INSTITUTIONAL RESEARCH

# HSIE Results Daily

## Contents

### Results Reviews

- **Siemens:** Siemens India Ltd (SIL) delivered strong standalone Q2FY24 revenue/EBITDA/APAT of INR 53.1/7.9/6.3bn, beating our estimates by (1.6)/17/13%. EBITDA margin stood at 14.8% (241bps/305bps YoY/QoQ) vs. our estimate of 12.4% on the back of better volumes and pricing. SIL received new orders worth INR 51.8bn (+7.1/-13.2% YoY/QoQ), which is strong, given the election quarter and delays in government project awarding. There was a decline in order booking from Digital industries automation business on account of destocking, following normalisation in demand. SIL expects normalisation of the same from Q3FY24 onwards. With this, the implied order book stands at INR 206bn (+11.2/-0.6% YoY/QoQ). This doesn't include the Locos order worth INR263.1bn from Indian Railways. Including the same, the OB is INR 469.8bn. Given the strength in order inflows, robust order backlog and strong margin expansion we recalibrate our estimates higher. We maintain BUY on SIL, with an increased TP of INR 7,081 (65x Mar-26 EPS).
- **DLF:** DLF reported weak Q4FY24 presales of INR 14.6bn, a fall of 82% YoY/QoQ, which was largely due to sustenance sales and no major launch. For FY25, management has guided for 11msf new launches worth INR 360bn, which would accelerate the presale momentum, of which INR 300bn is earmarked for the uber-luxury segment. On the back of robust annual presales, annual collections stood at record-breaking INR 86bn (+53.3% vs FY23) due to which DLF maintained net cash status at INR 15.4bn (vs INR 12.4bn net cash in Q3FY24). Moreover, DLF is launching its next uber-luxury project—Lux 5—in H2FY25, which will further improve cash flow. During the quarter, DLF sold a land parcel in Chennai for INR 7.3bn, which aided PAT; this is aligned with the developer's strategy towards non-core land monetization. Given (1) the strong presales momentum; (2) robust launch plans; and (3) an expected increase in office occupancy levels, we maintain BUY on DLF, with an increased TP of INR 988/share.
- **JK Cement:** We maintain our REDUCE rating on JK Cement (JKCE), with a revised TP of INR 4,040/sh (12x Mar-26E consolidated EBITDA), owing to its expensive valuation. In Q4FY24, JKCE's consolidated volumes growth slowed to 12% YoY and NSR declined by 5% QoQ. Weak pricing pulled down blended unit EBITDA by INR 257/MT QoQ to INR 1077/MT (up INR 325/MT YoY). We estimate JKCE's grey cement profitability will continue to benefit from its healthy ramp-up of expanded capacity, accelerated expansion (targeting 30mn MT grey cement capacity by Q3FY26), cool-off in fuel cost, and increasing share of low-cost green power and freight cost optimisation.

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# Siemens

## Margin expansion drives beat

**BUY**

| | |
|---|---|
| CMP (as on 14 May 2024) | INR 6,660 |
| Target Price | INR 7,081 |
| NIFTY | 22,218 |

| KEY CHANGES | OLD | NEW |
|---|---|---|
| Rating | BUY | BUY |
| Price Target | INR 5,716 | INR 7,081 |

| EPS change % | FY24E | FY25E | FY26E |
|---|---|---|---|
| | *3.5* | *11.2* | *22.2* |

| KEY STOCK DATA | |
|---|---|
| Bloomberg code | SIEM IN |
| No. of Shares (mn) | 356 |
| MCap (INR bn) / ($ mn) | 2,372/28,416 |
| 6m avg traded value (INR mn) | 1,585 |
| 52 Week high / low | INR6,702/3,246 |

| STOCK PERFORMANCE (%) | 3M | 6M | 12M |
|---|---|---|---|
| Absolute (%) | 52.1 | 94.9 | 71.2 |
| Relative (%) | 50.3 | 82.3 | 53.3 |

| SHAREHOLDING PATTERN (%) | Dec-23 | Mar-24 |
|---|---|---|
| Promoters | 75.00 | 75.00 |
| FIs & Local MFs | 7.71 | 7.42 |
| FPIs | 7.89 | 8.30 |
| Public & Others | 9.40 | 9.29 |
| Pledged Shares | - | - |

