INSTITUTIONAL RESEARCH

HSIE Results Daily

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Results Reviews

- **State Bank of India:** SBIN posted its highest-ever quarterly profit, led by healthy loan growth (+19% YoY), marginal reflation in NIM, and MTM gains. Credit costs inched up 37bps QoQ on a prudent basis to make the balance sheet more resilient. Asset quality remains robust, with GNPA at 3.1% (-38bps QoQ) and a steady restructured pool at 0.9%. NIM reflation was a little soft at 12bps QoQ vs. ~30bps for large peers, which should see some improvement as the full impact of MCLR (40% of loans) pass-through plays out in Q4FY23. While a low LDR offers comfort on incremental loan growth, we believe that the best of the credit cycle is now behind. We tweak our FY23E/FY24E estimates to factor in slightly better NIMs and lower credit costs. Maintain BUY with a revised SOTP-based target price of INR740 (core bank at 1.4x Sep-24 ABVPS).
- **Mahindra & Mahindra Financial Services:** MMFS' earnings were ahead of estimates, largely due to a sustained turnaround in asset quality as the stressed pool (GS-II + GS-III) has now shrunk to 14.3% (Q1FY22 peak level: 34.8%), led by relentless collection and recovery efforts and improving economic activity. Business momentum continued to be strong with +80% YoY growth in disbursals driving 21% YoY loan growth. MMFS continued on its FY25 roadmap for increasing product (SME, leasing, PL etc.) and customer diversification (more affluent customers), which alongside focused efforts on high collection intensity, led to high opex ratios and pressure on NIMs. MMFS has announced a leadership transition with Mr Raul Rebello, current COO, taking over as MD & CEO, after Mr Ramesh Iyer's retirement in Apr-24. We tweak our FY23/FY24E earnings estimates to factor in lower credit costs and maintain ADD with a revised SOTP-based TP of INR265 (earlier TP at INR224), implying 1.7x Sep-24 ABVPS.
- **Crompton Consumer:** Crompton reported 7.5% YoY revenue growth while organic revenue was down by 10% (three-year CAGR at +6%). ECD and Lighting business declined by 4% and 20% YoY, with three-year CAGR at +9% and -4%. ECD decline was attributed to BEE rating-led slow channel filling of the non-rated fan. Crompton intentionally filled slow inventory to push more rated fans from 1 Jan'23 onwards. Rated and non-rated fan has >30% electricity saving and a price difference of 6-8%. ECD YoY growth during 9MFY23, Crompton at 11% as compared to Havells and Orient at 16% and 6%. GM was up 80/40bps YoY/QoQ to 32.5%. However, owing to operating deleverage and step-up investments in marketing spend, the EBITDA margin contracted by 400bps YoY to 10%. On account of slow consumer demand, weak Q3, step-up investments and gradual replenishment of rated fans, we cut our EPS estimate by 20/16/13%. Our revised numbers capture 10% revenue CAGR with an EBITDA margin of ~13.5% in FY24/FY25. Crompton is among the top-3 companies in the consumer durable space (~INR 70bn revenue, >8bn EBITDA) with best in class operating profile. We believe the current valuation at 25x P/E on FY25 EPS will re-rate once the earnings normalise. Various steps have already been initiated to fix the gap in the portfolio and marketing front. We value the stock at 35x on Dec'24E EPS to derive a TP of INR 400. Maintain BUY.

HSIE Research Team
hdfcsec-research@hdfcsec.com

- **V-Guard Industries:** V-Guard delivered revenue growth of 2% YoY; growth pressure was seen across segments, particularly in the electronics segment (stabilizer-led). Electronics/electricals/CD segments registered -4/+2/+5% YoY growth, clocking +8/+17/+21% three-year CAGR. South revenue declined by 5% (+11% three-year CAGR) and non-south delivered 11% growth (23% three-year CAGR). GM remained under pressure, down 245/45bps YoY/QoQ to 28.2%. EBITDA margin contracted by 267/90bps YoY/QoQ to 6% (lowest of the last 10 quarters). EBITDA declined 29% YoY. South market (55 of mix) growth will inherently be challenging, given V-Guard's high market share, rising competition in the local market, and slow market growth. It will limit the overall growth of the company. While high-cost RM inventory is largely used up, the gross margin will improve gradually in the coming quarters. We believe demand pressure will delay the full recovery in the operating margin in the near term. We cut our FY23/FY24/FY25 EPS estimates by 18/7/7% to account for the miss on margin and slow growth. We value the stock at 30x P/E on Dec-24E EPS to derive a target price of INR 235. Maintain REDUCE.
- **Birla Corporation:** We maintain our BUY rating on Birla Corporation (BCORP), with an unchanged target price of INR 1,400/share (8.5x Mar-25E consolidated EBITDA). We continue to like BCORP for its large retail presence in the lucrative north/central regions and various cost-cutting initiatives. BCORP reported healthy 11/5% volume/NSR growth YoY. However, unit EBITDA fell 43% YoY on elevated fuel prices and operating losses at the Mukutban plant. On QoQ basis, Mukutban losses narrowed and BCORP also benefited from slight fuel cost reduction driving consolidated unit EBITDA recovery by ~INR 135/MT QoQ. We expect margin recovery to gain pace as fuel prices continue to trend down, continued ramp-up of the Mukutban plant and incentive accruals H2FY24E onwards. These along with no major near-term Capex should reduce gearing from FY24 onwards.
- **Mahindra Lifespaces:** Mahindra Lifespaces Developers Ltd (MLDL) reported stable presales of INR 4.5bn (+80/+30% YoY/QoQ, a tad below our estimate of INR 5bn), with the volume at 0.61msf (+90/+30% YoY/QoQ) on the back of 1.11msf of launches. 9MFY23 presales stand at INR 14.5bn (FY22 presales were at INR 10.2bn). Within IC&IC, the company leased 24.5acres for INR 690mn (-50%/+2% YoY/QoQ). On the back of strong demand for the projects Eden Kanakpura in Bengaluru and Happinest MWC in Chennai, MLDL took price hikes of 14% and 20% respectively on their new phase launches. In Jan'23, MLDL added INR 5bn of GDV from a society redevelopment project in Santacruz and INR 4bn from land in Hosur road, Bengaluru. With this FYTD23, GDV addition stands at INR 32bn. The BD pipeline for the company is robust at INR 55bn with significant conversion expected in the next two quarters. It expects to add INR 30-40bn of GDV annually for the next few years. Given the tailwinds in the industrial business, the upcycle in the residential business, a robust balance sheet, a trustworthy brand image, and a robust business development pipeline, we remain constructive on MLDL and maintain a BUY rating, with NAV-based TP of INR 521/sh.
- **Star Cement:** We maintain ADD on Star Cement with an unchanged TP of INR 115/share (8x its Mar-25E consolidated EBITDA). Star has reported muted volume growth of 4% YoY (reduced sales in low-contributing markets). Unit EBITDA recovered ~INR 415/MT QoQ to INR 1194/MT (industry best for the third consecutive quarter!) on better realisation, low input cost, lower freight cost and op-lev gains. Star will be commissioning 12MW WHRS in Q4FY23, which will offset the impact of GST incentive expiration. Star's ongoing expansion will increase capacity by 70% to 9.7mn MT by H1FY25E, which will increase net Debt/EBITDA to 2-2.5x during FY24/25E.

