Q1 FY'24 CONFERENCE CALL Key Takeaways

ArihantCapital
Generating Wealth

INDEX

IT

Industrial Products

BFSI

Power

Agriculture & Chemical

Pharma & Healthcare

Packaging & Logistics

Auto

Oil & Gas

Cement

Building Material

Pipes

Utilities & Staples

FMCG

Consumer Foods

Textile & Fashion

Media & Entertainment

Iron & Steel Products

Others

IT

1. Tata Elxsi
2. R Systems International
3. KPIT Technologies Ltd
4. E2E Networks Ltd
5. eClerx Services Ltd
6. Info Edge (India) Ltd
7. Sastasundar Ventures Ltd
8. Cyient Ltd
9. LTI Mindtree
10. IndiaMART InterMESH
11. Saksoft
12. AGS Transact Technologies Ltd
13. NIIT
14. Xelpmoc Design and Tech Ltd
15. Just Dial Ltd
16. Mastek
17. HCL Technologies Ltd
18. Coforge
19. Wipro
20. Mphasis
21. Newgen Software Technologies Ltd
22. Zensar Tech
23. Affle India Ltd
24. Syrma SGS Tech
25. Route Mobile Ltd
26. Intellect Design Arena
27. TCS
28. Infosys
29. eMudhra
30. Persistent

IT

31. MPS
32. FirstSource Solutions
33. Tech Mahindra
34. IRCTC
35. Allied Digital Services
36. Black Box
37. L&T Technology
38. Birlasoft
39. Axiscades

INDUSTRIAL PRODUCTS

1. Elecon Engineering
2. Finolex Cables Ltd
3. Polycab India Ltd
4. Kilburn Engineering Ltd
5. Inox Wind Ltd
6. Kirloskar Pneumatic Company Ltd
7. Apar Industries
8. IKIO Lightings
9. Jash Engineering
10. Mtar Technologies Ltd
11. Sanghvi Movers
12. Pennar Industries Ltd
13. RHI Magnesita
14. KEI Industries Ltd
15. Havells India Ltd
16. TD Power Systems Ltd
17. Titagarh Railsystems Ltd
18. AIA Engineering Ltd
19. Amber Enterprises Ltd
20. Mayur Uniquoters Ltd
21. Ramkrishna Forgings Ltd
22. Kaynes Technology Ltd
23. HFCL Ltd
24. Schaeffler Ltd
25. BEL Ltd
26. Pitti Engineering
27. Sterlite Technologies
28. Thermax
29. KEC International
30. Duroply Industries

INDUSTRIAL PRODUCTS

31. Sahyadri Industries
32. Texmaco Rail & Engineering
33. Jupiter Wagons
34. Vascon Engineering
35. Data Pattern
36. Power Mech Projects
37. V-Guard Industries
38. Crompton Greaves Consumer Electronics
39. Centum Electronics

BFSI

1. Induslnd Bank
2. RBL Bank
3. Union Bank
4. Canara Bank
5. SBI Life Insurance
6. UCO Bank
7. Bank of Baroda
8. HDFC Bank
9. Axis Bank
10. AU Small Finance Bank
11. Kotak Mahindra Bank
12. IDFC First Bank
13. Suryoday Small Finance Bank
14. South Indian Bank
15. 360 one WAM
16. City Union Bank
17. CreditAccess Grameen
18. ICICI Bank
19. HDFC AMC
20. Spandana Sphoorty Financial
21. PNB Housing Fianace
22. Bajaj Finserv
23. Aditya Birla Sun Life AMC
24. Nippon Life India Asset Management
25. Shiram Finance
26. IIFL Finance
27. Home First Finance Company India
28. SBI Cards
29. Piramal Enterprise
30. Star Health and Allied Insurance Co.

BFSI

31. Five Star Business Finance
32. Motilal Oswal Financial Services
33. PTC India Financial Services
34. Cholamandalam Investment and Finance Company
35. URGO Capital
36. Aptus Value Housing Finance India
37. SBI
38. Indo Star Capital Finance
39. Fusion Macro Finance
40. Aavas Financiers
41. Capri Global Capital
42. Utkarsh Small Bank
43. Muthoot Capital Services
44. Trucap Finance
45. Arman Financial Services
46. Anand Rathi Wealth
47. Federal Bank
48. Bandhan Bank
49. Angel One
50. Star Housing Finance
51. Ganesh Housing Corporation
52. ICICI Prudential life Insurance Company
53. ICICI Lombard General Insurance Company
54. Can Fin Homes
55. CSB Bank
56. One 97 Communication
57. Bajaj Finance
58. Max Financials Services
59. Poonawala Fincorp

BFSI

60. J&K Bank
61. Mahindra & Mahindra Financial Services
62. Indiasbull Housing Finance
63. DCB Bank
64. Equitas SFB
65. Tamilnad Mercantile Bank
66. IIFL Securities
67. Punjab National Bank
68. Prudent Corporate
69. Muthoot Finance
70. Manapurram Finance
71. Bank of India
72. LIC Housing Finance
73. L&T Finance Holdings
74. Indian Bank
75. Ujjivan Small Finance Bank

POWER

1. Indian Energy Exchange
2. Tata Power
3. Waaree Renewable Technologies

AGRICULTURE AND CHEMICAL

1. Aarti Industries
2. Anupam Rasayan
3. Archean Chemicals Industries
4. Best Agrolife
5. Chambal Fertilizer
6. Deepak Fertilizer and Petrochemicals
7. Gujarat State Fertilizer and Chemicals
8. India Pesticides
9. Meghmanni Organics
10. Oriental Aromatics
11. Punjab Chemicals and Crop Protection
12. Valiant Organics
13. Tata Chemicals Ltd
14. Rallis India Ltd
15. Vinati Organics Ltd
16. Stryrenix Performance Materials Ltd
17. India Glycols Ltd
18. Gujarat Fluorochemicals Ltd
19. Paradeep Phosphates Ltd
20. Supriya Lifescience Ltd
21. Ami Organics Ltd
22. Bodal Chemicals
23. Farichem Organics Ltd
24. Dhanuka Agritech Ltd
25. NOCIL Ltd
26. Navin Fluorine International Ltd
27. Laxmi Organic Industries Ltd
28. Coromandel International Ltd
29. Jubliant Ingrevia
30. Ganesh Benzoplast

PHARMA AND HEALTHCARE

1. Aarti Drugs
2. Advanced Enzymes
3. Biocon
4. Cipla
5. Divi's Lab
6. Dr. Reddy's Lab
7. Eris Lifesciences
8. Global Health (Medanta)
9. Healthcare Global Enterprise
10. Hikal Ltd
11. IPCA Labs
12. Krsnaa Diagnostics
13. Lupin
14. Natco Pharma
15. Sigachi Pharma
16. SMS Pharma
17. Strides Pharma Science
18. Sun Pharmaceuticals
19. Suven Pharma
20. Tarsons Product
21. Torrent Pharma
22. Vimta Labs
23. Aurobindo Pharma
24. Glenmark Pharma
25. Shilpa Medicare
26. Windlas Biotech Ltd
27. Gland Pharma
28. Sequent Scientific Ltd
29. Alembic Pharmaceuticals Ltd
30. Alkem Laboratories
31. Vijaya Diagonstic
32. Zydus lifesciences

PACKAGING & LOGISTICS

1. TCPL Packaging
2. Transport Corporation India
3. Uflex Ltd
4. AGI Greenpac
5. Avro India
6. Shaily Engineering Plastics

AUTO

1. Tata Motors
2. Harsha Engineers International
3. Bharat Forge
4. Ceat
5. Minda Corporation
6. TVS Motors
7. Sandhar Tech
8. Surprajit Engineering
9. Lumax Auto Tech
10. Craftsman Automation
11. Escorts Kubota
12. Varroc Engineering
13. Samvardhana Motherson International
14. Balkrishna
15. CIE Automotive
16. Sansera Engineering
17. Greaves Cotton
18. Motherson Sumi Wiring India
19. Bosch
20. Apollo Tyre
21. PPAP Automotive
22. Pricol
23. Carborundum Universal
24. Reco Auto Industries
25. Lumax Industries
26. SJS Enterprise
27. Alicon Castalloy
28. Mayur Uniquoters
29. Action Construction Equipment
30. Talbros Automotive Components

AUTO

31. Ashok Leyland
32. Mahindra & Mahindra
33. Maruti
34. Bajaj Auto
35. Hero MotoCorp
36. Gabriel India

OIL AND GAS

1. Castrol India
2. Petronet
3. Hindustan Oil Exploration Co.
4. Bharat Petroleum Corporation
5. Gujarat Gas

CEMENT

1. ACC
2. Ambuja Cement
3. Dalmia Bharat
4. Heidelberg Cement
5. JK Cement
6. JK Laxmi
7. Sagar Cement
8. Shree Digvijay Cement Co Ltd.
9. Birla Corporation
10. Nuvoco Vistas Corporation
11. Shri Keshav Cement and Infra
12. The Ramco Cement
13. Ultratech Cement
14. Star Cement

BUILDING MATERIAL

1. Ajmera Realty
2. Akzo Nobel
3. Arihant super
4. Arvind Smartspaces
5. Ashiana Housing
6. Asian Paints
7. Century plyboards
8. Century Textiles & Industries
9. DLF
10. Cera Sanitaryware
11. Eldeco housing
12. GR infra projects
13. Ganesh Housing
14. Godrej Properties
15. Indigo paints
16. IRB infra
17. IRB InvIT
18. Kansai Nerolac Paints
19. Keystone
20. Macrotech developers
21. Mahindra Lifespaces
22. Marathon nextgen
23. Oberoi realty
24. Prestige estates
25. PSP Projects
26. Puravankara
27. Sunteck Realty
28. ITD Cementation
29. Greenpanel Industries Ltd

BUILDING MATERIAL

30. Shakti Pumps
31. Borosil Ltd
32. Carysil
33. Kajaria Ceramics
34. Kriti Industries
35. Orient Bell
36. Somany Ceramics
37. Greenply
38. Rushil Décor
39. Pokarna
40. HIL
41. Greenlam

Pipes

1. Apollo Pipes
2. Astral
3. Prince Pipes
4. Jain Irrigation

Utilities & Staples

1. Ester Industries
2. Everest Kanto Cylinder Ltd
3. Mitsu Chem Plast Ltd
4. Kuantum Papers Ltd
5. Gravita India Ltd

FMCG

1. Avenue Supermarts Ltd
2. Jyothy Labs
3. Bajaj Consumer Products
4. HUL
5. Tata Coffee
6. Britannia Industries
7. Marico
8. Chamanlal Setia Exports
9. Tata Consumer Products

CONSUMER FOODS

1. Jubilant Foodworks Ltd
2. Dodla Dairy
3. ADF Foods
4. Zydus Wellness
5. Tata Consumer
6. Zomato
7. Bikaji Foods International
8. Varun Beverages
9. Hindustan Foods
10. Barbeque Nation
11. Radico Khaitan
12. Devyani International
13. Heritage Foods
14. Tilaknagar Industries
15. Agro Tech Foods
16. Apex Frozen Foods Ltd
17. Associated Alcohols & Breweries
18. Balrampur Chini Mills
19. Dwarikesh Sugar Industries
20. Patanjali Foods
21. United Spirits

TEXTILE & FASHION

1. Siyaram Silk Mills
2. ABFRL
3. Pearl Global
4. Dollar Industries
5. Indo Count Industries
6. Raymond Ltd
7. Page Industries
8. Vedant Fashion
9. Go Fashion
10. Campus Activeware
11. Metro Brands
12. RSWM
13. SP Apparels
14. Sheela Foam

MEDIA & ENTERTAINMENT

1. Shemaroo Entertainment Ltd
2. Saregama India
3. Tips Films
4. PVR Inox

IRON AND STEEL PRODUCTS

1. M M Forgings Ltd
2. Electrosteel Castings Ltd
3. Indian Metals & Ferro Alloys
4. Jindal Stainless
5. Jindal Steel
6. JSW Steel
7. JTL Industries
8. Man Industries
9. NLC India
10. Surya Roshni
11. Usha Martin
12. Vedanta
13. Jindal Saw
14. Tata Steel
15. Maharashtra Seamless
16. Welspun Corp
17. Shyam Metalics & Energy Ltd

OTHERS

1. Eco Recycling
2. Jyothyl Labs
3. Premier Explosive
4. Shoppers Stop
5. Triveni Engineering Industry
6. Vaibhav Global
7. Cosmo First Ltd
8. Delta Corp
9. DreamFolks Services Ltd
10. Just Dial Ltd
11. Lanmark Cars Ltd.
12. Lemon tree Hotels Ltd
13. Pondy Oxides and chemicals Ltd
14. V-Mart Retail Ltd
15. Royal Orchid Hotels Ltd
16. Kalyan Jewellers
17. Dixon Technologies
18. Eureka Forbes
19. ICE Make Refrigeration
20. Kfin Technologies
21. Vakrangee Ltd
22. Thomas Cook Ltd

OTHERS

23. Easy Trip Planners Ltd
24. IHCL Ltd
25. Chalet Hotels Ltd
26. TTK Prestige Ltd
27. Godrej Agrovet
28. SIS India
29. IdeaForge Technology

Tata Elxsi | Q1FY24 Concall Highlights
CMP: INR 7,695 | Mcap: INR 479.2 Bn

Revenue and Growth (Constant Currency Terms)
- Operating revenue growth is 11.9% YoY and 1.2% QoQ.
- PAT margin is at 21.6%.
- The Industrial Design & Visualization division recorded a strong growth of 41.1% YoY, due to the company's Design-Digital offerings.
- In the Transportation segment, the revenue growth is 17.0% YoY and 1.8% QoQ.
- In the Healthcare and Lifesciences business, the revenue growth is 3.2% QoQ.
- In the Media and communication segment, the growth is 0.2% QoQ, it performed creditably to retain and grow market share even though absolute revenue growth was muted.
- The share of the revenue from the top five accounts increased from 39.8% to 42% in Q1FY24 from Q4FY23. Additionally, the revenue share from the top 10 accounts grew from 49.4% to 51.9% during the same period.

Margin Impact
- EBITDA margin is 20 basis points lower compared to the previous quarter, despite the wage hike implemented during the quarter for Tata Elxsi employees.
- The margin walk shows an impact of 140 basis points from the salary hikes and the one-month cost of implementing the employee stock option plan.
- The reduction in contractors and the utilization of in-house employees provide a leverage of about 40 to 50 basis points.
- There is a gain of 20 odd basis points from exchange rate movements and another 50 basis points from operating leverage and improved utilization with volume growth and scale.
- Overall, there is a 20 basis point impact on a quarter-to-quarter sequential basis on operating margins.

Major Deals
Automotive
- Tata Elxsi's TETHER Connected Vehicle Platform has been selected by a leading Automotive OEM in the top 5 for deployment across emerging markets in multiple countries in Asia. This multi-year deal includes an end-to-end managed service that encompasses platform licensing, cloud services, and app development and sustenance.
- Tata Elxsi has been selected as a strategic partner by a prominent Asian OEM for its SDV platform and software development.

Media and Communication
- Tata Elxsi's 5G Orchestrator and Service Automation Suite has been chosen by a leading Telco for its upcoming network rollout and deployment.

Healthcare
- Tata Elxsi won a design-led deal from a Global Healthcare company to innovate a new line of next-gen Smart Hospital equipment.

SaaS
- Tata Elxsi has been selected to enrich route planning and driver experience for the fleet services and logistics solution for a US-headquartered global mobility solutions leader.

Employees
- The company has continued its focus on talent development by adding a net total of 422 employees in the quarter, bringing the total Elxsi workforce to over 12,000. Notably, attrition has further declined to 15.6%, indicating the company's ability to retain its employees.
- In the first quarter, wage hikes were implemented for our junior staff, covering approximately 70% of their headcount. As for the senior staff, their wage hikes are scheduled to take effect from July 1 in the current quarter.
- Going forward the impact of the ESOP on all the employees will be around 0.4%-0.5%.

R Systems International Ltd – Q2CY23 Concall KTAs
CMP: INR 437 | Market Cap: INR 51.72 Bn

Performance

• Revenue from operations stands at INR 4,067 Mn (+0.6%QoQ, +8% YoY).
• EBITDA arrived at INR 528 Mn (-3% QoQ, +15% YoY) with an EBITDA margin of 13%.
• PBT stands at INR 455 Mn (-5% QoQ, +16% YoY).
• PAT stands at INR 144 Mn (-60% QoQ, -55% YoY) with a PAT margin of 3.5%.

-The company has acquired Velotio, a product engineering company and digital solutions provider which has a run-rate of INR 15 Mn. This allows the company to expand its India delivery presence to Pune. This was mainly funded through funds of ~ INR 70 Mn received from a US subsidiary.
-The company incurred higher tax rates due to funds received from US subsidiary which affected the profitability.
-The company is now part of the Blackstone portfolio and engages in cross-selling its services to other companies in the portfolio and has signed 2 accounts through the same.
- Geographically, North America markets contributed ~73% to the top line, followed by SEAC at 13%, Europe at ~11%, and India at ~2%.
- The company has partnered with AWS for their Generative AI platform which will be released soon.
-The company is recording good traction in the pipeline and has signed 14 new key accounts in H1CY23.
-The exchange gain for Q1FY24 arrived at INR 14 Mn (vs INR 26 Mn in Q1CY23).
-Top 10 clients contributed 24.7% of total revenue in Q2CY23.
-Company's cash balance stands at INR 3,816 Mn.

Guidance

The company believes the growth trends in demand in APAC and Europe regions are likely to continue and is well positioned to capture the demand. Going forward the company will be focusing on verticals with good traction and capacity. With increased AI adoption, the company has identified many opportunities to capture the market.

KPIT Technologies Ltd – Q1FY24 Concall KTAs
CMP: INR 1,065 | Market Cap: INR 292 Bn

-Financial Q1FY24: The company's revenue stood at INR 10,976 Mn (+6% QoQ, +60% YoY), EBITDA arrived at INR 2,138 Mn (+17% QoQ, +61% YoY) and PAT for the quarter is at INR 1,344 Mn (+20% QoQ, +53% YoY).

- The topline growth is majorly due to the high contribution from FMS and the improvement in margins can be attributed to better utilization and deals overall.

- The Passenger Cars Sales came at $100.5 Mn (+9% QoQ, +50% YoY) while Commercial Vehicles Sales came at $28.7 Mn (-6% QoQ, +28% YoY).

-The company continues to witness robust demand and has a Strong Pipeline of $190 Mn across geographies during Q1FY24.

-The company is primarily focusing on its existing clients to improve the wallet share and expects a few clients to reach 100 Mn contribution this year. On the external opportunities, many OEMs are looking for partners in India for ventures to set up centers in India.

- Qorix, a joint venture between KPIT and ZF Group, will be developing the middleware platform for KPIT and the company plans to invest ~EUR 5 Mn upfront and another EUR 5 Mn after 18 months. The regulatory approvals for ZF's investment of 50% equity are still pending.

- The company expects to sustain the ~2x book-to-bill ratio.

-The company is going to be a key partner in a large hydrogen truck integration program.

Guidance
The company maintains its guidance of ~30% topline growth in CC with ~30% EBITDA margin. Being bullish on the Asian markets going forward and the company expects OEM revenue to cross $150 Mn.

Management Commentary: https://youtu.be/cL8xDj40H-U?si=74gmA9CBNvpzF2HO

E2E Networks Ltd- Q1FY24 Concall KTAs
CMP INR: 335.55 | Market Cap: 4,860 mn

Financial Overview:
-The Consolidated Revenue of the company for Q1FY24 is INR 19.5 cr which is an increase of 28.3% YoY.
-The EBITDA is INR 10 cr with an increase of 41% YoY and the EBITDA margin of 52.82%
-PAT is INR 7 cr which increased by 170% YoY and PAT margin is reported at 35.9%.
-The enhanced margin is helpful for operational efficiency and R&D

Management's Vision:
-The company focuses on R&D and remains adaptable and fast-moving in the dynamic environment.
-Focuses on new technological trends and capitalizes on them such as AI, ML, and deep learning techniques.
-To focus on the services to customers on their needs and in terms of infrastructure as well

Technological advancement:
-The company gets constant feedback from the customers who are using it and this is seeing a gradual increase in the usage.
-The company tries to understand the customer needs and implements AI and ML which gives a competitive edge.

Growth and Competitors:
-One of the major competitors for the company is Hyperscalers and they are competing mostly on the multi-cloud technology.
-The certifications received by the company open up new opportunities to increase the overall target market.
-Apart from Indian customers, the company is serving foreign customers as well.
-The price of a semiconductor increases which leads to an increase in the price of a CPU as well.

Products and services:
-The H100 is supplied based on the demand and there is a high demand.
-The company provides service to their customers on the basis of their actual workload to run and fully focused on servicing the customers.
-The company works very closely with all the partners including NVIDIA, to service the customers.
-The customers have a price advantage and the company mainly focuses on the customer needs which leads to growth.
-The company has changed the method of depreciation from WDV to SLM and the life of an asset has been revised from three years to six years.
-80% of the customers are using the self-service public cloud and the remaining 20% is a private cloud in which changes may take days.
-As having experience in the industry for 10 years, the company knows to have a price advantage in the GPU segment at the global level.

CAPEX:
-The CAPEX for the year 2022-23 was around INR 25 cr.
-Most of the CAPEX will be on AI, ML, and deep learning and also in the GPU.
-Future CAPEX depends on the demand and also the company wants to invest massively in building its capacity.

Outlook:
The management is planning to hire people in R&D, sales, and operational support for customers, and for the cloud platform team. The company initially launched a public cloud and updated its features and looking to provide the best technology. The company has improved its advanced load balancing which provides better capabilities to solve the inbound traffic in the future

eClerx Services Ltd-Q1FY24 Concall KTAs
CMP INR: 1743 | Market Cap INR: 83,740 mn

Financials:
-The revenue the company for Q1FY24 is INR 6,920 mn and has a YoY growth of 8.2%.
-The Net profit for Q1FY24 is INR 1,063 mn and has YoY growth of 7.2%.
-Net profit Margin is 15.4% and YoY decrease of 0.14% and QoQ decrease of 3.6%
-Other Income has increased from INR 52.5 mn for Q4FY23 to INR 75 mn for Q1FY24

Strength:
-The company invests in sales and business development and has a consistent client appreciation for very strong delivery track record.
-There may be increase in the margin due to increase in attrition.
-The company is working with 32 POCs.
-The impact of Gen AI will fall on innovation side of the business like R&D etc.
-The technology speed has been accelerated than before with the deployment of Gen AI.

Challenges:
-The company lacked growth due the macroeconomic factors such as interest rate, inflation etc.
-There are threats for the existing revenue but the technological advancement is mainly focused for the medium and long term.
-The depreciation in the fresh capex was not enough to outweigh the reduction in the existing assets.

US Market: The company sees a chance in the regulatory and compliance area because there is potential for expansion.

Technological advancement:
-The generative AI has a huge opportunity because the company can deploy Gen AI in products that they have built, the point solutions they have built.
-On the creative side, digital, the company is opening up a center in Paris and has expanded their facility in Bangkok.

Outlook:
The company's strength is enabling technology and they are focusing on Gen AI. Digital and customer operations are two service areas where the company thinks Gen AI could improve and influence the client revenues. The company provides greater clarity vision towards Q4 prior to the start of the year FY24-25. Focuses on providing value-add and adding cognitive capabilities on the current services to existing and new clients. The Gen AI is applied on the digital and customer operations and also in the financial service operations.

Management Commentary: https://www.youtube.com/watch?v=lBVtQsa00u0&ab_channel=CNBC-TV18

Info Edge (India) Limited – Q1FY24 Concall KTAs
CMP INR 4,453.00 | Market Cap INR 575.40 Bn

Consolidated Financial Overview
Net Sales: INR 625.9 crores (14.36% YoY)
PBT: INR 216.7 crores (vs. loss of INR 87.6 crores)
Expenses Management: Efficient cost management and reduction in marketing expenses.
Improved Operating Margins: Positive margin growth driven by the recruitment business.
Investment Strategy: Focused on early-stage investments, value creation, and sustainable growth.

Recruitment Business
Billings: INR 329.4 crores (down 7% YoY)
Revenues: INR 372.3 crores (13.9% YoY growth)
Operating Profit: INR 263.5 crores (17% YoY growth)
Hiring Challenges: Slow IT hiring, strong competition, and cautious client behavior.
Positive Momentum: Non-IT businesses reported reasonable growth, especially in manufacturing, BFSI, healthcare, retail, hospitality, and infrastructure.
User Engagement: Platform engagement up with 6% growth in active users, 7% growth in daily users, and 21% growth in CV modifications.
Strategic Outlook: Despite challenges in IT hiring, the company's diversified approach to non-IT sectors is expected to drive growth. Continued engagement and value-added services will be key drivers.

Real Estate Business (99 Acres)
Billings: INR 73.4 crores (20% YoY growth)
Revenues: INR 82.7 crores (24.6% YoY growth)
Positive Trends: Traffic and responses on the platform increased, listing realization improved, and strong traction in user activity.
Strategic Outlook: Positive trends in the real estate market provide a favorable environment for growth. The focus on enhancing user experience and content is anticipated to maintain strong user activity.

Shiksha Business
Billings: INR 33.3 crores (9.8% YoY growth)
Revenues: INR 35.8 crores (14.6% YoY growth)
Market Challenges: Delayed student inquiry conversion
Focus On: Long-term investments in study abroad segment and strengthening our platform to improve our counseling services
Strategic Outlook: Investments in platform improvements and counseling services are expected to yield positive results in the long run, driving growth in the study abroad segment.

Jeevansathi Business
Billings: INR 18.8 crores (6.4% YoY growth)
Revenues: INR 19.4 crores (15.3% YoY decline)
Focus on New Products: Positive results from new products to monetize increased internet user traffic, moderate marketing spends.
Strategic Outlook: The new product strategy has shown promise and will continue to be a focal point for monetization and revenue generation.

Overall Outlook

InfoEdge's resilient performance across segments in the Q1FY24, coupled with strategic investments and cost management, positions the company for continued growth. Diversification into non-IT sectors and innovative product strategies are expected to mitigate challenges and capitalize on opportunities. Positive trends in real estate and promising outcomes from the investment in platform improvements reinforce a positive outlook. As the economic landscape evolves, InfoEdge remains committed to adapting and innovating to sustain its growth trajectory.

Management Commentary: - https://www.youtube.com/watch?v=hOksUvYaMo4&ab_channel=CNBC-TV18

Sastasundar Ventures Ltd – Q1FY24 Concall KTAs
CMP: INR 323 | Market Cap: INR 10,274 Mn

Once consolidation phase is completed, company expects an uptake in volumes.

Performance
- Revenue from operations stands at INR 3,360 Mn (+7% QoQ, +75% YoY).
- EBITDA arrived at of INR 92 Mn (+183% QoQ, +157% YoY).
- EBITDA Margin stands at 3% (+632 bps QoQ, +1128 bps YoY).
- PBT arrived at INR 190 Mn (+440% QoQ, +252% YoY).
- PAT stands at INR 245 Mn (+213% QoQ, +389% YoY).
- PAT Margin arrived at 7% (+1423 bps QoQ, +1171 bps YoY).

Segments
- Health Buddy Supply Chain: INR 2,543 Mn [+0% QoQ, +68% YoY].
- Retailer Shakti: INR 751 Mn [+34% QoQ, +91% YoY].
- Genu Path Labs: INR 7 Mn [+0% QoQ, -22% YoY].

- For the Health Buddy verticals, even though the revenue was flattish QoQ but EBITDA arrived at INR 81 Mn [Vs INR -63 Mn in Q4FY23], this improvement was attributed to a reduction in discounts which led to better margins. Company believes this EBITDA to be sustainable.

- Company is working to launch new AI based diagnostic and emergency healthcare app to expand its Genu Path Labs vertical.

- Company has undertaken corporate restructuring activity which is expected to be completed within a year.

- Currently, company has 7 warehouses supplying PAN India and plans to add 17 more in ~2.5 years.

- Company had received INR 6,890 Mn from Flipkart, out of which company paid INR 1,110 Mn for taxes, INR 3,500 Mn in liquid investments and INR 1,910 Mn was deployed in the business. Out of the INR 1 910 Mn, the company invested INR 800 Mn in inventory, INR 300 Mn in CAPEX for warehouses and the rest in working capital.

- Current liquidity level is at INR 4 Bn and based on the same company believes that there is no need for fundraising for the next 5 years.

Guidance
Going forward management believes margin expansion will happen through increasing volumes. Company expects B2C vertical Health Buddy to generate positive cash flows within a year. During the year, the company aims to improve efficiency at existing warehouses rather than aggressively opening new ones. Company believes consolidation to continue for the next 1 or 2 quarters but with rapid growth in 2-3 years.

Cyient Ltd – Q1FY24 Concall KTAs
CMP: INR 1,461 | Market Cap: INR 162 Bn

Financial Q1FY24: The company's revenue stood at INR 16.865 Mn (-4% QoQ, +35% YoY), EBITDA arrived at INR 3,156 Mn (-2% QoQ, +63% YoY) and PAT for the quarter is at INR 1,691 Mn (+4% QoQ, +46% YoY).

-Legal Case: The criminal case against the Cyient executive has been dismissed however, the civil class action lawsuit remains ongoing. The management expects to resolve the case by Q3FY24.

- The sustainability business has grown by 4.5% QoQ and 112.3% YoY led by growth in LNG mining business.

- Order intake stands at $ 193 Mn (+32.5% YoY) with 1 fixed large deal of $49 Mn in Q1FY24.

- The company expects strong momentum in the aerospace segment with increased defense spending due to ongoing conflict in Europe and rising commercial aircraft demands, the company maintains a positive demand outlook for the next 18 months.

-The wireless segment, constituting 20% of the connectivity revenue, declined due to customer-specific issues and the company expects a recovery in H2FY24 based on the pipeline, meanwhile, the wireline segment is benefitting from government funding programs for fiber rollouts in the US, creating significant demand over next 24 months.

-Based on the customer profile and pipelines, the company expects Hi-tech to be flat throughout FY24, whereas the automotive business is expected to recover from H2FY24 based on increased demand in semiconductors for automotives. The company has signed 2 large deals in the automotive sector in Q1FY24.

-**Guidance**: The company expects a revenue growth of 15-20% YoY (CC) in DET for FY24 and has revised its EBIT margin guidance to ~200 bps YoY.

LTI Mindtree Q1FY24 Concall KTAs | CMP INR 5,135|Market Cap INR 1,519,060 Mn

In the H1FY24, several concerns have arisen, including delays in the onboarding process, project ramp-ups, and an impact on revenue due to factors like account freezes in BFSI. Additionally, considering the effects of wage hikes and macroeconomic conditions, the expected EBIT Margin for FY24 could still be around 17%-18%, making it challenging to achieve double-digit growth in constant currency terms, although it remains an aspiration. Furthermore, clients have scaled back on discretionary investments in IT transformation, but there is an expectation of improvement in Q2, with the H2FY24 anticipated to show better performance overall.

Revenue is at INR 8,702 Cr and CC term revenue grew 8% YoY. Despite the challenges going on in the macroeconomic environment. The sequential growth was led by BFSI vertical (up 12.1% YoY in dollar terms); Manufacturing and Resources (up 14.9% YoY). Hi-tech media and entertainment vertical is at a billion-dollar run rate. These three verticals account for 75% of the revenues.

Despite some clients maintaining hiring freezes and longer decision cycles, High-Tech Media and Entertainment business grew 1% YoY, and with many large customers starting their fiscal year in the latter half of the calendar year, expect increased spending.

Geographically North America, which accounts for 73% of revenues, registered a YoY growth of 10.2%, while Europe grew by 7.3% YoY, both in dollar terms.

In Q1FY24, the EBIT Margin stood at 16.7%, expanding by 30bps driven by cost efficiency. Gross margins increased by 170bps, with 120bps attributed to reclassification and 70bps due to operational efficiencies, offset by seasonal visa costs of 20bps. SG&A costs also increased by 120bps due to reclassification and 20bps due to higher marketing spend.

Reported healthy order inflow of $1.41bn for the quarter ($1.06 Bn in Q4FY23).Added 19 new clients compared to 31 new clients added in Q4FY23.

Number of employees was down 1,808 QoQ to 82,738; LTM attrition was down by 240 bps QoQ to 17.8%.

•Utilization (excluding trainees) was up 310 bps QoQ to 84.8%. The offshore effort mix was up 10bps QoQ to 85.2%. There's an increase in the onsite headcount versus the offshore headcount, which is also resulted into the new incremental headcount that comes in. So that has resulted in the cost being a little bit higher but no concern on that.

•DSO flat to 60 days.

•Hi-tech: Secured a strategic five-year deal for efficiency savings with a high-tech client across multiple global locations. Additionally, won a multi-year managed services engagement in the insurance industry, displacing the incumbent, showcasing capabilities in cloud, infrastructure, and security.

Deal: The company won a significant deal as the strategic transformation partner for an integrated media platform, showcasing expertise in digital services and driving growth in data, cloud, and enterprise apps.

Data-driven generative AI platform, Canvas.ai, is delivering encouraging results, improving productivity, speeding up campaign launches, and enhancing document summarization accuracy, while enabling industry-specific use cases.

•Wage hike is planned in July, the company remains committed to its initial plans and will not make any changes.

IndiaMART InterMESH Ltd-Concall KTAs
CMP INR 3,151|Market cap INR 193,000 Mn

•Platform: Stable traffic and business inquiries on the platform, added 238 new employees across various departments to foster organizational growth.

•Management is focusing to improve EBITDA margin to 30% by Q4FY24

•Expects paid customer addition to be around 8k from Q3FY24.

•Busy Infotech:Reported revenue of INR 356mn (up 29% YoY) and EBITDA of INR 31mn for the quarter. Busy Infotech issued 9,000 new licenses during the quarter taking the overall count to 3.40 lakh licenses till Q1FY24.

•The company lifted discounts on entry-level packages and the rates are back to pre-covid levels. This resulted to softness in customer addition. 5K paying subscribers were added against the guidance of 8K addition per quarter.

•Buyback: Declared buyback of shares amounting to INR 500 crores resulting to ~2% buyback of paid-up equity

•License: sold about 9,000 new licenses in Q1, itself down, the total count is upto 3,40,000 licenses in Q1FY24.

•Collection ratio stood at ~80% in FY22 and FY23. 60% of the revenue comes from Metro cities and approx. 12% of revenue comes from the Rest of India.

•ARPUs: The Growth in revenue was primarily driven by 16% increase in paying subscription suppliers, an 8% improvement in ARPU due to higher monetization.

•*Customer contribution: The total number of customers is 2,08,000 and the top 10% becomes 20,800 customers. So the revenue recognized from the top 10% customers, is 46% in this Q1FY24.

•Platinum bucket itself is >10%, all customers are in the platinum subscription churn rates are <1% per month.

•Target: It will require additional time to achieve the quarterly vendor addition target of ~INR 6000 to INR 7000, as per the guidance.

•~2% of the paid subscribers upgrade their plans to an annual plan or one hierarchy higher than the base plan.

Saksoft – Q1FY24 Concall KTAs
CMP INR 323 | Market Cap INR 32,360 Mn

Revenue has increased by 24% YoY to INR 1,835 Mn in Q1FY24. Despite a slowdown in the IT sector, the company's differentiation improved revenue.

Operating EBITDA has increased by 53.3% YoY to INR 345 Mn in Q1FY24. Growth in EBITDA was because of improved operational efficiencies.

PAT has increased by 41.6% YoY to INR 252 Mn in Q1FY24.

Revenue by verticals- 37% Fintech, 19% Telecom & utilities, 5% Public sector, 12% Transport & Logistics, 4% Healthcare & Retail and 23% Others.

Revenue by Geography- 44% USA, 21% Europe, 35% APAC and others.

Acquisition of Solveda
Saksoft recently made a strategic acquisition. They acquired Solveda, a software design and development company with specialized expertise in cutting-edge e-commerce applications. This acquisition is set to enhance Saksoft's capabilities, particularly in the e-commerce vertical, with a focus on the B2B segment. This aligns with their targeted industry verticals and reinforces their market position.

Slight reduction in revenue contribution from the top five clients during Q1FY24
The management attributed this to the broader market slowdown, particularly in the US and Europe. Customers are being cautious with technology spending, resulting in a temporary decrease in projects. The management emphasized that this is a common situation across technology companies and that the drop was relatively small, approximately 1%.

The management stated that they have allocated 6% of their equity for employee stock options. The stock options are offered up to a certain level within the organization, including one level below the top. This means that around 20 colleagues would be eligible for stock options.

OUTLOOK
Saksoft has shown impressive revenue growth despite market challenges, with a focus on niches and operational efficiency. The recent acquisition of Solveda expands its e-commerce presence, while its ambitious goal of reaching $500 Mn in revenues by 2030 reflects a commitment to sustained growth. The company's emphasis on employee development, and its aim to achieve $100 Mn in revenue for FY24, demonstrates a strategic approach to deal with challenges in the market while seizing opportunities in their industry.

AGS Transact Technologies Ltd – Q1FY24 Concall KTAs
CMP INR 58.70 | Market Cap INR 7.07 Bn

The Total Income decreased by 11% on YoY basis from INR 4,175 Mn for Q1FY23 to INR 3,712 Mn for Q1FY24.

Revenue Mix: ATM outsourcing contributed approximately 54% of quarterly revenue, AMC services contributed 11%, and the cash management subsidiary contributed 15% from non-captive ATMs.

Secure Value (SVL) Revenues: SVL continues to generate gross revenue in the range of around INR 1.11 Bn to INR 1.12 Bn on a quarterly basis. The EBITDA% for Secure Value is around 20% to 21%.

POS Revenue stood at INR 650 Mn for the current quarter.

PAT stood at INR 6 Mn for the current quarter v/s INR 192 Mn for the quarter corresponding to the previous financial year (down 97% YoY). The company even incurred a loss of INR 152 Mn in the previous quarter.

SVL Realizations have improved over time, and some ATMs are generating more than INR 10,000 per month per ATM due to compliance with government guidelines. However, overall average realizations are currently around INR 8,000 to 9,000 per ATM per month.

Debt Management: The company reduced finance costs by 6% sequentially and reduced net debt. The objective is to uphold a viable debt threshold, with debt-to-EBITDA ratios ranging from 2.5 to 3 times..

Growth and Margins: The focus is on sustaining and improving profitability rather than just top-line growth. The company aims to sustain margins and focus on profitable businesses. Revenue growth guidance was not provided, but they mentioned that they are aligning their business strategies and will provide more guidance in a couple of quarters.

OUTLOOK
The company displayed average results for Q1FY24. The company aims to make the business more profitable and efficient in the coming quarters. The target will be to maintain the margins at the current level. The company is positive in achieving a sustainable debt level of 2.5 to 3 times debt-to-EBITDA.

NIIT – Q1FY24 Concall KTAs
CMP INR 78.37 | Market Cap INR 10.51 Bn

Revenue has increased by 4% QoQ to INR 625 Mn in Q1FY24.

EBITDA for Q1FY24 is INR (64) Mn against (95) Mn in Q4FY23. It improved because of implementation of strong control measures. The company expects a return to break even EBITDA margin in the next quarter.

PAT for Q1FY24 is INR 22 Mn against (94) Mn in Q4FY23.

The company did not emphasize on YoY comparisons due to unique circumstances in the previous fiscal year and the focus is on recovery phase and QoQ growth.

NIIT acquired balance 10% shareholding in RPS Consulting. With this, RPS Consulting becomes a wholly owned subsidiary of NIIT.

Company acknowledged the challenges faced by the IT sector, particularly during the COVID-19 pandemic. The impact on hiring and headcount across the industry, especially from IT services companies and global systems integrators, was significant.

During Q1FY24, the company completed the demerger of its Corporate Learning Business to NIIT Learning Systems Limited. Consequent to the demerger, each shareholder of NIIT Limited has been allotted one share of NIIT Learning Systems Limited for every share of NIIT Limited held by them on the Record Date (June 8, 2023). NIIT Learning Systems Limited marked its debut on Indian stock exchanges through its listing on BSE and NSE on August 8, 2023.

The company mentioned that they have mandates for training around 27,000 students, which would result in approximately INR 101.1 billion in revenue. Mandate in this context means that customers have formally expressed their desire for training in writing.

The importance of skill development was emphasized. Individuals with outdated skills might face challenges in finding jobs, but it was emphasized that if they upgrade their skills, they can tap into the opportunities created by evolving technologies. NIIT sees itself as a bridge to help individuals prepare for the changing job landscape, where higher skill levels will be essential.

OUTLOOK
The company started the quarter with a lower order book, they managed to secure significant orders and have a mandate for training 27,000 students, projecting a positive impact on revenue. Company's enthusiasm for AI-driven opportunities in workforce training is notable, and they're exploring expansion into supply chain management and manufacturing sectors. 8% growth is expected and a positive EBITDA by the end of the year and have a longer-term vision of reaching INR 12 Bn in revenue by FY27 or FY28, indicating a focus on steady growth and recovery from recent challenges.

Xelpmoc Design and Tech Ltd-Q4FY23 Concall KTAs
CMP INR 104|Market Cap INR 150 Cr

Total operating revenue was INR 33.2 m as compared to INR 39.1 mn in Q3FY23.

Valuation
Mihup: acquisition cost INR 6 million, current fair value for Xelpmoc: INR 215 million, holding 10.2%; Enterprise value: INR 2150 mn.
Woovly: Xelpmoc holding: 8.9%, acquisition cost: INR 0.5 million, current fair value for Xelpmoc: INR 51 million, enterprise value: INR 573 million.

Revenue mix
The company revenue split 34% in startup, 39% in corporate and 27% government. Going forward, more focused on corporate and data science.

EBITDA
Adjusted Operating EBITDA was INR (23.5) mn as compared to INR(24.8) mn in Q2FY23.Operating cost to be stable going forward.

Client &Team size
The team size 115 and client 59 as on March 31st 2023.

Fundraising
Overall, slow down in fundraising activities during FY23. The company is exploring other options including strategic sales.

4TiGO finalised, acquired by a strategic partner and expected to complete by the end of June. The common shareholder will be part of the buyback.

Share consideration INR 11.1 mn original acquisition cost of 0.01 mn. All invested by team 4TiGo INR~120 cr.

Right fintech investment of 15 cr and INR 5.8 mn is acquisition cost.

Snap hunt, revenue increases 35% YoY. The total number of employees grows on website 62% YOY and total number of jobs grown by 125% YOY. Some headwinds due to tax regulation however, going forward they will do better as currently it's cash burn segment but turn profitable after setbacks.

Data Science
All the acquisition is around data science. The company has strengthened data science.

Exit Strategy
The majority of the acquisitions are in their initial stages and are mostly focused on available options. The company has a timeframe of 7 years for all the acquisitions. Some of them are confident investments that the company wishes to retain, while others are actively seeking better opportunities.

Services are totally into the cash and for startups it's in cash+debt

The majority of the startup acquisitions have recently begun generating revenue, with some still in the process of burning cash and others approaching breakeven in the fiscal year 2024. All of these startups are exercising caution, particularly due to the tight financial situation next month, which makes it challenging to raise funds.

Outlook

Most of the acquisitions made by the company are currently in the progressing phase, and we have a positive outlook for their profitability or reaching breakeven in the near future, which is beneficial for the company.

Just dial Ltd-Q1FY24 Concall KTAs
CMP INR 800; MCap INR 68073 mn; TTM PE 23.80x

Reported strong performance with 4x plus EBITDA growth

Guidance The company indicated that it aims to achieve pre covid margin levels of 25% by Q4FY24 with realization, paid campaigns growth and moderation in expenses. The company has also guided for 20-25% growth in top line YoY.

Q1FY24 Results Just Dial reported operating revenues of INR 2470mn which is up by 33.1% YoY/6.2% QoQ led by increase in paid campaigns as well as realisation growth
EBITDA stood at INR 367mn up by 337% YoY/9.8% QoQ and margins stood at 14.9% (excl. ESOP exp.) expanded by 878 bps YoY/-62bps QoQ led by operating leverage.
PAT stood at INR 834mn
B2B contribution was 26% of total revenues; Monthly sign ups stood at 68% in Q1FY24

KTAs
• Strong performance Unique visitors has gone up by 15.9% YoY/7.6% QoQ to 171mn, mobile visitors saw growth while voice visitors witnessed de growth.; Total listings has gone up by 15.8% YoY/4.1% QoQ to 38mn; Paid campaigns has gone up by 13.4% YoY/1.9% QoQ to 548,270 mn.

• Growth Drivers The company had invested heavily in sales team in B2B and B2C businesses which is driving growth. Paid campaigns has gone up by 13.4% YoY/1.9% QoQ to 548270 mn. Monthly compaigns-

68% customers sign up for monthly plan basis, 55% of paid campaigns get retained yearly. The company also revamped its website leading to better and rich content with more user-friendly data points for the users.

• Strong Margins The margins expanded by 878 bps YoY/-62bps QoQ mainly due operating leverage, hike in prices and increase in active listings. The employee cost was higher this quarter as many increments came in this quarter.

• Realisations The company took price hikes in tier 2 cities from INR 1000/month to INR 1250/month. The company tries to enter any geography with basic price levels of INR 750-999/month, tier 2 and tier 3 cities realisations are 45% of tier 1 cities realizations, which leaves huge scope for price hikes in tier 2 and tier 3 cities.

• New initiatives The company has forayed into new platforms like JD real estate, JD experts, JD shopping. The platforms are ready, to get products delivered or get services fulfilled, but the company wants to wait and watch, the company is not planning to pump in significant amount of money as these platforms are likely to have negative unit economics.

• Top 11 cities contributed 60% of revenues and non top cities contributed 40% of the revenues. Top 11 cities grew by 25% YoY and non top 11 has grown by 46-47% YoY.

• The company’s core business coming on track, the collections in Q1FY24 stood at INR 2,591mn (28.9% YoY). Deferred Revenue stood at INR 450.3 cr, up 2.8% QoQ and 27.4% YoY.

• Cash and investments at INR 41592 mn, the company has very healthy cash in its books but the company still does not have any concrete plans to use this cash for business purposes which might hit ROE adversely.

• User engagement on the platform (ratings & reviews) continued to increase. Active listings (38mn) grew 4.1% QoQ, 15.8% YoY.

Outlook Just dial have posted strong operational numbers this quarter led by the continued increase in paid campaigns as well as realizations. The company has shown strong growth of 46-47% YoY in non top 11 cities. The realisations in tier 2 & 3 cities are just 45% of Tier 1 cities, so there is good headroom for price hikes in small towns. Going forward the company wants to focus on its core business and is not too keen to invest further in its new initiatives which includes JD real estate, JD experts, JD shopping. At CMP, the stock is trading at PE multiple of 23.1x to its TTM earnings.

Mastek - Q1FY24 Conference Call KTAs
CMP INR 2,171|Market Cap INR 66,594 Mn

Management expects a notable uptick in revenue growth in the US and Americas, significant deals in the UK pipeline, aiming for recovery in Q2FY24, and getting back on track with y/y growth rate in Q3FY24 despite some close losses and finishes in certain deals.

Reported revenue growth of 20.2% YoY in CC driven by demand for Digital Engineering, Experience, and Cloud Transformation services and disciplined execution.

Margin: In Q1FY24, the EBITDA margin was 17.5%, with a 20bps contraction attributed to the recent acquisition of Salesforce, resulting in compensation adjustments during integration, but partially offset by favorable currency exchange rates and other operational measures.

Order book: The good uptick in middle east business that reflect in the last couple of order books that the company has closed. UK business had a lesser number of working days and because of the time and materials work company had an impact in Q1 and good solid deal momentum in the order book in the US business, which should reflect in Much more robust QoQ growth as we look forward into Q2.

ROI: Top customers are prioritizing cost optimization while transitioning their cloud journey to focus on monetizing investments and optimizing consumption for increased ROI.

Generative AI space: Mastek has witnessed a significant uptick in customer interest, focusing on specific industry use cases and partnerships with major platforms like Oracle, Salesforce, Microsoft, and AWS.
Acquisition: Mastek's capability in data cloud has been strengthened with the acquisition of BizAnalytica, and they are optimistic about prospects to drive shareholder value for the remaining FY24 and beyond. Accretive for the revenue front for Mastek. Invested significantly in their industry.

DSO days increased by 8 and stood at 101. The company aims to prioritize DSO and implement measures to ensure greater discipline in managing it.

Salesforce and Oracle businesses, contributing 32.2% to domestic revenue, show continued potential as customers shift to the cloud and seek ways to monetize their cloud solutions.

Client: Despite experiencing a mixed order booking across geographies, the company added 22 clients across various verticals, with the US and non-UK Europe showing positive momentum, leading to a 16.9% YoY increase in the 12M order backlog, although there was a 1.7% QoQ decline in line items.
Headcount was 5,592, reflecting a net reduction of 30 headcounts, while utilization improved by 380 bps, emphasizing a focus on better utilizing company resources to drive revenue growth and balance bench and project resource utilization.

Outlook: In the near term, we are confident about the outlook for H2FY24, as we anticipate a certain improvement based on the strong pipeline and projected recovery during that period.

HCL Technologies Ltd Q1FY24 Concall KTAs
CMP: INR 1110 | Market Cap: INR 3002 Bn

The company's pipeline has reached a record high, showing significant growth compared to the previous quarter and year. This growth can be attributed to cost-efficiency initiatives. The company is optimistic about future bookings and expects improvements in the next quarter. With 144 ongoing projects related to Gen AI and successful deals signed across regions and product verticals, the company is well-positioned for success. The company remains positive about its guidance and anticipates sequential improvements, particularly in the ER&D space. The strong pipeline further reinforces these optimistic expectations for the upcoming quarter.

Performance

• The company achieved a USD revenue of 3.2 billion, reflecting a 1.3% decrease quarter-on-quarter (QoQ) but a 6.3% increase year-on-year (YoY) in constant currency (CC).
• The ARR metric grew by 4.7%, reaching $1.04 billion, which is a positive outcome for the company.
• The EBIT margins remained steady at 17% YoY but experienced a slight decrease on a QoQ basis. Net Income amounted to INR 430 million, with a margin of 13.4%, marking a 1.5% YoY increase.

Segments

• Services experienced a 1.0% decline QoQ in CC, primarily driven by a decrease of 0.1% QoQ in CC for IT services (despite a 9.1% YoY increase) and a decline of 5.2% QoQ in CC for ER&D.
• The top-performing segments were Financial Services (up 5% QoQ, 14% YoY), Manufacturing (up approximately 4% QoQ, 16.5% YoY), and Life Sciences (down 1.3% QoQ, up 13.4% YoY). The positive performance was attributed to successful conversions of large deals into revenue. New deals were signed for IT & Business Services, demonstrating promising momentum, although they remained flat in CC due to offsets from production and discretionary spending.
• Technology & Services, along with Telecommunications, faced declines due to reductions in discretionary spending. However, their strong pipeline, which is in the advanced stages of completion, indicates future improvements in the coming quarters.
• The company anticipated favorable outcomes from certain projects in the Technology and Telecommunications sectors towards the end of Q1. However, these projects did not materialize as expected, resulting in a setback. The headwinds are expected to continue in Q2 for this sector.

Geographics

• The US markets saw a 7.3% YoY increase and a 0.2% QoQ increase. Europe experienced a 10.5% YoY increase but a 2.4% QoQ decrease.Other geographies recorded a 6% YoY decrease and a 6.2% QoQ decrease.

Robust Cash Generation

• Operating cash flow amounted to $2.5 billion, with free cash flow reaching $2.33 billion.

Deals Signed

• The company established a partnership with a Fortune 50 Healthcare company to manage and modernize its IT infrastructure.
• It is working as a digital transformational partner for a global financial company.
• Additionally, the company secured one of its largest deals worth over $250 mn with a US healthcare company.

Strong Pipeline for Driving Growth

• The pipeline is at an all-time high, demonstrating an 18% QoQ increase and a 26% YoY increase, primarily due to cost-efficiency programs.

• The company foresees significant bookings in Q2FY24.

• Currently, there are 144 projects (both external and internal) related to Gen AI at various stages of completion.

• This quarter witnessed the signing of 11 large deals, distributed across geographies and product verticals.

Partnership Strategy

• Partner-generated leads contributed 10% of new license bookings, showcasing the company's emphasis on attracting new business partners to enter specific market segments.

• The company maintains its FY24 revenue guidance, expecting revenue growth of 6-8% YoY CC, with Services projected to grow at a rate of 6.5-8.5% CC. The EBIT margin guidance has been adjusted to 18.0-19.0% (upper end previously).

• Cost Control: In order to meet its targets, the company has implemented cost control activities.

• HCL Software (P&P) experienced a 3% QoQ decrease in CC and remained flat YoY.

• Attrition rate stood at 16.3%, representing a 7.5% YoY decrease and indicating a declining trend.

Outlook: We are optimistic about the company's future and believe that the most challenging period is now behind them. We expect to see gradual improvements in performance over time, with the possibility of a significant upturn in one of the quarters, particularly due to shorter conversion cycles in the ER&D space. Our confidence is further bolstered by the robust pipeline of projects, which aligns with our positive outlook for the upcoming second quarter.

Coforge Concall Highlights

FY24 annual revenue growth guidance: 13% to 16% in cc terms and Adjusted EBITDA Margin similar to FY23 figure at 18% plus.

• EBIT margin came in at 11.56% lower than our expectation of 13.1%; Contraction 392bps QoQ.

• Q1FY24's decrease in adjusted EBITDA due to four main factors: Global salary hikes impacting the quarter from day one, a conscious decision to forgo annual salary hikes, and the disposal of annual variable pay for eligible employees in Q1 without any reductions. The impact of hedge loss in the quarter would be ~60 bps.

• Order Intake Strong: Fresh order intake was highest at USD 531m. Two $ 50M+ deals signed in the BFS vertical. Total order book executable over the next 12 months at US$ 897 mn. 6 new clients were added during the quarter. In terms of geographic regions Americas contributed $155 mn. EMEA at $346 million and the ROW $30 mn to the order, signed a large deal of $300 million TCV with an existing

• Customer: Despite an uncertain macro environment, top five and top 10 customers experienced sequential growth of 12.2% and 9% respectively, with the top five clients contributing 25.1% and the top 10 contributing 37.7% of revenues, showcasing resilience and ability to expand within key accounts.

• LTM Attrition: The company fulfilled all their commitments by granting annual salary increments, onboarding campus and lateral hires, distributing 21,500 iPads, paying out full annual bonuses for FY23, and achieving reduced attrition of 13.3%, down 80bps q/q.

• Generative AI: Coforge is accelerating its RPI strategy to become an AI-first organization, embedding AI into all service offerings, and leveraging partnerships with leading US universities for AI research and training, driving exponential value for customers. The company is co-innovating developing and monetizing solutions with the customers

• Offshore mix (IT) improved by 30bps to 51.0%. In Q1 FY24, offshore revenue increased, accounting for 51% of total revenues, indicating a continued shift towards higher offshore revenues that provided significant margin support over the past two years.

• Dividend: The Board has recommended an interim dividend of INR 19 per share, and the record date for this payout will be August 3, 2023

Wipro Ltd Q1FY24 Conference Call KTAs
CMP: INR 395 | Market Cap: INR 2,167 Bn

The company maintained new business momentum despite a gradual reduction in discretionary spending. strong demand anticipated in the cloud transformation segment. Clients are showing increased interest in implementing cloud solutions. For Q2FY24, sequential growth is expected to range from -2% to 1%, while maintaining similar margins as the previous two quarters.

• Revenues amount to $2.78 billion (down 2.8% QoQ, up 1.1% YoY in CC).The decline in revenue was expected primarily due to persistent weakness in the BFSI vertical as well as its higher exposure to consulting at a time that discretionary spends have fallen.

• 16% operating margin, which has improved by 112 bps YoY.The company has effectively maintained its margins by investing in its workforce and technology.

• Cash conversion stands at 130% of Net Income.

• The EPS has grown by 11% YoY.

Order
• The TCV reaches $3.7 billion (up 3% YoY in CC), with a significant TCV for large deals at approximately $1.2 billion (a 9% YoY increase in CC):Highest in last eight quarters.The company has secured 10 deals valued above $30 million.

Investment in AI
• The company has allocated $1 billion in investments toward AI, the majority of which are organic and have begun generating revenue. There are currently over 2,000 global AI engagement projects undertaken by the company.

Segments
• The BFSI sector has experienced a decline of 4.3% QoQ and 3.4% YoY, while the Technology and Communication sectors have both declined by 3.2% YoY and 4.8% YoY, respectively. These reductions can be attributed to decreased discretionary spending. On the other hand, other segments have demonstrated positive performance, particularly the Health sector with an 8.5% YoY increase in CC, and the Manufacturing sector with an 8.7% YoY increase in CC.

Geographics
• Bookings in Americas 1 have risen by 37% YoY, but both Americas 1 and 2 have experienced a decline due to poor performance in the BFSI and Technology sectors. European market revenue has grown by 4%
YoY, with Southern Europe displaying a significant 26% QoQ increase. APEMEA has seen healthy bookings, showing a 23% QoQ increase, while revenues have risen by 3% YoY. Additionally, the Indian business has grown by 7% YoY, and the Middle East has grown by 6% YoY.

CAPCO
• The acquisition of CAPCO is a strategic move by the company to capture the growing consulting market.

Client Acquisition

• The company has added two more clients in the >$100 mn category, bringing the total to 21.

• The number of active customers has decreased by 35, as the company aims to focus on key clients that provide greater value. In line with this objective, the company has acquired 65 new customers in the Q1.

• The top 10 customers contribute 20% to the company's top line.

• After experiencing a surge in spending during the latter part of the pandemic, technology investments have now normalized. Clients are seeking a faster ROI and cost optimization through increased automation and considering alternative vendors.

• Attrition has reached an eight-quarter low of 14% in Q1.

Outlook: Wipro maintains momentum despite reduced discretionary spending, expects strong demand in cloud transformation. Q2FY24 revenues projected to grow -2% to 1% sequentially with similar margins. Investments in AI, acquisitions, and new clients contribute to strategic growth. We believe, Wipro is going to do better in the next quarter led by strong demand momentum and improvement in descreationary spending.

Mphasis Q1FY24 Concall KTAs
CMP INR 2,185 | Market Cap INR 417,485 Mn

In FY24, maintaining a margin of 15.2-16.2%. The company is witnessing three phases: originations, increased closures, and strengthening conversions. Early indicators are optimistic and encouraging, pointing to positive signs of progress.

Q1FY24, TCV of $707 mn, indicating future growth. The vertical cohort strategy shows promising results, targeting new accounts and verticals.

AI plays a significant role, with 1/3 of PCV originating from AS-centric deals, including a $100 million deal.

Key partnerships have expanded business rapidly beyond traditional accounts, with a significant portion of TCV coming from newer accounts. Despite pressure in the mortgage market and discretionary spending cuts in the BFS segment, the company believes it is bottoming out.

Incremental stability in the mortgage sector, early signs of decision-making among top banking clients, and record-breaking TCV in Q1FY24 are expected to drive growth for the rest of FY24.

The integration of AI capabilities into clients' technology landscape and a strong focus on non-BFS verticals are paying off.

Seven large deals in Q1FY24, including two in BFS with one over $100 mn in TCV, demonstrate the effectiveness of the vertical cohort strategy.

•The company's mortgage BPS subsidiary now stands at 6.8% of Q4FY23 revenue, down from 8.8% in Q3 FY23 in reported INR terms led by the trajectory of rates, consumer price inflation and sluggish home sales.

•Core service line, enterprise applications constituting >70% of revenue. Grew 23.6% in FY'23 in CC terms for direct business, the BPS segment, which suffered from a downturn in the mortgage segment declined 16% with the YoY decline in this segment.

•EBIT margin was flat QoQ at 15.3% led by optimization of operating costs. FY23 over Q4 FY22 losses in cash flow hedges impacted margins in Q4 FY23 by ~80 bps. focus on utilization, fresher deployment and some increase in offshore leverage helped margin performance.

•EPS for the FY23 at 87.1 represents a 14% y/y increase while Q4 EPS at 21.5 quarter grew 3% YoY cash flow generation for FY23, is slightly above $200 mn, adjusted for one-offs stay solid almost 100% of PAT.

•The company sustained wallet share gains in BFS. BFS ex-DR grew 22.6% in FY23. They have reasonably strong deal wins of $1.3 bn in FY23 and some of smaller newer verticals such as health care has scaled up and are approaching the $100 mn mark on an annualized basis.

•Reported net new TCV wins of $309mn in the Direct segment. (Vs $410mn in Q3FY23).

•Offshore revenue mix grew 170 bps QoQ to 46.5%.

•Total headcount was down 1,408 QoQ to 34,042 employees. Offshore utilization including trainees improved by 5bps to 75%.

•Cash and Equivalents of INR 28.1 bn vs INR 25.2bn (Q3FY23).

•DSO increased by 3 days QoQ to 71 days.

Outlook: The company's pipeline has grown and includes opportunities for cost optimization and consolidation related to Cloud Digital Transformation. However, the beginning of FY24 is expected to be slow due to some issues with clients and delayed contract conversions, especially in the BFS sector. Despite this, stability is anticipated in all segments during Q1FY24, with strong sequential growth starting from Q2FY24 onwards. This growth is expected to continue throughout the fiscal year, resulting in a YoY growth higher than the industry average, excluding mortgage. Margin stability expecting to hold EBIT margins in the 15.25% to 16.25% range in each quarter of FY24.

Newgen Software Technologies Ltd. Q1FY24 Concall KTAs
CMP: INR 719 | Market Cap: INR 50.33 Bn

Financial Performance
-The company saw a growth in revenue of 33.4% YoY from INR 1,980 Mn in Q1FY23 to INR 2,642 Mn in Q1FY24 (down 15.6% QoQ).
-The company reported a growth in PAT of 57.4% YoY from INR 192 Mn in Q1FY23 to INR 302 Mn in Q1FY24 (down 61.6 QoQ). This was due to an increase in employee costs which caused the EBITDA margins to fall on QoQ basis from 31.6% in Q4FY23 to 12.8% in Q1FY24 and business being seasonal in nature with Q1 being the leanest quarter.

Revenue Mix
-Revenue by Segment- Support-31%, ATS/AMC- 24%, Saas- 11%, Sale of Products- 17% and Implementation & other services- 17%
-Revenue by Industry- Banking- 67%, Govt/PSUs- 7%, Insurance- 7%, Healthcare- 6% and BPO/IT- 2%
-Revenue by Geography- India- 31%, EMEA- 33%, USA- 25% and APAC- 11%

Annuity and Subscription-based business
-The revenues from annuities have been growing, and they currently total INR 1.68 Bn. The company is also continuously increasing its revenues from subscriptions, which were at INR 0.89 Bn in Q1FY24 and made up about 35% of the overall revenue during the period.
-Q1 generally being a weak quarter for the year, the company's annuity business contributed 55-60% of the revenue and the company expects to this to grow all the way upto 70-75%.

International Business
-APAC market witnessed a growth of 46%, while EMEA, US and India markets witnessed a growth of 38%, 26%, and 25% respectively.
-Majorly Banking and BFSI are driving the growth for the company in markets like the Middle East and APAC, with the company pivoting from small deals to much larger deal sizes across the region. Beyond banking the company sees potential in insurance sector too.

Order Book
-The company's order book was substantially better with growth at an annual level which was much higher than the growth in revenue. There was a growth of 30% in the order book, while the revenues grew by around 24%.
-For FY23 the total order book stood at INR 12.9 Bn, with the booking growing at a substantial pace in Q1FY24.
-The company made a deal of INR 350 Mn with some Indian public sector bank in digital lending and trade space, through which the company expects to generate large part of revenue in coming 18 months.
-The company's digital lending and trade segment, especially larger accounts are driving good number of deal sizes, which is helping the company's growth.

New Orders
-The company got selected for Trade and Supply Chain Finance Solution to be a leading financial institution in the UAE market.
-To provide Lending Origination and Management Solution to a leading diversified business group in Saudi Arabia operating across 7 core sectors.
-To provide a Digital account opening solution for a privately held bank in the Americas region.

Outlook: The company aims to take its current EBITDA margins of 12% to healthy 17-20% in the coming quarters, with automation at scale which is becoming increasingly important globally, particularly in financial organizations like bank wealth management divisions, etc. as a result these organizations are aggressively planning to combine their front and mid offices. The company’s cutting-edge products are well positioned to take advantage of these large market opportunities. The company is also working on leveraging AI to bring in an enterprise-wide transformation such as meeting the changing customer expectation and empowering employees to make intelligent decisions.

Zensar Tech - Q1FY24 Concall KTAs
CMP INR 457.65 | Market Cap INR 104,390 mn

The company reported service revenue of INR 149.2 mn, a 2.4% QoQ growth in constant currency, and overall revenue of INR 149.3 mn, a 1.3% QoQ growth in both reported and constant currency terms and a YOY decline of 0.2%. MEC-523's annual customer engagement score rose 13.6% to 66.5 in FY23.

Geography: The Europe region experienced 6% QoQ services revenue growth and a 3.4% YOY growth, while the South Africa region experienced 3.4% QoQ services revenue growth and 19.6% YoY growth. Focus on data, experience, and engineering and cloud-native capabilities has led to a steady growth on the back of new project ramp-ups at some of their key clients in the region.

BFSI: Revenue growth in banking, financial services, and insurance services was 4% QoQ, with a 13.2% ROI. The company is witnessing consistent growth in this vertical over the last few quarters, aided by new deal bills at some of their key clients. The BFSI sector is looking for smaller, agile suppliers to cut costs and deliver better results at lower prices and the company expects to benefit from this approach.

Emerging services: Revenue declines by 2.6% QoQ and 4% YoY in constant currency.

Hi-tech manufacturing vertical: Registered sequential QoQ services revenue declined by 0.4% and YoY growth of 8.2% in constant currency. Continued softness in the overall demand environment.

Consumer services: Registered sequential QoQ services revenue growth of 11.5% and YoY decline of 7% in constant currency. Clients continue to differ or optimize their capital spend and scale back their budgets. This has resulted in reprioritization of spends at client-side with discretionary projects, witnessing a reduction in scope or getting deferred.

Attrition: Last 12 month attrition decreased to 15.9%, improving 390 bp sequentially. In the quarter, attrition continues to see a downtrend on
account of easing supply side issues and their employee-centric policy. NPM attrition improved to 15.9% Q1 FY24, lowest in recent quarters.

Quarterly DSO to remain healthy at 74 days.

Financial performance: Services revenue for the quarter increased by 2.3% sequentially and 2.4% in constant currency. EBITA stood at 18.7% with a 420 bp increase from the previous quarter, including a one-time benefit of 100 bp on account of research and development. Quarterly credits increased by 1.1% due to utilization improvement from 81.4% to 82.5%. Improved sales and marketing costs to be reinvested in business. Q1FY24 cash and cash equivalent stood at $ 233.8 mn, $32.3 mn increase from last quarter and 70.2 mn increase YoY. Gross margin stood at 33.6%, indicating an increase of 170 bp.

Effective tax rate for Q1 is 25.7%, improved 50 bp QoQ.

R&D credit benefit is currently factored into gross margin, while INR 10 mn credit is part of the revenue line item.

Net new wins: Order book reached INR 154.2 mn, driven by renewals and vertical wins. The company opened nine new accounts this quarter. High order bookings in existing clients' new business, aiming to penetrate deeper into accounts. The company's "experience to engineering to engagement" proposition has been well-received by clients, contributing to the successful shaping of the net new and alliance function.

Wage hike: Outstanding wages reached $246.7 mn as of June 30 FY23, compared to $173.7 mn in Q4 FY23. Consumer and high tech are still work in progress. The company is seeing some newer deals in these two verticals, which if converted will have a wage hike impact. The company has conducted a wage hike benchmarking and adjusted wages accordingly. Due to a slight market softening compared to the previous year, this year's wage numbers might be slightly lower.

Data engineering and analytics service line experienced 12.6% growth, with advanced engineering services increasing by 5.5%, foundation services by 6.7%, and experience services by 2.5%. The company's experience-led approach to cloud data engineering has resonated extremely well with our clients.

Application services experienced a 4% decline, while advanced engineering, data analytics, and experience services grew, accounting for 33.8% of total revenues.

Generative AI: Their engineering services offering termed AI engineering buddy is now listed on the Azure marketplace. The company will continue to focus on improving their offerings further around generative AI or data engineering, improving customer experience through AI, supply chain analytics, and so on.

Cross-sell: The company is experiencing positive momentum on cross-sell initiative. Experience services business gained traction through cross-sales and faster revenue growth from acquired entities seen this quarter.

Macro: As a small player with small market shares, the company expects that macro effects should be limited if they execute well. Their new service offerings have significantly expanded the addressable market.
•Good traction for actively working with clients in moving parts of the value chain offshore
ESG: In Q1FY24, global green energy accounts for 17.9% of total energy consumption, with a 49.3% reduction in carbon emissions from scope 1 and scope 2. The company is focusing on water positivity, with water regeneration surpassing consumption at its Pune campus.

Outlook
•The company is confident that the long-term secular growth in the IT industry will remain strong and unaffected by the current short-term challenges.
•They have expanded their addressable market by investing in service lines, aiming to gain mindshare with clients and maintain positive interactions.
•The company's primary focus remains on investing in sustainable long-term growth and reducing agency hiring costs.
•Expects to maintain the equilibrium margin above mid-teens.
•The company continues to partner with clients to deliver high-value services through innovative offerings, resulting in growth in most service lines this quarter.

Affle India Ltd- Q1FY24 Concall KTAs
CMP INR 1,110 | Market Cap INR 148,340 mn

Financial performance:
-Revenue reached INR 4066 mn, showing a 17% YoY growth.
-PAT increased to INR 662 mn, a 21.4% YoY increase.
-Three-year growth exceeded industry trends.
-Direct customer contribution accounted for 78% of revenue.
-Combined organic growth in India and global emerging markets surpassed 20% YoY.
-EBITDA rose to INR 781 mn, a 13.7% YoY increase, with EBITDA margins at 19.2%.

Cost: OPEX included 61.1% of revenue from operations, covering inventory and data costs. Employee costs grew by 13.9% on a QoQ basis.

Tax: Lower effective tax rate in this quarter stemmed from reduced profitability in select markets and the utilization of pre-acquisition losses from European entities.

Revenue mix: India contributed 30.7% while international contributed about 69.3% of their revenue.

Developed markets: Achieved its highest ever count of active customers and established a significant US-based team. The quarter saw the introduction of a full funnel proposition on the iOS app store, Apple Search, empowering advertisers to efficiently target premium conversions among iOS users. This positions the company as an early pioneer in advanced Apple ecosystem use cases, including Scan.

YouAppi: The inclusion of YouAppi is to be considered as a consolidation of the company's developed market operations, adding over INR 450 mn to the top line. YouAppi's margin rate is around 11%. With the combination of YouAppi and other initiatives the company's revenue, customer base, and team size in developed markets, particularly the US, have significantly expanded.

Guidance:
-The company has completed three years with Apple, focusing on consolidation and acquisition strategy.
-Year goal is deep synergy for margin expansion, addressing investor concerns about margin dilution from acquisitions.
-Strong emphasis on margin extension in the current quarter, with YouAppi consolidation yielding over 19% data contribution and more than 21% growth in PAT YoY.
-Aiming for a sustainable, defensible growth pattern of 20%+ YoY, prioritizing margin expansion for acquired entities.

CPCU: CPCU business had 16.7 mn conversions at a CPCU rate of INR 55, leading to CPCU revenues of INR 3,778 mn, up by 17.1% YoY. The CPCU rate is expected to remain within the range of INR 55-58 for the remainder of FY24, with an aspiration to gradually raise it to around INR 58.

OEM: The company is directing its attention to ONO and OEM app stores. Contracts highlighting this approach have been signed, with ongoing integration processes.

Organic business: Organic business achieved growth of over 20%. Although developed markets experienced a decline in April and May, a recovery was observed in June.

CTV: The company has extended its unique CPCU business model to CTV, shifting the focus from charging advertisers for ad display to charging for deeper funnel conversions based on CPCU models. This approach has been well-received in India, global emerging markets, and the US.

Outlook: Aims to leverage its new IP for improved outcomes in consumer privacy, data simulations, vernacular creatives, self-learning algorithms, and fraud prevention in digital advertising. Prudent customer profiling and risk management remain priorities. Anticipating synergies and mid-teens growth by June, 2024. Excited about R&D in responsible AI integration.

Syrma SGS Technology Q1FY24 Concall Highlights
Syrma SGS Technology | CMP: INR 481 | Mcap: INR 84.83bn
The acquisition of Johari Digital Medical will add additional topline accretion of 5%-7% and margin accretion of 1%-1.5% going forward.

The expected capex around INR 4.5bn in next 2-3 years will improve the business going forward

The order book remains healthy at INR 35bn (~1.7x of FY23 revenue) and continuous order inflows shows business visibility

Revenue
Revenue growth is expected around 20%-30% over next 2-3 years backed by existing business, medical and new product launches will drive the growth further going forward.

Margins
EBITDA margins is around 6% and expected to improve gradually backed by volumes, high margin products and lower overheads going forward.

The gross margins are expected between 23% to 26% going forward.

ODM margins are around 14%-15%.

Healthcare business gross margins around 40% to 48%.

Order book
The order book stood around INR 35bn (~1.7x of FY23 revenue). Around INR 20bn to INR 22bn order book will be executed over next 1-1.5 years.

The order book breakup is Automotive (25%), Consumer (40%), Healthcare (9%), Industrials (20%-22%) and IT & Railways (3%-4%).

Acquisition
The company has acquired 51% stake in Johari Digital Healthcare. Johari has 15-18 FDA approval in plant and processes are certified by leading agencies in US, Canada and Australia.

Johari revenue stood at INR 1,600mn (+77.7% YoY) in FY23 and EBITDA margins are above 30% in FY23. The PAT is expected around INR 700mn – INR 800mn in FY24.

The acquisition will add additional topline accretion of 5%-7% and EBITDA margins accretion of 1%-1.5% going forward.

Around 90% of sales are from exports in Johari Digital Healthcare.

The additional consideration of INR 280mn to be paid over next 2 to 2.5 years for certain milestone achievements.

Capex
The capex stood at INR 500mn in Q1FY24. The capex is expected to be around INR 2,000mn to INR 2,500mn in FY24. Around INR 1,500mn capex is expected in FY25.

The current manufacturing area is around 8.5 lakh sq.ft and the company acquired 16 acres land from SIPCOT in Krishnagiri district.

The Chennai plants are all export oriented and factory covered 1.5mn sq.ft. The company signed an agreement to acquire 6 acre land in Chennai for domestic business.

The company has signed a long-term lease agreement in the Noida plant. The plant is under trial production and capacity is around 1 lakh KC. The plant is dedicated to consumer electronics.

Working capital days
Inventory days – 81; receivables days – 59 and Payables days – 74 and Working capital days is around 67 on average on a yearly basis.

Inventory days – 100; receivables days – 67 and Payables days – 95 and Working capital days is around 74 on average basis in Q1FY24.

Exports
Exports revenue stood at INR 1,800mn which is 30% of revenue as of Q1FY24.

Capacity utilization
The capacity utilization stood at 40% as of Q1FY24.

Other highlights
Railways revenue is small and expected 3% to 5% of sales in FY24-25.

EV business is around 50% of automotive business.

The growth areas are medical, Railways, Motilities and IoT based electronics.

In other income, treasury income stood at INR 16.4cr and foreign exchange fluctuation gained around INR 5.6cr in Q1FY24.

The company got major contracts for utility metering systems. It includes gas, water and electricity.

Outlook: Syrma SGS Technology is expected to grow 20%-30% over next 2-3 years. The order book stood at INR 35bn (~1.7x of FY23 revenue) shows business visibility going forward. The capex is expected to be around INR 4,000mn in next 2 years and will add additional topline going forward. The acquisition of Johari Digital Healthcare will improve the business and exports going forward. We have a positive outlook on the stock.

Route Mobile Ltd-Q1FY24 Concall KTAs
CMP INR 1,501|Market Cap INR 93,933 Mn

Guidance: The management has guided for 20% growth in FY24 with the potential for revision pending the finalization of an imminent deal, aiming for an EBITDA margin in the 13% to 15%.

• The company secured a significant CPaaS contract with a leading e-commerce and cloud computing company, spanning 10 countries, including India.

• Advanced discussions for large firewall contracts (Example: over $100 mn deals) are underway, with notable growth in MS and NLD volumes in Q4FY23.

• The company's Tier 1 vendor status in ROCCO's A2P Market Impact Report FY23 for MNO and enterprise category reaffirms its market position.

• The promoters and promoter group of Route Mobile Limited has agreed to sell their 57.56% shareholding to Proximus Opal, followed by a reinvestment in Proximus Opal by Route Mobile's founding shareholders.

Synergy with Proximus Opal (Telesign)

• The acquisition of Proximus Opal will provide access to the US market through telesign blue-chip customers, enabling cross-selling of services and expansion into high-growth regions.

• The partnership with Telesign will also lead to the developing a digital fraud platform, TruSense, addressing emerging market issues.

• In Q1, the company processed over 29.5 bn transactions, the highest quarterly volume.

• The acquisition will expand the company's presence in 9 new geographies, resulting in revenue and cost synergies.

Billable
• Billable transactions reaching INR 29.5 bn.

• Average realization per billable transaction reduced to INR 0.33 in Q1 FY24 vs 0.37 in Q4FY23, with net revenue retention of 122% and over 100 new customers added.

• The contractual locking of shares in the CPaaS leg of the business will continue for 5 years, with various options for future ownership.

Amazon
• The integration with Amazon is underway, with expectations of generating volume and revenue from August.

• Masivian revenue was INR 57 cr, and MRM messaging revenue was INR 146 odd cr in Q1FY24, with one MRM messaging client being impacted.

Intellect Design Arena Ltd-Q1FY24 Concall KTAs
CMP INR 691|Market Cap INR 94,103 Mn

Intellect AI operates on a SaaS model, with increasing deal sizes, including double-digit $1 mn deals. In the next five years, there are seven to eight such deals, ranging from $10 mn to $20 mn in DOC and TCO value. This will contribute to ~15%-20% growth in Intellect AI.

•eMACH.ai: APIs, microservices, and Cloud and headless approach drive deals with major banks in Asia-Pacific. Accenture develops user experience for eMACH on ebank.ai.

•Deal: Company won deal with OTP Bank, Eastern Europe's largest bank across 11 countries. Deals span Asia Pacific, Saudi Arabia, French Bank, Eastern Europe, USA simplification drives 30%-40% operational cost reduction via decision AI, benefiting banks.

•Design: The company believed that the design journey has remained relatively stable around 15%-20% FY24.

•Investment: Over the past eight years, the company has invested approximately 16 mn person-hours, equivalent to $1.26 bn at an average R&D rate of $80 per hour in the US context.

•Client: The company partners with Eduard and AWS, serving top customers worldwide. Nine out of ten in the Middle East, six out of ten in Europe, four out of ten in America, nine out of ten in India, and five out of ten in Asia-Pacific. Focus on AI, composable technology, and design thinking, supported by composability, contextuality, and D-3 OTs. Global reach highlights expertise.

•Deal Size: The deal values vary significantly, some exceed INR 5000 Mn, others over INR 2000 Mn. Large deals range from $30 mn to $100 mn. Though not reached $100 mn yet, ongoing discussions for potential deals.

•Capitalisation: Current budget stands at around $17.5 mn (~INR 1400 Mn), which is <$20 mn (~INR 1600 Mn) for FY23.

•Licence: INR 12,520 Mn linked revenue (License + Platform + AMC Revenues)

•Provisions: The company maintains a conservative approach to provisioning, making adjustments as needed, but currently, there are no signs of incremental provisions.

•European core banking opportunities: The company is seeing lot of opportunity in Europe and OTP Bank sign-up, hiring President for Germany (Keshav Nivasan). Rajesh's focus: ICAO C16 in Europe.
•Margin: The growth in license revenue will contribute to an increase in margins.

•Banks: The majority of banks, around nine out of ten, are intellect customers, indicating their substantial investments in the new AI technology space.

•Outlook: The company includes strong deal wins and a healthy funnel, which are expected to drive future revenue growth.

TCS Q1FY24 Conference Call Highlights

The company's management maintains a positive long-term outlook based on their analysis of the order book. However, they acknowledge the presence of uncertainty in the near term as clients adopt a month-to-month approach in their decision-making. Clients are actively reevaluating and reprioritizing projects, focusing on those deemed essential for their businesses and with faster return on investment (ROI). Key priorities for clients include cost optimization, vendor consolidation, and integrated operations. Although the growth is affected by weaknesses in North America, Europe, and BFSI sectors, there has been notable growth in the UK, life sciences, and manufacturing industries. Looking ahead, the company remains cautious in the near term but optimistic for the long term, driven by the demand for emerging technologies like Generative AI and the presence of a strong order book.

- **Margin:** Through operational efficiencies and reduced reliance on subcontractors, the company managed to alleviate some of the impact and achieved an operating margin of 23.2%. The subcon costs are back to the Pre Covid levels and the margins should be clawed back as they move through the year. **The Management aspires to get to a margin band of 26-28%.**

- **Employee: ~**70% of TCS employees will receive full variable pay, and exceptional performers received a raise of 12-15% during the FY23 compensation review. Although there have been delays in onboarding new hires, TCS is committed to honoring all offers. Hiring has slowed down, resulting in a net addition of 523 employees in Q1FY24 as TCS adjusts to project delays and an uncertain macro environment. To accommodate these challenges, TCS plans to distribute employee additions evenly over the next four quarters, while still aiming to hire a total of 40,000 employees. TCS also boasts a significant workforce of over 50,000 employees focused on AI ML solutions and 148,000 employees certified in hyperscaler cloud technologies, positioning them as leaders in the industry.

- **Demand:** The demand for IT services is expected to remain subdued in the near future. Clients are primarily interested in cost optimization, vendor consolidation, and integrated operations due to the uncertain macroeconomic outlook.

- **Segment**: The manufacturing sector is showing growth due to low base effect and increasing demand, especially in the automotive industry. However, sustainability depends on the overall economy. Essential retail is performing well, but there is a decline in demand for luxury and specialty retail segments.

- **Attrition:** Improved attrition rate was recorded at 17.8%, compared to 21.1% in Q4FY23.

- **DSO:** Sequentially, receivables remained flat at 65 days sales outstanding (DSO) in dollar terms.

- **Client:** In Q1, the company added one additional client in the $100 mn revenue band, bringing the total to 16. There was an increase of 13 clients in the $15 mn revenue band, totaling 137 clients. Moreover, there were 24 new clients in the $20 mn and above revenue band, totaling 296 clients. The $10 mn revenue band witnessed an addition of 22 clients, totaling 468 clients. Furthermore, there were 27 new clients in the $5 mn and above revenue band, totaling 677 clients. Lastly, 72 more clients were added in the $1 mn and above revenue band, bringing the total to 1,258 clients.

- NGS highlighted in his statement that macroeconomic uncertainties have made clients more cautious. Clients are adopting a month-on-month approach, resulting in limited visibility regarding future spending even within their own organizations. While larger transformation programs like cloud migration continue as planned, smaller programs are being scrutinized. Projects are being reprioritized to focus on those deemed business-critical with faster ROI realization.

Outlook & Valuation: The company's USD revenue in Q1FY24 did not meet our expectations, but TCS's achieved $10 bn in deal wins over two quarters. Despite the impact of the current sentiment on client spending, we remain optimistic about TCS's future prospects in the medium to long term. This optimism is fueled by TCS's ability to successfully engage with large clients and the presence of a robust pipeline of opportunities. Clients prioritize essential projects and cost optimization. The company achieved an operating margin of 23.2% and plans to hire 40,000 employees over four quarters. Manufacturing and essential retail sectors show growth, while luxury and specialty retail experience decline. The company added new clients while cautious client spending persists due to macroeconomic uncertainties. Our analysis indicates a USD revenue CAGR growth of 7% over FY23-FY26E and a margin of 24.3%/24.7%/25% for FY24E/FY25E/FY26E. **We value TCS at a PE of 22x its FY26E EPS of INR 167, resulting in a revised target price of INR 3,679 per share. We maintain an Accumulate rating on the stock.**

Infosys Q1FY24 Concall Highlights

•**Delayed decision-making**, Affects recent deal wins, but a strong pipeline will drive future growth. Retail clients prioritize cost efficiency, AI-driven digital transformation for better customer and employee experiences, predictive analytics, and real-time insights.

•**Deal wins**: The company's pipeline looks promising as it exits the year, with strong large deals and a continued presence of mega deals.

•**Margin**: In Q1 was 20.8%, 20bps lower QoQ. This was primarily due to a 70bps of benefit from cost optimization, including utilization, automation, which was offset by a balanced 90 bps impact from employee-related costs, including higher variable pay promotions.

The company has launched a comprehensive margin expansion program focusing on pyramid efficiency, automation, generative AI, cost reduction, and portfolio value communication. The company has an ambition to improve operating margin in the future periods.

•**Generative AI platform:** AI is gaining traction with clients, boasting 80 ongoing projects in various applications and the training of 40k employees, with confidence in its potential for transformative productivity improvements.

•**BFS**: In the Financial Services sector, certain clients are expected to slow down or halt their involvement in transformation programs and discretionary projects, affecting mortgages, asset management, investment banking, and payments in the Telecom industry.

•**Hi-tech Industry** : There may also be impacts in the high-tech industry and parts of retail, despite recent wins of two mega deals and a robust pipeline of large and mega deals, with revenue from these deals expected later in the FY.

•**Client metrics:** Remained strong with a number of 50 mn clients increasing to $79 mn and $200 mn clients at 15. Reflecting a strong ability to top clients by providing them multiple pay a multiple relevant services.

•**Utilization** excluding trainees improved to 81.1%, which has further headroom for growth.

•**Geography**: Good traction in multiple geography in Europe, Germany, UK. Macro environment factored in Europe.

•**Large deal:** Signed 16 large deals in Q1. PCV was $2.3 bn with 56% net new. 3 deals each were in Financial Services, Utilities, Resources & Services, and communication 4 in Retail 2 in manufacturing, one in the life sciences vertical. Region-wise split by 11 in America 4 in Europe and one in ROW.

•Large banking clients prioritize vendor consolidation, cost takeout, and self-funding transformation programs, while financial institutions explore outsourcing non-core business with employee transitions.

eMudhra- Q1FY24 Concall KTA's
CMP INR 452| Market Cap INR 35320 mn

Financials
•Total income increased by 52.9% YOY reaching INR 807.3 million.
•EBITDA increased by 16.9% YOY reaching INR 247.5 million (margin of 30.7%) in Q1FY24
•Net Profit for Q1FY24 was at INR 163.7 million recording a growth of 19.4% YOY (margin of 20.3%).
•The success of enterprise solution in international markets was a major contributor to the strong revenue inrease.
•Cash position is at INR 70-80 crore

Revenue Split
•India and International Markets- 25:75
•Partner and Direct Sales- 24:76
•Cybersecurity and Paperless segment- 71:29
•Conventional digital signature revenue
Channel and Retail- 52:48

Geography
•A number of victories in North America, Middle East, and Africa have contributed to the global expansion.
•As a result of the growth in international business there is pressure on the margins because of the high costs.
•A concious plan to enter Kenya or some other region for the e-Sign segment.

Expansions and Launches
•Attempting to expand the certification products in the private sector market of the US.
•The em-Signer product is now live on AWS marketplace allowing easy access for the customers.

Other KTA's
•Investment in the local sales team is steady
•The order book for enterprise solutions in India continues to be robust
•Collabrations with leading technologies continued

R&D
•Increased interaction with the IT research community
•Risk assessment using generative AI
•Internal assessment using generative AI
•Post quantum cryptography

Guidance
For the upcoming quarters a healthy pipeline and order book can be expected , most of the decline from the current quarter will be recovered.
The margin will improve once growth has increased for the Indian Enterprise business, but globally due to expansions the cost has gone up , so an overall margin increase can not be predicted.

Outlook
The company is aiming a revenue growth of 25% while maintainig its current margins.
The company is focusing on global expansions , and are aiming at more profitability so that there is a growth in the EPS.
The company is also working with AWS to expand their network and help gain momentum in the upcoming quarters.

Persistent Q1FY24 Conference call Highlights:

In a good economy, the growth rate will range from 3% to 5%, and in a bad economy, it may be around 2% to 4%. Despite challenges in the current macro environment, the company has persevered and achieved 3% growth, striving to deliver the best possible results and focusing on their bookings and objectives going forward.

- **EBIT Margin:** 50bps, as the tailwind of revenue growth was offset by higher costs, higher amortization costs, and doubtful debt provision, expect to offset most of the margin headwinds, due to the wage increase to cost rationalization measures, which have been set in motion from Q2 onwards. Also, 40 bps came in this quarter from H1B visa filing.
- **Demand**: The demand environment remains stable, there were a few instances of delays, in customers this isn't making going to wait some deals got pushed out to subsequent quarters, and they are hopeful of closing these deals in Q2 and subsequent quarters.
- **Client**: Top customer revenue, saw a healthy growth of 13.4% QoQ in USD dollors. This was on the back of 30%+ growth in the previous quarter. Continue to partner closely with top customer to help them achieve their digital transformation objectives while also exploring meaningful opportunities for long-term collaboration. Overall portfolio of top 50 customers grew the robust 5.7% during in Q1. Top 50 customers drove portfolio expansion, and $20 to $30 mn bracket gained new clients.
- **Geography**: North America up 4.9%, India up 1.5% in revenue QoQ. In Q1, Europe revenue declined by 2.8% QoQ, influenced by smaller rates.
- **Headcount**: The company added 241 new employees, bringing the total headcount to 23,130. Efforts to deploy more freshers on customer projects are ongoing, aiming to improve utilization in the coming quarters. Blended utilization for the quarter was 78.3%, with attrition reduced to 15.5% compared to 19.8% in Q4.
- **Generative AI**: The company has been actively involved in generative AI developments, forming partnerships with leading hyperscalers like AWS, Microsoft, and Google. They plan to train 16k employees in AI-related competencies. Various discussions with over 50 clients are in progress for generative AI projects, indicating a promising adoption trend in the coming quarters and years.
- **M&A**: Previous acquisitions have been successfully integrated, resulting in joint capabilities and winning deals. The company remains active in pursuing new M&A opportunities. Dr. Ajit Ranade has joined the Board of Directors, contributing his 32+ years of experience to guide the company's strategy and growth.
- **Administratively**, new offices have been established in Jaipur, Krakow, and Poland, and further expansion plans include locations like Kolkata, Kochi, and Chennai.
- Due to increased complexity in pricing and service deals, the breakdown of services and IP revenue has become <10%, leading to the discontinuation of this disclosure.

Valuations

We believe that in the future, the company's margin will expand by increasing the size of current accounts and concentrating on newer areas where AI technology is being utilized. The company's expertise in cloud-based services is continuously growing and this allows them to achieve better pricing compared to other areas. The company stated that they anticipate in a good economy, the growth rate will range from 3%-5%, and in a bad economy, it may be ~2% to 4%. Despite challenges in the current macro environment, the company has persevered and achieved 3% growth. Our belief is that the present valuations reflect the potential gains, but fail to account for the risks associated with uncertain macroeconomic factors. Hence, **we value the Persistent system at a PE of 25x to its FY26E EPS of 190.8, which yields a target price of INR 4,770 per share (Earlier target price of INR 4,716 per share). We downgrade our rating to Neutral from Hold earlier.**

MPS Ltd- Q1FY24 Concall KTAs
CMP INR 1,386|Market Cap INR 20,645 Mn

Supercharging Scale in the execution of Going Gestalt. Surpassing a Revenue of INR 1,500 crore by FY28 is a milestone that the company will comfortably achieve. FY23 revenue stands at INR 500 crore, and the anticipated revenue for FY28 is 3x that of FY23.Aiming to achieve a revenue range of 500-900 crore through organic & 900-1500 crore through inorganic methods.

Guidance
The aim is to sustain a 10-12% growth in the Content business, achieve a 10-15% growth in the Platform business, and experience a robust 15-25% growth in the Learning segment. Within the e-learning domain, the target growth is even higher at 25-30% in Magineu due to the small base effect.

In the previous quarter, PAT was projected to be INR 100 cr, and this guidance will be reiterated for the upcoming Q2FY24.

Margin
The content segment aims to achieve a mid 40%-45% margin based on revenue. The platform is expected to contribute another 40-45%, while e-learning shows promising growth at 25-27%, with potential to break the 30% barrier in the long term. Overall, on the consolidated level, the company is targeting a 35% margin.
Top 15 customer contribute towards 56% of revenue and much lower customer concentration then 2012.

Segment Performance
Content Solutions revenue grew by ~10% in Q1FY24 annually . Given the significant operating leverage in the business, segment profit grew even faster in Q1FY24 at ~28%. Revenue in Scholarly and Education business units grew ~15% & ~11.5% respectively in Q1FY24. The emphasis on STAR accounts was the core lever that was unlocked to drive growth in Q1FY24. 72 of the Top 10 accounts in the Content Solutions business grew at double-digits.

Despite the revival in the Platforms business, eLearning continued as the second-largest business segment. Revenues were at INR 32.35 crores in Q1FY24, constituting ~25% of Total Revenue.
The eLearning business segment is also the fastest growing with upwards of 30% Revenue growth in Q1FY24 over the previous year.
Added two new customer logos to the Top 10 Accounts.

European subsidiaries
The Magineu business that is focused on Marketing Communications continued the momentum from FY23 with new project wins and growth in existing projects. And the two European subsidiaries performed well ahead of expectations.

EI Design
Acquisition of EI design confirmed validity of new acquisition playbook. Where it is acquired in complying valuation and operationing also indicates highly positive business.

Double digit platform business
Revenue in the Platform business grew in double digits for the first time since the acquisition of HighWire in 2020.

Segment Profit
Since the operating leverage in the Platforms business is the highest across all businesses, segment profit grew even faster at ~58% in Q1FY24 compared to last year.

Products
Execution of Product Roadmaps was on schedule for the entire platform suite in Q1FY24. The marketplace has well-received new features and functionalities, and there should be several monetization opportunities soon through implementation projects and migration programs.

New product launch
The company has three product launches planned in this business segment, one each quarter through the rest of FY24, and are hopeful that these will create new revenue streams in the long term for MPS.

Cross selling opportunity
Engagement with core customers has significantly improved in the Platform business, with discussions underway on cross-selling.

Robust pipeline
The company also has a robust pipeline of RFPs with new customers. Overall, the Platform business is gradually progressing from consolidation to a growth phase.Feedback is highly positive for the platform business.

* Big opportunity in AI/ML*
AI/ML is opportunity for the company to differentiate and also launched new intiative as a MPS lab in Bangalore. Consistent 100 professional in elements expertise category and progress category classified in three 1) established 2) emerging 3) pilot initiative. MPS AI/ML application in content profiling workflow outing and composition of standard wayout products. Going forward focuses on enhancing the offerings and cementing the leadership in the market.

Acquisitions
The company's primary focus is on acquiring businesses with a 15% EBITDA and 10% CAGR growth over a three-year period. The deal sizes are also becoming larger. They are actively pursuing approval for a couple of acquisitions and plan to fund them through internal accruals and debt ranging from 130 to 200 crore. Alternatively, they may consider a QIP.if dealing with a substantial acquisition.

Strong H2FY24
Q3 &Q4 tend to be stronger quarter due to closure and Q1 softer historically but it came stronger due to some good project.

ESOP
1st time introduce esop that cover 60 people's.

Acquisition management
Since the acquired company's management is present, it is important to collaborate and cooperate with them. This involves studying the situation and involving the HR team in the deal. The goal might be a staged buyout, gradually increasing shareholding over time, and earning points for achieving certain objectives.The company has goal to extend Managment team and top management has focus to support advisory role.

Unlocking order in Q2
The company has surplus capacity currently, and they anticipate unlocking orders in Q2 and H2FY24, which they expect will lead to favorable margins.

Outlook
MPS Ltd aims to achieve over INR 1,500 crore in revenue by FY28 which is 3x, focusing on organic and inorganic growth. They anticipate strong performance in Q3 and Q4, and have introduced ESOPs to support their growth plans.

FirstSource Solutions Q1FY24 Concall KTAs

The company remain confident in revenue growth guidance of 2% to 5% for FY24. The revenue guidance incorporates a 3% headwind from last year's base effect and a 3.5% to 4% headwind from onshore-offshore portfolio rebalancing.

The focus is on growing that part of the portfolio, with the current margin outlook in the range of 11%-12%, and a plan to gradually improve by ~25 to 30 bps going forward. Expecting sequential growth, with Q2 showing relatively modest growth due to higher impact of onshore to offshore, but anticipating acceleration in growth for Q3 and Q4.

•The growth strategy centers on reducing exposure to macro simplicity, broadening BFS, scaling new segments in healthcare and utility, driving growth in chosen verticals, leveraging digital tools for cost efficiency, and harnessing AI advancements.

•The US CMT and US Utility client base has grown, with notable wins in FY23 in both segments. These expansions are aiding the company in increasing the share of utilities in its overall business mix, while still exercising caution.

•**Mortgage:** Revenue was 9%, down 17% YoY; Q1FY24 saw 10 new foreign BFS clients, 5 in healthcare, and 1 in CMT, with gradual scaling expected over 12-15 months depending on complexity costs.

•**Pipeline in digital and platforms**, Automation and Analytics service clients across industries continues to expand, especially in the areas of repeated intake, repeated collections and process automation faster.

•**Implemented ML-based** machine translation solution over chat and email for a large media client to quickly scale and support sales across multiple languages from India.

•**Over 98% accurate translations**, faster and cost-effective native-like experience; reduced inquiry turnaround time to one day; extended contract with top client for 10 more years.

•**Transitioning considerable** portion of UK operations to India for the account to counter 3% revenue headwind; estimating onshore to offshore impact at 3-4%, including healthcare and BFS movements; potential for growth as serve complex processes from India.

•**UK slowdown** affecting core portfolio volumes, US clients cautious on large transformations, but strong engagement in cost optimization programs across industries; detailed discussion on key trends in industrial segment to explore growth drivers.

•**BFS segment** declined 13.6% YoY due to mortgage base effect, with a 1.5% sequential decline; mortgage business stabilized, volatility behind, volumes bottomed out, engaged in strategic cost-saving program, and achieved a solid sales quarter.

•**Diversification:** Origination volumes slightly increased; refining activity expected after Fed interest rate reversal; steady home purchase volume, driving new home project starts; strong demand for existing properties in hydro places; solid progress on portfolio diversification, expanding relationships with key clients; overall mortgage outlook for the year unchanged.

•**Collection:** In this segment shows signs of increased business activity with rising US credit card delinquencies at 2.43%, 6th consecutive quarterly increase post COVID, supported by trends seen in large US banks' latest earnings.

• **Making progress** in acquiring new clients and cross-selling, added four new clients; success in expanding into auto finance segment; strong UK BFS performance but slower growth due to economic challenges and offshore movement; focusing on digital call center capability for US bank segment.

•Steady segment growth, impacted by the public health emergency during COVID, lifted in May '23; expecting deal activity to pick up in H2 as states

•**Healthcare:** Health systems adjust to new reimbursement environment; expanding offshore capabilities, added one new client and migrated onshore clients to offshore, expecting gradual scaling.

•The revenue decline in provider and growing share of wallet across top 10 health plans in HPHS while strongly executing on the opportunity, the digital intake opportunities.

•**Finalizing contract,** hiring for strategic client's sophisticated operations, expecting $15-18M annual revenue, go-live in Q3, ramp up by Q4FY24 or latest by Q1FY25, FY24 revenue growth guidance: 2-5%, 11-12% operating margin, includes 3% headwind from last year and 3.5-4% headwind from onshore-offshore portfolio rebalancing.

•**DSO** came in at 62-63 days against 60 days.

Valuations

The company has provided guidance for a growth of 2-5% in revenues in CC terms, along with margin of 11%-12%. This growth is expected to be driven by an improvement in the collections business and a potential revival in the Provider business, as the US has announced the end of Public Health Emergency (PHE) from May 11th. This decision is likely to boost eligibility services volumes, alongside sustained momentum in CMT (US) and BFS in the UK, among other contributing factors. The company also considers exploring inorganic opportunities in adjacent capabilities to address growth concerns. **We value FSL at a PE of 16x to its FY25E EPS of INR 10.4, which yields a target price of INR 167 per share (earlier target price; of INR 125 per share). We upgrade our rating to Accumulate from Hold earlier.**

Tech Mahindra Q1FY24 Concall KTAs
CMP INR 1143 |Market Cap INR 1,115,158 Mn

Add in tranches |TP: INR 1560
Q2FY24 is expected to be better due to a few of the large deals in the pipeline which are on the verge of getting signing.

•TechM reported Q1 24 revenues of USD 1,601m down 4.2% cc QoQ versus our estimate of 2.5% decline in QoQ CC terms. Revenue from operations rose by 4% YoY/-4% QoQ to INR 131,590 Mn below estimate 134,600 Mn. The muted performance of various verticals includes Manufacturing (up 1.9% QoQ); other vertical (down 0.2% QoQ), CME (down 9.5% QoQ), and BFSI (down 3.1% QoQ). TME (up 0.2%QoQ) and Retail & Transport (flat 0.0% QoQ). Overall, the revenue decreased by 4.2% QoQ in cc terms. *The de-growth in revenue performance was witnessed due to seasonality with Comviva(Tech M company), Slowdown in discretionary spending and one of the clients declaring bankruptcy(revenue contribution ~0.3%-0.4% of total revenue)*.

•Decent TCV of USD 359m versus an average of USD 770 m for the past 8 quarters.

•Offshore effort mix was up 40 bps QoQ to 73.1%. Total number of Active clients decline by 42 QoQ to 1255. The offshore Revenue mix has a headroom of 4% to 5% improvement from current levels.
•In Q1FY24, trained 8k employees in a new generative AI platform across various hyperscalers.

•Investments are being made by TECHM in various emerging segments like Quantum Computing, Generative AI, 5G implementation, and Cyber Security.

•Effective tax rate for the quarter stood at 27.6%. DSO is up by 2 days QoQ to 98 days.

•Margin: EBIT margin decreased by 438 bps QoQ to 6.8%, led by the increase in SG&A expenses (up 4.7% QoQ). The company is working on margin levers such as lower Subcon cost, improving the employee pyramid, and increase in offshoring.

•Subcon cost decreased from 16% in Q4FY23 to 14% in Q1FY24; aspires to maintain it below 10% by the end of FY24.

•Wage hike: The company most of the wage hike impact is being reflected in Q1FY24 results.

•5G: The company’s ramp up in 5G implementation is taking time due to postponement of discretionary spend in telecom vertical.

•Manufacturing and Transport (Automobiles and Aero) segments are expected to drive growth in Q2FY24.

Outlook: During Q1FY24, various verticals showed mixed performance, while the company invested in emerging segments like Quantum Computing, Generative AI, 5G implementation, and Cyber Security. Margin challenges were addressed through cost optimization, aiming to maintain subcon cost below 10% by FY24 end. The company expects growth in Q2FY24, primarily driven by the Manufacturing and Transport segments. Also, the company's significant presence in the Communications vertical presents a potential opportunity. The anticipated wider adoption of 5G technology is expected to lead to increased spending in this industry, potentially benefiting TECHM.
We are optimistic that the company has overcome its most challenging period, which was anticipated due to weaknesses in the banking segment. So one can Add in tranches. At a CMP INR of 1143 stock trades at PE 15x/13x to its FY25E/26E EPS of INR 75/85. We value the TECHM at a PE of 18.3x to its FY26E EPS of 85, which yields a target price of INR 1,560 per share

IRCTC-Q1FY24 Concall KTAs

IRCTC INR 640 is a great bet at current levels. Things to improve substantially from current levels

Revenue registered growth of 3.8% QoQ/17.5% YoY to INR10,020 Mn against INR 9,650 Mn. The revenue growth driven by Catering segment. EBIT margin for the segment to 14.6% in Q1 as compared to 12% in Q1FY23 and 12.1% Q4FY23 QoQ. Adjusted EBITDA margin at 34.2% against Q1FY23 37.6% (33.6% in Q4FY23).

Catering: The revenue increased by +20.5% QoQ/35.5% YoY to INR 4,770 Mn with EBIT margin of 14.6% vs 12.1% in Q4FY23/12% Q1FY23, the total revenue proportion grew from 41% to 47% due to 891 to 1,209 trains; monthly average ticket is INR 18 Cr (Q1FY24 INR 547 Mn), and the future focuses on catering services for around 1500 trains.

Tourism: Tourism segment it has seen the impact of seasonality, especially in the state revenue at INR1425 Mn implying a down by 30.2% QoQ/+23.8% YoY.(If exclude the exceptional item of INR 519 Mn for the provision of Tejas haulage charges, Tourism segment has also registered a profit); however, the company anticipates growth in the upcoming months, particularly during the peak season from September to February. Inclusion of Vande bharat train aligns with expansion plans, enhancing e-Ticketing and catering prospects in Rail segment through Ministry of Railways' new product introductions.

Golden Chariot (luxury Train): Partnering with the Government of Karnataka to operate the Golden Chariot luxury train this year, leveraging their successful advertising strategy for business.

Tejas: The two Tejas trains, including the LGM New Delhi Tejas with a 72.8% occupancy and the Ahmedabad MMCT Tejas with an 89.2% occupancy, collectively generated revenue of INR 45.89 Cr in Q1FY24.

Ticketing: The revenue decreased to INR 2900 Mn by 1.7% QoQ/3.8% YoY, with EBIT Margin at 82.7% QoQ vs 88.1%; online ticketing reported 104.1 Mn vs 115.6 Mn, share of e-tickets at 808.6 Mn vs 796.4 Mn, including convenience fee INR 1980 Mn, service charges INR 194.8 Mn, agent commission received INR 177 Mn, license fee from call centre INR 0.6 Mn, integrated services INR 1390 Mn, agent login authentication INR 20.5 Mn, inquiry charges INR 8 Mn, and chatbot charges INR 3.2 Mn, totaling INR 2900 Mn, with expected revisions in license fees.

Expanding 5G access, and enhanced Internet connectivity up to villages are expected to drive E-Ticketing adoption, alongside new train services.

AC ticket of INR 48.4 Mn (40.4 Mn in Q1FY23) vs Non AC INR 55.8 Mn (INR 75.4 Mn in Q1FY23)

CapEx: INR1010 Mn

Charges: The company is seeking reconsideration from the Ministry to apply the revised charges prospectively, not retroactively, due to the communicated surplus in haulage charges (INR 519 Mn) for the specified period.

Rail Neer: 16 plants (4 IRCTC, 12 PPP model) with a total 1.5 Mn capacity (52k liters/day), the company anticipates 4 more plants 3 this year and 1 PPP by FY24-FY25—raising capacity to 1.8 Mn/day (840,000k liters/day); Q1FY24 revenue reached INR 921.5 Mn (including INR 16.1 Mn).

IP Platform: No of transaction grew by 12.94% QoQ/36% YoY INR 15.4 Mn. Also, the company in the process of obtaining an RBI license and following their recommendation, establishing a subsidiary for the IP license.

UPI charges: Increased UPI transactions to INR 39.3 Mn vs 38.4 Mn earlier have lowered convenience fees, impacting agent business slightly, which decreased from INR 370 Mn in FY23 to INR 329 Q1FY24.

Wage hike: IRCTC wage revision is done every 10 years. So next revision in 2027 as last revision done in 2017.

Outlook: We expect that revenue will keep increasing due to focus on e-catering and generating income from advertising and license fees.

Allied Digital Services Limited- Q1FY24 Concall KTAs
CMP INR 133|Market Cap INR 7283 Mn

The company possesses a robust pipeline and anticipates achieving annual revenue growth surpassing 20%-25%, while also expecting an upward trajectory in margins.

•Allied Digital's business pipeline is exciting both in India and internationally. The company is focusing on pursuing larger contracts to utilize its deep competencies across services.

•A holistic 360-degree transformation program is underway to elevate processes, human resources, customer relations, and corporate governance practices. Various measures, like reclassifying segmental performance, have been implemented for clarity.

•The company aims to stay relevant to clients' future needs amidst rapid technological changes. Allied Digital is optimistic about the future, confident in delivering sustainable growth, and creating value for all stakeholders.

•Geographically, Indian markets contributed 22% to the top line, followed by the Rest of the World at 78%. Revenue by Services contributed 91% (long-term services) & Solutions contributed 9% (one-time implement). The company believes the revenue mix will improve further led by improving growth

Order
•ADSL has booked orders of INR 100+ cr towards new wins and renewals for multi-year contracts.

•Allied Digital has signed a 3-year engagement to provide Enterprise Infrastructure Support to a New York City-focused REIT owning and managing a well-positioned property portfolio in Manhattan and the greater New York metropolitan area.

•Company has signed a 3-year engagement to provide Enterprise Infrastructure Support to one of the busiest International Airports in the US, located in Dallas.

•Allied Digital has signed a 3-year engagement to provide Enterprise Infrastructure Support for the Decatur County, Georgia school district responsible for public K12 education and a Statement of Work for a city government organization in Dallas, Texas.

•7 top retail in US signed ADiTaaS platform 4.0 for the service offering. Overall positive momentum.

•Already booked 1700 orders, with an average contract duration of 3-4 years, leading to enhanced long-term earnings. The company offers software business consulting and long-term managed services, including cloud consulting and cybersecurity for 5-6 years.

•Pipeline has a very strong pipeline and that will convert into a very large deal.

•The company has received strong orders from existing customers.
•Wipro and HCL have significant customers with whom they collaborate on substantial contracts.

Margin
•The margin remains stable confident margin improve further. ADiTaaS platform 4.0 big margin levers for the company.

Net Debt
•The company is net debt free on net debt basis and has cash of INR 660 Cr

Smart city

•The current progress of Allied Digital encompasses all aspects of their business, with a particular emphasis on smart city initiatives.

Employee expense

•There was a comprehensive Q1 revision affecting all aspects, and 2) Some accounts were overlooked, and a few renewals did not occur. Due to the strong order book, efforts to retain them have led to increased costs.

•The average increment is 7-8%.

Smart city

•The company is receiving orders domestically and has an opportunity to expand in the US through the master system side, which is expected to drive significant growth for the company.

Working Capital

•Despite an improvement in working capital days, the company's payment cycle remains at 95-96 days, mainly due to quarterly payments often associated with government projects. (Mostly it is 90 days in this industry)

Outlook

The company's financial resilience, coupled with strong management and a solid client base, positions it for future growth. With a robust order book and the potential to exceed annual revenue growth of 20-25% and improving margins, we have a positive view on the company's future performance.

Black Box Ltd- Q1FY24 Concall KTA's
CMP INR 214.1| Market Cap 34820 mn

Financials
•Revenue from operations stood at INR 15710 mn in Q1FY24 (YoY 15% & QoQ -7%).
•EBITDA at INR 890 mn (YoY 67% & QoQ -6%) with margins at 5.7% (YoY 180 bps).
•PAT stood at INR 240 mn (YoY 56% & QoQ 4%).

Debt
•Debt linked to SOFR, which recently rose to around 5.3%, impacting interest rates.
•The business anticipates some amount of debt reduction by year's end, although a modest one.
•However, debt will undoubtedly decrease in FY25 since by that time, there will be enough cash on hand to cover working capital needs in addition to debt reduction.

Consumers
•Marking a significant milestone the company has added a customer with a total annualized contract value of $100 mn.
•Clients come back for an upgrade in between 3-5 years.
•Strategic focus on customers aligned with data center and cloud expertise for local and global markets.
•The company tackles inflationary trends with a typical method of repricing with existing and renewed customers.

Other KTA's
•The cybersecurity business is gaining traction.
•Won deals worth $ 45 mn in Q1FY24.
•The net employee count will continue to grow, with positive outcomes from reorganization in Bangalore, driving enhanced margins through expanded revenue streams and a strengthened center of excellence.
•Acquired a company in Australia in the previous quarter, the effects should come in the upcoming quarters.

Guidance
•A 5-10% revenue is expected from cybersecurity in the next 1-2 years.
•The company expects to recover from the decline in TPS business in Q2.
•A double-digit margin is possible for the company over the medium term.
•The operating margins are expected to move from 6% to 9-10%, through growth, matured global delivery model, and efficiency in procurement strategy.

Outlook
With the shift in the go-to-market strategy, focusing on end customers and rebalancing the supply chain portfolio to solve some large projects for federal customers, the firm expects a large recovery in Q2. They anticipate of being able to catch up without affecting TPS's overall plan for the upcoming fiscal year. Going forward we can expect the margin enhancement trend to continue. Thereby, strengthening confidence in reaching higher profits in FY24.

L&T Technology Q1FY24 Conference call Highlights:

- **Guidance:** The company is bolstering its AI team to drive goals, and despite delays, growth in Q1, improved deal closures from June, and a robust pipeline instill confidence in strengthening growth momentum for the coming quarters, maintaining FY24 guidance of 20%+ in CC and aspiration of a $1.5 bn run rate in FY25. Management aims to maintain EBIT margins at 17% in FY24, mitigating wage hike headwinds through growth and operational efficiencies, while planning to implement committed wage hikes and aspire for an 18%+ EBIT level in H1FY26.

- **LTM attrition was down by 330 bps QoQ to 18.9%. The company expect this trend to continue.**

- **Segment:** The company's investments in transportation capabilities, including software-defined vehicles, are aimed at creating a centralized platform with high computing power, cybersecurity, and fast connectivity, while FMCG customers' capacity expansions and a $115 Mn deal for engineering design services in Europe strengthen their presence and provide growth visibility. Additionally, opportunities in sustainability, such as advanced technologies for water and waste recycling, align with companies' sustainability goals across the O&G, FMCG, and Chemicals sub-segments.

- **Strong Pipeline:** The company's focus is on accelerating innovation and delivering reusable solutions to optimize customer ROI, evident in the filing of 20 patents this quarter. With a strong pipeline of digital opportunities, steady growth momentum is anticipated in Industrial Products, while a significant $50 mn deal in the Hitech sector enables new avenues for digital video platforms. Signed 6 Large Deals of $10 Mn+ TCV and all these deals are into execution phase.

- **Partnership:** Another one is the partnership with BSNL to drive and enables global enterprises in the private 5G network deployments with Qualcomm. In North America, LTTS is working together to offer 5G driven Next-Gen connectivity solutions. This leverages LTTS's shift to cloud expertise.

- **Acquisition:** In Q1 FY24, the combined business achieved a margin of 17.2%, successfully integrated SWC, and experienced a 13% YoY increase in net income to INR 311 crores (13.5% of revenue), with improved DSO of 117 days, while shareholder funds decreased slightly to INR 4,817 crores from INR 4,951 crores.

- **Outlook on segment**: The company does see growth in the combined Telecom Hitech portfolio driven by Media and Telecom. However, the Semcon challenges may persist for another quarter. Lastly in Medical, LTTS sees strong demand for digital as customers prioritize areas like medical devices service-connected devices, and cyber security. LTTS is building reusable solutions for various areas like compliance management and quarter the pipeline of deals, gives company confidence that their growth momentum, should improve as some of the large deals close.

Birlasoft Q1FY24- Concall KTAs

EBITDA Margin: The medium-term margin target is 15%-16%, and margin stabilization is expected from H2FY24 onwards, with an anticipated exit margin of 16% in FY24.

Gen AI: The company established an AI Center of Excellence (COE) in collaboration with Microsoft, leveraging Birlasoft's industry expertise and Microsoft Azure open AI service. Additionally, company is training 500 consultants in AI technologies. Successfully implemented an AI solution for a prominent life sciences customer and developed an AI-based closed-loop autonomous solution for a manufacturing client, leading to enhanced production rates.

Spends: Customer organizations continue to invest in IT, seeking better value and stronger partnerships with service providers, leading to a healthy tech spend focused on operational excellence, customer experience, and cost efficiency.

ERP: The ERP sector seems to have reached its lowest point and is expected to improve from now on. By FY27-28, there is a significant opportunity for growth despite recent losses in market share. The company will experience an uptick, although starting from a smaller base.

TCV: The company aims to achieve a quarterly TCV of at least $200 million.

Wage hike: The company has a wage hike cycle in Q2 (Sept 2023). Impact on margin will be slightly in Q2FY24.

BFSI: The BFSI business is relatively small and should not be compared to larger peers, with a focus on resilient market segments leading to continued growth. The goal is to work with larger banks in the future. Regarding ERP, the business has seen growth after bottoming out, and the growth is primarily driven by the cloud, which presents significant opportunities.

Invacare's main focus is on the healthcare vertical, specifically on the infrastructure service line, with some involvement in digital services and a minor presence in ERP.

M&A: The company acquires other firms primarily to expand its geographic reach, and it pursues M&A opportunities for better growth prospects rather than solely focusing on revenue generation.

Valuations

Birlasoft reported a 3% CC growth in dollar revenues (excluding Invacare), outperforming its peers. The company is taking the necessary steps to turn the business around, including a focus on delivery, clients, investment in sales, and hiring leaders to drive vertical growth. We anticipate QoQ growth in the coming quarters, led by the BFSI sector, bottoming of the ERP business, and a healthy H2FY24E. The medium-term margin target is 15%-16%, and margin stabilization is expected from H2FY24 onwards, with an anticipated exit margin of 16% in FY24. We expect revenue growth at a CAGR of 20% during FY23-26E. **We value Birlasoft at a PE of 20x its FY26E EPS of INR 23, which yields a revised target price of INR 460 per share and we have downgraded our rating from a BUY to Accumulate on the stock.**

Axiscades Conference Call Highlights

In FY24, the company aims to maintain its well-governed profitability while delivering products to global clients. The company has consistently sustained a level of ~15% and aspires to achieve 18-19% in the near term.

Aerospace

The Aerospace vertical grew by 29.4% Y-o-Y. This vertical is showing growth since last 10 quarters. The outlook of this vertical is positive on account of newer services offering to existing clients in newer locations. The synergies between AXISCADES and Mistral are showing positive result and the discussion is in progress on supporting Indian Defense project on mechanical side. The availability of skilled resources continue to remain challenging

Product Engineering Services

Mistral's Product & Engineering services business maintained stability YoY, and the government's Make in India initiative for semiconductors presents opportunities, leveraging design service advantage; furthermore, the automotive vertical's growing electronic component adoption holds substantial revenue potential.

AIP & Energy

Driven by new client additions, the automotive vertical surged by 128.5% YoY, while the Energy Vertical grew by 24.6%, both contributing significantly to the company's revenue, alongside partnerships with major clients and oil and gas manufacturers.

New Management

The company has onboarded S Christopher, the former DRDO chairman. His appointment as Non-Executive Non-Independent Director is from June 30, 2023. It will greatly enhance strategic capabilities and contribute significantly to enhance the company's offerings in advanced defense solutions to the global customers and Indian defense

Semicon: There was a minor deceleration in the first quarter, but an upturn is expected in the third quarter of FY24, aided by government initiatives. The company collaborates with worldwide OEMs and is engaged with a semiconductor design firm. Notably, the company has secured agreements with two prominent brands in this particular segment.

Defence: The revenue generated from production is situated in the upstream sector and is anticipated to experience growth over the coming 1-2 years. The company is positive for the future growth.

Client: The company aims to increase revenue by targeting clients in sectors like heavy engineering and transitioning towards digital and embedded spaces, moving away from conventional practices. It is leveraging supplier relationships to conduct workshops and explore cross-selling opportunities in aerospace and heavy engineering. Moreover, the company is venturing into new segments like semiconductors through Mistral, while simultaneously prioritizing the acquisition of domain expertise and new clients, following a phased approach.

Pipeline:

Add solution: The company possesses strong software testing skills and is witnessing a twofold growth potential in emerging OEM markets. The majority of investments are directed towards ADAS and innovative technologies. The company also enjoys a positive outlook on its revenue prospects.

Mistral: This year, defense investment takes a new approach with INR 15 crore in Q1FY24 vs total INR 35 cr FY23. Despite project delays, Mistral's revenue surged by 30% YoY, while Axiscades Aerospace & Technologies saw a 23% decline yet remained profitable. The company has positive outlook on this going forward.

Automotive: The company started working with large client in UK and one large client with presence in India and US. Also with 2 tier 1 company. The company is not looking for the any acquisition in the segment.

30% in embedded and 70% in technological.

In FY24, there is a heightened emphasis on the recovery of the heavy engineering sector.

India has successfully executed a sonar program in electronics and traction.

Progressing with drones, the company is currently in field trials, anticipating product readiness in the in the coming year.

Regarding the QIP, the company is considering the option for either the near term or long term, but not at the moment.

Outlook & Valuation

AXISCADES Technologies reported a decent performance in the Q1FY24 primarily due addition of new clients and good growth in most of the segment. With a margin target of 18-19% in the near term, AXISCADES is harnessing Mistral's expertise to bolster its market presence in the aerospace sector. Solidifying their position, they secured a long-term contract with Airbus and established a new center in Broughton, UK. Looking ahead, the company anticipates improved revenue growth and EBITDA margins, driven by a strategic focus on vertical and customer diversification, as well as the provision of digital services. **We value the stock on a P/E (x) multiple of 20x to its FY26E EPS INR 28.4, which yields a target price of INR 569 per share (Earlier target price of INR 387 per share). We upgraded our rating to an Accumulate from Hold on the stock.**

Elecon Engineering Q1FY24 Concall Highlights
CMP: INR 728.1 | Mcap: INR 81.73bn

Revenue and Margins
- The company is targeting INR 20Bn revenue and a 22-23% EBITDA margin in FY24 on consolidated levels.

Market share
- The company has a 39% market share in the organized industrial gear market in Tier 1 in India.

Order Book
- The order intake was INR 4.97 Bn (+18.6% YoY) in Q1FY24 on consolidated levels. The order intake mix is 89:11 for gears and MHE. The open order book stood at INR 7.93 Bn as of Q1FY24.

Europe update
- The company has signed -off Five OEM Businesses in European Market, and annually revenue potential is at ~ Euros 5 Mn. Commercial production is expected to start in FY25E.

South Africa
- The company found opportunities in various parts of the African continent, hence they have decided to set up a Step-down Wholly Owned Subsidiary (WOS) in South Africa with Assembly and After Sales Service Facility.

Arbitration Award
- Out of INR 630 Mn they have received INR 274 Mn and are expected to receive INR 40 Mn in the next quarter. Fresh arbitration proceedings were initiated having a value of INR 310Mn during this quarter and the company is optimistic about favorable outcomes.

Capex
- Around Q1 capex incurred at INR 200 Mn.

Capacity Utilization
- The company's capacity utilization ratio is ~76% in India.

Outlook
By the connections of OEMs in the overseas businesses and robust domestic demand the company is expected to have INR 20 Bn of revenue in FY24 with an EBITDA margin of 22-23%. The revenue mix is INR 17 Bn from the Gear division and the rest from the MHE division. The company is expecting traction from the Marine and Defense sectors. Around 70% of customers are repetitive which shows long-term revenue visibility. We have a positive outlook on this stock.

Finolex Cables Ltd Q1FY24 Concall Highlights
Finolex Cables Ltd | CMP: INR 1026.25 | Mcap: INR 157 Bn

Falling fiber prices led to value stagnation on OFC. The company participated in a representation to GoI on fiber being "dumped" into the country from overseas at throwaway prices – recently GoI invoked anti-dumping measures.

Performance Metrics
- Revenues came in at INR 12,040 Mn (-2% QoQ) (+19% YoY)
- EBITDA came in at INR 1,830 Mn (-3% QoQ) (+40% YoY)
- EBITDA Margins came in at 15.2% (-30 bps QoQ) (+230 bps YoY)
- PAT came in at INR 1,320 Mn (-2% QoQ) (+39% YoY)
- PAT Margins came in at 10.9% (-10 bps QoQ) (+150 bps YoY)
- Volume growth in the quarter was broad-based: 29% in wires, 17% in metal-based communication cables, and over 50% in OFC.

Capacity and Capacity Utilisation
- Cabling current capacity is 8 Mn Fiber per km after expansion it will be 10 Mn Fiber per km.
- Fiber's current capacity is 4Mn km, after expansion, it will be 8Mn km.
- The company is also going to make preforms for backward integration which would be done in tranches, in phase I 4 Mn and in phase II 4 Mn. Phase I will start in a year's time and that will help the margins to go up.

Exports
- The company does some exports to the middle east and some parts of Africa.

Capacity Utilization
- Wires is 70% and the company as a whole is 65%-68%

Electrical Cables
- Revenue came in at INR 10,110 Mn (-2% QoQ) (+22% YoY)
- In volume terms, Electrical cables increased by 29% while Power cables increased by 3%.

Outlook
Company participated in a representation to GoI on fiber being "dumped" into the country from overseas at throwaway prices – recently GoI invoked anti-dumping measures. The company is currently trading at a PE multiple of 28.8x based on the trailing 12 months of EPS.

Polycab India Ltd. Q1FY24 Concall Highlights
CMP : INR 4,308 | Market Cap : INR 645 Bn

The company's performance surpassed street estimates, exhibiting strong growth and positive results. The EBITDA margins are expected to remain stable (Around 12%-14%) going forward.

Guidance
- Under Project Leap, the company aimed for INR 20,000 crore in topline by fiscal '26. However, based on the recent strong performance in the last several quarters, there is a possibility that the guidance may need recalibration. A revised update is expected to be provided to the group in the next two to four quarters.

Revenue and PAT
- Revenues came in at INR 38,894 Mn (-10% QoQ) (+42% YoY)
- EBITDA came in at INR 5,486 Mn (-9% QoQ) (+77% YoY)
- EBITDA Margins came in at 14.1% (growth of around 280 bps YoY)
- PAT came in at INR 4,028 Mn (-6% QoQ) (+81% YoY)
- PAT Margins came in at 10.4% (growth of around 2 bps YoY)

Business Mix
- Wires and cables accounted for 89% of sales, FMEG 8%, and other segments (EPC) 3%.
- Domestically, sales constituted 91%, while international sales accounted for 9%.
- Revenue from international business grew by 88% YoY.

Domestic Growth
- The domestic distribution-driven business showed strong growth, particularly in the North region, followed by the West, South, and East.
- West contributed the highest revenue, followed by South, North, and East.
- The wires and cable industry is witnessing robust domestic demand, supported by government measures improving private CapEx and a strong real estate offtake.
- In line with the government's increased focus on infrastructure development and economic growth, the company acknowledges significant investment opportunities emerging across India.

International
- The robust growth was primarily driven by strong demand in key regions such as the USA, Australia, and Europe, with significant contributions from sectors like renewables, oil and gas, and infrastructure.
- In addition, the company successfully opened its first warehouse in the USA on the eastern coast during the quarter, with plans to expand its warehousing capabilities further.

Catalyzing Growth
- The current business landscape presents a highly conducive environment for exponential growth in the wires and cable segment in the medium to long term.
- Under project LEAP, the company expanded its presence in 246 underpenetrated districts in FY '23 and targets further penetration in 140 white spaces this year.
- Additionally, the company's NPD efforts, including the successful introduction of Etira, have received an overwhelming response in capturing the price-sensitive customer segment in semi-urban and rural areas.
- The company's premium segment wire "Green Wire" continues to perform well. To further enhance efficiency, various focused GTM verticals have been established across sectors, which are expected to yield significant returns over the next few years.

FMCG Segment Analysis
- Strong quarter despite weak consumer sentiments weighing down sales.
- 3% YoY and sequential growth due to channel realignment benefits.
- Fans business exhibited healthy sequential growth after selling older non-BEE compliant inventory, leading to fresh sales of newer BEE compliant inventory.
- Introduced 80 new SKUs from Q4FY23 to Q1FY24, with 20 more planned for launch in Q2 and Q3 of FY24.

Switchgear and Pipes
- Switchgear and pipes and fittings businesses show sequential growth, benefiting from the strong momentum in the real estate sector.
- Pricing revisions in MCBs resulted in improved price realization, and the newly launched NCB category contributed to 20% of incremental sales in Q1FY24.
- Cross-selling strategies with top wire retailers aim to boost Switchgear sales after the merger with the wires vertical.
- Impressive growth in the Switchgear business due to improved availability through in-house manufacturing.
- The lights and luminaries business saw a marginal sequential decline due to pricing corrections in the LED segment.
- Plans to launch 50 to 60 SKUs in the Q2 and Q3 of FY24 to enhance the business further.

Strategic EPC Business Performance
- Revenue INR 1,220 Mn, a YoY growth of 63%.
- Profitability increased by 47% YoY, with segmental margins at 12.5%.
- Annual sustainable operating margin in this business is projected to be high in the mid to long term.

Outlook
- Polycab India Ltd. reported strong revenue, EBITDA, and PAT growth in Q1FY24, driven by robust domestic demand and strong international sales. Revenue grew by 42% YoY, while EBITDA grew by 77% YoY. PAT margin improved by 280 bps to 14.1%. Strong wires & cables business performance.
- The domestic distribution-driven business showed strong growth, particularly in the North region. International sales also grew by 88% YoY, driven by strong demand in key regions such as the USA, Australia, and Europe.
- The company is well-positioned to capitalize on the growth opportunities in the wires and cables industry. The company is expanding its presence in underpenetrated districts and launching new products and services. In addition, the company is expanding its warehousing capabilities in the USA.

Management Commentary Link: https://youtu.be/CnExWFzBDKE?si=gY0X_xgqmX0VW8uA

Kilburn Engineering Ltd – Q1FY24 Concall KTAs
CMP: INR 159.5 | Market Cap: INR 5,992 Mn

Company guides for a topline of more than INR 3 Bn for FY24 based on a healthy order book and inquiry pipeline, with an EBITDA margin of 15%-17%.

Performance
• Revenue from operations stands at INR 666 Mn (0% QoQ, +36% YoY).
• EBITDA arrived at of INR 117 Mn (+2%QoQ, +139% YoY).
• EBITDA Margin stands at 18% (+27 bps QoQ, +755 bps YoY).
• PBT arrived at INR 94 Mn (-29%QoQ, +115% YoY).
• PAT stands at INR 70 Mn (-42%QoQ, +145% YoY).
• PAT Margin arrived at 11% (-787 bps QoQ, +472 bps YoY).

Collaboration
• The company has partnered with Nara Machinery in Japan for the manufacturing of Paddle dryers, fluid bed dryers, and flash dryers and mutual sales of products in their respective regional markets. The company also manufactures Nara-designed products for sale in Indian markets.
• The company has partnered with Carrier for manufacturing equipment of their design and is working on a contract manufacturing agreement.
• Recently, the company tied up with Idreco, an Italian company into industrial drying systems, Kilburn will represent Idreco as a sales agency and have a manufacturing arrangement. This deal is currently in the final stages of finalization.

Benefits of CAPEX by Customers
• Due to the company's products being capex intensive and catering to a wide variety of sectors, they are expecting benefits in the form of new orders as the GoI's 'Make in India' and 'PLI schemes' which incentivize CAPEX for other companies in the target segments.

Orderbook
• During Q1FY24, the company expanded the order book by INR 326 Mn. The carbon black sector contributed nearly ~INR 150 Mn (46%) to the order book.
• Currently, there are inquiries worth more than INR 15 Bn in the pipeline and the company is focusing on INR 7-8 Bn, targeting a conversion of ~40%. The company aims to close most inquiries in current FY.
• Total order book now stands at INR 2,123 Mn.

Other Highlights
• The company realized better margins in the service business rather than manufacturing.
• The company plans to execute all orders received by September and order backlog of the previous year in FY24.
• Under the Service at Site model, the company offers its manufacturing services, including labor and equipment, and conducts product fabrication on-site for the customer. Currently, this model is limited to the Silos segment, serving as a successful pilot project

Guidance
Given the current capacity, company guides for a topline of more than INR 3 Bn for FY24 based on a healthy order book and inquiry pipeline, with an EBITDA margin of 15%-17%. Q1 was slower in terms of order intake but the company expects an uptake from Q2FY24 and Q4FY24 would be the best for order intake. The company also has a positive outlook for its strong growth in the replacement market.

Inox Wind Ltd – Q1FY24 Concall KTAs
CMP: INR 211 | Market Cap: INR 68.87 Bn

Performance
• Revenue from operations stands at INR 3,487 Mn (+81% QoQ, +66% YoY).
• EBITDA arrived at INR 313 Mn (+205% QoQ, +244% YoY) with an EBITDA margin of 9%.
• PBT stands negative at INR (634) Mn (+47% QoQ, +53% YoY).
• Loss for the quarter stands at INR (648) Mn (+46% QoQ, +50% YoY).

3.3MW WTG Certification
• The company has received type certification for its 3.3MW WTG from TUV SUD,
• Commercial production and supplies are expected to start from Q3FY24.
• The company has secured orders for the same from NTPC Renewable Energy and ABEnergia Renewables.

Merger
• Inox Wind Energy Ltd. will be merged into Inox Wind, expected to be completed in 6-8 months.
• Post merger the promoter holding will be 55.83% in Inox Wind Ltd.

Orderbook
• The company has a strong order book of ~1,327 MW with an additional order inflow of 250MW in Q1FY24.
• The company is expecting more retail orders for its 3.3 MW WTG, currently in the advanced stages of discussion.
• The company is ramping up towards 3 MW and expects 2MW order book to convert to 3MW once it has scaled completely up.

Capacity
• Nacelle & Hubs: 1,900 MW
• Blades: 1,600 MW
• Towers: 600 MW
• The capacity is expected to increase with the production of 3.3 MW WTG.

Other Highlights
• The company has asset monetization plans and expects strong operational cash flows.
• The company has executed 66MW in Q1FY24 and plans to execute 500 MW in FY24.
• On the RM side, 65% sourced locally with the rest being imported.
• The company has no major CAPEX plans for the next 2-3 years.
• IWL fixed cost is estimated to be ~1,300 Mn.

Guidance
Management expects slower execution in Q2FY24 but guides for sequential growth. The company is well-positioned to capture the demand from customers looking to switch over to Indian O&Ms through Inox Green. The company expects interest to reduce sequentially and aims to become net debt free by the next 12 months. Going forward, the company anticipates significant growth opportunities in the 3.3MW space. The company is looking to get PAT positive in FY24 with ~10% EBITDA margin.

Management Commentary: https://youtu.be/jEEB2PXOcd0?si=Z9jZxfCGseuhn854

Kirloskar Pneumatic Company Ltd – Q1FY24 Earnings Call KTAs
CMP: INR 642 | Market Cap: INR 42 Bn

Performance
• Revenue from operations came in at INR 2,422 Mn (-11% YoY, -32% QoQ)
• EBITDA margin at 11% (vs 23% in Q4FY23)
• PAT stood at INR 179 Mn (+10% YoY, -44% QoQ).
• PAT margin at 7.4% (Vs 8.9% in Q4FY23).
• 90% of revenue was contributed by the compressors segment.

Strong Order Book
• The company recorded its highest-ever order book, at INR 13,500 Mn (Vs INR 11,500 Mn at the start of the year).
• Order booking during the quarter is ~INR 4500 Mn.
• The company has received a big for compressors from Turkey for bare shaft ammonia compressors.

Products
• The company has recorded orders for Calana Booster Compressors and has installations coming up in the next quarter for the same.
• The CNG package sales are on a decline on QoQ basis as the company is waiting for clearances for shipping and installation, stalling the orders.
• CNG compressor orders are currently on a slowdown but are anticipated to pick up in H2FY24.

Oil-Free Screw project
• The company has tied up with IIT for developing oil-free screws in a 24-month project co-founded by the Ministry of Heavy Industries. This product is still a work in progress.

Exports
• The export sales stood at INR 120 Mn (-72% YoY).
• The company expects the total exports in FY24 to be less than INR 1770 Mn recorded in FY23.
• The company is looking to enter the South East Asia markets and has started with 2-3 orders towards the objective.
• Majority of the large export orders are from the Oil & Gas sector and are still in the finalization phase.
• Exports for FY24 are anticipated to be ~INR 1000 Mn.

CAPEX
• CAPEX spending including WIP is at INR 120 Mn currently.

Other Highlights
• C&CE stands at INR 2500 Mn.
• The forging and fabrication facility is close to the commissioning phase.
• Operating working capital at INR 2120 Mn (-25% QoQ).

OULOOK
The company expects a positive upturn starting from H2FY24, primarily driven by robust domestic sales growth that is expected to offset the decline in exports. This will be the primary driver for achieving overall YoY sales growth. The company is confident about achieving a 20% growth for FY24 based on its strong order book and aims to reach INR 20 Bn topline in 2 years. For, Q2FY24 YoY growth is expected to be 7%.

Apar Industries Ltd Q1FY24 Concall KTAs
CMP: INR 3776 | MCap: 144.29Bn
Order Book
The company has a strong order book of conductors i.e. INR 53.56Bn, and cables contain an order book of INR 9.3Bn(50% export)
For coming quatres, the domestic orders are stronger than export orders.
The company has a 6 months order for the conductor segment as these are longer orders and 45% of these orders are VAP products.
Capex
In the upcoming 12 to 18 months, the investment will be between INR 35-40Bn, with about two-thirds going to the cable business.
Financial Update
The company reported a revenue of INR 37.73Bn in Q1FY24(+22% YoY), where export revenue was up by 53.3% YoY with the cable division as the leader(+92.1% YoY).
EBITDA was recorded at INR 3.69Bn(+54% YoY) with an EBITDA margin od 9.8%(+210bps YoY)
PAT at INR 1.97Bn(+61% YoY), with PAT margin at 5.2%(+120bps YoY)

Future Growth
Given that Bharat Net is a sizable INR 350Bn project that is still being finalised, the company has a chance.
The company is confident to maintain its margins at 10-12% levels, as there is higher domestic demand
Revenue potential in the polymer business is small right now at INR 10Bn but is expected to grow to INR 20-30Bn in the near future as the company is investing for the same.
The is expecting a robust demand for transformer oil in the next 2 years.
All three segments and conductors will hold a volume growth of 10% YoY.

Sector update
Conductor: Revenue increased by 15% YoY in Q1 while volume increased by 27% YoY.
Exports increased 58% YoY and premium product revenue was 42% in Q1FY24.
1,60,131 MT of Conductors were delivered by the company in Q1FY24.
New order inflows for the conductor have increased by 44%.
There is a slowdown in exports but the domestic demand is robust.

Speciality Oils & Lubricants:
Revenue increased 13% YoY in Q1, driven by volume increases, where exports contributed 49.3% to revenue(+26% YoY).
Due to the large base in LY, EBIDTA after the adjustment was at INR 6,035 per Kl, down 38% YoY.
The is expecting a higher demand for transformer oil and industrial oil in the coming quarter, and transformer oil will have a market share of +40%.
This year's seasonal demand for agricultural products from OEMs and retail was less robust than expected.
The lubricant sector is expected higher growth from Q2 with higher volumes.
Cables:
The revenue was up 52% YoY, with exports contributing 52.4% in Q1FY24.
The unique products/premium and network are seeing great growth both in export as well as in domestic markets.
The cable segment has an order book of INR 9.3Bn.
Expect a temporary slowdown in exports as the demand will be impacted for a few months by the process of reduction in surplus inventories, but domestic demand is robust.

Outlook: The company had its greatest Q1 ever in terms of volumes and valuations, demonstrating that they are following past advice and on the correct route. We can expect higher volumes in the near future as the export numbers will pick up on the depletion of current inventory. The company has a great order book and as they are increasing their capacity, this can meet the future demand.

IKIO Lighting Ltd Q1FY24 Concall KTAs
CMP: INR 410 | MCap: INR 31.70Bn

Export opportunities can be a game changer for the company. Being confident with the standalone growth of 25%.

CAPEX

The company has expanded its Noida manufacturing facility to about 500,000 square feet in order to produce additional product lines such as ABS Pipes, Solar panels & Systems, and LED house lighting.
Block 1, which is approximately 2 lac square feet and costs about INR 400Mn, is anticipated to be operational by Q3FY24.
The extensive capital expenditure program is set to conclude within 24 to 30 months, showcasing adept resource allocation, financial oversight, and infrastructure development. The strategic timeline underscores efficient execution and meticulous planning, ensuring the successful achievement of CAPEX goals and objectives.
The company has enough capacity to fulfil the demands for the current year.

Financial Update

The company has reported a revenue of INR 1,093Mn in Q1FY24 compared to INR 960Mn (-7.9% QoQ, 13% YoY)
EBITDA stands at INR 237Mn (-11.5% QoQ) with an EBITDA margin of 21.7% (-80bps QoQ, +290bps YoY)
PAT stood at INR 138Mn (-71% QoQ), with PAT margins of 12.7% (+100bps QoQ, +150bps YoY)
Gross debt stands at INR 480Mn by the end of Q1FY24.

Future Growth

Over the years, the refrigerator business has had constant growth, and this trend is anticipated to continue. With customers like Voltas and other major firms, this industry has the potential to develop rapidly in the future, by about 25%, and the company is also looking into export markets for the same.
The company is confident that top-line growth will continue while the current margins are maintained.
The is focusing on backward integration and investing heavily for the same. This shift can increase margins in the future.
The company is also expanding their product mix with products like rechargeable appliances.
IKIO is also developing more SKUs for the home décor segment, which can increase its market share.

Other KTAs

The Q1FY24 saw a capacity utilisation of about 60%. And is expected to be around 70-75% in Q2FY24.
Exports: A 35% decline in growth was experienced in May and June 2023 as a result of inventory clearances in the USA. However, beginning in August 2023, regular deliveries are going to be made.
The company is also opening a sales and marketing office in the US for better customer experience and growth opportunities.

Outlook: With the company focusing more on the market expansion of ODM products in international markets, we can see this as a growth driver in the coming future. Backward integration will increase their margins in the long run. New products and more SKUs can help in capturing new customers and market share.

Jash Engineering Ltd Q1FY24 Concall KTAs
CMP: INR 1,281 | MCap: INR 15.42Bn
The new Acquisition will drive higher growth in export markets which can lead to higher volumes.

Financial Performance
Revenue stood at INR 655 Mn in Q1FY24 as against INR 485Mn in Q1FY23, a 35% increase YoY. (-62.3% QoQ).
EBIDTA for Q1FY24 stood at INR 9Mn, as compared to INR 5Mn in Q1FY23 with a growth of 80% YoY (-97.7% QoQ).
EBITDA margin stood at 1.4% in Q1FY24 compared to 1.1% in Q1FY23 (vs 23.5% QoQ).
PAT for the quarter stood at INR -34Mn as compared to INR -41Mn in Q1FY23.
PAT margins at -5.1% in Q1FY24 Vs -8.5% in Q1FY23.

Order Book
Jash Engineering Ltd has an order book of INR 4.46Bn till 1st Aug'23.
Jash USA / Rodney Hunt has an order book of INR 3.66Bn till 1st Aug'23.
Shivpad Engineering Pvt Ltd has an order book of INR 170Mn till 1st Aug'23.
A combined order book of INR 8.29Bn.
With INR 650Mn of orders in the pipeline.

Acquisitions
By the end of September 2023, the business hopes to have acquired an 80% interest in Waterfront Fluid Controls., UK. Due diligence (legal/financial/tax) has begun and is expected to be completed by the end of August.
A new company, Jash Invent India Pvt. Ltd., India, will be formed and capitalized by the end of September 2023.

CAPEX
Unit 2 is a new 28,000-square-foot SS Products assembly plant. This factory will be opened in late September 2023.
A new 10-ton capacity crane for Bay 2 has been ordered at Unit 2 and is planned to be delivered by the end of September and commissioned in October 2023.

Future growth
The company has a sales outlook of INR 5.15Bn by the end of FY24 (INR 2.2Bn-India, INR 2.95Bn- Exports).
Improvement in Q1 profitability on a standalone basis bodes positively for annual profitability because revenue is likely to grow at a steady rate in subsequent quarters. The profitability of subsidiary companies is likely to improve significantly as Q2 sales increase.
The company is expecting a higher export volume in the near future which will drive the margins.

Outlook: Q1 numbers are always subdued because the major part of the revenue is booked in Q3 and Q4 of the financial year. The company is confident with higher numbers YoY as they are in talks with more clients and new acquisitions can drive higher volumes. Also, the company is having a robust order book and we can expect higher numbers in the coming quarters.

MTAR Technologies Ltd Q1FY24 Concall KTAs
CMP: INR 2,211 | Market Cap: INR 68 Bn

Financial Performance

Revenue from Operations stood at INR 1,526 Mn in Q1FY24 as against INR 910 Mn in Q1FY23, a 67.6% increase YoY. (-22.3 QoQ).
EBIDTA for Q1FY24 stood at INR 345 Mn, as compared to INR 250 Mn in Q1FY23 with a growth of 38% YoY (-30% QoQ).
EBITDA margin stood at 22.6% in Q1FY24 compared to 27% in Q1FY23 (vs 25% QoQ).
PAT for the quarter stood at INR 203 Mn as compared to INR 162 Mn in Q1FY23 up by 25% YoY (-35% QoQ).

Order Book
During the quarter company received an order book of INR 497 Mn from various sectors including Clean Energy – Civil Nuclear Power, Fuel cells and Hydel, Space, Defence, Products and others.
Total order book as of June 30th 2023 stood at INR 10,788 Mn, with contributions as Clean Energy- Fuel Cell, Hydel & Others- 57.5%, Clean Energy- Civil Nuclear Power- 16.9%, Space- 12.1%, Product & Others- 8.7% and Defence- 4.8%.

Expanding Product Portfolio
Executed the FAI orders of Roller Screws
The company shall execute around INR 76 Mn of electro-mechanical actuator orders by FY 24 and has initiated a discussion to develop dielectrics by the end of FY24.
The company has commenced the production of ASP Assemblies in Q4 FY23; Targets to supply around INR 1000 Mn worth of ASP orders in FY24.
Qualification is under process for Cable harnessing assemblies. Batch production to commence in H2FY24.

SSLV Project
The Company has signed an MoU with Indian National Space Promotion and Authorization Centre (IN-SPACe) that shall remain in force for 3 years for the design and development of a two-stage to low-earth orbit all-liquid small satellite launch vehicle powered by semi-cryogenic technology with a payload capacity of 500 kilograms.

Bloom Energy
The company has 12+ years of strong partnerships with Bloom Energy and is the only supplier to Bloom from India as of FY23. It supplied INR 105.3 Mn worth of sheet metal orders for Bloom Energy in the Clean Energy sector in Q1FY24.

Outlook: The company continues to maintain annual revenue guidance of 45% to 50% increase in revenues on a YoY basis, with EBITDA margins at around 28% for FY24. It is expecting to have an order book of INR 15,000 Mn by the end of FY24. MTAR has a clear roadmap to become an INR 30,000 Mn revenue base company by FY28, with a focus on diversifying its customer portfolio and generating enough revenues from each of these customers.

Sanghvi Movers Ltd Q1FY24 Concall KTAs
CMP: INR 691 | MCap: INR 29.89Bn

Crane capacity can see a hit due to heavy rain in Q2FY24, but is likely to get on track by Q3FY24. Higher volumes will drive higher margins.

Financial Update

The company has reported the highest-ever quarterly revenue of INR 1,460Mn in Q1FY24 (+14.9% QoQ, +50% YoY)
EBITDA stands at INR 820Mn (+14.28% QoQ, +83.3% YoY) with an EBITDA margin of 60% (+11% YoY)
PAT stood at INR 1420Mn (+23.5% QoQ, +300% YoY), with PAT margins of 28.7% (+2% QoQ, +14% YoY)
Total debt stands at INR 2.97Bn by the end of Q1FY24, with an average cost of borrowing 9.13%.

CAPEX

The company has done a CAPEX of INR 2.42Bn by the end of July FY23, which includes 23 new cranes and 30 multi-axle lines.
The CAPEX is approved by the board and is put to use in contributing to the top line.

Order Book

The company has an order book of INR 4.5Bn(+40.6% YoY) which will be commenced by the end of H1FY25.

Other KTAs

The EPC segment contributes 5% to the top line, and EPC has a contract of INR 1.5Bn in the renewable energy sector.
The company is expecting higher volumes in Q3FY24 which will in turn drive the marginal growth.
Around 84% of the capacity is currently being utilised.
Due to heavy rains in Q2, crane capacity may decline; however, by the end of Q3, it will be back on track
EBITDA margins of 30 to 35 per cent (excluding crane business) in the foreseeable future
The company is planning to do an average debt repayment of INR 750Mn by the end of FY24.

Outlook: Q2FY24 can be a bit challenging for the company because of heavy rain and lower volumes in some sectors, but volumes will pick up in Q3FY24. The company is very confident with its CAPEX and is anticipating higher profitability in the future. A debt-to-equity ratio of 0.34:1 indicates that the company will not have trouble paying off its debt.

Pennar Industries Ltd- Q1FY24 Concall KTA's
CMP INR 82.50| Market Cap INR 11180 mn

Financials
•Net sales of INR 748.89 cr in the current quarter compared to INR 699.98 in Q1FY23 (growth of 7%).
•EBITDA stood at INR 73.72 cr against INR 56.05 cr in Q1FY23. (growth of 32%)
•PBT was at INR 29.45 cr with a margin of 3.9% in Q1FY24 compared to INR 18.74 in Q1FY23 (growth of 57%).
•Cash PAT was at INR 38.23 cr with a margin of 5.1% in Q1FY24 compared to INR 29.88 cr in Q1FY23 (growth of 28%).
•Working Capital days stood at 74, with an annualized growth of 21.7%.

