Q4 FY'23 CONFERENCE CALL Key Takeaways

ArihantCapital
Generating Wealth

INDEX

Agriculture and Chemicals

Auto and Ancillaries

Auto and Ancillaries

Banks

1. IndusInd Bank
2. Axis Bank
3. AU Small Finance Bank
4. RBL Bank
5. Kotak Mahindra Bank
6. IDFC First Bank
7. J&K Bank
8. Bank of India
9. Canara Bank
10. Indian Bank
11. Ujjivan Small Finance Bank
12. Suryodhay Small Finance Bank
13. SBI

Consumer Foods

1. Dodla Dairy
2. Heritage Foods
3. Mrs. Bectors Food
4. Restaurant Brands Asia Ltd.
5. Devyani International
6. Zydus Wellness
7. ADF Foods
8. Varun Beverages
9. Radico Khaitan Ltd.
10. Tata Consumer
11. Prataap Snacks
12. KRBL Ltd

Energy & Power

1. Sterling and Wilson Renewable Energy Ltd
2. Kalpataru Power Transmission
3. Indian Energy Exchange Ltd
4. KPI Green Energy Ltd

FMCG

1. Colpal
2. Jyothy Labs
3. Bajaj Consumer Care
4. Marico
5. Dabur
6. HUL

Hospitality & Travel

1. Lemon Tree Hotels Ltd.
2. Chalet Hotels Ltd.
3. Mahindra Holidays
4. Thomas Cook India
5. Easemytrip
6. EIH Ltd.

Industrial Products

1. KEI Industries
2. Havells India Ltd.
3. Blue Star
4. CG Power & Industrial Solutions
5. TD Power Systems
6. Bajaj Electricals Ltd
7. Finolex Industries
8. Titagarh Wagons
9. AIA Engineering Ltd.
10. PRAJ Industries Ltd
11. GMM Pfaudler Ltd
12. ION Exchange Ltd.
13. Action Construction Equipment Ltd.
14. Indus Towers Ltd.
15. Black Box
16. Polycab India Ltd.
17. Triveni Turbine Ltd.
18. Amber Enterprises
19. Skipper
20. Mayur Uniquoters

Infrastructure

1. HG Infra Engineering
2. Patel Engineering
3. Vascon Engineers
4. HIL
5. Welspun Enterprises Ltd.
6. Dilip Buildcon Ltd.
7. Hindustan Construction Corp
8. Keystone Realtors Ltd.
9. NIRLON Ltd.
10. WPIL Ltd.
11. J.Kumar Infraprojects Ltd.
12. The Phoenix Mills Ltd.
13. IRCON International Ltd.
14. NBCC (India) Ltd.
15. KEC International
16. Kalpataru Power Transmission
17. Sahyadri Industries
18. Engineers India Ltd.

IT

1. Quick Heal Technologies Ltd
2. Just dial Ltd.
3. Mastek Ltd
4. HCL Technologies
5. Cyient Limited
6. MapmyIndia (CE Info Systems Ltd)
7. Tata Communication
8. Persistent System
9. L&T Technology Services Ltd (LTTS)
10. Coforge
11. Wipro Ltd
12. LTI Mindtree
13. Mphasis
14. IndiaMART InterMESH Ltd
15. Newgen Software Technologies Ltd
16. Firstsource Solutions Ltd
17. Zensar Technologies
18. Affle (India) Ltd
19. Sonata Software Ltd.
20. Syrma SGS Technology Ltd
21. Route Mobile Ltd
22. Digispice Technologies Ltd
23. Saksoft Ltd
24. AGS Transact Technologies Ltd
25. NIIT Limited
26. Hinduja Global Solutions Ltd
27. Xelpmoc Design and Tech Ltd
28. Intellect Design Arena Ltd

Media & Entertainment

1. Shemaroo Entertainment Ltd.
2. Music Broadcast Ltd
3. PVR Inox Ltd.

Iron & Steel Products

1. Tata Steel
2. Shyam Metalics
3. Bharat Wire Ropes
4. JSW Steel
5. Godawari Power
6. Hindalco Industries Ltd

Pipes & Building Products

1. Ratnamani Metals and Tubes
2. Shankara Building Products
3. Jindal Saw
4. Prince Pipes
5. HiTech Pipes
6. Welspun Corp

NBFCs

1. Nippon India Asset Management Limited
2. PM Poonawalla Fincorp
3. Bajaj Finance Ltd
4. HDFC Life Insurance Company Ltd
5. SBI Life Insurance Company Ltd
6. UTI Mutual Fund
7. Motilal Oswal Finance Services Ltd
8. Aditya Birla Sun Life AMC
9. L&T Finance
10. Home first Finance Company India Ltd
11. Aavas Financiers Ltd
12. Piramal Enterprises Ltd
13. Home First Finance Company India Ltd
14. JM Financials
15. Niyogin Fintech Limited
16. Cholamandalam Financial Holdings
17. Urgo Capital
18. LIC Housing Finance
19. PNB Housing Finance Ltd
20. CSL Finance
21. Multi Commodity Exchange
22. ICRA
23. GIC Ltd
24. One97 Communication Ltd (PAYTM)
25. General Insurance Company Ltd.

Oil & Gas

Pharma & Healthcare

1. Syngene International Ltd.
2. Laurus Labs Ltd.
3. RPG Life Sciences Ltd.
4. Vimta Labs Ltd.
5. Windlas Biotech Ltd.
6. Beta Drugs Ltd.
7. Lupin Ltd.
8. Dr. Reddy's Laboratories Ltd.
9. Dr Lal PathLabs
10. Neuland Laboratories Ltd
11. Solara Active Pharma Sciences Ltd
12. Themis Medicare Ltd
13. Rainbow Children's Medicare Ltd.
14. Gujarat Themis Biosyn Ltd.
15. Granules India Ltd.
16. Metropolis Healthcare Ltd
17. Hester Biosciences Ltd.
18. Eris Lifesciences Ltd
19. Zydus Lifesciences Ltd.
20. Krishna Institute of Medical Sciences Ltd.
21. Zim Laboratories Ltd
22. Glenmark Pharmaceuticals Ltd.
23. Indoco Remedies Ltd.
24. Sequent Scientific Ltd
25. Fortis Healthcare Ltd
26. Biocon Ltd.
27. Piramal Pharma Ltd
28. Suven Pharmaceuticals Ltd.
29. Aster DM Healthcare Ltd
30. Sun Pharmaceuticals Industries Ltd.
31. Healthcare Global Enterprises Ltd.

Pharma & Healthcare

32. Aurobindo Pharmaceuticals Ltd.
33. Sigachi Industries Ltd
34. Supriya Lifescience Ltd.
35. Hikal Ltd.
36. NATCO Pharma Ltd
37. Marksans Pharmaceuticals Ltd.
38. Shilpa Medicare Ltd.

Cement

1. Wonderla Holidays Ltd
2. Ultratech Cement Ltd
3. The Ramco Cements Ltd
4. Sunteck Realty Ltd
5. Star Cement Ltd
6. Sirca Paints India Ltd
7. Shriram Properties Ltd
8. Shree Digvijay Cement Co Ltd.
9. Shree Cement Ltd
10. Shalimar Paints Ltd
11. Sagar Cements Ltd
12. Puravankara Ltd
13. Prestige Estates Projects Ltd
14. Orient Cement Ltd
15. Nuvoco Vistas Corporation Ltd
16. Nelcast Ltd
17. Max India Ltd
18. Max ventures and industries Ltd
19. Marathon Nextgen Realty Ltd
20. Mahindra Lifespace Developers Ltd
21. Kolte Patil Developers Ltd
22. JK Laxmi Cement Ltd
23. JK Cement Ltd
24. Indigo Paints Ltd
25. Godrej Properties Ltd
26. Dalmia Bharat Ltd
27. Brigade Enterprises Ltd
28. BLS International Services Ltd
29. Birla Corporation Ltd
30. Aurum Proptech Ltd
31. Asian Paints Ltd

Cement

32. Ashiana Ltd
33. Arihant Superstructures Ltd
34. Ambuja Cement Ltd
35. Ajmera Realty and Infra India Ltd.
36. Macrotech Developers

Textiles & Fashion

1. Himatsingka
2. TCNS
3. Siyaram Silk Mills
4. ABFRL
5. Bata
6. Cantabil Retail India Ltd
7. Century Textile and Industries Ltd
8. Arvind Ltd
9. Pearl Global
10. Banswara Syntex
11. Manyavar
12. Dollar Industries
13. Indo Count Industries
14. Raymond
15. Gokaldas Exports
16. V-MART RETAIL LTD
17. Arvind Fashions Ltd
18. V.I.P Industries Ltd
19. FSN E-Commerce Ventures Ltd
20. Rupa Company
21. Page Industries

Transport & Logistics

1. Great Eastern Shipping Company Ltd.
2. VRL Logistics
3. Indian Railway Catering and Tourism Corporation Ltd
4. Allcargo Logistics Ltd
5. TCI Express

Utilities & Staples

1. Supreme Industries Ltd.
2. OK Play Ltd
3. Kuantum Papers Ltd
4. Rushil Decor
5. AGI Greenpac
6. V.I.P Industries Ltd
7. Linc Ltd
8. Mitsu Chem Plast Ltd
9. Navneet Education Limited
10. Century Plyboards Ltd
11. Somany Ceramics
12. Orient Bell
13. Borosil Renewables Ltd
14. POKARNA LTD
15. Carysil
16. Greenlam Industries
17. AVRO India
18. Cosmo First Ltd
19. Huhtamaki India

Diversified

1. Greenpanel
2. Sterlite Technologies
3. MSTC
4. Nava Ltd
5. Frog Cellsat Ltd.

Nath Bio Genes - Q4FY23 Conference Call Highlights
CMP INR 162.50|Market Cap INR 3100 Mn

Product baskets:
•The company's product basket is delivering above their expectations

Operating Highlights:
•Focus towards balanced portfolio remains intact
•NCP (non cotton non paddy portfolio) contribution has enhanced.
•Plan to continue to give impetus to make it 50% of their topline, while cotton and paddy contributing to the balance 50%
•Continue to focus on cotton in a stable manner
•Highly ranked cotton seed Sanket has been a key driver of the performance, and continues to be a top ranked seed in the country

Product Performance:
•Paddy maintained the volume and value. They focus to promote paddy with better margins is also on track.
•Bajra delivered a strong volume growth of 58% and value growth of 66%
•Vegetable grew in value by 16%, whereas volume declined by 13%, showcasing continued focus on high value and high margins delivering a better price.

Joint Venture:
•Entered into a Joint Venture in Uzbekistan 90% shareholding.

Financial Performance:
•Revenues back to precovid levels, at INR 301 crores
•Continue to maintain the Gross Margin at 50%. Steady margin of over 50% will be maintained
•PAT increased by 1.6x to INR 35 crores.
•Advance booking grew by 67% YoY, reflecting the product expectance in the market
•Working Capital continues to improve, has reduced by almost 50 days in FY23
•Inventory turnover reduced by 37 days
•Debtors are maintained at 118 days, but if advance booking are reduced from receivables, it will come down to 38 days.
•Positive operating cash flow of INR 38.36 crores

Leverage:
•Continue to be a zero-debt company

Dividend:
•Board recommended dividend of 20% to the shareholders

Guidance:
•Working towards 10-15% topline growth while maintaining gross margins.
•Continue to have growth in cotton and paddy
•There is no guidance to increase dealer's network of distribution

Meghmani Finechem Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 989
Market Cap: INR 4,055 crores

•Revenue increased by 13% YoY to INR 562 crores owing to volume growth of 15% YoY / 13% QoQ driven by new product CPVC Resin and Epichlorohydrin.
•Caustic Soda and Hydrogen Peroxide also saw traction in volumes during the quarter.
•However, realizations of Caustic Soda declined by 23% YoY, while it dropped by 13% YoY for Chloromethanes. Realization for Hydrogen peroxide was flat with 1% YoY growth.
•EBITDA declined by 12% YoY driven by drop in realizations and high cost of inventory.
•Higher depreciation due to new capacity commissioning and higher interest rate led to YoY decline in net profit.
•There was net debt reduction of INR 112 crores in FY23, resulting in net debt/equity of 0.8x.
•Capital expenditure for FY23 was around INR 416 crores, while capital expenditure for FY24 is likely to be around INR 370 crores.
•Contribution of Derivatives and Specialty Chemicals increased to 38% in Q4FY23 compared to 19% in Q4FY22.
•New capacities added in FY23 included Epichlorohydrin, CPVC resin and caustic soda. They will contribute to the overall revenues in FY24.
•Going forward, chemical prices are likely to be rangebound.
•Outlook: Upcoming capacity addition in chlorotoluene and CPVC Resin will drive future growth in FY24 and FY25. The management expects volume growth between 15% and 20% in FY24. Facilitated by volume growth and focus on derivative products, the company is targeting to achieve INR 5,000 crores by FY27. However, chemical prices are a key monitorable parameter.

Rossari Biotech Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 695
Market Cap: INR 3,834 crores
•The recent acquisition of an additional 16% stake in Tristar has resulted in Rossari Biotech holding a 100% stake in the company.
•During the quarter, the company's QoQ revenue increased by 4.4%, to INR 406 crores. EBITDA increased by 0.7% QoQ, to INR 54.6 crores.
•In terms of segment-wise growth, HPPC (Home, Personal Care, and Performance Chemicals) witnessed a QoQ increase of 2.1%, TSC (Textile Specialty Chemicals) experienced a significant growth of 10.1%, while AHN (Animal Health and Nutrition) witnessed an exceptional growth of 48.1%.
•HPPC contributed to 70% of the company's revenue, followed by TSC at 23% and AHN at 7%.
•The Board of Directors recommended a dividend of INR 0.50 per share for the fiscal year 2022-23.
•Despite facing pressure in sales in Europe during the first two quarters, the company has performed better in the last two quarters. This is significant, as Europe is the major market for the company and Tristar.
•Despite losing a major client in the HPPC segment, the company has shown a steady recovery and is expected to complete the recovery process within the next two quarters.
•The company has recently installed a new granulation facility, which has resulted in increased production.
•In addition, the company is planning a significant capital expenditure for a new HPPC segment plant that aims to improve the quality of production and enable constant production.
•The company has expanded its business portfolio by entering the textile coating industry, having secured FDA approval to commence production shortly.

•Additionally, the company has introduced innovative products such as silicon wax, and is planning a significant capital expenditure to support its production.
•In the agro space, the company is also working on introducing new products.
•The company's ability to produce its own raw materials has resulted in a cost advantage.
•Moreover, the company has recently developed a new liquid detergent that has gained significant traction, indicating positive market acceptance and potential for revenue growth.
•The company's export sales have demonstrated an increasing trend, indicating a potential for revenue growth from international markets.
•Furthermore, the management has expressed optimism regarding the performance of the AHN segment in the upcoming year.
•Outlook: Product introduction, entry into new sectors, backward integration and traction in exports are key drivers for future financial performance. The company is focusing on achieving 20% growth in EBITDA, going forward.

Tata Chemicals Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 980
Market Cap: INR 250,782 Mn
•Demand and supply continue to remain balanced in the soda ash business.
•There is strong re-opening in China with decline in inventory and increased demand from the glass industry.
•The quarterly performance was in line with internal expectation, with revenue increasing by 27% YoY, EBITDA up by 47% YoY and PAT up by 48% YoY in Q4FY23.
•It will focus on timely execution of projects, including on-going expansion in soda ash and sodium bicarbonate.
•In UK, the company has switched to fixed margin contract from the first quarter of the financial year.
•The upward revision in long-term contracts will start to kick in the US in the coming quarters.
•The Indian and Kenyan markets have similarity. Domestically, the company undertook price correction during the quarter.
•Input cost is likely to moderate beyond Q2, which will positively facilitate increase in operating margins.
•In India, inventory levels are balanced and the company does not see increase in imports going forward.
•Soda ash demand in India is expected to be strong, mainly driven by glass industry. Three lines of solar glass are coming up in India.
•Global soda ash demand is expected to grow between 2% and 6% going forward.
•Major global soda ash supply include 1.5 million ton upcoming facility in Inner Mongolia.
•However, no major supply is expected until FY27-28. Therefore, soda ash industry remains structurally strong in the medium term.
•Outlook: The US business will be the main driver of growth in FY24. It is completing its debottleneck exercise in the US, which will add 400,000 tons of volume going forward. Correction in raw material prices will further aid margin expansion in the next 1-2 quarters. UK contracts are completely booked with orders for container glass. The India business is fairly balanced, however soda ash prices may remain range bound in the near to medium term. We have a neutral view on the stock.

Solar Industries India Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 3,840
Market Cap: INR 34,750 crores

•A new capital expenditure of INR 750 crores is planned for FY24, wherein INR 350 crores will be utilized for defence, INR 150 crores for overseas and balance for domestic segment.
•Revenue increased by 6.5% QoQ from INR 1,812 crores to INR 1,929 crores.
•Turnover from overseas increased by 114% YoY from INR 1,197 crores to INR 2,561 crores.
•It completed a Capex of INR 471 crores in FY23.
•The company is planning capital expenditure of INR 600 – 700 crores for FY25.
•It will start export of Pinaka Rockets soon. It is the first time that Pinaka Rockets are exported.
•Current inventory utilization period is around 92 days; company expects it to come down to 80 days.
•It has acquired Rajasthan Explosives & Chemicals ltd.
•The Company's order book stands at INR 2,944 crores, out of which INR 1,118 crores is from Defence.
•It expects to double its revenue from in FY24.
•The demand for Housing and Infra segment is expected to increase in FY24 as Government is pushing Infrastructure projects.
•The company has plans to start production in four new countries in the upcoming years.
•**Outlook: The Company has recorded highest revenue in FY23 and witnessed growth and demand for its products, with ongoing Capex and Government policies towards promoting infrastructure. It is targeting revenue growth of 15%-20% and EBITDA growth of 20%-22% going forward.**

Punjab Chemicals and Crop Protection Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 780
Market Cap: INR 9,565 Mn

•The agrochemical segment faced macro challenges during the quarter.
•Erratic rainfall affected domestic sales of agrochemical products.
•Export sales were impacted due to higher inventory levels in the international markets.
•Clients had stocked up agrochemical pesticides during the Covid period and supply uncertainty over China lockdown, leading to higher system inventory.
•The Pharmaceutical division also witnessed slowdown and muted demand during the quarter.
•On the international front, European export market were challenged due to geo-political and other factors.
•The inventory situation in the industry is expected to normalize in 1 – 2 quarters, which will positively influence demand for agrichemical pesticides.
•The company is likely to launch two new products in second half of FY24.
•The expected new product launch will cater to different markets including Brazil.
•The Brazil agrochemical season is mostly active between November and March.
•Further two new products are in pipeline and come on stream in H2FY24 or FY25.
•In FY23, capacity utilization at Derabassi and Lalru stood at 87% and 54% respectively.
•There may be some pressure on operating margins owing to pricing challenges in existing products.
•It will look at rationalizing input cost to sustain operating margins.
•**Outlook: The current industry-wide challenges are expected to subside in H1FY24. New product launches, higher capacity utilization and focus on cost optimization will facilitate revenue growth and support operating margins in the long term.**

UPL Ltd. Q4FY23 Management Meeting KTAs
Short term pain exists
CMP: INR 718
Market Cap: INR 536,600 Mn
•Q1FY24 is likely to be weak driven by pricing pressure on agrochemical products.
•The company outperformed its revenue growth guidance for FY23, but underperformed its EBITDA growth guidance owing to pricing pressure in Q4FY23, particularly in the month of March.
•Also, they voluntarily took production cut and operated at lower utilization in Q4FY23 to lower their inventory.
•Agrochemical demand was weak in Q4FY23 and continues to remain weak as dealers are not stocking products due to falling prices.
•The trend may persist for two more quarters and recovery is gradually expected from H2FY24.
•Volume and demand for generic molecules is likely to remain under pressure in FY24.
•Growth will be driven by biosolutions and NPP (Natural Plant Protection), where demand and pricing trends are better.
•Regionwise, North America was weak in Q4FY23 due to late winter, disrupting crop sowing patterns.
•Re-opening trade in China also put pressure on the industry with increase in supply, affecting prices.
•Some Chinese competitors have reduced their product prices to remain competitive.
•Herbicide portfolio in Latin America and Europe maintained their good performance, supporting overall growth.
•The company will increase its share of NPP Biosolutions to the overall revenues to 50% in the next 3-4 years and this will drive growth in terms of volumes and prices.
•There was net debt reduction owing to better cash flow from operations and reduction in working capital requirements.
•Working capital reduced by 5 days, driven by lower inventory days and receivables days.
•Domestic revenues are likely to increase by 12%-14% YoY in FY24, driven by NPP biosolutions.
•Outlook & Valuation: Growth in FY24 will be driven by volumes, while prices may remain under pressure. For FY24, the company has guided for 6% - 10% in revenue growth, while 10% - 12% in EBITDA growth. India business will outperform the international business. Debt is likely to remain around current levels, as the company has reduced its Net Debt/EBITDA from 4x in FY18 to around 1.5x in FY23 by repaying debt. It is comfortable with the current Net Debt/EBITDA ratio. There are concerns in the short term due to high system inventory and pricing pressure. Long term investors can accumulate the stock at current levels and on further correction.

Godrej Agrovet Ltd – Q4FY23 Conference Call Highlights
CMP INR 422| Market Cap INR 81,082mn
•Revenue for Q4FY23 stood at INR 20,950mn (+0.7% YoY). EBITDA stood at INR 870mn as against 2220mn in Q4FY22 (+-60.8% YoY).
•EBITDA margin for Q4FY23 stood at 4.2% a decline of 650bps from Q4FY22 and PAT margin for Q4 was 1.1% against 6.7% in Q4FY22.
•Net working capital in FY23 stood at 51 days against 79 days in FY22.
•High-cost inventory severely affected profitability for the company across segment, decline in prices by government intervention in Q1FY23 led to inventory loss which was procured at high cost and impacted full year profitability.
•Margins dropped in segments of animal feed and dairy businesses, vegetable oil reported margin improvement because of efforts to optimize working capital and cash flow.
•Crude oil prices are stabilizing and the company expects the commodity prices stabilization to cater to margin expansion.
•Animal feed witnessed volume growth in Q4FY23 led by cattle feed category (+11% YoY) on the back of gaining market share. Overall segment performance was impacted by volatile commodity prices.

•Palm Oil witnessed volume growth in Q4FY23 but the realizations were impacted by lower crude oil prices compared to previous year. Segment margin stood at 12.5% against 17.5% in Q4FY22.
•Crop Protection Business results declined due to lower sales of Plant Growth Regulators (PGR) category and pricing pressure. However, the segment saw improvement in working capital cycle and collections.
•Astec Lifesciences suffered severely during Q4 and full year due to sluggish demand for key enterprise products and sharp drop in realizations. High cost inventory impacted EBITDA as well, Q4FY23 EBITDA margin stood at 6.3% as against 26.6% in Q4FY22. CMO revenue witnessed 1.9x growth YoY and the pipeline for CMO projects looks good on the back of R&D center.
•Poultry and Dairy business witnessed strong volume growth in value-added products (+30% YoY in Q4FY23). Profitability was impacted by partial pass-through of rising milk procurement costs and Dairy industry also suffered from untimely heavy rains in South India and outbreak of lumpy skin disease.
•GTFL also experienced volume growth for Q4FY23 by 30% but the profitability declined for the segment due to lower live bird prices.
•The company is planning to spend INR 5,000mn to build a multipurpose plant which is expected to commission by Dec'24.
•The company is expecting major margin improvement in Q1FY24 on the back of stabilization of commodity prices and the margins to be better than Q1FY23.
•The PBT margins for crop protection business is expected to be maintained at 13-14% moving forward.
•The company is positive on growth of value-added products to be near 40% for FY24, this segment is expected to lead the growth for the company.
•The company remains watchful on the conditions and expects the realizations to pick up from June'24 when the global season commences.

Outlook

The company reported muted performance in Q4FY23 due to inventory loss and erratic climate conditions, margins were adversely affected. However, the company saw improvement in working capital and are focused on operational efficiencies. Enterprise products are deeply affected due to low demand. Branded products are expected to lead the future growth with experiencing good traction and margin expansion is expected with the stabilization of commodity prices.

Mangalore Chemicals & Fertilizers Ltd – Q4FY23 Conference Call Highlights
CMP INR 98| Market Cap INR 11,596mn

•Revenue from operations stood at INR 11640mn for Q4FY23 (+64% YoY). Out of which IR 5760 mn were contributed by Urea and INR 5880mn were contributed by non-Urea products.
•EBITDA for Q4FY23 stood at INR 1390mn compared to INR 320mn in Q4FY22(+334% YoY). PAT stood at INR 680mn against INR 30mn in Q4FY22.
•Receivables from market debtors include INR 1240mn from market debtors and INR 6340mn from subsidiary receivables.
•Subsidiary disbursed were INR 8,880mn during Q4FY23 and INR 24,600mn for FY23.
•Margins
EBITDA margin for Q4FY23 stood at 11.94% against 4.4% in Q4FY22 this was mainly because of reduction in RM prices. EBITDA margin for FY23 stood at 9.33%.
•RM prices
The industry is witnessing decrease in prices of RM. DAP prices have reduced by 42% in the last year to USD 535/ MT and Urea prices decreased to USD 330/tonnes and Ammonia prices reduced 68% to USD 300-330/ tonne.
•Operational Highlights
Energy level 6.2-6.25 Gcal/MT before energy improvement project, Q4FY23 energy level post the project was 5.6 Gcal/MT and the company aims to operate at 5.5 Gcal/MT.
•Trading volumes target for FY24 is 1.1 lakh MT of imports. Out of which 33,000 MT DAP and 10,000 MT of 102626 NPK import is already complete which will be received by the company in June'23.
•Urea gross contribution for the company was INR 9,000/MT in FY23 and they expects the contributions to be at the same level for FY24 and EBITDA/MT for Urea was INR 6500. EBITDA/MT for DAP stood at INR 3000 and for NPK-20 was INR 4000.

•Sales
Urea sales for Q4FY23 was 1.24 lakh MT against 0.94 lakh MT in Q4FY22. Total Urea production for FY23 was 3.32 lakh MT against 4.29 lakh MT mainly due to plants were operating at a lower Urea energy level.
•NP sales for Q4FY23 were 0.64 lakh MT against 0.01 lakh MT in Q4FY22 and DAP sales stood at INR 0.36 lakh MT for Q4FY23 against 0.29 lakh MT in Q4FY22.
•Guidance :The company has given a sales target of 9 lakh MT for FY24, they are positive on achieving the target on the back of finishing of energy improvement project and the plants are returning to complete manufacturing capacity.

Outlook

The company posted similar performance to Q3FY23, the production volumes were lower for the year mainly due to the energy improvement project, production volumes saw a recovery from Q4 as the project is over and is likely to be maintained. The company is targeting 1.5x sales for the FY24 with the maintenance of margin following softening of raw material prices and the increase in production moving forward.

Deepak Nitrite Q4FY23 Management Conference Call KTAs
CMP: INR 1,929
Market Cap: INR 263 Bn

•In June 2022, there was a shutdown of Nandesari plant for more than 40 days due to a fire, leading to production loss. The Nandesari plant is back to full utilization, currently.
•The Phenol plant recorded an average utilization of more than 120% for Q4FY23 and achieved the highest ever quarterly domestic sales and production during the quarter.
•Sequentially, there was volume and profitability growth for the phenol segment.
•Improved product acceptance and healthy demand for acetone and phenol, led to increase in product realization compared to previous quarter. However, on YoY basis, the realizations declined due to high base effect last year.
•Going forward, the overall production will increase from de-bottlenecking operations.
•Additionally, the company has approved the implementation of an advanced process control project, which is expected to be operational from next quarter.
•It will commission MIBK and MIBC plants, which are derivatives of acetone, in the first quarter of FY25.
•As part of the expansion plan, the company is making progress on hydrogenation and multipurpose distillation facility.
•It has achieved significant de-risking through assured supply of critical raw materials.
•Also, it is utilizing its cash flows to return debt and strengthen its balance sheet.
•The Board of Directors recommended dividend of INR 7.5 per equity share of Face Value INR 2 per share for FY23.
•It has invested INR 4 Bn in its subsidiary, DCTL towards funding of the group’s ongoing capital programs.
•Export revenues stood at INR 4,490 Mn in Q4FY23, while contribution of domestic revenues to overall revenues was around 77% during the quarter.
•In the advanced intermediate segment, revenue grew by 7% YoY to INR 8,100 Mn, supported by healthy demand from key customers.
•In reference to the fire accident in June 2022, the company received INR 870 Mn in March 2023 and INR 140 Mn in April 2023 as interim payment.
•In terms of client demand, oil and gas, explosives, personal care, food, rubber, infrastructure is doing well. However, dyes and pigments are seeing some challenges.
•The overall capital expenditure in the next 1.5 years is about INR 250 Bn, expected to be completed by first half of FY25.
•Outlook: It is undergoing capital expenditure program, which will result in volume growth in the next two years. Also, it is working on automation and process control to optimize cost, which will positively influence operating margins. Growth in FY24 will be driven by volumes with complete recovery in Nandesari plant and on-going expansion.

Neogen Chemicals Ltd – Q4FY23 Conference Call Highlights
CMP INR 1,473| Market Cap INR 36,756mn

•Financials
Revenue for Q4FY23 stood at INR 2039mn against INR 1568mn in Q4FY22 (+30% YoY).
•EBITDA stood at INR 326mn in Q4 against INR 266mn in Q4FY22 (+225 YoY). PAT stood at INR 143mn against 157mn in Q4FY22 (-9% YoY).
•Margins
EBITDA margins for Q4FY23 stood at 16% a decline of 100bps YoY. The margins declined due to fluctuations in RM costs.
•Revenue Mix
Organic chemicals accounted for INR 138mn in Q4FY23 (+39% YoY) this growth was mainly volume driven and Inorganic chemicals accounted for INR 660mn (+14% YoY) growth was due to increase in prices of Raw materials.
•Raw Materials
The prices of Lithium linked compounds have subsided post Q4 and the impacts would be seen from Q1 onwards.
•Acquisition
The company acquired 100% stake in BuLi Chem which was completed in May 2023. The company owns the technology to manufacture N Butyl Lithium and other organolithium products using Lithium metal. Cost of acquisition was INR 193.5mn.
•The acquisition would aid manufacturing of Organo Lithium compounds are critical in manufacturing several Pharmaceutical & Agrochemical Intermediates. This would also help to generate more CSM business.
•MUIS-Neogen Electrolyte Manufacturing License Agreement
The company gained license to manufacture electrolyte materials using globally acclaimed technology & Plant Design. The capacity for the plant will be upto 30,000 MTPA and the commercial production is expected to start in 2025. This would help to cater to lithium-ion demand in India.
•Capacity Expansion
Reactor capacity for specialty organic chemicals have been increased in Q3 and Q4 by 31m3 and additional 29m3 will be added by Sept’23.
•Lithium salt expansion plan is completed to 2400 MT by March 2023. For battery chemicals 400 MTPA capacity for manufacturing specialty electrolyte salt and additives will be commissioned by July’23.
•Capex
The company has planned incremental capacity expansion moving forward total expenditure expected is to be around INR 4500mn.
•Business Highlights
The company witnessed a shift in the share of value -added products during FY23.
•The company added 82 new customers during FY23 which contributed to 7% of the revenues. Total customers stand at 1,550.
•25 new products are in pipleline which has a future demand potential of INR 20,000mn.
•Guidance
The company expects FY24 revenues to be in the range of INR 8,500mn and a growth in EBITDA of 25-30%.
•The company expects the revenue potential from existing business lies between INR 9,000 – 10,500mn by FY25-26.
•The revenues expected from battery chemicals business to be generated from MUIS agreement is expected to be between INR 10,000mn – 12,000mn by FY27.

Outlook

The company posted good revenue growth but faced headwinds on profitability side due to fluctuations in RM costs and finance costs. They are focussed on capacity expansion and utilization with new acquisitions and agreement which would benefit the company in due course of time. Demand scenario for the company is positive as they experienced strong traction in Q4 for lithium-based chemicals and is expected to continue in Q1 with softening of RM prices.

PCBL Ltd| Q4FY23 Management Conference Call KTAs
CMP: INR 130.55
Marker Cap: INR 4,927.77Cr

•The company recorded Revenue of 1373.61Cr in Q4FY23 vs 1218.63Cr last year same period.
•The PAT for the Quarter stood at 101.84Cr vs 90.27Cr last year.
•The PAT for the year was INR 444.09Cr vs INR 427.14Cr Last year.
•In this quarter the company has started seeing recovery in International sales volume.
•The company did a capacity expansion project in FY23 in Chennai for the Specialty product portfolio.
•Specialty black carbon is a part of the portfolio, it used in paint, ink, batteries, etc
•The company is working on a Battery Chemical product, which will launch soon.
•The will also be part of the Specialty Portfolio, this product will also create opportunities in EV and battery manufacturing sector.
•The company is focusing on Rapid and & aggressive growth in Specialty Carbon Black as the market for same is growing by 7-8%
•PCBL is the leading manufacturer of its sector in India and has global presence for past couple of years too.
•The company is optimistic with utilization of it s capacity and aims at 40-50% utilization of Chennai plant in FY24.
•The Chennai plant will run at full capacity once the battery chemical product receives approval from the customers.
•Europe has announced Ban on Carbon from Russia from June-2024 and the US has also announced for the same, this will result in demand for Carbon creating a sweet spot for the Company.
•According to the management the International market is lucrative at the current stage, however the demand is growing and company aims to benefit from the same.
•The company has planned a Capex of 250Cr approx for FY24.

•Outlook: The Company's strong financial performance and focus on specialty carbon black position it for rapid growth. Recovery in international sales volume, capacity expansion in Chennai, and upcoming battery chemical product launch create opportunities in EV and battery manufacturing sectors. With bans on carbon from Russia and growing demand, the company aims to benefit from the lucrative international market.

Jubilant Ingrevia Ltd – Q4FY23 Conference Call Highlights
CMP INR 396.15| Market Cap INR 63,099mn
•Revenue reported in Q4FY23 stands at INR 11450mn against INR 12960mn in Q4FY22 (-12% YoY) .
•EBITDA stood at INR 1110mn against INR 1520mn in Q4FY22. (-27% YoY). PAT during Q4FY23 stood at INR 520mn against INR 690mn in Q4FY22 (-24% YoY).
•Margins
EBITDA margin stood at 9.7% during Q4FY23 against 11.7% in Q4FY22. EBITDA margin for FY23 stood at 12.2% (-480bps YoY).
•Speciality Chemical Segment reported revenues of INR 4680mn (+5% YoY). EBITDA margin witnessed a decline of 600bps to 12% during Q4FY23.
•Segment EBITDA & Margins during the year were impacted due to high Energy cost and headwinds faced in some of the Specialty products meant for Agrochemical customers.
•The company believes the demand scenario for Agrochemical customers to improve by the end of Q2FY24.
•New cGMP multipurpose plant in Bharuch and Non-GMP plant in Gajraula is commissioned, this will aid in volume and revenue growth of CDMO business in coming quarters which is experiencing good traction.
•Nutrition & Health Segment
Segmental Revenue stood at INR 1550mn during Q4FY23 against INR 2060mn in Q4FY22 (-24% YoY). EBITDA margins saw a sharp decline and stood at 3% during the quarter against 24% in Q4FY22.

•Margins were impacted by Avian and Swine Flu in EU and US regions, resulting into lower volume and significant price erosion of Niacinamide. Niacinamide volumes improved sequentially during Q4.
•The company approved capex for development work of new cGMP compliant capacity for Food grade Vitamin B4. Total production would be around 3,000 tonnes of cosmetic grade Niacinamide and the facility is expected to be completed by June'24.
•Chemical Intermediates Segment
Revenue for the segment stood at INR 5220mn in Q4FY23 (-19% YoY). EBITDA margins saw an improvement of 600bps to 11%.
•The segment is witnessing rising global volumes with enhancing market share of Acetic Anhydride globally. However, the realizations were lower due to reduced cost of Acetic Acid.
•Capex guidance
The capex plans for FY24 is about INR 7000mn and INR 6000mn for FY25 which will mainly be invested in capacity expansions and R&D.
•Demand Scenario
Agrochemical demand is likely to witness a bounce back to normal demand from H2FY24.
•Energy Costs are expected to be restricted with support from lower coal prices and improving operational efficiencies. Renewable energy resources to be materialized by FY25.

Outlook

The company faced various headwinds during Q4 as well as complete FY23 due to lower acetic acid costs and decrease in price of Niacinamide. The volumes have improved for niacinamide segment during Q4 while the Agrochemical business is still a concern and likely to remain till Q3FY23. The future growth is expected to be led by speciality chemicals and nutrition segment in longer term however short term difficulties are likely to persist.

PREMIER EXPLOSIVES LTD | Q4FY23 Management Conference Call KTAs
CMP: INR 433.90
Marker Cap: INR 458.64Cr

•The revenue for FY23 was at 2020.3Mn vs 1991.3Mn last year, grew by 1.46% YoY.
•The revenue for Q4FY23 was at 523.2Mn vs 373Mn in Q3FY23, grew by 40% QoQ.
•The EBITDA Margin grew by 159bps YoY from 11.19% in FY22 to 12.78% in FY23.
•The PAT for the year was 66.9Mn vs 56.2Mn last year, overall 19% YoY growth.
•It is the only Qualified Indian Company for Counter Measures. And also the only Indian Company which is into Export of Fully Assembled Rocket Motors.
•The company has a strong order book of 521Cr.
•The segment wise order book stands at 90Cr for the Explosives segment, 304Cr for Defense segment and 127Cr for the service segment.
•Out of the 304Cr of order book for defense, 104Cr will be for exports.
•The company is expecting a similar type of order book for the next few years.
•There is robust growth seen in the defense sector of India and the government's Atmanirbhar Bharat Programme has resulted in decrease in imports and increase in exports.
•The Defense Ministry has estimated that, contracts worth almost 'Rs. 4 lakh crore' to be given to domestic industry in the next 5-7 years.
•In last 3 years, Exports have grown by 7 times to Rs 10,745 crores
•The company aims to get benefits from low imports and high demand overseas.
•A Capex of 25-28Cr is planned and will majorly be utilized for the Defense segment.
•Besides the Greenfield project at Katepally (near Hyderabad) in about 150 acres, Another 100 acres of land available for further expansion.

•Outlook: The Company achieved steady revenue growth in FY23, with a slight YoY increase of 1.46%. The company experienced a significant QoQ growth of 40% in Q4FY23. Improved EBITDA margin and a strong order book, particularly in the defense segment, indicate a positive outlook. The company aims to capitalize on the growing defense sector and government initiatives, expecting continued growth in the coming years.

Chemplast Sanmar Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 446
Market Cap: INR 70,556 Mn

•The demand growth for Specialty Paste PVC product was strong at 17% YoY in FY23 at 163,000 MT, while demand growth for Suspension PVC was even higher at 30% YoY at 3.7 million MT during the year.
•However, there were some challenges on the pricing front with steep decline in PVC prices. It stabilized and increased post December 2022.
•Nevertheless, increase in imports from China led to significant decline in PVC prices from March 2023.
•Imports from China in January to March period was greater than the FY21-22.
•On the positive note, the Chinese import has reduced in April compared to March 2023 and is expected to decline further in May.
•The industry has approached the government to take appropriate measures against cheap PVC dumping in India.
•In Q4FY23, revenue declined by 37% YoY to INR 11,470 Mn, while EBITDA dropped 72% YoY to INR 970 Mn and PAT fell 80% YoY to INR 460 Mn.
•Sales volume of Suspension PVC and Specialty Chemicals declined during the quarter as the company was carrying extra inventory during the corresponding quarter last year.
•Other Chemicals, which includes caustic soda, chloromethanes, hydrogen peroxide and refrigerant gases, also declined in volume and pricing terms.
•The weakness in Other Chemicals was driven by new capacities and supply coming up in the market. The business is expected to stabilize over the next few quarters.
•The Customs Manufacturing business increased by 26% YoY during the year.
•The revenue potential in the Custom Manufacturing business is about INR 8 Bn and will be realized in 3-4 years.
•There are about 11 more products in the pipeline in the Custom Manufacturing business.
•Power prices softened during the quarter.
•Finance cost was lower during the year as the company repaid some NCDs (Non-convertible debenture) out of the proceeds of the IPO.
•Outlook: Q1FY24 is likely to be challenging owing to pricing pressure from Chinese imports. However, the capex of the company will fructify post H2FY24 within the Custom Manufacturing and Specialty Paste PVC business. At CMP and on FY25 estimates, the stock is trading at a P/E multiple of 20x. Considering the near term challenges, we are neutral on the stock.

DMCC Speciality Chemicals Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 282
Market Cap: INR 7,183 Mn

•Industry dynamics remain challenging with continuous dumping by Chinese competitors.
•The challenges are more pronounced in the specialty segment than in the bulk chemical segment.
•In Q4FY23, revenue from operations declined by 6.9% QoQ / increased by 31.3% QoQ to INR 1,016 Mn.
•EBITDA and Net Profit increased by 19.5% and 80.8% on YoY basis respectively.
•About 60% of the consolidated revenues is derived from speciality products, while the remaining 40% is obtained from bulk chemicals.
•The Boron division is struggling owing to demand supply scenario. However, supply scenario has considerably improved in recent months.
•The company is not looking to invest further in Boron chemistry in the near term.
•It procures raw material for boron from different sources including US, China, Turkey, etc.
•There is no demand from sulphone and sulphur based specialty products from Europe.
•However, overall volumes have increased but realizations have been affected.
•Outlook: Q1FY24 is likely to be challenging with realizations under pressure and uncertainty in demand. The Boron business will take few more quarters to turn around. Considering the above factors, we would suggest investors to wait and watch before macro challenges settle down.

Sumitomo Chemical India Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 387
Market Cap: INR 193 Bn
•The agricultural industry stood strong in Q1 and Q2 of FY23 with good water levels, low cost opening inventory and pesticide stocking by dealers.
•However, in H2FY23, the conditions changed drastically and suddenly with low insect infestation, late and erratic monsoon, high channel inventory and pessimism amongst dealers.
•The opening of China market post Covid led to softness in product prices.
•Major export markets like Latin America also faced similar challenges with dampness in product demand.
•The domestic volumes and margins were impacted in the second half of FY23.
•There was decline in revenues in the fungicide segment.
•In Q4FY23, revenue declined by 2% YoY to INR 6,520 Mn and EBITDA fell by 26% YoY to INR 810 Mn, while PAT declined by 3% YoY to INR 720 Mn.
•It introduced about 10 new brands, out of which 6 were under 9(3) category.
•The capacity expansion initiatives of the company will focus on exports.
•The domestic market underperform the exports market, while both the segment were weak during the quarter.
•It expects trend reversal in demand and macro environment in the near term.
•The management is of the view that El Nino will have less impact if predicted rainfall is around 95% of the Long Term Average.
•It has 60 depots and about 15,000 direct distributors with 4.5 million farmer outreach.
•It is maintaining high inventory compared to previous quarter due to upcoming Kharif season, although it is lower than March 2022.
•Outlook: Q1FY24 is likely to be weak due to softness in demand and high system inventory. However, it is expected to reverse in H2FY23. Revenue growth will be driven by volumes and new product launches. Operating margins are likely to be maintained around 19% for FY24. Factoring in the near term challenges, we are neutral on the stock.

DEEPAK FERTILISERS & PETROCHEMICALS CORPORATION LTD. | Q4FY23 Management Conference Call KTAs
CMP: INR 318.90
Marker Cap: INR 5,723.18Cr
•Deepak Fertilizers & Petrochemicals Corporation Ltd achieved it's highest-ever revenue of INR 11,301 crore, reflecting a remarkable growth rate of 47.5% YoY.
•The company also recorded it's highest-ever profit after tax (PAT) at INR 1,221 crore, demonstrating a notable growth rate of 77.6% YoY. The PAT margin of the company stood at 10.7%.
•Deepak Fertilizers & Petrochemicals Corporation Ltd achieved an Operating EBITDA of INR 2,165 crore, exhibiting a strong growth rate of 59.7% YoY. The EBITDA margin stood at 19.2%.
•In FY23, the Chemicals segment of Deepak Fertilizers & Petrochemicals Corporation Ltd played a significant role in contributing approximately 85% of the segment profits.
•The revenues of the Chemicals segment experienced impressive growth, increasing by 40% YoY. Moreover, the margins of the Chemicals segment improved from 25% in FY22 to 31% in FY23.
•In terms of the Fertilizers segment, it recorded substantial revenue growth of 59% YoY in FY23. However, the segment margins for Fertilizers were at 7%.
•The company encountered significant price increases in various raw materials, including Ammonia (+61% YoY), Phos Acid (+63% YoY), RGP (+9% YoY), MOP (+87%), and Gas (+87%).
•In FY23, the company had a net debt of Rs. 2,518 crore. The Net Debt / Equity for FY23 was 0.48x compared to the previous year; the Net Debt / Equity was 0.35x in FY22.
•Effective from April 20, 2023, the name of Smartchem Technologies Limited, which is a material subsidiary of Deepak Fertilizers & Petrochemicals Corporation Ltd, has been changed to Mahadhan AgriTech Limited (MAL).

•Deepak Fertilizers & Petrochemicals Corporation Ltd has successfully tied up the entire debt amounting to Rs. 1,541 crores for the TAN Project Funding. This debt financing has been arranged with a door-to-door tenor of 14 years.
•The Company does not have any large loan repayments due in the next three years
•The demand and pricing for DNA (Deoxyribonucleic Acid) and CNA (Cyclic Nucleic Acid) are anticipated to remain stable in the coming months.
•The government's increased spending on infrastructure projects is expected to have a positive impact on the demand for explosives in the mining and infrastructure segments.
•The Capex for the ammonia project amounts to a total planned investment of Rs. 4,350 crores. As of now, equity investment incurred stands at Rs. 1,674 crores, while debt incurred amounts to Rs. 1,957 crores.
•The expected commissioning of the balance investment of Rs. 719 crores for the ammonia project is scheduled for the first quarter of FY24.
•The Capex for the TAN project amounts to a total planned investment of Rs. 2,201 crores. The equity infused into the project stands at Rs. 474 crores, the expected commissioning of the balance investment of Rs. 474 crores for the ammonia project is scheduled for the second half of FY26
•The Company has successfully executed Gas Supply Agreements for over two-thirds of its total gas requirement. These agreements have been reached through bilateral negotiations with Integrated Gas Services and Gujarat State Petroleum Corporation.
•Furthermore, the company is currently in the advanced stage of discussions for the remaining gas requirement.
•Outlook: Deepak Fertilizers & Petrochemicals Corporation Ltd achieved impressive financial performance, driven by record revenue and profit growth. The chemicals segment contributed significantly, while stable demand and government spending on infrastructure projects are expected to support future growth.

IG Petrochemicals Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 473
Market Cap: INR 14,600 Mn
•In Q4FY23, consolidated revenues increased by 17.0% YoY / up 16.7% QoQ to INR 6,050 Mn. EBITDA declined by 42.8% YoY / increased by 29.8% QoQ to INR 635 Mn. Net Profit fell 46.7% YoY / up 49.6% QoQ to INR 381 Mn.
•The new Phthalic Anhydride plant is expected to be commissioned before March 2024.
•The overall capacity of the new plant is 53,000 MT.
•The revenue potential of the upcoming plant is about INR 5 Bn.
•In Q4FY23, non-Phthalic Anhydride products contributed about INR 1.7 Bn, which is about 7% of the overall sales.
•It undertook plant shutdown during the quarter due to replacement of catalyst.
•The cost of replacing the catalyst was about INR 80 Mn.
•Overall, the company has undertaken two plant shutdown during the financial year FY23.
•It has acquired shares of IG Biofuels to explore opportunities in ethanol based chemistries.
•Going forward, the company will focus on advanced plasticizers, where the asset turnover is high.
•The revenue potential of advanced plasticizers is about INR 10 Bn.
•Outlook: In FY24, the growth in topline will be driven by non-phthalic anhydride segment. Revenues is likely to increase by 10%-12% with operating margins around current levels. The major thrust to the earnings will come from FY25 with the commissioning of the new capacity, developments in biofuel segment and advanced plasticizers. At CMP and on FY24 estimates, the stock is trading at a P/E multiple of ~6.5x. Long term investors can accumulate the stock at current levels.

Heranba Industries Ltd. - Company Update
CMP: INR 334
Market Cap: INR 13,170 Mn

•The Gujarat Pollution Control Board has instructed the company to prohibit and close operations at its Vapi Plant.
•The Vapi Plant is the main facility for the production of Technicals.
• Production has been disrupted for the last two days.
• The company has shared it's response with the regulatory authority.
• It has a well-designed Effluent Treatment Plant at Vapi to treat industrial effluents.
• We expect the entire clearance process to take around 10-15 days, during which it can suffer production loss.
• Based on quarterly runrate, the revenue loss is likely to be in the range of INR 250-300 Mn.
• The production loss can be compensated by operating the plant at higher utilisation rate post clearance or higher sales of formulation products.
• The downside risk is if the settlement takes longer time to materialize, which can lead to a larger production cut.
• **Our view is that given the Effluent Treatment capability at the plant and management expertise, the current issue is likely to be resolved and long term fundamentals remain intact, including new product registration and ongoing capacity expansion. We have a Buy Rating on the stock and the near term trigger would be it's upcoming result and management commentary on agrochemical industry demand supply dynamics.**

Sudarshan Chemical Industries Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 437
Market Cap: INR 30,400 Mn

•Income from operations increased by 10% YoY to INR 6.9 Bn in Q4FY23, driven by growth across both the domestic and international business.
•The export business achieved an important milestone of INR 10 Bn on an annual basis.
•Post muted demand across geographies in the first three quarters, which led to volume and pricing pressures, there was revival in Q4FY23.
•Operating was flat on a YoY basis at INR 850 Mn with 12.3% EBITDA margins, which compressed by 140 basis points YoY.
•Inflationary cost pressures in raw material and limited ability of pass through impacted margins.
•Net profit stood at INR 330 Mn compared to INR 450 Mn in the corresponding period last year, with net profit margin of 4.7%, which compressed by 240 basis points YoY.
•Net Debt to EBITDA increased to 3.8x in Q4FY23 compared to 2.9x in Q4FY22.
•The company has invested in the last three years to enhance its product portfolio and all the capital expenditure projects are commissioned.
•Going forward, the share of exports is likely to increase with investment in infrastructure and sales force in international geographies.
•It is focusing on product quality and optimizing supply chain management.
•It is prioritizing sales of value added products like specialty pigment portfolio, which will positively influence revenue mix.
•**Outlook: The future growth drivers include ramping up of capacity, improving supply chain, targeting export markets, efficient use of working capital and enhancing product portfolio. Considering the above drivers and valuation, long term investors can wait for lower levels to accumulate the stock.**

Dhanuka Agritech Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 720
Market Cap: INR 32,800 Mn

•In Q4FY23, revenue from operations increased by 16.6% YoY to INR 3,712 Mn. Gross Profit margin compressed by about 240 basis points YoY to 38.2%.
•There was some inventory offtake in March, which was due in April, and facilitated higher sales during the quarter.
•However, industry-wide, agrochemical prices are declining leading to inventory build-up across dealers and distributors.
•The situation is likely to normalize by July, when prices and inventories are expected to stabilize.
•Loss due to high cost inventory resulted in decline in gross profit margins. Nevertheless, the high cost inventory has been replenished.
•EBITDA increased by 19.7% YoY to INR 779 Mn. Operating margins expanded marginally by 50 basis points YoY to 21%, facilitated by lower other expenses.
•Net profit increased by 20.3% YoY to INR 653 Mn, while net profit margin expanded by about 50 basis points YoY to 17.6%.
•The technical plant at Dahej will become operational by the third week of July.
•The plant will take some quarters to stabilize and the revenue potential in FY24 is about INR 600 Mn.
•Bifenthrin technical will be manufactured at the Dahej plant and will be sold in domestic and international market, while certain portion will be used internally.
•It launched about 3 biological products and expect about 5% of sales to accrue from biological products in the next 2-3 years.
•It launched herbicides for maize and sugarcane during the quarter.
•It has also received a patent registration for its product "Soluble Granular Insecticidal Composition" – Cartap.
•In terms of product mix, insecticide is the major segment contributing about 46% of the overall sales, followed by Herbicides (26%), Fungicides (17%) and Others (11%).
•Geography-wise, South is the dominant market (41%), followed by North (29%), West (19%) and East (11%).
•Outlook: Facilitated by volume growth, the top-line is expected to increase in double digit in FY24, while operating margins are likely to expand by 50-100 basis points, driven by improvement in gross profit margins. However, in the near term, challenges remain in Q1FY24 due to industry headwinds. At CMP and on FY24 estimates, the stock is trading at a P/E multiple of ~12.5x. We have a neutral view on the stock.

Chambal Fertilisers & Chemicals Ltd – Q4FY23 Conference Call Highlights
CMP INR 286.5| Market Cap INR 119.2bn

•Profitability took a hit due to subsidy revisions and high cost of raw materials for P&K fertilisers. Better inventory management and energy efficiencies to lead the EBITDA margin expansion
•Revenue in Q4FY23 stood at INR 35,990mn against INR 33,070mn in Q4FY22, this growth was mainly due to higher prices and higher volumes due to increase in P&K fertilizer prices and energy efficiencies.
•EBITDA for Q4FY23 stood at INR 1530mn against INR 3850mn in Q4FY22.
•Profitability was impacted during Q4FY23 due to high cost of materials and inadequate Nutrient Based Subsidy (NBS) rates substantially impacted the profitability of P&K fertilisers.
•Inventory would be maintained to minimize the impact of subsidy, inventory levels will be kept minimum at the end of Sept'23 to reduce the impact of subsidy revisions to be done in Oct'23. NBS rates recently announced in Q4FY23 for April-September 2023, resulted into inventory losses.
•Urea production was at all time high at 33.5 lakh MT during FY23, which was due to energy efficiency over the year for the company.
•Energy utilization for urea in FY23 was 5.15 Gcal/MT against 5.23 Gcal/MT in FY22, the company is undertaking further projects to take down the efficiency to 5.1 Gcal/MT against the industry average of 5.8.

•Crop protection and Speciality Nutrients segment pose as a centrepiece for opportunities with over 50% YoY growth and sustained margins. 10 new products were launched in the vertical during FY23.
•Seed to Harvest Program is well supported by farmers supporting business growth in CPC and SN segment.
•RM prices : Subsidy payments have improved from Nov'22. Reduction in gas prices in Q4 supported reduction in outstanding subsidy. Prices of phosphatic fertilisers continued to soften.
•Technical Ammonium Nitrate (TAN) project is on track and is expected to be completed by FY25-26.
•Capex for FY24 will be targeted towards CNC and SN segment. They are planning to expand product range and increase penetration for the segment. The total amount of capex would be in the range of INR 3000mn-4000mn for FY24 excluding TAN projects out of which INR 1000mn would be for energy saving projects.
•TAN project capex for FY24 would be INR 5000mn, INR 1000mn is already spent on the project.
•Trading Volumes for FY24 would be similar to FY23, the focus would be on margin maintenance with uncertainty in subsidy.
•Outlook
Revenue growth was backed by volume growth and higher prices for the company, however profitability was a miss owing to high inventory base. Energy efficiency and inventory management would be growth pointers for profitability. Crop protection and Speciality Nutrients vertical will be a key growth area for the company supported by new product launches. Reduction in ammonia prices are expected to affect the profitability of the business.

NOCIL Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 215
Market Cap: INR 35,800 Mn
•Business & Financials
During the year, sales volume declined by 4% YoY, while price fell by 7% YoY.
In Q4FY23, revenue from operations declined by 15% YoY / up 21% QoQ to INR 3,930 Mn.
EBITDA declined by 55% YoY / up 32% QoQ to INR 500 Mn.
Net Profit declined by 59% YoY / up 52% QoQ to INR 280 Mn.
On the Latex market, there is de-growth witnessed on the export side.
Employee cost declined during the quarter. Also, other expenses decreased owing to optimization related to utility cost.
•Export market
FY23 was impacted by geo-political risk and slowdown in global economy.
There has been growth in the product portfolio exported to international tyre manufacturing clients in the past few months.
•Overall volumes exported to international clients has increased during the year.
Europe and Asia were among the major markets for volume expansion in exports.
Market share in the US is low single digit, but has grown by 3x since 2019.
•Competition
Major capacity is held by Chinese manufacturers, therefore slowdown in Chinese economy will drive increase in Chinese imports.
Realizations were under pressure, partly due to increase in imports.
•Capital Expenditure
The debottlenecking exercise will mostly be completed in FY24.
Debottlenecking will increase the manufacturing capacity by 5% to 10% depending on the product.
Going forward, the capital expenditure incurred by the company would be minimal.
•Outlook
The strategy of the management is to increase market share, expand EBITDA per kg and drive higher volumes. Going ahead, volumes are likely to improve on QoQ basis. However, realizations continue to remain muted with headwind from Chinese imports. Overall, we have a neutral view on the stock.

Oriental Aromatics Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 358
Market Cap: INR 12,000 Mn

Financials

•In Q4FY23, Revenue from operations decreased by 3.7% YoY / down 2.1% QoQ to INR 1,953 Mn.
•EBITDA declined by 57.9% YoY / down 34% QoQ to INR 93 Mn.
•There was some pricing pressure in finished products, which led to contraction in operating margins on QoQ basis.
•Net Profit decreased by 88.6% YoY / down 68.4% QoQ to INR 12 Mn.

Business Update

•During the quarter, production volume increased by 8% on QoQ basis. However, sales volume increased at a comparatively lower level of 6% on QoQ basis.
•During the year, the Flavors and Fragrances segment saw good demand and supported growth.
•Nevertheless, Aroma Chemicals and Camphor witnessed muted demand and challenging environment.
•The demand for Camphor is usually better for the second and third quarters of the financial year.
•In FY23, there was no major increase in realizations, and was either flat or declined on YoY basis.

Industry Scenario

•On the supply side, there is increase imports from the Chinese manufacturers.
•The cost of financing has increased for the industry compared to corresponding period last year.
•Increase in utility prices led to decline in profitability of the industry. However, the prices are gradually declining.

Capex Program

•The current capacity of the Aroma Chemicals and Camphor facility at Bareilly and Vadodara stood at 7,900 MTPA and 6,200 MTPA. The Flavour and Fragrance plant capacity at Ambernath is 6,000 MTPA.
•The capital expenditure program of the company is going on as per schedule.
The ongoing projects at Baroda, Bareilly and Mahad are likely to be completed by the end of the Financial Year FY24.

•Outlook: Demand is likely to remain weak for two-three quarters, going forward owing to stocking in the system. There are some new capacities coming up in the second half of the year and may pressurize realizations. Operating margins may remain under pressure. We are neutral on the stock.

Fairchem Organics Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 1,331
Market Cap: INR 17,300 Mn

•The growth on QoQ basis was due to demand from the Paint Industry.
•Some products witnessed better per unit realization during the quarter, like Linoleic Acid.
•Demand environment also improved for another product, Dimer acid in the quarter.
•Fairchem Organics is one of the only manufacturers of Linoleic Acid and Dimer Acid in India.
•Oleo Chemicals contributed 93% of the overall sales of the company in Q4FY23, while the remaining was attributed to Nutraceuticals.
•EBITDA increased by 2.7% YoY to INR 192 Mn. Operating margin expanded by 211 basis points YoY / increased by 913 basis points QoQ to 12.6%.
•Raw material prices declined in Q4FY23, which facilitated cost control and cushioned operating margins.
•It had recently increased the raw material throughput capacity of its plant to 120,000 MTPA in H1FY23.
•Net Profit increased by 6.3% YoY to INR 119 Mn. Net Profit margin expanded by 152 basis points YoY / up 724 basis points QoQ to 7.8%.
•Cash flow from operations increased from INR 405 Mn in FY22 to INR 496 Mn in FY23.

•Outlook: With the decline in input cost, the company is likely to sustain operating margins around 13%. There is stable demand from certain end user client segment, which will facilitate growth in the medium to long term. At CMP and based on FY23 earnings, the stock is trading at a P/E multiple of 40x. Considering the above factors, we have a neutral view on the stock.

India Pesticides Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 219
Market Cap: INR 25,300 Mn

•During the quarter, its newly launched herbicide technical product received TEQ certification in The European Union.
•It also obtained registration for one of the thiocarbamate products in the US.
•These new developments will further facilitate export revenue potential for the company.
•However, there has been an increase in supply from China, which has negatively impacted demand in the domestic market.
•Additionally, there has been certain decline in raw material prices.
•However, the financial performance of the company was affected due to high cost inventory.
•The management expects improvement in coming quarters with depletion in high cost raw materials.
•The recent product launches received positive response from the market.
•It will further improve product mix and enhance production capability.
•Overall, there are some industry headwind due to large and significant technical product offering from China.
•It has installed and commissioned 2,500 MTPA capacity and the total capacity stands at 24,000 MTPA.
•It is collaborating with Japanese manufacturer and the discussion is in final stages for advanced intermediates.
•Outlook: Increase in production volume, higher capacity utilization and new product launches will facilitate growth in FY24. However, the growth will be back-ended and the macro environment will recover in 2HFY24. In the near term, the challenges remain due to high system inventory. We are neutral on the stock.

CHAMAN LAL SETIA EXPORTS LTD Q4FY23 Management Conference Call KTAs
CMP: INR 184.75 || Market Cap: INR 929.65Cr

• Chaman Lal Setia Exports Ltd recorded revenue of 1,387Cr, increased by 49% YoY.
• Gross profit witnessed a steady increase of 18% YoY, totaling 329 Cr.
• EBITDA showed remarkable growth, soaring by 67% YoY to 159 Cr.
• The company's PAT exhibited robust growth, surging by 81% YoY to reach 118 Cr.
• In Q4FY23, the company continued its growth trajectory, with revenue increasing by 15% YoY and 1% QoQ, while PAT showed a significant YoY growth of 68% and a slight QoQ increase of 1%. •Chaman Lal Setia Exports Ltd maintained a total debt of 120 Cr and a solid cash and liquid investment balance of 46 Cr.
• The export volume witnessed a robust YoY increase of 28%; furthermore, export sales demonstrated remarkable growth, with a YoY increase of 49% to reach Rs. 1219 Cr.
• In FY23, Chaman Lal Setia Exports Ltd achieved an average export realization of Rs. 72.7 per kg. This represents a significant YoY increase of 16%.
• During FY23, the company achieved a notable reduction in freight expenses, leading to improved margins.
• Additionally, the company successfully expanded its presence in key markets such as Yemen, Israel, Egypt, and Canada.
• Chaman Lal Setia Exports Ltd follows an asset-light business model coupled with prudent inventory management due to which the overall processing cycle remains short.
• India holds a strong and dominant position in the global export of basmati rice, supplying to over 160 countries worldwide, with a notable focus on the Middle East market.
• Over the last ten fiscal years, the basmati rice export sector has exhibited a CAGR of 7.1%. As of FY23, the export value of basmati rice from India stood at Rs. 38,524 Cr.
• The company aims to enter new markets and capitalize on the increasing demand overseas. •Chaman Lal Setia Exports Ltd is actively engaged in the development of new vacuum packing technology, additionally it has implemented an organic system to reduce wastewater and minimize the usage of chemical fertilizers.

Outlook: Chaman Lal Setia Exports Ltd shows a positive outlook with strong financial performance, expanding market presence, and a dominant position in basmati rice exports. Focus on innovation with vacuum packing technology and sustainable practices further enhance its competitiveness and growth potential in the global market.

Uniparts India Q4FY23 Concall Highlights
CMP: INR 561 | Mcap : INR 25,020 Mn
Outlook
•Growth guidance for the next three years approx is 15-16% CAGR.
•Upward pressure on operating costs could continue in medium term to be partially mitigated through operating efficiencies.
•Scheduled to launch 3PL for ATVs to UTVs in US this quarter.
•UTV ATV is going to be a higher margin business.
•20% Market share in the US in the next 4-5 years for ATV's and UTV's.INR 150 crores in sales in 3-4 years annually.
•INR 10 billion market size that is being planned to cater to in the PTO hydraulic cylinder and fabrication.
•PTO and hard hydraulic to get to these double digit levels are going to need an acquisition.
•Fabrications are growing organically, no need for acquisitions.
Financial Highlights
•Revenues from operations for Q4FY23 came in at INR 328 crore (-5.3% YoY) & for FY 23 INR 1366 crore (11.3%).
•EBITDA for full year was INR 313 crore (growth 15.3%)
•EBITDA margin reported at 21.4 percent for Q4 & 22.9% for fy 23.
•PAT for Q4 INR 45.3 crore
•Operating cash flow generation for full year FY23 was INR 252 crore (highest ever)
•Board has declared second income dividend of rupees 6 per share.
•FY Capex is INR 31.5 crore(approx)
Industry- North American large agriculture and construction equipment market is expected to remain strong with healthy end-user demand.
•North American small agriculture is witnessing some short-term softness.
•Demand from Europe-based OEM customers remains stable to positive.
•The aftermarket segment in both Europe and USA continues to witness certain softness, which is further impacted by the transient inventory levels rebalancing being done by their customers due to the improving logistics.
Geographical-
•More than 50% of the revenue comes from US and another 22-23% comes from Europe.
Middle of the European business has come down from 29% of the business count,to maybe 26% of the business.(predominantly from the aftermarket side of the business and not the agricultural equipment)
•China Plus One-Construction equipment side
•South Korea-Agriculture equipment side
Other KTAs-
•Inventory-based stockings costs between INR 25 to 30 crores(approx) in just the last quarter.
•Working capital cycle is improving
•Some of the logistics have improved and hence the transit time taken on container shipping from India to Europe or the US has decreased.
•New project with Case New Holland in the US
•INR 120 crores of new orders for this year including the UTV out of which approx 91 crore has been put into production.
•Warehouse gross margins are at approx 45% and Warehouse sales proportion was approx 44%.
New Initiatives
1)The three-point linkage systems for UTVs or utility-trained vehicles
2)Acquired a new customer, which is the second largest retail store group in the United States for farm equipment and accessories.
3)Added OEM customer in South Korea.
4)Production operations have partially commenced in the new Greenfield facility in Ludhiana.

Schaeffler India Ltd – Q1CY23 Conference Call Highlights
CMP: INR 2,853 | Market Cap: INR 115,967mn

Revenue and Margins
•The revenue from sales has grown 8% YoY, while on QoQ basis the sales are down by 5.6% at INR 16930mn.
•EBITDA margin for the quarter stood at 19.1%. EBIT margin for Q1CY23 was 16.2% which is a 700 bps contraction on QoQ basis and PAT margin stood at 13% compared to 12.9% in the preceding quarter.
Revenue Mix
•Automotive technologies accounted for 43% of the sales followed by 32% from industrial segment, 16% from Exports and 9% from Automotive aftermarket.
Capex
•The capex for Q1CY23 was at 7% of the sales which has doubled from 3.5% of the sales from Q1CY22, the company remains committed to increase capacity in India and leverage the cost competitiveness.
•The company expects to maintain capex at 6-7% of the revenue that they started from this quarter.
Business highlights
•Automotive technologies supported top-line performance for Q1CY23, headwinds were faced in the wind energy segment impacting industrial business.
•E-mobility segment performed better with a business win from one automotive customer in India. The company is also preparing the groundwork to deliver two-in-one e-axle for the electric passenger vehicle for this customer. The production is expected to start in H2 of 2024. The company expects this opportunity to be in the range of EUR 300mn over the next seven years.
•The company is focussed on bringing pure electric solutions to India and currently the sample preparations are underway for customers to start off field tests in Indian conditions.
•In the commercial vehicle segment the company had some new business wins for the double clutch systems that they sell to particular segment and some wins in terms of alternator applications.
•Automotive aftermarket white labelling products have gained volumes particularly in the areas of front end auxiliary drive systems, timing kits and tapered roller bearings.
•Industrial segment company have witnessed traction in localization projects both for domestic and export needs. Angular contact ball bearings and roller bearings were highlights in industrial automation sector as well as two wheeler segment.
•The company has won orders for Vande Bharat trains and also working on solutions to get into the freight sector.
Industry highlights
•The company have faced some headwinds due to ongoing geopolitical situation in Ukraine and tightening up of monetary policies across the globe which mainly impacted the industrial segment.
•Passenger Vehicles segment is showing strong performance the numbers were in the range of 400,000 vehicles a month in Q1CY23 compared to 350,000 vehicles a month in Q1CY22. Tractor segment has also shown a bounce back in Q1CY23.
•Outlook
The company has increased the level of capex for expanding capacity in India alongside working on e-mobility solutions which is leading the trajectory for order wins. Quality of earnings for the company continues despite the headwinds on the back of operational efficiencies and balanced business portfolio. As the production is recovering after the economic uncertainty in Q3 and Q4 of 2022, the company is expecting to regain industrial volumes. At CMP INR 2,853, the stock is trading at an EV/EBITDA of 24.21 and

Sona BLW Precision Forgings Ltd. (Sona Comstar) Q4FY23 Concall Highlights
CMP: INR 489.50 | Mcap: INR 286,550Mn

•**Revenue growth**-In Q4FY23, the company's revenue grew by 35% YoY to INR 744 crores and revenue share from Battery Electric Vehicles (BEV) at 28% in Q4FY23, with revenue growth of 37% YoY.
•For FY23, the company's revenue grew by 26% YoY to INR. 2,676 crores.
•**Margins**- EBITDA of INR 201 crores with a margin of 27.1% and 49% YoY growth in Q4FY23 and EBITDA of INR 696 crores with an EBITDA margin of 26.0% and 25% YoY growth in FY23. PAT of INR 120 crores with a net profit margin of 16.1% and grew by 54% YoY.
The company had a positive impact on EBITDA margin from operating leverage and product mix on the whole however margin percentage was lower by about 0.2% largely due to increase in RM prices.
•**EV Segment**- Strong growth in segment with 12 EV Programs awarded and seven new EV customers over FY22-23 and 1 new program awarded in Q4FY23. EV contributes 77% to the company's net order book of INR 215 billion.
Geographically seen a shift with North America capturing 43% of revenue share. Indian market did good and Europe has seen positive quarter. Asia being the smallest share remains volatile on the accounts of COVID impacts.
•**Production**- Total 20 programs in production where 10 products in mature stage. And rest 10 products in ramp up space.
•**Order Book**- The company added orders worth INR 80 bn in its order book during FY23. This came from 35 new programs in FY23 and 7 new customers added in FY23.
•**Product Mix**- Not much change in product mix. Revenue share of traction motors in 2W/3W grown significantly.
•**New Products**- The company won new orders for four new products – Electronic Differential Lock (EDL), Spiral Bevel Gears and where Intermediate Gears, Input shafts added this quarter.
•EV gear Box- Developing a comprehensive EV gearbox consequently. The gear box still in intermediate stage and portfolio to be developed in future.
•**Cash Flow**- The company fund the entire capex spending of INR 3,351 crores from cash generated from operations The company distributed dividend of INR 120 crores.
Employee Cost- The company has value addition to employee costs which has improved from 5.7 times last year to 6.4 times this year.
•**Debt level-** Net Debt to EBITDA ratio continues to be below 0.
•**ESG-** 75% of the water is now recovered and put back into the system.
•**PLI Scheme**- No dependence of government subsidies or government intervention. In FY23 no PLI will be there and from FY24 onwards still in process. Product approvals are in the pipeline.
•**RM Cost**- Softening in all raw materials cost over the last one year except alloy steel which is high as compared to last year.
•Starter Motor- The growth is little bit lower than what was projected earlier due to the US and European market. It will continue to grow in FY24.
•Magnetless Motors- In the development and validation phase and will provide firm information in next quarter call. The products at present are in white zone.
•**Outlook-**
The company capex target for next 3 years to be INR 1000 to INR 1100 cr. On customer concentration front for next 3-5 years, the goal is no customer be higher than 15% (currently 20%). The company is also considering new facilities to acquire and to keep adding new and higher-value-added products for customers.

Bharat Forge Limited Q4FY23 Concall Highlights
CMP: INR 765.30 | Mcap: INR 353,3500Mn

•**Guidance**-
The company continue to manufacture and expand business in India as this space looks promising to the company. The company will ramp up production and cross capacity utilization of about 1500-1800 bikes sold. Looks forward to build competency and deploy product in market.

•**Looking forward in FY24** – Growth year from components to products , technology to transformation and positive impact in 2-3 years with better profitability in topline and improvement in ratios. Standalone to see growth in FY24 with back of increasing order and end market globally and market share increase across the border.

•**Revenue**- In Q4FY23, the company Record sales of INR 19,973 million on standalone basis, 19.3% YoY growth driven by 11.2% growth in domestic revenues and 25.7% growth in export revenues. The management highlights it is the highest so far for the company with sales increasing across all business areas and regions.
For the year FY23, The company registered record revenues of INR 75,727 million with growth of 21% YoY.

•**Margin-** EBITDA margin at 26.2% in Q4 FY23 represents a 50 bps improvement YoY driven by RM, energy related tail-winds and better product mix. PBT of INR 3,910 million in Q4 FY23 as against INR 3,520 million in Q4 FY22 impacted by rising interest costs and exchange losses.

•**Volume-** 11% increase on YoY basis to be seen in shipment tonnage for FY23.
PV Segment- Grown about 53% overall backed by 71% growth in exports in this segment. The company will continue to expand its product and client portfolio to capitalize on this opportunity as OEMs scout for reliable suppliers world-wide.

•**CV Segment-** CV revenue is up 4% QoQ and 26% YoY for exports. Small or steady growth to be seen in FY24.

•**Aerosp**ace- Aerospace now accounts for 11% of Industrial exports. The has double its growth and expect to see more 30-40% growth in coming year.

•**Industrial Business**- The Industrial segment has grown by 11% YoY and will continue see double digit growth.
Overseas subsidiaries – In FY23, recorded an EBITDA loss of INR 96 Crores due to ramp up challenges on the new the Aluminium forging facilities coupled with cost under recoveries which continue to impact profitability.

•US and Europe business- Demand still holding and production been constant , increasing market share. The company sees Challenges in market related to supply chain.

•**JSA**- Will ramp up in next 2 years. Acquisition of new unit in Coimbatore done this year.

•**ESG-** Green Business Model with least carbon footprint and most efficient recycling. Metrix and ratings have improved in recent years. Zero safety incidents recorded.

•**Capex-** done in JSA, IMS and looking forward to double the production. Manufacturing platform set up in EU & NA for Aluminium forgings enhancing the product mix and improvement in both the facilities.

•**Defence Business**- Biggest inflection point for the company with significant orders. The company expects to cross $100 million mark this year.

•**Order** – Record orders of INR4,000 Crores across defence, castings and the standalone business.

•**EV Segment**- Looking for opportunities and EV will be the focus section in future.
Goal Path- To get numbers of INR 500-600 Crores on annualised basis in few years in Aerospace Business. Expects Q1 to better for Europe and Q3 to be better for US in the coming year as compared to Q4FY23.

•**Outlook-**
Going ahead the company expect aerospace to post robust performance as program ramp ups happen. Many of the troubles ailing the overseas Aluminium business is behind for the company and will see growth. Continue to focus on building new relationships within the industrial space targeted at Construction & Mining, Railways, Agri equipment, Aerospace etc.

CEAT Limited Q4FY23 Concall Highlights
CMP: INR 1,714 | Mcap: INR 69,390 Mn

•**Demand Outlook -** OEM commercial vehicle players are doing well and expect the OE demand for truck bus radials to be good in single digits and generally mirroring the GDP pattern. Replacement and truck bus demand will be strong single digit kind of growth through the year. Scooter tire will be at lower single digit growth. China demand will be the key variable especially for natural rubber. Passenger car tire demand in OEM is showing some bullishness on back of EV growing.

•**Revenue** - Crossed an important milestone of 10,000 crores and entered the year with a consolidated net revenue of INR 11,315 crores growing by about 20.9% in FY23, EBITDA stood at INR 977 crore (consolidated at INR 325 Crore), and PAT stood at INR 206 crore (consolidated at INR 132.42 crores).

•**Volumes** - Healthy QoQ growth in volume across markets. Replacement growth in volumes was 5% ,OEM volumes grew by 8% and export volumes recovered by an encouraging 15% over Q3 FY 23.

•**Margins** - EBITDA margin expanded by 4.22 basis points over Q3 to reached 12.9% on standalone basis on back of reduces Raw material prices.

•**Segment-wise -**
Demand in passenger segments was relatively moderate. Strong traction was seen in both commercials and passenger segments. Replacement market growth in volumes was 5%, OEM volumes grew by 11%, export volumes recovered by 15%.For the whole year PCR has done well in the replacement segment among two wheeler and truck segment .2 Wheelers expected to move in line with rural recovery. Truck and bus segment should see growth in line with the growth in economy and infrastructure push, which is continuing on the passenger side.

•**Exports -** Continue to face pressure on account of macro challenges like ongoing war currency devaluation and dollar availability in some markets.

•**CapEx**- Incurred growth CapEx of around INR 700 crores during FY 23. Spent about INR 210 crores of total CapEx during the quarter. CapEx should be funded by internal accruals. Expect growth CapEx to be around 500 to 550 crores for FY 24.

•**Working Capital** - Reduce inventory by INR 100 crores during quarter and payables increased in line with purchases. Net working capital reduced by about INR 221 crores in Q4 versus Q3 and overall on a full year basis about INR 170 crore.

•**Debt** - Year-end debt INR 2,093 crores is marginally lower than the debt level of INR 2,097 crores as of end of previous year. Debt-EBITDA is at 2.1 and net equity of 4.6 for FY23.

•**RM Cost-** Raw material basket costs reduced by approximately 9% over Q3. Expect RM basket to move in a narrow band Q1FY24.

•**New Launch** - Associated with IPL strategic time partner as well and have launched a new campaign on SUV tires during this event.

•**EV**- 50% share of business have significantly expanded presence in electric vehicles passenger segment as well four premium electric vehicle models.

•**Agri Radicals**- Margin structure is very good in agri radials, export seeing margins more than 17- 18%.

•**ESG**- Progress towards their vision of sustainability for 2030 with lower carbon footprint and water reduction.

•**Dividend**- Approved a final dividend of about 120% for the year.

•Guidance- Efforts towards truck bus radial and passenger category. Looking at almost 1.5 times market share gains in truck bus radial and are looking at moving towards market leadership in passenger radials and maintain business in OEM. The company states it has upside in installed capacity in 2W which is a high margin business. Scope for operating leverage in this year and coming year.

•**FY 24** - Maintaining investment in marketing at the rate of around 2% of turnover. In ROC company see an uptrend during the next four quarters. Expect interest rates to increase progressively in the range of 30 to 50 bps in the FY24.

Outlook - OEM volumes growth should remain strong, especially in commercial and passenger segment. In 2W segment, little lower in OEM going forward. ROC expected in the range of 12% to 15% that is the after 2-3 year depending on when the project gets completed. Exports back on growth trajectory from the later part of FY 24.

Sterling Tools Ltd Q4FY23 Concall Highlights
CMP: INR 373.30 | Mcap: INR 13,440Mn

•**Revenue**- Standalone FY23 revenue stood at INR 159 crore as compared to INR 140 crore in FY22, reporting growth of about 14%
Consolidated FY23 revenue stood at INR 213 crore as compared to INR 170 crore in FY22, reporting growth of about 25%

•**Margin-** Jump up in gross margin which is offset by expenses. On net basis margin remain stable on YoY basis. On standalone basis, EBITDA margin remained stable with 13.3% in FY23 on YoY basis. PAT margin was down to 3.3% in FY23 as compared to 5.5% FY22 due to one-time exceptional liability under EPCG.
Industry- PV industry to grow at 5 % and 2W segment to grow about 1.5% in next year. PV segment dominates the market on back of growth in utility vehicles, tech and safety. CV remains flat and following the growth momentum.
Customers- 15 customers confirmed contact this year. Volume fluctuate as government change battery standards

•**Segment Wise-** Market share
2W- Share of business up by 50% with customers -Honda motors and Scooters, Suzuki motorcycles and many new customers gave huge pump in business.

•**PV**- Market share up by 35% (Maruti Suzuki, Mahindra n Mahindra)

•**CV** - Up 62% on back of growth in Leyland , Volvo truck, Tata Motors.

•**Farm** – Mahindra Tractor dominating the space. Will grow in FY24

•JCB- Up by 100% on back of new product development.

•**Exports-** Degrowth in exports segments. INR 35 crore this year, contributing to 2% in FY23 on back of lost customers and change in buying philosophy.

•**EV Segment**- 35% revenue gain on EV business this year. Sterling Gtake E-mobility Limited (SGEM) is the largest MCU manufacturer for Hi-speed scooters in India. 6%-7% EBITDA margin from last year. 2%-3% improvement to be seen in margin next year.
Fasteners Business- 17%-18% growth in revenue on YoY basis driven by new launches. Margin should be range of 16%. 1% margin improvement next year.

•**LCV Business**- Will not see volume growth till Q3 this year. (Revenue in low100s)
3W Business- Ramping up has started. 3W to remain small share in EV segment.

•**Capex-** Adding incremental capex of about INR 30 crore on the top of IN R800 Crore mentioned last year.
Expenses- Consolidated other expenses (distribution cost, labor cost and other administration expenses) saw sharp increase on account of increase in volume for EV vertical.

•Guidance- 2x growth potential for the business from where it is today on back of EV business. Growth for FY24-FY25 is also robust on accounts of activities in pipeline. Sterling growth is faster as compared to industry growth. We can see price increase in future which might be passed on to customers in coming year, Sterling. Optimistic vision for company in green energy space and strengthening EV portfolio.

•**ROCE-** In EV Business better despite lower margin structure. ROCE margin stood at 35% in FY23.

•**RM Prices-** When steel prices goes up the margins go down and the company not able to do cost optimization for next 2-3 years . The company also did revaluation of inventory this year.

•**EPCG**- Efforts to reduce obligation, down by approx. 72% this year. Clear EPCG obligations in next 3-4 months.

•**Commercial Paper-** Plan to drop it off completely and will not activate the same.
EV Spends Outlook- More investments planed for Technology space, engineering spends up INR 6-7 Crores by this year on headcounts capabilities and testing, validation etc.

•Outlook- The company states is having competitive advantage in EV business on back of ability to provide that engineer support and developed ecosystem, locked in suppliers and expanding in the space.

Gabriel India ltd. Concall Highlights | Mcap: INR 24,910 Mn| CMP: INR 173|

Financial-

•Revenue stood at INR 7,370 compared to INR 6,843 Mn in Q4 FY22 up by 7.7% led by healthy growth in PV and aftermarket segment.

•EBITDA bounced to INR 524 Mn with margin of 7.1% as compared to INR 377 Mn in Q4 FY22 up by 38.8% due to lower RM cost. For FY23, EBITDA of INR 2,137 Mn (with margin 7.2%) as compared to Rs. 1,459Mn in FY 22 YoY (margin of 6.3%).

•Company recommended a final dividend of INR 1.65/share.

•**Revenue Mix**- Passenger cars are 27%, and commercial vehicles are 12% of total sales.
Channel mix-OE, the demand was strong, inclining to 85%.Strong year in aftermarket as well, close to INR 380 crores of sale.

•Exports- Crossed INR 100 crores sales for the second year in a row (highest export). The company is working with Volkswagen on some other export models.

Other KTAs-

•The company is currently in the production stage of the Shine 100, the 100cc model.

•Recently won the Suzuki electric two-wheeler business, a new model that is going to launch in FY2024.

•In E-bikes, the company has developed the first front fork and given it to Hero Cycles, and they are exporting it to their German arm.

•Got the order from Hyundai and Kia for the Inalfa roof systems

•Buying grass from the local glassmakers, in-house, the PU encapsulation.

•Developed their first electronic suspension semi-active, response of product is good and will offer it to OEM shortly.

•Working on a model with Tata Motors for an EV platform, which will be in FY2025

•The revenue from sunroof is proposed to start from the Q4 of the current financial year.

•**EV-** Their market share in EV has gone higher than 80% in Q4. Ola ,TVS are 100% with them along with Aether, Ampere, and Okinawa.

•Passenger cars- Market share increased compared to last year and got a good order from Tata Motors and Volkswagen.

•**Utility Vehicle-** Traction in the utility vehicle is very strong. Maruti, Jimmy has recently been launched.

•Commercial Vehicle- Railways, growth is still not there. But now expanded into high-speed trains and also locomotives.

•**Capex**- Incurred capex INR 37crore in Q4 and for the full year it was around INR 150 crores. Capex split up- INR 30 to 40 crores on the maintenance of capex, remaining will be in the field of technology, automation, backward integration and capacity announcements.

•Capacity- Current capacity is close to 4,000 crores, this is not including sunroof.

•**Industry-** Crossed 1mn sales in EV. The industry sale for passenger cars was almost INR 3.9 million vehicles, which is the highest ever for the industry. Price increases that have happened in 2W continue to pose a challenge but it is predicted to grow in the range of 6-7%. The growth of e-bikes is supposed to continue at the rate of almost 20% in the European market. Industry expectations are not as good as last year but strong single digit growth next year.

•**Tyre**- Relaunching the tyre and tube business. Mainly in the 2W and 3W segment where the brand name is strong. It is sold Over The Counter.

• Outlook- In 2W at 32%, including EV, can go more towards 40+%. In Passenger cars, 23% currently, and plans of going to 40%+. Looking for 60% market share in three-wheelers.
So going forward, segment mix is 55 and 30, between passenger car and two-wheeler in that range. Little small bar on e-bicycles also. They want exports to be in double digits around 10% on the back of technology. Target is to outperform the industry, be ahead of industry in two years ,growing PC and SUVs, improving market share in EVs

Exide Industries | Q4FY23 Concall Highlights
CMP: INR 189.75 | Mcap: INR 161,030 Mn

- **Outlook- Make in India -Manufacturing cell locally as against importing the cells will reap benefits in near to medium long term and provides company the first mover advantage. Good growth to be seen in FY24 in replacement segment as well.Margin expansion to be seen in coming quarter on the back of the company's digitalization initiative and cost optimization strategy.**
- **Revenue**- Revenue grew to FY23 INR14,592 Crores by 18% from FY22 INR 12,410 Cr in FY22. The company have seen double digit growth in all verticals.

In Q4FY23, Revenue up by 4% to INR 3,543 Crores from INR 3,417 Crores in Q4FY22

- **Margins** – EBITDA Margins were up by 5% to INR 367 crores in Q4FY23. Fluctuation of margins QoQ on back of volatility in the material price, impacting 2 % margin lost in past quarters sequentially. The company is developing cost optimization solution initiatives and expect margins to improve.
- **RM Cost**- Led cost fluctuations putting pressure on margins every quarter. Cost gone up by 4%.
- **Automotive Vertical**- The company continue to strengthen its position, both with the OEM and in the replacement market.
- **Order book** - INR.600-700 crore to be executed in next 12-15 months
- **Update on Merger**- Lithium business subsidiaries Exide Leclanche Energy Private Limited merger with Exide Energy Solutions Limited will provide additional turnover of INR 400-500 crores in consolidated business in future once merged.
- **Lithium-** Ion plant- All necessary permissions have been secured, and site enabling work has been completed. So far invested INR 716 crores in the project. Full-fledged operation plant with in house R&D, manufacturing and other source.
- **Market Share**- The company states that most verticals, either it have remained steady or have grown market share.
- **Capex** - Plans to spend INR500-600 crores for this new business.
- **Exports** - Sluggish market last year. The company believes it will now start picking up. cell manufacturing project is expected to start production by end of FY25. The company is exporting enhanced flooded batteries to the Gulf and that has started to pick up.
- **Competition-** First mover advantage as the company will be first giga-scale, multi-chemistry, multi-format plant in operation in the country.
- **Cell Manufacturing** - 70% value lies in cell making activity and importing the cell will loose this 70%. Hence the company believes capturing this value through manufacturing inhouse.
- **Financial Books** - The management highlights that the balance sheet is strong with zero debt equity and the cash flows are positive.
- **Government Role**- Government of India fully supporting domestic industry and government making it favourable under Make in India / Atmanirbhar Bharat. The company cannot see any other competitors in PLI Scheme.
- **Guidance** - The company aims to making efforts to increase international presence and to venture into Europe like Russia. Multi chemistry format in coming year as increasing economy of India. Exide will be able to offer the same just-in-time facilities and set up manufacturing domestically.

Alicon Castalloy Ltd Q4FY23 Concall Highlights
CMP: INR 766.05 | Mcap: INR 12,340Mn

- **Industry Outlook-** In Q4FY23, domestic automobile market witnessed 0.6% growth on a yoy basis, driven by -13% growth in PV segment on a yoy basis 6.5% growth in CV segment on a yoy basis 3%decline in 2W segment on a yoy basis.
- **Revenue-**

In FY23- The company recorded best ever revenue of INR 1,404 crore compared to INR 1,081 crore, higher by 30% YoY. EBITDA at INR 156 crore compared to INR. 115 crore, an increase of 36% YoY. Profit after tax for FY 22-23 was INR 52 crore, higher by 114% on a year-on-year basis. This growth in profitability is attributed to higher volumes, driven by new parts and customers, as well as increased value addition and cost optimization measures.

•**In Q4FY23**- Total income at INR 320.67 crore compared to INR 321.37 crore, lower by 0.2% YoY . EBITDA at INR 33.14 crore compared to INR 38.72 crore, decrease of 14% YoY. PAT was lower by 27%, INR 13.21 crore. Revenue and volume during the quarter was impacted by dip in 2W volumes due to scaled down production schedules by OEMs to incorporate upgrades in products as stipulated by regulations.

•**Margin**- Gross profit for Q4FY23 was INR 164.75 crore, with the gross margin at 51.6%. Gross Margin has improved both on YoY basis as well as QoQ basis due to richer product mix and softening input prices while Operating de-leverage, increase in other fuel cost and other overhead has impacted EBITDA margin at 10.3%, lower by 171 Bps yoy In Q4FY23. One time settlement of INR 84 crores in expenses. For the FY23, improved EBITDA margin of 11.2%, higher by 46 basis points YoY. On back of new parts added with higher value addition.

•**Order Book-** New orders booked aggregating to INR 1700 crores in FY22-23. Total order booking reached to INR 7800 crore. Received new orders from Jaguar, Land Rover and Danfoss in carbon neutral business will contribute to increase in revenue momentum.
Biggest order in Aug FY22 JLR team start off with production plant in next year and is progressing well

•**Value Addition mix of CV and PV segment in FY23-**
Reduce dependence on 2W from 41% to 38% in 2W and increasing 49% to 53% in share of 4W. Carbon neutral focus on PV, CV and export.The company see good traction with tata motors . Increase number in CV segment and in Dana showing favourable demand.

•**Export-** Doing well and focused on customers like Danfoss, Eaton etc
•**Capex-** In Q4, deployed INR16 crore aggregating to INR 82 crores during FY 23.Value addition to net block increase to 160% in FY23

•**ROCE-** Improved to 12.7% in FY23 from 9.1% in FY22.
Working Capital- stands at INR 60 crore this year and will improve the WC cycle in FY24.
•**Debt-** Will focus in reducing the debt level and increase in Inventory level.
•**CRISIL Rating**- Long term credit rating improved from A stable to A positive.
•**Dividend-** Board declares an interim dividend of Rs. 2.50 per Equity Share
•**Outlook-** To increase revenue to INR 2000 crores and EBITDA margin to 15-16% by FY25-26 over next 3 years on following guidelines-

Segment growth-
2W- 31%
PV- 36- 40%
CV- 20-25%
3W- Some growth on back of momentum coming up in EV space.
The EBITDA margin to 15% is backed by -
a) Change in sales mix plan by FY25-26 reducing 2W share to 30-32% from 43% in FY23 and increasing contribution by PV and CV segment, as there are more opportunities to explore and aiming more sales from CV and PV segment.
b) The movement towards global business and more opportunities to capture in exports.
The company is confident on delivering this revenue target as it states that 85% of revenue for this portfolio is already secured and rest 15% lot of new business is in consideration. Th company will be now more dependence on PV and CV segment, portfolio in carbon neutral and exploring export opportunities.

•**Guidance Outlook for FY24-**
Topline growth by 15% (factoring the commodity prices) and minimum 1% growth in EBITDA margin over FY23 to FY 24 on back of new orders received in last 2-3 years and new business added this year.

Endurance Technologies Ltd Q4FY23 Concall Highlights
CMP: INR 1,384.50 | Mcap: INR 195,010 Mn

•**Industry Outlook** - In the Q4, as per the SIAM data- the 2W industry sales de-grew by 4.15% compared to the previous financial year, Scooter grew by 11.9%, Motorcycle de-grew by 10.1%, Automotive industry in India de-grew by 0.5%, Europe saw an increase in Q4,17.9% in the European union automotive sales.
Financials -
• In Q4 consolidated total net income grew by 7.8% and was INR 22551 mn as compared to INR 22914 mn in Q4FY22. Consolidated EBITDA grew by 13.5% and was INR 3062 mn as compared to Q4 FY22.
• In Q4 standalone total income grew by 6.1% to INR 16,596 mn. Standalone EBITDA de-grew by 0.3%. The EBITDA margin was at 12.4%. Standalone net profit de-grew by 8.9%.
• In FY23 consolidated total net income grew by 16.6% and was INR 88,495 mn as compared to INR 75,902 mn in FY22. The net profit grew by 4.1% to INR 4796 mn.
• In FY23 total net income grew by 18.8% and was INR 67975 mn as compared to INR 57212 mn in FY22. The net profit grew by 7.1% to INR 4089 mn.
• On a standalone basis there was no net debt and there was a consolidated positive cash available of rupees 4193 million.

•**Margin**- EBITDA margin amount in FY23 has been the highest so far reported at Endurance. For FY23, Consolidated EBITDA Margin was 12.2% vs. 13.2% last year. The margin was impacted by higher metal cost components in their product price and increased energy costs, particularly in Europe.
Revenue Breakup - 77% of Consolidated Total Income including Other Income came from Indian operations and the balance 23% came from European operations.

•**EV business** - The total business win for EV's till date is INR 6,004 million. This includes INR 3,765 million new orders for EVs mainly from Ether, Energy Hero, electric grease elective. In FY23,EV business was 42% of the total business won at endurance and maxwell.
Aither brakes business - have been a very large business of INR 15191 million. Supplies have started and this will reach peak in the next financial year of FY25.
Aftermarket - In FY23 aftermarket parts grew by 2.91%. Targeting 10% of India sales by FY26.Exporting aftermarket parts to 31 countries and aftermarket growth is a large focus area for the company.

•**Export -** In FY23 export sales for India standalone business de-grew by 5.6%. The major impact was due to lower export sales in countries like Africa, South America as well as their neighboring countries.
ESG - Achieved a carbon neutral percentage of 22.6% in FY23 and aspiration is to reach 50% in the next 3 to 4 years.

New Business -
• In India FY, 23 INR 9350 million of new business was one from OEMs other than Bajaj Auto which included HMSI, Euro Motor Corp, Ether Energy, Euro Electric, Mahindra, TvS and Tata Motors.This new business will include INR 7800 mn of new business and INR 15,150 million of replacement business.
• INR 6920 million will happen in FY24 and the balance INR 9007 and INR 30 million will happen in the FY 25 and FY26. Some of the new business wins which will start in this financial year.
• Received an additional business of INR 1200m order from Hero motocorp started in April23 for supply of front workshop absorbers.
• INR 25,668 million worth of requests for quotes from OEM .
• The new 35 Air suspension forks was supplied to KTM Austria will start by end of this financial. INR 25,668 million worth of requests for quotes from OEM .
Acquisition - A major step towards the same to harness EV opportunity by executing a share subscription and purchase agreement for acquiring 100% of equity share capital of Maxwell Energy Systems Private Limited in a phase manner, concluded the acquisition of 51% stake in Maxwell in July 2022.

Outlook –

•Optimistic that this year will be much better than last year. FY24 focus is on a substantial sales growth and a positive EBITDA.
•Competition is mainly from Bosch which controls the major market share in the Indian ABS 2W market. Scaled up many assembly lines.
•Planning to increase the volumes to 1.2m by the 2nd half of FY25.
•Endurance both in India and Europe is actively pursuing gaining access to new technology and focusing on new product organic and inorganic growth.
•Currently exporting to 31 countries, looking to add another 5 countries in this financial year for Aftermarket.
•Going forward the product mix will also improve. Highly focused to increase the margins, must come back to 13.5% to start with.
•Trying to focus on getting more volumes on clutch gears business
•EV - Looking at other electronic components but major focus is BMS and to consolidate and grow and become profitable in Maxwell.
•2W - Difficult to estimate the growth because of uncertainties in the future. Focus on taking new order wins.
•Focus is to become long term partners with volume creators of FY2025 and FY2030. Not trying to go after all of the OEMs.
•Focusing on the big business wings that are going to lead the EV revolution at the country level. Hero electric are making a big move with Maxwell.
•Planning to start a paper manufacturing plant by July23, which will help them become more profitable and lower the dependence on imports from US or China.

Minda Inds Q4FY23 Concall Highlights
CMP: INR 281.35 | Mcap: INR 67,260 Mn

Industry Outlook -

Auto Industry- The automobile production achieved robust growth of 13% in FY23.
Passenger car segment achieved the highest ever production crossing 4.5 Mn for the first time. After three consecutive FY, 2W recorded growth of 10%.The industry grew despite rising interest rates and inflation reducing disposable earnings.
CV- Registered healthy growth of 29% in FY23 and is close to the previous peak of 18-19 supported by a healthy pick up in macroeconomic activity.
EV-
•Over the quarter ending March23, EVs and CVs grew by 13% and 6% respectively, whereas 2W declined marginally by 2%.
•As per society of manufacturers of EVs, in the electric 2W segment the industry sold 7.26 Lakh high speed E2W in FY23 compared to 2.52 Lakh units in FY22. EV 2W OEMs revenue as percentage of their 2W domestic revenue stands at around 8% for Q4 FY23. The revenues from EV 2W OEMs have been studied increasing. Out performed EV 2W industry.
Aftermarket- OEM business accounted for 89% earn and aftermarket business at around
11% for the quarter ended 31st March FY23. After market revenues have grown 25% YoY. After market dividend for the first time has crossed INR 1,000 crores mark and achieved revenues of INR 1,042 crores for full year.

Financial and Operational performance -

•At consolidated levels revenue from operations for the quarter increased by 20% YoY to INR 2,889 crores from INR 2,415 crores in FY22. Witnessed growth among all their products led by EV products, lighting, EV alloys, etc.

•Consolidated revenue largely remains even on quarter on quarter basis as increase in PV volumes are offset by decline in 2W volumes and reduction in commodity prices being passed on to the customer.

•EBITDA for the quarter was at INR 319 crores improving by 16% from INR 276 crores YoY basis. EBITDA margin for the current quarter though marginally down at 11.1% against 11.4% in the corresponding quarter last year.

•Finance costs have increased to INR 21 crores in comparison to corresponding quarter last year on account of incremental borrowing for capex and working capital and certain investments.

•Borrowing costs have gone up following series of RBI hikes.

•Profit after tax which is UNO Minda share for the quarter was at INR 183 crores as against INR 144 crores in Q4 reporting a growth of 27%. PAT for this quarter is the highest ever quarterly PAT reported for the company.

•On a full year basis the company has demonstrated excellent performance with 35% growth in annual revenues to INR 11,236 crores in FY23 as against INR 8,313 crores in FY22. Industry volumes have grown by 13%.

•EBITDA for the same period in FY23 INR 1,242 crores in comparison to INR 885 crores in FY22.

•EBITDA margins were higher at 11.1% FY23 as against 10.7% in FY22. Benefits of operating leverage partially offset by higher material cost.

•**Business segment**- The segment achieved revenues of INR 835 crores for Q4 and INR 3,203 crores for full FY23 contributing 28.5% of their consolidated revenue.

•Lighting business achieved revenue of INR 673 crores for Q4 FY23 and INR 2,575 crores for full year FY23 contributing to around 23% of their consolidated revenue. Received incremental orders of more than 300 crores in 4W lighting business from Indian and Japanese.

•Casting business achieved revenue of INR 538 crores for Q4 FY23 and INR 2,175 crores for full FY23 contributing to 19% of their consolidated revenue.

•Acoustics business achieved revenue of INR 196 crores for Q4 FY23 contributing 7% of their consolidated revenue.

•Seating business achieved revenue of INR 263 crores for Q4 FY23 and INR 1053 crores for full financial year FY23 contributing 9% of their consolidated revenue.

•Other product businesses achieved revenue of INR 384 crores for Q4 FY23 and INR 1,494 crores for FY23 contributing 13% of overall.

•Customers - During the quarter they received incremental orders from Korean customers further strengthening the relationship.

•**Acquisition** - The company has completed acquisition of its remaining stake in Minda Kosei Aluminum making it a wholly owned subsidiary. The board has also approved merger of MKA and other two Kosei JV entities which are Kosei Minda Aluminium and Kosei Minda Mould.

•**Dividend** - The board has also recommended final dividend of 1 per share which is 50% of the face value.

•**Debt levels** - net debt as of 31st March at INR 1,078 crores. Net debt to equity stands at 0.24. Net debt has increased primarily on account of investment of around INR 125 crores in Germany, investment in PRML, some new JVs and acquisitions.

Guidance -

•Remains optimistic to outperform industry growth. Expect to maintain the EBITDA margin within the current range on an annual basis.

•Expect growth momentum in the automobile industry to continue into FY24 and will be called for reasonable growth owing to strong demand especially in passenger cars and easing supply chain issues.

•The long term prospects for the auto industry remains highly optimistic. Considering growth prospects some of their customers have also announced large capacity expansion.

•Focused to solidify and increase their market share by providing high quality innovative products and securing new business in both IC and EV segment.

TVS Motor Company Q4FY23 Concall Highlights
CMP: INR 1180 | Mcap: INR 555,470Mn

•**Revenue-** Company's revenue grew by 19% at INR6,605 Crores during Q4 of this year as against Rs. 5,530 Crores during Q4 of last year.

The company's Revenue from Operations grew by 27% from INR20,791 crores to INR26,378 crores despite headwings and challenges of semiconductor shortage and challenges in international market.

PAT for Q4 of this year at INR410 crores as against INR274 crores during Q4 of last year.

•**Margin**s- Operating EBITDA margin is higher at 10.3% during Q4 of this year as against 10.1% during Q4 of last year on the back of EV vehicles sales and premiumization.

Q4FY23 margins improved due to the combination of price increase of 0.5%, commodity cost benefit of 0.9%, offset by a poor mix (exports, 3Ws contributed less & EV sales increased).

•**Volumes-** Selling about 2.0-2.5K Ronin every month, expect it do well. Raider ramp up is gradually improving every quarter, sold about 30K units in Q4, the demand is ahead of the supply/capacity. Selling 35K units of Jupiter monthly, good headroom to grow.

•**EV**- Electric vehicles registered sales of 0.97 Lakh units in the year 2022-23 which is frequently growing as against 0.11 Lakh units during 2021-22. Domestic EV growth 3.1 times as compared to previous times. Launching new products in 9-15 months in this segment. Electric 3W to launch in coming quarter. Partnership with many network electric charging players.

EV continues to be with parent company and not taken call for making EV into subsidiary.

3W- Three-wheeler sales remained flat with 1.69 Lakh units in the year ended March 2023 as against 1.72 Lakh units in the year ended March 2022. New electric products will be launch in coming year.

Customers- Over 1 lakh EV customers.

IQube- more than 30000 booking and speeding up ramp up will see the momentum of beter delivery from May.

100-110CC motorcycle segment- Reviewing the segment as sales are low and waiting for the opportunity and will grow in this segment as well.

•**125CC Segment**- Industry is also positive in 125CC market and so is the company. TVSJ upitar growing sequentially.

•**International market**- international market sales declined this quarter as compared to last quarter because of inflation, currency depreciation and currency inadequacy. Plans to expand in middle east. Majority of the international markets will report growth in the 2nd half.

Domestic Market- Radeon needs reviewing and Jupitar 125CC is the major product which is growing. Apache premium in growth momentum.

•**Subsidy and PLI**- Fully compliant with the FAME II subsidies, given chargers to customers as a goodwill gesture. Confident and complying rules. Hoping for positive government intervention and delivering profit for TVS. Expecting the subsidy early.

Launches- The company highlights that the new products will be coming out from superior premium brand category and marking it history for TVS.

Industry -GDP growth to be 5.5%. EV industry to grow on support of government and policies and 2W in industry to grow.

•**Capex plans-** ICE and EV capex to be INR 900-1000 crores and investments to be around INR 700 crores.

•**Inventory**- Most of the inventory correction stage is over.

•**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.

Outlook- Transition into new phase , seen new variants of products. Launch products in various segment and start international business. Plans to outperform the industry both in domestic and international market. Profitability in the EV segment will come in terms of volume, variance premium migration ,exports, cost reduction. Growth in EBITDA with sharp focus on EV products growth.

Rane holdings Q4FY23 Concall Highlights
CMP: INR 949.55 | Mcap: INR 1,355.75

•**Financials-**

Aggregate revenue for the last financial year was INR 6,864 crores- highest ever it has achieved.
The EBITDA margin was impacted marginally due to unfavorable forex and increase in other expenses.
Out of INR 600 crores provisioning incurred, INR 490 crores has been utilized.
Total revenue- ZF full year number was INR 1057 crores for FY23, the occupant safety was INR 937 crores and the steering is INR 848 crores.

•**Business segment-**

JV- ZF Rane automotive the steering business continues to benefit from the upcycle in the CV segment.
The EPS business faced slower demand due to the semiconductor shortage.
Confident about no need for additional provision for warranty in the future.
Operational performance of subsidiaries and JVs saw significant improvement in the EBITDA margins across businesses for the full year and especially Q4. Hoping to maintain the gross margin levels.
Aftermarket - Good strong growth in the aftermarket business. Reorganized their aftermarket business which would help grow the aftermarket sales at a faster pace.

•**Orders-** During the quarter, won business worth INR 145 crores from various domestic and international customers in the next 2-3 years. Won new orders of about INR 30,000 crores for steering products. Winning new business both in the domestic and export market in EV. Order book position across businesses remains strong.

•**Exports**- Enhancing exports, FY23 exports grew by 38%. Expanded offices and resources both in North America and Europe.

•**Capex**- Looking to invest about INR 1000 crores over the next three years.

•**Debt to capital employed**- Ideally like to be at about 60-50% but currently it's 65%. Intent to get back to the initial levels.

Outlook- In FY24, the demand environment continues to remain favorable. Upcoming year the company would be strategically focusing on enhancing sales to the EV segment and ramp up on new business to sustain the financial performance.

Guidance-

Prefer to navigate this microeconomic scenario cautiously prioritizing operations improvement and cost reduction measures to balance out any risk on growth.
There will be some infusion till the divestment risk is completed, but it won't be significant.

Motherson Sumi Wiring India Limited Q4FY23 Concall Highlights
CMP: INR 80.20 | Mcap : INR 5,43,410 Mn

Industry outlook -

•Strong presence in India's EV market, supplying to 2 out of top 3 (EV PV OEMs) and 2 out of top 5 (EV 2W OEMs)and 10 out of top 12 selling passenger vehicle models in India.
•EV- The EV side is a mix of both the established players and some new gen customers.

Financial performance -

•Crossed INR 7,000 crores in yearly revenue for the first time .
•With the revenues up from INR 1665 crores to INR 1,844 crores in Q4, the employee cost is INR 291 crores.
•Revenues up by 10% on QoQ basis and 12% on YoY basis.
•EBITDA is at INR 221 crores up by 23% QoQ and for the full year at 798 , up by 5% YoY and EBITDA margin is approximately 11.9 percent which has improved on a sequential basis because of the significant reduction in the cost side in P&L.
•Profit before tax for Q4 is INR 179 crores up by 27% QoQ and Profit before tax for FY23 is INR 652 crores up by 4% YoY.
•Profit After Tax is for Q4 is INR 138 crore up by 30% QoQ and Profit after tax for FY23 is INR 487 crores up by 18% YoY.

•**Imports-** Initial import content were higher but a lot of localization has taken place and customer demands for localized products has increased.
•**Debt levels** - Continues to be a debt free company.
•**Utilization -** Ramp up phase of new facilities is over and the utilisation will scale up in the upcoming quarters.
Outlook-
•As the capacity utilization of the facilities improves and as the volume of customers demand for volume further increases, there might be some additions in the indirect manpower to some extent .
•In the coming years Inventory levels will become far more uniform.