*Source : BSE*

**Siemens India Ltd (SIL) delivered strong standalone Q2FY24 revenue/EBITDA/APAT of INR 53.1/7.9/6.3bn, beating our estimates by (1.6)/17/13%. EBITDA margin stood at 14.8% (241bps/305bps YoY/QoQ) vs. our estimate of 12.4% on the back of better volumes and pricing. SIL received new orders worth INR 51.8bn (+7.1/-13.2% YoY/QoQ), which is strong, given the election quarter and delays in government project awarding. There was a decline in order booking from Digital industries automation business on account of destocking, following normalisation in demand. SIL expects normalisation of the same from Q3FY24 onwards. With this, the implied order book stands at INR 206bn (+11.2/-0.6% YoY/QoQ). This doesn't include the Locos order worth INR263.1bn from Indian Railways. Including the same, the OB is INR 469.8bn. Given the strength in order inflows, robust order backlog and strong margin expansion we recalibrate our estimates higher. We maintain BUY on SIL, with an increased TP of INR 7,081 (65x Mar-26 EPS).**

- **Q2FY24 financial highlights:** Revenue came in at INR 53.2bn (+19%/+20% YoY/QoQ, missing our estimate by 1.6%), driven largely by smart infra (SI), mobility (MO) and digital energy (DI). Segmental revenue for energy (EN)/SI/MO/DI/POC/others stood at INR 16.4/17.7/7.2/10.4/2.2/0.3bn, which is a growth of 5.3/29/59/16/(11)/(18)% respectively. The gross margin was 31.9% (+122bps/+37bps YoY/QoQ). EBITDA was INR 7.9bn (42%/51% YoY/QoQ, a beat of 17%). EBITDA margin was 14.8% (241bps/305bps YoY/QoQ) vs. our estimate of 12.4%. Consequently, RPAT/APAT came in at 8.9/6.3bn (+23%/+36% YoY/QoQ, a beat of 13%, APAT is adjusted for INR 3.4bn one-off).
- **Demerger of energy business:** In line with the earlier intent of demerging the Energy business and separately listing it on exchanges, the SIL board today approved 1:1 shares of Siemens Energy India Ltd (SEIL) for each share held in Siemens India Ltd. The demerger process subject to various regulatory approvals is expected to be completed in CY25. During FY23, SEIL won new orders worth INR 67.7bn with revenue/EBITDA at INR 59.9bn/7.6bn and contributed ~34% to SIL revenue. H1FY24 Order inflow/OB/Revenue/EBITDA for the Energy business stood at INR 47.8/97.4/27.7/3.9bn. On the Mar-26 exit, we expect SEIL valuation at INR ~500bn (50x EV/EBIDTA Mar-26).
- **New capex announcement:** SIL announced INR 5.2bn capex toward the GIS factory in Goa and the Metro train facility in Aurangabad. Total cumulative capex of INR 10bn is expected to be completed over the next two years, the highest ever by SIL.

### Standalone Financial summary (INR mn)

| (Particulars, Sep YE) | 2QFY24 | 2QFY23 | *YoY (%)* | 1QFY24 | *QoQ (%)* | FY23 | FY24E | FY25E | FY26E |
|---|---|---|---|---|---|---|---|---|---|
| Net Revenues | 53,138 | 44,652 | 19.0 | 44,358 | 19.8 | 179,651 | 223,161 | 262,114 | 311,440 |
| EBITDA | 7,885 | 5,549 | 42.1 | 5,230 | 50.8 | 22,402 | 30,133 | 37,445 | 47,234 |
| APAT | 6,324 | 5,160 | 22.6 | 4,634 | 36.5 | 19,113 | 24,260 | 29,667 | 36,927 |
| Diluted EPS (INR) | 17.8 | 14.5 | 22.6 | 13.0 | 36.5 | 53.7 | 68.1 | 83.3 | 103.7 |
| P/E (x) | | | | | | 124.0 | 97.7 | 79.9 | 64.2 |
| EV / EBITDA (x) | | | | | | 102.7 | 76.0 | 60.6 | 47.6 |
| RoE (%) | | | | | | 15.8 | 17.6 | 18.5 | 19.6 |

