INSTITUTIONAL RESEARCH

HSIE Results Daily

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Results Reviews

- **Shree Cement:** We maintain our ADD rating on Shree Cement, with an unchanged SOTP target price of INR 28,700/share. Cement volume growth slowed to 8% YoY as it lost four days of sales due to software migration to SAP. Reported unit EBITDA (cement) remained flattish QoQ at INR 1346/MT as lower input costs and lower advertising expenses offset the impact of a 6% QoQ NSR decline (ex-power). Shree expects 10-13% volume growth in FY25. Management highlighted they are working on various initiatives which are not disclosed now, so the company will positively surprise shareholders. The current cement capacity of 56MT (including 3mn MT Guntur expansion at April-24 start) will increase to 62/75mn MT by FY25/27 end. It targets 100 RMC plants in the next 4-5 years.
- **Oberoi Realty:** Oberoi Realty (ORL) registered presales of INR 17.7bn (-30%/125% YoY/QoQ), largely backed by sales from Elysian new tower, contributing 64% of presales. Moreover, 360W saw a good amount of traction in Q4FY24/FY24 with 3/8 units being sold. With competing partner inventory getting exhausted, ORL expects to sell out the entire ~INR 50bn own inventory over the next 24-30 months. Pokhran launch is now expected during the Q3FY25 festive season, with approvals in place and show apartment ready. Commerz 3 saw leasing progressing well with >51% of the area being leased to Morgan Stanley and by FY25-end, lease occupancy should reach ~80-85%. Borivali Mall is expected to become operational by Oct 2024, with a rental potential of INR 3.5bn. ORL expects all assets including hospitality to clock INR 18bn of NOI from FY26/27E. In terms of Business Development (BD), ORL closed the Worli Adarsh Nagar society redevelopment with a 0.6mn sq. ft. carpet area. Considering ORL's potential premium pricing, we expect the GDV of the project to be around INR 50bn with the FY26 launch. Given the expected robust cash flows from ready-to-move-in inventory in the 360W and Mulund projects along with new BD, we remain constructive on ORL and maintain BUY, raising our TP to INR 1,833/sh.
- **Apollo Tyres:** Apollo Tyres' consolidated revenue at INR 62.6bn (flat YoY/-5.1% QoQ) was below our estimate, dragged by the India business. While the exports and replacement segment reported strong growth, it was offset by a double-digit decline in the OEM volumes. The European business revenue grew 3% YoY to €182 mn. With a higher share of the UHP in the product mix (47% in Q4FY24, vs 43% in 4QFY23), Europe business EBITDA margin improved 103bps YoY to 19.1%. The capex spent for FY24 (INR 7mn) was significantly lower than previously guided (INR 11bn). There was a capex pullback considering the tough market conditions. The company has maintained a cautiously optimistic outlook for the India business in FY25, with growth expected from the passenger car segment and commercial vehicles segment. The European business is expected to perform better than FY24, aided by a better product mix and cost optimization. The impact of higher material costs and EPR is expected to be mitigated through calibrated price hikes. With the passenger vehicle industry expected to grow in the mid-single digit in FY25 and CV cycle recovery expected only in 2HFY25, we maintain REDUCE with a revised TP of INR510/sh (from INR 520 earlier)—valued at 14x March 26 earnings.

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- **Radico Khaitan:** Radico Khaitan's 4QFY24 results were below our estimates as Prestige & above (P&A) volume growth momentum (14% YoY) moderated during 4QFY24 vs performance seen in the first 9MFY24 (22% vol growth YoY). Incrementally, weak realization growth (1% YoY) during 4QFY24 further added to the woes courtesy unfavourable product and state mix. Management guided that a margin expansion is likely to be back-ended (hinted towards 15%+ EBITDA margin in FY26) as (a) the company utilizes in-house manufactured ENA; (b) salience has improved in premium products; and (c) grain prices are softer. Although 1QFY25 volume performance is likely to be subdued owing to the elections, management expects performance to improve from 2QFY25 and has guided for 15-18% volume growth for Prestige and above segment in FY25. We maintain our REDUCE rating with a TP of INR 1,520 (40x FY26 EPS).
- **NCC:** NCC reported in-line performance in Q4FY24, with revenue/EBITDA/PAT beat of 10.2/1.9/2.8%. With an order inflow of INR 272.8bn during FY24 (vs. guidance of INR 260bn+), OB as of Mar'24 stands at INR 575.4bn (~3.1x FY24 revenue). On the back of this robust OB, NCC has given FY24 revenue growth guidance of 15%. EBITDA margin guidance stands at 9.5-10%. Given the election season, NCC expects new order inflows at INR 200-220bn (25% decline YoY). Owing to the robust collection, NCC recorded 76 days of NWC during FY24 (vs. 103 days in FY23) and gross/net debt at INR 10/5.2bn. Gross debt is expected to reduce to INR 5bn by FY25 end. Given the all-time high order book, execution ramp-up, and robust balance sheet, we recalibrate FY25/26E estimates. We increase our TP to INR 317/sh (16x Mar-26E EPS). We maintain our BUY rating on NCC.
- **Clean Science and Technology:** We maintain SELL on Clean Science and Technology (CSTL) with a price target of INR 1,041 (WACC 11%, terminal growth 6%), owing to (1) slower-than-expected ramp-up in hindered amine light stabilizers (HALS) and (2) entry of domestic competitors in mono methyl ether of hydroquinone (MEHQ) manufacturing. We believe CSTL has an import substitution opportunity in HALS. However, the upcoming capacity augmentation in HALS by competitors and muted demand growth shall remain challenges to growth in HALS revenue. EBITDA and PAT shall grow at a 23/23% CAGR over FY24E-27E. Q4 EBITDA was -4% below our estimates while PAT was 7% above our estimates owing to higher-than-expected other operating expenses while revenue remained in line with our expectations.
- **V-MART Retail:** Our thesis on bottoming out of V-Mart KPIs seems to be playing out namely – (1) paring down of Limeroad losses, (2) profitability improvement led by closure of non-performing stores, and (3) recovery in footfalls/sales density. Revenue grew 12.6% YoY to INR6.69bn. Core V-MART operations grew 12% YoY to INR5.49bn (HSIE: INR5.54bn). Q4/FY24 SSSG came in at 6/1%. Footfalls/sales densities grew 8/3% YoY. EBITDA loss reduced to INR 116mn (HSIE: INR134mn; Q4FY23: INR245mn). Inventory days reduced to 107 (vs. 129 in FY23). We largely maintain our FY25/26 EBITDA estimates (-1.5/-2.5%) and maintain our BUY rating on VMART with a DCF-based TP of INR2,560/sh (implying 23x FY26 EV/EBITDA).
- **Sagar Cements:** We maintain our ADD stance on Sagar Cements (SGC), with a lower TP of INR 215/share (7.5x its Mar-26E consolidated EBITDA). In Q4FY24, SGC volume grew only 19/15% YoY/QoQ (aided by the ramp-up of production by new plants). NSR declined 8% QoQ owing to weak pricing in the South. Opex declined 4% QoQ, owing to the decline in fuel cost. Thus, unit EBITDA declined by INR 200/MT QoQ to INR 422/MT (up INR 135/MT YoY). Management trimmed FY25E volume guidance to 6.5mn MT (+18% YoY) vs

7mn MT guided earlier. It plans to expand cement capacity by 1.5mn MT by FY26-end to 12mn MT. Sagar expects fuel costs to reduce INR 100/MT QoQ in Q1FY25. By FY25 end, it plans to sell the entire Vizag plant land, which will strengthen the balance sheet.

