INSTITUTIONAL RESEARCH

HSIE Results Daily

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Results Reviews

- **Cummins:** Cummins India Ltd (CIL) delivered a positive surprise with quarterly revenue/EBITDA/PAT at INR 19.2/3.3/3.2bn, beating our estimates by 7/15/33%. On a full-year basis, these were the highest ever. CIL is seeing strong pre-buy for its below 800kW power gensets as the CPCB 4+ norm will become effective from 1 July 2023. CIL, however, has only 20% of its portfolio above the 800kW rating. All its products under 800kW are undergoing significant change with electric components and better power density and system control than their mechanical counterpart. These products are expected to cost 20-50% higher. The export market is also robust with lower HP product sales in FY23 recording a growth of 40% YoY compared to 11% YoY growth in High HP products. Also, CIL has introduced its next iteration of Fit-For-Market 3.0 products, catering to the region and application-specific products for the export market. In CY24, CIL expects to ramp up its manned capacity, which is currently at a utilisation level of 90% as against its installed capacity utilisation of 60-65%. CIL has multiple tailwinds, namely, stringent upcoming norms, Capex cycle recovery, adoption of alternative fuels with lesser carbon footprint, revival in industrials and supporting manufacturing policies. We maintain BUY, with an unchanged SOTP of INR 1,880 (35x Mar-25 EPS).
- **Oil India:** Our ADD recommendation on Oil India with a target price of INR 290 is premised on oil and gas production growth at 4% CAGR over FY23-25E, attractive valuations of 4.3x FY24 EPS—a 30% discount to long-term average P/E of 6.2x, 0.6x FY24 P/Bv with RoE of ~16% and a dividend yield of ~7%. However, this is offset by limited earnings potential owing to the levy of a windfall tax on crude oil prices and a decline in the price of domestically produced APM gas. Q4FY23 EBITDA stood at INR 24bn, coming broadly in line; however, APAT at INR 18bn, beat our estimate due to higher-than-expected other income, lower depreciation and interest cost. Oil and gas production was marginally above estimates.
- **Phoenix Mills:** Phoenix Mills (PHNX) reported revenue/EBITDA/APAT at INR 7.3/4.3/1.8bn, (missing)/beating our estimates by (1)/2/0%. Retail consumption stood at INR 22bn, at 59% growth over the pre-Covid level. Excluding new malls, growth was 37% over pre-Covid levels. Consumption was supported by higher growth in jewellery, fashion, electronics and entertainment categories. For FY23, consumption was the highest ever at INR 92bn, beating the guidance of INR 90bn. For FY24, PHNX expects to achieve INR 115bn in consumption (a growth of +25%), with INR 25bn contribution coming from new operational malls i.e. Citadel Indore and Palladium Ahmedabad. The overall trading occupancy excluding new malls stood at ~90%. PHNX expects to bring the overall trading occupancy (including new malls) to 93-95% before Diwali 2023. PHNX is also ramping up its office portfolio with an aim to achieve 7.1msf of the leased assets by FY26 from 2.1msf of the current operational portfolio. In FY24, 0.9msf of the office assets in Hebbal, Bengaluru, will become operational. Given strong traction in consumption, captive mall expansion, the addition of office space, a strong business development pipeline and lower net debt, we maintain BUY, with an unchanged SOTP of INR 1,800/sh.

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- **Emami:** Emami's 4QFY23 revenue grew by 9% YoY (on Dermicool and Helios consolidation). Domestic/international revenues grew by 5/19% YoY, with organic domestic revenue declining by c.8%. While male grooming/ Kesh King grew 29/1%, there was sustained pressure on all other brands as Boroplus/Navratana/Healthcare/Pain Management declined by 25/3/13/9%. GM improved on softening input costs (+60bps YoY) while EBITDAM expanded by 260bps to 23.9%, aided by lower A&P spends (-395bps YoY). Emami remains cautiously optimistic about demand recovery, given (1) softening inflation to aid rural demand; (2) increased brand investments; and (3) a favourable base. However, the summer season remains the key monitorable. We remain cautious about core business growth, given the limited scope to add new consumers in niche categories. We maintain our estimates and value the stock at 20x P/E on Mar-25E EPS to derive a TP of INR 385. Maintain REDUCE.

- **Fine Organic Industries:** Our ADD recommendation on Fine Organics with a TP of INR 4,694 is premised on (1) leadership in oleo-chemical-based additives in the domestic and global markets with a loyal customer base; (2) unique business model with high entry barriers; (3) diversified product portfolio; and (4) pricing power. Q3 EBITDA/APAT were 57/78% above our estimates, owing to significantly lower-than-expected raw material costs, lower-than-expected operating expenses, and lower-than-expected tax rates.

- **Brigade Enterprises:** Brigade Enterprises Ltd (BEL) reported the highest-ever annual presales of 6.3msf (+35% YoY), valued at INR 41bn (+36% YoY). This was on the back of robust launches of 5.5msf (3.8msf in FY22), with 3.02msf launched in Q4FY23. Over 60% of the residential presales came from new launches in Q4FY23. In FY24, BEL plans to launch 7.5msf in the residential segment, with a GDV potential of INR 60bn, most of which will be launched in Q3/Q4FY24. 25% of these launches will be from the Mount Road Chennai project (i.e. TVS land). The average price hike stood at 7%, excluding newly-forayed plotted development presales. In terms of BD, BEL added INR 50bn worth of GDV with an area of 8.7msf. The retail segment saw healthy rental of INR 1.6bn (+60% YoY) with footfalls increasing by 106% YoY. The weighted average rental also increased by 13% YoY. Within the office segment, non-SEZ assets are all leased out with muted leasing in the SEZ assets i.e. WTC Chennai, Tech Garden and Financial Center, GIFT. Given BEL's strong cash position of INR 17bn, a robust business development pipeline, and a healthy balance sheet, we remain constructive. We reiterate BUY, with an unchanged TP of INR 632/sh.

- **TTK Prestige:** TTK Prestige's Q4FY23 print disappointed on all counts with revenue/EBITDA/PAT declining by 13/25/25% YoY respectively. Domestic revenue fell 11% YoY on account of (1) demand softness due to an inflationary environment; (2) consumer wallet share moving away from kitchen appliances; and (3) pricing-led competitive intensity (more so in the mid-economy segment). Moreover, export revenue declined by 50% due to weak global cues. Demand softness was seen across categories with cookers/cookware/appliances revenues falling 20/13/8%. Gross margins contracted by 210bps YoY. In Q4, TTK took a write-off on its obsolete inventory (115bps impact on GM; c.INR600mn). EBITDAM contracted by 230bps despite lower A&P spending. With demand expected to remain soft in the near term and a high base (H1FY23 21% YoY growth), we expect demand recovery only in H2FY24 for TTK and cut our FY24/25 EPS by 5% each. We value the stock on 30x Mar-25 EPS to derive a TP of INR 725. Maintain REDUCE.

