INSTITUTIONAL RESEARCH

HSIE Results Daily

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Results Reviews

- **ONGC:** We maintain our ADD rating on ONGC with a target price of INR 168, based on oil and gas production growth at 5/8% CAGR over FY23-25E, attractive valuations of 3.7x FY24 EPS—an ~31% discount to 5-year average P/E of 5.4x, 0.6x FY24 P/Bv with RoE of ~18% and a dividend yield of ~7%. However, this is offset by limited earnings potential, owing to the levy of a windfall tax on crude oil prices and a decline in the price of domestically produced APM gas. Q4FY23 EBITDA was at INR 163bn, coming in below our estimate, owing to higher-than-expected other expenses; however, higher exploratory costs and an exceptional item resulted in a quarterly loss of INR 2.5bn. Crude oil and gas production came marginally below estimates. Total crude oil sales, including JV share, came above estimates and were partially offset by marginally lower gas sales.

- **Balkrishna Industries:** Balkrishna Industries' (BKT) Q4FY23 margin, at 21.3%, was in line with our estimate. Demand in Europe continues to be weak and the company hopes it will improve in H2. Hence, inventory destocking is likely to continue until it normalizes by June-July. Given this challenging demand environment, management has refrained from providing any volume guidance for FY24. We factor in BKT's margin to improve to 24% in FY24 (from 20% in FY23) on the back of reduced input costs, normalization of freight rates, and favourable Euro-INR hedge rate at INR 88-89 vs INR 85.3 for FY23. However, cost pressures like (1) competitive headwinds (which may force BKT to pass on input cost reduction) and (2) continuous investments in its brand; may result in downside risks to our estimates. Further, the sharp rise in interest burden is likely to cap earnings growth, unless BKT aims to reduce debt soon. On account of continued demand weakness, we have lowered our EPS estimates by 8%/1% for FY24-25E. However, despite factoring in most positives, the stock at 31x FY24E appears expensive. Maintain REDUCE with a revised TP of INR2,083 (INR1,936 earlier), as we roll forward to FY25 EPS (no change in target multiple).

- **NCC:** NCC's Q4FY23 revenue/EBITDA/APAT came in at INR 40.2/4.2/1.8bn, beating our estimates on all fronts by 11.2/13.7/9.7%. With an inflow of INR 132.8bn in Q4FY23, the FY23 order inflow (OI) stood at INR 259bn (its highest ever annual inflow), taking the order book (OB) as of Mar'23 to an all-time high of INR 502.4bn (~3.8x FY23 revenue). The company guided for (1) debt reduction by another INR 2bn by FY24-end and (2) incurring a capex of INR 2.8bn. The OB for the AP project stands at INR 31.3bn. With the conclusion of the Sembcorp arbitration case, the company is expecting the pay out in H2FY24. It guided for FY24 revenue to grow by 20% YoY with an EBITDA margin of 10-10.15% and an OI of INR 260bn. Given the robust order book, pick-up in execution, and robust balance sheet, we recalibrate our FY24/25E EPS by -3.6/4.9%. We maintain BUY on NCC, with an increased TP of INR 137 (9x Mar-25E EPS).

- **Sobha:** Sobha's (SDL) reported annual presales of 5.7msf, the highest-ever in both value and volume terms, valued at INR 52bn (+34% YoY). This was on the back of the robust launch of 4msf. For FY24, SDL expects to clock presales growth of 15-20% on the back of a minimum of 7msf of launches (launches will start from Q2FY24). Of which, 5/1/1msf is planned for Bengaluru/NCR/other markets. EBITDA margin continues to be a pain point

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with FY23 EBITDA margin at 11.2%(-456bps YoY). This was on account of high-cost legacy contractual projects and historical presales with higher raw material costs getting recognised now. SDL expects a turnaround in EBITDA margin from Q3FY24. Hosur land monetisation will start in FY24 with a plan to launch plotted development project. On the other hand, for the 200-acre Hoskote land monetisation, the launch plan for the first few phases will be crystalised by FY24-end. In terms of business development (BD), SDL expects to spend INR 2-3bn in FY24, primarily going for a JD/JVA route, which would be funded by robust internal accruals. Real estate collection was the highest ever at INR 43bn (+36% YoY) on the back of robust presales and delivery. This resulted in the reduction of net debt to INR 16.4bn (a reduction of INR 5bn from FY22). However, for FY24, SDL plans to utilise its robust cash flow more towards growth than net debt reduction. On account of the near-term pressure on margins, we cut our estimates, but maintain BUY with an unchanged TP of INR 935.

- **Greenlam Industries:** We maintain our ADD rating on Greenlam Industries, with a revised target price of INR 395/share (16/35x its Mar'25E consolidated EBITDA/APAT). In Q4FY23, it reported strong 15/49/80% YoY growth in consolidated revenue/EBITDA/APAT. It is driven by a robust 17% volume uptick and subsequent op-lev gains boosting consolidated EBITDA margin by 320/300bps YoY/QoQ to 13.9%. We like Greenlam for its leadership positioning in laminates. The upcoming laminate expansions should drive a consolidated volume CAGR of 17% during FY23-25E, in our view. While plywood/ particle board will boost revenues from FY24/FY25 onwards respectively, huge Capex should keep net debt to EBITDA elevated at ~2-3x during FY23-25E.