- **Somany Ceramics:** We maintain BUY on Somany Ceramics (SOMC), with an unchanged target price of INR 980/share (25x Mar-26E consolidated PE). Consolidated revenue/EBITDA/APAT grew 9/30/13% YoY. Tiles sales volumes rose 7/20% YoY/QoQ (5-yr vol CQGR: 4%). Blended NSR was down 2/1% YoY/QoQ owing to higher incentive to dealer. The non-tiles revenue rose 15% YoY (5-yr CQGR: 9%), boosting consolidated performance. Consolidated EBITDA margin expanded 120/180bps QoQ/YoY to 10.8%, while Kajaria Ceramics' margin declined 160/70bps QoQ/YoY for the same quarter. SOMC expects low-double-digit revenue growth in FY25. Management doesn't expect a further decline in the tile's price. It is aiming for a 100-150bps improvement in EBITDAM in FY25. It has no major expansion in the pipeline, apart from 3.5MSM tiles manufacturing capacity in Nepal expected by H2FY26 (delayed by a year).

Shree Cement

Strong margin—industry-leading for the quarter

We maintain our ADD rating on Shree Cement, with an unchanged SOTP target price of INR 28,700/share. Cement volume growth slowed to 8% YoY as it lost four days of sales due to software migration to SAP. Reported unit EBITDA (cement) remained flattish QoQ at INR 1346/MT as lower input costs and lower advertising expenses offset the impact of a 6% QoQ NSR decline (ex-power). Shree expects 10-13% volume growth in FY25. Management highlighted they are working on various initiatives which are not disclosed now, so the company will positively surprise shareholders. The current cement capacity of 56MT (including 3mn MT Guntur expansion at April-24 start) will increase to 62/75mn MT by FY25/27 end. It targets 100 RMC plants in the next 4-5 years.

- **Q4FY24 performance:** Shree's EBITDA came in 12/14% ahead of ours/consensus estimates. Cement volume growth slowed to 8% YoY as it lost four days of sales due to software migration to SAP. Its sales in the north/east rose 5/20% YoY while its south volumes declined ~10% YoY. Reported unit EBITDA (cement) remained flattish QoQ at INR 1,346/MT as lower input costs and lower advertisement expenses offset the impact of a 6% QoQ NSR decline (ex-power).
- **Con call updates and outlook**: Shree expects 10-13% volume growth in FY25. Management highlighted they are working on other initiatives which are not disclosed now, so the company will positively surprise shareholders. Cement prices have corrected in Q1FY25. It has consolidated all products under the master brand Bangur. It expects to incur INR 40-45bn Capex in FY25. The Nawalgarh (Rajasthan) IU 3.5mn MT was commissioned in Jan-24 and Guntur, AP 3mn MT IU got commissioned in Apr-24 start. The current cement capacity is 56MT (including Guntur expansion at April-24 start), which will increase to 62/75mn MT by FY25/27 end. It expects the remaining 6mn MT capacity expansion in the last quarter of FY25. It plans to add 188MW of green power in FY25 (148MW) and FY26 (40MW). In FY25, it will add 34/114MW WHRS/solar. In FY26, it will add 40MW solar power. It has purchased 5 RMC plants in Mumbai costing INR 0.33bn. It is targeting 100 RMC plants in the next 4-5 years. It plans to incur INR 1bn pa Capex for RMC for the next few years. We have tweaked our FY25/26E EBITDA estimates by -3/2%. Our SOTP-based TP of INR 28,700 values its standalone cement business at 16.5x Mar-26E EBITDA and the UAE business at 1x BV.

Quarterly/annual financial summary (standalone)

YE Mar (INR bn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	FY22	FY23	FY24P	FY25E	FY26E
Sales Vol (mn MT)	9.5	8.8	*8.0*	8.9	*7.2*	27.7	31.8	35.5	39.1	44.2
NSR (INR/MT)	5,350	5,420	*(1.3)*	5,510	*(2.9)*	5,089	5,292	5,422	5,422	5,476
EBITDA (INR/MT)	1,392	1,011	*37.7*	1,387	*0.3*	1,315	925	1,228	1,289	1,345
Net Sales	51.01	47.85	*6.6*	49.01	*4.1*	141.16	168.37	192.70	211.97	241.92
EBITDA	13.27	8.92	*48.7*	12.34	*7.6*	36.48	29.42	43.64	50.41	59.44
APAT	6.62	3.92	*68.8*	7.34	*(9.9)*	22.72	11.74	24.68	25.38	27.16
AEPS (INR)	189.9	108.6	*74.9*	203.5	*(6.7)*	629.7	325.3	684.2	703.4	752.8
EV/EBITDA (x)						23.7	29.3	20.3	17.4	15.2
EV/MT (INR bn)						18.6	18.6	16.8	14.2	12.2
P/E (x)						41.0	79.5	37.8	36.8	34.3
RoE (%)						14.0	6.6	*12.8*	*11.9*	*11.7*

Source: Company, HSIE Research, EBITDA (INR/MT) is blended and includes merchant power

ADD

CMP *(as on 15 May 2024)*	INR 25,820
Target Price	INR 28,700
NIFTY	22,201

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 28,700	INR 28,700
EBITDA revision %	FY25E	FY26E
	(2.7)	*1.6*

KEY STOCK DATA	
Bloomberg code	SRCM IN
No. of Shares (mn)	36
MCap (INR bn) / ($ mn)	932/11,162
6m avg traded value (INR mn)	928
52 Week high / low	INR 30,738/22,601

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(1.9)	(1.5)	5.0
Relative (%)	(3.2)	(12.6)	(12.1)

SHAREHOLDING PATTERN (%)	Dec-23	Mar-24
Promoters	62.55	62.55
FIs & Local MFs	12.55	12.34
FPIs	12.30	12.48
Public & Others	12.59	12.63
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Oberoi Realty

Business development is in place; launches awaited

Oberoi Realty (ORL) registered presales of INR 17.7bn (-30%/125% YoY/QoQ), largely backed by sales from Elysian new tower, contributing 64% of presales. Moreover, 360W saw a good amount of traction in Q4FY24/FY24 with 3/8 units being sold. With competing partner inventory getting exhausted, ORL expects to sell out the entire ~INR 50bn own inventory over the next 24-30 months. Pokhran launch is now expected during the Q3FY25 festive season, with approvals in place and show apartment ready. Commerz 3 saw leasing progressing well with >51% of the area being leased to Morgan Stanley and by FY25-end, lease occupancy should reach ~80-85%. Borivali Mall is expected to become operational by Oct 2024, with a rental potential of INR 3.5bn. ORL expects all assets including hospitality to clock INR 18bn of NOI from FY26/27E. In terms of Business Development (BD), ORL closed the Worli Adarsh Nagar society redevelopment with a 0.6mn sq. ft. carpet area. Considering ORL's potential premium pricing, we expect the GDV of the project to be around INR 50bn with the FY26 launch. Given the expected robust cash flows from ready-to-move-in inventory in the 360W and Mulund projects along with new BD, we remain constructive on ORL and maintain BUY, raising our TP to INR 1,833/sh.

