INSTITUTIONAL RESEARCH

HSIE Results Daily

Contents

Results Reviews

- **Sun Pharmaceutical Industries:** EBITDA growth (+11% YoY) was led by 10% YoY sales growth (US: +11% QoQ; global specialty: +26% YoY; India: +11% YoY, RoW: +14% YoY) and higher gross margin (+284 bps) was partly offset by higher staff/R&D/SG&A (+16/26/13% YoY). SUNP continues to invest in specialty businesses to scale up this business. The prescription trend for key products (Ilumya, Cequa, and Winlevi) was strong and it expects to sustain specialty sales rate. It expects its India business to outperform IPM growth over the next few years. It has reduced debt by ~USD 640 mn in 9M'23; net cash is at USD 2.3 bn (ex-Taro at USD 990 mn) and the focus is on M&A. We have marginally tweaked estimates. We raise our TP to INR 1,650 based on 31x Dec'25E EPS (vs. INR 1,600 at 30x earlier). Maintain BUY, given growth drivers like —(1) specialty scale-up (traction in Ilumya, Winlevi, Cequa; launch of Concert's Deuruxolitinib–PDUFA date in Jul'24), (2) traction in US generics (new launces), (3) India (MR addition, new launches, in-licensing), and (4) steady margin—are intact.
- **Maruti Suzuki:** Maruti Suzuki's Q3FY24 PAT at INR 31.3bn surpassed our estimates of INR 28.2bn, led by a better-than-expected margin. The margin beat was led by lower commodity costs, lower royalty, and positive forex impact. On the back of its aggressive launch spree over the last few quarters, MSIL continues to be the market leader in the UV segment. While its order backlog has reduced to 215k units, it is on expected lines given the improved supply. The success of GV (9-10k units per month) is a case in point that customers are considering Maruti's products as "worthy contenders" even in the >INR1500k segment, where a few investors were so far doubting the company's "right to win". With exports picking up and higher utilisation across plants (Manesar, SMG Gujarat) we expect the EBITDA margin to expand 240 bps over FY23-26E. We roll forward to Mar26 EPS (from Sept 25 earlier) and revise our TP to INR 12,887/share (from INR 12,052/ share). Maintain BUY.
- **Ambuja Cement:** We maintain our ADD rating on Ambuja Cement, with a revised TP of INR 560/share (SOTP-based). We like the company for its healthy operating performance and strong growth outlook. In Q3FY24, Ambuja recouped the volume loss it had suffered in Q2FY24 and its volume recovered 8% QoQ (both standalone and consolidated). The profitability also benefitted from healthy pricing gains across markets. While standalone unit EBITDA rose a modest INR 23/MT QoQ on high maintenance expense and rising share of traded sales, consolidated unit EBITDA shot up INR 235/MT QoQ to strong INR 1,228/MT (ACC reported strong cost controls). Ambuja detailed its expansion plans, which should accelerate consolidated capacity to ~120mn MT by FY27 end. It is also beefing up its green power infrastructure to reduce its opex.
- **Godrej Consumers:** GCPL's Q3FY24 consolidated revenue/EBITDA grew by 2/18%YoY. The organic India growth was modest at 2% (volume 5%) as HI performance was flattish; however, the non-mosquito portfolio continued to perform well with air freshener/fabric wash delivering double-digit volume growth. Internationally, all regions exhibited healthy CC growth; however, the reported growth was 2% due to currency devaluation. Indonesian business (both revenue/EBITDA) continues to witness recovery led by HI and

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hair colour. The softening RM basket aided GM recovery, which expanded by 470bps to 56% while EBITDAM expanded by 340bps YoY to 25%, driven by cost synergies of RCCL. GCPL will continue to focus on (1) category development in the existing portfolio; (2) expanding TAM in India; and (3) simplifying international operations, which shall aid volume growth and margin expansion. We increase our EPS estimates by 1-2% and value the stock at 42x on Dec-25 EPS to derive a TP of INR 1,100. Maintain ADD.

- **Shree Cement:** We maintain our REDUCE rating on Shree Cement, with a revised SOTP target price of INR 28,700/share, owing to its expensive valuation. Cement volume grew 11% YoY in Q3FY24 and unit EBITDA expanded INR 325/MT QoQ to INR 1,387/MT. Margin expanded on strong pricing and fuel and logistics cost reduction. We estimate its blended unit EBITDA will expand INR 300/MT in FY24E on fuel cost reduction, rising share of green power and brand premiumization. The ongoing expansions will accelerate its cement capacity to 75mn MT by FY26 vs 46mn MT at FY23 end.

- **Dabur:** Dabur's Q3FY24 consolidated revenue/EBITDA grew by 7/10% YoY (HSIE: 9/10%). The domestic business volume/revenue grew by 6/4% while the international business grew 12% cc. Growth was driven by F&B/HPC growing at 7%YoY while healthcare grew 3%YoY. Healthcare was impacted on account of the delayed winter. Beverages grew at 7% on account of good performance delivered by RealFruit and double-digit growth in Real Active while foods grew 22%. The foods business remains on track to achieve INR 5bn of exit revenue in FY24. With softening RM prices, GM expanded 310/30bps YoY/QoQ to 49%. However, a 36% surge in A&P expenses restricted EBITDAM expansion to 50bps YoY, reaching 21%. EBITDA grew by 10%. The gap between rural and urban has narrowed from 800bps in the past three quarters to 200bps at present, as consumer sentiment has improved. Dabur remains optimistic about mid-high single-volume growth with double-digit revenue growth, led by (1) focus on power brands; (2) double-digit CAGR in healthcare; and (3) premiumisation across product categories. Besides, EBITDA margin also has several tailwinds, which have been stable (c.20%) for the past five years. We marginally tweak our EPS estimates by 1% and value the stock at 45x P/E on Dec-25EPS to derive a target price of INR 650. Maintain ADD.

- **SRF:** We retain our ADD rating on SRF, with a target price of INR 2,449, on the back of (1) deployment of capex for high-growth speciality chemicals business over the next 3-4 years to tap opportunities emerging from the agrochemical and pharmaceutical industries and (2) a strong balance sheet. Q3 EBITDA/APAT were 12/18% below our estimates, owing to a 10% fall in revenue and higher-than-expected employee expenses, partially offset by a decrease in other operating expenses.

- **ACC:** We maintain BUY on ACC, with a higher TP of INR 2,845/share (11x its Mar-26E consolidated EBITDA). ACC reported a strong beat, largely driven by a fall in employee/other expenses QoQ despite volume growth. In Q3, NSR recovered 2% QoQ and opex fell sharply (down 6% QoQ). So, unitary EBITDA rose by INR 350/MT QoQ to INR 1,016/MT (10-quarter high). The long-pending Ametha expansion is completed. It plans to add 1.6/2.4mn MT GU at Sindri, Jharkhand/Salai Banwa, UP, by Q4FY25/Q1FY26. Management is taking on various green initiatives to boost margins.

- **Voltas:** Voltas reported an encouraging performance in the UCP segment with 27% volume growth in Room AC (industry grew 20-22%) while segment margins expanded by 100bps YoY to 8.3%. Voltas's YTD RAC market share was stable at 19%. We expect recovery (albeit gradually) in both market share and margins, given the company (1) is scaling up its presence in the south; (2)

expanding capacities and integrating backward (INR 5bn capex); (3) has a superior product range (launched 64 SKUs in FY23); (4) has an extensive channel network (25,000+ touchpoints; 260+ EBOs); and (5) is making brand investments to further leverage its strong legacy. In the EMPS segment, while domestic project business is trending well, delayed collection and termination of contracts in overseas projects (especially Qatar) has been a drag to profitability (International EBIT loss of INR 1.4bn). While we marginally increase our UCP estimates, sustained volatility and provisioning in the EMPS segment have led to a 35/6/1% cut to our FY24/FY25/FY26 EPS. We value the stock on a SOTP basis (UCP: 45x Dec25 EPS) to arrive at a TP of INR 1,150. Maintain ADD.

- **Jubilant FoodWorks:** Jubilant's Q3 print was impacted by weak consumer sentiment as revenue/EBITDA fell by 2/3% YoY (HSIE: +7/-1%). Despite the festive season and ICC Cricket World Cup, LFL growth was -2.9%. Delivery revenue grew by 6% YoY (positive LFL), aided by 20-minute delivery (70% of delivery volumes) and the cheesy rewards loyalty program. Combo sales and other initiatives resulted in the highest-ever ticket size in the last nine quarters. However, dine-in revenue fell 6% and was a key drag to LFL. Jubilant opened 40 new stores in India and remains on track to open 200 Domino's stores in FY24. GM improved to 77% with stable input prices. However, EBITDAM fell 120 bps YoY (flat QoQ) to 21% due to low op-lev. Notwithstanding near-term demand pressures, Jubilant continues to focus on (1) driving LFL growth by strengthening value offering; (2) improving cost efficiency and productivity; (3) elevating customer experience; (4) long-term strategic initiatives (commissary); and (5) calibrated network expansion. We cut our FY24-26 earnings by 1-3% to reflect 3Q performance and value Jubilant at 55x P/E on Dec'25 EPS to arrive at a TP of INR 500. Maintain REDUCE.

- **Star Health and Allied Insurance:** STARHEAL printed soft NEP growth (+15% YoY), as the company lowered its retention ratio; retail health GDPI exhibited modest growth (+16% YoY) despite a price hike in its flagship product, exhibiting a 30bps market share erosion during 9MFY24. Loss ratios eased QoQ but continued to remain elevated at 68% (+394bps YoY), driving COR to 97.8% (-139bps QoQ). We expect STARHEAL to deliver a rebound in growth (~22% CAGR over FY24-26E) and stable loss ratios, benefitting from a price hike in its flagship product and tighter underwriting and claims review process. As the largest standalone health insurer (9MFY24 retail GDPI market share at 33%), our thesis is anchored on a strong distribution network, retail-dominated business mix and best-in-class opex ratios. We expect STARHEAL to deliver revenue/APAT CAGR of 22%/28% over FY23-25E and RoEs in the range 14-15% for FY24E/25E; maintain BUY with a revised TP of INR685 (DCF derived multiple at 39x Mar-25E P/E and 5.4x Mar-25E P/ABV).

- **Motherson Sumi Wiring India:** MSWIL's Q3FY24 PAT at INR 1.68bn surpassed our estimate of INR 1.42bn, led by a better-than-expected margin. This margin growth is attributed to higher content per vehicle in premium models. MSWIL is emerging as one of the major beneficiaries of the evolving trends (premiumisation + EVs) in the auto sector in India wherein content is set to rise in the range of 1.1x-8x. The company has developed a sustainable competitive advantage in India, leveraging its scale advantage, backward integration capabilities, and localisation efforts. In the Indian wiring harness sector, it supplies to 10 out of the top 12 PV OEMs, 2 of the top 3 EV OEMs in PVs, and 2 of the top 5 EV OEMs in the two-wheeler segment. Having been a part of 23 new launches and 17 facelifts in FY23 across various segments, the company demonstrates a strong position across markets. With the steady ramp-up of new facilities and aided by cost pass-through mechanisms, we expect MSWIL's margin to improve 130bps over FY24-26E. Given its strong franchise and superior returns, we believe the stock deserves a premium valuation relative to peers. Maintain ADD with a TP of INR 67 (valued at 34x FY26 EPS).

- **Kajaria Ceramics:** We maintain ADD on Kajaria Ceramics (KJC) with a lower target price of INR 1,410/share (35x its Mar'26E consolidated EPS). Kajaria's Q3FY24 topline was in line, but the bottom line missed our estimate owing to higher dealer incentives. Its revenue grew by 6% YoY (volume-led). EBITDA grew by 34% YoY (fuel price cool-off). Till now, management has seen no sign of demand recovery for tiles and expects similar volume growth in Q4 as 9MFY24. KJC remains confident of outperforming tiles industry volume growth by 5-6%. For FY25, it sees a scope of 100bps EBITDA margin expansion to 17%.
- **Relaxo Footwears:** Relaxo's Q3FY24 delivered an underwhelming Q3 print. Revenue grew 4.7% YoY to INR7.13bn in Q3 (HSIE: INR7.5bn). Volume/net realisation grew 14.6%/-8.7% YoY. Strong volume growth was a function of healthy growth in open footwear. GM expanded 400bps YoY to 49.0% (HSIE: 46.9%), led by softening of key raw material prices. EBITDAM expanded 162bps YoY to 12.2% (HSIE: 12.6%). We've cut our FY25/26 EPS estimates by 6.9/5.8% respectively to account for higher A&P/channel incentives which may help spur up demand and maintain SELL on the stock with a DCF-based TP of INR740/sh, implying 49x FY26E P/E.
- **KEC International:** KEC reported Q3FY24 consolidated numbers with a muted EBITDA margin profile. Its revenue/EBITDA/APAT miss stood at 0.1/6.7/3.1%. The standalone (~88% revenue) EBITDA margin also remained weak at 4.8%. The weak 9MFY24 order inflow at INR 128.5bn (i.e. 51% of FY24 guidance of INR 250bn) poses a risk to FY24 guidance. With L1 orders, the order book (OB) as of Dec'23 stood at the record high level of INR 380bn (~2.2x FY23 revenue). KEC collected INR 550mn from Afghanistan where it has a net exposure of INR 2.2bn as of Dec'23 vs. INR 2.8bn as of Sep'23. Although the consolidated net debt, including interest-bearing acceptances, reduced by INR 2.9bn to INR 60.5bn (from INR 63.4bn as of Sep'23), it remains our key concern. The NWC days as of Dec'23 stood at 129 and are expected to be ~110 by FY24-end (though it seems like a tall ask). KEC maintained its FY24 revenue guidance of INR 200bn (+16% YoY) but has reduced its EBITDA margin guidance to 6.6-6.7% vs ~7%. It guided for FY24 interest cost to be at ~3.25% of revenue. Given the slip in the margin, we have recalibrated our FY24/25/26E earnings lower. Given the company's debt-heavy balance sheet, we maintain REDUCE with a TP of INR 539/share (14x Dec-25E EPS). Rerating remains contingent upon debt reduction and margin recovery.
- **Westlife Foodworld:** Westlife reported a weak Q3 performance with revenue/EBITDA falling by 2%/13% YoY (HSIE: +8/-1%). SSSG declined by 9%, given the weakness in eating-out trends, external challenges and a high base. According to Westlife, external challenges in the form of negative global sentiment for McD (Hamas-Israel war) and floods in South India contributed to 6% of SSSG decline. While Westlife expects demand to improve from here, these external challenges can hover around for another couple of quarters. GM expanded 10bps YoY to 70% while EBITDA margin (pre-IND AS) was down by 290bps to 11.4% due to negative op-lev. PBT was down by 52%, while the margin is at 4% (down 400/100bps YoY/QoQ). Notwithstanding near-term demand pressure, Westlife remains confident of high single-digit SSSG with 45-50 yearly store additions in the medium term. In the medium term, Westlife remains best placed vs peers, given (1) a wide menu catering to various price segments across day parts; (2) sustained dine-in footfall; and (3) multiple levers for margin expansion (full McCafe roll-out, menu expansion, etc.). However, we moderate our SSSG expectation, given the

weak demand environment, and only expect a gradual recovery leading to a 25/11/7% cut in our FY24/FY25/FY26 earnings. We value Westlife at 55x P/E on Dec'25 EPS to arrive at a TP of INR 800. Maintain ADD.