- **Ahluwalia Contracts:** Ahluwalia Contracts (AHLU) reported revenue/EBITDA/APAT of 8.6/1.1/0.8bn, (missing)/beating our estimates by (17.7)/9.5/10.8%. While surpassing its FY23 order inflow (OI) guidance of INR 45bn with an OI of INR 50.6bn, the order book (OB) as of Mar'23 stood at INR 81.6bn. With an OI of INR 37.5bn in FYTD24, the OB as of date stands at ~INR 120bn (~4.2x FY23 revenue). The OB is well-diversified, providing a natural hedge from a slowdown in any particular business/geography segment. AHLU guided for FY24 revenue to grow by 20% YoY, with EBITDA margin (excl. other income) at ~11%+ and an OI of INR 20-25bn in the remaining part of the year. Given robust inflows, better margins and pick-up in execution, we recalibrate our FY24/25E EPS higher and increase the multiple to 14x from 13x. We maintain BUY on the stock, with an increased TP of INR 700/sh.

- **Repco Home Finance:** REPCO's Q4FY23 earnings were ahead of our estimates due to lower-than-expected provisioning (26bps). Asset quality continued to improve gradually with a decline in GS-II and GS-III and increasing intensity in collection efforts and it is likely to decline further (target GS-II below 10%). Portfolio growth gained traction from subdued levels (+6% YoY) with strong disbursals (39% YoY, 20% QoQ), driven by the activation of sourcing channels and improved payouts to employees. NIM improved to 5.1% (+30bps QoQ) with incremental rate hikes (~145bps) and a shift in interest rate reset frequency for borrowers. While the PPoP growth remained muted due to lower AUM growth and higher opex intensity, the recent investments in tech and employees are likely to reflect in improving throughput and asset quality. We adjust our FY24/FY25 forecasts higher to factor in lower credit costs, partially offset by lower loan growth; maintain ADD with a revised RI-based TP of INR260 (0.6x Mar-25 ABVPS).

ONGC

Higher provisions impact earnings

ADD

CMP *(as on 29 May 23)*	INR 159
Target Price	INR 168
NIFTY	18,599

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 170	INR 168
EPS change	FY24E	FY25E
	-3%	-2%

KEY STOCK DATA	
Bloomberg code	ONGC IN
No. of Shares (mn)	12,580
MCap (INR bn) / ($ mn)	2,000/24,459
6m avg traded value (INR mn)	1,870
52 Week high / low	INR 169/120

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	4.6	13.4	10.6
Relative (%)	(2.0)	13.1	(3.9)

SHAREHOLDING PATTERN (%)	Dec-22	Mar-23
Promoters	58.89	58.89
FIs & Local MFs	19.27	19.88
FPIs	8.43	7.97
Public & Others	13.41	13.25
Pledged Shares	0.00	0.00

Source: BSE

We maintain our ADD rating on ONGC with a target price of INR 168, based on oil and gas production growth at 5/8% CAGR over FY23-25E, attractive valuations of 3.7x FY24 EPS—an ~31% discount to 5-year average P/E of 5.4x, 0.6x FY24 P/Bv with RoE of ~18% and a dividend yield of ~7%. However, this is offset by limited earnings potential, owing to the levy of a windfall tax on crude oil prices and a decline in the price of domestically produced APM gas. Q4FY23 EBITDA was at INR 163bn, coming in below our estimate, owing to higher-than-expected other expenses; however, higher exploratory costs and an exceptional item resulted in a quarterly loss of INR 2.5bn. Crude oil and gas production came marginally below estimates. Total crude oil sales, including JV share, came above estimates and were partially offset by marginally lower gas sales.

- **Standalone financial performance:** EBITDA, at INR 163bn, (-12% YoY, -20% QoQ), came below our estimate due to higher-than-expected other expenses of INR 90bn (+66% YoY, +97% QoQ). Higher exploratory cost of INR 45bn (+76% YoY, +2.8x QoQ) and exceptional item of INR 92.4bn with respect to provision for service tax/GST on royalty resulted in a quarterly loss of INR 2.5bn. Other income of INR 19.3bn came in above our estimates.
- **Standalone operational performance**: Q4 net crude oil realisation was at USD 73.5/bbl (-24% YoY, -5% QoQ), impacted by windfall tax of USD 5.5/bbl, while gas realisation stood at USD 8.2/mmbtu (+2.8x YoY, +1% QoQ). Total oil sales volume, including JV, was 4.7mmt (-9% YoY, flat QoQ). Gas sales volume was 4.1bcm (+1% YoY, -2% QoQ).
- **Key highlights**: (1) ONGC incurred a Capex of INR 302bn in FY23 and has guided a Capex of ~INR 301bn for FY24. (2) ONGC, as a prudent and conservative practice, decided to make provision towards service tax/GST on royalty amounting to INR 92.4bn for the period Apr-16 to Mar-22 and a similar provision of INR 28.7bn for FY23. (3) The company declared a final dividend of INR 0.5/sh in addition to the interim dividend of INR 10.75/sh.
- **Change in estimates**: We cut our FY24/25 EPS estimates by 3/2% to INR 43.4/39.9 to factor higher other expenses and interest cost and service tax/GST on royalty, delivering a revised target price of INR 168/sh.
- **We value ONGC's standalone business + OVL at 4x FY24 EPS at INR 135 and investments at INR 32. The stock is currently trading at 3.7x FY24E EPS.**

Standalone financial summary

YE March (INR bn)	Q4 FY23	Q3 FY23	QoQ (%)	Q4 FY22	YoY (%)	FY21*	FY22*	FY23P*	FY24E*	FY25E*
Revenues	363	386	(5.9)	345	5.2	3,606	5,318	6,848	6,844	7,030
EBITDA	163	204	(19.9)	186	(12.1)	566	858	857	1,074	1,025
APAT	(2)	110	(102.2)	89	(102.8)	207	512	393	546	502
AEPS (INR)	(0.2)	8.8	(102.2)	7.0	(102.8)	16.5	40.7	31.2	43.4	39.9
P/E (x)						9.7	3.9	5.1	3.7	4.0
EV/EBITDA (x)						5.6	3.7	3.7	2.4	2.4
RoE (%)						9.7	21.3	14.5	18.2	14.8