- **Q4FY24 financial highlights**: Revenue: INR 13.1bn (36.8/24.8% YoY/QoQ, a miss of 10%). EBITDA was INR 7.8bn (113.9/54.8% YoY/QoQ, 1.5% beat). EBITDA margin was 60% (+2,163/1,163bps YoY/QoQ) vs. our estimate of 53%. PBT: INR 9.6bn (193%/103% YoY/QoQ). RPAT/APAT was INR 7.9/5.8bn (22%/62%, YoY/QoQ, 6.2% beat, adjusted PAT for INR 2bn JV stake sale gain).
- **New BD in MMR, Pokhran launch all set for Q3FY25 festive season:** Oberoi registered Q4FY24 presales of INR 17.7bn (-30%/+125% YoY/QoQ). This was largely backed by sales from the new Elysian Tower launch contributing to >60% of presales. On new business development, ORL secured a society redevelopment project at Worli (Adarsh Nagar) with a 0.6msf carpet area and INR 50bn GDV. The Thane Pokhran launch is now expected in the early Q3FY25 festive season.
- **Balance sheet position comfortable**: The consolidated gross/net debt stood at INR 21.2/11.7bn vs. INR 29.6/20.3bn as of Dec'23, with net D/E at 0.09x (vs. 0.15x as of Dec'23). Net debt was lower on the back of a robust operating cash flow of INR 8.8bn, resulting in a cash balance of INR 12.7bn (INR 9.3bn in Q3FY24).

Consolidated financial summary (INR mn)

YE Mar (INR mn)	4Q FY24	4Q FY23	YoY (%)	3Q FY24	QoQ (%)	FY23	FY24E	FY25E	FY26E
Net Sales	13,148	9,614	36.8	10,536	24.8	41,926	44,958	53,806	58,228
EBITDA	7,886	3,687	113.9	5,094	54.8	21,117	24,099	30,107	32,473
APAT	5,836	4,803	21.5	3,602	62.0	19,045	19,266	20,802	21,882
Diluted EPS (INR)	16.0	13.2	21.5	9.9	62.0	52.4	53.0	57.2	60.2
P/E (x)						26.2	25.9	23.9	22.8
EV / EBITDA (x)						25.1	21.2	16.9	15.7
RoE (%)						14.9	14.7	15.0	14.6

Source: Company, HSIE Research

Change in Estimates

INR mn	FY25E			FY26E		
	New	Old	% chg.	New	Old	% chg.
Revenues	53,806	51,492	4.5	58,228	55,033	5.8
EBIDTA	30,107	28,722	4.8	32,473	30,752	5.6
EBIDTA Margins (%)	56.0	55.8	17.5	55.8	55.9	-11.1
APAT	20,802	19,088	9.0	21,882	19,895	10.0

Source: Company, HSIE Research

BUY

CMP *(as on 15 May 2024)*	INR 1,575
Target Price	INR 1,833
NIFTY	22,201

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,703	INR 1,833
EPS Change (%)	FY25E	FY26E
	9	*10*

KEY STOCK DATA	
Bloomberg code	OBER IN
No. of Shares (mn)	364
MCap (INR bn) / ($ mn)	572/6,858
6m avg traded value (INR mn)	1,241
52 Week high / low	INR 1,629/884

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	20.2	20.8	59.5
Relative (%)	18.9	9.7	42.4

SHAREHOLDING PATTERN (%)

	Dec-23	Mar-24
Promoters	67.71	67.71
FIs & Local MFs	12.05	12.85
FPIs	17.41	16.96
Public & Others	2.84	2.49
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Apollo Tyres

Performance below expectations; valuation expensive

Apollo Tyres' consolidated revenue at INR 62.6bn (flat YoY/-5.1% QoQ) was below our estimate, dragged by the India business. While the exports and replacement segment reported strong growth, it was offset by a double-digit decline in the OEM volumes. The European business revenue grew 3% YoY to €182 mn. With a higher share of the UHP in the product mix (47% in Q4FY24, vs 43% in 4QFY23), Europe business EBITDA margin improved 103bps YoY to 19.1%. The capex spent for FY24 (INR 7mn) was significantly lower than previously guided (INR 11bn). There was a capex pullback considering the tough market conditions. The company has maintained a cautiously optimistic outlook for the India business in FY25, with growth expected from the passenger car segment and commercial vehicles segment. The European business is expected to perform better than FY24, aided by a better product mix and cost optimization. The impact of higher material costs and EPR is expected to be mitigated through calibrated price hikes. With the passenger vehicle industry expected to grow in the mid-single digit in FY25 and CV cycle recovery expected only in 2HFY25, we maintain REDUCE with a revised TP of INR510/sh (from INR 520 earlier)—valued at 14x March 26 earnings.

- **Q4 performance below estimates:** The consolidated earnings at INR3.8bn (HSIE INR 4.7bn) were below estimates due to a subdued India business. Despite benign commodity prices, the EBITDA margin at 16.4% (+40bps YoY/-190bps QoQ) was 160bps lower than our estimates. The drop in EBITDA margin YoY includes the impact of EPR liability of INR 685mn.
- **Call takeaways**: (1) In India, export volumes grew in double digits YoY, and replacement volumes grew in mid-single digits. The growth in overall volumes was offset by a double-digit decline in OEM volumes. (2) The UHP share in total stood at 47% in the Europe business, compared to 43% in Q4FY23. The focus on premiumisation is yielding results with the EBITDA margin improving 103bps YoY to 19.1%. (3) **Demand outlook (a) Indi**a: The demand momentum is expected to pick up post-general elections. (b) **Europe:** The market growth is expected to improve vis-à-vis FY24. (4) With the focus on sales mix improvement and cost optimization, EBITDA margin is expected to remain in the 16-17% range for the Europe business. (5) Natural rubber and Crude-linked material prices have increased, while there has been a reduction in carbon black and steel coil prices in Q4FY24. It announced a 3% price hike in May, which has negated the impact of EPR and higher material costs. The management has indicated that it might require another modest price rise in Q1FY25 due to an additional mid-single-digit increase in costs. (6) Management has reiterated that it does not need to add capacity for the next couple of years and it would continue to pare down the debt in the near term. Capex guidance for FY25 is INR 10bn.