- **ITD Cementation:** ITD Cementation (ITD) reported revenue/EBITDA/APAT of INR 16.3/1.5/0.4bn, beating/(missing) our estimates by 13.7/23.5/(15.2)%. The miss is largely due to the share of losses from JVs. With an order inflow (OI) of INR 80.8bn in FY23, the order book (OB) as of Mar'23 stood at INR 200bn (~4x FY23 revenue, ex L1-INR16bn). The OB is well-diversified, providing a natural hedge from a slowdown in any particular business segment. The net D/E as of Mar'23 stood at 0.22x. ITD guided for FY24 revenue at INR 65-68bn with an EBITDA margin above 9% and OI of INR 80bn+. FY24 capex will be at ~INR 1bn. We have recalibrated our estimates higher to factor in strong execution and better margins. We reiterate BUY, with an increased TP of INR 170/sh (10x Mar-25E EPS).

- **Ashoka Buildcon:** Ashoka Buildcon (ASBL) reported an operationally strong quarter with revenue/EBITDA/APAT beating our estimates on all fronts. On the back of strong order inflows (OI), the FYTD24 order book (OB) stands at INR 181bn (~2.8x FY23 revenue). The standalone gross/net debt stood at INR 8.8/5.9bn as of Mar'23 vs. INR 8.5/5.8bn as of Dec'22. The balance equity requirement for HAM assets as of Mar'23 stands at INR 1.7bn, of which INR 1.1/0.6bn would be infused in FY24/25. ASBL has guided for an FY24 capex of ~INR 1bn. It also guided that FY24 revenue will grow 20-25% YoY while guiding for an EBITDA margin of 8.75-9.25% and OI of INR 80-100bn. It expects to close FY24 OB at INR 200bn+. We maintain BUY, with a TP of INR 135/sh (9x Mar-25E EPS rollover).

Cummins

Strong performance

Cummins India Ltd (CIL) delivered a positive surprise with quarterly revenue/EBITDA/PAT at INR 19.2/3.3/3.2bn, beating our estimates by 7/15/33%. On a full-year basis, these were the highest ever. CIL is seeing strong pre-buy for its below 800kW power gensets as the CPCB 4+ norm will become effective from 1 July 2023. CIL, however, has only 20% of its portfolio above the 800kW rating. All its products under 800kW are undergoing significant change with electric components and better power density and system control than their mechanical counterpart. These products are expected to cost 20-50% higher. The export market is also robust with lower HP product sales in FY23 recording a growth of 40% YoY compared to 11% YoY growth in High HP products. Also, CIL has introduced its next iteration of Fit-For-Market 3.0 products, catering to the region and application-specific products for the export market. In CY24, CIL expects to ramp up its manned capacity, which is currently at a utilisation level of 90% as against its installed capacity utilisation of 60-65%. CIL has multiple tailwinds, namely, stringent upcoming norms, Capex cycle recovery, adoption of alternative fuels with lesser carbon footprint, revival in industrials and supporting manufacturing policies. We maintain BUY, with an unchanged SOTP of INR 1,880 (35x Mar-25 EPS).

- **Q4FY23 financial highlights:** Revenue: INR 19.2bn (+29%/-12% YoY/QoQ, 7% beat). Domestic sales: INR 14bn (+33%/-12% YoY/QoQ) and export sales of INR 4.9bn (+17%/-11% YoY/QoQ). EBITDA: INR 3.3bn (+58%/-21% YoY/QoQ, 15% beat). Gross margin: INR 32.7% (+73bps/-108bps Q4FY22/Q3FY23) vs est. of 34.2%. Consequently, the EBITDA margin was 16.9% (+309/-197bps YoY/QoQ) vs est. of 15.7%. Other income: INR 11.3bn (+70%/+26% YoY/QoQ) vs. est. of INR 752mn. RPAT/APAT: INR 3.2bn (+68%/-12% YoY/QoQ 33% beat).
- **Genset pre-buy picks up with CPCB 4+ norms kicking in July-23:** CPCB 4+ emission norms will become effective from 1 July 2023 for gensets with power up to 800kW. However, CPCB has allowed the sale of CPCB 2 generator sets until 31 December 2023. CIL will not be able to manufacture after 30 June 2023 as the July deadline kicks in, but any inventory in the distributor channel can be sold until the December-23 deadline. CIL sells around 20% of the gensets that are above 800kW power rated. Pre-buying, which has been muted until now, has picked up from Q1FY24 onwards. The new norm-compliant genset with a similar power rating as of older version will be higher in the range of 20-50%. All products under 800kW are undergoing significant change i.e. all will be electric products requiring after-treatment. The power density and system control of these products will be better than their mechanical counterpart.
- **Strong demand in a certain segment; green hydrogen has a longer horizon:** CIL is seeing very strong demand in infra, data centres, hospitality and manufacturing sectors. Commercial and residential realty is slowly bouncing back with growth starting to be seen in mining and defence, which were flat until now. CIL expects a strong opportunity for India in green hydrogen; however, with most of the technological challenges still to be overcome, CIL expects a journey of 10-15 years before green hydrogen becomes feasible. In the Powergen market, CIL expects to capture the transition of lower power products i.e. sub-25kW to batteries. CIL, however, has until now missed the railway electrification opportunity with products yet to get qualified.

Standalone financial summary

(INR in mn)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY22	FY23	FY24E	FY25E
Net Revenues	19,260	14,936	29.0	21,805	(11.7)	61,404	77,444	84,763	94,568
EBITDA	3,261	2,067	57.8	4,122	(20.9)	8,802	12,426	15,072	17,510
APAT	3,185	1,892	68.4	3,601	(11.6)	7,837	11,441	13,283	15,064
Diluted EPS(INR)	11.5	6.8	68.4	13.0	(11.6)	28.3	41.3	47.9	54.3
P/E (x)						58.4	40.0	34.4	30.4
EV/EBITDA (x)						50.1	35.3	28.6	24.2
RoE (%)						16.9	22.3	22.7	22.1

Source: Company, HSIE Research

BUY

CMP *(as on 25 May 23)*	**INR 1,650**
Target Price	**INR 1,880**
NIFTY	**18,321**

KEY CHANGES	**OLD**	**NEW**
Rating	BUY	BUY
Price Target	INR 1,880	INR 1,880
EPS change %	**FY24E**	**FY25E**
	-	-

KEY STOCK DATA	
Bloomberg code	KKC IN
No. of Shares (mn)	277
MCap (INR bn) / ($ mn)	457/5,593
6m avg traded value (INR mn)	1,027
52 Week high / low	INR 1,716/951

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	5.0	19.6	63.1
Relative (%)	1.0	20.3	48.0

SHAREHOLDING PATTERN (%)	**Dec-22**	**Mar-23**
Promoters	51.00	51.00
FIs & Local MFs	25.20	23.81
FPIs	12.20	13.99
Public & Others	11.60	11.20
Pledged Shares	-	-

Source: BSE

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Oil India

Higher realisations drive FY23 earnings

Our ADD recommendation on Oil India with a target price of INR 290 is premised on oil and gas production growth at 4% CAGR over FY23-25E, attractive valuations of 4.3x FY24 EPS—a 30% discount to long-term average P/E of 6.2x, 0.6x FY24 P/Bv with RoE of ~16% and a dividend yield of ~7%. However, this is offset by limited earnings potential owing to the levy of a windfall tax on crude oil prices and a decline in the price of domestically produced APM gas. Q4FY23 EBITDA stood at INR 24bn, coming broadly in line; however, APAT at INR 18bn, beat our estimate due to higher-than-expected other income, lower depreciation and interest cost. Oil and gas production was marginally above estimates.