Source: Company, HSIE Research

### Standalone Change in Estimates

| INR Mn | FY24E | | | FY25E | | | FY26E | | |
|---|---|---|---|---|---|---|---|---|---|
| | Old | Revised | % Chg | Old | Revised | % Chg | Old | Revised | % Chg |
| Net Sales | 223,161 | 223,161 | - | 262,114 | 253,292 | 3.5 | 311,440 | 289,669 | 7.5 |
| EBITDA | 30,133 | 29,042 | 3.8 | 37,445 | 33,458 | 11.9 | 47,234 | 38,264 | 23.4 |
| EBIDTA Margin(%) | 13.5 | 13.0 | 48.9 | 14.3 | 13.2 | 107.6 | 15.2 | 13.2 | 195.7 |
| Adj PAT | 24,260 | 23,444 | 3.5 | 29,667 | 26,685 | 11.2 | 36,927 | 30,217 | 22.2 |

Source: Company, HSIE Research

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# DLF

## Robust launch pipeline to aid presales growth

**DLF reported weak Q4FY24 presales of INR 14.6bn, a fall of 82% YoY/QoQ, which was largely due to sustenance sales and no major launch. For FY25, management has guided for 11msf new launches worth INR 360bn, which would accelerate the presale momentum, of which INR 300bn is earmarked for the uber-luxury segment. On the back of robust annual presales, annual collections stood at record-breaking INR 86bn (+53.3% vs FY23) due to which DLF maintained net cash status at INR 15.4bn (vs INR 12.4bn net cash in Q3FY24). Moreover, DLF is launching its next uber-luxury project—Lux 5—in H2FY25, which will further improve cash flow. During the quarter, DLF sold a land parcel in Chennai for INR 7.3bn, which aided PAT; this is aligned with the developer's strategy towards non-core land monetization. Given (1) the strong presales momentum; (2) robust launch plans; and (3) an expected increase in office occupancy levels, we maintain BUY on DLF, with an increased TP of INR 988/share.**

- **Q4FY24 financial highlights:** Revenue came in at INR 21.3bn (+46.6%/+40.3% YoY/QoQ, a beat of 37.6%). EBITDA stood at INR 7.5bn (+89.3%/+47.6% YoY/QoQ, a beat of 44%). EBITDA margin came in at 35.3% (+797/194 bps YoY/QoQ, vs 33.8% estimate). The share of profits and associates & JVs: INR 2.8bn (+1.7%/+3.8% YoY/QoQ). RPAT/APAT was INR 9.2bn (+61.6%/+40.2% YoY/QoQ, a beat of 32.3%).
- **FY25 will be launch-heavy and accelerate presales:** Q4FY24 presales came at INR 14.6bn (-82%/-83% YoY/QoQ), as there were no new launches. For FY25, management has guided a launch pipeline of INR 360bn, with a saleable area of 11.6msf. Within the DCCDL office portfolio, occupancy stood at 93%(+200bps QoQ). DCCDL portfolio rental in Q4FY24 was INR 11.2bn (+6.7%/+3.3% YoY/QoQ). The under-construction portfolio is 87% preleased. For FY25, exit rental is expected at INR 51bn and INR 60bn.
- **A key beneficiary of RE upcycle**: We see DLF as a key beneficiary of the current real estate upswing due to several factors: (1) its diverse product range and strong demand undercurrent in NCR; (2) it holds a leading brand presence in its core markets; (3) its net cash position would help diversify its development business in different micro markets. The company's faster-than-expected expansion beyond the Gurgaon market could lead to potential valuation upside.

