Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	74,503	-0.9	3.1
Nifty-50	22,705	-0.8	4.5
Nifty-M 100	52,126	-0.3	12.9
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,267	-0.7	10.4
Nasdaq	16,921	-0.6	12.7
FTSE 100	8,183	-0.9	5.8
DAX	18,473	-1.1	10.3
Hang Seng	6,557	-1.9	13.7
Nikkei 225	38,557	-0.8	15.2
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	82	-0.3	6.0
Gold ($/OZ)	2,338	-1.0	13.3
Cu (US$/MT)	10,326	-0.5	22.0
Almn (US$/MT)	2,721	1.4	16.0
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	83.3	0.2	0.2
USD/EUR	1.1	-0.5	-2.2
USD/JPY	157.6	0.3	11.8
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	7.0	0.02	-0.2
10 Yrs AAA Corp	7.6	0.02	-0.2
Flows (USD b)	**29-May**	**MTD**	**CYTD**
FIIs	-0.7	-3.33	-2.4
DIIs	0.63	6.02	23.7
Volumes (INRb)	**29-May**	**MTD***	**YTD***
Cash	1,107	1139	1173
F&O	5,19,422	3,43,263	3,79,882

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Prestige Estates Projects: Record year of pre-sales; traction to continue

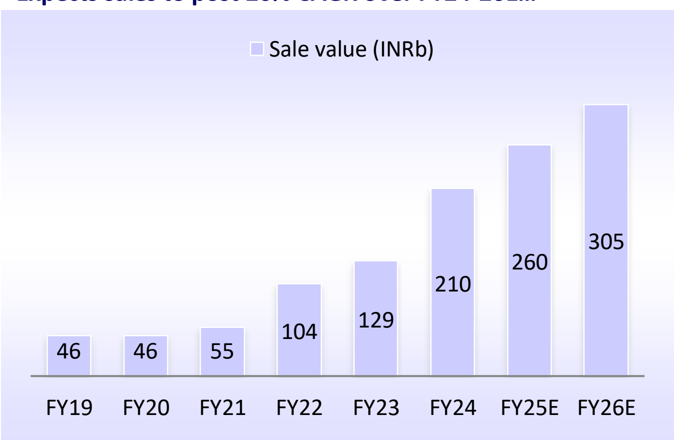
- In FY24, PEPL achieved record bookings of INR210b, up 63% YoY. Of these, ~INR155b came from new launches. In FY24, it also achieved the highest ever launches of 31msf in residential business with a GDV of INR210b. The strong bookings traction is expected to continue in FY25 as PEPL has unveiled a launch pipeline of ~60msf with a GDV of INR600b.
- It is targeting a pre-sales of INR260b, implying an increase of 25%. Given that the BD spending is expected to sustain at INR35-40b, progress on project acquisitions is expected to continue, which will further strengthen its residential business.
- Additionally, as the company advances on its key commercial projects, further value creation is imminent. YoY. **Reiterate BUY** with an increased TP of INR1,825, indicating a 21% upside potential

Research covered

Cos/Sector	Key Highlights
Prestige Estates Projects	Record year of pre-sales; traction to continue
Samvardhana Motherson	Healthy beat; promising growth prospect in non-auto
NMDC	Earnings below estimates; outlook remains bright
Other Updates	Alkem Laboratories | Aditya Birla Fashion and Retail | Emami | R R Kabel | The Ramco Cements | MTAR Technologies | Tata Steel | Cummins India | IPCA Laboratories | Bata India | G R Infraprojects | Lemon Tree Hotel | KNR Construction | NOCIL

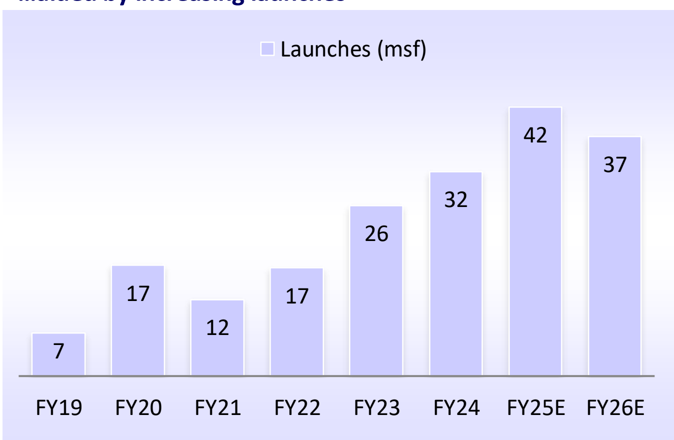
Chart of the Day: Prestige Estates Projects (Record year of pre-sales; traction to continue)

Expects sales to post 20% CAGR over FY24-26E...



Source: MOFSL, Company

...aided by increasing launches



Source: MOFSL, Company

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In the news today

Kindly click on textbox for the detailed news link

1

S&P upgrades India's outlook to 'positive', affirms 'BBB-' long-term rating

"We forecast India's real GDP growth at 6.8 per cent this year, which compares favourably with emerging market peers amid a broad global slowdown," S&P Global Ratings said

2

Tata Steel's board approves Rs 3,000 crore fundraising via NCDs

Tata Steel net debt stands at Rs 77,550 crore as of March 31, 2024

3

RBI bars Edelweiss ARC from acquiring assets, cites supervisory concerns

The Reserve Bank of India (RBI) banned Edelweiss Asset Reconstruction Company Limited (EARCL) from acquiring financial assets due to concerns observed during a supervisory examination.

4

'Reliance Retail plans 30-minute delivery model for quick commerce re-entry

Reliance Retail is re-entering the quick commerce market with a 30-minute delivery model, focusing on a wider assortment of products than existing players like Blinkit and Zepto. They will leverage their network of stores and kiranas, connected through the JioMart Partner initiative, for product sourcing.

5

Delhi HC asks SpiceJet to pay $4.8 mn to engine lessors in four instalments

Indian carrier SpiceJet has been directed by the Delhi High Court to pay $4.8 million in four instalments as an interim arrangement to continue using their three leased engines. If the payment is not made, SpiceJet will be liable to ground and return the engines within 15 days.

6

Gas Stations in full throttle as India's power demand touches new record

India's gas refiners bet on rise in LNG demand from power generation sector

7

Hitachi, Google Cloud announce strategic partnership to accelerate innovation and productivity with GenAI

Hitachi will form a new business unit focused on helping businesses solve industry challenges with Gemini models, Vertex AI, and other cloud technologies, and it will also adopt Google Cloud's AI to enhance its own products

29 May 2024

4QFY24 Results Update | Sector: Real Estate

Prestige Estates Projects

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	PEPL IN
Equity Shares (m)	401
M.Cap.(INRb)/(USDb)	603.3 / 7.2
52-Week Range (INR)	1676 / 471
1, 6, 12 Rel. Per (%)	13/45/195
12M Avg Val (INR M)	1054

Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	78.8	104.2	114.3
EBITDA	25.0	27.9	31.8
EBITDA (%)	31.7	26.8	27.8
Adj. PAT	7.1	7.5	9.8
EPS (INR)	19.0	19.9	26.2
EPS Gr. (%)	86.2	42.5	120.3
BV/Sh. (INR)	301.0	319.3	344.0
Ratios			
Net D/E	0.7	0.8	0.7
RoE (%)	6.7	6.4	7.9
RoCE (%)	9.3	7.5	8.1
Payout (%)	4.4	8.1	6.1
Valuations			
P/E (x)	79.5	75.7	57.4
P/BV (x)	5.0	4.7	4.4
EV/EBITDA (x)	27.7	24.4	21.5
Div Yield (%)	0.1	0.1	0.1

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	65.5	65.5	65.5
DII	15.0	13.2	10.5
FII	16.1	18.1	21.2
Others	3.5	3.3	2.8

CMP: INR1,506 TP: 1,825 (+21%) Buy

Record year of pre-sales; traction to continue

Targeting 25% growth in bookings for FY25

- Prestige Estates Projects (PEPL) reported bookings of INR47b in 4QFY24, up 21% YoY (in line) aided by sustained demand across ongoing projects. In FY24, PEPL achieved record bookings of INR210b, up 63% YoY. Of these, ~INR155b came from new launches. In FY24, it also achieved the highest ever launches of 31msf in residential business with a GDV of INR210b.
- Sales volume was flat at 4msf, and realization improved 18% YoY to INR11,400/sft. In FY24, volume grew 34% YoY, and realization was up 21% YoY to INR10,400/sft.
- The strong bookings traction is expected to continue in FY25 as PEPL has unveiled a launch pipeline of ~60msf with a GDV of INR600b. It is targeting a pre-sales of INR260b, implying an increase of 25% YoY.
- Total collections in 4Q increased 30% YoY/14% QoQ to INR41b, and the company generated an OCF of INR18b. It incurred a capex of INR6b in the annuity segment and spent INR19b towards land/TDR investments. Net debt increased INR8b sequentially to INR78b, with net D/E at 0.7x.
- **P&L performance:** Revenue was down 18% YoY/up 21% QoQ to INR21.6b (in line), but EBITDA increased 21% YoY to INR8.3b, aided by ~12pp rise in EBITDA margin to 38%. Adj. PAT decreased 70% YoY to INR1.4b due to lower other income and higher finance costs. In FY24, revenue declined 5% YoY to INR79b, while EBITDA rose 20% YoY to INR25b. Adj. PAT was INR7.1b (flat YoY).

Annuity income continues to scale up

- PEPL reported rental income of INR1.3b, up 30% YoY, and EBITDA stood at INR0.8b with a margin of 58% (vs. 82% in 3QFY24). In FY24, rental income grew 86% YoY to INR5.4b, and EBITDA was up 119% YoY to INR3.8b. The company expects to achieve rental income of INR9b by the end of FY25.
- With 24msf of ongoing office and retail projects and an additional 14msf of upcoming projects, rental income is expected to rise to INR38b, once these projects are delivered by the end of FY28.
- **Hospitality segment:** Revenue grew 27% YoY to INR2.4b, and EBITDA came in at INR1b, up 20% YoY, with a margin of 41%. PEPL currently has an ongoing and upcoming portfolio of ~1,700 keys and the segment can generate steady-state revenue of INR25b.

Key highlights from the management commentary

- **Guidance:** Despite a higher base of INR210b, management is confident of achieving 25-30% growth (INR260b) in bookings in FY25, driven by a vast launch pipeline of INR600b. Timely launches can also enable it to comfortably exceed the guidance.
- **BD:** The spending towards BD will continue to be at INR35-40b including pending land payments. The company has recently acquired a large project in Pune where it intends to build its flagship Prestige City project. It also has a strong BD pipeline in Hyderabad, Chennai, and NCR

- **ADIA Fund:** The capital will be used to develop four large projects – one each in Bengaluru, Goa, Mumbai, and NCR. PEPL has so far received INR5b, which will be used to retire the debt in Ocean Towers project in Mumbai. The balance will be spent on acquiring land in Delhi and Goa, since Bengaluru and Mumbai projects are already tied up.
- **Capex and leverage:** PEPL expects to incur a capex of INR25-30b in FY25. However, given the significant scale-up in residential cash flows along with ADIA fund, management is confident of reducing the D/E by the end of FY25.

Valuation and view

- The launch pipeline of INR600b has significantly improved the growth visibility in the near term, and with higher spending on BD, progress on project acquisitions is expected to continue, which will further strengthen its residential business. Additionally, as the company advances on its key commercial projects, further value creation is imminent.
- We raise our pre-sales by 8%/15% for FY25E/26E as we incorporate higher launches. **Reiterate BUY** with an increased TP of INR1,825, indicating a 21% upside potential.

Quarterly performance (INR m)

Y/E March	FY23				FY24				FY23	FY24E	FY24E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3Q	(%/bp)
Net Sales	**19,385**	**14,277**	**23,170**	**26,318**	**16,809**	**22,364**	**17,958**	**21,640**	**83,150**	**78,771**	**22,470**	**-4**
YoY Change (%)	42.3	9.8	74.5	9.6	-13.3	56.6	-22.5	-17.8	30.1	-5.3	-14.6	
Total Expenditure	14,768	10,591	17,428	19,500	11,542	16,439	12,443	13,363	62,287	53,787	16,093	
EBITDA	**4,617**	**3,686**	**5,742**	**6,818**	**5,267**	**5,925**	**5,515**	**8,277**	**20,863**	**24,984**	**6,377**	**30**
Margins (%)	23.8	25.8	24.8	25.9	31.3	26.5	30.7	38.2	25.1	31.7	28.4	
Depreciation	1,468	1,626	1,698	1,679	1,655	1,741	1,797	1,972	6,471	7,165	1,805	
Interest	1,847	1,863	2,009	2,347	2,382	2,639	2,932	4,238	8,066	12,191	2,823	
Other Income	733	470	305	3,062	2,854	1,684	1,747	685	4,570	6,970	1,675	
PBT before EO expense	**2,035**	**667**	**2,340**	**5,854**	**4,084**	**3,229**	**2,533**	**2,752**	**10,896**	**12,598**	**3,425**	**-20**
Extra-Ord expense	1,497	1,463	0	119	0	8,512	0	0	3,079	8,512	0	
PBT	**3,532**	**2,130**	**2,340**	**5,973**	**4,084**	**11,741**	**2,533**	**2,752**	**13,975**	**21,110**	**3,425**	**-20**
Tax	996	625	704	1,150	863	2,564	723	786	3,475	4,936	860	
Rate (%)	28.2	29.3	30.1	19.3	21.1	21.8	28.5	28.6	24.9	23.4	25.1	
MI & Profit/Loss of Asso. Cos.	487	98	358	139	552	668	647	566	1,250	2,433	633	
Reported PAT	**2,049**	**1,407**	**1,278**	**4,684**	**2,669**	**8,509**	**1,163**	**1,400**	**9,250**	**13,741**	**1,932**	
Adj PAT	**974**	**373**	**1,278**	**4,588**	**2,669**	**1,856**	**1,163**	**1,400**	**7,213**	**7,088**	**1,932**	**-28**
YoY Change (%)	112.7	-52.3	47.6	87.6	174.0	397.2	-9.0	-69.5	58.5	-1.7	-57.9	
Margins (%)	5.0	2.6	5.5	17.4	15.9	8.3	6.5	6.5	8.7	9.0	8.6	
Key metrics												
Sale Volume (msf)	3.6	4.6	2.9	4.0	3.8	6.8	5.5	4.1	15.1	20.2	6	**-26**
Sale Value (INRb)	30.1	35.1	25.2	38.9	39.1	70.9	53.3	47.1	129.3	210.4	47	**1**
Collections - PEPL share (INRb)	19	20	20	25	25	24	29	33	83.8	110.5	34	**-2**
Realization (INR/sft)	8,298	7,716	8,656	9,722	10,221	10,369	9,755	11,452	8,569	10,395	8,370	**37**

Samvardhana Motherson

Estimate changes	↑
TP change	↑
Rating change	↔

Bloomberg	MOTHERSO IN
Equity Shares (m)	6776
M.Cap.(INRb)/(USDb)	1000.9 / 12
52-Week Range (INR)	149 / 78
1, 6, 12 Rel. Per (%)	13/47/61
12M Avg Val (INR M)	1811

MOTHERSO: Financials & Valuations

Y/E March	2024	2025E	2026E
Sales	985	1,185	1,303
EBITDA	90.2	113.4	129.1
Adj. PAT	25.1	43.3	52.9
EPS (Rs)	3.7	6.4	7.8
EPS Growth (%)	63.6	72.3	22.3
BV/Share (Rs)	38.6	43.1	48.5
Ratios			
Net D:E	0.4	0.2	0.1
RoE (%)	10.3	15.6	17.1
RoCE (%)	9.4	12.5	14.0
Payout (%)	24.8	30.0	30.0
Valuations			
P/E (x)	39.8	23.1	18.9
P/BV (x)	3.8	3.4	3.0
Div. Yield (%)	0.5	1.3	1.6
FCF Yield (%)	3.6	3.6	5.5

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	60.4	64.8	64.8
DII	18.3	15.4	14.8
FII	12.4	10.8	10.9
Others	8.9	9.1	9.6

FII Includes depository receipts

CMP: INR148 TP: INR170 (+15%) Buy

Healthy beat; promising growth prospect in non-auto

Reduced gross debt of INR18b in 4QFY24 despite large M&A payouts

- Samvardhana Motherson (MOTHERSO) reported robust performance in 4QFY24 as EBITDA/PAT exceeded our estimates at INR26.7b/INR9.2b (est. INR24.9b/INR6.6b). Additionally, the management indicated that the P&L impact of the Yachio, Lumen, and ADI acquisitions will start reflecting in 1QFY25. These acquisitions are expected to contribute an additional INR144b in net revenues for FY25E.
- We increase our FY25E/FY26E EPS by 2%/5% to account for: i) significant growth potential in the coming years for its non-auto divisions, particularly aerospace and consumer electronics, and ii) improved margins. Consequently, we have raised our target multiple for MOTHERSO to 22x (previously 20x) and reiterate our BUY rating on the stock with a revised target price of INR170.