Source: Company, HSIE Research | *Consolidated

Change in estimates (consolidated)

	FY24E			FY25E		
	Old	New	Ch%	Old	New	Ch%
EBITDA (INR bn)	1,084	1,074	(0.9)	1,030	1,025	(0.5)
AEPS (INR/sh)	44.7	43.4	(3.0)	40.7	39.9	(2.0)

Source: Company, HSIE Research

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Balkrishna Industries

Demand outlook remains uncertain

Balkrishna Industries' (BKT) Q4FY23 margin, at 21.3%, was in line with our estimate. Demand in Europe continues to be weak and the company hopes it will improve in H2. Hence, inventory destocking is likely to continue until it normalizes by June-July. Given this challenging demand environment, management has refrained from providing any volume guidance for FY24. We factor in BKT's margin to improve to 24% in FY24 (from 20% in FY23) on the back of reduced input costs, normalization of freight rates, and favourable Euro-INR hedge rate at INR 88-89 vs INR 85.3 for FY23. However, cost pressures like (1) competitive headwinds (which may force BKT to pass on input cost reduction) and (2) continuous investments in its brand; may result in downside risks to our estimates. Further, the sharp rise in interest burden is likely to cap earnings growth, unless BKT aims to reduce debt soon. On account of continued demand weakness, we have lowered our EPS estimates by 8%/1% for FY24-25E. However, despite factoring in most positives, the stock at 31x FY24E appears expensive. Maintain REDUCE with a revised TP of INR2,083 (INR1,936 earlier), as we roll forward to FY25 EPS (no change in target multiple).

- **Q4 margin in line with estimate:** Demand remained weak in Q4 with volume down 6% YoY but up 9% QoQ. BKT's Q4 EBITDA margin improved 210bps QoQ to 21.3%, led by: (1) a 70bps improvement in gross margin, led by lower input cost and better forex (Euro-INR at 86.5 vs 85 for Q3) (2) freight costs declining by 310bps QoQ to 5.7% of revenue. However, this was offset by the sharp rise in ad spend, which led to other expenses (ex of freight) rising 200bps QoQ. Overall, Q4 PAT came in at INR 2.6bn (sharply higher than the INR 996mn reported in Q3FY23 but 31% lower YoY due to margin pressure).
- **Call takeaways:** (1) Channel inventory still remains higher than normal (but on a reducing trend) and is likely to normalize by June-July, as per management. (2) In terms of demand in its key markets, BKT expects Europe demand to normalize later in FY24 while the Americas and India markets are expected to continue their momentum. Overall, management expects H2 to be better than H1 but has refrained from giving any volume guidance for FY24 given the ongoing uncertainty in Europe. (3) Management aims to double its market share to 10% (from around 5%) over the next 4-5 years. (4) Management expects its margin to improve by 200-300 bps over Q4, led by: (a) a decline in input cost pressure; (b) normalization of freight expenses; (c) improved hedge rate for FY24 to INR 88-89 level from INR 85.3 in FY23 (80% is hedged at this rate). However, the bulk of this margin expansion is likely to come in H2, as per management. (5) Management indicated that it would target to become net debt free in 15-18 months, provided it is not required to commence any major capex plan in this time. (6) Capex guidance for FY24 stands at INR 5-6 bn, of which maintenance capex is likely to be INR 2.5-3bn.

Quarterly/annual financial summary

YE Mar (INR mn)	Q4 FY23	Q4 FY22	YoY (%)	Q3 FY23	QoQ (%)	FY22	FY23	FY24E	FY25E
Net Sales	23,246	24,319	-4.4	22,153	4.9	84,187	1,00,725	1,01,449	1,15,396
EBITDA	4,943	5,765	-14.3	4,238	16.6	21,825	20,286	24,348	30,003
APAT	2,556	3,737	-31.6	996	156.5	14,107	10,786	14,233	18,302
Diluted EPS (INR)	13.2	19.3	-31.6	5.2	156.5	73.0	55.8	73.6	94.7
P/E (x)						31.2	40.8	31.0	24.1
EV / EBITDA (x)						20.4	22.3	18.1	14.5
RoCE (%)						20.4	13.5	16.9	19.9

Source: Company, HSIE Research

REDUCE

CMP *(as on 29 May 23)*	INR 2,281
Target Price	INR 2,083
NIFTY	18,599

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 1,936	INR 2,083
	FY23E	FY24E
EPS %	-7.8%	-1.4%

KEY STOCK DATA	
Bloomberg code	BIL IN
No. of Shares (mn)	193
MCap (INR bn) / ($ mn)	441/5,391
6m avg traded value (INR mn)	640
52 Week high / low	INR 2,492/1,796

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	13.2	12.1	2.0
Relative (%)	6.6	11.8	(12.5)

SHAREHOLDING PATTERN (%)

	Dec-22	Mar-23
Promoters	58.29	58.29
FIs & Local MFs	20.22	20.31
FPIs	12.12	12.42
Public & Others	9.04	8.98
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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NCC

Bright prospects in the near term

BUY

CMP (*as on 29 May 23*)	INR 116
Target Price	INR 137
NIFTY	18,599

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 130	INR 137
EPS Change %	FY24E	FY25E
	-3.6	+4.9

KEY STOCK DATA	
Bloomberg code	NJCC IN
No. of Shares (mn)	628
MCap (INR bn) / ($ mn)	73/888
6m avg traded value (INR mn)	757
52 Week high / low	INR 127/51

