Q3 FY'24 CONFERENCE CALL Key Takeaways

ArihantCapital
Generating Wealth

INDEX

NBFC & Banks

NBFC & Banks

31. RBL Bank Ltd
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36. SBI Cards & Payment Services Ltd
37. Cholamandalam Investment & Finance Company Ltd
38. Arman Financial Services Ltd
39. MAS Financial Services Ltd
40. Indostar Capital Finance Ltd
41. Life Insurance Corporation of India
42. ESAF Small Finance Bank Ltd
43. Multi Commodity Exchange of India Ltd
44. Moneyboxx Finance Ltd
45. Repco Home Finance Ltd
46. Indiabulls Housing Finance Ltd
47. Max Financial Services Ltd
48. TruCap Finance Ltd
49. Abans Holdings Ltd
50. Bajaj Finserv
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55. Fino Payments Bank
56. Satin Creditcare Network
57. Aptus Value Housing Finance
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IT

1. Zensar Technologies Ltd
2. Computer Age Management Services Ltd
3. Cigniti Technologies Ltd
4. eMudhra Ltd
5. Endurance Technologies Ltd
6. Nazara Technologies Ltd
7. Aurionpro Solutions Ltd
8. Allied Digital Services Ltd
9. Affle India Ltd
10. Indus Towers Ltd
11. Latent View Analytics Ltd
12. KPIT Technologies Ltd
13. Tanla Platforms Ltd
14. Tech Mahindra Ltd
15. InfoBeans Technologies Ltd
16. Netweb Technologies India Ltd
17. Tata Elxsi Ltd
18. Infibeam Avenues Ltd
19. Intense Technologies Ltd
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21. HCL Technologies Ltd
22. Just Dial Ltd
23. Newgen Software Technologies Ltd
24. LTIMindtree Ltd
25. Happiest Minds Technologies Ltd
26. Mastek Ltd
27. Indiamart Intermesh Ltd
28. Onward Technologies Ltd
29. C.E. Info Systems Ltd
30. Allsec Technologies Ltd

IT

31. Intellect Design Arena Ltd
32. Tata Technologies Ltd
33. Quick Heal Technologies Ltd
34. Saksoft Ltd
35. Datamatics Global Services Ltd
36. BLS International Services Ltd
37. Nucleus Software Exports Ltd
38. Creative Newtech Ltd
39. R Systems International Ltd
40. NIIT Learning Systems
41. Tracxn Technologies
42. Sonata Software
43. NIIT Ltd
44. Mphasis
45. Kfin Technologies

Auto and Ancillaries

1. Sona BLW Precision Forgings Ltd
2. Uno Minda Ltd
3. Varroc Engineering Ltd
4. Sundram Fasteners Ltd
5. Rolex Rings Ltd
6. Ramkrishna Forgings Ltd
7. CEAT Ltd
8. Balkrishna Industries Ltd
9. Cummins India Ltd
10. Talbros Automotive Components Ltd
11. NDR Auto Components Ltd
12. Harsha Engineers International Ltd
13. JK Tyre & Industries Ltd
14. Landmark Cars Ltd
15. Apollo Tyres Ltd
16. Bharat Forge Ltd
17. Fiem Industries Ltd
18. Kirloskar Oil Engines Ltd
19. Lumax Industries Ltd
20. Lumax Auto Technologies Ltd
21. ZF Commerical Vehicles
22. Subros
23. Motherson Sumi
24. Olectra Greentech
25. VST Tillers
26. Pricol
27. Sterling Tools
28. SJS Enterprise
29. Minda Corporation

Media and Entertainment

1. MPS Ltd
2. Shemaroo Entertainment Ltd
3. Zee Entertainment Enterprises Ltd
4. Tips Industries Ltd
5. Hindustan Media Ventures Ltd
6. GTPL Hathway Ltd
7. D B Corp Ltd
8. PVR Inox
9. UFO Moviez

Energy and Power

1. JSW Energy Ltd
2. Godawari Power & Ispat Ltd
3. Sarda Energy & Minerals Ltd
4. GE T&D India Ltd
5. KEI Industries Ltd
6. Shera Energy Ltd
7. CG Power & Industrial Solutions Ltd
8. Polycab India Ltd
9. Sterling & Wilson Renewable Energy Ltd

Industrial Products and Consumer Durables

1. Cyient DLM Ltd
2. Azad Engineering Ltd
3. Kilburn Engineering Ltd
4. DCX Systems Ltd
5. Amber Enterprises India Ltd
6. Pyramid Technoplast Ltd
7. Time Technoplast Ltd
8. PG Electroplast Ltd
9. Everest Kanto Cylinder Ltd
10. Lakshmi Machine Works Ltd
11. Elgi Equipments Ltd
12. Inox India Ltd
13. MTAR Technologies Ltd
14. Cosmo First Ltd
15. RHI Magnestia Ltd
16. Tarsons Products Ltd
17. Eureka Forbes Ltd
18. HPL Electric & Power Ltd
19. Jyoti CNC
20. Ice Make Refrigeration Ltd
21. Epack Durable Ltd
22. Schaeffler
23. Lloyds Metals & Energy Ltd
24. Havells India Ltd
25. Craftsman Automation Ltd
26. Ion Exchange (India) Ltd
27. Macpower CNC Machines Ltd
28. Shakti Pumps (India) Ltd
29. Elecon Engineering Company Ltd
30. Aeroflex Industries Ltd

Industrial Products and Consumer Durables

31. Welspun Specialty Solutions Ltd
32. Symphony Ltd
33. R R Kabel Ltd
34. Gravita India Ltd
35. Finolex Industries
36. Triveni Turbine
37. Bajaj Electricals
38. Asian Paints Ltd
39. Blue Star
40. Bharat Electronics
41. Voltas
42. Kaynes Technologies
43. Praj Industries
44. IFB Industries
45. TD Power Systems

Infrastructure

1. Oberoi Realty Ltd
2. Brigade Enterprises Ltd
3. Godrej Properties Ltd
4. SignatureGlobal India Ltd
5. Mahindra Lifespace Developers Ltd
6. Keystone Realtors Ltd
7. Gensol Engineering Ltd
8. Kolte Patil Developers Ltd
9. Vascon Engineers Ltd
10. Ashoka Buildcon Ltd
11. NCC Ltd
12. Hindustan Construction Company Ltd
13. KNR Constructions Ltd
14. Ircon International Ltd
15. Tega Industries Ltd
16. Rail Vikas Nigam Ltd
17. PSP Projects Ltd
18. Patel Engineering Ltd
19. Dilip Buildcon Ltd
20. Phoenix Mills Ltd
21. Nirlon Ltd
22. G R Infraprojects Ltd
23. Ashiana Housing Ltd
24. Om Infra Ltd
25. Arihant Superstructures Ltd
26. Capacit'e Infraprojects Ltd
27. Genus Power Infrastructures Ltd
28. Dhruv Consultancy Services Ltd
29. KEC International
30. J Kumar Infra
31. GPT Infra

Infrastructure

32. IRB Infra
33. GMR Airports Infra
34. Rites
35. Macrotech Developers

Cements

1. J K Cements Ltd
2. Birla Corporation Ltd
3. Orient Cement Ltd
4. Hil Ltd
5. Star Cement Ltd
6. ITD Cementation India Ltd
7. The Ramco Cements Ltd
8. Sahyadri Industries Ltd
9. JK Lakshmi Cement Ltd
10. Aurum Proptech Ltd
11. Ambuja Cements

Textiles and Fashion

1. Sportking India Ltd
2. K P R Mill Ltd
3. FSN E-Commerce Ventures Ltd
4. Dollar Industries Ltd
5. Mayur Uniquoters Ltd
6. S P Apparels Ltd
7. Arvind Fashions Ltd
8. Aditya Birla Fashion & Retail Ltd
9. Nuvoco Vistas Corporation Ltd
10. Arvind Ltd
11. Kewal Kiran Clothing Ltd
12. Vardhman Textiles Ltd

Iron and Steel Products

1. Bharat Wire Ropes Ltd
2. Vardhman Special Steels Ltd
3. Goodluck India Ltd
4. Kirloskar Ferrous Industries Ltd
5. Usha Martin Ltd
6. Surya Roshni Ltd
7. Pennar Industries Ltd
8. ISGEC Heavy Engineering Ltd
9. Steel Authority of India Ltd
10. Nelcast Ltd
11. Jindal Stainless Ltd
12. Jai Balaji Industries Ltd
13. Tata Steel Ltd
14. Shyam Metallics
15. Jindal Steel and Power

Oil and Gas

Pharma and Healthcare

1. Glenmark Life Sciences Ltd
2. Vijaya Diagnostic Centre Ltd
3. Alembic Ltd
4. Suven Pharmaceuticals Ltd
5. Supriya Lifescience Ltd
6. Aarti Pharmalabs Ltd
7. Kopran Ltd
8. Blue Jet Healthcare Ltd
9. Healthcare Global Enterprises Ltd
10. Concord Biotech Ltd
11. Alkem Laboratories Ltd
12. Aster DM Healthcare Ltd
13. Shilpa Medicare Ltd
14. Jupiter Life Line Hospitals Ltd
15. Medi Assist Healthcare Services Ltd
16. ERIS Lifesciences Ltd
17. Sequent Scientific Ltd
18. Dishman Carbogen Amcis Ltd
19. Natco Pharma Ltd
20. Ipca Laboratories Ltd
21. Glenmark Pharmaceuticals Ltd
22. Prevest Denpro Ltd
23. Strides Pharma Science Ltd
24. Dr Reddy's Laboratories Ltd
25. Sigachi Industries Ltd
26. Rainbow Childrens Medicare Ltd
27. Metropolis Healthcare Ltd
28. Zim Laboratories
29. Piramal Pharma
30. Morepen Labs

Pharma and Healthcare

FMCG

1. L T Foods Ltd
2. Radico Khaitan Ltd
3. CCL Products (India) Ltd
4. Navneet Education Ltd
5. Zomato Ltd
6. Tribhovandas Bhimji Zaveri Ltd
7. Campus Activewear Ltd
8. Cello World Ltd
9. Doms Industries Ltd
10. Brand Concepts Ltd
11. Tilaknagar Industries Ltd
12. Sheela Foam Ltd
13. Renaissance Global Ltd
14. Sula Vineyards Ltd
15. KRBL Ltd
16. Apex Frozen Foods Ltd
17. Khadim India Ltd
18. Associated Alcohols & Breweries Ltd
19. Shoppers Stop Ltd
20. VIP Industries
21. Kalyan Jewellers
22. Adani Wilmar
23. ADF Foods

Consumer Foods

1. Restaurant Brands Asia Ltd
2. Dhampur Sugar Mills Ltd
3. Som Distilleries & Breweries Ltd
4. Dalmia Bharat Ltd
5. Chamanlalf Setia Exports Ltd
6. Hindustan Foods Ltd
7. Balrampur Chini Mills Ltd
8. Westlife Foodworld
9. Dwarikesh Sugar Industries
10. Jubilant Foodworks
11. Triveni Engineering and Industries
12. Spencer’s Retail
13. Devyani Industries

Transport and Logistics

1. Mahindra Logistics Ltd
2. TVS Supply Chain Solutions Ltd
3. VRL Logistics Ltd
4. Allcargo Gati Ltd
5. Titagarh Rail Systems Ltd
6. TCI Express Ltd
7. Allcargo Logistics Ltd
8. Snowman Logistics Ltd
9. Indian Railway Catering & Tourism Corporation Ltd
10. Yatra Online Ltd
11. Great Eastern Shipping Company
12. Allcargo Terminals

Agriculture and Chemicals

1. Epigral Ltd
2. J B Chemicals & Pharmaceuticals Ltd
3. Punjab Chemicals & Crop Protection Ltd
4. GHCL Ltd
5. Black Rose Industries Ltd
6. Sudarshan Chemical Industries Ltd
7. Godrej Agrovet Ltd
8. Oriental Carbon & Chemicals Ltd
9. India Glycols Ltd
10. NOCIL Ltd
11. S H Kelkar & Company Ltd
12. Aarti Industries Ltd
13. Vinati Organics Ltd
14. P I Industries Ltd
15. Neogen Chemicals Ltd
16. India Pesticides Ltd
17. Camlin Fine Sciences Ltd
18. DCW Ltd
19. Deepak Nitrite Ltd
20. I G Petrochemicals Ltd
21. Jubilant Ingrevia Ltd
22. Meghmani Organics Ltd
23. Sharda Cropchem Ltd
24. Coromandel Ltd
25. Privi Specialty Chemicals Ltd
26. SRF Ltd
27. Deepak Fertilizers and Petrochemicals Ltd
28. Dhanuka Agritech Ltd
29. Castrol

Pipes and Building materials

1. Kriti Industries (India) Ltd
2. Action Construction Equipment Ltd
3. Century Plyboards (India) Ltd
4. Greenlam Industries Ltd
5. IKIO Lighting Ltd
6. Indigo Paints Ltd
7. Cera Sanitaryware Ltd
8. Maharashtra Seamless Ltd
9. Venus Pipes Ltd
10. Hi Tech Pipes Ltd
11. Hindustan Zinc Ltd
12. Orient Bell
13. Apcotex Industries
14. Kajaria Ceramics
15. Carysil
16. Somany Ceramics

Hospitality and Travel

1. Chalet Hotels Ltd
2. EIH Ltd
3. Samhi Hotels Ltd
4. Dreamfolks Services Ltd
5. Lemon Tree Ltd
6. Easy Trip Planners Ltd
7. Kamat Hotels

Diversified

1. Control Print Ltd
2. AGI Greenpac Ltd
3. Redington Ltd
4. Bharti Airtel Ltd
5. CL Educate Ltd
6. Quess Corp Ltd
7. Rane holdings Ltd
8. Eco Recycling Ltd
9. Info edge Ltd
10. Hindware Home Innovations Ltd
11. Radiant Cash Managmenet Services Ltd
12. Ethos Ltd
13. Antony Waste Handing Cell Ltd
14. Ganesh Benzoplast Ltd
15. PTC India Ltd
16. NBCC Ltd
17. Teamlease Services Ltd
18. Apar Industries Ltd
19. Tata Communications Ltd
20. Delta Corp Ltd
21. CMS Info Systems Ltd
22. Sterlite Technologies Ltd
23. Indian Energy Exchange Ltd
24. SIS Ltd
25. Tina Rubber
26. Kuantum Papers

BFSI

One 97 Communications Ltd. Q3FY24 Concall KTAs
CMP INR 786 | Market Cap INR 499bn

Outlook:
The management is positive of the upside of credit card and Equity broking business given their high customer footfall. The business looks to leverage the power of AI and use it to its full potential.

Revenue reported at INR 28.5bn (+38% YoY). Contribution profit was INR 15.2bn (+45% YoY), margin of 53%. The margin is expected to remain at same levels going forward.
EBITDA rose to INR 2.19bn (+6% YoY). The management expects improvement and better numbers in the next quarter.
Loss improved to INR (2.22bn) from INR (3.92bn). Focus remains on positive PAT in future.

Payment business:
• Net payment margins up by 63% YoY, GMV up by 47% YoY
• No UPI incentive in the quarter; expected in Q4.
• Crossed INR 5,000bn of merchant payments first time in the quarter.
• Accelerated net additions of merchant soundbox subscriptions to 1.4mn.
• Merchant paying services for devices crossed 1.06cr as of Q3FY24.
• Payment processing margins is between 7 to 9 bps, excluding incentives. The guidance that trend may go downwards has reversed and is now strengthening.
• Products like UPI credit, UPI Auto pay are growing rapidly and the business looks to generate high quality customers.

Financial services business:
• Revenue improved to INR 6.07bn, up by 36% YoY.
• Value of loans distributed increased by 56% YoY to INR 155bn, showing healthy trends. Merchant loans stood at INR 35.8bn. Repeat rate remains at 50%. Personal loans grew to INR 44.6bn. Postpaid loans stood at INR 74.96bn.
• High ticket loans services, which was recently started, has showcased tremendous number and the management is positive of the performance ahead. Q3FY24 distribution was INR 4.9bn. Currently, there are 7 NBFC partners for loan distribution and are in the process of integrating 1 large Bank and 2 large NBFCs, which would be completed during Q4FY24 and Q1FY25.
• Crossed 1mn ATM customers in credit card distribution business. Currently, there are 3 credit card partners and integration with one more bank is in process, with key focus on Rupay Credit cards. Early trends in demand looks promising. The management looks forward to the next 12-18 months for expansion and meaningful contribution.
• The company will continue to calibrate postpaid loans business. The management sees insurance distribution as a great product market fit for embedded insurance and merchant insurance products.
• Total of whitelisted customers crossed 20mn.
• The management is affirmative of the growth of Patym Money, their Mutual fund Equity broking platform and sees great potential.

Other highlights:

- The marketing services business crossed INR 5bn (+22% YoY) for the first time.
- Brand marketing business is also improving rapidly YoY.
- Average monthly users crossed 100mn.
- Very moderate expansion in sales force expected in the coming 4 quarters.
- Event business sees a big scale up in Q3 and Q4.

LIC Housing Finance Ltd. – Q3FY24 Concall Highlights
CMP: INR 647 | Market Cap: INR 356 Bn

OUTLOOK
Company has displayed a positive performance during the quarter, across various parameters. Further, the growth in housing industry continues to be robust. We remain optimistic on the long term performance of the company.

Guidance
• Management has guided that PCR is expected to reach 50% by the end of FY24.
• The Management expects the NIMs to be in the range of 2.8 - 3% for Q4FY24.
• The Management believes that they will go for growth of the loan book going ahead.

Highlights
• The outlook for housing market is robust due to pause in rate-hike cycle, in addition to strong economic growth.
• The infrastructure push initiated by the government has resulted in improved demand across the country.
• Affordable housing segment remained strong in tier-2 and tier-3 markets.
• Total disbursements came at INR 151.84 bn in Q3FY24 v/s INR 146.65 bn in Q2FY24 as against INR 161 bn in Q3FY23.
• Out of the total disbursement, 85% is contributed by Individual Home loan.
• NII was INR 20.97 bn for Q3FY24 as against INR 15.98 crores for Q3FY23, a growth of 31% QoQ. NII was almost flattish against INR 21.06 bn for Q2FY24.
• Net Interest Margin for Q3FY24 stood at 3.00 % v/s 3.04% in Q2FY24 as against 2.41 % in Q3FY23.
• NIMs declined sequentially due to the increase in cost of funds, which increased from 7.73% to 7.79% sequentially. Cost of funds are expected to be moderated in Q4FY24.
• Company will focus on growing the book, particularly in the affordable housing segment.
• Company further placed emphasis on digital transformation for the FY25.
• They plan on taking a cautious approach to grow the developer book and improving asset quality.
• They are expecting resolutions from IBC, NCLT, and negotiations with developers in the next two months.

Canara Bank Ltd. - Q3FY24 Key Concall Highlights
CMP: INR 454 | Market Cap: INR 823 bn
Outlook: Canara Bank posted good Net Profit growth in Q3FY24 of 27% YoY growth. The credit growth remained moderate compared to industry credit growth. However, the bank was able to maintain NIMs and pass 1% RoA levels, and has significant size of restructured book with NCLAT, which will see some recoveries in future as well. Hence, overall a positive set of earnings posted by Canara Bank.
Guidance:
• The Management confirms that the Employee Cost will be lower than Q3FY24 around INR ~42 bn in Q4FY24 as they have already Provisioned INR 7 bn for the incremental salary for 9MFY24.
• Management emphasizes that they will be able to post a growth rate of 10% YoY Corporate loan book growth.

Key Highlights:
• Credit cost for the quarter stood at 0.97%, i.e., 24 bps decline on a YoY basis.
• The RAM (Rural, Agri and MSME) segment grew by 14.56% YoY to INR 5.3 tn, as the bank is more focussed on the growth of this segment as a high yield asset class.In the retail segment, the Housing and Vehicle Financing grew by 12.07% YoY & 13.22% YoY respectively.
• The Corporate loan segment has grown by 8.26% YoY, and the Retail to corporate mix stood at 56%:44%, i.e., faster growth in the retail segment.
• The Board has approved raising of funds through Bonds Issue for up to INR 75 bn. The Tier 1 Capital would be INR 35 bn and Tier 2 capital raised would be INR 35 bn. The bonds will be issued at a rate of 8.4% per annum.
• Though the Deposits have grown by 8.5%, the CASA is not able to grow, and the Bank has not been able to meet their earlier guidance of 35% CASA ratio, and are at 31% as of Dec 2023.
• Other Income has gone up significantly in the Sept 2023 due to the interest reversals from Tax and few other liquidity fees.
• An agreement has been made with the employees for 17% wage revision, and the bank has absorbed INR 7 bn in Q3fY24 for the 14 months since Nov 2022 to Dec 2023 extra apart from INR 2.5 bn for the Q3FY24, as the settlement amount is not yet finalized, and the bank had cushion to absorb the impact of increased Employee expenses.
• Out of the original INR 240 bn restructured book, currently INR 170 is left, of which INR 49 bn is NPA and the rest INR 121 bn is standard assets for the bank.
• The Bank is getting better recoveries from the Written Off accounts.
• In the smaller accounts, the bank Management says that they receive up to 75% of the book value in the NCLT. However, for the larger accounts, the bank has to take haircuts at the NCLT depending upon the extent of the secured assets the account has.
• Of the total loan book, MCLR fixed is 51% and RLR is 39%, and the remaining is other factor based loan mix.
• Management confirms that since the start of January, their MCLR will increase even more as MCLR is proportional to the Cost of Deposits, and that the banks are paying much higher to customers in the CASA and retail term deposits accounts, for deposits growth currently.
• LCR for the quarter stood at 135.01%.
• On the NBFC exposure and regulatory higher risk weightage, the bank says they have negotiated higher interest rates with their existing NFC customers.
• The Management says they do not intend to see 75% as a peak for Loan Deposit ratio, and will seek higher loan growth if opportunities arise.

L&T Finance Holdings Ltd- Q3FY24 Concall KTA's
CMP: INR 161 | Market Cap: INR 400,873 Mn

Surpassed Lakshya '26 goals two years in advance, now aiming higher to achieve Lakshya '26 goals at consolidated levels.

Financials
• Reduced trade costs, resulting in a PAT of INR 6,400 Mn reflecting a 41% YoY growth.
• Retail NIM (Net Interest Margin) plus fee remained strong at 12.08%, achieving the highest-ever quarterly retail disbursement of INR 145,310 Mn, up 25% YoY.
• Retail books close to INR 750,000 Mn, with a 31% YoY growth. Retail ROAs improved to 3.37%.
• Capital adequacy remains strong at 24.93%. NIMs + Fees (consol.) at 10.93%.
• PBT grew 31% YoY, reaching INR 8,240 Mn.

Customer franchise
• Active customer base at about 9.3 Mn customers.
• Share of cross-sell and up-sell in total disbursement stands at 33%.
• Consistent improvement in customer franchise numbers.

Digital initiatives and Planet App
• Planet app completed two years with about 7.6 million downloads.
• Continued investment in digital capabilities, enhancing customer experience and engagement.

Retail business performance
• Retail mix increased to 91%, up from 64% in Q3FY23.
• Rural finance business disbursements reached almost INR 55,000 Mn, with the book size exceeding INR 230,000 Mn in Q3.
• Retail asset quality remains strong, meeting Lakshya '26 targets, with GS3 at 2.95% and NS3 at 0.64% in Q3.

Credit costs and trends
• YoY reduction in credit cost from 2.67% Q3FY23 to 2.52% Q3FY24.
• The credit cost trend has been downwards, with a focus on continuous reduction.
• Investment in a next-gen credit engine to normalize and further reduce costs by improving collections and credit quality.

Cost of funds
• Overall cost of funds is stable with a minor increase of 2 bps.
• Anticipated impact on cost of funds due to RBI guideline on RWA increase, estimated at 10 to 12 bps over the next 12 months.

Housing loan segment
• Focus on the prime and near-prime segments in housing loans, with an average ticket size of INR 6.0 - 6.5 Mn.
• The company Intent is to grow the housing loan business, emphasizing low-risk balance for the entire retail book.

Wholesale portfolio

• Continued accelerated reduction in wholesale book with a significant decrease of 78% YoY, reaching INR 70,200 Mn in Q3FY24.

• The hit from the wholesale portfolio is expected to be within INR 500 Mn per quarter.

Two-wheeler

• Two-Wheeler business achieved a record disbursement of INR 25,400 Mn, surpassing INR 18,170 Mn in Q2FY24. Two-Wheeler book crossed INR 100,000 Mn.

Guidance

• OPEX plus credit costs guided to around 7% supported by investment in a next-gen credit risk engine and shift towards prime customers.

• On Consolidated level the company plans to increase their ROA from 2.8% to 3% by FY26.

Other KTA's

• Completed the merger of subsidiaries namely L&T Finance, L&T Intracredit, and L&T Mutual Fund Trustees into LTFH, consolidating all lending businesses under one entity.

• Digital collections in rural areas are currently at 19%.

• The company highlighted its focus on retail lending and the reduction of the wholesale book. The consolidated book is expected to be predominantly retail, with a target of more than 95% retail mix.

Outlook

The company emphasizes improving digital collection capabilities to reduce overall collection costs. There will be a gradual shift from physical to digital collections, especially in rural areas. They commit to building a next-gen credit risk engine to predict risks better and respond to leading risk indicators. The company plans to adopt consolidated reporting and a focus on achieving ROA targets by FY26. The company is focusing on acquiring prime customers with higher credit quality, targeting those with greater than 750 bureau scores, higher assets, and other positive indicators.

Motilal Oswal Financial Services Ltd – Q3FY24 Results update
CMP: INR 1,726 | Market Cap: INR 254 bn

Short summary: Strong quarter overall and the company is well poised to capitalise on the financial savings multiplication theme over the next several years to come. 2 PE fund exits in Fy25 would result in book the carry

Details:
Financials: Consol profit including OCI grew to INR7.7bn (300% y/y). Op revenue grew by 30% y/y at 13.7bn. Cap market business profit of over INR 2bn (+44% y/). NW up by 33% y/y. Doubling of interim dividend to INR 14/ sh from INR 7/sh last yr. ADTO grew by 95% y/y.Acquired 1.45 lakh clients in the qtr. NII grew by INR1.5bn (+51% y/y). MF AUM grew by 45% y/y to INR 450 bn. 1 more fund launch in the coming month.

Key industry trends:
With India GDP to reach US$ 30 trillion by 2047 (Amrit Kaal), consequently, savings are expected to be US$100 trillion over next 25 years vs US$ 12 trillion in last 25 years.

Covid lead digital onboarding has been an inflection point for retail participation. Demat accounts grew 3x in last 3 yrs. Retail broking volumes grew 12x in the last 3 yrs. This continued retail participation growth gives a 20% runway for the capital market business.

Asset management industry witnesses a robust growth in mf industry where monthly SIPs compounded at a 24% pa. Runaway of 20+ % growth runway for equity focussed companies. Mofsl treasury investment book compounded at 45% cagr over the last 10 yrs. Clients at 6 million.
BS strong with a Networth of INR 82bn + which has helped in many ways by serving as collateral for across businesses.

Active clients base is stable, while industry has de-grown. ARPU is going up due to increased quality of customers.

PE- Real estate fund 2 IRR is well above the hurdle and would expect in FY25 at some point to exit. IREF 6 could raise INR20bn soon. Will also launch IBEF 5 growth fund in FY25. Earn carry booking on both funds front where exit planned.

Wealth business margin will reinstate to earlier margins in the next few quarters.

Broking Volumes expected to be strong in Q4 across both segments. Focus on ARPU of customer and yields are much higher. Q3 broking revenue was down 8% q/q – retail was flattish but insti was down. Retail:Insti mix wouldn’t be shared.

Prudent Corporate Advisors Limited – Q3FY24 Concall KTAs
CMP: INR 1,238 | Mcap: INR 51,255 Mn

Consistent growth in Assets Under Management

Financial performance: Revenue from operations rose to INR 2,099 Mn in Q3FY24 from INR 1,583 Mn in Q3FY23, reflecting a growth of 33% YoY and 10% QoQ. Operating profit grew by 16% QoQ to INR 500 Mn in Q3FY24 from INR 432 Mn in Q2FY24, it increased 18% YoY compared to INR 425 Mn in Q3FY23. PAT increased by 17% QoQ and 25% YoY to INR 357 Mn in Q3FY24.
AUM growth: Achieved a closing AUM of INR 7,78,000 Mn by December, a growth of around INR 2,15,000 Mn (38.4%) in 9MFY24.
Equity AUM: Equity AUM experienced a 42% YoY growth to approximately INR 7,44,500 Mn, with mark-to-market gains. Net sales in the equity fund for the 9MFY24 totalled around INR 38,860 Mn.
Market Share and SIP Growth: Market share in equity AUM (excluding ETF) improved from 2.5% in Q3FY23 to 2.52% in Q3FY24. Monthly SIP flows crossed INR 6,500 Mn as of December 2023 and the SIP book is expected to surpass INR 10,000 Mn by FY26.

Consolidated Financial Performance: Consolidated profit grew by 25% YoY, supported by the health business in general insurance, a consolidation phase in life insurance, and strong growth in non-mutual fund product revenue, accounting for 21% of consolidated commission.

Insurance vertical: Non-employee expenses, excluding non-employee appreciation costs are expected to represent 60 - 65% of revenues, up from the current 45 - 49%.

Yield Analysis and Projections: Despite the B30 impact, there was a QoQ improvement in yield from 91.3 to 91.9 bps. The expectation is for the yield to remain between 91.3 to 91.5 bps, gradually increasing to 92 bps by FY25.

Other Highlights: Prudent loyalty program expense is expected to be around INR 120 Mn for the year. Retention ratio, representing net sales as a percentage of gross sales, is around 40%.

Outlook: The company expects steady revenue growth in the insurance sector following a period of normalization. They are on track to achieve their target of hitting INR 10,00,000 Mn AUM by FY26. The company is optimistic about the industry's potential for growth amid increasing retail investor participation and favourable economic conditions. The current SIP book of around INR 6,500 Mn is expected to touch approximately INR 7,000 Mn by Q4FY24. Net sales are expected to contribute to around INR 7,80,000 Mn, with the remaining coming from mark-to-market gains.

PB Fintech Ltd – Q3FY24 Concall KTAs
CMP: INR 912 | Market Cap: INR 4,11,317 Mn

Targeting INR 10,000 Mn PAT by FY27; new initiatives breaking even due to a shift towards smaller retail agents.

Financial Performance:
- Q3 PAT at INR 370 Mn, a 4% margin improvement from a loss of INR 870 Mn.
- PAT turned positive at INR 40 Mn with a yearly swing of INR 4,820 Mn.
- Q3 revenue at INR 8,710 Mn, with 39% growth in core businesses (online marketplaces - Policybazaar and Paisabazaar).
- Adjusted EBITDA improved by INR 500 Mn.
- Consistent growth of more than INR 500 Mn over the last six to seven quarters, contributing to yearly growth of over INR 2,000 Mn.

Insurance business: Health and term insurance businesses witnessed a 44% YoY growth, with health outpacing term insurance by 20%. Total insurance premium for the quarter at INR 42,610 Mn, leading to an INR 1,70,000 Mn ARR. Expected ARR of INR 3,50,000 Mn by the FY27. QoQ ARR for the insurance business at about INR 3,590 Mn, reflecting a growth from the previous quarter's INR 3,450 Mn.

Online business revenue breakdown: Credit-linked revenue is INR 1,450 Mn out of INR 5,930 Mn core online business revenue.Renewal revenue ARR increased to INR 4,540 Mn, operating at high margins.

Credit business: Credit business growth sustained well, expecting a 10% lower growth rate due to RBI guidelines on unsecured credit. Current ARR of INR 1,40,000 Mn, with INR 5.6 lakh Mn issuance on an annualized basis. Customer satisfaction (CSAT) in insurance services remains strong at 88%. EBITDA margins for the credit business are at 8%, while for Policybazaar, it's at 14%. Paisabazaar's credit card business expected to grow at 30% YoY.

Cost structure: Selling and marketing expenses, as well as employee expenses, have decreased QoQ and YoY. Employee expense reduction attributed to a decline in ESOPs. This reduction is not one-off, but a part of a scheduled decline in ESOP charges. Schedule indicates a gradual reduction in ESOP charges over five years.

New initiatives: New initiatives, which had a 9% loss last quarter, have shown improvement and are now breaking even. Improvement attributed to a shift towards smaller retail agents; 56% growth in number of agents in Q3.

Core business contribution margins: Contribution margins in the core business have been stable at around 41-44%. No indication of reaching a plateau; long-term projections suggest at least ten years before a plateau. Focus on future efficiency gains and growth in the renewal mix to drive improved margins.

Outlook: Core business profitability to improve in the future. Targeting to achieve minimum incremental adjusted EBITDA of 34% relative to incremental revenue. Despite potential losses in new initiatives, the core business profitability is expected to significantly overshadow them. Profitability expected in newer initiatives in the near term. Guidance for Paisabazaar's growth at 30% YoY in Q4 and next year. Aiming for 2x to 3x growth compared to industry standards, potentially reaching 40% growth. Long-term guidance for ESOP charges is around INR 1,000 Mn, growing at a moderate rate.

Mahindra and Mahindra Financial Svcs Ltd – Q3FY24 Concall KTAs
CMP INR 279 | Market Cap INR 345 bn

Guidance for FY25

- Gross stage 3 asset quality below 6%, against which 9MFY24 gross stage 3 asset quality came at 4%.
- AUM growth of 2x, of which 1.5x growth achieved during 9MFY24.
- New business contribution of 15%.
- Maintain NIMs at 7.5% against current NIMs of 6.7%.
- ROA guidance of 2.5%. Current 9MFY24 stood at 1.5%.

Highlights

- During the quarter, the company maintained its leadership position across the tractors, pre-owned vehicles, passenger vehicles and three-wheelers.
- The opex ratio stood at 2.8%. By 2025, the company expects the same to come down to 2.5%.
- The NIMs improved on a sequential basis by 30 bps. However, on a YoY basis it contracted by 60 bps mainly on account of increase in cost of funds.
- The loan book witnessed a growth of 25.5% on a YoY basis.
- Management expects used vehicle segment to provide headroom for growth, going forward.
- In the commercial vehicle segment, they expect to see good growth for the next two years and in the bus segment as well on account of increased infrastructure, mining, etc spending.
- Passenger vehicle segment is expected to grow by 10% in terms of disbursement.
- The company maintained a liquidity buffer of INR 84.19 bn, which would approximately cover its obligations of 2.5 months.

Aditya Birla Sun Life AMC Q3FY24 concall KTAs
CMP: INR 477 | Market Cap: INR 138.86 bn

OUTLOOK
Company has displayed an overall positive performance. Further, the company is making structural changes in their alternate asset vertical to build momentum in PMS and AIF business. They also plan to introduce new products which will the company to grow. We have a long term positive outlook.

Industry highlights
- Industry AUM witnessed QoQ growth of 5% in Q3FY24 at INR 49,210 bn with 55% consisting of equity.
- Individual MAAUM mix increased from 58.8% in Q2FY24 to 60.1% in Q3FY24.
- SIP Flows was at INR 176.1 bn in Q3FY24 (+9.7% QoQ/ +29.8% YoY).
- New SIP registrations remained flat at 10.58 mn on a sequential basis.

Highlights
- Company has displayed robust performance during the quarter with profitability growth of 18% QoQ/ 26% YoY at INR 2093 mn.
- Employee expenses declined marginally by 1% QoQ at INR 794 mn.
- Other expenses grew by 7% QoQ/ 10% YoY at INR 606 mn.
- ABSLAMC's total QAAUM including Alternate assets grew by 11% YoY to INR 3,247 billion with Mutual Fund QAAUM growth of 11% YoY to INR 3,115 billion.
- Individual Monthly AAUM has increased by 14% YoY to INR 1,663 billion in Q3FY24. The individual mix is at 52% of the total AUM.
- B-30 Monthly AAUM has increased by 14% YoY to INR 555 billion in Q3FY24. B-30 mix is at 17.5% of the total AUM.
- Monthly systematic flows (including STP) for Q3FY24 is INR 10.05 billion with 3.24 million accounts.
- ABSLAMC serviced 7.98 million folios for the Q3FY24. Added around 0.5 million new folios for 9MFY24.
- Registered around 2,35,000 new SIPs (including STP) during Q3FY24.
- They continue to expand distributor base and empaneled 6,500+ new MFDs in 9MFY24.
- The company aims to make a few structural changes in its alternate assets vertical to build on the momentum that it has achieved so far in the PMS and AIF business.
- The AIF Fund Fundraising is underway for ABSL India Special Opportunity Fund, Category 3 AIF, and ABSL Structured Opportunity Fund is also in pipeline (a Category 2 AIF) to be launched in the current quarter.
- Launch of new account-based product in the pipeline. Focus on expanding offerings in PMS, passive, and GIFT City.

Muthoot MicroFin Ltd – Q3FY24 Concall KTAs
CMP INR 259 | Market Cap INR 43 bn

Well poised for future growth

OUTLOOK
The company has demonstrated robust operational and financial performance during the quarter. The asset quality has improved, despite the recent floods in Tamil Nadu. The company continues to focus on sustainable growth, while maintaining NIMs. We have a positive outlook on the company.

Guidance for FY24
- AUM growth guidance of 30-33%, against which 38.6% has been achieved for 9MFY24.
- NIMs expected to be 12.7 – 12.9%.
- ROA guidance of 4.2 – 4.3%.
- ROE of 18 – 20%, against which ROE for 9MFY24 stood at 24.3%.

Highlights
- Company received IPO proceeds of INR 7.5 bn. Larger part of the money is expected to be utilized in QFY24.
- CRAR stood at 29.6% (+661 bps YoY/ +911 bps QoQ). The CAR improved due to infusion of capital by way of IPO. The balance sheet is strong with adequate liquidity and strong ALM.
- Company has displayed good performance during the quarter, with increase in profitability by 119% YoY/ 13.7% QoQ at INR 1245.69 mn.

- The asset quality of the company improved during the quarter. The GNPA of the Company stood at 2.29% (-120 bps YoY/ -8 bps QoQ), with NNPA of 0.33% (-64 bps YoY).
- Recent floods in Tamil Nadu hasn't affected the asset quality since the customers had NATCAT insurance cover.
- 26.28% of the collections and 100% disbursements are executed digitally.
- Disbursements during the quarter stood at INR 25,921 mn (+19% YoY,- 4% QoQ).
- Borrower base grew by 26.67% YoY from 25.88 lakhs to 32.78 lakhs across 1,424 branches.

Nippon Life India Asset Management Ltd | Concall KTA Q3FY24
CMP: INR 525|Market Cap: INR 329556 Mn

Key drivers include scale business, customer retention, small ticket size, a strong platform, increased productivity and efficiency, technological advancement, and expanding reach.

Financial Performance

•Revenue from operations in Q3FY24: INR 4,233 Mn, with a growth of 20% YoY and 7% QoQ.
•Profit After Tax (PAT) in Q3FY24: INR 2,843 Mn, showing a robust growth of 39% YoY and 16% QoQ.
•Debt at 68%, Equity at 11%, Other Assets at 12%, Bank FD & Tax-Free Bonds at 10%.

Asset Management

•Quality AUM (QAAUM) branch is 3.8 Bn, and the employee is INR 19.8 Mn.
•Industry CAGR for Mutual Fund (MF) AUM is 16%.

Market Share and Investor Base

• Dec-23 QAAUM at INR 3,777 Bn, with a 29% YoY and 7.7% QoQ increase.
• Market share at 7.67%, Equity market share (excluding ETF) at 6.67%.
• Highest investor base of 22.5 mn with 1.2 mn added folios in Q3 FY24.

Digital Transformation and Customer Centricity

• One of the lowest investor complaints (13 per mn folios).
• 1.7 mn digital transactions in Q3 FY24, contributing 61% to overall purchases and new SIP transactions.
• Equity constitutes 49% of MF AUM, ETFs at 25%.

Distribution and Transactions

• Large base of Mutual Fund Distributors with a significant digital presence.
• Steady Systematic transactions with an annualized book of INR 252 Bn.
• Comprehensive product offerings across MF, AIF/PMS, and Offshore.

AUM Spread and Sector Contribution

• AUM spread across asset classes: Equity 48.6%, Debt 17.8%, Liquid 9%, ETFs 24.6%.
• The retail sector contributes 31%, HNI 29%, and Corporate 40%.
• B-30 AAUM/Total AAUM is 20.1%.

Business Segments and Partnerships

•Elite Partners and Client Group (EPCG) targeting Mid-size corporates and HNI investors.
•Rural and Emerging Market Group (REMG) focusing on Tier 2 & Tier 3 towns.

Product Portfolio and Fundraising

- Active schemes: 43, Passive schemes: 41, AIFs: 19, Offshore schemes: 4.
- Total commitment raised till Q3FY24 is INR 53 Bn.
- Fundraising for Public Equity AIF, Structured Credit AIF, Real Estate AIF, and Tech/VC FoF.

Gold and Silver ETFs

- Gold and silver ETFs performing well with a blended yield of 41 bps.

Jammu and Kashmir Bank Ltd. Q3FY24 Concall KTAs
CMP INR 132 | Market Cap INR 145bn

Outlook: J&K Bank has done exceptionally well growing in line with the industry along with continuous improvement in their asset quality. Improving RoA (passed 1% levels in Q2FY24) & RoE (sustainably above 15%) will allow the bank to get rated at better valuations than seen in the last few years. We look forward to better returns as the bank utilizes the growth seen in its predominant territory of business in Jammu & Kashmir.

Guidance:

•The bank is working on transforming to digital platform. With cutting down staff costs and shift of focus to marketing and sourcing of business, the management assures that cost to income ratio will come down.

•The management has given a tax rate assumption of 26% for Q4FY424.

•The management expects other income to outperform Q4FY23 numbers in the next quarter. For FY24, Other income may total to INR 9,500mn, outperforming FY23.

•Cash recovery as of Dec 2023 is INR 1,130mn, and the expected recovery by year end is additional INR 1,500mn, beating FY23's INR 2,300mn.

•Interest and current service costs to remain muted.

•The bank is building their portfolio with investments in long term government securities.

•Credit growth is expected to be in the range of 15-17% for the next few years.

•The management looks to take LDR to 72% by FY24 and to 75% by FY25.

•Average period of term deposit is 0.83 years. About INR 100bn worth deposits are maturing next quarter. INR 81bn of these falls in 7-8% interest bracket while the rest attract 8%+ interest rate.

•Cost to income ratio has come down to 62.36%. The management has the target of getting it to 50% by FY28.

Key highlights:

•Advances grew at 15.6% YoY while deposits saw only 9% YoY growth, lower than industry growth of 13%. The management is affirmative that they will reach industry levels in next quarter.

•CASA ratio has been stable just above 50%.

•The bank has seen robust retail growth, especially in Housing and SME. The loan book is up by 16%. Rest of India portfolio grew by 19%.

•Gross NPA has come down to 4.84%, net NPA to 0.83%, well below the year end guidance levels. Net NPA has come down to INR 7.41bn.

•NPA loan book got upgraded by INR 1,000mn during Q3.

•Additional provisions of INR 1,180mn made. Total contingency provisions maintained at INR 6.7bn.

•Coverage ratio improved to 91.61%. Capital Adequacy ratio stood at 14.18%

•NII increased by 2% YoY in Q3FY24 to INR 12.8bn. Operating profit was INR 5.5bn. Interest expended surged by 35% YoY in Q3.

•PAT for Q3FY24 jumped by 35% to INR 4.21bn.

•NIM stood at 3.83%, ROA increased to 1.15%. Yield on advances stands at 9.68%. The management is affirmative that NIM for Q4 will be above 3.9% guidance.

•Credit cost has been zero and is expected to remain in this range due to significant provision right back. The management expects writebacks during next year also.