- **J. Kumar Infraprojects:** JKIL reported yet another operationally strong quarter, with revenue/EBITDA/APAT at 12.2/1.8/0.8bn, beating our estimates by 5.2/8.8/10%. In FYTD24, it won projects worth INR 80.6bn vs. a revised FY24 inflow guidance of INR 110-120bn. The order book as of Dec'23 stood at INR 167.7bn (~4x FY23 revenue). Gross debt stood at INR 6.2bn as of Dec'23 vs. INR 6.4bn as of Sep'23, leading to a gross/net D/E of 0.24/0.03x. JKIL maintained its FY24 revenue growth guidance of +15% YoY with an EBITDA margin of 14-15%. Excluding the Chennai elevated corridor project, the FY24 capex guidance stands at INR 1.5bn. With ~72% utilisation of non-fund-based limits and 46% utilisation of fund-based limits, the company is well-placed to incur capex with a mix of debt and internal accruals. Further, it guided for FY24-end debt levels of INR 6.5bn and NWC days at 120. Given the limited upside to our TP, we maintain our ADD rating on the stock, with an increased TP of INR 658/sh (12x Dec-25E EPS).

Sun Pharmaceutical Industries

Steady Q3; growth visibility in specialty and India intact

BUY

EBITDA growth (+11% YoY) was led by 10% YoY sales growth (US: +11% QoQ; global specialty: +26% YoY; India: +11% YoY, RoW: +14% YoY) and higher gross margin (+284 bps) was partly offset by higher staff/R&D/SG&A (+16/26/13% YoY). SUNP continues to invest in specialty businesses to scale up this business. The prescription trend for key products (Ilumya, Cequa, and Winlevi) was strong and it expects to sustain specialty sales rate. It expects its India business to outperform IPM growth over the next few years. It has reduced debt by ~USD 640 mn in 9M'23; net cash is at USD 2.3 bn (ex-Taro at USD 990 mn) and the focus is on M&A. We have marginally tweaked estimates. We raise our TP to INR 1,650 based on 31x Dec'25E EPS (vs. INR 1,600 at 30x earlier). Maintain BUY, given growth drivers like—(1) specialty scale-up (traction in Ilumya, Winlevi, Cequa; launch of Concert's Deuruxolitinib–PDUFA date in Jul'24), (2) traction in US generics (new launces), (3) India (MR addition, new launches, in-licensing), and (4) steady margin—are intact.

- **Q3 highlights—revenue growth led by US and India**: Revenue growth of 10% YoY to INR 123.8 bn was led by +11% QoQ growth in the US to USD 477 mn (+13% YoY). Global specialty sales are up 26% YoY at USD 296 mn (+23% QoQ) including USD 20 mn milestone (in RoW; ex-milestone grew 24% YoY). Taro US was up 6% QoQ to USD 103 mn (assuming 65% of Taro's sales). India business grew 11% YoY to INR 37.78 bn. While RoW grew 14% YoY, EMs were flat. API declined 10% YoY.
- **EBITDA growth on higher GM:** Gross margin was up 284 bps YoY to 77.9%. Higher staff/R&D/SG&A (+16/26/13% YoY) led to 11% YoY growth in EBITDA to INR 33.5 bn and margin came in at 27.1% (+33 bps YoY). Higher other income (+44%) led to a reported PAT of INR 25.2 bn (+17% YoY). PAT adjusted for forex and one-off (~INR 698 mn for gLipitor settlement) was at INR 24.7 bn (+20% YoY).
- **Key takeaways from con call:** In Q3, specialty growth was led by traction in Ilumya, Cequa, and Levulan, the prescription trend remains strong, and specialty R&D was at ~39% of total R&D. SUNP's investment focus remains on scaling up its key specialty products. No major impact on the market/volume share of Ilumya from the competition coming from bHumira. The company expects the EMA filing of Nidlegy (for the Europe market) in H2FY24. Some delays in a few R&D assets like the initiation of Phase 3 for MM-II (pain in osteoarthritis) and Phase 2 for GL0034 (type-2 diabetes) from early CY24 to H2CY24. In our view, the US (ex-Taro/specialty) was flat QoQ due to plant issues (Halol and Mohali); no major contribution from gRevlimid; in Q3FY23, launched 3 products in the US. It expects India business to outpace IPM (focus on new launces/in-licensing). Capital allocation—focus on M&A and dividend payout. It expects R&D spend to be at the lower end of guidance of 7-8% in FY24 (9M'23 was at ~6.2% of sales).
- **Outlook and valuation**: We expect SUNP to see steady growth, led by scale-up in specialty and stable growth in India. Margin to remain at 27-28% despite higher R&D. Strong balance sheet enables its M&A activity (strong track record of M&A execution). Maintain BUY with revised TP of INR 1,650, based on a 31x Dec'25E.

Quarterly financial summary

(INR mn)	3Q FY24	3Q FY23	YoY (%)	2Q FY24	QoQ (%)	FY22	FY23	FY24E	FY25E	FY26E
Net Revenue	1,23,807	1,12,410	10	1,21,924	2	3,86,545	4,38,857	4,87,661	5,45,817	6,08,445
EBITDA	33,523	30,069	11	32,135	4	1,02,438	1,17,729	1,32,644	1,51,191	1,69,756
APAT	24,769	20,691	20	24,048	3	76,048	86,481	96,480	1,14,965	1,31,918
EPS (INR)	10.3	8.6	20	10.0	3	31.7	36.0	40.2	47.9	55.0
P/E (x)						44.7	39.3	35.3	29.6	25.8
EV/EBITDA (x)						32.4	28.5	24.8	21.3	18.5
RoCE (%)						17	16	17	19	19

Source: Company, HSIE Research, PAT adjusted for one-offs

CMP *(as on 31 Jan 2024)*	INR 1,418
Target Price	INR 1,650
NIFTY	21,726

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1600	INR 1650
EPS %	FY25E	FY26E
	(0.2)	(0.2)

KEY STOCK DATA	
Bloomberg code	SUNP IN
No. of Shares (mn)	2,399
MCap (INR bn) / ($ mn)	3,403/41,614
6m avg traded value (INR mn)	2,478
52 Week high / low	INR 1,439/922

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	30.3	24.1	37.1
Relative (%)	18.0	16.2	16.6

SHAREHOLDING PATTERN (%)	Sep-23	Dec-23
Promoters	54.48	54.48
FIs & Local MFs	19.67	19.52
FPIs	16.79	17.07
Public & Others	9.06	8.93
Pledged Shares	1.33	2.44

Source: BSE

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Maruti Suzuki

Margin beat despite the rise in discounts

Maruti Suzuki's Q3FY24 PAT at INR 31.3bn surpassed our estimates of INR 28.2bn, led by a better-than-expected margin. The margin beat was led by lower commodity costs, lower royalty, and positive forex impact. On the back of its aggressive launch spree over the last few quarters, MSIL continues to be the market leader in the UV segment. While its order backlog has reduced to 215k units, it is on expected lines given the improved supply. The success of GV (9-10k units per month) is a case in point that customers are considering Maruti's products as "worthy contenders" even in the >INR1500k segment, where a few investors were so far doubting the company's "right to win". With exports picking up and higher utilisation across plants (Manesar, SMG Gujarat) we expect the EBITDA margin to expand 240 bps over FY23-26E. We roll forward to Mar26 EPS (from Sept 25 earlier) and revise our TP to INR 12,887/share (from INR 12,052/ share). Maintain BUY.

- **Higher margin leads to PAT beat:** The key surprise in Q3 was the 210bps YoY margin improvement to 12.3% (our estimate of 11.5%). The realisations were expected to fall QoQ due to a lower share of UVs in the volumes. In Q3FY24, the contribution of UVs to total stood at 30.7% vs 32.6% in Q2FY24. EBITDA margin declined 120bps QoQ due to lower wholesale share and higher marketing spending in the festive season. The management highlighted the impact on margins: higher share of retail (-110bps), higher discounts (-70bps), and higher ad spends (-30bps). There was a positive effect of forex (+30bps), lower royalty (+30bps), and commodity cost (+30bps). Higher non-operating income and lower depreciation led to a significant PAT beat (INR 31.4bn) vs our estimate of INR 28.2bn.
- **Call takeaways**: (1) Management has maintained that the PV industry is likely to grow at 3-5% for FY25E and that MSIL would outperform the industry. (2) The current order backlog has now reduced to 215k units (from 250k units in Q2FY24) with improved availability of semiconductors. (3) The average discount per vehicle has increased 32% QoQ to INR 23,300, primarily due to weak car demand. (4) **Cost outlook**: While precious metal costs continue to soften QoQ, steel prices are again on an uptrend, which remains a cause of worry. (5) Management has maintained capex guidance of INR 80bn for FY24E. (6) Management has indicated that it would aim to launch 10 new models by 2030, taking the total number of models to 28 (including six EV models). (7) The first phase of Kharkoda capacity expansion is expected to commence operations in FY25. The expected annual capacity addition is 250k units. It plans to increase capacity to 1mn units in four such phases. (8) There could be an increase in costs due to geopolitical challenges (Red Sea crisis), which could impact export shipments.

Quarterly/annual financial summary

YE Mar (INR mn)	Q3 FY24	Q3 FY23	YoY (%)	Q2 FY24	QoQ (%)	FY23	FY24E	FY25E	FY26E
Net Sales	318,600	278,492	14.4	355,351	-10.3	1,125,008	1,317,548	1,520,870	1,720,910
EBITDA	39,079	28,331	37.9	47,842	-18.3	110,077	157,830	185,689	211,818
APAT	31,300	23,513	33.1	37,165	-15.8	80,492	125,889	143,596	162,068
Diluted EPS (INR)	99.6	74.8	33.1	118.2	-15.8	266.5	400.5	456.8	515.6
P/E (x)						37.9	25.2	22.1	19.6
EV / EBITDA (x)						23.5	16.1	13.3	11.3
RoCE (%)						16.9	19.5	19.7	19.8

Source: Company, HSIE Research

BUY

CMP *(as on 31 Jan 2024)*	INR10,187
Target Price	INR12,887
NIFTY	21,726

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 12,052	INR 12,887
EPS %	FY24E	FY25E
	0.9%	0.9%

KEY STOCK DATA	
Bloomberg code	MSIL IN
No. of Shares (mn)	314
MCap (INR bn) / ($ bn)	3,203/39,163
6m avg traded value (INR mn)	5,695
52 Week high / low	INR 10,933/8,127

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(2.0)	3.7	14.5
Relative (%)	(14.3)	(4.1)	(6.0)

SHAREHOLDING PATTERN (%)	Sep-23	Dec-23
Promoters	56.48	58.19
FIs & Local MFs	18.30	17.77
FPIs	20.96	20.60
Public & Others	4.26	3.43
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Ambuja Cement

Healthy performance and outlook

ADD

CMP *(as on 31 Jan 2024)*	INR 560
Target Price	**INR 560**
NIFTY	**21,726**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 510	INR 560
EBITDA revision %	FY24E *(3.9)*	FY25E *0.3*

KEY STOCK DATA	
Bloomberg code	ACEM IN
No. of Shares (mn)	1,986
MCap (INR bn) / ($ mn)	1,113/13,604
6m avg traded value (INR mn)	1,830
52 Week high / low	INR 586/315

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	32.0	21.0	39.7
Relative (%)	19.7	13.2	19.2

SHAREHOLDING PATTERN (%)

	Sep-23	Dec-23
Promoters	63.19	63.19
FIs & Local MFs	15.53	15.83
FPIs	11.65	11.88
Public & Others	9.63	9.10
Pledged Shares	63.15	0.00

Source : BSE

Pledged shares as % of total shares

We maintain our ADD rating on Ambuja Cement, with a revised TP of INR 560/share (SOTP-based). We like the company for its healthy operating performance and strong growth outlook. In Q3FY24, Ambuja recouped the volume loss it had suffered in Q2FY24 and its volume recovered 8% QoQ (both standalone and consolidated). The profitability also benefitted from healthy pricing gains across markets. While standalone unit EBITDA rose a modest INR 23/MT QoQ on high maintenance expense and rising share of traded sales, consolidated unit EBITDA shot up INR 235/MT QoQ to strong INR 1,228/MT (ACC reported strong cost controls). Ambuja detailed its expansion plans, which should accelerate consolidated capacity to ~120mn MT by FY27 end. It is also beefing up its green power infrastructure to reduce its opex.