- **Greenlam Industries:** We maintain our ADD rating on Greenlam Industries, with an unchanged target price of INR 360/share (16/35x its Mar'25E consolidated EBITDA/APAT). We like Greenlam for its leadership positioning in laminates (both in exports and domestic). Its large laminate capacity expansions in FY23/FY24 will accelerate segmental growth during FY23-25E. Growth will be further accelerated by contribution from entry in new segments of plywood/ particle board from FY24/FY25 onwards. Due to these large expansions, we expect net debt/ EBITDA to be ~2-3x during FY23-25. It reported 12/3/6% YoY growth in consolidated revenue/EBITDA/APAT in Q3FY23. Demand was weak in Q3, so laminates volume was flat QoQ (up 7% YoY). Consolidated EBITDA margin recovered 50bps QoQ in Q3 to 10.9% owing to cool off in raw material prices.
- **Ami organics:** We retain our BUY rating on Ami organics, with a target price of INR 1,143 on the back of (1) expansion of its speciality chemicals portfolio, (2) rising utilisation of the Gujarat Organics facility and (3) strong product pipeline in its advanced pharma intermediate business. EBITDA/APAT were 15/13% below our estimates, mainly owing to a 14% fall in revenue.

State Bank of India

Need for equity buffers as the credit cycle normalises

SBIN posted its highest-ever quarterly profit, led by healthy loan growth (+19% YoY), marginal reflation in NIM, and MTM gains. Credit costs inched up 37bps QoQ on a prudent basis to make the balance sheet more resilient. Asset quality remains robust, with GNPA at 3.1% (-38bps QoQ) and a steady restructured pool at 0.9%. NIM reflation was a little soft at 12bps QoQ vs. ~30bps for large peers, which should see some improvement as the full impact of MCLR (40% of loans) pass-through plays out in Q4FY23. While a low LDR offers comfort on incremental loan growth, we believe that the best of the credit cycle is now behind. We tweak our FY23E/FY24E estimates to factor in slightly better NIMs and lower credit costs. Maintain BUY with a revised SOTP-based target price of INR740 (core bank at 1.4x Sep-24 ABVPS).

- **Healthy yield /MTM gain deliver beat:** SBIN reported a strong NII growth (+24% YoY), led by ~19% YoY loan growth and a 12bps sequential reflation in NIM. Credit growth was broad-based across segments, led by continued traction in the large corporate book, structural focus on the SME portfolio to ride the stronger investment cycle and rising personal consumption trends.
- **Benign asset quality:** GNPA/NNPA improved further to 3.2/0.8% on the back of moderately higher slippages (0.5% annualised), offset by seasonally higher write-offs, even as the PCR was healthy at ~77%. The management guided for credit costs to sustain at current levels on a proactive basis to build a resilient balance sheet. We believe that the best of the credit cycle is now behind.
- **Road to 1% RoA remains a steep climb:** With higher corporate utilisation in the pipeline, revamped build-out in SME and steady growth in retail, credit trajectory seems manageable at the current healthy levels. While the relatively low LDR offers a near-term cushion, we believe that SBIN will need to find a medium-term window to shore up its equity buffers although management remains confident of internal accruals to sustain growth. The road to 1% RoA remains contingent on SBIN's ability to reflate risk-adjusted asset yields.

Financial summary

(INR bn)	Q3FY23	Q3FY22	YoY(%)	Q2FY23	QoQ(%)	FY22	FY23E	FY24E	FY25E
NII	380.7	306.9	24.1%	351.8	8.2%	1,207.1	1,425.1	1,530.2	1,692.8
PPOP	252.2	185.2	36.2%	211.2	19.4%	681.4	836.6	988.7	1,124.5
PAT	142.1	84.3	68.5%	132.6	7.1%	319.4	479.6	503.9	541.3
EPS (INR)	15.9	9.5	68.5%	14.9	7.1%	35.8	53.7	56.5	60.6
ROAE (%)						12.0	15.9	14.5	13.7
ROAA (%)						0.7	0.9	0.9	0.8
ABVPS (INR)						266.8	320.3	365.1	407.4
P/ABV (x)						2.0	1.7	1.5	1.3
P/E (x)						15.2	10.1	9.6	9.0

Change in estimates

(INR bn)	FY23E			FY24E			FY25E		
	Old	New	Δ	Old	New	Δ	Old	New	Δ
Net advances	31,336	31,373	0.1%	35,311	35,358	0.1%	39,821	39,885	0.2%
NIM (%)	3.1	3.1	8bps	3.0	3.1	4bps	3.0	3.0	2bps
NII	1,389.5	1,425.1	2.6%	1,506.9	1,530.2	1.5%	1,681.3	1,692.8	0.7%
PPOP	805.3	836.6	3.9%	998.5	988.7	-1.0%	1,121.7	1,124.5	0.2%
PAT	429.3	479.6	11.7%	472.0	503.9	6.8%	517.3	541.3	4.6%
Adj. BVPS (INR)	314.0	320.3	2.0%	354.0	365.1	3.2%	397.2	407.4	2.6%

Source: Company, HSIE Research

BUY

CMP *(as on 03 Feb 2023)*	INR 544
Target Price	INR 740
NIFTY	17,854

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR700	INR725
EPS %	FY23E	FY24E
	11.7%	6.8%

KEY STOCK DATA	
Bloomberg code	SBIN IN
No. of Shares (mn)	8,925
MCap (INR bn) / ($ mn)	4,857/59,298
6m avg traded value (INR mn)	7,730
52 Week high / low	INR 630/425

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(7.0)	0.6	0.8
Relative (%)	(7.0)	(3.7)	(2.7)

SHAREHOLDING PATTERN (%)	Sep-22	Dec-22
Promoters	57.5	57.5
FIs & Local MFs	25.4	25.4
FPIs	9.9	10.1
Public & Others	7.1	7.0
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

Krishnan ASV
venkata.krishnan@hdfcsec.com
+91-22-6171-7314

Deepak Shinde
deepak.shinde@hdfcsec.com
+91-22-6171-7323

Neelam Bhatia
neelam.bhatia@hdfcsec.com
+91-22-6171-7341

Mahindra & Mahindra Financial Services

Steady quarter; consistency key to rerating

MMFS' earnings were ahead of estimates, largely due to a sustained turnaround in asset quality as the stressed pool (GS-II + GS-III) has now shrunk to 14.3% (Q1FY22 peak level: 34.8%), led by relentless collection and recovery efforts and improving economic activity. Business momentum continued to be strong with +80% YoY growth in disbursals driving 21% YoY loan growth. MMFS continued on its FY25 roadmap for increasing product (SME, leasing, PL etc.) and customer diversification (more affluent customers), which alongside focused efforts on high collection intensity, led to high opex ratios and pressure on NIMs. MMFS has announced a leadership transition with Mr Raul Rebello, current COO, taking over as MD & CEO, after Mr Ramesh Iyer's retirement in Apr-24. We tweak our FY23/FY24E earnings estimates to factor in lower credit costs and maintain ADD with a revised SOTP-based TP of INR265 (earlier TP at INR224), implying 1.7x Sep-24 ABVPS.