• There is very limited scope for repricing of term deposits and redemptions of CD during current quarter. Expected cost of deposit is 4.75% in Q4FY24.

HDFC Life Insurance Limited – Q3FY24 Concall Highlights

CMP INR 638 per share | Market Cap INR 1.37 trn

OUTLOOK

Company's business for ticket size higher than INR 5 lakh was sluggish during the quarter. However, VNB margins were stable due to the better product mix. Company continues to remain optimistic for the medium to long term.

Guidance

- Management has guided premium growth to be in double digit next quarter.
- Company plans to add 75 new branches in tier 2/3 cities.

Highlights

- Modest growth in premiums, was due to sluggishness in business above INR 5 lakh ticket size premium.
- INR 5 lakh and above business now forms around 6% of the total business v/s 12% a year ago
- The average ticket size has remained stable despite impact on high ticket size business.
- Tier 2 & 3 growth is 2x of the company level growth. Tier 2 & 3 are contributing 60-70% of business growth for the company.
- Annuity and protection contributed to over 50% of the NBP.
- Company introduced a new product, "Click 2 achieve", in the non-par savings category. The product garnered INR 1 bn within 4 weeks of its launch.
- Value of new business increased by 5% YoY to INR 22.67 bn. VNB margins sustained at 26.5%.
- Renewal collection grew by 5% YoY.
- Company added more than 50k agents in the channel during the nine-month FY24.
- They entered into new bank assurance partnerships with Karnataka Bank, Karur Vysya Bank, and NKGSB co-operative Bank.
- The number of policies sold grew by 9% YoY.
- Persistency ratio (13th Month) declined 100 bps on YoY basis to 86% for 9M FY24.
- Company has responded to the GST show cause notice raising a demand in June 23.
- Assets under management for HDFC Life has increased by 20% YoY to INR 2.79 lakh crore.

5 Paisa Capital Ltd – Q3FY24 Concall Highlights

CMP INR 656 | Market Cap INR 20 bn

Industry Overview:

 More than 25 Mn demat accounts open in 9MFY24. Approx. 7x growth from FY2020 to 9MFY2024, implying a good growth in the industry.

 Retail Derivative Average Daily turnover (ADTO) has seen an exponential rise at 100% CAGR from FY2020 to 9MFY2024. ADTO for 9MFY2024 stood at 105051Bn.

 Number of NSE Active clients have seen a rapid rise in the past 5 years, from 10.8mn active clients in FY2020 to 35.3mn for 9MFY24.

Key company Highlights:

 Client Acquisition: 2.32 lakhs (Out of which 89% STP) (+72% YOY, +6% QOQ)

 ADTO (Avg daily turnover): 3.7 Tn (+85% YOY, +2% QOQ)

 Average funding book: 317Cr (+18% QOQ)

 Retail Market share: 2.81% (-10% YOY, -13% QOQ)

 The company's Q3 FY2024 recorded a life time high revenue of 100.3cr, which grew at 20% YOY and 3% QOQ. PAT Q3 FY2024 stood at 15.1cr, which is +37% YOY and -21% QOQ and PAT Margin at 15%.

 Segmental breakup: Brokerage Income 37.6cr (37% of Total Revenue), Allied Broking Income 31.9cr (32% of Total Revenue), Cross sell Income 6.6cr (7% of Total Revenue), Other operating Income 24.2cr (24% of Total Revenue).

 Introduced industry first features such as reverse penny drop, account aggregator integrations and API optimizations, to significantly speed up the onboarding process.

 Continue to invest in new technologies especially in security, AI and data science, and build fresh product capabilities to further scale our digital enabled revenue pipeline. (Investment in MarTech)

 Focus was on essentially achieving more profitability and getting the system to a state where they can again get back to scale, as a result they lost market share.

 The key focus is on achieving high digital efficiency, emphasizing that the differentiator in this industry is having a superior technology engine rather than simply investing more capital.

 Raise in other expense was because of increase in Ad expense for costumer acquisition (45-50% of other exp) and Tech, AI (30-35% of other exp).

 Company has planned major product launches in Q2FY2025. This will help them gain market share in Trading and F&O segment.

Management Guidance:

 Companies continued focus on Product, Tech and AI will help them get market share of 5% by the end of FY2025.

 Company will be able to maintain same level of OPM (approx. 30%) in coming years.

Outlook:

Company has lost the market share but with continued investment in tech, products, AI will help company to grow with the industry and again gain market share.

Fedbank Financial Services Ltd – Q3FY24 Concall KTAs
CMP INR 142.25 | Market Cap INR 52.13 bn

OUTLOOK

The company has demonstrated favorable performance in the current quarter, with a robust outlook for Q4. The strategic emphasis is on high-yield products to improve their NIMs. The improved credit rating is anticipated to reduce their borrowing costs. Overall, the company is focused on scaling up its co-lending business, maintaining strong credit quality, and optimizing its cost structure to drive future growth and profitability.

Business Highlights

- PAT stood at INR 654.1 mn (+13% QoQ, +28% YoY).
- RoA and RoE for Q3 FY24 stood at 2.5% and 14.3% respectively.
- Company commenced Gold Loan Co-lending arrangement with two leading banks, with the co-lending AUM standing at INR 1.8 bn. ROAs on gold loans are expected to be high. Co-lending is expected to support NIMs expansion, due to lower capital requirements on co-lending.
- The company's product mix is expected to be more focused on high-yield products such as small mortgages and gold loans, which should contribute to NIM expansion.
- Geographically, 53.2% of the total AUM is covered by Maharashtra, Karnataka and Tamil Nadu.
- The company has seen a credit rating upgrade to AA plus stable by Care Ratings, which is expected to have a positive impact on cost of borrowings.
- The asset quality improved marginally with GNPA of 2.2% (Q2FY24: 2.3%, Q3FY23: 2.4%) and NNPA of 1.7% (Q2FY24: 1.8%, Q3FY23: 2.0%).
- AUM mix of the company by products: Small Ticket LAP & HL: 26%,
- Medium Ticket LAP: 26%, Gold loan: 32%, Business Loan: 16% and Others: 2%.
- 84% of the total AUM is secured.
- Disbursement grew by 14% QoQ/ 24% YoY at INR 33,441 mn.

Anand Rathi Wealth – Q3FY24 Concall KTAs
CMP INR 2684 | Market Cap INR 112.03 bn

OUTLOOK
The company experienced subdued sequential growth during Q3FY24. However, the overall industry is anticipated to sustain growth in the future, and we believe that the company is strategically positioned to capitalize on the expanding market. Our long-term outlook remains optimistic.

Guidance for FY24
Company has given a revenue guidance of INR 7.2 bn for the whole FY24. They have already achieved a revenue of INR 5.55 bn (77% of total guidance) for 9MFY24.
PAT guidance of INR 2.2 bn, against which INR 1.69 bn has been achieved during the 9MFY24.
Surpassed their AUM guidance of INR 510 bn. AUM for 9MFY24 stood at INR 550.57 bn.

Industry Highlights
The AUM to GDP ratio of India came at 5% which is quite low as compared to global AUM to GDP ratio of 27%. The global average is 4x of India. This implies that India has a huge scope of penetration towards professionally managed financial assets like mutual funds.
The HNI population in India has been growing at a 21% CAGR since 2017 and is expected to grow at 15.7% CAGR till 2027. Strong macro-economic trends and a growing HNI families expected to drive growth in the Indian wealth solutions space.
Indian households allocated 63% of their financial assets in low but guaranteed returns assets, such as deposits, small savings and pension and provident funds and approximately 9% of the financial asset is held in cash with no return.
There is massive potential to increase the share of equity in client portfolios. Equity investment needs guidance, thereby, creating huge opportunity for wealth outfits.

Private Wealth Business
For 9MFY24, Private wealth vertical’s revenue grew by 34% YoY to INR 5.31 bn and PAT grew by 33% YoY to INR 1.66 bn.
PAT margin declined marginally by 20 bps QoQ to 31%.
AUM increased to INR 535.7 bn (+15% QoQ, +39% YoY).
In Q3FY24, industry has seen net inflows of INR 8.80 bn (excluding SIP inflows), but ARWL has seen inflows of INR 18.37 bn.
Active clients increased to 9212 in Q2FY24 v/s 8747 in Q1FY24 (+5% QoQ, +16% YoY).
Company added 45 new RMs over the last 12 months, taking to 322 RMs. It is expected to be reach 500 RM in next 3-4 years.

Digital Wealth Business
AUM increased by 47% YoY and 7% QoQ to INR 14.9 bn.
Number of clients grew by 14% YoY and 4% QoQ to 4,650.

OFA business (Omni Financial Advisors)
Assets under Administration (AuA) of MFDs on this platform is INR 1244.1 bn (PY INR 997.4 bn).

Federal Bank - Q3FY24 Concall Highlights
CMP: INR 150 | Market Cap: INR 364 bn
Outlook: Federal Bank posted healthy Profit growth but falling NIMs have led to a rut in the RoA growth. CASA ratio also fell leading to rise in Cost of Funds and fall in Profitability. We expect the bank's NIMs to normalize at below 3% for the next couple of quarters.
Guidance:
- Management intends to protect NIMs at current quarter levels.
- Credit-deposit ratio is expected to reach near 80% mark by end of December 2024.
- ROA is targeted at around 1.5% mark in next few years.
- Deposit growth to be around 18-20% while credit growth is expected to be around 18% mark.

Key Highlights:
- Federal Bank posted a net interest income growth of 8.5% YoY/3.3% QoQ on a standalone basis. The modest loan growth was on account of margin contraction.
- NIM contracted by 36 bps YoY/3 bps QoQ to 3.19% while on a sequential basis it fell by 3 bps. Impact of rising cost of deposits was clearly visible during the quarter.
- Non-interest income was up 61.5% YoY / 18.1% QoQ to INR 8.63 bn, sharp rise on other income on yearly basis was on account of treasury gains of INR 1.54 bn against just INR 70 mn last year.
- Operating expenses increased by 27.3% YoY/5.9% QoQ to INR 15.49 bn, while cost-to- income ratio declined to 51.9% from 52.5% previous quarter.
- Provisions declined on a yearly basis which in-turn aided net profit growth of 25.3% on standalone basis to INR 10.07 bn.
- Overall loan growth stood at 18.4% YoY / 3.3% QoQ to INR 1.99 tn.
- Retail loan segment grew 120% YoY, in which housing loans jumped 13% YoY, Auto loans increased by 32.1% YoY and personal loans were up 86.4% YoY.
- Agri loans increased by 26.9% YoY, Business Banking portfolio jumped 17.8% YoY while corporate loans increased 14.4% YoY. CV/CE book posted healthy growth of 66% YoY.
- Micro finance and credit card business reported robust growth 161% and 152.5% on YoY basis, respectively, owing to a smaller base.
- High yielding segments like credit card, personal loan, micro finance had 24.6% share in advances as compared to 21.4% a year ago and 23.7% QoQ.
- Deposit growth for the quarter stood at 19% YoY and 2.9% QoQ to INR 2.39 tn in which CASA deposits grew at a slower pace of 6.4% YoY/1.1% QoQ.
- CASA ratio in Q3FY24 declined 361 bps YoY/54 bps QoQ to 30.6% while Non-resident term deposits were up 6% YoY.
- The asset quality on overall basis slightly deteriorated as GNPA ratio increased by 3 bps on a sequential basis to 2.29% while NNPA remained flat on QoQ basis at 0.64%.
- Standard restructured book declined 10 bps sequentially to 1.1% of total loans as total standard restructured loans stood at INR 22 bn.
- Provision coverage ratio was at 71.08% against 71.03% in Q2FY24.
- Fresh slippages during the quarter increased to INR 4.79 bn as against INR 3. 65 bn in Q2FY24. Higher slippages on sequential basis were mainly on account of rise in corporate NPAs.
- One account worth INR 0.7 bn slipped into NPA but is expected to be upgraded in Q4FY24.
- Credit cost for the quarter increased to 31 bps from 13 bps in the previous quarter owing to higher stress addition.

The bank's A & Above rated corporate advances now form 81% of total loans versus 76% in Q2FY24.
Rise in credit risk in risk weighted assets was mostly due to regulatory change.
There was some reversal of standard assets provisions owing to better-than-expected performance in some accounts.
Cumulative provisioning on restructured books was around 20%.
The company has taken a 75-100 bps hike in personal loan rates from December 2023 onwards which will give incremental increase in Yields.

Bank of Maharashtra - Q3FY24 Concall Highlights
CMP: INR 50 | Market Cap: INR 353 bn
Outlook: The Bank of Maharashtra is one the smaller but fastest growing PSU bank, with the best asset quality. We believe the bank will be able to maintain its growth momentum in the coming quarters as well.
Guidance:
 Deposits to grow 13-14% YoY.
 NIM to remain around 3.8-3.9% in the future.
 Management is expecting double digit growth to continue in the next quarter as well.
 Going ahead, the Management guides of Credit Cost of 1% as seen currently. They are expecting an RoA of 1.55% for FY25.

Key Highlights:
 Net Interest Income came at INR 24.6 bn increasing by 24.6% YoY.
 Operating Profit increased by 36.6% YoY to INR 58 bn.
 Net Profit of the Bank increased by 33.6% YoY to INR 9.20 bn.
 NIMs for Q3FY24 increased by 35 bps YoY / 6 bps QoQ to 3.95%.
 GNPA came down by 121 bps YoY / 7 bps QoQ to 2.19% and NNPA came at 0.23%, down by 45 bps YoY / 1 bps QoQ.
 In the RAM segment, Retail portion grew by 22% YoY, MSME by 29% YoY and Agri grew by 35% YoY.
 Additional provisioning of INR 3-3.5 bn has been done during the quarter.
 Employee Expenses decreased on a QoQ basis (13 minutes)
 SMA 1 & 2 is 0.25% as 1 Government account of INR 7.36 bn which was in SMA 2 account, has been recovered.
 The Increase in Yield of Investments is due to the increased average yield increase in Investments as the bank started investments in high yield investments over the last 9 months.
 Bank opened 198 branches during the 9 months and 60 branches in Q3FY24.
 New customer acquisition run rate stood at
 Bank has made additional INR 1 bn of Provisioning due to the recent RBI guideline on higher risk weightage towards the Consumer loans and Credit Cards.
 Entire Pension Provision have been considered.
 3,800 of the staff are eligible for the Old Pension, and the rest have to take the New Pension. However, 13-14K current pensioners will also be impacted.
 Standard Asset Restructured Loans Provision is INR 4.5 bn
 The Management admits that they are at the very lowest possible levels of NNPAs, and are skeptical that they may see some disturbance in the Agri Loan Portfolio in the future where they are seeing very high growth.
 The tax rate is expected to remain low for the bank for the next 2 years due to the carry forward loss of Corporate loans to the tune of INR 70-80 bn.
 All the digitalization initiatives FTPs have been launched for 60-70 different initiatives, like, Insurance Products, MFs, etc.
 This entire offering is for the customer's digital journey with internal earnings of INR 30-40 bn per year.

ICICI Lombard General Insurance Co. Ltd. Q3FY24 Concall KTAs
CMP INR 1370 | Market Cap INR 676 bn
Industry highlights:
General insurance industry delivered a 14% YoY growth for 9MFY24.
Combined ratio for the industry was at 111.9% in H1FY24 against 112% in H1FY23.

Financial performance:
In Q3FY24, GDPI reached INR 62.3bn, showing a 13.4% growth, surpassing the industry's 12.3%.
Property and Casual segment GDPI grew by 12.5% at INR 16bn in Q3FY24 against INR 14.22bn in Q3FY23.
Motor segment GDPI was INR 28.42bn in Q3FY24 v/s INR 26.91bn in Q3FY23, growing by 5.6%.
Health segment recorded a GDPI of INR 13.79bn compared to INR 11.5bn in Q3FY23, reflecting a robust growth of 24.7% YoY.
Combined Ratio stood at 103.6% in Q3FY24, surpassing the guidance of 102% given in Q2FY24.
Investment assets rose to INR 468.87bn as of 9MFY24. Investment leverage at 4.11x in 9MFY24.
Investment income was INR 25.96bn in 9MFY24, INR 8.38bn in Q3FY24.
Capital gains for the quarter stood at INR 1.08bn against INR 1.52bn in Q2FY24.
PBT was recorded at INR 5.74bn, growing 23.3% compared to INR 4.65bn in Q3FY23.
PAT grew by 22.4% to INR 4.31bn in Q3FY24 v/s INR 3.53bn in Q3FY23.
Return on Average Equity was 15.3% for the quarter against 14.3% in Q3FY23.
Solvency ratio stood at 2.57 at end of Q3FY24, continuing to be higher than regulatory minimum of 1.5. The ratio was at 2.59 at the end of Q2FY24.

Business segments:
Motor segment: The company has mainly focused on the motor segment, achieving leader position as Motor insurer in this quarter, registering a 5.6% growth as against 10% industry growth. The growth was aided by private cars and two wheelers demand. Mix of Private car, two wheeler and CV stand at 51.2%, 27.8% and 20.8% respectively. 67% of agency and direct claims were serviced as against 51% in Q3FY23.
Health segment: Health segment had the highest growth in the industry. The company was able to surpass the industry growth in this segment, registering 24.7% growth in Q3FY24. The plan is to focus on preferred segment and new product launches in the coming quarters.
Digital business grew at 39.1%, constituting 6.6% of the overall business.

Operational highlights:
The company has a vision “One IL One Team” through which they aim to transcend functional silos and work as one united team towards one purpose.
ILTakeCare app registered 1.6mn user downloads in Q3FY24, source premium being over INR 1bn.
Bancassurance and key relation group grew at 13.6% in Q3FY24.
Agents associated with the company increased to 1,25,088.
GHI loss for Q3FY24 was 93.1%. Retail indemnity stood at 66%, in line with the threshold of the company.
The loss ratio is maintained between 65-70% overall for all segments. Change in the ratio in Q3FY24 was majorly caused by the recent flood events.
The company has been inflating reserves for loss reporting at an assumed rate of 12-13%.
Yield to maturity for 9MFY24 stands at 7.31%, taking advantage of the higher interest regime.

Outlook:

ICICI Lombard General Insurance has been able to replicate the growth of current market. Overall, the company witnessed a growth of 13.4% in Q3FY24, compared to industry growth of 12.3%. They have been able to achieve the guidance given in the previous quarters, registering at par or at times higher growth than the industry. Market share increase in the Motor and Healthcare segment indicate high growth prospects in the future. The plan is to focus on the preferred segment and new product launches in the coming quarters. With their new initiative projects and new business segments, they are on track on achieving positive growth in the coming quarters.

ICICI Securities Ltd – Q3FY24 Concall KTAs
CMP: INR 784 | Market Cap: INR 253.38 Bn
Industry Overview:
 Retail equity Average Daily Turnover (ADTO) increased by 9% sequentially.
 Retail derivative ADTO rose by 10% sequentially.
 Notable growth occurred in December for both equity and derivative ADTO, with a remarkable 44% and 23% growth over the last quarter for equity and derivative respectively, in contrast to declines in October and November.
 New client additions decreased by 5% sequentially but demonstrated a substantial 62% YoY growth.
 Systematic Investment Plan (SIP) momentum persisted throughout the quarter, indicating sustained investor participation. Primary market mobilization showed growth, driven by improved market sentiment.

Market Share:
 Retail Cash Market Share is at 13.1% (+25% YoY/+30 bsp QoQ)
 Retail Derivative Market Share is at 3.4% (-11% YoY/-30 bsp QoQ)
 Market share for SIP and MTF were stable compared to the previous quarter.
 Commodity Market Share at 7.5% (+34% YoY) and Mutual Fund AUM Market Share is Nil YoY.
Financial Highlights:
 ICICI Securities reported a 50% YoY/ 6% QoQ growth in Q3FY24 revenue to INR 13,233 mn led by growth in broking income in the cash segment and growth in Investment banking segment.
 66% YoY/10% QoQ growth in profit after tax to INR 4,657 mn.
 Total Assets stood at INR 6.9 tn (+16% YoY / +7% QoQ) and Wealth Assets at INR 4.1 tn (+25% YoY/ +10% QoQ)
 Total Client Base for quarter was 9.7 mn users (+11% YoY/+ 2% QoQ).

Operating Expense:
 Operating expenses remain elevated due to strategic investments in distribution expansion and technology upgrades.
 Anticipated growth in technology spending exceeds 30% in the current fiscal year compared to the previous one.
 Workforce expansion, up by 12% compared to Q3 last year, is expected to reach approximately 20% by year-end.
 These investments align with the company's growth strategy, emphasizing technological resilience and regulatory compliance, demonstrating a proactive stance in a dynamic market environment.

Growth Strategy:
 Growth strategy centers on acquiring quality clients, expanding market share in revenue-generating segments, and fostering growth in our distribution business, primarily in loans and mutual funds.
 The key emphasis is on elevating customer experience and continual investment in enhancing both franchise value and technology infrastructure.
 The industry's medium to long-term prospects are deemed robust, despite ongoing uncertainties in the short term due to global headwinds and the upcoming general election in the first half of 2024.

Delisting of ICICI Securities:

The delisting of shares of ICICI Securities will be done through a share swap, wherein public shareholders of the brokerage will be allotted 67 shares of ICICI Bank for every 100 shares held. Following the delisting, ICICI Securities will again become a 100% subsidiary of ICICI Bank.

As company's business operates in an inherently cyclical securities market, heavily influenced by market movements. Simultaneously, the regulatory and competitive landscape in this industry is rapidly evolving. Therefore, merging with a banking entity, they envision a synergy that combines a larger customer ecosystem and a stable business model with our strengths in investment and securities.

ICICI Bank voting will not be considered in this. It is within the minority shareholders. There needs to be a two-thirds majority. That is the regulatory requirement.

Angel One Ltd. Q3FY24 Concall Highlights
CMP: INR 3,352 I Market Cap: INR 282.04 Bn

OUTLOOK
Company has seen a profitability de-growth of 14% on a sequential basis, with a decline in margins. This was primarily due to the decline in gross broking income and increase in client acquisition cost. Company acquired 2.5 mn (+16.2% QoQ, +150% YoY) clients during the quarter. Further, their wealth management business is expected to be commenced from Q1FY25. This will help them to increase their business in long term. We have a long term positive outlook on the company.

Financial Highlights
- The company's gross revenue grew by 1% QoQ/ 40% YoY at INR 10.588 bn. The growth was muted sequentially, led by the decline in gross broking income.
- The primary reason for decline in gross broking income was the change in tariff structure for the intraday cash segment where, they now charge their clients 0.3% of the value of the order or INR 20 per order, whichever is lower, as compared to our earlier structure of 0.25% or INR 20 per order, whichever was lower.
- The composition of orders underwent a shift in Q3FY24, with cash segment orders growing by nearly 20% to 74 million.
- Finance cost increased by 35% QoQ/ 40% YoY to INR 356 mn, on account of higher average borrowings for the period in line with the client funding book and higher margin requirements.
- Finance cost also includes the impact of higher borrowings for substituting the underlying collateral for bank guarantees with own funds towards margin with clearing corporation pursuing to SEBI circular regarding discontinuing any client's funds as collateral for bank guarantees.
- The employee benefit expense increased during the quarter by 7% QoQ/ 27% YoY to INR 3,198 mn, on account of rise in headcounts and related hiring spends.
- Other expenses increased by 22% on a sequential basis (+108% YoY) at INR 3,198 mn, driven by increase in client acquisition and onboarding cost.
- Operating margin stood at 44% v/s 51.3% in Q2FY24, declined by 730 bps on a sequential basis. The margins were impacted due to the change in tariff structure for cash intraday segment, which led to the decline in gross broking income.

Business Highlights
- Company has 24.7% share in India's incremental demat accounts in Q3FY24 v/s 22% in QFY24.
- NSE Active client base increased from 4.9 mn in Q2FY24 to 5.3 mn in Q3FY24 (+8.2% QoQ).
- The total number of orders increased by 3.5% QoQ and 55% YoY to 350 mn.
- Average Daily Turnover (ADTO) stood at INR 36 trn (+21.4% QoQ/ +148% YoY).

Other Highlights
- Company announced an interim dividend of INR 12.7 per share.
- Their wealth management business is expected to commence in Q1FY25.

Ganesh Housing Corporation Ltd|Concall Q3FY24
CMP: INR 514|Market Cap: INR 42844.3 Mn

Overview: The company is doing well financially, especially with projects like Million Minds Phase 1 and Malabar Exotica, showing that they understand what people want in real estate and are likely to keep succeeding.

Financial Highlights
Total revenue of Q3FY24 Is INR 1833 Mn at an increase of 12% QoQ and 172% YoY.
Total EBITDA is INR 1386 Mn at a growth of 14% QoQ and 192% growth YoY.
EBITDA Margin is 75.6%
PAT is INR 1006 Mn at an increase of 17% QoQ and 232% increase YoY.
PAT Margin is 54.8%
The company continues to remain debt-free.

Key Highlights
The ongoing Malabar Exotica project is nearing completion, currently standing at an impressive 96%.
Revenue generation from Malabar Exotica is expected to commence in the current quarter (Q4FY24).
The company established Lalita Govind Udyan, an enchanting sanctuary spanning 8 acres, which was inaugurated in September 2023.
Another noteworthy development is Godhavi Smile City 1, part of the township project, set to reach completion in the second half of FY25.
Anticipated demand in the future is increasing, specifically from the premium segment, covering both the mind and exotica segments.

Project Million Minds Phase 1
The ongoing Million Minds Phase 1 project involves a total construction area of 1.3 Mn square feet, with a leasable area of 0.85 Mn square feet.
The estimated project cost for Million Minds Phase 1 is INR 285 Cr, and it is projected to be completed by March 2026.
Anticipated rentals for the completed project are estimated at INR 72 Cr per annum, highlighting its potential for revenue generation.
Currently, the construction of Million Minds Phase 1 (IT SEZ) is in progress, reaching an advancement of around 30% completion.
Preliminary discussions are in progress with Tishman Speyer for the marketing of Million Minds Phase 1, reflecting strategic collaboration prospects.

Real Estate Market Influence
Ahmedabad attracts 40% of real estate investments in Gujarat, playing a crucial role in the state's economic growth.
Nationally, Ahmedabad is the 8th highest contributor to India's GDP, while also being recognized as the most affordable and best city for living with excellent infrastructure according to surveys.

Project Portfolio Strength
The company has successfully concluded a total of 21 projects, with a cumulative value of INR 25300 Mn.

Presently, there are two ongoing projects: Million Minds Phase 1 and Malabar Exotica. These ventures are anticipated to reach completion by March 2026, with an estimated selling value of INR 10500 Mn.

Looking ahead, the company has strategically planned three new projects to completion by September 2033. These include Million Minds Commercial, Million Minds Residential, and a Township project.

Bank of India – Q3FY24 Concall KTAs
CMP INR 138 | Market Cap INR 629 Bn

OUTLOOK
Bank of India's robust net profit growth was primarily attributed to reduced credit costs. However, operational performance showed weakness due to margin contraction and increased operating expenses, leading to a decline in operating profit. Loan growth remained satisfactory. Our long-term outlook on the company remains optimistic.

Guidance
- The bank continues to target credit growth of 11%-12% in FY24.
- Management aims to maintain NIM at 3% going ahead.
- GNPA ratio is expected to be around 5.1% mark by end of FY24.
- Credit cost guidance is at 0.5% for FY24.

Highlights
- NII declined by 2.3% YoY/ 4.8% QoQ to INR 54.63 Bn in Q3FY24 from INR 55.95 Bn in Q3FY23, mainly due to contraction in NIMs.
- NIM (Global) stood at 2.85% in Q3FY24 against 3.28% in Q3FY23 and 3.08% in Q2FY24. The aim is to maintain NIM above 3%.
- Net Profit for Q3FY24 was at INR 18.70 Bn and grew by 62% on YoY basis, aided by lower credit cost.
- Credit Cost improved to 0.46% in Q3FY24 v/s 0.54% in Q2FY24 as against 0.93% in Q3FY23. Credit cost is expected to be around 0.5%.
- Operating Profit was at INR 30.04 Bn during Q3FY24 (-17.74% YoY/ -20% QoQ). The decline in net profit was on account of rise in employee expenses.
- Employee expenses were up 23.9% YoY, which was due to INR 4.48 bn provisions made towards wage revision in Q3FY24.
- The bank expects to provide INR 2.19 bn towards wage revision in Q4FY24.
- The company displayed improvement in their asset quality as GNPA ratio improved by 231 bps from 7.66% in Q3FY23 to 5.35% in Q3FY24. Net NPA ratio improved by 20 bps from 1.61% in Q3FY23 to 1.41% in Q3FY24.
- Cost-to-Income stood at 54.87% in Q3FY24 against 48.03% in Q3FY23.
- Global Advances increased by 11.29% YoY from INR 5,077.50 bn in Q3FY23 to INR 5,650.60 bn in Q3FY24. The credit growth of bank is expected to be 11-12% during the current year.
- Global Deposits increased by 8.28% YoY from INR 6,536.91 bn in Q3FY23 to INR 7,078.27 bn in Q3FY24.
- ROA stood at 0.82% in Q3FY24 against 0.55% in Q3FY23. Guidance for ROA is 0.85% for FY24.

ICICI Prudential Life Insurance – Q3FY24 Concall KTAs
CMP INR 484 | Market Cap INR 697.2 bn

Guidance

Company has guided for double digit growth in APE during Q4FY24, which will help them to absorb the fixed cost incurred during the year. Company's focus is on increasing the business rather than improving the margins and hence no VNB margin guidance was given. Management seem quite comfortable on both persistency and mortality experience.

Key Highlights:

VNB stood at INR 14.51 bn (H1FY24: 10.5 bn) with VNB margins at 26.7% (H1FY24: 28.8%). The decline in margins was primarily on account of the shift in underlying product mix.
There has been a shift in mix from non-participating to participating products, which has led to the PAR product mix to be higher than the non-PAR product mix.
Further, company has witnessed competitive pressure on pricing in both the non-PAR business as well as the annuity business.
The higher expense ratio for the year has also impacted margins. The growth in the top line for the 9M has been lower than the company's expectations.
The redesign of the commission structure has led to an increase in commission expenses.
Further, continued investment in capacity creation to support future growth, specifically in the proprietary channel, agency and direct channel has led to increase in operating expense.
APE stood at INR 54.3 bn for 9MFY24.
AUM stood at INR 2.86 trillion and Solvency ratio at 196.5%.
Premium growth at Direct channel 12.6% and agency channel at 12%.
Recently launched ICICI Prudential stack with 7 layers to enhance customer acquisition and retention across the customer life cycle.
The company has products for all kinds of ages for the customers, and is constantly developing newer products. Like the ICICI Pru Gold, GIFT Pro, iShield, and Protect N Gain, to cater to customers of all ages.
Launched ICICI's new Guaranteed Pension Plan Flexi with Benefit Enhancer, industry's first annuity plan that provides customers with an option to receive a 100% refund of premiums paid at any time starting from the day of purchase.
Added more than 28,750 agents during 9MFY24, spread across geographies, within the bank, and sourcing channels.
No single distributors contribute more than 5% of the total channel distribution apart from the ICICI banca partnership among all large distributors.
Single premium annuity declined as customers buy check postponed purchases given high APE rates currently. However, the strong growth in regular premium more than made up for the decline in single premium business.
In the above 5 lakh priced product category, company have been able to seize the market opportunity through unit linked and participating products and were able to grow this customer segment in line with the company level RWRP.

Poonawala Fincorp Ltd – Q3FY24 Concall KTAs
CMP INR 497 | Market Cap INR 377 bn | TP INR 540

OUTLOOK
The company has exhibited healthy performance in the quarter, demonstrating a commendable trajectory towards attaining the outlined guidance. Favorable industry-wide growth dynamics continue to propel the company's business successfully. Our outlook on the company remains optimistic, and we set a target price of INR 540.

Guidance
- Achieve an AUM of 3x of FY21 AUM. Company has already achieved AUM of 2.1x of FY21 AUM.
- GNPA within the range of 1.3 – 1.8% and NNPA between 0.5 - 0.9%. Company's NNPA is below 1%.

Key Highlights
- Company's disbursement came at INR 87.3 bn v/s INR 78.07 bn in Q2FY24 (+159% YoY, +12% QoQ).
- AUM grew by 9% QoQ/ 58% YoY to INR 219.46 bn.
- The secured to unsecured book stood at 52:48. The secured book is growing at a steady rate, as disbursement in LAP, POC, and MSME continue to grow.
- NIM at 11.02%, down 40 bps QoQ and up 33 bps QoQ.
- Company's guidance on the secured to unsecured mix is 50% in each of the item, medium to long-term.
- During the last quarter, company's focus was on scaling up instant personal loan through their digital app.
- As a result, MSME constitutes about 42% of the loan book, followed by loan against property - 17%, personal and consumer finance - 16% and pre-owned car – 14%.
- On the tenure mix of their loan book, the short tenure loan up to 12 months stood at 22% of the book, which is fairly in line with the guidance of 20 - 25%.
- Similarly, the medium to long term loans of more than 12 months are at 78%. Again, this is in line with guidance of 75%-80%.
- Company has presence across 19 states, having a branch network of 103 branches.
- The asset quality of the company is in line with its guidance of keeping NNPA below 1%.
- Company continues to focus on optimizing its cost of borrowing. Its cost of borrowings remained flat QoQ at 7.99%, despite of tight liquidity condition and hardening of rates.
- Company's strategic focus has been on our chosen segments of consumer and MSME.
- Company now has Omni-channel presence across – Web, App, WhatsApp, Social media, Contact center, DSA and Branch.
- Company received approval for co-branded credit card launch. It is expected to go live in coming quarter.
- On the upcoming products, they have some product lineup for the current and the next quarter, like drop-line flexi-loan product, EMI cards.

IIFL Finance Ltd. – Q3FY24 Concall Key Highlights
CMP INR 644 per share | Market Cap INR 245 bn

OUTLOOK
The company delivered favorable results in the quarter, maintaining stable sequential costs of borrowings with a marginal 4 bps increase. The positive growth momentum is anticipated to continue in the future.

Key Highlights:
 The gold loan AUM grew to INR 246.92 bn, showing a strong growth of 35% YoY and 4% QoQ.
 The growth that is seen across the gold loan segment is attributed to the large number of branches the NBFC has been expanding.
 Their branch led growth model is helping them to expand in lesser competitive rural and semi urban branches enabling improved yield. On a q-o-q basis the gold loan portfolio yield jumped by near 0.5%.
 The co-lending book has grown by 10% QoQ/ 103% YoY, at INR 115.86 bn.
 Cost of borrowings increased by 4 bps QoQ/ 28 bps YoY.
 The GNPA/ NNPA of the company stood at 1.7%/ 0.9% v/s 1.8%/ 1.0% in Q2FY24 v/s 2.1%/ 1.1% in Q3FY23.
 The operating cost has gone up by 7% in the quarter due to the increased focus on branch expansion by the NBFC.
 96% of company's loan book is retail in nature.
 The company has raised JPY 7.5 billion (US$50 million) through external commercial borrowing (ECB) route. This is an inaugural JPY denominated facility for the NBFC. The NBFC has raised the funds from Mizuho Bank's Singapore branch. The funds were raised at a fairly competitive pricing over TONAR (Tokyo Overnight Average Rate).

IndsuInd Bank - Q3FY24 Concall Highlights
CMP: INR 1,616 | Market Cap: INR 1,257 bn | TP: INR 1,678
Outlook: The Bank's performance in terms of managing the Cost of Funds and keeping the NIMs stable while growing their branch count is appreciable. We remain positive on the stock.
Guidance:
- The Management expects the slippages to come down in the next 2-3 quarters to levels of INR 11-12 bn per quarter as this quarter saw a corporate account slippage which was a one-off thing.
- The Management expects the slippages for Q4FY24 to come down further from INR 17.65 bn inn Q3FY24.
- The Management gave Credit Cost guidance for the Microfinance (11% of the Loan book) business at 210-220 bps in the future as they say that the business risk in MFI business cannot be reduced as in other lending segments.
- The Management says they will never bust the 90% cap for the loan to deposit ratio, currently at 88.7%.
- The Management guides that they will never breach more than 55-57% of their loan book.

Key Highlights:
- Management felt good on the growth in deposits between 12-14%, driving the difference between Credit & deposits growth lower.
- Retail credit grew well in Vehicle and Personal finance segment.
- Corporate credit growth came at 15% YoY.
- Indie App saw 4 million downloads in the quarter since launch.
- Gross Slippages stood at INR 17.65 bn.
- The restructured book of vehicle finance stood at INR 7.05 bn against INR 9.1 bn in the previous quarter due to restructuring and recoveries.
- Active Loan client accounts number grew to 9 million growing by 17% YoY/4% QoQ.
- Corporate banking grew by 15% YoY as the portfolio gained momentum during the quarter.
- The Net slippages in Corporate book stood at INR 1.55 bn against INR 1.58 bn in Q2FY24. The main contribution came from only 1 account which slipped during the quarter.
- Management intends to grow the MSME loan book in the future and is developing systems for early stage warning for maintaining better asset quality.
- Indus Solitaire is the first community focussed service for the Gems & jewelery merchants community.
- The Management intends to add another 1,000 branches in the next 3 years. In Q3FY24, they have added 97 branches taking the total branch count to 2,728.
- The share of Borrowings fell to 8% of the total liabilities as the Management intends to keep only long term low interest rate securities for borrowings in their book.
- 56% of their Savings account are now on digital do It yourself manner, thereby reducing their costs.
- The bank employee base grew by 5% QoQ as they opened 97 new branches, thereby causing a spike in the Cost to income Ratio to 48%.
- The bank made additional Provision of INR 1.65 bn for special account.
- The SMA 1 & SMA 2 are now only 19 bps for the bank, which is the best for the bank historically, while the Management says they will keep adding prudent Provisioning practices in the future as well.
- The NIMs have remained stable at 4.29% due to the bank's flexibility on adjusting rates and expansion, and the Management says they are awaiting a rate cut when the NIMs could improve thereafter.

The Management sees the rates on deposits stabilizing across the banking sector in the coming quarters. They also say that they don't intend to increase the Micro Finance loan rates due to rise in Cost of Funds as it will create more stress for the borrowers.

The Agri book saw an extra slippage of INR 0.25 bn. The Corporate book saw a slippage of 1 large account if INR 1.40 bn for which the bank has made a contingent Provision. However, the management believes they will be recovering the account by 8th Feb of this quarter.

The MH CV business is looking dull as per the Management. So, the bank is looking to fill the void in growth in MHCV, specially tractor which is slow over last 2-3 quarters. The Management expects to fill the void from Auto loans Personal Vehicle as well as the Used Vehicle business which is witnessing more traction.

95% of the NBFC's are A rated and above, and despite the RBI guideline, the bank has only increased lending rates to NBFCs due to the RBI guideline. The Management says they are lesser than 9% of their loan book, which is the average exposure of bank's lending towards NBFCs.

Star Housing Finance Limited – Q3FY24 Concall KTAs
| CMP: INR 72 | Market Cap: INR 5,678.9 Mn
Focus on disbursements of low-ticket retail loans in operational geographies
Financial performance:
- AUM reached INR 368.67 crores, reflecting a 97% YoY growth from 9MFY23 to 9MFY24. The focus is on scaling up AUM through strategic partnerships, both on-book and co-lending arrangements.
- Interest Income stood at INR 14.8 crores, up by 66.6% YoY and 16.4% QoQ. PAT stood at INR INR 2.52 crores, up by 66.6% YoY and 29.8% QoQ.
- In Q3FY24 Portfolio at Risk (PAR) is at 3.84%. Gross NPA stood at 1.64% as compared to 1.46% and 2.15% in Q2FY24 and Q3FY23 respectively. Net NPA stood at 1.24% as compared to 1.08% and 1.65% in Q2FY24 and Q3FY23 respectively.
- The company's current net worth exceeds INR 130 crores.
- During 9MFY23, the company received the first single INR 50 crores ticket-term loan and cumulative credit line sanctions from 11 banks and financial institutions amounted to approximately INR 203 crores.

Warrants:
- In Q3FY24 company Issued warrants for INR 60 crores of which 25% amounting to INR 15 crores has been received to strengthen capitalization levels.
- Building a strong foundation for the liability framework, with relationships established with 17 banks and financial institutions.

Cost-to-Income Ratio:
- The company is consistently investing in manpower, branch infrastructure, and technology.
- In the specialized segment where customer relationships are crucial, operating expenses are inherent. Despite the inherent costs, there is a consistent effort to reduce the C/I ratio.
- The C/I ratio, which started around 75-80%, has seen a consistent reduction over time. Currently, the ratio stands at approximately 58-59%.

Cost of Borrowing:
- The company's current cost of borrowing stands at 12.17% per annum.
- Despite this cost, the average portfolio yield exceeds 16%, resulting in a healthy spread of around 5.5 percentage points.
- The company anticipates a steady cost of borrowing at these levels as all pending disbursements align with the existing numbers.

Network:
- The company is present across its operational geographies with 26 physical offices and 8 digital locations.
- The top 10 locations account for approximately 50% of total business. Furthermore, approximately 5 to 6 of these top ten locations are from the state of Maharashtra.
- Recognizing concentration risk, the company is diversifying across existing geographies and targeting expansion in areas like Madhya Pradesh, Gujarat, Rajasthan, Tamil Nadu, and the new geography of NCR.

Credit Appraisal Methodology:

- The entire family income is comprehensively assessed, considering all income streams generated by the customer. The company then deducts household expenses to ascertain the disposable income available to the customer.
- The remaining amount, representing the net savings to the customer, undergoes validation by considering the household assets of the customer.
- The validation process ensures the accurate assessment of the customer's repayment capacity.

Outlook: The company intends to expand in the north, specifically in Ghaziabad and NCR, to ensure continued growth in credit access for first-time home buyers looking to purchase their own homes. The company aims to reach INR 500 crore in AUM by June'24, followed by an INR 1,000 crore balance sheet over the next 8 to 10 quarters. The focus is on retail, particularly low-ticket loans, and catering to specific operational geographies. They aim to serve 50,000 to 60,000 customers in the EWS/LIG segment by FY27-28. The company's long-term goal is to maintain a C/I ratio of 20% to 25%.

South Indian Bank Ltd Q3FY24 Concall KTAs
CMP: INR 30.8 | Market cap: INR 64.40 Bn

The quarter showcased growth in business, deposits, and advances, with a remarkable surge in net profit. The return on equity and capital adequacy remained strong. The bank demonstrated sound asset quality improvements, reflected in reduced NPAs and enhanced provision coverage ratios.

Financial Highlights:

Total deposits rose by 9% YoY and 2%QoQ, nearly reaching INR 1,000 Bn, specifically at INR 991.55 Bn.

Gross advances grew by 11% YoY and 4% QoQ and reached INR 776.86 Bn.

Net profit for the quarter exhibited remarkable growth, soaring by 196% YoY and 11% QoQ to INR 3.05 Bn.

CASA amount witnessed a 3% YoY increase, reaching INR 315.29 Bn and CASA Ratio at 31.8%, which was 32.03% in Q2 FY24 and 33.81% in Q3 FY23.

Net interest margin for the quarter stood at 3.19% (-12bsp QoQ and -33bsp YoY). Net interest income for the quarter was INR 819 crores.

Provision coverage Ratio (PCR) excluding write-off improved significantly by 688 bsp YoY, reaching 67.08%. PCR, including technical write-off, improved to 77.97%. Which was 76.78% and 65.12% for including and excluding write off in Q4 FY23.

Gross NPA reduced by 74 bsp YoY and -22 bsp QoQ to 4.74%. Net NPA reduced by 65 bsp and -9 bsp QoQ to 1.61%.

Key Highlights:

The personal loan book has grown, reaching around INR 21.86 Bn as of December 2023, with the launch of pre-approved personal loans in December 2021.