Carborundum Universal LtdQ4FY23 Concall Highlights
CMP: INR 1,140.55 | Mcap: INR 216,350Mn

Outlook for FY24- Moderation in growth of ceramics. Overall aim to grow 15-18 % in domestic business. For standalone EBIT margin of 18.1% In FY23 and to improve in FY 24 to improve. On Consolidated basis aim to grow 12%-14%. Abrasive business growth to be seen in FY24. To improve ROC on consolidated basis and company is optimistic about FY24.
•**Revenue-** Revenue has grown full year by 40% to INR 4,601 crores at a complete level and by 13% to INR 2,473 crores at a standalone level and for the full year and at a consolidated basis 40% to 4,601 crores level contributed by strong performance across all business segments. At standalone level, sales grew by 13 percent to INR 2473 Crores from INR 2192 Crores.
Sales of INR 673 Crores from recently acquired subsidiaries viz., Awuko, Rhodius and Pluss. 50% growth came from acquisiton.
•**Profits-** At a standalone level profits, grew by 24% to INR 414 crores, and from INR254 crores during the last year and at a consolidated level of drop down from 10 points to 9 points mainly due to the integration costs and early reestablishment of businesses.
•Profitability for the Quarter showed a strong growth across minerals and ceramic segments.
•**Subsidiaries-** All subsidiaries did well except in middle east and China. Significant growth from the subsidiaries from Russia and America 59% to INR 2,035 crores and at a standalone basis 5% to INR 1,007 crores. Volzhsky Abrasives Works, Russia registered double digit growth.
•**Geographical- Domestic** market share increased from 45% to 58%. India perform much better in FY23 on the back of a sustained recovery in domestic demand. Russia capacities and volume affected by Russia-Ukrane war.
•**Capex-** Incurred during the year FY2022-23 was INR 294 Crores at consolidated level. Of that INR 50 crore is purchase of land (One Time).
•**Segments Wise**- On a consolidated basis, profitability for the year recorded a strong growth across Electrominerals and Ceramics segments.
•A**brasives** -Revenue for the year at a consolidated level grew by 59% to INR 2,035 Crores YoY basis and 2% sequentially. EBIT for the year decreased by 7% at standalone level on account of higher input costs and at consolidated level, profits decreased by 33%. The lower profit is mainly due to integration cost related to Rhodius and re-establishing the business at Awuko.
•**Electro Minerals** - Revenue at a consolidated level grew by 25 % to INR 1,634 Crores as against INR 1,312 Crores during last year. Volatility in EBIT margins on standalone basis.
•**Ceramics** – 21% of overall sales on consolidated basis. Consolidated revenue grew by 29% to Rs.1027 Crores in the current year from INR 798 Crores during last year. Subsidiaries in Australia and America also registered significant growth.
•**Total debt** – INR 104 crore debt on standalone basis. INR 230 crores on consolidated basis as on March 23 as compared to INR 384 crore as of Dec FY2022. The debt equity ratio at the consolidated level was 0.08.
•**Cash flow-** Cash and cash equivalents including deposits with tenure exceeding 3 months net of borrowings was at INR166 Crores.
•**Dividen**d- The company has recommended a final dividend of Rs.2.00 per share.

•**Guidance-** FY24 Rhodius is planning 8-9% growth. Progress towards PBIT margin of 12% by FY27. The company will break even in FY25 as compared to FY24 communicated earlier. Russia-Ukraine war impact high on Rhodius volume. The company is trying to manage the cost and bring back profit.
•**Outlook- The team in Russia will continue to explore all possible options to maximize opportunities. Broadly INR 180-200 crore capex can expect in going forward for the business. The company should be able to grow and invest in ceramics and abrasive business in domestic market.**

Pricol Limited | Q4FY23 Concall Highlights
CMP: INR 234 | Mcap: INR 28,600 Mn
•**Outlook-** Margins of a driver information system will continue to remain the same. Assuming fairly muted growth for the next two to three financial year because of various global incidences and global economic meltdowns. The company is EV ready and engaging with multiple players on multiple EV platform as a percentage of driver information system and connected vehicle solution vertical.
•**Revenue-** The company had highest ever annual and quarter for sale in the history of the company. In Q4FY23, the company recorded revenue from operations of INR 509.69 crores, up by 26.26% YoY.For the year FY23, The company registered revenues of INR 1902.83 Cr with growth of 26.85% YoY.
•**Margin-** EBITDA margin at 12.23% in Q4 FY23 and 12.39% for FY23 on YoY basis. PAT of INR 29.80 Cr in Q4 FY23 with 128.87% growth and of INR 114.94 Cr in FY23 with corresponding 124.95 YoY Growth.
•**EPS-** It has more than doubled in this quarter to INR 2.45.
•**Market share**- Focussing on vehicle segment- 2W large part of this share. Re-entered in PV 4W segment .The company has 70% market share in tata motors for driver information system. Process in entering 4W Indian based OEM. The company does not aim to become market leader in PV segment but focus on 2W, offload and CV vehicle in India and globally.
•**New Launch-** Significant production capacity enhancements in tool room, plastic component manufacturing shops and PCB assembly lines by adding new machines from top notch manufacture in Japan.
•**EV segment** -Currently working with almost 22 EV vehicle makers in the country, small and big. Sales to EV is just about 7 to 8% now, which will keep growing in the years to come.
•**Customer Base-**TVS iQube- 100% market share in TVS iQube. Supplying products to BMW, Harley Davidson, Ducati etc . We are worlds 2nd largest driver information manufacturer for 2w, Pricol.
•**Export-** Experiencing sluggishness which is reducing the desired revenue target of INR4000 crores to INR3600 crores.
•**Guidance -** To improve profitability; company is looking at non-automotive industrial instrumentation that will help overall from instrumentation business. 2W segment as a whole will grow around 5-8% average in next 3 years.
•**Verticals Revenue Guidance** - The company anticipates revenue of about 60-65% from Driver Information and Connected Vehicle Solutions and 30-35% from Actuation, Control and Fluid Management Systems segment for FY26.
•**Capex -** Plans INR 600 crores capex in next 24 months. Out of which INR 400 crores used of organic and INR 200 crores used for inorganic; most of it is funded by internal accruals.
•**Debt -** Debt-free company and has favourable debt equity ratio. The company will be taking INR 200 crore of debt (bridge capital- short term debt).
•**Growth Outlook- The company states that growth will come from is premiumisation of the product which will keep growing the top line to achieve the desired level of INR 3600 (previous estimate of INR4000 crores) by FY26 crores based on the current order pipeline and share of business and LOI's that company has. The company will reach steady state EBITDA of 13% on back of inorganic capex planned. The company EV will grow at a much faster rate than IC vehicles.**

Pritika Auto Q4FY23 Concall Highlights | CMP: INR 16.50 | Mcap: 1,460 Mn

•**Revenue**- Record volume sales during the year, with the second quarter reporting highest average volume. FY23 Net Revenue at INR 362.23 crore, 33.48% Y-0-Y growth on account of higher sales volumes and realizations. EBITDA was INR 8.9 crores in Q4FY23, as against INR 7.13 crores in Q3FY22.

•**Margins-** EBITDA margin for FY23 stood at 11.47% as compared to 11.1% in FY22 and 12.52% in Q4FY23. During the quarter, there was a price reduction by the OEMs on account of volatile raw materials price, leading to pressure on Company's margins

•**CV and Tractor-** Tractor demand maintained it positive momentum. Company witnessed strong demand from the commercial vehicle sub-segment, which helps to reduce their dependence on tractor market.

•**2W & 4W-** Not getting into 4W and 2W as limited ferrous casting used. Though company is planning to diversify more into construction equipment and material handling equipment.

•**Capacity**- Have a total capacity exceeding 50,000 metric tons per annum as of FY 23. Catering primarily to tractors and commercial vehicles. Overall capacity or is around now 75%-80% and plan to reach to 80-85% this year.

•**Geographical expansion**-Expansion in central India or western belt. Looking for opportunities to export material handling equipment to USA. Exporting roughly 80 to 100 tons a month and target to reach at least 10% of their total tonnage in next 2-3 years.

•**IPO**- Successfully issued IPO for subsidiary, Pritika Engineering Components Ltd., for INR 9.50 cr – issue was over- subscribed ~150 times. The proceeds from the IPO are being utilized to fund capacity expansion and product diversification, long-term growth strategy.

•**Warrants-** Company announced plans to raise INR 30.40 cr by issuance of fully convertible warrants to non- promoter category on preferential basis.

•**Capex**- Adding INR40 crores for expanding capacity and which will lead to INR 175 to 200 crores in the next two years.

•**Amalgamation**- Expecting completion by this June, and with this amalgamation, there will be another 2 to 3 basis point increase in the EBITDA margins and PAT margins and 5 to 6% increase in the top line.

•Guidance- Focusing on higher weight products, fetching better margins as per the management. Confident that investment in new technology and products will enable them to maintain competitive edge and continue to drive growth in the future.

•**Volumes**- For full years, production volumes for FY 2023 were at 39,116 tons, as against 32,359 tons, driven by continued recovery in demand from tractor and commercial maker market. The realization pattern increased by 10.4% year on year.

•Outlook- Focusing on expanding and new plant is coming up, operational by July 1st week. For FY24-25 growth of 15%YoY and Plan to increase margins by at least 2% in next 2-3 years.Company is moving into bigger castings, large castings, which have better duration, and more critical components which give more value decision.

ZF Steering Gear Concall Highlights | Mcap: INR 5,610 Mn| CMP: 618 INR |

Outlook-
•Fundamentally focus is on margin improvement. Localization is a priority and would like to be in the range of 32-35% in exports. Going forward, priority in terms of resources or efforts will be in the domestic market, adopting some of the very advanced technologies here.

•Financial-
Sales for this quarter INR 475 crore (28.7% higher than the corresponding quarter)
Sales to OEM at INR 1597.6 crore for the year (54.9% higher than the previous year)
PBT of INR 134.9 crores in Q4 & INR 426.9 crores in FY 22-23
EBITDA for the quarter was 18.25% & 15.55% for FY23.
Imported components as a percentage of revenue is about 15% on an average.

Key developments-
•Manufacturing of trailers in India- supplying start of products like trailer ABS, trailer EBS (electronic braking system) ,trailer pulse etc.
•Bus production is growing
•Strong focus on EV transition in the bus segment
•Heavy and medium-duty growth
•The government's focus on infrastructure projects, express highways and aids the growth of the industry

Launch-
•Successfully launched a collision mitigation system which is a part of this ADS portfolio.
•Successfully started the supplies of the compressor and the electronic braking systems to the EV segment.
•Launched low control system,kick start system etc
•Started two products- the e-compressor and the electronic braking systems.
•Onboarded more than 100,000 vehicles on the telemetric solutions
•125 augmented wholesale distributed branches across the country.

Other KTA-
•Export sales have grown 19.5%(QoQ) & 16.5%(YoY). Export income INR 295.6 crore in Q4 & INR 1099.9 crore for the year (19.5% QoQ & 16.5% YoY). Exports were INR 1,099 crores last year, amongst the overall sales of 3,126. So export revenue made up 33% of the total.
•Service segment growth 44.3%(QoQ) & 36.9%(YoY)aided by the continuous addition of screen engineering resources in their technology center.
•Aftermarket grew 22.7% QoQ & 28.5% YoY
•In the export segment, few major products, the brake chambers and actuators, trying to secure more markets that are in other parts of the world.
•Supplying the car compressor, started one product at top compressor about two, three quarters earlier, but will be extending it to another compressor from January
•Trying to position as a digital solution provider as well as trying to mitigate cyclicality

•Guidelines-
Focusing on the cost is a key focus of their margin drive. Service business is growing.Trailer is a rapidly growing segment, both in terms of number, in terms of technology adoption,Steep increase in the last two years from 8% to 20%.
Company has very advanced technologies for the trailer segment, including the trailer telematics.

Subros Ltd Q4FY23 Concall Highlights
CMP: INR 332.30 | Mcap : INR 21,680 Mn

Outlook:

•Tractor segment will be between INR 8-10 crore and the volume will be around INR 18 to INR 22 crores next year.
•New compensation prices for future have been setup.
•2-3 % Gross margin improvement will be visible in coming one year.
•Import content is 16% of total revenue. And it will come down to below 10% in coming 2-3 years.

Financial performance :

•Revenue reported by INR 748 crore in Q4FY23 increased by 10% from Q4FY22.
•Profit in Q4FY23 is INR 26.69 crore which is 3.57% of the net sales and INR18.64 crore which, improved as compared to corresponding quarter by 10%.
•Ebitda stood at INR 56.67 crore this quarter and INR 188.07 crore in FY23 , improved gradually by 14% and 19% on quarterly and annually basis respectively.
•The Inventory level in Q4FY23 is INR 290 crore which includes safe inventory.

Revenue mix :

•84% from Maruti Suzuki, 4% from Mahindra, 2% from TATA and 7% from others.
•Tractor segment generates revenue of INR 8-10 crore .
•EV & hybrid contributes 16% of revenue.

Revenue breakup :

•Around INR 2100 crore is for PV, thermal product INR 400 crore is for ECM(engine control module). INR 35 crore for bus. INR8 0 crores for truck and balance is in the other part.

Segment :

•Car & Non Car sales stood at 94% & 6% respectively.
•Maruti and Suzuki Motor in Gujarat(region wise) has contributed 84% of the total sales during the quarter.
•Passenger vehicle market is maintained at 40% of sales during the quarter.
•Truck AC segment is 42% sales a bus segment it is 20% sales.

OEM:

•Revenue from operations recorded as INR 748 crore this quarter increased in comparison to the corresponding last quarter from INR 681 crores indicating 10% growth.

Capex:

•Capex for FY24 would be between INR 90 to 100 crore mainly because of the new launches which are planned now.
•EV will go for INR 20-25 crore of total capex.

Initiatives :

•Mahindra New Tractor, a collaboration project with Mitsubishi Japan and M-Start Tractor for the US market.
•SOP's(standard operating procedures) will be matured in next two quarters and US and Japan exports will be increased.
•Collaboration with Denso (automotive component company) post equity infusion. The product for EV thermal space is also under development with the support of Denso.
•New THS radiator(component for heat dispersal) also launched in Grand Vitara hybrid vehicle and is a new technology product first time launched in India.
•New products for Maruti Suzuki, Mahindra Tractor will be launched this year.

Other KTA :

•Localization ratio i.e., the import content of the total revenue currently is 16% which they tend to go below 10% in coming year.
•20% revenue comes from thermal products.
•Air freight prices impacted by almost 1% during the quarter.
•Passenger Vehicles has shown a growth of 13% on production basis.
•PV segment thermal product growth in Q4 is 19% as compared to the corresponding quarter.
•Fluctuations in commodity prices in FY23 has impacted material sales ratio

Sandhar Technologies Ltd- Q4FY23 Concall KTAs
CMP INR 253 |Market Cap INR 15,270

FY24 Outlook:

•Targeting revenue growth of near to 23-25% in FY24. And a large part of the growth will be coming from four new projects in sheet metal space. It will be around 70% of their existing revenues in the coming financial year. And other segments will be contributing around 21-22%.
•The management expect to settle cost down in June quarter.
•Mysore plant will be coming in mass production by third quarter of the financial year.
•ROC will be significantly improving the current position.

Financial:

•Achieved a revenue growth of 25% FY 23 at a consolidated level.
•New Projects Revenue : Close to around INR 80 crores of the revenue that generated from the projects in Q4FY23.

Product roadmap in line:

•Four products which are almost ready- DC controller, EV charger, motor controller, hub motor.

Smart locks:

•First orders now range from INR 3600 to 4400.
•Have an order from a Japanese manufacturer, Suzuki, the price line is about INR 3700, product will go online in May or June of next year
•Have two other customers which are likely to be able to announce the introduction of the smart locks.

EV business:

•New company has been incorporated. This is called Sandhar Auto Electric Solutions Private Limited.
•INR 25 crores of items we have supplied to the EV companies. In EV, powertrain products' revenue could be between 5-10 percent.

Other KTA's:

•Sheet metal- four new plants, will see a big jump in percentage in this financial year, expect the revenues incremental will be around INR 300 crore.
•Castings are growing very rapidly.
•Cable and fabrication business - expect that it will continue with 8% on current margin.
•Die Casting- expecting around 20% to 24% of the growth in the current year. Margins will be about 9% approximately.
•Electrochromic mirrors - Will see a dramatic change in the price points.
•All of those loss-making units have now turned around.

Overseas business:

•Demand is also good in Europe. So in the coming year also, we'll see all the four trends in action in overseas.
•Contribution of the Romania plant around INR 150 crores in the first quarter onwards.

Capex:

•Largely capitalization is complete except the Mysore project,which will be commissioned in the current quarter.
•Have around 100 crores of cash payments to be done through various vendors to complete other projects .

Debt repayment schedule:

Presently close at INR 547 crores of consol debt and not expecting any increase in the debt. Debt should be coming in terms of normal repayments.

Outlook:

•Expect a healthy improvement in our consolidated evidence margin for this coming up for the financial year. Production of new products will begin only in the last quarter, the numbers will be very small, but expect to ramp up numbers from next year onwards. Got an order from Hyundai, which is now under development. Maintaining a margin of around 13%up in our overseas operations. Believe that in the next five to six years, a large portion of the industry, both IC engines and EVs, or any other power train mechanism, will all be on smart locks.

Suprajit Engineering Ltd- Q4FY23 Concall KTAs CMP INR 391| Market Cap INR 54,190

•The automotive side of the cable businesses continue to do robustly, based on orders received and the domestic cable division will continue to do strongly as well.
Key for the next five years of Suprajit is Suprajit Electronics Division and LDC is key for the future global growth. LDC is expected to be in a high single-digit by end of the year.

•**Guidance-**
Guided consolidated margin at 12-14% this year largely because of LCD. Next year the margin should be 13-15%.

•**New application-**
Electric charge flap cable for the electric cars,elevators, conveyor belts and introducing parking brake cables and gear shift cables.

•**Financials-**
Revenue for FY2023 was INR 2,752 crores registering growth of 50% YoY.
Consolidated EBITDA stood at INR 318 crores, registering a growth of 23%YoY.
Domestic-
Focus on 2W & PV market, new products, like instrument clusters, rotary sensors, actuators.

•**Exports-**
Focus on 4W , pv and supply to Tesla. Export business now comes under Suprajit Controls Division.
Contracts that are winning for Suprajit Automotive are pretty strong.

•**Industry Outlook-**
Global automotive market faces various global economic uncertainties. This could have an effect on global business. India market for traditional 2W will continue to see softness and an increase in electric vehicle penetration.

•**Challenges-**
Slowest growing business for Suprajit in this year is going to be the non-automotive side of the business due to macro pressures .
•**Capex-** INR 140 crores of capex over the next 18 months .
•**Dividend-** The Board has recommended a final dividend of INR. 1.25

Segment highlights-
•SCD is a good growth double-digit business.
•Domestic cable division- is growing good, both in the OEM and aftermarket for the year.Cable business export revenue is pretty strong.Growth for cable division is more than 10%.
•Phoenix-Lamps Division, the revenue showed a reasonable upward trend.
•LED sector aftermarket treatment- gained good footage
•Superjet Electronics Division- are going through multiple launches and won many contracts.
•Light duty cable division- expected a bumpy ride, will continue for some time.

Outlook-
•Between SAL and SEU, there is a robust pipeline that is coming.
•PLD as a double-digit business,both in top line as well as in margins
•Wescon will be muted for a year.
•Cost controls coming also at Luxlite, leading to better margin going forward.
•Will be consolidating the overseas business through LuxLite.
• Suprajit Automotive and Suprajit Europe business, strong double digit number growth is expected.

Lumax Auto Q4 FY23 Concall Highlights | Mcap: INR 21030 Mn| CMP: 311 INR |

•**Financials-**
Consolidated revenues for the full year grew by 26% YoY.
EBITDA stood at INR 224 crore, up by 37% YoY with an EBITDA margin of 12.1%.
•**Order Book-**
The company is sitting on INR 900 crore order book, INR 500 crore is from IAC India, INR 400 crore is from the other businesses. 90% of it is in new business and out of which approximately 90% is in the joint ventures and subsidiaries. The company's 65% of business comes from the PV segment.
•**Aftermarket-** Mid-term plan to double the revenue in about 3-5 years. Robust growth in FY24 onwards.
•**Road map of subsidiaries**- Lumax Mannoh and Lumax Cornaglia both JV have solid order book. Good growth in the next 3 years in these two JVs.
•**FY24 Outlook-**
Looking at 30+% growth in FY24, including IAC 50+% growth in FY24.
EBITDA margins in teens from FY24 onwards.Standalone company will continue to grow at 12-15%. The growth is not necessarily dependent on volume. A lot of JVs are scaling up. Without IAC India the growth is almost 15% for FY24.
•**Debt-** Gross Debt is around INR 407 crore and Net debt is INR 147 crore.
•**New Launches**-
PV- Gear shifter system for Maruti Suzuki Fronx and Jimny models, seat frames for Jeep Meridian.
2W chassis and frames for Bajaj Pulsar 150 twin disc model.
Commercial vehicle segment- telematic parts for the truck and buses for DICV.
•**Oxygen Sensors**- The company continues to maintain an order book of INR 125 crore. Expecting INR 20 crore revenue this year on oxygen sensors.
•**Synergy benefit arising out of IAC, India acquisition**:
1. There is a lot of cross selling of products.
2. Interior lighting space.
These are two of the product synergies which they foresee in the very new future.
Other KTA-
•Standalone entity has contributed 68% of the total consolidated revenues for FY23.
•Completed acquisition of 75% stake in IAC India in march this year.
•The company received requisite approval of amalgamation for merger of Lumax Metallics Private Limited.
Outlook-
•Strategies with IAC India will be to diversify, to unlock product synergies between lighting and plastic interior systems.
•Going forward the pie of passenger cars is likely to move up further.
•Target to achieve High Revenue from EV platform in next 3-5 years.
•Urea tanks sales in FY23 went up to INR 35 crore, expecting a growth of 15% YoY minimum for the next 3 years. Margin for this business would be in double digits.
•Currently participating in the CV sector only. Planning to expand in the PV sector in Urea tanks after 1 or 2 years.
•Triple digit revenue for both the JVs is foreseeable as early as next 18-24 months. Out of INR 900 crore order book almost INR 100 crores is between these two JVs Lumax Ituran Telematics Pvt Limited and Lumax Alps Alpine India Pvt. Ltd.

Mahindra CIE important Concall KTAs
View: Positive

• The truck forging business in Germany sale will be completed in 1-2 quarters.
• In Q1CY23, the German government provided a one-off benefit of 1 million euros in subsidies.
• CIE will concentrate on competitive aspects of the business based on the customer portfolio, while efforts will be made to improve the business. Europe contributed to margin improvement in Q1CY23 through its customer portfolio.
• The management expects the two-wheeler market in India to recover in the next 3-6 months, as all verticals are growing and better sales number during Jan-Mar FY23.
• Higher sales and lower energy costs led to Europe's strong performance.
• The company aims to exceed market performance by 5-10% on a regular basis from a sales perspective.
• The short-term target for margin in India is 18%.
• Employee costs in Europe have increased, so the company is negotiating with customers to pass on the cost and offset it internally.
• Exports will continue to increase, and M&A will only be focused on India, with a focus on Capex.

Menon Bearings Ltd-Concall Highlights

CMP INR 106|Marekt Cap INR 5,945 Mn

•The company's revenue increased by 4.4% YoY to INR 538.7 million, while EBITDA grew by 25.1% YoY to INR 137.2 million and PAT increased by 35.4% YoY to INR 91.8 mn. The company expects to see an improvement in exports from the next quarter, which will lead to an increase in revenue. The tractor segment is also expected to normalize from the next quarter onwards, and the company anticipates a 20% growth in both the segments.
•EBITDA Margin 25.5% in Q4FY23 vs 21.3% in Q4FY22 expanded by 421 bps YoY led by better product mix and better efficiency. The better product mix and efficiency were the main drivers of this improvement. Furthermore, the margin is expected to continue to improve due to better exports and product mix. Aluminium has a relatively low margin of 17%-18% compared to brake line. Brake lines margin 80-90% EBITDA Margin.
•The company is establishing an aftermarket.
Gross Profit Margin: The company's gross profit margin stood at 46.6% vs 40.3% expansion by 627 bps for Q4FY23.
Segments:
• Bi-Metals revenue grew by 6% YoY in FY23, reaching INR 1595.7 Mn for the year. Aluminium Die Cast Segment revenues grew by 29% YoY in FY23 to INR 573.7Mn for the year. Total Domestic Revenue was up by 18.2% in FY23. The Alkop segment showed excellent growth, Export Revenues jumped by 40.3% YoY in FY23. Volumes for Alkop have increased by 6% for FY23 on a YoY basis and stood at 681 MT. Change in product mix & higher customization has led to an increase in realizations for the products.
•Brakes Segment, Commercial production for brakes started in Q1FY24. The company will share updates regarding the same in the coming quarters. The installed capacity is 15 lakh units/annum for Brake Lines and 2.4 lakh units/annum for Brake Shoes.
•Going forward, demand in CV & Tractor space is expected to be favourable and with change in products mix & operational efficiencies, by maintaining margins. Strong customer relationships give the confidence to continuously deliver better results and encouraged them to achieve more growth in the future.
•The company strategy is to do additional capex in the Bimetal & Alkop segment within the next 2 years. The company will cater to surge demand from the auto sector as well as will add more revenue in the non-auto sector.

•The company will always be open for new margin accretive opportunities to fill future growth.

•Export expected to improve from Q1FY24: Revenue from exports declined due to a slowdown in exports to Japan for bimetal products, which anticipate normalizing in the coming quarters. Exporting to 24+ Countries & plans to reach Africa & Latin America through the large distributor network. Alkop segment will see a major segment.

•**Revenue Mix:** Revenue Mix (FY23) Bi-Metal Products, 73% (80% auto business) Aluminum (Alkop), 27% (50% auto business and rest variety product). 30% Export Revenue (FY23) Major Countries, USA, Brazil, Mexico, Netherlands, Africa, Japan.

•**Capex**: INR 80 Mn capex for the machinery for the brake lines (revenue initially 5-10 cr and going forward will increase 30-40%) and total planned capex of INR 300 Mn till FY25 on plant Machinery of which 40% for Bi-Metal Division to cater to increased market demand. Increase in bi-metals capacity as the company has put up new lines to cater to the surged demand. 60% to be allocated to higher margin Alkop division. The fund will be funded through a mix of internal accruals & debt.

•*Bi-Metals Capacity (in lakhs)*: The company is having 70% capacity utilization during FY22 vs 68% capacity utilization. Alkop Capacity (in MT) 70% Capacity Utilizations at the same level in both years.

•**Customers:** No single customer contributes >10-12% of the business.
•**Outlook: The company anticipates a sustained improvement in margins due to better exports and product mix. Additionally, the company expects revenue to increase in the next quarter due to an improvement in exports, as well as a normalization of the tractor segment, with both segments expected to grow by 20%. The company is also likely to benefit from government initiatives to invest $1.4 trillion in infrastructure by 2025, which will drive demand for commercial vehicles and construction equipment. Furthermore, the GOI's car scrappage program is also expected to create replacement demand and benefit the company.**

Craftsman Automation Ltd- Concall KTAs

CMP INR 3,314 |Market Cap INR 69,965 Mn

In H2FY24, the commercial vehicle business is expected to drive growth while the farm sector and construction equipment segments will gain traction. The company aims for 20% YoY growth in value addition, resulting in 22%-25% growth in the topline. The auto powertrain aluminum and engineering segments are expected to grow by >20% in value addition and 25% in the top line. Overall, the company is optimistic about generating strong revenue and profit growth. EBITDA Margin expects in the range of 14%-15% for FY24.

•**Value addition**: Powertrain was INR 241Cr for aluminum was INR 79 Cr and for industry INR73 Cr. It has been a value addition to net block being 76% Q3 it was 59%. The operating leverage is the main key to this improvement in margin in the aluminum segment.

Acquisition:

•The company has acquired DR Axion (76% stake) for a cost of INR325 cr and this company is engaged in the manufacture of auto parts mainly cylinder heads and cylinder blocks. As per the management, the margin will be stabilized at 30% by Q1FY24.

•EBITDA grew by 25% which is reflected in the EBITDA growth of INR 671Cr over INR539 cr.EBIT, grew by 37% due to the absolute term the depreciation amount has increased by INR10 cr.

•Debt to EBITDA 1.48x vs 1.33.

•ROCE has improved from a pretax annualized 20% to 22.5%.

•**Segment:** Auto Powertrain segment has grown 32% (EBIT 26%), aluminum has grown by 34% (INR 65 cr from INR 34 Cr), engineering has grown by 42% (EBIT 18%), and the storage business up increased to INR 376 cr from 53 cr.

Exports:

•The total number has been at 53+ 14% exchange rate and INR60 cr has been for Q4. For the full year INR 220 cr.

•**Order:** The company is getting new orders for the EV 2w segment. The slowdown in 100cc due to price increase in the range of 44% to 48% mainly because of the new technology introduce.

•**Storage solution:** FY23, the company has done INR 374 cr and the storage solution in that automated INR 110 Cr and the static escalation has been INR 265 Cr.

•**Capex:** FY24 INR 320-330 Cr capex. So, the actual delta capex which is added to the netblock, the Net block will rise around INR 100 odd Cr.

•Utilization at 80% but some capacity was added at the end of the quarter.

•**Outlook:** The company reported a strong set of Q4FY24 numbers, and the management is confident of good growth in FY24. The recent acquisition of DRAIPL's key client M&M (which contributes 40% of revenue) is expected to outperform the underlying industry, mainly due to the company's strong order backlog and its dominance in the growing SUV market. The merger is expected to be operationally beneficial and EPS accretive from the first year of acquisition, with full benefits expected to reflect from FY24 onwards. Overall, the acquisition is expected to be EPS accretive, indicating a positive impact on the company's EPS.

Escorts Kubota Ltd-Q4FY23 Concall KTAs

CMP INR 2,048|Market Cap INR 270,293 Mn

Financial Performance

•Standalone revenue stood at INR2,183 cr growth of 16.8% YoY. Tractor volume was up by 13.1% to 24,765 tractors as against 21,895 tractors in Q4FY22. On the construction equipment volume are up by 18.8% to 1,528 machines as against 1,286 machines in Q4FY22. EBITDA stood at INR235.8 cr down by 6.2% as against INR251.5 cr yoy and up by 23.9% QoQ as against INR 190.3 crores in Q3FY23.

EBITDA margin for Q4 up by 240 bps to 10.8% vs 8.4% in QoQ and 13.5% in Q4FY22. EBITDA before exceptional item at INR 271.4 cr vs INR 269.5 cr in Q4FY22. Net profit at INR 185.5 cr as against INR 202.2 cr in Q4FY22. Impacted due to exceptional provision of INR 24.4 cr on account of impairment of investment in the wholly owned subsidiary Escorts Crop Solutions Limited. 0.7% price hike benefits in Q4FY23

Dividend: The company recommended dividend of INR 7 per share.

Market Share

•Maintained at 9.7% this is the 2nd time that the company has crossed 1lac+ tractor sales unit. The domestic tractor industry went up by 12.2% to a record number of 9.45 lakhs as compared to 8.4 lakh tractors in the previous year. All macroeconomic factors, crop production, crop prices, good monsoon, and availability of retail finance remain positive throughout the year.

Domestic tractor volume went up by 9.4% to 95,266 tractors as against 43% in the previous year. Domestic market shares of 10.1% for FY23 as against 10.3% in FY22. The marginal drop in the market share was mainly due to a drop in Q1FY23.

•>200+ dealer accounts. The company continues to focus on channel expansion to cover the wide spaces for both Powertrac and Farmtrac brand.

Exports

•The export volume went up by 11.7% to an all-time high of 8,024 tractors as against 7,185 tractors in the previous fiscal, driven by continuous focus on new product development and expansion of the distribution network. Sales through Kubota Global Network is also gradually increasing and during the year contribute >30% of the total export volume.

Agri machinery segment

•EBIT margin for the agri-machinery business stood at 9.3% impacted in FY23 led by steep inflation in commodity price, advert product mix, and impact of price rationalization in certain products of big geographies.

•In Q1 FY24, the domestic tractor industry is expected to remain almost flat due to the advancement of the key festive season to FY23 as against April last year, combined with unseasonal rain.

•However, for FY24, expect the domestic tractor industry to do well and may register low-mid single-digit growth, led by positive macroeconomic factors on account of good Ravi harvest, improved crop prices, and adequate water level reservoirs.

Construction equipment business

•The crane, backloader, and compactor industries grew by 24.5% in volume compared to FY22. Total manufactured and traded products increased by 12.2%, generating a segment revenue increase of 19.5% at INR1,179 crores.

•EBIT margin improved by 48 bps to 2.9%. The construction equipment industry has sustained demand from government infrastructure projects. Future demand is expected to continue and improve due to lower commodity prices and product mix improvements in FY23-FY24.

Railway division

•Revenue went up by 32.3% to ever-highest yearly revenue of INR841.9 cr , as against INR636.2 cr in the previous year.

•Sales from the new product contribute 65.7% of the total sales division sales. EBIT margin stood at 13.8%, as against 14.8% in the previous year. Order book for the division stood at a healthy and ever-highest level of more than INR1050 cr. With a continuous focus on product diversification and export, expect the railway equipment business segment to continue in the double-digit in FY24.

Kubota Agri-Missionary Merger it will take another six months' time. So expecting it will come around Dec-January.

Localisation

•The localization in the JVs is essentially for engine manufacturing, which is a major part, which right now is getting imported and also other products which are right now traded. But in the manufacturing JV, the company is only doing two models for them right now. And the balance of the models are actually imported from Japan.

Component export it's already, the Metrexene JV is exporting to some countries, including Thailand and the US market, and as they grow and develop more components and do more indigenization, the opportunity for export will also further increase. So that is also already indicated, and that will continue.

Outlook:

Due to positive factors such as a better-than-expected monsoon, higher water reservoir levels, and improved MSP for crop realizations, the domestic farm equipment industry is expected to see high single-digit growth. The Construction Equipment Division is also expected to see similar growth, while the Railway Equipment Division is expected to experience double-digit growth in FY24. Expect a margin of 13-14% FY24 exit margin. The damned is good both exports and domestic front. *At CMP of INR 2,048 stock trades at PE of 22x to its EPS of INR 94 to its FY25e (Bloomberg Estimate)*.

Apollo Tyres Ltd Q4FY23-Concall KTAs
CMP INR 369|Mcap INR 233,844 Mn
Financial Performance
•The company reported strong revenue with growth of 12% YoY to INR 62, 473 Mn. EBITDA grew by 59% YoY INR 9,985 Mn and margin expansion 475 bps YoY to 16% in Q4FY23. Net profit grew by 276 % YoY to INR 4,273 Mn. The overall double-digit growth was driven by growth across the key markets. Net debt to EBITDA 1.4x and ROCE at 20.4%.
Exports
•The management expects Q1FY24 bit challenging and Q2 onwards will start to see some improvement. Already seen some improvement in May-June pick up is happing and close to H2FY24 onward all three markets will open.
CV
•CV cycle is coming back driven by traction in all three segments.
Volume Performance
•In terms of volume performance, while India was flattish in Q4FY23, Europe was sluggish given the challenging economic environment and relatively weak winters.
Replacement
•The company saw volume growth in the OEM segment (CV & Agri), while the demand moderated in the replacement segment. Exports were sluggish. Volume growth in OEMs helped negate the decline in exports.
Capacity Utilization
•The company capacity utilization stood at 76% for India and 82% for Europe. PCR utilization is India 80% TVR demand went up 85%.
Capex
•The total Capex INR 11bn out of that INR 6.8 bn will use in India as guided continue to use area in digitalization and sustainably and the rest 4.2 bn will use for R&D.
R&D
•The company continues to focus on new product development, electric vehicle ranges, and moving toward more digitalization. AI/ML will provide the cushion for the company’s growth.
Market Share
• The company's TVR side is good but the PCR side is down. PCLT market declined by ~13% (YoY), mainly on account of high channel inventory, mild winters, and economic slowdown. All seasons continued to outperform the overall market with minimal decline. Despite a sluggish demand environment gained ~50bps market share in PCLT segment (YoY). Gained more than 90 bps market share in OHT segment (YoY)
Sales Mix
•Despite the challenging environment maintained the richer sales mix. UHP / UUHP accounted for ~43% of PCLT sales (volumes) in Q4 (flat YoY).
Price
•The company's near-term focus would be on maintaining price positioning and driving mix improvement.
Margin
•The company expects the margin performance to remain healthy on the back or correction in input prices and tight cost control along with improvement on the Top line as seeing traction from H2FY24 onwards.
Revenue Mix
•The company’s revenue mix for PV/Light truck/Farm/off-highway/Truck&Bus/Other are 37%/6%/10%/43% and others 5% respectively.
Other Expense
•The company other expense is more of brand promotion and advertising and no one-time cost.

RM

•The raw material price came down 5-6% annually and 8% sequentially. The raw material prices during the quarter were Natural rubber 186 per kg/ synthetic 170 per kg/ Carbon INR 150 per ton/and steel 155 per ton respectively. Raw material expects flattish in Q1FY24.

Inventory

• Inventory reduction started in Q4FY23.

Outlook:

Expect markets to recover in H2FY24. Expect margins performance to remain healthy in the near term, helped by a correction in input costs and tight cost control. The company has decreased its debt from INR 47 bn (Q4FY22) to INR 43 Mn (Q4FY23). The industry will see high single-digit growth to double-digit led by the growth in volume. At CMP INR 369, the stock trades at a PE of 14x its EPS of INR 27 of FY25E (Bloomberg Estimate).

Greaves Cotton-Q4FY23 Concall KTAs

|| CMP INR 152 || Market cap INR 31.35 billion

• Acquisition

The company completed the acquisition of a 60% equity stake (In the first tranche) in Nagpur-based Excel Controlinkage. It is one of the most profitable companies engaged in manufacturing Push Pull cables, Motion sensors & Controls.

If the company includes the revenue from Excel Controlinkage in the fourth quarter of the fiscal year 2023, the consolidated revenue is expected to reach INR 880 crore. This translates to an annual run rate of nearly INR 3,500 crore, indicating a strong overall performance for the quarter. Additionally, the standalone margin reaches a double-digit level, signifying a positive improvement in profitability.

The company’s business momentum reinforces confidence in the strategy of being a fullstack mobility ecosystem player with a growing global presence.

• Distribution Network

The Company has doubled its network in Pan India in the last 1 year. In e-3W with MBOs and EBOs, the greaves retail and Auto Mart is becoming platform e2W and e3Ws.

The company would be growing in line with the market, the e2W's penetration is at 5% of 2W. Greaves expect to improve its market share.

• Greaves Engineering

Greaves Engineering registered revenue growth of 34%.

The transformation from a B2B to a B2B+B2C company has been driven by the strength of three main verticals: Greaves Engineering, Greaves Retail, and Greaves Electric Mobility. B2C, contributing to over 66%.

• EV

Ampere Two-wheeler registered over 1 lakh retail sales in FY 2023. Partners with Royal Challengers Bangalore as their official EV partner for the ongoing T20 season.

The overall number of 2-wheeler electric vehicles (EVs) has tripled over the past 12 months, increasing from 256k to 770k. If this growth rate continues, Ampere is in 2nd position in the EV 2-wheeler market and poised for significant growth In the 3-wheeler segment, e-rickshaws as well as L5 are experiencing rapid growth. As a result, the company anticipates significant future growth opportunities ahead.

EBITDA Margin in EV: In Q2, it was around 2-3% and Q3 was at loss and in Q4, EBITDA is at breakeven level and is at ~1%. The PBT gas a bit of treasury income.

• Margin

Employee costs are higher due to hiring at the senior level and the headcount has reached to >500 level. Gross margin was impacted due to some of the changes in AIS 156 compliances that price not fully passed on but fixed overhead which has built so much higher level.

The upcoming launches in the 2-wheeler and 3-wheeler segments will feature two new products that are designed in-house, ensuring greater efficiency and higher realization. These products are expected to cater to the high-end market, resulting in higher-margin. Over the next 12 to 24 months, the company anticipates reasonably strong double-digit margins for these products.

• **Subsidy**

The Ministry of Heavy Industry is doing a review of FAME-II compliance. The company is cooperative with the MOHI, this is ongoing an inquiry and the company has received AIS156 compliant certificate.

AIS-156 Phase-II Incremental Cost a The cost increment is at the same amount as Phase-I ie. e INR 3k-4k per unit. In phase-II need to do additional layer of thermal coating. The company took an price hike in 1st April in Magnus. From Dec-22, the company has taken INR 4k per unit of price hike.

Remaining subsidy in receivable in the consolidated INR 350 Cr post March.

• **New Launches**

The NX and Aero vision, the company launched the Zeal (sub RS70k product), Primus.

The last product is Next Generation NX and it would be launch in FY25.

Cash and Carry in emobility. The subsidy is under other financial assets which is INR 3.5bn, half of this is less than

90 days and other half is older than 90 days.

6 new E2W and E3W product was unveiled at Auto Expo.

Expect EV margin to be achievable at par with ICE, on the back of operation of scale in sourcing, localization of battery cells, PLI incentives, and operating leverage.

• **ROCE:** Standalone 35% and consolidated 18% for FY23. Q4FY23 >30% ROCE.

• **Cash**

Cash conversion of 90% augurs very well in terms of working capital and cash font.

Net Cash Position INR 1,142 Cr as of 31st March.

• **Greaves Standalone Margins:** It was at ~13-15% range. The EBITDA margin is at 12%, along with Excel margin would be at 13%. Expect the standalone margin to improve beyond the precovid level, as the company is going into components, etc.

• **Abdul Jameel Investor**

Abdul Jamil is a strong investor with a long-term view in clean energy and has invested in India with Greaves. It was also an investor in Rivian. The company gets know-how in terms of technology and Industry, as it has penetration in EV Ecosystem, these give greaves the benefit of learning. It is also one of the big Toyota Distributor and Greaves can even partner for selling its e3Ws and e2Ws in the overseas market

EV Consolidated financials lower than standalone on revenue and PBT level due to new business Greaves Finance and Greaves Technologies.

• **Non-Auto Business**

Non-Auto Volume: Engines number contains Non-Auto small Engines and Industrial, Farm Equipment would be at 12.2k units.

Engineering (Engines, Genset, Application Engineered end product (with Excel acquisition like cables, etc.)), Retail, and Electric are 3 verticals and 2 new businesses i.e. Retail and Finance.

• **Capacity Utilization for Engines:** The volume has gone up, the capacity Utilization is at 60%, and 180k+ engines were produced. The company expects healthy growth going forward.

• **Retail Network:** The Company has a 9k retail network. 150 stores at Auto Retail Mart for Multi Brand network. 170 service network. 8k retailing network for spares. Engage with 20k mechanics.

Bosch Ltd Q4FY23-Concall KTAs
|| CMP INR 19,508 || Market Cap INR 574,654 Mn

• In FY24, Management anticipates moderate growth in India's GDP, leading to a 5-6% increase in the automotive market. Despite these headwinds, the company is confident in its ability to navigate them and expects a 15% revenue growth from sales, supported by increased vehicle content and component supply.

• **Financial Performance**: The company's reported revenue from operations of INR 14,929 cr (1,667 mn euros), thus registering an increase of 26.7% YoY. PBT increased by 25.5% to INR 1,882 cr (210 mn euros) in FY23, amounting to 12.6% of total revenue from operations. Despite all odds, Bosch concluded the year with strong performance and positive revenue growth. This was primarily fueled by the solid recovery in the auto market post-pandemic.

• **Margin**

The company strategically plans for the long term by ensuring they have acquisition plans that align with changing legislation.

The company is highly optimistic about future growth, which will depend on its ability to increase acquisition based on content per vehicle and align with market growth.

• **Volume**: In Q4FY23 industry posted double-digit growth in overall volumes (+14% led by growth across sectors except for 2ws which was weak due to a decline in exports. PV double-digit led by SUV segment. OEM continues to hold a strong SUV segment which will provide cushioning for the segment.

• **Two-Wheeler**: 2W domestic has witnessed sequential recovery and export bit decline.3W continues to recover.

• **Segment**: Bosch had done better than the market across all the segments.

• **Mobility Solutions Business**: The total product revenue of Bosch Limited's Mobility Solutions business sector and Beyond Mobility Solutions business sector increased by 23.7% YoY/7.8% QoQ, respectively. The growth in the latter sector can be attributed to the Energy and Building Technology business.

• **Content Per Vehicle**: The mobility Solutions business sector reported a 30% YoY increase in product sales largely driven by a 22% growth in the overall automotive sector. This growth was further supported by an increase in the share of content per vehicle, particularly in exhaust gas treatment. Domestic sales for Bosch Limited also rose by 27.5%. The next content per vehicle will also change when will move from TREM4 to TREM5 in FY24.

• **Powertrain Solution**: Within the Mobility Solutions business sector, the Powertrain Solutions division in India saw a 35.9% increase, while the Automotive Aftermarket division rose by 15.3%. The Beyond Mobility Solutions sector recorded a 14.4% increase in sales.

• **Division**: The Board of Directors has recommended a final dividend of INR 280 per share for the FY23, bringing the total dividend for the year to INR 480 per share, including an interim dividend of INR 200 per share.

• **Customized Solution**: The company's aim is to be able to serve existing and new customer needs even better and faster with customized solutions from a single source. The newly restructured mobility business is set to grow annually by an average of roughly 6% up to 2029, when it will achieve annual sales of >80 bn euros.

• **Aftermarkets**: Aftermarket grew by 15% QoQ led by better demand and strategy. Markets continue to do well on that front.

• **Semiconductor**: FY22-23 posed significant challenges globally, particularly in supply chain complexities, quality issues and fires. However, in comparison to previous years, there is now better stability despite temporary issues in the last few months. It's worth noting that the supply chain situation has improved since FY20-21 and FY22-23, and this is a worldwide issue, not just in India.

• **Raw Material**: The company will continue to localize and continue have traded goods depending on emission norms changes depending on localization procurement.

Outlook: Bosch is expected to experience a rise in content per vehicle, owing to the introduction of BS-VI emission standards that require significant changes in combustion, powertrain systems, and exhaust gas treatment. This increase would be driven by the growing demand for improved safety features and conveniences with the advent of electric vehicles, as well as increased customer awareness. Bosch is well-positioned to leverage emerging opportunities in electrification and connected vehicles, thanks to its strong technological backing from parent company Robert Bosch GmbH.

Varroc Engineering Ltd-Concall KTAs || CMP 314 || Market Cap INR 47890 Mn

•The company is looking forward to double digit volume growth and company's target to achieve double digit margin.
•The company posted consolidated revenue from continued operations was INR 68,631 Mn in FY23, registering a growth of 17.4% on YoY basis. Consolidated EBITDA margins for continued operations for FY23 were at 8.7%, improved by 210 bps YoY. PAT for continued operations was positive at INR. 388 mn in FY23 as against loss reported during last year.

•Order book: In India, continue to have strong order wins for new business in FY23 across business units. During FY23, lifetime revenue from new order wins is INR 51,782 mn. Out of this, business wins from 7 prominent EV customers is INR 17,968 mn. The order books also reflect effort to diversify as see nearly 56% of lifetime order win from 4W and 44% from 2&3 wheeler. This doesn't include replacement order. Strong addition in 4W. PC offering and from polymer. The general development time is 24-30 months. The company expect ramp up in similar timelines.
•EBITDA margin at 9.5% in Q4 FY23, higher by 340 bps on YoY basis and 170 bps vs Q3 FY23. Favorably impacted by business mix, recovery, & operating leverage. Unfavorably by employee cost. •CAPEX: It would be Rs2bn at Cons level including India and Overseas.
•Debt: The Company expect most of debt reduction in H2. The company has reduced Rs220mn. The existing operation doesn't need debt support. May need to invest some amount in China.
•Cash Flow number has both continued and discontinued operation. And hence it's inflated.Benefits of pending claim settlement: Gross Margin of 30.5%, the company has various cost reduction process. The company expect to improve the Gross Margin going forward.
•Diversification Strategy: Most of new order is in 4W segment.
•China JV: o In Q4, china JV performance was good. The arbitration proceeding is in progress and would go for 1-2 years. Both factories in China is doing well. The company expects good growth in coming year. One plant (step Down subsidiary) is in control of the company. The company continues to engage with 5 PV OEMS in India and abroad for EV components. And expect the result to come in FY24.
•Tax Rate: In FY24, the applicable tax rate is 35%+ surcharge. The subsidiary would have 25%+ surcharge.
•Other Income: The Other income was higher due to Two major reason viz Govt incentives from state Govt and other is clean up in provision and liabilities.
•Lighting Business: In India, the company has presence in both 2W and 4Ws and has registered good growth. The company is wining various lightening program from India and Abroad and have also won order in EVs also. In Abroad, major lightning is 2Ws and have plant in Italy, Romania and Vietnam. The growth was subdued historically, but will see growth coming forward.
•Polymer Business: Over last 2 years, the company has productionalized multiple process in India. Like roof face, etc. There is significant increase in standard of cabin and in here the growth is coming. •EV revenue of INR 1bn (i.e. 1.5% of revenue), 80% is new products and 20% is conventional products. It is coming from a single customer. Has got INR 17bn of life time revenue order in EV.
•Bajaj Volume was negative for FY23, but it was content growth due to electronics the company was able to grow.

•Effective Interest cost: 8.5%-9.25% is the interest rate.
•EV products: The differentiation the company was able to do one back of localization, enough products in field (production is for more than 12 months), Efficiency is better. The company's R&D setup helps in quick development and commercialization of product. Validity and Testing center help in maturing product much faster.
•The Company is trying to reduce inventory reduction and has achieved some success in FY23. Scope of improvement in payments. The Input credit is also need to be fully utilize. Romania Plant have space for scaling SMT plant.
•The EV would need transmission assembly and company has supplied metallic products (shafts) to motor. And hence doesn't see threat to it for next 2-3 years.
• 18.3% revenue is from Global Business (VLS remaining business + Exports).
•New Avenues for Growth: The existing avenue would drive growth i.e Pass Car, Polymers and Lightning. Growth in content in 2Ws.
•Italian Operation is doing well and is EBITDA positive. The company is working toward improving operation in Forgings and some capacity is underutilized.

•Outlook: We anticipate that the PV segment's strong performance, the potential recovery in the 2W segment, and the improved expectations for rural demand will contribute to positive growth in the future. However, there is a concern about the current level of debt, and the management is actively working towards reducing it in the coming period.

Sansera Engineering Ltd-Q4FY23 Concall KTAs || CMP INR 784 || Market Cap INR 41,260 Mn

•Guidance: The company raised long-term sales contribution targets from xEV and tech-agnostic products from 15% to 20%. Over the long term, the company is targeting 60% sales contribution from auto ice, while 20%. The domestic business continues to be healthy and international business is on a good level of recovery.
•Investment: The company has made an investment in MMRFIC. With this, they will have access to a strong R&D and engineering team which can address growing Defence and Aerospace opportunities. It has strong potential in telecom and automotive especially in the autonomous technology sub-system. MMRFIC will start generating revenue in 12-18 months.
•Auto Tech agnostic: Demand of EV 2w rising substantially and tech agnostic also doing fairly well. Good order traction in order flow for aluminum forged component and also adding 2500 ton + aluminum component this segment contributed 11%+ of which 6% aluminum product and rest 5% XEv product.

•BS Norm change: ICE sales decline 3% across 2w, 3w and motorcycle flat while XEv registered growth. This segment contributed of sales 75% of out of which 33% of Motorcycles, 6% of scooters, and PV 22% of the top line, and CV 13% top line, and significant sales come from Swedish. CV witnessed 18% y/y and 25% QoQ. The non-Automotive segment grew by 15% in Q/Q. The company has crossed 900 cr Mn milestone for the aerospace and defence business in FY23. 4.9% of sales registering 76% y/y growth. The company expects strong growth.
• **Non-Auto:** with addition of new facility, focused to grow aerospace & defence business at a faster clip. Strong growth in the coming quarter. Off-road 4.7% and demand is coming very strong for his sector. Contributed 14% of sales.

• **Order book:** New business annual peak stood at 13.3 bn rs and Auto ICE 5.5 bn (41% of total order book) Auto tech agnostic adding INR 4.3 Mn (33% of total order book). For Aluminum forged components, the company has 58 component orders from 13 different customers. Non-auto contributes 3.5 Mn (26% constitute of order book). International order book also expanding.
• **Capex:** FY24, 250 Cr projects which will help deliver non-auto and non-ice. The company has started a new aluminum part facility at the existing plant brownfield facility at plant 11, Bidadi and it will get completed end of this year. This will help in the XEv segment.
•Swedish facility is coming back to the normal level.
•**Gross Margin:** The gross margin impacted ~100 bps at 39% by one-time year adjusted including inventory provision and customer-related cost. This is a one-time adjustment. Employee expenses increased 9% y/y which represents an annual increment and volume increased during the quarter. Other expenses are in line with the last quarter.
•**Margin**: 16.2% in Q4FY23 impacted due to one time year adjustment.
•**Sweden**: 30% of the product given to them and already started all the fixed overhead remains intact resulting from the dilution of margin this year most of recovered and the company is taking more cost initiative so would be back to 7-8% margin toward the upcoming quarter double-digit EBITDA margin.
•Finance cost stood at 173 Mn increased 18% y/y due to increase in interest cost.
• **By Geographies Mix:** India – 68.4%, Europe – 18.5%, USA – 9.2%, and Other Foreign Countries – 3.9%. The company is looking for better numbers at the international level.
•**Debt:** Net debt stood at INR. 6,50 Mln (Mar-23). The company will continue to maintain this level of debt as a growing company.
•Aerospace and defence are very similar to export margins. Gross margin at 10% better than the domestic mix which translates 6-7% higher EBITDA margin compared to the domestic profile. Major revenue coming from Aerospace and expect significant growth from Aerospace.
•Focusing on the European new facility will be fully utilized and INR 350-400 Cr revenue.
•Outlook: The company had a satisfactory performance in the fourth quarter of FY23. The Swedish facility is returning to its usual operational capacity, and there has been a recovery in export activities during the quarter. It is anticipated that gross margins will improve from their current levels once the international business regains strength. We are confident that these factors will contribute to Sasnera's strong growth in FY24. At a CMP of INR 784, currently, Sansera Engineering is trading at a PE of 15x its FY25E.

PPAP Automotive Limited || Q4FY23 Management Conference Call KTAs || CMP: INR 179.30 || Marker Cap: INR 243.81Cr

•PPAP Automotive Ltd recorded a revenue growth rate of 7.9% YoY and 4.1% QoQ. The revenue for the quarter stood at 132.3Cr.

•It witnessed a 26.4% YoY and 1.4% QoQ decline in EBITDA, the EBITDA for the Quarter was at 8.9Cr. The EBITDA margin for the quarter was 6.7%.
•PAT for the Quarter declined to -2.3Cr.
•The revenue for FY23 was INR 511.1Cr, witnessing a growth rate of 21.1% YoY.
•The Ebitda grew by 13.9% YoY to INR 43.9Cr in FY23. The EBITDA margins were at 8.6%
•The PAT for the year declined to -5.9cr, having a PAT margin of -1.2%, as the joint venture faced losses in the battery business. The raw material prices were inflated in the last two years causing the expense to increase, however the prices are stable now.
•The parts business contributed to 93.4% of the total revenue while tools and others contributed for the remaining 6.6%.

•The aftermarket parts business under the 100% owned subsidiary is seeing strong momentum since last quarters.
•During the quarter the company started supplying parts to the newly launched vehicles such as Hyundai's Verna, Tata Safari and Honda's City.
•The company will start supplying parts to two new vehicles, the Maruti Jimmny and the MG Comet in FY24.
•The company has an order book of 55 tools and another order of 40 tools is under discussion.
•The company added an export customer this in FY23. It also entered new foreign markets such as Nepal, Bangladesh and Sri-Lanka in FY23.
•The company developed Li-ion Battery pack Solutions under 100% owned subsidiary of PPAP with in-house design and manufacturing.
•The company expects to generate significant revenue from the battery business in upcoming years •The company currently offers a diverse range of 530 SKU's, the company further plans to introduce new products in the coming years.
•There is no Capex planned for this year, as the company is focusing more on increased capacity utilization.
•The automotive industry in India grew by 21% in FY23 and the passenger vehicle segment grew by 25-27% this year.
•The company expects the Automotive Industry in India to grow to $ 300Bn by FY26 compared to $ 222Bn now.
• It aims to achieve 6Cr of revenue each month from Q2FY24 reaching breakeven and no further losses.
• Outlook: PPAP Automotive Ltd has shown steady revenue growth in FY23, although facing a decline in EBITDA and PAT. With a focus on expanding the parts business, entering new markets, and venturing into battery solutions, the company aims to achieve breakeven and capitalize on the expected growth in the Indian automotive industry.

Balkrishna Industries Ltd- Q4FY23 Concall KTAs || CMP INR 2,347 || Market Cap INR 45,3812 FY24 remains positive and believe volume performance will be in a better position from next month onward. America will continue in a growth trajectory and in terms of end markets, the company expects Europe to normalize later during the year.

Q4FY23 Performance

•Q4FY23 has been a better quarter from a sequential standpoint. The Company witnessed an uptick in volumes, better demand from its end markets, and partial clearing of high-priced raw materials. However, end markets, especially the channel inventory situation are not completely out of the woods. The Company believes the channel inventory-led issues may be resolved by June / July.
•Sales volume 72,676 MT which is 9% QoQ growth in Q4FY23 and 3,01,181 MT in FY23 growth of 4% YoY.

Margin

• RM cost reduction1-2% and benefit still have to pass could have the benefit of 100 bps will be coming in Q1FY24 and gradually 200-300bps for FY24 in comparison to Q4FY23. The company will see some bump in the margin in H2FY24
• In Q4, the EBITDA margin is 21.3% expansion of 216bps QoQ. This has been on account of better absorption of high-cost raw material inventory the Company was carrying in the system along with lower freight costs. In view of its long-term strategy of increasing market share, the Company shall continue to invest in brand building and marketing initiatives however, the benefits of the same will accrue over time reflecting in a lower percentage of sales.

• The Company remains positive for FY24. On margins, multiple levers such as favourable raw material costs, better hedge rates, and complete normalization of logistics costs will aid the improvement in the margin profile.

Market Share

• The company's aspiration is to achieve a market share of 10% over the next 4-5 years against 5% MS in FY23.

• In terms of end markets, the Company expects Europe to normalize later during the year while the Americas and Indian markets will continue their FY23 performance trajectory.

Inventory: Inventory levels are reducing. Inventory days 45 and like it to keep it between 42-43 days.

Capacities:

• The current achievable capacity is 360,000 MTPA post-commissioning of the Waluj brownfield project. Full ramp-up of production will reach in next 6 months.

• ASP come down by 4% led by product mix and freight cost passing and will see some minor corrections going forward.

Capex: The company’s capex for FY24 is INR 550 Cr to 600 Cr out of this maintenance capex will be INR 250-300 Cr and the rest will be spent on new development of the product like rubber tracks and joint solid tyres. Along with brand building.

Energy Efficiency

• To ensure energy efficiency Initiated use of ‘Green Energy’ – installing 5MW windmills and 2 MW solar power plants for the greenfield projects.

• 40MW Captive Power Plant Capacity.

• Installed 66TPH tail gas boiler received from carbon black plant thus recycling waste gases & reducing coal consumption.

• Installation of a power management system to increase power generation from turbine set Advance carbon project running delay.

• 6% revenue from carbon-led plants and 85-90% utilization.

Hedge rate: Hedge rate Q4FY23 85.3 EUR/INR, the company is targeting EUR/INR 88-89 and already hedge 80% for FY24 at the rate 88-89 EUR/INR.

Cash & Debt: Gross debt INR ~3200 cr and INR 2,075 Cr cash. The company will use cash for expansion level and debt will come down going forward.

Competitor: The company does not have any pricing pressure at the competitor level.

Retail: The company has better demand in retail compared to wholesale which is a good sign for the company.

Outlook: We believe, going forward the company's performance will improve led by the de- stocking of inventory, and reduction of debt in the coming quarter, America continues in the growth trajectory and traction in Europe, and the company has the biggest plant the Waluj plant amongst the industry player. So expecting better growth going forward and we have a positive outlook on the company.

IndusInd Bank: Q4 FY23 Management Call Highlights
CMP: INR 1,101 | Market Cap: INR 885.42 billion | P/E: 12.57

•Macro Outlook:
Indian economy remains a bright spot in the weak global economic outlook. The regulatory and fiscal support has been very timely and effective through COVID post COVID and rising inflation phases of the economy. Industry credit growth is expected to be moderate due to lagging deposit growth and high interest rates damning fresh demand.

•In recent months financial stability concerns with sharper higher policy rates in advanced economies have come to the fore in the background of bank failures in the US and the resultant contagion risks.

Key outcomes:
•Last quarter of the planning cycle 5.
•Overall deposit growth grew at 15% YoY and 3% QoQ
•Loan growth was at 21% YoY and 6% QoQ.

Business wise Performance:
•Loan mix changed in favor of consumer and was at 54%. 43% of their book comes from businesses like vehicle finance, diamond, non-vehicle finance. Retail share improved due to healthy fee momentum as well as lower trading income.
•Retail businesses had strong QoQ growth with Vehicle at 5%; Microfinance at 9% and other consumer at 9%. The micro finance issue and the restructured book of micro finance is resolved
•Within corporate, growth was driven by mid and small corporates at 7% QoQ; and large corporates at 5% QoQ. Corporate grew 6% QoQ;
•Continue to scale up on new initiatives: Affluence segment deposits grew by 23% YoY and •NR grew by 28% YoY.
•We continued to invest in physical and digital distribution.

•Asset Quality:
GNPA and NNPA were down at 1.8% and 0.59% respectively. Asset Quality was healthy in vehicle, consumer and corporate book.
Diamond Group has no asset quality issues.
PCR remains healthy at 71%.
Corporate slippages are below pre-COVID levels.

Digital strategy:
Geared up to driving three major objectives:
•Build direct to client platforms.
•Drive superior customer engagement.
•Transform existing lines of business.

Financial Performance:
•Net profit was INR 2,043 crores growing at 46% YoY and 4% QoQ.
•Maintained a PPOP margin at 5.6%, NIMs at 4.8%, ROA of 1.9%, ROE of 15.26%
•NII grew by 17% with stable margins.
•Revenue growth was healthy at 16%
•Credit costs lower at 142 basis points versus 156 basis points last quarter
•Made around INR 500 crores of SR book provision as there were some changes in RBI regulation for SR provisioning

•Disbursements for the quarter at INR 12,500 crores, up by 25% YoY. Disbursements for FY23 at INR 46,000 crores, up by 44% YoY.
•CASA Ratio at 40%
•New customer acquisitions growing by 17% QoQ
•Added new branches taking the total branches to 2,606.
•Customer base was supposed to be at 45 million, but it was 34 million.

Liability:
•49% book which is floating and 51% fixed rate book
•74% of their liabilities came from retail. Lowered their dependency on the bulk deposit and reduced the concentration risk.

Planning Cycle 6:
Strategy core is market share diversification and they have taken 3G as the strategic intent: growth, granularity and governance.
The key initiatives will be expansion of branch network, new initiatives like community banking, scale up of affluent, NRI and launch of the millennial segment of the digital segment

Guidance:
Loan growth expected to grow between 18-23%
PPOP loans will be in the range bound between 5.25-5.75%
Branch network will be around 3500-3750
Customer base will be greater than 50 million
Cost to income expected to remain elevated to ~45% for the next couple of quarters.
Remain positive on the vehicle growth for the next few quarters
margins continue to remain stable around the guidance rates i.e. 4.15-4.25%
3 products expected to launch: scooter loans, affordable housing, and home improvement

Axis Bank Conference Call Highlights
CMP INR 878.25 Market Cap INR 2700 billion

•Axis Bank completed the acquisition of Citibank India Consumer Business, comprising loans, credit cards, wealth management, and retail banking operations.
•The impact of the exceptional performance (impact of INR124.9bn) are – a) full amortisation of intangibles b) NPLs harmonisation (impact of INR2.32bn) and c) stamp duty (INR1.8bn) and other opex (INR129.33bn).
•Deposits grew by 12% QoQ & 15% YoY
•CASA improved to 47.2% vs QoQ 44.5% & YoY 45.0%
•NII grew 33% YoY and 2% QoQ.
•NIMs during the quarter was 4.22%, there was few impacts a) negative impact of 6 bps as bank maintained higher LCR (at 129% versus 116% QoQ) b) benefit of 3bps on account of interest on income tax refund.

•Outlook:
Company's overall performance was good. Company's market share is expected to increase with the successful acquisition of Citibank India Consumer Business.

AU Small Finance Bank – Q4FY23 Conference Call Highlights
CMP INR 660 | Market Cap INR 439.46 billion

•Profitability: Net profit for Q4'FY23 was up 23% YoY at INR 425 Cr; full year FY23 PAT at INR 1,428 Cr; RoA for Q4'FY23/FY23 at 2.0%/1.8% and RoE at 15.8%/15.4%

•Deposits: grows 32% YoY to INR 69,365 Cr; CASA deposits grow by 36% YoY to reach INR 26,660 Cr. Current account deposits grew by 43%, bringing their CASA ratio to 38%, and CASA plus retail deposit base at 69%. This helps contain their cost of money at similar level to last year at 5.96%. In FY'24, their margins maybe impacted as the cost of money is higher, and the peak is not over yet.

•Loans: Loan book has been fixed rate, which also gets impacted in a rising interest rates scenario, although the share is coming down and now it stands at 66% versus 74% a year ago.

•Assets: their assets after securitization grew by 26%, standing at INR59,000 crores, plus with pristine asset quality. We delivered sustainable and superior ROAs and ROEs at 1.8 and 15.4 respectively, without any one-off income from treasury or PSLC and of course despite high interest rates.

•Balance Sheet crosses INR 90,000 Cr.

•Gross NPA & Net NPA: Gross NPA remains below INR 1,000 crore, thereby bringing down their GNPA to 1.66% and net NPA and pay to 0.42% on the back of strong collection efforts.

•New Development: RBI grants the Bank Authorized Dealer Category – I (AD Cat-I) license for offering Forex and cross-border trade related services.
•Mutual fund AUM has increased by 62% from around INR3 crores in March '22 to INR167 crores in March '23. Further, started distributing PMS offerings to serve their customers through their partnership with Motilal Oswal Financial Services.

•Outlook: Business model is well settled. They will remain in identified market segments, like other markets for gardening deposits and for lending the core and rural markets. Their focus to build sustainable, low cost granular deposit franchise, where the challenge as of now is around interest rates. Excess liquidity for keeping our balance sheet strong and not losing any profit.

RBL Bank Conference call Highlights
CMP INR 161 Market Cap 96.98 billion

•CASA grew 14% YOY and 6% QOQ to INR 317.17 billion. CASA ratio at 37.4% vs. 35.3% as at 31st March 2022.
•Total deposits grew 7% YOY and 4% QOQ to INR 84,887 crore
•Total customers grew by 16% YOY.
•Housing loans grew 86% YOY; Rural vehicle finance crossed the `1000 crore mark milestones
•Bank introduced new retail asset products like Gold loan, Working capital/ term loan for MSME, Vehicle loans etc. in the last financial year.
•Net Advances book grew 17% YOY and 5% sequentially to `70,209 crore
•Retail Advances book grew 21% YOY and 8% sequentially to INR 377.78 billion.
•Retail disbursement increased by 60% QOQ. For Q4 FY 23 it was INR 43.91 billion against the disbursement of INR 26.85 billion in Q3 FY 23

•Gross NPA ratio improved to 3.37% vs. 3.61% as at 31 st Dec 2022 and 4.40% as at 31st March 2022, improved by 103 bps over FY 22
•Net NPA ratio improved to 1.10% vs. 1.18% as at 31 st Dec 2022 and 1.34% as at 31st March 2022, improved by 24 bps over FY 22
•Provision Coverage Ratio increased to 85.0% as compared to 84.7% on Q3FY23.
•Credit cost 29 bps against 39 bps in Q3 FY 23 and 71 bps in in Q4 FY22; Credit cost at 149 bps in FY 23, 70% lower than FY 22.
•ROA of the Bank increased to 1% as compared to 0.78% QOQ.
•Net Interest Income grew 7% YOY and 5% QOQ to INR 1,211 crore;
•NIM was 5.01% vs 4.74% for Q3 FY23
•Other Income grew 32% YOY and 9% QOQ
•Cost to Income was 68.5%

Bank plans to increase their Advances and Deposits by 20% CAGR, Granular deposits by 50% and ROA/ ROE by 10-20 bps p.a./ 100-150bps p.a.

Kotak Mahindra Bank
CMP INR 1,933 Market Cap 3,680 billion
Consolidated:
•Consolidated PAT for FY23 increased by 23% YoY.
•the Return on Assets (ROA) was 2.62% for FY23 (2.36% for FY22) and for Q4FY23 (annualized) was 3.06% (2.94% for Q4FY22).
•Return on Equity (ROE) was 14.4% for FY23 (13.4% for FY22) and for Q4FY23 (annualized) was 16.9% (16.6% for Q4FY22).
•Consolidated Capital Adequacy Ratio as per Basel III as at March 31, 2023 was 23.3% and CET I ratio was 22.3%.
•Total assets managed / advised by the Group as at March 31, 2023 increased by 10% YOY.
Kotak Mahindra Bank Ltd:
•The Bank's PAT for FY23 increased by 28% YoY.
•Net Interest Income (NII) for FY23 rose by 28% YoY and for Q4FY23 increased to INR 61.03 billion, from INR 45.21 billion in Q4FY22, up 35% YoY.
•Net Interest Margin (NIM) was 5.33% for FY23 and 5.75% for Q4FY23.
•Fees and services for FY23 increased to INR 67.90 billion from INR 54.13 billion in FY22, up 25% YoY and for Q4FY23 increased to INR 19.28 billion from ₹ 15.75 billion in Q4FY22 , up 22% YoY.
•Net customer additions in Q4FY23 was 2.2 mn.
•CASA ratio as at March 31, 2023 stood at 52.8%.
•The provision coverage ratio stood at 79.3%.
Kotak Securities:
•Lower profits in FY23 due to decrease in cash segment market volumes
•Self-trading customers' accounts for 64% of cash market & 97% of derivatives market volume share of Kotak Securities in Q4FY2
•Monthly SIP Inflows up 21% YoY
•Overall market Share increased from 5.8% in Q3FY23 to 6.4% in Q4FY23.
Kotak Prime:
•NNPA decreased from 1.1% in Q3FY23 to 0.9% in Q4FY23.
•CAR for Q4FY23 is 28.4% as compared to 29.2% in Q3FY23.
Kotak Mahindra Life Insurance:
•Gross written premium Q4FY23 grew 16.1% YoY
•Overall protection premium for Q4FY23 grew 24.0% YoY.
•AUM (Policyholders') as on 31st Mar, INR 591.51 billion, growth 14.2% YoY.

IDFC First Bank
CMP INR 62 Market Cap INR 407.68 billion

•AUM of Wealth Management Business has grown 48% YoY to reach INR 92.68 billion as on March 31, 2023
•Profit after Tax for Q4-FY23 was at INR 8.03 billion, up 134% as compared to Q4-FY22.
•CASA Ratio is stable at 50%
•The Retail - wholesale Deposits mix for March 23 is 76: 24.
•Strong growth in retail deposits has significantly reduced dependency of the Bank on the wholesale deposits.
•The Collection % for retail and commercial loans continues to be high at 99.5% which in turn feeds into low Gross and Net NPA at the Bank.
•SMA 1 (31-60 days overdue) and SMA 2 (61-90 days overdue), put together are around 1.1% of the Book in retail & commercial segment. Based on this, NPA formation in future would be lower.
•Bank has maintained High Retail asset quality GNPA of 2% and NNPA 1% for a decade
•The cost to income for FY23 would be 69.68%. Bank has reduced Cost to Income ratio from 95% to 72% in 4 years which is expected to drop further going ahead.
•ROA improved from 0.08% in FY22 to 1.13% in FY23.
•ROE for FY 23 improved to 10.95% from 0.75% in FY22.
•Capital adequacy was strong at 16.82%.
•Customer deposits were at Rs. 1368.12 billion, up 47% YOY.
•Loans & Advances were at Rs. 1605.99 billion, up 24% YOY.

J&K Bank
CMP INR 60 Market Cap INR 61.84 billion

•Bank’s gross NPA has come down to 6% level, while net NPA is well below 2%, which are decadal lows on these parameters. They made a net recovery of INR 1,300 crores in NPA, which exceeds their guidance.

•NIM or net interest income did not grow during the fourth quarter. This is due to rebate given for about 50 basis points and for weaker sections 1%. This was a onetime thing because of the demand from the customers.

•Bank’s loan growth strategy outside of core area of operation is to be focused aggressively on booking the quality corporates, that is high rated corporates, AAA rated companies, and also the good Navratna and Maharatnas. Due to this, Incremental risk rates will be lower because they are actually now lending to a better credit quality portfolio.

•Bank is planning divestment of PNB Metlife stake. Book Value of which is INR60 crores and the valuations come at around 400 Crs, which leads to gain of around INR 340 Cr. The bank has not yet decided regarding when it will be sold.

•Bank is also planning to sell some of the loan assets to ARCs, as a recovery measure but that will happen in around Q2 FY24.

•Cost to income ratio has moderated to 66.22% for the year against 77.18% in the previous year, despite creation of proportionate provision for the wage revision due from November '22. Management plans to bring it down to 60% during the FY24 and further reduce it to industry standard i.e. 54-55% in next 2 years.

•Deposit growth is expected to be around 10%, which is same as industry standards.

•There has been some increase in cost of deposit due to higher growth rate in term deposits, which is a result of hardening of interest rates prompting shift from savings to term deposits. However, Bank's CASA at 54.10% is at a healthy level.

•Interest income is up by 25% Y-o-Y for Q4 and 17% for financial year. Net interest income is up by 22% Y-o-Y for Q4 and 21% for financial year. Net interest margin during Q4 was 3.94% and for the financial year 2023 it stood at 3.89%.

•Board of Directors of the bank have recommended dividend at 50% of the face value of shares. Bank has paid the last dividend to its shareholders for the financial year 2016.

•Outlook
Overall Positive outlook. Bank has improved its profitability from INR 501.56 Cr in FY22 to INR 1197.3 Cr, which is a good number. Further, Bank has laid down its loan growth strategy and measure to reduce NPA by selling to ARC. Bank has also declared a dividend @50% of FV after 7 years since 2016.

For financial year 2024, Bank's guidance will be credit growth of about 15%, NIM in the range of 3.75%, CASA in the range of 55% cost to income in the range of 60%, ROA around 0.90%, ROE around 14%, Gross NPA around 4.5%, net NPA around 1.5%.

Bank of India
CMP INR 80.05 Market Cap INR 328.49 billion

•Net Profit jumped by 123% YOY, which went up from Rs. 6.06 billion in Q4FY22 to Rs.13.50 billion for Q4FY23.
• Operating Profit went up by 69.67% YoY from Rs.24.66 billion in Q4FY22 to Rs.41.84 billion in Q4FY23.
• Net Interest Income (NII) increased by 37.77% from Rs. 39.87 billion in Q4FY22 to Rs. 54.93 Cr in Q4FY23.
• Non-Interest Income increased by 95.27% from Rs.15.87 billion in Q4FY22 to Rs.30.99 billion for Q4FY23, sequentially improved by 116% from Rs.14.32 billion in Q3FY22.
• RAM Advances grew by 12.29% YOY, accounting for 55.11% of Advances.
Guidelines
• Credit Book for FY23 improved globally by 7.8%, and domestically by 9.5%. The Bank's expects it to improve by 11.2% globally and 12.8% domestically.
• RAM advances are expected to grow by 55% for FY24 accounting for 45% of corporate finance.
• Bank has planned on raising INR 45 billion in equity, which will happen in parts. Fixed timeline for this is not decided.

Canara Bank Concall Highlights
CMP INR 312.4 | Market Cap INR 566.46 billion
•Canara Bank's net profit for the FY23 crossed INR 106.04 billion. Bank has declared a dividend of 120% of face value i.e. INR 12.
•Provision of INR 7.2 billion over and above PCR is made to strengthen the balance sheet against future shocks.
•AUM mix:
RAM 55%
Corporate 45%
•49% of total AUM booked under MCLR, which is reset annually. Of that 40% still to pending be repriced and bank believes that they'll be able to repriced it at a lower rate of interest thereby reducing cost.
•CRAR of Canara Bank is 16.68% which is among the highest CRAR among the peer banks in the public sector front.
•Breakup of Slippage: - No Corporate Slippage, Entire Slippage is from RAM.
•Bank received recovery of 2 accounts from ILFS group bank of INR 6 – 6.5 billion.
•Bank plans to launch 2 new products very soon, which will be women centric and professional students centric.
•Bank has achieved its Q4FY23 guidance as provided earlier, except for CASA guidance. Bank had given a guidance of 38% CASA for Q4FY23 and achieved 33.48% CASA. According to bank, there is a competition in market and customers chose to go for term deposits in a rising interest rate scenario.
•**OUTLOOK**
Bank has provided an advances growth guidance of 10.5% for FY24 as against 16.41% for FY23. Bank expects CASA to improve from 33.48% in FY23 to 35% in FY24, which seems reasonable. NIM is expected to improve to 3.05% in FY24 from 2.95% in FY23. Net NPA is expected to come down to around 1% from 1.73% in FY23. Overall company performance is positive

Indian Bank Concall Highlights
CMP Rs. 315 | M Cap Rs. 392.99 billion
•59% of Bank's Deposit book is MCLR. Out of which, around 40% is 1 year MCLR an 14% is 6 month MCLR.
•Bank declared dividend of 86% for FY23.
•Bank has seen higher MSME slippage this quarter.
Out of INR25 billion slippage, more than 50% i.e. INR 13 billion is from MSME, and 50% of MSME, i.e. around INR 7 billion is from the restructured book.
•Bank has made a provision of INR 118 billion for Expected credit provisioning losses (ECL) on a conservative basis, for which ECL guidelines are yet to be finalised. As per bank, there will be a higher provisioning requirement for restructured book and SME and hence higher provision is made.
•Bank has 94% PCR and they can use surplus provision partly for restructured book.
•Bank has received permission from the Reserve Bank of India to create their own subsidiaries.
So they are in the process of creating more subsidies, so they can outsource their work to them thereby saving operational expenditure.
•Bank's Gold AUM is growing @ 20% which will continue to grow.
•**OUTLOOK**
Banks overall performance is good. Banks credit growth is expected to be stable at 10-12%.
Banks GNPA reduced from 8.47% in FY22 to 5.95% in FY23, which is further expected to stabilise at 5% in FY24 and NNPA for FY23 is 0.9%. It is expected to stay below 1% in FY24.
NIM in FY23 is 3.59% which is expected to remain around 3.5%.

Ujjivan Small Finance Bank Concall highlights
CMP INR 29.3 | Current Market Cap INR 57.18 billion
•Bank has submitted an application to the Bangalore NCLT for merger with their promoter company UFSL Ujjivan Financial Services Limited and is awaiting approval.
•They paid an interim dividend of INR 0.75 and recommended an additional final dividend of INR0.50.
•Total deposits grew 10% quarter on quarter CASA grew 11% versus December, despite the industry trend of flattening cost structure.
•The MSME book has not seen a growth in FY '23. This is because, in line with the Reserve Bank of India guidelines with FinTechs, they had to move out of one of the relationships which reduced their exposure in the MSME business. They are currently working on two or three new partnerships, which should get great in the second half of FY24.
•GNPA reduced to 2.6% from 7.1%, while NPA is currently in the range of 0.04% to 0.05% for the last three consecutive quarters.
Bank's collection in asset quality continued to improve. It's NDA collections are back to pre-COVID days with overall collection efficiency, continuing to track the 100% mark.
•The restructured book now constitutes less than 1% of bank's total gross loan book with a very high provision coverage.
•Slippages in FY23 were INR 335 crores with recoveries of INR 506 crores, which have started to normalize towards the end of FY '23. Bank believes bad debt recoveries would continue during FY '24.
•Bank's NIMs for the FY23, stands at 9.5% which is in line with previous guidance.
•Bank plans to increase their investments towards branding and marketing in order to enhance brand visibility and consolidate on the good work that has been done during the past six quarters post COVID.
•This year bank plans to increase their operation to a new state Andhra Pradesh.
•**OUTLOOK**
Bank's gross loan book growth is expected to be 25% or more during FY '24.
Deposit growth for the year is expected to be 30% or more with further focus on CASA.
Bank's NIM is for the FY24 is expected to be 9% or more as against 9.5% for FY23.
ROE is expected to be around 22% for FY24.
Bank's MSME book is expected to grow in the second half of FY24.

Suryodhay Small Finance Bank Concall KTAs
CMP INR 132.15 | Market Cap INR 14 billion
Financials

•PAT increased 183% YOY from a loss of INR 0.93 billion in FY22 to PAT of INR 0.777 billion in FY23.
•Net interest income stood at INR 2.102 billion as compared to INR 1.834 billion, an increase of 14.6% QOQ.
•Cost of Funds reduced by 10 bps YOY, and is on the same level of 6.8% QOQ.
•Cost to income stood reduced to 58.3% in Q4FY23 as against 69.7% in Q3FY23.
•Pre-Provisioning Operating Profit stood at INR 1.017 billion (Q4FY23) as compared to INR 0.633 (Q3FY23) crores, an increase of 60.67% QOQ.
•NIMs improved by 110 bps on a QOQ basis from 9.3% in Q3FY23 to 10.4% in Q4FY23.

Asset Quality

•GNPA/NNPA improved from 4.2%/2.5% in Q3FY23 to 3.1%/1.5% in Q4FY23.
•Provision coverage ratio up 1530 bps QOQ from 36.2% in Q3FY23 to 51.5% in Q4FY23.

Business Performance

•Disbursement increased by 33.4% QOQ to INR 16.88 billion and Gross advances grew 13.1% QOQ to INR 61.14 billion.

VIKAS LOAN

•Loan Book size at INR 12.32 billion against the guidance of INR 12 billion for Q4FY23, with average ticket size of INR 70,000 and collection efficiency of 99%.
•69% of VIKAS loan is covered under Credit Guarantee Fund for Micro Units (CGFMU).

OUTLOOK:

Overall positive performance. Bank has met their Q4FY23 guidance in terms of asset quality, Vikas loan book size and PPOP. Further, in FY24, Gross Advances is expected grow by 30%, Deposits by 35%. ROA for FY23 stood at 0.9%, which is expected to grow to 2.2%, and ROE is expected to come at of 15%. Bank is further expected to improve their GNPA level to below 2.0% and NNPA level to below 0.5%. And, VIKAS loan book is expected to increase to INR 20 billion from INR 12.32 billion in Q4FY23.

SBI Q4FY23 Concall Highlight KTAs
CMP INR 579.3 | Market Cap INR 5.17 trillion

•Net Interest Income for Q4FY23 stood at INR 403.93 bn, up by 6.1% QoQ and 19.99% YoY.

•Net Interest Margin for the whole bank improved by 10 bps QoQ from 3.5% on Q3FY23 to 3.6% in Q4FY23.

•Credit growth of 15.99% YoY. Despite increasing interest rate, credit book continued to grow. Credit growth is expected to be 12-14% in FY24.

•Cost to income ratio increased by 560 bps QoQ to 54.7% in Q4FY23. Opex grew by 22% QoQ to INR 29,733 Cr.

•CASA ratio declined by 68 bps QoQ to 43.8% in Q4FY23.

•Bank increased interest rate by 16bps last year and has enough cushion available for MCLR to grow up.

•Capital Adequacy ratio stood at 14.68% for Q4FY23, up by 85 bps YoY. This capital adequacy of 14.68% can support 7% growth in deposit.

•Express credit card has seen a growth of 22.72% YoY. This is unsecured but better than secured portfolio, since more than 83% customers are armed forces, govt employee or employed professional.

•YONO contributes to 64% of credit card opening.

•Further, Bank has 1.7 trillion worth of projects which are Work in Progress.

•Declared Dividend at 1130% of Face Value i.e INR 11.3.

•OUTLOOK
Overall positive performance. ROA is expected to remain at 96bps and domestic margin is expected to be 3.5% for FY24.

Consumer Foods

Dodla Dairy Q4FY23 Concall KTAs
CMP: INR 501| Market Cap: INR 2,981 Cr| TTM EPS: INR 15.97
Outlook: We expect the next year to be much better in terms of procurement volumes, sales, realization, VAP shares, and margin expansion. We have a positive view of the stock for the long term as procurement costs have begun to trend back to normal levels. The positive impact of a better flush season is already visible as of Q1FY24.

Margins to improve
Strong summer sales
Attractive play
RM pressure easing off

•This year had record revenues. The domestic business grew 23% to INR 25,480 Mn and the international business grew 55% to INR 2,277 Mn. The African business also ramped up well.
•VAP sales surged 26% and constituted 27% of FY23 revenues (INR 7,408 Mn).
•The anticipated flush season for FY24 is in Oct- Nov.
•Profitability was maintained due to lower finance costs and higher OI.
•Procurement volumes for the year grew 11% to 13.8 LLPD and milk sales grew 15% to 10.7 LLPD. Curd sales were 324 MTPD (+20%).
•The company is net debt free.
•Orgafeed had revenues of INR 570 Mn (INR 50 Mn EBITDA). Orgafeed has helped improve village-level collections.
•Unseasonal rains during the year slightly impacted the sales of curd and ice cream.
•As of March 2023, they have 15 plants, 118 chilling centers, 580 retail parlors, 7,550 distributes, 2600 distributor agents, and 1.2 Lakh dairy farmers across 4,700 villages.
•The flush season for cows will begin in June and in October- November for buffaloes. It is anticipated to be better for FY24 and will reflect in margins from Q1 onward. GM improvement from lower procurement costs is expected to be 100-150bps for FY24.
•VAP sales are expected to grow by 1-2% in the next year.
•Realizations grew 8% and selling prices were up 14% during the quarter. This 6% gap was bridged with other savings.
•Stagflation in the economy is restricting volumes. Going forward, there will be no dramatic price increases as prices stabilize.
•Milk procurement is expected to improve in FY24 as farmers begin to produce more when prices are high but this has a lag of 9-10 months to account for insemination, pregnancy, and birth of the animals.
•Every year they generate INR 150-200 Cr. Since the business is not WC intensive they will be declaring a dividend policy soon.
•Procurement statements: Andhra Pradesh 36%, Karnataka 22% (can go up to 30%), Tamil Nadu 29%, Telangana 5%, Maharashtra 9% (can go up to 15-20%).
•The international business generated INR 30-35 Cr of cash. They are going to invest INR 5-10 Cr in a new acquisition in Kenya next year.
•Inflation in feed costs was passed on and is now seeing significant corrections but is unlikely to dip below the same level as last year.
•90% of Dodla's procurement is cow milk.
•They target a 15% sales growth with 10-12% volume growth. Currently, they have a lower depth than width with procurement. Procurement per farmer is 8-9L.
•Branding & marketing expenses are 9.7cr and the target for FY24 is INR 15 Cr.

•Standalone ASP is INR 55.55/ L and INR 23/L for FY23.
•Cash balances are maintained at INR 386 Cr. INR 100 Cr of this has been parked in the Singapore entity at 4-4.5% interest.
•MT + E-com is 0.5% of revenues.
•Average selling prices: Milk INR 51.2/ L vs INR 47.1 in FY22; VAP INR 55/L vs INR 57.4/L in FY22; Fats INR 450/ L vs INR 374/ L in FY22.
•In FY24, margins for curd will be maintained at 14-17% and 7-8% for milk.

Dairy Industry Update
•Milk procurement prices in India have been slashed by ~10% over the past 2 weeks and consumers are expected not to face any further price hikes.

•The upcoming flush season from October onward is expected to be better than last year as lumpy skin disease has mostly been done away with and feed prices have also corrected a fair bit which will lead to better milk yields supported by expected rainfall.

•The previously curtailed demand (from the aforementioned high inflation in milk to the tune of ~15%) will start to revive as summers were delayed this year which discouraged the sale of dairy products like buttermilk, curd, and ice cream in the latter half of FY23.

•The prices of SMP and butter have also corrected by 5-10% as the Indian dairy sector approached the central government demanding a reduction in SMP import prices as they were facing supply-side shortages that could not be met domestically.

•Outlook: We believe this will be positive for private dairy players like Dodla Dairy, Heritage Foods, Parag Milk Foods, etc. They are likely to get the benefits of reduced procurement costs and have high milk procurement in FY24 which will lead to improvements in profitability considering their strategy of growing the share of high-margin VAPs

Heritage Foods Q4FY23 Earnings Call KTAs
CMP: INR 204| Market Cap: INR 1,894 Cr| TTM EPS: INR 7.1

Outlook: We believe that better times are coming for the company has they aggressively expand their procurement and distribution network into newer territories and as procurement costs of milk stabilize. The focus on growing the share of VAP is a constant endeavour that will reflect in margins in the medium term.
•Average milk procurement during Q4 was 14.3LLPD (+18% YoY).
•Q4 also saw strong momentum of VAP registering a growth of 23.8% YoY.
•The growth recorded was consistently strong across all 4 product segments in VAP: Dairy, Drinkables, Sweets, and Ice- Creams.
•Margin profile improved y-o-y basis as well as q-o-q basis thanks to price correction and the execution of several cost-saving, value-creation initiatives across the value chain.
•New products launched during the quarter: GlucoShakti, a whey-based instant energy drink; a premium curd variant called Creamilicious Curd, 2 new flavors of milkshakes, Chocolate- Caramel and Cookie & Cream; A-One Spiced Buttermilk in cartons; and 2 new desi flavors of ice-lollies, Golgappa and Kalakhatta.
•Capex of INR 83.10 Cr in FY23, for procurement Chilling Capacity expansion and value creation initiatives. This capacity should be commissioned in the next 2 quarters.
•Milk prices during the year grew by INR 5.69, and procurement prices by INR 2.76.
•Expect a regular flush season in November as insemination has gone well.
•Volumes are consistently going up. Currently, they are up in double digits.

•The normal margin range is 7-8%. They have taken price corrections across markets along with many value-creation initiatives. VAP share for the year is close to 30%.
•Q4 had a revenue growth of 17.5% along with procurement volumes that grew 17.7%. They move in tandem.
•Procurement is sufficient to meet milk requirements. The company aspired to 2-digit growth on the top line and procurement. Expect to continue with this industry momentum into the next few quarters (11-12% industry growth).
•Milk prices went up in Q4 relative to Q3, hitting a peak in April. They passed on most increases to consumers and set up several initiatives for value creation and cost efficiency. The use of the cluster approach of procurement reduces costs.
•Milk procurement prices in Q1 have started to soften vs Q4.
•Unseasonal rains factored in the sale of VAP leading to lower sales on some products. There has been some pricing action taken in this category henceforth.
•June is expected to be hotter and dyer which is better for VAP sales.
•Margin pressures persisted because ~1.6% of price increases in raw milk were absorbed during the year and not passed on.
•They service 850-1000 outlets directly which contribute to 22% of sales including heritage parlours.
•Andhra Pradesh is about 40% of procurement and the largest contributor, followed by Maharashtra and Telangana.
•Cheese is a small contributor to revenues but is growing by 3 digits.
•They are growing the procurement network in western UP and into north India.
•Fuel efficiency will start to show up this year.
•Inventory days are currently 42 and are coming down as they have started consuming (captive) from March. The excess inventory will be consumed during Q2.
•Milk procurement volumes were 10.7LLPD during the year.
•Ice cream business strategy: The business had 80% growth in the last FY. The primary focus is on the core markets of AP & Telangana. It is a small contributor to revenue but a fast-growing one.
•Capex: No new plant investments. The current capacities are sufficient. We expect INR 50 Cr in the existing plant for the ice cream business. The current plant setup can cross INR 100cr sales in ice cream.

Mrs. Bectors Food
CMP: INR 717| Market Cap: INR 4,217 Cr| TTM EPS: INR 12.96

Outlook: We believe the company will do well in high-growth segments like the premium market as it continues to venture into new geographies and strengthen its distribution presence, as well as its export presence. The continued investments made in advertising, and selling will pressurize margins in the short term, but thus will abate. The near-term top-line growth is expected to be strong.

•Inflationary pressure is seen across businesses.
•Distribution expansion and marketing focus. Premiumization and pricing actions offset inflation pressures.
•Enhanced presence in new geographies and existing ones in both biscuits and bakery.
•Export business strong in new markets like South America, MENA, North America, and Europe with premium products.
•Premiumization in bakeries led to growth in Mumbai and Bangalore.
•The Institutional bakery business acquired new clients.
•The biscuit plant estimated commissioning in Q1 and the bakery plant by Q2FY24.
•The 2 expansion plans in MP and Maharashtra are expected completed by FY24-25.
•2x retail touchpoints by March 24.

•Biscuits segment in Q4 +42%, bakery +34%. Domestic and export biscuits grew in high 2 digits. Retail and institutional bakery business grew in high 2 digits
•Bakery business in FY23 +44%, and biscuit business +36%.
•Margin in FY23 +50bps.
•GM has stabilized. Commodity prices have settled and there is no need for further prices.
•The 2 lines in Rajpura for biscuits were commissioned this quarter and will add 2000 tons of cap. Revenues can grow INR 24-2500cr revenue with this year's and next year's capacity.
•Export growing well across all regions. GCC initiative to set up new distribution execution is going well. Team and offices in Dubai along with a 100% subsidiary established will contribute well going forward.
•Bread and biscuits in the newer markets of Mumbai, Delhi, and Bangalore can expect 30% + growth. Good expectations from Mumbai as the 2nd largest market outside Delhi.
•The biscuits segment expects high teens growth and they are investing in S&D and marketing.
•They are currently at 2.7 lakh distributors and are on track to reach 3.6 lakhs by FY24.
•Both businesses are in the same range of growth. Working toward premiumization on both domestic and export markets and driving premium segment of SKUs.
•The premium category of bread is growing faster than mass. They also support retailers in terms of additional SKUs. Currently, they are rationalizing the number of outlets in regions like Punjab.
•Want to maintain high teen growth consistently.
•Biscuit is a very competitive market and they are following the market leader and taking price actions accordingly. No pricing action was taken in Q4 and they won't be taking any so far.
•Maintain a range of 2.5-3% for marketing and ad spending which might increase depending on market situation.
•The domestic biscuit segment has a high market share in the north and expects a high 2-digit growth. The lower part of the north is seeing investments heavily in distribution. This region will have higher growth because of the low share. North markets have grown their share from 3.8% to 4.6%.
•Price growth of 12% during the year and the rest from volumes. The export market had higher pricing growth.
•Capex INR 125cr for FY24.
•Hyper premium market shelf space by investing in merchandising and with no heavy discounting. Premium products have a 17,000 outlet presence. It is a play on quality and the trade days are almost the same. Volume growth is not much as it is too early to see growth. South and West should start contributing well in the next 2-3 years. Currently, the premium products have only been available for 9-10 months and are penetrating fast through modern trade in domestic biscuits. Growth is primarily from north India.
•Debt for capex will be 65-70% of capex and balance from owned funds.
•The bakery business has better margins than the biscuit business. Bakery contribution has remained stable.
•Set up 4 café where 80% of bakery products are available in the market. It is currently in a very nascent stage.

Restaurant Brands Q4FY23 Earnings Call KTAs
CMP: INR 107| Market Cap: INR 5,826 Cr

•The India business had revenue growth of 52.6%, GM expansion of 60bps to 66.4%, EBITDA M expansion of 190bps to 11.5%, and SSSG +23.1%. Net restaurant growth was 76 (opened 88, closed 12). The restaurant count was 391. Restaurant EBITDA was 17.3% (+110bps) and 18.3% for Q4 (+50bps). 275 BK café was launched during the year. BK app +327% YoY. 15 restaurants are under construction and 38 are in the pipeline.
•Indonesia's business harmed EBITDA from new store openings and investments in marketing. The back-to-basics initiative helped increase brand visibility and reduce operating costs. The store count is currently 186 and GMs are 58% vs 56% in FY23 not including the new Popeyes stores. In FY23 they opened 10 new Popeyes stores that have 2.5-3x higher volumes than the BK stores which is a record launch for Popeyes around the world. They target 25-30 store openings by FY24. There were new launches in fried chicken and desserts to fill the gap between the offerings and the Indonesian diet.
•Q4 was a little softer in terms of ADS, but the visible inflationary pressures are abating now.
•They target 450 stores by FY24 in the India business and 700 by FY27 (325 for Indonesia).
•The dine-in PMIX has grown 9% to 58% and will continue to shift further.
•There are shifts in the fixed cost lines which will reflect in EBITDA- visible operating leverage.
•In the Indonesian business, the current focus is on making BK cash even. They are currently focusing on store investments.
•In India, they have scaled up promotions on the veg and non-veg offerings, especially with the addition of more value items on the menu, limited edition whoppers, and pure veg offerings.
•In Indonesia, they have also scaled up on value offerings with two variants of fried chicken and built burger leadership. They have also partnered with Nestle and launched desserts that have picked up well with 3x volume growth.
•The target GM is in the range of 67% and to attain this they are working on their media strength. Marketing expenses are currently 5% and will remain slightly higher for the Indonesian market.
•The SSG target for FY24 is 10% and will be 8% in FY25 onward.
•ADS is currently at INR 1.15- 1.18 lakh which will increase with future sales promotion and media which will drive in-store traffic.
•Next year, the Indonesian market will reach cash breakeven. Many BK stores will be rationalized and 15 new Popeyes stores will open. They are still working on the products and marketing spends are high and will remain so into FY24. ADS breakeven will be attained then.
•The overall macroeconomic environment should start recovering in May 2023.

Devyani International Q4FY23 Concall KTAs
CMP: INR 174| Market Cap: 20,981 Cr| TTM EPS: INR 2.26
•This year they crossed the INR 3,000 Cr mark on the back of healthy store addition.
•They established 1,243 stores this year. The store count of KFC and PH crossed 500, and Costa crossed 100. Effectively 2x the store count over 3 years ago.
•There was an increase in value offering this year to create long-term value.
•Chizza & peri peri range on the premium end sold well.
•The PH menu was refreshed with 10 new additions of pizza and sides.
•High inflation in H2 dampened demand a bit.
•Consumer spending is expected to pick up in H2FY24.
•NNS addition in FY23 was 305 with 66 of them opening in Q4.
•They continue to pursue non-metro areas (53% of sales) as a part of the mass market play.
•Revenues for the year were up 44% with a 33% increase in store addition.
•Input costs put pressure on GMs bringing them down to 70% vs 71.2% last year.
•Brand contribution to margins was 18.7%.
•KFC had an NNS addition of 123 in India, an ADS of INR 1.17 lakh. Inflation in raw chicken prices impacted GMs. SSSG was at 16%

•PH had an NNS addition of 93 in India, an ADS of INR 42,000, and an SSSG of 4.4%. Milk price escalation and higher share of low-margin product mix (more value offerings) pressurized GMs.
•The company is working toward improving margins in the value segment as well.
•Costa had an ADS of INR 35,000 and also faced pressures on margin from inflation in coffee and milk prices. SSSG was 56.3%.

Zydus Wellness Q4FY23 Concall KTAs
CMP: INR 1,482| Market Cap: INR 9,430 Cr| TTM EPS: INR 10.44

•Gradual demand recovery was seen but urban demand remained better than rural demand. Rural demand has bottomed out now.
•There was a 4.5% volume growth (4.8% for Q4) with a 12.8% growth in net sales for FY23.
•Inflation in key inputs has stabilized. GM gap has reduced.
•Inflation in fuel and labor costs continued. Temporary outsourcing of manufacturing of Glucon D also increased other expenses.
•Continue to increase market shares of Glucon D and brand momentum remains good as various extensions were launched. The glucose category grew by 10.7%. Glucon D's market share is 60.1% (+159bps YoY).
•The health food category slowed down and so did Complan. The brand has intervened in pouches which helped and so did the various campaigns. There was an overall category de-growth of 1.1% and the company's market share was 4.5%.
•Sweeteners revived and so did Sugar-Free in H2 with new launches and aggressive media campaigns.
•Personal care portfolio was supported via TV and digital campaign. The face scrub category grew 9.1% and Everyuth maintains a share of 40.1% (+60bps).
•Nycli maintains a market share of 35.4% +157bps
•Dairy and spreads- Nutralite continues to be supported by digital campaigns.
•The absolute quantum of one-offs is half of the increase in expenses this year.
•March and April had some weather problems. The current view on the length of the summer remains mixed.
•International business is spread across 25 countries with the top 5 countries constitution ¾ of the business and sugar free+ Complan contribute to 80% of the revenues. There were some supply chain issues in New Zealand and South Africa. In the long term, we expect the international business to deliver high 2-digit growth accretive to domestic business. For FY24 the international business growth will be flattish.
•New products constitute 3.5% of sales.
•Volume focus will continue for the next couple of quarters.
•Seeing good traction on Nutralite on volume and value in B2B in core and new markets.
•Seeing consistent 2-digit momentum on everyuth led by scrubs and peel-off masks. Wash-off masks have also done well. Product extensions like lotions will continue.
•100% of the field force has been digitized for better support. It has helped drive SKUs and the range sold. Digitization has been implemented broadly on the front and back ends.
•Certain states and geographies have been targeted for distribution expansion based on data and brand traction. These markets aren't' completely untapped and will be taken from indirect to direct servicing to allow for better product reach.
•New launches have reach and repeat sales targets. Course corrections are made after the first years of learning in pilot markets.
•Price hikes helped manage GMs. Further price increases will be taken as need be.
•Stock up of inventories and receivables seen this year was because of credits offered to customers and stocks accumulated as strategic backups. These are temporary.
•They appealed to the higher court to get some branding issues sorted out this year.
•The highest contributor to sales is Glucon D.

•Complan had higher inflation compared to other products. Specific pricing actions were taken in complan to compensate for this.
•It will take a long time to revert to the 18-20% GM level.
•Ad and sales promotion spending will be at 12.5-13% going forward.
•The tax rate will be ~25% going forward.
•7-8% of the India business is done via international units.
•Outside India, there is no significant milk price pressure. Some of complan are supplied via units in New Zealand and Oman which aren't facing them.
•Some demand has moved toward LUPs. Especially rural areas which have seen visible downtrading in glucon D and complan.

ADF Foods Q4FY23 Earnings Call KTAs

CMP: INR 832| Market Cap: INR 1,827 Cr| TTM EPS: INR 23.45

•This quarter recorded the highest-ever revenue and PAT, indicative of a strong demand momentum.
•The board approved a 1 to 5 stock split (FV 10 to FV 2).
•Launched 35 new products and 2 new categories- plant-based meats and frozen desserts. Increases in shelf space were seen throughout the year.
•OCRPS of FV INR 10 for
•Developing a sole brand- targeting more d2c listing and urban-centric product offerings in focus
•Softening of freight costs helped with margin expansion this year.
•Inflationary pressures continue in key markets. Cost optimization and operational efficiencies improve.
•Greenfield expansion in Surat is to be completed in the next 18 months (by Q2FY24) and will expand the frozen foods capacity.
•Debottlenecking was done at the Nasik and Nadiad plants for which they incurred a capex of INR 5cr creating a potential revenue of 30cr.
•Significant investments in subsidiaries were made during the year which will yield in the future- infrastructure investments were made to improve the supply chain.
•ADF USA did not contribute last year due to supply issues which caused an impact of INR 7cr on profitability. It should see some turnaround and lower losses in FY24.
•Supply chain disruption during the year caused an impact of INR 5cr on PAT.
•Heavy investments in sales and marketing during the year caused a loss of INR 2cr.
•Main agenda for US business: They have 3 subsidiaries; 1) ADF Foods USA which incurred a loss as they had a problem with a supplier for some products which were made locally. There is litigation with them and the business did not contribute which was a reason for losses. 2) The distribution business has grown significantly since ADF has taken it over. Now it is moving up the chain, supplying more retailers which led to the growth of the Ashoka brand in the US. Investments in warehouses were made for this business. 3) The agency subsidiary under the Unilever and Eketerra brand agency. Since Unilever sold to Eketerra last year, the transition caused delays in supplies which led to lower sales. ADF Foods USA is looking for alternate suppliers which will get this resolved this year. So far they have spent USD 60,000-75000 on litigation fees. The issue is likely to settle by September. ADF Foods USA looks to generate profit in FY24 from the US business.
•ADF Soul is a new brand for India that they are going to launch. They did a test launch on Amazon and their own site and plan to launch on e-commerce sites as well. The brand is in investment mode for the next 2 years. The initial launch will be a digital post which will move to MT and then GT. Over 5 years it will be present across all verticals.
•Margins are sustainable at the current FY23 level and should be able to improve. Q4 was an exceptional quarter in terms of margins. There is usually a slight decline in sales in Q1 and then it moves up quarterly from there. Freight costs have come down from 18-20% to 8% and the benefit will be passed on to customers in the form of consumer offers.

•The Patanjali business started off late and generated GBP 1mn revenue. More products are being added and growth will continue up to 100%this year. This is only for the UK and Europe. They are still working on some labeling requirements and hope to complete them by September. The Europe business will start by H2 as commercial production begins 18 months after breaking ground. Phase 1 will entail an investment of INR 50cr, Phase 2 will entail INR 30cr of investment. On completion of phase 2, it will contribute 3x of what was invested i.e. INR 250cr to revenues.
•B2B private label is 30% of revenues and 70% of the business is branded of which Ashoka is the main product. We expect it to keep growing as it caters to a South Asian demographic. The 'truly Indian' brand caters to mainstream consumers. It was recently launched in Germany and US and is now expanding its product portfolio.
•Standalone business growth will be around 25%. They want to double it in the next 3 years.
•Freight rates softened which helped profitability. They will go down further as they are not yet at pre covid levels. They passed on some freight benefits to consumers through some offers. Margins in FY24 will stay at a similar level to FY23 (18% for consolidated business).
•They booked INR 50L of PLI benefits in FY23 since the PLI span changed from FY25-26 to FY23-27. They expect to book INR 8cr next year.
•Marketing spending across the board has ramped up significantly. Benefits will accrue in the future as it is an ongoing process helping the brand grow.
•US distribution agreements: 2 are currently in progress. Since the Unilever business split, the new owners signed 5-year agreements with the company. Conversation with one more to complete in the next 2 months.
•Presence across 3 verticals: General trade with a more South Asian target has 2 locations being serviced directly (i.e. the retailers), and other locations are being serviced by 10 distributors that are working to expand shelf space and will mainly sell Ashoka brands. Modern Trade: Target, Costco, and other supermarkets alike will cater to non-Indian and mainstream markets which have a huge runway. College stores and campuses (food service channel) have a new head of food services who will join from 15th May.
•PLI scheme will be put toward marketing and brand promotion. Every year it will increase for the next 4 years as sanctions were given based on revenue projections. They expect to get INR 61.35cr for which they need to invest 2x that over the next 4-5 years with 20-25% growth in top-line share. INR 8cr of PLI benefits will go up to INR 10-12cr in the next year. In the last year, It will be INR 15-16cr.
•A reasonable timeline for USA supply improvement is by September in terms of the current litigation. They are in talks with another co-packer and need some approvals on that facility by September. The margin profile of this business used to be 12-15% EBITDA.
•Other businesses are being looked at on the 'truly Indian' side. It should happen fast this year and expand its presence.
•Supply-side positioning: Debottlenecking taking place in at least plants is operational and created additional revenue potential of INR 30cr over the next 2 years to the existing INR 100cr of revenue potential with an investment of INR 20 Cr over the past 2 years. Greenfield plants are to become operational next month, and complete phase 1 in 18 months. Greenfield units entailed INR 80cr capex and will deliver 3x revenue.
•Not looking at any new brand acquisitions in India as there are much better value propositions in international markets.
•Unilever hived off the tea business to another private equity and the transition wasn't as smooth which led to degrowth and losses. Expect Eketerra and the Patanjali business which started late last year to become 2x in size in Europe as well.
•They are also close to tying up one more distribution agency in the next 2 months in the US and supplies will come in by September. The distribution business should give 10-15% growth not considering the new agency and 15-20% with the new distribution business. Co-packer plants will add INR 32cr to the top line once discussions are completed and once brands return to the shelves

Varun Beverages_ Q4FY23 Concall KTA's
CMP: INR 1,417| Market Cap: INR 920,424 Mn| TTM EPS: INR 19.55

•There were some weather disruptions in some parts of India during March
•Greenfield capacity at Rajasthan and the 6 brownfield capacity expansions have been commissioned
•The greenfield capacity at Jabalpur is expected to operationalize soon.
•The production facility at DRC's construction is underway and should operationalize by the year-end.
•Energy drink products have established a leadership position in the category.
•Value-added dairy has shown good growth momentum and consumer response. There is to be an increased focus on value-added dairy, fruit juice, and energy drinks as the next leg of growth.
•The final dividend of INR 1 was declared, taking the total DPS to INR 3.5. A 2-for-1 stock split has been recommended.
•They are focusing on expanding distribution reach and production capacities.
•Strong growth was witnessed across all KPIs.
•Q4FY23 had 224mn cases (+24.7% YoY) from strong demand across all regions in India.
•Realization per case +10%- price increases
•CSD constituted 71.2%, JBD 7.4%, and Drinking Water 21.4% of volumes in CY2023.
•Healthy demand environment visible entering into the peak season.
•Juices as well as value-added dairy are having plants constructed to add capacities which will be reflected in the sales next year.
•Competition is going to increase next year from campa cola and reliance.
•Roll out of visi cooler infra going forward will keep on enhancing as the no. outlets grow.
•PET inventory is maintained for 6 months usually, which is causing inventory levels to be elevated at this time, and will go down by June. GM improves as commodity prices are under control
•Debt added during the quarter was INR 400cr. Capex spending was targeted at INR 1500cr for the quarter, a majority of it has been spent.
•Sting volumes remain in the double digits as demand momentum is strong. This growth is not expected to taper off.
•In FY24 they will be ramping up their capacity on sports drinks (Gatorade) and value-added juices (Tropicana) and dairy (cream bell). Selling prices are much higher than for soft drinks.
•Subsidiaries doing well, but there have been some issues in Zambia with currency depreciation that affected results. However, that is strengthening now.
•Net debt by the end of this year will be almost INR 4,000 Cr when the plants in Maharashtra and UP operationalize. They are also looking to set up plants in Orissa and DRC at the end of this year.
•They are looking to add 70-80,000 visi coolers in the medium term.
•Distributors cater to 3mn+ retail touchpoints. They are looking to add 300-400,000 more in the medium term. The distributor network will grow 10-12% to accommodate this.
•Region-wise growth has been stable on a pan-India level give or take a couple of small states.
•Rural growth is bouncing back and is ahead of urban growth, however, it is partly climate dependent.
•The management has guided for an improvement in ROE/ ROCE by 100-125bps over the next 3-4 years.
•Dairy volume contribution is still minuscule as there is yet only one plant to service the whole country.
•Gatorade will be scaling up heavily as it is a niche product, but they now want to market it to more regions and outlets which will commence early next year.