Acquired businesses contributed 10% to revenues/EBITDA in FY24

- **Consolidated business performance**: Consol revenues grew 19% YoY to INR268.6b (est. INR259.2b). Consol EBITDA grew 32% YoY to INR26.7b (est. INR24.9b) and consol adj. PAT grew 46% YoY to INR9.2b (est. INR6.6b). There was a one-time cost of INR4.97b pertaining to deferred tax assets, forex gains, etc. FY24 revenues/EBITDA/adj. PAT grew 25%/43%/63% YoY.
- **Wiring harness business** revenues rose 9% YoY to INR81.8b (est. INR79.8b) and EBITDA margins improved 160bp YoY to 11.1% (est. 6.8%).
- **Modules & Polymer business** revenues increased 13% YoY to INR137b (est. INR125.5b) and EBITDA margins improved 360bp YoY to 10.8% (est. 8.3%).
- **Vision system** revenues grew 10% YoY to INR50.4b (est. INR45b) and EBITDA margins declined 30bp YoY to 12.9% (est. 9.2%).
- **Emerging business** revenues grew 26% YoY to ~INR23b (est. INR23.5b) and EBITDA margins expanded 410bp YoY to 17% (est. 11.5%).
- **Integrated assembles** reported a revenue of INR23.85b (est. INR26.7b) and EBITDA margin of 12.8% (est. 11.3%).
- SAMIL has managed to reduce gross debt by INR18b in 4Q QoQ to INR103.7b.
- FCFF improved to INR35.6b (vs. INR24.6b in FY23) mainly due to improved operating cash flow, which stood at INR75.7b (vs. INR46.4B in FY23) despite higher capex of INR40b (vs. INR21.8b in FY23).
- The company declared a final dividend of INR0.8/share for FY24 (vs. INR0.65/share in FY23).

Highlights from the management commentary

- Of the 25% revenue growth reported in FY24, 12.5% was organic growth. In FY24, INR101.3b revenue was added due to acquisitions (six months of Dr. Schneider and eight months of SAS), which contributed to INR9.15b in EBITDA.

- Its automotive booked business increased to USD83.9b (up from USD77.3b in 2QFY24 end). About 23% of this came from EVs. This does not include the order book of Yachio and the non-auto business.
- MOTHERSO has invested INR40b in FY24. The majority of growth capex is in emerging markets. The company is in the midst of setting up 18 greenfields (13 in India, 4 in China and 1 in Poland) in coming years. It plans to invest another INR50b in FY25, of which about INR20b would be in new greenfields. 70% of the capex is for greenfields in non-auto segments.
- All the announced acquisitions as of May'24 are closed, with the integration well on track. P&L impact for acquisitions of Yachio, Lumen and ADI will reflect in 1QFY25. These acquisitions are expected to add another INR144b in net revenues in FY25E.

Valuation and view

- Given its well-diversified presence across components, geographies and customers, MOTHERSO is emerging as the key beneficiary of the growing popularity of EVs and the rising trend of premiumization across segments. This is evident in a significant ramp-up in its order book, with its booked business scaling up to USD83.9b.
- The stock trades at reasonable valuations of 22.2x/18.2x FY25E/FY26E consolidated EPS. Our positive view on MOTHERSO remains intact based on the ramp-up of new businesses in non-auto, execution of a strong order book for SMRPBV and capacities in place for growth. We reiterate our BUY rating with a revised TP of INR170 based on 22x Mar'26E EPS.

Quarterly performance (Consol.) (INR m)

Y/E March	FY23				FY24				FY23	FY24	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
Net Sales	1,76,545	1,82,608	2,02,672	2,25,170	2,24,622	2,34,738	2,56,439	2,68,612	7,87,881	9,84,947	2,59,167
YoY Change (%)	7.6	26.7	23.3	31.2	27.2	28.5	26.5	19.3	22.3	25.0	15.3
EBITDA	11,166	14,031	16,163	20,256	19,246	18,888	23,159	26,686	62,362	90,206	24,899
Margins (%)	6.3	7.7	8.0	9.0	8.6	8.0	9.0	9.9	7.9	9.2	9.6
Depreciation	7,324	7,487	8,150	8,397	8,389	8,674	10,164	10,878	31,358	38,105	10,252
Interest	1,694	1,837	1,494	2,784	2,526	4,879	6,203	4,504	7,809	18,112	5,991
Other income	581	940	811	350	529	1,654	1,084	836	1,696	1,876	1,070
PBT before EO expense	2,729	5,647	7,330	9,424	8,860	6,989	7,877	12,140	24,890	35,865	9,727
Extra-Ord expense	0	984	10	-349	0	2,494	9	-4,974	645	-2,472	0
PBT after EO Expense	2,729	4,663	7,320	9,773	8,860	4,495	7,868	17,114	24,245	38,336	9,727
Tax Rate (%)	34.0	30.3	29.6	26.9	29.5	32.8	27.6	28.3	29.5	29.3	29.1
Min. Int & Share of profit	389	485	609	695	241	188	272	-43	2,178	658	271
Reported PAT	1,412	2,464	4,539	6,540	6,009	2,015	5,420	13,718	14,716	27,162	6,629
Adj PAT	1,412	3,150	4,546	6,296	6,009	4,509	5,420	9,170	15,165	25,108	6,629
YoY Change (%)	-55.1	123.4	100.3	344.8	325.5	43.2	19.2	45.6	84.1	65.6	1.4

E: MOFSL Estimates

NMDC

Estimate changes	↑
TP change	↑
Rating change	↔

Bloomberg	NMDC IN
Equity Shares (m)	2931
M.Cap.(INRb)/(USDb)	756.5 / 9.1
52-Week Range (INR)	286 / 104
1, 6, 12 Rel. Per (%)	1/30/119
12M Avg Val (INR M)	3039

Financials & Valuations (INR b)

Y/E MARCH	2024	2025E	2026E
Sales	213	244	263
Adj EBITDA	73	90	103
Adj. PAT	58	75	83
EBITDA Margin (%)	34	37	39
Cons. Adj. EPS (INR)	20	26	28
EPS Gr. (%)	18	29	12
BV/Sh. (INR)	88	105	125
Ratios			
Net D:E	-0.4	-0.4	-0.4
RoE (%)	23.9	26.5	24.7
RoCE (%)	29.3	30.3	29.0
Payout (%)	45.2	30.3	29.8
Valuations			
P/E (x)	13.1	10.1	9.1
P/BV (x)	2.9	2.4	2.1
EV/EBITDA(x)	9.1	7.1	5.9
Div. Yield (%)	2.8	3.0	3.3

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	60.8	60.8	60.8
DII	14.1	17.3	19.4
FII	12.6	9.9	7.3
Others	12.5	12.0	12.5

FII Includes depository receipts

CMP: INR258 TP: INR300 (+16%) Buy

Earnings below estimates; outlook remains bright

Highlights of the 4QFY24 consolidated results:

- NMDC's revenue was in line with our est. at INR65b (YoY/QoQ: +11%/ +20%), led by better realizations during the quarter. Iron ore production came in at 13.3mt (YoY/QoQ: -6%/ +8%), while sales stood at 12.5mt (YoY/QoQ: +1%/ +10%). ASP for the quarter improved to INR5,174/t (YoY/QoQ: +10%/+9%) vs. our estimate of INR4,955/t.
- EBITDA came in at INR21b (YoY/QoQ: -3%/+5%) and was below our estimate of INR23b. The miss was due to higher operating costs and royalty & cess. EBITDA/t stood at INR1,676 (YoY/QoQ: -4%/-5%) vs. our estimate of INR1,819 in 4QFY24.
- APAT for the quarter was INR14b (YoY/QoQ: -14%/ -19%) vs. our est. of INR19b. APAT was hit by soft operating performance and a higher tax outgo.

FY24 performance highlights:

- Production volume stood at 45.1mt (+10% YoY), and sales volume was 44.5mt (+16% YoY).
- Revenue came in at INR213b (+21% YoY), EBITDA was INR73b (+21% YoY), and APAT stood at INR57b (+18% YoY).
- EBITDA/t stood at INR1,640 (+4% YoY) in FY24.
- The Board declared a final dividend of INR1.5/share (along with an interim dividend of INR5.75/share) during FY24.

Highlights from the management commentary

- Management reiterated its volume guidance of 50mt for FY25 and expected to produce ~54mt of iron ore in FY26.
- In FY25, incremental 2mt is likely to be produced from Karnataka and 3mt from Chhattisgarh mines.
- The royalty % to sales increased to 47% during 4QFY24. Management expects royalty expenses to be 43% of revenue going forward.
- NMDC incurred a capex of ~INR21b during FY24 and it guided to spend in the similar range of INR15-20b for the current fiscal.
- Over the next few years, it is targeting a production of 100mt.
- Currently, NMDC Steel's monthly production run-rate is 0.12mt. NMDC Steel is procuring iron-ore from NMDC.

Valuations remain attractive; fundamentals supportive

- While the 4QFY24 performance saw some pressure on profitability, the outlook remains bright. NMDC has taken two price hikes in 1QFY25, which would improve its ASP and earnings.
- With the requisite approvals in place, production is likely to ramp up in FY25 and FY26, which will provide strong growth comfort.
- In FY24, India's crude steel production witnessed 15% YoY growth (~144mt) and is expected to clock 8-10% CAGR in the near term. All the major steel manufacturers in India are planning to double their capacities by FY30-31E. Thus, steel demand will remain robust, backed by government initiatives for infrastructure. This will drive the overall demand for iron ore.

- **With challenges due to the pending EC clearances behind, volume growth is expected to be robust. With two price hikes in 1QFY25 itself, the ASP is anticipated to improve. We raise our EBITDA estimates by 9%/7% for FY25/26 to factor in a better realization outlook. NMDC trades at 5.9x FY26E EV/EBITDA. We reiterate our BUY rating with a revised TP of INR300 (premised on 7x FY26 EV/EBITDA).**

Consolidated Quarterly Performance (INR b)

Y/E March	FY23				FY24				FY23	FY24	FY24E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Iron ore Production (mt)	9	7	11	14	11	9	12	13	41	45	13	
Iron ore Sales (mt)	8	8	10	12	11	10	11	13	38	44	13	
Avg NSR (INR/t)	6,111	3,947	3,885	4,716	4,915	4,194	4,748	5,174	4,623	4,730	4955	
Net Sales	48	33	37	59	54	40	54	65	177	213	64	2
Change (YoY %)	-26.8	-51.0	-36.7	-12.7	13.2	20.6	45.4	10.9	-31.7	20.6		
Change (QoQ %)	-28.9	-30.2	11.8	57.3	-7.8	-25.6	34.8	20.0				
EBITDA	19	9	11	22	20	12	20	21	61	73	23.3	(10)
Change (YoY %)	-54.5	-72.7	-56.3	-19.4	5.0	39.9	76.0	-2.8	-51.9	20.5		
Change (QoQ %)	-29.2	-55.2	34.0	89.6	-7.8	-40.3	68.6	4.7				
EBITDA per ton (INR/t)	2,434	1,009	1,191	1,743	1,816	1,244	1,762	1,676	1,584	1,640	1819	(8)
Interest	0.2	0.2	0.3	0.1	0.1	0.2	0.3	0.2	0.8	0.8		
Depreciation	0.8	0.7	0.8	0.9	0.7	0.9	0.8	1.1	3.4	3.5		
Other Income	1.5	4.3	2.0	-0.1	2.9	3.2	3.4	4.2	7.7	13.7		
PBT (before EO Item)	19	12	12	20	22	14	22	24	64	82	25	(5)
Extra-ordinary item	0.0	0.0	0.0	12.4	0.0	0.0	-2.5	-0.3	12.4	-2.8		
PBT (after EO Item)	19	12	12	33	22	14	20	24	76	80		
Total Tax	4.7	3.0	3.3	10.1	5.5	3.8	5.1	9.4	21.1	23.8		
% Tax	24.3	25.3	26.6	30.7	24.9	27.0	25.7	40.0	27.6	29.9		
PAT before MI and Sh. of Asso.	15	9	9	23	17	10	15	14	55	56		
MI	0	0	0	0	0	0	0	0	0	0		
Sh. of Asso.	0	1	0	0	0	0	0	0	1	0		
PAT after MI and Sh. of Asso.	14	10	9	23	17	10	15	14	56	56		
Adjusted PAT	14	10	9	16	17	10	17	14	49	58	19	(24)
Change (YoY %)	-54.7	-58.5	-55.5	-13.3	14.3	5.6	83.6	-9.0	-47.7	18.0		
Change (QoQ %)	-20.3	-32.7	-6.2	72.3	5.1	-37.9	63.2	-14.6				

Alkem Laboratories

Estimate change	↓
TP change	↑
Rating change	↔

Bloomberg	ALKEM IN
Equity Shares (m)	120
M.Cap.(INRb)/(USDb)	629.2 / 7.5
52-Week Range (INR)	5581 / 3283
1, 6, 12 Rel. Per (%)	7/2/35
12M Avg Val (INR M)	1024

Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	126.7	139.7	156.4
EBITDA	22.5	25.6	29.1
Adj. PAT	19.1	20.7	23.0
EBIT Margin (%)	15.4	16.0	16.4
Cons. Adj. EPS (INR)	159.7	173.1	192.2
EPS Gr. (%)	50.6	8.4	11.0
BV/Sh. (INR)	862.6	996.7	1,145.7
Ratios			
Net D:E	0.0	0.0	-0.1
RoE (%)	19.7	18.6	17.9
RoCE (%)	18.3	17.3	16.8
Payout (%)	22.5	22.5	22.5
Valuations			
P/E (x)	33.0	30.4	27.4
EV/EBITDA (x)	27.9	24.4	21.3
Div. Yield (%)	0.5	0.6	0.7
FCF Yield (%)	2.8	0.8	1.2
EV/Sales (x)	5.0	4.5	4.0

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	56.7	56.7	57.2
DII	15.6	15.9	16.7
FII	9.1	8.5	4.4
Others	18.5	18.9	21.7

FII Includes depository receipts

CMP: INR5,262 TP: INR5,390 (+2%) Neutral

Exports growth offset by weak India business

Increasing investments in the biosimilars segment

- Alkem Lab (ALKEM) delivered a miss on 4QFY24 earnings, led by lower domestic formulation (DF) sales and higher R&D spend. Having said this, compared to earnings decline over FY22-23, it has delivered a 50% YoY earnings growth in FY24. This is largely on the back of lower raw material cost and reduced intensity of price erosion in the US generics segment.
- We reduce our earnings estimate by 4%/2% for FY25/FY26, factoring in a) increased opex related to the Enzene facility in the US, and b) higher product development spend. We assign 27x PE multiple on 12M forward earnings to arrive at a price target of INR5,390.
- We expect 10% earnings CAGR over FY24-26, backed by 12%/20% sales CAGR in DF/Ex-US exports business and stable margins. The improved margins in the base business is expected to be partially offset by higher operational cost related to the biosimilars segment. Given the limited upside from the current levels, we maintain Neutral stance on the stock.