CapEx
•The total CapEx involved in Rae Bareily plant (North) is INR 40 cr with a two-year payback period.
•For the large-diameter tubes a CaPex of INR 30 cr will be deployed in the current financial year.
•Pre-Engineering Building- INR 40 cr
•Tubing Line- INR 30 cr
•Ascent(US)- INR 15-16 cr left

Order Book
•Railway- INR 110 cr
•PEB- INR 600 cr
•Ascent- USD 45 mn
•End-buyers- INR 130 cr

Product and Projects
•The revenue for the Q1FY24 under the Hydraulics and Industrial component products has increased from INR 399.3 cr to INR 417.9 cr, up by 4.66%.
•The revenue for the Q1 FY24 under projects has increased from INR 286.7 cr to INR 325.9, up by 13.64%.
•Pre engineered Building revenue has increased in India and US.

Other KTA’s
•The company has reached a double-digit ROE in the current quarter.
•On a QoQ basis the company has exited the Solar MMS, Solar EPC and Water EPC business.
•Ascent (subsidiary in the US), currently is the most profitable business. It comprises about 30% of the yearly profit.

Expansion
•The company is expanding capacities in Hyderabad and Chennai for Pre-Engineered buildings.
•Also expanding the capacities in the US business.

Guidance
•From a capital efficiency point of view the company expects the higher interest costs recorded in the current quarter to moderate over the next two quarters.
•ROCE target stands at 20% annualized, in the long run though the company commits to a YoY target of 25%.
•The Engineering services business is expected to do very well for the company in the next few years.
•The company’s aspiration for a 5% PAT margin is to be achieved in a range of 1-2 years.
•Steel and Tubes to scale up revenue in coming quarters.

•Rai Bareilly plant will, in the next couple of quarters, come online, and dramatically improve the revenue.
•The company has set up a target of 72 days in working capital by September ,2023.

Outlook

The company has defined steel tubes as one of it's major growth verticals over the next five years. They will be completing their capital deployment for the same. Over the next few years, the company believes Ascent will grow by double-digit rates. It is the company's stated goal to improve their PBT margin, hence we can expect the PBT value to increase. The businesses that the company is looking to grow at a fast clip are the Pre-engineered building business, Hydraulics, Boilers business and Engineering services, these business units will play a pivotal role in driving revenue growth for this year and for the next. On a QoQ basis, the company might see moderate growth, but the outlook is quite positive on their yearly revenue growth plans.

RHI Magnesita (formerly Orient Refractories) – Q1FY24 Concall KTAs
CMP INR 724 | Market Cap INR 149,550 mn

Financial performance:
- Strong revenue surge with 54% & 6% growth on a YoY & QoQ basis respectively, driven by substantial volume increase.
- Adjusted EBITDA stood at INR 1816.7 cr, displaying 7% growth.
- Adjusted EBITDA margin declined by 20 bps to 11.6%.
- M&A revenue accounted for 33% of consolidated revenue during Q1F24, with 18% growth on a QoQ basis.
- M&A EBITDA margin improved by 2.3% to reach 13.3% in Q1FY24.

Capacity utilization: RHI Magnesitat India plants have a capacity utilization of about 85%, Dalmia and HITECH have a utilization of about 54%, and the overall consolidated basis utilization is about 64%. The total consolidated capacity is 530,000 tons.

Leveraging strategic partnership
- Historically, the company's ratio was 70% steel, 30% non-steel. Recently, it shifted to 80% steel, and 20% industrial, emphasizing steel prowess but limited industrial strength.
- In contrast, Dalmia maintained a balanced 50-50 ratio, showcasing robustness. This partnership fills portfolio gaps, leveraging Dalmia's widespread plants.

Margin improvements and factors:
- DOTL (a subsidiary) achieved a beta margin of 11.7% (up from 10.2% in Q4FY23).
- High tech showcased significant growth in EBITDA margin due to technological advancements, reaching 20% from 15.8% in Q4FY23.

Growth Strategy:
Recent acquisitions (DSCL and Hitech Chemicals) expand production capacity and diversify the product portfolio.

Outsourcing:
The company aims to reduce outsourcing to around 15-16% in the next few years & increase in-house manufacturing.

Capex:
- The company is planning for CapEx of INR 300 cr, including high-tech plants. The company is focusing on increasing production capacity without large CapEx.

Amortization: The amortization of Boundary Law for INR 1090 cr and INR 1,200 cr intangible assets related to an acquisition. Depreciation for Q1FY24 is INR 46 cr at a rate of 5%.

Project Milan synergies:
Synergies from project Milan are being realized, with improvements in manpower and raw material synergies. Other optimizations are in progress

Outlook
The margin guidance of 14-15% is considered challenging but the management expresses confidence in achieving it going forward. The RMS business is envisaged as a long-term assurance business that offers better visibility and stability in terms of contracts and resources.

Management Commentary:
https://www.youtube.com/watch?v=rceH3Mr59Ek&ab_channel=BusinessToday

KEI Industries Q1FY24 Concall Highlights

KEI Industries | CMP: INR 2,270 | Mcap: INR 204.77bn

Revenue growth

Revenue is expected to grow 16%-17% in FY24 and expected to grow 15%-16% CAGR over next 3 years.

The company can generate revenue of INR 9.4bn to INR 9.5bn using current capacity and brownfield expansion.

EBITDA margins

EBITDA margins are expected around 10.5% to 11% in FY24. The margins are expected to reach 12%-12.5% in FY26-27, due to the effect of greenfield projects and lower overheads.

Retail margins are around 11% and Institutional margins are around 10%-12.5%.

Capacity utilization

Cables capacity utilization is 90% for Low tension power cables, House wire's capacity utilization is 63%-64%% and High Voltage power cable capacity utilization is around 90%-95%.

Capex

The company is doing INR 450mn capex in the Silvassa plant, which will generate an additional top line of LT Power tension cables of INR 5,000mn. The capacity is expected to be completed in H2FY24.

The company has planned ~INR 2,500mn-INR 3,000mn capex on greenfield expansion for cable and wire in Gujarat. The production is expected to start from Q4FY25 onwards.

The capex stood at INR 1,140mn in Q1FY24. The company is planning to add a capex of INR 3,000mn – INR 3,500mn per year over the next 3 years to achieve revenue growth of 15%-16%.

Order book

The order book stood at INR 35.67bn as of Q1FY24, including INR 8.32bn EPC. EHV power cables – INR 8.09bn, Domestic cables Institutional (LT& HT) – INR 16.9bn, and exports – INR 2.36bn.

Volume growth

Volume growth is expected around 20% in FY24.

Exports

Exports revenue stood at ~10% of sales and is expected to reach 17% in FY24. The exports are expected to reach 20% in the next 2-3 years. The company started exporting to the US from Feb-23 onwards.

The company is exporting to more than 60 countries. The top export markets are Australia, the Middle East especially Abu Dhabi and Kuwait, and African countries like Nigeria and Ghana. These countries contributed around 60% of export markets.

Distribution network sales

Retail dealer and distributor network sales are around 46% and expected to reach 48% to 50% going forward. In the distribution network, the holding period has reduced from 2.5 months to 2.2 months.

Raw materials

Copper and Aluminum mix is around 55:45 and expected to be the same range going forward. The company is procuring copper and aluminium domestically and importing for some advanced applications.

Other highlights
The company has repaid all the debt and become debt free. The accruals will be used for capex and additional working capital requirements.

Ad and promotional spending increased to INR 100mn – INR 120mn in Q1FY24 due to IPL, and expected around INR 300mn – INR 350mn in FY24.

The cable's execution time period is around 3 months.

Outlook: KEI has become debt free company with cash profits of INR 9bn – INR 10bn are expected to invest in the next 3 years which will lead to revenue growth of 15%-16% CAGR over the next 3 years. LT power tension cable capex in Silvassa is expected to complete in H2FY24 which will bring an additional top line of INR 5bn. We have a positive outlook on the stock.

Havells India Ltd Q1FY24 Concall Highlights
Havells India Ltd | CMP: INR 1,348 | Mcap: INR 844.91bn

H2FY24E is expected to be better

Revenue
Havells revenue is majorly driven by cables and Llyod. Cables and Wires growth supported by strong traction in Infra and Llyod witnessed decent growth despite unfavorable seasons.

Margins
Havells standalone EBITDA margins are expected around 13%-15%.

Commodity prices softened, however, the impact was not fully reflected in the margins. The company is not able to pass the entire cost to customers. Margins are expected to be normalized going forward.

Volume growth
Wires and cables volume growth is more than 30% and lighting volume is around 6%-8%.

Llyod and Switchgear volume growth is in the single digits.

Capex
The capex is expected around INR 6bn in FY24E, with most of the Capex skewed towards Havells and remaining to Lloyds. The new capacity coming up in Karnataka for cables and wires.
Lloyd's margin expansion is based on brand positioning, distribution placement, high-premium counters, product efficiency, pricing, etc.

Cables and Switchgear
Cables and Switchgear is expected to grow double-digit rate in the next 12-18 months backed by continued demand in the Industrial and Infrastructure sectors.

B2B and B2C
B2C and B2B mix stood at 73:30. B2B and B2C growth is around 12%.

Consumer demand was muted and unseasoned weather impacted B2C business.

Lighting and Fixtures
Professional lighting business is growing healthier phase compared to consumer lighting. The company maintains a contribution margin of around 30%-31% in the lighting business.

ECD
ECD margin improvement is based on the portfolio mix. The ECD segment is expected to be good in H2FY24.

Fan's market share is small in premium segments.

Lloyd
Lloyd has gained market share in AC and remains a top 3 player. The market share is growing at a decent rate.

Lloyd's margin expansion is based on brand positioning, distribution placement, high-premium counters, product efficiency, pricing, etc.

Demand scenario
Witnessed strong traction from Tier 1 to Tier 3 cities due to construction activity and increased infra demand. The rural sector is expected to improve in H2FY24E.

Inventories
Channel inventory comeback in Jun-23 and normalized.

Other highlights
Other expenses have increased due to increases in salaries, rentals, advertising, and promotion. Advertising and promotion expenses are higher for consumer-oriented products.

The company paid INR 3bn dividend in Jul-2023.

Other income increased due to the sale of property for INR 100mn

Switch gears freight cost is lower compared to other products.

H2FY24 is expected to be better; especially in the switchgear and ECD segment.

Outlook: Havells is doing Capex of INR 6bn and the new plant is coming up for cables and wires in the south which is expected to cater to southern markets. Llyod has maintained a top 3 position and market share growth remains decent. Cables and Switchgear is expected to witness strong growth in H2FY24. Margins are expected to improve due normalization of commodity prices. We have a positive outlook on the stock.

TD Power Systems Q1FY24 Concall Highlights
TD Power Systems | CMP: INR 250 | Mcap: INR 39.12bn
Revenue is expected to reach INR 10bn in FY24._
Capex of INR 1.2bn is expected to bring additional revenue of INR 5bn going forward._

Revenue
Revenue is expected around INR 2.55bn to 2.65bn in Q2FY24.

Revenue is expected around INR 10bn in FY24.

At current capacity, the company can able to generate revenue of INR 13bn, and post capex, incremental revenue of INR 5bn is expected going forward.

Margins
Gross margins are expected around 33%-34% going forward.

EBITDA margins are expected around 16%-17% on a sustainable basis and operating leverage would improve margin further.

Export margins are 100bps to 200bps better than domestic margins.

Order book
Total order book stood at INR 13,855mn as of Q1FY24. The order book breakup, Railways – INR 7,455mn, Domestic – INR 3,566mn, Exports – INR 2,591mn, Turnkey – INR 86mn and Spares and Aftermarket – INR 156mn.

The order inflow stood at INR 2,360mn (+16% YoY) as of Q1FY24. The domestic order inflow stood at INR 1,491mn (~+58% YoY).

In Q1FY24, the order win mix is domestic and export is 45:55.

Generators
The company has installed 124 generators (~+9% YoY) in Q1FY24. Around 47% of installations in domestically and the remaining 53% are in International markets.

The company has installed 5,811 generators an opportunity for the After-Market segment.

Gas turbine generators
The company has signed an agreement with an international gas turbine manufacturer for making 45MW coal generators. The prototypes are expected to deliver at the end of FY25 and revenue is anticipated around INR 1bn per annum from FY25 onwards.

The gas turbine generators are expected to install in 15-20 plants going forward.

Hydro
Hydro orders remain strong and are expected to double going forward and witnessed order inquiries from the EU, Nepal, and Southeast Asia.

Motor orders
One of the major customers won train mainframe orders for 100 trains. The order required around INR 2.75bn for motors. The motor order is expected to finalize in Q3FY24/Q4FY24. The company is expected to get some motor orders.

The motors market is around INR 12bn and the company is targeting around INR 1bn business.

Capex
The company is investing INR 1.2bn in 3rd plant. 1st phase is expected to operate Oct-24 and 2nd phase is expected to be operational in FY26. Post capex, revenue is expected to increase from INR 16bn to INR 18bn.

Other highlights
The company received an 18.7MW generator order which uses CO2 for power generation from Italian OEM.

Top 3 customers contributing 40% of the revenue.

Aftermarket sales are around 6%-8% of revenue in Q1FY24.

Outlook: TD Power Systems is expected to grow around 15% in FY24. The order book stood at INR 13,855mn (~1.6x of FY23 TTM revenue) and potential order inquiries show potential business visibility. The capex of INR 1.2bn for the next 2 years would bring additional revenue of INR 5bn going forward. We have a positive outlook on the stock.

Titagarh Railsystems Q1FY24 Concall Highlights
Titagarh Railsystems | CMP: INR 634 | Mcap: INR 75.76bn

Margins
EBITDA margin is expected around 8%-10%. The company is targeting 10% margins for 4-8 quarter basis.

In passenger rolling stocks, Margins are lower due to volumes and expected to improve based on capacity utilization, backward integration such as traction motors and propulsion systems.

Freight Wagons
The Wagons industry is expected to manufacture 30,000 wagons per year and 15%-20% wagons are expected to be private wagons.

The company is executing 650-700 freight wagons per month and expected to reach 1,000 wagons by the end of FY24.

In Q1FY24, the company manufactured 1,700-1,800 wagons.

Private wagons realization are higher and Fixed price contracts. Railways wagons realization is relatively lower compared to private wagons and prices are pass-through in nature.

Passenger rail systems
In passenger rail systems, the plant has capacity of 20 cars per month and capacity utilization is around 20%-25%. Ramp-up is expected from Q2FY24 onwards and expected to improve quarter on quarter. Metro production is expected to stabilize in Q3FY24/Q4FY24.

The company is expected to reach 20 cars per month by the end of FY24. The company is focused to achieve a capacity of 70 cars per month in the next 2.5 to 3 years.

Metros & Vande Bharat trains
The company has received LOA from Gujarat Metro Rail Corporation for Design, Manufacturing, Supply, Testing, commissioning & training of 72 Train sets for Surat Metros. The orders valued around INR 119.2mn/car for INR 8.57bn.

The company is executing Pune Metros in FY24. Bangalore metro is expected to start from FY24 and expected to complete by next year or little far from that.

In Metro orders, some of them have price variation and some of them have fixed cost. Metro corporations are giving 10%-15% advance for orders. Payments are expected for 3-6 weeks of supply. Payments are per car basis.

Vande Bharat trains are an aspiration for new India. The pipeline remains healthy for Vande Bharat trains. The company is focused on execution of 80 Vande Bharat trains.
Traction motors and Propulsion systems
In traction motors, trial periods are over for supply to Indian railways. The company graduated from prototype to limited series supply and commercial supper is expected going forward. The traction motor capacity is around 180 motors per month.

Each locomotive has a requirement of 8 traction motors and replacement demand also there.

The company is producing lots of traction motors for its own consumption.

Wheelsets

The company is importing wheels for private wagons. India is a net importer for wheelsets and expected to be net exporter going forward.

Wheels production is expected by the end of FY26.

The Indian forged wheel import is around INR 5bn. The wheelsets plant is expected to generate a minimum INR 20bn per year. At full capacity of 2 lakh wheels, revenue is expected around INR 40bn per year. The company is witnessing lots of demand from freight trains and passenger coaches in International markets such as Europe and US.

Seasonality

Earlier, orders were placed on yearly basis and currently orders are placed on 3 years once. Generally, Q1 will be a little slower, however seasonality has come down. H2FY24 is expected to be better.

Other highlights

Firema performance is picking up and production is continuously ramping-up.

The company has signed contracts for Vande Bharat trains tender and Forged Wheels tender in Q1FY24.

AIA Engineering Q1FY24 Concall Highlights
AIA Engineering | CMP: INR 3,465 | Mcap: INR 326.46bn

Sales volume is expected to grow 10%-12% YoY to 4 lakh MT in FY24.

EBITDA margins are expected 22%-24% on sustainable basis; margins will vary based on products and applications in mines.

Capex of INR 5.1bn for debottlenecking, new capacity addition and infra restructure would improve the business going forward.

Sales and Volume
The sales volumes stood at 74,046 MT (+0.7% YoY/+9.1% QoQ) in Q1FY24.

Mill liner volume stood at 9,000 MT in Q1FY24. The company is focused to reach 30,000 MT to 35,000 MT in FY24 (earlier 25,000 MT in FY23).

The sales are expected to increase by 40,000 MT to 4 lakh MT in FY24.

The volume growth is expected to be 10% to 12% in FY24.

Around 4,000 MT produced from the new plant in Q1FY24.

Brazil volume is expected around 8,000 MT to 10,000 MT in FY24.

Margins
EBITDA margin is expected to be 22% to 24% on a sustainable basis. The company is serving more than 125 countries. The margins will vary based on products and applications.

Capex
The capex stood at INR 630mn in Q1FY24.

The capex is expected to be around INR 5.1bn in next 2 years. Around INR 2bn for warehouse and infrastructure restructuring in old plants and debottlenecking. The debottlenecking will add an additional 20,000 tonnes non-grinding capacity.

Around INR 2.5bn capex for 80,000 MT grinding capacity which is expected to complete in FY25.

Around INR 600mn capex for captive renewable power generation is expected in FY24-25.

Working capital cycle
Working capital days were reduced from 118 days to 100 days in Q1FY24. Finished inventories reduced from INR 10bn to INR 8.9bn due to ease of supply chain.

The working capital cycle carried 74,000 MT in Q1FY24. Around 53,000 MT from mining and remaining 20,000 MT to 21,000 MT coming from non-mining like cement and thermal power.

Order book
The order book stood at INR 6,610mn as of Q1FY24.
Captive power
The captive generation capacity stood at 64MW and generation is around 38MW in Q1FY24. Around 22% of power consumption is captive in Q1FY24.

Industry
The mining replacement market stood at 2.5 to 3 mn tonnes. The high chrome market is around 1.5 to 2 mn tonnes and company competition in the range of 4 lakh to 5 lakh tonnes. Cement industry is more or less the same.

New clients onboarding
Around 60 to 65 people are working on the front desk for new customers. It takes 1 to 1.5 years to address a client’s needs, acceptance. Post that, long term contracts are expected from clients.

Around 30-40 new mining locations are under trial stage. Post, trail orders are expected.

Other highlights
The export incentives stood at INR 190mn in Q1FY24.

The tax rate is expected to be around 23% in FY24.

The company focused on copper and gold in the metal sectors.

Raw material cost and freight cost are passed through in nature.

Ferrochrome realization is around INR 115 per kg as of Q1FY24.

Outlook: AIA Engineering volumes are expected to grow 10%-12% to reach 4 lakh MT in FY24. The capex of INR 5.1bn for debottlenecking, new capacity would improve the business going forward. Margins are expected around 22%-24% going forward. Repetitive orders from existing customers, new customer additions and increasing mining activity across the globe would improve the business going forward. We have positive outlook on the stock.

Amber Enterprises Q1FY24 Concall Highlights
Amber Enterprises | CMP: INR 2,410 | Mcap: INR 81.2bn

Revenue

Topline is expected to double in next 4-5 years.

Margins

Consumer durables and home appliances margins are 4%-5%; Industrial, healthcare margins are slightly more, Auto margins are 7%-8% and defence and railways margins are 11%-12%.

Margins are varying from 6% to 9% for finished goods to components.

Sidwal margins are expected around 20%-22%.

Electronics

Electronics division is expected to grow 35% to 40% in FY24. Electronics division margins are around 5% and expected to be 6% in the next 2 years. The company is entering into new applications which come with slightly higher margins.

In Electronics, 55% to 60% revenue comes from consumer wearable and appliances and remaining comes from other wearable and telecom.

Mobility

The Mobility division is expected to grow 15%-20% in FY24. Mobility margins are expected to be 20%-22% going forward.

In the mobility business, the company is expected to benefit from modernization of the railway program. The company has a technology agreement with Sidwal and focused on the rail subsystems category.

Railsystems

The company's rail systems wallet share is around INR 20 lakhs to INR 25 lakhs and expected to increase from INR 75 lakhs to INR 80 lakhs. The Railsystems division is expected to double in the next 2-3 years.

The company is participating in railway tenders and supplying directly to railway factories and also supplying to train and metro car manufacturers like Alstom, CRRC, BEML etc.

Payment cycle for metro is around 90-120 days and railways starting from 60-90 days.

RAC & Components

The RAC industry declined by 20% to 25% in Q1FY24.
RAC market volume is expected around 9mn units in FY24.

RAC market is expected to grow 7%-8% and the company is expected to grow 3%-4% higher than the market in FY24.

The RAC market share stood at 29.4% and expected to increase further. The company is adding more components and customers.

Capex
Capex is expected around INR 3,500-3,800mn in FY24. The capex is for maintenance of 27 plants and R&D initiatives.

Capacity Utilization
Motors division capacity utilization is around 50%, RAC capacity utilization is around 50%-55%, Mobility capacity utilization is around 65%-70% and components division capacity utilization is around 65%-70%.

Inventory
In Apr, inventories were stuck due to lower sales in the finished goods category.

Primary sales dealers are carrying inventories; Secondary sales have improved in July-23.

channel inventory is elevated and expected to normalize in Q2FY24.

Asset turn
Electronics division asset turn is around 10 to 11 and mobility applications asset turn is around 12-15.

Air conditioner asset turn is around 7-8 and complete backward integrations asset turn is around 3-4.

PLI
The company has applied for PLI for INR 4,000mn and expected to receive INR 2,700mn in next 5 years and remaining thereafter.

Import content will go down in the next 3-4 years due to localization. The local manufacturing will increase due to PLI.

Order book
The order book stood at INR 17.02bn as of Q1FY24. The company has received large order of INR 800cr in Q1FY24.

Other highlights
ROCE stood around 15% and expected 16%-16.5% in FY24 and further expected to improve 19%-21% in the next 2-3 years.

Exports share stood at 11%-12% and expected to increase to 20%-25% going forward.

Outlook: Amber Enterprises is expected to grow at 18% - 20% CAGR over the next 4-5 years, more than 25% market share in various categories shows a competitive advantage over peers. Channel inventory is expected to clear in Q2FY24 and Secondary sales is expected to pick-up in Q2FY24. Strong visibility from rail systems & other sectors and debt reduction would improve the balance sheet going forward. We have a positive outlook on the stock.

Mayur Uniquoters Ltd- Q1FY24 Concall KTA's

CMP INR 497 | Market Cap INR 21,870 mn | Rating: Buy | TP: INR 613 (DCF-based)

Financials Standalone: Revenue from operations was INR 192 cr. PBT for the quarter was INR 39 cr and PAT INR 30 cr. Revenue decreased by 3%, PBT increased by 14%, and PAT increased by 9% compared to Q4FY23.

Financials Consolidated: Revenue from operations amounted to INR 201 cr. PBT for the quarter was INR 40 cr and PAT stood at INR 30.53 cr. Revenue increased by 4%, PBT increased by 36%, and PAT increased by 31% compared to Q4FY23.

Export: Exports saw a minor decline this quarter, with a promising upturn expected next quarter. The company anticipates substantial growth in automotive exports due to a surge in new orders for various models, aiming for a revenue increase from INR 157 cr to INR 225 cr in FY24 and projecting an expansion to INR 575-600 cr by FY25-26.
Decreased from 7.65 lakhs meters in Q4FY23 to 5.7 lakhs meters in Q1FY24.

Revenue mix from exports: Total exports amounted to INR 56 cr, with INR 20 cr from export general and INR 46 cr from export OEM.

Orders: The company is set to expand its clientele by including BMW alongside its existing partnership with Mercedes, delivering a similar quantity of about 35,000 yards starting from the upcoming year. New orders for Seltos models have been secured from competitors, commencing in the coming year.

Furnishing: Recent entry into the furnishing sector has gained momentum with 350 dealers on board. Over 250 new dealers have expressed interest, aiming for 1000 dealers by FY23-24. Monthly improvements of 10% to 15% are being achieved.

Other KTAs:
-Export general sales are up by 10-12%, while footwear sales have slightly declined.
-Mercedes, average 30,000 meters per month.
-Auto OEM domestic segment witnessed a 12.44% QoQ increase.

Footwear: Targeting global footwear and leather goods brands, such as Zara, to diversify its clientele beyond Indian manufacturers. Positive responses have been received, and orders are expected by year-end, offering favorable margins and sales prices.

Segment-wise Q1 revenue breakdown:
-Export General: INR 19.5 cr
-Export OEM: INR 46.35 cr
-Auto OEM Domestic: INR 43.74 cr
-Replacement: INR 26.53 cr
-Footwear: INR 48.06 cr
-Harnessing: INR 5.62 cr
-Other segments: Remaining balance

PU: PU segment is seeing increased demand for branded footwear and leather goods, with a focus on PU materials (80%) and some PVC (20%). FY23 PU revenue expected to rise by 5-10%, followed by a projected 50% increase in FY24-25. PU sales for the quarter was INR 5.5 crore, 181 units.

Outlook: The company aims to be a preferred supplier for leading OEMs in the US and Europe, with confirmed orders for new models in export and domestic markets. AM exports are expected to grow significantly in the next three years, with supply to new models already underway and more to start in upcoming quarters. Projected growth for FY24 is 10-15%, followed by 18-20% CAGR from FY23 to FY26. We assign a BUY with a DCF-based target price of INR 613, implying ~ 36x FY26E EPS.

Ramkrishna Forgings Q1FY24 Concall Highlights
Ramkrishna Forgings | CMP: INR 504 | Mcap: INR 80.84bn

Revenue growth is backed by 15%-20% volume growth, Capacity expansion and Acquisitions.

Multitech Auto will add around INR 5bn - INR 6bn in the topline on a consolidated basis in the next 2 years.

Current EBITDA margins of 22% are expected to be sustained and 50bps - 200bps margin changes are expected on a YoY basis

Multitech Auto – Acquisition
The company has acquired Mutitech Auto and its wholly-owned subsidiary Mal Metaliks. Mal Metaliks has a capacity of 21,000 MTPA for machined SG & CI castings and Bar draw capacity of 6,000 MTPA.

The acquisition will help the company to manufacture and supply the entire differential assembly and trailer axle assembly consisting of castings and forgings.

Multitech Auto's topline was above INR 3,000mn and its EBITDA margin stood around 14%. The standalone margin is expected to improve by 200bps to 250bps going forward.

Multitech Auto's gross debt stood at INR 450mn. Asset turn is around 1:3 and Networking capital is around 60 days.

Multitech revenue will be added from Q2FY24 onwards.

Capex
The company is doing a capex of INR 3,000mn to INR 3,500mn in FY24.

The company doing a capex of INR 1,250mn for cold forgings capacity of 25,000 MTPA. The cold press line is expected to be commissioned by Q1FY25. The company has booked complete capacity through OEM contracts for 7 years.

The company has commissioned 23,800 MTPA warn forgings capacity and the remaining 32,500 MTPA is expected to commission by Sep-23. The company also commissioned a 6,000 MTPA press line.

Wheelsets
The company is setting up a wheelset plant with Titagarh Wagons. The partnership JV of Titagarh Wagons and RK forgings is 51:49. The project cost is estimated at around INR 12.5bn to INR 14bn. The funding is expected through 30% equity and the remaining debt will be contributed to each partner over 3 years. The payback period is expected around 5 years.

The wheel’s capacity is around 2 lakh wheels, a minimum of 40,000 wheel sales are required for breakeven. The realization is determined every quarterly in the RBI index of steel and Inflation.

The JV won the order of ~INR 120bn; around 80,000 wheels/year is expected to supply to Indian railways for the next 20 years. The remaining goes for private players and exports.

Commercial production is expected to start from Q4FY26 onwards. The JV has revenue visibility of INR 280bn in 20 years.

Margins
EBITDA margin of 22% is expected to be sustainable and gradual improvement is expected. However, 50bps – 200bps margin changes are expected YoY basis.

Volumes
The volume growth is expected around 15% to 20% in the next 3-4 years.

Auto and Non-Auto mix
Auto and Non-Auto mix is around 70:30 and expected to be the same on a standalone basis. Multitech will add product lines.

Debt
The company is focused on debt reduction along with growth. Debt to EBITDA is expected 1:1 by FY25.

The average interest cost is around 8%. Credit rating changes happened in Feb-23 and rating changes are expected in 1-2 quarters.

Exports
Domestic and Exports mix stood at 60:40 and is expected to be the same going forward.

Exports are expected to grow strongly in the next 9 months on the basis of the order book.

Other highlights
Around 95% of payments are comes in 7 days from railways.

The production has been impacted for 7-10 days due to annual maintenance and slow-down production due to extreme heat in Q1FY24.

Railway revenue is expected around 4%-4.5% on a yearly basis.

Outlook and Valuation: Ramkrishna forgings volume growth is expected to be 15% -20% which shows business visibility for the next 3-4 years. Multitech Auto Acquisition will add a topline of INR 5bn – INR 6bn on consolidated levels in the next 2 years. The Capex for warm and cold forgings will add additional revenue going forward. The acquisition and expansion of Tractor & PV, Auto, and JV with Titagarh for wheelsets will improve the business going forward. We have an "ACCUMULATE" rating and valued the stock 20x of FY25E EPS of INR 28.2 and arrived Price Target of INR 564, an upside of 14.3%.

Kaynes Technology Q1FY24 Concall Highlights
Kaynes Technology | CMP: INR 1,736 | Mcap: INR 101.07bn

Revenue
Revenue is expected around INR 17bn to INR 18bn in FY24.

The company is expected to generate peak revenue of INR 20bn based on current capacity. Post capex, the company is expected to generate revenue of INR 30bn.

Revenue growth is expected to be around 40%-50% in the next 2-3 years.

The expected revenue mix Box build (40%), PCB (40%) and design (20%) going forward.

Margins
EBITDA margins are expected around 15% and PAT margins are expected around INR 9%-10% in FY24.

The company is working on different sectors. Consumer durables margins are lower and Industrial electronics margins are slightly higher.

Railways and Aerospace signaling volumes are lower and margins are higher.

Consumer durables and Automotive volume are higher and margins are lower.

IC engine based electronics are less complex and critical than EV. EV electronics margins are better than IC electronics.

Order book
The order book stood at INR 30bn. The order inflow per month is around INR 2,165mn in Q1FY24.

The order book inflow mix is Automotive (~30%), Industrials (~30%), Railways (15%-20%), Aerospace (~10%).

Capex
Around INR 1.3bn capex is expected in FY24.

Chamrajnagar facility capex is around INR 1bn for PCB. The capex is expected to complete in Q2FY24.

The company also doing capex for PCB in Manesar and Pune.

The capex for OSAT is around INR 2.5bn. Around INR 600mn capex is expected in FY24.

Working capital days
The working capital days stood around 98 days and expected to reduce by 10 days going forward.

Receivables are high due to the nature of business. Receivables days are varying from 30days to 90days and average days around 60.

PLA
In telecom, the company got the biggest module and designed its own module. Some production is expected under PLA-2.

In PLA, the company got orders and started doing trials. Billing is expected from Q2FY24 onwards.

Other highlights
80% of business coming existing business and 20% from new customers.

The company has added another OEM in Q1FY24.

The asset turnover is around 6 to 7.

Outlook: Kaynes technology is expected to grow 40%-50% in next 2-3 years backed by strong demand and capex. The order book stood at 30bn (~3x of FY23 revenue) and regular order inflows show business visibility. Demand from Automotive, Industrials, Railways, Medical, Aerospace and IoT will improve the business going forward. The reduction of imports and design, complex and critical electronics will improve the margins going forward. We have a positive outlook on the stock.

HFCL Q1FY24 Concall Highlights
HFCL | CMP: INR 63.6 | Mcap: INR 8,764cr

Telecom Products remain stronger; Witnessed margin expansion.
Materials: Anupama Bhootra

Margins
EBITDA margin stood at 14.7% in Q1FY24 and expected to be sustainable due to increase in telecom products share and exports.

EBITDA margins are expected to be 14% - 15% going forward.

Order book
The order book stood around INR 6,600cr; 70% is from EPC, and the remaining 30% is from products. Projects are coming in large orders. The current order book is sustainable and Products order book coming regularly. Small orders keep coming in INR 80cr – INR 100cr.

OF and OFC Prices
OF prices have come down from INR 450/fkm to INR 350-360/fkm, overall fibre prices and other raw material prices have come down to 10%-15% in Q1FY24.

OFC average realization is around INR 1,300/fkm compared to INR 1,260/fkm and INR 1,100/fkm in Q4FY23 and Q1FY23 respectively.

Capacity and utilization
Optical fibre capacity is expected to increase from 10mn flm to 33.9mn fkm and Optical Fibre Cable capacity is expected to increase from 25.08mn fkm to 34.75mn fkm going forward.

The capex stood at INR 80cr in Q1FY24 and overall capex is expected INR 350cr in FY24.

Capacity utilization stood at 86% in Q1FY24. Utilization varies based on types of cables. The plant is running 24/7 in a week.

PLI
The company is expected to receive PLI incentive of INR 652cr over next 4 to 5 years.

Market share
The company has 22%-22.5% market share in Outdoor WiFi-7 access points and 30% market share in UBR.

Segmental mix
Telecom products and Turnkey mix stood at 67:33 and expected to be 65:35 going forward.

Exports
Exports revenue stood at INR 176cr (+156% YoY). The exports revenue share stood at 17.1% in Q1FY24. The company is catering to more than 80 clients in more than 40 countries. Exports order book stood at INR 250cr, majorly from telecom equipment.

The company is targeting export revenue of INR 1,300cr – INR 1,500cr in FY24.

Telecom and 5G products

Telecom and 5G products revenue is expected between INR 350cr – INR 400cr in FY24, INR 200cr revenue is expected from 5G. In FY25, around INR 800cr – INR 1,000cr revenue is expected and 70% of revenue is expected from 5G products. Margins are expected around 18%-20%.

Defence

Defence revenue has come down, because other players have not constructed networks. Defence products are expected to improve going forward.

Revenue from defence products is expected in FY25. Software defined radios are under development. In defence tenders are expected for electronic fuses and others. The orders are expected to be a few hundred crores.

Outlook

The company has partnered with BEL for electronics products in defence, railways and telecoms.

The company is serving 35 different customers in India.

HFCL has secured 5 patents for 5G radios.

The company is considering fundraising.

Schaeffler Q2CY23 Concall Highlights
Schaeffler | CMP: INR 3,085 | Mcap: INR 482.44 bn

Automotive Technologies and Automotive Aftermarket remains strong; while Industrial and Exports dragged overall performance.
Segments
Automotive technologies grew 10.3% YoY (+1.6% QoQ) to INR 7,493mn, growth remains strong despite a subdued market.

Automotive Aftermarket grew by 23.8% YoY (26.2% QoQ) to INR 1,848mn; backed by network penetration and product expansion. In the Automotive aftermarket segment, the company has introduced Trupower batteries for 2-Wheelers.

Industrial and Exports has impacted overall growth, Domestic business remains strong in Q2CY23.

Capex
The capex is around INR 2.5bn in H1CY23. Overall capex is expected around INR 5.5bn in CY23.

The company is expanding capacity for spherical roller bearings, spherical rollers and heat treatment facilities in the Savli plant. The plant will improve localization.

The company has enhanced capacity for wind mills, heavy industries and railways sector.

Exports
Asia exports share stood at ~35%, Europe (45%), US (10%-12%), China (10%-15%) and the remaining from others. The Economic slowdown in Europe has impacted exports.

The North American market grew by 1%-2% YoY and the South East Asia market grew by 3.7% YoY in Q2CY23.

Capacity utilization
Capacity utilization improved from 79% to 86%-87% in Q2CY23.

Railways
The company is focused on railways and continues to invest for capacities. The company already got orders to supply bearings and other products for Vande Bharat trains and Metros.

Localization
The company's domestic production stood at 75% and imports around 25%. The company is focused on localization. The company targets 80% domestic production and 20% imports.

The company outsources raw materials for critical products.

PLI
Around 200 companies have applied for PLI; 75 companies have been selected; Schaeffer is one of them. PLI will help for transition to e-mobility and faster breakeven going forward.

Product and Manufacturing & Trading mix
The manufacturing revenue increased and trading revenue decreased due to product mix. Manufacturing and traded goods mix stood at 90:10.

Bearings and Non-bearings portfolio mix stood at 60:40.

Industry
The 2W segment witnessed recovery in Q2CY23. PV segment witnessed 9.8% YoY backed by new launches and dampening semiconductor shortages.

CV segment grew by 2.4% YoY due to BS VI phase 2 and price increases. Tractor segment grew by 8.6% YoY in Q2CY23.

Other highlights
The working capital stood at 19.9% of sales and expected to be sustainable going forward.

Outlook & Valuation: Automotive Technologies and Automotive aftermarket witnessed double digit growth in Q1FY24 and continue the same going forward. The launch of Trupower batteries for 2W will improve Automotive after segment. Around 45% of sales coming from Europe which impacted exports and global demand remain cautious in H2CY23, however domestic business remains strong. We have a positive outlook on the stock in long term perspective.

BEL Q1FY24 Concall Highlights
BEL | CMP: INR 129 | Mcap: INR 946.25bn

Revenue

Revenue growth is expected around 17% in FY24. Around 90% of revenue from products and 10% of revenue is from services and expected to be the same going forward.

The defence and non-defence mix is around 80-85:15-20 in Q1FY24 and expected to be the same going forward.

Margins Gross margins are expected around EBITDA margins are expected around 22% - 23% going forward.

Order book: The order book stood at INR 653.56bn (~3.6x of FY23 TTM revenue). The company is expected to maintain an order book for 2.5-3 years.

Around 6% of the order book comes from non-defence which is executable in 1-2 years. Around 95% of the order book from nomination basis and 5% of order book from bidding.

EW segment order book stood at INR 150bn.

Order inflows are expected to be more than 200bn in FY24.

Order pipeline: The order pipeline for electronic warfare for ship based systems worth INR 15bn.

Around INR 60bn order pipeline from NGOs and OTVs for equipment. Other orders are expected from GRSC, GSL etc.

Capex and R&D

Around INR 7bn – INR 8bn capex is expected in FY24. The capex is for maintenance and infrastructure development.

R&D expenses are expected to be around 6%-7% of sales.

Exports

Exports revenue stood at INR 870mn in Q1FY24. Exports revenue share around 10%. The company is exploring opportunities in Nigeria, Vietnam etc and defence exports are expected to increase gradually.

The company is closely working with NOD to increase exports. The company is targeting $90mn in FY24.

Projects

The company has submitted a QRSAM report to armed forces and is working on AON pricing and AON proposals.

QRSAM and other large orders are expected to execute in the next 4-5 years.

IACCS contract value around INR 8bn and pending order around INR 2bn which will be executed over a period of time.

Akash and Mizaire systems order book is around INR 53bn and almost executed.

Outlook: Bharat Electronics order book stood at INR 653.56bn (~3.6x of FY23 revenue) and more than INR 200bn order inflows are expected in FY24. EBITDA margins are expected to be sustainable around 22% to 23%. Continuous order from the defence sector with strong execution, indigenization and exports would improve the business going forward. We have a positive outlook on the stock.

Pitti Engineering Q1FY24 Concall Highlights
Pitti Engineering | CMP: INR 506 | Mcap : INR 1,621cr

Revenue
Around INR 1,800cr topline is expected at 80% utilization in FY25.

The domestic and Export mix stood at 68:32 in Q1FY24 and is expected to be the same in FY24.

Margins
EBITDA margin stood at 14.6% in Q1FY24. The softening of raw material prices and economics of scale would improve margins.

Order book
The order book stood at INR 799cr as of Q1FY24. Out of INR 799cr, around INR 200cr order book are long-term order book and is expected to execute in 2-3 years, and the remaining will be executable within a year.

The order book is based on steel prices. The company is getting orders on a regular basis. The order execution period is generally around 3 months because the company has a quarterly price variation clause with customers. Renewable orders will be executed in 6-9 months.

Siemens is in the progress of designing and developing 9,000 HP orders. The company is expected to get potential orders from Siemens. Pitti Engineering is expected to bid for sub-contracting from Siemens.

Order inflows remain strong in data centers and power systems.

Market share
The company has a 10% market share in the organized electrical laminations market. The company consumed around 70,000 tonnes of steel out of 7,00,000 tonnes. Post capex, the share is expected to increase to 15% going forward.

Sales volume and Realization
The sales volume stood at 9,958MT in Q1FY24. Aurangabad plant sales stood around 6,500MT and remained from the Hyderabad plant.

The company is targeting around 10,500MT in Q2FY24. The volumes are expected around 42,000MT to 44,000MT in FY24.

The sales and EBITDA realization per tonne stood at INR 2,91,009 and 42,606 respectively in Q1FY24.

Post Capex, The company is targeting INR 44,000 to INR 45,000 per tonne on EBITDA Realization. EBITDA per tonne realization improvement is based on machining utilization and value-added mix, highly automated new capex plant which requires fewer employees, and Economics of scale.

Incentives
The company has received INR 14.62cr incentives in Q4FY23 and the remaining ~INR 15cr incentives are expected in Q3FY24. Overall, around INR 45cr incentives are expected in FY24.

Capex

The current capacity stands at 50,200 MTPA as of Q1FY24 and is expected to reach 72,000 MTPA by Q2FY24.

The current machine hours stand at 4,60,800 hours and are expected to reach 6,50,000 hours in FY24 and are expected to utilize optimum levels in H2FY25.

Brownfield expansion in Aurangabad and Hyderabad is on Track.

The capex stood at INR 17cr in Q1FY24. The capex is expected around INR 220cr and expected to complete in Q2FY25.

Capacity Utilization

Sheet metal capacity utilization is around 77.8% and machining utilization is around 86.3% in Q1FY24. The utilization levels are expected to be above 80% till capex completion.

Assembled and value-added

Assembled and Value added components share stood at 75% in Q1FY24. The value added & components and Loose laminations mix is expected 80:20 going forward.

EV and Automotive

In EV & Automotive, the customers are Varroc and Dallas. The company is currently working for Electric buses for the next 2 to 3 years and looking for 2 and 3 wheelers opportunities.

Pitti Casting

Pitti Engineering and Pitti Casting merger is in progress and expected to complete by the end of FY24 or Q1FY25.

Around INR 15cr capex is expected for Pitti Casting.

Pitti Casting EBITDA margins are around 20% to 22%.

Exports

In Q1FY24, Railways revenue stood at INR 93cr, out of INR 93cr around INR 60cr revenue from exports.

Renewables orders are completely domestic orders and exports will start from Q2FY24 onwards. The execution timeline for Renewables orders is more than 3 months.

In renewable energy, the company is witnessing traction from Europe and the Americas.

In-direct export sales stood at INR 70cr to INR 80cr, majorly to European and US markets.

European markets

European markets are opening up for larger assembly. The company is expected to export directly.

In Europe, opportunities are coming from marine lines, mining, railways, and Winds.

In Europe, highly assembled product realization is 10% higher than in domestic markets.

Working capital
The average working capital days are around 70 days and are expected to maintain the same.

Other highlights
Components topline revenue is expected around INR 300cr in FY25.

The company might start its own brands for motors and alternators.

Sterlite Technologies Q1FY24 Concall Highlights
Sterlite Technologies | CMP: INR 150 | Mcap: INR 59.85bn | TP: INR 201

Witnessed margin improvement and H2FY24 is expected to be better

Revenue and Margins
Revenue growth is expected around 7%-9% in FY24.

Optical margins are around 22.1% in Q1FY24. The margins are expected above 20% on a sustainable basis. The increase in optical interconnect attach rate would improve the margins further. The company is working with Tier 1 consulting firm for cost reduction initiatives and cost reduction is expected to reflect from H2FY24 onwards.
OF prices and other expenses have reduced which reflected on margins.

Global services business margins stood at 7.9% and expected to maintain the same going forward.

Market share
Global OFC-ex China market share stood at 11% in H1CY23.

Capex
Around ~INR 3.5bn to INR 4bn capex is expected in FY24.
Optical fibre capacity expansion of 33mn to 42mn is expected in H1FY24.
The US OFC plant commissioned and started commercial production in Q1FY24.

Order book
Order book stood at INR 109.38bn (+4.1% YoY) in Q1FY24. Around INR 39.03bn of order book is executable in next 9 months and remaining thereafter.

Optical Networking business
Optical networking business revenue de-grew by 2.2% YoY (-26.1% QoQ) to 11,120mn due to lower volume and realization in OFC.

Optical networking margins remain above 20% and expected to be sustainable going forward. The cost optimization with the help of consulting firm will improve margins from H2FY24 onwards.

The company is focused to increase share in EMEA, India and APAC markets to fill the volume gap from the US market.

The company is focused on new product developments and commercialization.

Global Services business
Global services revenue stood at INR 3,530mn (-3.8% YoY/+0.3% QoQ). EBIT margin reached to 7.9% and expected to be sustainable going forward.

Bharat Net Phase 3 tenders expected by H2FY24.

The company received orders from Public sector customer to supply and set up ICT infrastructure for data centres and remote sites along with O&M. The company also got a fibre rollout for 5G deployment from a private customer.

Digital business

STL digital order book stood at INR 9bn. The orders are executable in 3-5 years' time.

The company has strategic partnerships with SAP and Google.

Digital and technology solutions breakeven is expected in Q4FY24 and EBITDA positive is expected in Q1FY25.

Inventory build-up

Global OFC demand declined by 3%-4% in Q1FY24 led by slowdown in North America (-11% YoY). Tier 1 and Tier 2 players have inventories and it takes at least 1 to 2 quarters to clear the inventory.

China mobile tender

China mobile tender awarded for 108mn fkm. China telecom tender was also announced for 50mn fkm.

Debt

Net debt to EBITDA is expected to be 2.5 or less going forward. Around INR 2bn to INR 3bn debt reduction is expected in FY24.

Demerger

A demerger of the global services business is expected in Q1FY25.

Other highlights

The company has a partnership with Windstream to cater US markets. Around $42.5bn is expected for connectivity in the US under the BEAD program.

Optical interconnect attach rate stood at 10% and expected to improve going forward.

Outlook & Valuation: Sterlite Technologies has a strong order book (~1.6x of FY23 TTM revenue) and China mobile tender would lead to further opportunities. The optical networking business is continuing to grow with above 20% margins and increasing the interconnect attach rate would improve the margins further. Global services business has reached a margin of 7.9% and expected sustainable and digital business is expected to be breakeven in Q4FY24. We believe telecom capex for 5G and the upcoming 6G would provide business visibility. Revenue is expected to grow at CAGR 9.1% over the period of FY23-FY25E, and RoE is expected to improve from 11.4% (FY23) to 17% in FY25E. We have "BUY" rating at a Target Price of INR 201 per share based on DCF; an upside of 33.7%.

Thermax Q1FY24 Concall Highlights
Thermax | CMP: INR 2,602 | Mcap: INR 309.68bn

Margin improvement backed by Industrial Products and Chemical projects.

Order inflows remains strong to INR 25.67bn (+11% YoY); The order pipeline projects value around INR 50bn to INR 100bn.

Margins
Industrial infra margins are lower to 3.3% vs 6.2% in Q1FY23 due to lower margins in project execution.

Industrial products margins improved to 6.7% vs 3.6% in Q1FY23 due to strong execution and Chemicals margins improved to 16.5% vs 3.7% in Q1FY23 on account of increase in revenue and execution.

EBITDA margins improved by 500bps to ~28% in Q1FY24 backed by moderation of commodity prices.

Order book
The order book stood at INR 105.05bn (~1.3x of FY23 revenue) as of Q1FY24. The order inflows stood at 25.67bn (+11%YoY). The company has received multiple boiler orders from the steel and distillery segment.

The order opportunities are around INR 50bn to INR 100bn in the next couple of quarters. Around 5 projects are in the pipeline which is greater than 5bn.

The order book decreased in Industrial infra and chemicals due to execution in Q1FY24.

Order Enquiries
The order enquiries witnessed from food, chemical and distilleries. Some improvements witnessed in the cement sector.

Arbitration
The company has received an arbitration award for repair, payment of damages from a third party. The third party has been directed to repair and restate the GTC under defect liability obligation. The award estimated INR 2.45bn which includes customer allowance.

Industrial Products and Chemicals
Industrial products witnessed tailwinds driven by all mega trends. The traction witnessed from heating water, waste water, pollution control and cooling solutions etc.

Some projects are expected from private players in petrochemical segments. The refining cycle will come back in the next 3 years of time.

Industrial Infra
Industrial infra witnessing overhang. Industrial infra orders are long cycle projects. The projects are expected from the steel sectors.

TOESL
The company has an aggressive pipeline in TOESL and current revenue rate around INR 1bn per quarter. The company has focused to achieve INR 8bn per annum going forward.

International business

International business has underperformed in Q1FY24. Around 30% of order inflows in international business. In international business a couple of projects are in the pipeline having orders worth more than INR 10bn. The orders are expected from large boilers, EPC and others.

Indonesia business has underperformed well in-terms intake and profitability.

The company is looking into a couple of projects in Taiwan.

Projects criteria

The company focused on projects minimum IRR of 15% and some exceptions based on project basis. Around 70% of projects IRR is around 15%.

Around 70%-75% orders are base orders. The base order growth is in double digits.

Projects

In TOSIL, the company is committed to the customers for sufficient biomass availability in the plant. In FEPL, the company is making sure that panels and wind turbines operate at optimum performance levels.

In Gujarat, the company has more than 70MW projects. In Tamilnadu, the company is in an advanced stage of execution.

The company has approved next stage projects in Tamilnadu, Maharashtra and Gujarat.

The company is working on other states for renewables energy on ISTS basis.

Bio CNG is contributing to the orders. Around a few INR 1bn worth of orders are expected going forward.

Other highlights

The company has launched integral crystalline waterproofing systems.

Chemicals are long term growth drivers.

Hydrogen projects are 3-5 years play.

Outlook: Thermax order book stood at INR 105.05bn (~1.3x of FY23 revenue) order inflow witnessed INR 25.67bn in Q1FY24. The order pipeline of INR 50bn to INR 100bn shows business visibility going forward. The margin improvement backed by moderation of raw material prices and execution of projects. The strong demand from steel, distillery, food, chemicals and revival in the cement industry would drive the business going forward. We have a positive outlook on the stock.

KEC International Q1FY24 Concall Highlights
KEC International | CMP: INR 654 | Mcap: INR 168.11 bn

Margin is expected to be 7% in FY24 and company is aspiring double-digit margins in FY24.

Order book stood at INR 301.25bn (1.7x of FY23 revenue); L1 of INR 50bn in Q1FY24 and INR 250bn order inflows expected in FY24.

Revenue
Revenue is expected to reach above INR 200bn in FY24. Around 20% revenue share is expected in 1st three quarters and 40% revenue share is expected in Q4FY24.

Middle East revenue is around INR 10bn

International business revenue share stood around 37% in Q1FY24. The revenue is completely from T&D.

Margins
EBITDA margin stood at 5.8% in Q1FY24. EBITDA margins are expected around 6% in Q2FY24 and 8% margins in Q3FY24/Q4FY24. Overall, the EBITDA margin is expected around 7% in FY24. The company is targeting double-digit margins in FY25.

The legacy projects are expected to complete in Q2FY24 and margin improvement is expected in H2FY24.

The water projects margin is around 8%-10%.

Order book
The order book stood at INR 301.25bn (+27% YoY) and L1 of INR 50bn in Q1FY24.

The order inflows stood at INR 45bn in Q1FY24. The order inflow is expected around INR 250bn in FY24.

Out of INR 250bn order inflows around 80bn order is expected from Civil.

The oil & gas order book stood at INR 10bn as of Q1FY24.

America's order inflows grew 65% YoY to INR 3.5bn in Q1FY24. L1 from SAE stood at INR 16bn in Q1FY24.

T&D
T&D revenue stood at INR 21.88bn (+33% YoY), backed by robust execution in domestic and international markets.

The order intake stood at INR 18bn (+50% YoY) backed by India, the Middle East, Africa, Europe, and the Americas.

T&D margins are expected around 10%-10.5% going forward.

Civil
Civil business revenue stood at INR 9.5bn (+60% YoY), due to robust execution in Industrial urban Infra, water, and residential in Q1FY24. The order book stood at INR 13.7bn comprising of Industrial residential and commercial building orders.

Railways

Railways secured orders of INR 7.5bn (+80% YoY). The company got a new order for a signaling and telecommunication project in Bangladesh. The company expects some large opportunities in signaling and telecommunication, speed upgradation, and automatic block signaling.

Kavach

Kavach orders are expected around INR 5bn – INR 6bn in FY24. The pipeline of the Kavach plan is around INR 250bn. The scope of the work for the company is around 30%-40% of the contract value.

Receivables from Afghanistan

The company has realized collections of INR 2.2bn in Q1FY24. Out of INR 3.5bn, around INR 2.6bn collections were realized in the past 2 quarters and the company is in active discussion with multilateral funding agencies for collections of the balance receivables.

International business

Dubai subsidiary's revenue is around INR 7bn to INR 8bn on an annual basis. Dubai plant has a capacity of 50,000 tonnes and a realization of around 1 lakh per tonne which comes around INR 5bn annually.

In Brazil, the company has completed all the legacy projects and EBITDA become positive. In SAE, EBITDA positive is expected in Q2FY24.

Finance cost

Finance cost stood at INR 1.59bn in Q1FY24 and the same run rate is expected in the next three quarters.

Interest cost stood at 3.6% of sales due to a steep increase in interest rates.

The company continues to refinance the high-cost loans and tranches are on track to refinance the balance loans.

Working capital days

Working capital days are expected to reduce from 126 days to 110 days in FY24.

Other highlights

The traction remains strong in T&D from the Middle East, SAARC, and CIS regions.

Strong demand from the Power sector due to transmission infrastructure plan in Rajasthan, Gujarat, Andhra Pradesh, and Tamil Nadu to support 500GW of non-fossil fuel powered by 2030.

Data center witnessing strong demand, and 800MW capacity is expected in FY24 with investments of $5.5bn.

Outlook & Valuation: KEC international has an order book of INR 350bn (including L1) and expected order inflows of INR 25bn in FY24 show revenue visibility over the medium term. EBITDA margins are expected to be 7% backed by completion of legacy projects and strong execution in domestic and international projects. The traction from T&D, Vandhe Bharat trains, Data centers, and refineries is expected to drive the business going forward. We have a "BUY" rating on the stock with a Target Price of INR 740 based on SOTP.

Duroply Industries Q1FY24 Concall Highlights
Duroply Industries | CMP: INR 192 | Mcap: INR 1,440mn

Price hike is expected to reflect in Q2FY24.
Debottlenecking would lead to additional revenue.
Tax benefits are expected due to carry forward losses of INR 250mn.

Revenue and Margins
Revenue is expected to grow by around 15% in FY24. (earlier guidance 20% growth).

Margins are expected to be around 6% in FY24. (earlier guidance 6.5%). The industry is facing margin pressure due to raw material shortages and inflations. The company increased a series of price hikes, product mix optimization, and robust procurement.

Price hike
The company has taken a price hike in the middle of June and is expected to be visible in Q2FY24.

Working Capital
The company has infused INR 280mn through Equity in Q2FY23. So, the company can able to procure materials at a lower cost. The working capital significantly reduced in FY23, however, inventories are a little above levels due to decorative business. The working capital cycle is expected to moderate going forward.

The company has increased the number of suppliers and payables days stood around 120 days.

Competition
The significant competitor is Century Plyboards and some regional players are there. The company has consistency in quality, a lifetime guarantee for products, a 15-20 years relationship with dealers & distributors, and a centric focus on customers.

Demand
In Q1FY24, demand remains muted and monsoon season remains challenged.

Capex
The company is doing debottlenecking and is majorly focused on contract manufacturing. There is no significant Capex required for that.

Carry forward losses
Carry forward losses stood at INR 250mn as of Q1FY24.

Other Highlights
In the coming years, the company needs multiple rounds of funding for growth.
The brand building initiatives cost stood at around 4% of sales.
Rajkot plant operations were impacted by supply chain shortages due to Biparjoy Cyclone.

Outlook: Duroply Industries is expected to grow 15% and Margins are expected to be around 6% in FY24. The debottlenecking would improve additional revenue and RoCE going forward. The company is expected to get tax benefits due to carry forward losses. The fundraising for business expansion and working capital would improve the business going forward. We have a positive outlook on the stock.

Sahyadri Industries Q1FY24 Concall Highlights
Sahyadri Industries | CMP: INR 452 | Mcap: INR 4,960mn

Capex will lead to additional revenue of INR 450mn to INR 500mn per annum.

The price hike is around 5% to 6% in Q1FY24.

Capex
The capex of INR 950mn for the Asbestos Corrugated Sheet is expected to be set up in Orissa. The installed capacity is around 1,20,000MT and is expected to complete by Q4FY25 and early FY26. The capex funding is expected through internal accrual and debt. The company is targeting eastern markets such as Orissa, Jharkhand, Bihar and West Bengal.

The capex of INR 950mn for Non-Asbestos Cement Boards is expected to be set up in Maharashtra. The installed capacity is around 72,000MT and is expected to complete by Q4FY25 and early FY26. The land is identified and acquisition is in progress. The capex funding is expected through internal accrual and debt. The company is targeting Western and North markets. There is a big gap in demand and supply for Non-Asbestos and capex is expected to cater going forward.

Post capex, the additional revenue is expected around INR 450mn to INR 500mn per annum.

Capacity and Utilization
The total capacity stood at 69,000MT and blended capacity utilization is 94% vs 85% in Q1FY23. The old capacity stood at 63,000MT and utilization stood at 97%-98%. The company added new lines and capacity stood at 6,000MT and utilization stood at around 55%.

Margins
EBITDA margins stood at ~12% vs ~19% in Q1FY23. Margins were impacted due to RM costs and there is no further increase from current levels.

In the raw material mix, Asbestos stood around 50% and balanced from others.

Roof margins are lower than boards. The single-digit EBITDA margin difference between Roofs and boards.

Valued added revenue share
Valued added revenue stood at 17%-18% of sales and the company is targeting a 25% share by Q4FY25.

Demand scenario
In Q1FY24, demand was strong, and generally, Q1 is the best quarter. Q2FY24 is expected to mute due to seasonality.

Working capital days
Payables days stood around 30 days, Receivables are less than 20 days, and inventories are around 80 days.

Extra inventories are expected to consume in Q3FY24 and inventories are expected to normalize in Q4FY24.

Price hike
The price hike stood around 5% to 6% in Q1FY24.

Other highlights
The company is targeting UP markets.

The company is positive on east, West, and North markets and negative on south markets.

The Inventories are light at dealer and distribution levels.

Outlook: Sahyadri Industries is expected to complete the capex in Q4FY25 and additional revenue is expected around INR 450mn to INR 500mn per annum. The price hikes and increase in value-added revenue share would improve the business and the normalization of inventories would improve the working capital cycle going forward. We have a positive outlook on the stock.

Texmaco Rail & Engineering Q1FY24 Concall Highlights
Texmaco Rail & Engineering | CMP: 114 | Mcap: INR 36.76bn

Around 19,000 wagons are expected to execute over the next 3 years

Margins were lower in Q1FY24 due to provisioning and are expected to be back to normal in coming quarters

Margins
EBITDA margins are expected around 9% to 10% going forward.

Order book
The order book stood at INR 84bn (~3.2x of FY23 TTM revenue). The order book breakup is Rolling stocks – INR 54bn, Rail EPC – INR 10bn, and remaining from steel foundry and others.

In Q1FY24, around 1,500 to INR 1,600 wagons orders were booked on the private side and exports.

Freight wagons
The company is executing around 450 to 500 railway wagons per month and additional private wagons. Overall, the company is executing more than 500 wagons per month.

Wagons production was lower in Q1FY24 due to challenges in brake systems and components.

JV
The new European JV will start manufacturing wagons and components going forward. It majorly focused on the private segment of the domestic market, Indian railways, exports, etc.

Provision
The company made provisions of INR 38cr due to the surrender of ~4,000 wagons orders to Indian railways. The company has taken conservative provisions in the book.

Global Wagon tender and target
Around 50,000 global wagon tender is expected in the coming months. The company is targeting 20%-25% of the share in new wagon tenders.

The company is targeting a 30% share in the wagons industry.

Fundraising
The board approved fundraising up to INR 5bn. The funds will be used for working capital requirements, capex for wagons, EPC division, and reduction in high-cost borrowings.

Exports
The company is exporting to the US, Australia, and African countries and new opportunities in European markets.

The company has the highest share in African countries.

Demerger
The company board suggested a demerger of the Rail EPC business instead of slump sale.

Debt
Working capital debt stood at INR 8.3bn – INR 8.4bn and Long term debt was around INR 1.65bn.

Other highlights
Around 19,000 wagons are expected to execute over the next 3 years.

Steel foundry capacity stood at 85% as of Q1FY24.

The company is currently focused on freight wagons and gradually building competence for passenger railways.

Private wagon margins are higher than railway wagons.

Outlook: Texmaco order book stood at INR 84bn (~3.2x of FY23 TTM revenue) showing potential visibility. The company is executing more than 500 wagons per month and ramping up execution would improve revenue and margins going forward. The company is expected to benefit from global wagons tender. We have a positive outlook on the stock.

Jupiter Wagons Q1FY24 Concall Highlights
Jupiter Wagons | CMP: INR 233 | Mcap: INR 90.26bn

Focused on 800/1000 wagons per month at the end of FY24/FY25.
Margins are expected to be 12%-13% on a sustainable basis.

Revenue
Revenue stood at INR 7.53bn in Q1FY24. Around INR 6.55bn revenue from Wagons and remaining from other businesses.

Margins
EBITDA margins are expected around 12% to 13% on a sustainable basis. Operating leverage would improve margins further.

Order book
- The order book stood at INR 61.22bn. The order book breakup is for Private wagons – INR 55bn, Indian railways – INR 10.5bn, and the remaining for commercial vehicles and containers, etc.
- The company secured 2,150 freight wagons orders worth INR 10.6bn in Q1FY24.

Wagons
- The company delivered 1,713 wagons in Q1FY24. The company is targeting 800 wagons per month at the end of FY24 and 1000 wagons per month in FY25. However, the execution will be depending on the types of wagons. Production might vary due to the design and type of wagons.
- The company entered a long-term MoU with Rites to explore a lucrative market on freight railways. The JV participated in 620 wagons tenders in Zimbabwe and Mozambique.
- Private wagons are expected to execute in the next 18 months.
- Around 50,000 wagons are expected in global tenders. The company is expected to benefit going forward.

Capex
Around 2.5bn capex is expected for wagons capex and JV.

Capacity utilization
The capacity utilization is above 80% in Q1FY24.

Stone India Acquisition
The company has obtained NCLT approval for Stone India acquisitions and is in the progress of securing handover and control of the company.

Brake Systems
- The JV of JWL Kovis commenced delivery of Brake Disc Assemblies to Indian railways and export orders received from global customers.
- In passenger coaches, the company is majorly focused on brake systems.
- The brake systems market is around INR 50bn.

EV
EV truck is under approval and launches are expected going forward. In the EV business, revenue is expected from FY25 onwards.

Container
- In the container business, the company has secured 40 feet Open Top, Coil Container order worth INR 100mn.

- The company has received an LOI from General Electric to supply 1,000 special flex inverter containers in FY25.

- The company is focusing on high-tech and High-end containers for substitution of imports.

Batteries

The company is partnered with Siemens to supply Lithium Ion batteries for Vande Bharat Trains. In passenger coaches, each coach needs one battery.

CMS crossings

- The company formed JV with Telegria – Spain. The JV of JWL Talegria is manufacturing weldable CMS crossings. The JV has received INR 2bn orders for Indian railways and is expected to execute in the next 15 to 18 months.

- The CMS crossings market is around 50bn and expected to reach INR 150bn to INR 200bn in the next 4 to 5 years.

Wheelsets

The wheelsets inventory is around 1-2 months. The company is very comfortable position in wheelsets. In the future, the company might set up a wheelset manufacturing plant.

Other Highlights

- Long-term debt stood at INR 170mn and Working capital debt stood at INR 2,750mn

- The company exports to African continents, Asia, and Australia.

Outlook: Jupiter wagons order book stood at INR 61.22 bn (~2.4x of FY23 TTM revenue) and order inflows of INR 10.6bn in Q1FY24 show business visibility going forward. The company is currently executing around 500-600 wagons per month and focused on 800/1000 wagons per month at the end of FY24/FY25 respectively. We have a positive outlook on the stock.

Vascon Engineering Ltd Q1FY24 Concall Highlights
CMP: INR 51.4 | Mcap: INR 11.18bn

Revenue
Revenue is expected to grow around 20% in FY24.

EPC
EPC revenue is expected around INR 10bn revenue in FY25.

EPC gross margins are expected around 25% to 30% and EBITDA margins are expected 15% to 18% in FY25.

Real Estate
Real Estate revenue is expected around INR 1bn to 1.5bn in FY25.

Real estate gross margins are expected 13% to 15% and PBT margins are expected around 9% to 10% in FY25.

There is no major project completion in FY24, so revenue recognition will be significantly lower.

Order book
Total order book stood at INR 19.8 (~3x of FY23 EPC revenue). The external order book stood at INR 1,597cr and was majorly contributed by government projects.

Around 78% of the order book is from government projects and the company is focusing on execution and cashflows.

Real Estate projects
Real estate sales stood at INR 410mn in Q1FY24.

Real Estate projects which are under development sale value is around INR 5.17bn.

The near-term launch pipeline of the Real Estate project's sale value is around INR 17.94bn.

Other real estate projects pipeline of real estate sale value is around INR 8.8bn

Other highlights
Around INR 300 limit is almost utilized.

Q2FY24 is expected a similar level growth of Q1FY24. Q3FY24 and Q4FY24 are expected to be better.

Outlook: Vascon Engineers is expected to grow at 20% in FY24. The order book stood at INR 19.8bn (~ 3x of FY23 EPC revenue shows potential revenue visibility. EPC business is expected to continue momentum backed by strong execution of projects. Real estate project revenue recognitions are majorly expected in FY25. We have a positive outlook on the stock.

Data Pattern Q1FY24 Concall Highlights
CMP: INR 2,112 | Mcap: INR 118.53bn

Revenue
Revenue is expected to grow at a CAGR of 25% over the next 2 years.

Margin
- EBITDA margins are expected around 35% to 40% going forward.
- Q1FY24 is a weaker quarter and EBITDA margins are also around 31%. Improvement is expected in Q2FY24. Q3FY24 and Q4FY24 are expected to be better.

Order book
- The order book stood at INR 9,617mn (~2x of FY23 revenue) as of Q1FY24. The order inflow stood at INR 1,327mn (~2.9x YoY) as of Q1FY24. The company is currently participating in large value tenders with MoD under the Make 1 and 2 categories.
- The order book will be executed within 2 years.
- Helicopter orders are expected around INR 1,500mn to 2,000mn.
- LUH and LCH orders are expected around INR 2,000mn to 2,200mn.
- Around INR 20bn to 30bn order pipeline is expected in the next 4-5 years.

QIP
The company raised INR 5bn through QIP. The fund will be utilized for product development. The company focused to build IP build products to compete with OEM and trying to build capability and scalable business models in India.

Capex
Capex is expected around INR 200mn for the development of products.

DRDO orders
The company received a couple of orders from DRDO for developments. The company is building radar systems for maritime patrol data.

Exports
The company is expecting some export contracts from Europe and South Korea.

Other highlights
- The defence export target is expected around INR 350bn in FY25.
- Development takes more costs and manpower rates. Production orders generate volumes with revenues.
- The other income stood at INR 120mn, majorly from interest income and mutual fund investments.

Outlook: Data Pattern is expected to grow at a CAGR of 25% over the next 2 years with 35%-40% EBITDA margins. The order book stood at INR 9,617mn (~2x of FY23 TTM Revenue) showing business visibility. Strong order pipeline in defence sectors and exports opportunity would drive the business going forward.

Power Mech Projects Q1FY24 Concall Highlights
CMP: INR 4,075 | Mcap: INR 60.62bn

The company targets INR 100bn order inflows in FY24.
The company has received INR 304.38bn contract from SAIL for execution of 28 years.
EBITDA margins are expected around 13%-14% going forward.

Revenue
The open order book stood at INR 136bn and revenue is expected around INR 37%-40% of conversion in the opening order book.

Margins
EBITDA margins are expected around 13% to 14% going forward.

Order book
- The order book stood at INR 533.20bn as of Q1FY24. The order book includes INR 304.38bn contract from SAIL which is executable over the next 28 years. The contract includes 2 years of development.
- The international order book stood at INR 4bn and the maintenance order book stood at INR 1.5bn to INR 480cr.

Order Inflows
- The order inflows stood at INR 311.58bn as of Q1FY24. It includes INR 304.38bn contract from SAIL.
- The company is targeting INR 100bn order inflow in FY24. The company already got an L1 project order of INR 20bn.
- The expected order inflow split is O&M – INR 20bn, Water distribution – INR 20bn, material handling – INR 25bn, Specialised construction – INR 5bn – 8bn, and remaining from others.
- The company is identified INR 400bn worth of projects and targeting INR 100bn orders.
- In FY25/FY26, the company is targeting INR 110bn to INR 120bn order inflows.

Capex
The capex is expected around INR 420mn and INR 200mn has already been incurred. The remaining capex is expected to realize in the next 30 days. The capex is expected to be INR 400mn to INR 500mn going forward.

Collections
The average monthly collection is around INR 3.5bn and gradual growth is expected going forward.

O&M
O&M margins are expected around 16%-17%. The O&M contacts escalation pricing around 4%-5%.

Debt
Gross debt stood at INR 4.9bn and net debt stood at INR 2.84bn as of Q1FY24.

Other highlights
- In Q1FY24, the Domestic and export mix stood at 90:10.
- In Q1FY24, Power and Non per mix stood at 51:49.

Outlook: Power Mech project's initial open order book stood at INR 136bn and 37% - 40% of the conversion is expected in FY24. The company has received an MDO contract of INR 304.38bn from SAIL for the next 28 years. The margins are expected around 13%-14% going forward. Water distribution, railway, and metro power projects, material handling, and contract mining would drive the business going forward.

V-Guard Industries Q1FY24 Concall Highlights
CMP: INR 308 | Mcap: INR 132.94bn

Sunflame margins are 11%-12% which is higher than V-Guard margins.
The water heater's high-cost inventory is expected to clear on Oct-24.
Debt is expected to reduce in the next 18-24 months.

Margins
EBITDA margins are expected around 9% to 9.5% going forward. Commodities like Copper started moderating. Margin expansion is expected in all the categories.

Sunflame
- Sunflame revenue is expected around INR 3.3bn to INR 3.5bn in FY24. Sunflame EBIT margins is around 11% to 12% which is higher than V-Guard margins.
- Sunflame is expected to do well in Q3FY24 due to Diwali.

Debt
The company has reduced INR 1bn debt and is expected to repay the Sunflame acquisition debt from Apr-24 onwards. The company is expected to clear the debt in the next 18 to 24 months.

Inventory
In the Water heater, the company is holding high-cost inventory and expected to clear in Oct-24. Margins are expected to improve from Q3FY24 and Q4FY24 onwards.

Wires and Cables
- Cables and Wires are house wires. Around 13% growth was witnessed in terms of value and volume in Q1FY24.
- Cables and wires capacity utilization is around 65% to 70%.

Stabilizers and Inverters
- AC stabilizer majorly drove the growth. South and East market has grown well while the north market witnessed de-growth. In the Eastern market, West Bengal, Orissa, and Bihar did well in the summer season.
- Inverters and stabilizers are expected to well in Q1 and Q4.

Fans
North is a big market for fans. The unseasonal weather and bad summer season impacted north market sales. The price hike was taken in Apr-23 and discounts were given in May and June months because of heavy rains.

South and Non-South
- In Q1FY24, the south market de-grew 9.9% and the North market grew by 16.7%.
- In Q1FY24, the South and Non-South revenue mix stood at 40:60.
- South market share is expected around 37% to 38% and the non-south market is expected around 60%-63% going forward.

In-house manufacturing
In-house manufacturing is around 60% and expected to increase to 75% in the next 3 years.

Other highlights
- The switch gear business is lagging and cables & wires are doing better.
- The company adds around 3,000 to 4,000 retailers every year.

- The modular switch's average price is around INR 30 and the Solar water heater's average price is around INR 20,000.

Outlook: V-guard industries are expected to grow at a double-digit rate and EBITDA margins are expected around 9% to 9.5% going forward. Sunflame is expected to well in Q3FY24 backed by Diwali and the company is targeting INR 3.3bn to INR 3.5bn revenue with 11%-12% EBITDA margin in FY24. The repayment of debt over the next 18-24 months would improve the balance sheet. We have a positive outlook on the stock.

Crompton Greaves Consumer Electricals Q1FY24 Concall Highlights
Crompton Greaves | CMP: 300 | Mcap: INR 193.13 bn

Crompton and Butterfly merger in progress.
RM costs and Higher Ad spending impacted margins

Margins
- Gross margin stood at 30.8% (-70bps YoY/-60 bps QoQ) in Q1FY24. Gross margins were impacted due to Higher BEE costs in fans and price correction in Pumps.
- EBITDA margin stood at 9.9% (-190bps YoY/ flat QoQ) due to higher Ad spending.

ECD
- ECD margins contracted by 430bps YoY (-370 bps QoQ) to 12.7% in Q1FY24. Around 50 bps impact from large appliances, 150 bps impact from gross margins, and remaining from others.
- In Appliances, Air coolers & water heaters (+11% YoY) and mixer grinders (+50% YoY) witnessed strong growth in Q1FY24.
- Alternate channels witnessed 32% YoY in Q1FY24.

Fans
- In Fans, premium fans accounted for a higher share and witnessed 22% YoY growth in Q1FY24.
- Fans grew 5% YoY, while ceiling premium fans grew by 22% YoY in Q1FY24.
- The company's ceiling share stood at 1/3 of the industry.
- The company is the largest player for economy fans and the Top 2 player for BLDC fans. The company has launched new premium products and BLDC fans such as Toro & Groove.

Lighting
- The company is focused on the expansion of small domestic appliances and B2C lighting.
- In Lighting, sales were impacted due to lower realization on lighting. The company is focused on premiumization and strengthening dealer network distribution.
- Channel stocking remains lower due to price corrections in Bulbs and Battens.

Pumps
In Pumps, Agricultural pumps witnessed growth while residential pumps remain muted. Around 80% to 90% of the share accounted for the residential category and the remaining from agricultural pumps. The company majorly focuses on the north and south markets.

Butterfly
- In Butterfly, the company has completed a re-balance of retail and E-commerce channels. Butterfly EBITDA is around 7% and expected to reach 8%-9% over the medium-term and double-digit margins are expected going forward.
- The butterfly is strong in the south, especially in Tamil Nadu.

Ad & Promotional
Crompton Ad & Promotional spending stood at 4.2% of sales while Buttlefly Ad & Promotional spending stood at 5.4% of sales in Q1FY24.

Other highlights
- The price increase is expected in Q2FY24 and Q3FY24.
- E-commerce business share accounts for around 25%.

Outlook: The ECD segment witnessed growth backed by fans, the restructuring of the portfolio will improve the lighting business, strategic restructuring will improve Butterfly and the company is in the progress of a merger of Butterfly and Crompton. Butterfly margins are expected to move from 5%-7% to 8%-9% and are further expected to reach double-digit going forward. Product mix improvement through new launches and implementation of cost optimization will improve the business going forward. We have a positive outlook on the stock.

Centum Electronics Q1FY24 Concall Highlights
Centum Electronics | CMP: INR 1,378 | Mcap: INR 17.75bn

The order book stood at INR 15.42bn (~1.6x of FY23 TTM revenue) shows business visibility. French subsidiary is expected to perform well in the coming quarters.

Revenue
Standalone revenue growth is expected around 20% over the medium term. Consolidated revenue growth is expected around 13% to 15% over the next 2 years.

Margins
- EBITDA margin stood at 7.3% in Q1FY24. EBITDA margins are expected around 10% going forward, compared to historical margins of 8%-9%.
- The margin improvement is expected through cost reduction initiatives, Offshore projects, and high-value projects.

Order book
The order book stood at INR 15.42bn (~1.6x of FY23 TTM revenue) as of Q1FY24. The order book is executable over the next 18-20 months.

Subsidiaries
- Subsidiaries are expected to contribute positively going forward. H1 is expected to be muted and H2 is expected to be better.
- Subsidiaries' EBITDA margins are expected 7% to 8% going forward.
- French subsidiary is expected to perform in coming quarters and expected to contribute EBITDA levels.

EMS
EMS revenue share stood at 39% and is expected to be 40% going forward.

Chandrayan -3
The company has supplied critical modules and systems to Chandrayan-3.

Inventory and Receivables
Inventory days stood at 105 days and receivables days stood at 110 days.

Other highlights
- Canadian manufacturing is expected to transfer to India at a low cost.
- The standalone tax rate is expected around 25%.
- The company was awarded by DPSU for indigenizing critical systems for armoured vehicles.
- In Industrial electronics, the company is focused on high-value and lower-volume products.
- Employee cost in terms of sales stood at 38% and is expected to be the same on an annual basis.

Outlook: Centum Electronics is expected to grow 13% to 15% with 10% EBITDA margins over the medium term. The order book stood at 15.42bn (~1.6x of FY23 TTM Revenue) and order inflows of ~2.5bn in Q1FY24 show potential business visibility. The strong visibility in Defence, Space & Aerospace, Transport & Automotive, Industrial & Energy, and Healthcare would improve the business going forward. We have a positive outlook on the stock.

IndusInd Bank – Q1FY24 Concall KTAs
CMP INR 1387 | Market Cap INR 1166 bn

Asset Quality
- The bank had reported a gross slippage of INR 13.76 bn v/s INR 16.03 bn in last quarter (down 14.16% QoQ).
- Out of total slippages, INR 12.44 bn (remained stable as compared to last quarter) was from standard book and INR 1.32 bn (v/s INR 3.59 bn in last quarter) was from the restructured book.
- Credit Cost reduced from 36 bps to 33 bps QoQ.
- Their restructured book reduced by INR 0.75 bn from 0.84% in Q4FY23 to 0.66% in current quarter.

Vehicle Finance
- Vehicle finance loan book during the quarter is at INR 783.32 bn as compared to INR 752.43 bn in previous quarter (up 4% QoQ, 21% YoY).
- Disbursement in this segment came at INR 119.01 bn vs INR 125.16 bn in Q4FY23 (-5% QoQ, +18% YoY).
- The bank has maintained share across all vehicle categories.
- The restructured book in this segment reduced from 14.75bn to INR 11.82bn QoQ.
- The disbursement growth has shown strong disbursement during last 2 years. The current quarter has been seasonally weak and is expected to improve going forward.

MFI
- The microfinance loan book stood at INR 319.81 (up 9% YoY, down 1% QoQ).
- It constitutes 11% of the total advances.
- MFI standard book collection efficiency was at 99.2%.
- It has been a seasonally weak quarter for MFI book and is expected to get better in the coming Quarter.

Corporate
- Majority of the corporate loan book is floating rate in nature and the bank was able to pass on increased rates to the customer due to reset of yield in the corporate book.
- Corporate loan book stood at INR 1394.37 bn (up 4% QoQ, 22% YoY).

OUTLOOK
Overall In line performance. Quarter 1 is generally weak for banks owing to seasonal factors. But, irrespective of this, IndusInd bank has been able to improve their asset quality. Going forward, their Vehicle loan book and MFI book are expected to pick-up. This will help them improve their NIMs. Further, the cost of deposits is also expected to reduce, owing to the interest rate stabilization. We have a price objective of INR 1,691 at 2.5x P/Abv FY25E.

RBL Bank-Q1FY24 Concall KTAs
CMP INR 221.7 | Market Cap INR 132.95 Bn
Financial Performance
- NII during the quarter was INR 12.46 Bn as compared to previous quarter INR 12.11 Bn (up 3% QoQ ,up 21% YoY).
- Operating profit for the quarter was INR 6.47 Bn as compared to previous quarter INR 5.94 Bn (up 9% QoQ ,up 22% YoY). Management expects higher growth than those of advance i.e upwards of 20%.
- PAT for Q1FY24 was 2.88 Bn as compared to previous quarter of INR 2.71 Bn (up 6% QoQ , up 43% YoY).

Key Metrics
- NIM for Q1FY24 was 4.84% (down 17bps QoQ, up 49bps YoY).
- NIM was lower sequentially as a result of the long term depository repricing.
- C/I Ratio for the quarter was 66.5% as against the previous quarter 68.5% (Q1FY23- 67.8%).
- Given the expected higher business volume in the next couple of quarters, C/I is expected to marginally climb in the next two quarters before trending down substantially.
- ROE for Q1FY24 was 8.39% as compared with last quarter 8.11% (Q1FY23- 6.28%). Expectations of 15% by FY26.
- ROA for the quarter stood at 1.01% (up 1bps QoQ , up 26bps YoY). Expectations of 1.5% by FY26.

Advances
- Advances for Q1FY24 stood at INR 730.87 Bn as compared to previous quarter figure amounting INR 702.09 Bn (up by 4% QoQ, up 21% YoY).
-Advances growth primarily driven by retail growth of 8% QoQ, up 34% YoY.
- Advances growth expected for FY24-FY26 to be higher of 20%.
- Advance mix - Retail- 56% Wholesale 44%. Target mix by FY26 Retail- 60%-65%, Wholesale- 40%-35%.
- Credit cost for quarter stood at 39 bps (up 10 bps QoQ, down 4 bps YoY).

Credit cards
- Customer YoY growth was 19% v/s 14% of the Industry.
- YoY growth on spends stood at 31% v/s 24% of Industry.
- Mix as on Q1FY24- Salaried- 33% & Self employed-67%.
- City mix as on Q1FY24- Tier-1- 54%, Tier-2- 10%, Tier-3- 36%.

Micro Finance
- Net Advance stood at INR 65.17 Bn v/s INR 59.63 Bn in Q4FY23 v/s INR 48.52 Bn in Q1FY23 (up 9% QoQ, up 34% YoY).
- Average ticket size INR 36,889 v/s INR 42,114 in Q4FY24 v/s INR 34,480 in Q1FY23.

Deposits
- Deposits for Q1FY24 stood at INR 856.36 Bn as compared to previous quarter figure amounting, INR 848.87 Bn (up 1% QoQ, up 8% YoY).
- Deposits growth expected for FY24-FY26 to be higher of 20%.
- Term deposit % of total deposit stood at 62.7% (up 10 bps QoQ, down 130 bps YoY).
- LCR for Q1FY24 stood at 129%(up 3% QoQ, down 9% YoY).

Asset Quality
- Provisions for the quarter was INR 2,660 Mn v/s Q4FY23 INR 2,350 Mn v/s INR 2,530 Mn(up 13% QoQ, up 5% YoY).
- PCR of Q1FY24 was 69.6% as compared to 68.1% for the last quarter.
- GNPA for Q1FY24 stood at INR 24.04 Bn as against previous quarter 24.20 Bn.
- GNPA % for the quarter was 3.22% as compared to 3.37% of previous quarter.
- NNPA for Q1FY24 was INR 7.30 Bn as against previous quarter INR 7.73 Bn.
- NNPA % for the quarter was 1% compared to the 1.10% last quarter.
- Slippages for the quarter was 0.8% (down 22 bps QoQ, down 29 bps YoY).

Capital Adequacy
- CRAR for Q1FY24 16.68% v/s 16.92% Q4FY23 v/s 17.51% Q1FY23.
- Tier 1 Capital for Q1FY24 15.05% v/s 15.25% Q4FY23 v/s 16% Q1FY23.
- RWA/Total Assets for the quarter was 74.4% (up 90 bps QoQ, down 180 bps YoY).

OUTLOOK

Overall in-line performance. Despite Q1 generally being a period of slower growth, RBL bank has been able to sustain the momentum in the retail businesses and the retail disbursals. Granular deposits continue to be the key focus for the bank in current financial year. This also allows the bank to grow the customer franchise as the bank is now enabled on multiple asset products to fulfill the customer's borrowing needs on profitability. Bank has started FY24 with a healthy financial performance and have improved quarterly profits sequentially. It has maintained credit card guidance of between 1.5% to 2% this fiscal. Though they will aim to grow similar to the 1.5% last year. Bank expects to maintain a 5-8% sequential growth each quarter.We believe it's time to book profit at this current level.

Union Bank of India – Q1FY24 Concall KTAs
CMP INR 90.25 | Market Cap INR 616.83 bn

Financial Performance
- NII during the quarter was INR 88.4 Bn as compared to previous quarter INR 82.5 Bn (up 7% QoQ, up 17% YoY).
- Operating Profit for the quarter was INR 71.8 Bn as compared to previous quarter INR 68.2 Bn (up 5% QoQ, up 32% YoY).
- Increase in operating profit is due to higher percentage increase in non interest income and lower percentage increase of operating expenses.
- Net Profits for Q1FY24 was INR 32.4 Bn as compared to previous quarter of INR 27.8 Bn (up 16% QoQ, up 108% YoY). Sharp increase in YoY due to mere growth of 1% in the provision amount.

Key Metrics
- NIM for Q1FY24 was 3.13%(up 15 bps QoQ, up 13 bps YoY). Company expects 3% for FY24.
- CoD for the quarter stood at 4.97%(up 16 bps QoQ, up 94 bps YoY).
- C/I Ratio for the quarter was 43.66% as against the previous quarter 49.53% (Q1FY23- 47.61%).
- ROE for Q1FY24 was 18.97% as compared with last quarter 17.5%(Q1FY23- 11.52%).
- ROA for the quarter stood at 1% (up 12 bps QoQ, up 47 bps YoY).
- Gross Profit per EE for the quarter was INR 3.8 Mn (up INR 2 Mn QoQ, up INR 9 Mn YoY).

Advances
- Advances for Q1FY24 stood at INR 8,185 Bn as compared to previous quarter figure amounting INR 8100 Bn (up 1% QoQ, up 12% YoY).
- Company expects advances to grow 10-12% for the FY24.
- Advance mix- Retail- 19.8% (Q1FY23- 19.1%), Agriculture- 18.8% (Q1FY23- 18.6%), MSME- 15.6% (Q1FY23- 15.3%), LC & Others- 45.8% (Q1FY23- 47%).
- Almost 50% of the retail advances are for Home loans.

Deposits
- Deposits for Q1FY24 stood at INR 11,281 Bn as compared to previous quarter figure amounting INR 11,177 Bn (up 1% QoQ, up 14% YoY).
- Company expects deposits to grow 8-10% for the FY24.
- LCR for Q1FY24 stood at 161%.

Provisions and NPA
- GNPA for Q1FY24 stood at INR 601 Bn as against previous quarter INR 610 Bn (down 1% QoQ, down 19% YoY).
- GNPA % for the quarter was 7.34% (down 19 bps QoQ, down 288 bps YoY). Company expects to bring down to less than 6% by year end.
- NNPA for Q1FY24 was INR 121 Bn as against previous quarter INR 129 Bn (down 6% QoQ, down 46% YoY).
- NNPA % for the quarter was 1.58% (down 12 bps QoQ, down 173 bps YoY). Company expects to bring down to less than 1% by FY24.
- PCR of Q1FY24 was 90.86%(up 52 bps QoQ, up 611 bps YoY).

Slippages & Recovery
- Slippages during the quarter was INR 32 Bn as compared to previous quarter INR 28 Bn (up 16% QoQ, down 24% YoY).
- Company expects slippages of INR 120 Bn during the year.
- Recovery made during the quarter INR 36 Bn. Company expect INR 160 Bn recovery in FY24.

Capital
- Company obtained BoD approval for capital raising amounting INR 101 Bn (Equity- INR 80 Bn, AT-1- INR 10 Bn, Tier-2- INR 11 Bn).
- CRAR % for Q1FY24 stood at 15.95% (down 9 bps QoQ, up 153 bps).
- RWA to Advances % for the quarter was 72.09% (up 67 bps QoQ, down 355 bps YoY).

Digital & Technology
- 31% of bank personal loans are sanctioned fully digitally.
- QoQ growth of 65% in digital FD. 53% QoQ growth in digital loans.
- Bank by Q4FY24 will shift to new mobile banking platform.
- By FY25 separate apps for MSME & Corporate customers.
- Bank is one of few banks to be part of digital currency trials.

Outlook
The bank reported strong results for the Q1FY24, YoY doubling of profit after tax (PAT) and stable provisioning. The bank is focused on recovering and maintaining a stable NIM. The bank believes that the cost of deposits will remain stable. It is investing in digital channels to onboard new customers. The bank believes that this will unlock new levers of business. The Bank expects positive results for the coming quarters as well.

Canara Bank – Q1FY24 Concall KTAs
CMP INR 339.75 | Market Cap INR 616.44 Bn
Performance Overview
- Global Business stood at INR 20,801.41 Bn for Q1FY24 against INR 19,017.76 Bn for Q1FY23 (up 9.38% YoY, up 1.87% QoQ).
- Gross Advances stood at INR 8,876.71 Bn for Q1FY24 (up 13.27% YoY).
- PAT during the quarter was INR 35.35 Bn against INR 20.22 Bn for Q1FY2023 (up 74.83%).
- Operating Profit stood at INR 76.04 Bn (up 15.11% YoY).

Deposits
- CASA deposit for the quarter stood at INR 3,645 Bn v/s INR 3,665 Bn for Q4FY23 v/s INR 3,611 Bn for Q1FY23 (down 55 bps QoQ, up 92 bps YoY).
- Term deposit for Q1FY23 was INR 7,400 Bn v/s INR 7,283 Bn for Q4FY23 v/s INR 6,918 Bn for Q1FY23.
- CD grew to 74.44% for Q1FY24 against 70.09% for Q1FY23 (up 435 bps YoY).

ROA & ROE
- ROA improved to 0.99% for Q1FY24 against 0.65% for Q1FY23.
- ROE improved to 22.95% for Q1FY24 against 16.33% for Q1FY23.
- The company expects the ROA & ROE to be 1% & 19.5% respectively by the end of FY24.

Global Advances
- Global Advances grew to INR 8,876.71 Bn for Q1FY24 against INR 7,836.54 Bn for Q1FY23 (up 13.27% YoY, up 2.88% QoQ).
- The company expects the loan book to grow at 10.5% overall for the current financial year, and maybe reach 12-14% growth.
- Advance Mix- Retail Loans- 16%, Agriculture & Allied- 25%, MSME- 14%, Corporate- 45% (No change in mix in QoQ).

Asset Quality
- GNPA stood at 5.15% for Q1FY24 against 6.98% & 5.35% for Q1FY23 & FY23 respectively. The company expects GNPA to be below 4.5% by the end of FY24.
- NNPA stood at 1.57% for Q1FY24 against 2.48% & 1.73% for Q1FY23 & FY23 respectively. The company expects NNPA to below 1.20% by the end of FY24.

PCR
- PCR improved to 88.04% for Q1FY24 from 84.51% for Q1FY23 (up 353 bps YoY).
- The company provides guidance for PCR to reach 90% for the current year.

NIM
- NIM stood at 3.05% for Q1FY24 against 2.78% for Q1FY23.
- The company has achieved its target of 3.05% for FY24.

Slippage & Credit Cost
- Slippage stood at 0.36% for Q1FY24, which was the same for Q1FY23.
- The credit cost% decreased to 1.10% for Q1FY24 from 1.38% for Q1FY23.
- The company expects the slippage and credit cost to be 1.30% & 1.20% respectively.

OUTLOOK
The company displayed positive results for Q1FY24. The company has launched initiatives to deploy technology and digital advancements. The company also expects to increase their income margins as the high interest rate regime comes to an end. The company is targeting an overall business growth of 10% and is positive in achieving it comfortably. The company also is planning to increase PCR and other provisions for long-term growth and sustainability.

SBI Life Insurance Company Ltd – Q1FY24 Concall KTAs
CMP INR 1300 | Market Cap INR 1301.6 bn
Performance below market expectation

- Gross written Premium stood at INR 135.6 Bn v/s INR 113.5 Bn in corresponding quarter last year (up 19% YoY). This was led by the 11% YoY increase in net business premium to INR 62.1 bn and 28% YoY increase in renewal premium to INR 73.5 bn.

- New Business Premium (NBP) has grew by 11% YoY to INR 62.1 billion in Q1 FY 24 aided by growth in Single premium business by 18% YoY.

- Total Protection new business premium increased 12% YoY from INR 7 bn in Q1FY23 to INR 7.8 bn in current quarter, led by growth in individual protection business by 5% YoY to INR 2.1 billion and growth in group protection business by 15% YoY to INR 5.7 billion in Q1 FY 24.

- PAT at INR 3.8 bn v/s INR 2.6 bn in Q1FY23 (+45% YoY), led by increasing AUM, and increasing market share.

- Operating expense ratio increased up by 20 bps YoY to 6.8% during the year but the total cost ratio improved by 40bps YoY to 10.8% during the quarter, driven by the decrease in commission ratio by 60bps YoY to 4% for the quarter.

- Value of New Business during the quarter came at INR 8.7 bn and Value of new business margin at 28.8%.

- AUM stood at INR 3282.8 bn (+6.8% QoQ, +25% YoY).

- Robust solvency ratio of 2.15 as on June 30, 2023 as against the regulatory requirement of 1.50 indicating strong financial position of the Company
•OUTLOOK
Overall positive performance. ROA is expected to remain at 96bps and domestic margin is expected to be 3.5% for FY24.

FINO Payments Bank– Q1FY24 Concall KTAs
CMP INR 328 | Market Cap INR 27.29 Bn

Transitioning from payments banks to Small Finance Bank
- The board of directors has approved the company's transition from a payments bank to a small finance bank (SFB). The company is all set apply to the RBI for approval, and if all regulatory approvals are received on time, the transition is expected to take 24 months.
- Company will run on Payments Bank ++ model- operating as bank service providers- Fee based income continues to be as a key source of revenue.
- The company only plans to open 30 branches in the first 3 years of operations. It intends to continue with its asset-light model.
- Company's lending business will not be the core business of the entity, it will facilitate loans to its merchants whose transaction history they have in the initial stages of operations as a small finance bank. This will allow them to optimize the credit approval process through data analytics.
- Company expects it's cost of funds would be lower by 200-250 bps as compared to competitors.

Group Restructuring Proposal- The bank's board has received a letter from its holding company regarding a potential corporate restructuring. The board has formed a committee to explore the proposal and its implications.

Appointment of Chief Compliance Officer- Company at its board meeting approved appointment of Mr. Ashish Pathak, Senior Vice President of the Bank, as Chief Compliance Officer.

Overall Performance
- Total Revenue stood at INR 3,483 Mn (up 8% QoQ, up 21% YoY).
- CoF for Q1FY24 stood at 2.2%. The company expects it to be around 2.5% by FY28.
- PAT for Q1FY24 was INR 187 Mn (down 15% QoQ, up 85% YoY). The sharp YoY increase in PAT is due to decrease of C/I Ratio by the company.
- ROE pa for the quarter was 13.6% (down 3.1% QoQ, up 5.2% YoY).

C/I Ratio for the quarter was 26% as against 27% in Q1FY23. The company has steadily reduced it by 12% over the past three years. Company expects it to remain in the range of 24-25% in the long term.

CASA
- The total number of CASA accounts opened during the year was 3.09 Mn, bringing the total tally to 8.29 Mn. Company aims to add 4 Mn accounts on yearly basis.
- Quarterly average deposits stood at INR 12.21 Bn (up 13% QoQ). The managements expects it to be INR 68.75 Bn by Q4FY28.
- Average CASA balance stood at INR 1,138 (up 2% YoY). By FY28 company targets it to be INR 2,500.

Revenue Mix
- Banking channel mix for Q1FY24 (Q4FY23)- Own Banking- 65% (67%), & Open Banking- 35% (33%).
- Source Mix for Q1FY24- Transaction Income- 66%, Subscription & others- 34%.

Technology- In the quarter, 34,000 digital accounts were opened, and there was an average of 0.78 Mn users on the FinoPay app.

Outlook

FINO Payments Bank has performed well in the Q1FY24, and we expect it to grow by 20-25% in the coming years. The company has worked on cost optimization by reducing its cost-to-income ratio. The board of directors has approved the transition from a payments bank to a small finance bank (SFB). This transition is expected to take 24 months. Unlike traditional SFBs, FINO Payments Bank will not focus on opening branches or generating income from advances. Instead, it will focus on digital banking and generating income from fees. We expect bank to have 75-80% of income coming from Non- Interest Income sources in long term.

UCO Bank – Q1FY24 | Con call KTAs
CMP INR 28.05 | Market Cap INR 334.77 Bn

Financial Highlights:
- The bank's total growth was 16%, with deposits contributing to a 10.8% increase and advances showing 25% growth.
- Advances were driven by strong growth in retail (25%), agriculture (14%), and personal loans(26%).
- Housing loans, vehicle loans, and personal loans grew by 4%, 6%, and 3% respectively.
- The CASA deposits grew by 6% with savings bank and current accounts growing by 6% and 8% respectively.
- Gross NPA % improved to 4.48% in Q1FY24 from 7.42% in Q1FY23.
- Net NPA % improved to 1.18% in Q1FY24 from 2.49% in Q1FY23.

Profitability:
- Net profit increased by 80.80% YoY to INR 2.23 Bn in Q1FY24. It was mainly because of decline in bad loans.
- Operating profit grew by 173% YoY to INR 12.02 Bn in Q1FY24. The increase in operating profit was because of absence of MTM losses during the period.
- NIM increased to 3.03% in Q1FY24.

Provisions:
- The bank has made provisions for SMA 1 and 2 books of over INR 10 Mn, totaling INR 1.63 Bn.
- An additional forward-looking provision of INR 1.35 Bn was made to comply with emerging ECL (Expected Credit Loss) guidelines.

Focus Areas:
- The bank aims to improve its CASA by implementing digital initiatives.
- Plans to focus on mid-corporate loans to rebalance the corporate credit portfolio.
- Targeting growth in retail segments, including housing, vehicle, personal loans, and gold loans.
- Emphasizing operational efficiency to improve ROA and profitability.

Digital Transformation:
- The bank has approved a digital transformation RFP (Request for Proposal) and plans to spend INR 100 Mn on various IT initiatives.
- Focus on digital onboarding, mobile app revamp, and HR transformation journey.

OUTLOOK:
The company's focus is on improving operational efficiency, increasing profitability, and enhancing the loan-to-deposit ratio. They plan to target growth in retail segments, such as housing, vehicle, and personal loans and also focus on increasing CASA & TD to improve the cost of funds. The bank plans to maintain a stable Retail, Agriculture and MSME loan mix. The bank intends to increase its NIM to 2.90%- 3%. Exploring opportunities for cross-selling and preferential banking services.

Bank of Baroda – Q1FY24 Concall KTAs
CMP INR 190.05 | Market Cap INR 990.06 Bn

Global Advances grew up by 18% YoY to INR 9,909.88 Bn in Q1FY24 as against INR 8,397.85 Bn in Q1FY23. It was led by 24.8% YoY growth in retail loan book. The guidance for loan book growth for FY24 is 14-15%. The retail growth is expected to be 18-20%.

Global Deposits grew up by 16.2% YoY to INR 11,999.08 Bn in Q1FY24 as compared to INR 10,327.14 Bn in Q1FY23.

Net Interest Income grew by 24.4% YoY to INR 109.97 Bn in Q1FY24 against INR 88.38 Bn in Q1FY23.

NIM stood at 3.27% in Q1FY24 against 3.02% in Q1FY23 (up 25 bps YoY). The bank remains focused on maintaining NIM of 3.3% for FY24.

Net Profit stood at INR 40.70 Bn in Q1FY24 as compared to INR 21.68 Bn in Q1FY23 (up 87.7% YoY). Profitability is supported by 42.9% YoY growth in operating income in Q1FY24.

GNPA% improved to 3.51% in Q1FY24 from 6.26% in Q1FY23.
Net NPA improved to 0.78% in Q1FY24 as compared to 1.58% in Q1FY23.

The improvement in asset quality has resulted in 5bps YoY decline in Credit cost at 70bps in Q1FY24.

CRAR of bank stands at 15.84% in Q1FY24 . Tier-1 stood at 13.64% and Tier-2 stood at 2.20%.

ROA stood at 1.11% in Q1FY24 against 0.68% in Q1FY23 (up 43 bps YoY). Management has given guidance of 1% for ROA.

ROE stood at 20.03% in Q1FY24 against 13.63% in Q1FY23 (up 640bps YoY).

OUTLOOK
The bank's future performance is anticipated to be positive, given its recent achievements and strategic focus. Notably, the bank has shown considerable improvement in its asset quality.The bank's focus on recoveries is evident, with a target of INR 120 Bn for FY24. Although the recovery in the current quarter was comparatively lower, management assures that efforts are ongoing to achieve the set recovery goals.The bank aims to achieve a portfolio mix of 35% corporate and 65% retail in the long term, which indicates a focus on increasing retail lending.

HDFC Bank – Q1FY24 Concall KTAs

CMP INR 1,678.35 | Market Cap INR 12,651.69 Bn

Financial performance :

• LCR for the quarter for bank was at 126%,. LCR on a performance basis, that is including the estimated HDFC limited book as of June 30, based on the merged entity was at over 120%.

• Capital adequacy ratio at 18.9%, and CET1 is at 16.2%.

• Net revenues for the quarter were at 32,829 crore, grew by 26.9% over prior year, driven by gross advances growth of 20% and deposit growth of 19%.

• Net interest income for the quarter at Rs. 23,599 crore, which is 72% of net revenues grew by 21% over prior year.

• The core net interest margin for the quarter was at 4.3%.

• Other miscellaneous income at 1079 crores includes the recovery from return of accounts and dividends from subsidiaries.

• Cost to income ratio for the quarter was at 42.8% The ratio will moderate after break-even and payback

• PPOP for the quarter grew by 22%. Our pre-provision operating profit was at 18,772 crores.

• Slippage ratio for the current quarter is at 35 basis points or about 5,800 crores. The slippage ratio for the current quarter excluding agricultural segment was at 26 basis points, about 4,200 crores.

• Asset quality : The GNPA ratio increased from 1.12% to 1.17% in the prior quarter, with 14 basis points standard. The core GNPA ratio is 1.03. The GNP ratio excluding NPS in the agricultural segment was 0.94 percent, while the net NPA ratio was 0.23 same as prior quarter.

• Annualized credit costs for the quarter was at 70 basis points. Prior quarter was 67 basis points and prior year was 91 basis points.

• Total credit cost ratio, net of recoveries was at 51 basis points in the current quarter, compared to 68 basis points in prior year and 44 basis points in prior quarter.

• Profit before tax

Standalone : PBT stood at 15,912 crores, grew by 30% over prior year.

Consolidated : PBT stood at 16,590 crores, grew by 29% over prior year.

• Profit after tax

Standalone : PAT stood at 11,950 crores, grew by 30% over prior year.

Consolidated : for the quarter at 12,372 crores, grew by 29% over prior year.

• ROA and ROE:

Standalone : ROA and ROE for the quarter stood respectively at 3.2% and 19.4%.

Consolidated : ROA and ROE for the quarter stood respectively at 3.2% and 17.3%.

• Earnings per share :

Standalone : EPS for the quarter stood at INR 21.4

Consolidated : EPS for the quarter stood at INR 22.2

• Book value per share :

Standalone : BVPS for the quarter stood at INR 525.4

Consolidated : EPS for the quarter stood at INR 542.7

Provisions:

• Provisions reported increased from 2,700 to 2,850 crores in the previous quarter, with a PCR of 75%.

• Current contingent and floating provisions reached 11,150 crores.

• General provisions were 7,150 crores. These provisions accounted for 171% of gross non-performing loans and 1.12% of gross advances as of June end.

Write-offs :

• Write-offs in the quarter were 2,100 crores or approximately 14 basis points. • There was no sale of any empty accounts in the quarter.

• Restructuring under RBA resolution COVID framework costs 4,265 crores, with unrestructured facilities costing 800 crores.

Loan book:
• The total loan book at the June end stood at 73,568 crores, growing 5.1% sequentially and 19% year on year.
• Secured loan comprises 72% of the total loan book.
• Investments for the quarter were higher by 42% over prior years.

Current Account deficit:
The current account deficit is at a seven-quarter low, and business activity is robust with 14% growth in RTGS, NESP transactions

Distribution network:
• On the distribution side , 39 branches are added in this quarter and 1,482 branches over the last 12 months and 1,732 ATMs since last year, which now stands at 7,860 branches.
• SME businesses expanded to over 90% of districts.
• Gold loan processing is now offered in 4,336 branches an increase over June 22, a two-fold increase over June 22.
• In the medium to long term, distribution reach is the key.

Customer Base:
• Customer franchise building saw 2.4 million new liability relationships added.
• With over 85 million customers 29,000 people added in 12 months and 8,500 in this quarter, and 18.4 million cards issued.

Digital offerings :
• Website continues to receive enormous traffic with 109 million monthly visits, 42% growth year-on-year.
• 44% growth in UPI payments.Payment acceptance points reached 4.6 million, with 2.8 million merchants using the Smart Hub platform.
• Digital offerings gain market traction, 93% clients use company's platforms.

Deposits:
• Deposits stood at INR 16,300 Bn , increased by 19% and 19% on YoY and QoQ basis respectively.
• The company's granular deposit growth reached 19.1 lakh crores, up 19.2% from previous years.
• Retail deposits added 38,000 crores, accounting for 83% of total deposits and grew 21.5% year-on-year and 2.4% sequentially.
•Wholesale deposits grew 9% year-on-year but were lower sequentially.

Advances:
• Advances stood at INR 16,300 Bn , increased by16% and 17% on YoY and QoQ basis respectively.
• IBPC's nets increased by 20% year-on-year, with a credit to deposit ratio of 84%.
• Retail advances grew robustly, with domestic retail gaining 20% and 4% quarter-on-quarter.
• Commercial and rural banking continued to grow, while the wholesale segment grew 11%.
•IBPC's growth increased by 20.1%.

Outlook :
• The non-retail book will undergo evaluation, with growth rate expected to be assessed within a quarter or two. On an overall basis , credit demand is confident.
• The maturity profile for borrowings will take three to four years to return to historical levels. The gap will be funded through affordable housing bonds or other sources.
We have a price objective of INR 1760 for the stock. We'll be sharing the detailed report soon.

Axis bank – Q1FY24 Concall KTAs
CMP INR 976 | Market Cap INR 3009 bn

Financial Highlights
- NII arrived at INR 119.59 bn (+2% QoQ) (+27% YoY).
- PPOP came in at INR 88.14 bn (-4% QoQ) (+50% YoY).
- PBT at INR 77.79 bn (+314% QoQ) (+41% YoY).
- PAT came in at INR 57.97 bn (+201% QoQ) (+41% YoY).

Retail Banking
- Retail banking grew faster than industry at a CAGR of 17% for last 5 years as compared to industry CAGR of 11%. They gained incremental market share of 6.3% in last 1 year as against closing market share of 4.9% as on June 23.
- Total retail book stood at INR 4978.1 bn (up 21% YoY, up 2% QoQ).
- There has been very little growth in LAP and Home loan side, during the quarter. The growth in these products is expected to be seen in Q2 onwards as bank has put in place initiatives for the growth of these books.

Corporate & Commercial Banking
- Corporate loan book grew 2% QoQ/ 25% YoY at INR 2730.44 bn, out of which 89% of the corporate loan book is rate A- or better.
- 10% of the total book is overseas book. Banks primary strategy is to focus on Indian corporates that have global operations.

Digital Banking
- Their digital banking segment has helped them to penetrate deeper into the market. More than 50% of the retain TDs or Personal loan or business loan were acquired digitally.
- It helps to increase their portfolio via cross selling and upselling.
- Bank has launched new products digitally, which are Personal Loans on Flipkart, Digital KCC, digital gold loans among others.

Deposit
- Total deposits stood at INR 9416.90 bn (up 17% YoY, down 0.55%). While the deposits remained stable on a QoQ basis, the healthy YoY growth was led by an increase in their CASA deposits and term deposits. CASA deposits grew by 21% YoY to INR 4465.36 bn and term deposits grew by 11% YoY to INR 5004.09 bn. Growth in term deposits was primarily led by non – retail term deposits which was up by 19% YoY to INR 1967.03 bn.
- The cost of funds stood at 5.03%. It has been visibly growing since past few quarters. It is expected to further in the coming quarters, owing to the increase in cost of deposits, although the growth of cost of deposits is expected to moderate in coming quarters.

Advances
- Total Advances stood at INR 8585.11 bn (up 22% YoY, 2% QoQ). This loan book remained stable QoQ, owing to seasonality but the growth was good on a YoY basis, which was lwd by the growth in retail segment.

OUTLOOK
Company's over all performance was in line. Going forward, we might see a slight pressure on NIMs due to the increasing cost of deposits. Advances are expected to grow, led by the increasing retail portfolio through leveraging their digital banking. Further, their home loan and LAP book hasn't grown much during the quarter. We expect to see a growth in these products from Q2FY24 onwards.

AU Small Finance Bank – Q1 FY24 Concall KTAs
CMP INR 765 | Market Cap INR 512 bn

Financial Performance:
• The LCR declined from 151% as of March 31, 2023, to 119% as of June 30, 2023.
• Deposits increased by 27% YoY and remained flat QoQ
• POP grew at 39% YoY, driven by the 28% YoY growth in NII.
• Gross advances increased by 29% YoY and 8% QoQ, with no loan securitization during Q1 FY24.
• The bank reduced its peak deposit rates by 25 bps across SA and TD.
• For Q1 FY24, PAT grew by 44% YoY, amounting to Rs. 387 Crores compared to Rs. 268 Crores in Q1 FY23.
• ROA Q1 FY24 stands at 1.7%, and ROE is at 13.8%.

Vehicle Finance:
• Sold 53.61 lakh units, showing 4% YoY growth and 12% QoQ growth.
• The average ticket size remained around 5 lakhs for disbursements and 3.1 lakhs at the total asset level, excluding two-wheelers.

Home Loan:
• Witnessed a disbursement growth of 32% YoY, reaching Rs. 572 crores.
• The total portfolio now stands at Rs. 4,698 crores, comprising over 44,000 loans with an average ticket size of Rs. 11.71 lakhs and a portfolio yield of 11.7%.
• Being an affordable housing book, a significant portion is eligible for long-term refinance from NHP.

Commercial Banking:
• The commercial banking portfolio grew 57% YoY, reaching Rs. 13,461 crores.
• Disclosed a volume of Rs. 2,419 crores, with Business Banking and Agribanking accounting for 75% of the total disbursements.
• Growth in portfolios was driven by leveraging the branch network, yields from existing customers, and cross-selling to existing current account customers.

Asset Quality:
• GNPA increased by 10 bps during the quarter to 1.76%
• PCR stands at 73% including technical write-off and floating provision

Branch Network:
• Added 11 new touchpoints during the quarter, bringing the total touchpoints to 1,038
• Plans to open an additional 50+ branches and touchpoints in this financial year

Digital Initiatives:
• Scaling Digital Current Account through a video KYC process
• Corporate salary account journey on video banking gone live
• Implemented a credit card cloud data warehouse
• On-boarded ~3.75 Lacs new customers, with 45% of them through digital products and channels

Outlook:
• Focusing on strengthening efficiencies to improve productivity, cost optimization, and distribution through technology investments, while building a low-cost and sustainable deposit franchise
• Sustainably expanding the current account deposit book, leveraging comprehensive merchant solutions and the strong foundation of SBL and business banking customer base.

• Initiated the project to operationalize AD1 license

• Aiming to build a tech-led comprehensive product suite for SME and individual customers in this space.

• The balance sheet already has enough buffer in terms of provisioning, and no additional contingency provision is required in the coming years.

• In next 3 to 5 years, book composition is expected to undergo significant changes

• NNPA expected to remain around 0.5-0.6%.

• Credit cost is not expected to exceed 0.5%.

• Expected to deliver profitability around similar ranges as last year

• C/I ratio expected to be ~55-56%

Kotak Mahindra Bank-Q1FY24 Concall KTAs
CMP INR 1970 | Market Cap INR 3.91 Tn

Overall Financial Performance
- PAT during the quarter was INR 41.5 Bn v/s INR 27.55 Bn for Q1FY23 (up 51% YoY).
- Customer asset stood at INR 4058 Bn v/s INR 3396 Bn for Q1FY23 (up 20% YoY).
- ROA pa for the quarter stood at 2.63% (up 59 bps YoY).
- ROE pa for the quarter stood at 14.62% (up 340 bps YoY).
- CAR for Q1FY24 23.3% v/s 24% for Q1FY23.
- CAR for Q1FY24 22.3% v/s 23% for Q1FY23.

Kotak Mahindra Bank- Standalone
- NII during the quarter was INR 62.34 Bn v/s INR 61.03 Bn in Q4FY23 v/s INR 46.97 Bn in Q1FY23 (up 2% QoQ, up 33% YoY).
- Operating Profits for Q1FY24 INR 49.5 Bn v/s INR 46.47 Bn in Q4FY23 v/s INR 27.83 Bn in Q1FY23 (up 7% QoQ, up 78% YoY).
- Provisions during the quarter was INR 3.65 Bn v/s INR 1.69 Bn in Q4FY23 v/s INR 0.23 Bn in Q1FY23 (up 160% QoQ).
- NIM for the quarter stood at 5.57% (up 65 bps YoY).
- ROA pa for the quarter stood at 2.81% (up 82 bps YoY).
- GNPA % for Q1FY24 stood at 1.77% (down 1 bp QoQ, down 47 bps YoY).
- NNPA % for Q1FY24 stood at 0.40% (up 3 bps QoQ, down 22 bps YoY).
- CASA Ratio for the quarter was 49% v/s 58.1% in Q1FY23.
- PCR was 78% v/s 79.3% in Q4FY23 v/s 72.6% in Q1FY23.
- Recovery and upgrades during the quarter was INR 6.92 Bn.
- Advances mix(28% Home loans & LAP , 23% Corporate Banking and rest 49% others.
- Deposit mix(Current deposit 16% Savings deposits 33% and Term deposit 50%)
- Launched e-com led Kotak Myntra cobranded credit card.

Kotak Mahindra Prime
- NII for the quarter stood at INR 4.59 Bn v/s INR 4.24 Bn in Q4FY23 v/s INR 4.15 Bn in Q1FY23 (up 8% QoQ, up 11% YoY).
- PBT during quarter was INR 2.92 Bn v/s INR 3 Bn in Q4FY23 v/s INR 2.1 Bn in Q1FY23 (down 3% QoQ, up 39% YoY).
- PAT for Q1FY24 INR 2.18 Bn v/s INR 2.24 Bn in Q4FY23 v/s INR 1.57 Bn in Q1FY23 (down 3% QoQ, up 39% YoY).
- NNPA% stood at 0.8% (down 10 bps QoQ, down 70 bps YoY).
- ROA pa Q1FY24 2.7% (down 20 bps QoQ, up 40 bps YoY).

Kotak Mahindra Life Insurance
- Gross written premium for Q1FY24 was INR 26.39 Bn v/s INR 61.89 Bn in Q4FY23 v/s INR 22.58 Bn in Q1FY23 (up 17% YoY). Sharp decline in QoQ figures because in Q4 people buy more insurance for tax deduction.
- PAT for Q1FY24 was INR 1.39 Bn v/s INR 2.05 Bn in Q4FY23 v/s INR 2.48 Bn in Q1FY23 (down 6% QoQ, down 22% YoY).
- Solvency ratio for Q1FY23 was 2.68 times v/s 2.83 times in Q4FY23 v/s 2.72 times in Q1FY23.

Kotak Securities
- PAT for the quarter stood at INR 2.19 Bn v/s INR 1.82 Bn in Q4FY23 v/s INR 2.19 Bn in Q1FY23 (down 20% QoQ).
- Overall market share at Q1FY24 was 7.5% (up 1.1% QoQ, up 3.2% YoY).

Kotak Mahindra AMC & Trustee Co.
- Average AUM for Q1FY24 stood at INR 3122 Bn v/s INR 2916 Bn in Q4FY23 v/s INR 2839 Bn in Q1FY23 (up 7% QoQ, up 10% YoY).
- PAT during the quarter was INR 1.06 Bn v/s INR 1.92 Bn in Q4FY23 v/s INR 1.06 Bn in Q1FY23 (down 45% QoQ).
- Monthly SIP inflow INR 9.5 Bn (21% growth YoY).
- Alternative Assets-
  1. Total Capital raised upto Q1FY24 is USD 8.8 Bn, out of which USD 3.6 Bn raised in last 12 months.
  2. CAGR of 26.5% of capital raised since inception.

OUTLOOK

Kotak Bank believes in adding value to stakeholders through differentiation in various areas. The bank has shown resilience in adapting to changing times, particularly in the last 18 to 24 months. Their innovative product "active money" has driven significant deposit growth, making a bold impact in the market. However, this quarter, employee costs appear higher due to certain factors like the absence of benefits seen in the previous quarters. Other operating expenses were impacted by IT and promotional expenses. Though SME and TBs have shown healthy growth, the overall book growth was lower than expected due to lower utilization of limits.Despite challenges, Kotak Bank remains optimistic about the future. The bank focus on differentiation, innovation and will continue to drive growth in financial services landscape.

IDFC First Bank Ltd– Q1FY24 Concall KTAs
CMP INR 83.95 | Market Cap INR 556.43 Bn

Performance Overview
-NII for the quarter was INR 37.45 Bn as against INR 27.51 Bn in Q1FY23 (up 36% YoY).
- NIM for Q1FY24 was 6.33%.
- Breakup of Fees & Other Income (INR 13.41 Bn) for Q1FY24- General Banking fees- 30%, Loan origination fees- 30%, Credit card- 17%, Wealth management- 14%, & Trade & client Fx- 9%.
- PAT increased by 61% YoY to INR 7.65 Bn Company in long term expects to PAT to grow in range of 23%-24%.

Scheme of Merger of IDFC Ltd with IDFC First Bank Ltd
- On July 3, 2023, the boards of IDFC First Ltd. and IDFC Ltd. approved the scheme of amalgamation of the two companies.
- Under the scheme, for every 100 shares of IDFC Ltd., shareholders will be allotted 155 shares of IDFC First Bank.
- The scheme is subject to the approvals of the RBI, SEBI, CCI, NCLT, BSE, and NSE, as well as the shareholders of both companies.

Advances
- Advances for Q1FY24 stood at INR 1,715.78 Bn (up 25% YoY).
- The bank has been steadily reducing the percentage of its loan book that is allocated to infrastructure financing, from 36.7% FY18 to 2.2% in the Q1FY24.
- Advance Mix for Q1FY24 (YoY growth)- Consumer Finance- 57% (27%), Rural Finance- 12% (46%), SME & Corporates- 29% (23%), & Infrastructure- 2% (-44%).

Deposits
- Consumer Deposits as of Q1FY24 were INR 1,484.74 Bn (up 10% QoQ, up 44% YoY). The deposits has a 4- year CAGR of 36%.
- CASA for the Q1FY24 stood at 46.5% as against 49.8% in Q4FY23. During the quarter bank has raised more money from FD. Management expects CASA deposit to be around 50% by FY25.
- Deposit Mix for Q1FY24 (Q4FY23) was Retail-77% (76%) and wholesale- 23% (24%).

Asset Quality
- Overall GNPA/NNPA % for Q1FY24 was 2.17%/0.70% as against 3.36%/1.30% in Q1FY23. The company has provided guidance that its GNPA/NNPA for FY24 and FY25 will be in the range of 2% to 2.5%/ 1% to 1.2%.
- PCR for Q1FY24 stood at 83.12%. The company expects it to be around 70% by FY25.

CRAR/Tier 1 Capital Ratio for the quarter stood at 16.96%/13.70% as against 15.77%/14.01% in FY23.

Wealth Management AUM increased by 58% YoY to INR 106.79 Bn.

CRISIL & ICRA has given a rating of AA(stable) to AA+ (stable) for the bank.

Key Metrics
- ROA for Q1FY24 was 1.26% (up 29 bps YoY). Management short term expectations are in range 1.4%-1.6%.
- ROE for Q1FY24 stood at 11.78% v/s 12.3% in Q4FY23. ROE for Q1FY24 impacted by 60 bps on account of equity raised of INR 21.96 Bn in March, 2023.
- C/I Ratio for Q1FY24 was 71.9% as against 72.5% in Q4FY23. Management expects it to drop to 65% by Q4FY25.

Outlook

IDFC First Bank displayed an above average performance in the Q1FY24. The company is expected to YoY grow in the range of 20-25%. The bank is constantly reducing the proportion of its advances that are allocated to infrastructure financing. IDFC First Bank is merging with IDFC Ltd., and the merger is expected to be completed between 12-15 months, subject to necessary approvals. The merger is expected to bring synergies and help the company grow further.

Suryoday Small Finance Bank Limited – Q1FY24 Concall KTAs
CMP INR 186.60 | Market Cap INR 19.81 Bn

Financial Overview
- NII for Q1FY24 stood at INR 2.25 Bn (up 7% QoQ, up 27% YoY).
- PAT for the quarter INR 480 Mn v/s INR 390 in Q4FY23. The growth in profits was due to an increase in other income, which was primarily driven by the sale of INR 260 million worth of PSL certificates.
- ROA/ROE for Q1FY24 stood at 2%/12.3%. Management expects it to be around 2.2%/15% by FY24.

Yield during the quarter decreased by 25 bps to 20.5%.

CoF in Q1FY24 increased by 6 bps to 6.90%. The management expects it to increase by 60 bps in FY24.

The NIM has fallen by 24 bps to 10.1% in the Q1FY24. The NIM is expected to remain stable. The expected increase in the cost of funds in Q2 will be offset by increase in yield.

The Q1FY24 C/I ratio is 57.5%, which is down 86 bps from the previous quarter. The management expects the C/I ratio to be around 55% by FY25.

GNPA/NNPA for Q1FY24 stood at 3%/1.6% (down 704 bps YoY and down 337 bps YoY respectively). The primary reason for the sharp decline in GNPA/NNPA can be attributed to improvements in collection practices and efficiency, as well as provisioning. The management expects it to be less than 2%/0.5% respectively for FY24.

Advances
- Gross Advances for the quarter stood at INR 63.72 Bn (up 4% QoQ, up 24% YoY). The guidance for FY24 is 30% YoY growth.
- Advance Mix for Q1FY24 (Q4FY23)- 10.90% HL, 11.6% FIG, 7.4% SBL, 6.6% CV, 2.1% Partnerships, 59.80% IF, & 1.6% Others.
- More than 50% of the total advances are coming out of Maharastra, & Tamil Nadu.
- Disbursements for the quarter stood at INR 1.19 Bn as against INR 1.69 Bn in Q4FY23.

Deposits
- Deposits during the quarter increased by INR 5.55 Bn to INR 57.22 Bn. The deposits are expected to grow by 35% in FY24.
- Deposit Mix for Q1FY24 (Q4FY23)- CASA- 14.90% (17.10%), Retail TD/FD- 61.70% (56%), & Bulk TD/FD- 23.40% (26.9%). The increase in deposits rate over the last year has pushed Retail TD/FD.
- CoD for Q1FY24 stood at 7.1%. The company expects its CoD to increase by 20-25 bps in Q2, after which it expects it to stabilize. The increase in CoD in Q2 is primarily due to the pressure on deposit rates to increase.
- The bank has it's focus on granular retail deposits, which help contain CoD despite high interest rate scenarios.

Outlook
Suryoday Small Finance Bank has posted strong results in the Q1FY24. We expect the credit cost to be in the range of 1-1.5% for FY24. The bank has no plans to apply for a banking license in the medium term. It is expected to open 150-160 branches across India by FY25. We expect the bank to grow in the range of 30%.

South Indian Bank – Q1FY24 Concall KTAs
CMP INR 20.80 | Market Cap INR 43.54 Bn

Performance Overview

- The company reached its highest ever Business of INR 1696.01 Bn for Q1FY24.
- Deposits stand at INR 954.99 Bn for Q1FY24 against INR 881.96 Bn for Q1FY23 (up 8% YoY).
- The company recorded total disbursement of INR 221.08 Bn in Q1FY24 against INR 125.48 Bn (up 76% YoY).
- The company reported quarterly PAT of INR 2.02 Bn as against INR 1.15 Bn on a YoY basis.

ROA & ROE

- The ROA improved to 0.73% for Q1FY24 against 0.46% for Q1FY23.
- The company expects the ROA to stand at 1% by end of FY24.
- The ROE improved to 11.80% for Q1FY24 against 7.68% for Q1FY23.

Opex & Credit Costs

- Opex increased from INR 5.33 Bn to INR 6.79 Bn on a YoY basis.
- The credit cost stands at 0.27% for Q1FY24.
- The company expects credit cost to be between 0.1-0.11% by the end of FY24.

GNPA & NNPA

- GNPA decreased from 5.87% to 5.13% (down 74 bps) and NNPA decreased from 2.87% to 1.85% (down 102 bps) for Q1FY24 on a YoY basis.
- Going forward, the company expects GNPA & NNPA to stand at 4.5% & 1% respectively by the end of FY24.

Loan Book

- The total loan book stands at INR 741.02 Bn (New - INR 452.68 Bn & Old - INR 288.34 Bn) at the end of Q1FY24.
- The company expects the loan book to grow at 13%.
- The loan book has grown by 15% to INR 700 Bn on a QoQ basis and is expected to grow to INR 820 Bn (up 13% YoY) by the end of FY24.

PCR

- PCR (incl. w/off) stands at 76.54% for Q1FY24 against 70.11% for Q1FY23 (up 643 bps)
- PCR (excl. w/off) stands at 65.15% for Q1FY24 against 52.60% for Q1FY23 (up 1255 bps). The company expects it to reach 70% by the end of FY24.

NII & NIM

- NII stands at INR 8.08 Bn for Q1FY24 against INR 6.03 Bn for Q1FY23 (up 34% YoY)
- NIM stands at 3.34% for Q1FY24 against 2.74% for Q1FY23 (up 60 bps YoY)
- The company envisages the NIM to reach at 3.5% by the end of FY24, with the help of expected recovery in high value accounts.

Slippages

- NPA Slippages for Q1FY24 stand at INR 46.8 Bn.
- The company expects slippages to be not more than INR 150 Bn for the full year.

OUTLOOK

The company displayed positive results for Q1FY24. The company envisions becoming a medium size in the coming years. It expects unsecured loans to increase which will increase the NIM to around 3.5%. Through the new initiatives of the company, the personal loans and credit loans will gain traction. The company also expects to recover high value accounts and display positive results for the coming quarters as well.

360 one WAM – Q1FY24 Concall KTAs
CMP INR 518 | Market Cap INR 185 bn

Industry Prospects
- The growth prospects for the industry are immense. There was a significant improvement in Q1 as compared to the second half of the financial year, boosted by strong FII flows and encouraging market indicators.

AUM
- Total ARR AUM increased by 190 Cr to INR 390 Cr during the quarter (up 33% YoY), which was driven by strong net flows of INR 12,975 Cr.
- Wealth management AUM stood at INR 126K Cr against INR INR 109k Cr during the last quarter (up 42% YoY, 15.5% QoQ).
- Asset Management AUM at INR 64k Cr v/s INR 58k Cr in last quarter (up 20% YoY, up 10.34% QoQ).
- Company continues to focus on increasing its ARR assets, due to the high quality revenue generated from them.

Revenue Growth
- Total revenue came at INR 434 Cr (up 17.6% YoY, up 12.7% QoQ), driven by growth across business segments and higher other income.
- Company's recurring revenue increased 7.1% YoY, 15.5% QoQ to INR 323 Cr. It constitutes around 80% of the total income.

Opex
- The total expenses during the quarter increased by 25.4% YoY/ 13.7% QoQ at INR 210 Cr. This increasing expense was driven by increase in employee cost due to strengthening of sales team and one-time marketing expenses.
- Cost to income ratio increased by 40 bps during the quarter at 48.4%.
- This is expected to reduce by 400 – 450bps during next quarter.

Profitability
- PAT showed a growth of 13.4% YoY/ 16.9% QoQ at INR 181 Cr, owing to the growth across all segments and key metrics such as Net flows.
- ARR Net flows rose 3x to INR 12,975 Cr driven by higher Wealth flows (up 118% QoQ).

Geographic Expansion
- Company continues to focus on geographic expansion across domestic cities and selectively expanding in offshore locations to build global presence.

Outlook
Industry has shown a good growth during last few quarters in terms of equity market movements. Further, the company has shown a steady growth in contrasting periods of weak momentum. This is due to company's increasing focus on recurring revenue streams. Company's overall business performance in line with FY24 guidance. Also, company is working towards sharpening its advisory proposition to cater to emerging client's needs. Further, going forward, cost to income ratio is expected to reduce by 400 – 450 bps and clients with secondary sales will increase during the second half of the FY24, which will lead to pickup of yields in Q3/Q4 of FY24.

City Union Bank Q1FY24 Conference Call Highlights:

- Management has given a credit growth guidance of 12 – 15% for the FY24.
- Q1FY24 was weak in terms of growth. NIMs came at 3.67% (-28bps YoY, +2bps QoQ).
- Advances declined by 3.6% QoQ at INR 424.05 bn (+3.6% YoY).
- The Provision Coverage Ratio (including TW) as on 30.06.2023 stood at 70% and PCR without TW is at 50%.
- The cost to income ratio for the current quarter stood at 41.98% v/s 41.2% in Q4FY23 v/s 39.8% in Q1FY23.
- The company has given a guidance of 42 – 44% cost-to-income ratio for the FY24.
- The bank closed their SPICE JET account by using the extra provisions made earlier.
- The bank has initiated a project with BCG consulting, for proper implementation of digital lending, which will

help them ensure that the growth is accelerated during the FY24.
- The digital lending is expected to improve their TAT from 15 days to 2 days.
- The digital lending will start will MSME lending with amount less than INR 5 cr.
- The bank has formed a committee for smooth succession of Dr. N. Kamakodi, whose tenure ends on 30th April 2026.

CreditAccess Grameen Ltd – Q1FY24 Concall highlights
CMP INR 1310 | Market Cap INR 208 bn | Target Price: INR 1508

BEAT ON ALL FRONTS

- NII for the quarter came at INR 763 Cr, which is on a higher side as compared to our estimate of INR 704 Cr (up 65.4% YoY, up 10.7% QoQ).
- PBT at INR 465.2 cr during the quarter, higher than our estimate of INR 457 cr (up 146% YoY, 17% QoQ).
- PAT at INR 348.5 cr against our estimate of INR 345 cr in Q4FY23 (up 150% YoY, 18% QoQ).

Strong Customer addition propels book growth: The Customer acquisition has been strong which was up by 3.28 lac fresh additions which has boosted Gross loans at INR 218 bn up by 39.7% YoY & 3.7% QoQ irrespective of seasonality in the quarter. The Growth has been more secular with 47% of customer growth coming from outside of top 3 states. We believe growth of 39.7% YoY in book can lead to company can upgrade their loan book guidance of 24-25%.

Confident of NIMs to remain at 12% plus: In Q1FY24,The company has posted NIMs of 13.0% which was up by 80 bps QoQ, despite an increase in Cost of borrowing which increased marginally by 10 bps QoQ to 9.6% during the quarter. This is expected to increase in next Q2FY24 due to change in borrowing mix as the company plans to borrow through NCD. The management has guided for NIMs to be at 12.2% for the year. 16% of portfolio would be reprised in Q3FY24 which would also boost NIMs by 10-20 bps.

- Strong Yields: Portfolio yield up by 100bps QoQ to 20.7%. This is expected to go up marginally in coming quarters. This is a great effort by the company in the current environment.

- Currently, cost to income ratio is at 30.8%. This is expected to increase to range of 35% to 36%, driven by increasing finance cost and EE cost.

Expansion of branches, product mix and Geographies:
- Company plans to add affordable housing segment in FY24. This will help to increase their business performance immensely. They added 40 new branches during the quarter.
- During the quarter they expanded to new geographies i.e., Bihar and Uttar Pradesh and had an overall positive experience.
- They plan to expand the business to Andhra Pradesh and Telangana also.
- Majority growth for business comes from Gujarat, Rajasthan, Uttar Pradesh and West Bengal.

- Company does not plan to raise any capital in next 2 years.

OUTLOOK
Company's performance was beat on all fronts. It has performed well in a seasonally weak quarter. The first half of the year generally contributes to 40% of the annual growth, so we expect the company's performance to be better in coming quarters. The company is expected to post a PAT of INR2153 Cr in FY26. We have a price target of INR 1508.

ICICI Bank – Q1FY24 Concall KTAs
CMP INR 1000 | Market Cap INR 6.97 trn

- PAT came at INR 96.48 bn as compared to INR 91.21 bn in last quarter (up 40% YoY, up 5.8% QoQ).

- The increase in profitability was majorly driven by increase in retail portfolio, fee income and decrease in provisions. This was however, offset by the increasing cost of funds and employee cost, leading to marginal growth in profitability at 5% QoQ.

- The retail portfolio stood at INR 5827.93 bn, grew by 21.9% YoY and 4.5% sequentially, and comprised 54.3% of the total loan portfolio.

- Fee income grew by 14.1% year-on-year to INR 48.43 bn in Q1-2024 from INR in 48.3 bn Q4-2023. Fees from retail, rural, business banking and SME customers constituted about 78% of total fees in Q1-2024.

- Provisions stood at INR 12.9 bn (down 20.3 QoQ, up 13% YoY).

- Employee cost increased to INR 38.8 bn (up 14.2% QoQ, 36.3% YoY), owing to yearly increments, promotions and new hiring of employees. We expect it to increase going forward.

- Cost to income ratio stood at 40.2%, up 100 bps QoQ, which is expected to increase going forward, owing to the increasing finance cost and EE cost.

- NIMs stood at 4.78% during the quarter, down 12 bps QoQ, led by increasing cost of funds.

- Yield on advances increase by 11 bps to 9.86%, whereas cost of funds increased 31 bps to 4.6%.

OUTLOOK
Bank's profitability increased by 5.8% QoQ. Going forward, we might see a slight pressure on NIMs, driven by the increasing cost of funds, which is expected to increase for coming few quarters. The unsecured loan book is growing faster than the secured book. We expect this growth momentum to continue. The bank continues its focus on retail loan book growth. Overall positive performance by the bank during the quarter.

HDFC AMC – Q1FY24 Concall KTAs
CMP INR 2,499 | Market Cap INR 533.46 bn

Financial Performance
- PAT increased by 52% YoY/ 27% QoQ at INR 4775 mn, which was primarily driven by increase in other income, which came at INR 1580 mn (up 1298% YoY, up 63% QoQ).
- EE cost grew by 7% YoY/ 17% QoQ at INR 838 mn, owing to ESOP cost.
- Other expenses came at INR 612 mn (up 17% YoY, up 6% QoQ). This can be attributed to exps incurred for our general business related exps and technology spends.

- Quarterly Average AUM during the quarter stood at INR 4857 bn v/s INR 4498 trn in Q4FY23 v/s INR 4153 trn. 49% of the total QAAUM consists of Equity.
- SIP AUM at INR 1,002 bn against INR 859 bn in last quarter.
- Equity oriented AUM stood at INR 2,317 bn (+17% YoY, +2.12% QoQ) whereas the debt AUM stood at INR 1,179bn (-18% YoY, +1.11% QoQ).
- Market Share for Equity oriented AUM increased marginally from 11.8% to 11.9% QoQ and for debt-oriented MF declined marginally at 13.3%.

OUTLOOK
With a total of 38.3 mn investors in MF industry, HDFC MF constitutes to only about 18% of the total investors. There's huge potential to grow for HDFC AMC to grow with the capabilities to capture the market. Company's overall performance during the quarter was positive. We expect the AUM to increase by 10%. Further, we might see a slight decrease in other income, which will lead to decline in growth of profitability.

Spandana Sphoorty Financial Ltd – Q1FY24 Concall KTAs
CMP INR 803.80 | Market Cap INR 56.96 Bn

Performance Overview
- AUM stands at INR 88.48 Bn for Q1FY24 against INR 55.13 Bn for Q1FY23 v/s INR 85.11 Bn Q4FY23 (up 60% YoY, up 4% QoQ). The company expects to reach the INR 150 Bn mark by FY2025.
- Disbursements increased by 26% to 16.64 Bn for Q1FY24 from INR 13.20 Bn for Q1FY23.
- NII stood at INR 3.28 Bn (up 102% YoY, down 15% QoQ).
- PAT increased to INR 1.19 Bn for Q1FY24 from INR (2.20) Bn for Q1FY23 & INR 1.06 Bn for FY23.
- The company had an addition of 260,000 clients in Q1FY24 (up 144% YoY, down 39% QoQ).

ROA & ROE
- ROA improved to 5.9% for Q1FY24 against (14.2)% for Q1FY23. The company expects the ROA to be 4.5% for the current financial year.
- ROE improved to 15.2% for Q1FY24 against (29.8)% for Q1FY23. The ROE for FY23 was at 14.1%.

Opex & Cost-to-Income
- Employee cost rose sharply to 1.03 Bn for Q1FY24 from 0.79 Bn for Q1FY23. Rise due to increase in the head count. The company expects the employee cost & opex to normalize the coming quarters.
- Cost to income stood at 42.7% for Q1FY24 against 69.7% for Q1FY23. The company expects the metric to be between 37-38%.

Asset Quality
- GNPA stood at 1.63% for Q1FY24 against 6.69% & 2.07% for Q1FY23 & FY23 respectively.
- NNPA stood at 0.49% for Q1FY24 against 3.24% & 0.64% for Q1FY23 & FY23 respectively.
- PCR stands at 70.10% for Q1FY24.

NIM
- NIM stood at 14.2% for Q1FY24 against 9.9% for Q1FY23 (up 434 bps YoY, up 38 bps QoQ).

Loan Mix
- Private Banks: 40%, NBFC: 18%, Capital Markets: 31%, PSUs: 7%, & FPI: 4%.

Cost of Funds
- Cost of borrowing stood at 12.5% for Q1FY24 against 12.4% for FY23. The company expects a drop in the metric as per their consistent performance for last 3-4 quarters.

Yield%
- The yield% stood at 24% for Q1FY24 against 16.4% for Q1FY23 (up 765 bps YoY, up 120 bps QoQ).

OUTLOOK
The company displayed positive results for Q1FY24. The company is in line with their Vision 2025 and achieving those targets. The focus will be to expand to 7 more states including Rajasthan, UP, Bihar, West Bengal, Haryana, Tamil Nadu & Gujral. The company expects 15-20% improvement in their efficiency. The focus of the company is on acquiring more small size borrowers rather than less high ticket size borrowers. The company expects positive results for the coming quarters as well.

PNB Housing Finance -Q1FY24 Concall KTAs
CMP INR 690 | Market Cap INR 179.18 Bn

Financial Performance
- NII during the quarter was INR 6.29 Bn as compared to previous quarter's INR 5.93 Bn (up 6.1% QoQ, up 69.7% YoY).
- Operating profit for the quarter was INR 5.07 Bn as compared to previous quarter's INR 4.87 Bn (up 4.1% QoQ, up 41.1% YoY).
- PAT for Q1FY24 was INR 3.47 Bn as compared to previous quarter of INR 2.79 Bn (up 24.4% QoQ, up 47.8% YoY).
- NIM for Q1FY24 was 3.86% (up 12 bps QoQ, up 150 bps YoY).
- Yield for Q1FY24 was 10.59% as compared to 10.41% in the previous quarter (8.63% in Q1FY23).
- Spread on loans was 2.62% as compared to 2.65% in the previous quarter (1.42% in Q1FY23).
- ROA for the quarter stood at 2.07% as compared to 1.61% in FY23. This quarter's ROA was the highest in the decade.

Business Operations
- Disbursements for Q1FY24 stood at INR 36.86 Bn (down 18% QoQ, up 6.8% YoY).
- Retail disbursement grew by 8% YoY to INR 36.67 Bn; 99% of total disbursements.
- AUM for Q1FY24 stood at INR 673.40 Bn (up 1.1% QoQ, up 2.3% YoY).
- Loan asset book stood at INR 603.95 Bn (up 1.9% QoQ, up 5.4% YoY). This was highest in last 7 quarters.
- The Loan asset book is expected to be at INR 1,000 Bn 3.5 years from now.
- Retails loans stood at 569.78 Bn (up 2.7% QoQ, up 11.5% YoY). YoY growth was the highest-ever book growth in last 15 quarters.
- Corporate loans stood at INR 34.16 Bn (down 10.1% QoQ, down 44.7% YoY).
- Credit cost for the quarter was 0.36% as compared to 0.89% in previous quarter.

Asset Quality
- GNPA for Q1FY24 stood at INR 22.70 Bn.
- GNPA % for the quarter was 3.76% as compared to 3.83% in previous quarter (6.35% in Q1FY23).
- NNPA % for the quarter was 2.59% compared to 2.76% in the last quarter (4.26% in Q1FY23).

Capital Adequacy
- CRAR for Q1FY24 29.93% v/s 24.43% Q4FY23 v/s 23.91% Q1FY23 (up 550 bps QoQ ,up 602 bps YoY).
- Tier 1 Capital for Q1FY24 was 28.15% and Tier 2 Capital was 1.78% v/s 22.4% Tier 1 and 2% Tier 2 in Q4FY23.

Distribution and Service Network
- The Company has 198 branches/outreach locations.
- In Q1FY24 affordable business presence expanded to 88 branches/outreaches.
- From 88 branches to 100 they will reach in a quarter or two.

OUTLOOK
PNB Housing Finance has a positive outlook for the future. They anticipate robust demand across markets, especially in the affordable segment. They aim to de-risk the book by focusing on salary, home, and low-ticket loans. They project a book growth of 17-18% and a disbursement growth of 22%+ for the year. The company is actively working on reducing NPAs and improving asset quality. They have revised their credit cost guidance and expect it to be 0.6% for this year and 0.4% from next year onwards. Overall, PNB Housing Finance is optimistic about the future and aims to continue its growth trajectory.

Bajaj Finserv Ltd – Q1FY24 Concall KTAs
CMP INR 1,575.15 | Market Cap INR 2,509,480 Mn

Financial overview:
• Consolidated total income stood at INR 23,280 crore in Q1FY24 vs INR 15,888 crore in Q1FY23.

• Consolidated PAT stood at INR 1,943 crore in Q1FY24 vs INR 1,309 crore in Q1FY23.

BAGIC (Bajaj Allianz General Insurance) :
• PAT of BAGIC stood at INR 415 crore in Q1 FY24 vs INR 411 crore in Q1FY23.

• Investments grew by 13% QoQ to INR 28,611 crores in Q1FY24. Strong growth in two-wheeler and CV business helped in this growth.

• In Q1FY24, the loss ratio decreased from 77.9% in Q1 FY23 to 74.3%. The improvement in loss ratio was due to decreased claims in the motor and commercial segments and after absorbing losses of INR 10 crore from Biparjoy, and other catastrophic losses.

BALIC (Bajaj Allianz Life Insurance) :
• PAT for Q1FY24 INR 155 Cr compared to INR 124 Cr in Q1FY23 and is due to higher shareholder income and fewer death claims.

• In comparison to the industry and private players, BALIC recorded an individual-rated new business premium rise of 15% during the quarter as it maintained on its growth trajectory.

• Among private businesses, the market share in IRNB terms climbed from 8.3% in Q1FY23 to 8.8% in Q1FY24. BALICs two-year IRNB CAGR of 44% in Q1 is among the highest in the industry.

• Total number of policies sold grew by 18% YoY to INR 1.44 lakhs.

• The product mix stood at Par 13%, non-par savings 34%, Protection 5%, annuity 6% and unit 42%.

• There has been a considerable increase in the retail term sector this quarter of 128% in absolute terms compared to Q1FY23.

• Net New Business Value at INR 94 Cr in Q1FY24 v/s INR 135 Cr in Q1FY23, mainly due to change in product mix.

• Overall, BALIC had a great quarter, with a significant emphasis on retail distribution growth.

BFL (Bajaj Finance Limited):
• PAT for Q1FY24 increased by 32% YoY to INR 3,437 Cr due to strong AUM growth, greater net interest income, and improved portfolio performance.

• BFL's GNPA and NNPA stood at 0.87% and 0.31% in Q1FY24 as against 1.25% and 0.51% as of Q1FY23 respectively . It had the lowest ever GNPA over a number of years.

• Capital Adequacy Ratio, including Tier 2 capital, was very strong at 24.6% and Tier 1 capital was again very strong at 23%.

• It acquired 3.84 million new clients in Q1FY24. There were 73 million overall consumers, and 40 million of those were cross-sell customers. 61.4% of BFL's clients are theie repeat customers.

BHFL (Bajaj Housing Finance Limited):
• AUM grew 29% YoY to INR 74,124 Cr in Q1FY24.

• GNPA and NNPA were again quite exceptional at 0.23% and 0.08% in Q1FY24, as against 0.27 and 0.11% in Q1FY23.

• PAT stood at INR 462 Cr in Q1FY24 against INR 316 Cr in Q1FY23.

Bajaj Markets:
• Total Revenue for Q1FY24 at INR 116 crore vs INR 79 crore in Q1FY23.

Bajaj Conserve Health :
Performed 10.36 lakh health transactions in Q1FY24, surpassing 10 lakh health transactions compared to just 4.86 lakhs in Q1FY23, and had at least 3.22 lakhs monthly users.

Outlook :
Once again, the companies have produced really impressive operating results. Bajaj Finserv remains a debt free company. In BAGIC the prime strategy is to increase market share in targeted categories through a well-diversified product portfolio. For BALIC the strategy is to maximise client advantages while increasing retail market share, protecting shareholder returns, and keeping a continuous focus on growing Net New Business Value (NBV). In BFL, company is targeting delivering better ROE and ROA while maximising risk and profit, operating a sustainable company model, and focusing on ongoing innovation. The company focus is on leveraging technology and analytics to increase cross-selling and consumer acquisition in Bajaj Markets.

Aditya Birla Sun Life AMC – Q1FY24 Concall KTAs
CMP INR 406.65 | Market Cap INR 116.90 Bn

Passive AUM increased 100% YoY at INR 287 Bn for Q1FY24. The Mutual Fund QAAUM, Equity QAAUM and Individual QAAUM stood at INR 2969 Bn, INR 1186 Bn, INR 1051 Bn respectively for the current quarter.

Overall QAAUM Mix for Q1FY24: Equity Mutual Fund- 39.91%, Debt Mutual Fund- 38.86%, Liquid Mutual Fund- 17.43%, Equity Alternative Assets- 3.42%, & Other Alternative Assets- 0.38%.

Revenue stood at INR 1.89 Bn for Q1FY24 v/s INR 2.74 Bn for Q1FY23 (up 42% YoY).

PAT grew by 79% YoY, from INR 1.028 Bn for this quarter to INR 1.846 Bn for corresponding quarter of the previous year.

The Monthly SIP Book grew by 10% YoY to INR 9.87 Bn. The total number of SIP accounts for Q1FY24 stood at 3.26 Mn accounts. The company registered around 2,05,000 new SIPs (including STP) for Q1FY24, which is expected to grow in the future.

Employee Benefit Expenses displayed increase of 18% YoY to INR 774 Mn. The employee expenses are expected to increase as the company is targeting emerging markets for establishing branches.

The Equity Yield stood at 70 bps for Q1FY24 against 74 bps for Q1FY23. The yield has been more or less flat and is expected to be around the same level.

Equity funds have witnessed a performance turnaround over the last few quarters, and the momentum is expected to be at the same pace.

The company is also focusing on technology advancement due to which it witnessed 83% of overall transactions done digitally and 76% new folios added digitally for the current quarter.

The company will aggressively promote the newly launched fund, GIFT-30. The company has plans to advance this fund globally using the LRS limit.

OUTLOOK
The company displayed positive results for Q1FY2024. The SIP accounts and contribution is expected to increase. Going forward, the company will focus on branch expansion by strengthening existing and establishing new branches PAN India. A launch of a new fund in the second quarter is expected. Going forward the company expects good financial performance.