- **Q3FY24 - Standalone performance:** ACEM's volume rose 8/8% QoQ/YoY. Sales volume under MSA accelerated in Q3. NSR increased 4/2% QoQ/YoY on healthy pricing gains. Unit opex increased 4% QoQ, mainly on high maintenance expenses (12% clinker capacity under maintenance in Q3) and rising share of MSA volumes (share of traded purchase shot up to 15% vs 11/5% QoQ/YoY). Thus, unit EBITDA rose a modest INR 23/MT QoQ to INR 1,043/MT. **Consolidated performance:** Volume rose 3% YoY (+8% QoQ) on better sales traction across both ACC and Ambuja. NSR rose 2% QoQ (flat YoY). Unit opex cooled off 3% QoQ on op-lev gains and logistics cost controls. Thus, unit EBITDA shot up by INR 234/MT QoQ to INR 1,228/MT (10-quarter high).
- **Capex and other updates:** Ambuja outlined organic expansion plans for 10.2/32mn MT clinker/cement capacity additions by FY27. Ambuja will also be expanding Sanghi's capacity and it will also announce more clinker expansions, going ahead. Thus, consolidated cement capacity will soar to ~120mn MT by FY27-end. The group is also investing in setting up renewal and WHRS capacity over the next 3-4 years to bolster its green power share to 60% by FY28-end. We cut our FY24 EBITDA estimate by 4% and maintain our FY25/26 estimate. Factoring in a healthy business outlook, we increase our valuation multiple for the standalone operations to 16x from 15x earlier. Thus, our SOTP-based target price increases to INR 560/share, as we value the standalone cement business at 16x Mar-26E EBITDA, its 50% holding in ACC at our target market cap for ACC, and the 57% stake in Sanghi at BV.

Standalone quarterly/annual financial summary

YE Dec (INR bn)	Q3 FY24	Q3 FY23	YoY (%)	Q2 FY24	QoQ (%)	CY21	FY23	FY24E	FY25E	FY26E
Sales (mn MT)	8.16	7.72	*5.8*	7.58	*7.7*	27.02	37.78	34.62	37.18	41.67
NSR (INR/MT)	5,439	5,351	*1.6*	5,236	*3.9*	5,174	5,290	5,311	5,307	5,301
EBITDA(INR/MT)	1,043	829	*25.8*	1,020	*2.2*	1,190	852	1,061	1,232	1,314
Net Sales	44.40	41.29	*7.5*	39.70	*11.8*	139.79	199.85	183.89	197.32	220.89
EBITDA	8.51	6.39	*33.1*	7.73	*10.0*	32.15	32.20	36.74	45.79	54.77
APAT	5.14	4.30	*19.4*	6.44	*(20.2)*	21.49	25.61	25.89	32.45	40.67
AEPS (INR)	2.6	2.2	*19.4*	3.2	*(20.2)*	10.8	10.3	10.5	13.2	16.5
EV/EBITDA (x)						37.8	36.6	27.5	21.2	17.1
EV/MT (INR bn)						38.79	37.61	32.29	24.47	21.09
P/E (x)						64.1	53.8	53.2	42.4	33.9
RoE (%)						10.1	8.1	7.0	6.9	8.2

Source: Company, HSIE Research

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Godrej Consumers

Resilient operating performance

GCPL's Q3FY24 consolidated revenue/EBITDA grew by 2/18%YoY. The organic India growth was modest at 2% (volume 5%) as HI performance was flattish; however, the non-mosquito portfolio continued to perform well with air freshener/fabric wash delivering double-digit volume growth. Internationally, all regions exhibited healthy CC growth; however, the reported growth was 2% due to currency devaluation. Indonesian business (both revenue/EBITDA) continues to witness recovery led by HI and hair colour. The softening RM basket aided GM recovery, which expanded by 470bps to 56% while EBITDAM expanded by 340bps YoY to 25%, driven by cost synergies of RCCL. GCPL will continue to focus on (1) category development in the existing portfolio; (2) expanding TAM in India; and (3) simplifying international operations, which shall aid volume growth and margin expansion. We increase our EPS estimates by 1-2% and value the stock at 42x on Dec-25 EPS to derive a TP of INR 1,100. Maintain ADD.

- **Volume-led growth:** Revenue grew 2% YoY (HSIE: flat). Domestic revenue grew 9% YoY (organic: 2%) while international revenue grew 2%. Domestic volume growth was at 12% (organic 5%). Home care revenue grew 5% YoY, HI saw LSD volume growth, air fresheners delivered double-digit volume and value growth and fabric care delivered double-digit volume growth. Personal care revenue (organic) grew by 2% driven by double-digit volume growth in hair colour and shampoo hair colour. RCCL reported revenue of INR INR139cr during the quarter. GCPL continues to focus on market expansion by driving penetration and an up-trade theme. We model a 10% domestic revenue CAGR for FY23-26E.
- **International—broad-based CC growth:** International revenue grew by 2% YoY. The Indonesia revenue grew 8/7% YoY in INR/CC, led by HI and hair colour. GUAM revenue grew -8/14% in INR/CC. Latin America & SAARC sales grew -45/181% YoY in INR/CC. GAUM and LATAM were impacted by currency devaluation. Reorganisation in East Africa is to be completed by Q1FY25. We model c.8% revenue CAGR for FY23-26E.
- **Margin recovery sustains:** GM expanded by 470bps YoY to 56%, aided by softening RM inflation (India GM 60%). Consolidated EBITDA margin expanded by 340bps YoY to 25% as GCPL stepped up media spending (up 172bps YoY). EBITDA margin for Indonesia/GUAM came in at 21/11% in Q3FY24. Consolidated EBITDA grew by 18% YoY. Margin expansion was on account of the cost synergies of RCCL and the minimal impact of the devaluation of Argentina's Peso. We model a 21-22% EBITDA margin for FY24-FY26.
- **Con call takeaways**: (1) RCCL integrations have been completed and cost synergies have started to flow. (2) Entered INR 12bn incense stick market by launching an anti-mosquito incense stick. (3) Launched Fab Liquid detergent in select South markets. (4) Market share in fabric wash is 15-20%. (5) Green shoots visible in male grooming portfolio (Park Avenue). (6) Price decline in personal wash will be restored from Q4FY24.

Quarterly/annual financial summary

(INR mn)	Q3 FY24	Q3 FY23	YoY (%)	Q2 FY24	QoQ (%)	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	36,596	35,989	1.7	36,020	1.6	1,22,765	1,33,160	1,41,026	1,59,259	1,75,124
EBITDA	9,047	7,675	17.9	7,234	25.1	23,951	24,305	30,534	34,997	39,035
APAT	5,862	5,528	6.0	4,415	32.8	17,936	17,461	19,529	24,395	27,614
EPS (INR)	5.7	5.4	6.0	4.3	32.8	17.5	17.1	19.1	23.9	27.0
P/E (x)						66.4	68.2	61.0	48.8	43.1
EV / EBITDA(x)						49.7	49.3	47.4	38.5	33.2
RoCE (%)						18.1	16.9	17.0	17.0	18.6

Source: Company Data, HSIE Research

ADD

CMP *(as on 31 Jan 2024)*	INR 1,164
Target Price	INR 1,100
NIFTY	21,726

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,100	INR 1,100
EPS %	FY25E	FY26E
	+2%	+1%

KEY STOCK DATA	
Bloomberg code	GCPL IN
No. of Shares (mn)	1,023
MCap (INR bn) / ($ mn)	1,191/14,560
6m avg traded value (INR mn)	1,113
52 Week high / low	INR 1,230/894

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	17.4	12.4	27.5
Relative (%)	5.0	4.5	7.0

SHAREHOLDING PATTERN (%)	Sep-23	Dec-23
Promoters	63.21	63.21
FIs & Local MFs	7.65	8.39
FPIs	23.52	22.95
Public & Others	5.62	5.45
Pledged Shares	0.42	0.42

Source : BSE

Pledged shares as % of total shares

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Shree Cement

Margin rebounds as fuel, freight costs continue to fall

We maintain our REDUCE rating on Shree Cement, with a revised SOTP target price of INR 28,700/share, owing to its expensive valuation. Cement volume grew 11% YoY in Q3FY24 and unit EBITDA expanded INR 325/MT QoQ to INR 1,387/MT. Margin expanded on strong pricing and fuel and logistics cost reduction. We estimate its blended unit EBITDA will expand INR 300/MT in FY24E on fuel cost reduction, rising share of green power and brand premiumization. The ongoing expansions will accelerate its cement capacity to 75mn MT by FY26 vs 46mn MT at FY23 end.

- **Q3FY24 performance:** Shree's EBITDA came in 20/15% ahead of ours/consensus estimates. Cement volume grew 11% YoY on strong sales traction in the north and south markets. It sold ~60/28% in the north/east and the rest in the south/west markets. Trade sales comprised 76% with blended cement share at 72%. Reported unit EBITDA soared from INR 325/MT QoQ to INR 1,387/MT. NSR (ex-power) improved 3% QoQ on price increases across markets. Unit opex fell 5% QoQ on continued reduction in fuel and freight costs. Fuel cost reduced by ~INR 140/MT and freight reduced by INR 65/MT QoQ. The merchant power segment delivered revenue/EBITDA of INR 3.0 /0.3bn in Q3FY24.
- **Con call updates and outlook**: Shree maintained its FY24 volume growth guidance of ~12%. It expects its fuel cost to remain stable QoQ in Q4. It is targeting to expand the share of its premium cement sales to 12/15% by FY24/FY25 end (vs 7% in FY23). The Nawalgarh (Rajasthan) IU 3.5mn MT was commissioned in Jan-24 and Guntur, AP IU is expected by Mar-24. The work on the recently announced 7.2/12mn MT clinker/cement capacity (by Mar'25) across Rajasthan, Uttar Pradesh and Karnataka (capex of INR 70bn) is on track. It will also add 3.4mn MT brownfield SGU in Chhattisgarh (by Sep-25, Capex INR 5.5bn). The company is also working on a 3mn MT brownfield grinding expansion in the north. Factoring in the robust performance in Q3 and a strong outlook for FY25-26E, we raise our unit EBITDA estimates for FY24/25/26E by ~INR 150/MT each. Thus, we raise standalone EBITDA estimates by 12/13/12% respectively. Our SOTP-based TP of INR 28,700 (revised up) 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)	Q3 FY24	Q3 FY23	YoY (%)	Q2 FY23	QoQ (%)	FY22	FY23	FY24E	FY25E	FY26E
Sales Vol (mn MT)	8.9	8.0	*10.7*	8.2	*8.5*	27.7	31.8	36.0	40.6	44.7
NSR (INR/MT)	5,510	5,065	*8.8*	5,399	*2.1*	5,089	5,292	5,450	5,450	5,505
EBITDA (INR/MT)	1,387	881	*57.4*	1,062	*30.7*	1,315	925	1,235	1,286	1,306
Net Sales	49.01	40.69	*20.4*	44.25	*10.8*	141.16	168.37	195.97	221.45	246.03
EBITDA	12.34	7.08	*74.3*	8.70	*41.8*	36.48	29.42	44.39	52.26	58.38
APAT	7.34	2.77	*165.3*	4.91	*49.4*	22.72	11.74	22.95	24.12	23.29
AEPS (INR)	210.7	76.7	*174.7*	136.2	*54.8*	629.7	325.3	636.0	668.5	645.4
EV/EBITDA (x)						26.2	32.4	21.6	18.3	16.8
EV/MT (INR bn)						20.6	20.6	17.2	15.5	13.2
P/E (x)						45.1	87.3	44.7	42.5	44.0
RoE (%)						14.0	6.6	*11.9*	*11.5*	*10.2*

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

REDUCE

CMP ***(as on 31 Jan, 2024)***	**INR 28,556**
Target Price	**INR 28,700**
NIFTY	**21,726**

KEY CHANGES	**OLD**	**NEW**
Rating	REDUCE	REDUCE
Price Target	INR 24,000	INR 28,700
EBITDA revision %	FY24E *12.4*	FY25E *13.4*

KEY STOCK DATA	
Bloomberg code	SRCM IN
No. of Shares (mn)	36
MCap (INR bn) / ($ mn)	1,030/12,599
6m avg traded value (INR mn)	709
52 Week high / low	INR 29,250/22,601

STOCK PERFORMANCE (%)

	3M	**6M**	**12M**
Absolute (%)	11.3	18.4	20.6
Relative (%)	(1.0)	10.6	0.1

SHAREHOLDING PATTERN (%)

	Sep-23	**Dec-23**
Promoters	62.55	62.55
FIs & Local MFs	12.56	12.55
FPIs	12.21	12.30
Public & Others	12.68	12.59
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Dabur

Margin recovery sustains

Dabur's Q3FY24 consolidated revenue/EBITDA grew by 7/10% YoY (HSIE: 9/10%). The domestic business volume/revenue grew by 6/4% while the international business grew 12% cc. Growth was driven by F&B/HPC growing at 7%YoY while healthcare grew 3%YoY. Healthcare was impacted on account of the delayed winter. Beverages grew at 7% on account of good performance delivered by RealFruit and double-digit growth in Real Active while foods grew 22%. The foods business remains on track to achieve INR 5bn of exit revenue in FY24. With softening RM prices, GM expanded 310/30bps YoY/QoQ to 49%. However, a 36% surge in A&P expenses restricted EBITDAM expansion to 50bps YoY, reaching 21%. EBITDA grew by 10%. The gap between rural and urban has narrowed from 800bps in the past three quarters to 200bps at present, as consumer sentiment has improved. Dabur remains optimistic about mid-high single-volume growth with double-digit revenue growth, led by (1) focus on power brands; (2) double-digit CAGR in healthcare; and (3) premiumisation across product categories. Besides, EBITDA margin also has several tailwinds, which have been stable (c.20%) for the past five years. We marginally tweak our EPS estimates by 1% and value the stock at 45x P/E on Dec-25EPS to derive a target price of INR 650. Maintain ADD.