Radico Khaitan Ltd- Q4FY23 Result Con call KTAs
CMP INR 1135; Mcap INR 151,719 mn

•Price hikes and backward integration will help in margin expansion over long term

•Q4FY23 Results Total Volumes at 7.24 mn cases down by -0.7% YoY led by increase in prestige and above volumes on YoY basis and robust supply chain
Revenues at INR 832cr up by 2.4% Yoy led by growth in volumes and realisation
Gross profit at INR 337cr down by -2.8% YoY led by commodity inflation YoY
EBITDA at INR 80.1cr and margins at 9.6% contracted by 60 bps QOQ due to high input costs in regular and others segment; Net debt at INR 696 cr

•New launches The company added 2 more brands that is Morpheus Premium Brandy and 1965 Spirit of Victory Premium Rum which sums up to 7 brands in total with volume of million cases annually. The response from ready to drink vodka has been received well in the markets of Karnataka and the company plans to launch it in Maharashtra and Daman and within a year or two make it a National product.

•Performance The company has delivered satisfactory performance, the challenges were mitigated by consistent focus on consumer centricity, sustained investment. The company have reported robust volumes in Prestige & Above category with 17% YoY growth over high base led by good growth in all its brands, the premium brands have grown faster. The premium brands now accounts for 37.5% of total IMFL volumes.

•Margin, RM cost and Prices The gross margins contracted due to continued commodity inflation on YoY basis specially in non IMFL business, the increase will get in impact of 850 bps in the input cost. In the IMFL segment the company was able to take price hikes in UP, Telengana, Rajasthan and Karnataka which help in mitigating the inflated RM prices to the extent of 300 bps and along with optimized product mix the mitigation will be upto 450 bps. The company also expects contribution of backward integration to bring in additional benefit of 180 bps in coming quarters. These all efforts will help expanding margins.

•Backward Integration The company is working on Rampur Dual Feed which is a 150 KLPD plant and bottling unit which got commissioned in Jan 2023. The backward integration will help improve the margin by 180 bps and gross margin perspective there could be a straight improvement of 200 bps, from Q2FY24 onwards the benefits will start reflecting.

•Expansion and capex During Jan 2023 the company commissioned the dual feed plant at Rampur and also started bottling operation within the committed capex estimate and timelines. During FY23 the company has spent INR 608cr on Rampur and Sitapur projects.

•Outlook: The company is consciously cutting down on the sales of certain brands which fall under Regular and others as the input cost is high. The premium products are growing faster, the company has also taken some price hikes and the backward integration will again bring in operating leverage benefits. We believe the company has good growth story in long term, the margins are expected to reach mid-teens in few quarters and 19% kind of margins in 2 years.

Tata Consumer Q4FY22 Concall KTAs
CMP: INR 734| Market Cap: INR 693,693 Mn| TTM EPS: INR10.23

•Growth in volumes was seen in Indian beverages and It will reflect in market share gains going ahead.
•India foods saw high volumes despite price increases.
•Margins in salt are back to the normal range (GM of 33-37%) as they have taken aggressive pricing actions on it. We expect both the tea and salt business to grow in mid-single digits in volume in the long term. Revenue growth was seen this year significantly because of pricing but it isn't sustainable, hence they continue to focus on volumes.
•International business has started to stabilize.
•Continue to drive India's growth business as it is growing beyond tea and salt. There was a 50 bps dip in market share in tea. Market share was gained in salt despite inflation.
•FCF conversion to EBITDA is 99%.
•The hyperlocal drive continues. Geographies of the north are higher weighted and they are stabilizing rural demand in the south.
•Many value-added launches were seen in salt beyond the base of Tata salt.
•Salt share grew 76bpa on a MAT basis.
•F&B saw 2x launches this year. There were many new categories- from expanding Himalayan and entering the protein space.
•They are starting the process of collapsing international entities in Bangladesh and consolidating stakes in South Africa.
•There was a big focus on the RTC/ RTE portfolio as it is now up to 15% of India's business.
•Significant progression was seen in the acquisition of Soulful from an INR 180 cr to an INR 600 cr brand. It saw very high innovation and an expanded footprint and capacity. Distribution was up 70% YoY. Soulful saw 2x revenue over last year. The 10-rupee pack was instrumental in reaching 3,000 outlets.
•RTC's international expansion has also kicked off.
•Starbucks is now present in 41 cities. They have revamped food for better options and are also revamping interiors. They are accelerating store openings in Starbucks and the business is EBIT positive.
•Seeing a slight softening in tea prices. Coffee is also coming down but has stabilized at slightly higher levels.
•They have taken pricing and cost restructuring across markets in the international space which led to EBIT revival and maintained market shares in US, UK, and Canada. Margins are intended to improve from historical levels. Net EBIT margins have always been accretive historically. International margins will come back solidly in Q1-Q2FY24 and will be accretive by 100-150bps going forward.
•The tea business was subdued by demand challenges, but volume growth will come back in FY24. Inflation, rural stress, and the geographies of the north reduced tea demand.
•The profitability of the Indian business continues to be better than the international business.
•FY23 saw huge volatility in commodities and many geopolitical issues which caused stress across businesses.
•Increased ad spends in absolute terms YoY was seen. Growth is planned around promotional activities and they won't be cut to push the bottom line. They want to keep fuelling brands going forward.
•Tea market share in states where they are underrepresented will grow via a cluster-wise implementation strategy as pricing and A&P move separately across separate geographies. They are weaker in the south, and stronger in the north except in eastern UP and have made traction in weaker markets which showed an upward trajectory on market shares till 2 quarters ago. Since they are trying different growth strategies to boost the overall portfolio which led to slips in market share. Supporting distribution scale in 20,000+ towns will require significant expansion planned in Q1-Q2FY24, especially with salt and tea. Weakness in market shares is mainly in semi-urban and rural areas. Direct distribution has tripled in the past year. They currently have 1.5mn outlets. They plan to move to 50,000+ towns, with a target of 4mn outlets.
•8 o clock coffee saw a 20% volume decline from lower grammage but resulted in revenue increase and normal margins. There was no significant drop in market share.

•Since the plucking season is starting again, volumes will be coming up on tea and will continue. Pricing will depend on crop availability and margins will be maintained accordingly. FY23 had floods and droughts which impacted crops and prices. Sri Lanka entered the market and Russia left which drove up prices.
•Nourishco was entered 3 years back in the east and south and there is a current focus on the east, west, and north. They are present in 75-80% of states with a focus on expanding distribution and manufacturing by building up existing geographies. They have a 4-digit number target for their outlets and a revenue target of INR 160cr by FY24.
•The F&B system used common salesmen for tea and salt but as they scaled and expanded the salesman became bottles. To overcome that they are expanding the distribution route in 10 lakhs + towns which has allowed for an easier focus on Sampann.
•Moving into a double-digit market share on masala oats and they are working on expanding distribution.

•Outlook: Domestic volume growth and International business margins are on a recovery path. There will be revenue growth in its mainstream categories (tea, salt), and market- share gains on account of premiumization, adoption of WIMI (winning in many India's) strategy, and expansion in the direct distribution network. They are adopting a split route of distribution for F&B which will help to improve available assortment in all towns having population of more than 1 mn. They are also aggressively innovating on the F&B portfolio. Improving profitability of its international business via divesting loss-making geographies and focusing on high-margin non-black tea variants will lead to the international business being margin accretive in the near future.

Prataap Snacks
•Revenue misses due to curtailed demand coupled with margin expansion from visible input price softening. PSL's Revenue grew 11% YoY to INR 398 Cr (-4.79% QoQ) vs their quarterly revenue estimate of INR 410 Cr. Gross Margin expanded 718bps YoY to 31.49% (+248bps QoQ). EBITDA grew 282.83% YoY to INR 19 Cr (-19.15% QoQ) and the Margin expanded 352bps YoY to 4.89% (-59bps QoQ) vs their estimate of INR 51 Cr and 12% respectively. PAT grew 7x YoY to INR 22 Cr (+311.39% QoQ). **During the year there was a PLI reversal of INR 11 Cr due to the inability to meet annualized sales criteria due to the sluggish demand environment owing to high inflation. This was shown as a reduction in other operating income. The reversal impacted operating revenues and EBITDA.**

•Margin expectations: The company can exit FY24 at 9% margins (ex-PLI benefits) i.e. by Q4FY24 (an additional 1.25% including PLI benefits. The expansion will come from cost savings (success of the DDM, overhead optimization in factories, bottom slicing, and range selling) as well as operating leverage benefits as they had invested heavily in salaries for the growing sales force which won't go up drastically as a percentage of sales from here on.
Softening in key commodity prices and recovery in the demand environment: Inputs like RPO, packaging, and corn have come down significantly from their pandemic peak price and are unlikely to go up significantly from current levels. Wheat prices are still slightly volatile. The general level inflation has also begun to moderate which will result in volumes beginning to return in FY24.

•Avadh merger: The merger has been concluded which will lead to significant synergies between the two companies. Avadh displayed strong growth during the year- in line with the parent company, and with double-digit margins.
PLI Quantum: If the company manages to achieve the target growth of 15-17% in select categories for FY24, there can be a PLI benefit of ~INR 26-27 Cr recognized on a full-year basis. Going forward, PLI benefits will be recorded conservatively i.e. when they are earned, rather than on accrual as they were during FY23.

•**Shrinking share of the INR 5 pack:** As of FY23, the share of the INR 5 pack to revenues was 85% vs 90% last year. This share is expected to come down to 70% in the next 2-3 years as they shift toward larger packs with higher margins.
•**Focus on profitable products:** Products like pellets, fryums, potato chips, namkeen, and other extruded snacks are high margin. The company is pushing them more to distributors and retailers vis-a-vis other products.

•**Headroom to grow capacity utilization and expected capex:** The company is currently running at 55-60% utilization which can go up to 80-85%. They continue to invest under the PLI scheme (the new plant in Jammu & Kashmir), and the total investment over the next 2 years will amount to INR 100-105 Cr.

Q4FY23 Earnings Call Highlights:

- The company enjoys a net debt-free status and a healthy cash position. They will declare dividends for the next year, and meet their capex needs internally.
- About 55% of their sales come from the DDM and the remaining comes from traditional wholesale.
- There was an improvement in WC days from 22 to 13.
- Once the company hits double-digit margins, it will start spending more on advertisement and promotion to improve visibility.
- The ring category was down during covid and is now showing signs of improvement.
- Cost savings from the DDM model in FY23 were close to ~1.25%.
- PSL was one of the few companies to gain market shares in H2, despite a bad market.
- Namkeen category is less than 12-13% of sales vs 50% in the industry. They are trying to increase namkeen sales and are adding new products for the same, as it has a better margin profile. It should improve over 1-2 years.
- The share of potato chips is 23-24%.
- 75% of the manufacturing is done in-house and the rest is outsourced. Namkeen production is centralized in Indore.

Outlook: We believe the worst is over for PSL as they are already starting to see better times. There will be a steady recovery in margins in the quarters to come with operating leverage benefits and improving demand.

KRBL Ltd – Q4FY23 Conference Call Highlights

CMP INR 364.8 || Market Cap INR 85,870mn

Significant growth in revenue was led by higher volumes and realizations, margins affected by higher share of lower price SKUs. Exports were at record high for the company during the year.

Revenue increased by 30% YoY in Q4FY23 to INR 12800mn. Domestic revenue increased by 38% and export by 18%. Basmati revenue growth was led by growth in volume and higher prices.

Gross margins were lower in Q4FY23 to 26.5% owing to higher input costs and higher share of bulk non-basmati sales in exports. Volumes were affected due to no bulk basmati sales during the quarter. EBITDA margin stood at 14.1% for the quarter.

Inventory at the end of Q4FY23 stand at INR 23,960mn for rice and INR 16,160mn for paddy. Inventory level is higher due to the higher demand experienced by the company.

Unity Brand for the company has been a highlight performer contributing INR 8000-10000mn to annual revenue. The brand is well poised to cater to basmati rice demand both domestically & internationally, it would play a significant role in growth for the company moving forward.

Export Business: Export sale increased by 33% mainly due 38% higher basmati sales realization, partially offset by marginal drop in basmati sale volume by 2% in FY23.

Domestic Business

Domestic revenue increased by 38% in Q4FY23 on the back of highest ever household penetration of more than a crore. Market distribution has increased by 40% leading to better market coverage and availability.

• The growth focus area has pivoted from loose basmati to branded basmati for the company, premiumization and health portfolio will be growth lever for growth.

Expansion Plans: Gujarat Plant expansion is complete and the plant is expected to go live in June'23. Karnataka plant land acquisition has been completed. Land for Madhya Pradesh plant has been finalised.

Industry Scenario

World rice production has fallen in FY23 due to lower production in China, Pakistan, Sri Lanka and Nigeria. Global rice trade stood at 53mn tonnes in FY23 due to exclusion rules from countries such as India on imposing custom duty on non-basmati rice. Broken rice exports have been affected after the ban from the government.

• Basmati production in India has grown by 12% in FY23 on YoY basis, rice also observed a price increase in both basmati and non-basmati categories owing to the growing demand in domestic market. Increase in basmati rice prices were due to expectation of lower yield on account of unseasonal rains, limited carryover stocks, high export demand and high prices in Pakistan.

• Outlook: Exports for Q1FY24 are expected to be near to INR 5000mn, margin recovery is expected during FY24 at 18%. Basmati production is expected to be higher, prices have been buoyant and El Nino affect might be weak. New FSSAI regulations for basmati rice would benefit the company. The company expects Saudi business to comeback to previous levels of INR 10,000mn. Domestic business is experiencing good traction with increased penetration and consumer loyalty despite concerns about lower demand.

Energy and Power

Sterling and Wilson Renewable Energy Ltd – Q4FY23 Conference Call Highlights
CMP INR 306| Market Cap INR 58,169mn

•Revenues

Total revenue for Q4FY23 stood at INR 880mn, Revenue was impacted during the quarter due to cost increase on account of certain cost provisions made, which impacted the percentage-of-completion and led to a revenue reversal in ongoing EPC projects.

•EBITDA for Q4FY23 stood at INR -3,550mn and PAT for Q4 stood at INR -4,210mn.

•Gross margins remain suppressed primarily on account of International EPC projects.

Orderbook

•Unexecuted EPC order book of INR 49,130 mn, 2023 with nearly 90% domestic EPC. Executable over the next 12-18 months.

•Total order inflow for FY23 stood at INR 43,870 mn as compared to INR 7,190mn in FY22, catered by strong order momentum in domestic market. Q4FY23 orders stood at INR 21650mn.

•Company was declared L1 for BOS package of 1,500 MW DC at Khavda, Gujarat of NTPC in March 2023. The company also received two new contracts in India for Solar EPC from Serentica, and Sembcorp for projects located in Bikaner, Rajasthan and Pavagada, Karnataka respectively.

•D&EPC agreement is under negotiation with the Government of the Federal Republic of Nigeria which is expected to finalise by Q2FY24.

•The company has a robust bid pipeline for domestic as well as International markets constituting to nearly 23GW in FY24 with India having 62.7% share.

•Project Execution

The company faced issues with project execution in FY23 internationally. Unstable weather conditions in Australia, man power and subcon issues in US which affected projects cost.

•O&M segment

Total O&M portfolio for the country stands at 7GW, the company is targeting 3rd party contracts in this segment.

•Strategical Highlights

FY24 revenues is expected to be led by unexecuted EPC orders, with expectations of positive EBITDA by Q2FY24.

•The company is focused on optimization of overhead costs, the expected reduction is in the range of 15-20%.

•Debt reduction is also on the cards, to be achieved by significant debt reduction by Q4FY24 aided by receivables recovery, indemnity inflows, and negative working capital.

•The company expects INR 42,000mn worth of domestic orders in FY24 and additional order visibility of INR 50,000mn from South Africa, Australia & US during current financial year.

Margin Guidance

•The company expects to revert to 10-11% of gross margins aided by unexecuted Indian orders.

Outlook

The revenues were greatly impacted by the provisions carried out by the company in turn impacting the gross margins. Execution issues continued for the company during FY23. Execution trajectory is expected to be improved from FY24 with large order visibility. PSU market poses as a huge opportunity for the company with a pipeline of 30GW over the next two years.

Kalpataru Power Transmission Q4FY23 Concall Highlights CMP: INR 541 | Mcap: INR 87.95bn

•Revenue and Margins

Revenue growth is expected at ~30% in FY24, and the EBITDA margin is expected at ~8%-9% in FY24. EBT margin is expected to be ~4%-5% in FY24 and RoCE is expected to be ~18% - 20% in FY24 on a standalone basis.

•All the segments are expected to grow at double-digit rates except railways.

•Double-digit margins in core T&D will take more years.

Capex

•The Capex is around INR 5bn in FY23. Around 2.75bn – INR 3bn capex is expected in FY24 and FY25.

Order book

•The order book stood at INR 459.18bn and an additional L1 of INR 40bn. The order inflows INR 252.41bn (+39% YoY) in FY23. The order inflows are expected around INR 260bn in FY24.

•LMG's order book stood at INR 10.09bn, and Fasttel's order book stood at INR 11.4bn as of FY23.

•In water, the company won INR 124.76bn in orders from MP, UP, Odisha, and Jharkhand.

•International T&D order book stood at INR 110bn and L1 of INR 25bn.

JMC and KTPL Merger

•JMC and KTPL merger will lead to interest cost advantage (~200bps), Productivity, and ability to get larger projects.

Divestment

•Divestment of non-core assets will continue. Indore real estate cash flows are expected to come this year.

•One of the road assets included an asset held for sale.

•Subham logistics remained challenging for one year. Warehouses not utilized to meet breakeven levels on EBIT.

•T&D business visibility is backed by increasing adoption of renewables, and grid upgradation in international markets.

•The company is focused to bid $4bn in the next 10-12 months.

•In Domestic T&D, tender visibility is around INR 500bn from TBCB and SEBs.

Debt

•Standalone net debt is around INR 16.8bn in FY23 and maximum net debt is expected to be INR 22bn in FY24.

•Finance costs are expected to be 2% of sales going forward.

Variable and Fixed price contracts

•Around 65% of order books are variable and the remaining are fixed-price contracts. The company focused to get more variable orders.

Water, B&F and Oil & Gas

•In B&F, the company is focused on Data centers, Educational complexes, buildings, etc.

•In Oil & Gas, business visibility is good in India and International markets. Around $150bn investment is estimated over the next 5 years in international markets.

•The water business working capital cycle is less than 50 days.

Other highlights

•Sweden growing at double-digit growth, while Brazil growing at 5%-10%.

•Traveling and legal expenses significantly increased.

•Chile projects execution timeline is around 12-18 months.

•In Afghanistan, more than 80% of receivables on due.

•Promoter pledges continue to reduce quarter on quarter.

Outlook & Valuation: Kalpataru's order book stood at INR ~500bn including L1 in FY23 (~3x FY23 Revenue) showing potential revenue visibility. The focus on international markets will lead to margin improvements and working capital improvement due 10% advance on projects. The favorable green energy transition & investments, Jal Jeevan Mission growing investments in Infra and Railways will be a trigger for the company. We have a positive outlook on the stock. At CMP INR 541, the stock is trading at an EV/EBITDA of 6.8 and 5.8 of its FY24BE and FY25BE EBITDA. We have a positive outlook on the stock.

Indian Energy Exchange Ltd | Q4FY23 Management Conference Call KTAs
CMP: INR 155.70
Marker Cap: INR 13,992.28Cr

•In Q4FY22, the total revenue was INR 128.4 million, which increased to INR 129.6 million in Q4FY23, reflecting a growth of 0.9%. For fy22, total revenue was INR 484.4 million and slightly decreased to INR 474.1 million in FY23, representing a decline of 2.1%.
•The EBITDA for Q4FY22 was INR 111.3 million, which increased to INR 115.7 million in Q4FY23, indicating a growth of 4.0%. The EBITDA was INR 417.0 million in FY22 and slightly decreased to INR 409.5 million in FY23, reflecting a decline of 1.8%.
•In Q4FY22, the profit before tax was INR 114.1 million, which increased to INR 115.6 million in Q4FY23, representing a growth of 1.3%. For FY22, profit before tax was INR 405.2 million and slightly decreased to INR 401.8 million in FY23, reflecting a decline of 0.8%.
•The PAT for Q4FY22 was INR 88.4 million, which slightly decreased to INR 88.3 million in Q4FY23, indicating a marginal decline of 0.1%. For FY22, PAT was INR 308.6 million and decreased to INR 305.9 million in FY23, representing a decline of 0.9%.

•In FY23 Indian Energy Exchange (IEX) has introduced 4 new products to enhance its offerings:
1)Ancillary Market
2)RE capacity through exchanges & Contract for Differences
3)Derivatives: To provide price hedging opportunity and lead to lower volatility in prices thereby increasing liquidity in the spot market
4)Capacity Market

•In addition to its existing products, Indian Energy Exchange (IEX) has ventured into new business opportunities:
1)IGX (Indian Gas Exchange): Launched in 2020, achieved breakeven within first year of its operations. Further, the company expects robust volume growth over the next 5 years
2)ICX (International Carbon Exchange)
3)Coal Exchange

•Over the past five years, electricity consumption has experienced a growth rate of 4%, the company expects the consumption to grow at a rate of 6% over the next eight years.
•The Government of India has taken measures to increase coal production to nearly 900 million tonnes (MT) in FY23. This is part of their efforts to achieve a target of 1.2 billion tonnes of coal production by 2025-26. The company aims to capitalize on this scenario.
•IEX collaborated with SECI and Deloitte to conduct a feasibility study on market-based models for renewable energy capacity addition. The study showed that market-based RE models can achieve a higher IRR of 18%-20% compared to SECI bid projects with an IRR of 12%-14%. This finding is expected to drive the growth of merchant renewable energy.
•IEX further aims towards sustainable energy future, and active exploration of new product offerings and market opportunities to drive growth and efficiency.

•Outlook: IEX is focused on enhancing its product offerings and exploring new business opportunities. The company expects continued growth in volume and revenue, driven by the introduction of new products and expansion into gas and coal exchanges. Additionally, the increasing focus on renewable energy and government initiatives in the coal sector present favorable market conditions for IEX's growth.

KPI Green Energy Ltd – Q4FY23 Conference Call Highlights
CMP INR 494| Market Cap INR 17,848mn

•Orderbook for the company comprises of projects worth 151 MW, out of which 109MW is of CPP segment and rest is IPP. The company energised 36+ MW in IPP segment, under CPP segment the company energised 111+ MW during FY23.

•Order pipeline for the company remains strong and the company expects strong order inflow in FY24.

•Revenue for the company rose by 144% on YoY basis in Q4FY23 to INR 1824mn. EBITDA witnessed a growth of 53% YoY to INR 557mn.

•Revenue mix changed from CPP to IPP stood at 85 to 15 during FY23. Average realization for CPP project stood at INR 42.5mn – 45mn per MW.

•EBITDA margins saw a decline due to revenue mix changing and CPP gaining project share. IPP projects provides better EBITDA margins for the company. CPP margins lies in the range of 22-25% and IPP projects margins lies in the range of 70-75%.

•Average cost for IPP projects fall in the range of INR 37mn – INR 41mn per MW.

•Wind-Solar Hybrid projects is a newer addition for the company, this has posed as a key growth area for them with better margins and payback period.

•Hybrid power policy by the government is set to expire on 18th June'2023, they expect a better policy to come into place. Hybrid projects tends to better EBITDA for the company due to policy norms.

•The company is planning to expand out of Gujarat in near term and is currently on the lookout of opportunities.

•The company has partnered with Tristar transport in UAE for the development of eco-friendly solutions internationally in the field of green hydrogen projects. This partnership can be a huge opportunity for the company.

•The company is planning to sign an agreement with a tracker manufacturing company for Bifacial molecules to enhance generation and ROI.

•Guidance
The company expects a minimum topline growth of 50-60% during FY24 across both the segments. The company aims to touch 1GW capacity to reach by the end of FY25.

•Outlook
The company posted robust results in Q4FY23 and FY23 with over 100% growth in revenues. The company is positive on order inflows and growth expectation for the company is strong. ROE witnessed a very strong performance standing at 42.51% in FY23 compared to 28.13% in FY22. The company has a strong visibility for orders in both CPP and IPP segments and Tristar partnership generates a new foray for the company.

FMCG

Colpal Q4FY23 Analyst Day KTA's
CMP: INR 1,626| Market Cap: INR 44,233 Mn| TTM EPS: INR 39

•Macro toothpaste has a huge opportunity to grow. Colpal is a market leader. The current focus is on category development and share growth of Colgate and Palmolive through providing value and more features to consumers.
•Per capita consumption of toothpaste is low and if India's consumption is to increase to even the Philippines, the market will double. They target the rural market to make them start brushing more (54% of the rural population doesn't brush) and they target the urban to brush 2 times a day. Currently, 20% of urban consumers brush twice a day.
•65% of the toothpaste category sits in the 110 indexes showing a significant opportunity to expand and premium the category.
•Toilet soap spends are 75% higher than toothpaste in India.
•2/3 of the toothbrush market sits in the under INR 30 category with the average price at INR 21. Colgate has an opportunity to sell in the above INR 40 range which is grown 5x faster than the sub 40-rupee market. They have an advantage on price point and benefits
•Recently they relaunched the flagship Colgate strong teeth which is a volume and value leader and also on affordability. It now uses patented technology and arginine with a new taste. Its potential in rural 1.2x that of the next brand. The relaunch was done to reframe the category. They have begun giving samples in rural areas to drive reach.
•Colgate Max Fresh has had a good run over the last few years. It is a superior product and added 21mn homes and penetration grew 580bps- 5x faster than the market. They also added the charcoal variant.
•The natural segment plateaued and is now declining. It has gone back to the level it was at 3 years before. Naturals represent 30% of the toothpaste category. Despite the rest of the portfolio, Vedshakti continues to grow and do well. The portfolio of active naturals is doing well.
•Colgate active salt and Salt +clove have also done well.
•Colgate visible white O2 was one of the most successful launches with a 30% faster growth but on a small base as it is a new launch. It prioritizes oral beauty over oral care. They launched a whitening pen too as an overnight DIY whitening treatment in partnership with dentists and the pharmacy channel.
•90% of adult Indians have gum issues but only 16% claim to indicate that it is an underserved segment which is where Colgate periograd comes in. The mouthwash existed prior and they added toothpaste this year. They will also add a brush priced at the 450 index. Partnering with dentists and making the product available in 4000+ pharmacies.
•Premium launches on MT+ Ecom have a 4-year CAGR of 18% and a 460bps higher contribution than regular channels.
•Palmolive's equity awareness is over 70%. To play off that they are driving the focus area which is body wash as it has huge headroom to grow.
•The dividend declared INR 39 per share.
•Digital initiatives led to a 40% increase in on-shelf availability.
•Production of mouthwash at the Baddi facility reduces logistic costs during the year.
•They aim to drive volume growth by building oral care habits.
•Overall dentist usage is quite low in India but Colgate covers the highest vs its peers with 75,000 dentists. The B2B website for dentists launched 3 months ago is showing good growth.
•Gross margins are back to the pre covid level of 66.6%. Higher levels of spending on ads are visible and will continue into Q1FY24 also.
•Most FMCG companies reported a 3-5% volume growth. Colgate is seeing pressure on volume in the rural category, however, the level of decline is going down now. INR 10-20 SKUs are doing well in the rural market.

Jyothy Labs_ Q4FY23 Call KTAs
CMP: INR 194| Market Cap: INR 71,202 Mn| TTM EPS: INR 6.04

•The top line grew 12.8% in Q4 (9.6% value growth) and 13.8% (3% volume growth) in FY23 displaying consistent growth over the past 10 quarters and across categories.
•High input cost inflation persisted throughout the quarter.
•EBITDA margin for THE quarter was 14.8% vs 10.5% last year.
•Direct reach crossed 1.1mn outlets this year.
•They implemented advanced DMS to advance sales efficiency.
•Market share gains were seen across brands on the back of brand-building initiatives
•Added new lines at the Pitambur plant this year.
•New variants of Margo Natural were added to enhance the franchise and share personal care in the brand portfolio.
•Rural lagged a bit compared to urban growth, but they are expanding.
•The company reached debt-free status with 0 gross debt.
•WC days are at 13.
•Fabric care grew 24% in Q4 and 29% in a full year with a strong value proposition on detergent and a focus on distribution. The liquid detergent foray has shown better growth. Existing brands also have good demand.
•Exo and Pril have displayed steady growth across SKUs in LUP and bar categories. The distribution-driven engagement has increased. Exo's market share is 13%.
•HI had flat growth though they continue to promote coils.
•Personal care: Margo had good growth with a new brand ambassador Rashi Khanna. 3 new variants: lemon, jasmine, and rose were launched.
•The current focus is on volume led top line growth and growing the rural footprint
•Medium-term strategy for Margo: The original neem is doing well, with double-digit growth. New variants will induce more consumers, and they have taken a new celebrity after a long. She is well-known in the South. Margo will also move into the north eventually. It is expected to continue growing by double digits in the coming future
•The laundry business has been merged with the core business recently. It is an INR 50cr business and for the past few quarters are breaking even as a key focus business. Hence it was consolidated to build profitability.
•The tax rate will be maintained at 20% annualized into the future.
•GM trajectory: Commodity prices are still volatile. The current GM/ EBITDA M is the benchmark for now.
•The detergent category growth is good and pricing actions will depend on RM price movement.
•Target 2-digit growth for FY24. Price growth will be in single digits (so far no price increases are planned), and volume growth is to return with an increasing number of outlets. The primary focus will be on increasing direct distribution.
•Brand investments will persist. A new liquid detergent was introduced last year to cater to the growing shift toward liquid detergent new launches have done well but are currently a low SOR. There will be more spending on Margo too as innovation continues. They have an INR 100cr+ target for each of the brands.
•They foresee a 2-digit growth in the dish wash category in the coming year.
•Ujala is largely Kerala-centric. Crisp and Shine has been recently introduced into eastern markets and is doing well.
•The investments being made in brand and distribution infrastructure will give good results in the next 1-2 years.
•Modern trade and e-commerce contribute to 10% of the top line.
•Private label business is expected to remain stable over the next 2-3 years with not much increase in intensity.

•Rural vs urban growth: Rural is a long-term growth strategy and 40% of the portfolio caters to the rural market. Slowdowns are bottoming out and the company is seeing good growth across both markets.
•Market share growth trend across categories is sustainable. They expect the share to grow across most categories above the industry.
•Distribution will grow pan India from the current 1.1mn outlet reach.
•South is currently 40% of sales and north is 60%. Brand-to-brand focus differs across markets. Maxo is strong in the north and east. Some brands have a specific geographical focus and some are equal to pan India.
•They aim to reach 100% of all villages with a 10,000+ population. The on-ground sales team will grow in tandem.
•A&P is 7-7.5% of sales. They will stay in this range and will be altered as per the required margin levels.
•Strategy to regain growth in HI business: The company had a 13.2% growth for the full year which would have been 17.8% ex-HI. There were some seasonal issues in core markets which will be better going ahead. Illegal incense sales impacted the category, and they are now educating consumers on its health hazards

Bajaj Consumer Care

•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 de-growth 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.
Q4FY23 Earnings call highlights:

- In Q4, modern trade grew 51% (9% of sales) and e-commerce is 7% of sales. This year saw an improvement in footfalls across urban retail. The republic day sale also spurred on modern trade well, and so did the serums, argan range, and Natyv Soul. NPD sales doubled this year to 12% of sales (target 30% in 2-3 years), and the international business grew 56% owing to increased distribution in focus geographies.

- The ADHO share (only almond oil) was 86% for the year which is targeted to come down to 60% over the next ~3 years owing to a growing share of NPDs and other oils. ADHO grew 11.4% YoY and 10.4% QoQ owing to high-energy marketing campaigns

- Ad spending will remain at 16-18% of sales. 25% of the Ad spends were on the digital side, which is now scaling up to 30%. 60% of ad spends are dedicated toward ADHO, and 40% toward NPDs (this gap is becoming smaller).
- They are now present across 8.5 lakh outlets of which 6.5 lakh are direct and the rest are van sales in rural areas. During the year they added 50,000 more points but the quality of distribution has improved.
- Over the next 5 years they expect a 2-digit growth rate YoY.
- They will be focusing on pushing different product offerings across different geographies for NPDs.
- The tax rate for FY24- FY25 should be similar to what it is for FY23.
- Wholesale loyalty programs are implemented from a long-term perspective and have led to strong ADHO volume growth. Since ADHO pricing is similar across the country it helps build wholesaler faith. Retail programs are more occasion focused. More NPDs will be moving into retail now and the channel will be seeing strong product activations. The share of wholesale- retail- rural is 25-25-50.
- The buyback brought the promoter's share from 38% to 39.35% in April.
- The marketing focuses on certain products like argan and 100% pure will be higher as per market responses.
- Any future pricing actions will only be upward, not downward.
- There is some cost restructuring expected by the company to improve efficiencies.

•Outlook: 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.

Marico

The performance of the company was in line with their expectations- mid single digit top line growth YoY with sequential margin contraction. Volume growth was seen in Parachute, ahead of the industry. VAHO volumes are also beginning to return. There was a one time gain of INR 28 Cr on sale of land.
Marico’s Q4FY23 Net Revenue grew by 3.66% YoY to INR 2,240 Cr (-9.31% QoQ). Gross Margin expanded 294 bps YoY to 47.41% (+247bps QoQ). EBITDA grew by 13.58% YoY to INR 393 Cr (-13.82% QoQ). EBITDA Margin expanded 153bps YoY to 17.54% (-92bps QoQ). PAT grew 18.68% YoY to INR 305 Cr (-8.41% QoQ). **Growth was driven by the premium end of the portfolio.**

•The VAHO business: The VAHO business had a 2 digit growth during the year which is expected to continue into FY24. Volume growth will begin to return in the medium term but growth will still be mostly value led. This year saw a underperformance the bottom pyramid of products, and more growth coming in from the medium- high end of the pyramid steered by modern trade and e-commerce. General trade will pick up in FY24. It was an INR 600 Cr business in FY23, targeted to reach INR 750 Cr in FY24.

•New launches: There will new more NPDs in FY24 coming in the personal care category as it is more high margin compared to foods.

•Guidance: The company has guided for GM expansion of 200-250bps, and OPM expansion of 100bps in FY24. A lot of this will come from the new products and the digital side.

•Saffola : They had strategically gained market shares on Saffola last year, but they expect some volume moderation in FY24. in FY22-23 they had a high base of Omicron and increased in- home consumption which led to high volume growth that isn’t too sustainable.

Q4FY23 Conference Call Takeaways:
Market Environment and operational highlights:

- Little to no change in the operating environment of the FMCG sector with some improvement in the last month.
- Sector headwinds persist- consumer sentiment is down, currency depreciation, inflation, etc.
- Rural sector is underperforming urban demand. There will be a recovery in H2 with the monsoon and better crop realization
- Recent volatility in vegetable oil and crude to be watched.
- Impact of 1% on domestic volumes because of pack size reductions in VAHO (rather than price actions).
- Copra corrected a lot beyond forecasts.
- Marico is playing catch up in pricing in parachute as they are n another round of pricing cuts.
- Copra should stabilize in December.
- They are comfortable on margins.
- 1 time hit on profitability taken because of price cuts. They consumed higher cost RM. About 75-100bps of margins were affected but there was stable Saffola demand.
- Volume growth would have been flat if not for pack size reductions.
- Hair oil category tracking HPC growth.
- Expanding the product portfolio more into premium and mid premium categories. They will not downgrade category realizations.
- GM to remain in healthy range.
- Expanded into plant based proteins in a Saffola.
- Foods revenue run rates are INR 650cr. For FY24 the run rates will be in the range of INR 850-1,000.
- Digital brands are to become worth INR 100cr, and reach INR 450-500cr FY24.
- Stable growth in the Middle East and North African markets. Bangladesh showing resilience too.
- Mid single digit volumes in H2 expected.
- Replication of the Bangladesh model in Vietnam is showing results.
- They want to deliver 18-19% margin in FY23.

<u>Outlook:</u> We expect FY24 to be a better year in terms of value, volumes, and margins. This year had a lot of demand coming in from the urban market as it is less elastic, and there was a severe underperformance in general trade which is a significant share of demand for the company. This start to improve in FY24 as more launches are ruled out into it.

Dabur

•**Dabur had a muted quarter due to the underperformance of high-margin businesses like HPC, and substantial growth in F&B- a low-margin business. Volumes saw some recovery during the quarter but remained largely under pressure.** The Q4FY23 Net Revenue grew 6.35% YoY to INR 2,986 Cr (-12.01% QoQ). Gross Margin contracted 163bps YoY 45.81% (+30bps QoQ). EBITDA de-grew by 9.64% YoY to INR 410 Cr (-32.8% QoQ). EBITDA Margin contracted by 271bps YoY to 15.31% (-474bps QoQ). PAT de-grew 0.53% YoY to INR 293 Cr (-38.58% QoQ).
•**Growth in the F&B Business:** Drinks is an INR 200 Cr business targeted to grow to INR 500 Cr over the next 3 years (INR 300 Cr by this year). The existing foods business is INR 120 Cr (INR 250 Cr with Badshah) targeted to grow to INR 1,000 Cr over the next 2 years. They are looking to grow the total F&B business to INR 4,000- 5,000 Cr over the next 5 years.
•**Pushing power brands:** The company wants to scale up on existing strong brands and introduce adjacencies through NPDs. The brand potential is as follows- Real fruit juice INR 5,000 Cr; Dabur Amla INR 2,000 Cr; Dabur Red INR 3,000 Cr; Dabur Chyawanprash INR 1,000 Cr; Dabur Honey INR 1,000 Cr.
•**Developments in the OTC ethical business:** The company has implemented teams to market its product to allopathic doctors. This will also provide impetus to the PTC/ ethical business.
•**Margin trajectory:** Margins are expected to be in the range of 19-19.5% in FY24. They will take some time to reach previous levels of 20-21% as the company is investing heavily in advertisement and marketing. Ad spending is currently 5% and will go up to 7-8% in the coming years.
•**International business:** Growth in the international business was low- double-digit, but had a low margin due to an unfavorable country and mix coupled with currency problems.
Headroom for growth in hair oil: The overall category de grew by 3% during the year, but Dabur gained a market share of 130bps during the year. This category has a large headroom for growth as currently, Dabur is only present in 17% of the market.
•**Badshah Masala:** The brand is strong in Gujarat, Maharashtra, and Andhra Pradesh. However, the company does not plan to venture into new geographies with it.
•**Oral Care:** Dabur is a leader in oral care with every 2nd household having a Dabur oral care product. The segment gained a healthy market share with the brands Sensodyne, Dabur Red, Dabur Herbal, and Meswak. Babool dragged down growth this year due to slowing rural demand. Over the past 2-3 years there was a 5% increase in Dabur brand penetration.

Q4FY23 Conference Call Highlights:

- The company has a direct reach of 14 lakh touchpoints (15-20%) where they can push a wider range of their products.
- Health supplements like chyawanprash and honey were operating on a high base of omicron. Chyawanprash saw a decline but honey grew on account of new variants launched last quarter.
- The Fem pharma business has been integrated into the branded ethical business.
- Juices grew on a high base. There will be some moderation in F&B in the coming quarters and there will be a corresponding pick-up in HPC.
- The company saw an inflation of 12% in foods which they tried to offset with cost optimization and grammage reduction. There was a high preference for LUPs this year.
- Inflation this year was 6-6.5% overall which was handled through price increases.
- The natural segment is 30% of the oral care offering whose growth has increased in value terms. GMs in oral care have inched up significantly.
- The HPC category will grow to touch 1 lakh villages in FY24. This segment will grow at a 10% CAGR over the next 3 years, and so will the OTC business. However, F&B will grow at a rate of 20% as it is much more underpenetrated.

- NPD contribution has historically been ~4%. Chutneys and pickles will scale up significantly with Badshah. Baby care has scaled up to INR 20 Cr targeted to reach INR 50 Cr by the end of this year as it entered GT, and so will Honitus as it does the same. Tea has seen green shoots in rural markets as well. Sarson amla and oral care gel have also done well. That being said, NPDs that haven't done well were culled.
- The Nepal investment received approval 4 years ago to be made over 5-6 years.

Outlook: **FY23 faced a tumultuous demand momentum and soaring inflation which led to muted top-line growth and distressed margins below the usual 20-21% level. Q4 saw an underperformance of high-margin businesses in favor of low-margin businesses coupled with a slight pick up in volumes. All-in-all, the company still managed to gain market share across key products and remains focused on NPDs as an important growth vector.**

HUL

•**The company reported a mixed performance with low double-digit growth on the top line with slight margin contraction (though they remain in a healthy range), and low double-digit bottom line growth.** HUL's Revenue grew by 10.52% YoY to INR 15,215 Cr (-2.45% QoQ). The underlying volume growth was ~4%. Gross Margin contracted by 39bps YoY to 49.08% (+107bps QoQ). EBITDA grew by 8.27% YoY to INR 3,574 Cr (-3.25% QoQ). EBITDA Margin contracted by 49bps YoY to 23.49% (-19bps QoQ). PAT grew 12.89% YoY to INR 2,602 Cr (+4.88% QoQ). The board has recommended a final dividend of INR 22 for FY23. Growth continues to be largely price led on account of premium offerings performing better than the rest of the portfolio. The prices of key commodities remain elevated vs long-term averages, though they have softened significantly compared to last year. A&P spending has stepped up as well.

Q4FY23 Conference Call Highlights

•**Commodity price softening:** During the year, the FMCG industry faced softening in commodity prices on a high base of the previous year, and sequentially as well. Except for barley, tea, and milk (SMP), all other commodities have witnessed significant correction in their prices. However, they remain elevated compared to the 10-year average. The 2-year NMI is 30%, 18% of which was offset with pricing action.

•**Volumes to return in the short-medium term:** Price growth will tail off further in the years to come and the share of volumes will improve as consumption habits tend to revert but with a lag. FMCG volumes have been declining for the past 1.5 years, with rural markets leading this decline. However, as the propensity and willingness to consume returns, rural markets are expected to grow in volumes at a much faster rate compared to urban markets. Further price corrections in commodities will result in increasing grammage which will further aid volumes. In FY23, the overall FMCG market faced an 8% growth with a 4% volume decline, indicating a 12% price growth.

•**Market share gain:** The company witnessed a broad-based market share gain across 75% of the product portfolio.

•**New product launches and product innovation:** HUL launched previously launched 3 new brands in premium beauty 'Acne Squad', and 'Find Your Happy Place'. 'Novology' was launched this quarter.

Outlook: Commodity inflation has seen some respite in Q4FY23, and the company delivered price-led top-line growth and maintained its margins in a healthy range. A lot of this was attributed to new product developments and marketing activities on the premium end of the portfolio which led to a full-year volume growth of 5% despite shrinking volumes seen across the industry. Key brands like Surf Excel, Vim, Lux, Ponds, Horlicks, and Knorr saw significant growth. The management is cautiously optimistic about near-term growth.

Hospitality and Travel

Lemon Tree Hotels Ltd- Q4FY23 Results-Con call KTAs
CMP INR 95; Mcap INR 75.65 bn
EBITDA and EBITDA Margin % is the highest ever at 55.7% and aspires to be debt free by FY26

Q4FY23 Results vs Q4FY20 Revenue at INR 254cr up by 44% YoY/8% QoQ led by robust demand across brands and segments.
EBITDA at INR 141.9cr up by 50% YoY/ 35% QoQ and margins at 55.7% up by 1926bps YoY/ 146bps margin expansion driven by cost rationalization
Cash Profit at INR 82.5 cr up by 845% YoY/14% QoQ

•Margins The margins expanded YoY mainly on account of increase in ARR, occupancy and better cost management. Going forward, the company has guided to maintain margins of 50% as the company is at its peak as far as capex and opex is concerned. In couple of years, major capex of maintenance will be done and then the major portion of revenues will flown in to bottom line.

•Capex and Opex About 75% of maintenance that is INR 43cr will be expensed out before the net EBITDA for FY24 and capex will be 12cr. For aurika the capex till FY23 the company has spend INR 575cr and till now they have spent INR 650 cr and INR300 cr of capex is left before the hotel opens.

Growth drivers
1. The company will be working on improving ARR and occupancy in LTH and Red fox
2. In keys portfolio the company has started huge amount of maintenance which will help in commanding higher ARR from H2FY24
3. In management fees, the company has guided to close the year with 12500+ operating rooms which will again bring in additional revenues
4. Aurika Sky city will have 669 rooms expected to come up by FY26, accopancy to be at 75% with gross ARR of INR 12000 and margin contribution of 60%. It has ability to generate 600-700cr of EBITDA after management fees.

•Gross ARR Q4FY23 at INR5824 up by 20% YoY/2% QoQ and Gross ARR was up in all the major cities.
•Demand Robust demand in corporate travel and remains to be the highest contributor to revenue, ARR and Occupancy.

•Occupancy Q4FY23 at 73.6% up by 1256 bps YoY/604 bps QoQ

•Lemon tree ahead of industry growth in Q4FY23 over Q4FY20: Industry occupancy grew at 15% and LTH at 21%; Industry gross ARR grew at 23% and LTH at 29%; Rev PAR grew at 41% and LTH at 55%

•Q4FY23 Cost as % of revenue over Q4FY20 Employee cost down by 445 bps at 16%; power and fuel cost down by 77 bps at 7%; total expenses down by 1265 bps at 46%

•Expansion plans The company is coming up with Aurika, MIA owned with 669 rooms and lemon tree mountain resorts, Shimla with 69 rooms.

•City level performance Delhi had highest occupancy rate at 72% in Q4FY23 mainly due to increased business travel and highest ADR at INR 6800 were fetched by Mumbai and Bengaluru contributed highest EBITDAER which increased by 134% in Q4Fy23 over Q4FY20.

•Owned hotels, once stabilized, show high returns due to ~8% annual increase in replacement cost

Segment performance in Q4Fy23 over Q4FY20

•Lemon tree premier ARR up by 26%, Occupancy +1806 bps, Rev PAR +62%, EBITDAR/Room +90%, EBITDAR margin+1277 BPS.

•Lemon tree Hotels ARR up by 23%, Occupancy +854 bps, Rev PAR +40%, EBITDAR/Room +62%, EBITDAR margin+985 BPS

•Red Fox ARR up by 23%, Occupancy +1576 bps, Rev PAR +11%, EBITDAR/Room +101%, EBITDAR margin+1595 BPS

•Portfolio Owned 33 Hotels and 4517 keys, leased 7 Hotels and 573 keys, Managed 48 Hotels and 3292 keys. There are 3285 keys in pipeline and 42 Hotels, in total the portfolio expected at 130 hotel and 11,667 rooms.

•Outlook The company has given clear indication of moving towards becoming debt free company by FY26. Trend of Consumer spending, especially on hospitality related categories expected to grow further in coming years driving ARR and occupancy to inch up to new levels. Also, there is demand supply mismatch where demand is outpacing supply, will further add up to the future growth

Chalet Hotels Ltd
MCap INR 80523 mn; CMP INR 392

Revenue at INR 3458mn up by 125% YoY/7% QoQ; EBITDA at INR 1603 mn up by 334% YoY/10% QoQ; margins at 46% expanded by 2200 bps YoY/100bps QoQ led by highest ever passenger air traffic

•Project update Bangaluru Cignus Whitefield Bangalore is a premium office space with leasable area ~0.65 msf, the handover to tenants has commenced; Cignus Whitefield Bangalore 2 with leasable area ~0.3 msf to be ready for handover to tenants from Q2FY24; Cignus Powai at Westin Complex, Powai is a premium office space ~0.78 msf is at final stage of completion and Commercial Tower-2 at Westin Complex, Powai a premium office space ~0.75 msf the dates are not yet announced. Ongoing projects include 5 str Hotel at T3 Delhi airport with 400 rooms; ~280 rooms Hyatt Regency at Airoli, Navi Mumbai; Addition of 88 rooms at Novotel Pune.

•ADR stood at INR 11304 up by +108% YoY/11% QoQ led by strong demand for hotel rooms against supply

•Hospitality revenue at INR 3097 2.5x YoY/17% QoQ and Hospitality EBITDA at INR 1473 5x YoY/+36% QoQ led by strong demand for leisure and increased number of travellers, the companies could hike room rates as demand stronger than supply.

•Acquisition of dukes. Lonavala It wll be upgraded to 5star lifestyle resort with 130 rooms which is already a known destination for leisure travellers as well as for weddings and corporate events. This will contribute meaningful revenue for the compamy.

•The company's 90% business comes from hospitality, 8% from rental income and 2% other income.

•Occupancy was all time high at 74% in march, 81% in Feb and 68% in Jan 2023 led by sharp increase in travellers, increase in disposal income and extending business trips to leisure holidays.

•Cost efficiencies The company has done some commendable changes which have been showing, 1.) staff to room ratio reduced from 1.18 in dec 2019 to 0.93 in march 2023 (2) payroll cot to revenue declined from 21% in FY22 to 12% in Fy23 (3) Utilities as a % of Revenue declined from 11% in FY22 to 8% in Fy23

Outlook: The company has been able to capture all the possible industry tail winds in their revenues and profits along with proper cost management. We believe the company is in the sweet spot and more to come led by more room addition in Bangaluru, Powai and Hyderabad. The company has strong pricing power along with strategically located hotel portfolio which will help the company to ride the industry upcycle in a much better way than their peers in the industry.

Mahindra Holidays Q4FY23 Concall KTAs
CMP: INR 302| Market Cap: INR 60,807 Mn| TTM EPS: INR 7.88

•People are traveling more and visits to resorts in FY23 increased and occupied room nights were 49%.
•Full-year resort income +67%, the highest ever.
•Immersive family vacation experiences increased as was seen through higher upgrades and member satisfaction. Upgrades were up 41% in FY23.
•They added 5,100 members with a sales value of INR 206 cr +37% YoY. Cumulatively they have 282k memberships out of which 85% are fully paid as they have good profiles. Member addition run rate has accelerated leading to growing inventory, with 1200 rooms added in the last 3 years. 25-year memberships are dominant.
•Member to room ratio is 57, and they added 372 rooms this year. Total room inventory strands at ~5,000 keys.
•Expanded in domestic locations- Sikkim, Gujarat, AP, and Maharashtra.
•They have 6 projects underway for FY24.
•GOI has declared 50 tourism declarations on mission mode which will increase connectivity. The company will have a potential addition of 1600 keys with INR 1600-1700 cr capex in the next 3-4 years. This will be funded through internal accruals and cash.
•60% of water consumption in resorts is recycled in house.
•Finland is now a member of NATO and the economic growth forecast was recently revised downward due to the Russia- Ukraine conflict and rising inflationary pressure, though it is coming down from peak levels. Q1 and Q3 are not peak seasons in Finland but they were taking initiatives to push Indian tourists in off peak too. This led to a 24% growth in Q4 despite the war. Revenue from timeshares grew 57%. Spa and hotel revenues were up 19% from higher ARRs and F&B spending in Finnish resorts. Real estate pressure from high-interest rates has encouraged the resort business due to low transaction costs. Timeshare revenues grew because of the second home system prevalent in Finland wherein people prefer to own two homes. They are already seeing an uptick in winter skiing season bookings. The overall Finland business is to pick up in FY24
•Membership upgrades are on the rise with a focus on a multi-product portfolio with medium to long-term memberships. There is a heightened focus on increasing F&B spending and other spends in the resort vs the previous focus on membership fees. Vacation income is 33% vs 50% a few years ago. The initial fee is not dominant a part of income anymore. Encourage spending in the facility as there is a higher margin in food and activities
•Room rent in India is expected to go up over the next few years. They are trying to keep room rates low. The challenge is to communicate value to customers to encourage payment of membership fees in advance.

•The target key number is 5,500 keys by FY25 which can be crossed sooner with the goal of 50 tourist destinations which opens many PPP opportunities for the 15-1600 odd keys in the next 3-4 years. Also, there are opportunities to grow room count higher my leasing and managing which will have parallel ramping up member additions. Domestically, Q2 and Q4 are expected to be good. They are identifying many timeshare opportunities, and expect a much better performance on a full-year basis this year.
•They also have shorter-duration products like the 3-year product which is aimed at millennials as they have adventure activities at resorts for younger people, like treks, trails, etc. It has good value for money and encourages transition into 15 and 20-year products.
•Margins may not grow much in the short term, however, there are unbooked profits in the books to the tune of INR 4,500cr which will flow in the years to come.

Oulook: We believe that the recent push given by the government to boost tourism and travel in the country will be greatly beneficial for the company as it will provide a good opportunity to expand the room network and customer acquisitions over the next 3-4 years. Capex planned for the same will not hurt the company as they are not pressed for cash. Additionally, the shift in focus from membership fee to in- hotel spends will be highly margin accretive over the next few years. The international business is also faring well despite the geopolitical tensions and inflationary situation.

Thomas Cook India

Thomas Cook India's (TCIL) Q4 performance was a beat on the top- line but had misses on the bottom line due to unforeseen MTM expenses and heightened other expenses. Growth was driven by the forex, travel, and hospitality businesses. Income from operations grew by 151.54% YoY to INR 1,313 Cr (-14.52% QoQ) vs their estimate of INR 1,207 Cr. The EBITDA grew to INR 47 Cr (vis- a –vis a loss of INR 1 Cr in Q4FY22, -47.91% QoQ), vs their estimate of INR 81 Cr. EBITDA Margin expanded by 372bps YoY to 3.75% (-229bps QoQ), vs their estimate of 6.66%. The PAT de- grew 20.94% YoY to INR (11) Cr (-140.75% QoQ). **Q1 and Q2 are expected to be stronger as the travel business, hospitality, and forex businesses ramp up and volumes improve across the board.**
•**A quarter for investment:** Q4 saw higher spending on marketing investment to accommodate for the buoyancy expected in H1FY24. The pipeline for FY24 looks good.
•**Cost reductions during the year:** The constant endeavor to optimize costs and improve productivity through digitization across businesses has led to a ~20% cost saving this year. Some businesses even had savings in excess of 30% which is expected to be maintained into the long run.
•**Developments in Sterling:** the business recovered 6x over pre covid levels with new resort additions, higher F&B spending, the success of the membership vertical driving efficiencies (premiumization and variableization of fixed costs) leading to an improvement in ARR's and down payments bringing in healthy FCF. In H1FY24 this business expects to add 6 new resorts. In Q4, Sterling opened 2 new resort in Haridwar and Chail bringing the total to 40 resorts and ~ 2,500 rooms.
•**Opening up of the Chinese market:** 2 major attractions in Beijing and Shanghai are now accessible to DEI. But, their profit sharing arrangement led to Thomas cook bearing a higher cost for the quarter. However, the business from China can 2.5x-3x in the future once it has fully operationalized.
•**Corporate and leisure travel:** The scale of corporate B2B MICE travel has returned in full swing on healthy client acquisitions and the government business. However, leisure travel recoveries have not been as strong as many destinations remain shut. The travel demand and momentum to Europe has been seen to improve and will reflect from Q1 onward. The current mix of international to domestic travel is 60-40 with the volume share coming in at 90-10.
•**Outlook: This year saw a stellar recovery across the board, though the quarter was weaker on account of a higher cost base which will reap benefits in the quarters ahead as the scale of business improves. Many locations in SEA and China haven't yet reflect in the travel and DEI business but they will going ahead.**

Easemytrip Q4FY23 Concall KTAs
CMP: INR 47| Market Cap: INR 8,160 Cr| TTM EPS: INR 0.84

Outlook: We believe the company has tremendous scope to grow in light of recent inorganic acquisitions, a proliferating international presence, a unique business model, and significant operating leverage benefits. As the macroeconomic environment becomes more favorable, it will correspond to top-line growth and subsequent improvements in profitability.

•No. passengers in FY23 +62%.
•The air travel sector rebound surpasses pre covid levels by 43% and India is the 3rd largest air passenger market.
•Indian carriers to 2x fleet capacity by 2027.
•To increase no. operational airport to 220 by 2025 from 135 in 2022 there is an Investment plant of INR 25,000cr.
•Business in Dubai crossed INR 100cr GBR.
•Operating leverage benefits over peers persist.
•The air segment grew by +62% with customer-centric initiatives.
•The hotel segment on the back of the aggregator model grew by +121%.
•Best online travel portal in India award won in FY23. Opened 1st franchise store in Patna. Launched invite-only program customers for elite customers.
•The company became the associate sponsor for the IBA Women's World Championship 2023 and a sponsor for Swiggy.
•Other expenses +40bps because of increased commission pay-outs.
•Receivables shot up because of share in B2B has gone up from 9 to 12% and other financial assets were up because of FDR.
•GBR growth is targeted in the high double digits- 50% for the next year.
•Opportunities to expand: The efforts to grow are in the overseas business. They have an ATP 3x that of India. Alliances with banks and credit cards to get additional discounts to the consumer base. GBR from the Dubai market was INR 118cr it should reach INR 700-800cr over the next couple of years.
•Assessing the insurance space to grow outside of current offerings.
•Margins should continue to improve dramatically in payment charges as UPI becomes more widespread. Employee cost won't go up dramatically from here as it was high from expansions and inorganic acquisitions (it will go down as a % of sales). Marketing cost to remain at 0.1% of GMV.
•Overall take rate is hovering between 8.2-8.7%. The hotel sector growing faster than air which has a higher take rate. Hotel take rate is in the single digits and air take rates are ~8%.
•Hotel package revenue is down significantly and has a segmental loss. There was a significant MICE movement in Q3FY22 which led to a higher base. This year the business has reached breakeven.
•Have exposure on the Go-Air side. They are expected to start operations soon. The outstanding receivable from Go-Air is INR 69cr which won't be written off.

EIH LTD || Q4FY23 Management Conference Call KTAs || CMP: INR 200.55 || Market Cap: INR 12,541.68Cr

•In Q4, EIH Ltd experienced a substantial increase in total revenues compared to the same period the previous year. Revenues reached INR 663.8 Cr, demonstrating a growth rate of 110% compared to the previous year's figure of INR 316.9 Cr.
•In Q4, EIH Ltd achieved an impressive rise in consolidated EBITDA, The EBITDA for Q4FY22 stood at INR 34.9 Cr, while in Q4FY23, it significantly increased to INR 231.0 Cr.
•In Q4FY23, EIH Ltd recorded a PAT of INR 92.2 Cr, compared to INR 19.5 Cr in Q4FY22. This represents a significant difference of 373.8% YoY.
•EIH Ltd has a net capital employed of Rs 2,867 crore, with a return on capital employed (ROCE) of 19%. Among the total capital employed, 59% is deployed in domestic hotel assets.
•Specifically, 32% is allocated to Oberoi Hotels with an investment of Rs 1,694 crore, while 25% is allocated to Trident Hotels with an investment of Rs 931 crore.

•Additionally, 3% of the capital is deployed in investment property, amounting to Rs 94 crore.
•EIH Ltd has demonstrated prudent financial management and implemented effective debt reduction strategies, resulting in a net cash positive position of INR 129 crore.
•The increase in domestic air traffic in India by 6.8% in March 2023 compared to the previous month and 11% compared to pre-COVID levels has had a significant impact on the Flight Catering & Airport Lounges segment. The segment's revenue experienced an impressive growth rate of 100% YoY.
•EIH Ltd recently opened Bay Club in Mumbai, managed by the company and opened in November 2022. Additionally, a restaurant in Mumbai is scheduled to open in June 2023 under a lease agreement.
•The company also has ongoing construction projects, including The Oberoi Rajgarh Palace with 48 keys and The Oberoi Bandhavgarh with 24 keys, both owned by the company and expected to be completed in FY25.
•In FY26, EIH Ltd plans to launch The Oberoi Kathmandu with 84 keys and The Oberoi Wadi Safar in Saudi Arabia with 60 keys, both under management agreements. Looking ahead to FY27, the company has planned The Oberoi Goa with 90 keys, owned by the company, Trident Goa with 150 keys, also owned by the company, and The Oberoi Al Zorah with 174 keys, managed by the company.

•Outlook: EIH Ltd's impressive Q4 performance with significant revenue growth, improved EBITDA, and a strong PAT reflects its resilience and effective financial management. The company's strategic investments, upcoming projects, and positive industry trends position it for continued growth and success in the future.

Industrial Products

KEI Industries Q4FY23 Concall Highlights
KEI Industries | CMP: INR 1,846 | Mcap: INR 166.48bn

•Revenue growth
Top line is expected to grow 16%-17% CAGR over medium term

EBITDA margins
•EBITDA margins are expected to improve by 150bps in FY26-27, due to the effect of greenfield projects and lower overheads. The margins can go up to 12.5%.

Capacity utilization
•Cables capacity utilization is 91%, House wire's capacity utilization is 79% and Stainless steel capacity utilization is 87%.

Capex
•The capex incurred ~INR 980mn in FY23 and 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 complete in H2FY24.

•The company has planned ~INR 2,500mn-INR 3,000mn capex on greenfield expansion for cable and wire in Gujarat. The construction is expected to start in June and expected to complete in 18 months.

•The company is planning to add a capex of INR 2,500mn – INR 3,000mn per year over the next 3 years to achieve revenue growth of 17%-18%.

Cash Accruals
•The cash accruals stood around INR 4,000mn-INR 5,000mn and every year cash profit is expected INR 5,000mn – INR 6,000mn in the next 3 years.

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

Order book
•The order book stood at INR 35.68bn, including INR 9.46bn EPC. EHV power cables – INR 8.5bn, Domestic cables Institutional – INR 14.4bn, and exports – INR 3.32bn.

Volumes
•Cable volume growth was around 13% in Q4FY23 and 20% in FY23.

•The company has consumed a copper and aluminum volume of 81,800 tonnes (+20.3% YoY) in FY23.

•The asset turn is 1.5 in the cable section and 1.6 for the wire section.

Distribution network
•Retail dealer and distributor network sales are around 44% and expected to reach 48% to 50% going forward.

•The company serves 2,000 institutional clients and has more than 1,900 distributors in India. The company focused on increasing the 7%-8% in the distributor network in FY24.

International markets and exports
•Exports revenue stood at ~10% of sales and is expected to reach 10% to 12% going forward. The company has started exporting to the US.

•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 counties like Nigeria and Ghana. These countries contributed around 60% of export markets.

Price lag and Inventories
•In Institutional sales, the company has a holding inventory of 2.5 months, while pending order book for 3 to 4 months. In retail sales, price revision is every 15 days, so the price lag is around 15-25 days.

•The distributor level inventories around 15 to 25 days.

Other highlights
•The company is procuring copper from Hindalco and Vedanta. The import of XLP compounds and specialized materials for special cables and EHV cables.

•Receivables days are around 2.4 months and are expected to reach 2.2 months in FY24.

•The advertisement expenses are expected to be ~0.5% of sales, which is around INR 350mn to INR 380mn.

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 16%-17% CAGR over medium term. 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 Q4FY23 Concall Highlights
Havells India Ltd | CMP: INR 1,241 | Mcap: INR 777.5bn

Lloyd
•In Lloyd, 70% of business comes from AC, and the company continues to focus on southern markets.

•Lloyd has moved from the top 5th position to the top 3rd position.

•In Lloyd, the inventory has been built in Mar and Apr, and the inventory is expected to build-up in May and June.

•In Lloyd, south and north markets are traditionally stronger.

•LED and washing machines are growing at a decent pace.

Capex
•AC capacity is doubling to 2mn units per annum. Post capex, the expected additional revenue potential is around INR 27bn to INR 30bn.

•The capex is expected around INR 6bn through internal accruals.

Cables and wires

•Wires and cables volume growth around 6% to 7%.

•Around 60% of cable business coming from domestic business.

•Wires capacity utilization at high levels, new capacities will be operational in the next 12 months.

•Underground cables & wires and domestic wires are more profitable.

Fans

•The weather has impacted fans, around 65% of sales from fans at the ECD segment in Q4FY23 were due to the summer season. Generally, fans sales around 60% of the ECD segment.

Switchgear

•Switchgear margin improvement due to product mix, higher sales, and operating leverage. The margins are expected to be around 37% to 40%.

Price hike

•The company has taken a price hike of 5%-7% due to BEE norms in fans and there is no price hike in other products.

B2B witnessed traction

•B2B segment growth led by infrastructure and construction.

•B2C: B2B share 70:30 respectively in Q4FY23. Generally, the mix is around 75:25.

Brand building

•Brand building cost is expected to be around 2.5% of sales.

Rural markets and outlets

•Around 5%-6% of consumer product sales come from Rural.

•The company caters to more than 2 lakh retail outlets.

Other highlights

•The plants are backward integrated, except for compressors and motors.

•The consumption of AC units is around 10mn and future demand continues to grow.

•Industrial consumer demand has been doing well in the past 5-6 months.

•The Sricity plant started production around March.

Outlook: Havells doubling its AC capacity which will bring additional revenue of INR 27bn – INR 30bn. Lloyd has moved to the top 3 positions due to gaining market share. Cables, Switchgear, and Lighting & Fixtures witnessed higher double-digit growth in FY23 and are expected to continue the traction. We have a positive outlook on the stock.

Blue Star Q4FY23 Concall Highlights
Blue Star | CMP: 1,437 | Mcap: INR 138.3bn

Market share
•RAC's market share stood at 13.5% and the company focused to reach 15% over the medium term.

•The cold rooms and deep freezers market stood at INR 30bn.

•VRF market stood at INR 12bn.

•The water purifier market stood at INR 28bn and the market is not growing, so the company is not focused on this segment.

Revenue Growth and EBITDA Margin
•The RAC market is expected to grow 20% while Blue Star is focused to grow above the market.

•EBITDA margin improved by 50bps to 6.2% in FY23 and a further 50bps margin improvement is expected in FY24.

•Margins are lower than global peers due to pricing in India.

Capex
•The capex is expected INR 2,500mn to 3,000mn per annum in the next 2 years.

•Sricity has 1.2mn unit capacity operation since Jan-23 and is expected to reach 3mn units in FY25.

•Himachal units are around 6 lakh and 1mn units are expected to outsource in FY25.

•The company is focused on the indigenization of deep freezers at Wadala and backward integration at Sricity.

RAC
•RAC demand surged early onset of summer and the company performed well despite of unseasoned rains.

•RAC market penetration is around 7% to 9% and Market volume units are around 8mn-10mn and expected to reach 20 mn units in the next 3 years.

•The company is focused to launch affordable products in AC, new generation VRF, and Centrifugal Chillers.

Compressors
•China’s compressor capacity is around 80mn, while the Indian market requirements are 10mn units. Around 60% of compressors are imported from China for compressors. Inner copper wires are majorly imported from China.

•GMCC coming up with a 1mn capacity for compressors and it can go up to 5mn units in coming years. Chinese products are 10% to 15% profitability compared to Indian products due to high-cost operations.

E-commerce and modern trade
•E-commerce and modern trade (9%-9.5%) account for 20% of sales and it can up to 25% in the next 2-3 years.

Consumer behavior
•90% of buyers are 1st-time buyers and around 95% of Bluestar consumers coming back for 2nd time for purchases.

Touchpoints and consumer finance
•The touch points were around 8,000 in FY23 and are expected to reach 10,000 in FY24.

•Consumer finance stood at 45% and is expected to increase going forward.

EMP and Commercial AC
•Electromechanical projects and commercial air conditioning witnessed demand from tier 3,4 and 5 cities.

•Middle East markets are witnessing traction. The EMP order book stood at INR 47.85bn (+58% YoY).

•The commercial refrigeration business witnessed traction backed by an uptick in demand from the food and healthcare sectors.

•Bluestar is optimistic in Q1FY24 due to the strong summer season and healthy order book in B2B businesses.

•The company is focused on opportunities in HVACR Products offered by the middle class, MSME, lighting commercial, and tier 3,4,5 markets.

•The company is focused on international HVACR markets and consolidating its position in the MEA region and making entries in North America and Europe markets.

Professional Electronics and Industrial systems
•Professional Electronics and Industrial systems growth backed by revival private cycle capex.

•NDT solutions and MedTech products witnessed traction.

Other highlights
•East, west, and south markets extremely doing well and the north market is impacted due to unseasonal rain and pricing.

•Ad expenses are around INR ~610mn in FY23 and expected INR ~730mn in FY24.

•Middle East business reached $100mn and products are majorly sold through dealers and distributors.

•The company has concluded a land sale in Thane with a gain of INR 1,708mn.

•The company switched to the straight-line method for depreciation.

•The bonus issue is 1:1, Post bonus issue dividend per share would be INR 6.

•Procurement effectiveness leads to improve profitability.

Outlook: Bluestar witnessed strong traction in FY23, RAC market share is expected to reach 15%, focused on growing faster than the market and Capex in Sricity, healthy order book in B2B business shows business visibility going forward. Strong penetration in consumer finance (~45%) compared to competitors and increasing the distribution distribution network from 8k touch points to 10k touch points would improve sales going forward. We have a positive outlook on the stock.

CG Power & Industrial Solutions Q4FY23 Concall Highlights
CG Power & Industrial Solutions | CMP: INR 312 | Mcap: INR 477.08bn

Revenue growth and Margins
•All the segments are expected to grow at double-digit rates going forward.

•EBITDA Margins improved due to ~ 14% (~+200bps) in FY23 volume growth, better realization, softening of RM costs, and procurement efficiencies.

Order book
•Standalone Industrial order intake stood at INR 14.36bn and unexecuted order book stood at INR 20.40bn in Q4FY23.

•The order intake stood at INR 20.73bn (+8% YoY) and the unexecuted order book stood at INR 43.19bn (+22% YoY) in Q4FY23.

•Railways order book stood ~INR 11.2bn in FY23 and ~INR 9.7bn as of 1st week Apr-23.

•Railway orders will be finalized in Q1FY24 or Q2FY24. 12,000 HP motor orders postponed until Aug-23.

•Industrial segment order inflows witnessed 2%-4% growth in Q4FY23.

•Europe's order book stood at INR 1,380mn backed by automation.

•In Industrials, the majority of orders from domestic, In power systems around 10% of orders are for exports.

•Power systems order book growth is around 46% and motor orders are replenished on monthly basis.

Debt
•The company has repaid a term loan of INR 1bn and become debt free.

Capex
•The capex of INR 2,300mn for motors at Ahmednagar and Goa plant. Capex of INR 1,260mn for transformers at Bhopal and Malapur plant.

Market share
•LT motor's market share is around 33% and HT motor's market share is around 14.5% as of Jan-23.

Capacity utilization
•The capacity utilization is around 80% -85% in LT motors and HT motors.

Pumps and Fans
•The company has launched two products in Pumps and Fans. Both are below 5% market share and the company is targeting INR 10bn top-line in these segments.

Replacement market
•The motor's life is around 20 years and the replacement market comes to around 30% and the remaining 70% comes from new markets.

Demand scenario
•The company witnessed demand from wastewater, Infra, ethanol, and sugar sectors. Demand from pharma remains flat.

•The increase in investments in the power sector resulted in demand for CG power products.

Other highlights
•The company has witnessed higher sales in the motor division and the highest order book in Transformers.

•The company focused on manufacturing motors for EVs.

•In PV CD projects, transformers' opportunity shares around 10% out of INR 2,000bn.

•The low-power transformer’s capacity is around 50KVA to 145KVA, largely from utilities.

Outlook: CG Power systems are expected to grow at double digits backed by order book and demand from various sectors such as Power, railways, etc. The Capex for motors and transformers would bring additional revenue going forward. Pumps and fans are expected to reach INR 10bn top-line going forward. We have a Positive outlook on the stock.

TD Power Systems Q4FY23 Concall Highlights
TD Power Systems | CMP: INR 194 | Mcap: INR 30,180mn

Revenue
•Revenue and volume growth are expected around 20% in FY24E. Around 17.5% CAGR revenue growth is expected in the next 3 years.
•Manufacturing revenue is expected to reach ~INR 10,000mn (~20% YoY) in FY24E.
•Traction Motors' revenue was around INR 1,300mn and the order book stood at INR 1,000mn in FY23.
•Refurbishment revenue is around 6% - 7% of sales in FY23
Margins
•EBITDA margins are expected around 16.5% to 17.5% going forward.
•The company has already bought the majority of raw materials for FY24E. Every INR 1 incremental sale leads to incremental other expenses of INR ~0.65 going forward.
Order book
•The order book stood at INR 13,909mn as of FY23. Total order inflow stood at INR 8,152mn (+26% YoY) as of FY23.
•Around INR 19,000mn – INR 20,000mn order inflows are expected in FY24E.
•The company has INR 8,000mn order book from Alstom which is executable over the next 5 years.
•Total order inflow stood at INR 2,313mn (+20% YoY) in Q4FY23.
•The project order book stood at INR 106mn in FY23.
Capex
•The capex of INR 250mn for automation, productivity, and software designing, etc.
•The company is keeping cash reserves for the new plant. The expected capex is around INR 1,500mn and an announcement is expected in the next 9-12 months.
Railways
•In railways, in next month, 6 months trail will be completed for traction motors. Ramp-up is expected in next year onwards and ~INR 1,000mn business is expected in traction motors for locomotives.
Motors
•In motors, the company is focusing on projects level applications, especially above 4-5 MW.
Geothermal market
•The geothermal market is around 600MW to 800MW per year. The company is bidding and getting some orders from Japan, Turkey, Central America, Germany, etc.
Other highlights
•Hydro witnessed 60% to 70% growth, main markets are Nepal, Vietnam, etc.
•The increase in demand for electricity and electric automobile leads to demand for power plants.
•In pumping projects, the company is getting inquiries from Telangana, AP, TN, and MP states.

Outlook: TD Power Systems is expected to grow at a double-digit rate backed by a strong order book of INR 13,909mn and visibility of INR 20,000mn order inflows in FY24E leads to business visibility. The incremental revenue with lower overheads leads to margin improvement going forward. The consideration of a new capex of INR 1,500mn due to demand potential and traction motors opportunity in railways will improve the business. We have a positive outlook on the stock.

BAJAJ ELECTRICALS LTD | Q4FY23 Management Conference Call KTAs
CMP: INR 1212.45
Marker Cap: INR 13,952.35Cr

•Bajaj Electricals Ltd achieved revenue of INR 5,429 Cr in FY'23, marking a YoY growth of 12.8%. In Q4 FY'23, the company recorded revenue of INR 1,490 Cr, demonstrating a YoY growth of 11.7%.
•It recorded an EBIT of INR 352 Cr in FY'23, with an EBIT margin of 6.5%. This represents a YoY growth of 41.1%. In Q4 FY'23, the company recorded an EBIT of INR 93 Cr, with an EBIT margin of 6.3%, showing a YoY growth of 40.4%.
•The company recorded its highest-ever PAT of INR 216 Cr in FY'23, with a PAT margin of 4.0%. This represents an impressive YoY growth of 73.8%. In Q4 FY'23, the company recorded a PAT of INR 52 Cr, with a PAT margin of 3.5%, showing a YoY growth of 34.1%.
•In FY'23, Bajaj Electricals Ltd achieved revenue of INR 4,889 Cr in its core FMEG segment, representing a YoY growth of 11.2%. In Q4 FY'23, the core FMEG revenue reached INR 1,292 Cr, showing a YoY growth of 6.8%.
•It also recorded EPC revenue of INR 540 Cr, demonstrating a significant YoY growth of 29.5%. In Q4 FY'23, the EPC revenue reached INR 198 Cr, reflecting a substantial YoY growth of 59.8%.
•The company achieved significant progress in de-risking its channel mix during Q4 FY'23. The company improved its trade and alternate channel mix from 70:30 in Q4 FY'22 to 65:35 in Q4 FY'23.
•Furthermore, its institutional channel witnessed growth of 45% or more, while the e-commerce channel grew by 25% or more. The CSD channel recorded a growth rate of 30% or more, and the MFR channel saw a growth of 15% or more.
•EPC division of the company showcased a robust performance, the division maintained a healthy order book, surpassing INR 1,600 Cr, and Driven by the addition of new orders, the EPC division achieved remarkable revenue growth of approximately 60% YoY.
•in terms of new product launches, in the Consumer Products category, the company introduced 62 new products in Q4, in the Consumer Lighting segment, it launched 47 new products and the Professional Lighting division witnessed an impressive 150 new product launches.
•The company has secured key orders in the Power Transmission (PT) segment. This includes the construction of 220 kV bays at the Dharam Jaigarh substation and the diversion of 220 kV transmission lines.
•It also secured significant orders in the Power Distribution (PD) segment. This includes the Sasaram and Munger RDSS Packages for SBPDCL, valued at INR 335 crore and INR 230 crore respectively, as well as the construction of substations and lines in Orissa for TPCODL, valued at INR 48 crore.
•BAJAJ ELECTRICALS LTD achieved a significant milestone in its evolution by conducting a soft-launch of the 'Nex'(a premium brand that offers high-performance products supported by superior technology) brand after Q4 FY'23.
•Company initiated a demerger, which is currently awaiting approval from the Hon'ble NCLT, Mumbai Bench. The final hearing for the scheme is scheduled for 8th June 2023.

•Outlook: Bajaj Electricals Ltd's strong financial performance, diversification of channel mix, and successful new product launches reflect positive growth prospects. The company's focus on power transmission and distribution segments, along with the upcoming brand launch and demerger plans, position it for continued success and market expansion.

Finolex Industries Q4FY23 Concall KTAs
CMP: INR 185 | Market Cap: INR 115 Bn | Promoter: 52.47%

Operating Metrics (Consol)
•Revenues came in at INR 11.4 Bn (+1% QoQ) (-28% YoY)
•EBITDA came in at INR 2.17 Bn (Vs 0.92 Bn QoQ) (Vs 2.65 Bn YoY)

Volume Consol:
•Pipes and Fittings (P&F): 81,452 tonnes (-10% QoQ) (+4% YoY)
•PVC resin: 58,132 tonnes (-10% QoQ) (-27% YoY)

Capex and Capacity:
•INR 1.5-2 Bn capex in FY24.
•Capacity addition of 12,000 tonnes in fittings done in Talegaon which will take 3-6 months to reach full utilization
•No new capacity addition on deck till peak capacity is reached in all existing facilities
•Resin capacity of 270,000 T, Pipes capacity of 370,000 T, Fittings capacity of 48,000 T (excluding ongoing capex) (Only 12,000 tonnes of inhouse, remainder outsourced).

P&F:
•P&F EBIT per Kg stood at INR 11 (Vs 7.6 QoQ) (Vs 12 YoY). Guidance of INR 12-14/Kg going forward
•November onwards PVC prices have increased and are stabilizing. PVC pricing has been stable in Jan and Feb.
•Non Agri contributed 35% to volume of P&F where company expects 15-20% growth. CPVC will grow faster than non agri segment

Resin:
•Resin EBIT per Kg stood at INR 20.17 (Vs 1.9 QoQ) (Vs 19.75 YoY)
•Guidance of 250,000-260,000 Tonnes of volume in FY24 (Vs 239,638 Tonnes in FY23)
•No shortage of sourcing but one of the supplier had a force majeure event due to which shipment was halted. No sourcing issues as such

Pricing of key products (per tonnes):
Q4FY23:
PVC – 920$, EDC - 288$, VCM – 766$
FY23:
PVC - 1058$, EDC – 410$, VCM - 844$
Current
PVC – 810$, EDC - 340$, VCM - 700$

Other KTAs:
•No addition in SKUs yet
•Debtor days have increased and will reach 30 days since credit is being given to customers
•Forex loss of INR 300 Mn in FY23
•Land sale expected in current year of approx. INR 3.5 Bn
•Company doesn’t operate in Nal se Jal directly, dealers get the orders
•Free cash (net) of INR 15.14 Bn as on 31 Mar 2023
•Dividend of INR 1.5 announced

Outlook: Company has given outlook of stable growth during the next year. No capex has been announced. Resin capacity utilization of approx. 89% reached while P&F capacity of ~70% reached. Sale of land to give additional cash boost. At CMP, company trades 45.8x FY23 EPS.

Titagarh Railsystems Q4FY23 Concall Highlights
Titagarh Railsystems | CMP: INR 352 | Mcap: INR 42.11bn

Wheelsets
•Titagarh – RK Forgings bagged orders from the Ministry of Railways to supply ~1.54 million forged wheels of different rolling stocks of Indian Railways over a period of 20 years at about 80,000 wheels per annum. The order worth is around INR 122.6bn, spread over 20 years. The company has 50:50 partnerships with RK Forgings.
•The greenfield plant is expected to be set up with INR 10bn capex. The capacity is expected around 2 lakh wheels per annum. Around 80,000 wheels goes for Indian railways (~40% of capacity) and the remaining is for captive consumption, domestic sales, and exports. The wheels plant will reduce import dependence from China, Ukraine, and other countries.

Vandhe Bharat trains
•Titagarh – BHEL has bagged 80 Vandhe Bharat train supplies and maintenance. First prototype is expected in the next 24 months and commercial supply will begin afterward. The opportunity size is around INR 231bn and Titagarh's share is around 51%. The supply of Vandhe Bharat revenue is expected INR 96bn and maintenance revenue is expected around 4.1% of sales over 35 years.

Order book
•The order book stood at INR 275.46bn (~9.9x of FY23 revenue) showing potential business visibility. Freight rolling stocks order book stood at INR 148.3bn and Passenger Rolling stocks order book stood at INR 127.16bn.
•Shipbuilding and other small business merged into freight rail systems.

Capex
•The Capex is around INR 10bn, INR 2.5bn already incurred in past years, and the remaining is expected next 3-4 years. Capex is funding through part of internal accruals and debt.

Margins
•EBITDA margin is expected around 8% to 10% going forward.
Passenger Rail Systems
•In passenger rail systems, the company is making 5-6 coaches per month and is focused to reach 20 coaches per month in FY24. The company focused on reaching 70 coaches per month over the medium term. Out of 70 coaches, 35 coaches are for metro cars and the remaining for Vandhe Bharat trains.
Freight Rail Systems
•The company currently manufactures 700 wagons per month and is focused on achieving 1,000 wagons per month going forward.
Titagarh Firema
•Titagarh Firema is expected to be EBITDA positive in FY24. Headwinds remain strong in Europe.

Metros
•Bangalore metro coaches production is expected to start from Q3FY24.
•The Pune metro project has completed around 50% in FY23 and the remaining is expected to complete in FY24.
•The Pune metro project has 34 trains and each train has 3 coaches.
•Pune metros are aluminum coaches and Vandhe Bharat trains are stainless steel coaches.
Other highlights
•Passenger rail car realization is around INR 100mn.
•All the large projects have price variation clauses.
•50,000 wagon global tender is expected to come in the coming months.

AIA ENGINEERING LTD.| Q4FY23 Management Conference Call KTAs
CMP: INR 2915.70
Marker Cap: INR 27,500.99Cr

•AIA Engineering delivered strong financial performance in FY23, with total revenue reaching INR 4,838.02 million, reflecting a YoY growth of 37.6%.
•The company's EBITDA surged to INR 1,475.18 million, representing a YoY increase of 68.0%, while maintaining an improved EBITDA margin of 30.05%.
•AIA Engineering also achieved substantial growth in PBT, with a YoY increase of 74.7% to INR 1,362.04 million, and in PAT, with a YoY increase of 70.2% to INR 1,055.93 million.
•In FY23, the number of days to turnover raw materials decreased to 31 days compared to 25 days in FY22.
•The WIP & FG days slightly decreased in FY23 to 72 days compared to 79 days in FY22.
•Regarding receivables, the number of days to collect outstanding payments improved in FY23 to 63 days, down from 75 days in FY22.
•In FY23, AIA Engineering witnessed strong segmental sales performance across its mining and others categories. Total sales reached 291,342 metric tons, reflecting a notable YoY growth of 11.9%.
•Sales in the mining segment amounted to 192,352 metric tons, showing a robust YoY increase of 12.6%.
•Additionally, the others category recorded sales of 98,990 metric tons, representing a significant YoY growth of 10.4%.
•The company's present installed capacity stands at 440,000 tons per annum.
•In the mining liner projects, a mill liners plant with a capacity of 50,000 tons per annum has already been commissioned.
•The company has also decided to proceed with a brownfield capacity expansion project in Kerala GIDC. This project aims to add 80,000 tons of capacity for grinding media, with an estimated CAPEX of Rs. 200 crores. The commissioning of this expansion is targeted for the end of the fiscal year 2024.
•During FY-2023, AIA Engineering incurred a total CAPEX of Rs. 195 crores.
•As of 1st April 2023, AIA Engineering's order book stood at Rs. 770 crores.
•As of 22nd May 2023, AIA Engineering has outstanding foreign currency forward contracts for sales contracts. The contracts are denominated in US dollars (US$) amounting to $38.10 million and Australian dollars (AUD) amounting to AUD 15.70 million.
•AIA Engineering has provided guidance for the upcoming period, projecting a sales volume of approximately 30,000 tonnes and a directional profit growth of 20-22%.

•Outlook: AIA Engineering exhibited strong financial performance in FY23, with significant revenue growth and improved profitability. The company aims to capitalize on its installed capacity and expansion projects while maintaining a healthy order book. With solid segmental sales and strategic guidance for volume and profit growth, AIA Engineering appears well-positioned for the future.

PRAJ INDUSTRIES LTD | Q4FY23 Management Conference Call KTAs
CMP: INR 374.60
Marker Cap: INR 6881.89Cr

•Praj Industries Ltd reported an operating income of INR 10,040 million, marking a robust YoY growth of 20.8%.
•Praj Industries Ltd, also showcased a significant improvement in operating EBITDA, which increased by 38.8% YoY to reach INR 1,083 million. The company's EBITDA margins stood at 10.79% an increase of 140bps YoY.
•Furthermore, Praj Industries Ltd. achieved a net profit of INR 881 million, showcasing a remarkable YoY growth of 52.7%. The PAT margins for the quarter reached 8.77%.
•In fiscal year 2023, The Company achieved an impressive operating income of INR 35,280 million, reflecting a substantial YoY growth of 50.6%.
•The company's operating EBITDA reached INR 3,179 million, representing a remarkable YoY growth of 54.4%. The company's EBITDA margins stood at 9.01%, indicating an increase of 22bps YoY
•Praj Industries Ltd. also reported a net profit of INR 2,398 million, exhibiting a significant YoY growth of 59.7%. The PAT margins for the fiscal year were 6.80%.
•In Q4FY2023, segmental revenues across its various business divisions were as- Engineering segment accounted for 21% of the company's total revenues, The HiPurity segment, contributed 8% to total revenues, and the Bioenergy contributed to 71% in the overall revenues for the quarter.
•In terms of geographical revenues, Export revenues accounted for 19% of the company's total revenues, the domestic contributed 81% to Praj Industries Ltd's revenues during the Q4FY23.
•The order intake for Praj Industries Ltd amounted to INR 10,380 million.
•Out of the total order intake The Engineering segment accounted for 10%.
•The HiPurity segment represented 8% of the total order intake.
•The Bioenergy segment had the highest share, comprising 82% of the total order intake.
•In terms of geographical distribution,
•Export orders contributed to 23% of the total order intake.
•Domestic orders constituted the majority share, accounting for 77% of the total order intake.
•Praj Industries, AirAsia India, and Indian Oil Corporation Limited (IOCL) have collaborated and they successfully conducted the first commercial flight in India powered by a blend of 'indigenous' Sustainable Aviation Fuel (SAF).
•Praj Industries Ltd. is experienced a notable increase in traction for its offerings in the High-Capacity fermenters space. Praj Industries has successfully secured an order for large-size fermenters from Oman.
•In addition to the High-Capacity fermenters space, Praj Industries Ltd has received its first order in the Semiconductor sector.
•To address the demand arising from the Energy Transition and Climate Action (ETCA) segment, the company is establishing a modern manufacturing facility under a new subsidiary called Praj GenX Limited.
•Praj Industries Ltd. has committed an investment of INR 100 crores towards setting up this manufacturing facility and aims to complete the project by the end of Q4FY24.

•Outlook: Praj Industries Ltd. delivered robust financial performance, witnessed increasing traction in High-Capacity fermenters, secured orders in new sectors, and collaborated for sustainable aviation. With the establishment of Praj GenX and ongoing investments, the company is well-positioned for continued growth and leadership in the evolving energy and climate sectors.

GMM PFAUDLER LTD | Q4FY23 Management Conference Call KTAs
CMP: INR 1447.30
Marker Cap: INR 6,506.66Cr

•In Q4 FY23, GMM Pfaudler Ltd's operational income was INR 866 crore, reflecting a 9% growth compared to Q4 FY22.
•However, there was a decrease in EBITDA, which stood at INR 96 crore, representing a decline of 19% compared to Q4 FY22. The EBITDA margin was 11.1%, a decrease of 383bps compared to the same period last year.
•Profit before tax showed a significant increase, reaching INR 56 crore, a growth of 59% compared to Q4 FY22.
•Profit after tax also saw a notable improvement, standing at INR 36 crore, a growth of 95% compared to the same period last year. The PAT margin was 4.2%, indicating an increase of 186 bps compared to Q4 FY22.
•The revenue in FY23 was INR 3,178 crores, representing a YoY growth of 25% compared to FY22, where the revenue was INR 2,541 crores.
•The EBITDA in FY23 was INR 431 crores, showing a substantial YoY growth of 52% compared to FY22, where the EBITDA was INR 284 crores.
•The PAT in FY23 was INR 235 crores, exhibiting a remarkable YoY growth of 212% compared to FY22, where the PAT was INR 75 crores.

•Segmental revenue distribution for GMM Pfaudler:
1)Technologies segment accounted for 60% of the total revenue.
2)Systems segment contributed 14% to the total revenue.
3)Services segment represented 26% of the total revenue.

•The revenue generated from the concluded project in Vatva and the ongoing project in Hyderabad collectively exceeds ₹300 crore.
•The order intake for FY23 for GMM Pfaudler was INR 3,392 crores, indicating a YoY growth of 15% compared to FY22.
•As of March 31, 2023, the company had trade receivables amounting to INR 436 crore and trade payables amounting to INR 537 crore and Net debt amounting to INR 797, and it had INR 311 in cash and equivalents.
•The company has set a goal to repay its debt in the next three years, provided that no acquisition takes place during that period.
•For FY24, the company expects a growth rate of 15% in revenue and improved margins. The company remains on track to achieve its FY25 guidance.

•Outlook: GMM Pfaudler Ltd. has shown strong financial performance in FY23, with significant growth in revenue, EBITDA, and PAT. The company aims to maintain its growth trajectory and improve margins in FY24. With a diverse revenue distribution across segments and a robust order intake, GMM Pfaudler is well-positioned for future growth.

ION Exchange Ltd – Q4FY23 Conference Call Highlights
CMP INR 3827| Market Cap INR 56,135mn

•Total orderbook for the company stands at INR 34,300mn, out of which INR 22190mn constitutes Engineering projects. The company has a bid pipeline of INR 81,250mn for FY24.

•Operating revenue for Q4FY23 stood at 6204mn a growth of 33.2% YoY. EBITDA margin for Q4FY23 stood at 15.38% a decline of 141bps on YoY basis. PAT stood at 722mn a growth of 9.1% against Q4FY22.

•Engineering Segment witnessed robust growth in revenue of 41% YoY in Q4FY23.Execution of Sri Lanka order is significantly affected, the closure of order is expected in FY24.

•Engineering business margins are drastically affected despite sales growth due to price revision in contracts and investments in infrastructure to enhance capabilities. EBIT margin stood at 12% in Q4FY23 against 22% in Q4FY23.

•The segment has strong order inflows and order enquiry in Q4, the company is carrying high value of order backlog and will focus on order expansion and margin expansion.

•Chemical business volumes improved sequentially but overall economic downtrend in overseas market impacted overall growth.

•Segment witnessed EBIT margin improvement of 400bps to 26.5% in Q4FY23 with increase in stability of input costs and better product mix. Revenue remained flat on YoY basis during the quarter.

•Expansion of Greenfield Plant for resin capacities at Roha, Maharashtra has commenced. The plant is expected to commercialize in FY25-26.

•Consumer Products segment witnessed health topline growth from revenue of INR 425mn to INR 515mn in Q4FY23 on YoY basis. The segment is yet to turn profitable on EBIT basis.

•Capex for Roha Plant is expected to be INR 4000mn in FY24-25. Over the next two years total capex is expected to be around INR 5000mn.

•Outlook
Revenue growth was strong for the company during Q4Y23 while margins were deeply affected in due to declined margin in Engineering segment. The company would focus on execution in FY24 after certain investments in supporting infrastructure for the engineering segment and margin expansion and would be the key driver for growth in FY24. Chemical segment volumes depend on overseas economic conditions, margin sustainability would be a focus for the vertical.

Action Construction Equipment Ltd-Q4FY23 Concall KTAs
CMP INR 471|Market Cap INR 5612 Cr

•In FY24, the company anticipates a 15%-20% growth in the top line, margin expansion of 100-250 bps, and remains optimistic about its medium to long-term prospects while focusing on cost savings, order intake, and calibrated pricing actions

•ACE sustained its strong growth trajectory.The operational revenue grew by 33% on a YoY basis and 10.4% on QoQ basis.

•Margins expand 243 bsp YoY/6bps QoQ stood at 12.38%, primarily driven by multipronged interventions viz. better product mix, improved price realizations, efficient cost control measures and softening of the commodity prices.

•The company will continue to debt free till the time any acquisition.

Segment overview
•The company experienced a YoY growth of 38.4% in the crane industry and holds a dominant market share of over 63% in the Mobile cranes segment and over 60% in the Tower Cranes segment domestically.

•It has a strong Sales and Service network with 100+ locations, 13 regional offices, and exports to 37 countries. Performance improved from 6.7% to 4.7%, and in the current year, the company expects a growth of 15% to 20% in crane metal handling and Agri portfolios.

•The overall crane market is estimated to be around INR2500-3000 crore, with forklifts representing a segment of INR600-700 crore.

Export
•Expect that going forward the export segment will contribute ~9% to 10% of the overall volumes overall revenues within this year, which is in line with medium term target of 15% to 20% contribution from exports.

Capex
•Incurring Capital expenditure of INR90 cr to enhance capacity the expansion will take shape from Q2 onwards and enhance installed capacity and they will have a potential to propel to reach a turnover level of INR3800 cr, to 200 cr in the near future.

Inventory Level
•Due to the transition from BSIII to BSIV, the company has reduced its inventory levels with channel partners to approximately 3-5 weeks. However, looking ahead, factors such as crop prices, monsoon conditions, and water reservoir levels being normal, the company anticipates growth of around 10%-15% in this segment based on the current situation.

Market penetration
•Market penetration has been very good. Share is around 25-26% and going forward the company is looking at 15% to 20% growth in numbers.

Construction segment
•The construction segment, INR250 cr and beyond that margins will start to balancing similar to Cranes Q4FY23 INR80 crore revenue. The company has nearly 14% EBITDA margin. Once the company start to cross INR300 cr going towards INR 350 cr on yearly, the margins would normalize to the crane loans and the company is already experiencing it.

Pricing
•Compared to JCB, the company enjoys a favorable pricing position, with major players like Caterpillar positioned 10-12% lower. The prominent players in the market include hydrogen Voltas and Toyota to some extent, with slightly higher pricing based on modules and customer preferences.

Imports
•The company had a lot of imports happened from the Chinese and at ridiculous prices, premium terms.

QIP
•The company invested INR135 crore in machine learning technology while acquiring other companies, and this investment has grown to INR400 crore through conservative utilization of profits and liquid investments. This enables the company to capitalize on opportunities while remaining debt-free post-acquisition.

Electric crane
•In Q1FY24, electric crane will commercialize it.The facility is being geared up to be able to produce and the company is also on the CapEx, because the company totally consumed in capacity with existing products.

Defence
•2-3% revenue contribution from defense and internally target to reach 10-15% going forward.

Outlook
•The company is expected to benefit from a strong demand due to the improvement in the construction industry and various infrastructure initiatives by the government, which will positively impact its growth in FY24.

Indus Towers Ltd– Q4FY23 Conference Call Highlights
CMP INR 145| Market Cap INR 390.09bn

Operation Highlights
•Macro Tower additions during Q4FY23 were 3,282 and 3,396 co-locations, exits during Q4 stood at 512. At the end of Q4 total Indus owned and operated 192,874 (+4% YoY) towers with 342,831 (+2.1% YoY) co-locations in 22 telecommunications Circles in India.

•Average sharing factor the company for Q4 stood at 1.78 per tower against 1.79 in Q3FY23.

•The company has observed softening in prices of per tower cost due to the decrease in cost of raw material.

•The company is working on improving energy profile and decrease energy costs, they are working on increasing operational efficiencies.

Financials

•Revenue from operations for Q4FY23 stood at INR 67.5bn (-5.1% YoY). Growth in core revenue s due to healthy tower rental and loading of 5G equipment.

•EBITDA for Q4FY23 stood at INR 34.4bn (-15.3% YoY, + 190.6% QoQ). PAT stood at INR 13.9bn (-23.5% YoY/ +297% QoQ).

•Free cash flow for FY23 was INR 14bn, it was impacted by shortfall of collection from a major customer. Q4 saw an improvement in collections.

•Provision for doubtful debt stands at INR 54.5bn.

•ROCE for FY23 stands at 11%.

Margins

•EBITDA margin decreased 6.2% YoY to 51%. EBITDA had an impact of increase in reported energy losses. Energy margins were lowered at -2.2% during Q4FY23.

•Capex incurred by the company during FY23 stood at INR 41,210mn and the company is positive on capex moving forward to grab the increasing opportunity in 5G and telecom industry and improve the portfolio.

Industry Outlook

•Government is focussed on rapid deployment of telecom infrastructure across the country.

•Deployment of 5G infrastructure and roll out has been progressing rapidly with present coverage of 500 cities across India and targets to complete urban coverage in India in next 3-6 months. More than 140,000 5G Base Transceiver Stations have been deployed across the country.

•Average data consumed by a customer from top three operators in the country grew by 17% in Q4FY23.

Outlook

The revenue and profit grew for the company which was a struggling point in the previous quarters, collections improved during the quarter. They are working to improve operational efficiencies. The rapid pace of 5G rollout and government support for increased deployment in telecom sector is an added advantage for the company.

Black Box Q4FY23 Result Analysis
Mcap-2,294.42|CMP-136.15

Operational highlights
•The revenue stood at INR 1,6.82 Bn(+ 0.60% QOQ)(+ 17% YOY). Growth in revenue is on account of strong order book reflected in new order wins each quarter and larger share of wallet from existing customers
•The EBITDA came at INR 950 Mn. (+ 32% QOQ)(+ 19% YOY). However, during FY23 EBITDA margins remained under pressure due to inflationary environment, supply chain challenges and project delays.
•PAT came at INR 230 Mn(+ 197% QOQ)(+ 47% YOY). PAT in FY23 was impacted by higher interest costs and severance pay-outs to improve their onshore-offshore ratios.

Key takeaways
•During the quarter- customer operations, customer services driven and facility optimization and ERP Consolidation driven growth was reported by black box. Repricing contracts to get better yields, better Rookie mix, better procurement and sub-contractor management and a right shore to ensure cost optimization would be a few of their strategies for margin expansion.
•The company had the top 10 customers/clients contributing 42% of the revenue. They are expecting a similar contribution of 42% from their top 2 customers/clients in the upcoming fiscal year.
•The company is focusing on the economy of the transactions and largely to drive organic growth.
•India has been a small market for Black box ltd because the IT industry has not found it's niche if we compare it with the competitors. A significant growth of 5-7% from Indian market is predetermined on the basis of rapid technology growth in India.

•The company is expecting to witness a hyper growth in the financials of the company ie.
•Revenue- INR 70-75 Bn, Ebitda-INR 4-4.5 Bn, PAT- INR 1.40-1.75 Bn. A sustainable EBITDA margin of 7-9% which the company would be aspiring to surpass in FY24.
•Black box targeted the gross margins in the range of 28-32%.

•Data enter, Edge IT and cyber security would be the businesses which they strive to scale up. Entering the strongest pipeline in the history of their company and expecting to further grow down the line.

•For instance the client is an Indian Logistics Company providing courier delivery services & has a subsidiary cargo airline that operates in South Asian countries.
•The client decided to upgrade their existing contact center technology that was obsolete and move on to a robust optimized architecture so as to ensure maximum uptime.
•Black Box demonstrated the benefits of a centralised vs. decentralised set-up and optimised the design by utilising their current infrastructure. This involved Contact center consolidation with back- office soft-phones. This agreement showed Black Box's Professional Services as a Solution Integrator.
•The company has provided a future-ready solution with low total Cost of Ownership and high uptime.
•Increasing existing customers & market penetration + Addition of new clients, Inorganic growth opportunities ,Optimize operational efficiencies, Optimizing operating costs are certain growth drivers which are backing the anticipations of the company.
overview
•Black Box limited have witnessed a robust performance in Q4FY23 in business outcomes with differentiated Global Solutions across Customer Experience, Cybersecurity, Connected Buildings, Data Centers, Digital Workplace, Enterprise Networking, and In- Building 5G/OnGo. Their anticipations and financials are promising.

Polycab India Ltd Q4FY23 Concall Highlights
Polycab | CMP: INR 3,327 | Mcap: INR 498.3bn
Revenue guidance
• The company is maintaining a revenue target of INR 200bn by FY26.
Margin guidance
• The cable and Wire business EBITDA margin is expected around 11% to 13% going forward.
• FMEG business EBITDA margin is expected around 10% - 12% by FY26.
Volume and value growth
• Cables volume growth is around 21% and value growth is negative in FY23. In Q4FY23, volume growth is a high single digit.
Capex
• The Capex is expected around INR 6bn to INR 7bn over the period of Jan-23 to Dec-23. ¾ of Capex will be utilized for wires and cables and ¼ of the Capex will be utilized for FMEG business.
Cables and Wires
• The cables and Wires revenue mix is 70:30 in FY23.
• Cables EBITDA margins around 10.5% and Wires EBITDA margins around 14%-15% in FY3. The difference between cables and wires margins is 250 bps.
• In wires and cables, 80% -90% of sales come from dealers and distributors.
Capacity utilization
• Cables and wires capacity utilization is around 70%, and switchgear capacity utilization is around 65%-70%. The company can be able to increase the capacity in a couple of months based on demand.
FMEG
• In FMEG business, 16% contributed by fans, 15%-16% from switches and switch gears, and the remaining from others.
Exports
• The company is exporting to almost 70 countries. Around 50% to 60% of business is from the US and the remaining is from other countries.
• Exports business contribution is around 9% and expected ~10% going forward.
Working capital days
• Working capital days are around 50 days and expected around 50-55 days going forward.
Raw material consumption
• Copper and Aluminium consumption mix around 50:50 in FY23.
Other highlights
• Channel financing and advances ~83% in FY23.

• B2B and B2C mix is expected 50:50 in FY26E.
• The company has penetrated 146 cities for B2B business.
• Pumps portfolio is minimal.
• Special purpose cables grew by 1.7x in FY23.
Outlook: Polycab is expected to grow at 12.3% CAGR over the period of FY23-FY26E backed by cables and wires. Post capex for wires & cables and FMEG expected additional revenue of INR 40bn to INR 50bn for HV/EHV cables. We have a positive outlook on the stock.

Triveni Turbine Ltd Q4FY23 Concall Highlights
CMP: 274 || Mcap: INR 88.59 bn
• **Revenue:** Triveni turbine earlier guided 35% CAGR over FY22-FY24E. In FY23, the company achieved ~46% YoY top-line growth in FY23. The order book witnessed above 35% growth rate and the company is expected to achieve 35% YoY revenue growth in FY24.
• **Margins**
EBITDA margins stood at ~19% in FY23. There is no pressure on margins.
EBIT margins are expected around 20% going forward.

- **Volumes:** The company has produced 190 turbines (+64% YoY) in FY23. Around 200 turbines are expected to be manufactured in FY24.
- **Order book**

Order booking grew 36% YoY to INR 16,054mn in FY23. In Q4FY23, order booking stood at INR 4,663mn (+65% YoY). The finalization of orders from industrial, power producers, and API dry turbines.
The order backlog stood at INR 13,282mn (+37% YoY). Around 90% of the order book will be executed in FY24 and the remaining 10% goes in FY25.
The order pipeline is 15%-20% of current orders.
The inquiry order book has been reduced from 12GW to 8.8GW due to a reduction in Chinese markets. In Chinese markets, lower demand from few orders for 0-100MW turbines.
Around 70% of the enquiry books are from international markets.
The major order booking from renewable energy-based solutions.

- **Market share:**

The company has a 50% market share in the Indian market for 0-100MW turbines.
In 0-100MW turbines, the domestic market is around 2,200MW and the global market is around 4,000MW to 5,000MW.

- **Capex:** The Capex is done, there is no further new capex and some maintenance capex is expected in FY24.
- **Exports:**

Sales exports increased by 121% YoY in Q4FY23. Exports share increased from 30% to 45% in FY23.
The company has received orders from 27 countries.
The company has received single-digit orders from south korea.
The company sold turbines to 27 countries in FY23. The total installed base is around 75+ countries and turbines are sold to more than 80 countries.

- **Other highlights**

The Domestic market witnessed traction from Steel, cement, Sugar, Distillery, Food processing, Pulp & paper industries.
OEM and Non-OEM share around 50:50.
The company has received an order from Hyundai Steel and is expected to complete it next year.
Heat recovery orders are coming from steel and cement companies.

Outlook: Triveni Turbine has an order book of INR 132.82bn (~1x of FY23 revenue) and a strong order pipeline enquires show business visibility. The company has completed capex and is expected to manufacture 200 turbines in FY24. Temporary headwinds from China for some order enquiries are expected to normalize going forward. We have a positive outlook on the stock.

Amber Enterprises Q4FY23 Concall Highlights
CMP: INR 2,078 || Mcap: INR 70bn
Revenue: Topline is expected to double in the next 4-5 years.
EBITDA and Margins
The company is focusing on 25%-30% CAGR EBITDA growth on a YoY basis. The company is focusing on absolute growth instead of margins.

- Electronics margins are around 4.5%. The company products have EBITDA margins in the range of 4.5% - 23%.
- Components margins are 7%-9%.
- RAC margins are 4%-5% compared to industry margins of 7%-8%.