Nippon Life India Asset Management Ltd – Q1FY24 Concall KTAs
CMP INR 315 | Market Cap INR 196.34 Bn

AMC's overall market share for Q1FY24 stood at 7.28% (up 4 bps QoQ). Equity Market share (excluding ETFs) stood at 6.26% (up 7 bps QoQ). The management is focused on sustainable growth, rather than short-term gains.

QAAUM for Q1FY24 stood at INR 3,136 Bn (up 12% YoY, up 7% QoQ). B-30 AAUM/Total AAUM- For NIMF stood at 19.3% v/s 16.9% of Industry.

AUM mix for Q1FY24- Equity 45%, Debt- 21%, Liquid- 11% & ETFs- 24%. AMC has no plans to launch any NFO.

ETFs- One of the Largest in the industry, with 25 ETFs with 14% market share. QAAUM of ETF for Q1FY24 stood at INR 738 Bn. NIMF expects to be category leader with highest liquidity in the industry.

Alternate Investments- Total Commitments raised as on Q1FY24 was INR 57.5 Bn (up 22% YoY, up 2% QoQ). Tech/VC FoF had deployed 70% of commitment raised in 11 Tech/VC funds.

Offshore Business- Key presence in Singapore, Dubai, & Japan. Funds under management stood at INR 102 Bn (up 32% YoY, up 15% QoQ).

Systematic Flow for Q1FY24 stood at INR 34.3 Bn (up 50% YoY, up 7% QoQ). Company expects systematic flows to increase at faster rate. The company outperforms the industry with a 17% of SIP accounts continuing after 5 years, compared to the industry's 12%.

Total Revenue during the quarter was INR 3,541 Mn (up 12% YoY, up 2% QoQ). PAT for Q1FY24 was INR 2,357 Mn (up 107% YoY, up 19% QoQ). The strong performance of PAT is led by sharp increase in other Income.

Core Operating Profit for the quarter was INR 1,930 Mn (up 13% YoY, down 3% QoQ). Decline in quarterly performance is owed to 8% increase in operating expenses.

Investor Base- Every 1 in 3 MF investors in India invest in NAM, company has 14.1 Mn unique customer at the end of Q1FY24 (up 0.6 Mn QoQ). AMC has added 0.5 Mn folios in Q1FY24, taking total tally to 20.1 Mn.

Investor Mix- Retail- 30%, HNI- 26% & Corporates- 44%.

Distribution Channel- Banking Distributors- 22%, National Distributors- 20%, & MF Distributors- 58%.

AMC has a 13 complaints per Mn folios v/s 29 complaints per Mn folios for other top 5 AMCs. Digital transactions contributed 57% of total purchase transactions.

During the quarter the AMC has stopped accepting lump-sum funds in the small cap funds. Management quoted it is done to facilitate gradual deployment of the corpus in order to align with the nature of small-cap investing.

Outlook

Nippon Life India Asset Management Ltd has demonstrated strong performance in the quarter. The company is focused on profitability rather than pursuing high market share. We don't expect any NFO to be launched by the AMC in short term. India has a large working-age population, but only a small percentage of Indians invest in mutual funds. This industry is poised for growth, and Nippon AMC already has 1 out of 3 investor in mutual funds. The company expects to capitalize on this growth

Shriram Finance – Q1FY24 Concall KTAs
CMP INR 1,822 | Market Cap INR 682.2 Bn

NII increased by 11.31% YoY to INR 44.35 Bn in Q1FY24 from INR 39.84 Bn in Q1FY23.

Net Profit for Q1FY24 was at INR 16.75 Bn and grew by 25.13% on YoY basis.

Operating Profit was at INR 31.26 Bn during Q1FY24 (up 5.35% YoY).

AUM has increased by 18.56% to INR 1932.14 Bn from INR 1629.7 Bn in Q1FY23.

Segment wise AUM break up 49.64% commercial Vehicle, 18.78% Passenger Vehicles and rest others.

Gross stage 3 assets reduced to 6.03% in this quarter as compared to 6.27% in Q1FY23.
Net stage 3 assets stood at 2.96%this quarter. The reason that asset quality is improving and credit cost going down is that economy is doing good and and other that the vehicle utilization levels have gone up and vehicle prices or value has gone up.

Number of branches has increased to 2930 in Q1FY24 from 2840 in FY23.

Cost-to-Income increased to 27.29% for the current quarter from 23.18% for Q1FY23.Cost to Income Ratio will be around 28% for full year.

NIM stood at 8.32% for Q1FY24 against 8.12% for Q1FY23.Reason for NIM increase this quarter was that during financial year end the demand for new vehicle goes up.

Shriram Housing Finance Limited

AUM has increased by 64.39% YoY to INR 95.392 Bn in Q1FY24 from INR 58.026 Bn in Q1FY23.

NII has increased by 41% YoY to INR 852.7 mn.

PAT has increased by 51.07% YoY to INR 456.4 mn.

NIM for Q1FY24 is 8.14%.

Cost to Income ratio in this quarter has increased 53.23% from 48.27% in Q1FY23.

OUTLOOK
Shriram Finance's outlook appears optimistic, with a targeted NIM of 8.5%, a projected 15% growth in AUM. The company will be doing partnership with fintech firms which will account for 5% of total AUM. The company's focus on innovation and a target ROE between 15% and 16% for the year indicates a favorable path towards sustainable growth and profitability in the financial services sector.

IIFL Finance – Q1FY24 Concall KTAs
CMP INR 568.30 | Market Cap INR 215.99 Bn

The Loan Book stood at INR 681.78 Bn for Q1FY24 against INR 527.61 Bn & INR 646.38 Bn for Q1FY23 & Q4FY23 (up 29% YoY, up 5% QoQ). The growth is expected to be sustainable at 25-30% for the next three to five years. The focus will be predominantly in the states of Bihar, Tamil Nadu, Karnataka, Orissa & Uttar Pradesh.

Business Segment:
a. Home Loans Assets - grew by 23% YoY and 5% QoQ to INR 228.38 Bn. The company focused primarily on affordable and non-metro housing loans.
b. Gold Loans AUM - grew to INR 221.42 Bn, showing a strong growth of 29% YoY and 7% QoQ.
c. Microfinance Loan AUM- stood at INR 102.55 Bn for Q1FY24 (up 63% YoY, up 5% QoQ). Currently, the overall microfinance industry is around INR 3500 Bn and has a potential market of INR 18000 Bn.
d. Loan against Property AUM - grew by 19% YoY and 2% QoQ to INR 68.36 Bn for the current quarter.
e. Digital Loans AUM - grew by 54% YoY to INR 29 Bn for Q1FY24
f. Construction and Real Estate AUM - stood at INR 27.32 Bn for the current quarter.
The demand in the Home loan & Gold loan segment is increasing consistently and the growth is expected to continue.

PAT stood at INR 4.73 Bn against INR 3.30 Bn and INR 4.57 Bn (up 43% YoY, up 3% QoQ).

The company's annualized ROE and ROA for Q1FY24 stood at 19.1% and 3.6% respectively against 19.9% and 3.3% respectively.

Asset Quality improved as the Overall GNPA & NNPA stood at 1.84% & 1.06% respectively for Q1FY24 against 2.58% & 1.08% respectively for Q1FY23. The GNPA is expected to reduce further as the company is increasing recoveries in the home loan segment. The PCR stood at 159% for the current quarter.

NIM is expected to increase due to increase in yields of Home Loans, Gold Loans & Digital Loans. However, the Cost of Funds might increase marginally and the NIM will remain constant on an overall basis. The cost of funds stood at 9.1% for Q1FY24 vs 8.7% for Q1FY23.

Cost-to-Income ratio improved significantly to reach 43.9% for Q1FY24, almost the same for Q1FY23. In the next 2-3 years, it is expected to reach 35%.

Credit Rating for the company is currently at AA, and it is expected to improve to AA+ in the next 12-18 months.

Total CRAR stood at 20.6% for the current quarter against minimum regulatory requirement of 15%.

OUTLOOK
The company displayed positive results for Q1FY2024. The company has expanded their footprint by 2x-3x and targets to establish 200 more branches in the current financial year. The industry has great potential to tap into microfinance and the loan book is expected to grow at 35% sustainably for the next three to five years. The company expects the yields to improve which will lead to better financial results going forward.

Home First Finance Company India Ltd – Q1FY24 Concall KTAs
CMP INR 850.75 | Market Cap INR 74.96 Bn

AUM for Q1FY24 stood at INR 77.76 Bn (up 8% QoQ, up 33% YoY). The company expects it's AUM growth to be around 30%.

AUM by product- 87% of the total advances are for house loans. With the average ticket size of INR 1.12 Mn, and with Shop loans- 1% and LAP-12%. The company has set a cap rate of 15% for LAP. It also expects shops loans category to grow in long term.

Customer Mix- Salaried- 69%, & Self Employed- 31%. Might see some uptick in self employed category.

Disbursements for the quarter were INR 8.95 Bn (up 3% QoQ, up 35% YoY). Disbursements for the quarter are in line with the yearly expectations.

GNPA/NNPA for the quarter was 1.6%/1.1% (down 50 bps YoY/ down 60 bps YoY). PCR for the quarter stood at 57.1% (down 2.4% QoQ, up 11.3% YoY).

Capital Adequacy- CRAR/Tier-1 Capital for Q1FY24 stood at 46%/45.5% (down 6.3%/ down 6.3% YoY).

The company Borrowing mix for Q1FY24 was Pvt banks- 32%, Public Banks- 22%, NBFC- 3%, NHB refinance- 22%, NCD- 4%, and DA & Co lending- 17%.

Cost of Borrowing of above borrowings stood at 8% during the quarter (up 10 bps QoQ, up 110 bps YoY).

Spread increased by 20 bps during the quarter to 5.7% (down 10 bps YoY). Company expect it to be around 5.25% for FY24.

Total Revenue increased by 53% during the year to INR 2,598 Mn (up 12% QoQ).

NII for the Q1FY24 stood at INR 1,101 million (up 9% QoQ, up 30% YoY). The lower YoY increase in NII as compared to revenue was due to a sharp increase of 76% in interest expense, which was caused by an increase in the cost of borrowings. NIM for Q1FY24 was 6.1% (down 30 bps YoY).

C/I Ratio for the quarter was 36.3% (up 190 bps QoQ, up 50 bps YoY).

PAT during the quarter increased by 8% to INR 691 Mn (up 35% YoY).

ROA/ROE pa for the quarter stood at 3.9%/15%. Management expects ROE to be around 15% for FY24.

Outlook
Home First Finance Company India Ltd has shown positive results in line with expectations. The company has opened 2 branches in the quarter and plans to open 17 more branches in the rest of the year. We expect the company to reach INR 100 Bn in the next 12-15 months. The company is focused on technology and wants to leverage it to provide better service to its customers. The housing sector is performing well, and the company is well-positioned to leverage this growth and gain market share.

SBI Cards – Q1FY24 Concall KTAs
CMP INR 859.40 | Market Cap INR 811.45 Bn

Q1FY24 displayed significant increase in New A/Cs reaching almost 1.1 Mn (up 22% YoY, down 20% QoQ).

Total Gross Advances (Credit card receivables) stood at INR 432.71 Bn for Q1FY24 as against INR 407.22 Bn for Q4FY23. Gross advances are expected to increase as credit card customers will grow consistently on a QoQ basis.

Spends stood at INR 739.13 Bn for the current quarter (up 24% YoY, up 3% QoQ). This is the highest every quarterly spend. Q1FY24 is also the best quarter for retail spends. There was a significant growth in tier 3/4 cities.

Total Revenue increased by 24% YoY at INR 40.46 Bn in Q1FY24 v/s INR 32.63 Bn in Q1FY23. This movement was a result of the following key factors: Interest income increased by 30% at INR 18.04 Bn in Q1FY24 v/s INR 13.87 Bn in Q1FY23 & Fees and commission income increased by 23% at INR 18.98 Bn for current year against INR 15.38 Bn in Q1FY23.

PAT decreased by 5% YoY at INR 5.93 Bn in Q1FY24 v/s INR 6.27 Bn in Q1FY23.

ROA & ROE stood at 5.1% & 23.3% respectively for the current quarter, against 7% & 30.8% respectively for the corresponding quarter for the previous year. Capital Adequacy Ratio stood at 22.9%.

Credit cost increased to 6.8% this quarter against 6.3% previous quarter. The guidance provided by the company is around 150-200 bps over a sustained basis. Specific segments are targeted and actions are underway to reduce the current credit cost.

Cost of Funds stood at 7.1% for Q1FY24 against 6.7% for Q4FY23 (up 197 bps YoY, up 37 bps QoQ). The cost of funds is expected to rise even if RBI does not increase the interest rates because some short-term & long-term liabilities are yet to be repriced.

Asset Quality decreased as GNPA & NNPA stood at 2.41% % 0.89% for the current quarter against 2.35% & 0.87% for Q4FY23.

Cost-to-Income improved from 58.1% for the previous quarter to 56.4% for the current quarter. The C/I ratio is expected to improve further in the next 2-3 years and reach 35%.

NIM stood almost stable for two consecutive quarters at 11.5%.

OUTLOOK
The company displayed average results for Q1FY2024. The company will focus to penetrate the credit card market which is very much unperforated. The cost to income ratios is expected to improve, leading to better financial performance. Going forward, Credit costs for the second half of FY24 is expected to trend back into the target range of 5.8 to 6.2%. The company expects to perform positively in the coming quarters.

Piramal Enterprise Ltd – Q1FY24 Concall Highlights
CMP INR 1073 | Market Cap INR 254.79 bn

Approval of Buyback
- The Board of directors approved the buyback of equity shares of company.
- A total of 1.4 cr shares @ INR 1250, aggregating to INR 1750 cr, will be buyback. The share of INR 1250 per share is at a premium of 25% over the last closing price of stock market.
- The promoter and the promoter group will not participate in the buyback.
- Buyback is expected to be completed within next 2 months.

Retail Lending
- Disbursement yields improved from 14.2% to 14.7% QoQ.
- 78% of AUM is in secured loans consisting of Housing loan, LAP and other secured loans.
- They added 19 branches during the quarter. They have a total network of 423 branches and 136 microfinance branches.
- PEL added 3 lakh new customers during the quarter. Their total customer franchise now stands at 3.3 million.

Wholesale lending
- They generated over INR 2431 cr of cash realization through accelerated repayment and resolution proceeds of wholesale 1.0 assets.
- They continue their focus on resolution of stressed asset which will moderate their wholesale book in short term. There's a dedicated team for monitoring and executing the resolution strategy for complex recoveries, for the purpose of improving recoveries.
- Company concluded the sale of wholesale loans during the quarter, including loans acquired from DHFL through two separate ARCs transactions. They received a cash of INR 316 cr and issued SR worth INR 2000 cr.

Liability Side
- Cost of borrowings improved by 20 bps YoY to 8.6%.
- The fixed to floating rate mix came at 57:43 during the quarter and is expected to improve in coming quarters.
- PEL's ALM is well matched with positive gaps across all quarters.

Financial Highlights
- Consolidated PAT came at INR 509 cr (down 94%YoY, up 360% QoQ), which includes gain of INR 854 cr on account of stake sale in Shriram finance.
- Other expenses came in at INR 568 cr (up 164% YoY, up 61% QoQ). The increase is attributable to one time write off of goodwill amounting to INR 278 cr, during the quarter.

OUTLOOK
Company's focus on resolution of wholesale book 1.0 has increased. This will improve their asset quality. Further, with the increasing focus on retail lending, company is expected to show positive performance in coming quarters, with improvement in margins. Also, with the approval for buyback of equity shares, their ROE is expected to improve.

Star Health and Allied Insurance Co Ltd – Q1FY24 Concall KTAs
CMP INR 623 | Market Cap INR 362.58 Bn

Gross Written Premium(GWP) during the qurter was INR 29,486 Mn (up 20% YoY).

The solvency ratio for the first quarter of fiscal year 2024 (Q1FY24) stood at 2.18 times, which is well above the regulatory requirement of 1.5 times.

Retail Health Renewal Premium Ratio for Q1FY24 stood at 96% (up 2% YoY). Despite a price hike for the policy, renewals numbers remained strong.

Combined Ratio for the quarter decreased by 40 bps to 97.8%. Management expects the combined ratio in long term to 93-95%.

Underwriting Profits for Q1FY24 was INR 1,454 Mn as against INR 1,570 mn in Q1FY23. The company has tightened its underwriting standards.

Investment Income for the quarter stood at INR 2,500 Mn (up 23% YoY), with an investment yield of 7.4%. Company expects to have same yield for FY24. Total investments for Q1FY24 stood at INR 133 Bn (up 16% YoY).

PAT for the quarter was INR 2,879 Mn as against INR 2,132 Mn in Q1FY23.

ROE for the quarter stood at 5.2% (up 60 bps YoY).

Retail Health Industry in India is of INR 85 Bn out of which company enjoys 32% of Market Share.
Company's Total Agency force increased by 17k during the quarter to 643k.

Channel Mix for Q1FY24 (YoY growth %)- Individual Agents- 81% (20%), Digital- 7% (8%), Corporates & Banks- 5% (35%), Other Direct- 4% (25%), & Brokers- 2% (29%).

Claims Ratio for Q1FY24 stood at 65.4% (up 40 bps QoQ).

Cashless Claims- The company clears 94% of cashless authorizations in less than two hours. The percentage of claims that were cashless increased by 5% YoY to 61%.

Outlook
Star Health and Allied Insurance Company Ltd. delivered average results for the Q1FY24. The company is expected to grow its business by around 20% YoY. We also expect the company to have a combined ratio in the range of 93-95% in the long term. Star Health, which is the second-largest player in the retail health insurance sector, will focus on retail health insurance as its primary business, while continuously working on technology to provide better services to its customers.

Five Star Business Finance Limited – Q1FY24 Concall KTAs
CMP INR 730.2 | Market Cap INR 211.61 Bn

NIM stood at 17.74% for Q1FY24 primarily because of lower funding cost as compared to 16.97% in Q1FY23.

Net Profit for Q1FY24 was at INR 1.8 Bn and grew by 32% on YoY basis (INR 1.4 Bn in Q1FY23).

Disbursement during the quarter was INR 11.3 Bn as against INR 5.6 Bn during Q1FY23.This is the first time that June quarter disbursement surpassed March quarter disbursement.

AUM in Q1FY24 was INR 75.8 Bn against INR 53 Bn in Q1FY23 (43% growth YoY).This growth was because of opening of new branches in existing and new locations.

Capital Adequacy ratio for this quarter was 60.2% as compared to 67.17% in Q4FY23.The company's capital adequacy ratio has declined due to growth in loan book and risk weighted mutual fund investments.

Collection Efficiency for the quarter stood at 99.6%.It was slightly lower than the previous quarter.

Gross stage 3 assets stood at 1.41% for Q1FY24 (up 5 bps QoQ, up 29 bps YoY). The marginal increase in these numbers is typical Q1 phenomenon.

ROA for this quarter stood at 8.41% (down 21 bps QoQ).

Number of branches are 386. 13 branches were added this quarter.

Total IT spend this quarter was INR 168 mn.

Credit Cost stood at 0.70% in Q1FY24.

Cost to Income in this quarter was 36.63% against 32.12% in Q1FY23.

OUTLOOK
The company has upgraded its growth guidance from 30% to 35% for the next fiscal year, driven by the opening of new branches, an increase in average officers per branch, and higher ticket sizes. Asset quality remains a top priority, with a focus on maintaining robust collections and a 30+ DPD% expected to stabilize around 5-6%. Gradual increase in leverage from 2x to 3-4x over the next three years is targeted to enhance ROE from 16.62% to around 18%, with a long-term goal of reaching 20%. The company sees substantial growth opportunities in core states, while technology investments aim to improve operational efficiencies and the digital customer experience.

Motilal Oswal Financial Services Ltd – Q1FY24 Concall Highlights
CMP INR 838 | Market Cap INR 124.12 Bn

Demerger of Wealth business
- In the recent news, the company had announced the demerger of broking and the wealth business.
- The internal restructuring is happening across two business viz: Broking & distribution business and wealth business.
- The* broking and wealth business* will get demerged, but will continue to remain subsidiary of the listed parent entity.
- Secondly, their wealth management business, is moving up from subsidiary to the parent entity.

Donation of equity by two promoters for charitable purpose
The company has filed with the exchanges, an expression of interest for donation of 5% equity each, by two promoters, Mr. Motilal Oswal and Mr. Raamdeo Agrawal, aggregating to 10% of outstanding shares of company. The donation will happen either in a single contribution or through a staggered approach within 10 years.

Capital Market Business
- Growth in brokerage business stands strong at revenue of INR 4,521 mn (+16% YoY, +10% QoQ).
- Revenue from interest grew 95% YoY/ 17% QoQ at INR 2617 mn and revenue from distribution business stood at INR 448 mn (+19% YoY, -17% QoQ).
- NSE active client market share remained stable at 2.5%.
- They acquired 1 lakh new customers during the quarter.
- ADTO grew by 171% YoY/ 28% QoQ to INR 4124 bn. Retail F&O market share grew by 44 bps QoQ to 4.3%.
- Company is confident on their broking business which is expected to grow within the range of 20-25% in coming period.

Investment Banking
IB business has completed 6 deals worth INR 37.3 bn during the quarter. Revenue from IB business during the quarter, came at INR 496 mn v/s INR 53 mn in Q4FY23. Revenue is expected to increase in coming quarters, since company has a strong pipeline for coming quarters.

Asset & Wealth Management Business
- The AMC AUM stood at INR 515 bn, up 19% YoY/13% QoQ with MF AUM at INR 335 bn and Alternates AUM at INR 178 bn.
- MF Gross Sales market share improved by 30 bps QoQ/50 bps YoY in Q1FY24 and SIP flows market share improved by 30 bps YoY.
- The company added 54 Wealth RMs in last 12 months resulting into higher employee expense.

Housing Finance Business
- Company has hired Sukesh Bhowal as the CEO of the company, who 27 years of experience in the mortgage industry, Shobhit Doru as the COO, who has 25 years of experience across products, strategy, and analytics in mortgage and Rajesh Maiya as Chief business officer, who has 25 years of experience in sales and distribution, channel management and customer service.
- The NIMs have remained stable at 7.6% YoY. The company has been able to maintain their NIMs, despite their increasing cost of funds.
- Their home finance business is currently undergoing transition, with the change in management and increasing RMs.
- Going forward, their home finance business is expected to grow, owing to the strong management business.

OUTLOOK

We have a positive outlook on the company. With the changes in senior management, the company is expected to perform well in the coming quarters. Their broking business is expected to grow by 20 – 25% in FY24. Their IB business completed has completed 6 deals during the quarter and is expected to perform in the coming quarters, owing to the strong pipeline for FY24. Further, the home finance business has witnessed a change in management during the quarter, owing to which we are expecting their home finance business to grow, going forward. We expect a loan book growth of 10% till FY25.

PTC India Financial Services Ltd. – Q1FY24 Concall KTAs
CMP INR 22.90 | Market Cap INR 14.79 Bn

The company made a total new disbursements of INR 3.32 Bn during the current quarter.

The Loan Book stands at INR 74.53 Bn. The loan book is expected to grow gradually in coming financial years.

The Net worth of PFS is around INR 22 Bn.

Sector Wise Credit Portfolio
a. Renewable - 31%
b. Transmission - 17%
c. Sustainable Only - 3%
d. Road - 17%
e. State Power Utility - 23%
f. Thermal & Hydro - 7%
g. Other - 3%.

PAT stood at INR 367.6 Mn for Q1FY24 against INR 364.1 Mn for Q1FY2023.

NIM improved to 4.33% in Q1FY24 compared to 4.23% previous year.

Capital Adequacy ratio stood at 34.9% which provides cushion for growth and expansion.

The ROA stood at 1.92% for Q1FY24 against 1.68% for Q4FY23. The ROA is expected to be around 1.5-2%, due to marginal increase in cost of borrowings.

Cost of Borrowings increased to 8.35% in Q1FY24 compared to 7.52% in Q1FY23.

OUTLOOK
The company displayed average results. There are INR 10 Bn disbursements in the pipeline for processing. The company is optimistic in raising funds of INR 15 Bn to INR 20 Bn in the next 2-3 months. The company also targets to achieve recoveries worth INR 4 Bn. Positive financial results are expected for the coming quarters.

Cholamandalam Investment and Finance Company Limited – Q1FY24 Concall KTAs
CMP INR 1,099.55 | Market Cap INR 904.49 Bn

Net Profit for Q1FY24 was at INR 7.26 Bn and grew by 28% on YoY basis.

PBT YoY growth is 28% as compared to overall asset growth of 42%.This is because cost of funds was lowest in Q1FY23 and it increased subsequently. The vehicle finance book follows a fixed rate model, allowing gradual repricing as higher yield loans replace existing ones.

The company displayed improvement in their asset quality as Gross NPA has reduced to 4.30% in Q1FY24 against 4.63% in Q1FY23. NNPA has dropped to 2.82% in Q1FY24 against 3.11% in Q1FY23.

Disbursements in Q1FY24 stood at INR 200.15 Bn against INR 133.29 Bn in Q1FY23(up 50% YoY).

AUM stood at INR 1,227.55 Bn in Q1FY24 as against INR 867.03 Bn in Q1FY23(up 42% YoY).

ROE stood at 19.9% in Q1FY24 as compared to 18.9% in Q1FY23.

Capital Adequacy stood at 17.44% in Q1FY24 as against the regulatory requirement of 15%. Tier-1 capital 15.14%,Tier-2 capital 2.30%.

Vehicle Finance

Disbursement grew by 32% in Q1FY24 to INR 113.01 Bn as compared to INR 85.62 Bn In Q1FY23.
AUM have grown by 28% YoY.
Loan losses dropped to 1.5% in Q1FY24 from 2.1% in Q1FY23. And company expects it go down to 1% over time.
PBT grew by 4% in Q1FY24 to INR 5.01 Bn as compared to INR 4.80 Bn in Q1FY23.

In vehicle finance growth is limited due to it being a more mature product with larger penetration. However strong demand still exists in this segment.

Loan against Property

Disbursement grew by 32% in Q1FY24 to INR 26.79 Bn as compared to INR 20.36 Bn in Q1FY23.
AUM grew by 29% YoY.
PBT grew by 12% in Q1FY24 to INR 2.24 Bn as compared to INR 2 Bn in Q1FY23.

LAP is also expected to see significant growth as Chola expands its branch network and targets customers with smaller ticket size loans.

Home Loans

Disbursements grew by 13.8% in Q1FY24 to INR 14.54 Bn as compared to INR 6.11 Bn in Q1FY23.
AUM has grown by 60% YoY.
PBT grew by 3% to INR 0.87 Bn in Q1FY24 as compared to INR 0.85 Bn in Q1FY23.

Home loans present significant potential for growth as Chola is entering undeserved segments with high demand.

OUTLOOK

Chola has exhibited steady growth in its various business lines, including vehicle finance, home loans, and loan against property. The management is optimistic about the growth potential in the affordable housing and small business loan segments. They expect to maintain a growth rate of at least 20% in disbursements over the next few years, driven by the focus on untapped markets and customer segments.Chola is actively investing in digital platforms, such as the Gadi Bazaar app and Chola One app, to enhance customer service and improve efficiency.Based on the recent approval by Cholamandalam Investment and Finance Company's board of directors to raise capital of INR 40 Bn through QIP, equity, and/or PCD, the outlook for the company appears positive.

UGRO Capital – Q1FY24 Concall highlights
CMP INR 274 | Market Cap INR 24.61 bn

The company raised INR 240 cr, during the quarter via preferential allotment of equity shares.

They appointed Ms. Tabassum Abdulla Inamdar as Additional (Independent) director, wef 1st August 2023. She has over 25 years of experience in research & analysis in banking, insurance, and financial sector in India and Asia..

Company added 8644 MSME customers during the quarter (up 65% YoY).

Financial Highlights
- PAT came at INR 25.2 cr v/s INR 14 cr (+7.3% QoQ, +244% YoY).
- PPOP at INR 56.6 cr (+11% QoQ, +187% YoY).

Asset Quality
- Asset quality degraded during the quarter. GNPA increased by 20 bps QoQ at 1.8% (up 10 bps) and NNPA increased by 10 bps QoQ at 1% (-20bps YoY).
- Collection efficiency declined by 80 bps QoQ at 96.8% (-10 bps YoY).

Other highlights
- Company's AUM increased from INR 6081 cr to 6777 cr sequentially (+11% QoQ, +85% YoY).
- ROA stable at 2.2% on a sequential basis.

Guidance
- Company has given a guidance of 30% loan growth by FY25, along with cost to income ratio of less than 50%, credit cost less than 2%, ROA more than 4% and ROE more than 18%.

OUTLOOK
Company has shown a good performance, despite a seasonally weak quarter. We expect the growth momentum to continue. Their AUM is expected to grow by leveraging their digital technology. Further, their analytics model will help them to improve their asset quality. We have a positive outlook on the company.

Aptus Value Housing Finance India Limited – Q1FY24 Concall KTAs
CMP INR 262.35 | Market Cap INR 130.99 Bn

AUM stood at INR 71.23 Bn in Q1FY24 as compared to INR 55.19 Bn in Q1FY23(up 29% YoY). Guidance for AUM is 30%.

AUM Mix 59% Home Loans, 21% Small business loans,16% Quasi Home loans and the rest top up loans and Insurance loans.The company aims to bring housing loan to at least 60%.

Disbursement stood at INR 6.46 Bn in Q1FY24 against INR 5.25 Bn in Q1FY23 (up 23% YoY).

Net Profit for Q1FY24 was at INR 1.42 Bn and grew by 20% on YoY.

Operating Profit stood at INR 1.83 Bn backed by 27% rise in interest income.

Opex% stood at 2.55% in Q1FY24 against 2.44% in Q1FY23. It is expected to be around 2.5-2.6%. However, with addition of new branches and investment in technology Opex slightly go higher to 2.6-2.65%.

GNPA % stood at 1.29% in Q1FY24 against 1.75% in Q1FY23. Net NPA% stood at 0.97% in Q1FY24 against 1.32% in Q1FY23.

Collection Efficiency stood at 99.52% in Q1FY24 as compared to 101.17% in Q1FY23.This decline in Collection Efficiency is seasonal and expected for most enterprises. The company plans to improve the level to over 100% in coming months.

ROA stood at 8.21% in Q1FY24 against 8.88% in Q1FY23. Maintained above 8%.

ROE stood at 16.93% in Q1FY24 against 15.89% in Q1FY23.

OUTLOOK
The company's outlook appears positive as they focus on diversifying their loan mix with a focus of both housing and non housing loans.With on ground strong demand for both Home Loans and Small Business Loans they are confident of pursuing 30-35% growth in disbursements along with good quality of loan book and collection efficiencies resulting in sustained profitability.The company is also targeting 260-265 branches by March'24. They will also invest in digital channels for customer engagement and social media outreach.

SBI – Q1FY24 Concall KTAs
CMP INR 573.20 | Market Cap INR 5.12 Tn

Advances grew from INR 29006.36 Bn for Q1FY23 to INR 33017.31 Bn (up 13.90% YoY).
- Retail Personal: INR 12042.8 Bn (up 16.46% YoY)
- Agri: INR 2640.52 Bn (up 14.84% YoY)
- SME: INR 3699.17 Bn (up 18.27% YoY)
- Corporate: INR 9821.84 Bn (up 12.38% YoY)
- Foreign: INR 4833 Bn (up 7.44% YoY)
-Domestic Advances grew at 15.08% YoY. The company expects advances growth to be in the range of 14-15%.

Total Deposits grew by 12% YoY from INR 40457 Bn to INR 45312.37 Bn. Total deposits are expected to grow at a range of 12-13%.

NII for Q1FY24 increased by 24.71% YoY to INR 389.05 Bn, driven by improved yields and continued credit off-take.

Net Profit for Q1FY24 grew significantly by 178.25% YoY to INR 168.84 Bn from INR 60.68 Bn during Q1FY23. Operating Profit for Q1FY24 grew by 98.37% YoY to INR 253 Bn from INR 127.53 Bn during Q1FY23.

ROA and ROE for the quarter stand at 1.22% and 24.42% respectively vs 0.48% and 10.09% for Q1FY23.

Domestic NIM for Q1FY24 increased by 24 bps YoY to 3.47%.

Asset Quality: GNPA ratio improved by 115 bps YoY to 2.76%, and NNPA ratio declined by 29 bps to 0.94%. Credit cost stood at 32 bps, showing a YoY improvement of 29 bps.

Cross-Selling: The bank reported a growth of 17% in cross-sales. While there was a temporary sluggishness in certain fee income lines, the bank remained optimistic about future growth.

Cost-to-Income Ratio stood at 50.37% for the current quarter vs 54.70% for the previous quarter. The company is looking to address the cost-to-income ratio by improving staff productivity, leveraging digital sourcing, and focusing on growth in margins.

OUTLOOK
The company displayed above average results for Q1FY24. The company expects to continue with a loan growth of 14-15% in the financial year. They are focused on sustaining asset quality and cherry-picking quality borrowers in both the domestic and international markets. The company plans to address the cost-to-income ratio by improving staff productivity and leveraging digital sourcing. They are mindful of the interest of their depositors and aim to grow their deposit base at around 12-13%.

IndoStar Capital Finance – Q1FY24 Concall KTAs
CMP INR 167.55 | Market Cap INR 22.66 Bn

The Total AUM stood at INR 80.62 Bn for Q1FY24 v/s INR 78.13 Bn for Q4FY23 (up 3.2% QoQ). The Total AUM comprises 49% CV Finance, 21% Home Finance, 15% SME Finance, 15% Corporate Lending.The company is focusing on realization of the AUM. The company is looking to achieve a book size of around 13,000 crore in the next two years.

The NII (standalone) declined by 14% YoY to INR 1.081 Bn for the current quarter against INR 1.261 Bn for the quarter corresponding to previous year. (up 2% QoQ).

The PAT during the quarter declined to INR 309 Mn (down 31% YoY, down 58% QoQ). The fall in PAT was due to a one time treatment in Q4FY23, and the FY23 employee expense included a reversal of ₹50.5 crore and ₹44.2 crore, respectively, due to the cancellation of unvested ESOPs.

The company's disbursements have been growing, with a focus on tier 3 and tier 4 markets. The total disbursements grew from INR 3.44 Bn for Q1FY23 to INR 11.66 Bn for the current quarter.

CV Finance
- Used Vehicle Disbursement stood at 93% in Q1FY24 vs 96% in Q4FY23. The company, predominantly in the used commercial vehicle (UCV) segment, states that they have not experienced margin reduction and expect robust demand.
- AUM of INR 39.28 Bn.
- Regarding the slowdown observed in the new commercial vehicle industry in July, the company attributes it to factors like floods and construction activity slowing down.

Housing Finance
- IndoStar Home Finance's segment focuses on small towns and semi-urban geographies for affordable housing finance.
- AUM of INR 17.41 Bn
- Average LTV: 48.39%.

.The NIM stood at 6.5% for Q1FY24 v/s 5.5% for Q1FY23. The NIMs are expected to rise further as the company has achieved a 90% collection efficiency.

The current leverage is 1.92x, and the management plans to increase it up to four times gradually. The company plans to approach banks with a clear growth trajectory and aims to increase leverage slowly over time.

ROA & ROE declined to 2.1% & 5.9% for the current quarter. The company is focused on improving deals and reducing interest costs to improve ROA and ROE.Going forward, the company aims for ROAs in the 2.5% to 3% range and ROEs around 14% to 15%.

The Asset Quality Improved due to better collection efficiency. The GNPA & NNPA stood at 6.6% & 3.1% for Q1FY24 v/s 8.2% & 3.6% for Q1FY23. The CRAR reached 34.4% this quarter.

OUTLOOK
The company displayed average results for Q1FY24. The company targets to grow the overall AUM at 7% sustainably. The Asset Quality is expected to improve further. The ROA & ROE will be in the range of 3.5% & 14.5% respectively. The company has made technological improvements which will lead to efficient and productive operations. The company expects better performance in the coming quarters.

Fusion Micro Finance Limited – Q1FY24 Concall KTAs
CMP INR 640.50 | Market Cap INR 64.45 Bn

Overview
- PAT for Q1FY24 was INR 1.21 Bn (up 60.4% YoY, up 5.19% QoQ).
- ROA for Q1FY24 stood at 4.99% (up 96 bps YoY). The long term guidance is range of 4.25-4.5%.
- ROE for Q1FY24 stood at 20.21% (down 160 bps YoY). The management expects it to be in range of 18-20% in long term.

AUM
- AUM for the quarter stood at INR 97.12 Bn (up 31.43% YoY, up 4.47% QoQ). Disbursements grew by 15% YoY to INR 15.21 Bn.
- Portfolio yield for Q1FY24 increased by 50 bps QoQ to 21.5% (up 50 bps QoQ).
- Advances Maturity Mix- 1-3 years- 93.4%, 3-5 years- 3.2%, & >5 years- 3.4%. The focus will remain same due to lower ticket size.
- Average Ticket Size for the quarter is INR 42,400 (up INR 1,200). The company maximum ticket size is the somewhere in the range of INR 85,000 to 90,000. The company expects it to be around 46,000 by FY25.
- The top 5 states concentration stood at 69.8% (down 250 bps from FY19). The company is actively trying to reduces by expanding.

Borrowing
- Borrowing Mix- PSU Banks- 24.7% (down 110 bps QoQ), Development Financial Institutions- 9.5% (up 170 bps QoQ), Private Banks- 37.2% (down 30 bps QoQ), Foreign Banks- 15.1% (up 220 bps QoQ), NBFC-7.3% (down 220 bps QoQ), & FPI- 6.2% (down 30 bps QoQ).
- Cost of Borrowing during the quarter was 10.60%. Company expects the cost of borrowing to be in same range for FY24.

NII & NIM
- NII during the quarter was 2.94 Bn (up 59.24% YoY, up 6.45% QoQ). The growth in NII is primarily due to higher growth in Interest income than of Interest expenses.
- NIM for the quarter was 10.89% (up 32 bps QoQ). There is scope of small improvement in NIM for FY24.

MSME Business- MSME business stands at an AUM of INR 3.49 Bn with 12,397 clients.

Digital Advancements
- Digital onboarding reached to 100% in this quarter as compared to 30% in FY18.
- Cashless disbursements improved from 20% in FY18 to 99.28% in Q1FY24.
- Loan approval TAT reduced to 4 days.

Key Metrics
- GNPA/NNPA for Q1FY24 was 3.2%/0.78% (fall 26 bps QoQ/ fall 9 bps QoQ).
- Credit cost for the quarter stood at 0.88%. The increase in credit cost is because of floods in North India.
- C/I Ratio stood at 36.30% for the quarter (up 10 bps QoQ).
- CRAR for the quarter was 28.26%.

Outlook
Fusion Micro Finance Ltd has displayed an above par results for Q1FY24. We expect the company to grow in an range of 25-30%. The Company has it's focus on rural areas, with a aim to increase average ticket size in a range of 12-15% to INR 46,000. The credit cost is expected to normalise by Q4FY24 as old loans will be replaced by new portfolio. Management is confident of maintaining the momentum going forward.

Aavas Financiers Ltd – Q1FY24 Concall KTAs
CMP INR 1,559.00 | Market Cap INR 123.31 Bn

AUM grew by 23.2% YoY, reaching INR 146,500 Mn for Q1FY24 with home loans accounting for 69.8% and other mortgage loans for 30.2%.

The PAT increased by 23% YoY to INR 1,097 Mn for Q1 FY24 vs INR 892 Mn for Q1FY23.

Product Mix: The company has been focusing more on other mortgage loans and MSME products. The company aims to maintain around 65% in home loans and 35% in non-home loans, with over 50% of the non-home loans dedicated to MSME lending.

Spread: The company raised around INR 13,826 Mn at 8.01% during Q1 FY24, and the average cost of borrowing on total borrowing is 7.66%, against an average portfolio yield of 13.26%, resulting in a spread of 5.60%.

Live Accounts and Branches: The total number of live accounts stood at 1,92,446, translating into a 21% YoY growth. The company had 348 branches, with 2 new branches added in the last 3 months.

Asset Quality: Gross stage 3 assets stood at 1%, and net stage 3 assets at 0.73% for this quarter. Total ECL provisioning, including COVID-19 impact and resolution framework 2.0, stood at INR 766 Mn.

ROA & ROE stood at 3.16% & 13.8% for the current quarter vs 3.17% & 12.49% for the quarter corresponding to the previous financial year. With the new technology platform in place, the company anticipates increased efficiency which is expected to contribute to sustainable growth and achieve ROE between 15% to 20%.

Net Worth & Capital Adequacy: The net worth of the company stood at INR 33,881 Mn, and the capital adequacy ratio was at 47.32% for Q1FY24 vs 49.80% for Q1FY23.

Opex: The Opex to AUM ratio was around 3.79% for Q1FY24, and the company expects it to be around 3.68% for the current financial year, with a normal increase in manpower costs.

OUTLOOK
The company displayed average results for Q1FY24. Going forward, the company aims to maintain its strategic focus on governance, asset quality, profitability, and leveraging technology to enhance customer experience. Opex is expected to decline to 3.68%, as the efficiency increases. The management remains optimistic about achieving sustainable growth, with a target ROE between 15% to 20% in the long term.

Capri Global Capital Ltd – Q1FY24 concall KTA
CMP INR 776 | Market Cap INR 160 bn

MSME Loan
- AUM growth momentum in MSME segment continues to remain strong at INR 46,373 mn (up 5.3% QoQ, up 37% YoY), though the disbursement in this segment was lower at INR 3259 mn (down 53% QoQ, up 21% YoY).
- Disbursements are expected to pick up from Q2FY24.

Gold Loan
- Gold loan completed one year of operation in this quarter.
- Q1 is a seasonally weak quarter. However, momentum in gold loan disbursement has muted their decline as compared to Q1FY23.
- Share of gold loan disbursement amounts to 51% of the total disbursement and 14% of total AUM.
- It is expected to touch 20% of AUM by FY24.
- This product will start adding to the profitability by the end of FY24.

Construction Finance
- It contributes to 17.5% of AUM. It is expected to be 20% by the end of FY24.

Housing Finance
- The company concluded a maiden, direct assignment transaction of INR 569 mn.
- Housing finance contributes to 11% of the total disbursements (18% in Q4FY23, 17% in Q1FY23).
- Disbursements are expected to pick up from Q2FY24.

Financial Highlights
- NII increased 77% YoY/ 26% QoQ during the quarter at INR 2370 mn.
- PAT declined by 2% sequentially, due to the loss in gold business and grew by 38% YoY at INR 636 mn.
- Cost to income ratio reduced by 211 bps sequentially and increased by 1497 bps at 66%.
- Spreads improved by 35 bps QoQ and 66 bps YoY at 7%.
- The average yield on advances improved 118bps YoY to 15.7% while the average cost of funds increased 49bps YoY to 8.72% leading to a net change of 51bps YoY in spreads.

OUTLOOK
Gold loan portfolio is expected to increase during the FY24 and will start contributing to profits by the end of FY24. The share of construction finance business is expected to increase to 20% from 17.5% of AUM. Disbursements in MSME and housing finance are expected to pick up from Q2FY24. Overall, we have a long term positive outlook on the company.

Utkarsh Small Bank – Q1FY24 Concall KTAs
CMP INR 51.60 | Market Cap INR 55,179 Mn

Financial Performance:
•ROA stood at 2.27% and ROE is at 21.1%.
•PAT stood at INR 107 crores against INR 89 crores in Q4FY23.
•Capital adequacy ratio stands at 25.3% adjusted for capital raised through IPO.
• Equity capital : Raised INR 500 crores through IPO.
• Company expects to have more than 150% growth of revenue.
• Overall collection is in the range of 98.5%, it is expected to improve from here by another 5.5% or so in Q2FY24.
• CAGR is expected be above 31%.
• Cost of term deposit is at 7.9%, It is expected to remain below 8%, by Q3.

Deposits:
•Total deposits as of Q1FY24 stood at INR 13,967 crores registering a YoY increase of 36%.
•CASA on standalone deposit basis has grown 20% YoY.
Retail term deposit on standalone basis has grown over 51%. CASA to the total portfolio as of June 2023 is at around 20%.

Loans:
•Total gross loan portfolio as on Q1FY24 was INR 14,394 Crs. as against 10,951 Crs. a 31% in bio-wide growth.
•The mix of the gross loan portfolio was 75% micro-banking and 25% non-micro-banking, which was primarily a secure loop last quarter end. The current mix is 63% micro banking and 37% non micro banking.
•Loan book growth was 31% YoY and deposit growth was 36% YoY.

Yields and Margins:
•Yield on advances stood at 18.8% against 19.1% and 19.4% in Q4FY23 and Q1FY23 respectively.
•Net interest margin is 9.16% against 9.4% and 9.7% in Q4FY23 and Q1FY23 respectively.
•Cost of funds is around 7.55% against 7.4% and 7.0% in Q4FY23 and Q1FY23 respectively.

Floating provision:
• It is expected to be around 1% by the end of this year. For MFI book it will be around 1.5%.
• 2% credit cost guidance includes the additional 40-45 crore that will be making.

Distribution network:
•During Q1'FY24, opened 21 branches (15 MB & 6 GB branches)
•257 general banking branches out of which 64 were created over the last year and another 50 which were created an year back.
•At the Operations front, currently there are 851 branches, with 161 branches opened in last 1 year.

Headcount:
•Headcount was 13,300 previous quarter year end, which in current quarter is 15,900 as company added 2,600 employees.
•Salary increments for employees from April 1 for this year.

MicroFinance:
• Expecting growth to be around 20% in microfinance, especially the JLG part, also focusing more on the MBIL.
• The company expects a faster growth. Lending is improving by at least 100 bps. Overall micro lending fees will grow by 22%-23%. Credit cost would be within 2%.
• In microfinance 20% of book at current rate of interest, and balance 80% is divided as 40% is 1% lower and an other 40% is 2% lower.

Asset quality :
•Strong Asset quality profile with Net NPAs declining from to 0.4 in Q4FY23 to 0.3% in Q1FY24 and Gross NPAs declining from to 3.2% in Q4FY23 to 3.1% in Q1FY24.

Market Share:
• 3% of retail market share in Prayagraj, Patna, Varanasi, in next 18 months.

Three Business Verticals:
• Expect that in next 18 to 24 months time, all will be contributing in the bottom line. Affordable housing or whether MSME also, have close to 3,000 overall book from these segments. moving to more granular book and also little one notch lower also and expect that returns will return fast. Overall RO, the return on these portfolios is going to grow in future.
• Yield will certainly improve as the company will pass on rate hike to the customers. Overall, the slippages or the overall NP numbers will come down in the next 18 to 24 months time.

Outlook :
• Cost to income ratio is 57% for Q1FY24. It will remain in the same trajectory, as seen in FY23. Microfinance remains our core business, it will be more than 50% of our portfolio at the end of FY26. And within Microsona, the micro-bending individual loans, which are mature customers so far, could gain scale and maybe close to double-digit contribution, considering large JLG customer base. ROA will certainly be above 2% and ROE will be in the range of around 20% for this next one to two year time. Strategically increasing share of secured loans as well.
• Switch spot will be more about the smaller ticket size loan and the MSME segment, the affordable housing segment, and wheel segment. end the small corporate
• In data-keeping around 25% more than 25 customers and who are unique clients to Udgash, additional about 40-45% customers are basically Utsavash plus one.

Muthoot Capital Services Ltd – Q1FY24 KTAs
CMP INR 352 | Market Cap INR 5.8 bn

Financial Highlights
- NII came at INR 55.1 cr (-16% YoY, -13% QoQ).
- PBT stood at INR 24.3 cr (+23% YoY, -35% QoQ).
- PAT arrived at INR 17.7 cr (+20% YoY, -32% QoQ).

-Company's priority is to improve the asset quality. GNPA of the company has increased by 53bps QoQ to 21.08% although NNPA improved marginally by 10 bps QoQ at 2.57%.

- Cost of borrowing has increased from 9.1% in Q4FY23 to 9.7% in Q1FY24.

-Their new segment Used car loan is doing well with a tenure if 36 – 48 months. In next 3 years, their 2 wheeler mix will come down to 50%.

Co-lending
- Company added 2 co lending partners during the quarter.
- Co lending disbursement during the quarter came at INR 253.34 cr. Company is targeting a disbursement of around INR 1500 cr disbursement for FY24.
- NNPA from co lending during the quarter is 0%. The share of co lending in disbursement has reduced from 38% in Q4FY23 to 29% in Q1FY24.

-The company has reduced their target AUM guidance from INR 2700 cr to a range of INR 2500 cr – INR 2600 cr.

- Disbursements for Q1FY24 came at INR 201 Cr vs INR 280 Cr in Q4FY23 vs INR 328 Cr in Q1FY23.
- Company has reduced their disbursement guidance from INR 2000 cr to a range of INR 1500 cr – INR 1700 cr.

Trucap Finance Ltd. - Q1FY24 Concall KTA
CMP INR 55.50 | Market Cap INR 6,463.1 Mn |

• Financial Overview:
- Total Revenue stood at INR 378 Mn for the current quarter against INR 261 Mn & INR 327 Mn for Q1FY23 & Q4FY23 respectively.
(6% QoQ and 45% YoY growth, driven by strong interest income growth).
- Earnings stood at INR 12.6 Mn for the quarter against INR 10.6 Mn & INR 6.8 Mn for Q4FY23 & Q3FY23 respectively, resulting from strong revenue growth.
- The cost of funds stood at 13.1% for Q1FY24 with the incremental cost of funds going down by more than 100 bps in the most recent quarter and the yield stood at 18.9%.

• Assets under Management:
- AUM stood at 6.59 Bn for the current quarter up by 67% over the last one year.
- Product composition of total on and off balance AUM is 61% gold loans, 36% in MSME business loans, and 3% in loan against property and personal loans, which are in runoff mode.

• Co-Lending:
- Debt on balance sheet is down by 220 Mn of 5% QoQ, due to continued scaling up lending as a service or co-lending partnerships with marquee lenders.
- This is a big focus of the company where it serves as 20% capital provider with the large lenders serving as an 80% capital contributor. However, entire sourcing, servicing, and collection on these loans is done by the company from their experiential center network.
- The company tied up with HDFC Bank in the June quarter as a co-lending partner, having total of five partners, namely, HDFC Bank, DCB bank, Central Bank of India, Shivalik Small Finance Bank, and U GRO Capital.
-33% of the company's AUM is written with these lenders as Lending as a Service Partner, which is expected to grow to 40% by the end of the fiscal year.

• NPAs:
- Gross NPAs declined to 1.1% for the quarter vs 2.2% and 3.1% in Q4FY23 and Q1FY23 respectively, due to the company's relentless focus on resolving legacy LAP and personal loans, which contributed almost 60% of the company's gross NPAs in the last year.
- Gold loans, representing 61% of AUM, represent zero NPAs, while business loans, comprising 36% of the loan book, have an NPA ratio of 2.4%.
- Collection ratio efficiency in the gold loan product is well north of 200% due to prepayment, repayment, part closures, etc., while for the business loan product, it ranges between 93 and 96% since July 2022.

• Margins:
- NIM has inched up by more than 100 bps in the current quarter, resulting largely due to rate hikes being passed on to the company from June 2022 onwards.
- On the asset side, there was marginal compression in fiscal 2023, given the increasing proportion of gold loans in the AUM mix, coupled with almost 18% of full-year disbursements coming on the gold loan product.

• Disbursements:
- Disbursements stood at 2.61 Bn for this quarter against 2.38 Bn and 1.64 Bn in Q4FY23 and Q1FY23 respectively.
- The company disbursed more than 35,000 loans in June 2023, averaging close to 380 loans per working day versus 288 loans and 250 loans in March 2023 and a year ago respectively.

• Customer Base
- It stood at almost 73,000 in June 2023 against 46,000 and 11,000 in June 2022 and June 2021 respectively.

• Distribution network:
- The company opened 31 new branches in the current quarter, taking the total to 108 branches at the end of June 2023.
- Majority of branch openings have been in Tier 2, 3, and 4 towns, which represents almost 80% of the company's branch presence.
- 46% of branches broke even in Q1FY24, with the number being expected to go up every quarter as more than 45% of branches have crossed the 4 crore AUM threshold and almost 30% of branches have crossed more than 5 crore AUM threshold in the current quarter.
- Going forward, the pace of increase in branch additions will slow for the rest of fiscal year 24 and OPEX as a percentage of AUM will decline in the back half of the year and in fiscal 2025.

OUTLOOK :
Trucap Finance Ltd have displayed a good financial performance . The company discussed the focus on gold loans and personal loans, anticipating a significant rise in demand for these products. The potential for revenue increasing in the coming years, supported by new co-lending partnerships, increase in product demands, and cost efficiencies, was highlighted. The company is optimistic about its future growth, driven by expanding market opportunities.

Arman Financial Services Ltd – Conference Call KTAs
CMP INR 2370 | Market Cap INR 20bn

Margin declined with improvement in asset quality.

Consolidated financial highlights
- NII came at INR 70.19 cr v/s INR 65.15 cr in Q4FY23 (+7.73% QoQ, +43.49% YoY).
- PPOP arrived at INR 63.3 v/s INR 62.8 cr (+0.8% QoQ, +98.8% YoY).
- PAT at INR 39.93 cr (+10.33% QoQ, +154.15% YoY).

- The company extended its operations to Bihar and Haryana during the last quarter. They now plan to expand their operations to Telangana and Jharkhand.
- They have reduced TAT by 50%, by leveraging their digital transformation.
- Collections on all segments were healthy and aligned to pre-covid levels. Microfinance and MSME collections were at >98%, and 2W collections were at 97%.
- Company recently launched Rural 2 – Wheeler loan and individual loan, which is currently in pilot stage.
- The NIM declined by 50bps QoQ at 12% during the quarter, led by decrease in yields. The yields declined from 27% to 24.4% QoQ.
- Asset quality has improved. GNPA improved by 40 bps QoQ at 2.4% and NNPA remained closed to 0%.

Anand Rathi Wealth – Q1FY24 Concall KTAs
CMP INR 1007 | Market Cap INR 41.9 bn

Long term positive outlook.

Consolidated Financial Performance
- Total revenue came at INR 1.78 bn in Q1FY24 vs INR 1.47 bn in Q4FY23 (up 21.3% QoQ, up 33.6% YoY)
- Total operating expenses increased by 23.8% QoQ to INR 1.02 bn in Q1FY24. (up 34% YoY).
- PBT for the quarter is INR 70.9 Cr (up 19.1% QoQ, up 34% YoY).
- PAT margin improved by 80bps QoQ to 29.8%.

Private Wealth business
- Total revenue came at INR 1.71 bn as compared to INR 1.41 bn in Q3FY23 (up 21.7% QoQ, up 32% YoY).
- PBT during the quarter arrived at INR 0.70 bn v/s INR 0.59 bn in Q3FY23 (up 18.6% QoQ, up 32% YoY).
- PAT margins stable at 30.7%.
- AUM increased by 31% YoY to INR 422.46 bn.
- The Equity Mutual Fund (MF) AUM experienced a growth of 36% YoY, reaching INR 199.82 bn. The share of equity MF in the AUM increased by 100bps YoY.
- No. of RMs increased from 293 to 308 during the quarter. It is expected to be reach 500 RM in next 3-4 years.
- Active clients increased to 8747 (up 4.7% QoQ, 17% YoY).

Digital Wealth Business
- AUM increased by 43% YoY and 11% QoQ to INR 11.67 bn.
- Number of clients grew by 7% YoY and 1.3% QoQ to 4,305.

OFA business (Omni Financial Advisors)
- Assets under Administration (AuA) of MFDs on this platform is INR 1068.04 bn (PY INR 795.11 bn).

OUTLOOK
Company has been growing consistently over the past quarters. Going forward, the MF industry is expected to grow, which is an opportunity for the company to increase its business. The company plans to add more RMs to penetrate the growing market. It is expected to reach a number of 500 RMs (currently 308) in next 3-4 years, which will help them achieve it. We have a long term positive outlook on the company.

Federal Bank – Q1FY24 Concall KTAs
CMP INR 127 bn | Market Cap INR 268.59 bn

Change in Management
- Chairman, Mr. C Balagopal retired on 28th June 2023 after completion of his tenure of 8 years on the Board of the Bank. Mr. A P Hota, Independent Director would be taking charge as Part Time Chairman of the Bank with effect from June 29, 2023.
- Mr. A.P. Hota is the former MD & CEO of National Payments Corporation of India (NPCI). He was serving as an independent director on the board of the bank since January 15, 2018.

Financial Performance
- NII improved from INR 1909 Cr in Q4FY23 to INR 1919 Cr in Q1FY24. (up 19.5% YoY, up 0.5% QoQ).
- Net profit reduced from INR 903 Cr in Q4FY23 to INR 854 Cr in Q1FY24 (up 42% YoY, down 5.4% QoQ).

Key ratios
- NIM reduced by 16 bps to 3.15% (down 7 bps YoY)
- Cost to income increased from 49.51% to 50.87% QoQ. (down 181 bps YoY, up 136 bps QoQ)
- PCR remained at 70.2%. (Q1FY23 – 65.03%).

Profitability ratios
- ROE reduced by 175 bps QoQ to arrive at 15.73%.(up 300 bps YoY).
- ROA reduced from 1.45% to 1.30% QoQ. (Q1FY23 – 1.1%).

Deposits
- Deposits stood at INR 2224.96 bn v/s INR 2133.86 bn in Q4FY23 (up 21% YoY, up 4% QoQ).

Advances
- Net Advances came at INR 1834.87 bn as against INR 1744.47 bn in Q4FY23 (up 21% YoY, up 5% QoQ).

Asset Quality
- GNPA/NNPA stood at 2.38%/ 0.69% in Q1FY24 v/s 2.36%/0.69% in Q4FY23. (Q1FY23, GNPA/NNPA – 2.69%, 0.94%).
- A large part of the COVID moratorium book had ended in March 31, 2023. The increase in NPA is from the restructured COVID portfolio. Bank maintains a provision of 15% on the restructured book.

OUTLOOK
Bank's performance was below our estimate. Its profitability has reduced by 5% QoQ. Going forward, the cost of deposit is expected to start moderating, the impact of which is expected to be seen in the second half of FY24. It will help in improving the spreads. NIMs are expected to be around 3.5% by the end of FY24.

Bandhan Bank – Q1FY24 Concall KTAs
CMP INR 221 Bn | Market Cap INR 356.40 Bn

Overall Profitability reduced 10% QoQ, NPAs up by more than 50%

Advances & Loans
- Total advances declined from INR 1091 bn in Q4FY23 to INR 1,031.7 Bn in Q1FY24 (down 5.5% QoQ, up 6.7% YoY).
- This decline in advances is primarily because of two reasons:
1) Bandhan bank had a short term against FD, of which, a single large account of approximately 22 bn has been repaid in this quarter.
2) Their EEB book reduced from INR 568.2 bn in Q4FY23 to 513 bn in Q1FY24 (down 9.7% QoQ, down 12% YoY). During the last quarter, company had a slippages of INR 7 bn from the EEB book and as a result, company had planned to reduce their EEB book.
- Their commercial banking improved to INR 215.5 bn (up 6.7% QoQ, 78% YoY).
- Total secured book has reached 44% in this quarter and is expected to be 50% by FY26.

Asset Quality
- GNPA/ NNPA for Q1FY24 came at 6.76%/2.18% v/s 4.87%/1.17% in Q4FY23.
- The increase in NPAs is primarily because of change in classification norms.
- Earlier, ECLGS guaranteed advances which defaulted were not required to be classified as NPA, but after RBI IRAC circular dated 1st April 2023, they have to be classified as NPA, which in turn led to an increase in NPA.
- Prior to this, they were classified under SMA 2 bucket (61 – 90 days).
- Further, Banks are permitted to not to create provision on this but Bandhan bank has created a provision on this on conservative basis.
- Irrespective, their provisions has reduced by 18% QoQ to INR 6.02 bn (down 6.3% YoY).

Slippages & Recoveries
- Slippages increased to INR 13.6 Bn in Q1FY24 (up 21% QoQ, up 20% YoY).
- Out of total slippages, 2 bn relates to housing finance business, which arised due to the technical issues in system upgradation.
- Recovery made during the quarter came at INR 2.8bn (excluding recovered amount paid to ARCs and CGFMU) as against INR 4.7 bn in last quarter.
- During the last 2 quarters, bank had sold a part of their portfolio to ARCs and a part of the portfolios are also guaranteed by CGFMU.
- As per terms and conditions, bank has to pay, amount recovered out of ARC pool and CGFMU loan to them.
- Total money recovered and paid to ARC pool – INR 2.26 bn and CGFMU loan – INR 0.42 bn.
- Hence, total recovery made during the quarter amounts to INR 5.48 bn (2.8bn reported + 2.26 bn ARC + 0.42 CGFMU).
- The above payments to ARC and CGFMU loan will be completed in Q2FY24. As a result, banks income from recovery will start increasing from second half of this FY24.

EEB Business
- The EEB business had a slippage of INR 9 bn v/s INR 7 bn in Q4FY23 (up 28% QOQ) and company had decided to reduce the EEB book.
- As a result,Advances reduced from INR 568.2 bn in Q4FY23 to 513 bn in Q1FY24 (down 9.7% QoQ, down 12% YoY).
- Further, the EEB disbursement had also reduced from 211.7 bn to INR 80.2 bn QoQ (down 62% QOQ, down 2.4% YoY).
- Going forward, EEB book is expected to reduce further.

- This will help them to reduce their slippages in the coming quarter. The majority part of slippages relates to EEB business.

Housing Finance
- The housing finance business faced issues and had declined during the last quarter.
- However, it has started registering growth from current quarter.
- Advances came at INR 269.5 bn (up 1.4% QoQ, up 9.5% QoQ). It is expected to grow in coming quarters.
- Out of total slippages, 2 bn relates to housing finance business, which arised due to the technical issues in system upgradation. *The slippage from this business is expected to reduce

Commercial Banking
- The commercial banking of the business has been growing consistently and will continue the same momentum going forward.
- Advances registered a growth of 6% QoQ at INR 215.6 bn (up 78% YoY).

Deposits
- Deposit book came at INR 1084.8 bn (up 0.38% QoQ, up 16.6% YoY).
- Cost of Deposits (Annualized Spread) increased from 5.8% to 6.4% QoQ (up 60 bps QoQ, up 110 bps YoY).
- The interest rates are expected to stabilize going forward, and as a result cost of deposits are expected to reduce.

OUTLOOK

Bank's overall profitability reduced 10% QoQ and NPAs have gone up by more than 50%. Its current performance was below our estimates. But, we believe that banks profitability will pick up in the second half of FY24. Banks NIMs are expected to remain stable at current levels. Credit cost to remain at 2% with a variance of 20 bps. Bank's profitability is expected to remain flat in the next quarter. However, going forward, Bank's advances and deposits are expected to grow by 20% and 24% respectively. Further, recoveries are expected to pick up and asset quality is expected to improve in second half of the FY24. Further, cost of deposits is also expected to reduce. This will help them to increase their NII, which in turn will increase their profitability. We have a long term positive outlook. and a price objective of INR 283.

Angel One Ltd. Q1FY24 Concall Highlights
CMP: INR 1,708 I Market Cap: INR 143 Bn

Financial Performance
- The company's gross revenues grew by 18% from INR 6,845 Mn in Q1FY23 to INR 8,111 Mn in Q1FY24 (down by 2.4% q-o-q), with PAT growing by 22% from INR 1,816 Mn in Q1FY23 to INR 2,208 Mn in Q1FY24 (down by 17.4% q-o-q).
- EBITDA Margins from Direct Channel stood at 46% in Q1FY24 (down by 8% q-o-q) compared to 45% in Q1FY23.
- EBITDA Margins from Affiliate Channel stood at 54% in Q1FY24 (down by 12% q-o-q) compared to 59% in Q1FY23. The decline in margins was mainly on account of an increase in incentives toward higher acquisition.

Segmental Revenue Break Up
- Gross Revenue Mix (Q1FY24)- Gross Broking- 69%, Interest- 18%, Ancillary Transaction Charges- 8%, Depository- 3%, and Other Income- 2%
- Gross Broking Revenue Mix (Q1FY24)- F&O- 84%, Cash- 10%, Commodity- 5% and Currency- 1%.
- 78% of net broking revenue from Direct Channel and 22% from Affiliate Channel.

Positioning in the Industry
- The company is among the top 2 players in India in terms of incremental SIP in June 2023, with a robust 4-fold sequential growth in incremental SIPs at 4.31 lakh unique registered SIPs.
- The company commands a 14.3% market share in NSE's active client base which stands at 4.4 Mn users in Q1FY24 and continues to command a 2nd rank in the industry.

- The company also has a customer activation rate of 30% which is above the overall industry rate of 25%.
- The company concluded the Q1FY24 with a client base of over 15 Mn.

Transaction Metrics
- The total no. of orders on the platform stood at 249 Mn (up 20% y-o-y, down by 5.4% q-o-q).
- The average daily turnover was INR 22.7 Trn which is up by 141.8% y-o-y and 22.9% q-o-q.
- The Share in retail overall equity turnover was 24.5% which is up 375 bps y-o-y and 175 bps q-o-q.

Affiliate Channel
- The company has a* network of 21,000 authorized persons* in the affiliate business channel, which is one of the important key growth drivers for the business.
- In the recent news, company has been prohibited from adding any new APs for next 6months. Further, they have been penalised with a sum of INR 1.66 crore in respect of alleged failure to monitor the operations of Authorised Persons.
- The company is in the process of hiring a Chief Business Officer- Affiliate Channel to comprehensively capture the large potential through this channel.

OUTLOOK:
Although the company's revenue increased during the quarter, its profitability has reduced. With 121 Mn demat account in India as of June'23 which accounts for only 8.6% of the total population of India, Angel One has huge potential to grow in the future. But it is to be noted that, in the recent news, company has been prohibited from adding any new APs for next 6months and have been penalised with a sum of INR 1.66 crore in respect of alleged failure to monitor the operations of Authorised Persons. As a result, company's performance in the coming quarter might be affected. In the long term, with the immense industry growth potential and company's ability to penetrate the growing market, it is expected grow. We have a long term positive outlook on the company.

Star Housing Finance – Q1FY24 Concall KTAs
CMP INR 62.49 | Market Cap INR 4.75 bn

Change in Management
- Mr Kaplesh Dave promoted from Chief Strategy Officer to Chief Executive Officer
- Mr Anoop Saxena was elevated to Chief Operating Officer from Head of Credit & Operations

Credit Rating Revised
- Taking into account the business growth and asset quality displayed in the last financial year, India Ratings has upgraded Star HFL's bank loan facilities to IND BBB/Stable

Financial Performance
- PBT and PAT registered 121% and 122% y-o-y growth respectively during the quarter

AUM & Topline Numbers
- AUM as of 30 June 2023, increased 134% YoY to INR 2.72 Bn. Total income grew 99% YoY for the quarter. The Company disbursed INR 347 Mn during the quarter registering YoY growth of 26%

Profitability Ratios
- ROA & ROE (annualized) for Q1 FY24 stands at 3.18% and 8.19%, respectively

Lending & Borrowing Costs
- Borrowing Cost and Lending Rate stand at 10.5% and 16.5% respectively

Asset Quality
- As of 30 June 2023, PAR (0+ days past due) has reduced to 4.82%, and GNPA stands at 1.56%. NNPA stands at 1.13%

Net Interest Margin & Provisioning Coverage Rating
- Net Interest Margin stands at 4.5% and PCR at 100% i.e. in line with the regulatory requirement (while taking a conservative approach)

Promoter Stake
- Promoter Shareholding diluted from 44% to 22%

Geographical Mix
- Maharashtra: 64%, Rajasthan: 13%, Tamil Nadu: 5%, Gujrat: 5% and Madhya Pradesh: 13%

Loan To Value-Wise
- Upto 50% - 50%
50-70%- 30%,
70-80% - 15%
Greater than 80% - 5%

OUTLOOK
The company is visioning to establish more offices in existing geographies and central districts. There was a significant increase in lending and it is expected to extend out further loans. Increasing leverage is possible to increase profitability as the company is moderately leveraged. The company will still focus on the retail segment and envisions crossing the INR 10 Bn valuation mark soon.

Ganesh Housing Corporation Ltd-Q1FY24 concall KTAs
CMP INR 468; MCap INR 39 bn

Almost achieved FY23 profitability in Q1FY24 itself

85% of revenue came from sale of land parcels and 15% from Malabar 3

Revenues reported at INR 2715mn up by 536% YoY/48% QoQ, 85% came from sale of land parcel and 15% from Malabar 3
EBITDA at INR 2170 mn up by 765% YoY/107% QoQ; Margins at 79.9% expanded by 21% YoY/22.6% QoQ
PAT at INR 1613 mn up by 1131% YoY/309% QoQ

Debt free company with INR 1890mn cash surplus

Guidance The company has guided for 30% sales growth YoY and 30% margins at EBITDA level.

Surplus cash generated from residential projects will be used for commercial projects, the company will not require any debt to be raised as internal accruals will be sufficient to fuel future growth.

Absorption and demand The company has good hold over its operating markets and commands premium price led by its brand recall value. The Malabar 3 and Malabar exotica, first project was sold within 2 months and 2nd project within 6 months of the launch. The company has a waitlist and good number of inquiries.

Completed projects: includes 17 residential and 4 commercial, ~22.5 msf of area and sales value of ~INR 25,300

Ongoing projects: includes 1 residential and 1 commercial, ~1.7 msf of area and sales value of ~INR 10,500mn. Million Minds Phase 1 (IT SEZ) of 1.3 Mn construction underway nearing 7% completion

Planned projects: includes 8 phases of residential and 6 phases commercial, ~28.7 msf of area and sales value of ~INR 137,500mn

Annuity Income Upcoming commercial project with 7 phases, each phase expected to contribute INR 72 cr of rental income annually, all the phases will be completed by FY30-FY32.

Million minds expected to generate cash flows of INR 3360mn over next 8-10 years, has 8 phases with 0.6-0.8msf saleable area in each phase. 1st phase is expected to complete by March 2026 with a leasable area of 0.85 msf.
Godhavi project and smile city2 expected to generate cash flows of INR 880mn over next 4-5 years, with 1.7 msf saleable area in godhavi and 13.6 msf in smile city2.

Tishmen speyer partnership will help the company to work with marquee clients like Meta, Amazon, LinkedIn, Indian Blue-chip companies etc, lease management and product innovation.

Malabar exotica is 100% booked, expected delivery in Feb 2024, 88% completed. Malabar County 3 has been delivered ahead of time, it’s 100% booked.

Land bank The company has ~550 acres of land, the company also has a land sale vertical where they keep buying and selling land banks as and when good deals come across.

Ahmedabad market City contributes 25% of Gujarat GDP and is the 8th largest city of India with respect to India’s GDP. Ahmedabad emerged as the most affordable housing market in India, among its peer metropolitan cities, with an affordability ratio of 22%. New business destination with the emergence of GIFT city, many global IT and financial companies have already shifted base to Ahmedabad.

Outlook Ganesh Housing has posted the highest ever profits, almost achieved its FY23 whole year profits in Q1FY24 itself. The sale of land contributed to 85% of the revenues. The company has strong footing and brand value in its operating region Ahmedabad. The company has robust pipeline of ongoing projects which is expected to generate FCF of INR 6,500 mn and planned projects are expected to generate FCF of INR 93,500 mn over the next 8-10 years. The company is expected to launch 1 project every quarter this year, and has hinted towards 30% growth YoY along with 30% margins. The company is also building up on annuity income vertical which will eventually generate INR 72 cr per phase of rental income.

ICICI Prudential Life Insurance Company Limited – Q1FY24 Concall KTAs
CMP INR 573.90 | Market Cap INR 826.27 bn

Change in Management
- Anup Bagchi, who was an Executive Director at ICICI Bank, took over as the MD & CEO for a five-year term from June 19.
- Mr Satyan Jambunathan took an early retirement and stepped down as the CFO.
- Mr Dhiren Salian, being the Deputy CFO of the Company since June 2021, assumed office as the CFO effective from this quarter.

New Products & Options
- Company's has launched new products like iShield, iProtect & Gain focusing on protection and savings need.
- Two more options that can be attached - ICICI Pru Non-Linked Accidental Health and Disability Rider, and ICICI Pru Linked Accidental Death and Disability Rider.

Performance Overview
- Subscribers grew from 4,84,670 to 6,19,150 (28% up).
- Value of New Business grew to INR 4.38 Bn.
- Value of New Business Margin (VNBM) stands at 30%.
- Premium Growth (Annualised Premium Equivalent) was at INR 14.61 Bn.
- Protection Growth (Annualised Premium Equivalent) stands at INR 3.44 Bn.
- Productivity (Cost/TWRP:Savings) reached 18.8%.
- Persistency (49th Month): 64.7%.

Product Mix & Distribution Mix
- The product mix of the business consists of the following in Q1FY2024: Linked: 39%, Non-Linked: 28%, Protection: 23%, Annuity: 6%, Group: 4%.
- The distribution mix is as follows: Agency: 24%,Group: 20%, Direct: 15%, Banca(Other Banks):15%, Banca(ICICI Bank): 14%, Partnership Distribution: 12%.

Distribution Channel Growth
- Agency: Increase from INR 3.41 Bn to INR 3.57 Bn (4.4% up QoQ).
- Direct(website & employees on roll): Increase from INR 1.65 Bn to INR 2.12 Bn (28.5% up QoQ).
- Bancassurance: Decline from INR 2.27 Bn to INR 2.26 Bn (0.4% down QoQ).
- Partnership Distribution: Increase from INR 1.69 Bn to INR 1.81 Bn (7.7% up QoQ).
- Group: Decline from INR 3.18 Bn to INR 2.89 Bn (9.1% down QoQ).
- ICICI Bank: Decline from INR 3.01 Bn to INR 1.97 Bn (34.6% down QoQ).
- Total Annualised Premium Equivalent decreased from INR 15.20 Bn to INR 14.61 Bn (3.9% down QoQ).

Key Financial Metrics
- Profit After Tax (PAT) increased from INR 1.56 Bn to INR 2.07 Bn YoY (32.7% up).
- Solvency Ratio declining marginally from 203.6% to 203.4% YoY
- Asset Under Management escalated to INR 2,664 Bn from INR 2,300.72 Bn on an annual basis(up by 15.78% YoY).

Distribution and Advising Channels
- Total 39 Bank Partnerships and 957 other Partnerships.
- The company has access to 19,000 bank branches.
- 7,841 Advisors recruited this quarter.
- Greater than 201,000 total advisors on board.

Balance Sheet Performance
- 97.1% of fixed income in sovereign or AAA; 0.2% of fixed income below AA.
- Zero NPA since inception, which displays a high quality assets.
- As Solvency ratio stands strong at 203.4% the company has ability to raise additional sub debt.

OUTLOOK

The company is optimistic about the insurance industry due to the favorable demography, protection opportunity in the country (a gap of USD 16.5 Trillion in India), and great measures by the regulator. India's new policy count is expected to grow at 15% CAGR by FY2035. Using its 4P strategy (Protection, Premium Growth, Productivity and Persistency) and inculcating ESG parameters and Digital Inclusion, the company expects to cover 30% of India's addressable population by FY2035. This year's focus will be to produce the most effective channels with superior experience in the diligent risk management process.

ICICI Lombard General Insurance Co Ltd – Q1FY24 Concall KTAs
CMP INR 1,353 | Market Cap INR 662.45 bn

Financial performance:
• Profit before tax grew by 11.8% at Rs. 5.2 billion in Q1 FY24 as against Rs. 4.65 billion in Q1 FY23.
• Profit after tax grew by 11.8% at Rs. 3.90 billion in Q1 FY24 as against 15% in Q1 FY23.
• Solvency ratio was at 2.53 times as at Q1FY24 as against 2.51 times as at Q4FY23.
• GDPI of the company was at 63.87 billion rupees in Q1 FY24 as against 53.70 billion rupees in Q1 FY23.
•Motor segment's GDPI increased to Rs. 18.75 billion in Q1 FY24, up from 17.82 billion in Q1 FY23.
• Agents' distribution count decreased from 32.17 billion in Q1 FY23 to Rs 1,17,149, resulting in a 103.8% combined ratio.

Segmental Performance:
• For the motor business, the combined ratio for the industry remained elevated at 121.1 for FY2023 up from 115.6 for FY 2022. With no motor TP price hike, the portfolio has been rebalanced, resulting in a commercial vehicle mix at 21% and two-wheeler mix at 30.3% for Q124.
• Property and casualty business witnessed 17.0% growth surpassing industry growth of 7.8%.

Investments:
• Investment assets rose to Rs 449.05 billion as at Q1FY24 from Rs 431.8 billion as at Q4FY23.
• Investment leverage net of borrowings was 4.16 times as at Q1FY24 as against 4.15 times as at Q4FY23.
• Investment income was at Rs. 8.23 billion in Q1 FY24 as against Rs. 6.55 billion in Q1 FY23.
• Capital gains stood at Rs. 1.23 billion in Q1 FY24 as against Rs. 0.32 billion in Q1 FY23.

Digital platforms:
• The I'll Take Care app has surpassed 5.6 million user downloads contributing 588.0 million to GDPI in Q1.
• RIA chatbot increased DIY adoption by 3.4 times in 13 months.
• In 14 months, Aswale Bharati AXA data center was moved to our application platforms and cloud data center, achieving one of the fastest global migrations in the insurance industry.

Outlook :
• Health insurance continued to remain the largest contributor to overall growth.
• The commercial lines witnessed growth in line with the current market environment.
• IRB rate discontinuation moderately impacts expectations; monitoring the development ongoing in coming quarters.
• Focus on leveraging digital capabilities and building claims efficiency.

Can Fin Homes – Q1FY24 Concall KTAs
CMP INR 829.65 | Market Cap INR 110.66 Bn

Reported Strong Results.

Financial Performance
- Total Revenue for Q1FY24 stood at INR 8,241 Mn as compared to previous quarter INR 7,643 Mn (up by 10% QoQ, up by 14% YoY).
- NII Q1FY24 at INR 2,851 Mn as compared to previous quarter INR 2,613 Mn (up by 9% QoQ, up by 14% YoY).
- Operating Profits Q1FY24 came at INR 2,476 Mn (up 15% YoY, up 11% QoQ).
- PAT Q1FY24 stood at INR 1,834 Mn (up by 13% YoY, up 11% QoQ).

Disbursements and Loan Book
- Disbursements during the quarter stood at INR 19,660 Mn as compared to previous quarter of INR 25,380 Mn (down by 23% QoQ, up by 14% YoY).
- Loan Book as on Q1FY24 stood at INR 325 Bn as compared to figure of INR 316 Bn for the Q4FY23 (up by 3% QoQ, up 18% YoY).

Loan Mix
- As of Q1FY24 Housing Loan-89% (Q1FY23- 90%) & Others-11% (Q1FY23-10%).
- As of Q1FY24 Loan to salaried and professionals- 73% (Q1FY23- 74%) & Self employed & non professionals-27% (Q1FY23-26%).

Provisions and NPA
- Provisions for NPA made during the quarter were INR 47 Mn as compared to last quarter of INR -9.7 Mn (down by 42% YoY).
- Gross NPA for Q1FY24 is INR 2052 Mn as compared to Q4FY23 of INR 1738 Mn (up by 18% QoQ, up 14% YoY).
- Net NPA during the quarter is INR 1096 Mn as compared to previous quarter figure of INR 829 Mn (up by 32% QoQ, up by 34% YoY).

Funding Mix Q1FY24
- Banks-54% (Q1FY23-54%), NHB-22% (Q1FY23-22%), NCD-16% (Q1FY23-11%), CP-7% (Q1FY23-11%), DEP-1% (Q1FY23-2%).

Borrowing
- Bank Borrowing - Two major banks from whom funds are borrowed are HDFC & SBI.
- CP - Used as cost control mechanism, only used when the opportunity is right.
- NCD - Increase in borrowing due to regulatory requirement.

New Branches
- Company planning to open 15 branches in FY24, out of which 12 are already surveyed (Q2FY24-4, Q3FY24-8, Q4FY24- 3).
- Geographical distribution- South- 4, North & West- 9 and East- 2.

Direct Selling Agents (DSA)
- Company's 80% business through DSA.
- With new builders tie ups and technological advancements, company expects it to bring down to 60%.

Key Matrices
- NIM for Q1FY24 stood at 3.48% (up by 11 bps QoQ, decline by 12 bps YoY).
- PCR for Q1FY24 stood at 46.58% (decline by 571 bps QoQ, decline 742 bps YoY).
- Yield on loan portfolio for the quarter stood at 9.84%(down by 3 bps QoQ, up by 138 bps YoY).
- Cost to Income Ratio for the quarter is 14.94% (decline of 396 bps QoQ, decline of 90 bps YoY).
- ROA p.a. for Q1FY24 is 2.19 (down by 13 bps QoQ, down by 22 bps YoY).
- ROE p.a. for Q1FY24 is 19.16% (up by 98 bps QoQ, down by 87 bps YoY).
- Avg. business per branch for Q1FY24 arrived at INR 1604 Mn (up 4% QoQ, up 10% YoY).

Outlook

The company reported robust results for Q1FY24. Demand in housing is expected to remain strong, as interest rates remain constant, more affordable housing projects are launched, and some states might reduce stamp duty. Company is expecting a increase in margins by 3-5 bps. Management anticipates that the cost of borrowing will remain stagnant, and that such cost can be passed on to consumers in the coming quarters. Management intends to maintain the current loan mix in the future, with loans extended to salaried and professional borrowers as well as self-employed and non-professional borrowers in same proportions as previous years. Expectations of AUM growth of 18-20%. The company's recent progress with category B and C developers could result in partnerships in the coming quarters.

CSB Bank – Q1FY24 Concall KTAs
CMP INR 283.75 | Market Cap INR 49.23 bn

Financial Performance

- NII Q1FY24 at INR 3,640 Mn as compared to previous quarter INR 3,485 Mn (up by 4% QoQ, up by 17% YoY).
- Operating Profits Q1FY24 came at INR 4,856 Mn (up 33% YoY, up 2% QoQ).
- PAT Q1FY24 stood at INR 1,322 Mn (up by 15% YoY, down 15% QoQ).

Advances & Deposits

- Advances for Q1FY24 amounted to INR 219 Bn as compared to previous quarter figure of INR 215 Bn (up by 2% QoQ, up 29% YoY).
- Deposits for Q1FY24 amounted to INR 245 Bn as compared to previous quarter figure of INR 203 Bn (up 21% YoY).

Loan Mix- Q1FY24

- Gold Loans-46% (Q1FY23-42%), Corporate Loans- 28% (Q1FY23-31%), Retail Loans- 14% (Q1FY23-13%), SME Loans- 12% (Q1FY23-13%).
- The company's asset mix by FY30 will be 20% gold, 30% retail, 20% SME, and 30% wholesale and other businesses, which includes securitization.
- YoY growth- Gold Loans- 42%, Corporate Loans- 16%, Retail Loans- 41%, SME Loans- 6%.

Provisions and NPA

- Company has prudential provisioning policy that leads to provision buffer of INR 1700 Mn over and above regulatory requirements.
- Provisions made during the quarter amounted to INR 37 Mn as compared to previous quarter amounted to INR (176) Mn.
- Gross NPA for Q1FY24 is INR 2707 Mn as compared to Q1FY23 of INR 2930 Mn (down by 8% YoY, UP 3% QoQ).
- Net NPA during the quarter is INR 678 Mn as compared to previous quarter figure of INR 968 Mn (down by 30% YoY, down by 8% QoQ).
- PCR for Q1FY24 stands at 92.54% as compared to previous quarter 92.11% (up by 203 bps YoY).
- Slippages Ratio for the quarter was 0.63% (down by 13 bps QoQ, down by 31 bps YoY).

Key Metrices

- NIM for Q1FY24 stood at 5.40% (up by 2 bps QOQ, up by 23 bps YoY).
- ROA p.a. for Q1FY24 is 1.79% (down by 44 bps QoQ, up by 4 bps YoY).
- ROE p.a. for Q1FY24 is 17.5% (down by 446 bps QoQ, down by 107 bps YoY).
- CRAR for the quarter stood at 25.99% (down by 111 bps QoQ, up by 53 bps YoY).
- Tier I capital grew by 83 bps YoY to 24.80%.
- Business per employee stood at INR 68 Mn for Q1FY24 as compared to previous quarter of INR 67 Mn.
- The cost to income ratio for Q1FY24 was 62.63%, and it is expected to reach 45% by FY30.

Investments

- Company is reducing it's Non-SLR Investments.
- Yield on Investments for Q1FY23 is 6.53% (down by 2 bps QoQ, up by 74 bps YoY).
- Macauley's Duration of portfolio is 4.34.

Outlook

The company is planning to grow its asset side much faster in FY25 onwards. The current CASA growth is 6% YoY, but the average CASA growth is much faster than that. The company is also investing in 100 branches during FY24, with 60% of those branches in North and West. The cost to income ratio is starting to have a glide path towards 45% by FY30. The company is confident that it will grow faster than the system by 50% by FY26 onwards. The company's asset mix by FY30 will be 20% gold, 30% retail, 20% SME, and 30% wholesale and other businesses, which includes securitization.

One 97 Communications Ltd Q1 FY24 Concall KTAs
CMP: INR 844 | MCap: INR 535.48Bn

Financial performance

The company reported a revenue growth of 39% YoY INR 23,420 Mn (up 9.3% QoQ), which was led by an increase in GMV, merchant subscription revenues, and growth of loans distributed through its platform.

EBITDA margins improved from -16% in Q1FY23 to 4% in Q1FY24, which resulted in improved Contribution profit of INR 13,040 Mn up 80% YoY.

Contribution margins have improved from 43% to 56% YoY

Payment Business

Revenue from the payments business stood at INR14,140 Mn up 31% YoY.

Net payment margin increased significantly to INR6,480 Mn up 69% YoY, which was due to an increase in net payment processing margin and an increase in merchant subscription revenues.

Merchants paying subscriptions for devices reached 79 Lakh, an increase of 41 Lakh YoY and 11 Lakh QoQ, with sustained traction and the company earns INR100 to INR500 per month per device.

Loan Distribution Business

The company registered a growth of 51% YoY in its number of loans distributed through the platform which grew to 12.8Mn

The company has added Shriram Finance as a new lending partner during the quarter, which sums to 8 bank and NBFC partners across all its products.

Paytm Postpaid- The number of Post-paid Loans distributed grew 49% YoY, while the value of Post-paid Loans grew to INR80,930 Mn Q1FY24 up 138% YoY.

Personal Loans- The number of Personal Loans distributed grew 128% YoY, while the value of Personal Loans grew to INR40,620 Mn in Q1FY24 up 202% YoY.

Merchant Loans- The number of Merchant Loans distributed grew 141% YoY, while the value of Merchant Loans grew to INR27,440 Mn in Q1FY24 up 232% YoY.

Quarterly updates

The app is monetized and is providing marketing services to other businesses, commerce & cloud revenue grew by 22% YoY to INR 4.05Bn, the growth was majorly due to growth in credit card distribution and advertising business.

The company’s lending business has seen growth, which in turn has increased its other direct expenses by 59% YoY to INR 1.86Bn.

Indirect expenses have also increased by 22% YoY to INR 12.2Bn, as the company is expanding its sales and tech team every month, the quarter company has also invested higher numbers in marketing during IPL 23.

As the company focuses on profitability, the INR 920Mn QoQ increase in Paytm's cash balance is encouraging.

Innovations in the payment ecosystem, such as Paytm UPI SDK, UPI Lite, RuPay Credit Cards on UPI, and Multi-Bank/Brands EMI Aggregation.

PPBL implemented the RBI's various recommendations as part of the earlier FY23/IT evaluation. The status of compliance was provided by PPBL to the RBI during the quarter, and the RBI is now reviewing it.

Outlook: The company is on the right track which is towards profitability and is seeing good growth in the diversified sectors. Paytm has cross-sell opportunities for credit cards from our existing Postpaid user base. The company also has multiple areas to grow and can penetrate the market at a good rate. Paytm is also innovating towards its ecosystem and trying to retain its customer base.

Bajaj Finance Ltd – Q1FY24 Concall KTAs
CMP INR 7,474 | Market Cap INR 4.53 Tn
Overall Performance Overview
- AUM for Q1FY24 stood at INR 2700.97 Bn (up 32% YoY). The YoY growth was aided by all segments except rural B2C & mortgages where YoY growth was 21% & 27% respectively. Company expects AUM to grow in the range of 29-31% for FY24.
-NII for the quarter was INR 83.98 Bn as against INR 66.40 Bn in Q1FY23 (Owing to growth of 37% YoY of interest income as against 55% YoY growth of interest expense).
- PAT increased by 32% to INR 34.37 Bn. Company in long term expects to grow in range of 23%-24%.
- ROA for Q1FY24 was 5.42% (up 9 bps YoY). Management long term expectations are in range 4.6%-4.8%.
- ROE for Q1FY24 stood at 24.47% v/s 23.07% in Q1FY23.
- Company has added highest ever new customer of 3.84 Mn. Confident to add 12-13 Mn in FY24.

Overall Deposits
- Deposits books in Q1FY24 increased by 46% and stood at INR 499.94 Bn.
- Borrowing Mix for Q1FY24- Deposits : Bank Loans : NCD : Subordinate Debt : Short term borrowing : ECB- 21% : 31% : 36% : 2% : 9% : 1%.
- CoF for the quarter was 7.61% (up by 22 bps QoQ).

Overall GNPA/NNPA % for Q1FY24 was 0.87%/0.37% as against 1.25%/0.51% in Q1FY23 (down 7/3 bps QoQ). Company expects it to increase in long term to 1.2%-1.4%/ 0.4%-0.5%.

Overall CRAR/Tier-1 Capital for the quarter stood at 24.61%/23.01% as against 24.97%/23.20% in FY23.

Bajaj Housing Finance Ltd (BHFL)
- AUM for Q1FY24 stood at INR 741.24 Bn (up 29% YoY). Company expects 26%-28% growth in long term.
- NII during the quarter grew by 18% to INR 7.02 Bn (Owing to YoY growth in interest income by 56% as against 69% YoY growth in Interest expenses).
- PAT in Q1FY24 grew by 46% to INR 4.62 Bn (Sharp growth in PAT is due to only 6% YoY in operating expenses.). Management expect growth to hover in range of 28%-30% in long term.
- ROA for Q1FY24 was 2.88% (up 26 bps YoY). Long term expectations are 1.7%-2%.
- ROE for Q1FY24 stood at 17.21% v/s 15.51% in Q1FY23.

BHFL Advances Mix for Q1FY24 (YoY growth)- Home Loans- 58% (19%), Loan against property- 9% (5%), Lease rental discounting- 18% (83%), Developer Finance- 9% (76%), Rural- 4% (16%), & others- 2%.

BHFL Borrowing
- Borrowing Mix for Q1FY24- Banks : NHB : Money Market : Others was 47% : 7% : 34% : 12%.
- CoF for the quarter was 7.67% (up by 19 bps QoQ).

BHFL GNPA/NNPA was 0.23%/0.08% in Q1FY24 as against 0.27%/0.11% in Q4FY23. Expected long term range is 0.4%-0.6%/0.15%-0.25%.

Bajaj Financial Securities Ltd (BFSL)
- Margin trading AUM grew by 62% to INR 12.02 Bn.
- Total Income during the quarter was INR 750 Mn as against INR 390 Mn in Q1FY23.
- PAT for the quarter was INR 50 Mn v/s INR 10 Mn in Q1FY23.
- BFSL added 20K customers during the quarter making the total tally of 585k customers.
- BFSL made significant improvements to it web & app platform by adding 30 new features.

Outlook

Bajaj Finance Ltd's overall performance in Q1FY24 was in line with expectations. The company is focused on mass affluent clients and has a strategy to cross-sell. We expect the company's overall AUM to grow by 25-27% in the long term. The diversified financial services with optimal risk mix across all businesses are strong, except for Rural B2C. The company has taken corrective actions for this segment, and we expect it to do better in the future.

Max Financials Services Limited – Q1FY24 Concall KTAs
CMP INR 852 | Market Cap INR 294.03 Bn

Increase in stake by Axis Bank of Max life

- Axis Bank plans to acquire 142.6 Mn shares of Max Life Insurance for a total of INR 16.12 Bn. The shares will be acquired at a price of INR 113.06 ps (based on DCF). This will increase Axis Bank's stake in Max Life from 13% to 19.02%. The transaction is expected to be completed in 3-6 months, subject to regulatory approvals from the IRDAI, the PFRDA, and the shareholders of Max Life, MFSL & Axis Bank.
- In addition, Axis Bank has the option to acquire a further 0.98% stake in Max Life, which would take its total holding to 20%.
- The INR 16.12 Bn raised from the acquisition will be used to support Max Life's future growth plans and improve its solvency margins.

Overview

- Consolidated Revenue (excluding investment income) for the quarter was INR 47.3 Bn (up 19% YoY).
- PAT for the quarter was INR 1.01 Bn (up 48% YoY).
- AUM for Q1FY24 stood at INR 1,291.27 Bn v/s INR 1,071.40 Bn in Q1FY23.
- Gross Written Premium for Q1FY24 was INR 48.71 Bn as against INR 41.03 Bn in Q1FY23.
- Opex to GWP for the quarter stood at 17.4% (up 50 bps YoY).
- Renewal Premium during the quarter INR 30.14 Bn (up 15% YoY).
- Solvency for Q1FY24 was 188% (down 8% YoY). The company plans to increase its solvency margin by 39% to 227% by the end of FY24, with funds from Axis Bank being a key driver of this increase.
- VNB for the quarter was 2470 Mn as against 213 in Q1FY23.
- New business margins for the quarter was 22.2% (up 110 bps YoY). The medium term expectations are in between 27-28%.
- Claims paid ratio stood at 99.51% (up 17 bps YoY). It is one the highest in the industry.

Product Mix for Q1FY24- 17% PAR, 7% Annuity, 31% NPAR Savings, 8% NPAR Protection, 11% Group protection, & 25% ULIP.

AUM Mix for Q1FY24 (YoY growth)

- 28.7% Controlled funds (up 16% YoY), & 71.3% ULIPs (up 23% YoY).
- ULIPs for Q1FY24 (Q1FY23)- Debt- 40% (46%), & Equity- 60% (54%).
- Controlled Funds for Q1FY24 (Q1FY23)- Debt- 87% (89%), & Equity- 13% (11%).

Channel Mix

- Overall- Proprietary- 39%, Banca- 59%, & others- 2%.
- New business Channels- Proprietary- 39.5%, & Banca- 60.5%.
- Axis banks contributed 56-57% of sales. The company expects it to be around 70% in long term.

Adoption of IFRS

Max Life is one of a select group of companies that have been chosen to implement the IFRS. The regulator is keen for the company to implement IFRS as quickly as possible, and Max Life is in the process of doing so.

Outlook

Max Financial Services Ltd. has shown positive results for Q1FY24. We expect medium-term margins to be in the range of 27-28%. The acquisition of a stake by Axis Bank will provide liquidity, improve solvency ratio, and fuel the capital requirements and growth of the organisation for the next 18-24 months. We expect overall growth to be upwards of 20

Poonawala Fincorp – Q1FY24 Concall KTAs
CMP INR 368 | Market Cap INR 283 bn

Sale of Housing finance
Poonawala Fincorp has received all necessary approval for the sale of their housing finance subsidiary and the transaction is expected to be concluded within one week. The sale is in favour of Perseus SG Pte. Ltd, an entity affiliated to TPG Global LLC. The sale consideration (net off investment of INR 8 bn) is INR 31 bn.

Financial Performance
- PAT during the quarter came at INR 2bn (+62% YoY, +11% QoQ), driven by improved NIMs and decreasing OPEX.
- NIMs during the quarter improved by 108bps YoY/ 12 bps QoQ at 11.4%.
- Employee cost reduced by 19% YoY/ 12% QoQ, led by increase in automation of processes through digitalization. This has helped them control their overall OPEX.

Balance Sheet
- The AUM for the company came at INR 177.76 bn (+41% YoY, +10% QoQ), led by growth across all product lines.
- Their total disbursement growth at INR 70.63 bn (+143% YoY, +11% QoQ) was driven by their Direct Digital Programme (DDP).
- DDP contributed to 86% of total disbursements during the quarter against their target of 80%..

- Average cost of borrowing was contained at 8%, with the help of well-diversified borrowings portfolio.

Asset Quality
- GNPA/NNPA reduced to 1.42%/ 0.76% during the quarter v/s 1.44%/ 0.78% in last quarter.

SuperApp
Company plans to release this app by 15th August. This will help them to penetrate deeper into the unsecured market. Further, as the company moves towards digitalization, it will also reduce their cost of customer acquisition.

No. of Customers
They added 7 lakh new customers during the quarter and total customer base as on June 23 stood at 32 Lakhs. Company is expected to cross 1 Cr customers in next 2-3 years owing to digitalization and the launch of new of SuperApp, which will help them penetrate deeper into the retail markets.

New Products
Company plans to launch new products which are EMI card, Credit Card and other digital loan offerings in next 2 quarters, which will contribute to their loan book growth going forward.

OUTLOOK
Company has shown a strong performance during the quarter, with increasing profitability, improving asset quality, and highest ever quarterly disbursement. Going forward, AUM is expected to grow by 35-40% and asset to remain stable at current levels. PAT is expected to grow within the range of 30-35%, driven by higher AUMs, decreasing OPEX and continued focus on low cost of funds. We have a positive outlook on the stock.

J&K Bank – Q1FY24 Concall KTAs
CMP INR 69.65 | Market Cap INR 72 Bn

Performance Overview
- Net Profit stood at INR 3.26 Bn for Q1FY24 against INR 1.66 Bn for Q1FY23 & INR 4.76 Bn for Q4FY23 (up 97% YoY, down 31% QoQ).
- Interest Income at INR 26.57 Bn for Q1FY24 against INR 21.03 Bn for Q1FY23 & INR 25.12 Bn for Q4FY23.

Deposits
- Deposits stood at INR 1212.98 Bn for Q1FY24 against INR 1121.45 Bn for Q1FY23 & INR 1220.38 Bn for Q4FY23 (up 8% YoY).
- The bank has experienced a trend of declining deposits from April to June. This is because of government funds, which usually peak during the March quarter.
- Deposits included: Term - 47%, Saving - 43%, Current - 11%.

Advances
- Advances stood at INR 844.76 Bn for Q1FY24 against INR 719.27 Bn for Q1FY23 & INR 822.85 Bn for Q4FY23 (up 17% YoY).
- Gross Advances included: Personal - 37%, Corporate - 28%, Agriculture - 11%, Trade - 11%, SME - 11% & Others - 2%. - The advance mix has remained same as FY23.

Asset Quality
- GNPA stood at 5.77% or INR 51.04 Bn for Q1FY24. The company expects the GNPA to be at 4.5% by the end of FY24.
- PCR Q1FY24 improved to 87.55% for Q1FY24 from 81.21% for Q1FY23 and 86.20% for Q4FY23 (up 634 bps YoY, up 135 bps QoQ).
- The company aims at a PCR of 90% in the coming quarters.
- A high PCR means that going forward the company doesn't need to set aside as much money for potential bad loans. Also, it expects recovery from previously bad loans.

Credit Cost
- Credit Cost decreased to 0.26% for Q1FY24 from 0.76% for Q1FY23. The company expects the credit cost to remain below 1% for FY24.
- The company will work on recoveries as well, so the credit costs will remain benign for FY24 & FY25.

Slippages
- The slippage ratio stood at 1.5%(annualized) for Q1FY24.
- The company expects the ratio to further go below 1.5% by the end of FY24.

C/I Ratio
- C/I Ratio stood at 65.07% for Q1FY24 against 69.17% for Q1FY23 & 68.24% for Q4FY23.
- The company expects the C/I ratio to decline as some of the high salary employees are retiring in the next 2-3 years.
- Going forward, the company is targeting a range between 50-55%.

Key Metrics
- ROA stands at 0.94% for Q1FY24. The company is aiming to improve ROA to 1% or above for the current financial year.

- The NII stood at INR 12.84 Bn for Q1FY24 against INR 10.34 Bn for Q1FY23.
- NIM stood at 3.98 % (annualized) for Q1FY24 against 3.46% for Q1FY23 & 3.94% for Q4FY23 (up 52 bps YoY, 4 bps QoQ). The increase in NIM was due to the sustainable improvement in yield on advances & investments.

OUTLOOK

The company displayed positive results for Q1FY2024. The company has clear-cut visions for expansions. The company is targeting to establish 20 branches in the country (excluding J&K) with a greater emphasis on Home Loan sector. The company envisages reaching INR 40 Bn Net Profit & INR 5000 Bn Business by FY25. We expect a decline in its C/I ratio. This expected improvement is attributed to the upcoming retirements of some high-cost employees. We believe that the short-term investment of INR 70 Bn in CDs will help the Deposits grow. We are optimistic about the company's future performance. The company has shown remarkable progress in increasing efficiency and embracing technological advancements, which bodes well for its growth potential. Based on our analysis, we anticipate positive results for the company.

Mahindra & Mahindra Financial Services – Q1FY24 Concall KTAs
CMP INR 300.95 | Market Cap INR 369.31 Bn
NII increased by 7% YoY to INR 19.86 Bn in Q1FY24 from INR 18.50 Bn in Q1FY23.

Net Profit for Q1FY24 was at INR 3.62 Bn and grew by 51% on YoY basis.

Operating Profit was at INR 10.62 Bn during Q1FY24 (up 5% YoY).

The company displayed sustained improvement in their asset quality as Gross stage 3 stood at 4.3% for Q1FY24 against 8% for Q1FY23. It was aided by focused collection initiatives. It is expected that the Gross Stage 3 will be below 6% respectively for this financial year.

Credit Cost is currently at 2.1%. Credit cost expected to improve if there are no new NPAs and existing NPA are provided for proficiently.

Cost-to-Income increased to 40.3% for the current quarter from 39.6% for Q1FY23.

NIM stood at 6.8% for Q1FY24 .It was impacted by change in portfolio mix and increased interest cost.

Loan Book stood at INR 867.32 Bn ,YoY growth 28.1%.

Disbursement increased by 26% YoY in Q1FY24 to INR 125 Bn against INR 98.90 Bn in Q1FY23.Disbursements are high indicating market share gains and successful customer retention strategies.

Capital Adequacy stood at 21.2%. Healthy growth in asset book resulted in improved capital utilization.

ROA stood at 1.4%. Company’s aim is to maintain ROA at 2.5%.

OUTLOOK
The company's outlook seems positive with a focus on improving margins and product mix. The initiatives like Project UDAAN and increased pre-owned vehicle financing are expected to contribute to margin improvement. However, achieving the long-term margin guidance of 7.5% may take time. The management's confidence in positive trends continuing in the next quarters.The credit cost is likely to come down in third and fourth quarter. Overall, the company appears to be on a growth trajectory.

IndiaBulls Housing Finance – Q1FY24 Concall KTAs
CMP INR 156.10 | Market Cap INR 70,320

FINANCIALS:
- Net interest income stood at INR 562 cr as against INR 584 cr in Q1FY23 .
- Profits stood at INR 296 cr vs INR 287 cr in Q1FY23
- Gross NPA stood at 2.87% vs 2.96% in Q1FY23 and Net NPA at 1.69% VS 1.71% in Q1FY23
- Net debt to equity decreased to 2.0x from 2.5x in Q1FY23
- On a standalone basis, the capital adequacy is 23.46%. As part of the reorganization, if the path chosen is to consolidate the subsidiary, then the standalone CAR would go up to 31.2%.

Challenges faced by Banks because of ALM Management failure:
- One is monetization of assets and funding to mobilized equity to refinance debt in a proactive and timely manner.
- Two, re-lifting the balance sheet especially from wholesale loans to builders are both suffering challenges of a weak housing market.
- And the third was a building prospective business in an amplified mode such that reliance on large mismatch ALM borrowings is done on a daily basis.

Loan Repayment:
- In this quarter, total repayment of approximately 4,800 crores, which comprises of domestic bonds, 270 million dollars of ECB borrowings, etc.
- Imputed provisions are at INR 6,385 cr which is 12% of the loan book and covers gross NPA 3.4 times.

Balance sheet Evaluation:
- The detailed ALM on the liability side (borrowings) , company will have about INR 110,000 mn of cash investments and other assets, plus around 42,000 mn of loan assets, net of securitization liabilities, translating to 150% cover on the borrowings.
- Excess collections over debt repayments, which would be in the ballpark of INR 600 to 1200 mn a quarter and all incremental borrowings will now be available for asset growth.

Next Five Year Plan:
- By the end of this quarter, company should restart the growth path and demonstrate strong growth going forward.
For the company, stability in profits, good recovery traction from wholesale loans and receding risks means that it is now on a good, strong footing.
- For Q1FY24 or Q2FY24, the focus is basically to scale up the retail engine and to do prudent ALM management.
From Q3FY24 onward, company will have bandwidths to scale up the retail engine further and perhaps hopefully also scale up the wholesale platform with it's eight banking partners and it'll continue to grow the retail AUM.
- Company will continue to invest in expanding it's reach, building up in manpower and keeping a keen eye on the reversal of risk.
- The cost income will go normalized and that's how company will be able to get to around 15% ROE by FY26.
- The re-risking of the business by running down of the wholesale book continues and it will only gather pace over the course of the next 6 to 12 months.

Shareholder’s Dividend:
- As business is now stabilized and the company gets back on the path of growth, subject to regulatory limits, the company aim to resume consistent payment of dividends.

Rebranding and Transformation:
- In the near term, another priority for the company is the entire reorganization and rebranding that have been focused on for the last four to five years.
- Over the next 45 to 60 days it should have a new brand identity for itself.

Network expansion:
- Branch count is up 22% from last year, and there are now about 217 branches.
- Also the company is working on the further digitization and integration with company’s various banks.

Rating :
- The engagement with the rating agencies continues to stay positive. Company is double A rated.

Outlook:

Mortgages are the area of focus. Hopefully the company would be a mid-teen ROE (~ 15%) over the course of the next three financial years. The company need not to build large borrowings but can grow and earn on the entire AUM without building ALM risk. A couple of quarters ago company shared the statistic that almost 98% of what company had disbursed in the past 12 months were able to successfully co-lend. So that's the kind of a track record company’s trying to maintain. This entire time of struggle and trouble will be over by the end of this quarter, and the company can return to reporting stable growth to investors by H2FY24/FY24.

DCB Bank – Q1FY24 Concall KTAs

Interest Income came at INR 1237.74 cr v/s INR 1179.28 cr in last quarter (up 30% YoY, up 5% QoQ), which is in line with the balance sheet growth.

Interest expense increased to INR 767.02 cr (up 33% YoY, up 11% QoQ), owing to the increasing cost of funds. The cost of funds increased by 29 bps QoQ to 6.7%. This led to the decrease in NIMs to 3.83% from 4.18% in last quarter. Their NIMs are expected to be in the range of 3.5% to 4% in coming quarters.

GNPA increased from 3.19% in last quarter to 3.26% and NNPA increased from 1.04% in last quarter to 1.19%, due to the increase in slippages during the quarter.

Their increase in NPA is primarily on account of loans which have come out of moratorium and a very small portion is left, which will get over by July and also on account of delays in recoveries.

Their recoveries and upgrades are expected to pick up in coming quarters.

PSLC income decreased substantially during the quarter as the bank as bank decreased the focus on this during the quarter due to the weak rates. The bank did sell PSL during the quarter but the income is not substantial due to weak rates.

Their disbursal for tread portfolio was very less in first quarter because rates were low, so bank decided to not to participate in this portfolio during the quarter. The momentum will pickup in q2 and q3 of the fiscal year 24.

The bank opened 8 branches during the quarter.

The bank CASA ratio declined from 26.42% to 25.97% on a sequential basis. This is because interest rates on term deposits was high during the quarter.

The cost of funds will increase in the coming quarters although not at the same pace as in FY23. This will put a slight pressure on NIMs.

Outlook & Valuation:Bank has displayed a seasonally weak quarter. Profitability declined by 11% QoQ to INR 126 cr. Going forward, cost of funds is expected to increase, although at slower pace as compare to FY23. This will put a slight pressure on NIMs. NIMs are expected to be in the range of 3.5 – 4%. Recoveries and upgrades are expected to pickup in coming quarters, thereby improving asset quality. We maintain our Hold rating on the stock with a revised target price of INR 142, based on 0.75x FY25E ABV

Equitas SFB Concal Highlights:

Industry

Credit growth continues to be robust, with early signs of inflation softening. This indicates that growth momentum will continue to be robust during the remainder of the fiscal year. Further, sales for tractor and 3 wheeler vehicles have increased, thereby increasing vehicle loans.

Financial Highlights

- NII came at INR 743 cr v/s INR 707 cr last quarter v/s INR 581 cr in corresponding quarter last year (up 5.1% QoQ, up 28% YoY).

- PPOP arrived at INR 312 cr against INR 368 cr in last quarter (down 19.2% QoQ, up 16.2% YoY).

- PAT came at INR 191 cr (up 0.6% QoQ, up 97.1% YoY).

New Products

- New products like commercial vehicles, affordable housing are doing good and expected to contribute to profitability in coming quarters.

- Bank is working on new products like personal loan, car loan, credit card loan, among others and is expected to roll out in next 12 -15 months.

Key Metrics

- NIMs declined by 34 bps QoQ at 8.76%, driven by the increasing cost of funds and change in product mix.

- Their cost of funds has increased by 33 bps during the quarter. Further, 80% of their loan portfolio is fixed. This has put pressure on NIMs during the quarter. The cost of funds is expected to increase in coming quarters.

Valuation & View: The bank was able to maintain their performance during the quarter, in terms of profitability, although their increasing cost of funds has put the NIMs under pressure. NIMs will continue to remain under pressure for coming quarters, owing to increasing cost of funds. However, we have a long term positive outlook on the company, since its advance growth has been robust during the quarter. Further, its new products will start contributing to its profitability soon. We maintain our BUY rating on the stock with a target price of INR 108, based on 1.8x P/ABV to its FY25E.

Tamilnad Mercantile Bank Ltd – Q1FY24 Concall KTAs | CMP INR 439.80 | Market Cap INR 69.64 Bn

Performance Overview
- Total business for Q1FY24 INR 843 Bn v/s INR 770.56 Bn for Q1FY23 (up 9% YoY).
- NII for the quarter was INR 5,140 Mn v/s INR 5,270 Mn for Q4FY23 (down 3% QoQ, down 2% YoY).
- Operating profits for Q1FY24 was INR 3,800 Mn (down 6% QoQ, up 2% YoY).
- PAT during the quarter was INR 2,610 Mn (up 3% QoQ, up 12% YoY).
- Decline in NII and operating profits is due to a sharp increase in interest expense. As the bank increased its deposit rates very late.
- Net Worth increased to INR 71.90 Bn (up 32% YoY).

Asset Quality
- GNPA during the quarter amounted to INR 5,807 Mn (1.56%) v/s INR 5,215 Mn (1.39%) in Q4FY23 v/s INR 5,722 Mn (1.69%) in Q1FY23.
- NNPA during the quarter amounted to INR 2,437 Mn (0.66%) v/s INR 2,298 Mn (0.62%) in Q4FY23 v/s INR 3,109 Mn (0.93%) in Q1FY23.
- PCR for Q1FY24 was 90.5% against 90.9% in Q4FY23 against 89.83% in Q1FY23.
- Slippages for Q1FY24 was 0.27% (up 6 bps QoQ, up 4 bps YoY). Company expects it to be 1% for FY24.
- Credit Cost for the quarter stood at 0.50% (down 14 bps QoQ, up 43 bps YoY). Management expects it to be 0.5% for FY24.

Deposits
- Deposits for Q1FY24 stood at INR 470.08 Bn (down 2% QoQ, up 9% YoY).
- YoY deposit growth is fuelled by the growth of term deposits, due to recent hike in deposit rates.
- Deposit Mix Q1FY24- CASA- 28%, Bulk Term Deposits- 10% & Retail Term Deposits- 62% (Q1FY23- CASA- 31% & Term Deposits- 69%).
- Cost of Deposits for Q1FY24 was 5.52% v/s 5.03% for Q4FY23 v/s 4.50% for Q1FY23.

Advances
- Advances for Q1FY24 stood at INR 372.91 Bn (down 1% QoQ, up 10% YoY).
- YoY advances growth was pushed by the growth of advances made in Retail and Agricultural sectors.
- Advance Mix Q1FY24- MSME- 36%, Agriculture- 33%, Retail- 21%, & Others- 10% (Q1FY23- Retail-20%, Agriculture- 30%, MSME- 37% & Others-13%).
- Yield on advances for Q1FY24 was 9.82% v/s 9.53% for Q4FY23 v/s 9.48% for Q1FY23 (up 29 bps QoQ, up 34 bps YoY).
- Company expects advances to grow at 12-15% for FY24.

IT Spot Verification
- Recently spot verification conducted by the intelligence and criminal investigation wing of the Income Tax department at the headquarters of the bank.
- MD's Comment - All the errors have been rectified. All the details whatever IT department needs, were given and it has got nothing to do with the financial statements of the bank. I hope this will be closed as early as possible.

Key Metrics
- NIM for the quarter was 4% (down 34 bps QoQ, down 54 bps YoY). Management expects it to be 4% plus for FY24.
- ROA for Q1FY24 was 1.85% v/s 1.87% for Q4FY23 v/s 2.14% for Q1FY23. Company expects it to be in a band of 1.75- 2% for FY24.
- ROE during the quarter was 14.80% (down 1 bp QoQ, down 261 bps YoY). Company expects to be upwards of 15% for FY24.
- C/I Ratio for the quarter stood at 44.22% (up 108 bps QoQ, up 64 bps YoY).

Outlook

The Bank has shown overall in-line performance with the expectations. Bank has opened 6 branches in Q1FY24 and further it is expected that the bank will open 50 more branches in FY24, which will help it expand its customer base and grow its business. We believe that the company's expectation of an overall growth of 12-15% with the margins to the tune of 4% in the business is realistic, given its strong asset quality and focus on digital lending. We are positive about the bank's future prospects.

IIFL Securities Ltd – Q1FY24 Concall KTAs
CMP INR 66 | Market Cap INR 20.17 Bn

Performance Overview
- Total Revenue for the quarter was INR 4,110 Mn (up 1% QoQ, up 39% YoY).
- PAT for Q1FY24 was INR 746 Mn (down 14% QoQ, up 72% YoY).
- Quarterly performance of PAT declined due to a 15% increase in administrative and other expenses. These expenses were primarily incurred on technology and marketing.
- ROE for the quarter was 22% (up 200 bps QoQ).
- Net Worth for Q1FY24 was INR 14.3 Bn (up 6% QoQ)

Broking
- Custody Assets AUM stood at INR 1,259 Bn (up 33% YoY).
- Company has research coverage of 270 stocks across 20+ sectors which accounts to 76%+ market capitalisation.
- Retail Brokerage income increased to INR 1,262 Mn in Q1FY24 (up 16% YoY). This growth was fuelled by 109% YoY growth in average daily turnover of F&O transactions.

Interim Relief by SAT by an interim order on ban by SEBI on acquisition of new customer for 2 years
- As per order dated 19th June 2023 SEBI bans IIFL securities from onboarding new clients for it's stock broking business for 2 years owing to misuse of funds.
- The company appealed the SEBI order, and on 27th June 2023, the SAT issued an interim order that stayed the order passed by the SEBI.

Financial Product Distribution(FPD)
- FPD AUM increased by 23% YoY to INR 212 Bn.
- FPD Mix- mutual fund- 37%, Bonds- 18%, AIFs- 15%, FD- 15%, PMS- 8%, Loans- 2% & Others- 4%.
- FPD Income for the quarter was INR 847 (up 108% YoY). This was driven by 23% AUM growth.
- Mutual Fund AUM at Q1FY24 was INR 79.5 Bn (up 15% YoY).
- Insurance Premium for the quarter increased by 30% to INR 443 Mn.

Investment Banking
- Completed 9 transactions across capital markets, debt advisory and private equity in the quarter. Filed 2 DRHP with SEBI.
- Revenue during the quarter was INR 550 Mn (up 84% YoY). The growth in revenue is attributable to increase in product offerings.

Update on Scheme of Arrangement between of IIFL Securities & 5 Paisa Capital
- The BoD of both companies approved the transfer of IIFL Securities online retail trading business to 5paisa on 6th December 2022. The transfer is still subject to approval from the stock exchanges, SEBI, NCLT, shareholders, and creditors of both companies.

Management Commentary: https://www.youtube.com/watch?v=QiVtiVm8lYs&ab_channel=CNBC-TV18

Punjab National Bank – Q1FY24 Concall KTAs
CMP INR 63.20 | Market Cap INR 696.01 Bn

NII increased by 26% YoY to INR 95.04 Bn in Q1FY24 from INR 75.43 Bn in Q1FY23. The company provides a guidance of around 10%. The NII & NII growth is the highest ever achieved in the history of the company.

Net Profit for Q1FY24 was at INR 12.55 Bn and grew by 307% on YoY basis. **Operating Profit** was at INR 59.68 Bn during Q1FY24 (up 11% YoY).
The company displayed **improvement in their asset quality** as GNPA stood at 7.73% for Q1FY24 against 11.27% for Q1FY23 (down 254 bps YoY) & NNPA stood at 1.98% for current quarter v/s 4.28% for corresponding quarter last year (down 230 bps YoY). It is expected that the **GNPA & NNPA will reach 6.5% & below 1%** respectively for this financial year.

PCR improved by 679 bps YoY to 89.83%. The company has **almost reached their previous year guidance** of 90%.

Credit Cost is currently at 2%, which is not in line with the previous year guidance of 1.5-1.75%. The credit cost is **expected to decline as recoveries have started picking up.**
Cost-to-Income increased to 54% for the current quarter from 47% for Q1FY23. The increase was **due to the INR 2.83 Bn wage revision and INR 12.40 Bn AS 15 provision on account of the pension.**

NIM stood at 3.08% for Q1FY24 against 2.79% for Q1FY23. The **NIM is expected to be between 2.9-3% as some of the deposits needs to still be repriced** (approx. 25% of Term Deposits)

Slippage ratio improved to 1.19% in Q1FY24 from 3.75% in Q1FY23.

OUTLOOK
The company displayed above average results for Q1FY2024. The company will focus on improvement in underwriting & collection efficiency, leading to 100% increase in recoveries this financial year. The ROA is expected to be 2x the current ratio. Going forward, the company will look to grow the credit & deposits by 12.5% and 10.5% respectively.

Management Commentary: https://www.youtube.com/watch?v=gzmvDAGRff8&ab_channel=CNBC-TV18

Prudent Corporate – Q1FY24 Concall KTAs
CMP INR 1,103.75 | Market Cap INR 45.83 Bn

AUM stood at INR 630.57 Bn for Q1FY24 v/s INR 562.42 Bn for Q4FY23. Closing AUM is 107.1% of quarterly average AUM, suggesting a **higher headstart for Q2FY24**. Growth in AUM was led by **marked to market (M2M) gains** as markets witnessed a strong broad based rally in the June quarter.

Revenue from operations grew 29% YoY to INR 1.654 Bn, led by 22% **growth in quarterly average AUM in the mutual fund vertical coupled** with **doubling of insurance revenues**.

Other Expenses (consolidated) stood at INR 134 Mn for Q1FY24 against INR 80 Mn for Q4FY23. The rise in other expenses is *due to higher provision in the PLC side (10-15 Mn) & marketing (30-40 Mn)*.

PAT grew by 45% YoY to INR 281 Mn led by a **strong revenue growth & higher other income**.

SIP Business - Monthly SIP stood at INR 5.42 Bn for the current quarter, and its contribution is expected to increase on a MoM basis. As the **confidence in SIP is increasing in the country**, it is expected that **SIP contribution will increase** on a MoM basis.
The company is also focusing on attracting more clients, especially HNIs, through **Alternative Investment**

Products. Alternate asset AUM has increased from 300 Mn to 800 Mn, which helps the **company to position itself as a multi fund distributor**. It is expected to improve productivity and higher margins.
The **MF yield** stood at 94 bps and is expected to remain flat. Due to the TER guideline, the **new business yield is expected to be little lower** than the previous years.

OUTLOOK
The company displayed positive results for Q1FY2024. The SIP contribution is expected to increase because of young investors entering into the financial markets. Going forward, the company is expected to reach AUM of 1000 Bn in the next 3 years. The current redemption fee is anticipated to decline as company will endeavour in promoting the benefits of long-term investing and spreading awareness among customers.

Management Commentary:
https://www.youtube.com/watch?v=L90BhYw03f0&ab_channel=PrudentCorporateAdvisoryServicesLtd

Muthoot Finance Ltd-Q1FY24 Concall KTAs
CMP INR: 1,350 | Market Cap: 541830 mn

Financial Overview:
-The consolidated loan assets of the company have increased 21% YoY and stood at 76,799 cr.
-The gold loan portfolio is at an all-time high of 4,164 cr and standalone PAT 22% YoY at 975 cr in this quarter which is up by 7% QoQ.

Growth:
-The company has opened 59 new branches in this quarter.
-The company received permission from the RBI in July 2023 to open 114 new branches.

Key Performance:
-Muthoot Home Finance has a gross AUM which stands at INR 1,501 cr with a growth of 4%.
- The disbursal of this quarter is INR 109 cr vs INR 69 cr in the quarter of last year.
- The interest income is up by 10% to INR 37 cr vs INR 34 cr in the last quarter.
- The PAT of INR 4.72 cr vs INR 1.41 cr in the same quarter last year and INR 2.1 cr in the last quarter.
- GNPA and NNPA stand at INR 3.79 cr and INR 1.21 cr in this quarter respectively against a higher GNPA of 4.01 in the March of last year.
- The provision coverage ratio in the home finance is INR 70.37 cr higher than the required provision as per NHB norms.
- There is a continuous decline in the NPA, which decreased to 2.46% from 3.72%.
- The gross loan assets have increased from INR 387 cr to INR 496 cr and the number of branch network in Q1FY24 is 5,897

Belstar Microfinance Subsidiary:
- The Belstar microfinance has seen an improvement in the disbursement month on month to INR 700 cr per month
- The gross loan assets under management crossed the 7,000 mark and the collection efficiency on regular accounts is 99.4%. and GNPA stands at 1.16% and NNPA at 0.21%
- Muthoot Insurance Brokers is a wholly owned subsidiary and generates a total premium of INR 148 cr premium collection
- the PAT stood at INR 10 cr vs INR 4 cr in the same quarter last year

Asia Asset Finance Subsidiary:
- Asia Asset Finance, PLC, which is a Sri Lankan subsidiary, where Muthoot holds 72.92%.
- The cost of borrowing for the quarter stands at 8.41%.
- In the March quarter, the yield was 18.48%. This quarter it is 18.08%
-The loan-to-value ratio is at 68%
-The auction numbers are around 110 cr.
-Stage 3 assets are increased from 3.79% to 4.26%.
-The interest accrued in June was INR 1,865 cr compared to INR 1,853 cr in the March ended quarter.
- NPAs quarter on quarter for the last three quarters has been coming down in Muthoot money
-The capital adequacy at Belstar subsidiary is 20%.
-The microfinance subsidiary focuses on the SSG model.

Vehicle segment:
- The yield on the two-wheeler portfolio, they have roughly about 22-23%on the yield side.
- The cost of borrowing would be roughly about 8.3%.

Outlook:
The company feels that going forward, there will be a demand in rural, urban, and semi-urban areas. The company doesn't auction the gold of the customers who paid part interest because of their welfare and interest them to take back the loan. The company is focusing on retail customers that are aligned with our goal-owned customer base and focusing only on two-wheelers and used cars. As there is a credit rating agency involved in the capital adequacy figures, the company plans to take several steps and find out the possible options. The company doesn't do anything different from other players but rather focused on the long term which gives better results. Muthoot Finance embraces the new initiatives and public infrastructure that is built by the government which has unsecured salaries personal loan products and also business loan products. The AUM for the housing segment may have increased to INR 1800 to 1900 cr and for Microfinance they want to reach about INR 9000 cr.

Management Commentary: https://www.youtube.com/watch?v=9WrfGYl3E4E&ab_channel=CNBC-TV18

Manapurram Finance - Q1FY24 Concall KTAs

- Company added 4.4 Lakh new customers during the quarter.

- They had seen a liquidity issues during the quarter, due to which their MFI disbursement growth was affected during the quarter. Going forward, they are not expecting such issues, which will help them improve their disbursements.

- The company's cost of funds has gone up by 70 bps sequentially and 80 bps on a YoY basis at 8.9%, whereas the standalone borrowing cost was up by 20bps sequentially at 8.3%. The standalone incremental borrowing cost is expected to be in the range of 8.7% to 8.75%.

- Stage – III assets in MFI pool increased marginally from 2.7% to 2.9% on a sequential basis.

- Gold loan AUM was up by 4.3% sequentially and yields on gold loan was up by 60bps QoQ at 21.6%.

- The non Gold AUM increased by 4.9% QoQ at INR 16,500 cr.

- Asirvad has shown a strong operational performance for the year with stable asset quality. PAT came at INR 111.18 cr during the quarter against INR 99.31 cr in Q4FY23.

- Asirvad Microfinace needs to raise money for growth. Mode of raising the capital is not yet decided.

- The share of micro finance in overall profitability is expected to improve in the coming quarters.

OUTLOOK

Manappuram Finance Limited has shown strong performance in the Q1FY24, which has resulted in the stock price reaching its 52-week high. We expect the company to grow its Gold AUM in the range of 10-12%, mainly driven by an increase in ticket size. The write-offs in this quarter were high, but we expect them to normalize in the coming quarters. The company plans to increase its non-gold AUM to 50% of its total AUM, aiming for a 50:50 split between gold and non-gold AUM. While maintaining our estimates, we downgrade our rating on the stock to Accumulate from Buy with a revised target price of INR 164 (INR 131 earlier), based on 1x FY26E ABVPS.

Bank of India – Q1FY24 Concall KTAs
CMP INR 85.5 | Market Cap INR 350.82 Bn

NII increased by 45% YoY to INR 59.15 Bn in Q1FY24 from INR 40.72 Bn in Q1FY23.

Net Profit for Q1FY24 was at INR 15.51 Bn and grew by 176% on YoY basis. This is because of healthy growth in net interest income and other income and decline in loan loss provisions.

Operating Profit was at INR 37.52 Bn during Q1FY24 (up 72% YoY).It has increased because of interest income and operating expenses have grown by only 19%. The guidance is of 30%.

The company displayed improvement in their asset quality as GNPA declined by 22.14% YoY from INR 444.15 Bn in Q1FY23 to INR 345.83 Bn in Q1FY24. NNPA declined by 16.96% YoY from INR 97.75 Bn in Q1FY23 to INR 81.19 Bn in Q1FY24.

GNPA % stood at 6.67% in Q1FY24. GNPA is expected to be contained below 6%. NNPA% stood at 1.65% in Q1FY24.

Credit Cost improved to 0.64% in Q1FY24 against 1.21% in Q1FY23. Credit cost is expected to be 0.6-0.7%.

Cost-to-Income improved to 49.14% in Q1FY24 against 58.22% in Q1FY23. Guidance for cost to income is around 47%.

Slippage ratio improved to 0.53% in Q1FY24 against 0.69% in Q1FY23.

NIM(Global) improved to 3.03% in Q1FY24 against 2.54% in Q1FY23.The aim is to maintain NIM above 3%. NIM(Domestic) improved to 3.37% in Q1FY24 against 2.87% in Q1FY23.

Global Advances grew by 8.48% YoY and reached INR 5,182.64 Bn this quarter. The credit growth of bank is expected to be 11-12% during the current year.

Global Deposits increased by 8.71% YoY to INR 6,965.44 Bn in June'23. Deposit will grow around 10-11%.

Capital Adequacy stood at 15.60% as on end of Q1FY24. Tier-1 capital 13.8%,Tier-2 capital 1.8%.

ROA stood at 0.71% in Q1FY24 against 0.29% in Q1FY23. Guidance for ROA is 0.75%.

OUTLOOK
Bank of India has displayed remarkable progress in Q1FY24. The management plans to raise capital of INR 65 Bn in the current financial year with INR 45 Bn in Tier 1 and INR 20 Bn in Tier 2 capital. They are also planning to restart their mid-corporate branches with 18 new mid-corporate branches that will be opened up subject to approval of the committee. With focus on enhancing NIM, NII and reducing the cost to income ratio the bank aims to bolster profitability and operational efficiency.

LIC Housing Finance Ltd.– Q1FY24 Concall KTAs
CMP INR 428.75 | Market Cap INR 235.21 Bn

Outstanding Loan portfolio grew by 8% to INR 2,764.40 Bn in Q1FY24 against INR 2,557.12 Bn in Q1FY23. Individual Home Loan Portfolio grew by 10% to INR 2310.87 Bn.

Disbursement stood at INR 108.56 Bn in Q1FY24 against INR 152.02 Bn in Q1FY23. Out of this, disbursements in Individual Home Loan segment were INR 94.19 Bn in Q1FY24 against INR 131.33 Bn in Q1FY23. Project loans were at INR 2.51 Bn in Q1FY24 compared with INR 3.09 Bn in Q1FY23.

NII grew by 39% to INR 22.1 Bn in Q1FY24 against INR 15.92 Bn in Q1FY23.

NIM stood at 3.21% in Q1FY24 against 2.51% in Q1FY23. It rose because of better liability management and the impact of passing on rate hikes.

Net Profit stood at INR 13.23 Bn in Q1FY24 as compared to INR 9.25 Bn in Q1FY23 (up 43% YoY). It was led by 28% rise in revenue from operations to INR 67.47 Bn.

Stage 3 Exposure at Default remained stable at 4.96% on 30th June.

Stage 3 PCR stood at 42.19% in Q1FY24 against 40.46% in Q1FY23.

The increase is stage 3 is mostly transitory and due to technical issues that are related to implementation of new technology.

ROA stood at 1.92% in Q1FY24 against 1.46% in Q1FY23. ROA is expected to be in range of 1.3-1.4%, blended across all asset classes.

ROE stood at 19% in Q1FY24 against 16% in Q1FY23.

The company has opened 15 new offices and 44 cluster offices as part of its expansion strategy.

OUTLOOK
The outlook for the company appears positive with a focus on growth and profitability. The management has indicated that the company is now on a new path of growth with all the structural changes in place.They have addressed the technical glitches and reorganization that temporarily affected disbursements and expect a decent growth rate of around 12-15% for the year. They are expecting a NIM of around 2.6-2.75% for full year.The company is also working on diversifying its liabilities, with a focus on retail deposits. Company expects to continue their growth trajectory and remain optimistic about the future outlook for the company.

L&T Finance Holdings Limited – Q1FY24 Concall KTAs
CMP INR 131.65 | Market Cap INR 326.9 Bn

Management Change
- Mr Dinanath Dubashi will superannuate from the company by April 24. He will act as the special advisor to the Chairman of the Board.
- Mr Sudipta Roy will assume the position of MD & CEO of the company w.e.f. 24 Jan 2024.

Lakshya 2026 Goals
- The company, confident of achieving its FY24 goals, is now setting its sights on higher targets.
- Retail % of total loans: The company exceeded its target of 80%, reaching 82%.
- Retail Growth: The company exceeded its target of 25%, by achieving a growth of 34% YoY.
- Retail Asset Quality: the GS3 & NS3 ratios to be less than 3% and 1% respectively. The GS3 and NS3 ratios stand at 3.21% and 0.70% respectively.
- Retail ROA: Company target was between 2.8%-3% and the company has already breached the target.

Run-down in wholesale book
- The focus of the company is to be a retail fintech giant.
- The wholesale book has declined from INR 198.4 Bn for FY23 to INR 142.92 Bn for Q1FY24 (down by 28% QoQ).

Retail Business Disbursement
- Total Retail Finance Business grew by 25% on YoY basis.
- Farmer Finance: stood at INR 17.57 Bn for Q1FY24 as against INR 15.32 Bn for Q1FY23 (up 15% YoY).
- Rural Business: stood at INR 45.21 Bn for Q1FY24 as against INR 38.01 Bn for Q1FY23 (up 18% YoY).
- Urban Finance: stood at INR 41 Bn for Q1FY24 as against INR 34 Bn for Q1FY23 (up 21% YoY)
- SME Finance: stood at INR 6.07 Bn for Q1FY24 as against INR 0.68 Bn for Q1FY23.

Retail PAT & ROA
- Retail PAT stands at INR 5.33 Bn for Q1FY24 as against INR 1.93 Bn for Q1FY23. The Retail PAT was at INR 4.72 Bn for Q4FY23.
- The Retail ROA stands at 3.08% for Q1FY24.

Opex & Credit Costs
- Opex & Credit Costs stands at 7.11% for Q1FY24.
- The company expects 7% to be sustainable number for the operations.

Customer Base & Cross Sell
- The company has a database of 21 Mn customers - 14 Mn Rural and 7 Mn Urban.
- The company were in business with 0.7 Mn customers this quarter and out of which 70% were repeat customers.
- 34% value of the products sold were through cross sell with an average ticket size of INR 79,000.

Leveraging Technology
- The ‘Planet App’ has performed successfully, reaching 4.4 mn downloads and collecting a total of INR 36 Mn digitally.
- Digital Collections are 97% and 14% out of total collections for Urban and Rural customers respectively.

WACC

- WACC increased by 6 bps to 7.77%, however it was expected to increase by 60 bps.

OUTLOOK

The company displayed above average results for Q1FY24. The outlook for the future is to reduce the wholesale book and focus on the retail segment. Going forward, the company will target to achieve all the Lakshya Goals by the end of FY24, well before the set target of FY26. The company expects the Opex & Credit Cost to decrease to 7%. The company will focus on Digitalisation of user journey and improve ESG considerations to become a fintech giant soon. The company expects positive results for the coming quarters as well.

Indian Bank - Q1FY24 Concall KTAs

▪ Credit growth outlook: Management has guided for a credit growth of 10% -12% in FY24. The growth will be mainly from Retail, Agri and MSME segment. They are currently growing at 13%.

▪ Credit cost guidance: Credit cost came at 0.82% which declined 14 bps QoQ. Bank has guided for credit cost to reduce further in coming quarters.

▪ NIM outlook: NIM during Q1FY24 improved marginally by 2bps QoQat 3.61% driven by improvement in yield.

▪ On asset quality: GNPA/NNPA of the bank declining consistently on quarter on quarter basis. Management has given a guidance of asset quality below 5%. GNPA/ NNPA during the quarter came at 5.47% / 0.7%.

▪ Collection efficiency (CE): Overall, collection efficiency of the bank was at 95% during last 2 quarters. CE remained stable QoQwhile it improved by 100bps YoY.

▪ Recovery: Bank expects recovery of INR 8,000 crduring FY24, of which INR 2000 crrecovered during Q1. Slippages for the quarter was at INR 1,753 cr

▪ Restructuring: Outstanding standard restructuring book of the bank was at INR 10,486 cras on Jun'23 where collection efficiency is at 89%.

▪ Bank is comfortable on the capital level. Its capital adequacy ratio as on Jun'23 stood at 16.5%.

OUTLOOK
Indian Bank has reported steady quarter with healthy loan growth traction and improving profitability. Management guided for >10% credit growth for FY24, and we expect bank to surpass +10% loan growth mark, given the system credit growth at 1213% and increasing retail focus. Asset quality of the bank improved sequentially. At CMP of INR331 ,We maintain our Buy rating on the stock with a target price of INR 374, based on 0.9x FY25E ABV of INR 468.

Ujjivan Small Finance Bank Conference Call Highlights

Reverse Merger with Ujjivan Financial Services Ltd

The hearing of application for reverse merger with Ujjivan Financial Services ltd was completed on 28th June 2023. An order is expected to receive soon, entailing directions for scheduling the meeting of shareholders and other directions. We expect the reverse merger to be completed by Q3FY24.

Succession for UFSB

Tenure of Mr. David is till January 2025. Bank is currently looking for the successor, both internally and externally. It is expected to be completed before the expiry of tenure of Mr. David.

Micro-banking

- Disbursement for micro banking during the quarter stood at INR 3235 cr v/s INR 3939 cr during the last quarter (-18% QoQ). The sequential decline was due to Q1 being seasonally weak quarter.
- The disbursements are expected to pick up during the second half of the fiscal year.
- Bank acquired 2.6 Lakh new customers during the quarter.

Affordable Housing Finance

- Strong disbursements in affordable housing finance on YoY basis. Disbursements at INR 418 Cr during the quarter v/s INR INR 288 Cr in corresponding quarter last year.
- Total Affordable housing finance stood at INR 3650 Cr.
- This segment is expected to grow, with the banks increasing focus on affordable HF and micro banking.

MSME

- MSME book continues to be in transition. Bank launched LAP product and Q1 and more products in pipeline. This segment should start picking up towards the end of the quarter.
- Further, Vehicle and gold finance should also start to contribute in the second half of the fiscal year.

Margins

Cost of funds continues to rise during the quarter which is in line with industry trend. Despite the pressure from increasing cost of funds side, bank has been able to expand their NIMs.

OUTLOOK

We continue to remain positive on the company. It has performed well in a seasonally weak quarter. Bank's affordable HF and micro banking will continue to grow and the MSME book will start contributing from second half of the FY24. NIMs are expected to be above 9% with a gross loan book growth of 25%. We maintain our buy rating on the stock with a target price of INR 61, valuing the bank at 1.4x FY26E ABV.

Indian Energy Exchange Q1FY24 Concall Highlights
Indian Energy Exchange | CMP: INR 122.5 | Mcap: INR 109.16 Bn

Performance Metrics
- Revenues came in at INR 1,247 Mn (-1.7% QoQ) (+12.3% YoY)
- EBITDA came in at INR 1,049 Mn (-9.3% QoQ) (+9.3% YoY)
- EBITDA Margins came in at 84.12% (-518 bps QoQ) (-54 bps YoY)
- PAT came in at INR 758 Mn (-14.1% QoQ) (+9.7% YoY)
- PAT Margins came in at 60.8% (-730 bps QoQ) (-10 bps YoY)
- The Board of Directors announced a final dividend of Rs.1 equivalent to 100% of the face value of equity shares.

Product Launches
- IEX launched the "Term-Ahead", market contracts with delivery up to 90 days, green monthly contracts, and green hydro contracts.
- The product launch pipeline for FY24 includes the Ancillary market starting from June 1, 2023.

Market Share
- IEX maintained a near 100% market share in collective transactions, that is, DAM and RTM, together these two markets constitute about 80% of the power exchange business.
- IGX generated a total volume of 50.9 million MMBTU during FY23, a 319% year-on-year increase, with a total of 2,355 trades executed during the year.

Regulations
- The Grid Code will be effective from August 1, 2023, and NLDC will need two months to implement it.
- Implementation of GNA regulation depends on issuing grid code regulation and aligning processes and systems by NLDC. Expected to be implemented from August 1, 2023, but not guaranteed.
- The CERC has given approval for charging transaction fees up to Rs.0.02, and the company does not see any further challenges in this regard.

Demand and Supply
- Supply situation has improved, but if demand picks up again, there could be a supply crunch.
- Supply-side has improved but is not at the level of two years ago. Increased coal supply to IPPs in the next 2-3 months should lead to further improvement.
- Price discovery is purely based on demand and supply. Increased coal production targets and lower imported coal prices should lead to better liquidity on the sell side and lower prices on the exchange platform.
- Long-term duration volumes are expected to pick up with improved coal supply and reduced e-auction rates.

Outlook
IEX will continue to explore business opportunities in new products and markets such as ancillary market, capacity market, and gross bidding, and will help build a vibrant gas market in India enabling the Government's aim of doubling their share of natural gas in the energy mix of the country. The company is currently trading at a PE multiple of 35x based on the trailing 12 months of EPS.

Management Commentary link : https://youtu.be/oHc9qnsDB4Y?si=YBck5d2niKPHoZ1f

Tata Power Ltd Q1FY24 Concall Highlights
Tata Power Ltd | CMP: INR 234.5 | Mcap: INR 750 Bn

In Q1FY24, the region witnessed severe weather conditions. Continuous heavy rainfall and a cyclone in western India, particularly Gujarat, had notable impacts. Odisha also experienced extreme weather, with occurrences of the lower-level cyclone known as Kaal Besakhi due to intense heat. Consequently, power consumption in the last quarter saw a mere 1.5% increase.

Solar Prices
- There has been a significant decline in the prices of solar components, including solar cells, modules, and wafers. This trend is anticipated to continue as additional capacity is projected to be added in China and various Southeast Asian nations. This influx of capacity is expected to lead to an oversupply situation, consequently exerting downward pressure on the prices of solar cells and modules in the foreseeable future.

Mundra Plant
- The Mundra plant has been in operation under Section 11 for the current quarter, with the potential for an extension until September due to ongoing heat conditions. This approach ensures that operations at Mundra remain cost-conscious, thereby containing any associated losses effectively.
- One of the company's units experienced a transformer failure, resulting in the operation of four units out of five units.
- The decision to operate under section 11 was made on April 15th, but the company first wanted to resolve the PPA issue, since section 11 was imposed there was a delay from the procurement side to finalize.
- In Q2FY24, all four units are operating in the plant, being a low-cost and one of the most efficient plants.

Coal Business
- The coal business has maintained a steady performance; however, due to declining prices, profits have decreased compared to the previous year. Nevertheless, the decrease in coal business profit has been offset by robust performance in their existing generation operations.

Hydro Project
- On 8th August, Tata Power signed an MoU with the Government of Maharashtra to develop 2,800 MW of Pumped Hydro Storage Projects in Pune and Raigad Districts.

Projects
- In Q1FY24 the company won 1,214 MW of projects.
- Total 184 MW of renewable energy projects commissioned, including 110 MW for supply to the Kerala State Electricity Board.

Capex
- The company had planned capex of ~INR 120 Bn
- The company has maintained a debt-to-equity ratio of 1.1

Rooftop and Group Captive
- During Q1FY24, total business in the rooftop solar stood at INR 3.9 Bn
- Rooftop Solar and Group Captive Order Book stands at INR 25 Bn
- The Company's rooftop solar business reported 87% growth in residential business in Q1 FY24 to 18 MW. 32 new channel partners added in Q1FY24, taking the total to 480+ Nos.

The company is currently trading at a PE multiple of 23.7x based on the trailing 12 months of EPS.

Management Commentary Link: https://www.youtube.com/live/FXFnJlkdK7Q?si=saA7z6Sl_6PAEBym

Waaree Renewable Technologies Ltd Q1FY24 Concall Highlights
Waaree Renewable Technologies Ltd | CMP: INR 1450.35 | Mcap: INR 30.19Bn

Performance Metrics
- Revenues came in at INR 1,289 Mn (+109% QoQ) (+35.7% YoY)
- EBITDA came in at INR 160 Mn (-28.3% QoQ) (+22.5% YoY)
- EBITDA Margins came in at 12.4% (-2,380 bps QoQ) (-130 bps YoY)
- PAT came in at INR 152 Mn (-22.6% QoQ) (+28.1% YoY)
- PAT Margins came in at 11.8% (-2,010 bps QoQ) (-70 bps YoY)

Order Book
- The current order book awaiting execution is 856 MW and is scheduled to be completed within the next 9 to 12 months.
- In Q1FY24 the company has executed 96+ MW orders.
- They have a 3GW of order inquiry in the pipeline which could get finalized in 6-12 months.
- The company receives ~ 90% of its orders from private sector clients and ~ 10% from government clients.

Key Order
- 100 MWp Capacity (Jamnagar Gujarat) project won in Q1FY24
- 36 MWp DC capacity (Amreli, Gujarat) project won in Q1FY24
- 310+ MWp DC capacity on a turnkey basis along with five years of O&M services. (Combined Orders)

Industry
- Indian government has aimed to have 500GW of renewable energy sources till FY30, out of which ~280GW is from solar.
- Till now, ~67GW of solar energy is being set up, hence the company expects that ~40GW per year is the market at which it going to grow.
- The company expects that they have the market size available per year to be 20-25 GW.

O&M
- Revenue INR 25.7 Mn in Q1FY24
- EBITDA Margins is ~ 30% to 35%
- Achieved 99%+ of plant available time and 80%+ of PR for the asset under management.
- Leveraging tech-based data analytics, technical audits, consulting, and R&D to improve overall plant efficiency.
- Plant remote Monitoring to observe plant real-time data and immediate response if any breakdown results to achieve maximum uptime
- The O&M market is projected to expand with the addition of more solar capacities. By offering differentiated O&M services, such as drone thermography, advanced analytics, and underground cable fault finder, the company has the potential to capture a significant share of this growing market.

Green Hydrogen Project
- The company has got a contract to set up 1MW Green Hydrogen Plant integrated with the ecosystem on a BOB basis.

Outlook
The company expects that going forward the EBITDA margins will remain 12% to 15% for FY24. The company is expecting to complete the order book of 856 MW which is 9 times the topline of Q1FY24 (~96MW). The company also has a good market opportunity in the advanced O&M business. The company is currently trading at a PE multiple of 53.4x based on the trailing 12 months of EPS.

Aarti Industries Ltd Q1FY24 Concall Highlights

Aarti Industries Ltd | CMP: INR 473.45 | Mcap: INR 171.6 Bn

Slowdown in China impacting the domestic demand in China, resulting in excess volumes originating from China. Further, the depreciation of Chinese currency vis a vis Indian Rupee also impacts the competitiveness of Indian manufacturers. These had led to margin contraction across a few products.

Performance Metrics

- Revenues came in at INR 15,710 Mn (-14% QoQ) (-10.5% YoY)
- EBITDA came in at INR 2,010 Mn (-19.9% QoQ) (-27.9% YoY)
- EBITDA Margins came in at 12.8% (-90 bps QoQ) (-320 bps YoY)
- PAT came in at INR 700 Mn (-53% QoQ) (-48.5% YoY)
- PAT Margins came in at 4.5% (-370 bps QoQ) (-320 bps YoY)
- Revenues declined on account of a decline in volumes, decline in prices of key RM, and margin contraction due to excess supply from China, etc. Commitments with reference to Long term contracts and demand for a few products with end-use into additives continue to be on an uptick.

Projects

- NCB Capacity Expansion at Vapi Specialty Chemicals Blocks at various locations. The scale-up from the expansion of NCB capacity from 75,000 to 108,000 tons per annum has been completed recently.
- Other capacity initiatives in existing product portfolios, such as the expansion of NT and downstream installation products, et cetera., are progressing well as planned.
- New project initiatives for chloro-tolerant and multi-purpose plants are expected to start gradually coming on stream from FY25 and will drive growth beyond FY26.

Capex

- In Q1FY24, the capex was INR 2.6 Bn and is expected to be ~INR 25 Bn to INR 30 Bn, in the next two years to elevate the company’s manufacturing capabilities and expansion in their value-added product portfolio

Customers

- Many customers have provided guidance on their material requirements from October to March. Some customers have even indicated not purchasing for up to three months. This suggests an ongoing inventory correction phase, which is expected to conclude around Q3 and Q4 of this year.

Pricing

- Key cost components like energy prices have started normalizing. RM prices for key materials like Benzene have softened a bit in Q1 FY24, however the same has again started moving upwards from July 2023. The Company has robust pricing mechanisms in place to mitigate the impact of volatility and the same is being passed on to the customers.

Production

- For Q1FY24, production of nitrochlorobenzene stood at INR17,293 metric tons as compared to 20,515 metric tons in Q1 of last year.
- For hydrogenation, this came at 2,868 tons per month, over 3,295 tons per month in the same period last year.
- For nitrogen production for Q1FY24, stood at INR9,327 metric tons, as against INR5,252 metric tons in Q1FY23.

Other Highlights

- Witnessed deeper impact in the discretionary end uses and slower than expected recovery in Dyes & Pigments.
- Inventory correction across the globe at various end uses (including in Agrochemicals) lead to sharp demand contraction in the months of May and June. significantly impacting Exports and domestic supply targeting global markets.

Outlook

Demand weakness in products with end-use industries such as Dyes and Pigments. Agrochemicals, Auto, etc. With the impact being deep, the company expects the recovery of EBITDA to gradually come from H2 FY24. Exports were significantly affected due to prevailing weak demand. The company expects EBITDA performance will be moderated in FY24. The company is currently trading at a PE multiple of 35.8x based on the trailing 12 months of EPS.

Anupam Rasayan India Ltd Q1FY24 Concall Highlights
Anupam Rasayan India Ltd | CMP: INR 958 | Mcap: INR 103.02 Bn

Performance Metrics
- Revenues came in at INR 3,988 Mn (+3.08 % QoQ) (+19% YoY)
- EBITDA came in at INR 1,138 Mn (+6.6% QoQ) (+28% YoY)
- EBITDA Margins came in at 29% (+77 bps QoQ) (+200 bps YoY)
- PAT came in at INR 523 Mn (+11.24% QoQ) (+25% YoY)
- PAT Margins came in at 13% (+124 bps QoQ) (0 bps YoY)

Strong Order Book
The following LOI/ Contracts Signed have been received in Q1FY24 worth INR 40.6 Bn:
- INR 15 Bn from Japanese Multinational in Other specialty chemical segment (Tenor – 7 years).
- INR 3.8 Bn from American Multinational in Other specialty chemical segment (Tenor – 5 years).
- INR ~21.8 Bn from a Japanese Chemical company in the Life Science segment (Tenor – 5 years).