Quarterly/annual financial summary

YE Mar (INR mn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	FY23	FY24	FY25E	FY26E
Net Sales	62,582	62,473	0.2	65,954	-5.1	245,681	253,777	278,721	306,684
EBITDA	10,280	9,985	3.0	12,081	-14.9	33,137	36,860	44,595	47,536
APAT	3,798	4,115	-7.7	5,072	-25.1	10,821	17,992	20,722	23,650
Diluted EPS (INR)	6.0	6.5	-7.7	7.99	-25.1	17.4	27.1	32.6	37.2
P/E (x)						27.2	17.4	14.5	12.7
EV / EBITDA (x)						8.7	7.4	5.9	5.3
RoCE (%)						8.8	13.4	14.1	14.5

Source: Company, HSIE Research

REDUCE

CMP *(as on 15 May 2024)*	INR 474
Target Price	INR 510
NIFTY	22,201

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 520	INR 510
EPS %	FY25E	FY26E
	-5%	-2%

KEY STOCK DATA	
Bloomberg code	APTY IN
No. of a Shares (mn)	635
MCap (INR bn) / ($ mn)	301/3,607
6m avg traded value (INR mn)	1,218
52 Week high / low	INR 560/359

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(8.9)	10.7	30.8
Relative (%)	(10.2)	(0.4)	13.7

SHAREHOLDING PATTERN (%)	Dec-23	Mar-24
Promoters	37.34	37.36
FIs & Local MFs	22.02	21.98
FPIs	17.96	18.15
Public & Others	21.10	20.93
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

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Radico Khaitan

Margin expansion benefits to be back-ended

Radico Khaitan's 4QFY24 results were below our estimates as Prestige & above (P&A) volume growth momentum (14% YoY) moderated during 4QFY24 vs performance seen in the first 9MFY24 (22% vol growth YoY). Incrementally, weak realization growth (1% YoY) during 4QFY24 further added to the woes courtesy unfavourable product and state mix. Management guided that a margin expansion is likely to be back-ended (hinted towards 15%+ EBITDA margin in FY26) as (a) the company utilizes in-house manufactured ENA; (b) salience has improved in premium products; and (c) grain prices are softer. Although 1QFY25 volume performance is likely to be subdued owing to the elections, management expects performance to improve from 2QFY25 and has guided for 15-18% volume growth for Prestige and above segment in FY25. We maintain our REDUCE rating with a TP of INR 1,520 (40x FY26 EPS).

- **4QFY24 result summary :** Radico's 4QFY24 results were below our estimates as volume growth in the highly profitable Prestige and above segment moderated**.** Gross margins expanded c42bps YoY to 41% despite the unfavourable product and state mix, courtesy (a) partial benefits of backward integration starting to flow in and (b) price increase received in the regular segment. EBITDA margin expanded c190bps YoY to 11.4% despite A&P spending (up 35% YoY), courtesy tight control on operating overheads (staff costs remained flat YoY). Management expects the EBITDA margin in FY26 to reach the mid-teens on account of premiumization, product mix, and price increase.

- **Con call takeaways:** (1) Revenue to stay muted in Q1FY25 due to an increase in dry days during the election period from April till early June. 2) Discontinued certain brands in Kerala due to low contribution margin. 3) Maintenance capex to stay around INR0.6-0.7bn for FY25. 4) CSD and exports constitute ~9/5% in volume terms for P&A segment and in value terms, they stand at 12/9% respectively. 5) Radico to become net debt-free by FY26. 6) Magic Moments vodka recorded 6.3mn cases and INR10 bn revenue. 7) Will introduce Jaisalmer Gold edition gin in the super-luxury category in Q2FY25. 8) The regular category was impacted due to the rationalization of the portfolio and state-specific excise policy changes. Guidance of 3-4% growth in the regular category for FY25. 9) Non-IMFL quarterly run rate is INR4-4.1bn and annual run rate of INR 16bn for FY25. Exports will be more skewed towards luxury portfolio and travel retail.

Quarterly/annual financial summary

(INR mn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	FY22	FY23	FY24	FY25E	FY26E
Net Sales	10,787	8,318	29.7	11,609	(7.1)	28,680	31,428	41,185	50,833	56,233
EBITDA	1,225	789	55.3	1,428	(14.2)	4,023	3,583	5,061	6,912	8,503
APAT	568	373	52.3	738	(23.0)	2,633	2,043	2,558	3,848	5,079
EPS (INR)	4.2	2.8	50.0	5.5	(23.6)	19.7	15.3	19.1	28.8	38.0
P/E (x)						82.0	106.0	85.0	56.0	43.0
EV / EBITDA (x)						53.9	62.1	44.1	32.3	26.1
RoCE (%)						7.96	5.94	7.25	9.24	10.53

Source: Company, HSIE Research

REDUCE

CMP *(as on 15 May 2024)*	**INR 1,618**
Target Price	**INR 1,520**
NIFTY	**22,201**

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 1,100	INR 1,520
EPS %	FY25E	FY26E
	na	Na

KEY STOCK DATA	
Bloomberg code	RDCK IN
No. of Shares (mn)	134
MCap (INR bn) / ($ mn)	216/2,592
6m avg traded value (INR mn)	439
52 Week high / low	INR 1,885/1,095

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(6.2)	14.9	46.2
Relative (%)	(7.5)	3.8	29.1

SHAREHOLDING PATTERN (%)	Dec-23	Mar-24
Promoters	40.26	40.26
FIs & Local MFs	23.99	24.71
FPIs	19.01	18.58
Public & Others	16.74	16.45
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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NCC

In-line performance

NCC reported in-line performance in Q4FY24, with revenue/EBITDA/PAT beat of 10.2/1.9/2.8%. With an order inflow of INR 272.8bn during FY24 (vs. guidance of INR 260bn+), OB as of Mar'24 stands at INR 575.4bn (~3.1x FY24 revenue). On the back of this robust OB, NCC has given FY24 revenue growth guidance of 15%. EBITDA margin guidance stands at 9.5-10%. Given the election season, NCC expects new order inflows at INR 200-220bn (25% decline YoY). Owing to the robust collection, NCC recorded 76 days of NWC during FY24 (vs. 103 days in FY23) and gross/net debt at INR 10/5.2bn. Gross debt is expected to reduce to INR 5bn by FY25 end. Given the all-time high order book, execution ramp-up, and robust balance sheet, we recalibrate FY25/26E estimates. We increase our TP to INR 317/sh (16x Mar-26E EPS). We maintain our BUY rating on NCC.