Market Share

The company has a 29% market share (~+300bps) for RAC Manufacturing. RAC units are around 8.4 mn units which come to around INR 250bn market and manufacturing footprint market around INR 176.4bn (~71% of RAC Market). The company has done INR 50.94bn (~29% of manufacturing footprint market).

• The company has a 26%-27% market share for components; except heat exchangers.

• Sheet metals market share is around 30%-35%.

Capex: The Capex is around INR 6.98bn. A large part of capex was added in Jan – Feb 2023. The capex is expected around INR 3.5bn – INR 3.75bn in FY24. The Capex goes for R&D and maintenance, expansion of subsidiary business, and brownfield expansion in the components and assemblies.

Debt: Net debt stood at INR 5.88bn. The debt is expected to come down by INR 1-2bn in FY24. **Capacity Utilization**

Recently 2 greenfield manufacturing facilities started manufacturing, Sricity plant capacity utilization is around 20% and expected to reach 35% in FY24.

• The blended capacity utilization is 65% - 70%.

Price hike: There is no price hike in Q4FY23. Commodity prices remain stable.

Motors: Around 60% of motors are imported from China. The company is making around INR 1,000 per AC for motors. Motor's revenue growth is expected to be around 30-35% CAGR going forward. **Working capital days:** Working capital days are around 29 days and are expected to maintain 35-40 days going forward.

PLI:

PLI benefits are expected at the end of the financial year.

• Around 40% of components are outsourced in FY21. Outsourcing is reducing after PLI for components.

Other highlights

• Most of the new customers were added in Q4FY23. The company has 26 customers in the RAC category.

• The industry is expected to grow at 10% to 15% in FY24.

• Vandhe Bharat trains are coming up with AC. The company has the addressable market

• In RAC, demand was muted due to unseasonal rain.

• Channel inventory is high and expected to liquidate in June-July.

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, and capacity expansion will lead to additional revenue and debt reduction would improve the balance sheet going forward. We have a positive outlook on the stock.

Skipper Q4FY23 Concall KTAs

CMP: INR 133 || Market Cap: INR 54,581 Mn || Promoter: 49.9%

Best ever quarterly revenue of INR 6,574 Mn in Q4 FY23.

Bagged New Orders worth INR 4,100 Mn in Q4 & highest FY inflow of Rs 41,370 million for engineering products.

Achieved highest ever Quarterly & Annual revenue performance in Polymer segment.

Operating Metrics (Consol)

Revenues came in at INR 6,573.6 Mn (+47.8% QoQ) (+18.95% YoY).

• EBITDA Margins came in at 10.89% (Vs 10.19% QoQ) (Vs 12.88% YoY).

Segmental Break-Up:

• Engineering Products revenues came in at INR 4,974.2 Mn (+47.6% QoQ) (+20.7% YoY). o Polymer Products revenues came in at INR 1,488 Mn (+51.9% QoQ) (+26.4% YoY).

• Infrastructure Products revenues came in at INR 111.4 Mn (+12.6% QoQ) (-51.1% YoY).

• Engineering Products EBIT margins came in at 12.7% (Vs 11.3% QoQ) (Vs 12.37% YoY).

• Polymer Products EBIT margins came in at 4.4% (Vs 3.5% QoQ) (Vs 3.5% YoY).

• Infrastructure Products EBIT margins came in at 0.75% (Vs 1.5% QoQ) (Vs 3.7% YoY).

BSNL Order:
• Worth 25.7 Bn which will be executed in 2 years.
• 65% of the revenue will be booked in 2 years (capex part) and remainder will be booked in 5 years (O&M part). WC days in line with existing orders.
Order book:
• As on March 31, 2023 was INR 45.51 Bn; 20% exports, 80% domestic.
• Strong bidding pipeline of INR 66Bn International & INR 35.2 Bn domestic.
• Current orderbook (ex. BSNL) can be executed in 12-18 months.
Engineering Products:
• Company is bidding largely to EPC players and expects order inflow of INR 4-5 Bn quarterly.
• Company can deliver 12-13% margins going forward (FY23: 12.8%).
Polymer:
• Plants in Guwahati and Kolkata, total capacity of 60,000 tonnes operating at 50%utilization.
• Company aims to do industry level margins in the long term (13-14%) o No plans to enter north India as of now.
• Org Vs unorg market 60:40. Shift happening from unorg to org.
Infrastructure Products: Tender based orders receiving on renewable power side mainly in Rajasthan and Gujarat.
Other Highlights:
Capex for FY24 at INR 750 Mn.
• Interest cost (term loan and WC loan) at around 8-9%.
• Achieved highest ever Engineering exports sales and volume.
• Company has ventured in water EPC and secured order of INR 1 Bn in JJM.
• Received first time orders from countries like Dominican Republic, USA, Canada, Iraq & Kuwait during the year. Now supplying to 55 countries.
• Company is going to benefit from the Indian Australian FTA.
• Debt Equity Ratio improved to 0.63 (X) against 0.77 (X) in Fy'22.
• Gross Debtor days improved to 70 days against 100 days in FY'22.
• The Company has adopted hedge accounting for its derivative financial instruments and has transferred a derivative gain of Rs 21.44 million (net of deferred tax of Rs 11.52 million) for Q4 and derivative gain of Rs 5.90 million (net of deferred tax of Rs 3,17 million) for FY23, on effective portion of designated derivative instruments to hedge reserve.
Outlook: Company expects to deliver 25% CAGR revenue growth over next 3 years with 20% ROCE in the long term. We have been positive on the stock for a long time and continue to be positive but also recommend to book some profits at these levels. We have a price objective of INR 150 on the stock.

Mayur Uniquoters Q4FY23 Concall Highlights | CMP: INR 482.80 | Mcap: 20m |

•**Financial highlights-** On standalone basis, Revenue from operations is increased by 17% and PBT and PATs both have increased 5% over the last quarter. Revenue from operations amounting to INR 199 crores, PBT at INR 34.2 crores and PAT at INR 35.3 crores per year.
Revenue from operations on consolidated basis is Rs.193.24 crores, PBT at INR 29.3 crores and PAT at INR 23.38 crores. The revenue has increased by 9% over the PBT and PAT both have decreased 12% during the quarter.
Revenue breakup this quarter-
General – INR 17 crore
Export OEM-INR 60 crore
Auto And Domestic- INR 39 crore
Replacement- INR 32 crores
Footwear- INR 34 crore
Furnishing-INR 3.25 crore
•**Business segments-**
OEM sector- Export is going to be increased in current and next financial year on back of good and confirmed order for some upcoming new models in export and domestic markets. Some models is expected to start from second quarter in current financial year.
•Furnishing Segment- Sales increased by 60% this year and expected to increase by 30% this year and 40% next year.
PU -Full year, the PU is contributed around 8 lakhs meter and during the quarter it is around 2 lakhs meter.
•Footwear segment- On footwear, sales were soft in Mar/Apr/May months' despite being strong months of the year. However, the management has seen some green shoots recently and expect things to improve.
•**Volume-** Volume growth in Q4FY23 is around 70% and the full year is 14.36%.
•**Capex**- No plans in coming year but looking forward to start a plant in Mexico in next 2 years. Other expenses inched-up due to restarting travelling, CSR expenses, expenses related to new business, among other factors.
•**Inventory-** Trying to reduce the inventory and will be reflected in the console related results also.
•**New OEMs-** Confident of the 50% total of growth on the back of new OEMs added like in Ford Motor (USA), BMW etc. BMW will start by the end of FY24. Mercedes order of about, INR 33-44 crores this year.
•Export- Growth in the export OEM side for Q4FY23 is 85% and FY23 is 18.38%. OEM Export size value is around INR 142 crore. Expecting 60% this year -70% in FY25, a very good self-performance in exports, especially in OEM.

Outlook-
•Footwear will grow by 5%, Exports 45%, Domestic 6-8%. Mayur is aiming 25% revenue growth in FY25.Company is expecting around 17-18% growth in this year.
•Margins to remain stable in this year. Exports is a higher margin business, and will grow faster than other businesses should support.
•Overall, aims to touch revenue of Rs 9bn/11bn in FY24/FY25 respectively.
•Increase in domestic automotive in double digit.
•Upcoming new order which we got approval that will start by the end of 24 or the beginning of 25 (Major volumes of 30-35K)

Infrastructure

HG Infra Engineering Q4FY23 Concall Highlights
HG Infra Engineering | CMP: 952 | Mcap: INR 62.22bn

Revenue
•The revenue is expected to reach INR 55bn (~+19% YoY) in FY24E.

Margins
•EBITDA margins are expected around 15% for under-execution projects.

CAPEX
•The capex is expected to be around INR 1bn in FY24E.
Order book
•Order book stood at INR 127.66bn (+60% YoY) as of FY23 and order inflows stood at INR 86.5bn in FY23.
•In the order book, EPC and HAM mix is 55:45, and Government and Private mix is 69:31
•The expected order inflows are around INR 80bn to INR 90bn in FY24E and the order book-to-bill ratio is expected to maintain of 2.
•The expected order book breakup is HAM – 50bn, EPC from NHAI – INR 15bn, and INR 20bn from others.
•Railways and water orders are expected around 20-25% of the total order book.

HAM Monetization
•The company has entered into a share purchase agreement for monetizing four HAM assets.

Projects
•The company is under execution of 5 HAM projects; out of INR 30bn orders, around INR 18bn worth of orders are expected to execute in FY24.
•The company is doing execution of INR 8.5bn in Neelmangala Tumkur projects and expected to execute the Ganga expressway project worth INR 20bn.

Industry
•The government has intended to award new projects of 12,000 to 12,500 km in FY24E.
•The government targets to build 45km/day with a focus on project completion due to general elections.
•A railway budget of INR 2,500bn with aiming of upgradation of 1,275 railway stations through EPC.
•The airport budget of INR 980bn for monetization and expansion. Around INR 600bn will be utilized for the enhancement of existing airports and the remaining for new airports.

Outlook: HG infra has a strong order book of INR 127.66bn (~2.76x of FY23 revenue) and expected order inflows around INR 80bn – 90bn in FY24E shows business visibility. The monetization of four HAM assets would lead to cash flows. The strong execution ahead of elections and new projects from NHAI and railways would provide business opportunities for the company. We have a positive outlook on the stock.

Patel Engineering Q4FY23 Concall KTAs
CMP: INR 27.7 | Market Cap: INR 21.4 Bn | Promoter: 39.4%

Revenues came in at INR 12.98 Bn (+16.8% YoY)
EBITDA Margins came in at 13.91% (Vs 13.92% YoY)

Orderbook:
•Stood at INR 208 Bn (49 ongoing projects). This includes L1 orders worth INR 32.2 Bn and 8.4 Bn worth orders which have received LOAs in Q1FY24.
•Hydroelectric projects form 60%, irrigation form 21.3% remainder split between tunnel, road and others
•55% orders from Central Govt/PSUs, 41.5% from State Govt and remainder from International
•Hydro projects have execution period of 4-5 years while irrigation has 3-4 years

FY23 Debt and Interest Cost:
•Interest cost at 4.18 Bn of which 2.2 Bn in interest on borrowings, 1.1 Bn in interest on advances and remainder on BG/LC charges.
•Total borrowings brought down by ~INR 5 Bn to INR 17.5 Bn in FY23 (gross debt).
•Currently term loans stand at ~INR 6 Bn which the company expects to pay off in 3-4 years
•Company expects repayment of INR 2 Bn worth of debt in FY24
•The interest rate on borrowings is approx. 11-11.5% and interest on advances at 9-10%

Monetization of non-core assets:
•3 assets of INR 670 Mn (210 acres) in Telangana were monetized and proceeds were used for repayment of debt.
•Additional land available for sale worth INR 10 Bn (~2150 acres) of which land worth ~1 Bn is expected to be monetized in FY24

Arbitration awards:
•INR 1.57 Bn was realized in FY23 which was used for debt repayment.
•Total of awards and claims as on 31st March stood at INR 43.4 Bn of which:
o4.6 Bn worth claims pending with client
o14.4 Bn worth claims under arbitration
o12 Bn worth arbitration awards in company's favor
o12.3 Bn worth claim yet to be submitted
•Arbitration cases from filing to winning award takes between 18-24 months

Other KTAs
•Company concluded the rights issue of INR 3,249.19 Mn (at price of INR 12.6)
•Company has equipment base of INR 11 Bn
•Most of the orders are with and escalation clause (pass on)
•Most of the capex is funded from client advances
•No further promoter stake sale expected
•Tax Rate of 30% going forward
•Company will also explore options of sale of land on MSTC and discounting of arbitration cases which are already won
•Exceptional items (INR 69.4 Mn) include reversal of provision for future loss and provision for doubtful receivables.

Outlook:
The hydropower capacity is expected to witness total installed capacity addition of 6.82 GW (Installed capacity from large hydro projects at 46.85 GW as on July 2022). Company has guided to grow at 15% for the next 2 years with margins similar to FY23 (between 14-15%) with orderbook growth of 12-15%. Primary goal seems to be monetization of non-core assets and reduction of debt. Company had reduced debt of INR 5 Bn in Q4FY23 so the benefit of reduced interest cost should be seen from Q1FY23 (to the tune of INR 250-300 Mn per quarter). Company has a strong client profile and orderbook which will be the core focus apart from monetization of land and resolution. Resolution of arbitration cases will be added benefits for the company. Q1FY24 PAT margins are likely to improve but we will wait and watch for the performance going forward. At CMP, company trades 12.4x FY23EPS.

Vascon Engineers Q4FY23 Concall KTAs
CMP: INR 38.8 | Market Cap: INR 8,592 Mn | Promoter: 32.2%

Operating Metrics (Consol)
Revenues came in at INR 3,310.8 Mn (+52.9% YoY)
EBITDA Margins came in at 16.08% (Vs 8.41% YoY)

EPC Business:
•Ability to execute around 8 msft per annum
•Currently executing around 3.7 msft p.a. – operating at 90% utilization
•External orderbook of INR 17.39 Bn and internal orderbook of 3.88 Bn
•Looking for desing and build projects which give a few bps higher margins
•Gross margins at 15-16%

Real Estate:
•Own share of INR 1.18 Bn revenues recorded in FY23
•Current projects under development worth INR 5 Bn of which 3.31 Bn has been recognized.
•Projects in pipeline: 1.62 mn sqft worth INR 18.65 Bn
•Lots of tenders to bid from, railway stations also an option
•Powai, Kharadi and Santacruz projects to be launched in FY24
•Company aims to work in Mumbai, Pune and Coimbatore since they are main markets for them
•Gross margins at 25-30%

Non-core asset for sale:
•9 Acre land in Aurangabad (NOC received from SBI and transaction under process): to receive INR260-280 Mn which will be kept as FD with bank only as collateral. Transaction to conclude in 2-2.5 months
•GMP Tech Solutions (subsidiary of Vascon – 85% ownership)

Other KTAs:
•Net debt down to INR 120 Mn. WC debt of INR 2.43 Bn which will be enhanced by600 Mn due to better credit rating (expected to be available in next 3 months)
•Credit rating has been improving which has helped enhance BG limits which will subsequently help increase orderbook position and EPC execution runrate.
•Employee cost to increase in FY24 (after remaining at same level in FY23 compared to FY22)
•Most of RM cost is pass through
•Current cost of debt at around 11%

Outlook:

Company is no more looking for large projects as it used to earlier, now looking for 4-5 acre (~1 Mn sqft) projects deliverable in 4-5 years. No more interested in land banking, instead focusing on JV. Company has guided for 15-20% growth in EPC business (topline and bottomline) and 10% PBT aspirations. RE business is lumpy as revenues are booked only on completion. So company expects FY25 to be much better because some projects are completing in FY25. Growth rate in RE will be better than EPC. At CMP, company trades 8.6x FY23 EPS. We have a price objective of INR 48 but we downgrade the stock to ACCUMULATE.

HIL Q4FY23 Concall KTAs
CMP: INR 2,607 | Market Cap: INR 19,653 Mn | Promoter: 40.59%

Revenues came in at INR 12.98 Bn (+16.8% YoY)
EBITDA Margins came in at 13.91% (Vs 13.92% YoY)

Segmental EBIT margins:
- Roofing Solutions came in at 7.6% (Vs 11.4% QoQ) (Vs 16% YoY)
- Building Solutions came in at 6.9% (Vs 8.4% QoQ) (Vs 11.2% YoY)
- Polymer Solutions came in at 6.3% (Vs 2.4% QoQ) (Vs 3.6% YoY)
- Flooring Solutions came in at -4.3% (Vs -4% QoQ) (Vs 5.8% YoY)

Roofing:
- Highest ever revenues of 11.15 Bn. #1 player in market mainly due to Charminar brand.
- Company deepening reach to more remote locations
- April saw slower volume offtake due to festive season and higher rainfall. Led to slightly muted demand sentiment. Recent trends indicating demand picking up. Next 4-6 weeks should be good.
- High RM cost affected performance last year and quarter. Similar trend will flow through to Q1 also (expecting weak margins). Very small price increase taken (1-2%) and Q1FY23 was good so Q1FY24 numbers will look weak YoY. Expecting margins for FY23 to be close to 17-18%. Volume growth not expecting more than 5-6% YoY in Q1
- Since August, 25% cost increase has happened and price increase taken (only in Q4) was of 3-4% but 10% of contribution margins are lost

Building:
- FY23 was near 100% capacity utilization. Crossed INR 5 Bn revenue mark in FY23
- Crossed 9% profitability mark in FY23 which is expected to continue in current year
- Will grow through inorganic and organic both
- New greenfield facility for panels and brownfield for blocks is current planned Capex. Post that a greenfield facility in blocks in southern region will be undertaken
- Total additional capacity of 2,40,000 cbm (for blocks), volume growth will be 1,20,000 cbm in FY24
- Panel side, 36,000 tonnes will be available in Balasore in a couple months, 35,000 tonnes commissioned late last year. Total 45,000 tonne volume growth expected in FY24

Plumbing (Polymer):
- 23% Volume growth in FY23
- Aggressively growing channels and growing product range (currently 1500+ SKUs)
- Commissioned facility in Seemapur plant for underground drainage segment
- PVC prices still soft but company believes it has bottomed out and recovery on corner.
- Putty segment – intense competition and soft price regime
- Construction chemicals focused in north and west market

Flooring (Parador: Europe business):
•INR 13.24 Bn revenues in FY23, PAT Loss of INR 400 Mn
•Cost pressure has started easing out and demand picking up but pressure was till April and part of May too
•Presence currently in central Europe. New focus to western Europe, ME and Asia
•High inflation in Europe led to weak consumer sentiments, resulting into a soft demand scenario
•Gross margin in Parador is expected to improve in coming quarters on account of reduction in key raw material prices and freight
•Material cost has fallen since June by nearly 25%. Impact of it will be seen overtime
•Current performance seems to be weakest because as consumer spends increases and inflation falls, performance will be better. Plus the RM cost has been declining since June so pricing will be better now
•Parador will be breakeven in Q2-Q3FY24 on PBT level. Company already breakeven one EBITDA level since Q4FY23
•Employee cost had one-time expense of INR 60-70 Mn of restructuring costs so EBITDA margins will be helped Q1 onwards
• Company has plans to increase its offerings to China. Currently they have achieved only 50% of their potential in China.

Other KTAs:
•Capex of 1.5 Bn for FY23 of which 70% from internal accruals (this excludes INR 400 Mn maintenance capex). Parador capex of Euro 3-3.5 Mn of sustenance capex. FY23 capex (1.35 Bn) was building solution segment majorly
•India business did highest ever revenues in FY23.
•Debt at INR 4.07 Bn, D/E of 0.33x
•Rate hikes had impacted Euribor and domestic finance cost
•Dividend of INR 25 declared, total dividend for FY23 at INR 45

Outlook: Company is confident that the current performance was the weakest and it will only improve from here. Company aims to achieve its FY26 guidance of $1 Bn revenues with robust profitability. Based on the commentary, we believe company will be on track of decent performance in Roofing and Flooring in a few quarters but Polymer performance pick up will be sooner. At CMP, company trades 20.2x FY23 EPS.

Welspun Enterprises Ltd | Q4FY23 Management Conference Call KTAs
CMP: INR 150.50
Marker Cap: INR 2,082.66Cr

•In Q4FY23, the revenue from operations amounted to INR 8,240 million, representing a significant decrease of 76% compared to Q4FY22.
•For the full FY23, the revenue from operations reached INR 26,764 million, showing an impressive growth rate of 105% compared to FY22.
•The EBITDA amounted to INR 1,509 million, reflecting a decrease of 79% compared to Q4FY22. For FY23, the EBITDA reached INR 3,353 million, showing a significant decline of 84% compared to FY22.
•The EBITDA margin stood at 17.1%, representing a slight decrease of 61bps compared to Q4FY22. For FY23, the EBITDA margin was 12.1%, showing a decrease of 144bps compared to FY22.
•In Q4FY23, PAT amounted to INR 1,376 million, reflecting a remarkable increase of 160% compared to Q4FY22. For FY23, the company recorded the highest ever PAT reaching INR 7,131 million, showing an impressive growth rate of 663% compared to FY22.
•The PAT margin was 15.6%, indicating an increase of 450 bps compared to Q4FY22. For the full fiscal year FY23, the PAT margin was 25.7%, showing a significant improvement of 1875 bps compared to FY22.

•The company has a current order book valued at INR 101 billion. The order book is segmented into 40% for road projects and 60% for water projects.
•The company currently has accounts receivable of ₹120 crore, which is expected to be received in the first quarter of FY24.
•It also has a net cash position of INR 15,478 million.
•The industry dynamics are in favour of the company as, the government plans on connecting of 550 districts through National Highways under the Bharatmala Pariyojana, increase in allocation for the central road fund by 19% and allocation of INR 973Bn to the Jal Shakti Ministry, as compared to INR 740bn in FY23.
•Further there is a massive push to achieve target of 100% tap water connections by FY24, under Jal Jeevan Mission with total allocation of INR 696bn. Under Gati Shakti the government is aimed at improving multimodal connectivity and last-mile connectivity with allotment of INR 100tn.
•The company aims to continue its prudent bid strategy to enhance its portfolio, ensuring careful selection and evaluation of projects.
•It recognizes the water and wastewater sector as a key growth driver and focus area, the company is strategically positioned to participate in development projects, including Build-Operate-Transfer (BOT) and Hybrid Annuity Model (HAM), as well as Engineering, Procurement, and Construction (EPC) projects.
•The company also has Investment in Oil & Gas blocks under Adani Welspun Exploration Ltd (AWEL), a 65:35 JV between Adani Group & WELSPUN LTD.

•Outlook: Strong financial performance in FY23 with impressive revenue and profit growth. Focus on water sector, strategic project selection, and robust order book, Position Company for future growth. Favorable government initiatives and increased funding in infrastructure projects provide a positive outlook.

Dilip Buildcon Ltd | Q4FY23 Management Conference Call KTAs
CMP: INR 167.10
Marker Cap: INR 2,443.25Cr

•Dilip Buildcon Ltd witnessed a revenue growth of 12% in FY23, with revenue from operations reaching INR 1,01,195 million compared to INR 90,061 million in FY22.
•It achieved a significant EBITDA growth of 31% in FY23, with EBITDA reaching INR 9,884 million compared to INR 7,536 million in FY22.
•The company also witnessed an impressive growth of 358% in Profit after Tax (PAT) in FY23, with PAT amounting to INR 2,218 million compared to a loss of INR 860 million in FY22.
•In terms of segment-wise performance, Dilip Buildcon Ltd experienced a 2% growth in the Roads and Special Bridges & Tunnels segment.
•The Irrigation segment witnessed significant growth of 139%, while the Metros, Arports, Urban & Water Supply segment recorded a remarkable growth of 111%. However, the Mining segment showed a slight decline of 0.05%.
•It successfully completed three Engineering, Procurement, and Construction (EPC) road projects, four Hybrid Annuity Model (HAM) road projects, and one tunnel project. The total value of these projects amounted to ₹90,529 million.
•The company has a total order book of ₹2,53,950 million, distributed across various sectors. The breakdown of the order book is as follows:
•Roads: ₹1,01,160 million (40%)
•Mining: ₹44,905 million (18%)
•Irrigation: ₹35,880 million (14%)
•Water Supply: ₹30,973 million (12%)
•Tunnel: ₹19,146 million (7%)
•Special Bridge: ₹7,096 million (3%)
•Metro: ₹14,790 million (6%)

•It also secured 10 projects valued at ₹1,09,181 million in the states of Jharkhand, Gujarat, Madhya Pradesh, and Andhra Pradesh. These projects span across three sectors, namely road, metro, and water supply.
•Dilip Buildcon Ltd has successfully reduced its net working capital days from 89 days in December 2022 to 70 days in March 2023.
•The company has made significant progress in reducing its Net Debt to Equity ratio, which decreased to 0.52 as of March 2023. This is a notable improvement compared to the ratios of 0.63 in March 2022 and 0.58 in December 2022.
•During March 2022, the Group signed definitive agreements with Shrem Infrastructure Investment Trust (InvIT) for the divestment of 10 Hybrid Annuity Model (HAM) projects. The divestment was valued at ₹23,490 million.
•The company divested 8 projects with a final valuation of ₹17,753 million. These projects were originally invested in for ₹12,715 million.
•It has two projects in which it holds a 51% equity stake and two projects in which it holds a 49% equity stake. The company has set a target to complete these projects by June 2023.
•The company aims to achieve a 10% growth in topline and a 13-14% growth in EBITDA for FY24. Additionally, the company targets securing new orders worth ₹10,000-12,000 crore during the fiscal year.

•Outlook: Dilip Buildcon Ltd has delivered strong financial performance in FY23 with double-digit revenue growth and significant improvements in EBITDA and PAT. The company's diversified project portfolio, focus on reducing debt, and robust order book provide a positive outlook for future growth and profitability.

Hindustan Construction corp. O4 Result Update
CMP: 17.02 | Market capital: 2,575.17 cr.

Hindustan Construction corporation limited are aiming to deliver a performance driven result. Most of the development projects are in progress and other projects are taken keeping the repayment of debt in consideration. Overall performance in FY23 are slightly adverse with a backlog of 14772 cr. Majorly in transport and hydro sector.

•Hindustan Construction corp. witnessed a top-line growth of 52%(QOQ) and a negative growth of 811 cr.(YOY) ie. Consolidated Group revenue at ₹9,857 Cr in FY23 vs ₹10,668 Cr in FY22. Operating income rising by 60% from 1155 cr. to 1845 cr.(QOQ) and 17.5% from 1155 cr. to 1845 cr. (YOY)

•The company had to face consolidated Loss at ₹89.1 Cr in FY23 vs Net Profit of ₹637.3 Cr in FY22 and Standalone Net Profit of ₹253.4 Cr in FY23 vs Net Loss of ₹153.1 Cr in FY22.

•The company had a growth of Highest Ever Standalone E&C turnover of ₹5,222 Cr in FY23 vs. ₹4,666.3 Cr in FY22.Strong operational performance and earnings during the quarter due to focus on delivering turnover and HINimproved operational efficiencies through a leaner and efficient organizational structure

•The company had witnessed a negative growth of 3%(QOQ) and 7%(YOY) in the EBITA margin in FY23. Falling from 17% it went down to 14% by quarter on quarter basis.

•Completed debt carve-out process; ₹308 Cr of debt repayment in FY23

•Bid submissions planned for FY23 (Major Bids) ~ ₹11,000 Cr

•Project completion certificates :Pare HEP - Completion certificate & Defect liability completion certificate received. Mizoram Tunnel 15A and Sone Bridge Projects - Completion certificates received.

•Business Development: Evaluating opportunities in the Highway sector, some in partnership with Strategic / Financial Investors. Also evaluating Ropeways and Personalised Rapid Transit (PRT) projects. HCC Concessions closed its sale of BFHL to Cube Highways on 28 March 2023 at an enterprise valuation of ₹1,323 Cr, including SPV debt of ₹646 Cr.
•Q4 FY23 Avg daily PCUs grew by 3% while revenue stood at ₹35.4 Cr. Construction expected to be completed by Q3 FY24 resulting in toll rate increase of ~45%

•Operational update: Anji Khad Bridge , DMRC DC06 , Imphal Road , Numaligarh Jorhat Road , Tehri PSP , Vishnugad Pipalkoti HEP , Nikachhu HEP , Railway Tunnel T-49A , Sawalkote Tunnel ,Tunnel invert lining, Parwan Dam, Mumbai Metro(CST-89%,Girgaon-45%, grantroad- 60%, Kalbadevi Station – 75% completed) and the Mumbai Coastal Road are the big projects which are expected to be completed in the calendar year 23.

OUTLOOK: Hindustan construction corp. Limited has delivered a relatively poor financial performance in FY23 with a decline in revenue and EBITDA margins. Focusing on hydro, transport, water, nuclear & special sector and writing off their debt gradually would lead to a robust performance. Parallelly, they must complete their backlogs to maintain their goodwill.

Keystone Realtors Ltd| Q4FY23 Management Conference Call KTAs
CMP: INR 494.25
Marker Cap: INR 5,628.39Cr

In FY23, the company achieved remarkable results in terms of its operations. It sold 1.03 million square feet of area, had a pre-sales value of INR 16 billion. The company also completed 0.62 million square feet of construction projects.

Revenue and Margins
•The company's revenue from operations in Q4 FY23 of Rs 3,444 Mn reflects a substantial QoQ growth of approximately 172.3% compared to Q3 FY23 at Rs 1,265 Mn. Additionally; it represents a YoY increase of about 47.4% compared to Q4 FY22 at Rs 2,338 Mn.
•The company's EBITDA in Q4 FY23 of Rs 1,102 Mn reflects a significant QoQ increase of approximately 518.0% compared to Q3 FY23 at Rs 178 Mn. It also indicates a YoY growth of about 52.6%, compared to Q4 FY22 at Rs 724 Mn.
•EBITDA margins were at 31%, marking a substantial increase compared to 13% in Q3 FY23 and 29% in Q4 FY22, with a difference of approximately 1,800 basis points and of 200 basis points respectively.
•The company's PAT in Q4 FY23 was Rs 652 Mn, reflecting a substantial QoQ and YoY increase compared to Q3 FY23 at Rs 72 Mn and Q4 FY22 at Rs 455 Mn. The QoQ difference in PAT is approximately 805.6%, and YoY difference is approximately 43.1%.

Category wise performance
•The Average Realisation for Super Premium / Premium segment recorded significant growth of 19%, the Aspirational segment grew by 1%, Mid & Mass segment grew by 12%, the affordable segment grew by 5% and the commercial segment recorded robust growth of 11%.
•The collections from Super Premium/ Premium witnessed a decrease of 58%, however the collections from Aspirational segment grew significantly by 160%, Mid & Mass grew by 68% and affordable recorded growth of 58%. However the commercial segment recorded a decline of 21% in collections.
Upcoming Projects
•The company has a total of 20 upcoming projects as of March 2023, out of which 18 are residential projects and 2 are commercial projects
•For the 18 residential projects the total saleable area is 22.89Mn SQ. FT; the estimated GDV value is INR 288.62Bn and the cost to completion is INR 174.03Bn.
•For the commercial projects saleable area is 4.97Mn SQ. FT; the estimated GDV is INR 62.41 Bn and cost to completion is INR 41.99Bn

Cash flow and Debt

•The net cash flow from operating activities in FY23 amounted to Rs 4,585 Mn, reflecting an increase of approximately 149.8% compared to FY22 (Rs 1,833 Mn).

•The company's gross debt in FY23 was Rs 4,515 Mn, indicating a decrease compared to FY22 (Rs 7,725 Mn).

•The company's net debt in FY23 amounted to Rs 189 Mn, reflecting a significant decrease compared to FY22 (Rs 5,210 Mn).The company's net debt to equity ratio in FY23 was 0.01, indicating a decrease compared to FY22 (0.54).

Other Highlights

•The company recently launched Vendor Management System for centralized procurement of marketing collaterals through SAP.

•The company sees a significant growth opportunity created in the short to medium run, as it expects MMR to continue growing at a high pace considering governments increasing focus on infrastructure projects such as Metro Network, Coastal roads, Trans Harbour Link, Bullet Train, Port development, Navi Mumbai Airport, etc.

Outlook: The company's remarkable FY23 performance, including strong sales, revenue growth, improved margins, and successful entry into the redevelopment segment, sets a positive outlook. With upcoming projects, expanding portfolio, and favorable market conditions, it is well-positioned to capitalize on the high-growth MMR region and government-driven infrastructure initiatives.

NIRLON LTD | Q4FY23 Management Conference Call KTAs
CMP: INR 409.10
Marker Cap: INR 3,686.73Cr

•Nirlon Ltd's revenue for Q4FY23 was 1485Mn, recording a growth rate of 2.9% QoQ and 7.8% YoY.

•The EBITDA declined by 1.4% QoQ and grew by 3% YoY. The EBITDA for Q4FY23 was 1169.

•The EBITDA Margins grew by 347bps QoQ and 371bps YoY, now at 78.72%.

•The PAT for the quarter witnessed a QoQ decline of 7.1% and an increase of 34.3% YoY, the PAT for Q4 was 497Mn.

•The PAT margins declined by 361bps QoQ and increased by 660bps YoY. The PAT margins for QR were 33.47%.

•The revenue for FY23 was 5756Mn, a YoY growth rate of 48.8%.

•The EBITDA for FY23 grew by 53.6% YoY to 4610Mn. The EBITDA margins grew by 246bps YoY to 80.09%.

•The company recorded 42.5% of YoY growth in PAT. The PAT for the year was at 1579Mn.

•The PAT margins witnessed a decline of 122bps YoY to 27.43%

•Nirlon Ltd reported significant leasing activities in Q4FY23, including the licensing of approximately 23,000 sq.ft. by MUFG, 34,000 sq.ft. by Protium Finance, and 12,000 sq.ft. by Integrated Security Media Group.

•ICICI Prudential signed a Letter of Intent (LOI) in Q1FY24 to expand its space by 9,600 sq.ft. at NKP.

•As of 31st March 2023, there was approximately 14000 sq.ft. of vacant area.

•Nirlon Ltd has secured a total debt facility of INR 1,230 Cr from HSBC, which includes an overdraft (OD) facility. As of March 31, 2023, the outstanding debt from HSBC Bank amounted to INR 1,150 Cr.

•The Board of Nirlon Ltd has recommended a final dividend of INR 11 (110%) per share for the financial year 2023. The proposal is subject to the approval of the shareholders at the upcoming Annual General Meeting (AGM).

•Outlook: Nirlon Ltd achieved steady revenue growth in Q4FY23, with a YoY increase of 7.8%. The company maintained strong EBITDA margins of 78.72% and recorded significant leasing activities. With a recommended dividend, Nirlon aims to continue its positive trajectory and deliver value to its shareholders in the future.

WPIL Ltd – Q4FY23 Conference Call Highlights
CMP INR 2,929| Market Cap INR 28,614mn

Financials
•Standalone Operating Income for Q4FY23 stood at INR 3515mn against INR 2479mn in Q4FY22 (+42.3% YoY/ +28.8% QoQ).
Driven by international and turnkey project business.

•EBITDA for Q4FY23 stood at INR 755mn against INR 402mn in Q4FY22. (+87.8 %YoY/ +60.3% QoQ).

•PAT stood at INR 586mn for Q4FY23 against INR 319mn in Q4FY22. (+83.7% YoY/ +20.3% QoQ).

Revenue Mix
•Product Revenue for Q4FY23 stood at INR 2570mn and Project revenue for the quarter was INR 3171mn.

Margins
•EBITDA margin for Q4FY23 stood at 21.48% an expansion of 520bps on YoY basis. EBITDA margin for Q3FY23 stood at INR 17.27%.

•Stabilizing commodity prices supported strong margin performance across businesses.

RM Prices
•The RM prices have stabilized over past few quarters, leading to margin expansion for the company. The company expects to focus on margin expansion with stable input costs.

Domestic Business
•The company have continued focus on the Jal Jeevan Mission and AMRUT 2 poses well for the medium term with new contract wins.

International Business
•International operations grew to INR 7940mn from INR 664mn in FY23. International business was driven by strong performances in infrastructure development in the MENA region.

•After market revenue contribution is around 35% and new product sales contribute nearly 65%.

Orderbook
•Domestic orderbook value for FY23 stood at INR 39,550mn. FY23 International order book stood at INR 6610mn with 67% of contribution from Italy, 20% from Australia and 13% from South Africa.

Outlook
The company posted robust growth on sequential as well as on yearly basis. They have a good visibility of projects in domestic market on the back of water supply business. The company expects Middle east business to grow significantly due to increase in infrastructure growth in the region. The recent developments in nuclear energy in Europe is also extremely encouraging for Rutschi business. They have a robust orderbook executable over next 2-3 years and are focussing on improvement in execution with maintenance of EBITDA margin in the range of 15-20%.

J.KUMAR INFRAPROJECTS LTD | Q4FY23 Management Conference Call KTAs
CMP: INR 258.95
Marker Cap: INR 1,992.65Cr

•JKumar Infraprojects Ltd recorded robust revenue of ₹4,203 crores, with a YoY growth of 19%.
•It recorded an impressive EBITDA of ₹597 crores. This signifies a YoY growth of 18%.
•The company achieved remarkable PAT of ₹274 crores, which represents an impressive YoY growth of 33%.

•JKumar Infraprojects Ltd reported a Revenue from Operations of ₹1,134.2 crores in the Q4FY23, compared to ₹1,114.5 crores in the same period of FY22. This indicates a modest 2% YoY growth.
•It recorded an EBITDA of ₹159.4 crores in the fourth quarter of FY23, compared to ₹159.2 crores in the corresponding period of FY22. Indicating 0% YoY growth.
•The company reported PAT of ₹73.9 crores in Q4FY23, while in the same period of FY22, it was ₹74.0 crores.
•As of March 31, 2023, JKumar Infraprojects Ltd had a Gross Debt Equity ratio of 0.22x.
•The Net Debt Equity ratio as of March 31, 2023 was (0.02)x.

•The company secured a total order inflow of ₹2,652 crores during FY23, which included several significant contracts:
•LOA from L&T Construction International Ltd for the construction of an 8-lane expressway from Bhoj to Morbe section, including a twin-tube eight-lane tunnel in the Matheran Eco-sensitive Zone, with a contract price of ₹1,068 crores.
•LOA from the Municipal Corporation of Greater Mumbai (MCGM) for the design, build, and commissioning of Priority Sewer Tunnel - Phase I, valued at ₹510 crores (JKIL share: ₹306 crores).
•LOA from MCGM for the reconstruction of Siddharth Municipal General Hospital in Mumbai's Goregaon area, with a contract price of ₹315 crores.
•LOA for Dwarka Expressway-PKG-01 (COS) from the National Highways Authority of India (NHAI) with a contract price of ₹464 crores.
•LOA from the Bangalore Metro Rail Corporation Limited (BMRCL) for Bangalore Metro-Phase 2A & 2B, amounting to a total contract price of ₹237 crores.
•LOA from MCGM for the design, build, and commissioning of Priority Sewer Tunnel - Phase 2, valued at ₹515 crores (JKIL share: ₹262 crores).

•As of March 31, 2023, JKumar Infraprojects Ltd reported an order book of ₹11,854 crores.
•JKumar Infraprojects Ltd has set a target for a Capex of ₹150 crores. However, the CAPEX may increase if the company receives the bullet train project.

•The company achieved ROE of 10.4%, while in FY23, the ROE increased to 12.4%, indicating a 2% YoY increase.
•It recorded ROCE of 15.2% in FY22, while in FY23, the ROCE increased to 17.6%. Representing a YoY difference of 2.4%.

•JKumar Infraprojects Ltd has successfully reduced its Working Capital (WC) days to 126 days, the company aims to maintain the same level of WC days going forward.
•The company has showed a consistent increase in revenue and order book, achieving a CAGR of approximately 22% from 2008 to 2023. Moreover, JKumar Infraprojects Ltd aims to maintain this CAGR in the upcoming fiscal year FY24.

•Outlook: JKumar Infraprojects Ltd delivered robust financial performance with strong revenue growth, order book expansion, and improved profitability. The company aims to sustain growth, maintain working capital efficiency, and capitalize on opportunities, while aiming to maintain a CAGR of ~22% for FY24.

The Phoenix Mills Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 1,411
Market Cap: INR 252 Bn

•In Q4FY23, consolidated revenue from operations increased by 47% YoY to INR 7,290 Mn. Operating profit jumped by 79% YoY to INR 4,307 Mn. Net Profit advanced by 142% YoY to INR 2,541 Mn.
•Retail collections stood at INR 5,766 Mn for Q4FY23.
•Total consumption during the quarter was INR 22,114 Mn, which stood at 159% of Q4FY20.
•Phoenix Palladium, being premium category, the consumption was the highest in Q4FY23 at INR 5,067 Mn, which stood at 138% of Q4FY20.
•Contribution from Phoenix Palassio, Phoenix Citadel and Palladium Ahmedabad was comparatively low as it opened in July 2020, December 2022 and February 2023 respectively.
•Retail consumption in FY23 was INR 92,481 Mn and stood at 133% of FY20.
•The annual consumption at Phoenix Market City Mumbai crossed INR 10 Bn for the first time.
•Retail consumption was robust in April 2023 and stood at 118% of April 2022.
•The buoyancy was driven by PMC Bangalore and Phoenix Palassio Lucknow.
•Palladium Ahmedabad has commenced operations on 26th February 2023.
•The leased occupancy at Ahmedabad is 93% and Trading Occupancy is 57%.
•Phoenix Citadel Indore commenced operations from 1st December 2022.
•There are more than 100 brands with leased occupancy of 94% and Trading occupancy of 79% in April 2023 (up from 70% in March 2023).
•It tends to fund the construction of malls and receive land approvals through equity infusion.
•They have seen some increase in activity from multiplexes.
•As a percentage of total area, multiplexes are about 8%.
•The pending capital expenditure is about INR 47 Bn.
•Going forward, the capital expenditure target per annum would be in the range of INR 20 – 23 Bn.
•Out of this, INR 14 – 15 Bn would be spent on construction and the rest will be spent on land.
•Outlook: Going forward, rentals are likely to increase in mid-teens. The new properties are expected to be ramped up gradually by Q2FY24. However, some concerns linger on the part of multiplexes. We have a neutral view on the stock

IRCON International Ltd – Q4FY23 Conference Call Highlights
CMP INR 80.4| Market Cap INR 75,655mn

•Robust growth in revenues on the back of improved execution by the company, restoration of reduced orderbook value to be a key focus area for the company is coming years.
•Operating revenue for Q4FY23 stood at INR 36700mn against INR 27970mn in Q4FY22 (+31.2% YoY).
•EBITDA for Q4FY23 stood at INR 1994mn against INR 973mn in Q4FY22 (+104.9% YoY). PAT for Q4FY23 stood at INR 2481mn against 1970mn (+25.9% YoY).
•EBITDA margin for Q4FY23 stood at 5.43% which declined 25bps sequentially, EBITDA margin during Q4FY22 stood at 3.48%.
•The EBITDA margins for International Business are expected to be in the range of 8-9%, against 11% EBITDA margin in FY23.
•Orderbook stands at INR 350bn after Q4FY23 , many orders are on the basis of competitive bidding. The focus remains on Railways and Highways. Orderbook declined approximately by 19% on YoY basis.
•The company is focussed on getting new orders and expects to take the total orderbook value in the range of INR 450-500bn.
•Order wins during April and May’23 stands at INR 3600mn.
•Capex of INR 1000mn on standalone basis and some investments in machinery and equipment is planned for FY24.
•The company plans to invest in equity/ interest-free loans in JVs and Subsidiaries amounting to about INR 7000mn during FY23 and INR 6000mn in FY25.
•JV and Subsidiaries profit realization to be witnessed from FY24 after commercialization of 2 JVs.

Guidance
•The company expects a revenue growth of 5-7% in FY24.Ther are focussed on execution and protection of margins, they are expecting to maintain an operating margin of 10-11%.

Outlook

The company have posted robust growth in quarter and complete financial year on the back of focus on execution as guided by the company previously, they continue to remain focussed on execution and they are parallelly prioritizing order wins to grow orderbook value to INR 45bn. They are focussed on protection of margins and expansion of operating margins moving forward with selective bidding of projects.

NBCC (India) Ltd| Q4FY23 Management Conference Call KTAs
CMP: INR 42.30
Marker Cap: INR 7614.00Cr

•NBCC (India) Ltd recorded strong financial results in FY23, with revenue amounting to INR 87,544.42 million, a significant increase compared to INR 76,906.08 million in FY22.
•The company's profitability also improved, with a PAT of INR 278.01 million in FY23, representing an increase from INR 237.93 million in FY22.
•Notably, NBCC achieved an enhanced EBITDA margin of 4.5% in FY23 vs 2.8% in FY22.
•NBCC (India) Ltd reported revenue of INR 27,899.55 million for Q4FY23, compared to INR 24,410.43 million in Q4FY22.
•The company's PAT for Q4FY23 amounted to INR 113.63 million, showing substantial growth from INR 41.10 million in Q4FY22.
•The Amrapali Project is expected to conclude by FY24, generating a substantial revenue of INR 2000 crores in the same financial year.
•The turnover from Amrapali Project acounted for INR 1,750 crore, which represents 25% of the total turnover.
•The Sarojini Project has sold the property worth INR 47 crores. Looking ahead to FY24, the project aims to continue its progress with a bulk sale of approximately INR 50 crores.
•The order backlog of the company currently stands at INR 45,000 crores.
•In the current year, projects worth INR 2,000 crores have already been awarded. Looking forward, it is anticipated that 10,000 to 12,000 projects will be awarded in FY24.
•The company currently has ongoing projects valued at INR 25,000 crores.
•Additionally, the order intake for the year has reached INR 5,500 crores.
•The company expects revenue of INR 1,15,000 million for FY24, an EBITDA margin of 5%, and a PAT margin of 4-5%.

•Outlook: NBCC (India) Ltd's FY23 financial performance showcased remarkable growth in revenue, improved profitability, and expanded EBITDA margin. The company anticipates significant milestones, including the successful conclusion of the Amrapali Project and a bulk sale from the Sarojini Project in FY24. With a strong order backlog, ongoing projects, and a positive outlook, NBCC aims to achieve substantial revenue of INR 1,15,000 million in FY24 while emphasizing profitability and capitalizing on future project opportunities.

KEC International | CMP: 563 | Mcap: INR 144.84bn

Order update:

• KEC International has secured orders of INR 13.73bn for Railways, Civil, T&D, and Cables.

• In Railways, the orders for Signaling and Telecommunication for Automatic Block Signaling (ABS) and Speed upgradation and Electrification for Semi High-speed rails. In Civil, the orders for commercial and residential buildings.

• In T&D, 400 Kv transmission orders in India and supplying towers in India and supplying towers, hardware, and poles in the US. In Cables, secured various cable orders in India and overseas.

Outlook & Valuation: KEC international has an order book of INR 340bn (including L1) and expected order inflows of INR 25bn in FY24 show revenue visibility over the medium term. The Non-T&D projects are expected to improve the margins to 7% over the medium term. 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.

Kalpataru Power Transmission Q4FY23 Concall Highlights | CMP: INR 541 | Mcap: INR 87.95bn

Revenue and Margins

•Revenue growth is expected at ~30% in FY24, and the EBITDA margin is expected at ~8%-9% in FY24. EBT margin is expected to be ~4%-5% in FY24 and RoCE is expected to be ~18% - 20% in FY24 on a standalone basis.

•All the segments are expected to grow at double-digit rates except railways.

•Double-digit margins in core T&D will take more years.

Capex ; The Capex is around INR 5bn in FY23. Around 2.75bn – INR 3bn capex is expected in FY24 and FY25.

Order book

•The order book stood at INR 459.18bn and an additional L1 of INR 40bn. The order inflows INR 252.41bn (+39% YoY) in FY23. The order inflows are expected around INR 260bn in FY24.

•LMG's order book stood at INR 10.09bn, and Fasttel's order book stood at INR 11.4bn as of FY23.

In water, the company won INR 124.76bn in orders from MP, UP, Odisha, and Jharkhand.

International T&D order book stood at INR 110bn and L1 of INR 25bn.

JMC and KTPL Merger: JMC and KTPL merger will lead to interest cost advantage (~200bps), Productivity, and ability to get larger projects.

Divestment

•Divestment of non-core assets will continue. Indore real estate cash flows are expected to come this year.

•One of the road assets included an asset held for sale.

•Subham logistics remained challenging for one year. Warehouses not utilized to meet breakeven levels on EBIT.

T&D

•T&D business visibility is backed by increasing adoption of renewables, and grid upgradation in international markets.

•The company is focused to bid $4bn in the next 10-12 months.

•In Domestic T&D, tender visibility is around INR 500bn from TBCB and SEBs.

Debt

•Standalone net debt is around INR 16.8bn in FY23 and maximum net debt is expected to be INR 22bn in FY24.

•Finance costs are expected to be 2% of sales going forward.

Variable and Fixed price contracts

•Around 65% of order books are variable and the remaining are fixed-price contracts. The company focused to get more variable orders.

•Water, B&F and Oil & Gas

•In B&F, the company is focused on Data centers, Educational complexes, buildings, etc.

•In Oil & Gas, business visibility is good in India and International markets. Around $150bn investment is estimated over the next 5 years in international markets.

•The water business working capital cycle is less than 50 days.

Other highlights

•Sweden growing at double-digit growth, while Brazil growing at 5%-10%.

•Traveling and legal expenses significantly increased.

•Chile projects execution timeline is around 12-18 months.

•In Afghanistan, more than 80% of receivables on due.

•Promoter pledges continue to reduce quarter on quarter.

•Outlook & Valuation: Kalpataru's order book stood at INR ~500bn including L1 in FY23 (~3x FY23 Revenue) showing potential revenue visibility. The focus on international markets will lead to margin improvements and working capital improvement due 10% advance on projects. The favorable green energy transition & investments, Jal Jeevan Mission growing investments in Infra and Railways will be a trigger for the company. We have a positive outlook on the stock. At CMP INR 541, the stock is trading at an EV/EBITDA of 6.8 and 5.8 of its FY24BE and FY25BE EBITDA. We have a positive outlook on the stock.

Sahyadri Industries Q4FY23 Concall KTAs || CMP: INR 345 || Market Cap: INR 3.8 Bn || Promoter: 71.12%

•Operating Metrics (Consol)

•Revenues came in at INR 1,669 Mn (+25.7% YoY).

•EBITDA Margins came in at 8.7% (Vs 13.5% YoY).

•Weak performance on profitability due to lack on pass on of increase of RM and fuel cost an higher expenses for stabilization of new plant.

•Capacity utilization for Q4 stood at 71%, full year stood at 80%.

•Capex Plans:

•Orissa:

•Asbestos Corrugated Sheet.

•Total spend of INR 950 Mn, capacity 120,000 tonnes.

•Maharashtra:

•Non-Asbestos Cement Boards.

•Land acquisition in process. Total cost of INR 950 Mn, capacity of 120,000 tonnes.

•INR 300 Mn done, 650 Mn left.

•Other Highlights:

•Company makes roofing sheets, fibre cement boards and flat sheets.

•Roofing demand has remained subdued, Perundurai plant is in stabilization mode.

•Q1 is seasonally best nut has not been good in April and May so far due to weak demand. Untimely rainfall also was an issue.
•Price hikes in Q4 were to the tune of 2.5% which was not enough to cover up hike in costs.
•Total working capital days are high at 150.
•Inventory has been loaded currently, RM consists of Fibre which is sources from Brazil and Kazakhstan who are the only suppliers so the pricing is dictated by them. The pricing has gone up due to geopolitical tensions. Inventory of RM and finished goods is 50:50.
•VAP products give 40% higher realization and 10% higher EBITDA. Total contri of VAP in sales was 17%.
•Final dividend of INR 1.5 declared.
•Cost of borrowings are linked to MCLR (long and short both).
•All products are sold within 500 kms range. Company has 3000 retail outlets.
•Outlook: Compared to Q4, Q1 will have better margins and sales in Roofing business. Both the capacities will commercialise in FY25 with asset turn of 1.5x. Company will take 2.5 years to reach 85% (peak) utilization but will reach 50% utilization in 1st year. At CMP, company trades 10.2x FY23 EPS.

ENGINEERS INDIA LTD || Q4FY23 Management Conference Call KTAs || CMP: INR 110.59 || Market Cap: INR 6,215.63Cr

• For Engineers India Ltd, the revenue for FY23 amounted to ₹3,330.14 million.
• The EBITDA for FY23 was ₹3,084 million, reflecting a decrease compared to FY22's EBITDA of ₹3,441 million.
• The profit after tax (PAT) for FY23 stood at ₹3,442.3 million, slightly higher than the previous year's PAT of ₹3,428.8 million.
• The company is currently engaged in several key projects across various sectors. This includes seven refinery projects, two petrochemical projects, five pipeline projects, three LNG/LPG projects, five infrastructure projects, and five overseas projects.
• The company's capital investments include:
• Ramagundam Fertilizer Project - Approximate project cost/investment at the start: ₹6,388 crore. Total equity investment by EIL: ₹491 crore.
•NELP IX: Two Upstream Assets - Project cost/investment during the bidding stage: ₹300 crore / USD 50 million.
• Minority stake in Numaligarh Refinery Ltd. - Total equity investment by EIL: 700Crs approx.
• LLC-BEO (Bharat Energy Office) - Project cost/investment at the start: USD 500,000/- Total equity investment by EIL: USD 100,000/-.
• Furthermore, in Q4FY23, the company successfully secured significant orders amounting to 38,333 million.
• The company currently has a total order book of 47,080 million.
• The company projects global consumption of liquid fuels to increase by 1.6 million barrels per day (b/d) in 2023 and by 1.7 million b/d in 2024. The majority of this growth is expected to come from non-OECD Asia, with China and India leading the demand for liquid fuels.
• The company further expects petrochemical industry to be a significant driver of growth in the coming years. Ethane, LPG, and naphtha are projected to contribute around 70% of the anticipated rise in oil product demand until 2026.
• The company recognizes a significant opportunity in the natural gas pipeline sector.
• Currently, 22,335 km of NG pipeline is operational, with an additional 12,995 km under various stages of construction. The pipeline coverage is expected to increase by approximately 54% to reach 34,500 km by 2024-25.

• The growing demand for petrochemical products is poised to have a significant impact on the overall increase in oil demand. Petrochemicals are projected to contribute over a third of the total growth in oil demand by 2030 and nearly half by 2050, the company aims to capitalize on this opportunities.

• **Outlook: With a strong order book and diverse project portfolio, Engineers India Ltd is well-positioned to capitalize on the growing demand in the petrochemical industry and expand its natural gas pipeline coverage. The company's focus on capital investments and securing significant orders bodes well for future growth and profitability.**

Quick Heal Technologies Ltd – Q4FY23 Conference Call Highlights
CMP INR 143| Market Cap INR 7,589mn

•Guidance : The company expects FY24 to be the year of revival and total revenue to breach the INR 3000mn mark.

•The company witnessed a decline in revenue in H2FY23 in the consumer segment due to macroeconomic instability. The company is focused on long-term growth while facing short-term headwinds.

•The company has collaborated with NIST for data classification projects and technology gain, NIST is a US govt. based organization for cybersecurity.

•Enterprise Segment: The company is focused on expanding business by increasing wallet shares of existing customers and expanding the customer segment. The company onboarded 20 new customers for the new products. The company has witnessed a 21% CAGR growth in this segment. The company expects this segment to contribute 50% of revenue by the next 4-6 quarters.

•New products: HawkkProtect & HawkkScan are currently in the process of establishing the product market fit. These product launches are expected in H1FY24.

•Retail Anti-Virus Business: The segment has suffered due to decreased IT spending since H2FY22 and the company expects a similar trend in the coming quarter.

•Financials : Revenue for Q4FY23 stood at INR 493mn (-52% YoY), for FY23 revenue stood at INR 2781mn (-19% YoY). EBITDA for Q4FY23 stood at -162mn (-146% YoY) and PAT stood at INR -66mn (-124% YoY)

•Revenue Mix: Retail Segment contributed to 64.9% of the revenue while the Enterprise segment accounted for 35.1% of revenue during FY23.

•Margins: Gross margins remain over 95% despite the decline in revenue during the quarter, while the EBITDA margin stood at -32.42% for Q4FY23.

•Working Capital days for the company have reduced from 110 days in Q4FY22 to 94 days in Q4FY23.

•R&D spending for the year moving forward is expected to be maintained at 25-30% of the revenue.

•The company's board has recommended a final dividend of INR 2.5 per equity share for FY22-23.

Outlook : The company is facing headwinds in the medium- short term due to the uncertainty in IT spending across the globe. The company expects the revival of segments from Q2 of the current financial year. The company is focused on maintaining market share during the period and driving consumer awareness in the cybersecurity domain. The growth is expected to led by Enterprise solutions growth going forward with the industry which is expected to grow at a CAGR of 11%.

Just dial Ltd-Conference call KTAs
CMP INR 665| MCap INR 5,614 Cr

•Just Dial reported operating revenues of INR 233 Cr, which is up by 39.5% YoY/5% QoQ led by Increase in Monthly Payment Plans.

•The EBITDA Margin stood at 15.3%, a QoQ increment of 202 basis points. In the past few quarters, the company had increased its hiring, which led to higher employee expenses. However, in the Q4FY23, the growth of operating expenses was controlled, and the benefits of operating leverage are being realized.The EBITDA margin, excluding the impact of ESOP stood at 11.3% in Q4FY23.

•PAT stood at INR 83.8 Crores, up 278.4% YoY and 11.3% QoQ.

• Traffic (Quarterly Unique Visitors) in 4Q-FY23 stood at 159.3 million users. 86.1% traffic originated on Mobile platforms, 10.4% on Desktop/ PC and 3.4% on their Voice platform.

• Active Paid Campaigns stood at 538,220 (up 16.6% YoY), addition of 16,340 campaigns QoQ.

•Cash and Investments stood at INR 4,066.8 Cr as on March 31, 2023. Healthy paid campaigns addition of 16,340 for the quarter was led by continued focus on signing up majority of customers on monthly payment plans.

•The company's monthly plan subscription has experienced an increase, resulting in a rise in revenue. Prior to the COVID-19 pandemic, their revenue was INR 21 crore, but now it has increased to INR 45 crore.

•The B2B segment of their JD Mart business currently contributes around 26% of the company's total revenue, compared to 20% in the previous period. The company anticipates that this revenue will increase to about 33% in the next few quarters.
Additionally, the exit run rate was 0.5-1% higher in the current quarter.

•The revenue from paid Ad campaigns stood at INR 538 mn, and this increase was mainly due to the monthly paid revenue model. Tier-1 locations accounted for approximately 61% of the total cost.

•Just Dial expects JD Mart to experience further growth as it is currently the only platform available for SMEs. The platform has strong SCO (Search Engine Optimization) and SCE (Search Engine Advertising) rankings, which is beneficial for the company's growth. They see that SMEs are spending more on digital Platform.

•In addition to the B2B segment, the B2C segment also experienced good growth. The company's efforts to increase monthly payment plans have contributed to this growth.

•Tax rate is in the range of 24-25% on operating income for FY24.

•The company is expected to experience an increase in employee costs in Q1 due to plans for fresh hiring.

•Just Dial is confident that they will see growth in their topline and higher revenue realization. The company expects to achieve a 45-50% growth in their topline, which will bring them back to pre-COVID levels. Additionally, the company anticipates an improvement in revenue recognition, which will result in a return to pre-COVID level margins.

•Just Dial has been improving its user experience for its JD business, with users now receiving a response 91% of the time. The company has received positive ratings from users, with an average rating of 4.7. However, the JD Mart business is not yet contributing to the company's revenue.

•There is a slight seasonality in the company's revenue on a QoQ basis. Q4 generally has higher revenue compared to Q1, as there is an increase in renewals during this period.

•The company has INR 30 crore of intangible assets under development, which will be capitalized from the next quarter onwards. These assets are expected to have a life of around 2-3 years.

•Just Dial has a healthy cash reserve of INR 4065 cr. However, the company has not yet made any concrete plans to use this cash for business purposes, which may have an adverse effect on its ROE. The company is currently operating in a challenging macroeconomic environment and feels that it needs to maintain a strong cash position.

Outlook –The Company indicating healthy growth and a return to pre-COVID levels. The company plans to invest in advertising in the coming quarters, which is expected to result in an increase in revenue in the future. We believes that margins will improve going forward, and the monthly subscription model will be a significant contributor to the company's growth.

Mastek Ltd – Q4FY23 Conference Call Highlights
CMP INR 1584| Market Cap INR 48,372mn

•Operating Revenue for Q4FY23 stood at INR 7090mn (+22% YoY), led by strong in-quarter execution and demand for Digital Engineering, Experience, and Cloud Transformation services.

•EBITDA for Q4FY23 stood at INR 1255mn (+4% YoY) and PAT stood at INR 726mn (-17.7 YoY).

Revenue Mix
•Government & Education sectors contributed to 43% of revenue in Q4FY23 followed by 16% from Health & Life sciences, 13.1% from Retail and consumer segment. 15.5% from manufacturing and 12.4% from Financial Services.

Margins
•EBITDA margin for Q4FY23 stood at 17.7% and PAT margin stood at 10.2% which witnessed a decline of 448bps YoY.

Guidance
•The company is focussed on operational efficiencies and continues to focus on margin expansion gradually the long term target remains between 19-20%

Client Additions
•28 new clients were added during Q4FY23. Total active clients during Q4FY23 was 464 as compared to 444 in Q3FY23.

Employee headcount
•The company had a total count of 5,622 employees in Q4FY23 against 5,687 in Q3FY23.
Attrition rate for FY23 stood at 21% which is a decline of 700 bps YoY.

Order Backlog
•Order pipeline is healthy for the company and the 12 month order backlog stands at INR 17,941mn a growth of 17.2% YoY.

•Salesforce business has good momentum in healthcare and public sectors, it has delivered 118% returns of the acquisition plan till date. The momentum and order pipeline is healthy for the segment. However, the seasonality affected Q4 and the growth is expected to revive from next quarter.

Global Business Highlights

•UK operations has shown strong resilience on the back of proper execution with continued trust from UK government in Oracle cloud transformation services. Middle East business portrayed revenue growth and good orderbook momentum in Q4FY23. Australia business has shown increased traction in digital services, particularly in Microsoft and Service Now".

•Oracle cloud e-commerce suffered a dip in business in US and the company is expanding into areas of Oracle cloud space and app dev. The company expects the US business to bounce back in FY24.

Strategical Highlights

•The company is focussed on account mining for top 40 clients globally and is interested in targeting Fortune 1000 clients. The focus remains on continued growth in UK Public Sector, specifically on Digital Engineering sector. Healthcare and Life Sciences remain the focus industry for US and Middle East clients.

•Oracle Cloud services continue to be the growth factor for the company alongside salesforce.

•The company is facing indecisiveness among customers due to uncertainties and delay in decision making.

Outlook

The company has a healthy orderbook with growing traction in cloud transformation services. The growth leader for the company remains Oracle cloud and Salesforce, with deeper interests in account mining. US business is expected to bounce back with change in strategy and to be led by local govt. and hi-tech clients. The delayed decision making by the clients is expected to remain in the early quarters of FY24.

HCL Technologies- Concall Highlights
CMP INR 1038|Market Cap INR 2,81,556 Cr

Strong commentary

•The company's revenue met expectations, but its EBIT margin fell slightly below projections. New deal bookings were at $2.1 billion, which represents an 8.0% decrease compared to the same period last year. Looking ahead, the company anticipates revenue growth between 6.0% to 8.0% YoY in constant currency terms for the FY24, while aiming for an EBIT margin within the range of 18.0% to 19.0%.

•The management suggested that the recovery period would be briefer this time around. The company's financial services sector is expected to maintain strong growth, while its tech services division is thriving and experiencing consolidation in certain areas. The company views vendor consolidation as a favorable development.

•EBIT margin decreased by 141 bps QoQ to 18.2% led by an increase in SG&A Expenses. The company anticipates some favorable factors that will boost its profit margins, but it also faces some obstacles. In the medium term, the company aims to achieve a margin of 19-20%.

•BFSI vertical showed strong sequential growth led by demand for cloud led transformation and ramp up in one of the large deals.Manufacturing vertical reported negative growth as one of the large deal is on verge of completion.

•Reported revenue of 266.1bn (down 0.4% QoQ in INR terms, down 0.3% QoQ in USD terms). The HCL software segment (10.6% of revenue) grew by 8.2% YoY in cc terms, while Product and IT services (89.9% of revenue) increased by 10.6% YoY in cc terms. The revenue declined by 1.2% QoQ in cc terms.
•FY24 Effective Tax Rate expected to increase to 25.5% to 26.5%. Cash Tax Rate in the range of 20.5% to 21.5%.

• The management suggested that the recovery period would be briefer this time around. The company's financial services sector is expected to maintain strong growth, while its tech services division is thriving and experiencing consolidation in certain areas. The company views vendor consolidation as a favorable development.

• The company has secured numerous large contracts, including one that was discussed in September of FY22. The full impact of this particular deal is expected to be realized in the upcoming quarter.

• Budget trend: In certain segments where inflation is significantly impacting costs, the client's budget is being tempered. However, the company has secured numerous half-billion dollar contracts across multiple sectors.

• Geography: Europe's performance has been weaker than that of the US, as there have been stronger bookings in the US and a revenue slowdown in Europe. Despite this, the company has a promising order pipeline for Q2FY24, with the US expected to be particularly strong. The financial services sector has executed well in the last two quarters and shows positive signs for the upcoming quarters.

• Discretionary spending: The company's top 50 clients are growing, some ramp up and have won a large deal and better growth outlook for the coming years.

• DSO(including unbilled) decreased by 2 days to 88 days.

•It report a new deal wins TCV of $2.1bn (down 8.0% YoY).TCV includes only a net new deal.Headcount grew by 3,674 employees QoQ to close at 225,944 employees. LTM attrition decreased by 220 bps QoQ to 19.5% vs 21.7% in Q3FY23. The company is Optimistic about the decreasing attrition rate, and a sharp quarterly decline indicates it will drop further.

•Declared dividend of INR 18 per share with payment date as May 09.

•Outlook: The company's performance has been largely in line with expectations. The US market continues to be strong, and there are positive indications for Europe, which is anticipated to perform well in FY24.

Cyient Limited Q4FY23 Concall Highlights
Cyient Limited| CMP: INR 1091 | Mcap: INR 12068 Cr

Financials

Quarterly basis
•Revenue stood at INR1,751 crores a growth of 48.3%YoY and 8.2% QoQ.
•EBIT margin stood at 15.1%, up 117 bps QoQ, and down 27 bps YoY
•Free cash flow generation stood at INR 261 crores
•PAT stood at INR176 crores, a growth of 14.1% YoY and 8.1% QoQ.
Annual basis
•Revenue stood at INR 6,016 crore, a growth of 32.7% YoY.
•EBITDA margin is at 17%, down by 110 basis points YoY.
•Free cash flow generation for the year was at INR547 Crore
•PAT for the year was INR 565 crores, up by 8.2% YoY
•The company declared dividend of INR 26.
•They currently have Cash of INR 1077 Crore

Other Highlights
•Total forward contracts as of now are about $154 million. Won 5 large deals in Core Services business with total contract potential of $185.1 Mn in Q4
•We have taken some price hikes. And are also continuously spending on technology
•There order book is Strong at $212.7 million a growth of 13.3% YoY.
•Transportation business have seen a growth of 12.9% QoQ, 13.1% YoY.
•The company thinks that there are potential signs of economic slowdown and investment in technology and Innovation will be high.
•There Transportation and recovery of aerospace business will continue to be there through this year, but there will be also the increase in defense spending and mobility solutions which will the key growth drivers
•They have observed a promising market for the aerospace industry in Fy24, which will be a significant contributor to their growth. This is due in part to their improvements in network management, network operations, optimization, and digitalization, which are expected to fuel growth within this sector.
•The company has experienced strong performance in the semiconductor sector over the past year, but they anticipate that the market may experience some softening. This trend is driven by the increasing demand for miniaturization and the development of chips with greater functionality, which will continue
•The company anticipates that the medical and healthcare sectors, as well as licensing, will begin to experience growth in the near future, although this growth may be somewhat subdued. On the other hand, the hi-tech sector is expected to continue being a top performer for the company
•In the Aerospace Business the Compnay is improving their manufacturing productivity and their ability to service the customers and the aftermarket growth is also strong. The Company expects a 10% growth QoQ.

Outlook- They believe that their aerospace industry will experience a significant uptake and expand at a rapid pace. In FY '24, the expects there revenue growth of 15% to 20% and also expects EBIT to improve 100 to 200 basis points YoY.

MapmyIndia (CE Info Systems Ltd) – Q4FY23 Conference Call Highlights
CMP INR 998| Market Cap INR 53,420 Mn

•Financial-
MapmyIndia shows strong performance for FY2023, recorded revenue from operations of INR 2820 Mn (up by 41% YoY), a PAT of INR 1080Mn (up by 24%YoY on the back of strong open order book and in-year execution.

•Margin-
The company reported EBITDA margin of 41.9% in FY23 which is lower as compared to 43% of FY22 due to increased hardware cost of material of the IOT led business.

•Map-led business-
EBITDA margin in its Map- led business of 52.6%. Map-led business is the majority of open order, about INR 7000Mn out of the INR 9000 Mn.

•IOT business-
EBITDA margin from the IoT-led business was 1% in the 9 months of the financial year, it grew to 4% in Q4FY23 and this has been possible because the SAS revenue or the SAS income has begun to materialise. Revenue from the IoT led business grew 140% YoY . The company sold 1.9+ lakh IoT devices in FY23, 3x over FY22.

•Segment Wise Revenue- Automotive & Mobility Tech revenue grew a healthy 34.1% YoY in FY23. Also Consumer Tech & Enterprise Digital Transformation revenue grew up by 48% YoY to INR 1296 Mn

•Open order book –
The book grew spectacularly to INR.9180 Mn, 31% up from INR. 5120 Mn at the beginning of the year due to continued adoption & expansion of use cases, as well as up-selling and cross-selling to new and existing customers.

•Customer Base-
The company acquired 250+ new B2B and B2B2C customers , including many businesses and enterprises across industry verticals, new-age consumer-tech companies and key government organizations. This year - 54 customers formed 80% of the company’s revenue as compared to 35 customers in FY22.

•Retention Ratio –
It remains constant and stays high at 91% for FY23.

•Employees-
The company has 1170 employees in which more than 900 are technical. The management stated that the attrition rate is 16.9% which is under control.

•Dividend- Board approves declaration of dividend of INR 3/- (150%) per equity share for FY23

•Outlook-
The company will incubate and explore the drone space also as it is considered to be a fast-growing market by the management. The company is looking to invest in the products and platforms and unlock the opportunities in the consumer app and gadgets space (Mappls App and Mappls Gadgets).The company focuses on expanding the visibility and reach of the Mappls MapmyIndia brand & offerings. The company expects margins to remain at 40% above level in the upcoming year.

Tata Communication Q4FY23 Concall Highlights
Tata Communications | CMP: INR 1227 | Mcap: INR 35075 Cr

•Revenue stood at INR 4,568 crore, a growth of +7.2% YoY, 1% QoQ, led by increase in data usage, which was due to investments in human resources, technology platforms, intellectual property development, sales, and expansion of capacity.
•EBITDA stood at INR 1,034 crore, a de growth of -1% YoY, -4 % QoQ, EBITDA Margin stood at 22.6%
•PAT stood at INR 326 Crore, up by 21.2% YoY. Their cash flow Generation increased by 64% YoY.
•The Company has reduced Debt by INR 1000 Cr
•ROCE is at 28.3% as compared to 25.4% in March FY22, up by 290 basis points.
•Data business revenues was at INR 3,684 Crore, an increase of +11.2% YoY, 2.2% QoQ. Within the data business, digital revenue, including incubations, accounted for 32% of the total portfolio. The company aims to increase this figure to 50% within the next three years. They are seeing good attraction in both domestic and international markets.
•New Launches- During this quarter, the company has enhanced its DPS (Digital Platforms and Solutions) portfolio by introducing new products. One of these launches is Jamvee, a cloud-based application that provides a unified and user-friendly voice calling solution. This will empower enterprises and customers to exercise better control over the deployment and administration of their communication infrastructure. Jamvee is expected to cater to about 80% of the PBX (Private Branch Exchange) market.
•They also Launched Cloud Sim, SIM software, which focuses on providing connectivity on-demand and also enables the activation of private network connectivity for short durations. Cloud Sim also enables the provisioning of connectivity to devices that are currently in use, which will help enterprises reduce their total cost of ownership.
•Core connectivity business- Revenues grew by 7.4% YoY basis and 1.7% QoQ basis. They are continuously investing in core capabilities and transforming the networks and working on their programmability to cater to the demand needs.
•Incubation Business- They have recently signed their first bond-connected deal with a leading EV manufacturer. This partnership will enable them to support the EV manufacturer's in their Pan-Asia business.
•The company has recently signed its first deal with IoT device manufacturer that specializes in providing solutions for industrial equipment and plants. This partnership will help the company reduce costs and improve its IoT offerings. Also the company's IoT offerings have seen a remarkable growth of more than 90% YoY, and they are gaining momentum in international markets.
•Media business Revenue saw a DE growth of 2.3% QoQ and was up by 19.5% YoY. The sequential decline in revenue is primarily attributed to a lower number of events held during this quarter as compared to the previous one.
•The company's acquisition of Switch Enterprises, which was completed in Q3 FY23, is expected to be integrated into their operations starting from Q1 FY24. The integration is expected to give the company a strong foothold in the Americas media and entertainment market, thereby enabling them to expand their reach and customer base in this region.
•Cloud hosting and security Business- Registered a growth of 38.5% YoY and 10.1% QoQ .The company had some key wins during this quarter, including a partnership with one of Europe's largest mobile and automobile manufacturers. The partnership aims to help the company secure remote work for its 35,000 global workers more effectively than VPN, by providing a secure and direct connection to applications and services, and offering an identical user experience whether working from the office or from home.
•Collaboration business- Grew by 1.8% YoY and declined 3.6% QoQ. This decline was due to some customer-specific issues during the quarter. However, the company is benefiting from increased customer interest in its newer offerings, such as the Tata Communications Global Rapid and Tata Communications DIGO.

•The company has a healthy order book and has seen a significant increase in order deals both in India and abroad. About 40% of the order book is for digital platforms, as the supply chain has eased and there is an increase in the customer base. This indicates that the company is well-positioned to capture new opportunities and expand its customer base in the digital space.
•The company is continuously Increasing its headcount in the fields of product and innovation for new innovations and delivery services. In the current year, the company have added 900 employees, and plans to add more employees in the coming quarters. The company is investing in its human capital to support its growth strategy and remain competitive in the market.

Outlook- The company remains committed to building innovative and scalable platforms to empower enterprises. They plan to maintain a double-digit growth and anticipate their EBITDA margin to be in the range of 23-25%. The company Expects There Digital Platform Business to grow going Forward.

Persistent System Concall KTAs
CMP 4,472| Market Cap INR 344,016 Mn

•Second largest customer (Wells Fargo) had seen some ramp downs in Q3FY23 which recovered in Q4

•The company is seeing rampdown in hyperscaler partner due to macro demand weakness impact of $3m for the quarter and $10mn on annualized basis

•Growth in North America led by top 1 customer.

•In India revenue declined due to decline in IP revenue

•Deal wins and Demand outlook:Won large deal with TCV of 100mn$ over 5-year period in hitech vertical regarding preparing product roadmap.

•Won another Large double digit mn dollar 5 year deal in hitech vertical.

•TTM ACV bookings are healthy.

•Aspire to grow at 3-5% or 4-6% CQGR.

•Demand expected to be weak in next 1-2 quarters and improve from thereon. Pipeline to TCV conversion delayed.
•The management expect industry growth to be 7-10% and Persistent to grow much higher than industry in FY24.

•Hired 3000 freshers at start of FY23, now all are billable from Q4FY23, this is seen in increase in billable person month and will be a margin tailwind going forward as utilisation increases.Deployed freshers in IP led business also.

•Purchase and Royalty cost increased this quarter because it is part of a large deal involving licenses. Absolute amount of purchase royalty may decline slightly, as % of revenue it will moderate.

•Attrition will moderate further and 19.8% in Q4FY23.

•Wage hike in July looking at 8-9% increment offshore, 3-5% increment offsite.

•Target to increase margins by 200-300bps over the next three years.

•Acquisitions: All past acquisitions integrated. The company is looking for new acquisitions in consumer technology, Cyber security, Generative AI, and an expanded presence in Europe.

•ETR was at 26.2% in Q4 and will remain in this range.

•DSO days increased by 9 QoQ- SVB was banker for Persistent and after SVB crisis, some customers who were paying via SVB account had to shift to new banks, this took time, customer payments slipped to first week of Q1.

Outlook: Our belief is 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. Management stated that they anticipate a margin increase of 200 to 300 basis points over the next two to three years due to these factors.

L&T Technology Services Ltd (LTTS) – Concall KTAs
CMP INR 3,447|Market Cap INR 363,461 Mn

•In FY23, there was significant growth in the Transportation, Plant Engineering, and Industrial Products verticals.

•The company's profit after tax (PAT) has grown at a compound annual growth rate (CAGR) of 18% over the past five years.

•In Q4, the earnings before interest and taxes (EBIT) margin of 18.7% was the highest ever in the company's history.

•The use of System Wide Collaboration (SWC) has helped the company gain momentum in many verticals, including Telecom, where a 5G deployment and a Telecom Infra OEM deal were signed.

•The company is optimistic about the Transportation vertical and is focused on investing in EV labs and technology upgrades.

•The company signed a $40 million deal and a couple of $10 million deals with US Transportation companies. There has been strong traction in Plant Engineering and Industrial Products, with a healthy deal pipeline across geographies.

•The Medical vertical is expected to grow at a faster rate in FY24 due to a rebound witnessed in Q4FY23 and demand buildup in the pipeline.

•The company aspires to achieve an annualized revenue run rate of $1.5 billion by FY25, with a targeted employee attrition rate below 20%.

•The company aims to achieve an EBIT margin of around 17% in FY24 due to the impact of the acquisition of SWC, which closed on April 1st, 2023.

•The company declared a total dividend of INR 45 per share during FY23, with a payout ratio of 40%.

Coforge Q4FY23 -Concall KTAs
CMP INR 3,948| Market Cap INR 241,774 Mn

•Deal pipeline will be resilient in Q1FY24. The client relationship is very strong in Coforge. Deal wins: Signed 11 large deals in FY23, of which 2 in $50 mn TCV, and 5 in $30 mn. Deal pipeline continues to be both robust and resilient. The executable order book, which reflects the total value of locked in orders over the next 12 months stands at a record $869 mn. This number was $720 mn previously.

•Salary hike cycle remains Q1, on average lower than the number as earlier happen. The margin impact will be more or less the same.

•ADR: This expenses for ADR and recoverable from the shareholder given the situation there is no clear visibility so take the provision INR 500 Mn.

•Adj. EBITDA Margin of 19.6% (up from 18.5% in Q3FY23) and came lower than their expectations and company guidance. Margin is driven by a material increase in utilization, a continued increase in offshoring revenue %, and the relative absence of furloughs that were encountered in Q3FY23.

•One-off expenses: 1) On account of expenses linked to the $1 bn milestone celebrations, primarily the gift of an Apple iPad to each one of 21,000 plus employees to mark the occasion. 2) Provisions done against ADR expenses.

•Crossed the $1 bn mark. The next revenue milestone of $2 bn through the very significant investments to enhance the firm's capabilities that the company did make in FY23.

•Segment: The BFS vertical grew 4.5% QoQ in CC terms. The insurance vertical grew 5% QoQ in cc terms. The travel vertical grew 2.54% QoQ in CC terms. And the other verticals together grew 6.4%, QoQ in CC terms. Clearly broad-based growth. BFS grew 47% (BFS 47% and is expected to be lower than FY23 with 15% yearly growth rate for the coming year. Travel grew 21.5%, insurance declined 3.7%, and the other segment grew 23.1% in CC terms.

•Geographically: Americas grew 16.3%, EMEA grew 37%, and the ROW grew 7% in CC terms FY23 . Fifth third bank relationship largely around the operation and no other relationship with any other impacted bank.

•Forex hedge loss: The currency movement very sharply led to losses in FY23 of INR 239 Mn vs a gain of INR 224 Mn in FY22. So 60 bps impact on EBITDA.FY24 if the currency is stable then it will be better but if it will continue to decline losses will be huge.

•Europe exposure 40% more than the other competitor. The company will keep investing. The company see clear opportunity in Airline and hospitality. The company will continue investing even gross margin going up.

•Q4FY23, gross margins 34.1% sequentially increased by 71 bps, following an earlier sequential increase of 133 bps in Q3.

•Clients: Top 10 clients grew 23.9% and 26.6% YoY, respectively. And they contributed 23% and 35.5% respectively to overall revenue in Q4FY24. Strong sequential revenue growth performance comes despite headwinds in the BFS sector, particularly in mortgages portfolio.

•Utilization stood at 81.5%. LTM attrition 14.1% in Q4FY23.

•Outlook: The company will remain focused on execution and remain committed to driving robust, sustained and profitable growth despite the ambient challenges in FY24 as well.

Wipro Ltd- Concall KTAs
CMP INR 374| Market Cap INR 205,4450 Mn

•The company expects revenue from its IT Services business including India State Run Enterprise (ISRE) segment to be in the range of $2,753 mn to $2,811 mns. This translates to sequential guidance of minus 3% to 1% in constant currency terms.

•Margin:The company believes that despite the current challenges the company is able to perform stable. So, it will be in the similar range of the last 2 quarters and if revenue improves it will see a better margin.

•TCV of over 4.1 bn gre by 29% YoY in Cc terms. Closed 15 large deals resulting in TCV of over $1.1bn grew by 155% YoY basis in cc term.Wipro delivered two consecutive quarters of total bookings of over $4.1 bn in total contract value terms
quarterly bookings grew by 47% y/y. In the Americas one Strategic Market
Units and by 33% y/y in Europe.
•Voluntary attrition decline by 330 bps from previous quarter landing at 14.1%. Onboarded over 22k Nest Gen associates in FY23.

•Board approved Buyback for the value of INR 12000 Cr and INR14,800 for tax. At the buyback price of INR 445 per share.

•The company is winning large transformation deals, benefitting from a consolidating market, and deepening relationships with existing clients.

•Q4 CC revenue was up by 6.5% y/y in constant currency terms.
Sequentially, revenue declined by 0.6%. This is mainly due to the uncertainty in the
market and the resulting slowdown in discretionary spending. operating margin was 16.3% that is 60 basis points higher than the full year margin of
15.7%.IT services profit was highest ever in absolute terms.

•Utilization rates improved to 81.7% in Q4, from 79.7% in Q3FY23. The company continues to focus to improve.

•Growth in Europe was led by South Zone Europe and Germany, which grew over 30%
and 20% in Q4, respectively. Revenues for the APMEA market unit grew at 8%
y/y in Q4, and 10% for the FY23.There southeast Asia grew above 25% y/y. And Middle East. It's growing in double digits as well.

•Growth plan for India: The company has significantly improved in Enterprise segment over the last couple of years.
With that, Wipro decided to merge that segment with IT Services segment starting
Q124.

•IDEAS Global Business Lines grew 7% y/y in Q4 and 14% for the FY23. Most
of the service lines showed a healthy y/y revenue growth led by clouds
transformation, which grew 22% y/y and absent data grew 18% y/y.ICORE Global Business Lines grew by 6% y/y in Q4 and 8% in the FY23.

•Outlook: We believe, that the company's new organizational model of four Strategic Market Units and for global business lines will further improve market position.Organizing around strategypriority areas cloud, enterprise technology, engineering, consulting will give them the agility to adapt to changing market conditions.

LTI Mindtree Q4FY23_ Concall KTAs
CMP INR 4,320| Market Cap 127,8043 Mn

•Revenue slightly below estimates; EBIT margin above expectations

•FY24 EBIT Margin guidance to be in the range of 17% to 18%. Revenue growth guidance to be in double digit in cc terms

•LTI Mindtree reported revenue of INR 86.9bn (up 0.8% QoQ in INR terms; up 1.0% QoQ in USD terms). The sequential growth was led by BFSI vertical (up 2.6% QoQ); Manufacturing and Resources (up 1.1% QoQ). Hitech, Media and Entertainment had a weak quarter (down 1.5% QoQ). The cc growth was 0.7% QoQ.

•EBIT margin increased by 250 bps QoQ to 16.4%, led by a decrease in SG&A Expenses.

•Reported healthy order inflow of $1.06bn for the quarter ($1.25 Bn in Q3FY23).Added 31 new clients compared to 28 new clients added in Q3FY23.

•Number of employees was down 1,916 QoQ to 84,546; LTM attrition was down by 210 bps QoQ to 20.2%.

•Utilization (excluding trainees) was down 120 bps QoQ to 81.7%. The offshore effort mix was flat QoQ to 85.1%.

•DSO decreased by 1 day QoQ to 60 days.

•Both companies have started working together from 1st April 2023 as a single entity.

•the company growth was broadbased across all verticals. In BFSI, a few large deals are in the final stage of approval.

•The company is helping clients in cost optimization projects by driving automation and opex reduction

•The company pricing is stable at portfolio level and deal activity remains healthy

•The company is seeing more cost takeout deals recently which take time to ramp up

•Wage hike is planned in Q2FY24, which would be lower than last year

•The company's margins were positively impacted due to absence of furloughs and higher working days (impact 80 bps) and operational efficiencies (impact 90 bps).

•Total dividend declared during FY23 was INR 60/- per share.

•Clients have slowed discretionary investment into IT transformation; however it is expected to pick up by Q2.

Outlook:H2FY24 expected to be better compared to H1FY24 with Q1FY24 expected to be subdued.

Mphasis Q4FY23_ Concall KTAs
CMP INR 1785|Market Cap INR 33,6318 Mn

Revenue below estimate; EBIT margin inline with expectation

•Reported revenue of INR 33.6bn (down 4.1% QoQ in INR terms). The cc growth was down by 4.5% QoQ. Direct segment (94.6% of revenue) declined by 3.4% QoQ in cc terms; while DXC (3.8% of revenue) declined by 24.8% QoQ in cc terms. The sequential performance was led by Logistics & Transportation segment that grew 0.6% QoQ. Revenue CAGR for Direct over this period is 15.6% in CC terms is improving as it moves towards Direct business on the back of scaling up multiple marquee logos.

•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.

IndiaMART InterMESH Ltd_ Q4FY23 Concall KTAs
CMP: INR 5,367|Market Cap INR 164,221 Mn| TP: INR 5800

•India Mart has delivered a consolidated revenue of INR 2690 Mn in Q4FY23 and INR 9850 Mn in FY23, representing a yy growth of 33% and 31% respectively. Collections from customers for FY23 grew from INR 9,340 Mn to INR 12,190 Mn on a consolidated basis. Deferred revenue is stood at INR 11620 Mn. This growth was primarily driven by the increase in the ARPUs and the increase in the number of paying subscribers.

•EBITDA Margin stood at 24.6% vs 28.4% in Q4FY22. Q4 margin impacted due to annual review. Increase 15% on the salary bill as well as since there is a higher collection, there is a higher incentive and higher expenses which go up front which lead to margin subdued. The company is targeting to reach a 28% margin in the coming quarters and 30% by the end of FY24.

•The company reported a consolidated net profit of INR 560 Mn for the fourth quarter ended March, down marginally from INR 570 Mn in the year-ago period.

•Total traffic on the platform and resulting unique business inquiries remain stable at 152 mn and 22 mn respectively. 90-day repeat buyers also standing at ~53% represent the continued trust in the platform.

•Busy: The company has delivered a billing of INR177 Mn in Q4FY23, and INR 546 Mn in the entire FY23 y/y growth of 16% and 18% respectively. The revenue from operations was INR116 Mn in Q4 and INR 433 Mn in the entire FY23, representing a YoY growth of 9% and 22% respectively. The EBITDA for Q4 was at INR 7 Mn at ~6% margin. And for the entire year, this was INR 103 Mn with a 24% margin. The overall performance has been in line with expectations. As of doubling the growth rate of the business in the first year of acquisition. And the company hopes to continue to do better in FY24.

•Headcount: Added ~900 new employees; total headcount to 4,583. Going forward, a further increase in the employee base over the next year will be in line with the growth in the number of customers at IndiaMART.

•The board recommended a bonus issue of 1:1.

•Renewal: The company probably ~90% of pre-COVID levels. The good part is that platinum renewals and gold renewals continue to be very good. So gold and platinum renewals are the churn is <1% per month. However, between the silver side, the renewals would be split between monthly and annual. And while on the annual side, running at ~30-odd % churn, which is about 3%-5% per month.

•Gold-platinum subscription: The top 1% of customers generate 17% of revenue, with about 2,000 customers giving ~INR9 lakh per year for the Gold-platinum subscription. The top 10% of customers (20K customers) contribute 40% of revenue, now at INR 2,36,000 from INR 1,80,000 in less than two and a half years. Despite the highest number of customer additions at the bottom last year, the top 10% of customers now contribute 47% of revenue.

•Outlook: The company is optimistic about FY24 and the improving macroeconomic environment, increasing internet adoption by businesses, and strengthening value proposition will support the growth momentum of IndiaMART. We believe Indiamart enjoys a resilient business structure and has a proven track record of strong and efficient execution capabilities. With strong paying subscriber addition, technological advancement, and increasing traffic, Indiamart showcases robust growth potential. We have a price objective of INR 5800 per share.

Newgen Software Technologies Ltd
CMP INR 565.45 Market Capitalization INR 3955.65cr

•The financial performance of the company has seen an 18.4% increase in revenue from 2643mn in the previous quarter to 3129 mn in the current quarter.
Furthermore, the company's EBITDA margin experienced a substantial increase of 850 basis points quarter over quarter, from 23.1% to 31.6%.

•The company's recent introduction of a subscription-based business model has resulted in a significant contribution to its overall revenue. It generated 323cr in revenue, accounting for approximately 33% of the company's total revenue.

•The company devotes 10% of its revenue towards R&D, Additionally, the company invests 20% of its revenue towards marketing and sales efforts.

•The company is committed in investing to pursue growth opportunities, both organic and inorganic, as part of its overall growth strategy. With a proactive and opportunistic approach to business.

•The company has recently entered into a strategic partnership with Mambo and Sopra, two prominent players in the industry, with the aim of enhancing its market position and expanding its offerings.

•The company has plans to invest INR 1000 crore in capital expenditures (CapEx), reflecting its commitment to investing in long-term growth opportunities.

•The company' is focusing on achieving a consistent growth rate of 25%

•Despite a slowdown in the US market, the company has successfully maintained its growth trajectory, owing to its strategic focus on key growth drivers. Notably, the company has shifted its focus from tier 3 banks and financial institutions to tier 2 players, in a bid to expand its customer base and capture new market opportunities.

•The emergence of artificial intelligence (AI) has created significant growth opportunities for the company, which are expected to result in increased operational income over the next 3-4 years.

Outlook: The company's financial performance appears to be strong, with significant growth in revenue and EBITDA margin expansion. The company's strategic initiatives, including its shift towards a subscription-based model, investments in R&D and marketing, and focus on tier 2 banks and financial institutions, demonstrate a forward-looking approach to business that is geared towards sustaining long-term growth. Overall, the company appears well-positioned for continued success and profitability in the coming years.

Firstsource Solutions Ltd- Important Concall KTAs

•Guidance to achieve constant currency growth of 2% to 5% in FY24 led by (y/y decline in mortgage 3% headwind) with an operating margin range of 11% to 12%.

•This factors in a sequential decline in Q1 followed by steady growth from Q2 onwards. This guidance assumes a 3% revenue headwind from modernized business given H1FY23 was higher than H2FY23.

• 3% revenue headwind from onshore-offshore estate rebalancing.

•Expect the margins to expand. Operating margins will benefit from the multiple initiatives in FY23 to take costs out and protect against margin erosion.

•The growth rate has slowed down primarily from the conclusion of project-based engagements, delays in deal closure, and continued softness in the provider segment.

•Expect strong growth vectors to emerge from this change in H2FY24. In the health plan segment, the company is witnessing somewhat of a slowdown in growth, especially where the solution involves significant transformation or digital interventions. The deal pipeline remains strong.

•Good traction for actively working with clients in moving parts of the value chain offshore

Zensar Technologies-Q4FY23 Concall KTAs
CMP INR 310|Market Cap INR 70,180 Mn

•Despite economic uncertainty causing a delay in client spending decisions and technology investments, the demand environment remains challenging, resulting in a decline in profits for manufacturing, high-tech, and consumer industries. However, clients are seeking digital transformation at a faster pace to navigate this uncertainty. The company is following the right path in terms of strategy and will continue to focus on execution to deliver better growth. The company's overall addressable market increased.

•Q4FY23, EBITDA margin expansion 320bps to 14.5% led by the positive impact of currency (30bps), improved trade mix (30bps), ongoing subcontract cost (230bps), improve productivity, and better utilization on account of furlough reversal. It was primarily offset by the increase in SG&A led by the reversal of onetime costs that the company had in last quarter. Going forward, expect margin improvement driven by fresher deployment, improving commercial, optimizing operational and rationalizing pricing. The company will maintain mid-teen EBITDA Margin.

•Decrease in depreciation, primarily optimization lead assets and intangible cost part of cost optimization affected the number. Going ahead with some variation but expect the range bound for the year.

•Revenue of $147.5M, QoQ growth of 0.4% in CC and 10.3% YoY.

•LTM attrition stood at 19.8% decline from 27.9% improvement of 300bps QoQ continue to moderate with strong employee policy centric coupled easing supply side.

•Service revenue stood at $ 145.8Mn and grew by 2.0% QoQ in CC term

•Segment: BFSI reported a 2.4% QoQ/16.1% of YoY growth in constant currency led by last quarter's decline due to right shift of milestone of key client which is recognised in this quarter. Hi-Tech and Manufacturing registered including emerging a 4.2% QoQ/-4.1% of YoY in cc term supported by furlough reversal and growth in revenue some of the key manufacturing clients. Consumer Services reported a decline of 12.7% QoQ/-17.2% YoY in constant currency led by a decline in revenue one of the key clients in Europe. A retail client has tightened the budget due to high inflation and macroeconomic uncertainty.

•Demand: There is a continuation of weakness in the new environment. Although Zensar Tech experienced strong growth, the company anticipates an overall rebound in growth in Q1FY24.

•Geography: Europe registered decline 5.7% QoQ/+1.1% in cc however +20% YoY in FY23 right shifting revenue recognition from key clients. The company saw good growth from serval client and expect growth will be back in Q1FY24. South America has good momentum growth 4.3% QoQ/+20.7% YoY in cc.

•Order book for Q4FY23 stood at $174.9M, a seasonally high growth of 34.0% over the last quarter supported by multiple renewals and strong deal wins across the segment.

•DSO stood at 74 days for the quarter, improved by 6 days QoQ led by healthy collection.

•Outlook: We are optimistic about the Q4FY23 figures and the management's remarks because the company has the potential for a robust recovery, aided by notable deal wins and improved client engagement. Moreover, we anticipate that overall growth will rebound in Q1FY24 across all segments.

Affle (India) Ltd| Q4FY23 Management Conference Call KTAs
CMP: INR 919.85
Marker Cap: INR 12,251.77Cr

•The company despite the headwinds saw robust growth with 5x growth in the topline.
•The company's revenue grew by 32% YoY now at INR 14340Mn for 12MFY2023 and by 12.9% YoY now at INR 3558Mn for Q4FY23.
•The company's EBITDA grew by 37.2% YoY for FY23 and 22.1% for Q4FY23, now at INR 2930Mn and INR 699Mn respectively.
•The company recorded PAT of INR 624Mn for the quarter and 2453Mn for FY23, growth of 18.4% for Quarter and 33.8% for FY23.
•The operating Cash flow grew by 26.4% YoY.
•The ROCE and ROE stood at 19.7% and 20% respectively.
•The company has completed the internal reorganization as per plans and the results of the same will be seen from Q2FY24 onwards.
•Out of the total revenue the total revenue from India is 34.7 % and the international markets contribute for the rest of 65.3% revenue.
•The employee costs for the year remained constant; however a rise in other expenses was recorded.
•The company paid less tax during the quarter due to deferred tax of a subsidiary.
•The company saw more growth in developing markets during the year due to economic tensions in the developed economics.
•The company aims to grow margin levels in developed countries and is optimistic about doubling the CPCU business.
•The developed markets contribute 19% towards revenue, the company has a healthy base in developed markets and good product and so aims to achieve 20-25% of growth in Developed countries.
•The company is more focused towards expanding the portfolio through deeper vertical integration in the gaming sector.
•The company has targeted 20 to 25% of overall organic growth for the next two years.
•**Outlook: Despite facing headwinds, the company achieved robust growth. Strong revenue, EBITDA, and PAT growth were recorded, supported by improved operating cash flow and solid ROCE/ROE. The completion of internal reorganization, focus on developed markets, and deeper vertical integration in gaming indicate positive outlook and targeted organic growth in the coming years.**

SONATA SOFTWARE LTD. | Q4FY23 Management Conference Call KTAs
CMP: INR 883.25
Marker Cap: INR 12,384.26Cr

•The company recorded a YoY revenue growth of 18.7%

Financial performance for International service:
•The revenue grew by 18.1% in FY23 and 8.6% growth QoQ.
•The revenue for the quarter was 65.8Mn dollars.
•The EBITDA declined by 5.9% QoQ and 1.9% YoY.
•The PAT declined by 8.4% QoQ and 5.5% YoY.
•The Constant Currency grew by 8.0% QoQ and 21.1% YoY.

•The company has shown consistent growth in the last 10 years with a CAGR of 15% for the revenue and a CAGR of 18% for the EBITDA and PAT
•The company recorded 22% CAGR in revenue for Domestic business.
•It recorded an industry leading ROCE of 47.3% in FY23.
•Further the company is aiming for $580Mn of revenue growth in the next 3-4 years.
•A deal of $160Mn took place in FY23
•It is focusing on investment for better sales, large deals, and in healthcare life sciences and technical capabilities.
•It is also targeting revenue of $0.5B by FY26 and EBITDA of early 20's.
•The company has made some big moves by acquiring Quant Systems Inc., winning Large Deals and is building a Diverse Global Firm.
•The company has reduced response time for inquiries by 50% and has reduced average resolution time by 75%.

•Outlook: The Company achieved strong revenue growth and consistent performance in the international service segment. Despite slight declines in EBITDA and PAT, the company aims for significant revenue growth, investment in sales and capabilities, and targets for future revenue and EBITDA. Acquisitions, large deals, and improved operational efficiency contribute to a positive outlook for the company's growth and global expansion.

Syrma SGS Technology Ltd | Q4FY23 Management Conference Call KTAs
CMP: INR 318.90
Marker Cap: INR 5,723.18Cr

Revenue and Margins
•Syrma SGS Technology Ltd achieved significant financial growth in the past year, with its total revenue experiencing a notable increase of 63% year-on-year, amounting to ₹20,921 million.
•The company's EBITDA also witnessed substantial improvement, rising by 61% YoY to reach ₹2,315 million. Furthermore, Syrma SGS Technology Ltd achieved an impressive EBITDA margin of 11.1%.
•The profit before tax (PBT) of the company showed a remarkable growth of 61% YoY, amounting to ₹1,787 million. The PBT margin stood at 8.5%.
•Export revenue played a significant role in the company's overall performance, accounting for 31% of its total revenue from operations.
•Syrma SGS Technology Ltd also achieved a noteworthy growth in its PAT, which increased by 61% YoY to reach ₹1,231 million. The PAT margin stood at 5.9%.

Segment wise revenue mix
•The automotive segment achieved a significant increase of 60% year-on-year, generating revenues of ₹4,029 million.
•The consumer segment witnessed exceptional growth of 156% YoY, with revenues amounting to ₹6,597 million.
•In the healthcare segment, Syrma SGS Technology Ltd achieved a modest growth of 0.9% YoY, generating revenues of ₹1,633 million.
•The industrials segment experienced a strong growth rate of 45% YoY, generating revenues of ₹6,422 million.
•The IT and railway sectors demonstrated a growth rate of 16.7% YoY, with revenues reaching ₹1,802 million.

Order Book
•In FY23, Syrma SGS Technology Ltd received a substantial order book amounting to ₹3,000 crore, marking a significant increase compared to the previous year's order book of ₹1,200 crore.
•With this increased order book, the company has set a target to complete 70% of the orders within the current year.

Capex
•In FY23, Syrma SGS Technology Ltd made a Capex of ₹170 crore.
•Looking ahead, Syrma SGS Technology Ltd plans to undertake a Capex ranging from ₹200 to ₹260 crore in FY24.

Other Highlights
•The consumer vertical while characterized by high volumes and growth, currently exhibits lower margins. However, the company anticipates positive changes in this sector due to government policies aimed at reducing imports. These policies are expected to drive a backward integration trend, which would enable the company to improve its margins in the vertical.
•The healthcare sector is currently experiencing a slower growth rate. However, the company foresees a significant rebound in this sector, particularly by the third quarter.
•In FY24, Syrma SGS Technology Ltd has set a target to achieve similar growth in exports as in previous years.
•The company aims to improve its working capital management by reducing the net working capital days from the current 89 days. It anticipates a reduction of 5-10 days in FY24.
•Company’s financial position shows a total debt of ₹3,468 million, However, it also holds a net cash position of ₹5,367 million.
•By prioritizing design and development capabilities, the company aims to enhance customer satisfaction, foster customer loyalty, and maintain a competitive edge in the market.

outlook: Syrma SGS Technology Ltd exhibits strong financial growth with significant revenue and margin improvements. The company aims to capitalize on export growth, reduce working capital days, benefit from policy changes, and maintain a strong financial position while focusing on design and development to drive customer retention.

Route Mobile Ltd-Q4FY23 Concall Highlights
CMP INR 1399|Market Cap INR 87,364 Mn

•The management has guided for 20% growth in FY24

•Route Mobile has reached a significant milestone, achieving an annual run rate of $ 0.5 billion in revenue. The company aspires to become a $1 billion revenue company over the 3-4 years through a strategic blend of organic and inorganic growth

•Reported EBITDA margin expected to be in the range 12.5% - 13%. in light of the robust action new product has been gaining, the company has established dedicated SBUs for each unit, which includes Trusense. Trusense, the strategic division headquartered in the UK is dedicated to addressing mobile identity and digital fraud.

•Secured 2-3 new firewall contracts since Q3FY23 with several other significant deals in the pipeline. Additionally, the company deployed the first UTAS solution for Robbie Exeata to cater to the needs of enterprise customers, supporting their customer care and marketing operations.

•Two strategic acquisitions, MesaVian, and Mr.Messaging. These entities became integral to the value proposition in the CPaaS marketplace. The firewall is going live in Sri Lanka from 21st of May

•Volume: Registered over 107bn transactions in FY23, a growth of over 106% on a y/y. In FY23.

•Revenue from termination in India, which is a key focus market for Route, including both domestic and international termination into India, to that $207 mn, which translates to INR1,638 crore value.

• Besides India, key focus markets for the company in FY24 will be GCC countries, LATAM, and Indian subcontinents.

•The company's primary focus is to enhance its operating cash flow, aiming to achieve a CFO to EBITDA conversion rate within the range of 50% to 75% in FY24, despite a current conversion rate of 45% in FY23. With stabilized receivable and payable cycles, management anticipates a significant improvement in normalized operating cash flow moving forward.

•Average receivable and payable days were around 62 days for FY23.

•ROC in the range of 25%-50% based on some past such firewall deal experience.

•Average realization for deliver transaction improved to INR0.037 as compared toINR0.036 in Q3 FY23.

•The slight contraction in gross margin is attributable to the seasonality in the business of Maccabean and certain markets for MR messaging. For MR. Messaging is being affected due to geopolitical issues.

•In terms of certain KPIs, billable transactions increased to 107 bn transactions as compared to 52 bn in FY22.

•The company has onboarded large banks as customers in India as well as in Ghana and Nigeria. Additionally, the company has observed significant engagement and opportunities in the Middle East and LATAM Markets.

•In the previous quarter, MR Messaging faced disruptions in its operations as it had to terminate its communication messages directed toward Russia. But it's coming back to normalcy. Russia's revenue contribution is very low. Mr Messaging's revenue was INR 147 Cr and messaging revenue was INR 50 Cr in Q4FY23.

•ILD price increase by 25% on 22nd April onward 2023.

•Payout: Payout of about $6 mn to Masivian (JFM weak quarter). And from the earn-out, it's about $2.3 mn that the company has to pay to Masivian at the end of this month. payout to MR Messaging of around EUR 6 mn. There is no other payout that is due in FY24.

•Borrowing has been done in the UK entity and against the cash collateral that the company has as deposits.

•Organic revenue growth was 53% and the rest was inorganic.

•India Market share over 20% for this year.

Digispice Technologies Ltd Concall KTAs
CMP INR 18.65 | Market Cap INR 4.37 bn

• Company has planned to exit from digital tech segment. They plan to exit in 9-12 months. They will honor the existing contracts prior to exiting which will take around 9 months to complete.

• EBITDA of Digispice Technologies for the FY23 shows a loss of INR 14 Crore on a consolidated basis, owing to the digital tech segment (i.e. Digispice) which shows a loss of INR 23 Crore. If we remove this segment, EBITDA of the Fintech segment (i.e. Spice money) stands at INR 9 Cr for the said FY23.

• EBITDA of digital segment of the company decreased 187.5% YoY.

• EBITDA of Fintech segment (i.e. Spice money) of the company increased 483% QoQ sequentially to INR 3.5 Cr in Q4FY23 and decreased 59% YoY.

• This annual reduction is due to the losses in new business lines within the Fintech segment. The company's core business is operating at EBITDA of INR 21 Cr since last 3 years.

• The new business lines of Fintech segment include, Entrepreneur solutions, Healthcare services, Financial services, E-commerce services, Government Services and travel services.

• Further, EBT of Fintech segment has reduced to INR 1 Cr. in FY23 from INR 21 Cr in FY22. This huge difference is on account of high depreciation charged in this FY. The depreciation is expected to reduce for FY24.

Guidelines
Company is bullish on their fintech segment. Their EBT is expected to increase on account of lower depreciation. Over the period of 3 to 4 years company expects to gain operating leverage.

Saksoft Ltd-Q4FY23 Concall KTAs

CMP INR 239|Market Cap INR 23,860 Mn

•The company has acquired Chennai based company Terafast Network with expertise in cloud engineering networking solutions and develop automation services vended by better fast to strengthen facts of focus on digital transformation in terms of digital performance.

• The improvement in margins was supported by the increased revenue generated from offshore operations. A 2% rise in revenue from offshore business played a role in enhancing the margins.

• The company was able to migrate 3 customers into the 1mn+ revenue category and also added 4 new customers in the 0.5mn+ revenue category.

•The Revenue from the Top 20 customers increased by 41% on a y/y basis.

•Significant increase in headcount of about 350+ resources with no decrease in utilization levels signifying greater demand for the company services and hence the increase in revenue by over 39%.

• The board has recommended a final dividend of INR 0.35/- per equity share.

• Utilization of the employee 85% during the year excluding trainees.

• Net debt free company and ROE 26.6% & ROCE is at 20.3%

•The company's goal of USD 500 mn in revenues by 2030.

• The company reportedly consolidated INR 1,821 Mn Operating Income, INR 325 Mn Operating EBITDA, 17.85% Operating EBITDA Margins, INR 250 Mn Net Profit, 13.73% PAT Margin for the Q4FY23. The impact of currency movement is only 2% for the FY23. Volume driven growth in revenue ~37% for FY23.

•America contribute 47% of revenue, UK& Europe contribute 25% and 25% from Asia Pacific and other regions. The on-site is of 45% and off-shore revenue is 55%. The company expects mix to be inclined towards the offshore on an ongoing basis. Printing, telecom and utility contribute 35% and 22% of total revenue respectively. Whole, transport logistics and retail healthcare and public sector contributed 11%, 5% and 4% respectively.

•DSO decreased by 4 days to 61 days.

• Attrition is at 22% for FY23.

Outlook: Customers are increasingly choosing smaller companies due to their references, past experiences, and abilities to adapt. Saksoft, with its technological expertise, cloud solutions, and advanced business intelligence, as well as its proprietary frameworks and accelerators that expedite project delivery, has the potential to achieve its revenue goal of USD 500 mn by 2030.