- **Business sustains strong traction; margins under pressure:** Disbursements remained strong at INR145bn (+80% YoY), with rising traction in auto (M&M) (+75% YoY), CV/CE (+290% YoY) and SME segment (+240% YoY). Margins were soft on the back of rising cost of funds (+80bps) and lower yield reflation due to a combination of lagged rate hikes taken during FY23, a fixed-rate loan book and a shift in loan mix towards affluent customers.
- **Asset quality improves further; the journey towards a new normal:** GS-II/GS-III improved to 8.4%/5.9% (Q2FY23: 9.7%/6.7%) with annualised credit costs at ~90bps, despite high write-offs at 2.8% (annualised). MMFS' pivot towards a more affluent customer base, combined with a rigorous strategy to adhere to the RBI's new impairment recognition norms, is likely to gradually reflect in lower stressed ratios compared to historical trends.
- **Sustained performance key to rerating:** During FY23, MMFS has steadily delivered on several key metrics on the back of an improving macroeconomic environment and changes undertaken as part of the new strategic roadmap. However, we await evidence of some of these changes being more structural before we turn more secularly constructive on the stock.

Financial summary

(INR bn)	Q3FY23	Q3FY22	YoY (%)	Q2FY23	QoQ(%)	FY22	FY23E	FY24E	FY25E
NII	15.5	15.4	*1.1*	14.5	*7.3*	55.6	60.7	71.2	84.8
PPOP	10.0	10.6	*(6.0)*	8.4	*18.7*	37.3	38.1	44.9	54.9
PAT	6.3	8.9	*(29.6)*	4.8	*30.9*	9.9	19.1	22.9	27.1
EPS (INR)	5.1	7.2	*(29.7)*	3.6	*40.2*	8.0	15.5	18.6	22.0
ROAE (%)						6.5%	11.7%	12.7%	13.5%
ROAA (%)						1.3%	2.3%	2.3%	2.3%
ABVPS (INR)						109.8	121.4	132.2	143.3
P/ABV (x)						2.2	2.0	1.8	1.7
P/E (x)						30.3	15.7	13.1	11.0

Change in estimates

(INR bn)	FY23E			FY24E			FY25E		
	Old	New	Δ	Old	New	Δ	Old	New	Δ
Gross advances	792	793	0.2%	959	961	0.2%	1,151	1,153	0.2%
NIM (%)	7.7	7.5	-16bps	7.4	7.3	-15bps	7.3	7.2	-9bps
NII	61.6	60.7	-1.5%	72.0	71.2	-1.1%	85.2	84.8	-0.5%
PPOP	39.0	38.1	-2.4%	46.1	44.9	-2.7%	55.6	54.9	-1.3%
PAT	15.9	19.1	20.2%	21.4	22.9	6.9%	26.0	27.1	4.3%
Adj. BVPS (INR)	118	121	2.6%	127	132	3.8%	137	143	4.8%

Source: Company, HSIE Research

ADD

CMP *(as on 03 Feb 2023)*	INR 244
Target Price	INR 265
NIFTY	17,854

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 224	INR 265
EPS %	FY23E	FY24E
	20.2%	6.9%

KEY STOCK DATA	
Bloomberg code	MMFS IN
No. of Shares (mn)	1,236
MCap (INR bn) / ($ mn)	301/3,674
6m avg traded value (INR mn)	1,063
52 Week high / low	INR 248/128

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	10.8	28.2	52.2
Relative (%)	10.8	23.9	48.7

SHAREHOLDING PATTERN (%)	Sep-22	Dec-22
Promoters	52.2	52.2
FIs & Local MFs	22.1	23.8
FPIs	16.9	16.1
Public & Others	8.6	7.8
Pledged Shares	0.0	

Source : BSE

Pledged shares as % of total shares

Deepak Shinde
deepak.shinde@hdfcsec.com
+91-22-6171-7323

Krishnan ASV
venkata.krishnan@hdfcsec.com
+91-22-6171-7314

Neelam Bhatia
neelam.bhatia@hdfcsec.com
+91-22-6171-7341

Crompton Consumer

Sluggish show; keeping faith

Crompton reported 7.5% YoY revenue growth while organic revenue was down by 10% (three-year CAGR at +6%). ECD and Lighting business declined by 4% and 20% YoY, with three-year CAGR at +9% and -4%. ECD decline was attributed to BEE rating-led slow channel filling of the non-rated fan. Crompton intentionally filled slow inventory to push more rated fans from 1 Jan'23 onwards. Rated and non-rated fan has >30% electricity saving and a price difference of 6-8%. ECD YoY growth during 9MFY23, Crompton at 11% as compared to Havells and Orient at 16% and 6%. GM was up 80/40bps YoY/QoQ to 32.5%. However, owing to operating deleverage and step-up investments in marketing spend, the EBITDA margin contracted by 400bps YoY to 10%. On account of slow consumer demand, weak Q3, step-up investments and gradual replenishment of rated fans, we cut our EPS estimate by 20/16/13%. Our revised numbers capture 10% revenue CAGR with an EBITDA margin of ~13.5% in FY24/FY25. Crompton is among the top-3 companies in the consumer durable space (~INR 70bn revenue, >8bn EBITDA) with best in class operating profile. We believe the current valuation at 25x P/E on FY25 EPS will re-rate once the earnings normalise. Various steps have already been initiated to fix the gap in the portfolio and marketing front. We value the stock at 35x on Dec'24E EPS to derive a TP of INR 400. Maintain BUY.

- **Rating change-led impact on revenue:** Revenue was up by 7.5% YoY to INR 15.1bn, and organic revenue (ex-Butterfly) was down by 10% YoY. ECD was impacted by the slow channel filling of non-rated fans and continued weakness in the pump business. The company has focused on pushing the rated fan stock (post 1 Jan'23), which is efficient and gives higher realisation. Crompton being a market leader has played a different strategy (other players who pushed economy segment fans on discount). It may have an impact initially (with channel partners carrying two-weeks' additional inventory) but play once the replenishment of rated fans start (March onwards). Fans are a category where top-5 players contribute the majority market share (~75%) and disruption risk is low (highly GT-friendly category). Crompton can command a better profit pool than its peers if it does well in the upcoming season.
- **Healthy gross margin:** GM improved but not fully due to the low traction of ECD, we expect better GM traction in the coming quarters. Employee/Other expenses grew by 42/37% YoY (acquisition impact). EBIT margin for ECD was down by 350bps to 15.8% (19-20% pre-COVID); we believe with softening RM and better realisation, EBIT margin will improve (model 18.5-19% EBIT margin for FY24/25 to factor higher ad spend). Lighting EBIT margin improved despite weak revenue growth to 10.3% (8% in Q2). Butterfly's performance was largely in-line, EBIT margin was at 7%. EBITDA declined 24% YoY. We expect most headwinds will recover and FY24 operating print will be superior.