- **Consolidated revenue up 7% YoY:** Revenue grew by 7% YoY (+3% in Q3FY23 and +7% in Q2FY24), driven by MSD growth in HPC/F&B and LSD growth in healthcare. Shampoo grew 11/15% YoY/4-year CAGR, driven by sachet distribution in rural areas, and the entire growth was volume-led. The international business saw a 12% CC growth. Rural grew 200bps ahead of urban demand. Oral care/skin/home care grew 8/5/7%YoY. Badshah grew 33% during the quarter with food growing 22/10%YoY volume/price. MRP-led price hike of 2.5% was taken in foods on account of inflation for certain categories. We model a 10% revenue CAGR in FY23-26E.
- **EBITDA up 10%:** GM expanded by 310/30bps YoY/QoQ to 48.6%, aided by the softening RM basket. Employee/other expenses grew by 7/18% YoY. Other expense (ex-legal expense) impact grew by 4%YoY. With Dabur stepping up A&P spending, which grew by 36% YoY (8% of sales), the EBITDAM expansion was restricted to 50bps YoY, touching 21% (HSIE: 20%). EBITDA grew by 10% YoY. We model a 20-21% EBITDA margin for FY24-FY26.
- **Con call takeaways**: (1) To incur a capex of INR1.4bn for a greenfield plant in South India for toothpaste, Odonil and honey. (2) Hair oil market share improved by 140bps. (3) Offtakes of healthcare portfolio to come with a lag in Q4FY24 due to a delayed winter. (4) Badshah distribution to expand in Madhya Pradesh and Rajasthan and gradually inch up international business. (5) Odomos format extension from crème to LVP is gaining traction and gained 1000bps market share in the original personal application form. (6) The newly set up therapeutics division contributes INR35cr run rate per quarter.

Quarterly/annual financial summary

(INR mn)	Q3FY24	Q3FY23	YoY(%)	Q2FY24	QoQ (%)	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	32,551	30,432	7.0	32,038	1.6	1,08,887	1,15,299	1,25,960	1,38,881	1,52,222
EBITDA	6,678	6,099	9.5	6,609	1.1	22,538	21,641	25,192	28,471	31,967
APAT	5,372	4,766	12.7	5,151	4.3	17,393	17,303	20,273	22,906	25,405
EPS (INR)	3.0	2.7	12.4	2.9	4.3	9.8	9.8	11.4	12.9	14.3
P/E (x)						54.7	55.1	47.0	41.6	37.5
EV / EBITDA (x)						40.0	41.8	35.7	31.3	27.6
RoCE (%)						57.0	46.5	46.4	52.9	61.3

Source: HSIE Research

ADD

CMP *(as on 31 Jan 2024)*	INR 540
Target Price	INR 650
NIFTY	21,726

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 650	INR 650
EPS %	FY24E	FY25E
	-1%	-1%

KEY STOCK DATA	
Bloomberg code	DABUR IN
No. of Shares (mn)	1,772
MCap (INR bn) / ($ mn)	956/11,692
6m avg traded value (INR mn)	1,058
52 Week high / low	INR 597/504

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	2.0	(6.3)	(3.3)
Relative (%)	(10.3)	(14.1)	(23.7)

SHAREHOLDING PATTERN (%)

	Sep-23	Dec-23
Promoters	66.23	66.24
FIs & Local MFs	9.91	11.78
FPIs	18.38	16.49
Public & Others	5.48	5.49
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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SRF

Subdued performance

We retain our ADD rating on SRF, with a target price of INR 2,449, on the back of (1) deployment of capex for high-growth speciality chemicals business over the next 3-4 years to tap opportunities emerging from the agrochemical and pharmaceutical industries and (2) a strong balance sheet. Q3 EBITDA/APAT were 12/18% below our estimates, owing to a 10% fall in revenue and higher-than-expected employee expenses, partially offset by a decrease in other operating expenses.

- **Chemicals business (CB):** Revenue/EBIT fell 2/7.5% QoQ to INR 13.9/3.2bn. Specialty chemicals' business performance was impacted as key customers rationalized inventory. While the revenue was impacted in the first half of the quarter, it witnessed a significant recovery in the latter half. The company launched three new products in Q3 in the agro vertical; it has a robust pipeline of new and complex products. SRF capitalised INR 11bn in 9MFY24 for specialty chemicals and a further INR7bn will be capitalised in Q4FY24. It also capitalised the PTFE and R32 plants in the fluorochemicals business in Q3.
- **Packaging films business (PFB)**: Revenue/EBIT decreased by 2.8/42% QoQ to INR10.90/0.45bn. EBIT margin decreased by 277bps sequentially while it was down 575bps YoY to 4%. The business was impacted by the oversupply of BOPET and BOPP. The company commenced an aluminum foil facility on 1 January 2024 and capitalized INR5.3bn.
- **Technical textiles business (TTB)**: Revenue/EBIT decreased by 9/8% QoQ to INR4.6/0.68bn. EBIT margin improved by 20/698 bps QoQ/YoY to 15%. Operations were impacted by the cyclone in Manali. SRF's performance in belting fabrics and polyester yarn segments improved during the quarter.
- **Change in estimates:** We cut our FY24/25 EPS estimates by 4/2% to INR 47.0/62.0 to factor in the overall Q3FY24 performance.
- **DCF-based valuation: Our target price is INR 2,449 (WACC 11%, terminal growth 5.5%). The stock is trading at 38x FY25E EPS.**

Financial summary (consolidated)

INR mn	3QFY24	2QFY24	*QoQ(%)*	3QFY23	*YoY(%)*	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	30,530	31,774	*(3.9)*	34,697	*(12.0)*	1,23,128	1,45,918	1,27,784	1,45,033	1,76,095
EBITDA	5,839	6,453	*(9.5)*	8,486	*(31.2)*	31,032	35,292	26,502	33,341	46,063
APAT	2,896	3,008	*(3.7)*	5,109	*(43.3)*	18,285	21,518	14,037	18,352	26,867
AEPS (INR)	9.8	10.1	*(3.7)*	17.2	*(43.3)*	61.7	72.6	47.4	61.9	90.6
P/E (x)						35.4	30.1	49.0	37.5	25.6
EV/EBITDA(x)						21.8	19.3	27.4	22.0	15.9
RoE (%)						23.7	22.8	12.8	14.9	18.8

Source: Company, HSIE Research

Change in estimates (consolidated)

Y/E Mar	FY24E Old	FY24E New	% Ch	FY25E Old	FY25E New	% Ch
EBITDA (INR mn)	27,318	26,502	(3.0)	**33,667**	**33,341**	**(1.0)**
Adj. EPS (INR/sh)	49.4	47.4	(4.2)	62.7	61.9	(1.3)

Source: Company, HSIE Research

ADD

CMP *(as on 31 Jan 2024)*	INR 2,325
Target Price	INR 2,449
NIFTY	21,726

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2,541	INR 2,449
EPS %	FY24E -4.2%	FY25E -1.3%

KEY STOCK DATA	
Bloomberg code	SRF IN
No. of Shares (mn)	296
MCap (INR bn) / ($ mn)	689/8,427
6m avg traded value (INR mn)	1,068
52 Week high / low	INR 2,637/2,040

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	5.9	7.1	6.5
Relative (%)	(6.4)	(0.7)	(14.0)

SHAREHOLDING PATTERN (%)

	Sep-23	Dec-23
Promoters	50.53	50.53
FIs & Local MFs	14.13	14.53
FPIs	19.79	19.60
Public & Others	15.55	15.35
Pledged Shares	0.00	0.00

Source : BSE

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ACC

Strong volume growth; margin at 10-quarter high

We maintain BUY on ACC, with a higher TP of INR 2,845/share (11x its Mar-26E consolidated EBITDA). ACC reported a strong beat, largely driven by a fall in employee/other expenses QoQ despite volume growth. In Q3, NSR recovered 2% QoQ and opex fell sharply (down 6% QoQ). So, unitary EBITDA rose by INR 350/MT QoQ to INR 1,016/MT (10-quarter high). The long-pending Ametha expansion is completed. It plans to add 1.6/2.4mn MT GU at Sindri, Jharkhand/Salai Banwa, UP, by Q4FY25/Q1FY26. Management is taking on various green initiatives to boost margins.

- **Q3FY24 performance:** ACC reported a strong beat as its consolidated EBITDA came in 21/30% ahead of ours/consensus estimates. The beat is largely driven by a fall in employee/other expenses QoQ despite volume growth. Cement volume rose 10% QoQ, bolstering YoY growth at 17% (on a low base of last year). MSA volumes continue to accelerate and purchase of traded sales accounted for 14% in Q3 vs 11.5/12.4% QoQ/YoY. NSR recovered 2% QoQ in Q3 (still down 5% YoY). Opex fell sharply, down 6% QoQ as all expenses fell. Input cost remained flattish QoQ and fuel cost (kCal basis) reduced by ~INR 135/MT. Even logistics costs were reduced by INR 100/MT. Additionally, it reported lower employee and other expenses, despite rising volumes, and aided a fall in unit opex. Share of WHRS power increased to 9.1% vs 8.4/6.4% QoQ/YoY. Unitary EBITDA thus sprang by INR 350/MT QoQ to INR 1,016/MT (10-quarter high).
- **Expansion update and outlook:** During Q3FY24, it commissioned a 1mn MT cement mill and 16MW WHRS at Ametha. It will be further adding 18/21.5MW across Chanda and Wadi in FY25, leading to 86 MW WHRS capacity by FY25. In Jan-24, ACC acquired the remaining 55% stake in its associate company Asian Concretes for a cash consideration of INR 4.25bn, thus adding 2.8mn MT cement capacity across HP and Punjab. It plans to add 1.6/2.4mn MT GU at Sindri, Jharkhand/ Salai Banwa, UP, by Q4FY25/Q1FY26. Adani management is also working on various cost reduction programs (WHRS AFR equipment, solar power, coal mines and direct dispatches) which should boost margin, going ahead. We upgrade our EBITDA estimates for FY24/25/26E by 4/2/3% and maintain BUY with a higher TP of INR 2,845.

Consolidated financial summary

YE Dec (INR bn)	Q3 FY24	Q3 FY23	YoY (%)	Q2 FY24	QoQ (%)	CY21	FY23	FY24E	FY25E	FY26E
Sales (mn MT)	8.9	7.6	16.5	8.1	9.9	28.9	38.6	36.2	38.9	40.5
NSR (INR/MT)	5,185	5,450	(4.9)	5,094	1.8	5,161	5,276	5,186	5,212	5,264
EBITDA(INR/MT)	1,016	482	110.6	668	52.1	1,011	480	874	963	1,004
Net Sales	49.1	45.4	8.3	44.3	10.8	161.5	222.1	200.6	216.9	229.1
EBITDA	9.0	3.8	138.6	5.5	64.7	30.0	19.2	32.0	37.9	41.2
APAT	5.4	2.7	98.1	3.9	38.6	19.2	10.5	19.7	22.7	25.6
AEPS (INR)	28.6	10.2	179.6	20.6	38.6	102.1	44.6	104.7	120.8	136.1
EV/EBITDA (x)						13.3	22.9	13.4	10.8	9.6
EV/MT (INR bn)						11.57	12.21	10.79	9.88	9.04
P/E (x)						24.9	45.7	24.3	21.1	18.7
RoE (%)						14.2	5.9	13.2	13.7	13.8

Source: Company, HSIE Research

BUY

CMP *(as on 31 Jan 2024)*	**INR 2,544**
Target Price	**INR 2,845**
NIFTY	**21,726**

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,770	INR 2,845
EBITDA revision %	FY24E *3.6*	FY25E *1.7*

KEY STOCK DATA	
Bloomberg code	ACC IN
No. of Shares (mn)	188
MCap (INR bn) / ($ mn)	478/5,842
6m avg traded value (INR mn)	1,298
52 Week high / low	INR 2,584/1,592

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	34.7	26.1	29.3
Relative (%)	22.4	18.2	8.8

SHAREHOLDING PATTERN (%)

	Sep-23	Dec-23
Promoters	56.69	56.69
FIs & Local MFs	22.79	24.15
FPIs	7.10	6.24
Public & Others	13.42	12.92
Pledged Shares	6.64	0.00

Source : BSE

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Voltas

EMPS provisioning drags a good UCP performance

Voltas reported an encouraging performance in the UCP segment with 27% volume growth in Room AC (industry grew 20-22%) while segment margins expanded by 100bps YoY to 8.3%. Voltas's YTD RAC market share was stable at 19%. We expect recovery (albeit gradually) in both market share and margins, given the company (1) is scaling up its presence in the south; (2) expanding capacities and integrating backward (INR 5bn capex); (3) has a superior product range (launched 64 SKUs in FY23); (4) has an extensive channel network (25,000+ touchpoints; 260+ EBOs); and (5) is making brand investments to further leverage its strong legacy. In the EMPS segment, while domestic project business is trending well, delayed collection and termination of contracts in overseas projects (especially Qatar) has been a drag to profitability (International EBIT loss of INR 1.4bn). While we marginally increase our UCP estimates, sustained volatility and provisioning in the EMPS segment have led to a 35/6/1% cut to our FY24/FY25/FY26 EPS. We value the stock on a SOTP basis (UCP: 45x Dec25 EPS) to arrive at a TP of INR 1,150. Maintain ADD.