AGS Transact Technologies Ltd | Q4FY23 Management Conference Call KTAs
CMP: INR 61.23
Marker Cap: INR 743.35Cr

•AGS Transact Technologies Ltd achieved a YoY revenue growth of 6% in Q4FY23, reaching ₹4,247 million.
•The adjusted EBITDA also showed a positive trend, with a YoY growth of 6% to ₹1,231 million in the same quarter.
•Although the FY23 revenue witnessed a marginal decline of 5%, the company maintained a strong margin of 28.7%.
•The PAT improved significantly, with a profit of ₹370 million in FY23 compared to a loss in the previous year.
•As of FY23, the combined market size of ATM Cash Management, Retail Cash Management, and Dedicated Cash-in-transit Vans was estimated to be Rs. 3,920 crores. However, market projections indicate significant growth, with expectations for the market to reach Rs. 7,900 crores by FY27.
•AGS Transact Technologies Ltd's cash in circulation has seen a significant increase, reaching Rs. 33.5 trillion from Rs. 31.5 trillion at the end of FY22. Looking ahead, the company aims to further expand the cash in circulation to Rs. 35.5 trillion by FY24.
•The digital payments industry in India has experienced extraordinary growth in recent years, establishing itself as a fast-growing sector.
•The company's strategic focus is to grow and scale-up its Digital Payment Solutions Business by transitioning from Payments-as-a-Service to Payments-as-a-Convenience, primarily through its Ongo Card and Ecosystem.
•Furthermore, the company plans to strengthen its Integrated Technology Payments Platform, leveraging technological advancements to deliver comprehensive and innovative payment solutions.
•In addition, the company will continue its focus on Cash Outsourcing and Managed Services, ensuring efficient and secure cash management through ATMs and CRM systems.
•The company also aims to expand its Cash Management Services, offering tailored solutions to meet the evolving needs of businesses and individuals.
•Furthermore, international expansion is on the agenda, as the company seeks to tap into new markets and seize opportunities beyond its current geographical reach.
•The company anticipates a growth trajectory for the Payment Services Market, with a projected CAGR of 23.5% over the next five years.
•The integration of the recently won order of 8,000 ATMs/CRMs under the Managed Services Portfolio is progressing as planned. The company remains focused on capitalizing on the increasing trend of banks outsourcing ATM/CRM management.
•The company expects an increase in revenue per ATM per month through the implementation of RBI and Ministry of Home Affairs guidelines, as well as cassette swaps.

•Outlook: AGS Transact Technologies Ltd is poised for growth in the digital payments industry and cash management sector. With a focus on innovation, expanding market opportunities, and strategic partnerships, the company aims to capitalize on the rising demand for payment solutions, expand its customer base, and drive profitability.

NIIT Limited Q4FY23_Concall KTAs
CMP INR 399|Market Cap INR 53,765 Mn

The management expects a 10% growth for FY24 with margin improvement to mid-single digits for the full year due to investment continuing in transformation

•Demerger: The Composite Scheme of Arrangement for Transfer of Corporate Learning Business to NIIT Learning Systems Limited (NLSL) has been made effective on May 24, 2023. The Appointed Date for the Scheme is April 1, 2022. The financials for NLSL reflect the impact of this transfer from the Appointed Date. The company expects demerger to lead to acceleration in the medium to long term.

•NLSL will go for a listing that has to be completed in the next 30 to 45 days subsequent to that.

•NIIT acquired St. Charles Consulting Group (StC) during the year. Excluding StC, revenue up 11% YoY. EBITDA at INR 3,154 Mn up 6% YoY; OM of 23% down 310 bps YoY. The company added 12 new MTS customers. Customer tally at 80; Revenue visibility at USD 363 mn. 73 MTS customers from an organic point of view and added 7 St. Charles for a visibility of 33%.

•Contract: 4 new contracts were added during the quarter, 1 scope expansion, and 2 renewals.

•NIIT training program covering 2 sector technologies and BFSI and another sector clubbed in BFSI and customer in FY23.

•DSO at 52 days compared to 62 days in Dec FY22 and 45 days in Mar'22 on change in business mix. The RPS business (100% subsidiary) which the company acquired, the consumer part of the business is a negative working capital business. But at this point in time, the enterprise business is in excess.

•The accelerating growth of digital technology, telecom, and data is causing digital transformation in more and more sectors of industry and society.

• Segment: The company beneficiaries come from the IT sector, then a smaller percentage in banking and a much smaller percentage in other domains. 1) They can cover a wide range of emerging areas, including new manufacturing, engineering R&D, and supply chain management design. 2) The company is to invest more in the mode of delivery, telepathy, and now with the emergence of AI as an important change agent, the company sees that there will be significant change between the two. 3) Building is to look at the organizational transformation of the company.

•Mix: Technology sector programs contributed 80% of total revenue, and the balance was with BFSI and others. These technology sector programs were up 40% y/y interest.

•AI: AI presents a phenomenal opportunity for the company to scale up very, very fast.1) AI is a subject in which a large number of people will need to be trained and large corporations will need help in figuring out what they should do with AI Again, that is AI as a subject. 2) AI in learning is a great opportunity as well because, in very simple words, it will contribute substantially to the efficiency of learning, as well as the effectiveness of learning. NIIT has great opportunities to leverage AI.

•Outlook: The de-merger of NLSL will be beneficial for the company in the medium to long term. AI is a big beneficiary for the NLSL and the overall company. Going forward, the management expects an 8-10% growth for FY24 with margin improvement to mid-single digits for the full year due to investment continuing in transformation.

Hinduja Global Solutions Ltd-Q4FY23 Concall KTAs
CMP INR 1,129 |Market Cap INR 59,305 Mn

The company expects the margin to expand and strong revenue growth going forward. Going forward leveraging AI will be a big game changer for the company

•Buyback details: Opened after significant delay Buyback had opened on May 22, 2023, and ended on June 2, 2023. The final buyback price of INR1,700 for equity shares, an aggregate consideration of INR1,020 crores excluding buyback tax. The total number of shares to be bought back in the buyback shall be up to 60 lakhs equity shares.

•Expansion on the geography front: The company has a set footprint in Australia. The company is setting into new geography frontiers Barranquilla, Colombia Mysuru and Indore, India Belfast, UK New York and Warrenville, US.

•Hybrid working model: The company focuses on real estate footprint rationalization 95% plus - Exited seven centers in Canada and the US.

•Acquisition completed: The company completed the acquisition of a data and analytics and financial planning company called TekLink based out of Chicago, Illinois. March 2023 TekLink revenue of US$2.9 mn with EBITDA margins of 18.3%. The company is seeing traction with cross-selling opportunities to both clients. March 2023 TekLink revenue of US$2.9 mn with EBITDA margins of 18.3%

•The company has grown its technology business to a $100 mn run rate for this income, offshore revenues have also grown, which is again good news because offshore revenue.

•Strong pipeline: The company has had good growth from existing clients and HGS has a very good pipeline as well.

•UK: The company has a new CEO, Robin CEO is a very experienced person that has managed large businesses, the company has to build the UK business back towards levels of growth that it gets even in the last few years.

Growth Plan
•HGS can be the game changer in the AI domain as they are using artificial intelligence, automation, analytics, generative AI, and cloud telephony.

• The company continues to transform as a Technology-led CX Company through a mix of organic growth and acquisitions while investing significantly in technology and talent.

•Enhance offerings beyond traditional CX and Digital Media solutions… to provide a range of interconnected services to enable impactful change to clients’ businesses.

NXT Digital
•NXT Media Group has continued accelerating its “digital upskilling” program for franchisee.

•Uttar Pradesh, Andhra Pradesh & Telangana - focus markets for growth – for new and emerging digital solutions.

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.

Intellect Design Arena Ltd Q4FY23- Concall Key Takeaways
|| CMP: INR 531 || Market Capitalization: INR 7212 Cr

• In FY24, the company aims to surpass 1 million submissions through Magic Submission, with pricing based on submission. This is an annual target, and the company boasts 80% faster processing times and 20% higher data quality. The target market for Magic Submission is the BPO industry.
• Revenue for Q4FY23 was INR 621 Cr, a 24% YoY growth compared to INR 500 Cr in Q4 FY22. The increase in revenue was driven by growth in banking and insurance solutions and the company's expansion into new markets. The EBITDA margin expanded by 593bps QoQ/435bps YoY, and the annual margin met expectations at 20%.
• The company's licensing revenue comes from three sources: Direct line, platform revenue, and AMC. All three sources are experiencing healthy growth.
• The company's AI services, centered around data comparability and embedded AI, provide flexibility and extensibility for banks, leading to positive momentum with customers globally.
• The company has invested in eMACH.ai, a next-generation platform. Investment phase is largely over now and distribution phase has started.
• The company has experienced an accelerating Compound Annual Growth Rate (CAGR) of 16% over the last 5 years, 18% over the last 3 years, and over 20% over the last 2 years.
• In the digital banking sector, the company addresses a market worth around $11 billion, with a growth rate of 8% to 10% CAGR. This indicates significant growth potential for the company in the retail banking space.
• There is an accelerated shift to SaaS and cloud services, which is observed across global markets. Additionally, banks are increasingly utilizing data insights and embedded AI. The company has invested in various technologies like cloud, SaaS, API, microservices, DevSecOps, insights, data AI, and distributed DB, and expects these technologies to evolve further.
• The iKREDIT360 platform can configure any credit product, including SME financing, credit cards, agricultural loans, and gold loans. It is built on the eMACH.ai architecture, which utilizes microservices, APIs, cloud, and an event-driven architecture.
• Key FinTech partners include government agencies, enabling reduced time to market for banks and ensuring regulatory compliance. The company has launched two products in India: SME lending and a digital cards platform.
• The company's strategy involves a continued focus on Europe, with a principal solution provider strategy on Destiny deals. They also prioritize talent and categorize their business into four products, three platforms, and one technology.
• IDC (Intellect Design Center) is the core banking lending credit card AML Treasury product and offers the widest range of solutions.
• The company is focused on building pre-sales and delivery capabilities, with three reference-able clients already live and others in the process of going live. They now have fully hosted solutions in AWS Germany.
• The company has a strong pipeline in the U.K., Europe, and Canada, hosting multiple events in these regions. They are targeting five accounts this year to develop a principal solution strategy for lending with these banks.
• iESG (Intellect Environmental Social Governance) is a powerful tool that can generate sustainability reports on custom metrics for thousands of companies simultaneously. It covers an investment portfolio of over $1.3 trillion in assets under management.
• The outlook for the company includes strong deal wins and a healthy funnel, which are expected to drive future revenue growth.

Media and Entertaintment

Shemaroo Entertainment Ltd. Q4FY23 Management Call KTAs
CMP: INR 130
Market Cap: INR 3,535 Mn

•Debt, including long term and short term borrowings was around INR 3,000 Mn. It is expected to peak out in Q1FY24.
•It has planned investments of about INR 750 Mn in new initiatives in FY24.
•In the last 3 years, it has invested about INR 1,750 Mn and was funded out of cash generated from operations.
•It is intentionally diversifying away from syndication business, which can be lumpy.
•The contribution of the syndication business to the overall revenues was sizeable during the quarter.
•It launched a new channel, Umang, which is gradually ramping up.
•The total addressable market in ShemarooMe Gujrati is about 25 lakh.
•Overall, the bouquet of channels are profitable. Also, Broadcasting is profitable for the company.
•In the Broadcasting segment, it has market share of 9% in GEC market.
•The total viewing hours between the 2 channels is 3.5 hours. The company will target total viewing of 4.5 hours.
•The advertisement rate is in line with market rate.
•However, there has been some pressure on advertising rates from New Age companies.
•Advertisement rates of FMCG companies are stable on the other hand.
•Most of the advertisement revenues for Broadcasting division comes from FMCG clients.
•However, the Digital segment has sizeable proportion of new age clients, and there has been some pressure on advertisement rates.
•Outlook: Softness in advertisement rate may affect Q1FY24 financial performance. However, in the long term, investment in new channels and increasing subscriber base are positive triggers for the stock. The topline is expected to increase at a CAGR of 20% in the next few years, driven by the digital segment. We have a positive view on the stock.

Music Broadcast Ltd | Q4FY23 Management Conference Call KTAs
CMP: INR 11.27
Marker Cap: INR 389.59Cr

•Music Broadcast Ltd reported a revenue of ₹51.4 crores in Q4FY23 compared to ₹46.0 crores in Q4FY22, representing a YoY growth of 12%.
•It recorded an EBITDA of ₹10.6 crores in Q4FY23 compared to ₹6.1 crores in Q4FY22, representing a significant YoY growth of 72%.
•The company achieved an adjusted PAT of ₹1.2 crores in Q4FY23 compared to a loss of ₹2.1 crores in Q4FY22.
•Music Broadcast Ltd reported a revenue of ₹198.9 crores in FY23 compared to ₹168.4 crores in FY22, representing a YoY growth of 18%.
•It recorded an EBITDA of ₹42.8 crores in FY23 compared to ₹27.8 crores in FY22, representing a significant YoY growth of 54%.
•The company achieved an adjusted PAT of ₹5.4 crores in FY23 compared to a loss of ₹5.7 crores in FY22.
•Music Broadcast Ltd experienced an increase in its market share, reaching 20% in Q4FY23 compared to 19% in Q3FY23.

• In Q4FY23, Music Broadcast Ltd generated 32% of its revenue from created business sources such as properties, proactive pitches, digital platforms, sponsorships, and special days.
•The digital revenue of Music Broadcast Ltd witnessed substantial growth, increasing by 92% in Q4FY23 compared to Q4FY22.
•Music Broadcast Ltd also achieved the second-highest client count share in the industry, accounting for 38% in Q4FY23.
•Out of the total revenue the volume contribution is expected to comprise of 80% and yeild contribution of 15-20% in the 1st Quarter.
•The industry outlook is positive, reflecting favorable conditions and opportunities within the broadcasting sector.
•Music Broadcast Ltd further anticipates a growth rate of 20% in FY24.

•Outlook: Music Broadcast Ltd exhibited strong financial performance with notable YoY growth in revenue, EBITDA, and adjusted PAT. The company aims to maintain a positive growth trajectory in FY24, driven by volume contribution and a favorable industry outlook.

PVR Inox Ltd
CMP INR 1411; Mcap INR 138.23 bn

•Key info
1689 screens; No1 in key areas; presence in 115 cities with 361 Cinemas
•Q4FY23 PVR and Inox consolidated results Revenues at INR 11431mn; EBITDA stood at INR 2856mn and margins at 24.5 vs 24.6% in Q4FY22. Q4 FY23 results for the company are reported on a merged basis for PVR and INOX and are not comparable with Q4 FY22 reported results.
PAT stood at INR-3340mn
•EBITDA The company plans to shut down ~50 cinemas which are loss making or housed in malls which have reached the end of their life cycle with little hope of any revival which will help savings of INR 10cr, the company is planning to work minutely on various costs and to bring them down for better profitability.
•As per consumer behaviour survey, the consumers were of the opinion that is the content is of their liking they would prefer coming to cinemas to have 360 degree experience.
•Net Debt levels have gone up at INR 14308mn mainly to fund the growth as the earnings are short to fund capex right now. The company is confident of getting net debt levels down as earning goes up.
•There has been shift seen from hindi content audience shifting to regional content as regional content are equally interesting and gripping. Pre pandemic the mix was English 15%; Hindi 41% and Regional 44%. In FY23 the mix stood as English 12%; Hindi 34% and Regional 54%.
•Movies lined up includes Miss Shetty Mr Polihetty, The little mermaid, Trasformers, Spider man, Takkar, Luka Chuppi 2, maidan, Adipurush, Gadar2 and few more.
•Highest grossers movies in Q4Fy23 includes Pathaan INR 2269mn, Tu jhuuti main Makkar INR 663 mn and Avataar INR 583mn.
•Share of top 5 Hindi movies has gone up from ~29% pre pandemic to QUARTERLY ~51% in FY23.
•High volatility in Hindi and English movie box office witnessed as compared to regional movies.
•IPL matches may affect the footfall for cinemas adversely to some extent and may impact Q1FY24 sale of tickets which is ongoing (from 31st March to 28th May). This is a seasonality event and IPL recurs every year.
•The cinemas have increased from 341 to 359 in this quarter; seats increased from 336000 to 357000 this quarter; Occupancy declined YoY by 3% at 22.2% but company is expecting the occupancy to increase on account of huge content pipe line.

•ATP at INR 239 in Q4FY23 vs INR 232 in Q4FY22; SHO at INR 119 which is 13% down YoY; Sale of tickets up by 21% YoY at INR 6016mn and sale of FB up by 37% at INR 398mn

•Screen addition in FY23: 168 screens added in FY'23 between PVR (97 screens) and INOX (71 screens); 79 screens added in Q4 FY'23 between PVR (53 screens) and INOX (26 screens) with highest screen addition in Chennai and Lucknow. The capex planned is INR ~7000mn for existing and new screens in FY24.

•FY24 outlook: 150-175 screens in pipeline with most of them in South ~38%, the company is re thinking on upcoming handover of new sites for fitouts till the time business fully recovers.

Outlook: The management expects great comeback of consumers on the back of huge content lined up along with strong screen additions. The company is shutting down non profitable screens and is working minutely on the cost per screen to get into comfortable bottom line numbers. We believe with strong bounce back in footfalls, cost reduction initiatives, expectations of higher ATP and SPH and strong content pipeline will help PVR Inox to report good numbers in coming quarters.

Iron Steel & Products

Tata Steel – Q4FY23 Concall KTAs
CMP: INR 110 | Market Cap: INR 1.34 Tn | INR Promoter: 33.9%

Operational Performance:
India Business
• Revenues came in at INR 365,760 Mn (+13.15% QoQ) (-5% YoY)
• EBITDA per tonne came in at INR 15,715 (Vs 10,510 QoQ) Vs (24,469 YoY)
• Sales Volumes came in at 5.15 Mn (Vs 4.74 Mn QoQ) (Vs 5.12 Mn YoY)

Consolidated Business
• Revenues came in at INR 629620 Mn (+10.3% QoQ) (-9.2% YoY)
• EBITDA per tonne came in at INR 9,289 (Vs 5,806 QoQ) Vs (18,937 YoY)
• Sales Volumes came in at 7.78 Mn (Vs 7.15 Mn QoQ) (Vs 8.01 Mn YoY)

Net Debt decreased by INR 39,000 Mn to INR 678100 Mn. Net Debt to EBITDA at 2.07x and Net Debt to Equity at 0.61x

Neelachal Ispat Nigam Limited:
•Has steadily ramped up during the last two quarters and is presently operating with a run rate of ~1 million tons (crude steel plus pig iron) on annualised basis.
•Spent ~INR 110 Bn for acquisition

Kalinganagar:
• Full volumes of 5 Mntpa will be available from FY26.
•Pellet and CR mill without annealing and galvanising facilities (2.2 Mn tonnes) commissioned which will come online in 12-18 months.
•Company already did a capex of INR 170 Bn, has planned capex of INR 70 Bn for FY24 post which only 30-40 Bn will be remaining.

Netherlands and UK:
•Netherlands capex at 30 Bn of which 11 Bn will be towards blast furnace and remainder toward improvement projects.
•UK capex will be to the tune of 6-8 Bn (mainly safety compliance).
• Cash burn for UK in the past 6 motnhs was 100-150 Mn pounds while Netherlands has 600 Mn Euros of Cash.
• UK upstream business assets has end of life is 12-24 months. Downstream business is decent.
• Netherlands has a big shut down currently in blast furnace (~4 months).

Capex:
•Company spent INR 43,960 Mn in Q4 and 1,41,420 Mn in FY23. Company has planned capex worth INR 160 Bn for FY24 of which INR 100 Bn is for India business, 20 Bn for Indian subsidiaries (Tinplate and Metliks), 30 Bn for Netherland business and remainder for UK business (60 – 80 Bn).
•Capex will largely be from internal accruals

RM:
• Coking coal in Q4 was $267 per tonne which is now 277$ but the procurement is 25$ cheaper compared to Q4 due to lower freight

Other KTAs:
•FY23 Europe revenues were £9,293 million and EBITDA was £477 million, translating to an EBITDA per ton of £58. Volumes were 2.1 Mn tonnes for Q4 and 8 Mn for FY23
•Company has taken impairment on UK business to the tune of INR 11700 Mn (reflecting in standalone business).
•Q1 has lot of planned shutdowns for maintenance.
•2Wheeler demand may look weak but tractors, construction, infra, commercial RE looks good.
•The royalties increased by INR 1,870 Mn to 9,620 Mn due to higher production.
• FX losses were INR 2290 Mn Vs gains of INR 5710 Mn in Q3FY23
• Spot prices of energy fell significantly in Europe but in company's books since they had their hedges in place.
• Spot prices of natural gas dropped sharply in the quarter but will 1-2 quarters to reflect in their books>
• Company aims to maintain long term EBITDA margins of INR 14,000-15,000 per tonne. Company has seen a range of 7k-30k per tonne historically
• Overall the company purchases 15 mn tonnes of coal (8-10 mn for India and remainder for Europe)
Conclusion: Company is working towards achieving its goal of 40 Mtpa by FY30. Company is resuming its plan to reduce debt by $1 Bn per year (majority will come in H2) but main focus is on capex. Volume for Q1 will be close to 7.2-7.3 Mn tonnes (400,000 tonnes lesser than q4 due to shutdowns). Volumes for FY24 will be ~30.2-30.3 Mn tonnes (1.5 Mn tonnes more than FY23). Excess volumes will come half from India and half from Europe business. At CMP, company trades 15.3x FY23EPS.

Shyam Metalics Q4FY23 Concal KTAs
CMP: INR 304 Market Cap: INR 77.7 Bn Promoter: 88.3%

Strong guidance for future with higher share of value add products. Company is available at cheap valuations based on capex plans and guidance.
Aluminium Foil Plant:
•200,000 tonnes are imported in India, current plant will help in Import substitution
•11,400 tonnes produced during FY23. Size of 6-13 microns (very small in size, ence realizations are high)
•60% exported from the above figure (out of 60%, 80% is exported to USA)
•Current Utilisations at 55-60%. post taking it to 90%, company will think of further capex.
•Company makes 6-9 microns (size of foil) which fetches EBITDA ~INR 50,000/tonne
•Monthly runrate of 1500 tonnes reached currently, realization currently at INR 350,000 per tonne
•Company will do 17,000-18,000 tonnes of sales in FY24
Low Carbon FerroChrome facility:
•80-85% stabilization done, to completely stabilize in FY24
•Anticipated annual production of 60,000 tonnes can deliver INR 1 Bn of revenues
•High value product, double than the value of normal ferro chrome
•EBITDA Margins in this business of 20-25%
•No purchase of RM (FerroChrome) needed since it is made inhouse
Mittal Corp: Stainless Steel biz
•Capacity of 180,000 – 200,000 tonnes, can produce upto 250,000 tonnes
•Company has stainless TMT facility, nobody in India has done this. Will produce "200 series"
•Coastal projects have notified their intentions to use SS TMT
•Expect INR 3.51 Bn acquisition expense in FY24. WC requirement will be 1.5-2 Bn in FY24
•FY24 revenues expected to be around 4-5 Bn (needs some technology upgradation so not completely available in FY24).
•Company is aiming production of 150,000 tonnes (of which 50,000-60,000 tonnes will be of SS TMT which will give EBITDA/tonne of INR 15,000-20,000)
•FY25 revenues will be 17-18 Bn with 1.5 Bn EBITDA
•90% stainless steel making requirement is made inhouse (iron, power, ferro chrome and ferro manganese)

Iron ore mine in Sundargarg: 1,526 hectre land
•Iron ore of high grade – 66Fe. 65-70% lump.
•Such high quality incurs less mining cost, alumina silica content is also very low
•Land is currently forest so conversion to mine is not a challenge (as per laws)
•Received composite license, 10 years available to start mining
•Company will share more details once they assess the quantity and definitive plans of what to do
•Preliminary assessment shows 300 mn tonnes of iron in the mine

Ramswarup expansion:
•3.8 Bn spent for acquisition, now a subsidiary
•Current capex spent of INR 460 Mn (out of total 770 Mn, remainder spent by non controlling JV Partner). Total capex guidance is of 7.5 Bn

CRM plant: Shyam Flat products
•Will add value to supply chain management
•Project approved in PLI Scheme
•Spent capex of INR 630 Mn

Capex and Other KTAs:
•FY23 15.79 Bn, FY24 16-15 Bn
•Most of upcoming capex through internal accruals
•Acc to IPO Capex plans,30.07 Bn capex (75% completed), 9.55 Bn will be finish in a couple of years
•Pellet, Billet and Sponge Iron share in revenues to go down from 31% to 25% in 2 years
•70% cash generated is deployed back in business

Outlook:
For FY24, company has guided for a total of 2.4 Mn tonnes of sales in steel products (Finished Steel, Billets and Sponge Iron) vs 1.93 Mn tonnes in FY23. Out of 2.4 Mn, 1.5 Mn will be of finished steel which was 1.11 Mn in FY23. This translates in volume growth of 15-20% (does not include volumes of Ferro Products and Aluminum Foil plant which are separately mentioned above). Ferro Products realisations have dropped by 10% post Q4 but realisations in other products remain similar. Over time, Mittal corp will integrate forward so WC requirement will be lower. We believe company is going to deliver stronger numbers aided by change in mix of products which will reflect in higher blended realisations and EBITDA/tonne. At CMP, company trades 2x FY26E EV/EBITDA

Bharat Wire Ropes – Q4FY23 Concall KTAs
CMP: INR 166 | Market Cap: INR 10,734 Mn | Promoter: 39.89%

Decent performance and guidance for future
Company reported highest ever quarterly and yearly Revenue from Operations in Q4-FY23 and FY23.
Q4FY23
Revenues came in at INR 1,623 Mn (+12.5% QoQ) (+20.7% YoY)
EBITDA came in at INR 457 Mn (+24.5% QoQ) (+115.6% YoY)
EBITDA Margins came in at 28.16% (Vs 25.4% QoQ) (Vs 15.76% YoY)
PAT Margins came in at 9.8% (Vs 13.1% QoQ) (Vs 5.72% YoY)
The company had an additional deferred tax provision due to change in tax structure (non-cash item) of INR 83.5 Mn.
FY23
Revenues came in at INR 5,891 Mn (43.4% YoY)
EBITDA Margins came in at 23.56% (Vs 15.12% YoY)
PAT Margins came in at 10.56% (Vs 3.34% YoY)
Sales volumes increased by 13% YoY in FY23 to 38,536 tonnes
Capacity Utilization stood at 60-62% for FY23
Realizations improved by 30% due to increase in steel prices (pass on), improved product mix and better economies of scale.
GP per tonne stood at INR 59,000; EBITDA per tonne stood at 36,000 and PAT per tonne stood at INR 16,000.
About: Company is a leading manufacturer of steel wire, wire ropes, slings & strands. The total capacity is of 72,000 tonnes. Exports contributed to 85% revenues in FY23 exporting to over 50 countries.
Orderbook currently stands at INR 1,700 Mn (executable in 3 months). New orders are booked everyday
Other Expenses: Company is going to source energy through solar power from now on which will reduce its energy costs by 30-40%. Earlier they were paying approx. INR 9.1 per unit which will now be substituted by solar power costing INR 4.4 per unit (outsourced solar power cost will be INR 4.6 per unit). This will be for entire energy consumption barring certain hours (6pm to 10 pm which are peak hours) in which it is mandatory for the company to purchase power from the government.
CCPS: A couple of years ago, a portion of debt (INR 3,826 Mn) was converted to CCPS convertible in 13.5 years (from now) at prevailing price. Company has option to buy back the same at discounted valuations which currently amount to INR 1,500 Mn. Company will assess the option going forward.
Subsidy: Company received subsidy from government of Maharashtra which was recorded in FY23 (INR 300 Mn) but will be received in 15-18 months. Company can apply for subsidies till October 2025 till the tune of INR 4.35 Bn.
Other KTAs:
•Company receives majority of order for elevators, cranes, shipping, mining etc but the replacement market is also big.
•Company operates through distributors for its sales. Due to this, company is not exposed to exchange rate fluctuations (85% rev from exports)
•US contributes 20% revenue, Europe contributes 35% and remainder is from ME & South Asia
•India plans to develop over 250 ropeway projects worth ₹1.25 Tn ($15 billion) over a period of five years. Company is optimistic of getting orders from the ropeway development programme.
•Company believes that the volume growth guided from here on will come with higher margins due to better product mix. Company is also working on new products which will deliver lucrative ROCE.
Guidance: Company is guiding for 15-20% volume growth for next 3 years without any additional capex except for purchasing certain equipments (approx. cost of INR 100 Mn per year, equivalent to ~1% of Gross Block). Any required capex will be done from internal accruals. Company has 2 plants and has space for brownfield expansion if needed. At CMP, company trades 17.3x FY23EPS

JSW Steel Q4FY23 Concall KTAs
CMP: INR 693 | Market Cap: INR 1,675 Bn | Promoter: 45.4%
(Arihant Capital)
Very strong set of performance driven by higher volumes, higher NSR, lower coking coal and power cost.
Operating Metrics (Consol)
•Revenues came in at INR 1,112 Mn (+20% QoQ) (+0.14% YoY)
•EBITDA Margins came in at 16.91% (Vs 11.62% QoQ) (Vs 19.58% YoY)
Volume Consol:
•Highest ever produced: 6.58 Mn tonnes (incl. Ohio – 0.21 Mntonne)
•Highest ever sold: 6.53 Mn tonne (incl. Ohio – 0.18 Mn tonne)
•Consol VASP volumes up 14% YoY and 28% QoQ; share of VASP in total sales at 60%
Other Operational details:
Volumes Q4FY23:
•JSW Steel Coated: 1.02 Mn tonne
•Bhushan Power: 0.71 Mn tonne
•Net Debt to Equity: 0.89x | Net Debt to EBITDA: 3.20x | Net Debt at INR 593 Bn
•Dividend of INR 3.4
•Average India capacity utilization of 90% in FY23, 96% in Q4
•Captive iron ore self-sufficiency at 41% for standalone operations for FY23
•Standalone Capacity utilization at 97% in Q4.
Global Economy:
•Global Steel spreads were higher in Q4 FY23 on improved steel prices
•Global Crude Steel Production stood at 459 Mn tonne of which China was 262 Mn tonne.
•Global steel demand to see 40 mn tonne growth in CY23 (taking it up to1,822 mn tonnes).
•Chinese imports were higher in the quarter due to excessive production which didn't get consumed in China itself. China has announced to produce CY22 amount of steel only which translates to ~6 mn tonnes per month for the next 8 months (till Dec).
•Indian crude steel (FY23) production stood at 126 Mn tonne.
•Total imports stood at 7.02 Mn tonnes, exports stood at 8.34 mn tonnes
Capex Planned:
•FY24: INR 188 Bn, FY25: INR 185 Bn, FY26: INR 146 Bn.
•Q4FY23 capex was INR 35 Bn
•FY24 capex will be from internal accruals
•Company will be disclosing some capex plans towards cost savings and backward integrations
RM:
•NSR grew 4% QoQ on higher steel prices. Operating costs were lower QoQ. Coking coal blend was down by 6$ to about 274$
•Inventory was reduced by 350,000 tonnes this quarter. Current inventory stands at 1.69 Mn tonnes (Vs 1.3 Mn tonnes as on FY22) which will be reduced in FY24
•Company keeps 60-65 days of inventory of coking coal so with the fall in prices, it will be beneficial for Q2 however they feel that coking prices will go up from here which should impact books in end of Q2 to Q3. Q1 Coking coal prices will be higher by 10-15$ than Q4FY23
Pricing and cost saving initiatives:
•Steel pricing was down by 25$ in May. There seems to be no issue going forward in pricing because Chinese imports seem to have bottomed out plus the RM pricing will be soft too.
•Company plans to spend for coke ovens in future, slurry pipeline in Odisha and have just commissioned power plant in Dolvi for energy costs
Mines:
•2 mines coming up, Tarapur will be available by Q2FY25 and Sitapur to be available in 2.5 years.
•Both mines together will contribute to ~1 mn tonnes which is 5% of their requirement

Key Project Updates:
•Vijaynagar (5 Mntpa brownfield) to be completed by end of 2024
•Coke Oven Plant in Vijaynagar: 1.5 mtpa Coke Oven battery - Battery A was commissioned in September 2022. Battery B expected commissioning by Q2 FY24
•Capacity enhancement of further 1.5 mtpa to support the 5 mpta steel-making expansion. Phased commissioning in Q4 FY24
BPSL:
•1.5mn tpa (for SMS, wire rod) to be completed in FY24. O.25 mntpa colour coating in Punjab commenced in May 2023, 0.12 mntpa colour coating in JK to be completed in FY24
•FY24 capex of INR 188 Bn is planned for above projects
Retail segment and branded store:
•Branded stores stood at 1,695 (excluding 371 distributors) vs 1,301 in FY22
•Branded products sales volume in Q4 FY23 grew 3% QoQ and 14% YoY
•Retail volumes in Q4 FY23 up 4% QoQ and 15% YoY, driven by healthy demand
•Presence in over 16,500 retail stores across India
Mum Ahm. Bullet Train:
•JSW Steel is supplying high strength TMT Bars, HR Plates & LRPC for the MAHSR project and has become one of the preferred and leading suppliers, with more than 50% share of steel supplied. This will be the highest steel consuming infra project in India till date. Estimated steel consumption at ~2.5 million tonnes.
•The next bullet train project between Varanasi and Delhi of approx. 865 km is undergoing feasibility study.
Other KTAs:
•JISPL merger will result in increase of debt by INR 30 Bn
•14 grades/products approved in Q4FY23
•Value added products going to stay in range of 55-60% as volumes grow
•Company doesn’t see any significant WC pressure this year except for Q1 and Q2 being seasonally weaker
•Products sold to Auto segment last quarter was 682,000 tonnes
•Except for TMT, 80% of long products are specialty
•Exports in FY22 was 5 Mn tonnes, FY23 was 2.76 mn tonnes and in FY24 will be 3-3.5 mn tonnes
•Other Income includes INR 1.35 Bn which is gain towards gain from change in ownership interest in JV
•Step down subsidiaries ACCIL and HSL were amalgamated in wholly owned subsidiary and INR 6.45 Bn deferred tax assets were recognized
•Company believes low priced zero duty imports coming into the country can be an issue for domestic players
Outlook:
Company doesn’t see additional debt increase on books, FY24 capex will be from internal accruals. Capacity addition will take the total capacity to ~38 mn tonnes. 85% of the total steel demand is coming from construction, infra and general engineering which the company thinks in a sweet spot. Company sees renewable energy especially wind, barges, infrastructure demand picking up in U.S. which will be beneficial for US subsidiaries. All of these are pointing towards a strong year for the company going forward. FY24 guidance stands at 26.34 mntpa crude steel production (incl. 0.84 from Ohio) and sales of 25 mntpa (incl. 0.8 mn tpa from Ohio). The additional volumes (over FY23) would be achieved from ramp up of Dolvi, Jharsuguda BPSL expansion and colour coated lines from Punjab and JK.

Godawari Power – Q4FY23 Concall KTAs
CMP: INR 368 | Market Cap: INR 51.9 Bn | Promoter: 67.68%

•Revenues stood at INR 13.17 Bn (-8.44% YoY)
•EBITDA stood at INR 2.68 Bn (-32% YoY)

Q4FY23 Operational performance
•Iron ore mining volumes for Q4FY23 is lower by 15% YoY
•Iron ore pellet production increased by 8% on YoY basis to 6,62,200 MT
•Iron ore pellet sales increased to 5,73,278 MT; up 13% YoY
•Pellet & Sponge Realization increased by 19% & 6% on QoQ basis to INR 9,883/t & INR 33,707/t & dropped by 17% & 3% resp. on YoY

FY23 Highlights
•Record high Iron ore mining volumes achieved; volumes increased by 12% to 25,92,504 Tons
•Highest ever annual Iron Ore Pellet Production and Sales (2.6 Mn tonnes) achieved; up by 9% & 19% compared to last year respectively
•Record high numbers achieved for Power Generation (GPIL) and Galvanized Fabricated Products Production & Sales
•Realization for pellet fell by 24% for FY23 whereas Realization for Sponge Iron and Steel Billet increased by 6% & 14%
Iron Ore mining:
•Was affected by shut downs in end or march and till April. Total loss of around 100,000 tonnes.
•Company maintains inventory of 38-40 days so supply wasn't halted
•Company has no intention of selling excess iron ore in market, they will build up inventory.

Ferro Alloys:
•Ferro Alloy products have 10% margins
•Mainly China driven, margins should come back in this year as prices and RM both have stabilized.
Pellets:
•Iron ore pricing fell from 130$ to 105$. Thermal call pricing (imports) fell from 160$ to 105$. All input costs are falling so realization fell.
Capex:
•Iron Ore mining (Ari Dongri mines) increasing capacity by 3.65 Mn tonnes to 6 mn tonnes and Iron Ore Beneficiation Plant of 6 mn tonnes. Total spends both put together will be INR 2 Bn over 18 months.
•3 Mn tonnes of pellet taking total pellet capacity to 5.7 mn tonnes. INR 8 Bn capex over 36 months.
•Company has applied for environmental approval for expansion which will take 6 months to come
•Total capex of INR 10 Bn excluding INR 1.58 Bn of carry forward capex for various other projects.
Other KTAs
•Company completed Buyback of INR 2.5 Bn in April 2023
•Consolidated Stake in Alok Ferro Alloys – 91.32%, Consolidated Stake in HFAL – 95.15%

Outlook:
Company has guided for 3 mn tonnes of Iron Ore mining, 2.6 Mn tonnes of iron ore pellets, 0.495 mn tonnes of sponge iron, 0.4 mn tonnes of billets, 80K tonnes of ferro alloys and 0.2 Mn tonnes of rolled products for FY24. Significant capex is ongoing which will also require environmental clearance first. Moreover, company was not able to achieve its targets for fy23. We will wait and see the progress but with the production prices stabilizing for the company, we believe company can deliver stronger performance hereon. At CMP, company trades 6x FY23EPS.

Hindalco Industries Ltd Q4 Result Update FY23
CMP: 410.20 | Market capital: INR 914.72 Bn
•Hindalco Industries Ltd reported a top-line growth of 5.1%(QOQ) from INR 531.51 Bn in Q3FY23 to INR 558.57Bn in Q4FY23 and 14.43%(YOY) from INR 1,950.59 Bn in FY22 to INR 2,232.02 Bn in FY23.
•The company recorded a EBITDA of INR 58.18 Bn in Q4FY23 compared to INR 39.30 Bn in Q3FY23 with a significant growth of 48%(QOQ). Although, they witnessed a decline of 19.7%(YOY) from INR 300.56 Bn in FY22 to INR 241.31 Bn in FY23.
•The company achieved an adjusted pat of INR 132.41 Bn in FY23 compared to a pat of INR 195.74 Bn in FY22 with a loss of roughly 32%.
•The company reported a Higher shipment in Q4-FY23 as compared to Q3-FY23 i.e. 908KT vs 936KT on QOQ basis. Although, YoY performance is impacted by mostly transitory factors like lower volumes on supply chain destocking, lower demand for specialties, inflation, higher energy costs, rising interest rates, and tight scrap spreads which lead into a fall of 68KT.

Novelis Financial Performance
•Net sales in Q4-FY23 stands at $4.4 billion, down 8% YoY, impacted by lower average aluminium prices and subdued sales volume YoY.
•Adjusted EBITDA per ton at $431/t in Q4-FY23 vs $437/t in the corresponding quarter of last year
•Domestic demand is expected to grow by 13% in 2024. Aerospace segment has been strong. While Committed organic growth projects of $3.3 billion in Novelis & $1.13 billion projects are on track.

Aluminium Upstream Business
•Revenues were down by 13% YoY due to lower metal prices.
•EBITDA margin of 27% in Q4-FY23 which as a matter of fact is one of the best in the industry. EBITDA at INR 21.92 Bn, down 41% YoY in Q4-FY23 on account of unfavourable macros and higher input costs.
Aluminium downstream business
•In Q4-FY23 Revenue was INR 27.38 Bn, lower by 17% YoY, on account of lower aluminium prices and volumes
•EBITDA at INR 1.12 Bn, down 20% YoY in Q4-FY23 on account of lower pricing, adverse sales mix and volumes EBITDA per ton at $152 in Q4-FY23 vs $199/ton in Q4-FY22 down 24% YoY
Copper business
•Q4-FY23 metal shipments was highest ever at 117kt up by 11% YoY. Record CC Rod shipments at 95Kt, up 28% YoY in line with the market demand.
•Revenues were up by 14% YoY in Q4- FY23, on account of higher global prices of copper and higher volumes
•EBITDA in Q4-FY23 up 55% YoY on the back of higher volumes of CC rods, better TC/RCs
•The company's focus is on VAP expansion catering to the niche segments.

OUTLOOK: Hindalco Industries Limited has performed very decently in FY23 which is majorly contributed by the best ever responses from copper business which delivered its highest ever EBITDA, backed by robust recovery of demand, higher volumes of CC rods and better TC/RC. Novelis recovery in Q4FY23 has been relatively better. Although, India's business is dependent on the revenue earned by aluminium which they are expecting to recover in FY24. Demand for copper is high worldwide which makes them cautious of the rain which may lead to a change in coal's price. They are looking forward to stay committed to maintain a robust balance sheet. They will continue to focus on shareholder's value creation through prudent capital allocation. Macroeconomics uncertainty would be the only drawback in FY24.

Pipes & Building Products

Ratnamani Metals and Tubes – Q4FY23 Concall KTAs
CMP: INR 2385 | Market Cap: INR 167 Bn | Promoter: 60.06%

Operating Metrics (Consol)
Revenues came in at INR 14,491 Mn (+31.9% QoQ) (+48.8% YoY)
EBITDA Margins came in at 17.29% (Vs 18.12% QoQ) (Vs 17.3% YoY)
Company did volumes of 106,000 tonnes in Q4FY23 and a total of 304,000 tonnes in FY23

Orderbook:
•Stands at INR 26 Bn of which ~23% is export orders.
•FY23 revenues had ~20% exports.

Capex:
•SS Cold rolling line adding 1,500 tonnes with INR 1.7 – 1.8 Bn capex. INR 0.7 Bn already spent. Line will come online by Jan 2024. Asset turn to be close to 1x. Line will be of 3mm thickness onwards. Targeting 50-60% CU
•Carbon Steel line in Orissa with capex of INR 700 Mn will come online by Q1FY25. Current land acquisition is going on.
•Any capex after this is still in planning phase

Capacity Utilization:
•All facilities running at 60-80% capacity utilization except for SS Hot extrusion and LSAW which are running at 35%. Both capacities will touch optimum utilization this year.

Subsidiary: Ravi Technoforge
•Revenues were INR 2.45 Bn with 10.9% margins. Revenues were lower YoY due to financial stress but have guided for INR 3 Bn in FY24 with 200bps margin expansion.
Other KTAs:
•Current levels of Net Debt of INR 1.4 Bn is peak
•LSAW facility is getting approvals/certifications from clients
•Prices of steel has stabilized which has led to resumption of many stalled projects.
•Company is seeing some softness in spiral steel line pipe demand in Oil and gas but seeing strong demand for processed steel in Oil and Gas. Water sector seeing good demand domestic and exports.
•Stainless Steel is getting demand from Pharma, Auto, Food, Dairy, Sugar, Fertiliser, Cemicals etc

Outlook: Company has guided for INR 50 Bn of revenues in standalone (~INR 3 Bn form subsidiaries) for FY24 with full year margins between 16-18% (upped from 15-17% earlier). Margin guidance revision is on the back of change in product mix going forward. Company believes they have enough capacity to touch INR 60 Bn revenues with the right product mix. We believe the environment is very conducive for all players to grow as minimal capacities are coming in and anti-dumping duties will make imports unfavorable. Company has some capacities in which they are yet to achieve optimum utilization (which will happen this year) and will further formulate growth plans for later. At CMP, company trades 32.6x FY23EPS

Shankara Building Products - Q4FY23 Concall KTAs
CMP: INR 686 | Market Cap: INR 15.6 Bn | Promoter: 52.19%

Operating Metrics (Consol)
•Revenues came in at INR 12.1 Bn (+12% QoQ) (+54.7% YoY)
•EBITDA Margins came in at 2.92% (Vs 2.7% QoQ) (Vs 3.86% YoY)
•Retail Segment EBIT margins stood at 5.5% (Vs 6.52% QoQ) (Vs 6.65% YoY)
•Channel and Enterprise segment EBIT margins stood at 1.03% (Vs 0.55% QoQ) (Vs 2.18% YoY)
•Retail stores stood at 91 (Vs 90 YoY). Total area stood at 0.46 mn sqft.
•Avg Ticket size stood at INR 46,557 (+22.6% YoY)
•SSG stood at 53.5% in Q4

Non-Steel:
•Strong growth in non-steel segment. 3.6 Mn revenues in FY23 vs 2 Bn in FY22
•Company is focusing on taking non steel products to 25-30% of volumes in the next 3-4 years (10% in FY22).
•Gross margins in non-steel are at 10% Vs steel at 3-4%
APL Apollo Tubes business:
•Contributed 40% of the revenues for FY23 (INR 16 Bn revenues and 2.4 Lakh tonne in volume Vs INR 8.5 Bn in revenues and 1.21 lakh tonnes in FY22)
•Colour coated a significant addition in portfolio of APL Apollo, product feedback is good.
•Company deals in colour coated products from AMNS (Arcelor) and JSW. APL Apollo's products are slightly cheaper compared to JSW but JSW has a more extensive range.
•Shankara expects to maintain current volumes from APL Apollo and not increase so that the concentration risk reduces
Warrants:
•Time till November to receive the money from warrants issued to APL Apollo. 25% has been received and remainder will be received in due time Money will be used to retire the debt.
Other KTAs:
•Launching 2 Ultra luxury displays in Bangalore and Chennai for premium brands (imported from Italy) like Duralex and Handsware
•Company aims to focus in southern markets for the next 2 years atleast (48% of revenues from Karnataka)
•Finance cost to be between 240-300 Mn in FY24
•INR 0.8 Mn sales per month in last 6 months from online platform
•Company has allocated 250 Mn for capex
•Retail segment WC days going forward of 20-25 days and Channel WC to be at 40 days
•FY23 volume growth was 70% (revenue growth was 67%)
•Company has maintained the steel product inventory down (~90% of business) which has helped in lower WC days (even with nonsteel revenues increasing)

Outlook: Company has given guidance of 25-30% growth inFY24 with improvement in margins by 50-100 bps. However the volumes are expected to remain similar to FY23 (4 lakh tonnes) indicating a change in product mix (more products introduced in markets like colour coated). We believe with the expansion planned by large players and the new value added segments entered into by them, this target is achievable. With the amount of margin expansion and reduced WC days, company will achieve the revenue guidance. Aim to achieve ROCE of 20% in FY24. At CMP, company trades 24.9x FY23EPS.

Jindal Saw Q4FY23 Concall KTAs
CMP: INR 185 | Market Cap: INR 55.8 Bn | Promoter: 63.25%

Volumes for the quarter (tonnes):
LSAW: 47,300 Vs 28,300 YoY
HSAW: 1,21,800 Vs 95,100 YoY
DI Pipes: 1,57,500 Vs 1,24,100 YoY
SS Tubes: 60,100 Vs 52,800 YoY

Orderbook:
•The Current order book for Line pipe stands at ~6.70 lakh Mt. DI pipe order book at ~5.11 Lakh Mt. SS Pipes segment order book stood at ~0.93 Lakh Mt.
•Order book in value terms stood at $ 1.45 Bn ($744 Mn from large diameter pipes, $494 Mn from DI Pipes, $195 Mn from SS Pipes, $13 Mn from Pellets)
Orderbook giving enough visibility for next 12-18 months
•The order flow for large diameter (HSAW and LSAW) pipes has increased including orders from Gulf and Latin America. 37% of orders are exports
•Orders are tender based so no pattern but are timed. Company doesn't feel the will have any issue in booking more revenues.
•Debt has been reduced by INR 10 Bn. Will go down by ~ 3 Bn next year. Don't plan on making any prepayments. WACC is below 10%.
•Capacity utilization: Pellet and DI at almost optimum, SS at 75-80%
•Sathvahana has ~400,000 tonnes of coke oven which is more than required at the location but company doesn't plan to sell the product outside, instead use for captive consumption at others plants.
•Enough orders for Sathvahana DI plant. Can't give guidance on how much company can utilize this year but the capacity is already running.
•JITF Vs NTPC: Court hearing on 23rd May and cannot be delayed/adjourned. Company is very confident of winning the case
•Jindal Hunting JV: Jindal Saw & Hunting Pte. JV to start production of OCTG threading facility from FY24
•Has huge potential in Domestic as well as abroad markets. Cant give guidance just yet.
Outlook: 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%). 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. At CMP of 185, company trades 9.3x FY23 EPS. We currently have price objective of INR 190. We would be upgrading our price objective in the report.

Prince Pipes Q4FY23 Concall KTAs || **CMP: 610 || Market Cap: 67.5 Bn || Promoter: 60.94%** Revenues came in at INR 7.64 Bn (+8% QoQ) (-15% YoY).
EBITDA came in at INR 1.48 Bn (+114% QoQ) (+6% YoY).
Volumes at 44,317 tonnes (+1% QoQ) (-2% YoY).
Demand Overview:
Demand strong across Agriculture, Building Materials and Real estate.
•Channel inventory low due to challenges servicing demand in April and May (demand stronger than they could service).
RM & Inventory:
•PVC prices corrected by INR 66/Kg to INR 76/Kg by Nov post which it has stabilized. o Inventory is normalized now (gain of 250 Mn this quarter).
•Don't expect any inventory loss in Q1.

Capacities:
•Putting up capacity in East India of 35,000 tonnes with capex of INR 1.5 Bn which will be for PVC pipes, CPVC pipes and Water tanks.
•Operational by Q4FY25 (land acquisition still ongoing). o Telangana – plant capacity utilization at 40%.
New Launches:
•Launching Bathware segment in June, dealer conference in June o Storage tank margins of 12-14%.
•No long term debt on books.
Outlook: PVC pipe industry is witnessing strong demand, dealers are stocking up inventory as Q1 is seasonally strong. Due to this, it is highly likely for the company to see a sequentially strong quarter. At CMP, company trades 55.6x FY23 EPS.

HiTech Pipes Q4FY23 Concall KTAs
CMP: INR 76 | Market Cap: INR 9.71 Bn | Promoter: 56.87%

Record highest Volumes, topline and bottomline.
Net WC days down from 48 days (FY23) from 68 days (FY22). Margins to improve with expanded capacity and change in product mix.

Plants and capacities:
•Commercial production for colour coating coils started in Q4FY23 (with 50,000 tonnes capacity)
•GC/GP line production started during the year (60,000 tonnes capacity)
•Sanand facility for large diameter pipes (API grade) to start commercial production from Q3FY24. Facility will focus on exports which has higher margins and western markets
•On further plans to increase its capacities to 1,000,000 tonnes by FY25, company will discuss internally post Q3. The 1Mn tonne goal will be reached by Mid FY26
Operating Metrics:
•EBITDA per tonne was lower this quarter (INR 3,147/tonne) but the company expects to deliver in the range of INR 3,500-4,000 per tonne in FY24 due to better sales mix (higher VAP sales).
•Company has maintained its guidance of INR 5,000/tonne EBITDA BY FY25 (aided by improving sales mix and higher volumes).
•Realisation per tonne in FY23 was ~INR 67,390 which the company estimates to be between INR 62,000-65,000 in FY24

Other KTAs:
•Company is not aiming on any capex (except for INR 450 Mn which is in CWIP) for the year.
•Company aims to incrase its VAP share (from current 27%) to 50% by FY25
•Net debt to continue to decline, company will not take any more debt and all further capex (to reach 1 Mn tonne capacity) will be done through internal accruals (all brownfield expansions)
•H2 has been historically better. With Sanand facility commencing operations in Q3, H2 will be even better
•Company will use remainder of warrants money for either debt reduction or expansion. Company will finalise the use by end of H1.

Outlook:
Global steel prices are falling in Q1F24 (which is reducing the gap between primary and secondary steel). Current orderbook is executable in 1-2 months. Company aims to do 600,000 tonnes in volume in FY25 (FY23 was 354,000). This will be accompanied by better margin (EBITDA per tonne) due to sales of higher margin products like GC/GP, large diameter pipes and colour coated coils. Overall debt is also expected to go down. At CMP, company trades 35x FY23 EPS

Welspun Corp Q4FY23 Concall KTAs
CMP:252 Market Cap: Promoter: 49.99%

Increased guidance timeline of INR 150 Bn revenues to FY24 (from earlier guidance of achieving it in 3-5 years). EBITDA of INR 15 Bn in FY24. Strong possibility of booking more orders in US and Saudi Arabia. Strong order booking from all 3 segments, Oil, Gas and Water

Operating Metrics:
Current orderbook of 1.1 Mn tonnes valued at INR 145 Bn
Orderbook split between:
•India – 250,000 T
•USA – 400,000 T
•Saudi Arabia – 475,000 T
Active Bid book stands at 2.55 Mn tonnes

Quarterly Sales volume of 345,000 tonnes split in:
•India Biz 215,000 tonnes
•US biz 33,000 tonnes
•Saudi biz 97,000 tonnes

Inventory clarification:
•Out of INR 56 Bn inventory, 35 Bn is paid inventory of US Biz, 5 Bn for DI Pipes, 5 Bn of ABG scrap, Remainder for other businesses. All of this is required for execution of current businesses

India Biz:
•India biz did good due to better sales mix, Exports are encouraging. Sales mix keeps changing between Oil & Gas, Water and Exports.
•Company has recently booked a strong export order to Middle East with 83,000 tonnes. Company is in active discussion to book more orders post that
•Middle East (Qatar and SaudiArabia) and South East Asia are attractive

US Biz:
•HSAW plant booked till December 2023, booking of new orders in discussion.
•Faster execution to start from Q1FY24. Current US orderbook at 400,000 tonnes
•US is currently supporting Europe's energy needs and needs infrastructure to supply the same
•Higher oil production in the Permian Basin, spurring increases in associated gas production.

Saudia Arabia biz:
•Recently booked one of the largest order, worth INR 40 Bn. Plant is booked till May 2023
•EPIC (associate company) will be distributing dividends which will be cashflow for Parent
•Saudi is focusing on expanding its oil production capacity to 13 million bpd by 2027
•Aims to achieve a 50% growth in its gas production by 2030
•Desalinated Water Transportation capacity being significantly increased

DI Pipes & TMT:
•Hot metal production (and ancillary facilities) target almost reached. DI pipe sales for the quarter was at 23,000 tonnes. Current orderbook of 138,000 tonnes valued at INR 10.9 Bn. Confident of ending year with sales of 175,000 – 200,000 tonnes
•TMT volumes at 16,000 tonnes. Currently serving 24 out of 33 districts and 69 out of 252 talukas. Dealer network reached 120 in May 2023

Stainless Steel:
•Sales volume of 2,783 tonnes for bars and 1,079 for pipes in the quarter
•Surge in Demand in sectors like Defence, Petrochemicals, Nuclear Reactors and Process Industries
•Strong Export potential in Europe and North America
•Range of SS bar expanded from 50 – 200 mm to 25 – 350 mm
•The current Orderbook stands at ~ 3,500 T valued at ~ INR 1.55 Bn
•Now present in entire spectrum of steel as cast / rolled bars & seamless pipes with some recent certifications
•Company has booked many high value/grade orders

Nauyaan (ABG Shipyard) and Sintex BAPL:
•No new developments in Sintex. Company aims to take back market share to ~23-25% (which it used to have earlier) from current 9%
•Nauyaan side company is in process of selling scrap over the complete financial year which will result in steady cashflow. Company is exploring options in ship repairing and recycling (non-capital intensive). Company is in discussion with various global companies for the same.

Other KTAs:
•Company plans to reduce debt further in current year as no capex is taking place except for maintenance capex. Maintenance capex will be in the range of INR 2.5-3 Bn (INR 1 Bn in line pipe itself)
•Don’t see any significant impact in US due to election year
•Seeing demand in Europe for carbon capture and hydrogen transmission projects
•Company has maintained strong relation with steel mills across the world as they have to keep procuring
•India’s Natural Gas usage (in energy mix) to pump up from 6% to 15% by FY30
•Natural Gas pipeline currently at 22,000 kms which is to be taken to 35,000 kms in 4-5 years
•Indian oil demand to go up from 4.7 mn barrels per day to 6.7 mn barrels per day by 2030

Outlook:
Company has posted a strong set of results and commentary has been equally good. The guidance has been increased from INR 150 bn of revenues in 3-5 years to INR 150 Bn revenues in FY24 itself with 10% EBITDA margins. We believe the company is at an inflection point as the entire capex is completed and all the segments are lucrative now (discarding Nauyaan for which the final plan is yet to be drawn). We will be working on our numbers but the preliminary analysis still indicates the stock as BUY due to the favourable tailwinds.

NBFCs

Nippon India Asset Management Limited Conference Call Highlights
CMP INR 235.25 Market Cap INR 146.73 billion

• The industry AUM grew by 5.5% in the year and is currently at INR 40,510 billion which is historic high.

• As on March 31, 2023 NAM India's total assets under management were INR 3,629.81 billion. For the quarter ending March 31, 2023, mutual fund quarterly average assets were at INR 2,931.59 billion. This is a flat Q1 quarter-on-quarter with an increase of 3.5% year-on-year.

• Equity market share excluding ETF has been stable for last three quarters and is currently at 6.19%. Share of equity assets rose to 44% of total assets compared to 42% last year.
• Company has largest retail assets in the mutual fund industry at INR 853.61 billion. The retail assets contribute 29% of Nippon India's AUM compared to industry average of 25%. B30 AUM is INR 556.80 billion which has increased by 16.4% year-on-year. This segment forms 17% of Nippon India Mutual Fund's AUM compared to industry average of 70%.

• HNI AUM increased from INR 772.89 billion, up by INR 155 billion which is 25% up year-on-year and company's market share increased by 66 basis points.

• Systematic book rose by 50% - 52% year-on-year. This increase results in an annualized systematic book of INR 133.80 billion. 15% of company's SIP folios have continued for more than five years against an industry average of 11%.

• Largest ETF player with an AUM of INR 700 billion with a market share of 13.74%. Share in industry ETFs, ETF folios is 61%.

• Dividend payout is 100% of PAT for current FY. Last year dividend payout ratio is 96%.

• Decline in other income: Almost INR 22 billion of company's net worth is into fixed income schemes which predominantly the mark-to-market on these schemes as on date.

• Outlook:
Looking at this strategically, we feel that company will give better results since company's equity component and total AUM has increased

PM Poonawalla Fincorp Concall Highlights
CMP INR 311.85 Market Cap INR 239.64 billion

• Poonawalla Fincorp has seen a highest ever quarterly disbursement which is INR 63.71 billion (+151% YoY | +89% QoQ).
• Company's Profit after Tax is INR 5.69 billion which has increased by 103% YoY and by 20% QoQ.
• GNPA and NNPA reduced to 1.44% and 0.78% respectively compared to 1.69% & 0.89% in Q3FY23 and as compared to 3.29% & 1.30% in Q4FY22.
• CRISIL have upgraded the long term rating to AAA. Further, CARE has also given the company a rating of AAA. This has helped the company to maintain an average cost of borrowing (CoB) at 7.9% in Q4FY23 (7.5% in Q3FY23) in arising interest rate environment.
• AUM of the company is INR 161.43 billion with a growth of 37% YoY & 16% QoQ. Focused AUM grew 73% YoY & 19% QoQ.

• AUM of the company is diversified as follows: Business Loans (28%), Pre owned car (17%), Personal and consumer (16%), Loan against property (16%), Asset backed finance (8%), Supply chain finance (7%), Discontinued AUM (6%) and Auto lease and others (2%).
• Poonawalla Fincorp announced sale of its Housing Finance Subsidiary in Q3FY23 to TPG (Perseus SG Pte. Ltd., an entity affiliated with TPG Global, LLC) at a valuation of INR 39 billion, which is approved by company's Board and shareholders'. RBI approval is under process.
• NIM of the company is at 11.3%, which is up by 87 bps YoY and 59bps QoQ.
• Company has recorded highest ever RoA at 5% as compared to 4.5% in Q3 FY23 & 3.2% in Q4FY22.

Outlook:
Company's overall performance was good. Company's profitability has improved

Bajaj Finance Ltd Concall Highlights
CMP INR 6057 Market Cap INR 3.66 trillion

• Companies *consolidated profit after tax grew by 30% *to INR 31.58 billion in Q4 FY23 as against INR 24.20 billion in Q4 FY22.
• The company's annualized ROA for Q423 is 5.40% as against 5.29% in Q4 FY22.
• Company's annualized ROE is 23.94% in Q423 as against 22.80% in Q4 FY22.
• Capital adequacy of the company remained strong at 24.97% as of 31 March 2023. Tier-1 capital was 23.20%.
• In Q423, company's cost of funds was 7.39%, which has increased by 25 bps over Q3 FY23. Given strong ALM management and diversified balance sheet profile, there was no impact of interest rate hikes on NIM in FY23.
• Net interest income (NII) for Q423 grew by 28% to INR 77.71 billion as against INR 60.61 billion in Q4 FY22.
• GNPA & NNPA of the company stood at 0.94% and 0.34% as of 31 March 2023 as against 1.60% and 0.68% as of 31 March 2022.
Company's Stage 3 assets stood at INR 23.13 billion as of 31 March 2023 as against INR 31.33 crore as of 31 March 2022.
• Risk metrics across portfolios were strong in Q4. All portfolios are in green.

Outlook:
Based on above, company is expected to perform good in future.

HDFC Life Insurance Company Ltd– Q4FY23 Conference Call Highlights
CMP INR 532| Market Cap INR 1,143.26bn

•Company registered a growth of 27% in individual WRP with market share of 16.5% in private sector clocking expansion of 40bps during FY23.

•The company has outpaced sector in terms of individual WRP. Individual WRP till Feb 2023 growth was about 15%. They registered a growth of 56% in Q4FY23.

•The company remains confident of growing APE in FY24, the focus will be on broadening customer base, increasing the number of policies sold and lives covered. They are likely to benefit from distribution partnership and agency distribution which is boosted by the acquisition of Exide Life.

•This will further strengthen the company outreach in tier-2 and tier-3 cities. HDFC boosting expansion in these markets will complimentary for this strategy.

•Product mix remains balanced, Non par savings were at 45%, participating products at 27% and ULIP at 19% of individual APEs. The share of Non par savings increased to 53% in Q4 due to higher demand and is expected to normalize in FY24.

•The company has observed increase in Protection share in overall NBP from 24% in FY22 to 29% in FY23. Overall Protection APE grew by 20% in FY23, this was led by market leadership in credit life and strong growth of 46% across 300+ partnerships.

•Retail protection trends remain encouraging with Q0Q growth of 50% and YoY growth of 40% in Q4. Branch activation has increased more than 50% YoY in HDFC Bank during Q4FY23.

•Retirement funds is on the path of revival with Annuity business growing by 18% in FY23 compared to 2% growth in the industry on received premium basis.

Financials
•New business margin for FY23 was 27.6%, delivering the value of new business at INR 36.7bn a growth of 37% YoY.

•Embedded Value stood at INR 395.3 bn with an operating return on embedded value of 19.7% for FY23.

•PAT for FY23 stood at INR 13.6bn, YoY growth of 13%. Solvency ratio was 203% at the end of FY23.

•Renewal collection trends continue to be healthy. 13th and 61st month persistency stood at 87% and 52% respectively.

Capex
•Capex incurred during FY23 of INR 500mn for technology transformation and initiative of project Inspire. Investments of INR 1000mn per year will be done for Project Inspire in FY24 and FY25.

•The company intends to continue VNB expansion in FY24 with APE growth and maintaining FY23 margins. The company will increase investments in technology and distribution channels to leverage digital business advantages.

Dividend
•The Board has recommended a final dividend of INR 1.90 per share translating to a payout of 30%.

Channel performance
•Bancassurance channel grew by over 25% in FY23 based on individual APE. Collaboration with HDFC Bank remains strong with accessibility of insurance to the wide customer base.

•Agency growth grew at 5 year CAGR of 34% aided by strong performance in market place and inorganic growth.

•The company focus remains on enhancing productivity of financial consultant and expanding into new territories and customer base.

Subsidiaries
•HDFC Pension management company AMU stands at over INR 450bn at end of FY23.
Market share has increased from 36.9% to 42.1% in FY23 with 60% growth in AUM.

•HDFC International has received final approval to establish a branch in GIFT City, the company is keen on expanding international presence and targets to commence operations in Q1FY24.

Regulation Changes
•Enables company to have greater flexibility for cost management and encourage development of longer term products and improve persistency by offering higher allowance on renewals. This will aid revival of pension segment.

Guidance
•The company remains flattish on margins because of acquisitions costs and investments done by the company.

Outlook
The company has posted good numbers with growth across segments during FY23. The company is positive on retail protection segment to lead the growth during FY24 and expects longer term business in the coming years on the back of tax changes and alterations in regulations which will eventually lead to APE growth. HDFC Bank merger will also benefit the company increasing the distribution channels and widening the customer base which will be a positive for the company.

SBI Life Insurance Company Ltd– Q4FY23 Conference Call Highlights
CMP INR 1,117| Market Cap INR 1,117.94bn

Financials
•New business registered a growth of 16% over FY23 and stands at INR 295.9bn. Individual new business premium stands at INR 209.1bn with a growth a 27% YoY. PAT stood at INR 17.2bn, a growth of 14% YoY

•Operating Return on Embedded Value stands at 22.8%. Protection NBP stood at INR 36.4bn a growth of 19% YoY. 37% YoY growth in Value of New Business to INR 50.7bn. VoNB increased by 37% YoY to INR 50.7 bn in FY23.

•VoNB margin increased by 420bps to 30.1% in FY23. This growth is led by change in product mix, predominantly by Non par segment.

•Company's AUM stands at INR 3.1tn a growth of 15% YoY and solvency ratio is at 2.15.

Business highlights

•Individual Rated Premium stood at INR 152.2 bn with 22.3% private market share in FY23.

•Gross Written Premium has grew by 15% to INR 673.2 bn in FY 23 mainly due to 17% growth in Regular Premium and 13% growth in Renewal Premium in FY23.

•During FY23 total 21.98 lakh new policies were issued and registered a growth of 14% YoY. The company aims to maintain this growth rate and focus on penetration among the market.

•Individual protection new business premium is at INR 10.1bn YoY growth of 6%, group protection business stands at INR 26.4bn, growth of 25% YoY and credit line new business stands at INR 20.7bn.

•The company witnessed a slowdown of around 5% in protection segment during Q4FY23.

•The company is focussed leveraging the use of technology and enhance digital experiences of customers as well as employees.

Distribution network
•APE channel mix for FY23 is bancassurance channel contributed 64%, agency channel 26% and other channels contributed for 10%.

•NBP of Agency channel has increased by 19% to INR 54.9 bn in FY 23 and NBP of Banca channel has increased by 33% to INR 178.3 bn in FY 23 as compared to same period last year.

•During FY23 company added a total of 62,717 agents. In totality a distribution network of 275,374 trained insurance professionals consisting of agents, CIFs and SPs along with operations in 992 offices across country.

•Partner Banks such as Indian Bank, UCO bank, Punjab and Sindh Bank, South Indian Bank and Yes Bank registered a growth of 26% in Individual new business premium. These partnerships have contributed 3% to individual new business premium.

•The company has signed corporate agency partnership with Karur Vashya Bank during Q4FY23 and the company is positive on gaining business from these partnerships.

•Persistency ratio for the company has improved in FY23, 13th month persistency is 88.91% in FY23 and registered strong growth in 37th month and 61st month persistency by 236 bps and 612 bps respectively due to focus on improving the quality of business and customer retention.

Guidance
•The company expects a growth of 20-25% in FY24, they intend to leverage regulation changes and increase insurance penetration with launching of better products.

Outlook
The company registered strong growth across segments with a robust NoP growth, they are keen on increasing value of distributors and leverage strong distribution network. Seasonality of insurance segment is also reducing over time and the segment will also benefit from regulatory changes and can pose healthy growth moving forward.

UTI Mutual Funds Conference Call Highlights
CMP INR 665 Market Cap INR 84.44 billion

•Co's SIP AUM increased by INR 31.99 bn, or 17.47% from INR 183.11 billion as of 31st March 2022, to INR 215.09 bn as of 31st March 2023.

•Company completed integration with Partner 'Smallcase' for Investing in ETFs through UTI MF website.

•PAT of the company for Q423 increased by 59% QOQ from INR 0.54 billion in Q4FY22 to INR 0.86 billion. PAT of the company increased to INR 0.86 bn from INR 0.6 bn (+ 43% QOQ).

•PAT reduced by 18% YOY.

•Company has opened 29 new offices globally.

Outlook:
Company's consolidates PAT for the FY has reduced by 18% YOY but has increased by 43% QOQ which signifies a positive outlook.

Motilal Oswal Finance Services Ltd
CMP INR 620.65 Market Cap INR 9,180 billion

•Their gross NPAs at the end of the year stood at 1.1% led by 100% collection efficiency in the fourth quarter. They increased rates by 50 basis points.
•The overall margin funding book, Y-o-Y has grown almost 50%.
•NII for housing finance business is up 25%.
•Cost of acquisition of client is around INR 2,500 for client.
•The Mutual fund AUM was approximately INR 300 billion. Further, there was a turnaround in active mutual fund scheme performances, 5 out of 7 schemes ranked in top quartile.
•Current year activation ratio has been 26% on the new clients that the company have acquired and the overall activation ratio stands around 4 lakhs which is in line with how industry standards.
•The cost of funds stands at 8%, which will rise marginally. Despite the rise in cost of funds, company will be able to maintain the overall NIMs and spreads in the business.
•The average ticket size for home finance business is INR 0.09 billion.
•Company ability to raise low-cost resources in home finance business gives it a competitive advantage over others.
•On the broking business side, the overall NII up 24%.
•Over all the brokerage, the share from the cash market will be around 45% and from the F&O would be around 55% on the broker.
• AUM for wealth in PMS and AIF has gone up from INR 84 billion to INR 86 billion, also if you see the alternative space the AUM has gone up from INR 37 billion to INR 44 billion.
•The Float income for FY '23 is approximately INR 1.5 billion which will marginally go up from here because the overall current FD rates are going up.
•Six new Real estate funds to be launched in the course of this financial year for which SEBI approval is already received.
•Total Asset & Wealth Management AUM crossed INR 1000 billion mark.
•The AMC business reported revenue of INR 1.31 billion for the fourth quarter and INR 5.55 billion for the full year.

Aditya Birla Sun Life AMC
CMP INR 338.3 Market Cap INR 97.24 billion

•Commitment of Rs 7.34 billion raised in India Equity Services Fund (CAT III AIF)
•Registered around 2,65,000 new SIP (including STP) for Q4 FY23.
•B-30 Monthly AAUM is Rs 448 billion for March 2023. B-30 mix is at 17% of total AUM
•ABSL AMC serviced 8.05 million folios for the quarter ending March 31, 2023. Added around 0.7 million new folios in FY23
•Equity MF QAAUM stood at Rs 1,158 billion for Q4 FY23 with mix at 42%
•Total dividend of INR 10.25 per share for the FY23 was declared by the company out of which interim dividend is INR 5 per share & proposed final dividend is INR 5.25 per share.
•MF QAAUM at Rs 2,752 bn in Q4 FY23 vs Rs 2,817 bn in Q3 FY23
•Equity MF QAAUM at Rs 1,158 bn in Q4 FY23 vs Rs 1,201 bn in Q3 FY23

L&T Finance
CMP INR 92.4 Market Cap INR 229.12 billion

Merger of LTF & LTCL with LTFH

• Merger of LTF & LTCL with LTFH will be completed in the coming quarter. The merger is approved by RBI, SEBI and Stock exchange. Application filed with NCLT, Mumbai.
• Completed sale of Mutual fund of INR 43.29 billion, the proceeds from which were used in merger.
• This merger will help the management to manage their capital effectively and to maintain low leverage.

ROA 2.8% - 3%

•Opex & Credit Cost will moderate to targeted rate of 7% *for FY26 as compared to 8% in FY23.
• Targeted ROA for FY26 is around 3% as compared to 2.46% in FY23.

NIMs & Fee

• NIMs + Fees for FY23 is 11.54%. The same is not sustainable and will moderate to 11% in the coming years.

Retail Growth >25%CAGR

• Retail growth for the FY23 is 35% YOY as against targeted growth of 25%.
• In order to maintain this growth, the company has divided the retail products as follows:
-Mature Products (Farm Equipment Finance, Rural Group Loans & Micro Finance & Two-wheeler finance).
-New Products (Rural LAP, Rural Household business loans, Agri-allied loans).
-Growth Products (Consumer loans, Home Loans, LAP, SME Loans).
• Mature Products will contribute to profitability whereas growth products and new products will contribute to growth. The CAGR of mature products in terms of disbursement, from FY14 till FY23 is as follows:
- Farm Equipment Finance - 13%
- Rural Group Loans & Micro Finance - 45%
- Two wheeler Finance – 23% CAGR

• 1 out of every 3 loans disbursed is to existing customers.
• Further, out of these 4 customers:
  - 1.5x is towards loan products
  -2.5x is towards protection products.
  There is a huge potential to grow here.

Run-down of wholesale Book

• Wholesale books to be reduced to less than 10% by the end of FY24.
• L&T Finance holding Ltd achieves 75% retail loan portfolio against the target of 80% in its goal towards Lakshya 2026.
• Retail portfolio increased from 51% in FY22 to 75% in FY23. This number will increase to 90% in next 2 years against the target of 80%.
• PAT mix for FY23:
  -Retail (85% of total profits)
  -Wholesale & Others (15% of total profits)
• Despite the fact that retail provision coverage for retail was high, its share in profitability increased from 69% in FY22 to 85% in FY23.
• Retail disbursement recorded a growth of 69% YOY.

Outlook

1) Company's Q4FY23 results were better than expected.
2) It has a well – laid strategy to maintain their existing performance. The company plans to run down their wholesale books to less than 10% and has divided their retails products into 3 segments viz: Mature, new and growth products and will focus on them accordingly.
3) The company has shifted its focus from products – based to customer based. The company has family details of more than 20 million customers.
4) The company has achieved their Lakshya 2026 goals during FY23 and plans to maintain the same performance for the FY24 by reducing their wholesale books further in the FY24 and expanding their retail books by using the family details of customers they have gathered in the past. Further, their strategy to divide their retails products into 3 segments viz: Mature, new and growth products will help them achieve positive results. Based on this, company's FY24 performance is expected to be positive.

Home first Finance Company India Ltd
CMP INR 707.6 Market Cap INR 62.39 billion

Customer/ Acquisition / Mix
• Reached the milestone of serving 1,00,000 customers since inception.
• Customer mix: Salaried – 70%
  Self – Employed – 30%
• Home loans to first time home buyers with predominant focus on salaried individuals having income < INR 50k per month.
• More than 75% Customers with annual household income level less than INR 6 Lakh comprises 68% of AUM
• 28% customers are new to credit contributing to 20% of AUM.
• TAT for approval is 48 hours.
• Average payment /user on app INR 31,901.

Asset Quality/ (GNPA%)
• Bounce rates improved to 13.6%in Q4FY23 from 14.9% in Q3FY23.
• 1+ DPD improved to 4.0% from 4.4% on q-o-q basis and 5.3% on y-o-y basis.
• 30+ DPD improved to 2.7% from 3.0% on q-o-q basis and 3.7% on y-o-y basis.
• Gross Stage 3 (GNPA) in line with RBI circular dated 12Nov2021, improved by 20bps to 1.6% from 1.8% on q-o-q basis and by 70bps on y-o-y basis. Prior to such classification it stands at 0.9% in Mar'23.

Physical Branch Offices
• Business commenced 9 new physical branches in Q4FY23 and 31 branches in FY23. As on Mar'23, the Company has increased number of branched from 80 in FY22 to 111 branches in FY23.
• Company continues to focus their expansion in the states of Gujarat, Maharashtra, AP, Telangana, Karnataka and Tamil Nadu supplemented by gradual and contiguous expansion in other states where they are present.

International Finance Corporation (a member of World Bank Group) as a lending partner
• This year also saw the entry of International Finance Corporation (a member of World Bank Group) as a lending partner to the Company with the issue of NCDs aggregating to Rs280Cr.

"low risk" ESG rating
• Received a "low risk" ESG rating from Morningstar's Sustainalytics, a testament to their best-in-class business practices.
• This along with improved credit rating will help company to sustain low cost of borrowing which increased from 7.4% in Q3 to 7.9% in Q4FY23.

_Funding _
• ZERO borrowing Through commercial papers.
• Total borrowings including debt securities are at INR 4,814Crs as on Mar'23 up from INR 34.67 billion as on Mar'22. The company continues to carry a liquidity of INR 18.02 billion as on Mar'23.
• Cost of borrowings at 7.4% in FY23, increased by 20 bps compared to 7.2% in FY22.

NIMs
• NIM decreased from 6.9% in Q3 to 6.1% in Q4 FY23. owing to increase in interest expense.

Outlook
• Company is targeting to reach 400 touchpoints by March 2025 with an AUM growth of 30% plus for FY '24 which will enable them to cross the INR10,000 crore mark AUM mark in the next 12 to 18 months.
• Company is targeting 30% CAGR growth in next 2-3 years.
• Company's credit rating has improved. Further, company has added 31 new physical branches in FY23 and company continues to focus their expansion in other states. Owing to this, company's FY24 performance is expected to be positive.

Aavas Financiers Ltd
CMP INR 1430 Market Cap INR 113.16 billion

• Sushil Kumar Agarwal resigns as Managing Director and board appoints Sachinder Bhinder as new MD, who was associated with the company since 2019, as CEO of MSME business. Prior to Aavas, Mr. Bhinder was with Kotak Mahindra Bank Limited for 16 years as Executive Vice President & Business Head (Home Finance)

• Company has a sufficient liquidity of INR 327.47 billion in the form of cash and cash equivalents to help sustain for future unpredictability. Further, bank has an unavailed cash credit of INR 11 billion.

• Average borrowing cost for Aavas Financier stood at around 7.61% .
• Long-term borrowing is from development finance institutions like Asian Development Bank, International Finance Corporation. CDC London based government agency, and these are fixed rate contracts. Out of INR 30 billion, INR 20 billion is fixed rate contract. Balance is linked to MCLR, which is reset annually. The impact of increase in rate will be seen in coming 2 quarters.

• Current product wise mix of AUM:
- home loan 69.9%
- other mortgage loan 30.1%.

But overall as a business strategy, company will remain at a 77% to 75% home loans, 25% to 30% non-home loan book on the longer-term basis.

• Company's current TAT is 10 days and plans to bring this down to 6 to 7 days by making technological investments. They are implementing Oracle Flex cube and or Oracle Fusion on Oracle Cloud due to this company's systems will be more scalable and robust.

• Company has seen a 160 PLR hike in last year. Due to this, 10% of the customers have seen an EMI increase.

• For FY23, ROA was 3.51% which decreased by 7 bps YOY and ROE was 14.09% which increased by 37 bps YOY.

• Assets Under Management stood at over INR 7.2 lac crore.

Outlook
Company has a strong capital base and high liquidity. Further, it plans to reduce TAT to 6 days with their technological investments which will increase their efficiency. Also, company's spread is expected to remain stable in the coming quarter. Company's new MD has been associated with the company since 2019, with overall 20+ years of experience in banking. Overall outlook is positive

Piramal Enterprises Ltd
CMP INR 736.8 Market Cap 174.71 billion

•PAT for the quarter stood at a loss of INR 1.96 billion led by an MTM loss of INR 3.75 billion on Shriram investments. Excluding the impact of this MTM loss on Sriram, their PAT would have been INR 1.36 billion for the quarter. As of yesterday, this MTM loss has been reversed by INR 2.18 billion.

•Company's total assets under management stood at approximately INR 640 billion.

•It has improved their retail wholesale mix to 50-50 from 33% retail and 67% wholesale in FY '22.

•Their retail AUM witnessed a 49% YOY growth to INR 321.44 billion from INR 215.52 billion in the last year.
•The wholesale 1.0 AUM reduced by 33% YOY to INR 290 billion from INR 431.75 billion in FY '22.
•Their Stage 2 and 3 wholesale assets reduced by 39% sent quarter-on-quarter to INR 63.74 billion from INR 103.69 billion in the Q3 of the current year.

•Company is deploying the following tools for resolution of stress assets:
a, the monetization of underlying assets.
b, one-time settlements.
c, enforcement via IBC or other means. Portfolio sales, ARCs in cash, and or SRs.

•As part of these deals, company was working on the resolution of a large non-REHOLD co-loan, namely MITRA and exited the same this quarter, thereby achieving a reduction of INR 19.08 billion in a single transaction.

•Concluded sale of certain stressed assets through two separate ARC transactions under the 15:85 structure

•Further, they generated over INR 125 billion of cash realization to accelerated repayments and resolution proceeds from company's wholesale 1.0 portfolio.

•They concluded four stressed asset monetization transactions during the quarter through a combination of asset sale and ARC sale.

•They generated over INR 125 billion of cash realization through accelerated repayment and resolution proceeds from their Wholesale 1.0 portfolio in line with the provisions on these assets

•They built a Wholesale 2.0 AUM worth INR 27.92 billion across real estate and corporate and retail corporate mid-market lending.

•GNPA ratio reduced to 3.8% in the last quarter of FY '23 from 4% in the third quarter

Net interest income for FY'23 grew 21% YOY to INR 41.76 billion.

•Maintained a strong liquidity with cash and liquid investments of INR 74.30 billion despite of all the provisions undertaken during the FY'23.

•Company's strong balance sheet and improving AUM mix, have reduced their average borrowing costs to 8.6% for FY '23 against 9.6%in FY '22, despite a rising interest rate environment.

•59% of Company's liabilities being fixed in nature, they have remained well cushioned against the interest rate cycle.

OUTLOOK
Company's strategic priorities for the mid-term is:
Mid to high-term AUM growth. AUM mix of two-thirds retail and one-third wholesale and lending to Bharat markets in retail business.

Further, company will continue to focus on the resolution of Stage 2 and Stage 3 assets, which will further moderate the wholesale book size in the short term. Owing to increased focus in resolution of NPAs, through various modes i.e. via monetization of underlying assets, one-time settlements, enforcement via IBC or other means like portfolio sales, ARCs in cash, and or SRs., companys NIM/ NII are expected to improve along with profitability.

Home First Finance Company India Ltd Meeting KTAs
CMP INR 711 | Market Cap INR 62.63 billion

•Company mainly operates in 13 states namely Gujarat, Maharashtra, Tamil Nadu, Telangana, Andhra Pradesh, Karnataka, Rajasthan, Madhya Pradesh, Uttar Pradesh & Uttarakhand, Chhattisgarh and Haryana & NCR.

•The above 13 states amount to around 80% of total market size in affordable housing.

•Average ticket size is INR 5 Lakh to 25 Lakh.

•Company's target is to capture 5% of the market size out of which 50% is rejection rate.

•Company plans to open around 20 branches every year in industrial area as demand for housing loan is high there.

•Company doesn't open a new branch until they have reached an AUM if INR 5 Crore in that state. Whenever a new branch is opened it is at breakeven since AUM is less.

•Commission to connectors of 30 – 40 bps.

•Company's NIM is 6% out of 5.5% is spread and balance 0.5% is from treasury income.

•Company's major Operating expenditure include a variable tech expenses which is around INR 11 – 12 Cr annually.

•Disbursement target for FY24 is INR 4500 Cr, out of which INR 500 is expected to give quality issue.

•Company's formal customers account to around 50 – 60% of total customers. Balance 40% are informal customers from whom some income proof might not be available.

•Entry of International Financial Corporation as a lending partner gives Home First Finance credibility benefit. It doesn't give any cost benefit to the company.

•Company is confident on competition side since they provide average ticket size less than INR 25 Lakhs and to low/medium income group. Peers do not cater to this segment.

•They have also added a new feature in their app which is not available with peers. This feature shows current outstanding balance in app.

JM Financials Concall Highlights
CMP INR 65.05 | Market Cap INR 61.89 billion

• Consolidated revenue for the full year ended FY23 stood at rupees INR 33.43 billion, a decline of 11% year-on-year. For the same period adjusted PAT stood at INR 70.5 billion, a decline of 9% year-on-year, their reported PAT stood at INR 5.97 billion, which is a decrease of approximately 23% year-on-year.

• In FY22, JM financial had a Net Profit of INR 1.23 billion from IPO funding activities whereas the same was negligible in the FY23.

• During the FY23, they raised approximately INR 54 billion in long-term borrowing.

• Further, liability profile of company is diversified to include insurance companies, pension funds and Provident Fund.

• Borrowing Mix: Long term – 82%
Short Term – 18%

Investment Banking Segment
• Company has filed a scheme of arrangement, once the scheme goes through, DMS and private wealth management, which are currently part of platform AWS business shall be reported as part of the Investment Bank segments.

Retail Mortgage lending segment
• JM Financials is exploring strategic potential combination with Indo star Home Finance Private Limited.

Distressed and alternative Credit
• JM Financials created a provision in ARC business of INR 2.46 billion on certain corporate assets, namely Bombay Rayon fashions, Southern Hills, Unitech and Netco due to delays and uncertainty in the outcome of valuation. This delay is attributable to NCLT and other courts.

• On the distressed credit business, AUM increased 24% year-on year to INR135.58 billion.

Platform AWS
• JM Financials have invested INR 0.9 billion in platform AWS business building very strong digital capabilities as well as boosting teams, across the asset management businesses, mutual fund business, alternative credit business and PMS businesses. They will continue to make these investments for the next 2 years.

• Since, JM Financials provide affordable housing finance to people who are new to credit, their CIBIL score is zero. 25 – 30% of new origination have zero CIBIL score.

OUTLOOK
JM Financials current book size is INR 85 billion. This is expected to grow by 15-20% .

Niyogin Fintech Limited Concall KTAs
CMP INR 47.25 | Market Cap INR 4.46 billion

•The companies Gross Transaction value (GTV) grew +65% QoQ in Q4, with gross transaction value of INR 58 billion in this quarter compared to INR 35.34 billion in Q3FY23

•Further, Company's GTV for April 23, crossed 30 billion, which will grow further in coming months.

•Company's consolidated revenue for the quarter was INR 36.3 crores, up 16.1% year-on-year and an increase of about 34.5% quarter-on-quarter.

•They continue to remain a zero-debt and net-cash company with a cash-in-hand of INR 89.4 crores as of 31st March, 2023.

•Company is soon going to launch a distribution platform, Neo Blue. This platform is designed to provide access to financial services, including credit. This will help company to reach more customers.

•Companies gross loan book stood at Rs 91.8 crores, up 39.1% year-on-year, driven by the significant scale-up of their MSME part-time focused lending book.

•Companies top 10 enterprise clients make up approximately 50-60% of the gross transaction value.

Outlook

Overall Positive performance. Company exceeded the March business volume and crossed the 30 billion GTV mark in April 23. Company's consolidated revenue for FY23 is INR 117.17 billion. It is expected to increase to INR 500 billion i.e. 5 times till FY25. Further, GTV including payouts is expected to grow 11 times by FY25.

Cholamandalam Financial Holdings Concall KTAs
CMP INR 803 | Market Cap INR 150.56 billion

•Consolidated Revenue grew 54% QOQ and 25% YOY with revenue of INR 52.81 billion in Q4FY23 against INR 34.08 billion in Q3FY23.

•Further, PAT grew 31.5% QOQ and 25% YOY with PAT of INR 9.01 billion in Q4FY23 against INR 6.85 billion in Q3FY23.

•Disbursement grew 14% QOQ to INR 121.90 billion in Q4FY23 and 87% YOY to INR 665.32 billion in FY23 against INR 354.90 billion in FY22.

•AUM growth of 36% QOQ to INR 1127.82 billion in Q4FY23 from INR 829.04 billion in Q3FY23.

•Net Stage 3 assets improved to 1.62% in Q4FY23 against 2.07% in Q3FY23. Provision coverage ratio increased from 40.96% in Q3FY23 to 46% in Q4FY23.

•The Passenger vehicle segment had seen an industry growth of 11% in Q4 FY'23 & sale with 27% industry growth in FY'23. Hence, Company's focus is to increase retail customers, especially in rural areas.

•The Two-wheeler industry had a growth of 7% in Q4 FY'23 & 17% growth in FY'23 but yet to surpass pre-covid levels of growth. This segment is expected to grow by 9 to 10% in FY'24 with expectation of improved rural demand. Company intends to maintain its focus on two wheeler financing.

•LAP Business
LAP business has lent loan to customers at a floating rate of interest which has helped them to mitigate pressure on margins.

General Insurance Company Ltd
•Gross Written Premium increased by 27% on a YOY basis in FY23 and Net written premium improved by 22% on YOY basis.

•Solvency ratio improved from 1.95 in FY22 to 2.01 in FY23.

•Company's Health, fire and health line of business performed better than industry and private sector players.

•Overall quarterly growth of 27.9% which is higher than industry growth rate of 16.5% and private sector growth rate of 16.5%.

OUTLOOK
Overall positive performance. Company has performed better than industry in terms of their Insurance business. Further, company's focus is to increase their retail customers. And, company is expected to grow at 1.3 times of industry.

Urgo Capital Q4FY23 Concall KTAs
CMP INR 192.75 | Market Cap INR 14.52 billion

•Urgo Capital is transitioning from collateral based lending to cash based lending using their digital app "Gro Score 3.0". This app will use GST data and credit banking ecosystem to assess credit worthiness of borrowers.

•Currently, this facility is being used only for business entity's, out of which 80 – 90% is used for business purposes.

•Rejection rate for Gro Score 3.0 is 70%. Further, repayments are in similar lines with what the gro score 3.0 model had predicted. Error rate is low.

•Loss given default: For Secured loan (which constitutes 70% of the total portfolio) is Zero,
For Unsecured loan it is comparatively higher but less than 100%.

LTV for secured loan: Property – 52%
Machinery – 70%

•Announced Equity Fund Raise of INR 3.405 billion through mix of Qualified Institutional placement and preferential allotment. Raising funds of INR 1.005 billion through QIP finished in April 23.

•Investors that were allotted shares in QIP are:
- SBI Life Insurance
- Go Digit Insurance
- SBI General Insurance
- Other Marquee Investors

•Balance funds of INR 2.40 billion through preferential issue will be received in Q1FY24. Post preferential allotment IFU's shareholding will be 16.49%.

•Disbursement for Q4FY23 stood at INR 23.14 Cr, up 140% YoY and 23% QoQ.

•AUM up by 19% QOQ to INR 60.81 billion.

•GNPA / NNPA improved to 1.6% /0.9% (as a % of Total AUM) in Q4FY23 from 1.7%/1.1% in Q3FY23

OUTLOOK
UGRO Capital's current AUM is INR 60.81 billion and is expected to achieve AUM of INR 100 billion for FY24. Further, disbursement is expected to be INR 64 billion. Current ROE at 6.2%, which is expected to be around 10% for the next year.

LIC Housing Finance Concall KTAs
CMP INR 371.5 | Market Cap INR 205.72 billion

•Revenue from operations increased by 9.27% QOQ from INR 5870.84 Cr in Q3FY24 to INR 6415.11 Cr in Q4FY23.

•NII in Q4FY23 is INR 1990.3 crore against INR 1605.87 in Q3FY23, up by 23.93% QOQ.

•PCR was 250% in Q3, reduced to 44% in Q4 because there were some cases on which 100% provision were made in Q3, which have been removed in Q4.

•In Stage 2 asset there has been an increase of almost 130 bps. Stage 2 asset has gone up to 5.25% from 3.9% in the previous quarter due to EMI increase. This number will improve in Q1FY24.

•LIC Housing finance is expecting a recovery of INR 400 – 500 Cr in FY24.

•Bank has implemented a new Core Loan Management System(LMS) along with a SAP accounting package to improve TAT in loan disbursements.

•Project finance disbursement gone up by 263% QOQ from INR 427 Cr in Q3FY23 to INR 1554 Cr in Q4FY23.

•Capital adequacy ratio for FY23 is 17.74% which is expected to be more than 18% for FY24.

•Incremental costs is expected to come down by 20 bps in Q1FY24.

OUTLOOK
Overall positive performance. NII has increased 23.93% QOQ and 22.11% YOY. NIM for FY23 is at 2.41% which is expected to stabilize at 2.5% due to stability in interest rate. Further, bank is expecting an improvement in TAT due to implementation of new Loan management system.

PNB Housing Finance Ltd | Q4FY23 Management Conference Call KTAs
CMP: INR 480.35
Marker Cap: INR 12,466.89Cr

•PNB Housing Finance Ltd experienced a decline in revenue from 1,794 crore in the previous quarter to 1,634 crore in the current quarter.
•On the expense front, there was a decrease from 1,172 crore in Q3 to 1,146 crore in Q4. However, the company witnessed growth in PAT, with an increase from 269 crore in the last quarter to 279 crore in the fourth quarter.
•Assets Under Management declined by -0.5% on a YoY basis but grew by 1.3% on a QoQ basis. Deposits experienced a decline of -2.5% YoY and -2.9% QoQ.
•Net Interest Margin grew by 93 bps YoY, reflecting improved profitability in terms of interest income. However, NIM declined by -9.4 bps QoQ.
•Return on Assets increased to 1.61% compared to 1.24% in the previous FY22.The capital adequacy ratio stands at 24.4% with a growth rate of 103 bps YoY
•The Gross Non-Performing Assets improved significantly to 3.83% compared to 8.13% in the previous FY22.
•The Net Non-Performing Assets ratio also improved to 2.76% from 5.06% in FY22.
•The loan book of PNB Housing Finance Ltd stands at 59,273 crore, showing a growth rate of 2.4% on a YoY basis. The total loan disbursement for the year amounted to 14,965 crore, reflecting a substantial growth of 33.1% YoY.

•The company's average yield on assets was 10.41% and the spread was reported at 2.65% for Q4.
•The average cost of borrowing for PNB Housing Finance Ltd stood at 7.76% for the quarter.
•PNB Housing Finance Ltd has been primarily focusing on growth in the retail segment, with a particular emphasis on the affordable housing segment.
•Furthermore, the company achieved a significant reduction in gross non-performing assets in FY23 as a result of successful resolutions in corporate accounts. The gross NPA decreased by 69% during the fiscal year.
•In May 2023, PNB Housing Finance Ltd successfully raised capital through a Rights Issue amounting to INR 2,494 crore.
•Looking ahead, the company has set targets for FY24, aiming to achieve a disbursement growth of 22% or more. Additionally, PNB Housing Finance Ltd aims for a book growth of 17%
•Outlook: PNB Housing Finance Ltd witnessed a decline in revenue and deposits, but an increase in PAT and improved asset quality. The focus on the retail segment and successful resolutions in corporate accounts contributed to growth. Capital raising and targets for disbursement and book growth in FY24 indicate a positive outlook for the company.

CSL Finance Concall KTAs
CMP INR 215.1 | Market Cap INR 4.35 billion
•NII increased by 36% YOY in FY23 and reduced 1% QoQ to INR 23.5 Cr in Q4FY23. The YoY increase for FY23 is less as compared to FY22 because of the repo rate hike. Going forward, this interest rate hike is expected to be passed to customers.

•The wholesale book will be transitioned to floating rate of interest in coming FY24, which will protect them from rising interest rate scenario.

•Disbursement decreased by 21%QoQ from INR 187 Cr in Q3FY23 to INR 147 Cr in Q4FY23 and 25% YoY.

•Wholesale: SME Retail mix of the company is 60:40 in FY23, the Company plans to achieve a portfolio mix of 50:50 in FY24.

•Further, CSL is looking to add an unsecured loan product for MSMEs, in tier-2 and tier-3 cities. It will be launched in Q1FY24. This product includes discounting of purchase of RM which businesses makes from retailers. Tenure of this product will be 60 to 90 days. TAT will be 24 hours. 10% of loan is expected to be unsecured and balance 90% is expected to be secured.

•CSL Finance is planning to open 6 – 10 branches in the coming FY24. AUM to breakeven is around INR 7 Cr. It takes around 12-13 months for the company to breakeven.

•Bank currently has 26 branches, out of which 80% are operating at AUM level of INR 10 Cr and expected to cross INR 20 Cr in the coming FY24. Average ticket size is INR 10-12 lakhs.

•Collection efficiency reduced by 100 bps QoQ to 98% in Q4FY23.

•Provision Coverage Ratio increased from 173% in Q3FY23 to 206% in Q4FY23.
•GNPA/NNPA stood at 0.61%/0.35% in Q4FY23, improved by 11bps/ 7bps QoQ.

OUTLOOK
Overall Positive outlook. Though the disbursement has reduced, CSL's NII have improved. They will focus on improving their wholesale: retail mix to 50:50, which will help them improve their cost to income ratio. Further, going forward interest rate hike is expected to be passed to customers and also, their wholesale book is expected to be transitioned to floating rate of interest, which will improve their NIMs. Profitability per branch is expected to be INR 258 Lakhs. Cost of funds is expected to be 11.1% for coming quarter.

Multi commodity Exchange Concall KTAs
CMP INR 1323.75 | Market Cap INR 67.32 billion

•Chief Technological officer, Shashank Sathe resigned in April 2023. In the interim, Dr. N. Rajendran, chief digital officer of the company, who has been with MCX since November 21, has been advised to look after the portfolio of the CTO.

•New Commodity Derivative Platform (CDP) that is being developed by TCS, is expected to be live by Q1FY24 for which, MCX has started regression testing. In terms of Test cases, 96-97% have already been cleared.

•This software will be live after MOCs and cyber security audits, systems audits, etc are done.

•It is to be noted that, transition of software is not a change in matching algorithm.
t is just that certain types of orders are not permitted, so that orders do not get matched here.

•Contribution of futures and options in total revenue for Q4FY23: 51% from Futures and 49% from Options.

•Contribution of futures and options in total revenue for FY23: 59% from Futures and 41% from Options.

•MCX has applied to SEBI for two mini futures contracts in Nickel and copper. They need a minimum volume of INR 1000 Crores before launching the options for the same mini contract.

ICRA Concall KTAs
CMP INR 4747.2 | Market Cap INR 45.64 billion

•Company declared a total dividend of INR 120 / share, which includes special dividend of INR 90/share.
•They plan to increase their focus in domestic analytics business while continuing to work on their rating business.
•The current split between ratings and analytics is 57:43.
•Company's expenditure had increased, owing to increasing employee base, incentives based on performance and investment in technology. They hired a Chief Technological Officer last year for improving their technology.
•The cost is expected to be largely under control going forward.
•Consolidated revenue from ratings business grew 14% YoY, whereas analytics business had a strong growth of 23% YoY.
•The growth in analytics was largely on account of knowledge services due to increase in requirements of analytical support.
•ICRA's Rating revenue growth continues to benefit from its strong franchise in growth segments led by bonds, bank credit and structured finance
•Average default position (ADP) of the company has increased to 93.3% in FY23 from 89.5% in FY22.
•Company uses ADP as a key metric to track two types of errors, which are: Firstly, when company assign an investment grade rating to an entity that goes on to default the next few years and secondly, when company assign a conservative rating and the entity displays much better stability.
•The proportion of rating downgrades remain low at 5% for FY23.
•Company during the last 2-3 years have exited multiple businesses which has helped them to increase their focus on their key areas.
•Company's non-rating business includes Knowledge services, Market data and risk management.
•The two levers of growth that a company will have going forward: Healthy growth in revenue and controlled cost. This will help company to increase their profitability.

Guidelines
The growth opportunity in the ratings business is the function of regulatory framework and economic environment. Company has forecasted GDP growth of 6% in FY '24 and expect interest rates to be largely stable, inflation to moderate, credit offtake to be buoyant, and a number of Risks Analytics opportunities to emerge in the BFSI space. Further, it is expected that the Government of India's planned spend on infrastructure of INR 10.5 trillion will have a material effect in the coming financial year. In summary, Company remains optimistic on future growth.

Outlook
Overall Positive Performance. Owing to the stabilization in cost and increasing revenue, Company's future performance is expected to be positive.

GIC Ltd Concall KTAs
CMP INR 181.15 | Market Cap INR 317.88 bn

Financial Highlights

•Gross Premium of the company for Q4FY23 was INR 73.69 bn against INR 100.99 bn for Q3FY23 (down 27% QoQ).

•Investment income for Q4FY23 stood at INR 17.49 bn (down by 6.5% QoQ, down by 13.62% YoY).

•Solvency Ratio is 2.61/1.96 for FY23/FY22.

•Company's PAT for Q4FY23 stood at INR 25.63 bn (up by 114% QoQ, up by 42% YoY).

•Combined Ratio improved by 277 bps to 109.31% in FY23. This is due to the improvement in the domestic market share, which
increased from 65% to 69%.

Other KTAs

•In the domestic market, company started removing treaties which were not profitable and simultaneously, started increasing their facultative books, which is profitable for them. These two factors helped them in increasing their domestic market share.

•Company aims to focus on the domestic market.

•Domestic Proportional and non-proportional mix: Proportional (85%), Non Proportional (8%) and facultative (7%).

•Business Composition: Domestic business (69%) and international (31%).

OUTLOOK

Company's gross income has reduced by 27% QoQ sequentially. However, PAT for Q4FY23 increased to INR 25.63 bn against INR 12 Bn in Q3FY23 (up 113% QoQ). Going ahead, company's profitability is expected to increase.

One97 Communication Ltd (PAYTM) Concall KTAs

CMP INR 690|Market Cap INR 43,702 Cr

•Revenue up 51% YoY to INR 2,334 Cr in Q4, jumps 61% YoY to INR 7,991 Cr in FY23. The higher revenue was driven by the increase in gross merchandise value, higher merchant subscription revenue, and growth of loans distributed through the platform.

•EBITDA before ESOP costs at INR 234 Cr. margin improved from 30% in FY 2022 to 49% in FY23, due to improved payments profitability, and growth in high-margin loan distribution business. Q4 EBITDA before ESOP, excluding INR 133 Cr UPI Incentive of about 9M FY 2023, was INR 101 Cr, an improvement of INR 469 Cr YoY. The company believes, in an extraordinary situation will be EBITDA positive in the near term and start generating cash very shortly.

•Paytm reported a net loss of INR 168.4 cr for Q4FY23. In the corresponding quarter last year, the company posted a net loss of INR 761.4 cr

•Paytm's gross merchandise value rose 4.6% QoQ to INR 3.62 lakh cr.

Subscription:

• The number of merchants paying subscriptions for payment devices has reached 71 lacks as of April 2023, an increase of 3 lakh devices in the month. The Merchant Payment Volumes (GMV) for April 2023 stood at INR 1.27 lakh crore ($15.6 billion), with yoy growth of 34%.

•Payment monetization: Continues, as subscription services for payment devices like Soundbox and POS machines continue to see increased acceptance by merchants.

•UPI incentive receives for the full year at INR 182 cr, INR 49 cr for Q4.

•Paytm Net Payments Margin grows 2.9X to INR 1,970 Cr in FY23.

•Monthly Transacting Users for Q4 surges 27% YoY to 9 Cr.

•Total Value of Loans Disbursal stands at INR 12,554 Cr, a growth of 253% YoY.

Expenses:

• Employee benefits accounted for over 37% of the total expenditure. This cost surged 55.3% to INR 3,778 crore in FY23 from INR 2,432 crore in FY22. The jump in employee cost can also be attributed to an 80% hike in share-based payments to employees, which stood at INR 1,456 crore in FY23.

•Its subscription as a service (SaaS) model, the strong adoption of devices drove subscription revenues and higher payment volumes.

•The loan distribution business (in partnership with lender partners) gained disbursements of INR 4,115 cr ($503 mn, yoy growth of 148%) and 41 lakh loans (yoy growth of 56%) disbursed in April 2023 through the Paytm platform.

•In Q4FY23, across three product offerings (Paytm Postpaid, Personal Loans, and Merchant Loans), loans amounting to INR 12,554 cr were distributed through the Paytm platform.

•**Merchants:** Continued to expand, along with growing user engagement. Average Monthly Transacting Users (MTU) for Q4 FY 2023 grew by 27% YoY to 9.0 Cr as the adoption of mobile payments for consumers and merchants in India continues. In Q4 FY 2023, across three product offerings (Paytm Postpaid, Personal Loans, and Merchant Loans), loans amounting to INR 12,554 Cr were distributed through the Paytm platform. Postpaid, management believes continues to be strong.

•**Lending:** The company lending business, continues to see momentum in this segment both consumer and merchant segment. The company will see much secular growth.

•**Payment business:** Continues to scale led by an increase in GMV, and higher subscription revenue. In Q4 FY 2023, payments revenue grew by 41% YoY to INR 1,467 Cr.

•**Commerce and Cloud segment:** The companies continue to monetize Paytm app traffic by providing marketing services to merchants. In Q4 FY 2023, Commerce & Cloud revenue grew by 23% YoY. In FY 2023, commerce and cloud revenue grew by 38% to INR 1,520 Cr

•**Guidance:** The company is excited by the long-term potential for revenue growth and profitability across payment and lending businesses. The growth of UPI and other mobile payment methods presents a wealth of untapped opportunities. The company is prepared to capitalize on these opportunities by bringing innovative products to customers. Since the launch of the UPI Lite platform in February 2023, The company onboarded 55 lakh customers. NPCI's wallet interoperability guidelines will allow Full KYC Paytm Wallet to be universally acceptable on all UPI QRs and online merchants.

•Outlook: The management is optimistic about the sustained and growing profitability will continue to grow along with the investments. We believe, that the company's overall portfolio going to be much better as management focuses on quality and is confident about future growth.

General Insurance Company Ltd

Gross Written Premium increased by 27% on a YOY basis in FY23 and Net written premium improved by 22% on YOY basis.

•Solvency ratio improved from 1.95 in FY22 to 2.01 in FY23.

•Company's Health, fire and health line of business performed better than industry and private sector players.

•Overall quarterly growth of 27.9% which is higher than industry growth rate of 16.5% and private sector growth rate of 16.5%.

Outlook: Overall positive performance. Company has performed better than industry in terms of their Insurance business. Further, company's focus is to increase their retail customers. And, company is expected to grow at 1.3 times of industry in future. Current Industry quaterly growth is at 16.5% against 27.9% in Cholamandalam Finance Holdings Ltd.

Oil and Gas

Petronet LNG Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 237
Market Cap: INR 35,512 crores

•LNG prices have come down since February 2023.
•The company experienced a decrease in revenue, from INR 15,776 crores to INR 13,874 crores QoQ.
•PAT also experienced a decline from INR 1,181 crores to INR 614 crores QoQ.
•There was an expense of INR 55 crores towards arbitrage awards.
•There is a rise in service cargos, 31 new cargos reported in April 2023.
•Performance is expected to improve in Q1FY24.
•The company completed a capex project of INR 950 crores in FY23.
•It has plans to incur future capital expenditure on petrochemical plant.
•The company has planned a Capex of INR 3,300 crores for Gopalpur terminal.
•A Capex project of INR 1,700cr is in planning stage for FY25.
•The terminal utilization increased from 77% to 97% on QoQ basis.
•A Kochi-Bangalore pipeline is in plans and GAIL utilization of Kochi terminal will increase because of the pipeline.
•Considering alternate fuel prices, major clients like MRPL may return; contributing 25 to 30% growth in revenue.
•The Company expects the LNG pricing to be constant for the next few years.
•The company has receivables of INR 850 crores from FY23.
•Considering Government plans, a rise in terminal utilization is expected.
•Management hopes to reach pre-covid level of utilization in FY24 (approximately 90%).

Outlook and Valuation: Execution of current and upcoming capex plans, the decline in LNG prices and changing government policies towards alternative fuels are future revenue drivers for the company.

Hindustan Oil Exploration Company Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 183
Market Cap: INR 24,200 Mn

•In Q4FY23, Gross Production in Barrels Oil Equivalent Per Day (BOEPD) stood at 10,545 and Net Production (BOEPD) was 4,073.
•At the Dirok facility, the Q4FY23 average production for Gas was 30 mmscfd and Condensate was 577 bopd (barrels oil oer day).
•The average premium realized at Dirok was more than USD 1/mmbtu over PPAC price of USD 8.57mmbtu.
•For B-80, Gas export resumed in November 2022 and oil production commenced in December 2022.
•Q4FY23 benefitted from both wells commencing continuous production mode.
•For PY-1, it is re-processing seismic data and environmental clearance is pending.
•For the Cambay project, environmental clearance is in advance stage to undertake drilling operations.
•In the Kharsang oil field, the plan is to drill 18 wells to increase the production to targets of 1,800 barrel oil equivalent per day.
•The mining lease for Kharsang oil field is granted till 15th June 2030.
•The cost recovery issues were settled and formal extension is awaited for 10 years.
•In the Cambay project, small volume of Associated Natural Gas (ANG) sale commenced to achieve zero flaring.