Capex
- Company incurred capex of INR 1,240 Mn till Q1FY24 out of the INR 6,700 Mn announced, with the majority of the capex to be incurred as per plan in FY24

Revenue Mix
- Segment Wise: Life Sciences (90% of the revenue) – INR 2,550 Mn (vs INR 2,900 Mn in Q1FY23) and Other specialty chemicals – INR 280 Mn (vs INR 140 Mn in Q1FY23)
- 61% of revenue is from Exports
- Revenue from the top 10 customers is almost 94% and they provide a total of 24 products.

Customers
- Company's total customer base contains 73 customers out of which 29 are multinationals.
- The company offers a total of 55 products.

New Molecules
- In Q1FY24, the company commercialized two new fluorinated pharma molecules out of 10 new molecules to be launched in FY24.

MoU with 3xper Innoventure
- The company signed MoU with 3xper Innoventure Limited, a subsidiary of Tube Investments of India Limited for the supply of targeted and identified new-age pharma molecules.
- These molecules will be manufactured using cutting-edge flow chemistry-based continuous reaction technology

Green Energy (GPT)
- The company saved INR 120 Mn per year on account of the installation of a 17.9 MW solar power plant at Bharuch.
- The company is in the signing stage for an MoU to lease 150 acres of land in Surat and Bharuch district for a 1.66 lakh tree plantation.
- In Q1FY24 the company successfully conducted a trial of using biomass instead of coal to generate steam at one of the Jhagadia plants.

Outlook
The company foresees a flat performance in H1FY24, with growth expected to pick up in H2FY24. They anticipate a 25% increase in topline during H2FY24. Forward numbers remain unchanged. The company is currently trading at a PE multiple of 44x based on the trailing 12 months of EPS.

Archean Chemicals Industries Ltd Q1FY24 Concall Highlights
Archean Chemicals Industries Ltd | CMP: INR 540.95 | Mcap: INR 66.6 Bn

Performance Metrics
- Revenues came in at INR 3,543 Mn (-13.4% YoY)
- EBITDA came in at INR 1,459.5 Mn (-14.1% YoY)
- EBITDA Margins came in at 41.2% (-40 bps YoY)
- PAT came in at INR 941.7 Mn (+11.3% YoY)
- PAT Margins came in at 26.6% (+590 bps YoY)

Revenue Mix
- Bromine (~40%), Leadership position in Indian Bromine merchant sales, ~15% Export Business.
- Industrial Salt (~59%), 100% Export business.
- Sulphate of Potash (SoP) (~1%), ~29% Export business, Only Manufacturer from natural sea brine in India

Greenfield Expansion
- The company is setting up a new facility at Jhagadia, GIDC through Acume Chemicals Private Limited (Subsidiary) to manufacture Bromine Performance Derivatives.
- Capex is ~INR 2,520 Mn.
- Bromine Derivatives- High-end Flame Retardant (10,000 MTPA) , High-end Flame Retardant (13,000 MTPA), Pure Terephthalic Acid (PTA) Synthesis (5,000 MTPA).
- Expected timeline FY24e.
- Bromine prices are going down substantially

Pricing Aspects
- Since more than half of its industrial salt business is on a long-term contract basis, volatility in the spot doesn't get echoed on its business performance.

Industrial Salt
- The company is maintaining the quarterly volume run rate of a million tons and expects the same momentum to continue in the coming period.
- The company has ongoing contracts with a few customers as well and also expands the client base by adding new customers.

Quarterly Sales of each segment
- Bromine: 4,272 MT in Q1FY24 vs 5,730 MT in Q1FY23
- Industrial Salt: 1.06 Mn tons in Q1FY24 vs 0.96 Mn tons in Q1FY23
- SoP: 382 tons in Q1FY24 vs 65 tons in Q1FY23

Outlook
The company reiterates the margin guidance between 37% to 42%. The company expects the commissioning of High-end Flame Retardant around Q1FY25, but as all the capex is going in at one time the company might complete it on an aggressive basis to commission in FY24 itself. The company is currently trading at a PE multiple of 16x based on the trailing 12 months of EPS.

Best Agrolife Ltd Q1FY24 Concall Highlights
Best Agrolife Ltd | CMP: INR 1297.85 | Mcap: INR 30.68 Bn | Promoters Holdings : 50.1%

Strong patents and registrations to drive future growth, and the company's prospects are looking promising.

Performance Metrics
- Revenues came in at INR 6,120 Mn (+141 % QoQ) (+32% YoY)
- EBITDA came in at INR 1,300 Mn (+1,720% QoQ) (+97% YoY)
- EBITDA Margins came in at 21% (+1,800 bps QoQ) (+700 bps YoY)
- The improvement in EBITDA was driven by a better product mix during Q1FY24.
- PAT came in at INR 900 Mn (+1,168% QoQ) (+127% YoY)
- PAT Margins came in at 15% (+1,800 bps QoQ) (+600 bps YoY)
- Net Debt to Equity is 0.91
- Current Ratio is 1.35

Product Launched in Q1FY24
- BAL (Best Agrolife Ltd) Launched 2 herbicide products during the quarter, Propiquazafop and Ametryn under the brand’s Propique and Amito respectively.

Clean Energy
- Best Crop Science, (a subsidiary of BAL) has entered a PPA and SHA for the supply of 3MW solar energy from a plant in UP which will be used to power the manufacturing unit in Gajraula.
- With this, BAL anticipates 33% per unit of electricity cost savings while achieving a reduction of over 4,000 tonnes in carbon emissions.

Capex
- Brownfield expansion with an INR 2,000 Mn Capex plan in Best Crop Science Private Limited (a wholly owned subsidiary of the Company)

Products to be Launch, Plan for FY24

Herbicide
- Herbicidal Composition of Haloxyfop + Imazethapyr + chlorimuron Plan to launch Pan-India with the brand name ‘Shot Down’.
- Halosulfuron Methyl : Rapidly inhibits the growth of susceptible weeds in low doses.
- Propaquizafop + Oxyfluorfen product : Contact and broad spectrum herbicide, post-emergence herbicide.

Fungicide
- Cyazofamid + Dimethomorph + Difenoconazole : The approximate market size of this fungicidal composition is INR 3,500 Mn.
- Difenoconazole + Trifloxystrobin + Sulphur : The company plans to launch this combination PAN India with the brand name ‘Tricolor’.
- Metiram + Pyraclostrobin : A premium broad-spectrum dual AI fungicide that provides extended disease protection and additional health benefits.
- Pyroxasulfone : Until now India was dependent on other countries for Pyroxasulfone, the market size of Pyroxasulfone is approximately INR 4,500 Mn as of 2023.
- Propiquazafop : The market is ~ INR 3,500 Mn in India.
- Cyhalofop-Butyl : These herbicides stop weed growth immediately, thus minimizing crop losses and facilitating high production.

All the above products have received Patents

Approvals and Registrations Received

- BAL has been granted registration for indigenous manufacturing of the product Trifloxystrobin 10% + Difenoconazole 12.5% + Sulphur 3% Sc under section 9 (3) FIM. This will be a patented product under the brand name Tricolor.
- Best Crop Science has been granted the registrations for Technical Indigenous manufacturing of Diclosulam technical 94% minimum, Boscalid technical 96% minimum and Dimethomorph technical 95.5% minimum from Central Insecticides Board & Registration Committee (CIBRC).
- Seedlings India, BAL's fully owned subsidiary has been granted registration to manufacture Pyroxasulfone 85% WG domestically in accordance with section 9(3) FIM vs FIT.

Outlook

The company expects a 30% growth target for FY24 and maintaining 20% EBITDA margins for FY24. The company is currently trading at a PE multiple of 64.5x based on the trailing 12 months of EPS.

Management Commentary Link: https://youtu.be/Fb_DryUWL4k?si=X18K3kECn6rcG5fO

Chambal Fertilizer Ltd Q1FY24 Concall Highlights
Chambal Fertilizer Ltd | CMP: 275.75 INR | Mcap: INR 114.5 Bn | Promoters Holding: 60.56%

The delayed monsoon, cyclone-related disruptions, and the Balasore train accident have led to material movement constraints, impacting the company's PMTA by approximately 30%. However, the company anticipates a recovery and compensatory improvement in the following quarter.

Performance Metrics (Standalone)
- Revenues came in at INR 55,890 Mn (-23% YoY)
- EBITDA came in at INR 7,780 Mn (+11% YoY)
- EBITDA Margins came in at 36.4% (+420 bps YoY)
- PAT came in at INR 4,690 Mn (+16% YoY)
- PAT Margins came in at 20.1% (-330 Mn bps YoY)

The crop protection chemicals and specialty nutrients business continues to grow strongly. The business has grown that up 25% in volume, YoY and 17% in value YoY.

Urea Business
- The company's urea business has demonstrated robust performance, maintaining optimal operational capacity and achieving production of 8.89 lakh MT of urea.

Subsidy
- During the quarter, the company observed timely subsidy collections, and the recent acceleration in budgetary allocation for the current fiscal year is anticipated to sufficiently cover the subsidy requirements for the entire year. This development is indeed promising for the year.
- The overall subsidy outstanding for the company's ~INR 26 Bn as of Q1FY24.
- In July the company witnessed a very good flow and most of their borrowings have been squared off except for the long term.

Capex
- The company is planning to invest ~INR 20 Bn in the coming 3 years, mainly in the time frame of FY25-FY26.

Production Volume
- Gadepan 3, the production was 3.57 Lakh tons and the average gas cost was at $16.67 on an NCV basis.

New Product Launch
- New CPC and SN products introduced in FY23-24.

Expanding Horizons
- Growth in the number of territories from 58 to 150
- Villages from 581 to 1498
- Farmers added from 0.91 Lakhs to 2.30 lakhs.
- Soil sample collections- 39000 and continuing
- Farmer meeting – 841 Nos

Outlook
The company is pursuing asset-light, growth in crop protection and specialty nutrients. And looking for value-added initiatives in the nitric acid or nitric chain. Concurrently, there has been a decrease in the prices of DAP and NPK phosphatic fertilizers throughout the quarter. The company is currently trading at a PE multiple of 11.1x based on the trailing 12 months of EPS.

Deepak Fertilizer and Petrochemicals Ltd Q1FY24 Concall Highlights
Deepak Fertilizer and Petrochemicals Ltd | CMP: 552.3 INR | Mcap: INR 67.68 Bn

Performance Metrics
- Revenues came in at INR 23,130 Mn (-17.3% QoQ) (-23.7% YoY)
- EBITDA came in at INR 2,810 Mn (-40.2% QoQ) (-62.1% YoY)
- EBITDA Margins came in at 12.1% (-470 bps QoQ) (-1,230 bps YoY)
- PAT came in at INR 1,140 Mn (-55.9% QoQ) (-73.9% YoY)
- PAT Margins came in at 4.9% (-429 bps QoQ) (-945 bps YoY)

Factors in Decline of Performance
- Reduced NBS subsidy of INR 1,610 Mn on channel inventory significantly impacted consolidated profitability in Q1FY24.
- The delayed monsoon has also shifted the typical Q1 Kharif fertilizer movements into Q2.
- TAN sector faced challenges from cheap fertilizer-grade ammonium nitrate dumping and an export ban.
- Withdrawal of major global phosphate suppliers from the market led the company to nurture new suppliers and diversify sources.

Greenfield Ammonia Project
- Total planned investment INR 43.5 Bn.
- Equity infused INR 16.9 Bn.
- Expected commissioning in Q2FY24
- Current capacity: 1,28,700 MTPA
- After project completion capacity: 6,28,700 MTPA (+5,00,000 MTPA)
- Greenfield Ammonia facility began trial production on July 10, 2023, with all pre-commissioning activities completed.

NCDs
- Raised INR 9 Bn through its Maiden Listed NCDs; primarily used for replacement of ICDs to parent MAL (through Performance Chemiserve Limited, a step-down subsidiary).

Capex
- Proposed Capex investment for the 20TPD SGNA plant is in line with the proposed project timeline and aims at completing the same by Q3FY24.

TAN (Technical Ammonium Nitrate) Business
- Anticipating a seasonal dip in mining and infrastructure activity during the monsoon, the TAN Business is preparing for a subsequent demand pickup post-Q2FY24 across all segments.
- The company’s focus will remain on maintaining competitive pricing while delivering key value propositions.
- In Q1FY24 the capacity utilization of TAN is 87%.
- Project Update: Total planned investment INR 22 Bn, whereas equity infused is INR 4.7 Bn.
- Expected commissioning on H2FY26.
- Current capacity: 5,36,900 MTPA
- After project completion capacity: 9,62,900 MTPA

Shifting focus of fertilizer to crop-specific rather than commodity
- ‘Croptek’ fertilizer has gained significant popularity, successfully reaching 1 million farmers. Croptek achieved sales of 23,390 MT in Q1FY24, primarily focused on Cotton, Maize, Groundnut, and Sugarcane crops

Other Highlights
- In Q1FY24 Nitric Acid volumes increased by 7% YoY.
- In Q1FY24 IPA volumes increased by 87% YoY.
- NA production was impacted due to the extended shutdown in the WNA plant.
- Leveraging advanced technologies such as drones and AI-based blast modeling, the business significantly enhanced productivity across the entire mineral extraction process

Outlook
Consumption in Q2 is expected to increase on account of good advancing monsoon and increasing sowing. The company is also aiming to move towards holistic solutions. The company is currently trading at a PE multiple of 7.8x based on the trailing 12 months of EPS.

Management Commentary Link: **https://youtu.be/r2dE5XmzctA?si=2zVsQdXw8sxp0oTB**

Gujarat State Fertilizer and Chemicals Ltd Q1FY24 Concall Highlights
Gujarat State Fertilizer and Chemicals Ltd | CMP: INR 150.65 | Mcap: INR 60 Bn

Debt-Free Company, Healthy Cash Flow

Performance Metrics
- Revenues came in at INR 20,800 Mn (vs INR 30,920 Mn in Q1FY23)
- EBITDA came in at INR 1,380 Mn (vs INR 5,360 Mn in Q1FY23)
- PAT came in at INR 1,060 Mn (vs INR 3,560 Mn in Q1FY23)
- Margins are down due to major factors, one being the subsidiary adjustment as the government reduced the subsidiary from January 2023 as well as April 2023, hence impact was felt and accounted for in Q1, it was a one-time impact and the company believes that this won't be repeated.
- Another is inventory write-down, as the products were sold at a lower price because of the international price parity.

Government Subsidy
- For P&K Fertilizers, the company has got a subsidy up to July 15, and for urea, it is up to June end.
- The company believes that looking at the economic scenario, the government will calibrate the subsidy from October considering all the relevant factors, and so much reduction in the subsidy may not take place.

Shutdown of Plants
- In Q1FY24, the plant shutdown was for the ammonia plant, urea plant, and caprolactam plant, different periods as per the requirement.
- So it ranges from 15 days to 30 days, depending on how big the plant is and the company doesn't take shutdown every year.
- So, some plants take it every alternate year, and some it is taken every four years.
- So depending on the term of the plant. The annual shutdown is taken. This is not something accidental shutdown or like that, it is a plant shutdown.

Raw Material Price
- The cost of input also went down, the ammonia, natural gas, sulfur, benzene, and all major raw material prices were down during the quarter and now kind of bottom out or stabilize.

Projects
- All projects are as per the timeline.
- Ammonium Sulphate – IV project (132k TPA) is on track and will be commissioned on December 2023.
- In FY25 four projects are on track, the HX Crystal project (6.6k TPA) and the 15 MW Solar Power Project at Charanka, the Urea-II Revamping project (Energy Reduction), the Sulphuric Acid (SA-V) project (198k TPA).

Outlook
The company believes to have a better picture of the industrial product in H2FY24. The company is expecting a 20% rise in volumes of fertilizer sales in FY24. The company expects a similar topline of FY23 but a little less on the bottom line side. The company is currently trading at a PE multiple of 5.8x based on the trailing 12 months of EPS.

Management Commentary Link: https://youtu.be/KfIskLhVMIU?si=0FHPvcsOLbvQBVAq

India Pesticides Ltd Q1FY24 Concall Highlights
India Pesticides Ltd | CMP: INR 217 | Mcap: INR 25 Bn

Performance Metrics
- Revenues came in at INR 2,047 Mn (+1.8 % QoQ) (-7.7% YoY)
- Major factors are price drops, lower global demand, and subdued volume.
- EBITDA came in at INR 260 Mn (-42.2% QoQ) (-55.9% YoY)
- EBITDA Margins came in at 12.7% (-930 bps QoQ) (-1,390 bps YoY)
- EBITDA Margins are lower due to higher inventory costs and a reduction in realizations of some of the products.
- PAT came in at INR 155 Mn (-48.5% QoQ) (-62.4% YoY)
- PAT Margins came in at 7.5% (-740 bps QoQ) (-1,100 bps YoY)
- Reduction in selling prices of some of its products, leading to an impact of Rs. 171 Mn, this impact comprised Rs. 73 Mn owing to sales made during the current quarter and Rs. 98 Mn due to the revaluation of inventories (inventory loss) at hand at Net Realizable Value (NRV).

Capacity
- The company has increased its technical capacity by 200 MT which takes its total technical capacity to 24,200 MT.

Revenue Break-up
- Technicals + APIs constitute 79% of revenue in Q1FY24 (1,587 Mn).
- Formulations constitute 21% of revenue in Q1FY24 (427 Mn).
- Exports are 42% of revenue.

Inventory
- In Q1FY24 the inventory is INR 1,900 Mn down from INR 2,250 Mn in Q4FY23.
- The company expects that the inventory will further reduce by INR 200 Mn at the end of Q2FY24.

Capex
- Capex outflow of INR 500 Mn has been planned for FY24 for IPL(India Pesticides Ltd.) and INR 600 Mn for Shalvis Specialities Limited (WOS).
- Expanding in stabilizer and additive products.

Project Update
- EC received from MOEF for the Shalvis Hamirpur Project and is likely to commence operations in Q4 FY24.

New Product
- The contribution from new products in revenue in Q1FY24 was INR 400 Mn and the company expects the total contribution in FY24 to be ~ INR 1,750 Mn.

Outlook
The company expects a topline growth of 10% providing the situation normalizes in the H2FY24, and for FY25 the company expects the topline growth to be ~15%. EBITDA margins' guidance has dropped from 22% in FY23 to 20% in FY24. The company is currently trading at a PE multiple of 19.4x based on the trailing 12 months of EPS.

Management Commentary Link: https://youtu.be/KtmO7mbZjGw?si=i9TB6ZygISIpqpQK

Meghmani Organics Ltd Q1FY24 Concall Highlights
Meghmani Organics Ltd | CMP: INR 78.26 | Mcap: INR 19.9 Bn | Promoters Holdings: 49.5%
The company has adopted certain strategies such as cost rationalization wherein the management has proactively undertaken cost control measures, clearing the high-priced inventory, optimizing the working capital utilization, and enhancing the cash conversion cycle to maintain thir balance sheet strength.
Performance Metrics
- Revenues came in at INR 4,220 Mn (-46.2% YoY)
- Impacted by prolonged challenging global macro-economic environment, demand slowdown, and decline in prices across the industry.
- EBITDA came in at INR -150 Mn (-111.3% YoY)
- Impacted due to higher cost of operation due to lower capacity utilization coupled with destocking of inventory.
- EBITDA Margins came in at -3.6% (-2,070 bps YoY)
- Loss after tax came in at INR 250 Mn (+11.3% YoY)
- Loss after tax Margins came in at -6% (-2,060 bps YoY)
Agrochemicals
- Agrochemicals constitute ~71% of the overall company's revenue during Q1 FY24.
- Subdued demand led to lower capacity utilization impacting operational efficiencies and high overheads have impacted the profitability.
Pigments
- Pigments constitute ~29% of the overall company's revenue in Q1 FY24.
- The pigment industry is witnessing weaker global demand and dropping prices resulting in companies cutting down the inventory pipelines which is further hampering the demand and causing pricing pressure.
Capex Update
Nano Urea
- Meghmani Crop Nutrition Limited's (MCNL) 'Nano Urea' capex plan is progressing as planned.
- The commercial production of 'Nano Urea' is expected by Q4 FY24.
- The plant in Gujarat will have an annual capacity of 5 crore bottles (~500 ml).
Pigment Side
- On the pigment side, Titanium Dioxide (TiO_2) plant has been commissioned and is under trial production.
- The capacity ramp-up will be done gradually.
- Commissioning of Co-gen Power Plant expected by Q3 FY24
- As of Q1FY24 the capex in the pigment segment of ~INR 2,190 Mn has been utilized.
- Phase II of this project will be considered after the stabilization of Phase I, for which the company expects the capex amount of ~INR 3,250 Mn.
Management Transaction
- Since the past few years, the second generation were heading different business operations and now the management has decided that in order to manage the affairs of the Company independently and to consolidate functional responsibility it is important to induct the second generation.
- Effective 14 August 2023, on conclusion of the board meeting the new Board of Directors will be inducted.
Outlook
Agrochemical's Phase II capex will be announced after Q4 FY24. The company reiterates its long-term goals remain intact. The company states that both Agro Chemical, as well as Pigment industries, are poised for sustainable growth for the next foreseeable 3-5 years time span. The company is currently trading at a PE multiple of 21x based on the trailing 12 months of EPS.

Management Commentary Link: https://youtu.be/kF0cUhdtqYo?si=cYOgzq1AbEEj2-5L

Oriental Aromatics Ltd Q1FY24 Concall Highlights
Oriental Aromatics Ltd | CMP: INR 383.7 | Mcap: INR 12.9 Bn

Performance Metrics
- Revenues came in at INR 1,957 Mn (+0.2% QoQ) (-16.2% YoY)
- EBITDA came in at INR 9 Mn (-90.3% QoQ) (-94.6% YoY)
- EBITDA Margins came in at 0.46% (-430 bps QoQ) (-660 bps YoY)
- Loss after tax came in at INR 60 Mn

During the quarter, overall production volume decreased by 13% QoQ and 5% YoY, primarily driven by a shutdown at the Bareilly site during the quarter for 7 days due to annual maintenance.

Camphor and Terpene
- The sales volume for the group decreased by 10% YoY and remained flat QoQ, primarily due to a reduction in sales volumes in the camphor and terpene chemical division.
- Raw materials for the camphor and terpene chemical division continue to show a reduction, thereby causing deflationary trends, resulting in a QoQ reduction of EBITDA Margins due to the destocking of high-cost inventory.
- The company is rethinking about the capex plan for the Camphor and Terpene segment and will update on the same in upcoming quarters.

Fragrance Division
- The company wins multiple in the Fragrance division with a leading FMCG company in India during this quarter.
- Healthy growth in sales volumes in the fragrance division.

Outlook
The company had stated in the last quarter that the demand was likely to remain weak in the following quarters. The company witnessed a trend change in customers in the Camphor and Terpene business and hence the company is rethinking the capex of the same segment. The company is closely observing the market dynamics, and there is a possibility that the company will provide guidance in the upcoming quarter or within the next two quarters.

Punjab Chemicals And Crop Protection Ltd Q1FY24 Concall Highlights
Punjab Chemicals And Crop Protection Ltd | CMP: 972 INR | Mcap: INR 12 Bn

Performance Metrics
- Revenues came in at INR 2,814 Mn (+44.3% QoQ) (+3.4% YoY)
- EBITDA came in at INR 378 Mn (+78.4% QoQ) (+6.8% YoY)
- EBITDA Margins came in at 13.4% (+260 bps QoQ) (+40 bps YoY)
- PAT came in at INR 219 Mn (+179.7% QoQ) (+6.4% YoY)
- PAT Margins came in at 17.8% (+620 bps QoQ) (+40 Mn bps YoY)

Topline Guidance
- During the Q3FY23 concall, the company revised its earlier INR 15 Bn guidance for the topline, lowering it to INR 13 Bn. However, in the recent Q1FY24 concall, the company further adjusted its FY24 topline guidance to a range of INR 12 Bn to 12.5 Bn.

Capex
- In Q1FY24, the company invested ~INR 90 Mn to INR 95 Mn in Capex.
- For FY24, the company plans to allocate a capex of INR 400 Mn.
- Regarding their future expansion plans in Gujarat and Maharashtra, which are expected to be revealed during either Q2FY24 or Q3FY24. These announcements may include further details on their expansion projects, new facilities, or other initiatives that align with their growth objectives.

Capacity
- In Q1FY24, the company increased its capacity from 1,300 KL to 2,000 KL by replacing older reactors with newer ones.
- The capacity utilization of Lalru is currently around 50-55%, and the company expects it to increase to 70-75% in the next 2-3 quarters.

Europe Update
- The Australia deal has faced delays, but the European deal with a different product is expected to receive registration between Early September and mid-October in FY24. The first batch of product is anticipated to be dispatched in either Q3FY24 or Q4FY24.

Outlook
The company provided an EBITDA margin guidance of approximately 13.5% to 14.5% for FY24. Intermediate Fermentation has been delayed to the next fiscal year. The company is currently trading at a PE multiple of 19x based on the trailing 12 months of EPS.

Valiant Organics Ltd Q1FY24 Concall Highlights
Valiant Organics Ltd | CMP: INR 469.4 | Mcap: INR 12.7 Bn

Performance Metrics
- Revenues came in at INR 2,018 Mn (-25.6% QoQ) (-24.1% YoY)
- EBITDA came in at INR 239 Mn (-54.3% QoQ) (-25.1% YoY)
- EBITDA Margins came in at 11.84% (-743 bps QoQ) (-15 bps YoY)
- PAT came in at INR 149 Mn (-56.2% QoQ) (-11.8% YoY)
- PAT Margins came in at 7.38% (-515 bps QoQ) (-103 bps YoY)

- Q1-FY24 was a subdued quarter owing to poor market conditions as a result of China opening up significantly and continued inventory destocking and overall ongoing geopolitical issues.
- While dyes & pigments continued to remain slow, a new slowdown was experienced in agrochemicals which impacted the financials further. Low demand and Chinese oversupply resulted in significant price corrections.

Ortho Amino Phenol (OAP) Capex
- Currently, entirely imported into India.
- Part of the production will be utilized as forward integration for one of the company's existing products.
- Trial run successful, however, further improvement is still required.
- Expected to commence by the end of Q2FY24.

Power Plant
- The company commercialized the renewable power plant for captive purposes. It is a 2.2MW wind power plant which will result in the benefits of reduced power costs from Q2-FY24 onwards.

Capacity Utilization
- Currently, the capacity utilization is ~50% on a company level, with all chemistry contributing around that.

Outlook
The company expects some turn in Q3FY24 and Q4FY24 in the textile segment. The company is expecting a 5-10% degrowth in revenue for FY24 ie. The company is looking at ~INR 8 to 8.5 Bn in revenue on a standalone basis whereas in Q4FY24 the company had given guidance at ~INR 12 Bn, but due to agro slowdown coupled with previous textile slowdown, the company has reduced the guidance. The company expects to maintain the margins at the current level (12-15% in EBITDA margins) whereas in Q4FY24 the company had guided ~20% EBITDA for FY24. The company is currently trading at a PE multiple of 15x based on the trailing 12 months of EPS.

Tata Chemicals Ltd– Q1FY24 Concall KTAs
CMP: INR 1,010 | Market Cap: INR 257.36 Bn

Soda ash prices have hit the bottom and the company anticipates no further pricing shift from China and the volumes are expected to pick up. Demand correction is anticipated which will ease the demand-supply imbalance in the medium term.

Performance (Consol)
• Revenue from operations stands at INR 42,180 Mn (-4%QoQ, +5% YoY).
• EBITDA arrived at of INR 10,430 Mn (+8%QoQ, +3% YoY).
• EBITDA Margin stands at +25% (+283 bps QoQ, -68 bps YoY).
• PBT arrived at INR 7,490 Mn (+9%QoQ, -6% YoY).
• PAT stands at INR 5,870 Mn (-15%QoQ, -8% YoY).

Market Condition
• The supply from China has increased, but the demand recovery remains lower than expected.
• Moreover, the Mongolia plant capacity came online 6 months earlier than planned which added to the oversupply.
• Despite steady demand, the domestic markets were impacted due to increased imports which nearly doubled.
• The sales in Southeast Asia were impacted by supply chain issues in Magadi caused by increased pressure of Chinese material availability.

Geographies
• In India, exports are being affected due to poor performance in high-end chemicals. Also, the caustic soda prices have declined sharply causing the silicate market to switch from soda ash to caustic soda, resulting in lower demand.
• Mithapur dispatches were affected due to cyclone 'Biparjoy' which caused transport restrictions for 10 days.
• The company realized better pricing in the US markets.
• In Kenya, there was a softening of both volumes and prices which impacted profitability.

Volumes
• Soda Ash: 803 Kts (-10% QoQ, -9% YoY).
• Sodium Bicarbonate: 53 Kts (-5% QoQ, -9% YoY).
• Salt: 384 Kts (-7% QoQ, -8% YoY).
• Soda ash volumes in Kenya arrived at 55 Kts (-13% QoQ, -34% YoY).

Current Capacity
• Soda Ash: 10.91 lakh MTPA (India), 25.4 lakh MTPA (US), 4 lakh MTPA (UK), 3.5 lakh MTPA (Kenya)
• Sodium Bicarbonate: 15 lakh MTPA (India), 1.3 lakh MTPA (UK)
• Salt: 16 lakh MTPA (India), 4.3 lakh MTPA (UK).
CAPEX
• CAPEX of INR 2.2 Bn has been spent and the company plans to spend the remainder of INR 7 Bn in FY24.

• The company has planned a new CAPEX of ~INR 26 Bn, 13 Bn in Soda Ash for additional ~1 million tons (3 lakh tons in India, 2.5 lakh tons in Kenya and 4 lakh tons in US), and the remainder in other products.
• 1.85 lakh tons of soda ash capacity is expected to be completed by the end of this year.
• The bicarbonate capacity expansion to 0.7 lakh MT is expected to be completed by H1FY24.
• In Inner Mongolia, 1.5 million tons of soda ash capacity is now on stream and is expected to reach 3 million in CY24.

Other Highlights
• The company repaid debt of $45 Mn in US and $50 Mn in Singapore
• On a standalone basis, the EBITDA was impacted by a delay in a Nutra business export order which led to an increase in inventory and the unit being slowed down to 20% capacity utilization.
• The company is working on the chemical side of EV battery requirements for other TATA companies.
• PAT was lowered due to high taxation in some geographies.

Guidance
The company believes that the soda ash prices have hit the bottom and anticipates no further pricing shift from China but the volumes are expected to pick up. The synthetic capacities in China will be normalizing within 12-18 months. The company expects the correct demand which will ease the demand-supply imbalance in the medium term.

Rallis India Ltd. Earnings Call KTAs
CMP: INR 211 | Market Cap: 4088 Cr | Target Price: INR 268

Margins are bottoming out, and uptakes in gross margins are sustainable with growth expected. Dahej facility will be generating revenues from Q2FY24 as the plant will reach 60% capacity utilization. More volume growth is expected in the near term due to the anticipated increase in consumption and price stability is expected in 2 months. China dumping is still ongoing on the RM side which is pulling down prices. The management expects the seeds business to grow from the current levels in the next 2 years. We have an ACCUMULATE rating with a price objective of INR 268.

Results

- The Q1FY24 revenue decreased to INR 782 Cr (down 9% YoY), lower than our estimate of INR 801 Cr.
- EBITDA stands at INR 109 Cr (down ~3% YoY), better than our QoQ estimate. The margins stand at 14% better than 13% last year.
- PAT reported at INR 63 Cr, down 6% YoY.
- The company was able to sustain margins by controlling overheads while finance costs were controlled through inventory reduction.
- Late monsoons and high channel inventory continue to pose challenges for the company.

Products

- In FY24, the company introduced three new products, namely Gateway-I, Gateway Gr-I, and Boris Super-I.
- The export of a newly developed intermediate under contract manufacturing has commenced.
- Rallis India plans to introduce at least one new molecule into manufacturing plants every year.
- Difenoconazole and one more CM molecule to be commissioned this year.
- The company is among the top 3 in the hybrid millet category with its products and is working towards developing a portfolio around millets which Is being promoted by GoI.
- The company expects its herbicides to perform well going forward as it helps with de-weeding given the current labor shortage problem.
- Paddy and cotton are most affected by the delayed monsoon. Overall kharif sowing is at a 4.3% low YoY.
- Acetate has seen large price erosion.

Dahej SEZ Multipurpose Plant

- Trial production has commenced and revenues are expected from Q2FY24.
- Capacity of 1 key formulation has been expanded for both domestic and international markets.
- The plant is expected to reach 60% capacity utilization with new product manufacturing.
- The company will also be contract manufacturing 1 molecule in that plant by Q3FY24.

CAPEX

- The company has planned a total CAPEX of INR 800 Cr for the next 5 years to enhance capacities for formulations and new active ingredients and achieve backward integration, out of which INR ~575 Cr has been spent and ~150 Cr will be spent in FY24 on R&D facility.
- The company is investing in enhancing its research and development at its Bengaluru facility and upgrading the pilot plants to improve process scale-up capabilities.

Segments

Crop Care

• Overall Crop care revenue at INR 519 Cr, down 13% YoY, EBITDA INR 58 Cr, up 2% YoY.

• Domestic crop care decreased by 4.5% YoY due to falling prices, and late monsoon, while exports dropped 29.6% YoY due to reduced volumes caused by higher global inventories.

• PAT stood at INR 28 Cr, down 5% YoY.

• Crop Protection market growth has been limited by less pest pressure and obviated need for fungicides.

• Inventory oversupply and pricing pressure is more pronounced in generic active ingredients dominated by China.

• The company working on network expansion and making a relevant product portfolio.

• Volume growth is restricted by late monsoons and excess channel inventory, due to carryover from the previous year

Seeds

• Seeds revenue stands at 262 Cr, down 2% YoY, with EBITDA at 52 Cr, down 7% YoY.

• PAT stands at 35 Cr, down 7% YoY.

• In FY23, the cotton hybrid product "Diggaz" received a good response from the north Indian markets. The product has seen good volume growth as the sales stand at 4 lakh packets against 1 lakh last year.

• The company has reached regulatory trials for its 'genetically modified cotton and maize crops' which are designed to reduce the cost of cultivation and improve yield. Also, the company is working on developing temperature-resistant hybrids to counter rising temperature problems.

• The company has realized relatively better margins and expects this business to be on a profitable growth trajectory in the next 2 years.

Exports

• The business remains steady after a revival of PEKK and volumes are expected to pick up.

• The company is working towards increasing international registrations and customer base for both supply and contract manufacturing services.

• The company remains positive on Pendimethalin which received technical equivalence in EU market and has procured the raw materials needed. The prices for this product remain stable.

Contract Manufacturing

• Signed 3 new opportunities for the company and commenced dispatch of 1 intermediate in the last quarter.

Competition

• The company's market share ~5.7%.

• Collaborating with global innovators to bring new molecules into the company's formulations.

• Rallis has partnered with global companies to use their patented molecules for co-development into formulated products, which provides them an advantage in the market.

Collaboration With Garuda Aerospace

• The company is testing the use of drones for agrochemical spraying on fields and is demonstrating its usefulness to farmers.
• This can reduce labor costs, especially in areas where labor is not available.
• The company is positive about its new initiative and expects good results.

Guidance

• The company will increase its marketing activities.
• The estimated revenue mix for FY25 is 60% from domestic markets and 40% from exports.
• The company will be adopting dynamic pricing to tackle the pricing issue.
• To reduce dependence on imports, the company is looking for alternate Vendor development for key molecules and critical intermediaries.

OUTLOOK: The company believes its long-term strategy to be on track and will intensify investments to improve manufacturing capacity and expand its product portfolio. More volume growth in the near term is expected as price volatility is high. Trade is picking up in anticipation of good planting. Customer engagement Is back at pre-covid levels, a team is closely monitoring the developing El Nino and is coordinating with customers and trade partners to make its products available to reduce risk. Also, INR 800 Cr CAPEX is almost completed and the returns are expected in the coming years. We are positive on the company with an ACCUMULATE rating and price objective of INR 278.

Vinati Organics Ltd– Q1FY24 Concall KTAs
CMP: INR 1,815 | Market Cap: INR 186.5 Bn

Decline in performance due to volume contraction caused by major destocking and improvement expected in H2FY24. Company guides for a topline of INR 20 Bn for FY24 and 20% YoY growth for FY25, given the amalgamation is successful.

Performance
- Revenue from operations stands at INR 4,310 Mn (-14% QoQ, -15% YoY).
- EBITDA arrived at of INR 1,089 Mn (-29% QoQ, -17% YoY).
- EBITDA Margin stands at 25% (-504 bps QoQ, -50 bps YoY).
- PBT arrived at INR 1,108 Mn (-29% QoQ, -19% YoY).
- PAT stands at INR 832 Mn (-18% QoQ, -28% YoY).
- PAT Margin arrived at 19% (-79 bps QoQ, -348 bps YoY).

Veeral Additives Amalgamation
- Company has secured approvals from shareholders and creditors, waiting for final approval from NCLT.
- VAPL has started commercial production and sales, management expects contribution for FY24 to be ~INR 1,500 Mn.
- Plant is currently operating at 25% capacity due to demand pressure.
- The overall addressable market for VAPL is estimated to be ~INR 100 Bn

Inventory Destocking
- In H2FY23, customers purchased large amounts of inventory which boosted the sales but in Q1FY24 given the slowdown, they have now undertaken destocking activities due to large inventories.
- This destocking has caused volume contraction leading, affecting the performance.
- Management expects uptake in demand for most products from October'23.

Segments
- ATBS has been most impacted by the destocking and majorly from the oil and gas sector.
- For IBB, the demand has been steady and is expected to stay the same. There were no significant price fluctuations and if present, they would be passed to the customers.
- Company expects good growth in Butyl Phenol.
- Good performance recorded for customized product portfolio with niche products and low volumes, for FY24 company anticipates contribution from these products to be ~INR 1,750 Mn.

Revenue Contribution for Q1FY24: -
IBB: 20%
ATBS: 40
Butyl Phenol: 17%
Remaining from other products.

CAPEX
- For VOPL, Company has CAPEX plans of INR 2,600 Mn for manufacturing, iso-aniline derivatives, anisole, and more which are used in polymerization inhibitors, pesticides, pharmaceuticals, and more.
- New ATBS line to be completed by the end of FY24. This line would be increasing the capacity to 60,000 MTPA (Vs 40,000 MTPA currently).
- 11 MW solar power plant to be commissioned in September'23 to reduce energy costs further

Other Highlights
- Currently, the R&D pipeline consists of niche low-volume and high-value antioxidants.

Guidance
Q2FY24 is expected to be similar to Q1. Company expects ATBS demand to normalize in H2FY24. Revenue potential for butyl phenol and antioxidants combined is estimated to be ~INR 10 Bn with 15-20% EBITDA margin. The company has a strong outlook for 5-10 years for ATBS demand from the oil and gas segment based on confirmed contracts with customers. If the amalgamation is successful, management guides for a topline of INR 20 Bn for FY24 and expects it to grow by 20% YoY for FY25, the anti-oxidants vertical is expected to contribute ~INR 1.5 Bn to the topline in FY24 and 3 Bn in FY25.

Styrenix Performance Materials Ltd – Q1FY24 Concall KTAs
CMP: INR 1,032 | Market Cap: INR 18,148 Mn

RM prices have bottomed out and are on an upward trend. Inventory shocks have been dealt with and will not be affecting performance going forward.

Performance
- Revenue from operations stands at INR 5,437 Mn (-12% QoQ,-16% YoY).
- EBITDA arrived at of INR 509 Mn (-23% QoQ, -58% YoY).
- EBITDA Margin stands at 9% (-139 bps QoQ, -919 bps YoY).
- PBT arrived at INR 432 Mn (-26% QoQ, -63% YoY).
- PAT stands at INR 324 Mn (-24% QoQ, -63% YoY).
- PAT Margin arrived at 6% (-93 bps QoQ, -739 bps YoY).

- Profitability during the quarter was affected by drop in all major RM prices by ~10%.

- Total production volumes during the quarter arrived at 43,193 MT (+2% QoQ, +25% YoY).

- With de-bottlenecking, company aims to improve volumes to 1 lakh tons for ABS and 70,000 tons for polystyrene.

- Also, in rubber grafting, company has undertaken de-bottlenecking operation which has led to higher volumes MoM.

- In PS, the company is shifting to OEM for better realizations.

- Sales for polystyrene were low because of seasonality and is expected to pick up in H2FY24.

- Due to significant price drops company has recorded inventory loss of ~INR 180 Mn. (RM and Finished Goods).

- Currently, company is only selling in India for now as it realizes better margins being the preferred supplier.

- Spread between ABS and polystyrene is expected to be 70:30 going forward. Currently, the demand for specialized ABS in India markets is ~3 lakh tons and growing at 9%.

Guidance

The management believes it has more room to grow in India and capture larger demand domestically before looking at exports. The company believes that the RM prices have bottomed out and are on an upward trend but still lower than previous levels also, inventory shocks have been dealt with and will not be affecting performance going forward, hence management expects EBITDA margins to normalize and aims to reach 15%.

India Glycols Ltd - Q1FY24 Concall KTAs
India Glycols Ltd | CMP: INR 681 | Mcap: INR 21,084 Mn

RM Prices
- Despite an increase in ethanol prices, the company was able to improve margins due commissioning of its grain-based ethanol which was completely used for internal consumption reducing the RM costs.
- The company is witnessing a softening in ethanol prices for the past 1.5 months but is unsure of the trend going forward due to volatility.
- The packaging costs are stable now and are expected to remain the same.

Capex
- Currently, the company is operating at 100% capacity.
- The company has a Capex plan of ~INR 160cr for expanding the grain capacity in Kashipur to 500 KLPD (vs 300 KLPD currently).
- The NSU project is expected to be commissioned by the end of the year.

Bio-based specialties and performance chemicals(BSPC)
- The company has discontinued low-margin products which lowered sales.

Potable Spirits
- The company was able to recover margins in the segment due to better RM pricing and packaging costs.

Ennature Biopharma
- Nicotine capacity at Kashipur has been doubled.
- The margins suffered due to nicotine sales pressure from international markets.
- Blended nutraceuticals like Ginger and Curcumin are seeing good traction in US markets.

FCI Ban
- The FCI has stopped the supplies of grain ENAs to distilleries.
- The company reports no shortage in grain supply and believes this to be a temporary hold.
- The government blending program of ethanol is progressing as planned.
- As per the management, the increase in prices of grains from INR 21.5 – INR 22 to INR 24.5 was offset by the government increasing ethanol prices by INR 4.75 to INR 60.

Pipeline
- Currently, there are 30 products in the pipeline out of which pilot plant and sampling has been completed on more than half of them.

Other Highlights
- On the premiumization front, the company's premium vodka is available across 4 states i.e., Delhi, Uttarakhand, UP, and Rajasthan. 2 more states are currently in the pipeline.
- The company is bullish on country liquor as it is recording ~25% MoM growth in volumes after the opening of the Uttarakhand market.
- The company received INR 24.8cr for selling its stake in its subsidiary Shakumbari Sugar and Allied Industries Limited (SSAIL).
- Net debtstands at INR 650cr.
- The cost of funds is at 9.2%.

Gujarat Fluorochemicals Ltd – Q1FY24 Concall KTAs
CMP: INR 2,788 | Market Cap: INR 306.2 Bn

With Q2FY24 coming up similar to Q1, the company expects an uptake in the business environment from Q3FY24, guiding for a better H2FY24 due normalization in inventory de-stocking.

Performance

- Revenue from operations stands at INR 12,092 Mn (-18%QoQ, -9% YoY).
- EBITDA arrived at of INR 3,479 Mn (-34%QoQ, -24% YoY).
- EBITDA Margin stands at 29% (-720 bps QoQ, -563 bps YoY).
- PBT arrived at INR 2,689 Mn (-40%QoQ, -34% YoY).
- PAT stands at INR 2,011 Mn (-39%QoQ, -34% YoY)
- PAT Margin stands at 16.6% (-592 bps QoQ, -611 bps YoY).

Segments

Bulk Chemicals

- Revenues for the segment arrived at INR 1,670 Mn (-30% QoQ, -43% YoY).
- The company recorded weakness in prices for Caustic soda and Methylene Di Chloride (MDC) due to lower demand and overcapacity as plants were operating at full capacity.

Fluorochemicals

- Revenues for the segment arrived at INR 3,310 Mn (-30% QoQ, -0% YoY).
- Refrigerant volumes and prices were affected due to weak summers in domestic and international markets.
- The company expects an uptake in demand in H2FY24 which will cater to the requirements of next year.

Fluoropolymers

- Revenues for the segment arrived at INR 6,740 Mn (-7% QoQ, -2% YoY).
- Despite ongoing destocking, the company has been able to maintain prices and anticipates price improvement paired with volume growth as the impact of destocking reduces.
- In fluoropolymers, the company has not faced much impact from China in most grades as it deals in very high grades but in PVDFs, there is excess supply and pricing pressure from China.

Wind Power Project

- The company has secured approvals for 3 of the potential 8 wind pockets, the remaining 5 approvals are expected to come in Q2FY24.
- Post receiving approvals, the company plans to set up the windows in 6 months.

PVDF Solar Film Project

- This plant is 1st of its kind in India and is expected to be commissioned in FY25, catering to both domestic and international markets.

CAPEX

- CAPEX spends are expected to be ~INR 15 Bn for FY24 but some might be incurred in next year.

Other Highlights

- For battery chemicals, both salt and electrolyte plants are in an advanced stage of commissioning, and are expected to come online by the end of Q2FY24, the company anticipates revenues from this segment in FY25.
- Due to a slowdown in the EV segment, the approvals for the battery-grade PVDFs have been slowed but the company expects to get all approvals by Q3FY24.
- Due to the slowdown in refrigerants globally, the company has halted its plan to set up an R32 plant.
- The company plans to shift most of its fluoropolymers to the NFS category by end of FY24.

Guidance

The company anticipates Q2FY24 to be like Q1FY24. From customer interaction, the company expects H2FY24 to be better with the business environment picking up in Q3FY24. The company anticipates a buildup in the Indian EV market from 2025. EBITDA margin for FY24 is expected to be 28-33%.

Paradeep Phosphates Ltd – Q1FY24 Concall KTAs
CMP: INR 65 | Market Cap: INR 52,860 Mn

Performance
• Revenue from operations stands at INR 30.54 Bn (-16%QoQ, +25% YoY).
• EBITDA arrived at loss of INR (380) Mn (Vs INR 906 Mn in Q4FY23, INR 1,572 Mn in Q1FY23).
• Loss before tax arrived at INR (1,587) Mn (Vs INR 300 Mn in Q4FY23, INR 847 Mn in Q1FY23).
• Loss for the quarter stands at INR (1,194) Mn (Vs INR 94 Mn in Q4FY23, INR 633 Mn in Q1FY23)

Q1FY24 Volumes
• Total Fertilizers: 621,824 MT (+81% YoY)
• DAP: 242,319 MT(+90% YoY)
• N-20: 127,664 MT (+18% YoY)
• Other NPKs: 90,483 MT (+87% YoY)
• EBITDA arrived at INR 5,000 per MT in Q1.

Subsidy Adjustment
• The EBITDA during Q1FY24 was impacted by the one-time subsidy adjustment of INR 3.05 Bn, without which the EBITDA would be INR 2,660 Mn.
• This was due to the government withdrawing fertilizer subsidy for 1st January to 31st March and now all the adjustments are done as per the management.

CAPEX
• At Paradeep, the phosphoric acid capacity expansion to 0.5 MMTPA (previously 0.3 MMTPA) has been completed with commissioning expected in August. Benefits of expansion are anticipated from Q2FY24.
• The company plans to increase overall production volumes to 3 MMTPA by FY24.
• As a part of backward integration, the company plans to increase the sulphuric acid capacity from 1.39 MMTPA to 2 MMTPA over the next 2 years costing INR 32.5 Bn.
• The efficiency improvement at the Goa site is expected to cost ~INR 820 Mn which will be capitalized by the end of year.

Other Highlights
• Both Goa and Paradeep sites are operating at optimal capacity. The Goa site produces unique NPK grades like N-19 and N-24 which have higher contributions than traditional DAP.
• INR 700 Mn worth of inventory was carried forward from Q1FY24.
• In Q1FY24, phosphoric acid prices reduced to ~$970 per MT (previously $1,070 per MT) with further reduction expected in Q2.
• The company anticipates a reduction in borrowings to ~INR 45 Bn (Vs INR 53.85 Bn in Q1FY24) by end of the year.
• The subsidy received in Q1FY24 arrived at INR 45.43 Bn.

Guidance
With the onset of monsoons, favorable crop prices, and stable commodity prices globally, the company has a positive outlook for future growth. Even though there is a shortage of ammonia due to limited supply, the company believes it will benefit from the higher prices based on its long-term contracts with vendors. The company guides for an EBITDA of INR 5,000-6,000 per MT going forward. Also, the company plans to add Nano DAP and Nano Urea to its product portfolio in H2FY24.

Supriya Lifescience Ltd – Q1FY24 Concall KTAs
CMP: INR 281 | Market Cap: INR 22.67 Bn

Performance
• Revenue from operations stands at INR 1,320 Mn (-7%QoQ, +30% YoY).
• EBITDA arrived at INR 444 Mn (-19% QoQ, +42% YoY) with an EBITDA margin of 33%.
• PBT stands at INR 426 Mn (-20% QoQ, +41% YoY).
• PAT stands at INR 285 Mn (-25% QoQ, +13% YoY)
• PAT margin arrived at 21% (Vs 27% QoQ) (Vs 25% YoY).

New CDMO Opportunities
• The company received the sole rights as a manufacturing and marketing partner of Io Protein in India which is a patented product of Plasma Nutrition (a US-based company).
• The product will be manufactured at the company's USFDA-approved facility.
• Given the increase in whey protein demand in India, this can be a large opportunity that can potentially change the protein landscape in India.
• Also, the company has signed a 10-year CDMO contract for the exclusive supply of API with a European company. The deal is expected to generate revenue of INR 400 Mn per year from FY27.

Chinese Market
• The company is witnessing traction in volume recovery in the Chinese markets but the pricing pressure still prevails.
• The company has signed 2-year contracts with distributors in China and is sold out in terms of API orders for CY24.
• The demand for intermediates and APIs in Chinese markets is starting to pick up along with the demand for registering formulations in China.
• The company can supply only 45MT to the Chinese markets due to anti-dumping law.
• The US and Europe markets are shifting their imports from China, creating opportunities for Indian companies
• The company has 6 molecules in the pipeline which are to be registered in China.

CAPEX
• The company anticipates CAPEX INR 700-900 Mn out of which some will be carried out this year and the remainder in the next FY.
• Another production block is being set up at Lote plant, adding 400 KL capacity to the existing 550 KL, expected to be completed by the end of FY24.
• The company is adding a new manufacturing block with a capacity of 70-100 KL in Ambernath.
• Also, a new multi-product facility with an R&D facility is being set up at Ambernath.
• Total capacity is expected to reach 900 KL (vs 597 KL currently) by Q4FY24.

Other Highlights
• Capacity utilization at the Lote plant is at 70%, which is the most optimum utilization achievable.
• The company recorded good momentum in anti-histamines, analgesics, vitamins, anesthetics, and anti-asthmatic.
• The company recorded good traction in regulated markets such as North America which grew to 9% (vs 5% in Q4FY23).
• The company has commissioned a new R&D lab at Lote Parshuram for new product development and CMO/CDMO opportunities.
• New manufacturing block (Capacity: 70 KL) is under construction in Ambernath which is expected to be completed in Q3FY24.
• Current inventory stands at INR 1.15 Bn.

Ami Organics Ltd – Q1FY24 Concall KTAs
CMP: INR 1,245 | Market Cap: INR 45,364 Mn

Performance
- Revenue from operations stands at INR 1,423 Mn (-24% QoQ, +9% YoY).
- EBITDA arrived at of INR 253 Mn (-38% QoQ, +11% YoY).
- EBITDA Margin stands at 18% (-409 bps QoQ, +32 bps YoY).
- PBT arrived at INR 225 Mn (-39% QoQ, +11% YoY).
- PAT stands at INR 168 Mn (-38% QoQ, +13% YoY).
- PAT Margin arrived at 12% (-273bps QoQ, +50bps YoY).

Advance Intermediates
- Revenues for quarter arrived at INR 1,153 Mn (+5% YoY).
- For the 10 year Fermion contract, company expects production to start from Q4FY24 as the company has received commercial orders for supply in Q4FY24.
- The pharmaceutical intermediate business grew by 5% during Q1 FY 24.
- The slower growth was due to sluggish demand in the export market which was balanced by robust demand in the domestic market.
- Margins for the segment stand at 20% and company aims to expand margins by 50-1000 bps YoY.

Specialty Chemicals
- Revenues for quarter arrived at INR 270 Mn (+25% YoY).
- Company has recorded strong volume traction in Methyl Salicylate.
- Margins for the segment stand at 11% and the company aims to expand it to 18-19%.
- Company is facing headwinds from international markets, especially China.
- Company plans to introduce new high-margin products.

CAPEX
- The company has approved CAPEX of INR 1.9 Bn to establish a brownfield plant in Ankleshwar to improve the capacity of advanced pharmaceutical intermediates.

Other Highlights
- Ami Organics is the first Indian and global company outside China to develop a core electrolyte additive, the sample has been approved by 6 customers and the company is in advanced stages of signing contracts with some customers.
- Out of the total revenue, domestic business contributed 63% while export business contributed 37%, lower exports was attributed to switching by customers for API supplier to India, hence that revenue was accounted for in domestic share. Overall margins were affected by a drop in domestic margins, even lower than exports.
- In the UCargo business, the company expects to sign contracts with customers soon.
- As per the Gujarat Government’s rule minimum wages of the workers are to be increased by 25% for all categories of workers, which has impacted the employee cost during the quarter. For the quarter employee costs were at INR 136 Mn (+16% YoY).
- Cash balance stands at INR 280 Mn.

Guidance
Management is confident about achieving strong growth from Q2FY24 paired with an uptrend in EBITDA margin. For FY24, the company guides for 25% revenue growth with more than 21% EBITDA margin. The export share of the business is expected to normalize back at previous levels from H2FY24.

Bodal Chemicals Ltd – Q1FY24 Concall KTAs
CMP: INR 73 | Market Cap: INR 9,138 Mn

Company expects global headwinds to ease starting from H2FY24 and maintains a positive outlook for Chlor alkali business, driven by upgraded technology.

Performance
- Revenue from operations stands at INR 3,324 Mn (-15% QoQ, -28% YoY).
- EBITDA arrived at of INR 222 Mn (-18%QoQ, -55% YoY).
- EBITDA Margin stands at 7% (-23 bps QoQ, -409 bps YoY).
- PBT arrived at INR 31 Mn (-30%QoQ, -89% YoY).
- PAT stands at INR 22 Mn (-21%QoQ, -90% YoY).
- PAT Margin arrived at 0.7% (-6 bps QoQ, -420 bps YoY).

Segments
Dye Intermediates
- Revenues for the segment arrived at INR 933 Mn (-24% YoY).
- Production for the quarter stands at 4,802 MT (+25% YoY)
- 40% of the dye intermediates production is consumed internally for manufacturing dyestuff products, reducing RM costs.
- Reduced market prices of dye intermediate are affecting the margins. The company expects the price effects to continue in the short term and will improve in H2FY24.

Dyestuff
- Revenues for the segment arrived at INR 1,148 Mn (-24% YoY).
- Production for the quarter stands at 4,3,473 MT (-13% YoY)
- Decline in revenues was attributed to poor sequential performance of end application industries like textile, paper, and leather.

Basic Chemicals
- Revenues for the segment arrived at INR 346 Mn (-46% YoY).
- Production for the quarter stands at 56,650 MT (+10% YoY)
- 50% of the production is consumed internally for manufacturing dye intermediates.
- Earlier China was able to aggressively dump in India due to the higher cost of production for Indian manufacturers, but now the situation has improved and production costs are at similar levels and the company is expecting a slowdown in dumping going forward.
- The company has recorded a correction in prices of basic chemicals.

Chlor Alkali
- Revenues for the segment arrived at INR 696 Mn (-22% YoY).
- Production for the quarter stands at 19,506 MT (+1+% YoY). Volume growth was attributed to the recently completed capex in Q1.
- The company faced headwinds during the quarter due to adverse market conditions.

CAPEX
-Trial runs at the Greenfield Saykha project are expected to start from Q3FY24. The plant would be adding Benzene derivatives capacity of ~63,000 MTPA and the cost of the project is estimated at ~ INR 3.2 Bn.
- Company anticipates revenue contribution of ~INR 3.2 Bn with 12-15% EBITDA margins.

Other Highlights
- The company plans to stop production at some of its facilities with low margins to reduce overhead costs by ~INR 20 Mn and expects to see the effects of the same from Q3FY24.
- The company will be getting incentives worth ~INR 180-200 Mn in the coming quarters.

Guidance
The company expects global headwinds to ease starting from H2FY24. It maintains a positive outlook for Chlor alkali, driven by upgraded technology. The company aims at diversifying its portfolio, starting with benzene derivatives, and subsequently undertaking the sulphuric acid project, which is expected to commence once the new facility is streamlined.

Fairchem Organics Ltd – Q1FY24 Concall KTAs
CMP: INR 1,045 | Market Cap: INR 13,607 Mn

Performance
- Revenue from operations stands at INR 1,605 Mn (+6% QoQ, -29% YoY).
- EBITDA arrived at of INR 116 Mn (-40% QoQ, -71% YoY).
- EBITDA Margin stands at 7% (-542 bps QoQ, -1055 bps YoY).
- PBT arrived at INR 82 Mn (-48% QoQ, -77% YoY).
- PAT stands at INR 61 Mn (-48% QoQ, -77% YoY).
- PAT Margin arrived at 4% (-400 bps QoQ, -819 bps YoY).

- Revenue decline was attributed to customers destocking due to price volatility and dumping by China.

Volumes
- Volumes were up 18% QoQ, 3.2% YoY.

New Product
- The company's new product 'Isostearic Acid' has been approved by top companies in Europe, US, and Japan.
- Purchase orders have been received for the product but the company is waiting for stability test results from the customer, post which full-scale commercialization will begin.
- Fairchem Organics is the only company in India and the 5-6th company worldwide to successfully manufacture isostearic acid.
- With commercialization expected in Q3FY24, the company expects the product to generate incremental revenue of ~ INR 250 Mn per quarter with margins better than dimer acid.

Factors lowering EBITDA
- The company incurred a loss of ~INR 20 Mn during the manufacturing trials of isostearic acid.
- Company recorded a sales drop of ~ INR 25 Mn in June which contributed to the loss.
- One-time cost of INR 4.5 Mn to secure REACH compliance for exports to Europe.

Other Highlights
- Company recorded material loss during testing of new product 'Isostearic Acid'.
- Decorative paints and inks contributed ~50% of sales.
- The company will now discontinue the sales of monobasic acid as it will be internally consumed for making isostearic acid.
- Despite the biofuel plant being ready, manufacturing has been halted due to unfavorable price trends. Instead, the plant will be used for manufacturing the new product.

Guidance
Going forward, the company expects margins to improve sequentially but will be focusing on retaining market share at the expense of lower margins if needed. The volumes have picked up in July but pricing pressure continues.

Dhanuka Agritech Ltd – Q1FY24 Concall KTAs
CMP: INR 399 | Market Cap: INR 126.6 Bn

Performance (Consol)
- Revenue from operations stands at INR 3,690 Mn (-0.6%QoQ, -6% YoY).
- EBITDA arrived at INR 436 Mn (-44% QoQ, -15% YoY) with an EBITDA margin of 12%.
- PBT stands at INR 447 Mn (-48% QoQ, -30% YoY).
- PAT stands at INR 329 Mn (-50% QoQ, -33% YoY) with a PAT margin of 9%.

New Products
- The company has introduced new molecules, namely Implode (Maize herbicide), Mesotrax (Maize & Sugarcane herbicide), Defend (insecticide), and 6 other biologic products.
- The company is expecting good volumes and contributions from the new products.
- The revenue contribution of new molecules arrived at 19.6% to the top line.

Segments
- In Q1FY24, the Herbicides segment realized the most sales, contributing 54% (Vs 52% in Q1FY23) due to increased consumption, followed by insecticides at 27% and fungicides at 10% (Vs 11% in Q1FY23).
- In herbicides, the company has collaborated with Japanese partners to launch products like Sakura, Targa Super, and the newly launched Sempra which is targeting niche markets for specific problems in specific crops. This provides a competitive advantage to the company.

Dahej Facility
- The production is expected to start towards the end of August this year, currently in the final trial phase.
- The plant will be producing Bifenthrin Technical with the prospect of Lambda Cyhalothrin Technical.
- The total expected production in FY24 is ~350 MT and annual capacity is ~600 MT.
- Company expects revenue of INR 500 Mn from the 350 MT in FY24.

Other Highlights
- Channel inventories were high at the start of the quarter but from July onwards the consumption at farmer levels has increased, decreasing the channel inventory and increasing demand.
- The company recorded increased returns at ~220 Mn due price drop.
- Currently inventory levels stand at INR 3.95 Bn.
- The company’s products faced demand issues in international markets in Q1FY.
- The company believes that the Chinese prices have now stabilized and anticipates an uptake in their prices.

Guidance
With the onset of monsoons, the company expects volumes to turn around from July with reduced channel inventory. The company believes that prices have now bottomed out for most products and expects a stable price going forward with a possible uptake in Q2FY24 improving margins. For FY24, the company is guiding for double-digit growth in the top line and 200 bps expansion in gross margins, the revenue from exports is expected to be ~ INR 300 Mn.

Management Commentary: https://youtu.be/CGZzffDRM4Q?si=XiHbNxV9Tu2pN2Vf

NOCIL Ltd – Q1FY24 Concall KTAs
CMP: INR 228 | Market Cap: INR 37 Bn
Guidance
The company anticipates overall FY24 performance to be like FY23 and sequential improvement in volumes while maintaining margins. Management believes growth will be led by the demand from tire customers and aims to leverage its active indirect channels in key markets. The company expects price corrections once there is an uptake in consumption in China.

Performance
- Revenue from operations stands at INR 3,966 Mn (+1%QoQ, -22% YoY).
- EBITDA arrived at INR 554 Mn (+12% QoQ, -56% YoY) with an EBITDA margin of 14%.
- PBT stands at INR 471 Mn (+22% QoQ, -47% YoY).
- PAT stands at INR 343 Mn (+21% QoQ, -48% YoY) with a PAT margin of 8.6%.

Volumes
- Overall volumes decreased by 2% QoQ, majorly attributed to lower export volumes.
- There was a decline in export volumes due to inventory destocking but the company recorded an increase in supply to tire customers.
- The volumes of non-latex products grew by ~15% YoY and latex products de-grew by ~56% YoY.
- The volumes of latex products contribution decreased to ~15% of total exports.

Regional Performance
- Domestic markets continue to be robust.
- Asian and American markets are holding up.
- European tire manufacturers are experiencing a demand slowdown.

Other Highlights
- Due to decreased consumption in China markets, Chinese manufacturers are adopting aggressive pricing to penetrate foreign markets.
- Capacity utilization stands at ~65% in Q1FY24.

Navin Fluorine International Ltd – Q1FY24 Concall KTAs
CMP: INR 4,540 | Market Cap: INR 224 Bn

Performance

- Revenue from operations stands at INR 4,911 Mn (-30%QoQ, +24% YoY).
- EBITDA arrived at INR 1,142 Mn (-44% QoQ, +15% YoY) with an EBITDA margin of 23%.
- PBT stands at INR 817 Mn (-56% QoQ, -16% YoY).
- PAT stands at INR 615 Mn (-55% QoQ, -17% YoY).

Specialty Chemicals

- Segment revenue stands at INR 2.3 Bn (+30.6% YoY).
- The company has recorded the highest-ever sales volumes in Q1FY24.

High-Performance Products

- Segment revenue stands at INR 1.69 Bn (+11.2% YoY).
- The R32 plant is in the stabilization phase and sales are expected to start from Q2FY24.
- 4 weeks of production were lost due to the shutdowns of AHF and HFO plants. The plants are back at the pre-shutdown levels and the volumes lost are expected to be recovered in Q2 and Q3 of FY24.
- The company has signed a 7-year contract with Honeywell worth $410 Mn for HPP.
- The demand for R22 has been muted due to the summer, an uptake is expected in Q3FY24.

CDMO

- Segment revenues stand at INR 930 Mn (+33% YoY).
- The company has signed a 3-year deal with Fermion and commercial supply is expected to start from FY26. Currently, the supplies are being made for qualifications with repeat orders being placed for 2 more molecules.

CAPEX

- CAPEX spends of INR 300 Mn in Surat approved.
- The company is expecting a new CAPEX of INR 4.5 Bn in 2 years for improving hydrofluoric acid capacity at Dahej by 40 KTPA.
- The company will be undertaking de-bottlenecking activities which is expected to increase the capacity by 25%.
- Also, the company is setting up a plant that is expected to be ready by end of CY24, this plant will be manufacturing a key molecule that can generate INR 450 Mn topline annually.

Other Highlights

- The company is focusing on late-stage molecules as they will be scaling up faster.
- At Dahej, the Agrochem plant is operating at full capacity for the past 2 quarters while the multi-purpose plant is expected to reach full capacity utilization in CY24.
- One of the high-margin molecules in Surat suffered low volumes in H1CY23, but the company anticipates an increase in demand from Q3.
- The significant drop in other expenses was attributed to one-offs in Q4FY23.
- In FY23, the company fulfilled an order worth $16 Mn for a large biopharma customer, now a repeat order with even high volumes is expected in CY24.

Guidance

The company anticipates growth led by new high-margin molecules and increased volumes. The company has identified several late-stage growth opportunities in the CDMO business and believes to be positioned for continued growth in the segment. The company does not expect significant sales from large customers in the remaining quarters. The production will be ramping up which will improve the operating margins.

Laxmi Organic Industries Ltd – Q1FY24 Concall KTAs
CMP: INR 269 | Market Cap: INR 71.5 Bn

Performance
• Revenue from operations stands at INR 7,335 Mn (-3% YoY).
• EBITDA arrived at INR 773 Mn (+27% QoQ, -23% YoY) with an EBITDA margin of 11%.
• PBT stands negative at INR 557 Mn (+30% QoQ, -36% YoY).
• PAT stands at INR 383 Mn (+58% QoQ, -41% YoY).

Volumes
• The absolute volumes increased by 5% QoQ and 9% YoY.
• Essentials segment (Acetyl Intermediaries): +5% QoQ, 9% YoY
•Specialty segment (Fluorine & Specialty Intermediaries): +6% QoQ, 15% YoY.
• Contribution from the essentials segment stands at 67% while the specialty segment stands at 33% of revenue.

CAPEX
• CAPEX spend at the Lote site is estimated at INR 5,500 Mn with commissioning expected in FY24.
• The company plans to invest ~INR 7.1 Bn over the next 3 years at Dahej site. The plant will be used to manufacture specialties like Diketene and Ketene derivatives and essentials like Esters, Anhydrides, and Aldehydes derivatives. The company has secured customers for both Lote and Dahej projects.

Other Highlights
• The inventory reduced by INR 128 Mn in Q1FY24.
• Top 10 customers contributed 30% of revenues.
•Exports stand at 31% (Vs 38% in Q4FY23) with America and Europe being the major regions while domestic contribution stands at 69% (Vs 62% in Q4FY23).
• Currently, there are 11 products in the pipeline that are in the approval stage.

Guidance
The company has recorded a slowdown in demand in the Europe markets. Despite customers postponing the delivery schedules and implementing the JIT system, the company does not anticipate a decline in demand. The management expects growth rates to normalize and guides for 8-12% EBITDA margins for Essentials and 20-25% EBITDA margins for Specialties along with a combined ROCE of 20%.

Management Commentary: https://youtu.be/S_ZFljd5An0?si=5eWdg6CwAMN_P_62

Coromandel International Ltd – Q1FY24 Concall KTAs | CMP: INR 981 | Market Cap: INR 288 Bn

Performance
• Revenue from operations stands at INR 56.9 Bn (+4% QoQ, -0.6% YoY).
• EBITDA arrived at INR 7 Bn (+76% QoQ, +3.5% YoY) with an EBITDA margin of 12%.
• PBT stands at INR 6.6 Bn (+97% QoQ, -1% YoY).
• PAT stands at INR 4.9 Bn (+100% QoQ, -1% YoY) with PAT margin of 8.6%.

New Product
• In Q1, the company introduced a new non-subsidized product 'Nano DAP', a nanotech-based fertilizer that is expected to be introduced in H2FY24, with the commercialization of the plant.
• The initial capacity is at 20 Mn bottles per annum
• The company believes 50% of the current use of DAP can be replaced with nano DAP.
• The company aims to target northern markets like UP, Punjab, and Haryana where there's excess use of DAP.

Volumes
• DAP and complex fertilizer sales volumes increased by 1%. Production stands at anear full capacity of 9.4 lakh MT.
• The company recorded an 18% volume growth in phosphatic fertilizers.
• The crop protection segment was affected by late monsoons, pricing pressure, and high channel inventories.
• Overall sales volumes during Q1 arrived at 8.6 lakh MT (+18% YoY).
• DAP volumes stood at 10.6 lakh MT (+10% YoY).
• For SSP, the sales volume stands at 1.8 lakh MT (+13% YoY) backed by the freight subsidies from GoI.
• On the exports side, the business has improved with a major increase from the Latin America market.

CAPEX
• The sulfuric acid and desalination plants at Vizag are expected to be commissioned in August this year.
• INR 1000 Mn CAPEX is planned for agrochemicals.
• The company has acquired 50 acres land at Dahej for setting up a large-scale multipurpose plant.

Acquisition
• The company has acquired a 32.6% stake in Dhaksha Unmanned Systems Pvt Ltd., a drone manufacturing startup. They now plan to increase their stake to 51%.
• The drones can be used to spray chemicals effectively on crops among applications in other fields.

Other Highlights
• The subsidy received during the quarter stands at INR 20.69 Bn (Vs INR 1.36 Bn in Q1FY23)
• The drop in revenue on QoQ basis was attributed to falling RM prices and lower fertilizer subsidies.
• The nutrient and allied business segment recorded a 19% QoQ revenue growth.
• Fertilizer consumption in the domestic region in Q1FY24 decreased due to a delay in monsoon which led to a build-up of channel inventory.
• The company has received inquiries from Japanese and European customers for the CDMO business and expects realizations in ~18 months.

Guidance
With the onset of monsoons, the company expects an uptake in agri-input consumptions in Q2FY24. The company is anticipating a correction in the subsidy rates. Going forward the company will be focusing on improving its existing capacities and achieving operational efficiency. By utilizing its current plants, the company plans to launch products in the specialty chemicals segment in Q2FY24.

Management Commentary: https://youtu.be/Q8yOGejVidY?si=yjCAY_W8Xorym-ha

Jubilant Ingrevia Ltd – Q1FY24 Concall KTAs | CMP: INR 423 | Market Cap: INR 67 Bn

Performance

• Revenue from operations stands at INR 10.68 Bn (-5% QoQ, -8% YoY).
• EBITDA arrived at INR 1.18 Bn (+24% QoQ, -18% YoY) with an EBITDA margin of 11%.
• PBT stands at INR 813 Mn (+8% QoQ, -30% YoY).
• PAT stands at INR 575 Mn (+10% QoQ, -27% YoY) with PAT margin of 5.4%.

Specialty Chemical

• Specialty Chemicals and Chemical Intermediates verticals are facing headwinds due to lower demand from the Agrochemical sectors.
• The company is recording an increase in demand from non-Agrochemicals customers for CDMO products and is ramping up production in its newly commissioned plants, anticipating an improvement in capacity utilization.

Nutrition & Health Solutions

• There is an uptake in global demand for niacinamide which resulted in good volume and revenue growth for the company's products on a YoY basis.
• The company plans to set up a new GMP facility for producing cosmetic and food-grade niacinamide.
• The company is close to finalizing the CAPEX for another GMP facility for the food-grade vitamin B4 products.

Chemical Intermediates

• The price drop in Acetic Acid resulted in lower price realizations of Ethyl Acetate and Acetic Anhydride, negatively affecting the revenues.
• The increase in Acetic Anhydride volumes can be attributed to increased demand from the pharma sector and all the 3 plants producing Acetic Anhydride have reached ~80% capacity utilization.
• The company has recorded a decline in demand from the Agrochemical sector as the global pricing pressure is resulting in excess supply and expects the demand trend to continue for some more time.

Lower Agrochemical Sector Demand

• Customers have overstocked on inventory which will take time to liquidate, the company expects the situation to normalize by December.
• Moreover, the poor weather conditions in Brazil, US, and Europe in the past 8 months have deteriorated the demand further.
• The volume decline is ~30%.

CAPEX

• The CAPEX spends during the quarter arrived at INR 1,800 Mn.
• CAPEX worth INR 4,250 Mn is completed and another worth ~INR 4,500 Mn is ongoing. Additional CAPEX of INR 6,000 Mn will come for approval.
• The expected outflow for FY24 is INR 6,000 Mn and for FY25 is INR 5,000 Mn.

Other Highlights

• Net debt stands at INR 4,920 Mn.
• The company has realized lower energy costs due to softening coal prices and is anticipating further reductions.
• The new Diketene plant has reached ~60% capacity utilization with further improvement expected due to an uptake in demand.
• In Q1FY24, the company has approved investments for 2 new value-added Intermediates which will be commercialized this year with plans to approve 4 more by Q3FY24.
• The China dumping is still ongoing which is contributing to overstocking by customers.

• The company is confident about outperforming Chinese firms in the field of Pyridine and its derivatives based on its lower cost advantage.

Guidance

The company believes the nutrition segment to improve sequentially going forward and expects an improvement in performance through its CAPEX plans and better product mix.

Ganesh Benzoplast – Q1FY24 Concall KTAs
CMP INR 167.70 | Market Cap INR 11420 Mn

Financial Highlights:
- On a consolidated basis, the company achieved a total revenue of INR 1219 Mn in Q1FY24 against INR 920 Mn in Q1FY23 (up 33% YoY).
- EBITDA stood at INR 281 Mn in Q1FY24 against INR 214 Mn in Q1FY23.
- PAT stood at INR 155 Mn for the current quarter v/s INR 123 Mn for Q1FY23 (up 26% YoY).
- Basic EPS increased by 21% at INR 2.39.
- The company aims to achieve a PAT increase of 15-20% from existing businesses YoY.

Revenue Segmentation:
- LST Segment: contributed around 67% of the revenue. However, it's important to note that this increase was largely due to the non-recurring inclusion of turnover from the EPC division.
- EPC Division: contributed around INR 200 Mn.
- Rail Logistics: contributed around INR 80 Mn in revenue.

Operational Highlights:
The company has completed the setup of 19 Chemical tanks of about 18,000 KL, which are in full operation, generating revenue.

LPG Terminal Project:
- The company plans to set up a new LPG terminal with a capacity of 48,000 tons.
- The company aims to secure an anchor customer and expects contracts to run for at least 15 years.

Debt & FD
- The Gross Debt stood at around INR 150 Mn and Net Debt at INR 80-90 Mn.
- The interest component is INR 25 Mn.
- The company also has an FD of around INR 400 MN.

Outlook
The company aims to continually increase margins and ensure sustainable growth in line with its internal targets. The company is expected to modify the product mix to increase revenue and optimize throughput to free up tank capacities. There is also a possibility of raising funds through QIP and debt for the new projects.
EBITDA margin is going to improve slowly. Earlier the EBITDA was around 47, 48%, slowly it will go to 51-52%.

Aarti Drugs Q1FY24 Concall Highlights
Aarti Drugs | CMP: INR 603.9 | Mcap: INR 5.59 Bn
Guidance
- As per the company's guidance, in FY24, the EBITDA is projected to be ~15%, and the top line is expected to grow by ~10%, primarily driven by volume growth. In FY25, the topline is forecasted to grow by approximately 13%-14%, with the EBITDA ranging from 15% to 16%.
Revenue and PAT
- Revenues came in at INR 6,617 Mn (-11% QoQ) (+6% YoY)
- EBITDA came in at INR 847 Mn (-10% QoQ) (+26% YoY)
- EBITDA Margins came in at 12.8% (+200 bps YoY) (+10 bps QoQ)
- PAT came in at INR 480 Mn (-15% QoQ) (+34.8% YoY)
- PAT Margins came in at 7.3% (+170 bps YoY) (-30 bps QoQ)
New Capacity
- With the new capacity additions, the total potential revenue is estimated to be approximately INR 10 Bn to INR 12 Bn from both projects. However, it is expected that the initial utilization may be around 30% to 40% in FY '25.
Low Volumes in Q1FY24
- In Q1FY24, there was a sequential decline in volume compared to Q4FY23. The decline was mainly attributed to the export and exchange segment. In Q4FY23, there was significant buying in the antibiotic space in the domestic market, leading to lower sales in March. Additionally, the export market's second segment did not perform well in Q1FY 24, further impacting the overall volume.
Brownfield Expansion Update
- A brownfield expansion project is currently underway and is expected to be completed by the end of August, next month. This expansion is aimed at increasing the company's production capacity and further supporting its growth objectives.
Capex
- The company's maintenance and debottlenecking CapEx typically amount to INR 400 to 500 Mn per annum. For the current year, they aim to complete projects worth INR 2.5 to 3.2 Bn, inclusive of maintenance CapEx. Additionally, there are plans for further expansion in the antidiabetic segment next year.
Backward Integration
- The company is into backward integration for metformin through methylamine-based products. Two products have already been developed, and there are six more in the pipeline.
Raw Material
- Crude prices have a direct or indirect impact on raw material costs.
Imports
- Approximately 40% of the total raw materials used in the company are imported, and the majority of those imports, around 80% to 90%, are sourced from China.
GMP
- The company has recently obtained the GMP certificate from European authorities for its facility.
Outlook
- The company's entry into the dermatologist's product segment and the implementation of backward integration in the H2FY24, coupled with stable input costs, are anticipated to drive margin expansion and enhance profitability. The company has plans for another project related to a time chain product for its dermatology segment. The company's focus on exports allows for better margins compared to the domestic market, where they primarily function as a CMO with restricted margins. The company's current trading multiple is 33.7x based on the trailing 12 months of EPS.

Management Commentary Link: https://youtu.be/EmYfnO4CS_4?si=D2CaLWivr7f8-tO2

Advanced Enzymes Ltd Q1FY24 Concall Highlights

Advanced Enzymes Ltd | CMP: INR 327.6 | Mcap: INR 36.6 Bn | Promoters Holdings: 46.75%

Raw material prices are softening down and have now more or less been stabilized but the company is still experiencing a higher power and fuel cost.

Performance Metrics
- Revenues came in at INR 1,473 Mn (+6 % QoQ) (+22% YoY)
- EBITDA came in at INR 440 Mn (0% QoQ) (+41% YoY)
- EBITDA Margins came in at 30% (-200 bps QoQ) (+400 bps YoY)
- PAT came in at INR 294 Mn (-8% QoQ) (+67% YoY)
- PAT Margins came in at 20% (-300 bps QoQ) (+500 bps YoY)

Debt-Free Company

Human Nutrition
- The company is exploring other online avenues for selling the products through parallel online sales channels.

Animal Nutrition
- The Company is looking to expand its sales and marketing team in USA, MENA, and Asian markets. At the same time, it is targeting to strengthen the geographical reach and distribution network by appointing more distributors in overseas markets.

Probiotics
- The Company is in the process to introduce more probiotic products in Human Nutrition for immunity development, active health food, gut health, and various nutraceutical applications.

Bio Catalysis
- The Company has made significant progress in developing bio catalases for API manufacturers, providing enzymatic-based solutions that are target specific, helping them to save the cost of energy, time, and use of chemicals.
- A couple of products are under the advanced stage of trials at the plant level by the API manufacturers.

Baking
- The Company has seen a positive response post-pandemic. The company is confident to expand in Europe, the Americas, and the Rest of the World to tap the available opportunities by offering a value-based approach in the Baking Industry.

Update on Nashik R&D Centre
- The company is building 100,000 sq. ft. with 5 floors.
- At this point in time the company expects to open the first lab to go on the 15th of September and the company expects the building to complete by the next december

Segmental Revenue
- Human Nutrition: 67% (+23% change YoY) (+13% change QoQ)
- Animal Nutrition: 11% (+1% change YoY) (-23% change QoQ)
- Bio-Processing: 15% (+22% change YoY) (+17% change QoQ), in this segment the food business grew by 26% and the non-food business grew by 6%.
- Specialized Manufacturing: 7% (+50% change YoY) (-14% change QoQ)

Geographical Revenue
- India: 50% (The revenue grew by 34% from Q1FY23)
- Americas: 32% (The revenue increased by 2% from Q1FY23)
- Europe: 4% (The revenue declined by 9% from Q1FY23)
- Asia(ex-India): 8% (The revenue declined by 5% from Q1FY23)
- RoW: 6%

Top 10 Customers
- 26% of revenue in Q1FY24 (vs 30% in Q1FY23 and 26% in Q4FY23)

Outlook

The company is currently trading at a PE multiple of 31.4x based on the trailing 12 months of EPS.

Biocon Ltd Q1FY24 Concall Highlights
Biocon Ltd | CMP: INR 256.45 | Mcap: INR 307.9 Bn

Performance Metrics
- Revenues came in at INR 35,160 Mn (+59% YoY)
- Core EBITDA came in at INR 9,360 Mn (+42% YoY)
- Core EBITDA Margins came in at 28% (-300 bps YoY)
- Net Profit came in at INR 1,010 Mn (+30% YoY)

Biosimilars: Biocon Biologics ltd (BBL)
- Q1FY24 Revenue at INR 20,150 Mn (+106% YoY)
- 7 product launches and five approvals across both Advanced & Emerging Markets.
- The revenues and margins of BBL for the quarter were impacted due to the phasing of the tender business in Emerging Markets and higher rebates for Pegfilgrastim in the U.S., based on legacy contracts with select customers which will normalize in the coming quarters.

New Approvals
- The Company received approval for Vigabatrin tablets and tentative approval for Lenalidomide capsules in the U.S.
- In Europe, approval was obtained for Mycophenolic acid DR tablets.
- The Company also secured new tenders for two formulation products in Europe.

Inspections
- The US FDA conducted a GMP pre-approval inspection of the Oral Solid Dosage facility of BPL in Bengaluru, the outcome of no action indicated in June 2023.
- The Hyderabad API facility, pre-approval was done in May 2023 has received the no action indicated in August 2023.

North America
- BBL launched its fourth biosimilar in the US, Hulio (adalimumab) injection, a biosimilar to Humira, in July 2023.
- Market share
Fulphila : 16%
Semglee +unbranded bGlargine : 12%
Ogivri : 11%
- A large, managed care integrated network has selected the bGlargine as the exclusive long-acting insulin for its members in the U.S. effective July, while another large payor has signed up for their product as the exclusive Insulin Glargine for its formulary, effective January 2024.

Europe
- Market Share
Ogivri : 34% in Poland and 20% in Italy
Hulio : 18% in Germany and 14% in France
Fulphila : 13% in France

Emerging Markets
- During Q1FY24, the Emerging Markets (EMs) business was driven by a steady performance of key products, rh-Insulin, Insulin Glargine, and bTrastuzumab, across many markets.
- The Company also launched two products in the LATAM region and received approvals for four products in five countries.
- Several tenders for bTrastuzumab, bBevacizumab, bPegfilgrastim, and bGlargine were won in some countries in LATAM and AFMET regions.

Syngene
- Q1FY24 revenue at Rs 808 Crore, (+25% YoY)
- In Manufacturing Services, the Company continued to make good progress on the long-term contract for Zoetis.
- Additionally, it acquired a facility from Stelis Biopharma Ltd, which adds 20,000 liters of installed biologics drug substance manufacturing capacity, and a high-speed, commercial scale fill finish unit. This facility is expected to be operational in 2024, following upgrades and re-validation.
- In small molecule manufacturing, it received U.S. Food and Drug Administration (FDA) approval for its commercial manufacturing facility in Mangaluru.
- In Discovery Services, Syngene acquired 17 acres of land in Genome Valley, Hyderabad, to accommodate future growth, and expects to procure statutory clearances for the commencement of construction in 2024.

Capex
- For the next year the company expects $ 80-100 Mn of capex to invest in generics.
- For Syngene the company is planning around $ 85 Mn, where $50 Mn would be for the research business and the rest would be in development and manufacturing.

Outlook
Process validation for the immunosuppressant facility in Vizag and the Peptides facilities in Bengaluru is on track for completion by H1 FY24. The company reiterates the biosimilar guidance on the margin being mid 30's for FY24. The company is currently trading at a PE multiple of 73x based on the trailing 12 months of EPS.

Management Commentary Link: https://youtu.be/3nJtBGI3rfQ?si=AI5mCA3g6hAgdrIl

Cipla Q1FY24 Concall Highlights
Cipla Ltd | CMP: INR 1,079 | Mcap: INR 67.15 Bn | Promoters Holdings: 60.98%

Guidance
The company is expected to file 3 new differentiated products in FY24 and FY25 in North America. The company has also increased the guidance for the EBITDA for FY24 from 22% to 23% (+100 bps).

Performance Matrix
- Revenues came in at INR 63,290 Mn (+17.7% YoY)
- EBITDA came in at INR 14,940 Mn (+30.7% YoY)
- EBITDA Margins came in at 23.6% (+230 bps YoY)
- PAT came in at INR 9,960 Mn (+45.1% YoY)
- PAT Margins came in at 15.7% (+300 bps YoY)

Revenue Mix
- India: INR 27,720 Mn (Sales mix: 44%) (+11.6% YoY)
- North America: INR 18,220 Mn (Sales mix: 29%) (+52% YoY)
- SAGA: INR 7,480 Mn (Sales mix: 12%) (-5% YoY)
- South Africa: INR 5,140 Mn (Sales mix: 12%) (-9.6% YoY)
- International Markets: INR 7,790 Mn (Sales mix: 12%) (+8.3% YoY)
- API: INR 1,360 Mn (Sales mix: 2%) (+0.9% YoY)
- Others: INR 710 Mn (Sales mix: 1%) (+39.7% YoY)

India
- 11.6% YoY growth was mainly factored by growth across branded prescription, trade generics.
- 21 Brands with revenue of more than INR 1,000 Mn and ranked amongst the top 300 IPM brands.
- 23 new products launched in Q1FY24.

North America
- 3 differentiated products undergoing clinical trials, with filings targeted in FY24 & FY25
- 4-5 peptides are expected to be launched and a couple of products are expected to be filed in the next 18 months.

R&D
- Investment of INR 3,490 Mn (as of 5.5% revenue) (+2,700 bps YoY) mainly driven by the continued progress of clinical trials on key pipeline assets.

ANDAs and NDAs
- 161 Approved
- 31 Tentatively approved
- 77 Under approval

Outlook
The company expects the EBITDA of FY24 to be towards 23% (100 bps increase from the last conference call). The company is currently trading at a multiple PE of 28x based on the trailing 12 months of EPS.

Management Commentary Link: https://youtu.be/lE8spgg4uBQ?si=7dYvBPmmdOjEtxCG

Divi's Lab Ltd Q1FY24 Concall Highlights
Divi's Lab Ltd | CMP: INR 3,731.35 | Mcap: INR 990.6 Bn | Promoters Holdings: 51.93%

Management maintained its revenue growth guidance of 18-20% per annum (excluding pharma business) for FY24, but it also said it would review its guidance post Q2. So far, it has not seen a dramatic change in demand or deferment in orders.

Performance Metrics
- Revenues came in at INR 18,590 Mn (-13.4% YoY)
- Material consumed in Q1FY24 is 39% of revenue (vs 42% in Q4FY23)
- This is due to softening in the raw material and change in the product mix.
- PAT came in at INR 3,560 Mn
- PAT Margins came in at 19.15%
- Exports in 86%
- US and Europe's export is 67%
- Generic is 60% of revenue and 40% is Custom synthesis
- Forex gain is INR 30 Mn in Q1FY24 vs INR 560 Mn in Q1FY23.
- Constant Currency Gain is -29%
- Nutraceuticals API revenue for Q1FY24 was INR 1,780 Mn.
- Working Capital is INR 3,890 Mn
- Cash on books is INR 42,080 Mn
- Receivable is INR 17,200 Mn
- Inventory is INR 29,670 Mn
- A dividend of INR 7,960 Mn is scheduled on the 1st week of September 2023.
- Raw material prices exhibited a downward trend and the company anticipates continued stabilization in the upcoming quarter.
- The company states that the custom synthesis business is going well, and can retain margin in the custom synthesis business.

Kakinada Capex
- The unit 3 construction project is advancing well, with an initial investment of INR 15 Bn for phase I, and with scope for further expansion in the future.
- The unit 3 green field project will initially manufacture starting materials of Nutraceuticals API, advanced intermediate, and complex chemistry API, thus freeing unit 1 and 2 facilities for new opportunities for custom synthesis and generic products.
- Initially, when the company planned this project the capex was ~ INR 12 Bn to INR 15 Bn, where ~INR 7 Bn was an immediate capex.
- The company expects the commission of the same in mid of FY25 mostly in H2FY25.

Outlook
The company expects the margins to be ~35% to 40% in FY24. The company is currently trading at a PE multiple of 67x based on the trailing 12 months of EPS.

Dr. Reddy's Laboratories Ltd Q1FY24 Concall Highlights
Dr. Reddy's Laboratories Ltd | CMP: INR 5,475.35 | Mcap: INR 909.53 Bn

Guidance
The company is expecting the overall gross margin to be ~56% to 59%. And the R&D will be progressively growing up from this point. The company anticipates some fluctuations in the growth of the Russian market, but it aims to outperform the market.

Performance Metrics
- Revenues came in at INR 67,384 Mn (+29% YoY) (+7% QoQ)
- Gross Profit came in at INR 39,553 Mn (+52% YoY) (+10% QoQ)
- Gross Margin came in at 58.7% (+880 bps YoY) (+150 bps QoQ)
- EBITDA came in at INR 21,372 Mn (+20.14% YoY) (+31% QoQ)
- EBITDA Margins came in at 31.7% (-240 bps YoY) (+580 bps QoQ)
- PAT came in at INR 14,025 Mn (+18% YoY) (+46% QoQ)
- PAT Margins came in at 20.81% (-196 bps YoY) (+560 bps QoQ)

Revenue Mix
Global Genric:
- North America: INR 31,978 Mn (Sales mix: 47%) (+79% YoY) (+26% QoQ).
- Europe: INR 5,071 Mn (Sales mix: 8%) (+22% YoY) (+2% QoQ).
- India: INR 11,482 Mn (Sales mix: 17%) (-14% YoY) (-11% QoQ).
- Emerging Markets: INR 11,552 Mn (Sales mix: 17%) (+28% YoY) (+4% QoQ).

Pharmaceutical Services and Active Ingredients (PSAI): INR 6,709 Mn (Sales mix: 10%) (-5% YoY) (-14% QoQ).
Others: INR 592 Mn (Sales mix: 1%) (+29% YoY) (-36% QoQ).

North America
- The growth was primarily on account of new product launches, continued momentum in existing products, and favorable forex rates movement partly offset by price erosion.
- Commercialized the generic prescriptions portfolio acquired from Mayne Pharma.

Russia
- Revenue from Russia for Q1FY24 was at INR 5.6 billion (+75% YoY) (+9% QoQ).

PSAI
- Decline was mainly attributable to lower volume pick up by customers for some of their existing products.

R&D
- Expenses in Q1FY24 are at INR 5 Bn (7.4% as of revenue) vs (8.5% as of revenue in Q4FY23) and (8.3% as of revenue in Q1FY23).
- The company is going to increase the R&D for small molecules and biosimilars.

New Products
- In Q1FY24 the company launched six new products in the US and two new in Canada.
- They are expecting to launch 4 more products in the coming quarter in FY24.

Outlook
Company expects that the gross margins are going to ~ 56% to 59%. The company is also expecting near-term volume growth in North America. The company is currently trading at a PE multiple of 19.25x based on the trailing 12 months of EPS.

Eris Lifesciences Ltd Q1FY24 Concall Highlights

Eris Lifesciences Ltd | CMP: 827 INR | Mcap: INR 112.18 Bn | Promoters Holding: 52.86%

Anchored by strategic investments in FY23 and successful Oaknet integration, the company envisions a promising FY24, driven by exciting derma prospects and a strong pipeline of first-in-market combinations developed through proprietary R&D.

Performance Metrics

- Revenues came in at INR 4,666 Mn (+17.1% YoY)
- EBITDA came in at INR 1,697 Mn (+31.4% YoY)
- EBITDA Margins came in at 36.4% (+420 bps YoY)
- PAT came in at INR 936 Mn (+0.6% YoY)
- PAT Margins came in at 20.1% (-330 Mn bps YoY)
- PAT was driven by the impact of Oaknet, Glenmark, and Dr. Reddy's deals on Depreciation, Treasury Income, and Finance cost.

Oaknet

- Successful integration of Oaknet operations into mainstream business achieved in Q1 FY24.
- Despite new team management (Eris field force and stockists), 75% of brand revenue was retained in the first quarter for Glenmark & Reddy's brands.
- Anticipating 100% sales capture from these brands starting Q2 FY24.
- Robust product pipeline with 8-10 launches planned for the year across segments like acne, hair care, emollients, and anti-fungal.
- Entry into the Pediatric Dermatology segment scheduled for Q2 FY24.
- FY24E EBIDTA margin 35% - up from 10% at the time of acquisition and 24% in FY23.

Injectable anti-diabetes business

- Q1 FY24 sales run-rate ramped up to INR 90 Mn
- EBIDTA burn reduced to INR 25 Mn in Q1 FY24
- The company expects to achieve ~INR 500 Mn revenue in FY24.
- MJ's Glargine and Liraglutide completed Ph-III clinical trials, slated for commercial launch in Q4 FY24.

R&D

- Pipeline of 10 combinations in Diabetes, Cardiology & Neurology.
- 4 combinations in clinical trials – expected to be launched in Q3 and Q4 FY24 respectively.
- The company expects a revenue of INR 80 Mn – 100 Mn in the first 12-18 months of the launch of the product.

Capacity Utilisation

- Second manufacturing facility in Gujarat with a capital outlay of INR 2,300+ Mn.
- Capacity utilization ramped up to 14% in June '23; expected to ramp up further through the year.

Organic Growth

- The company had ~400 bps more organic growth than the market growth and is expecting the same for FY24.
- Market is expected to grow by 8%-9%, and the company is expecting to grow organically by 12%-13%.

Other Highlights

- Depreciation for FY24 the company is expecting ~INR 1,600 Mn.
- The company aims to reduce the net debt below INR 4,000 Mn in FY24.
- No Capex, only the routine capex which is the 2%-3% of Gross Block.

Outlook

The company expects an EBITDA margin of ~35% and gross margins ~82% for FY24. FCM and Linagliptin will be relaunching in Q2FY24. The commercialization of Derma block is going to start in Q4 FY24, where the company expects to start delivering margin benefits. The company is expecting some PAT growth this year which was flat for a few quarters and will accelerate in FY25. The company is currently trading at a PE multiple of 29.4x based on the trailing 12 months of EPS.

Management Commentary Link: https://youtu.be/p4uAxP6a92I?si=cdEEAUoKuYqfz1-X

Global Health Ltd (Medanta) Q1FY24 Concall Highlights
Global Health Ltd (Medanta) | CMP: INR 677.6 | Mcap: INR 181.8 Bn
Medanta and DLF to develop ~400 beds super-specialty hospital in Delhi
Further strengthening NCR presence; linking Gurugram and Noida with its new South Delhi facility

Performance Metrics
- Revenues came in at INR 7,730 Mn (+25.2% YoY)
- EBITDA came in at INR 1,993 Mn (+40.7% YoY)
- EBITDA Margins came in at 25.8% (+290 bps YoY)
- PAT came in at INR 1,020 Mn (+127% YoY)
- PAT Margins came in at 13.2% (+370 bps YoY)
- Developing hospital's revenue share increased from 23.4% in Q1 FY23 to 28.9% in Q1 FY24 amounting to INR 2,297 million.
- Developing hospital EBITDA share increased from 22.6% in Q1 FY23 to 31.4% in Q1 FY24 amounting to INR 720 million

Medanta and DLF
- Plan to set up a ~400-bed super specialty hospital in South Delhi
- GHL and DLF to form a new company, both will contribute equity in equal proportion (50:50)
- Medanta will run the hospital and have operational control; DLF will be a strategic investor
- The super specialty hospital will provide cutting-edge medical and surgical interventions in over 20 specialties. The facility will also have a comprehensive cancer care unit
- The new facility will strengthen Medanta's presence taking its bed count to ~2,400 in NCR

Medanta Lucknow Major Updates
- Medanta Lucknow launched Tele-ICU services
- Tie-ups across Jodhpur, Maharajganj and Praygraj cities
- Siemens Varian EDGE Radiosurgery Machine for Radiation Oncology installed in Lucknow facility and operationalized
- Comprehensive Oncology Program launched at Lucknow
- The Lucknow facility aims to increase the bed capacity from 600 to 950 beds and the build-out of that is already underway with respect to further sitting out some of the additional wards and beds in the existing facility.

Beds
- During the quarter, 28 new beds were added at Patna
- Occupied bed days increased by 16.2% y-o-y, with occupancy of 58.1% on increased census bed capacity
- ARPOB grew by 7.1% to INR 63,148 in Q1 FY24 driven by an increase in tariffs at the Gurgaon unit and increase in complex work at Lucknow and a scale-up at Patna
- 28 new beds were added at Patna facility, with this total bed capacity at the group level increased to 2,725 from 2,697 in Q4 FY23

Patients
- In-patients count increased by 19.4% YoY; Out-patients count increased by 17.5% YoY in Q1 FY24
- During the quarter, International Patients Revenue increased by 45% to INR 477 million

Other Highlights
- In-house, OPD Pharmacy business continues to register strong growth. Revenue increased by 43% from INR 186 million in Q1 FY23 to INR 266 million in Q1 FY24 - First multi-service out-of-hospital retail Pharmacy launched at DLF Cyber Park, Gurugram

Outlook

2025E MEDANTA HOSPITAL NOIDA Plan for 550 beds Expected to begin phase I operations with ~300 beds in FY25. The company is currently trading at a PE multiple of 48x based on the trailing 12 months of EPS.

Healthcare Global Enterprise Ltd Q1FY24 Concall Highlights
Healthcare Global Enterprise Ltd | CMP: INR 330.6 | Mcap: INR 46 Bn

Performance Metrics
- Revenues came in at INR 4,606.8 Mn (+4.3% QoQ) (+12.9% YoY)
- EBITDA came in at INR 741.3 Mn (-2.6% QoQ) (+5.2% YoY)
- EBITDA Margins came in at 16.1% (-114 bps QoQ) (-117 bps YoY)
- PAT came in at INR 76.1 Mn (-9.1% QoQ) (+25.8% YoY)
- PAT Margins came in at 1.7% (-24 bps QoQ) (+16 bps YoY)
- In Q1FY24 the net debt is INR 8,519 Mn (Vs in Q4FY23 it was INR 6,999 Mn)
- Matured RoCE improved by 120 bps to 20.2%
- Matured centers ARPOB grew marginally by 2.2% to INR 41,253.

Indore Acquisition
- The company successfully acquired SRG CVCG Hospital in Indore. This comprehensive cancer center features 50-bed facilities, with the potential to scale up to 100 beds in the future.
- The hospital offers a range of medical, surgical, and radiation oncology services, positioning it as a prominent and leading private player in the Indore region's healthcare sector.

Nagpur Acquisition
- The company entered into a Share Purchase agreement with shareholders of NCHRI; Dr. Ajay Mehta & Dr. Suchitra Mehta for the acquisition of Shares in NCHRI
- The company also entered into Partnership Transfer Agreement with Dr. Ajay Mehta in HCG NCHRI Oncology LLP to acquire his partnership interest.
- With this acquisition of NCHRI and HCG NCHRI LLP, the Company can entirely consolidate the business operations in Nagpur, and this would result in a better financial and operating structure

Capex Expenditure
- Matured Centers is INR 326 Mn in Q1FY24 (vs INR 122 Mn in Q1FY23)
- Emerging Centers is INR 10 Mn in Q1FY24 (vs INR 41 Mn in Q1FY23)

On-going Capex
- Ahmedabad – phase II, in Q1FY24 the capex was INR 180 Mn, the expected for FY24 is INR 628 Mn and the total planned capex is INR 852 Mn. It is expected to operate from Q1FY25
- Whitefield(Extension of Bangalore – COE), in Q1FY24 the capex was INR 10 Mn, the expected for FY24 is INR 150 Mn and the total planned capex is INR 250 Mn. It is expected to operate from Q3FY25

COE
- The organization is strategizing to establish three additional Centers of Excellence (COE) in key cities such as Ahmedabad, Mumbai, and Kolkata.
- This expansion is anticipated to facilitate a steady influx of fresh talent.
- While this approach may initially contribute to increased costs related to talent acquisition, it is expected to yield improved operating leverage over the next two to three quarters.

Outlook
The company wants to enter Central India in the future through M&A. Company is focusing on talent acquisition in some new markets which will lead to high employee costs in the coming quarters. Mumbai and Kolkata are yet to EBITDA break even and will continue to add stress on profitability. Both hospitals are will EBIDTA positive by the end of FY2024

Management Commentary Link: https://youtu.be/O_ecx-MMLac?si=zzA7UEPD2rO5-uUU

Hikal Ltd Q1FY24 Concall Highlights
Hikal Ltd | CMP: 303.35 INR | Mcap: INR 37.25 Bn | Promoters Holding: 68.85%

Muted volume, coupled with pricing headwinds and high costs on the customer side impacted the topline and profitability in Q1FY24. The company expects 1-2 quarters for the demand in the pharmaceutical business to return to normal.

Performance Metrics
- Revenues came in at INR 38,800 Mn (-29% QoQ) (+2% YoY)
- EBITDA came in at INR 847 Mn (-43% QoQ) (+122% YoY)
- EBITDA Margins came in at 12.8% (-321 bps QoQ) (+696 bps YoY)
- PAT came in at INR 70 Mn (-81% QoQ) (+177% YoY)
- The company experiences the first quarter dip in numbers each year mainly due to the annual maintenance shutdown.

GPCB Issue
- On 22nd July 2023, the company received communication from Gujarat Pollution Control Board (GPCB) directing the company to seize operations within 15 days from the order date citing certain technical violations.
- The company has responded to the queries raised by the GPCB and the closure notice has been revoked.
- There has been no interruption in production and operations at the site, which continues to operate as normal.

Crop Protection Inventory
- There is a high buildup of channel inventory which is adversely impacting the demand-supply scenario resulting in price erosion.
- The company expects the invented situation to normalize at the end of the year.

CDMO
- The company expects normalization of the CDMO industry towards the end of FY24.
- The company is in the advanced stage of discussion with several global innovator companies.
- The company has 2 products in phase 3 of clinical trials which are progressing as per the plan and are likely to get commercial in the upcoming year.

Other Highlights
- Total long-term debt won’t increase in FY24.
- Capex side the company expects not more than INR 1 Bn to 1.2 Bn in the next three quarters as most of the capex is completed.
- Capacity utilization of pharma is ~70%-75% on the crop side it is slightly lower ~mid 60%, but company expects to reach back 80%-85% in the H2FY24.

Outlook
Raw material cost is softening which is expected to stabilize and improve the margins of Q4FY24, sequentially the company expects the performance to gradually pick up and operating leverage is expected to improve in the H2FY24. The company is currently trading at a PE multiple of 39.7x based on the trailing 12 months of EPS.

IPCA Labs Ltd Q1FY24 Concall Highlights
IPCA Labs Ltd | CMP: INR 906.55 | Mcap: INR 230 Bn

The business is impacted largely due to lower business volumes from Artemisinin, Lomacentine, Artesunate, and Modoquine formulations, which are lower procurement by the global agencies and lower business of Artesunate Injection due to plant shutdown for upgradations of trial Artesunate API section.

The impact of NLEM product price reduction in Q4 FY23 of around 16% on the price control segment was partially offset with the WIP-based price increase taken in Q1 FY24.

Performance Metrics
- Revenues came in at INR 15,875.8 Mn (0% YoY)
- EBITDA came in at INR 2,941.3 Mn (+4% YoY)
- PAT came in at INR 1,628.2 Mn (+14% YoY)
- Domestic formulation business has delivered a growth of almost around 14% for Q1FY24.
- Branded formulation business in Q1 has delivered a growth of around 23%
- API Business in Q1FY24 declined by around 23% mainly due to a significant decline in anti-malarial API.

Artesunate Plant Shutdown
- Lower business of Artesunate Injection due to plant shutdown for upgradations of trial Artesunate API section, which is now operational and it may take around one more month to get its approval from WHO

Unichem Acquisition
- The company's open offer is opening on the 28th of August and will close around by 8th of September.
- All the payments will be made by around the 20th of September.
- The company has started working on which are the products on which the market extensions are possible and the company has started interacting with their team.

International Formulation Business
- Europe has delivered very good growth.
- The company expects the UK will deliver around INR ~1.3 to 1.4 Bn in FY24 vs INR 640 Mn in FY23.
- Good tractions from Australia and New Zealand.
- There might be some decline in South Africa because of some of the tenders the company had lost.
- Canada's business remains muted.
- The company expects Generic Formulation side growth of 7% to 8%.
- In Q1FY24 the company saw a growth of 11% in institutional genetics.

Outlook
The company expects that the company will grow around 10% and the company growth may remain around 12-14% for the domestic business. For industrial branded promotional business, the company expects to grow around 12-14%. The company expects generic business to grow by around 7% to 8%. In the API business, the company sees a decline of around 10% to 12% in the business. The company expects its material cost-to-sales ratio to improve from around 35.5% in FY23 to around, the range of around 31.5% to 32%. The company expects the EBITDA margin for FY24 to be ~19% to 19.5% against 16.22% in FY23. The company is currently trading at a PE multiple of 47x based on the trailing 12 months of EPS

Krsnaa Diagnostics Ltd Q1FY24 Concall Highlights
Krsnaa Diagnostics Ltd | CMP: INR 485.95 | Mcap: INR 15.25 Bn

The esteemed High Court of Rajasthan has ruled in favor of Krsnaa Diagnostics and TCIL, directing both entities to meet the stipulated conditions regarding additional performance security. In line with this judgment, the Authorities are also willing to go ahead with the Agreement and execute the project and no contest remains between the parties.

Debt-Free Company

Guidance
- The company gave guidance of about 30%-35% topline growth in FY24 excluding Rajasthan and margins would maintain the same for FY24.
- The company expects the same growth or higher for FY24.
- The company expects that the Rajasthan facility will add INR 3 Bn in revenue in FY25.
- The company expects a margin of ~25-30% in FY25, mostly around ~28%

Performance Metrics
- Revenues came in at INR 1,396 Mn (+5% QoQ) (+24% YoY)
- EBITDA came in at INR 319 Mn (-9% QoQ) (+13% YoY)
- EBITDA Margins came in at 23% (-300 bps QoQ) (-200 bps YoY)
- PAT came in at INR 169 Mn (-11% QoQ) (+19% YoY)
- PAT Margins came in at 12% (-200 bps QoQ) (-100 bps YoY)
- The impact on EBITDA is due to the ongoing expansion activities due to the various projects underway whose revenue contribution is not commensurate to the expenses being incurred.

Pathology
- In Q1FY24, the company added 6 more digital pathology and 252 pathology collection centers.
- ~200 pathology collection centers will be added in July 2023
- 1 Radiology lab was added in Q1FY24.

Assam
- The company recently executed an agreement for an Assam pathology tender, encompassing 10 labs and 1,256 collection centers.

Other Highlights
- Presently, Krsnaa Diagnostics is poised to deploy 51 CT scan units, 2 MRI machines, establish 168 labs, and set up 3,705 collection centers, all under various contractual agreements.
- The revenue mix currently is 30% private and 70% Government.

Outlook
The company anticipates a positive trajectory in margins as these centers mature over the upcoming quarters. The core strategy is to set up and operationalize Home Collection Hub and Preventive Health check-up promotion in Two Phases. The company is currently trading at a PE multiple of 23.4x based on the trailing 12 months of EPS.

Management Commentary Link: https://youtu.be/OiTuQfQwR5Q?si=9YV3CKVF1JuDPnVi

Lupin Ltd Q1FY24 Concall Highlights
Lupin Ltd | CMP: 1063.75 INR | Mcap: INR 484 Bn

Performance Metrics
- Revenues came in at INR 48,141 Mn (+8.7% QoQ) (+28.6% YoY)
- EBITDA came in at INR 8,791 Mn (+42.9% QoQ) (+269.5% YoY)
- EBITDA Margins came in at 18.5% (+430 bps QoQ) (+1,190 bps YoY)
- PBT came in at INR 5,588 Mn (+116.2% QoQ) (+24,516.3% YoY)
- PBT Margins came in at 11.8% (+580 bps QoQ) (+2.45 Mn bps YoY)

Spiriva
- Regarding the launch plan for Spiriva in the US, the company is actively preparing for a launch in Q2FY24. The company believes that it will be the sole generic player in the marketplace for Spiriva.

API
- API revenues grew 32% YoY in Q1 FY24 due to core API business growth (INR 3,371 Mn).
- Continued leadership in anti-TB Institutional business and increasing ARV registrations

Pipeline Expansion
- Current pipeline includes 54 FTFs incl. 21 exclusive FTFs
- Substantial investments in Inhalation, Injectables, and Biosimilars pipeline and capabilities (Development and Manufacturing)
- 30+ strong pipeline of Injectables and 22+ strong inhalation pipeline

R&D
- R&D in Q1FY24 is 7.8% of total revenue, and the company expects that the absolute value would remain the same, as a percentage of sales it would come down eventually.

Business Performance
- India's revenue was INR 16,384 Mn (+10% YoY) (+11% QoQ) (35% of revenue)
- North America's revenue was INR 15, 905 Mn (+57% YoY) (+3% QoQ) (34% of revenue)

Other Highlights
- USFDA Inspections Cleared: Successful Nagpur OSD inspection and EIR for Pithampur Unit 2.
- Continued strength in Q1FY24 with FTF Darunavir launch and Spiriva approval.

Outlook
The company is positive on the 18% exit rate for FY24 mainly driven by Spiriva and At the end of this fiscal year, the company anticipates potential upside opportunities with products like Mirabegron, depending on the outcome of ongoing litigation. Material improvement is expected in the rest of this fiscal year, driven by the launch of Tiotropium and other new products in the US, coupled with the Salesforce expansion in India, which is anticipated to yield expected productivity from Q2 onwards. The company is currently trading at a PE multiple of 50x based on the trailing 12 months of EPS.

Natco Pharma Ltd Q1FY24 Concall Highlights
Natco Pharma Ltd | CMP: INR 875.35 | Mcap: INR 160 Bn

The company is planning to expand its business in other countries, (4-5 countries), they have started with the UK acquisitions by purchasing assets and are planning to set in Colombia, and Indonesia also they have already spoken and the company might expand in 1-2 countries.

Performance Metrics
- Revenues came in at INR 11,602 Mn (vs INR 9,189 Mn in Q1FY23)
- EBITDA came in at INR 5,477 Mn (vs INR 4,296 Mn in Q1FY23)
- EBITDA Margins came in at 47.2% (+40 bps YoY)
- PAT came in at INR 4,203 Mn (vs INR 3,204 Mn in Q1FY23)
- PAT Margins came in at 36.2% (+130 bps YoY)
- The company had made a provision of INR 510 Mn towards pending patent infringement litigation cases for its products in India.
- The company also incurred a one-time special incentive for employees of INR 170 Mn.

Acquisitions
- The company is looking for acquisitions, both in India and outside India to expand the business in the Front end.
- Recently the company announced in the UK, they are buying a company, hence they are doing an asset purchase of that company.
- After buyback and dividend they still have INR 13,860 Mn cash vs INR 1,040 Mn debt.

Organic Business
- The company will be launching 15-20 products.
- The Oncology segment performed very well in Q1FY24.
- The company has a couple of very first-time generics in India especially in the oncology pipeline.

Crop Health Sciences (CHS)
- Q2FY24 will be better than Q1FY24 in CHS segment
- The company targets INR 1.5 Bn to INR 2 Bn in FY24
- The company also has plans to expand its reach in Maharashtra in the CHS segment.

Capacity Utilization
- The company mainly operates in 60%-65% of capacity utilization, as their portfolio is very niche.

Outlook
The company believes that Q2FY24 will be good similar to Q1FY24, whereas Q3FY24 will be slowdown but Q4FY24 will again pick up. The company expects a 10%-15% growth in the core business. The company is currently trading at a PE multiple of 19.5x based on the trailing 12 months of EPS.

Sigachi Industries Ltd Q1FY24 Concall Highlights
Sigachi Industries Ltd | CMP: INR 342.35 | Mcap: INR 10.5 Bn

Performance Metrics (Consol)
- Revenues came in at INR 847 Mn (+17% QoQ) (+8.2% YoY)
- EBITDA came in at INR 164 Mn (+34.4% QoQ) (+0.6% YoY)
- EBITDA Margins came in at 19.36% (+2,518 bps QoQ) (-146 bps YoY)
- PAT came in at INR 109 Mn (+49.3% QoQ) (-14.8% YoY)
- PAT Margins came in at 12.87% (+279 bps QoQ) (-348 bps YoY)

MCC Business
- Revenue growth was driven by ~10% growth in realizations and 3% growth in volumes on a YOY basis in MCC business.
- Capex at Gujarat facilities for MCC to the extent of around 7,000 MTPA will be added by the end of Q2FY24 which would contribute to incremental revenue.

Capex
- Total capex is INR 2,870 Mn from that INR 1,600 Mn is for the API acquisition and expansion.
- INR 500 Mn is for the Dahej expansion for upgrading the capacity, and in Hyderabad, the company is increasing the capacity for which the company has allocated INR 221 Mn.
- Working Capital is INR 300 Mn and for general corporate purchase the company has allocated INR 250 Mn.

Trimax Bio Science Acquisition
- Sigachi Industries will also acquire 2,88,00,000 equity shares of Trimax BioSciences (located at Raichur, 8.4 Acres of land) for INR 1 Bn, constituting 80 percent of the paid-up equity share capital of the company.
- Initially, the valuation was decided at ~ INR 1.5 Bn but after the negotiations, they came to an agreement of ~INR 1.25 Bn where the INR 1 Bn has been paid and the rest INR 250 Mn in the next three years.
- Currently, the capacity is of 92KEL and there is the possibility of expansion up to 540KEL, which would be gradually expanded but immediately the company had to pump in INR 600 Mn.
- Production and R&D will be continued by the existing and the rest would be decided by the Sigachi industries later on.
- With current capacity the company is expecting sales of ~INR 600 Mn in FY24.
- On a full capacity basis this facility will generate around INR 900 – 1,000 Mn.
- Initially, the company is expecting ~20% EBITDA margins, and once it reached the regulated market the EBITDA margins would be ~25%.

Outlook
The company focus is on a high-margin-yielding product mix and cost-effective manufacturing processes, effective management of inventory to improve EBITDA and Profitability. The company expects ~25% of growth in revenue in FY24. The company is currently trading at a PE multiple of 25x based on the trailing 12 months of EPS.

SMS Pharma Ltd Q1FY24 Concall Highlights
SMS Pharma Ltd | CMP: INR 129.75 | Mcap: INR 11 Bn

Performance Metrics
- Revenues came in at INR 1,353 Mn (-9.4% QoQ) (+110.2% YoY)
- EBITDA came in at INR 262 Mn (+12.7% QoQ) (vs INR -8 Mn in Q1FY23)
- EBITDA Margins came in at 19.4% (+380 bps QoQ) (vs -1.2% in Q1FY23)
- PAT came in at INR 93.5 Mn (+50.6% QoQ) (vs -10.2% in Q1FY23)
- PAT Margins came in at 6.5% (+112 bps QoQ) (vs -15.8% in Q1FY23)

Revenue Breakup
- 97.8% is from API (INR 1,324 Mn) and 2.2% is from Intermediates and others (INR 29.4Mn).
- 85% is domestic and 15% is exported.

Backward Integration
- 80% of the intermediates are consumed by the API in-house business.
- Low dependency on China for raw material sourcing (~10% of the raw material sourced from China)

Vertical Integration
- Vertically integrated through VKT Pharmaceuticals Pvt. Ltd. - An Associate company.
- VKT Pharma Private Limited is engaged in the manufacture of formulations & semi-finished formulations viz. pellets.
- The company has ~35-40 API products but they are very well vertically integrated, hence giving an upper edge in competition.

Other Highlights
- The company has no plan for major capex for FY24.
- Currently, the capacity utilization is 50%-55% where the company aims to have 75%-80%.
- Developed an innovative path to recycle methyl mercaptan gas into useful solvent DMSO in Ranitidine with a goal of environment protection; received the Indo-US GCNC award for this successful achievement.
- Over 80+ DMFs filed; over 30 process patents filed.

Outlook
The company is expecting a 15% to 20% growth from FY23 in the top and bottom lines. The company expects that the margins are going to stabilize at this level. The company is also expecting a ~18% - 19% in ROCE. The company is currently trading at a PE multiple of 64x based on the trailing 12 months of EPS.

Strides Pharma Science Ltd Q1FY24 Concall Highlights
Strides Pharma Science Ltd | CMP: INR 446.25 | Mcap: INR 40.25 Bn
Performance Metrics
- Revenues came in at INR 9,320 Mn (-6% QoQ) (-1% YoY)
- EBITDA came in at INR 1,686 Mn (+6% QoQ) (+156.6% YoY)
- EBITDA Margins came in at 18.1% (+200 bps QoQ) (+1,110 bps YoY)
- Adjusted PAT came in at INR 295 Mn.

US Performance Metrics
- Revenue came in at INR 4,699 Mn ($57 Mn) (-8% QoQ) (+32% YoY).
- In Q1FY24 the company launched 2 products.
- 280+ ANDAs with 260+ approvals.
- Calibrated portfolio expansion with ~15 new launches annually.

Other Regulated Markets Performance Metrics
- Revenue came in at INR 2,873 Mn ($35 Mn) (-14% QoQ) (+15% YoY).
- Other Regulated markets comprise front-end business in UK & Nordic and partnership business in Europe, Australia, and Canada.

Growth Market Performance Metrics
- In Q1FY24 the revenue came in at INR 778 Mn ($9 Mn) (-12% QoQ) (-24% YoY).
- Growth Markets comprise Brands in Africa, South Africa, and new geographies of LATAM, MENA, CIS, and APAC.
- This business was reorganized in Q1FY23 with a focus on profitability, discontinuing unprofitable product lines, and seeding new markets.

Access Market Performance Metrics
- In Q1FY24 the revenue came in at INR 970 Mn ($12 Mn) (+70% QoQ) (-27%YoY).
- As the new tender off-take for antiretrovirals has started, the access markets returned to growth. The company has a strong order book for Q2FY24.

Stelis Biopharma and Syngene Deal Update
- In Q1FY24 stelis closed MSAs of $25Mn, signed a drug substance contract with a top 10 pharma company, and started commercial supplies for its first partnered product.
- In Q1FY24, four new partners have been added to our total unique clientele of 15.
- The Company also made its first commercial shipment.
- The company expects the breaks even on EBITDA in the H2FY24 as most CSAs commence in H2.
- In FY25, Stelis will have a positive PAT.
- On July 4, 2023, Stelis entered into a binding term sheet with Syngene International Limited (Syngene) to divest its multi-modal manufacturing facility at Bommasandra Industrial Area, Bengaluru, India (Unit 3 facility).
- Syngene shall acquire Unit 3 on a slump sale basis for a gross value of INR 7,020 Mn.
- As the transaction with Syngene approaches closing, Stelis would use the proceeds to reduce its debt and restore its balance sheet strength.
- Stelis anticipates its External debt will decrease from ~INR 7,400 Mn in March 2023 to about INR 3,000 Mn by the end of FY24.
- The transaction is expected to close in Q3FY24.

CDMO
- The company combines CDMO under Strides which was before under the promoters of strides.
- In FY24, the first year, has received $150 Mn of orders in CDMO business.

Outlook
The company has guided for a less than 3x Debt/EBITDA (Exit run-rate) ratio. Q1FY24 Performance is in line with the historical trend and the company expects to scale up in H2. In FY24, the company provided guidance for US revenue to be ~$240-245 million, with the majority of the growth expected to occur in H2FY24. The company is currently trading at a PE multiple of 33.7x based on the trailing 12 months of EPS.
Management Commentary Link: https://youtu.be/AFXDdapThtM?si=UxZf2HU5AMq3WSTQ

Sun Pharmaceuticals Ltd Q1FY24 Concall Highlights
Sun Pharmaceuticals India Ltd | CMP: INR 1,130.25 | Mcap: INR 2.7 Tn
The company's specialty business has not performed relatively well, the stock is likely to face pressure at high levels.
Guidance
The Mohali facility has not yet commenced operations and did not contribute to Q1FY24 results. The company reiterates the guidance from Q4FY23 that the topline is likely to increase in the high single digit, driven by specialty segments, India business, and new product launches. The 'GL0034' has given a good result in weight loss and has completed phase-1. The company is currently trading at a PE multiple of 32.2x based on the trailing 12 months of EPS.

Performance Metrics
- Revenues came in at INR 117,852 Mn (+10.7% YoY)
- EBITDA came in at INR 33,318 Mn (+15.5% YoY)
- EBITDA Margins came in at 27.9% (+110 bps YoY)
- Net Profit came in at INR 20,225 Mn (vs INR 20,609 Mn in Q1FY23)

India Business
- India Formulation sales came in at INR 35,604 Mn (+5.1% YoY)
- Accounted for about 30% of total consolidated sales.
- The company holds 8.3% of the market share.
- In Q1FY24 the company launched 10 new products in the Indian market.

US Formulation (including Taro)
- US Formulation sales came in at US $471 Mn (+12% YoY)
- Accounted for 33% of total consolidated sales.

Taro Performance
- Sales came in at US $ 159 Mn (+1.4% YoY)
- Net profit came in at US $ 10 Mn (-28.9% YoY)

Emerging Markets
- Emerging market Formulation sales came in at US $ 262 Mn (+6.5% YoY)
- Accounted for 18% of total consolidated sales.
- Romania and Brazil have performed well.

RoW Markets
- RoW Formulation sales came in at US $ 195 Mn (+2.6% YoY)
- Accounted for ~14% of total consolidated sales.

API Strategic Strength
- Sales came in at INR 5,396 Mn (-9.9% YoY)

R&D
- R&D investments were at INR 6,796 Mn (vs INR 4,608 Mn in Q1FY23)
- Specialty R&D pipeline includes 5 molecules undergoing clinical trials.
- 518 ANDA-approved products, 98 ANDA filings (including 32 tentative approvals)
- 54 approved NDAs and 13 NDAs awaits.
- In Q1FY24 2 ANDAs were filled.

Global Specialty
- Global Specialty sales came in at US $ 232 Mn (+21% YoY) (16.2% of sales)
- 35.8% of R&D was invested in Global Specialty.

Suven Pharma Ltd Q1FY24 Concall Highlights
Suven Pharma Ltd | CMP: INR 502 | Mcap: INR 127.8 Bn

The current quarter is expected to be softer due to a global de-stocking trend in specialty chemicals and agrochemicals, compounded by withdrawal issues and delayed shipments. However, overall growth prospects remain positive based on forecasts, with discussions ongoing with customers in various aspects for both pharma and specialty chemicals, indicating potential multiple levels of growth ahead.

Performance Metrics
- Revenues came in at INR 3,440.26 Mn (vs INR 3,387.99 Mn in Q1FY23)
- EBITDA came in at INR 1,799.41 Mn (vs INR 1,656.37 Mn in Q1FY23)
- EBITDA Margins came in at 50.82% (+345 bps YoY)
- PAT came in at INR 1,205.9 Mn (vs INR 1,075.42 Mn in Q1FY23)
- PAT Margins came in at 34.06% (+331 bps YoY)

CDMO
- Q1 was driven by the growth in CDMO.
- There many inquiries are coming mainly from the new development molecules which means very early-stage molecules, so it will take time.

Product Launched
- There are two products that are launched, and three more are expected to be launched within the next six months, and about eight are in the pipeline to be filed.
- It takes 12-18 months for the company to get a break-even time.

Capex
- Total capex plan is INR 6 Bn where INR 2 Bn is for the replacement at the Suryapet site, a new block.
- Then another INR 2 Bn for the shifting of the R&D center, if needed from the inside of the ring road to the outside of the ring road.
- And the last INR 2 Bn for pashamylaram addition block if needed.
- Till now INR 1.7 Bn is been invested in Suryapet site, and in Q3FY24 production will start.

Outlook
The company expects that the specialty chemical segment will continue this soft performance in Q2FY24. The company is currently trading at a PE multiple of 30x based on the trailing 12 months of EPS.

Tarsons Product Ltd Q1FY24 Concall Highlights
Tarsons Product Ltd | CMP: INR 561.1 | Mcap: INR 29.8 Bn

Slowdown in the life science industry has resulted in subdued demand for plastic labware products in the Global & Domestic Markets. Margins de-grew on account, Lower absorption of fixed expenses, new product development & marketing, upcoming capacity expansions/manufacturing units, and the one-off expenses.

Performance Metrics
- Revenues came in at INR 625 Mn (-8.7% YoY)
- EBITDA came in at INR 213 Mn (-31.5% YoY)
- EBITDA Margins came in at 34% (-1,140 bps YoY)
- PAT came in at INR 96 Mn (-52.7% YoY)
- PAT Margins came in at 15.3% (-1,430 bps YoY)
- Spilt across Domestic: Export revenues stood at 73:27 for Q1FY24
- Of the total exports revenue; branded products contributed 35% & 65% was contributed by ODM sales in Q1FY24

Financial Updates
- The decline in revenue is primarily attributable to deceleration in the life science sector resulting in decreased demand for plastic labware products, affecting both the international and domestic markets.
- Rs. 2.8 crores one-off expenses in Q1FY24 on account of due diligence charges for a potential inorganic opportunity which did not fructify due to valuation mismatch.
- If the impact of this one-time expense is excluded, the Adjusted EBITDA is INR 241 Mn, with a margin of 38.5%.
- Inventory in the channel still persists and is expected to be liquidated in the next few quarters.
- The company is expecting more increase in employee expense in the last month of Q3FY24 or in Q4FY24, as the company has hired more people as and when expansions keep on going.

Capex

Panchla Plant
- Introducing cell culture and existing products capacity expansion
- Civil Construction is completed
- The first clean room is ready
- Awaiting some machines; already in transit
- The first round of production is expected to start by Q3FY24 Cell culture and other products are estimated to start commercial production in Q4FY24/Q1FY25 in a phased manner

Amta Plant
- Signed the MOU with the Board of Radiation & Isotope Technology (BRIT) for the radiation plant
- Sterile (Radiated) production will reduce dependency on our sole vendor in West Bengal
- Bio-process manufacturing unit: Shift from an existing rented factory to our Amta Plant

Outlook
The company is currently trading at a PE multiple of 44x based on the trailing 12 months of EPS.

Torrent Pharma Ltd Q1FY24 Concall Highlights
Torrent Pharma Ltd | CMP: 972 INR | Mcap: INR 12 Bn
The company expects the India business to continue to outperform the market growth in the coming quarters.

Performance Metrics
- Revenues came in at INR 25,910 Mn (+10% YoY)
- EBITDA came in at INR 7,910 Mn (+11% YoY)
- EBITDA Margins came in at 31% (+100 bps YoY)
- PAT came in at INR 3,780 Mn (+7% YoY)
- PAT Margins came in at 5% (+0 bps YoY)
- R&D Spend was at INR 1,290 Mn (+6% YoY)

India Business
- India revenues at INR1,426 crores grew by 14.5%. Adjusted for the one-time NLEM-related price impact for the quarter, overall growth stand at 16%.
- The Curatio business continues to perform well with 18% growth in Q1, led by the flagship brand Tedibar.
- With the merger approval now in place, the company has been able to accelerate integration in the last few months.
- EBITDA margins of the Curatio portfolio are now 7% higher than pre-acquisition due to operational efficiencies.
- Further incremental margin expansion is looking visible in the coming quarters, while the longer-term margin profile will continue to improve, including leverage.
- PCPM of the Curatio business is now just under INR 5 lakhs compared to INR 3.6 lakhs pre-acquisition, as the company has restructured some divisions to focus more on the top five brands.

Growth Breakup
- As per AIOCD secondary data, Torrent's growth for the quarter was 9% vs IPM growth of 4%.
- Breakup up of 9% is -3% volume growth compared to -4% of the market..
- 7% price growth compared to 5% of the market.
- 4.5% in new product growth compared to 3% of the market.

Shelcal 500 (Consumer Health Division)
- Shelcal 500 has shown positive outcomes in its pilot markets and as a result, the company has now spent the last quarter expanding its distribution and reach to 230 sales reps across the country in order to start our national campaign.
- The company expects the Shelcal 500 national rollout to begin in the coming few months.
- A pilot for Unienzyme has been launched in some of the key states and a campaign for Teddy Bar from the Curatio portfolio is also planned in H2 in the coming year.

Brazil
- In Brazil, the reported growth was lower due to revenues getting recognized in July, owing to a delay in dispatch to one of our largest customers, hence Q2FY24 will have a good growth.
- Of the 7 brands launched in the last 24 months, the company has achieved double-digit market shares in 4 of them.
- In Q1, the company has launched 3 Gabalins and they expect 5 additional launches in the balance of FY24.

Debt
- Net debt to EBITDA till Q1FY24 is 1.38 and for FY24 the company will repay another INR 6 Bn.

Outlook
The company anticipates surpassing market performance with a high single-digit increase and foresees growth in H2FY24. The company is currently trading at a PE multiple of 55x based on the trailing 12 months of EPS.

Vimta Labs Ltd Q1FY24 Concall Highlights
Vimta Labs Ltd | CMP: INR 456.4 | Mcap: INR 10.1 Bn

Performance Metrics
- Revenues came in at INR 841 Mn (+1.9% QoQ) (+5.1% YoY)
- EBITDA came in at INR 252 Mn (+1.6% QoQ) (+1.6% YoY)
- EBITDA Margins came in at 30% (-10 bps QoQ) (-100 bps YoY)
- PAT came in at INR 122 Mn (-3.9% QoQ) (+1.6% YoY)
- PAT Margins came in at 14.5% (-90 bps QoQ) (-50 bps YoY)
- D/E is 0.05x.
- The Gujarat cyclone has had a significant impact on the food and agriculture segment, leading to a decline in revenue.

Capex
- The company has expected the capex for FY24 to be ~ INR 900 Mn.
- Of this, INR 500 Mn will be used for building construction, and ~ INR 400-450 Mn will be used for equipment replacement and upgradation, as well as any new technology investments.
- In Q1FY24 the company's capex was INR 218 Mn.
- The facility for the pharma sector will be ready by the end of this year after that 2-3 months will take for the validation process which would be sequential. This facility would help them with the current capacity constraint.

Other Highlights
- The company is expecting that the employee cost will remain at the same level going forward.
- Growth of the food and agriculture segment is still in double-digit YoY.
- In Q1FY24 ~ 20% - 25% of revenue in exports.
- Working Capital remained stable this quarter.
- The clients in pharma segments are all private entities.
- 60% of the revenue was from the pharma segment where CRO is the main business.

Outlook

The company has targeted to achieve revenue INR 5 Bn by FY25 or FY26. Through that time the company also has guidance that the EBITDA margins would increase by 200 bps. The company is currently trading at a PE multiple of 21.1x based on the trailing 12 months of EPS.

Aurobindo Pharma Ltd– Q1FY24 Concall KTAs
CMP: INR 871 | Market Cap: INR 510 Bn
Management is optimistic on margins for Q2, expecting expansion by 0.5% in near term and guides for 18% EBITDA margin for FY24.

Performance

- Revenue from operations stands at INR 68,505 Mn (+6% QoQ, +10% YoY).
- EBITDA arrived at of INR 11,513 Mn (+15% QoQ, +23% YoY).
- EBITDA Margin stands at 17% (+132 bps QoQ, +179 bps YoY).
- PBT arrived at INR 8,120 Mn (+11% QoQ, +20% YoY).
- PAT stands at INR 5,697 Mn (+13% QoQ, +10% YoY).
- PAT Margin arrived at 8% (+50 bps QoQ, -3 bps YoY).
- Revenues for the formulations business arrived at INR 58,170 Mn (+7% QoQ, +9% YoY), while - revenues for the API business arrived at INR 10,330 Mn (+2% QoQ, 14% YoY).

Europe

- Revenue arrived at INR 18,370 Mn (+11% QoQ, +19% YoY), contributing 27% to the top line.
- Growth in Europe driven by orals, broad product portfolio, and extensive customer coverage allowing the company to gain market share in shortage situations.
- For FY24, company expects the revenues to reach $60-70 Mn but aims for more than $100 Mn.
- EBITDA margins arrived at the mid-teens, the company believes this growth is sustainable and not a one-off.

US Business

- Revenue arrived at INR 33,040 Mn (+9% QoQ, +11% YoY), contributing 48% to the top line.
- The company has recorded sturdy demand for its portfolio and price stabilization.
- During Q1FY24, the company received 19 ANDA approvals and launched 15 products. Company also filed for 12 ANDAs (including 1 injectable).
- Company has launched 15 products including 5 injectables this quarter.

Eugia Pharma Specialties

- Revenues for the business arrived at $90.9 Mn (+2% QoQ, 14% YoY), contributing 15% to the top line.
- Company aims to make Eugia an overall INR 500 Mn entity this year.

Pneumococcal Conjugate Vaccine

- Currently, 2 plus 1 dosing trials are ongoing, company has applied for a manufacturing license and is expecting the same in the coming months.
- The company aims to launch this vaccine in the WHO markets for which it will have to conduct trials on 1000 more subjects to transition from India-only vaccine to other countries.

CAPEX

- CAPEX spends during the quarter arrived at INR 95.3 Mn, including PLI CAPEX which arrived at 34 Mn.
- Company is undertaking de-bottle necking and maintenance activities to improve manufacturing capacity and efficiency.

Other Highlights

- Company has completed licensing for 3 biosimilars out of which 1 is an oncology biosimilar that is expected to be launched this year and the remaining 2 in FY25, driving revenue for the segment.
- PLI incentives accrued during the quarter stand at INR 400 Mn.
- The growth in API segment was attributed to improved demand for key products.
- R&D expense for the quarters arrived at INR 3,876 Mn.
- Commercialization of projects in India and China is expected in Q1FY25.
- Company plans to launch Revlimid in October this year.

Guidance

Management is optimistic on margins for Q2, expecting expansion by 0.5% in near term and guides for 18% EBITDA margin for FY24 (excluding Revlimid). PLI facilities and investments are expected to be completed before April'24.

Glenmark Pharmaceuticals Ltd – Q1FY24 Concall KTAs
CMP: INR 800 | Market Cap: INR 225.8 Bn

Driven by a healthy pipeline, the company expects H2FY24 to be stronger. The company anticipates mid-single-digit growth for the US business based on new product launches and ~30% growth in Europe.

Performance
- Revenue from operations stands at INR 34,016 Mn (+1% QoQ, +23% YoY).
- EBITDA arrived at of INR 6,312 Mn (+4% QoQ, +46% YoY).
- EBITDA Margin stands at 19% (+62bps QoQ, +302bps YoY).
- PBT arrived at INR 3,334 Mn (+168% QoQ, -18% YoY).
- PAT stands at INR 1,731 Mn (+143% QoQ, -18% YoY).
- PAT Margin arrived at 5% (-251 bps YoY).

India
- Revenue arrived at INR 10,643 Mn (+28% QoQ, +3% YoY).
- Company has recorded a slowdown in Respiratory and Anti-Infectives segments.

North America
- Revenue arrived at INR 9,085 Mn (-5% QoQ, +22% YoY).
- During the quarter, company filed 2 ANDAs and plans to file 2-3 applications in coming quarters.
- Company also launched Clindamycin Hydrochloride Capsules.
- Currently there are 50 applications at various stages in the pipeline.
- With price erosions now stabilized, the pricing is in line with market.

Europe
- Revenue arrived at INR 5,732 Mn (-6% QoQ, +74% YoY).
- The high growth in the segment was attributed to uptake in the respiratory portfolio and Soprobec and new launches.

Glenmark Life Sciences (API)
- Revenue arrived at INR 5,785 Mn (+18% YoY).
- Construction of phase 1 at Solapur (200KL capacity) has been started. Capacity of ~500 KL is expected to be operational by FY26.
- Company expects to file for generic Flovent pMDI in FY24, currently in clinical trials.

New Product: Ryaltris
- In Q1FY24, the product was launched Malaysia and Saudi Arabia.
- Company plans to launch the product in other Europe markets in FY24.
- In the US, due to ongoing allergy season, company has recorded strong growth in new and repeat prescriptions.

Ichnos Sciences
- In Q1FY24, company invested INR 1,417 Mn (-26% QoQ, -16% YoY) in Ichnos Sciences.
- In the pipeline, there are 3 active oncology programs underway and are expected to reach an inflection point this year.
- Company is in active discussion for partnerships for ISB 830.

Other Highlights
- CAPEX spends for the quarters arrived at INR 1,275 Mn.
- R&D spends for Q1FY24 arrived at INR 2,838 Mn (8% of sales).
- Glenmark's consumer care business recorded revenue of INR 781 Mn (+21% YoY).
- Net debt stands at INR 29.4 Bn.

Guidance
Driven by a healthy pipeline, the company expects H2FY24 to be stronger. Management has a positive outlook for India business and guides for single-digit growth. The company anticipates mid-single-digit growth for the US business based on new product launches and ~30% growth in Europe. The company aims to file 10-12 ANDAs in FY24.

Shilpa Medicare Ltd– Q1FY24 Concall KTAs
CMP: INR 347 | Market Cap: INR 30,120 Mn

Anticipating favorable operating cash flows and guides for growth based on diverse product portfolio and pipeline.

Performance
- Revenue from operations stands at INR 2,601 Mn (-1% QoQ / -0.4% YoY).
- EBITDA arrived at INR 479 Mn (+25% QoQ / +133% YoY).
- EBITDA margin stands at 18% (+392 bps QoQ, +1055 bps YoY)
- PBT arrived at INR 33 Mn (+178% QoQ / +181% YoY).
- PAT stands at INR 11 Mn (+115% QoQ / +39% YoY).

Formulations
- Revenue for the quarter arrived at INR 918 Mn (+63% QoQ, +33% YoY).
- The company has received USFDA approval for the NDA for Pemetrexed Injection. Launch expected by Q4FY24 in US markets through Amneal Pharma LLC.
- The company has filed for Nilotnib capsules in Europe and the launch is expected in Q2FY24.

API
- Revenue for the quarter arrived at INR 1,656 Mn (-11% QoQ, -12% YoY).
- Company's facility has been upgraded and now offers CDMO services for peptides and polymers, both high products.

Biosimilars
- The company has received authorization for Adalimumab injections in India and the launch is planned in Q2FY24.
- Phase 3 trials for Aflibercept are expected to start from Q3FY24.
- Phase 1 trials for the Recombinant Albumin is expected to be completed by December this year.

CAPEX
- CAPEX spends during Q1FY24, arrived at INR 130 Mn.

Other Highlights
- In Q1FY24, company has filed 2 new DMFs.
- Net debt stands at INR 7,450 Mn (-2.5% QoQ).
- Company has issued NCDs of INR 4.5 Bn to reorganize debt.

Guidance
The company has recorded good leads in the CDMO business. Going forward, the management anticipates favorable operating cash flows and guides for growth based on a diverse product portfolio and pipeline.

Windlas Biotech Ltd – Q1FY24 Concall KTAs
CMP: INR 348 | Market Cap: INR 7,230 Mn

Performance

- **Revenue from operations stands at INR 1,447 Mn (+3% QoQ, +21% YoY).**
- EBITDA arrived at of INR 171 Mn (+4%QoQ, +24% YoY).
- EBITDA Margin stands at 11% (+16 bps QoQ, +34 bps YoY).
- PBT arrived at INR 163 Mn (+9%QoQ, +21% YoY).
- PAT stands at INR 120 Mn (+5%QoQ, +23% YoY).
- PAT Margin arrived at 8% (+20 bps QoQ, +16 bps YoY).

- Despite a volume decline of ~14% in the industry, the company was able to record growth in revenues

Segments
Generic Formulations CDMO

- Segment revenue arrived at INR 1102 Mn (+14% YoY), contributing 76% to the top line.
- The growth was realized via the acquisition of new customers, new products, and improving wallet share within the existing customer base.

Trade Generics & Institutional

- Segment revenue arrived at INR 308 Mn (+44% YoY), contributing 21% to the top line.
- With more branded generics companies entering the trade generics space, the company does not anticipate any conflict of interest with its branded customers and views this as an opportunity to expand its portfolio.
- The growth was attributed to increasing institutional sales and expanded portfolio.
- The company is focusing on Tier 2 and Tier 3 cities as there is increased spending in these markets.

Exports

- Segment revenue arrived at INR 38 Mn (+100% YoY), contributing 3% to the top line.
- Growth was realized by expansion into semi-regulated markets after a long gestation period.

CAPEX

- The company expects mechanical completion of the injectables facility by the end of Q2FY24 and commercialization in Q4FY24. The revenue contribution is expected in FY25.
- The company has added a Lyophilized Vials segment in the injectables plant which has a high demand in export markets, the overall cost is now INR 700 Mn (higher than the previous estimate of ~INR 500 Mn).
- The company is planning for an INR 400 Mn CAPEX to meet capacity requirements for the next 5 years.

Other Highlights

- Capacity utilization stands at 50%.
- All 4 facilities of the company are WHO GMP compliant, catering to all verticals.

Guidance

The company believes at peak capacity, a top line of INR 6 Bn can be achieved. With government initiatives to promote generic acceptance and dependency, the company is positive on growth in the generic sector. Going forward, management guides for a 2-3% improvement in EBITDA margin. The management maintains a positive outlook for growth given the many indicators seen across verticals.

Gland Pharma Ltd – Q1FY24 Concall KTAs
CMP: INR 1,350 | Market Cap: INR 222.3 Bn

Anticipating sequential growth based on new launches and additional opportunities from the Cenexi acquisition going forward.

Performance (Consol) [Note: Results are not comparable due to inclusion of Cenexi's results for 2 months.]
• Revenue from operations stands at INR 12,086 Mn (+54%QoQ, +41% YoY). 37% of YoY growth was attributed to Cenexi acquisition and 4% to growth in base business.
• EBITDA arrived at of INR 2,939 Mn (+74%QoQ, +9% YoY).
• EBITDA Margin stands at 24% (+287 bps QoQ, -718 bps YoY).
• PBT arrived at INR 2,612 Mn (+135%QoQ, -15% YoY).
• PAT stands at INR 1,941 Mn (+147%QoQ, -15.3 % YoY)
• PAT Margin stands at 16% (+604 bps QoQ, -1069 bps YoY).

Cenexi Acquisition
• Through its subsidiary, the company has acquired a complete stake in Cenexi (a European CDMO company).
• For May-June, Cenexi recorded a revenue of INR 3,214 Mn and an EBITDA of INR 347 Mn.
• Cenexi has technologies that Gland Pharma currently lacks like oncology prefilled syringes and more, hence through the acquisition the company is coming up with new portfolios that can be manufactured by Cenexi.
• The company plans to access new markets using Cenexi's channels.
• The company anticipates achieving cost advantages through the collaborative procurement of raw materials from Europe, a region from which Cenexi sources.
• Cenexi plant is scheduled for a 4-week annual shutdown in H2FY24.

US Market
• The company has secured new customers replacing the 2 key customers lost last year.
• During Q1FY24, the company launched 23 molecules (7 new molecules and 15 re-launches) and plans to launch 12 products in Q3FY24.
• The company also recorded volume growth for some of its old products such as Esmolol, Heparin, Acetylcysteine, and Rocuronium.
• Company received approval for 9 ANDAs and filed 5 ANDAs.

Shortage In Oncology Space
• Due to the exit of a major player in the segment, there is a shortage of oncology drugs.
• Company has products in the pipeline to capture this opportunity.

Other Highlights
• The Indian market contributed towards 7% of Q1FY24 revenue at INR 647 Mn (+29% YoY).
• During Q1FY24, the company registered 3 products namely, Phenylephrine, Dexmedetomidine, and Micafungin Sodium in new markets and launched Dexrazoxane in China.
• 3 of the company's plants were inspected by the USFDA.
• Gross margins during Q1FY24 increased due to high gross margins contributed by the Cenexi business.
• R&D expense during Q1FY24 arrived at INR 4.57 Bn (~5% of revenue).
• Forex loss during the quarter stands at INR (42) Mn.
• Cash conversion cycle arrived at 233 days.
• CAPEX spends during Q1FY24 stands at INR 6.87 Bn.

Guidance
Company aims to launch around 60 molecules in FY24, with rising product volumes and an anticipated 8-10% PAT margin. Sequential margin improvements are expected, driven by re-launches and technology transfers. Focus on higher-margin products and efficiency enhancement by phasing out low-margin products is planned.

Sequent Scientific Ltd– Q1FY24 Concall KTAs
CMP: INR 91 | Market Cap: INR 22.8 Bn

Slowdown in customer demand. Company anticipates cost control initiatives to expand margins and guides for double-digit EBITDA margins for FY24

Performance
- Revenue from operations stands at INR 3,332 Mn (Vs INR 3,666 Mn in Q4FY23 / INR 3,413 Mn in Q1FY23).
- EBITDA arrived at INR (82.4) Mn (Vs INR (-34) Mn in Q4FY23 / INR 21 Mn in Q1FY23)
- PBT arrived at INR (556) Mn (Vs INR (888) Mn in Q4FY23 / INR (209) Mn in Q1FY23).
- Loss for the quarter stands at INR (347) Mn (Vs INR (924) Mn in Q4FY23 / INR (-153) Mn in Q1FY23).

Segments
Formulations
- Revenues arrived at INR 2,478 Mn (-3% QoQ, +0.7% YoY)

Turkey
- The company faced headwinds in Turkey due to ongoing inflation affecting feedstock prices and consumption levels. In response to the same, price hikes were undertaken.
- There are new products in the pipeline which will be launched soon.
- The company is planning to use Turkey as a base for exports as it helps in hedging in terms of foreign exchange

Europe
- In Europe, company has recorded an upward trend in margins.
- Growth in the markets was led by discontinuation of low-end commodity businesses which has high margin volatility and overall improvement in cost structure.
- Manufacturing operations in Germany have been discontinued.

APIs
- Revenue arrived at INR 807 Mn (-5% QoQ, -2% YoY). The decrease in revenues was attributed to one-offs in the quarter and delayed orders from large customers in regulated markets
- The company is expecting a recovery in the business with margin improvements and a stable order run rate.
- Operations at the Tarapur plant have been discontinued, and the company incurred a settlement expense of INR 28 Mn towards the same.
- The company launched a custom generic molecule in Q1 and received CEP approval for another.
- Company expects to achieve an average of INR 1000 Mn topline from Q2FY24.

Other Highlights
- The demand for 'Medicines for companion animals' has steadily grown due to increased adoption rates and average lifespans.
- The demand for ' Medicines for production animals' has slowed down due to high feedstock prices.

Guidance
The currency volatility due to political events is expected to continue for the short term The company anticipates steady performance in the India formulation business for remainder of the year. For FY24, the company guides for double-digit EBITDA margins. The company has undertaken a cost control initiative which should lead to margin improvement in coming quarters.

Alembic Pharmaceuticals Ltd – Q1FY24 Concall KTAs
CMP: INR 780 | Market Cap: INR 153.3 Bn

Performance
• Revenue from operations stands at INR 14,861 Mn (+6%QoQ, +18% YoY).
• EBITDA arrived at of INR 1,986 Mn (-6%QoQ, +1256% YoY).
• EBITDA Margin stands at 13%(-172 bps QoQ, +1221 bps YoY).
• PBT arrived at INR 1,297 Mn (+4%QoQ, +316% YoY).
• PAT stands at INR 1,206 Mn (-21%QoQ, +283% YoY)
• PAT Margin stands at 8% (-274 bps QoQ).

India Business
• Indian business contribution stands at INR 5.24 Bn (+7% QoQ, +9% YoY).
• The company anticipates a slight slowdown due to delayed monsoons.
• Going forward, the company expects Q3FY24 to be better than Q2FY24 based on seasonality with similar margins.