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	30.1	39.7	89.4
Relative (%)	23.5	39.4	74.9

SHAREHOLDING PATTERN (%)	Dec-22	Mar-23
Promoters	21.99	22.00
FIs & Local MFs	12.35	12.87
FPIs	15.76	19.96
Public & Others	49.90	45.17
Pledged Shares	1.20	0.73

Source : BSE

Pledged shares as % of total shares

NCC's Q4FY23 revenue/EBITDA/APAT came in at INR 40.2/4.2/1.8bn, beating our estimates on all fronts by 11.2/13.7/9.7%. With an inflow of INR 132.8bn in Q4FY23, the FY23 order inflow (OI) stood at INR 259bn (its highest ever annual inflow), taking the order book (OB) as of Mar'23 to an all-time high of INR 502.4bn (~3.8x FY23 revenue). The company guided for (1) debt reduction by another INR 2bn by FY24-end and (2) incurring a capex of INR 2.8bn. The OB for the AP project stands at INR 31.3bn. With the conclusion of the Sembcorp arbitration case, the company is expecting the pay out in H2FY24. It guided for FY24 revenue to grow by 20% YoY with an EBITDA margin of 10-10.15% and an OI of INR 260bn. Given the robust order book, pick-up in execution, and robust balance sheet, we recalibrate our FY24/25E EPS by -3.6/4.9%. We maintain BUY on NCC, with an increased TP of INR 137 (9x Mar-25E EPS).

- **Q4FY23 financial highlights:** NCC reported revenue of INR 40.2bn (+28.1/+19.1% YoY/QoQ, an 11.2% beat). EBITDA came in at INR 4.2bn (+58.8/+21.5% YoY/QoQ, a 13.7% beat). EBITDA margin was 10.6% (+204/+10bps YoY/QoQ, vs. our estimate of 10.3%, owing to lower employee expenses and better absorption of overheads, partly offset by higher input and raw material prices). Depreciation came in at INR 524mn (+14.8/2.8% YoY/QoQ). Interest cost came in at INR 1.4bn, (+14.8/+2.6% YoY/QoQ). Other income came in at INR 310mn (-31.2/-46.1% YoY/QoQ). Consequently, APAT came in at INR 1.8bn (+65.8/+18.5% YoY/QoQ, a 9.7% beat). NCC guided for FY24 revenue to grow at 20% YoY with an EBITDA margin similar to the FY22 level. Also, it expects the PAT margin to grow by 50bps YoY.
- **All-time high OB; well diversified:** With an inflow of INR 132.8bn in Q4, the FY23 OI stood at INR 259bn (its highest ever annual inflow), taking the OB as of Mar'23 to its all-time high of INR 502.4bn (~3.8x FY23 revenue). Buildings/electrical/water and railways/transportation/mining contributed 41/21/16/12/12% of the FY23OI. Business-wise, the OB is well diversified into building/water and railways/electrical/transportation/mining/others at 46/16/14/12/10/2%. AP project OB stands at INR 31.3bn. It guided for FY24 OI at ~INR 260bn.
- **Robust balance sheet:** Gross standalone debt reduced to INR 9.8bn as of Mar'23 vs. INR 19.5bn as of Dec'22. The company expects debt to reduce further by INR 2bn FY24-end. NCC has incurred a capex of INR 2.3bn in FY23 and guided for FY24 capex of INR 2.8bn.

Standalone Financial Summary (INR mn)

Particulars	4QFY23	4QFY22	*YoY (%)*	3QFY23	*QoQ (%)*	FY22	FY23	FY24E	FY25E
Net Sales	40,163	31,343	*28.1*	33,727	*19.1*	99,300	1,33,513	1,53,540	1,71,965
EBITDA	4,238	2,669	*58.8*	3,488	*21.5*	9,961	13,425	15,277	17,197
APAT	1,777	1,071	*65.8*	1,499	*18.5*	3,460	5,692	7,024	8,325
EPS (INR)	2.9	1.8	*65.8*	2.46	*18.5*	5.7	9.3	11.5	13.7
P/E (x)						20.4	12.4	10.0	8.5
EV/EBITDA (x)						7.7	5.5	5.1	4.4
RoE (%)						6.2	9.4	10.5	11.3

Source: Company, HSIE Research

Standalone Estimate Change Summary

Particulars	FY24E			FY25E		
	New	Old	Chg.(%)	New	Old	Chg.(%)
Revenues	1,53,540	1,44,335	6.4	1,71,965	1,57,717	9.0
EBITDA	15,277	15,444	(1.1)	17,197	16,639	3.3
EBITDA (bps)	10.0	10.7	(75.0)	10.0	10.6	(55.0)
APAT	7,024	7,284	(3.6)	8,325	7,935	4.9

Source: Company, HSIE Research

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Sobha

Upcoming launches key for further rerating

Sobha's (SDL) reported annual presales of 5.7msf, the highest-ever in both value and volume terms, valued at INR 52bn (+34% YoY). This was on the back of the robust launch of 4msf. For FY24, SDL expects to clock presales growth of 15-20% on the back of a minimum of 7msf of launches (launches will start from Q2FY24). Of which, 5/1/1msf is planned for Bengaluru/NCR/other markets. EBITDA margin continues to be a pain point with FY23 EBITDA margin at 11.2%(-456bps YoY). This was on account of high-cost legacy contractual projects and historical presales with higher raw material costs getting recognised now. SDL expects a turnaround in EBITDA margin from Q3FY24. Hosur land monetisation will start in FY24 with a plan to launch plotted development project. On the other hand, for the 200-acre Hoskote land monetisation, the launch plan for the first few phases will be crystalised by FY24-end. In terms of business development (BD), SDL expects to spend INR 2-3bn in FY24, primarily going for a JD/JVA route, which would be funded by robust internal accruals. Real estate collection was the highest ever at INR 43bn (+36% YoY) on the back of robust presales and delivery. This resulted in the reduction of net debt to INR 16.4bn (a reduction of INR 5bn from FY22). However, for FY24, SDL plans to utilise its robust cash flow more towards growth than net debt reduction. On account of the near-term pressure on margins, we cut our estimates, but maintain BUY with an unchanged TP of INR 935.