Quarterly/annual financial summary

YE Mar (INR mn)	Q3FY23	Q3FY22	YoY (%)	Q2FY23	QoQ (%)	FY22	FY23E	FY24E	FY25E
Net Sales	15,162	14,106	7.5	16,995	(10.8)	53,941	68,567	75,395	83,931
EBITDA	1,524	2,015	(24.4)	1,931	(21.1)	7,695	8,147	10,075	11,617
APAT	882	1,483	(40.5)	1,307	(32.5)	5,829	4,917	6,464	7,696
Diluted EPS (INR)	1.39	2.36	(41.0)	2.06	(32.5)	9.2	7.8	10.2	12.1
P/E (x)						33.1	39.3	29.9	25.1
EV / EBITDA (x)						25.2	23.6	18.6	15.8
RoCE (%)						16.9	17.0	21.4	25.0

Source: Company, HSIE Research

BUY

CMP *(as on 03 Feb 2023)*	INR 305
Target Price	INR 400
NIFTY	17,854

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 475	INR 400
EPS %	FY23E	FY24E
	-20%	-16%

KEY STOCK DATA

Bloomberg code	CROMPTON IN
No. of Shares (mn)	636
MCap (INR bn) / ($ mn)	194/2,369
6m avg traded value (INR mn)	727
52 Week high / low	INR 431/294

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(16.0)	(22.0)	(25.9)
Relative (%)	(16.0)	(26.3)	(29.4)

SHAREHOLDING PATTERN (%)

	Sep-22	Dec-22
Promoters	2.54	0.00
FIs & Local MFs	45.45	44.75
FPIs	39.68	39.54
Public & Others	12.33	15.71
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

Naveen Trivedi
naveen.trivedi@hdfcsec.com
+91-22-6171-7324

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

V-Guard Industries

Slow growth, margin miss continues

V-Guard delivered revenue growth of 2% YoY; growth pressure was seen across segments, particularly in the electronics segment (stabilizer-led). Electronics/electricals/CD segments registered -4/+2/+5% YoY growth, clocking +8/+17/+21% three-year CAGR. South revenue declined by 5% (+11% three-year CAGR) and non-south delivered 11% growth (23% three-year CAGR). GM remained under pressure, down 245/45bps YoY/QoQ to 28.2%. EBITDA margin contracted by 267/90bps YoY/QoQ to 6% (lowest of the last 10 quarters). EBITDA declined 29% YoY. South market (55 of mix) growth will inherently be challenging, given V-Guard's high market share, rising competition in the local market, and slow market growth. It will limit the overall growth of the company. While high-cost RM inventory is largely used up, the gross margin will improve gradually in the coming quarters. We believe demand pressure will delay the full recovery in the operating margin in the near term. We cut our FY23/FY24/FY25 EPS estimates by 18/7/7% to account for the miss on margin and slow growth. We value the stock at 30x P/E on Dec-24E EPS to derive a target price of INR 235. Maintain REDUCE.

- **Slow revenue performance:** Revenue grew by 2% YoY (+16% in Q3FY22 and +9% in Q2FY23, 9% HSIE). Electronics (stabilizer, UPS, etc.) was the most impacted segment due to weak stabilizer growth (sustained price increase, weak demand for large appliances, etc.). Electrical (wires, pump, etc.) remained and at 2% growth in Q2 and Q3. The pump business for V-Guard was also impacted due to industry challenges. Residential pumps were healthy but agri pumps were impacted due to sufficient groundwater level. CD segment (fan, water heater, KEA, cooler) was up by 4.5% due to the BEE rating impact on fans, delayed winter and early benefits of the festive season. We model a 10% revenue CAGR for FY23-25E.

- **Miss on margin continues:** GM contracted 245/45bps YoY/QoQ to 28.2% (33% GM prior to the pandemic). A&P expenses saw a sharp jump, up from 1.7% in Q3FY22 to 2.7% in Q3FY23, a 60% jump in expenses. Thereby, the EBITDA margin was down by 267bps YoY to 6.1% (8.8% in Q3FY22, 7.2% in Q2FY23, ~10% prior to the pandemic). EBITDA was down by a sharp 29% YoY. EBIT margin for electronics, electrical and CD segments up by -622/+57/409bps YoY to 11/8/-1%. We model a 9.5-10% EBITDA margin for FY24/FY25.
- **Con call takeaways:** (1) The industry witnessed some softness in demand in the last 3-4 months. (2) The company's wire sales have been slower due to channel destocking while the pressure on fans is due to trade preparing for the BEE rating change. (3) Water heater business impacted by delayed winter. (4) Fan rating change will increase prices by 6-8%. (5) Sunflame deal has been completed by mid-Jan. (6) V-Guard has a high market share in the south; thus, south growth will be slower. (7) In-house mix stands at 65-70% now which will reach >75% in the near to medium term. (8) Pre-covid margin will come back in 1-2 quarters.

Quarterly/annual financial summary

YE Mar (INR mn)	Q3FY23	Q3FY22	YoY (%)	Q2FY23	QoQ (%)	FY22	FY23E	FY24E	FY25E
Net Sales	9,772	9,607	1.7	9,807	(0.3)	34,747	40,675	44,904	49,285
EBITDA	598	844	(29.1)	707	(15.4)	3,321	3,307	4,310	4,897
APAT	358	525	(31.8)	431	(16.9)	2,268	2,188	3,059	3,460
Diluted EPS (INR)	0.8	1.2	(31.9)	1.0	(16.9)	5.3	5.1	7.1	8.0
P/E (x)						46.8	48.5	34.7	30.7
EV / EBITDA (x)						31.6	30.9	23.4	20.4
RoCE (%)						18.5	16.2	23.4	25.1

Source: Company, HSIE Research

REDUCE

CMP *(as on 03 Feb 2023)*	**INR 246**
Target Price	**INR 235**
NIFTY	**17,854**

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 250	INR 235
EPS %	FY23E	FY24E
	-18%	-7%

KEY STOCK DATA	
Bloomberg code	VGRD IN
No. of Shares (mn)	432
MCap (INR bn) / ($ mn)	106/1,297
6m avg traded value (INR mn)	93
52 Week high / low	INR 275/181

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(4.7)	4.3	14.4
Relative (%)	(4.7)	0.0	10.9

SHAREHOLDING PATTERN (%)

	Sep-22	Dec-22
Promoters	55.86	55.85
FIs & Local MFs	18.05	18.93
FPIs	12.92	12.91
Public & Others	13.17	12.31
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

Naveen Trivedi
naveen.trivedi@hdfcsec.com
+91-22-6171-7324

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Birla Corporation

Operating losses at Mukutban shrink; margin recovers

We maintain our BUY rating on Birla Corporation (BCORP), with an unchanged target price of INR 1,400/share (8.5x Mar-25E consolidated EBITDA). We continue to like BCORP for its large retail presence in the lucrative north/central regions and various cost-cutting initiatives. BCORP reported healthy 11/5% volume/NSR growth YoY. However, unit EBITDA fell 43% YoY on elevated fuel prices and operating losses at the Mukutban plant. On QoQ basis, Mukutban losses narrowed and BCORP also benefited from slight fuel cost reduction driving consolidated unit EBITDA recovery by ~INR 135/MT QoQ. We expect margin recovery to gain pace as fuel prices continue to trend down, continued ramp-up of the Mukutban plant and incentive accruals H2FY24E onwards. These along with no major near-term Capex should reduce gearing from FY24 onwards.