Outlook: The company is targeting a debt free balance sheet. It is investing in a number of projects like B-80, Dirok and Cambay for production of oil and gas. We have a neutral view on the stock.

Castrol India – Q1CY23 Concall KTAs
CMP: INR 115 | Market Cap: INR 113.4 Bn | Promoter: 51%
Quarterly Operational Performance:
Revenues came in at INR 12,938.9 Mn (+10% QoQ) (+4.7% YoY)
EBITDA Margins came in at 22.8% (Vs 21.3% QoQ) (Vs 25.7% YoY)
YoY margins and revenues are weak due to high inflation, forex fluctuation and high input cost. QoQ improvement is seen.
Volumes:
•Q1CY21 was 60.5 Mn Litres
•Q1CY22 was 59 Mn litres
•Q1CY23 was 55 Mn Litres
•Q4CY22 was 49 Mn Litres
Q1 seasonally sees some support from agri business but as such there is no seasonality
RM: Additives, Base Oils
•Additive costs have surged over 50% in the past 2 years.
•Company holds 30-45 days of inventory (RM and finished goods)
•Prices of Base oil between 900-950$ per Kilo Litre (down from 1000-1100$ per kilo litre in Q4)
•Company does not sense any issues in sourcing of base oil from local producers. Company can source from imports too if needed.
Ki Mobility (MyTVS):
•Castrol invested in Ki Mobility through equity and CCPS (total of INR 4.875 Bn) in 2 tranches. Last tranche was invested on 10th Jan 2023.
•Ki Mobility is focused in aftermarket solutions
•Ki is digitally focused; margins from the business are similar to core business margins. This will also give additional volume opportunity for Castrol
•Ki has strong spare parts availability which will fill the company's gap in that segment
Macro environment:
•Company expects growth of lubricant business to grow 3-5% for the next 5 years. Company is confident of market growth till FY40
•Demand from PV shifting from retail to workshops now (unorg. to organized)
•50% of OEMS globalls source Castrol branded (not necessarily Indian entity) EV fluids
Other KTAs:
•80% of revenues come from Automotive business. This is primarily aftermarket sales. OEM sales is small.
•Company aims to maintain EBITDA margins of 23-26%. They have internal measures of EBITDA/litre but broadly want to maintain 23-26% EBITDA margins
•Only 3% charging stations are utilized in India
•Castrol Auto Service points now over 300 and Castrol Bike Points over 5,000 now
•Company has 10-11% of revenue contribution from synthetic oil. Synthetic oil uses higher quality of base oil. The changing time for oil is stretched due to superior quality (hence company charges a premium for it).
•Last year PV business grew high double digit, 2W grew high single digit, Industrials was soft and Agri business was soft in 2nd half. Company grew m/s in PV over past 12 months.
•In India, company supplies EV fluids to Tata and MG. Outside India, company supplies to BYD, Shanghai Auto.
Outlook: Company has a strong outlook on future growth (no guidance given except EBITDA margins). They expect strong performance from the aftermarket business and Ki Mobility. At CMP, company trades 14.4x TTM EPS

Pharma and Healthcare

Syngene International Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 650
Market Cap: INR 254,300 Mn

•In Q4FY23, revenue from operations increased by 31% YoY / up by 27% QoQ to INR 9,944 Mn.
•Discovery services saw good performance during the year owing to upliftment for chemistry demand
•Traction in the performance of Development Services was facilitated by orders from existing clients and new clients. There were repeat orders from existing clients.
•Manufacturing services was supported by biologics, biopharma companies and long-term contract from Zoetis.
•Staff cost increased in-line with expansion in headcount
•Operating Profit increased by 27% YoY / up by 36% QoQ to INR 3,369 Mn.
•Operating margin compressed by 120 basis points YoY / but expanded by 280 basis points QoQ to 33.1%.
•Effective Tax Rate increased during the quarter and stood around 23%, owing to some facilities going out of tax benefit clause.
•Net Profit increased by 21% YoY / up by 63% QoQ to INR 1,787 Mn. Net Profit Margin compressed by 150 basis points YoY / but expanded by 390 basis points QoQ.
•The research facility at Hyderabad has a team of about 900 scientists.
•Post covid, clients are returning for contract research.
•It completed about 80 client orders during the year. Resultantly, it is investing in building capacity.
•The company has optimized its supply chain operations. It has increased the number of suppliers outside China and expanded supplier base in India.
•Outlook & Valuation: Revenue is expected to increase in high teens in constant currency and operating margins are likely to be around 30%. Repeated orders from existing clients and new clients along with long term contract with Zeotis will continue to support the different business segments. We have a positive view on the stock.

Laurus Labs Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 296
Market Cap: INR 15,740 crores

•The company is expanding its API manufacturing capabilities and they are in different stages of completion.
•In FY23, Revenues increased by 22% YoY, while operating margins stood at 26%. Business segments like CDMO and generics contributed to the growth of the company.
•However, there were some challenges related to prices in ARV formulations and Active Pharmaceutical Ingredients (APIs).
•Q4FY23 financial performance by affected by higher operating cost and growth projects.
•Gross margins declined due to change in product mix and fall in realizations.
•Formulation business underperformed in FY23 driven by pricing pressure in ARV and the company is focusing to neutralize the impact in FY24.
•It is working on initiatives like product portfolio expansion and cost optimization.
•In FY23, developed markets performed in-line with expectation and the company filed 13 dossiers.
•It has gained market share in certain products and ramping up volumes in newly launched products.
•In Canada, it filed 1 product in Q4FY23, thus taking the total filings to 20, including 13 approvals and 9 launches.
•In the European Union, 6 products are already launched. It has contracted further volumes which will support growth in coming quarters.
•During FY23, it focused on expanding the non-ARV capacities to diversify business risk. Such brown field capacities is likely to be utilized in FY24.

•Research & Development (R&D) spending as a percentage of sales stood at 3.5%.
•It is working on complex products and the sterile facility commissioned in FY22 is already being commercialized.
• There are about 60 products in the Research & Development pipeline with addressable market of about USD 40 billion.
•The generic API business reported strong 28% YoY growth in revenues in FY23, supported by continued CMO opportunities in APIs and growth in non ARV and oncology related APIs.
•Oncology related APIs reported 10% YoY growth in revenues in FY23, supported by strong off-take in one of the products.
•Non ARV segment grew by more than 30% YoY in Q4FY23 and more than 50% YoY in FY23, supported by new contracts in APIs.
•It is working with generic customers for CMO opportunities and some of them are in very advanced stage as of now.
•Commercialization of animal health products will begin in H2FY24.
•FY24 is likely to be a year of consolidation and the company will benefit from on-going discussion with generic customers in H2FY24.
•It is working on in-house manufacturing of intermediates.
•Capacity utilization in Q4FY23 stood in the range of 55% to 60% and can go upto 85%.
•Outlook & Valuation: Revenues are likely to be flat in FY24 with some pressure on operating margins. Business from existing clients, traction in geographies like Europe and Canada and commercialization of capacities in H2FY24 will be the key drivers of revenue going forward. Although prices of ARV appear to bottom out in Q4FY23, but the overhang is likely to exist in FY24, thus impacting margins. Factoring in the above drivers, we are neutral on the stock.

RPG Life Sciences Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 797 Market Capital: INR 13,200 Mn
•The India Pharmaceutical Market grew in single digit at 7.9% in FY23.
•The main driver behind the market expansion was price growth, which increased by 5.1% YoY.
•New Product introduction increased by 2.3% YoY, while volume growth was flat.
•RPG Lifescience outperformed the growth in the Indian Pharmaceutical Market (IPM), with volume expanding 13% YoY, new product introduction increasing 2% YoY, while domestic formulation business rising 20% YoY compared to 7.9% YoY growth in IPM as per IQVIA.
•On the macro front, biologics and Biosimilar are getting acceptance, while Active Pharmaceutical Ingredients (API) is getting traction with government PLI.
•FY23 was a milestone year for the company, with sales crossing INR 5,000 Mn, EBITDA crossing 1,000 Mn and cash surplus of INR 1,000 Mn.
•Naprosyn is the first brand to cross INR 600 Mn in FY23.
•In Q4FY23, revenues increased by 14% YoY, EBITDA up by 20% YoY and PAT increased by 38% YoY, operating margin expanded from 14.2% to 15%.
•The growth in revenues was mainly supported by domestic and international formulation business, which increased in double digits.
•However, API growth was muted owing to inventory adjustment by one of the clients.
•The company is focusing on product portfolio front and innovative lifecycle management.
•New products launched in FY19 contribute about 28% of total sales now.
•New Product launched last year are contributing INR 50 Mn mark in the first year of launch.
•It is focusing on increasing share of voice and customer engagement through digitization.
•About 83,000 – 84,000 doctors are enrolled on the company’s digital platform.
•Outlook & Valuation: It is increasing plant capacity in the international formulation business through deployment of INR 4,000 Mn capex. It has also identified 8-10 products in the R&D pipeline. The company has adopted technology to increase customer engagement. It will undertake M&A strategy for profitable growth and focus on developing chronic therapy. These drivers will facilitate revenue growth and sustain operating margins. At CMP and on TTM basis, the stock is trading at a P/E multiple of 20x.

Vimta Labs Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 380
Market Cap: INR 8,413 Mn

•There were macro-economic disruptions owing to US banking crisis and geo-political situation.
•However, there was some tailwind in terms of increased demand for testing from pharmaceutical and automobile sector.
•Food testing market is sustaining growth with good demand visibility.
•Major factors supporting growth in food testing market are increasing hygiene and awareness among clients.
•Indian government and regulators are also pushing for increasing testing requirements in the industry.
•The company's Food Testing business segment also witnessed significant growth in FY23.
•It has also been recognized by the Bangladesh Food Laboratory and it expects good business prospects from the outcome.
•On the Clinical Diagnostic front, there is ample opportunity but very stiff competition.
•Therefore, Vimta Labs will only target B2B business in the Clinical Diagnostic segment.
•It has also rolled out green audit service for various industries under Environment Testing segment.
•It is doubling capacity at genome valley, which will give desirable result in 5 years.
•The capacity expansion is expected to be completed by the end of 2023.
•The working capital days has been trending downwards to 98 days owing to improvement in inventory and debtor days.
•It repaid about INR 44 Mn in debt and the outstanding debt is about INR 150 Mn.
•It is incurring a capital expenditure of INR 600 Mn towards infrastructure creation of the upcoming facility.
•Outlook: Facilitated by new capacity addition, higher utilization, buoyancy in the Food Testing and Environment audit segment and upcoming opportunities in the Pharma Analytical and Clinical Research segment, the company is targeting revenues of INR 5,000 Mn by 2025/2026.

Windlas Biotech Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 264
Market Cap: INR 5,505 Mn

•The overall domestic pharmaceutical market grew by 9.3% YoY in FY23, while the company outperformed the industry growth with revenues increasing by 10% YoY during the year.
•It has successfully completed its share buyback and generated cashflow from operations of about INR 610 Mn in FY23.
•The new plant construction is in full swing and the mechanical construction is expected by end of H1FY24.
•It is looking at inorganic growth opportunities in similar space, which can offer synergies.
•The funding of the inorganic acquisition will be mostly done through internal accruals, owing to strong cashflow generation and healthy balance sheet.
•Trade generics continue to witness strong revenue growth owing to increasing focus on strengthening the distribution network of the company.
•The strategy is to provide affordable and authentic medicines to unserved small towns and cities.
•The growth of the domestic trade generics market in India is expected to be driven by government initiatives.
•It will continue to look at branding initiatives, expanding distribution channels, introducing innovative products and entering under penetrated markets.
•The upcoming injectable facility will cater to the demand from all the three business verticals.
•For CDMO driven orders, the injectable facility is required to receive approvals from respective regulators.
•Qualification and validation of the upcoming injectable facility will take about 4 – 6 months.
•The major revenue contribution from the new facility will come from FY25.

•Operating margins for injectable segment will be higher than the current company margins and in the range of 18% - 20% at optimum capacity utilization.
•The optimum capacity utilization of the injectable facility is about 55% - 60%, and will take about 1 – 1.5 years.
•Exports were muted because of issues in Myanmar. However, going forward, they are looking to penetrate South Africa markets and other semi-regulated markets.
•Outlook: Trade Generics and Exports will be the major revenue driver for the company. CDMO business is likely to expand in mid-teens. Operating margins are expected to sustain at current levels and expand in 3 – 5 years, as the injectable facility ramps up. Overall, we have a positive view on the stock in the long-term.

Beta Drugs Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 705
Market Cap: INR 6,770 Mn
•It is amongst the major players in the cytotoxic Oncology space and is targeting to increase its market share.
•In FY23, revenues increased by 24% YoY, driven by 31% YoY uptick in exports and 24% YoY growth in Own Brand sales.
•Sales of Active Pharmaceutical Ingredients to third parties increased by 55% YoY.
•Improvement in operating margins was driven by higher sales of branded products and exports and effects of backward integration.
•In FY23, net profit jumped by 24% YoY on consolidated level.
•It has recently received approvals of ANVISA and INVIMA, which will facilitate growth in export markets.
•The company is net debt free and has around INR 30 Mn cash positive for the year.
•The company expanded its capacity in API and Adley formulation plant.
•Adley formulations will cater to the domestic market, while Beta plant will serve the regulated markets.
•It has also started product registration in many PICS countries.
•It has added one more line in API with focus on regulated markets.
•It has a strong product pipeline of FTLs, NDDS, PARP inhibitors, and TKIs, which will be launched in future.
•Additionally, it has completed another injectable line with two new lyophilizers in the Adley Formulations plant.
•It has also expanded its oral block.
•Growth in the dermatology segment is strong and it will turn EBITDA positive in the next 3 – 4 months.
•Outlook & Valuation: The company is targeting to double its revenues in the next three years. Operating margins are expected to be in the range of 25% - 26%, going forward. New product launches and capacity expansion will be the major growth drivers in future. The stock is current trading at 22x its FY23 EPS. Considering the above factors, we have a neutral view on the stock.

Lupin Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 750
Market Cap: INR 341,236 Mn

•The India domestic business returned to double digit growth, while margins improved QoQ in the US business.
•The traction in the India business was facilitated by expansion in sales force.
•The buoyancy in US business was aided by material new product launches.
•As per IQVIA, India business recorded 11% plus growth, while excluding diabetes portfolio, it grew by more than 15% YoY.
•Portfolio optimization, maximizing high value products and sustained cost optimization efforts helped improvement in the US business.
•The Research & Development (R&D) spend for the US stood at USD 100 Mn in FY23.
•The major focus of the R&D spend was on complex generics, particularly inhalation and injectables.
•Demand for core products led to growth in API business.
•Growth in EMEA business was facilitated by South Africa, alongwith traction in Fostair and Luforbec, which helped the Europe business.
•It filed 19 products in the US and 10 excluding US.
•The US filings included four injectables, three nasal sprays, with progress on Respimat and Ellipta products.
•It optimized the R&D on New Chemical Entity to focus on two oncology pipeline programs.
•On the compliance front, it made progress with positive outcomes on the Ankleshwar, Nagpur injectables and Somerset sites.
•It also made substantial progress on remediation efforts in Tarapur, Mandideep and Pitampur Unit 2.
•Recent acquisitions of Anglo-French, Southern Cross, Xopenex Brovana in the US and Paloma in Brazil are performing as planned.
•Acquisition of Metasol in France enable the company to accelerate injectable franchise in Europe.
•Tiotropium and Darunavir are expected to be launched in the US market, with the former likely in H1FY24.
•The company is ready for any inspection of Unit-3, related to Spiriva, if required. The launch date is expected around September 2023.
•In terms of cost savings, it has a target of INR 5,500 Mn, out of which it has already saved around INR 3,250 – INR 3,500 Mn.
•There was some seasonality in the US business in Q3FY23, particularly with flu products and Albuterol.
•On the other hand, g-suprep performance was very strong.
•Outlook & Valuation: New product launches like Spiriva, Cyanocobalamin, Darunavir, Diazepam Gel, Varenicline and Bromfenac will facilitate future revenue growth for the company. Additionally, the India business is witnessing good traction and demand. Operating margins are expected to expand towards 15% and eventually to 18% in the next two years, backed by cost optimization efforts and sales growth. Factoring the above drivers, we have a positive view on the company. Long term investors can accumulate the stock at current levels and on price correction with price objective of INR 800 per share.

Dr. Reddy's Laboratories Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 4,867
Market Cap: INR 810,842 Mn

•Generics, PSAI and divestment of a few non-core brands in India facilitated double digit growth in revenues during the quarter.
•SG&A cost for Q4FY23 increased by 15% YoY, while it remained flat on QoQ basis. The YoY growth was driven by sales and marketing investments and adverse impact of foreign exchange translation.
•Research & Development (R&D) spend for the quarter was around USD 65 Mn, which is 8.5% of sales.
•The focus of R&D spend was on building a healthy pipeline of new products across markets, including biosimilars.
•The effective tax rate was lower in FY23, largely due to changes in the company's jurisdictional mix of earnings.
•Going forward, the effective tax rate is expected to be in the range of 24% to 25%.
•Operating working capital reduced by INR 3,640 Mn, facilitated by an improvement in accounts receivables.
•During the year, the capital expenditure was INR 11,320 Mn, while it stood at INR 2,580 Mn in Q4FY23.
•The free cash flow generated in Q4FY23 was INR 15,960 Mn, while during the year, it stood at INR 40,090 Mn.
•The company had a net surplus cash of INR 50,460 Mn.
•It received approval of three products in China and witnessed completion of clinical studies of rituximab biosimilars, which it has already filed in US, Europe and UK MHRA.
•The Russia business declined during the quarter owing to normalization in channel inventory and customer stocking in Q4FY22.
•Domestic formulation business is about 20% of the total revenue base.
•It will collaborate with the innovation industry in the United States, Israel, China and other regions to work on value-added products.
•US market continues to be competitive with pressure on generic products, albeit at a comparatively lower pace in Q4FY23.
•Outlook & Valuation: The India business remains a high priority and growth area for the company. Additionally, it has a target to launch about 25-30 products in international markets to drive the business. It will leverage its balance sheet to develop complex products and undertake inorganic opportunities. Operating margins are likely to be maintained around 25% in the long term. Considering the above growth drivers, long term investors can accumulate the stock at current levels.

Dr Lal PathLabs Q4FY23 Management Conference Call KTAs
CMP: INR 1,909
Market Cap: INR 158,966 Mn

•In Q4FY23, revenues from Non-Covid segment stood at INR 4,800 Mn, which increased by 14% YoY. Covid revenues were negligible.
•EBITDA was INR 1,160 Mn, which decreased 4% YoY, while corresponding margins were 23.6%, which compressed 130 basis points YoY.
•Net Profit was INR 570 Mn, which declined by 8% YoY, while Net Profit margins were 11.6% and compressed by 120 basis points YoY.
•Realization in Suburban Diagnostics was higher than Dr. Lal PathLabs.
•There has been an increase in account receivables owing to a payment pending from BMC.
•There was no price hike taken in the bundled package. However, a price increase was effective in super speciality tests.
•The impact of price hike contributed about 2.5% of total revenues during the quarter.
•Regionally, Delhi-NCR is the largest contributor to revenues in FY23 at 32%, followed by Rest of North India at 30%, West (16%), East (14%), South (6%), International/Others (2%).

•The Western region was the fastest growing region in FY23 and contribution expanded from 14% in FY22 to 16% in FY23.
•It will penetrate and focus on Tier – 3 and Tier – 4 cities and towns.
•It is working on cost optimization program through digitalization initiatives.
•Total number of clinical laboratories were 277 in FY23.
•B2C was the major contributor to the overall revenues in FY23 and stood at 72% compared to 74% in FY22.
•Contribution of B2B to the overall revenues was 28% in FY23 compared to 26% in FY22.
•Outlook: Going forward, revenue growth is likely to be in the range of 13% - 14% CAGR for the next 3-4 years. It will expand its laboratory network in the range of 10 – 15 laboratories per year.

Neuland Laboratories Ltd – Q4FY23 Conference Call Highlights
CMP INR 2,540| Market Cap INR 32,589mn
•Revenue for Q4FY23 stood at INR 4151mn against INR 2565mn in Q4FY22 (+ 61.8% YoY) majorly led by Speciality and CMS segment.

•EBITDA for Q4FY23 stood at INR 1278mn (+224.8% YoY) and PAT was INR 845mn (+287% YoY).

•Top 10 customers contributed to 64% of revenue in Q4FY23.

•CMS contributed to 45% of revenue on Q4FY23 followed by 24% from Speciality segment and 26% from Prime segment.

•EBITDA margin for Q4FY23 was 30.8% an expansion of 1550bps YoY due to better business mix, operational leverage and easing of RM prices. Gross margin was 54.1% in Q4FY23 against 47.9% in Q4FY22 and 55.3% in Q3FY23.

•North America contributed to 51% of revenue in FY23 followed by 33% from Europe, 5% from APAC, 4% from LATAM and 7% from rest of the world.
•Margin expansion was carried out by steady shift from low margin Prime to high margin Specialty and CMS segments.

•Specialty segment achieved a revenue of over INR 1000mn in Q4FY23 driven by Apixaban, Paliperidone, Ezetimibe and Donepezil.

•The company has files 3 USDMFs to expand their portfolio in generic drug segment in Q4, namely for Tafamidis, Voxoletor and Voxelotor Co-crystal.

•CMS business witnessed robust growth driven by new molecules being commercialized. Total active CMS projects in Q4YF23 stood at 87 against 81 in Q4FY22. The company is experiencing increased traction in the segment.

•Capex would be dependent on growth levels of the business, they are focusing on modernizing and automation of operations with addition in capacities.

•Capacity Utilization for Unit-1 and Unit-2 is between 80-90%, and the utilization for Unit-3 is near 64%. They are focused on adding capacities.

Outlook
Company posted good numbers with a huge jump in margins, they are focused on expansion in R&D facilities and expanding product portfolio. The company has witnessed a shift from low margin to high margin specialty products aiding them to higher revenue and margins. The momentum is expected to continue however a little lumpiness can be expected due to changing product mix for the company.

Solara Active Pharma Sciences Ltd| Q4FY23 Management Conference Call KTAs
CMP: INR 411.45
Marker Cap: INR 1,468.65Cr

•The Revenue stood at 380.62Crs in Q4FY23 vs 360.82Crs in Q4FY22.
•The PAT for Q4FY23 was 3.76Cr vs 1.81 last year.
•The company reduced the Working Capital days by 25 days in FY23 and aim to reach 150 days in FY24.
•The company has got approvals from China and commercial supply has commenced in FY23.
•The company is waiting for US FDA approval for their Polymer based Products.
•The company is also targeting the European Markets for the polymer based products
•The company has projected 5 to 6 Mn dollars of revenue from US and 4 to 5 Mn revenue from EUROPE, over all 10Mn dollars of revenue is expected.
•The company is majorly focusing on cost improvement, Backward Integration and capacity expansion.
•The company has further focus on phase II of the Vizag plant.
•A Capex of 70 to 80Crs is planned for the maintenance.
•The fund allocation will be balanced between debt and capital requirements.
•The company aims to increase the realizations, reach 55-65% gross margins and better EBITDA growth in FY24.
•The major aim of the company is to reach historic levels of growth in upcoming quarters.
•Outlook: With focus on cost improvement, capacity expansion, and backward integration, they aim to increase margins and achieve better EBITDA growth in FY24. The company's goal is to achieve historic levels of growth in the upcoming quarters, supported by maintenance Capex and balanced fund allocation.

Themis Medicare Ltd – Q4FY23 Conference Call Highlights
CMP INR 1,550| Market Cap INR 14,258mn

Financials
•Revenue was reported at INR 801mn in Q4FY23 against INR 798mn in Q4FY22 (+0.39% YoY). Revenue for Q3FY23 was reported at INR 887mn.

•EBITDA for Q4 stood at INR 104mn against INR 144mn in Q4FY22 (-27.72% YoY). PAT stood at INR 84mn (-15.2% YoY).

•EBITDA margin for Q4FY23 stood at 13.08% which is a decrease of 498bps on YoY basis. Margins were impacted by increase in manpower cost which was caused by increased hiring in R&D facilities.

•COVID revenues for FY23 were INR 600mn where export market formed the major share.

Revenue Mix
•API business accounted for 36% of revenue during FY23 followed by 33% from hospitals, 11% from Trade and 20% from other sources.

API Segment
•The segment was impacted due to the halt in manufacturing because of high input cost during the quarter. New manufacturing plant for the segment is being commercialized in Q1FY24.

Capex
•Investments are being done to upgrade injectable line. Additional investment is being done in EU GMP certification for export opportunities and expanding R&D base with establishing new lab in Baroda.

Product Developments
•Company received DCGI approval of Remifentanil Hydrochloride 1mg/2mg for injection for import and marketing, it is a rapid-acting narcotic analgesic which was a long awaited need in India.

•Company also received no objection from DCGI for manufacturing and marketing Diclofenac Injection 75mg/ml which was previously halted.

Product Pipeline
•The company is investing in R&D with the target of launching 10-12 products per year in generic space and 1 product launch per year in NDDS segment.

Guidance
•The company has guided for the topline growth of 35% CAGR moving forward on the annual basis.

•EBITDA margins are expected to expand with the ramp up in overall growth with a target of 20% margins in Q2FY24 and long term target of over 25% targets.

Outlook
The company expects the headwinds are behind them and moving forward growth will be visible, hospital segment is believed to be a key growth driver with company focused on expanding their foothold in the segment through Anaesthesia products. The company will also benefit from development on complex injectables and revival of API business. The company is also determined to expand in the overseas markets gradually over the period of next 3 years.

Rainbow Children's Medicare Ltd. Q4FY23 Concall KTAs
CMP: INR 869
Market Cap: INR 88,210 Mn
•In Q4FY23, revenue from operations increased by 49% YoY to INR 3,170 Mn, while net profit tripled to INR 539 Mn.
•Other expenses increased during the quarter due to EPL provisions of INR 2 crores and bad debts written off.
•It will be adding 270 beds in FY24, after adding 150 beds in FY23. Another 160 beds is in the pipeline in the next 18 months.
•It is also investing on a multi-specialty Children's hospital in Gurgaon, which will be similar to a super specialty adult hospital.
•The capital expenditure estimate per bed in Hyderabad for brown field would be about INR 60 – 70 lacs.
•As of now, it has about 16 hospitals across 6 cities with 1,240,000 outpatient visits and 14,700 deliveries.
•Overall, there are about 1,655 capacity beds and more than 730 doctors.
•It has presence in Hyderabad, Bengaluru, Chennai, Vijayawada, Vishakhapatnam and Delhi.
•The new facilities will primarily come up in South India.
•The normal payback period in the hospital sector is about 7 – 8 years, as it is capital intensive.
•The current ARPOB stood at INR 48,603 per day and the new capacity is likely to be in similar range.
•The incidence of viral infections was higher in children in FY23, post the re-opening after Covid.
•The insurance price hike was effective from the last 15 days. The majority of the impact will be visible in the current quarter.
•Outlook: Facilitated by bed addition and sustaining ARPOB, the topline is expected to increase in high teens. At CMP and on FY24 estimates, the stock is trading at a P/E multiple of 34x.

Gujarat Themis Biosyn Ltd. Q4FY23 Concall KTAs
CMP: INR 784
Market Cap: INR 11,394 Mn

•In Q4FY23, revenue from operations declined by 2% YoY to INR 282 Mn. The company did not undertake plant shutdown during the year.
•Production volumes were stable, however there was some uncertainty in demand.
•Rifamycin-S sales continue to be challenging as it is a tender driven business.
•It is an intermediate used for the anti-tuberculosis medicines.
•However, the tendering process has been slow and delayed, due to which sales of Rifa-S has been hit.
•The company has maintained the production of Rifa-S to build inventory for upcoming demand in future.
•It expects the tendering for the product to improve in about one to two quarters.
•Rifamycin-O demand is robust and has resulted in revenue growth for the segment.
•It is an intermediate for manufacturing drug Rifaximin, an antibiotic for treatment of traveller's diarrhea, irritable bowel syndrome, and hepatic encephalopathy).
•Operating profit increased by 14.1% YoY to INR 149 Mn, while operating margins expanded by 751 basis points to 53% owing to improvement in cost control.
•Net Profit increased by 19.5% YoY to INR 117 Mn, while net profit margin expanded by 747 basis points to 41.5%.
•The company is undertaking a capital expenditure program for INR 2 Bn over the next two years.
•The focus of the capital expenditure program will be Research & Development (R&D) and Active Pharmaceutical Ingredients (API).
•It has shifted some excess cash from short term fixed instruments to long terms fixed instruments.
•It has about INR 170 Mn of inter corporate deposit at slightly higher rate of return.
•Outlook: FY24 is likely to be muted owing to challenges in tendering process in the Rifamycin-S segment. Also, the on-going capital expenditure program will take about 1 – 2 years to stabilize and translate into meaningful revenue growth. Factoring in the above drivers, we have a neutral view on the stock.

Granules India Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 285
Market Cap: INR 69,700 Mn

•Buoyancy in Europe and US facilitated growth in consolidated revenue from operation which increased by 16.1% YoY / up 4.3% QoQ to INR 11,955 Mn
•EBITDA increased by 18.4% YoY / down 1.4% QoQ to INR 2,281 Mn. The QoQ de-growth in EBITDA was partially driven by some inefficiency in supply chain, which will get resolved by end of May 2023.
•Net Profit increased by 7.8% YoY / down 3.8% QoQ to INR 1,196 Mn with increase in effective tax rate to around 27% in the quarter.
•Increase in finance cost was due to higher interest rate environment.
•Capital expenditure for FY24 is about INR 7 Bn, including initiatives for Green Chemistry.
•The near term growth will be driven by paracetamol, as the company expects to capture about 50% market share globally in the coming years.
•Currently, about 50% of consolidated sales of the company come from paracetamol.
•It has long standing relationship with global innovators and paracetamol formulators, wherein Granules India is the preferred supplier.
•It will also expand the sale of Paracetamol to other countries in the European Union.
•The price erosion in the US was in the range of 10% - 15% for FY23.
•To offset price erosion and grow the US market, it will launch new products.
•Green Chemistry will initially focus on paracetamol and metformin manufacturing. The first pilot batch is expected from H1FY24.
•The total capital expenditure on Green Chemistry is about INR 20 Bn and will take about 2-3 years to fully commercialize.

•It will increase operational efficiency in the MUPS (Multiple Units Pellet System) in FY24 to increase its asset turnover from 1x to 2x.
•It will look to fund its capital expenditure program through internal accruals or may take partial debt.
•The company is open to strategic equity infusion by global investors to fund its capital expenditure program.
•Outlook: Improvement in operating margin is likely to improve from Q2FY24 and sustain around 20%-22%. Completion of its ongoing capital expenditure program will facilitate the company to grow its topline and bottomline at a CAGR of 20% and 25% respectively, over the next five years. At CMP and factoring in FY25 estimates, the stock is trading at a P/E multiple of ~9.5x. We have a positive view on the company with a Target Price of INR 377 per share.

Metropolis Healthcare Ltd – Q4FY23 Conference Call Highlights
CMP INR 1296.5| Market Cap INR 66,356mn

Financials
•Revenue reported for Q4FY23 stood at INR 2830mn against INR 3059mn in Q4FY22 (-7.6% YoY).

•Core Business Revenue (excluding Covid & Hi-tech segments) reported revenue of INR 2450mn (+15% YoY).

•EBITDA for Q4FY23 stood at INR 692mn against INR 790mn (-12.5% YoY). PAT for Q4FY23 stood at INR 335mn (-16.6% YoY).

Margins
•EBITDA margin for Q4FY23 stood at 24.5% against 25.8% in Q4FY22. EBITDA margin for FY23 stood at INR 25.5%. Focus on Network expansion diluted margin by 120bps.

North India Business
•North is a new geography for the company registering a volume growth of 30% on YoY basis in Q4FY23. Volume growth for North stood at 25% YoY for Q4FY23.

•B2B revenue grew by 33% & B2C revenue grew by 16% for Q4FY23 on YoY basis.

•The company opened 5 new labs in North to expand geographical reach.

Hi-Tech Segment
•The company is positive on the growth of the segment, target is to add 50 centres in FY24 and focus on margin expansion with increase in efficiencies. EBITDA margin for FY23 for the segment stood at 27%.

B2C segment
•The segment grew by 17% YoY during Q4FY23. B2C contribution is about 50% of the total revenue excluding Covid-19 revenues and 60% contribution in Focus cities.

•The company is targeting 65% contribution from the segment which is to be driven by network expansion and brand building campaigns.

Premium Wellness Segment
•Segment grew by 43% YoY in Q4FY23, the company is positive on the segment leading future growth with wide and extensive test menu ranging from routine to specialized tests.

•Revenue contribution for the segment was 15% in Q4FY23.

Price Hike
•The company has taken a price increase of 4% on low volume test in the end of March.

Metropolis 3.0 Strategic Plan
•Aggressive network expansion over next 3 years, increasing penetration in tier 2 and tier -3 cities. Widening into new markets in North & East parts of the country.

•Target of opening 90 labs and 1800 centres by 2025 across country, out of which 30 abs and 1067 centres have started operations.

•The company is focussing on expansion of B2C vertical by wellness packages and expects the contribution of the vertical from 15% to 20%.

•The company will focus on expanding test menu and portfolio for specialized tests. Tests added over FY23 were 83.

•The company is focussed on network expansion moving forward with key focus on states of Karnataka, Maharashtra and Gujarat, expansion in tier 2 and 3 markets will be a priority in North and Eastern India.

Guidance
•The target is to open 30 new labs and 800 centres in FY24.

•B2C to lead future growth with support of IT integrated solutions through app, website and Whatsapp Messenger. The pilots have rolled out and will be completed by end of Q1FY24.

•Lab and Process automation to be a focus in FY24 to increase productivity and a separate module for B2B business.

Outlook
The company posted decent growth in core business and gradually experiencing normalization in testing post Covid with rise in market intensity and price competition in B2B segment. They are majorly focussing on network expansion and technology integration for gaining customer base in newer geographies. Margin dilution was mainly due to acquiring of Hi-tech business and expenditure in network expansion, margins are expected to expand with focus on improving productivity and realizations on per centre basis. The future growth is expected to be led by wellness and B2C segment for the company.

Hester Biosciences Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 1,724
Market Cap: INR 14,668 Mn

- Poultry Healthcare revenues declined by 8% YoY in Q4FY23, driven by weakness in vaccine business, while Healthcare business held up.
- The sector is facing some headwinds with egg and meat prices lower than cost of production.
- The payment cycle is negatively affected in the Poultry segment. However, there is some recovery on QoQ basis.
- The Petcare division is doing well and it has launched 10 products in 15 sales territories.
- The government initiated the PPR disease national immunization program in sheep and goat with value under consideration of INR 406.8 Mn.
- The company has supplied INR 21 Mn in Q4FY23 and the balance is likely to be executed in a gradual way in FY24.
- It will undertake awareness program towards health and vaccination of animals.
- The company, in consortium with Gujarat Biotechnology Research Centre (GBRC), Government of Gujarat (GoG), entered into an agreement with Bharat Biotech to manufacture the Drug Substance for Covaxin under the Mission Covid Suraksha Scheme of Government of India. It is also looking to manufacture other vaccines.
- It is increasing its distribution channel in Nepal and ramp up operations.
- It is focussing on market penetration in Tanzania and then for the African market.
- **Outlook: Leveraging opportunities and ramping up business across geographies including India, Nepal and Africa will facilitate the company to double its topline in the next 3 years. At CMP and factoring in FY23 earnings, the stock is trading at a P/E multiple of 52x. Given the softness in the main segment of Poultry Healthcare and valuation, we are neutral on the stock.**

Eris Lifesciences Ltd – Q4FY23 Conference Call Highlights
CMP INR 638| Market Cap INR 86,756mn

- Revenue from operations for Q4FY23 stood at INR 3146mn against INR 2771mn (+11.3% YoY).

- EBITDA for Q4FY23 stood at INR 1115mn against 1016mn in Q4FY22 (+9.7% YoY). PAT for Q4 stood at INR 878mn (+1.3% YoY).

- EBITDA margin for Q4FY23 stood at 35.4% against 36% in Q4FY22. Slight contraction in margin was observed due to marginal increase in RM prices.

- Increasing revenue share from Oaknet and scaling up of insulin volumes is likely to grow EBITDA margins in FY24.

- The sub brand achieved a growth of 22% during Q4FY23 with revenue reported as INR 675mn. FY23 revenue stood at INR 2500mn (+28% YoY). And EBITDA stood at INR 610mn. EBITDA margins for FY23 were 24.4% compared to 10% in FY22. The company expects the margins to expand further more moving forward.

- Dermatologist coverage has increased from 60% to 90%.

- The revenue reported by the vertical in Q4FY23 stood at INR 580mn. The company is positive on the growth of the segment on the back of increasing insulin volumes and narrowing of operating losses.

- The company propose to demerge the Domestic Formulations business of Oaknet and amalgamate it with the parent company Eris Lifesciences effective from 1st April 2024 to simplify corporate structure.

•The company have commenced the operational integration of the businesses from 1st April 2023 and it is expected to be completed by the end of June 2023.
•Gujarat site commenced operations in Mar 2023, the capacity is mainly functional in oral solids, oral liquids, sterile injectables and ointments.
•The company is targeting in-sourced manufacturing of Dermatology formulations at Gujarat facility from Jan 2024.
•The company is expecting to turn EBITDA positive on all verticals including Aprica and Insulin business.

Outlook
The company posted marginal growth in revenue, underperforming the guidance of 15% growth in revenue. The company will be focused on repayment of debt in Q1 and Q2 of FY24. Margin expansion is expected by better product mix for the company. . The growth is to be led by increasing volume of insulin business and Oaknet gaining share in the revenue with a focus on increasing penetration is Dermatology markets.

Zydus Lifesciences Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 508
Market Cap: INR 514,000 Mn
•The India business contributed about 41% of total revenues during the quarter. It grew by 11% YoY and was driven by formulations business.
•It expanded patient base by 37% on year-on-year basis.
•Consumer Wellness increased by 12% YoY, aided by recovery in consumer sentiment.
•Rural demand is recovering well and the worst seems to be over.
•The improvement in gross margin in the Consumer Wellness business was in-line with the corresponding period last year.
•US business contributed about 46% to the overall revenues and grew by 17% on quarter-on-quarter basis.
•The growth was driven by new launches and volume expansion in existing molecules.
•Revlimid contributed to the US revenues during the quarter and will continue to contribute in Q1FY24.
•However, there was single digit price erosion for the product portfolio in the US.
•It launched 8 products during the quarter.
•The European business grew by 34% YoY.
•Moraiya facility received pre-approval from the USFDA and received EIR (Establishment Inspection Report).
•It has also filed for a dossier for the development of vaccine with World Health Organization (WHO) for prequalification.
•Going forward, Research & Development (R&D) spend as a percentage of sales would remain in the range of 8%.
•During the year, the employee cost increased due to salary increment and effect of actuarial loss during the quarter against gain in the corresponding period last year.
•The total field force strength including managers is more than 7,000 Medical Representatives.
•MR number: 7000 plus field force incl managers
•Outlook & Valuation: The Indian business will continue to outperform the domestic pharmaceutical market. The US business will be driven by new launches, focus on specialty products and expanding volumes of existing molecules. The bulk of R&D spend will focus on complex molecules. At CMP and on FY24 estimates, the stock is trading at a P/E multiple of ~21x. Long term investors can accumulate the stock at current levels and on further price correction.

Krishna Institute of Medical Sciences Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 1,527
Market Cap: INR 123 Bn

•In Q4FY23, revenue from operations increased by 54.7% YoY / up 2.4% QoQ to INR 5,759 Mn. EBITDA increased by 38.8% YoY / up 8.3% QoQ to INR 1,563 Mn. Operating margins compressed by 320 basis points YoY / expanded by 140 basis points QoQ to 27.1%. Net Profit increased by 30.2% YoY / up 20.6% QoQ to INR 987 Mn.
•The margins for Nagpur facility is about 5%. However, it is likely to increase to 10% - 11% post ramp up and cost optimization.
•Thane will be a 300 bed hospital within the multispecialty segment.
•The different therapies and treatment at Thane will include oncology, transplant like liver and kidney, etc.
•The average revenue per operating bed (ARPOB) is likely to be above INR 30,000.
•The capital expenditure for the Thane facility is about INR 4 Bn to 5 Bn.
•However, it is in discussion with certain institutional investors for an asset light model for Thane facility.
•If the deal goes through, then the capital spend by the company on the Thane facility will be about INR 2.5 Bn.
•The facility is expected to be operational in FY24.
•The debtor days will be maintained around 40 days.
•The margins for the Telangana facility is about 31% - 32%.
•It expects to maintain similar margins at the Telangana facility, going forward.
•The interest cost would be about INR 240 Mn annual runrate.
•The debt will remain in the range of INR 3 Bn with Net Debt to EBITDA of about 1.5x – 1.75x.
•Number of bed addition in FY24 and FY25 would be more than 150 beds.
•It is looking at a property in Mumbai, preferably in Malad.
•At the Nagpur facility, there are about 30 doctors.
•The plan is to increase the number of doctors at the Nagpur facility by 10 – 15 doctors in the near term.
•Telangana facility will expand the bed capacity from 1,200 to 2,000 by FY25/FY26.
•Similarly, Andhra Pradesh Matured Assets will expand from 645 to 1,200 beds by FY25/FY26.
•**Outlook: The future revenue drivers include higher utilization of current operating facilities and expansion and introducing new facilities. Also, it has introduced SAP to streamline internal processes and increase efficiency. At CMP and on FY23 estimates, the stock is trading at a P/E multiple is ~36x.**

Zim Laboratories Ltd – Q4FY23 Conference Call Highlights
CMP INR 96| Market Cap INR 4,678mn

Financials
•Total operating reported for Q4FY23 was INR 1054mn against INR 1050mn in Q4FY22.

•EBITDA for Q4FY23 was INR 161mn against 164mn in Q4FY22, EBITDA witnessed a growth of 3.9% on QoQ basis. PAT stood at INR 72mn in Q4FY23 against INR 70mn in Q4FY22.

•77% of revenue were contributed by pharmaceutical products for the company and 23% from nutraceutical products

Margins
•EBITDA margin for Q4FY23 stood at INR 15.3%, a decline of 30bps on YoY basis.

Export Business
•Exports contributed to 85% of the revenues in FY23 and total contribution stood at INR 3382mn in FY23 (+25.2% YoY). Q4FY23 revenue from exports stood at INR 899mn.

•Key export regions were MENA, South East Asia and Africa.

Domestic Business
•Domestic business contributed to 15% of operating income in FY23 and stood at INR 603mn against INR 633mn in FY22.

•The company is focussed on high margin business under central government schemes, resulting in increase in revenue from INR 168mn in FY22 to INR 200mn in FY23, while deemed exports marginally reduced during FY23.

R&D
•R&D spend for FY23 stood at 6.6% of operating income. The company currently has a basket of 10 new products at various stages of Dossier Completion. Market potential of new products is around USD 500mn- 1.5bn/ product. 2 NIP have been filed in Europe in FY23.

Capacity Utilization
•Current capacity utilization for the company is around 60%, it is dependent on product mix.

Capex
•Capex for FY24 would be dependent on market conditions.
The company is also going undergoing capacity expansion at the existing plants alongside debottlenecking of pharmaceutical facility. Nutraceutical capacity expansion is almost completed, special suits for NIP products would be completed by early 2024.

Guidance
•RoW business and existing business for the company is expected to grow over 15-20% in medium to long term, the additional growth would be led by NIP products. Margin expansion would be witnessed by the product mic of NIP products and high technical value products in the regulated markets.

Outlook
The company posted significant growth in revenue and net profit in FY23. They are determined on R&D capabilities with materialization of NIP and nutraceutical products leading long term growth. NIP products and high technical value products would lead to expansion of margins for the company which are expected to contribute from later half of FY24 in regulated markets. Export scenario is expected to remain similar for the company for the existing business.

Glenmark Pharmaceuticals Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 605
Market Cap: INR 171 Bn
•There were key product launches across the respiratory and the dermatology therapy.
•In the financial year FY23, it launched Ryaltris in 12 markets.
•It has 4 oncology molecules, which is under clinical trials.
•The India formulation business declined by 6.4% YoY on account of divestment of few non-core brands, impact of NLEM price revisions and returns of Covid-related products.
•Adjusted for one-offs, the revenue for India formulation business grew by 5.1% YoY.
•Glenmark stood at 2nd rank in respiratory therapy and 2nd in the dermatology segment.
•Market share improved in key therapeutic segments like cardiac and respiratory.
•In Q4FY23, it launched metformin for diabetes type – 2.
•The Consumer Care business grew by 30% YoY in FY23, driven by volume growth in key brands like Candid.

•The North America business increased by 15.3% YoY / up 1.6% QoQ to INR 8,507 Mn.
•Sodium Phenylbutyrate, Nicardipine Hydrochloride, Clindamycin Hydrochloride were among the important approvals received by the company.
•It will file 10-12 ANDAs in FY24, which will drive volume growth for the North America business.
•The growth in the European business was driven by double digit growth in West Europe, particularly UK.
•Within the Rest of World (RoW) segment, Russia witnessed a 10% YoY growth. As per IQVIA, the company ranks 11th in dermatology in Russia.
•Ryaltris is performing well in the Australian market.
•Based on product launches and business visibility, the revenue is expected to increase by 10%-11% in FY24.
•Operating margins are likely to be maintained in excess of 19% - 20%, going forward.
•Research & Development (R&D) as a percentage of sales would remain in the range of 8% – 8.5%.
•The capital expenditure of the company is estimated at INR 6-7 Bn in FY24.
•Outlook: The domestic India business will continue to outperform the overall industry, given the company's ranking in important therapeutic segment. Also, growth in Consumer Wellness division will be supported by brand building. The US business will be driven by new launches and ramping up of existing molecules. Divestment opportunities in certain entities can further strengthen the balance sheet. At CMP and FY23 estimates, the stock is trading at a P/E multiple of 19.

Indoco Remedies Ltd. Q4FY23 Management Concall KTAs
CMP: INR 339
Market Cap: INR 31,340 Mn
- Financial performance was affected by high base effect of COVID related sales last year.
- However, sales of certain brands like cyclopam exhibited stellar performance with jump in rankings.
- Other expenses increased due to legal and professional expenses and advertising cost.
- It expects about 3-4 product approvals in the US market.
- Most of these approvals are in the opthalmic therapy.
- Emerging markets outperformed during Q4FY23 as some sales from Q2 and Q3 were pushed to the fourth quarter.
- The price hike taken during the year was around 5-6% in the domestic formulation business.
- The volume growth stood around 1%, largely due to COVID related sales last year.
- There has been some attrition on the Medical Representative front.
- Plant 1 of Goa facility has received clearance from USFDA for solid dosage exports.

Outlook: US market is likely to grow 25% - 30% based on order book and alluprinol. The India business is expected to increase by 15%, driven by around 6% price growth, 2% new product introduction and remaining volume growth. The thrust will come from H2FY24. Long term investors can accumulate at current levels and on further price correction.

Sequent Scientific Ltd – Q4FY23 Conference Call Highlights
CMP INR 73.54| Market Cap INR 18,320mn

Financials
•Revenue for Q4FY23 stood at INR 3667mn against INR 3873mn in Q4FY22 (-4.4% YoY).

•EBITDA for Q4FY23 stood at INR 52mn against INR 386mn in Q4FY22. PAT stood at INR stood at INR -936mn which included an one-time cost of shutting operations of Germany plant amounting to INR 616mn.

Margins
•Gross margin for Q4FY23 stood at 39.1% compared to 43% in Q4FY22. EBITDA margin stood at 1.4% against 8.7% in Q4FY22.

•The gross margin is affected by efforts towards reducing working capital and reducing API inventory.

Formulation Business
•Europe business witnessed 7% YoY growth in Q4FY23, the company is focussing on streamlining operations and optimize cost structures moving forward.

•Emerging markets segment is expected to lead the growth strategy with region reporting a growth of 15.9% YoY despite muted LATAM performance and headwinds in Turkey.

API Business
•Pricing pressures remains a challenge in some markets affecting demand. Regulated markets contributed 72% of the revenue.

•Capacity utilization for this segment is between 70-75%.

•The company is expecting to launch 2 products in Q1FY24 and 6 new products in next 3 years, these products are expected to contribute 8-10% of revenues.

•They are focussing on expansion of margin and improvements in operations under Project Pragati. The benefits are expected to kick in from Q2FY24.

Demand Scenario
•Microenvironment remains a challenge for the company creating uncertainties in cost and demand, business in Turkey due to Earthquake impacting distribution infrastructure and parts of Europe remain affected.

•Overall market scenario for Vet API business was subdued in Q4FY23, the company is expecting gradual pickup of demand in regulated markets.

Capex
•The company is planning capacity expansion for API business for new product launches on onboarding new partners which is expected to grow demand.

Outlook
The performance for the quarter was highly subdued due to one-offs during the quarter, gradual pickup in revenue and margins is expected due to project pragati under API business and restructuring of manufacturing plants. The company is shutting down manufacturing facility in Germany due to excessive operating cost and prevailing economic condition. This would help in expansion of margin moving forward. Emerging markets are expected to be benefitted from Nourrie integration in Brazil a platform for companion animals. They expect a double digit EBITDA margin by the end of FY24.

Fortis Healthcare Ltd – Q4FY23 Conference Call Highlights
CMP INR 288| Market Cap INR 217.5bn

•Revenue for Q4FY23 stood at INR 16430mn against INR 13780mn in Q4FY22 (+19.2% YoY). EBITDA for Q4FY23 stood at INR 2850mn (+25.3% YoY). PAT for Q4FY23 was INR 1380mn against 870mn in Q4FY22 (+58.9% YoY).

•Finance costs witnessed a decline of 12.1% to INR 1291mn for the year as a result of lower borrowing costs and reduction in company borrowings.

•Net debt reduced by INR 2220mn to INR 3300mn in FY23. The Company's net debt to equity was at 0.04x in FY 23 versus 0.08x in FY22.

•Hospitals contributed INR 13500mn in Q4FY23 with an EBITDA margin of 17% against 13.8% in Q4FY22.

•Diagnostics business contributed to INR 292mn in Q4FY23 with an EBITDA margin of 18.7% against 24.8% in Q4FY22. Diagnostics business suffered due to the decline in COVID testing.

•EBITDA margin for Q4FY23 was 17.3% an expansion of 80bps on YoY basis.

•Growth in hospital segment was led by improvement in occupancy which stood at 67.1% in Q4FY23 against 58.8% in Q4FY22. ARPOB for Q4FY23 stood at INR 57476 per day against INR 51626 per day in Q4FY22.

•Increase in revenue were led by 6 key medical specialties - Oncology, Gastroenterology, Neurosciences, Renal Sciences, Orthopaedics and Cardiac Sciences.

•Medical tourism revenues registered robust growth of 65.6% to INR 1130mn in Q4 FY23. Revenue from digital channels witnessed a growth of 23.1% in Q4FY23.

•For FY23 capex stood at INR 3000mn for growth and expansion purposes including investments in medical equipment and bed additions.

•140 beds were added during the year across facilities including Mulund, BG Road, FMRI, Shalimar Bagh and Ludhiana.

•They have recently acquired a hospital in Manesar with a bed potential of 350.

•Segment witnessed decline in revenues due to decline in covid volumes. During Q4 FY23, Covid business revenues contributed 3% to overall diagnostic revenues as compared to 22% in Q4 FY22.

•SRL added 285 new customer touch points in its network in Q4 FY23. SRL touch points at end of FY23 are 3,700.

•Revenue growth for the company is expected to be nearly 11-12% in FY24. They have also guided for ARPOB growth of 6-7% for FY24. They are targeting an occupancy level of 70% for hospitals.

Outlook

•The company posted almost 20% growth in revenue and net profit in Q4FY23 and FY23. Margin expansion to be led by cost optimizations and expansion in brownfield projects which lead to better leveraging of facilities, they are looking to divest loss making facilities ultimately leading to margin expansion. Company aims to reach EBITDA margin of 20% in long term. They are keen on hospital expansion and bed additions. The company expects to add 1300-1400 beds in different facilities over the next 5 years.

Biocon Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 243
Market Cap: INR 290 Bn

•During the quarter, consolidated revenue increased by 59% YoY to INR 39 Bn, with growth across all segments, particularly Biosimilars.
•Better product mix was able to offset price erosion in the base business products.
•Sales of Active Pharmaceutical Ingredients (APIs) was robust, led by immunosuppressants and specialty APIs.
•There was increase in volume market share of recently launched generic formulation products in the U.S.
•The revenue component includes INR 1.1 Bn received through Bicara stake dilution gain.
•EBITDA increased by 75% YoY to INR 11.5 Bn, while margins increased by about 200 basis points YoY to 29%.
•Research & Development spending stood at INR 3.4 Bn compared to INR 1.5 Bn in Q4FY22 and was 12% of revenues, excluding Syngene.
•Net Profit increased by 28% YoY to INR 3.4 Bn with net profit margin at 9% in Q4FY23 compared to 11% in Q4FY22.
•There was increase in minority interest due to dilution of shareholding in Syngene and Biocon Biologics on account of the Viatris deal.
•During the year, it made 32 filings and received 19 approvals for the generic formulation products across U.S., EU, UK and Emerging Markets.
•In February 2023, the API manufacturing facility in Bengaluru underwent an EUGMP inspection with no critical or major observations.
•US FDA pre-approval inspection in Hyderabad concluded on 19th May 2023 with no observations.
•During the year, it made R&D investments in biosimilars to the tune of INR 8.9 Bn with ongoing clinical trials in bDenosumab, bUstekinumab and bPertuzumab.
•Market share of Fulphila and Semglee in US stood at 14% and 12% respectively.
•There were more than 35 new launches in FY23, which facilitated better penetration of BBL products.
•It restructured vaccine alliance with Serum, withdrawing the issuance of 15% stake in BBL.
•The facility inspection in Malaysia is expected by the US Health Regulator in Q2FY24.
•Outlook: The validation of immunosuppressant API facility in Visakhapatnam and peptide facility in Bengaluru is likely to be completed by H1FY24. Revenue is expected to increase in double digit, with gross margins likely to expand between 35% and 40%. It will look at value unlocking at an opportune time. Considering the above factors, long term investors can accumulate the stock at current levels and on further price correction.

Piramal Pharma Ltd – Q4FY23 Conference Call Highlights
CMP INR 78.5| Market Cap INR 93,675mn

•Company returned to profitability in the quarter due to better demand and increasing order inflows during Q4FY23, rising employee cost continues to be a concern for the company. Capacity expansion and improving operational efficiencies would aid margin improvement

•EBITDA margin of 17% for Q4FY23 against 10% in Q3FY23, for Q4FY22 EBITDA margin was 22%, margins were impacted by lower sales, higher operating expenses and high raw material costs.

•Revenue from operations for Q4FY23 stood at INR 21640mn a growth of 2% on YoY basis. PAT stood at INR 500mn for Q4FY23 compared to a loss of INR 900mn in Q3FY23.

•CDMO business registered robust growth of 26% sequentially, however de grew by 8% on YoY basis due to delayed decision making and muted demand in generic and PDS API.

•CDMO business is showing signs of recovery with increased order inflows during Q4FY23 and greater traction in integrated projects.

•Complex Hospital business grew by 28% in Q4 on YoY basis, generics experienced strong demand in Inhalation Anaesthesia portfolio in US and non US markets. The company is a leading player in Sevoflurane in the US with market share of 39%.

•Injectable pain management business was impacted during FY23 due to supply constraints by the CMO, company is looking to ramp up production for the segment.

•Intrathecal portfolio continue to high growth area for the company in the US with Gablofen having 78% market share.

•Strong product pipeline for the segment would lead the growth helping to gain market share, transitioning of products to new CMOs would also ease the supply issues faced by the company.

•Indian Consumer Healthcare business grew by 5% on YoY basis during Q4FY23, fuelled by power brands and expansion in e-commerce business.

•Power brands contributed to 42% of total Consumer Healthcare sales in FY23. Lacto Calamine powered by new launches and increase in demand by e-commerce channels grew by 40% YoY in FY23.

•The company continue to invest in media and trade spends to drive growth. New product launches stood at 26 for the year contributing significantly to the overall sales.

•Alternate distribution channels aided the visibility of the brand resulting in 20% of revenue from alternate channels including e-commerce.

•Capacity Expansion is in execution at peptide facility, Ahmedabad PDS and Riverview to cater to increasing demands in FY24.

•Debt reduction is expected to be done from the proceeds of the rights issue which was filed by the company during March'23.

Outlook
Recovery of demand in CDMO business and increasing traction in injectables with strong product pipleline is expected to lead the growth for the company. Capacity expansion and resolving of CMOs execution issues would further aid the growth. Company has witnessed pick up in order bookings during Q4 and post March that would be visible in profits during H2FY24. Cost optimization and efficiency improvement efforts are being taken to reduce employee and other expenses to improve the profitability.

Suven Pharmaceuticals Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 477
Market Cap: INR 121 Bn

•In Q4FY23, revenues declined by 24.7% YoY / up 3.9% QoQ to INR 3,751 Mn. The CDMO Pharma business increased by 23% YoY to INR 2,564 Mn. The Formulation business advanced by 91% YoY to INR 352 Mn.
•However, the CDMO specialty business declined by 47% YoY to INR 727 Mn.
•EBITDA declined by 36.5% YoY / up 16.2% QoQ to INR 1,854 Mn.
•Operating margins compressed by 918 basis points YoY / up 522 basis points QoQ to 49.4%.
•Net Profit declined by 42% YoY / up 18.9% QoQ to INR 1,302 Mn. Net Profit margin compressed by 1,035 basis points YoY / up 438 basis points to 34.7%.
•Reported gross margin were lower as they depend upon business and product mix.
•Repeat business depends upon whether a particular molecule has passed the clinical trial.
•Revenue and orders will be lumpy on a quarter-on-quarter basis due to nature of business and dependency on commercialization of molecules.
•There has been some decline in the commercial supply in the Pharma segment owing to Covid effect.
•The company only deals with medium and big pharma players and not with biotech companies.
•Going forward, it is looking to launch 6 products, including 1 approval in August.
•The open offer depends upon regulatory approvals, however, some announcement is expected in 2-3 months.
•The total capital expenditure for FY23 was INR 2,850 Mn.
•It has completed 980 projects and commercialized 11 molecules till now.
•Outlook: Going forward, product launches and CDMO business will drive topline. The revenue is expected to increase at a CAGR of 20% with sustainable margins. We have a neutral view on the stock.

Aster DM Healthcare Ltd – Q4FY23 Conference Call Highlights
CMP INR 270.5| Market Cap INR 135bn

•The company focussed on investments during FY23 with decent growth in revenue, investments in expansion projects impacted margins and profitability for the company with opening of new hospitals and labs across regions.

•The company is positive on growing India business with increasing health insurance awareness in domestic markets, they aim to derive better margins with extensive experience of working in a 100% insurance market in the GCC.

•Saudi Arabia is a major opportunity for the company in GCC region with growing economy.

•GCC Business registered a revenue growth of 16% during Q4FY23 and have been key growth area for the company, implementation of corporate tax in UAE may impact the profitability of the business in the region moving forward.

•Revenue from operations in Q4FY23 grew 20% YoY to INR 32,620mn. EBITDA grew by 9% to INR 5060mn and PAT de grew by 25% to INR 1710mn on YoY basis.

•EBITDA and PAT were affected due to the expansion in GCC region. They added 5 hospitals, 150 pharmacies and 7 clinics in Indian and GCC.

•EBITDA margins for QFY23 stood at 15.5% a decline of 150bps on YoY basis.

•Margins were also impacted due to shift of business from high margin covid revenues from core healthcare business.

•Occupancy rate in hospital business during Q4FY23 was 63% which saw an improvement of 500bps from Q4FY22, however occupancy in GCC declined from 53% in Q4FY22 to 49% in Q4FY23.

•The company is undergoing major expansion plans with multiple hospitals coming up and additions of bed in existing hospitals.

•Digital app business for the company has shown significant growth in Q4FY23 as well as the complete financial year, with doubling of user base to total 400,000 in Q4 from Q3FY23 in UAE. Appointment booking and online consultation remains to be the highlight features for the app.

•They are undergoing restructuring with ongoing bids for demerging of GCC business with selling of it majority stake and focussing on India business moving forward.

Guidance

•The company expects to breakeven in new hospitals in the time frame of 24 months. Sustainable EBITDA margins for the hospital business is expected to be in the range of 17-22%. Labs expansion is expected to breakeven by Q3FY24, led by focus in B2B business and home pickups.

Outlook

The company posted strong revenue growth in the quarter, margins and profitability were affected by extensive investment activities in expansion plans by the company. Margins were also impacted due to decreasing revenue share of high margin covid testing business. Core healthcare business has shown robust growth during the quarter. They are keen on expansion in margins on the back of growing insurance penetration and medical tourism in the domestic market.

Sun Pharmaceuticals Industries Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 967
Market Cap: INR 2,330 Bn

•In FY23, the consolidated sales increased by 12.6% YoY to INR 432,789 Mn, driven by strong performance by US, India and Emerging Markets. All these businesses recorded double digit growth during the year.
•EBITDA increased by 12% YoY to INR 116,468 Mn, while operating margins stood at 26.5%.
•Adjusted net profit advanced by 12.8% YoY and stood at INR 84,736 Mn.
•Q4FY23 sales increased by 14.3% YoY to INR 107,256 Mn, driven by global specialty business, Emerging Markets, India and Rest of World.
•Global specialty business grew by 29% YoY to USD 871 Mn, while it stood at USD 244 Mn in Q4FY23, including USD 6.8 Mn milestone received in Q4.
•Excluding the milestone, the global specialty business increased by 28% YoY in Q4FY23.
•In terms of Research and Development spends, 31.7% was attributed to Global Specialty business.
•In January 2023, the company launched Sezaby for neonatal seizures in term and preterm infants in the United States.
•Staff cost was marginally higher compared to last year due to expansion in salesforce.
•Other expenses also jumped, mainly due to high spending on Sales and Distribution.
•EBITDA increased by 19.7% YoY to INR 28,021 Mn, while adjusted net profit increased by 36.3% YoY to INR 21,559 Mn.
•Material cost will normalize in the coming financial year, while Sales and Distribution cost will also stabilize.
•Taro reported 2.3% YoY growth in revenues to USD 147 Mn, while Net profit declined by USD 6.9 Mn in Q4FY23.

•In FY23, revenues increased by 2.1% YoY to USD 573 Mn including consolidation of Alchemee, while Net Profit stood at USD 25.4 Mn compared to USD 58.3 Mn in FY22.
•India formulation business increased by 6.6% YoY to INR 136,031 Mn in FY23, while it grew by 8.7% YoY to INR 33,641 Mn.
•Excluding Covid, the business increased by 9.8% YoY in Q4FY23.
•In the domestic business, chronic and sub chronic segments performed well.
•It is ranked No. 1 in Indian Pharmaceutical Markets with a market share of 8.33% in FY23 compared to 8.31% previously.
•In Q4FY23, it launched 24 new products in the Indian market.
•The US formulation business increased by 10.3% YoY in FY23 to USD 1,684 Mn, while it grew by 10.5% YoY to USD 430 Mn in Q4FY23, driven by specialty business.
•Q4FY23 sales were buoyant led by Ilumya, Winlevi and Cequa.
•The sales of specialty products was higher compared to the December quarter.
•In the US generics space, it gained market share and launched new products, which were offset by import alerts.
•It launched 4 generic products in the US.
•In Q4FY23, Emerging Market sales stood at USD 221 Mn, up by 7.5% YoY and grew by 10% YoY in constant currency terms. It constituted about 17% of total consolidated revenues.
•Among larger Emerging Markets, Russia and Romania performed well.
•Rest of the World reported 7.4% YoY in revenues in Q4FY23 to USD 191 Mn and contributed to 14.7% of total consolidated sales.
•API sales for FY23 was INR 19,724 Mn, up 7.5% YoY; Q4FY23: INR 3,852 Mn, down 6.9% YoY.
•The company will continue to invest in Research & Development for Global generics and Specialty products.
•In Q4FY23, R&D spend was INR 6,657 Mn, which is about 6.2% of overall sales.
•In the current generic pipeline, there are about 97 ANDAs, and 13 NDAs waiting for approval.
•In the Specialty R&D pipeline, there are about 5 molecules, pending clinical trials.
•The Research & Development (R&D) spend will increase for both specialty and base business.
•The Board of Directors announced final dividend of INR 4 per share.
•All business segments are positioned to grow in FY24 and global specialty business will maintain its growth trajectory.
•For the next year, Research and Development spending is expecte to be in the range of 7-8% of the overall sales.
•The key products within the specialty products to drive growth in the next 2-3 years include Cequa, Winlevi and Ilumya.
•There was increase in Goodwill, driven by the acquisition of Concert business.
•It has received EIR related to the Mohali plant facility and the management expects to start selling products in a gradual and phased manner from the Mohali facility.
•Revlimid is holding up and was a significant contributor in Q4FY23, although the company is 7th or 8th player to launch the product in the US.
•In the India business, over the past few years, the company has grown by 11%, driven by 6% volume growth, 2% new product launch growth and 3% from price growth. Therefore, the 6% volume growth is better than the flat growth in the Indian Pharmaceutical Industry post Covid.
•The India portfolio of gastro-intestinal and orthopedic has seen some improvement in the current quarter compared to previous quarter.
•In Sitagliptin and Metformin, it is ranked No. 1 in volume terms, although value terms, it is lower due to pricing.
•The fieldforce in India is about 10,000 personnel.
•There is an increase in debt due to bridge funding for the Concert acquisition.
•Going forward, India business will be in-line or slightly better than the overall domestic industry.
•Sezaby has a niche market in the US and will be a major driver of growth going forward.

•Global Ilumya sales for FY23 was USD 477 Mn and was up by 51% YoY and will contribute significantly in coming quarters.
•The coverage of Winlevi has improved in the last quarter and the management expects better prescription growth in the coming quarters.
•There was an impairment accounting related to an Associate of INR 1,640 Mn.
•The increase in Research and Development spending going forward will include products related to Concert, specialty business and base business.
•Production Linked Incentive (PLI) benefit for Q4FY23 is included under other operating revenues.
•There are certain challenges with regards to supply from Halol plant.
•The outlook for US generic business is challenging with pricing pressure being offset by volume growth.
•The base Taro business of dermatology is competitive with highest number of entrants in the segment and therefore will have significant price competition.
•Outlook: In FY24, the topline is likely to increase in high single digit, driven by specialty segment, India business and new product launches. However, higher R&D spends will partially offset profitability. The Mohali facility will also start contributing meaningfully to the business in FY24. Factoring in the above drivers, we have a positive view on the stock.

Healthcare Global Enterprises Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 292
Market Cap: INR 40,800 Mn
•The quarter and year witnessed buoyancy across both the Matured and Emerging Centres.
•In Q4FY23, revenues increased by 21% YoY to INR 4,417 Mn, while for FY23, it grew to INR 16,944 Mn (up 21% YoY).
•Matured Centres increased by 19% YoY during the quarter (up 19% YoY in FY23), while Emerging Centres grew by 32% YoY during Q4FY23 (up 30% YoY in FY23).
•Matured centres contributed about three-fourth of the overall revenues during the quarter and year.
•Adjusted EBITDA increased by 23% YoY to INR 831 Mn in Q4FY23, and up by 31% YoY to INR 3,208 Mn in FY23.
•In Q4FY23, EBITDA for Matured centres increased by 14% YoY (up 18% YoY in FY23), while EBITDA for Emerging Centres increased by 122% YoY during the quarter (up 141% YoY in FY23).
•Profit after Tax advanced by 40% YoY to INR 84 Mn in Q4FY23 and stood at INR 293 Mn in FY23.
•Average Revenue Per Operating Bed (ARPOB) increased to INR 39,864 in Q4FY23 compared to INR 38,596 in Q4FY22.
•Return on Capital Employed for Matured Centres increased to 22.9% in Q4FY23 from 18.7% in Q4FY22.
•Kolkata, Rajkot and Ranchi centres grew in double digit, up by 142% YoY, 58% YoY and 51% YoY respectively.
•During the quarter, the international operations increased by 158% YoY.
•Overall Capital expenditure for FY23 stood at INR 1,257 Mn, including INR 1,093 Mn for Matured Centres and INR 163 Mn for Emerging Centres.
•Outlook: It is undergoing capital expenditure at Ahmedabad, which will be commissioned in Q1FY25. Additionally, the Whitefield, Bangalore facility is also undergoing capital expenditure and is likely to come online by Q3FY25. It takes about 1.5 to 2 years for a new facility to reach desired utilization levels. In the near term, it will target to increase utilization of existing facilities and hospitals to drive growth. Considering the above factors, we have a neutral view on the stock.

Aurobindo Pharmaceuticals Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 590 Market Cap: INR 346 Bn

•Production Linked Incentive (PLI) benefit for the quarter was INR 480 Mn compared to INR 80 Mn in previous quarter.
•There was marginal reduction in raw material cost, while sizeable decline in freight cost.
•Average finance cost for the company was 4% owing to exposure to multiple currency loans.
•It generated USD 61 Mn in free cash flow during the quarter.
•It is targeting to reduce debt on the books, going forward.
•The company has inducted one independent director in the parent company.
•It has received VAI notification for 6 units, the other one got clearance recently, while there is one warning letter on the 8th unit.
•All Units linked to products approved by the United States Food and Drug Administration have got regulatory approvals.
•Major capital expenditure programs are likely to be completed before FY25 and significant cash generation is expected henceforth.
•In the US generics, there was double digit pricing erosion till H1FY23 followed by a challenging Q3FY23.
•However, prices stabilized in Q4FY24 and the same has been observed in April and May.
•The company expects to maintain double digit growth in US generic injectables on back of product approvals.
•Branded injectables will continue to generate USD 25-30 Mn quarterly runrate.
•The first filing from the new Vizag plant is likely in September 2023 for overall focus would be on Europe, Emerging Markets and US.
•The Research & Development spend would be about 6.5% of sales, going forward. The quarterly runrate would be about INR 4 Bn.
•Gross margins for Q4FY23 included some one-off items to the tune of INR 450-500 Mn.
•Overall, the US generic business is expected to grow in high single digits, while specialty and injectables are likely to grow in double digit. This growth is excluding Revlimid.
•It has received final approval for Revlimid and the launch is expected around October 2023.
•Revlimid will be sizeable but not significant contributor to the overall revenues. The company expects no major pricing pressure on Revlimid due to competition.
•It has a major impetus on biosimilars. 1 biosimilar launch is expected in Q4FY24, while next year, there will be 2-3 biosimilar launches in the European market.
•In the pipeline, there has been 2 biosimilar filing with the European regulator, 3 with UK regulator and 2 with Canadian regulator.
•Significant revenue contribution from biosimilars will accrue from FY25 and FY26, with enhancement in margins.
•Operating margins in Q4FY23 stood around 15.5% and will increase incrementally in coming quarters and likely to be between 15% and 20%.
•On the peptide front, the focus is on API development for oncology and diabetology.
•The company has filed 5 products for the upcoming Chinese plant facility and it is aimed at Oral Solid Dosage (OSD).
•The PEN G project will be installed by October – November 2023 and will start revenue generation from Q1FY25.
•In Eugia, the company has 4 running facilities and 2 are under commissioning. The new plants (including one in Vizag) are expected from FY25.
•The Board will discuss capital allocation through higher dividends or buyback at an appropriate time as the company is undergoing some capital expenditure programs.
•Outlook: The US business is expected to grow between high single digit and low double digit, driven by specialty products, injectables and stabilization of pricing environment for base generic products. Revlimid launch will be additional revenue contributor in FY24, followed by major Biosimilar launches in FY25 and FY26. Operating margins are likely to expand in high teens in the near to medium term. It has tried to address corporate governance issue through induction of independent directors. Factoring in the above drivers, we have a positive view on the stock.

Sigachi Industries Ltd – Q4FY23 Conference Call Highlights
CMP INR 240| Market Cap INR 7,399mn

•Growth was affected by the capacity restraint for the company, commercialization of new capacity would lead growth

•Company witnessed flat revenue growth in Q4FY23 on YoY basis due to capacity restraint.

•EBITDA margin for Q4FY23 stood at 16.85% a decline of 329 bps on YoY basis. New segments introduction like OTC and Nutrition affected the margin for the quarter.

•The company expects with the ending capex cycle ROE and ROCE to improve gradually to FY21 levels of 39% and 32% respectively. The current ROE is 16% and ROCE is 19% for the company.

•Increase in employee cost is due to expansion of healthcare segment and new segment team building, they are increasing hiring for increasing penetration and expect the contribution from new segments in near term.

•Croscarmellose application for environmental application has been accepted and the approval is accepted in next 6 months. Commercial production is expected to start in next 15-18 months.

•Current Capacity utilization for all the 3 manufacturing plants were 95%.

•Capex for capcity expansion is incurred presently at Dahej, additional 7,000 MT capacity would be added. The commercialization for the capacity would be done in Oct'23.

•The company has guided for a topline growth of 25-27% for FY24. Utilization over additional capacity is expected to be around 35% in the first year and they expect to achieve 100% utilization over 2 years' time frame.

•They are also focussed on margin expansion and expect to achieve EBITDA margin of 21% in the near-term.

Outlook : Q1 and Q2 of FY24 would experience muted growth, topline expansion is expected post capacity commercialization in Oct'23. The performance in Q4FY23 was affected due to capacity limitation and profitability took a hit due to expenditure in new segments. Healthcare and Nutrition vertical is expected to contribute to revenue growth in near term with increased penetration and brand recognition.

Supriya Lifescience Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 253
Market Cap: INR 20,354 Mn

•The increase in gross margins was due to change in product mix, particularly sales of anaesthetic products in regulated markets like Europe.
•Also, some orders from Q3FY23 had spilled over to Q4FY23, which facilitated sales and margins.
•However, the China market continues to be challenging and the company is working with the regulator to mitigate impact and regain momentum.
•It may take a couple of quarters before there is sizeable recovery in the China market.
•Meanwhile, the company will target South East Asian countries with the anti-histamine therapies to counter the decline in China.
•The upcoming capacity expansion is targeted towards increasing volumes for existing products and preparation for CDMO/CMO business.
•It is looking to launch 3 new products in the second of the current financial year (FY24).
•The new launches will significantly contribute to the revenues from FY25 onwards.
•It has received a CMO deal with a European pharmaceutical company and will start contributing from FY24.
•However, the major revenue impact will come around FY26 with annual revenue potential of INR 400 Mn.
•It is also in discussion with another client regarding a similar quantum contract under CMO/CDMO related to nutraceuticals.
•The deal is in the final stages and may fructify in the middle of the current financial year (FY24).
•Apart from these major deals, the company is also in discussion for some small ticket size deals in CDMO/CMO space.
•Other current assets increased during the year. This includes advance of INR 450 Mn towards land purchase near Patalganga. However, registration is pending by the authorities and may take about 3-4 months.
•The total cost of the land would be about INR 550 Mn, in addition to registration charges.
•Overall, Salbutamol Sulphate volumes have increased during the year. It has required regulatory approvals in the US and Europe market and will ramp it up in future.
•Cetrizine is under registration for both the US and European markets.
•Dextromethorphan has received USDMF registration but is awaiting European CEP approval.
•It will file for both the molecules in June 2023 and it will take about 9-12 months to receive the required approvals for commercialization.
•Both US and Europe are large markets for these products and meaningful revenue is expected in FY25.
•It has also filed additional products in the China market for future growth.
•Outlook: Revenues are likely to grow at a CAGR of 20% in the next 3-4 years with sustainable operating margins of around 28% - 30%. Market penetration and product launches will be the key growth trigger for the company. We have a Buy Rating on the stock with a Target Price of INR 338 per share.

Hikal Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 283
Market Cap: INR 34,800 Mn

•In Q4FY23, revenues increased by 9% YoY / up 1% QoQ to INR 5,450 Mn. EBITDA grew by 48% YoY / up 21% QoQ to INR 900 Mn. Net Profit increased by 74% YoY / up 37% QoQ to INR 360 Mn.
•It has taken various initiatives to manage cost, optimize supply chain and enhance product mix.
•The total dividend paid to the shareholders for FY23 was INR 1.2 per equity share.
•Revenue in Pharmaceutical business increased by 0.3% YoY / up 5.8% QoQ to INR 3,090 Mn.
•Pharmaceutical business EBIT increased by 20% YoY / up 38.5% QoQ to INR 360 Mn, supported by lower raw material cost.

•Crop Protection revenues increased by 21.6% YoY / declined by 4.8% QoQ to INR 2,360 Mn, while EBIT grew by 158.3% YoY / up 14.8% QoQ to INR 310 Mn.
•For FY23, the volume growth for Crop Protection business was 4% YoY, while it stood at -11% YoY for the Pharmaceutical business.
•Similarly, for Q4FY23, the volume growth for Crop Protection business was -13% YoY, while it stood at 10% YoY for the Pharmaceutical business.
•It has managed to strengthen the balance sheet despit capital expenditure program. The Debt:Equity ratio stood at 0.61x.
•The recovery in the pharmaceutical business is driven by increase in demand for its products.
•The price erosion in the pharmaceutical business was lower than that in 2022, indicating that the worst is behind the company.
•Also, logistic cost and raw material cost have started declining, which will positively impact the company's financials.
•It has delivered consistent growth in Active Pharmaceutical Ingredients in the past few quarters.
•It has maintained market share and increased geographical reach in Japan, Middle East and Latin America.
•The anti-diabetic therapy is performing well for the company.
•It will launch 3 – 4 products by the end of FY24.
•The CDMO business is likely to recover from the second half of the current financial year.
•There are 2 additional opportunities which are in clinical trial phase.
•Overall, the API facility in Gujarat underwent USFDA audit recently and there was no action indicated by the US regulator.
•In the crop protection segment, all plants are running at optimum capacity utilization.
•However, there is muted demand owing to high inventory levels in the system.
•The situation is likely to normalize in H2FY24, with H1FY24 likely to remain weak.
•For the Animal Health business, it is working along with global innovator.
•The Multi-Purpose Plant for Animal Health is expected to come by Q2FY24 and major commercialization and revenue accretion is expected in FY25.
•For the Crop Protection business, the Multi-Purpose Plant is expected to be commissioned in FY24 and will be used internally for own products and also for CDMO purpose.
•Outlook: The future growth drivers include the Multi-Purpose Plant commercialization, cost efficiency program and recovery in Pharmaceutical and Crop Protection business. The newer projects are at higher margins and therefore operating margin is likely to improve by the end of FY24. However, near term concerns persist owing to high system inventory in Crop Protection business and certain price erosion in the Pharmaceutical segment. Overall, we have a neutral view on the stock.

NATCO Pharma Ltd – Q4FY23 Conference Call Highlights
CMP INR 620| Market Cap INR 113.17bn

•Increase in revenue and profits was driven by robust business growth in export business and subsidiaries. Agro-chemical business bears a great opportunity moving forward.

•Export business led the growth for the company in Q4FY23 contributing INR 7092mn up by 52.5% YoY. Export sales witnessed significant traction from gRevlimid.

•Domestic formulation business witnessed an increase of 19.4% YoY in Q4FY23, but a decline on sequential basis due to increasing competitiveness in the market. Crop protection business witnessed strong growth posting revenue of INR 270mn against INR 6mn in Q4FY22

•EBITDA margins stood at 39.7% in Q4FY23, it was affected by one-time pay out of INR 500mn to a supplier and increased R&D spends.

•Subsidiaries are performing positive for the company with contributing INR 3752mn to revenue in FY23. They have recently announced two more expansion in subsidiaries in Colombia and Indonesia.

•Company have acquired Dash Pharmaceuticals LLC in to revive dormant products and increase local presence.

•They are looking to leverage R&D capabilities in International market and expand the presence in global market. The company is acquiring Zista Pharma in UK from an objective to enter new geographies for growth and increased profitability.

•Agro-chemical inventory for the company stand at INR 1100mn which thy are looking to liquidate in Kharif season. The traction for the business is good and the segment would perform well in June-July'23.

•R&D spends for the company contribute to around 8% of revenues, new product launches in FY23 were 11 and currently they have 19 Para IV filings in pipeline. R&D spends for FY24 is expected to be around 10% of revenues.

•The company expects robust revenue growth in FY24 on the back of new launches in US and turnaround in agro business. Subsidiary business is expected to grow about 15-20% in FY24.

•Crop protection business is expected to witness a revenue of INR 1500mn in FY24, company is positive on the segment and expects the segment to be the 10& of revenues in horizon of 2-3 years.

Outlook
The company posted strong growth in revenues and margins in Q4FY23 on YoY basis, export business was robust and led profit growth with increased traction in new product launches and generic business. Crop protection business is a key area for growth of the company. Domestic business saw a sequential decline due to increasing competition. The company is on a look out for new acquisitions and opportunities for portfolio expansion to counter increasing competitiveness.

Marksans Pharmaceuticals Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 85
Market Cap: INR 38.7 Bn

Financials
•The company exceeded its annual guidance of INR 18 Bn and reported revenues of INR 18.5 Bn in FY23.
•In Q4FY23, revenues increased by 16.3% YoY / 1.3% QoQ to INR 4,860 Mn. EBITDA grew by 72.1% YoY / up 43.0% QoQ to INR 1,095 Mn. Net Profit increased by 178.9% YoY / up 32.7% QoQ to INR 827 Mn.
•Operating margins expanded significantly owing to lower freight cost and cost optimization initiatives.

Business Update
•Market share increased in various products with strong growth across all geographies.
•New product launches and leveraging the existing infrastructure facilitated strong growth in the UK and Europe region.
•Price erosion stabilized further in Q1FY24 compared to Q4FY23 and has been in low single digit.

Corporate Actions
•It acquired the manufacturing facility of Teva Pharma at Goa during the year.
•It completed the share buyback program initiated by the company.
•The Board has approved final dividend at INR 0.5 per equity share of Face Value INR 1 for FY23.

Strategy
•It will leverage cash balance of INR 7 Bn towards inorganic opportunities.
•The Teva facility will be fully integrated and start contributing from Q2FY24.
It will focus on backward integration and increasing operational efficiency.

Outlook: Commercialization of Teva facility, launch of new products, gaining market share in existing products, better product mix and cost efficiency are the key growth drivers for the company, going forward. It will target sustainable operating margins around 20% in the long term. It will leverage its balance sheet and strong operational cash flows to grow inorganically. We have a positive view on the stock with an Accumulate Rating with Target Price of INR 96 per share.

Shilpa Medicare Ltd Concall KTAs || CMP INR 236.45 || Market Cap INR 20.53 billion
Financial Highlights:
•Consolidated EBITDA for Q4FY23 stood at INR 40.4 Cr (up 19% QoQ, down 49.3% YoY).
•Consolidated PAT for Q4FY23 stood at INR -8.1 Cr (down 22% QoQ, down 127% YoY). o Company has been paying dividend regularly in the past but they didn't declare dividend this year due to need of cash.
•The above decline is on account of reduction in formulation business due to pricing pressures. The company plans to overcome this by reducing cost.
•For Jadchalra formulation unit, all the actionable of MCAP have been completed and letter has been sent to USFDA informing the same. With this company expect the remedial costs to remain under control.
•Company is also actively driving initiatives to rationalize over all costs across various units within the group.

Other KTAs:
•Company received NDA approval from USFDA for formulation of Pemetrexed RTU, which will be commercialized by Amneal Pharmaceuticals LLC for the US market. This is expected to launch in next 2-3 quarters.
•Further, Company's ANDA for Apremilast tablets also received USFDA's final approval. This will help in boosting US formulation business.
•Albumin Phase 1 trial has started. It is expected to be completed by this year end. Since, the supply of albumin is low, company expects it to contribute to revenue significantly.
•Phase 3 trials for one of the product has begun in India. Shilpa Medicare Ltd is first company to do that in India. This product is primarily for the global market.
•Company is awaiting clearance of Adalimumab on authority. Company expects to launch this product in the coming quarter.
CAPEX cycle has ended. Company is not expected to incur any significant CAPEX in the coming period. Further, company will be focusing on increasing their operating cash flow generation. **Guideline:** Going forward, company is expecting a double digit growth. Further, company will be primarily focusing on: Reducing their cost and increasing their operating cash flows.
Outlook: Company has incurred a loss in this quarter. Further, for FY23, Consolidated PAT of the company stood at INR -30.9 Cr, down 157% YoY. Company will be focusing on reducing their cost in the coming period. As a result, company's losses are expected to decline.

Wonderla Holidays Ltd- Q4FY23 Result Con call KTAs
CMP INR 483; Mcap INR 27318 mn

•Smashing performance led by record increase in footfalls
•Q4FY23 over Q4FY20 performance
Revenues at INR 986mn up by 132% led by increase in footfalls which stood at 33 lakh in FY23
•Recommended Dividend of 25%, Rs. 2.50 per equity share of Rs. 10/- each
•EBITDA at INR 423 up by 734% EBITDAM at 50% vs 16.8%
•PAT at INR 472mn up by 2142% and PATM at 31%
•The company has 4 parks and resorts which includes Bengaluru, Kochi, Hyderabad and Bengaluru resort.
•Bengaluru Park reported 158% increase in revenues, footfalls increased by 96% ATR by 13% at INR 956 in Q4FY23 over Q4FY22.
•Kochi Park reported 189% increase in revenues, footfalls increased by 128%, ATR by 23% at INR 802 in Q4FY23 over Q4FY22.
•Hyderabad Park reported 126% increase in revenues, footfalls increased by 73%, ATR by 24% at INR 838 in Q4FY23 over Q4FY22.
•Footfalls increased to a new high of 33lakhs in Fy23 led by encouraging response from school groups coupled with strong walk-in & group footfalls with Kochi being the best performer.
•ARPU at INR 1184 in Q4FY23 a growth of 18% over Q4Fy20 led by multiple efforts like musical concerts along with festivities and occasions which continued to draw crowds.
•Initiative to increase sale The company is focussing on digital marketing and interesting events to pull more crowds.
•Price The company takes 3 hikes in a year and has already taken one by 10-12%
•Margins The company has done well on margin front led by record increase in footfalls and timely price hikes. The company has indicated of maintaining the margins and its unlikely that the margins will further go up. The company's 75% revenues come from tickets and 25% from non-tickets.
•Orissa and Chennai park The company has indicated 2 years for Chennai park to start. Regarding Orisssa park, it will take 2 years to get completed and the company is expecting 5-6lakhs of footfall per year from this park.

Outlook There is similar trend in footfall currently with increase by 10% QoQ for Q1FY24. Going forward, we expect the topline to grow further but margins have peaked. On CMP, the stock is trading at PE multiple of 18.4x to its TTM earnings.

Ultratech Cement Ltd
CMP INR 7524; MCap INR 2172 bn

Q4FY23 Results Update
•Results on console basis Revenue from operations stood at INR 18436 cr up by 19% YoY/21% QoQ driven by uptick in volumes.
•Volumes reported at 31.7 mnt up by 14%YoY/22% QoQ driven by uptick in housing and commercial activities across India.
•EBITDA at INR 3444 cr up by 9% YoY/+40% QoQ
•PAT reported at INR 1666 cr down by 36% YoY/+57% QoQ
•EBITDA/t at INR 1030/mt from INR 900/mt last quarter

Concall KTAs
•Demand The company has experienced good demand scenario in West and South with uptick in housing and commercial segment driven by Metro and Mumbai Trans Harbour Link (MTHL), Coastal road project. Housing segment: growth in all the regions and growth in Andhra Pradesh, Telangana, Karnataka on execution of major projects. in North and East housing in on upswing with low demand in commercial segment. in Central region Infrastructure segment witnessed degrowth with delays in commencement of new projects during the harvest season but witnessed uptick in Housing and Commercial segment.

•Cement Capacity The company's total grey cement manufacturing capacity stands at 126.95 mtpa which includes increase in grinding capacity in Chhattisgarh by 1.3 mtpa, 2.8mtpa greenfield grinding unit in Cuttack, 1.5 mtpa brownfield grinding cement unit at Jharsuguda. ReadyMix Concrete (RMC) network increased to 231 plants spread across more than 100 cities.

•The trade and non-trade mix stands at 66:34 and blended cement at 69%; Premium products sale up by 26% YoY and contributed 20.4% of trade sales.

•The realisations improved 4.5% YoY and costs increased by 7% mitigating EBITDA/t by INR 60/MT.

•Cost Scenario The logistics costs increased by 3% YoY at INR 1251/MT as there was 2% hike in diesel cost, lead distance reduced to 413 km from 428 km in Q4FY22.

•Energy cost up by 17%YoY/-4% QoQ at INR 1697/MT due to Blended fuel consumption at ~USD 194/t in Q4FY23 compared to ~USD 164/t in Q4 FY22 and decreased sequentially as Blended fuel consumption of ~USD 194/t in Q4FY23 compared to USD 200/t in Q3 FY23.

•R/M cost up by 9% YoY as cost of fly-ash, slag and gypsum increased whereas there was decline in R/M cost by 1% QoQ as there was improvement in clinker conversion ratio which stood at 1.42.

•The company have maintained a healthy B/S with positive cash flow after meeting all capex and working capital requirements. The Net Debt/EBITDA stands at 0.24x in FY23 from 0.32x in FY22.

•Domestic sales grew by 15% in Q4FY23 with capacity utilisation of 95%. In FY23 the domestic sales grew by 14%, whereas in middle east the sales grew by 16.8% YoY.

Outlook: Ultratech Q4FY23 profits fall by 36% YoY on account of increased input costs but on normalised basis the profits were higher by 13% YoY. The company generally has 45 to 60 days of inventory cycle, so the benefit of softening of fuel cost is yet to come. The return ratios of the company are healthy with ROCE at 14.5% which is further expected to go up from new investments in pipeline. The competition is getting intense with Adani Group in play and the companies are racing to ramp up their capacities. Ultratech expansion plans are all in place and are progressing well as scheduled, with rising demand in the sector and major expansions by the companies, the excitement is here to stay.

At CMP and TTM earnings basis, the stock is trading at EV/EBITDA multiple of 20.5x, we have accumulate rating for the stock with price objective of INR 850

The Ramco Cements Ltd
CMP INR 788; Mcap INR 187 bn

EBITDA/t up by 39% YoY/44% QoQ at INR 956/t driven by improved operating leverage, the fixed cost absorption was comparatively better along with robust volumes.

Concall KTAs

•Demand In South demand in road projects, picked up along with B2C and B2B. IN East demand improved on overall basis with B2C flattish and growth in B2B.

•Premium products The company reported share of premium products from south and east at 28% and 16% respectively.

•Prices remained weak in south, improved marginally in east, margin pressures continued.

•Geographical mix Q4FY23 Volumes from south 76% and east 23%

•The company’s capacity utilisation levels were at 85% in QFY23 vs 66% inQ4 FY22

•Trade and Non trade mix: OPC at 30% in Fy23 vs 29% in FY22; B2B at 34% in Fy23 vs 29% in FY22

•Margins and cost Margins were impacted due to elevated fuel prices & levy of Surcharge by railways;

•RM There were additional cost of freight due to increased inter-unit clinker movement to grinding plants. The inflationary impact witnessed on raw materials viz. Fly ash, Slag & Gypsum.
•Power & fuel cost has increased by INR 539 / ton during FY23 YoY and INR 199 / ton in 4Q YoY. Operation of WHRS increased to 40 MW in FY23. The power mix stood at grid power at 27%:green power 23%:thermal power 50% in Q4FY23. Fuel mix at coal 31%: alt fuel 13%: petcoke 56% for Q4FY23.

•Logistics cost Levy of Busy season surcharge re-imposed by railways w.e.f Oct'22. The impact is around INR 50/t for 4QFY23 / H2FY23. Lead distance at 310 KMs in Q4Fy23 vs 326 KMs & 299 KMs in 4QFY22 & 3QFY23. Average lead distance in FY23 down by 8%.

•Finance cost & Depreciation increased due to commissioning of units in JPM Line-3, Kolimigundla, R R Nagar Line III and Dry Mortar Plants.

•Capacity expansion and capex In Q4FY23 clinker capacity of 2.5 MTPA, cement capacity of 1.5 MTPA commenced commercial production RRN Line III with clinker capacity of 1.04 MTPA and cement capacity of 1 MTPA plus one dry motor unit was commissioned. In Fy24 company is planning to commission Odisha Grinding Unit Line II with cement capacity of 0.9 MTPA and dry motor two units in AP & Odisha.

•WHRS capacity of 8 MW in Kurnool was commissioned during FY 2022-23 and the balance 4 MW will be commissioned in May 2023. TPP of 18 MW and railway siding will be commissioned in FY24.
In FY23 the company did capex of INR 1765cr and planning a capex of INR 800-900cr for FY24.

•Q4FY23 Results

•Revenues reported at INR 2570 cr up by 50% YoY/27.9% QoQ; EBITDA at INR 413 cr up by 40.2% YoY/44.9% QoQ; EBITDAM at 16.1% contracted by -117 bps YoY/+188 bps QoQ
PAT at INR 152 cr up by 22.1% YoY/+127% QoQ and margins at 5.9%

Outlook The company's strategy of right cement for right application has worked well, they have reported impressive numbers. Going forward, the company has guided for 20% volume growth YoY, with strong presence in demand accretive region, higher sale of premium products and ability to cater to incremental demand with expansion plans in place and enough infrastructure available, we believe this growth is achievable.
The stock is trading at EV/EBITDA multiple of 18.7x to its TTM earnings. We maintain accumulate rating with a target price of INR 906.

Sunteck Realty Ltd- Q4FY23 Result Con call KTAs
CMP INR 284 ; Mcap INR 41739 mn

The company has guided for 20-30% YoY. Presales at INR 537 up by 36% QoQ led by good traction for all the projects and across segments. Collections at INR 330cr up by 8% QoQ

•Sales of INR 2000cr+ is achievable as per the management

•Inventory The company has ~INR 250cr worth inventory left from Sunteck avenue 1,2 and 4. The Naigoan project ~INR400 cr balance in inventory is left; Vasai has ~INR 600cr balance inventory. Launch size of Kalyan would be ~INR 500-600cr.

•In FY23 the prices have been flattish and the company is not expected any major price hikes in FY24 too. The demand has boon good and expected the same to continue this year too.

•Net Debt/Equity at 0.10x at the end of Q4 FY23 down from 0.19x in FY22 despite few aqcuistions

•FY23 completed projects The company completed 11 projects including ~2 mn sq ft - Sunteck West World, Naigaon and 5 commercial projects including Sunteck Pinnacle (DMart) and Sunteck Crest.

•Ongoing Projects There are 8 ongoing residential projects of area ~5msf including Suntec maxx world, senteck city 4th avenue, . Sunteck One World, Naigaon, Sunteck Beach Residences, Vasai W, Sunteck Sky Park, Mira Rd.

•Additionally, the company is also executing 3 commercial projects which includes Sunteck BKC 51, BKC Jn., Sunteck BKC 51, BKC Jn and Sunteck Pinnacle.

•Total leased area is ~20,000 sqft with project's gross total capital value is ~INR550 cr. Upgrad will pay starting rentals of nearly INR300/sqft per month on a carpet area basis.

•All segments performed well with uber luxury contributing INR 47cr, Upper mid income INR 97cr, lower mid income INR 121cr and others INR 65cr.

Outlook: The company has posted good results, going forward the management has guided for 20-30% growth and is confident of achieving sales of INR 2000 cr in Fy24. SRIN currently has an overall land bank of 45.1msf of which it has launched 7.7msf till now. The company has strong brand recall value in MMR region along with strong balance sheet.

Star Cement Ltd
CMP INR 122 | MCap INR 49552mn

Beat on all fronts with industry best EBITDA/t

•Capacity and capex The company is setting up 3 MTPA clinker unit and 10.8 MW Waste Heat Recovery Boiler (WHRB) at Lumshnong, Meghalaya with a capex of Rs 1,450 cr. Also, 2 MTPA of brownfield capacity to be set up in Guwahati and remaining 2 MTPA of greenfield capacity to be set up at Silchar in Assam. The funding will be mix of debt and internal cash accruals. For FY23 the company is planning a capex of INR 1300cr and for FY25 INR 400c

•EBITDA/t stood at INR 1349/t vs INR 1063/t in Q3FY23 led by better volumes low input cost and better realisation in non-trade segment.

•Power and fuel In Q4FY23 the cost for fuel was 2.1 Kcal which remained similar in Q4FY23 too as the company had enough stock to carry it in Q4FY23 too. Expecting reduction in coal prices and the company is aiming to keep costs at 1.8-1.85 per Kcal for Q1FY24.
WHRS of capacity 12.3 MW has started in Q1FY23 but the benefit wills atrt flowing in Q1FY24 and the company is expected to save INR 40cr per year from this initiative.

•Trade mix The trade sales stood at 87% and Non trade at 23%; Premium product sales at 4% and PPC sales at 91%. The trade sales have declined by 3% YoY but the realisations in non-trade segment has improved.

•Incentives accrued in FY23 was INR 125cr and received INR 19cr in Q4FY23; There are no major incentives accrued in FY24.

•Demand has been moderate to good with growth rate of 4-5% in majority of North east, for FY24 the company is expecting demand growth of 10-12%.

•Competition Two large companies are coming up with capacities in East but the good thing for star cement is that smaller players are not increasing capacities in the core areas where they are present.

•Q4FY23 Result Update Revenues at INR 826cr up by 12.2% YoY/+35.54% QoQ and Volumes stood at 1.23 mnt of cement up by 7% YoY
•EBITDA at INR 166cr up by 48% YoY/53% QoQ and margins at 20.1% expanded by 514 bps YoY/+265 bps QoQ
•PAT at INR 96cr up by 9.1% YoY/84% QoQ and PATM at 11.6%
•Cash and cash equivalents at INR 530cr

Outlook: The company has maintained healthy margins driven by controlled cost and good volumes due to robust demand in east and north regions. Star cement commands ~22% market share in eastern and northern region with 5% of total installed capacity which belongs to them. The company Is poised for long term growth plans in its core areas and also planning to expand outside North East markets, the company is actively looking for mines and plant acquisition, the company has guided for 12% volume growth. The stock is trading at EV/EBITDA multiple of 9x to its TTM earnings.

Sirca Paints India Ltd

MCap INR 17867mn; CMP INR 326

•Revenue stood at INR 68cr up by 26% YoY/4.7%QoQ; EBITDA at INR 13.12cr up by 39% YoY/-6.7% QoQ; margins at 19.2% expanded by 182 bps YoY/-235 bps QoQ and PAT up by 53% Yoy.

•Margins The company will start production facility for 70% of RM which are currently sourced from Italy. This will reduce their import bills, for the next 2 years company will be spending on advertisement and dealer additions and discounts for these products and the margins expected are 25%, post 2-3 years the company expects the margins to expand further driven by this initiative.

•Demand was subdued due to external challenges in Delhi NCR and Haryana region during January & February on account of ban in construction activities & spray painting to curb pollution related issues during the period. Sales momentum was regained in March.

•Inventory days will reduce dramatically post manufacturing of imported Italian Polyurethane wood coating products in India, expecting 50% and 25% improvement in inventory and debtor days respectively and will allow to generate decent amount of cash flows.

•Utilisation Currently the company is working at low utilisation levels and in 1 year expected to increase its utilisation to 80%+

•Products Premium Italian Wood Coatings, Metal Coatings and Glass Coatings with expanding its portfolio in wall paints range too. The Company has launched a global texture coatings & decorative solid colour finishes brand in India – OIKOS. OIKOS. The initial response for OIKOS has been very encouraging.

•Customer segment 70% retail and 30% (673 OEM’s) OEMs; Key Clientele includes: Godrej, Jindal Stainless, Indoline, Space Wood, Pyramid, MAS Furniture, Alsorg, Soundarya Decorators, etc

•Production capacity of 8000 tonnes of NC, Melamine and Economical PU products, 4000 tonnes of PU Thinner and above-mentioned products, 48 lakh litres of wall paints. The company has revenue potential of INR 225cr from commissioned wall paint & wall putty manufacturing.

•Industry opportunity The Indian Paints industry is estimated to be a 55,000 Crore market annually abd has grown at a CAGR of 12% over FY09-FY19. Decorative Paints constitute almost 3/4th of the market share while the rest 1/4th lies with Industrial Paints.

•New initiatives 1.The Company has also installed 6 new fully automatic manufacturing lines (mixers) in its existing manufacturing facility. These lines will be used to manufacturing Italian Polyurethane products. 2.The Company also has plans to commence manufacturing of OIKOS products in India, which will be taken up in a couple of quarters at its existing wall paints unit. 3.The Company has also installed 6 new fully automatic manufacturing lines (mixers) in its existing manufacturing facility. 4.launched water based coating and ideal to use for furniture. 5.The company will start manufacturing products which are imported right now from Italy under manufacturing agreement with Sirca S.p.A (Italy) which contributes 70% of production.

•Differentiators The company has come up with special texture paints and paints with better coverage. The wall paper market is slowly shifting towards texture paints, these products will help company to combat competition and retain and gain market share.

Outlook: The company has posted good numbers driven by reduced repainting cycle from the consumers and growth across portfolio along with increased trend towards value of aesthetics and expenditure towards the furnishing segment. Going forward, the company is planning to manufacture key products which are currently imported from Italy, will give a huge thrust to growth in revenues and profitability over the long term.
At CMP the stock is trading at PE multiple of 38.7x to its TTM EPS of INR 8.41.

Shriram Properties Ltd- Q4FY23 Results-Con call KTAs
CMP INR 66.61; Mcap INR 11,324 mn

Strong growth expected in FY24 led by healthy pipeline and low capital outflows

•Guidance The company is looking at launching ~13msf, out of which 5.8 will be new launches. The company has guided for 20% growth in sales volume, 26% growth in sales value to around INR 2300cr. The collections should rise to about INR 1600cr.

•Sales value at INR 4937mn up by 3% YoY/-18.5% QoQ led by strong volumes which stood at 1.31 msf up by 26% QoQ.

•Realisation At portfolio level the realisation were up by 8% YoY in Fy23 and 16% hike in last 18 months which is a positive development.

•Gross collections at INR 3072mn down by 14.8% YoY/+23.5% QoQ due to delayed launch in few projects. 2 projects (1 in Chennai and 1 in Bangalore) deferred to FY24; Pristine Estates and Chirping Ridge deferred to Q4FY23 from Q3FY23; Negative impact on volumes and DM Fee income in FY23.

FY23 performance and growth drivers

•Revenues up by 57% YoY at INR 8.14bn led majorly from Southern Crest, Grand-1, Shreshta, Summit & Temple Bells (Phase III) projects.

•The company has shown improvement in operating leverage and project execution, DM share has increased. The EBITDA margins stood at 22% improved sequentially.

•Operating cash flows strong at INR 1204mn and FCF 1161 mn before new project investment which is highest in 5 years.

•Contribution from own/JDA was INR 5243, JVs INR4194mn and DM INR 2506mn

•There was increase in Net debt from INR 3407 mn in FY22 to INR 4322 mn in FY23 mainly due to new project investments, cost of debt down to 11.9% despite RBI rate hikes by ~ 2.5%.

FY24 and long term outlook

•Grand one, liberty square, chirping woods, southern crest will contribut for 70% project revenues in FY24

•DM Revenues in Fy24: About 21% of Fy24 sales to come from DM projects. DM will help in quick realisations as 75% of DM sales to come from plotted development

•Growth and earnings visibility In next 3 years ~70% of revenues to come to come from volumes sold as of Mar'23. In next 3 years ~ 55% of aggregate DM fees to come from projects launched already. At an enterprise level the company has hinted of ~INR 3bn of FCF in nest 3 years.

•The company is likely to handover ~3000 units in Fy24 of an area 10 msf

•Overall pipeline includes 51 projects with 53 msf potential with 24 msf ongoing and 29 msf upcoming projects. Out of these, DM is 29%, JDA 30%, Own 31% and JV 10%

DM model working well for Shriram

•Dm accounts for ~30% of pipeline and ~30% of Sales; DM Fees ranging from 10%-22% of project revenues, based on services/cost structure

•In FY18 sales volume contribution from DM was 20%, in FY23 in increased to 39%.

•Balance Inventory Shriram Grand balance to deliver 800 units in FY24; Shriram Sunshine phase I 13% balance and phase II 36% balance; upcoming project include ~5.7msf to be launched over next 3 years.

Under own Ongoing Projects 7 Projects 8.3 msf; Under Pipeline 7 Projects 7.4 msf.
Under JDAs Ongoing Projects 5 Projects 5.4 msf; Under Pipeline 11 Projects 10.5 msf.
Under JVs Ongoing Projects 4 Projects 4.5 msf; Under Pipeline 1 Project 0.8 msf.
Under DM Ongoing Projects 10 Projects 6.0 msf.; Under Pipeline 6 Projects 9.8 msf.

Outlook: The company has reported satisfactory performance in FY23 with marginal slow down in collections due to delay in the launch of few projects. The company has been doing acquisitions and brand building leading to compromised bottom line. Going forward, the company is already done with capital outflows and acquisitions, now only operating cost will be incurred as the company will go through launches in FY24. The PBT margins can be ~11% for FY24 as economies of scale will kick in now and next 3 years will be monetisation of investments and acquisitions already done.
On CMP basis, the stock is trading at PE multiple of 22.16x to its TTM EPS.

Shree Digvijay Cement Co Ltd.
MCap INR 4493 mn; CMP INR 69.18

•Results Revenue from operations stood at INR 195 cr up by 15.4% YoY/-5.4% QoQ; Volumes stood at 3.34 lakh tonnes up by 2.8% YoY/-4.8% QoQ driven by robust demand due to increased infrastructure and housing activities.
•EBITDA stood at INR 38 cr up by 29.8% YoY/138.2% QoQ; margins at 19.5% expanded by 217 bps YoY/1179 bps QoQ

PAT at INR 24.44cr up by 89% YoY/139% QoQ
EBITDA/T at INR 1229.3/T up by 30.7% YoY/153% QoQ
Realisations at INR 5844 up by 12.3% YoY/-0.6% QoQ

•Operating Cost stood at INR 131cr up by 12.9% YoY/-5.4% QoQ; Employee cost declined by -3.8% YoY/-17.8% QoQ; finance cost declined substantially by -95% YoY/-96% QoQ.

FY23 Highlights

•The operating cost stayed elevated YoY but declined QoQ due to increase in fuel costs but managed to do well QoQ by improved plant performance and good cost control management.

•EBITDA/T improved to INR1229/T for Q4Fy23 driven by high volumes and better cost management. EBITDA/t stood at INR 855 for FY23 down by 15% as the Q2/Q3FY23 the input costs were at all time high.

•The company did sales of over 12.5lakh tonnes highest ever driven by robust demand due to increased infrastructure and housing activities.

•The company got clearance from EC for capacity expansion up to 3.00 MTPA and clinker capacity of upto 2.21 MTPA.

•The prices of coal are expected to soften further which increase the profitability for the coming quarters.

Outlook: SDCCL has sold highest ever cement in FY23 with impressive EBITDA/T at INR 1255 in Q4FY23 driven by high volumes and better cost management. Going forward, the fuel prices are further expected to go down and we are expecting good demand scenario which will help grow the business and profitability further.
At CMP of INR 69, SDCCL is trading at EV/EBIDTA multiple of 5.1(x) & 4.8(x) to its FY24E & FY25E. We maintain Accumulate rating on the stock and have a positive view on the company. We value the stock at a EV/EBIDTA multiple of 5.4x to its FY25E EBIDTA of INR 1720 mn to arrive at a target price of INR 81 which gives potential upside of 17% from current levels.