- **Q4FY24 financial highlights:** Revenue: INR 54.5bn (+36/+15% YoY/QoQ, 10% beat). EBITDA: INR 5.1bn (+20/+6% YoY/QoQ, a 2% beat). EBITDA margin: 9.4% (-119/-74bps YoY/QoQ), vs. our estimate of 10.1%, owing to higher raw material expenses. RPAT/APAT: INR 1.9/2.3bn (+29/+8% YoY/QoQ, a 2.8% beat, APAT adjusted for INR 0.6bn exceptional write-off on TAQA project settlement). NCC has given FY24 revenue growth guidance of 15%, with an EBITDA margin guidance of 9.5-10%. NCC received INR 1.46bn from Sembcorp with INR 0.5bn pending. TAQA claims are now settled, with no major legacy issue pending now.
- **Robust order backlog; FY25 inflow guidance weak:** With an order inflow of INR 272.8bn during FY24 (vs. guidance of INR 260bn+), OB as of Mar'24 stands at INR 575.4bn (~3.1x FY24 revenue). Buildings/electrical/water & railways/ transportation contributed 24/33/12/21% of the FY24 OI. Business-wise, the OB is well-diversified into building/water and railways/electrical/transportation/mining at 39/12/20/17/1%. Given truncated 1HFY25 ordering (due to elections), NCC has guided for INR 200-220bn of order inflows for FY25, a 25% decline YoY.
- **Comfortable debt levels:** Gross standalone debt reduced to INR 10bn as of Mar'24 vs. INR 14.7bn as of Dec'23. The company expects to end the FY25 with a gross debt of INR 5bn. NWC stood at 76 days vs 103 YoY. NCC expects FY25 NWC at 76+-3 days. NWC improvement is a factor of (1) the Sembcorp settlement, (2) TAQA arbitration, and (3) focus on collection efficiency.

Standalone Financial Summary (INR mn)

Particulars	4QFY24	4QFY23	YoY (%)	3QFY24	QoQ (%)	FY23	FY24	FY25E	FY26E
Net Sales	54,460	40,163	*35.6*	47,469	*14.7*	133,513	183,144	209,700	238,009
EBITDA	5,097	4,238	*20.3*	4,793	*6.3*	13,425	16,481	20,026	23,444
APAT	2,298	1,777	*29.3*	2,128	*8.0*	5,692	6,315	9,394	12,067
EPS (INR)	3.8	2.9	*29.3*	3.49	*8.0*	9.3	10.4	15.4	19.8
P/E (x)						26.9	24.2	16.3	12.7
EV/EBITDA (x)						11.7	9.3	7.6	6.5
RoE (%)						9.4	9.6	13.0	14.8

Source: Company, HSIE Research

Standalone Estimate Change Summary

INR mn	FY25E			FY26E		
	New	Old	Change(%)	New	Old	Change(%)
Revenues	209,700	204,424	2.6	238,009	229,977	3.5
EBITDA	20,026	21,056	(4.9)	23,444	23,688	(1.0)
EBITDA (bps)	9.6	10.3	(75.0)	9.9	10.3	(45.0)
APAT	9,394	9,859	(4.7)	12,067	11,627	3.8

Source: Company, HSIE Research

BUY

CMP (as on 15 May 2024)	INR 251
Target Price	INR 317
NIFTY	22,201

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 305	INR 317
EPS Change %	FY25E	FY26E
	-4.7	+3.8

KEY STOCK DATA	
Bloomberg code	NJCC IN
No. of Shares (mn)	628
MCap (INR bn) / ($ mn)	158/1,891
6m avg traded value (INR mn)	1,682
52 Week high / low	INR 278/100

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	12.6	52.0	119.3
Relative (%)	11.3	40.9	102.2

SHAREHOLDING PATTERN (%)	Dec-23	Mar-24
Promoters	22.00	22.00
FIs & Local MFs	10.52	10.63
FPIs	23.89	27.33
Public & Others	43.59	40.03
Pledged Shares	2.87	2.87

Source : BSE

Pledged shares as % of total shares

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Clean Science and Technology

Volume recovery; HALS launch on anvil

We maintain SELL on Clean Science and Technology (CSTL) with a price target of INR 1,041 (WACC 11%, terminal growth 6%), owing to (1) slower-than-expected ramp-up in hindered amine light stabilizers (HALS) and (2) entry of domestic competitors in mono methyl ether of hydroquinone (MEHQ) manufacturing. We believe CSTL has an import substitution opportunity in HALS. However, the upcoming capacity augmentation in HALS by competitors and muted demand growth shall remain challenges to growth in HALS revenue. EBITDA and PAT shall grow at a 23/23% CAGR over FY24E-27E. Q4 EBITDA was -4% below our estimates while PAT was 7% above our estimates owing to higher-than-expected other operating expenses while revenue remained in line with our expectations.

- **Financial performance:** Revenue improved by (5/17% YoY/QoQ) to 2,275 mn due to volume growth of ~23% QoQ but was offset to the extent of 7% QoQ due to lower realisation. EBITDA came at (-10/+9 YoY/QoQ) INR 945 mn. Inventory has increased by 13% to INR 1,237 mn due to increased QoQ sales. Other expenses increased by 30% QoQ to INR 415 mn due to primarily CSR expenses and commercialisation of new products. During FY24, the company capitalized INR 2.58 bn of CFCL facility.
- **Segmental information:** Performance chemical revenue came at -5.6/16.8% YoY/QoQ to INR 1,524mn due to contribution from new HALS 770, 701. Utilisation in performance chemicals remains at 70% while realisation impacted the growth. Pharma and agro intermediate revenue increased by 2/17% YoY/QoQ. FMCG Chemicals revenue increased by 20/8 %YoY/QoQ while utilisation remained at 75%.
- **Con call takeaways: Capex:** The company incurred capex of INR 2.35 bn during FY24 primarily for the CFCL facility. It will incur INR 300 mn for pharma intermediate in Q3FY25. Additionally, it may incur a capex of INR 1,500 mn on successful completion of the pilot run in the performance segment.
  HALS: The company is gradually ramping up the supply of HALS 770, 701. Currently, it is supplying HALS 770 of ~110 tones/month which is ~50% of the domestic demand, in line with our estimates. The company is following a just-in-time model in HALS for the supply which is helping customers from derisking inventory pileup. Exports are getting delayed due to (a) the approval process of appointing a distributor and (b) inventory pile-up at the distributor. The company will launch HALS 622 and 944 which have demand in domestic and export markets. **Others:** Demand has improved in the domestic market in pharma intermediates and FMCG chemicals which has led to a decrease in the share of exports. During FY24, volume has remained stagnant while realisation has impacted revenue adversely by ~15%.
- **Change in estimates:** We tweak our FY25/FY26 EPS estimates by +2/+1% to INR 32/39, based on Q4 performance.

Financial summary (consolidated)

INR mn	4Q FY24	3Q FY24	QoQ (%)	4Q FY23	YoY (%)	FY22	FY23	FY24p	FY25E	FY26E
Net Sales	2,275	1,947	*16.8*	2,169	*4.9*	6,849	9,358	7,915	10,969	13,999
EBITDA	945	866	*9.1*	1,051	*(10.1)*	2,999	4,021	3,321	4,705	5,796
APAT	703	626	*12.2*	805	*(12.7)*	2,285	2,952	2,440	3,396	4,157
AEPS (INR)	6.6	4.9	*34.7*	7.6	*(12.7)*	21.5	27.8	23.0	32.0	39.1
P/E (x)						61.7	47.8	57.8	41.5	33.9
EV/EBITDA(x)						46.8	35.0	42.4	29.8	23.8
RoE (%)						34.9	33.2	22.1	25.4	25.5

Source: Company, HSIE Research

Change in estimates (consolidated)

Y/E Mar	FY25E Old	FY25E New	% Ch	FY26E Old	FY26E New	% Ch
EBITDA (INR mn)	4,686	4,705	0.4	5,771	5,796	0.4
Adj. EPS (INR/sh)	31.3	32.0	2.0	38.5	39.1	1.6