- **Q4FY23 financial highlights:** Sobha reported a revenue of INR 12bn (+65%/+39% YoY/QoQ, a 42% beat) with real estate contributing 77% to total revenue. EBITDA came in at INR 1.15mn (+28%/+30% YoY/QoQ, a 4% beat). EBITDA margin came in at 9.6% (-275/-67bps YoY/QoQ, vs. estimate of 13%) on account of higher construction expense in contractual business for its older projects. RPAT/APAT was INR 486mn (+94%/+53% YoY/QoQ, a 48% beat).
- **Highest-ever presales; non-Bengaluru sales strong:** SDL reported its highest-ever quarterly presales (in value and volume terms) of 1.48msf, valued at INR 14.6bn (+26%/+3% YoY/QoQ), with Sobha's share at INR 12bn (the highest-ever since its inception). For FY23, presales stood at an all-time high of INR 52bn (+35% YoY). The non-Bengaluru region contributed 37% to total sales (vs. 40% in Q3FY23). The average realisation increased to INR 9,898/sq. ft. (+14%/+3%, YoY/QoQ). SDL has a residential launch pipeline of 13.3msf, with 6.5msf and 4.3msf earmarked for Bengaluru and NCR.
- **Balance sheet strong; collections at an all-time high:** SDL achieved the highest-ever collections of INR 14.2bn (+10%/+1% YoY/QoQ) on the back of robust residential cash collection of INR 11.8bn (+11%/+2% YoY/QoQ). This resulted in the consolidated gross/net debt reducing to INR 20.0/16.4 vs. INR 20.0/17.7bn as of Dec'22, with net D/E at 0.66x vs. 0.72x as of Dec'22.

Consolidated financial summary (INR mn)

Particulars	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY22	FY23	FY24E	FY25E
Net Sales	12,099	7,313	*65.4*	8,682	*39.4*	27,309	33,101	33,573	39,155
EBITDA	1,156	900	*28.4*	888	*30.2*	4,294	3,694	5,103	7,244
APAT	486	250	*94.4*	318	*52.8*	1,169	1,042	1,769	3,224
Diluted EPS	5.1	2.6	*94.4*	3.4	*52.8*	12.3	11.0	18.7	34.0
P/E (x)						41.1	46.2	27.2	14.9
EV/EBITDA (x)						16.5	19.2	13.8	9.5
RoE (%)						4.7	4.1	6.6	11.2

Consolidated estimate change summary

Particulars	FY24E			FY25E		
	New	Old	Chg.(%)	New	Old	Chg.(%)
Revenues	33,573	33,143	*1.3*	39,155	38,400	*2.0*
EBITDA	5,103	6,562	*(22.2)*	7,244	7,699	*(5.9)*
EBITDA (%)	15.2	19.8	*(460.0)*	18.5	20.1	*(155.0)*
APAT	1,769	2,322	*(23.8)*	3,224	3,617	*(10.9)*

Source: Company, HSIE Research

BUY

CMP (*as on 29 May 23*)	**INR 507**
Target Price	**INR 935**
NIFTY	**18,599**

KEY CHANGES	**OLD**	**NEW**
Rating	BUY	BUY
Price Target	INR 935	INR 935
EPS Change %	FY24E *(23.8)*	FY25E *(10.9)*

KEY STOCK DATA	
Bloomberg code	SOBHA IN
No. of Shares (mn)	95
MCap (INR bn) / ($ mn)	48/588
6m avg traded value (INR mn)	250
52 Week high / low	INR 751/412

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	(12.0)	(19.2)	2.0
Relative (%)	(18.6)	(19.5)	(12.5)

SHAREHOLDING PATTERN (%)	**Dec-22**	**Mar-23**
Promoters	51.99	52.26
FIs & Local MFs	13.78	13.63
FPIs	15.06	13.76
Public & Others	19.17	20.35
Pledged Shares	10.54	10.54

Source: BSE

Pledged shares as % of total shares

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Greenlam Industries

Healthy volume uptick and op-lev gains

We maintain our ADD rating on Greenlam Industries, with a revised target price of INR 395/share (16/35x its Mar'25E consolidated EBITDA/APAT). In Q4FY23, it reported strong 15/49/80% YoY growth in consolidated revenue/EBITDA/APAT. It is driven by a robust 17% volume uptick and subsequent op-lev gains boosting consolidated EBITDA margin by 320/300bps YoY/QoQ to 13.9%. We like Greenlam for its leadership positioning in laminates. The upcoming laminate expansions should drive a consolidated volume CAGR of 17% during FY23-25E, in our view. While plywood/ particle board will boost revenues from FY24/FY25 onwards respectively, huge Capex should keep net debt to EBITDA elevated at ~2-3x during FY23-25E.