Launched in 2022, the credit card segment has shown growth, issuing 377,134 cards with monthly average spends of INR 22,780 per card. The total credit card book as of December 2023 was INR 14.27 Bn.

The gold loan business has expanded to approximately INR 153.69 Bn. Core deposits witnessed a 7% growth, reaching INR 950.88 Bn. NRI deposits continued to rise and now stand at INR 292.36 Bn.

The overall restructured book stands at INR 8.94 Bn, with the bank holding standard asset provisions, including standard restructured and FITL loans, totaling INR 4.51Bn.

Corporate disbursements continue to drive growth, constituting approximately 39% of the asset book.

Company’s Focus:

Improvement in NIM: SIB is facing a higher cost-to-income ratio compared to peers. Factors contributing to this include a lower NIM due to asset concentration and a larger staffing count. Company is actively implementing measures such as hiring reductions, branch reviews based on Sales Value Added and Service Intensity, and scrutinizing other expense heads to enhance operational efficiency and financial performance.

Improvement in Branch productivity: A new 'Sales Value Addition' metric has been introduced to monitor branch-level sales activities. To boost morale and intensify the sales focus, sales rewards were initiated from January 1, 2024. Additionally, efforts are directed towards enhancing branch capabilities through training on products, processes, and customer relationship management.

Improvement in Non-branch distribution: The branch remains the primary business channel for the bank, emphasizing the need to diversify distribution. A dedicated Head of Partnerships has been appointed, and the bank's API-enabled platforms facilitate seamless integration with third parties. Significant progress has been made in operational integrations, particularly with Credit Cards, while additional partnerships are currently in development.

Outlook:

Strategic initiatives to improve cost efficiency, streamline operations, and enhance customer-centric services position the company for sustained growth. The overall outlook appears positive, with a diverse product portfolio and a proactive approach to operational enhancements and customer engagement.

Central Bank of India – Q3FY24 Concall KTAs
CMP: INR 54.6 | Mcap: INR 4,73,979.3 Mn

Total business growth, advances, and profitability metrics mostly in line with the guidance

Financial Performance
- Net profit for the quarter stands at INR 7,800 Mn. 9 month net profit is INR 17,410 Mn.
- Credit book stood at INR 23,90,000 Mn. Credit risk-weighted assets are at 63.26%, and the CD ratio is at 63.60%. The LCR is at 231% and CRAR is at 14.74%.
- The deposit growth, targeted at 8-10%, reached 9.53%, with total deposits amounting to INR 37,77,220 Mn.
- Aimed for a 14-15% growth in advances and achieved a growth of 14.71%, totalling INR 23,96,460 Mn.
- NIM stood at 3.28%, a YoY drop of 57 bps.
- Gross NPA was expected to be below 4.5%, and the realized figure is 4.5%. The net NPA is at 1.27%. PCR is at 93.73%; targeting PCR of 94-95% to bring net NPA below 1% by Q4FY24.
- Slippage ratio, which was guided to be less than 1%, achieved at 0.34%. Similarly, the credit cost, with a guidance of less than 1%, was realized at 1.26%. The credit cost of 1.26% is a proactive provision made to strengthen the balance sheet.
- Cost to income ratio targeted at 55-58%, reached 56.91%.

Key Highlights
* Total loan book stands at INR 11,43,560 Mn. Majority of loans are on the RBLR at 51.05%. RBLR-based loans ensure 100% rate transmission as per market changes. MCLR-based loans constitute 31.90% of the loan book (INR 7,14,290 Mn).
* Increase in the standard restructured book, particularly in the MSME segment. The impact is attributed to accounts in Manipur state facing disruption, with restructuring related to the same.
* Major strides in digital transformation with the project underway for 12-13 months. Capex allocation of INR 8,600 Mn for digital projects. Recruitment of 110-112 IT professionals for the digital vertical.
- Total business grew by 11.48% on YoY basis, reaching INR 61,73,680 Mn.
- CASA experienced a growth of 4.81%, accumulating total deposits of INR 18,45,420 Mn.
- An improvement of 44.72% was noted in non-interest income, reaching INR 13,300 Mn, primarily driven by recovery and write-off accounts.
- Net profit amounted to INR 7,180 Mn, surging by 56.77% YoY and 18.68% QoQ.
- Total income surged by 19.68% YoY and 8.64% QoQ, reaching INR 91,390 Mn.Total interest income witnessed a YoY and QoQ growth of 16.26% and 6.23% and reached INR 78,090 Mn.
- Yield on advances improved by 99 bps is 8.94%, yield on investments is 6.40%, cost of deposits gone up by 83 bps is 4.72%, and cost of funds gone up by 89 bps is 4.83%.
- Total expenses rose by 23.66% YoY and 4.74% QoQ, amounting to INR 72,080 Mn.
- The company has a first-mover advantage in co-lending book which is at INR 95,760 Mn.

Outlook: The company anticipates strengthening of the yield, potentially breaking the resistance of 7.12 in either Q4FY24 or Q1FY25. Expectations suggest a softening of yields after June'24. Currently, the cost of funds is at 4.83%, and the company does not foresee a significant increase, due to the increased rate of deposits.

The company provided the ROA guidance of 0.75. Investment of INR 8,600 Mn allocated for a five-year digital project. Upcoming product launches in January and February expected to accelerate business on the retail front. Pursuing OFS with an aim to improve market float and avoid further equity dilution. Centralization of forex operations and encouraging corporates to use fund-based facilities to improve LC/BG commission.

RBL Bank | Q3FY24 Concall
CMP: INR 265|Market Cap: INR 160388 Mn

Overview: The bank's strong financial performance, with a 23% YoY revenue increase and 35% YoY growth in operating profit, sets the stage for future growth, driven by an expanded customer base and strategic product diversification.

Financial Highlights

Total revenue is INR 2323 Cr at an increase of 23% YoY and 7% QoQ, Operating profit is INR 765 Cr at a growth of 35% YoY and 5% QoQ, Net Profit is INR 233 crore, RoA at 0.75% and RoE at 6.48%

Net Interest Income (NII) grew by 21% YoY to INR 1,546 crore, with a Net Interest Margin (NIM) of 5.52% in Q3 FY23.

The cost-to-income is 70.1%, down 300 basis points YoY.

Strong Customer Base and Product Expansion

Many more people joined the bank the total number of customers is now 14.97 million. This is a big jump, almost 3 million more than last year.

The bank introduced some special products like loans for houses increased a lot by 48% from last year, loans for vehicles in rural areas went up by a huge 157% from last year, and they gave out 5.75 lakhs new credit cards in these three months.

Expansion in Distribution Presence

As of December 31, 2023, the bank has 538 regular branches and 1,217 business correspondent branches, including 290 banking outlets.

RBL Finserve Limited, a 100% subsidiary of the bank, contributes significantly with 897 business correspondent branches.

Deposits and Advances

Total deposits increased by 13% YoY, reaching INR 92,746 crore, emphasizing a focus on smaller retail deposits.

CASA (Current Account and Savings Account) grew by 5% YoY, INR 31,338 crore, contributing to 33.8% of the CASA ratio.

Deposits less than 2 crores witnessed a substantial 23% YoY and 5% QoQ increase, amounting to INR 41,275 crore, constituting 44.5% of total deposits.

Net advances experienced a notable 20% YoY and 5% QoQ growth, reaching INR 79,949 crore, with a strategic emphasis on secured retail assets and commercial banking.

Robust Capital Position and Improved Asset Quality

The bank is well-capitalized for growth, with an overall capital adequacy of 16.42% and a Common Equity Tier 1 ratio of 14.58%.

Average Liquidity Coverage Ratio stands at a robust 132%.

Gross NPA ratio improved to 3.12%, net NPA ratio improved to 0.80%, and the provision coverage ratio increased to 89.3%.

Creditaccess Grameen Limited-Q3FY24 Concall KTAs
CMP INR 1,698 | Market Cap INR 270 bn

Outlook: CreditAccess Grameen posted muted set of Profits for the quarter along with moderating loan growth, which was unlike what we are witnessing in the MFI industry.

Guidance:
In FY24, management targets a 24%-25% growth in Gross Loan Portfolio, reiterates a 12.7%-12.8% Net Interest Margin, and projects a 31%-33% Cost to Income Ratio.
Credit cost is guided at 1.6%-1.8%, with ROA and ROE expected at 5.4%-5.6% and 24%-25%, respectively. The CBS upgrade aims to enhance operational efficiency, while stable borrowing costs are anticipated from Q4 FY24 onwards.

Key Highlights
In Q3 FY24, the company achieved a notable improvement with a 120 bps YoY increase in Net Interest Margin (NIM), while Net Interest Income rose by 58.6% to INR 802.4 crore.
Despite a slight rise in the cost of borrowing to 9.8%, the Cost-to-Income ratio decreased by 677 bps YoY, driving a significant net profit surge and resulting in an impressive 23.6% Return on Equity (ROE), up from 18.4% in Q3 FY23.
In December 2023, the company reduced lending rates by 50 bps across both microfinance and retail finance. In Q3 FY24, the gross loan portfolio (GLP) reached INR 23,382 crore, marking a 31.5% YoY and 4% QoQ increase.
Disbursements rose by 32.7% YoY and 7.6% QoQ to INR 15,081 crore, while total active borrowers reached 46.93 lakhs, up by 19.2% YoY. The quarter also saw the addition of 14.86 lakh customers, and the company expanded its network with the inclusion of 17 branches, bringing the total to 1,894 branches.
In Q3 FY24, YoY improvement saw a 74 bps decline in GNPA, a 30 bps decrease in NNPA, and ECL provisioning at 1.81% (up from 1.6% in Q2 FY24 and 2.04% in Q3 FY23).
Collection efficiency stood at 98.3%, while Portfolio at risk rose to 0.8% (from 0.6% in Q2 FY24), with write-offs of INR 58.7 crore. Despite a temporary impact on disbursements and customer additions, the CBS upgrade enhanced business scalability, returning to normalcy in December 2023.

HDFC AMC – Q3FY24 Concall KTAs
CMP INR 3,501 | Market Cap INR 747.7 bn

Growth momentum continues

OUTLOOK
The company exhibited favorable Q3FY24 results, aligning with a sustained industry uptrend. The company's QAAUM witnessed a robust 24% YoY expansion, surpassing the industry's 22% YoY growth. Additionally, the company's SIP flows exhibited a commendable 17% QoQ increase, outperforming the industry's 13% QoQ growth. Given these indicators, we maintain a positive outlook on the company's market positioning amidst the ongoing industry expansion.

Industry Highlights
- Industry QAAUM increased by 5% QoQ/ 22% YoY to 49.2 trn.
- Debt funds remained flat QoQ with QAAUM at INR 10.2 trn in Q3FY24 and up from INR 8.6 trn in Q3FY23 (-1% QoQ, +19% YoY).
- Net flows into equity oriented funds amounted to INR 733 bn as compared to 651 bn in Q2FY24 (+13% QoQ, +258% YoY), with increase in SIP flows by 10% QoQ/ 29% YoY to INR 176 bn.

Business Highlights
- PAT improved by 12% QoQ and 32% YoY to INR 4.87bn.
- Other income was up by 17% QoQ/ 38% YoY, aided by healthy mark to market growth.
- EE cost arrived at INR 0.90 bn (-3% QoQ, +15% YoY), which includes non – cash charge of INR 0.13 mn towards ESOP.
- The tax expense declined marginally, primarily due to decrease in deferred tax charge for the current quarter, mainly attributed to the holding period of certain investments transitioning from short to the long term.
- Operating profit margin (bps of AAUM) for Q3FY24 remained flat at 35 bps.
- HDFC AMC's debt QAAUM market share for Q3FY24 is at 13.2% (Q2FY24: 13.3%, Q3FY23: 13.5%). The ratio of equity oriented and non-equity oriented QAAUM increased from 58:42, in Q2FY24 to 61:39, in Q3FY24, as compared to the industry ratio of 53:47. Actively managed QAAUM market share was at 12.6% (Q2FY24: 12.6%, Q3FY23: 11.7%).
- 70% of the company's total MAAUM was contributed by individual investors compared to 59% for the industry.
- Total Live accounts is at 14.9mn for Q3FY24 (Q2FY24: 13.5mn, Q3FY23: 13.5mn) and unique customers totaled 8.7 mn (Q2FY24: 7.9mn, Q3FY23: 6.3mn) compared to 42 mn for the industry, a share of 20.6%.
- The company's SIP flows grew 17% QoQ/ 68% YoY to INR 26.3bn led by a focus on multiple distribution channels to improve flows.

360 ONE WAM Ltd Q3FY24 Concall KTAs
CMP: INR 629 | Market cap: INR 225.25 Bn

Industry Overview:
• Over the past nine months, the Indian equity markets have surged to record levels, propelled by robust GDP growth, favorable manufacturing trends, increased capital expenditure, strong corporate earnings, and positive consumption patterns.
• Despite ongoing discussions about elevated valuations, equity markets have witnessed new highs, underscoring India's position as the world's fastest-growing large economy.
• This momentum is fueled by strong institutional flows, both foreign and domestic, and robust retail participation.Companies long-term outlook remains bullish on India's growth story, supported by the resilient performance of our business across different market phases.

Financial Highlights:
• Q3 Total Revenues at Rs 4.67 Bn up 13.9% YoY and 5.7% QoQ
• Q3 PAT at Rs 1.94 Bn up 7.7% YoY and 4.7% QoQ. 9M PAT at Rs 5.61 Cr (up 9.3% YoY).
• Focus on ARR AUM at Rs 2,207.68 Bn up 32.6% YoY and 9.0% QoQ with active ARR AUM at 1858.93 Bn. This growth was driven by strong net flows of INR88.65 Bn during the quarter.• Board approved interim dividend of Rs 4.5 per share, this is there fourth interim dividend totaling to 16.5 Rs per share.
• Addition of 400+ clients with 5Cr + ARR AUM have been done in the 9M FY24 and 100+ clients with 50Cr+ ARR AUM.
• Total costs are up by 8% at 2.32Bn due to multiple large team and investments in global and HNI segments.
• Cost to income ratio stood at 49.6% Q3 FY24, for 9M Q3FY24 cost to income reduced to 45.4% if we exclude the additional costs related to new business segment as well as senior wealth sales teams.

Key Highlights:
• NCD public issue of the NBFC arm experienced overwhelming demand, surpassing the subscription limit on the opening day. This exceptional response was noted as a testament to the trust and confidence institutional and retail investors had in the 360 one brand
In FY '24, over 35 new hires have joined the wealth sales team at the partner and above level, facilitating extensive market coverage and penetration. Average senior-level tenure exceeds eight years.
• The company anticipates an investment phase in the next six to nine months, focusing on building both the global and mid-market businesses, with visible numbers expected from the Q4 of FY '25.
• The wealth sales team is expected to mature and break even within 15 to 18 months. The cost-to-income ratio for these teams is projected to manifest in the Q3 and Q4 of FY25.
• With addition of 35 new people the company is well-equipped, theoretically, to manage approximately 8,000 to 9,000 families, a capacity significantly higher than the current 4,000 families with investments above INR 5 crores.

Guidance:

• The company aims to enhance both the quantum of flows and the portion generating fees. The goal is to push the flows to 40-50,000 (excl Global & HNI) for the current year and achieve a 20-30% rise for following years.
• The focus is also on elevating the active ratio from the existing 50-60% to approximately 65-70% of the ARR flows.

Outlook: The company is poised for a favorable outlook in FY25-26, with anticipated improvements in cost-to-income ratios and synchronized growth across all segments.

Shriram Finance Company Ltd | Concall KTA Q3FY24

CMP: INR 2306 | Market Cap: INR 866310 Mn

Shriram Transport Finance reports strong Q3FY24 financials, including robust growth in income and AUM, branch network expansion, and digital initiatives.

Financial Overview

• Q3FY24 Total Income: INR 89,273 Mn, showing a robust 17.23% YoY growth.

• Net Interest Income: INR 50,939.3 Mn, reflecting a commendable 15.04% YoY growth.

• Profit After Tax (PAT): INR 18,183 Mn, with a steady 2.33% YoY growth.

• Assets Under Management (AUM): INR 2,142,334 Mn, demonstrating a significant 20.70% YoY growth.

• Book Value: INR 1,253, witnessing a healthy 10.6% YoY growth.

Branch Network

• Total branches in Q3FY24: Rural - 1,598, Urban - 401, Semi-Urban - 1,038.

• Total 8.2 Mn customers.

AUM Distribution

• Total AUM distribution: Rural - INR 1,066 Bn, Urban - INR 315 Bn, Semi-Urban - INR 762 Bn.

Digital Initiatives

• Onboarding existing SFL customers on ShriramOne.

• ShriramOne app installations: 1,316,937.

SBI Cards and Payment Services Ltd | Concall KTA Q3FY24

CMP: INR760 | Market Cap: INR 722433 Mn

Showcases strategic initiatives and positive market trends.

Financial Highlights

• Revenue from operations: INR 4622 Cr, growing by 32% YoY and 13% QoQ.

• Interest cost: INR 695 Cr, with a YoY growth of 50% and QoQ growth of 15%.

• Operating cost: INR 2426 Cr, showing a YoY growth of 23% and QoQ growth of 17%.

• Credit cost: INR 883 Cr, marking a YoY growth of 66% and QoQ growth of 19%.

• PAT: INR 549 Cr, growing by 8% YoY and 9% QoQ.

• Net Interest Margin (NIM) remains stable at 7.6%.

• Cost to income: 59.9%, ROAA: 4.1%, ROAE: 19.2%.

• GNPA: 2.64%, NNPA: 0.96%, CAR: 18.4%, LCR: 91%.

Business Operations and Initiatives

• New account sourcing: 51% from the open market and 49% from SBI.

• Unutilized sanctioned bank lines of INR 7,842 Cr (23%) available as of Dec'23.

• Integrated campaign for festive offers and a fraud awareness campaign in West Bengal.

• Launch of 'Reliance SBI Card' in partnership with Reliance Retail.

• Recognition as 'Superbrand' in the credit card category for the year 2023.

Market Trends and Consumer Confidence

• Positive consumer confidence in the credit card industry.

• Highest monthly credit of approximately 178,000 crores in October 2023 in the Indian card industry.

• 11 lakh new accounts opened this quarter, up by 33% YoY and 4% QoQ.

• Totals spent is INR 96,860 Cr, total receivables at INR 48,850 Cr.

Spending Patterns

• Improved spending growth in both retail and corporate spending (~23% of overall spending).

• Totals spent by category: Departmental Stores, Health, Utilities, Rental, Education & Direct Marketing (34%), Consumer durables, Furnishing & Hardware, Apparel & Jewellery (4%), Travel Agents, Hotels, Airline, Railways, Entertainment & Restaurant (23%).

• Top 5 categories for UPI spends Departmental Stores and grocery, Utilities, Fuel, Restaurants, and Apparel.

• Average ticket size of UPI spend is INR 880, with a UPI penetration of 23%.

Cholamandalam Financial Holdings Ltd – Q3FY24 KTAs
CMP INR 1151 | Market Cap INR 216.13 bn

OUTLOOK
The company is strategically engaging in renewal initiatives and forging partnerships to bolster its market standing, with a focus on building a profitable portfolio and aiming to surpass industry growth by at least 1.4x. Our long-term outlook for the company remains optimistic.

Guidance
• The company expects revenue to grow by 18.5% by the end of the year.
• The company expects the composition of its revenue to shift, with commercial vehicles decreasing to the mid-40s and cars and 2-wheelers increasing.

Highlights
• Chola MS General Insurance has seen growth across all channels, including captive channels and tie-ups with banks.
• The company renewed its bank assurance agreement with IndusInd Bank for five years and also extended its agreement with Union Bank of India for three years. Additionally, a new tie-up has been signed with the Federal Bank.
• Chola MS General Insurance aims to improve both business growth and profitability, striving to achieve a return on equity of 16.5% to 17% in the future.
• While the company has shown strong performance, concerns about the claims ratio and management expenses persist.
• The claims ratio for the quarter was at 74.5%, including the impact from natural calamities.
• The company aims to exceed industry growth by at least 1.4x.

Arman Financial Services Ltd – Q3FY24 KTAs
CMP INR 2344 | Market Cap INR 22.94 bn

OUTLOOK
Company successfully completed QIP of INR 230 cr during the quarter, which will be used to expand the company's footprint and strengthen positions in key verticals. Further, the company is committed to prioritizing asset quality and collections over business volumes. We remain positive on company's performance.

Guidance
• The company aims to achieve 5,000 crores of assets under management with a healthy capital adequacy and debt equity ratio.

Highlights
• The company successfully closed a qualified institutional placement of INR 230 crores, which will be used to meet growth plans of achieving 5,000 crores of AUM.
• They also announced the launch of a Micro- Lap product to provide secured business loans in rural areas, with a ticket size of 3 – 10 Lacs.
• The company is committed to prioritizing asset quality and collections over business Volumes.
• GNPA stood at 2.83% (+30 bps QoQ/ -60 bps YoY) , while NNPA for the period stood at 0.33% (+10 bps QoQ/ +10 bps YoY).
• The company is also intensifying efforts to monitor and enhance asset quality and collections, including recruiting additional staff members dedicated to collection efforts and elevating underwriting standards.
• The company operates in 10 states with a total branch network of 394, including 73 branches added in the last 12 month

MAS Financial Services Ltd- Q3FY24 Concall KTAs

CMP: INR 984 | Market Cap: INR 53.80 bn

Key performance

• The company achieved a significant milestone this quarter, surpassing Rs. 10,000 crores in AUM.

• Declared a bonus share issuance in the ratio of 2:1.

• Revenue grew at 29.55% YoY to INR 3258 Mn while operating expense jumped by 3258 Mn.

• NII increased by 30.84% YoY in Q3FY24 to INR 1620 Mn.

• PAT for Q3FY24 jumped by 23.52% YoY to INR 624 Mn.

• The MSME segment contributed ~60% in the YoY AUM growth of the company while other products also contributed meaningfully.

• The portfolio quality remained stable and strong at 2.23% gross stage 3 assets and 1.48% net stage 3 assets of AUM as compared to 2.17% gross stage 3 assets and 1.47% net stage 3 assets of AUM last quarter.

• Cost of borrowing is in the range of 9.5% - 9.86%.

Asset Quality and Capital Adequacy

• The Capital Adequacy Ratio remains strong at 24.47%, with Tier-I capital at 20.59%.

• Tier-II capital is currently at 3.88%, with potential increases depending on future requirements and as a source of structural liquidity to strengthen Asset and Liability Management.

Liquidity

• The Company's Total Cash Credit Limit stands at ₹17.15 billion distributed across a network of 14 banks wherein it's utilization level is consistently maintained at around 65-70%.

• The company have a strong liquidity position to fulfill it's operational needs and thereby enhance financial stability.

Key highlights

• Direct distribution is outpacing NBFC distribution in terms of growth.

• The company foresees a shift, with direct distribution settling around 70-75% in the next two to three years.

• Next two years, Company plans to double branches from the current 181 to approximately 300 or more.

• Aim is to achieve a housing finance AUM of approximately 1500 to 2000 crores within the next three years, projecting a growth rate of 30 – 35%.

Outlook

The outlook is positive for multi-year growth by expanding distribution reach, increasing housing loans, maintaining a diversified portfolio, raising capital as needed, and entering new product and geographic markets. The company aims to continue its strong momentum. The company expects to sustain over 20% AUM growth annually based on the growth momentum. It aims to maintain strong asset quality, capital adequacy, and a fundamentally robust balance sheet.

Indostar Capital Finance Ltd – Q3FY24 Concall KTAs

CMP INR 207 | Market Cap INR 28.19 bn

OUTLOOK

The company is strategically positioned for future expansion, particularly with its emphasis on retailization and a clear focus on high-yield products such as used commercial vehicles. This strategic direction is expected to enhance the company's NIMs in the future. We have a positive outlook on the stock.

Guidance

• Company has guided disbursement to be INR 55bn for FY24 and INR 75bn for FY25.• ROA expected to be 1% for FY24 and 2% for FY25.

• OPEX to AUM of 4.5% in FY24 and 3.5% in FY25.

Highlights

• Net interest income declined by 10% QoQ/ 8% YoY. NIMs declined by 110 bps QoQ/ 130 bps YoY at 5.6%.

• Company placed emphasis on expanding into retail operations, especially used commercial vehicle segment.

• The company is focused on higher-yielding used commercial vehicles segment in tier-2 and tier-3 towns. This will help them improve their yields, which will further improve NIMs.

• Company's credit rating upgraded to 'AA-' with outlook 'Stable' by rating agency 'CARE' in November 2023.

• Further, company successfully executed securitization transactions and NCD issuances to maintain a healthy cash position including investments of INR 8.49 bn.

Life Insurance Corporation of India – Q3FY24 Concall KTAs
CMP INR 1083 | Market Cap INR 6.85 trn

OUTLOOK
VNB margins improved during the quarter led by the improvement in share of high margin products. Company plans to launch new products and increasing market share in both individual and group business segments. We have a long term positive outlook.

Guidance
• VNB margins are expected to improve going ahead as the focus on high margin product increases.
• The company is focused on changing its product mix and increasing the proportion of non-par business.

Highlights
• During the quarter, LIC launched unit-linked, regular premium, individual life insurance plan and Index Plus. The plan offers life insurance cover-cum-savings throughout the term of the policy.
• The non-participating share on APE basis improved by 459 bps to 14.04% while non-par share reduced to 85.9% from 90.5% YoY for 9MFY24.
• 95.8% of total individual new business premium came in from the agency channel while bancassurance and digital contributed 4.13%.
• Product mix based on Individual APE was, 85.9% from participating business while 14.1% came from non-participating business.
• The recently launched non-par product "Jeevan Utsav" has collected over INR 10 bn premium.
• The insurer has taken revised premium rates on certain products and par margins have declined due to change in product mix within par segment.
• VNB margin in-group business was at 14.3% v/s 12.3% YoY for 9MFY24.
• VNB margin improved with increase in share of high value non-par segment.
• The company declared an interim dividend of INR 4 per share during Q3 FY24.
• Individual NBP sourced from bancassurance channel increased 5% YoY to INR 14.23 bn in 9MFY24.
• Persistency ratio (13th month), premium basis, during the quarter improved to 78% as against 77.6% YoY. Persistency on Number of policies basis was up to 67.22% versus 64.99% YoY for 9MFY24.

ESAF SFB Ltd – Q3FY24 Concall Highlights
CMP: INR 66 | Market Cap: INR 34 bn

Guidance
• Company has given a ROA guidance of 2%.
• Credit cost is expected to remain elevated over the next 2 quarters.

Highlights
• Net Interest Income remained flat sequentially but grew 32.3% YoY to INR 5.97 bn compared to INR 4.51 bn in Q3FY23.
• NIMs saw a decline by 40 bps sequentially at 10.6%.
• Pre-provisioning operating profit declined marginally by 0.6% QoQ but grew 20.5% YoY to INR 2.88 bn, led by increasing opex by 11.3% QoQ/ 46.4% YoY at INR 4.29 bn.
• Profit after Tax declined by 20% sequentially at INR 1.12 bn and grew 199.4% YoY.
• The asset quality degraded during the quarter. GNPA of the bank increased by 160 bps QoQ at 4.2% vs 7.2% in Q3FY23. Net NPA stood at 2.2% in Q3FY24 v/s 1.2% in Q2FY24 v/s 3.7% in Q3FY24.
• The asset quality was impacted primarily due to the impacted regions of Kerela and Tamil Nadu.
• 39.3% of the gross advances is contributed by Kerela and 21.9% by Tamil Nadu, which was impacted by floods during the quarter.
• The asset quality is expected to improve by Q1FY25.
• The Return on Asset (ROA) and Return on Equity (ROE) stood at 2.3% and 25.5% respectively.
• Cost of funds for the 9MFY24 was 7.3%, higher by 110 bps on account of increase in the deposit cost in line with the market trend.

Multi Commodity Exchange of India Ltd – Q3FY24 Concall KTAS
CMP INR 3484 | Market Cap INR 177.57 bn

OUTLOOK
The company has effectively managed the technology exceptional item and foresees stable costs in the future. It is actively pursuing initiatives such as setting up a coal exchange and expanding its market offerings. Despite some concerns, the company remains optimistic about its future prospects.

Guidance
• Costs are projected to remain stable and not dependent on turnover in the future.

Highlights
• The company has successfully managed the entire technology exceptional item related to a payment made to a vendor.
• The company has capitalized software costs of INR 2.37 bn, encompassing servers, networking equipment, and operating and application software.
• An additional depreciation cost of 30-35 crores annually is anticipated due to the capitalized software costs.
• Direct market access (DMA) has been introduced for foreign portfolio investors (FPIs) category one, with the FPI category two in the pipeline for testing.
• Transaction charges from options and futures have increased, with INR 0.55 bn from futures and INR 1.01 bn from options during the quarter.
• Steel contracts have been launched, and the company is actively involved in setting up a coal exchange in collaboration with M-junction.
• While there has been a decline in active UCCs in previous months and quarters, the company anticipates continued growth in the future.
• The company is actively engaged with the ministry and regulators for setting up a coal exchange and is eager to venture into this area.
• Plans are in place for launching options on mini contracts of crude and natural gas and setting up a coal exchange in collaboration with M-junction.

Moneyboxx Finance Ltd – Q3FY24 Concall KTAs
CMP INR 272 | Market Cap INR 8.48 bn

OUTLOOK
Company has displayed robust performance during the quarter, with stable asset quality and growth in disbursements among others. We have a positive outlook on the company.

Guidance
• ROE is expected to be 20% in next couple of years.
• 400 branches expected to be opened by FY28, along with more than INR 60 bn of AUM.
• Secured portfolio is expected to reach 25% by the end of FY24.

Highlights
• Company raised INR 74.16 cr, during the quarter.
• They have expanded branches to 92 with a target of 100 by the end of FY24.
• They extended their geographical presence to Gujarat in Q3FY24 and Bihar in Q2FY24. They now have presence in 8 states. The expansion is consistently improving geographic diversification of the portfolio.
• Asset quality of the company improved marginally on a sequential basis but the decline was good YoY. GNPA improved by 3 bps QoQ and 95 bps YoY at 0.56%. NNPA stood at 0.29% (-1 bps QoQ, -65 bps YoY).
• Opex grew by 88% YoY/ 15% QoQ at INR 18.20 cr, which was inline with the strong business growth during the quarter.
• Net interest income of the company came at INR 227.753 mn (+24% QoQ, +206% YoY).
• PAT of the company grew by 47% QoQ and 174% YoY at INR 20.11 mn.
• AUM of the company came at INR 5.36 bn v/s INR 4.55 bn in Q2FY24 v/s INR 2.41 bn in Q3FY23.
• Disbursements of the company grew by 20% QoQ and 55% YoY, at INR 1.55 bn.

Repco Home Finance Ltd – Q3FY24 Concall KTAs
CMP INR 454 | Market Cap INR 28.42 bn

OUTLOOK
Company has displayed positive performance across various parameters like asset quality and cost to income ratio, among others. Though the NIMs declined marginally during the quarter, the spreads remained unaffected. We have a long term positive outlook on the company.

Guidance
• Company has given a profit guidance of INR 3.50 bn for the FY24, out of which they have achieved INR 2.87 bn in the 9MFY24. Company is confident od surpassing the given guidance.
• They plan to open 40 new branches.
• NIMs might see a slight dip in Q4FY24. Company mentioned that they do not mind foregoing some spread if they are able to retain their customers and improve the quality of the customers.

Highlights
• NII declined marginally on a sequential basis at INR 1,720 mn (v/s INR 1727 mn in Q2FY24 v/s INR 1,460 mn in Q3FY23), led by the decline in margins.
• NIMs declined marginally by 10 bps QoQ at 5.3% (4.8% in Q3FY23). Company's focus is on customer retention, even though spreads might be impacted.
• NIMs are expected to see a slight dip in Q4FY24.
• Cost to income ratio declined by 120 bps QoQ, at 22% (25.4% in Q3FY23), which has helped the profitability to grow.
• PAT came in at INR 994 mn (+1.33% QoQ, +23% YoY).
• The asset quality has shown a declining trend and is expected to improve further.
• GNPA/ NNPA came at 4.7%/ 1.9% v/s 4.9%/ 2.2% in Q2FY24 v/s 6.2%/ 3.4% in Q3FY23.

Indiabulls Housing Finance Ltd – Q3FY24 concall KTAs
CMP INR 48 | Market Cap INR 138 bn

Guidance

• Management expects disbursements to reach around INR 20 bn per month in the long term.
• The management further anticipates that the growth in retail disbursals will drive an acceleration in AUM expansion starting from Q4 FY24 onwards.

Highlights

• Rights issue of INR 36.93 bn completed the bidding closure on 13th February 2024 and received 2.04x subscription.
• Net interest margins increased on a QoQ basis by 10 bps to 4.9% in Q3FY24 while book spreads stood at 3.2% by the end of Q3FY24.
• 40% of AUM is now funded by sell downs and co-lending model as on 31st December 2023.
• The company has entered positive ALM (asset liability management) phase wherein inflows will exceed debt repayment outflows.
• Average ticket size in disbursements stood at INR 42 lakhs in 9M FY24 and average loan size in loan against property stood at INR 73 lakhs.
• The PIL (public interest litigation) done in 2019 has been dismissed by the Delhi High court against alleged illegalities, violations and siphoning of funds committed by the former promoters of the company.
• They have allocated INR 8.67 bn in provisions for its investments in Alternate Investment Funds (AIF). The company expressed its confidence in the complete recovery of the underlying downstream investments in the affected AIF investments.

Max Financial Services Ltd Q3FY24 Concall KTAs
CMP INR 913 | Market Cap INR 315bn

Focus on new business with sequential growth in margins

Key highlights:

- IRDAI has approved capita infusion of INR 16.12bn in Max Life insurance by Axis bank raising stake to 19.02%. Plan to increase it to 20%.
- Proprietary channels growing in line with previous growth at 47%. Online channels grew by 43%.
- Individual adjusted first share premium grow by 18% v/s private sector's 9% growth. Consistent market share gain QoQ with 18% growth in number of policies.
- Maintained leadership in protection segment with remarkable growth in savings segment.
- Agency channel saw 73% increase in recruitment.
- Sold policies increased to 454,000.
- Group line credit saw robust growth of 120% in the quarter which led to APE growth of 19%.
- Retail Protection and Health grew by 82% in Q3 & 65% in 9MFY24. Group Credit Life (GCL) grew by 120% in Q3 & 59% in 9MFY24.
- Expanded distribution by opening representative office in Dubai extending reach in Gulf region.
- Onboarded 8 new partners in retail and group relationships.
- New business premium (APE) grew to INR 45.61bn (+23% YoY)
- Individual APE stands at INR 44.51bn.
- New business value (VNB) stands at INR 4.89bn in Q3 and INR 11.52 in 9M (-2% YoY). Margins grew to 27.2% in Q3, 25.3% in 9M, in line with expectations.
- Non-par share increased 30% in Q3 led by incorporation of immediate income design.
- 82% growth in protection and health supported by innovative launches in Q3. Launched new term offering for affluent category. Seva, launched in health segment in Q3 contributed 20% of total protection sales.
- Continue to expand product suite new retirement offerings, flat pension for customers needs (launched in Q4). Plans for a new non participating product tailored for five lakh segments.
- Consolidated revenue excluding investment stood at INR 71.77bn in Q3FY24 and INR 183.9bn for 9MFY24.
- PAT stood at INR 1.51bn in Q3FY24 and INR 4.11bn for 9MFY24.
- Renewal premium for max life grew to INR 118.23bn.
- Gross premiums grew to INR 187.93bn.
- Embedded value stands at INR 187.09bn while RoEV is at 18.6%
- Solvency ratio stands at 179%, down from 200%.
- AUM is INR 1426bn as at Dec 2023 (20% YoY growth)
- Credit life has been seeing sequential growth. The focus remains on building portfolio.

Trucap Finance Ltd – Q3FY24 Concall KTAs
CMP INR 72 | Market Cap INR 8.42 bn

Guidance
• AUM growth is expected to come in from Q1FY25.

Highlights
• Collaboration with banks to gain market share from the unorganized sector.
• Focus on scale, profitability, and credit rating upgrade to enhance cost of funds.
• Distribution footprint expanded from 53 to 128 branches in the last year.
• Assets under management grew to INR 8.5 billion, up 67% over the last year.
• Active customer count increased to almost 85,000, with women borrowers and new-to-credit customers accounting for nearly 30%.
• Asset quality improved during the quarter. Gross NPAs decreased to 1.4% from 2.7% in Q3FY23.
• Expanded partnership with five lenders and majority of branch openings in Tier 2, 3, and 4 towns.
• 77% of quarterly disbursements driven by MSME Gold Loans.
• Slower disbursements in November due to holidays and competitive pricing.
• 47% of branches are profit-making, and 48% have less than 12-month vintage.
• Majority of AUM composition in Gold Loans and MSME Business Loans.

Abans Holdings Ltd – Q3FY24 Concall KTA
CMP INR 316 | Market Cap INR 15.82 bn

Overview
The company PAT margin declined during the quarter, led by the increasing expenses.

Highlights
• AHL has global presence with established operations in countries including India, United Kingdom, Dubai, Shanghai, Hongkong and Mauritius.
• Consolidated revenues of the company reached almost around INR 501 crores indicating about a 93% growth on YoY basis and 40% sequentially.
• EBITDA remained flat sequentially at INR 33 crores with EBITDA margins positioned at 6.59% with a growth of 41 bps YoY/ - 260 bps QoQ, our net profits amounted to INR 26 crores marking a 60% YoY increase. The PAT margins were at 4.79%.
• The total AUM has increased from around 1665 crores in March 23 to almost 2500 crores as of December 31, 2023, primarily due to remarkable performance of global arbitrage fund and other AIFs and the acquisition of Satco growth and momentum portfolio management scheme during this year.
• The company is also in the process of forming category three funds onshore as well as in gift and awaiting final approvals from relevant regulatory authorities
• Avan's global Limited, which is a step down subsidiary of Avan's holdings incorporated in the UK, has set up a global in house center for its back office operations in Gift City, which will bring cost benefits to the group

Bajaj Finserv Ltd – Q3FY24 Concall KTAs
CMP INR 1623 | Market Cap INR 2.59 trn

Outlook
We have a positive outlook on the company. The acquisition of Vidal Healthcare Services by Bajaj Finserv Health will accelerate Finserv Health's growth in the healthcare payment spectrum.

Guidance
- **Healthcare payment spectrum is expected to display accelerated growth, following the acquisition of Vidal.**
- **Premium growth is expected to continue over the next few quarters.**
- **The company expects to retain its share of Axis Bank's business and expects Axis Bank to continue to grow its customer base and sell third-party products.**

Highlights
- **Bajaj Finserv Health announced the acquisition of Vidal Healthcare Services for an enterprise value of INR 3.25 bn.**
- **The acquisition aims to provide access to inpatient hospitalization payments, the largest segment of healthcare payments, and accelerate growth in the healthcare payment spectrum.**
- **Finserv Health aims to offer integrated outpatient and wellness services combined with inpatient services to retail and corporate customers for a continuum of care.**
- **The company is expanding its sales force and has already increased its headcount from 9,500 to 11,000. This lead to an increase in employee exps.**
- **Bajaj Finserv AMC launched two new funds during the quarter: the banking and PSU fund and the balanced and advantage fund, attracting an AUM of INR 8.82 bn, during this quarter.**
- **Bajaj Finserv Health has launched new products for retail and corporate customers, including differentiated product plans for employee health benefits management.**
- **Bajaj Alliance General Insurance saw above-market growth with Gross Domestic Premium Income growing by 18.7%.**
- **Bajaj Alliance Life Insurance reported a 24% growth in individual-rated new business premium in Q3.**
- **Bajaj Finance and Bajaj Housing Finance reported strong growth across all metrics, with slightly higher credit costs and lower net interest margin due to higher cost of funds.**
- **Capital adequacy ratio for BFL remained strong at 23.87% as of 31st December 2023.**

Capri Global Capital Ltd – Q3FY24 Concall KTAs
CMP INR 948 | Market Cap INR 195 bn

OUTLOOK

The company has displayed robust performance during the quarter. They received a composite insurance distribution license during the quarter, which shall contribute to business growth going forward. Further, their gold loan is expected to be profitable by Q1FY25. We have a positive outlook on the company.

Guidance

- **Gold loan business is expected to generate a profit of INR 40 -50 cr in Q1FY25.**
- **ROE for FY26 is expected to be 16%.**
- **The company is planning to expand its micro-lending business, which caters to customers with smaller ticket sizes.**

Highlights

- **Board of Directors has approved a stock split (from Rs2/-FV to Re1/-FV) and a 1:1 bonus issue subject to shareholder approval.**
- **Company received a composite insurance distribution license from insurance regulator IRDAI. Insurance distribution shall emerge as an important fee contributor in FY25E.**
- **Loss in gold loan is expected to continue in Q4FY24. From FY25, gold loan segment is expected to turn to profit making business with an expected profit of INR 40 – 50 Cr in Q1FY25.**
- **The company has incorporated a Wholly-owned subsidiary 'Capri Loans Car Platform Pvt. Ltd.' Which became functional and began accruing income during Q3FY24. The car loan origination business shall in due course move fully to this subsidiary.**
- **C/I ratio declined by a sharp 392bps QoQ to 63% as overall opex stayed flat QoQ aided by a pause in aggressive Gold Loan branch expansion.**
- **The company is evaluating the use of its existing branch network to launch micro-laps for secured lending in the MSME segment with ticket sizes less than INR7.5 lakh.**

Bank of Baroda – Q3FY24 concall highlights
CMP INR 248 | Market Cap INR 1.28 trn

Outlook
Bank displayed a good performance during the quarter, with strengthening of asset quality and improvement in NIMs. Though the deposit growth was muted sequentially, it is expected to grow in the coming quarter aided by the launch of new products. We have a long term positive outlook on the company.

Guidance
- **Slippage guidance of 1 – 1.2%.**
- **NIMs for full year are expected to be around 3.15%.**
- **ROA is expected to be more than 1%.**
- **Advances growth of 14 – 16%.**

Highlights
- **Bank has been focusing on reducing its dependency on deposits. This has led to marginal reduction in total deposits by 0.3% QoQ at INR 12,453 bn.**
- **NIMs improved by 27 bps YoY/ 3 bps QoQ at 3.1%, led by increase in the yield on advances by 22 bps QoQ/ 182 bps YoY at 6.5%.**
- **The cost of deposits is expected to remain at current levels since deposits maturing are already repriced.**
- **The asset quality of the bank continues to strengthen. GNPA/ NNPA stood at 3.08%/ 0.7% v/s 3.32%/ 0.76% in Q2FY24 v/s 4.53%/ 0.99% in Q3FY23, led by reduction in slippages during the quarter.**
- **Bank is focusing in aligning international business growth with domestic growth.**
- **They introduced seven new differentiated products in retail segment. These are all BOB Light, BOB Woman Power, BOB Smart, BOB Gold, Rhodium, Platinum, and Diamond.**
- **These are all differentiated products just to meet to the customer segments in this market, based on their customer profiling.**
- **Company is hopeful that the March quarter will be a better quarter in terms of the growth of deposit.**

PTC India Financial Services ltd – Q3FY24 Concall KTAs
CMP: INR 60 | Market Cap: INR 38,145.2 Mn

Strategic focus on renewables and improve overall asset quality.

Financial Highlights:
- Total Income for Q3FY24 stood at INR 2,043.2 Mn as compared to INR 1,943.3 Mn in Q3FY23.
- Total expenses for Q3FY24 stood at INR 1,368.4 Mn down by (5.9) % YoY and up by 12.3% QoQ
- PAT for Q3FY24 stood at INR 503.7 Mn up by 39.3% YoY and down by (15.7) % QoQ
- In Q3FY24, the yield on the earning portfolio stood at 11.37%, while the capital adequacy ratio stood at 44.54%.
- In Q3FY24, disbursements amounted to INR 1,610 Mn. Additionally, the loan book currently stands at INR 64,950 Mn.
- The cost of funds in Q2FY24 stood at 8.48%, while in Q3FY24, it stood at 8.89%.