Lower RM costs benefit offset by higher opex

- ALKEM 4QFY24 revenues was stable YoY to INR29.3b (our est: INR31.3b). Domestic business decreased 1.9% YoY to INR19.7b (68% of sales). International business grew 6% YoY to INR9b for the quarter. Within international business, Other International sales grew 7.6% YoY to INR2.9b (10% of sales). US sales grew 5.5% YoY to INR6.2b (22% of Sales).
- Gross margin expanded 550bp on a YoY basis to 62.3%, due to lower raw material prices.
- EBITDA margin expanded 150bp YoY to 13.7% (our est: 16.7%) as higher GM was offset by higher other expense/R&D spend (+320bp/+90bp YoY as % of sales).
- Accordingly, EBITDA increased 13.8% YoY to INR4b (vs. est. of INR5.2b).
- Adj PAT grew at a lower rate of 3.4% YoY to INR3b (our est: INR3.5b) due to higher depreciation.
- For FY24, Revenue/EBITDA/PAT grew 9%/34%/50% YoY to INR129b/INR22.4b/INR19b.

Highlights from the management commentary

- ALKEM indicated to maintain GM/EBITDA margin at FY24 levels (60%/18%).
- ALKEM has responded to 483 issued by USFDA at its Baddi site. The company has no new launches from Baddi in FY25.
- ALKEM recently launched g-Suprep in the US market
- Increased focus on profitability at the organizational level affected 4QFY24 performance.
- ALKEM is working on four assets in the biosimilars segment at a global level.
- ALKEM is putting up plant for the bio-CDMO segment in the US. The plant would be operational by the end of FY25. The annualized operational expense for this facility would be INR1.2b.

Quarterly Perf. (Consolidated) **(INR b)**

Y/E March	FY23				FY24				FY23	FY24		Vaq
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	%
Net Revenues	**25.8**	**30.8**	**30.4**	**29.0**	**29.7**	**34.4**	**33.2**	**29.4**	**116.0**	**126.7**	**31.4**	**-6.4**
YoY Change (%)	-5.7	10.0	16.1	16.9	15.2	11.7	9.3	1.1	9.1	9.2	8.1	
Total Expenditure	23.0	26.3	24.4	25.5	25.8	26.9	26.2	25.3	64.4	65.7	26.1	
EBITDA	**2.7**	**4.5**	**6.0**	**3.5**	**3.9**	**7.5**	**7.1**	**4.0**	**16.8**	**22.5**	**5.2**	**-23.3**
YoY Change (%)	-53.9	-27.3	20.2	4.8	42.4	64.5	18.1	13.8	-18.2	33.7	48.4	
Margins (%)	10.6	14.7	19.7	12.2	13.1	21.7	21.3	13.7	14.5	17.7	16.7	
Depreciation	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.8	3.1	3.0	0.7	
EBIT	**2.0**	**3.8**	**5.2**	**2.7**	**3.2**	**6.7**	**6.4**	**3.2**	**13.7**	**19.5**	**4.5**	
YoY Change (%)	-62.3	-31.7	23.7	8.2	60.8	78.7	22.6	15.9	-21.0	11.3	64.5	
Margins (%)	7.6	12.2	17.1	9.5	10.7	19.6	19.2	10.9	11.8	15.4	14.4	
Interest	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	1.1	1.1	0.2	
Other Income	0.5	0.5	0.5	0.7	0.7	0.6	0.9	0.9	2.2	3.1	0.6	
PBT before EO Exp	**2.2**	**4.0**	**5.4**	**3.1**	**3.5**	**7.1**	**7.1**	**3.8**	**14.8**	**21.4**	**4.9**	**-21.9**
EO Exp/(Inc)	0.7	0.0	0.0	1.0	0.0	0.6	0.5	0.1	1.7	1.2	0.0	
PBT after EO Exp	**1.5**	**4.0**	**5.4**	**2.1**	**3.5**	**6.5**	**6.5**	**3.7**	**13.0**	**20.2**	**4.9**	
Tax	0.2	0.5	0.8	1.4	0.7	0.3	0.5	0.6	3.0	2.1	1.1	
Rate (%)	13.5	13.6	14.6	68.0	18.4	5.1	7.7	17.1	20.2	9.9	22.3	
PAT (pre Minority Interest)	**1.3**	**3.5**	**4.6**	**0.7**	**2.9**	**6.1**	**6.0**	**3.0**	**10.1**	**18.1**	**3.8**	
Minority Interest	0.0	0.2	0.1	0.0	0.0	-0.1	0.1	0.1	0.2	0.2	0.2	
Reported PAT	**1.3**	**3.3**	**4.5**	**0.7**	**2.9**	**6.2**	**5.9**	**2.9**	**9.8**	**18.0**	**3.6**	**-17.9**
Adj Net Profit	**1.9**	**3.3**	**4.5**	**2.9**	**2.9**	**6.8**	**6.4**	**3.0**	**12.7**	**19.1**	**3.6**	**-15.0**
YoY Change (%)	-59.8	-39.7	12.2	28.2	52.3	104.1	41.3	3.4	-23.2	50.6	21.6	

29 May 2024

4QFY24 Results Update | Sector: Retail

Aditya Birla Fashion and Retail

Estimate changes	⟷
TP change	↑
Rating change	⟷

Bloomberg	ABFRL IN
Equity Shares (m)	1015
M.Cap.(INRb)/(USDb)	303.8 / 3.6
52-Week Range (INR)	301 / 193
1, 6, 12 Rel. Per (%)	11/19/30
12M Avg Val (INR M)	1152

Financials & Valuations (INR b)

INRb	FY24	FY25E	FY26E
Sales	140.0	158.9	184.1
EBITDA	14.5	16.8	21.2
Adj. PAT	-7.5	-7.0	-6.4
EBITDA Margin (%)	10.4	10.6	11.5
Adj. EPS (INR)	-7.4	-6.9	-6.3
EPS Gr. (%)	955.4	-6.1	-8.4
BV/Sh. (INR)	46.5	39.6	33.2
Ratios			
Net D:E	0.6	0.7	0.8
RoE (%)	-18.6	-16.1	-17.4
RoCE (%)	0.3	0.2	1.5
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	NM	-43.3	-47.3
EV/EBITDA (x)	27.2	23.7	19.0
EV/Sales (x)	2.4	2.2	1.9
Div. Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	51.9	55.5	55.5
DII	14.8	17.0	18.9
FII	20.0	14.7	14.9
Others	13.4	12.9	10.8

FII Includes depository receipts

CMP: INR299 TP: INR335 (+12%) Neutral

Lifestyle and Pantaloons drive profitability

- ABFRL's consolidated EBITDA grew 47% YoY (27% beat), led by the Lifestyle/ Pantaloons segments, which saw 480bp/270bp improvements in EBITDAM. Revenue growth was led by new businesses. Net loss, however, widened to INR2.7b YoY (est. loss INR2.4b), due to higher depreciation and finance costs.
- The rationalization of loss-making stores and the discontinuation of unprofitable channels in Madura turned out to be positive. However, continued investments in new businesses (Tasva and TMRW), along with the streamlining of inventory in TCNS, could put pressure on earnings for the next 4-6 quarters. We estimate a CAGR of 15%/16% in revenue/EBITDA over FY24-26E. Retain Neutral rating.

EBITDA up 47% YoY (27% beat)

- ABFRL's consol. revenue grew 18% YoY (in line) to INR34b in 4QFY24, led by growth across all segments.
- Gross profit grew 18% YoY to INR19b (in line) and margins were flat YoY at 55.8%.
- EBITDA jumped 47% YoY (27% beat) to INR2.8b and margin expanded to 8.3% (+160bp YoY). The increase in margins was led by Lifestyle/Pantaloons segments, which reported 480bp/270bp improvement in EBITDAM.
- ABFRL continued to report a net loss. 4Q net loss stood at INR2.7b (est. loss of INR2.4b), due to higher interest costs and continued investments in TMRW business.
- Full-year revenue grew by 13% YoY, while EBITDA declined 3% YoY. Losses increased in FY24.
- OCF improved in FY24 to INR 2.5b (vs cash outflow of INR3b in FY23), led by the working capital release. Capex Stood at INR7.4b (vs INR6.7b in FY23), resulting in cash outflow post interest of INR13.1b (vs. cash outflow of INR15.1b in FY23).
- ABFRL received GIC equity of INR14.3b and paid INR16.1b for the acquisitions. As a result, net debt increased by INR14.4b to INR28.6b.

Highlights from the management commentary

- **Distribution optimization:** The company is rationalizing stores to improve its operating performance. It has shut underperforming stores across brands and doubled down on profitable channels and partnerships.
- **Pantaloons:** The store closure is a one-time action. Going forward, the company plans to open 25-30 stores in FY25. In FY24, it opened 29 stores and closed 43 stores.
- **Tasva and Style up:** Style-up expansion would be slower in FY25 and will gradually pick up. The company is looking to double the revenue going forward, with 60 odd stores in the pipeline.
- **Capex:** ABFRL expects a capex outlay of INR6-6.5b in FY25.

Valuation and view

- Persistent softness in discretionary demand could remain an overhang. Further, the value segment is expected to remain under pressure, which may impact earnings.
- In the last few years, ABFRL has invested in multiple new businesses, with a long tail of businesses that are presently loss-making or yet to stabilize. Scaling up the ethnic wear and Reebok and turning around the newly set up D2C segment could be a bumpy ride. The inclusion of TCNS to this portfolio may further accentuate near-term profitability risks.
- We broadly maintained our revenue/EBITDA estimates for FY25/FY26, factoring in a CAGR of 15%/21% in revenue/EBITDA over FY24-26E.
- We value ABFRL on the SOTP basis, assigning EV/EBITDA of 20x to ABLFL, 10x EV/EBITDA to Pantaloons and EV/sales of 0.5x to other businesses of ABFRL (demerged) on FY26E. Subsequently, we retain our Neutral rating with a TP of INR335.

Consolidated - Quarterly Earning Model **(INR m)**

Y/E March	FY23				FY24				FY23	FY24	FY24	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var. (%)
Revenue	**28,748**	**30,746**	**35,888**	**28,797**	**31,961**	**32,264**	**41,667**	**34,067**	**1,24,179**	**1,39,959**	**32,976**	**3.3**
YoY Change (%)	254.1	49.7	20.1	26.1	11.2	4.9	16.1	18.3	52.6	12.7	14.5	
Total Expenditure	24,063	26,779	31,532	26,869	29,037	29,031	36,134	31,230	1,09,243	1,25,433	30,748	**1.6**
EBITDA	**4,684**	**3,967**	**4,356**	**1,928**	**2,923**	**3,233**	**5,533**	**2,837**	**14,936**	**14,526**	**2,227**	**27.4**
Change, YoY (%)	-377.6	26.5	-25.2	-48.3	-37.6	-18.5	27.0	47.1	35.8	-2.7	15.5	
Depreciation	2,703	2,907	3,175	3,485	3,670	3,888	4,441	4,554	12,270	16,552	4,605	
Interest	944	1,036	1,321	1,422	1,873	2,084	2,454	2,355	4,724	8,766	2,535	
Other Income	311	220	269	364	603	457	441	875	1,165	2,376	479	
PBT	**1,349**	**245**	**129**	**-2,615**	**-2,017**	**-2,281**	**-922**	**-3,197**	**-893**	**-8,417**	**-4,434**	**27.9**
Tax	411	-56	62	-646	-397	-282	227	-478	-230	-930	-2,058	
Rate (%)	30.4	-23.0	48.3	24.7	19.7	12.4	-24.6	14.9	25.7	11.0	46.4	
Reported PAT	**938**	**301**	**67**	**-1,969**	**-1,620**	**-1,999**	**-1,149**	**-2,719**	**-663**	**-7,487**	**-2,376**	**-14.4**
Adj PAT	**938**	**301**	**67**	**-1,969**	**-1,620**	**-1,999**	**-1,149**	**-2,719**	**-663**	**-7,487**	**-2,376**	**-14.4**
YoY Change (%)	-126.7	411.2	-96.6	-740.1	-272.7	-763.8	-1,821.9	38.1	-45.1	1,029.0	20.7	

E: MOFSL Estimates

29 May 2024

4QFY24 Results Update | Sector: Consumer

Emami

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	HMN IN
Equity Shares (m)	437
M.Cap.(INRb)/(USDb)	230 / 2.8
52-Week Range (INR)	589 / 371
1, 6, 12 Rel. Per (%)	7/-8/9
12M Avg Val (INR M)	359

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	35.8	39.1	41.6
Sales Gr. (%)	5.1	9.2	6.5
EBITDA	9.5	10.5	11.4
EBIT Margin (%)	26.5	26.9	27.4
Adj. PAT	7.9	9.1	9.3
Adj. EPS (INR)	18.0	20.7	21.3
EPS Gr. (%)	17.0	14.9	2.6
BV/Sh.(INR)	56.1	63.9	70.8
Ratios			
RoE (%)	33.2	34.6	31.6
RoCE (%)	37.0	37.8	36.4
Payout (%)	52.6	53.0	58.7
Valuation			
P/E (x)	28.6	24.9	24.2
P/BV (x)	9.2	8.1	7.3
EV/EBITDA (x)	23.1	20.5	18.6
Div. Yield (%)	1.8	2.1	2.4

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	54.8	54.8	54.3
DII	22.1	24.0	26.9
FII	13.5	12.9	11.0
Others	9.6	8.3	7.8

FII Includes depository receipts

CMP: INR524 TP: INR600 (+15%) Buy

Operationally in line; volume trend to improve in FY25

- Emami reported 7% YoY sales growth in 4QFY24 (est. 4%). Domestic business grew 8%, led by volume growth of 6%. Signs of recovery were seen in the rural market, with rural growth in the mid-single digits and urban growth in the low-single digits in GT during the quarter.
- Most of the brands, such as BoroPlus (+33% YoY), Pain Management (+9% YoY), Healthcare (+10% YoY), 7 Oils in One and D2C portfolio (+86% YoY), have performed well. However, the extended winter season has affected the Navratna and Dermicool range (+1% YoY) in 4QFY24. Summer products to improve performance in 1QFY25. Kesh king and male grooming ranges declined 9% and 2% YoY, respectively.
- GM expanded 270bp YoY to 65.8% (est. 65.5%). However, EBITDA margin contracted 20bp YoY to 23.7% (est. 23.7%) on higher ad spends (+39% YoY). MT grew 17% and E-commerce grew 37% in 4QFY24 and both contributed 22% in revenue in FY24.
- With the improving volume trajectory, rural recovery, and Emami's own initiatives around distribution, new launches, and marketing spends, revenue growth is expected to accelerate in FY25. **We value Emami at 28x P/E on FY26 EPS to arrive at our TP of INR600. Reiterate BUY.**

Sales and EBITDA in line; domestic volumes up 6% YoY

- **Strong domestic sales growth:** Consolidated net sales grew 7% YoY to INR8,912m (est. INR8,663m). The domestic business grew 8% YoY, led by volume growth of 6%. Major brands such as BoroPlus, the Pain Management range, the Healthcare range, 7 Oils in One, The Man Company, and Brillare have registered strong performance during the quarter.
- **Brand performance**: Navratna/Pain Management/Healthcare/Boroplus/ Kesh King/Male Grooming segments were +1%/+9%/+10%/-3%/-9%/-2% YoY in 4QFY24, and +1%/+6%/+5%/-3%/-6%/-3% in FY24.
- **EBITDA up 6% YoY**: Gross margin expanded 270bp YoY to 65.8% (est. 65.5%). EBITDA margin declined 20bp YoY to 23.7%. Other expenses dipped 100bp YoY, employee costs decreased 90bp, while ad spending rose 470bp YoY. Ad spending grew 39% to INR1,802m. EBITDA grew 6% YoY to INR2,110m (est. INR2,055m). PBT rose 15% YoY to INR1,708m (est. INR1,743m). Reported PAT increased 4% YoY to INR1,468m (est. INR1,623m).
- **Healthy international performance:** The international market delivered 8% YoY growth (9% in CC terms), led by the MENAP region, despite currency fluctuations and geopolitical disturbances in key geographies.
- **FY24,** Emami's sales/EBITDA/PAT grew 5%/10%/15% YoY.