- **Revenue grew by 5%; EMPS drags profitability:** Revenue grew by 31% YoY to INR26.3bn (5/9% above HSIE/consensus), driven by broad-based growth across all segments. Gross margin contracted by 250bps YoY to 24.5% (HSIE: 21.5%). EBITDA fell by 63% YoY to INR284mn (72/75% below HSIE/consensus) while the margin contracted by 270bps YoY to 1.1% (HSIE: 4%). Employee/other expenses grew by 17%/43%YoY. The PBT decline was restricted to 33% at INR 599mn, aided by an 89% increase in other income. JV losses widened to INR 361mn vs INR 326mn LY. Voltas reported a loss of INR 304mn vs a profit of INR 270mn LY.
- **UCP margins expand 100bps YoY; EMPS losses widen: UCP** revenue grew by 21% YoY to INR14.8bn while margin expanded 100bps YoY to 8.3%. Overall volume grew by 22% while RAC saw 27% growth. Voltas's YTD RAC market share remained stable at 19%. On a 9M basis, Voltas saw 17% growth vs 16/22% growth for Lloyd/Bluestar. **EMPS** revenue grew by 51% YoY to INR9.8bn while margin came in at -12.2% vs -7.1% YoY. While domestic projects are witnessing healthy order booking and execution, international projects are plagued by unreasonable delays in the release of due receivables, and prolongation of execution timelines leading to cost overruns which is impacting profitability. **EPS** revenue grew by 31% YoY to INR1.5bn while the margin contracted by 680bps YoY to 32.2%.
- **Con call takeaways:** (1) Festive season and wedding season supported demand for consumer appliances. (2) Air coolers saw lower tertiary demand. Exit market share of 8.9% as of Nov'23. #2 player. (3) Domestic projects business saw 83% growth in revenue. International projects business reported an EBIT loss of INR 1.4bn. (4) Voltbek volume grew 65% YoY. Fastest to clock 4.5mn cumulative volume since launch. (5) W/M market share is at 5.5% and refrigerator market share is at 3.3%. SAWM market share stood at 12.2%. (6) The domestic/international order book stood at c.INR 55/25bn.

Quarterly/annual financial summary

(INR mn)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ(%)	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	26,257	20,056	30.9	22,928	14.5	79,345	94,988	1,18,045	1,33,591	1,48,920
EBITDA	284	764	(62.8)	703	(59.6)	6,816	5,724	5,164	9,837	11,976
APAT	(304)	270	(212.6)	367	(182.9)	5,041	3,788	3,161	7,534	9,332
EPS (INR)	(0.9)	0.8	(212.6)	1.1	(182.9)	15.2	11.5	9.6	22.8	28.2
P/E (x)						71.8	95.5	114.5	48.0	38.8
EV / EBITDA(x)						52.1	62.5	70.1	36.8	30.1
RoE (%)						9.5	6.9	5.7	12.6	14.1

Source: Company, HSIE Research

ADD

CMP *(as on 31 Jan 2024)*	INR 1,093
Target Price	INR 1,150
NIFTY	21,726

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,150	INR 1,150
EPS %	FY25E	FY26E
	-6%	-1%

KEY STOCK DATA	
Bloomberg code	VOLT IN
No. of Shares (mn)	331
MCap (INR bn) / ($ mn)	362/4,421
6m avg traded value (INR mn)	1,386
52 Week high / low	INR 1,101/745

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	30.5	40.1	36.1
Relative (%)	18.1	32.2	15.7

SHAREHOLDING PATTERN (%)

	Sep-23	Dec-23
Promoters	30.30	30.30
FIs & Local MFs	36.03	37.21
FPIs	17.83	17.17
Public & Others	15.84	15.32
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Jubilant FoodWorks

Weak quarter

Jubilant's Q3 print was impacted by weak consumer sentiment as revenue/EBITDA fell by 2/3% YoY (HSIE: +7/-1%). Despite the festive season and ICC Cricket World Cup, LFL growth was -2.9%. Delivery revenue grew by 6% YoY (positive LFL), aided by 20-minute delivery (70% of delivery volumes) and the cheesy rewards loyalty program. Combo sales and other initiatives resulted in the highest-ever ticket size in the last nine quarters. However, dine-in revenue fell 6% and was a key drag to LFL. Jubilant opened 40 new stores in India and remains on track to open 200 Domino's stores in FY24. GM improved to 77% with stable input prices. However, EBITDAM fell 120 bps YoY (flat QoQ) to 21% due to low op-lev. Notwithstanding near-term demand pressures, Jubilant continues to focus on (1) driving LFL growth by strengthening value offering; (2) improving cost efficiency and productivity; (3) elevating customer experience; (4) long-term strategic initiatives (commissary); and (5) calibrated network expansion. We cut our FY24-26 earnings by 1-3% to reflect 3Q performance and value Jubilant at 55x P/E on Dec'25 EPS to arrive at a TP of INR 500. Maintain REDUCE.

- **Revenue miss on account of weak LFL growth:** Revenue grew by 3% YoY (HSIE: +7%) to INR 13.5bn. LFL growth was negative at 2.9% (+0.3% in Q3FY23, -1.3% in Q2FY24), while the four-year CAGR was c.+1%. We note that delivery LFL was positive. Delivery revenue grew 6% aided by a loyalty program and 20-min delivery. Dine-in revenue fell 6% YoY. ADS of the mature store fell by 3% YoY. We model LFL growth of -2/6.5/7.5% over FY24-26 and expect revenue to grow at 13% CAGR.
- **Opened 40 new Domino's stores:** Jubilant opened 50/113 Domino's stores (net) in Q2/9M vs 60/194 stores LY, taking the total count to 1,928 stores in 407 cities. It remains on track to open 200 stores in FY24. Popeye added 10 stores and entered four new cities, taking the store count to 32 across 10 cities. Hong's Kitchen added four stores, taking the count to 22. Dunkin's store count increased by 4 to 25. We model 200-250 Domino's stores in FY24-26.
- **EBITDA falls by 3% YoY:** With stable RM prices, GM improved 30bps QoQ (+120bps YoY) to 76.7%. Employee/other expenses were up 5/9% YoY. EBITDAM fell 120bps YoY (flat QoQ) to 20.9% (HSIE 20.5%) on negative op-lev. EBITDA fell 3% YoY while PBT fell 31% YoY. PBT margin was at 6%, and we model c.10-11% margin for FY25/FY26.
- **Con call takeaways:** (1) Post the festive and World Cup-led spurt in November, demand again turned soft after Diwali. (2) Commissioned Bengaluru commissary in Nov'23. Payback period of four years. Ability to cater to 750 Domino's and 300 Popeye/Hong's/Dunkin stores. (3) Cheesy reward enrollment grew 10% QoQ to 21.5mn. The base of customers ordering 6-9 pizzas annually is up 10%. (4) 70% of all deliveries now happen under 20 minutes. (5) Across 15 pizza chains, the total store count is at 4,000 outlets. Dominos has 46.8% outlet share while revenue share stands at 69.7%.

Quarterly/annual financial summary

(INR mn)	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	13,551	13,166	2.9	13,448	0.8	43,961	51,582	55,246	63,750	73,978
EBITDA	2,827	2,900	(2.5)	2,807	0.7	11,088	11,516	11,010	13,997	16,848
APAT	610	885	(31.2)	721	(15.5)	4,254	3,883	2,790	4,827	6,198
EPS (INR)	0.92	1.34	(31.2)	1.09	(15.5)	6.4	5.9	4.2	7.3	9.4
P/E (x)						80.7	88.4	123.0	71.1	55.4
EV / EBITDA (x)						41.5	40.5	43.8	32.8	26.6
RoCE (%)						23.5	16.4	12.0	16.3	19.6

Source: Company, HSIE Research

REDUCE

CMP *(as on 31 Jan 2024)*	INR 520
Target Price	INR 500
NIFTY	21,726

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 500	INR 500
EPS %	FY25E	FY26E
	-3%	-1%

KEY STOCK DATA	
Bloomberg code	JUBI IN
No. of Shares (mn)	660
MCap (INR bn) / ($ mn)	343/4,192
6m avg traded value (INR mn)	1,379
52 Week high / low	INR 587/412

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	3.7	8.6	6.7
Relative (%)	(8.6)	0.7	(13.8)

SHAREHOLDING PATTERN (%)	Sep-23	Dec-23
Promoters	41.94	41.94
FIs & Local MFs	22.35	22.13
FPIs	26.14	27.75
Public & Others	9.57	8.18
Pledged Shares	0.33	0.33

Source : BSE

Pledged shares as % of total shares

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Star Health and Allied Insurance

Growth to drive re-rating; maintain BUY

STARHEAL printed soft NEP growth (+15% YoY), as the company lowered its retention ratio; retail health GDPI exhibited modest growth (+16% YoY) despite a price hike in its flagship product, exhibiting a 30bps market share erosion during 9MFY24. Loss ratios eased QoQ but continued to remain elevated at 68% (+394bps YoY), driving COR to 97.8% (-139bps QoQ). We expect STARHEAL to deliver a rebound in growth (~22% CAGR over FY24-26E) and stable loss ratios, benefitting from a price hike in its flagship product and tighter underwriting and claims review process. As the largest standalone health insurer (9MFY24 retail GDPI market share at 33%), our thesis is anchored on a strong distribution network, retail-dominated business mix and best-in-class opex ratios. We expect STARHEAL to deliver revenue/APAT CAGR of 22%/28% over FY23-25E and RoEs in the range 14-15% for FY24E/25E; maintain BUY with a revised TP of INR685 (DCF derived multiple at 39x Mar-25E P/E and 5.4x Mar-25E P/ABV).

- **Loss ratios elevated:** NEP at INR32.4bn grew 15% YoY, on account of the company's conscious decision to shed group business (NEP: -44% YoY) and deceleration in retail segment (NEP +18% YoY). Loss ratios improved slightly to 68% (-101bps QoQ) owing to a tighter claims review process aimed at eliminating fraudulent claims. Commission ratios fell to 11.1% (-260bps QoQ) owing to higher ceding; this, alongside a lean expense ratio at 19.0% drove COR to 97.8% (-139bps QoQ) and led to PAT at INR2.9bn (+37% YoY).
- **Growth deceleration:** STARHEAL has been witnessing signs of GDPI growth deceleration since the beginning of FY24 with 9MFY24 GDPI growth at a disappointing 16.7%. Given the combination of a favourable base and a 25% price hike in its flagship product "Family Health Optima (FHO)" (>50% of retail GDPI), we believe STARHEAL is likely to deliver GDPI growth in the range 20-22% during FY25. However, our analysis suggests that the flagship product re-pricing has led to a material base erosion in NOP.
- **Need for fresh growth triggers:** Given the sharp price hikes in the flagship product effective May 2023 onwards, we argue that volume growth has been tepid. Given the increase in the banca tie-up limit, we await evidence of STARHEAL's progress in forging partnerships with new banks; this can significantly improve profitability from benefit-based products.