US Generics Business
• Revenues for the segment arrived at INR 3.9 Bn (+10% QoQ, +6% YoY).
• In Q1FY24, the company filed 5 ANDAs (2 OSD, 2 General Injectables, 1 Ophthalmology) and received 4 product approvals
• The company also launched 6 products (2 OSDs, 1 General Injectable, 2 Oncology Injectables, and 1 Dermatology) and plans to launch more than 20 products in FY24 which will be driving growth in the coming quarters.

Animal Health Business
• The revenues for the segment arrived at INR 800 Mn (+11% YoY).
• The company has recorded strong traction in this segment and is bullish on growth based on momentum.
• There are products in the pipeline for the non-antibiotics and probiotics space.

CAPEX
• The CAPEX for FY24 is expected to be ~INR 2 Bn and spends during Q1FY24 arrived at INR 1,260 Mn.
• With major projects completed the company is expecting only maintenance CAPEX.

Other Highlights
• Cash balance stands at INR 900 Mn.
• The company has received EIR for its oral dosage facility post inspection from USFDA and 2 product approvals for the facility.
• R&D cost for FY24 is estimated to be ~INR 5 Bn.

Guidance
Due to an excess supply, there was price erosion in most of the segments, except for some generics, but the company recorded a slight improvement in the last quarter. The company is witnessing opportunities because of shortages in injectables and ophthalmics, which the company aims to capitalize on through its portfolio. For FY24, the company guides for a 10-15% growth in the API business with similar margins based on a strong order book. Overall, the overheads are expected to remain at similar levels which, paired with the sales growth, would result in margin improvement.

Management Commentary: https://www.youtube.com/live/_O_GYnKl_Mw?si=EGHheiA2S1yKSR18

Alkem Laboratories Ltd – Q1FY24 Concall KTAs | CMP: INR 4,140 | Market Cap: INR 495 Bn

With high single-digit price deflations, the company expects good volume recovery for the full year anticipating the price impact to kick in from Q2FY24.

Performance (Consol)
- Revenue from operations stands at INR 29,677 Mn (+2% QoQ, +15% YoY).
- EBITDA arrived at of INR 3,891 Mn (+10% QoQ, +92% YoY).
- EBITDA Margin stands at 13% (+94 bps QoQ, +523 bps YoY).
- PBT arrived at INR 3,528 Mn (+67% QoQ, +132% YoY).
- PAT stands at INR 2,878 Mn (+325% QoQ, +119% YoY).
- PAT Margin arrived at 10% (+737 bps QoQ, +460 bps YoY).

India Business
- Revenue arrived at INR 19,007 Mn (+6.7% YoY), contributing 64% to the top line.
- Company recorded good growth in the chronic therapies segment.

US Business & Other International Markets
- Revenue arrived at INR 6,955 Mn (+25% YoY), contributing 23% to the top line.
- There is an easing of pricing pressure in international markets, which contributed to the growth.
- The management believes the growth in US business is mainly normal operations and the business has just recovered from the fall last year due to which the growth numbers are high.
- Revenue from other international business arrived at INR 3,191 Mn (+57% YoY), contributing 11% to the top line.

Enzene Bio-sciences
- Revenue for this segment stands at INR 570 Mn in Q1FY24.
- During the quarter, the company launched 'Cetuximab', world's 1st biosimilar for head and neck cancer. It plans to launch 2 more products in Q2FY24.
- The company maintains a positive outlook for growth in this segment and anticipates a revenue contribution of ~INR 2600 Mn to the topline in FY24, but the EBITDA is expected to be negative and the business would break even in FY25.

Pipeline
- In the US markets, company has planned 8 launches in FY24.
- In Q1FY24, the company filed 1 ANDA and received 7 approvals.

CAPEX
- CAPEX spends in Q1FY24 arrived at ~INR 800 Mn.
- For FY24, the company guides for a CAPEX of ~INR 3,500 Mn.

Other Highlights
- Cash balance stands at INR 24.3 Bn.
- Increase in other expenses was attributed to high marketing spends and the same would be lower in coming quarters.
- R&D spends for the quarter arrived at INR 1.2 Bn (4% of revenue), estimated to reach 5% for FY24.
- Trade generics revenue comprised ~18% of sales in Q1FY24. The company increased the prices in Q1FY24, which contributed to the growth.

Guidance
With high single-digit price deflations, management guides for high single-digit growth for FY24, with ~60% gross margins and ~16% EBITDA margins. The company expects good volume recovery for the full year anticipating the price impact to kick in from Q2FY24.

Vijaya Diagnostic – Q1FY24 Concall KTAs
CMP INR 477.50 | Market Cap INR 47,650 Mn

Financial highlights:

• During Q1FY24, non-COVID Revenue grew 19% YoY to INR 1,206 Mn with a volume growth of 20% YoY, driven by growth radiology and pathology
• Wellness segment grew to 12.4% in Q1FY24 from 9.6% in Q1FY23.
• Consolidated revenue grew 16% YoY to INR 1,210 Mn in Q1FY24 as against INR 1,044 Mn in Q1FY23.
• EBITDA in Q1FY24 was INR 481 Mn compared to INR 399 Mn in Q1FY23.
• The cash and cash equivalent as on Q1FY24 was INR 2,820 Mn as against INR 2,554 Mn as on Q4FY23
• Profit after tax grew by 50% YoY to INR 262 Mn in Q1FY24 as against INR 175 Mn in Q1FY23
• During Q1FY24, the revenue per test was INR 461 and revenue per footfall was INR 1,540
• After COVID, the company witnessed an increase in the number of people coming in for regular health checks
• The company has packages ranging from INR 450-18,000 with a combination of both, pathology and radiology.
• Inaugurated an advanced and futuristic hub centre in Kolkata, West Bengal in July 2023, and plans to launch two more in the next two to three months.
• Despite establishing new centres, it has effectively preserved its margin performance on a YoY basis.
• Accomplished operational break-even of the hubs at Tirupati in 3 months from the commencement of the full-fledged operation**.**

Distribution Network:

• Given the large presence and operational experience in Telangana and Andhra Pradesh, the company wants to expand the customer base and extend the penetration to adjacent geographies
• Looking to make Kolkata as a home market in the coming 4-5 years.

Segment:

• B2C segment continued to stand strong at 95%.
• The 10,000 sq ft facility in West Bengal has an automated lab and houses, advanced equipment, such as a 3T MRI & 128 slice cardiac CT, making it one of the few healthcare setups to have such high-end facilities in the whole of the state.
• Radiology business stood at 37% in Q1FY24 as compared to 36% in Q1FY23.

Outlook:

On an average, about 20-25 tests get added every quarter. Plans to open 15 centres a year. Planning to launch 2 more centres in the coming 2-3 months. Expansion efforts will be guided by intelligent research and identification of potential markets.

Zydus Lifesciences Ltd-Q1FY24 Concall KTAs
CMP INR: 651 | Market cap INR: 658,940 mn

Financials Overview
-The Revenue of the company for this quarter was INR 15,100 mn up 81% YoY 4.2% QoQ
-Net profit for the quarter was INR 10,900 mn up 110% YoY.
-Formulations and consumer wellness business accounted for 38% of the total revenue during the quarter and grew 6% YoY.
-The consumer wellness business recorded revenue of INR 6,900 mn with a flat YoY growth.

Resolution of Moraiya:
-US health regulator has issued four observations after inspecting the company's Moraiya based manufacturing plant.
-The inspection concluded with four Form 483 observations.
-The company further says it is working hard to ensure that commitments made to USFDA are fully completed.
-The company takes the necessary steps to ensure that US FDA is fully satisfied.

Indian Segment:
-The branded formulations business in India delivered double digit growth as it grew by 10% YoY.
-The Chemical entity, Lipaglin, was ranked as the 47th largest brand in the Indian pharmaceutical market during the quarter.
-On the India Formulations front, consistent execution across focus therapies helped the company achieve double digit growth in the branded segment.

US and Europe Segment
-The US formulations business registered growth on a sequential basis, driven by new launches and volume expansion in the base portfolio.
-In the US formulation business, the business accounted for 48% of the consolidated revenues during the quarter with revenues of INR 24,500 mn.
-This 57% YoY growth and 9% QoQ growth on basis driven by the new launches and improvement in the base business.
-In the Europe segment, the business posted revenues of INR 4,900 mn up 30% YoY.
-Strong customer relationships and agility in operations helped the company to deliver consistent growth in the US business.

Growth Drivers:
-There is growth in volume expansion of 6%, driven by multiple factors through the innovative products launched which are scaling up.
-The performance was driven by their comprehensive product portfolio. Depth of innovation, and focus on execution.
-Improving the product mix which is scaling up of the emerging markets which are improving in the profitability.
-The formulation business in India performed well as the branded business registered double digit growth on a YoY basis and for another quarter

Products:
-The company had launched four new products during the quarter and received approval for 20 new products.
-Sugar Free, Glucon-D and Nycil are some of the major products

Revlimid Impact:
The company sees Revlimid as a mid to long-term opportunity and with the improvement in market shares every year and there will be a gradual increase in the numbers

CAPEX:
- The company has the CAPEX cycle of INR 1,000 cr.
-In the next two years, the biosimilar space has been included in the CAPEX budget of INR 800-2,000 cr.

Investments:
-In the domestic market, the company is investing in the biosimilar vaccines and differentiated launches that are to be launched in the next few years

Outlook:
The company recruited 80% of the patients required for the PBC trial. The company is risk mitigating their supply chain so to make sure that won't have any problems in future. The research capabilities will be improved once completed with the CAPEX cycle.

Management Commentary: https://www.youtube.com/watch?v=yCLmukdrE9U&ab_channel=CNBC-TV18

TCPL Packaging Ltd Q1FY24 Concall Highlights
TCPL Packaging Ltd | CMP: 1,867 INR | Mcap: INR 17 Bn | Promoters Holding: 55.74%

The company holds an optimistic outlook for Q2FY24 and Q3FY24, driven by the upcoming festive season. Historically, these quarters have demonstrated positive performance. Notably, this year's Diwali falls in November, providing additional time compared to its usual late October timing. This extended period is anticipated to contribute positively to the company's performance, aligning with the current positive overall outlook.

Performance Metrics
- Revenues came in at INR 3,638 Mn (+8.8% YoY)
- EBITDA came in at INR 614 Mn (+12.8% YoY)
- EBITDA Margins came in at 16.5% (+64 bps YoY)
- PAT came in at INR 236 Mn (+4.8% YoY)
- PAT Margins came in at 6.4% (-22 Mn bps YoY)

Liquor Packaging Business
- Historically, the company emphasized its significant presence in the liquor segment. However, following the decartonization in June 2023, the tangible effects gradually surfaced in July and August of the same year. Presently, the full impact of this development is evident, resulting in a substantial reduction in revenue contribution from the alcohol business, with only marginal revenues attributed to this segment.

Rigid Packaging
- Rigid packaging is done in a subsidiary company, Creative Offset, where the total scale of operation is lower side and hence the margins are very low mainly because Opex is high.
- The capacity Utilization is less than 50%.
- Hence the company is focusing more on revenue growth.
- This segment of the company mainly has clients from smartphone companies and other electronic wearables like headphones, watches, earphones, etc.

Capacity Utilization
- For Flexible Packaging Product the capacity utilization is 75%.
- For Folding cartoons, the capacity utilization is 70%.

Other Highlights
- In FY24 the company plans to invest INR 1 Bn in Capex.
- The company is experiencing double-digit growth in exports.

Outlook
The commissioning of the Haridwar line is anticipated to occur by the end of September or early October. Additionally, a new flexible line is scheduled to become operational in the latter part of Q3FY24. The company's expecting a stable margin at this level and will be focusing more on growing the topline as improving margins at this point company is finding difficult. The company is currently trading at a PE multiple of 15.2x based on the trailing 12 months of EPS.

Transport Corporation of India Ltd Q1FY24 Concall KTAs
CMP: INR 759 | MCap: INR 58.94Bn

CAPEX
The company has plans to buy a new cargo ship by the end of Q2, the price for the same is still in discussion and will be confirmed in the near term.
The company also bought 500+ containers in Q1FY24.
This Seaway capex is done to cater for the demand with large volume and the company is expecting higher margins from it.
TCI is also planning to buy more trucks for the cold chain segment, as the demand from the pharma sector is expected to increase in the near future.

Financial Update
The company has reported a revenue of INR 9566Mn from operations in Q1FY24, which is an increase of +5.3% YoY, -3.3% QoQ.
EBITDA stands at INR 1008Mn which is a decrease of -6.48% QoQ, and -2.8% YoY.
EBITDA margins are at 11% no change on the QoQ basis, and a 100bps decrease in YoY basis.
PAT stood at INR 830Mn with 9.8% of the PAT margin 9.8% in Q1FY24.
The company has INR 2750Mn Cash in hand by the end of Q1FY24.

Segment Update
TCL Freight Division
The segment generated revenue of INR 3936Mn which is +4.6% YoY growth.
Margins for this sector will remain stable for FY24.
With a strong network of 25 strategically placed hubs spread across India, TCI Freight is able to expand its distribution network and improve the dependability of its cargo consolidation and transportation services.
The company has an anywhere-to-anywhere model with excellent tech integration which gives them an edge over the unorganised player.

Supply Chain Division:
The segment generated revenue of INR 3460Mn which is +21.3% YoY growth.
Growth momentum persisted amongst new business acquisitions, client retention, and business growth with current customers.
The company does more than 100 multimodal auto-rake procedures each month. A high level of customer traction due to reduced pollution.
TCI has a full-stack integrated design and execution model with a VAS system.

Seaway division:
The segment generated revenue of INR 1173Mn which is -19.3% YoY growth.
Revenues were impacted by the BIPARJOY storm and lower freight prices on the West Coast.
The freight prices are directly impacted by the price of crude oil.
Margins remain constant for the quarter but are expected to increase in the near future, as crude prices go down.

Outlook: Q1 was subdued in terms of growth, but with the acquisition of a new ship we can see higher volumes in the seaway segment. The company is also bullish on the cold chain and is investing in this segment. We can see a better Q2 in terms of volume growth.

Uflex Ltd Q1FY24 Concall KTAs

CMP: INR 378 | MCap: INR 27.29Bn

The company saw robust volume growth driven by the film segment, and the implementation of backward integrations will drive future margins.

Financial Performance

The company witnessed the highest ever films packaging volumes from India's operations and the highest ever exports revenue in a quarter of about INR 4000 Mn

Revenue stood at INR 32.58Bn in Q1FY24 as against INR 40.32Bn in Q1FY23, a decrease of -19.19% YoY. (-3.60% QoQ).

EBIDTA for Q1FY24 stood at INR 2.846Bn, as compared to INR 7.11Bn in Q1FY23 with a degrowth of -60% YoY (-23.4% QoQ).

EBITDA margin stood at 9% in Q1FY24 compared to 18% in Q1FY23 (vs 11% sequentially).

Loss for the quarter stood at -INR 416Bn as compared to INR 3.75Bn in Q1FY23, this exceptional loss of INR 3.82Bn was due to a change in the forex policy of the Central Bank of Nigeria in June'23.

Segment update

The company didn't see any deterioration in volumes in terms of packaging films seen a growth of 0.5% QoQ and value-added films saw volume growth of 28% YoY.

Flexible Plastic Material had revenue of INR 31.94Bn, a -19% decrease YoY. Capacity utilization in Europe plants was impacted due to a decrease in consumption due to inflation.

Engineering Activities did revenue of 820Mn a degrowth of -8% YoY.

The aseptic business did well but the company still feels it missed some momentum due to the early onset of the monsoon in the country which affected the beverage business.

Future Growth

The company is confident that the volumes are going to increase in coming quarters as soon as the exports pick up.

The plant in Sanand Gujarat is expected a capital expansion to achieve a capacity of 12Bn packs per annum by the end of FY24.

The company is focusing on a backward integration strategy for manufacturing polyester resin chips, investments in sustainable products and solutions and technology.

CAPEX Update

The Dhadwad project commissioned on the 31st of March has helped to achieve a 77% capacity utilization for that plant and gave a 22% volume increase in the packaging films business in India.

Two projects backward integration where the company will manufacture its raw materials, 1 based in Panipat which will be operational by the end of FY24 and another 1 in Egypt which will be operational in 6-8 months after the Panipat plant gets operationalized, which is going to be efficient and much more cost-effective than the competitors.

Other KTAs

The capacity utilization of the American plant is 100% and the Mexico plant is 87%, the company is getting tested on the margin level.

The company has no plan to demerge the packaging division from the film business.

The company is expanding capacity by de-bottlenecking the plant from 7 billion packs to about 12 billion packs which will be operational next fiscal year.

Outlook: The loss was a one-time thing and was caused due to change in the forex policy of the Central Bank of Nigeria in June'23. The company is focusing on backward integration so that they are not affected by the fluctuation of RM prices. Also by increasing the capacity of current plants there will be less bottlenecking and can deliver higher volumes. The company will continue to focus on exports in the near future.

AGI Greenpac – Q1FY24 Concall KTAs
CMP: INR 496 | Market Cap: INR 32 Bn | Promoter: 60.24%

Operational Performance:
Revenues came in at INR 5.6 Bn (-17.9% QoQ) (+7.1% YoY)
EBITDA Margins came in at 23.56% (Vs 26% QoQ) (Vs 17.3% YoY)

Planned shutdown:
- The company implemented planned shutdown of its 325 TPD furnace for relining in Q1 because of which the performance was impacted.
- Excluding shut capacity, CU was 90%
- Company lost 25k tonnes production availability due to planned shutdown (equivalent to INR 800 Mn in value)

Performance Metrics:
- Realizations of INR 37-38 per Kg and EBITDA margins of INR 10 per Kg
- 50-60% of customers are on formula based pricing (changes in realizations based on changes in input costs)
- Prices of Soda Ash are falling which will impact realizations as they have to pass the cost benefits. Silica sand cost has not come down yet.
- Interest cost of higher on account of loan for new 154 tonne furnace, ECB exchange fluctuation loss and rising interest rate. At present, cost of debt at 7.75%
- Finance cost to remain in same range (increase of INR 10 Mn expected in Q2)

Value Add:
- Company has started 154tonne per day furnace which is in high end perfume bottles and high end liquor
- Coloured bottles for global players
- Value add glass bottles have 1.7-1.8x realisations of normal bottles (i.e. INR 37/Kg)
- Specialty glass Capacity utilization at 65-70%

Other KTAs:
- Beer bottle is a big part of the portfolio, soft drinks is a smaller portion
- Q1 and Q4 are seasonally strong
- Hindustan Glass acquisition will substantially increase company's capacity. Expectations of deal clearing by Q3
- Net debt levels at INR 5.66 Bn in Q1FY24
- Substantial investments in digitalisation and automation have been made to optimise the operations to improve the efficiency.
- Glass packaging demand arising from beverages, spirits, cosmetics, pharmaceuticals, and gourmet foods
- Many craft distillers & brewers opt for distinctive glass bottles

Industry outlook:
- Alcoholic Beverages: Liquor segment is growing at a CAGR of 8-9%. Beer market is expected to grow at 9-10% between FY2022-27
- Food and Soft drink: FMCG market is expected to grow at 14-15% between 2020-25.
- Cosmetic & Perfume: India Cosmetics Market is expected to grow at a CAGR of 16.39% through FY2026 to reach USD 28.9 Bn. Fragrance market in India is expected to expand at a CAGR of ~15.93%, from its 2019 value of INR 66.58 Bn.

Outlook: Capacity utilization is expected to be at optimum levels which translates to volume growth to be approx. 10% in FY24. Revenue growth of 15-20% expected in FY24. We believe with the acquisition of Hindustan Glassworks, the total capacity will increase significantly for the company. The new facility which went online in Q1 is in specialty products which have higher realisations and the relining of 325tpm furnace is completed as well. As per our understanding, the performance will improve QoQ from here on although keeping in mind the input cost movement. At CMP, the company trades 15.9x TTM EPS of INR 40.08.

Management Commentary: https://www.youtube.com/watch?v=XAJciPF62uk

Avro India Q1FY24 Concall KTAs
CMP: INR 112 | Market Cap: INR 1.12 Bn | Promoter: 70.37%

Reveues came in at INR 227.1 Mn (+32.7% QoQ) (+12.15% YoY)
EBITDA margins came in at 7.4% (Vs 3.04% QoQ) (10.37% YoY)

Key highlights

- Company currently in process of debottlenecking the plastic recycling plant. Currently the company has capacity of 600 tonnes per month but producing only 260 tonnes of recycled plastic per month
- Company's products are now available in 18 states (6500+ pincodes). Recently entered regions were Jharkhand, Assam, Bihar, West Bengal and Karnataka. Karnataka recorded sales of INR 3.5 Mn in month of July and is expected to do exceptionally well going forward
- Ranking wise, company's products have been rated #1 on Amazon
- 2 new molds have been ordered from China for expansion
- Company sold 649,000 pieces. Company is able to balance well with the logistic costs
- RM wise, virgin polymer prices were at INR 104-106. 30% of RM sourced was virgin polymer and out of the remainder 70%, 40% was post-industrial recycled polymer.
- Company is not doing any TL marketing spends, only BTL marketing spends
- At capacity of 8,000 tonnes, company sold 2.5 Mn pieces. Company will be able to scale up the capacity to 15,000 tonnes by FY26. Spends for machines and molds will be approximately INR 100 Mn. Recycled capacity is of 7200 tonnes per annum but currently company is trying to debottleneck to increase cheap RM sourcing
- New molds are being ordered but need them as per specifications to recycle consumer waste. Hence it is taking time

Outlook: Overall, 15% organic growth is expected in the furniture industry. Company will be able to scale up the capacity to 15,000 tonnes by FY26

Shaily Engineering Plastics Ltd Q1FY24 Concall KTAs:
Main growth for FY24 to be from Healthcare (60% in FY24) which are higher margins. Other focus to be on improved utilization in carbon steel

International Biz:
- Company is putting more emphasis on IP developments and contract manufacturing of medical devices
- Received Patent for new auto injector in US market
- Company is seeing traction with commercialization of devices
- Company is eyeing 2-3x growth in topline in UK business

New orders:
- General Electric orders for Knobs worth INR 400 Mn per annum
- GE supplies to start from FY24 (GE is actually an old customer, since 1995, but has shown strong traction since 18 months)
- Home Furnishings (Plastics) 3 new products with total businesses worth INR 500 Mn per annum
- Home Furnishings orders will start from Q4FY24 onwards but mainly from Q1FY25
- Automotive with 3 new products confirmed with 2 customers

Pharma and Healthcare biz:
- Company aims to increase IP contribution in sales
- Healthcare biz has better margins and share of healthcare business is going to increase sequentially
- Some orders to be started in Q2 have been delayed to Q3
- 60% growth expected in FY24, segment will be margin accretive and sustainable
- Major capex will be done by Q2 (may have some spillover in Q3FY23). Ramp up will go on till 4-6 quarters, capacity horizon is of 3 years
- Q3 and Q4 will be god for Pharma biz (capex will be over by start of Q3 latest)

Automotive:
- 3 new products confirmed with 2 customers
- Auto segment will post 15-20% growth after FY24 (FY25 onwards)

Home Furnishings (Plastics)
- Gradual improvement in volumes in US and Europe
- New business confirmations coming in, which will reflect in Q4FY24 and Q1FY25 onwards

Home Furnishings (Steel Furniture)
- Company is confident of becoming bottomline positive by FY24

Toys:
- Investment of INR 250-300 Mn but payback period has been extended to beyond 5 years
- Company has only 1 client right now

Other KTAs:
- Pen production capacity of 25 mn now, ramp up will happen steadily
- Asset turnover of 2.5x will be reached by FY24 end.
- Capacity Utilization at 43.1% (Vs 50.4% YoY)

Outlook:
Q2 performance wont be similar to Q1 but H2FY24 will be much superior as pharma business will start coming in and Healthcare will have strong growth. Pharma segment will grow faster than rest of the businesses (for 3 years). No large capex on cards (except for Pharma which is currently ongoing). **Auto Injectors are high value products for which customer onboarding was decent in FY24. Company has upped their guidance from 45-50% growth to 60% in Pharma for 3 years. Expect 50-55% Capacity utilization in FY24.** At CMP, company trades 35.7x TTM EPS of INR 41.73. **We continue to remain positive on the stock**

Tata Motors Q1FY24 Concall Highlights
Tata Motors | CMP: INR 639.45| Mcap: INR 2.12 Tn

Guidance
Q2FY24 production and cash flow are expected to be lower than Q1FY24, reflecting the annual summer plant shutdown, while wholesales and profitability are expected to be more in line with the recent quarter.

Performance Consol
- Global Wholesales came in at 3,322 Bn units (-7.7% bps QoQ) (+5.4% YoY)
- Revenues came in at INR 1,022 Bn (-3.5% QoQ) (+42.1% YoY)
- EBITDA came in at INR 147.16 Bn (-10% QoQ) (+26% YoY)
- EBITDA Margins came in at 14.4% (+700 bps QoQ) (+110 bps YoY)
- FCF came in at INR 25 Bn (-77.87% QoQ) (+125.5% YoY)
- Net auto debt reduces to INR 417 Bn

Delisting of ADRs
- Tata Motors successfully completed the delisting of its American Depository Receipts (ADRs) from the New York Stock Exchange (NYSE) in January 2023.

NCLT Scheme of Arrangement
- The company's Board approved an NCLT (National Company Law Tribunal) scheme of the arrangement, which will cancel all “A” ordinary shares and issue ordinary shares to “A” ordinary shareholders.
- For every 10 “A” ordinary shares, shareholders will receive 7 ordinary shares, valuing the “A” ordinary shares at a 23% premium to the previous day's closing price (ie. 629.25) and a 30% discount to ordinary shares compared to the market's 43% discount.

Capital Reduction and EPS Impact
- The scheme will lead to a reduction in the overall capital base of the company, making it 4% EPS accretive for all shareholders.

JLR
Performance Consol
- Retail came in at 1,02k units (+29.4% YoY)
- Wholesales came in at 93k units (+30% YoY)
- Revenues came in at € 6,903 Mn (+56.7% YoY)
- EBITDA Margins came in at 16.3% (+960 bps YoY)
- FCF came in at € 451 Mn (+158.5% YoY)
- JLR Order book is 185K units, 76% for RR, RRS, and Defender.

Capex
- Total Q1FY24 capex is € 0.07 Bn.
- Full year FY24 target is € 3 Bn.

Market Share
- Commercial Vehicles 39.1% in Q14FY24 vs 41.7% in FY23
- HGV+HMV 45.4% in Q14FY24 vs 49.6% in FY23
- MGV 34% in Q14FY24 vs 44.2% in FY23
- LGV 36.3% in Q14FY24 vs 37.8% in FY23
- Passenger 35.6% in Q14FY24 vs 41.7% in FY23
- Performance impacted by BS6 Phase 2 vehicle availability in the quarter.

Tata Commercial Vehicles
- Volumes are lower on account of seasonality and pre-buying in Q4FY23.
- Wholesales (Including Exports) are 86k units (-15% YoY)
- Retail (Domestic) are 77.6k units (-14.3% YoY)
- Revenues came in at INR 170 Bn (-4.3% QoQ) (+4.4% YoY)
- EBITDA Margins came in at 9.4% (-70 bps QoQ) (+390 bps YoY)

Tata Passenger Vehicles
- Volume growth sustained
- Wholesale volume in Q1FY24 is 140.4k units (+7.7% YoY)
- Retail volume in Q1FY24 is 132.5k units (+6.1% YoY)
- Domestic market share 14.2% vs 13.5% in FY23 and 11.4% in FY22.

EV
- In Q1FY24 the sales of EV is 19.35k units (104.8%) YoY.
- EV wholesales up by 154% (ie. ~26.7k Units)

Other Highlights
- BS6 Phase 2 transition completed successfully.
- Agratas announces investment in UK cell manufacturing facility to supply JLR.
- The wholesales of Q1FY24 was lower than Q4FY23 due to the shipment timings in chips and other supply, hence active management involvement is required.
- Tata announces € 4 Bn investment in Gigafactory located in the UK.
- 100 EV buses deployed in Q1FY24; 600 EV buses are operational.
- SUV Segment salience up from 5.9% to 46.8%.
- Hatch Segment salience down from 2.4% to 32%.
- Higher channel inventory is likely till the festive season which is delayed to October and November, meaning demand may pick up at Q3FY24.
- Demerger of NBFC business of TMFL into TMFSL has been completed.

Outlook

Q2FY24 production and cash flow are expected to be lower than Q1FY24. The company aims to deliver double-digit EBITDA in FY24. The company's current trading multiple is 23.1x based on the trailing 12 months of EPS.

Harsha Engineers International Ltd – Q1FY24 Concall KTAs | CMP: INR 432 | Market Cap: INR 39.3 Bn

Performance (Consol)

• Revenue from operations stands at INR 3,479 Mn (+1.2%QoQ, -13% YoY).
• EBITDA arrived at INR 418 Mn (-18% QoQ, -16% YoY) with an EBITDA margin of 12%.
• PBT stands at INR 336 Mn (-25% QoQ, -19% YoY).
• PAT stands at INR 245 Mn (-25% QoQ, -20% YoY) with a PAT margin of 7%.

Bushings

• The company has recorded new order in Q1FY24 for its bronze bushings and maintains a positive outlook for H2FY24.
• The company anticipates the bushings segment to contribute ~INR 450 Mn in FY24.

Railways

• The Railway Ministry has announced large-scale CAPEX and growth plans, which is positive for the company as it has a high market share in Indian railways for bearing cages.
• The company has recorded an increase in demand and expects strong growth from this segment going forward.

Traction In Japanese Markets

• The company is witnessing strong traction in the Japanese markets, recording ~20% YoY growth and a good pipeline.
• The wallet share of Japanese customers stands at 2-3% currently and the company plans to expand it to ~5% in 3-5 years.

Pipeline

• The company has a strong pipeline with big projects which will be announced soon.
• Also, the company is recording repeat orders from customers.
• Anticipating a turnaround in the wind segment with new order wins.

Stamping Business

• The segment grew by 17% YoY and is witnessing good traction.
• The company expects ~20% growth in FY24 based on a strong pipeline with new order wins.

CAPEX

• The CAPEX spends for Q1FY24 arrived at INR 217 Mn.

Other Highlights

• The operating margins were affected by increased RM and operational costs, mainly wages, power, and fuel costs. These are expected to normalize going forward.
• The company also incurred a significant Forex loss of INR 24 Mn.
• For the Solar business, the company will be continuing for the next 1-2 years but will not be undertaking any big projects or major capital allocation.

Guidance

The company expects demand to improve from Q3FY24 in China and Romania while the demand in Europe is expected to improve with easing inflation. For FY24, the management guides for high single-digit growth in the topline and double-digit growth in the bottom line, growth in domestic markets is expected to be in the mid-teens, exports at mid-single digits, with China and Romania being flat. The company aims to reach an 18% EBITDA margin over the next few years.

Bharat Forge Ltd- Q1FY24 Concall KTAs
CMP INR 963 | Market Cap INR 448,400 mn
Financial performance:
-Top-line revenue amounted to INR 2,127 cr in standalone business, almost 21% YoY growth
-EBITDA was up by 20.3% to INR 553 cr
-Margins remained consistent at 26%.
-PBT before exchange gains or losses stood at INR 421 cr, representing a growth of 26% compared to Q1FY23.
-Strong balance sheet with nearly INR 700 cr cash net of long-term loans.
New business: Over INR 200 cr secured for components and automotive segment.
Passenger vehicle: Grew 43% YoY, driven by new customers and products including engine, powertrain, and EV components.
Industrial export resilience: Limited impact from one-time destocking of INR 80 cr in the oil and gas sector; strong aerospace traction contributes 16% to export business.
Aerospace: Over 50% growth YoY, expected to sustain strong double-digit growth this year and next. FY24 to see a revenue growth of over 30% over FY23.
CV: Strong CV segments in the US and Europe are driven by solid order books and backlogs, with expectations of continued stability and growth into the next year.
Defense business: Transformed into a revenue-generating segment through significant exports of systems and components. Acquired INR 280 cr in new defense orders, contributing to a robust order pipeline exceeding INR 22-2300 cr for the next 18 months. Expected to contribute nearly 10% to the overall revenue in FY24.
Overseas segment: European business achieved an EBITDA turnaround from INR 14 cr loss to INR 51 cr gain. European expansion is nearing 50% capacity utilization, while the US is still in its establishment phase. A turnaround in the US is anticipated by Q4. Full-year profitability at the PBT level globally to inspire high single digit EBITDA margin.
Subsidiary: JS Auto completed the acquisition of Indo Shell Mould SEZ unit for INR 55 cr, doubling capacity potential to INR 200 cr turnover. Combined with JS Auto and ISML, the capacity now exceeds initial levels by 2.5 times, driving strong double-digit growth in the casting sector.
Debt: Intends to clear over INR 1000 cr of debt in the next 2 years through internal approvals.
Other KTAs: Strong global interest in the company's export offerings, particularly in oil and casting. This is expected to enhance their India manufacturing footprint and expand international sales.
Capex: A 4 lakh square feet facility is being built at an investment of INR 120 cr for producing vehicles and mounted gun systems.
Outlook: Robust growth is expected in casting, forging, machining, and EV-related components, with defense plants coming online to contribute to a projected INR 1000 cr in the next 2.5 years.
Arihant Capital Markets Ltd

Ceat Ltd Q1FY24 Concall KTAs
CMP INR 2,493|Market Cap INR 100,856 Mn

CEAT aims for growth in international markets, premiumization in the domestic market, optimized capital expenditure, 2W segment recovery, increased MS, export market development, niche segment focus, competitive pricing, and a strong presence in the EV market. With favorable monsoons and increased rural demand, the company anticipates achieving high single-digit growth in the two-wheeler segment.

•Net profit rose in Q1FY24 due to higher sales and reduced total expenses. The company's capital expenditure for the quarter was INR 2200 Mn. Healthy cash generation in the quarter led to a debt reduction of ~INR 1000 Mn, sequentially. The cost of raw materials was reduced by 1.5% over Q4, resulting in a gross margin expansion of 97 bps.

•International: Globalization is a key driver for EV business, with 19% of the value from international sales; aiming to increase further, doubled sales in the Americas, entered 80% of the global agri market, and successfully launched in Europe and Latin America, with plans for a US rollout in Q4 this year.

•Q1 showed strong growth in passenger segments (2w and PC UV), but commercial vehicle tire sales declined (-3% QoQ) due to an OEM portfolio changeover.

•Replacement demand is stable, motorcycles, scooters, and passengers segment growing, CV OEM constrained, 2w steady, passenger & heavy vehicles declining QoQ, steady export markets expected to improve in H2FY24.

•Export: Middle East, Africa, SAARC improving with better currency; Europe faces mild recession, US & Latin America perform well.

•Margin: Despite a 1.5% decline in the commodity basket, the company managed to maintain pricing in the replacement market, ensuring a sustainable gross margin of around 41% in Q4. Regarding margins and future trends, there are four key areas to focus on electrification, globalization, premiumization, and digitalization. 17-18 inches tires have a much better margin than 12-13 inches less margin.

•EV: 40%+ MS in 2-wheelers in the passenger segment. The company is working with Mahindra and Tata Motors for serval projects. The company has a strong position in the EV market, with a significant presence in 4w, TBR segment, and EV buses, driven by globalization and international sales, doubling sales in the Americas, and expanding into major OEMs like John Deere, CMH, and Cove.

•PV: Tire sales in B2C channels have moved up to 6%, prompting CEAT to invest in marketing CRM in the coming quarters.

•Capex: In FY24, the company plans to invest INR 700-750 cr. The current capex cycle is nearing completion, and future investments will be smaller in size to enhance RoCE.

•RM: cost reduced ~1.5% over Q4, resulting in gross margin expansion by ~97 bps. Expecting raw materials in this range in Q2FY24.

•Capacity utilization has >90%, leading to the decision to resume Chennai TBR expansion with a half project of 45,000 tires.75% in the PV segment.

•CO2 emissions per metric ton decreased by 9% YoY, and 36% of power needs are now sourced from renewables (up from 26% last year); recognized for sustainability efforts.

•Demand: FY24 shows promising demand. Poised to launch in the US later this year. The company will concentrate on the passenger vehicle and off-highway tire segments.

•Healthy cash generation led to a debt reduction of ~INR.100 Cr sequentially. Debt/EBITDA 1.7x is at a comfortable level.

Outlook:OEM volume growth should remain strong, especially in the commercial and passenger segments. In the 2W segment, little lower in OEM going forward. Exports are back on a growth trajectory from the later part of FY 24.

Minda Corporation-Q1FY24 Concall KTAs

CMP INR 294|Market Cap INR 2,389 Cr|PE: 14.7x (FY26e EPS of INR 20)

The company continues to maintain 20-25% growth led by the addition of new products and tie up with more clients. The company is growing better than Industry performance with revenue growth of 6.4% YoY Marquee businesses in Smart Keys, Wiring Harness, Clusters, and EV Die Casting started SOP.

•Auto industry has grown by about 2.3%, wherein two-wheelers have grown by about 1%, passenger vehicles have grown by about 7%, 3w have grown by 24%, and commercial vehicles and tractors have de-grown. Going forward, demand is expected to pick up with the beginning of the festive season. In 2Ws, exports are expected to recover gradually from H2FY24 onwards while domestic demand is to be supported by higher rural income. The PV demand will be led by new launches and premiumization trend. The CV demand is expected to sustain with increasing economic activities on account of infrastructure pushed by the government.

• Mechatronics and Aftermarket contributed 48% of total revenues, up 4.3% YoY but down 4% QoQ to ~INR 513 Cr. The EBITDA Margin stood at 13.1% (vs. 12.6%/13.9% in Q1FY23/Q4FY23); the YoY growth in margins is due to better efficiencies in lockset and Die Casting division with smart keys forming 15% of 2W lockset revenues. The management informed that exports continue to remain under pressure due to macroeconomic challenges in the overseas market.

Information and connected systems (ICS) contributed ~52% to the company's top line (including MIL with revenue of ~INr 560 Cr, up 8.5%/4% YoY/QoQ led by domestic demand. The EBITDA margins stood ~8.6% (flat YoY, 50 bps grew QoQ) The Management informed that margins were impacted due to an increase in employee cost and time taken to ramp up volumes at Pune plant. The company's endeavor is to further improve margins with more localization and improving productivity and plant efficiencies.

• On the end-user market basis, in Q1FY24 2/3Ws revenue share increased to -48% from ~44% in Q1FY23 while the CV contribution declined to ~28% from ~ 30%. PV contributed ~14% to the revenues for Q1FY24 from 15% in Q1FY23; After-market sales shrank to ~ 10% from ~ 12% in the last year.

•Geographical: In Q1FY24, India contributed ~87% of the sales (85% in Q1FY23) while Europe and North America contributed ~8% of total sales (9% in last year) and 6% came from South East Asia (flat YoY).

• Capex is~5-6% of the business topline. Out of this, 2-3% goes to R&D, 1-2% to future product development and technologies and 1-2% in maintenance

•Net Debt: Net Debt increased to INR 462 Cr as on Jun 23 end from INR 391 Cr as of FY23 (from INR 58 Cr in FY22) and Net Debt to Equity stood at 0.3x Management is bullish on the instrument cluster business and is increased.

•Focus: The company is focused on increasing efficiencies, streamlining fixed costs and increasing component localization initiatives so as to achieve a targeted EBITDA margin of 12-13% in the medium term. Further softening commodity prices and premimisation trend (higher realizations) to aid margin expansion.

• Premiumization and Product Innovation in all business segments to drive higher content per vehicle. Minda's key products like locksets (smart keys forming 15% of 2W lockset revenue), Die casting, Wiring Harness (compliant with OBD-2 norms), and clusters (from analogue to digital TFI clusters) are going through the Premiumisation trend.

The potential EV kit value stood at ~ INR 16k-20k as of Q1FY24. Out of this, ~ INR 8k-10k are new products commercially launched in Q1FY24

•Total order wins of ~INR 3,000 Cr, with EV constituting ~50% of the order book Won INR 750 Crores Order for battery chargers from a leading OEM leading order from 2w and smart key continue to gain momentum. Order wins for Mechatronics division is ~ INR 1.100 Cr, from ICS is -INR 1,050 Cr and the remaining in other segments. Based on markets, INR~2,600 Cr orders has been received from new businesses (~INR 860 Cr for EV products) and INR 400 Cr is from the replacement market. Exports constituted ~ INR 138 Cr of the total orders won. It takes 2-2.5 years to pick up revenue.

•Outlook: Minda Corp. has a strategic focus on increasing revenue from its existing product segments by implementing premiumization and product innovation across all business divisions to enhance the value per vehicle. The company aims to surpass industry growth rates and consistently improve its margin performance. At a CMP of INR 294 stock trades at a PE of 14.7x to its FY26e EPS of INR 20.

TVS motors Ltd Q1FY24 Conference-Call highlights

Guidance: The company to launch EV products more in FY24-FY25,and get into international market with focus on developed country in the coming year , most likely from 2nd Quarter. Many new product launches in 2W and 3W segment. Sharp focus on premium projects and deliver better EBITDA. Going forward the company will have many variants. The company plans for building TVS brand globally.

EV: In Q1,EV business, achieved an EBITDA margin of 10.6%. With diverse product portfolio, expect to outperform the industry in all segments, including international markets. Leveraging scale benefits, premiumization advantages, and sustained efforts on material cost, company aim to continue growing EBITDA.
EV Strategy: The company has expanded IQ coverage, launched new products in both developing and developed markets, adopted an EV strategy, formed partnerships with last-mile delivery, and invested in charging access for customers.
Apache: Production got impacted in FY23 due to semiconductors but now the company has multiple supplier. Expecting in increase in MS going forward.
Capital Infusion in TVS credit: TVS Credit Services received a capital infusion of around INR 4,800 Mn, and the overall investment is expected to be between INR 7500 Mn-8000 Mn, resulting in TVS Motor Company's stake decreasing from 86% to 81% due to the INR 1800 Mn infusion.
FAME Subsidy: One proportionate come and expecting government is moving very fast and expecting to completed fast vs 4500 Mn received last year.
The FAME subsidy was reduced from 52k to 22k starting on June 1st, 2023. However, despite the removal of the subsidy, the company is expecting a volume of 25k in IQUBE next month and anticipates a healthy number of opening bookings. In the short term, the company plans to increase IQUBE production and extend its availability by adding more touchpoints at IQUBE 309 and 600 locations.
TVS credit: With a book size of 220,000 Mn and a profit of 1570 Mn, the company demonstrates strong financial performance. Capital adequacy, debt-to-equity ratio, and gross NPA are well-managed. Collections amounting to nearly INR 50,000 Mn surpass INR 380,00 Mn in last year, and the net worth stands at approximately INR 30,000 Mn.
TVS Vehicle business is ~20-25%
USD INR realization 82 plus.
EV product positive in margin led by fixed cost not increasing as the volume goes up and expects raw material prices to come down.
Partnership: The company has partnership with last mile delivery players, including Zomato's rapido and Amazon's with Iqube and further depend on as per the product launch.
Interest cost: 1) Increased of interest rate by 0.3%; Borrowing increased by 2500 Mn that led to increase by 30bps.
Norton Brand : TVS is well known in India, It is the strategic investment, which company will leverage depending upon next 3 year plan.(Invested Euro 100 Mn)
Volume is doing 3k per month. Taken price increase of ~0.5% in Q2.
200 cc: The company is doing good in >200cc and expected to do well going forward.
Spare parts: Revenue is INR 7,170 Mn
Capex: INR 10,000 Mn including EV; Investment INR 40,00Mn
Export revenue 1065 cr , the company has done better then the industry in International market.
Nepal Initial very positive, inventory management of 32-35days

Sandhar Technologies Ltd Concall Highlights

Financial performance

- Achieved 23% revenue growth YoY and 8% growth QoQ at the consolidated level.
- Consolidated EBITDA grew by 60%, with a 9.1% EBITDA margin for Q1FY24.
- EBITDA, EBT, and PAT saw increases of 23%, 31.6%, 58.2%, and 69.2% YoY respectively.
- Working capital is ample for expansion without additional borrowings.

EV

- The company has developed three product lines for the EV segment, including DC controllers (isolated and non-isolated), EV chargers, and motor controllers.
- Sandhar Auto Electric Solutions Private Limited, a new subsidiary, is being established with trial runs expected in Q4FY24.
- Technical collaborations with two partners are in progress to meet customer needs.

New projects

- Mass production has been initiated in sheet metal plants (Kalaga, Halol, Attibele) and the Romania plant, along with machining for casting projects at Mysore and Hosur locations.
- These high value-add ventures exhibit elevated EBITDA margins.

JV

- Sandhar Amkin is EBITDA and PAT positive, Sandhar Han Sung and Winnercom is PAT positive, and Sandhar Whetron EBITDA positive. Although Kwangsung Sandhar remains negative, its losses have reduced from INR 8 cr in FY22-23 to INR 35 lakhs in Q1 FY24.
- Investment in JVs of INR 87 cr.
- Q1 saw JV sales of INR 78 cr (INR 39 cr as the company's share), projecting an asset turnover of nearly 3-4 times by year-end and possibly exceeding 4 times in the future.
- The goal is to achieve double-digit ROC from JVs by year-end, with a focus on increasing asset turnover and stable short-term growth of 4%.

Overseas operations

- Maintaining double-digit EBITDA margins, with the Romania project in early stages, impacting costs temporarily. EBITDA margins remain above 11%. Anticipating stable ROC and revenue from Romania plant by year-end.
- Start-up costs may continue for two more quarters, aiming for normalized production by FY25.

Order book

- Secured orders including a Suzuki order book worth over INR 500 cr for smart locks and regular locks over five years.
- Additional orders are anticipated from Honda's new car business and Tata business. The previous year's orders range from INR 278 cr - 350 cr.

Smart Locks

- Initiated the manufacturing of PCBs for captive consumption, particularly for smart locks. The fully operational plant's capacity is being expanded to ensure swift utilization and monetization.
- PCB costs vary from 15% to 30% of the component's total cost across different product lines.
- Smart locks offer higher margins, and as localization increases, short-term margin growth is anticipated, eventually leading to higher overall profits.

Sheet metal

- Strong potential in sheet metal business with customer confirmation, expecting 25-30% revenue growth in current and upcoming financial years.

Market share

- Dominant player in Hero, expanding presence in Honda with 100% share in their new model locks. Almost 100% suppliers for TVS and Royal Enfield. Key supplier for 60-70% of the recently launched new EVs in the market.

Suprajit Engineering Ltd- Q1FY24 Concall KTAs
CMP INR 399|Market Cap INR 55,322 Mn|PE: 16x (FY26e)
Management expects H2FY24 even stronger growth and improved margins
Cons reported revenue INR 6797 Mn against INR 6452 Mn grew by 5.3% YoY (-2.8% QoQ). EBITDA for the Q1FY24 was INR715 Mn as against INR540 Mn growth of 32.5% YoY (-17.9% QoQ). Margin stood at 10.5% in Q1FY24 against 8.4% Q1FY23 (12.5% in Q4FY23). The total debt level was INR 6130 Mn and cash balance was INR 4870 Mn.
Division
Suprajit Controls Division (SCD)
•Achieved significant growth and operational EBITDA improvement.
•Non-automotive and off-highway sectors impacted by global macro factors.
•Wescon Unit 9 and Shanghai plant schedules were affected.
•Strong growth in global automotive plants and Suprajit's business.
The company expects to see double-digit growth in SCD.
SCL (Suprajit Components Limited)
•Double-digit growth and improved margin performance.
•Positive response to "One Suprajit" global platform concept.
•Notable wins in cables and electromechanical actuators.
•India 2W segment subdued, EV market hit by subsidy issue.
•Aftermarket segment faced seasonal softness.
Passenger Vehicle Product Lines:
•Strong growth in line with India PV industry
•Diversification into non-cable businesses by DCD.
•Favorable results expected in upcoming quarters.
•Well-positioned on EV platforms.
Phoenix Lamps Division
•Commendable growth despite Trifa and Luxlite restructuring.
•New order acquisitions driving growth.
•LED retrofit solutions' success in domestic and international markets.
Suprajit Electronic Division
•Established recently, gaining excellent traction.
•Positive customer visits and audits globally.
•Order book INR 1500 Mn per annum. The company has strong order book from the EV customers.
•Actuators come with lot of electronics and PCBs and global customers are very impressed with the electronics capabilities. One of the luxury brand in PV in Europe visited Suprajit.
•Auto and non-auto businesses were impacted due to customers cut down the business by 50%. So, expecting non-automotive continue to underperform and will improve with the economy starts turning around.
•Lamps division: There has been a restructuring. Recently won very good order in this segment and Phoenix lamps division those things will add on as going forward. PLD will be going to do double digits in the next couple of quarters.
•The company is getting good business from Russia, European, one of the leading players as a more business
•China plus one strategy also doing well for the company
Relocation of China Plant
Identified a new location in China and the new plant manager for General Manager for China also has joined. Expecting the relocation to happen by sometime in January, so there is a relocation expense.
Outlook:Suprajit Engineering has a healthy order book with major orders from BMW, VW, and Suzuki. Management expects double-digit growth for the next 2-3 years. The company is the being among the top three global manufacturers of both cable and halogen bulbs. At a CMP of INR 399 currently, Suprajit is trading at a PE of 16.1x to its FY26E EPS of INR 24.7.

Lumax Auto Technologies Ltd-Q1FY24 Concall KTAs
CMP INR 391|Market Cap INR 26,656 Mn

In Q1FY24, company aims to surpass INR 27,000 Mn-29,000 Mn, and in FY25 targeting 35000 Mn (Including IACI), propelled by legacy JVs, IACI, and bullish 18-25% aftermarket growth, possibly 15% next 2-3 years; IACI seeks Maruti expansion, backed by Mahindra EV orders; Lumax Alps Alpine eyes global manufacturing, Mannoh & Cornaglia holds strong orders; M&M boasts substantial pending orders for Scorpio and XUV700.
FY24 would closed to 12-15% top line in consolidated growth will be much higher than 20-25% grow in FY25 as 65-70% will come in FY25 revenue without IAC revenue
Margin will further grow with IACI and target to be mid-teen level. IACI Margin will be in this range excluding other income 15-16% and including other income its 17-17.5%.

Healthy performance in consolidated level
Consolidated INR 6320 Mn against 4220 Mn grew by 50% YoY. EBITDA stood at INR 880 Mn grew by 82%. EBITDA Margin of 14%
Consolidated Net Profit grew 15.0% YoY to INR 230 Mn from INR 200 Mn

Revenue Mix: Integrated plastic module contributed 47%, aftermarket at 13%, Gear shifter at 13%, fabrication at 8%, emission at 6%, lighting product at 5% and other 6-7% for the first time here of PV has overtaken 2&3W dealers with PVs 45% 2&3w 24% aftermarket 13%, CVS 9% others at 8%.

The standalone entity caters to integrated plastic modules aftermarket business seat structures chassis and swing up for 2w trailing arms of 3w under the metallic business and 2w lighting the standalone entity has contributed 47 of the total Consolidated revenues for Q1FY24.

Recent Acquisition: LATL acquires 75% stake in IAC India, consolidating financials; FY23: Revenue INR 635 cr (76% YoY growth), EBITDA margin 16.5%, PAT INR 61.5 cr; IACI diversifies revenue, synergies for cross-selling, product expansion; no royalty payment, low forex impact. IACI supplier to key OEM like Maruti Suzuki, Volkswagen, Volvo, Eicher and Mahindra. IACI has contributed32% of total revenue.

Merger: The Board of director ISC India approved the scheme of merger with its holding company live on 4th August 2023.

Lumax Mannoh Allied Technologies Ltd 55% subsidiary which manufacture manual AMC and automatic gear shifter contributed 12% of total revenue received award from Maruti.

Lumax Cornaglia Auto Technologies Pvt Ltd 55% subsidiary which manufacture Air Intake Systems contribute 6% of total revenue and hold strong order book and optimistic for FY24 performance and the company new facility expected to commence from Q3 onwards with the addition of plastic fuel tanks as a product.

Lumax Ituran Telematics Pvt Ltd 50% JV which supply Telematics Products and Services to Daimler India. Volumes are expected to grow significantly in the FY24 and the current quarter with addition of certain new Range products. It turns profitable by Q3FY24 as it is going for the SOP in one or two month.

New launch
The company launch Gear shifter for the Maruti Suzuki Jimny and Fronx model. Continuous new launches drive growth in ancillary business; expanding product categories and strong OEM relationships boost content per vehicle.

Order book
The company has healthy order book of INR 10000 Mn in this 95% of its new business and 90% from JV's and subsidiary.

Lighting business
A 28% decline is linked to Bajaj Auto's export slump affecting LATL's export focus, while Bajaj's volume could recover QoQ; HMSI's model part deletion and flat aftermarket affected LATL, causing the decline in standalone. The company expecting double digit growth in coming years.

Aftermarket
Traditionally Q1 lowest due to full year contract and commitment taken from the channel partner and expect 18-20% growth in near term.

Subsidiary
Lumax Alps Alpine India Pvt. Ltd. Still in incubation and seen very healthy order book generation. The first revenue start coming from FY25. This is in breakeven level and not losing any money.

Lumax Yokowo Technologies Pvt. Ltd. has gain significant order book in Q1 and expecting Q1FY25 to be high product generating. This is turn profitable in Q4FY24 because it has already gone into the SOP.

Lumax FAE Technologies Pvt Ltd, continue to be impacted due to government regulation OBD2 deadline and also not management not sure that it will going to implement by Apr 25.

Outlook: We have a positive outlook for the company, anticipating improvements in product mix, growth in legacy business JVs, increased content per vehicle, and expanded growth opportunities through the consolidation of IACI's business.

Craftsman Automation Q1FY24 Concall KTAs | CMP INR 4,539|Market Cap INR 100,359 Mn

The company's performance in the first quarter of FY24 showed robust volume growth, with continued strong demand for PVs and 2Ws. However, CV sales declined due to pre-buying of OBD2 norms. Similarly, the tractor segment experienced weak volumes during this period.

•The company was anticipated to focus on its powertrain business as CV sales were weak due to pre-buying behavior. The farm sector also experienced subdued performance due to high inventory levels. The only segment that showed strength was PVs. The management is optimistic about the CV segments picking up significantly in Q3. Additionally, there is a notable preference for heavy-duty vehicles over lower tonnage vehicles in terms of demand.

•Aluminium: 2W is doing well, and expects some stability in the same. PV segment is seeing good traction with Dr Axion on board. IE segment, the company does not see the impact on direct exports while direct exports are weak.

•Margin: The company margins were impacted in Q1 due to weak volumes in the CV and Tractor segment. Operating leverage did not hold as compared to last quarter.

•Rating: CRISIL has upgraded the company's ratings in the last quarter. CRISIL AA minus stable for the long-term from the previous rating of AA plus positive and CRISIL A1 plus for short-term from the previous rating CRISIL A1.

•Capex for Q1 FY24 stands at INR 810 Mn for technology upgradation. For FY24 ~ INR3000-3200 Mn. 30% of capex is towards maintenance capex and the balance 70% is towards growth and automation.

•Ratios: Consolidated financial, D/E of 0.88x, Current Ratio 1.7x; ROCE (pre) 23%, Debt/ EBITDA 1.77x. Standalone D/E 0.79x; Debt/ EBITDA 1.66

•Industrial Engineering, storage business INR 780Mn in Q1FY24. Turnover of subsidiary INR 2810 Mn with EBITDA of INR 520 Mn.

•IE breakup: Storage 47% (INR 780 Mn of which Automatic INR 190 Mn and Static INR 590Mn); High end sub assembly and precision component is 53%.

•Aluminium Segment revenue mix (standalone), CV 7%; 2W 70%, PV 3%, others 20%. Consolidated basis PV is 65%.

•Value add for Q1 FY24, Powertrain INR 237; Aluminium INR 86 and IE INR 630 Mn for standalone business. For DR Axion VA is INR 1,040 Mn.

•Inventory levels at DR Axion stand at 3-4 weeks. And margins are expected to remain at 16-17% levels.

•Net debt as of 30th June was Rs1054cr (including INR 3750 MN DR Axion acquisition).

•China + 1 strategy has benefitted the company, especially in the powertrain segment. Multinational OEMs are looking at suppliers that have a huge capacity, while CA has a small capacity. Until domestic ancillary players do not scale up their operations to be at par with China, it would take some time.

•Auto powertrain mix, CV 58%; Off-highway 19%; Tractor 14% and SUV 9%.

•Direct export sales INR 630 Mn.

•In India there are ~7 foundries that do more than INR 7000 Mn of business and 3 OEM foundries that do a similar range.

•Capacity utilisation at 70% levels in the powertrain segment, >70% in Auto Aluminium.

•Value addition to revenue has come down to ~61% from 65% last year.

•In powertrain with better operating leverage, margins would improve. Aluminium is growing at a lower base, hence margins are getting absorbed. IE would improve from Q2 onwards. The company plans to do 15-20% growth every year as mentioned during its IPO in FY21. It may raise capital next year if the opportunity arises for new demand. D/E would move to 1x.

•Partnerships, craftsman has been into engineering background. It does not plan to get into JV or dilute its ownership. Not open to any JV where it becomes a minority.

•Strategy with DR Axion: The parent is planning to set up a plant in Pune from which CA is expected to get the order. Subsequently, on the upcoming new engine platforms, it has started receiving inquiries.

•Cash on hand as of today is INR 520 Mn.

Outlook: Craftsman stands out in the Auto Component industry with its exceptional ability to attain market leadership organically, a feat rarely seen in the sector. This approach has enabled the company to strike a remarkable balance between robust growth and superior capital efficiencies. Notably, in the previous quarter, Craftsman secured significant orders in the Off-highway vehicle segment. Regarding global markets, although India serves as a small exporter, the management believes that it holds tremendous untapped potential. However, the primary hindrance to further growth is the existing capacity. Many global multinational corporations require substantial capacities to be set up as a prerequisite for collaboration or expansion.

Escorts Kubota Ltd-Q1FY24 Concall KTAs

CMP INR 2,561|Market Cap INR 337,946 Mn

The company remains debt-free and has sufficient available funds for growth and increasing its capacity.
Dealer: The company focuses on the distribution channel front as of June total of 440 dealers. In the future, cross-selling will focus on optimizing opportunities with other brand dealerships.
Railway equipment division: The company's total order book of ~ 950 Cr reflects strong momentum in railway manufacturing, driven by new product introductions such as brake pads and brake disks, leading to increased revenue, and a first-time order for electric panels in Q1 is expected to further boost the top line as the company continues its focus on expansion and diversification of railway business product lines.
Agriculture Segment: Overall commodity price softening from peak level its ~2.5% reduction in commodity price.
Price: One price increase in June ~1% and the impact will come in the next quarter.
Margin: The company guided for a margin of 16-17% due to softness in raw material prices. (earlier 13-14%)
Tractor: Low to mid-single-digit growth in the tractor segment led by adequate reservoir levels better crop prices better liquidity and adequate credit availability. On the raw material side steel doesn't matter in tractor but improvement in construction will help to grow the tractor segment. The company focus on reducing inventory which is now at 4-6 week.
Share Capital Markets: The company got approval for a scheme of capital reduction of INR2,14,42343 equity shares of face value of INR10 each ~16.3% of the paid-up share capital pre-reduction, which will become effective from 29th May 2023. The share capital of the company now stands reduced from INR 131,94,604 to INR 110,49,82,610 divided into INR 110 crores INR11,4,98,261 Equity shares of INR10 each.
MS: Spare share >25% from 12-16% MS and 4-6% for export.
Retail: Outlook low mid-single digit against mid-single digit growth guidance in the Annual Report
Subsidy: In the tractor segment pick-up seen in Gujarat is led by certain subsidy which helps to grow bigger volume. While Subsidy softening in Maharashtra impact slightly due to big city.
Export in Kubota 32%, there are products development so pick up will start September onwards and quality improvement on the product side. The development process already start so major improvement from next year. 5.6% Share of the Market in Q1FY24, down by 63 bps YoY, and capacity utilization is at 82%.
Export: Under pressure European and US demand as it was much better during Covid time in the last 3 years. So will see demand impacted as people get back to work. Financial pressure from the government side.
Farm implement side: 30-40% growth but as a base was low so, the impact will see from next year onwards. So, next year expect significant business 400 Cr+ top line coming from this business.
Product mix: Kubota continues to export the engine and the better product mix. Greenfield plan to go by FY26, engine parts are localized
Construction: The company has a better realization, a much higher margin, and demand momentum is quite strong. Construction equipment high single-digit margin. Q3 will see better opportunities
JV: The company has a similar kind of margin for the JV.
The company's focus continues to remain in a strong market. The company wants to drive additional focus on the 30 to 40 BHP haulage segment in strong markets.
International Markets: Building the Kubota market, operating through the distribution market. Indian China Korea.
India basically supplies compact tractors, which are cheaper in value. So it's a value for money tractors, which go from India and there are similar tractors which count on China, Korea, also those markets. So this is a segment that is unaddressed from the foreign players.

Outlook

High single-digit to mid-single-digit growth in the Construction Equipment Division, substantial growth in the Railway Equipment Division, good momentum in the Agri-machinery business, strong cash flows, and minimal debt. We believe it will lead to better growth going forward.

Varroc Engineering-Q1FY24 Concall KTAs
CMP INR 343|Market Cap INR 5238 Cr|Rating: Buy|TP: INR 451 (DCF-based)

Favorable business trends set to drive awaited debt reduction.

The company's strategic focus is on enhancing global competitiveness through product development, leveraging its global presence, and ensuring growth, returns, and fiscal discipline in FY23. Company confident that will achieve INR1,000 cr revenue of EV business in FY25. The company aspiration to reduction debt (Q1FY24 reduced INR 50 Cr). The company aims to outpace industry growth by 8%-10%, driven by a content growth strategy, particularly stemming from the Electronics sector. The company's continue to aim for double-digit EBITDA margin.

Industry
The Indian economy's growth momentum persists in FY24; moderated core inflation aids the RBI in not raising interest rates, supporting the automobile industry. Q1 FY24 witnessed YoY growth in most segments: 2w by 1.3%, PV by 7%, 3w by 24.3%, and CV with a de-growth of 1.5%. However, after Q4 FY23's accelerated buying due to OBD norms, Q1 is typically slow, with CV down 12.7%, PV down 6.4%, and 3w down 2.3%, while 2w grew 12.1% QoQ.

In-line Performance
Revenue growth of 10.4% with Revenue in Q1 FY24 at INR 18,057 mn (our estimate of INR 18,928 Mn). EBITDA margin at 10.0%, higher by 180 bps on YoY basis and 50 bps on QoQ basis (our estimate of 9.7%). The margin expansion led by improvement in Indian and the overseas operations and certain incentives from government.

Reduction in Subsidies
The upcoming monsoon and festive season hold significance in sustaining the automobile sector's momentum, while the reduction in EV subsidies from June 1, 2023, affected EV volumes, yet the company is cautiously optimistic about volume recovery in the near future. Notably, Q1 FY24 revenue from supplying EV players reached ~INR 651 mn, constituting 4% of total revenue.

Order
In Q1 FY24, secured substantial order wins worth INR 9,552 mn, advanced technical capabilities through patent filings, and received board approval for a significant renewable energy procurement of over 37MW DC, aimed at reducing fixed costs starting next year.
Settlement on final closing adjustments for divestment of 4W lighting business completed during Q2. Based on Oct FY22 that the company has received EUR13 bn from the escrow amount after meeting the cost of sales, to the extent of EUR5 bn. The company will be using the balance amount to reduce net debt levels.

On YoY basis, saw growth in most of the segments as economic activity is improving both in rural and urban areas. 2W grew by 1.3%, 3W grew by 24.3%, PV grew by 7.0%, CV de-grew by 1.5 due to OBD change.

Interest cost
A reduction in interest cost for the first time after many quarters. Interest cost expecting a decline in upcoming quarters due to debt repayment through operational cash generation; Bajaj's business share increased to 42% with EV supplies; recent order win of INR 955 Cr comprises over 70% in 2w segment, 60% from non-Bajaj customers, and EV-related business at 11%. (EV contribute ~4%)

Outlook: The company aims for global competitiveness, anticipates INR 1,000 Cr revenue from EV business in FY25, and strives for double-digit EBITDA margins. We assign a BUY with DCF-based target price of INR 451, implying ~29x FY26E EPS.

Samvardhana Motherson International Ltd- Q1FY24 Concall KTAs
CMP INR 96|Market Cap INR 649371 Mn

The company anticipates significant improvement in the next 12-18 months, with potential growth exceeding 20% (growth of 27% YoY in this quarter), while maintaining a capacity utilization goal below 80%.

Healthy Performance
Consolidated revenue grew by 27% YoY/-0.07 QoQ of INR 224,620 against Q4FY23 of INR 224,770 Mn. EV's revenue has increased over INR 160,00 Mn in Q1FY24 (FY23 EV revenue was ~INR 49,000 Mn). Growth on the back of healthy automotive production volumes and strong performance by all business divisions. EBITDA margin 8.6% against 6.5% in Q1FY23 and 9% in Q4FY23. Improvement in EBITDA levels on account of operational efficiencies, softening of material and energy prices and continued customer support.

Leverage ratio
1.4x (target max: 2.5x), focusing on operations and customer value
M&A
6 acquisitions announced, 3 closed, annual revenue ~USD 4.9B (gross) / ~USD 1.1B (net). Closed 7 acquisitions since April 2023, with annual revenues of ~ USD 4.9 billion (gross) / ~USD 1.1 billion (net) The company closed 7 acquisitions since Apr FY23 with including only INR 260M in top line from acquisition.

Pending acquisitions (Sermon, Yachiyo, Dr Schneider) it will add 1.4bn revenue in FY24. All acquisitions boost cumulative cash flow and EPS.
This acquisition on the emerging business side, 2 closed on the Volta at polymer at emerging business side. All the M&A on the consolidated nothing in standalone.

Facility
Added 41 facilities into the Motherson ecosystem.

Employee
The company also welcomes 8500 employees in the company.

Production
Q1FY24 - light vehicle vol. 22M (+16% YoY), CV 842k (+18% YoY) due to better semicon availability and improving demand-supply lag.

Organic growth
Stabilized automotive vol., uptick in zero emission, premiumisation led to 7 new greenfields in emerging markets, 6 in India, 1 in China.

Capex
Up to 33000 Mn, considering M&A, potential capex for future quarters.

Standalone
Standalone revenue up 25% from JV orders, premiumisation; INR 110-120M credit loss; positive trends in provisions, minority share, and investments.

Net Debt

INR 83110 Mn against INR 74740 Mn due to due to accumulation of engineering Inventory for programs yet to start commercial production and payouts for acquisitions during Q1.

Vision system

Q1 seasonally strong quarter for vision system led by some year end settlement that happened and also some pending settlement prior period in last 2 quarters.

EV

INR 16000 Mn revenue supports to increase content revenue and profit in $ term. The shift towards EV is positive for the product portfolio.

Profit grows with Motherson Wiring but some associates are showing weakness; the company's team addresses this, aiming to turn all portfolios profitable.

Capacity utilisation

If it crosses 80% will try to bring new plants and try to bring it 40%.

Balkrishna Ind Ltd.- Q1FY24 Concall KTAs
CMP INR 2370 | Market Cap INR 458,770 mn
Financial Performance:
-Sales volume decreased by 19% YoY. The overall sales volumes in Q1FY24 stood at 67,209 MT.
-Revenue experienced a 22% YoY decrease, amounting to INR 2,115 cr.
-EBITDA declined by 11% YoY to INR 487 cr.
-EBITDA margin increased by 295 bps YoY to reach 23.0%.
-Net profit decreased by 2% YoY, to INR 312 cr.
-A dividend of INR 4 per equity share was declared.

Domestic market: Domestic sales reached 21,012 MT, reflecting a robust 19% YoY growth. Global channel inventory challenges are easing. Momentum in domestic markets continues

Capex: Expected capex for FY24 is INR 550-600cr. Routine maintenance capex will be around INR 250-300 cr. Balance for new products, market expansion, brand building.

Debt: The gross debt as of June stands at INR 2,850 cr.

Freight: The company implemented a rollback of the freight component in its ASP during Q4FY23.

Other KTAs: The decrease in raw material costs led to lower realization, prompting the company to pass on the benefit to customers. Approximately a half percent benefit was conveyed, possibly slightly more on average. At the retail level there is destocking.

Market share: The company has consistently expanded its market share on the OEM front and expects the trend to continue. With 5-6% global share, the emphasis is on premium products and expanding product range to address the 94-95% available market. The goal is to attain a 10% market share within the next 4-5 years post next capex round.

Challenges: The company experienced a production loss of five days and a dispatch delay of 10 days towards the quarter's end. Management notes that Q2 traditionally represents their weakest quarter.

OTR: Contributed 38% to their overall business.

Inventory: Inventory levels at the global end user distributor dealer level are decreasing and are approaching a normal range. The high-cost inventory has nearly been adjusted, and the current inventory reflects current costs. The expectation is for stable prices moving forward.

Capacity utilization: Capacity utilization at carbon black plant is 85-90%

Outlook: The main driving force is anticipated to be volume growth, leading to increased efficiency. This will be complemented by factors like hedge rates and operational elements, with the product mix favoring OTR products. The hedge rate for FY24-25 stands at 87-88 for the entire year. The expected realization is in the range of inr 300-305 per kg.

CIE Automotive Ltd. Q1FY24 Conference Call Highlights:

- **Monsoon**: Going forward, the relatively patchy progress of the monsoons could affect growth in the 2w and tractors market, but they do expect growth in the 4w segment to continue on the back of new model launches.
- **Industry:** Gradual recovery of two-wheeler production, which grew from 2% to 12% sequentially. The two-wheeler retail sales data reported by the dealers association also shows a gradually recovering sales MoM.
- The European operations experienced growth flattening due to Metalcastello's slowdown, while Q2 CY23 showed a healthy 19.2% EBITDA margin, higher than normal due to the pause in production for the upcoming summer holidays.
- The tractor market experienced high single-digit growth on a semi-annual basis, while trucks and two-wheelers slightly declined. This uneven performance across segments is anticipated to persist, but the EBITDA margin of 16.8%, EBIT margin of 12.8%, EBIT margin of 11.9%, and 9% margin are all significantly higher compared to H1FY22, indicating a strong all-round performance, and this positive momentum is expected to continue.
- The German CV forging business (held for sale) had INR1.1b insurance claim, which boosted PAT to INR846m in 2QCY23. Operating performance of this business has been improving with EBITDA margin of 8-10% in 2QCY23. The process to sell this business is progressing well and management expects a deal to happen sooner rather than later. The business transferred an excess cash of INR2.6b, as the deal is expected to be on debt and cash-free basis.
- **Capex** for the H1CY23 was INR1.7 bn, largely focused on projects in India (90% in India). Overall CapEx for H1CY23 was 5.4% and further will maintain 5-6% capex over the year. A large part of this capex is towards growth capex in India and Mexico.
- In Europe, the electrification of powertrains and EV order portfolio has rapidly gained traction, holding a MS of over 10%, and a similar trend is picking up in India, especially in 2w & 3w and Spanish car manufacturing plants.
- **Orders:** The company has secured orders for CIE Forgings, aluminum forging parts chassis, and EBIT transmission parts at itallian plant, expecting them to offset revenue decline from EV penetration, and remains confident in their ability to seize future opportunities. They have secured multiple orders from German carmakers for EVs, including differential grounds and battery plates for trucks, with industrialization planned next year, aiming to enhance their presence in the EV market, where currently over 1/3rd of new orders originate from EVs, with an anticipated increase in the future.

- **EV**: The company is currently selling components for EVs, especially in the three-wheelers, in both composites and magnet and gears divisions. The percentage of revenue from these activities in India is approximately 1%, and in Europe, it is also low due to the introduction of new products, with expectations of increased production and industrialization in the coming years, possibly reaching around 3%, 4%, or 5%.

- **Revenue Mix for India**: CY22 ~49% in India for four wheelers ~23% for two wheelers 20% for tractors and 8% for trucks in India. EV revenue 3-5% in Europe and 1-2% in India.

- **Customer**: M&M has performed exceptionally well, particularly with the newer models that have shown significant improvement compared to the older models, including advancements in stampings and external parts. The underperformance in the 2w market, but the company expects a recovery from August onwards with Bajaj exports getting back on track at ~50%, while newer customer segments are performing well.

- For sunroof business, the parent's strategy in India is yet to be finalized (currently housed in the parent-owned subsidiary).

Sansera Engineering Conference Call Highlights

Strong performance in Q1 on the back of growth in domestic and international markets. Looking to grow 2x of the automobile industry.

Industry Overview

PV sales stood at 9.9lac units (9% YoY) 2W 41.4mn units (11% YoY). Overall, growing at a healthy pace. OEMs have lined up launches in H2, which should aid Sansera.

Auto Tech & Xev

Segments continued to improve by 70% YoY led by xEV products (~12 to overall sales; 6.6% auto tech and 5.3% from xEV). Auto ICE 19.6% YoY growth on the back of 2W and PV components. Added a new customer in PVs. Auto ICE 76.4% of overall sales. (35.3% Motorcycles, Scooters 5%, PV 23.8% CV 11% to top line). Non-Auto 27% YoY (11.7% of total revenues).

Aerospace & Defence

Contributing to 3.2% of total sales. The company is expecting strong growth in the upcoming 2 years. Revenue contribution from Off Road 4.3% Agri 2.7% and balance 1.5% from other segments. A&D revenues were lower due to the shifting of lines to its new facility. It required customer approval. It has now been approved, which led to a small delay. Expects a 50% YoY growth.

The opportunity is quite strong. Indian carriers like Air India, TATA Group & Indigo collectively have placed the largest orders. Recently got awarded the 2nd highest award for quality from Ratheon group. Now getting higher value added parts.

Strong order pipeline

Annual peak revenue stood at INR 16.9bn in Q1FY24 against INR 13.3bn was in Q4FY23. The growth in orderbook led by Auto ICE segment. Auto ICE 47% (INR 8.04bn), Auto Tech & xEV 30% (INR 5.09bn) and Non-Auto 23% (INR 3.8bn).

The company received repeat orders from General motors (INR 87cr peak annual revenues), Stellantis (INR 67cr), TVS, Collins Aerospace and Cummins (INR 40cr) another marquee EV customer (INR 70cr).

Capex

The company is focusing on new generation components (hybrids and defines components). Recently started construction of a new brownfield facility 150,000sq ft. of built-up area. Largely for Aluminium forged and machined components. For FY24 Capex is of 3000 Mn, for Non-Auto and Auto ICE.

The Company has not committed any capex for the US plant. Primarily to cater to capacity expansion and line balancing to the existing lines and the machining facility under construction. Aluminium, based on order inflows it is adding 2 additional presses.

Geographic

India contributing 68.4% of total revenue; Europe 19.5% of total revenue & US is of 9%. Other foreign countries of 3.1%.

In Sweden, a lot of stabilization activity was carried out last year. It has now come on track. Presently on final discussion with customers and seeing a good potential for growth. This quarter, the company has gained significantly. Hopeful for the European market and customer demand to grow strong.

Exports

FY24 would be better for exports. Swedish subsidiary witnessed a 35% YoY growth with EBITDA at 12% in Q1. The company expects to reach 9-10% EBITDA margin. Export expect to grow >50% yoy as last year base was low.

Net Debt

INR 7.2bn on the back of an increase in inventory to support revenue growth. Q1 is generally weaker than Q4, however, this qtr has been a one-off. Debt levels have gone up on the back of working capital requirements. Rs680-700cr is the debt target for FY24. The credit & collection period is relatively higher in international markets.

MMRFIC

Sansera has invested ~INR 200Mn ~21% stake with the right to go up to 51% at a capped valuation (18-24 month time period). The company has no plans as of now to increase its stake to 51% as of now. The company would increase the stake in the next.

Two wheeler
Strong partnership with Royal Enfield, got a good order for Bajaj Triumph & 100% with Hero Harley. This segment is looking good.

Content per vehicle
Content per vehicle is significantly improving on the back of aluminium light-weighting.

Customer
In PV, added TATA. Maruti's SOB is going up. Export, Toyota is doing very well (Sansera is a key customer for connecting rods and hybrid components). TATA Motors, started production of ~75,000 connecting rods per month only, other components are being tested. Relation started in the 3rd quarter of last year, it is expected to improve gradually.

Production
In two wheeler sales have not picked up as expected. August, Sept and Oct should be reasonably good for 2Ws. Pressure on the entry-level segment persists. Premium models have seen better traction and Sansera has better contribution here. Expects 2Ws to be very strong for industry and Sansera.

Facility
The capex is for additional capacity for the machining facility at Bidadi. Mainly towards exports, Cummins connecting rods would be manufactured there. INR 400-420cr of revenues in FY24. At full capacity, it should be 2x.
Investment in a high-tech company, where it’s focused on Sansera’s Aerospace division and improve penetration. Actively scanning for opportunities.

Top 5 customers
The company contribution has increased over time. From the top 4, only 2 of them are >10%. 1st is Bajaj. The company’s strategy: It would like to grow with the customers and wants less dependency on 1 customer. Last year, the top 5 contributed 52% and today it contributes 47%.

New customers
Cummins is the new customer. GM, FCA & Tesla are existing customers. Order book would start peaking from 2nd to 3rd year onwards. The INR 366mn order they have received (Cummins) would start accruing from a year later and would peak in 2-3 years.
Despite the production of automobiles (4Ws) being expected to remain tepid, the company would be growing on the back of consolidation of 2W business (eg. TVS), new addition of businesses and premiumization of businesses.
Q1 contribution is coming from TVS, royal Enfield and Aluminium forged components. TVS has grown by 30%, TVS: 30% Auto Ice, Tech Agnostic and EV by ~100%, while royal Enfield has significantly improved content per vehicle.
Other highlights
Power and Fuel INR 1074mn.

The company is focusing on 2 segments 1) Defence and 2) Surveillance radar. They have gotten a European company on board for a credit card-shaped radar and awaiting final confirmation.

Greaves Cotton-Q1FY24 Concall KTAs

GCL's standalone EBITDA margins are now solidly in double digits at 11.3%, and when combined with Excel, the margins are a robust 13.5%, aligning with historical trends pre-COVID. Standalone PBT is at INR 450 Mn with a 37% ROC, and a cash conversion ratio above 90% reflects strong working capital management. The balance sheet boasts minimal debt and a consolidated net cash of INR 7390 Mn, earmarked for future investments and expansion.

While GEMPL reported revenues of INR 135Mn and a negative EBITDA of INR. 71 due to reduce of subsidy from 50% to 30% effective June, consolidated EBITDA and PBT were both negative at INR. 140Mn and INR 100Mn respectively; nonetheless, the strong standalone financial performance of GCL plus Excel underscores the effectiveness of the company's strategic product portfolio diversification in recent years.

GCL + Excel revenue (60% acquisition) at INR. 4350 Mn, up by 16 % YoY and margin at 11% against 3% in Q1FY23. The integration of Greaves Cotton Limited and Excel Controlinkage has proven to be pivotal, showcasing robust growth and fostering optimism for sustained momentum. This integration has unlocked fresh opportunities for synergies and expanded capabilities, paving the way for a promising future.

3W: The acquisition of a majority stake in MLR presents a unique opportunity to leverage synergies and strengthen competitive position in the 3w market significantly. In term vehicle sales, service, spare, retail as well as greaves financing offering.

Ampere introduced ZLE X and Primus scooters, plans NXG launch this year. Electric two-wheeler off-take slowed due to battery costs and reduced subsidies. Three-wheeler LC and L5 portfolio saw 140% YoY growth; Bestway and MLR subsidiaries achieved strong double-digit growth.

Ampere achieved a cumulative secondary sales milestone of 200,000 units for its electric 2-wheelers till theQ1FY24.Partnered with Bike Bazaar Finance and Salesforce for enhanced customer experience. Ampere registered over 10 percent market share and recorded a double-digit growth in vehicle registrations.

EV profitability: 1) The company has both 2w/3w electric portfolio with company across all formats and all price points. The company is present in low, city, and high-speed scooters, as well as electric rickshaws, covering both cargo and passenger segments in the EV market. 2) B2C and B2B segments, 40% of the deployed vehicles are from greaves EV 3) Unlike rivals, emphasize cost leadership, evident in profitable margins for 2w in the last fiscal quarter.

Greaves Retail: This segment witnessing strong and dynamic growth, primarily fueled by its focus on multi-brand, multifuel offerings. It has expanded its reach by establishing stores across the country and they continue to work across multi-brand spares, multi- brand service and multi-brand sales and service, basically the 3S model.

Greaves finance: The launch of EVFin, an innovative EV financing platform, demonstrates a commitment to sustainable mobility. Initial operations are active in three cities, with partnerships established with three OEMs and two multi-brand chain outlets, signifying progress towards a broader market presence.

RM: Commodity cost to remain stable going forward.

Continue debt free company and Net Cash position INR 7390 Mn.

Genset: MS is diversifying in response to changing norms, providing fuel options including diesel, CNG, and electric for lower-capacity gensets, maintaining a versatile presence in both domestic and export markets.

Upcoming launch: Over the next six months, the company is launching the electric cargo vehicle Greaves Ultra, followed by a passenger variant, while also expanding dealer and financing networks, bolstering growth in the 3w sector.

Inventory: The two-wheeler inventory is at about 4-6 weeks across dealer network in India.

Motherson Sumi Wiring India Ltd- Q1FY24 Concall KTAs

CMP INR 60 | Market Cap INR 260,180mn

Financial performance:

-Revenue increased to INR 1,859 crore. Strong revenue growth 11% YoY during Q1FY24 supported by growth in volumes for key passenger vehicle customers.

-PAT decreased to INR 123 crore as compared to INR 138 crore in Q4FY23, degrew -11% QoQ.

-EBITDA for the quarter was INR 207 crore, as against INR 208 crore in Q1FY23, remaining stable YoY.

-EBITDA margin stood at 11.1% in Q1FY24 as against 11.9% in Q4FY23, degrew -6% QoQ.

-Outperformed industry on QoQ basis.

Manufacturing:

-Additional capacities installed at their facilities during earlier quarters have started to contribute revenue growth

-The newly established capacity is expected to see improved utilization by the end of the first quarter of the next year, contingent on the timely pickup and adherence to customer plans as per the schedule.

-The plant utilization rates are currently at around 55% for one facility and approximately 80% for another. In the upcoming quarter, the utilization is expected to increase by an additional 10 to 15% for one of the plants. The remaining facility at 50-55% capacity is also anticipated to witness growth in the coming quarters.

Product mix: The product mix varies from quarter to quarter, driven by customer requirements for harness manufacturing. Therefore, it is challenging for the management to predict the exact product mix in advance.

Raw material cost: The RM cost, as a percentage of sales, is influenced by two customer contracts, impacting the financial statements on a quarterly and annual basis.

Capex: In FY23, the company has allocated approximately INR 125 crores for capex, excluding land and building expenses. This investment is primarily aimed at meeting customer demands. Future investments, including land acquisition, will be managed by the relevant company.

EV: The company is actively engaged in the electric and high-voltage segments, catering to various vehicle types such as passenger vehicles, commercial vehicles, two-wheelers, and buses. They serve both new and established customers, expanding their presence in this growing market.

Outlook: No guidance on the margins was given by management. The company maintains a vigilant approach towards monitoring growth, adhering to their group philosophy of achieving over 40% growth. They have consistently delivered growth exceeding 40% in recent financial years, and they are currently on track to meet this target again. Monitoring progress in this aspect remains a key focus for the company.

Bosch Ltd- Q1FY24 Concall KTA's | CMP INR 18940| Market Cap INR 559970 mn

Financials

•Revenue from operations stood at INR 41584 million (up by 17.3%)
PBT of INR 5,325 million (12.8% of total revenue),
PAT of INR 4,090 million (8% of total revenues) for Q1FY24.

Segment Performance

•Growth in the passenger car sectors was fueled by the SUV segment and backed by robust OEM order books.
•Commercial vehicle sales were moderate.
•The performance of the medium and heavy commercial vehicle category improved.
•LCVs experienced a decline of 2%.
•Market recovery for pre-wheelers persisted on a domestic level.
•The tractor segment declined by 9% YoY..

Sector-wise sales

•Mobility Solutions: Growth of 13.6% in Q1FY24
•Beyond Mobility Solutions- Growth of 21.5% in Q1FY24
•Power Train Solutions- Growth of 12.5% in Q1FY24
•Automotive Aftermarket- Growth of 12.7% QoQ
•Two-wheeler- Growth of 42.8% QoQ
•Power Tool- Growth of 17.9% QoQ

Guidance

The company expects to have more manufactured goods in their revenue in the upcoming quarter.

Other KTA's

•Other expenses in the current quarter had certain one-time effects, more expenditure on client projects for engineering and application services, which is in line with increasing revenue from the services, and higher investment on new companies.
•Other Income has increased in the current quarter mainly due to higher market gain on mutual funds, higher FD interest income and dividend received from investments in equity shares.
•Spark plugs manufacturing has been relocated from Russia to India
•Bosch has global supplies towards Tesla both in China and in North America.
•The house mobility project a global business was sold of to the parent company as Bosch Ltd are focused on the business in India.
•Exports continued to be weak.

Outlook

•The automative market is expected to grow in the year 2023 as compared to the previous financial year.
•The company is trying to align its global portfolio with the local requirements in India.
•Looking forward the company will focus on investing and localizing, which after a couple of years should lead to a stable margin.
•The overall EBIT, and EBITDA margin will highly depend on the mix between traded and manufactured goods.
•The company has been investing a lot in AI as they view it as a productivity enhancer.

Apollo Tyre-Q1FY24 Concall KTAs
CMP INR 396| Market Cap INR 251, 690 Mn

Vigilant monitoring of capex and debottlenecking, with no alteration in capex and a drive for improved return ratios in the future.

Challenging demand hit growth; India, Europe volumes declined YoY. Strong Indian performance strengthen operating margins, leading to 16.8% EBITDA margin, up 523 bps YoY, 86 bps QoQ led by cost control and lower RM costs.

Digitalization
The company remains committed to advancing technology, digitalizing supply chains, and improving efficiency. Additionally, it is expanding facilities with a focus on digitalization for benchmarking purposes.

Net Zero Emissions
The company's commitment to sustainability has reached a new height, and its efforts have been acknowledged internally and by the 4th National Water Efficiency and Water Conservancy Award. Furthermore, the company's products have received recognition under the seeding subsidy program, and it has also taken steps towards achieving net-zero emissions.
PCLT market down 13% YoY due to inventory and mild winters. Outperformed in all-season category with minimal decline.
The company has gained ~15 bps MS in PCLT, ~20 bps in OHT YoY.
Industry sluggish, focusing on cost control in near term.
Registered free cash flow generation, helped by improvement in operating performance and judicious capex spends (Capex in line with guidance INR 10bn).

Debt
Net debt decreased from INR 43bn Q4FY23 to INR 38bn Q1FY24.The gross debt Q1FY24 came down to INR 54bn against 56 bn in Q4FY23. Going forward will see reduction in debt. Deleveraging will continue. Net debt EBITDA at 1.1x

Replacements
Recovery in the replacement segment with the growth of 10% QoQ. Replacement will be double digit H2FY24 and going to outperformed the H1FY24.
Q1FY24, small reduction in volume and improve performance in PV segment.

Exports
Witnessed a 30% volume decline, mainly facing downturn; noted some July recovery in Middle East and Southeast Asia. Anticipating improved performance in H2FY24, especially in Europe market's pickup.

Europe
With a 50% hedge in place, there's no cause for concern regarding energy costs; additionally, there's a greater expectation for demand pickup on the European side.

OHT segment

Despite a YoY underlying market decline of 35%, Apollo Tyres outperformed, contributing to the reason behind the market share gain.

Raw material prices reduce by 2% last quarter.

Outlook

The anticipated consolidated capital expenditure is poised to maintain a level of approximately INR 10 bn, while any expansion within the PCR segment will be contingent on necessity. Moreover, the projection foresees an upswing in exports during the latter H2FY24, which is expected to contribute to the company's continued growth trajectory.

PPAP Automotive – Q1FY24 Concall KTAs

CMP INR 196.50 | Market Cap INR 2760 Mn

Financial Performance

- Consolidated revenue decreased by 5.5% from INR 751 Mn in Q1FY23 to INR 711 Mn in Q1FY24.
- EBITDA stood at INR 71 Mn for the current quarter v/s INR 110 Mn for Q1FY23 (down 51.7% YoY, down 29.8% QoQ).
- PAT declined from INR 6 Mn in Q1FY23 to a loss of INR 27 Mn in Q1FY24.
- EBITDA margin & PAT margin stood at 6.1% & (2.3)% respectively. The target is to restore EBITDA margins to around 13-14% consistently.

Business Segment Updates

1. Automotive Parts

- The core focus remains on the automotive industry.
- Enhancing per car contribution by adding more products and increasing the customer base.

2. Commercial Tool Business

- The commercial Tool Room segment focuses on plastic injection tooling with a capacity for 100 tools per year.

3. Li-ion Battery Business

- Working with over 10 EV customers preparing for future electric vehicle launches.

Aftermarket Business

- Aftermarket vertical growth of over 50%, expanding product offerings and considering exports.
- The company has a strong presence across more than 100 cities in India.
- Within the next 3-4 months, the company aims to formulate an export strategy for its aftermarket products.

EV Business

- The potential for the EV business is expected to achieve around INR 1-1.25 Bn of revenue on an investment of INR 1850 Mn with 90% capacity utilization (currently at 1%).
- The potential margin for the EV battery business is targeted to be in double digits.

Raw Material Price Trends:

- Raw material prices have begun to decline, which will have a positive impact on the company's financials.
- These price reductions are expected to be visible in the upcoming quarter, contributing to improved margins.

Outlook

As the company's business continues to grow, there is a possibility of expanding its manufacturing capacity. The company plans to start actual exports by the end of FY24. Profit Margins are expected to increase gradually in the coming quarters.

Pricol Ltd- Q1FY24 Concall KTAs
CMP INR 290 | Market Cap INR 35,380 mn
Financial Performance:
-Out performed the market and achieved a revenue from operations of INR 522 crores with an EBITDA margin of 12.74%. PAT stood at INR 31.93 crores with a margin of 6.12%.
-Recorded an AP ETF of INR 2.62 per share and a cash profit of INR 50.97 crores.
-Debt equity ratio is 0.11, reflecting a nearly debt-free status, including working capital.
-Export has grown by 41.72 % when compared to the previous year quarter.
-R&D expenditure remains steady at 4 to 4.4% of revenue.
New business and products: Ventured into new businesses, including the MMHCV cluster for Tata Motors and new clusters for Tata Motors' passenger vehicles and CNG versions. New products have been launched for Ford Motors, and a new instrument has been developed for Bajaj Auto's new 3G. Newly introduced products contribute around 25% to the turnover.
4W: Revenue from four-wheeler personal passenger vehicles has not shown extra growth in the last quarter. The company is working on value-added products with manufacturers like Tata Motors, but significant incremental revenue growth is expected in the next few quarters, not immediately.

EV: The company aims to maintain the same rate of growth in the electric vehicle space as EV penetration increases. They are engaged with various EV players due to their propulsion agnostic automobile system business.
Capex: The company has planned a capex of approximately INR 600 crores over a 30-month period, mostly funded by internal approvals. This includes INR 400 crores for organic growth and INR 200 crores for inorganic growth. The capex is distributed over 10 quarters, with INR 35 crores spent in the first six quarters.
Revenue mix: The driver information system contributes 65% and ACFMS contributes 35% of the overall revenue. The 2W pre-reader accounts for 60%, and the remaining 40% comes from other segments like combustion vehicles, tractors, and off-highway vehicles, with a small portion of 5% from PV.
Guidance: The company has assumed a conservative growth rate in the market until FY26. The confirmed LOIs show a visibility of Rs. 3600 crores, driven by immunization of products and new product launches in various segments, including new business wins with customers. There is a phase-out of end-of-life cycle products affecting revenues.
The company anticipates DICVS to contribute 60-65% and ACFMS to contribute 35-40% towards the guidance of INR 36 bn in the future based on the business pipeline.
Semiconductor: The company plans to expand into industrial information systems through inorganic means, focusing on gauges. They have no interest in semiconductor manufacturing due to the required investments and different growth direction.
Outlook: The company aims to achieve a long-term sustainable EBITDA of 13.5-14% by focusing on their product mix and customer mix in the coming quarters. The company aims to increase export revenue to 20% of total revenue. Currently, it stands at 10%, and the plan is to achieve this growth through inorganic means.

Non-automotive information systems: The company has the technology to enter the non-automotive information systems space, which is at least 5 to 10 years behind their current capabilities. They plan to pursue acquisition in that market due to the different selling approach required, focusing on distribution, scale, warehouses, and global reach, unlike their OEM model.

Carborundum Universal Limited- Q1FY24 Concall KTAs
CMP INR 1,120 | Market Cap INR 212,180 mn

Financial performance:
-Revenue for this quarter has increased by 6% QoQ to INR 11910 mn at the consolidated level and increased by 10% to INR 6590 mn at a standalone level.
-PAT and non-controlling interest grew by 44% to INR 1330 mn against INR 790 mn at the consolidated level.
-PAT margins improved from 7% to 9.5% QoQ at the consolidated level and increased by 28% to INR 930 mn during the last year same quarter.
-PBIT margin dropped from INR 320 mn to INR 310 mn. This is due to lower profits in India, CUMI America, the Middle East, and China. Margins at the consolidated level dropped from 7.3% to 6% sequentially but improved from 3.5% in Q1 of the last year.
-Debt to equity ratio was at 0.06 at consolidated level
-The Company is debt free and the margins are improving

CAPEX:
-CAPEX at the consolidated level was INR 550 mn in Q1.
-The normal CAPEX programs in the silicon carbide have a ground investment and there will add one in the capacities once geopolitical issues are stable.
-The company spent about to close to INR 3000 mn at the consolidated level.

Market share:
-As far as the retail is concerned, about 30-35% is the share of the business is the retail.
-The Rhodius abrasive are operating on a very high capacity utilisation.

Products and segments:
-The Abrasives consolidated revenue for Q1FY24 was INR 5190 mn compared to INR 5130 mn for Q1FY23 and standalone revenue grew by 5% to INR 2820 mn.
-Sterling, American subsidiary, VAW, and AWUKO delivered INR 240 mn of incremental sales.
-Standalone abrasives Sterling, CUMI America, and VAW combined gave an increment of INR 120 mn whereas Rhodius dropped by INR 150 mn in revenue.
-Rhodius in Q1 achieved the net sales of INR 1400 mn compared to INR 1571.6 mn in Q4 of FY2023 and INR 1625 mn in Q1 of the last year
-Awuko’s performance this quarter has achieved INR 225.81 mn in sales against INR 234.84 mn in Q1 as well as Q4 of the last year's past financial year. Losses in Q1 were INR 63.23 mn against the loss of INR 108.39 mn in Q4.
-Electromineral's consolidated revenue for the quarter was INR 4180 mn versus INR 4060 mn in Q1 of the last year increasing by 3%. Standalone electro minerals grew at 10% quarter-over-quarter to INR 1970 mn from INR 1790 mn in Q1 FY2023 and grew by 11% sequentially.

Expansion and growth:
-The expansions in the industrial and the refractories have grown at about 19%.
-The import from China is the biggest reason for the drop in standalone electrochemical margins
-VAW Russia, in terms of volume growth, the constraint is due to the geopolitical issue.
-The product pricing is as per the market conditions even the input costs have come down, but the margin has gone up by the range of 15.3-15.4%.
-The company continue to progress well by having the capability to change the mix and improve the mix in what they sell in Russia.

-In terms of the high-purity silicon, they are testing the products and creating confirmatory results for various parameters.
-The capacity in VAW is about 90,000 tonnes of silicon carbide.

Outlooks:

There is an expectation to hit overall 8-10% growth at the full-year level. The focus on product mix optimization, increasing sales in value-added products, and improving internal efficiencies helped the company to bounce back to the previous margins in the range of 15% to 16% compared to 12.1% in Q1 of the last year. The company is looking to minimize this loss and improve its performance. It is communicated in the last call that Rhodius is planning an 8% to 9% growth in FY2024. There is an expectation for Awuko to break even by FY25. The company is trying to improve its product range and service the customer and the customer also expects them to move along with their growth. The management is planning how should they revitalize their research set up and improve their capability and bring in long-term value in terms of bringing differentiated products.

Rico Auto Industries Ltd– Q1FY24 Concall KTAs
CMP INR 91.25 | Market Cap INR 12,340 Mn

Financial Overview
- Consolidated Revenue has decreased by 5.3% YoY to INR 5,380 Mn in Q1FY24.
- EBITDA has increased by 5.2% YoY to INR 540 Mn in Q1FY24.
- EBITDA margin stood at 10.1% in Q1FY24.
- PAT has decreased by 44.8% YoY to INR 60 Mn in Q1FY24.

Turnover decline:
- One of the company's customers, Renault, had experienced challenges in their market. They were facing issues related to selling their cars, which had a direct impact on their demand for supplies from Rico Auto Industry.
- Another reason was that one of the company's customers based in Chennai had significantly reduced their prices, causing a drop of about 25-26% in the prices they were willing to pay for supplies. In response to this, Rico had made the decision to curtail their supply to this customer because the pricing being offered was not considered reasonable.

New Customer- The company has taken proactive steps to approach new customers, such as Suzuki Motorcycle, Honda Motorcycle, and Royal Enfield. Approvals and sampling has begun, and the pricing offered by these customers was more favorable than the previous major customer.
PV- Passenger vehicle sales were strong, especially for higher-priced vehicles, anticipated improved sales particularly in the rural markets.

Power and Fuel Costs- There has been seasonal increases in power and fuel costs, especially during summer months when air handling units and cooling arrangements were in use. The company is taking steps to incorporate solar and windmill power to mitigate these costs and expected to see reductions in power expenses over time.

Revenue breakup and Exports- 76% of revenue was from domestic sales and 24% from exports. The company is actively involved in product development and sampling, with approvals in progress. This is expected to contribute to increased exports in the future.

Defense Segment-The company is working on partnerships and JVs in the defense segment and expects to make an announcement regarding these partnerships around the time of the AGM. This indicates potential growth and expansion opportunities in the defense sector.

Order from BMV- The company has received an order for electric machine components from BMW, and they are in talks for other components as well.

Guidance- The projection for revenue in FY24 is INR 260 Mn. It includes INR 80-100 Mn revenue from defence supplies. EV segment will be contributing 15% of sales in the FY24. By 2030, the company predicts 7.5-7.7 Mn vehicles on the road, comprising 50%-55% IC engine vehicles, 25%-30% hybrids, and 15%-20% fully electric vehicles.

Outlook

The company's revenue outlook is poised for growth with its efforts to diversity its customer base beyond Hero Moto with a focus on supplying components to major players like Maruti, Toyota, and Kia. The pursuit of partnerships in the defense sector signals potential growth opportunities, while the electric vehicle segment's order from BMW highlights the company's involvement in the evolving EV market. Resolving pricing issues with Hero MotoCorp is anticipated in the near term, potentially restoring revenue.

Lumax Industries – Q1FY24 Concall KTAs
CMP INR 2,142.00 | Market Cap INR 20190 Mn

Financial Performance: In Q1FY24, Lumax Industries reported
- Quarterly revenue of INR 618 Cr, a 21% YoY growth.
- Consolidated EBITDA was INR 54 Cr with a margin of 8.7%.
- PAT and share of associates was INR 23 Cr, a growth of 17%.
- Total Revenue is expected to reach around INR 4,000 Cr in the next 3 years.

Order Book: The current order book stood at around INR 2,200 Cr. LED lighting constitutes a significant portion of the order book. Around 40-45% of the order book is expected to generate revenue in FY24
LED: The LED mix is expected to increase from 35% to 50% in 2 years. Overall profitability is anticipated due to higher content per vehicle.

Tax Rate: The effective tax rate for the quarter was 35.4%, expected to remain the same for the full year.

Chakan Greenfield Project: The new greenfield project in Pune is expected to commence commercial production in Q2FY24. The revenue projections for the Chakan Greenfield plant, including a phase two expansion plan, were as follows:
1. FY24: INR 190-200 Cr.
2. FY25: INR 400-500 Cr.
3. Beyond the phase one capacity (FY26 and onwards): A significant phase two expansion will potentially contribute to revenue reaching up to INR 800-1,000 Cr over the next 5-7 years.

Employee Cost:The employee cost for Q1FY24 was about INR 76 Cr. The increase was due to appraisals, increments, wage agreements, and additional manpower for new projects.

Raw Material: Stability in raw material prices is expected in the next eight months. The historical gross margin range of 35-37% is considered more realistic going forward.

Capex: The CAPEX is estimated to be INR 300 Cr for FY24. The company will focus on strong R&D and engineering capabilities.

Government Subsidies: The company also expects subsidy benefits from both the Maharashtra and Gujarat governments for the Chakan and Gujarat plants, respectively. The expected subsidy amount is around INR 6-8 Cr.

Outlook
- Lumax Industries aims to be a leading partner for OEMs in providing automotive lighting solutions.
- The manpower cost is expected to drop in the coming quarters due to the kick-off of new projects and efficiency improvements.

S.J.S. Enterprises Q1FY24 Concall KTAs
CMP INR 602|Market Cap INR 18,330 Mn

SJS is expected to outperform the industry as exports and the domestic 2W markets gradually recover. The company foresees a remarkable 50% YoY revenue growth, driven by positive outlooks for 2Ws, PVs, and Consumer Durables. Factors like premiumization, new customer acquisitions, exports, and the recent WPI acquisition contribute to higher-than-industry sales growth. The company's strong order book for FY24 covers over 90% of the forecasted revenue. The WPI acquisition is anticipated to be significantly EPS accretive, adding scale to SJS with WPI's EBITDA being around one-third of SJS's EBITDA. With robust margins, SJS expects a ~40% YoY PAT growth for FY24, effectively balancing growth with margins.The company will continue to expand its wallet share by continue winning orders from the key customer like Mahindra, Bajaj Auto, Hyundai, Continental, Honda, and Visteon.

•Consolidated revenue stood at INR 1172 Mn, against our estimate of INR 1,140 Mn registering a growth of 13.6% YoY/10% QoQ led by growth in domestic sales clocked 8.4% YoY growth; on the back of 13.6% & 14.5% YoY growth in PV & 2W segment respectively outperforming the underlying industry.
•Q1FY24 SJS exports revenue almost doubled YoY on account of new business wins and recovery in European market led by south Africa, gradual pick in Europe and north America.
•EBITDA stood at INR 282 Mn, against our estimate of INR 280 Mn, registering a growth of 10.7%YoY/ 10.7%QoQ.
•On the margins front, EBITDA margin expansion by 154bps YoY/114bps QoQ to 24.1%, against our estimate of 24.08%. 30bps impact on one-off expenses and other expenses.
•Standalone PAT grew 11%YoY/17%QoQ to INR 94.9 Mn against INR 97 Mn in Q4FY23.
•EPS stood at INR 5.89 in Q1FY24 against INR 6.02 in Q4FY23 (INR 6.7 in Q1FY23).

Concall KTAs
•Acquisition: SJS acquires a 90.1% stake in WPI for INR 2,393 Mn, reducing dependency on the 2W segment. Expands presence in PV and consumer appliances. Focused on IMF, IML, IMD, and IME technologies. EPS is accretive for SJS.

•Revenue Mix: WPI contributes 32% to 2W revenue, PV contributes 36%, and consumer appliances & others contribute 26%. Roy Mathew from WPI retains 10% stake. Strong Q1FY24 with 21% YoY revenue growth and 31.5% EBITDA margin. Only the 9-month performance of WPI will be considered in SJS.

•Cash: The company maintains robust cash flows with INR 2,849.7 Mn in cash & cash equivalents. SJS holds INR 461.7 Mn, with net debt of INR 539.8 Mn.

•Two new clients: Added Toyota Tsusho & Autoliv (Bagged large order for IML part) as new customers in the automobile segment.

•In Q1FY24, SJS outperformed the 2W industry with a consolidated growth of 15% YoY, and PV segment grew by 24.6% YoY, surpassing the industry growth of 2.3% YoY for PV+2W. The outstanding performance is attributed to new business wins and an increased share in the automotive sector.

•SJS consolidated sales grew by 13.6% YoY partially impacted due to slow recovery in the consumer appliance segment and some de-growth in the farm equipment segment.

•Exports: Export revenue doubled due to geopolitical issues in Europe and a macroeconomic slowdown in North America. The growth was driven by winning existing customers in South Africa and Kenya, making exports a crucial growth driver for the company.

•Organic growth expected at ~20-25% CAGR, with best-in-class margins. WPI inorganic growth expected to be over 20-25% of organic growth as guided.

•**Exotech:** Expanding chrome plating capacity through debottlenecking and partnerships, including collaboration with external manufacturers. Greenfield expansion with WPI synergies to be finalized in CY24. Cumulative 300 bps EBITDA margin expansion from FY211 to FY23 due to continuous improvement initiatives. Utilizing under-utilized capacity for Exotech's increased capacity, secured by a large PV OEM order.

•**Promoter Holding:** Increased from 15.5% to 16.9%

•**New age product:** IMD / IML, IME (In-Mould Electronics), and Plastic injection moulding contributes 10% of revenue. Intend to develop and introduce Illuminated logos, IME parts, and other new-gen technologies. Continue to build capabilities to innovate & develop new products & increase the application of products across industries.

•**Capex:** SJS FY24 INR 10-12 Cr and Exotech INR 10-12 and WPI INR 10 Cr so, over INR 34-35 cr.

Outlook: Q1FY24 showed strong performance and positive guidance for SJS. The company benefits from its robust export market and recovering European market, especially South Africa, Europe, and North America. SJS is expanding its presence by strengthening existing relationships and adding new customers, supported by a growing sales force in international markets with high demand. The company is actively evaluating M&A opportunities to achieve over 50% YoY revenue growth and ~40% YoY PAT growth for FY24.Increased promoter holding from 15.5% to 16.9% reflects growing confidence in the company's potential. At a CMP INR of 646 stock trades at PE 17x to its FY25E EPS of INR 37.

Alicon Castalloy Q1FY24 Concall KTAs
CMP INR 819|Market Cap INR 135,82 Mn

The company aims to achieve a revenue target of 22000 Mn by the fiscal year 25-26, surpassing the previous target of 20000 Mn, supported by a CAGR of 16% over the span of three years. This growth will be driven by securing new orders and engaging in discussions with customers regarding innovative technology and solutions. Concurrently, the company is striving to attain an EBITDA margin of ~14%. Moreover, efforts are underway to enhance the balance sheet efficiency, which is expected to positively impact the return ratio.

•Standalone revenue stood at INR 3,541 Mn, against Q4FY23 of INR 3,193 Mn registering a growth of 3.1% YoY/11% QoQ led by commencement of supplies for new parts and new logos.

•EBITDA stood at INR 392 Mn, against of INR 317 Mn in Q4FY23, registering a growth of 5.2%YoY/ 24%QoQ.

•On the margins front, EBITDA margin expansion by 22 bps YoY/114bps QoQ to 11.08%, against of 11.08%. This is after accounting for non-cash charge of INR 33 Mn on account of ESOP Scheme, adjusting for which EBITDA margin would be 12.2%.

•Standalone PAT de-grew 11.8%YoY/-2.2%QoQ to INR 94.9 Mn against of INR 97 Mn in Q4FY23. This was impacted by the increase in depreciation and finance costs.

•EPS stood at INR 5.89 in Q1FY24 against INR 6.02 in Q4FY23 (INR 6.7 in Q1FY23).

Concall KTAs

•Despite facing various challenges, they have achieved momentum by acquiring new parts and customers. Moreover, existing customers experienced improved satisfaction during the quarter, resulting in higher volumes.

• Order: Alicon received a new order worth 110 crore in Q1FY24, bringing the total order book to 8500 crore over 6 years. 94% of Q1FY24 business came from the PV segment.

•Revamped business model, agile and diversified, capitalizing on design excellence, value engineering, and consistent execution, fostering deeper customer engagements and attracting prestigious global customers.

•The company is confident to achieve sustainable growth and cautiously optimistic about prospects, despite ongoing demand volatility in the global auto industry.

•The PV and CV revenue mix is increasing steadily with a focus on expanding these segments, especially in carbon neutral technology. This favorable product mix is expected to drive faster growth in their share of the business compared to the 2w segment.

•The company's customer list is undergoing a significant shift, with a substantial increase in prominent global customers as opposed to its previous focus on catering primarily to tier-1 suppliers.

•Alicon's success in securing business in Q1FY24 can be attributed to its exceptional capabilities and expertise in engineering design.

•The 2W industry experienced a spillover in demand from Q4FY23 due to the impact of OBD regulations, but saw only a slight increase in volumes due to supply chain challenges with certain vendors. Additionally, 2W exports remained weak year on year.

•Utilization witnessed a marginal uptick (65%) owing to the India and Europe plants, which are currently operating at 55% localization.

•Experienced competition as a result of alloy prices stabilizing at a lower level.

•Utilized inventory with elevated costs, which has now been completely absorbed by the system.

•ESOP: The scheme announced in Q1FY24 has contributed of 20% increase in employee costs both QoQ/YoY.

•Capex: INR 15.6 cr and cont to INR 94 to FY24.

•New Parts: The company added the 17 new parts from which 10 parts for international and 7 parts for domestic business (from 6 customer).In E-highway segment added the new parts for European customer also added for domestic automation driving in Commercial

•Wallet Share: The company has successfully expanded its wallet share with Maruti by providing them with the new cylinder head. Additionally, there are ongoing constructive discussions with existing clients to incorporate more parts into their portfolios. At a CMP INR of 819 stock trades at PE 14x to its FY25E EPS of INR 60.

Mayur Uniquoters Ltd- Q1FY24 Concall KTA's
CMP INR 497 | Market Cap INR 21,870 mn | Rating: Buy | TP: INR 613 (DCF-based)

Financials Standalone: Revenue from operations was INR 192 cr. PBT for the quarter was INR 39 cr and PAT INR 30 cr. Revenue decreased by 3%, PBT increased by 14%, and PAT increased by 9% compared to Q4FY23.

Financials Consolidated: Revenue from operations amounted to INR 201 cr. PBT for the quarter was INR 40 cr and PAT stood at INR 30.53 cr. Revenue increased by 4%, PBT increased by 36%, and PAT increased by 31% compared to Q4FY23.

Export: Exports saw a minor decline this quarter, with a promising upturn expected next quarter. The company anticipates substantial growth in automotive exports due to a surge in new orders for various models, aiming for a revenue increase from INR 157 cr to INR 225 cr in FY24 and projecting an expansion to INR 575-600 cr by FY25-26.
Decreased from 7.65 lakhs meters in Q4FY23 to 5.7 lakhs meters in Q1FY24.

Revenue mix from exports: Total exports amounted to INR 56 cr, with INR 20 cr from export general and INR 46 cr from export OEM.

Orders: The company is set to expand its clientele by including BMW alongside its existing partnership with Mercedes, delivering a similar quantity of about 35,000 yards starting from the upcoming year. New orders for Seltos models have been secured from competitors, commencing in the coming year.

Furnishing: Recent entry into the furnishing sector has gained momentum with 350 dealers on board. Over 250 new dealers have expressed interest, aiming for 1000 dealers by FY23-24. Monthly improvements of 10% to 15% are being achieved.

Other KTAs:
-Export general sales are up by 10-12%, while footwear sales have slightly declined.
-Mercedes, average 30,000 meters per month.
-Auto OEM domestic segment witnessed a 12.44% QoQ increase.

Footwear: Targeting global footwear and leather goods brands, such as Zara, to diversify its clientele beyond Indian manufacturers. Positive responses have been received, and orders are expected by year-end, offering favorable margins and sales prices.

Segment-wise Q1 revenue breakdown:
-Export General: INR 19.5 cr
-Export OEM: INR 46.35 cr
-Auto OEM Domestic: INR 43.74 cr
-Replacement: INR 26.53 cr
-Footwear: INR 48.06 cr
-Harnessing: INR 5.62 cr
-Other segments: Remaining balance

PU: PU segment is seeing increased demand for branded footwear and leather goods, with a focus on PU materials (80%) and some PVC (20%). FY23 PU revenue expected to rise by 5-10%, followed by a projected 50% increase in FY24-25. PU sales for the quarter was INR 5.5 crore, 181 units.

Outlook: The company aims to be a preferred supplier for leading OEMs in the US and Europe, with confirmed orders for new models in export and domestic markets. AM exports are expected to grow significantly in the next three years, with supply to new models already underway and more to start in upcoming quarters. Projected growth for FY24 is 10-15%, followed by 18-20% CAGR from FY23 to FY26. We assign a BUY with a DCF-based target price of INR 613, implying ~ 36x FY26E EPS.

Action Construction Equipment Ltd. - Q1FY24 Concall KTA | CMP INR 762 | Market Cap INR 90,770 Mn |

Financial Overview:

- Total Revenue stood at INR 66.79 Bn for the current quarter against INR 52.20 Bn & INR 61.70 Bn for Q1FY23 & Q4FY23 respectively.

(10% Contribution to company revenue in the current year is from Export sales).

- EBITDA Stood at INR 9.78 Bn for the current Quarter against INR 6.51 Bn & INR 7.64 Bn for Q1fy23 & Q4FY23 respectively .
- PAT stood at INR 676 Mn for the Q1FY24 and INR 453 Mn for Q1FY23.

• **Exports :**

- On track to attain around 10% contribution to our revenue in the current year from export sales.
- The Ghana initiative with respect to export will begin to show returns in FY25 resulting in a projected growth of 15%.
- The company is receiving ample amount of outsourcing opportunities mostly in developed Middle Eastern countries and African countries.

• **Segmental growth :**

Company has maintained its growth momentum across all operating segments with :

- Cranes & agri-segment is expected to grow by atleast 18-20% is expected on consolidated basis.
- Construction & equipment is expected to grow by *45-50%*.
- Metal handling is expected to grow by *15-20%*.

• **Debt-free company:**

- Company hardly have any debt about INR 30-40 crore of assets all year long.
- Cash in Bank is about INR 455 crore .

• **Company's Expected Growth :**

- Company expect growth of atleast 20- 25% on consolidated basis.
- Long-term optimism stems from demand, exports, and ongoing infrastructure initiatives, supported by government commitment.

Outlook :

Action Construction Equipment have displayed a good financial performance . The company discussed the focus on manufacturing, infrastructure growth, and the increasing shift towards electric forklifts, anticipating a significant rise in demand for these products. The potential for revenue doubling in the coming years, supported by new product introductions, export opportunities, and cost efficiencies, was highlighted. The company is optimistic about its future growth and margin improvement, driven by expanding market opportunities.

Talbros Automotive Components Ltd-Q1FY24 Concall KTAs
CMP INR 1070|Market Cap INR 13210 Cr| PE: 14x (FY25e)*|*TP: INR 1275|Rating: Buy

The company has target to gain MS within India and by FY27 has intent to have group turnover of INR 2200 cr with export contribution of 35%. Margin will be 14-15% for all the business by FY27

The company focus is to reduce debt.

The company is not seeing any downside from US & Europe even getting good traction from these regions. Only few slowdowns from JLR and BMW but no hindrance in short term.

The historical 8-year average EBITDA-to-cash flow conversion from operations was 65%, but it decreased to 55% in the last 3 years due to prolonged payment cycles of 100-150 days from export customers, resulting in higher capital lock-up as exports grow

The company has bought 2 warehouse one in Italy 2 and another in UK. 1 in US.

Projections for the division
Significant growth is being driven by the forging division, INR 220 Cr last year and target INR 504 cr+ for the next 4 year. MM INR 200 cr last year and targeting to INR 700 cr for the 4 years. Heat shield INR 423 Cr and target to INR 700 cr next 4 years.

Marugo is INR ~84 Cr and target to INR 204 cr in next 4 years. So all business is growing. MM target to improve EBITDA margin 13.5%-14% by FY27 Marugo EBITDA 13% by FY27

The company is also adding new customer.

Industry
Domestic automotive is seeing double digit as higher turnover last year and demand is very strong. Last year industry achieved 5.6 lack turnover with growth of 33%.

Semicon and supply chain issue all resolved. Exports are demonstrating robust growth, and there's a notable upswing in the domestic aftermarket as well. Furthermore, significant investments from the government, driven by the election year, align with the broader trend of India's youthful population embracing a consumption-oriented economy.

2W is showing some positive sign. Enhancing Exports and reducing imports 30%of total imports.

Order
TACL has received new multi years orders over INR 1,000 crores from both, domestic and overseas customers across its business divisions, product segments and JVs. These orders are to be executed over a period of next 5 years covering the company's product lines — gaskets, heat shields, forgings and chassis. These orders will help the increase their share with existing customers and new customers across geographies thereby gaining market share in coming years.

Orders received from a leading established export OEM for the EV for over INR 250 cr which is 21% of total order is going for the Ev as well as export.

Divisions
The revenue generated from the heat shield amounted to INR 122 Cr, showing an increase from INR 106 Cr in Q1FY23. Similarly, the revenue from the EV segment was INR 31 Lakhs. Nippon Leakless achieved revenue of INR 23 Cr, marking a growth of 5% YoY compared to INR 22 Cr in Q1FY23, with HeroMoto and Honda being the primary contributors to this growth.

EBITDA for Nippon Leakless stood at INR 22 Crores, representing a notable increase from INR 18 Crores in Q1FY23, reflecting a growth rate of 22%. In the Forging division, the revenue reached INR 64 Cr, surpassing the INR 48 Cr recorded in Q1FY23. The

EBITDA for this division also displayed growth, standing at INR 11 Cr compared to INR 7 Cr, marking a growth rate of 17%.

JV Marelli Talbros-Chassis Systems Pvt Ltd Components achieved a revenue of INR 57 Cr, experiencing a growth of 27% YoY from INR 45 Cr in Q1FY23. The corresponding EBITDA was INR 6 Cr, up from INR 4 Cr in Q1FY23, showcasing a growth rate of 44%.

Talbros Marugo Rubber Pvt Ltd showcased significant growth, with revenue reaching INR 30 Cr, a significant increase from INR 17 Cr, signifying a growth rate of 76% YoY. The EBITDA for this segment stood at INR 3 Cr, marking a significant growth from INR 1 Cr, representing a growth rate of 230% YoY.

All set for the strong FY24 with all concerns addressed.

The company is getting direct order from the EV manufactures for the gasket division.

The company has good order from Kia Hyundai and Maruti in heat shield.

Lot of traction from overseas market and discussion on off highway segment OEM UK and car maker in UK. In this segment EV is contributing INR 4.8 cr.

JV has done very well in term of top line and margin.

The company's 2&3w contributing 20% of the revenue, PV is 31% as Maruti and Tata leading the way. HCV& LCV contribute 25% of the revenue and Agri and tractor 10% of the revenue.

JV Marugo Rubber which supply E20 bushes to Maruti. Its setup a new facility in bawal and take up the capacity INR 300 cr.

Q1 Export contribute 14% of the gasket revenue, 54 % of the revenue of the forging, 19% MM and 4% exports from talbros rubber.

Chassis large order from Tata, Maruti and JLR.

China plus one strategy doing well for the company.

Capacity Utilization: 90% for Gasket, 82% for Forging, ~85% for Chassis, and ~90% for Marugo.

Capex: INR 204 cr plus in all he division in next 4 years.

Outlook: The company aims for a substantial market share and INR 2200 Cr turnover by FY27, supported by robust export growth and strategic margins. Strong divisional growth helpful for its promising future prospects. We value the stock at a PE of 17x to its FY25E EPS of 75, which yields a target price of INR 1,275 per share. We maintain our Buy rating on the stock.

- **Guidance**: The softening of raw material costs, improved price realization, and operating leverage, contributed to achieving a double-digit EBITDA margin. The company aims to sustain this growth in the near term while setting its sights on reaching mid-teens EBITDA margin in the long run. Furthermore, for the entire FY24, the company foresees an 8-10% growth in the MHCV segment and a 5-6% growth in the LCV segment.
- **M&HCV**: The domestic MHCV volume saw a 7% increase, resulting in a rise in MS from 30.0% to 31.2%. However, the growth in this segment was slightly subdued due to pre-buying effect in Q4FY23 caused by the applicability of OBD II norms from April 1st of the same year.
- **LCV**: In Q1FY24, the domestic LCV volume stood at 14,821 units, showing a 3% growth compared to 14,384 units in the previous year.
- The bus segment experienced remarkable growth of 93% YoY, leading to an improvement in market share from 20.2% to 28.1% compared to last year.
- **AVTR**: The Company witnessed robust demand for the modular AVTR range of trucks and Bada Dost range.
- **Defense segment:** The Company received a substantial order worth INR 800 Cr from the army, resulting in a strong order book.
- **Margin**: The company aims to achieve a double-digit margin and has a medium to long-term goal of reaching a mid teen margin, driven by the anticipated softening of steel prices in the second half, which will consequently reduce raw material costs.
- **Price Increase**: Ashok Leyland demonstrated resilience against commodity price fluctuations, outperforming the industry in Q1, with consistent price hikes and cost reduction efforts leading to improved margins YoY.
- **New launch**: The company is preparing to launch Switch electric LCVs in the H2FY24 and has recently expanded its product range with the introduction of the company has successfully introduced various new products, including AVTR 6x4 EDPTO ReadyMix Concrete, eComet Star 1915, 28 20 G45 FPS, eComet Star 16 and 18 ton 24 feet, 4225 MAV, and a 13.5-meter bus with 19.5-ton GBW.
- **Aftermarket**: The company's aftermarket sales surged by 34% YoY, reaching INR 6,170 Mn compared to INR 4,590 Mn last year, and with the addition of recent and upcoming launches, Ashok Leyland is poised to expand its market share even further.
- **Tax**: The tax expense for the quarter includes a one-time deferred tax credit of INR 172 crores due to the expected transition to a lower tax regime.
- Net debt came at INR 14,640 Mn vs negative of INR 2430 Mn on account of working capital movement which has gone up from (-1) day to now 9 days.
- **Capex** of INR 950 Mn incurred for this quarter.
- **Reverse merger**: Hinduja Leyland Finance is going to merge into NXT Digital and expected during H2FY24.

Outlook and valuation

Ashok Leyland Ltd (AL) Performance was driven by higher part sales and financial services business. The company is confident about sustained recovery in volumes and margins in the medium term. Ashok Leyland aims for significant market share in M&HCV (35%) and LCV 2.0 to 3.5-ton (25%) segments, supported by a zone-wise strategy. The company plans to double its addressable volume in the international market by FY25. Through structural margin improvements, cost engineering, mix enhancement, and focus on international markets and non-CV revenues, Ashok Leyland aims to achieve mid-teen margins in the medium term and double-digit margins in FY24.**We Value AL at a PE multiple of 18x for the parent automaker for its FY26E EPS of INR 10.9 (Include INR ~9 for HLF). We maintain our rating to Accumulate and value it with SOTP valuation for a target price of INR 205. (Earlier target price of INR 170 per share)**

Mahindra & Mahindra Q1FY24 Earnings Conference Call

The goal is to achieve a minimum 18% ROE, with the core tractor margin aiming to reach the average of 19.8%, and target an EPS growth of 15-20%.

The FY24 outlook for the FES industry remains uncertain, with positives like good rains and improved terms of trade, countered by a high base and one fewer Navratri. The management will reassess after gauging festive season demand.

The company has invested INR 417 cr in RBL for a 3.5% stake in RBL Bank

Mahindra Finance's Financial Services division has a valuation of INR 40,000 crores. They plan to invest with a long-term view (7-10 years) to understand banking better and enhance their financial services business. They found an appealing opportunity with a solid bank at a valuation of less than 1x P/B, and they may increase their stake to 9.9% if there's compelling strategic value in the future.

The company is currently observing a decrease in demand for its range of products priced <INR 1 mn, specifically the Bolero and XUV300 models.

The farm business generated INR4,000 Cr, the services businesses generated INR4,574 Cr, and an additional INR5,106 Cr, making a total of INR5,000 Cr from services, excluding category C investments and ongoing INR415 Cr.

Revenue increased by 19%, profit surged by 60% (including INR870 Cr from services, comprising INR405 Cr MTM value change for SsangYong).

Continuing strategy: Auto and farm capitalize on market leadership, services unlock potential in Mahindra Finance and Tech Mahindra; growth gems target 5X challenge.

Farm machinery revenue up 24%, PAT for Farm at INR11.98 cr, up 21%, Mahindra Finance unlocking full potential after successful turnaround.

Bookings:Revenue market share remains strong with 280,000 open bookings; Thar at 10,000/month, Scorpio and 15000 combined at 8,000/month; cancellation rates less than 8%.

Semicon: Capacity reached 39k by March, faced challenges in engine block parts (not semiconductors), now close to full capacity including SUV exports. The company is on track to achieve the Q4FY24 capacity of 49k per month.

Strong global reception for the new pickup portfolio; Mobility achieves record 3w electric volumes, market leadership, and progresses with global EV programs (XUV 8 and XUV 9).

Farm

Farm volumes down but second-highest ever; market share up at 42.9%; Swaraj and Wujiang launches expected to boost segment and overall tractor market share; farm PBIT shows 22% growth on a consolidated level.

Core tractor margin in Q1 at 18.6%, aiming to reach average 19.8%, demonstrating a positive trajectory. Despite facing material cost increases after implementing 6.2, the company achieved a 7.5% margin on Auto and 18.6% on core tractors, while core commodities remain 15% to 25% higher than 2019 levels.

Price :The company implemented a price increase of around 5% to counter the challenges posed by BS 6.2 and ongoing cost management, which impacts margin improvement opportunities.

The dividend distribution has risen within the range of 30-40%. The company will hold off for a more substantial increase as it requires significant investment in electric vehicles. The detailed capital expenditure, including investments, for the FY25-27, will be concluded by the end of the estimated FY24.

Outlook and valuation

M&M being a prime representation of rural markets, company excels with two out of three core businesses performing strongly. With significant exposure to rural markets (~65% of volumes), M&M is poised for recovery due to improved rural cash flows. Categorizing its core operations into Tractors, Pickup UVs, and Passenger UVs, stable growth is anticipated for tractors while UVs show a robust outlook, aided by company's competitive stance and industry consolidation; the SUV sector particularly thrives through impactful launches and supply chain enhancements. **However, we upgrade our rating to Accumulate from Hold rating on the stock with a SOTP-based target price of INR 1,668 per share.**

SMG
The company plans to acquire SMG to streamline production and enhance supply chain efficiency. The transaction is scheduled for completion by March FY24, and the details regarding the type of acquisition will be deliberated in the upcoming board meeting. The book value for the last 3 yr has been ~INR 127,550 Mn, indicating that it would be the estimated latest book value for FY23.

•In Q1FY24, SMG's production accounted for 40% of the total production, ~2 lakhs units, with export revenue reaching around INR 37.6 cr.

•The EV manufacturing facility, a part of SMG, will be integrated into MSIL if the integration is successful.

•The battery project, a global initiative by Suzuki, is located in India due to the high volumes of Suzuki vehicles in the country and will be handled by Suzuki R&D India Limited, a 100% subsidiary of Suzuki Motor Corporation.

•The company plans CAPEX over four phases, setting up four parts initially and subsequently adding one mn capacity.

•**Demand outlook**: The demand outlook is positive with the industry growing around 6.5% to 7% in Q1. However, Maruti outperformed with a growth of over 12%. The company is confident in its model lineup, particularly the recently launched SUVs, and expects the positive momentum to continue. Company expects growth number of 2QFY24 to be relatively muted mainly due to higher base last year.

•**Domestic Market**: PV wholesale volumes up by 12.2%, outperformed the overall industry growth. The company obtained a MS of ~20% in the SUV segment, strengthen by a robust product portfolio. Secured a leading position in the price range of INR 10-20 lakh. Introduced Invicto, featuring a powerful hybrid powertrain, into the INR 20 lakh price segment. The service network reached over 4,500 touchpoints.

•**CNG:** CNG vehicle sales exceeded 113,000 units during the quarter, with CNG penetration reaching approximately 27%.

•**Exports:** The company expanded its export portfolio by introducing Fronx exports to Latin America, Middle East, and Africa. Maintaining its position as the largest exporter of Passenger Vehicles from India, the company exported approximately 63k units.

•**Pending orderbook:** 355k vehicle pending orderbook in Q1FY24 due to visibility on the availability of electronic components presents a significant challenge. Expect the improvement in supplies of electronic components.

•**Discount:** In Q1FY24, its INR 16,214 against 12,748 in Q1FY23.In December, Q3, discounts tend to be higher due to yr-end car clearance, but they will vary every quarter.

•**Inventory**: Inventory at INR125,000 and its above 4 week.

•**Commodity:** The company is seeing more stability in commodities and forex in FY24. Cost of precious metal like palladium and rhodium has gone down by ~20% while steel price saw some rise in 1QFY24. Company expects softening on steel going ahead.

•Royalty rate stood at 3.8%.

•First time buyer at 40% is marginally down from 42-44% previously.

•Retail sales at 3.8lakhs in quarter.

•The EV launch is targeted for the upcoming financial year.

Outlook and valuation

MSIL's order backlog of 355k units is substantial, but new SUV launches are expected to boost demand and market share. The planned acquisition of Suzuki Motors Gujarat (SMG) aims to enhance production efficiency, including EV manufacturing, without impacting profits. A healthy order book and a better portfolio mix will support the company's growth. Stable domestic PV growth and a favorable product lifecycle bode well for MSIL, with anticipated market share gains and margin recovery in FY24.

SMG, Expected completion by March 2024. On a brief basis on our calculations, we see an EPS cut of ~4% and RoCE reduction of 337bp (Transaction through equity) in FY25.

We value Maruti at 23x FY26E EPS of INR 482 for the revised target price of INR 11,117 per share. We downgrade our rating to Accumulate from Buy on the stock.

Bajaj Auto Q1FY24 Earnings Conference Call

Excellent beginning to the financial year. Record-breaking domestic revenues, EBITDA, and profit attained.

Exports: Strong global retail growth with Bajaj leading at 5%. Motorcycle sales up 7%. Dominar and Pulsar remain key brands. Recovery mixed; Africa and Latin America steady, Bangladesh and ASEAN lower. Nigeria and Philippines pose challenges. Forex and demand improving. Q2 outlook cautiously optimistic for incremental growth.

Capacity: Additional production capacity will be available within the next year. The industry is predicted to expand by 2-4% in the coming months. There was a notable increase in market share by 2% in the 125cc segment, now constituting 71% of total sales compared to the previous 65%.
EV 3-wheeler: Last quarter, the EV 3W was launched in one city for both passenger and goods transportation. The response was positive, prompting plans to expand its availability starting from September 2023.
Chetak: This quarter was challenging due to government intervention. The company would increase the portfolio and network starting from next quarter onwards.
Pro biking business now has 3 brands. KTM Husqvarna and Triumph. Triumph received an outstanding reception. The company had 17,000 bookings as of 25th July 2023. Q2 would reach 42,000 units. It would start exports of this bike in October.
New businesses of Chetak, EV3w and Triumph would be the levers for growth in the next few years.
In the quarter, Pulsar achieved a milestone by surpassing 300,000 units sold. This remarkable accomplishment has occurred only once before this time.
The Commodity Quarter began with inflationary trends, but it quickly reversed course and regained a sense of stability. Currently, it is almost at the same level as Q4. Throughout the quarter, price hikes were modest, ranging around 0.5%. Looking ahead to Q2, the prices are expected to remain at the same level as seen in Q4.
Rupee was fairly stable at 81.4 vs the dollars and INR 79 last year.
Net FCF of INR 20,000Mn and INE 190,000 Mn of cash in hand.
Exports would take some time to come back to its peak levels. Company is gradually increasing the same.

EV related capex for FY24 would be in the range of INR 400-500cr.

Gross Margins: The expansion was driven by implementing price increases of 1% despite a decrease in raw material costs. Currency exchange rates also played a role in aiding the expansion. Moreover, there was an increase in demand for premium motorcycles, which contributed to the growth. Ultimately, the improvement in operating leverage was a key factor in the overall expansion.
No material price hikes in Q2.

Triumph: By year-end, the company aims to cover 60% of the addressable market with at least one store in each location. Potential cannibalization effects have not been fully studied, but discussions indicate a new set of customers, mainly from the 250-500cc segment. They target 5,000 units monthly sales by September, with a production capacity of 25,000 units for KTM and Triumph combined at the Chakan facility.

EV 3W: The passenger EV has received an excellent response, surpassing expectations in terms of range. The company plans to expand its presence from September, catering to markets where ICE and CNG vehicles are not permitted. In India, it has nearly 300 RTOS out of 1700 RTOS. The pricing for electric passengers is set at 3 lakh rupees, while CNG passengers cost 2 lakh rupees.

EV sales as a % of overall sales: In the last quarter, the company sold 20,000 units of Chetak and a few hundred EV 3Ws, accounting for around 2% of overall sales. The target is to reach 10,000 units of Chetak and a similar number for the 3W every month. The company aims to achieve 3-4% of total sales from EVs by the end of the year.

Launches: Two new Triumph models have already been launched, with an equal number planned for the next year. Additionally, for Pulsar, the company intends to introduce a couple of new models in the coming months.

Outlook and valuation

Bajaj Auto has reported slight miss performance during Q1FY24 led by the commuter motorcycle sales followed a slightly lower trend compared to the usual seasonal pattern. Global retail growth was robust with Bajaj leading at 5%, and motorcycle sales up by 7%. The company plans to expand its EV business and aims to cover 60% of the addressable market with Triumph and KTM. The passenger EV received an excellent response, and EV sales as a percentage of overall sales are expected to reach 3-4% by the end of the year. In the future, the upsurge in demand for premium motorcycles and the decline in raw material prices will aid in enhancing the operating leverage, which is a key factor in the overall expansion. **Hence, we value Bajaj Auto at a PE of 19x its FY 26E EPS of INR 268.6 for a fair value of INR 5,103 and INR 84 for KTM stock valuation to arrive at a final increased target price of INR 5,187 using the SOTP method for Bajaj's stake in KTM. (Previous target price was INR 4,906). We downgrade our rating to Hold from Accumulate earlier on the stock.**

Hero Mototcorp Q1FY24 Conference call highlights

• Hero Motocorp reported a 14.5% increase in ICE business compared to the pre-pandemic level of 14%. The premium segment began well, concluding online bookings, and is aiming to expand capacity to cover 100 cities by December, having already surpassed 36 cities.

• **Margins**: ICE margins, are within the 14-16% range. Efforts have led to the return of raw margins to pre-covid levels. EV margins have improved by 100bps.

• The company is focusing on the 125cc segment, emphasizing products like Supersplendor. On the demand side, government spending has played a role. Capital expenditure is being aligned with demand.

• Recent rate hikes seem to have peaked after two or three instances. Positive prospects are anticipated for double-digit growth during the festive season.

• Urban and rural markets both show positive momentum. Stable raw material prices are expected, and normalcy in other expenses is observed.

• **HD 440X**: New bookings have been suspended upon reaching a milestone of 25,000 bookings. The company's attention is now directed towards ensuring an enhanced customer experience and efficient order fulfillment for these bookings. Presently operational in 26 cities, HD-owned stores will expand significantly with an addition of 100 stores, including Hero Premia and Hero 2.0 outlets, to strengthen distribution channels.

• **MS**: Cash burn per unit is expected to decrease, with double-digit revenue growth in the two-wheeler and market share gain.

• **Product**: Notable products include Destini Prime scooters, the Xtech Super Splendor 125cc motorcycle, and the Glamour series, focusing on classic style and comfort. Numerous products are planned for launch throughout the year.

• Hero 2.0 initiative has initiated approximately 38 pilot dealerships, yielding favorable feedback. The aim is to incorporate 200-300 dealerships eventually, facilitating the sale of Vida and HD products through them.

• Hero's subsidiary Ather had (associates issue charges INR 1,750Mn (25% share)

• Spare parts contribute significantly to revenue, and a new line of business focusing on accessories is being developed.

• **Retail transitions** have been managed well, with inventory reduction in Q1.The company is geared up for a longer festival season and should see strong inventory stocking in 2Q/3QFY24

• Investment is being directed towards EV infrastructure. Gross margins remain steady despite time lag impacts.

• **EV**: Vida plans to expand from 36 to 100 cities, partnering with Ather for EV charging. EV leadership is a priority, with focus on servicing and test drives. HMCL adopts a three-part EV strategy: 1) Ather stake, 2) inhouse development with German R&D for fixed battery, 3) Gogoro JV for battery swapping. Debut EV: V1 Vida.

• **Short-term recovery** is expected due to government spending and monsoons. Voluntary retirement saw a INR 160 crore.

• Minor investments were made in the Netherlands.

• Inflation is noted in the 2W sector, with replacements gaining traction. Scooters are also performing well.

• EV components are driving margins comparable to ICE products. Dealer launches are planned years in advance due to product development timelines.

Outlook and valuation HMCL reported a good set of performance during Q1FY24 led by softening in RM prices and accelerated savings programs, price hikes, and a strong demand environment. A faster rebound is expected against 2W peers due to rural focus and Entry-Executive dominance. HD X440, co-developed with HD, garnered 25k bookings. Enhanced Executive segment traction due to price alignment. Scooters are also performing well. EV progress can boost re-rating as It has a goal to expand in 100 cities(Currently 36 cities). We maintain our Buy rating on the stock and value it SOTP valuation for a revised target price of INR 3,699 per share (earlier target price; INR 3,322 per share).

Gabriel India Ltd.-Q1FY24 Concall KTAs

Improved margins

- Gross margin expansion driven by factors like raw materials and price recovery, has significantly contributed to improved margins.
- Commodity impact resulted in a net positive effect of about 1.5% to 2% compared to Q4, with mixed contributions adding around 0.5% to 0.7%.
- Remaining margin enhancement is attributed to improved realization and customer price change settlements.

Inalfa sunroof

- The Inalfa sunroof plant is near completion and anticipates strong customer demand. Orders have been secured from Hyundai and Kia. The market interest for sunroofs, especially panoramic ones, is high, with SUVs showing demand levels of around 70-80% and even 100% in some models.
- The plant is set to commence operations with machinery arriving in September and trial production expected in October. Panoramic sunroofs are priced twice as much as normal ones.
- Currently, many of the sunroofs continue to get imported. Localization efforts are ongoing, with glass and some components already localized. Further localization is needed to fully mature the supplier ecosystem. Import levels currently stand at approximately 50-60%.

The Chennai sunroof plant's anticipated asset turnover is estimated to range from 4.5-5 times and the capex and is expected to reach around INR 120,000 per acre, encompassing initial year installation costs.

Status of Inalfa JV formation

- Regarding the Inalfa joint venture formation, the company is in the initial stages with an investment of around INR 90 Mn made till June 30th. The total share capital commitment of INR 600 Mn will be shared between the two JV partners.
- Inalfa will hold 51% ownership, while Gabriel will hold 49%.
- The remaining capex will be managed by the entity through funding. The JV application, REST Note 3 (PN3), has been submitted globally by Inalfa and is currently under review by authorities.

PV

- The passenger car segment saw a 9% YoY surge in wholesale volumes, driven by new model introductions and increased rural PV demand.
- The company's portfolio now includes the Stellantis E-Citro C3 as its second electric passenger car.
- Secured business from the new platform of Volkswagen. SUVs contribute over 50% of sales in the PV segment.

CV

- In Q1 CV saw a 3% sales decline due to pre-buying ahead of DS2 phase 2 regulations. Despite this, the market share remains strong at around 90%.
- Demand for high damping force dampers is rising, with ongoing discussions for an order from Tata Motors.

Railways

- The company is the sole Indian supplier approved for Vande Bharat and has expanded into electric locomotives.
- Their portfolio covers a wide range of Indian Railways and they are exploring overseas opportunities for exports.

2W and 3W

- In 2W and 3W segments, the company holds a 32% market share, contributing to 61% of total sales. With numerous new launches and a robust business pipeline, including the recent Ola launch, the company maintains a strong presence in this sector.
- 2W sales increased by 11% in Q1FY24.
- 3W segment surged 89% with economic reopening and shared transport trends. In Q1FY24 3W recorded its third-highest sales, driven by short-distance commuting and strong electric mobility growth, consistent with previous years.

EV

- The company has a 73% market share in EV 2W and 3W. Key partnerships include supplying to major players like Mahindra, Bajaj, Kinetic Green, Ola, Ather, Ampere, TDS, Okinawa, and Simple Energy. Strong demand is evident from Ola's robust volumes. Discussions are underway for Tata's upcoming Harrier EV model.

New products

- Recently launched a new front fork for e-bicycles, branded as "Spark" by Hero Cycle, targeting the eco-conscious European market. Initial feedback from the export of a thousand units has been positive.
- Plans include addressing weight reduction feedback and expanding customer orders. The company is also exploring opportunities to supply Indian bicycle manufacturers and potentially tap into the domestic market.
- The company's product expansion includes a focus on successful tires and tubes offerings.
- Plans for market expansion, particularly in the Latin America region, are underway.

Technology enhancements

- Increased robotization in one of its plants, aimed at improving processes and operations.

Capex

- Capex plans for FY23-24 including Inalfa is INR 1600 mn. Inalfa's share capital production stands at INR 100 mn.

Export

- Currently stands at 4% of sales. Target margin for export remains 10% in the next 5 years.

Other KTAs

- The opening of the Gabriel European Engineering Center marks a significant milestone for the company, reflecting dedicated efforts in enhancing suspension technology, including active and semi-active suspension, as well as battery suspension.
- The company maintains its position as the sole supplier for OLA electric, covering various models, including the latest motorcycle.
- EV penetration in India's passenger car segment remains modest at 1%, with a projected 20% by 2030.
- FSD traction is strong, particularly with the acclaimed XUV70 model. Demonstrations of the product on models from two other OEMs are underway, showing promising potential for further expansion.

Outlook

- Targeting a substantial share in the sunroof market with plans including expansion with two initial lines and subsequent additions. The total capacity from two lines will be a little less than 4 lakh units. The goal is to achieve nearly INR 10,000 Mn within 4-5 years and a 40% market share by FY30-31.
- Planning for an additional acquisition in FY25, followed by potentially one or two more in the span of 5-7 years.
- Focus remains sustaining EV market share, entering the EV passenger car segment, and progressing the Sunroof venture in Chennai by commissioning machines.

Castrol India Ltd Q2CY23 Concall Highlights
Castrol India Ltd | CMP: INR 144 | Mcap: INR 142.4 Bn

Performance Metrics
- Revenues came in at INR 13,337.6 Mn (+3.08 % QoQ) (+7.4% YoY)
- EBITDA came in at INR 3,097.5 Mn (+6.6% QoQ) (+8.25% YoY)
- EBITDA Margins came in at 23.22% (+77 bps QoQ) (+18 bps YoY)
- PAT came in at INR 2,252.7 Mn (+11.24% QoQ) (+9.2% YoY)
- PAT Margins came in at 16.89% (+124 bps QoQ) (+28 bps YoY)

Autocare Segment
- The company expanded its portfolio by entering the AutoCare segment.
- The company started the AutoCare segment in May, products such as Anti-Rust products, Chain-loop Protectors, Chan-loop Grease, Wax for Shining, etc.

Castrol CRB Essential Oil
- The company also launched Castrol CRB essential, a wide product variant range with affordable commercial vehicle engine oil to cater to different specifications.

Volume Growth
- In Q2CY23 the volume was 58 Mn Litres vs in Q1CY23 the volume was 55 Mn Litres.
- In Castrol Lubricants the volume growth is ~9% to 11%.

Acquisition
- Last year the company invested in Ki Mobility Solutions which is a digital aftermarket player, the company took 7% of stake in that company.

Mechanics
- The company conducted ASDC-certified EV training to make car and bike mechanics in India EV-ready, till now 200 mechanics has been trained, and in the Q3CY23, this number will increase.
- This will help the company strengthen its market position.

Outlook
In H2CY23 the company aims to reinforce their position in the after sales service market. The company is currently trading at a PE multiple of 17.6x based on the trailing 12 months of EPS.

Management Commentary Link: https://youtu.be/dATx2sQ-lp8?si=mP77e_39zNv9BTdH

Petronet LNG Q1FY24 Concall Highlights
Petronet LNG | CMP: INR 233.1 | Mcap: INR 349.65 Bn

Report Link: https://bit.ly/45bTA63

Performance Metrics
- Revenues came in at INR 116.6 Bn (-16% QoQ) (-18.3% YoY)
- EBITDA came in at INR 11.8 Bn (+25.2% QoQ) (+0.8% YoY)
- EBITDA Margins came in at 10.13% (+334 bps QoQ) (-267 bps YoY)
- PAT came in at INR 7.9 Bn (+28.6% QoQ) (+12.7% YoY)
- PAT Margins came in at 6.77% (+234 bps QoQ) (+186 bps YoY)

Dahej Terminal
- In Q1FY24 Dahej terminal has processed 217TBTU (+26% QoQ) (+11%YoY).
- Utilization is at 96% as compared to 76% in Q4FY23 and 87% in Q1FY23, this is due to the Dhabhol plant being shut till September month.
- At Dahaj terminal long term is 90 TBT, short-term is 4 TBT and tolling is 123 TBT

GAIL's Steady Commitment
- GAIL has two long-term contracts for RLNG. One is for 4.5 MMTPA (equivalent to 72 cargoes) against RasGas volumes, and the other is for 30% of 1.425 MMTPA (equivalent to 40 cargoes) from ExxonMobil. These contracts amount to a total commitment of 112 cargoes and are firm commitments.

Dabhol Facility
- Dabhol breakwater facility will be completed in the next financial year, after completion they would route to about 12-14 cargos which now route to Dahej terminal which translates to ~1 MT.

Other Highlights
- For the petrochemical, expansion update the DRF is getting prepared, but it has not gone to the board for approval, this process will take a maximum of 6 months (till Q3FY24).
- Adani contract is a maximum of one to two years for 0.751 TPA and torrent is up to FY32 for 1TPA.
- Trading gains are INR 130 Mn and inventory gains are INR 150 Mn.
- Regasification tariff for Kochi is INR 85 and for Dahej is INR 59 (Non-Market Based Quantity)
- The company is engaged with Safat Energy for the discussion of an extension of the Qatar LNG contract beyond FY28, the target is before December 2023.

Outlook
The company is benefiting from the downward movement in LNG prices, resulting in healthy profit margins. We have not seen a significant increase in volumes. We believe that the volumes will pick up soon. The company is smoothly and quickly expanding its capex to cater to the needs of the upcoming time. The company is expecting normalized tariff receipts. We are positive on the company, at CMP, the company trades 7.5x FY26E EPS of INR 30.7.

Hindustan Oil Exploration Co.Ltd– Q1FY24 Concall KTAs
CMP: INR 170 | Market Cap: INR 22,582 Mn

The company expects a better offtake in Dirok in Q2FY24 as plants of major customers will resume operations.

Performance
- Revenue from operations stands at INR 1,871 Mn (-3% QoQ, +100% YoY).
- EBITDA arrived at of INR 901 Mn (-33% QoQ, +78% YoY).
- EBITDA Margin stands at 48% (-2186 bps QoQ, -599 bps YoY).
- PBT arrived at INR 676 Mn (-39% QoQ, +107% YoY).
- PAT stands at INR 660 Mn (-38% QoQ, +104% YoY).
- PAT Margin arrived at 35% (-1984 bps QoQ, +68 bps YoY).

B-80 Shutdown
- Revenue from the block arrived at INR 834 Mn (Vs INR 865 Mn in Q4FY23).
- The B-80 field was shut down between July and August. Though operations have begun the capacity is still below the previous level and is yet to be stabilized which is expected to take another 6-8 months.

Reduced Offtake in Dirok
- Revenue from the block arrived at INR 211 Mn (Vs INR 677 Mn in Q4FY23).
- Due to consumer plant shutdowns, gas offtake in Dirok was reduced by 66% to reach the lowest level ever. Gross sales volume arrived at 10.23 mmscfd and 187 bopd (Vs ~30 mmscfd and 577 bopd in Q4FY23 and).
- Company plans to connect the field to the North East Grid, phase 1 of which is expected to be completed by Q4FY24. This project will improve the offtake at the site.
- The company is setting up an 18-inch pipeline for transporting the Dirok production to Dullajan hub which will eliminate the need to rely on Oil India pipe network.

Acquisition of Geoenpro
- The company has acquired 50% stake in Geoenpro making it a wholly-owned subsidiary of HOEC.
- Through this acquisition, company has secured control of the Kharsang oil field which had a production of 356 boepd in Q1FY24.
- Company plans to drill new wells to enhance production and is bullish on the site's potential.

Other Highlights
- At the PY-1 site, after 5 years of operation, the company is re-evaluating block potential and is currently re-processing the seismic data which will be completed by the end of September’23. The company expects a significant increase in the reserves of the block.
- Inventory levels stand at 2.92 lakh barrels. (vs 1.87 lakh barrels in Q4FY23).