### Consolidated financial summary (INR mn)

| YE Mar (Rs mn) | 4QFY24 | 4QFY23 | YoY (%) | 3QFY24 | QoQ (%) | FY23 | FY24 | FY25E | FY26E |
|---|---|---|---|---|---|---|---|---|---|
| Net Sales | 21,348 | 14,561 | *46.6* | 15,213 | *40.3* | 56,948 | 64,270 | 74,549 | 89,897 |
| EBITDA | 7,542 | 3,984 | *89.3* | 5,110 | *47.6* | 17,259 | 21,236 | 26,097 | 32,792 |
| APAT | 9,207 | 5,696 | *61.6* | 6,566 | *40.2* | 20,339 | 27,269 | 30,234 | 36,977 |
| Diluted EPS (Rs) | 3.7 | 2.3 | *61.6* | 2.7 | *40.2* | 8.2 | 11.0 | 12.2 | 14.9 |
| P/E (x) | | | | | | 92.2 | 68.8 | 62.1 | 50.7 |
| EV / EBITDA (x) | | | | | | | 109.2 | 88.5 | 71.5 |
| RoE (%) | | | | | | 5.5 | 7.1 | 7.5 | 8.6 |

Source: Company, HSIE Research

### Change in Estimates

| INR mn | FY25E | | | FY26E | | |
|---|---|---|---|---|---|---|
| | New | Old | % chg. | New | Old | % chg. |
| Revenues | 74,549 | 73,267 | 1.7 | 89,897 | 88,359 | 1.7 |
| EBIDTA | 26,097 | 22,912 | 13.9 | 32,792 | 29,235 | 12.2 |
| EBIDTA Margins (%) | 35.0 | 32.4 | 265 | 36.5 | 33.1 | 339 |
| APAT | 30,234 | 26,880 | 12.5 | 36,977 | 32,986 | 12.1 |

Source: Company, HSIE Research

**BUY**

| | |
|---|---|
| **CMP** *(as on 14 May 2024)* | **INR 839** |
| **Target Price** | **INR 988** |
| **NIFTY** | **22,218** |

| KEY CHANGES | OLD | NEW |
|---|---|---|
| Rating | BUY | BUY |
| Price Target | INR 983 | INR 988 |
| | **FY25E** | **FY26E** |
| EPS % | *15.6* | *12.1* |

| KEY STOCK DATA | |
|---|---|
| Bloomberg code | DLFU IN |
| No. of Shares (mn) | 2,475 |
| MCap (INR bn) / ($ mn) | 2,077/24,882 |
| 6m avg traded value (INR mn) | 3,869 |
| 52 Week high / low | INR 968/440 |

| STOCK PERFORMANCE (%) | 3M | 6M | 12M |
|---|---|---|---|
| Absolute (%) | (0.6) | 37.9 | 92.5 |
| Relative (%) | (2.3) | 25.3 | 74.6 |

| SHAREHOLDING PATTERN (%) | Dec-23 | Mar-24 |
|---|---|---|
| Promoters | 74.08 | 74.08 |
| FIs & Local MFs | 5.47 | 4.77 |
| FPIs | 15.75 | 16.53 |
| Public & Others | 4.72 | 4.62 |
| Pledged Shares | - | - |

*Source: BSE*

Pledged shares as % of total shares

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# JK Cement

## Weak pricing pulls down margin; expensive valuation

**We maintain our REDUCE rating on JK Cement (JKCE), with a revised TP of INR 4,040/sh (12x Mar-26E consolidated EBITDA), owing to its expensive valuation. In Q4FY24, JKCE's consolidated volumes growth slowed to 12% YoY and NSR declined by 5% QoQ. Weak pricing pulled down blended unit EBITDA by INR 257/MT QoQ to INR 1077/MT (up INR 325/MT YoY). We estimate JKCE's grey cement profitability will continue to benefit from its healthy ramp-up of expanded capacity, accelerated expansion (targeting 30mn MT grey cement capacity by Q3FY26), cool-off in fuel cost, and increasing share of low-cost green power and freight cost optimisation.**

