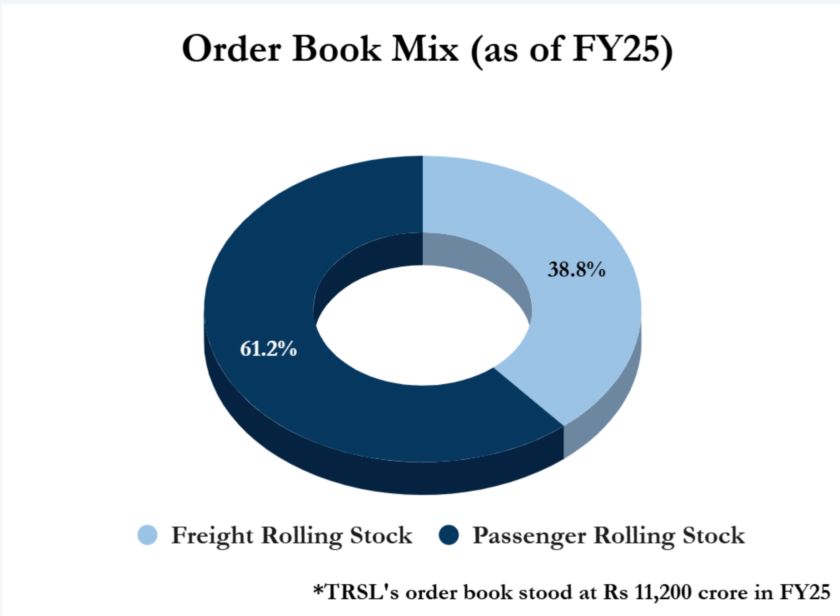
Kerala	Kms
Vijayawada Metro	66
Vishakhapatnam Metro Phase 1	43

Kerala	Kms
Kochi Metro Phase 1A	2
Kochi Metro Phase 2	11

~1350 Kms TOTAL STRETCH

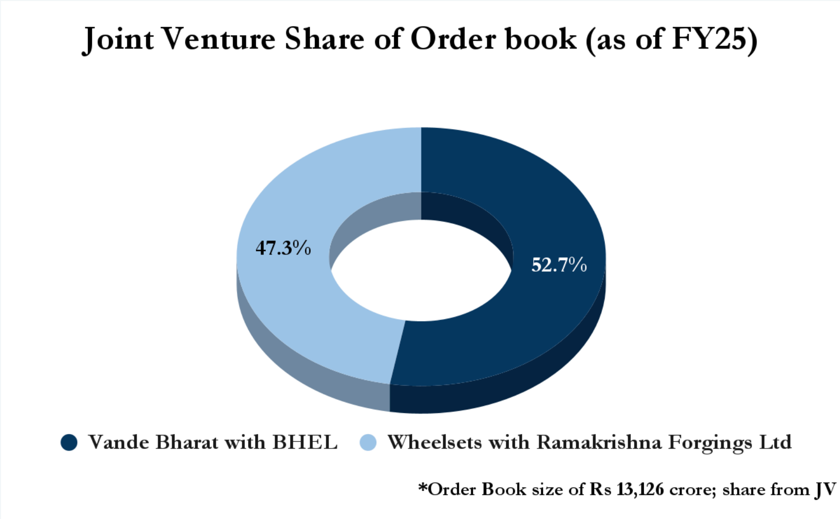
(Source: Company Report)

Major Order Wins: The company received more than Rs 1,200 crore worth of orders in FY25 across business segments. These orders include Rs 900 crore worth of orders for Freight Rolling Stocks & Rs 303 crore worth of orders for the propulsion system. Major order wins in FY25 by the company are the manufacturing and supply of 16 units of BCFCM Rakes Wagon with BVCM Wagon to Adani Cements Ltd, with an order value worth Rs 537.11 crore.



(Source: Company Report, Trade Brains Research)

Joint Ventures and Strategic Partnerships: To expand its reach in the global market, Titagarh acquired Firema Italy in 2015, which has been a pioneer in modern-day rail commute technology for over 25 years. One of the key developments in 2023 includes a major order win by the company along with Ramkrishna Forgings worth Rs 12,226.5 crore from the Indian Railways to manufacture and supply 15.4 lakh forged wheels over 20 years. During the same year, the company and the BHEL consortium were awarded a major contract by Indian Railways to design and manufacture 80 Vande Bharat Sleeper train sets, with a contract value of around Rs 24,000 crore. Furthermore, ABB and Titagarh Rail Systems had formed a strategic partnership to supply propulsion systems for metro projects in India. In 2024, TRSL and Sidwal Refrigeration Pvt Ltd (part of the Amber Group) formed a strategic alliance to enter the railway component and subsystem business through setting up an SPV.



