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How do you assess the current market scenario of Indian Railways? What are the key developments happening?

The Indian rail network is spread across 67,386 km making it the largest in Asia and the fourth-largest in the world. Under the solitary management of Indian Railways, it comprises 13,169 passenger trains and 8,479 freight trains in operations from 7,349 stations. The gross revenue of Indian Railways for FY-22 (until June 2021) stood at Rs 39,655.25 crores (US\$ 5.34 billion).

The push on infrastructure by the government with schemes like PM Gati Shakti is expected to increase the cargo handling capacity of railways to 1,600 MT by FY25, thus accelerating the construction of two dedicated freight corridors. Even metro works have picked up and we can see India having a top-notch multi-modal transport hub in the coming years.

The Indian Railways has also unveiled a National Rail Plan (NRP) for India – 2030 which aims to create a 'future ready' railway system by 2030 which looks to create capacity ahead of demand and cater to future growth in demand right up to 2050.

Other projects the railways is undertaking include improving the infrastructure and the quality of services through 100% electrification, upgradation of existing lines with advanced facilities, upgradation of railway stations, and developing a large high-speed train network interconnecting major cities in India.

The wagon procurement plans from the domestic market and another plan for about 100,000 wagons to be procured from internationally acclaimed wagon manufacturers with new and cost-efficient designs. As a result, Jupiter Wagons Limited has mobilized their foreign partner from Europe to contribute in due conjunction with the highest offices of the

Indian Railways. Further to the efforts, super-fast bogie technology enabled with self-diagnostics to detect defects is proposed and this is perceived as the top priorities project of the Indian Railways.

So, it is a huge opportunity that we are looking at.

What opportunities do you foresee for your products and solutions in the development initiatives of Indian Railways?

Indian Railways is an assets-heavy entity and has already adopted 3,000 million tonnes of freight business by the year 2027. This has manifold implications, one of them being procurement of more and more freight wagons. Indian Railway has already planned for procurement of about 75,000 wagons in three years time starting from 2021 and which exceeds an all-time average of about 9,000 to 10,000 wagons per year. This has imparted a high inspirational factor on each wagon builder to increase and improve upon the annual wagon manufacturing capacity. In tune with this demand, Jupiter has raised this capacity to 8,000 wagons annually and has plans to further increase. This has cascading effects on the steel manufacturers of the country who will be required to correspondingly improve the production of steel to be able to take on this rate of demand.

The Niti Aayog Mission 2030 document has already explained that Indian Railways need to carry 40-45% share of the national domestic freight on economic and environmental considerations. We can say that between 1950 and 2021, the Indian logistics market has grown from 86.5 million tonnes to approximately 5,000 million tonnes which is about 55 times, whereas rail cargo has grown only by about 20 times from about 73 million tonnes to 1,420 million tones. This actually shows a decline in the railway

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freight. So the current government's decision in the form of Mission 3,000 million is extremely significant financial or economical strategy.

The Indian logistics industry is too much dependent on road transportation while the railway provides a better and greener alternative. What opportunities do you foresee for railways in freight movement and logistics?

Yes, as of today, 60% of the logistics movement in the country is catered by the road sector and railways account for only 27%. The share of Railways remains behind the road sector mostly because of the unavailability of proper feeder services providing last-mile connectivity for the goods to be delivered.

As per the National Rail Plan 2030, Indian Railways plans to increase the share of railways in overall logistics from 27% to 45%. To achieve that, as per their estimates, they will require around 5.44 lakh wagons by 2031.

However, the demand scenario is rapidly changing with the rail industry implementing and using schemes to encourage greater private participation, not only in the purchase of rail cars but also in the ownership of infrastructure. Nowadays, around 65-75% of the wagons produced are purchased by the Indian Railways. The rest is taken by the private sector operators. In addition, the automotive industry also purchases rail cars from fleet operators.

Can you elaborate on your manufacturing plans, key products, and solutions for railways?