Strategic Focus:
- Focus on the company's positioning in the solar, renewable, and rooftop business sectors, considering recent government announcements.
- Stress / NPA accounts are on resolution trend and focus is on improving operational performance.
- Efforts towards improving trainees and portfolio retention for sustained growth.
- Company emphasises a diversified approach, including green infrastructure finance and strategic sector renewal.

Project Operations:
- Danu Wind Park , IL&FS, and Vento Power are operational projects with positive cash flows.
- IL&FS recently implemented a resolution plan, contributing to improved performance.
- Nagapatnam project faced challenges related to coal block allocation and remains unresolved.

Resolution Plans:
- Efforts underway to resolve issues with Nagapatnam through a corporate guarantee from the holding company.
- Vento Power in Orissa faces operational challenges but efforts are ongoing to implement a resolution plan.
- Danu project in Andhra Pradesh faces issues with state DISCOMs but has received some cash flows post-court orders.

Challenges with Accessing Credit Lines:
- Encounter unforeseen difficulties with the government regarding access to credit lines 19 months ago.
- Filed a complaint for a fresh credit line, which is under consideration with various banks.
- Hopeful that funds will be available for online lending by the end of the financial year

Outlook: The company remains focused to continuously improve overall asset quality of the portfolio and resolve staged assets. It focuses on to sustainable green infrastructure finance, sunshine sectors and retail green financing. The Company has rendered financial assistance to renewable projects of around 15,000 MW with carbon abatement of 25 million tones per annum. Efforts to strengthen risk management and reassure stakeholders are underway, with initiatives aimed at addressing concerns, seizing growth opportunities, and enhancing corporate governance standards for sustainable growth.

Aditya Birla Capital Ltd – Q3FY24 concall KTAs
CMP INR 167 | Market Cap INR 434 bn

OUTLOOK

Overall, the company displayed good financial performance with a focus on leveraging digital and technology for growth. Company's confidence in doubling the NBFC portfolio and initiatives to improve operational performance signals a positive outlook.

Guidance

- **The company aims to double its NBFC portfolio in the next three years, focusing on growing business loans to MSME customers and scaling up Udyog Plus.**

Highlights

- **The company reported strong performance in its lending portfolio. The lending portfolio grew by 34% YoY/ 6% QoQ, at INR 986.01 bn.**
- **Net interest margin (NIM) remained healthy at 6.88% (+10bps QoQ/ -28bps YoY).**
- **The total consolidated revenue grew by 29% YoY to INR 99.97 bn, and the consolidated PAT grew by 39% YoY/ 4% QoQ to INR 7.36 bn.**
- **The company is focusing on digital first strategy for product innovation, direct acquisition, and seamless transaction experience.**
- **Further, they are also expanding their physical footprint by increasing branch count and co- located branches, with a focus on tier 3/ 4 cities.**
- **The company is tightening underwriting in the smaller ticket size personal and consumer loans and is focusing on growing the corporate and mid- market portfolios.**
- **They remain confident of doubling their NBFC portfolio in the next three years.**
- **The asset quality trends in the NBFC portfolio continue to improve, with the gross stage 2 and stage 3 loans declining by 39 bps QoQ/ 213 bps YoY to 4.85% as of December end.**
- **The company is also focusing on expanding its health insurance business and has seen a growth of 29% YoY in the first nine months of FY24. The company is committed to delivering sustainable returns and is confident about the growth potential of the health insurance industry.**
- **The company does not foresee any capita requirement for its health insurance business in the near future.**
- **Overall, the company is focused on improving its profitability, expanding its market footprint, and maintaining a strong asset quality.**

Fino Payments Bank Ltd Q3FY24 Concall KTAs
CMP INR 323 | Market Cap INR 27bn

Applied for transition to a Small Finance Bank in December 2023, aim to start operations within 12-18 months post approval.
Highest every quarterly profit recorded.

Key highlights:

- **100mn+ CASA customers crossed in Q3FY24; to continue the steady pace. Aim to reach 280mn customers by 2028.**
- **Average runrate of addition of new customers per month is 2.55 lakhs.**
- **68% YoY growth in renewable revenue to INR 314mn.**
- **Accounted for 1.23% nationwide UPI transactions in Q3.**
- **CMS business witnessed 30% YoY growth with 16% client base growth.**
- **Onboarded Infosys as core banking partner.**
- **Strategic focus on TAM strategy remains pivotal.**
- **Total revenue stood at INR 3702mn (+18% YoY). CASA and CMS constitute 30% of revenue.**
- **EBITDA stood at INR 505mn (+30% YoY), margin increased to 13.6% v/s 12.4% in Q3FY23.**
- **PAT increased to INR 228mn (+19.4% YoY)**
- **CASA revenue was at INR 737mn (+35% YoY). CMS revenue stood at INR 369mn (+26% YoY)**
- **Transaction count for Q3 was 567mn.**
- **Plan to increase branches and service points to 200 v/s 130 currently.**
- **Launched Fino 2.0+: Simplified digital solutions for customer friendly experience**
- **Focus on asset light strategy, liability products and CASA.**
- **Micro ATM and AEPS business saw a gradual decline as people are moving towards digital services.**
- **The company will start with small ticket lending after SFB transition and then gradually introduce secured and unsecured loans.**
- **Well established in East and West; focus on penetrating South market.**
- **Plans to start D2C digital services.**
- **The company piloted International remittances service but the response was not encouraging and now they do not plan to scale it.**
- **Keep focusing on building merchant ecosystem. Incentives given to merchants on account openings and balances.**
- **Average balance has been INR 1,100 for the last three quarters. It is higher for UPI customers at INR 2000. Target of INR 1500 by FY25.**
- **Revenue growth has been in the range of 18-20% for the last two years and the management expects to maintain the same going ahead. With lending portfolio building up, it may go beyond that.**

Outlook: Fino Payments Bank had a steady performance in the quarter. The transition to SFB is an opportunity for customer acquisition and market penetration. Increased focus on digital services, development of CASA customer base, new launches in lending portfolio and focus on margin improvements can lead to better results in the coming time.

Satin Creditcare Network Ltd – Q3FY24 Concall KTAs
CMP INR 246 | Market Cap INR 27.2 bn

OUTLOOK
Company displayed positive performance during the quarter, with a healthy disbursement growth of 23% on a sequential basis. We have a long term positive outlook on the company.

Guidance for FY24
- **GLP growth of more than 25%.**
- **NIMs guided at 12.1 – 12.5%.**
- **Credit cost guidance of 1.25 – 1.5% for next year.**

Highlights
- **Company reported a quarterly PAT of INR 1.08 bn, growth of 97% on a YoY basis and 5% sequentially.**
- **NIMs improved by 8 bps sequentially at 13.6%, but declined by 49 bps YoY.**
- **Company's disbursement growth was health during the quarter, which grew by 23% QoQ/ 56% YoY at INR 26.98 bn.**
- **Company successfully completed equity infusion of INR 250 cr through QIP.**
- **They entered into a co-lending arrangement with Karnataka Bank to provide financial support to Joint Liability Groups of economically active women in both rural and semi-urban areas.**
- **Company added 32 new branches during the quarter.**
- **Further, company is expanding its product offerings to include financing for bicycles, solar products, solar appliances, consumer deemed water and sanitation facilities.**
- **They mentioned that the increase in average ticket size was in line with inflation.**

Aptus Value housing finance Ltd – Q3FY24 Concall KTAs
CMP INR 369 | Market Cap INR 184 bn

OUTLOOK

Company displayed healthy loan growth during the quarter, which helped NII to grow despite the decline in margins. Business in Tamil Nadu was impacted due to the floods, but is expected to gain momentum in Q4FY24. We have a positive outlook on the company.

Guidance

- **Loan book growth guidance of 25% - 30% over the next 3 - 4 years.**
- **Business from Tamil Nadu expected to gain momentum from Q4 FY24.**
- **Opex-to-assets ratio is guided to be around 2.7% - 2.75%.**
- **The company plans to add 30-35 branches every year going ahead.**
- **GNPA to be around 1% - 1.1% mark.**

Highlights

- **NII grew by 21% YoY/ 6.3% QoQ to INR 2.64 bn. Growth in NII was fueled by good traction in credit as margins declined YoY. NIMs declined by 54 bps YoY at 13.37% v/s 13.91% for 9MFY23.**
- **Spreads for the quarter were down by 34 bps YoY and 13 bps QoQ to 8.66%.**
- **Growth in Tamil Nadu region was impacted owing to floods, while Telangana, Andhra and Karnataka region showed healthy traction.**
- **78.9% of the total assets are fixed in nature, while 21.06% are on floating rate.**
- **54% of total borrowings are fixed rate, while 46% are on floating rate basis.**
- **Loans with average ticket size of INR 10 lakh and below formed 93% of total book.**
- **For Q3FY24, the asset quality remained stable on a sequential basis as GNPA and NNPA ratio remained flat at 1.19% and 0.89% respectively. On a yearly basis the GNPA and NNPA ratio declined 25 bps and 19 bps respectively.**
- **The company has launched a new digital platform for its housing finance business, which has resulted in increased efficiency and customer satisfaction.**
- **The company is investing in new technologies to enhance its product offerings and improve customer experience.**

Aavas Financiers ltd-Q3FY24 concall KTAs
CMP INR 1484; Mcap INR 117bn

OUTLOOK

The company exhibited a modest performance during the quarter, marked by a contraction in margins. Despite this, management maintains their stance, affirming their growth projection in the range of 20-25%. Further, there is an anticipation of moderation in the cost of funds. Our long-term outlook for the company remains optimistic.

Guidance

- **AUM growth guidance of 20 – 25% for this FY.**
- **Spreads are expected to remain around 5%.**

Highlights

- **Budgetary announcement reflects continued government thrust for boosting ‘Housing for all’.**
- **Considering the limited market presence of affordable housing finance entities, the company anticipates substantial growth potential within this segment.**
- **Management expects the growth momentum in serving the unserved, underserved, and underbanked customers in Tier 2 to Tier 5 markets, to continue.**
- **Aavas now does business across 351 branches in 13 States and have added 5 new branches during 9MFY24.**
- **AUM of the company grew by 23% YoY at INR 160 Bn.**
- **Disbursement during the quarter grew by 13% YoY to INR 13.6 Bn.**
- **Spreads declined by 26 bps sequentially at 5.51%, led by the increasing cost of funds. The cost of funds increased by 73 bps QoQ at 7.61%, whereas yields improved by 47bps QoQ at 13.12%.**
- **NIMs declined by 29bps YoY to 7.94% for 9MFY24. The pressure on yields was due to compromise made on yields for customer retention and balance transfer done by high yielding customers.**
- **In terms of Borrowings mix, 89.9% of borrowings are from Term Loans, Assignment, and NHB Refinancing. 10.1% is from debt capital market, with no borrowings through Commercial Papers.**
- **Karnataka, Maharashtra and UP have shown strong business growth.**
- **64.5% of total loan assets are floating rate in nature while 35.5% are on fixed rate basis.**
- **Digital transformation journey is on track and is largely to be completed in 3 to 4 months.**
- **The management would look for lower ticket size loans which have higher yield, going forward.**

Star Business Finance – Q3FY24 Concall Highlights
CMP: 774 | Market Cap: INR 226 Bn

OUTLOOK

Despite the floods in Tamil Nadu and Andhra Pradesh, company had displayed strong performance in Q3 across business and disbursal demand. With this, we remain optimistic on the stock.

Guidance

- **Management maintains their growth guidance of 35% YoY for their business as they don't see any significant obstacle that may hinder them from achieving that growth numbers.**
- **The Cost to Income ratio guidance in the range of 35-37% in the subsequent quarters.**
- **Management expect to open 80 – 100 branches every year.**

Highlights

- **Tamil Nadu and Andhra Pradesh are two main states of operation for Five Star Business Finance Ltd, consisting of 68% of total AUM.**
- **Tamil Nadu was impacted by floods during the quarter. Despite that, company company disbursed INR 12.09 bn during the quarter v/s INR 12.04 bn in Q2FY24 v/s INR 0.91 bn in Q3FY23.**
- **On the collections front, company saw a good set of numbers, which were a bit muted due to the impact of floods across 2 key states of TN and AP.**
- **Collection efficiency for the quarter was at 99.1% and unique customer collections came in at 97.5%, both of which are strong numbers.**
- **The asset quality degraded marginally on a sequential basis. GNPA/ NNPA stood at 1.4%/ 1.15%. v/s 1.35%/ 1.07 in Q2FY24, v/s 1.45%/ 1.16% in Q3FY23.**
- **NIMs stood at 16.8% (-88bps QoQ/ -1.75% YoY).**
- **The Company has increased its branch presence to 480 branches across 10 states / UT. During the quarter, the company opened 24 new branches.**
- **Despite the challenges faced during the quarter, company's profitability improved by 44% YoY/ 9% QoQ at INR 2.17 bn.**

Bajaj Finance Ltd – Q3FY24 Concall KTAs
CMP INR 7200 | Market Cap INR 4.44 trn

OUTLOOK
The company displayed healthy performance during the quarter, despite the pressure on NIMs led by increasing cost of funds. We remain positive on the stock with a long-term positive outlook.

Guidance
- **Credit cost is expected to be around 175 to 185 bps.**
- **AUM is expected to grow at a range of 25%-30%.**
- **GNPA and NNPA to remain within 1.2% – 1.4%.**
- **Long term ROA guidance is in the range of 4.6%-4.8%.**

Highlights
- **Bajaj Finance posted strong business growth during the quarter on an overall basis.**
- **The NII (standalone) was up by 30% YoY to INR 69.73 bn and was aided by strong traction in assets under management.**
- **Net interest margins saw a compression of 11 bps on a sequential basis.**
- **The lender has taken 20-30 bps hike in loan rates to compensate for rise in cost of funds.**
- **2&3 wheeler finance and commercial lending segments posted robust growth of 64% YoY and 39% YoY, respectively.**
- **The company has brought down growth in Rural B2C segment (ex-gold loan) due to some stress. The Company continues to be watchful on risk actions in Rural B2C business.**
- **The company has temporarily suspended sanction and disbursal of new “E-Com” and “loans via Insta EMI card” after RBI found certain deficiencies in implementation of extant provisions of digital lending guidelines.**

IT

Zensar Technologies Ltd. – Q3FY24 Concall KTAs
CMP: INR 561.40 | Market Cap: INR 127,169.2 Mn

Anticipating improved conditions in the high-tech segment as furloughs are expected to decrease in Q4.

Financial Performance
- Q3FY24 revenue stood at USD 144.7 million. Service revenue was USD 144.5 million, reflecting a 1.8% YoY growth in reported terms.
- Gross margin stood at 31.1%, with a QoQ decline of 70 bps. Factors contributing to the decline include exchange impact (10 bps), furlough and utilization impact (200 bps), partially offset by operational efficiency programs, higher utilization, and reduced discretionary spend (positive impact of 140 bps).
- PAT stood at 13.4% for Q3F24, a quarterly YoY increase of 700 bps and sequential QoQ decline of 60 bps.
- EBITDA stood at 11.2%, an increase of 20 bps QoQ.
- Adjusted EBITDA margins were 17.2%, exceeding the guided range of mid-teens.
- Closing cash and cash balances USD 248.3 million, up from USD 227.1 million in Q2FY24.
- LTM attrition improved to 12% from 13.1% in Q3.

YoY performance of verticals in constant currency terms
- Banking and financial services: 12.6% growth
- Manufacturing and consumer services: 5.5% growth
- High-tech: 9.6% decline
- Healthcare: 14.3% decline

Business performance
- Strong performance across all business segments except high tech, where specific clients experienced declines due to furloughs.
- Growth observed in BFSI 12.6% YoY and manufacturing/consumer services 5.5% YoY.
- Positive performance in the UK, Europe, and South Africa, contributing to overall growth.
- Utilization rate improved from below 78% in Q3FY23 to over 80% in Q3FY24.

Operational efficacy: Progress in key imperatives such as pyramid optimization, optimal utilization, calibrated subcontractor usage, and on-site mix management. Operational excellence mitigated the impact of seasonal headwinds in Q3, including furloughs, extra holidays, and leaves. Utilization improved by 310 bps in Q3FY24 compared to Q3FY23. Gross addition of 627 employees in Q3.

Service line performance: Volume growth in many service lines, but revenue impacted by seasonal factors. Advanced engineering service line grew by 3% QoQ in reported terms. Application services and enterprise application services declined by 8%, primarily due to furloughs. Share of revenues from advanced engineering services, data engineering and analytics, experience services, and foundation services increased from 52.2% in Q2FY24 to 54.2% in Q3FY24

Capability enrichment: Proactively multi-skilling colleagues through service line academies. Immersive programs in solution architecture, product management, and program management. AI Academy's in-depth learning programs enhancing engineers' and data scientists' skills. Successful implementation of innovative solutions using advanced generative AI skills, reducing processing time for a legal client.

Order book: Order book stood at USD 167.5 million, with USD 34 million growth YoY. Most deal wins come from existing clients, which indicates the effectiveness of the farming engine.

Furlough Impact: Mixed impact of furlough reversals anticipated in Q4 across sectors. High-tech sector to continue experiencing furloughs in the early part of the quarter. Furloughs and utilization collectively contribute to a 20 bps impact on gross margins.

Depreciation decline: Absolute decline in depreciation due to vacating multiple facilities globally, including India and the US and amortization of earlier acquired subsidiaries. No significant near-term changes expected in the depreciation number.

Net new logos: Focus on customer acquisition with the addition of 9 net new logos, including Fortune 500 companies.

Acquisition: Actively exploring acquisitions, evaluating targets for strategic fit and favorable pricing.

Healthcare vertical: Healthcare vertical created to capitalize on the industry's growth and strategic opportunities. Considering both M&A and internal investments to foster growth in this vertical.

Generative AI: Significant traction observed in the generative AI space, particularly in proof of concepts. Actively engaged in approximately 100 PoCs within the GenAI space to win larger deals.

Outlook: The company continues its focus on improving execution, strategic cost optimization, and maintaining a resilient bottom line. Financial strategy remains anchored in driving growth, ensuring profitability, and targeted investments in focused business areas. Guided EBITDA margin band remains at 14-16%, with ongoing efforts in re-skilling and increased investments in sales and marketing. Overall macros expected to remain relatively stable for the next two quarters. Continued emphasis on the experience, engineering, and engagement strategy to drive growth in the next three years. Optimism and bullish outlook on revenue growth prospects, especially for non-high-tech verticals. Riding on emerging market trends such as generative AI to accelerate revenue growth.

Computer Age Management Services Ltd – Q3FY24 KTAs
CMP INR 2850 | Market Cap INR 140.06 bn

OUTLOOK

The company is investing in new products and platforms, such as the multi- fund platform, which is expected to contribute to future revenue growth. Overall, the company's performance was positive.

Guidance

• Anticipated growth in non-MF revenue to constitute 20% of the overall revenue in the coming years.
• Expected increase in non-MF margins by 10% to reach 25% in the next few quarters.
• The management expects that there will not be any large depletion in yields and would be restricted to the impact of telescopic pricing.

Highlights

• During the quarter, the revenue growth was on the back of robust performance across all revenue streams.
• Revenue mix between MF and non-MF was as follows: the MF revenue comprised of asset-based revenue and non-asset based revenue amounting to 73% and 14%, respectively, of the total revenue. The non-MF revenue was 13% of the total revenue.
• The asset-based revenue grew by 13.2% YoY/ 5.1% QoQ and, the non-asset based revenue grew by 23% YoY/ 7% QoQ. The growth was based on account of increase in the transaction-based revenue.
• The non-MF revenue grew by 59.9% YoY/ 4.4% QoQ, driven by strong growth in various business-like AIF, payment, KRA, etc. This growth was in line with the management guidance regarding diversification. The share of non-MF revenue increased to 13%.
• In terms of asset mix, equity component increased to 50% in Q3 FY24, with marginal improvement in the yields.
• CAMS AAuM stood at INR 34 lakh crore, an increase of 22% YoY. This was on the back of steady growth in the equity AUM.
• As on 31st December 2023, CAMSFinserv holds a market share of 13.3%.
• Significant investments made in new initiatives like BIMA Central, AIF, and multi-fund platforms for future revenue growth.
• Strong growth in the KRA business, with over 25 new financial institutions collaborating with the company.
• Focus on scaling the fund accounting platform and anticipating revenue growth.

Cigniti Technologies Ltd. – Q3FY24 Concall KTAs
CMP: INR 1,011 | Market Cap: INR 27,592 Mn.

Targeting billion dollars in business within next 5 years with focus on digital engineering services.

Financial Performance:
- Consolidated Revenue from operation stood at INR 4,680 Mn in Q3FY24, up by 3.6% QoQ and 9.4% YoY.
- EBITDA stood at INR 646 Mn in Q3FY24, down by 0.4% QoQ and up by 0.9% YoY.
- EBITDA Margin for Q3FY24 was at 13.8% as against 14.3% and 15% in Q2FY24 and Q3FY23 respectively.
- EBITDA and EBITDA Margins is lower in Q3FY24, due to blip is on account of some settlement on the legal side which is a one-time event and is not expected to repeat in Future.
- PAT stood at INR 480 Mn in Q3FY24, up by 4.8% QoQ and 3.2% YoY.

New Logos addition
- The company added 6 new logos in Q3FY24. These logos are from one Industry segment but are spread across multiple Industries.
- One of the clients is from BSFI and other is one of the one of the largest Rail Transportation companies in North America and the company also added one Retail player from Europe.
- The company will provide services such as application maintenance, application integration and testing and application development and support to these new logos.
- The company expects these new clients to be there top 10-20 client.
- New logos addition has reduced as compared to Q2FY24, as the company is emphasising on the quality of clients, ensuring they have significant spending potential and offer long-term strategic value to the company.
- The company remain optimistic about signing marquee clients in digital engineering services.

Sector Overview, Contribution and Utilization
- The Top 20 client's contribution to revenue continues to grow. The top 20 clients accounted for 56.4% of company's revenue in Q3FY24 as against 54.2% in Q2FY24.
- Onsite utilization stands at 93.3% and offshore utilization stands at 82.6% in Q3FY24.
- Top 3 sector by revenue for the company is Retail, BFSI and Travel Transport and Hospitality, with contribution of 21.5%, 21.4% and 17.3% respectively in Q3FY24.

Order Book and Market Potential
- The company has confirmed order book of $205 Mn for April to March (FY25).
- Market potential for digital assurance and engineering estimated at $705 billion, expected to grow to $1.3 trillion, indicating significant growth opportunities.
- The company has increased their Total Addressable and Serviceable market by about 15 time.
- The company anticipates their order book to remain healthy and the revenue realization of order book is in industry range.

Digital Engineering Service:
- The company is increasing focus on digital engineering services and aiming for a larger revenue share.
- Currently the revenue from digital side is about 11-12% and the company expects digital engineering to contribute close to 18% of total revenue in FY25.

Guidance:

- The company expects the EBITDA margin to rise by 150 to 200 basis points by the end of FY24. For FY25, the company anticipates an additional 150 basis points in EBITDA Margin.
- Owning to robust order book company projects double-digit growth in FY25.
- They intend to grow their business to a billion dollars over the next five years, with a 55% revenue contribution from digital engineering and the remainder coming from digital assurance.

Other Highlights:

- The cash generated from operation stands at INR 1,200 Mn.
- Receivable Days are under control at about 58 Days.
- The Attrition rate is trending low, below 13%.

Outlook:

Cigniti Technologies Limited is on track for strategic growth, aiming to achieve a billion-dollar business within the next five years with a long-term goal of reaching 55% of total revenue from digital engineering. The company is focusing on high-value client acquisition and quality assurance. With strong order book and market demand, the company is in position to become a major player within its sector.

eMudhra Ltd - Q3FY24 Concall KTAs
CMP: INR 475 | Market Cap: INR 39,340 Mn

The company maintained operational efficiency anticipating 30% EBITDA and 20% PAT margin in Q4FY24. In Q3 FY24, India Enterprise witnessed degrowth due to focus on the right deals. The Trust business is seeing approximately 15% revenue growth. Q4FY24 anticipated to see a normalization in tax expenses. Growth driven by Global Enterprise Solutions; ongoing investment supports expansion in Overseas markets.

Financial Performance
* Total Revenue stood at INR 995.1 Mn, up 59.5% YoY.
* EBITDA rose to INR 267.5 Mn with a margin of 26.9%, up 19.6% YoY.
* Net profit reached INR 200.1 Mn with a margin of 20.1%, up 31.6% YoY.

Enterprise solutions revenue mix
- Geographical split: 75% International, 25% India.
- Sales channel split: 71% Direct, 29% Partner.
- Solutions segments split: 75% Cyber Security, 25% Paperless.

Trust Services revenue split: 64% Channel, 36% Retail.

International Market Expansion
* Expansion in international markets driven by increased demand for cybersecurity solutions.
* Increased traction in North American markets, particularly in cybersecurity and paperless office sectors.
* Acquisition of IKON tech services creating opportunities in education, oil and gas, and financial services sectors.
* Maintained momentum in deals within the MEA markets, focusing on e-governance and BFSI projects.
* Demand for paperless office solutions in India, supported by e-sign and e-stamping for onboarding in capital markets and banking.

Research and Development Initiatives
* Investment in post-quantum cryptography and mobile PKI infrastructure to enhance product capabilities.
* Research in fully homomorphic encryption for data protection and privacy, particularly for personally identifiable information.

Key Project Wins
* Rollout of public key infrastructure, authentication, and access management solutions for a Defence agency.
* Implementation of private PKI for a mid-sized IT firm in the US.
* Rollout of e-signature platforms for urban development and customs authorities in the Middle East.
* Upgradation of e-signature platform for a single window operator in West Africa.
* Rollout of e-sign for bank officials of a large public sector bank to enhance transparency.

Growth Strategy

*** Pricing remains a key lever for targeting key clients in the foreign markets.**
*** Digital trust services segment price stabilized over the last couple of quarters.**
*** Competitive intensity in the digital trust services space increased, with the number of competitors rising from 4 to 10.**
*** Despite increased competition, maintained all the suppliers, and the company is meeting its growth target of around 15%.**
*** Reduction in Sunday retires and bid only for software in enterprise business impacted growth rates.**
*** Focus shift towards international business due to better realizations and profitability.**

Client Engagement and Market Reach

*** Engagements with clients in the regions including the US, Asia Pacific, Middle East, and Africa for product rollout and market penetration.**
*** Incremental revenue from new products not included in the 30% growth target.**

Endurance Technologies Q3FY24 Concall KTAs
CMP INR 2,054|Market Cap INR 288,914 Mn

The company aims to boost its 4w MS from 26% to 45%, driven by recent major orders, including EV, with a target of 100k brake assemblies per month for TVS, expecting higher business in the upcoming years.

Financial
Revenue (Consolidated) stood at INR 25,610 Mn up by 22% YoY/flat by 0.6% QoQ.
EBITDA Margin down by 100bps QoQ/+100bps YoY to 12%.
PAT up by 41% YoY/down by 1.9% QoQ to INR 1520 Mn

spends
The company is investing EUR50 million in this financial year to implement the production capacity.

Maxwell
Endurance has a phased plan to acquire 100% of Maxwell Energy Systems, currently holding a 56% stake, following their cautious acquisition philosophy focused on manageability and profitability.

Acquisition
The company has a target of achieving 45% of its revenue from acquisitions by FY30. The company has acquired EUR30 mn in Europe in the past nine months and has a total turnover of EUR260 mn from overseas operations.

Expanding
The company is acquiring new land and making new buildings, and the business has been growing largely through EV products as well as hybrid products.

Wage Hikes
The company has had an increase of 6% in labor costs starting from June 1, 2023, due to inflation. The labor costs and other expenses are completely aligned compared to the previous quarter. Macro Environment Inflation is up 6% starting from June 1st, 2023.

Increased in sales
The company is increasing its sale from twelve to ten metric tons per annum to 1750 metric tons per annum at an additional business value of INR750 mn..

BMS
The company has won battery management system business of INR1,119 million and FY '23 and INR793 million till date in FY '24 and has a pipeline of RFQs of INR1,050 Million till date.

Orders
•Secured EUR29 mn business in the last 21 months, majorly from Volkswagen and Mercedes-Benz, out of a EUR113 bn order.

•EUR60 mn orders are earmarked for the growing battery EV market, with a 15% European penetration in 2023.

•Notable orders received from Bajaj Auto, Green Electric, and Punch Powertrain.
•Despite being a late entrant in the electric vehicle market, the company is gaining traction and has a growing order book.
•Consumer demand for scooters is on the rise, particularly in rural areas.
•Order book expected to be boosted further with INR 17bn of RFQs under discussion with various customers.
•New suspensions and alloy wheels orders takes peak TVS business past INR 5bn mark. Latest business won of INR 0.27 bn for IFF and monoshox.

Hero Motocorp
Commenced supplies against PO from Hero Motocorp for over INR 1Bn. LOI received from Hero Electric. Estimated value INR. 0.7Bn. Expected SOP from Q1 FY25

High-end bikes
Consumer demand for high-end bikes with advanced brakes, suspension products, and clutches is expected to drive growth for the company.

Capacity
The company is expanding its capacity to supply 5.5 mn wheels per annum to meet increased orders from Royal Enfield and TBS.

Expanding geography
The company is planning to add two more countries in central and western Africa for exports in the next financial year. The company is facing challenges in exports, especially for aftermarket parts.

New launch
Endurance is strategically advancing in new product development, pursuing both organic and inorganic growth, with a significant commitment to tap into the electric vehicles market, emphasizing future expansion by enhancing its market share in brake assemblies, ABS, suspension, and clutch assemblies for premium bikes over 150cc, leveraging upgraded technologies and processes.
Al. die castings, alloy wheels, suspensions, and braking components for certain newly launched models of premium segment motorcycles.
EV
The company is focusing on increasing the business for electric vehicles for existing as well as new products. The company wants to increase its advanced electronics or embedded electronics business by becoming a significant player for the battery management system and new electronic products required for EVs and other applications.
4w
The company's four-wheeler business will include aluminum castings, forgings, alloy wheels, drive shafts, brakes, suspension, and new products required for both IC and EV in the four-wheeler space.

Export
The company is working on exports to KTM in all regions of the world and with other foreign players in the 2w domain to increase exports.

Suzuki front forks order of INR. 1.4bn for scooters won in FY23 and INR 0.25bn in FY24.

Forging capacity at Waluj expanded to 1250 tpa in FY24. Addition of another new press shall take the capacity to 1750 tpa in Q1FY25.

Nazara Technologies Q3FY24 Concall KTAs
CMP INR 878|Market Cap INR 64,389 Mn

Company anticipate robust organic growth alongside favorable prospects for inorganic expansion

Mixed performance: Reported revenue of INR 3200 Mn(up 7.8% QoQ/+1.8% YoY). The sequential performance was led by Esports segment (60% of revenue) +12.6% QoQ. While, Gamified Learning (25% of revenue) up 4.2% QoQ. The legacy Telecom subscription business continues to decline as it was down 5.4% QoQ. International revenue account for 54% of total revenue for 9MFY24.

For its key gaming app Kiddopia, ARPU increased by 3% QoQ ; while subscriber base declined by 6.5% QoQ due to lower advertisement spend.

GST: Real Money Games was adversely impacted due to New GST Rate of 28%, down 41% QoQ on low base. The added GST cost led to an EBITDA loss in Q3 FY24. The EBITDA loss during Q3 FY24 is attributed to the gaming accessory business brand scale innovation, which houses the brand winks to support upcoming product launches and expand into new markets including laptops.

EBITDA margin improved by 239 bps QoQ to 11.8%, led by lower SG&A, down 8.2% QoQ and lower employee cost (down 2.9% QoQ), partly offset by higher cost of content which was up 10.6% QoQ.

PAT increased by 30% QoQ, aided by higher other income (which was up 45% QoQ)

Concall KTAs
The company has started delivering good results from its new product business, with a high stickiness of initial clients.
In Q3FY24, Animal Jam demonstrated exceptional performance, achieving its highest-ever quarterly revenue and EBITDA figures since its acquisition by Nazara.

The losses in the Telco business can be attributed primarily to one-time expenses.

Presently, focus is on stabilizing the RMG business, and company is actively exploring opportunities for consolidation.

The elevated churn in Kiddopia resulted from a strategic emphasis on acquiring customers at optimal costs. Anticipate a positive shift in customer additions in the subsequent quarters.

In the Adtech business, company's objective is to transition away from low-margin ventures, which has temporarily impacted year-on-year revenue.

Nazara Publishing has made a strong debut, with its inaugural set of games scheduled to go live shortly.
Company successfully achieved FY24 fundraising target, securing INR 7600 Mn through preferential allotment to esteemed investors.

Aurionpro Solutions Ltd- Q3FY24 Concall KTAs
CMP INR 2,395|Market Cap INR 59,430 Mn

The company maintains guidance a 20-22% EBITDA margin, with no plans to exceed it, prioritizing R&D investment as a growth strategy, focusing on sustained spending for new product development, and aiming for a 15-16% PAT in the short to medium term.

Strong Nos
Revenue of INR 2310 mn up 37% YoY/9% QoQ
EBITDA of INR 510 Mn 38% YoY/11% QoQ
PAT of INR 380 Mn 45% YoY/11% QoQ, PAT margin 16.41% against 16.10% in Q2FY24.

Expansion on card
Aurionpro Transit expands in Mexico, securing a new order for automated gates in Merida. The expansion strategy involves building a strong direct sales channel and forming strategic partnerships to maximize market reach for an expanding portfolio of industry-leading offerings.

Saas
The impact on the company's performance will vary depending on the deal, with many large banks opting for extended term licenses.

Data center
Aurionpro signs multiple new orders in Data Centre segment which includes from the leading telecom company in Bhutan, a premier public research university and technical institute in India and expansion of an existing data center in Odisha. Product

Fund raise
The company did not receive approval for the initiative, despite perceiving a much larger opportunity.

Realization
The realization in the US and Europe is higher compared to Asia.

The company always look for the balance between Banking & ticketing to communications

Deal Wins
•Q3FY24 saw a significant uptick in deal activity, marked by the acquisition of substantial orders across the key segments. This significant win momentum will not only power the future growth but it also enhances the market position and credibility with global clients.
•Aurionpro secures a new order from one of India's largest Public Sector Banks for the supply, installation, implementation, customization, and maintenance of iCashpro+, a Cash Management Solution at the bank's site.
•Order book now exceeds INR 9000 Mn and with the demand environment remaining exceptionally strong for the key offerings, company is well positioned to sustain the strong growth trajectory in the upcoming quarter.

Demand

The ongoing strong demand environment across the major offerings, reinforces the confidence in sustaining this growth trajectory and the immediate focus will be on continuing to scale the execution capabilities to capitalize on this demand.

Focus on R&D

The company remain committed to strengthening the sales, delivery, and R&D capabilities to sustain current growth momentum and ensure continued success. The company continued emphasis on R&D spending, especially when entering new markets, remains a strategic focus for the company.

Partnerships

Recent key partnerships in the Transit segment and the acquisitions of Omnifin and Interact DX in the banking segment underline the strong execution of the growth strategy, emphasizing both organic and inorganic growth to penetrate chosen markets.

M&A

Capability to achieve the long term growth ambitions that outlined in Vision 2030 is driven by strong and disciplined execution in building industry leading offerings through cutting edge ground up R&D as well as through proactive M&A and strategic partnerships where appropriate.

Allied Digital Services Ltd. – Q3FY24 Concall KTAs
CMP: INR 159 | Market Cap: INR 8,787 Mn| PE: 6.3x (FY26E)*TP:INR 249

Anticipating a short-term margin improvement of 100-150 bps from the next quarter, the company reiterates its goal to achieve INR 10 Bn in revenue within the next 2 to 3 years. The strategic focus remains on expanding partnerships and engaging in Smart City Projects

Decent Nos:
* Consolidated revenue for Q3FY24 reached INR 1,710 Mn up by 0.5% QoQ and down by 2% YoY
* EBITDA for the quarter was INR 210 Mn in Q3FY24, compared to INR 200 Mn in Q2FY24.
* EBITDA margin remained consistent at 12%, aligning with Q2FY24, while it was 17% in Q3FY23.
* PAT for Q3FY24 was INR 120 Mn, vs. INR 110 Mn in Q2FY24.
* India's revenues increased nearly 50% YoY in both Q3FY24 and 9MFY24.

Deals: Secured $2.7M contract with an American home appliance brand, renewed a decade-long partnership with a restaurant chain ($1.8M contract), and achieved a $2M increase in net new business from existing clients. Added East Coast Bank as a customer for 3-year end-user transformation services. Focused on strengthening partnerships with major IT service firms and global consulting companies for customer acquisition.

Smart City: They won a prestigious award for the IOTA Smart City project. The company is placing strong emphasis on smart city projects, with unique elements contributing to future growth. Ongoing Projects in Lucknow, Solapur, Amritsar, Jalandhar, and Sultanpur; Focus on SAS Platform for Mid-sized Banks and BFSI Segment Solutions.

Geography:
Positive outlook for IT business traction in the US, growing interest in Europe and APAC; strong cash flow from successful government projects in India; focus on sales and marketing to tap into new business opportunities in the upcoming year.

Gen AI
Focused on changing the growth trajectory by targeting new client opportunities; significant investments in updating company and employee skillsets, incorporating AI and generative AI.

Deal Closure Delays: Market Environment and Decision-Making Sluggishness Impact Sales

Customer Focus: IT and Consulting Firms, Corporate Sector; Pipeline Delays with Verbal Confirmations Awaiting Formal Contracts

Data Centres Strategy: The Company's strategy is not to build its own data centre but to leverage existing ones through Opex-intensive models.

Outlook
Despite facing delays in customer decisions and challenges in the general enterprise sector, the company remains optimistic about the future. With a strong focus on revenue growth and strategic initiatives, including smart city projects and advancements in the SaaS platform, the company anticipates a positive trajectory. The leadership's emphasis on updating skills, incorporating AI, and strengthening sales and marketing efforts.

Affle (India) Ltd- Q3FY24 Concall KTAs
CMP: INR 1,196 | Market Cap: INR 1,67,680 Mn

Investing in Gen AI powered innovations to enable long term revenue growth with positive performance in international markets

Financial performance:
- In Q3 FY2024, Affle had registered highest ever quarterly Revenue, EBITDA, PAT and CPCU conversions.
- Revenue stood at INR 4,987 Mn, up by 32.6% YoY and 15.6% QoQ.
- EBITDA stood at INR 967 Mn, up by 20.3% YoY and 10.9% QoQ.
- PAT stood at INR 768 Mn up by 11.4% YoY and 15.0% QoQ.
- Cash capital stood at INR 7,500 Mn.
- The company is focusing upon working capital management and strategic investments in new product use cases and Gen AI-powered innovations.
- YouAppi contribution in Q3FY24 is approximately 14.5% of revenue and 10% of EBITDA.

Q3FY24 Highlights:
- Filed 15 new patents in India during the quarter, focusing on advanced AI areas. It also recently obtained a new patent in the US focusing on digital advertising fraud, bringing the total patent portfolio to 35, including both filed and granted patents.
- The company launched its first Gen AI product - a multilingual keyword recommendation engine as a premium platform to drive conversions.
- Invested INR 373 Mn and acquired a 9.03% stake in Explurger Private Limited an urban indigenous social media app focused on travel.
- CPCU (Cost Per Converted User) business was strong at 84 Mn converted users in Q3FY24. Revenue stood at INR 4,774 Mn in Q3FY24 up by 38.2 YoY and 19.2% QoQ.

Strategic Investments:
- The company made deliberate investments in new product use cases and formed ecosystem-level partnerships.
- The focus of these investments was to unlock premium inventories and touchpoints across various connected devices, such as CTV, iOS App Store, and other OEM app stores.
- By targeting premium converted users, the company aims to unlock sustainable premium pricing for the most profitable ad campaigns.
- These efforts were not limited to the Indian market but extended to international markets as well.

Other expenses increase:
- Other expenses this quarter rose by 71.2% YoY and 29.4% QoQ and stands at 6.6% of the revenue.
- The rise in expenses is due to higher sales and marketing costs. This increase is aimed at supporting market growth.
- The rise is associated with increased inventory and data costs, aligning with the strategic positioning and overall business expansion on a global scale.

Diversification of Business and Vertical Contributions:
- Affle emphasizes being a broad-based, well-diversified growth business across multiple verticals and geographies.
- While gaming is important, the business is naturally de-risked due to its diversified portfolio.
- Fintech, FoodTech, FMCG, and Travel (Category E, F, G, H) are highlighted as strong verticals.

Real Money Gaming (RMG) Impact on India business:
- There was sequential weakness in India business attributed to the impact of Real Money Gaming (RMG), particularly in the gaming vertical.
- RMG budgets were impacted due to regulatory changes and fundamental ROI measurement challenges.
- Affle's strategy is to help the RMG category find equilibrium by delivering more premium conversions and focusing on profitability.

Margins Front:
- Despite strong revenue growth in Q3FY24, margin expansion didn't occur due to substantial investments made in turning around developed markets.
- The company anticipates margin expansion on a more normalized level margin trajectory once the turnaround in developed markets is steady.

International Market Performance:
- In Q3FY24 there was positive performance in international markets, especially with the turnaround in developed markets.
- The company is positive about consistent growth in developed markets for the next 3-4 quarters.
- The company is doing well across Latin America, Asia-Pacific, Middel-East and Africa and other emerging markets.

Connected TV (CTV) Performance:
- The combined proposition of mobile and CTV, presented with the CPCU business model, is well-received by customers.
- CTV is integrated into the CPCU model, with campaigns running across both CTV and mobile to provide a combined fit for advertisers.
- Advertisers are encouraged to provide campaigns for both CTV and mobile, with a focus on driving conversions across connected devices.

Outlook

Looking ahead, the company remains confident about its long-term sustainable growth. Marketing spends would continue for Q4FY24 before it stabilizes for FY25. The company expects the impact of RMG to reduce gradually in FY24. Affle's focus on premium inventories and driving premium conversions is emphasized to ensure higher ROI for advertisers. The company is confident in integrating YouAppi Inc. fully within one year. The outlook for YouAppi Inc. in FY25 is optimistic and positive.

Indus Towers Ltd Q3FY24 Concall KTAs
CMP INR 230 | Market Cap INR 619bn

Outlook:
Indus Towers has seen robust growth in the quarter mostly driven by past dues, reversal of provisions and dependency on one customer. With technological developments, network expansions, developments in rural areas and rapid 5g expansions and rollouts, the company is expected to perform well in the future and continue the steady momentum of good performance.

Key highlights:
- Revenue stood at INR 72bn (+6% YoY).
- EBITDA grew 2x on YoY basis, amounting to INR 36.2bn. Margins increased to 50.3%.
- PAT grew to INR 15.41bn (+318% YoY). Q3FY3 Pat was affected by provisions and impairments.
- Free Cash flow for Q3FY24 was INR 8.7bn, despite elevated capex remaining at INR 26.5bn.
- Highest ever tower editions were recorded in Q3FY24.
- Installed 13 solar towers in Ladakh's Zanskar valley overcoming geographical challenges.
- The management is hopeful that the landmark telecommunications bill passed will be important for the development of the industry.
- More than 7,000 BTS being deployed for 5g in Q3, continuing to see good traction in the revenues. The company is ready to capitalise and contribute to the swift deployment of 5g infrastructure.
- The robust data consumption story, coupled with the swift uptake of 5g is expected to spur the demand for passive infrastructure.
- Additions of 7,563 macro towers and 7,217 corresponding colocations in Q3, driven by huge demand from one customer.
- Colocations added to lean towers stood at 1,351.
- Constant effort towards cost efficiency by reducing diesel consumption.
- Managed to deliver 99.97% network uptime despite weather challenges.
- Indian tower fiberization is only at 30-35%. Improvements in this largely depends on the operators.
- The company is ramping up TSP third party infrastructure to tackle the growing competition from competitors in the lean tower segment.
- Order book to remain strong in the coming quarters.
- Headwinds like high costs due to weather disturbances, reconciliation issues are affecting energy performance.