Shree Cement Ltd- Q4FY23 Result Con call KTAs
CMP INR 25207 | MCap INR 909.49bn

•Revenues at INR 4785cr up by 17% YoY/+18% QoQ; Volumes at 8.83mnt up by 10% QoQ
EBITDA at INR 892cr down by -2% YoY/+26% QoQ; margins at 18.6%
PAT at INR 546cr down by 15% YoY/+97% QoQ

•Aspires to be ahead of industry growth in FY24
Total capacity 47.4mtpa
•Capacity expansion, capex and utilisation Purulia grinding unit with capacity of 3.0 MTPA to be commissioned by Q1FY24
•Nawalgarh project with 3.50 MTPA capacity to be commissioned by Q3FY24
•Guntur too on schedule and the company is confident of achieving target of 80mntpa capacity in the coming years.
•Total green power generation capacity increased to 385.5 MW as at the close of FY23.
•Another 93 MW of green power capacity is expected to be completed in FY24 and FY25 along with commissioning of new project sites, the share of green power consumption in total power expected to increase to >55% in FY25
•Utilisation in Q4FY23 was 78% vs 71% in Q4FY22 and 75% in Q3Fy22

•EBITDA The company has delivered strong operating profits with INR 1010 EBITDA/t which was possible due to optimized fuel mix and premiumisation. The share of premium products grew from 7.5% in Q4FY23 from 7.2% in Q3FY23 of total trade sales.

•Demand outlook The demand expected to stay buoyant in FY24 on account of higher allocation for road construction projects, Pradhan Mantri Awas Yojana (PMAY) by government in its Union Budget 2023-24.

•Fuel mix stood at 76% petcoke and remaining AFR**, the company was carrying high cost inventory, the cost in Q4Fy23 was INR 2.53 in Q4Fy23 which came down to INR 1.83 in Q1FY24 and expected to come down further.** The company is again shifting to petcoke as petcoke is at INR 1.80 [er kcal and thermal at INR 2 kcal.

•Trade mix stood at 80% in Q4FY23 and lead distance was 463km in Q4FY23 vs 473 in Q4FY22

•Premium products **The company is focussing on premiumisation and plans to reach target of 15% by the end of FY24 through new launches which includes rockstrong in Orissa. The blended cement sale improved from 75.46% in Q4 FY22 to 76.04% in Q4 FY23.**

•Capex The company plans to spent INR ~35bn in FY24 which includes Guntur Nawalgarh and other projects.

Outlook: The company is targeting to expand capacities in order to cater to incremental demand and guided for more than 13% volume growth and 15% share of premium products for FY24. Going forward, with the expectation of fuel cost going further down and the company will exhaust its high cost inventory we expect expansion in margins. The stock is trading at EV/EBITDA multiple of 27.8x to its TTM earnings.

Shalimar Paints Ltd- Q4FY23 Results-Con call KTAs
CMP INR 151; Mcap INR 10,926 mn

•Revenue at INR 135.8cr up by 29% YoY driven by growth in decorative and industrial segment
Gross profit at INR 41.1cr and margins at 29.5%
EBITDA at INR -2.6cr due to adjustments, if adjustments excluded margins are at ~2%

•Guidance The company has guided for 40% growth YoY on console basis and 68-70% in water based segment.

•EBITDA margins The company has reached flattish EBITDA margins if adjustments excluded to the levels of 2% kinds. Going forward, the company is expected to grow at 40% YoY and all incremental growth will be added to EBITDA. Various initiatives like cost reduction due to optimization of water & solvent based paints and reduction in input cost by 1.6%. The company has reversed to procurement mechanism leading to savings in freight cost. The gross margins improved. The company has guided.

•Decorative Segment revenues up by 28% YoY at INR 92cr; Volumes up by 7% YoY at 8011 KL

•Industrial Segment grew by 22% YoY revenues at INR 55cr; Volumes at 3824 KL up by 27% YoY

•The company is planning new packaging for Premium Water based Emulsions which will go into production from May.

•Focus areas The company is focussing on smaller Tier 3 & 4 towns and rural area; deploying Premium emulsion machines in the market; New product development; Installation of new pipelines for eliminating flexible hose.

•The growth in water base has been impressive by 62% YoY and in line with industry growth. Going forward, the company expects to grow by 68-70% in this segment.

Outlook: Growth in emulsion segment has been up to 62% in FY23 from 52% growth in FY22 led by good traction for emulsions. This growth helped company to clock in better value sales as against better volume sales. Going forward, the company wants to focus on water based products and emulsions and get it to a growth rate of 68-70% YoY and maintain gross margins of 30-32% on console levels. We believe the company will do well on margin front as now all incremental growth will be added to EBITDA, though company aspires to continue spends on brand building.

Sagar Cements Ltd
Mcap INR 26416 mn; CMP INR 202

•Q4FY23 Result The Volumes stood at 13,56,863 mt up by 20% YoY/9% QoQ and Revenues at INR 6215mn up by 24% YoY/8% QoQ driven by increased activities in infrastructure projects and IHB segment.
•EBITDA at INR 388mn down by 36% YoY/-18% QoQ and margins at 6% contracted by 600 bps YoY/-200 bps QoQ due to increase in RM costs and other costs
EBITDA/t stood at INR 309 down by 53% YoY/37% QoQ

•Margins and costs contracted mainly due to increase in RM prices 23% YoY on per ton basis at INR 864/t due to increase in sales in Jajpur which resulted in high cost clinker transport from Mattampally unit to Jajpur and significant increase in the cost of power and fuel by 13% YoY. There was increase in fuel prices too by 7% YoY which also impacted the overall costs. The lead distance has gone down from 281km to 271km in Q4Fy23

•Pricing scenario The company expects 8-10% increase in prices in the regions they operate for FY24. April 2023 onwards prices in TN ware still under pressure, Bengaluru remains stable, Hyderabad prices have increased by INR 10-15 per bag.

•The imported petcoke prices currently are trending at ~INR 2.01Kcal; Indian petcoke at INR 1.93 Kcal and Domestic coal at INR 1.95 Kcal

•For Q4Fy23 the demand was good driven by increased activities in infrastructure projects and IHB segment. The volumes would have been higher but was hampered by high unavailability of labour due to festive season.

•The company has recently acquired Andhra cement which will give boost to its current capacities and volumes. The company is working towards ramping up the capacity utilizations to meet expected incremental demand. This acquisition will help the company to consolidate its position in Andhra Pradesh and Telangana regions. Current Acquisition cost of ~ 56 USD Per Tonne works to be favourable vs green field implementation cost of ~ USD 100 Per Tonne. Post acquisition and upgradation, Installed Capacity of SCL Group will be 11.25 Mnt

•Blended cement sale stood at 48% in Q4Fy23 drop by 1% sequentially.

•Net Debt stood at INR 1261cr, this is at its peak levels due to Andhra acquisition, from here on the reduction in debt is expected.

•The company has moved from 6 month inventory policy to 3 month inventory so the impact of low cost inventory could be seen in Q2Fy24.

•Power and Fuel costs The company expects drop of INR 50 for Q1FY24 and INR 100 post Q2FY24.

•The plants operated at capacity utilisation of 65% in Q4FY23.

Outlook: The company managed to pull off volumes well but at a huge cost of clinker transport from Mattampally unit to Jajpur along with unavoidable power and fuel costs increase which impacted the profitability adversely. The company is focussing on ramping up capacity of Andhra acquired plant, now the capacity stands at INR 10MT. At CMP, the stock is trading at EV/EBITDA multiple of 17x to its TTM earnings.

Puravankara Ltd- Q4FY23 Result Con call KTAs
Highest sales in Q4FY23 and FY23
CMP INR 83; Mcap INR 19740 mn

Q4FY23 results
Revenues at INR INR 1007cr increased by 21% YoY led by increase in customers preference for luxury spaces and overall robust demand.

•EBITDA at INR 117cr up by 90% YoY and margins at 26% led by increased revenues and increase in realisations.

Key Highlights
•The company has reported highest ever sales in FY23 and Q4FY23 driven by good demand in residential and office spaces, net occupancy up by 104% on YoY basis. Bangalore, Hyderabad & Delhi NCR contribute to 55% of net occupancy share which is triggered by IT & ITSEZ

•Realisations up by 19% YoY at INR 8321/sqft driven by good demand, tier-1 cities have seen an average price increase of 5-15% on an annual basis. Delhi NCR lead it with 20% increase on YoY basis

•The company launched 9 projects across 3 cities totalling up to 6.04 msft, Bangalore and Chennai accounted for the maximum area launched.

•Vacancy % dropped from 17.2% to 16.6% and is further expected to drop in 2023.

•The company has order book of more than INR 1600cr in starworth for Residential, Commercial, Infrastructure & Industrial Projects.

•Ongoing projects in Purvankara residential is ~13.75msft which includes Bengaluru, Chennai, Hyderabad, Kochi, West India; Puravankara-Commercia is 2.85 msft; Provident its 9.31msft and in Purva land its about 2.25msft

•Launch Pipeline in Purvankara residential is ~3.45msft which includes Bengaluru, Chennai, Hyderabad, Kochi, West India; Puravankara-Commercia is 0.40 msft; Provident its 7.97msft and in Purva land its about 4.39msft

Outlook: Total estimated surplus available in value terms is about INR 6,550cr for next 3-5 years. The company is riding high on industry tailwinds which is expected to continue further along with strong pipeline leading to healthy top line in short to medium term. The stock is trading at PE multiple of 27x to its TTM EPS of INR 3.01 on CMP basis.

Prestige Estates Projects Ltd-Q4FY23 Result update
CMP INR 486; MCap INR 191.53 bn

Highest sales and collections in FY23

•Guidance For FY24 the company has guided for 25% growth YoY, the company has exceeded their FY23 targets. Projected annuity to get double in FY24 and expected to reach INR 23,717mn in FY28

•Acquisition in DB realty The company has acquired 50% stake making it 100% in Prestige (BKC) Realtors from DB group which has a potential gross leasing area of 2.79 msf of Grade A office space at Bandra Kurla Complex (BKC). In the 2nd deal Prestige Falcon Realty Ventures entered into agreements to acquire the remaining 50 per cent partnership interest in Turf Estate Joint Venture LLP from DB Realty Ltd. The prestige project by Turf Estate Joint Venture LLP has a potential of GLA 2.9 msf of commercial space in Mahalaxmi.

•The construction cost for the 2 entities of 5msf is ~ INR 60,000mn and till now the company has spend ~INR 5,000mn.

•Q4FY23 Performance The company reported sales of INR 38,888mn up by 25% YoY led by volumes and increase in realisations

•Collection up by 12% YoY/31% QoQ at INR 27,388mn led by increase in sales and increase in volumes by 19% YoY., for Apt/commercial the avg realisations were INR 9761psf and for plots it was INR 4508 psf.
•FY23 performance The company reported sales of INR 129,309mn up by 25% YoY led by volumes and increase in realisations, sold 9644 units in a year and 26 units/day.
Segment wise
•In Residential segment total ongoing and upcoming projects are 64 projects with an area of 124 msf. The company is generating positing cash flows from residential projects which will be used for commercial and retail segment in future. The residential segment contributed INR 61,494mn sales out of total sales and EBITDA margins at 19%.

•Commercial segment total ongoing and upcoming projects are 21 projects with an area of 37 msf. The company exited FY23 with rentals of INR 2100 mn and projected annuity income stepped upto INR 2100mn. The commercial segment contributed INR 2194mn sales out of total sales and EBITDA margins at 64%.

•In Retail segment the company has upcoming and ongoing 7 projects with an area of 7msf. The large mall got completed in the end of Fy23 so could not contribute for the full year so the returns were lower. The retail segment contributed INR 720mn sales out of total sales and EBITDA margins at 47%.

•In Hospitality portfolio the company is coming up with 1217+553 keys and 9 projects with a revenue potential of INR 15,796mn. The company commanded ARR of INR 13,665 in Q4FY23 up by 6.7% QoQ. The hospitality segment contributed INR 6605mn sales out of total sales and EBITDA margins at 37%.

Other Highlights

•Realisations up by 17% YoY at INR 8812/sqft in FY23 on an average for apt/commercial. Bangalore and Mumbai contributed 80% of the sales, the company has hinted the demand is good, if the locations and projects are good, realisations are not an issue.

•New launches in FY23 the company has launched forum mall in falcom city, Bangalore which is open for trading and has got great response. The company is coming up with launch of a mall in Kochi which will open in June, 1 commercial project coming up in Kharadi, Pune of an area of 1msf which has been leased out to a bank. In Q4Fy23 the company launched area of ~5.27 msf and ~23.38 msf in FY23.

•Demand The demand and response in real estate is robust, the company launched 1400 units in prestige lavender and within 15 days all the units were sold out shows the sales velocity, the value segment of 80 lakh-1.5 lakh did well.

•Bengaluru contributed 59% in FY23 vs 90% in Fy22 due to increased contribution from other locations, Mumbai 21% and Hyderabad 14% of total sales. Mumbai contributed INR 27,132 of the sales in FY23 vs INR 6,901mn in FY22 and expected to contribute higher levels going forward. The company will have launches coming from Hyderabad and Chennai too.

•Debt scenario The company has net debt of INR 55,657mn at a cost of 10.07% as on 31st March 2023. The company wants to maintain healthy balance between acquisitions and debt profile, by deploying FCF and raising part of debt through equity and debt.

•Capex The total capex to be done for commercial segment is estimated to by INR 123,988mn and for retail segment its estimated to be ~INR 17,375mn.

Outlook: Prestige is one of the leading real estate developers in the country with diversified business model. The company has land bank share of 510acres along with free cash flows expected from residential ongoing projects is ~INR 78,474mn and from residential upcoming projects is ~INR 198,160mn shows a healthy pipeline for residential segment. The company has completed 281 projects and has 57 ongoing projects across segment with development area of 77 msf. The company has guided for encouraging numbers in annuity income segent which will majorly come from commercial and retail segment.
We have a positive outlook on Prestige estates, on CMP basis the stock is trading at PE multiple of 20.6x to its TTM EPS of INR 23.49

Orient Cement Ltd
CMP INR 125 | MCap INR 25711 mn

Premiumisation has played well

•**Guidance for FY24 The company has guided for 6.3 to 6.5 mnt of volumes; EBITDA/t of about INR 1050/t for FY24.**

•Demand The company mentioned that **there has been robust demand in B2B segment and dramatic growth of demand in Mumbai and Pune markets but degrowth in trade segment. Currently, in month of April there was degrowth of demand on MoM basis.**

•Trade and Non Trade OPC sales up by 43% due to which the capacity and operations changed, the clinker capacity utilisation increased to 98% in Q4FY23, also OPC consumes more of fuel and power so the cost also got inflated little bit. **Trade down to 51% in Q4FY23 down by 10% YoY and nontrade sales grew significantly.**

•**Premium products strong crete has been up by 17% YoY in volumes, the company also launched orient green in H2FY23 which is ~INR20 less than the strong crete in pricing but the positioning is more sustainable. The total growth in premium segment is 22% YoY which will help the company to have good pricing power. The company has increased price of premium product by INR 10 per bag.**

•Capacity utilisation, expansion and capex **The company would need to add clinker capacity at Chitapur plant in order to accommodate increasing demand in B2B segment. In April, Chitapur plant was shutdown for maintenance purpose for 3 weeks, the affect of which will •be subdued volumes from those markets and inflated cost due to maintenance in the next quarter.**

•The company did INR 130cr capex in FY23, plans to do capex of INR 1000-1050cr in FY24-FY25 which will include Chitapur capacity expansion, deposit to forest ministry in Devapur and land acquisition in Rajasthan if any. The chitapur currently has a capacity of 3mtpa with additional kiln construction the capacity will go upto 6mtpa. The Devapur will not happen unless and until grinding unit under construction.

•Operating costs and Margins at INR 6196 mn which increase by 16.5% YoY/19.5% QoQ due to elevated fuel prices during the year. Employee cost and other cost declined sequentially, finance cost too declined sequentially as the company is on the spree of paying off debt. **The company is moving towards lower cost alternative fuel which will lead to savings of INR 40 cr for the year. The margins were down YoY mainly due to higher fuel costs and realisations were flattish.**

•Revenue from operations at INR 8760mn up by 9% YoY/+19.6%QoQ; Volumes stood at 17.2 lakh tonnes up by 6% YoY/20% QoQ mainly contributed by western markets and increase in B2B segment.

•EBITDA at INR 1395 mn down by 9% YoY/+54% QoQ and margins recorded at 15.9% contracted by 316 bps YoY/+359 bps QoQ
PAT stood at INR 674 mn down by 8% YoY/+144% QoQ
Realisations at INR 5056 for FY23 up by 2.5% YoY
EBITDA/t for Q4fy23 stood at INR 840/t up by 31% QoQ/-12% YoY; For FY23 it was INR 650/t

Outlook: Orient Cement registered good top and bottom line numbers driven by 22% growth in premium products and good volumes. The brand and positioning strategy for the company has worked well with further increase in prices of premium products. The company has got good traction from western markets, especially from Mumbai and Pune markets. Going forward, the company expects to do well on premium products with robust increase in B2B demand.
We have a buy rating for Orient cement with Target Price of INR 190.

Nuvoco Vistas Corporation Ltd
CMP INR 338; Mcap INR 121 bn

•Revenues reported at INR 2931 cr (agst our estimates of INR 3091cr) flattish YoY /12.4% QoQ; Volumes at 5.2 Mnt tonnes up by 17% QoQ volumes were driven by robust demand owning to increased activity in housing and infra
•EBITDA at INR 383 cr (agst our estimates of INR 407cr) down by -12.9% YoY/+42.9% QoQ led by robust demand and push for value added products
•EBITDAM at 13.06% contracted by -190 bps YoY/+276 QoQ as costs stay elevated YoY
Net profit at 201cr
•**EBIDTA/tonne at INR 736 up by 23.9% QoQ**
Net debt at INR 4413 cr as on 31st Dec 2023 declined by INR 751cr.
• Cost and margins High power & fuel cost has impacted margins during the year, softening in fuel prices from Q4 FY23 has provided support to margins in the later part of the year.

• Nuvoco has one of the highest cement to clinker ratio in the industry which is at 1.82x in FY23

• The market share for premium products increased to 36% of trade sales in Fy23

• Bhiwani's 1.2 MTPA cement capacity expansion and debottlenecking at Nimbol are in progress

• Ready-Mix Concrete (RMX) business has also shown growth on sequential basis by 5%

• Housing demand currently is robust due to high net disposable income owing to rise in per capita income. PMAY funds utilization trending above 90% as on Mar’23 indicating government continuous thrust on “housing for all” scheme.

• Infrastructure demand to be driven by increase in capex for Highways and the National Highways by 25% and 14% respectively.

• Prices have improved by 7% in east against all India avg of 3% which will help mitigating high input cost, thought the price hikes taken by company were not enough to mitigate the high input cost.

• Fuel prices are showing a downward trend, other raw material are facing availability issue & inflationary pressure, creating uncertain outlook for cost in the current scenario.

Nelcast Ltd
CMP INR 96; MCap INR 8382 mn

•Q4FY23 Results The revenues up by 36.7% YoY/-5.6% QoQ at INR 315cr;

•EBITDA at INR 20.8cr down by -0.4% YoY/-2.3% QoQ and margins at 6.7% contracted by -115 bps YoY/+15 bps QoQ

•EBITDA/kg up by 7.5% YoY/-3.3% QoQ at INR 9.7, PAT at INR 4.5cr degrew by 33.6% YoY/-16% QoQ and margins at 1.4%

•Margins in Q4FY23 on sequential basis were impacted due to operational challenges within the company and lower volumes as there was slowdown in tractor segment and elevated operating cost.

•RM prices The domestic RM prices have started softening by INR 1-2/kg and expected to correct further which help margins to improve by Q2FY24.

•FY24 Outlook Revenue expectd to grow by 10-155 YoY to be driven by strong demand in M&HCV and exports; Exports revenues expected to grow ~20% driven by demand pick up and increased contribution from new launches.

•Order book The company currently has order book of ~8500 tons per month.

•Capacity utilisation for Q4Fy23 was 50% overall, Pedapariya plant running at low capacity at 25% levels as new product ramp up going on and few items needs to be replaced for better output.Capex The company is not planning major capex apart from regular maintenance capex.

•Demand and Volumes The industry demand for tractor was strong in FY23 driven by rise in minimum support prices which led to an increase in farm income, another year of above-average monsoon coupled with technological advancements. The industry demand for Domestic M&HCV was also good and expected to grow at CAGR of 22% between 2020-2025. Nelcast crossed INR 1,000 cr mark for FY23 revenues at INR 1280cr, YoY Growth was driven by strong demand in the Commercial Vehicle segment and Exports. Base business contributed more than new launches. Witnessed a decent volume growth, volumes up by 17.3 YoY at 84,381 in Fy23.

•Exports The company is getting good traction from export markets and have generated revenues of INR 329cr for FY23 with a growth of 49% YoY.

•EBITDA/kg was impacted due to high RM prices in domestic market vs International markets. There was transformer failure in Dec 2022 and company had procured a rental transformer of a lower capacity, so the production volumes were hampered.

•Segmental mix M&HCV making up 39.4% of the total revenues, followed by Tractors – 29.3%, Exports – 26.2%, Railways – 3.1%, Off-highway equipment – 1.7%, and Others – 0.3%

Outlook: There was good traction from M&HCV segment and export market, reported a strong growth of 47% and 49% YoY respectively. The company is working towards improving EBITDA/t and is hopeful of delivering better margins by the end of FY24 to be driven by marginal softening in domestic RM prices, export markets and new product contribution.
On TTM and CMP basis the company is trading at PE multiple of 27.41x.

Max India Ltd- Q4FY23 Result Con call KTAs
CMP INR 89; Mcap INR 3849 mn

•Revenues grew by 17% YoY at INR 60cr on account of growth across businesses.
•EBITDA at INR 5cr up by 150% Yoy driven by healthy realisations in antara deheradun and antara noida

•Targeting 15-20% revenue growth YoY

Residences
•Doon community sold 193 units up by 8%; Noida community sold 340 units up by 347% YoY Antara Dehradun is 98% sold and continues to be continues to be cash and PBT positive, cash surplus ~Rs 80 Cr as of Mar'23. The company is focussing on sales closure and the collection trend over last few quarters have been stable.
•Antara Noida phase I has all units sold in phase I with 97% collection efficiency while Antara Noida under construction has 550 units worth of INR 983cr. The company is facing challenges on RM cost front but being mitigated through faster sales and timely price hikes.
Pipeline Noida Phase 2 will be launched post RERA approval and liasoning for approval of change in building plan; Gurugram is on the final negotiation stage; Bengaluru, the company is in talks with various landowners at other geographies like Pune, Goa, Chandigarh etc

Assisted care
•Care homes revenue up by 50% led by bed additions but margins down by 33% YoY; Care at home revenues up by 18% but margins down by 20%; Med care revenues up 2.3x and margins de-grew by 0.4%
•Gurugram margins have improved over the quarters from -25% in Q1FY22 to 13% in Q4FY23.
•Occupancy too has improved from 25% to 57% over last eight quarters
Initiatives The company wants to focus on optimizing occupancy and offer care homes outside NCR by FY24. In care at home segment the company wants to increase market coverage and increase scale along with offering differentiated products with hight margins.
•In Med care segment antara branded wheelchair, walker and commode chair launched, senior specific, now available on Amazon, Flipkart & Tata 1MG, sold ~125 units through offline & online channels.
•The company has 150 beds in NCR region which company is targeting to increase to

•Collection from Noida phase 1 is estimated ~INR 550cr and FY24 expecting ~INR 80-90cr of collections. Noida phase 2 will be launched as soon as RERA approvals comes in at an estimated realisation of INR 12500-13000 per sft.

•Margins The company has taken hike in realisations of Noida phase 2 project to mitigate escalated input costs. The occupancy expected to increase to 77% in medium term.

Outlook: The company targets to launch 4000-5000 units and 8000-10,000 residence to occupy these units for residence segment. In assisted care segment the company is targeting 300+ beds including NCR, Bangalore and Chennai.
The stock is trading at PE multiple of 32.70x to its TTM EPS of INR 2.83 at CMP.

Max ventures and industries Ltd- Q4FY23 Result Con call KTAs
CMP INR 199 | MCap INR 29346mn

•Revenues at INR 233mn down by 19% YoY driven by robust demand in residential and commercial spaces.
•EBITDA at INR 75.9mn up by 67% YoY and margins at 32.6% expanded by 1690 bps YoY led by premium rental rates
•PAT at INR 31mn down by 16% YoY
•Medium term outlook and guidance Revenue for FY24 expected to be INR100cr+ and for medium term the company guided for a rental portfolio of INR 450cr and GDV of INR 4500cr.
Industry opportunity Despite increase in home loan rates and supply growth by 12% YoY the total sales in residential market increased by 1% YoY with sales of 79,126 units in Q4FY23.
•The prices increased across most markets with Bengaluru, Mumbai and NCR growing by 7%, 6% and 3% YoY respectively.
•The luxury segment absorption was at 37% followed by premium and mid segment.

•Segment performance 1.) Max towers total leased area is 100% occupied with rental income of INR 340mn in FY23
2) Max house phase 1 now 100% occupied with lease income of INR 143mn in FY23 work on phase 2 to be delivered by Q2FY24
3) Max Square has total leasable area ~0.7 Mn sq. ft and has robust pipeline of leasing and is confident to fully ease the project within 12-18 months of completion
4) Max house phase 2 work to be completed by Q2FY24 with leasable area of ~0.15 Mn Sq. Ft

•FY23 performance for max estates Leased area-4.07sqft; Total revenue INR 1073mn; Residential real estate income INR 179mn; 100% occupancy and cash at INR 1618mn.
•Rental rates Avg Rental Rate per sqft for max towers and max house stood at INR 106 flattish YoY and QoQ.
•Avg Rental Rate per sqft for max towers and max house stood at INR 125 flattish YoY and QoQ
•Demand In 2023 premium segment to witness strong demand, people preferring bigger houses, there is increase in homebuyer salaries, better demand for credible & established developer brands.
•NCR focussed due to difficulty to replicate the business model in multiple geographies; NCR offers opportunities for better market size and to consolidate market position and group synergies possible in NCR for max group.
•Pipeline Max house construction for Phase 2 has commenced in Q2 FY22. Scheduled to be operational by Q2 FY24; OC received for max square and tenants fit outs are ongoing. MEL's current project portfolio (delivered and under construction) comprises of ~6.5 mn+ sq ft across the residential and commercial segments.
•Premium rentals The company has been earning premium rentals enabled by inclusions of F&B and many other amenities with premium designs and timely completions.
•Gurgaon project Land area of ~7.15 acres, 1.6 mnsqft of leasable area. 0.1 mnsqft of retail potential and revenue potential of INR 160-200cr and expected to start in Q3Fy24.
Outlook: Max has marquee tenant profile including large business house to fortune 500 companies. With increase in pre-commitment rates and leasing activity to pickup we believe the company has good growth story in coming years, in medium term expected to reach top line of INR 2500cr and then maintain the growth by adding 1bn sqft each in commercial and residential.

Marathon Nextgen Realty Ltd- Q4FY23 Result Con call KTAs
CMP INR 289; Mcap INR 13,419 mn

•Revenues at INR 170cr up by 3.1% yoY/-38% QoQ
•EBITDA at INR 51cr down by 12% Yoy/180% QoQ margins at 28.4% contracted by 2530 bps Yoy
•Realizations at 12,357/sqft up by 3.3% YoY/-24.3% QOQ; PBT at INR 22cr down by -18% YoY/-78% QoQ; Booking value stood at INR 147cr; Area sold at 119191 sqft; Collections at INR 151cr

•FY23 The revenues increased by 134% Yoy at INR 717cr driven by record pre sales numbers and EBITDA stood at INR 293 grew by 128% Yoy and margins at 38.6%

•Future plans The company has robust pipeline on ongoing and upcoming projects, the company is also looking for redevelopment projects in and around South Mumbai region.

•Debt profile The company is actively working on reducing debts, the debt for FY23 stood at INR 838cr as against INR 1190cr in FY22.

•Ongoing projects There are on going projects in Byculla, Bhandup and Panvel which aggregates to 61,24,716 sqft of total saleable area and estimated revenue of INR 3,302cr. The key ongoing projects include Monte South, Neo park, Nexzone, Futurex and Millenium.

•Upcoming Projects includes Monte south phase 3 residential and commercial, Marathon nexzone phase 3 residential and commercial and Neopark phase 3 4and 5 with total se;eable area of 31,50,000 sqft with sale value of ~INR 4,660cr.

•Land Bank The company has huge land bank of 100+acres in Pnavel, 100+ acres in Thane, 100+ acres in Bhandup and 50+ acres in Dombivali which can be leveraged in a joint venture or joint development agreement with listed company MNRL at opportune time. Group's policy is to develop most of the new projects through listed company MNRL.

•Demand witnessing strong demand across both residential and commercial space, and accordingly company has planned various launches over the coming years where healthy response is expected.

•Margins The company works on 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 its somewhere between 20% and 25%; Very high volume, but low investment Neo projects, Neo housing, the EBITDA is between 15% and 20%.

Outlook: The company has rich pipeline of sales value of INR 7,662cr plus land banks which the company is in the process of taking up as and when JVs or JDA opportunities come up, shows the strong growth prospects of the company in coming years. The company is confident of maintaining margin and the company is also actively looking for redevelopment projects where the margins need not to be compromised.

Mahindra Lifespace Developers Ltd
CMP INR 372; MCap INR 56.98 bn

•Financial Performance Q4FY23 The revenue stood at INR 255cr up by 60% YoY/38%QoQ driven by good residential presales and industrial leasing increased due to increase in manufacturing investment and growth sentiment in the country. EBITDA stood at INR 10.1cr including other income and share of profits from JVs as against loss of INR 15cr in Q4FY22.

•PBT at INR (18.9)cr as against INR 27cr in last quarter due to incre4ase in total expenditure; PAT stood at INR 0.5cr as against INR 34cr in Q3FY23 down by 98% QoQ. Total expenditure at INR 289cr from INR 205cr in Q3FY23 and 201cr in Q4Fy22.

•Margins The gross margins are hovering around 13% for Q4FY23, for FY24 the margins are expected to be subdued but from FY25 the margins are expected to expand. Since, last quarters the company has been focussing on profitability along with launches, the affect of which we expect to be seen in FY25.

•The management has indicated that the fixed cost might continue to go up but % of fixed cost to presales is expected to decline going forward.

•The company forayed into society redevelopment, bags redevelopment project in Mumbai's Malad having a revenue potential of ~INR 850cr.

•The legacy projects are getting completed where margins were not great but now the upcoming projects and recently completed projects the margins profiles are better on back of better pricing and right set of value proposition for customer, the impact will be seen in next 4-8 quarters.

•The company is focussing on proper balance between right pricing and release of inventory to have improved profitability.

•There are 9 launches for the year which includes navy redevelopment and excludes Dahisar project.

•Overall business development pipeline is of INR 5500cr GDV and INR 850 cr has been completed, but some more has been added so currently it's at INR 5500 cr and GDV value for 9 launches will be ~INR 3500cr.

•In residential business the company sold/leased 0.49 msft with income of INR 361cr down by 19.77% sequentially; In IC & IC the company sold/leased 68.8 msft with income of INR 201cr; EBITDA for residential business stood at INR (28cr) and for IC&IC stood at INR 34cr

•The collections stood at INR 304cr which are at similar levels YoY/QoQ and handed over 280 units in Q4FY23 for residential business. The forthcoming projects includes Pune, Chennai, Mumbai and Bangaluru with total area of 7.07 msft.

•MLDL is known for green homes with premium residential area of 55.72 msft and value homes area of 11.44msft majorly in Mumbai, Chennai, Pune and Bangaluru.

•The company launched 0.41 msft as against 1.11 msft last quarter and completions stood at 0.25 msft as against 0.19 msft last quarter.

•Avg price per acre stood at INR 4.1cr for Chennai up by 36% QoQ; Jaipur Avg price per acre stood at INR 2.8cr from 2.6cr last quarter; for origins Chennai Avg price per acre stood at INR 2.8cr.

Outlook: MLDL has significant outstanding business development pipeline to the tune of INR 5500 cr which can comfortably support pre sales for next 3 to 4 years, we expect the GDV rate to increase as the gap between land acquisition and product launch is decreasing and many new projects are getting added into pipeline. We expect the benefit of right pricing and inventory release balance will start flowing into bottom line from end of FY24 onwards coupled with already healthy top line and BD pipeline to turn the company into stronger business going forward.

Kolte Patil Developers Ltd- Q4FY23 Commentary Highlights
CMP INR 306; Mcap INR 23,257 mn

•The company has reported second consecutive quarter of sales above INR 700 cr supported by overall realizations improvement by 13% on the back of higher ticket size offerings and robust customer demand; Strong volumes growth of 25% further contributed to the sales numbers for the quarter
•KPDL's flagship Life Republic (LR) project registered volumes of 0.66 mn. sq. ft. for Q4FY23
•Collections for Q4Fy23 registered a growth of 18% YoY led by efficient lifecycle of registrations, sales, construction and robust CRM systems. Collections for the year stood at INR 1,902 crore
•IN FY23 the company launched ~3 mn. sq. ft. across projects in Pune and Mumbai with 51% sales coming from new launches. Non Pune markets contributed ~20% of over sales
FY24 expected launches in volumes at 7.39 mnsqft and in value terms INR 5,265cr
Ongoing projects The company has robust pipeline of ongoing projects including 14 projects in pune, 2 in Bengaluru and 6 projects in Mumbai. The ongoing projects has an area of 3.27 msf with sales value of ~INR 2,213cr with an APR of INR 6,817/sqft and collections amounting to INR 1,902cr. FY24 launches The company aims to launch 7.39 msf worth ~INR 5265cr in Fy24.

•Future plans The company is expanding its footprints in MMR and have future projects worth ~INR 2400cr. The company has targeting to increase its contribution from Mumbai and Bengaluru projects to ~30% of sales value by FY25. Targeting new business development with topline potential of ~INR 8,000 cr in FY24 across geographies through outright/structured deals and JVs/JDAs. Created platform with Planet Smart City to develop 15,000 housing units and have signed 3 more projects. . 24K type premium housing is expected to launch in H2FY24 with 1.2-1.5msf of saleable area. INR 57bn of priority launches are planned in Q1FY24 with Baner and Pimple Nilakh projects of INR 14.5bn and INR 8bn respectively.

•Demand The real estate demand is being driven by improved affordability and overall consumer sentiment for high quality homes.
Revenues grew by 116% YoY/111% QOQ at INR 796cr on the back of industry tailwinds
•EBITDA at INR 173 up by 328% YoY and margins at 21.8% expanded by 1000 bps YoY led by higher mix of premium projects.

Outlook: Kolte Patil is a leading brand in Pune and now increasing its footprints in Mumbai and Bengaluru. FY23 has been good for the company driven by industry tailwinds, previous pipeline and fresh launches. Going forward, company has strong pipeline of ~16.74 mn. sf. ft. of saleable area which translates into sales worth ~INR 12,100cr. We believe, the company's move of a higher mix of premium projects (under 24K brand) and higher sale volume affordable housing in LR, Little Earth will support its growth in topline as well expansion in margins.

JK Laxmi Cement Ltd
CMP INR 722 | MCap INR 85022mn

•Delivers satisfactory numbers driven by increased utilisation, better product mix , geo mix & focusing on several green Initiatives

•Revenues at INR 1878cr up by 16.3%; operating profit at INR 232cr down by 28% YoY and PAT at INR 9.35 down by 40% YoY.
Volumes at 3.06mnt flattish YoY and capacity utilisations at 89%

•The Company proposes to issue Green Bonds of Rs. 200 Crores to fund Green Projects

•Capex and Capacities Udaipur Cement Works Ltd of 2. 50 Million Tonnes Cement Plant d to be commissioned in the Q2FY25. The Clinkerisation Line of 1.50mntpa is expected to be commissioned by Q3FY24. In FY23 the company spent INR 600cr, plans to spend INR 500cr in FY24 and INR 300cr in FY25. The company is also planning to setting up plant in Alvar , Rajasthan for putty and white cement.

•EBITDA/t The company has achieved EBITDA/t of INR 700 through better Product Mix & Geo Mix & focusing on several Green Initiatives and targets to achieve 800/t and INR 1000/t in FY23 and FY24 respectively. As per management, INR 200/tonne plus would be contributed through topline levers, INR 50/tonne through manufacturing, and INR 50-75/tonne through supply chain management.

•Trade mix Trade sales at 55% and premium products at 11% of total sales. Lead distance at 398km which is similar to last quarter.

•The company expects to save on fuel cost by INR 60/t, fuel costs are going down, with INR 2.42 kcal in Q4FY23 which went down to INR 2.31 kcal in Q1FY23 and expected to down further.

Outlook: The company has manged to narrow down gap of self and big players in terms of EBITDA/t driven by premiumisation and better realisations. Going forward, with expansion plans in place along with increased outlay of Government capex for FY24-25 in infra and housing, we believe company can reach its target of EBITDA/t INR 800 for FY24.

JK Cement Ltd- Q4FY23 Results-KTAs
CMP INR 3004; Mcap INR 23,2086 mn

•Revenues at INR 2778cr up by 18% YoY/ 14% QoQ led by increase in production capacity at Jharli, Aligarh, Mangrol and Muddapur by 2MTPA

•EBITDA at INR 350cr down by -8.8% YoY/+41.7% QoQ and margins at 12.6%; on Qoq basis profitability increased on account of better realisations and on YoY basis it de-grew due to higher input costs.

•PAT at INR 110cr down by 44% YoY
•The company has increased its capex from INR1550cr to INR 1610cr

•Capacity expansion The company has total capacity of 20.7 MTPA Grey Cement Capacity 2.81 MTPA White Cement & Wall Putty Capacity. The company has commenced 2 greenfield projects with capacity of 2MTPA at Panna and Grinding unit Capacity 2MTPA at Hamirpur.

•Capex The company has guided for a capex of INR 1200-1400cr for Fy24 and ~INR 700-800 cr FY25

•Realisations The realisations in west and east have been under pressure, central has a good price increase to the tune of 1.7% increase YoY at INR 4978

•White Cement is a very competitive space and company does not expect any margin improvement there.

•Subsidy The company has not accounted for any subsidy currently, it will get accounted from June onwards. For Central India company is expecting INR 200/t of subsidy which will start from Q2FY24 onwards.

•Paint business The paint business is expected to contribute top line of INR 150-180cr for FY24 and INR 300cr for FY25 and muted margins due to initial capex need for building brand and network.

•Ongoing expansion includes Greenfield Expansion at Ujjain (Grinding Unit) Grey cement plant of 1.5 MTPA with capex of INR 68 crores. Greenfield Expansion at Prayagraj (Grinding Unit) Grey cement plant of 2.0 MTPA with a capex of 28 crores.

•Central India expansion achieved 60% capacity utilisation with positive EBITDA in first full quarter of operations

•Trade mix In Q4Fy23 the mix was blended cement 68 % and Trade mix 69%; Premium products 10 % of Trade Sales. For FY23 the mix was Blended Cement 65% and Trade mix 68%; Premium Products 9 % of Trade Sales

•Segment performance Grey cement contributed 17%YoY/13% QoQ growth; white cement contributed 7% YoY/9% QoQ in Q4 Fy23

•

•Cost scenario in Q4FY23 Diesel prices have remained stable during Q4Fy23; petcoke prices have come down by 10% yoy; Energy cost up by 26% YoY/-4% QoQ; Logistics cost up by 7% YoY/+1%. QoQ Diesel price hike & busy season surcharge on rail freight YoY; Rail/Road mix was 16:84 in Q4FY23. Employee cost up by 12% YoY/-4% QoQ. In FY24 Fuel and Pet coke prices have moderated in the last few months and are expected to remain stable ahead.
Going forward, the company is expecting drop of $40 per quarter in petcoke prices which will get benefit of INR75-100/t which may kick in from Q2FY24 onwards.

•Demand outlook good demand expected in housing segment led by initiatives like "Housing for All" and The outlay for PMAY is being enhanced by 66% to over Rs. 79,590 cr.
In infra segment the demand will be driven by The Union Budget for 2023-24 announced a 33% increase in capital expenditure outlay and Road construction is expected to increase by 16- 21% in FY24, with 55,000 km under various stages of execution.

Outlook The company is expanding aggressively along with 25% increase in its network and has guided for 17% margins on console basis. Trade sales and premium products being the focus for the company along with significant contribution from paint business as well. The petcoke prices are expected to decline further before it stabilizes along with accrued subsidies which will bring in additional INR200/t from Q2Fy24 onwards.
The stock is trading at EV/EBITDA multiple of 19.2x to its TTM earnings on CMP basis

Indigo Paints Ltd- Q4FY23 Result Con call KTAs
CMP INR 1494 ; Mcap INR 71,096 mn

•Highest gross margins in the industry; higher discounts to dealers have worked well; Apple chemie acquisition will give company the technical knowhow in waterproofing & construction chemicals product range and access to institutional sales

•Revenues at INR 325cr up by 12.85 YoY led by increase in volumes and industry tailwinds
EBITDA at INR 71.7 cr up by 33.4% YoY EBITDAM at 22.04% expanded by 340 bps YoY/762 bps QoQ driven by favourable product mix and prudent cost control measures.
PAT at INR 48.6cr up by 40.7% YoY

•Guidance Paint industry is a season sensitive industry where Q4 always has been being strongest, the company is confident of maintaining yearly EBITDA margin YoY and Q1Fy24 can see marginal drop as q4 is generally a strong quarter than Q1.

•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.

•Capacities and capex The company has started trial production at Tamil Nadu plant and will enter commercial production in few weeks. The company has started work on new water based paint plant at Jodhpur of 90,000 KLPA capacity. The company capex for Tamil Nadu plant is INR 270cr and the management is yet to decide on Jodhpur capex. The total capex to be funded through internal accruals

•Volume FY23 growth in cement paints + putty was 33.2% in value and 25.5% in volumes
growth in emulsions was 18.2% in value and 5.9% in volumes
growth in cement enamels + wood coatings was 30.3% in value and 16.5% in volumes
growth in cement Primers + Distempers + Others was 18.9% in value and 13.8% in volumes
Kerala's share of Revenue was largely unchanged from 28.01% in FY 22 to 27.84% in FY 23
Growth drivers
•Portfolio of differentiated products accounted for 31.2% of Revenues in FY23, compared to 29.6% of Revenues in FY22

•Industry tailwinds and Q4 is generally a strong quarter for paint industry
Increasing discount for dealers and matching the industry have worked well.
•Sales growth in Tier-1,2 almost double that of Tier-3,4, rural and expect the trend to accelerate led to increase in topline
•The company has taken several initiatives like working on product mix and prudent cost control leading to increased profitability
•Company has launched a range of water proofing products which has started hitting the shelves of the dealers across India. This should contribute significantly to the growth of the Company.
•April has been exceptionally good for the company in terms of top line growth.

•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.

Outlook: The company clocked strong numbers despite giving higher discounts to dealers and reported gross margins of 46.82% expansion by ~300 bps sequentially and YoY basis. Revenue growth was driven by mix of volume and value. The company witnessed good revenue growth in Tier 1 and Tier 2 cities. Going forward, the company is expanding well with addition of Tamil Nadu plant and increasing capacities at Jodhpur plant. The company has taken a smart move by acquiring stake in Apple chemie which will help the company to foray in B2B segment, creating 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 basis the stock is trading at PE multiple of 54x to its TTM earnings.

Godrej Properties Ltd
MCap INR 371.74 bn; CMP INR 1337

•FY24 guidance Booking value of INR 14000cr; Cash Collections of INR 10000cr; Deliveries of 12.50 mn sqft.

•The EBITDA margins were weaker on QoQ basis as there were many launches and the marketing costs inflated so the other expenses were on the higher side.

•New Projects GPL added 18 projects worth INR 8991cr in FY23, delivering ~8mn sqft across 5 cities in Q4FY23 and ~ 10.5 mn sq. ft. in FY23. Added 5 new projects (Old Madras Road (OMR), Bengaluru, Koregaon Park Pune, RK Bungalow, Chembur, MMR, Chennai plotted and Khalapur plotted) with a total estimated saleable area of nearly 9 million sq. ft. and total estimated booking value of ~INR 5,750 Cr in Q4 FY23.

•Booking value at INR 4,051 cr in Q4FY23 up 25% YoY and QoQ; Collections of INR 3,822cr for Q4 FY23 up by 127% QoQ/52% YoY

•The residential demand has been good in India and companies like GDL have been benefitted from both sectoral growth as well as market share gains.

•Sales mix Registered booking value for MMR stood at INR 1000cr, NCT at INR 911cr, Bengaluru at INR 792cr, Pune at INR 749cr and others at INR 599cr.

•As on 31.3.2023 Net Debt at INR 3649cr up from INR 2586cr as on 31.12.2022.

•The company is getting into zonal and pan India level contracting in order to get benefit of scale and value too.

•The company has received OC for first hotel, Taj at The Trees in Vikhroli, Mumbai.

Income at INR 1930cr up by 31% YoY/427%QoQ
EBITDA at INR 630cr up by 56% YoY/310% QoQ
•NP at INR 412cr up by 58% YoY/602% QoQ; margins at 21.4% expanded by 380 bps YoY/540 bps QoQ

Outlook: This quarter company witnessed highest sales, collections and project deliveries. The margins were weaker sequentially as there were many launches which added to the marketing costs. The company has reported better numbers than the guidance for FY23. Going forward, we believe the company will be able to launch the scheduled projects in time knowing the excellency and expertise they carry in this space, the residential demand is robust and there has been shift seen-people moving from other modes of investment to investing in homes and premium properties too.

Dalmia Bharat Ltd

MCap INR 360bn; CMP INR 1920

•Capacity Expansion The company have added 1.3 Mnt at Lanka and 0.3 MnT at Kapilas in Q4FY23 along with 0.8MnT clinker capacity addition. **The current capacity stands at 41.1 MnT** of cement grinding and 21.7 Mnt of clinker capacity (South 9.2, East 7.7, NE 2.7 and West 2.1 MnT respectively). The company has guided for 46.6 MnT of cement capacity and 23.7 MnT of clinker capacity by the end of FY24 (This excludes the acquisition of cement assets of Jaiprakash Associates). The capacity utilisation in March 2023 stood at 60%.

•We expect cement demand to grow at a CAGR of 7%-8% over FY22-FY25E and the capacity additions by Dalmia will help tackle incremental expected growth in cement demand in coming years.

•Jaiprakash Acquisition Dalmia has signed definitive agreement for 2.2 MnT of cement griding capacity plus 3.3 Mnt of clinker, this will give Dalmia access to central India region.

•The blending ratio improved from 79% in Fy22 to 84% in FY23 and stood at 88% in Q4FY23.

•The premium product sale has increased by 19% to 3.4 MnT for FY23.

•Demand The industry demand grew at 8-9% in Fy23 and will continue to have good demand in coming years on pretext of increased government spendings in infrastructure and housing activities.

•Focus on cement business The company plans to focus on cement business and is in the process of exiting non-core businesses, which we expect will lead to better cost management and Pan India expansion.

•EBITDA in Q4FY23 increased by 3.5% YoY/9.8% QoQ at INR 707cr as the rates of coal and coke softened by the end of Q3FY23 which continued in Q4FY23 leading to increased profitability. Margins stood at 18.1% contracted by 210 bps YoY/110 bps QoQ mainly due to increase in coal and petcoke prices, though in Q3FY23 the prices softened but the high price stock was to be absorbed in Q4FY23 and we expect to see some cooling off price benefit in Q1FY24. For FY23 the EBITDA stood at INR 2316cr down by 4.5% YoY mainly due to increase in Input rates of Coal & Petcoke over the year.

•Cost Scenario The total variable cost increased by 8.5%YoY/2% QoQ at INR 2181/T and FY23 variable cost increased by 19.3% YoY at INR 2198/T majorly due to increase in coal and petcoke rates. Logistics cost in Q4Fy23 decreased by 2.1% YoY/0.7% QoQ at INR 1106/T.

During the year avg fuel consumption prices shot upto $218/T and in Q4FY23 it was down to $174/T which further reduced to spot petcoke price of $140/T, the benefit of which will be seen in Q3FY24 bottom line numbers.

•Finance Cost in Q4FY23 declined by 7% QoQ due to decline in gross debt.

•Financial performance Q4FY23 Sales volume up by 13.3% YoY/17.9% QoQ to 7.4 MnT; Revenues at INR 3912 cr up by 15.7% YoY/16.6% QoQ aided by pick-up in demand in infrastructure segment

•EBITDA/T at INR 951/T for Q4FY23, Net Debt/EBITDA stood at 0.29x from 0.39x in Q3FY23

Outlook: The stock is trading at EV/EBITDA multiple of 13.2x to its TTM earnings, the company has posted good set of top line numbers driven by growth in volumes and increase in demand from infrastructure activities. The margins were under pressure for FY23 due to elevated coal prices which later in Q3FY23 started softening but dampened the profitability for the year. The company had high stock of opening inventory which was at higher cost so decline in coal price benefit could not be seen and margins continued to stay under pressure.

Going forward, with robust demand, capacity addition at right time, cost decline benefit to flow in bottom line and company in the process of exiting non-core businesses, we believe, all these factors will help strengthen the profitability of the company.

Brigade Enterprises Ltd- Q4FY23 Result Con call KTAs
CMP INR 538; Mcap INR 124 bn

Achieved highest ever pre-sales

•Q4FY23 Revenues at INR 8721mn down by 10% YoY/+2% QoQ led by increase in ARR, occupancies and international flights opening up.
•EBITDA at INR 2315mn up by 2% YoY/-6%QoQ and margins at 27% driven by robust revenues in real estate and hospitality industry.
•PAT at INR 631mn up by 48% YoY
Segment wise growth: 68% in real estate; 21% in lease rentals; 11% in hospitality.

Real Estate
•Pipeline: The company has robust pipeline of 7.54 Mn sft with key projects in Bengaluru & Chennai along with pipeline of ongoing projects of ~17.70 mnsqft
Highest presales of INR 41085mn in FY23 up by 36% YoY
•Average realisation increased by 7% YoY during FY23 in residential segment at INR 6,806/sqft
Total real estate ongoing projects in area are 19.70 mnsqft and the company's share is 14.04 mnsqft.

•Real estate debt has been reduced to INR 465mn in FY23 from INR 2718mn in FY22 led by o higher collections and repayment.

Lease Rentals
•The company leased 1.2 Mn sft during FY23 with growth in retail segment ; 78% growth in retail sales consumption during FY23 over FY22.
There was a significant increase in footfall by 106% YoY.
Total lease ongoing projects in area are 1.49 mnsqft

Hospitality
•Revenues at INR 3973mn up by 120% YoY in FY23 and Q4FY23 revenue were at INR 1,117 Mn, up by 102% over YoY
•EBITDA increased by 417% to INR 1,175 Mn during FY23 from INR 227 Mn in FY22
•ARR up by 69% at INR 6022 for FY23 FY23and occupancy stood at 69% in FY23 vs 44% in FY22
Total hospitaity ongoing projects in area are 0.11 mnsqft

•Brigade Square Trivandrum has just strated and will take 2 more years for the launch, the rentals expected are ~INR55 per sqft

•Margins The company has closed many affordable housing this year which led to shrinkage in margins and there was a drop of 8-10cr of revenue in lease rentals also which will get corrected in FY24 and we can see better margins.

Outlook: The company has robust pipeline of 7.5 mnsqft which translates into revenues of INR 6000cr in real estate segment, in leasing 1.5 mnsqft to be launched. Going forward, with change in investment preference of almost 60% in real estate, 25% in equities and rest in others the company has industry tailwinds to support growth story.

BLS International Services Ltd
Mcap INR 77.48bn; CMP INR 188

•Revenue at INR 448cr up by 76.7% YoY/2.45% QoQ driven by continued strong recovery in Visa & Consular business as well as Digital Services businesses;
•EBITDA at INR 66.5cr up by 89.9% YoY/flattish QoQ and margins at 14.8% expanded by 100 bps YoY/-30 bps QoQ led by economies of scale and Cost optimizations.PAT at INR 76.7cr up by 118% YoY.
•Guidance The company is confident of maintaining current EBITDAM levels of 15% with revenue growth of 25-35%, can be more if regions like China opens up.

•Margins The company has come a long way from 13% margins to 15% of margins mainly due to increased volumes and cost efficiencies. The company believes that the current margins are sustainable going forward.

•Capex The company will be doing normal INR 16-20cr of operational capex this year, but is open for incremental capex if any good opportunity comes its way.

•Agreements The company has won many new contracts including polish embassy for visa services, will have an additional opportunity to process 20,000 applications yearly through this contract. The company has also signed MOU to accept electronic visa on arrival to Thailand giving additional opportunity to process 75,000 applications.

•Till 31st March 2023 the company has processed 78mn of visa applications with rapid expansion, having its operations in 60 nations with 46 client governments.

•The company is focussing on cash generation, generated cash from operations of INR 225 cr during the year, which is the highest ever cash generation. Cash will be utilized to support the growth strategy.

•In order to cater to incremental demand driven by surge in travellers the company is investing in infrastructure and manpower for Digital Services to expand touchpoints Pan-India.

•Opportunities: There is high entry barrier in this business as they need to possess specialized skill and experience to qualify for the bids. The high entry barrier with only few players in the business coupled with huge growth opportunity as the visa outsourcing industry is worth USD 2.6 bn worth industry makes BLS a significant player in this industry. In 2021 35% of visa application worldwide were outsourced which is expected to rise to 50% in FY25e.

•Visa and Consular The revenues up by 67% YoY at INR 1260cr driven by increase in travellers led to strong recovery in Visa & Consular business. EBITDA at INR 206cr up by 70% YoY led by strong volumes and cost efficiencies. Digital Services revenues up by 174% YoY at INR 256cr driven by increase in travellers led to strong growth in revenues. EBITDA at INR 35.3cr up by 6960% YoY led by strong topline, cost efficiencies and addition of value added services. During Q4FY 23 the company added West Bengal and Karnataka in their digital service business.

•Outlook: With upward trajectory in revenue growth and return ratios, along with huge potential from new contract wins, we believe, the company has sufficient headroom for growth in coming years too. The company is debt free with high cash flows, which will make it easy to work upon opportunities coming on the way and get it translated into business.

Birla Corporation Ltd
MCap INR 76313mn; CMP INR 1000

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 expected to contribute 2mnt for the next year.

•**Profit turn-around despite challenges:** There were challenges regarding realisations, demand remained sluggish but the company managed to grow its volumes by 4.5% YoY. The company reported volume growth of 10.6% YoY to 15.73 million tons for Fy23. Their channel check suggests that all India cement prices remained flattish during Q4, the companies did try taking price hikes by INR 10-20 per bag but could not sustain the hikes. In this scenario the company managed to take decent price hikes and realisation grew by 4.3% YoY.

•**Premium products:** The company is focussing on increasing market share of its premium and blended cement in its Northern and Central markets. The company's utilisation level also increased owning 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. The premium product sales for Q4Fy23 was 54% while for FY23 it was 51%.

•**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 year, up 72% over the previous year. This is a positive move as power and fuel costs forms 29% of total production cost and fuel costs have gone up by 32% on yearly basis.

•**Production planning to combat costs:** The company has launched project shikhar to achieve manufacturing and operational efficiencies and will also aim at reducing costs. On logistics side the company is working towards complete atomisation for flyash transportation by specialised BTAP wagons which will bring in additional cost savings. The company is investing in WHRS and solar power generation alternatives to fuel, which accounted for 22% of total fuel consumed.

•**Mukutban unit:** The capacity of Mukutban unit is 3.9mnt and started its commercial production in the beginning of FY2022-23. The unit has turned EBITDA positive this March in spite of market challenges in Maharashtra like subdued demand and weak pricing power. There has been reduction in clinker cost driven by commissioning of the Waste Heat Recovery System (WHRS} at Mukutban, weakening fuel prices and improved production planning. The company is planning to increase its presence in markets such as Telengana, Madhya Pradesh and Gujarat in order to further increase Mukutban's capacity utilisation and pricing power.

•**Outlook and Valuation:** We believe the Mukutban unit continue ramp up and incentive accruals will contribute significantly to the margins. The demand seems to be good with flattish to marginal increase in price expected. **At CMP of INR 1000, stock is trading at a EV/EBIDTA multiple of 8.0(x) and 6.7(x) to its FY24E and FY25E. We value the stock at a EV/EBIDTA of 8.2x) to its FY25E with a BUY recommendation and a Target Price of INR 1307/share, implying an upside of 31%.**

Aurum Proptech Ltd
MCap INR 3361 mn; CMP INR 114

Q4FY23 results update

Results Revenue from operations stood at INR 45.36cr up by 454% YoY/17.6% QoQ; EBITDA stood at INR -172cr excludes other income of INR 5.97cr; EBITDA including other income stood at INR 4.25cr up by 116.8% QoQ; Loss after tax stood at INR -983.
Expenses to total income improved from 1.6 in Q1FY23 to 1.2 in Q4FY23.

Concall KTAs

•For FY23 revenue from operations stood at INR 127cr up by 703% YoY and achieves ARR of INR 200cr driven by growth of its individual businesses.

•In SaaS segment the company registered revenue of INR 21.52cr jump by 177% YoY and in RaaS the company registered revenue of INR 105.35 cr which grew exponentially.

•The company has crossed its revenue guidance of INR 50cr which is commendable and going forward, the company has hinted toward upward growth trajectory only.

•The company has presence in 15 cities with 10+ products. The products include hello world, sell.do, the house monk, integrow, beyond walls, aurum analytica, aurum kuber, aurum insta home. In SaaS segment, in house monk the company plans to launch few additional features and ideas to widen the market along with continuous product augmentation which keeps happening time to time. In RaaS beyond walls, the company will continue to add new features from time to time to expand its clientele base.

•The company has recently launched HelloWorld which is into co-living business is expanding more and more into the student living segment.

•Industry opportunity is huge, having $ 100 bn opportunity in next 7-8 yrs which gives aurum huge headroom for growth.

•The company focusses on addressing the problems faced in real estate by deploying technology.

•All the partners companies of aurum have also clocked impressed numbers including aurum analytica and hello world.

•The company aims to equip real estate consumers with innovative products and solutions for customer experience by investing into cutting edge technology and strategic acquisitions.

Outlook: Aurum have reported exponential revenue growth of 8x YoY coupled with improvement in expense to total income ratio, which has been seen at EBITDA level. With huge industry opportunity headroom, strong technology knowhow and focus on customer experience the company is set to surpass the current targets and we believe will continue to move northwards in terms of revenue and profitability.

Asian Paints Ltd
Mcap INR 3010.53bn; CMP INR 3138

•International business down by 2.7% YoY to INR 794cr due to economic uncertainty, forex crisis and liquidity issues in key markets of Asia and Africa. Full year 6.8% growth in INR terms; 18% growth in constant currency terms.
•Home décor business In bath fittings sales declined by 9.7% YoY at INR 96.4cr in Q4Fy23 led by subdued retail demand. In Kitchen business sales were down by 21% YoY at INR 97.7cr led by weak retail demand. The company is into various segments in home décor which includes Kitchen, Kitchen Hardware & Components, Tiles, Fabric and furnishings, Rugs, Furniture, Wall paper, Bath and Sanitary and few more.
•Growth drivers for decorative business are 2 digit growth in urban and rural areas with slight edge in tier2 and tier2 cities growth was led by economy and waterproofing range mix Premium & Luxury range growth picked up in Q4 Premium & Luxury range growth picked up in Q4 with 1.5 lac touch retail points.

•Capex, utilisation and capacity The company is planning a capex of INR 2000cr in FY24 and current utilisations are at 75-78%, brownfield projects are underway couple of them expected to get completed this year. In FY24 the company is expected to add ~2.5 lac kilo litres of capacity,

•White teak which is into Decorative & Designer Lighting solutions, the net sales grew by 35.8% YoY in Q4FY23 driven by increasing retail footprint & synergies with Beautiful Homes.
Industrial Business increased by 17.2% YoY to INR 289cr due to increased infrastructure activities. PPGAP grew by 2 digit driven by auto segment margins at 12.9% in Fy23 expanded by 690 bps YoY. APPPG crossed INR 1000cr mark in revenue driven by improved sales mix coupled with softening raw material prices.

•Water-proofing business the markets are growing for waterproofing business, this year this business contributed in 2digit as % to revenues. Expecting stronger growth going forward.
Pidilite entry in paint segment The company believes that entry of pidilite in paint industry is not a threat to them as they have nothing different to offer, they are just trying to complete the range.

•Revenues at INR 8705 cr up by 10.9% YoY
•PBIT up by 29% YoY to INR 1864 cr, PBDIT Margin as % to Sales improved to 21.3% from 18.3% YoY
•Net Profit after minority interest increased by 45.1% YoY to INR 1,234.1 cr

Outlook Asian Paints have touched INR 30,000cr mark of net sales on standalone basis, which is 3x of its competitor. The company's efforts to efficiently source and formulate the product helped in better margins. We believe, the company has beautifully covered almost the full range of home décor which includes economy as well as designer range to get the benefit of volumes as well as pricing. Going forward, the market opportunity which offers a market of INR 70,000cr along with aggressive ramping up of distribution network and adding differentiated products will bring in meaningful growth to the company.

Ashiana Ltd-Q4FY23 Result update - Concall KTAs
CMP INR 172; MCap INR 17.69 bn

•Guidance The company has guided for 30% gross margins and ~INR 1500cr pre sales for FY24. The company has also guided for PAT margins of 13-15% with 15% ROE expected on blended basis.

•Margins were muted due to depressed sales volume, higher operating costs vs sale price.

•Launches Under premium homes Ashiana Ekansh and ashiana prakriti were launched in Jaipur, Tarang phase 48 in Bhiwadi. For senior living Sgubham in Chennai was launched

•Q4FY23 Presales recorded at INR 435cr area constructed was 8.59 lakh sft, EAC was 5.08lakh sqft; pre-tax op cashflow was INR 116.94cr. Area booked was 8.59lakh sqft down by 4.85 YoY. EAC was 5.08 Lakh Sq Ft in Q4 FY23 vs 3.42 lakhs Sq ft in Q3 FY2.

•13 projects to the tune of ~ 29.46 lakhs square feet were launched in FY23 out of this 5 were new and 8 were ongoing. The company has already constructed 51% of total saleable area of 62.09 lakh sqft.

•Land acquisitions: The company has hinted towards 2 active negotiations are going on in Jaipur and other place along with Gurgaon, plans to add 20 lakh sqft going forward. Two new land parcels acquired in Jaipur in FY23 – Ashiana Nitara in Village Bhankrota with an approximate saleable area of 6.5 lakh sqft and 'The Amaltas by Ashiana' in Jagatpura with approximate saleable area of 4.00 lakh sqft. Land available is ~56.18 lakh sqft of saleable area which includes Bhiwadi, Kolkata and Gurugram.
•Realisations The company's blended realisation is INR 4000-6000/sqft, where in Jodhpur realisations are lower than INR 4000/sqft and Bhiwadi at ~INR4500/sqft. For humara project phase 2 the company did bookings at INR 7000 sqft as compare to phase 1 which was at INR 6100 sqft. In plotted development there has been price rise witnessed.
•The company is yet to receive INR 1072cr from the total area booked till now which will add to FY24 collections.
Outlook The company mentioned that Gurgaon will play key role going forward along with senior living segment. There is lack of supply in Gurgaon which may fetch good prices in medium term. The company has 94.29 lakh sqft saleable area from future projects and 3.15 lakh sqft from completed projects which shows a strong future pipeline.

Arihant Superstructures Ltd- Q4FY23 result- Concall KTAs
CMP INR 185 | MCap INR 7614 mn

•Total value sold at INR 337.51cr up by 50% QoQ
Area sold was 5.36 Lsqft up by 33% QoQ
Units sold were 650 units up by 29% QoQ
Collections stood at INR 108.41cr up by 21% QoQ

•For FY23 the company reported revenues of INR 311cr up by 125 YoY
EBITDA at INR 79.83 up by 12% YoY and margins at 20.38 contracted by 105 bps YoY

•Guidance The company has guided for 35-40% sales CAGR and revenue growth of 25% YoY, with similar level of margins. The company has softened its sales guidance as arihant akarshan project ahs halted and Avanti project got delayed.

•New launch The company has launched new tower named “Galenia” in the existing project “Arihant Aspire” which has 366 units with 3.74 l sq ft of area and the company has already got booking for 234 units. The company has added from 130acres to 165 acres in Fy23, plans to add 45acres in Q1FY24 and the funds are in place

•Margins The new launches contribute higher margins as compared to old projects which keeps getting phased out. So more the launches higher the margins.

•Net Debt stood at INR 323cr, INR 175cr debt is from unsecured loans from promoters and rest is institutional debt.

•Launch pipeline includes Anmol, aaradhya, aspire alki, avanti and TBD which accumulates to area of 1,836,575 sq ft and value of INR 904cr. In FY23 the company delivered 867 units as against 328 units in FY22.

•Total receivables stands at INR 7,662cr which includes receivables of INR 78cr , INR 2396cr and INR 5188cr from completed, ongoing and forthcoming projects respectively. Out of this the company has hinted of 2500 flats of INR 1000cr in value to be contributed in FY24 along with unsold inventory from current ongoing will contribute another INR 1000cr of revenues. Arihant Akarshan has been halted and not shelved off due to DP Plan zoning reservation. The company had informed each and every customer regarding the issue and returned money for 275 units booked and not a single complaint has been cropped up in this regard. •The company has forgone revenue of INR 800-900cr over period of 4 years of revenues due to halting of this project.

Outlook: The company has reported CAGR growth of 18.14%, 18.81% and 56.66% in Revenue, EBITDA and PAT respectively in the last 3 years. The company has healthy pipeline of upcoming projects with ~INR 7662 Cr revenue potential across 19 projects, though halting of akarshan project has been show spoiler. Going forward, we believe the home loan interest has been peaked, the demand looks promising along with company’s focus on affordable and mid income housing, the company is poised for strong growth ahead.

Ambuja Cement Ltd
MCAP INR 783.13 bn; CMP INR 396

•Impressive operating performance, in line with their estimates

•Total Revenues at INR 4429cr (against their estimates of INR 4410 cr); Revenues from operations stood at INR 4256cr up by 8.4% YoY/3.1% QoQ; Volumes at 8.1 Mnt(against their estimates of 8.0 mnt) led by good demand and increase in sale of blended cement

•EBIDTA excluding other income at INR 789 cr (agst their estimates of INR 785 cr) flattish YoY/23.3% QoQ led by group synergies good volumes and well managed costs.

•EBIDTAM at 18.5% (against their estimate of 17.8%) contracted by 171 bps YoY/+304 bps QoQ

•PAT at INR 502 cr up by 1.4% YoY/+35.9% QoQ

•EBITDA/T at INR 1192 up by 8.3% YoY/3% QoQ; EBITDA/T at INR 974/t on standalone basis

Con Call KTAs

•Cost scenario and margins Power and Fuel cost have declined sequentially and YoY too led by change in fuel basket; other expenses too declined by 102 PMT due to various cost saving initiatives. R/M cost declined by INR 45 PMT led by mix and source optimisation. Logistics cost for Ambuja increased by INR30-40cr due to shifting of clinker for operational reasons as HP plant was shut down. The margins were healthy driven by above cost initiatives.

•Adani cement has a strong geographical presence, covers almost 70% of India on console basis.

•FY28 outlook and guidance on console basis The company has indicated to reach a capacity of 140mnt; reach sales of INR 700bn; EBITDA of INR 175 bn; EBIDTA/t of INR1470/t and ROCE of 19%.

•FY24 Guidance EBITDA expected to be in range of INR 1200-1400 PMT driven by continued focus on cost reduction and synergies in operations

•There was a shut down of plant in HP for almost 50 days, ambuja managed to shift its operations to a great extent to Rajasthan but ACC operations suffered.

•The company’s share of premium products stood at 22% of trade volumes; Trade sales volume up by 1% and stood at 79% of total sales on console basis.

•Cash & Cash equivalent, which stands at INR 11,530 cr (consolidated), augurs well for the Company’s accelerated growth plans.

•Adani Cement is planning a capex and capacity expansion FY24 and FY25 of INR 7000 cr which includes grinding brownfield projects of 5mtpa and grinding greenfield projects of 6mtpa and clinker unit expansion of 15.05 mtpa. Mid-term 5 yr plan includes addition of 40 mnt which refers to 10 clinker lines, internal accruals sufficient to fund the capex of doubling the capacity. The company has sufficient limestone reserves to support capacities which includes recently won limestone reserve in Orissa and Maharashtra.

•There was increase in volume of blended cement and clinker factor reduced from 62.5% to 60.6%.

•Direct despatch improved from 64% to 78%, rail co-efficient increased from 26% to 30%, higher dispatches through rail. These measures are expected to reduce logistics cost.

Outlook: We believe if things go as per plans for Adani Cement, the company will remain one of the major heavy weights in medium term along with rich cash reserves and debt free status. The company has proved that they have capability to manage costs well in this difficult scenario too, by delivering an impressive returns ratios and operational performance.
At CMP of INR 396 Ambuja Cement is trading at EV/EBITDA multiple of 15.8 (x), we maintain accumulate rating with a Target price of INR 451

Ajmera Realty and Infra India Lt
Mcap INR 10570 mn; CMP INR 302

•Q4FY23 results

Revenues at INR 114cr down by -37% YoY/+44% QoQ; EBITDA at INR 35cr grew by 19% YoY/47% QoQ
PAT at INR 14.8cr up by 1% YoY/+36% QoQ
Volumes at 69,209 sqft up by 8.8% QoQ
Realizations at INR 20,296 per sq ft up by 14% YoY

Concall KTAs

•Debt profile continues to improve with 7% reduction in debt YoY with reduction in cost of debt by 180 bps

•Privie Mumbai fetched the highest realisation of INR 46,132 per sqft followed by Manhattan and Greenfinity, average realizations stood at INR 20,296 per sq ft up by 14% YoY

•Total Collections at INR 103cr up by 11% YoY/10.75 QoQ driven by increased carpet area sold and increase in realizations on YoY basis.

•Mumbai Portfolio The company completed 132 projects, 7 are under development, 10 scheduled to be launched in FY24 and 118 future development potential.

•Bangaluru Portfolio The company completed 20 projects and 4 are under development.

•Ongoing project update Aeon Zeon and Treon are ready to move in; Greenginity is mid-market project and Manhattan is luxury project. Total estimated project value of unsold area stands at ~INR 1,416cr and unsold carpet area is 706,156 sqft. The company has received OC for Aeon Zeon and Treon, Nucleus Ab and Nucleus Commercial.

•Revenue Visibility for advanced projects is ~INR 2000cr plus future projects of ~INR 2050cr which comes to total revenue visibility over medium term to ~INR 4050cr. Furthermore, the company has land parcel at Wadala which has a potential of 11.8 sqft of development. The company is also evaluating asset light JV/ JDA & DM partnership structures.

•Debt Secured loans stood at 776 cr, debt to equity at 1.1 and company aims to bring it down to 1.0

•Repatriation from UK has started and the company received INR 14cr this year, INR 55cr left which is expected to come in FY24 and from Bahrain it will take few years for the investments to get liquidated.

•Guidance There are few projects lined up to be completed, which gives a visibility of 500-600 thousand sqft and INR 1000cr of topline every year for another 4 to 5yrs.

Outlook: Strong traction in demand driven by increase in disposal income and fast buying decisions with robust launch pipeline gives the company healthy growth visibility for coming 4 to 5years. We expect demand to stay healthy on the back of increase in housing demand and disposal income. The company is also targeting asset-light model for growth by exploring JV/JDA models is again a beneficial strategy.

Macrotech Developers - Q4FY23 Conference Call Highlights
CMP INR 909|Market Cap INR 437,950Mn

Financials-
•The company is able to deliver pre-sales of INR 12,064 crores (+34% YoY) backed by number of customers that visit the sites (115,000 customers visited in 33 sites in FY23) and convergence rate (7.5% in FY23 vs 6.8% in FY22). ROEs are now touching 16% plus for FY23. •EBITDA margins for FY23 stood at around 32% and Q4FY23 at 31% . Revenues from operations for FY23 at INR 9,470 crores (+3% YoY) and Q4FY23 at INR 3,255 crores . PAT adj. for forex & exceptional in FY23 at INR 1,769 crores which is +40% YoY.

Business Model-
•33% of the business came from the walk -in business, almost 32% of the business came from the under construction business and 32% of the business coming from the new launches.

•**Operating projects**- In FY23, INR 12,000 crores of pre-sales came from 33 contributing projects which is set to further increase in FY24. This large number of operating projects provides granularity and predictability to the business. FY23 has witnessed addition of 12 new projects.

•**Townships business**- Pre-sales rose by about 16% from INR 1940 crores to INR.2260 crores in FY23.

•**Micro-market** -In Eastern Suburb the company has achieved sales of around INR 1200 crore (10% of total sales). Pune pre-sales of INR 1130 crores (4 projects in FY23) vs INR 550 crores (2 projects in FY22) up by 103%.

•**UK business**- The company repatriated Rs. 550 crores in the course of the last three quarters and expect to repatriate another Rs. 550 crores in the course of FY24. They plan to have no further investment outside India - divestment of equity in UK business once entire funds received.

•**JDA** - FY23, the contribution from JDAs as a percentage of sales was about 27% and the company expect that number to move up to about 40% or FY 24
•Debt- The company has missed the INR 6,000 crore debt target for FY23 by almost INR 1,000 crores having ended with INR 7,071 crores but intend to get net debt below the stated ceiling in the current year, which is one times operating cash and 0.5 times equity.
•New launches- Luxury segment where in Lodha Malabar was able to cross the 1000 crore mark and the largest value deal happening in that segment. Doing business in excess of 300 crores in markets like Hinjewadi and Kharadi in Pune.

•**Strategizing in building up a strong annuity portfolio-**
Reach net annuity income of INR 500 crores per annum by FY26 and INR 1500 crores per annum by the FY31 through-
•Warehousing and industrial parks platform
•Facilities management business serving large residential base
•Selective high quality commercial asset portfolio.

•**Dividend-** Reward shareholders with INR 2 per share dividend (pre-bonus) and bonus issue of 1:1.

Outlook- The company focus to deliver ~20% pre-sales CAGR for FY24 and around INR 21,000 crores of pre-sales by FY26 on the back of significant growth in our core markets of Mumbai and Pune. Expect to have two launches in the course of FY24 in Bangalore. The company has given guidance for ROE to be close to 20% by FY24 with net debt ceiling of 0.5x D/E and 1x D/OCF. EBITDA indicated 30% for FY24, on the support of more upcoming projects.
The company expects 10% to 12% YoY increase in the walk-ins and 6% -7% swing in the conversion leading to a 20% growth.

Textiles and Fashion

Himatsingka Q4FY23 highlights
CMP: INR 94| Market Cap: INR 960 Cr
Outlook: We believe the worst is behind for the company and they can look toward brighter times as the macroeconomic environment continues to improve from here on. Demand and margins have bottomed out now as RM pressure eases off and buying momentum returns.

•The quarter saw some improvement on the back of higher capacity utilisation, softening RM prices and easing of energy costs like coal.

•FY 23 was challenging due to high levels of raw material and energy inflation coupled with demand disruptions, but there was progressive improvement in H2FY23.

•In FY 24, they are focussed on improving operations and focusing on

de-leveraging initiatives to improve the capital structure.

•Capacity utilization Q4 FY23: Spinning Division 98%, Sheeting Division 61%, Terry Towel Division 65%

•There is visible improvement in demand front as international clients made significant progress in liquidating inventories that led to improved order momentum.

•Key raw material prices continued to see gradual softening during tha quarter.

•During the quarter, Revenue from Brands stood at INR 424 cr vs INR 548 cr last year. In FY23 total Revenue from Brands stood at INR 1,713 cr vs INR 2,260 Crores in FY22.

•During the year they completed a fund raise of INR 560 cr from International Finance Corporation Washington during the. This includes INR 100 Cr of Foreign Currency Convertible Bonds (FCCBs).

•Net Debt for Q4 reduced to INR 2,587 cr vs INR 2,639 Cr for Q3.

TCNS Q4FY23 Earnings Call KTAs
CMP: INR 411| Market Cap: INR 2,540 Cr| TTM EPS: INR 0.77

Outlook: The company is currently heavily into investments for brand building, store expansion, and making an online presence. Though the growth in revenues is impressive, the profitability has been hit and this will continue into the short term. The acquisition by TCNS by ABFRL will lead to synergies and value unlocking in the medium to long term.

•4000+ points of sales with 675 EBO Stores across India and International markets.
•Own brand websites offering a complete selection and deeper engagement
•Q4 offline business: Like-for-like recovery at ~110% YoY. EBO expansion saw a net addition of 11 stores taking the store count to 675 (76 net store addition during the year).
•Online channels grew by 22% YoY. D2C is now contributing to more than 75% of the total online business.

•During the year Elleven SIS scaled up to 300+ stores; Range expansion across new initiatives. D2C reached 75% of online business, and Omni-channel fulfillment share expanded to double-digits of online D2C sales. Brand websites scaled up 35%+ YoY contributing to ¼ of the online business. Opened 2 Project Rise stores in Q4 Project Rise bringing the total to 31 as of FY23.
•Channel wise: 34% LFS, 44% EBO, 18% Online & Other, 4% MBO.
•Online B2B business saw a pick up during the last 2 quarters.
•Broader market demand has been muted since Diwali and is more resilient in T1 but less so in lower-tier cities.
•Recoveries are lagging in the south and west.
•The womenswear segment is trailing in recovery and needs to catch up. Consumption will increase going forward.
•There were higher inventories because they were carried on as the expected demand did not materialize. It will take a couple of quarters to liquidate the inventories.
•Taking calibrated approaches for business expansion.
•Focus on driving throughput and efficiency.
•Building online capabilities to enable the transition from B2B to D2C.
•S&D and EBITDA were impacted by higher discounting in EOSS. Also, there were higher marketing investments.
•A rental concession of INR 10cr was recognized last year.
•Dependence on women getting back to work as offices are opening up more. Ethnic wear is gaining more share vs Western wear.
•Potential synergies with ABFRL: This will help build a long-term roadmap and act as an anchor for growth and compliments the brand playbook. There will be front-end and back-end synergies too
•A D2C base is being created. Target 20-25% growth in this segment.
•Current launches are doing well despite coming from old inventory. The launches that come next will be 100% fresh and with no new inventory.
•One-off write-off taken in the low double digits for one LFS partner in the year. It has now gone through insolvency
•New launches in 2-digit growth and are building up well. Eleven is also giving a positive contribution to its SIS. The current focus on green shoots is high.

Siyaram Silk Mills_ Q4FY23 Concall KTAs
CMP: INR 545| Market Cap: INR 2,554 Cr| TTM EPS: INR 53.73

•Value growth led by better Product Mix. The sale of Premium Fabrics was higher last FY23.
•Exports contributed 12.80% of the Revenues in FY23.
•RM prices remained volatile in the last year; the price increase is passed on to the end customers with a lag.
•Despite the increase in RM pressure, EBITDA Margins are maintained at 17%.
•The demand trend in the near term is weak. Term retail sales are under pressure but the wedding season in May- June will revive demand in H2.
•Final dividend of INR 4/ share declared.
•They have 800+ distributors across brands and sub-brands for both fabric and garments, distributors are added as per market needs.
•Net debt INR 20cr, gross debt of INR 149cr.
•Manufacturing in-house- flexi production VAP.

•Marketing spending was reduced from 4% to 2% during covid to conserve strength. This will go back up to 4-5% in the coming quarters.
•A small percentage of sales returns 4-5%. Returns are lesser in fabric and more in garments and are liquidated through factory outlets.
•The Largest brand in the fabric business is Siyarams.
•Expansion into garments was made to approach a larger and younger customer base. Ethnic forays were also made in fabrics to address the growing marker.
•Adopted an asset-light model for capacities. They use a combination of in house & outsourcing. Store expansion will take place through a franchise model with a payback period of 3-4 years where the franchise makes all investments.
•FY23 revenue mix: fabric 77%, garment 17%, yarn & others 6%. Fabrics grew 10.6% with a better Product mix, and garments grew 45.3% (20.3% volume). This year had a large institutional export order (one-off export opportunity) that comprised 20% of garment revenues. Most of this was pent-up demand
•The outsourced volume in the fabric is 45-50%. This will increase.
•some in-house production is done for VAP and the rest is outsourced.
•The distribution business has some credit but it is less as Most distributors plan for future merchandise.
•Revenue growth target 12-15% YoY.
•Maintenance capex is INR 30-40cr. Last year's spend there was INR 139cr spend with INR 60-70cr Maintenance capex ON THE indigo rope dyeing facility being extended to knitting.
•Price increases were taken as per market movement. Now RM prices have stabilized and are expected to remain stable.
•Readymade garment sales are rising much faster than fabric indicating a slight shift in the market away from tailored clothing. Both markets are still largely unorganized and there is scope to grow in both.
•The largest business is branded fabric and garments. The yarn business is relatively new and is mostly B2B. The new launch of indigo knits for top & bottom wear is expected to grow fast. Knitted fabric in denim to be a strong market going forward.
•Currently, they are at 225 stores and aspire to open 50 next year.
•B2c branded IS ¾ OF THE FABRIC BUSIENSS.
•School & corporate uniform business is present in both fabric and garment. It is largely branded and goes retail or channel distribution but is a small percentage.
•Volume growth was largely flat from FY22-23. Premiumization-led growth was the driver.
•The loyalty program now has 2.17 lakh members (customers).
•The Ethnic wear segment has started branded fabric siyarams and reaches retailers through channel distribution.
•Garment and yarn businesses are newer so the growth will be larger. Most growth comes from there rather than from fabric
•Profitability is high in indigo knit yarn as it is new to the denim industry. There will be margins as this category isn't easily available in India. Utilization at 50-60% will go up next year.

Outlook: We believe that the next year will be faced with overall subdued demand and margin pressure leading to a moderation in profitability with increased ad spending. However, the long-term story of the company will remain intact. Volumes will start to normalize post-H1FY24 which will lead to operating leverage benefits, especially from the new indigo knits business which was well received by the market.

ABFRL Q4FY23 Concall KTAS
CMP: INR 191| Market Cap: INR 18,013 Cr| TTM EPS: INR 3.27

Add in tranches.
RM prices easing off ; investment in new business should pay off. Long term story in tact

Sales were better than market estimates.

•The industry faced challenges in the value and mass segment.
•Aggressively grew the distribution network during the year, reaching 500+ stores with 6mn+sq ft of retail space.
•Investments in the brand building were INR 50cr higher than last year.
•Branded store expansion: 104 stores during the year with 25 ethnics, and 25 pantaloons stores.
•YoY 77% e-com growth from the B2B business and brand websites
•Lifestyle brands had many new launches.
•They remain focused on brand building and crossed pre covid levels on most brands.
•Innerwear and youth fashion +48% YoY.
•TMRW added 7 brands and digital-first brands building is underway on priority.
•Net debt came in at INR 1,422cr.
•The lifestyle business had the highest ever Q4 from retail and e-com. Addition of 128 stores during the whole year with consistent SSSG. In the whole year, they added 600 + stores in small-town India. Women's business gaining strong traction with 70% growth YoY. There was a demand slowdown in the value segment with metro regions displaying strong growth but with T2, and T3 cities remaining sluggish.
•Pantaloons are focused on private-label portfolio expansion. They ramped up store addition with 58 stores added in FY23, and 25in Q4.
•Other businesses- Active Athleisure & Innerwear. Innerwear +33% YoY with retail growth 2x YoY. This year they were present across 32,000 trade outlets and 175 EBOs. Youth fashion was also robust with American Eagle displaying 89% YoY growth with 67% LTL growth. Continued network expansion brought the brand to 37 EBOs. Forever 21 grew 40% YoY- Added 9 stores in the asset-light model.
•Super premium- The collective grew 41% LTL across metros and non-metros.
•The growth strategy is to focus on ethnic wear. The year had an INR 174Cr revenue in ethnic wear (+72% YoY).
•The usual quarterly EBITDA is 16-17%. This Q4 was lower because of investments in advertising and the absence of rent concessions.
•Wholesale is fairly strong. Q4 was negative because of some buy-and-sell store which was changed to a consignment basis for a superior replenishment model. Lots of developments are upcoming in wholesale.
•The increase in debt was higher than anticipated because of higher inventories and investments in subsidiaries. Anticipate an increase in debt by the end of next year too on account of the TCNS acquisition.
•Pantaloons margins were 8.5% as a one-off. Saw some sluggishness on the top line in Q4 with sales per sq. ft coming in at INR 7.7K vs INR 8.8K pre covid from constant store addition.

•Store expansion has mostly been backended with investment in operations and IT leading to improvement in productivity.
•Guidance of 60-70 stores was given for pantaloons out of which they opened 63 and shut down 9 in FY23. Next year they target 40-50 store openings on a net basis.
•TMRW subsidiaries started business in the latter half of this year. This was reflected in a very small period of operations and only for some of the brands. The actual run rate is significantly higher. Losses are expected for the near future as they will need 2 years to turn profitable. INR 500cr equity committed in the business and 350cr invested so far.

Outlook: We expect the ethics business to ramp up aggressively over the next 18 months with a corresponding rise in debt levels. The medium-term will deliver an underwhelming performance as demand remains sluggish and the store and brand investments are high, but we believe the long-term story is strong as all of this will reflect on profitability down the line.

Bata Q4FY23 Call KTAs
CMP: INR 1,533| Market Cap: INR 19,704 Cr| TTM EPS: INR 24.61

•The focus on premiumization (athleisure, apparel, floatz) is supposed to be 600-700bps accretive at the channel level. Driving franchise expansion will also aid in this as they open in areas with demand and scale.
•Sneakers have grown 15% over pre-pandemic levels which is faster than other categories all of which have grown from pre-pandemic levels but also faced more volume pressures than sneakers.
•Premiumization is a conscious strategy but the below INR 1,000 category has also had significant growth and more is to come from MBOs. Demand will recover as inflation stabilizes. The premium segment still doing better and driving growth. The bottom of the pyramid will start firing in soon once the inflation impact cools down. But the share of the premium to non-premium probably won't go back to 50-50.
•Channel mix: COCO 70%, franchise 8%, MBO 14%, e-com 10%.
•IT expenses were INR 30cr. Marketing expenditure will grow from 2.6-2.7% to 3% over some time.
•Inventory efficiencies have improved over pre covid levels.
•Franchisee stores have a better margin perspective. There was a lag of capex not deployed in covid times which was deployed now, recently which reflects in growth and efficiency too.
•Dividend payouts were high because of a one-off.
•This quarter had a one-off on other expenses- on account of the growing contribution of franchise stores, e-com, and MBOs and depreciation from IT investments.
•VRS cost benefits will flow through in corporate overheads and pan out over this year.
•During the year they shut down 90 odd coco stores on a net basis which were unprofitable pre covid.
•Traction on premiums is seen to be doing well and the overarching trend of premiumization will continue. Brands like Floatz are converting consumers from low price points to higher price points.
•Franchisee store addition is improving too. Last year 60% of new stores opened were with franchise partners.
•Employee expenses are coming down as they are taking more flexible measures. Flexible manpower is at 15% of total manpower which should go to 25. Expect more productivity and efficiencies with digitization to bring this down.

Cantabil Retail India Ltd
CMP INR 1044; Mcap INR 17052mn

Q4FY23 Result Update

•Revenue from operations at INR 172.84cr up by 29.93% YoY/+6.17 QoQ; EBITDA at INR 41cr up by 23% YoY margins at 24.14% contracted by 128 bps YoY/-1000 bps QoQ
PAT at INR 16cr up by 107% YoY/-37% Qo
Season sale 65%; fresh stock sale 35%
•Demand and Revenue Increase in customer visits and introduction of newly established stores led to increase in average transaction amounts and revenues. For full year FY23 the revenues up by 44% led by same store growth and addition of new stores. The company registered 13% increase in same store revenues in FY23.
•Guidance The company is doing average revenue per store of INR 1.40cr and targeting to achieve growth of 5-6% YoY.

•Capex The company planning capex of INR 25cr for FY24 and similar level of capex for FY25 for expansion, warehousing and enhancing capacities.

•EBITDA growth can be attributed to improved per unit prices and better procurement costs, though the margins contracted YoY and sequentially both due to rent and increase in commission.
•Ecomm progress Net sales through ecommerce crossed INR 13.5cr which is ~2.5% of total sales, target is to achieve 6-7% by the end of FY24 via this platform. The company jas presence on all leading platforms like myntra, ajio, tata click etc.
•Segmental mix remained similar YoY with men's wear contributing 87%, women's wear 9%,
•kids wear 2% and accessories 3%.
Store addition During Fy23 the company added 69 new stores across 14 states
•Focussing on debt reduction and keeping the company close to debt free status along with offering premium quality at competitive prices. The company is also focussing on omni channel presence via e-commerce platforms.

Outlook: The company has impressive return ratios with ROCE at 47% and is able to deliver industry leading margins. With addition of new stores and increase in average transactions, FY23 revenues grew by 44% YoY with notable improvement in profitability too. Going forward, if the commission and rental costs are in control plus if the company focusses more on Tier II and Tier III cities we believe the revenues and profitability will improve further.

Century Textile and Industries Ltd– Q4FY23 Conference Call Highlights
CMP INR 653| Market Cap INR 73400 mn

Revenue
•In FY23, turnover increased 16% over previous year stood at INR 4,719 crores while EBITDA (38%) and PAT (64%) have substantially increased as compared to FY22 mainly due to significant revival in paper business.

vConsolidated EBITDA for Q4FY23 stood at INR 256 crores (+99% YoY) and PAT stood at INR 142 crores (+69% YoY).In Q4, EBITDA increased about 2X and 3X as compared to Q4 FY22 and Q3 FY23, respectively. The Q4 FY23 actual eBITDA includes one-time exceptional item of INR 134 crores profit made on sale of land at- GIDC Dahej, Gujarat.

Revenue Mix
•From a turnover perspective, the company's 75% of turnover roughly comes from the paper business and about 25% comes from the textile business.

Margins
•Consolidated EBITDA margin for Q4FY23 stood at 22.3% as compared to 11.2% in Q4FY22. Management states that margins will ne be better in FY23-24 as compared to this year.

•**Cash flow channel-** The company mentions the free cash flows from particularly pulp and paper business will go into supporting the real estate business growth. In its cash flow company has given a project development cost which is around 900 crore.

SEGMENTAL PERFORMANCE-

•Pulp & Paper Business - Volume for the paper business for this quarter was 111,000 tons and last quarter was about 100,000 tons. Sales have increased by 5% to INR 910 Crores in Q4 FY23 as compared to INR 863 Crores in Q3 FY23.

•**Real Estate Business** - Real estate achieved higher sales of INR 806 crores in Q4FY23, which was the highest quarterly sales ever for the company. The project front, Birla Navya, continues to sell at an exceptional pace

•**Textiles Business –** The textile turnover has decreased by 28% year on year, to INR 222 crores as compared to INR 308 crores in O4FY22.

Strategical Highlights
•In textile segment the company is expected to perform better in FY24 with steadfast focus on developing systems and processes to improve traceability and transparency, as well as adopting internationally accredited certifications that provide a competitive edge in global markets.
•The company is planning 500 crores for the capex plans of the paper business in next 3 year period. The company is bullish on Mumbai as a market and considers it a very attractive locations.

•Guidance
The company is aggressively looking for opportunities to acquire and expand in chosen markets. The management has given no guidance in terms of sales number. The next 2-3 years, company is looking at crossing INR 5,000 crores annual booking.

Acquisition- This year in April the company have acquired two projects, one in Pune and one in South Mumbai. Several projects are in pipeline for acquisition.

Shareholder Value- No demerger on paper till real estate business is dependent on the cash flows from the paper business and till it becomes self-sufficient in terms of its own cash flows, deliveries, executions of projects to demonstrate capabilities, and borrowing etc

Outlook

The company is quite bullish on the real estate business with no major slow down. Good business is coming from the paper business particularly on the writing and printing paper as well as the tissue segment but Writing &Printing paper demand is expected to remain low due to the seasonal impact of the closure of education hubs in summer. Cost pressure is expected to persist in the domestic market due to low-priced imports and excess supply from domestic mills.

The company is doing quite well in the tissue market with being market leader capturing 44%-45% market share. In Textile business the company expect some momentum on the upward side in the second half of this particular year.

Arvind Ltd_ Q4FY23 Earnings call KTAs
CMP: INR 116| Market Cap: INR 3,044 Cr| TTM EPS: INR 7.7

•The demand situation in key export markets with global retailers is picking up but remains cautious. Some signs of sluggishness persist with tightening up inventories as they continue buying in small lots close to secondary sales.
•The disadvantage of India to Bangladesh is that no duty-free access to certain markets remains a problem for Indian exporters.
•Pakistan's currency depreciation gave India an advantage in denim.
•Volumes in woven were strong but reduced in denim and garments.
•RM prices were lowering in recent quarters.
•25% tax regime transition.
•Woven volumes grew 7mn meters in FY23. garment and denim faced degrowth.
•Realizations were higher by 25% for denim and 18% for wovens.
•The cotton average price for FY23 was INR 240/kg vs 140 for FY22.
•Textile margins were 9.8% vs 10.8% in FY22 on account of lower volumes.
•AMD delivered promised growth and closed the year at INR 1250cr with an EBITDA of 13.2%.
•NWC turn improved from 5.6 to 6.3 in FY23.
•INR 300cr reduction in LTD during FY23.
•FY24 revenue growth is expected in mid-single digits led by 20% growth in AMD.
•Garment volumes to improve in H2 along with margins.
•Continue to reduce LTD by INR 250cr in FY24 and reach INR 400cr debt by then.
•Key markets are facing inflation and monetary policy tightening to fight it which contracted demand. RMs also remain uncertain with monsoon and cotton. Sluggishness in domestic markets too.

•Done some structural changes to implement more operational efficiencies going forward which will boost margins and productivity.
•The textile business will have an addition to the garment capacity. Partner customers are still cautious with inventory buildup post covid which led to low buying. Buying will resume in H2.
•The medium-term outlook for India is good. More buyers want vertical packages and want to derisk away from China, Vietnam, and Bangladesh. The immediate few quarters from here remain cautious. Building capacities to take advantage of when the cycle turns positive. H2 and medium-term outlook are bullish.
•Sustainability as a source of competitive advantage: recycled water used and water saved by working with farmers and helping form deeper relationships with brands.
•2 major areas of capex are advanced materials and garments which over the next 2 years will incur an INR 600cr spend.
•Should decrease LTD but STD may increase for WC needs. Total debt will remain flat.
•AMD margins are 14.5% and overall margins are 9.5%. Margins in the textile business were pressurized from RM prices. They have come down but are still at higher levels which affected gross contribution but the situation is improving now as Q4 was better than Q3. Margins were also affected by poor capacity utilization in garments and denim which affected overheads. Going forward they expect flattish margins.
•ROCE in the AMD business is improving with the utilization of overheads.
•As the demand cycle picks up and RMs stabilize margins can increase by 100-200bps.
•Generated INR 650cr of cash from operating profits and the sale of assets. Stepping up investments in FY24 will be paying dividends and special dividends too. Growth in WC needs might be funded through debt.
•Interest cost savings from the substitution of LTD with STD will be around 150bps (INR 3-4 cr).
•Capex allocation will be 40% AMD, 30% garments, and 30% debottlenecking & maintenance across the group required to keep the textile business to remain relevant.
•ATR 2.5-3x in the garment and AMD segment which is significantly higher than textile. INR 600cr can capex can generate INR 1500- 1800cr revenues which will take ~18 months to ramp up.
•Closure of capacities in Ethiopia and Ahmedabad took place during covid.
•The current capacity is 42-45mn garments which should go up to 60mn. AMD has headroom to grow 10-15% from existing infrastructure. The capacity created should allow for another 25-30% growth. Growth can come from denim as the capacity is available. Woven capacity is full, and denim volumes bottomed out at 11mn units. Return to normalcy will take place in a short time as we expect to see normalcy in the coming quarters.
•Pakistan poses as a very strong competitor from additional verticality as a one-stop shop which is where India needs to catch up.
•Denim deterioration was due to cotton reaching INR 1 lakh/ candy which caused a switch to less cotton-hungry products in the industry. Denim will grow from here on in single digits, garments will grow 2 digits with better numbers in H2. Wovens will grow in low single digits.
•DPR to be at 20-30% in coming years.
•Investments will be made in knits and essentials. The essential share of revenues won’t change much disproportionately.

Pearl Global Q4FY23 Call KTAs

CMP: INR 525| Market Cap: INR 1,137 Cr| TTM EPS: INR 18

•The year saw growth in Pearl's multinational presence, strong customer relations, and an increasing share of VAP, and the integration of the Alpha acquisition led to improved realizations and a volume growth of 16%. There was a drop in volumes by 6% this year. The Alpha acquisition will be margin accretive from Year 1.

•Incremental orders from new customer addition were relatively high for FY23. This stems from the additions to the product portfolio that cater to a wider clientele which led to massive client addition during the year and fresh orders. This momentum will continue into FY24, though most of the growth is expected to come in H2 as inventories further liquidate with retailers in key markets.

•During the year there was an increase in interest cost and inflation which is expected to persist into H1 and revenue growth is expected to be along the same lines next year. However, over the next 3-4 years we expect them to deliver a 15-20% CAGR revenue growth supported by volumes.

•They continue to endeavor to be present across the global value chain.

•Operating leverage was seen playing out in greenfield units in Bangladesh. The units in Vietnam were also seeing improved operating efficiencies.

•This year saw an improvement in product mix and operational efficiencies which led to significant margin expansion.

•Inventory days were significantly lower in FY23, coming in at 59 vs 73 in the previous year.

•There was an exceptional item of INR 17.8 Cr from the sale of land and building.

•Stringency with the risk governance network led to reductions in RM costs.

•During the year capex of INR 48 Cr was incurred which will be in the range of INR 50-60 Cr in the next year.

•The Indian business has taken to improve efficiencies in partner factories. Capacity expansion encouraged by the PLI Scheme has spurred brownfield expansions.

•The Vietnam business has an improved product mix and operating efficiencies. The partnership model has proven to be successful.

•The Europe market displayed a robust value chain. They are also exploring nearshore manufacturing opportunities in LATAM and a new licensing and branding opportunity in Central America.

•Overall, the production mix improved and grew as well, leading to better realization and VAP sales.

•They are entering into new JVs in existing geographies with existing factories.

•Most of their business comes from direct sourcing to brands and large retailers as they do not involve middlemen and agents.

•Blended capacity utilizations are ay 65%.

•86% of the revenue comes from owned manufacturing facilities and the rest comes from partnership facilities.

•Blended corporate tax rates are at 15-18%.

•We believe the company can maintain a ROCE of 18-19% for FY24 and double-digit EBITDA Margins on higher FOB customers.

•Debtor days have gone down drastically on account of risk and liquidity management measures taken during the year and will persist into the future.

•Consistent dividend payouts will continue in the years to come.

•The knit-to-woven revenue split is 44-56.

•An interim dividend of INR 5 per share was declared, bringing the total payout to INR 7.5 per share.

Banswara Syntex Q4FY23 Concall KTAs
CMP: INR 158| Market Cap: INR 541 Cr| TTM EPS: INR 30

•Western & EU markets led demand recovery from the China +1 strategy. India continues to be a favourable destination outside of China. Textile exports from India are targeted to reach USD 20 Bn aided by the PLI & PM Mitra Scheme to set up 7 mega textile parks to boost exports.
•New division heads were appointed for the Yarn, Fabric & Garmenting divisions.
•Yarn: Sales were down 18% on account of the slowdown in the market & order book. Weaker demand led to the shutting down of some units. However, production increased near the end of the quarter. VAP sales were INR 43 Cr and Capacity utilization was 87%. This is picking up. INR 38 Cr was spent on modernization during FY23 and INR 40 Cr is planned for FY24 to increase production and efficiencies. Knitting and weaving yarn demand in south India is picking up and revenues will grow at 8-12% for FY24.
•Fabric: orders were lower and they cut production in Q4. Sales were up 41% yearly due to a low base effect of Q4 and post covid expansion of product lines. VAP sales were INR 87 Cr. Capacity utilization was 89%. During FY23 INR 23 Cr was spent on modernization, and INR 12 Cr will be spent in FY24. A new domestic brand was acquired from Italy and new fabrics will be launched under it in India in the worsted segment.
•Garment: The segment had a strong order book and demand with the increased production of jackets which are more profitable than pants. The units were running at 85% capacity utilization for the quarter. Growth was led by NPDs and a strong order book. Growth for FY26 is targeted at 12-16%. In FY23 INR 35 Cr was spent on modernization and INR 28 Cr is the estimated capex for FY24. A product development center was established with its dedicated marketing team.
•Exports will grow at a CAGR of 11% from FY20-26 and domestic sales will grow at a CAGR of 10%.
•INR 54 Cr will be spent on setting up a power generation unit.
•During the year there was a reduction in coal prices by INR 680/ Tonne.
•India's competitiveness vs Taiwan and China during the year was not as good as theirs but is seen to improve in recent times.
•Garment and fabric growth trajectory for the next 2-5 years will be maintained at the same pace with lower capital intensity compared to yarn.
•The Uniqlo partnership will aid in increasing fabric and garmenting sales.
•The total capex amount will be INR 145 Cr in FY24.
•With existing capacity, the revenue potential is INR 1,700 Cr. Peak revenues will be attained 2-3 years post-capex.
•Margins may go down in FY24, but the absolute EBITDA level will be maintained at this level.
•They are in the process of owning & acquiring the Italian brand. This will continue side by side with the Uniqlo partnership though it is much less lucrative.
•Q1 will be a slower quarter, but there will be a gradual pick-up post that.

Manyavar_Q4FY23 Concall Notes
CMP: INR 1,249| Market Cap: INR 303,159| TTM EPS: INR 17.42

•The company expanded its retail footprint presence by adding 75,000 sq. ft. retail area in Q4FY23 and 204,000 sq. ft. retail area in FY23, with a total retail presence of 1.47 mn sq. ft. in FY23. Present across 649 EBOs (16 of which are international).
•They also expanded their international presence with new stores in London and Canada in Q4 and have a presence in the USA, UAE, Canada, and the UK as of FY23. 9 total EBOs were rolled out during the quarter (2 of which were international), and 54 during the year (4 of which were international).
•The company recorded retail sales growth of 26.3% in FY23 and 21.2% in Q4 FY23.
•The company recorded SSSG growth of 14% in Q4 and 18.1% in FY23.
•The company has achieved a ROCE of 95.3% in FY23 and a cash conversion ratio of 105% in Q4FY23, and 83% in FY23.
•The flagship campaign 'Taiyaar hokar aaiye' did well and Kiara Advani was on-boarded as a new brand ambassador.
•SSSG numbers with store addition do not look very high when matched with revenue growth as a large chunk of square footage was opened in Q4, and the revenue from the same will come in next year.
•Employee cost has decreased by restructuring director remuneration.
•GM and PAT margin trend is expected to continue sustainably.
•Capital allocation going forward: Cash generation is significant which will be distributed to shareholders or used within the business for expansion.
•Revenue growth will follow the current trend of 5.5% 3-year CAGR.
•All organized retailers opening up next to Manyavar stores have better per-store performance in terms of SSSG. This is a sign growing market and a faster shift from unorganized to organized.
•Secondary sales growth was only 7% vs retail area addition of 16%. Overall, q1 was heavily impacted and wedding dates spilled over the rest of the year.
•Heavy lifting is underway for the pilot of Mohey (8-10 stores) and Twamev (10-15 stores) due by FY24. They are seeing impressive store openings, but their performance is yet to be gauged. Footfalls will improve over the next few quarters.
•Phase 1 launch has already happened and it showing on the back end, wherein a customer can build their profile. So far it has been operational for 2-3 weeks.
•Q1 was heavily impacted last year which caused wedding dates to be more spread out. Usually, 36-37% of the business happens in H2, however, last year it was 42% of sales which resulted in lower SSSG numbers.
•International store performance: Contribution is low at 1-2%. They have seen good traction, and have grown at 26% CAGR over pre covid level. Since more NRIs are coming to shop in India, that growth has plateaued. Hence, they are looking to expand into other geographies.
•45-50% of sales come from groom/ bride demand.
•Channel mix: Out of MBO/ LFS/ Online. The dominant channel is EBOS and they are more important strategically due to better brand experience. Online is a good channel for non-wedding sales.
•SSSG in the high to mid-single digits is the target. The average store size is also to increase from here.
•In the organized market, Vedant fashions have a targeted share of ~35%.

•Wedding season for the upcoming quarter is expected to be good in May and June, but lesser in April.
•Entry-level products have had pricing increased in premium stores.
•20,000 sq. ft. stores are being opened. They are larger stores that attract a larger crowd and have higher productivity. Smaller stores have less premium and diverse inventory.
•Campaign launches are usually planned and launched in Q3. They have higher marriages and festivals. In FY23 there was a shift from Q3 to Q4.
•Manyavar will be 20-35% of new store openings. Mohey does not require spacing of its own.
•Changes in wedding dates can cause a deviation of 2% in SSSG levels.

Dollar Industries
CMP : INR 372.6 | Market Cap : INR 2,101.62 Cr
•**The company missed on profitability from high inventory losses, employee costs, and other expenses. Top-line growth remained steady.** DIL's Q4FY23 Revenue was up 9.26% YoY to INR 406 Cr Vs their estimate of INR 265 Cr (+42.42% QoQ). EBITDA was down 79.6% YoY to INR 11 Cr Vs their estimate of INR 17 Cr (-41.81% QoQ). EBITDA Margin contracted 1,211bps to 2.78% vs their estimate of 4.65% (-402bps QoQ). PAT was down 98.75% to INR 0 Cr Vs their estimate of 11 Cr. (-92.65% QoQ).

•**Volume growth and price cuts:** In Q4 they had a volume growth of 37% (value de-growth of 29%), and 5% in FY23. However, on a full-year basis, they took price cuts of 4-5% to reflect the correction in yarn to be passed on to distributors. Additionally, most of the volume growth came from low-margin economy products which led to ASP de-growth. Premium ranges like Force NXT and Missy had volume growth of 15% and 10% respectively.

•**EBO expansion:** During the year they opened 14 EBOs to help increase brand awareness and value perception in the eyes of the customers.

•**Progress on Project Lakshya**: During the year they added 87 distributors and forayed into newer territories to secure their market share as competitiveness has started to increase. They have recently entered Tamil Nadu and Kerala. The sales contribution of the project was 19% vs 8% in FY22, and Project Lakshya distributors has a volume growth of 19% and a value growth of 18% during the year (sans- new additions in FY23) which is healthier than the company level. They are now targeting Orissa and the Northeast with a distributor addition of 100-140 in the next year. In FY22 they had 140 distributors generating INR 100 Cr of revenue and in FY23 these numbers were 228 with INR 240 Cr respectively.

•**High-cost cotton inventories:** They led to significant inventory losses during the year, and will ~2 more quarters to fully clean up, post which we can expect margin expansion to accrue. Cotton prices have stabilized at INR 55,000- 60,000 per candy and yarn prices are also less volatile.

•**Brand-wise SOR:** FY23; Dollar Bigg Boss 42%, Dollar Always 37%, Thermals 6%, Dollar Women's (Missy) 9%, Socks 2%, and Force Nxt 9%. Q4; Dollar Bigg Boss 43%, Dollar Always 42%, Thermals 1%, Dollar Women's (Missy) 9%, Socks 2%, and Force Nxt 4%.
Heavy investments in advertisement to improve brand visibility and impact: The company spent INR 101 Cr on advertisement (7.22% of revenues). This will be maintained into FY24 as margin expansion will pick up.

Q4FY23 Concall highlights:

•The yarn capacity should be commissioned by September and the warehouse is awaiting a certificate of completion. They are trying to maintain that 20% of yarn needs to be met in-house to allow for quality and cost control. In the short run, this figure can go up to 25% but will revert to 20% in the long run.

•Combined economy range and Bigg Boss grew 53% and 14% respectively during the year (huge volumes). Premium products like force nxt only grew 2-3%. The target contribution of athleisure wear is 13%, and to achieve this they have launched women's athleisure and have replaced Force Go Wear with dollar man athleisure for better branding.

•FY25 target WC days are 120 vs the current 160.

Outlook: We look toward significant inventory clean-up in the next few quarters which will lead to margin recovery, as channel inventory begins to clear up. Brand awareness will increase with a growing EBO count and increasing ad spending. 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

•**A stupendous performance; demand returns as buyers in the US and UK liquidate old stocks and start to buy again. Operating Margin expansion is visible sequentially as well as annually with cotton price moderation during the quarter. ICIL's** Q4FY23 Revenue from Operations was up 22.79% YoY to INR 807 Cr vs their estimate of INR 657 Cr (+22.79% QoQ). The EBITDA (ex-OI) was up 50.75% YoY to INR 144 Cr vs their estimate of INR 84 Cr (+96.58% QoQ). The margin was up 324bps YoY 17.87% vs their estimate of 12.83% (+671bps QoQ). The PAT was up 11.02% YoY INR 95 Cr vs their estimate of INR 37 Cr (+151.18% QoQ).