In terms of manufacturing wagons, we are in a good capacity considering the market outlook. Our order book is good enough to cover our capacity for the next two years. However, alongside the Indian Railways' procurement plan, a very strong private sector demand has been rising and in tune with the same, Jupiter Wagons has already begun adequate measures to increase the capacity up to 10,000 wagons by the year 2025. There are further plans to add on more capacities in order to service this by producing more wagons for the next three to four years and we look to integrate ourselves further. We are one of the market leaders in terms of providing quality at an effective cost.

We own manufacturing facilities spanning over 200 acres of land parcels spread across India and located near Kolkata and Jabalpur. When Jupiter Wagons started, we invested in our own foundry, and over the period of time cold roll mill has been added in-house for captive consumption. This reduces the dependency on external suppliers which other manufacturers

are bound with. Jupiter Wagons is the most integrated wagon manufacturing facility in the country today.

Our current annual manufacturing capacity is 8,000 wagons. The proportionate number of couplers and bogies are also manufactured in-house with a suitable enhancement of our foundry capacity.

We are exploring the brake system market in Indian Railways, which is 2,000 crore market for high-speed brakes. Indian railways have completely transitioned from the old ICF coaches to the LHP coaches, so the brake system dynamics have changed in the railways. Currently, Indian Railway is looking for brakes that can run at 200 km per hour.

To cater and deliver the high-speed braking system, we have entered into a JV with Czech company DAKO, one of the biggest manufacturers of brake systems in Europe. DAKO-CZ has a 50 percent stake in our joint venture called JWL-DAKO.

Additionally, we have formed a JV with KOVIS, a Europe-based company manufacturing brake discs. We hold a 25% market share of high-speed braking systems in India currently.

The brake market in India is dominated by two players; Knorr Bremse, a German company, and Wabtec, an American multinational company (which has taken over Faiveley a French company which is the manufacturer of brakes). We will be the third player in the market. In 2023-24, we are expecting the brake system JVs to give us additional revenues of about Rs. 300-500 crores.

Government has taken up various initiatives for the revival and modernization of railway stations, railway lines, and supporting infrastructure. How long it will take to streamline the overall railway infrastructure?

The Indian Railways has taken several measures in improving the infrastructure and the quality of services. Indian Railway is the world's fourth largest rail network and also the largest consumer of electricity. It consumes approximately 20 billion kWh of electricity annually and is taking a multi-pronged method to go green and decarbonize by growing its sourcing of renewable energy (RE) to electrify its traction network and decrease its energy (fossil fuels) consumption. Indian Railways has completed the electrification of 52,247 route kilometers (RKM) out of 65,414 RKM as of April 2022. According to Railways, the electrification will be completed by 2023-24. Indian Railways have already cancelled the diesel locomotive orders and will be concentrating on electrical locomotives only.

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Other efforts by the Railways are doubling of existing lines, up-gradation of railway stations, developing a large high-speed train network interconnecting major cities in India and developing various freight corridors within the country.

There is already an outlay of about Rs 15,000 crores by the government towards the upgradation of the number of sections of the Indian Railway network.

How is Jupiter Wagons drawing up strategies to grab more share of growing business opportunities with Indian Railways?

Since our inception, we were in the business of manufacturing of wagons for Indian Railways and we have a vision to be a one-stop solutions provider marked with high standard of quality and technology within the sector. Essentially, we started with the manufacturing of wagons, but we expanded our portfolio to the manufacturing of shipping containers, and load body applications for commercial vehicles OEMs, through our acquired entity CEBBCO. We are also in the business of brake systems and hope to make

the brakes India program achieved. The JV starts manufacturing the brake systems. We are also expanding the brake systems for passenger and freight wagons.

Would you like to share any other input on your business development and the market outlook?

India's railway transport is getting support and advancements from the government. On the subject of becoming the world's largest railway entity, the government's initiatives have been designed for the benefit of the supporting businesses. Never has there been a better opportunity for railways to propel themselves to be the top transport sector in the world.

We at Jupiter Wagons continually strive to optimize production and provide high-quality products. To do the same, we need the right talent. We are investing in a work culture conducive to growth to attract and retain the best talent who can contribute to the overall growth of the company and be part of our journey. Another important aspect is design knowledge and we are investing in R&D and building a very strong design team. 

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