- **Q4FY23 performance:** Greenlam reported a 15/49/80% YoY surge in consolidated revenue/EBITDA/APAT. Laminates volume went up 17% YoY, also driving op-lev gains. Lower chemical prices also drove gross margin expansion by 50bps QoQ (+400bps YoY). Domestic volume rose 27% YoY, driven by a ramp-up of the low-value Gujarat plant. Exports volume also rose 5% YoY (after reporting a YoY decline in the preceding five quarters). Unitary EBITDA rose 20/23% YoY/QoQ to INR 164 per sheet. Consolidated EBITDA margin improved by 300bps QoQ to 13.9%.
- **Outlook:** Greenlam expanded the Pratij laminates capacity by 2mn sheets in May'23 and will start a greenfield 3.5mn sheets plant in AP in Q2FY24. These should drive 17% laminates volume CAGR during FY23-25E, in our view. Its plywood plant in Chennai will be operational in Jun-23 and the greenfield particleboard one in Q1FY25E. We expect a gradual ramp-up of these to further boost consolidated financials. We raise our FY24/25E EBITDA estimates by 5/11%, factoring in better laminates margin outlook. However, high capex should keep its net debt to EBITDA elevated at 2-3x, in our view.

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q4 FY23	Q4 FY22	*YoY (%)*	Q3 FY23	*QoQ (%)*	FY21	FY22	FY23	FY24E	FY25E
Sales (mn sheet)	4.67	4.00	16.8	4.26	9.6	13.5	16.5	17.0	20.3	23.2
NSR (per sheet)	1,053	1,060	*(0.7)*	1,078	*(2.3)*	25	41	49	49	49
Laminates EBITDAM (%)	*15.6*	*12.9*		*12.4*		*16.7*	*12.7*	*13.1*	*13.7*	*13.7*
Net Sales	5,338	4,634	*15.2*	5,035	6.0	11,996	17,034	20,260	24,257	30,313
EBITDA	741	496	*49.4*	548	*35.2*	1,733	1,870	2,329	2,823	3,641
EBITDAM (%)	*13.9*	*10.7*		*10.9*		*14.4*	*11.0*	*11.5*	*11.6*	*12.0*
APAT	460	257	*80.0*	280	*62.9*	862	933	1,284	1,464	1,459
AEPS (INR)	3.6	2.1	*71.0*	2.2	*62.9*	7.1	7.7	10.1	11.5	11.5
EV/EBITDA (x)						27.0	25.3	20.3	17.9	14.5
P/E (x)						52.3	48.3	35.1	30.8	30.9
RoE (%)						*16.0*	15.2	15.8	*14.1*	*12.5*

Source: Company, HSIE Research

Estimates revision summary

INR bn	FY24E Old	FY24E Revised	*Change %*	FY25E Old	FY25E Revised	*Change %*
Net Sales	24.54	24.26	*-1.2*	30.00	30.31	*1.0*
EBITDA	2.70	2.82	*4.6*	3.27	3.64	*11.2*
APAT	1.27	1.46	*14.8*	1.25	1.46	*17.0*

Source: Company, HSIE Research

ADD

CMP *(as on 29 May 23)*	INR 355
Target Price	INR 395
NIFTY	18,599

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 350	INR 395
EBITDA revision %	FY24E *4.6*	FY25E *11.2*

KEY STOCK DATA	
Bloomberg code	GRLM IN
No. of Shares (mn)	127
MCap (INR bn) / ($ mn)	45/552
6m avg traded value (INR mn)	10
52 Week high / low	INR 380/282

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	16.7	7.3	11.4
Relative (%)	10.2	7.0	(3.1)

SHAREHOLDING PATTERN (%)	Dec-22	Mar-23
Promoters	51.22	51.22
FIs & Local MFs	13.10	15.70
FPIs	1.44	1.44
Public & Others	34.25	31.64
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Ahluwalia Contracts

Robust outperformance

Ahluwalia Contracts (AHLU) reported revenue/EBITDA/APAT of 8.6/1.1/0.8bn, (missing)/beating our estimates by (17.7)/9.5/10.8%. While surpassing its FY23 order inflow (OI) guidance of INR 45bn with an OI of INR 50.6bn, the order book (OB) as of Mar'23 stood at INR 81.6bn. With an OI of INR 37.5bn in FYTD24, the OB as of date stands at ~INR 120bn (~4.2x FY23 revenue). The OB is well-diversified, providing a natural hedge from a slowdown in any particular business/geography segment. AHLU guided for FY24 revenue to grow by 20% YoY, with EBITDA margin (excl. other income) at ~11%+ and an OI of INR 20-25bn in the remaining part of the year. Given robust inflows, better margins and pick-up in execution, we recalibrate our FY24/25E EPS higher and increase the multiple to 14x from 13x. We maintain BUY on the stock, with an increased TP of INR 700/sh.

- **Q4FY23 financial highlights**: Revenue: INR 8.6bn (+18.1/+16.1% YoY/QoQ, a 17.7% miss). EBITDA: INR 1.1bn (+73.3/+54.3% YoY/QoQ, a 9.5% beat). EBITDA margins: 12.8% (+407/+316bps YoY/QoQ, vs. our estimate of 9.6%, majorly due to lower input and raw material prices, partly offset by higher employee expenses). Depreciation: INR 102mn (+23.4/-7.6% YoY/QoQ). Interest cost: INR 112mn (+12.3/+59.2% YoY/QoQ). Other income: INR 89mn (-21.4/+30.3% YoY/QoQ). RPAT/APAT: INR 722mn (+70.5/+60.5% YoY/QoQ, a 10.8% beat). AHLU guided for FY24 revenue to grow by 20% YoY, with EBITDA margin (excl. other income) at ~11%. It expects to be an INR 50bn revenue company in the next 4-5 years.
- **Surpassing OI guidance; well-diversified OB:** FY23 OI came in at INR 50.6bn vs. revised FY23 OI guidance of ~INR 45bn, taking the OB as of Mar'23 to INR 81.6bn. With an OI of INR 37.5bn in FYTD23, the OB as of date stands at ~INR 120bn (~4.2x FY23 revenue). Client-wise, government orders form 83.3% of OB and, segment-wise, institutional and hospital are the major drivers, contributing 37.2/32.9%, with residential/infra/others contributing 11.6/10/8.3%. Geography-wise, AHLU is present in 16 states with east/north/west/south/international (Nepal) regions contributing 38/32.9/19.2/4.8/5.2%. This provides a natural hedge from a slowdown in any particular business/geography segment. AHLU guided for another INR 20-25bn OI for the remaining part of the year. It has a strong bid pipeline of ~INR 34bn.
- **Net cash status continues**: AHLU has a negligible standalone gross debt of INR 27mn as of Mar'23 vs. INR 7mn as of Mar'22. With a cash and cash equivalent balance of INR 5.9bn, it continues with its net cash status. Capex incurred in FY23 is INR 1.1bn and FY24 guidance for the same is INR 1.3bn.

