

## Titagarh Rail Systems Ltd.

 28<sup>th</sup> March 2025

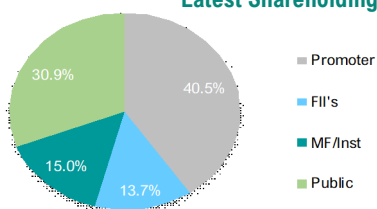
Sector: Railway Wagons

<b>LTP</b>	<b>Recommendation</b>	<b>Target</b>	<b>Stop Loss</b>	<b>Return</b>
Rs. 816	Buy between Rs. 795-825	Rs. 1,050	Rs. 728	+29%
<b>SENSEX</b>	<b>Market Cap</b>	<b>NSE Code</b>	<b>BSE Code</b>	<b>Time Frame</b>
77,606	Rs.10,985cr	TITAGARH	532966	3-6 Months

Data as of: 27-03-2025

52W High	52W Low	F&O Listed	Div. Yield	D/E
Rs.1,897	Rs.655	Yes	0.1%	0.21
Standalone. (Rs.cr)		FY24A	FY25E	FY26E
Revenue	3,805	4,090	5,336	
Growth (%)	38	7	30	
EBITDA	452	478	644	
EBITDA Margin(%)	11.9	11.7	12.1	
Adj. PAT	297	316	425	
Growth (%)	189	7	34	
EPS	22	23	31	
Growth (%)	189	7	34	
RoE (%)	18.6	13.3	15.5	
Valuation		FY24A	FY25E	FY26E
P/E (x)	37	34	25	
Price/Book Value	4.9	4.2	3.7	
EV/EBITDA	24	23	17	
Price Performance		3 Month	6 Month	1 Year
Absolute Return (%)	-30	-34	-11	
Absolute Sensex (%)	-1	-9	5	

### Latest Shareholding Pattern



### Fundamental View

**Titagarh Rail Systems Ltd (Titagarh)**, is a leading manufacturer of railway wagons (~30% market share), passenger coaches, and related products, catering to domestic and international markets. The company has established strategic alliances, including a 50:50 joint venture with Ramkrishna Forgings for wheel sets, a consortium with BHEL for Vande Bharat trains, and a partnership with ABB for metro propulsion systems in India.

- Titagarh secured orders worth ₹1,106cr across diverse business verticals, including ₹850cr for freight rolling stock and ₹256cr for propulsion systems as of 9MFY25. These orders cover ~13,689 wagons and 1,589 Metro and Vande Bharat coaches.
- The current order book stood at ₹25,333cr, representing 6.2x FY25E sales, ensures strong revenue visibility and sustained growth potential.
- The newly introduced verticals, Signaling and Safety Systems, along with Ship building & Maritime Systems, are expected to start contributing to revenue from FY26, driven by increasing demand for advanced rail systems and maritime solutions.
- Revenue grew 2%YoY to ₹2,862cr in 9MFY25, supported by stable demand despite production challenges. EBITDA decreased slightly to ₹331cr., with margins contracting 30bpsYoY to 11.6%YoY, due to higher input costs. PAT rose 6% YoY to ₹225cr, aided by cost control and operational efficiencies.
- The slowdown in growth momentum is attributed to industry wide challenges such as supply chain disruptions, fluctuating raw material costs and slower execution of orders.
- As per the market consensus, the stock is currently trading at a 1-year forward P/E of 25x, which is lower to 3 yr avg P/E of 27x and slightly above 5 year avg P/E of 24x.
- The medium-term growth prospects remain promising, fueled by robust demand for Passenger wagons, Metro projects, and Vande Bharat production led by strong order inflows and expanding manufacturing capabilities, which are expected to aid financial performance and valuations.

### Technical View

- The stock has corrected approximately 65% from its all-time high recorded in June 2024. However, it found support around a horizontal support line on the daily chart, which coincides with the 200-week exponential moving average (EMA), both positioned around 700 level.
- Furthermore, the stock has reclaimed its 21-DMA and broken above a downward-sloping trendline on the daily chart, supported by robust volume activity over the past few days.
- The 14-day RSI is currently around 55-56, trending at a three-month high, accompanied by a positive MACD crossover trending in upward direction.

### Price Chart



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