- **Standalone financial performance:** EBITDA in Q4 stood at INR 24bn, broadly in line, up +20% YoY; however, it declined 18% QoQ, owing to higher employee costs and other expenses. Net crude realisation post windfall tax was at USD 76.1/bbl (+2% QoQ). APAT stood at INR 18bn (+10% YoY, +2% QoQ), coming in above our estimate, owing to higher other income, lower depreciation and interest cost.
- **Standalone operational performance**: In Q4, gross crude oil realisation was at USD 79.5/bbl, (-17% YoY, -7% QoQ) while the implied net crude oil realisation adjusting for the windfall tax stood at USD 76.1/bbl; gas realisation was at USD 5/mmbtu, (+66% YoY, -52% QoQ). Oil and gas production was marginally above estimates at 0.8mmt and 0.78bcm. Oil sales volume was at 0.77mmt (+5% YoY, -1% QoQ), while gas sales volume was at 0.62bcm (+11% YoY, -4% QoQ).
- **Key highlights**: (1) Oil India reported the highest-ever gas production in FY23. (2) Aggressive exploration led to a new hydrocarbon discovery in FY23 in the Sesabil area in the Assam shelf basin. (3) The Board declared a final dividend of INR 5.5/sh in addition to INR 14.5/sh interim dividend, with a total dividend of INR 20/sh in FY23. (4) Numaligarh Refinery (NRL) reported the highest-ever crude throughput of 3.1mmt with capacity utilization of 103%. NRL reported a gross refining margin of USD 19.9/bbl in FY23 vs USD 14.3/bbl in FY22.
- **Change in estimates**: We cut our consolidated EPS estimates for FY24/25E by -1.7/-4.2% to INR 61.1/57, to factor in lower GRMs for NRL, higher other expenses and lower other income, partially offset by lower depreciation and interest cost. Our target price is revised to INR 290/sh.
- **We value Oil India's standalone business at INR 140 (3x Mar-24E EPS) and its investments at INR 150. The stock is currently trading at 4.3x FY24E EPS.**

Standalone financial summary

YE March (INR bn)	Q4 FY23	Q3 FY23	QoQ (%)	Q4 FY22	YoY (%)	FY21*	FY22*	FY23P*	FY24E*	FY25E*
Revenues	56	59	(3.9)	45	26.1	225	300	410	469	501
EBITDA	24	29	(17.7)	20	20.0	57	105	153	122	118
APAT	18	17	2.4	16	9.7	46	67	87	66	62
AEPS (INR)	16.5	16.1	2.4	15.0	9.7	42.2	62.0	80.5	61.1	57.0
P/E (x)						6.2	4.2	3.2	4.3	4.6
EV/EBITDA (x)						8.3	4.4	3.1	3.4	3.2
RoE (%)						19.5	24.8	25.3	15.7	12.6

Source: Company, HSIE Research | *Consolidated

ADD

CMP *(as on 25 May 23)*	INR 260
Target Price	INR 290
NIFTY	18,321

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 285	INR 290
	FY24E	FY25E
EPS change	-1.7%	-4.2%

KEY STOCK DATA	
Bloomberg code	OINL IN
No. of Shares (mn)	1,084
MCap (INR bn) / ($ mn)	283/3,455
6m avg traded value (INR mn)	432
52 Week high / low	INR 306/168

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	7.2	30.4	13.9
Relative (%)	3.1	31.0	(1.2)

SHAREHOLDING PATTERN (%)	Dec-22	Mar-23
Promoters	56.66	56.66
FIs & Local MFs	16.05	16.26
FPIs	11.52	11.40
Public & Others	15.78	15.68
Pledged Shares	0.00	0.00

Source : BSE

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Phoenix Mills

Well placed

Phoenix Mills (PHNX) reported revenue/EBITDA/APAT at INR 7.3/4.3/1.8bn, (missing)/beating our estimates by (1)/2/0%. Retail consumption stood at INR 22bn, at 59% growth over the pre-Covid level. Excluding new malls, growth was 37% over pre-Covid levels. Consumption was supported by higher growth in jewellery, fashion, electronics and entertainment categories. For FY23, consumption was the highest ever at INR 92bn, beating the guidance of INR 90bn. For FY24, PHNX expects to achieve INR 115bn in consumption (a growth of +25%), with INR 25bn contribution coming from new operational malls i.e. Citadel Indore and Palladium Ahmedabad. The overall trading occupancy excluding new malls stood at ~90%. PHNX expects to bring the overall trading occupancy (including new malls) to 93-95% before Diwali 2023. PHNX is also ramping up its office portfolio with an aim to achieve 7.1msf of the leased assets by FY26 from 2.1msf of the current operational portfolio. In FY24, 0.9msf of the office assets in Hebbal, Bengaluru, will become operational. Given strong traction in consumption, captive mall expansion, the addition of office space, a strong business development pipeline and lower net debt, we maintain BUY, with an unchanged SOTP of INR 1,800/sh.

- **Q4FY23 financial highlights:** Revenue: INR 7.3bn (+47%/+7% YoY/QoQ, a 1% miss). EBITDA: INR 4.3bn (+79%/+12% YoY/QoQ, a 2% beat). EBITDA margin: 59.1% (+1041/+285bps YoY/QoQ, vs est. of 57.4%). RPAT: INR 2.5bn (+142%/+44% YoY/QoQ). Exceptional item: gain of INR 484mn recorded towards the FSI of 4506.17 sq m granted by MCGM to PHNX on account of transfer of land to BMC at Lower Parel measuring 1919.73 sq mm. This land was transferred as it was reserved for a playground. Consequently, APAT was INR 1.8bn (+73%/+3% YoY/QoQ, in line with est.). Total retail rental income was INR 3.4bn (+53% growth over Q4FY20) with an EBITDA of INR 3.5bn (+64% growth over Q4FY20). Excluding new malls, i.e. Palassio Lucknow, Citadel Indore and Palladium Ahmedabad, retail rental income came in at INR 2.9bn (+30% growth over Q4FY20), with EBITDA at INR 3bn (+42% growth over Q4FY20). Income from offices was INR 433mn (+0%/+2.0% YoY/QoQ) with EBITDA margin stable at 63%.
- **Robust consumption:** Retail consumption stood at INR 22bn, at 159% of Q4FY20. Ex-new malls, Q4FY23 consumption was 137% of Q4FY20. For FY23, consumption was INR 92bn (188% of FY22 and 133% of FY20). Consumption was supported by higher growth in the jewellery, fashion, electronics and entertainment categories. Ex-new malls, leased occupancy across malls has improved to an average of 98%, along with trading occupancy of ~90%. For Citadel, Indore and Palladium Ahmedabad, trading occupancy has improved to 70% and 43% resp. Overall, trading occupancy is targeted to reach 93-95% before Diwali 2023.
- **Business development supported by healthy cash flow:** Consolidated gross/net debt stood at INR 40.4/22.8bn from INR 39.5/20.8bn as of Dec'23, with almost all debt on the operational portfolio as new malls became operational. The group liquidity stands at INR 17.6bn. The retail collection was INR 5.7bn (vs INR 5.4bn in Q3FY23). The overall pending capex spend is pegged at INR 46.5bn, with INR 20-23bn expected annually (incl. INR 6-7bn of land capex).