Latent View Analytics- Q3FY24 Concall KTAs
CMP INR 475 |Market Cap INR 97,619 Mn

Strong demand momentum is expected in Q4FY24. Significant progress in pipeline expansion remains consistent and steady.The outlook for FY24 indicates a revenue growth expectation of ~16%-18%. EBITDA margin for Q4 FY24 is projected to be in the range of 22.5%-23.5%, with a future target of ~25%-30% and a quarterly revenue run rate of ~$25 mn

Financial
Revenue stood at 1,657 Mn up by 14% YoY/6.4%
EBITDA Margin 22.2% against 19.8% in Q2FY24 (29.5% in Q3FY24)
PAT stood at INR 465 Mn up by 11.3% YoY/37.1% QoQ

Concall KTA
• Q4 other income: INR 230 Mn, up 35.5% QoQ. Predominantly fueled by a significant forex gain from intercompany loans.

• Geography: The company aims for an increased contribution from Europe, currently at 2.2%. A more precise outlook on European contribution will be provided as they progress into FY24.

Deal:In Q4FY24, the company excelled across diverse sectors. Collaborating with Unilever, it launched the DataLab Ecosystem for in-silico innovation. In the food industry, AI and ML expertise assisted a global giant in predicting product success. A partnership with a major asset administrator involved implementing a unified data platform for an IPO. The company streamlined sales analysis for a biscuit manufacturer, saving time and enhancing market reviews. Additionally, strategic projects in the chemical sector fueled top-line growth in Europe and optimized wastewater treatment in a North American plant, showcasing its versatile impact.

• Headcount: Onboarding 60 from campus hires, Q3 headcount is ~1,162; planning two more batches in the next quarter, impacting utilization.

• Attrition: Experienced attrition in Q3FY24, impact on employee strength was marginal.

•Client Matrix: In the last twelve months up to Q3 FY24, client distribution includes 3 in INR 500 Mn +11 in INR 100Mn to INR500 Mn, +9 in 50 Mn to INR 100 Mn, and 38 under INR 50Mn. QoQ stability, but a decrease of 7 clients in the INR 50 Mn band.

• Tax Rate: The SEZ (special economic zone) benefits would lapse during March 2024 and thus the tax rate could
go up to ~26% for the next few years.

• M&A: In M&A, targeting $10-20 mn revenue opportunities, emphasizing services with 3-5 multiples; ongoing discussions involve a services-oriented organization with IP, influencing valuation.

• Margin: Based on the current order book and visibility, the company anticipates EBITDA margins in the range of 22.5% to 23.5%.

•Competition:Competition encompasses various players in data analytics, including Mu Sigma, Fractal, Tiger, Freedance, with distinct niches, while also contending with larger organizations like Accenture, NC, TCS, consulting giants McKinsey or BCG, and occasional participation from product companies, yet a significant portion of engagements remains non-competitive, emphasizing the ability to craft compelling value propositions.

•Diversification: Balancing Technology Independence and Expansion in Consumer, Retail, and Financial Services.

•Partnership Refocus: Navigating Lead Generation and Revenue Growth Through Targeted Engagement with Microsoft Azure and AWS.

•Investment Strategy and Growth Outlook: Scaling Operations and Evaluating Future Needs to Reach a $2,600 Mn Quarterly Run Rate.

Out of approximately INR 4470 Mn generated from the IPO, the company deployed around INR 2,720 Mn by Q3. A sum of INR 1479 Mn remains earmarked for inorganic growth initiatives, with the remainder allocated for fulfilling working capital requirements. Notably, during the quarter, approximately INR 790 Mn was utilized for various purposes.

Outlook

The company anticipates Q4 FY24 to surpass Q3 FY24 due to a robust order backlog. The outlook for FY24 indicates a revenue growth expectation of ~16%-18%. EBITDA margin for Q4 FY24 is projected to be in the range of 22.5%-23.5%, with a future target of ~25%-30% and a quarterly revenue run rate of ~$25 mn. Europe's contribution is expected to reach 5%-8% by the end of FY24, driven by ongoing investments. Deal closures are set to increase significantly during Q4 FY24.

KPIT Technologies-Q3FY24 Concall KTAs
CMP INR 1456 |Market Cap INR 399,167 Mn

Guidance maintained of cc revenue growth of >37%
and EBITDA margin to be >20% in FY24. It expects to achieve the upper band of the guidance

Financial
Revenue growth of +4.3% QoQ cc 31.5% YoY in cc.
Reported USD Revenue at $149mn USD growth +2.7% QoQ, +35.0% YoY
INR Revenue at INR 12.57bn (+4.8% QoQ, +37.1% YoY).EBIT Margins at 16.6% expanded by 60bps QoQ/+250bps YoY.
PAT at INR 1,553 mn (+10.3% QoQ, +54.6% YoY).

Headcount
In Q3FY24, headcount increased by 756, underscoring sustained and vigorous hiring efforts.It had on boarded ~600 freshers in Q3FY24, while attrition rate remained on lower level.

OEMs
Commercial vehicle clients proactive on electrification; company plans to capitalize on this trend.They reiterated to ramp up its CV vertical, especially in the off-highway segment and foresee the same to significantly contribute towards the company's growth in the next 2-3 years.

Geographies
US +0.9% QoQ, Europe +3.2% QoQ, Asia +4.4% QoQ.

Verticals
Passenger Cars: +6.2% QoQ, Commercial Vehicles: -10.9% QoQ
Strategic Clients: 85% of revenue (+3.9% QoQ, +41.0% YoY in USD)

Deal Wins
TCV at $189mn (21% QoQ, -31% YoY).Asian car manufacturers chose the company for projects in Autonomous Driving and Vehicle Engineering. The company also became a strategic partner for a European car manufacturer in system engineering for body electronics. Additionally, the company engaged in strategic projects related to autonomous driving for a European car manufacturer and vehicle engineering for an American commercial vehicle manufacturer. They were selected as a strategic partner for European OEMs in the e-powertrain domain in collaboration with a leading Tier-1.

Client
Active clients stable at 60 Q3 FY24: 85% revenue from strategic clients, 3.9% QoQ growth, and 41% YoY increase in strategic client revenue.

Acquisition
The company acquired ~13% shareholding with an option to increase stake further in N-Dream AG, a cloud-based game aggregation platform in vehicles based in Switzerland. It paid Euro 2.7 Mn in primary investment and Euro 0.3 Mn in secondary investment. The company is one of the early-movers in the in-car gaming space.

Early mover in in-car gaming.Unveiled sodium-ion battery tech to reduce lithium dependency, using abundant raw materials for cost-effective electric mobility.

Joint venture Qorix progressing positively.

Future pay-outs for acquired companies

•PathPartner: INR600-INR650 Mn in Q4FY24.
•Technica: €30 mn, partially in Q4FY24, and the remainder by Q4FY25.
•Somit: GBP 2-2.5 Mn in Q4FY24 or Q1FY25.

Outlook

The company remains confident of its overall growth going ahead on account of client revenue growth as well as a healthy deal pipeline.

Tanla platforms Ltd – Q3FY24 Concall KTAs
CMP: INR 1,049 | Market Cap: INR 1,41,116 Mn

Navigating regulatory landscape for global expansion opportunities
Financial Performance:
- Revenue for Q3FY24 stood at INR 10,026 Mn as against INR 8,696 Mn in Q3FY23, up by 15.3% YoY.
- EBITDA for Q3FY24 stood at INR 1,928 mn as against INR 1,513 mn in Q3FY23, up by 27% YoY.
- PAT for Q3FY24 stood at INR 1,401 mn as against INR 1,165 mn in Q3FY23, up by 20.3% YoY.
- The domestic business, has shown growth during this quarter as ILD (International Long Distance) SMS revenues are high.

Platform Business Growth:
- The company has seen a 22% YoY growth in the platform business, and upcoming initiatives like Wisely ATP are expected to contribute to revenue growth.
- The Wisely ATP is structured as a subscription model, providing a steady revenue stream.
- It is operating at a run rate of INR 4,000 to 5,000 Mn annually, and there is substantial growth potential in the future. The company's average spend on R&D on the platform side is about INR 120 to 140 Mn per quarter.
- The customers are required to purchase a subscription for their users on a per-user per month basis more like a SaaS platform.

ILD and NLD (National Long Distance) Business Dynamics:
- ILD pricing faces pressure from customers seeking cost optimization, with some messages shifting to channels like WhatsApp.
- ILD constitutes approximately 25%, but when considering volumes, ILD contributes significantly less compared to the total volumes. The reason for the high ILD revenues is elevated price points in this segment.
- The ILD revenue decline is expected to stabilize, with potential improvements driven by WhatsApp's policy changes.

RCS (Rich Communication Services) Growth:
- RCS is identified as a promising channel for promotional messages, offering rich media capabilities and better ROI compared to traditional SMS.
- TANLA claims a significant share in the Indian RCS market (around 40%), expecting continued growth in this segment.

WhatsApp Revenue and ERA 3 future directions:
- TANLA has surpassed its target of achieving INR 1,000 Mn in revenue from WhatsApp, showcasing success in the OTT segment.
- ERA 3 (Inflection point) in TANLA's journey focuses on platforms, innovation, and technology. The company plans to make structural investments to drive innovation and platform growth.

Wisely ATP:
- Wisely ATP has potential applications in large banks, with one of the largest banks in India undergoing a POC (Proof of Concept).
- Wisely ATP adoption depends on use cases and the willingness of organizations to reinvent their user bases.

- On January 10 2024, the company has entered into its first commercial agreement with a bank in India for Wisely ATP.
- The company anticipate Wisely ATP to be operational within the ongoing quarter and revenue generation is expected shortly.

Revenue Implications of Wisely ATP:

- The successful first sale of Wisely ATP to one of the top three banks is expected to boost the confidence of other banks, both within and outside the same grouping, to consider similar partnerships.
- The quality of revenue is highlighted as being much higher due to the subscription-based model. This is because bank accounts rarely get closed, ensuring a continuous and stable income stream.
- The subscription-based, annuity income stream is seen as a strength for the company. It provides stability and resilience, making the company more robust in the long run.

Regulatory Challenges:

- The Company faces regulatory challenges in the adoption of new products, with a need for approvals from various regulators.
- The BF Middle East Indonesia merger is expected to be closed in the current month, subject to regulatory approvals.

Global Expansion Strategy:

- The company focuses on forming partnerships with telecom companies outside of India as a means of expanding the company's market reach.
- The strategy is to convince telecom companies outside India, aiming for a higher revenue per subscriber despite a smaller population in those regions.
- The company is actively involved in monitoring and contributing to regulatory frameworks in neighbouring countries like Saudi, Singapore, and Australia.

Outlook: The company anticipates a growth of 20% in the digital platform segment for the next three to four years. The company is making significant investments in capital expenditures, with several platforms in development. The profit margins are strong, standing at around 50 to 60% in platform business. ILD revenue has experienced softness, there is a potential improvement in the future due to changes in WhatsApp policies. The company lost at least 30% - 40% of the traffic on Vi hub. And it will continue for the next couple of more months but that there won't be any impact of the Vi on the platform business in the upcoming quarter. The company anticipates achieving double-digit volume growth in the upcoming financial year FY25.

Tech Mahindra - Q3FY24 concall KTAs
CMP INR 1,408 | Market Cap INR 1374,215 Mn

In terms of demand environment, it can be said that worst is over; but too early to say that there are green shoots

Reported revenue of INR 131bn (up 1.8% QoQ in INR terms/-4.6% YoY in INR terms). The revenue growth was 1.1% QoQ in USD and cc terms. The sequential growth was led by Manufacturing up 2.9% QoQ), Retail & Transport (up 6.4% QoQ).

EBIT margin improved by 65 bps QoQ to 5.4% on low base (lowest margin among IT companies-coverage universe). Started margin improvement program by working on levers such as utilization, lower subcon cost, improving employee pyramid, higher offshoring and improving business mix.

The near term priority is margin improvement as it wants to stay away from low margin deals.

Successfully streamlined the sales structure, reducing it from 12 to 6 lines.

Net new deal wins amounted to $381 mn, indicating a decline from $640 mn in Q2FY24.

The number of active clients decreased by 24 QoQ, settling at 1,228.

Total headcount experienced a QoQ decline of 4.3k, reaching 146,250 employees. Attrition improved, decreasing by 1% QoQ to 10%, with a standing rate of 88% QoQ.

Gen AI Solutions: Launched Vision Amplifier, latest Gen AI offering in computer vision. Active client discussions transitioning from experiments to production in conversational AI and document AI. Gen AI integral in large transformation deals and standalone applications like enterprise knowledge search and customer engagement.

Outlook: The primary objective is to intensify focus on key client accounts. Q3 performance was adversely affected by a significant number of furloughs. The telecom sector remains stressed and is expected to remain volatile in the near term. Efforts are underway to strengthen the BFSI vertical, recognizing that this will be a gradual process.

InfoBeans Technologies Ltd- Q3FY24 Concall KTA's
CMP: INR 421 | Market Cap: INR 10,230 Mn
Driving growth through innovations and partnerships
Financials
•Revenue stood at INR 94 Cr in Q3FY24 as against INR 102 Cr in Q3FY23 decline of 8% YoY, facing challenges due to holidays and client shutdowns.
•EBITDA stood at INR 16 Cr in Q3FY24 as against INR 23 Cr with a decline of 30% YoY.
•PAT was at INR 6 Cr against INR 9 Cr in Q3FY23, a decline of 40% YoY.
•Margins slightly improved from September to June, with cost optimization efforts.

Partnership and Clientele
The company expects positive development in a new partnership with Agineo in the German market.

Innovation and Technology
•Exploration of cutting-edge technologies like blockchain, NFTs, machine learning, and RPA.
•Innovation Day showcased 11 ideas around Salesforce, ServiceNow, AI, RPA , and blockchain.
•They have been investing heavily in enhancing their visibility across ServiceNow, Salesforce and other technologies.

Margins
•Margin pressures are attributed to factors like increased salary levels (40%) during COVID-19 times and higher reservation levels (up to 85%).
•The company expects the margin pressure to last for a few more quarters.

Acquisitions
The company is actively pursuing acquisitions in salesforce, user experience, and automation space, with a focus on companies in the INR 50-80 crore revenue range.

Cost Optimization
The company is actively working on cost optimization and passing on costs to customers in both new and existing contracts.

Market Presence and Salesforce
•The company has sold 40,000 licenses at 20 client locations.
•The company is actively participating (in ServiceNow World Forum in Toronto Canada, Service Management World in Orlando, Florida) and sponsoring (ServiceNow Summit in Vancouver) various global events to increase its market presence.

Other KTA's
•The company is exploring opportunities on Mendix, a low-code platform.
•The company anticipates a cash outlay of INR 30 crores.
Outlook
The company will invest in both organic and inorganic growth and they will continue to have higher expenses on the sales and marketing front. The management has expressed a positive outlook for future growth despite short-term challenges, and their goal is to double the top line every three years.

Netweb Technologies India Ltd Q3FY24 Concall KTA's
CMP: INR 1429 | Market Cap: INR 79.92 Bn

Financial Highlights:
• Company received a PLI claim of INR38.99 Mn for FY23.
• Revenue Split between government and private is approx. ~50-50% for Q3FY24. In next 2-3 years it can be 60-40, 60 for private and rest government.

Key Highlights:
• Company have received an order from ISRO for supercomputers valuing at INR 1477 Mn. Business pipeline remains robust at INR32,332 Mn while INR324 Mn already has been qualified as L1 bids and robust order book of INR3,391 Mn.
• PSU have started to adopt private cloud system, which represents a sizable opportunity. Company has already won an order with the PSU bank and many other PSU banks are in process of initiating bids.
• AI systems and workstations, which previously accounted for ~6-7% of total revenue, have now surged to 10% in Q3FY24. The company anticipates this contribution to further increase to ~15-16% and beyond in the future.
• Tyrone partnership to meet the increasing demand for AI in diverse industries, offering flexibility for applications like generative AI, speech analytics, text analytics, and automation. Also, revenue from AI systems, and enterprise workstation segment increased by 340% YoY.
• The customer repeat rate witnessed a decline, dropping from 90% in FY23 to 58% in 9MFY24. This shift is attributed to the acquisition of new customers, notably a premium entity in India's cybersecurity sector. This project, valued at ~INR1170-1240 million, contributed substantially to the client portfolio, resulting in a decrease in the proportion of repeat customers.

Guidance:
• The current order book stands at ~INR 3,390 Mn, complemented by L1 orders totaling INR 3,000 Mn. This sets the stage for an anticipated revenue of INR 6,000 Mn or more by the end of FY24. Additionally, the gross profit margin is expected to stabilize within the range of 25% to 26% in the near term and EBITDA in the range of 13 to 14%. Also, revenue guidance for FY will be given in Q4 and EBITDA will be ~14-15%.
• Companies focus is on leveraging their capabilities to enhance revenue through strategic investment in company. Company's asset turnover ratio is high at 19X, this availability of funds positions them for acquisitions.
Outlook: Company's growth and robust order book positions company for a strong performance in the coming fiscal year, reflecting a positive trajectory in its operational and financials.

Tata Elxsi Ltd– Q3FY24 Concall KTAs
CMP: INR 8,194 | Market Cap: INR 5,10,271.4 Mn

Expanding market presence and exploring new opportunities in the healthcare sector

Financial Performance
Revenue stood at INR 9,140 Mn in Q3FY24 ,up by 11.8% YoY/3.7% QoQ.

PAT stood at INR 2,060 Mn in Q3FY24 ,up by 6.0% YoY/3.2% QoQ.

EBIT margin decreased by 30 bps QoQ to 26.8% , impacted by well-calibrated investments in capability building, travel expenses, and AI-related initiatives.

Overall cost decreased by 55 bps QoQ due to decrease in project-related cost.

Deals
The company won some large deals, both in regulatory and new product engineering services. Some deals were closed in Q2FY24, but some expected ramp-ups have experienced delays, with part of the ramp-up now projected for Q4FY24.

Healthcare business
Grew by 13% YoY, 4.6% QoQ and 3.9% QoQ in cc terms driven by large deal wins in regulatory and new product engineering services.
Continuous efforts are directed towards enhancing market share and exploring new opportunities within the healthcare sector.

Transportation business
Transportation business grew by 15.6% YoY/12.7% QoQ and 9% QoQ in cc.
- The company remains optimistic and bullish about the deals in the Transportation Business Unit (TBU).
- Despite short-term delays in deal ramp-ups, the company maintains confidence in the transportation industry.

Media business
- Media business grew 3.4% YoY and 0.6% QoQ but down by 0.1% QoQ in constant currency terms due to challenging environment and increased furloughs in US.
- Concentrated efforts are directed towards consolidation opportunities and increasing wallet share within customer accounts.

Geographic Trends
- Significant growth is seen in Europe, while North America shows relative weakness, attributed to competitive pricing.
- The focus is on supplier business due to pricing competition.
- The company is seeing positive traction in the APAC region, especially on automotive side.

Customer engagement
Growth is seen across entire portfolio of customers, including top 5 and top 10, reflecting differentiated value proposition.
Impact of Tier 1 business stress on the overall business growth, with potential attrition.
The strategic approach is to focus on large Tier 1 customers with long-term relationships.

Employee Engagement
The company continue to invest in building a talent pipeline with a net add of 350 employees in the quarter. This brings the total net addition to over 1,350 in Q3FY24.

Employee engagement and talent retention strategies have contributed to attrition further improving to 12.9%.
The company aims to maintain stable employee cost ratios as business volumes grow.
Outlook: The company aims to contribute 20% of overall revenues by FY26 for healthcare against 15.7% in Q3FY24, with investments aligned with this growth. The company is doing capex investments in telecom sector, especially in 5G. The company expects a strong pipeline across our businesses in Q4FY24 and subsequently in Q1FY25. The company is targeting growth with OEMs for a more significant and sustained impact on revenues.

Infibeam Avenues Ltd-Q3FY24 Concall KTAs
CMP INR 26|Market Cap INR 71,182 Mn

Strong Q4 Performance Continues into January with Sustained Growth Trends. The company aims to boost international revenue <6-7% of overall revenue to 25-30% in the next two years, targeting double-digit basis points intake rates

Financial: Gross revenue stood at INR 24,442 Mn up by 87% YoY and Net revenue stood at INR3,224 Mnup by 36%. 61% EBITDA margin/37% PAT margin in Q3FY24, margins and profit margins continue to remain robust, benefiting from steadily improving leverage during the scaling-up efforts.

Strategic Investments in AI
The company has invested in establishing an AI Hub, inaugurating India's first AI Hub, Phronetic. AI, at Gift City, Gandhinagar. A significant milestone, the company signed a MoU with the Gujarat government at the vibrant Gujarat Summit, securing INR 20 bn for the construction and development of this state-of-the-art AI-Hub.

Pricing impact
The take rates slightly came down, but they still continue to remain in the double digits.

Macro Environment
The company has increased its credit card market share from 9% to over 10%, introduced instant EMI options, and strategically focuses on comprehensive solutions to impact consumer demand, anticipating significant positive impacts on payments and platform business in the coming quarter.

M&A
The company acquired the remaining 49.5% stake in Sohum and is set to collaborate with acquiring banks for seamless integration.

Capital Allocation
The company foresees highly accretive Capex for scaling its international business, opts out of large language models due to significant investment requirements, and expresses confidence in replicating its successful business model in new countries with substantial investments.

Product Development
The company has inaugurated India's first AI-Hub, Phronetic.AI, at Gift City, Gandhinagar, and secured a INR 20 billion MoU with the Gujarat government, emphasizing the pivotal role of AI, implementing training frameworks, launching the 'Say' tool for visual AI tasks, and planning to develop and publish frameworks for broader community use and client-specific offerings.

Outlook
The company aims to boost international revenue from 6-7% to 25-30% in the next two years, targeting double-digit basis points in take rates. With plans to expand from 7,000 to 70,000 merchants within 12-24 months, it is strategically positioned to scale up its international business, transitioning from single-digit to two-digit percentage growth in the next 24 months, showcasing a strong commitment to substantial growth and global market dominance.

Intense Technologies Ltd – Q3FY24 Concall KTAs
CMP: INR 113 | Market Cap: INR 2,650.6 Mn

Increased Top line performance

Financial Performance
- Revenue for Q3FY24 stood at INR 27.7 crores as against INR 21.2 crores in Q3FY23, up by 31% YoY.
- EBITDA for Q3FY24 stood at INR 6.29 crores as against INR 4.7 crores in Q3FY23, up by 35% YoY.
- PAT for Q3FY24 stood at INR 4.3 crores as against INR 3.5 crores in Q3FY23, up by 25% YoY.
- In Q3FY24 Days Sales Outstanding (DSO) stood at 160 days and is expected to reduce further.

Key Highlights:
- The company added two new logos, one was in Sri Lanka and another one in India.
- The company has also added two new product company partners. The company was able to cross-sell these new products to their current customers.
- The company hosted flagship product on AWS Marketplace as a SaaS offering to explore new opportunities.
- Introduced small Software as a Service (SaaS) offerings integrated into Chrome extensions.

Client Collaboration:
- In Q3 FY24 the company has entered into large data services deal around data quality assurance and data governance with one of their existing customers.
- A significant portion (75-80%) of the revenue is derived from existing clients.
- The company is optimistic about increased profitability and margins, with a focus on building lifetime relationships with clients through new services, Upselling and Cross-selling.

Geographical Presence and Prospects:
- The company has a presence in India, with limited exports to the Middle East and the UK.
- There are expectations of additional business and clients emerging from the UAE in the future.
- Challenges are faced in African business especially in countries like Nigeria, where the currency devaluation is very high.

Chrome extensions:
- The company has recently introduced small SaaS offerings seamlessly integrated into Chrome extensions.
- The strategy involves generating small monetization streams from these offerings. The extensions, are IP assets that were originally part of larger IP assets but are now broken down to offer more accessible services and create transaction-based revenue streams.
- These chrome extensions are slowly seeing a good traction.

Average Ticket Size and Project Metrics:
- Average ticket sizes vary across revenue streams. The communication space may have an initial average ticket size of 200K-250K.
- The focus is on three major spaces: communication governance, data management, and standardized managed services.
- Managed services exhibit variability based on engagement requirements whereas the main focus is on specialized areas like communication governance and data quality services.

Wipro Ltd – Q3FY24 Concall KTAs
CMP: INR 465 | Market Cap: INR 243,167 Cr

Financial: Revenue down 1.39% at INR 22,205.1 cr .EBIT up 6.22% at INR 3,267.1 cr. EBIT margin up 105bps at 14.71% (Be: 14.60%). Net profit up 1.24% at INR 2,700.6 cr.
Deal booking was flat sequentially at $3.8bn with large deal TCV at $0.9bn. The Consulting business has shown promising signs of growth, witnessing a double-digit increase in the order book.

Employee headcount was declined 4.5k QoQ to 240k employees.
LTM attrition was down 130 bps QoQ to 14.2%. Utilization was declined by 50 bps QoQ to 84%
Muted guidance for Q4FY24 of (-)1.5% to + 0.5% QoQ in cc terms.
The company is working on various margin levers to support margin despite low revenue growth.
Despite experiencing low revenue growth, the company is actively implementing various margin-enhancing strategies to bolster its overall margin performance.
Efforts are consistently underway to minimize low-margin business, aiming to achieve margin expansion.

There has been a consistent focus on improving the employee pyramid and on training employees on AI technologies.
Capco has experienced rapid growth, serving as a key driver for the overall organization and plays a significant role in securing deals.
The demand environment has remained the same over the last few months as discretionary spending remains subdued
The board has recommended an interim dividend payout of INR 1 per share.

Outlook: Wipro expects Q4 growth of -1.5% to +0.5%, emphasizing stable margins, and cost savings, and highlights strong consulting performance amid softness in BFSI and energy sectors.

HCL Tech – Q3FY24 Concall KTAs

CMP INR 1,543|Market Cap INR 418718 Cr

Strong Performance

Financial: Revenue up 6.65% at INR 28,446 cr (Be- INR 28,075.1 cr). EBIT up 14.7% at INR 5,644 cr (Be: INR 5,256.9 cr). EBIT margin at 19.84% (Be: 18.7%). Net profit up 13.51% at INR 5,874 cr (Be: INR 4,124.4 cr).
CC revenue up 6% QoQ & up 4.3% YoY
FY24 Revenue Guidance Revised: The company has adjusted its FY24 revenue guidance to a range of 5-5.5%, reflecting confidence in its growth prospects.
Headcount grew by 3617 QoQ to 224.8k employees, with LTM attrition down 140 bps QoQ to 12.8%.
EBIT Margin Expectations: Anticipating a strong financial performance, the company foresees the EBIT margin to be between 18% and 19%.

Software Business: The software business exhibits a strong performance, particularly in data and digital experience segments, marked by robust growth and the signing of several multi-year deals.
Net new TCV wins at $1.9bn vs $3.9bn in Q2FY24.

Wage Hike Impact: In Q4, the company expects smaller wage hike charges, impacting margins by ~20-25bps.

Sectoral Growth: Notable growth is observed in telecom (25.9% QoQ), media, manufacturing (7.6% QoQ), and retail, with a decline in financial services (1.3% QoQ).

Bookings Momentum: Strong bookings, including 18 large deals, with 6 in services and 12 in the software business.

Services Business Performance: Key segments, such as ERS and IT and business services, demonstrate healthy sequential and year-on-year growth in constant currency.

Near-Term Concerns: The business environment presents both opportunities and challenges, with clients prioritizing strategic initiatives such as modernizing data, SAP, cloud engineering, and evolving IT operating models.

Outlook: Overall, Pipeline remains healthy, well distributed across small and mid sized deals.19-20 % EBIT margin band remains an aspirational goal for the company, The outlook for Q4 is positive, with expected substantial growth in services business and a seasonal impact in the software business.

Just Dial Ltd – Q3FY24 Concall KTAs
CMP INR 893| Market Cap INR 76.05 bn

Financial Highlights:
Operating revenue for the quarter stood at INR265 crores, witnessing 19.7% YOY growth. This growth is primarily driven by healthier collections.
EBITDA stood at INR60.4 crores for the quarter representing a margin of 22.8% which is an improvement of 10.5 % points on a YOY basis and about 400 Bps on sequential basis. Overall EBITDA had about 123% YOY growth and 23.7% on QOQ basis.
Profit after taxes stood at INR92 crores (PAT% - 34.7%), growing 22.3% YOY and 28.2% QOQ basis. Overall, cash and Overall cash and investments stood at INR4,405 crores as on quarter end growing about 12% YOY basis.

Company Highlights:
Sales team comprises of 4,714 employees in tele-sales, 1,705 feet-on-street (marketing), and 4,487 feet-on-street (Cold Calling & Others) as on Q3 FY24.
Sequentially, employee headcount decreased by 6.3%, with automation optimizing output and necessitating rationalization of low-productivity sales staff.
Active paid campaigns at the end of the quarter stood at about 567,000, which was up 8.6% YOY.
Total traffic reached 166 million users in the quarter, exhibiting a 6% YoY growth, with a slight sequential decline of -3.38% attributed to lower festive season traffic, yet returning to a steady growth trajectory from December onwards.
The revenue concentration from the Top 11 cities or Tier 1 cities, which was initially at 59%, has decreased to 40%, indicating a more diversified regional presence for the company.
Company is working on initiatives with Jio teams, such as My Jio integration and exploring SME participation in Jio ads. However, current top-line and profitability targets don't explicitly factor in substantial contributions from these efforts.
They aim to deploy incremental margins for additional traffic, enhancing long-term monetization. Once they reach the 25% threshold, they'll determine how much to reinvest in the business through advertising, with potential for further margin expansion.
They are considering the option of appointing resellers to acquire new customers without incurring fixed costs. This approach would also support in-house team, allowing them to focus on farming and upgrading existing customers in the advertising domain.
Historical one-year retention, around 55%, has improved by 3-4% due to monthly plan strategy implemented over the last 6-8 quarters. With this strategy, there is an auto-renewal for monthly plan customers at the end of each year.
Company is developing an initiative where business owners can manage their listings on third-party platforms through a single point of contact JD platform. By enabling merchants to do a one-time login on JD platform, any content upload or detail edit can seamlessly populate across multiple platforms.

Management Guidance:
The goal is an overall top-line growth of around 20% with approximately 25% margins. At the EBITDA level, the aim is to achieve annual growth of at least 25% to 30%.

Outlook:

Companies reinvestment in advertising upon reaching a 25% threshold and continued emphasis on reseller and monthly plan strategies for customer acquisition and retention, reflecting a holistic approach towards sustained growth.

While there might be quarters with lower volume growth for enhanced ticket size, the long-term strategy is to achieve growth from both volumes and improved pricing.

Newgen Software Technologies Ltd– Q3FY24 Concall KTAs
CMP: INR 899 | Market Cap: INR 12,627 Cr
The company expects license growth momentum to continue in Q4 and the next year, while some deals are transitioning into subscription revenue
Financial:
Company reported a 27% YoY/ 10.4.% QoQ growth in Q3FY24 revenue to INR 324 crores from INR 255 crores in Q3 FY 23.
Profit after tax saw a significant rise to INR 68 crores, marking a 45% increase from INR 47 crores in Q3 FY'23.
Employee headcount increased from 330 to 380 (15% QoQ) in Sales & Marketing
In the quarter, the company allocated 10% of its revenue to Research and Development (R&D) initiatives and a notable 21% to sales and marketing.
Strong net cash flow from operating activities, amounting to INR 193 crores for the nine-month period.
Revenue from implementation grew by 66% YoY in Q3 to reach INR 69 crores.
Company added 11 new logos across geographies in Q3 summing upto 38 new logo additions in nine months ending 31 Dec 23.
Issue of Bonus Shares in the ratio of 1:1

AI-driven
The company has introduced NewgenONE Marvin, an AI-powered enhancement to its end-to-end automation platform, NewgenONE. It focuses on automating customer journeys and building an improved customer engagement framework.

Partnership
The company recently formed a partnership with Duck Creek Technologies, a provider of comprehensive property and casualty insurance software and services to offer NewgenONE OmniDocs Contexual Content Services platform to insurers.

Order Wins
Collaborated with an additional Indian public sector bank, providing a crucial trade finance and supply chain finance solution with total order value INR 18 crores.
Won additional business from a leading global multinational bank in the Singapore region.

LTIMindtree Q3FY24 Concall KTAs-
CMP 6,277 | Market Cap INR 185,9210 Mn

The persisting tough demand environment, characterized by a slowdown in discretionary spending, is anticipated to linger into Q4FY24. Despite these challenges, the company's resilient deal bookings, incorporating cost-effective strategies and extended durations, provide a promising medium-term growth outlook The company acknowledges a delay in achieving the 17-18% EBIT margin target, extending beyond Q4FY24. The quarter experienced an unusual surge in passthrough revenue, impacting gross margins.

The company reported revenue of INR 90166 Mn(up 1.2% QoQ in INR terms, up 0.8% QoQ in USD terms). The cc growth was 0.7% QoQ. The sequential growth was led by Manufacturing and Resources(up 14.2% QoQ in USD terms), while other verticals were soft sequentially.
EBIT margin was down 61% QoQ to 15.4% on higher direct cost(up 3.2% QoQ). Margin program remains intact target deffer margin program few quarter and keeping in mind that order inflow will be strong by the time
Booked its highest ever order inflow at $1.5bn, up 21% YoY.
Added 23 clients in Q3FY24 against 30 in Q2FY24.
The headcount was down 1061 QoQ to 82,471 employees. Added>500 fresher
LTM attrition was down 100 bps QoQ to 14.2%. Utilization was up 80 bps QoQ to 87.4% vs 86.6% led by pick up and availability. Not aiming to further increase utilization.
Aspiring to reduce Billed DSO by 75 days.

Outlook: In the near term, anticipating growth in Q4FY24 is similar to that of Q4FY23. We believe that order inflows will remain robust, but concerns remain on EBIT margin's improvement in subsequent quarters. Client side demand improvement may pave way for some relief in Q4FY24 and beyond on account of incremental order inflows.

Happiest Minds Technologies Ltd- Q3FY24 Concall KTAs
CMP INR 912 |Market Cap INR 138, 874 Mn

Maintains a 12% organic revenue growth guidance for FY24, although Q3 performance was adversely affected by prolonged furloughs and a subdued demand environment
Reported revenue of INR 4,099 mn; (up 0.9% in INR terms, up 0.8% in USD terms). The cc growth was 0.8% QoQ/9.4% YoY. The Product Engineering segment spearheaded sequential performance, whereas the IMS (Infrastructure Management Services) experienced a few reductions in scale and delayed commencement.
The demand environment continues to exhibit some softness, but there are positive signs of decent growth, particularly in software and cloud migration. Expectations are high for an improvement in the demand environment as time progresses, with a strong resurgence in growth anticipated.
The ongoing growth in average revenue per client is driven by a concentrated effort on client mining.
EBIT margin was down 61 bps QoQ to 16.1%, led by higher SG&A which was up 3.6% QoQ. 22-24% continue to beat this range.
Digital accounted for 96.2% of revenue vs 95.3% for Q2FY24.
Offshore revenue mix increased by 110 bps QoQ to 86.2%
No of active customers increased by 1 QoQ to 245.
Headcount was down 39 QoQ to 5,246 employees (334 additions from campus). Utilization was up 110 bps QoQ to 76.7%. LTM attrition was down 30 bps QoQ to 14.1% vs 14.4% Q2FY24.
Subcontracting expense 7.6% of the revenue and total number INR 31 cr.
Gen AI has excellent start. They have experienced successful conversions in Gen AI and are now looking to integrate these achievements into a larger project.
DSO increased 85 days against 83 days, and there is no cost for concern on this front because subsequent selections have brought them down to the normal trend that company has seen until now.
ROCE and ROE are at about 23% and 16.7% respectively, the decrease in these return ratios was account of the fundraise and a small expansion in capital.
M&A pipeline continues to be strong. The company is in active conversation with a few targets.

Outlook: Persistent high demand in AI is expected to accelerate, with collaboration with the Gen AI team and customers integral to addressing this. Despite some softness, positive signals in software and cloud migration anticipate an improving demand environment and a strong resurgence in growth.

Mastek Ltd-Q3FY24 Concall KTAs
CMP INR 2,897|Market Cap INR 88,843 Mn

There is optimism that as US profitability improves and US growth strengthens, the company-level margins have the potential to move toward 19-20% over the medium term. The company anticipates sustained demand, driven by momentum across geographies, and distinguishes itself with strong Salesforce, Oracle Cloud capabilities, and the integration of Biz Analytics for comprehensive client differentiation
Revenue INR 7876 Mn growth of 18.5% YoY/2.2% QoQ. 0.7% in CC term.
EBITDA grew by 8.5%QoQ/ 17.0% YoY stood at INR 1335 Mn. Margin improved due to utilization which has increased by 130bps to 85.4% against 84.1% in Q2FY24,
LTM attrition at 20% against 19.1% improved by 90bps
Margin stood at 17% against 16.1% in Q2FY24 expanded by 95bps QoQ/-24bps YoY The company aims for a 17-19% margin range, focusing on the US business's potential growth, leveraging a 100 bn thresholds for larger deals, and anticipating improved margin profiles.
The margin profile in the Middle East and EMEA is currently suboptimal but anticipated to enhance, while further improvements in the US margin are crucial to achieving the target margin range of 17-19%.
DSO improved by 3 days to 94 in Q3FY24.
The Board of Directors have recommended an interim dividend of INR 7 per share.
12 Months Order backlog at INR 2,0676 Mn grew by 21.2% YoY/11.1% QoQ.
The company is actively pursuing cross-selling opportunities in the next 20-25 accounts, with a strong focus on data deals in the UK and US. It strategically positions itself in the central government and defense sectors, capitalizing on a $12 billion government spending allocation. Healthcare is a global priority, with recent growth prompting the hiring of a new leader. Higher education is gaining momentum. The US and UK defense and healthcare sectors continue to grow, supported by a clear technology policy.
The business strategy spans global healthcare, emphasizing the US (healthcare) and UK (public) sectors. The company excels in the global data space, witnessing improved deal sizes.
The company goal is to leverage 1 Mn accounts, transforming them into future 5 Mn to 10 Mn accounts, many of which are esteemed brand names, by strategically integrating Salesforce in the front office, Oracle Cloud in the back office, and leveraging the digital engineering expertise.
The focus remains on growing key areas and adapting to changing buying behavior, involving smaller projects.

Outlook: We believe that the sustained strength of demand in the US and UK, coupled with positive signs of improvement in the Middle East and EMEA, will not only foster continued top-line growth but also contribute to enhancements in margin performance, aligning with the target margin range of 17-19%.

IndiaMart Intermesh-Q3FY24 Concall KTAs
CMP INR 2,472|Market Cap INR 151,364 Mn
Continuous investments for organizational strengthening, implementing measures to enhance customer experience, reduce churn, and deepen penetration of paying customers in key focus cities in the future.
Reported revenue of INR 3,053 mn (up 3.6% QoQ) led by 1% QoQ increase in paid subscription (up 2k QoQ) and 3% QoQ increase in annualized ARPU.
IndiaMART standalone collection from customers for the quarter were at INR 3160 Mn and revenue from operations stood at INR 2910 Mn registering YoY growth of 16% and 21% respectively. Growth in revenue was primarily driven by 9% increase in the paying subscription suppliers and ~11% improvement in ARPU due to higher monetization.
EBITDA margin improved by 92 bps QoQ to 28.1% led by control on manpower and other expenses
Traffic to portal moderated slightly to 272mn vs 288mn in Q2. Unique business inquiries grew to 23 Mn representing a YoY growth of 9% and 4% respectively.
Subscription: Total paying subscription suppliers have grown to 212,000 as communicated in the Q2FY24. Continue to see more than anticipated churn on the increased customer base in the silver, monthly and silver annual bucket leading to the net addition of close to only 2000 paying subscription in this quarter.
Number of registered buyers increased to 187 mn vs 182 mn in Q2
PAT increased to INR 819mn vs INR 694 mn in Q2FY23

Busy InfoTech: The company believe that customer is doing good as hired some senior level people. Busy has done net billing of INR144 Mn in Q3 which represents YoY growth of 21%.
Licenses: Company has sold about 6k new licenses, bringing the closing count of licenses sold to INR 354k by the end of December 2023. The overall performance aligns with the expectations, and the focus remains on further increasing the growth rate in the coming year.

Company employed in-house sales supervision and servicing staff, managing two types of outsourced sales, and observed higher employee retention among the internal team compared to those working on third-party payroll in the branches.
Collection: Customer growth decline over three quarters, adding only 2k and 5k customers in the last two and previous quarters, respectively, resulted in a surprising drop in collection growth from 25% to 16-17%; The company is investigating factors and expect a shift towards 20% collection growth until customer acquisition improves.

New Price Model: ~33% of the monthly silver customers are on the newer price, and within the remaining 25% of the customer base, which totals about 50k customers, 75% are platinum and gold, while the rest is evenly split between silver monthly and silver annual subscribers and 20,000 is already on a newer price model.

ARPUs: In the medium term, aiming for over 10% growth in both customer base and ARPU is considered ideal, historically achieving a 25% overall growth with a focus on 15-18% in customer growth and 6-8% in ARPU growth.

Employee expense: The 28% increase in employee expenses is influenced by a December salary hike, deviating from the previous year's corresponding December base due to the timing shift from January.

Onward Technologies Ltd- Q3FY24 Concall KTAs
CMP INR 620|Market Cap INR 13,943 Mn

Finalizing API integrations for enhanced internal system connectivity, fostering rapid business scaling for the next 3-5 years; achieving substantial customer growth with onboarding of 3, 6, and 4 large clients in Q1, Q2, and Q3; with a company milestone set to deliver $100 Mn by FY26, anticipating strong growth in both FY24 &25.

Revenues from operations stands at INR 1141 Mn, down 5.1% QoQ/1.5% YoY with EBITDA margin of 8.2% Primarily affected by increased furloughs resulting from the complete shutdown of 25-plus clients, incurring a one-time impact of INR 61.8 Mn; nevertheless, the last two weeks of December exhibited signs of recovery and stability.

Geography: A strategic client for company is poised for growth in North America, Europe, and India, with a minimum $10 mn annual potential, backed by a substantial budget of half a bn to a bn dollars, presenting a lucrative opportunity for sustained business expansion.

Segment: Industrial equipment and heavy machinery constituted 51% of the revenues, followed by the transportation and mobility vertical (mainly automotive and rail) contributing 38%, marking rapid growth in Q3; healthcare maintained momentum at 8%; and the digital line of business services surged to over 40% in Q3, with exciting prospects for mining and farming new accounts in FY24. In FY24, all three verticals—digital, embedded electronics, and mechanical—appear promising, with a commitment to achieving 50% in digital, and a continued 30% to 70% onsite-offsite revenue engagement ratio.
The industrial equipment vertical, constituting 50% of the revenues and contributions, company is directing 50% of the onward investment, reflecting a strategic focus on substantial hiring and growth initiatives in that sector.

Client: With 88 active clients across North America, Europe, and India, 13 exceeding a mn dollars, and a growing top 25 customers segment contributing 85% of revenue, outlook is optimistic and poised for substantial expansion.

Billing for new accounts has not commenced, while invoicing for clients initiated in Q1 is underway, with all of them gradually ramping up.