Standalone Financial Summary (INR mn)

YE March	4QFY23	4QFY22	YoY (%)	3QFY23	QoQ (%)	FY22	FY23	FY24E	FY25E
Net Sales	8,631	7,309	*18.1*	7,433	*16.1*	26,925	28,384	33,493	39,857
EBITDA	1,103	636	*73.3*	715	*54.3*	2,566	3,042	3,818	4,902
APAT	722	424	*70.5*	450	*60.5*	1,553	1,942	2,543	3,347
EPS (INR)	10.8	6.3	*70.5*	6.7	*60.5*	23.2	29.0	38.0	50.0
P/E (x)						25.0	20.0	15.3	11.6
EV/EBITDA (x)						13.5	10.9	9.3	7.0
RoE (%)						16.2	17.1	19.0	20.7

Source: Company, HSIE Research

Standalone Estimate Change Summary

Particulars	FY24E			FY25E		
	New	Old	Chg.(%)	New	Old	Chg.(%)
Revenues	33,493	33,352	0.4	39,857	36,687	8.6
EBITDA	3,818	3,802	0.4	4,902	4,512	8.6
EBITDA (bps)	11.4	11.4	(0.0)	12.3	12.3	0.0
APAT	2,543	2,531	0.5	3,347	3,056	9.5

Source: Company, HSIE Research

BUY

CMP (*as on 29 May 23*)	INR 580
Target Price	INR 700
NIFTY	18,599

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 568	INR 700
EPS Change %	FY24E	FY25E
	+0.5	+9.5

KEY STOCK DATA	
Bloomberg code	AHLU IN
No. of Shares (mn)	67
MCap (INR bn) / ($ mn)	39/475
6m avg traded value (INR mn)	27
52 Week high / low	INR 618/371

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	26.0	33.6	33.8
Relative (%)	19.4	33.3	19.3

SHAREHOLDING PATTERN (%)	Dec-22	Mar-23
Promoters	55.32	55.32
FIs & Local MFs	27.19	27.97
FPIs	12.19	11.50
Public & Others	5.30	5.21
Pledged Shares	7.16	7.16

Source: BSE

Pledged shares as % of total shares

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Repco Home Finance

Sustained gradual strides in operating performance

REPCO's Q4FY23 earnings were ahead of our estimates due to lower-than-expected provisioning (26bps). Asset quality continued to improve gradually with a decline in GS-II and GS-III and increasing intensity in collection efforts and it is likely to decline further (target GS-II below 10%). Portfolio growth gained traction from subdued levels (+6% YoY) with strong disbursals (39% YoY, 20% QoQ), driven by the activation of sourcing channels and improved payouts to employees. NIM improved to 5.1% (+30bps QoQ) with incremental rate hikes (~145bps) and a shift in interest rate reset frequency for borrowers. While the PPoP growth remained muted due to lower AUM growth and higher opex intensity, the recent investments in tech and employees are likely to reflect in improving throughput and asset quality. We adjust our FY24/FY25 forecasts higher to factor in lower credit costs, partially offset by lower loan growth; maintain ADD with a revised RI-based TP of INR260 (0.6x Mar-25 ABVPS).

- **Lower credit costs drive strong earnings growth**: REPCO's NII/PPOP were muted (5%/1% YoY) due to low AUM growth (6% YoY) and higher opex intensity (opex to assets at 1.2%; C/I at 24%). The repricing on the asset side aided in sustaining NIMs (5.1%) in the rising cost of funds environment. With the new tech investments, activation of sourcing channels and stabilising of balance transfers, management expects AUM/disbursals growth of ~12%/20% YoY in FY24, which in turn is likely to drive healthy P&L outcomes.
- **Improving asset quality, but early delinquency remains sticky:** REPCO's increased collection efforts have aided in improving asset quality, reflecting in lower credit costs in H2. However, the high early delinquency bucket (GS-II at ~12%) and GS-III at 5.8% remain a concern and a key monitorable.
- **Sustained momentum key to further rerating**: REPCO has delivered a healthy turnaround in operating performance under the new MD & CEO in FY23 after a subdued FY22. While the initiatives have aided in picking out low-hanging fruits, the sustenance of the improvement in loan growth and asset quality remains a key monitorable for any meaningful rerating in the stock.