Source: Company, HSIE Research

SELL

CMP *(as on 15 May 2024)*	INR1,327
Target Price	INR 1,041
NIFTY	22,201

KEY CHANGES	OLD	NEW
Rating	SELL	SELL
Price Target	INR 1,067	INR 1,041
EPS %	**FY25E**	**FY26E**
	+2%	+1.6%

KEY STOCK DATA	
Bloomberg code	CLEAN IN
No. of Shares (mn)	106
MCap (INR bn) / ($ mn)	141/1,690
6m avg traded value (INR mn)	221
52 Week high / low	INR 1,622/1,275

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(4.6)	(3.3)	(13.5)
Relative (%)	(5.9)	(14.4)	(30.6)

SHAREHOLDING PATTERN (%)	Dec-23	Mar-24
Promoters	74.98	74.98
FIs & Local MFs	5.14	5.04
FPIs	5.92	5.88
Public & Others	13.97	14.10
Pledged Shares	0.00	0.00

Source: BSE

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V-MART Retail

Thesis on track; margins surprise positively

Our thesis on bottoming out of V-Mart KPIs seems to be playing out namely – (1) paring down of Limeroad losses, (2) profitability improvement led by closure of non-performing stores, and (3) recovery in footfalls/sales density. Revenue grew 12.6% YoY to INR6.69bn. Core V-MART operations grew 12% YoY to INR5.49bn (HSIE: INR5.54bn). Q4/FY24 SSSG came in at 6/1%. Footfalls/sales densities grew 8/3% YoY. EBITDA loss reduced to INR 116mn (HSIE: INR134mn; Q4FY23: INR245mn). Inventory days reduced to 107 (vs. 129 in FY23). We largely maintain our FY25/26 EBITDA estimates (-1.5/-2.5%) and maintain our BUY rating on VMART with a DCF-based TP of INR2,560/sh (implying 23x FY26 EV/EBITDA).

- **Q4FY24 highlights:** V-MART reported 12.6% growth YoY (INR6.69bn). Core V-MART operations grew 12% YoY to INR5.49bn (HSIE: INR 5.54bn). In Q4, footfall density was up 8% YoY to 15.5k/store, while annualized sales density for core VMART stood at INR7.3k/sq ft (up 3% YoY). Transaction size increased 4.7% YoY in FY24 to INR1,065. SSSG (value)/SSVG (volume) for Q4 stood at 6/5%. FY24 SSSG for core VMART and Unlimited stood at 1/0% respectively. GM marginally contracted by 23bps YoY to 31.7% in Q4 (HSIE: 32.6%). Pre-IND AS EBITDAM came in at -1.7% in Q4 (-4.1% YoY; HSIE: -2%). EBITDA loss was reduced, courtesy (1) paring down of Limeroad losses (down 44% YoY to INR121mn) and (2) favourable operating leverage from improving sales density. Inventory optimization and assortment freshness (shrinkage: 1.5% of revenue) have led to the reduction of inventory days to 107 (vs. 129 in FY23). The company has closed non-performing legacy Unlimited stores in Tier 1 cities and has opened new stores in Tier 3/4 cities which are clocking 15-20% higher revenue per sq ft vis-à-vis legacy stores with lower operational cost. The management expects INR40-50mn savings in FY25, courtesy store closure. The company aims to add 45 stores (net) in FY25. VMART added nine and closed 19 stores in Q4. Adj. EBITDA loss/net loss reduced to INR116/389mn (HSIE: loss of INR134/375mn).
- **Outlook**: Stabilising core operations + ebbing Limeroad losses could ensure a healthy FY25. The ask from execution isn't much at current valuations (19x FY26 EV/EBITDA). We largely maintain our FY25/26 EBITDA estimates (-1.5/-2.5%) and maintain our BUY rating on VMART with a DCF-based TP of INR2,560/sh (implying 23x FY26 EV/EBITDA).

Quarterly financial summary

(Rs mn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	FY22	FY23	FY24	FY25E	FY26E
Net Revenue	6,686	5,939	12.6	8,891	(24.8)	16,662	24,648	27,856	31,854	36,559
EBITDA	(116)	(245)	(52.7)	675	(117.1)	792	909	96	1,451	2,229
APAT	(389)	(370)	5.3	282	(237.9)	116	(78)	(968)	(45)	399
EPS (Rs)	(19.7)	(18.7)	5.2	14.3	(237.9)	5.9	(4.0)	(48.9)	(2.3)	20.2
P/E (x)						356.9	(529.2)	(43.1)	(930.9)	104.5
EV/EBITDA (x)						50.4	47.0	442.7	29.4	19.1
Core RoCE(%)						5.1	2.1	(5.3)	4.2	10.2

Source: Company, HSIE Research, Standalone Financials

Change in estimates

(Rs mn)	FY24			FY25E			FY26E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	27,856	27,850	*0.0*	31,854	31,950	*(0.3)*	36,559	36,661	*(0.3)*
Gross Profit	9,605	9,665	*(0.6)*	10,952	10,992	*(0.4)*	12,423	12,467	*(0.3)*
Gross Profit Margin (%)	34.5	34.7	*-22 bps*	34.4	34.4	*-2 bps*	34.0	34.0	*-2 bps*
EBITDA	96	77	*24.0*	1,451	1,472	*(1.5)*	2,229	2,286	*(2.5)*
EBITDA margin (%)	0.3	0.3	*7 bps*	4.6	4.6	*-5 bps*	6.1	6.2	*-14 bps*

Source: Company, HSIE Research, Pre IND AS 116 financials

BUY

CMP *(as on 15 May 2024)*	INR 2,347
Target Price	INR 2,560
NIFTY	22,201

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,560	INR 2,560
	FY25E	FY26E
EBITDA %	-1.5	-2.5

KEY STOCK DATA	
Bloomberg code	VMART IN
No. of Shares (mn)	20
MCap (INR bn) / ($ mn)	42/508
6m avg traded value (INR mn)	91
52 Week high / low	INR 2,445/1,591

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	8.5	26.7	1.4
Relative (%)	7.2	15.6	(15.7)

SHAREHOLDING PATTERN (%)	Dec-23	Mar-24
Promoters	44.3	44.3
FIs & Local MFs	34.0	34.0
FPIs	14.3	15.3
Public & Others	7.4	6.4
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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Sagar Cements

Weak pricing dampens the margin

We maintain our ADD stance on Sagar Cements (SGC), with a lower TP of INR 215/share (7.5x its Mar-26E consolidated EBITDA). In Q4FY24, SGC volume grew only 19/15% YoY/QoQ (aided by the ramp-up of production by new plants). NSR declined 8% QoQ owing to weak pricing in the South. Opex declined 4% QoQ, owing to the decline in fuel cost. Thus, unit EBITDA declined by INR 200/MT QoQ to INR 422/MT (up INR 135/MT YoY). Management trimmed FY25E volume guidance to 6.5mn MT (+18% YoY) vs 7mn MT guided earlier. It plans to expand cement capacity by 1.5mn MT by FY26-end to 12mn MT. Sagar expects fuel costs to reduce INR 100/MT QoQ in Q1FY25. By FY25 end, it plans to sell the entire Vizag plant land, which will strengthen the balance sheet.