Highlights from the management commentary

- The company is optimistic about future growth, supported by a favorable economic landscape, a forecast of a normal monsoon, anticipated rural market recovery, and government initiatives.
- The company has witnessed signs of market recovery with the rural segment gradually bouncing back. The company anticipates a moderate price increase for FY25, limiting it to a range of 2-2.5%
- The company has launched Nature First healthy radiance range under the Fair and Handsome brand. The company launched four Digital-first portfolio on Zanducare D2C platform, i.e., Zandu Digestive Care Juice, Zandu DiaBTS Care Juice, Zandu Hair Vitalizer Juice, and Zandu Seniorz Prostate Care Juice.
- The D2C portfolio contributes ~INR2b in revenue in FY24. The Man company EBITDA margin turned positive and Brillare losses has come down in FY24.
- The company is aspiring double-digit revenue growth for FY25. Management expects double-digit growth in International business in FY25.

Valuation and view

- We broadly maintain our FY25/FY26 EPS estimates.
- We model an 8% revenue CAGR over FY24-26, primarily driven by volume growth. EBITDA margin is already at an elevated level (much higher than peers). We model a 27.4% EBITDA margin for FY26 vs. 26.5% for FY24.
- Emami's core categories are niche and they have been witnessing slow user addition over the last five years. Although Emami commands a high market share in core categories, the share gain is no longer a catalyst for volume growth.
- Management has initiated several steps (e.g., team additions, new launches, hiring consultants, marketing spends, etc.) over the last three to four years to revive volume growth; however, the desired result has not yet been achieved. However, we expect volume growth acceleration in FY25, driven by rural growth improvement and seasonal tailwinds.
- We factor in these issues in our target valuation multiple (at 40-50% discount to peers). **We value Emami at 28x P/E on FY26 EPS to arrive at our TP of INR600. Reiterate BUY.**

Consol. Quarterly performance (INR m)

Y/E MARCH	FY23				FY24				FY23	FY24	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Domestic volume growth (%)	9.6	-1.0	-3.9	2.0	3.0	2.0	-0.9	6.4	2.1	2.6	2.0	
Net Sales	**7,733**	**8,138**	**9,827**	**8,360**	**8,257**	**8,649**	**9,963**	**8,912**	**34,057**	**35,781**	**8,663**	**2.9%**
YoY change (%)	17.0	3.4	1.1	8.8	6.8	6.3	1.4	6.6	6.8	5.1	3.6	
Gross Profit	**4,872**	**5,422**	**6,472**	**5,278**	**5,401**	**6,061**	**6,851**	**5,863**	**22,044**	**24,176**	**5,671**	**3.4%**
Gross margin (%)	63.0	66.6	65.9	63.1	65.4	70.1	68.8	65.8	64.7	67.6	65.5	
EBITDA	**1,733**	**1,954**	**2,942**	**1,998**	**1,900**	**2,337**	**3,149**	**2,110**	**8,627**	**9,495**	**2,055**	**2.7%**
Margins (%)	22.4	24.0	29.9	23.9	23.0	27.0	31.6	23.7	25.3	26.5	23.7	
YoY change	2.1	-29.5	-13.9	21.9	9.6	19.6	7.0	5.6	-9.4	10.1	2.9	
Depreciation	881	479	472	640	460	461	458	480	2,473	1,859	452	
Interest	25	18	18	14	21	23	27	29	74	100	29	
Other Income	63	420	69	138	83	111	167	107	689	468	168	
PBT	**891**	**1,877**	**2,521**	**1,482**	**1,502**	**1,964**	**2,831**	**1,708**	**6,770**	**8,005**	**1,743**	**-2.0%**
Tax	120	54	185	63	129	158	155	225	421	667	117	
Rate (%)	13.5	2.9	7.3	4.2	8.6	8.1	5.5	13.2	6.2	8.3	6.7	
Reported PAT	**727**	**1,801**	**2,330**	**1,416**	**1,368**	**1,800**	**2,607**	**1,468**	**6,274**	**7,241**	**1,623**	**-9.6%**
YoY change (%)	-6.6	-2.8	6.1	-60.0	88.1	-0.1	11.9	3.6	-25.0	15.4	14.6	

E: MOFSL Estimates

R R Kabel

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	RRKABEL IN
Equity Shares (m)	113
M.Cap.(INRb)/(USDb)	194.5 / 2.3
52-Week Range (INR)	1903 / 1137
1, 6, 12 Rel. Per (%)	2/-8/-
12M Avg Val (INR M)	592
Free float (%)	37.2

Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	65.9	82.0	97.4
EBITDA	4.6	6.8	9.0
Adj. PAT	3.0	4.6	6.2
EBITDA Margin (%)	7.0	8.2	9.2
Cons. Adj. EPS (INR)	26.4	40.8	54.9
EPS Gr. (%)	57.0	54.5	34.5
BV/Sh. (INR)	162.1	195.9	241.8
Ratios			
Net D:E	(0.0)	(0.0)	(0.1)
RoE (%)	18.4	22.8	25.1
RoCE (%)	16.6	21.6	24.4
Payout (%)	11.4	17.1	16.4
Valuations			
P/E (x)	65.0	42.1	31.3
P/BV (x)	10.6	8.8	7.1
EV/EBITDA (x)	41.9	28.7	21.3
Div Yield (%)	0.2	0.4	0.5
FCF Yield (%)	0.8	0.2	1.3

Shareholding pattern (%)

As On	Mar-24	Dec-23
Promoter	62.8	62.8
DII	9.4	8.9
FII	4.2	4.7
Others	23.7	23.7

CMP: INR1,724 TP: INR2,200 (+28%) BUY

Aiming for sustainable margin improvement

Guided FY25 volume growth of 20% YoY in cables & wires

- R R Kabel (RRKABEL)'s 4QFY24 revenue growth of 16% YoY was in-line with our estimates; though EBITDA at INR1.15b came below our estimate of INR1.3b. EBIT margin of cables & wires was at 8.7% v/s estimated 9% and EBIT loss of FMEG segment was at INR194m v/s estimated INR181m. OPM at 6.6% (est. 7.3%) and profit was at INR787m vs. estimated INR847m. Cables & Wires volume growth stood at 19.6% YoY (and 6.5% QoQ) in 4QFY24.
- Management remains optimistic for cables and wires demand growth and expects its volume to grow ~20% YoY in FY25. Margin of Cables and wires is expected to further improve by 1.0-1.2pp YoY in FY25. In the FMEG segment, it targets to achieve revenue of INR10b in FY25 (growth of 29% YoY) and expects it to become break even by 1QFY26.
- We recently initiated coverage on RRKABEL with a BUY rating. RRKABEL posted a 22% profit CAGR over FY19-24, and we expect an EPS CAGR of 44% over FY24-26. We value RRKABEL at 40x FY26E EPS to arrive at our TP of INR2,200.

Revenue and EBITDA rise 16% and 15% YoY; OPM flat YoY at 6.6%

- RRKABEL's Revenue/EBITDA/PAT was at INR17.5b/INR1.15b/INR787m; up 16%/15%/21% YoY and in-line/-10%/-7% v/s our estimates. Gross margin was down 90bp YoY to 18.4% (est. 19.6%); while EBITDA margin at 6.6% was flat YoY. Employee costs increased 10% YoY (4.4% of revenue vs. 4.7% in 4QFY23). Other expenses rose 7% YoY (7.4% of revenue vs. 8.0% in 4QFY23).
- Segmental highlights: 1) Cables and Wires: revenue was up 14% YoY at INR15.2b and EBIT was up 20% YoY to INR1.3b. EBIT margin expanded 42bp YoY to 8.7%. 2) FMEG business: revenue was up 29% YoY at INR2.3b. EBIT loss increased to INR194m from INR148m/INR124m in 4QFY23/3QFY24.
- **In FY24,** revenue was up 18% YoY at INR66b, led by 17%/20% growth in the cables & wires/FMEG segments. EBITDA grew 43% YoY to INR4.6b. OPM rose 124bp YoY to 7%. PAT grew 57% YoY to INR3b. Cables and Wires' EBIT grew 17%/33% YoY, and EBIT margin surged 1.2pp YoY to 10.3%.
- **In FY24,** OCF declined 25% YoY to INR3.4b due to a rise in working capital. Capex was INR1.9b vs. INR1.1b in FY23. FCF was INR1.5b vs. INR3.5b in FY23.

Key highlights from the management commentary

- Exports contributed ~30% of cables & wires and it could go up to ~35% in the next 2-3 years. It has increased international certification to 38 vs. 35 in FY23, which will help it strengthen its global footprints further.
- Margin would improve further by 1.0-1.2pp YoY in FY25, driven by a combination of higher value-added products in the export market, price hikes in some products in the domestic markets, and improvement in operational efficiency led by capacity increase for power cables.
- Capex has been pegged at INR5b in FY24-25E for expanding power cable capacity, copper wires and PVC compound. The company is doubling its power cable capacity, which is likely to be completed by Mar'25.

Valuation and view

- RRKABEL has demonstrated its ability to grow at a higher rate than peers, with its cables & wires segment recording a CAGR of 21%/24% in revenue/EBIT over FY19-24. Management remains optimistic for cables & wires demand growth in the country and indicated that its volume growth would be ~20% in FY25.
- We estimate RRKABEL's revenue/EBITDA/PAT CAGR at 22%/40%/44% over FY24-26. We estimate RoE to improve gradually to 25% in FY26 from 14%/18% in FY23/FY24. RoCE is estimated to be at 24% in FY26 vs. 12%/17% in FY23/FY24. We value the stock at 40x FY26E EPS to arrive at our TP of INR2,200. **Reiterate BUY.**

Quarterly Performance (INR m)

Y/E March	FY23				FY24				FY23	FY24	MOFSL	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Sales	12,359	13,672	14,795	15,165	15,973	16,097	16,335	17,541	55,992	65,946	17,532	0
EBITDA	400	644	1,176	1,004	1,129	1,209	1,126	1,153	3,223	4,617	1,279	(10)
Adj EBITDA margin (%)	3.2	4.7	7.9	6.6	7.1	7.5	6.9	6.6	5.8	7.0	7.3	(72 bp)
Depreciation	145	150	165	137	161	166	165	163	596	655	173	(6)
Interest	81	96	114	129	144	142	124	128	421	539	145	(12)
Other Income	74	95	37	138	163	148	122	193	344	626	142	36
PBT	248	493	933	876	987	1,049	959	1,055	2,550	4,050	1,103	(4.4)
Tax	65	127	239	230	250	310	250	270	661	1,080	256	
Effective Tax Rate (%)	26.1	25.8	25.6	26.3	25.4	29.5	26.0	25.6	25.9	26.7	23.2	
JV share	(2)	(16)	20	7	7	2	0	2	9	11	0	
Reported PAT	181	350	714	653	743	741	710	787	1,899	2,981	847	(7.1)
Adj PAT	181	350	714	653	743	741	710	787	1,899	2,981	847	(7.1)

Segmental Performance (INR m)

Y/E March	FY23				FY24				FY23	FY24	MOFSL	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Sales												
Cables & Wires	10,869	12,184	13,084	13,381	14,122	14,499	14,331	15,230	49,517	58,182	15,514	(1.8)
FMEG	1,490	1,488	1,712	1,785	1,851	1,598	2,005	2,310	6,475	7,764	2,018	14.5
EBIT												
Cables & Wires	462	793	1,346	1,103	1,246	1,329	1,147	1,320	3,705	5,043	1,390	(5.1)
FMEG	(149)	(240)	(347)	(148)	(170)	(198)	(124)	(194)	(884)	(685)	(181)	NA
EBIT Margin (%)												
Cables & Wires	4.2	6.5	10.3	8.2	8.8	9.2	8.0	8.7	7.5	8.7	9.0	(29)
FMEG	(10.0)	(16.2)	(20.3)	(8.3)	(9.2)	(12.4)	(6.2)	(8.4)	(13.7)	(8.8)	(9.0)	58

The Ramco Cements

BSE SENSEX	S&P CNX
74,503	22,705

Stock Info

Bloomberg	TRCL IN
Equity Shares (m)	236
M.Cap.(INRb)/(USDb)	177.8 / 2.1
52-Week Range (INR)	1058 / 743
1, 6, 12 Rel. Per (%)	-6/-37/-37
12M Avg Val (INR M)	502

Financials Snapshot (INR b)

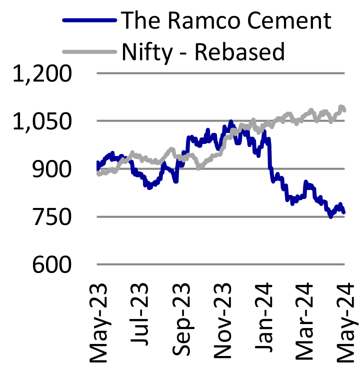
Y/E MARCH	FY24	FY25E	FY26E
Sales	93.5	102.5	111.3
EBITDA	15.5	18.7	21.5
Adj. PAT	3.9	5.8	7.6
EBITDA Margin (%)	16.6	18.3	19.3
Adj. EPS (INR)	16.7	24.5	32.3
EPS Gr. (%)	15.0	46.7	31.9
BV/Sh. (INR)	302	323	352
Ratios			
Net D:E	0.7	0.7	0.7
RoE (%)	5.7	7.8	9.6
RoCE (%)	6.0	7.1	8.0
Payout (%)	15.0	14.3	10.8
Valuations			
P/E (x)	45.0	30.7	23.3
P/BV (x)	2.5	2.3	2.1
EV/EBITDA(x)	13.6	11.9	10.3
EV/ton (USD)	111	113	103
Div. Yield (%)	0.3	0.5	0.5
FCF Yield (%)	-0.5	-0.9	2.0