Guidance
The company expects a better offtake in Dirok in Q2FY24 as plants of major customers will resume operations. The company anticipates an increase in demand from FY25 when gas from the North East flows into the national grid and believes to be well-positioned to capture the demand and monetize block potential.

Bharat Petroleum Corporation Ltd – Q1FY24 Concall KTAs
CMP: INR 380 | Market Cap: INR 824

Performance
• Revenue from operations stands at INR 1,282.6 Bn (-4% QoQ, -7% YoY).
• EBITDA arrived at INR 157.8 Bn (+42% QoQ, +127% YoY) with an EBITDA margin of 12.3%.
• PBT stands at INR 141 Bn (+59% QoQ, +287% YoY).
• PAT stands at INR 106.4 Bn (+55% QoQ, +273% YoY) with PAT margin of 8.3%.

Rights Issue
• The company has planned a rights issue of INR 1,80,000 Mn and the proceeds will be utilized to
• To reach Net Zero Emission
• Energy Security: Investment into energy exploration projects.
• Energy Transition: Investment in CGD business and EV charging stations.

CAPEX
• CAPEX spending during Q1FY24 stands at ~INR 14,640 Mn in Q1FY24 and the company has a CAPEX target of INR 1,00,000 Mn for FY24. Overall, the CAPEX target for the next 5 years is at ~INR 1.5 lakh Cr.
• The company plans to set up HDPE, LDPE, polypropylene, and other petrochemical units at Bina refinery and expand the capacity at the refinery from 7.8 MMTPA to 11 MMTPA to improve the availability of raw materials for petrochemicals.
• The company also expects to set up additional petrochemical facilities of 2.2 KTPA by 2028.
• CAPEX for the project is ~INR 4,90,000 Mn.

Highway Charging Corridors
• The company plans to set up 400 new highway corridors (currently 80) under the 'highway fast charging corridor model' in which BPCL has setup fast charging stations at every 100 km.

Refineries
• The refinery throughput reached 10.36 MMT during Q1FY24. Capacity utilization across all 3 refineries is more than 115%.
• The Mumbai refinery margins were lower than the Bina and Kochi refineries. This is because the Mumbai refinery majorly processes low sulfur grade crude whereas the Kochi and Bina refineries process high sulfur crude which realized better sales, improving the margins.
• The Bina refinery has been shut down in July, similarly Kochi refinery will be shut down in August and Mumbai refinery in September.

Other Highlights
• The GRM for Q1FY24 stands at $12.64 per barrel (Vs $20.58 per barrel in Q4FY23) due to the fuel price correction with high supplies and global macro headwinds.
• 8% QoQ volume growth.
• The company has still not completely recovered last year's losses and is waiting for crude prices to stabilize before taking a decision on pricing.
• Sequentially, the Russian crude discounts are decreasing, and the company believes that a further drop in prices will yield no commercial advantage.
• Capital outlay during the quarter arrived at INR5,00,000 Mn across various projects which the company has undertaken.
• The company intends to spend ~INR 1,50,000 Mn in the next 5 years in the CGD sector.
• In LPG, the company had a negative buffer of INR 8,500 Mn in March which has been completely recovered in Q1 due to favorable pricing in LPG.
• The investment blocks in Brazil and Mozambique have crossed the exploration stage and are now in the development stage.

Gujarat Gas Q1FY24 Concall KTAs
CMP: INR 440 | Market Cap: INR 313 Bn | Promoter: 60.89%

Fall in revenues due to lower realisations (which has aided volumes). Stronger volumes expected as propane is getting expensive

Performance (Consol):
- Revenues (net of excise) came in at INR 37.81 Bn (-3.7% QoQ) (-26.9% YoY)
- EBITDA margins came in at 10.3% (Vs 14.3% QoQ) (VS 11.7% YoY)

Volumes
- Fall in revenues due to lower realisations. Sales volumes increased to 9.22 mmscmd, (Vs 8.86 QoQ).
- Industrial volumes at 5.88 mmscmd (Vs 5.36 QoQ)
- Morbi volumes increased to 4.01 mmscmd
- Softer spot LNG prices aided to higher volumes (benefit of softer prices passed on to industrial customers)
- Highest ever CNG sale of 2.61 mmscmd assisted by favorable APM gas prices and lower VAT rates (VAT reduced from 15% to 5%)

Company successfully completed pilot project of hydrogen blending with NTPC and are in process to increase hydrogen level

Pricing
- Custom duty on propane and LPG increased from 2.75% to 19.25%. Beneficial for natural gas.
- Current cost of gas in Morbi is INR 38-38.5/scm while propane prices are INR 35/cbm (propane cost not accounting for manpower and tanker costs)
- As per recommendations of Kirit Parikh committee, domestic natural gas shall be 10% of Indian crude basket
- The APM price shall have an initial floor and ceiling of $4.4/mmbtu and 6.5/mmbtu
- The ceiling would be maintained for the next two years and then increased by $0.25 each year
- Cost has been reduced from $8.5/mmbtu to $6.5/mmbtu for which benefits have been passed on to customers

Investment in GSPC LNG:
- Company invested INR 1 Bn in GSPC LNG for 7.87% stake. FY23 revenues in GSPC stood at INR 2.32 Bn
- GSPC LNG Limited is engaged in the business of LNG receiving storage and regasification at Mundra in Kutch Gujarat having a capacity of 5 mmt p.a.
- Company sources around 4 to 4.5 mmscmd of imported RLNG to serve its customers. It is roughly around 20% to 30% of the current capacity.
- GSPC LNG will be synergistic for loading and distribution

Capex:
- Guidance of INR 10-12 Bn per year for 3 years. Mainly in new and existing GA's and CNG segment
- Capex will mainly be through internal accruals only. 1/3rd will be towards CNG infrastructure

Other KTAs:
- At full capacity, Morbi requires 8-8.5 mmscmd
- Company added 46,000 new domestic customers (+33% YoY), 225 commercial customers and commissioned 36 new industrial customers (with a cumulative volume close to 109,000 scmd). As on 30th June 2023, the company has a signed volume of 427,000 scmd yet to be commissioned (which will reflect in Q3)
- Credit rating upgraded to AAA
- Company crossed 1 lakh Kg per tonne in Thane rural
- Company has 800 CNG stations serving approximately 3,75,000 vehicles per day

Outlook:

Company had to reduce their industrial selling cost to be competitive with fuels in Morbi area. EBITDA was INR 4.73 SCM which company aims to keep between 4.5-5.5. Propane usage in Morbi currently is 3 mmscmd which will reduce and come in favor of the company as propane prices are expected to increase (propane futures already gone up). Saudi Aramco has recently increased propane prices to 70$ per tonne. This will lead to increase in industrial volumes in Morbi. At full capacity, Morbi requires 8-8.5 mmscmd of gas. If pricing works in company's favour then Morbi can touch 6-6.5 mmscmd in 1 year. The next strong areas for company are Thane, Ahmedabad and certain pockets of Rajasthan and Punjab. We believe the growth in volumes will lead to stronger Q2 and Q3 for the company but the profitability will be under watch. At CMP, company trades 23x TTM EPS.

CEMENT

ACC Ltd--Q1FY24 Result update

CMP INR 1922; MCap INR 364 bn; Rating Accumulate

Stellar performance on all fronts

Link to report https://bit.ly/3OdY2KG

Revenues at INR 5201cr up by 17% YoY/+9% (agst our estimates of INR 5106cr) Volume up by 23.2% YoY at 9.4mt

EBITDA at INR 848 up by 81% YoY/+65% QoQ led by decline in employee cost and a decline in power and fuel cost on YoY basis; margins at 12.5% expanded by 400bps YoY/540 QoQ

PAT at INR 463cr up by 105% YoY (agst our estimates of INR 402cr)

Volumes grew by 23% YoY led by increase in blended cement and improvement in efficiency parameters.

Margins The margins expanded by 400bps YoY contributed by improved share of WHRS from 2.0% to 8.4%. Kiln fuel cost reduced by 15.5% from INR 2.52 per kCal to INR2.13 per kCal, EBITDA/t stood at INR 902 led by margin expansion and increase in profitability. The profitability is expected to sustain going forward also as the company has taken many initiatives like optimization of fuel mix, working on lead distance and increase group synergy benefits.

Capacity and commissioning The Ametha Integrated Unit to be commissioned by Q2 FY24 which will increase Clinker capacity by 3.3 MTPA (EC approvals in hand for 2.75 MTPA) and Grinding capacity by 1 MTPA.

The company has also highlighted on robust growth in RMX &Construction Chemicals sectors as well driven by investments in construction segments & rapid urbanisation.

Outlook The company has posted stellar results, in line with our expectations and above industry levels and its peers on the back of robust volume growth, profitability increased substantially led by decline in employee cost and decline in power and fuel cost on YoY basis. With the expectation stable prices of fuel cost in coming days, along with the robust demand pickup in construction activities and company's focus on operational excellence may lead to growth in top line and bottom line numbers and margin expansion in coming quarters too. On CMP, the stock is trading at EV/EBITDA multiple of 18.4x, we have an accumulate rating for the stock with a target price of INR 2210.

Ambuja cement Ltd--Q1FY24 Concall KTAs

CMP INR 477; MCap INR 923 bn; Rating Accumulate

Link to report

https://bit.ly/3QqPHWC

Ambuja Cement reported strong set of numbers in line with our estimates, backed by good volumes and an increase in premium product sales by 10%, though the realizations were flattish, the companies are unable to take price hikes as there is heavy competition, with expected incremental demand there is incremental supply also coming in through almost all the major players.

Ambuja acquired Sanghi cement at an Enterprise value of INR 5,000cr

Revenues at INR 4729cr (as against our estimates of INR 4680 cr) up by 18.9% YoY/+11.1% QoQ; **Volumes** at 9.1mt vs 8.1mt in Q4Fy23 vs 7.4mt in Q1FY23, volume of premium products increased by 10% YoY. The company posted volume growth of 23% YoY/12.3% QoQ, realisation was muted, stood at INR 5197 down by -3.8% YoY/-1.1% QoQ which led to low value growth as compared to volume growth.

EBITDA at INR 946 cr (as against our estimates of INR 970 cr) up by 38% YoY/20% QoQ margins at 20% expanded by 286bps YoY/+148bps QoQ. The company managed to bring down its employee cost by -15% YoY/-22% QoQ and power and fuel costs declined YoY but increased sequentially which led to improvement in margins and EBITDA/t levels which stood at INR 1039 up by 12.1% YoY/+6.8% QoQ. **PAT** INR 644cr (as against our estimates of INR 630 cr) up by 19% YoY/-23% QoQ.

Cost scenario Kiln fuel cost reduced by 17% from INR 2.49/ kCal to INR 2.07/kCal. Fuel cost to be further optimized in the future through mix optimization. On per ton basis RM cost was higher YoY/QoQ at INR520 due to costlier limestone and higher clinker production volume; P&F cost stood at INR 1284 declined on YoY basis; other expenses also declined on YoY basis and stood at INR 602/t. The company aims to achieve cost leadership through operational efficiencies which will include 3 levers that is optimizing manufacturing cost, logistics cost and other costs.

WHRS Ambuja has commissioned WHRS of 18 MW at Bhatapara, Suli and Rauri, which will provide an additional 33 MW at Suli, Ametha and Maratha, including this additional commissioning the total WHRS capacity will be at 121 MW by year end.

Outlook: The company posted strong set of numbers on the back of strong topline, profitability has also increased with expansion in margins sequentially as well as YoY. The employee cost has shown a decline by 15% YoY/-22% QoQ. P&F cost has also declined YoY basis. Going forward, the company will be adding new capacities and the Sanghi acquisition is cherry on the cake, which will generate incremental volumes, as demand is expected to be robust for coming quarters too. Along with this the company is working on increasing cost efficiencies through various operational levers and group synergies which is expected to bring in higher profitability, the company is well placed to ride on the industry tailwinds with all the initiatives and efforts. **We value the stock at an EV/EBIDTA of 14.6(x) to its FY25E EBIDTA to arrive at a target price of INR 555 and maintain accumulate rating for the stock.**

Dalmia Bharat Ltd-Q1FY24 Concall KTAs

MCap INR 378bn; CMP INR 2021;

Performance slightly below expectations

Power and fuel cost The power and fuel cost was at INR 1293 which reduced by 15.45% YoY/+0.9% QoQ. In Q4 the fuel cost was INR 2.06/kcal and in Q1FY24 the cost was 1.98/kcal. This and coming quarter the company should be able to get benefit of USD 20 sequentially on petcoke basis, which may translate to ~15% lower fuel cost in Q2FY24E. The cc ratio stood at 1.7x, was lower sequentially due to change in reserve mix.

Lead Distance and logistics logistic cost increased by 5.5%YoY/+4.6% QoQ was at INR 1156/t, on account of additional rail surcharge during the quarter and inter-regional clinker movement due to 1 plant shutdown.

RM cost increase by 9.2% YoY/+3.8% QoQ at INR 768/t due to higher rate of Slag and Fly ash rates.

EBITDA/t stood at INR 872 as compared to INR 941 in Q4Fy23 change of -7.4%, this was mainly due to flattish realizations, increase in rm and logistics cost, the company could not reap the full benefit of decline in fuel cost as CC ratio was lower sequentially. There were additional *other expenses* due to plant shutdown costs and an increase in sales incentives. The *employee cost* too increased to INR 222 cr an increase by INR 24cr YoY mainly due to annual increments and an increase in the number of headcounts on account of adding new capacities at different locations.

Industry outlook The demand looks robust, prices to remain range bond and costs expected to come down in respect to fall in fuel prices.

Trade sales stood at 63% in Q1Fy24 vs 64% in Q4FY23

Market Performance The volume growth was seen across the markets, but the south region performed better, the company is also able to increase its market share in South market.

Jaypee status There are certain approvals that are taking longer time as compared to what was originally anticipated, expected to get in the closure mode by the end of FY24. Meanwhile, the company has entered into a tolling arrangement with Jaypee so that they can build on Dalmia brand and network in the Central region, wherein Jaypee is a contract manufacturing cement for Dalima and Dalmia is selling cement under their brand name.

Capex and Capacity The company has commenced commercial production at Bokaro Cement Manufacturing Works, Jharkhand of 2.5 mt. Completed debottlenecking at Midnapore, West Bengal of 0.6 mt. Total Plant capacity increased to 4.6 mt. Commenced Trial Run of Greenfield Split Grinding Unit at Sattur, Tamil Nadu of 2.0 mt. The company has planned a capex of INR 6300cr for FY24E which will include the mentioned capacity additions and the Jaypee plant, for Q2FY24 the company has planned capex of INR 600-700 cr.

The management has hinted towards 15-17% **volume growth**, excluding Jaypee growth.

Debt profile The company's gross debt have increased from INR 3763 in Q4FY23 to INR 4387cr in Q1FY24. This was mainly due to Jaypee acquisition. Net debt/Ebitda at 0.52x. Going forward, the company has mentioned that the debt levels may go upto INR6500-7000 cr by the end of FY24.

Revenues at INR 3624 up by 9.75 YoY/-7.36% QoQ, led by volume growth of 12% YoY, volumes stood at 7mt.

EBITDA at INR 586 up by 4.10% YoY/-13.7% QoQ

PAT at INR 205 down by -29% YoY/-76% QoQ

Outlook Dalmia posted subdued profitability on account of increase in RM, logistics, employee and other costs. The company's inability to absorb full benefit of decline in fuel cost was to some extent was due to lower cc ratio. Jaypee acquisition will take some more time to shape up fully. The company has hinted towards higher growth than the industry growth, with positive outlook on demand and neutral outlook on realisations. The fuel costs will bring in additional cost savings in Q2 and Q3 of FY24. We expect Dalmia to perform better on profitability aspect in coming quarters, at CMP of INR 2021, the stock is trading at EV/EBITDA multiple of 14.3x.

Heidelberg Cement India Ltd-Q1FY24 Concall KTAs

MCap INR 39 mn; CMP INR 174 bn

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Peers coming up with additional capacities, may hit Heidelberg cement volumes adversely.

The prices are expected to remain under pressure, July prices in the central area are hovering ~INR 4900/t lower by INR50-60/t MoM

Guidance The company has guided for 7-8% volume growth YoY with prices to remain under pressure on account on heavy competition.

Results Revenue from operations stood at INR 5956 mn up by 1% YoY; Volumes stood at 1203 KT up by 8.2% YoY/%

EBITDA stood at INR 929 cr down by -2.3% YoY; margins at 15.6%, - 52bps YoY/ bps QoQ

PAT at INR 523cr up by 1.4% YoY margins at 8.8%

EBITDA/T at INR 772/T down by -9.7% YoY/% QoQ led by an increase in overall cost and flattish realizations.

Realisations at INR 4951 down by -6.7% YoY

Cash balance at INR 4093 mn and *debt level* at INR 2010 mn. The company plans to repay part of the debt and targets to bring down debt levels to INR 687 mn by FY26.

Demand There is strong traction in real estate and rural affordable housing segments along with rapid execution of infrastructure projects will lead to good demand scenario in coming quarters.

Prices In central region the prices are expected to remain under pressure, July prices in the central area are hovering ~INR 4900/t lower by INR50-60/t MoM.

Trade sales The company in Q1FY24 did 82% of trade sales rest was non-trade, degrowth in trade sales by 1% YoY. Premium sales stood at 30% of trade volumes, up by 8% YoY premium products are INR 10-40 higher than the base product. The company does not produce OPC cement.

Lead Distance increase by INR 10 sequentially, in Q1FY24 lead distance was 361 km.

Cost scenario and profitability Operating expenses stood at INR 5028mn up by 1.6% YoY; there was a drop by 3% in ST incentives, INR 298/t was lost due to low realizations, RM prices were up so company lost INR 26/t in RM, freight the company lost INR 62/t and other cost gave the advantage of INR 26/t leading to EBITDA/t of 772 lower by 10% YoY.

Capex and Capacity The company has a total capacity of 6.0 mt out of which 5.75 is from the central region and 0.51 is from Karnataka. The company is planning a total capex of INR 200cr out of which INR 74 cr will be used for expansion through the brownfield project which will generate additional capacity of 200kg of cement and rest for AFR and regular maintenance, capacity utilisation at 75%.

Power and fuel Softening Fuel prices trend may continue, the company gained INR 334/t on power and fuel cost in Q1FY24, in Q4FY23 coal per kcal was INR 2.3 and petcoke was 2.77 per kcal. In Q1FY24 the coal was INR 2.01/kcal and petcoke was INR 2.3/Kcal.

Outlook Heidelberg cement has posted decent numbers, looking at the intense competition in its operating region. The company is expected to face tough competition from other players, as there is additional capacities being set up in the central region by its competitiors. The company has guided for 7-8% volume growth with flattish realizations and softening of fuel price trend to continue. At CMP of INR 176 the stock is trading at EV/EBITDA multiple of 12.5x to its TTM earnings.

Q2FY24, the company has hinted towards lower volume on account of monsoons and some plant maintenance schedules

Realisations expected to improve by INR 50-70 per ton

Key Performance The net sales of grey cement stood at INR 2039 cr up by 24% YoY/-2% QoQ; Volumes at 4.10 mt up by 29% YoY/-1% QoQ

EBITDA reported at INR 408cr up by 0.5% YoY/+17% QoQ; EBITDAM at 15.2% contracted by 300bps YoY/+240 bps QoQ; Net sales realizations stood at INR 4967/t. This quarter the company could procure domestic coal at very low rate.

Cost scenario The pet coke prices down by 26% QoQ at USD 109.8/mt; Diesel prices at INR 92.70/liter stable sequentially and on YoY basis;

Energy cost at INR 1468/mt up by 8% YoY/-11%QoQ due to reduction in fuel cost.

Logistic cost at INR 1239/mt up by 2%/-0.5% QoQ led by a reduction in lead distance. The rail contribution was 14% rest was road and the lead distance stood at 426 km.

Employee cost at INR 369 mt down by 8% YoY/+14% QoQ. Cost optimization resulted in a reduction in other expenses which stood at INR 891/mt.

Power and fuel The company has hinted towards cost savings of INR 70-75 cr every quarter till December 2023 in P&F costs, if the prices remain stable. This quarter the company was able to procure domestic coal at lowest prices due to which they could avail maximum benefit. The fuel mis was 60% pet coke and 40% other fuel and AFR.

Net debt/Ebitda at 2.30x and Gross Debt at INR 4,503c

Panna Plant The panna plant was operating at 75% capacity utilisation in Q1FY24, the profitability has also improved and going forward it will also start incorporating WHRS cost benefits.

Capacity expansion The company commissioned 22 MW of WHRS at Panna, MP, from FY25 the company will be able to get cost savings of ~INR 50-60 cr on an annualized basis from WHRS capacity,

The company also plans to add 1.5mtpa of grey cement through Greenfield Expansion at Ujjain (Grinding Unit), Work is progressing as per schedule. Commissioning schedule - Q3FY24, the capex YTD INR 150cr.

The company has planned a **capex** of INR 1200-1400cr for FY24 and INR 700-800cr for FY25

There is also **Greenfield Expansion** at Prayagraj (Grinding Unit) with a capacity of 2.0 mtps of grey cement and a capex YTD INR 38 cr.

Trade mix and premium products The trade mix stood at 66% and non trade at 34%. JK Cement sold 68% of blended cement of total sales and 11% of premium products of total trade sales.

Putty business has become very competitive since many paint companies have also entered the market. The company has 20=22% market share in this business.

Paint business has started and company has received good response for the paint products. The incremental revenue expected from this business is ~INR 100cr in Fy24.

Outlook This quarter company posted decent numbers driven by robust demand, profitability grew sequentially by 17% led by procurement and usage of low cost coal. Going forward, the demand is expected to remain robust with a marginal increase in realizations. The paint business will start contributing and panna performance is expected to increase further. We believe Q2 to stay muted in terms of volumes with robust Q3 and Q4 of FY24, On CMP, the stock is trading at EV/EBITDA of 20.2x to its TTM earnings.

JK Laxmi Q1FY24 concall KTAs

CMP INR 641; Mcap INR 75bn

Net profit drops 33%

Revenues at INR 1633cr up by 5% YoY, volumes reported at 2.92mt up by 5%

PBIDT at INR 181cr down by 23% YoY

PAT at INR 74cr down by 33% YoY

Guidance The company maintains its guidance of 19% growth YoY

Net debt to EBITDA stood at -0.17x vs 0.02x, Debt stood at INR 770cr on standalone basis, cash balance on standalone basis stood at INR 900cr.

- The company is working on 97% **Clinker Capacity Utilization** and 85% of Cement Capacity Utilization
- JK laxmi has planned **TSR** from 4% to 16% in a phased manner at its Sirohi Cement Plant as a part of its Green Initiatives.
- The company is also increasing its **WHR Capacity** by 3.5 MW at Sirohi which will come into the stream in 4th Quarter of FY'24. The company has low WHRS production capacity due to which the power and fuel cost was not as low as it should be.
- **Capacity and Capex** The company has expansion plans for Udaipur Cement of 2.50 mt which is on schedule and expected to be commissioned in 2nd quarter of FY25. With this the total capacity will be ~18mt, going forward company wants to expand it to ~30mt. The company has also completed the Rights Issue of INR 448 cr which will be used for these expansion purposes. Udaipur cement will help capacity expansion from 18mt. The company has been awarded with 2 more mines, 1 is in Rajasthan and the other one in Gujarat.
- The company is operating at high utilization levels of 97% clinker and 85% cement, in order to increase its volumes the company has options to source additional clinker from Udaipur cement or to source from 3rd parties.
- The company agrees that could have done better on volumes operating costs and employee costs. The volumes got impacted by labor unavailability in April month due to Holi.
- The company is able to do volumes of 75% from high realization areas. In the east, the company could not grow like its peers as there is a railway siding issue, which is now getting resolved.
- **Trade** stood at similar levels of 55%, premium products sales grew from 21% to 26%, **lead distance** stood at 400km and **rail and road mix** at 10:90.

Outlook The company has posted subdued results due to loss in volumes and high operating costs, the fuel cost was down by 10.8% sequentially but could have been better. The cement as a sector looks promising, the company is coming up with additional capacity to capture incremental demand in its operating region. Udaipur cement will add significantly to the company goal of ~30mt going forward. With the railway siding issue getting resolved, the company will try to increase its footprints in eastern markets too. The stock is trading at EV/EBITDA of 10.8x to its TTM earnings and we have a neutral view for the stock.

Sagar Cements Ltd-Q1FY24 Webinar KTAs

CMP INR 200; Mcap INR 26 bn

Miss on volumes due to shut down of a plant for maintenance purposes

Revenues at INR 539cr down by 3%YoY/-13% QoQ; volumes reported at 11,76,646 T down by 1% YoY/-13% QoQ, this was because there was a shut down and plant, operated at 47%

EBITDA at INR 30cr down by 50%YoY/-22% QoQ; margins ay 6% contracted by 500pbs YoY/flattish QoQ.

PAT at INR (42cr)

- **Guidance The company has guided for INR 400cr EBITDA and 6.5mt of volumes for FY24**
- The **blended cement** ratio improved to 55% as against 50% reported during Q1 FY23
- The company has mentioned that **Jeerabad and Jajpur** facilities, will be able to achieve 80% utilization levels for the former and EBITDA breakeven for Jajpur during FY24.
- The dispatches made were from road, there were no rail dispatches. The **lead distance** stood at 261km down from 271km sequentially, which is positive.
- **Trade sales** stood at 65% in Q1FY24, blended cement ratio at 55% in Q1FY24 from 48% in Q4FY23.
- The company's **green power** forms 27% of the mix which is expected to grow further to 50%, can bring in additional cost savings.
- **Cost scenario** Raw material cost per ton during Q1 FY24 was INR 849/t as against INR 733/t during Q1 FY23. An increase in sales from Jajpur resulted into an increase in raw material cost since clinker is being transported from Mattampally unit to Jajpur.
- There was decline in prices of pet coke & coal, so the company could get benefit of it this quarter.
- Employee costs during Q1 FY24 amounted to INR 226/t as against INR 222/t during Q1 FY23.
- **Current Fuel prices** Imported petcoke is at INR 13750, Indian Pet Coke is at INR 12000/t, imported coal at INR 11000/t, Domestic coal at INR 8600/t.
- **Vizag land** is expected to get monetized in 18-20 months.
- **Debt** The company has net debt of INR 1355cr as on 30th Jun 2023 vs INR 1261cr in 31st Mar 2023
- Acquisition of Gudipadu and Bayyavaram plants helped to increase market reach and depth, bayyavaram helped capture north AP and South Odisha markets.
- **Demand** scenario is good across regions, its only plant shutdown which had impacted the volumes. realisations remains flattish.

Outlook The company was unable to do the required sales due to the shutdown of the plant, the company managed to do well on the lead distance and fuel costs. We believe, the company would need to work aggressively to achieve the set targets of 6.5mt of volumes by FY24. On CMP, the stock is trading at EV/EBITDA multiple of 11x, we have a neutral view for Sagar Cement.

Shree Digvijay Cement Co Ltd-Q1FY24 result

CMP INR 80; Mcap INR 11.7bn

Miss on margins

Link to report https://bit.ly/3OL7hnb

Revenues at INR 192cr up by 19.3% YoY/-1.5% QoQ (against our estimate of INR 186cr); Volumes at 3.30lakh tons vs 2.87 lakh tons in Q1FY23

EBITDA at INR 32cr flattish on a yearly basis and down by -22% QoQ; margins at 16.7% contracted by 321 bps YoY

PAT at INR 17cr flattish on a yearly basis and down by -29% QoQ

EBITDA/t at INR 983/t down by -12.8% YoY/-20% QoQ, down due to cost pressures and flattish realsations.

Demand As per the management the good demand across its operating regions, the loss in volume was due to the Biparjoy cyclone in the month of June.

Realization This quarter the demand was good but inspite of that the realizations were under pressure and most of the markets could not take price hikes.

Cost pressures continued in Q1FY24 also, the power and fuel cost which has declined substantially in last 2 quarters, and the benefit of that will flow in coming quarters.

Capacity: Digvijay board has approved capacity expansion plans, the company plans to add 3mtpa and this additional capacity will be available from Oct 2024. The company would need to do capex of INR 250cr.

Outlook The company witnessed good demand both in rural & urban areas in all the segments but prices remained weak, the company had a marginal loss in volumes due to Biparjoy cyclone. Cost pressures continued and fuel price benefits expected to flow in, in coming quarters. We have an accumulate rating with a target price of INR 83, subject to revision post result review.

Birla Corporation Ltd Q1FY24 First Cut
CMP INR 1221; Mcap INR 94 bn; Rating Buy

Guidance: The company has guided for 15% growth in revenue and volumes in FY24 YoY, also the management indicated of touching EBITDA/t of INR 850/t to be driven by Mukutban contribution and impact of incentives. Volumes from Mukutban are expected to contribute 2mnt for the next year.

Revenues at INR 2425 cr up by 9.3% YoY/-2.2% QoQ (Our estimates INR 2398); **Volumes** reported at 4.41mt up by 12.2% YoY despite subdued cement prices in core markets.

Demand for cement was robust apart from June, prices remained soft and realisation/t was at INR 5183 down by 2.4% YoY.

Premium sales that is perfect plus, contributed 54% which has increased from 51% as compared to last quarter and 47% in Q1FY23. The company is focussing on increasing market share of its premium and blended cement in its Northern and Central markets. The company's utilization level also increased owing to increase in demand led by increased housing and infra activities in its core markets. The company ramped up sales of premium cement along with maintaining high utilisation.

Realisation stood at INR 5183 down by 2.4% YoY basis.

Margins: EBITDA at INR 298 cr up by 14.8% YoY/+8.7% QoQ(Our estimates INR 320 cr) EBITDAM at 12% expanded by 100 bps QoQ led by decline in mukutban costs and decline in overall cost, the contribution from premium products increased from 51% to 54% on YoY basis volumes increased by 12% though the realizations were flattish. EBITDA/t stood at INR 664/t up by 2.9% YoY basis on account of moderation in fuel costs.

Power and fuel costs per ton for cement in Q1FY24 declined by 19% YoY/16.3% QoQ and is expected to decline further.
NP was lower on YoY basis as due to higher depreciation and interest cost.

RCCPL Sial captive coal mine: The company has ramped up coal extraction from RCCPL's Sial Ghoghri captive coal mine and optimum mixing of fuels such as imported and domestic coal and pet coke. Production of coal at Sial Ghoghri reached 351,565 tons during the FY23, up 72% over the previous year. This is a positive move as power and fuel costs form 29% of total production and fuel costs have been volatile recently.

Outlook and Valuation:. The company has launched project Shikhar to achieve manufacturing and operational efficiencies and aims to reduce costs. On the logistics side the company is working towards complete atomisation for flyash transportation by specialized BTAP wagons which will bring in additional cost savings. The company is investing in WHRS and solar power generation alternatives to fuel to reduce cost. The company is working to ramp up sales of premium products in high realisation geographies which will lead to a healthy and profitable mix. **At CMP, stock is trading at an EV/EBIDTA multiple of 8.9(x) and 7.5(x) to its FY24E and FY25E. We value the stock at an EV/EBIDTA of 8.9(x) to its FY25E earnings with a BUY recommendation and a Target Price of INR 1480/share, implying an upside of 23%.**

Nuvoco Vistas Corp Ltd-Q1FY24 concall KTAs

CMP iNR 357; Mcap INR 127 bn

Cost Effective sourcing: The eastern region's Nuvoco facilities are dispersed across several states so that fly ash is typically accessible within 150 kilometers. Six of Nuvoco's 11 plants are connected to the railroad, which facilitates the movement of cement, fuel, and raw materials. Nu-Vista and Nuvoco’s corporate integration and synergies help in reducing their overall lead distance. With cross-brand manufacturing at its numerous plants, Nuvoco maintained a lead distance of 340km in FY23, and in Q4FY23, there was a sequential improvement of 5-7 km in the lead distance.

Leadership position in East India region and upcoming capacity to fuel future growth: Nuvoco is one of the biggest cement producers in East India and ranks fifth in capacity amongst all cement producers in India. Around 17% of the total capacity in East India and 4.7% of the total capacity in North India belongs to Nuvoco. The total capacity as of FY23 was 23.8 MMTPA and plans to add 1.2 mntpa cement capacity along with clinker capacity enhancements in Risda and Nimbol.

Push for premiumization will lead to margin expansion: The company is continuously trying to push value-added products, the share of premium products in trade stood at ~36% in FY23. Trade share stood at 72% in FY23, we expect trade share to go further up by 1-1.5% in next year.

Demand could surprise with ~9% CAGR over the next 2 years: The Eastern region witnessed flattish growth last financial year, this and next financial year we expect a sharp revival in eastern region demand backed by a pickup in rural housing and infra development. South may see healthy growth, and Western and Northern regions are expected to witness moderate growth.

Valuation and Outlook

At CMP of INR 360, the stock is trading at EV/EBITDA multiple of 10.6(x) and 8.6(x) to its FY24E & FY25E which we feel is an attractive valuation considering its strong brand, size, and position in East India. Going forward, macroeconomic indicators exhibited a positive outlook due to strong housing demand and government-led infrastructure development projects. Nuvoco managed to command a 6% YoY increase in realization in Q4FY23 as compared to an industry rise in realizations of 3% YoY. The company’s focus on internal levers and operational efficiency coupled with stabilizing fuel costs will help in margin improvement. Further, the company’s capacity expansion plan and optimum capacity utilization at the company’s facilities will also help serve incremental demand. Declining finance costs led by debt repayments should support profitability. We expect EBITDA/t to increase by more than INR 130/t on a full-year basis for FY24. **We value the stock at an EV/EBITDA multiple of 10.2(x) to its FY25E EBIDTA to arrive at a target price of INR 444, an upside of 23.2%, and assign a buy rating on the stock.**

Shri Keshav Cements & Infra Ltd-Q1FY24 concall KTAs
CMP INR 140; Mcap INR 217 cr

Margin expansion the highlight of the quarter

Guidance The company is confident of improving on volumes and profitability, the topline growth is expected to be 8-10% YoY.

Revenues reported at INR 31.27 cr down by -14.6% YoY/-2% QoQ; Volumes stood at 56000 tpa, the volumes were impacted due to election season in Karnataka.
EBITDA at INR 10.27 cr down by 4.5% YoY/+20.8% QoQ; *EBITDAM* at 32.8% expanded by 347 bps YoY/+619 QoQ led by decline in captive power plant and fuel costs. EBITDA/t stood at INR 553, the company targets to reach INR 1000/t kind of levels in medium term.
Net Profit at INR 2.67cr up by 4.3% YoY/-110.2% QoQ
Trade share is almost 98%
Utilisation increased from 63% in Q1FY23 to 75% in Q1FY24 led by robust demand.

- Challenge The company is facing challenges surrounding 40 year old P&M and technology, due to which the fuel and power consumption is 50% higher than industry levels. Beyond a point, modernisation cannot happen so the company is installing new kiln, new clinker and a new cooler.
- Expansion, capex and savings The company plans to Install high efficiency PH Cyclones with Inline calciner plus Latest generation Cooler. Improves chemical composition of clinker to absorb higher additive like slag/ash, the cost for which will be INR 35cr plus INR 10cr and will bring in savings of INR 47cr. Capex 3X with OpEx increase @ 1.2 X going forward. They plan to install High-efficiency Vertical Roller Mill. Clinker can be gound with higher additives like Slag/Flyash/Limestone with a capex of INR 65cr and will bring in cost savings of INR 24cr. Inline Calciner will be designed to hold burning for 12 seconds instead of industry standard of 8 seconds which needs capex of INR 3cr and will bring in savings of INR 1cr. The result of these actions will be Optimizing fuel consumption, Fuel consumption will reduce from Rs. 1300 to Rs. 650 PMT of cement, Higher additive means 1 ton of clinker can produce 2.5x to 3x cement compared to 0.5x currently and Alternative to Coal/Petcoke 10-20% can be used.
- During the Quarter Cement business contributed INR 23.31 cr & Solar business Contributed INR 6.04 cr of total revenues. On EBITDA level cement business contributed INR 10cr and solar business contributed INR 27 lakhs.
- Margins The margin expansion was result of decline in captive power and fuel costs. The company switched its usage from coal to petcoke, the utilization for solar plant was to its optimum levels which also helped in margin expansion.
- Cost reduction initiatives The company targets to expand plant to its fullest potential, by adding a balancing process and increase utilization of all the equipment's at minimum Capex Cost. Expansion on existing land with zero land acquisition cost.
- Capacity utilsation In FY23 the capacity utilisation for cement segment was 63% and for solar segment was 99%.
- Growth drivers The company has strong brand presence in its region, the company targets to strengthen it further by relationship management and continuous meetings with local Dealers, Builders and Engineers. The Company is contemplating working on alternate fuels like Municipal Waste, Bagasse and others.

- The company is focussing on full Capacity Utilization along with Investment in maintenance with focus on automation for reduced breakdown or operational breaks.
- Government initiatives like Housing for All will push demand in the sector. Real estate market in India is expected to reach US$ 1 trillion by 2023 Strong growth in rural housing and low cost housing to amplify demand.
- The company services in tier3 regions of N Karnataka, S Maharashtra and Goa. The demand is robust in these regions on account of increase in residential and infrastructure projects. The cement plants are located at Bagalkot district, Karnataka and the Solar power plant is located at Koppal, Karnataka.
- The company has 2 segments, that is, cement division with a capacity of 0.35 MTPA with 2 mfg units and solar power division with a capacity of 37 MW which is close to cement plant.

Outlook Keshav cement has come a long way from its obsolete plant and machinery issues to significant expansion in margins. Keshav Cement has advantage of abundance supply of limestone, availability of solar power in house, the cost of power is almost ¼ as compared to solar power available in the market and company is closest to its market leading to saving in freight cost. We believe, there is further headroom for margin expansion on account of the company installing new kiln, clinker and cooler which will bring in cost efficiencies. On CMP basis, the stock is trading at EV/EBITDA of 9.9x to its TTM earnings.

The Ramco Cements Ltd-Q1FY24 Result Update

CMP INR 846; Mcap INR 199 bn; Rating Accumulate

Link for report:

https://bit.ly/45pazBX

The company reported muted numbers which were below our estimates

Ramco cements posted muted numbers which are below our estimates, the volumes were lost due to the unavailability of sand and the realizations were also on the flattish side.

- Volumes impacted due to non-availability of sand in Kerala, supply disruption due to rail accident in Orissa and West Bengal and active monsoon in NE, the growth in sale volume could have been better for the current quarter
- Revenues reported at INR 2249 cr (against our estimates of INR 2395cr) up by 26% YoY/-13% QoQ; in Q1FY24, the sale volume was higher by 29% YoY/-9% QoQ stood at 4.23 mnt. Clinker production was higher by 8% in 1QFY24 compared to 4QFY23 while cement sale volume was down by 9%. Share of premium products improved to 27% in 1QFY24.
- EBITDA at INR 341 cr up by 13.8% YoY/-17.1% QoQ (against our estimates of INR 389cr); *EBITDAM* at 15.2% contracted by -170 bps YoY/-80 bps QoQ *PAT at INR 79 cr (against our estimates of INR 112 cr) down by -30% YoY/-48% QoQ and margins at 5.9%*
- EBITDA/t down by -11% YoY/-10% QoQ at INR 812/t driven by improved operating leverage, the fixed cost absorption was comparatively better along with robust volumes.
- Power and fuel cost increased by +188 / T YoY. Even though fuel prices have softened for a brief period, the full effect of price reduction is expected to reflect from Q2FY24, in view of high base inventory during the current quarter. Blended Fuel cost per Kcal: 1QFY24: 2.03; 1QFY23: 1.87; 4QFY23: 2.21
- Blended Fuel consumption (incl. TPP) per T of material: 1QFY24: $ 170; 1QFY23: $ 157; 4QFY23: $ 17
- Fixed cost absorption was comparatively better due to improved operating leverage
- Logistics cost Levy of Busy season surcharge re-imposed by railways w.e.f Oct’22. The impact is around INR 60/t for Q1FY24. Avg. lead distance for Q1FY24 is 274 KMs vs 301 KMs in Q1FY23 & 310 KMs in Q4FY23. The effect of 15% levy of Busy Season Surcharge is offset by reduction in lead distance.

Outlook The Ramco Cement has posted muted results, volumes were impacted due to the non-availability of sand in Kerala and overall cost has increased, the company could not avail full benefit of fuel and power cost due to the high base inventory left to be utilized affecting the margins adversely. Going forward, we believe the company will be able to avail P&F cost benefit, with better volumes, though the realizations are expected to be muted. **We value the stock at a EV/EBIDTA of 13.7(x) to its FY25E EBITDA to arrive to a TP of INR 979 an upside of 15.7%, maintain accumulate rating.**

Ultratech Cement Ltd-Q1FY24 KTAs
CMP INR 8266; MCap INR 2,386 bn; Rating Accumulate

Revenue at INR 17,517 cr (vs our estimates of INR 17,750cr) up by 17% YoY/-5%QoQ; Volume at 29.96 mt up by 20%YoY/-5% QoQ.
Ebitda at INR 3,223cr (vs our estimates of INR 3053cr) is up by 1% YoY/-6% QoQ due to flattish realizations; margins at 18.4% contracted by 295 bps YoY. Realizations at INR 5350/mt vs INR 5506/mt in Q1FY23, impacted EBITDA/Mt by ₹ 26/Mt, Realization is marginally lower on QoQ basis while the cost remains flat.
PAT at INR 1688cr (vs our estimates of INR 1480cr) up by 7% YoY/+1% QoQ.

Industry scenario In North Commercial demand, Housing segment registered growth, infrastructure segment demand was supported by Government's sustained thrust on Projects like Delhi-Amritsar-Katra road project, Dwarka Expressway, etc.
In Central region infra growth remained muted owing to major projects at completion stage. Indore Metro picking up pace., other segments growth was positive.
In East All the segments registered growth across regions except commercial demand which remained flat.
In West, infra demand in Maharashtra picked up across all ongoing projects – Mumbai Metro, Mumbai Trans Harbour Link, Mumbai Goa Expressway etc. except in Vidarbha due to completion of major projects. Housing and commercial segments registered growth. In Gujarat, housing registered growth in both the segments, that is, rural and urban. Rural demand improved due to better liquidity on account of cashflow from harvesting. Infra registered robust growth as work progressed across major infra projects like High speed railway - Bullet Train and other metro and road projects.
In South, all the segments registered growth.

Current price scenario The company witnessed marginal rise in the month of July in North and West regions, south and east are not showing any traction and positive movement in prices. In east the prices.

Demand Higher infrastructure spending ahead of the general elections in 2024 is expected to boost cement demand. In current scenario, Demand for cement across all sectors continues to remain strong which is highly favorable for its performance.

Power & Fuel cost increased by 3% YoY and decreased 4% QoQ stood at INR 1621/mt. The blended fuel cost at INR 7500/mt and the Pet coke consumption was at 42% vs 52% in Q4 FY23 and Q1FY23. Currently the petcoke spot prices are ~USD 115/t, the company has 45-60 days of cylcle before it comes into consumption, petcoke mix in Q1FY24 was 42%, AFR at 5%; in kcal terms the cost of fuel was INR 2.34/kcal. If petcoke prices remain at current levels then it can translate in to 20-25% energy cost savings. The company plans to ramp up AFR to 9-10%. Cost of power currently is INR 7-8/unit.

Logistics cost Increased 1% YoY energy cost Increased 3% YoY/-4% QoQ mainly due to resumption of busy season surcharge, partially mitigated by lead optimization and operating efficiencies, the lead distance reduced by 19km to 410km in Q1FY24.

RM cost Increased 6% YoY/+ 1% QoQ led by Increase in cost of raw materials like fly ash, slag and gypsum etc.; other cost down by 8% YoY/+9% QoQ due to Higher maintenance.

CC ratio at 1.44 from 1.42 in Q4FY23**;** This was possible due to focus on sustainability by promoting use of sustainable products and improving clinker to cement conversion.

Commissioned **cement capacity** of 4.3 MTPA including June 2023 as well, taking total grey cement capacity of the Company to 131.25 MTPA in India. These include 2.2 mtpa brownfield cement capacity at Patliputra in April, 2023; 0.8 mtpa brownfield cement capacity at Rajasthan in May, 2023 and 1.3 mtpa brownfield cement capacity at Sonar Bangla, West Bengal in July 2023. These new capacities will strengthen North east and western markets. The company will also be working on more brownfield projects which will give incremental capacity of 4mtpa which will further enhance total capacity to 135.25mtps in India, capacity utilization at 90%. The next phase of an additional 22.6 mtpa is in full swing. Commercial production from these new capacities is expected to go on stream in a phased manner by FY25/FY26.

The company commissioned 22 MW of **WHRS capacity**, total WHRS capacity increased to 232 MW. Green power mix increased to 22%. The company is targeting to reach WHRS levels of 425 MW by end of FY26, through these initiative the company will have 60% energy as green energy.

Capex: The company incurred capex of INR 1796cr in this quarter and reduced their *debt* as well by INR 233cr. For FY24 and Fy25 the company plans to spend INR 6000cr each year.

Trade sales at 68%, rural sales at 65% of trade - growing at 24%, blended cement at 70% and Premium product mix @ 21.7% of trade sales.

Outlook and Valuation: The company has ambitious plans of expansion, the company believes in the growth story of India and has hinted towards good years for cement ahead. The company has all plans to reach 155 mtpa capacity by FY25/FY26. The power and fuel cost have declined, if they stay at these levels the company will be able to save 20-25% on energy costs. The company is aware of the incremental growth East can bring in, have all plans in place. We believe, even marginal increase in price will bring in incremental gains coupled with energy cost savings as demand and volumes are expected to be good. **We value the stock at a EV/EBIDTA multiple of 16.2x to its FY25E EBIDTA of INR 16,697cr to arrive at a target price of INR 9,172 which gives potential upside of 12% from current levels considering growth of 9.9%/25%/38% in Revenue/EBITDA/APAT over FY23-FY25E.**

Star Cement Ltd Q1FY24 Concall KTAs
CMP: INR 165 | MCap: INR 66.63Bn

The CAPEX will help the company to gain a higher market share across different regions. The company is aiming to 2x its production in the next 5 Years.

Production Update
The company has produced 7.27L tons of clinker +0.35L tons YoY.
Cement production was at 11.94L tons +2.04L tons YoY.
With the highest volume from the Northeast of about 8.36L tons.

Financial Update
The company has reported quarterly revenue of INR 7.55Bn in Q1FY24 (s -18.6% YoY)
EBITDA stands at INR 1.38Bn (0% YoY) with EBITDA margin of 17%(-300bps QoQ, -200bps YoY)
PAT stood at INR 1.04Bn (-27.7% QoQ, -0.9% YoY), with PAT margins of 12.2% (+0.63% QoQ, +1.97% YoY)
EBITDA for cement per ton stood at INR 1,185(-15.9% YoY)

Future Growth
The premium sales for Q1FY24 stood at 4%, but the company is confident that the premium sale will get double in the next 2 quarters.
Despite the possibility of lower volume in Q2 due to rain, double-digit growth is still expected.
The company saw a growth of 24% last year and is still confident to stay on these levels for the current year FY24.
The company will be focusing on the northeastern markets and is trying to gain a market share of 30-32%.

CPEX
The company has spent INR 7.5Bn till now in capital expansion and is expected to spend more INR 8Bn by the end of FY24.
Breakup for CAPEX – INR 3.8Bn reserves, a debt of INR 5Bn and is expecting a cash profit by the end of FY24 of INR 4.5-5Bn.
The company will be requiring more INR 4-4.5Bn for FY25 CAPEX.
The budget for total CAPEX has come down from INR 23Bn to INR 21Bn.
The new clinker plant has been delayed by 3-4 months due to a delay in land acquisition.
Maintenance CAPEX will be around INR 800-900Mn for FY24.

Other KTAs
Cement prices for the Northeast region remain stable and the orders were constant.
GCV cost was very high in Q1FY24 and was around INR 2.4 but will come to INR 1.95 in Q2FY24.
The company aims the Siliguri plat to utilize its 100% by the end of FY24.
Star Cement is aiming to be a 20 million tons company in the next 5-10 years.
WHRS will save around INR 450-500Mn in the near future.
The company aims to be almost debt free by the end of FY25.
Guwahati plant CAPEX of INR 800Mn for Solar plant which will be recovered 100% under SGST benefits.

Outlook: Geographical expansion can turn out very positive for the company as it will decrease transportation costs and can provide higher margins. Despite low volume expectations in Q2FY24, the company is confident with double-digit growth.

Ajmera Realty and Infra India Ltd- Q1FY24 results Concall KTAs
Mcap INR 13.5bn; CMP INR 383

Sales at 225cr up by 60% YoY and volumes up by 90% QoQ at 135450 sqft
Collections at INR 111cr up by 8% YoY
Revenues at INR 118cr up by 113% YoY
EBITDA at INR 39cr up by 112% YoY and margins at 35% expanded by 200bps YoY
PAT at INR 21cr up by 82% YoY margins at 18% contracted by 300bps YoY

- **Wadala project** has a potential estimated carpet area of ~1.8msf of residential, will be launched in phase wise model over 4-6 years and has ~1.8 msf of commercial will be on lease model.
- The company has done couple of acquisitions in western and central Mumbai which will be announced soon.

- **Realisation** The realizations have shown an upward trajectory in the last 12-18 months. Real estate has become a preferred investment asset class, rising income levels and a strong Indian economy indicate the sustainability of realizations.
- **Redevelopment Opportunity** Pune is a slum land, by this year end the company should be able to finish with all the formalities, MMR project is a cluster project, and the whole opportunity can be as big as INR 2000cr over 5 years.
- **Debt profile** continues to improve with 7% reduction in debt YoY. Reduced Avg. Cost of Debt to 11.9% as compared to 13.7% as on 31st March 2023, through financial performance & credit profile improvement.
- **Bangalore and Ajmera Eden projects** contributed 53%, Lugaano & Florenza projects contributed 31%, Bangalore contributed 24% to sales value.
- **Ajmera Manhattan** has 0.27 msf of unsold inventory, has sales booking of INR 656cr and INR 222cr of revenue recognized, estimated project timeline is June 2027.
- The company has estimated value of unsold projects is INR 1472cr and a carpet area of 0.65msf which includes one OC received, 3 near completion and 4 under construction, the company has completed projects of ~20msf, with 11.6msf of future potential.
- **FY24 launches** The company has 3 launches planned central Mumbai 1 central Mumbai 2 and Vikhroli which has an estimated carpet area of ~0.90 msf and an estimated sales revenue potential of INR 1800cr. The company has owned land bank having the potential of ~11.6 msf, Projected sales value in FY24e is INR 1000cr.

- **Revenue recognition** from OC is estimated to be ~INR 233cr, from mid stage ~INR 1929cr, in total INR 3960cr.

Outlook The company has posted a strong set of numbers driven by Bangalore and Eden projects majorly. There are 3 launches coming in FY24 with a sales potential of INR 1800cr. The company is in talks for new acquisitions in Mumbai which will enable the company to enter new micro markets of Mumbai. Going forward, the company has revenue recognition visibility of INR 3960cr. we believe the company has lined up sufficient projects to ride on the industry highs, and we expect that the current growth posted by the company is sustainable in coming quarters too.

Akzo Nobel India Ltd-Q1FY24 Concall KTAs
CMP INR 2821; Mcap INR 128 bn

PAT crossed 1,000 mn mark in a quarter for the first time

Operational highlights
Revenues at INR 9992 mn up by 7% YoY; Growth driven by B2B businesses
Gross margins at 43% expanded by 400 bps YoY; 400 bps GM% improvement supported by continued trend of softening RMC
Ebit at INR 1428 mn up by 40% YoY EBITDAM at 14.3% expanded by 340 bps YoY EBIT growth and margin improvement driven by operating leverage
Business outlook Core sector growth continued: at 8.2% in Jun 2023; Softening crude prices: June 2023 average price at $75.1/bbl vs. $122.7/bbl a year ago.
Paints segment The company is experiencing healthy demand from Real Estate sector supporting Projects business. Growth constrained by challenges in few geographies, destocking, semi-urban markets grew faster.

Coating segment most of the verticals in coating segment continue to grow at double-digit.
- In Auto vertical there is healthy demand in resulted in double-digit growth across segments, premium and Value Brands segments doing well.
- Industrial coatings growth in Coil on the back of healthy steel production, packaging impacted by lower exports to Srilanks and Bangladesh.
- In powder coating vertical Double-digit growth with Broad-based demand across industries notably Automotive, Real Estate, Consumer durables.
- In marine and protective vertical the company received healthy orders led by Infrastructure, Oil & Gas and Power driving Protective segment.

Akzo is second largest player in premium paints in India and in powder coating the company has 30% market share as per the management.
The company has shown strong revenue growth which is mainly driven by product launches in premium category and distribution expansion n in tier 3, 4 and 5 towns.
With the entry of Grasim, the competition will intensify and will hurt multiple verticals like putty, primer, distempers. But the company is pretty confident about maintaining its market share going a head.

Outlook Akzo continues to work on new launches in the premium category. The company has shown good margin improvement mainly driven by operating leverage, softening of prices and increase in premium category launches. The company has done extensive market surveys and identified many geographies where they have weak or no presence. The company plans to increase its presence in these areas along with going deeper into existing stronger areas.

Arihant Superstructures Ltd Q1FY24 Concall KTAs
CMP: INR 173 | Mcap: INR 714 cr | Rating Buy | TP INR 272

Healthy Pipeline will drive the growth
Projects at vashi, khargar and chowk shall position the company well in **high premium segment,** which currently forms 19% of total portfolio*
The **average price** has increased from INR 5797/sqft to INR 6282/sqft which looks sustainable going forward*
Arihant Superstructures Ltd (ASL) reported good numbers with meaningful BD addition.

Financial performance: Q1FY24 revenue grew by 35.9% YoY (+85% QoQ) to INR 121cr; above our estimates of INR 100cr.

Gross Profit stood at INR 45cr (+31.7% YoY/+63.9% QoQ); above our estimates of INR 35cr. Gross Margin contracted by 119 bps YoY (down by 478 bps QoQ) to 37.3% vs 38.5% in Q1FY23. Raw material cost in terms of sales stood at 62.7% vs 61.5% in Q1FY23.

EBITDA stood at INR 26cr (+43% YoY/+165.1% QoQ); above our estimates of INR 21cr. EBITDA Margin improved by 108 bps YoY (up by 660 bps QoQ) to 21.8% vs 20.8% in Q1FY23. The employee cost in terms of sales stood at 4.9% vs 5.0% in Q1FY23. The other expenses in terms of sales stood at 10.5% vs 12.7% in Q1FY23.

PAT stood at INR 15.6cr (+45.8% YoY/+6548.8% QoQ); above our estimates of INR 13.1cr. PAT Margin improved by 88 bps YoY (up by 1254 bps QoQ) to 12.9% vs 12% in Q1FY23.

Key Highlights

Sales stood at INR 245cr (+4.34% YoY/-27.4% QoQ), the sales were down QoQ as last quarter's aspire was launched due to which the sales were on a higher base.

Collections at INR 105 cr (-4.52% YoY/-2.58% QoQ), there was a slowdown in the cycle in Mumbai MMR region due to some external challenges which lead to an increase of RM prices.

New launches would improve the margins: The company has a launch pipeline of 8 projects with a saleable area of 1.83 msf and an estimated revenue potential of INR 904 cr.

Arihant World Villas: is a newly acquired project, it's a villa project in premium segment which has a revenue potential of INR 1000cr, and has the potential to deliver higher margins of ~38% and PAT of ~28%.

Business Development: ASL signed the remaining portion of sheel phata land measuring 3630 sq. mtrs to complete the projects balance land totaling to 31,860 sq. mtrs (`8 acre). The company ventured into Villa project and a Palatial project at Chowk MMR aggregating to ~51 acres in addition to the 25 acres previously procured by the company.

Gymkhana project: The construction timeline is expected to be 2 years from Jan 2024 onwards. it is going to be a lifestyle club. The company is contemplating membership fees of ~INR 5 lakh to start with.

Outlook & Valuation: Arihant Akarshan project, some clarity is expected in Q2FY24, whatever the outcome is, it will only add to ASL cash flows in terms of topline. ASL, has more than seven new launches in the pipeline which has a revenue potential of more than INR 900cr. The company has a revenue potential of more than ~ INR 6,000cr which is including upcoming new launches, utilization of funds allocation to new multiplier projects, margin improvement through new launches and appropriate price hikes, easing of commodity prices will lead to healthy margins sustainability, gaining market share from micro markets and free cash flows from existing & new projects which are expected to create value going forward. We maintain our “BUY” rating at a Target Price of INR 272 per share based on DCF; an upside of 57.3%.

Arvind smartspaces Ltd--Q1FY24 Concall KTAs
CMP INR 374; MCap INR 16.96 bn

Highest ever quarterly collections for third successive quarter

Sales at INR 135cr up by 14% YoY led by consistent launches

Collections stood at INR 204cr up by 54% YoY, Highest ever quarterly collections for third successive quarter.

Business Development: The company added two new plotted development projects in South Ahmedabad spread across ~704 acres with a top-line potential of ~INR 2,300 cr.
ASL acquired 500 acre project in NH 47, South Ahmedabad with a revenue potential of ~INR 1,450 cr, this is under 50% revenue share model. Also acquired 204 acre project in Bavla, South Ahmedabad with a revenue potential of ~INR 850 cr, is under 55% revenue share model. There was 1 more agreement with subsidiary of Arvind Ltd under the Development Management (DM) model to develop 16 acre township at Moti Bhoyan with a potential of INR 116 cr.

Bookings The company registered INR 135cr worth of booking in Q1FY24 which is 14% higher YoY. it includes Ahmedabad, Bangalore and Pune.
The company has unrecognized revenue of INR 1563cr in Q1FY24 as compared to INR 1061cr in Q1FY23.

Net Debt Net Interest-bearing funds as on Jun 30, 2023 is INR -87 Cr (vs Mar 23 INR-30 Cr) decreased by INR 57 Cr during the year due to business development Net Debt (Interest-bearing funds) to Equity ratio at (0.18) as on Jun-23 vs (0.07) on Mar-23.

HDFC partnership The company has invested INR 900cr with HDFC under H care 3 for a residential platform which has the potential to generate topline of INR 4000-5000cr.

Operational Performance Q1FY24 Revenue stood at INR 67cr up by 11% YoY; Ebitda at INR INR 16cr up by 19% YoY and margins at 24% up by 100bps YoY. PAT grew by 11% YoY at INR 8cr. The company has generated strong OCF at INR 111cr in Q1FY24 vr INR 89cr in Q4FY23.

Q1FY24 Key performance parameters The total area booked was 0.601 msf; booked 151 units with a sales value of 165cr and revenue recognition of INR 66cr.

Unsold inventory and future cash flow potential from completed project is ~0.310msf, from ongoing projects its 4.848msf and upcoming project its 0.98 msf. In total the company has ~5.99 msf of area to be sold incoming years, with total booking value(booking till date+ estimated) of INR 8923 cr and receivables of INR 821cr.

Sarjapur project upcoming is a Bangalore based project, with land area of 19 acres, 0.98 msf of saleable area and has a topline potential of INR 670 cr, the company has 67% share in this project.

Doddaballapura road project upcoming is a Bangalore based project, with land area of 45 acres, 1.1 msf of saleable area and has a topline potential of INR 425 cr, the company has 33% investment in this project.

NH 47 project upcoming is AHMEDABAD based project, with land area of 500 acres, 20 msf of saleable area and has a topline potential of INR 1450 cr, the company has 50% share in this project.

Other highlights

- The Bengaluru residential market is witnessing significant growth, with both sales and new launches on the rise. The North Bengaluru cluster too has been expanding to accommodate the growing real estate demand of the city.
- Backed by rising demand from end users, mid-segment projects continued to dominate quarterly launches with ~54% share. High-end and luxury projects followed with a whopping rise in their quarterly share (46%), as compared to 14-15% share during the last quarter.
- Ahmedabad is one of the fastest growing real estate markets, the high end and luxury segment recorded 115% growth on YoY basis and 11% growth QoQ basis.

Outlook ASL has diversified itself well into residential 81% horizontal and 19% vertical projects. The horizontal projects have strong margins whereas vertical projects have strong topline. The company will be focussing more on horizontal projects along with vertical projects. ASL has consistently registered growth over years, going forward, the company has strong pipeline of launches and some new BDs, the unsold inventory is ~5.99 msf with sales booking potential of INR 8,923cr for coming years.

Ashiana Housing Ltd-Q1FY24-Concall KTAs
CMP INR 205; Mcap INR 21 bn

Guidance The company has guided for 30% gross margins and ~INR 1500 cr pre-sales for FY24. The company has also guided PAT margins of 13-15% with 15% ROE expected on a blended basis.

Area constructed in Q1FY24 stood at ~0.43 msf as compared to ~0.38 msf in Q1FY23

Value of Area Booked recorded at 436.20 Crores (Q1FY24) vs INR 435.82 Crores (Q4FY23)
There are **5 projects** launched to be launched in FY24, out of that Ashiana Amarah 2nd phase launched in April, the project got very good response and the entire stock was sold with 224 units with a sales value of INR 290 cr. The company started handing over of Ashiana Daksh, Jaipur phase 2 with an area of ~0.22 msf.

Sales and Other income was recorded at INR 129.29 Crores in Q1FY24 vs INR 116.94 Crores in Q4FY23

PAT increased to INR 10.87 Crores in Q1FY24 from INR 10.38 Crores in Q4FY23

TCI also improved to INR 11.20 Crores in Q1FY24 from 10.51 in Q1Fy23
The **average realization** is INR 6684/sq ft. up by 46.6% YoY/31.7% QoQ

Operating Cashflow has recorded at INR 83.15 Crores in Q1FY24 vs INR 22.59 Crores in Q4FY23 (FY23 at INR 84.85 Crores), aided by higher collection during the quarter. This quarter the cash flows were heavier as ashaina Amara collections came in this year and also there wal lower amount of constructon in this quarter.

Area booked till date is ~5.124 msf in total, 2.6msf to be delivered in FY24, 1.83 msf to be delivered in FY25, 1.35 msf area to be delivered in FY26 and 0.79 msf area to be delivered in FY27. Gurugram forms 17%, Pune 19%, Jaipur 23% bhiwani 13% and rest is jodhpur and Chennai of total area booked. Area booked was 6.53 lakh sq ft in Q1FY24 vs 8.59 Lakh Sq Ft in Q4 FY23.

Future projects The company has 14 forthcoming projects with SA area of 9.05 msf, includes bhiwani, Jaipur, gurugram and Chennai.

Gurugram The company mentioned that Gurgaon will play a key role going forward along with the senior living segment. Gurgaon lacks supply, which may fetch good prices in the medium term.

Outlook The company has land banks from the period before the land prices started rising sharply, which will enable future projects to have healthy margins. This quarter the company has posted collections of INR 250cr and cash flows of INR 83 cr, going forward for coming years, the company expects to maintain run rate of INR 250cr of pre-tax operating cash flows.

Asian Paints Ltd- Q1FY24 Concall KTAs
Mcap INR 3261bn; CMP INR 3400

The results are decent but subdued as compared to high base growth in last year same quarter

Q1FY24 results
On Console basis
Revenues reported at INR 9153 cr up by 6.7% YoY; Gross margins expanded by 530bps YoY led by volume growth of 10%.
PBIT up by 36.3% YoY to INR 2121 cr, PBDIT Margin as % to Sales improved to 23.2% from 18.1% YoY;
Net Profit after minority interest increased by 52% YoY to INR 1,575 cr
Con call KTAs

Demand There was good traction in rural demand, the mix in the quarter was led by Economy & Premium range products. There was stable demand for Safe Painting Service & Trusted Contractor Service. The overall demand was subdued but we are expecting demand to pick up in coming quarters on account of the festive season.

Festive season The festive season impact generally start coming in 45 days prior to Diwali, expecting good Q2 and very good Q3 driven by the long festive season.

Additional capacity in kitchen and bath segment coming up in Maharashtra, the business is expected to grow 25-30% YoY, the decorative business is expected to reach to a contribution of 7-8% in medium term.
The company has planned **capital expenditure** of INR 8,750cr to be spent over 4 years for expansion purposes.

White teak which is into Decorative & Designer Lighting solutions, the net sales grew by 28.4% YoY in Q1FY24 driven by increasing retail footprint & synergies with Beautiful Homes.

Acquisition The company acquired 11% more stake in white teak business which was previously at 49% and now stands at 60%.

Industrial Business PPGAP grew by 13.3% YoY driven by auto segment margins at 12.9% in Fy23 expanded by 690 bps YoY. APPPG business up by 21.6% to INR 394cr YoY, revenue driven by an improved sales mix coupled with softening raw material prices.

International business down by 1.4% YoY to INR 695cr due to economic uncertainty, forex crisis and liquidity issues in key markets of Asia and Africa.

Home decor business In bath fittings sales declined by 28.2% YoY at INR 84.7cr in Q4Fy23 led by subdued retail demand. In Kitchen business sales were down by 12% YoY at INR 96cr led by weak retail demand. The component business slowed down due to the price increase taken. The sales in this business look degrown as it's been compared with a high base of last quarter same period.

Growth drivers The company witnessed strong traction across rural regions since last 4yrs rural & urban centers growing equally well with similar double-digit CAGRs. Premium and economy range did well with subdued performance in luxury segment. Strong growth witnessed in Projects / Institutional Business driven by Factories, Builder & Govt Sector.

Innovation The company has introduced Nilaya paint which has over 90% of earth-safe ingredients. There are more innovative products like Premium PU Finish, Hydroloc Xtreme Waterproofing Paint and Anti Insect Paint which will strengthen the luxury market segment.

Outlook The company did well in décor business which was 9 quarter high in terms of gross margins, kitchen and bath business seems subdued, due to high base comparison period. Auto OE and the General Industrial coating businesses witnessed good growth this quarter. International business was impacted due to macro economic challenges. The demand is subdued, going forward, we believe, coming quarters the company is expected to perform better led by festive season. **At CMP, the stock is trading at PE multiple of 79x to its TTM earnings.**

Century Plyboards Ltd-Q1FY24 Concall KTAs
CMP INR 630; Mcap INR 140 bn

Guidance The company has guided for 12% to 15% growth with EBITDA margins in the range of 13% to 15%

Net revenues reported at INR 880 cr up by 0.2%/-8.2% QoQ; EBITDA at INR 140 cr down by -20.6% -7.6% QoQ; EBITDAM at 15.9% contracted by -240 bps YoY/-130 bps QoQ
PAT at INR 84cr down by -12.8% -25.4% QoQ and PAT margins at 9.5%.

Capex The company has done capex of INR 275 cr and plans to do capex of INR 800 cr between Q2-Q4FY24 which includes MDF - Greenfield at Andhra Pradesh, Laminates - Greenfield at Andhra Pradesh, Plywood at Punjab, Particle Board - Greenfield at Chennai. For FY25 the company has planned capex of INR 365cr.

Laminate the company has partnered with celebrity designer Manish Malhotra and have launched new range designed by him in order to cater to high end market. the company introduced Sainik Laminate for economy market. The company has incurred expenses related to these launches in this quarter, benefits will be seen in coming quarters. The gross profit was flattish and ebitda margins were down from 13.4% to 10% on YoY basis mainly due to launch expenses.

MDF in MDF segment the revenues improved from INR 155.60 cr to INR 166.77 cr and EBIDTA margins reduced from 34.9% to 26.2% on YoY basis, this was due to increase in RM prices, the company could not pass on this hike to customers. The company is focussing on the sale of value added products in order to improve profitability and plans to increase its contribution from 34% to 40% in an year’s time.

Particle boards The revenue were down from INR 51.07 cr to INR 39.46 cr and EBITA from 36.1% to 22.7% due to an increase in RM prices. The company has hinted towards better quarters ahead for the particle boar segment.

Outlook The company posted decent set of numbers looking at muted demand, an increase in RM prices and launch expenses in this quarter. The company is building on new launches which led to increased costs this quarter. They plan to incur costs on advertisements for 2 more quarters. The company’s costs and profitability is expected to stabilize soon in the coming quarters. Going forward, the company will be benefitted from the new launches and increasing the share of premium products from 34% to 40%. On CMP, the stock is trading at PE multiple of 39x to its TTM earnings.

Management Commentary Link: https://youtu.be/1WRMkumujrg?si=Iokd79-IpwyG2Ntv

Century textiles & Industries Ltd- Q1FY24 concall KTAs
CMP INR 946 ; MCap INR 105.74 bn

Real Estate The company has hinted towards growth in bookings to INR 3000cr in FY24 and INR 5000cr in FY25E to be led by robust launch pipeline.

Revenue reported at INR 1194 cr up by -6% YoY/-8% QoQ;

EBITDA at INR 143 cr down by -10% YoY/-1% QoQ

PAT at INR 46 cr down by -115% YoY/-105% QoQ due to exceptional item of INR 18 cr related to VRS and INR 46 cr related to Impairment of plant & machinery at Spinning and Weaving department of Textile Division

Net debt to equity increased from 0.28x in Q4Fy23 to 0.49x in Q1FY24

Real estate This segment contributed 3% of revenues and loss of INR -3 cr at EBITDA level.

- Acquired three notable projects at premium locations in Q1FY24 with a GDV of INR 5,600 cr.
- The company has robust pipeline of 5 projects that is, Sangamwadi, Pune with GDV: INR 2500 cr, Walkeshwar, Mumbai GDV: INR 600 cr, Sarjapur Bengaluru, GDV: INR 2500 cr, Delhi GDV of INR 2800 cr and Thane with GDV of INR 8000 cr.
- Delhi deal It's 7 acres of land at Mathura road and expect GDV of ~INR2800 cr over a period of 6 years and targeting to launch part of the project in 12 months.
- The company maintains healthy margins ranging from 25% to 50% across projects.
- The company has 14 acres of land under construction.
- The demand scenario is robust but the company's 80% inventory is over, the prices also increased 25-30% in the markets where the company is operating.
- This business registered a sale of INR 207cr and collection of INR 369cr in Q1 FY24 with overall efficiency of 98% in collections.
- Indian Real Estate sector currently experiencing the most buoyant period in over a decade with low inventories and high demand.
- The company works with reputed contractors like Shapoorji, latent and likes.
- Net leasing income at INR 30 cr up by 7% YoY/0% QoQ.
- Debt has increased due to 3 acquisitions done in this period, the levels are expected to be in the similar range and go up if any acquisition comes in to the picture. The company plans to release short term debt, current cost of debt is 7.5% which is expected to go up to 8%.
- The real estate markets have grown nearly threefold in the past three years. The demand fundamentals are strong supported by a resilient domestic consumption story and the company is trying to build up on the inventory to reap the benefits of the industry tailwinds.

Pulp & Paper contributed 73% of revenues and EBITDA of INR 134 cr

- Net sales at INR 856cr up by 1% YoY/-2% QoQ due to sales held purchases by customers amidst competitive pricing from international mills.
- Demand remained low throughout the quarter on back drop of inconsistent pulp prices internationally. FMCG and F&B segments have not done well, and Pharma industry has also been stagnant
- Capacity utilization reached to 95% and cost pressures remain. Expecting the demand to get better from Q2FY24 onwards.

Textiles contributed 25% of revenues and loss of INR 1 cr at EBITDA level

- Sales stood at INR 268cr down by 19% YoY/-2% QoQ on account of demand has been sluggish, most of the Indian mills have been operating at partial production capacities.
- The cotton prices declined sharply by 36%, yarn prices also declined and there is slack demand for yarn due to weak market sentiment.
- The company decided to shut down the Spinning and Weaving departments since good quality yarn and greige fabric is available in the market at cheaper rates.

Other business contributed 1% of revenues and EBITDA of INR 11 cr

Outlook Regarding the real estate business we expect the company to do extremely well led by the robust pipeline of INR 5600cr gross development value plus Delhi project (GDV INR 2800cr) and Thane project (GDV INR 8000cr). The company has guided for bright growth prospects for FY24 and FY25 with bookings expected to reach INR of 3000 cr and INR 5000 cr respectively. The paper and pulp and textile business is expected to be subdued on account of dull market scenarios.

DLF Ltd- Q1FY24 Result Con call KTAs
CMP INR 493 ; Mcap INR 1,222 bn

Well poised to capture growth prospects through strong pipeline of launches and retail portfolio

Guidance The company has guided for 10-20% growth YoY with gross margins expected to be 50%+ levels.

Presales at INR 2040cr flattish YoY led by good traction for all the projects and across segments
Collections at INR 1,575 cr up by 46% YoY; from sales INR 1472cr and from rentals INR 104cr.
Revenue at NR 1,426 down by 2% QoQ/-1% YoY led by 13% growth in office rentals and 12% growth in retail revenue.
EBITDA at INR 495cr down by 4% QoQ/+1% YoY; margins at 33% up by 100bps YoY
PAT at INR 528cr up by 12% YoY surpassing the street expectations.

Development potential The company has new product pipeline launch potential of INR 187 msf out of this Identified Pipeline of New Product Launch stands at INR 41msf with a sales potential of INR 67,645 cr. For FY24 planned projects are 11.2msf with a sales potential of INR 19,710cr, available inventory from completed projects is ~INR 2623cr, and ongoing projects are ~INR 3002cr.

Mumbai project is a part of a bigger slum rehab scheme with TSA of ~3-3.5msf, 1st phase will be of ~900,000sqft is near completion. The company is yet to finalize on realizations and other parameters. The total equity to be invested would be INR 400cr plus working capital needed for the entire project and owns 51 pc in JV.

Gross margins in Q1FY24 dipped marginally due to change in product mix. Gross Margin to be recognized from sales done till 30th June-2023 ~INR 7978 and Gross Margin to be recognized from Inventory as on 30th June ~INR 2422cr.

Sales booking The company has diversified sales mix with contributions from Camellias, DLF 5 Gurugram of INR 564cr, One Midtown, New Delhi of INR 659cr, New Products, Gurugram of INR 486cr and The Valley Garden, Panchkula of INR 127cr.

Net debt at INR 57cr in Q1FY24 from INR 2,259cr in Q1FY23 led by higher project receivables than all current liabilities leading to surplus cash position.
DCCDL debt position Net debt at INR 18328cr in Q1FY24 vs INR 19261cr in Q1FY23 and cosy=t of borrowing up from 8.08% in FY23 to 8.19% in Q1FY24.

New product update 1.) DLF gurugram 11.8msf under development out of ~12msf. Phase I, Completed; rentals commenced, Phase II under development; pre-leasing/hard-option of 1.5 msf, Phase III planning at an advanced stage.
2.) DLF Downtown, Chennai 3.4 msf under development out of ~7msf, Phase I under development; 100% pre-leasing, Phase II under development; pre-leasing/hardoption 1.9 msf.

Rental Portfolio DLF Q1FY24 The company has 2.2mnf of leasable area out of this 93% is leased with GAV of INR 3,767 cr. This includes offices (DLF Center, Delhi, DLF5, IT Sez, Kolkata, Gateway Tower, Gurugram) and retail (Chanakya, Delhi, Capitol Point, Delhi, South Square, Delhi).

Rental Portfolio DCCDL Q1FY24 The company has 39.6mnf of operational leasable area out of this 89% is leased with GAV of INR 57,372 cr and under construction leasable area of 5.3msf out of this 82% is leased with GAV of INR 71,600 cr.

In Cybercity Chennai, the company has signed a lease deal with US based MNC and occupant would take over from October 1st.

In NCR the realizations have been very rewarding, per apartment, the company is able to sell in the range of INR 45-60cr. The prices per sqft are hovering at ~60,000/sqft and are expected to rise further. Exit Rentals would be INR 5000 crores & INR 6000 crores for FY 24 & FY25 respectively. The company has taken price hike in Camellias and Midtown project.

Market scenario The company has mentioned that there are strong macro tailwinds to support growth and housing demand expected to exhibit sustained momentum. Retail segment is comfortably poised for growth, organized retail is expected to perform better as compared to unorganized players. Exit
Retail business Footfall levels in the retail business are reaching pre-pandemic levels with consumption trends showing growth. Portfolio expected to grow to 2x in next 4-5 years, total retail GAV potential is ~INR 9,485cr.

Outlook DLF has posted impressive numbers across segments, with the office portfolio delivering stable income and retail business showing a continuous upward trajectory. The company is committed to expanding its retail portfolio along with its residential business. Going forward, the company has a strong pipeline of new launches for FY24 with TSA of ~11.2msf, sales potential of INR 19,710cr and is well poised for healthy margin recognition across projects for next few years. The company also has a strong rental portfolio (office+retail) with a total GAV potential of INR 57,372cr. We have a positive view for the company on the basis of a robust pipeline of new launches, stable and strong rental portfolio and retail business expected to be 2x in medium term.

Management Commentary Link: https://youtu.be/HevXQbuB8Kc?si=PJGglurIiHHzzqlh

Cera Sanitaryware Ltd-Q1FY24 KTAs
CMP INR 7850; Mcap INR 102 bn
Guidance The company has guided for 17-20% topline growth YoY

Revenues at INR 4272 mn up by 7.9% YOY; EBITDA reported at INR 685 mn up by 11.9% YoY and EBITDAM at 16% expanded by 50bps
PAT reported at INR 564mn up by 42% YoY and margins at 13.2% expanded by 320 bps YoY
As of June 30, 2023, our cash and cash equivalents stood at Rs. 755 crore.
Sanitaryware and faucetware divisions, which made up 53% and 35% of Q1FY24 revenue respectively, witnessed a 7% and 8% YoY growth. The manufacturing facilities are working on high utilisation levels, sanitary plant is working at a capacity utilization of 100% and faucet ware at 106% during Q1FY24.

Expansion and capex The faucet ware facility expansion to take capacity to 400,000 pieces/month is nearing completion with full production expected by March 2024. The cost of the project was INR 69cr but the company will complete the project in INR 58cr through prudent project management techniques. The company is planning sanitary ware facility expansion through a fully aggregated land parcel in Gujarat which is a historical land owned by a single owner, the title transfers are expected to be done in next 3 months.
The company has done capex of INR35cr out of INR 69cr for faucet ware, in addition to that there is a capex of INR 35cr for FY24, which includes, sanitary ware automation INR 11cr, faucet ware automation INR 4cr, customer touch points INR 8cr, L&B INR 8cr and logistic and IT INR 4cr.
Greenfield sanitary facility the land for which will cost INR 25cr, P&M and civil work will cost INR 105cr.

Price hikes The company did not take any price hikes during Q1FY24, in FY21 and FY22 there were 3 rounds of price hikes which was taken already.

Gross margins and RM prices On YoY basis, in Sanitary ware china clay prices were up by 18% and plaster of paris up by 3%, zinc was down by 35% in Q1FY24.
On YoY basis, in faucet ware, brass prices were down by 7%, zamaic down by 31% in Q1FY24.
Average gas prices have gone down from INR 35.97/cubic meter in march 2023 to INR 29/cubic meter in June 2023. Gail provided 77% of cera gas requirement as against 50% till last year.
During Q1FY24 94% of energy needs of 2 manufacturing facilities were met by inhouse renewable energy sources.
Despite changes in RM prices the company registered gross margins of 54.71% in Q1FY24 vs 53.7% in Q1FY23, this was possible due to increased plant efficiencies.
The company has decreased its china import dependency from 4% in of sales Q1FY23 to 1.2% of sales in Q1FY24.

The company launched new products in last five years, which contributed 29% in Q1FY24 of total revenues. In FY22 the company launched 72 new products and in FY23 the company launched 699 new products, this has led to better product mix as new products generally are at a higher price point. The new products contribute more than ~1/4 of total sales.

There was an increase of 1.85 lakh invoices uploaded by more than 15300 retailers, providing with valuable data and insights into end consumer buying patterns through retail loyalty program.

Outlook Cera is a business which is brand driven, where the success is dependent on the manufacturing quality products, plant efficiency and new product led growth. The company is focussing on increasing market share and expansion in margins through various levers which includes increasing plant efficiencies and adding new products. The company is experiencing strong demand in replacement segment with good demand in project segment too. We believe, with diverse product offerings, expansion plans and well-established brand, the company is well positioned to capitalize on the opportunities that lie ahead.

Eldeco Housing & Industries Ltd
CMP INR 693; Mcap INR 6.82bn

Sale bookings at INR 31.4cr up by 40% YoY
Collections at INR 25.5 crore in Q1FY24, compared to INR 48.8 crore in Q1FY23
Deliverables: the company handed over 58,388 sqft of area in Q1FY24

Sales to more than double in FY24

Challenge The company is facing approval delays due to multiple window channel, overall the city is facing this issue, due to which the supply is short as compared to demand which is positive on the flip side as the markets tend to offer better pricing power.

Launch The company launched a new project – Eldeco Latitude 27, it's a set of 5 towers with 2/3/4 BHK premium residences, 4,34,508 Eldeco's Saleable Area, 7th July'23 was the Launch Date. The company has hinted towards the launch of inperia phase 2&3 which has a saleable area of 10,92,697 sqft.

Booking potential The company has 10 ongoing project with saleable area available of 859,963 sqft and balance pending to be recieved is INR 117.3cr from ongoing projects. From the forthcoming projects the company has saleable area available of 10,92,697 sqft and includes 4 projects.

Realisations The realization in Q1FY24 stood at INR 4566/sqft vs INR 4882/sqft, the realizations were down because of the product mix as this quarter there were old stock that was sold at old prices and thereby taking blended realizations down. As regards to current scenario the prices are trailing pretty strong, the prices have increased 20% YoY in the current year.

Margins The company is generally able to maintain margins between 30-40% at EBITDA levels, the margins is dependant on which projects come under revenue recognition in that quarter or year. In Q1FY24 the margins stood at 30.7% vs 40.9% in Q1FY23.

Lucknow market Rapid Urbanization and Infrastructure development pushing Lucknow's growth; there is Influx of population from Eastern UP and Bihar; the city has Prominent Educational Institutions like IIM-L, NLU, IHM; its Hub of services in Central and Eastern UP. Currently the demand for real estate is strong with strong pricing power. The company is witnessing consolidation happening and with the strong brand value the company is surely going to benefit from it.

Outlook Eldeco has a strong brand recall value in its operating city, Lucknow. The company has capacity to do quality and timely delivery of projects. It's a long term debt free company with ability to fund business operations by taking advances from customers. Going forward, the company is confident of more than doubling its sales number as compared to FY23 with the new launches in pipeline.

G R Infraprojects Ltd-Q1FY24 Concall KTAs
CMP INR 1283; MCap INR 124 bn

Operational performance Revenues at INR 22,035 mn up by 7.5% YoY/8% QoQ; EBITDA at INR 3,147mn up by 8.57% YoY/14.6% QoQ and margins at 14.62% expanded by 0.09 bps YoY

Revenue increased primarily because of higher execution on account of the declaration of the appointed date for most of the projects won the last fiscal.

Total borrowing outstanding at the end of June 2023 is ~INR 5,956 cr with debt-to-equity ratio of 0.92x.

Working capital days at the end of the current quarter are around 92 days as compared to 104 days at the end of fiscal 2023. Trade receivable at a standalone basis is ~INR 1,514 cr at the end of June 2023 as compared to INR1,880 cr at the end of fiscal 2023.

Order book for 30th June stood at INR 1,95,978.59 Mn, 90% pertains to Road projects. projects won during the year include Four laning from Km 74.700 to Km 112.950 of NH-731A (i/c Yamuna Bridge) bid project cost of INR 7,371.70 mn and Four laning from Kasganj Bypass End to Chandan Nagar of NH 530B bid project cost INR 10,854.70 mn. Balance is HAM INR40,000 crore to INR45,000 crore and other projects. The pipeline for the transmission segment is ~INR 5,000 cr

EPC projects the company has hinted of maintaining a margin in the range of 12% to 13%, in HAM it would be in the range of 14%-15%.

Funding, non-funding units, the facility is around INR 5,500 cr. Fund base or non-fund base this includes both of these two limits and utilization is 40% or 45%.

Equity requirement for FY 24 will be INR 650 cr and for FY25 INR 800cr.

If the company will be getting more EPC projects, probably the growth rate would be in the range of 10% to 15% otherwise maybe in the range of 15% to 20%.

Outlook Industry growth looks favorable on the back of the Government's push towards infrastructure development but the competition is also getting intense in this segment. G R Infra is diversifying its portfolio and taking orders in new segments like ropeways and power projects in order to reduce risk, for FY24 the company has hinted towards order visibility of INR 20,000 cr from several clients.

Ganesh Housing Corporation Ltd-Q1FY24 concall KTAs
CMP INR 468; MCap INR 39 bn
Almost achieved FY23 profitability in Q1FY24 itself

85% of revenue came from sale of land parcels and 15% from Malabar 3
Revenues reported at INR 2715mn up by 536% YoY/48% QoQ, 85% came from sale of land parcel and 15% from Malabar 3
EBITDA at INR 2170 mn up by 765% YoY/107% QoQ; Margins at 79.9% expanded by 21% YoY/22.6% QoQ
PAT at INR 1613 mn up by 1131% YoY/309% QoQ
Debt free company with INR 1890mn cash surplus
Guidance The company has guided for 30% sales growth YoY and 30% margins at EBITDA level.
Surplus cash generated from residential projects will be used for commercial projects, the company will not require any debt to be raised as internal accruals will be sufficient to fuel future growth.
Absorption and demand The company has good hold over its operating markets and commands premium price led by its brand recall value. The Malabar 3 and Malabar exotica, first project was sold within 2 months and 2nd project within 6 months of the launch. The company has a waitlist and good number of inquiries.
Completed projects: includes 17 residential and 4 commercial, ~22.5 msf of area and sales value of ~INR 25,300
Ongoing projects: includes 1 residential and 1 commercial, ~1.7 msf of area and sales value of ~INR 10,500mn. Million Minds Phase 1 (IT SEZ) of 1.3 Mn construction underway nearing 7% completion
Planned projects: includes 8 phases of residential and 6 phases commercial, ~28.7 msf of area and sales value of ~INR 137,500mn
Annuity Income Upcoming commercial project with 7 phases, each phase expected to contribute INR 72 cr of rental income annually, all the phases will be completed by FY30-FY32.
Million minds expected to generate cash flows of INR 3360mn over next 8-10 years, has 8 phases with 0.6-0.8msf saleable area in each phase. 1st phase is expected to complete by March 2026 with a leasable area of 0.85 msf.
Godhavi project and smile city2 expected to generate cash flows of INR 880mn over next 4-5 years, with 1.7 msf saleable area in godhavi and 13.6 msf in smile city2.
Tishmen speyer partnership will help the company to work with marquee clients like Meta, Amazon, LinkedIn, Indian Blue-chip companies etc, lease management and product innovation.
Malabar exotica is 100% booked, expected delivery in Feb 2024, 88% completed. Malabar County 3 has been delivered ahead of time, it's 100% booked.
Land bank The company has ~550 acres of land, the company also has a land sale vertical where they keep buying and selling land banks as and when good deals come across.
Ahmedabad market City contributes 25% of Gujarat GDP and is the 8th largest city of India with respect to India's GDP. Ahmedabad emerged as the most affordable housing market in India, among its peer metropolitan cities, with an affordability ratio of 22%. New business destination with the emergence of GIFT city, many global IT and financial companies have already shifted base to Ahmedabad.

Outlook Ganesh Housing has posted the highest ever profits, almost achieved its FY23 whole year profits in Q1FY24 itself. The sale of land contributed to 85% of the revenues. The company has strong footing and brand value in its operating region Ahmedabad. The company has robust pipeline of ongoing projects which is expected to generate FCF of INR 6,500 mn and planned projects are expected to generate FCF of INR 93,500 mn over the next 8-10 years. The company is expected to launch 1 project every quarter this year, and has hinted towards 30% growth YoY along with 30% margins. The company is also building up on annuity income vertical which will eventually generate INR 72 cr per phase of rental income.

Management Commentary Link:
https://www.youtube.com/live/5g_RdXRVuFk?si=FFozQocbiRnVqxTV

Godrej Properties Ltd- Q1FY24 concall KTAs
MCap INR 461 bn; CMP INR 1660

Muted sales due to delay in a few launches

FY24 guidance Booking value of INR 14000cr; Cash Collections of INR 10,000cr; Deliveries of 12.50 mn sqft. Business development of INR 15,000cr.

Sales value stood at INR 2254cr degrowth of -11% YoY/-44% QoQ; area sold stood at 2.25msf degrowth of -20% YoY/-57% QoQ
Collections stood at INR 1954cr up by 26% YoY/-49% QoQ
Net operating cash flows stood at INR 118cr
Net debt stood at INR 5298cr in Q1FY24 vs INR 956 cr in Q1FY23.

Pricing The company has witnessed 3-5% price hike across cities on QoQ basis, going forward, the demand looks strong and price is expected to show stable to upward trend.

Q1FY24 Bookings The company has bookings for an area aggregating to 2.25msf with sales value of 2254 cr.

Q1FY24 deliverables includes Godrej City, MMR 0.55 million sq. ft; Godrej Nature+, Gurugram 0.39 million sq. ft; Godrej Woods, Noida 1.29 million sq. ft and Godrej South Estate, NCR 0.58 million sq. ft.

New Projects Added 4 new projects with an estimated saleable area of ~3.7 million sq. ft. and expected booking value of INR 6,450 cr in Q1FY24. The new projects include New alipor, Kolkata, Gurugram 1, 2 and 3.

Business Development The company has increased its revenue share of 56.5% to 100% in Godrej Park, MMR which is spread across approximately 6.7 acres, the project will offer 1.2 million sq. ft. of residential development.

FY24 Launches New project launches includes many projects in Pune, Bengaluru, MMR and NCR aggregating to an area of 12.59msf.
New phase launches in continuation to ongoing projects aggregating to an area of 7.33 msf.

Leased The company leased ~60K sq. ft. at Godrej Two in Q1FY24 at monthly rent of over INR 165/sqft of leasable area.

Outlook The company posted muted sales performance as planned launches got delayed. The company has achieved good part of its FY24 guidance deliveries and BD in Q1FY24, the guidance numbers look achievable, as expecting good Q2, Q3 and a robust Q4. We believe, Godrej is well placed with strong BD activity, healthy launch pipeline and decent sales booking to take advantage of industry tailwinds.

Indigo Paints Ltd- Q1FY24 Result Con call KTAs
CMP INR 1618; Mcap INR 77045 mn

Consolidated
Revenues at INR 288cr up by 28.7% YoY led by an increase in volumes and industry tailwinds
EBITDA at INR 49 cr up by 39.2% YoY EBITDAM at 17% expanded by 200 bps YoY/762 bps QoQ driven by favorable product mix and prudent cost control measures.
PAT at INR 31.5 cr up by 58.2% YoY
On a standalone basis, growth in net revenue for the quarter at 3.0x - 3.5x the industry growth of 6.5% - 7.0%.
Gross margin continues to be the highest in the industry at 47.58%. Expecting the gross margins to hover at high level for the rest of the year.
Indigo has spent INR 21.05 Cr in the quarter which is largely similar to the quantum spent last year, but the expense as a percentage of revenue decreased to 7.60% compared to 9.42% (in Q1 FY23) which contributed to the EBITDA margin.
Value and Volume growth The cement paints+putty has grown by 65.8% in value and by 64.6% in volumes
The cement emulsions has grown by 17.8% in value and by 13.1% in volumes
The enamel+wood cutting has grown by 36.6% in value and by 35.3% in volumes
The primers+ditempers+others has grown by 43.6% in value and by 52.4% in volumes
Margins The margins expanded by 340 bps YoY/762 bps QoQ driven by increase in differentiated products where the company has good margins along with growth in revenue. Going forward, we believe there is little more headroom for margin expansion as freight cost as % to revenue might decline and Advertisement cost may also decline as % to revenue led by expected growth in revenue to be driven by additional capacity and acquisition of Apple chemie.
Apple chemie will give access to institutional segment, Apple chemie will continue to focus on construction chemicals and waterproofing products. Indigo currently caters to retail segment, with this acquisition the company will get access to cater to B2B segment as well. Apple chemie has 5yr revenue CAGR of ~30%, has marqee clientele which includes major engineering and construction conglomerates of the country. The company has hinted of top line contribution of INR 200cr in net 2 years is quite achievable, the margins will be in sync with indigo paints. Apple Chemie has started expanding its operations outside the state of Maharashtra and has ramped up the sales and marketing team.
The company has launched a range of waterproofing products which has started hitting the shelves of dealers across India. This should contribute significantly to the growth of the Company.
Capex and expansion Company has started work on a new water-based paint plant at Jodhpur of 90,000 KLPA capacity, which is expected to be operational by end of FY 25. Company also implementing a solvent-based paint plant at Jodhpur of 12,000 KLPA which is expected to be operational during FY 25.
Kerala contribution has decreased from 32% to 28% implying less dependency on one state. Overall, growth across states has been registered with kerala growing at 8-9%.
Future outlook Going forward advertisement spending are going to decline further.
Apple chemie will start contributinf significantly and will open the doors to the industrial segment.
The company has hinted towards higher sales growth than industry growth.
Sales growth in Tier-1,2 cities ahead of Tier-3,4 and rural, expect the trend to continue

Outlook The company has reported strong numbers on YoY basis, gross margins expanded by ~214 bps on YoY basis at 47.33% which is the highest in the industry. The advertisement spending are expected to go down further, we expect that the current margins are sustainable in the medium term. The company has acquired stake in Apple chemie which will help the company to foray in the B2B segment, creating a huge opportunity to grow at top line and margins expected are on similar levels as of Indigo retail segment from Apple chemie products too.
On CMP, the stock is trading at PE multiple of 53x to its TTM earnings.
Management Commentary Link: https://youtu.be/RVSH_ZNj4Gc?si=iY5mSup_EL3_-pFa

IRB Infra Developers Ltd-Q1FY24 concall KTAs
CMP INR 26; Mcap INR 156 bn

Robust order book pipeline visibility ahead

FY24 outlook The company has guided for construction revenue of INR 50,000-55,000mn growth of 12-15% growth YoY; margins expected to be stable. For FY24 the company is expecting an equity infusion of INR 8,000-10,000 mn and ~INR 3000-5000mn for FY25 this excludes Hyderabad ORR.

The company reported revenues of INR 17,455 mn down by -15% YoY/-2.74% QoQ

EBITDA at INR 8,891 mn down by -21.4% YoY/+6.1%, and margins at 51% expanded by 200 bps QoQ.

Net Profit at INR 133 mn down by 63% YoY/+12.22% QoQ

Toll collection up by 18% YoY, the margins stood at 11% expanded by 100 bps QoQ

Please note 1. Results not comparable due to transfer of 9 Assets to Pvt InvIT effective March 2020 and impact of global Pandemic 2. Q1FY23 includes claim income of Rs. 4.2 Bn as one time income and thereby improving EBITDA by 3.73 Bn

Debt equity ratio improved from 0.86 in Q1FY23 to 0.74 in Q1FY24.

Order book The company has total order book of INR 337,079 mn, out of this EPC/ Construction in Ongoing BOT/ HAM Projects is INR 84,231 mn and O&M in BOT / TOT Projects is INR 252,848 mn.

Margins The company has witnessed a decline in RM prices in month of June 2023, plus the company considers sufficient escalation before estimating cost for BOT projects which will help in margin expansion or at least maintain stability.

RM cost As per management material prices are showing inclining trend in the start of this quarter. However, except Cement other major material prices start declining from May 23 onwards. These materials constitute ~20% of the total Project cost % so if things are stable by Fy24 the company will be able to nullify the losses. The cement price/bag was INR 269; steel price/mt was INR 53637; bitumen price /mt was INR 44,122 in June 2023.

BOT toll The company is witnessing robust momentum in toll collection, Hyderabad ORR TOT and Samakhiya will start contributing from Q3FY24 onwards to revenues. BOT revenues reported at INR 6126 mn up by 18% YoY. In April 2023, toll rates were hiked by 5% in NHAI projects and 18% increase in Mumbai Pune project. High growth in toll rates coupled with a 5% - 6% traffic growth is expected to result in a 16% - 18% growth in toll collections in FY24.

The company is focussing more on BOT projects which offers high return potential followed by ToT and HAM. The company manages 14,000 Lane KM of Roads across 11 States in India.

Healthy mix of projects The company has 3 BOT projects which includes Vadidara, Ganga express and santalpur, cost of these 3 projects will be INR 136,680 mn, comprises of 18 lanes and a stretch of 2,313 kms.

2 TOT projects which include Mumbai – Pune – YCEW and NH- 48 and Hyderabad ORR with 12 lanes in total

3 HAM projects which includes Vadodara – Mumbai expressway (Gandheva to Ena)), Pathankot Mandi and Chittoor Thachur with stretch of 220km, 115km and 120kms respectively.

IRB Infra bagged the TOT concession for Jawaharlal Nehru outer ring road project in Telangana for a concession period of 30 years. The concession agreement has been executed with the Hyderabad Metropolitan Development Authority. With the project, the company’s share in the TOT market went up to 37% of the total TOT projects awarded.

The Private invIT is doing a run rate of INR 200 mn on a monthly basis and expecting INR 26000 mn revenue on yearly basis by the end of FY24, they company’s share will be ~INR 18000-19000 mn and EBITDA is expected to be ~INR 15,000-16,000mn and cash flows of ~INR 50,000-60,000mn by the end of FY24.

Outlook The company has a robust order book of INR 8500cr in its construction vertical, the company wants to focus more on TOT projects as this order book will have a much longer shelf life and better margins. We believe, with the execution of significant projects underway (6000km of the active pipeline) and robust momentum in toll collection the company has strong cash flow visibility. The private invIT has shelf life till FY59 and has the potential to generate net of premium and a cash flow of ~INR 3 lakh cr over this period.

IRB InvIT Fund-Q1Fy24 Call KTAs
CMP INR ; Mcap INR 41 bn

Toll collection reported at INR 252 cr up by 8% YoY
Total distribution of INR 3,500 cr, crosses 59% of the funds raised via IPO
Infrastructure Investment Trust will distribute INR 116.00 cr to the unit holders at the rate of Rs. 2.00 per unit for the first quarter of FY24
Toll collections Tumkur chitradurga project reported INR 1028 mn in Q1FY24 vs INR 931 mn in Q1FY23
Jaipur Deoli project reported INR 440 mn in Q1FY24 vs INR 396 mn in Q1FY23; the traffic movement was 3939 thousand in Q1FY24 vs 3696 thousand in Q1FY23; the traffic movement was 1468 thousand in Q1FY24 vs 1335 thousand in Q1FY23.
Pathankot Amritsar project reported INR 407 mn in Q1FY24 vs INR 423 mn in Q1FY23; the traffic movement was 1301 thousand in Q1FY24 vs 1387 thousand in Q1FY23; the toll collections were down dure to reduction in mining trafic
Omalur Salem Namakkal Amritsar project reported INR 431 mn in Q1FY24 vs INR 352 mn in Q1FY23; the traffic movement was 2210 thousand in Q1FY24 vs 2084 thousand in Q1FY23
Talegaon Amravati project reported INR 217 mn in Q1FY24 vs INR 237 mn in Q1FY23; the traffic movement was 695 thousand in Q1FY24 vs 796 thousand in Q1FY23
Total toll collection reported was INR 2523 mn in Q1FY24 vs INR 2340 mn in Q1FY23
Price Hike The company received 5% price hike in this quarter over last quarter
Annuity Construction of greenfield eight lane Vadodara to Padra section of Vadodara Kim Expressway measuring 23.7km in lenght, the project cost of which is INR 2094cr, the concession period is 15 years and its operational..
In Q1FY24 under 1st annuity, annuity income stood at INR 296 mn, interest on annuity at INR 563 and O&M payment at INR 17.3mn
Under 2nd annuity annuity income stood at INR 306 mn, interest on annuity at INR 658 and O&M payment at INR 17.3mn
Financial performanceQ1FY24 The revenue stood at INR 2687 mn which is non comparable on YoY basis as Q1Fy23 revenue includes Non-cash Income of INR 15 mn and INR 18 mn
Adj EDITDA stood at INR 2270 up by 25% YoY; PAT degrew by 2% YoY at INR 1006 mn
Interest cost increased by 92% YoY at INR 677mn which includes Discounting impact of MMR Provisions and Interest on Premium deferment of INR 145 mn in Q1 FY24 which is due to newly acquired HAM asset.
Depreciation has reduced by 50% YoY at INR 568mn
The performance is in line with the expectations as generally, Q4 is the best quarter, and in Q1 there wasn’t degrowth witnessed in comparison to Q4 of FY23 in traffic movement.
The company is looking for the 3rd party asse addition too and the company will soon announce once they get approval from the board. There are 3 assets under HAM which is with the sponsors, 1st asset is 60-70% complete and within 1 year, the project should be offered to the trust, the 2nd and 3rd project is expected to come under InvIT within 2 years.
Pathankot arbitration is still going on; the farmers agitation claim even that is going on, the company will update post any conclusion happens.
The cash in books as of 30th June 2023 stood at INR 2740mn and cost of debt is ~8.5%

Outlook The trust has delivered consistent interest distributions to unit Quarterly DPU (INR) holders, this quarter the trust has decided to distribute INR 116 cr to its unit holders. With the expected growth in GDP we expect ~9% annual growth in traffic, along with a marginal increase in toll rates, this would increase the fund’s profit which would eventually increase the annual distributions to the unit holders.

Kansai Nerolac Paints Ltd-Q1FY24 Concall KTAs | CMP INR 327; Mcap INR 265 bn

Industrial demand to drive growth

Revenues reported at INR 21568mn up by 5.1% YoY; PBDIT at INR 3315 mn up by 30% YoY PBT at INR 2949 mn uo by 41.6%

Capacity and expansion
The company has capacity of 606 mn litres in FY23 and the company is planning to increase it by 154 mn litres with a capex of INR 316cr in the coming years.

Margin
The compant's strategy of taking exit from low margin business in coating category has been favourable though it contributed only 2-3% of the revenues. The continuous introduction of new products has also helped the company in margin improvements.

Subsidiaries
Nepal witnessed poor market demand and liquidity constraints, the economy is still reeling under the impact of foreign exchange crisis and delayed policy actions.
Bangladesh witnessed Foreign exchange crises which led to delay in LCs creating tough market conditions.
Sri Lanka sales grew in Q1FY24, the exchange rate is stabilizing and Inflation is receding.

Business Scenario
There is growth in real estate and infrastructure sectors. The company has also mentioned that they are experiencing good demand but Crude Oil Price Fluctuation on continue trend along with forex volatility and issues of chip shortages has also been witnessed by auto manufacturers.

Decorative segment
• New products The company introduced Impressions Kashmir High Sheen, Impressions Kashmir High Matt, Super Sheen Interior Emulsion, Nerolac Perma Crystal seal, PU Slow Thinner. The company has witnessed good growth in new product portfolio.
• The company also mentioned that there is robust growth in New Business, Increase in saliency of Paint+ Products. The company introduced Crystalline Technology based waterproof -Nerolac Perma Crystal Seal.

Industrial segment
The company is experiencing strong growth in industrial segment supported by pick up in decorative paints led by new launches and healthy demand.
The company witnessed good growth in Passenger Vehicle segment, moderate growth in 2 wheeler segment, robust demand from the commercial vehicle segment and subdued demand from LCV and tractor segment. initiatives was to get into new segments in which the company has been successful.

Competition
With the entry of Grasim the competition will intensify and will hurt multiple verticals like putty, primer, distempers. But the company is pretty confident about maintaining its market share going a head.

Outlook There has been ease in margin pressures, the company has hinted towards maintaining 14% and above margins which is sustainable in long run. We expect an increase in demand in the industrial segment with expansion in margins to be led by company's strategy of exiting low margin business and increase the focus on the premium category. The stock is trading at PE multiple of 48.9x to its TTM earnings.

Management Commentary: https://youtu.be/lVvQROWeHWI?si=OKI09aRMP6oUaxvg

Keystone Realtors Ltd-Q1FY24 concall KTAs
CMP INR 626; Mcap INR 71 bn
Guidance The company has guided for 25% growth YoY for FY24.

Pre sales stood at INR 5.02bn 106% YoY/6% QoQ; mid and mass segment contributed 3.0 bn of total sales.
Collections at INR 4.92 bn up by 23% YoY/-29% QoQ
Area Sold stood at 0.29 msf up by 46% YoY/3% QoQ

New launches Launched 2 projects in Q1FY24 having saleable area of 0.58 msf and estimated GDV of INR 8.9 bn in line with the guidance, this includes Rustomjee Cleon, LA VIE – Tower A and Rustomjee Urbania.

Project Addition The company added 3 Projects in Q1FY24 having a saleable Area of 1.02 msf and an estimated GDV of INR 25 bn. The company has added Dhuruvadi in aspirational segment, panaroma in super premium segment and majithia in mid and mass segment, all are redevelopment projects.

Completed projects The estimated unsold inventory is 7.03 mn; from ongoing projects the estimated unsold inventory is INR 35.74 bn and from forthcoming estimated GDV is INR 367 bn.1% in affordable segment with no change in commercial space. Aspirational / Mid and Mass segment forms ~85% of the Area Sold in Q1FY24.

The company is optimistic about the MMR residential development and redevelopment space having housed more than 1400 plus families.

The company has entered a new micro markets such as Mahim, Chembur and Dombivili.

Average realization There has been 21% rise YoY basis in realization in the premium category; 14% appreciation in the aspirational segment.

Outlook The comany launched 2 projects, one in Thane and the other in Bandra, the projects got very good response, sold 122 units in the thane project in Q1FY24. Keystone is amongst the leading residential real estate development companies in MMR with a well-diversified portfolio and strong pipeline. The company is building on its portfolio with a target to launch at least 1 project every quarter, the industry looks favorable with rising pricing trends and demand. The company has guided for 25% YoY of presales growth in FY24 along with maintaining 80-85% collections of total presales which will lead to strong OCF in FY24 going forward.

Macrotech Developers Ltd | CMP INR 744; Mcap INR 718bn

Guidance The company has guided for INR 145bn of presales and ~INR 60bn of operating cash flows for FY24. The company will operate at ~30% margins which is expected to rise further by FY26, also optimizing the mix of JDAs to reach to 40% and 60% from land.

Presales up by 17% YoY at INR 33.5bn, margins at 30%
Collections at INR 24bn, the collections are lagging as compared to presales, but should pick up in coming quarters.

The company added 5 projects with INR ~120bn GDV, which includes 2nd project in Bangalore.

Launch pipeline FY24 The company has a strong pipeline of INR 126.6 bn GDV with a saleable area of ~9.4 msf across 22 projects.

Entered Bangalore markets The company sees huge potential to the tune of ~400bn from Bangalore markets. They have 2 JDA projects in Bangalore with 1.2msf area saleable with GDV of INR 9.3bn.

Upper Thane contributed INR 32.1bn of presales up by 30% YOY and INR 24bn of collections down by 8% YoY.

Net debt stood at 72.6bn and the cost of borrowing decreased by 15 bps to 9.65% compared to Mar 2023

The company has 30+ projects across MMR and Pune which are contributing meaningfully to the revenues.

Townships presales stood at INR 6.1 bn, there is continuous growth witnessed supported by Improving infra and continued product innovation.

Micro markets The company Is trying to scale up in micro markets, Pune presales up by 227% YoY; Eastern Suburbs MMR pre-sales up by 177% YoY; Western Suburbs pre-sales presales up by 145% YoY.

Annuity portfolio The company is building up on an annuity portfolio as they have high ROE. Targeting INR ~5bn of net annual income by FY26 and INR ~15bn by FY31. The company has 5.7msf of area under development and 1.4 msf area under construction in the green digital infra segment. Handover of Skechers & Schlumberger facilities to commence in H2 and start generating rent. The company is in advance discussions with leading Global & Indian retail brands to set up their fulfillment centers.
The company has commercial and retail assets which has a rent potential of INR 2.6bn pa.

The company is developing two large township projects at Palava & Upper Thane which give ~50% cash margins on sales.

Mahindra Lifespace Developers Ltd-Q1FY24 Concall KTAs
CMP INR 484; MCap INR 75 bn

Residential
Sales stood at INR 345cr down by 42.6%YoY/4.4% QoQ
Collections at INR 276cr down by 1.8% YoY
The company launched 0.37msf of area in Q1FY24 vs 1.05msf in Q1FY23
Completions stood at 0.18msf of area in Q1FY24 vs 0.02 msf in Q1FY23

Future aspirations The company aspires to grow 5x from now to INR 8000-10000cr in presales by FY28, to be driven by industry tailwinds, healthy pipeline and timely acquisitions.

Business Development and land acquisitions currently stand at INR 5500 cr, the company has a very disciplined way of acquisitions.

Launches There are 9 launches planned, 1 has already happened this quarter, there were 282 plots launched and 200 are already sold. The other 8 launches includes Kandivali also which is a large project. The Kandivali launch may happen by Q3FY24 which will have a GDV of ~INR 1200cr and Citadel phase 2 will be launched in Q2FY24 with a GDV of ~INR 700-800cr,

Future cash flows The company has sold INR 2228 cr worth of area in premium and has sold INR 1140 cr worth of area. The company's future cash flows from ongoing project are expected to be ~INR 1269cr, from future project are expected to be ~INR 1117cr and from new projects project are expected to be ~INR 1718cr.

Forthcoming projects The company has multiple projects going in Pune, Chennai, MMR and Bengaluru which sums up to an area of 6.41 msf in premium residential segment and area of ~1.19 msf in value segment which will be coming up for launches.

Move in inventory The company has balance inventory of units from Pune, Chennai and MMR regions.

IC and IC
Chennai leasable area ~1124 acres and 21 acres unleased; Park O&M, MWC contributed INR 244cr of income in FY23
Jaipur leasable area ~1030 acres and 981 acres unleased; Park O&M & eVolve, MWC Jaipur contributed INR 412cr of income in FY23.
IC business is a plug and play business, company has a bery healthy pipeline in this business.

Land Inventory The company has 2235 acres of development land which includes Ghodbundar Road, Thane, Murud, Raigad, Bhor, Pune, MWC Chennai (Residential Zone), MWC Chennai (Outside Boundary Land) and Gummidi poondi.

Industry scenario Residential demand is high and absorption levels have increased across markets. The markets are able to hold prices and we believe this cycle will long longer than any other cycle in the past.

Outlook The company has delivered good growth which is in line with industry growth, the company wants to get deeper into the existing markets instead of spreading themselves, as the current market has sufficient growth potential to offer. The company has announced targets of being 5x from current levels by FY28 which we feel little aggressive looking at the current pipeline.

Marathon nextgen realty Ltd Q1FY24 Concall KTAs
CMP: INR 378 | Mcap: INR 17.55 bn

Stellar performance on all fronts

Operational highlights
Booking value stood at INR 199 cr up by 85% YoY/+35% QoQ
Area sold stood at 1,30,991 sqft; Collections at INR 166 cr up by 100% YoY/+9.9% QoQ
Realisations at INR 15,166/sqft in Q1FY24 vs INR 11,138 in Q1FY23
Monte South wing A received occupation certificate up to 51st floor
Marathon Futurex, one of the biggest commercial tower of Mumbai, received occupation certificate up to the 38th floor (top floor).
The Company is in the process of acquiring around 14 acres of land in Bhandup near LBS Marg with a development potential of 2.1 msf and a Gross Development Value of INR 2250 cr.

Margins The company works on a minimum EBITDA margin of 15%, so all the cost put together plus 15% margins forms the sale value. Futurex project the EBITDA is between 45% to 50% while next affordable housing Township project is somewhere between 20% and 25%; Very high volume, but low investment Neo projects, Neo housing, the EBITDA is between 15% and 20%.

Demand Witnessing strong demand across in both residential and commercial space, and accordingly, the company has planned various launches over the coming years where a healthy response is expected.

Financial performance The company reported revenues of INR 209.76 cr up by 114% YoY/+23% QoQ
EBITDA at INR 80cr up by 43% YoY/28% QoQ and EBITDAM at 36.5% degrew by 680 bps YoY/+810 bps QoQ
PBT at INR 45cr up by 206% YoY/+103% QoQ
PAT at INR 43 cr up by 274% YoY/+165% QoQ; PATM at 20.5%

Net debt reduced to INR 832 cr during Q1 FY24; D/E at 99%; cost of debt at 14.5%

Ongoing projects MNRL has sold an area of 41,91,706 sqft with total sales value of INR 3095 cr, estimated revenue from unsold area is ~INR 2995cr. it includes some key projects like Monte south, Futurex, Millenium, Neo park and Nexzone.

Upcoming projects
The upcoming projects includes Monte South Phase 3 resi and commercial, Marathon Nexzone Phase 3 resi and commercial and Marathon Neopark Phase 3,4,5. Total saleable area of these projects is 31,50,000 sqft with an estimated sales value of INR 4660cr.

Growth drivers MNRL were amongst the first ones t to identify the tremendous potential of mill land at Lower Parel where they are developing Monte South on one of the largest mill plots in South Mumbai.

The company secured land parcels in Panvel and Dombivli much before large-scale development started in these regions.

The company has a potential pipeline of over 100 acres in Bhandup where they have launched our NeoHomes series of projects.

The company launched Monte Plaza and Millennium in Mulund anticipating the need for high quality commercial spaces in a suburb.
Marathon group has a huge land bank of 100acres in Panvel, 100+ acres in thane, 100+ acres in Bhandup and 50+ aces in dombivali.

The company is looking to acquire new redevelopment projects in the South Mumbai, Lower Parel and Worli or South Mumbai area. The company has huge land parcels at the group level which they plan to transfer to the listed entity from time to time and deploy for development.

Outlook MNRL has a rich pipeline of estimated revenue from ongoing projects of INR 2,995cr, estimated sales potential from upcoming projects worth INR 4,660 cr plus land banks which the company is in the process of taking up as and when JVs or JDA opportunities come up, showing the strong growth prospects of the company in coming years. We expect strong cash flows in the coming years driven by the company's plans to monetize the leased properties and robust pipeline of unsold inventory from ongoing projects along with upcoming projects inventory. As far as profitability is concerned, the company is confident of maintaining margins of 36-40%.

Oberoi Realty Ltd-Q1FY24 concall KTAs
CMP INR 1099; Mcap INR 399.88bn

Revenue for Q1FY24 at INR 933.56 crore as against INR 934.81 crore for Q1FY23EBITDA at INR 497cr for Q1FY24 as against INR 513.87 crore for Q1FY23
Profit After Tax (PAT) for Q1FY24 at INR 321.36 crore as against INR 403.48 crore for Q1FY23
Sales reported at INR 1458 cr
Collections stood at INR 1109 cr

Segmental revenues The company has 3 segments, Projects contributed INR 715cr, Hospitality contributed INR 39cr and Rent revenue was INR 141cr

Q1FY24 project update The company sold 145,888 sqft area, 110 units with a value of INR 476 cr, the company collected INR 1109 cr of amount and revenue recognised was INR 715cr in Q1FY24. The projects includes elysian, maxima, eternia, enigma, sky city and 36 west.

Investment properties In Oberoi mall the occupancy rate was 96%, in commerz it was 56%, in commerz 2 it was 80% and in westin kumbai garden it was 82% in Q1FY24.

The inventory left from completed projects is ~2861236 sqft of area and booking value of INR 17320 cr.

Launches There are 2 launches slated near Diwali, the company will launch pokhram road first followed by Kolsheth project.

Other projects There are some other redevelopment projects, one is peddar road project and the other one is tandev project which is rehab building, the details of which the company will be announcing. The company Received Occupation Certificate for Maxima residential. The company have handed the area over to tenant for fit outs in Commerz III. They have also entered into MOU to acquire land admeasuring~6.4 acres, which is contiguous to the existing lands owned on Pokhran Road 2, Thane.

Outlook The company continue to drive significant value across segments on the back of rising customer demand, coupled with increase in demand for premium housing. The company has hinted towards some new project announcements and meaningful launches ahead.

Prestige Estates Projects Ltd-Q1FY24 operational performance update
CMP INR 585; Mcap INR 240 bn

Revenues at INR 1681 down by 13.2% YoY/-36% QoQ
EBITDA at INR 522 up by 13.7% YoY/-23.4% QoQ; EBITDAM at 31% expanded by 700 bps YoY/500 bps QoQ.
PAT at INR 318cr up by 36.6% YoY/-37% QoQ

• The company has reported sales of INR 39,147 mn up by 30% yoy/0.66% QoQ and Collections of INR 27,408 mn up by 28% yoy/flattish QoQ during Q1 FY24. The company sold 2276 units in Q1 FY24 spanning over 3.83 mn sft area.

• Launch: The company launched one new project, Prestige Lavender Fields in bengaluru of 3.12 msf. The total completions during the quarter stood at 5.90 msf which includes Great Acres@. The Prestige City Bengaluru, Prestige Marigold Bengalur, Prestige Elysian Bengaluru, Mulberry Shades, Tribute Portfolio.

• The company inaugurated 102 keys hospitality project Mulberry Shades Nandi Hills Tribute Portfolio and will be opening retail mall Forum Thomsun at Kochi with a total development area of 1.02 msf in the coming quarter.

• Mumbai region reported sales of INR 6000 mn and Prestige Lavender Fields in Bengaluru, where the company sold more than 85% of the project which contributed over INR 20,000 mn of sales.

Outlook The company's operational performance is very much in line with our expectations, the projects in Bengaluru and Mumbai have shown good traction. Going forward, the company has robust pipeline of new launches with TDA of 30.52 msf.

Management Commentary: https://www.youtube.com/live/IscDB1Ub_ZU?si=165MffO2Kz46qLAy

PSP Projects Ltd | CMP INR 736; MCap INR 26bn

Revenue at INR 510cr up by 48% YoY; EBITDA at INR 65cr up by 37% YoY margins at 12.69%
PAT at INR 37cr up by 7% YoY margins at 7.13%

Guidance The company has guided for INR 2600cr revenue for FY24 and margins to be in the range of 11-13%

The company has an order book of INR 5321cr during Q1FY24, the company was awarded order of INR 758cr this quarter up by 38% YoY. There were new orders which were adeded that is Development of Tourist/ Pilgrimage destination at Dharoi Dam; Design Build project for BAPS Sabha Hall at Vadodara and Surat plus 2 commercial complexes in Surat.

During Q1FY24 the company completed 5 projects that is Construction of Money Plant high street in Ahmedabad; Reliance Corporate House in Ahmedabad; Construction of the Adani International School at Adani Shantigram; Construction of Precast Factory Shed & Precast Corporate House in Gandhinagar.

During Q1FY24, the revenue booked from the UP projects is to the tune of INR196 cr and as on date the cumulative revenue booked is INR 915 cr.

Surat Diamond Bourse has been declared as the "The World's Largest Office Building" bigger than Pentagon as featured on CNN

Growth drivers The company has Government projects comprising 55% of the order book as on Q1FY24 vs 56% in FY23. By diversifying skill sets and order books across different projects PSP Projects can pursue a broader range of project tenders and consequently, optimize business volume and profit margins.
The company has a diversified portfolio, 51% government projects, 27% institutional and balance others.

Central vista The company has tendered projects worth INR 6500cr , it is yet to come at a bidding stage. The company has also bid for gem and jewelry park in navi Mumbai which is worth INR 2500cr is also yet to get through.

Project pipeline The company has total contract value of INR 5467cr with an outstanding contract value of INR 4115cr which includes some prestitious projects like Surat bourse, Tallest Residential in GIFT city and many more.
EBITDA margin The company mentioned that the margin profile will be in the range of 11%-13%, The EBIDTA grew by 37% to INR 65cr, the EBIDTA margin for the quarter is at 12.7%, the margin improvement is largely supported by advanced stage of work at UP site.

Precast The company has completed the Construction of the Precast Factory Shed & Precast Corporate House in Gandhinagar. This pre-cast facility will have msf of production capacity which is spread across 60 acres, the project cost incurred was INR 109cr. with this facility the company will be able to provide sustainable building solutions and technological upgradation.

Outlook
The company has vast construction experience and has diversified portfolio, the company has some big ticket-size projects with a decent margin profile. The company is expected to get good traction from its precast facility also which will bring in incremental income. We believe the company has healthy order book of INR 5321cr along with some big ticket size projects which are yet to be announced.

Puravankara Ltd-Q1FY24 Concall KTAs | CMP INR 106; Mcap INR 25 bn

Presales up by 119% YoY

Operational highlights Sales value stood at INR 1,126 cr up by 119% YoY; Sales realization stood at INR 8,277/sqft with the collection of INR 696 crores +52% YoY. Area sold stood at 1.36 msft up by +97% YoY.
The revenues stood at INR 323cr up by 50% YoY; EBITDA stood at INR 75 cr down by 46% YoY. Loss reported at INR 17cr.

This year there were lesser projects in the revenue recognition bracket resulting into lesser profit and loss at PAT level.

Projected cash flows Balance collections from sold units (completed + ongoing) in all launched projects stood at INR 3,052 cr. Total value of unsold inventory, including new launches in Q1FY24, stood at INR 5,528 cr. Total estimated surplus from all completed and ongoing projects is INR 6,730 cr.

Launch pipeline The company has healthy launch pipeline of 15msf of saleable area which includes Bengaluru 33%, Chennai 33%, Kochi 19% and others. Puravankara-Residential forms 21%, Puravankara-Commercial 3%, Provident 52% and Purva Land 24% of total launch pipeline.

The net debt stood at INR 2,119 cr and the net debt to equity ratio stood at 1.07 for Q1FY24. Net debt has been reduced by 89 crores sequentially.

Land bank Puravankara has total land bank including completed and ongoing plus land assets is ~48.08 msf. Provident has total land bank including completed and ongoing plus land assets of ~15.19 msf. In this quarter the company launched project Raagam which witnessed 100 bookings in just 2 days of launch.

Industry scenario India experiencing an upward trajectory, fuelled by factors such as expanding internet penetration, e-commerce advancements, increase infrastructure investments and modularized supply chain the elastic market is projected to grow at a remarkable compounded annual growth rate of 7% to 8% during 2023 to 2025. Housing sales have witnessed significant growth across the properties, focusing sustained demand and lucrative opportunity for investment.

Bengaluru projects now account for 44% of the share of ongoing and 68% of launch pipeline. In addition to our residential offerings, introduced Zentech Business Park, a commercial project, catering to the growing demand of office receipt.

Wholly owned subsidiary in Starworth infrastructure in construction are focused on technology level construction solutions with an order book over INR1600 cr.

Outlook The company has reported robust sales growth of 119% YoY with 52% growth in collections on YoY basis. Going forward, the company has a huge land bank and healthy cash flow visibility of INR 6730cr with robust launch pipeline of 15 msf which will give further boost to current healthy operational performance.

Sunteck Realty Ltd-Q1FY24-concal KTAs
CMP INR 371; Mcap INR 54 bn

Presales at INR 387cr up by 16% YoY, the presales are expected to further up in coming quarters. The presales focus was mainly on the launches at Sunteck Sky Park, Mira Road as well as activations from other upper mid-income projects
Collections at INR 288cr up by 1% YoY, were decent and in line with good performance across the segments
Operating Cash Flow OCF crosses INR 1,000 cr in 3.25 years, Q1FY24 contributed INR 76cr of OCF; Operating Cash Flow Surplus yielding ~22% on Networth
The already-launched 5 growth engines are firing all cylinders – Sunteck Sky Park, Mira Road launch has been one of the fastest monetizations.

Rental portfolio Sunteck expanded its rental portfolio by signing a 29-year lease at its commercial project Sunteck BKC 51 at BKC Junction for an average rental of ~Rs 66 cr per year during the lease tenure. Sunteck's share will be ~INR 36cr/ year, its already been preleased. A similar strategy to be adopted for Sunteck Icon at BKC Junction, there too Sunteck will be able to accrue INR 36cr/ year of rental income.

Net debt at INR 264 cr as on 30th June, 23; Net Debt to Equity at 0.09x

Operational highlights The revenues stood at INR 71cr vs INR 144cr in Q1FY23; EBITDA at INR 30cr vs INR 68cr in Q1FY23 and margins at 42.9% contarcted by 400 bps yoy.

Growth engines The company has geberated 7 grwoth engines which includes complete and ongoing projects like BKC, ODC, Vasai west and mira road along with upcoming project Klayan and future project napeansae road. The total GDV for all these projects stands at INR 303 bn spread over 7 years.
Klayan Project will be launched in next 3 to 4 months, it has GDV value of INR 9000 cr.
Napeansea Road project will be launched in next 9 to 12 months with GDV of INR 2500cr and is located in south Mumbai.

Other opportunities The company also has large possible projects already acquired but not considered in the calculations such as, Borivali West, Sion, Jaipur and so on as there is very less visibility for these projects. The GDV does not include rise over the next few years and upside from all future JDAs that may be executed.

Outlook The company has strong 7 growth engines which has potential to generate ~INR 300-400cr of cash flows each. The company sticks to its guidance of INR 2000cr of presales for FY24 which will be contributed by ongoing and upcoming projects. SRL is known for its prudent cash flow management and strong balance sheet, SRL has aggressively acquired projects when the land prices were at attractive prices during covid, at the same time keeping the debt levels to its lowest and generating robust cash flows.
Going forward, we expect the company to generate healthy cash flows in H2FY24, driven by robust pre sales from existing projects and new launches along with collections to be in line with the presales. The company has total cash flow visibility of INR 303 bn which is achievable over 7 years, the company is also building up on annuity income whcich will generate an income of INR 72cr per year.

ITD Cementation India Ltd Q1FY24 Concall KTAs

CMP: INR 181 | Mcap: INR 31.04bn

Financial Performance

-ITD Cementation reported strong numbers, Q1FY24 revenue stood at INR 18,326mn (+66.9% YoY/+12.3% QoQ).

-Gross Profit stood at INR 6,253mn (+42.6% YoY/+13.9% QoQ); Gross margins contracted by 582 bps YoY (up by 47 bps QoQ) to 34.1% vs 39.9% in Q1FY23. The margin contraction is mainly because of the raw material cost increase in terms of sales. The raw material cost in terms of sales stood at 65.9% vs 60.1% in Q1FY23.

-EBITDA stood at INR 1,615mn (+80.4% YoY/+10.2% QoQ); EBITDA margin improved by 66 bps YoY (down by 17 bps QoQ) to 8.8% vs 8.2% in Q1FY23. EBITDA Margin improvement is backed by a decrease in employee costs and other expenses in terms of sales. Employee cost in terms of sales stood at 7.9% vs 10.5% in Q1FY23. Other expenses in terms of sales stood at 17.5% vs 21.2% in Q1FY23.

-PAT stood at INR 523mn (+73.4% YoY/+39% QoQ); PAT margin improved by 11 bps YoY (up by 55 bps QoQ) to 2.9% vs 2.7% in Q1FY23.

Order Book

-The company has a total order book of at INR 1,85,170 Mn as of June 2023, out of which it secured orders worth INR 2,470 Mn in Q1FY24.

-The Ganga Expressway project contributed the most to the revenue, till date the company has executed INR 7,000 Mn worth of this project out of total worth of INR 48,500 Mn. The company expects this project to get completed by the end of FY25.

-The company has a bid pipeline for L1 project of around INR 55,000 Mn for which the company is waiting for the order. In addition to that company is pursuing INR 1,60,000- 1,70,000 Mn of orders as some are in the tender stage and some are in the pre-qualification stage.

Capex & Debt

-In Q1FY24 the company has spent INR 900 Mn for construction plant and equipment, and the company has planned a capex of INR 1,500-2,000 Mn in FY24.

-The company’s gross debt stands at INR 7,900 Mn

-The company has net working capital days of less than 100 days, and the management wants to maintain this.

Margins

-The company has a low EBITDA margin of 9% while some competitors have higher EBITDA margins, the company believes the new orders it has received will have higher margins going forward and Q3 and Q4 will have better double-digit margins.

-During the quarter the company did a one-offs provision of INR 290 Mn for the Bangaluru elevated metro, which also further added to decrease in margins.

Outlook: Going forward the company is confident of achieving topline of INR 60,000 Mn in FY24, with double-digit margins expected from execution of new orders, this can be seen starting from Q3 & Q4.

Greenpanel Industries Ltd Q1FY24 Concall KTAs | CMP: INR 345 | Market Cap: INR 42,281 Mn

Performance

- Revenue from operations stands at INR 3,861 Mn(-13% QoQ, -17% YoY).
- EBITDA arrived at INR 657 Mn (-14% QoQ, -50% YoY) with an EBITDA margin of 17%.
- PBT stands at INR 499 Mn (-22% QoQ, -58% YoY).
- PAT stands at INR 372 Mn (-46% QoQ, -52% YoY) with PAT margin of 7%.

Volumes

- Plywood sales volumes decreased by 37%, but realizations arrived at INR285 per square meter, up 1.1%.
- MDF export volumes stood at 27,430 CBM while domestic volumes were at 8,368 CBM.
- Domestic realizations dropped by 1.26% at INR 70,925 per CBM.
- Export realizations lowered by 25% at INR 17,945 per CBM.

Capacity

- Uttarakhand MDF plant operated at 69% capacity while the Andhra plant operated at 76%, blended capacity utilizations reached 74% on a capacity of 6.6 lakh CBM.
- Plywood unit operated at 50% capacity during the quarter.

CAPEX

- The company has a CAPEX plan of INR 6 Bn, out of which borrowings are estimated at INR 2.5 Bn
- CAPEX spends during the quarter arrived at INR 160 Mn for the MDF expansion project.

Other Highlights

- Volume loss of ~6,000 CBM due to 19 days maintenance shutdown in April at the R udrapur MDF plant, the estimated profit impact of the same is INR 60 Mn.
- Increase in brand spends of INR 88 Mn.
- The company has recorded a major fall in export realizations.
- MDF sales contributed to 88% of the topline.
- The company has increased promotional spending to ~INR 150 Mn.
- The timber prices are increasing by 2% in North and 3% in South, offset by reduced resin prices and additional volumes in the domestic market.

Guidance

The management believes that margins have bottomed out and is confident about achieving ~25% EBITDA margins for the MDF division based on their high operating leverage and expects gross margins to remain at similar levels until increase in export volumes, for the plywood segment the company is guiding for a 10% volume growth with 8-10% operating margin. The mix of value-added products in the current quarter stood at 54% (vs 51% in Q4FY23) and the company is working towards improving this to 65% going forward. The company anticipates additional sales of ~10,000 CBM from the OEMs.

Management Commentary: https://youtu.be/aQH3LDE10ls?si=SO9oMdrooYmFMsD_

Shakti Pumps Ltd- Q1FY24 Concall KTA’s | CMP INR 678.35| Market Cap INR 12,460 mn

Financials
•Revenue at INR 1131 mn (YoY 56%) in Q1FY24.
•EBITDA was recorded at INR 79 mn (YoY 63%), with a margin of 7% (YoY 138 bps).
•PAT was at INR 10 mn (YoY 88.6%)
•The company has adequate liquidity and a strong credit profile.
•Received a dividend of INR 7.5 cr from the UAE company.

Export: Revenue of INR 64 cr (growth of 60% YoY) in Q1FY24.

Expansion Opportunity: The order from Uganda is valued at USD 35 mn.
Sales of around INR 8-8.5 cr in the current quarter, the next cycle is expected to be double the value.

Kusum
•The work on Kusum 3 should commence in September 2023 (delayed due to GST-related issues).
•1L pumps at Kusum in the next two years with 10k-15k per month is the goal.
•In Q1FY24 sales of INR 23 cr with a supply of 700 pumps.
•20% increase from a pricing point of view for the pumps.

Shakti EV
•Is at its developmental stage, product and technology have been developed for the same in 2W’s and 3W’s.
•Multiple processes in this segment are in-house.
•The company considers it an INR 250 cr project out of which INR 50cr would be ‘Shakti Pumps’ equity, the investments will be for the next 4 years.

Order Book
•The order book is expected to go up by 20-25% in the current and upcoming quarters.
•The Maharashtra tender of 2-2.5L pumps has been closed, about 40-45% of pumps in Maharashtra are from the company.

Other KTA’s
•Nominal loss at domestic subsidiaries (approx INR 30L)
•The margins in terms of pricing of the pump have increased.
•The non-solar business is seeing growth with the addition of teams and products, installed around 25,000 pumps in the last quarter.
•The SECI tender has been finalised in the current quarter.

Guidance
•Revenue and EBITDA margin guidance of 20-25% and 10% respectively for FY24.
•It is safe to assume that in Q3, 4-5 big states will execute their projects.
•The company does not expect any effects on its market share due to competitors. Its performance is about 20-30% more than its competitors.

Outlook
The company has finalized LOE with one state (Haryana), and the other states are seeing progress in the same. The management is very well prepared for orders or potential orders from Kusum 3 in terms of working capital, factories, etc. The EV segment of the firm is expected to grow gradually in the upcoming years. With the price of solar panels decreasing the company aims towards a better margin.

Borosil Ltd- Q1FY24 Concall KTA's
CMP INR 428.25| Market Cap INR 49,000 mn

Financials
•Net Sales at INR 2506 mn in Q1FY24 against INR 2162 mn (YoY growth of 16%)
•EBITDA at INR 283 mn in Q1FY24 against INR 342 mn (YoY decline of 17.5%)
•EBITDA margin at 12.4% in Q1FY24 against 13.5% in Q1FY23.
•PAT has recorded at INR 64 mn against INR 194 mn (YoY decline of 67.2%).

CapEx: To get utilized with the addition of new customers. For Klasspack the cycle is almost complete.

Business-wise performance
Consumer Division: Strong performance of INR 1762 mn (YoY growth of 18.4%).
•The glassware market expansion has been slashed during Q1FY24.
•The non-glassware range comprises about 64% of the revenue.

Scientific Division: Sales at INR 744 mn (YoY growth of 10.2%).
•The sales include the recently acquired Process Chemistry business.
•The company pushed lab glassware production to government e-marketplaces, reducing receivable risk and improving order flow.
•Sales in the pharma packaging business are impacted due to the loss of revenue from clients.

OEM and exports
•Developing an OEM business plan for the supply of critical items to some of their large export customers.
•Export sales are still gaining significant momentum they are more than 30% of the revenue, and the volume share for customers is increasing.

Developments and Launches
•Mini-pilot lab reactor
•Bottle top dispenser
•Products in nutrition and environment categories
•Process Chemistry
•The new Borosilicate press ware facility of 25 tons per day in Jaipur is expected to be commissioned in Q3FY24.

Restructuring: The final hearing of the petition and approval of NCLT is scheduled for September 2023.

Challenges
•In the glassware division, the new furnace is expected to come in Q3.
•The glassware sales have been flat, the company is producing 3-4 times what is being sold. To overcome this the company plans to diversify its product range, higher exports, and attractive pricing.

Other KTA's
•Borosil has entered the INR 1100 mn filter paper market.
•Acquired 90.17% equity in Goel Scientific subsidiary Klasspack Ltd.
•Production in pressware is expected to start in Q3FY24.
•Advertisement cost at 7% this quarter.

Guidance

•A target of 24% ROCE on the consumer business for the next couple of years.
•Consumer division and Scientific division to grow 15-20% and 10-12% respectively.
•The margins for the scientific division should pick up in this quarter.
•Raw material prices to reduce from the next quarter.

Outlook

The company expects volatility in margins in the short run but in the medium to long term, the business should yield fair returns resulting in a double-digit revenue growth. At this juncture, the focus of the company is to expand the franchise of brands, introduce innovative products, enhance customer experience, and improve efficiency throughout the market channels and supply chains. The plan is to capitalize on the leading position in lab glassware.
Arihant Market Capital Ltd

Management Commentary: https://www.youtube.com/watch?v=zhRCyhy8uyQ&ab_channel=CNBC-TV18

Carysil Q1FY24 Concall KTAs
CMP: INR 644 | Market Cap: INR 17.3 Bn | Promoter: 43.84%

Performance (Consol):
- Revenues came in at INR 1.42 Bn (-2.7% QoQ) (-17.3% YoY)
- EBITDA margins came in at 18.56% (Vs 18.2% QoQ) (Vs 20.08% YoY)
- Orderbook has improved, should impact in books from Q2FY24
- Quartz sink volumes at 140,000 units, Steel sink at 21,000 and kitchen appliances at 11,000 units.

Quartz Sink:
- Orders for sinks globally has started
- CU at 60%, aim to reach 80% by end of FY24 (will grow gradually)
- Current quarter orderbooking was high but 60,000 sinks were not dispatched due to SAP implementation.
- INR 3.2-3.5 Bn of exports expected in FY24

Steel Sink:
- Increase in demand of PVD sinks in export markets
- Main manufacturer of PVD sinks in India

Kitchen appliances:
- Delays in procurement of machinery of appliance division. Estimating it to take place in H2FY24
- Assembly line of faucet division, production to start from H2FY24

Subsidiary:
- Dubai subsidiary commenced operations in current quarter
- Will be opening showrooms in Dubai
- Turkey: one of the most emerging market for home improvement products, will open subsidiary

Capex & Capacity:
- Production at new steel sink capacity commenced in July. Now capacity at 180,000
- Delays in procurement of machinery of appliance division. Estimating it to take place in H2FY24
- Acquisition of 43,379 sqmt. additional land in Bhavnagar for INR ~90.7 Mn for future expansion & new projects if any

Other KTAs:
- Dispatches were disrupted for 3 weeks in April due to implementation of SAP ERP. Loss of sale due to ERP of IRN 150 Mn.
- ESOPs issued 43,987 shares
- Inflationary pressures and rising commodity prices are easing. US and UK experiencing rebound, Europe not recovering yet
- Dealer network now expanded to 3200+
- Export contri at 77.7%
- Other technologies apart from schock tech have failed lots of quality criterias
- Gross debt at INR 1.2 Bn
- Channel inventory at 60-90 days currently

Outlook:
Company aims to achieve INR 10 Bn in revenues by FY25 (INR 7.2-7.5 Bn in FY24) which will be through organic and inorganic growth. Europe+1 strategy playing out. Company will be increasing capacities in coming months. Post Q3, company will revisit the plans to add pending 200,000 quartz sink capacity. Company is also exploring other M&A opportunities as well. Q2 onwards, expansion of dealer network will be reflected with sales. With volume growth from here, margins will improve going forward. At CMP, company trades 38.1x TTM EPS.

Kajaria Ceramics Ltd Q1FY24 Concall KTAs
CMP: INR 1386 | Market Cap: INR 220.7 Bn | Promoter: 47.49%

Performance Overview:
Subdued demand scenario in April and May led to weaker than expectation performance. Fuel prices have softened across all plant locations but volumes under pressure.
Market was weak in April and May. June was good, but heavy rainfall disturbed July. August is expected to be normal but strong pick up expected from September (strong RE and infra demands). Realizations expected to remain similar even with RM falling as benefit is passed on to dealers

Performance (Consol):
- **Revenues** came in at INR 10.6 Bn (-11.7% QoQ) (+5.6% YoY)
- **EBITDA margins** came in at 15.9% (Vs 14.6% QoQ) (Vs 15.2% YoY)
- **Sales volumes** of 25.02 MSM Vs 23.33 MSM YoY

Pricing and costs:
- Gas cost normalizing so price benefit will be passed on to dealers. No price hikes, good savings on gas prices so passing on to dealers
- RM costs have gone down in the quarter
- **Company expects to save INR 1.5-1.75 Bn in FY24 of which 0.5 - 0.75 will be passed on to dealers**
- Gas prices avg of INR 39/SCM. North was 39/SCM, South was 44/SCM, West was 37/SCM
- Morbi gas price at INR 40/SCM, propane is just above INR 41/SCM. Company is not using propane
- Biofuel contri to north plant is 33% and overall 20% of total requirement (max limit). Cost of biofuel at INR 22/SCM
- Company increasing Ad spends targeting INR 1.35 Bn (Vs INR 1.08 Bn in FY23). Q1FY24 ad spends of INR 260 Mn
- Ad spends to increase QoQ

Expansion:
- Total capacity to increase to 89 MSM by end of year
- INR 3.7 Bn capex in FY24, which includes modernization plant of INR 500 Mn, Sikandarabad of INR 700 Mn, Nepal at INR 900 Mn, Bathware of INR 800 Mn, maintenance of INR 300 Mn, Corporate office of INR 500 Mn
- Sikandarabad plant was shut for month and will come online on 30th July (shut doe to upgradation of plant)
- Sanitaryware facility of 0.6 lakh pieces p. in Gujarat expected to be completed by Q4FY24 end.
- **GVT**: Large GVT tile manufacturing completed and to commence production in early August (expansion from 8.4 MSM to 11 MSM)
- Modernisation of ceramic tile manufacturing facility expected to be completed by Aug 2023
- Ceramic tile and GVT expansion to be energy efficient and save on coal

Subsidiaries:
- JVs will deliver INR 400 Mn profits or higher compared to INR 20 Mn YoY
- Nepal in FY25 will deliver INR 100 Mn PAT
- Kajaria Vitrified (95% stake): Capacity to manufacture 8.9 MSM of polished vitrified tiles operating at optimum capacity in Q1FY24
    - **PVT** - 1200x1800 mm higher thickness substitute for marble and granite
- Kajaria Infinity (77% stake): Capacity to manufacture 5.7 MSM of glazed vitrified tiles operating at optimum capacity in Q1FY24
- South Asian Ceramic Tiles (51% stake): Capacity to manufacture 4.75 MSM of ceramic floor tiles operating at 61% in Q1FY24
- Kajaria Bathware (85% stake): Sanitaryware: Capacity to manufacture 0.75 Mn pieces p.a. of sanitaryware operating at 87% in Q1FY24.
- Faucet: 1.6 Mn pieces production capacity and operated at 73% capacity in Q1FY24
- Kajaria Plywood Pvt Ltd (100% stake): offers plywoods and laminates

Exports:
- INR 48 Bn exports, aim to deliver 210 Bn in FY24
- US, UK, Russia, Kuwait, Israel, Mexico, UAE current locations

Bathware segment:

- INR 840 Mn revenues in Q1 (17% YoY)
- Q1 is usually tough
- 30% value growth in fY24 expected

Plywood:

- INR 140 Mn (Vs INR 200 Mn YoY)
- Targeting INR 1 Bn in FY24, have hired a senior member from plywood industry and sales team to be built over next 2 months

Adhesives:

- FY23 did INR 380 Mn, PBT of INR 70 Mn. Expect INR 650 Mn topline this year and PBT of INR 120 Mn, INR 1 Bn topline in FY25
- Sourcing from 10 mfg facilities across country

Other KTA:

- Company has 1840 dealers across country and looking to cross 2000 in FY24. Out of this, 500 will be exclusive Kajaria Dealers.
- Large slabs are low volume but high margin products. Only company with plant in south and now will be in north also. Segment is small in general
- Net debt at INR -3.07 Bn
- WC days up at 62 days (Vs 59 in Q4FY23)
- ROE at 18.04% in Q1FY24
- Total tile capacity at 81.55 MSM
- 300 SKUs in GVT including 4D styles

Outlook:

Momentum gain from new launches in RE segment in last 1 year is expected to contribute to strong RE demand. Guidance of 13-15% volume growth, 14-16% revenue growth and 14-16% margin in FY24. Company expects volume growth to pick from September onwards. margin expansion to take place sequentially. JVs to deliver strong performance which will reflect directly in PAT. At CMP, company trades 61x TTM EPS of INR 22.57.

Kriti Industries Q1FY24 Concall KTAs
CMP: INR 117 | Market Cap: INR 5.82 Bn | Promoter: 66.35%

Performance overview: Highest quarterly sales and volumes. Sales volumes up significantly due to low base (fire incident in Q1FY23). EBITDA margins lower due to fall in PVC resin prices form INR 91/Kg in Q4FY23 to INR 79/Kg in Q1FY24

Performance (Consol):
- Revenues came in at INR 2.8 Bn (+48.4% QoQ) (+52.4% YoY)
- EBITDA margins came in at 6.22% (Vs NA QoQ) (Vs 8.33% YoY)
- Sales volumes stood at 25,473 tonnes (+95% YoY)
- Agri products sales volumes stood at 18,795 tonnes (Vs 8,913 tonnes QoQ) (Vs 11,493 tonnes YoY)
- Industrial solutions sales volumes stood at 5,091 tonnes (Vs 4,933 tonnes QoQ) (Vs 827 tonnes YoY)
- Building products sales volumes stood at 1,587 tonnes (Vs 1,237 tonnes QoQ) (Vs 757 tonnes YoY)

RM Prices:
- Continuous decline in PVC prices during the quarter
- PVC prices at bottom, prices stronger in past 3 weeks so improving expected both in topline and bottomline during the quarter
- Inventory loss of 3-4% (~INR 60 Mn) due to 12% loss in PVC prices
- Current PVC prices at INR 80/Kg

Agri products:
- Absolute growth in MP, Rajasthan and Maha have been higher
- Capacity fungible so will be used to produce more Building products

Building Products:
- Volume growth taking place month on month
- Marketing expenses will grow with volumes. Distribution also increasing in urban areas and other areas of penetration
- Focusing on Building products, lots of promotion going in building product sales
- Volumes for FY24 to be 8K-8.5K tonnes
- Capex of INR 100-150 Mn

Industrial Products:
- Q2FY24 will have dip in volumes
- Aim to deliver Industrial volumes of 4,000-5,000 tonnes in Q3&Q4
- Payment cycle depends on govt and EPC contractors

Distribution Model:
- Company operates through its brand Kasta which has major presence in MP
- Company has 490 dealers pan India
- Retail Sales contribute to 85% of revenues

Other KTAs
- Long Term borrowings of INR 220 Mn as on Q1FY24.
- No supplies yet to Nal se Jal
- South markets (a few states) have significant markets. UP also has good scope for growth
- At stable PVC prices of INR 80/Kg, company can deliver 10-12% EBITDA margins (if promotional spends in Building products are avoided).

Outlook:
Company expects 10% growth for full year. If RM prices were stable then margins would've been better by 200 bps. Company doesn't expect significant increase in long term borrowings by Q4FY24. Company doesn't expect any Anti dumping duty implementation on polymers in India (except for weak quality). At CMP, company trades 0.7x TTM P/S and 4.5x P/B FY23.

Orient Bell Q1FY24 Concall KTAs
CMP: INR 516 | Market Cap: INR 7.47 Bn | Promoter: 65.2%

Performance (Consol):
- Revenues came in at INR 1.43 Bn (-28.1% QoQ) (-6.5% YoY)
- EBITDA margins came in at 2.2% (Vs 6.5% QoQ) (Vs 8.7% YoY)
- Sales volumes stood at 500 Mn square metre (-28.9% QoQ) (-5.8% YoY)

Performance overview:
- Lower volumes impacted consumption efficiencies and fixed cost absorption during Q1.
- Gross Margin improved sequentially by 250 bps with improved lower fuel and other costs.
- ERP migration impacted 2-3 weeks worth sales and operations due to technical glitches
- Own facility which contributed to 75%+ to revenues is at gas cost disadvantage

Demand environment:
- Retail demand continues to be weak
- Narrowing price gap between ceramic & GVT accelerating shift to GVT
- Current Capacity utilisation stood at 70% (excluding closed unit)
- Volume drop happening in smaller sized tiles

Capex and Plants
- Dora GVT Line 2 expected to commence operations in Q3FY24. Total capex of INR 760 Mn. Capacity of 3.3 MSM p.a.
- Dora well placed for South market. All freight except Kerala are similar

RM Mechanism:
- Reducing gas prices at Morbi enabling heavy discounting
- Morbi gas prices are more correlated with spot gas prices while company has 3 plants which has long term contracts with GAIL which has stable supplies
- Sikandarabad plant has pricing formula based on crude form GAIL, Dora pricing is APM (subsidized gas), Hoskote is CGD which is linked to spot prices. Morbi is largely spot related
- Spot prices April 2022 5-6$/mmbtu. Now at 2.6$ per mmbtu currently

Exports:
- INR 15 Bn per month in Q1FY24 Vs INR 12.5 Bn per month in FY24
- Q1FY24 number also has orders booked in Feb and March

Other KTAs:
- Intentionally increased trading (since own mfg was impacted) which has low margins
- Exports grew 29% YoY, Brand investments stood at 3.4% of sales
- Company’s contribution margins are higher QoQ
- GVT tiles contributed 28% to total sales, Vitrified tiles mix was 46% of sales
- WC days stood at 29 (Vs 25 in Q4FY23) (Vs 18 in Q4FY22)
- Over 200 Morbi units closed down over last six quarters

Outlook:
Pricing dependent on competition. Increase on import duty on propane, gas cost on Morbi higher in July Vs June. Big private projects demand is good and execution good. Some govt projects doing well, retail is sluggish. Cost and pricing still volatile. At CMP, company trades 53.5x TTM EPS of INR 9.64.