- **Q4FY24 performance:** Sagar's volume grew 19/15% YoY/QoQ, led by the ramp-up of production of the Andhra plant. NSR declined 8% QoQ owing to weak pricing in the South. Opex declined 4% QoQ, owing to the decline in fuel cost. Thus, unit EBITDA declined by INR 200/MT QoQ to INR 422/MT (up INR 135/MT YoY). Standalone (including Jajpur) EBITDA declined INR 200/MT QoQ to INR 420/MT. The Satguru EBITDA declined from INR 50/MT to INR 920/MT. Andhra volume grew 32% QoQ to 0.22mn MT with negative unitary EBITDA of -INR 200/MT vs unitary EBITDA of +INR 270/MT QoQ.
- **Con call KTAs and outlook:** Management trimmed FY25E volume guidance to 6.5mn MT (+18% YoY) vs 7mn MT guided earlier. Cement prices have corrected by INR 5-10/bag in Q1. Sagar expects fuel costs to reduce INR 100/MT QoQ in Q1FY25. As per management, INR 3.3bn (~INR 2.7bn for Andhra expansion) is expected Capex for FY25. Similar Capex is expected in FY26 and FY27 as well. It plans to expand cement capacity by 1.5mn MT by FY26-end to 12mn MT. It will expand Gudipadu from 1.25mn MT to 1.5mn MT and Jeerabad from 1mn MT to 1.5mn MT in FY26, with total capex for both ~INR 0.5bn. It also plans to expand Andhra clinker/cement capacity by 0.46/0.75mn MT to 2.31/3mn MT by FY26 end at a Capex of INR 4.7bn. By FY25 end, it plans to sell the entire Vizag plant land, which will strengthen the balance sheet. We expect net debt/ EBITDA to stay elevated at 3.9/2.4x in FY25/26E. Factoring weak pricing, we trimmed our FY25/26E EBITDA estimates by 19/9%. Owing to a cut in estimates and higher Capex outgo modelled, we cut out TP to INR 215/share (7.5x its Mar-26E consolidated EBITDA).

Quarterly/annual financial summary (consolidated)

YE Mar (INR bn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	FY22	FY23	FY24P	FY25E	FY26E
Sales (mn MT)	1.61	1.36	*18.9*	1.41	*14.7*	3.60	4.82	5.51	6.34	7.10
NSR (INR/MT)	4,392	4,581	*(4.1)*	4,757	*(7.7)*	4,431	4,628	4,543	4,498	4,632
EBITDA (INR/MT)	422	286	*47.4*	619	*(31.8)*	765	318	446	577	709
Net Sales	7.09	6.22	*14.0*	6.69	*5.9*	15.97	22.30	25.05	28.51	32.89
EBITDA	0.68	0.39	*75.3*	0.87	*(21.7)*	2.76	1.53	2.46	3.66	5.03
APAT	0.13	-1.45		-0.08	*NA*	0.69	0.30	-0.43	-0.02	2.27
AEPS (INR)	1.0	-2.1		-0.6	*NA*	5.9	-6.7	-4.5	-0.2	17.3
EV/EBITDA (x)						15.3	27.1	16.7	11.6	7.8
EV/MT (INR bn)						5.11	5.03	3.92	4.04	3.49
P/E (x)						41.4	NA	NA	NA	12.6
RoE (%)						*5.4*	*-5.2*	*-2.8*	*-0.1*	*10.7*

Source: Company, HSIE Research

ADD

CMP *(as on 15 May 2024)*	INR 219
Target Price	INR 215
NIFTY	22,201

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 260	INR 215
EBITDA revision %	FY25E *(19.1)*	FY26E *(9.3)*

KEY STOCK DATA	
Bloomberg code	SGC IN
No. of Shares (mn)	131
MCap (INR bn) / ($ mn)	28/343
6m avg traded value (INR mn)	115
52 Week high / low	INR 305/190

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(13.6)	(14.2)	4.8
Relative (%)	(14.9)	(25.4)	(12.3)

SHAREHOLDING PATTERN (%)	Dec-23	Mar-24
Promoters	48.31	48.31
FIs & Local MFs	17.05	17.26
FPIs	2.84	2.71
Public & Others	31.80	31.72
Pledged Shares	36.35	38.59

Source : BSE

Pledged shares as % of total shares

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Somany Ceramics

Strong volume and margin performance

We maintain BUY on Somany Ceramics (SOMC), with an unchanged target price of INR 980/share (25x Mar-26E consolidated PE). Consolidated revenue/EBITDA/APAT grew 9/30/13% YoY. Tiles sales volumes rose 7/20% YoY/QoQ (5-yr vol CQGR: 4%). Blended NSR was down 2/1% YoY/QoQ owing to higher incentive to dealer. The non-tiles revenue rose 15% YoY (5-yr CQGR: 9%), boosting consolidated performance. Consolidated EBITDA margin expanded 120/180bps QoQ/YoY to 10.8%, while Kajaria Ceramics' margin declined 160/70bps QoQ/YoY for the same quarter. SOMC expects low-double-digit revenue growth in FY25. Management doesn't expect a further decline in the tile's price. It is aiming for a 100-150bps improvement in EBITDAM in FY25. It has no major expansion in the pipeline, apart from 3.5MSM tiles manufacturing capacity in Nepal expected by H2FY26 (delayed by a year).

- **Q4FY24 performance:** EBITDA beat ours/consensus estimates by 15/16%, supported by strong volume. Consolidated revenue/EBITDA/APAT grew 9/30/13% YoY. Tiles sales volumes rose 7/20% YoY/QoQ (five-year volume CQGR: 4%). Blended NSR was down 2/1% YoY/QoQ owing to higher incentives to dealers. Thus, tiles revenue rose 5% YoY (5-year CQGR: 6%). The non-tiles revenue rose 15% YoY (five-year CQGR: 9%), boosting consolidated performance. The share of non-tiles revenues stood at 14% vs 13/13% YoY/QoQ. Consolidated EBITDA margin expanded 120/180bps QoQ/YoY to 10.8%, while Kajaria Ceramics' margin declined 160/70bps QoQ/YoY for the same quarter.
- **Outlook**: SOMC expects low-double-digit revenue growth in FY25 (volume-led, supported by ramp-up of Max plant). It expects the domestic tiles industry to grow by 4-6%, while the company will grow 2x of the industry. Management doesn't expect a further decline in the tile price. Ad spending will increase to 3% of revenue in FY25 vs 2.5% YoY. It has commissioned its large-sized tiles plant in Gujarat (4.5MSM capacity at Jan-24 end), which should bolster volume, product mix, and margin. It is targeting a 100-150bps improvement in EBITDAM in FY25 (provided fuel prices remain stable). It has no major expansion in the pipeline, apart from 3.5MSM tiles manufacturing capacity in Nepal in collaboration with the Murarka Group, expected by H2FY26 (delayed by a year). Broadly, we maintain our APAT estimates for FY25/26E.