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	42.3	42.1	42.3
DII	35.6	36.3	35.9
FII	7.4	7.9	7.6
Others	14.7	13.6	14.3

FII Includes depository receipts

Stock performance (one-year)



CMP: INR752 TP: INR860 (+14%) Neutral

Volume growth to slow down; leverage to remain high

Limited regional diversity; return ratios remain low

- The Ramco Cements (TRCL) exhibited strong volume CAGR of ~29% over FY22-24, driven by capacity expansion, market share gain, and healthy demand growth in its key markets. Going forward, we estimate the company's volume growth to slow down due to higher base impact, clinker capacity constraints, and capacity expansion (in south region) by peers.
- In the last few years, TRCL's capex has increased significantly. Its cumulative capex over FY20-24 stood at ~INR93b as compared to cumulative OCF of ~INR73b during the same period. This has resulted in a sharp increase in net debt to INR47b vs. INR29b in FY20 and net debt to EBITDA to 3.0x vs. 2.6x in FY20. It is expanding its clinker/grinding capacity by 3.2mtpa/3.0mtpa by FY26E. However, the management has cut capex guidance by INR5b to INR12b for FY25. We estimate cumulative capex of INR30b over FY25-FY26, which would further increase the company's net debt to INR55.5b by FY26.
- TRCL faced significant challenges in the past two quarters. Excessive rains, followed by flooding in key markets in the southern region, adversely impacted cement demand in 3QFY24. Later in 4QFY24, a significant decline in cement price in both key markets (south and east) hurt profitability. We believe that the company's limited regional diversity (75% volume share from the south and 25% from the east) made it more vulnerable to regional challenges.
- Over FY24-26, we estimate a 18% EBITDA CAGR, driven by 8% volume growth and 10% growth in EBITDA/t. We estimate EBITDA/t to improve to INR930/ INR1,000 in FY25/FY26 from INR844/t in FY24; however, this would remain lower than its historical average (over FY16-22) of INR1,230/t. Further, we estimate its ROE/ROCE at ~10%/8% in FY26, which are also significantly lower than historical average (over FY16-22) of 14%/11%. **Key risks to our estimate:** 1) Potential sustained price increases in the company's key markets; and 2) emphasis on deleveraging.
- The stock has de-rated due to sustained concerns of higher leverage, below average profitability, lower return ratio, and limited regional diversity. In our recent 4QFY24 result update, we cut EPS estimates 5% (each) for FY25/FY26. The stock is currently trading at 12x/10x FY25E/FY26E EV/EBITDA (vs. its long-term average of 14x) and USD113/USD103 EV/t (vs. long-term average of USD130). We value the stock at 12x FY26E EV/EBITDA to arrive at our TP of INR860 and maintain our Neutral rating on the stock.

Volume growth to slow down to ~8% CAGR over FY24-26E

- TRCL reported industry leading volume growth of ~29% over FY22-24, driven by capacity expansion, market share gains, and healthy demand growth in its key markets. However, we estimate the company's volume growth to slow down to ~8% over FY24-26E due to – 1) high base impact; 2) clinker capacity constraints as clinker utilization reached ~92%; and 3) capacity expansion by peers in the southern region, primarily in Tamil Nadu and Andhra Pradesh.

- TRCL’s clinker capacity registered a CAGR of 12% over FY20-24, while grinding capacity registered a CAGR of 5% over the same period. Higher clinker capacity addition helped it to achieve higher volume growth. In FY24, the company’s clinker utilization stood at ~94%. It is further expanding clinker capacity by adding 3mtpa at its Kurnool, Andhra Pradesh plant (brownfield expansion). Clinker capacity is likely to be commissioned by FY26E-end, and we anticipate the company would have limited volume growth opportunities (through optimizing blending ratio) until then.
- Further, peer companies are aggressively expanding capacity in the southern region, mainly in Tamil Nadu and Andhra Pradesh. UTCEM, SRCM, and DALBHARA would commission aggregate grinding capacity of 11.3mtpa by 1HFY25.

Profitability adversely impacted by price correction and higher cost

- The Southern region witnessed significant pricing pressure in 4QFY24 and FY24. Cement price declined ~9% QoQ in 4Q (vs. an all-India average price decline of ~7% QoQ) and ~4% YoY in FY24 (vs. all-India average price was flat YoY). The company has higher presence in the southern region, which led to a lower profitability.
- TRCL is one of the low-cost producers in the industry, supported by higher usage of captive power plants (self-sufficient for its power requirement), lower heat consumption (at a less than 700Kcal/kg of clinker), strategic location of plants (average lead distance is less than 300Km) and infrastructure created at plants to scale up operations and drive operating efficiencies. However, in the past two years, the company’s blended cement share has declined to ~70-68% in FY23-24 vs. ~75% in FY21-22. This has resulted in a decline in C:C ratio to 1.25x from 1.34x. Lower C:C ratio is resulting in higher clinker cost.
- Although we estimate the company’s EBITDA/t to improve to INR930/INR1,000 in FY25/26 vs. INR787/INR844 in FY23/FY24, aided by stable fuel price. However, this would remain lower than its historical average (over FY16-22) of INR1,230/t.

High leverage low ROE, fairly valued; maintain Neutral

- TRCL’s net debt increased significantly in the past few years due to higher capex and lower profitability. Its cumulative capex over FY20-24E stood at ~INR93b while its cumulative OCF was ~INR73b during the same period. The company’s net debt increased to INR47b from INR29b in FY20 and net debt to EBITDA stood at 3.0x vs. 2.6x in FY20. We estimate the company’s cumulative OCF to be INR32b over FY25-26 with a cumulative capex of INR30b over the same period. The company’s net debt is estimated to increase to INR55.5b by FY26.
- We estimate the company’s return ratios to be lower due to weak profitability and higher capex. The company’s ROE/ROCE are estimated at ~10%/8% in FY26E vs. its historical average (over FY16-22) of ~14%/11%.
- The stock is currently trading at 12x/10x FY25E/FY26E EV/EBITDA (vs. its long-term average of 14x) and USD113/USD103 EV/t (vs. long-term average of USD130). We value the stock at 12x FY26E EV/EBITDA to arrive at our TP of INR860 and maintain our Neutral rating on the stock.

MTAR Technologies

Estimate change	↓
TP change	↓
Rating change	↓

Bloomberg	MTARTECH IN
Equity Shares (m)	31
M.Cap.(INRb)/(USDb)	56.5 / 0.7
52-Week Range (INR)	2920 / 1660
1, 6, 12 Rel. Per (%)	-4/-30/-25
12M Avg Val (INR M)	875

Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	5.8	7.8	10.6
EBITDA	1.1	1.7	2.8
Adj. PAT	0.6	1.0	1.8
EBITDA Margin (%)	19.4	22.3	26.0
Cons. Adj. EPS (INR)	18.2	33.3	59.0
EPS Gr. (%)	-45.7	82.4	77.4
BV/Sh. (INR)	219.9	253.2	312.2
Ratios			
Net D:E	0.2	0.2	0.1
RoE (%)	8.7	14.1	20.9
RoCE (%)	9.0	13.1	19.0
Valuations			
P/E (x)	100.8	55.3	31.1
EV/EBITDA (x)	51.4	33.2	20.9

Shareholding pattern (%)

As on	Mar-24	Dec-23	Mar-23
Promoter	37.3	37.3	46.6
DII	18.1	19.0	27.6
FII	10.6	11.0	2.5
Others	34.1	32.7	23.3

Note: FII includes depository receipts

CMP: INR1,838 TP: INR2,390 (+30%) Buy

Lower sales from clean energy impact earnings

- MTARTECH reported a weak operating performance in 4QFY24 as revenue was down 27% and EBITDA declined by 63% YoY. The 4Q performance was largely affected by adverse operating leverage due to lower revenue from the clean energy segment (fuel cells/nuclear power) and high costs of first article products being developed for potential customers (for the strengthening of long-term growth outlook and customer diversification).
- Factoring in the weak 4Q performance and lower guidance, we cut our EPS estimates for FY25/FY26 by ~30%/16%. We retain our BUY rating on the stock with a TP of INR2,390 (40x FY26E EPS).

Adverse operating leverage hurts margins

- Consolidated revenue stood at INR1.4b (-27% YoY, +21% QoQ). EBITDA declined 63% YoY to INR182m (-24% QoQ). EBITDA margins contracted by 1,220bp YoY to 12.7% (-740bp QoQ), led by a 320bp contraction in gross margins to 45.3% and an increase in other expenses/employee expenses as percentage of sales by 710bp/190bp YoY to 14.8%/17.7%. Adj. PAT declined 84% YoY to INR49m (-53% QoQ).
- Clean energy/civil nuclear/defense revenue declined 44%/16%/2% YoY to INR793m/INR217m/INR46m, while revenue for space/product & others grew 7%/2.5x YoY to INR162m/INR212m.
- The order book as of Mar'24 stood at INR9.2b, with inflows of ~INR4.8b in FY24 (INR580m in 4Q). The order book mix was 58.6%/16%/15.1%/6%/4.3% for clean energy/nuclear/space/defense/product & others.
- For FY24, revenue inched up 1% YoY to INR5.8b, while EBITDA/adj. PAT declined by 27%/46% YoY to INR1.1b/INR556m.
- Net debt as of Mar'24 stood at INR1.4b vs. INR0.85b as of Mar'23. NWC days for FY24 increased to 266 vs. 240 in FY23, largely due to a significant decline in payable days (down by 94 days), offset by a decline in receivable/inventory days (down by 40/27 days).

Highlights from the management commentary

- **Guidance**: The management lowered its FY25 growth guidance to 30-35% (vs. 40-45% earlier) with EBITDA margins of ~22% (vs. 26%). FY26 revenue is expected to grow by at least 30-35% with EBITDA margins of over 24%. The order book is expected to reach ~INR14-15b by FY25 end.
- **Order inflows:** The nuclear segment's order book is likely to reach ~INR6.6b by FY25 end, including a large INR5b order from Kaiga 5 & 6 reactors. The management expects a recovery in Bloom Energy (BE) order flows in 2HFY25.
- **Aerospace:** MTARTECH signed a long-term agreement with IAI worth USD90-120m executable over 15 years. The company is also expected to sign similar agreements with MNC customers over the next few quarters.

Valuation and view

- MTARTECH witnessed a muted FY24, largely due to the product transitioning impact from its key customer (BE). With the completion of BE's product transition and MTARTECH's increased focus on customer diversification (on-boarding new clients and working on multiple first articles for potential customers both domestic and MNCs), we expect the company to see a recovery in FY25. In the long term, we expect MTARTECH to witness strong broad-based growth across all the business segments.
- We estimate a CAGR of 35%/56%/80% in revenue/EBITDA/Adj. PAT over FY24-FY26, driven by a healthy order book growth trajectory across segments and improvement in margins.
- Factoring in the weak 4Q performance and lower guidance, we cut our EPS estimates for FY25/FY26 by ~30%/16%. We retain our BUY rating on the stock with a TP of INR2,390 (40x FY26E EPS).

Consolidated - Quarterly Earning Model (INRm)

Y/E March	FY23				FY24				FY23	FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	**910**	**1,262**	**1,602**	**1,964**	**1,526**	**1,668**	**1,184**	**1,430**	**5,738**	**5,808**
YoY Change (%)	68.4	38.2	75.4	99.2	67.6	32.2	-26.1	-27.2	78.2	1.2
Total Expenditure	661	913	1,151	1,473	1,180	1,307	945	1,247	4,198	4,681
EBITDA	**250**	**349**	**450**	**491**	**345**	**361**	**239**	**182**	**1,540**	**1,127**
Margins (%)	27.4	27.7	28.1	25.0	22.6	21.6	20.2	12.7	26.8	19.4
Depreciation	42	46	49	50	56	58	58	59	187	232
Interest	24	27	39	56	57	55	56	55	146	223
Other Income	38	54	58	45	41	8	5	4	195	58
PBT before EO expense	**222**	**330**	**420**	**430**	**273**	**257**	**129**	**72**	**1,402**	**730**
PBT	**222**	**330**	**420**	**430**	**273**	**257**	**129**	**72**	**1,402**	**730**
Tax	60	83	106	119	69	52	24	23	368	169
Rate (%)	27.0	25.2	25.2	27.7	25.4	20.3	18.9	32.2	26.2	23.2
Reported PAT	**162**	**247**	**314**	**311**	**203**	**205**	**104**	**49**	**1,034**	**561**
Adj PAT	**162**	**247**	**314**	**311**	**203**	**205**	**104**	**49**	**1,034**	**561**
YoY Change (%)	86.4	29.6	65.1	57.0	25.4	-17.1	-66.8	-84.3	70.0	-45.7
Margins (%)	17.8	19.6	19.6	15.8	13.3	12.3	8.8	3.4	18.0	9.7

Tata Steel

BSE SENSEX	S&P CNX
74,503	22,705

CMP: INR174 | Neutral

Conference Call Details

Date: 30 May 2024

Time: 1:00 pm IST

Webinar via Webex: Link

ID: 25176615230

Password: webi@305

Webinar via YouTube: Link

Beat on earnings

Highlights of the Standalone results

- **Financial Performance:** Revenue stood at INR366b (YoY/QoQ: -4%/+5%) against our estimate of INR359b, primarily driven by improved volumes, which was offset by muted realization.
- ASP stood at INR67,592/t (YoY/QoQ: -15%/-5%) as compared to our estimate of INR68,961/t.
- EBITDA stood at INR80b (YoY/QoQ: -7%/-2%), against our estimate of INR74b. The beat was due to lower raw material costs.
- EBITDA/t stood at INR14,846/t (YoY/QoQ: -18%/-12%), against our estimate of INR14,132/t during the quarter.
- APAT for the quarter stood at INR47b (YoY/QoQ: -4%/+1%), 27% above our estimate of INR37b.
- **Operational performance:** In 4QFY24, domestic steel production stood at 5.24mt (YoY/QoQ: +16%/ +2%) and sales at 5.42mt (YoY/QoQ: +13%/+11%), which were in line with our estimate.
- Sales was driven by higher dispatches in domestic markets, increased dispatches in auto grade and special grade steel, higher volumes from the branded & retail segment.

Highlights of the Consolidated results:

- Consolidated steel production stood at 7.92mt (YoY/ QoQ: +2% /+4%) and sales stood at 7.98mt (YoY/QoQ: +3% / +12%).
- Revenue came in at INR587b (YoY/QoQ: -7%/+6%), against our estimate of INR612b. The decline in revenue is attributed to lower blended ASP, which stood at INR73,543/t (5% lower than our estimate) in 4QFY24.
- EBITDA stood at INR66b (YoY/QoQ: -9%/ +5%), against our estimate of INR60b, on account of lower-than-expected cost.
- The company posted an EBITDA/t of INR8,271/t, which was 10% higher than our estimate of INR7,533/t in 4QFY24.
- APAT for the quarter stood at INR12b (YoY/QoQ: -29%/ +42%) against our estimate of INR11b during the quarter.