Somany Ceramics Q1FY24 Concall KTAs
CMP: INR 671 | Market Cap: INR 28.5 Bn | Promoter: 54.79%

Lowest Capacity utilisation (excluding pandemic) due to weak demand, high level of inventories and routine maintenance shutdowns (CU at 70%). However, it has gone back to 85% now (in July and August) with improvement in demand. Downtrading has been observed in current quarter

Performance (Consol):
Revenues came in at INR 5,841.1 Mn (-13.5% QoQ) (+5.2% YoY)
EBITDA margins came in at 8.62% (Vs 8.98% QoQ) (Vs 8.04% YoY)
Volumes came in at 15.41 msm (+8% YoY)

Operational Highlights:
- Capacity utilisation of tiles at 70%, sanitaryware at 58% and faucets at 70%
- Sanitaryware didn't grow in the quarter, bath fittings grew 20%
- GVT contribution at 35% (which was 32% in Q4FY23)
- No loss in realisations, loss in VAP sales (even with GVT higher QoQ, sale of high value GVT was lower)
- 80x16 inches and 120x180 inches tiles sold lesser than expected, instead 60x120 sold higher, indicating downtrading
- South region grew slow, North and Telangana growth was good. Kerala was slow growth

Pricing, RM and costs:
- Gas prices have now stabilised
- Ad spends at 2.5-2.6% of sales
- North plant fuel costs at INR 46 (in Q1FY24), INR 51 (in Q4FY23) and INR 41 in July
- West plant at INR 43 (in Q1FY24), INR 50 (in Q4FY23) and INR 40 in July
- South plant at INR 57(in Q1FY24), INR 50 (in Q4FY23) and INR 50 in July
- Blended basis, July gas cost at INR 41, (Vs INR 61 in Q1FY23) (Vs IN 45 in Q1FY24) (Vs INR 50 in Q4FY23)
- 4 plants running on propane, 2 on gas. Next month onwards propane will become more expensive so will shift to gas
- South plant is purchasing spot gas (no other option), West is purchasing from GSPCL (no other option) (3 month contract), North plant purchasing from GAIL (25 year contract ending in 2028) and also trading on IGX exchange

Bathware:
- Bathware segment EBITDA margins 3-4% higher than tiles. INR 5 Bn sales in 3-4 years expected
- Lot of pipe players are struggling in Bathware segment

Capex:
- Only in large format tiles which will start in early Q3FY24
- Overall 25% capacity added in last 2 years (including the large format tiles to start from Q3)
- Next facility coming up in Nepal next year
- Maintenance capex this year of INR 400-500 Mn

Morbi capacity:
- Morbi currently at 70% capacity utilisation, mainly in wall tiles. Land in Morbi becoming expensive
- Morbi max capacity addition happened between FY21 and FY23 for exports. Start of FY23, before Ukraine war, gas and freight started getting expensive and due to Ukraine war, it was not feasible to export. During that period, exports from Morbi was at IRN 5-6 Bn per month. Towards the end of 2023, sales were at INR 12-13 BN per month and now at 17-18 BN per month. Now Morbi at 70% utilisation

Somany Fine:
- Sold Somany Fine which was making soluble salt (input for tiles)
- Sold due to low volumes which couldn't generate desired realisations
- No loss in sale, company is purchasing soluble sale form elsewhere now
- Impairment loss recognised (INR 66.2 Mn) as exceptional

Other KTAs:

- No anti dumping duty on India in sales to USA, only on China. Anti dumping duty in EU is much higher for China compared to India. India is only 6-7%. Even turkey has higher anti dumping duty than India. UAE removed anti dumping duty on India and other ME countries are expected to do so too.
- Sales contri of Real Estate only 6-7%.
- Sales contri, retail has 75%, govt 12%, private builders at 7%, export at 2% and corporates at 1%
- WCdays at 20, Net debt at INR 1.9 Bn
- Debtor days at 38
- Added 50+ dealers and 25+ showrooms

Outlook:

Biggest lever is capacity utilisation. Maintain guidance for double digit growth in FY24. Q2 to be better than Q1, July was better than average of Q1 months. Capacity utilisation now back to 85%. Uptick in north plant expected in August due to monsoon season. Demand was soft in both project and retail segment in Q1. If gas prices stabilise, company expects 9.5-10.5% ebitda margins.

Current demand is strong, for some reason demand in South was weak. At CMP, company trades 43.5x TTM EPS and 15.6x TTM EV/EBITDA

Greenply Q1FY24 Concall KTAs
CMP: INR 170 | Market Cap: INR 20 Bn | Promoter: 52.14%

Performance (Consol)
Revenues came in at INR 4.76 Bn (+1.5% QoQ) (+5% YoY)
EBITDA margins came in at 6.26% (Vs 10.14% QoQ) (Vs 8.84% YoY)

Plywood (Standalone + Sandila)
- Sales Volumes came in at 16.3 MSM (-4.5% QoQ) (+1.6% YoY)
- Realizations came in at IR 249 (+1.2% QoQ) (+2.9% YoY)
- Company aims to deliver 10% full year volume growth
- Planning to take price hikes in August on account of higher timber prices
- EBITDA margins in segment lower on account of higher A&P spends
- Sequentially bounceback in demand and margins are expected
- Q1 has extra inventory to endure monsoon

MDF business
- Sales volumes came in at 6,062 CBM while realizations stood at INR 28,546
- Total debt at INR 5.01 Bn
- Operating under Greenply MDF brand
- Delivered INR 181 Mn of sales. Aim to end year with INR 2.75 Bn and 100,000 CBM volume
- Company currently has 250 distributors which it aims to take to 800+ by end of FY24
- Segment will be EBITDA breakeven in Q2
- Company aims to deliver 160,000 CBM in FY25
- Pricing at par with competition, except for select highly competitive locations where company is 1-2% cheaper
- RM procurement 60% happens within 200 kms radius
- Business is mainly focusing on western region (followed by North, south, east and North East)
- Vadodara plant has capability to produce 1.5mm to 35mm thickness boards

Expenses:
- Timber prices continue to go up by 10% because of which company is taking price hikes (in plywood segment)
- Depre in Q2FY24 to be ~INR 160 Mn, FY24 to be ~INR 630 Mn
- Consol annualized interest cost should be around INR 540 Mn
- Debt repayment schedule: INR 420 Mn in FY24, INR 560 Mn in FY25, INR 640 Mn in FY26

Gabon:
- Total Capital employed of INR 2.6 Bn
- Company had earlier delivered a consignment to the USA but has not received any follow up order

Other KTAs
- No exports currently, may do 2-3% exports depending on lucrative margins
- Adj EBITDA fell on higher account of A&P spends which came at 4.8% of revenues. This will be 3-3.5% for full year.
- Aim to end year with double digit margins
- Net working capital at ~40 days which the company expects to stay in the same range going ahead
- Net debt to equity 1.13x

Outlook: At present, with the capacities coming in and lackluster demand, company is struggling to deliver aspired performance but is positive on delivering full year performance. We will like to wait and watch as to how company delivers with the competition intensity increasing. At CMP, company trades 29.5x TTM EPS of INR 5.76

Management Commentary: https://www.livemint.com/companies/company-results/greenply-q1-results-net-profit-at-rs-0-8-crores-revenue-up-by-5-yoy-11690301092786.html

Rushil Decor – Q1FY24 Concall KTAs
CMP: INR 274 | Market Cap: INR 7.26 Bn | Promoter: 56.39%

Operational Performance:
- Revenues came in at INR 1.93 Bn (-9.9% QoQ) (-8.5% YoY)
- EBITDA Margins came in at 15% (Vs 13.2% QoQ) (Vs 22.5% YoY)
- PAT Margins came in at 6.3% (Vs 6.3% QoQ) (Vs 12.9% YoY)

Segmental EBIT margins:
- Laminates came in at 9.93% (Vs 5.87% QoQ) (Vs 5.02% YoY)
- MDF Board came in at 13.37% (Vs 12.34% QoQ) (Vs 24.3% YoY)
- PVC Board came in at 3.4% (Vs -12.3% QoQ) (Vs 3.68% YoY)

Industry:
- Domestic woodpanel industry is expected to grow 7.2% FY23-26
- Real Estate to grow 20% CAGR between CY21 to CY30
- Furniture industry to grow 6.1% between FY21-FY27

MDF:
- Some loss of sale in start of quarter due to SAP implementation and slow market (Q1 demand always slow)
- Company expects sequential improvement in volumes going forward
- MDF VAP volume contribution at 35% (Vs 27% QoQ) (Vs 23% YoY)
- MDF VAP value contribution at 45% (Vs 39% QoQ) (Vs 38% YoY)
- Company aims to take VAP contri to 40% going forward
- Imports in the industry at 40,000 cbm (same for the past 2 quarters)
- Imported MDF available at 20% discount (lesser discount in central India due to logistic costs) compared to domestic MDF, however, with freight cost increasing from 300$ to 450$, company has observed increased enquiries from OEMs
- Margins in exports have increased due to increase in realisations
- Exports have 15-20% of VAP. 2177CBM was VAP exports in the quarter to the regions of Africa and Canada
- Chikmanglur plant has high margin products while AP has low margin products
- Exports will now focus on European countries also
- Export obligation out of INR 2 Bn, only .74 Bn left which needs to be completed by Dec 2024

Laminates:
- Current laminate margins will be maintained
- Company has spent INR 600 Mn to purchase land
- For expansion (greenfield) of laminates capacity company has acquired Land at Mansa, Gujarat
- Slow demand in laminates currently
- New capacity will contribute to sales from Q2FY25 (with only 50-60% CU). Full fledge utilisation from FY26

Timber:
- Timber prices have increased 2-5% QoQ and increased by 4% in Q2 till now

Other KTAs:
- Other income higher due to 20 Mn forex gains
- Particle board demand players are different from MDF players
- Rights issue money to go for debt reduction
- SAP Implementation took 7 months. Some loss of sale in start of quarter due to implementation
- Interest cost will be INR 260-270 Mn for FY24

Outlook:
VAP contri to be increased to 40% going forward in MDF segment. Company aims to deliver 60,000 CBM per quarter in MDF. Company believes margins will still improve from here QoQ. Next 3 quarters will be better than Q1 in terms of volumes and till some extent profitability also. Overall, company will maintain 17% EBITDA margins in FY24 (19-20% in MDF and 8-9% in laminates). Company aims 10% volume growth in both MDF and Laminates. The imports still are an overhang in the industry along with a bigger issue of capacity addition by all players. In the short term, we believe the realisations will be under pressure as capacities are added pan industry, and hence profitability as well. At CMP, company trades 8.9x TTM EPS.

Management Commentary: https://www.youtube.com/watch?v=cNtls808-s0

Pokarna Ltd Q1FY24 Concall KTAs
CMP: INR 411 | Market Cap: INR 12.7 Bn | Promoter: 56.66%

Profitability (margins) has improved due to better product mix. Volumes have been muted to lower.

Performance (Consol):
- Revenues came in at INR 1,622 Mn (+0.4% QoQ) (-32.4% YoY)
- EBITDA Margins at 28.39% (Vs 19.56% QoQ) (Vs 25.23% YoY)

Segmental EBIT:
- Granite came in at 16.6% (Vs 30.24% QoQ) (Vs 20.28% YoY)
- Apparel came in at -14.88% (Vs 34.88% QoQ) (Vs -2.01% YoY)
- Quartz Surfaces came in at 31.59% (Vs 20.69% QoQ) (Vs 26.46% YoY)

Domestic:
- Company is exploring opportunities in India
- India will be in top 5 geographies in coming 5 years
- Company is yet setting up domestic dealer and distribution segment.
- Currently products are available in 110 dealer stores, no company owned stores yet

Margins:
- Contribution margins will be at approx. 45%. (35% contribution from sales of high margin products, 35% from medium margin products and remainder from lower margin & hospitality)
- Current Gross margins are sustainable

International
- US housing demand: In renovation stages, kitchen tops are done last. Currently pick up in US renovation is seen from Q4FY23. If trend continues then company will see demand by end of financial year
- First set of shipments sent to Mexico, France, Russia and Canada

Crystalline Silica Issue:
- Company is developing alternative product formulations for low respirable crystalline silica products.
- Quartz engineer stone has crystalline silica found in quartz product. Certain markets have issues of generation of respirable crystalline silica when dry cutting happens of engineered stone.
- Regulatory scrutiny already ongoing in certain markets. Company has conducted R&D for alternative formulations and are ready with alternative if need be.
- Wont need to spend for upgrading facilities if regulatory orders come in

Other KTAs:
- Total debt at INR 4.33 Bn
- New product developments take 12-18 months to reflect in sales (if through dealers) but if done through Home depot (which has 1900+ stores) then NPD sales will kick in faster
- Peer competition for exotic designs from NA & Europe. For handcrafted products from South East Asia (Price competition from Southeast Asia)
- Hospitality segment: enquiries coming in, in good times, hospitality was10% of business
- Granite industry challenges persist due to China's demand slowdown.

Outlook: Company has guided for 25-30% EBITDA margins going forward (maintained guidance).
Channel inventories haven't yet fully reduced and may take more time to bottom out. Focus on improving capacity utilization of new quartz unit is one of the priorities right now. At CMP, company trades 23.1x TTM EPS. We believe investors should wait out the current (macro) headwinds present in the industry.

HIL Q1FY24 Concall KTAs
CMP: INR 2,968 | Market Cap: INR 22.4 Bn | Promoter: 40.59%

Operating Metrics (Consol)
- Revenues came in at INR 10.16 Bn (+17.6% QoQ) (-6.4% YoY)
- EBITDA Margins came in at 8.6% (Vs 4.4% QoQ) (Vs 11.3% YoY)

Segmental Performance:
- Roofing EBIT margins came in at 17.4% (Vs 9% QoQ) (Vs 22.4% YoY)
- Building EBIT margins came in at 6.5% (Vs 6.9% QoQ) (Vs 11.3% YoY)
- Polymer EBIT margins came in at 2.6% (Vs 3.9% QoQ) (Vs -2.1% YoY)
- Flooring EBIT margins came in at -8.4% (Vs -4.3% QoQ) (Vs 1.1% YoY)

Parador (Flooring):
- David Bradham to head operations of Parador. His erstwhile stints include Milliken & Co, Mohawk Flooring and Interface Flooring.
- Company aims to make Parador a Euro 500 Mn+ brand in 3-4 years, aims to deepen market and grow exposure to North America, Australia, ME and Asia. Company aims for a structure where 50% of revenues are from Europe and remainder 50 from NA, ME and Asia.
- Parador market share less than 5% currently
- Company is planning to enter into commercial segment. Aims to have 25-30% of rev contri in FY24. Currently, there is lead pipeline worth 75 Mn Euro. In every region, 40-60% of the market is of commercial segment (which is unaddressed by company)
- Q3 onwards new project segments will start (commercial)
- RM scenario is favourable for the company right now
- Inventory is 20% lower compared to Q1FY23. Q2 slightly soft always, Q3 onwards normalcy expected
- 10-12% margins is first goal in Parador segment

Roofing (less than 30% revenue contri):
- Demand scenario sluggish which impacted realizations
- Current RM range is the new normal (Fibre), pricing not expected to go down. YoY fibre cost went up 20% and QoQ the price increase has been 3-4%. This has covered up for 50% of the profitability lost due to increase in fibre cost. Company aims to staggeringly take price increases to bring back the profitability. It will happen in 2-3 quarters
- Charminar brand available in 60%+ tehsils in country (20K outlets). Brand has 6-8% premium over other brands
- Highest Q1 production and revenues ever
- No real growth in roofing segment, low capacity addition in industry
- July month historically has realization drop but I didn't drop in current year

Building Segment:
- Birla Aerocon is a premium brand (Blocks and Panels)
- 550+ projects did in Q1
- North and West region has demand blip. Golan, Chajjed and Hyderabad plants coming online in Q2
- Inorganic and organic expansions possible in South
- Margins lower due to lower realization, company trying to keep the RM cost lower
- Out of INR 1.3 Bn of segmental rev, 77 mn came from Blocks and remainder from panels & boards. Panels & Boards have ~20% profitability margins while Blocks have ~10%
- Asset turn in capex of 1.3-1.4x, 3-4 months to reach optimum utilization

Polymer Segment:
- Actively exploring new markets,
- Pipes and Fittings have national footprint, grew 17% in volumes during Q1 (retail growth was 32%).
- Company is not in agri business else Q1 volume growth would have been better. 1500 SKUs
- Trufit brand offers 100% leakproof pipes. Multilayer pipes for underground drainage. Company is also expanding portfolio
- Pipes and Putty both have 6-7% margins, no Inventory loss in quarter

Capex & Capacity utilization:

- INR 1.5 Bn for current year (in building segment) which includes 400-500 Mn for Pipes and Fittings
- Block and roofing segment working at 90% CU, Panels at 80% CU, Board at 80%, remainder (incl. pipes) at 70%

Other KTAs:

- Exceptional items are profits from asset accounted as HFS. Q2FY24 will include exceptional items (gains) of INR 95.7 Mn due to profit on another HFS asset
- Chennai plant faced labor strike by contractual labors which went on from 2nd June to 26th July. Discussions with workers on the way
- Construction Chemicals business has been moved from Roofing Solutions to Polymer Solutions in view of the high synergy seen in the retail space for these products. Changes made retrospectively
- Ajay Kapadia is the new CFO
- Tax for Q1FY23 and Q4FY23 include reversal of income tax expense (of INR 83.71 Mn) on acc of receipt of assessment orders from IT appellate tribunal

Outlook:

Company has upped guidance of Parador from 400Mn Euro brand to 500 Mn Euro (in 3-4 years). Apart from roofing segment, company aims to double all other businesses in 3-4 years (roofing segment growth will be lower than other segments). 30% of growth will come from acquisitions. Company maintains its guidance to make the company $1 Bn by FY26. The first priority is to take margins to 12-14% (by or before FY26). Company continues to sell unproductive assets (Q1FY24 and Q2FY24 both have sale of unproductive assets). At this point, the profitability remains the main focus while company is gearing for strong topline growth in all its segments. Roofing segment will not be the largest contributor to the topline but is currently the largest contributor for profitability. We believe the immediate quarters is what the company will have to navigate through (as the demand is weak in Q2 due to monsoon, Fibre costs troubling and Roofing realisations to take time to come back). Q3 onwards, things look brighter as the roofing margins are expected to bounce back and commercial projects in Parador will start. Prima facie, this seems to be a good accumulation period for the stock. At CMP, company trades 32.6x TTM EPS of 90.95

Greenlam Industries Q1FY24 Concall KTAs
CMP: INR 477 | Market Cap: INR 60.5 Bn | Promoter: 51.22%

Company had the highest laminate production in the quarter at 4.68 Mn sheets at 89% utilization.
Loss of revenues of INR 200 Mn due to loss of sales because of Biporjoy cyclone
Domestic sales grew by 12-13% and export sales grew by 5-6%

Overview:
- Revenues came in at INR 5.15 Bn (-3.5% QoQ) (+9.5% YoY)
- EBITDA margins came in at 12.5% (13.9% QoQ) (10.7% YoY)

Laminates
- Production (Mn sheets) at 4.68 (Vs 4.55 QoQ) (Vs 4.29 YoY)
- Sales Volume (Mn Sheets) at 4.17 (Vs 4.67 QoQ) (Vs 3.94 YoY)
- Avg realization (INR/Sheet) at 1,086 (Vs 1,008 QoQ) (Vs 1,037 YoY)

Decorative Veneers
- Sales Volume (Mn Sqmt) at (Vs QoQ) (Vs YoY)
- Avg realization (INR/Sqmt) at (Vs QoQ) (Vs YoY)

Capex & Plants:
- Greenfield high-pressure laminate project in Andhra Pradesh is expected to start commercial production by Q2FY24.
- Greenfield particle board project Andhra Pradesh is expected to start commercial production by Q4FY24

Pricing and RM:
- RM costs fell in Q1 but company expects them to stay stable in Q2. There were no price reduction except for certain select regions
- Realizations in exports t INR 1,290 which was INR 1,236 QoQ
- Total exports for the quarter stood at INR 2.35 Bn of which 2.34 Bn was in laminates (1.73 Mn sheets)
- Margins in laminates lower due to some ad spend getting delayed from Q4 to Q1 and additional employee cost due to team building
- Increase in realizations (11% QoQ) was due to better sales mix, company didn't undergo any price hikes QoQ

Plywood:
- Company started commercial production on 9th June with 18.9 mn sq. metre capacity
- Largest plywood plant at a single location, potential to generate INR 4 Bn at full utilization
- Production for 21 days was at 44k sqm, sales at 31.3 sqm and sales of INR 7.8 Mn
- EBITDA loss of INR 40 Mn.
- Mikasa is mid premium product and sold in 5 southern states only, priced at 2-4% deviation with large players. Company has appointed ~300 dealers

Other KTAs:
- FY25 will be first full year of operations at particle board where company expects under 2 years to be EPS accretive
- Engineering wood flooring capacity utilisation at 10%
- Engineer doors CU at 14%
- Delay in sale of 150,000 sheets due to cyclone. Shipped in July
- Current WC days at 72 (up 6 days QoQ) due to higher inventory stuck at port and inventory being built up for plywood and Naidupeta laminate unit.
- Net debt at INR 5.21 Bn

Outlook: Company sees a topline growth of 20-25% for FY24 tapping through unorganized market. Gross margin movement is possible to the extent of 1-2% in Q2. INR 200 Mn worth of laminates at port was shipped in July so there is a chance of improvement in WC days and margins as well in Q2

Management Commentary: https://www.youtube.com/watch?v=55L21g6onsY

Pipes

Apollo Pipes Q1FY24 Concall KTAs

Performance Overview:

- Company has reiterated guidance of 35% revenue growth (25% through volume growth) for the next 3-4 years with capacity expanding from current 136,000 tonnes to 286,000 tonnes in same duration. One negative is that company has reduced the guidance of EBITDA per Kg from INR 16-17/Kg (for the next 3 years) to 13-14/Kg in FY4, INR 15-16/Kg in FY25 and gradually increasing post that. Company maintains its target of 25% ROCE in 3-4 years.
- Company delivered best ever volume performance, stabilized performance at 7k tonnes per month. At the moment, company is taking aggressive pricing strategy (also including Cash & carry model and higher Ad spends) to gain more market share from unorganized players and grow faster. Due to this, company is compromising on profitability which they will focus back on after they have achieved relevant scale.

Industry: Currently, company is observing industry growth of 10-12%. Industry size stands at INR 350 Bn with 40% share with unorganized players

Pricing, RM and Costs:

- RM price stood at INR 89.7/Kg in Q1FY24
- Minor inventory loss (1%) faced this quarter. RM was significantly volatile in the quarter
- Company has signed Amitabh Bachchan as brand ambassador. Higher Ad spends will be observed in Q2.
- Q1 had increments given out to employees

Distribution model:

- Company has received good response in Cash and Carry model (cash discounts) which has good track record (seen with APL Apollo tubes). This will help in lowering WC days as well. WC days have come down sequentially by 7-8 days
- Channel financing has received good response in Northern region

Capex:

- Company has planned INR 5 Bn capex which will be funded through INR 2.6 Bn of equity infusion and INR 2.4 Bn of internal accruals
- The capex is to be completed over a period of 3-4 years
- For FY24 and FY25, company expects a capex of INR 1.5 Bn each

Plants:

- Dadri Phase 2 is a value add facility only which will come online by end of FY24
- **All other facilities will be having 60-70% VAP and remainder will be commodity products**
- Dadri Phase 2 will have CPVC, HDPE and Bath fittings
- In West, company is planning Maharashtra or Silvassa. In South, company is planning Bangalore, Hosur or Hyderabad. In East, company is planning Bengal, Assam, Orissa or Eastern UP.
- Once company finalizes a land parcel, it will take 12-15 months to commence operations. Roughly land parcels will be of 30-40 acres

Other KTAs:

- Q1 is usually heavier towards commodity products
- Construction and plumbing is heavier in Q4
- CPVC prices corrected by INR 25/Kg in Q1
- UPVC sales is 50% of volumes, CPVC is 10-15%, HDPE is 14-16%
- For Q1, 55% agri volumes, remainder construction and others
- Company doesn't bid for government orders.

Outlook:

For the next 2-3 quarters, company will follow aggressive pricing model. This may continue later too but the margins will revert gradually. The growth plans of 35% CAGR for 4 years are still intact and all levers are in place for it (trigger being PVC prices). Company is adding a lot of VAP. With the total capacity reaching 286,000 tonnes, total of 60-65% of available capacity will be VAP. Currently, South, West and East region sales contribute to INR 3-4 Bn which the company aims to take to INR 15 Bn in 3-4 years. We reworked our numbers and based on our estimates, company trades 22.6x FY26EEPS of INR 32.4. **We believe the company has entered a high growth phase (observed with current quarters volumes) and will be able to achieve the ambitious targets. Hence we assign 25x multiple to FY26EEPS and arrive at a price target of INR 810. We maintain our ACCUMULATE rating**

Astral Q1FY24 Concall KTAs
CMP: INR 1974 | Market Cap: INR 530 Bn | Promoter: 55.85%

Capacity expansion plans enhanced due to extremely strong demand environment. EBITDA per Kg decent at INR 37.5 (in plumbing)

Performance (Consol):
- Revenues came in at INR 12.8 Bn (+5.8% YoY)
- EBITDA margins came in at 15.71% (Vs 14.07% YoY)

Segmental
- Plumbing revenues came in at INR 9.4 Bn (+7.1% YoY)
- Plumbing EBITDA margins came in at 17.6% (Vs 14.8% YoY)
- Plumbing Volumes came in at 47,950 tonnes (+31.1% YoY)
- Segment EBIDTA includes loss incurred for its new business of faucet and sanitary ware of INR 34 Mn in Q1FY24. If adjusted for losses then EBITDA margins are at 18%
- Paints & Adhesives revenues came in at INR 3.45 (+2.4% YoY)
- Paints & Adhesives EBITDA margins came in at 14% (Vs 15.4% YoY)

Pipes, Fittings, Watertanks:
- Inventory loss in PVC and CPVC together of INR ~150 Mn
- Growth is coming from all geographies and project business as well
- Due to anti dumping duty, imported cPVC price is at 2$ so softening beyond that does not seem likely
- Lubrizol resins and compounds are available to all players and not restricted to any player in the market
- Mostly all plants will have watertank facilities

Sanitaryware & Faucet:
- Sanitaryware & Faucet business has reached 500 showrooms, from Q3 onwards, focus will be on sales. Q2 will still have some focus on store openings
- For last 3 months, runrate has crossed INR 50 Mn per month
- Getting orders for projects from builders
- Launching Kinesco range which will be economical, available through Astral distribution channel as well as new distribution channels. Getting enquiries already
- Will reach breakeven in 1-2 quarters

Adhesives:
- India biz value growth of 10% (higher in volume terms).
- EBITDA margins at 16%
- UK had 4.5% topline growth and EBITDA margins of 8%
- Expecting 15-20% full year topline growth with 15% margins in FY24
- Volume growth was around 15% growth
- Capacity utilisation at 65%

Gem Paints:
- Implemented SAP at Gem Paints Private Limited w.e.f. April 1, 2023. Also, company is doing complete KYC of all its dealers due to which company incurred sizeable sales loss in Q1.
- Paints business degrew by ~25%, topline at INR 40 Mn, loss of sale of approx. 150-200 Mn
- Senior experienced member joining and a lot of industry members joining later
- Company will be conducting Astral synergy launch, strong synergy business from Q3
- Paints had 17% EBITDA margins
- Total payout of INR 2.75-3 Bn to be completed for 80% by 30th Sept

Capex:

- Increased capex plans now in pipes vertical
- Guwahati will have 22,000 tonnes which will start production in Sept 2023. Property on leased plant
- Hyderabad will have 70,000 tonnes which will start 1st phase in Sept 2024 (and complete 2nd phase in FY26)
- UP will have 50,000 tonnes which will complete 1st phase in FY25 and 2nd phase in FY26
- Company is also planning some brownfield expansion
- Trial production started in Dahej plant for adhesives and sealant. Fully operational next month
- FY24 capex at INR 3.5 Bn and FY25 approx for 2.5 Bn

Other KTAs:

- Strong performance of cPVC even as Q1 is loaded with high agri demand
- Plumbing (Pipes, fittings, water tanks, faucets and sanitary ware)
- Paints and Adhesives (Erstwhile Resinova + Seal It + Operating business of Gem paints)

Outlook:

Very strong demand hence fastracking and adding capacities. North India has robust demand as well. Value growth will also be going forward sequentially. Q1 was good but Q2 will be better. Current capacity is ~290,000 tonnes and with new capacities coming in along with debottlenecking, total capacity will be taken to 450,000 tonnes. Company will be able to deliver INR 35-40 per tonne. Adjusting for losses of faucet and sanitaryware, EBITDA per tonne in Q1 was 37.5 (in a agri PVC heavy quarter) indicating higher chances of better EBITDA per tonne in coming quarters. Guidance for 15% CAGR for 5 years volume growth in plumbing and 15% growth in adhesives for FY24 with 15% margins. At CMP, company trades 62.7x TTM EV/EBITDA.

Prince Pipes Q1FY24 Concall KTAs
CMP: INR 686 | Market Cap: INR 75.9 Bn | Promoter: 60.94%

Weak performance (realizations and profitability) due to poor product mix and loss in VAP sales due to ERP implementation (one time impact). However, July month has been good, price hikes and restocking happening

Operating Performance (Consol):
- Revenues came in at INR 5.54 Bn (-27.6% QoQ) (-8.4% YoY)
- EBITDA margins came in at 8.19% (Vs 19.4% QoQ) (Vs 7.26% YoY)
- Volumes came in at 37,155 tonnes (+19% YoY)

Operational highlights:
- Weak operating performance (margins) due to ERP implementation. **However, company has guided for FY24 (only 9 months, barring Q1) EBITDA margins of 12-14%**
- Realizations and margins were lower due to ERP implementation which affected pipes & fittings ratio and product mix. This has normalized in now. **Impact was for April and start of May. Pipes & fittings ratio also normalized now**
- **Highest Q1 volumes till date**
- Fittings are 30-35% of Pipes & Fittings ratio, cPVC is 25% of total revenue contri and PPR is 4% (all value add products)
- Double digit growth is the goal, price hikes have happened and restocking taking place currently
- Company is participating in JJM but through contractors. Will participate more if receivable days are decent

Pricing, RM and costs:
- Polymer prices are currently affordable and stay stable for 2 months, rangebound movement
- Correction in cPVC prices, more room for correction as it follows pvc prices with a lag
- PVC resin sourcing 60% import and 40% domestic
- Total 2% of sales will be into branding (for pipes). INR 50-60 in manpower & INR 100-120 Mn for brand building in bathware. Bathware spends will impact overall profitability for 18-24 months post which they are expected to be sufficiently profitable to take care of own expenses
- Inventory loss of INR 100 Mn in Q1, if reversal then it will reflect in Q3

Faucet & Sanitaryware:
- Launched in June, dealer meet in Goa
- 9 different collections at different price points
- Bathware production at Dadra and Morbi commercialized, 1st order dispatched
- Company's product "Kristal Faucet", if installed by any builder will give green points

Watertank:
- Facilities started at Dadra, Jaipur and Telangana. Orders for machinery placed at Haridwar and Chennai
- Company will add HDPE in Jaipur and Hyderabad

Capex:
- INR 900-1000 Mn for current year, 20-30k tonnes capacity will be added through this, all brownfield.
- This will take capacity form current 320K tonnes to 350K tonnes in FY24 and 390K tonnes in FY25 from Bihar expansion (not considering any brownfield expansion in FY25)
- Capex will be towards HDPE and water tanks
- Space to add capacity in Jaipur, Telangana, Dadra and Haridwar while very little space to add in Athal, Kolhapur and Chennai
- Brownfield expansion will take 3-4 months to complete

Bihar expansion:
- Land acquired, construction to begin in Q3FY34, facility to come online by Q4FY25
- Aim to service East India from the plant. Currently East is 15-20% of total revenue contri
- Plant will help in saving logistic costs. Total capacity will come in 2 phases, 1st phase will have 35-40K tonnes
- Capex cost will be disclosed in Q2FY24
- Plant will have all the products offered by the company, one of the largest plant in 3 years (not agri heavy due to region)

Other KTAs:

- Company has tie ups with builders and RE developers for Pipes. Bathware sales will be through channels and not builders so that WC days are not stretched
- WC days at 59 in Q1FY24. Debtor days 63 from 53 due to ERP implementation
- Inventory days 73 from 53
- Channel financing limit expanded from INR 700 Mn to INR 1050 Mn. Channel partners expanded from 76 to 132
- Net cash at INR 1.55 Bn
- Project business is 25% of revenue contri
- Receivables in HDPE and DWC are higher. DWC is the only solution to replace cement pipes
- Utilisation levels at 55% overall (lower due to ERP), Telangana plant at 35-40% (which was started in 2021)
- Brand ambassador is Akshay Kumar, company is sponsor for OMG 2, distributed 5,000 tickets for OMG 2 to distributors and plumbers
- Amisha Bohra (CMD of Prabhudas Liladher) onboarded as Non-executive independent director

Outlook:

All the competitors are adding capacities but company feels that supply will not outpace demand. Company will continue to grow channel partners going forward (currently at 132). Current quarters disruption on profitability was a one time impact which is in past now. QoQ margins to be better. July has observed good/decent growth. As cPVC contribution to sales increase, margins will improve. Double digit growth is the goal, price hikes have happened in Q2 and restocking taking place. Channel inventory was low in the beginning of the quarter (Q1). Company has guided for FY24 (only 9 months, barring Q1) EBITDA margins of 12-14% and double digit topline growth. At CMP, company trades 29.6x TTM EV/EBITDA.

Jain Irrigation Q1FY24 Concall KTAs
CMP: INR 49.9 | Market Cap: INR 30.6 Bn | Promoter: 27.46%

Revenue growth was driven mainly by Pipe and MIS Retail divisions. Company has guided for 30% topline growth, debt repayment of INR 6 Bn in FY24 planned

Performance (Consol)
- Revenues came in at INR 17 Bn (-2.5% QoQ) (+20% YoY)
- EBITDA margins came in at 12.27% (Vs 8.24% QoQ) (Vs 11.78% YoY)

Plastic:
- Plastic division had better margins and realizations which led to stronger EBITDA overall
- 73% volume growth due to JJM in pipes business
- Institutional pipe did well, West grew 63%, Maharashtra grew 40%
- Retail pipe business, Maharashtra grew 90%, west grew 39%, East and South had negative growth
- Company is confident of maintaining current performance in pipes business
- Insti biz has 90 days credit for dealers, retail has no credit. Average DSO comes to 40 days
- Total pipes business growth was 46% (volume) of which pvc pipes growth was 96% (volume terms)
- 11% margin combined in pipes segment

HiTech:
- Segment revenue down 3% yoy because the company is not taking any new projects business
- Projects business will end at ~INR 4 Bn in FY24. Receivables from project business were higher hence reducing business
- Tissue culture business grew 44%
- Major focus is now on retail side
- Sprinkler didn’t grow due to seasonality

Agro Processing:
- The vegetable dehydration division (India) grew 9.8% and overseas Agro division grew 7.6%. The fruit processing division reported de-growth due to non-availability of finished goods on account of lack of raw material in the last processing season (mango was not available)
- Onion dehydration grew by 9%
- Mango has done well this season
- Agro biz side, full year will do double digit growth (Q1 +1.4% YoY)

Orderbook:
- Orderbook at INR 19.3 Bn which does not include piping and drip irrigation entirely (because it comes monthly and weekly from dealers)
- INR 4.04 Bn for Hi-tech Agri Input Products Division, INR 5.24 Bn for Plastic Division and INR 10.01 Bn for Agro Processing Division

Other KTAs:
- Strong volume demand in MIS, Pipes, Tissue Culture even with subdued resin prices and better working capital management
- Trade receivables have been down, inventory is up
- Capex of INR 220 Mn (maintenance capex only)
- Fixed cost absorbtion will play out as scale comes into play

Outlook:
Q2 has lowest sales due to monsoon season. The legacy receivables will take 18 months for resolution. Company has guided for 30% topline growth, debt repayment of INR 6 Bn in FY24 planned. July is also a weak month but YoY July has been better. Some of the long term debt has been repaid in Q1 already. Company still has decent production capacity left. With project business going out, WC will improve substantially. Company is confident of doing 13.5-14% EBITDA margins (translate into INR 9-10 Bn of EBITDA). Segment wise, Hitech agri will do 17-18%, plastic and food will do 10-12%. At CMP, company trades 10.6x TTM EV/EBITDA

Ester Industries Ltd– Q1FY24 Concall KTAs
CMP: INR 90 | Market Cap: INR 7,526 Mn

Company expects a revival in coming quarters with recovery in the US economy but the realizations would remain under pressure till the supply-demand balance is restored.

Performance
- Revenue from operations stands at INR 2,575 Mn [-13% QoQ, -21% YoY].
- EBITDA arrived at of INR 1 Mn [-99% QoQ, -100% YoY].
- PBT arrived at negative INR (235) Mn [Vs INR (196) Mn in Q4FY23 / INR 453 Mn in Q1FY23].
- Loss for the quarter stands at INR (220) Mn [Vs INR (177) Mn in Q4FY23 / INR 335 Mn in Q1FY23].

Specialty Polymer Business
- Sales of key products such as MB03 and Innovative PBT contracted in Q1FY24 which paired with recessionary worries in the US.
- Sales volumes for MB03 reduced to 247 MT in Q1FY24 [Vs 403 MT in Q1FY23].
- Sales volumes for PBT reduced to 79 MT in Q1FY24 [Vs 485 MT in Q1FY23].
- Margins for the business arrived at ~30%.

Packaging Film Business
- Profitability during the quarter was affected by adverse market conditions and excess supply in the market.
- The company recorded lower export volumes.
- Volumes contraction was attributed to plant shutdown.
- Company expects the pressure to continue in the short term.

Ester Filmtech Ltd
- The subsidy started commercial production at the Telangana plant and contributed INR 640 Mn to the topline.
- Volumes during the quarter arrived at 5,760 MT. [Vs 4757 MT in Q4FY23]
- Performance in Q1 was affected due to the plant shutdown which was due to stabilization activities, which resulted in volume loss.
- The plant is currently operating at lower utilization levels and company expects the Telangana plant to stabilize in the coming 2-3 quarters.
- The full capacity of the plant is 48,000 tons and is expected to generate ~INR 5.5 Bn at optimal capacity,

Other Highlights
- Company has not recorded significant volatility in RM prices in the past quarter.
- Overall volumes for the quarter arrived at 18,211 tons.
- Company is planning to launch a new product with an aim to improve profitability.
- Total debt stands at INR 6,600 Mn.

Guidance
Company expects a revival in coming quarters with recovery in the US economy but the realizations would remain under pressure till the supply-demand balance is restored. Company anticipates the specialty polymer business to reach a topline of INR 2 Bn for FY24. The Telangana plant is expected to reach full capacity by year end.

Everest Kanto Cylinder Ltd– Q1FY24 Concall KTAs
CMP: INR 112 | Market Cap: INR 12,556 Mn

Despite the demand slowdown, the company maintains its positive outlook for the CNG segment in India. Management guides for flat growth in revenue for FY24 and FY25 but aims to bring consolidated margins to 14-15%.

Performance
- Revenue from operations stands at INR 2,683 Mn (-10% QoQ, -29% YoY).
- EBITDA arrived at of INR 368 Mn (-26% QoQ, -39% YoY).
- EBITDA Margin stands at 14% (-306 bps QoQ, -215 bps YoY).
- PBT arrived at INR 284 Mn (-23% QoQ, -43% YoY).
- PAT stands at INR 217 Mn (-40% QoQ, -44% YoY).
- PAT Margin arrived at 8% (-406 bps QoQ, -207 bps YoY).

Geography Contribution
- India: INR 1,656 Mn (-8% QoQ, -39% YoY).
- UAE (Dubai): INR 494 Mn (-4% QoQ, -5% YoY).
- USA & Hungary: INR 549 Mn (-18% QoQ, -5% YoY).
- Other Regions: INR 195 Mn (+97% QoQ, +155% YoY).

- Profitability during the quarter was affected by softening demand for CNG casket segment in domestic markets and lower traction in international markets.

- CNG prices have increased from INR 50 per kg to INR 83 per kg which has negatively impacted the growth.

- OEM sales remain stable on QoQ basis.

- New Product: Company has recently launched composite cylinders in India and plans to launch it in other markets as all approvals have been secured.

- Company is working towards increasing volumes in its deal with Maruti, Hyundai, Mahindra & Mahindra for PV segment.

- Capacity utilization currently stands at 55%.

- Casket Business: Segment contribution stands at ~30% of total sales. Company expects this vertical to remain flat for FY24.

- The GoI plans to expand the CNG network from 5,000 stations to more than 17,000 stations by 2030, due to which the company believes the demand to be on a positive trend and pick up in the future.

- CAPEX: Company has planned for an INR 400 Mn CAPEX.

Guidance
Despite demand slowdown, the company maintains its positive outlook for the CNG segment in India. Management guides for flat growth in revenue for FY24 and FY25 but aims to bring consolidated margins to 14-15%, growth in US and Dubai markets will be similar to FY23. Company expects market to pick up as the blocked inventory at CV customer end is being freed slowly, and the same will be reflected on sales.

Mitsu Chem Plast Ltd– Q1FY24 Concall KTAs
CMP: INR 175 | Market Cap: INR 2,118 Mn

The company believes margins have bottomed out and maintains a positive outlook on demand growth going forward. For FY24, the company guides for the topline to be better YoY and a 10-13% EBITDA margin.

Performance
- Revenue from operations stands at INR 797 Mn (-4%QoQ, -6% YoY).
- EBITDA arrived at of INR 50 Mn (-34%QoQ, -47% YoY).
- EBITDA Margin stands at 6% (-280 bps QoQ, -481 bps YoY).
- PBT arrived at INR 18 Mn (-56%QoQ, -73% YoY).
- PAT stands at INR 13.5 Mn (-59%QoQ, -74% YoY).
- PAT Margin arrived at 2% (-227 bps QoQ, -441 bps YoY).

-**PEL Business**: The company recorded slight improvement in Q1FY24 for this business and is working on getting more orders

-**Oil Prices Softening**: The company realized benefits in plastic packaging due to softening in oil prices from May and expects the downward trend to continue.

-**Hospital Furniture**: The segment contributed ~7% of revenue. The company expects an uptake in demand based on more hospitals being set up.

-Molded industrial plastic packaging products contributed to ~85% of revenue.

- Capacity utilization during Q1FY24 arrived at 70%.

- Current capacity stands at ~25,000 MTPA.

- The company imports 60% of RM and the difference between local and import prices is affecting the margins.

-The sales volumes grew 17% YoY.

- The company is working on developing value-added products with higher margins.

Guidance
The company believes margins have bottomed out and maintains a positive outlook on demand growth going forward. Cost reduction activities are underway and expect improvements sequentially. For FY24, the company guides for the topline to be better YoY and a 10-13% EBITDA margin. The company expects an uptake in exports from Q2FY24.

Kuantum Papers Ltd – Q1FY24 Concall KTAs | CMP: INR 185 | Market Cape: INR 16.14 Bn

Performance

• Revenue from operations stands at INR 3,128 Mn (-9% QoQ, +14% YoY).
• EBITDA arrived at INR 1,094 Mn (-4% QoQ, +80% YoY) with an EBITDA margin of 34%.
• PBT stands at INR 872.7 Mn (+0.6% QoQ, +385% YoY).
• PAT stands at INR 651 Mn (+0.1% QoQ, +268% YoY) with PAT margin of 21%.

Machine Upgradation

• The company has optimized the speeds of PM 3 & PM 4 which has improved the operational efficiency and paper production.
• The PM 1 & PM 2 machines will be shut down in Q2FY24 for upgrades, resulting in capacity loss.
• Despite the downtime, the company believes the PM 3 & PM 4 machines can efficiently offset most of the losses.
• The PM 3 & PM 4 are scheduled for upgrade next year around December.

Raw Materials

• The costs of agro pulp have been reduced by 16% QoQ and that of food pulp has decreased by 17% QoQ.
• The company effectively managed the cost of caustic, quicklime, sulfur, and sulfur dioxide which helped improve margins.
• Fuel consumption decreased by 16% per ton of paper on a QoQ basis.
• Majority of RM is sourced locally, ~5% of wood pulp is imported.
• Wheat straw prices have been reduced from INR 10,000 per ton to INR 5,500 per ton.
• Wood prices have been reduced by INR 2000 per ton and chemical prices reduced by 10%.

Pricing

• Copier paper: INR 85,000-86,000 per ton.
• Unquoted category: INR 87,000–88,000 per ton
• Imported Copier: $ 750-800 per ton
• The company is witnessing an uptrend in the prices with an increase of $20 per ton on incoming imports.

Capacity

• Post upgradation of PM 1 & PM 2, the capacity of the machines will be increased by 50 tons per day.
• Total capacity at year-end is expected ~1.62 lakh tons p.a
• Total capacity by FY26 is expected to reach 2 lakh tons p.a

New Education Policy

• As per the new policy syllabus of all classes will be revised which will require re-printing in 22 languages across India increasing the prices of paper products. This demand is expected to arrive in Q3FY24 during which the publishers will start printing books in preparation for the next academic year.
• Based on this policy, the company believes that an EBITDA margin of INR 27000 per ton (Vs INR 32,000 per ton currently) can be sustained.

Guidance

The company anticipates a downturn in demand during Q2FY24, attributing it to the traditionally lean season. However, starting from Q3FY24, there is a projected surge in demand and price escalation in response to the implementation of the new education policy.

Management Commentary: https://youtu.be/RoTInzOogqk?si=86CMjHmj37LFo0QH

Gravita India Ltd – Q1FY24 KTAs
CMP: INR 668 | Market Cap: INR46,124 Mn

Performance
• Revenue from operations stand at INR 7,034 Mn (-6% QoQ, +21% YoY).
• EBITDA arrived at INR 584 Mn (-8% QoQ, +269% YoY)
• PBT stands at INR 612 Mn (-12% QoQ, +22% YoY)
• PAT for the quarter is at INR 526 Mn (-18% QoQ, +18% YoY).
• PAT margins remain steady at 7.4%.

Volumes
• Plastic: 2,750 MT (-16% QoQ, -25% YoY)
• Aluminium: 5,396 MT (-3.7% QoQ, +63% YoY)
• Lead: 29,287 MT (-10% QoQ, +18% YoY)
• Declined volumes were attributed to the effects of cyclone “” which caused operational loss of ~12 days at the Mundra Aluminium plant costing ~1,500 tons in volume and the drop in Aluminium and plastic prices.

EBITDA Margins
• Plastic: INR 10 per kg
• Aluminium: INR 18 per kg
• The margins are affected by price fluctuations as they are not fully hedged. Towards this, the company is working out an arrangement with MCX

Orderbook
• The company has an order book of more than 60,000 MTPA.

High Tax Rate
• The Indian business performed well for the company and given the higher taxes in India, it increased the tax rate to 14%. Going forward average tax rate is expected to be ~12%.

Capacity
• Lead capacity increased to 64,640 MTPA (Chittoor) and 60,000 MTPA (Mundra). The company has started production of red lead with a 4,800 MTPA capacity at Mundra.
• The company has started rubber recycling at the Tanzania plant with a capacity of 3000 MTPA (Phase 1) and output is being consumed internally. They plan to expand it to 6000 MTPA (Phase 2) which will help reduce costs.
• Capacity expansion expected by FY26:
• Lead : 2.25 Lakhs (currently) to 3 Lakh
• Aluminium: 30,000 tons (currently) to 48,000 tons
• Plastic: 22,000 tons (currently) to 65,000 tons

CAPEX
• The company anticipates a CAPEX of more than INR 6,500 Mn by FY26 for its existing (~4000 Mn) and new verticals (~2500 Mn), with ~INR 2,040 Mn in FY24.

Other Highlights
• The high sequential decline in PAT is due to the one-time income incurred of INR 100 Mn in Q4FY23.
• Pure lead manufactured by the company’s Jaipur plant has been impanelled as an approved lead branch deliverable against the MCX futures contract.
• The company witnessed an abundance of domestic scrap at the Chittoor plant from OEMs, telecom companies, IT, and the automobile sector.

Avenue Supermarts Ltd – Q1FY24 Concall KTAs
CMP: INR 3,713 | Market Cap: INR 2,416 Bn

Performance
• Revenue from operations stand at INR 118.65 Bn (+12% QoQ, +18% YoY).
• EBITDA arrived at INR 10 Bn (+34% QoQ, +3% YoY) with an EBITDA margin of 8.4%.
• PBT stands at ~INR 8.97 Bn (+44% QoQ, +2% YoY).
• PAT stands at INR 6.5 Bn (+43% QoQ, +2.4% YoY) with PAT margin of 5.4%.

Land Acquisition Challenge
• Company faces challenges in finding suitable land for its facilities due to land suitability requirements and high prices in large cities.
• As a solution, the company is opening stores in smaller towns to save costs but the sales are relatively less and the footfall is lower than in big cities.

General Merchandise & Apparels
• During the quarter general merchandise continues to recover and has a higher contribution than apparel which is still lagging. The company expects the apparel to have a lower contribution going forward.
• Though the customer profile remains the same, the sales are being affected by inflation.

E-Commerce Business
• This segment has higher operating costs relative to the other segments.
• The company does not expect many losses in this business but is unclear on the profits.
• The management is planning to focus on scaling up the business in existing cities before expanding the model.

D-Mart Ready
• The company has recorded better performance in Pune and Bangalore regions. The contribution of 2 cities has improved without any adverse effect on brick-and-mortar business.

Other Highlights
• There is no deterioration in gross margins of FMCG segment and it is on a growth trajectory.
• The gross margins are declining due to lower contributions from the GM&A business.
• The large stores opened in Punjab and other NCR regions are performing well and store economics are like other stores.
• The company believes that the new Mini-Max stores can serve as an omni channel by acting as a pick-up point as well as a store for customers to buy directly integrating online and offline models.
• Cost per store is increasing.

Guidance
The company believes that all the issues are now behind them and are bullish on the brick-and-mortar and E-commerce businesses going forward. The company is confident about maintaining a run rate of 40 new stores every year.

Jyothy Labs Ltd. Q1FY24 Concall Highlights
Jyothy Labs Ltd. | CMP: INR 290.9 | Mcap: INR 106.82 Bn | Promoter Holdings: 62.89%

Revenues
- Revenues came in at INR 6,870 Mn (+15.1% YoY) (+10% QoQ) (CAGR - 2 Yr: 14.4%, 3 Yr: 16.6%, 4 Yr: 12.9%)
- EBITDA came in at INR 1,174 Mn (+95% YoY) (+28% QoQ)
- EBITDA Margins came in at 17.1% (+710 bps YoY)
- PAT came in at INR 960 Mn (+101% YoY) (+63% QoQ)
- PAT Margins came in at 14.05% (+602 bps YoY)

Debt-Free Company
The company has delivered double-digit growth in various categories and overall performance.

Category Wise Business Mix
- Dish Wash – 34%
- Fabric Care (Main Wash) – 32%
- Personal Care – 12 %
- Fabric Care (Post Wash) – 11%
- Household Insecticide – 7%
- Others – 4%

Segments
Fabric Care
- Grew at 18.1% this quarter (CAGR - 2 Yr: +27.9%, 3 Yr: +27.8%, 4 Yr: +12.3%).
- Key focus area for FY24 is on premium and value offering in detergents.
- And targets to enter new geography for post-wash products.

Dish Wash
- Grew at 10.6% this quarter (CAGR - 2 Yr: +10.1%, 3 Yr: +13.9%, 4 Yr: +14.6%).
- In FY24 the company's priority is to increase market share by enhancing brand equity, positioning itself as the preferred choice among consumers, in the rural areas.

Household Insecticides
- Grew at 10.1% this quarter (CAGR - 2 Yr: -17.1%, 3 Yr: -8.1%, 4 Yr: +18.1%).
- In FY24 the company aims to consolidate its position in the market and drive brand affinity through innovation across formats.

Personal Care
- Grew at 21.1% this quarter (CAGR - 2 Yr: +11.2%, 3 Yr: +11.9%, 4 Yr: +8.9%).
- In FY24 the company's strategic focus is to leverage the strong brand equity of Margo and expand into new formats and categories.
- It aims to build scale by offering a wider range of products in the Toilet Soap (TS) category.
- The company has introduced 3 new variants of Margo (Rose, Lemon and Jasmine) which has got a good initial response.

Outlook
Company has given guidance of maintaining EBITDA levels at ~15% to 16%, which exceeded this quarter by ~210 bps. The company's current trading multiple is 37x based on the trailing 12 months of EPS.

Bajaj Consumer Care Q1FY24 Concall KTAs

CMP: INR 172 | TP: INR 373

Performance

The company reported a healthy recovery with double-digit growth on the top and bottom lines coupled with margin expansion owing to softening LLP and RMO prices. Revenue from operations saw a volume-led growth of 14.3% to INR 249.41 Cr. GM was 55.4% vs 57.9% in Q4FY22. EBITDA Margins were 16.7% vs 15.9% in Q4FY22. PAT grew 13% to INR 40 Cr vs INR 36 Cr in Q4FY22. The urban market displayed mid-single digit volume and value growth whereas the rural market has displayed mid-single digit volume-value decline, but is starting to improve on a sequential basis. NPD growth and the premium ADHO portfolio continue to be pillars of growth for the company. The volume growth in FY23 was 5.6%.

Sequential improvement is visible

Though the market is facing a volume degrowth overall, there are signs of volume recovery in urban markets, and volume slowdown in rural markets has declined sequentially. The market decline is recovering.

RM price trajectory

LLP is down to INR 81/ kg vs INR 87 in Q3 due to subdued demand. RMO is also down to INR 125/ Kg vs INR 87 in Q3 owing to a good harvest. This reduction should reflect on margins from Q1FY24 onward. Prices are now less volatile and more range bound.

Upcoming product launches

The company has planned many NPDs on the almond side as well as the rest of the portfolio for the next year to be inclusive of hair care, skin care, and personal care. Any new product launches will not be margin dilutive.

Margin expectations

They have planned for FY24 to have a similar margin profile as Q4FY23 and noticeable margin expansion will follow in FY25. In the medium term, they will remain in the 18-20% range. GM will be maintained at 40-45% for new launches.

Outlook: This year, BCC saw healthy top-line growth and margin expansion on a low base. However, there was a visible recovery in volumes toward the end of FY23 which is promising. RM price correction, a superior product mix, and the growing distribution strength will lead to investments in advertising to pay off in FY24 onward. As they continue to lower the ADHO reliance in exchange for NPDs, we expect them to steadily gain market share across the addressable market.

Hindustan Unilever Ltd Q1FY24 Concall KTAs
CMP: INR 2703 | MCap: INR 6351.18 Bn

We believe one can accumulate HUL if any weakness.

Revenue Growth

Home Care continued to be the company's highest growth sector with a growth rate of 10%, followed by Skincare, Food Refreshment which saw a growth rate of 4%, and Coffee and Ice Cream, which experienced single or flat growth.
The premium market is expanding at least 50% faster and is contributing to higher margins.

Financial Update

HUL saw a sales growth of 7% YoY totalling INR 149.31Bn with an EBITDA of INR 35.21Bn and a margin of 23.6% a rise of +40bps YoY.
The company recorded a Net profit of INR 24.72Bn which is a growth of 8% YoY.

Margins

HUL has recovered about 400bps of gross margin in the last 3 quarters and is expecting to improve more in the coming quarters.
As inflation has fallen, margins will soon improve. The corporation also reduced pricing in Q1 which will be noticeable in marketplaces by Q3 FY24. EBITDA margin will rise as a result of rising gross margins in the near future.
The company is expecting higher volumes going forward and with cheaper prices, there will be a lot more volume coming in, which will enhance the margins.
Rural areas have previously experienced a slowdown that has bottomed out and is anticipated to pick up in the following quarters.

Raw Material

Prices of raw materials have seen a slight decrease but no major impact on the cost of goods produced.

Product Portfolio Updates

The dental care business is being driven by closeup and is expected to grow in the near future.
Both Fabric Wash and Household Care grew double-digit led by focused market development actions and premiumization. Comfort In Wardrobe Premium Fragrance Hangers, Vim Shudhham Cleaning Spray and Gel were launched in the quarter.
Beauty & Personal Care saw a volume-led growth and delivered 4% revenue growth with single-digit UVG.
Skin Care and Colour Cosmetics grew double digits. Hair Care delivered single-digit UVG led by Tresemme, Clinic Plus and Indulekha which now offers soaps and other skincare products. Skin Cleansing had a modest volume-led growth with Lux and Hamam continuing to outperform.
Further price reductions were taken in the soaps portfolio in this quarter.
During the quarter, the Dove Men+ Care range, Indulekha Soap, and Pond’s Anti Pigmentation Serum were launched.

Foods & Refreshment segment saw a steady performance led by Health Food Drinks and revenue grew 5% with near flat UVG. Tea saw modest volume-led growth as the category continued to witness consumers downgrading due to higher inflation in premium teas vis-à-vis loose tea.
HFD continue to grow competitively with both Horlicks and Boost performing well.
Foods grew in the mid-single digit led by strong performance in Ketchup and Food Solutions. Ice Cream grew in the mid-single digit on an exceptionally high base because unseasonal rains impacted Ice Cream consumption in the quarter.
Horlicks Millet Biscuits, a range of Knorr Chinese Sauces and Bru Cold Coffee were also launched in the quarter.

Market Conditions

The weather front situation continues to be unstable. El Nino has already been set up. Rice cropping has been observed to be influenced. On the non-agri front, there are conflicting trends. Consumers continue to experience high inflation rates.
Due to competition in the skin cleansing category, HUL lost market share. The company wants to expand into the body wash market and is focusing on gel soap products as people are shifting to it.
The rural market is doing better than it did two years ago. Non-agricultural income increases as a result of increasing CAPEX and recovering rural demand. The only challenge for the company is to watch out for weather changes.

Future Growth

Moving forward the company the growth will purely depend on the volumes of the market as the consumption of the customer is recovering to pre covid levels and the inflation is cooling down.
The company will be focusing more on A&P investment in the coming quarter to increase volume numbers.
The company will be investing more in the B&P sector to improve its product portfolio as it has the potential for high-margin products.

Outlook: HUL has significantly outperformed the market on a 2-year basis with an underlying sales growth of 13%. The company is expecting higher margins going forward with more investments in A&P and volume growth. As the inflation is decreasing volume will increase and as market leaders, they will be taking advantage of that. We will see a price cut on some products of the company to increase volumes, as margins are driven by 2/3 volumes and 1/3 price.

Tata Coffee Ltd. Q1FY24 Concall KTAs

CMP: INR 253 | Market Cap: INR 47.25 Bn

Financial Performance

-The company's revenue grew by 6.2% YoY from INR 6,660 Mn in Q1FY23 to INR 7,079 Mn, which was driven by higher realizations in Plantation Coffee and Instant Coffee businesses both in India and Vietnam.
-The company's EBITDA margins were almost flat at 17% in Q1FY24 from 18% in last year's Q1FY23.
-The company's PAT decreased by 5.2% YoY from INR 655 Mn in Q1FY23 to INR 620 Mn in Q1FY24, as the operating performance of EOC (Eight O'clock Coffee) business was impacted during the quarter by lower bag volumes and higher input costs.

Revenue Mix

-Plantation (Cultivation, Manufacture, and Sale of Coffee and Other Plantation Crops)- INR 1,431 Mn (20% of revenue)
-Value Added Products (Production and Sale of Roasted & Ground and Instant Coffee Products)- INR 5,801 Mn (80% of revenue)

Product Performance

-Due to a larger crop and stronger realizations, the company's tea plantation operations have improved compared to the same quarter last year.
-Green coffee turnover and profitability improved from the previous year driven by improved prices and product mix.
-Instant coffee consumption continues to be on a secular path of growth despite the fact that there are several challenges in Europe where especially recessionary trends can be seen, but the instant coffee as a whole portfolio continues to grow.

International Operations

-Tata Coffee's operations in Vietnam continue to generate robust sales and improved profitability which was led by increased sales of premium goods. The company has a strong order book for the entire season from the Vietnam plant.
-Revenues from Eight O'clock Coffee (EOC) which is a USA coffee brand were low as the demand was muted largely on account of the economic conditions. The company is glad about the fact that despite the price hikes the company has not lost market share.

Outlook: The company's plantation business has been extremely profitable for the last couple of years, to drive further growth the company has added avocado plantation. The gestation period is 4-5 years, and the first set of harvest has already started this year. Going forward the company also believes to see demand pick up in EOC in the coming quarters.

Britannia Industries Ltd Q1FY24

CMP: INR 4,660 | Market Cap: INR 1,122.4 Bn

Financial Performance

- The company's revenue from operations grew 8.3% YoY from INR 37,010 Mn in Q1FY23 to INR 40,110 Mn in Q1FY24 (down 0.2% QoQ).
- The company's EBITDA grew 37.5% YoY from INR 5,010 Mn in Q1FY23 to INR 6,890 Mn in Q1FY24 (down 14% QoQ), and margins stood at 17% in Q1FY24 compared to 14% in Q1FY23, due to softening of commodity prices in Q1FY24.
- PAT grew by 35% YoY from INR 3,360 Mn in Q1FY23 to INR 4,550 Mn in Q1FY24 (down 18.4% QoQ).

Product Performance

- The company's drinks business saw high double-digit growth and has launched rich milkshakes and coconut water this season.
- The company also launched Jim Jam pops, multigrain rusk and 50-50 GolMaal.
- The company continues to strengthen its portfolio by launching butter rusk in east and scaled-up milk rusk in Kerela as the company faces a lot of competition from about 2,500 local competitors in those regions.
- The company's laughing cow cheese is becoming a key engine of expansion, with the launch of INR 10 sachets of cheese.

International Business

- Nepal, Middle East & Africa grew by high-double digits with improved margins.
- Double-digit profitable growth in the rest of International, led by America.
- In Egypt the company maintains its high-double digit growth while the growth was stabilized in Kenya.

Operational Performance

- The volume growth was flat, but the company saw a growth in its transactions by 9%.
- The company also received incentives from UP and Tamil Nadu government.
- The company's total innovations were at 4-5% of the total revenue.

Capex

- The company is planning a capex of around INR 4,000-4,500 Mn for FY24.
- This includes investments in Ranjangaon plant for dairy-related products.
- Setting up a factory in Bihar as the company is running out of capacity and a minor expansion in Russia.

Outlook: Going forward the company remains very vigilant on competitive pricing actions, while closely monitoring stock price situation of commodities. The company is confident of maintaining healthy EBITDA margins of 17-20% in the coming quarters, with continuous focus on increasing volumes and transactions.

Marico Ltd Q1FY24 Concall KTAs

CMP: INR 572

The company displayed double-digit top-line growth QoQ and slight decrease of 3% YoY to 2,477 crores in Q1FY24. The progressive moderation in commodity and retail inflation continues to infuse optimism for a gradual recovery in volume growth, led by the rural sector. The company has recorded an EBITDA of INR 5.47Bn with a growth of 9% YoY. EBITDA margins also improved by 253bps from last year's quarter. PAT has seen a growth of 12% YoY totaling INR 4.16Bn in Q1FY24.

Growth in Rural Segment: Despite the absence of the anticipated clear green shoots in rural areas on a sequential basis, the FMCG industry maintained its upbeat attitude from the previous quarter. Rural areas consolidated on a lower basis while metropolitan areas continued to lead growth.

Packaged Foods maintained its strong performance in this area, while Beauty and Personal Care mostly followed the pattern of rural development. Optimism for a gradual comeback in volume growth, spearheaded by the rural sector, is permeated by the progressive moderation in commodities and retail inflation. Monitoring the spatial distribution of rainfall and the effect of recent irregular weather patterns on the agricultural cycle and, as a result, rural incomes, will be crucial.

Domestic Business: Domestic volume has seen a growth of 3% YoY, the growth was subdued by one-off channel inventory. Destocking of Saffola Oils by traders as a result of a precipitous drop in vegetable oil prices. The Company implemented the final stage of trade scheme rationalization in core categories to address the historical Q1 revenue skew. Due to pricing interventions in important domestic portfolios last year and additional price decreases in Saffola Oils during the quarter under review, domestic revenue was at INR 18.27Bn, down 5% on a YoY basis. MT and Ecommerce experienced double-digit growth among the sales channels, while General Trade experienced a mid-single-digit loss.

International Business: In spite of macroeconomic and currency devaluation headwinds in several of the regions, the international segment maintained its strong momentum and produced constant growth of 9% YoY.

Outlook: We expect FY24 to be a better year in terms of value, volumes, and margins. While the performance of the domestic business in Q1 was marred by one-offs, we expect to resume an improving trajectory in volume growth in the near term, given the sustained healthy trends in offtakes, market share and penetration across our key franchises. we expect gross margin to expand by 250-300 bps and operating margin to move up by more than 150 bps to +20% levels in FY24.

Chamanlal Setia Exports Ltd Q1FY24 Concall KTAs
CMP: INR 189 | MCap: INR 9.77Bn

Financial Update
The company has reported quarterly revenue of INR 2.63Bn in Q1FY24 (+1.9% QoQ, -3.8% YoY)
Adj. EBITDA stands at INR 390Mn (+18.5% YoY). Adj. EBITDA margins improved by +7% YoY.
PAT stood at INR 270Mn (+22.9% YoY), with PAT margins of 10.4%.
Flooding and weather conditions reduced sales in Q1FY24.

Future Growth
The company obtained material at a low cost, resulting in a large profit margin for the quarter.
The Indian government's restriction on non-basmati rice types may raise demand for basmati rice.
Floods have harmed the paddy crop in Haryana, Punjab, Uttar Pradesh, and Uttarakhand, but there is still hope for development till mid-August.
The company strives for long-term growth and profitability, putting the bottom line ahead of the top line.

Export Update
Export sales volume and value declined, excluding China, 16% YoY fall in exports
The company will concentrate on exports while expanding its distribution reach.
The company is expanding its export market in countries like Yemen, Israel, Mauritius, Egypt, and Canada.

New development
The company has invested in improving its infrastructure and has increased its processing capacity.
The company is gradually increasing its focus on branding and aims to achieve higher profitability and market valuation through its branded sales.

Other KTAs
The current price of rice is INR 107 per kg.
The company has sufficient raw materials till the other cycle and for Q2FY24.
By the time of the next raw material cycle, the company will be cash rich and will buy Raw materials at the lowest price possible.

Outlook: The company has set a target of achieving 50% sales from branded rice, and they have prepared a team for domestic and international sales. They aim to increase their market share in the branded rice segment and believe there is still a lot of potential for growth in the market. With this growth, we can expect good numbers in the near future.

Tata Consumer Products Ltd Q1FY24 Concall KTAs
CMP: INR 861 | MCap: INR 799.46Bn

Financial Update Q1FY24
For the quarter, revenue from operations was INR 34.71Bn, up 12% YoY.
Consolidated EBITDA for the quarter increased by 19% YoY to INR 5.47Bn.
Group Net Profit for the Quarter increased by 22% YoY to INR 3.38Bn.
The company is having net cash of INR 23.20Bn.

Segment Growth
Indian Beverages – INR 14.44Bn in revenue with a growth of 10% YoY.
Indian Foods – INR 10.33Bn in revenue with a growth of 24% YoY.
US Coffee - INR 3.64Bn in revenue with a growth of 2% YoY.
International Tea – INR 5.30Bn in revenue with a growth of 10% YoY.
Tata coffee – INR 3.40Bn in revenue with a growth of 13% YoY.

Margins
The company has managed to increase its margin expansion of EBITDA by 80bps, PBT by 110bps, Despite ongoing expenditures in new business, Powering Brands with A&P, and spending on distribution expansion moving forward, EBITDA margins continued to improve. The company will continue to focus on achieving profitable growth while balancing the top line and margins.
Tata Soulfull's margins are also accretive in the overall product portfolio.

Tata Soulfull
Tata Soulfull has shown a growth of 50-55% YoY in Q1FY24 and is expected to perform in the same way in the near future.
The Brand has entered new categories with new products like NutriDrink+ for kids and for adults as well, Millet Granola entering the premium cereal category.
Soulfull will be coming up with new products in the major categories in the coming quatres.

NourishCo
NourishCo is another brand that has performed exceptionally well with a revenue of INR 2.93Bn in Q1FY24 with a growth of +60% YoY, this led to the profitability profile for TCP, this revenue is expected to cross INR 10Bn by the end of FY24.
Flagship drinks like Gluco+ and Copper+ have higher margins and are growing at 65%+ YoY.
The company has also considered expansion to drive the expected demand in future for NourishCo.
The company is also expanding its supply chain network to northern and western states.

Other KTAs:
Tata Agni has experienced tremendous growth over the last quarter and is raising the margin on the tea segment, which has seen a 33% price increase in the last 15 months.
TCPL maintained market leadership in tea in the e-com channel for the 26th consecutive month.
The coffee segment has seen a strong performance with revenue growth of 21%.
The company opened 16 new stores of Starbucks in Q1FY24 totalling the stores to 348 stores.
Due to weak demand, particularly from Pakistan and Egypt, Kenyan tea prices are running a little lower than they were in the same quarter last year.

Outlook: In the upcoming quarters, the company anticipates that increasing volumes will fuel its growth as well as the recovery in rural demands will be seen soon. In the salt business, the company has seen volume growth despite a steep increase in the previous quarter. TCP's EBITDA margins improved in spite of continued investments in new segments and is confident that there is more scope for improvement from current levels.

Jubilant Foodworks Ltd – Q1FY24 Concall KTAs
CMP: INR 477 | Market Cap: INR 314 Bn

Performance (Consol)
• Revenue from operations stand at INR 13,345 Mn (+5% QoQ, +6% YoY).
• EBITDA arrived at INR 2,758 Mn (+11% QoQ, -9% YoY)
• PBT stands at INR 543 Mn (+2% QoQ, -63% YoY)
• PAT for the quarter is at INR 289 Mn (+1% QoQ, -74% YoY)

Bengaluru Commissary
• The multi-brand commissary is expected to commence production in August of FY23 at full capacity.
• This facility will reduce costs and improve operational efficiency for the company while serving more than 750 stores.
• The depreciation impact is expected to be minimal.

Increasing RM rates
• The prices for key ingredients such as cheese and vegetables remain elevated.
• Despite the increase in prices and availability issues, using its commissary model the company was able to continue uninterrupted supply to stores and sustain margins.
• This commissary-based model allows the company to maintain high fill rates and low prices without diluting margins.

Loyalty Program
• Domino's Cheesy Rewards loyalty program now has more than 17 million members and their order contribution stands at ~48%.

20 Min Delivery Scheme
• This scheme has served as a differentiator for the company in Bangalore as it has resulted in higher order-led growth as compared to other cities and has reflected in the growth in delivery channels. The company is also experiencing higher repeat order rates.
• Currently, the company is working towards expanding this to other cities.

New Stores
• Domino's: 23 new stores (Total: 1,838)
• Popeyes: 4 new restaurants (Total: 17)
• Hong's Kitchen: 2 new stores (Total: 15)
• Dunkin: 1 new store (Total: 21)
• Internationally the company opened 5 new stores with now 50 in Sri Lanka and 20 in Bangladesh.

Other Highlights
• The ADS of Mature Stores (1,378) arrived at INR 81,049 (+2.7& QoQ).
• In Domino's channel mix, the flat dine-in segment revenues are due to a slowdown in mall stores as the company expects a permanent demand shift to delivery post covid.
• Delivery channels revenues are up 8.4% YoY.
• In Popeyes, the company plans to open ~35 new restaurants in FY24 and will share the numbers of the business once it reaches a larger scale.
• Through their new spicy range of pizzas and combos, the company was able to reduce the decline in ticket size.
• The company believes its INR 49 price point serves as a unique differentiator from its competition.

Guidance

The company anticipates a rise in Dine-in patronage following the implementation of its newly designed stores and has recorded a 20% improvement. The company believes that prices have moderated sequentially and expects price stability. Despite facing elevated inflation, the company is confident in sustaining stable margins going forward. During the last IPL and T20 events, the company experienced heightened sales and now plans to capitalize on the upcoming World Cup event, expecting a surge in orders.

Dodla Dairy Ltd. Q1FY24 Concall KTAs

CMP: INR 830 | Market Cap: INR 49.39 Bn | TP: INR 1,366 | Rating: Buy

Financial Performance

-The company's total revenue grew 15% YoY from INR 7,213 Mn in Q1FY23 to INR 8,306 Mn in Q1FY24 (up 13.7% QoQ)

-The company's EBITDA margins grew from 6.3% in Q1FY23 to 7.3% in Q1FY24, this was due to low raw material prices and a decline in other expenses.

-The company's PAT grew by 40% YoY from INR 249 Mn in Q1FY23 to INR 350 Mn in Q1FY24 (up 55% QoQ)

Operational Performance

- Milk procurement has increased to 15.9 LLPD in Q1FY24, which is an increase of 7.4% YoY, with 87.2% milk directly from the farmers.

- Average milk sales have increased in Q1FY24 as compared to 10.4 LLPD in Q1FY23 which is a 6.2% increase YoY.

-Sales from VAP (Value added products) contributed 32% of the overall revenue and have increased to INR 2586 Mn in Q1FY24 an increase of 12.9% YoY. VAP has seen great growth in past years, this is because the company is maintaining a strong portfolio and with rising disposable incomes will drive demand for VAP dairy products.

-By the end of Q1FY24 the company had a total of 596 Dodla Retail Parlours with 1770+ milk & milk products distributors.

-The company's average milk procurement price was INR 39.62 while average sales realization price was INR 56.54 in Q1FY24.

Competition

-The company faces competition from Nandini in Karnataka, it's paying same amount to the farmers for milk procurement what Nandini is paying and the sales side the company is selling on higher price then the competition and is still maintaining the market share and margins, due to its premium and quality products.

-To maintain competitive advantage the company pays its farmers on time for their hard work company and pays the price including subsidy upfront which the company gets from the government, while the competitor just pays the price of milk for procurement and then after 1-2 month pays the subsidy to the farmer.

-In certain states there was a decline in commodity prices, still the company didn't do any price cuts keeping in view farmers requirement and long term relationships with the farmers.

International Business

The company reported a revenue of INR 600 Mn from Kenya, with EBITDA at INR 140 Mn and margins at 23.1% in Q1FY24.

Currently the Uganda plant is at 75-80% capacity utilization. The company will start trial runs in Kenya plant from October and will be operational by December. The company has taken approval of INR 400 Mn for the capex, but it is expecting to finish within INR 250 Mn.

Outlook: Going forward the company is set to benefit from the upcoming flush season of 2023-24 which is likely to peak by September-October 2023.

ADF Foods Ltd Q1FY24 Concall KTAs
CMP: INR 1072 | Market Cap: INR 23.4 Bn
Financial Performance
-The company's revenue from operations grew by 15.7% YoY from INR 972 Mn in Q1FY23 to INR 1,124 Mn in Q1FY24 (down 8.7% QoQ)
-The company's gross margin stood at 66% in Q1FY24 compared to 60.6% in Q1FY23.
-EBITDA grew by 141.4% YoY from INR 91 Mn in Q1FY23 to INR 219 Mn (down 17.2% QoQ).
-EBITDA margins stood at 19.3% in Q1FY24 compared to 7.6% in Q1FY23.
-PAT grew by 92.7% from INR 76 Mn in Q1FY23 to INR 147 Mn in Q1FY24 (down 8.4% QoQ).

Revenue Mix
-Processed & Preserved Food- INR 863 Mn (up 9.8% YoY, down 16% QoQ), while the EBIT stood at INR 231 Mn.
-Distribution- INR 261 Mn (up 40.4% YoY, up 28.6% QoQ), while the EBIT stood at INR 24 Mn.

Operational Highlights
-The company's Ashoka brand continues to grow at very high double digits. It crossed Rs. 200 Cr in revenue in last financial year and has grown well in the current quarter too.
-The company's 3 SKUs received a listing in a large Discounter and 15 SKUs received a listing in a supermarket chain in the UK – we are optimistic of these listings' revenue potential.

Expansion
-The company has created a large freezer capacity in its New Jersey warehouse, which will help it to do faster fulfillment of frozen category products in the market.
-The company's Greenfield project in Surat will increase frozen foods capacity.
-The company has completed the debottlenecking efforts at existing facilities, which will further help in increased efficiency.

Outlook: The company is focused on consistently introducing new products across its brands portfolio. Some of the company's SKUs gained listing nods from a prominent discounter and a grocery chain, demonstrating that at ADF, it strives to provide consumers with an authentic Indian dining experience while adhering to the best quality standards.

Zydus Wellness Ltd Q1FY24 Concall KTAs
CMP: INR 1,433 | MCap: 91.10Bn
As raw material prices are stabilizing and the subsidiary in Bangladesh will be operational from Q2FY24, we can expect growth followed by volumes.

Financial Update
The company reported net sales of INR 6,992 Mn in Q1FY24 compared to INR 6,930 Mn in Q1FY23, up 0.9% YoY.
The company reported a total income from operations of INR 7,020 Mn in Q1FY24 from INR 6,968 Mn in Q1FY23, Up 0.8% YoY
PAT stood at INR 1,104 Mn in Q1FY24 compared to INR 1,370 Mn in Q1FY23, down 19.4% YoY. PAT margins saw a decrease of -400bps from 19.7% in Q1FY23 to 15.7% in FY24.

Product Performance
Five of its brands i.e., Glucon-D, Sugar-Free, EverYuth Scrub, Peel Off Face Mask, and Nycil maintained their leadership positions in their respective categories as on June 2023.
Glucon-D has retained its top spot with a market share of 59.9%. To increase trial participation for Glucon D sachets and the Glucon D Mango Blast version, the business created the "Thakaan Gone, Energy On" campaign.
Sugar-Free maintains its market leadership with a 96.2% market share. The company proceeded to grow its Sugar-Free Green trademark with aggressive media ads while also focusing on programs to encourage people to live better lifestyles.
Nycil has maintained its strong position in the Prickly heat powder category by increasing its market share by 117 bps over the same period last year, to 35.5% .
Throughout the quarter, Complan's volume market share has steadily increased. Throughout the quarter, the brand was backed by 360-degree advertising on TV, print, and digital platforms. Complan's market share stood at 4.5%.
The Everyuth brand is among the top 5 brands in the country with a market share of 6.2% in the facial cleansing segment.

Future Growth
Subsidiary- During the quarter, the Company’s subsidiary in Bangladesh became operational thereby strengthening its international presence.
The company is planning to launch more Glucon-D flavours and is confident with customer acceptance.
Nycil will be focusing on gaining new customers with some new launches and advertisement spending.
Gross margins have increased in some segments and are expected to increase at a steady rate.
The company will be focusing on building an international presence with relevant product offerings.

Other KTAs
Scrubs and peel-off masks will see higher growth from Q2 as the festive season is on the edge.
The company will be exploring new segments for growth and market share, launching of chocolate was an experiment and turned out okay.

Outlook: As the company is focusing on new customer growth and with increased penetration we can see higher volumes. The company is also exploring new products and with its strong brand name higher market share is expected. With improved margins, we can expect higher numbers in the coming quarters.

Tata Consumer Products Ltd Q1FY24 Concall KTAs
CMP: INR 861 | MCap: INR 799.46Bn
For the quarter, revenue from operations was INR 34.71Bn, up 12% YoY.
Consolidated EBITDA for the quarter increased by 19% YoY to INR 5.47Bn.
Group Net Profit for the Quarter increased by 22% YoY to INR 3.38Bn.
The company is having net cash of INR 23.20Bn.

Segment Growth

Indian Beverages – INR 14.44Bn in revenue with a growth of 10% YoY.
Indian Foods – INR 10.33Bn in revenue with a growth of 24% YoY.
US Coffee - INR 3.64Bn in revenue with a growth of 2% YoY.
International Tea – INR 5.30Bn in revenue with a growth of 10% YoY.
punjaboffee – INR 3.40Bn in revenue with a growth of 13% YoY.

Margins

The company has managed to increase its margin expansion of EBITDA by 80bps, PBT by 110bps,
Despite ongoing expenditures in new business, Powering Brands with A&P, and spending on distribution expansion moving forward, EBITDA margins continued to improve. The company will continue to focus on achieving profitable growth while balancing the top line and margins.
Tata Soulfull's margins are also accretive in the overall product portfolio.

Tata Soulfull

Tata Soulfull has shown a growth of 50-55% YoY in Q1FY24 and is expected to perform in the same way in the near future.
The Brand has entered new categories with new products like NutriDrink+ for kids and for adults as well, Millet Granola entering the premium cereal category.
Soulfull will be coming up with new products in the major categories in the coming quatres.

NourishCo

NourishCo is another brand that has performed exceptionally well with a revenue of INR 2.93Bn in Q1FY24 with a growth of +60% YoY, this led to the profitability profile for TCP, this revenue is expected to cross INR 10Bn by the end of FY24.
Flagship drinks like Gluco+ and Copper+ have higher margins and are growing at 65%+ YoY.
The company has also considered expansion to drive the expected demand in future for NourishCo.
The company is also expanding its supply chain network to northern and western states.

Other KTAs:

Tata Agni has experienced tremendous growth over the last quarter and is raising the margin on the tea segment, which has seen a 33% price increase in the last 15 months.
TCPL maintained market leadership in tea in the e-com channel for the 26th consecutive month.
The coffee segment has seen a strong performance with revenue growth of 21%.
The company opened 16 new stores of Starbucks in Q1FY24 totalling the stores to 348 stores.
Due to weak demand, particularly from Pakistan and Egypt, Kenyan tea prices are running a little lower than they were in the same quarter last year.

Outlook: In the upcoming quarters, the company anticipates that increasing volumes will fuel its growth as well as the recovery in rural demands will be seen soon. In the salt business, the company has seen volume growth despite a steep increase in the previous quarter

Zomato Ltd Q1FY24 Concall KTAs
CMP: INR 86.6 | Market Cap: INR 746 Bn

Financial Performance

-The company's revenue from operations grew 70% YoY from INR 14,140 Mn in Q1FY23 to INR 24,160 Mn in Q1FY24 (up 17.5% QoQ).

-The company's EBITDA narrowed down by INR 2,590 Mn YoY from a loss of INR 3070 Mn in Q1FY23 to a profit of INR 480 Mn in Q1FY24 (up INR 1780 Mn QoQ), and margins narrowed to -1.9% in Q1FY24 compared to -21.7% in Q1FY23.

-PAT turned positive and grew by INR 1,880 Mn YoY from a loss of INR 1,860 Mn in Q1FY23 to INR 20 Mn in Q1FY24 (up INR 1,900 Mn QoQ).

Segment-wise Revenue Breakup

-Indian food delivery- Up 27% YoY from INR 10,740 Mn in Q1FY23 to INR 13,720 Mn in Q1FY24.

-Hyperpure supplies (B2B Business)- Up 127% YoY from INR 2,730 Mn in Q1FY23 to INR 6,170 Mn in Q1FY24.

-Quick commerce business- Up 5.7% QoQ from INR 3,630 Mn in Q4FY23 to INR 3,840 Mn in Q1FY24.

-Other segments- Down 35% YoY from INR 670 Mn in Q1FY23 to INR 430 Mn in Q1FY24.

Food Delivery Segment

-GOV grew by 13.8% YoY from INR 64,250 Mn in Q1FY23 to INR 73,180 Mn in Q1FY24 (up 11% QoQ), driven by robust growth in the number of orders as well as modest uptick in the average order value.

-Average monthly transacting customers grew by 4.7% YoY from 16.7 Mn in Q1FY23 to 17.5 Mn in Q1FY24, while the average monthly active food delivery restaurant partners also grew by 8.6% YoY from 208 in Q1FY23 to 226 in Q1FY24.

-Adjusted EBITDA turned positive from loss of INR 1,130 Mn in Q1FY23 to a profit of INR 1,810 Mn, with adjusted EBITDA as a % of GOV improving to 2.5% in Q1FY24 from -1.8% in Q1FY23.

Zomato Gold

-The company saw growth in the adoption of its Zomato Gold program which drove a higher frequency of ordering and now contributes to +30% of GOV in the food delivery business.

-INR 5,150 Mn of GOV was transacted through Zomato Dining-Out in India in Q1FY24, which is 7% of the GOV of food delivery business.

Blinkit

-The business turned contribution positive for the first time in the month of June 2023, the company believes it can deliver adjusted EBITDA breakeven in quick commerce business in the next 4 quarters. Blinkit's GOV is very close to Zomato's GOV in some of the large cities.

-The YoY GOV growth stood at 82% at INR 21,400 Mn, but QoQ growth was slow at 4.5% was mainly due to the temporary business disruption the company had in the month of April resulting from the change in the delivery partner payout structure.

-Due to this, some of its dark stores were shut for a few days in certain parts of the country, which caused a decline in overall order volumes during the quarter.

-The AOV grew by 10.2% YoY from INR 528 Mn in Q1FY23 to INR 582 Mn in Q1FY24. (Up 11.4% QoQ), the company expects its AOV to continue to swing up and down in the near to medium term due to multiple (mainly seasonal) factors.

Hyperpure

-Hyperpure revenue grew 29% QoQ and 126% YoY to INR 6,170 Mn in Q1FY24, driven by growth across the core restaurant supplies business as well as the newer quick commerce opportunity that the company started tapping a couple of quarters ago.

-The Company increased the minimum order value threshold below which restaurants are not allowed to place orders on Hyperpure this led to an increase in average order value and churning of small restaurants.

Outlook: We believe the company is on the right track to profitability and the company believes it can continue to see +60% YoY GOV growth in this business with 40%+ YoY topline (Adjusted Revenue) growth for at least the next couple of years, with focus steadily on growing the business both in terms of number of customers and their monthly wallet share. The company is also exploring opportunities to build an events and ticketing business (Zomato Live), alongside the dining-out business.

Bikaji Foods International Ltd Q1FY24 Concall KTAs

CMP: INR 488 | Market Cap: INR 121.8 Bn

Financial Performance

- The company's revenue from operations grew 15% YoY from INR 4,185 Mn in Q1FY23 to INR 4,816 Mn in Q1FY24 (up 4.4% QoQ).
- The company's EBITDA grew 113% YoY from INR 308 Mn in Q1FY23 to INR 658 Mn in Q1FY24 (up 6.4% QoQ), and margins stood at 13.6% in Q1FY24 compared to 7.3% in Q1FY23, led by operating efficiency and superior mix combined with the impact of softening of input material prices.
- PAT grew by 163% YoY from INR 157 Mn in Q1FY23 to INR 414 Mn in Q1FY24 (up 8% QoQ).

Product Mix Revenue

- Ethnic Snacks- Up 16.1% from INR 3,092 Mn in Q1FY23 to INR 3,588 Mn in Q1FY24 (contribution 74.7%)
- Packaged Sweets- Up 9.4% YoY from INR 315 Mn in Q1FY23 to INR 348 Mn in Q1FY24 (contribution 7.2%)
- Western Snacks- Up 19.4% YoY from INR 360 Mn in Q1FY23 to INR 430 Mn in Q1FY24 (contribution 8.9%)
- Papad- Up 1.2% YoY from INR 291 Mn in Q1FY23 to INR 294 Mn in Q1FY24 (contribution 6.1%)

Regional and SKU Mix

- The company's East business has grown by 13.1% YoY, North by 15.8%YoY, South by 60.9% YoY, and West by 6.2% YoY, while the North and East contributed 89% to the revenue.
- SKU- Family Packs grew 19.6% YoY and Impulse Purchase packs grew by 10.5% YoY contributing 55.6% and 43.2% to the revenue respectively.

Capacity

- During the quarter the company has started full trial production of multiple lines of Patna unit.
- Total of 9,000-ton capacity addition has been done in Q1FY24 and the company plans to add two plants in Raipur and Chattisgarh by the end of FY24.
- Currently the company operates at 40% capacity, and it aims to reach 65-70% capacity utilization in the next 3-4 years.

Other KTAs

- The company is planning to transform its power consumption to green and sustainable energy and is targeting to shift 30% of its total power consumption to green and sustainable energy.
- The company's spending on advertising will be higher in Q2 and Q3.
- The company will now focus more on western snacks, and it expects the share of western snacks to reach up to 11% by FY25.

Outlook: Going forward the company continues its focus on leveraging its brand identity to increase sales and with the onset of the festive season in the 2nd half of the year the company believes it will see an increase in the family pack which has a significantly higher gross margin.

Varun Beverages Ltd Q1FY24 Concall KTAs

CMP: INR 823 | Market Cap: INR 1,069.6 Bn

Financial Performance

- The company's revenue from operations grew 14% YoY from INR 50,280 Mn in Q1FY23 to INR 57,413 Mn in Q1FY24 (up 44.8% QoQ).
- The company's EBITDA grew 21% YoY from INR 12,506 Mn in Q1FY23 to INR 15,110 Mn in Q1FY24 (up 88% QoQ), and margins stood at 26.9% in Q1FY24 compared to 24.8% in Q1FY23, driven by higher gross margins of 52.5% primarily owing to softening of PET chips prices and operational efficiencies.
- PAT grew by 25.4% YoY from INR 8,020 Mn in Q1FY23 to INR 10,054 Mn in Q1FY24 (up 128% QoQ).

Sales Volume

- Consolidated sales volume grew by 4.6% to 314 Mn cases in Q1FY24 from 300 Mn cases in Q1FY23 led by robust growth in international markets.
- Sales volume growth in India got affected due to abnormally high unseasonal rains throughout the quarter.
- CSD constituted 73.9%, JBD 7.3%, and Packaged Drinking Water 18.8% in Q1FY24.

Capex

- During H1 2023, the net capex amounting to INR 19,000 Mn primarily includes:
  - Setting up of new greenfield production facilities in Bundi (Rajasthan) & Jabalpur (MP) for INR 8,500 Mn.
  - Brownfield expansion at six existing facilities in India for INR 6,500.
  - Capex in International subsidiaries for INR 3,000 Mn
  - Purchase of land ahead of plant constructions in future years amounting to INR 1,000 Mn

Expansion

- The company is currently in the process of establishing greenfield facilities in the States of Uttar Pradesh, Maharashtra, and Odisha. These new facilities, along with the upcoming facility in DRC, are expected to be fully operational before the season next year.
- The company has incorporated a new subsidiary - Varun Beverages South Africa (PTY) in Johannesburg, South Africa to explore the business of manufacturing and distribution of beverages.

Sustainability

- The company recently introduced 100% recycled plastic (rPET) bottles for Pepsi Black in certain sub-territories.
- The company has engaged with GEM Enviro Management Pvt. Ltd. for phased implementation of 100% recycling of used PET bottles.

Outlook: The company witnessed slower than anticipated demand due to unseasonal rains, we remain optimistic about its full-year performance, especially considering the lower seasonality in the business following the integration of West and South territories. Going forward the company might see weak Q2 & Q3 given the nature of the business, but this might be offset with its dairy-based and sports drink business.

Hindustan Foods Ltd Q1FY24 Concall KTAs

CMP: INR 563 | Market Cap: INR 63.4 Bn

The top line was affected by continuous fall in commodity prices which offset the gains of the ramping up of the new factories.

Financial Performance

The company's revenue was down by 3.5% YoY from INR 5,980 Mn in Q1FY23 to INR 6,192 Mn in Q1FY24 (down 6.1% QoQ).

-The company's gross margin stood at 17.2% in Q1FY24 compared to 17.6% in Q1FY23.

-EBITDA up by 32.6% YoY from INR 380.4 Mn in Q1FY23 to INR 504 Mn in Q1FY24 (up 2.8% QoQ).

-EBITDA margins stood at 8.1% in Q1FY24 compared to 6.3% in Q1FY23.

-PAT up by 57% YoY from INR 149 Mn in Q1FY23 to INR 234 Mn in Q1FY24 (up 16% QoQ).

Operational Highlights

The fall in commodity prices continues to be reflected in the weak QoQ growth in the top line.

The company's summer products portfolio was affected by the drop in demand caused by unseasonal rains during the quarter.

The company is trying to reduce the transportation of plastic products from one factory to another by backward integration within the factory to reduce carbon footprints.

Capex

The second phase of expansion worth INR 1,250 Mn at the ice cream facility in Uttar Pradesh was successfully commercialized and ramped up during the quarter.

The company's capex plans for setting up the Soap & Bars project in Hyderabad for INR 1,250 Mn was commercialized in Q1FY24 and continues to ramp up satisfactorily in July and August 2023.

The greenfield expansion of INR 250 Mn to set up the juice tetra pack line in Guwahati, Assam is expected to commercialize in Q4FY24.

Acquisition Update

The company's acquisition of the Baddi factory is delayed due to statutory approvals. The Management now expects to close the transaction towards the end of Q3FY24.

Outlook: Going forward the company remains confident of achieving INR 40,000 Mn revenue by April 25 and is very bullish on the beverages and ice cream segment which can see double-digit growth in in the future.

Barbeque-Nation Hospitality Ltd Q1FY24 Concall KTAs

CMP: INR 684 | Market Cap: INR 26.6 Bn

Financial Performance

- The company’s revenue from operations grew 2.8% YoY from INR 3,148 Mn in Q1FY23 to INR 3,238 Mn in Q1FY24 (up 15.3% QoQ), supported by robust sequential volume growth of 20% across both dine-in and delivery businesses.
- The company’s EBITDA was down 33.6% YoY from INR 704 Mn in Q1FY23 to INR 467 Mn in Q1FY24 (up 17.3% QoQ), and margins stood at 14.4% in Q1FY24 compared to 22.3% in Q1FY23.
- The company reported a loss of INR 40.5 Mn in Q1FY24 compared to a profit of INR 160 Mn in Q1FY23.

Revenue Mix

- Dine-in revenue stood at INR 2,755 Mn (up 14.5% QoQ, 1.3% YoY), contributing 85.1% of the revenue.
- Delivery revenue stood at INR 473 Mn (up 21% QoQ, 12.6% YoY), contributing 14.6% of the revenue.

Operational Performance

- Average Annual revenue/Outlet for matured outlets stood at INR 65 Mn in Q1FY24 (up 13.9% QoQ), with restaurant operating margins at 14.3%.
- Average Annual revenue/Outlet for New outlets stood at INR 52 Mn in Q1FY24 (up 32.4% QoQ), with restaurant operating margins at 4.3%.
- The company added 4 new restaurants during Q1FY24.

Outlook: Going forward the company’s emphasis will be on increasing SSSG and profitability in the India dine-in business, growing innovative verticals such as Toscano and foreign companies, and increasing UBQ and Dum Safar penetration which will gradually increase margins going forward.

Radico Khaitan Ltd Q1FY24 Concall KTAs

CMP: INR 1,443 | Market Cap: INR 192.8 bn

Financial Performance

- The company's revenue from operations grew 26.3% YoY from INR 7,570 Mn in Q1FY23 to INR 9,540 Mn in Q1FY24 (up 14.7% QoQ).
- The company's EBITDA grew 29.7% YoY from INR 925 Mn in Q1FY23 to INR 1,200 Mn in Q1FY24 (Up 51.8% QoQ), Margins stood at 13% in Q1FY24 compared to 12% in Q1FY23.
- PAT grew 9.6% YoY to INR 680 Mn in Q1FY24 (up 58% QoQ).

Capex:

- The Sitapur project is progressing well and commercial production is expected to start in Q2 FY2024.
- The expansion of the Sitapur plant will support the company's volume growth in the future.

New Products:

- Radico Khaitan launched a new super-premium gin called "Happiness in a Bottle: A Happily Crafted Gin" with three variants.
- The company plans to launch another luxury whisky brand in the second half of FY2024.
- The company has launched a ready-to-drink vodka cocktail in Karnataka and plans to expand it to other states.

Guidance:

- The company expects EBITDA margins to reach mid-teen levels in the future, driven by product premiumization and backward integration.
- Radico Khaitan is confident in its long-term margin expansion and aims to become a zero-debt company by 2026.
- Radico Khaitan expects to continue growing its export market, but it is difficult to predict whether domestic or international sales will grow faster.

Operational Performance:

- Radico Khaitan Limited reported strong financial results for Q1 FY2024, with Prestige & Above category brands growing over 27% YoY.
- Margins improved significantly on a QoQ basis due to premiumization and price increases in both IMFL and country liquor businesses.
- The luxury portfolio, including Rampur Indian single malt, Jaisalmer Gin, and Royal Ranthambore whisky, is performing well in both domestic and international markets.
- The company has seen significant growth in the white spirits category, particularly in the craft gin space with Jaisalmer Gin.
- Core brands such as Magic Moments Vodka, Morpheus Premium Brandy, After Dark Blue Whisky, and 1965 Spirit of Victory Premium Rum performed well.
- The company has seen price increases in several states, including Telangana, which will impact FY2024.
- Karnataka's recent duty increase may have some impact on volumes, but the market is expected to adjust in the coming quarters.
- Radico Khaitan is cautious about the volatile commodity prices of glass and ENA, but expects them to normalize in the future.

Expansion and Strategy:

- Radico Khaitan remains focused on premium brand expansion, both in white and brown spirits, and leveraging its capital investments.
- The company is optimistic about the growth potential of its luxury portfolio, particularly Royal Ranthambore whisky.
- The company is confident in the growth of both its domestic and international business.
- The company remains focused on maintaining its long-term margin expansion.

Devyani International Ltd Q1FY24 Concall KTAs

CMP: INR 189 | Market Cap: INR 227.6 Bn

Financial Performance

- The company's revenue from operations grew 20% YoY from INR 7,047 Mn in Q1FY23 to INR 8,466 Mn in Q1FY24 (up 12% QoQ).
- The company's EBITDA grew 5.3% YoY from INR 1,646 Mn in Q1FY23 to INR 1,734 Mn in Q1FY24 (Up 15% QoQ), Margins stood at 20.4% in Q1FY24 compared to 23.3% in Q1FY23.
- PAT was down from INR 747 Mn in Q1FY23 to a loss of INR 15.9 Mn in Q1FY24.

KFC

- The company opened 20 new stores during the quarter.
- Revenue grew 21.5% YoY from INR 4,250 Mn in Q1FY23 to INR 5,164 Mn in Q1FY24, with gross margins standing at 69.7% i.e., INR 3,599 Mn in Q1FY24, this was due to price stabilization in chicken, oil, flour and packing material prices.
- ADR decreased by 7.8% YoY from 127,000 in Q1FY23 to 117,000 in Q1FY24.
- The company is focusing on lunch hours where the sales are muted to get better daytime utilization for the brand.

Pizza Hut

- The company opened 15 new stores during the quarter.
- Revenue grew 11,1% YoY from INR 1,651 Mn in Q1FY23 to INR 1,855 Mn in Q1FY24, with gross margins standing at 74.9% i.e., INR 1,375 Mn in Q1FY24.
- ADR decreased by 9% YoY from 44,000 in Q1FY23 to 40,000 in Q1FY24.
- The company is facing inflation challenges for tomato prices and expects milk and cheese prices to stabilize in the next quarter because of good monsoon.

Costa Coffee

- The company added 11 new stores during the quarter.
- Revenue grew by 83.4% YoY from INR 176 Mn in Q1FY23 to INR 324 Mn in Q1FY24, with gross margins standing at 77.3% i.e., INR 250 Mn in Q1FY24, due to some milk and coffee bean pricing inflation during the quarter.
- ADR decreased by 8.3% YoY from 36,000 in Q1FY23 to 33,000 in Q1FY24.
- The company is expanding Costa at a rapid pace with more than doubling the store count over the last 4-5 quarters.

Vaango

- Revenue grew by 33% YoY from INR 114 Mn in Q1FY23 to INR 152 Mn in Q1FY24, with gross margins at 79.3% i.e., INR 121 Mn in Q1FY24.
- ADR decreased marginally by 3% YoY from 33,000 in Q1FY23 to 32,000 in Q1FY24.
- The company believes Vaango is doing well and expects the brand to become INR 1,000 Mn by the end of FY24.

Outlook: Going forward the company is confident of achieving its goal of opening 275 to 300 stores in FY24 and continuously working towards reaching 2,000 stores by 2026. The company remains strong on its innovation pipeline of introducing new products in coming quarters.

Heritage Foods Ltd Q1FY24 Concall KTAs

CMP: INR 247 |Market Cap: INR 22.9 Bn

Financial Performance

- The company's revenue from operations grew 12.5% YoY from INR 8,209 Mn in Q1FY23 to INR 9,236 Mn in Q1FY24 (up 13% QoQ).
- The company's EBITDA grew 67.9% YoY from INR 240 Mn in Q1FY23 to INR 403 Mn in Q1FY24 (down 3.8% QoQ), Margins stood at 4.36% in Q1FY24 compared to 2.9% in Q1FY23.
- PAT grew 128% YoY to INR 167 Mn in Q1FY24 (down 6.7% QoQ).

Segment Revenue

- Milk- Up 9.7% YoY to INR 5,369 Mn (up 3.5% QoQ)
- Value Added Products- Up 13.4% YoY to INR 3,221 Mn (up 39.2% QoQ)
- Fat Products- Up 21.7% YoY to INR 313 Mn (down 16.9% QoQ)
- Ice-Cream- Up 35% YoY to INR 260 Mn (up 71% QoQ)

Operational Performance

- Average milk procurement was at 1.52 Mn LPD, registering a growth of 9% YoY.
- Average milk procurement prices were INR 44.5/L, while the average selling price increased by 11% YoY or INR 5.43/L in Q1FY24.
- During the quarter the company launched 10 new products: Cold Coffee in 2 new formats, Long shelf-life Lassi in 3 flavours and expanded the Heritage ice-cream range with the addition of 4 flavour.
- The company added 20,000 new distribution outlets in general trade, with the addition of over a thousand retail assets for ice creams and value-added products.

Outlook: Going forward the company aims to achieve an EBITDA margin of 6-7% with continuous investments in specialized value-added products and milk procurement. The company wants to maintain its position as the 3rd largest curd seller in terms of volume in the country. In the 2nd half of the year company expects to see growth in majorly fat products and value-added products, supported by good flush season and increased milk procurement.

Tilaknagar Industries Ltd Q1FY24 Concall KTAs

CMP: INR 191 | Market Cap: INR 36 Bn

Financial Performance

- The company's revenue grew by 33% YoY from INR 2,295 Mn in Q1FY23 to INR 3,041 Mn in Q1FY24 (down 14.8% QoQ)

-The company's gross margin stood at 50% in Q1FY24 compared to 45% in Q1FY23.

-EBITDA grew by 76.8% YoY from INR 217 Mn in Q1FY23 to INR 384 Mn (down 11.7% QoQ).

-EBITDA margins stood at 12.6% in Q1FY24 compared to 9.5% in Q1FY23.

-PAT decreased by 2,385% from INR 10 Mn in Q1FY23 to INR 257 Mn in Q1FY24 (down 56.4% QoQ).

Operational Highlights

-The company's IMFL volumes grew by 42% YoY to 2.51 Mn cases in Q1FY24, which was well above the overall IMFL industry volume growth of 5-6%.

-Brandy contributed 93% of the total volumes, while South India's share of sales volume stood at 86%. The company maintains a 20% market share in the Brandy market excluding Tamil Nadu (as the company has less exposure in Tamil Nadu and operates on a royalty model).

-The company's NSR improved by 8% YoY from INR 1,157 per case in Q1FY23 to INR 1,249 per case in Q1FY24, on account of a combination of state, price, and brand mix.

Raw Material

The company's two main raw materials which are ENA and Glass. The prices have been volatile, the company faces some pressure of INR 2-3/L on the ENA side while the prices for glass have been softening, which will have a positive impact going forward.

Debt

-The company has a debt of INR 1,760 Mn as of June 30, 2023, it is in the final stages of refinancing its debt. The refinancing cost will be 13% and the refinancing amount will be lower than INR 1,760 Mn as the company has some cash reserves, reason for refinancing was to have flexibility in terms of cash flow management.

-The company has raised more than INR 3,100 Mn through preferential issue of equity and warrants, since Dec 21.

-The company intends to be net debt free by March 2025.

Capex

The company has planned a capex of INR 250 Mn for FY24

The company is also expecting its green distillery to get commissioned in this year as it has not been in operation. The can also add some more in capex.

Outlook: Going forward the company expects to have mid-teen growth in its volumes in FY24 with increased focus on the super-premium brandy segment which will further drive the growth of NSR. Margins guidance for FY24 is at 13-14%. The company has also been hiring experienced top management for its long-term growth prospects.

Agro Tech Foods Ltd Q1FY24 Concall KTAs
CMP: INR 838 | MCap: INR 20.52Bn

Financial Update

The company recorded a revenue of INR 1.03Bn in Q1FY24 with a growth of 10% YoY.
Gross margins have increased by 500bps to 23%.
PAT in Q1FY24 is INR 45Mn which is a massive increase from last year's 2.2Mn PAT.
Compared to the first quarter of last year, A&P investments increased by INR 20Mn.

Segmental growth

Ready to cook – Volumes and values are increased by +4% QoQ.
Ready to Eat - Values and volumes have both climbed by +35% and +32% QoQ.
Spreads & Dips – Volumes are flat but values saw a decrease of -2% QoQ.
Breakfast Cereals - Values and volumes have both climbed by +49% and +40% QoQ.
Chocolates - Values and volumes have both climbed by +37% and +38% QoQ.
Staples – Volumes are increased by +9% QoQ led by Mass products, whereas value has shown a decrease of -8% QoQ because of low growth in the premium segment.

Growth drivers

The company's chocolate segment seems very promising, with a robust quarter the company is very confident that this segment will reach the revenue mark of INR 2Bn by the end of FY24.
Due to an increase in demand, the company also plans to build a new chocolate production facility.
The Spread segment has shown lower volumes but is now expected to pick up and will come back to 15-20% growth by the end of Q3, the company has gained a share in 300-350gm packs, also they have launched INR 10 blister packs of LUP's.
The has also launched a chocolate spread which will compete with Nutella and is expected to gain subsequent market share by the end of FY24, they have also launched a gym-oriented spread which is a high-margin product.

Outlook: The company's extensive and reliable distribution network is its largest MOAT. While maintaining stable growth in its core industry, the corporation is working on new items. Bangladesh will be the company's primary emphasis because they currently have production facilities there and anticipate greater demand from that region. The company is also expected to invest more in A&P in the coming quarters.

Apex Frozen Foods Ltd Q1FY24 Concall KTAs
CMP: INR 220 | MCap: INR 6.89Bn

Approval from the Indian Govt for the export of RTE in the EU are expected to come before Q3FY24.

Financial Performance

Revenue stood at INR 2,538Mn in Q1FY24 as against INR 3195Mn in Q1FY23, a -22% decrease YoY. (+23%% QoQ).
EBIDTA for Q1FY24 stood at INR 131Mn, as compared to INR 348 in Q1FY23 with a degrowth of -62% YoY (+332% QoQ).
EBITDA margin stood at 5.1% in Q1FY24 compared to 10.7% in Q1FY23 (vs 1.5% QoQ).
PAT for the quarter stood at INR 36Mn as compared to INR 185Mn in Q1FY23 down by -80% YoY.
PAT margin stood at 1.4% compared to 5.7% in Q1FY23.

Segmental Update

RTE sales- 18% decreased by -7% YoY.
RTC sales- 82% increased by +7% YoY.
Shrimp sales increased 21% year on year in Q1FY24, owing mostly to decreasing offtake from the United States.

CPAEX

An increase in the production of the RTE segment by 5,000MT which was commissioned in May-23.

Future Growth

With the new capex addition, the company is expected to see growth in the RTE segment. Also as soon as the approval comes from the European Union they will have a new market to export the same.
The company is facing challenges from low-priced shrimp markets like China. But as the demand follows the export will pick up which in turn will give higher margins.
The company is seeing growth in markets like the EU and UK and is expected to grow.

Other KTAs

Approvals from European Union are expected to come by the end of Q3FY24.
Pricing of the products is expected to come down in the near future with higher volumes of exports.
Realisation fell 14% YoY to INR 697 per kg, owing mostly to a drop in global shrimp prices and a bigger share of China, which has generated 12% of revenue in Q1FY24, compared to 2% in Q1FY23.

Outlook: The company is expanding into new areas to make greater use of its facilities, although it remains cautiously optimistic about the market condition, both in terms of demand and supply in domestic markets. The company has also reduced its debt by INR 762Mn which is a positive sign. We can expect higher growth in the near future as the demand from the US picks up and the company gets approval from Indian Govt for exports in the EU.

Associated Alcohols & Breweries Ltd Q1FY24 Concall KTAs
CMP: INR 462 | MCap: INR 8.35Bn

Margins are expected to increase due to new premium products and the production of ethanol.

Financial Update
The company has reported quarterly revenue of INR 1.563Bn in Q1FY24 (-15.8% QoQ,-15.1% YoY)
EBITDA stands at INR 185Mn (+25.9% QoQ,-8.0% YoY). EBITDA margins of 11.83% (+388bps QoQ, +92bps YoY)
PAT stood at INR 123Mn (+26% QoQ,-8.0% YoY), with PAT margins of 7.87% (+257bps QoQ,+60bps YoY)

Margins
The company has reported a margin expansion of 400bps QoQ.
This margin growth is due to higher sales in IMFL-licenced brands. Also, the increase in prices of IML by 20-25% contributed to margins.
The company is confident to maintain these margins in the coming quarters.
To increase margins further the company is planning to start buying rice from mandis directly instead of brokers.

Future Growth
The company has plans of launching new brands in the premium category which can be a growth driver in the future.
Also, expansion in new states like Goa, Pondicherry, Odisha, and Assam will provide a new market to capture.
The ethanol plant is currently in trial mode and is anticipated to begin operations on October 23, with a capacity of 130 KLPD.

Other KTAs
The withdrawal of the Scheme of Arrangement for the company merging with Mount Everest Breweries Limited by Associated Alcohols removes a huge overhang on the stock. This change will have no impact on the company's expansion plans.
The company has maintained a zero net debt with net debt to equity of 0.05:1
The revenue decrease is mostly due to a decrease in IMIL volume as a result of a change in government policy.
We might expect a recovery in volumes and higher profits with the expansion of items in other geographical regions and the new premium rage.

Outlook: Moving forward, margins will be monitored when raw material costs fall and ethanol production begins. The anticipated commencement of the ethanol plant adds an element of growth diversification, aligning with global sustainability trends. The withdrawal of the merger scheme removes a significant overhang on the stock, potentially boosting investor confidence. Overall, the company seems to be on a positive trajectory, with the potential to leverage its strengths and navigate challenges effectively.

Balrampur Chini Mills Ltd Q1FY24 Concall KTAs
CMP: INR 404 | MCap: INR 81.63Bn

Higher realizations along with increased volume in the sugar and distillery segments.

Financial Update

The company has reported a revenue of INR 13.9Bn (-6.8% QoQ, +28.7% YoY).
EBITDA stands at INR 1.45Bn (-62% QoQ, +417.8% YoY) with EBITDA margin at 12%
PAT stood at INR 740Mn (-70% QoQ, +516% YoY) with a PAT margin of 5.3%.

Segment Update

Sugar
11.9% increase in sugar sales volume YoY in Q1FY24.
The company saw higher bottom-line growth in the domestic region. The top line was a challenge but is expected to do better in the coming quarter.
Sugarcane crushing saw an exponential increase to 139.6 lac quintals compared to 46.2 lac quintals.
Sugar production was also in line with the production of 13.74 lac quintals (+206% YoY).
The company is also expecting better cane availability in Q2FY24.

Distillery
The distillery segment saw an increase of 56.32% higher revenue compared to last year. With lower margins due to higher transfer pricing of feedstock.
The company saw a 42.5% increase in distillery sales volume YoY in Q1FY24.
The company is expecting the ethanol business will contribute more to top-line revenue. This in turn will increase the margins.
This year, ethanol diversion is anticipated to be worth INR 3.9Mn as opposed to INR 3.5Mn last year.

CAPEX Update

The company has started a project to increase the crushing capacity at one of its plants by 2000 TCD, and this unit will start operating in November 2023.
The capacity has increased, which has led to higher production. Consequently, if compared to the quantity from the previous year, there is bound to be more inventory.

Future Growth

The company is expecting rapid growth from the distillery segment, as the company is expanding its ethanol segment moving forward.
With the new CAPEX, the company is expecting to deliver 8-10% higher ethanol which will drive the margins.

Outlook: With the growth in the topline we can expect higher margins and sales of ethanol will be a key driver for the company. Late September and October rains could make production difficult and could have a bad effect on recovery. The company is very certain that with increased production, we can anticipate improved margins and successful results in the upcoming quarters.

Dwarikesh Sugar Industries Ltd Q1FY24 Concall KTAs
CMP: INR 94 | MCap: 17.71Bn

Financial Update

Dwarikesh Sugar has reported a total revenue of INR 5715.4Mn in Q1FY24 which is a decrease of 12% YoY. But the EBITDA saw an increase of 3% YoY totalling 773.9Mn in Q1FY24.
The company has managed to increase its PAT to 773.9Mn i.e. an increase of 2.3% YoY.

Margins

The company has increased their EBITDA margins YoY from 11.6% to 13.5% in Q1 FY24, this higher margin was led by lower raw material prices and lower employee costs.
The company also increased its PAT margins by 100bps from last year.

Raw material

Production of sugar cane in UP was not affected by the elnino and is growing as expected, only one farm near the dam is affected and was expected.
Maharashtra and Karnataka may see lower production because of heavy rains but this will not affect the company as their major production is from UP.
On the other hand, molasses as raw material is only used in making ethanol and decreasing the prices of molasses is beneficial for the company as it is a high-margin segment.

Sugar Segment

In Q1 FY 24, 8.97 lakh quintals of sugar were produced compared to 8.96 lakh quintals in Q1 FY 23. Despite greater cane crushing during the quarter, sugar production was low, mostly because sugar cane syrup was diverted to the DN & DD units' distilleries for the manufacturing of ethanol. The production of sugar was also hurt by lower recoveries.
In Q1 FY 24, crushing increased by 24% to 98.51 lakh quintals from Q1 FY 23's 79.42 lakh quintals.
When compared to the same quarter last year, when domestic sugar was realising an average of INR 3,457/quintal, this quarter's realisation increased by 4% to INR 3,608/quintal.

Distillery Segment

In the first quarter of FY24, the company sold 303.54 lakh litres of ethanol, of which 113.88 litres were made from sugarcane and the remaining from molasses used as a raw material.
Sales of industrial alcohol increased by 94% and revenue increased by 106% on a quarterly basis, mostly due to the distilleries attached to the DN and DD sugar units using their distillery capabilities to their fullest potential.

Outlook: The company is expecting higher production in the next quarter, as the crops are more healthy than expected. In order to encourage sugar mills to expand ethanol production and reduce sugar output, the government will continue to announce the procurement price of ethanol. The company has a molasse stock of 8.61L Quintal by the end of Q1 FY24. The company is expecting the demand to increase in the next quarter with August as its best month in terms of sales.

Patanjali Foods Ltd Q1FY24 Concall KTAs
CMP: INR 1,276 | MCap: INR 46.1Bn

The FMCG segment saw robust growth with an increase of 267.5% YoY and expect to see such growth in future.

Financial Performance
Revenue from Operations stood at INR 77.67Bn in Q1FY24 as against INR 72.11Bn in Q1FY23, a 7.71% increase YoY. (-1.34% QoQ).
EBIDTA for Q1FY24 stood at INR 1.26Bn, as compared to INR 2.33Bn in Q1FY23 with a degrowth of -45% YoY (-46.6% QoQ).
EBITDA margin stood at 2.7% in Q1FY24 compared to 5% in Q1FY23 (vs 4% QoQ).
PAT for the quarter stood at INR 880Mn as compared to INR 2.41Bn in Q1FY23 down by -63.4 YoY (-66.6% QoQ).
The pressure on EBITDA margins is caused by a drop in oil prices as a result of macroeconomic issues.

Segmental Update
Food & FMCG – The division sold INR 19.52 Cr, accounting for 24.84% of the company's revenue from operations, up from 22.7% in the previous quarter. It increased by 8.16% as compared to Q4FY23. With an EBITDA margin of 18.48%.
Sales of premium oil increased by 93% YoY to 5,738 mt.
The biscuit segment saw a 38% growth and is expected to grow at this pace with new products and new expansions in this segment. Margins were 10-12% and will see higher margins with new launches of premium products

Edible Oils - The segment recorded sales of INR 58.90 Cr, accounting for 74.94% of the company's revenue from operations, compared to 77.18% in the previous quarter.
Sales volume increased by 1.4 lacs MT, representing a 35.80% increase YoY.
This segment saw significantly lower prices in the preceding quarter, the company had high-priced inventory on hand as well as products in transit due to a significant drop in pricing.

CAPEX
The company recently opened 11 new nurseries, including 8 in the North-East and 3 in the rest of India.
The company has signed an MoU with the Telangana government to build an Oil Palm Integrated Park complete with a Seed Garden, R&D Centre, and cutting-edge Oil Palm Mill and Refinery.
The 30 TPH mill extension in Peddapuram, Andhra Pradesh, has been completed and production will start in the near future.

Future Growth
The company is confident that the edible oil segment will have a better quarter ahead.
The growth of FMCG will follow and will be in line with the company’s targets.
The company has been expanding at an impressive rate, and the new product launches will accelerate growth even further. Food and FMCG will also be a significant contribution to revenue and margins.
The company is confident to maintain the levels of 5-7% EBITDA margins by the end of FY24.

Outlook: The company is seeing robust growth in the FMCG segment and is expecting to drive future growth, with increasing margins for the same we can expect better numbers in coming quarters. In the next five years, the company aims to be one of the top three FMCG players in the country, with sales of INR 450-500Bn.

United Spirits Ltd Q1FY24 Concall KTAs
CMP: INR 1036 | MCap: 753.21Bn

Margins
Overall the margins have been very strong for the company in Q1 FY24. Gross profit margins have increased to 43.6% in Q1 FY24 which is an increase of 139bps YoY. EBITDA margins grew by 6.3% YoY to reach 17.7%. The company has registered a PAT margin of 11% and saw an increase of 2.1% YoY.

Financial Growth
Revenue of INR 21.72Bn, an increase of 17.4% YoY. The growth has been driven by the P&A segment which grew by 21.1% Yoy.
Consolidated EBITDA was at INR7140Mn and saw a growth of 129.4% YoY.
Interest cost has decreased by 81% YoY to INR 430Mn from INR 1900Mn in Q1 FY24
The company has reported a consolidated PAT of INR 47.7Bn

Quarter updates
Customers are experimenting with different spirits, and the company has observed a premiumization of the markets. This has benefited USL by allowing for larger margins.
The company presented Godawan 100, a custom 100 Bottle Collectors Editions, at a price of INR 90,000 and was sold immediately.
Growth in the Delhi region has been difficult because local consumption has declined.
After experiencing a decrease following Covid, the beer market made a significant comeback in Q1, and continuing growth is anticipated.
After COVID, the spirit market had an uptrend and will continue to expand at the same rate in the near future.
We can see higher employee costs moving forward totalling INR 14Bn, which is INR 12Bn in Q1 FY24.

Raw Material
Alcohol spirits prices were stable and were to the expectation, the El Nino factor and the rise in minimum support prices for feedstock.
Glass as raw material is seeing some challenges, as the glass industry is going through a consolidation phase, and is still inflated.
Other raw materials like soda ash, furnace oil, etc. are getting better as inflation is cooling down and will see its effect in the next 3 quarters.

IPL
The company has re-signed the media rights contract of RCB men and women for the next 5 years which started from season 2023 and has collected a profit of INR 3Bn from the Men’s team and INR 50Mn from the Women’s team, the company is expecting same numbers for next 4 years.

Future Growth
As the holiday season approaches and consumption increases during this time, USL is optimistic about higher sales in the future.
Sales growth may also come from the cricketing globe, as the World Cup is approaching.

Outlook: USL continues to be optimistic about the P&A segment's expansion and is benefiting from improved margins as a result of its double-digit YoY growth. In order to improve the volume, the corporation is also investing more in A&P and will do so more in the upcoming quarters. We can anticipate better numbers in sales and higher volumes as the festive season approaches.

Siyaram Silk Mills Ltd Q1FY24 Concall KTAs
CMP: INR 526 |Market Cap: INR 24.6 Bn

Financial Performance
The company's revenue was down by 11% YoY from INR 3,980 Mn in Q1FY23 to INR 3,538 Mn in Q1FY24 (down 49% QoQ), due to weak market conditions.
-The company's gross margin stood at 52% in Q1FY24 compared to 39.8% in Q1FY23.
-EBITDA down by 57% YoY from INR 519 Mn in Q1FY23 to INR 225 Mn in Q1FY24 (down 81% QoQ).
-EBITDA margins stood at 6.4% in Q1FY24 compared to 13% in Q1FY23 and were impacted due to higher marketing and advertisement spending and lower absorption of fixed costs leading to negative operating leverage.
-PAT down by 68% YoY from INR 310 Mn in Q1FY23 to INR 100 Mn in Q1FY24 (down 89% QoQ)

Operational Highlights
Realisations during the quarter were lower on YoY basis as we passed on the benefits arising out of the reduction in raw material prices.
The company also announced the buyback of equity shares worth INR 1,080 Mn at a price of INR 650 through the tender offer route.
The company plans to increase its marketing budget in the next two to three years, with an expected sales growth of 12% to 15% yoy.

Debt
The company has reduced its net debt to INR 44.8 Mn as compared to INR 208 Mn on March 23.

Outlook: The company aims to create aspiration in its brands and expand its reach to a large base of customers throughout the country. The textile industry faced some tough market conditions last quarter, resulting in a drop in both volume and realization, which directly impacted the company's sales performance. Going forward the company believes with the onset of the festive season we can see revival in volumes.

Aditya Birla Fashion & Retail Ltd Q1FY24 Concall KTAs

CMP: INR 210 | Market Cap: INR 199 Bn

Financial Performance

-The company’s revenue from operations grew 11% YoY from INR 28,750 Mn in Q1FY23 to INR 31,960 Mn in Q1FY24 (up 10.4% QoQ).

-The company’s EBITDA was down by 37% YoY from INR 4,680 Mn in Q1FY23 to INR 2,920 Mn in Q1FY24 (Up 51% QoQ), Margins stood at 9% in Q1FY24 compared to 16% in Q1FY23, due to subdued sales along with high fix cost and accelerated marketing investments.

-The company reported a loss of INR 1,620 Mn in Q1FY24 compared to a profit of INR 940 Mn in Q1FY23.

Pantaloons Business:

-The Pantaloons business was impacted by the consumption slowdown, resulting in lower sales and an adverse operating leverage on a large network of stores.

Innerwear Business:

-The company's Innerwear business posted a retail L2L of 3% and is investing in brand-building initiatives and new store openings.

Reebok:

-Reebok, which is now fully integrated with ABFRL, showed a growth of 43% in quarterly revenue and is expected to be a profitable addition to the company's portfolio.

Acquisition:

-The company plans to acquire a 51% stake in TCNS Clothing Company Limited and has received regulatory approval for the acquisition.

Expansion and Growth Plans:

-Despite the challenging demand environment, the company remains committed to expanding its retail network, strengthening its brands, and delivering its value proposition.

-The company expects the market to rebound in the second half of the year following the festive period.

-The company is cautious about store expansion and is moderating its growth plans based on market conditions.

Ethnic Wear Portfolio:

-The company is investing in its ethnic wear portfolio, including the Tasva brand, which is expected to breakeven by FY26-27.

Improving Performance:

-The company is focused on improving the performance of Pantaloons and enhancing its private label portfolio.

Debt:

-The company's debt as of June 30, 2023, was INR 2,100 crores, and it expects the closing debt for FY24 to be around INR 2,800 crores.

Partnership:

-The company has incorporated a new subsidiary for a partnership with luxury brand Christian Louboutin.

Long-Term Growth:

-The demand environment is expected to recover after the festive period, and the company remains committed to its long-term growth trajectory

Pearl Global Industries Ltd Q1FY24 Concall KTAs

CMP: INR 713 | Market Cap: INR 15.50 Bn

Despite the global macro-environment continues to be a challenge the company delivered highest ever first quarter revenue in Q1FY24.

Financial Performance

The company's revenue grew by 5% YoY from INR 8,510.6 Mn in Q1FY23 to INR 8,942.1 Mn in Q1FY24 (up 22.5% QoQ), supported by higher realization per unit and improved capacity utilization.

-The company's gross margin stood at 49.4% in Q1FY24 compared to 44.3% in Q1FY23.

-EBITDA grew by 24.4% YoY from INR 671 Mn in Q1FY23 to INR 835 Mn in Q1FY24 (up 33% QoQ), which was due to improved product mix and consistently improving profitability in overseas operations.

-EBITDA margins stood at 9.3% in Q1FY24 compared to 7.9% in Q1FY23.

-PAT grew by 30% from INR 364 Mn in Q1FY23 to INR 474 Mn in Q1FY24 (down 11% QoQ)

Geographic Revenue & EBIT Mix

Hong Kong- INR 7,189.3 Mn and EBIT at INR 200.8 Mn

India- INR 2,574.9 Mn and EBIT at INR 193.3 Mn

Bangladesh- INR 3,207.3 Mn and EBIT at INR 146.7 Mn

Vietnam- INR 1,902.6 Mn and EBIT at INR 252.7 Mn

Others- INR 420.3 Mn and EBIT at INR -20 Mn

Acquisition

The company announced a strategic expansion in Guatemala by acquiring a 55% stake in Pearl GT Holdco. Pearl GT Holdco to incur a capex of USD 2 Mn to expand capacities from 3 lines currently to 12 lines capable of generating an annual revenue of USD 20 Mn.

Pearl has a presence across 3 of the 4 global textile value chains.

Capacity expansion at the Chennai plant is underway and is expected to be completed by Q4FY24.

Other KTAs

The company is aiming for 7-8% profit margin and targeting to maintain its current EBITDA margin.

Debt and equity will be used for capacity augmentation and bottlenecking.

Outlook: The global macro-environment continues to be a challenge. However, despite a sluggish macro-economic environment, the company continues to improve its operational performance with a steady focus on cost controls, capital allocation, and cash flow management. For the long-term perspective, company continues to remain on the path to achieve a target revenue CAGR of 15-20% over the next 3-4 years.

Dollar Industries Q1FY24 Concall KTAs

CMP: INR 410 | Market Cap: 23.3 Bn

Financial Performance

The company is on the right path with a slight miss on the revenues, with improvement on QoQ basis on inventory losses, channel inventories and margin recovery. DIL's Q1FY24 Revenue from operations was down 9.2% YoY to INR 3,282 Mn (down 19.2% QoQ) Vs our estimate of INR 3,411 Mn. EBITDA was down 27.2% YoY to INR 271 Mn (up 139.9% QoQ) Vs our estimate of INR 241. EBITDA Margin contracted by 200bps YoY to 8.3% (vs 2.8% in Q4FY23) vs our estimate of 7.06%. PAT was down 43.87% YoY to INR 151.3 Mn (vs INR 4.5 Mn in Q4FY23).

Progress on Project Lakshya

During Q1FY24 the company added 20 distributors and forayed into newer territories to secure their market share as competitiveness has started to increase. They are now targeting Orissa and the Northeast with a distributor addition of 100-140 in FY24. Currently, the company is sitting with 249 distributors which was 229 distributors in FY23. Project Lakshya's contribution to complete domestic sales increased from 19% in FY23 to 27% in Q1FY24, with a volume growth of 13% on YoY basis.

Modern trade & E-commerce sales

The company has consistently grown in this channel, in Q1 FY24 it has seen a growth of 10% and contribution is at 4% to the total sales, the company aspires to take this number to around 7-8% in a period of 2 years.

Low cotton prices and decrease in ASP

The company's ASP declined by 15% YoY. In FY23, raw material prices of cotton was around INR 1,10,000 per candy, which is now at INR 55,000 to 60,000 per candy.

Premium Segment

The company's premium segment brand Force Neck gave a volume growth of 52% for Q1 FY24. They are confident that the premium segment will help them in achieving this volume growth in the future as well, which will further drive the margins.

Advertisement to improve brand visibility and impact

The company's advertisement expenses for Q1FY24 stood at INR 265.3 Mn whereas it was INR 248.9 Mn in Q1FY23. However, the company maintains a yearly target for advertisement at around 6-6.5% of the revenue.

Outlook: We can expect good thermal sales this year, with orders coming in the beginning of Q3. Brand awareness will increase with increasing ad spending and growing EBO count which will further increase the average ticket value which is currently at INR 1,200 per bill. Cotton prices continue to normalize, and the expansion of Project Lakshya will lead to cost savings and efficiencies. Margins and ASPs have bottomed out at this level and are only expected to go up from here. Once capex finishes up there will also be economies of scale in the next few years.

Indo Count Industries Ltd Q1FY24 Concall KTAs

CMP: INR 213 | Market Cap: INR 42.1 Bn

Financial Performance

-The company’s revenue grew by 5.4% YoY from INR 7,030 Mn in Q1FY23 to INR 7,410 Mn in Q1FY24.

-The company’s gross margin stood at 46.1% in Q1FY24 compared to 28.1% in Q1FY23.

-EBITDA grew by 2.5% YoY from INR 1,220 Mn in Q1FY23 to INR 1,250 Mn (down 15% QoQ).

-EBITDA margins stood at 16.8% in Q1FY24 compared to 17.3% in Q1FY23, missed our estimates by 120 bps.

-PAT decreased by 4.6% from INR 773 Mn in Q1FY23 to INR 737 Mn in Q1FY24 (down 22.3% QoQ).

Operational Performance

-The company recorded a sales volume of 20 Mn meter (up 5.2% YoY, down 2% QoQ), with a healthy order book.

-The company's e-commerce sales are increasing, and the revenue proportion of its domestic brands, Boutique Living and Layer, is improving, with good traction.

-The company is using the free cash flows generated to reduce debt and the company aims to reduce the debt by INR 2,000 Mn by the end of FY24.

International Business

-The China plus one strategy is helping the company get better market share.

-The company is selling around 75% of its products in US, the company wants to focus on the non-US businesses and that's what the Indian government is also focusing on by bringing the FTA with EU UK, Canada, Australia, UAE and GCC countries, which will bring further growth in the future.

Other KTAs

-Currently the 19% of the revenue comes from fashion, utility and institutional bedding and the company is planning to have at least 30% of its revenue from fashion, utility and institutional bedding in the next 3 to 4 years.

-The company doesn’t want to get into the commodities business but wants to focus on spinning value-added yarn which will generate value for the company.

-The company is seeing good uptick in licensed brands i.e. Gaiam and Jasper Conran and in discussions with more licensed brand entities

Outlook: Going forward the company remains optimistic and expects sales volume in the range of 85-90 Mn meter, while maintaining healthy margins of 16-18% in FY24. The company aims to increase its capacity utilization to more than 60% in FY24 and increase more in the coming years, which will bring 2x revenues in the next 3-4 years.

Raymond Q1FY24 earnings call takeaways

CMP: INR 1,930| TP: INR 2,116

Exclusive Retail Network

• The company opened 37 new stores in Q1FY24.

• 39 stores were forced to close primarily owing to store relocation and the projected closure of Parx EBOs.

• 'Ethnix by Raymond' opened 15 new stores totalling 75 stores.

Branded Textile

• Revenue generated from the branded textile sector is INR 6.88Bn(+6% YoY)

• EBITDA stood at INR 1.17Bn (+3% YoY) with an EBITDA margin of 17%(-60bps YoY), margins saw a dip due to a change in product mix.

• The ATV of Raymond shop network saw a growth of +8% YoY.

• This growth is driven by increased consumer demand for the latest season offers, particularly novel items and gifting options for the summer wedding season is driving this growth.

Branded Apparel

• Revenue generated from the branded apparel sector is INR 3.05Bn(+16% YoY)

• EBITDA stood at INR 190Mn (+32% YoY) with an EBITDA margin of 6.4%(+80bps YoY), margins saw an increase due to operational efficiencies and better sales in the quarter.

• This growth was driven by continued demand for work apparel and new casual wear products.

• The growth was seen in all brands of apparel led by Park Avenue.

Garmenting Segment

• Revenue generated from the branded apparel sector is INR 2.65 Bn(+7% YoY)

• EBITDA stood at INR 190 Mn (+62% YoY) with an EBITDA margin of 9.2%(+310bps YoY), margins saw an increase due to operational efficiencies and operating leverage.

• Growth is being powered by continued demand from existing customers in the United States and Europe, as well as new customer additions.

• With China+1, the order book remains healthy. Global brands vendor uptake and consolidation

High-Value Cotton Shirting

• Revenue generated from the branded apparel sector is INR 1.92 Bn(+13% YoY)

• EBITDA stood at INR 190 Mn (+17% YoY) with an EBITDA margin of 10%(+30bps YoY), margins saw an increase due to operational efficiencies and higher demand.

• Growth is led by demand for cotton and linen fabric from B2B customers in Domestic markets.

Engineering Segment

• Revenue generated from the branded apparel sector is INR 2.09 Bn(+0% YoY)

• EBITDA stood at INR 290 Mn (+9% YoY) with an EBITDA margin of 14%(+120bps YoY), margins saw an increase due to operational efficiencies and momentum in demand.

• In a worldwide inflationary environment, demand momentum for ring gears, flex plates, and bearings categories has been sustained in domestic markets, while ring gears and other categories have been successfully supported in export markets.

Raymond Realty

• Revenue generated from the Realty sector is INR 2.34Bn(-18% YoY)

• EBITDA stood at INR 540 Mn (-31% YoY) with an EBITDA margin of 23.3%(-420bps YoY), margins saw a decrease due to the initial cost of the new project (Ten X ERA)

• TenX brand offering (TenX Habitat & TenX ERA) booked INR 2,370 Mn in Q1FY24 versus INR 1,750 Mn in Q1FY23. TenX ERA project launch on February 23 added to booking momentum, with 80%+ units having sold in TenX Habitat.

• The company has 100 Acre of land in Thane from which 40 acre is under development with an estimated revenue of INR 90Bn (INR 42.3Bn booking, INR 47.7Bn balance), the rest 60-acre land has a potential revenue of INR 160 Bn.

• The company also has an upcoming project in Bandra with 0.7Mn sq. ft with a potential revenue of INR 20 Bn.

CapEx

The company incurred a capex of INR 580 Mn for the ongoing capacity expansion in the garmenting and the engineering business, and maintenance CapEx across our various plants in various businesses.

Valuation and Outlook: The recent value-unlocking strategy of the Lifestyle business demerger, which is under process, was the bright spot for the quarter. After the demerger, the lifestyle and real estate businesses will be operated by two separate, consumer-facing, net debt-free listed corporations. The group also has a sizeable cash surplus of more than INR 15,000 Mn that will be used to fuel future expansion. Going forward we are optimistic about the company as festive and wedding season will set in during the second half of the year giving a boost to the consumer demand across the country, and the booking momentum was strong across the real estate business. We believe that there is significant value unlocking to take place in Raymond in the years to come stemming from the real estate, branded apparel, and branded textiles businesses.

Page Industries Ltd Q1FY24 Concall KTAs

CMP: INR 40,285 | MCap: INR 449.18Bn

The premium segment is driving the growth, volumes are expected to increase due to the festive season. This shift will in turn increase the margins.

Financial Update

The company has reported quarterly revenue of INR 12.4Bn in Q1FY24 (+28% QoQ, -7.5% YoY)

EBITDA stands at INR 2.41Bn (+79.7% QoQ, -18.8% YoY). EBITDA margins of 19.5% (+5.6% QoQ, -2.7% YoY)

PAT stood at INR 1.6Bn (+102%QoQ, -23.6% YoY), with PAT margins of 12.8% (+4.7% QoQ, -2.6% YoY)

The company has cash of INR 773Mn in Q1FY24 up by 692Mn YoY.

Volume Growth

Page industries have seen sequential volume growth of 31% and are expected to increase at the same rate because of the festive season.

Q2 and Q3 FY24 are expected to see a high volume which will increase the margins as well.

E-commerce will drive further growth.

Margins

The company is focusing on maintaining its EBITDA margins in the 19-21% range and is comfortable doing that.

Margin expansion will be done by the right amount of inventory which is about 100 days in Q1FY24 (INR 14,321Mn).

There will be no increase in product prices for Q2FY24.

Raw Material prices are softening and are expected to decline more.

Product Portfolio

The company is confident that its current portfolio of premium products is attractive enough to cater to customer demand.

Men's premium is experiencing the most growth, and the company is attempting to replicate this in other areas.

Other KTAs

The company has a strong distribution network across MBO, EBO, LFS and E-Commerce.

Robust supply chain

Secondary sales declined by 8-9% YoY but are expected to get back on track.

The company is still looking for an opportunity in the institution business.

Ad spent in Q4 FY23 was at 2% and in Q1FY24 it's at 2.5%, will increase in H2 and is anticipated by the company and is added to the budget.

The Odisha plant will be operational by the end of Q4 FY24 and production will start by Q2FY25.

The company will also be focusing on the D2C business as they see higher growth in the particular segment.

The women segment has a low penetration, they have formed a separate team for the women market and seeing considerable growth from it. Also has a rich product range and great R&D for the same

Outlook: The country's garment and retail industry, which is forecast to increase due to the country's rising population, strong purchasing power, internet penetration, and evolving fashion trends, will benefit significantly from India's projected economic growth in FY24. This trend is accompanied by an accelerated expansion in the middle-income population, growing urbanization, and increased retail and online sales organization. The increased transfer of economy brand consumers to premium brands is a significant contributor to this continuous rise.

Vedant Fashions Ltd Q1FY24 Concall KTAs

CMP: INR 1,238 | Market Cap: INR 300.6 Bn

Financial Performance

-The company’s revenue was down by 4.1% YoY in Q1FY24 to INR 3,250 Mn, due to lower wedding dates compared to the same quarter last year.
-The company was able to maintain healthy Gross Margin and EBITDA Margins at 66.8% and 47.7% respectively.
-The company posted a PAT of INR 919 Mn in Q1FY24 down 8.8% YoY.

Twamev

-The company’s premium flagship Twamev aims to target an audience with annual income ranging from 50 Lakhs to 3 Crore.
-The company has opened 3 flagship EBO stores across India in Bengaluru, New Delhi, and Hyderabad of 22k sq. ft retail area cumulatively.
-Through this brand company aims to provide premium experience and clothing to HNIs and has brought French consultants to design the experience in these stores to provide an atmosphere of elegance and individuality.

New Stores

-The company is planning to open 2 new stores which will be opening within 3-4 months. The company also plans to sign 3-4 more stores in FY24.
-Based on the performance of its pilot stores the company will take a call on how many stores it will open in the coming 2-3 years.

Outlook: Going forward the company is confident of maintaining its gross margins between 66-68%, which will be supported by strong H2 of the year with the onset of the festive season and has a lot of wedding dates. The company also expects to have increase in average bill values led by its EBOs of Twamev.

Go Fashion (India) Ltd Q1FY24 Concall KTAs

CMP: INR1,184 | Market Cap: INR 63.9 Bn

Financial Performance

-The company’s revenue from operations grew 15% YoY from INR 1,652 Mn in Q1FY23 to INR 1,901 Mn in Q1FY24 (up 20% QoQ), which has been on the back of volume growth and consistently increasing the number of EBOs.
-The company’s EBITDA grew by 21% YoY from INR 531 Mn in Q1FY23 to INR 642 Mn in Q1FY24. EBITDA margins stood at 33%
-PAT grew by 8% YoY to INR 263 Mn in Q1FY24 (up 89% QoQ).

Operational Matrix

-Sales from EBOs were 73.4% of the revenue.
-LFS (large format stores) sales contributed 20.7%
-Online sales contributed 3.1%
-MBO&Other sales contributed 2.8%
-Same Store Sales Growth (SSSG) for EBOs stood grew 2% YoY for Q1FY24.
-Same Cluster Sales Growth (SCSG) for EBOs stood grew 16% YoY for Q1FY24.

Other Highlights

-The Average Selling Price (ASP) grew by 7% YoY to INR 771, which was largely driven by the change in product mix and the company expects ASP to grow around 5-6% going forward.
-Currently the company has EBITDA to operating cash flow of 65% and the company aims to bring this down to a manageable 50%.

Outlook: The consumer market has been a little struggling over the last 4-5 months, the company expects the demand to pick up in Q3FY24 with the onset of the festive season. The company’s expansion strategy focuses on venturing into new markets and establishing its presence in different cities, we believe this will enable the company to achieve a growth rate of 20% plus CAGR and gain a larger market share in the years to come.

Campus Activewear Ltd Q1FY24 Concall KTAs

CMP: INR 289 | MCap: INR 88.22BN

Financial Update

The company has reported quarterly revenue of INR 3.53Bn in Q1FY24 (+1.72% QoQ,+4.8% YoY)

EBITDA stands at INR 664Mn (+15.7% QoQ,+6.7% YoY). EBITDA margins of 18.8% (+40bps YoY)

PAT stood at INR 315Mn (+34.7% QoQ,+0.5% YoY), with PAT margins of 8.9% (-40bps YoY).

The aggregate ASP in Q1FY24 was INR 637 per pair, up from INR 604 per pair in Q1FY23, representing a 4.1% YoY increase.

Marketing spending will see an increase from 5% to 6% in the near future.

Volume

Sales volume in Q1FY24 was 5.6Mn pairs, up from 5.51Mn pairs in Q1FY23, representing a 0.7% increase YoY.

Volumes can see a great upside in the coming festive season. As the company is planning to give higher discounts to drive volumes.

Sales volumes are growing at a rate of 16.5% CAGR.

Future Growth

The company anticipates a sequential improvement in demand with single-digit growth.

With a robust demand in D2C (+21.4 YoY growth), the company is expecting the demand to follow in future.

The company is always having 600 variety of shoes which is the highest in the market.

D2C online business has seen a growth of 10% and still has a lot of market to capture so we can see a higher growth.

Margins

The company is confident that in the next 2 quarters, EBITDA margins will improve to 19.5-20% levels.

This margin growth is expected to follow the high volumes from the festive seasons.

Other KTAs

Sales contributions from semi-premium and premium categories grew to 72%, up from 68% in Q1 FY23.

The revenue mixes across men, women, and children have remained at 80-20 in the current quarter, owing to the company's sustained focus on increasing these categories.

The company has no plans to decrease the prices of the products they are well placed in the market.

the company's planned investments in brand-building, B2C network infrastructure expansion, and talent acquisition, which are critical to growth in the next quarters, are all expected to generate margin executive impact in the following quarters.

The company has a 70:30 franchise-to-own-store ratio.

Outlook: With improving margins and higher volumes in the festive season we can say the company has great potential in the near future. The company's D2C online business growth of 10% signals untapped market potential. The company's sustained focus on innovation, brand-building, and network expansion positions it for continued growth. The robust franchise-to-own-store ratio and a diverse product mix further underline the company's strong market position.

Metro Brands Ltd Q1FY24 Concall KTAs
CMP: INR 1,056 | MCap: INR297.02Bn

Financial Update
The company reported a revenue of INR 5.83Bn in Q1FY24 with a growth of +14.7% YoY.
EBITDA stands at INR 1.87Bn with a growth of 2.1% YoY, with an EBITDA margin of 32.1% (-400bps YoY)
PAT stood at INR 930Mn a decrease of -11.6% YoY, with a PAT margin of 16.1%(-470bps YoY)

Store Expansion
With a net addition of 27 stores across all formats and 8 new cities covered in Q1FY24, store expansion is on track.
By the end of Q1FY24, the company has a total of 766 working stores.
The company is focusing on opening new stores in tier-2 tier-3 cities, which have higher PAT compared to some of the big stores in tier-1 cities.
In Q2FY24, more new stores with a greater concentration of Crocs stores are anticipated to open.

Future growth
By the end of H1, the company will be in a better position and expects Q2 to be significantly better in terms of growth and is very confident.
The company is expecting higher demand in Q2, followed by high e-commerce growth of 60-65% by the end of FY24.
Metro will be opening a total of 200 stores in the next 2 years.
The company will focus more on advertisements, with a spend of 4%.

FILA
After the acquisition of FILA in 2022 the company was having inventory worth of INR500Mn and is still waiting for that to liquidate.
Targeting its clientele and fashion trends will be FILA's main priorities.
FILA will see a major expansion in Q1FY25, till then the company will liquidate the current inventory.

Other KTAs
30% of the sales came from other brands like Crocs and FILA.
By the end of FY24, a +56% annual increase is anticipated.
The cost of shopping online is up 3% overall and 6% to 7% for footwear.
While the sector is getting ready to comply with quality control orders (QCO), we anticipate significant clarity and development to occur over the next two quarters.

Outlook: Strong demand is expected from Q2, with all the festivals coming and the opening of new stores. E-commerce is expected to have considerable demand in the near future as well. Overall, the company is on the right track toward growth and can gain a higher market share.

RSWM Ltd Q1FY24 Concall KTAs
CMP: INR 186 | MCap: INR 8.78Bn

Financial Update
The company has reported quarterly revenue of INR 9.01Bn in Q1FY24 (-5.6% QoQ,-11.9% YoY)
EBITDA stands at INR 160Mn (-66.6% QoQ,-85% YoY). EBITDA margins of 2% (-300bps QoQ, -900bps YoY)
PAT stood at INR -130Mn in Q1FY24 vs INR450Mn in Q4FY23.
The company has a Net Debt of INR 13.50Bn by the end of Q1FY24.

CAPEX Update
To meet the rising demand for Cotton & Cotton Blended Yarn, the business has strategically expanded operations at the Lodha Unit in Banswara, Rajasthan. This extension consists of 51,072 Compact Cotton Yarn Spindles, and it was officially inaugurated on August 2, 2023.
The Lodha project will be completed by the end of FY24
The company has done an acquisition of 20MW WTG – BG Winds Power Ltd.
The company has invested around INR 4.10Bn in the expansion of Denim, Cotton Mélange Yarn, Knits, and Modernization & Balancing equipment across all units.
Getting ready for the festive season and winter.

Future Growth
The company is confident that H2FY24 will be much better in volumes and can see a margin expansion compared to H1.
Benefit from new textile policies such as the PLI, Mega Investment in Textile Parks (MITRA), and Free Trade Agreements.
As the volumes in exports will pick up we can see higher margins.

Other KTAs
JCPenney, H&M, Zara, Levi's, Wrangler, Diesel, Lee, Spykar, Hilfiger denim, and many more are among the top brands they work with.
Orders from both domestic and foreign markets increased in the latter part of June and July 2023, providing a bright outlook for the second quarter and a potential rebound for the struggling textile industry.
Changes in product mix and value-added items contribute to maintaining margins.
The company will be focusing more on high-value speciality yarn businesses like Dyed and Melange yarn.

Outlook: Over the last nine months, geopolitical concerns and an unprecedented surge in cotton prices created a tremendously tough economic environment. However, when these tensions unwind the company may see an increase in export numbers, which will enhance margins and volumes.

S P Apparels Ltd Q1FY24 Concall KTAs
CMP: INR 446 | MCap: 11.19Bn

Sri Lanka expansion can turn out a great bet for the company.

Financial Performance

Revenue from Operations stood at INR 2.48Bn in Q1FY24 as against INR 2.46Bn in Q1FY23, a 0.34% increase YoY. (-9.8% QoQ).
EBIDTA for Q1FY24 stood at INR 360Mn, as compared to INR 430Mn in Q1FY23 with a degrowth of -16.2% YoY (-10% QoQ).
EBITDA margin stood at 15% in Q1FY24 compared to 17% in Q1FY23 (vs 14% QoQ).
PAT for the quarter stood at INR 150Mn as compared to INR 260Mn in Q1FY23 down by -42.3% YoY (-28.5% QoQ).
PAT margin stood at 6.2%(-130bps QoQ, -400bps YoY)

Future Growth

SPAL Retail is one of the fastest-growing divisions of the company powered by a strong distribution network, an in-house design team, and a long-term growth strategy.
HEAD is the world's largest maker and marketer of premium sports equipment and apparel. The company is confident that this will drive growth in the particular segment.
The company is confident to maintain its EBITDA margins at 18-20% levels.
With expected higher demand the company’s utilization levels will increase by 10-20% totalling to 90% by the end of FY24.

Acquisition

The company has acquired the niche brand "Natalia" from Chennai garment exporter SM apparel with the intention of catering to a distinct part of the market, supplying western wear with an ethnic flair to upwardly mobile Indian women aged 20 to 35.

Other KTAs

The company is incorporating a subsidiary company in Sri Lanka and is expanding its operations there. This will give the company a new market to capture.

Outlook: With the new acquisition and expansions in Sri Lanka the company has a great market to capture. With this new market and higher utilization, we can expect great growth in the near future.

Sheela Foam Ltd Q1FY24 Concall KTAs
CMP: INR 1,142 | MCap: INR 111.42Bn
Raw material prices are cooling off we can expect higher margins in the coming quarters.

Financial Update
The company has recorded revenue from operations of INR 6,451 Mn(-11.5% QoQ -7.9% YoY)
EBITDA stands at INR 777Mn(+0.4% QoQ, +18.1% YoY), with an EBITDA margin of 12.04% a growth of +265bps YoY and +142bps QoQ.
PAT stood at INR 433Mn(-5.5% QoQ, +1.9% YoY), with a PAT margin of 6.71% an increase of +64bps YoY and +43bps QoQ.