Consolidated financial summary (INR mn)

Particulars	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY22	FY23	FY24E	FY25E
Net Sales	7,290	4,954	47.2	6,838	6.6	14,835	26,383	31,887	38,355
EBITDA	4,307	2,411	78.7	3,845	12.0	7,339	15,189	19,320	22,557
APAT	1,816	1,048	73.3	1,764	3.0	2,374	9,423	8,548	10,147
EPS (INR)	10.6	6.1	73.3	10.3	3.0	13.9	40.8	49.9	59.3
P/E (x)						101.1	34.4	28.1	23.7
EV/EBITDA (x)						10.1	37.3	18.0	14.0
RoE (%)						3.8	17.3	11.1	11.8

Source: Company, HSIE Research

BUY

CMP *(as on 25 May 23)*	INR 1,402
Target Price	INR 1,800
NIFTY	18,321

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,800	INR 1,800
EPS Change %	FY24E -	FY25E -

KEY STOCK DATA	
Bloomberg code	PHNX IN
No. of Shares (mn)	179
MCap (INR bn) / ($ mn)	250/3,061
6m avg traded value (INR mn)	369
52 Week high / low	INR 1,624/990

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	6.6	(3.0)	27.3
Relative (%)	2.5	(2.3)	12.2

SHAREHOLDING PATTERN (%)	Dec-22	Mar-23
Promoters	47.31	47.30
FIs & Local MFs	19.02	18.05
FPIs	29.27	30.37
Public & Others	4.40	4.28
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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Emami

Weak organic growth

Emami's 4QFY23 revenue grew by 9% YoY (on Dermicool and Helios consolidation). Domestic/international revenues grew by 5/19% YoY, with organic domestic revenue declining by c.8%. While male grooming/ Kesh King grew 29/1%, there was sustained pressure on all other brands as Boroplus/Navratana/Healthcare/Pain Management declined by 25/3/13/9%. GM improved on softening input costs (+60bps YoY) while EBITDAM expanded by 260bps to 23.9%, aided by lower A&P spends (-395bps YoY). Emami remains cautiously optimistic about demand recovery, given (1) softening inflation to aid rural demand; (2) increased brand investments; and (3) a favourable base. However, the summer season remains the key monitorable. We remain cautious about core business growth, given the limited scope to add new consumers in niche categories. We maintain our estimates and value the stock at 20x P/E on Mar-25E EPS to derive a TP of INR 385. Maintain REDUCE.

- **Organic revenues remain weak:** Revenue grew by 9% YoY to INR 8.4bn with domestic/international revenue up 5/19% YoY. Domestic volume grew 2% YoY (organic volume down c.8-9%). Organic domestic revenue (ex of Dermicool and Helios) fell c.8% YoY with demand pressure on most brands in the core portfolio due to (1) a high base in health and pain; (2) weak rural demand; and (3) unseasonal rain impacting summer portfolio. Dermicool and Helios (Man Company) contributed 10/6% of revenue in Q4/FY23. The alternative channels continued to perform well, recording 18/64% growth and cumulatively contributing 19% of domestic sales in FY23. We model consolidated revenue to grow at 7% CAGR over FY23-25.
- **Margins improve:** GM expanded by 60bps YoY to 63.1% (HSIE 63.5%), aided by some moderation in input costs. While employee/other expenses grew by 17/20% (due to Dermicool/Helios consolidation and distribution expansion), A&P spending fell 13% YoY. This aided EBITDAM to expand by 260bps YoY to 23.9%; EBITDA grew 22% YoY. With gross margins likely to expand given softening input costs, Emami will invest in A&P to drive growth. We model an EBITDA margin of 27.2/27.5% in FY24/25.
- **Con call and BS/CF takeaways:** (1) FMCG industry witnessed a mixed demand environment in Q4FY23. Discretionary categories like PC remained muted. (2) Inflation in rural at 6.8% in FY23 was the highest of the past nine years. Also, rural inflation surpassed urban inflation for the first time since FY18. (3) International growth was driven by strong performance in MENA, CIS and Bangladesh. (4) Added 11k towns and villages in FY23 taking total count to 53k. Target to reach 60k in FY24. (5) Hospital sale is on track and is expected to be closed in the next 3-4 weeks. (6) In FY23, FCF stood at INR 7.2bn vs INR 1.6bn YoY.

Quarterly/annual financial summary

YE Mar (INR mn)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY22	FY23	FY24E	FY25E
Net Sales	8,360	7,682	8.8	9,827	(14.9)	31,881	34,057	37,002	39,060
EBITDA	1,998	1,639	21.9	2,942	(32.1)	9,525	8,627	10,082	10,760
APAT	1,477	1,113	32.7	2,547	(42.0)	7,338	6,839	7,824	8,136
Diluted EPS (INR)	3.35	2.50	33.7	5.73	(41.6)	16.6	15.5	17.7	18.4
P/E (x)						21.9	23.4	20.5	19.7
EV / EBITDA (x)						16.9	18.3	15.3	14.1
RoCE (%)						36.4	33.3	40.6	43.7

Source: Company, HSIE Research

REDUCE

CMP *(as on 25 May 23)*	INR 383
Target Price	INR 385
NIFTY	18,321

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 385	INR 385
EPS %	FY23E	FY24E
	0%	0%

KEY STOCK DATA	
Bloomberg code	HMN IN
No. of Shares (mn)	440
MCap (INR bn) / ($ mn)	169/2,065
6m avg traded value (INR mn)	131
52 Week high / low	INR 525/341

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	0.4	(11.6)	(4.9)
Relative (%)	(3.6)	(10.9)	(20.0)

SHAREHOLDING PATTERN (%)	Dec-22	Mar-23
Promoters	54.27	54.27
FIs & Local MFs	27.02	26.92
FPIs	11.15	11.01
Public & Others	7.56	7.80
Pledged Shares	19.82	21.77

Source : BSE

Pledged shares as % of total shares

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Fine Organic Industries

Margins surprise positively

Our ADD recommendation on Fine Organics with a TP of INR 4,694 is premised on (1) leadership in oleo-chemical-based additives in the domestic and global markets with a loyal customer base; (2) unique business model with high entry barriers; (3) diversified product portfolio; and (4) pricing power. Q3 EBITDA/APAT were 57/78% above our estimates, owing to significantly lower-than-expected raw material costs, lower-than-expected operating expenses, and lower-than-expected tax rates.