Highlights of European operations (UK + Netherlands):

- Consolidated crude steel production stood at 2.14mt (YoY/ QoQ: -6%/ +12%) and sales stood at 2.12mt (YoY/QoQ: -2%/ +9%), owing to completion of reline of BF6 in early February.
- Revenue stood at INR207b (YoY/QoQ: -6%/ +8%) against our estimate of INR226b. ASP stood at USD1,157/t (YoY/QoQ: -5%/ -1%) against our estimate of USD1,278/t.
- EBITDA loss stood at INR6.8b (our estimate of INR14.7b) and EBITDA loss per tonne stood at USD38/t, against our estimate of USD83/t in 4QFY24.

FY24 Consolidated Performance:

- Revenue stood at INR2,292b (YoY -6%), EBITDA stood at INR223b (YoY -31%), and APAT stood at INR34b (YoY -61%) in FY24.
- Production for FY24 stood at 29.9mt (YoY -2%) and sales volume at 29.4mt (YoY +2%).

Other highlights:

- The company has incurred a capex of INR48.5b during the quarter and INR182b for the full year.
- The Commissioning of the 5 MTPA expansion at Kalinganagar is progressing well.
- Gross debt declined INR15b to INR882b.
- Net debt stands at INR775b and liquidity remains strong at INR318b, which includes cash & cash equivalents of INR95b.

Standalone Financial Performance (INR b)

Y/E March	FY23				FY24				FY23	FY24	FY24E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Sales Vol (kt)	4,070	4,910	4,590	4,796	4,790	4,820	4,880	5,420	18,366	19,910	5,210	4
Change (YoY %)	2.0	11.1	8.0	-3.5	17.7	-1.8	6.3	13.0	4.2	8.4		
Change (QoQ %)	-18.1	20.6	-6.5	4.5	-0.1	0.6	1.2	11.1				
ASP (INR/t)	89,172	70,556	73,920	79,333	74,083	70,924	71,069	67,592	77,814	70,812	68,961	-2
Abs Change (QoQ)	15,367	-18,617	3,365	5,413	-5,250	-3,159	146	-3,478	4,631	-7,002		
Change (YoY %)	28.5	-4.6	-1.7	7.5	-16.9	0.5	-3.9	-14.8	6.3	-9.0		
Net Sales	**363**	**346**	**339**	**380**	**355**	**342**	**347**	**366**	**1,429**	**1,410**	**359**	**2**
Change (YoY %)	31.0	6.0	6.1	3.7	-2.2	-1.3	2.2	-3.7	10.8	-1.3		
Change (QoQ %)	-1.1	-4.5	-2.1	12.1	-6.7	-3.7	1.5	5.6				
Total Expenditure	265	300	288	294	288	273	264	286	1,146	1,112		
As a % of net sales	73.0	86.5	84.9	77.3	81.2	79.9	76.2	78.0	80.2	78.8		
EBITDA	**98**	**47**	**51**	**87**	**67**	**69**	**82**	**80**	**283**	**298**	**74**	**9**
Change (YoY %)	-26.2	-65.3	-57.8	-29.3	-32.0	47.2	60.6	-7.0	-44.7	5.5		
Change (QoQ %)	-19.8	-52.5	10.1	68.5	-22.9	3.0	20.1	-2.5				
(% of Net Sales)	27.0	13.5	15.1	22.7	18.8	20.1	23.8	22.0	19.8	21.2		
EBITDA(INR/t)	24,113	9,503	11,189	18,047	13,924	14,248	16,905	14,846	15,393	14,984	14,132	5.0
Interest	8	10	11	11	10	11	11	9	40	42		
Depreciation	15	14	15	15	15	15	15	15	60	60		
Other Income	5	8	7	5	15	8	3	5	25	31		
PBT (before EO Inc.)	**80**	**30**	**32**	**65**	**56**	**51**	**60**	**61**	**209**	**228**		
EO Income(exp)	-1	0	0	-7	0	-130	0	-6	-8	-136		
PBT (after EO Inc.)	**80**	**30**	**32**	**58**	**56**	**-79**	**60**	**54**	**201**	**92**		
Current Tax	18	7	9	15	12	8	17	13	49	50		
Current Tax Rate%	23	23	28	25	21	-10	28	23	24	54		
Deferred Tax	2	1	-1	2	-2	-2	-3	1	5	-6		
Total Tax	21	8	9	17	10	6	14	14	54	44		
% Tax	25.7	26.7	26.9	28.6	18.1	-7.7	22.7	25.2	26.9	47.6		
Reported PAT	**59**	**22**	**24**	**42**	**46**	**-85**	**47**	**41**	**147**	**48**		
Adjusted PAT	**60**	**22**	**24**	**49**	**46**	**45**	**46**	**47**	**155**	**184**	**37**	**27**
Change (YoY %)	-30.6	-74.7	-69.9	-38.5	-22.7	100.5	95.8	-3.7	-53.5	19.3		
Change (QoQ %)	-24.3	-62.7	6.1	105.5	-5.0	-3.2	3.7	1.1				

E: MOFSL Estimates; t=ton of steel sales

Consolidated Financial Performance (INR b)

Y/E March	FY23				FY24				FY23	FY24	FY24	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Sales (k tons)	6,630	7,230	7,150	7,780	7,200	7,070	7,150	7,980	28,790	29,390	7,900	1
Change (YoY %)	-6.8	-2.2	2.0	-2.9	8.6	-2.2		2.6	-4.3	2.1		
Avg Realization (INR/t)	95,671	82,818	79,837	80,927	82,625	78,758	77,359	73,543	84,527	77,976	77,505	-5
Net Sales	**634**	**599**	**571**	**630**	**595**	**557**	**553**	**587**	**2,434**	**2,292**	**612**	**-4**
Change (YoY %)	18.6	-0.9	-6.1	-9.1	-6.2	-7.0	-3.1	-6.8	-0.2	-5.8		
Change (QoQ %)	-8.4	-5.6	-4.7	10.3	-5.5	-6.4	-0.7	6.1				
EBITDA	**150**	**61**	**40**	**72**	**52**	**43**	**63**	**66**	**323**	**223**	**60**	**11**
Change (YoY %)	-7.1	-63.2	-74.5	-52.0	-65.4	-29.6	54.7	-8.6	-49.1	-30.9		
Change (QoQ %)	-0.4	-59.5	-33.2	78.3	-28.3	-17.5	46.8	5.4				
(% of Net Sales)	23.6	10.1	7.1	11.5	8.7	7.7	11.3	11.2	13.3	9.7		
EBITDA (INR/t)	**22,584**	**8,382**	**5,661**	**9,279**	**7,186**	**6,037**	**8,760**	**8,271**	**11,219**	**7,590**	**7,533**	**10**
Interest	12	15	18	18	18	20	19	18	63	75		
Depreciation	22	23	24	24	24	25	24	26	93	99		
Other Income	3	3	3	2	12	2	2	2	10	18		
PBT (before EO Inc.)	**118**	**25**	**2**	**32**	**21**	**1**	**22**	**24**	**177**	**67**		
EO Income(exp)	0	0	2	0	0	-69	-3	-6	1	-78		
PBT (after EO Inc.)	**117**	**25**	**3**	**32**	**21**	**-68**	**19**	**18**	**178**	**-11**		
Current Tax	24,051	10,448	7,550	11,565	10,270	11,045	18,052	13,535				
Deferred Tax	17,872	2,633	21,500	5,980	3,035	-13,325	-3,994	-992				
Total Tax	42	13	29	18	13	-2	14	13	102	38		
% Tax	35.6	51.9	NA	54.6	63.0	NA	64.2	53.0	57.4	55.9		
PAT before MI and Sh. of associate	**76**	**12**	**-26**	**15**	**8**	**-66**	**4**	**5**	**77**	**-49**		
Minority Interests	-1	-2	-3	-1	-1	-3	0	-1	-7	-5		
Share of asso. PAT	2	1	1	1	-3	1	1	0	4	-1		
Adj. PAT (after MI & asso)	**78**	**15**	**-24**	**17**	**6**	**7**	**8**	**12**	**86**	**34**	**11**	**14**
Change (YoY %)	-14.1	-86.5	PL	-83.1	-92.0	-54.2	LP	-28.8	-78.5	-61.0		
Change (QoQ %)	-22.2	-80.3	PL	LP	-63.4	13.2	20.6	42.3				

E: MOFSL Estimates; t=ton of steel sales

Cummins India

BSE SENSEX	S&P CNX
74,503	22,705

Conference Call Details

Date: 30th May 2024
Time: 10:00am IST
Dial-in details:
Diamond pass

Financials & Valuations (INR b)

Y/E March	2024	2025	2026E
Sales	89.6	106.1	125.5
EBITDA	17.6	18.7	22.1
Adj. PAT	16.6	18.1	21.5
Adj. EPS (INR)	60.0	65.1	77.6
EPS Gr. (%)	33.4	17.3	19.2
BV/Sh.(INR)	218.4	240.0	269.9
Ratios			
RoE (%)	29.1	28.6	30.5
RoCE (%)	27.8	25.9	27.6
Valuations			
P/E (x)	63.9	58.9	49.4
P/BV (x)	17.6	16.0	14.2
EV/EBITDA (x)	59.5	56.2	47.3
Div. Yield (%)	0.9	0.9	1.1

CMP: INR3,835 — Buy

Strong beat on all fronts

- Cummins' revenue of INR23.2b (+20% YoY) came in ahead of our and consensus estimates. The growth was entirely driven by domestic revenue (+38% YoY), while exports remained tepid (-30% YoY).
- Gross margin at 36% saw a healthy ~330bp YoY expansion, presumably owing to a higher contribution of CPCB IV+ products in the revenue mix.
- EBITDA at INR5.4b grew 67%/1% YoY/QoQ with margin at a record 23.5% (+660bp/230bp YoY/QoQ) owing to a sharp decline (of 32% YoY) in other expenses (4.4% vs. 7.7% of revenue). We would require more clarity regarding any one-offs in the same.
- PAT grew 76%/23% YoY/QoQ to INR5.6b aided by robust operating performance and 57% YoY growth in other income to INR2b.
- On an annual basis, revenue/EBITDA/PAT grew 18%/42%/46% while OCF and FCF grew 58% and 53%, respectively.
- The Board has declared a final dividend of INR20 per share for FY24.
- **From the press release:** The government's continued focus on infrastructure and higher allocation in the interim budget are driving growth in end-markets of interest for the company. At the same time, internationally, geopolitical risks and conflicts continue to pose uncertainty about global trade and supply chain disruptions.

Standalone Quarterly Earning Model (INR m)

Y/E March	FY23				FY24				FY23	FY24	FY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Net Sales	**16,867**	**19,513**	**21,805**	**19,260**	**22,087**	**18,997**	**25,341**	**23,162**	**77,444**	**89,586**	**21,084**	**10**
YoY Change (%)	42.4	13.0	25.7	29.0	31.0	-2.6	16.2	20.3	26.1	15.7	9.5	
Total Expenditure	14,728	16,607	17,683	16,000	18,681	15,611	19,961	17,719	65,018	71,972	17,296	
EBITDA	**2,138**	**2,905**	**4,122**	**3,261**	**3,406**	**3,386**	**5,379**	**5,443**	**12,426**	**17,614**	**3,788**	**44**
Margins (%)	12.7	14.9	18.9	16.9	15.4	17.8	21.2	23.5	16.0	19.7	18.0	
Depreciation	337	353	343	372	358	379	419	420	1,405	1,576	296	42
Interest	19	46	27	66	77	67	63	62	158	268	78	(21)
Other Income	1,001	855	1,038	1,306	1,175	1,322	1,136	2,045	4,200	5,678	1,208	69
PBT before EO expense	**2,784**	**3,362**	**4,790**	**4,129**	**4,146**	**4,263**	**6,034**	**7,006**	**15,064**	**21,448**	**4,622**	**52**
Extra-Ord expense	143						17		143	17		
PBT	**2,641**	**3,362**	**4,790**	**4,129**	**4,146**	**4,263**	**6,017**	**7,006**	**14,921**	**21,431**	**4,622**	**52**
Tax	653	838	1,188	944	989	978	1,467	1,390	3,623	4,824	1,150	
Rate (%)	24.7	24.9	24.8	22.9	23.9	22.9	24.4	19.8	24.3	22.5	24.9	
Reported PAT	**1,988**	**2,524**	**3,601**	**3,185**	**3,157**	**3,285**	**4,549**	**5,615**	**11,298**	**16,606**	**3,471**	**62**
Adj PAT	**2,096**	**2,524**	**3,601**	**3,185**	**3,157**	**3,285**	**4,562**	**5,615**	**11,406**	**16,619**	**3,471**	**62**
YoY Change (%)	43.4	14.8	49.5	68.4	50.6	30.2	26.7	76.3	28.6	45.7	9.0	
Margins (%)	12.4	12.9	16.5	16.5	14.3	17.3	18.0	24.2	14.7	18.6	16.5	

IPCA Laboratories

BSE SENSEX	S&P CNX
74,503	22,705

Conference Call Details

Date: 30th May 2024
Time: 4:00 pm IST
Dial-in details:
Diamond Pass link: Link

Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	77.1	89.0	104.6
EBITDA	13.1	16.6	20.3
Adj. PAT	5.3	9.1	12.0
EBIT Margin (%)	12.3	14.2	15.6
Cons. Adj. EPS (INR)	20.8	36.0	47.3
EPS Gr. (%)	0.0	73.1	31.4
BV/Sh. (INR)	249.6	280.2	320.4
Ratios			
Net D:E	0.2	0.2	0.1
RoE (%)	8.7	13.6	15.8
RoCE (%)	9.2	12.3	14.3
Payout (%)	36.9	30.2	23.1
Valuations			
P/E (x)	61.9	35.7	27.2
EV/EBITDA (x)	25.1	19.8	16.2
Div. Yield (%)	0.6	0.9	0.9
FCF Yield (%)	-7.4	3.4	2.9
EV/Sales (x)	4.3	3.7	3.1

CMP: INR1,294

Operationally better, but earnings below estimates

IPCA's 4QFY24 sales grew 34.5% YoY to INR20.3b (in line).

Formulation sales grew 11.8% YoY to INR11.6b (57% of sales)

- Domestic formulation sales rose 13.5% YoY to INR6.9b (59% of formulation sales)
- Export sales increased 9.5% YoY to INR4.7b (41% of formulation sales)
- Exports of generic formulations grew 15% YoY to INR2.3b (49% of export sales).
- Exports of branded formulations rose 3.5% YoY to INR1.6b (34% of export sales)
- Exports of institutional sales grew 7.5% YoY to INR814m (17% of export sales)

API sales declined 3.6% YoY to INR3.3b (16% of sales)

- Domestic API sales declined 19% YoY to INR766m (23% of API sales)
- Export API sales grew 2.2% YoY to INR2.6b (77% of API sales)
  - Revenue from subsidiaries surged 4.8x YoY to INR5.2b (26% of sales). The revenue growth is largely due to Unichem.
- Gross margin (GM) expanded 540bp YoY to 66.3%, due to superior product mix/lower RM costs.
- However, EBITDA margin expanded at a lower rate of 390bp YoY to 15.8% (our est: 13.6%), due to higher employee expenses/other expenses (+130bp/30bp YoY as % of sales).
- EBITDA grew 78% YoY to INR3.2b (our est: INR2.7b).
- There was a one-off charge of INR1.4b on account of a provision for a European commission fine and an impairment of exposure in Associate.
- Adjusting for this charge and FX gain of INR173m, Adj. PAT for the company grew 32.7% YoY to INR930m (our estimate: INR1.3b).
- **For FY24,** revenue/EBITDA grew 23%/33% YoY to INR77b/INR13b, while PAT was flat YoY at INR5.3b. Meanwhile, EBITDA margin expanded 130bp YoY to 17%.
- Revenue and EBITDA were in line with estimates, while PAT missed BBG estimates by 34%.