Financial summary

(INR bn)	Q4FY23	Q4FY22	*YoY(%)*	Q3FY23	*QoQ(%)*	FY22	FY23	FY24E	FY25E
NII	1.5	1.4	*4.9*	1.4	*7.4*	5.7	5.6	5.8	6.5
PPOP	1.2	1.2	*0.7*	1.1	*5.4*	4.9	4.5	4.8	5.3
PAT	0.8	0.4	*95.1*	0.7	*15.4*	1.9	3.0	3.1	3.5
EPS (INR)	13.1	6.7	*95.2*	11.4	*15.4*	30.6	47.3	49.6	55.6
ROAE (%)						8.9	12.5	11.7	11.7
ROAA (%)						1.6	2.4	2.3	2.3
ABVPS (INR)						258.1	344.3	393.3	442.8
P/ABV (x)						0.9	0.7	0.6	0.5
P/E (x)						7.6	4.9	4.7	4.2

Change in estimates

(INR bn)	FY24E			FY25E		
	Old	New	Δ	Old	New	Δ
AUM	144	139	-3.5%	160	155	-2.8%
NIM (%)	4.0	4.2	21 bps	4.1	4.1	9 bps
NII	5.9	5.8	-0.4%	6.6	6.5	-1.4%
PPOP	4.8	4.8	-1.7%	5.4	5.3	-2.8%
PAT	3.1	3.1	0.6%	3.4	3.5	2.3%
Adj. BVPS (INR)	389	393	1.2%	442	443	0.2%

Source: Company, HSIE Research

ADD

CMP *(as on 29 May 23)*	INR 233
Target Price	INR 260
NIFTY	18,599

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 238	INR 260
	FY24E	FY25E
EPS %	0.6%	2.3%

KEY STOCK DATA	
Bloomberg code	REPCO IN
No. of Shares (mn)	63
MCap (INR bn) / ($ mn)	15/178
6m avg traded value (INR mn)	62
52 Week high / low	INR 278/113

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	19.5	1.9	59.7
Relative (%)	12.9	1.7	45.2

SHAREHOLDING PATTERN (%)	Dec-22	Mar-23
Promoters	37.1	37.1
FIs & Local MFs	16.9	18.0
FPIs	16.7	14.6
Public & Others	29.2	30.3
Pledged Shares		0.0

Source : BSE

Pledged shares as % of total shares

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Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

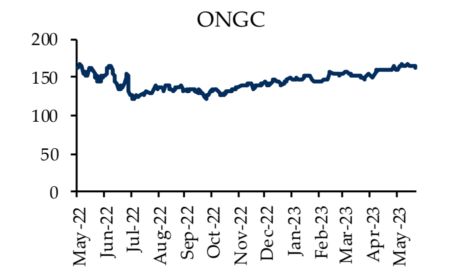
REDUCE: -10% to +5% return potential

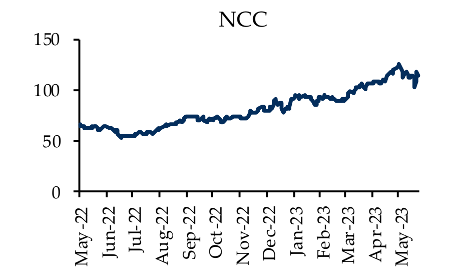
SELL: > 10% Downside return potential

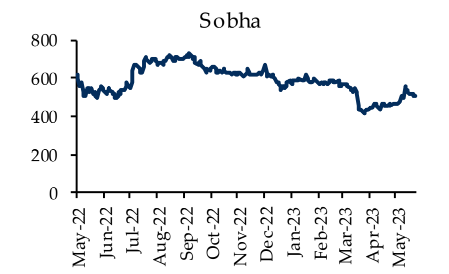
Disclosure:

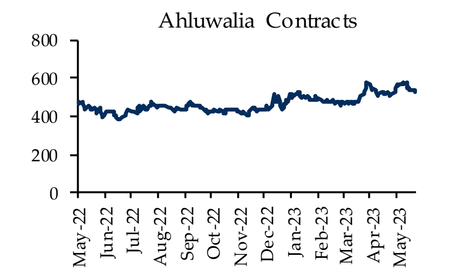
Analyst	Company Covered	Qualification	Any holding in the stock
Harshad Katkar	ONGC	MBA	NO
Nilesh Ghuge	ONGC	MMS	NO
Akshay Mane	ONGC	PGDM	NO
Rutvi Chokshi	ONGC	CA	NO
Aniket Mhatre	Balkrishna Industries	MBA	NO
Sonaal Sharma	Balkrishna Industries	MBA	NO
Parikshit Kandpal	NCC, Sobha, Ahluwalia Contracts	CFA	NO
Manoj Rawat	NCC, Sobha, Ahluwalia Contracts	MBA	NO
Nikhil Kanodia	NCC, Sobha, Ahluwalia Contracts	MBA	NO
Rajesh Ravi	Greenlam Industries	MBA	NO
Keshav Lahoti	Greenlam Industries	CA	NO
Deepak Shinde	Repco Home Finance	PGDM	NO
Krishnan ASV	Repco Home Finance	PGDM	NO
Neelam Bhatia	Repco Home Finance	PGDM	NO

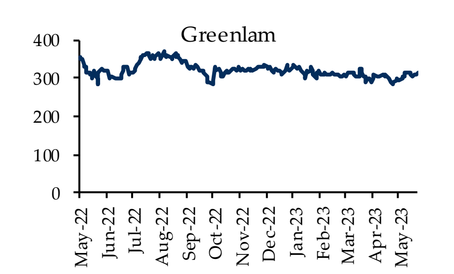
1 Yr Price Movement

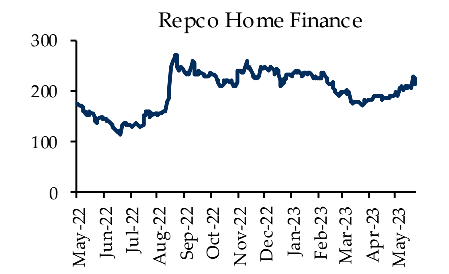












Disclosure:
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