- **Q3FY23 performance:** Cement sales volume rose 11/2% YoY/QoQ to 3.72mn MT. The growth is also supported by the Mukutban ramp-up. Consolidated utilisation (sales basis) stood at 76% vs 85/74% YoY/QoQ. Cement NSR improved 0.5% QoQ, firming up NSR 5% YoY. Cement opex cooled off 2% QoQ, mainly led by a slight reduction in input and freight costs while unit fixed costs remained flat QoQ. Cost stabilisation at Mukutban reduced the plant's operating losses, thus driving down total opex QoQ. Unit EBITDA recovered ~INR 135/MT QoQ to INR 365/MT. Ex-Mukutban, unit EBITDA stood INR 110 higher at INR 475 (vs INR 400 QoQ). In Q3, Mukutban losses impact on consolidated EBITDA reduced to INR 100/MT vs INR 175/MT QoQ.
- **Capex update and outlook**: The company reported a 2.6% QoQ energy cost reduction in Q3 on fuel mix optimisation and expects it to further come down on falling fuel prices. We expect stabilisation and higher utilisation of Mukutban plant to further drive the margin rebound. Even incentive accruals H2FY24E onwards should further boost consolidated margin rebound. BCORP is working to scale up usage of alternative fuel (7% in FY22), captive coal and green power (22% in FY22), which will reduce opex inflation. We maintain our earnings estimates, target price and rating on the company.

Quarterly/annual financial summary (consolidated)

YE Mar (INR bn)	Q3 FY23	Q3 FY22	*YoY (%)*	Q2 FY23	*QoQ (%)*	FY21	FY22	FY23E	FY24E	FY25E
Sales Vol (mn MT)	3.72	3.35	*11.0*	3.64	*2.2*	13.39	14.22	16.02	17.84	19.27
NSR (INR/MT)	5,177	4,934	*4.9*	5,151	*0.5*	4,848	4,955	5,226	5,301	5,454
EBITDA(INR/MT)	365	637	*(42.6)*	230	*58.5*	1,010	746	492	742	832
Net Sales	20.16	17.50	*15.2*	20.00	*0.8*	67.85	74.61	88.64	99.66	110.40
EBITDA	1.44	2.22	*(35.1)*	0.94	*53.7*	13.70	11.10	8.37	13.73	16.55
APAT	-0.50	0.60		-0.56		6.89	4.30	0.52	4.03	6.46
AEPS (INR)	-6.5	6.9		-7.3		89.5	55.8	6.7	52.3	83.9
EV/EBITDA (x)						7.8	9.6	13.0	7.9	6.4
EV/MT (INR bn)						6.68	6.65	5.32	5.31	4.91
P/E (x)						10.3	16.5	136.9	17.7	11.0
RoE (%)						*15.9*	*8.0*	*0.9*	*6.4*	*9.7*

Source: Company, HSIE Research

BUY

CMP *(as on 03 Feb 2023)*	INR 929
Target Price	INR 1,400
NIFTY	17,854

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,400	INR 1,400
EBITDA revision %	FY23E *0.0*	FY24E *0.0*

KEY STOCK DATA	
Bloomberg code	BCORP IN
No. of Shares (mn)	77
MCap (INR bn) / ($ mn)	71/873
6m avg traded value (INR mn)	150
52 Week high / low	INR 1,405/823

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(4.0)	(7.6)	(31.7)
Relative (%)	(4.0)	(11.8)	(35.2)

SHAREHOLDING PATTERN (%)	Sep-22	Dec-22
Promoters	62.90	62.90
FIs & Local MFs	15.77	16.07
FPIs	4.30	4.49
Public & Others	17.04	16.54
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Rajesh Ravi
rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Keshav Lahoti
keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Mahindra Lifespaces

Well-placed for robust growth

BUY

CMP *(as on 03 Feb 2023)*	INR 380
Target Price	INR 521
NIFTY	17,854

KEY CHANGES	OLD		NEW
Rating	BUY		BUY
Price Target	INR 521		INR 521
EPS Change %	FY23E	FY24E	FY25E
	-	-	-

KEY STOCK DATA	
Bloomberg code	MLIFE IN
No. of Shares (mn)	155
MCap (INR bn) / ($ mn)	59/717
6m avg traded value (INR mn)	121
52 Week high / low	INR 555/252

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(6.7)	(8.0)	44.3
Relative (%)	(6.7)	(12.3)	40.8

SHAREHOLDING PATTERN (%)	Sep-22	Dec-22
Promoters	51.31	51.30
FIs & Local MFs	18.34	18.34
FPIs	11.42	11.42
Public & Others	18.93	18.93
Pledged Shares	-	-

Source: BSE

Mahindra Lifespaces Developers Ltd (MLDL) reported stable presales of INR 4.5bn (+80/+30% YoY/QoQ, a tad below our estimate of INR 5bn), with the volume at 0.61msf (+90/+30% YoY/QoQ) on the back of 1.11msf of launches. 9MFY23 presales stand at INR 14.5bn (FY22 presales were at INR 10.2bn). Within IC&IC, the company leased 24.5acres for INR 690mn (-50%/+2% YoY/QoQ). On the back of strong demand for the projects Eden Kanakpura in Bengaluru and Happinest MWC in Chennai, MLDL took price hikes of 14% and 20% respectively on their new phase launches. In Jan'23, MLDL added INR 5bn of GDV from a society redevelopment project in Santacruz and INR 4bn from land in Hosur road, Bengaluru. With this FYTD23, GDV addition stands at INR 32bn. The BD pipeline for the company is robust at INR 55bn with significant conversion expected in the next two quarters. It expects to add INR 30-40bn of GDV annually for the next few years. Given the tailwinds in the industrial business, the upcycle in the residential business, a robust balance sheet, a trustworthy brand image, and a robust business development pipeline, we remain constructive on MLDL and maintain a BUY rating, with NAV-based TP of INR 521/sh.

- **Q3FY23 financial highlights:** Revenue: INR 1.9bn (+668%/+168% YoY/QoQ, a beat of 120%). It was a loss at the EBITDA level of INR (114)mn ((388)/(394)mn in Q3FY22/Q2FY23, vs INR (330) mn estimate). Profit from JV/Associates came in at INR 48mn (-90%/-82% YoY/QoQ, vs INR 300mn estimate). RPAT was INR 332mn (INR +250/-77mn Q3FY22/Q2FY23). There was an exceptional gain of INR 340mn on account of the merger of Chennai subsidiaries and JVs. Consequently, APAT came in at INR (8)mn (INR 250mn/(77)mn Q3FY22/Q2FY23 vs. INR 47mn profit estimate).
- **Strong presales, launches to ramp up in FY24:** MLDL recorded presales of INR 4.5bn (+80/+30% YoY/QoQ), with volume at 0.61msf (+90/+30% YoY/QoQ). For 9MFY23, presales stood at INR 14.5bn (+108% YoY, and volume stood at 1.7msf (+94% YoY). MLDL launched 1.11msf across projects, viz. Mahindra Citadel at Pune, Mahindra Happinest MWC (Phase 2) at Chennai and Mahindra Eden at Bengaluru. In H1FY24, the Kandivali project and Pune Citadel's main launch will happen (pre-launch was in Q3FY23). Apart from these, the Hosur road project, Dahisar project and Santacruz redevelopment project launches will be seen in FY24. Within IC&IC, the company leased 24.5acres for INR 690mn (-50%/+2% YoY/QoQ). Leasing in MWC Chennai/Origins Chennai/MWC Jaipur was INR 65/411/191mn resp. For 9MFY23, total leasing stood at INR 2.6bn (+12% YoY).
- **Robust BD pipeline:** MLDL has a BD pipeline of INR 55bn, of which INR 25/20/10bn are in MMR/Pune/Bengaluru with INR 35/10/10bn in outright/JDA/redevelopment & plotted land. By Q2FY24, reasonable conversion from this pipeline is expected. Residential net debt increased to INR 940mn with net D/E at 0.06x (vs INR -270mn in Q2FY23); IC&IC net debt decreased to INR 2.7bn with net D/E at 0.3x (vs INR 3.17bn in Q2FY23).