Financial summary

(INR bn)	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)	FY23	FY24E	FY25E
Net earned premium	32.9	28.7	14.9	32.1	2.7	112.6	130.2	167.9
Underwriting profits	1.1	1.3	-9.2	-0.8	NM	0.5	1.0	2.4
EBIT	3.9	2.8	38.4	1.7	133.9	8.9	11.7	14.1
EBIT margin (%)	11.8	9.8	200bps	5.2	660bps	7.9	9.0	8.4
PAT	2.9	2.1	37.6	1.3	131.1	6.2	8.3	10.1
P/B (x)						6.2	5.4	4.6
P/E (x)						54.4	40.5	33.3
ROE (%)						12.3	14.2	14.9

Source: Company, HSIE Research

Change in estimates

(INR bn)	FY24E			FY25E		
	Revised	Old	Change (%)	Revised	Old	Change (%)
Net earned premiums	130.2	138.2	-5.8	167.9	167.4	0.3
Operating profits	13.3	15.4	-13.7	15.8	17.2	-8.4
CORs	96.5	94.3	220bps	96	94.8	120bps
APAT	8.3	11.0	-24.5	10.1	12.4	-18.1
RoE (%)	14.2	18.4	-420bps	14.9	17.3	-234bps

Source: Company, HSIE Research

BUY

CMP *(as on 31 Jan 2024)*	INR 578
Target Price	INR 685
NIFTY	21,726

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR795	INR685
EPS %	FY24E	FY25E
	-24.5%	-18.1%

KEY STOCK DATA	
Bloomberg code	STARHEAL IN
No. of Shares (mn)	585
MCap (INR bn) / ($ mn)	339/4,141
6m avg traded value (INR mn)	536
52 Week high / low	INR 675/489

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(0.2)	(9.0)	15.7
Relative (%)	(12.5)	(16.9)	(4.8)

SHAREHOLDING PATTERN (%)

	Sep-23	Dec-23
Promoters	58.0	57.9
FIs & Local MFs	6.1	6.1
FPIs	13.7	14.7
Public & Others	22.1	21.3
Pledged Shares	0.0	0.0

Source : BSE

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Motherson Sumi Wiring India

Stellar performance

MSWIL's Q3FY24 PAT at INR 1.68bn surpassed our estimate of INR 1.42bn, led by a better-than-expected margin. This margin growth is attributed to higher content per vehicle in premium models. MSWIL is emerging as one of the major beneficiaries of the evolving trends (premiumisation + EVs) in the auto sector in India wherein content is set to rise in the range of 1.1x-8x. The company has developed a sustainable competitive advantage in India, leveraging its scale advantage, backward integration capabilities, and localisation efforts. In the Indian wiring harness sector, it supplies to 10 out of the top 12 PV OEMs, 2 of the top 3 EV OEMs in PVs, and 2 of the top 5 EV OEMs in the two-wheeler segment. Having been a part of 23 new launches and 17 facelifts in FY23 across various segments, the company demonstrates a strong position across markets. With the steady ramp-up of new facilities and aided by cost pass-through mechanisms, we expect MSWIL's margin to improve 130bps over FY24-26E. Given its strong franchise and superior returns, we believe the stock deserves a premium valuation relative to peers. Maintain ADD with a TP of INR 67 (valued at 34x FY26 EPS).

- **Strong beat to estimates:** MSWIL revenue growth (26% YoY/1%QoQ) outperformed industry growth due to higher sales of content for premium models. The gross margin expanded 70bps QoQ due to a better product mix. The key surprise in Q3 was the 60bps QoQ margin improvement to 12.4% (our estimate was 11.6%). Margin improvement QoQ was due to an increase in content supplied due to the rising premiumisation trend across segments, cost optimisation and benefits of operating leverage. ETR was 23.3% in Q3FY24 vs 25.8% in Q2FY24. Lower depreciation and tax led PAT to grow by 8% QoQ.
- **Call takeaways**: (1) With upgrades to top-end models, there is more content of wiring harness in the car, which is beneficial for MSWIL. (2) The impact of seasonality was not evident in Q3FY24 due to higher sales of feature-rich models resulting in 1% sales growth QoQ. (3) Copper price is down QoQ from INR 754 per kg to INR 741 per kg. The impact of lower prices will be evident in subsequent quarters as the pass-through impact comes after a lag of a quarter to six months. (4) MSWIL undertakes capacity expansion as its plants start operating at 80% utilisation. Hence, it is expanding its capacities to support customer expansion plans. (5) Management has maintained a capex guidance of INR1.25mn for FY24. The capex for FY25 is likely to be higher due to expansion plans. (6) Gross debt stands at INR 80mn (stable QoQ). Cash stands at INR 2230mn (vs INR 150mn in Q2FY24). Net cash now stands at INR 2150 mn (vs INR 70mn in Q2FY24).

Quarterly/annual financial summary

YE Mar (INR mn)	Q3 FY24	Q3 FY23	YoY (%)	Q2 FY24	QoQ (%)	FY23	FY24E	FY25E	FY26E
Net Sales	21,173	16,868	25.5	21,046	0.6	70,226	80,421	90,071	102,681
EBITDA	2,620	1,790	46.4	2,481	5.6	7,814	9,285	10,854	13,134
APAT	1,679	1,062	58.1	1,559	7.7	4,870	5,849	6,983	8,676
Diluted EPS (INR)	0.38	0.24	58.1	0.35	7.7	1.1	1.3	1.6	2.0
P/E (x)						59.3	49.4	41.3	33.3
EV / EBITDA (x)						37.0	30.0	25.2	20.7
RoCE (%)						49.6	50.8	52.9	55.6

Source: Company, HSIE Research

ADD

CMP *(as on 31 Jan 2024)*	**INR 65**
Target Price	**INR 67**
NIFTY	**21,726**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 67	INR 67
EPS %	FY25E	FY26E
	0%	0%

KEY STOCK DATA	
Bloomberg code	MSUMI IN
No. of Shares (mn)	4,421
MCap (INR bn) / ($ bn)	287/3,517
6m avg traded value (INR mn)	407
52 Week high / low	INR 68/45

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	8.5	11.1	26.4
Relative (%)	(3.8)	3.2	5.9

SHAREHOLDING PATTERN (%)

	Sep-23	Dec-23
Promoters	61.7	61.7
FIs & Local MFs	17.8	17.3
FPIs	11.1	11.0
Public & Others	9.4	9.9
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Kajaria Ceramics

No signs of volume recovery; strong mid-term outlook

We maintain ADD on Kajaria Ceramics (KJC) with a lower target price of INR 1,410/share (35x its Mar'26E consolidated EPS). Kajaria's Q3FY24 topline was in line, but the bottom line missed our estimate owing to higher dealer incentives. Its revenue grew by 6% YoY (volume-led). EBITDA grew by 34% YoY (fuel price cool-off). Till now, management has seen no sign of demand recovery for tiles and expects similar volume growth in Q4 as 9MFY24. KJC remains confident of outperforming tiles industry volume growth by 5-6%. For FY25, it sees a scope of 100bps EBITDA margin expansion to 17%.

- **Q3FY24 performance:** Revenue came in line with our estimates. However, EBITDA/APAT missed our estimates by 5/13% (5/10% miss vs consensus too). Revenue/EBITDA/APAT grew 6/34/40% YoY. Revenue growth was volume-led. EBITDA growth was higher, owing to the cool-off in fuel prices. EBITDA margin grew 330bps YoY, declining marginally by 50bps QoQ (higher incentive to dealers and a slight increase in fuel price). APAT growth was further supported by lower tax rates, lower interest and higher other income. Tile volume growth is yet to revive; it rose 6% YoY in Q3 (in-line H1FY24) (5-yr vol CAGR: 6%). Blended NSR was down 3/1% YoY/QoQ, owing to higher incentives to dealers. Share of non-tiles revenue increased to ~12% in Q3 vs 10% YoY owing to faster growth in other businesses (low base impact). The non-tiles revenue grew 30% YoY.
- **Con call KTAs and outlook:** KJC remains confident of outperforming tiles industry growth by 5-6%. As per KJC management, the tiles industry volume has been flat YoY in 9MFY24 and it has outperformed industry growth by 6%. Management highlighted that Jan-24 was a tough month, and it expects demand to pick up from FY25 onwards. Management mentioned Q3FY24 onwards, tiles exports have slowed, leading to increased plant shutdowns in Morbi and higher competition in the domestic market. It expects stable fuel prices QoQ in Q4. It expects a ~16% EBITDA margin in FY24 and 15-17% in FY25. By Jun-24E, it expects to commission a 5.1MSM plant in Nepal on a joint venture basis (delayed by a quarter). It plans to spend INR 0.5bn to acquire six MSM GVT plants in Morbi (90% share). It is targeting to double its consolidated revenue in the next 5-6 years. It will be adding ~150 dealers each year for the next 2-3 years. Owing to a delay in demand revival, we cut our APAT estimates by 11/9/8% for FY24/25/26E.

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q3 FY24	Q3 FY23	YoY (%)	Q2 FY24	QoQ (%)	FY22	FY23	FY24E	FY25E	FY26E
Tiles sales (MSM)	27.1	25.5	*6.4*	26.5	*2.3*	91.7	101.7	108.4	121.9	134.1
NSR (Rs/Kg)	374	387	*(3.3)*	378	*(1.0)*	404	431	424	435	439
Tiles Revenue	10,128	9,839	*2.9*	9,998	*1.3*	33,432	39,511	41,245	47,101	51,811
Other Revenue	1,389	1,072	*29.6*	1,218	*14.1*	3,620	4,308	4,731	5,913	7,096
Net Sales	11,518	10,911	*5.6*	11,216	*2.7*	37,052	43,819	45,975	53,014	58,907
EBITDA	1,788	1,331	*34.3*	1,797	*(0.5)*	6,107	5,920	7,313	8,969	10,194
EBITDAM (%)	*15.5*	*12.2*		*16.0*		*16.5*	*13.5*	*15.9*	*16.9*	*17.3*
APAT	1,042	743	*40.2*	1,080	*(3.5)*	3,770	3,524	4,420	5,580	6,415
Diluted EPS (Rs)	6.6	4.7	*40.4*	6.8	*(3.5)*	23.7	22.1	27.8	35.0	40.3
EV / EBITDA (x)						35.5	37.0	29.8	24.1	21.1
P/E (x)						58.4	62.4	49.8	39.4	34.3
RoE (%)						*18.3*	*15.4*	*17.3*	*19.3*	*19.5*

Source: Company, HSIE Research, Other revenues comprise bathware, ply and adhesives

ADD

CMP *(as on 31 Jan 2024)*	**INR 1,384**
Target Price	**INR 1,410**
NIFTY	**21,726**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 1,530	INR 1,410
EPS revision %	FY24E *(10.5)*	FY25E *(8.5)*

KEY STOCK DATA	
Bloomberg code	KJC IN
No. of Shares (mn)	159
MCap (INR bn) / ($ mn)	220/2,695
6m avg traded value (INR mn)	258
52 Week high / low	INR 1,524/1,007

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	9.7	(3.7)	31.2
Relative (%)	(2.6)	(11.6)	10.8

SHAREHOLDING PATTERN (%)	**Sep-23**	**Dec-23**
Promoters	47.49	47.49
FIs & Local MFs	25.45	25.54
FPIs	18.48	18.32
Public & Others	8.59	8.65
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Relaxo Footwears

Operational performance disappoints

Relaxo's Q3FY24 delivered an underwhelming Q3 print. Revenue grew 4.7% YoY to INR7.13bn in Q3 (HSIE: INR7.5bn). Volume/net realisation grew 14.6%/-8.7% YoY. Strong volume growth was a function of healthy growth in open footwear. GM expanded 400bps YoY to 49.0% (HSIE: 46.9%), led by softening of key raw material prices. EBITDAM expanded 162bps YoY to 12.2% (HSIE: 12.6%). We've cut our FY25/26 EPS estimates by 6.9/5.8% respectively to account for higher A&P/channel incentives which may help spur up demand and maintain SELL on the stock with a DCF-based TP of INR740/sh, implying 49x FY26E P/E.

- **Q3FY24 highlights**: Revenue grew 4.7% YoY to INR7.12bn in Q3FY24 (HSIE: INR7.5bn). Volume/net realisation grew 14.6%/-8.7% YoY. Strong volume growth was led by healthy growth of open footwear. The company has now initiated selling directly on marketplaces and on its website to (1) control discounts and (2) establish direct connection with customers. To further spur growth, the company has initiated direct connect programs with MBOs by offering direct benefits to retailers. GM expanded 400bps YoY to 49% (HSIE: 46.9%), led by softening raw material prices. EBITDAM expanded 162bps YoY to 12.2% (HSIE: 12.6%) as higher employee and other expenses partially offset GM gains. EBITDA/APAT grew 20.7/28.1% YoY to INR 872mn/386mn (HSIE: INR 944/452mn).
- **Outlook**: Relaxo remains a strong category leader, well-poised to gain market share within an immature ecosystem over the medium-to-long term. However, current consumer demand remains weak, and a profitability comeback is already priced in over FY24-26. We've cut our FY25/26 EPS estimates by 7/6% respectively to account for higher A&P/channel incentives which may help spur up demand. We maintain our SELL rating on the name with a DCF-based TP of INR740/sh, implying 49x FY26E P/E. (Note: At CMP; the stock currently trades at 58x FY26 P/E).