- **Q4FY24 performance**: Consolidated volumes/net sales rose 12/12% YoY. This along with lower opex YoY drove up EBITDA by 60% YoY (down 10% QoQ) and APAT doubled YoY (-23% QoQ). Blended unit EBITDA reduced INR 257 per MT QoQ to INR 1077 (up INR 325 YoY). **Grey cement**: Sales volume rose 13/13% YoY/QoQ led by the ramp-up of its central India capacities. NSR fell 5% QoQ on weak pricing and opex remained flat. As per our estimates, unit EBITDA declined ~INR 260/MT QoQ to ~INR 970/MT (up INR 400/MT YoY). Segmental EBITDA rose ~90% YoY (down ~10% QoQ) to INR 4.5bn. **White/putty:** Sales volumes rose 2% YoY (down 1% QoQ). Segmental EBITDA declined ~5/15% YoY/QoQ to ~INR 1.1bn. Segmental EBITDA margin declined 150/300 bps YoY/QoQ to ~16%. The paint business reported a revenue of INR 500mn with an EBITDA loss of INR 60mn.
- **Con call KTAs and outlook:** JKCE guided total Capex of ~INR 19/18bn for FY25/26E. It has acquired Toshali Cement, which can enhance production by ~0.4mn MT (expanded footprint in the East region). JKCE's 2mn MT Prayagraj GU is expected to start in Q2FY25. It is working on another 3.3/6mn MT clinker/cement expansions in the Central and East regions, which will be completed by Q3FY26, leading to 30mn MT grey cement capacity. The 18MW WHRS in Karnataka will be fully operational by May-24 end. JKCE is also finalizing solar power long-term sourcing arrangement for 40-50 MW by Q1FY25 end. It is aiming to increase its green power share to 60/75% by FY26/30 vs 51% in FY24. It expects an INR 150-200/MT reduction in cost during FY25-FY26 through freight cost optimisation (INR 50/MT reduction), an increasing share of green power and AFR, and a reduction in fixed cost. JKCE expects the paint business to turn EBITDA break-even in FY27 vs FY26 expected earlier. Factoring in weak Q4, we cut our consolidated EBITDA estimates for FY25/26E by 3/3%.

### Consolidated quarterly/annual financial summary

| YE Mar (INR bn) | Q4 FY24 | Q4 FY23 | *YoY (%)* | Q3 FY24 | *QoQ (%)* | FY22 | FY23 | FY24P | FY25E | FY26E |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales (mn MT) | 5.2 | 4.7 | *11.7* | 4.7 | *10.9* | 14.0 | 16.2 | 19.0 | 20.8 | 22.7 |
| NSR (INR/MT) | 5,974 | 5,967 | *0.1* | 6,263 | *(4.6)* | 5,718 | 6,013 | 6,076 | 6,108 | 6,117 |
| EBITDA(INR/MT) | 1,077 | 751 | *43.5* | 1,334 | *(19.3)* | 1,079 | 813 | 1,083 | 1,154 | 1,208 |
| Net Sales | 31.06 | 27.78 | *11.8* | 29.35 | *5.8* | 79.91 | 97.20 | 115.56 | 126.78 | 138.62 |
| EBITDA | 5.60 | 3.50 | *60.2* | 6.25 | *(10.4)* | 15.08 | 13.14 | 20.60 | 23.95 | 27.38 |
| APAT | 2.10 | 1.09 | *92.0* | 2.84 | *(25.9)* | 7.13 | 4.24 | 7.96 | 10.12 | 11.41 |
| AEPS (INR) | 24.8 | 6.3 | *267.2* | 33.0 | *(24.7)* | 92.3 | 54.8 | 103.1 | 131.0 | 147.7 |
| EV/EBITDA(x) | | | | | | 21.5 | 25.5 | 16.3 | 14.1 | 12.6 |
| EV/MT (INR bn) | | | | | | 16.7 | 12.8 | 12.1 | 11.3 | 9.6 |
| P/E (x) | | | | | | 42.4 | 71.4 | 38.0 | 29.9 | 26.5 |
| *RoE (%)* | | | | | | *17.8* | *9.5* | *16.0* | *17.6* | *17.2* |