(Source: Company Report, Trade Brains Research)

FY25 Concall Highlights:

- In FY25, the company produced 9,431 wagons, setting a record for the highest-ever production of wagons in a single year in India.
- It has achieved record production on the foundry side by producing 27,240 metric tons in the foundry in FY25.
- The company is planning for the expansion of its foundry by installing completely modern foundry production facilities, which will enhance its production to a substantially higher level in FY26.
- The company is targeting to achieve approximately 40,000 tonnes of castings in the first phase of production in FY26.
- The company expects the production for the Bangalore Metro to be reasonably streamlined as the supply chain issues with China have been resolved. It is expected that from Q2 FY26, the production will be fully streamlined.
- It has started the car body production for the Gujarat Metro as well as for the Vande Bharat in the past few months. It is anticipated that the first train of Gujarat Metro to be completed in Q2 FY26, and the Vande Bharat is expected to be done by the end of Q4 FY26 or Q1 FY27.
- The company's propulsion division of the business has grown; it has 636 traction motors as part of the propulsion and electrical sub-business unit of the PRS.
- The company is now targeting to ramp this up to between 125 and 150 traction motors per month, which translates to 1,500 to 1,800 traction motors per month from FY26.
- During the year, the company has enhanced its activity in 2 new business areas: one being the Safety and Signaling Systems (SSS) and the other being Shipbuilding and Maritime Systems (SMS).
- It has delivered several marquee projects for the Indian Navy and Indian Coast Guard and has exported to different countries.

Risks and concerns

Exposure to price volatility and competition: The raw materials include steel and related products. The company is susceptible to volatility in steel prices and faces tight measures in pricing power as orders from railways are spread across suppliers, and the lowest bidder is chosen amongst them, facing fierce competition.

Revenue & geographic concentration: The company's revenues are mostly concentrated in freight rail systems and wagons, contributing over 90% of the operating revenues, and Indian railways remain the largest sales contributor for the company. Moreover, geography-wise, the company undertakes almost all projects domestically and has little to no exposure to international projects.

Execution risk: The company has gotten massive orders in the past two years that must be completed during the next three to five years. The company's top line may be impacted by any delay in its order book or effects on ongoing operations brought on by different macro factors.

Industry Overview

The Indian railways are the fourth-largest rail network in the world. The capital outlay for the Indian Railways has increased from Rs 1.3 lakh crore in FY21 to Rs 2.7 lakh crore in FY25, which translates into 23.64% of total budgetary capex. The country has a total of 452 railway projects that are in different stages of planning/sanction/execution. This includes 183 new lines, 42 gauge conversions, and 227 doublings, with a length of 49,323 km and costing approximately Rs 7.33 lakh crore. The Indian Railway system is targeting to increase annual passenger carrying capacity to 1,000 crore in 4 to 5 years from approximately 800 crore currently. India is emerging as one of the major exporters of coaches and rakes; thus, it is anticipated to source additional rolling stock to cater to rising volumes.

The freight rolling stock industry has significant growth potential. By FY30, an increased share of railways in freight traffic is expected to grow from 27% to 45%. The government is also aiming to increase annual freight transported by Indian Railways to 3,600 million tonnes per annum (MTPA) by FY31. The Indian government is implementing 3 major railway economic corridors under the PM Gati Shakti plan: East Coast, East-West, and North-South Sub-corridor, totaling over 4,200 kilometers. The increased capacity and efficiency are expected to drive further demand for railway transport.

The Indian Passenger Rail System is also on track for expansion and innovation. The Government of India aims to launch 400 Vande Bharat trains in the upcoming years. The estimated opportunity size is Rs 50,000-60,000 crore for Vande Bharat and Rs 60,000-65,000 crore for other variations of Vande Bharat trains. Furthermore, in the Union Budget 2025-26, the government announced 200 new Vande Bharat trains, 100 Amrit Bharat trains, 50 Namo Bharat rapid rail, and 17,500 general non-AC coaches that will revolutionize travel experiences for the masses in the next 2-3 years. The government is also planning to increase the coverage of Metro rail to 50 cities and targets to increase the total operational metro rail network by >2X to 1,700 km, and this expansion will entail the procurement of around 5,000 metro rail coaches shortly. The government is also proposing Metro Lite and Metro Neo lines, which are suitable for smaller cities with lower peak traffic.

Outlook and Valuation

Income Statement (Extract)