Consolidated financial summary (INR mn)

(INR mn)	Q3FY23	Q3FY22	YoY (%)	Q2FY23	QoQ (%)	FY22	FY23E	FY24E	FY25E
Net Sales	1,869	243	667.9	698	167.8	3,936	7,663	10,171	14,240
EBITDA	(114)	(388)	70.6	(394)	71.0	(895)	143	384	1,057
APAT	(8)	250	(103.1)	(77)	90.1	173	1,200	1,583	1,569
Diluted EPS (INR)	(0.0)	1.6	(103.1)	(0.5)	90.1	1.1	7.8	10.2	10.2
P/E (x)						339.0	48.9	37.1	37.4
EV / EBITDA (x)						(66.2)	422.3	158.8	58.3
RoE (%)						9.5	6.7	8.1	7.5

Source: Company, HSIE Research

Parikshit D Kandpal, CFA
parikshitd.kandpal@hdfcsec.com
+91-22-6171-7317

Manoj Rawat
manoj.rawat@hdfcsec.com
+91-22-3021-7358

Nikhil Kanodia
nikhil.kanodia@hdfcsec.com
+91-22-6171-7362

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Star Cement

Industry-best margin for the third consecutive quarter

We maintain ADD on Star Cement with an unchanged TP of INR 115/share (8x its Mar-25E consolidated EBITDA). Star has reported muted volume growth of 4% YoY (reduced sales in low-contributing markets). Unit EBITDA recovered ~INR 415/MT QoQ to INR 1194/MT (industry best for the third consecutive quarter!) on better realisation, low input cost, lower freight cost and op-lev gains. Star will be commissioning 12MW WHRS in Q4FY23, which will offset the impact of GST incentive expiration. Star's ongoing expansion will increase capacity by 70% to 9.7mn MT by H1FY25E, which will increase net Debt/EBITDA to 2-2.5x during FY24/25E.

- **Q3FY23 performance:** Star reported muted volume growth of 4% YoY (reduced sales in low contributing markets). Price recovery across its markets led to a 2% QoQ jump in NSR. Unit EBITDA recovered ~INR 415/MT QoQ to INR 1,194 per MT (industry-leading for the third consecutive quarter) driven by the better realisation (INR 155 per MT), cool-off in input cost (INR 120 per MT), lower freight cost (INR 65/MT) and op-lev gains (INR 70 per MT). Its sales in the NE region/outside the NE region grew 4/8% YoY. Trade sales share stood at 91%. Fuel cost remained flat QoQ at INR 2.1/mnCal (lowest in the industry).
- **Capex update and outlook**: Star's 12MW WHRS will become operational by end of Feb-23 and will boost margin by ~INR 100/MT (thus offsetting similar GST incentive expirations). Its expansion plan in the NER (total Capex ~INR 23bn) is on track to be fully commissioned in H1FY25E and will increase capacity to 9.7mn MT. The management expects further cool-off in fuel prices and op-lev gains to keep the margin buoyant in Q4FY23. We raise our EBITDA estimates for Star by 3/4/7% for FY23/24/25E respectively. We have also altered and increased our Capex estimates for the ongoing expansion which have offset the benefits of EBITDA upgrades. Thus, our target price remains unchanged. We estimate that Capex will increase its net debt/EBITDA to increase to 2.5x in FY24E vs net cash since FY19.

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q3 FY23	Q3 FY22	*YoY (%)*	Q2 FY23	*QoQ (%)*	FY21	FY22	FY23E	FY24E	FY25E
Sales Vol (mn MT)	0.91	0.87	3.9	0.89	1.9	2.7	3.40	3.90	4.41	5.51
NSR (INR/MT)	6,823	6,349	7.5	6,669	2.3	6,220	6,527	6,755	6,890	6,959
EBITDA (INR/MT)	1,194	772	54.6	782	52.7	1,233	1,014	1,141	1,297	1,283
Net Sales	6,195	5,549	*11.7*	5,942	*4.3*	17,199	22,218	26,352	30,373	38,346
EBITDA	1,084	675	*60.6*	697	*55.6*	3,326	3,453	4,449	5,718	7,071
APAT	529	438	*20.7*	311	*70.2*	2,401	2,468	2,269	2,632	2,147
AEPS (INR)	1.3	1.1	*20.7*	0.8	*70.2*	5.8	6.1	5.6	6.5	5.3
EV/EBITDA (x)						12.2	11.2	9.5	10.5	8.5
EV/MT (INR bn)						9.9	8.9	9.1	10.4	8.4
P/E (x)						18.9	18.3	20.0	17.2	21.1
RoE (%)						*12.0*	*11.6*	*10.0*	*10.6*	*7.9*

Source: Company, HSIE Research

Consolidated Estimates revision summary

INR bn	FY23E Old	FY23E Revised	*Change %*	FY24E Old	FY24E Revised	*Change %*	FY25E Old	FY25E Revised	*Change %*
Net Sales	26.5	26.4	*-0.5*	30.5	30.4	*-0.5*	38.5	38.3	*-0.5*
EBITDA	4.30	4.45	*3.4*	5.48	5.72	*4.4*	6.58	7.07	*7.4*
APAT	2.23	2.27	*1.6*	2.90	2.63	*-9.1*	3.09	2.15	*-30.6*

Source: Company, HSIE Research

ADD

CMP *(as on 03 Feb 2023)*	INR 112
Target Price	INR 115
NIFTY	17,854

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 115	INR 115
EBITDA revision %	FY23E *3.4*	FY24E *4.4*

KEY STOCK DATA	
Bloomberg code	STRCEM IN
No. of Shares (mn)	404
MCap (INR bn) / ($ mn)	45/551
6m avg traded value (INR mn)	43
52 Week high / low	INR 124/81

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	4.2	19.2	17.5
Relative (%)	4.1	14.9	14.0

SHAREHOLDING PATTERN (%)	Sep-22	Dec-22
Promoters	67.43	67.03
FIs & Local MFs	6.14	6.14
FPIs	0.40	0.53
Public & Others	26.03	26.29
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

Rajesh Ravi
rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Keshav Lahoti
keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Greenlam Industries

Muted demand; improvement in margin

We maintain our ADD rating on Greenlam Industries, with an unchanged target price of INR 360/share (16/35x its Mar'25E consolidated EBITDA/APAT). We like Greenlam for its leadership positioning in laminates (both in exports and domestic). Its large laminate capacity expansions in FY23/FY24 will accelerate segmental growth during FY23-25E. Growth will be further accelerated by contribution from entry in new segments of plywood/ particle board from FY24/FY25 onwards. Due to these large expansions, we expect net debt/ EBITDA to be ~2-3x during FY23-25. It reported 12/3/6% YoY growth in consolidated revenue/EBITDA/APAT in Q3FY23. Demand was weak in Q3, so laminates volume was flat QoQ (up 7% YoY). Consolidated EBITDA margin recovered 50bps QoQ in Q3 to 10.9% owing to cool off in raw material prices.