Outlook: The company's objective is to construct a high-quality business emphasizing top-line and bottom-line growth without compromise, centered around premium clients and exceptionally skilled talent. The upcoming quarter anticipates very strong demand, driven by robust demand across various verticals and geographies.

C.E. Info Systems Ltd – Q3FY24 Concall KTAs

CMP: INR 2,038 | Market Cap: INR 1,10,171.7 Mn

Financial Performance:

- Revenue stood at INR 92 Cr up by 36% YoY and 1% QoQ . It achieved an all-time high revenue due to growth in C&E (Consumer Tech & Enterprise Digital Transformation) market.

- EBITDA stood at INR 38.6 Cr with margins expanded by 100 bps YoY and contracted by 300 bps QoQ to 43% .

- Net profit stood at INR 31.1 Cr up by 5% YoY but down by 6% QoQ.

-The company is planning to raise equity funds of around INR 500 Cr.

Consumer Mapping Business:

- The consumer mapping business, driven by the Mappls app, reports strong downloads and engagement. The audience is described as highly engaged, particularly in cases of frequent navigation use and gadget monitoring for vehicles.

- The company emphasizes a focus on strengthening the consumer business, indicating plans for increased reporting on user metrics. The intent is to showcase the growth and engagement metrics.

- KOGO enhances the Mappls app as an AI-powered travel assistant and commerce solution. Indrones is seen as a pillar for the drone business, aiming for leadership in the drone industry.

- Marketing expenses standing at INR 5.3 crores were incurred to build the brand of MapMyIndia and promote the Mappls app.

IoT business:

- There has been continuous improvement in EBITDA margins from 8.2% in Q2 FY24 to 10% Q3 FY24. The increase is attributed to growing Software as a Service (SaaS) revenue and the positive impact of operating leverage.

- The company adopts a sales strategy that aims to balance both revenue growth and profitability. Quarterly adjustments are part of the strategy to control and calibrate sales.

Drone business:

- Drone business revenue is generated through the sale of drones, providing drone-based services, and incorporating drones into comprehensive solutions for data collection for clients.

- The drone sector has been successful over the past 1-1.5 years, showcasing drone-as-a-service solutions, and participation in larger projects.

Revenue Model:

- MapmyIndia's revenue model is described as an annuity SaaS (Software as a Service) business.

- The revenue structure for the Automotive segment in A&M (Automotive and Mobility Tech), is characterized by a significant volume-based component.

- In the C&M segment, which includes consumer-related services the revenue model is described as a mix of fixed and variable components.

QIP :

- Shareholders have approved the planned QIP. The company has the opportunity for over one-year window from December 29 to proceed with the QIP as per market conditions.

Outlook: The company is focused on achieving a revenue of INR 1,000 Cr in the next four to five years (FY27/FY28). There is positive anticipation for strong order bookings in Q4 FY24 including a major Indian four-wheeler OEM, european two-wheeler OEM for navigation services and a large e-commerce and D2C sectors for map APIs (Application Programming Interfaces). Cloud hosting expenses anticipates an increase over time, but emphasizes ongoing optimization efforts and a mix of public and private cloud solutions. The plan to raise equity funds of around INR 500 Cr is to support growth initiatives, especially in the international market, consumer business, and drone business.

Allsec Technologies
CMP: INR 660 | Market Cap: INR 10.03 bn

Allsec Technologies is one of the leading providers of outsourced solutions in customer engagement, human resource operations, sales and retention and quality assurance for businesses across varied industries.
Company has strong market leadership in processing 13 million pay slips monthly.
It employs approximately 5,400 full-time equivalents across five interconnected service delivery centers.

Revenue Mix
Company's revenue grew by 23.1% YoY basis to INR 3.90 bn in financial year 2023.
The revenue breakdown includes 43% from DBS - International operations, 21% from DBS - Domestic operations
Approximately 8% from Human Resource Outsourcing (International), and 28% from HRO in the domestic market.

Investment Rationale
The Business Process Management sector is advancing with specialized capabilities in data monetization through cloud-based AI, analytics, and automation.
HRO market in India is shifting toward a data-driven and digital approach which can help to generate revenue and profitability ahead.
The HRMS market is growing significantly, with a notable CAGR of 12%. By 2030, the market is anticipated to reach a value of USD 33.6 billion.
Allsec has added additional 600 seat capacity in Manila, nearly doubling it to facilitate expansion to cater international growth demand.
The Company has continued to invest in building capabilities for new Sales resulted in addition of 6 new logos for ACV of 19 Cr. Additionally, the company maintains its strategic focus on the North American market.
Continues to make relevant investments in people and technology.

Outlook
Company has a global presence and focuses on enhance flexibility in service delivery, facilitated by internal automation and a consistent emphasis on data quality. It serves a client base of 600 including clients from fortune 100 companies across 42 countries from 5 locations in India and overseas. New products and offerings for end to end EXM & HRO services expects to drive holistic growth.

Intellect Design Arena Limited-Q3FY24 Concall Highlights

CMP INR 910|Market Cap INR 124,427 Mn

In the long term, targets include a YoY revenue growth of ~20% and the attainment of a profitability margin ranging between 25% to 30%

•Reported revenue INR 6,340 Mn up by 16% YoY/2.6% QoQ.

•Margin stood at 20.7% expansion of 2bps YoY and QoQ respectively.

•PAT stood at INR 843 Mn up by 36% YoY/ 18.7% QoQ, there was a one-time other income related to the rental settlement of INR 70-INR 80 Mn.

Segment Performance

•In Q3 FY24, platform revenue amounted to INR 1,110 Mn, down from INR 1470 Mn in Q2FY24. License revenue for the quarter reached INR 1240 Mn, a significant increase from INR 760 Mn in the previous quarter.

•AMC revenue in Q3FY24 remained steady at INR 1120 Mn on a QoQ basis. The combined license-linked revenue (License + Platform + AMC) was INR 3470 Mn in Q3FY24, exhibiting a noteworthy 23% YoY growth compared to INR 2820 Mn in Q3FY23. In Q2FY24, the corresponding figure stood at INR 3350 Mn.

Deal Wins

•It had a healthy pipeline of deals which stood at INR 80,200 Mn in Q3FY24, an increase of ~14% YoY and 6.6% QoQ.

•Destiny deals in Q3 FY24 were 79 as compared to 68 in Q3 FY23 and 74 in Q2 FY24, with an average deal size of INR 530 Mn, representing 62% of the total opportunities.

•In terms of the destiny deal funnel, deal size performance in Q3FY24 was as follows: in the INR 500 Mn+ size, 5 deals were won, in the INR 30-INR 50 crore band, 4 deals were won and 1 lost, in the INR 200-INR 300 Mn band, 1 deal was won and 2 were lost while in the other high-value pursuits 10 deals were won and 3 were lost.

•QoQ the deal size bands were flat at 19 and 25 for the INR 500 Mn+ band and INR 300- INR500 Mn band respectively. On a net basis, during the same period, 5 additions happened in the INR 200-INR 300 Mn band, taking the total to 35, and 5 additions in the high-value pursuits taking the total to 79 as of Q3 FY24.

•The platform eMACH.ai, a revolutionary cloud-native and future-ready open finance-based core banking platform won 14 deals as of December 2023.

•13 global financial institutions have transformed their digital journey on Intellect platforms and product stacks (go-lives).

•OTP Bank one of the leading banking groups in Central and Eastern Europe chose Intellect Digital Core (IDC) and Lending by iGCB (Intellect Global Consumer Banking) to power its banking experience in Bulgaria and Hungary.

•Indian Bank, one of the leading public sector banks in India serving over 100 mn customers chose Intellect’s eMACH.ai-powered Cash Management System with Payments and Collections to bolster its Corporate Banking Modernisation.

•One of Kuwait's largest banks and the country's first locally-owned bank chose iGCB’s Digital Transaction Banking (DTB) powered by eMACH.ai architecture to automate and elevate its transaction banking offering for cash management, trade, and liquidity.

Outlook

Moving ahead, the company anticipates robust AI-driven expansion in underwriting and trade finance, with a strategic focus on market entry-related investments for FY25. Despite the removal from GeM impacting Q4 FY24, revenue growth is expected to remain consistent, supported by flourishing performance in other verticals. Projections indicate an improvement in EBITDA margin to approximately 25%. The company plans to transition to the new tax regime starting FY25, anticipating a reduction in the tax rate from 26% to 23%. In the long term, ambitious targets include a YoY revenue growth of around 20% and the attainment of a profitability margin ranging between 25% to 30%.

Tata Technologies Limited-Q3FY24 Concall Highlights

CMP INR 1,144 |Market Cap INR 464,165 Mn

Anticipating robust FY25 growth, management focuses on value-driven solutions for OEMs, aiming to maintain EBITDA margin at 18%-18.5%, with a potential ~200-250 bps expansion as they scale up, backed by operating leverage and efficiencies

Financial

•Revenue at INR 12,895 Mn, up 1.6% QoQ and up 14.7% YoY.

•Gross margin at 28.4%, vs. 27% QoQ and 29.1% YoY

•Operating EBITDA at INR 2,366 mn; EBITDA margin at 18.3%, against 16.9% QoQ (adj.) and 18.3% YoY.

Concall KTAs

Technology Solutions

• Technology solutions segment demonstrated an increase of 5% in revenue on a sequential basis at INR 2880 Mn and the growth was 38.9% on a YoY basis, fuelled largely by its software products business. This growth can also be attributed to the renewal fees that is characteristic of the final quarter of the CY in the products business.

• In the education vertical there has been increased deliveries this year, and this enables revenue flow to be smoother and is more predictable than it was in prior years.

Deal Wins

•In Q3 FY24, the deal win momentum stayed robust, with 5 large deals won in the quarter, including one deal with over $50 million in TCV (total contract value) in automotive vertical and another one with $25 million in TCV in the aerospace vertical. The remaining three deals were in the area of automotive.

•A leading global automotive OEM has onboarded Tata Technologies as its strategic engineering partner for FTE Engineering Services engagement.

•Leading European luxury automotive OEM has chosen the company for the design, development, implementation and validation of AUTOSAR-based software for DRVU ECU (Gateway Module).

•It has also won ~$25 million multi-year engagement with European aerospace OEM in support of the digital transformation of their manufacturing operations.

•Tata Technologies and France's Airbus has signed a deal to make civil helicopters with an extensive indigenous and localisation component i.e., manufacturing will be initiated in India.

•The company has won a top end vehicle deal from China for roll-out of digital threat solutions that combines various technological tools.

Headcount: The company had a net addition sequentially of 172 employees Q3FY24 taking the total to 12,623 employees as on 31st December 2023. In Q3 FY24, the onshore revenue mix was 60.5%, while the offshore revenue mix stood at 39.5%. The company shall be working on increasing its offshore mix, going forward. In Q3 FY24, the company invested in talent development, training 8k employees, with 1k in Gen AI and ML, and 3k in embedded electronics and software.

The growth rate in aerospace is expected to exceed the expansion in automotive segment, going forward. The contribution to revenue from this segment is also anticipated to rise further.

Quick Heal Technologies Ltd Q3FY24 Concall KTAs

CMP INR 461 | Market Cap INR 24.5bn

Outlook:

Quick Heal Technologies experienced consecutive growth in the quarter, driven by an enhanced focus on the enterprise segments. This shift is evident in the company's performance. The rising demand for cybersecurity, particularly in large organizations, aligns with the company's strategy of introducing new products and targeting larger enterprises, positioning them to expand and sustain their market share while fostering business growth.

Financial highlights:

• Revenue stood at INR 820mn (+5% QoQ, +23% YoY)

• EBITDA for Q3 was INR 116mn(+6% YoY, margins of 14.2%), PAT at INR 101mn (-22% QoQ, 12.3% margins)

• Strong Cash and Cash equivalents of INR 1.95bn. The company has zero debt.

Operational highlights:

• 59 new enterprise clients added in Q3FY24.

• 100% score across categories of testing.

• Key talent onboarded at senior level like Chief Product Officer and Head of Delivery.

• Lot of POCs are in pipeline and already seeing traction.

• Renewal rates are at 65-75%, at par with the industry; the company is striving to increasing it over time.

• In early stages of new solutions, the company is working to be a comprehensive cybersecurity provider for both consumer and enterprise. Recent increase in enterprise business signals their growth trajectory.

• The company is in talks with consulting firms, global system integrators and strengthening alliance business. They have successfully targeted SMBs and mid-market businesses.

• The company has strategically invested in digital assets for years, resulting in a mature cybersecurity portfolio. Confident in future growth, they have expanded into areas like extended detection and response, managed detection and response, and zero trust.

Opportunities:

• Healthcare and manufacturing industry are not well regulated and need cybersecurity solutions.

• Investments are being done in the new businesses and the management believes that eventually the core business will transform into the new way solutions.

• The management holds a strong and optimistic outlook for our future, aiming to cater not only to enterprises but also to fulfil certain government requirements and aspirations.

• The management feels the big corporations and organisations are untapped customers. They are the ones who need cybersecurity the most and are underserved. So, the ideal clients that the company is looking to target are these big organisations.

• Trajectory or rate of growth of R&D expenses will be far lower compared to growth of top

Saksoft Ltd -Q3FY24 Concall KTAs
CMP INR 286 |Market Cap INR : 30,340 Mn

Outlook: We believe that Q4FY24 will outperform Q3FY24, which was impacted by headwinds in the US market. Although headwinds persist, the company is actively mitigating risks. The target to reach $500 mn in revenue by FY2030 remains on track. This will necessitate aggressive annual growth of 20-25%. Furthermore, the company aspires to achieve an 18% margin in the coming years.

Financial
Revenue INR 1928 Mn grew by 1.3% QoQ/12.3% YoY
EBITDA INR 330 Mn grew by 20.9% YoY/down by -3.2% QoQ, Margin 17.12% against 18.8% in Q2FY24.
Q3FY24 was challenging due to headwinds in the US market and investments in strengthening the sales engine. EBITDA margins declined as a result.
PAT stood at INR 225 Mn and grew by 13.1% YoY/down 11.1% QoQ due to investment in sales

Concall Highlights

Organic growth target is around 15% supported by smaller acquisitions. Key focus areas are product engineering, fintech, high tech, transportation.

Revenue Target
The long-term $500 mn revenue target for 2030 remains on track. Short-term fluctuations are expected.
The company has limited debt so no significant impact on interest.

Acquisition
Saksoft aims to make 1-2 acquisitions of around $50 Mn revenue each in the next 5 quarters, as well as add 1 salesperson per quarter to drive growth. Within these verticals, Saksoft will increase focus on product engineering which currently contributes 40% of revenue. (Criteria for the acquisition company 20% growth+ Promoter should be with the company next 3 years)

The strategy is to continue focusing on niche industry verticals like fintech, transportation, logistics and high tech.

Headcount: 9MFY24 1890, utilization 82% (Hit due to high furloughs) against 85% in Q2FY24. Cost of recruitment is high 30-33%.

Investments in sales hiring will continue each quarter to support long-term growth goals. This impacts short-term profitability.

Datamatics Global Service Ltd – KTAs
CMP: INR 618 | Market Cap: INR 36,453 Mn

The company aims for 11-12% growth in Q4 and 4.5-5% for the full year.

Financial Highlights:
- Revenue for Q3FY24 stood at INR 3,693 Mn down by 0.9% YoY and 2% QoQ
- EBITDA for Q3FY24 stood at INR 526 Mn down by 10.7 % YoY and 10.7% QoQ
- PAT for Q3FY24 stood at INR 413 Mn down by 10% YoY and 16.2 % QoQ
- The company's total cash and investments amount to INR 5,950 Mn in Q3 FY24, compared to INR 5,810 Mn in Q2 FY24.
- The Q3FY24 EPS amounted to 7.01 per share, reflecting a decrease from Q3FY23, which stood at 7.78 per share.

Factor Affecting Q3 Revenue:
- The decrease in revenue during Q3 is attributed to a delay in the commencement of new projects, while the ramp-up of operations has already begun.
- The company has noticed a slowness in the decision-making process regarding large deals in the Western market

Customer Acquisition and Recognition:
In Q3FY2024, the company added 12 new customers.
- The company is to be included in the Forbes Asia 200 best under a billion-dollar company. The list encompasses the top 1% of 20,000 digital companies in Asia.
- It is recognized as an acknowledgment of the company's outstanding corporate performance over the years. It enables enterprises to delve deeply into digital realms, creating operational efficiency, superior customer experience, and sustainable competitive advantage.

Segment-wise revenue performance:
- The company's digital operation revenue for Q3FY24 amounted to INR 1,604 Mn, indicating a growth of 4.9% on a YoY basis. The digital operation EBIT margin stood at 16.5%, contributing 43% to the total revenue.
- Digital experience revenue in Q3FY24 stood at INR 575 Mn, reflecting a decline of 6% on a YoY basis. The EBIT margin for digital experience was 15.4%, with its contribution to total revenue at 15%.
- Digital technology revenue amounted to INR 1,514 Mn, contributing 41% to the total revenue. Revenue in this segment declined by 4.6 percent on a YoY basis. The EBIT margin in this segment was 5.5%.

Geographical Footprint:
- In terms of geographical footprint, the US remains the company's largest region, accounting for 54 % of its operations, followed by India at 24 %. The rest of the world, including the UK and Europe, comprised 22 %

Industry Footprint:
- BFSI continues to remain the largest segment for the company, comprising 26% of its total revenue, followed by technology and consulting, which accounts for 24%.
- Education and publishing remain at 13%, while infrastructure and logistics stand at 12%.
- The non-profit or non-governmental organization accounted for 11% of the total revenue, while retail contributed 10% of the company's total business. Other segments comprised 4% of the total revenue.

Client Concentration:
- The top 5, 10, and 20 clients contribute to 23%, 35%, and 49% of the total revenue, respectively.

Update on Inorganic Growth:
- The company has been in dialogue with some companies and has looked at over 200 companies to date.

Digital Technology Segment:
- The company is utilizing more AI to automate some internal processes, expecting improvements as a result.
- The company is tightening its belt in terms of productivity. There is an expectation for the margins on digital technologies to improve in the next financial year.

Pipeline and Customer Closure:
- From a pipeline perspective, the company previously discussed a $290 Mn pipeline. It is currently at approximately $245 Mn, indicating a healthy status.

Metro Projects Status:
- The company did not bid for Chennai Metro because it was deemed not a very viable project due to its low-margin nature.
- The company is currently in dialogue with three prospects in India and two in the US.
- The company is endeavouring to put more effort into the US market and expects to secure some of the projects. These projects are of long duration.
- The company has almost completed the Kolkata Metro and has made significant progress on the Delhi Metro. They are also delivering on the Delhi Metro, specifically the merit corridor.

Outlook: The company aims for 11-12% growth in Q4 and 4.5-5% for full FY24. Productivity enhancement takes precedence over price increases, targeting margin improvement. Challenges in price management prompt the need for productivity gains. Uncertainty in macroeconomics, notably the US situation, impacts planning. GPL planning continues, awaiting macroeconomic insights to steer decision-making.

BLS International Services Ltd Q3FY24 Concall KTAs
CMP INR 367 Market Cap INR 150.9 bn

Outlook: The company plans to expand organically and inorganically, emphasizing technology and efficient processes. With a focus on innovation, it aims to strengthen operations. Synergizing with idata further enhances growth prospects, ensuring future profitability.

Acquisition of iDATA

• In January 2024, company signed agreement to acquire 100% stake in iDATA for an enterprise value of EURO 50 Mn (~ Rs. 450 Crores). iData is a Turkey based Visa & Consular services provider.
• Last year CY23 iDATA had revenue of EURO 20Mn with EBITDA margin of EURO 10.2mn.
• Acquisition would be funded through internal accruals. The transaction will be EPS accretive from day one and is anticipated to be completed within the current fiscal year and expect the money to be recovered within 5-6 years.
• The margins are slightly higher compared to BLS International because operates as a niche player, focusing on specific geographies and governments with higher service charges than our competitors.
Financial performance:
• Company registered Revenue of INR 4379mn, similar to Q3FY23 and a growth of 7.4% QoQ. Revenue from Visa & Consular services stood at INR 3644mn while Digital Services revenue was INR735mn. Primarily driven by recovery in Visa & Consular services.
• EBITDA stood at INR 886mn in Q3 FY24, up 33.6% from INR 663mn in Q3 FY23 and INR 867mn in Q2 FY24. EBITDA Margins stood at 20.2% compared to 15.1% in Q3FY23 and 21.3% in Q2 FY24. Cost optimizations and higher contribution from value added services led to better margins.
• PAT for the quarter was at INR 872mn compared to INR 458mn in Q3 FY23 (up90.2%YoY) and INR 820mn in Q2 FY24.

Key highlights:
• Company anticipate a margin of 20% to sustain, and efforts is to enhance this further, including post-acquisition. Regardless of this acquisition, company remains committed to margin improvement.
• Board has recommended a dividend of 50% to the shareholders. This translates into INR0.50 per share as dividend.
• There was seasonality in the business and some countries didn't open up this quarter, that is why there was a little drop in the volume.
• In the digital service segment, margins are lower compared to the visa business, at around 14.5%. This segment is volume driven, with network across the country serving approximately 400,000 people daily at centres.
• The revenue mix in visa service segment has improved due to higher service charges and the addition of new contracts. Introduction of extra services like biometric has also increased profitability, expectations are to sustain this trend.
• The company has partnerships with banks in some countries to offer Forex card services at its centres.
• Company have partnered with 12 PSUs, covering 58% of transactions in India. Services include cash delivery, checkbook pickups, and account openings at customers' homes, etc. But still in its nascent stage, however banks expect it to be ramped up over next couple of months.
• Company have been allocating around INR20 crores annually for R&D. With focus on existing services and no new business ventures in visas and consular services, company plan to increase investment in technology as revenue and profits grow.
• Around 20% of global volume historically originated from contracts in Russia and China. While China's business is showing signs of recovery, the Russian market still has not started.
• Company have a normal CapEx in the range of around INR15cr every year and addition come in if there are new contracts and accordingly planned to invest.

Nucleus software- Q3FY24 Concall KTAs
CMP INR 1,461 | Market Cap INR 39,120 Mn

The company continues to be highly bullish on pricing as Nucleus Software's prices earlier were ultra-deeply discounted. However, the company has now deeply discounted its prices as the value delivered by it is immense. The company's customers are open to placing orders with them at increased prices.

Financial
Revenues in Q3FY24 stood at INR 2041 Mn, EBIDTA stood at INR 474 Mn, EBITDA Margin stood at 23.3% against 28.3% in Q3FY23& PAT stood at INR 413 Mn. Q3FY23 Forex hedges had $4 mn forward contracts at an average rate of 83.62 is a M2M gain of INR 2Mn. The contribution from the top five clients for the quarter is 26.7% against 28.8% in the Q2FY24. Investment in tax rebonds of INR455 Mn, INR53 Mn in preference shares.

Orderbook: The order book stands at INR 7437 Mn as of Q3FY24, with INR 6989 Mn attributed to product business and INR 48 Mn to project and services business, reflecting a notable increase from the previous position of INR 7051 Mn, including INR 4482 Mn in product business and INR 569 Mn in project and services business.

Clients: The company actively engaging with both existing and potential customers, anticipating that these interactions will translate into orders and substantial revenue growth.

Headcount: The company's recent hiring and ongoing recruitment of 300 to 400 employees aim to strengthen the product development team, ensuring capabilities for product-market fit, enhancing product management practices, and proactively engaging with customers in the early stages of product adoption, transitioning towards a plug-and-play solution. The company has been repricing in Europe and the Middle East, which has affected its employee headcount. As for headcount was INR1,878.

FinnOne Neo: Through robust project management, the company has aligned one customer's requirements on Neo, expecting imminent deployment, with a major customer paving the way for the migration of others to the new platform.

DSO consistently remains within 90 days, typically ranging between 60 to 70 days.

R&D
The company ramps up R&D spend, strengthens global delivery processes, and adopts a six-monthly incremental value approach, reinforcing its commitment to innovation.

Retail Assets
The company has innovated a product of immense value for the customer community, enabling them to derive significant benefits, with a staggering INR 40 lakh crores worth of retail assets in India alone residing on this product.

Outlook:The company remains highly optimistic about pricing, as Nucleus Software initially provided deep discounts. With the immense value delivered, prices have been adjusted, and customers are open to placing orders at increased prices. With strong product potential, we remain optimistic about the stock.

Creative Newtech Ltd Q3FY24 Concall highlights
CMP INR 807 | Market Cap INR 11,340mn

Company is in growing stage and therfore focus is on growth in revenue, profitability, working capital and not margins. All these things will help in company's aim for better ROCE. However, company aims to achieve PAT margin of 3%-4% by increasing Honeywell's share in revenue, which is high margin business.

Honeywell Business:
• Company have recently tied up with distributor of technology products in Indonesia, PT, Bintang, Map, Reziki and Nusantara (started this quarter). Also, tied up with Exion Telecom in Saudi Arabia (just started).
• Company aims to reach ~INR 180cr for FY24, which is currently INR 130cr for 9M FY24 and INR 55cr for Q3. Also, guidance is given as ~INR 260-280cr for FY25 and ~INR 500cr for FY26.
• Major focus and expectations are from two segments in Honeywell, Air purifier and Audio. In Audio company launched 59 products and planning to launch close to 90.

Recent deals:

I. Ptron's distribution:
• Company have signed an agreement with Palred Electronics to distribute their Ptron brands of products across various regions in India, excluding Mumbai and Gujrat.
• Palred is a domestic company specializing in mobile accessories such as audio products, smart wearables, power banks, etc.
• Company does an online revenue close to INR 200cr a year. And Ptron is planning now to come to offline through Creative. Company targets INR 2cr of revenue every month from next quarter.

II. Cyberpower JV like Honeywell license:
• The company has entered into a joint venture with Cyberpower, similar to the Honeywell model (License). Creative will have 49% stake.
• Through this collaboration Creative will get access to Cyberpower's technical expertise and relationships with prominent brands like Microsoft and Nvidia.
• Company deals in high-performance computer components vital for gaming, servers, CAD machines, and AI applications.
• Revenue projections, after 3 years are subject to market adoption and demand. However, aiming for $40-$50 around INR 300cr.
• This not require any large capital and has a gross profit margin of 14-18%.

Other Highlights:

• Company have guided a revenue of around INR 1,600-1,700cr for FY24, on the conservative side.
• The revenue growth was driven by Enterprises business (Low margin and high-volume business) with brands like cooler master, Samsung, Honeywell as a result margins got affected.
• There was some dumpiness in the cash flows previous quarter therefore are marginally cash flow positive. But aiming for good operational cash flow positive by this year end.
• Company have license to expand its business to 38 countries and is increasing its presence where per capita income is good. Saudi Arabia, Egypt, Dubai, Singapore, Indonesia, Thailand, Malaysia, etc. and expects to reach 75% of revenue contribution from exports.

R Systems International Ltd-Q4FY24 Concall KTAs
CMP INR 459| Market Cap INR 54,295 Mn

The company is in the process of integrating Velocio for optimal acquisition value, anticipating collaborative synergy in two to three quarters, and strategically focusing on larger deals with confidence in positive outcomes from a robust pipeline

Financial
Revenue INR 4,163 mn (US$ 50.0 mn); YoY Growth of 4.2%.
EBITDA Rs. 643 mn (US$ 7.7 mn) 15.4% margin as against 14.9% for Q4 2022; YoY increase of 7.7%.
Net profit after taxes INR 459 mn (US$ 5.5 mn).

Concall KTAs
•Expanded sustainable margins through efficient operations and cost optimization.

Margin
•The company is committed to improving margins, aiming for depreciation reduction; total expenses rose from INR 350 Mn to INR 544 Mn, driven by amortization of Velocity and Scaleworks intangibles. Non-recurring costs for the year, USD $1.4 Mn, include Velocity and Scaleworks acquisition, charges to regulatory authorities, CEO recruitment fee, and a one-time joining fee. Interest expenses increased to INR 90 Mn in 2023 from INR 49 Mn last year, primarily due to short-term borrowing and a capitalized office lease.

Currency rate
•In 2023, the average rates for USD and euro were 82.57 and INR 89.29, respectively, compared to last year's rates of INR 78.47 and INR 82.56. main currencies. At year-end, a total power cover of $39.15 mn at an average rate of 84.1 and a euro cover of 2.7 mn at an average rate of 93.38, already MTM as per Q3FY24.

Revenue by geography
The company has been consistent with 74% revenue from North America, 12% from Southeast Asia and 10% from Europe.

Expansion Strategy
•Increased investments in sales across North America and Europe.
•Focused approach on targeted go-to-market strategies for enhanced market penetration.

Partnerships and Development
•Actively cultivating partnerships with hyperscalers (AWS, Azure, GCP), automation, and AI tech providers, and global enterprise software firms.
•Established Cloud and DevOps CoE for migration and optimization, and AI CoE collaborating with IIT Delhi for cutting-edge research and talent.

Impact of Furloughs on Q4 Revenue:
•Q4 traditionally witnesses a lower number of working days, exacerbated by furloughs in the US.
•This trend historically results in a dent in revenue in Q4FY24 due to reduced operational capacity and productivity.

Financial Assessment:
•Excluding the one-time bot fee, the current standing is at $53 mn, reflecting a reduction of ~2.7 or close to 5%.
*Two significant factors affecting Q4 are the absence of a customer generating $2.3 mn in cash, and the impact of reduced working days and furloughs, contributing to a decrease of more than a million dollars.

Revenue Breakdown
•The bot customer, contributed $1.3 mn in Q3, now provided $2.3 million in Q4.
•Despite a decrease in some projects, new projects have been acquired, resulting in relative flatness in revenue when excluding the impact of the aforementioned factors.

Deal
Historically, deal conversion cycles, usually two to three months, are extended due to market challenges, but as deals progress and teams deploy, revenue reflection is expected.

NIIT Learning Systems Ltd - Q3FY24 Concall KTA's
CMP: INR 472| Market Cap INR 63,789 Mn

Sequential growth driven by addition of new logos and retention of existing customers

Financials
- Revenue stood at INR 3,913 in Q3FY24, up 8% YoY and 2% QoQ.
- Organic business growth (excluding St. Charles) was up by 3% on YoY basis and 5% on QoQ basis.
- Constant currency revenue was up 5% YoY and 3% QoQ.
- EBITDA stood at INR 934 Mn in Q3FY24, up 8% YoY and 3% QoQ.
- EBITDA margin stands at 24%, marginal QoQ increase by 6 bps.
- PAT stood at INR 568 Mn in Q3FY24, up 23% YoY and 21% QoQ.

Other Financials:
- The depreciation expenses were at 143 Mn in Q3FY24 as compared to 170 Mn in Q2FY24, this was mainly due to inclusion of notional amortization cost on consolidation of St. Charles.
- The net other expenses stood at INR 16 Mn in Q3FY24 as compared to 66 Mn in Q2FY24, on account of stamp duty, not being charged last quarter of INR 43 Mn on account of the demerger, which was a one-time expense, as well as a fair value adjustment on the acquisition of St. Charles.
- The DSO stood at 59 in Q3FY24 as compared to 46 in Q2FY24 and 62 in Q3FY23.
- Free cash flows for Q3FY24 stood at INR 1,099 Mn.
- The cash balance stands at INR 6,588 Mn and net cash at 5,599.

MTS (Managed Training Services)
- Added two new Managed Training Services customers in one in Life Sciences and Healthcare and other Technologies and Telecom.
- The company has 4 new renewals and a scope of expansion.
- The total number of managed training services customers now stands at 86
- Visibility: $348 Mn as of Q3FY24, which is as compared to $321 Mn in Q3FY23, and $350 Mn in Q2FY24.

Headcount
- The company initially guided for a 20% growth in headcount during the merger. Currently, headcount is down, attributed to efficiency measures.

Client Growth and Budgets
- The company's growth is mainly attributed to acquiring and transitioning new customers.
- Budget indications for large clients do not show an increase for the next year, and some customers may experience budget cuts.

Outsourcing and Market Penetration
- Emphasis on higher outsourcing from existing customers, especially in the under-penetrated L&D (Learning and Development) outsourcing market.
- Anticipation of customers outsourcing more activities as they come out of uncertainty and reassess their fixed costs.

Geographical Expansion
- Continuous expansion of geographic footprint to acquire and serve multinational customers.
- Business development efforts concentrated in Europe to enhance coverage and address the needs of large corporations.

Business Performance
- Seasonality is mentioned as a factor affecting the consulting and management segment's decline in Q3. However, the overall business performance is said to be good, and there are expectations of a positive trend in the next quarter.

Other KTA's
- The current attrition rate is reported to be less than 12%.
- Cash that the company has in the balance sheet is intended for investments in growth and M&A.

Guidance
- Expecting an effective tax rate of around 28% for the year, with a potential increase in the Q4 due to certain one-time events and payout expectations.
- The company anticipates margins to remain in the same ballpark for Q4.
- The company is confident in reaching the 20% growth expectation in the medium to long term.
- The company expects the margins to normalize over time due to necessary investments and transition costs associated with new contracts.
- The company expects full-year growth in constant currency terms to be between 11% - 12%, with sequential growth trends contributing to this projection.

Outlook
The company maintained a 100% renewal track record. They have placed an emphasis on creating effective learning paradigms and systems. A growth strategy involves expanding services for existing customers, potentially leading to wallet share or market share expansion. Strategies include focusing on key customers, increasing wallet share and investing in business development. The company is focusing on technology and automation to improve productivity and efficiency. The company is open to both debt and internal cash for funding acquisitions.

Tracxn Technologies Ltd Q3FY24 Concall KTAs
CMP INR 115 | Market Cap INR 11,882 Mn

Financial performance
- Revenue from operations at INR 211 Mn, grew 4.4% YoY; annualized run rate of INR 846 Mn.
- EBITDA positive at INR 19 Mn, up from INR 11 Mn YoY. EBITDA margin at 8.8%, increased 4.9% YoY.
- Highest quarterly PAT observed in Q3FY24 at INR 22 Mn. PAT margin at 10.5%, increased 3.4% YoY.
- Cash and cash equivalents were nearly INR 700 Mn, 27% YoY increase. Pending tax refunds expected to boost free cash flow in the coming quarters.
- 43% of incremental revenue went into the bottom line for 9MFY24. Increasing revenue and stabilizing expenses contribute to enhanced bottom-line growth.
- Total expense increased 5% YoY for 9MFY24 to INR 587 Mn.

Organic Traffic Scaling: Leveraging data to create public pages resulted in 12.2 million organic search traffic in the first nine months of FY24. Traffic funnel expanded rapidly, growing seven times in the last three years, with ongoing aggressive efforts for further increase.

Press Mentions and Brand Building: Initiatives like reports, data contributions, and regular columns led to a significant increase in press mentions.

Expansion of Data Coverage: Expanding financials and cap table data sets for private companies globally. Investments made to increase Throughput for financial and cap table data sets. Cap tables increased by 1.5x in one year.

Customer Engagement and Account Expansion: Focus on improving paid customer engagement and proactive account expansion. Dedicated teams set up to increase penetration of paid licenses and enhance user and account-level engagement.

Other KPIs: Customer accounts and user accounts grew by 3% and 4% YoY, respectively. Contract price or invoicing amount for 9MFY24 reached INR 662 Mn, an increase of 11% YoY

Billing Structure: Revenue recognition tied to billing cycles and underlying service periods. Backlog represents around 30% of the annual revenue, emphasizing the need to perform services for recognition. Renewals contribute to deferred revenue if they cover future service periods.

User per Customer Account Trends: Current trend indicates an average of three users per account. Anticipation that this number will likely remain in the same range for the medium term. Expansion initiatives contribute to higher user counts in existing accounts. New user sign-ups at smaller paths balance the overall average.

Europe Business: Europe has been slower in growth compared to other regions. Actively working on initiatives specific to Europe to address the slower growth. Pilot programs and initiatives underway, with results expected in the coming quarters.

Sales Pipeline and Market Conditions: Overall leads generated have significantly increased over the last 12 months. Traffic from organic search pages has reached approximately 16 million analyzed visits. Slowness in conversions due to market conditions; customers experiencing delays in decision-making. Anticipates positive results from marketing initiatives when the market conditions improve.

Pricing Strategy: Focus on increasing realized pricing rather than implementing an annualized price hike. Emphasis on expanding the user base within existing accounts to drive up realized pricing.

Salary Hike: Salary hikes are not a significant headwind due to the productized nature and high gross margins. Fixed costs are a major component, and the variable component is relatively less due to high gross margins. Expects a nominal increase in salary, possibly between 5-10% on an ongoing basis.

ESOP Pool: No new ESOP pool has been created in recent years; the existing pool is less than 11% of the cap table. No immediate plans to create an additional ESOP pool; exploring ways to recycle the existing pool later on.

Customization to Prevent Password Sharing: Able to track multiple simultaneous logins and use it as an opportunity to encourage upgrades. Cloud-based platform allows easy tracking of login activity and alerts users for upgrades.

Capex: Capex requirements are minimal, primarily for the replacement of existing assets over time. The company's cloud-hosted servers eliminate the need for significant capital expenditure.

Outlook: The company's strategic focus on revenue recognition, customer base dynamics, and growth initiatives align with the broader market expectations for improved conditions in the coming year. Working on increasing coverage in capital and financials to meet the demand from IBDs and private equity firms. Expanding legal entity database to cater to private equity firms and investment banks. Exploring the development of LP (Limited Partner) database tools to assist in raising capital. Focus on scaling regulatory data points, including financials and capital data. Deploying resources for AI-driven data generation, accuracy building, and enhancing data richness.

Sonata Software Ltd-Concall KTAs
CMP INR 759 |Market Cap INR 212,898 Mn

Going forward the company expects substantial growth with a targeted 65% increase in revenue and a 45% up in EBITDA. 3 yrs plan aims at revenue growth percentages of 10.3%, 9.8%, and 9.6%, accompanied by expected EBITDA increments of 9.8% and 9.4%. The anticipated EBITDA margin, expected to be in the low 20s without factoring in other income and forex, underscores a focus on operational efficiency. Despite a slowdown in the hi-tech vertical, the company remains constant in its commitment to sustaining growth in the quant business, reflecting a resilient and diversified strategic approach. While the initial EBITDA target stood at 33%, the company now expects achieving 45%, showcasing its adaptability and strong performance outlook

Financial
Revenue stood at INR 18000 Mn up by 1.5% YoY/44.7% QoQ. Constant currency 3.0% QoQ/37% YoY.

Segment: International IT services INR 6968 Mn up by 42% YoY/4% QoQ, Domestic products & services INR 18003 Mn up 45% QoQ/2% YoY, Consolidated INR 24,934 Mn up by 10% YoY/30% QoQ

EBITDA stood at 590 Mn up by 14.6%. International IT services INR 1685 Mn up by 37% YoY/2% QoQ, Domestic products & services INR 592 Mn up by 45% QoQ/2% YoY, Consolidated INR 2272 Mn up by 31% YoY/3% QoQ.

Book to bill maintained to 1.24.
DSO flat to 45 days in Q3FY24.
New customer addition has increased to 13 from 4 in Q2FY24.

Revenue by Geography: US of 71% from 69% in Q2FY24, Europe of 13% against 13% in Q2FY24 and RoW of 15% from 17% in Q2FY24.

Utilization has improved 160bps to 85.8%.

Headcount increased by 42 to 6,134

Revenue by Verticals mix: BFSI 17%, Healthcare 11%, TMT 31%, Revenue by Geography 34%

Acquisition:
Foreseeing an extra payout of $3.9M due to overperformance in revenue and EBITDA, strategically timed with post-Covid acquisitions, the company expects the total payout of $21M to be accounted for in the P&L as an exceptional item. This is scheduled for April, Q1FY25, reducing non-bank interest costs by about half. Amortization of intangible assets persists for 7-10 years, aligned with the assets' lifespan; bank-related interest continues, but accounting interest for payouts decreases by half post the first-year payout, showcasing a proactive financial optimization approach.

Quant and Encore acquisitions exceeded last year's performance estimates.Both acquisitions are eligible for additional earnouts, appearing as an exceptional item in the quarter's P&L.

Synergy with Quant &Encore acquisition: The acquisition strategy aimed at fostering synergy growth by leveraging Sonata's offerings, technical capabilities, resources, and corporate investments.
•The collaborative efforts of Sonata, Quant, and Encore teams resulted in exceptional outcomes due to this overperformance.
•Encore's acquisition target anticipates revenue growth of 10.3%, 9.8%, and 9.6% over three years, with EBITDA growth at 9.8% and 9.4%.

•The acquisition strategy has effectively driven synergy growth by utilizing Sonata's offerings, technical resources, and corporate investments.
•Quant's acquisition payback period halved, and ROCE increased.

Deal: Focused on creating large deal momentum, closing 16 deals in the past year

Demand: Global macroeconomic challenges and geopolitical issues lead to a slowdown in tech spending.Client faced challenges modernizing core systems and generating efficiencies in the supply chain.

Pricing
The company mentioned an earnout payment for the next two years, discounted to present value and accounted for as interest cost.

Growth and Innovation in Partnership with Microsoft Azure:Sonata, the sole Indian SI mentioned among global partners in Microsoft Azure's launch, has built a significant pipeline exceeding $50 million across 100+ clients for fabric and new products, leveraging an early mover advantage with Microsoft and actively working on confidential innovations.

NIIT Limited's - Q3 FY24 Concall KTAs
CMP – INR 121.95, Market cap – INR 16,465.5 Mn

Expanding in BFSI and increasing penetration across GCCs

Financial Performance:
- Q3FY24 revenue reached INR 852 million, showing a 5% QoQ growth but a 9% YoY decline, typical for a weaker quarter.
- EBITDA improved to INR 78 million, demonstrating a significant QoQ margin increase of 646 basis points and a 55 basis points YoY improvement.

Segmental Performance
* Revenue from Technology at INR 601 Mn down 19% YoY; contributes 70% to overall revenue
* Revenue from BFSI & Others at INR 252 Mn up 34% YoY; contributes 30% vs 20% last year.

Business Resilience and Efficiency:
- Overcoming technology hiring challenges, achieved positive QoQ growth.
- Diversification of the customer base across FSI, global capability centers, and Tier II global systems.
- Operational efficiencies and cost structure rationalization led to margin improvement, maintaining consistency despite a 9% YoY revenue decline.
- A balanced revenue mix with a 70-30 split between technology revenues and BFSI/other programs.
- Successful training initiatives in AI and generative AI, reflected in early growth signs and specialized program introductions.

Operational Highlights:
- Days Sales Outstanding (DSO) increased to 53 days, reflecting varied payment terms.
- Capex for the quarter amounted to INR 83 million, contributing to a net cash increase to INR 7,179 million.
- Headcount rationalization resulted in a reduction of 65 employees, bringing the total to 778 at the quarter's end.

Strategic Initiatives and Future Prospects:
- NIIT remains bullish on emerging sectors, actively exploring both organic and inorganic growth opportunities.
- Inorganic opportunities under consideration, with a dedicated team evaluating newer initiatives and potential acquisitions.
- Market rationalization post-startup irrationality creates an opportunity to foster a healthier and more competitive industry environment.

Future Growth and Market Trends:
- YoY growth expectations exceed 15% for the next fiscal year, contingent on the return of large GSIs to hiring activities.
- Anticipation of achieving double-digit margins, barring specific investments, with a focus on continuous cost rationalization.
- Market trends indicating a shift towards a healthier industry post-startup burnout create opportunities for established players.
- Collaboration with over 30 Original Equipment Manufacturers (OEMs) provides early access to cutting-edge technologies.

Outlook and Growth Strategies:
* Anticipated recovery in large GSIs presents a growth opportunity in Q4 FY24, with enhanced profitability due to cost structure rationalization.