Quarterly financial summary

(Rs mn)	3Q FY24	3Q FY23	YoY (%)	2Q FY24	QoQ (%)	FY22	FY23	FY24E	FY25E	FY26E
Net Revenue	7,127	6,810	4.7	7,153	(0.4)	26,533	27,828	29,696	34,601	39,574
EBITDA	872	723	20.7	915	(4.8)	4,158	2,801	4,083	5,401	6,558
APAT	386	301	28.1	442	(12.7)	2,327	1,545	2,065	2,963	3,724
EPS (Rs)	1.6	1.2	28.1	1.8	(12.7)	9.3	6.2	8.3	11.9	15.0
P/E (x)						92.0	138.5	103.6	72.2	57.5
EV/EBITDA (x)						49.6	74.2	50.7	38.3	31.4
Core RoCE(%)						19.6	11.4	14.6	20.2	23.5

Source: Company, HSIE Research, Standalone Financials

Change in estimates

(Rs mn)	FY24E			FY25E			FY26E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	29,696	30,637	*(3.1)*	34,601	35,012	*(1.2)*	39,574	39,657	*(0.2)*
Gross Profit	14,175	14,349	*(1.2)*	16,655	16,818	*(1.0)*	19,128	19,128	*(0.0)*
Gross Profit Margin (%)	47.7	46.8	***90 bps***	48.1	48.0	***10 bps***	48.3	48.2	***10 bps***
EBITDA	4,083	4,166	*(2.0)*	5,401	5,657	*(4.5)*	6,558	6,789	*(3.4)*
EBITDA margin (%)	13.7	13.6	***15 bps***	15.6	16.2	***(55 bps)***	16.6	17.1	***(55 bps)***
APAT	2,065	2,082	*(0.8)*	2,963	3,182	*(6.9)*	3,724	3,955	*(5.8)*
APAT margin (%)	7.0	6.8	***16 bps***	8.6	9.1	***(53 bps)***	9.4	10.0	***(56 bps)***
EPS (Rs)	8.3	8.4	*(0.8)*	11.9	12.8	*(6.9)*	15.0	15.9	*(5.8)*

Source: Company, HSIE Research, Standalone Financials

SELL

CMP *(as on 31 Jan 2024)*	**INR 860**
Target Price	**INR 740**
NIFTY	**21,726**

KEY CHANGES	**OLD**	**NEW**
Rating	SELL	SELL
Price Target	765	740
EPS %	FY25E	FY26E
	-6.9	-5.8

KEY STOCK DATA	
Bloomberg code	RLXF IN
No. of Shares (mn)	249
MCap (INR bn) / ($ mn)	214/2,618
6m avg traded value (INR mn)	87
52 Week high / low	INR 974/748

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	(4.2)	(9.1)	4.9
Relative (%)	(16.6)	(16.9)	(15.6)

SHAREHOLDING PATTERN (%)	**Sep-23**	**Dec-23**
Promoters	71.27	71.27
FIs & Local MFs	8.53	8.81
FPIs	3.24	3.40
Public & Others	16.96	16.52
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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KEC International

Margin miss, order inflows muted; debt recedes

KEC reported Q3FY24 consolidated numbers with a muted EBITDA margin profile. Its revenue/EBITDA/APAT miss stood at 0.1/6.7/3.1%. The standalone (~88% revenue) EBITDA margin also remained weak at 4.8%. The weak 9MFY24 order inflow at INR 128.5bn (i.e. 51% of FY24 guidance of INR 250bn) poses a risk to FY24 guidance. With L1 orders, the order book (OB) as of Dec'23 stood at the record high level of INR 380bn (~2.2x FY23 revenue). KEC collected INR 550mn from Afghanistan where it has a net exposure of INR 2.2bn as of Dec'23 vs. INR 2.8bn as of Sep'23. Although the consolidated net debt, including interest-bearing acceptances, reduced by INR 2.9bn to INR 60.5bn (from INR 63.4bn as of Sep'23), it remains our key concern. The NWC days as of Dec'23 stood at 129 and are expected to be ~110 by FY24-end (though it seems like a tall ask). KEC maintained its FY24 revenue guidance of INR 200bn (+16% YoY) but has reduced its EBITDA margin guidance to 6.6-6.7% vs ~7%. It guided for FY24 interest cost to be at ~3.25% of revenue. Given the slip in the margin, we have recalibrated our FY24/25/26E earnings lower. Given the company's debt-heavy balance sheet, we maintain REDUCE with a TP of INR 539/share (14x Dec-25E EPS). Rerating remains contingent upon debt reduction and margin recovery.

- **Q3FY24 financial snapshot:** Revenue: INR 50bn (+14.4/+11.3% YoY/QoQ, in line with estimate). While execution in segments like railways at INR 6.5bn declined by 28% YoY, revenue growth was driven by growth in all the other segments. T&D (KEC) came in at INR 23.8bn (+22% YoY) and non-T&D segments like civil/oil & gas/cables came in at INR 11/1.8/3.8bn (+30/15/4% YoY). EBITDA: INR 3.1bn (+54/+12.2% YoY/QoQ, a miss of 6.7%). EBITDA margin: 6.1% (+158/+5bps YoY/QoQ, vs. our estimate of 6.6%). APAT came in at INR 969mn (+11.5x/+73.5% YoY/QoQ, a miss of 3.1%). Standalone EBITDA margin: 4.8% (vs. 4.7/4.6% Q3FY23/Q2FY24). It maintained its FY24 revenue guidance of INR 200bn (+16% YoY) and lowered EBIDTA margin guidance of ~7% to 6.6-6.7%.
- **Debt reduction augurs well; aims to reduce NWC days:** The consolidated net debt, including interest-bearing acceptances, stood at INR 60.5bn, a reduction of INR 2.9bn from INR 63.4bn as of Sep'23. The interest cost for Q3FY24 came in at 3.28% (vs. 3.41/3.95% YoY/QoQ) of revenue. KEC guided for FY24 interest cost to be at ~3.25% of revenue. The NWC days as of Dec'23 stood at 129 and are expected to be ~110 by FY24-end.

Consolidated financial summary (INR mn)

INR mn	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	FY23	FY24E	FY25E	FY26E
Revenues	50,067	43,746	14.4	44,990	11.3	172,817	200,215	215,953	250,884
EBITDA	3,079	1,999	54.0	2,743	12.2	8,297	13,114	18,019	22,471
APAT	969	85	1,045.3	558	73.5	1,760	4,065	7,424	10,712
EPS (INR)	3.8	0.3	1,045.3	2.2	73.5	6.8	15.8	28.9	41.7
P/E (x)						96.1	41.6	22.8	15.8
EV/EBIDTA (x)						26.7	17.0	12.5	10.0
RoE (%)						4.8	10.3	16.8	20.5

Source: Company, HSIE Research

Consolidated Estimate Change Summary

INR mn	FY24E			FY25E			FY26E		
	New	Old	% change	New	Old	% change	New	Old	Chg. (%)
Revenues	200,215	200,204	0.0	215,953	224,168	(3.7)	250,884	258,180	(2.8)
EBITDA	13,114	14,055	(6.7)	18,019	19,193	(6.1)	22,471	23,460	(4.2)
EBITDA (%)	6.6	7.0	(47.0)	8.3	8.6	(21.8)	9.0	9.1	(13.0)
APAT	4,065	4,420	(8.0)	7,424	7,920	(6.3)	10,712	10,962	(2.3)

Source: Company, HSIE Research

REDUCE

CMP (*as on 31 Jan 2024*)	INR 658
Target Price	INR 539
NIFTY	21,726

KEY CHANGES		OLD	NEW
Rating		REDUCE	REDUCE
Price Target		INR 556	INR 539
EPS Change %	FY24E	FY25E	FY26E
	-8.0	-6.3	-2.3

KEY STOCK DATA	
Bloomberg code	KECI IN
No. of Shares (mn)	257
MCap (INR bn) / ($ mn)	169/2,067
6m avg traded value (INR mn)	349
52 Week high / low	INR 748/436

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	4.7	3.8	44.6
Relative (%)	(7.7)	(4.1)	24.1

SHAREHOLDING PATTERN (%)	Sep-23	Dec-23
Promoters	51.88	51.88
FIs & Local MFs	27.16	26.95
FPIs	11.25	10.90
Public & Others	9.73	10.28
Pledged Shares	-	-

Source: BSE

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Westlife Foodworld

Weak demand and external challenges drag profitability

Westlife reported a weak Q3 performance with revenue/EBITDA falling by 2%/13% YoY (HSIE: +8/-1%). SSSG declined by 9%, given the weakness in eating-out trends, external challenges and a high base. According to Westlife, external challenges in the form of negative global sentiment for McD (Hamas-Israel war) and floods in South India contributed to 6% of SSSG decline. While Westlife expects demand to improve from here, these external challenges can hover around for another couple of quarters. GM expanded 10bps YoY to 70% while EBITDA margin (pre-IND AS) was down by 290bps to 11.4% due to negative op-lev. PBT was down by 52%, while the margin is at 4% (down 400/100bps YoY/QoQ). Notwithstanding near-term demand pressure, Westlife remains confident of high single-digit SSSG with 45-50 yearly store additions in the medium term. In the medium term, Westlife remains best placed vs peers, given (1) a wide menu catering to various price segments across day parts; (2) sustained dine-in footfall; and (3) multiple levers for margin expansion (full McCafe roll-out, menu expansion, etc.). However, we moderate our SSSG expectation, given the weak demand environment, and only expect a gradual recovery leading to a 25/11/7% cut in our FY24/FY25/FY26 earnings. We value Westlife at 55x P/E on Dec'25 EPS to arrive at a TP of INR 800. Maintain ADD.

- **Revenue fell 2% YoY, SSSG at -9%:** Revenue fell by 2% YoY (HSIE: +8%) to INR 6bn. SSSG stood at -9% on weak eating-out trends, external challenges and a high base. Adjusting for external challenges, SSSG is estimated to have fallen by 3%. On-premises revenue fell 5% due to lower footfalls in affected stores (non-affected stores saw growth in footfalls). The off-premise revenue grew 3%, led by delivery & drive-throughs. The average sales per store (TTM) was flat at INR 64.4mn (INR 64.7mn in Dec 2022). We model 5/8% SSSG for FY25/FY26. We estimate a 13% revenue CAGR over FY23-26E.
- **Opens eleven stores in Q3FY24; maintains FY24 target of 40-45 store additions:** Westlife opened eleven McD stores in Q3FY24 and added three new cities. It is now present in 62 cities through 380 stores. Of the total stores, 90% have McCafes while 83% are EOTF stores. We are building a store addition of 135 over FY24-26.
- **PBT fell by 52% YoY:** GM expanded by 10bps to 70.3%, led by a stable input cost basket and cost optimisation. RoM contracted by 130bps YoY to 22.5% while EBITDAM (post-IND AS) fell by 200bps YoY to 16% on account of operating deleverage. EBITDA fell 13% YoY, while PBT (better metric post-IND AS) fell 52% YoY. PBT margin was down 400bps YoY to 3.9%.
- **Con call takeaways:** (1) Eating-out trends remain subdued. After the festive season, the uptick has reversed and it seems to be bottoming out. Expect improvement from here. (2) Taken various steps to highlight that McD India is a truly Indian company. Expect external issues to fade away in a couple of quarters. (3) 30% of stores across the west and south have faced a 10-50% decline in daily sales since mid-October. (4) McSpicy Fried Chicken sustained strong performance in the south. (5) To open 45-50 new stores in FY25.

Quarterly/annual financial summary

(INR mn)	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ(%)	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	6,003	6,115	(1.8)	6,147	(2.4)	15,765	22,782	24,365	28,051	33,060
EBITDA	960	1,103	(12.9)	997	(3.6)	2,071	3,931	3,961	5,025	6,273
APAT	173	364	(52.6)	224	(22.8)	(17)	1,116	882	1,635	2,458
EPS (INR)	1.11	2.34	(52.6)	1.43	(22.7)	(0.1)	7.2	5.7	10.5	15.8
P/E (x)						na	116.0	146.8	79.2	52.7
EV / EBITDA(x)						99.8	43.2	43.6	33.2	25.7
RoCE (%)						4.4	12.5	9.8	13.2	16.3

Source: Company, HSIE Research

ADD

CMP *(as on 31 Jan 2024)*	INR 838
Target Price	INR 800
NIFTY	21,726

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 850	INR 800
	FY25E	FY26E
EPS %	-11%	-7%

KEY STOCK DATA	
Bloomberg code	WESTLIFE IN
No. of Shares (mn)	156
MCap (INR bn) / ($ mn)	130/1,598
6m avg traded value (INR mn)	156
52 Week high / low	INR 1,025/639

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	5.6	(10.5)	14.0
Relative (%)	(6.7)	(18.3)	(6.5)

SHAREHOLDING PATTERN (%)

	Sep-23	Dec-23
Promoters	56.22	56.23
FIs & Local MFs	23.66	23.99
FPIs	10.44	10.47
Public & Others	9.68	9.31
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Robust performance

JKIL reported yet another operationally strong quarter, with revenue/EBITDA/APAT at 12.2/1.8/0.8bn, beating our estimates by 5.2/8.8/10%. In FYTD24, it won projects worth INR 80.6bn vs. a revised FY24 inflow guidance of INR 110-120bn. The order book as of Dec'23 stood at INR 167.7bn (~4x FY23 revenue). Gross debt stood at INR 6.2bn as of Dec'23 vs. INR 6.4bn as of Sep'23, leading to a gross/net D/E of 0.24/0.03x. JKIL maintained its FY24 revenue growth guidance of +15% YoY with an EBITDA margin of 14-15%. Excluding the Chennai elevated corridor project, the FY24 capex guidance stands at INR 1.5bn. With ~72% utilisation of non-fund-based limits and 46% utilisation of fund-based limits, the company is well-placed to incur capex with a mix of debt and internal accruals. Further, it guided for FY24-end debt levels of INR 6.5bn and NWC days at 120. Given the limited upside to our TP, we maintain our ADD rating on the stock, with an increased TP of INR 658/sh (12x Dec-25E EPS).