- **Q3FY23 performance:** Greenlam reported 12/3/6% YoY growth in consolidated revenue/EBITDA/APAT in Q3FY23 supported by the domestic market. Demand was weak in Q3, so laminates volume was flat QoQ (up 7% YoY). Veneer and allied segment revenue grew 7% YoY (9% of revenue mix). Consolidated EBITDA margin recovered 50bps QoQ to 10.9% owing to cool off in raw material prices (except for design paper). However, the margin still remained 100bps lower YoY. Laminates NSR was 5/-3% YoY/ QoQ. NSR declined QoQ, owing to the ramp in Pramtij. Unitary EBITDA stood at INR 134/ per sheet down 1% YoY/ flat QoQ. Laminates segment EBITDA margin improved by 30bps QoQ to 12.4%.
- **Outlook:** Management expects 20% revenue growth in FY23. It also expects exports to pick up from Q4FY23 onwards. Greenlam expects its recently acquired laminates plant at Prantij's upgradation (2mn sheets – capex INR 0.15bn) and greenfield plywood plant (18.9mn Sqm – capex INR 1.25bn) to be completed by FY23 end. Laminates (AP expansion 3.5mn sheets – capex INR 2.25bn) to be operational in Q1FY24. The greenfield particle board (231K CBM – capex INR 6bn) is on track for FY24end. We like Greenlam for its leadership positioning in laminates (both in exports and domestic). Its large laminate capacity expansions in FY23/FY24 will accelerate segmental growth during FY23-25E. Growth will be further accelerated by contribution from entry in new segments of plywood/ particle board from FY24/FY25 onwards. Due to these large expansions, we expect net debt/ EBITDA to be ~2-3x during FY23-25. We marginally tweak our EBITDA estimates and maintain our ADD rating with an unchanged target price of INR 360.

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q3 FY23	Q3 FY22	*YoY (%)*	Q2 FY23	*QoQ (%)*	FY21	FY22	FY23E	FY24E	FY25E
Sales (mn sheet)	4.26	3.98	7.0	4.26	-	13.5	16.5	17.6	21.6	24.0
NSR (per sheet)	1,078	1,025	5.1	1,106	(2.6)	790	942	1,042	973	971
Laminates EBITDAM (%)	12.4	13.3		12.1		16.7	12.7	12.4	12.8	12.2
Net Sales	5,035	4,497	*12.0*	5,180	*(2.8)*	13,206	11,996	17,034	19,971	24,503
EBITDA	548	534	*2.7*	537	*2.0*	1,733	1,870	2,186	2,739	3,338
EBITDAM (%)	10.9	11.9		10.4		13.1	15.6	12.8	13.7	13.6
APAT	280	269	*5.6*	291	*(3.1)*	862	933	1,092	1,303	1,301
AEPS (INR)	2.2	2.2	*0.3*	2.3	*(3.1)*	7.1	7.7	8.6	10.2	10.2
EV/EBITDA (x)						23.8	22.3	20.4	17.5	14.1
P/E (x)						45.8	42.2	36.1	30.2	30.3
RoE (%)						*16.0*	15.2	13.6	*12.9*	*11.6*

Source: Company, HSIE Research

ADD

CMP *(as on 03 Feb 2023)*	INR 308
Target Price	INR 360
NIFTY	17,854

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 360	INR 360
EBITDA revision %	FY23E *2.2*	FY24E *1.1*

KEY STOCK DATA	
Bloomberg code	GRLM IN
No. of Shares (mn)	127
MCap (INR bn) / ($ mn)	39/478
6m avg traded value (INR mn)	13
52 Week high / low	INR 418/280

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(7.3)	(15.6)	(19.5)
Relative (%)	(7.3)	(19.9)	(23.0)

SHAREHOLDING PATTERN (%)	Sep-22	Dec-22
Promoters	51.22	51.22
FIs & Local MFs	13.37	13.10
FPIs	1.46	1.44
Public & Others	33.96	34.25
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Rajesh Ravi
rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Keshav Lahoti
keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Ami organics

Margin improvement continues

We retain our BUY rating on Ami organics, with a target price of INR 1,143 on the back of (1) expansion of its speciality chemicals portfolio, (2) rising utilisation of the Gujarat Organics facility and (3) strong product pipeline in its advanced pharma intermediate business. EBITDA/APAT were 15/13% below our estimates, mainly owing to a 14% fall in revenue.

- **Financial performance:** Revenue grew 8/4% YoY/QoQ at INR 1,524mn, led by 13% growth in advanced intermediates. Revenue was impacted by deferred shipments of certain products. As per our calculation, the impact of the deferment of shipment was ~INR 99mn. EBITDA grew 3/10% YoY/QoQ to INR 308mn, with EBITDA margin coming in at 20.2% (-99/+108bps YoY/QoQ). The sequential improvement in margin was due to (1) switching of fuel to coal from fuel oil at its Jhagadia facility and (2) lower freight costs. EBITDA margin was adversely impacted due to a one-time payment of INR 27.4mn towards the shortfall in the amount of insurance claim. Adjusted for it, the EBITDA margin would have been 22%. APAT grew 14/17% YoY/QoQ to INR 223mn, owing to the trickle-down effect of a higher EBITDA and other income.
- **Segmental information:** Revenue from advanced intermediate grew by 13/2% YoY/QoQ to INR 1,271mn. The chemical business showed muted performance during the quarter, revenue from the chemical business de-grew 13% YoY while up 15% QoQ to INR 253mn.
- **Con call takeaways:** (1) Ami organics has signed a 10-year-long contract with Fermion for a patented product. Commercial supply is expected to commence from Q4FY24. (2) Samples of electrolyte additives were sent to nine customers and products are in various stages of qualification with customers. The company received commercial trial order from one customer in Q3FY23. The company expect commercial supply to commence by H1FY24. (3) Company shall incur a capex of INR 2bn over FY23 and FY24. During the quarter the company received environmental clearance for its ongoing capex at the Ankleshwar facility. (4) The company added 39 new customers in Q3FY23, most of them in its specialty chemical business. (5) The remaining portion of high-cost inventory consumed in Q3 will be consumed in Q4. Thus, the adverse impact of high-cost inventory is expected to normalise by Q1FY24. (6) Started manufacturing Methyl salicylate using flow chemistry. Production volume shall ramp up in the coming quarters.
- **Change in estimates:** We cut our FY23/24 EPS estimates by 4.1/4.3% to INR 22.3/29.3, to factor in the 9M performance.
- **DCF-based valuation: Our target price is INR 1,143 (WACC 11%, terminal growth 6%). The stock is currently trading at 30x FY24E EPS.**