Particulars (Rs in Cr, except EPS)	2023	2023	2023	2024	2025	2026
Revenue from Operations	**2,780**	**3,853**	**3,867**	**4,561**	**5,425**	**6,508**
Other income	43	40	75	69	82	98
Total Revenue	**2,822**	**3,893**	**3,942**	**4,630**	**5,507**	**6,606**
Total Expenses	**2,516**	**3,401**	**3,435**	**4,029**	**4,765**	**5,683**
Cost of Sales	2,150	2,988	2,929	3,466	4,096	4,881
Employee benefits expense	57	66	87	91	109	130
Other expenses	310	347	419	471	560	672
EBIDTA	**306**	**492**	**508**	**601**	**742**	**923**
EBITDA Margin %	**10.8%**	**12.6%**	**12.9%**	**13.0%**	**13.5%**	**14.0%**
Depreciation and amortisation	23	27	30	34	40	48
EBIT	**284**	**465**	**478**	**567**	**702**	**875**
EBIT Margin %	**10.0%**	**11.9%**	**12.1%**	**12.3%**	**12.7%**	**13.2%**
Finance costs	81	73	73	74	87	104
Share of loss of joint venture & Exceptional items	(13)	(3)	(24)	-	-	-
PBT	**190**	**389**	**381**	**493**	**614**	**771**
Effective Tax Rate	29%	26%	28%			
Tax amount	55	100	107	138	172	216
Net Profit	**135**	**288**	**274**	**355**	**442**	**555**
NPM %	**4.8%**	**7.4%**	**7.0%**	**7.7%**	**8.0%**	**8.4%**
Profit/Loss attributable to owners	130	286	276	351	437	549
No of Equity shares (in cr)	11.96	12.74	13.54	13.54	13.54	13.54
EPS Basic	10.89	22.46	20.41	26.23	32.67	40.98

(Source: Company Report, Trade Brains Research)

Balance sheet (Extract)

Particulars (in Crore)	2023	2024	2025	2026E	2027E	2028E
Fixed Assets	744	922	1,114	1,333	1,586	1,902
Investments	32	198	299	329	362	398
Trade receivables	279	533	671	728	861	1,025
Cash and cash equivalents	55	329	25	77	112	161
Other Assets	917	1,235	1,653	1,766	1,896	2,056
Total Assets	**2,027**	**3,216**	**3,762**	**4,233**	**4,816**	**5,543**
Equity	964	2,218	2,484	2,818	3,234	3,756
Borrowings	353	166	632	745	887	1,063
Trade Payables	323	319	235	258	284	313
Provisions	11	20	31	31	31	31
Other Liabilities	376	493	380	380	380	380
Total equity & liabilities	**2,027**	**3,216**	**3,762**	**4,233**	**4,816**	**5,543**

(Source: Company Report, Trade Brains Research)

Cash Flow Statement (Extract)

Particulars (Rs in Cr)	2023	2023	2023	2024	2025	2026
Profit before tax	181	386	382	493	614	771
Depreciation and Amortisation Expense	23	27	30	34	40	48
Finance cost	81	73	73	74	87	104
Other Adjustments	(24)	(11)	(27)	(17)	(18)	(20)
Operating cash flows before working capital changes	**260**	**476**	**457**	**585**	**724**	**903**
Total working capital changes	(153)	(289)	(459)	(130)	(219)	(277)
Cash Generated from/(used in) Operating Activities	**107**	**186**	**(2)**	**455**	**505**	**626**

Income Tax (Paid)/Refund (Net)	(66)	(101)	(96)	(138)	(172)	(216)
A. Net Cash Flows from/(used in) Operating Activities	**41**	**86**	**(97)**	**316**	**333**	**410**
Purchase of Property, Plant and Equipment	(37)	(164)	(236)	(253)	(293)	(364)
Investments	-	(163)	(271)	(30)	(33)	(36)
Other Investing activities	(25)	(210)	(72)	-	-	-
B. Net Cash Flows from/(used in) Investing Activities	**(61)**	**(537)**	**(579)**	**(283)**	**(326)**	**(400)**
Dividends paid	(0)	(6)	(11)	(21)	(27)	(33)
(Payment)/Proceeds of Borrowings	102	(197)	447	114	141	177
Other Financing activities & Interest Expenses	(35)	928	(64)	(74)	(87)	(104)
C. Net Cash Flows from/(used in) Financing Activities	**67**	**724**	**372**	**18**	**27**	**40**
(D) Net Increase in Cash and Cash Equivalents (A + B + C)	46	273	(304)	52	34	49
Cash and Cash Equivalents at the Beginning of the Year	9	55	329	25	77	112
Bank overdraft	-	-	-	-	-	-
Cash transferred	-	1	-	-	-	-
Cash and Cash Equivalents at Year End	**55**	**329**	**25**	**77**	**112**	**161**

(Source: Company Report, Trade Brains Research)

Summary

We initiate a "Buy" rating on Titagarh Rail Systems Ltd. with a target price of Rs 1,050 per share, based on earnings potential, industry growth potential, successful capex in the freight and passenger segments, and strategic partnerships. Indian Railways is expected to procure around 1-1.2 lakh incremental wagons, representing a market opportunity of Rs 35,000-40,000 crore. The increased demand for railway transport will pave the way for a mix of fresh demand and replacement demand for wagons, which have reached an economic life of 30-35 years. Additionally, an increased target of annual freight by around 80% will lead to incremental demand for Freight Wagons. The increased demand for railway transport will positively impact TRSL, as the company is the market leader in wagon manufacturing and is also actively engaged in manufacturing metro train cars.

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Ratings	**Expected absolute returns over 12 - 18 months**
BUY	More than 10%
HOLD	Between 10% to -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stocks, but we refrain from assigning valuation and recommendation
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note : Returns stated in the rating scale are our internal benchmark .