- **Q3FY24 financial performance:** Revenue: INR 12.2bn (+15/10% YoY/QoQ, a beat of 5.2%). EBITDA: INR 1.8bn (+18/+12% YoY/QoQ, a beat of 8.8%). EBITDA margin: 14.7% (+46/+28 bps YoY/QoQ, vs. our estimate of 14.3%). RPAT/APAT: INR 826mn (+16/+13% YoY/QoQ, a beat of 10%). JKIL reiterated its FY24 revenue guidance at INR 48bn (+15% YoY growth).
- **Robust order inflows during 9MFY24:** JKIL won orders worth INR 80.6bn in FYTD24 and revised FY24 inflow guidance to INR 110-120bn vs INR 80bn+ earlier. The order book as of Dec'23 stood at INR 167.7bn (~4x FY23 revenue). Geographically, the OB has maximum exposure in Maharashtra at 58%, followed by Tamil Nadu/NCR/Gujarat/UP contributing 24/10/3/3%. Currently, the OB worth INR 130bn is under execution. It is planning to bid for a minimum of INR 50-100bn worth of orders in Q4FY24.
- **Balance sheet comfortable:** Gross debt stood at INR 6.2bn as of Dec'23 vs. INR 6.4bn as of Sep'23, leading to a gross D/E of 0.24x (vs. 0.26x as of Sep'23). Net D/E stood at 0.03x as of Dec'23 vs. 0.04x as of Sep'23. Excluding the Chennai elevated corridor project, the FY24 capex guidance stands at INR 1.5bn. With ~72% utilisation of non-fund-based limits and 46% utilisation of fund-based limits, the company is well-placed to incur capex with a mix of debt and internal accruals. Further, it guided for FY24-end debt levels of INR 6.5bn and NWC days at 120.

Standalone Financial Summary (INR mn)

YE March (INR mn)	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	FY23	FY24E	FY25E	FY26E
Net Sales	12,187	10,624	*14.7*	11,042	*10.4*	42,031	48,168	52,985	60,933
EBITDA	1,795	1,516	*18.4*	1,596	*12.5*	5,971	6,927	7,665	8,825
APAT	826	711	*16.3*	734	*12.5*	2,744	3,174	3,573	4,340
Diluted EPS (INR)	10.9	9.4	*16.3*	9.7	12.5	36.3	41.9	47.2	57.4
P/E (x)						17.7	15.3	13.6	11.2
EV / EBITDA (x)						8.9	7.4	6.4	5.3
RoE (%)						12.4	12.7	12.7	13.6

Source: Company, HSIE Research

Change in estimates

(INR mn)	FY24E new	FY24E old	% Change	FY25E new	FY25E old	% Change	FY26E new	FY26E old	% Change
Revenues	48,168	47,789	0.8	52,985	52,568	0.8	60,933	60,453	0.8
EBITDA	6,927	6,688	3.6	7,665	7,248	5.8	8,825	8,562	3.1
EBITDA Margin (%)	14.4	14.0	38.6	14.5	13.8	67.9	14.5	14.2	32.0
APAT	3,174	3,058	3.8	3,573	3,324	7.5	4,340	4,178	3.9

Source: Company, HSIE Research

ADD

CMP (*as on 31 Jan 2024*)	INR 642
Target Price	INR 658
NIFTY	21,726

KEY CHANGES		OLD	NEW
Rating		ADD	ADD
Price Target		INR 576	INR 658
EPS Change %	FY24E	FY25E	FY26E
	3.8	7.5	3.9

KEY STOCK DATA	
Bloomberg code	JKIL IN
No. of Shares (mn)	76
MCap (INR bn) / ($ mn)	49/594
6m avg traded value (INR mn)	239
52 Week high / low	INR 680/228

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	59.3	77.7	136.8
Relative (%)	47.0	69.9	116.3

SHAREHOLDING PATTERN (%)	Sep-23	Dec-23
Promoters	46.64	46.64
FIs & Local MFs	14.79	16.64
FPIs	10.01	8.7
Public & Others	28.54	28.00
Pledged Shares	10.57	10.57

Source: BSE

Pledged shares as % of total shares

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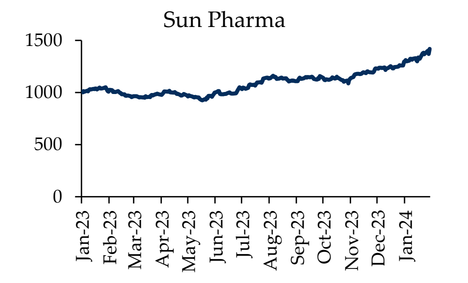
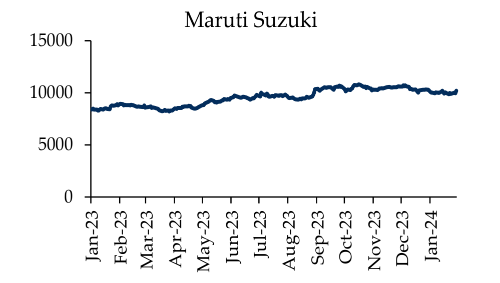
Rating Criteria
BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

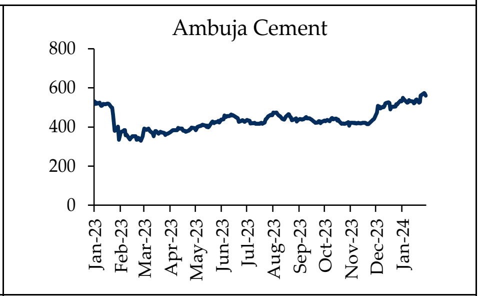
Disclosure:

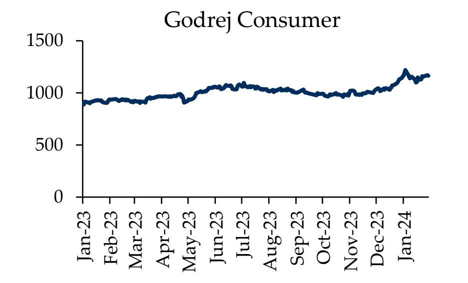
Analyst	Company Covered	Qualification	Any holding in the stock
Mehul Sheth	Sun Pharmaceutical Industries	MBA	NO
Aniket Mhatre	Maruti Suzuki, Motherson Sumi Wiring India	MBA	NO
Maitreyee Vaishampayan	Maruti Suzuki, Motherson Sumi Wiring India	MSC	NO
Rajesh Ravi	Ambuja Cement, Shree Cement, ACC, Kajaria Ceramics	MBA	NO
Keshav Lahoti	Ambuja Cement, Shree Cement, ACC, Kajaria Ceramics	CA	NO
Varun Lohchab	Godrej Consumers, Dabur, Jubilant FoodWorks, Westlife Foodworld	PGDM	NO
Paarth Gala	Godrej Consumers, Dabur, Voltas, Jubilant FoodWorks, Westlife Foodworld	BCom	NO
Riddhi Shah	Godrej Consumers, Dabur, Voltas, Jubilant FoodWorks, Relaxo Footwears, Westlife Foodworld	MBA	NO
Nilesh Ghuge	SRF	MMS	NO
Harshad Katkar	SRF	MBA	NO
Akshay Mane	SRF	PGDM	NO
Prasad Vadnere	SRF	MSC	NO
Krishnan ASV	Star Health and Allied Insurance	PGDM	NO
Shobhit Sharma	Star Health and Allied Insurance	CA	NO
Jay Gandhi	Relaxo Footwears	MBA	NO
Tanuj Pandia	Relaxo Footwears	CA	NO
Parikshit Kandpal	KEC International, J. Kumar Infraprojects	CFA	NO

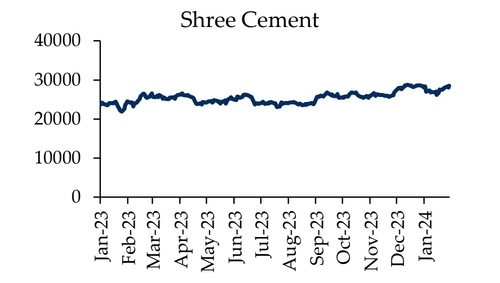
1 Yr Price movement

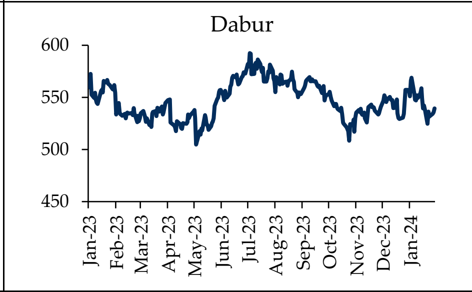


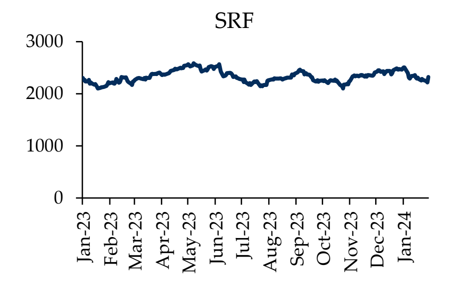


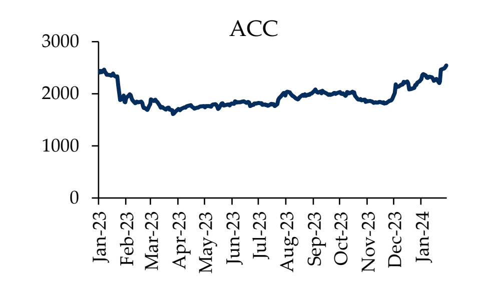


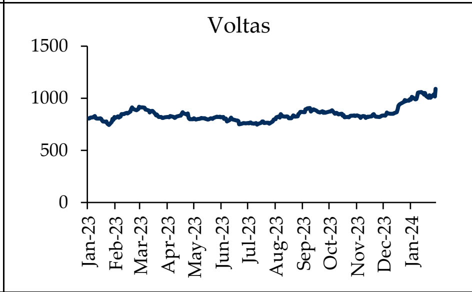


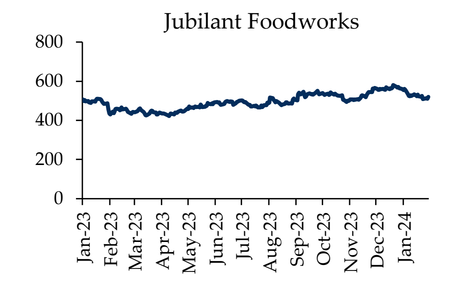


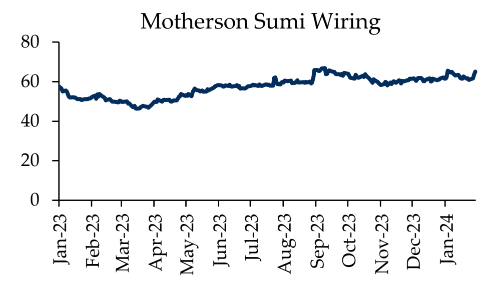


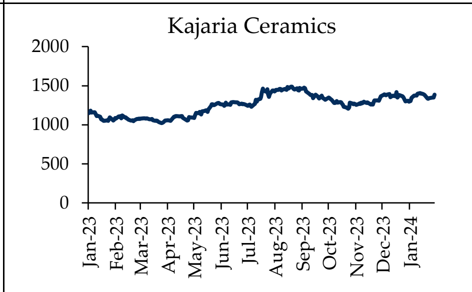


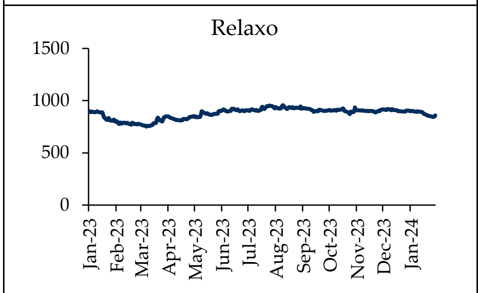


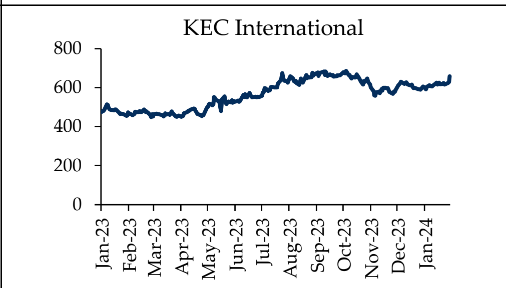


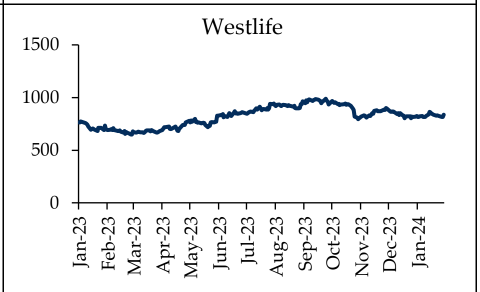


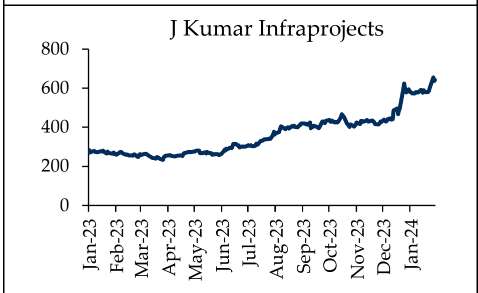


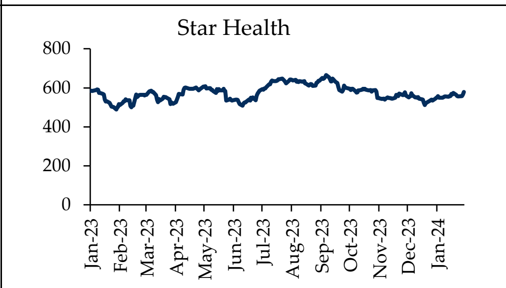












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