- **Financial performance**: Revenue de-grew 21% sequentially to INR ~6bn in Q4, owing to lower realisations due to the pass-through of cooled-down raw material prices to the company's customers. The company witnessed a temporary slowdown in the US and Europe in Q4, whereas the domestic market grew across segments. EBITDA came in at INR 2bn, +27/+27% QoQ/YoY, with EBITDA margin coming in at 33.9% (+1,285/+805bps QoQ/YoY), owing to a significant reduction in raw material prices and freight costs. APAT came in at INR 1.5bn (+41/+23% QoQ/YoY).
- **Con call highlights**: (1) All plants (excluding the Patalganga plant) are expected to run at full capacity by Mar-24. Without any new capacity addition in FY24, we expect the growth to remain muted, and will only pick up the pace from FY25. The company is awaiting land allocation from the Gujarat government. (2) The company plans to commission the Thailand plant by Sept-23. (3) In order to supply material in a timely manner, the company started maintaining higher inventories at its sites in the US and Europe. The company is also evaluating establishing manufacturing facilities outside India and looking at inorganic growth opportunities to be closer to its customers. (4) The management guided that the sustainable EBITDA margin should be ~18-20%. (5) The contribution of exports to total revenue was 68% in FY23 (vs. 60% in FY22).
- **Change in estimates:** We raise our FY24/25 EPS estimates by 10.0/3.9% to INR 155.0/167.9 to factor in softening of raw material prices and freight costs and reduced depreciation due to the delay in Gujarat land acquisition and Capex.
- **DCF-based valuation:** Our target price is INR 4,694 (WACC 12%, terminal growth 6.0%). The stock is trading at 27x FY25E EPS.

Financial summary (consolidated)

INR mn	Q4 FY23	Q3 FY23	QoQ (%)	Q4 FY22	YoY (%)	FY21	FY22	FY23P	FY24E	FY25E
Net Sales	5,966	7,595	*(21.4)*	6,169	*(3.3)*	11,332	18,763	30,231	26,048	26,855
EBITDA	2,024	1,601	*26.5*	1,597	*26.8*	1,993	3,645	8,311	6,341	6,785
APAT	1,494	1,062	*40.7*	1,219	*22.6*	1,203	2,597	6,181	4,752	5,147
AEPS (INR)	48.7	34.6	*40.7*	39.8	*22.6*	39.3	84.7	201.6	155.0	167.9
P/E (x)						113.5	52.6	22.1	28.7	26.5
EV/EBITDA(x)						67.7	37.0	15.8	19.9	17.9
RoE (%)						17.8	30.7	49.4	26.9	23.0

Source: Company, HSIE Research

Change in estimates (consolidated)

Y/E Mar	FY24E Old	FY24E New	% Ch	FY25E Old	FY25E New	% Ch
EBITDA (INR mn)	5,998	6,341	*5.7%*	6,880	6,785	*-1.4%*
Adj. EPS (INR/sh)	140.9	155.0	*10.0%*	161.6	167.9	*3.9%*

Source: Company, HSIE Research

ADD

CMP *(as on 25 May 23)*	**INR 4,462**
Target Price	**INR 4,694**
NIFTY	**18,321**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 4,745	INR 4,694
EPS %	**FY24E**	**FY25E**
	+10.0%	+3.9%

KEY STOCK DATA	
Bloomberg code	FINEORG IN
No. of Shares (mn)	31
MCap (INR bn) / ($ mn)	136/1,672
6m avg traded value (INR mn)	198
52 Week high / low	INR 7,329/4,022

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(6.8)	(26.6)	4.2
Relative (%)	(10.9)	(25.9)	(10.9)

SHAREHOLDING PATTERN (%)

	Dec-22	Mar-23
Promoters	75.00	75.00
FIs & Local MFs	11.51	12.09
FPIs	5.91	4.83
Public & Others	7.58	8.08
Pledged Shares	0.00	0.00

Source: BSE

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Brigade Enterprises

Robust presales; strong launch pipeline

BUY

CMP *(as on 25 May 23)*	INR 539
Target Price	INR 632
NIFTY	18,321

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 632	INR 632
EPS Change %	FY24E *(19.9)*	FY25E *(27.7)*

KEY STOCK DATA	
Bloomberg code	BRGD IN
No. of Shares (mn)	231
MCap (INR bn) / ($ mn)	124/1,521
6m avg traded value (INR mn)	81
52 Week high / low	INR 585/426

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	15.5	12.4	21.1
Relative (%)	11.4	13.1	6.0

SHAREHOLDING PATTERN (%)

	Dec-22	Mar-23
Promoters	43.81	43.79
FIs & Local MFs	24.55	24.62
FPIs	14.24	14.32
Public & Others	17.40	17.27
Pledged Shares*	-	-

Source: BSE

**Pledged shares as % of total shares*

Brigade Enterprises Ltd (BEL) reported the highest-ever annual presales of 6.3msf (+35% YoY), valued at INR 41bn (+36% YoY). This was on the back of robust launches of 5.5msf (3.8msf in FY22), with 3.02msf launched in Q4FY23. Over 60% of the residential presales came from new launches in Q4FY23. In FY24, BEL plans to launch 7.5msf in the residential segment, with a GDV potential of INR 60bn, most of which will be launched in Q3/Q4FY24. 25% of these launches will be from the Mount Road Chennai project (i.e. TVS land). The average price hike stood at 7%, excluding newly-forayed plotted development presales. In terms of BD, BEL added INR 50bn worth of GDV with an area of 8.7msf. The retail segment saw healthy rental of INR 1.6bn (+60% YoY) with footfalls increasing by 106% YoY. The weighted average rental also increased by 13% YoY. Within the office segment, non-SEZ assets are all leased out with muted leasing in the SEZ assets i.e. WTC Chennai, Tech Garden and Financial Center, GIFT. Given BEL's strong cash position of INR 17bn, a robust business development pipeline, and a healthy balance sheet, we remain constructive. We reiterate BUY, with an unchanged TP of INR 632/sh.

- **Q4FY23 financial highlights:** Revenue came in at INR 8.4bn (-11%/+3% YoY/QoQ, a 2% miss); revenue from real estate at INR 5.5bn (-23/+6% YoY/QoQ), hospitality at INR 1.1bn (+112/+9% YoY/QoQ) and leasing at INR 1.9bn (+9%/-8%YoY/QoQ). EBITDA: INR 2.0bn (-1.6%/-2.9% YoY/QoQ, an 8% miss). EBITDA margin: 24.0% (+220bps/-137bps YoY/QoQ, vs 25.5% est.), lower than our estimate on account of higher land payment, mainly pertaining to TVS land. RPAT: INR 693mn (+113%/+22% YoY/QoQ). Exceptional item: INR 170mn, on account of reversal of impairment loss of certain. APAT: INR 565mn (+19%/+57% YoY/QoQ, a 2% beat).
- **Robust launch pipeline:** For Q4FY23, sales volume was 2.4msf (+58%/+55% YoY/QoQ), valued at INR 14.9bn (+45%/+47% YoY/QoQ) at a realisation of INR 6,284/sq ft (-5%/-5% YoY/QoQ). For FY23, presales volume was 6.3msf (+35% YoY) valued at INR 41bn (+36% YoY), both at an all-time high. This was on the back of a robust launch of 5.5msf (3.8msf in FY22). During the quarter, BEL launched 3msf of projects. It has a strong upcoming pipeline of 7.5msf for the residential portfolio and another 1.1msf for the commercial portfolio.
- **Balance sheet comfortable:** Residential debt reduced sequentially to INR 465mn (vs. INR 770mn in Q3FY23); with this, at the standalone level, BEL has zero debt in the residential segment. The total collection was INR 14.6bn (+9%/+10% YoY/QoQ). The consolidated gross/net debt stood at INR 38/21bn (INR 39/20bn as of Dec-22). The net debt/equity stood at 0.55x (vs. 0.53x as of Dec-22). BEL has unsold inventory of INR 26.6bn and INR 47bn worth of forthcoming launches at the current realisation. The projected net free cash flow from sold/unsold units is INR 27.3bn.