Proforma analysis for IPCA (ex-Unichem) – 4QFY24

- Revenue grew 6% to INR16b.
- EBITDA grew 64% YoY to INR3b.
- EBITDA margin expanded 650bp YoY to 18.5%.
- PAT grew 33% YoY at INR932m.

Unichem snapshot – 4QFY24

- Sales grew 7% YoY to INR4.3b.
- GM expanded 450bp YoY to 61.3%, while GM contracted 30bp sequentially.
- EBITDA margin expanded 140bp YoY to 5.9% due to improved GM offset by increase in employee costs and other expenses (up 100bp/220bp YoY as % of sales).

- EBITDA registered a 39% YoY growth to INR254m.
- Unichem had a provision for litigation in Europe of INR1.3b for the quarter.
- The adj. loss declined to INR2m in 4QFY24 from INR112m in 4QFY23.
- The R&D expenditure for the quarter was INR226m (5.2% of sales) while on a YoY/QoQ basis, the R&D expenses were 7.3%/6% of sales.

Quarterly Performance (INRm)

Y/E March	FY23				FY24				FY23	FY24	Est.	% Chg
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Net Revenues (Core)	15,857	16,010	15,460	15,116	15,876	20,340	20,529	20,330	62,569	77,074	19,976	1.8
YoY Change (%)	1.3	3.7	8.1	17.3	0.1	27.0	32.8	34.5	7.3	23.2	32.2	
EBITDA	2,835	2,722	2,319	1,810	2,941	3,606	3,310	3,219	9,812	13,076	2,725	18.1
YoY Change (%)	-31.9	-29.3	-24.7	-25.0	3.8	32.4	42.7	77.9	-27.4	33.3	50.6	
Margins (%)	17.9	17.0	15.0	12.0	18.5	17.7	16.1	15.8	15.7	17.0	13.6	
Depreciation	617	637	666	695	693	903	995	981	2,616	3,572	997	
EBIT	2,218	2,085	1,654	1,115	2,249	2,702	2,315	2,238	7,197	9,503	1,728	29.5
YoY Change (%)	-38.5	-36.5	-33.6	-38.2	1.4	29.6	40.0	100.7	-35.7	32.0	55.0	
Margins (%)	14.0	13.0	10.7	7.4	14.2	13.3	11.3	11.0	11.5	12.3	8.7	
Interest	69	93	108	185	314	441	334	294	455	1,383	336	
Other Income	221	362	309	259	449	386	225	16	1,151	1,075	232	
PBT before EO Expense	2,369	2,354	1,854	1,189	2,383	2,647	2,205	1,960	7,892	9,195	1,624	
One-off (gain)/ Expense	142	116	161	-105	-135	393	-684	1,194	314	769	0	
PBT after EO Expense	2,227	2,238	1,693	1,294	2,518	2,254	2,889	766	7,579	8,426	1,624	
Tax	743	770	537	482	856	879	662	737	2,532	3,135	349	
Rate (%)	33.3	34.4	31.7	37.2	34.0	39.0	22.9	96.2	32.1	34.1	21.5	
Reported PAT	1,484	1,468	1,156	812	1,662	1,374	2,227	29	5,044	5,292	1,276	-97.7
Minority Interest	-54	-29	-78	-46	-34	76	-428	-598	-206	-984	-75	
Adj PAT after Minority Int	1,525	1,861	1,188	701	1,539	1,690	1,115	930	5,275	5,274	1,276	-27.1
YoY Change (%)	-50.3	-31.0	-37.2	-52.8	0.9	-9.2	-6.1	32.7	-42.8	0.0	82.1	
Margins (%)	9.6	11.6	7.7	4.6	9.7	8.3	5.4	4.6	8.4	6.8	6.4	

Key performance Indicators

Y/E March	FY23				FY23				FY23	FY24	Est.
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
Domestic formulations	6,848	7,657	7,023	6,079	7,827	8,450	7,796	6,898	27,607	30,972	6,571
YoY Change (%)	11.7	9.7	8.8	10.2	14.3	10.4	11.0	13.5	10.1	12.2	8.1
Exports formulations	4,018	4,044	4,004	4,326	3,979	4,707	4,331	4,737	16,392	17,753	4,481
YoY Change (%)	-9.1	15.2	15.2	24.9	-1.0	16.4	8.2	9.5	10.3	8.3	3.6
API sales	3,751	3,072	3,222	3,470	2,951	3,349	2,850	3,343	13,773	12,493	3,126
YoY Change (%)	-9.5	-14.6	4.2	34.6	-21.3	9.0	-11.6	-3.6	2.7	-9.3	-9.9
Cost Break-up											
RM Cost (% of Sales)	36.5	35.9	36.3	39.1	32.5	33.3	34.0	33.7	36.9	33.4	34.8
Staff Cost (% of Sales)	20.4	19.9	20.6	21.7	22.5	20.9	22.4	22.9	20.6	22.2	23.1
Other Cost (% of Sales)	25.3	27.2	28.1	27.3	26.5	28.0	27.6	27.5	26.9	27.5	28.5
Gross Margins(%)	63.5	64.1	63.7	60.9	67.5	66.7	66.0	66.3	63.1	66.6	65.2
EBITDA Margins(%)	17.9	17.0	15.0	12.0	18.5	17.7	16.1	15.8	15.7	17.0	13.6
EBIT Margins(%)	14.0	13.0	10.7	7.4	14.2	13.3	11.3	11.0	11.5	12.3	8.7

E: MOFSL Estimates

Bata India

BSE SENSEX	S&P CNX
74,503	22,705

Conference Call Details

Date: 31th May 2024
Time: 04:00PM IST

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY25E
Sales	34.8	37.7	41.5
EBITDA	7.9	9.0	10.8
Adj. PAT	2.6	3.9	5.4
EBITDA Margin (%)	22.6	23.9	26.0
Adj. EPS (INR)	22.8	30.6	41.9
EPS Gr. (%)	-9.2	34.1	37.1
BV/Sh. (INR)	118.8	149.4	191.3
Ratios			
Net D:E	0.5	0.0	-0.2
RoE (%)	19.8	22.8	24.6
RoCE (%)	13.7	15.6	18.0
RoIC (%)	15.5	19.6	27.4
Valuations			
P/E (x)	60.4	45.0	32.8
EV/EBITDA (x)	23.7	19.9	16.1
EV/Sales (X)	5.4	4.8	4.2
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	2.0	4.7	4.2

CMP: INR1,374 — Neutral

Weak SSSG leads to margin contraction (in line)

- 4QFY24 revenue grew only 2% YoY to INR8b (in line) due to **weak SSSG.**
  - BATA added three own stores and 24 franchise stores in 4Q, taking the store count of 1,329 and 533 stores, respectively.
  - **Revenue per store (incl SIS) declined 6% YoY,** mainly due to continued headwinds in discretionary spending.
- Gross margins expanded 170bp YoY to 60.1%, aided by a softening in RM prices and an improved product mix.
  - Gross profits increased 6% YoY to INR4.8b (in line).
- EBITDA remained flat YoY at INR1.6b (in line) due to an increase in employee/other expenses by 3%/13% YoY, offset the GM expansion.
  - EBITDA margins contracted 50bp YoY to 22.8%.
  - **Cost of retailing per store was in control as it remained flat YoY. Weak SSSG led to margin contraction.**
- PAT declined 3% YoY to INR636m (6% miss) due to higher depreciation and finance costs, which rose 18%/14% YoY.

FY24 numbers

- Revenue grew 1% YoY, while EBITDA/adj. PAT declined 1%/9% YoY.
- The company declared a dividend of INR12 (vs. INR13 in FY23).
- OCF declined 65% YoY to INR1.1b due to the amount blocked in WC and a 10% increase in LL. Capex rose 9% YoY to INR980m and the dividend payment was INR1.7b. As a result, cash outflow stood at INR1.6b, which led to a decrease in net cash to INR4.3b.

Management statements

- The management is optimistic about demand revival going forward.
- Significant investments in marketing and technology helped the company defend the margins.
- Further, BATA is bolstering its offerings with international tie-ups, such as Hush Puppies and Nine West, which saw a significant higher ASP, driving premiumization.

Other Highlights:

- BATA achieved significant growth in e-commerce sales YoY.
- Stores related-
  - Added 24 franchise stores in the quarter, primarily in Tier 3 to 5 towns to cater to demand for branded products and achieve better ROCE.
  - 67 stores were renovated in 4QFY24.
  - The portfolio casualization strategy continued, with Sneaker Studios expanded to 698 stores.
  - Floatz achieved the highest-ever quarterly turnover, enhanced by 11 Floatz Kiosk.
  - BATA also launched its first Power EBO in Noida and expects to open five more shortly.

Consolidated - Quarterly Earning (INR m)

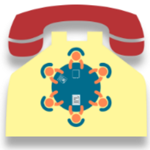
Y/E March	FY23				FY24				FY23	FY24	FY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Revenue	**9,430**	**8,298**	**9,002**	**7,786**	**9,581**	**8,191**	**9,035**	**7,979**	**34,516**	**34,786**	**8,033**	**-0.7**
YoY Change (%)	253.1	35.1	7.0	17.0	1.6	-1.3	0.4	2.5	44.6	0.8	3.2	
Gross Profit	5,339	4,562	4,931	4,547	5,246	4,755	5,065	4,798	19,379	19,864	4,723	1.6
Gross margin%	56.6	55.0	54.8	58.4	54.7	58.1	56.1	60.1	56.1	57.1	58.8	
Total Expenditure	6,983	6,688	6,941	5,966	7,186	6,375	7,210	6,156	26,579	26,927	6,125	0.5
EBITDA	**2,447**	**1,609**	**2,061**	**1,820**	**2,395**	**1,817**	**1,824**	**1,823**	**7,936**	**7,859**	**1,907**	**-4.4**
EBITDA margin	25.9	19.4	22.9	23.4	25.0	22.2	20.2	22.8	23.0	22.6	23.7	
Change YoY (%)	-876.5	35.0	22.2	12.2	-2.1	12.9	-11.5	0.2	89.6	-1.0	4.8	
Depreciation	693	736	754	765	811	817	860	903	2,948	3,391	821	9.9
Interest	249	272	286	272	281	284	295	310	1,078	1,170	282	9.7
Other Income	93	119	75	99	133	155	111	219	386	617	103	112.4
PBT before EO expense	**1,597**	**720**	**1,096**	**882**	**1,436**	**870**	**780**	**829**	**4,296**	**3,915**	**907**	**-8.6**
Extra-Ord expense	0	0	0	0	0	409	0	0	0	409	0	
PBT	**1,597**	**720**	**1,096**	**882**	**1,436**	**461**	**780**	**829**	**4,296**	**3,506**	**907**	**-8.6**
Tax	404	172	265	226	367	121	201	193	1,067	881	229	-15.8
Rate (%)	25.3	23.9	24.2	25.6	25.5	26.3	25.7	23.2	24.8	25.1	25.3	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0			0	
Reported PAT	**1,194**	**548**	**831**	**656**	**1,069**	**340**	**580**	**636**	**3,229**	**2,625**	**678**	**-6.1**
Adj PAT	**1,194**	**548**	**831**	**656**	**1,069**	**641**	**580**	**636**	**3,229**	**2,927**	**678**	**-6.1**
YoY Change (%)	-272	47	15	4	-10	17	-30	-3	213	-9	3	
Margins (%)	13%	7%	9%	8%	11%	8%	6%	8%	9%	8%	8%	

E: MOFSL Estimates

G R Infraprojects

BSE SENSEX	S&P CNX
74,503	22,705

Conference Call Details



Date: 30th May 2024
Time: 04:00 pm IST
Conference call details: Link

Financials & Valuations (INR b)

Y/E MARCH	2024	2025E	2026E
Sales	76.9	80.6	94.6
EBITDA	10.4	10.9	13.2
Adj. PAT	7.0	7.4	9.4
EBITDA Margin (%)	13.5	13.5	14.0
Adj. EPS (INR)	72.7	76.4	97.6
EPS Gr. (%)	-17.0	10.8	27.6
BV/Sh. (INR)	640.6	685.7	777.2
Ratios			
Net D:E	0.1	0.0	0.0
RoE (%)	12.0	11.8	13.3
RoCE (%)	12.1	11.4	12.8
Payout (%)	0.0	0.0	6.1
Valuations			
P/E (x)	23.0	20.8	16.3
P/BV (x)	2.6	2.3	2.0
EV/EBITDA(x)	15.4	14.1	11.3
Div. Yield (%)	0.0	0.0	0.3
FCF Yield (%)	6.7	5.2	6.0

CMP: INR1,558 — Buy

Revenue in line; marginal beat in EBITDA

Earnings summary

- During 4QFY24, GRIL received certain bonus/claims worth INR1.0b. For like-to-like Comparison, we have adjusted the same in revenue and EBITDA for 4Q and FY24 as an exceptional item.
- Adjusted revenue grew 8% YoY to ~INR21.6b in 4Q (in line).
- EBITDA margin stood at 13.9% in 4Q (-70bp YoY) vs. our estimate of 12.9%. EBITDA increased 3% YoY to INR3b and was 7% above our estimate.
- APAT grew by 17% YoY to ~INR2.2b (19% below our estimates).
- During FY24, GRIL reported revenue of INR76.9b (-5.6% YoY), EBITDA margin of 13.5%, and APAT of INR7b (-17% YoY).
- GRIL received 137,530,405 units with an issue price of INR100 per unit as consideration against the sale of shares and 55,408,300 units with an issue price of INR100 per unit for the assignment of loan receivable, which resulted in GRIL holding a 43.56% stake in the InvIT. The trust carried out a fair valuation of subsidiaries by an independent valuer. Basis that, GRIL has recorded gain on the sale of investment of INR 17.5b, which is the difference between a fair value and a carrying value on the date of sale. This resulted in net gain of INR13.7b on sale of investment, which was disclosed as an exceptional item in financial results.
- The current order book stands at ~INR211b, including L-1 orders.