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	FY22	FY23	FY24P	FY25E	FY26E
Tiles sales (MSM)	18.9	17.6	7.3	15.8	19.9	57.9	63.9	67.0	72.3	79.1
NSR (Rs/Kg)	323.9	331.5	-2.3	327.8	-1.2	317.2	387.9	387.1	378.5	382.9
Tiles Revenue	6,115	5,835	4.8	5,163	18.4	18,358	21,483	21,984	23,697	26,171
Others Revenue	979	849	15.2	806	21.5	2,247	2,782	3,267	3,659	4,099
Net Sales	7,375	6,792	8.6	6,121	20.5	20,945	24,785	25,914	27,356	30,270
EBITDA	795	610	30.3	590	34.6	2,065	1,887	2,532	2,825	3,274
EBITDAM (%)	10.8	9.0		9.6		9.9	7.6	9.8	10.3	10.8
APAT	275	243	13.4	209	31.8	887	737	989	1,256	1,601
Diluted EPS (Rs)	6.7	5.7	17.4	4.9	36.5	20.9	17.4	24.1	30.6	39.0
EV / EBITDA (x)						13.9	15.9	11.7	10.3	8.8
P/E (x)						28.9	34.8	25.9	20.4	16.0
RoE (%)						11.3	8.5	11.5	14.2	16.0

Source: Company, HSIE Research

BUY

CMP *(as on 15 May 2024)*	INR 626
Target Price	INR 980
NIFTY	22,201

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 980	INR 980
EBITDA revision %	FY25E *1.3*	FY26E *(0.1)*

KEY STOCK DATA	
Bloomberg code	SOMC IN
No. of Shares (mn)	41
MCap (INR bn) / ($ mn)	26/307
6m avg traded value (INR mn)	34
52 Week high / low	INR 819/542

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(8.1)	(7.3)	14.9
Relative (%)	(9.4)	(18.5)	(2.2)

SHAREHOLDING PATTERN (%)	Dec-23	Mar-24
Promoters	55.02	55.02
FIs & Local MFs	23.33	23.82
FPIs	1.43	1.32
Public & Others	20.22	19.85
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

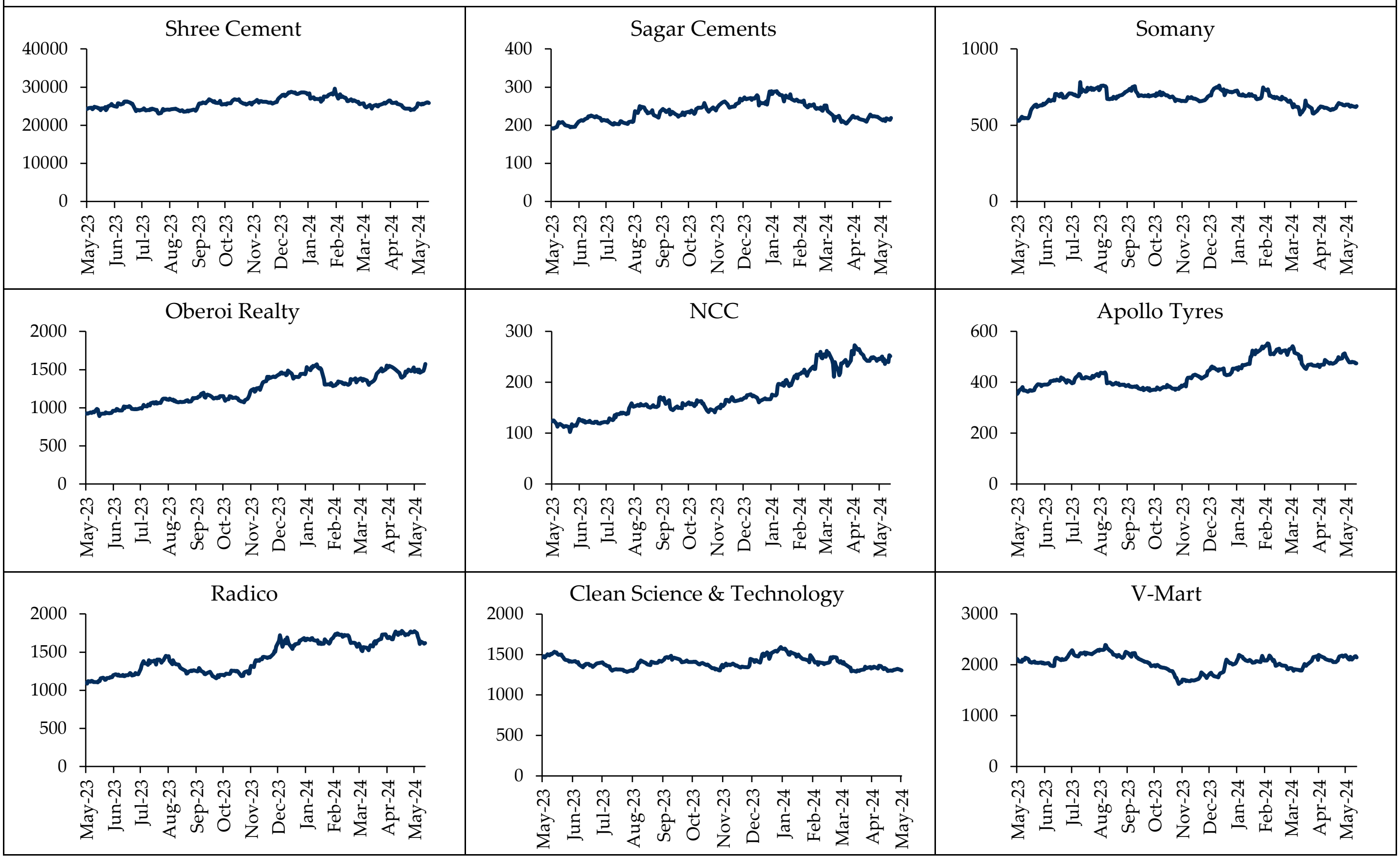
REDUCE: -10% to +5% return potential

SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Rajesh Ravi	Shree Cement, Sagar Cements, Somany Ceramics	MBA	NO
Keshav Lahoti	Shree Cement, Sagar Cements, Somany Ceramics	CA	NO
Prikshit Kandpal	Oberoi Realty, NCC	CFA	NO
Jay Shah	Oberoi Realty, NCC	CA	NO
Maitreyee Vaishampayan	Apollo Tyres	MSc	NO
Vishal Gutka	Radico Khaitan	CA	NO
Riddhi Shah	Radico Khaitan	MBA	NO
Nilesh Ghuge	Clean Science and Technology	MMS	NO
Harshad Katkar	Clean Science and Technology	MBA	NO
Prasad Vadnere	Clean Science and Technology	MSc	NO
Akshay Mane	Clean Science and Technology	PGDM	NO
Jay Gandhi	V-MART Retail	MBA	NO
Tanuj Pandia	V-MART Retail	CA	NO

1 Yr Price movement



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