Consolidated Financial Summary (INR mn)

YE March	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY22	FY23	FY24E	FY25E
Net Sales	8,426	9,423	*(10.6)*	8,203	*2.7*	29,988	34,446	37,286	38,974
EBITDA	2,020	2,052	*(1.6)*	2,079	*(2.9)*	7,663	8,590	9,721	10,166
APAT	565	474	*19.2*	359	*57.4*	(1,157)	2,366	2,686	2,564
EPS (INR)	2.5	2.1	*19.2*	1.6	*57.4*	3.6	10.3	11.7	11.1
P/E (x)						150	52	46	48
EV/EBITDA (x)						21	19	17	17
RoE (%)						8.8	12.0	10.1	8.7

Consolidated estimate change summary

Particulars	FY24E			FY25E		
	New	Old	Chg.(%)	New	Old	Chg.(%)
Revenues	37,286	37,286	-	38,974	38,974	-
EBITDA	9,721	9,731	(0.1)	10,166	10,236	(0.7)
EBITDA (%)	26.1	26.1	(3)	26.1	26.3	(18)
APAT	2,686	3,352	(19.9)	2,564	3,548	(27.7)

Source: Company, HSIE Research

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TTK Prestige

No near-term triggers in sight

TTK Prestige's Q4FY23 print disappointed on all counts with revenue/EBITDA/PAT declining by 13/25/25% YoY respectively. Domestic revenue fell 11% YoY on account of (1) demand softness due to an inflationary environment; (2) consumer wallet share moving away from kitchen appliances; and (3) pricing-led competitive intensity (more so in the mid-economy segment). Moreover, export revenue declined by 50% due to weak global cues. Demand softness was seen across categories with cookers/cookware/appliances revenues falling 20/13/8%. Gross margins contracted by 210bps YoY. In Q4, TTK took a write-off on its obsolete inventory (115bps impact on GM; c.INR600mn). EBITDAM contracted by 230bps despite lower A&P spending. With demand expected to remain soft in the near term and a high base (H1FY23 21% YoY growth), we expect demand recovery only in H2FY24 for TTK and cut our FY24/25 EPS by 5% each. We value the stock on 30x Mar-25 EPS to derive a TP of INR 725. Maintain REDUCE.

- **Revenues remain weak across product categories:** Revenue fell 13% YoY to INR 5.7bn (-13% QoQ; 16% below HSIE). Domestic revenue fell 11% YoY as demand remained soft due to inflation and a reduction in wallet share away from kitchen appliances. Export revenue remained weak, falling by 50% YoY due to a slowdown in the global economy. Moreover, there was increased competitive intensity (more so in the mid-economy segment). While all channels were active throughout the quarter, demand softness was broad-based across channels. TTK introduced nine new SKUs across all categories in Q4. Prestige Xclusive chain stood strong at 681 stores in 368 towns. Cookers/cookware/appliances revenues fell 20/13/8% YoY. We expect revenue to grow at 8% CAGR over FY23 -25E.
- **Inventory write-off, negative oplev impact margins:** GM contracted by 210bps YoY to 38.5% (HSIE 40%). Adjusting for a write-off of obsolete inventory, GM stood at 39.7%. Employee/other expenses changed by +6/-20% YoY. EBITDAM contracted by 230bps YoY to 14.1% (HSIE 13.5%). EBITDA fell 25% YoY to INR 797mn. We expect GM to recover close to its long-term profile of 42% during FY24/FY25. However, we expect EBITDAM to hover at the lower end of the guidance band of 14-16% (14.1%/ 14.4% for FY24/FY25).
- **Con call and BS/CF takeaways:** (1) Price competitiveness of "Prestige" aluminum pressure cookers is a problem. To focus on this segment through "Judge". (2) Today, aluminum pressure cookers contribute c.10% of revenues. (3) Undertaking complete rebranding of "Judge". The products will now be sold through a central sales team. "Judge" clocked a revenue of INR 500mn in FY23. (4) 90% of pressure cookers sold are of the "Svachh" portfolio. (5) TTK has gained market share in mixer-grinder and kettle. May have lost some market share in rice cookers. (6) To incur annual capex of INR 500-750mn in coming years. (7) In FY23, FCF stood at INR 1.3bn vs INR 2.5bn YoY.

Quarterly/annual financial summary

YE Mar (INR mn)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY22	FY23	FY24E	FY25E
Net Sales	5,660	6,476	(12.6)	6,521	(13.2)	27,225	27,771	29,935	32,637
EBITDA	797	1,058	(24.7)	776	2.7	4,259	3,585	4,221	4,697
APAT	594	792	(25.0)	575	3.3	3,054	2,549	3,068	3,399
Diluted EPS (INR)	4.3	5.7	(25.0)	4.1	3.4	22.0	18.4	22.1	24.5
P/E (x)						31.8	38.1	31.6	28.5
EV / EBITDA (x)						21.1	24.8	20.8	18.3
RoCE (%)						29.9	21.9	24.7	26.1

Source: Company, HSIE Research

REDUCE

CMP *(as on 25 May 23)*	INR 700
Target Price	INR 725
NIFTY	18,321

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 750	INR 725
	FY24E	FY25E
EPS %	-5%	-5%

KEY STOCK DATA	
Bloomberg code	TTKPT IN
No. of Shares (mn)	139
MCap (INR bn) / ($ mn)	97/1,186
6m avg traded value (INR mn)	85
52 Week high / low	INR 1,051/652

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(9.8)	(21.3)	(12.6)
Relative (%)	(13.8)	(20.6)	(27.7)

SHAREHOLDING PATTERN (%)	Dec-22	Mar-23
Promoters	70.41	70.41
FIs & Local MFs	13.58	13.51
FPIs	8.84	8.63
Public & Others	7.17	7.45
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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ITD Cementation

Robust execution

ITD Cementation (ITD) reported revenue/EBITDA/APAT of INR 16.3/1.5/0.4bn, beating/(missing) our estimates by 13.7/23.5/(15.2)%. The miss is largely due to the share of losses from JVs. With an order inflow (OI) of INR 80.8bn in FY23, the order book (OB) as of Mar'23 stood at INR 200bn (~4x FY23 revenue, ex L1-INR16bn). The OB is well-diversified, providing a natural hedge from a slowdown in any particular business segment. The net D/E as of Mar'23 stood at 0.22x. ITD guided for FY24 revenue at INR 65-68bn with an EBITDA margin above 9% and OI of INR 80bn+. FY24 capex will be at ~INR 1bn. We have recalibrated our estimates higher to factor in strong execution and better margins. We reiterate BUY, with an increased TP of INR 170/sh (10x Mar-25E EPS).