•**Demand returns and cotton prices have softened significantly:** In the past few quarters the company faced a demand slowdown from high inflation that curtailed demand for discretionary products, supply chain & logistic issues (container shortage), and soaring cotton prices. All of these concerns have started to abate; inflation has started to moderate which has led to demand returning, large retailers in the US and UK have resumed buying momentum as inventory hang-ups with them have started to liquidate (hang-ups from previous overbuying to mitigate against facing shortfalls in inventories given the container shortage), and cotton prices have come down to the INR 55,000- INR 60,000/ candy mark vs INR 65,000 in Q3, and upward of INR 1,00,000 during peak pandemic times.

•**Capex plans:** There is a residual capex of INR ~23 Cr on the spinning capacity which will be completed in FY23 and a regular mantainence capex of INR ~40 Cr required every year. All capex needs will be met internally. The company was in investment mode during the pandemic time and this will start to pay off now as major organic and inorganic acquisitions are done.

•**Guidance:** The company can grow 15-20% and reach peak margins in the range of 16-18%. There will also be a heightened focus on debt reduction now that major capex (an amalgamation of PSML to bring in more spindles, expansion of the spinning capacity, and the GHCL acquisition) has been completed. Volumes will be in the range of 85-90mn meters. FCF generation will be higher from here on. Capacity utilization can touch ~60% up from the current 50%.

•**Growing share of value-added products:** They target to grow the share of products like fashion & utility bedding (~19% of revenues targeted to become 30% in 3 years) as well as other licensed brands as they tend to be margin accretive. In addition to the 2 existing licensed brands, they are in talks with 2 additional brands.

Q4FY23 Concall highlights:

•The make-in-India plan, PLI incentive, PM Mitra textile parks, potential FTAs with new nations, and the China +1 strategy, all are growth levers for the company as they promote exports.

•Brand building through e-commerce and the domestic market (which is entirely a brand play) along with VAP & licenses are some of the drivers for margin expansion within the company.

•The order book is set for 5-6 months.

•Normal WC days will be ~180.Realization growth/de-growth will be in proportion to the RM price trajectory.

•Cotton is yarn 80% of the RM requirements, the rest is blended yarn.

•Interest costs were high during the year due to an ECL provision reversal and will remain at similar levels going forward.

•Forex gain during the year was INR 13 Cr vs INR 110 Cr last year.

•Yarn inventories are held for up to 6 months. High-cost inventories are expected to fully liquidate by Q2FY24.

Outlook: The Company is seeing a massive turnaround in its macroeconomic environment as the market returns to normalcy, and economies of scale will start to kick in from all the investments. The potential FTA with UK, EU, Canada, and the GCC could push growth over the company guidance. The GHCL acquisition has opened access to new customer bases, and they endeavoring to push the D2C and B2C branded business, as well as the fashion/ institutional/ utility bedding- all of which have high profitability. We expect recoveries above pre-pandemic levels in the medium-long term.

Raymond Q4FY23 earnings call takeaways
CMP: INR 1,568| TP: INR 1,772

• Pushing EBO store expansion especially for ethnix. This year ethnic store count was 61. 16 were launched this quarter. Going forward they will open 200 new ebos and 100 of those will be from ethnix.
• Pushing developments in suiting (on the premium end) and shirting (on premium and economy end). Shirting has a huge headroom for growth as it is Under Penetrated. Growth will be in high single digits for suiting and double digits for shirting.
• The new realty project tenxera will realize 1400cr of revenue over the next 3-4 years.
• NCDs were launched to reduce bad debts. And so was the sale of the FMCG business. Cash balance will be around 1,700cr which will be used accordingly.
• Adding new lines to the garmenting capacity kn Ethiopia and india to increase it by 30-40% over time. Garmenting order book is set into the next 2 quarters.
• Auto business was slightly impacted on account of euro depreciation and global inflation, but showed signs of recovery in the last two quarters.
• Casualization trend continues across branded apparel
• Demand momentum wavered through Q4 but started to recover at the end of the quarter leading to a pick up on primary sales on account of winter weddings.

During the quarter, the company faced lowered discretionary spending due to high inflation which kept impulse purchases low. However, there was a turnaround nearing the end of the quarter from winter wedding demand which led to an improvement in primary sale momentum. Raymond's Q4FY23 Consolidated revenue ex-OI grew 9.81% YoY to INR 2,150 Cr (-0.83% QoQ). Gross Margin ex-OI contracted by 311bps YoY 62.81% (+87bps QoQ). EBITDA including OI grew by 5.80% YoY to INR 379 Cr (+8.06% QoQ). EBITDA Margin including OI contracted 34bps YoY to 17.28% (+134bps QoQ). PAT de-grew 35.85% YoY to INR 197 Cr (+103.4% QoQ). **There were some inventory write-downs during the year from the slowdown in some LFS. Wool & PVC prices have stabilized and corrected but remain higher than pre-pandemic levels. Price increases were successfully passed on to consumers. The garments order book is maintained into the next 2 quarters. There were increases seen in inventory levels this year, but this was mostly due to stamp duty and other expenses from the new real estate foray which amounted to INR 150 Cr, and also to maintain stocks for new EBOs.**

•**Realty launch:** Raymond launched its 3rd real estate project 'Ten X Era' to solidify its position in the MMR region for residential real estate, and monetize its current land parcel. 25% of the launched units have already been booked. This project will have an estimated revenue addition of INR 1,400 Cr to the top line over the next 3-4 years.

•**Ethnix Stores:** Raymond opened 61 stores (50 on a net basis) in FY23- an addition of 16 Ethnix stores and 34 Color Plus, Parx, Park Avenue, and Raymond Ready to Wear during Q4FY23. So far, they have opened 45 Ethnix stores. This brand was one of the driving factors of growth for the apparel business this quarter. In the next 2 years, they plan to open 200 stores in the next 12-18 months on a franchisee model, 100 of which will be Ethnix. Ethnix is already seeing gross margins at ~65% and will break even soon.

•**Suiting & shirting growth strategy:** Raymond is already a market leader in suiting, but still has huge headroom to grow in shirting. The current growth strategy for these verticals is to focus on product and category developments on the premium side for suiting and on the premium+ economy end for shirting. The suiting business can grow in single digits going forward, and the shirting business in double digits. Branded textiles can maintain margins in a comfortable range of 20-21%.

•**Capacity expansion in the garment business: N**ew lines will be added to the manufacturing capacities in Ethiopia and in India to increase the capacity by 30%.

•**Apparel business:** The business sees a strong operating leverage play and continues on store rationalization. Certain un-profitable stores (with low revenue per square foot) were shut down during the quarter and is a continuous process. Discount levels were managed this year to get more full-price sales. Margins can be maintained at ~15% in the years to come. Winter wedding demand led to an ATV growth of 27% across TRS.

<u>Q4FY23 Conference Call Highlights:</u>

•This was the 6th quarter of the highest-ever EBITDA.

•Net debt was down by INR 200 Cr.

•Exceptional items of INR 93 Cr were recorded on account of inventory loss and bad debt.

• The China+1 strategy and vendor consolidation was highly beneficial to the garment business.

•The engineering business did well in the domestic market but the international market faltered a bit owing to euro depreciation and global inflation.

•The real estate business recorded INR 1,600 Cr+ of bookings.

•The garments business added new customers during the quarter. The plants are running at 87-90% capacity.

•High-value cotton shirting saw an improvement in demand for cotton fabric and linen from its B2B customers and also enjoyed better realizations from operating efficiencies.

•JK files saw good demand across CV and PV segments. Ring gear exports grew despite currency problems in international markets. The engineering business was largely impacted by unfavorable export conditions in H1FY23 and about 2/3 of the business is export driven.

•Ten X Era launched in Q4 and received 100 bookings within 10 days of launch (25% of launched inventory). Ten X Realty and The Address by GS have 80% of launched inventory booked.

•Operating costs for the quarter were higher due to increased ad spending and inflation issues.

•WC days were reduced by 2 days and now stand at 53 days. Strong cash collections helped this.

•Interest cost was up due to higher lease liabilities from store network expansion.

•Suiting and shirting business saw volume growth ahead of the market and retail efficiencies saw good like-to-like growth.

•The real estate JDA in Bandra will be launched once all approvals are in order.

•Ethnix is having high investments in store openings and advertisement as is it still in its incubation phase.

•The increase in investments this year was due to a write-up in the value of RCCL- an associate company that was revalued for a slump sale (of the FMCG business).

•Post the FMCG transaction, the company expects an inflow of liquidity of about ~INR 1,500 Cr which will be allocated to the lifestyle businesses based on existing debt and cash balances.

Outlook: We look toward net debt reduction and cash flow generation from the demerger of the lifestyle business (which has most of the company's debt), the slump sale of the FMCG business which will make the lifestyle business a net debt 0 one, and the rapid development in the real estate business. Operating leverage will start to kick in for the lifestyle business, and margin expansion will follow with the theme of premiumization and casualization.

Gokaldas Exports (GEL) Q4FY23 Revenue de- grew by 10.59% YoY to INR 523 Cr (+0.80% QoQ) vs their revenue estimate of INR 534 Cr due to inventory build-ups with global retailers discouraging buying during the quarter. Gross Margin expanded 5bps YoY 47.27% (-101bps QoQ) indicative of the previously volatile input cost environment starting to settle down. EBITDA grew 0.54% YoY to INR 71 Cr (+16.06% QoQ) vs their estimate of INR 58 Cr. EBITDA Margin expanded 151bps YoY to 13.67% (+180bps QoQ) vs their estimate of 10.8%. PAT de- grew 22.52% YoY to INR 47 Cr (+16.29% QoQ) vs their estimate of INR 44 Cr. **During The year, growth was price-led and volume growth was muted. This is because of high inflation in input costs which had to be passed down, and inflation in the consumer basket which pinched pockets and discouraged discretionary purchases during the year.**

•**Guidance:** The demand scenario for H1FY24 is expected to remain similar to H2FY23 as different buyers are in different stages of inventory liquidation and it is expected to fully abate by then owing to spring and summer demand for which most buyers begin to place orders in H2FY24 from both the US and the UK. In the next 3 years, there will be a margin expansion of 1-1.5% on EBITDA. The current year had high margins but these are not sustainable. In the medium- long term, the company has targeted growth of ~20%. Rupee depreciation is also a factor to aid in this.

•**Knitwear unit:** It is expected to get commissioned by September 2024, but will take ~2 years before it can contribute meaningful revenues of INR 50-100 Cr to the top line. Once it has ramped up it will contribute ~10-15% of revenues, and the remaining will be from woven. This will change ASPs and improve the margin profile.

•**Capacities Planned for FY24/FY25:** The units in Madhya Pradesh and Tamil Nadu are expected to commission in FY24 and can add revenues of INR 300 Cr to the top line once fully ramped up in FY25. During the year the capex figure was INR 135 Cr and is expected to be INR 145 Cr in FY24.

•**Bangladesh JV:** The majority of the work for the JV has been completed.

•**Cost pressures during the year:** There was an increase in employee expenses as wages in Karnataka were increased during the year There was also an expense on account of an ESOP expense. This will be countered with increasing efficiencies and productivity.

Q4FY23 Concall Highlights:

•During the year they generated adequate cash and will pay dividends in the coming year.

•As buying momentum from over-ordering was high in H1, they displayed high revenue growth, but the following H2 was muted and in line with the industry as retailers pulled back on order momentum.

•ROCE was high at 26%.The capacity additions are in line with the order book growth momentum.

•The current ASP is in the USD 8-10 range, which makes their positioning one for value instead of luxury.

•Going forward, the tax rate is expected to be in the range of 25%.The new units being commissioned in FY24- FY25 will be more margin friendly than the existing ones.

•Other income comprises investment income from mutual funds and FD investments.

<u>Outlook:</u> We believe the company will have a sluggish H1 as its major customers are still working on inventory liquidation which will put downward pressure on the top line. However, the medium to long-term performance of the company looks promising as its capacities ramp up, volumes begin to pick up, and inflation begins to ease. The prospective FTA with the UK will also aid sales momentum to those geographies if and when It materializes. The China +1 strategy also helped them gain wallet shares with major clients with vendor base diversification away from China and Vietnam.

V-MART RETAIL LTD | Q4FY23 Management Conference Call KTAs
CMP: INR 2054.25
Marker Cap: INR 4,061.76Cr

Revenue and margins
•V-Mart Retail Ltd demonstrated robust performance with a remarkable 48% year-on-year revenue growth, reaching 24,648 million. Despite this commendable revenue growth, the company experienced a net loss of 78 million during the year.
•The EBITDA for the year stood at 2689Mn.

Revenue mix
•V-Mart Retail Ltd showcased a strong revenue mix, with V-Mart contributing 79% towards the total revenue.
•The Unlimited segment accounted for 18% of the total revenue, while Limeroad contributed 1%.

Segment wise revenue mix
•The fashion segment (including Limeroad) accounted for 90% of the total revenue, indicating its strong position as the primary driver of the company's financial performance.
•In contrast, the kirana segment contributed the remaining 10% of the total revenue.

Stores
•As of FY23, V-Mart Retail Ltd operated a total of 423 stores.
•Among these, V-Mart had 341 stores, representing the majority of the company's store network. The Unlimited segment had 82 stores.
• During the year, the company opened 59 new stores, indicating its focus on expansion. However, it also closed 16 stores, likely as part of ongoing store optimization efforts or strategic decisions.

Expenses
•V-Mart Retail Ltd witnessed significant year-on-year increases in various expense categories. Manpower expenses grew by 42% YoY, reaching 2,555 million.
• Advertisement expenses experienced remarkable growth of 106% YoY, amounting to 862 million. Fuel and power expenses rose by 55% YoY, totaling 901 million.
•Additionally, other expenses grew by 84% YoY, reaching 1,670 million.

Other highlights
•Gross margins experienced a decline of 32%, but they still remained higher than pre-COVID levels, indicating resilience and recovery in the business.
•Expenses grew by 32% YoY and 23% QoQ, with a significant focus on online business and marketing activities.
•The company invested approximately 270 crore Capex, primarily allocated towards establishing a new warehouse, opening 59 new stores, and refurbishing existing stores.
•V-Mart witnessed a ROCE of 5.7%, an improvement from 5.3% in the previous year.

Outlook: V-Mart Retail Ltd achieved significant revenue growth of 48% YoY, driven mainly by the Fashion segment. However, the company recorded a net loss of 78Mn for the year. The company plans to focus on online business, marketing, and expanding its store network in the upcoming period to improve profitability and ROCE.

Arvind Fashions Ltd | Q4FY23 Management Conference Call KTAs
CMP: INR 285.90
Marker Cap: INR 3791.46Cr

•Arvind Fashion Ltd has achieved remarkable growth in FY23, with revenue reaching INR 4,421 crores, representing a significant increase of 45% compared to FY22 revenue of INR 3,056 crores.
•EBITDA also showed a positive trend, with FY22 recording INR 247 crores and FY23 improving to INR 505 crores.
•PAT also witnessed a remarkable turnaround, shifting from a loss of INR 267 crores in FY22 to a profit of INR 37 crores in FY23.
•In the fourth quarter of FY23, Arvind Fashion Ltd achieved revenue of INR 1,140 crores, a 24% increase compared to INR 917 crores in Q4FY22.
•EBITDA for Q4FY22 stood at INR 94 crores and grew to INR 138 crores in Q4FY23.
•The company's profitability also improved significantly, with PAT increasing from INR 1 crore in Q4FY22 to INR 11 crores in Q4FY23.
•Arvind Fashion Ltd achieved a notable improvement in EBITDA margins during Q4FY23, with a 190 basis point increase compared to the previous quarter. Additionally, for the entire FY23, the company witnessed a significant improvement of 330 basis points in EBITDA margins.
•Despite the current soft demand environment, the company anticipate a gradual improvement in trends leading up to the festival season ,
•The company witnessed positive momentum in retail network expansion across brands through the franchisee model.
•Arvind Fashion is actively focused on strengthening balance sheet through the generation of free cash flow (FCF).

•By effectively managing cash flow, it aims to enhance ROCE and create greater value for stakeholders.
•The company currently has a ROCE of 15% and has a midterm goal to further enhance ROCE to 20%.
•It maintains a decisive focus on scaling the existing brands through cash accruals.
•To improve profitability the key area of focus is achieving better full price sell-throughs, ensuring that the products are sold at their intended prices without excessive discounts.
•Additionally, the company is capitalizing on operating leverage, optimizing operational efficiencies, and streamlining cost structure.

•Outlook: Arvind Fashion Ltd excelled in FY23, with remarkable 45% YoY revenue growth, improved EBITDA margins, and positive PAT. Despite soft demand, the company anticipates gradual improvements. Focusing on franchise expansion, cash generation, and profitability enhancement, Arvind Fashion exhibits resilience and strategic prowess for future growth.

V.I.P Industries Ltd – Q4FY23 Conference Call Highlights

CMP INR 620| Market Cap INR 87,948mn

Financials

•Revenue from operations for Q4FY23 stood at INR 4510mn growth of 27% YoY. EBITDA for Q4FY23 stood at INR 690mn, for FY23 it stood at INR 3310mn it was affected by final hit of Future Group outstanding int terms of doubtful debt amounting to INR 230mn.

•Gross margin for Q4FY23 improved on the back of fundamental cost efficiencies and softening of RM prices, stood at 58% a gain of 840bps QoQ. Gross margin for FY23 stood at 51%.

•Company booked an exceptional loss of INR 472mn due to fire in a manufacturing factory in Bangladesh.

Brandwise performance : Caprese continues to be the outperformer brand with 90% YoY growth in Q4FY23, followed CARLTON with 53% growth and Skybags and VIP at 26% and 22% YoY respectively.

Capex

•The company spent INR 1000mn during FY23 and they have planned a capex of INR 2000mn for FY24 to build manufacturing facilities.

•The investment planned will be a mix in India and Bangladesh, including both greenfield and brownfield projects.

Trade Channels

•Exclusive business outlets crossed 500 stores in FY23 and the target for FY24 stands over 800 outlets. Traditional trade distribution has passed 1200 towns in FY23 and they are focussed on
•increasing penetration in towns to a target of covering all 50,000 population towns by FY25.

Modern trade channel suffered due to closing down of Future group during FY23. E-commerce continues to be a focus for growth, accelerator program is planned for the segment in FY24.

International Business: The company is positive on growth in international operations with building deeper foundations. The expansion plans in Europe and US markets is expected to be in FY25.

Growth drivers

•Backpack segment is a focus area for the forth coming growth with a lot of unorganized sector yielding into organized, the company is focussed on tapping industry growth with planning of building a manufacturing facility.

•Caprese remains the focus brand with planning on upscaling ecommerce business for the brand.

The growth is expected to be led by backpacks and premium products for the company.

Guidance

•The company expects to maintain gross margins in the range of 53%-55% and 17-18% at EBITDA levels.

•The working capital is expected to reduce by 15 days to 75 days from 90 days in next 18-24 months led by building of inhouse manufacturing facilities.

Outlook

The company has registered good revenue growth with expansion in gross margins on the back of softening of RM costs. Capacity expansion plans will benefit the company moving forward and they expect to commission most of the facilities from FY25. They expect the organized luggage industry to growth at more than 15% and are positive with a growth of near about 20% moving forward mostly led by premium portfolio and backpack segment.

FSN E-Commerce Ventures Ltd || Q4FY23 Management Conference Call KTAs || CMP: INR 125.05 || Marker Cap: INR 35,669.85Cr

- **Q4FY23 Revenue & Margins**

•FSN E-Commerce Ventures Ltd achieved Rs. 24,454 Mn in GMV, representing a robust YoY growth of 36%.
•FSN recorded revenue of Rs. 13,017 Mn, indicating a significant YoY growth of 34%.
•It achieved EBITDA of Rs. 707 Mn, exhibiting an impressive YoY growth of 84%, and also maintained an EBITDA margin of 5.4%, showcasing an increase of 147bps YoY.

•FSN reported PBT of Rs. 86 Mn, demonstrating a substantial YoY growth of 48%, and maintained a PBT margin of 0.7%, showcasing a 7bps YoY increase.
•FSN recorded PAT of Rs. 23 Mn, with a YoY decline of 70% and PAT margin of 0.2%, experiencing a decline of 60bps YoY.
•The company achieved gross profit of Rs. 5,758 Mn, exhibiting a YoY growth of 35% and a gross margin of 44.2%, with a YoY increase of 54bps.

• **FY23 Revenue & Margins**

•FSN E-Commerce Ventures Ltd achieved Rs. 97,433 Mn in GMV, representing a strong YoY growth of 41%.

•The company recorded revenue of Rs. 51,438 Mn, indicating a significant YoY growth of 36%.

•It achieved EBITDA of Rs. 2,560 Mn, exhibiting an impressive YoY growth of 57%, and maintained an EBITDA margin of 5.0%, showcasing an increase of 65bps YoY.

•FSN reported PBT of Rs. 384 Mn, with a slight YoY decline of 19%, and maintained a PBT margin of 0.7%, experiencing a decline of 51bps YoY.

•The company recorded PAT of Rs. 210 Mn, with a YoY decline of 49%, and a PAT margin of 0.4%, showcasing a decline of 69bps YoY. o It achieved gross profit of Rs. 22,781 MN, exhibiting a YoY growth of 39%, and gross margin of 44.3%, with a YoY increase of 73bps.

•**Other KTAs:**

•The company achieved expense reduction in fulfillment by implementing a regionalization strategy, resulting in decreased split shipments and air shipments.

•FSN focused on targeting quality customers, leading to improved order-to-visit conversion rates.

• The company experienced an increase in selling and distribution expense due to the expansion of its eB2B business and the offline distribution of owned brands.

•FSN made investments in new initiatives, particularly in technology, the eB2B sector, and store expansion. As a result, employee expenses increased as the company allocated resources towards these growth areas.

•FSN allocated significant investments in technology and infrastructure facilities, leading to an increase in other expenses.

•The company incurred higher depreciation expenses compared to the previous year. As the company expanded its physical infrastructure, the depreciation charges associated with these assets also increased.

•FSN saw a YoY increase in lease costs due to the expansion of the company's physical footprint.

• As the company expanded its operations and invested in various initiatives, it required additional funds, leading to higher interest payments on the borrowed capital.

•In the Q4FY23, Beauty, Personal Care segment of the company witnessed a GMV of 16,289, reflecting a YoY growth of 29%. For the full fiscal year FY23, the BPC segment recorded a GMV of 66,491, representing a YoY growth of 33%.

•Similarly, in the Fashion segment, the GMV for Q4FY23 stood at 6,641, with a YoY growth of 38%. For the entire FY23, the Fashion segment achieved a GMV of 25,696, experiencing a significant YoY growth of 47%.

• Furthermore, in the ‘Others’ category, which includes various product categories apart from BPC and Fashion, the GMV in Q4FY23 reached 1,524, indicating a YoY growth of 170%. For the full FY23, the ‘Others’ segment reported a GMV of 5,245, exhibiting a YoY growth of 204%.
• In FY23, there was a significant acceleration in customer acquisition for the company, as reflected in the increase in Annual Unique Transacting Customers. The number of Annual Unique Transacting Customers rose from 10.3 million in FY22 to 13.0 million in FY23.
•The BPC segment experienced a growth rate of 22% in acquiring unique transacting customers. The BPC Offline segment, specifically catering to offline channels, witnessed an impressive growth rate of 73% in acquiring unique transacting customers.
• The Fashion segment recorded a growth rate of 39% in acquiring unique transacting customers. The ‘Others’ segment, encompassing various product categories, experienced a growth rate of 30% in acquiring unique transacting customers.
•In FY2022, the employee count stood at 2,764, with 25.4% of them being retail and sales employees, while the remaining 74.6% constituted core employees.
• The core employee count of the company reached an optimal level in FY2023. In FY2023, the employee count grew to 3,177, with a higher proportion of 32.3% being retail and sales employees and the remaining 67.7% comprising core employees.
•The company has been actively investing in building a robust technology platform, as indicated by the growth in technology employee headcount and costs. The technology employee headcount has experienced a YoY growth of 24%.
•Furthermore, the technology employee cost has witnessed a significant YoY growth of 73%.
• The company has made significant investments in infrastructure and retail expansion, In terms of physical store area, there has been a YoY growth of 43%, with the area increasing from 1.0 lakh square feet in FY22 to 1.4 lakh square feet in FY23.
•The warehouse capacity has experienced substantial growth, with a YoY increase of 79%. The capacity has expanded from 8.2 lakh square feet in FY22 to 14.6 lakh square feet in FY23.
•Additionally, the office space has also seen significant growth, with a YoY increase of 68%. The office space has expanded from 1.1 lakh square feet in FY22 to 1.9 lakh square feet in FY23.
•For FY24 the company's major focus is on cost optimization, aiming to streamline expenses and improve operational efficiency. The company does not have any major plans for new warehouses in FY24, however as part of its expansion plans, the company intends to open 50 new stores by FY24.

• **Outlook: FSN E-Commerce Ventures Ltd is expected to continue its growth trajectory with a focus on cost optimization and operational efficiency. With strong customer acquisition, a robust technology platform, and investments in infrastructure and retail expansion, the company aims to capitalize on its strengths and drive further growth in the coming year.**

Rupa Company Q4FY23 Concall KTAs CMP: INR 251| Market Cap: INR 1,998 Cr| TTM EPS: INR 6.68

•Volumes will return as the company continues to pass on corrections in yarn prices and as the export market recovers further.

•Want to 2x revenues from FY22-FY26 (20% CAGR). In the current year, they want to grow 25-30% on a lower base, but once the base normalizes as GT growth returns, the YoY growth will go to 20%. Margins are difficult to push back to 17-18% because of much higher marketing spending (7-7.5% this year). In FY24 they anticipate ~11-12% margins.
•Capex is about INR 20-25 Cr every year.
•Cotton and yarn have started to normalize and stabilize but margins are still under pressure from high-cost cotton inventory which will persist into Q1 of next year.
•Ad spending for the quarter was 7%.
•Credit terms for the quarter: debtors are INR 425 cr vs INR 540 cr last year.
•There is an uptick in demand, so inventory levels will be maintained at current levels going forward.
•FY23 price de growth 5-6% and volume de growth ~15-16%. In the economy segment price de growth was 5%, mid & women's 7%, and premium was 4-5%. Corresponding volume de growth was 15%, 15%, and 20% respectively.
•Summer is anticipated to be better. They are investing heavily in the economy segment and the northern markets.
•Price correction will depend on RM prices. For the quarter they should be at the same level, but on a yearly level, they will be ~3-5%.
•WC was in the 45-50% of sales but shot up to 70% in FY23 due to lowered turnover. They will be maintained at 150-160 days which will be achieved once top-line growth returns in FY24- led by a reduction in debtor and inventory days. There will also be the impact of the inventory management software.
•The DMS is implemented for 70-80 out of the total 1,500 distributors. However, this will grow as they have onboarded an agency to aid with it. These distributors have WC days of 70-80 days.
•Fruit of the loom and fcuk are not widely available across GT. They have a combined revenue of INR 40 Cr in FY23.
•The revenue split between urban and rural is 50-50.
•Drops in realizations came from discounts to channel partners, not as much due to a reduction in MRP. Though that was an element as corrections in yarn prices had to be passed on.
•Demand outlook: to increase market share and spend heavily on marketing. The top line will grow in the short term and the bottom line will be compromised but this won't be the case in the long term.
•Athleisure and winter wear suffered demand and margins. Contribution to revenues were 8% and 5% respectively. These are high-margin products. The margin differential between the company average and these products is 5-7% at the GM.
•The dedicated export unit has already been commissioned this year (May 2023). All the international subsidiaries open are PAT positive. Exports from Tripura are currently on halt.
•The effects of premiumization will kick in once their presence in EBOs starts to ramp up. It has already begun and is reflected in the EBO and MT numbers.

•Women are targeted to become 15-20% of revenues in the long run. Investments in the product lines and teams are still well underway. Celebrity campaigns are retail tie-ups are also being undertaken. Womenswear is expected to do much better in FY24.
•Distribution network expansion through untapped areas like Madhya Pradesh, Chhattisgarh, and the south. The network will grow from 1,500 to 2,000 distributors in the next 3 years.

•EBO network has seen some store rationalization and the current store count is 28. Franchisees are hesitant to open EBOs currently but will take them back up by June.
•Outlook: We believe that FY24 will have a much healthier demand environment with the resurgence of GT contribution and aggressive premiumization initiatives, but with significant bottom-line pressure as the company continues to keep its ad spending high. Margins are expected to remain in the low teens.

Page Industries Q4FY23 Concall KTAs || CMP: INR 41,140 || Market Cap: INR 45,886 Cr || TTM EPS: INR 612.72

•**Outlook**: We believe page is facing a temporary hiccup with subdued demand and margin pressures from high-cost cotton for the next two quarters. Inventory levels are high at the distributor level due to the delayed implementation of the ARS which will take a few more months to complete, post which inventory liquidation will take place in full swing. We believe FY24 will deliver a flattish growth in revenues with some of the margin pressures seen in FY23 continuing to persist, though, on an overall basis, it should be a better year for the company.
•Q4 faced subdued demand. The delayed implementation of the ARS, suboptimal absorption of certain overheads, and high production costs led to FY23 being an underwhelming year for the company.
•There was a volume growth of ~13% during the year and volume de-growth of ~14% during Q4.
•The E-commerce business grew by 49%.
•Store openings: MBO +9512, EBO +158, LFS +3062
•Inventory days were at 120 vs 92 in FY22. This is because advanced inventory was taken in anticipation of heightened demand that did not materialize.
•The ARS setback heightened the subdued market impact in Q4. Market liquidity and buoyancy were also low however this has mostly bottomed out now.
•The high price of cotton inventory impacted Q4 but the benefits of their liquidation were visible toward the end of the quarter. Inventory costs will come down in Q1 and Q2 leading to margin recovery.
•It will take some time for the old demand environment to return.
•A lot of older high-cost cotton was converted to FG to keep up capacity utilization and maintain an available inventory. There will be a sequential improvement in inventory.
•EBO growth is largely in line with overall industry growth and is indicative of demand sentiment. They saw a pick up toward the end of March and a growing shift toward athleisure.
•During Q4, they overspent on ads.
•The market share in innerwear is 17-18%.
•Distributor inventory days are currently 45-50 days. This has come down significantly since the implementation of the ARS. MBO inventory (at the retail level) has been maintained at healthy levels.
•Denim was launched as a test and learnings from them are still being taken. The company remains cautiously aggressive with them.
•Indian innerwear market growth: 10.5% for men and 13% for women.
•Normal margins for the company are in the range of 19-21%.
•They are working on women's and children's wear as a big lever of growth.

Great Eastern Shipping Company Ltd. Q4FY23 Management Conference Call KTAs
CMP: INR 680
Market Cap: INR 97 Bn
•Demand for Tankers was very strong and continued to remain so throughout the year.
•In Q4FY23, the demand for Dry bulk markets was weak and recovered towards the end of March 2023.
•Asset prices for Tankers are at their highest level since 2009.
•Crude carriers earned about USD 35,000 per day more than in the previous year.
•Incremental pricing of Product tankers was in the range of USD 23,000 to USD 24,000 a day.
•LPG ships, which are typically on time charter, earned in the similar range.
•Realizations for dry bulk ships were lower owing to weak demand in the market.
•Overall, the increase in cash flow resulted in company turning into net cash from net debt last year.
•The compounded annual growth rate in net asset value has been 22% over the last 5 years.
•With reference to Suezmax crude tanker, FY23 was robust compared to FY22 and FY24 has also started on a stronger note.
•The rate for Suezmax tanker was about USD 57,000 per day.
• The order book for crude tankers is currently at 2.5% of the existing fleet, which is positive for the company.
•Also, there is supply constraint in future and therefore the market is likely to be tight.
•In terms of balance sheet, the company will not raise debt in the near term.
•It has received cash proceeds after sale of 2004 built Aframax Crude Carrier “Jag Lavanya”.
•**Outlook: Going forward, demand for oil will be an important monitorable parameter. The tanker and gas carrier markets are strong, while dry bulk market is holding up. Moreover, the constraint in the supply side is positive for the company. With a strong balance sheet and cash position, it will leverage any acquisition opportunity in future.**

VRL Logistics – Q4FY23 Concall KTAs
CMP: INR 726 | Market Cap: INR 63.5 Bn | Promoter: 64.17%

•Revenues stood at INR 6.98 Bn (+17.6% YoY)
•EBITDA stood at INR 1.14 Bn (-1% YoY)

Regions:
•They are present in 25 states currently. Mainly focused in South. They are focusing now on East and North East.
•20% rev contri from East, North + North East contri of 25%, South contri of 35% and remainder from Central.
•Gujarat is a good location. With new regions we expand to, we do more business to and fro Gujarat

Realizations and costs:
•Company saw 1% realization growth in the year (increased in Dec) which was only for non-contractual biz.
•Company doesn’t see any increase in rates as they are in expansion mode

•In Q4FY23, company purchased 28% bulk diesel from refineries. (1-2% in Q3FY23). This has helped procure cheaper fuel (cheaper by INR 2).

Branches:
•They added 184 branches in the year which contributed to 5% of revenues
•Going forward they plan to open 20-25% every quarter

Capex: Company has capex of purchasing 1667 trucks for 4.7 Bn

Other KTAs:
•Company delivered a total of 3.91 Mn tonnes in the year (+21% YoY)
•Company owns ~5671 goods transportation vehicles which is their model.
•Focusing on minimal outsourcing. They add additional vehicles when they replace outsourced vehicles
•~50 CNG ehicles for local transport in Delhi, remainder all Diesel
•90% of business is B2B

Outlook:
Company has got costs under control now, doesn't see any cost pressures. Company expects to deliver 15-20% growth in tonnage in FY24. More and more unorganized business is shifting to organized (spices, agarbatti, coconuts etc) which will help achieve the goal. At CMP, company trades 19.8x FY23 EPS.

Indian Railway Catering and Tourism Corporation Ltd
CMP INR 633|Market Cap INR 506,680 Mn

•By 2025, the company aims to have completed the addition of all necessary plants, thus fulfilling the entire requirement. The implementation of these measures will result in approximately 80% of the rain waste requirement for water being met. Consequently, IRCTC will be able to provide approximately 18.5 lakh liters of water per day.

Segment
•The tourism segment has been the main driver of the QoQ revenue growth, given that the quarter is seasonally the best quarter for the segment. The change in the business mix resulted in the EBITDA margins coming to 33% against 35.5% QoQ. The absolute EBITDA of INR324.6 cr was in line with INR325.8 cr in Q3FY23.

Booked Tickets
•The number of tickets booked in the Q4FY23 between Jan FY23 to Mar FY23 has been total of ~INR14.54 cr booked tickets. The revenue from this total of INR802 Cr was the total revenue of the ticketing in the entire the last quarter, the convenience fee that the company has received is ~INR 197 Cr. in the last quarter.

Catering Business
•Before COVID 417 train has converted, the figure increased and the company has now the contacts available for 492 trains which has been awarded by IRCTC in the last month. In addition to these 492 trains also have train-side vending contracts available for nearly 675 such trains. > 300 contracts are still in the pipeline as the company is in going short-term tender and this is a continuous process and every 6 months the cycle repeat. >1100 trains are available out of it ~50% trains will be pantry cars and the rest of the trains are underside pending.

Vande Bharat
•All Vande Bharat which are coming are being added as a fleet. Contracts are being awarded by the IRCTC that is one addition any new train being operated by Indian Railways the contracts are being awarded by IRCTC only, so far honorable PM has announced that 75 new Vande Bharat are going to be operated out of which 20 have started all such operations are being looked after by IRCTC.

Software
•The testing is going on the software side. Accordingly, the customer will be training online. So, will be receiving 68.5% of that revenue directly the next day.

•DSO is at 118 days and should increase going ahead.

Rail Neer
•Production of the Rail Neer is 15.5 lakh liters per day. The company has 15-16 plants in operation. Bhubaneshwar & Vijayawada, Kota, and Simhadri. is going to be operation soon. The company is in discussion to increase the capacity going forward which is currently at 73.32%. So, as the field picks up, the company is increasing capacity utilization.

Payment Gateway
•The company has applied for the payment gateway business and IPA licensing they had applied to RBI has given a certain guideline the company is complying with that guideline. Revenue from the payment gateway has been very good this year. This has been nearly INR67.37 cr from the payment gateway and out of which the net profit has been INR38.09 cr. So the revenue projection is larger.

Passenger travel
•The passenger travel was INR 4.85 Cr in Jan FY23, decreased in Feb 4.59 Cr but increased in the month of March INR 5.09 Cr due to seasonal variation.

•As the new trains are being added, more and more customers are getting diverted from the other mode. The seasonal rush is also there; the holiday rush is now happening. All trains are full, they will not get a reservation in any of the trains these days. the trains are running with full booking.

•The Internet penetration is pretty much at peak levels, even yet on 80% to 84%, and all the places are working at full capacity.

Margin
•Catering is now contributing nearly 41% of the revenue that FY23 has contributed. So, the margin has been more or less the same as they had earlier, that is 10% to 12%.Except for the e-catering where they have a 15% margin. Going forward also, 10% to 12% should be the steady-state range for the catering business.

Bharat Gaurav Scheme
•Ministry of Railway has announced a scheme called Bharat Gaurav scheme under Ek Bharat Shreshtha Bharat. Scheme announced Minister, Honorable PM has taken this initiative and in this Ministry of Railways has announced the scheme Bharat Gaurav where IRCTC has taken 10 rigs. These 10 rigs have been customized and put into operation. This new segment has been added. Earlier IRCTC was operating only 80 trains in a year. 80 to 90 trains in a year in the budget segment. Now they would be running nearly 300 trains in a year. And each train is contributing to ~15 lakhs of IRCTC revenue. Maharashtra government is going to add a revenue < 250 Cr. alone from this segment. Which used to be ~60 Cr to 70 Cr. Only in the previous year.

UPI
•As that, the average UPI transaction this year has been 33% as compared to the previous year when it was 31% and before that, it was 24%

Advertisement
•Advertisement revenue has shown a good improvement where nearly 67.41% of rated advertising business

Loyalty
•The loyalty scheme in the internet ticketing we are going to show or jump.

Tejas
•The overall revenue received from Tejas has been INR155 cr. And operating expenses have been INR130 cr. So put together, both Tejas has given a net profit of INR 24.3 cr. And occupancy level of Ahmedabad Tejas has been ~81% and Lucknow Tejas has been ~69%.

Maharaja
•In FY23, the company has been able to get INR 55.38 Crs from Maharaja which is good Nos. The number of paths that the company has travelled is the highest in the country in the luxury segment.

Air ticketing
•In air ticketing also compared to the earlier revenue of INR 8.54 Cr. against INR 23.04 Cr. in this year. So, other businesses in which air ticketing also has done well, and the steel tester segment has also picked up as compared to the INR30 cr of the previous year.

Outlook
Overall, the company shows great potential at its current stage due to positive advancements in expanding Rail neer front capacity. Additionally, there is strong momentum from Vande Bharat and high revenue expectations from the Bharat Gaurav Scheme, which are projected to increase from INR 60 cr to INR 250 cr in the future.

Allcargo Logistics Ltd – Q4FY23 Conference Call Highlights
CMP INR 282| Market Cap INR 69,286mn

•Revenues were drastically affected by ocean freight rate decline and lower volumes in international supply chain business. Revenue declined by 55% YoY from INR 9500mn in Q4FY22 to INR 4280mn in Q4FY23.

•The company was able to safeguard profits with gross profit declining 2% YoY during Q4FY23 signifying strong operating performance, slight decline in gross profit is on the account of declining volumes in the international operations.

•Company reported one-off operational cost of INR 674mn in the quarter, this one-off cost was pertaining to international supply chain business and is not expected in the coming quarters.

•Demand Scenario is expected to improve from a horizon of 3-6 months, operating performance was better for the company in May as compared to April'23. Gradual recovery is expected from July.

•Freight rates are expected to be in the similar range in near-medium term. Yields are expected to remain rangebound with short term decline driven by competitive pressure.

•FCL business experienced decline in yield, company aims to offset the fall with expansion in volumes. LCL yields have remained more stable as freight costs represent smaller share in costs. FCL business contributes roughly 30% to gross profits for the company.

•Contract Logistics business also witnessed a slight decline in revenue marginally and EBITDA for Q4FY23 stood at INR 820mn against INR 790mn in Q4FY22. The company has introduced mega hubs in the country, revenue and margin is expected to improve moving forward.

•Gati has performed well in FY23 on the back of transformational changes, use of technology and network optimization. Gati reported revenue of INR 3560mn a marginal decline on sequential basis. EBITDA was INR 120mn for Q4.

•Indian trade flows are positive, global trade channels are affected by macroeconomic challenging conditions. Introduction of new trade lanes are expected to further offset the impact of lower yield with increase in volumes, however the investments in trade lanes will be initially loss making.

•Demerger of other business has been completed and Allcargo terminal Ltd. and TransIndia Real estate will be listed on the stock exchanges in some time.

Outlook - Company growth will be led by volume growth and the costs are set to be contained with increasing operation efficiencies and technological aid for business. The company is looking for domain expansion to counter the decline in volumes because of weaker global outlook, with other business being demerged the company is set to perform with better technological support and gain in market share in international business. The Contract logistics segment for the company is well poised and is expected to grow well in FY24. Q1 and Q2 of FY24 are expected to perform better than the Q4 last year as the company is experiencing gradual increase in volumes with freight rates remaining rangebound.

TCI Express Q4FY23 Concall KTAs
CMP: INR 1,530 | Market Cap: INR 58.6 Bn | Promoter: 69.66%
[Arihant Capital]
•Revenues came in at INR 3,262.5 Mn (+4% QoQ) (+9% YoY)
•EBITDA Margins came in at 16.6% (Vs 14.66% QoQ) (16.8% YoY)
•Volumes for Q4 was 263,000 tonnes and for FY23 crossed 1,000,000 tonnes
•Company witnessed strong revenue contribution from newly launch services, especially from rail express
•Strong demand from MSME and corporate sector
•Company is planning to take 2% price hikes across all clients. It is expected to be accepted well by all players. •Majority of contracts come for renewal in Q1. Not all competitors have taken price hikes
Sorting Centres:
•Incurred INR 1.25 Bn capex (out of planned capex of INR 5 Bn till 2028) primarily spent towards land acquisition in Kolkata and Ahmedabad for setting up new automated sorting center and for new corporate office in Gurgaon
•Remainder capex will be spent for investment in sorting centers in Chennai, Nagpur, Indore, Mumbai and Bangalore.
•Average spend per centre between INR 300 Mn – INR 600 Mn
•Chakan centre will be automated this year
•0.25% margin expansion expected from automation itself
Rail express:
•Most profitable business for TCI Exp. Aspire to Rail biz to 5% of topline contri by FY25
•Routes increased from 20 to 125, Client base increased from 250 to 2200
•Target clients are ones who use air cargo. Rail express offers the transit at 1/4th – 1/3rd cost (air cargo costs INR 100-150/Kg). The lead time for delivery has also come down drastically.
•Indian railways aim to increase its freight traffic from 1.1 billion tons in 2017 to 3.3 billion tons in 2030
Branches:
•Added 35 branches in FY23 in western and southern markets. 450 in total in last 5 years
•In FY24 company is planning to add 50-75 branches
Other KTAs:
•Price hike is expected to be accepted well by clients as majority are MSME clients whose emphasis is on timely delivery
•New services are expected to contribute 25% to top-line
•Capacity Utilization of 85% in Q4FY23, FY23 CU at 84.25%
•Company aims 50-60% business from existing customers and remainder from new customer addition.
•Top 5 segments are Auto, Pharma, Engineering, Electronics and Lifestyle (in order). 9-13% each
•Top 5 customers contribute below 25% revenues, no single customer contributes more than 1-1.5%
Outlook: Company has guided for 15% volume growth (16-17% revenue growth) with 100 bps margin expansion to 17.5% in FY24. This will be aided by price hikes (2%), branch expansion, higher share of rail and higher utilization overall. Company aims to double revenues by FY27. At CMP, company trades 42.3x FY23EPS.

Utilities and Staples

Supreme Industries Ltd – Q4FY23 Conference Call Highlights
CMP INR 2,719| Market Cap INR 345.3bn

Financials
•Net sales for Q4FY23 for the company stood at 1,47,414 tonnes amounting to INR 25.98bn in Q4FY23 (+15% YoY). Volumes sold in FY23 was 5,06,501 tonnes (+29% YoY) amounting to revenue of INR 92.01bn (+19% YoY).

•Realization on EBITDA for Q4FY23 stood at INR 32,560/ tonne as compared to INR 30,418 per tonne in Q4FY22 (+7% YoY). Realization on EBITDA for Q3FY23 was INR 21,925/ tonne.

•Operating profit for Q4FY23 stood at INR 4.8bn against INR 3.9bn in Q4FY22, for FY23 operating profit was INR 12bn against 12.42 bn in FY22 (-6% YoY).

•Overall turnover of value added products increased to INR 33.59bn as compared to INR29.11bn in FY22 (+48% YoY).

•Company continues to be Debt Free and having Cash surplus of INR 7380 mn at the end of Q4FY23. Exports witnessed a growth of 12% YoY.

Margins
•EBITDA margins for Q4FY23 stood at 18.5% in Q4FY23 against 15.3% in Q4FY22, improvement was observed on the back of better realization and stabilization of RM costs.

•EBITDA margins for FY23 stood at 13.81% against 16.71% in FY22, the margin contraction is due to inventory loss in H1FY23 and RM volatility.

Segmental Performance
•Plastic piping products contributed to 112293 MT of sale during Q4FY23 followed by Industrial products at 16508 MT, packaging products at 13532 MT and consumer products at 5081 MT. In volume terms piping products witnessed highest growth of 16.3% YoY and packaging products were almost flat on volume terms.

•CPVC products witnessed a growth of 24% in volume terms and greater than 40% YoY in value terms in FY23.

Capex
•The company plans to invest INR 7600mn during FY24, the capex is planned to expand capacities and introduce range of new products. The capex also includes setting of new plant near Gwalior. Capex will be funded from internal accruals. Total capacity by the year end would be 9,50,000 MT.

IOCL Order update

•Total cylinder order was for 7,35,000 cylinders amounting to total order value of INR 1700mn. 4,72,000 cylinders have been supplied in FY23. Cylinder capacity has been doubled in Feb 2023 to 1mn cylinders. The company has 90%+ capacity utilization in FY23 and expects 70-80% utilization in FY24.

Raw material prices

•RM prices of for polymers like polypropylene (PP), Low Denier Polyethylene (LDPE) and Poly Vinyl Chloride (PVC) have hovered from INR 66 per kg to INR 41 per kg, a reduction between 28% to 46% which resulted in inventory loss for the company in H1FY23. The RM prices started increasing from Dec 2022 and are expected to stabilize at lower levels.

Greenfield projects

•The company commissioned 3 plastic piping product plants in FY23, in Guwahati, Erode and Cuttack. All 3 plants have started commercial production.

Distributor Network

•Total distributors at the end of FY23 for plastic piping stands at 1,443. The target is to add another 100 distributors in FY24. Total channel partners for the company is 4,500.

Guidance

•The company is optimistic on about revenue growth in FY24 on the back of robust demand and various government initiatives and expects it to be around INR 110bn. The company is keen on increasing share of value added products (where opm >17%). And diversifying product portfolio.

•Volume growth expected to be 15% in FY24, with EBITDA margin expected to be between 13.5-14%.

Outlook

The revenue for the company grew despite the volatility in RM costs due to robust volume growth achieved during FY23. They are focusing on capacity expansion with margin maintenance in FY24 on the back of robust demand scenario and stabilization of raw material prices. The nationwide PVC resin consumption grew by 32% in FY23, the govt initiatives for housing and smart cities have increased demand for plastic piping products. The company also witnessed robust demand in housing sector. At CMP of INR 2719, the stock is trading at PE multiple of 48.7x to its TTM earnings.

OK Play Ltd– Q4FY23 Conference Call Highlights
CMP INR 94| Market Cap INR 1,805mn

Partnerships
•The company has partnered with Hamley's, available in all 150+ stores in India and abroad. The company is also contract manufacturing for their private labelled products.

Strategic partnership with the largest toy manufacturer in the World, MGA Entertainment.

•They have entered a partnership with HPCL in which they will be setting up swap stations at HPCL petrol pumps, 1000 EVs will also be deployed in Phase 1 to deliver LPG cylinder across Delhi NCR.

Toy Segment
•The company intends a major proportion of its revenue from the export business in the coming years. They are expecting to supply in Middle East, China, Australia and India.

•The company is expanding into modern retail channel, export channel and online market which poses as an huge opportunity for toy segment moving forward.

•BIS norms for the toy segment provided a huge opportunity for the company restricting Chinese imports. PLI scheme also benefits the companies and the companies expects 8-9% price cuts for the customers once the scheme is in place.

•Expansion of Hamley's at a pace of 3-4 stores per month also benefits the segment with the ongoing partnership.

Automotive Segment
•The company is sole manufacturer of plastic fuel tanks, urea tanks and water tanks for Ashok Leyland, 85% of supplies to Volvo Eicher and 50% to M&M.

•The company has witnessed growth in topline on the back of bounce back of commercial vehicle market in India. The company has also expanded across non-automotive segments these includes Man Hummel, Vestas, IndoCool to strengthen its export business.

•The Shift To BSVI As Per Regulations brings a 4x growth opportunity over the next 3 years.

•Current working capital for this segment is at 45 days. The company is focussing on expanding product line and venture into non-auto components from its auto factory. They are also in talks with Tata Motors to expand their client base.

Electric Vehicle Segment
•Currently company is manufacturing 80-85 units per month of electric three wheelers across the L3 and L5 space. The company is supplying through B2C channel to logistics and e-commerce companies.

•This segment is in nascent stage and they are expecting to take advantage of the gaining EV penetration in domestic market. The company also intends to benefit largely from HPCL partnership.

Capex

•The company is set to invest INR 1,000mn under the PLI for toy segment over next 2-3 years and INR 150-200mn in the automotive segment to set up a dedicated facility for Volvo Eicher in Pithampur.

Revenue

•The revenue for FY23 stood at INR 1820mn (+80% YoY). EBITDA stood at INR 330mn (+106% YoY). PAT for the year was INR -25mn.

Revenue Mix

•Toy segment accounted for revenue of INR 450mn during FY23, automotive segment contributed INR 1370mn and EV segment clocked INR 25mn.

Margins

•EBITDA margin for Q4FY23 was 18.17% as against 25.10% in Q4FY22. EBITDA for FY23 stood at 17.8% as against 15.50% in FY22. PAT margin for FY23 was -1.07% as against -7.63% in FY22.

Guidance

•The company is targeting 80-100% growth per year for the toy segment moving forward on the back of huge opportunities with partnerships and new trade channels. EBITDA margin to contract for toy business to about 24% during expansion of business due to less profitability in export channels.

•Automotive segment expected to grow at 12-15% growth and EV space is expected to grow at over 100% over the next 3-4 years.

•Expected EBITDA margin for automotive space is around 22% and for EV space to 12-13% in FY24.

•Targeted Revenue for FY24 all the segments combined is at about INR 3,000mn with PAT margin maintained at 8-9%.

•They are expecting to invest INR 1000mn to 2000mn once the PLI scheme is in place which will benefit the revenues for the company.

Outlook

The company is expecting a strong revenue growth on the back of exports in toy segment and various partnerships across the segment. PLI scheme is also expected to add enormous value to the toy space with subsidies and rebates. HPCL partnership and increasing traction in commercial EV space also poses as on huge opportunity for the business. Automotive segment has reported decent growth over the past few quarters and the company is expanding into non-auto components within the auto components facilities and also has a growing client base.

Kuantum Papers Ltd Q4FY23 Management Conference Call KTAs
CMP: INR 154
Market Cap: INR 1,357 crores
•The paper industry in India witnessed growth in demand, reflecting a positive trend in the market.
•This growth is expected to continue, driven by factors such as the implementation of the New Education Policy (NEP) in 2022, where textbooks will be printed in 22 languages.
•The company experienced a 2.0% decrease in revenue QoQ, from INR 350.6 crores to INR 343.7 crores.
•The EBITDA margins improved by 325 bps QoQ, rising from 29.95% to 33.20%.
•The PAT margins increased by 260 bps QoQ, from 16.34% to 18.94%.
•The Company achieved a milestone by recording the highest ever annual revenue of INR 1,310 crores.
•It anticipates a modest increase in demand of 2-3% over the next 2-3 years as a result of the implementation of the New Education Policy (NEP).
•The company has allocated a total Capex of INR 285 crores, with INR 150 crores to be deployed in FY24.
•The remaining INR 135 crores will be deployed in FY25 to complete the Project.
•The company is planning a Capex to add a rice straw boiler to its operations, aimed at reducing its reliance on coal and transitioning towards more sustainable practices.
•It is currently in the planning stages for the launch of a new product, tissue paper, which is expected to be introduced in the market by FY25 or FY26.
•The Board of Directors has recommended a dividend of INR 3 per share.
•The company expects to sustain its current EBITDA margins over the next few years.
•It has set a revenue CAGR target of 22% to 25% over the next two years.
•It is forecasting a moderate 5% growth in demand for its products over the upcoming years.
•Outlook: The company recorded a high annual revenue and witnessed growth in demand for its products. With ongoing capex, sustainable initiatives and conducive government policies, it is targeting strong double digit growth in revenues, while sustaining high operating margins. Factoring in the above drivers, we have a positive outlook on the company.

Rushil Decor – Q4FY23 Concall KTAs
CMP: INR 268 | Market Cap: INR 7,133 Mn | Promoter: 55.03%

Operational Performance:
Revenues came in at INR 2139 Mn (+9.6% YoY)
EBITDA Margins came in at 13.2% (Vs 16.2% YoY)
PAT Margins came in at 6.34% (Vs 7.9% YoY)

EBITDA margins were lower on account of lower realization and marginally higher raw material prices.

MDF:
•For Full year, MDF biz grew 44% in Value and 35% in volume terms
•MDF Volumes in Q4FY23 grew by 22.15% YoY
•Domestic volumes grew by 28% in Q4FY23. Revenues stood at INR 1,591 Mn in Q4
•Realizations (INR per CBM) stood at 24,034 in Q4FY23 (Vs 27,410 YoY)
•EBITDA margins stood at 15.9% in Q4FY23 Vs 20.4% YoY

Laminates:
•Laminates volume grew 11% for full year
•Laminate export volumes grew by 23% YoY in Q4FY23
•Laminates Volumes in Q4FY23 grew by 11.19% YoY. Revenues stood at INR 513 Mn in Q4
•Realizations (INR per sheet) stood at 693 in Q4FY23 (Vs 742 YoY)
•EBITDA margins fell to 5.9% in Q4FY23 from 5.6% YoY

Capacity Utilization:
For MDF stood at 77% in Q4 and 75% for full year. Targeting 90-95 in 2 years.

•Capex: Laminates - INR 600 Mn to be spent for capex, laminates plant to come online by Q1FY25 and contribute INR 1,000 Mn for full year at 60% Capacity Utilization. Plant will mainly be for exports so profitability will be higher

•Imports: Of total Imports in India in MDF, 90-95% is in plain MDF which is 15% cheaper than domestic MDF. Customers prefer brands in VAP MDF so imports are not much there. Internationally, February saw some player hiking their MDF prices by $15 per CBM.

•Timber: costed INR 3,550 Rs per metric tonne in Q4. It was INR 3,400-3,500 in Q3 and 3,000-3,200 in Q4FY22. Prices increased by 3-4% in January but nothing since.

•Rights Issue size of INR 1,070 Mn: INR 560 Mn to be used to pay off unsecured debt from promoter and remainder for working capital

Other KTAs:
•Company added 80 new dealers and distributors in FY23
•Company expects to deliver 5,000 – 6,000 CBM of exports per month.
•VAP MDF realisations for Q4 stood at INR 34,424.
•VAP MDF contributed to 30% in volumes and 37% in Value in Q4. Target is to take this number to 40% in volumes in FY24.
•VAP offered by Rushil is similar to what is offered by peers like Greenpanel
•Drop in laminates margins is due to promotional activities spends in Q4

Outlook: Company is setting up a plant for Laminates to come online by Q1FY25. Company aims to increase MDF existing capacity utilization by atleast 5% for FY24 (78% in AP and 85% in Karnataka) which will contribute 15-20% growth in volumes. Company aims to derive 20% EBITDA margins from MDF and 10% from Laminates. Company doesn't see pressure on realisations from now onwards. At CMP, company trades 6.9x FY24EPS

AGI Greenpac – Q4FY23 Concall KTAs
CMP: INR 496 | Market Cap: INR 32 Bn | Promoter: 60.24%
Operational Performance:
•Revenues came in at INR 6,803 Mn (+19.9% QoQ) (+57.6% YoY)
•EBITDA Margins came in at 26% (Vs 19.3% QoQ) (Vs 16.6% YoY)
PAT Margins came in at 13.7% (Vs 9.33% QoQ) (Vs 8.4% YoY)

•Company posted a strong set of numbers on back of strong operational efficiencies. Volumes were driven by Alcoholic and Non Alcoholic beverages glass container segment doing good.

Bhongir Plant:
•Specialised glass unit has capacity of 154 tonnes per day and started production on 1st Jan 2023. Utilisation for the quarter stood at 60%. Plant will cater to pharma, cosmetics, high end liquor etc in export market (North America. Europe and South Africa). Plant is profitable at current utilization levels.
•Company cannot increase capacity of specialized glass significantly as the market is still small and they still have to assess the scope. Moreover, due to technicality, they cannot install a large facility yet.

Margins:
•Company expects to maintain the current margins. Strong performance was credited to better operating efficiencies, improved product mix and constant cost optimization.

Capex:
•Company has planned capex for FY24 to the tune of INR 2 Bn to debottleneck and increase capacity in 1 of its furnace. This will increase capacity from 1,754 tonnes per day to 1,854 tonnes per day.

Other KTAs:
•Realizations keep changing daily and weekly. Company operates on fixed based pricing system with price revision 3-6-12 months depending on the clients.
•Average realizations currently at 35,000 – 37,000 per tonne (for container glass). Aspire to have realisations of INR 50,000 per tonne with specialized glass.
•RM includes Furnace Oil (not correlated to crude oil prices), Silica Sand (prices gone up), Soda Ash (minor fall in prices), Coal, Gas.
•Declared INR 5 dividend.
•Company sold its building products segment in Q4FY22
•Glass containers contributed 92% of revenues for FY23. Alcoholic Beverages contributed 75% of glass container revenues.
•For the full year, capacity utilization was at 96%. Q4 Capacity Utilization was at 99%
•Liquor Vs non-liquor segment has 1-2% difference in EBITDA per tonne
Company can't discuss on HNG acquisition due to confidentiality. Case is still pending in NCLT.

Outlook: Due to debottlenecking procedure, 1 furnace (of capacity 325 tpd) will be available in Q1FY24 and will come back online in Q2. But it is expected for the remainder capacities to run at 100% utilization with improved margins. Company still aims to grow 15-20% every year. At CMP, company trades 12.27x FY23EPS.

V.I.P Industries Ltd – Q4FY23 Conference Call Highlights
CMP INR 620| Market Cap INR 87,948mn

Financials
•Revenue from operations for Q4FY23 stood at INR 4510mn growth of 27% YoY. EBITDA for Q4FY23 stood at INR 690mn, for FY23 it stood at INR 3310mn it was affected by final hit of Future Group outstanding int terms of doubtful debt amounting to INR 230mn.

•Gross margin for Q4FY23 improved on the back of fundamental cost efficiencies and softening of RM prices, stood at 58% a gain of 840bps QoQ. Gross margin for FY23 stood at 51%.

•Company booked an exceptional loss of INR 472mn due to fire in a manufacturing factory in Bangladesh.

Brandwise performance
•Caprese continues to be the outperformer brand with 90% YoY growth in Q4FY23, followed CARLTON with 53% growth and Skybags and VIP at 26% and 22% YoY respectively.

Capex
•The company spent INR 1000mn during FY23 and they have planned a capex of INR 2000mn for FY24 to build manufacturing facilities.

•The investment planned will be a mix in India and Bangladesh, including both greenfield and brownfield projects.

Trade Channels
•Exclusive business outlets crossed 500 stores in FY23 and the target for FY24 stands over 800 outlets. Traditional trade distribution has passed 1200 towns in FY23 and they are focussed on increasing penetration in towns to a target of covering all 50,000 population towns by FY25.

•Modern trade channel suffered due to closing down of Future group during FY23. E-commerce continues to be a focus for growth, accelerator program is planned for the segment in FY24.

International Business
•The company is positive on growth in international operations with building deeper foundations. The expansion plans in Europe and US markets is expected to be in FY25.

Growth drivers
•Backpack segment is a focus area for the forth coming growth with a lot of unorganized sector yielding into organized, the company is focussed on tapping industry growth with planning of building a manufacturing facility.

•Caprese remains the focus brand with planning on upscaling ecommerce business for the brand.

The growth is expected to be led by backpacks and premium products for the company.

Guidance
•The company expects to maintain gross margins in the range of 53%-55% and 17-18% at EBITDA levels.

•The working capital is expected to reduce by 15 days to 75 days from 90 days in next 18-24 months led by building of inhouse manufacturing facilities.

Outlook
The company has registered good revenue growth with expansion in gross margins on the back of softening of RM costs. Capacity expansion plans will benefit the company moving forward and they expect to commission most of the facilities from FY25. They expect the organized luggage industry to growth at more than 15% and are positive with a growth of near about 20% moving forward mostly led by premium portfolio and backpack segment.

Linc Ltd – Q4FY23 Concall KTAs
CMP: INR 668 | Market Cap: INR 9,940 Mn | Promoter: 59.25%

Operating Metrics (Consol)
•Revenues came in at INR 1,372.9 Mn (+10.2% QoQ) (+24.2% YoY)
•EBITDA Margins came in at 14.3% (Vs 14.6% QoQ) (Vs 5.3% YoY)

•Company has its own brands of Pentonic and Linc. Partnerships with Uni and Deli to sell their products in India. Pentonic, Uni and Deli are products in the price range of INR 10 above, Link brand has below INR 10 also.

Capacity:
•Total volumes in pens increased by 24.4% inFY23
•Company sold 750 Mn pens in FY23 (50% was outsourced and remainder inhouse).Utilisation was 85-90%.

Capex:
•Company aims to spend INR 170 Mn for infra in FY24, 180 Mn in FY25 for Phase 1 and INR 150 Mn later for Phase 2.
•Both phases to add capacity of 5 lakh pens per day (current capacity of 10 lakh pens per day). Revenue potential from the new capacity will be INR 1,500 Mn

RM:
•Polymer prices have been going up recently.
•Company sources 80% of RM requirements domestically, 20% (polycarbonate) is imported which is not hedged.
•30% of production cost is polymer cost.

Pentonic:
•INR 1.4 Bn brand, launched in FY19
•Volumes increased 53% in FY23
•Brand has products in price range of 10 onwards. INR 40 pen being launched this quarter and 3 more being launched in FY24
•Pentonic (> INR 10 pens) grew faster than pen segment of below INR 10.
•Gross margins: 40%

Uni-ball (Mitsubishi):
•Pen which cost INR 50 earlier now costs INR 80. Company services only Indian market for Uni. Worldwide Uni has sales of INR 50 Bn.
•Uniball has 13.5% shareholding in Linc. There is no official agreement signed but is exclusive distributor of UNI in India.
•Company has 14% revenue contri from Uni in Q4.
•Gross margins: 20-30%

Deli:
•Deli also does not have any definitive agreement. Started sales pre-covid. Company didn't agree to the terms set by Deli so currently working without a definitive agreement.
•Company is the exclusive importer and distributor for Deli in India.

Other KTAs:
•Currently in India, there are over 10 mn outlets of which company has presence in 2.4 lakh. Company aims to take this to 5 Lakhs by FY25.
•Company has 8% market share in India.
•Company is seeing significant opportunities in exports market. Exports contributed to 22.6% of Q4 sales.
•Product imitation is a big issue in industry which the company aims to counter by scaling up as soon as possible. Lead time before getting imitated is close to 6 months.
•Gross margins for Linc is 25-30%
•Ad and promo spends to increase going ahead
•Company has decided to distribute minimum 20-25% of PAT going ahead. Company declared final dividend of INR 5.

Outlook: Company aims to deliver 750 Mn revenues from Deli by FY25 and achieve a total revenue of INR 7,500 Mn by FY25 with 15% operating margins. Company aims to drive up share of Pentonic to 40% (from 30% currently). We believe with the company's model of outsourcing 50% of production will help them to achieve their objective. The performance of pens in price point INR 10 and above gives confidence that the company can achieve the guidance given above. At CMP, company trades 26.6x FY23 EPS

Mitsu Chem Plast Ltd – Q4FY23 Conference Call Highlights
CMP INR 207| Market Cap INR 2,499mn

Financials

•Total revenue reported for Q4FY23 was INR 831mn against INR 747mn in Q4FY22 (+11.34%).

•EBITDA for Q4FY23 stood at INR 75.8mn against 82.7mn in Q4FY22 (-8.34% YoY). PAT stood at INR 33mn against 33.1mn (-0.30% YoY).

Margins

•EBITDA margin stood at 9.07% in Q4FY23 a decline of 200bps YoY. EBITDA margin for Q3FY23 stood at 7.33% a sequential improvement of 174bps.

Revenue Mix

•Moulded plastic packaging products accounted for 84.59% of revenues during FY23. Hospital furniture vertical contributed 8.75% to the revenues. Infrastructure vertical contributed to 6.67% of the total revenue.

Capacity Utilization

•Average capacity utilization for FY23 stood at 67%. Total capacity for the company stands at 24,000 MTPA.

•Working capital cycle for FY23 stood at 44 days against 55 days in FY22.

RM prices

•The company is witnessing favourable trend in oil prices and this trend is expected to continue in FY24.

Demand Scenario

•Demand trends for plastic packaging is positive and poses as a potential area for future growth. Automotive parts have also witnessed great demand.

•Plastic Pail containers which is a new product launch for the company is expected to add significant value to revenue growth.

•Domestic plastic packaging industry is expected to grow by 2.5% CAGR till 2027. The demand for plastic packaging is also catered by food industry, toiletries industry and e-commerce packaging industry.

Guidance

•Plastic Pails average capacity utilization for FY24 is targeted to be about 60% out of the total 1600 MTPA capacity for the segment. EBITDA margins for the segment is likely to be maintained between 14-18%.

Outlook

The company posted decent revenue growth alongside slight improvement on margins on sequential basis. The demand scenario for the company is positive with plastic packaging and pharmaceutical verticals to lead the growth for the company. The growth will also be supported by reduced volatility of raw material prices. They are also focussed on cost optimization by reducing inventory levels and better management of raw materials.

Navneet Education Limited-Q4FY23 Concall KTAs
CMP INR 114|Market Cap INR 25,878 Mn

•Q1 is close to most advantages for state publication as state public schools re-open in June. Q4 is optimal for the CBSC textbook. Domestic stationary Q1 & Q4 are strong performance. Normally Q1 performed as a strong quarter.

•In FY23, surpassed pandemic performance.

•EBITDA Margin at 13% vs 14.6% in Q4FY22. The margin could have improved but due to unprecedented raw material prices increase during the year. So, the Margin is at a similar level.

•Publication business grew by 14% QoQ to INR 102.2 Cr and 83% for FY23 to INR 678.3 in FY23. Most of the important business nearly hold 2/3 of the market share. Publication business comes from a guide, workbook question bank for SSC school which is in Maharashtra school will be open in June.

•In Stationery – Domestic business, the Navneet is the 2nd largest. Stationery – Domestic grew by 55% to INR 148.3 Cr in Q4FY23 and In FY23 grew by 98% to INR 379.9. Stationery – Exports business grew by 18% to INR 108.8 cr and for FY23 grew by 15% to 567.3 Cr.

•The company is an established player in the US and makes a strong presence with recognition of company products. Walmart, Target, and Staples. The company has a commitment to high-quality delivery. The company is seeing better margins in the Exports market.

•CBSC School has a significant impact on the Navneet addressable market.

•National education policy 2020 – Newer books arise presenting a significant opportunity for growth.

•Investment: Aliened with NEL's vision and commitment to providing technology-enabled education, NEL has invested ~INR 118.59 cr in two tranches in K12 Techno Services through its subsidiary, Navneet Learning LLP. Currently, NEL holds 22.14% (NEL's holding in NLL is 93%) in K12 Techno Services, the implied valuation of which stands at ~INR. 644 crores (Investment by Sequoia Capital & Sofina Venture SA.

•accelerate NEL's CORE BUSINESS, the company has strategically forayed into the Edtech segment. The Company has been implementing several measures including investments and acquisitions to enable the creation of a coherent ecosystem of learning for its Target audience.

•The K12 education model provides elementary education to students from kindergarten to 12th grade through its brand 'Orchids, the International School'.

•Accelerate NEL's CORE BUSINESS, the company has strategically forayed into the Edtech segment. The Company has been implementing several measures including investments and acquisitions to enable the creation of a coherent ecosystem of learning for its Target audience. The Company is committed to leveraging technology and creating significant advancements in education thereby making learning more effective, efficient, and enjoyable for its target audience. The Edtech strategy will allow NEL to penetrate newer geographies beyond its core markets enabling it to widen its brand reach

•Leapbridge was designed as a subscription-based business model for toys focused on STEM segment. To scale this business, significant investments in physical, digital and distribution infrastructure would have been required. Additionally, low subscription ticket sizes and unpredictable payback period, made this business model unviable. The Board of Directors has therefore decided to discontinue operations under Leap bridge.

•The Company has leveraged its extensive industry experience and insightful endeavors, the Company has achieved a robust leadership position in the industry, with a remarkable Market Share of ~65% in Western India.

•Outlook: NELI's core publishing business is facing challenges amid the slow migration of students from the government to private schools post-COVID while RM cost inflation has put stationary margins under pressure. We believe, traction from FY24 as the opening of CBSC school in June and demand for a revised book. A newer book arises presenting a significant opportunity for growth.

Century Plyboards Ltd – Q4FY23 Conference Call Highlights
CMP INR 572| Market Cap INR 1,27,149mn

Financials
•Revenue for Q4FY23 stood at INR 9620mn against INR 895mn in Q4FY22 (+7.4% YoY).

•EBITDA for Q4FY23 stood at INR 1760mn against INR 1661mn in Q4FY22 (+ 6.1% YoY). PAT stood at INR 1127mn against INR 910mn (+23.9% YoY).

Margins
•Gross margins rose to 24.2% an expansion of 200bps QoQ. EBITDA margins increased by 340bps to 18.3% in Q4FY23.

Segmental Performance
•Plywood segment recorded 17.5% QoQ growth and Laminates witnessed 1.6% QoQ growth. MDF and particle segment de grew by 3.5% and 3.3% QoQ in Q4FY23.

•Plywood EBITDA margins improved by 42bps primarily by superior product mix and improving operation efficiencies.

•MDF margins expanded by 460bps owing to softening of chemical prices and forex gains. Particle wood margins contracted by 230bps QoQ driven by higher timber prices.

RM Prices
•Timber prices continue to stay elevated and are on higher levels. Chemical prices are softening from Q3FY23 and are continue to decrease moving forward.

Price Hikes
•Plywood segment underwent 2% price increase in Jan’23.

Capex
•Greenfield particle wood unit in Chennai with revised capacity of 800cbm per annum is expected with capital outlay of INR 5000mn is expected to complete by Q4FY25.

•MDF brownfield operations at Hoshiarpur have commenced operations in March’23. The ramp up in production to be carried out in next 2 quarters.

•Greenfield laminates manufacturing unit is expected to start operations in Nov’23.

Guidance
•Plywood segment is expected to grow at 15% revenue basis with 13% surge in volume.

•Laminates is expected to grow by 25% on revenue and volume basis. MDF 30% volume and revenue growth.

•Particle wood may experience slight degrowth due to inflated timber prices.

•Short term margin guidance for plywood segment is between 12-14%, for MDF 20-25% and for particle wood 20%.

Outlook
The company posted decent growth on topline on QoQ basis. The product mix have moved to premium products owing to growth in plywood segment. Laminates suffered during Q4 and FY23. The company is also looking for export opportunities moving forward. The margins remain soft due to higher timber costs for particle wood segment while chemical prices are softening indicating robust growth in MDF segment.

Somany Ceramics Q4FY23 Concall KTAs
CMP: INR 635 | Market Cap: INR 27 Bn | Promoter: 54.78%

Operating margin improved by 2.4% sequentially and YoY on account of decline in input costs including gas price and cost optimisation measures

Operating Metrics (Standalone)
•Revenues came in at INR 6.68 Bn (+11% YoY)
•EBITDA margins came in at INR 6.7% (Vs 5.5% YoY)

Consol EBITDA Margins came in at INR 9% (Vs 8.3% YoY)
Total standalone tiles volumes stood at 17.6 msm (+9% YoY)

Industry:
•INR 490 Bn Industry in India (390 Bn of domestic and 100 Bn of exports). Expected to grow 5-7% this year largely due to growth in exports.
•Exports are expected to grow from 100 Bn to 170 Bn in FY24 and 200 Bn in FY25
•Industry is expected to double in the next 5 years.

Gas:
•30% of tile cost is Gas
•Current Gas price of INR 47. Q4 was INR 50. Expect it to go down to INR 43-44 till next quarter (Q2)
•North plant will be above INR 47 (due to contract with GAIL), Morbi around INR 42-44, South is exposed to Spot prices (around INR 50)
•Expecting from 50 to INR 47 of gas price

Capacity Utilization Q4FY23:
•90% on tiles, 55% sanitaryyware, 75% faucet
•No capex planned except for maintenance capex of 500 Mn. Additional of 130 Mn of capex is required for Nepal plant but not finalized when to spend

Tiles:
•38% was Ceramics, Remainder was DVT (29%) and GVT (32%)
•GVT down due to slight pressure in VAP demand

Sanitaryware:
•750 Mn rev (18% YoY)
•Expect 20-25% in FY24, double in 3 years
•At 50 Bn revenues, margins will be better than Tiles
•Oligopoly market (small number of large players ruling the market) so pricing by Somany will be have to be competitive

Orient Bell – Q4FY23 Concall KTAs
CMP: 545 | Market Cap: 7,901 Mn | Promoter: 64.9%

•Revenue stood at INR. 2003.3 Mn (-7% YoY)
•EBITDA margin stood at 6.56% (12.00% YoY);
Volumes for the year at 24.48 msm (Vs 24.47 msm in FY22). ASP up 8% to 286

•Weak performance overall, demand in Q4 not as per company's own expectations. Gas pricing fall to benefit but in a lagged manner. GVT contribution at 23%

•Company slowed down giving discounts which affected topline
•Bulk of volume losses was in mid size biz (3,000 sqm to 6,000 sqm). Large and small size biz did better.
•Company is back on providing discounts now which will help volumes come back

Gas:
•Blended Gas prices went from INR 27 to 55 in Q4FY23. Currently at around 51-52
•Gas mainly procured from GAIL. Mainly on long term contracts so any price increase/decrease will come with a lag of a 3-6 months
•APM gas in DORA, (govt had announced 20% reduction) from April 1st which will help going forward

Capex:
•Planned capex at Dora and Hoskote for tiles completed by Q2FY23 (total spends of INR 420 Mn).
•New capex announcement of GVT line at Dora of 3.3 msm to be completed by Q3FY24 for INR 760 Mn
Other KTAs:
•Slabs (High VAP) sourced from Morbi on trading basis (which are not manufactured) is a conscious move which has led for higher trading volume.
•Last 3-4 months, extra discount of 5% has been pushed out by competitors (across product category and mainly on GVT). This is indicative of players going for volume gains at cost of realization and profitability.
•Expectations of better exports due to more capacities coming in. Lots of domestic projects in play which should help the company
•New Products launched in FY22 contributed 14% of the •revenue in FY23.
Investments in marketing ~ 3.3% of revenue
•Dividend of INR 1 declared
•3 New sales branches opened in FY23
•Exports grew 46% YoY

Outlook:
Company expects to deliver better going forward with more utilization, new capacities coming online and achieving efficiencies. The falling gas price will reflect in numbers with a lag so the margins should improve going ahead. 3-6 months to strike out disparity in gas prices (due to sudden changes in gas prices). Q1 may be affected again due demand pressure (as indicated by 1 other player also) but the year post that looks better. At CMP, company trades 35.6x FY23EPS

Borosil Renewables Ltd | Q4FY23 Management Conference Call KTAs
CMP: INR 483.15
Marker Cap: INR 6305.02Cr

•Borosil Renewables Ltd demonstrated a moderate financial performance in FY23, with revenue of INR 688.17 million, reflecting a YoY growth of 7%.
•The company's EBITDA for FY23 was INR 176.55 million, showing a decrease of 33% compared to FY22.The EBITDA margin for FY23 stood at 25.7%, declining from 41.1% in FY22.
•Borosil Renewables Ltd recorded a PBT of INR 119.14 million in FY23, representing a significant YoY decrease of 46%.
•The company's PAT for FY23 amounted to INR 88.54 million, indicating a YoY decline of 47%.
•In FY23, Borosil Renewables Ltd achieved a 4% increase in sales volume compared to FY22.
•Additionally, the company's export sales, including to customers in Special Economic Zones (SEZ), amounted to INR 195.24 crore, accounting for 28.4% of the total turnover, a slight increase from 26.6% in FY22.
•Borosil Renewables Ltd successfully commenced commercial production from its new furnace, SG-3, on 23rd February 2023.
•Borosil Renewables Ltd recently conducted a cold repair of the furnace at its GMB facility. The repair work took place from 13th March to 5th May, with the completion of the repair, the company resumed glass production on 8th May. Notably, the furnace's capacity has been increased by 15%.
•Borosil Renewables Ltd has proposed the addition of a fourth furnace, which is anticipated to have a daily production capacity of 1,100 tonnes.
•The company aims to complete this expansion project by the third quarter of calendar year 2024. Once operational, the full capacity of the new furnace is expected to be available in year 2025.
•Borosil Renewables Ltd has allocated a total Capex of Euro 34 million for the above mentioned project. Of this amount, Euro 9 million has already been funded through internal sources. To finance the remaining Capex, the company plans to borrow approximately Euro 24 million.

•Outlook: Borosil Renewables Ltd demonstrated moderate financial performance in FY23, with steady revenue growth and strategic investments in capacity expansion. The addition of a fourth furnace, along with increased sales volume and export sales, indicates positive prospects for the company. The recent furnace repair and planned Capex highlight its commitment to operational efficiency and future growth.

POKARNA LTD | Q4FY23 Management Conference Call KTAs
CMP: INR 381.65
Marker Cap: INR 1,165.75Cr

•Pokarna Ltd experienced a decline in revenues for Q4FY23, with INR 162 crore, reflecting a decrease of 21% compared to Q4FY22. However, the company achieved a growth in revenues for FY23, amounting to INR 728 crore, showing a 12% increase from FY22.
•The EBITDA for Q4FY23 decreased by 30% to INR 35 crore compared to Q4FY22. Similarly, the EBITDA for FY23 remained nearly unchanged at INR 181 crore, with a marginal decrease of 0.34% compared to FY22.
•The EBITDA Margins showed a decline for both Q4FY23 and FY23. Q4FY23 witnessed a margin of 22%, down by 300 bps from Q4FY22's margin of 25%. Similarly, FY23's margin stood at 25%, reflecting a 300 bps decrease from FY22's margin of 28%.
•The PAT for Q4FY23 was INR 11 crore, indicating a decline of 47% compared to Q4FY22. For FY23, the PAT amounted to INR 66 crore, showing a 16% decrease from FY22's PAT of INR 78 crore.
•The PAT Margins also declined in both Q4FY23 and FY23. Q4FY23's margin was 7%, down by 280 bps from Q4FY22's margin of 9.8%. FY23's margin stood at 9%, showing a 400 bps decrease from FY22's margin of 12%
•Pokarna Ltd's segmental performance as of Q4FY23- The revenue from the Granite segment amounted to INR 19 crore, The Quartz Surfaces segment exhibited a strong performance with revenue of INR 143 crore, and the Apparels segment generated revenue of INR 0.5 crore.
•Rising interest rates, higher inflation, and declining consumer confidence are expected to have an impact on overall demand. As a result the company may witness a decrease in near-term demand momentum.
•Pokarna Ltd has expanded its business horizons by entering new markets, including Russia. While it sees good market opportunities, the company faces shipping challenges due to the transit time between the countries.
•In the new markets, there is a notable trend of higher demand for quartz compared to granite, resulting in less revenue from granite segment.
•Pokarna Ltd aims to prioritize the improvement of capacity utilization in its new quartz unit while simultaneously maintaining margins within the present range.

•Outlook: Pokarna Ltd expects a comfortable growth outlook for FY24 with similar margins. However, challenges such as rising interest rates, inflation, and declining consumer confidence may impact demand. The company will focus on expanding in new markets, addressing shipping challenges, and capitalizing on the high demand for quartz.

Carysil Q4FY23 Concall KTAs
CMP: 574 | Market Cap: 15.4 Bn | Promoter: 43.91%

Revenues came in at INR 1.45 Bn (+6% QoQ) (+3% YoY)
EBITDA margins came in at 18.2% (18.3% QoQ) (22.2% YoY)

Exports:
- Witnessing decent order inflows from US and UK while Europe is showing signs of improved demand but at a slower pace. Gaining market share in Europe due to rising energy costs
- INR 540 Mn revenues in Q4 (Vs 960 Mn in Q4FY22)
- Incorporated wholly owned subsidiary in Dubai for marketing of kitchen appliances and bath products, will be operational by Q2FY24. To focus in GCC region
- The Tap Factory (new name: Carysil Brassware): Offers products in bathroom and kitchen industry. Acquired 70% at 1.16 Mn Pounds. Aim to strengthen Kitchen and bathroom brassware market in UK with the acquisition
- Renovation market on rise in the US. US business should pick up well from here

Domestic:
- Expanded dealership network from 1500 to 3100+ (2500+ domestically)
- SternHagen: Not focus area at all (only test market for luxury brands), current year can generate 2x-3x revenues due to certain collaboration.

Destocking took more time than expected, still going on. Inventories are being stocked now (with big box retailers)

Capex:
- Commercial production of new steel sink facility (90,000 T) will start from June, this will take total capacity to 180,000 tonnes p.a. Full capacity utilization should generate ~INR 800-900 Mn
- INR 600 Mn capex in FY23
- Greenfield project of appliance division has been delayed (by 3-4 months) due to delay in procuring machinery.
- Expect commercialization of 1st Phase (100,000 units) by Sept 2023 and 2nd phase by Q4FY24
- Faucet assembly line commercialization also by Sept 2023

New Sales
- Renewed order with Karran Inc in the USA for supply of quartz kitchen sinks worth USD ~68 million over a 5-year period commencing from FY24. Translating into ~INR 900 Mn in first year and staggered increase annually.
- Business with Karran started in FY17 (past 2 years avg sales of ~INR 750 Mn)
- Recent agreement with IKEA to supply stainless steel Sink (production to start in 4 months)
- Doubled orders from IKEA for the supply of quartz sinks in FY23
- Have confirmed 3 more customers in US but not formally signed. 50 new customers in UK market onboarded
- New products for IKEA and US markets are high value products which will generate better profitability

Other KTAs:
•FY23 (units): Quartz volumes at 513,280 (20% sales in domestic market), Steel Sink volumes at 109,000, Kitchen appliances 28,895
•Gross margins of Quartz at 49%, Steel Sinks at 35%, Kitchen appliances at 40%
•Avg price of sink between 2012-17 was INR 4,000 – 4,500 which is now at INR 5,800-6,000
•INR 2 declared as dividend
•40% of domestic revenues from NPD
•B2B will focus on architects, builders and interior designers
•Ocean freight and input costs have gone down now

Outlook:
•Company had increased prices earlier which they have not brought down (even with cost coming down now and other expense optimizations) which should aid revenue growth and margin expansion going forward. Currency exchange also in favor right now which will help.
•Aiming for 15-20% growth in FY24, expect EBITDA margins of around 20% if revenue guidance reached. Quartz sink expectation of 600,000 unit sales in FY24 (20% growth)
•Production and sales were operating at lower scale in April due to SAP implementation pan company, which will lead to softer Q1 performance.
•Aim to reach INR 10 Bn revenues in FY26
•At CMP, company trades 29.4x FY23 EPS

Greenlam Industries Q4FY23 Concall KTAs
CMP: INR 355 | Market Cap: INR 45 Bn | Promoter: 51.22%

Overview: Domestic business was up in Volume and Value terms (up QoQ and YoY in value terms). Losses in Veneer business down, margins in laminates expanded.

•Revenues came in at INR 5,338 Mn (+6% QoQ) (+15.2% YoY)
•EBITDA margins came in at 13.9% (10.9% QoQ) (10.7% YoY)

Laminates
•Sales Volume (Mn Sheets) at 4.67 (Vs 4.26 QoQ) (Vs 4.00 YoY)
•Avg realization (INR/Sheet) at 1,008 (Vs 1,030 QoQ) (Vs 1,001 YoY)

Decorative Veneers
•Sales Volume (Mn Sqmt) at 0.32 (Vs 0.23 QoQ) (Vs 0.29 YoY)
•Avg realization (INR/Sqmt) at 859 (Vs 1,042 QoQ) (Vs 750 YoY)

Capex & Plants:
•Naidupeta, Andhra Pradesh – High Pressure Laminate plant to be operational by Q2 FY24
•Naidupeta, Andhra Pradesh - Particle board plant by Q4FY24
•Tindivanam, Tamil Nadu – plywood plant to be operational by June 2023
•Total of INR 4.5 Bn spent till now, another capex of INR 5 Bn
•The capacity of Prantij, Gujarat plant has increased to 5.4 million sheets from 3.4 million sheets and operational from 17th May 2023

•Company is facing constraints in shipping big size laminates
Laminates realizations are down due to higher sales of base product
Company has taken some price cut (marginal) due to softening of RM and competitive pressure

RM:
•Timber prices in North have risen faster than in South
•The chemical prices have softened, craftpaper prices stable

Other KTAs:
•Better performance due to less ad spends this quarter
•NWC down to 66 days from 68 in Q3FY23
•Net debt at INR 3.12 Bn but will end the year with 7.5 Bn

Laminates:
•Domestic revenues up 2% QoQ and 11% YoY
•Volumes up 17% YoY
•International revenues up 12.2% QoQ and 19% YoY
•Volumes up 5.3%

Flooring:
•Revenues at INR 85 Mn Vs 105 Mn YoY
•8% Capacity utilization in Q4

Doors:
•Revenues at INR 64 Mn Vs INR 69 Mn YoY
•16% Capacity utilization in Q4

Outlook: Company is aiming for 10-12% volume growth in laminates and 20-25% revenue growth in FY24 for the entire company. Margins to be similar to Q4. Peak revenues from entire capacity will be ~36 Bn (aspire to reach in 3 years). A CMP, company trades 34.6x FY23 EPS

AVRO India Q4FY23 Concall KTAs
CMP: INR 130 | Market Cap: INR 1.309 Mn | Promoter: 70.37%

•Global plastic furniture market: $30.61 Bn (2021) expected to grow at 6% till 2030
•Global recycled plastic market: expected to reach $66.7 Bn by 2027 growing at 4.3%

Two brands: Avro and A1
•Products available on online platforms which are available at 40% discount to all other players
•36,000 orders completed from online platforms in FY23

Backward integration:
•Plastic recycling unit commenced operations in Ghaziabad in Dec 2022 with 300 tonnes per month capacity. In process of raising the capacity to 1,000 tonnes per month by FY24. Plans to expand it to 2,500 tonnes per month in 2 years

•In 2 quarters, company will be able to save ~20% in cost of RM itself due to backward integration of RM
•Company will be able to produce its goods with 60% of RM coming from recycled products going forward
•Current volumes (FY23) were 8,000 tonnes (650-700 tonnes monthly) for which recycled plastic facility gives output of only 300 tonnes per month. The plant is still stabilizing. 30% of RM is virgin polymer, remainder is externally bought recycled plastic (post industrial waste). Now the company is going to recycle the industrial waste by themselves (and either reduce virgin polymer or post industrial waste) so the cost savings will be significant (~20% as mentioned above)

•Post consumer plastic (recycled product): cost of INR 50/Kg including processing cost as compared to current virgin PP pricing of ~INR 90-99/Kg and recycled plastic pricing of INR 70/Kg. This will enable cost savings as company has 300 tonnes per month capacity of it and is increasing the capacity rapidly

•Extended producer responsibility credits (EPR Credits) can be sold for INR 2-20 per kg (which is the range of penalty charge for plastic consumers). This will be additional income for the company in the future when they accumulate enough to sell.

•Capex costing scenario: To put up capacity of 5,000 tonnes per month, cost will be ~300-400 mn. Although company is currently planning to only take capacity to 2,500 tonnes per month in next 2 years.

•Introducing new moulds to diversify range, currently 150+ SKUs while adding more continuously. Currently adding 15-20 SKUs in next 2 months
•Added a couple states in eastern and southern region
•250 distributors, 30,000 retailers pan India
•Annually, India disposes 6 Mn tonnes as plastic waste every year
•Supreme, Neelkamal, Cello – Better branding and brand recall

Outlook:
Company is well placed with its own backward integration. Post stabilization, company will keep on increasing capacity of recycling plant which will deliver incremental RM cost savings. We feel company can deliver QoQ improvement in topline and EBITDA with stabilization of recycled line. Addition of SKUs and new geographies will also help. EPR Credits, if ever gets fructified then will generate additional revenue at no cost (big positive, if it happens). At CMP, company trades 31.6x FY23 EPS.

Cosmo First Ltd | Q4FY23 Management Conference Call KTAs
CMP: INR 603.20 Market Cap: INR 1,583.38Cr

•Cosmo First Ltd's revenue increased by 11.71% from INR 2,742 crores in FY22 to INR 3,063 crores in FY23.
•The EBITDA also witnessed substantial improvement, with a YoY growth rate of 9.60%. In FY23, Cosmo First Ltd achieved an EBITDA of INR 434 crores, compared to INR 396 crores in the previous fiscal year.
•The company's PAT was at INR 244 crores in FY23, showing a YoY growth rate of 17.87% from INR 207 crores in FY22.
•Q4FY23 revenue stood at INR 712 crores, a decrease of 13.28% compared to INR 821 crores in Q4FY22.
•In terms of Q4FY23 EBITDA, Cosmo First Ltd recorded INR 74 crores, which represents a significant decrease of 55.76% from INR 165 crores in Q4FY22.
•Furthermore, the Q4FY23 PAT dropped to INR 32 crores, indicating a substantial decline of 70.37% compared to INR 108 crores in Q4FY22.
•In the Films Business, the total Capex is INR 590 crores. Out of this, the BOPP Line, which is the world's largest line, has an estimated Capex of INR 350 crores. The BOPP Line is expected to have an annual capacity of 67,000 metric tons and commence commercial production by the first half of FY 2026.
•Additionally, the CPP Films Line, also the world's largest line, has an estimated Capex of INR 140 crores. This line is projected to have an annual capacity of 25,000 metric tons and start commercial production by the first half of FY 2025.
•Furthermore, there are value-add assets planned for the Specialized BOPET line with an estimated Capex of INR 100 crores. The commercial production of this line is expected to begin in FY 2024.
•In the other businesses, the Specialized Chemicals segment plans to scale up in the coming years and has an estimated Capex of INR 50 crores over the next three years.
•Zigly (D2C Pet Care businesses), launched in September 2021, has achieved a current monthly Gross Merchandise Value (GMV) of Rs 2 crores. It operates with 15 experience centers and maintains an online presence. The company has set a target to expand its reach by opening 100+ experience centers in the next couple of years.
•In FY 2023, Zigly served more than 23,000 customers and boasts a customer base of over 6,000 Zigly Pro members. The platform offers a wide range of products, with 4,200+ SKUs available for customers to choose from.
•The company has set a target for Zigly to achieve profitability within the next three years. Additionally, the company has plans to demerge its Petcare vertical into a separate company in the medium term. Demerging the Petcare vertical would involve creating a standalone entity dedicated solely to the Petcare business.
•In addition to organic growth, the company is actively seeking opportunities for inorganic growth.

•Outlook: Cosmo First Ltd delivered solid financial performance in FY23, with notable revenue and EBITDA growth. The company is focused on expanding its Films Business through significant Capex investments. Zigly's D2C Pet Care business is experiencing positive traction and aims to achieve profitability. The planned demerger of the Petcare vertical and pursuit of inorganic growth opportunities demonstrate the company's strategic outlook for future success.

Huhtamaki India – Q1CY23 Concall KTAs
CMP: INR 228 | Market Cap: INR 17,181 Mn | Promoter: 67.73%
[Arihant Capital]
Weak topline but improved profitability
Q1CY23
Revenues came in at INR 6615.3 Mn (-4.5% QoQ) (-9.2% YoY)
EBITDA came in at INR 512.8 Mn (+4.9% QoQ) (+1.1% YoY)
EBITDA Margins came in at 7.75% (Vs 7.06% QoQ) (Vs 6.96% YoY)
PAT Margins came in at 5.31% (Vs 2.44% QoQ) (Vs 3.32% YoY)
About: Huhtamaki is a manufacturer of flexible packaging and labelling products.
Performance: Company delivered a weak topline number due to loss in volumes (~15% volume degrowth) but was able deliver improved profitability due to better pricing and cost control measures. WC efficiency led to lower borrowings which led to lower finance cost (withstanding increase in interest cost).
New Product Pipeline: Company is currently developing its fully recyclable mono-material structures for flexible packaging under our Blueloop brand. Monomaterial structure is not a combination of PP&PE but either completely PP or completely PE. This helps in recycling.
This is in line with majority of its clients' goal of sustainable/recyclable packaging by 2030. With the recyclable packaging, company believes it is expanding their target market.
Land Sale: Company has decided to sell off land in Thane and is in the process for the same. They have not yet decided what they want to do with the proceeds. Land size is upwards of 10 acres.
Other KTAs:
•Majority of the product usage (for the company) is in Food, Personal care, Home care and industrial application.
•December month was met with untimely rains which affected the demand for their beverage products.
•Primary RM for the company is Resin, Film and Foil
•Tax rate for company is 25.2%
•30% of revenues came from exports
Outlook: Company believes the market preference is moving from rigid to flexible packaging. Management believes they are now better equipped to manage volatility in RM (which they've faced for the past 2 years). Inventory destocking has stopped at dealer levels for the company. At CMP, company trades 28.4x TTM EPS.

Diversified

Greenpanel Q4FY23 concall KTAs | CMP: INR 309 | Market Cap: 37,910 Mn | Promoter: 53.1%

•**Demand scenario**: stable in Q1 but weak plywood volumes due to no price cuts and discounts during the quarter.

•**Imported MDF** still trades at discount compared to domestically available MDF. Finance ministry still to take a decision on ATD/CVV

•Management has no plans to take cuts in MDF prices.

•**Currently MDF industry** stands at 2.3 CBM which is expected to grow to 4.45 CBM in next 3 years due to capacity addition (excluding unorganised sector)

•**Price difference** between Domestic and Import MDF is ~20% on landed basis while ~8-10% when the import delivered to dealer. Current import landed Cost is $200-$210/CBM. Realisations for company in MDF stood at ~INR 33,000 Vs competitors ~INR 24,000 - 25,000

•Company faced inventory loss in plywood (4% impact on margins due to inventory loss)

•**RM:** prices have stabilised. Timber prices for Q4FY23 in North was INR 5.5-5.6/kg vs 4.3-4.4/kg yoy and 3.8-3.9/kg vs 3.10-3.20/kg in South

•Management spent INR 70Mn on IPL (A&P). Advertising cost will be 2.5% of sales in fy24.

•Capex for FY23 stood at INR 500 Mn. Fy24 will be INR 5Bn and fy25 will be 500 Mn. Gross debt at end of FY24 will stand at INR 3 Bn

•**Guidance:** margins to remain under pressure due to new capacities coming in but management expects to make INR 6,500 - 7,500 per cbm going forward.

•In MDF, volume growth of 12-15% in FY24 with low double digit in domestic market and +20% in exports with margins in range of 23-25%.

•In Plywood, ~10% volume growth and ~8% margins going ahead.

•At CMP, company trades 14.8x FY24 EPS.

Sterlite Technologies Q4FY23 Concall Highlights || **Sterlite Technologies || CMP: INR 165 || Mcap: INR 65.63bn**

Revenue and Margins

• Revenue growth is expected around 10%-12% in FY24.

• Optical networking margins are around 21%. The margins are expected around 20% on sustainable basis. The increase in optical interconnect attach rate would improve the margins further.

• Global services business margins are expected to reach 4% to 8% going forward.

Market share: Global OFC-ex China market share stood at 12% (+300bps YoY) in FY23.

Capex:

The capex of INR 4bn in FY23 and ~INR 3.5bn to INR 4bn capex is expected in FY24. o Optical fibre capacity expansion of 33mn to 42mn is expected in H1FY24.

• US OFC plant commissioned and will start commercial production from Q1FY24 onwards.

Order book: Order book stood at INR 110.52bn (-3% YoY) in Q4FY23.

Digital business
STL digital order book stood at INR 6.49bn. Many of the orders are executable in the next 18-24 months and some of the orders are for 3-4 years.
• Most of the orders got in Q3FY23 and Q4FY23. STL's digital business is expected to grow 3-4 times going forward.
• In Digital business, the company made an investment of INR 1.2bn in FY23.
• Digital and technology solutions losses are expected to come down. Breakeven is expected in Q3FY24 or Q4FY24.
Services business
• UK services business is expected to be profitable in FY24.
• In the services business, around INR 1bn to INR 2bn is expected to release in FY24.
Inventory build-up
• Inventory has build-up happened on the customer’s side in the US for certain cables and connectivity. The delay in deployment lead to inventory build-ups because of manpower shortage and is expected to improve in H2FY24.
• H2FY24 is expected to be better than H1FY24. Some slowdown is expected to witness in North America in H1FY24.
Pricing: Chinese players reduced prices due to a slowdown in demand, with around a 10%-15% price reduction in China fibre prices and a 5%-10% price reduction in other markets.
Debt: Net debt to EBITDA is expected to be 2.6 or less going forward. Around INR 2bn to INR 3bn debt reduction is expected in FY24.
Divestment
The company has sold its telecom software business to Skyvera for $15mn and exited its wireless business which impacts INR 400mn to INR 500mn per quarter.
• The company has kept non-core assets for sale. • **Indian Telco’s**
• Airtel has launched 5G services in 3,000 cities and Jio has launched 5G services in 2,300 cities. Indian telcos are expected to spend $1.5-2bn for fibre rollout for the next 2-3 years.
• The company is focused on scaling up deployment with Jio and Airtel. The company also looking for participation on Bharat Net.
Demerger: A demerger of the global services business is expected in 9-12 months.
Other highlights
The product approval takes 9-12 months’ time from customers.
• In the China plant, 80% of people are re-joined and operations are started.
• Optical interconnect attach rate ~10% in FY23.
• The company is focusing on cost structure improvement and working capital reductions. o China mobile tender was delayed and some softness in the fibre pricing in China.
• The company has launched multiverse and slimmest fibre and cables.
• A commercial 6G network is expected in 2030 at global levels. China is expected to launch in 2025.
Outlook: Sterlite Technologies has a strong order book (~1.6x of FY23 revenue) and China mobile tender would lead to further opportunities. The optical networking business is continuing to grow with 20% margins and increasing in interconnect attach rate would improve the margins further. UK services business is expected to be profitable in FY24 and digital business is expected to be breakeven in Q3FY24-Q4FY24. We believe telecom capex for 5G and the upcoming 6G would provide business visibility. We have a positive outlook on the stock.

MSTC Q4FY23 - Concall KTAs
CMP: INR 312 | Market Cap: INR 22 Bn | Promoter: 64.75%

Operating performance (Standalone)
•Revenues came in at 909.8 Mn (flat YoY)
•EBITDA came in at 689.36 Mn (Vs -1,699.9 Mn YoY)

Highlights of the year
Total goods transacted through marketing and e-comm verticals worth ~3 Tn which includes:
•Company conducted 4G/5G spectrum auction through its platform with ~1.5 Tn
•86 coal mines, 94 major mineral blocks
•~70 Bn worth NPAs
•20 Mn tonnes of coal (worth 44 Bn)
•Company has also sold intangibles (trademarks etc)
•6 power plants worth 11 Bn, small aircrafts, software companies etc
•MoU signed with Directorate of Mines & Geology, Odisha for auctioning of minor mineral blocks

Registered Vehicle Scrapping Facility:
•Through its JV, set up 6 RVSF (Registered Vehicle Scrapping Facility) till date. 3 more will be added soon: Bangalore (almost completed), Guwahati (advance stages of approval) and Punjab (3 more months). Company wants to take the total number from 9 to 25 in a couple of years. FY24 will add 2 centres
•In vehicle scrapping, company sells scrap in open market and spares are sold on their own portal
•Earlier the difference in RVSF and scrap dealer prices were high because scrap dealer could recycle and sell the engine but now recycling of engine is banned so the pricing difference should erode.
•ATS: Automatic Testing Centre (Fitness testing centres) are being set up which will help in RVS numbers.
•2084 vehicles of govt have been sold off on ELV portal in FY23. Another 1.5 Mn vehicles are expected to reach end of life which should drive a significant number of vehicle scrappage to MSTC
•Company earns on 3% as RVSF charges
Other developments:
•Coal India to set up own e-auction from May. This wil take some time to come into effect completely, company doesn’t anticipate any issues on coal sales this FY. The setting up of own auctin portal is due to the issues of customization
•PSB’s are also setting up own portal for sales of realty assets (~5 Lakh) which will replace their own portal as well MSTC’s.

Other KTAs:
•Private sector clients like Scrap (RIL, LT, Tata Power, Vedanta, Bharti, Indus) Iron Ore (JSW Steel, Arcelor).
•Trade receivables include 500 mn of ecommerce biz
•Pvt players are also coming to sell on the platform. Company recently sold one big iron ore.
•Final Dividend of INR 3.2
•Cash on books (standalone and company’s own cash) ~4 Bn

Outlook:
Company is facing threat of business with Coal India and PSBs setting up their own portal (which is authorized by government entities). Although company is confident that this will be covered up by additional scrap vehicle business coming in. At CMP, company trades 9x FY23 EPS.

Nava Ltd| Q4FY23 Management Conference Call KTAs
CMP: INR 254.60
Marker Cap: INR 3,884.82Cr

•Nava Ltd achieved strong financial results in FY23, The Company's revenue for FY23 reached INR 3,928.0 million, reflecting a 7.8% growth compared to the previous fiscal year.
•The company's FY23 EBITDA stood at INR 1,967.6 million, representing a YoY growth of 21.7%. The EBITDA margin for FY23 reached 50.1%, representing a increase of 574 basis points compared to FY22.
•The company recorded its highest ever PAT amounting to INR 1,221.7 million, showing a substantial YoY growth of 113.1%.
•Nava Ltd achieved a significant financial performance with a highest-ever turnover of Rs. 3,928 crores.
•The company's total debt for FY23 amounted to INR 2,742 million, which represents a decrease compared to the previous fiscal year. In FY22, the total debt stood at INR 3,359 million.
•In FY23, the company's cash and bank balances, including liquid investments, amounted to INR 833 million, while in FY22, it was INR 825 million.
•Sales of Ferro Alloys (MT)- Sales of Silico Manganese reached 97,042 metric tons in FY23, reflecting a decline of 7.3% compared to FY22. Similarly, the sales quantity of Ferro Chrome experienced a substantial decrease of 47.1%, with FY23 sales amounting to 34,893 metric tons.
•Sales performance of Power (Mn units) - Merchant sales for FY23 amounted to 577 million units, representing a 3.9% decline compared to FY22.
•Similarly, captive sales witnessed a decrease of 7.6%, with sales totaling 659 million units in FY23.
•The most significant decline was observed in sales to NBEIL, where the sales quantity plummeted by 50.9% to 210 million units in FY23.
•Over the past few months, MAAMBA COLLIERIES LIMITED (MCL) successfully repaid five of the overdue installments; further MCL is actively working towards resolving the remaining two overdue installments within the next month.
•In FY 2023, MCL experienced positive developments in receiving payments for outstanding old receivables from ZESCO.
•The company successfully received a total of USD 105.0 million, which includes payments for VAT liability amounting to USD 70.5 million.
•Furthermore, up until the end of April 2023, MCL received an additional USD 16.0 million against the overdue receivables.
•The stabilization of Silico Manganese production at the Odisha works, combined with the ongoing efforts to reduce production costs; the company expects increased margins for the Ferro Alloys division in the future.
•In the agriculture segment, Nava Ltd has a strategic focus on high-value crops, particularly avocados. The company has dedicated efforts towards the cultivation of avocado plantations, with the goal of completing the plantation by the end of 2023.

•Outlook: Nava Ltd's strong FY23 financial performance, coupled with debt reduction and successful receivable collections, sets a positive outlook. Efforts to increase margins in the Ferro Alloys division and the focus on high-value crops like avocados position the company for continued growth and profitability in the future.

Frog Cellsat Q4FY23 Concall Highlights
| CMP: INR 221 | Mcap: INR 3,990mn

Revenue
Revenue mix for FY23 – Network Accessories (35%), IBS Accessories (35%), Antenna (10%), Optical DAS (10%), Digital Repeaters (10%)
Focused on top-line target of 45-50% growth for FY24.
Projections for FY24 - Digital Repeaters & Antenna can increase their revenue share from 10% to 15%. Whereas decrease of share for other 3 products.
EBITDA and Margins
Margins improved from ~15% to 16.5% in FY23 due to effective inventory cost management and lower raw material costs.
The company is expected to maintain its EBITDA margins of 16%-18% for the next 3 years.
Order book: The company has an order book of INR 650mn which gives good growth visibility.
Orders valuing to 30mn in the past 18 months from the defence sector and various small orders.
As of now, no big orders from the defence sector are still waiting for approvals for the sample orders and once approved, they might get big orders.
In the domestic market, one big opportunity for the company is the BSNL 4G project which might generate business of 1,000mn in the next 3 years
Capacity expansion
Phase 1 of a new plant in Noida covers 1 lakh sq. feet and should be completed by Q1FY24. And utilizing the additional space for new product development.
Phase 2 of the project is underway and is expected to be completed by Q3FY24. Adding an additional 60,000 sq. feet to support the expanding operations.
The expansion is done from internal approvals and 100% IPO money, no debt is taken for the expansion.
The new plant is important for value generation as all the processes can be conducted under one roof and decrease the flow time.
With the help of this Capex company has a goal of 5bn Revenue in 3-4 yrs. No more capex is required after this expansion for 3-4 yrs.
Future orders
Defence orders: As the government is restricting the imports of defence tech which creates a great opportunity for the company. The company has done a sample order of INR 30mn from the defence department, once the products are approved the company can expect much higher orders from the same. New product for defence i.e., AVD (Avalanche Victim Detector) a device for every soldier that can be attached to his/her vest which helps to track them after an avalanche.
Airtel 5G: The company works for the in-building(indoor) process of the 5G band. As Airtel is yet to start its indoor process, which gives the company a huge opportunity soon.
Jio: In FY23 the company received a small order from Jio as an evaluation process and expects to get a green signal from Jio for the same. This will give the company a big client for the future.
PLI: INR 600mn of revenue is expected to be generated from the PLI scheme in the next 5 yrs.
Received incentive of INR 20mn under PLI Scheme some more incentives are in the pipeline and expected to be received by Q2FY24.
Other highlights
One of the key drivers of the company is R&D and the company heavily invests in innovation.
A strategic partnership with an Israeli company has helped in diversifying the product portfolio, formed an alliance to gain insights and create a synergy that will drive growth.
The company's first offerings stand at 20+ products currently.

Outlook: Frog Cellsat is expected to grow double-digit rate along with margin improvement backed by order book and upcoming opportunities from defence and telecom. The capex would lead to incremental revenue going forward. We have a positive outlook on the stock.

Arihant Research Desk

Email: research@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park	
Building No. 10, 1st Floor	Arihant House
Andheri Ghatkopar Link Road	E-5 Ratlam Kothi
Chakala, Andheri (E)	Indore - 452003, (M.P.)
Mumbai – 400093	Tel: (91-731) 3016100
Tel: (91-22) 42254800	Fax: (91-731) 3016199
Fax: (91-22) 42254880	

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%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	research@arihantcapital.com

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800Fax. 022-42254880