Source: Company, HSIE Research; Operating trends are on a blended basis (grey cement+ white/putty)

## REDUCE

| | |
|---|---|
| **CMP** *(as on 14 May 24)* | **INR 3,922** |
| **Target Price** | **INR 4,040** |
| **NIFTY** | **22,218** |

| **KEY CHANGES** | **OLD** | **NEW** |
|---|---|---|
| Rating | REDUCE | REDUCE |
| Price Target | INR 4,180 | INR 4,040 |
| EBITDA revision % | FY25E (3.3) | FY26E (2.6) |

| **KEY STOCK DATA** | |
|---|---|
| Bloomberg code | JKCE IN |
| No. of Shares (mn) | 77 |
| MCap (INR bn) / ($ mn) | 303/3,630 |
| 6m avg traded value (INR mn) | 623 |
| 52 Week high / low | INR 4,575/2,893 |

| **STOCK PERFORMANCE (%)** | **3M** | **6M** | **12M** |
|---|---|---|---|
| Absolute (%) | (6.4) | 14.5 | 28.5 |
| Relative (%) | (8.2) | 1.9 | 10.6 |

| **SHAREHOLDING PATTERN (%)** | **Dec-23** | **Mar-24** |
|---|---|---|
| Promoters | 45.70 | 45.70 |
| FIs & Local MFs | 24.03 | 23.38 |
| FPIs | 15.26 | 15.93 |
| Public & Others | 15.01 | 15.00 |
| Pledged Shares | - | - |

*Source : BSE*

Pledged shares as % of total shares

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**Rating Criteria**

BUY: >+15% return potential

ADD: +5% to +15% return potential

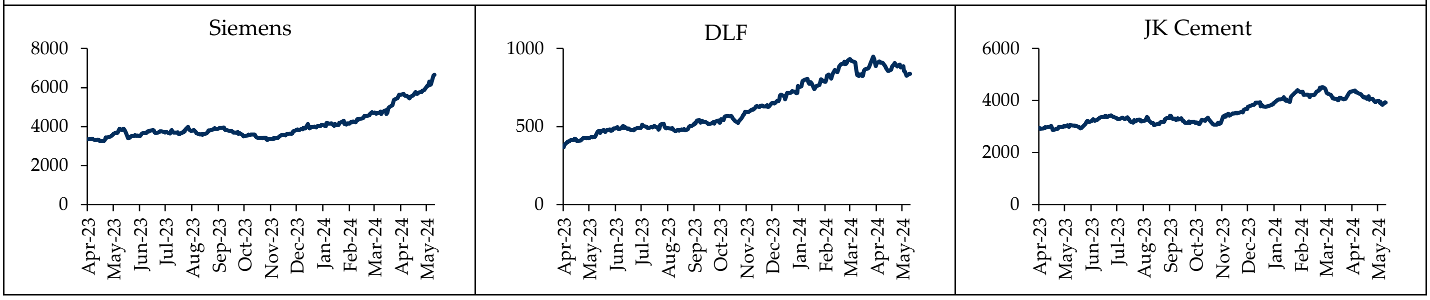
REDUCE: -10% to +5% return potential

SELL: > 10% Downside return potential

## Disclosure:

| Analyst | Company Covered | Qualification | Any holding in the stock |
|---|---|---|---|
| Parikshit Kandpal | Siemens, DLF | CFA | NO |
| Jay Shah | Siemens, DLF | CA | NO |
| Rajesh Ravi | JK Cement | MBA | NO |
| Keshav Lahoti | JK Cement | CA | NO |

**1 Yr Price movement**



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