- **Q4FY23 financial highlights:** Revenue: INR 16.3bn (+39/+23% YoY/QoQ, a beat of 13.7%). EBITDA: INR 1.5bn (+75/+41% YoY/QoQ, a beat of 23.5%). EBITDA margin: 9% (+185/+115bps YoY/QoQ, vs. our estimate of 8.3%, owing to lower input and raw material prices, employee expenses and better absorption of overheads). Share of profits from JVs: INR (65)mn (vs. INR 65/128mn YoY/QoQ). APAT: INR 378mn (+2.3x/3.5%, a miss of 15.2% due to a higher share of losses from JVs and higher interest costs).
- **Robust OB; revenue visibility over the next 4+ years:** With an OI of INR 7.1bn in Q4FY23, the FY23 OI came in at INR 80.8bn, taking the OB, as of Mar'23, to INR 200bn (~4x FY23 revenue, ex L1-INR16bn). Geographically, the OB is diversified among Tamil Nadu/UP/Karnataka/Delhi/West Bengal/others at 25/23/13/10/9/20%. Business-wise, the OB is diversified among urban infra/highways/marine/industrials/dams and tunnels/others at 31/23/18/14/8/ 5%. Client-wise, the OB is diversified among private/government/PSUs at 35/45/20%. ITD has a robust bid pipeline of INR 170bn from the domestic market and INR 40bn from the international market.
- **Comfortable balance sheet:** ITD's consolidated gross debt, as of Mar'23, stood at INR 7.2bn vs. INR 6.4bn, as of Dec'22. The net D/E, as of Mar'23, stood at 0.22x vs. 0.42x, as of Dec'22.
- **FY24 guidance:** On the guidance front, ITD guided for FY24 revenue at INR 65-68bn with an EBITDA margin above 9% and OI of INR 80bn+. With the completion of majorly all legacy projects, the EBITDA margin is expected to touch double digits during the year.

Consolidated Financial Summary (INR mn)

Particulars	4QFY23	4QFY22	YoY (%)	3QFY23	QoQ (%)	FY22	FY23	FY24E	FY25E
Net Sales	16,314	11,738	39.0	13,270	22.9	38,090	50,909	65,097	71,281
EBITDA	1,466	838	75.0	1,040	40.9	2,931	3,999	5,784	6,612
APAT	378	164	130.7	365	3.5	688	1,242	2,318	2,915
Diluted EPS (INR)	2.2	1.0	130.7	2.1	3.5	4.0	7.2	13.5	17.0
P/E (x)						36.7	20.3	10.9	8.7
EV / EBITDA (x)						8.7	6.5	5.1	4.2
RoE (%)						6.2	10.4	17.0	17.8

Source: Company, HSIE Research

Consolidated Estimate Change Summary (INR mn)

Particulars	FY24E			FY25E		
	New	Old	Chg.(%)	New	Old	Chg.(%)
Revenues	65,097	59,713	9.0	71,281	71,058	0.3
EBITDA	5,784	5,335	8.4	6,612	6,491	1.9
EBITDA (bps)	8.9	8.9	(5.0)	9.3	9.1	14.1
APAT	2,318	2,165	7.1	2,915	2,696	8.1

Source: Company, HSIE Research

BUY

CMP (as on 25 May 23)	INR 147
Target Price	INR 170
NIFTY	18,321

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 157	INR 170
EPS Change %	FY24E	FY25E
	+7.1	+8.1

KEY STOCK DATA	
Bloomberg code	ITCE IN
No. of Shares (mn)	172
MCap (INR bn) / ($ mn)	25/308
6m avg traded value (INr mn)	134
52 Week high / low	INR 156/58

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	49.4	24.2	143.5
Relative (%)	45.3	24.9	128.4

SHAREHOLDING PATTERN (%)	Dec-22	Mar-23
Promoters	46.64	46.64
FIs & Local MFs	5.64	5.07
FPIs	13.30	12.23
Public & Others	34.42	36.06
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Ashoka Buildcon

Still far from being asset light

Ashoka Buildcon (ASBL) reported an operationally strong quarter with revenue/EBITDA/APAT beating our estimates on all fronts. On the back of strong order inflows (OI), the FYTD24 order book (OB) stands at INR 181bn (~2.8x FY23 revenue). The standalone gross/net debt stood at INR 8.8/5.9bn as of Mar'23 vs. INR 8.5/5.8bn as of Dec'22. The balance equity requirement for HAM assets as of Mar'23 stands at INR 1.7bn, of which INR 1.1/0.6bn would be infused in FY24/25. ASBL has guided for an FY24 capex of ~INR 1bn. It also guided that FY24 revenue will grow 20-25% YoY while guiding for an EBITDA margin of 8.75-9.25% and OI of INR 80-100bn. It expects to close FY24 OB at INR 200bn+. We maintain BUY, with a TP of INR 135/sh (9x Mar-25E EPS rollover).

- **Q4FY23 financial highlights:** Revenue: INR 20.4bn (+31.1/+31% YoY/QoQ, a beat of 23.8%). EBITDA: INR 1.5bn (-4/+28.2% YoY/QoQ, a beat of 19.1%). EBITDA margin: 7.3% (-268/-16bps YoY/QoQ, below our estimate of 7.6%, owing to higher volatility in input and raw material prices and higher operating expenses, partly offset by lower employee expenses). An exceptional item of INR 3.5bn pertains to the reversal of impairment on its investment in ACL and reversal of obligation towards investor in ACL, both amounting to INR 3.7bn; it is due to the increase in valuation of ACL, mainly on account of increased cash flow in its HAM projects consequent to increase in interest receivable on annuity payments. Further, the company has recorded impairment on loans given to certain subsidiaries amounting to INR 180mn. APAT: INR 0.8bn (-38.1/+22.1% YoY/QoQ, a beat of 20.4%). The BOT division recorded a toll revenue of INR 3.1bn (+18/+6% YoY/QoQ). ASBL has guided that standalone FY24 revenue will grow by 20-25% YoY and an EBITDA margin of 8.75-9.25%.
- **Well-diversified OB augurs well for revenue visibility:** The OB as of Mar'23 stood at INR 158.1bn (~2.5x FY23 revenue). It has won orders worth INR 22.9bn in FYTD24, taking the OB to INR 181bn. Business-wise, the OB is well-diversified with roads/T&D/buildings/railways contributing 50.9/25.1/14.1/ 9.8% of the order backlog. Region-wise, the maximum contribution is from the south at 28%, followed by central/overseas/west/south/north/northeast at 19.8/18.6/15.2/6.7/5.9/5.8%. ASBL guided that FY24 inflows will be ~INR 80-100bn, with INR 50-70bn from roads and balance from other segments. It expects to close FY24 OB at ~INR 200bn+.
- **Other business updates:** During the quarter, MoRTH debarred the company for 45 days from participating in any bids with NHAI or MoRTH, which was completed on April 15 2023 and the company is now eligible to participate in the bids. It has entered into an SPA with Mahanagar Gas Ltd to sell its entire 51% equity stake valued at INR 5.3bn in Unison Enviro Private Ltd (UEPL), a subsidiary of the company. In Q1FY24, the company terminated the share purchase agreement entered into by it with Galaxy-KKR for the sale of its five BOT assets, as the parties decided mutually not to pursue the said transaction. ASBL guided for infusing equity of INR 1.1/0.6bn in HAM projects in FY24/25.