*** H2 of FY24 expected to be positive compared to the second half of the previous year, with strategic leverage of recovery and a low base in Q4 FY24 anticipates a positive outcome for H2 FY24.**
*** Sequential improvements in enrolment and financial performance observed over Q2 FY24 and Q3 FY24**

Outlook:
NIIT Limited remains optimistic about its future prospects, anticipating a rebound in the second half of FY24 with meaningful year-on-year growth. The expected return of large Global System Integrators (GSIs) to hiring activities is a key driver for this growth. The company aims to capitalize on the ongoing industry transformation, focusing on scalability and workforce agility to meet the demand for specialized talent in emerging sectors. With a strong balance sheet, efficient working capital management, and ongoing initiatives in AI training, NIIT is well-positioned to achieve its ambitious target of INR 12,000 Mn revenue by FY28, demonstrating resilience and adaptability in a dynamic market environment.

Mphasis Ltd. - Q3FY24 Concall KTAs
CMP: INR 2,558 | Market Cap: INR 4,83,081 Mn

Growth in Insurance, Logistics and other verticals driven by deal wins

Financial performance:
- Consolidated revenue from operations for Q3FY24 stood at INR 33,379 Mn down by 4.8% YoY and up by 1.9% QoQ.
- Consolidated PAT for Q3FY24 stood at INR 3,736 Mn down by 9.3% at YoY and 4.7% by QoQ.
- Stability in the mortgage business was achieved through new deal wins.
- The company expect to grow despite seasonal influences, and growth will be led by BFS (banking and financial services) and TMT (Technology, Media & Entertainment and Telecommunication).
- Margins have improved in the insurance vertical and BFS.

Hi-Tech Vertical:
- The decline in Hi-Tech vertical during Q3FY24 is due to the impact of seasonality and furloughs.
- However, a return to growth in the Hi-Tech sector is expected in Q4FY24 driven by the reversal of furloughs and recent deal wins.

Furlough impact:
- Furlough had an impact on revenue in Q3FY24, with an expectation that it won't continue beyond the quarter.
- Impact of furlough does not have any impact on margin as measures were taken to align leads and subcontractors to mitigate charges associated with furlough.
- Also, Furlough impacts are already factored into utilization, reflecting in the overall margin.

Ramp-up:
- The ramp-up of existing sold business took longer than anticipated, contributing to a slower pace of conversion in Q3.
- The deals won in Q1FY24 and Q2FY24 are reported to have ramped up, with a focus on converting the Total Contract Value (TCV) and an expectation of continued revenue growth.

Top 10 accounts:
- Strong double-digit growth of 5% outside the top ten accounts, with BFS and non-BFS segments doing well.
- Deal wins for Q3FY24 reached $241 million, contributing to a substantial TCV of $1.2 billion, with a strategic focus on beyond top ten accounts for a well-distributed portfolio.

Pipeline and Order Book:
- Despite the impact of furloughs and seasonal factors, the company maintains a strong pipeline and a healthy order book.
- Strong deal wins and a positive outlook for future growth are driven by a focus on key sectors like BFS and TMT.

Mortgage business:
- Mortgage business remained stable in Q3FYQ4, driven by the new deal wins from previous quarters.
- The YoY movement in clients in the $50 million plus category is primarily attributed to mortgage declines. The company anticipates a recovery in this category as mortgage trends improve.
- Despite challenges in mortgage-related revenues, the company emphasizes the opportunity to consolidate wallet share and gain market share with its mortgage customers.

Silverline Acquisition impact:
- Revenue in Q3FY24 from Silverline was reported over $15 million. The acquisition focused on competency and capabilities, particularly in working with the Salesforce channel.
- Despite the 1.1% net impact on EBIT from the Silverline acquisition and furlough, the company expanded the margin by 0.5%.
- The acquisition of Silverline had a structural impact, contributing to higher gross margins and increased sales and general administrative expenses.

Top Six to Ten clients decline:
- There has been a decline of almost 17% in the top six to ten clients cohort for Q3FY24 and nearly 40% over three quarters.
- Three primary factors contributing to this decline include the year-on-year impact of mortgages declines, regional bank issues, and a squeeze on discretionary spending.
- Despite challenging macro conditions, the company has not lost wallet share in any of the top ten customers,
- The emphasis is on wallet share and addressable market expansion using a bottoms-up approach for these customers.

Finance Costs Increase:
- Finance costs in Q3FY24 stood at INR 528 Mn an increase from INR 241 Mn and INR 340 Mn in Q1FY24 and Q2FY24 respectively
- The increase in finance costs is due to borrowing for the purpose of an acquisition.
- The decision to borrow was influenced by an arbitrage opportunity as the transaction occurred outside the country, and borrowing externally allowed the company to leverage banking benefits.
- The increase in finance costs is a temporary or transaction-specific occurrence.

Outlook: With a strong pipeline and a strong order book, the company expect revenue diversification outside their top-10 accounts. The company expect to see continued stability in the mortgage segment with strong Q4FY24. Operating margins will remain in the range of 15.25% to 16.25% in Q4FY24, excluding the Silverline acquisition. The company expects new AI led archetypes to emerge and emphasise on continually investing in areas crucial for their clients' transformation and tech adoption. Non-banking segments like travel, healthcare, insurance, and TMT are growing quite well. In Q3FY24 the impact of furloughs was higher than usual, causing delays in deal conversions. However, stability at an organic level is expected in the upcoming quarters.

KFin Technologies Ltd – Q3FY24 Concall KTA's
CMP: INR 560 | Market Cap: INR 95,527 Mn

Diversified revenue streams with increasing market share

Financial Highlights:
- Revenue for Q3FY24 stood at INR 2,187 Mn up by 16% YoY and 5% QoQ
- EBITDA for Q3FY24 stood at INR 979 Mn up by 21% YoY and 5% QoQ
- PAT for Q3FY24 stood at INR 668 Mn up by 25% YoY and 9% QoQ
- The overall AAUM growth rate is 22.7% YoY, with the company gaining 30 basis points of market share to reach 31.8%. Equity AAUM growth is 24.2% YoY, with a market share of 33.5%.

Business Expansion Highlights:
- Added 170 new corporate clients and 5 million investor folios under issuer solutions. They won the RTA (Registrar and Transfer agent) mandate from Usha Martin Ltd. Their market share in NSE500 companies is now at 46.5%.
- The international client base has expanded to 54.
- From the two Letters of Intent (LOIs) received from Malaysian clients in October 2023 for RTA and FA (Fund Administration), one contract was executed, and an LOA was received for the other.

Business Mix and Segment Growth:
- As of 9MFY24 International and other investor solutions stands at 10% and as compared to is 8.8% in 9MFY23.
- AFN wealth segment grows by 5% compared to 3.8% in the last year.
- AIF business outgrows other segments, with an impressive 86% YoY growth.

New Fund Offerings and Fund Mobilization:
- The company managed 45% of all NFOs and 50% of fund mobilization in the industry, accounting for 32% of the total market share.

National Pension System Performance:
- Company's this asset class has grown 25.3% YoY, where as the industry grew by 12%.
- The company has increased its total market share to 8% and is now at 10% of the total pension subscriber base, with the majority of it coming from the private sector.

Acquisition and Integrated Solutions:
- Acquisition of Hexagram is driving organizational growth with fully integrated TASA and digital platform offering unparalleled solutions. It has become single point of contact for fund managers, enhancing service efficiency.
- The platform of Hexagram contributes about 5% of the total revenue balance that comes from pension and other small business.

Expense Management and Employee Strategy:
- Overall expenses increased by 7.4% YoY and 3.3% QoQ.
- The Increase in expense is mainly due to 120 new employees hired in Q3FY24.
- The company expects higher employee costs to stabilize with growing volumes.

Net Worth and Days Sales Outstanding:
- Net Worth increased to INR 10,620 Mn from 8,700 Mn, up by 18% YoY.
- DSO maintained at 65 - 66 days, with efforts underway to improve.

Revenue Mix and Value Proposition:
- Registrar and transfer agent revenue comprises approximately 80%, while fund administration contributes around 20%.
- The company is emphasizing on service layer alongside platform sales for comprehensive solutions and shifting from platform-centric to full-service model in fund administration offerings.

Tech Investment Breakdown:
- One-time investment in tech spends estimated at around 60% and recurring tech expenditure constitutes approximately 40%.

Impact of New Client Mandates and IPOs:
- Substantial number of client mandates won in the previous year contribute to recurring annual revenue.
- IPOs managed in the current year will contribute to higher revenue in the next year.
- Corporate actions, such as dividend declarations and buybacks, remain consistent contributors to revenue.
- Expansion of retail portfolios by nearly 5 million driven by new mandates, orchestrated transitions, and corporate actions.

Outlook:
KFin Technologies anticipates sustained growth driven by India's economic strength and expanding issuer solutions. International revenue has surged to 11-12% in four years, aiming for 25% in five years. Positive margins and revenue growth stem from asset management opportunities. They are expecting growth with an 8-10% folio increase. The company's focus lies in global relevance, committed to innovation and industry value.

Sona BLW Precision Forgings Ltd. – Q3FY24 Concall KTAs
CMP: INR 580 | Market Cap: INR 340,048 Mn

Highest ever EBITDA and net profit despite marginally lower sequential revenue;Margin guidance increased from 25-27% to 28% based on consistent performance exceeding previous guidance.

Financial Performance

Revenue grew to INR 777 crore 13% YoY, EBITDA was INR 2270 Mn 22% YoY, net profit stood at INR 1,330 Mn 24% YoY.

EBITDA margins above 28% for 5 quarters in a row.

BEV revenue grew 28% YoY to INR 2,220 Mn highest ever and 30% of total revenue.

9MFY24 revenue grew 19% YoY, EBITDA grew 32% YoY, PAT grew 34% YoY.

Increased global MS in 2023, with starter motor share improving from 4.1% to 4.2% and differential gears MS growing from 7.2% to 8.1%.

Market impact: Weakness in the off-highway market in India affected differential gears and assembly sales. Aggressive EV 2W discounting temporarily disrupted the market, impacting traction motor sales. Potential impact from the Red Sea crisis on shipping times, freight costs, and inventories.

BEV: Added five new BEV programs and closed the quarter with an all-time high net order book. Increased BEV revenue share from 25% in 9MFY23 to 28% in 9MFY24. BEV revenue grew by 31% to over INR 6.1 bn in the 9MFY24.

Expansion in EV: Added 5 new EV programs and 2 new EV customers. Three driveline program additions, two for existing North American BEV market customers, and one for the domestic electric off-highway segment. Secured 2 new motor programs for electric 2W makers in India, including one from a top 5 e-scooter manufacturer. Total EV programs increased from 41 to 53 in the last year.

Order book and product development: Net order book increased by 9% over Q2, reaching an all-time high of INR 240 bn. The proportion of EVs in the order book grew to 79%. Secured an order for spool gears for electric SUVs from an existing global OEM for the three-motor architecture of the customer's highest-torque SUV. Developing an integrated motor controller for high-performance electric motorcycles and progressing towards developing an integrated drive unit, the EX.

Geographical revenue distribution: North America dominates with 39% of revenue, India holds the second-largest position with a steady 29% share, and the European market is the fastest-growing at 25%.

Product mix changes after Novelic acquisition: Introduction of a new segment called sensors and software, currently at 1%. The fastest-growing product segments are EV traction motors and EV differential assemblies. Off-highway differential assemblies have seen a slight decline, while EV differential assemblies and differential gears have grown significantly.

Market segment mix: Addition of a new segment, semiconductors, and embedded software, reflecting services revenue from Novelic. Weakness in off-highway demand has led to a decline in the share of non-automotive revenue from 12% to 10% in 9mFY24.

Partnership with Equipmake: Expecting rapid electrification of electric three-wheelers and electric buses in India. The company has partnered with Equipmake for bus motor and controller development. Currently in the validation stage for bus motors, targeting launch in the last quarter of 2025 or the first quarter of 2026.

Current revenue mix: 89% automotive and 11% non-automotive (industrial, farm equipment, tractors, services).

Battery Technology: The company sees battery technology advancements as key to driving widespread EV adoption. They anticipate a game-changing tipping point with a 20-30% reduction in battery costs, making EVs more affordable.

Outlook: Margin guidance increased from 25-27% to 28% based on consistent performance exceeding previous guidance. Positive outlook for electric 3w and electric light commercial vehicles. The company expects a partial recovery in Q4 following a loss of about INR 250 Mn in October, due to the impact of the UAW strike in the United States. The company is confident that electrification will fuel their growth in the short, medium, and long term. The Novelic business integration is progressing positively, with efforts to stabilize engineering services revenues and move towards manufacturing products. Geopolitical tensions around the Red Sea are being monitored, and while the initial impact on supplies is negligible, potential negative consequences may arise.

Uno Minda Ltd - Q3FY24 Concall KTAs
CMP: INR 682 | Market Cap: INR 3,90,763 Mn

Strong performances from EV products, lighting switch sensor controllers, and alloy wheel business contributing to overall growth. Multiple new expansions underway, including EV plants, 2-wheeler, 4-wheeler, switch plant in Rupnagar and Chennai, and EV motor plant. Focus on exports to support vertical growth in existing businesses. Updated margin target to 11.5%.

Financial performance
- Consolidated revenue from operations for Q3FY24 increased by 21% YoY to INR 35,230 Mn from INR 29,150 Mn in Q3FY23.
- EBITDA reached INR 3,800 Mn, a 12% YoY improvement.
- EBITDA margin stood at 10.8% for Q3, with a guidance of around 11% for FY24 EBITDA margins.
- PAT registered at INR 1,930 Mn, showing a growth of 19.4% YoY.
- Finance Costs Increased to INR 290 Mn due to incremental borrowings for Capex and working revenue.

Revenue Mix: Switches 26%, Lighting 24%, Casting 20%, Seatings 8%, Acoustics 6%, Others 16%.

Margins: Margins are slightly lower due to various factors such as initial negative returns from new businesses and plants in the first year, profitability expected in the third full year of production; heavy investments in power, R&D, and other expenditures also impacting margins.

Switching System: Generated INR 9,280 Mn in revenue for Q3, 26% of consol revenues. Growth attributed to adoption of smarter switches and securing business from previously less-served customers. Emergence of exports in the 2W switch segment is a major growth driver. The company is optimistic about recent commissioning lines of the four-meterage plant in Chennai and ramping up production. Focusing on exports to supplement domestic market share gains.

Lighting: Revenue grew to INR 8,520 Mn driven by innovative lighting solutions and order wins over the past two years. Anticipated positive momentum due to increasing kit value and continuous expansion of market share. Aim to increase lighting business share from 14-15% to 19-20% in the next 4-5 years.

Casting: Delivered revenue of INR 6,860 Mn in Q3, YoY growth driven by commissioning of 2 mn capacity expansion in the tool alloy segment. Revenue declined QoQ due to PV industry volume drop, reduction in aluminum prices and delay in 4W alloy wheel capacity expansion. 2W revenue around INR 1,700 Mn and 4W revenue almost INR 3,700 Mn for Q3. Increasing alloy wheel penetration from current levels is expected to lead to growth over the next 8-10 years, potentially seeing 4X growth.

Seating: Revenue at INR 2,740 Mn. Witnessing consistent growth through customer acquisitions in 2W and off-road segments and export orders from new-age EV 2W OEMs. Expected to maintain healthy growth momentum with new order confirmations and focus on maintaining SOB and exports, with temporary impact due to global situations affecting exports. The company expects to achieve revenue target of INR 15,000 Mn ahead of the timeline.

Acoustic: Revenue for Q3 INR 2,020 Mn, Indian business showed growth, while European subsidiary faced challenges which impacted on overall margins.

Other products: Achieved revenues of INR 5,800 Mn for Q3, contributing 16% of overall top line, mainly driven by EV products, controllers, sensors, and molding business. Continued momentum expected with new wireless charger orders from four new OEMs in Q4FY24.

EV
- Revenues from EV 2W OEMs increased to INR 1,640 Mn in Q3 from INR 1,430 Mn in Q2.
- Order book currently around INR 900-1,000 Mn.
- Expecting continued revenue increase with SOP of various orders.
- New orders received during the quarter with annual revenue of around INR 2,500 Mn from EV OEMs, INR 2,000 Mn of which pertains to EV-specific products like off-board chargers, motors, and motor controllers.

Business updates
- Completed merger of Minda I-Connect with Uno Minda Limited in Q3.
- Proactive land acquisition strategy in major auto hubs, including acquisition of 86 acres in Pune, and in process of acquiring 37 acres in Tamil Nadu. Allotment of around 95 acres in the North is at an advanced stage.

Other KTAs
- In airbags the company has current market share of around 18-20%, targeting 24-25%.
- OE business accounted for 92% and aftermarket for 8% of revenue for the quarter.
- International sales represent approximately 14% of total revenues, showing steady growth.
- Domestic business experiencing more pronounced growth compared to international markets.
- LED penetration is higher in two-wheelers compared to four-wheelers due to higher kit values.
- Long-term goal is to outperform industry growth by at least 1.5x.
- The next phase of expansion will likely include capacity dedicated to serving the export market and aftermarket needs.

Debt: Net debt as of December 31 increased to INR 12,960 Mn due to land bank at Pune and Hosur. Net debt to equity at 0.26.

Tax Rate: Effective tax rate currently higher due to losses in certain segments. Targeting a sustainable tax rate of 24-25% going forward.

Varroc Engineering-Q3FY24 Concall KTAs
CMP INR 598|Market Cap INR 91,370 Mn|PE: EV/EBITDA 6x (FY26e)

Q4 industry outlook is promising, potentially positively impacting the company's performance

Financial
Revenue grew by 9.4% YoY/-0.1% QoQ and was severally impacted by de-growth seen in overseas business. Indian operations grew by 20.1% YoY, higher than industry.

Reported PAT INR 3,839 higher due to recognition of tax benefit on the write-off of loans impaired at the time of divestment of 4W lighting businesses in Europe and Americas and reversal of tax provisions created in the earlier quarters of the year.

Debt stood INR 10,623 Mn against 10,064 due to investments in renewable energy projects, final instalment payment towards divestment-related expenses, temporary increase in working capital and arbitration costs related to China JV.

PLI
No accruals for PLI yet, but expectations for accruals in specific product lines soon.

PV&2W
Ongoing program wins and volume expansions in two-wheeler and passenger car segments, with an expectation of this trend persisting.

Capacity
Anticipated blended capacity utilization to hover between 65% to 70%.

Order
New lifetime orders in 9M FY24 of INR 67.57 bn with Annual Peak Revenue of INR 11.99 bn

Acquisition
The company divested its 4-meter lighting operation in the Netherlands. The company created a provision last year for the write-off of loans given to the divested entities.

Capex
Spent about INR 1250 Mn in the 9MFY24, expecting year-end expenditures for India and overseas operations to reach around INR 1800 Mn by FY24-25.

Pricing
Pricing was increased retroactively. Pricing enabled the company to show a decent profit.

EV
The company has been growing its business with new and existing customers, with a focus on capacity utilization and winning new business in the EV powertrain, lighting, and instrument clusters spaces.
They have been able to add two EV customers for EV-specific components and will see those realizations over the next 12 to 18 months.

Festive session
Strong economy and late festive season this year contributed to growth in all segments of automobile production in India during Q3FY24.

Outlook
We will observe while the company navigate through the performance in the coming quarters. we are cautiously optimistic on the company to deliver strong performance.

Sundram Fasteners Ltd- Q3FY24 Concall KTAs
CMP INR 1,254 |Market Cap INR 258,720

Subdued Performance in Q3FY24 led by the impact of the floods which company had in Chennai which affected the operations for a week at Chennai factories. Strong guidance for Q4FY24 led by increased exports, improved domestic market performance, and higher revenue from the wind energy segment.

Revenue (Standalone) stood at INR 11,800 Mn down by 3.7% YoY/down by 4.3% QoQ. The domestic sales were at INR 8120 Mn compared to INR 8000 Mn of the Q3FY23. The exports came in at 339 against 364 Q3FY23.

EBITDA Margin down by 100bps QoQ to 15%, inching towards 17% backed by softening is in the raw material prices.

PAT up by 9.4% YoY/down by 1.7% QoQ to INR 1,160 Mn

Concall KTAs
Capex: The company aims to spend INR 10bn over three years, currently on track, and has an MOU with Tamil Nadu government for INR 14bn by FY27-FY28.

Strike: The company faced a strike by the United Auto Workers, which impacted exports.

EV: The scaling up of business for the EV segment in India will be in line with customer pull.

Revenue Mix: PV 40% of revenue 35% HCV, LCV with engine, 10% tractor and 8% 2w & 3w. OEM aftermarket & export mix is 60%, retail 10-12% export 28%.

Order: 6-year order book of 4000 units, the company possesses enough capacity, and execution is seamless, with plans to commence electric vehicle order in FY25.

Margin
•Negotiated supplier discounts on RM, grappling with supply chain constraints in the CV segment, facing challenges like container shortages elevating costs and margin pressure, dealing with lead time increases and availability issues while ensuring minimal impact on product supply.

•Pricing is softening due to favorable raw material costs and negotiations, stabilized for domestic and imported steel, linked to AMM bundle price for specific customers, with an anticipated increase in export business margin profile.

•Export business margin profile will increase.

New Product
•Focused on developing new products, including high-content near net shape parts with premium finishes like zinc, aluminum flake, and nickel chrome.

•Subcontract costs, improved contribution, and margins through product mix adjustments.

•Actively involved in EV parts development, with a robust subcontractor network and awaiting approval from OEMs and Auto components after product qualification, testing, and a conducted site visit.

PLI: Government has extended the PLI scheme by one more year, which is good for the industry. There has been lot of interaction between the Ministry of AV Industry.

Wind energy: Wind energy segment. The contribution will be around in the fastener side. That will be about 12% to 13% and good outlook in Q4FY24.

Rolex Rings Ltd – Q3FY24 Concall KTAs
CMP: INR 2,140 | Market Cap: INR 58,277 Mn

Focus on diversification and expanding exports markets.

Financial Highlights:
- Revenue for Q3FY24 stood at INR 2,779 Mn down by 11% YoY and 15% QoQ.
- EBITDA for Q3FY24 stood at INR 572 Mn down by 24% YoY and 20% QoQ.
- PAT for Q3FY24 stood at INR 370 Mn down by 30% YoY and 21% QoQ.
- The segment-wise revenue distribution shows that the bearing ring business contributes 56%, while auto components contribute 44%, primarily from the overseas market. Exports constitute 55% of revenue, while domestic sales contribute 45%.

Q3FY24 Business Overview:
- Q3FY24 was a soft quarter and challenges were faced in the bearing ring business, particularly in the domestic area.
- Overall revenue from operations declined by almost 15% compared to Q2FY24.
- The 15% decline primarily resulted from a 12% reduction in the domestic ring business, with 11% of this reduction attributed to a large customer's lower quantum of orders in Q3.
- The Red Sea crisis impacted revenue recognition, potentially leading to higher freight costs and inventory levels.

Positive Developments:
- Found new customers and programs in the export business, particularly in the US and Europe.
- New customer programs showed positive progress, with indications of further ramp-up in the coming quarters.
- US customer achieved an annualized sales run rate almost double compared to the previous year.

Domestic and Export Segments:
- Auto component market outlook appears favourable, with significant potential in the European segment.
- Expectations for the bearing ring business to rebound, both in domestic and export markets.
- Domestic challenges are primarily stem from inventory pile-up issues, anticipated to normalize with increasing OEM production numbers in Q4FY24.

Revenue Recognition Policy for Exports:
- Revenue recognition follows Indian accounting standards and CIF shipments' revenue is recognized upon goods receipt at the customer's end or warehouse, as per terms.
- Q3FY24 witnessed a postponement of approximately INR 140 Mn in revenue recognition compared to the previous quarter.
- INR 1,180 Mn of Q3FY24 revenue was deferred to Q4FY24, while INR 1,040 Mn from Q2FY24 was added to Q3FY24 revenue.

Utilization Levels and Capex Plan:
- Q3 FY24 utilization level was around 59 to 60%.
- Capex for FY25 and FY26 expected to be around INR 400 Mn annually.

- Capex will focus on new foreign facility, value-added processes, machining lines, and solar investment.

Business Breakdown and Revenue Sources:
- Approximately 25% of the business is from new customers, while the remaining comes from existing customers.
- New customer business is in the initial stage and expects better ramp-up by Q1FY25.

Market Share and Competition:
- Domestically, the top five bearing manufacturers contribute around 80% of the bearing business.
- Reduction in procurement from customers is due to reduced production levels and demand, not a shift to other suppliers.
- The company maintains a market share of around 35% in the domestic bearing ring business.

Outlook

The outlook for FY24 and FY25 is mixed, with growth expectations possibly needing adjustment due to challenges and headwinds. While a slow Q4FY24 is expected, recovery is targeted for FY25, aiming at 15-18% growth driven by new products and customer expansions. Achieving the previous FY24 growth target of 12% may be challenging. Financially, FY25 growth is expected with an EBITDA margin forecasted to exceed 23%, while continuous value addition efforts continue. Customers foresee 3 – 5% growth from new business on QoQ basis from FY25.

Ramkrishna Forgings Ltd. – Q3FY24 Concall KTAs
CMP: INR 750 | Mcap: INR 135,573 Mn
Increased demand in both domestic and non-domestic segments, resulting in strong growth.

Financial performance: Recorded a revenue of INR 9,028.8 Mn in Q3 FY24, YoY growth of 20%. 9 month FY24 revenue stood at INR 26,034 Mn. EBITDA margin for Q3 FY24 at 23.0%, YoY growth of 90 bps. Net PAT for Q3 FY24 grew by 43% YoY, reaching INR 822.6 Mn.
QIP fundraising: Successfully raised INR 10,000 Mn through QIP. The funds raised will be utilized to reduce debt and advance manufacturing initiatives. Post-QIP, Net debt is expected to be around INR 5,930 Mn, reducing to less than INR 5,000 Mn by March.
ACIL acquisition: Secured approval from NCLP rally for the acquisition of ACIL Ltd to enhance manufacturing strength. Acquisition completed in January 2024, currently generating monthly revenue of INR 45-50 Mn, with refurbishment plans for increased revenue in FY25.
Domestic business growth: 32% growth in domestic revenue, with strong performance in railways and off-highway segments, gaining market share in the automotive segment.
Global logistics impact: Monitoring logistics costs amid Red Sea issues; working with customers to address any pass-through cost implications.
Forging capacity expansion: Planned setting up of 8,000 tons plus forging capacity by FY25, operational by December 2024, aligning with a considerable increase in CapEx.

CapEx guidance: Anticipated capex of INR 4,000-4,500 Mn for FY25, focusing on advanced technology, manufacturing capabilities, and industry relationships. Capex for FY24 estimated at around INR 4,500-4,600 Mn. Investment, including acquisitions, has already been around INR 8,500 Mn in the current year.

Multi-Tech Auto: Achieved revenue of INR 920 Mn from Multi-Tech Auto in Q3. There has been a 200 bps increase in EBITDA since the acquisition. Aiming to enhance capacity from existing 24,000 tons to 70,000 tons by end of FY25. Revenue target for Multi-Tech Auto in the coming year around INR 6,000-6,500 Mn.

JMT Auto: Anticipating increased revenues from JMT Auto in Q4 and targeting INR 4,000-5,000 Mn revenue by FY26. The company expects to start production at JMT in a phased manner from mid-April 2025.

New press installation: Installing a new 4,000-ton press along with two small presses in warm and hot forging, increasing the total capacity by around 40,000 metric tonnes. The 8,000-ton press alone is expected to contribute around 32,000 tons of forging capacity. At 80% utilization, the expanded capacity can generate close to INR 6,000 Mn in revenue.

Capacity utilization: Full ramp-up for the 25,000 tons warm forging capacity expected by the second half of FY25. With pre-orders in place, the company aims to achieve full utilization by Q4FY25, with 90% or higher utilization.

Ring rolling utilization: The ring rolling facility is operating at almost 150% utilization of the installed capacity of 24,000 tons. There are no plans to increase the capacity further in the near term. The company is engaged in VAV Activity (Value Analysis and Value Engineering) re-engineering efforts for the entire line, which will increase the capacity to 30,000 tons. Upcoming automation and process enhancements will bring down utilization from 148% to 110-115%.

Railway Business: The company aims to almost double its revenues from the railway business in the next two years, capitalizing on the modernization initiatives in India's railway sector. Target ROC is 4.5-5 for the initial year.

Oil and Gas Segment: While the oil and gas segment is considered a steady business, the acquisition of JMT is expected to contribute significantly to the oil and gas business, particularly with the addition of a North American customer.
Exports showed steady growth of 4.1% YoY, driven by new customers and are expected to increase further.

Restructuring: Large-scale restructuring is underway, with more details expected in February. Acquisition of land from MalMetallics Private Limited for trailer axle assembly. The company plans to merge subsidiaries like ACIL, JMT, Multitech, Malmetallic into RKFL, retaining only the casting division as a 100% subsidiary of RKFL.

Subsidiary revenue breakdown: Multi-tech Auto revenue around INR 920 Mn. RKL LLC revenue is around INR 290 Mn. Overall subsidiary revenue estimated around INR 10,570 Mn after elimination.

EV: Currently generating 3-3.5% of revenue from EV components supplied to overseas customers. In-house development of motor, controller, and E-Axle transmission for EVs is in progress. Acquired Frio, a startup working on motor and controller technology. Plans to supply a kit containing motor, controller, and transmission to the three-wheeler and four-wheeler market in the next 2-3 years.

Order book: The company does not maintain a traditional order book. Works based on schedules received from customers, with a six-month forward schedule for exports and a two-month schedule for domestic customers. Only firm order book is related to railways, totaling around INR 2,500 Mn.

Outlook: The company expects to sustain EBITDA margin of +23% in Q4. Aiming to achieve 18% EBITDA from casting business. The company is confident in achieving 15-20% volume growth at the consolidated level, driven by the potential of all subsidiaries, including JMT and AC. Non-auto segments, including railways and oil and gas, are expected to contribute to overall revenue growth. Continuous focus on developing new components, entering new product lines, and capturing market opportunities.

Ceat Ltd-Q3FY24 Concall Highlights

CMP INR 2834 | Market Cap INR 114,647 Mn

In the Premium segment, the company is prioritizing the launch of new products tailored to customer needs, particularly in off-highway and premium passenger car tyres, including SUVs for both the Indian and export markets. Anticipating significant growth in the US market, the company plans to introduce new passenger radial and TBR tyres. Notably, the company's market share in PV tyres has risen from 11% in FY19 to 16% currently, with a marked increase observed on a QoQ basis.

•Revenue INR 29,630 Mn, -3.0% QoQ/+8.7% YoY led by healthy volume growth across replacement and OEM segments. Exports also continue to recover.

•EBITDA margin 14.4%, -76 bps QoQ, +588 bps YoY, Gross margins impacted by increase in RM cost and mix impact. YoY margin improvement led by RM cost reduction and operational efficiencies.

•Capex for the quarter was INR ~ 2150 Mn.

•Healthy cash generation led to a further debt reduction of ~INR 1600 Mn sequentially.

•The debt/EBITDA was 1.05x and debt-to-equity ratio improved to 0.4x.

Concall KTAs

•International business sales surged by 25% YoY, driven by passenger cars and two-wheelers. However, off-highway tyre volume growth was subdued.

•Europe faced challenges, contrasting with robust performances in other markets.

•Anticipated continued impact on Europe markets in the near term.

•Export: Leading contributors to exports were LATAM, Middle East & Africa, and Europe, with the US contributing relatively less.

•Expectation of substantial growth in the US market with new launches in passenger radial and TBR tyres.

•Replacement segment witnessed a commendable YoY growth of ~11%, propelled by the 2W segment, and strong performance in CV & PV segments.

•OEM segment volumes grew by ~9% on account of surge in 2W production. PV tyre volumes were impacted owing to exit from smaller rim-size tyres. The company shall be gradually ramping up for higher-rim size tyres over the coming quarters.

•Volume: Q3 is seasonally a weak quarter for the company and its volume de-grew by ~1.7% sequentially primarily on account of the OEM segment.

•The company’s MS in PV tyres increased from 11% in FY19 to 16% till date. It even saw a significant uptick in the same on a QoQ.

•The company gained MS in the scooter (replacement) category in Q3 FY24. MS for motorcycles and truck tyres remained flat.

Demand

•YTD double-digit growth was seen in the scooter tyres (replacement) segment, and mid-single-digit growth for PV tyres & commercial vehicles tyres, respectively. The demand outlook remains steady as per the management as the inflation has moderated and it is positive on overall economic prospects.

•FY24 is envisaged to observe lower growth in the OEM segment on account of the high base effect of the previous year. However, in the replacement & international segment, decent volume growth is anticipated.

•Price: The company has undertaken some price corrections in export markets to maintain competitiveness therein. The export market is margin-accretive for the company.

•Capacity utilisation was ~75%-80% with higher utilisation (~90%) on the TBR (truck bus radial) tyre side.

•The company is looking at all the megatrends with focus, like electrification, going global, premiumization and digital.

•As far as electrification is concerned, it continues to hold strong MS in OEMs in electric vehicle 2W tyres with >40% share of business. In the PV side, the company is catering to EV models of M&M, MG, PSA, Tata Motors, KIA, BYD, etc.

•In the electric commercial vehicle segment, it is supplying tyres to OEMs such as Tata Motors, Olectra, M&M, Volvo Eicher, etc.

•The company has plans to introduce new launches in off-highway tyres in international markets.

•The macro demand in Sri-Lanka has been improving and tyre demand has increased significantly compared to previous quarters.

•To capitalise on the premiumisation story, the company has launched premium range of steel radial tyres which has been crafted to cater to high performance motorcycles of up to ~1000 cc. Company is catering to Royal Enfield's new launches in 650 cc category.

•In Q3 FY24, it launched play on any terrain campaign for 4W tyres on digital media. With launch of platforms such as Cross drive, Sport Drive, Secura Drive and Secura Drive SUV, the PV radial portfolio is getting premiumised, and the revenue share from these new platforms continues to garner strong growth.

•Red Sea crisis has an impact because the freight rates have been inching up. On the international business side, Europe markets will be impacted.

•In the OTR segment, the company is currently operating at a capacity of 105 tonnes per day and post expansion it would operate at 160 tonnes per day.

Balkrishna Industries Limited- Q3FY24 Concall Highlights

CMP INR 2,527 |Market Cap INR 488,696 Mn

The demand landscape has demonstrated a notable shift towards stabilization, characterized by a discernible upward trajectory. Currently, the market reflects robust and sustained demand, indicative of favorable conditions for growth, with potential opportunities anticipated in the near term. This positive trend observed towards the end of the year has continued to persist.

Financial

•Revenue at INR 23,160 Mn, up 6.4% QoQ and up 5% YoY. Shipping cost for 9M FY24 was ~3%-4% of sales.

• Sales Volume at 9% YoY to 72,749 MT. However, 9M FY24 experienced an 8% YoY volume decrease, totaling 210,543 MT. Capacity utilization held steady at 75%-80%.

•Operating EBITDA at INR 5,880 mn; EBITDA margin at 25% expansion by 627bps YoY led by operating leverage benefits, increase in volumes and cost optimisation benefits.

•Gross debt was reported at INR 28,810 Mn, of which ~65% comprised working capital debt

Concall KTAs

•**Geographically**, sales in 9M FY24 were 46.3% Europe, 27.6% India, 16.6% Americas, and 9.5% Rest of the World.

•**Channel-wise** sales were 71.6% replacement, 26.5% OEM, and 1.9% others.

•**Segment-wise volume mix for 9M FY24:** Agriculture 58.9%, OTR tyres 37.9%, and others 3.3%.

•**Due to ongoing geopolitical** tensions and persistent freight challenges in the Red Sea since late December, Q4 FY24 sales are expected to remain flat due to delayed shipments, impacting margins due to increased freight rates.

•**Freight costs** The company anticipates it will take around two quarters to fully adjust to the higher freight costs.

•**No price adjustments** were made during Q3FY24. India is expected to drive substantial growth in the future due to strong sales momentum.

•**Revenue from the carbon black plant** currently represents 7.5% of sales and is projected to expand to around 8%-9% of sales. After expansion, the company's carbon black capacity will increase from 170,000 to ~200,000 MTPA, with current utilization at 85%-90%.

•**The current price of carbon black** is ~INR 100 per kilogram. The management aims to increase the global market share from the current 5%-6% to around 10% in the near future.

•**Dealer inventory levels** are maintained at around 30-45 days. The company's capital expenditure plans are progressing according to schedule.

Cummins India Ltd Q3FY24 Concall KTAs
CMP INR 2529 |Market Cap INR 701.01 Bn

The company aims to grow at twice the GDP and increase profitability by 100 bps.
Financials
•Total sales stood at INR 25.02 Bn up by 17% YoY/ 34% QoQ.
•Domestic sales at INR 21.77 Bn up by 36% YoY/ 60% QoQ
• Profit before tax and exceptional items stood at INR 6.03Bn up by 26% YoY/ 42% QoQ
• Profit after tax stood at INR 4.55 Bn up by 26% YoY/ 38% QoQ

Segment-wise Sales Breakdown
• Power Generation domestic sales stood at INR 10.73 Bn up by 51% YoY/ 121% QoQ
• Distribution business sales stood at INR 6.62 Bn up by 26%YoY/ 21% QoQ
• Industrial domestic business sales at INR 2.12 Bn up by 20% YoY/ 37% QoQ
• High horsepower exports at INR 1.38 Bn, down 38% YoY and 48% QoQ.
• Low horsepower exports at INR 1.47 Bn, down 44% YoY and 30% QoQ.

CPCBIV+
• The full implementation of CPCB IV+ is expected by June of this year.
• CPCBIV+ products are sold in limited markets.
• Over 3000 gensets have been sold, demonstrating slightly better realization than CPCB II gensets
• Volume-wise growth for the CPCB II product was approximately 20%, primarily driven by key sectors including data centers, commercial realty, residential realty, infrastructure, and manufacturing.

Market Conditions
• Global exports, including major markets like Europe, the Middle East, Asia Pacific, and Latin America, have shown signs of softening.
• The Red Sea crisis and other ongoing challenges are worsening supply chain issues, leading to a significant increase in lead times.
• The construction segment has demonstrated a slight catch-up during the quarter.
• Compressor market saw a positive swing in the quarter, while the rail segment showed signs of improvement.
• The mining segment has underperformed relative to its potential within the overall market perspective.

Distribution
• The distribution business is experiencing accelerated growth.
• This growth is attributed to a strategy aimed at better serving customer needs through improvements in channels and service offering.

PowerGen Breakup
• High horsepower sales amounted to INR 7.70 Bn, heavy-duty sales at INR 1.28 Bn, mid-range sales totalled at INR 1.32 Bn and low horsepower sales at INR 0.43 Bn.

Other Highlights
• Company is actively engaged in launching new products monthly in the export market.
• Company received one of the biggest orders from a data center in the quarter.
• Big and lumpy Data center orders make a significant revenue contribution and are anticipated to maintain strong performance in the future.

Outlook
Company focuses on sustaining double-digit revenue growth, improving profit margins, and enhancing operational efficiency. Despite the challenges in exports caused by global economic uncertainties and supply chain disruptions, the company maintains a cautiously optimistic stance regarding the near to medium term demand prospects.

Talbros Automotive Components-Q3FY24 Concall KTAs
CMP INR 300|Market Cap INR 18,543 Mn|PE: 7x (FY26e)

Growth target of ~21000 Mn by FY27 with an EBITDA of 16% is supported by secured contracts of ~10,000 Mn, comprising 4000 Mn in PV and 4700 Mn in exports, as anticipated a 15% growth for FY25. The company has an export of 30%+in next 3 years.

New Product
Growth stems from acquiring new orders, encompassing new customers and products, as well as expanding with existing customers and introducing new products—a fundamental mantra for sustained growth.

Hybrid vehicle
The rising trend in hybrid vehicle adoption is evident, with manufacturers like Maruti and Mahindra emphasizing this technology, and the company holds a prominent position by supplying heat shields present in all Maruti hybrid vehicles.

CV
The commercial vehicle segment is expected to grow by 3% in the next year.

Order
Securing substantial orders from major players such as JCB, JLR, and BMW in the UK underscores significant presence and success in these partnerships.

Diversifying Indian product portfolio with Hyundai, Maruti, and a significant entry into Tata Motors' electric vehicles, expecting a minimum 15% plus growth in FY25.

Expanding in Gujarat
Expanding in Gujarat, JV supplies sheet metal components for Maruti's upcoming EV plant, with plans for warehouses and potential future plant investments in anticipation of Tata Motors' entry into the electric vehicle market. Maruti volume has gone up in the quarter.

Expansion Vision
Exiting underperforming business, 820 Mn proceeds invested in high-growth sectors like forging heat shields (targeting 20%+ growth) and reserved for future inorganic opportunities, aligning with the expansion vision.

No plan for debt
Self-sufficient businesses generate ample funds for debt and capital expenditures, with no current plans for additional borrowing or outstanding repayments.
Export
Exports stand at 25%, projected to increase to 26-27% next year, with a significant boost anticipated when exporting electric vehicle platforms begins in 2025. Current exports at 56%, with diversified contributions from divisions, anticipate substantial growth driven by key customer orders for potential EVs and ongoing development of DRR parts in multiple phases.

DSO
The debtors in the gasket business are within 82 days.

21000 Mn order breakup
The company will be around INR 14000 Mn, the breakdown includes 7000 Mn from the gas sector, 5000 Mn from forging, and ~6000-7000 Mn from the Marelli Talbros business, with ~2000Mn attributed to the Margo business.

NDR Auto Components Limited – Q3FY24 Concall KTAs
CMP: INR 807 | Market Cap: INR 9,600 Mn

FY25 is expected to be stable.Total capacity across locations is expected to reach 1.3Mn units, excluding the capacity for Kia.The company aims for ~10% EBITDA margin for FY24. We maintain a positive outlook on the company, underpinned by the strengthening partnerships with major OEMs. Additionally, the NDR Auto MS in Suzuki stands at 30-35%

Financial highlights:
- Revenue from operations for Q3FY24 stood at INR 1,403 Mn, up by 32.7% YoY and down by 11.0% QoQ.
- EBITDA for Q3FY24 stood at INR 129 Mn , up by 73.3% YoY and down by 15.8% QoQ.
- PAT for Q3FY24 stood at INR 85 Mn ,up by 50.4% YoY and down by 17.2% QoQ due to lower customer uptake during the quarter.
- There are no long-term borrowings and cash in hand is estimated to be between INR 200 to 300 Mn.

Revenue mix of large customers:
- The company's revenue is largely derived from Suzuki with significant contributions from Toyota Boshoku and emerging revenue from Kia.
- The company has market share of about 30-35% for Suzuki's business.
- The breakup is as follows: Suzuki: 60%, Toyota Boshoku and others: 30% and Two-wheeler: 10%.

Key highlights:

Hyundai Transys:
- The company secured a significant contract with Hyundai Transys to supply seat trims to Kia, starting January 2025 with a revenue potential of INR 800-850 Mn.
- The seating system for Kia will be produced at manufacturing facility located in Bangalore.
- The Bangalore facility is in close proximity to Hyundai Transys manufacturing operations.
- The company expects margins to remain stable around 10%. While ROCE is projected to remain consistent.

Hayashi Telempu agreement:
- They entered into a technical assistance agreement with Hayashi Telempu for sun shade supply to Maruti Suzuki and Toyota Kirloskar Motors.
- The company is investing approximately INR 80 Mn in this initiative with an expected revenue of INR 500 to 550 Mn.

Capacity utilization and localization:
- It has initiated the installation of new production capacities, specifically tailored for Maruti Suzuki Limited.
- Despite near-optimal capacity utilization, the company anticipates decent growth in FY25, due to new capacity is being installed in Gujarat for a new model, with plans to shift some capacity to NCR.
- The localization level of its facilities in Haryana, Bangalore and Gujarat stands at 70-80%.