Acquisition updated
The funds for the acquisition will be divided into cash, debt and QIP.
Both acquisition of Kurlon and the 35% stake in Ferlenco are going as planned and will get more clarity by the end of next quarter.
Kurlon will be a subsidiary of Sheela Foam for now and the merger will happen in future.
Sheela Foam has 3:1 voting rights in Ferlenco which gives them the decision rights.
Ferlenco will turn profitable by the end of December this year, this change will help the company to run on its own without cash requirements from outside for their operations.
The benefits of these acquisitions will soon be seen in the numbers also.

Raw material
Prices of raw materials are cooling off which can be seen in the margins.
The prices are near to pre covid levels and are expected to be steady at these levels.

Future Growth
The company saw strong bottom-line growth and is expected to follow this growth.
The top line is still struggling but the worst is over and will pick up from here.
SFL will focus more on offline markets as the conversion rate is higher as compared to online markets.
The company will be spending more on advertisement trying to increase volume.
Exports are seeing a challenge, especially from the US but will be getting better after Q2.

Other KTAs
The acquisition will give the company a new market to capture, we can see higher volumes in the near future.
There won't be any competition between the three businesses (SFL, Kurlon, Ferlenco) instead, they'll complement one another through cross-integration and combine their clientele.
SFL's plan is to get the best from both the supply chain i.e., of Kurlon's MBO dealership and SFL's EBO network.

Outlook: With these new acquisitions the company has a new market to capture. And with higher volumes, we can expect a higher growth number. The company also aims to cross-sell Sleepwell and Kurlon products in current stores. Integration of Ferlenco can also be a great growth driver for the company.

Shemaroo Entertainment Ltd Q1 Concall KTAs
CMP: INR 151 | MCap: INR 4.1Bn

Quarterly update
- 'Chumbak TV', the company's fourth satellite Free-to-Air channel, was launched in May 2023, it is now accessible on DD Freedish and through some cable operators. The channel is a low-cost channel, monetization for the same will start from Q2 FY24. It could be profitable by Q3 FY24.
- With the release of its original productions Shravani and Kundali Milan (which replaced Raaz Mahal) during the quarter, the company's Umang segment increased its original programming offering to 2 Hours.
- Shemaroo FilmiGaane is the 22nd most subscribed channel in the world with 65 million subscribers. With 5.5 billion views in the month of June, the YouTube channel's monthly views are also rising.
- During Q1 FY24, ShemarooMe Gujarati launched 15 new titles, including plays, web series, and movies.
- In the entire Hindi GEC genre, the company has a viewing share of about 7%.
- The company has launched Shemaroo's FAST channels in Australia and the United States in collaboration with Seven Network and Sling TV, respectively this gives the company a new market to capture.

Financial Update
-The company has reported operating revenue of INR 1535 Mn (Digital Media: 575 Mn, Traditional Media: 960 Mn) in Q1 FY24, with 60% YoY growth.
- The company's EBITDA was INR 78 Mn with a margin of 5.06%, declining by -520bps QoQ and -342bps YoY, which resulted in a decline of PAT margin of -112bps YoY.
-Shemaroo Entertainment has recorded a loss of -13Mn in Q1 FY24 from 2Mn in Q1 FY23.
- Due to low demand across traditional and digital platforms as well as IPL's availability for free on these platforms, the company's margins were under pressure. Additionally, a lot of sponsors switched their budgets over to the IPL.
-Shemaroo Entertainment has invested 1250Mn in the new digital entertainment industry this quarter and will be investing 7500Mn in FY24.
-The company has an EPS of INR -.49/share in Q1 FY24.

Future Opportunities
- The company is optimistic about its top-line growth since it anticipates significant potential in the future.
- There may be a few more quarters with lower profitability and stronger growth because the company is currently concentrating on cash flow and scaling rather than profitability.
- The company dominates the Gujrat market and has the highest OTT viewership for Gujrati shows. They have also invested in this sector and will do so in future.
- The move of Shemaroo Entertainment from traditional media to digital media is still happening.

Outlook: As the demands were down in Q1 FY24 the company faced a lower margin EBITDA but as the demand increases we can see higher margins and higher profitability. This can be a challenging time for the company as they are focusing on scaling and expanding whereas the market is expecting profitability from them. The business also has plans to broaden its channel into overseas markets, and it anticipates seeing the results of these initiatives in FY25.

Saregama India Ltd Q1FY24 Concall KTAs

CMP: 400 | MCap: 77.12Bn

Financial Update

The company has recorded revenue of INR 1.63Bn in Q1FY24 which is a decrease of -2% YoY and -20% QoQ.

The company has recorded an EBITDA of 623Mn in Q1FY24 with an EBITDA margin of 38%, which is an 8% increase in margins QoQ.

The company has delivered a PAT of 433Mn with a PAT margin of 27% compared to the last quarter which was 21%.

Increase in other expenses due to a settlement of old contingent liability, which is settled in the books of Q1. Also, the royalty pay-out of singers for the entire year is realised in Q1.

Future Growth

The company is holding a large line-up for Q2 and Q3 this year.

Investing in Hindi music segments turned out great for the company in Q1 with 2 blockbusters, they are going to invest more in this sector in the near future to acquire a higher market share.

The company is very confident that it will see a constant growth of 23% in the music segment.

The company seems very comfortable with maintaining the EBITDA margins at 30-32% by the end of FY24.

The live events segment is a new segment for the company and is playing it very carefully, and will not exceed its investments by 18%, which was around 12% in Q1.

QIP Update

Saregama has left with INR 7100Mn of QIP by the end of Q1FY24.

The company will use the majority of the QIP’s money in music and music-related acquisitions, including the addition of more music catalogues.

This fund will also be used for inorganic acquisitions in the music segment.

The company wants to gain more than +30% market share of new content, which will require higher investments that will be fulfilled by QIP funds.

Segment Update Q1FY24

The Music segment has seen a growth of 2% QoQ and 17% YoY, with a revenue of INR 1491Mn

The Film and television segment has seen a de-growth of -79% QoQ and -16% YoY, with revenue of INR 122Mn. The Events segment has seen a massive increase of 900% QoQ and a decrease of -92% YoY, with revenue of 20Mn.

CARVAAN

Unit sales of CARVAAN have increased by 52% YoY, with Carvaan mobile volumes building up.

In Q1 FY24, the company sold 149k units compared to 98k units the previous year.

YouTube

Saregama’s YouTube channel has recorded Views of 85Bn in Q1FY24.

The YouTube channel has a total 91Mn subscribers by the end of this quarter.

Outlook: The company has seen great growth in the music sector, with many blockbuster songs in this quarter. The company is also very optimistic about the film and television industry and plans to capitalize on existing intellectual property (IP) through language adaptations, licensing on new platforms, and syndication. Q2 will be better than Q1, but Q3 will be the best quarter for the company as there are more launches in that quarter.

Tips Films Ltd Q1FY24 Concall KTAs
CMP: INR 574 | MCap: 2,480Mn

Financial Update

The company recorded a revenue of INR 6.6Mn, with an EBIT of INR -16.4Mn.

PAT stands at INR -18.3Mn, which is a PAT margin of -278.8%.

As there was no film release in Q1FY24 the company faced a loss in its financials.

Pipeline

The company has 3 Hindi movies (Merry Christmas, Ishq -Vishq Rebound, Sridevi Prasanna)

And 1 Marathi movie is confirmed for this FY24.

The 3 Hindi movies are expected to earn INR1500Mn by the end of FY24.

Tips Films are also planning to work on Web series (OTT) and is expecting to launch its first series in FY24-25.

Future Growth

The company is trying to scale up its production and is aiming to release 10-12 movies in a year by FY26-27.

The workforce at the company is prepared for 5 to 6 productions annually, and they are also developing the project pipeline to hit this goal.

The company has a aim to complete 100 movies by the end of FY30 which will in turn provide them with a stable cash flow of INR 250-300Mn per year.

The company is focusing on movie library construction with a long-term prospect.

Other KTAs

The company is expecting a top-line revenue of INR 1300Mn and a bottom-line revenue of 300Mn by the end of FY24.

Tips have the music rights contract with Race 4 and is expecting a revenue of 250Mn from

In FY23, the firm earned INR 100Mn from the government to shoot in Dubai. The company also obtains government subsidies to film in specific locations.

Outlook: There was a decrease in revenue because the company started new initiatives this quarter that are currently underway. But the next 2 quarters look promising for the company as there are some big pictures on the way with stars like Vijay Sethupathi and Katrina Kaif.

PVR Inox Ltd-Q1FY24

Our view : Time to buy and dawn for Indian exhibition sector

PVR inox reported decent set of numbers with decline in losses on QoQ basis

The results are not comparable on YoY basis due to merger

Revenues at INR 12,666 mn uo by 31.7% YoY/14.7% QoQ

EBITDA at INR 3511 mn up by 2.2% YoY/34.7% QoQ margins stood at 27.7% contracted by 800 bps YoY/+412 bps QoQ

PAT at INR -801 mn vs INR -3357 in Q4FY23.

Net debt increased by 764 mn stood at INR 15,073 mn that was due to addition of screens going on. QoQ basis there may be some changes in debt but YOY basis the levels are expected to be similar.

Admissions The company witnessed 11% QoQ increase in admissions which stood at 33.9mn in Q1FY24 driven by increase in Bollywood, Hollywood and regional content. The occupancy was ~22.3% up by 10bps QoQ and -910 bps YoY.

ATP Average ticket price stood at INR 246 increase of 3% QoQ basis,

Average F&B spend per patron of INR 130 increase of 9% QoQ basis

Ad income remained at similar levels on sequential basis.

Ticket aggregators The contract with BMS came to an end, PVR has negotiated the contract, now its on revenue share basis and not min guarantee commitment, due to which there is drop in the convenience fee.

Screens As on date PVR INOX operates 361 cinemas with 1,707 screens across 114 cities, 31 new screen openings across 5 properties during the quarter.

Cricket World cup: The company is in the process of signing up a contract, will be screening important matches and especially India matches which are scheduled to happen in October 2023.

Content and performance: The number of movies released increased by 59% YoY from 17in Q1FY23 to 27 in Q1FY24. The company witnessed muted April followed by good pick up in May with release of 'The Kerala Story' which turned out to be the biggest release of this quarter along with other superhits like 'Fast X' and 'Guardians of the Galaxy Vol. 3' from Hollywood, and '2018' from Malayalam, then there was release of 'Adipurush', which recorded highest weekend admissions in 2023 but post its 1st week it slowed down. There were many holly wood releases as well like 'Oppenheimer', 'Mission Impossible: Dead Reckoning Part 1' and 'Barbie' which impacted footfalls positively.

Content lined up Upcoming release slate includes several highly anticipated Hindi movies such as 'Oh My God 2', 'Gadar 2' starring Sunny Deol, and 'DreamGirl 2' starring Ayushman Khurana in August; 'Jawaan' starring Shahrukh Khan in September; 'Ganapath' starring Tiger Shroff and 'Tejas' starring Kangana Ranaut in October; 'Tiger 3' starring Salman Khan in November; 'Yodha' starring Sidharth Malhotra and 'Dunki' starring Shahrukh Khan in December.

Some regional content is also coming up like 'Bhola Shankar' and 'King of Kotha' in August; 'Kushi' , 'Viduthalai Part 2' and Prabhas in Sep 2023.

What is changing in industry and why we believe this is dawn of Indian Exhibition cinema?

Management has seen so confident after a long time and they have no plans to dilute for next few years.

Occupancy rate has been bottomed out. Should improve from current levels due to multiple factors:

Key movies have increased the gap between theatrical and OTT release to 8 weeks. The impact to be seen gradually.

Password sharing on various platforms have been reduced, This should augur well for the industry.

Emergence of Punjabi & Marathi movies with big hits. (Carry on jatta 3 released in June end, impact to be seen in Q2). Punjabi movie doing INR 100 crore is good sign for Indian exhibition sector).

Special formats share is increasing : The company has introduced 229 screens for premium and special formats, including luxe insignia, IMAX, Onyx, etc. Basically PVR offers different experiences through these screens like trailer show, specially designed motion seats, 270-degree, panoramic movie-watching experience, a selection of family-friendly films and an indoor play structure where kids can climb, slide and explore and many more. Premium/ Special formats share would increase gradually which would improve per ticket revenue (13.5% of revenues).

Southern movies continues to do well in July & have good pipeline with Jailer & Salaar.

Good start to July with Hollywood movies like Oppenheimer, Barbie & Mission Impossible 7 doing well. Share of Hollywood movies is better for Average ticket sales per person. Strong performance of Hollywood movies increases per ticket realisation as movies are exhibited in premium formats like iMAX.

Very good response for trailers of Gadar 2, jawan and good start for Rocky ko Rani.

Big delta on higher margins F&B sales as recovery in occupancies. Margins can see big surprise.

Market share in south is still below 15% for PVR INOX & ~40% of new theatres are opening in south for the company.

Single screen players continue to lose market share.

Synergy benefits to be seen going forward.

There has been steady growth witnessed in ATP and SHP, with a share of hindi and Hollywood movies increased in Q1FY24 YoY basis. The volatility in the performance of hindi movies have been reduced with great lineup of content for coming quarters.

We believe, PVR Inox will get into a stable operational performance with the increase in number of audience looking for good theatre experience and quality content.

Revival of Bollywood would be "ICING on the cake". We believe Bollywood content has been improving and Good times for Exhibition sector & Time to buy.

M M Forgings ltd- Q1FY24 Concall KTA's
CMP INR 954 | Market Cap INR 23,030 Mn

Financial Overview:
-Achieved sales of 19,400 tons with consistent production levels.
-Recorded a total sales figure of INR 372 Cr.
-Attained an EBITDA margin of nearly 18.5% on sales, reflecting strong performance.
-Total Revenue stood at INR 185.08 Cr for the current quarter against INR 168.14 Cr & INR 213.5 Cr For Q1FY23 & Q4FY23 respectively.
-EBITDA stood at INR 59.8 Cr for the current Quarter against INR 57.24 Cr & INR 68.65Cr for Q1FY23 & Q4FY23 respectively.
-PAT stood at INR 29 Cr for Q1FY24 and INR 28.3 Cr for Q1FY23.
-Power and fuel cost has topped out.

Capex: The company plans to invest around INR 300 Cr this year, with INR 50 Cr in Q1. Incremental benefits in FY24 from these investments weren't specified, but they aim to challenge the INR 2000 Cr mark in FY25. Expected EV business capex for the next year is approximately INR 75-100 Cr, possibly reaching INR 150 Cr based on demand.

Working capital loan: Estimated to be around INR 200-230 Cr, while the term loan is approximately INR 500 Cr. The term loan will be repaid over the next three years (FY24-26), with nearly INR 300 Cr expected to be repaid during this period.

Debt: Projected debt for FY24 is approximately INR 200 Cr, with a further expected increase of INR 100 Cr in FY25.

Revenue mix:
Region wise- India constitutes 65%, while Europe and the U.S. each contribute around 15% and the remaining share is of South America.
Segment wise- PV accounts for 76%, CV is approximately 12%, and the rest is off-highway vehicles.

Capacity utilization: The projected capacity utilization for the year is around 70%, based on a nominal capacity of 20,000 to 25,000 tons. Targeted capacity utilization for the full year is 85-90,000 tons.

EV powertrain: The EV powertrain comprises three components- the controller, motor, and gearbox. They expect the controllers to be in the proto phase at least by Q1FY25 and are tying up with sources globally. Also, getting their own technology for higher kilowatt controllers. Gearbox production to start over the next 12-15 months.

Export: The export market shows a significant shift in European and American customers wanting to reduce reliance on China. This change presents a substantial opportunity, although it may take time to materialize. Regarding European customers, the focus appears to be primarily on the commercial vehicle side, with potential for both passenger and commercial vehicles.

Machining capacity for crankshaft: Currently producing 40-45k cranks/year, utilizing about 32 of that which will be increased to 50k cranks in the next few weeks.

CV: CV pipeline has a possibility of modest growth considering last year's high base. The projected top-line target is more inclined towards the range of INR 1700 to 1800 Cr.

EV: Their EV subsidiary Abhinava Rizel Pvt Ltd is developing Powertrain solutions for passenger vehicles and LCD. Anticipated product launch in Q1 FY25, with substantial growth potential aiming for a multi-thousand crore turnover over 7-10 years.

Guidance: Anticipating a 50% growth in two years, seeking expansion not just in tonnage but also in value. Last year's initial target was 80,000 tons, which eventually reached 76,000 tons in production. This year, the focus is on achieving sales and production in the range of 85-90,000 tons.

Outlook: The company observes a robust domestic market and relatively stable export markets. Anticipates steady growth in the domestic sector and a sustained product development portfolio to drive future sales. Aims to maintain a steady EBITDA per ton, with an estimated sustainable level of around 35,000 rupees per ton for the entire year.

Management Commentary : https://www.youtube.com/watch?v=AcjjEpwfsKw&ab_channel=CNBC-TV18

Electrosteel Castings Ltd-Q1FY24 Concall KTA's
CMP INR 58.85| Market Cap INR 34,990 mn

Financials
•Total income was at INR 1712 cr in Q1FY24 (decline of 4% YoY).
•EBITDA at INR 187 cr (decline of 15% YoY), •EBITDA margin at 10.98% (decline by 137 bps YoY).
•PAT stood at INR 75 cr (decline of 21% YoY).
•Working capital of 50-60 days in Q1FY24.
•50-60% of the company's top line is coming from the water supply.

Debt
•Net debt stands at INR 850 cr in Q1FY24.
•Net repayment of INR 35 cr of long-term debt.
•Gross Debt stands at INR 2200 cr as of 30th June 2023, which has come down by approx INR 250 cr from 31st March 2023.
•Working Capital debt is a fluctuating debt as of now.

CapEx: The firm plans to ramp up capacity from 6L tons p.a. to 9L tons p.a. by FY25. Spent INR 170 cr till FY23.
INR 600 cr plan target (FY25):8,95,000 TPA

ECL market share
Domestic: 25-28%
Exports: 65% by Electricity Casting

Capacity
Currently, capital Utilisation is at 100%, out of which a major chunk is towards the supply of clean water and irrigation at a robust 25-30%. With 'Amrut 2.0' coming in, the demand for sewage will increase.

Coking Coal: The company majorly depends on imports for their coking coal requirements.
As of date, certain tie-ups exist to handle the product cost, budgets, and future planning.

Other KTA's
•The slanted dip in the turnover and EBITA was due to a planned maintenance shutdown of the Srikalahasti.
•Order Book of approx 5L tons in hand as of now. The majority of the orders are to be serviced within 9 months.
•25-30% of the company's demands are derived from the irrigation sector globally.
•The majority of the contracts are on a fixed-price basis.
•Raw material costs are stable (contribution majorly towards coal and iron ore).
•DI Pipes production and sales of about 1,64,000 tons and 1,56,000 tons respectively.

Guidance
•The management expects a better trajectory of around 13-14% for the EBITDA margin in the next quarter.
•The company has a good outlook on demands from 'Amrut 2.0' which comes with an investment of INR 3,00,000 cr.
•The long-term debt is scheduled to be paid up in a span of 3-4 years.
•Revenue growth of 10% is expected in FY25, while FY26 will see major growth.

Outlook

The company does not expect much growth in the current financial year, due to the ongoing CapEx which is expected to close by FY25 reaching 9L tons. That would be about 30% more than what the company is currently, of which the full benefit should be seen in FY26. The EBITDA margins will improve because of the improvement in realization and the decreasing cost. No growth in volume is expected. A major chunk of the capital that comes will go towards the reduction of debt and some of it for potential expansion.

Indian Metals and Ferro Alloys Q1FY24 Concall KTAs
CMP: INR 359 | Market Cap: INR 19.4 Bn | Promoter: 58.69%

Operational Performance (Consol):
- **Revenues** came in at INR 7.02 Bn (+10.2% QoQ) (-5.6% YoY)
- **EBITDA Margins** came in at 24.64% (Vs 21.81% QoQ) (Vs 29.3% YoY)
- Ferro Chrome production (tonnes) was 66,261 (Vs 61,200 QoQ) (Vs 63,760 YoY)
- Ferro Chrome sales (tonnes) was 64,695 (Vs 57,362 QoQ) (Vs 60,335 YoY)
- Power generation (Mn units) was 290 (Vs 266 QoQ) (Vs 261 YoY)
- Chrome Ore raising (tonnes) was 270,648 (Vs 57,362 QoQ) (Vs 60,335 YoY)

Pricing:
- Realisations (per tonne) stood at INR 115,825 Vs INR 116,558 YoY
- EBITDA per tonne at INR 34,781 Vs INR 29,872 YoY
- June onwards FC realizations have trended downwards due to demand issues.
- Average realisations will be lower sequentially but so will the costs.
- Realisations and operating costs both expected to fall in Q2
- Hopeful to maintain margins from here on
- 65% pricing on contracts and 35% on spot

RM:
- Recently procured coke a 314$ but on books coke cost is significantly high. Current Quarter used cost of 475$ per tonne. Every quarter the lower cost coke will be used.
- Company procures coke from Columbia which is low cost. Coke booked today will be utilised in December (5-6 months till utilisation). Delivery dispatch will be received by Sept end. Half tonne coke used in producing 1 tonne of FC
- Current blended coking coal cost on books at $455-460. Sequentially will go down to $440
- Coal cost already down significantly
- Operating costs (81,000 per tonne) can go down by INR 2,000 – 3,000 per tonne for entire year
- Power cost of INR 4.26 per unit in Q4, INR 4 in Q1FY24 and INR 4.15 expected in Q2FY24
- Coke consumption cost: INR 47,800 per tonne in Q4FY23, 42,500 per tonne in Q1FY24 and INR 41,500 per tonne in Q2FY24
- Current Chrome ore production higher to compensate for monsoon season when production will not happen.

China:
- China is major producer and consumer of Ferro Chrome. 90% of sales is exports.
- Realisations of Ferro Chrome is dependent on China revival
- Steel mills have taken annual shutdowns due to demand supply mismatch
- Chinese UG2 Chrome ore inventory at record low at 2 Mn tonnes

Utkal Coal C Block:
- Company expects full invested money to be received. No write offs expected.

Capex:
- Two furnaces of 50K tonnes capacity each in process. First to come online by FY25 and the other post 3-4 months of 1st line.

Other KTAs:
- Company doesn't see any domestic tailwaind
- Last OMC auction, prices have gone up by 2,000-3,000 per tonne
- Company doesn't see any expansion in stainless steel sector (capacity additions)
- Coking coal conversion to coke results only in 70% recovery
- Company not planning any debt and has minimal long term borrowings (paid off in FY22)

Outlook:
In FY24, company sees Topline, EBITDA and PAT in the same range as FY23 due to lower realisations. The business scenario is expected to improve only once China recovers. Currently Chinese steel mills have taken annual shutdowns due to demand supply mismatch. Realisations to trend lower QoQ. At CMP, company trades 4.8x FY23 EV/EBITDA

Jindal Stainless Q1FY24 Concall KTAs
CMP: INR 381| Market Cap: INR 314 Bn | Promoter: 57.94%

Operational Performance (Consol):

- **Revenues** came in at INR 101.8 Bn (+4% QoQ) (+25% YoY)
- **EBITDA Margins** came in at 11.7% (Vs 11.7% QoQ) (Vs 11% YoY)

Standalone sales volumes stood at 548,613 tonnes (+8% QoQ) (+54% YoY) with exports at 17%. Healthy growth in the domestic market and government push on infrastructure aided growth. Company is focusing on exports markets of US & Europe and developing new products as well.

Industry:

- Global stainless steel sales remained under pressure due to continued subdued demand and reduction in prices.
- Import of subsidized stainless steel imports continue to hurt the markets. Industry is expecting a countervailing duty to curb dumping of SS in India by China
- Exports to Europe biz is still down, recovery expected in next couple of months

Pricing, RM and other costs:

- Nickel prices for the quarter at USD 22,308 per tonne and FerroChrome at INR 107,473 per tonne
- Sales of 200 series/300 series/400 series was 33%/46%/21% in Q1
- 300 series is highest selling and most common but 400 series is seeing highest growth

JUSL (US entity):

- JSL on July 20, 2023 completed the acquisition of Jindal United Steel Limited (JUSL). Earlier, JSL held 26% stake in JUSL; it has now acquired the remaining 74% equity stake for a cash consideration of INR 9.58 Bn.
- JUSL has been operating the Hot Strip Mill (HSM) of 1.6 MTPA capacity, and is undergoing expansion up to 3.2 MTPA. It is also operating Cold Rolling Mill (CRM) of 0.2 MTPA capacity.
- JUSL TTM EBITDA stood at INR 7.79 Bn (INR 2.05 Bn for Q1FY24) and net debt stood at INR 19.48 Bn
- Gross block of INR 30.4 Bn

Capex:

- FY24 capex of INR 32-33 Bn for this year (up from INR 26 Bn guided in last quarter due to NPI Indonesia, renew power projects and other ancillary projects being preponed). This also includes INR 2.5 Bn capex for JUSL.
- Q1 Capex was INR 14 Bn
- Current capacity of 2.9 Mn tonnes. Sufficient for 2-3 years. Post that company wants to move towards downstream products like Cold Rolling Mill
- Company expects net debt to increase due to capex by INR 8 Bn. Including JUSL, consol Net Debt at INR 49 Bn (INR 29.56 Bn excluding JUSL and INR 19.48 from JUSL)
- Rathi Super Steel is company's entry into long products. Payback period expected of 5-7 years

Other KTAs:

- Performance of domestic subsidiaries impacted from negative inventory valuation due to the falling raw material prices.
- Exports were up 45% QoQ
- Demand from segments like wagons, coaches, metro, petrochemical, water treatment, automobiles, infra and Pipes & tubes.
- JSS Sleelitalia Ltd has amalgamated into Jindal Stainless Steelway Limited. The merger does not have any material impact on above financial results.

Outlook:

Company had guided for 2.2 Mn volumes in current year and has also guided for a 20-25% volume increase in FY25. Company is currently operating on 2.9 Mn tonnes capacity. Margins wise, Company aims to accomplish between 19,000 – 21,000 EBITDA per tonne in FY24. August onwards company expects 4,000-5,000 tonnes per month of additional volumes from new line commissioning. Current consol net debt is INR 49 Bn which will increase by INR 8 Bn by March 2024. At CMP, company trades 10.2x TTM EV/EBITDA

Management Commentary: https://www.youtube.com/watch?v=f3kFlvpTMHM

Jindal Steel Q1FY24 Concall KTAs
CMP: INR 698 | Market Cap: INR 712 Bn | Promoter: 61.21%

Performance (Consol)
- Revenues came in at INR 125.88 Bn (-8.1% QoQ) (-3.5% YoY)
- EBITDA margins came in at 20.88% (Vs 15.97% QoQ) (Vs 26.36% YoY)
- Steel Sales (incl. pellets) at 1.84 Mn tonnes (Vs 2.03 Mn tonnes QoQ) (Vs 1.74 Mn tonnes YoY)
- Pellets (External) at 0.01 Mn tonnes (Vs 0.04 Mn tonnes QoQ) (Vs 0.03 Mn tonnes YoY)

Pricing, RM and other Costs:
- Domestic realizations were soft, export realisations improved hence overall realizations grew 2% QoQ
- SMS costs up 2% QoQ due to higher coking coal prices offset by higher captive iron ore
- Domestic realisations down by 5% so far in Q2,
- Domestic realisations were at INR 59,961 in Q1FY24 (Vs 60,600 QoQ) (Vs 68,392 YoY)
- Rebar prices continue to fall
- Coking coal prices so far in Q2 at 247-250$
- Lower volumes due to seasonality

Capex:
- The total capex for the quarter was INR 1,899 Cr largely driven by the Angul expansion projects.
- **Angul Pellet Plant** commissioned. First in a series of units that will be commissioned over the next two years (by Q4FY25). Anticipated capacities from Angul: 6.3 Mn tonnes crude steel producing capacities and 12 mn tonnes pellet.
- Mining lease **Gare Palma** IV/6 signed, Mining lease **Utkal C** signed.
- Gare Palma IV/6 has total reserves of 167mt, whereas Utkal C has total reserves of 127mt. These are fully explored mines and have a total EC of 7.37mt. Mining is likely to commence soon
- Total capex of INR ~240 Bn till FY27 mainly coming from Angul expansion

Other KTAs:
- **Mozambique**: Chirodzi mine produced 1.12mt vs 0.98mt ROM in Q4FY23, Coking coal sales at 142kt vs 160kt in Q4FY23. Thermal coal sales stood at 105kt vs 158kt in Q4FY23.
- **South Africa:** Kiepersol mine produced 116kt vs 115kt ROM in Q4FY23. pPrime product sales of 87kt vs 90 kt in 4QFY23.
- **Australia**: Russel Vale mine’s ROM production stood at 132kt vs 157 kt in Q4FY23. Dispatches were 91kt vs 123 kt in Q4FY23.
- Consolidated net debt at INR 68.12 Bn
- Company evaluating downstream options such as rolling mill, colour coating.

Outlook:
Company has outlined capex spends of INR ~240 Bn till FY27. Crude steel producing capacity reaching 15.9 mn tonnes by FY25 (from 9.6 mn tonnes in FY23) and Pellet capacity from 9 mn tonnes in FY23 to 21 mn tonnes in FY24. Q2 realisations anticipated to be down by 5% if export contributions don’t support significantly. Coking coal and iron ore prices have come down in Q2 till some extent. No changes in capex plans, only some pushback in clearances due to which capacity additions have been delayed by 1-2 quarters. At CMP, company trades 8.55x TTM EV/EBITDA

JSW Steel Q1FY24 Concall KTAs
CMP: INR 786 | Market Cap: INR 1,901 Bn | Promoter: 45.4%

(Arihant Capital)

Standalone crude steel production was down 3% QoQ to 5.44 Mn Tonnes (+9% YoY) due to planned maintenance shutdowns. Standalone steel Sales was 13% down QoQ to 4.93 Mn tonnes (+22% YoY) primarily due to channel de-stocking and exports impacted by delayed loading due to the cyclone on the western coast of India towards the end of the quarter.

Operating Metrics (Consol)
- **Revenues** came in at INR 422 Bn (-10.1% QoQ) (+10.8% YoY)
- **EBITDA Margins** came in at 16.69% (Vs 16.91% QoQ) (Vs 11.31% YoY)

Volume Consol:
- **Produced**: 6.43 Mn tonnes (incl. Ohio – 0.24 Mntonne)
- **Sold**: 5.71 Mn tonne (incl. Ohio – 0.23 Mn tonne)

Other Operational details:
Volumes Q1FY24:
- **JSW Steel Coated**: Production at 0.98 Mn tonnes, sales at 0.94 Mn tonnes
- **Bhushan Power**: Production at 0.74 Mn tonnes, sales at 0.69 Mn tonnes
- **Ohio:** 73.9K tonnes of HRC and 267.8K tonnes of Slabs produced. 75.2K tonnes of HRC and 181.1K Tonnes of Slabs sold
- **US Plate and Pipe Mill**: 121.8K Tonnes of Plates and 10.3K Tonnes of Pipes produced, 108.5K Tonnes of Plates and 11.4K Tonnes of pipes sold
- **Italy (rolled long products):** 97.9K tonnes produced and 73.8K tonnes sold

Performance metrics:
- Company feels steel prices have bottomed out and channel destocking almost completed. Impact of falling steel prices will be seen in Q2
- High coking coal prices of Feb and March flowed in P&L in Q1. Currently coking coal prices are at 285$ now (+11$ QoQ). Coking coal price benefit of ~50$ per tonne expected in Q2
- Iron ore prices haven't corrected
- **Inventory** up by 330,000 tonnes in Q1. Although expect inventory to come down in coming month

Capex Update:
- **Currently company undergoing capex of 9 Mn tonnes which will take total capacity to 37 Mn tonnes by FY25.**
- Q1FY24 capex stood at INR 40.9 Bn, planned capex for FY24 at INR 188 Bn
- Vijaynagar Expansion of 5Mn tonnes to be completed by FY24
- Colour coated steel line in Rajpura (0.25 Mn Tonnes) commissioned in May and J&K facility (0.12 Mn tonnes) to be completed by Q4FY24
- BPSL brownfield expansion of 1.5 Mn tonnes to be complete by end of FY24
- National Steel and Agro Ind will add capacity by 350,000 tonnes (downstream)

Italy & Ohio:
- Company is expecting good orders from renewable sector in Baytown (US)
- Volumes should improve going ahead in Italy due to good rail orders (from Govt) and exports.

China:
- Expectations of growth improving after china reopening didn't play out. Some policy initiatives expected from Chinese govt.
- Chinese production was not supported by domestic demand hence their exports went up. However, they aim not to increase production beyond CY22 levels, this will lead to moderation of production on H2

Other KTAs:

- India Steel Demand expected to reach 130 Mn in FY24
- Amalgamation of Creixent Special Steels and JISPL with company to have effect in Q2
- JSCPL has completed the acquisition of NSAIL on 23 May 2023 by infusing INR 6.21 Bn as per approved resolution plan.
- Effective 26th June 2023, the wholly owned subs, Vardhman Industries Limited (VIL) and JSW Vallabh Tinplate Private Limited (JVTPL) have amalgamated with JSCPL (wholly owned sub of company)
- Net Debt to Equity: 0.96x and Net Debt to EBITDA : 3.14x
- Exports stood at 15%, VAP at 61%

Outlook:

Guidance for FY24: Production 26.34 MnT & Sales 25 MnT (sold 22.39mn tonnes in FY23). Company has maintained its goal to reach 50mn tonnes capacity by FY30. Growth in infra segment is in double digits, healthy in auto, 7-8% in engineering & packaging and 5-7% in construction. Steel prices expected to be stable on completion of channel destocking. Q2 demand to be stronger sequentially. Steel price fall impact to be mitigated by lower coking coal prices. At CMP, company trades 11.2x FY23 EV/EBITDA

Management commentary: https://www.youtube.com/watch?v=JfsdgP2HkTM
Management Commentary: https://www.youtube.com/watch?v=uwrMAVFN1ss&t=8s

JTL Industries Q1FY24 Concall KTAs
CMP: INR 376 Market Cap: INR 31.8 Bn Promoter: 56.2%

[Arihant Capital]

Overview: Company delivered a superior topline (and volume) growth, however, margins declined QoQ due to fall in RM price (steel) domestically and globally, increase in supply of Chinese steel and RM volatility. Company faced inventory loss during the quarter as well (quantum not disclosed). However, company feels the steel prices have bottomed out and should gain back momentum post monsoon. Company is confident of delivering 35% value growth (30% volume growth) till FY25.

Performance (Consol)
- Revenues came in at INR 5.05 Bn (Vs +6.8% QoQ) (Vs +37.2% YoY)
- EBITDA margins came in at 7.04% (Vs 11.17% QoQ) (Vs 4.18% YoY)
- EBITDA per tonne came in at INR 4,594 (Vs 6,584 QoQ) (Vs 3,032 YoY)
- Volumes came in at 77,342 tonnes (Vs 80,177 QoQ) (Vs 50,720 YoY)

Capacity and Capex:
- Company currently has capacity of 586,000 tonnes which it will take to 1,000,000 tonnes by FY25 (750,000 tonnes in FY24)
- JTL will add a total of 414,000 tonnes capacity in next two years out of which 200,000 tonnes of the capacity will be DFT
- Company has 100 acres of additional land for brownfield expansion after reaching 1 Mn tonnes. The next goal after reaching 1 Mn tonnes of capacity (by FY25), company aims to add another 1 Mn tonnes to capacity

Fund raise:
Company allotted warrants worth INR 4 Bn in January 2023 (convertible 1:1)

Operational Metrics:
- Q4 was one off quarter due to good VAP orders at better margins. Hence comparing to Q1, numbers look weak in EBITDA per tonne and volume side.
- Inventory loss due to correction in pricing in markets. Spread between Primary and Secondary market spread is INR 5-7/Kg. Secondary market prices fell substantially during Q (more than 20%)

Exports:
- Company currently exporting to Europe, UK, Africa and Australia. Planning to enter USA and Canada (especially with DFT)
- High diameter, square and rectangular pipes don’t attract duties, company is entering this segment with expansion
- Current range which company serves is 0.5-10 inches
- Company aims to increase exports contri to 15% (from current 7-8%)

Other KTAs:
- 42% of volumes during quarter was VAP, company aims to reach 50%
- 90% of exports volume is of Galvanised pipes
- Galvanised pipes have EBITDA per tonne of INR 7,500-8,000/tonne
- 94% of total volume in Q1 was in domestic markets

Outlook:
Company has guided for 350,000 tonnes volumes in FY24 (240,316 tonnes in FY23) and EBITDA per tonne of INR 4,500-5,000. Company feels the steel prices have bottomed out and should gain back momentum post monsoon. JTL Industries is confident of delivering 35% value growth (30% volume growth) till FY25. Post that, company will keep growing in capacity till they reach 2 Mn tonnes. This will result in a lengthened high growth phase. At CMP, company trades 21.3x TTM EV/EBITDA

Man Industries Q1FY24 Concall KTAs
CMP: INR 149 | Market Cap: 8.94 Bn | Promoter: 45.69%

Operating Metrics (Consol)
- Revenues came in at INR 4,904.2 Mn (-3.9% QoQ) (-17.9% YoY)
- EBITDA came in at INR 468.5 Mn (+112% QoQ) (14.6% YoY)
- EBITDA Margins came in at 9.6% (Vs 4.3% QoQ) (Vs 6.8% YoY)
- PAT came in at INR 112 Mn (Vs 98.4 Mn QoQ) (Vs 260.6 Mn YoY)
- PAT Margins came in at 2.27% (Vs 1.88% QoQ) (Vs 4.28% YoY)

KTAs:
- 17-18 days of production lost due to Biparjoy. Volumes that had to be deferred were worth INR 1.7-1.8 Bn. Damages to the infra worth INR 150-200 Bn
- Stock in hand (in shipment) lost in Q1 have been shipped in Q2. Loss of sales expected to recover in Q2
- 70-80% Oil and gas orders, FY24 will have 60% exports
- Pending orderbook of INR 19 Bn to be executed in 5-6 months. Bid book stands at INR 130 Bn
- Company's ERW plant has received BIS and TUV certifications. API audit currently ongoing. Company is expecting some revenues from ERW plant in H2
- Company has competition from chinese players (only in Africa)
- Company is still finalising the term sheet for Merino Shelters, will notify exchanges once finalised

Cost metrics:
- Suppliers and buyers credit which was available at 1% earlier is now at 6-7% (which has led to higher interest cost)
- Full year interest cost will be close to INR 650 Mn
- Inventory on books as on Q1Fy24 at INR 1.92 Bn
- Current capacity utilisation at 60-70%
- Long term borrowings at INR 1.65 Bn, short term at INR 13 Bn. Cost of borrowings 11%
- Freight cost in Q1FY23 was INR 190 Mn, Q1FY24 at INR 400 Mn

Other Highlights:
- Cyclone Biparjoy and heavy rains have damaged company infra and also led to production losses & delay in shipments
- Interim dividend of INR 2 declared
- ERW plant has received BIS IS 1239, IS 1161 and IS 3589. Also ISO 9001, ISO 14001, ISO 45001 & ISO 29001 by TUV. Soon to receive API approval as well
- SEBI settlement for some lapse in disclosing the appointment of forensic auditor (settlement submitted pending approval from SEBI)

Outlook:
Company has not changed their guidance of INR 30 Bn revenues in FY24 (~10% deviation) (18-20 Bn from exports and remaining 10 Bn from domestic). EBITDA margin guidance of 10%. By FY26, company aims to deliver INR 50 Bn topline (35-40 Bn in FY24). A lot of ERW tenders are available, company is waiting for API accreditation post which they will be able to participate. Company is not spending any more capex (excluding SS ongoing). At CMP, company trades 7.1x FY23 EV/EBITDA.

NLC India Q1FY24 Conference Call KTAs
CMP: INR 118 | Market Cap: INR 164 Bn | Promoter 79.2%:

NLCIL is facing deficit in availability of land at Neyveli for lignite mining, which is adversely impacting generation of power at Thermal Power Stations located in Neyveli. This led to weaker numbers in the quarter.

Performance

- Revenues came in at INR 33.16 Bn (-35.4% QoQ) (-14% YoY)
- EBITDA Margins came in at 36% (Vs 33.55% QoQ) (Vs 40.9% YoY)

Segmental

- Mining EBIT Margins at 24.75%
- Power Generation EBIT Margins at 13.1%
- Sale of coal rev: INR 4.66 Bn (Vs 4.49 Bn YoY)

KTAs

- Local District Authorities are facing stiff resistance for taking measurement of structures for further land acquisition and also in getting possession of already acquired land to handover to the Company.
- NLCIL secured the bid for Solar 600 MW including 300 MW under Greenshoe option in the auction conducted by GUVNL.
- “NLC India Renewables Ltd" - A Wholly Owned Subsidiary has been incorporated for pursuing Asset Monetisation
- On 13.06.2023, PPA was signed between NUPPL and APDCL for power supply of 492.72 MW to the State of Assam. With this, entire capacity of NUPPL is tied up
- 3 units of Gadthambore, October, January and March will be approval
- Kaladhera: land tendered, Kaladhera issue was land. Waitign for substantial position for land to be in company’s ownership
- Substantial portion of land available with company to ac
- Company not facing any cashflow problem now
- 81.79 hectares of land required to reach production level of lignite. In next 5 years, 1,000 hectares of land required. (379 passed, 670 hectares are in process issuing notifaction)

Outlook

Company is confident of achieving possession of all lands required in 1-1.5 months and reach expected lignite production levels with the same. Current measures are not short term and company is aiming to deliver on 4-5 years of production of lignite. At CMP, company trades 12.9x TTM EPS of 9.2

Surya Roshni Q1FY24 Concall KTAs
CMP: INR 786 | Market Cap: INR 42.8 Bn | Promoter: 62.96%

Margin improvement led by strong product mix

Performance (Consol)
- **Revenues** came in at INR 18.75 Bn (+2% YoY)
- **EBITDA margins** came in at 6.1% (Vs 3.79% YoY)
- **Lighting biz revenues** at INR 3.74 Bn (+11.5% YoY) and EBITDA margins at 8.3% (Vs 6.48% YoY)
- **Steel biz revenues** at INR 15.03 Bn (-0% YoY) and EBITDA margins at 5.52% (Vs 3.26% YoY)
- **Steel biz EBITDA per tonne** at INR 4,388 (Vs 3,103 YoY)

Lighting Business:
- B2C had a modest growth while professional lighting business grew 27%
- EBITDA growth due to better product mix
- LED business growth was of 8%, LED lighting bulb replacement cost at 4.17% (Vs 4.57% QoQ)
- Strong orderbook for FY24
- Took 400 dealers abroad for product launches, big campaigns going on from August till Diwali. Strong emphasis on dealer relation
- Overall segment growth due to backward integration and PLI scheme
- Company to double expenditure in advertisement in FY24, goal to strengthen Urban and Semi Urban network
- Guidance to grow 20% in FY24 in topline

Steel Biz:
- Flattish growth overall due to fall in steel prices, RM to stabilise in coming months
- Volume growth was of 20%, domestic business volume growth of 27% and export volume growth of 6%
- Steady order inflow in API Pipes and other VAP, mainly driven from Oil & Gas, CGD and Water Transportation. Orderbook at INR 5 Bn
- Lot of projects to pick up post monsoon. Cyclone had impacted 15 days of business
- INR 1,000/tonne impact on EBITDA per tonne due to fall in steel prices and some impact due to loss of sale in cyclone
- GI Pipe EBITDA at 3,000/tonne, API at INR 9,000/tonne at Galvanised at INR 5,000 per tonne (all round figures)
- Export started to several new countries, acceptance level is high. High level of competition for Surya's dealership abroad
- Capacity utilisation at 72%, which is generally at 78-80%
- Oil and Gas contributes to 12% of volume and 20% of value
- Export revenue contri at 17%
- Capex of INR 450-500 Mn for cold rolling and INR 50 Mn for PVC board
- Revenue growth guidance of 10-12% for FY24
- Steel business EBITDA per tonne guidance of 6,500 per tonne for FY24
- Q2 will be better than Q1 even with monsoon

Other KTAs
- Total debt reduced by INR 1.71 Bn, now stands at INR 2.3 Bn (only WC debt, no long term debt). This too will be paid off in FY25
- Current Debt to equity at 0.12x
- Stock Split announced of 10FV to 5FV
- WC days at 64 days (lighting at 63 and steel at 64 days)
- ROE at 12.5% and ROCE at 15.8%

Outlook:
Company aims to be debt free by FY25 (not even WC debt). All future capex will be from internal accruals. Currently no plans on demerger of business. Lighting biz guidance to grow 20% in FY24 in topline. Steel Revenue growth guidance of 10-12% for FY24. Steel business EBITDA per tonne guidance of INR 6,500 per tonne for FY24. At CMP, company trades 6.8x TTM EV/EBITDA

Management Commentary: https://realty.economictimes.indiatimes.com/news/lighting/consumer-lighting/surya-roshni-posts-net-profit-of-rs-59-crore-in-q1-fy24/102653089

Usha Martin Q1FY24 Concall KTAs
CMP: INR 337 | Market Cap: INR 103 Bn | Promoter: 47.88%

YoY input cost declined but company managed to improve realisations (through VAP) and solution based offerings in Europe. However, overall volumes have declined

Operating Metrics (Consol)
- **Revenues** came in at INR 8.14 Bn (-4.8% QoQ) (+7.3% YoY)
- **EBITDA Margins** came in at 17.9% (Vs 18% QoQ) (Vs 15.5% YoY)
- **Volumes** at 44,000 tonnes (Vs 47,000 QoQ) (Vs 47,000 YoY)
- **EBITDA/tonne** at INR 32,227

Segment wise contribution to overall sales Q1FY24:
- Wire Rope – 68% (FY23 67%)
- Wire & Strand – 8% (FY23 10%)
- LRPC – 14% (FY23 15%)

International:
- Strong International biz performance (+13% YoY)
- Company has booked increase in accounts in Europe and US
- Company is expanding in entire US region
- Fishing ropes is new what company has gotten into, mainly in Europe (margins high)
- High end 330 tonne crane ropes being sold from Brunton Shaw (subsidiary)
- Company has had some large client breakthrough in Europe (for crane and mining ropes which are high margin), client has done plant checks as well

Capex:
- Net debt at INR 990 Mn, capex in q1fy24 at 680 Mn
- Ranchi capex expected to be completed by Q3FY24, will take 3-4 quarters for full utilisation and sales
- Ranchi capex at INR 3.1 Bn with asset turn of 9 Bn. Approvals for new products will take time
- The increased capacities will predominantly cater to a diverse array of critical applications and value-added products, including mining ropes, non-rotating ropes, compacted ropes and plasticated ropes.
- Company will add galvanised and zinc aluminium wires going forward

Other KTAs:
- Within Wire rope, the value-added segments (crane, oil & offshore, elevator, mining, fishing) share rose to 71% in Q1FY24 from 65% in FY23
- EBITDA per tonne aided by increase in shift towards wire ropes and specialty ropes in wire ropes
- Company has 65-70% Market share in India and 5% internationally
- Company's product pricing is 3-7% cheaper depending on regions but emphasis is on servicing
- LRPC is commodity product (stiff competition), higher sales in any quarter will lead to lower ebitda per tonne

Outlook:
Company is not seeing any slowdown in wire ropes segment in Europe and US. With exports getting stronger and high margin product sales coming in, company is poised to deliver better EBITDA/tonne. Company has target to achieve topline CAGR of ~15% and EBITDA margins ~18% over the next 2-3 years. At CMP, company trades 27.8x TTM EPS and 19x TTM EV/EBITDA.

Vedanta Ltd Q1FY24 Concall KTAs
CMP: INR 278 | Market Cap: INR INR 1.03 Tn | Promoter: 68.11%

[Arihant Capital]

Revenues were lower YoY on account of fall in realization and lower QoQ due to lower volumes. High interest cost due to increase in borrowings and cost of borrowings.

Performance (Consol)
- **Revenues** came in at INR 333.4 Bn (-10.4% QoQ) (-12.8% YoY)
- **EBITDA margins** came in at 24% (Vs 29% QoQ) (Vs 32% YoY)

Company foraying into semiconductor and display business. This was earlier planned to be under the unlisted parent company. Capex and other plans are still under development. Big PLI benefits will be available since the plant is also in SEZ (in Gujarat)

Aluminum:
- Metal Production grew 2% YoY and 1% QoQ
- Hot metal cost of production (CoP) lower by 27% YoY and 6% QoQ
- Highest quarterly domestic sales at 211 kt
- Quarterly VAP sales at 247 kt
- Lanjigarh expansion (Train 1) of 1.5 Mn T expected during Q3FY24, Train 2 (1.5 Mn tonnes) by end of Q4FY24
- Board approved capex for operationalization of Sijimali bauxite mine in Orissa
- For Alumina Production, international bauxite was used more than domestic bauxite due to procurement concerns. Hence Alumina cost was up in current Q. Company expects ~50$ per tonne benefit due to change in mix in Q2FY24 (due to better procurement from OMC mine)

Zinc India
- Achieved highest-ever 1Q mined metal production at 257 KT up 2% YoY
- CoP lower by 6% YoY
- Silver production at 179 tonnes, +1% YoY
- On track to achieve production of 1.2 Mn tonnes in FY24

Zinc International
- Total production volumes grew 1% YoY and 9% QoQ (at 68 KT)
- BMM (Black Mountain Mines) production higher by 29% YoY
- Company aims to start production at Gamsberg Phase II by H2FY24
- Company has taken external debt to fund its operations as opposed to funding from parent earlier

Iron Ore-VAB
- Achieved highest ever production, up13% YoY and 15% QoQ
- Acquired Cudnem mineral Block; Estimated reserves of 8.3 Mnt (second mine in Goa after Bicholim)
- Karnataka Iron ore Sales 1 Mnt
- VAB Production 213 kt

Oil & Gas
- Gross production at 135 KBOEPD, (Vs 137 QoQ) (Vs 148 YoY)
- Growth drivers:
  - Drilled 9 infill wells across Aishwarya, ABH & RDG fields
  - Indication of increased resources in Jaya field

Steel production
- Saleable Production 324 kt, higher by 20% YoY in line with hot metal availability
- Capacity of 1.7 Mn tonnes
- One large blast furnace had routine shutdown in Q1, back on track in Q2
- On track to take production capacity to 3 Mn tonnes

FACOR (Ferro Alloys Ltd)

- Commissioned and stabilised 33 MVA furnace
- Ferrochrome Production 10 kt lower by 48% YoY and 50% QoQ due to unplanned plant shutdown

Power sales

- Increased by 19% YoY and 6% QoQ

Other KTAs

- Royalty payment to the parent has been increased to 3% for next 6 years.
- Company making progress on ramping existing coal mines and operationalize refineries at Kuraloi and Radhikapur in the next 9 to 12 months, which will enhance coal security.
- Gross debt stood at INR 734.8 Bn, Net debt at INR 591.9 Bn as on 30th June
- Interest Cost of 8.7% and avg term of borrowing at 3 years
- Long term debt of INR 110-115 Bn maturing per year over the next 3 years

Outlook: Company aims to be 2.8 Mn tonnes of Aluminium producer by Q3FY25 (FY23 volumes were 2.29 Mn tonnes). Priority is to decouple production costs. Company aims to end year with higher Oil & Gas output vs last year. Company is still navigating through semiconductor business setup. **At CMP, company trades 6.7x TTM EV/EBITDA**

Jindal Saw Q1FY24 Concall KTAs

Key Highlights:
- FY24 exit EBITDA margins will be similar to current or better. Absolute EBITDA will be higher because Q4 is better than Q1
- INR ~3-3.5 Bn debt repayment expected per year from now (barring LIC bond and debt taken for SIL)
- Going ahead, WC as a % of sales will come down
- No major capex on books now
- No significant impact on gross margins due to liquidation/build-up of inventory

Orderbook:
- Orderbook has large size contracts so shipments
- 70-75% of orderbook for water segment, 20-25% in Oil and Gas and 5-10% in industrials
- Export orders (35% of orderbook) includes NEOM
- Exports to remain above 30% for year end
- Export has few high margin orders

DI Pipes
- Company sold 43,000 tonnes Q1FY24 (40,000 tonnes QoQ and 1,50,000 tonnes in FY23). Company has an order book of 150,000 tonnes. The business is expected to benefit further with stabilization in raw material prices and the geopolitical situation.
- It would also serve as a substitute for imports
- 100 mm to 1.2 metre diameter pipes available

Sathavahana Ispat Ltd (SIL):
- Maintenance spends completed. Company will be EBITDA positive for FY24 and full utilization will be in FY25
- Trial productions have been successful. Connectors, CRA, carbon steel, stainless steel and alloys are currently being produced
- Acquisition funding is less than the intrinsic value of the company

Hunting JV:
- Hunting will offer its patented premium connection technology, which will be used to thread premium connections on seamless casing and tubing primarily used for deep drilling operations in the oil and gas industry

JITF Vs NTPC Case:
- NTPC order final answer will come in end of August (Soliciter General will himself represent NTPC or someone in his stead). No more delays

Other KTAs:
- Depreciation for the current quarter was higher due to SIL merging
- New reporting segments now Water (domestic), Oil & Gas (International and domestic) and Others (power, infra and others)
- Subsidiaries contribute 10-15% in consolidated performance
- All subsidiaries are contributing positive

Outlook:

In the short-term, company is expected to benefit from strong demand, stronger sales of VAP and better WC efficiency. Additionally, JSAW is expected to benefit from government policies like Aatmanirbhar Bharat and Jal Jeevan mission scheme. Company is confident of improving EBITDA margins from here on too. They had earlier given guidance of 14% EBITDA margins and are on track to achieve it by Q2FY24. For the full year, company has guided for a similar topline growth as that of FY23 (~40%). QoQ performance will be better (Q2 will be better than Q1) in volume and value. FY24 exit absolute EBITDA will be better than current EBITDA while margins may remain in the similar region.

We are positive on the company and its ability to deliver the guidance. OCTG pipes is a good opportunity for the company to grow as per guidance. For the above positives we believe the company can deliver decent upside from here. **We value the stock 12x FY24 EPS of 32.2 and assign ACCUMULATE rating.**

We believe any proceeds from JITF-NTPC case will be used to reduce debt and will help profitability.

Tata Steel – Q1FY24 Concall KTAs
CMP: INR 118 | Market Cap: INR 1.44 Tn | INR Promoter: 33.9%

India biz production was higher due to ramp up at Neelachal Ispat Nigam Limited. Sales volumes were up due rise in domestic deliveries
The planned relining of BF6 at Tata Steel Netherlands commenced in April which led to drop in crude steel production

Operational Performance:
India Business
- **Revenues** came in at INR 349 Bn (-4.6% QoQ) (+2.6% YoY)
- **Adj. EBITDA per tonne** came in at INR 15,765 (Vs 16,160 QoQ) Vs (20,332 YoY)
- **Sales Volumes** came in at 4.8 Mn (Vs 5.15 Mn QoQ) (Vs 4.07 Mn YoY)

Consolidated Business
- **Revenues** came in at INR 594.9 Bn (-5.5% QoQ) (-6.2% YoY)
- **Adj. EBITDA per tonne** came in at INR 8,664 (Vs 9,288 QoQ) Vs (21,661 YoY)
- **Sales Volumes** came in at 7.2 Mn (Vs 7.78 Mn QoQ) (Vs 6.62 Mn YoY)

Performance metrics:
- In Q1FY24, coking coal prices fell by 25% to 220$ per tonne. Iron ore prices were down by 10% to $110 per tonne. Fall in RM prices was partially offset by increase in royalty expenses
- In India biz, expect drop in NSR by INR 3,100 per tonne and drop in coking coal by $57 per tonne in Q2Fy24.
- In Europe biz, NSR drop of 38 GBP per tonne and drop in coking coal by $46 per tonne in Q2Fy24.
- WC Days at 34 in Q1FY24 Vs 37 in Q4FY23, WC increased by INR 25 Bn due to volatility in steel prices

China:
- Subdued domestic demand led to higher exports, May and June had high exports (8 Mn tonnes per month). This led to pressure on realizations globally.
- Exports from China are expected to reduce gradually to 5-6 Mn tonnes per month

Neelachal Ispat Nigam Limited (NINL):
- Close to stabilize and operating close to rated capacity of 0.9 Mn tonnes
- Operations currently EBITDA positive
- In the next stage of expansion, company wants to take the capacity to 4-4.5 Mn tonnes and reach 5 Mn tonnes latest by 2030

Kalinganagar:
- Plant to have largest Blast Furnace of India at 5,870 metre cube
- 2.2 Mn tonne cold rolling mill and pellet plant commissioned, CAL and galvanizing lines to be commissioned subsequently
- Company has stopped buying pellets and is now shipping pellets to meramandali plant

Netherlands and UK:
- Europe steel deliveries stood at 2 Mn tonnes in the quarter
- Revenue per tonne was up by 33 pound per tonne (QOQ). Benchmark is Nortwest Europe HRD Spot (with 1 quarter lag). This was offset by increase in input costs including energy
- Europe EBITDA loss stood at about GBP153 million
- Company is working towards a more structural approach for EBITDA losses being incurred in Europe biz
- Relining of Blast Furnace (BF 6) will go on in Q2 also. Other blast furnace relining to take place in 2026-2027

Capex:
- INR 40.89 Bn spent in Q1FY24 for Kalinganaga rand EAF mill
- Aim to take capacity to 40 Mn tonnes by 2030 (with capacity in India more than 75% compared to 62% currently)
- Company has INR45 Bn debt repayment in Q2FY24
- For FY24, company has INR 160 Bn of capex of which 110 Bn will be in India.

Mines:

- Company has won Gandhalpada mine. All of companys mines are coming up for auction by 2030 where company has ROFR
- NINL as 110 Mn tonnes of iron ore, Bhushan has 100 Mn tonnes, Gandhalpada has 350 mn tonnes and Ushamath has about 25 mn tonnes. This cumulatively comes to 500 mn tonnes which is with the company for 30-40 years

Green inititatives:

- Initiated measures to replace 379 MW of coal-based power with renewable energy.
- Undertaking trials to inject hydrogen in blast furnaces to reduce emissions

Other KTAs:

- HRC prices dropped by INR 4,000 per tonne in Q1FY24
- Company has commissioned capacity with partner in tubes which will take capacity from 1 Mn tonnes to 1.3 mn tonnes
- Net Debt stood at INR 713.97 Bn. Net Debt to EBITDA at 2.9x and Net Debt to Equity at 0.69x
- Strong growth in key segments such as Branded Products & Retail and Industrial Products & Projects. which grew by 37% and 24% respectively, on YoY basis
- 9,000+ dealers and digital platform Aashiyana and crossed INR 16 Bn sales in last 12 months
- India steel consumption was up by 10% in Q1FY24
- Exports were at 5.3% in Q1 Vs 9.3% in Q1Fy23

Conclusion:

Company aims to bring net debt/EBITDA to 2.0-2.5x by end of year. Company has maintained guidance to reduce debt by $1 Bn per year. Netherlands will be EBITDA and cash positive by HyFY24 and EBITDA positive in FY24. FY24 consol volumes expected to be 1.5mn tonnes higher YoY (driven partially by Kalinganaga and NINL ramp up). At CMP, company trades 9.8x TTM EV/EBITDA. We are positive on the long term prospects of the company

Management Commentary: https://www.youtube.com/watch?v=Aq2sDGLHVbk
Management Commentary: https://www.youtube.com/watch?v=Zdbc1KqtMIg

Maharashtra Seamless Q1FY24 Concall KTAs
CMP: INR 479 | Market Cap: INR 64.2 Bn | Promoter: 67.8%

Operating Metrics (Consol)
- Revenues came in at INR 12.23 Bn (-24.6% QoQ) (-8.3% YoY)
- EBITDA Margins came in at 19.95% (Vs 19.69% QoQ) (Vs 16.97% YoY)

Lower production in the quarter due to maintenance plant shutdown. Production lower by 10,000 tonnes (shut for 15 Days). Company has turned 100% debt free now

Capex:
- Total capex of INR 8.5 Bn (while company has 10 Bn cash) which is into VAP and upgradation of plant. Out of 8.5 Bn, 1.84 Bn is for a finishing line in Telangana which will take the company's finishing line capacity in Telangana from 100,000 tonne to 200,000 tonne. Completion of Telangana plant will be 1 year from now
- Company has acquired land in Telangana for the finishing line.

Orderbook:
- 51% orders in upstream, 49% in downstream and export
- Total orderbook of INR 17.25 Bn
- Margins in orderbook to remain stable due to back to back orderbooking for RM
- Oil sector places bulk orders, Q1 had lesser orders hence orderook slightly lower QoQ but to improve going forward
- Company is expected to receive an order from a PSU soon. Demand from PSUs strong in pre-election year.

RM and Prices:
- Steel prices eroded 10% in the quarter, company hoping stability at current prices
- Exports were slacking mainly in USA. The rig counts are increasing and from here on, company expects better exports
- EBITDA margins improved in quarter due to orderbookings at higher prices and RM falling

Premium connections:
- Company is waiting for license
- Only 3-4 companies have license worldwide (monopolistic biz)
- Currently, company can manufacture 25,000 tonnes of premium joints being supplied to ONGC
- If company gets license then they will be able to export
- 310 pipe being sold at 1500$ per tonne and premium joint being sold at 2500$ per tonne
- Company earlier had JV with Tenaris to manufacture but it has ended
- Now company in talks with Japanese player to partner up

Other KTAs
- United Seamless Tubular Pvt. Ltd. (USTPL) was amalgamated with Maha Seamless on 3rd March 2023.
- Jindal Pipes has 1 rig, Maha seamless has 1 rig and Maha Seamles (Singapore) has investments in companies that own rigs
- Company will look to deploy cash in projects with 20%+ IRR
- Exports in seamless pipes at 10-12% in Q1FY24
- Seamless pipes prices have softened in Q1

Outlook:
Company expects 5-10% volume growth in FY24. After the new capex is commissioned (Telangana finishing line), company expects a significant volume growth in FY25 (because 100,000 tonnes volume will be added to existing 650,000 tonnes). EBITDA/tonne expected to sustain, company expected to participate in some orders in US and Canada. Few positives are on the table (possibility of the premium connections, large cash balance, strong outlook for PSU orders). For FY24 the growth is slow but FY25 expectations are strong. Company has a strong market share for seamless pipes. At CMP, company trades 5.2x TTM EV/EBITDA.

Management Commentary: https://www.steelmint.com/insights/india-maharashtra-seamless-ltds-production-falls-by-24-q-o-q-in-q1fy24-464175

Welspun Corp Q1FY24 Concall KTAs

Overview: The key takeaways have been on a positive note as majority of issues have been clarified. Saudi business performance had sales recognition mismatch in Q1 (will be reflected in Q2). Net debt levels have come down to INR 8.35 Bn (from INR 11 Bn earlier). Nauyaan Shipyard scrap sold in the quarter to the tune of INR 1-1.5 Bn

Line Pipe Business:
- **Orderbook** at INR 86.8 Bn (645,000 T)
- **India orderbook** at 315,000 tonnes and US orderbook at 330,000 tonnes
- Out of 315K tonnes of India order, 110K tonnes is of Oil and Gas and remainder is of Water. Entire India orderbook will be executed in FY24 itself
- **India Biz volumes** at 104,000 tonnes (Vs 92,000 tonne YoY)
- **US biz volumes** at 81,000 tonnes (Vs 7,000 tonnes YoY)
- **Saudi** has orderbook enough for 2 year

India:
- Strong export outlook with focus on Australia, Europe, South East Asia and Middle East. Upcoming hydrogen hubs and carbon capture projects to drive future demand for pipelines for H2 & CO2 applications
- Rise in demand due to new government policies like City Gas Distribution
- Strong traction in JJM (Jal Jeevan Mission), Nal Se Jal, Jal Nigam projects taken up by the Govt, thereby promoting this segment

USA:
- **Visibility in the region for next 5-7 years**
- **Permian basin has 2 Oil and 4 gas pipelines yet to be constructed. All reflected in company's bidbook. Out of the last 4 pipelines executed in Permian basin, 3.5 was done by Welspun Corp.**
- The USA is projected to account for over half of the global supply increase in 2023 and become the world's largest LNG exporter
- Oil supply from the USA will continue to remain strong with its shares likely to be 45% of the incremental rise to reach to the global total of 105.7 million bpd by 2028

KSA:
- **Saudi performance was weak in the quarter due to delivery and recognition issues. However, this quarters performance will reflect in Q2**
- Saudi Aramco raised its upstream spending by about 24% to US$29 billion and plans further increase in spending to boost its crude oil capacity to 13 million bpd by 2027
- The country is heavily investing in its water desalination projects exceeding US$14.58 billion
- Saudi Aramco and Saudi Basic Industries Corp. (SABIC) joint project of oil to chemicals will increase the demand of pipes significantly
- Upgrades and expansion projects in refineries like SASREF, Petro Rabigh, and Jubail, as well as the launch of the Jizan refinery will augur well for demand. Visibility of atleast next 2 years.
- **EPIC order of 1.8 Bn SAR execution to go on for entire FY24**

DI Pipe:
- **Volumes** were at 27K tonnes, orderbook at 149,000 tonnes valued at INR 11.95 Bn.
- **FY24 volume guidance of 175-200K tonnes**
- Company has DI Pipe range from 80 mm to 1200 mm
- Company is also exploring opportunities in the key markets of Middle East and Africa.

SS Bars and Pipes:
- Booked first order for super critical 6625 grade instrumentation tubes
- Successful development of S30432 (Super 304H) grade steel as well as Boiler Tubes including creep testing for the first time in the country
- Company adding new customers in existing geographies and entering Philippines and USA markets
- **Orderbook of 3864 tonnes worth INR 1.56 Bn (2500 tonnes of Bars and 1200 tonnes of pipes)**
- Company working towards SEA and NEA regions

Nauyaan Shipyard:
- Company sold scrap worth INR 1-1.5 Bn in the quarter, will sell the entire scrap in FY24
- **Total realization from scrap sale to be INR 7-8 Bn**

ABG Shipyard:
- First goal is to take market share back to 22-23%
- Structural changes will be visible Q3 onwards

Other KTAs:
- Current borrowing costs at ~8%
- Mr Aneesh Mishra appointed as non-independent director (8 year's experiences in Metals and Mining Industry)
- Ms Deepali Sheth appointed as independent director (seasoned HR leader with three decades of experience)

Outlook and Valuation:
Line pipe business orderbook and bid book look low sequentially however, it seems to be a passing phenomena as company operates on project basis. Next set of pipeline orders for USA are reflecting in bidbook and company has a strong record in USA deliveries. KSA facility is full for next 2 years. DI biz is EBITDA breakeven now but sequential improvement is expected as input costs are falling. Company is expecting atleast 20% CAGR growth in WSSL. **ABG scrap sale will garner more than investment amount. Inventory levels of Q4FY23 are tapering off.** Company has maintained its guidance of INR 150 Bn of topline in FY24 and EBITDA of INR 15 Bn with ROCE of 16% and has **introduced guidance for FY24 of EPS at INR 26.8 and Net Debt of INR 2.31 Bn.** Keeping all of the factors in mind, we believe the story is intact with minor nudges in current quarter. **We have maintained our estimates and our rating.** We will continue to monitor the changes which should have a significant impact on the outlook and will accordingly revise our estimates. **At CMP, company trades 4.2x EV/EBITDA FY26E. We have a BUY rating on the stock**

Management Commentary: https://www.youtube.com/watch?v=FL664MAc5So
Management Commentary: https://www.youtube.com/watch?v=JQFAarkHxwc

Shyam Metalics and Energy Q1FY24 Concall KTAs
CMP: INR 393 | Market Cap: INR 100.3 Bn | Promoter: 88.35%

Capex:

- New capex announced is to be completed and commissioned by FY26 (90% atleast). Capex will be of INR 39.15 Bn of which INR 12.3 Bn will be towards captive power generation (320 MW capacity increase), INR12.15 towards backward integration (5.1 MTPA additional) and INR 14.70 Bn towards downstream products (1.61 MTPA additional).
- Greenfield CRM facility in Jamuria: INR 953 Mn incurred out of total INR 6.03 Bn. Facility to produce GI/GL coils and PPGC
- Out of original capex of INR 39.5 Bn, 32.33 Bn has been incurred and INR 23.79 Bn has been capitalised

Ramswarup Industries:

- Company will be incurring incremental capex of INR 3.75 Bn (Out of total INR 6.25 Bn, rest by the partner) towards Steel Wire Drawing, Captive Power Plant and DI Pipe
- Steel Wire Drawing of 85,000 tpa to be commissioned by Sept 2024, CPP of 40 MW by March 2025 and DI pipe plant of 400,000 tonnes by Jan 2026
- Out of initial capex of INR 7.47 Bn (INR 4.48 Bn to be spent by SMEL), only INR 1.93 Bn has been incurred till date of which 60% is by SMEL.
- Out of the old capex, downstream facilities are not online yet, company expects them tocome online by March 2024
- FY24 capex will be INR 21 Bn, FY25 will be INR 23 Bn and FY26 will be INR 10 Bn
- Capex will have 20% IRR
- Company will capitalize INR 8.05 Bn in Q2

Pricing & RM:

- Thermal coal price has come down significantly
- Realizations have come down 4% QoQ
- Iron ore price correction didn't happen in Q1 but will happen in Q2
- CFO for the quarter was INR 3 Bn and company expects to end year with INR 18 Bn

Aluminium Foil plant:

- Q1FY24 volumes of 3,654 tonnes (+131% YoY)
- Realisations stood at ~INR 349,288 per tonne (-4% QoQ) (-9% YoY)
- Plant also includes capacity to manufacture EV battery foil. No known comparables except Hindalco
- 65-70% exports

Mittal Corp:

- Company expects revenue contribution of INR 4-5 Bn in FY24 and INR 17-18 Bn in FY25
- Company is making stainless steel and TMT bars. Will add specialty alloy and stainless steel and might enter in bright bars

Fund raise:

- Since promoter holding is higher than permissible limit, company may do OFS and may also participate in fund raise. This is still in discussion with the bankers.

Other KTAs:

- 1.5-2 Mn tonnes of additional pellets available with the company
- Captive power consumption levels to remain the same after capex as well
- The advisory committee that company is aiming to set up will have personnel from the industry
- CWIP stood at INR 24.65 Bn in Q1FY24
- 11% export contri in Q1FY24
- Net debt at INR 4.99 Bn

Outlook:
Company doesn't expect any reduction in volumes of long products in Q2. However, with the monsoon season, price corrections could take place. Company is confident of realizations recovering post that and feels the prices have bottomed out. Company does not see any impact on margins with falling realizations as costs are also expected to fall. Company aims to growth 15-20% in topline going forward. At CMP, company trades 2.7x FY26E EV/EBITDA We are positive on the stock

Management Commentary: https://www.youtube.com/watch?v=tnhObYOHat0

OTHERS

Eco Recycling Ltd. (Ecoreco) Q1FY24 Concall Highlights
Eco Recycling Ltd. | CMP: INR 137.15 | Mcap: INR 2,647 Mn | Promoters Holdings: 73.35%

Guidance
The company aims to capture 1% of India's E-waste market, which is currently estimated at 3.2 million metric tons and valued at $4 billion. The E-waste market is expected to grow at a CAGR of 27% and reach $10 billion in four years, presenting a significant opportunity for the company. Margins can be better with the new EPI Scheme and with government regulations " E-waste (management) rules 2022."

Revenues
- Revenues came in at INR 79.3 Mn (+60.53% YoY)
- EBITDA came in at INR 58 Mn (+90.16% YoY)
- EBITDA Margins came in at 73.07% (+1133 bps YoY)
- PAT came in at INR 47.1 Mn (+70.65% YoY)
- PAT Margins came in at 59.39% (+353 bps YoY)

Zero Debt Company

Capacity
- The company's current capacity stands at 7,200 tons, with a capacity utilization ratio of ~25%, equivalent to 1,800 tons.

Capex
- The company is undergoing expansion with two new buildings as part of its capex.
- The recently completed the construction of factory's outside has incurred costs of around INR 200 Mn, and the interior setup, including machinery, is expected to amount to INR 200-250 Mn.
- The total estimated cost for the expansion is ~ INR 400-450 Mn.

Certificates
- Ecoreco holds R2, globally the highest standard for the e-waste recycling industry.
- ISO 9001, 14001, 27001 & 45001 certificates.

Indian industry overview and Regulations
- The company's focus on corporate e-waste is strategic, as out of the 3.2 Mn MT generated annually in India, 2 Mn MT comes from corporate sources.
- New regulations mandating electronic companies to collect at least 70% of the waste present a favorable opportunity for the company's business. (E-waste (management) rules 2022.)

Mobile App
- The company has introduced a mobile app named "Book my Junk," currently serving Mumbai and nearby regions.
- Through this app, they have successfully provided their services to 2,000 families.

Outlook
Aim to capture 1% of India's growing E-waste market, valued at $4 billion, with a CAGR of 27%. Expanding capacity and investing ~INR 400-450 Mn for growth, leveraging favorable regulations and corporate focus on E-waste. The company's current trading multiple is 16.7x based on the trailing 12 months of EPS.

Jyothy Labs Ltd. Q1FY24 Concall Highlights
Jyothy Labs Ltd. | CMP: INR 290.9 | Mcap: INR 106.82 Bn | Promoter Holdings: 62.89%

Revenues
- Revenues came in at INR 6,870 Mn (+15.1% YoY) (+10% QoQ) (CAGR - 2 Yr: 14.4%, 3 Yr: 16.6%, 4 Yr: 12.9%)
- EBITDA came in at INR 1,174 Mn (+95% YoY) (+28% QoQ)
- EBITDA Margins came in at 17.1% (+710 bps YoY)
- PAT came in at INR 960 Mn (+101% YoY) (+63% QoQ)
- PAT Margins came in at 14.05% (+602 bps YoY)

Debt-Free Company
The company has delivered double-digit growth in various categories and overall performance.

Category Wise Business Mix
- Dish Wash – 34%
- Fabric Care (Main Wash) – 32%
- Personal Care – 12 %
- Fabric Care (Post Wash) – 11%
- Household Insecticide – 7%
- Others – 4%

Segments
Fabric Care
- Grew at 18.1% this quarter (CAGR - 2 Yr: +27.9%, 3 Yr: +27.8%, 4 Yr: +12.3%).
- Key focus area for FY24 is on premium and value offering in detergents.
- And targets to enter new geography for post-wash products.

Dish Wash
- Grew at 10.6% this quarter (CAGR - 2 Yr: +10.1%, 3 Yr: +13.9%, 4 Yr: +14.6%).
- In FY24 the company's priority is to increase market share by enhancing brand equity, positioning itself as the preferred choice among consumers, in the rural areas.

Household Insecticides
- Grew at 10.1% this quarter (CAGR - 2 Yr: -17.1%, 3 Yr: -8.1%, 4 Yr: +18.1%).
- In FY24 the company aims to consolidate its position in the market and drive brand affinity through innovation across formats.

Personal Care
- Grew at 21.1% this quarter (CAGR - 2 Yr: +11.2%, 3 Yr: +11.9%, 4 Yr: +8.9%).
- In FY24 the company's strategic focus is to leverage the strong brand equity of Margo and expand into new formats and categories.
- It aims to build scale by offering a wider range of products in the Toilet Soap (TS) category.
- The company has introduced 3 new variants of Margo (Rose, Lemon and Jasmine) which has got a good initial response.

Outlook
Company has given guidance of maintaining EBITDA levels at ~15% to 16%, which exceeded this quarter by ~210 bps. The company's current trading multiple is 37x based on the trailing 12 months of EPS.

Premier Explosive Q1FY24 Concall Highlights
CMP : INR 932 | Market Cap :INR 10 Bn
The company's order book remains strong, primarily driven by Emergency procurement orders, and is expected to maintain stability at around INR 5 Bn in the foreseeable future. Furthermore, there are positive expectations for an increase in EBITDA margins in the upcoming period.

Revenue and PAT
- Revenues came in at INR 619.5 Mn (+18% QoQ) (+20% YoY)
- EBITDA came in at INR 166.5 Mn (+105% QoQ) (+187% YoY)
- EBITDA Margins came in at 26.9% (+1,138 bps QoQ) (+1,567 bps YoY)
- PAT came in at INR 82.1 Mn (+252% QoQ) (+551% YoY)

Revenue breakup
- The revenue breakdown in Explosives amounts to INR 2,497 Mn, representing 40% of the total revenue.
- Additionally, from Defense & Space services, the revenue stands at INR 3,698 Mn, contributing 60% of the total revenue.

Strong Order Book
- The company has an order book of INR 11.08 Bn, ~5.5 times the FY23 Revenue, indicating significant growth with 71% YoY and 31% QoQ increase.
- The order book breakdown is as follows: 11% from services, 7% from explosives, and a significant 82% from the defense sector.
- The domestic order book accounts for 87% of the total order book, while the export order book comprises 13% of the overall orders.
- The company's order book of INR 5.5 billion per annum is expected to remain consistent in the foreseeable future. This indicates a stable and steady flow of projects and contracts, which bodes well for the company's growth and performance in the coming time.

Emergency Procurement Order
- The company has secured significant orders from BDL, L&T, and the MoD (IAF), which are scheduled to be executed over the next 12-24 months.
- The company's clientele also includes prominent organizations like ECIL, ASL, and Bharat Electronics.

For MOD (IAF)
- Chaffs order: INR 2,921.1 Mn (including GST) to be delivered within 12 months.
- Flares order: INR 2,601.5 Mn (including GST) to be delivered within 12 months.

For MOD Headquarters
- 15mm MTV plates order: INR 767.8 Mn (including GST) to be delivered within 12 months.

For BDL
- Order 1: INR 57.3 Mn to be delivered within 12 months.
- Order 2: INR 435.6 Mn to be delivered in the coming 24 months.

For L&T
- PSOM-XL Motors Order: INR 139.4 Mn to be delivered within 12 months.

Katepally Solid Propellant Plant
- Obtained license for solid propellant production from Chief Controller of Explosives, Nagpur.
- Facility enables manufacturing of larger size Solid Propellant for ISRO & DRDO.
- Delivered PSOM-XL (solid propellant) order for SLV from VSSC.

Shoppers Stop Q1FY24 Concall Highlights
Shoppers Stop | CMP: INR 778 | Mcap: INR 85.3 Bn

Guidance
Shoppers Stop will open 12 new Department stores in 7 new cities and 15 Beauty stores by the end of FY24. The company maintains a high single-digit margin in EBITDA level even after factoring in new investments (as per NON GAAP). The company reiterates with the guidance of INR 1,750 Mn to INR 2,000 Mn in the beauty distribution business.

Revenues (as per GAAP)
- Revenues came in at INR 9,820 Mn (+7.1% QoQ) (+4% YoY)
- EBITDA came in at INR 1,800 Mn (+7% YoY)
- EBITDA Margins came in at 18.33% (+50 bps YoY)
- PAT came in at INR 150 Mn (-33% YoY)
- PAT Margins came in at 1.53% (-80 bps YoY)

Revenues (as per NON GAAP)
- Revenues came in at INR 12,410 Mn (+4% YoY)
- EBITDA came in at INR 580 Mn (-15% YoY)
- EBITDA Margins came in at 4.6% (-110 bps YoY)
- PAT came in at INR 130 Mn (-41% YoY)
- PAT Margins came in at 1.05% (-88 bps YoY)

ATV
- Preimmunizing brands across categories drove an 8% YoY in ATV, from INR 4,264 in Q1FY23 to INR 4,587 in Q1FY24.

InTune
- Shoppers Stop introduced a new format called "Intune" as part of their "Fashion For All" initiative.
- This format exclusively features 100% private brands. They have recently opened 3 stores (2 in Hyderabad and 1 in Dombivali (Mumbai)).
- Catering to young families is one of the key strategic initiatives for Shoppers Stop.
- The gross margins would be more or less at the same gross margin of the company.

Company has a total of 218 stores in 52 cities. And a total of 89 Beauty stores (excluding 57 shops in departmental stores)

Beauty and AI
- Diversified beauty category with 23 new brands: Kilian Paris, Lancôme, Olaplex, Farmacy, and more introduced.
- Shoppers Stop has enhanced customer experiences by leveraging AI technology through the introduction of “Virtual Try On and Skin Analyzer” at SSBeauty stores.
- This feature allows customers to virtually try on makeup products, providing a more personalized and interactive shopping experience.

Loyalty Program
- First Citizen Loyalty Program attracted 9.2 Mn loyal customers who accounted for 80% of offline sales and 42% of online sales.
- The premium Black card members showed engagement with a 2X ATV and 4X spending compared to regular First Citizen members.
- Customer engagement activities received a 2X campaign response, leading to a 26% increase in ATV.

Indian Wear Sales
- Haute Curry up 42%
- Kashish up 14%
- Fratini men's Smart Casual up 39%

Capex investment of INR 430 Mn
- Added 1 HomeStop and 6 Beauty stores.
- 5 Department stores under fit-out.
- Renovated 3 Department stores and 1 HomeStop Store.
- Two stores that were going to open in March will open in August which got delayed due to the occupation certificate.
- 3 stores will open in Q3FY24.

Watches
- The share of Titan watches in sales increased from 11% in Q4FY23 to 23% in Q1FY24.

ESOP
- In FY24 the ESOP would be around INR 100 Mn to INR 110 Mn.
- Overall in FY26 the dilution would not exceed more than 1.8% to 1.9%.

Outlook

Shoppers Stop plans to open 12 new department stores in 7 new cities and 15 beauty stores by the end of FY24. The company is in line with the guidance of INR 1,750 Mn to INR 2,000 Mn in the beauty distribution business. The company's current trading multiple is 76.4x based on the trailing 12 months of EPS.

Triveni Engineering Industry Ltd Q1FY24 Concall Highlights
Triveni Engineering Industry Ltd | CMP: INR 306.85 | Mcap: INR 67.15 Bn | Promoters Holdings: 60.98%

Guidance
The company reiterates the guidance of ethanol sales. Thailand's sugar production is expected to remain subdued estimated at a 10% drop YoY in FY24 mainly because of El Nino, they expect a sharp cut of 1.2 MTs in sugar production to 9.8MT in FY24. Centre South Brazil is expected to have the strongest agricultural yields in many years, with production of ~38.8 MT (+15% YoY).

Revenue and PAT
- Revenues (Net of excise duty) came in at INR 11,979 Mn (-2.3% YoY)
- EBITDA came in at INR 1,371.2 Mn (+10.8% YoY)
- EBITDA Margins came in at 11.4% (+130 bps YoY)
- PAT came in at INR 676.1 Mn (+1.7% YoY)
- PAT Margins came in at 5.6% (+20 bps YoY)

Sugar and Alcohol (Distillery) Businesses
- Blended sugar realization of INR 37,254/MT (+5.6% YoY), increased due to high export realizations and relatively firmer domestic realizations.
- Sugar Turnover declined by 15.2% YoY, driven by the decline of 21.7% YoY in domestic sales volume due to lower domestic quota.
- Alcohol production is 50.4 Mn Litres (+19% YoY), increased due to additional capacities and expansions commissioned.

Capex
- Expansion in the capacity of one of the existing sugar units at Sabitgarh by 2000 TCD (from 7000 TCD to 9000 TCD). With the proposed expansion, the total crushing capacity of the Company will stand augmented to 63,000 TCD.
- In the alcohol business, overall capacity will be further expanded to 1,110 KLPD.

Engineering Businesses
- Power Transmission: Revenue – INR 540.9 Mn (+77.8% YoY) and Profitability – INR 184 Mn (+109.8% YoY).
- Order booking in Power Transmission is INR 2,716 Mn (+21.3% YoY.)
- Total order book for combined Engineering Businesses is INR 16,130 Mn.

Defense
- In the defense segment the company expects increased order booking from key segments of turbine packaging, gearboxes, and special application pumps and the company will also have several RPFs, in Q2FY24 or Q3FY24.

Outlook
Company expects 15% growth in Centre South Brazil and a decline of 10% in Thailand (YoY). They also expect growth in the order book in Defense Segment in the coming quarters (Q2FY24 and Q3FY24). The company's current trading multiple is 51.4x based on the trailing 12 months of EPS.

Vaibhav Global Ltd Q1FY24 Concall Highlights
Vaibhav Global Ltd | CMP: INR 368.8 | Mcap: INR 60.6 Bn | Promoters Holdings : 57.21%

Guidance
The company expects a topline growth of ~ 8% to 10% in FY24 and mid-teens revenue growth in subsequent periods with strong operating leverage in FY24 and FY25. The company has changed the guidance to 50%-50% of lifestyle and jewelry. The company previously have guidance for digital and TV revenue will be 50%-50% by FY26 and now expects that the digital revenue will be ~60% by FY26. The company is currently trading at a PE multiple of 19.4x based on the trailing 12 months of EPS.

Performance Metrics
- Revenues came in at INR 6,582 Mn (+4.8% YoY) (5 years CAGR: 11%)
- EBITDA came in at INR 260 Mn (+49.1% YoY)
- EBITDA Margin for Q1FY24 is at 10% (+300 bps YoY)
- PAT for the quarter is INR 300 Mn as against INR 200 Mn last year. (+50.6% YoY)
- PAT Margin for Q1FY24 is at 4.7% (+160 bps YoY)
- ROCE at 16% and ROE at 9%.
- Declared an interim dividend of Rs 1.50 per share (face value of Rs. 2 each)
- Digital Revenue Mix: 38% of B2C revenue
- In Q1FY24 the retention rate(20+ Purchases) is 86.4%.
- B2B revenue came in at INR 290 Mn (+32.7% YoY)

Currently 29% of revenue is from B2C
The company targets ~50% of revenue from B2C by FY27

Revenue mix by format
- 62% through TV revenues (INR 3,920 Mn +1.5% YoY) (5-year CAGR: 10%)
- 38% through digital revenues (INR 2,370 Mn +7.7% YoY) (5-year CAGR: 20%)

Revenue mix by product category
- 73% through jewellery products
- 27% through non-jewellery products

Revenue mix by Geography
- 67% through US
- 27% through UK
- 6 % through Germany

Recent Development
- Unique Customers: 4.4 lakhs (-11% YoY) (5 years CAGR: 6%)
- New registrations: 3.1 lakhs (-3% YoY) (5 years CAGR: 16%)
- Digital strengthening: 56% of new customers acquired digitally
- Revenue contribution of 'new items introduced' (TTM basis): ~70%

Germany Update
- Monthly revenue of Euro 1.5mn (+132.2% YoY) at 60%+ gross margins
- Presence in 40 Mn households
- Strategic Partnership with Vodafone, added 13 Mn households
- Now present in ~90% Households vs (~60% before partnership)
- Dispatching 3.5k+ pieces/day

Cosmo first Ltd-Q1FY24 concall KTAs
CMP iNR 640; Mcap INR 16 bn

Operational Performance The revenues at INR 658 cr down by 8% QoQ

EBITDA at 55cr vs INR 74cr in Q4Fy23 due to inventory loss

Net debt at INR 450cr as on 30th June2023

The performance could have been better by INR 20 Cr but for the non-repetitive inventory loss arising from the sharp drop in prices of raw material towards the quarter end.

InQ1FY24 the BOPP **demand** has started picking up and demand-supply balance should get restored in the coming quarters.

Margins EBITDAR at 8%, commodity Gross margins were at INR 10/kg in Q1FY24 vs INR 10/kg in Q4FY23 vs INR 40/kg in Q1FY23, this was low as compared to average historicals of INR 25/kg. Speciality margins stay firm but semi-speciality margins have come down by 30% YoY. BOPET where the supply is far in excess of demand, it will take a few quarters for the company to narrow down the gap and the margin is expected to be under pressure till then.

Speciality & Semi Speciality (high margin category) (FY23 62% volume; 13% CAGR over last 4 years.

Target 80%+ volume from Speciality & Semi Speciality segment by 2025. Specialty margins per/kg have witnessed a marginal decline in Q1'FY24 owing to a change in the sales mix. Even in challenging markets, the company has maintained high margins.

The company is targeting to high growth in this segment, plans to add specialized BOPET line by Q3FY24, CPP line by FY 25, BOPP line by H1FY26. BOPp lie will have a capacity of 67000 mt, CPP film line will have a capacity of 25000 mt, the capex planned is INR 590 cr.

Focus areas are going to be to grow specialty business in volumes from 62% in FY23 to 80%+ in FY25. Targets to achieve 20% RoCE in medium to long term and increased investments in R&D.

Speciality chemicals The company plans to scale up master batch plant with a capex of INR 50cr in next 3 years.

Pet care The company plans to add 100+ experience centres in couple of years. There is huge opportunity from an untapped industry, there is also plan to demerge petcare vertical into a separate entity.

Other highlights
•Speciality segment contributed 2/3rd of the total revenues withstanding margin pressure and outperformed as per industry standards.
•The company plan to source more than 50% of renewable energy in order to rationalize costs. The company is targeting to focus on many aspects to rationalize cost and bring down by INR 50-60cr annually.
•The company targets to bring an end to decline in QoQ sales going forward.
•Cosmo is targeting growth in Specialized BOPET Line Shrink labels, Heat reduction films and other high end Speciality which will strengthen company's margin profile.
•The capex majorly to be funded through internal accruals and some from external debt.

Outlook
The company has reported decline in margins in all segments apart from specialty segment. Going forward, the company has taken various measures to combat cost along with an expansion program which will fuel future growth and profitability. The stock is trading at PE multiple of 12.46x to its TTM earnings.

Delta Corp-Q1FY24 Concall KTAs
CMP INR 189; Mcap INR 50bn

Highest ever gross revenue in line with our expectations

Revenues stood at INR 338cr up by 9% YoY/21% QoQ led by growth in casino gaming business and other segments.

EBITDA at INR 96cr up by 9% YoY, the margins expanded by 500 bps on QoQ basis and over 250 bps on YoY basis

PAT at INR 68cr up by 19% YoY PAT margin improved over 225 bps on QoQ basis and over 200 bps on YoY basis.

Gaming business contributed INR 277cr of revenues up by 10.8% YoY/29% QoQ with an EBIDTA of INR 101 Crores. The company reported expansion in margins by 1000 bps on QoQ basis and over 100 bps on YoY basis.

The **visitation** have increased by 28% YoY/20% QoQ which is being reflected in the revenue numbers.

Dry dock The Dry dock had happened in Q4FY23 due to which the numbers were impacted. Now the next dry dock will happen after 5 years for the big vessel that is deltin royale. The small vessel that is deltin jack that may go for dry docking this financial year the cost for which will be INR 6-7cr, but will hardly have any revenue impact due to that.

New vessel The new vessel is being made in India, should be ready by Q4FY24 and next year will be fully operational.

Daman case The next hearing is 3rd Aug which is the final hearing, if the case is in the company's favor, the company has all the plans in place, casino is almost ready and will take about 45 days to 60 days to activate the whole thing as hiring people would need to be done. Daman as a destination has a huge potential for casino business.

GST The company mentioned multiple times that the company is yet to get clarity from the concerned bodies regarding the issue, the meet is scheduled for 2nd Aug. The company has been charging 28% GST since 2017 from its customers.

There is one case going on regarding waiver off from **Goa Government**, the company has paid off 75% to high court and supreme court and the cost has also been recognized in the p&l account, that is, INR 96cr (100%). In case, the company gets any refund, the whole amount will get reversed in the income statement.

Employee exp The bulk of the expense is coming from online segment as the company had employed people to work on a plan but now since IPO not happening in near future, the costs will come down. The company has also shifted its bulk of operations from Gurgoan to Goa which will again bring down the costs.
Online gaming is incurring loss currently, but the company is confident that it will come into profits by 3rd quarter.

Outlook
The company has reported good numbers led by increase in number of visitations, Q2 and Q3 are generally more robust quarters than Q1 and Q4, so getting these numbers in Q1 is a sign of great performance by the company. The company has taken some corrective measures in regards to online gaming segment which will bring in additional cost savings. At CMP, the stock is trading at PE multiple of 23x to its TTM earnings.

Dreamfolks Services Ltd-Q1FY24-Concall KTAs
CMP INR 655 | MCap INR 35 bn | TP INR 750 | Rating Accumulate

DFS posted a healthy top line with 66% growth on YoY in line with our expectations, but profitability dropped to its lowest low, which is below our estimates, led by an escalation in COS and increased investment in human resources.

Key Highlights
Guidance The gross margin guidance has been downgraded from 14% to 11-13% for FY24. top line expected to by 60-65% growth YoY for FY24.

Revenue at INR 2663 mn increased by 66.24% YoY/+12% QoQ led by an increase in Domestic Passenger Traffic from 32.5 mn Q1FY23 to 38.6 mn in Q1FY24. The domestic pax increased from 1.8 mn in Q1Fy23 to 2.6 mn in Q1FY24.

Gross Margin There was an escalation from the operators to the tune of 15% at the time of renewal and a one-off abnormal cost of **common area maintenance charges**(CAM)**,** which has led to an increase in lounge cost. CAM charges have been passed from airport operators to lounge operators, and lounge operators have passed on to DFS. The escalation used to be 7-8% but this time it was 15%. Along with this, there is a time lag between renewals from operators and renewals from clients, due to which the escalation could not be passed to the clients. The top 5 operators escalated the charges at the time of renewals. From Q4FY24 the margin might see some respite as the company may be able to pass on the escalated prices to its clients when the contracts come for renewals. There is lot of competition and cost pressures on airport lounge operators as well as banks, which is making it difficult for the costs to be passed on. But the company is working very seriously to increase its revenue pie in value-added services and other services where the margins are better.

EBITDA margins got impacted due to a contraction in gross margins and ESOP charges of ~INR 1.2cr in this quarter. During the year the company plans to absorb INR 6 cr of ESOP cost spread over the 4 quarters.

The Board of DreamFolks has approved a dividend of INR 0.5 per share for the quarter ending 30th June '2023.

Outlook and Valuations:
DFS posted a healthy topline with 66% YoY/12% QoQ growth driven by an increase in domestic air traffic by 18.63% YoY and various initiatives driving penetration in lounge and other services. The number of DFS pax increased by 12.2% sequentially and stood at 2.6 mn for the quarter. But the profitability took a hit due to 3 reasons. Firstly, there was an escalation in the operators charges by 15% at the time of renewal. Secondly, there was one time CAM charges and thirdly, there is time lag of ~6months between the renewal of lounge operators and card issuers(clients) due to which the cost could not be passed on. There is ESOP cost too which the company will incur in FY24 to the tune of INR 6cr impacting the EBITDA margins.

However, the company is working on increasing the share of other airport services where the margins are better, the railway lounge and international business too has huge opportunity in years to come along with, trying to work with the clients to pass on some cost. The top line is expected to grow at strong growth rate of 60% for FY24 with gross margins expected to be in the range of 12-13% for FY24.

At CMP the stock is trading at forward P/E multiple of 32(x) and 25(x) to its FY25E and FY26E earnings. We value the stock at 29x to arrive at a target price of INR 750, an upside of 15%, we downgrade our rating from buy to accumulate.

Just dial Ltd-Q1FY24 Concall KTAs | CMP INR 800; MCap INR 68073 mn; TTM PE 23.80x

Reported strong performance with 4x plus EBITDA growth

Guidance The company indicated that it aims to achieve pre covid margin levels of 25% by Q4FY24 with realization, paid campaigns growth and moderation in expenses. The company has also guided for 20-25% growth in top line YoY.

Q1FY24 Results Just Dial reported operating **revenues** of INR 2470mn which is up by 33.1% YoY/6.2% QoQ led by increase in paid campaigns as well as realisation growth

EBITDA stood at INR 367mn up by 337% YoY/9.8% QoQ and margins stood at 14.9% (excl. ESOP exp.) expanded by 878 bps YoY/-62bps QoQ led by operating leverage.

PAT stood at INR 834mn

B2B contribution was 26% of total revenues; Monthly sign ups stood at 68% in Q1FY24

•**Strong performance** Unique visitors has gone up by 15.9% YoY/7.6% QoQ to 171mn, mobile visitors saw growth while voice visitors witnessed de growth.; Total listings has gone up by 15.8% YoY/4.3% QoQ to 38mn; Paid campaigns has gone up by 13.4% YoY/1.9% QoQ to 548270 mn.

•**Growth Drivers** The company had invested heavily in sales team in B2B and B2C businesses which is driving growth. Paid campaigns have gone up by 19% YoY/3% QoQ to 521,880 mn driven by focus on monthly payment plans. The company also revamped its website leading to better and rich content with more user-friendly data points for the users.

•**Strong Margins** The margins expanded by 878 bps YoY/-62bps QoQ mainly due operating leverage, hike in prices and increase in active listings. The employee cost was higher this quarter as many increments came in this quarter.

•**Realisations** The company took price hikes in tier 2 cities from INR 1000/month to INR 1250/month. The company tries to enter any geography with basic price levels of INR 750-999/month, tier 2 and tier 3 cities realisations are 45% of tier 1 cities realizations, which leaves huge scope for price hikes in tier 2 and tier 3 cities.

•**New initiatives** The company has forayed into new platforms like JD real estate, JD experts, JD shopping. The platforms are ready, to get products delivered or get services fulfilled, but the company wants to wait and watch, the company is not planning to pump in significant amount of money as these platforms are likely to have negative unit economics.

•Top 11 cities contributed 60% of revenues and non top cities contributed 40% of the revenues. Top 11 cities grew by 25% YoY and non top 11 has grown by 46-47% YoY.

•The company's core business coming on track, the **collections** in Q1FY24 stood at INR 2,591mn (28.9% YoY). Deferred Revenue stood at ₹ 450.3 Crores, up 2.8% QoQ and 27.4% YoY.

•**Cash and investments** at INR 41592 mn, the company has very healthy cash in its books but the company still does not have any concrete plans to use this cash for business purpose which might hit ROE adversely.

•User engagement on the platform (ratings & reviews) continued to increase. Active listings (38mn) grew 4.1% QoQ, 15.8% YoY.

•**Paid campaigns** has gone up by 13.4% YoY/1.9% QoQ to 548270 mn. Monthly compaigns, 68% customers sign up for monthly plan basis, 55% of paid campaigns get retained yearly.

Outlook

Just dial have posted strong operational numbers this quarter led by the continued increase in paid campaigns as well as realizations. The company has shown strong growth of 46-47% YoY in non top 11 cities. The realisations in tier 2 & 3 cities are just 45% of Tier 1 cities, so there is good headroom for price hikes in small towns. Going forward the company wants to focus on its core business and is not too keen to invest further in its new initiatives which includes JD real estate, JD experts, JD shopping. At CMP, the stock is trading at PE multiple of 23.1x to its TTM earnings.

Management Commentary: https://www.youtube.com/watch?v=LVFJ94zP2Cc

Landmark Cars Ltd Q1FY24 Result Concall KTAs
CMP INR 691; MCap INR 27 bn

Operational Performance Revenues from operations at INR 6,940 mn down by 13% YoY/-18% QoQ
EBITDA at INR 467 mn down by -11% YoY/-26% QoQ; EBITDAM at 6.71% expanded by 189 bps YoY/-991bpd QoQ
PAT at INR 73 mn down by 60% YoY/-70% QoQ
The exceptional item in the quarter is linked to the capex write off for shifting of Jeep small workshop to large workshop in West Delhi.
Average selling price has gone up from 15.6 lakh in Q1FY23 to 19.1 lakh in Q1FY24 an increase of 22% led by all over price escalation.
Average sell price of servicing car up by 9% YoY.
Vertical wise performance
New vehicle sales and allied business-Reported revenue at INR 5041 mn in Q1FY24 vs INR 6301 mn in Q1FY23; New vehicle sales EBITDA at INR 111 in Q1FY24 vs INR 205 mn in Q1FY23.
After-sales business- Reported revenue at INR 78,077 mn in Q1FY24 vs INR 76,469 mn in Q1FY23; New vehicle sales EBITDA at INR 341 in Q1FY24 vs INR 309 mn in Q1FY23 led by focus on retaining and adding customers and enhancing the per repair revenue. It provides a stable a stable revenue stream and contributes to higher-margin revenues which helps mitigate the cyclical nature of new vehicle sales. It is growing at ~20% CAGR from FY14 to FY23 with ~18% EBIDTA margin.
Revenues Revenue has witnessed a decline due to the unavailability of multiple high-selling models during the quarter and the discontinuation of a few models. The company is working on the situation with 1.) Introduction of Mercedes GLC and availability of hi-end variants 2.) Introduction of Jeep Compass Diesel 4X2 3.) Better availability of BYD cars 4.) Start of MG Car operation in MP from July'23.
Landmark experienced short supply of many to end models, which is likely to improve from this month
The company's OEMs could not participate in rally in the last quarter, but the company is confident of catching up with the lost business in the coming quarter.
Mercedez benz grew at 8% YoY and has guided for 2 digit growth for rest of the year which will get in huge headroom for the company's growth. Merc launched GLC which is the global best seller ahs taken India also taken by storm, bookings have crossed 1500 units all india translating into INR 1100 cr of sales, landmark being largest partner is here to benefit from it.
Honda registered 37% decline in sales hue to short supply but now the supply has began and cars have started coming in the showrooms, but going forward, the company is expecting the honda sales numbers to get double from current levels which will fuel the landmark's growth too.
Landmark's MG operations have also started in Indore and Bhopal, it will start contributing to revenue immediately.
The jeep sales declined due to the discontinuation of petrol cars, now since the company is coming with the cheaper version in diesel the sales will kick in for jeeps too.
Preowned cars new vertical The company plans to add one more business vertical that is a platform for customers enabling them to sell their existing cars through workshops and upgrade to a new car model of the same brand. At the same time, the purchase of existing cars at workshops ensures the lowest acquisition cost.

Outlook
The company clocked decline in revenue on account of the unavailability of multiple high-selling models, but now the supply is coming back on track. Car buyer demographics is changing with increase in opting for luxury cars over mass-market cars. High end shift in PV segment is long way to go and LMC is poised to benefit by adding new OEMs to its client-list in addition to the ones with whom it is already doing business.

Lemon Tree Hotels Ltd- Q1FY24 Results-Con call KTAs
CMP INR 95; Mcap INR 75.65 bn

The company has hinted towards 15% ARR growth YoY

On console basis

Q1FY24 Results Revenue at INR 222cr up by 16% YoY/-12% QoQ led by healthy demand across brands and segments and generallyQ1 is a weak quarter as compared to Q4.

EBITDA at INR 106cr up by 15% YoY/-25% QoQ and margins at 47.6% up by -815bps YoY/ -60bps

Cash Profit at INR 50 cr up by 32% YoY/-39% QoQ

•Increase in costs by INR 18cr on account of increased variable costs and renovation costs

•This year the company will be opening 1 new hotel aurika Mumbai and small 70-room hotel in Shimla in next 24 months. With aurika CAPEX of about INR 4,500 cr will be over.

•Lemon Tree standalone will be debt free in 1.5-2 years, Fleur based on companys projection should be debt free in 1.5 years.

•The company has indicated that in the medium term they will be able to do 3x in management fees income up to INR200 cr of EBITDA from Aurika, a significant increase in EBITDA from Keys, and a normal 25% increase in EBITDA from the Lemon Tree portfolio every year.

•Total expenses stood at INR 117.8 Cr in Q1 FY24 which was up 4.4% from INR 112.8 Cr in Q4 FY23 and was up 18.1% as compared to INR 99.7 Cr in Q1 FY23

•**Gross ARR Q1FY24** at INR 5237 up by 8% YoY/-10% QoQ

•Occupancy increased by 514 bps YoY and decreased by 339 bps QoQ

•RevPAR of INR3,678 which increased 17.2% YoY/-14.2% QoQ

•Fees from management/franchised contracts stood at INR 10.4 cr, up 19.3% YoY

•For lemon tree 75% of revenue is from rooms and 25% is from food and beverage and others.

Business performance in Q1Fy24
•**Lemon tree** ARR up by 9% YoY/-11% QoQ, Occupancy 595 bps YoY, Rev PAR +18% YoY, EBITDAR margin at 49.6% up by +1277 BPS YoY.
•**KEY hotels** ARR up by 9% YoY, Occupancy +595 bps YoY, Rev PAR +18% YoY, EBITDAR margin -82 BPS YoY
•**Portfolio** Owned 33 Hotels and 4517 keys, leased 7 Hotels and 573 keys, Managed 50 Hotels and 3401 keys. There are 3724 keys in pipeline and 46 Hotels in total the portfolio is expected to reach to 136 hotel and 12215 rooms.

Outlook
The current results indicate that the revenge travel part of the pickup is almist over and jump up in leisure demand which occurred last year has significantly moderated. The company has indicated that in medium term they will be able to do 3x in management fees. Even the prices are expected to stabilize and unlike last year when the hotel took 2-3 hikes in a year, this year the company is expecting hike growth of 15% on an annualized basis. Going forward, we expect healthy growth trajectory unlike jump in the last year in top line.

Management Commentary: https://www.youtube.com/watch?v=g4aLxsinu-A

Pondy oxides and chemicals Ltd Q1FY24 Concall KTAs
CMP: INR 437 | Mcap: INR 5.07 bn

On Console basis

Financial performance The revenues reported at INR 320 cr lakhs down by 12% YoY

Edita stood at INR 12 cr lakh and margins at 3.8% contracted by 150 bps YoY

PAT at INR 6.5 cr

The company has guided for 6-7% growth YoY for FY24 in lead business

Has order book of 60,000 tons pa

Revenues declined by 12% YoY as this quarter there was a breakdown in the smelter unit and was under maintenance so the production volumes were low as well as the sale volumes. The volumes stood at 14880 metric tons in Q1FY24 vs 16200 metric tons in Q1Fy23 vs 19870 metric tons in Q4FY23. The lead business contributed INR 303 cr, plastic INR 6.5cr and Aluminium INR 14 cr. The company has 65% of exports and 35% of domestic sales.

EBITDA margin contracted due to low volumes as the fixed cost could not be absorbed affecting margins adversely. Total Expenses for Q1FY24 of INR 313 cr down, from INR 350 cr year on year, down by 10%.

Harsha exito is involved in the manufacturing of glass fibres and Chopped Strand Mats. The company is planning to further extend its operations, this vertical should start contributing meaningfully in FY24-25.

New businesses like plastics, copper and aluminum are going through a gestation period, these verticals are expected to contribute to the production and revenue meaningfully by FY25.

The company commenced aluminium production with a capacity of 12000 MTPA in last year and rolled out products which have got good response, the company has also commenced trials in plastic products. The company also commenced trial project for plastics with a capacity of 12000 MTPA.

Plastic business For the 1st phase investment was ~INR 12-INR 15 cr which will be funded through internal accruals which is expected to open a revenue stream of ~INR 100 cr. For the time being the company wants to concentrate on PPE, EPCP and LDP, HDP segment in plastic vertical.

Green lead vertical is in the trial stage and will come for commercial production in a couple of months.

The company keeps a close watch on any cost escalations expected and tries to pass the increased costs to customers during contract renewals.

The company does not have any long term debt, short-term debt is INR 137cr as on 30th June 2023

Outlook
The revenue and margins were down as the company had one time issue of break down in one unit due to which the production was low. In coming quarters we can expect margins to be back to normal levels. Going forward, the company's focus will be to build up on the portfolio as a whole, the company has added non ferrous metals, recycling is also going through phenomenal changes and is expected to grow substantially. In addition to this the company is also trying to build up on value-added products which will help the company and the group to grow at a better pace.

Management Commentary: https://www.youtube.com/watch?v=C8kabyQTO5E

V-Mart Retail Ltd-Q1FY24-concall KTAs
CMP INR 2399; Mcap INR 47 bn

Revenue at INR 6785 mn up by 15% YoY led by increased footfall, the value could have been better but the company took few price cuts in this quarter.

EBITDA at INR INR 525 mn down by -40.8% YoY and margins at 7.7% contracted by -740 bps YoY. Decline in EBITDA from previous years has been due to the higher impact of inflation on cost as well as the lowering of gross margin to improve value provisioning and the decline in FSG, and losses contributed by Limeroad.

PAT reported at INR -219 mn vs INR 205mn on Q1FY23.

The expenses have increased by by 46%, include the full impact of the newly acquired Limeroad business and online spend on the online business.

Industry scenario The company mentioned about changing trends and increasing competition in the value retail market. This can be maily attributed to international economic pressure as well as a lot of tourism beginning again, a lot of these upper-middle-class or upper-class people who are used to the customer for the malls and for the brands, they have also moved out and are shopping overseas. Southern India and especially the Uttar Pradesh belt, which continues to be struggling because of the transition of an informal economy to the formal economy.

Footfall In Q1FY23 footfall increased by 23% YoY and stood at 13mn. Industry overall has been a little muted this time. overall in fashion, most of the brands have reported a little lower footfall and a little lower conversion, the company experienced good footfall but conversions were lower. The conversion rate reduced from 60% in Q1Fy23 to 56% in Q1FY24.

The East zone, particularly Bihar and Northeast showed remarkable progress and Andhra Pradesh and Telangana were amongst the bottom performers.

Lime road has shown revenue growth, Limeroad revenues increased by 47% quarter-on-quarter. The digital business mix, which includes commission revenues from Limeroad and sales revenues from the V-MART product placements on other marketplaces, increased to 5% from 3% in the last quarter and is now bound to grow even further.

Capex The company has spent INR 56cr in Q1FY24, on the new warehouse completion, nine new store openings and some store refurbishments

New stores opened in South in last one year continued EBITDA performance with 27% higher sales per square feet than the legacy acquired stores. The target for the year is still maintained at 50 plus stores, a large part of which should be opened between quarter two and quarter three.

Outlook
Vmart has consciously taken a decision to cut down on prices, coupled with lime road losses the margins declined on a higher base as last year the company had taken few price hikes. Going forward, the lime road business will achieve break even in a few quarters and will start contributing positively to the company's profitability.

Management commentary: https://www.youtube.com/watch?v=gSJeBEXOHp0

Royal Orchid Hotels Ltd-Q1FY24-Concall KTAs
CMP INR 307; Mcap INR 8.44bn

Guidance The company has guided for ~INR 400cr topline for FY24, with occupancy to be maintained in the range of 78-80%.

On console basis

Financial Performance revenues stood at INR 73cr up by 16.2% YoY

EBITDA at INR 22.92 cr down by -4.6% YoY, margins at 31% contracted by 700 bps YoY due to increased cost.

PAT at INR 10.73 down by -6.9% YoY PAT margins at 15% contracted by 400 bps YoY

IND-AS 116 adoption led to an increase in depreciation and finance cost of Rs. 5.28 CR leading to a reduction in PAT of RINR 1.26 cr at standalone.

Margins The margins contracted by 700 bps YoY/-300 bps QoQ due to an increase in employee cost and Repair and maintenance cost. Repair and maintenance cost will continue in Q2FY24 also later it will start declining. The company is working on employee cost too, and trying to optimize it by training personnel to do multiple tasks and optimizing the ratio to the most cost-effective levels.

Portfolio Managed keys increased from 62 in Q1FY23 to 628 in Q1FY24;

Leased keys increased to 72 and managed overseas to 55 in Q1FY24.

The total keys added in Q1FY23 stood at 755 keys

Average occupancy stood at 78% on similar levels as compared on YoY basis.

Average room rate reported at INR 5227 in Q1Fy23 vs INR 4880 in Q1FY23 vs INR 5657 in Q1FY23, decline on QoQ basis and increased on YoY basis.

Upcoming hotels The company is planning to add 22 hotels with 1100 keys which will include locations like Gulbarga, Nellore, Coorg, Mysore, Varanasi, Jaipur and a few more.

Industry scenario There is robust demand for tourism and International tourist arrivals in India is expected to reach 30.5 mn by 2028. The government has allocated 100% FDI in Tourism & Hospitality sector under an automated route. Swadesh Darshan scheme has 13 thematic circuits across the country selected for the development of tourism infrastructure.

Challenges There is intense competition prevailing and which is expected to rise further with the Entry of Travel aggregators.

Limited land availability at the desired location leading to rising property prices
Delays in getting approvals and licenses lead to increasing project cost
The cost of funding is increasing so Medium to small-size hotels, are not favorable to PE, VC funding

Outlook
There was a dip in profitability due to a dip in average room rate on a sequential basis and an increase in employee cost on YoY/QoQ basis. Going forward, the company will be able to control and stabilize employee cost and repairs and maintenance cost, which will lead to margin expansion. There has been a bounce back in business conference meets, an increase in banquet prices, and overall strong growth in tourism post covid, which will bring in additional profitability for the business. On CMP, the stock is trading at PE multiple of 18.6x to its TTM earnings.

Kalyan Jewellers India Ltd Q1FY24 Concall KTAs

CMP: INR 183 | Market Cap: INR 187.6 bn

Financial Performance

- The company's revenue grew by 31.2% YoY from INR 33,326 Mn in Q1FY23 to INR 43,757 Mn in Q1FY24 (up 29.3% QoQ)
- The company's gross margin stood at 14% in Q1FY24 compared to 12.7% in Q1FY23.
- EBITDA grew by 22.2% YoY from INR 2,642 Mn in Q1FY23 to INR 3,229 Mn in Q1FY24 (up 44.5% QoQ).
- EBITDA margins stood at 7.3% in Q1FY24 compared to 7.9% in Q1FY23
- PAT grew by 33.2% from INR 1,077 Mn in Q1FY23 to INR 1,435 Mn in Q1FY24 (up 105.8% QoQ).
- Revenue and PAT growth: Kalyan Jewellers India Limited experienced strong growth in consolidated revenue (31%) and consolidated PAT (33%).
- Revenue by region: Revenue from India operations grew by approximately 34%, while revenue from the Middle East grew by around 22%.
- Showroom expansion: The company plans to open 10 more showrooms in the current month and launch 20+ physical showrooms of Candere in the next six months.
- Divestment of non-core assets: The company expects to conclude the divestment of non-core assets by the end of the current quarter.
- Footfall momentum: The company is encouraged by the continued robust momentum in footfalls and is preparing for the upcoming festive and wedding season.
- Gross margins: Gross margins for franchisee stores are around 8%, while own stores have gross margins of around 16%. The Middle East business is expected to have a gross margin of around 15-15.5%.
- Debt reduction: The company plans to reduce debt by around 15% in India and intends to use the proceeds from non-core asset divestment to further reduce debt.
- Return on equity: The expansion of franchisee stores is expected to improve return on equity.
- ESOP: The company has given ESOP to more than 400 employees and plans to continue doing so for the next two years.
- Expense reduction: As the franchisee model scales up, the company expects the percentage of other expenses as a percentage of revenue to decrease.
- Store expansion: The company aims to open a maximum number of showrooms before Diwali and increase its bandwidth for store expansion.
- Middle East business growth: The company expects the Middle East business to have double-digit growth in the future.
- Competition and pricing: The company has faced strong competition in the industry but has adapted to the new normal and has not offered extraordinary discounts on making charges.
- Gold price volatility: The company does not predict gold price volatility during Diwali and does not take any risk or gain in metal.

Dixon Technologies (India) Ltd Q1 FY24 Concall KTAs

CMP: INR 4113 | MCap: INR 244.96Bn

Financial Updates

The company has reported a revenue of INR 32.74Bn which is an increase of 15% YoY, with an EBITDA of INR 1.35Bn up by 34% YoY.

The company has reported a PAT of INR 670Mn which is an increase of 48% YoY.

Revenue Breakup

Consumer Electronic – INR 8.82Bn with an operating profit of INR 300Mn.

Lighting Products – INR 2.22Bn with an operating profit of INR 190Mn.

Home appliances – INR 2.59Bn with an operating profit of INR 280Mn.

Mobile & EMS – INR 17.95Bn with an operating profit of INR 530Mn.

Security System – INR 1.14Bn with an operating profit of INR 15Mn

Margins

The company has an EBITDA margin of 4.1% in Q1FY24 which is up by 60bps from Q1FY23, the PAT margins are up by 50bps YoY totalling 2.1%.

Operating profit margins have declined across the board on a QoQ basis, but have grown across the board on a YoY basis with the exception of security systems. Operating earnings have increased the most, by 61% YoY, in the Mobile & ESM segment.

Order book

The company has received a new order from Xiaomi smartphone and production is expected to start in October this year.

The company has received an order from Jio Bharat with an order of more than 15Mn units.

The company has received an increased order book from Motorola of 1.5Mn in Q2FY24 which is against 1Mn in Q1 FY24.

The company anticipates that the volumes will reach 2Mn in the upcoming quarter due to the significant export orders they are currently receiving.

Capex

The company invested 1.1Bn in Q1 for capital expenditure, for the new production unit of Xiaomi, a new plant for refrigerator expansion, a semi-auto washing machine, and some more expansion in the IT and hardware Telecom sector which is under the PLI scheme.

The is committed to investing INR 4-4.2Bn in capital expenditure by the end of FY24.

PLI

The company has invested in IT hardware products as the government has announced a revised PLI scheme for this sector with a higher incentive payout.

The company's mobile phone customer is under the PLI scheme except for Samsung smartphones.

Outlook: The company is expecting its margins to be around 2.3-2.7% after the new mobile phone customers and this margin will include the PLI benefits. The company has increased its inventory to 32 days as the demand looks promising in the near future. Smartphone volumes are expected to increase with this integration of new customers Xiaomi and Jio, which will help increase the margins.

Eureka Forbes Ltd Q1FY24 Concall KTAs

CMP: INR 540 | MCap: INR 104.49Bn

Volume Growth

The company's aims of growing the category and driving volumes are beginning to bear fruit with overall volume growth in Electric Water Purifiers and Vacuum Cleaners during the quarter.

Financial Update

The company has reported quarterly revenue of INR 5.05Bn in Q1FY24 (+1.9% QoQ, -3.8% YoY)

Adj. EBITDA stands at INR 496Mn (+15.5% YoY). Adj. EBITDA margins improved by +164bps

YoY and 49bps QoQ to 9.8%

PAT stood at INR 221Mn (+23.9% YoY), with PAT margins of 4.95% (+82bps QoQ, +44bps YoY)

Net debt stands at INR 320Mn by the end of Q1FY24, a reduction of 85% YoY. Will focus on capex in the near future.

Future Growth

The company will focus on Improving distribution and affordability for the customers.

Growth will be driven by the best quality product in every store

The company has seen an increase in market share for both water and vacuum and is positive that this will follow.

The company is focusing on innovation(water purifiers) in future also and is confident about these innovations will drive growth in new customer segments.

Improved Health of Business

The company's specific transformation initiatives helped improve its Adj. EBITDA margin to 9.8%, up by 164 bps YoY. This combined with an 85% YoY reduction in the net debt has fundamentally improved the financial health of the business.

Other KTAs

The company is getting a lower finance cost which enabled the reduction in debt.

The employee cost will be range bound in future which will help in profitability.

The company has filed a case against Surekha Forbes and is positive to get the company banned. They are also focusing on how to reduce grey market products/ copy products and are in talks with authorities for the same.

2Mn subscribers are currently under contract, but many more are not, which presents a big potential for the company because of the older device and will upgrade, allowing it to get a larger market share.

Outlook: The company has the potential to grow significantly in multiple categories and channels, with a large runway for growth. Today's volume will drive future growth as the contracts will increase and will have high maintenance/service revenue. The company appears it has the ideal portfolio to deliver long-term, profitable growth, but it will continue to consider new categories in the future.

ICE Make Refrigeration Ltd Q1FY24 Concall KTAs

CMP: INR 516 | MCap: INR 8.15Bn

The largest single order of INR 654.8Mn from WBLDCL government-owned entity of West Bengal, and a strong overall order book of INR 1.25Bn.

Financial Performance

Revenue stood at INR 791Mn in Q1FY24 as against INR 648Mn in Q1FY23, an increase of +22% YoY. (-30% QoQ).

EBIDTA for Q1FY24 stood at INR 81Mn, as compared to INR 53Mn in Q1FY23 with a growth of +54% YoY (-32% QoQ).

EBITDA margin stood at 10.3% in Q1FY24 compared to 8.1% in Q1FY23 (vs 10.7% QoQ).

PAT for the quarter stood at INR 53.6Mn as compared to INR 31Mn in Q1FY23 up by +72.9% YoY and -37.8% QoQ.

Order Book

The company has a robust order book of INR1.25Bn for the current year.

Ice Make Refrigeration Limited has been granted a contract of INR 65.48 Crore by a government-owned entity focused on the growth and promotion of livestock in West Bengal.

Future Growth

The company is confident that it would grow at 30% or higher with robust demand.

Following covid, the Ice Cream segment is developing at a good rate, which can provide the company with a segment to grow in.

The Food and beverage segment is seeing a greater demand sequentially and is driving the segment growth.

The East region is a virgin market with no local manufacturing, and the company intends to develop there to decrease logistics costs and improve service.

Segmental Update

Commercial refrigeration – VAP products have contributed 21% of the revenue with margins of 30-34%.

Cold room – The segment has generated 47% of the revenue with margins of 28-32%.

Industrial refrigeration – The segment has generated 4% of the revenue with margins of 24-15%.

Transportation refrigeration – The segment has generated 12% of the revenue with margins of 12-15%.

Ammonia – The segment has generated 15% of the revenue with margins of 10-12%.

CAPEX

The company has started a project for its Continuous PUF Panel, which is used in the refrigeration and infrastructure industries, and the key CAPEX in this project is roughly INR 60 cr.

The Continuous Panel expansion project will be commercialized by Q1FY25.

The CAPEX has a potential of INR 2Bn in a single shift with gross margins of 15-18% and the plant will be fully automated, this will reduce the employee cost.

Outlook: The company has witnessed a more than 22% growth in sales volume compared to the same period last year due to its focus on innovation and product development. With a strong order book of INR 1.25Bn and an order from the West Bengal government company has great growth potential in the near future.

KFin Technologies Ltd Q1FY24 Concall KTAs
CMP: INR 380 | MCap: INR 64.60Bn

Financial Update
The company reported a revenue of INR 1,815Mn in Q1FY24, with an increment of 7.6% YoY.
EBITDA was reported at INR 704.3Mn in Q1FY24 a 12.8% increase YoY, with an EBITDA margin of 38.8% a +178bps YoY.
The company has reported a PAT of INR 433.8Mn(+15.9% YoY), with a PAT margin of 23.9%(+170bps YoY).
By the end of Q1FY24, the company had INR 3,197Mn cash in hand.

New clients
The company has a new client which is Bajaj Finserv Asset Management Ltd and is live from June'23.
158 new corporate clients were added to the issuer solutions division. During the quarter, 4 out of 7 mainboard IPOs were managed, and the market share for NSE500 businesses was 46.5%.
KFin Technologies is appointed as the RTA for Jio Financial Services Ltd in July'23.
The company has won RTA mandates from new clients in Malaysia and Singapore, respectively, as well as 28 new funds for RTA services from an existing client in the Philippines and the onboarding of 5 new clients in Gift City, India.
KFin won the first contract for fund administration in Thailand in July'23.

Products
The company has launched several products in this quarter which is an addition to last year's 20-product portfolio, and is planning to launch 6-8 products by the end of Q2FY24.
KFin has 5 new products in the AIF portfolio, some are in the corporate registry space.

Future Growth
The company's monthly SIP inflow has been rising steadily, by Q1FY24, it had increased by 12.5% YoY. This inflow will serve as the company's foundation for growth.
KFin is very confident that AIF will have very strong growth in the near future compared to other asset classes.
The company is also seeing higher growth potential in NIP schemes as the subscriber base grew by 24.1% YoY and is expecting robust growth in future.

Other KTAs
Overall AAUM growth was 14.5% YoY compared to the industry's 14.2%.
NPS subscriber base increased to 1Mn, up 24.1% YoY compared to the industry's growth of 12.9%.
Live Folios for the company has reached to 29.2Mn a growth of 20.6% YoY, which is higher than the industry by 50bps.
To streamline the process, KFin has introduced a digital onboarding platform for PMS/PWM.
The company is having an average daily transaction of INR 1.4Mn.

Outlook: The company showed robust growth by acquiring new clients and focusing more on new innovations.Q1 revenues were better than the industry average, and the company has a healthy pipeline, the company is also confident with its strong pipeline and can better performance in coming quarters.

Vakrangee Ltd Q1FY24 Earnings Call KTAs
CMP: INR 16.4 | MCap: 17.32Bn

VISION 2030 Update
-The company aims to reach the revenue mark of INR 83Bn with an EBITDA margin of 15-16% and PAT margin of 8-10%.
- In Q1 FY24, Master Franchisees were appointed in 292 Districts and 28 States across the country with a goal of increasing that number to 764 by the end of FY24. The master franchisee will facilitate the recruitment of new franchisees and offer operational support to the current franchisee outlets.
- The company plans to have all District residents(i.e. 100%) covered by March 2024.
- The company's focus has been on strengthening its first mover advantage and expanding its presence through the development of a master franchise network.
- In this FY24, the company also plans to install more than 7300 ATMs.
- The company has an active Kendra outlet of 21,003 and is committed to opening 27000 Kendra outlets by the end of FY24.

Financial Update
- Revenue increases by 14.74% YoY i.e. INR 5590Mn. In Q1 FY24, EBITDA totaled INR 693 Mn, up 56.08% YoY.
- PAT is INR 49 Mn in Q1FY24, up 716.67% YoY. The company's margins are at their greatest point in the previous four quarters. GTV of Q1 FY24 has crossed INR 149.20 Bn and the number of transactions has crossed 332 Mn transactions.
- The company has declared a dividend of INR.05 paisa per equity share.

Bharateasy app
- The firm has established an online digital platform with a unique O2O (Online to Offline) platform, and the physical Kendra network will offer higher assistance with digital online services.
-The App will provide different types of services under one roof(E-commerce, Healthcare, Banking/Insurance/transfer, Loans, Agri products, etc.), these all Services will be provided by partners like(Amazon, Doconline, Redbus, etc.)
- The app will also include ONDC, which has the potential to expand its audience and increase its market share.
-This App will primarily target rural India and will try to address their needs.

Outlook: The company is very bullish on achieving the revenue mark of INR 83Bn, by launching more and more master franchisees, the company is transitioning from its established business strategy to a multi-line business model. In the upcoming 18 to 24 months, the Kendra outlet will experience exponential expansion, increasing sales. Additionally, the company is concentrating on its margins going forward, as evidenced in this quarter and maintenance of 15–16% margins in FY24. The company is currently concentrating on the App, which has the potential to be another area where it can generate revenue.

Thomas Cook India Q1FY24 Concall KTAs
CMP: INR 105 | TP: INR 207

Thomas Cook India’s (TCIL) Q1 performance was a beat on all fronts supported by good volume growth in the travel and leisure business across Thomas Cook India, SOTC, and Sterling, with better cost management. Income from operations grew by 94.53% YoY to INR 18,990 Mn (up 44.6% QoQ) vs our estimate of INR 16,075 Mn. The EBITDA grew by 242.36% YoY to INR 1,240 Mn (up 242.93% QoQ), vs our estimate of INR 871 Mn. EBITDA Margin expanded by 282bps YoY to 6.53% (up 378bps QoQ) , vs our estimate of 5.35%. The PAT stood at INR 709 Mn (vs INR -58 Mn YoY, vs INR -107 Mn QoQ), above our estimates of INR 371 Mn. Q2 and Q3 are expected to be stronger as the travel business, hospitality, and forex businesses continue to see volumes with the onset of vacations and the festive season.

Cost reductions coupled with Debt reduction: The costs have significantly come down, reaching a level it will sustain and the company has managed to reduce debt by INR 780 Mn between the months of March and June. Current debt balance stands at INR 3,130 Mn which has reduced from INR 5,080 Mn levels at the beginning of the pandemic.

Recovery in volumes: The growth in revenue was primarily driven by the growth in retail business where the recovery was close to 110% to the pre-pandemic levels. The corporate volumes were subdued in Q1 and Q4 of FY23 and came back strong in Q1FY24 with about 90% recovery. The education segment of the retail business also saw volume growth of 22% YoY. Acquiring a large no. of marquee clients in retail, telecom, consulting, infrastructure, and manufacturing sectors, adding close to about $15 million to $18 million of annualized volumes to the corporate foreign exchange business.

Growing customer base & bookings: Between SOTC and Thomas Cook, the company had roughly about 18,000 customers who traveled with them to Europe and the company expects to end the year with close to about 25,000 customers. One of the three vendors that provide service to the government for the G20 and have completed close to 37 events with 4-5 more events happening in Sept 2023, which will see some high volumes on government business, large movement of about 6,500 people on Khelo India, with about 325 inbound delegate groups coming in.

Valuation and Outlook: This quarter saw a stellar recovery across all the segments, the company has a strong order book, signaling robust Q2 & Q3. We expect rapid top-line growth and margin expansion across all businesses given all the investments and business development initiatives taken

Easy Trip Planners Ltd Q1FY24 Concall KTAs

CMP: INR 40.6 | Market Cap: INR 70.47 Bn

Strong broad-based growth in the volumes during the quarter

Financial Performance

-The company's revenue grew by 41.6% YoY from INR 875.8 Mn in Q1FY23 to INR 1,240.5 Mn in Q1FY24 (up 6.4% QoQ).

-EBITDA de-grew by 16.1% YoY from INR 416 Mn in Q1FY23 to INR 349 Mn in Q1FY24 (down 17.6% QoQ).

-EBITDA margins stood at 28% in Q1FY24 compared to 47.5% in Q1FY23.

-PAT de-grew by 21.8% from INR 331.3 Mn in Q1FY23 to INR 259 Mn in Q1FY24 (down 16.6% QoQ)

Revenue Mix

Air Passage- INR 1,111 Mn with EBITDA of INR 336.7 Mn

Hotel Packages- INR 18.6 Mn with EBITDA of INR 1.5 Mn

Other Services- INR 109.8 Mn with EBITDA of INR 10.7 Mn

Operational Highlights

The company's Mega Sale for its 15-year anniversary and the innovative Brand Bazaar enabled the company to attract a wider audience on its platform, which helped the company reach gross booking revenues (GBR) of INR 23,710 Mn in the quarter, a growth of 42.6% YoY while the industry grew by 19%.

The company sold 32.1 lakhs Air Tickets in Q1FY24, an impressive growth of 43.3% YoY, as the company witnessed a strong demand for travel across the country.

The hotel segment picked up pace during the quarter and witnessed robust growth of 123% YoY, with total hotel nights sold in Q1FY24 at 1.6 lakhs, contributing 4.5% to the total volumes.

The Others segment, which includes Trains, Buses, and Others, saw an encouraging uptick of 39.6% YoY, recording 2.2 lakh bookings in Q1FY24 and contributing 6% of the total volumes.

Dubai Business

The company recorded an exceptional growth in GBR at INR 530 Mn in Q1FY24 growing 648% YoY and 22.3% QoQ. The company collaborated with World Padel League 2023, held in Dubai in June 2023. The tournament was broadcasted on various platforms and received massive viewership enchancing brand recall.

Expansion

The firm extended its network of franchise stores after building its first location in Patna, by adding other locations in Surat; Jaipur; Patiala, and Ludhiana. Through the franchise model, the brand aims to reach out to offline customers and offer them tailored meet and greet experiences.

Collaboration

The company signed a GSA with SpiceJet Airlines to sell, promote and market passenger tickets and other product and services to passengers in India. This agreement is a tactical move by both businesses to increase the scope of their offerings in the Indian market.

Outlook: The company's focus remains on providing the best customer experience and win its customer's trust and loyalty with company's "No Convenience Fee" strategy. The company is confident of doubling its GBR in FY24 compared to FY23, while maintaining its margins around 35% for the year.

IHCL Q1FY24 Concall KTAs
CMP: INR 385 | Market Cap: INR 546.7 Bn

Financial performance

The company's operational revenue grew by 15% YoY from INR 12,660 Mn in Q1FY23 to INR 14,660 Mn in Q1FY24 (down 9.7% QoQ).
The EBITDA stood at INR 4,590 Mn in Q1FY24, up 13.3% YoY and on the margins side the company reported 28% EBITDA margins.
The company's PAT grew by 30% YoY from INR 1,810 Mn in Q1FY23 to INR 2,360 Mn (down 30.3% QoQ).

Operational Performance

Average Rates (ARR)- INR 9,400/night, while for the industry was INR 6,800/night in Q1FY24.
Occupancy- 70%, while for the industry was 62% in Q1FY24.
RevPAR- INR 6,500, while for the industry was INR 4,200 in Q1FY24.

D2C Growth

The company's new website, mobile app and CRM project, with ads like magical monsoon memories, Taj celebrates azadi ka Amrit Mahotsav were efforts by the company to drive the D2C. TaTa Neu members growing from 2 Mn to 4.6 Mn and 3x growth in Active members. D2C business contributed 70% in Q1FY24.

Hotels update

Renovations – Taj Delhi, Taj Gwalior, Taj Mumbai and Taj Bengaluru all are and will be opened by H2FY24, with new and more luxury amenities.
New Hotels – Ginger Mumbai near the airport is all set to open in H2FY24 and is a flagship hotel.
The company has signed 11 hotels and has opened 5 in Q1FY24.
Taj is aiming to open 20+ hotels in FY24 and all are in the pipeline.
The company has a total of 191 hotels as of Q1FY24 with rooms of total 22,036.

Other KTAs:

IHCL is focusing on the diversification of the top line for better customer services in every segment, which will in turn increase their margins.
Ginger Enterprise has crossed revenue of INR 1Bn with a margin of 37% in Q1FY24.
As the Cricket World Cup is coming in Q3FY24 the company is expecting higher demand and is ready to cater for that demand.
We can see an increase in prices in the coming months as the demand increase, which will increase their margins and profitability.

Outlook: As this sector is expected to grow at a constant rate, the company is maintaining their leadership by investing aggressively in new hotels. This shift can provide them with higher growth in future. The company is also very confident that it will maintain its current margins in spite of all the investments coming forward. Also with higher demand in the near future, the company is expecting good quarters.

Chalet Hotels Ltd. Q1FY24 Concall KTAs
CMP: INR 490 | Market Cap: INR 100.3 Bn

Financial Performance
-The company's revenue grew 21% YoY from INR 2,599 Mn in Q1FY23 to INR 3,149 Mn in Q1FY24 (down 9% QoQ).
-The company's adjusted EBITDA grew 24% YoY to INR 1,299 Mn in Q1FY24, the margins stood at 41% (down 19% QoQ).
-PAT grew by 210% YoY to INR 887 Mn (up 142% QoQ).

Revenue Mix
-Hospitality (Hotels)- INR 2,821 Mn (90%)
-Rental/Annuity Business- INR 285 Mn (9%)
-Unallocated- INR 39 Mn (1%)

Hospitality Business
-The company reported the highest-ever EBITDA margin for the quarter at 48%, led by resilient ADR and prudent cost management.
-JW Sahar, Westin Hyderabad and Novotel Pune reported the highest-ever revenue and EBITDA for Q1FY24 and FY23.
-The company reported an occupancy rate of 70% and a healthy ADR of INR 10,317 (up 38% YoY), with RevPAR improving by 24% YoY to INR 7,182.

Capex
-The company spent INR6,000 Mn which includes capital expenditure of INR4,400 Mn and acquisition costs of Dukes Retreat of INR1,600 Mn.
-The company is planning to do a Capex of INR 20 Bn in the next 5 years, out of which INR 10 Bn is for commercial office buildings, which includes a new commercial tower at Powai, INR 7.50 Bn rupees for hotels which includes Duke's high rolling an addition of 140 rooms in Bangalore and the rest will be spent on the renovation of existing properties.

Development Pipeline
-CIGNUS POWAI Tower I at Westin Complex, Powai is in its final stages of completion.
-88 new rooms at Novotel Pune are ready and the company is awaiting final OC to commence commercial usage.
-The new Westin Hi-Tech Hyderabad with 168 rooms is in the process of being handed over to the operator this month and will be operational from next month.
-The project of the luxury hotel at Delhi airport with about 400 rooms, is going as per schedule with expected completion in FY26.

Outlook: The company is expecting a 20% EBITDA by capital employed numbers on the Capex that the company will be doing. As international traffic is touching pre-covid levels, with India hosting G20 2023 Summit and the ICC cricket world cup taking place in India in the second half of the year, we can expect an increase in occupancy rate with a strong overall performance in Q3 and Q4 of FY24.

TTK Prestige Ltd. – Q1FY24 Concall KTAs
CMP INR 770.80 | Market Cap INR 107,260 Mn

Financial Performance:
- Total Sales stood at INR 5.5 Bn for Q1FY24 against INR 5.99 Bn for Q1FY23 (down 6.7% YoY).
- Domestic sales stood at INR 5.3 Bn (96% of total sales). Export Sales for the current quarter stood at INR 1970 Mn (4% of total sales).
- EBITDA declined to INR 827 Mn for Q1FY24 against INR 896 Mn for Q1FY23. EBITDA margin was slightly better at around 15.1% for current quarters against 14.9% for Q1FY23.
- PAT stood at INR 505 Mn for the current quarter v/s INR 576 Mn for Q1FY23 (down 12% QoQ).

Sales Mix:
- Cookers : Cookware : Appliances : Others = 32 :16 : 46 : 6
a. Cookers: INR 1.78 Bn for Q1FY24 vs INR 1.94 Bn for Q1FY23 (down 8% YoY).
b. Cookware: INR 899 Mn for Q1FY24 vs INR 1056 Mn for Q1FY23 (down 15% YoY).
c. Appliances: INR 2.51 Bn for Q1FY24 vs INR 2.72 Bn for Q1FY24 (down 8% YoY).
d. Others: INR 305 Bn for Q1FY24 vs INR 278 Bn for Q1FY24 (up 10% YoY).
- Gas stoves and the mixer grinders being manufactured are 100% Indian- centric and are very different from what is being sold by China or any of the counterparts there.
- **The company has stopped imports of finished goods from China for quite some time.**

Business Performance: The numbers are not as strong as the FY23 due to a slowdown in discretionary consumption. The company had predicted a slower H1 of FY24 with expectations of improvement in the H2.

Challenges and Strategy: The impact of raw material costs, competitive pressures, and slowed discretionary consumption on the company's performance.

Gross Margins: The improvement in gross margins was due to benign raw material costs and not due to price increases. Gross margins are expected to stabilise in the future, given the raw material cost situation.

Advertising and Promotion Spending: The company is spending on advertising and promotion, focusing on innovation and a customer-centric approach for new product launches, and their approach to maintaining market leadership.

Capacity Enhancement: The company focused on capacity enhancement for inner lid stainless steel pressure cookers at their Roorkee factory and the contribution of inner lid cookers to total cooker sales.

Outlook: The management expressed optimism about sustained growth, aiming for low double-digit growth on a normalized basis. It is expected that factors like market share maintenance, normalization of economic conditions, and innovation to be drivers for future growth.

Management Commentary: https://www.youtube.com/watch?v=k3Qjo-BdQMQ&ab_channel=CNBC-TV18

Godrej Agrovet Q1FY24 Concall KTAs
CMP: INR 485 | Market Cap: INR 93 Bn | Promoter: 74.05%

Growth in profitability was driven by the strong performance of domestic Crop Protection, Animal Feed and Poultry businesses.

Operating Metrics (Consol)
- **Revenues** came in at INR 25.1 Bn (+19.8% QoQ) (+0.01% YoY)
- **EBITDA** came in at INR 1.93 Bn (+158.4% QoQ) (+19.4% YoY)
- **EBITDA Margins** came in at 7.68% (Vs 3.56% QoQ) (Vs 6.44% YoY)
- **Adj. PAT** came in at INR 1.05 Bn (+239.5% QoQ) (+27.3% YoY)
- **PAT Margins** came in at 4.18% (Vs 1.47% QoQ) (Vs 3.29% YoY)

Segmental EBIT Margins for the quarter:
- **Animal Feed** at 4.2% (Vs 3.65% QoQ) (Vs 1.97% YoY)
- **Vegetable Oil** at 12.1% (Vs 12.54% QoQ) (Vs 22.27% YoY)
- **Crop Protection** at 20.93% (Vs 5.47% QoQ) (Vs 12.17% YoY)
- **Dairy** at -0.6% (Vs -2.08% QoQ) (Vs -2.58% YoY)
- **Poultry and Processed Food** at 8.67% (Vs -1.3% QoQ) (Vs 6.62% YoY)
- **Others** at 9.53% (Vs -16.6% QoQ) (Vs 6.33% YoY)

Vegetable Oil:
- Volume growth in fresh fruit bunches arrivals was offset by significantly lower realizations
- Crude palm oil and Palm kernel oil prices declined by 43% and 50% YoY respectively
- Company received area allocations for development and promotion of oil palm cultivation from the state governments of Odisha and Telangana. Combined area of 57,000 acres
- Oil extraction rate (OER) at 18.67%, Fresh Fruit Bunches (FFB) at 0.13 Mn (+9.1% YoY)
- OER is impacted by heat spread and time of monsoon. OER continued till July but now is better. From September till December, OER is expected to increase (and probably cross 18.4% mark by a few bps) and FFB as well. OER will be extended till H2 due to better rainfall
- Company has received land area of 57K acres but can plant overall 100,000 hectares in next 5-6 years. Full impact will be seen in FY31 as it will be slowly ramped up every year.

Crop Protection Biz:
- Strong volume growth and improved realisations in HITWEED (inhouse herbicide): 74% Volume growth
- Company is confident of clearing more than 90% of inventory in market
- Product launch expected by December. Strong pipeline for 3 years

Astec Lifesciences:
- Sluggish demand, poor realisations and demand-supply imbalance in enterprise products portfolio
- High-cost inventories further impacted profitability
- CDMO biz revenues grew 3x led by NPD. CDMO biz can deliver 50% topline growth but company aims 20-30% growth
- Enterprise side, some product prices have bottomed out, some product destocking happening while others will take a few more months

Animal Feed: Sustained volume growth in cattle feed (19%) and aqua feed (28%)
Poultry & processed food: Real Good Chicken Volume grew by 18%
Dairy: VAP Revenue grew 20%, lower RM costs and mini flush season observed

Other KTAs:
- Strong performance in JV due to better realisations
- Herbicide phase 2 capex of INR 1.2 Bn
- Others includes Seeds, Real Estate, Windmill and Cattle Breeding
- Company issued and allotted 46,084 equity shares on May 9, 2023 (ESOP)

Outlook: Company aims to make business spread equal over all quarters by next year to mitigate cyclicality. Margins in animal feed are expected to reach FY22 levels on RM pricing normalizing. Astec will take time to recover in enterprise side. Dairy is expected to grow strongly along with animal feed. Crop protection biz will be having new launches in staggered manner. Vegetable Oil can be a strong play in years to come but will take time for complete realization of opportunity. We believe the company is strongly placed for growth hereon due to all the above triggers. The performance reflects the commentary given in Q4. CDMO capex will be planned soon which will further boost revenues. At CMP, company trades 28.7x TTM EPS

Management Commentary: https://www.freepressjournal.in/business/godrej-agrovet-consolidated-revenues-from-operations-at-25102-cr-in-q1fy24

SIS Ltd Q1FY24 Concall KTAs
CMP: INR 436 | Market Cap: INR 63.5 Bn | Promoter: 71.59%

Operational Performance (Consol):
- **Revenues** came in at INR 29.77 Bn (-0.6% QoQ) (+11.1% YoY)
- **EBITDA Margins** came in at 4.7% (Vs 4.5% QoQ) (Vs 4.5% YoY)
- Security Solutions India: INR 12.29 Bn in Q1FY24 vs INR 10.58 Bn YoY Vs INR 12.15 Bn QoQ
- Security Solutions International: INR 12.43 Bn in Q1FY24 vs INR 12.05 Bn YoY Vs INR 12.90 Bn QoQ
- Facility Mgmt Solutions: INR 5.19 Bn in Q1FY24 vs INR 4.28 Bn YoY Vs INR 5.04 Bn QoQ

OCF to EBITDA conversion was negative due to increase in DSO. Historically Q1 sees weak collections since Q4 has strong collections. Usually collections improve in June itself which didn't happen this quarter. DSO for Q1 FY24 increased by 6 days.

Security Solutions India:
- Major wins during the quarter came from the manufacturing, education, BFSI and real estate sectors.
- EBITDA margins stood at 5.4% compared to 5% QoQ
- Margin improvement due to price negotiations, non-renewal of of low priced contracts, Tight control on SG&A costs, higher solutions biz (alarm monitoring etc) which have lower manpower.
- VProtect biz added 1500 installations in the quarter

Security Solutions International:
- Topline cc growth at 3.7%, EBITDA margins stable at 4% QoQ
- Fair Works Australia announced a hike of 5.75% in Australia effective 1st July 2023.
- Price hike follows wage hike so the margins may remain under pressure till the negotiations are completed with clients. This is a routine process and is seamless, should not impact more than a quarter.
- New Zealand is on upward trajectory for the quarter with improvement in revenue and Margins YoY
- In Q1FY24, company paid off AUD 15 Mn of debt (INR 826 Mn) and reduced outstanding debt to AUD88.5 Mn
- Some segments showing uptrend with labour supply situation easing
- Lower Op margins internationally due to high labour cost (upwards of 85% in Australia), same for all highly regulated markets (developed regions)
- Aus biz QoQ have declined slightly but no permanent contracts have moved out. Start of some new contracts have been delayed

Facility Mgmt Solutions:
- Highest quarterly revenue, topline growth primarily driven by new wins of around INR 150 Mn of monthly revenue from RE, oil & gas, manufacturing and hospitality sectors.
- Moderation in growth in % terms may be seen going forward but absolute value growth to remain similar
- Major wins during the quarter came from manufacturing, healthcare and pharma, IT/ITES, and education sectors.
- EBITDA margins contracted by 10bps QoQ to 4.4%
- Pest control business Terminix SIS started providing many new solutions on a pilot basis like Industrial High Reach Cleaning, Entomological Audits, Mosquito misting systems, and T-Rat rodent control system.

Cash logistics biz:
- Highest topline at INR 1.53 Bn
- Topline growth 2.5% QoQ and 24.3% YoY. EBITDA margins at 15.7%
- Newer services including value cargo movement, bullion transportation, door-step banking (DSB) etc. in focus
- Operators in cash logistics are consolidating so even with lesser cash transactions, lesser companies will be operating in the segment

Other KTAs:
- ROE of 15.5% in Q1FY24, ROCE at 11.1%
- Net debt increased by INR 1.21 Bn QoQ to INR 9.83 Bn

Outlook:

Margins in Facility management will follow the same as has happened in Securities solutions business. Security biz had all time low margins a few quarters ago. Company has strongly iterated that there is no correlation between stronger margins and weaker DSO days, implying that with improvement in DSO days, margins shouldn't be affected. Company has maintained 6% EBITDA margins guidance and has refrained from giving topline guidance. Company is looking for M&A and also evaluating value unlocking for shareholders. At CMP, company trades 17.9x TTM EPS of 23.96.

Management Commentary: https://www.youtube.com/watch?v=QoIKbNqtSak
Management Commentary: https://www.business-standard.com/companies/results/sis-logs-8-rise-in-net-profit-to-rs-90-cr-aided-by-increase-in-revenue-123072600796_1.html

IdeaForge Technology Ltd Q1FY24 Concall Highlights
IdeaForge Technology Ltd | CMP: INR 1,010 | Mcap: INR 42.1 Bn

Good Order Book and the company is looking to expand it's business Geographically

Performance Metrics
- Revenues came in at INR 970.7 Mn (+151.1% QoQ) (-2.2% YoY)
- EBITDA came in at INR 284.9 Mn (+2,271.8% QoQ) (-48.3% YoY)
- EBITDA Margins came in at 29.4% (+2,630 bps QoQ) (-2,610 bps YoY)
- PAT came in at INR 188.6 Mn (+447.9% QoQ) (-54.3% YoY)
- PAT Margins came in at 7.3% (+3,340 bps QoQ) (-2,210 bps YoY)
- Revenue mix: 96% from Defense and 4% from Civil.

Order Book
- As of the end of Q1FY24 the order book stood at INR 1.03 Bn, however, based on the announcement made in the morning, the company has added ~INR 880 Mn to the same (Delivery within 12 months). Bringing the overall order book to around INR 1.9 Bn.
- The company also have ~INR 500 Mn bids in L1stage.
- The order book is a cumulative indication of the revenues that the company expects to recognize in future periods with respect to their existing contracts.

International

Oman
- The company has made some deliveries in the Oman Geography, and they are working on a pipeline in that geography as well.

USA
- This year the company will see a build-up of revenue in the early stages, but next year onwards, the company should start seeing relatively more meaningful results on that side.
- The company has added 3 value-added resellers in the USA.

Civil
- With the recent opening up on the Civil side for international use, the company is expecting that will accelerate the ability quite a lot and will allow them to build the opportunity more effectively going forward with greater velocity in the near term.

Import
- The company's imports are less than 25% of its revenue, and the company expects no major shift in that number.

EBITDA
- The company states that the performance and track QoQ will have lumpiness in it because of the way the orders need to be shipped, and not from the point of view of the company's ability to execute.

Utilization
- Currently, the facility is only working a single shift, hence the company has no plan of Capex as of now.

Outlook
The company expects the momentum to continue in terms of the demand for drones from the MOD side. The company expects to grow meaningfully this year from the performance point of view.

Management Commentary Link: https://youtu.be/5XuaSWW4b4Y?si=IGHsfCD_IKb4lEQg

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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