Standalone Financial Summary (INR mn)

Particulars	4QFY23	4QFY22	YoY (%)	3QFY23	QoQ (%)	FY22	FY23	FY24E	FY25E
Net Sales	20,435	15,592	31.1	15,595	*31.0*	45,915	63,723	66,255	73,543
EBITDA	1,501	1,563	*(4.0)*	1,170	*28.2*	5,025	5,337	6,228	7,354
APAT	815	1,318	*(38.1)*	667	*22.1*	4,086	3,181	2,773	3,368
EPS (INR)	2.9	4.7	*(38.1)*	2.4	*22.1*	14.6	11.3	9.9	12.0
P/E (x)						5.3	6.8	7.8	6.4
EV/EBITDA (x)						5.1	5.6	4.4	3.3
RoE (%)						14.3	10.5	7.9	8.7

Source: Company, HSIE Research

BUY

CMP (as on 25 May 23)	**INR 77**
Target Price	**INR 135**
NIFTY	**18,321**

KEY CHANGES	**OLD**	**NEW**
Rating	BUY	BUY
Price Target	INR 130	INR 135
EPS Change %	FY24E -	FY25E -

KEY STOCK DATA	
Bloomberg code	ASBL IN
No. of Shares (mn)	281
MCap (INR bn) / ($ mn)	22/264
6m avg traded value (INR mn)	110
52 Week high / low	INR 96/69

STOCK PERFORMANCE (%)

	3M	**6M**	**12M**
Absolute (%)	2.3	3.6	11.2
Relative (%)	(1.8)	4.2	(3.9)

SHAREHOLDING PATTERN (%)

	Dec-22	**Mar-23**
Promoters	54.48	54.48
FIs & Local MFs	19.48	19.67
FPIs	2.00	1.90
Public & Others	24.04	23.85
Pledged Shares	-	-

Source : BSE

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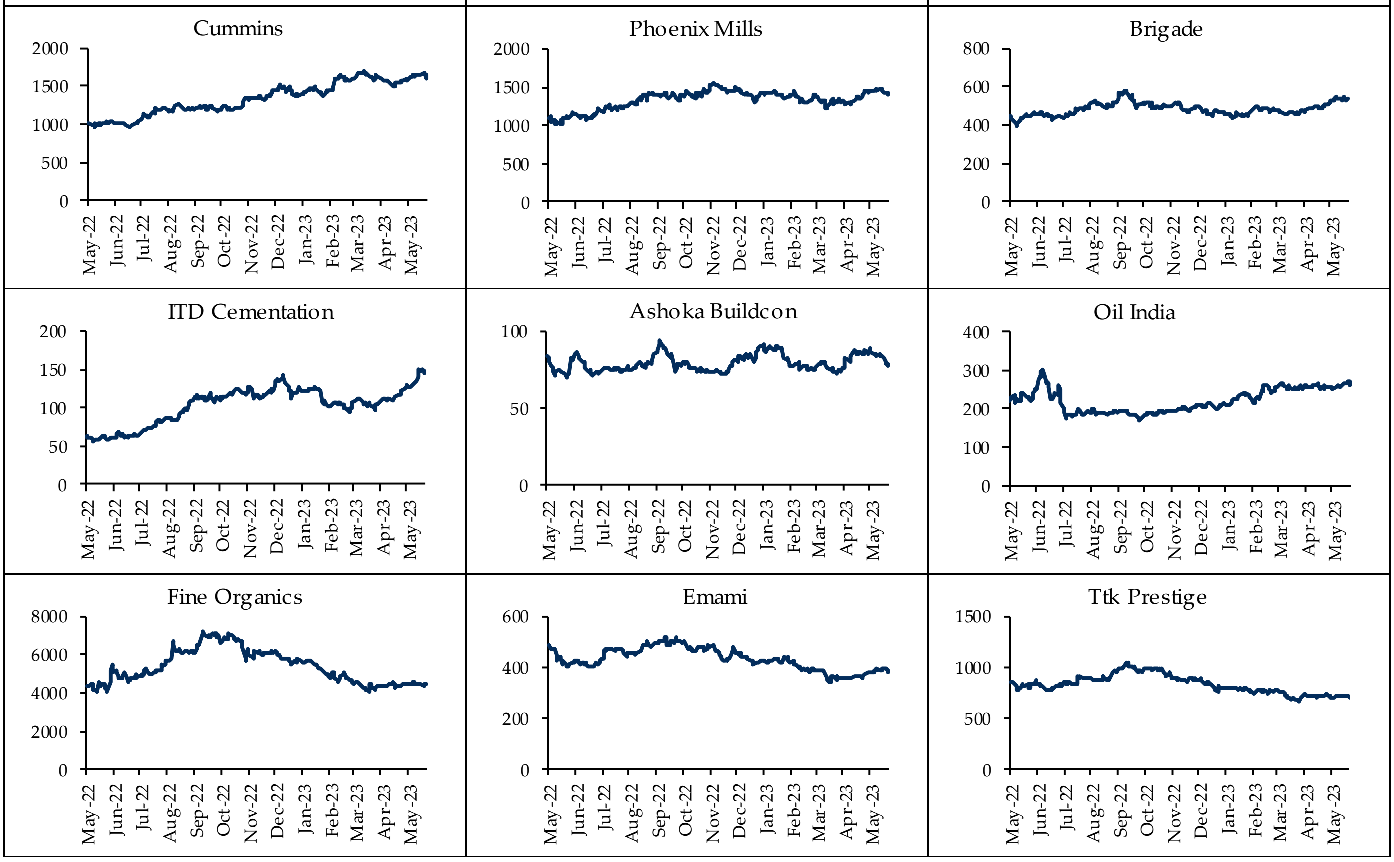
Rating Criteria
BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Parikshit Kandpal	Cummins, Phoenix Mills, Brigade Enterprises, ITD Cementation, Ashoka Buildcon	CFA	NO
Nikhil Kanodia	Cummins, Phoenix Mills, Brigade Enterprises, ITD Cementation, Ashoka Buildcon	MBA	NO
Manoj Rawat	Cummins, Phoenix Mills, Brigade Enterprises, ITD Cementation, Ashoka Buildcon	MBA	NO
Harshad Katkar	Oil India, Fine Organic Industries	MBA	NO
Nilesh Ghuge	Oil India, Fine Organic Industries	MMS	NO
Akshay Mane	Oil India, Fine Organic Industries	PGDM	NO
Rutvi Chokshi	Oil India, Fine Organic Industries	CA	NO
Naveen Trivedi	Emami, TTK Prestige	MBA	NO
Varun Lohchab	Emami	PGDM	NO
Paarth Gala	Emami, TTK Prestige	BCom	NO
Riddhi Shah	Emami, TTK Prestige	MBA	NO

1 Yr Price Movement



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