Quarterly Performance (Standalone) **(INR m)**

Y/E March (INR m)	FY23				FY24				FY23	FY24	FY24	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Net Sales	**24,767**	**17,772**	**18,988**	**19,949**	**21,524**	**15,738**	**18,064**	**21,554**	**81,476**	**76,880**	**21,609**	**0%**
YoY Change (%)	16.1	4.6	4.4	(12.0)	(13.1)	(11.4)	(4.9)	8.0	2.9	(5.6)	8.3	
EBITDA	**4,864**	**2,600**	**2,769**	**2,898**	**3,147**	**1,937**	**2,280**	**2,990**	**13,131**	**10,355**	**2,791**	**7%**
Margins (%)	19.6	14.6	14.6	14.5	14.6	12.3	12.6	13.9	16.1	13.5	12.9	
Depreciation	634	620	612	590	602	617	610	612	2,457	2,442	609	
Interest	269	236	248	269	266	277	245	250	1,022	1,038	259	
Other Income	320	519	421	549	511	614	578	550	1,809	2,253	598	
PBT before EO expense	**4,281**	**2,263**	**2,329**	**2,589**	**2,790**	**1,656**	**2,003**	**2,678**	**11,461**	**9,128**	**2,520**	
Extra-Ord expense	-	-	-	-	-	-	83	14,720	-	14,803	-	
PBT	**4,281**	**2,263**	**2,329**	**2,589**	**2,790**	**1,656**	**2,086**	**17,398**	**11,461**	**23,930**	**2,520**	
Tax	1,069	620	588	667	710	423	532	2,490	2,943	4,155	635	
Rate (%)	25.0	27.4	25.2	25.7	25.4	25.6	25.5	14.3	25.7	17.4	25.2	
Reported PAT	**3,211**	**1,643**	**1,742**	**1,922**	**2,080**	**1,233**	**1,554**	**14,908**	**8,518**	**19,775**	**1,886**	
Adj PAT	**3,211**	**1,643**	**1,742**	**1,922**	**2,080**	**1,233**	**1,492**	**2,249**	**8,518**	**7,054**	**1,886**	**19%**
YoY Change (%)	57.7	0.8	31.9	(27.5)	(35.2)	(25.0)	(14.4)	17.0	11.5	(17.2)	(1.9)	
Margins (%)	13.0	9.2	9.2	9.6	9.7	7.8	8.3	10.4	10.5	9.2	8.7	

Lemon Tree Hotel

BSE SENSEX	S&P CNX
74,503	22,705

CMP: INR139 Buy

Operating performance above estimates

- Revenue grew 30% YoY and 13% QoQ to INR3.3b (in line).
- EBITDA grew 23% YoY and QoQ each to INR1.7b (est. INR1.6b). EBITDA margin contracted 300bp YoY while it expanded 400bp QoQ to 52.4% (est. 49.5%).
- Adj. PAT grew 52% YoY and 89% QoQ to INR670m (est. INR483m).
- **For FY24,** Revenue/EBITDA/Adj. PAT grew 22%/14%/26% YoY to INR10.65b/INR5.2b/INR1.5b.
- Gross ARR grew 13% YoY and 4% QoQ to INR6,605.
- Occupancy declined 160bp YoY while it grew 610bp QoQ to 72%.
- RevPAR was up 11% YoY and 14% QoQ to INR4,756.

Conference Call Details

Date: 3rd Jun'24
Time: 4:00pm IST
Dial-in details:
Click here

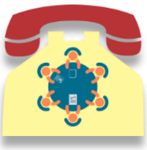
Consolidated Quarterly Performance (INRm)

Y/E March	FY23				FY24				FY23	FY24	FY24E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	(%)
Gross Sales	**1,920**	**1,967**	**2,335**	**2,527**	**2,223**	**2,272**	**2,887**	**3,273**	**8,750**	**10,655**	**3,260**	**0**
YoY Change (%)	355.6	103.0	62.6	111.4	15.7	15.5	23.6	29.5	117.5	21.8	65.7	
Total Expenditure	997	1,031	1,071	1,128	1,178	1,253	1,490	1,558	4,226	5,479	1,647	
EBITDA	**924**	**936**	**1,265**	**1,399**	**1,045**	**1,019**	**1,397**	**1,715**	**4,524**	**5,176**	**1,614**	**6**
Margins (%)	48.1	47.6	54.2	55.4	47.0	44.8	48.4	52.4	51.7	48.6	49.5	
Depreciation	245	250	236	235	228	226	333	334	966	1,121	350	
Interest	429	446	445	452	481	473	534	528	1,772	2,016	550	
Other Income	3	7	6	20	24	29	22	39	36	113	31	
PBT before EO expense	**252**	**247**	**590**	**732**	**359**	**348**	**552**	**892**	**1,822**	**2,151**	**745**	
Extra-Ord expense	48	0	0	0	0	0	0	0	48	0	0	
PBT	**204**	**247**	**590**	**732**	**359**	**348**	**552**	**892**	**1,774**	**2,151**	**745**	
Tax	71	56	106	143	87	86	118	50	377	341	187	
Rate (%)	34.9	22.7	18.0	19.6	24.2	24.8	21.3	5.6	21.3	15.9	25.2	
MI & P/L of Asso. Cos.	-5	23	84	149	38	35	80	172	251	325	74	
Reported PAT	**138**	**168**	**400**	**440**	**235**	**226**	**354**	**670**	**1,146**	**1,485**	**483**	
Adj PAT	**174**	**168**	**400**	**440**	**235**	**226**	**354**	**670**	**1,182**	**1,485**	**483**	**39**
YoY Change (%)	NA	NA	NA	NA	34.5	35.1	-11.4	52.4	NA	25.7	188.2	
Margin (%)	9.1	8.5	17.1	17.4	10.6	10.0	12.3	20.5	13.5	13.9	14.8	

KNR Construction

BSE SENSEX	S&P CNX
74,503	22,705

Conference Call Details



Date: 30th May 2024
Time: 03:00 PM IST
Dial-in details:
Link

Financials & Valuations (INR b)

Y/E MARCH	2024	2025E	2026E
Sales	39.6	45.7	49.2
EBITDA	6.5	8.3	9.1
Adj. PAT	3.9	5.2	5.8
EBITDA Margin (%)	16.4	18.2	18.5
Adj. EPS (INR)	13.7	18.4	20.4
EPS Gr. (%)	-7.1	16.0	11.3
BV/Sh. (INR)	117.5	130.4	150.4
Ratios			
Net D:E	-0.1	0.0	0.0
RoE (%)	15.1	15.1	14.6
RoCE (%)	15.7	15.8	15.1
Payout (%)	3.2	2.7	2.4
Valuations			
P/E (x)	18.9	16.6	14.0
P/BV (x)	2.5	2.2	1.9
EV/EBITDA(x)	11.1	10.0	8.7
Div. Yield (%)	0.1	0.1	0.1
FCF Yield (%)	3.9	1.5	2.6

CMP: INR280 **Buy**

Revenue in line; earnings below estimates

4QFY24 earnings snapshot

- In 4QFY24, KNR received certain arbitration claims. For like-to-like comparison, we have adjusted the same in revenue, other income, other expenses, and total taxes for 4Q and FY24 and have shown that as an exceptional item. The Arbitration claims were relating to the following:
  - KNR Walayar Tollways Pvt Ltd, a subsidiary of KNR, received claims of INR 610m and INR 949m, which were recognized as contract receipts and interest income, respectively, with a corresponding other expense of INR 84m and a tax of INR 371m.
  - Patel KNR Infrastructures Ltd. (one of the associate companies) received claims of INR 831m, which was set off against an unbilled revenue of INR 209m. The balance unbilled revenue has been written off to the tune of INR126m and is included in other expenses. KNR also received INR146m toward Interest included in other income and had a tax outgo of INR4.9m.
  - In two of the company's JVs, namely Patel KNR JV and KNR Patel JV, claims of INR 741m were included in revenue with INR 58.8m in other expenses and INR 171.7m in current tax.
  - Additionally, KNR made provision toward impairment of equity of INR545m toward doubtful advances for one of its Subsidiary Company KNR Muzaffarpur Barauni Tollways Pvt. Ltd.
- Revenue was flat YoY at ~INR11.8b in 4QFY24 (5% above our estimate).
- EBITDA margin declined 440bp YoY to 13.6% (vs. our estimate of 17.4%) in 4QFY24 due to higher 'other expenses'.
- EBITDA declined 23% YoY to INR1.62b (against our estimate of INR1.96b).
- In line with weak operating performance and higher tax outgo, APAT for the quarter declined 30% YoY to INR 898m, against our estimate of INR1.2b.
- In FY24, KNR reported a revenue of INR 39.6b (+6% YoY), EBITDA margin of 16.4%, and APAT of INR 3.9b (-7% YoY).
- Current Order book stands at ~INR67b (based on orders announced post 3QFY24 and adjusted for 4QFY24 execution).

Quarterly performance -Standalone (INR m)

Y/E March	FY23				FY24				FY23	FY24	MOSL	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Net Sales	**8,906**	**8,474**	**8,302**	**11,756**	**9,296**	**9,415**	**9,054**	**11,793**	**37,438**	**39,558**	**11,272**	**5**
YoY Change (%)	20.4	12.2	8.3	16.3	4.4	11.1	9.1	0.3	14.4	5.7	-4.1	
EBITDA	**1,650**	**1,888**	**1,560**	**2,119**	**1,733**	**1,663**	**1,473**	**1,604**	**7,218**	**6,472**	**1,963**	**-18**
Margins (%)	18.5	22.3	18.8	18.0	18.6	17.7	16.3	13.6	19.3	16.4	17.4	
Depreciation	327	366	381	401	283	311	325	326	1,474	1,245	331	
Interest	69	84	160	80	50	58	72	113	393	293	55	
Other Income	91	76	59	96	71	50	60	147	321	328	53	
PBT before EO expense	**1,345**	**1,514**	**1,079**	**1,735**	**1,470**	**1,344**	**1,136**	**1,312**	**5,671**	**5,581**	**1,631**	
Extra-Ord expense	0	0	1,380	0	0	0	0	1,084	1,380	1,084	0	
Tax	336	438	840	449	367	346	281	414	2,062	1,407	410	
Rate (%)	25.0	28.9	77.9	25.9	25.0	25.7	24.7	31.5	36.4	26.7	25.1	
Reported PAT	**1,008**	**1,076**	**1,619**	**1,286**	**1,103**	**999**	**855**	**1,982**	**4,989**	**4,938**	**1,221**	
Adj PAT	**1,008**	**1,076**	**777**	**1,286**	**1,103**	**999**	**855**	**898**	**4,148**	**3,855**	**1,221**	**-26**
YoY Change (%)	38.1	13.0	-2.1	14.0	9.4	-7.2	10.1	-30.2	15.1	-7.1	-5.1	
Margins (%)	11.3	12.7	9.4	10.9	11.9	10.6	9.4	7.6	11.1	9.7	10.8	

NOCIL

BSE SENSEX	S&P CNX
74,503	22,705

Conference Call Details

Date: 30th May 2024
Time: 1100 hours IST
Dial-in details:
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CMP: INR257 — Neutral

Marginal beat on EBITDA, higher other income drives a significant beat on earnings

- NOCIL's revenue came in at INR3.6b (est. of INR3.1b, -9% YoY) in 4QFY24. Gross margin was 42.1% (v/s 40.6% in 4QFY23).
- EBITDA was INR434m (est. of INR405m, -11% YoY). **EBITDAM came in at 12.2% (v/s 12.5% in 4QFY23).**
- PAT was INR411m (est. of INR257m, +45% YoY) due to other income, which was significantly higher at INR249m vs. our expectation of INR78m.
- The BoD has approved the appointment of **Mr. Prasanna Pandit** as the **President of Operations and Technical** w.e.f. 1st Jun'24. He has 32 years of experience with global and Indian companies spread across Asia-Pacific, China, and Europe.
  - In his previous role, he was associated with Gujarat Fluorochemicals and in the past he has also worked with Shell, RIL, and Herdillia Chemicals.
- **For FY24**, revenue was INR14.4b (-11% YoY), EBITDA stood at INR1.9b (-24% YoY), while PAT was INR1.3b (-12% YoY). EBITDAM was 13.1% (-230bp YoY).
- The BoD approved a final dividend of INR3/share (30% of FV) for FY24.

Standalone - Quarterly Earnings Model (INR m)

Y/E March	FY23				FY24					Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	4QAct	(%)	(%)	(%)
Gross Sales	**5,089**	**3,892**	**3,257**	**3,927**	**3,967**	**3,509**	**3,406**	**3,085**	**3,565**	**16%**	**-9%**	**5%**
YoY Change (%)	*47.7*	*3.8*	*-16.2*	*-15.1*	*-22.1*	*-9.9*	*4.6*	*-21.4*	*-9.2*			
Gross Margin (%)	*46.4%*	*47.1%*	*46.1%*	*40.6%*	*42.7%*	*43.4%*	*46.3%*	*42.1%*	*42.1%*	*0.0%*	*1.5%*	*-1.4%*
EBITDA	**1,019**	**615**	**372**	**490**	**544**	**441**	**477**	**405**	**434**	**7%**	**-11%**	**-9%**
Margin (%)	*20.0*	*15.8*	*11.4*	*12.5*	*13.7*	*12.6*	*14.0*	*13.1*	*12.2*	*-0.9*	*-0.3*	*-0.4*
Depreciation	134	136	138	136	126	127	132	134	130			
Interest	3	3	3	3	4	3	5	5	4			
Other Income	3	12	21	32	48	49	61	78	249			
PBT	**885**	**487**	**251**	**384**	**461**	**360**	**402**	**344**	**549**	**60%**	**43%**	**37%**
Tax	229	128	64	100	125	91	104	87	138			
Rate (%)	*25.8*	*26.2*	*25.4*	*26.1*	*27.2*	*25.3*	*25.9*	*25.2*	*25.1*			
Reported PAT	**656**	**359**	**188**	**284**	**336**	**269**	**298**	**257**	**411**	**60%**	**45%**	**38%**
YoY Change (%)	*39.4*	*17.7*	*-37.2*	*-58.6*	*-48.8*	*-25.2*	*58.7*	*-9.4*	*44.9*			
Margin (%)	*12.9*	*9.2*	*5.8*	*7.2*	*8.5*	*7.7*	*8.7*	*8.3*	*11.5*	*3.2*	*4.3*	*3.9*

Prestige Group: Bangalore will contribute to 40% of sales going ahead; Irfan Razack, MD

- Have Rs. 60k crores worth of inventory for Fy25
- Eyeing 25% growth on FY24's sales for FY25
- Indirapuram project to hit the markets by August-Sep 2024
- 1QFY25 will be flat in terms of launches due to delay in approvals

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Allcargo Logistics: Revenue in FY24 lower due to ocean freight rate decline; Ravi Jakhar, CSO

- Should see higher volume & margin in international supply chain business in H2
- On-track with the severance cost, saw $1.5m one-off costs in Q4
- Cost reduction will help manage annual increments
- Have looked at $25-30m savings in SG&A costs

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Dreamfolks: Focusing on expanding in South East Asia market; Liberatha Kallat, MD

- Eyeing 5-10% revenue from South EA market over next 2-3 years
- Foraying into F&B, lifestyle services
- Focusing on expanding in SEA

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RR Kabel: Wire & cables biz to clock 20% vol growth in FY25; Rajesh Jain, CFO

- Will push for EBITDA breakeven in FMEG biz in next 4-5 quarters
- Target to improve overall margin by 100-125 bps
- Rise in copper prices not impacting wire demand
- Revenue of 1,000 cr. expected from FMEG biz this year

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Borosil Renewables: Our market share in India for solar glass is at 35%; Pradeep Kheruka, Chairman

- Demand has been rising, production of solar modules rising
- Exemption on custom duty on imports of solar glass expected to be removed
- If demand comes through, have capacity in place to meet higher demand
- Fund raising to be used to likely pare down debt to Rs. 200 cr.

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BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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