Financial summary (consolidated)

INR mn	Q3FY23	Q2FY23	QoQ(%)	Q3FY22	YoY(%)	FY21	FY22	FY23E	FY24E	FY25E
Net Sales	1,524	1,470	*3.7*	1,412	*7.9*	3,406	5,201	6,021	7,171	8,791
EBITDA	308	281	*9.5*	299	*2.9*	802	1,052	1,168	1,553	1,992
APAT	223	190	*17.0*	195	*14.4*	540	719	813	1,067	1,366
AEPS (INR)	6.1	5.2	*17.0*	5.3	*14.4*	14.8	19.7	22.3	29.3	37.5
P/E (x)						58.9	44.2	39.1	29.8	23.3
EV/EBITDA(x)						41.4	29.3	26.8	20.5	15.8
RoE (%)						38.7	20.9	14.6	16.8	18.5

Source: Company, HSIE Research

BUY

CMP *(as on 03 Feb 2023)*	INR 872
Target Price	INR 1,143
NIFTY	17,854

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,160	INR 1,143
EPS %	FY23E	FY24E
	-4.1%	-4.3%

KEY STOCK DATA	
Bloomberg code	AMIORG IN
No. of Shares (mn)	36
MCap (INR bn) / ($ mn)	32/388
6m avg traded value (INR mn)	135
52 Week high / low	INR 1,182/764

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(7.1)	(13.8)	(14.2)
Relative (%)	(7.1)	(18.1)	(17.7)

SHAREHOLDING PATTERN (%)

	Sept-22	Dec-22
Promoters	39.41	39.41
FIs & Local MFs	3.61	3.72
FPIs	5.76	6.41
Public & Others	51.22	50.46
Pledged Shares	0.00	0.00

Source: BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Harshad Katkar
harshad.katkar@hdfcsec.com
+91-22-6171-7319

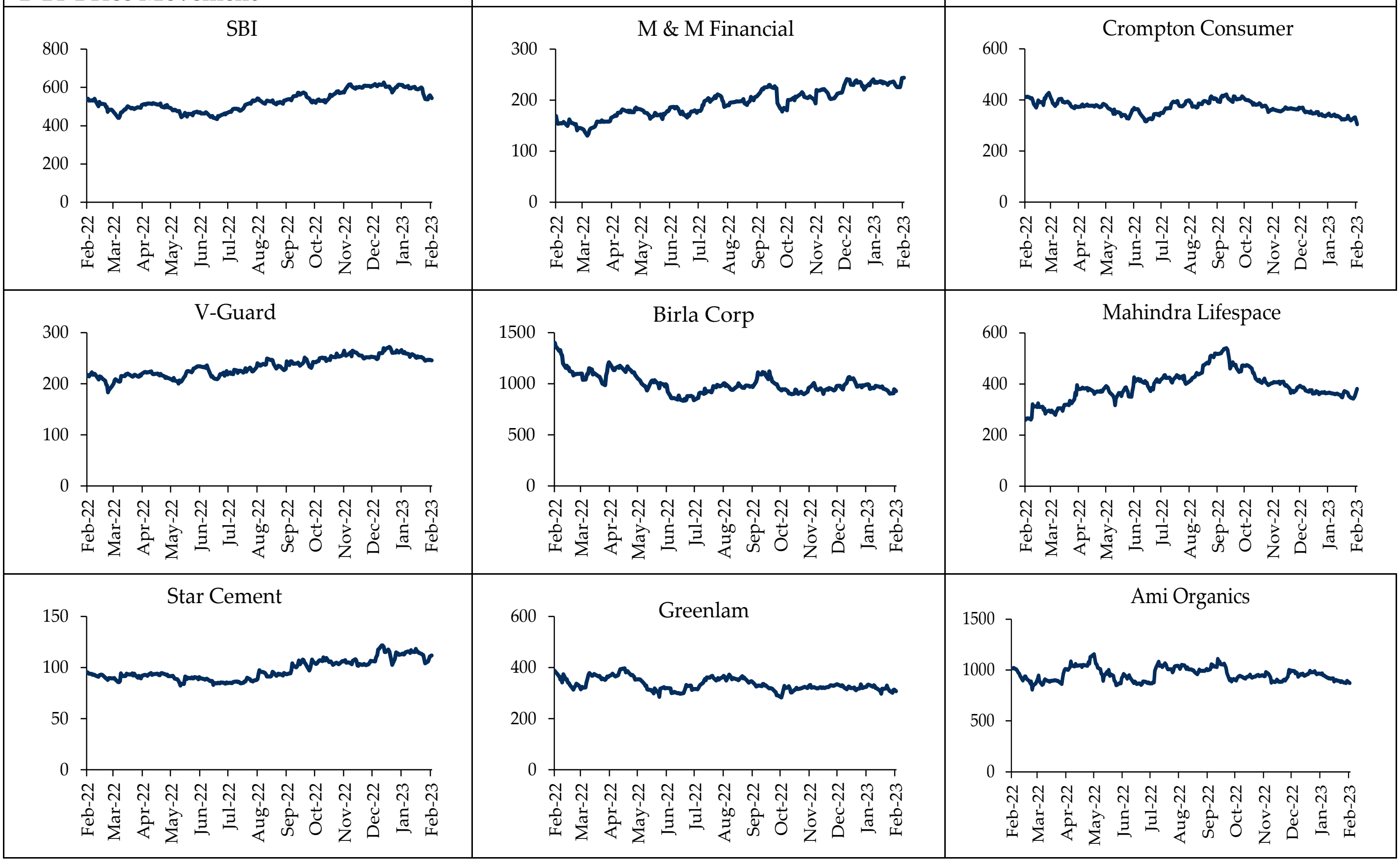
Akshay Mane
akshay.mane@hdfcsec.com
+91-22-6171-7338

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
Krishnan ASV	State Bank of India, Mahindra & Mahindra Financial Services	PGDM	NO
Deepak Shinde	State Bank of India, Mahindra & Mahindra Financial Services	PGDM	NO
Neelam Bhatia	State Bank of India, Mahindra & Mahindra Financial Services	PGDM	NO
Naveen Trivedi	Crompton Consumer, V-Guard Industries	MBA	NO
Riddhi Shah	Crompton Consumer, V-Guard Industries	MBA	NO
Rajesh Ravi	Birla Corporation, Star Cement, Greenlam Industries	MBA	NO
Keshav Lahoti	Birla Corporation, Star Cement, Greenlam Industries	CA	NO
Parikshit Kandpal	Mahindra Lifespaces	CFA	NO
Manoj Rawat	Mahindra Lifespaces	MBA	NO
Nikhil Kanodia	Mahindra Lifespaces	MBA	NO
Nilesh Ghuge	Ami organics	MMS	NO
Harshad Katkar	Ami organics	MBA	NO
Akshay Mane	Ami organics	PGDM	NO

1 Yr Price Movement



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HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

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HDFC securities
Institutional Equities
Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
Board: +91-22-6171-7330 www.hdfcsec.com