Order book and capex:
- The decline in the current order book from the September-December quarter was attributed to factors such as offtake, holiday periods like Diwali.
- The Order Book stood at around INR 1,000-1,500 Mn, and additional order worth INR 1,200 Mn has been secured.
- Capex guidance for the FY25 is around INR 200 Mn.

Outlook:
Installation of new capacities for Maruti Suzuki Limited is expected to be completed by December 2024. While the current focus is on trims, the company is evaluating the potential to expand into frames as well. The size of the new capacity in Gujarat is estimated to be around 2,50,000-300,000 units. Market share with Hyundai Kia is currently being established, indicating potential growth opportunities. Looking ahead, the focus will mainly be on premiumization and expanding market share.

Harsha Engineers International Ltd Q3FY24 Concall KTAs
CMP INR 400 |Market Cap INR 36.38 Bn

In FY25, Company anticipate 10-15% overall growth in India, leading to over 20% consolidated bottom-line growth.

Financials
- Engineering business consolidated Revenue stood at INR 2.78 Bn in Q3FY24 as compare to 2.97 Bn in Q3FY23 (-6.5% YoY/-6.7% QoQ), primarily affected by weaker export demand.
- Engineering consolidated EBITDA for Q3FY24 stood at INR 0.48 Bn (-11.6% YoY/19 % QoQ).
- PAT increased to INR 0.28 Bn for Q3FY24 up by 44% QoQ/ -12% YoY, while PAT margins came at 10.1% increasing by 360 bps QoQ/ -70 bps YoY
- Consolidated working capital cycle reduced to 139 days from 144 days in the previous year's third quarter.

Bronze Bushing Business
- Company anticipates significant growth for Bronze Bushing Business based on bullish market indicators.

Solar Business
- Positive impact on the solar business due to favorable renewable energy policy from the government of Gujarat.
- Positive impact on both top and bottom lines due to increased focus on sustainability.
- No significant additional capital allocated to the solar business.

Guidance
- In the next fiscal year, India is expected to achieve a growth rate of 10-15%.
- Expectation of a more than 20-25% bottom-line growth in FY25, assuming no further losses in Romania and China and consistent performance in India.

Japanese customers
- Experienced 10% growth in business from Japanese customers over nine months.
- Initial quarters witnessed strong growth, but recent quarters have shown a flattening trend.
- Company is optimistic about returning to growth trajectory, focusing on various aspects to revive business with Japanese customers.

Capex
- Current Investments are being made in large size bearings, bushings, stamping components, and plastic cages to align with the EV trend and meet market demands.
- Anticipating approximately 100 crore investment for the FY25.

Other Highlights
- Focused on developing bearing solutions for EV vehicles, particularly in the two-wheeler segment, to capitalize on the evolving market opportunities.
- Decline in volumes observed in segments involving sales outside India, attributed to economic slowdowns in Europe and China.
- Positive volume growth observed in the segment of producing in India and selling in India.

Outlook
Weak demand was observed in Europe and China, but the company experienced growth in India. Profitability improved due to cost control measures. Moving forward, the company anticipates enhanced performance driven by growth in its Indian business, focusing on key areas such as large bearing cages, bronze bushings, and stamping components. Overall, the company maintains a positive outlook on its long-term growth prospects.

JK Tyre & Industries_Q3FY24 Concall KTAs
CMP INR 512 |Market Cap INR 13,386 Mn

The Company guidance range of 13% to 15%, maintaining debt to equity between 0.5 to 0.7, expecting improved debt to EBITDA. The vision includes market growth driven by infrastructure development, positive sentiments in the replacement market, and OEM, with a focus on enhancing revenue in 2024.

Financial
Revenue up 2.07% at INR 36,877 Mn (Be: INR 38,128 Mn).
EBITDA up 62.13% at INR 5501 Mn (Be:INR 4860 Mn), Margin expands 552 bps to 14.91% (Be: 12.70%). Net profit up 240.17% at INR 2270 Mn (Be: INR 1732 Mn). Interim dividend of INR 1 per share declared.

Capex
Planned capex of INR 14000 Mn in 2 years, targeting asset-to-turnover ratio 1.15-1.2. Additional INR 16000 Mn envisaged for future expansion. CapEx for PBR, PCR, and steel radiant. The company is launching a new brand of PCR tyres in Mexico

Industry
Strong momentum in economic activities and positive consumer sentiments to boost the automobile and tyre industry.

Segments
•CV segments experiencing high single-digit growth due to government impetus on infrastructure, mining, and construction, along with growth in core industries and rising tourism.Short-term sluggishness in the CV market, expected to stabilize soon as the economy and core sector growth pick up.
•PV segment witnessing growth with the introduction of new models and positive sentiments towards SUVs.
•Sluggish and almost flat demand observed for M&HCV compared to previous quarters.
•Robust demand noted for bus tires, tubeless radials, and mining and construction tires.
•Strong and expected to remain robust demand in the replacement market.

Consumer demand driven by private sector CapEx, high vehicle utilization, increased disposable income, and government focus on infrastructure. Anticipation of increased consumer demand in the upcoming quarters attributed to positive per capita income growth in Mexico.

Continuous expansion of the network in identified white spaces and strengthened presence in supplying XM, XF, and XD series tires for e-buses and CV models across OEMs.

ESG
Diverse portfolio featuring a range of innovative products with a key focus on ESG as a strategic priority.
Price
Implementation of price increases on specific niche SKUs, with pricing influenced by supply and demand dynamics in the marketplace. Pricing strategy involves passing on raw material cost increases to customers with a lag, while efforts in premiumization and enhancing the product mix present opportunities for further margin improvement. There was a 2% impact on raw material prices.
R&D
The company's trust on increasing R&D spend will further enhance its range of innovative products in the portfolio.
New launch
The company is launching new high-margin products, including radial tires, PCR, and allsteel truck tires, which will enrich the product mix and ultimately add high profitability.
Premiumization
The company is working on premiumization and improving the product mix, which will continue.

Landmark Cars Limited – Q3FY24 Concall KTAs
CMP: INR 746 | Market Cap: INR 30,654 Mn

The company anticipates a positive outlook in FY25 with a combination of recent and upcoming models across diversified OEMs and doubling the used cars business.The company's focus is on capturing market share in after-sales service.

Financial Performance:
- Consolidated revenue stood at INR 9,592 Mn, up by 9.5% YoY and 24.5% QoQ.
- PAT stood at INR 185 Mn, down by 28.3% YoY and down by 9.8% QoQ.
- The company reported the highest ever quarterly pro forma revenue (INR 13,016 Mn, +16.2 YoY/ +8.2 QoQ), driven by strong festive sales, new model launches, and availability of cars due to improved supply chain management. (Proforma revenue includes reported revenue, Value of Cars sold under Mercedes-Benz Agency Model less Agency Commission).

* Gross profit margins of Proforma business stood at 18.4%, remaining stable YoY.
* The company is optimizing its operations by right-sizing Renault and Jeep operations, sharing infrastructure, and reducing footprints to lower the operational costs.

- During the quarter, the company has reduced its inventory. Debt is also reduced by INR 900 Mn QoQ.

Operational updates:
* The company expanded its presence in Southern India. The company has received approval from Mercedes-Benz for a workshop in Telangana. Expansion with Mercedes-Benz focuses solely on the workshop initially, without a sales outlet in Hyderabad.
* Operations at the MG Goa dealership commenced in December 2023, and a Letter of Intent (LOI) has been signed with MG Motors for establishing dealerships in Ahmedabad and Mumbai.
* There are ongoing operations in Indore and Bhopal with MG Motors, bringing the total MG outlet count to 10.
* There are plans to establish operations with Mahindra and Mahindra in Havra, Calcutta will start in few weeks.
* The company has announced the establishment of its fourth BYD showroom in South Mumbai.

BYD Expansion:
- Half of the Jeep showroom space is being allocated for BYD, along with other infrastructure adjustments for Renault.
- The BYD showroom is expected to be operational within the next 45 to 60 days, pending approvals and construction.
- BYD needs to homologate cars to exceed the 2,500 unit cap currently imposed in India. BYD can operate within the cap by adjusting its product portfolio.

Mercedes-Benz growth:
- Mercedes-Benz experienced a growth of around 9-10%, lower than the luxury industry growth rate of 20%, due to supply constraints. Despite supply constraints, there haven't been significant cancellations observed.
- The order book for certain models, like the GLS (top-end SUV), reflects strong demand, with a backlog of approximately four months based on regular supplies.
- The availability of vehicles has been a challenge, leading customers to opt for other brands when Mercedes-Benz vehicles were not readily available.
- However, with corrective measures in place, the company expects for improved performance in terms of vehicle availability and sales.

Cost Front-Loading and Rationalization:
- Front-loading of costs is happening alongside the rationalization of costs, especially in underperforming Jeep operations.
- Resources, including manpower and infrastructure, are being reallocated to more productive and promising projects.
- The closure of certain showrooms is part of this reallocation process.

Used Car Business:
- The used car business is annualized at INR 1,000 Mn.
- Margins in the used car business are expected to improve with increased marketing efforts.
- Marketing initiatives include listing cars on the redesigned website and branding used cars under the "Landmark Select" brand name.
- Both online and offline marketing strategies will be implemented to promote used cars effectively.
- Marketing activities for used cars will commence this month, focusing on increasing visibility and customer engagement.

Brand strategy:
- The company has no plans to exit any of the brands it represents. The Jeep operations (as it underperformed during the quarter), particularly its significant contribution to after-sales revenue.
- Jeep has become the second-highest brand for after-sales business after Mercedes-Benz
- In the case of Renault, the company has exited most outlets in Punjab but continues operations in Mumbai due to the importance of new car launches in the market.
- The company is opting for rationalization approach which include the possibility of common workshops and showrooms, optimizing resources and streamlining operations.

After-Sales service and workshop:
- The company is prioritizing workshops over new car sales outlets to cater to the increasing car park and demand for after-sales services.
- Increased business in workshops could potentially lead to improvements in profitability and ROC over time.

Car Care Product:
- The company is performing well in the car care product segment, with plans to expand distribution through franchise outlets.
- Car care products are offered across all touchpoints, including both new and pre-owned cars.
- Detailed plans for scaling up the car care product business will be laid out in the coming quarters.

Outlook: The company aims to enhance traction and market presence for used cars through strategic branding and promotion efforts. The company does not anticipate any further increase in manpower costs going forward, as most recruitment has already been completed. The company’s aim is to achieve profitability in the first 3-6 months of operation for new outlets, with a focus on efficient resource utilization .Going forward the company is going to be opening 10 more stores.

Apollo Tyres Limited – Q3FY24 Concall KTAs
CMP: INR 513 | Market Cap: INR 32,565 Mn

The company recorded the highest ever EBITDA with operational performance estimated to remain strong. The company expect marginal growth in the passenger car segment and significant improvement in H2FY24.

Financial Performance:
* Consolidated revenue stood at INR 65,954 Mn, up by 3% YoY and 5% QoQ.
* EBITDA stood at INR 12,081 Mn up by 32% YoY and 4% QoQ. It is driven by improved sales mix, cost control measures, and tight control over overhead costs.
* Other expenses stood at INR 11,012 Mn, up by 15% YoY and 12% QoQ.The increase is due to increased spend on advertising and promotion
* PAT stood at INR 4,966 Mn up by 78% YoY and 5% QoQ.

Segmental performance:
* The truck volume growth was 3% and passenger car 7 %
* OEM segment saw positive growth in both passenger vehicles PV and CV production in Q3.
* However, the company's volume performance in the OEM segment was flat.
* One reason for the under performance in the truck segment was lower growth in multi-axle vehicles, where the company holds a higher market share.
* Despite growth in these primary channels, overall growth remains in the low to mid-single digits.
* The company is optimistic on Exports as from the past few quarters exports shown signs of improvement for the first time. However, some exports were impacted by disruptions in the Red Sea, which could have led to even stronger growth if not for these interruptions.

Geographical-wise performance:
* In India, the company saw mid-single digit volume growth driven by strong performance in replacement and export channels.(Revenue stood at INR 43,319 Mn, up by 2% YoY and down by 1.7% QoQ).
* The European market is exhibiting signs of recovery, especially in the all-season segment, with the company gaining market share across various segments including passenger cars, trucks, and agriculture. (Revenue stood at € 176 Mn, down by 2.2% YoY and down by 4.1% QoQ).
* Both the Indian and European segments demonstrated improved EBITDA margins YoY.

Capex:
* The company has no major capex requirements for older Kerala plants in the next few years, apart from routine maintenance capex.
* Maintenance capex primarily focused on refurbishment and equipment replacement to ensure operational efficiency and reliability.
* The emphasis on prioritizing digital investments over traditional equipment-based expansions due to cost-effectivenes

Logistics and Cost management:
* Freight costs have risen by approximately 30 to 40%, but this is considered short-term in nature.
* Transit times to Europe have increased by an additional 14 to 15 days due to recent disruptions in the Red Sea region.
* Despite these challenges, there is no expectation of a weaker performance in Q4FY24, as inventory planning has already been adjusted to accommodate the increased costs and transit times.
* Despite experiencing a slight increase in raw material costs, the company has not yet planned any price hikes. Instead, the focus remains on maintaining margins and market share .

Product mix and premium segment:*
* EV tires have already been launched both in Europe and India, with a timeline of approximately 6-8 months.
* Regarding the product mix and premium segment, there is a focus on improving product mix in India and Europe., particularly in the passenger car segment and CV segments.
* In Europe the company has crossed the 45% mark in UHP and UUHP and in India, the product mix is becoming strong both in PCR and in commercial vehicles.

Vredestein brand:
* The company launched Vredestein brand two years ago which is a premium brand.
* It has been introduced targeting the luxury car segment and is positioned higher in pricing compared to the Apollo brand.
* There are plans to establish Vredestein retail stores across India. The expansion of Vredestein's retail presence is expected to contribute to additional profit margins.

Outlook: While some capex approvals are in the pipeline, the company expects to end the year slightly below the guidance of around INR 10,000 Mn). The company expects a recovery in the demand environment in the mid to long term, top-line growth is anticipated to remain slow. In Europe, there are expectations for the demand to continue recovering from current sales levels. Annualizing the current year performance, the ROCE would be in the range of 16.5%. Looking ahead, volume growth is expected to remain subdued in the near term, likely in the mid-single digits.

Bharat Forge Ltd. – Q3FY24 Concall KTAs
CMP: INR 1,130 | Market Cap: INR 5,26,156 Mn

Secured order totalling INR 5,500 Mn on an annualized basis across segments in Q3FY24 and expects to generate INR 10,000 Mn from their Defence business by the end of FY24.

Financial Highlights:
- Standalone revenue from operations stood at INR 22,634 Mn in Q3FY24, up by 0.6% QoQ and 15.9% YoY.
- In Q3 FY24, the Defence business drove revenue growth, while the Oil & Gas and Agri sectors experienced declines compared to Q3 FY23.
- EBITDA stood at INR 6,452 Mn, up by 4.7% QoQ and 30.9% YoY.
- EBITDA Margins stood at 28.5% in Q3FY24 as against 27.4% and 25.2% in Q2FY24 and Q3FY23 respectively. Improved product mix and higher capacity utilization contributed to the superior operational performance
- PAT stood at INR 3,778 Mn in Q3FY24, up by 9.2% QoQ and 30.6% YOY.
- Surplus cash (net of long-term loans) stood at INR 10,000 Mn in Q3FY24.

Business Highlights:
- In Q3FY24 the company secured new business worth INR 5,500 Mn on an annualized basis across various segments including automotive, industrial, defence, aerospace and casting.
- 90% of this new business secured is for exports.
- Total exports from Indian manufacturing operations stands at $200 Mn, up by 36% YoY.

Europe and USA Operations:
- European operation has posted EBITDA of INR 220 Mn. USA operations have achieved breakeven EBITDA.
- Aluminium operations in Europe have been stabilized and now the company is working on getting price increases from the customer. USA operations are yet to be fully stabilized while there is a continuous improvement in operations QoQ.
- Current capacity utilization on aluminium business is about 50% for USA and about 70% in Europe.
- Near-term outlook remains positive, with a stronger outlook in the Europe and outlook in USA remains flat.
- Margins in the Europe operations are expected to be significantly better, but the USA margin improvement will take more time and will gradually become better in 12 to 18 Months.

Defence Business:
- The company expects its Defence business to grow to a significant portion of its overall business within next 2-3 years.
- Defence business showcased a strong performance with revenues of approximately 3,500 Mn in Q3FY24.
- The company expects to make INR 10,000 Mn from their Defence business by the end of FY24.
- Out of order book of INR 30,000 Mn, the company is executing orders worth INR 10,000 Mn.
- Margins in the defence vertical expected to be strong double-digit, contributing to overall profitability.
- The company first milestone in Defence is to reach INR 20,000-25,000 Mn in business and then grow from there in next 2-3 years.

EV Segment:
- The company is developing new products for electric vehicles including power electronics, inverters, converters and chassis components.
- Initial margins for EV products may not be as high but, expected to improve as volumes increase. Profit per vehicle anticipated to be very good.

Capex:
- The company has set Capex target of INR 10,000 Mn for next 2 years for both India and Overseas cumulatively.
- Phase 2 Capex of $100 Mn is on track in USA.

Outlook:
The company expects moderate growth for FY25, instead of growing at 20% the company expects to grow at 10-12% in FY25. Despite of lower growth projection the company is optimistic about achieving higher growth as compared to industry. The company is aims to reach INR 20,000-25,000 Mn in business in the Defence vertical and then grow from there in next 2-3 years.

Fiem Industries Ltd-Q3FY24 Concall KTAs
CMP INR 2293 |Market Cap INR 30173 Mn

They expect to localize over 75% of new motor control units with production starting Q4FY24.

Financial
•Net sales increased 10.32% YoY to INR 4830 mn.
•EBITDA margins were 13.35% versus 13.62% in Q3FY23.
•Net profit increased 25.86% YoY to INR 403 Mn YoY

Concall
•The company announced a new full LED headlamp order from a European automaker.

•They expect to localize over 75% of a new motor control unit with production starting in Q1 next year.

•Capex INR 206.1 Mn in Q3FY24.

•Full production of the new units is slated to start in Q1 next year.

•LED: New orders reveal a LED share of 51%, a sequential increase from 46-47%, with expectations to further rise significantly, targeting a potential shift toward 65-70%, surpassing the previously guided 60%. Current LED share in automotive lighting stands at 51%, and company anticipate a gradual shift towards 65% to 70% propelled by the new project pipeline.

•The company collaborates with over 35 EV players, ranging from small to large enterprises, providing a diversified portfolio that includes market leaders such as Ola and TVS, ensuring a well-balanced market share exposure across the EV spectrum.

•4w has expanded with increased resources dedicated to design and development, although there is a slight impact due to recent shutdowns in the Q2FY24.

•Heromoto Corp: The new launch will be during next month, which is having the fiem products within this.

•Customer: Major customers currently include Ola, TVS, Simple Energy, Ultraviolette, Ampere, and Okinawa Rewards in the EV.

Customer-wise product shares for FY20 to FY23
•TVS: Headlamp 68%, Lamp 86%, Winker 85%, RvM (rare view monitor) 62%, DRL 100%, License Lamp 95%

•Yamaha: Headlamp 83%, Tail Lamp 63%, Winker 10%, RvM 82%, Position Lamp 50%

•Suzuki: Headlamp 71%, Tail Lamp 71%, Winker 4%, RvM 100%, Reflex Reflector 100%, License Lamp 100%

•SMSI: Headlamp 40%, Tail Lamp 76%, Winker 85%, RvM 100%, Position Lamp 100%, Reflex Reflector 100%.

•Transitioning to Domestic Assembly: The company is currently supplying SKD motor and motor controllers units, and with equipment, transfer from Taiwan expected by mid-next month, company plans to resume complete domestic assembly production by the Q1FY25.
•Leveraging existing SMT lines and supplied software by Cobro, forthcoming production will commence in the Q1FY25 with dedicated assembly lines and testing machines enroute for installation.
Outlook:The company lands contract for Full LED Head Lamp in upscale European car, starting production in Q4 FY24 opening export avenues.

Kirloskar Oil Engines Ltd - Q3FY24 Concall KTAs
CMP INR 817 | Market Cap INR 122.09 Bn

Financials
- Net sales for Q3FY24 stood at INR 11.25 Bn, up by 14% YoY.
- EBITDA stood at INR 1.33 bn for Q3FY24 as compare to 1.09 Bn in Q3FY23 an increase of 21%YoY, with a margin of 11.7%.
- Net profit stood at INR 0.82 Bn in Q3FY24 against INR 0.63 Bn in Q3FY23 (21% YoY)
- Cash and cash equivalents stood at INR 0.78 Bn.

Market Outlook
- Strong overall demand observed during the quarter, attributed to sustained emphasis on infrastructure spending in Indian markets.
- CPCB II engines are permitted for sale until June 2024, leading to an expectation of continued mixed demand until that.
- Gas genset sales have experienced significant growth, indicating a substantial surge in the adoption of power generation fuels solutions fueled by gas.
- Robust demand observed in the industrial segment , particularly from construction and railway sectors, confirms India's focus on infrastructure development and government investment in these areas.

Orders
- Secured an order from NPCIL for supplying gensets to nuclear power plants.
- The order is valued at INR 768 crores and is scheduled for execution over a period of 68 months.

Other Highlights
- Investments were made in stocking materials to meet customer timelines, leading to higher inventories, which are expected to normalize over the next year during this transitional phase.
- Approximately 15% to 20% of contributions in volume were from CPCB IV, while the remainder came from CPCB II.
- Expectations are for CPCB IV volumes to further increase as move closer towards June of this year.
- The OptiPrime range introduced by the company has received a positive response with a strong order book, especially from customers in infrastructure and real estate sectors.
- The company’s goal is to have exports of about 30% of overall business.
- The agriculture segment holds strategic significance, and company aims to deliver the appropriate products to customers across all desired marketplaces.

Outlook
The company is actively pursuing a 2x revenue strategy. Company is focused on improving margins and operational performance, with plans to expand business operations and enhance profitability in both B2B and B2C segments.

Lumax Industries Ltd - Q3FY24 Concall KTAs
CMP: INR 2,302 | Market Cap: INR 21,520 Mn

Consistent revenue performance with an anticipated 15% YoY top line growth for FY24 with expectations to exceed this growth rate in FY25 based on the order book.

Financial performance:
- Consolidated revenue for Q3FY24 stood at INR 6,317 Mn, up by 9.0% YoY but down by 1.9% QoQ.
- Consolidated PAT for Q3FY24 stood at INR 256 Mn, down by 13.4% YoY and down by 2.5% QoQ.

Order book:
- The company has a healthy order book of INR 22,000 Mn.
- The company anticipates that approximately 15-20% of the the order book will be realized in FY24 around 70% in FY25 and remaining 30% FY26.
- 64% is new business. LED is 85% and EV is 34% of the total order book.
- To meet the same, company plans to expand the recently inaugurated Chakan plant, as well as the Sanand plant in Gujarat over the next two years to meet this incremental demand.

Revenue and Margins guidance:
- For Q4FY24 revenue growth is estimated at 20-25%, driven by new plant operations.
- For FY24 revenue is estimated to be around INR 26,000 Mn, INR 30,000 Mn in FY25 and INR 40,000 Mn in FY26 depending upon the capacities and the order book
- For FY24 EBITDA margin is estimated to be around 9.3%-9.5%.
- For FY25 EBITDA margin is estimated to be around 11-12% , supported by incremental revenue growth.

Capex:
- Capex for 9MFY24 is INR 1,960 Mn, of which INR 470 Mn is on leasehold assets.
- The actual capex outlay is around INR 1,500 Mn which includes INR 1,180 Mn relating to Chakan plant.
- Anticipated capex for FY24 is INR 2,800 Mn, excluding leasehold assets and land & building of INR 550 Mn of Bawal plant.
- Approximately INR 1,700 Mn have been spent on the Chakan phase 1 expansion, with a actual net outflow of around INR 1,300 Mn.

Capacity Utilization at Chakan plant:
- The company anticipated there will be a significant increase in revenue from the new Chakan plant, stabilizing at around INR 300 Mn per month.
- Regarding utilization, the Chakan plant is divided into two phases. Phase one, which is already operational, is expected to be utilized at approximately 70 -75% capacity by the end of Q4FY24. There are plans to initiate the second phase expansion to cater to the order book, primarily for FY25.
- In Phase one the monthly run rate would be close to around INR 450 to 500 Mn at optimum full capacity utilization.

Revenue contribution by Chakan plant:
- The plant will add around 30-35% to installed capacity, leading to a 20-25% revenue coming from this plant.
- The combined annual revenue from phase one and phase two of the Chakan facility is expected to be around INR 9,000 Mn once phase two expansion is completed.
- The new plant is anticipated to operate at higher margins compared to previous facilities, potentially boosting overall margins by 150-200 bps.

Upcoming EV models:
- The company has got confirmed orders for the first EV, which is expected for launch , and that is a part of the order book.
- Secured orders for Maruti Suzuki's and Mahindra Stable upcoming EV models expected for launch in FY26.
- There will be a series of new products launched specifically for Maruti, both in NCR as well as in Gujarat
- The company is the sole supplier for the Punch model, while for XUV700, it is the second supplier.

Interest costs increase:
- The interest cost for Q3FY24 stood at INR 128 Mn as against INR 78 Mn and INR 107 Mn in Q3FY23 and Q2FY24 respectively
- Long-term loan for the new Chakan Facility and utilization of working capital ,has contributed to the increased interest cost.
- The debt for new expansions has led to an increase in loans, for which the company has opened the LCS.

Impact of Mold sales on gross margins:
- There was a negligible impact of mold sales on gross margins in Q3FY24.
- The margin accretion from mold sales varies depending on the specific mold. Margins on tooling sales depend on the type of mold, with certain models yielding lower margins compared to others.

Outlook: The company anticipates the new manufacturing facility in Chakan, Maharashtra for automotive lighting and this will contribute to its top line and bottom line in the years ahead. The company expects a decent amount of mold sales in subsequent quarters. The company plans to expand existing facilities over the next 2 years to meet the growing demand. The phase-two full commercial production of Chakan plant will start around Q3FY25. The company plans brownfield investments for expansion, expecting an improvement in asset turnover to around 2.2.

Lumax Auto Technologies Ltd - Q3FY24 Concall KTAs
CMP: INR 451 | Market Cap: INR 30,712 Mn

The company expects doubling of aftermarket revenues in three to four years. The projected total top line revenue for FY24 is expected to range between INR 27,500 to 28,000 Mn and EBITDA of INR 4,000 Mn at the consolidated level. The company is actively exploring opportunities in alternative fuels and technologies.

Financial highlights:
* Consolidated revenue for Q3FY24 stood at INR 7,325 Mn, up by 65% YoY and 5% QoQ. Approximately one third of the revenues come from IAC India.
* Consolidated PAT for Q3FY24 stood at INR 480 Mn, up by 72% YoY and 28% QoQ.
* The Net debt as of December 31, 2024 stood at INR 910 Mn.
* Royalty payments is made to LUMAX management services, Lumax Mannoh Allied Technologies and Mahindra & Mahindra for aftermarket supplies.

Order book:
* Order book stands at around INR 11,000 Mn out of which almost more than 90% is new business and EV contribution is 40% of the total order book.
* The company expects approximately 50% of the total order book to be realized in FY25, and around 30% in FY26.
* The emphasis is on EV products in the order book, both passenger vehicles as well as two wheelers.
* The company already secured some orders including partnerships with Mahindra and Mahindra and Bajaj Auto.

Operational highlights:
* The company has expanded operations with a new facility in Chakan, Pune for Lumax Cornaglia Auto Technologies.
* In order to enhance aftermarket presence the company has entered into a strategic partnership with Germany's Bluechem Group in the automotive car-care space in the Indian market.
* Lumax Ancillaries has become wholly owned subsidiary of the company with effect from January 25, 2024.
* Lumax Ituran Telematics Private Limited has started supplying telematics parts in Q3FY24. The volumes are expected to grow significantly with addition of a new range of products.

Chakan facility:
* The new facility will enhance Lumax Cornelia's current production capacity by almost 40% through a phase-wise expansion approach.
* This is expected to contribute approximately INR 400 million in additional revenue for FY25.
* This plant will be the first to manufacture plastic fuel tanks for commercial vehicles.

Subsidiaries and future outlook:
* For FY24 Joint ventures will contribute approximately 20% of consolidated revenues, with Lumax Mannoh and Lumax Cornaglia being the major contributors.
* Lumax JOPP and Lumax Ituran are currently holding order books of approximately INR 300 Mn and INR 350 Mn, respectively.
* Positive EBITDA expected in Lumax Ituran in Q4FY24, with profitability anticipated in Lumax Alps Alpine and Lumax Ituran in FY25.
* Lumax Ancillary Limited isa expected to generate arounf INR 1,500 Mn in FY25.
* The company aims Lumax Yokowo and Lumax York also achieve a double-digit EBITDA margin FY26. It will be based on the existing order book and the development timeline for the next six to twelve months for the other two joint ventures.

Capex:
* The capex incurred during the 9MFY24 stood at INR 780 Mn, including INR 310 Mn on leasehold assets. The actual capex outlay stands at INR 470 Mn
* The full-year estimate ranges from INR 900 Mn to INR 1000 Mn, excluding any leasehold assets.
* Looking ahead for the next three years, the company anticipates Capex to be around INR 4,000 Mn
* The current asset turnover ratio is at about 1:2.5 and is expected to improve in the future.

Lumax Ancillary business:
* Currently functioning as a backward integration to the company's lighting business.
* Revenue growth for FY25 is anticipated based on organic volume growth, customer expansions, and technological advancements, particularly with the rise of LED applications in lighting.
* EBITDA margin for Lumax Ancillary Limited currently in single digits with expectation of sustained double digit margins.

Lumax Cornaglia Auto Technologies (LCAT):
* The shift to the new facility for LCAT has already been completed, with 100% migration from the older facility.
* There will be no further migration as the entire operation has already shifted to the new facility. Over the next three months, the focus will be on ramping up capacity utilization at the new facility.
* Currently, operations for LCAT are being conducted from one facility in Pune and another facility in Parth Nagar.

Outlook: The company expects joint venture contributions to grow by 20-25% in revenue terms on YoY basis for FY25 with strong orders coming into production. The company expects repayment of borrowings over the next 4-5 years, based on cash flow projections. Effective tax rate for FY25 expected to be around 25-26%, with depreciation rate expected to remain higher for the next 5-7 years, with significant tax benefits over the next 10 years. Expectation of sustained EBITDA margin of 15% at the company level. with sustained margin of around 18-19% due to steady contribution from IAC India, growth in joint ventures, and standalone aftermarket business.

ZF Commercial Vehicle Control Systems India Ltd – Q3FY24 Concall KTAs
CMP: INR 16,243| Market Cap INR 3,08,091 Mn

Focus on technology and engineering solutions going forward

Financial performance:
- Revenue from operations stood at INR 8,985 Mn in Q3FY24 up by 2% YoY but down by 9% QoQ.
- PBT stood at INR 1,354 Mn in Q3FY24 up by 17% YoY but down by 4% QoQ.
- PAT was at INR 1,008 Mn in Q3FY24 up by 18% YoY but down by 5% QoQ.
- The penetration of pneumatic and hydraulic ESC systems in applicable bus platforms were the factors driving growth. The sale of EV aggregates like E-compressor and EBS is also increasing.

Production and Sales Growth:
- In Q3FY24, commercial vehicle production with a capacity of more than 6 tons was 1,04,025 units compared to 95,427 units in Q3FY23, experienced a growth of 9%.
- This growth was driven by to increased government spending, replacement demand, and strong performance in sectors like construction and mining.
- OE sales stood at INR 4,831 Mn compared to INR 4,058 Mn in Q3FY23, an increase of 19% on YoY basis.

Aftermarket Performance:
- In Q3FY24, the company achieved moderate growth of 10.2% in the aftermarket.
- Initiatives like new apparel services, prime dealer funds, ramp campaigns, and canopy campaigns were undertaken to strengthen the company's position in the aftermarket.

Aftermarket outlook:
- Aftermarket performance is influenced by factors such as diesel prices, freight rates and overall profitability of the fleet.
- The company is using analytics to understand and improve aftermarket growth by calculating sales entitlement for each city and type of vehicle.
- Exploring opportunities in the digital space, including managing vehicles through a subscription route and launching a digital solution for trailer connectivity.

Trailer Segment and Export:
- The trailer segment experienced growth of 32% in 9MFY24, with engagements in transporting chemicals and other resources.
- Export sales faced challenges in Q3FY24, registering INR 2,042 Mn compared to INR 2,827 Mn due to inventory challenges.
- The export business is expected to gain momentum in Q4, with improved order book flow and the introduction of new products.
- Despite a decline in the current quarter, the company aims to grow exports in FY25.
- The inauguration of the Oragadam plant will be done on 14th Feb 2024 and will produce products for export.

Export of Services:
- The company saw a growth of 32.4% YoY in the export of services in Q3FY24.
- Continuous expansion of capabilities and talent acquisition contributed to this growth.

EV Customers:
- Major EV customers for the company include traditional OEMs like Tata, Ashok Leyland and Volvo Eicher
- Some customers source parts from China, but most OEMs are supplied from India.

Engineering Services and Employee Cost:
- Revenue for Engineering Services in Q3FY24 stood at INR 940 Mn, and for 9MFY24 it is INR 2,800 Mn.
- The company has added around 200 employees, contributing to an increase in engineering services income. The rise in costs is associated with the growth in the services business rather than being a pure increase in cost.
- The 13% employee cost as a percentage of total cost is expected to be sustainable in the coming quarters.

Capex:
- Capex for 9MFY24 was INR 1,380 Mn. Out of this, nearly INR 400 Mn have been allocated for the new site.
- The overall Capex estimate for FY24 is approximately INR 1,800 Mn with a focus on the new site's operationalization and additional production lines.

Outlook:
The company remains positive about continuous growth, targeting at least 10 to 15% growth at a full-year level. Ongoing geopolitical situations and consequences in the Red Sea are expected to increase lead times by about three weeks, impacting the export of goods. Orders are back, and the company is working at full capacity for the next two months. Future growth will be driven by outperforming the market, with a focus on technology and solutions offered. They are also focusing on digital solutions which has led to significant growth in the digital business, with approximately 1,60,000 vehicles connected.

Subros-Q3FY24 Concall KTAs
CMP INR 678 |Market Cap INR 44,249 Mn

We believe that most of the positive developments are already priced in, and going forward, we anticipate traction from H1FY25, driven by increasing demand.

Targeting 10% EBITDA margin, 27% gross margin, and improved PV (AC) business share. Government initiative includes AC cabins and more coaches for Indian Railways, Vande Bharat, and Amrit Bharat. Aiming for 30-35% market share, with expected revenue of 750-1000 Mn

Financial
•Revenues came in at INR 7324.8 Mn (-10% QoQ) (+12% YoY) backed by increase in volume and SOP of new models.
•Segment: 9MFY24 total INR 17,500 Mn. PV (AC) INR 3500 Mn. AC has contributed ~INR 300 Mn. Truck has contributed ~INR 700 Mn. Aftermarket is ~INR 550 Mn.
•EBITDA came in at INR 661.4Mn (-9% QoQ) (+57% YoY)
•EBITDA Margins came in at 9.03% (Vs 9.01% Q2FY24) (Vs 6.43% Q3FY23)
•Other Income is lower due to reinstatement of foreign currency liability/ forward cover
•PAT came in at INR 267.9 Mn (+0.21% QoQ) (+227% YoY)
•Raw material: MSR is lower due to softening of FE, commodity prices, Import Logistic Cost, Product mix & Cost reduction efforts.

Concall KTAs

Gross Margin
At 25%, it would be gradual in improving like from 25%-27%.

Red Sea
There is no substantial impact because of this Red Sea crisis due to import from Europe side is not substantial. It is very negligible import. Major imports are from China or Korea or from Japan. But as a value chain, there may be impact on the OEM side.

Industry
The industry has shown a growth of 36% on a production basis (Subros down 8% YoY) mainly because of model mix and AC fitment ratio relevant to the customer. However, on a value term there is a growth of 12% in this segment.

CV
The industry has grown by 17% in Q3FY24, and in value terms Subros has grown by 15% in this segment.

Car and non-car
This segment contributed ~94% and 6%, with Maruti Suzuki and Suzuki Motors Gujarat contributing 85% of total sales in Q3FY24. Share of business in PV (AC) market improved to 44%, and in the truck AC blow segment, it also improved to 56%.

Bus AC
Q3FY24 business share at 15%, grappling with supply chain challenges from global demand surge in the past two years, including commodity price fluctuations, logistic cost hikes, and foreign exchange volatility impacting operational performance.

Localization focus
The overall imports <10% in near future new business development side as mobility landscape has fundamentally transformed and is going to continue for 8-10 years. So effort in EV, hybrid car, and also on CNG vehicle is improving QoQ.

Collaboration with Denso
In terms of the introduction of new technology is ongoing and time to time. There is significant success of securing new business in EV space, in bus space and also in the railway space.

Truck AC
Three categories where AC is made mandatory from June 25 the engagement with customers are on and company is almost finalizing the specification for product development and soon will be announcing the final result of the negotiation for these AC application.

Co-chair
The development which was pending for last few quarters, finally all approvals have been received and big tender of INR 280 Mn company secured in the last quarter and company is preparing for the delivery of this.

Home AC
The company has done ~INR 50 Mn and it may be ~INR 60 Mn FY24. FY25 with the current assumption between INR 100 Mn to INR 150 Mn till the time company's see a big change in the industry model. There's a small sale of ~INR 10 Mn and the company is still watchful of the commodity price flustration and the price being offered by the OEMs for Q3FY24.

Mahindra & Mahindra
It was in focus in last 4-5yrs and share of business was 10-12% which is increased to 24% and next target 30% once they start EV model. AC also introduce in pick up vehicle so SOP also started this month and this will come in Q4FY24. New tractor OJA M Star for the company's market and also for Japan market.

Hybrid vehicle
The electric compressor and only change point would be the AC pipe. So it would be between 1.7 x to 1.9x. So that is how the hybrid versus complete 100% EV would be having.

Railway
Secured 280 Mn tender, got 40 Mn more, with 3-4 tenders in pipeline. MS is 54%. Govt initiative, AC cabins, more AC coaches for Indian Railways, Vande Bharat, and Amrit Bharat. Aiming for 30-35% market share, expecting 750-1000 Mn revenue.

Motherson Sumi Wiring India Ltd- Q3FY24 Concall KTAs
CMP: INR 65 | Market Cap: INR 2,87,682 Mn

Highest ever Quarterly Revenue and EBITDA with focus on wiring harnesses as its core business

Financial Performance:
- Revenue from operations for Q3FY24 stood at INR 21,170 Mn up by 25% YoY and 0.6% QoQ. The overall growth of the industry, the company's ability to capture a larger share of the market and Increase in the content (features) integrated into each vehicle.
- EBITDA for Q3FY24 stood at INR 2,620 Mn up by 46% YoY and 3.5%QoQ
- PAT for Q3FY24 stood at INR 1,680 Mn up by 58% YoY and 7.6% QoQ
- In FY24, the CAPEX is approximately 1,250 Mn and the company remains debt-free.

Revenue Drivers:
- The strong revenues are due to customers choosing feature-rich models.
- The upgrade to feature-rich models leads to more content of wiring harness in cars, as cost of the sales are dependent on these feature-rich models. So hence, higher the model, the higher the sales.
- There were no material impact on revenue due to copper pass-through owing to higher copper prices.

Dynamic Pricing Model:
- The company emphasizes that they don't supply parts at a fixed price rate.
- The value of wiring harnesses increases as customer requirements for more features go up, reflecting a dynamic pricing model.

Capacity Utilization and Expansion:
- New capacities in Chennai and Pune are reaching high utilization levels.
- Expansion plans are in progress to meet future orders and maintain capacity above 80% utilization.

Electric Vehicle (EV) Revenue Contribution:
- The share of electric vehicles (EVs) in revenue has increased in line with overall revenue growth.
- The company anticipates of positive response to new EV models entering the market.

Focus on CCS2 Connectors:
- The company has localized and provides solutions for CCS2 connectors (charging connectors).
- A new facility is being set up to support the production of new range of electric wires, meeting global standards.
- The emphasis on both shielded and non-shielded wires, including XLP and silicon cables, aligning with customer requirements.

Two-Wheeler Segment:
- With the transition to Euro 6 standards, the two-wheeler segment underwent significant changes.
- The revenue content for two-wheelers increased as a result of these changes.
- Currently, the content-wise contribution in the two-wheeler segment has risen.
- The company maintains a close relationship with customers and provides significant support across all segments.

Margin Expansion:
- Q3FY24 is traditionally considered weaker, but this time, the company outperformed expectations due to the sales of feature-rich models.
- The improved RMC is due to a better mix of model sales. This implies that the positive impact on margins is a direct result of selling feature-rich models.

- The product mix played a crucial role in this improvement, making it challenging to compare raw material costs from one quarter to another.

Customer-Centric Approach:
- The company is adaptable, ensuring readiness for both electric and internal combustion engine (ICE) vehicles based on customer demand.
- The company actively collaborates with customers, ensuring they have the freedom to choose between electric and non-electric powertrains.
- Thus the company is collaborating closely with customers on all kinds of powertrains.

Outlook: For FY25 the working is ongoing, and there are expansion plans, which will be part of the next year's CAPEX. The company anticipates of positive response to new EV models entering the market. The company’s future investments and efforts will be directed towards wiring harness innovations while emphasizing on meeting the evolving needs of its customers in the wiring harness domain.

Olectra Greentech Ltd-Q3FY24 Concall KTAs
CMP INR 1,741 | Market Cap INR 142,910 Mn

The company aims to deliver 2,500 buses in the upcoming fiscal year, strives for an overall target of 63, and targets a minimum of 2,500 deliveries in the FY25-26*Q4FY24 will be better than Q3FY24

Financial
Revenue stood at INR 3421 Mn up by 33% YoY/14.8% QoQ
EBITDA at INR 561 Mn up by 52% YoY/27% QoQ
EBITDA Margin 16.4% in Q3FY24 against 14.8% in Q2FY24
PBT to INR 338.4 Mn up by 65% YoY/20.6% QoQ

Subsidy
Final leg progresses within 180 days. Despite initial EV segment financial constraints, public institutions are bullish, sanctioning closures for contracts; all closures completed or in advanced stages, ensuring no payment issues in the electric domain.

M&A:The company is receptive to exploring M&A opportunities, focusing on technology and pricing, while also maintaining a strategic tie-up with BYD.

Capex
The company's philosophy prioritizes securing orders before investing in CapEx, currently employing a gross cost contract where end customers subsidize services rather than CapEx, and funding the new facility through a combination of debt and internal accruals. Total project cost INR 7500 Mn and The debt is in the region of 1000Mn.

EV Buses
The order book for electric buses is at 8,088 units, indicating robust demand; other OEMs in the country lack the capacity, prompting the need for capacity building. The firm holds orders for 5k and 10k units, expecting strong financial results in the upcoming quarters due to recent orders from MSRTC and anticipated orders from new SCUs.

Partnership Dynamics
EveyTrans to backorder buses from Olectra, with Olectra providing technical credentials to EveyTrans.

ASP
The company sets an ASP between INR 12 Mn and INR 20 Mn, employing a contract model. Anticipating potential margin variations, it acknowledges that the dynamics may differ on a larger scale, such as with 5k units, compared to the current operational scale of 250 to 300 units. This strategic approach reflects an awareness of the evolving market conditions and a willingness to adapt to different scales of operation.

The selling price of one tipper average about INR13 Mn to INR14 Mn

Order
The last order the company received from Vasai,-Virar, was about 40 buses.

VST Tillers Tractors Limited -Q3FY24 KTAs
CMP: INR 3,162 | Market Cap: INR 27,315 Mn

Anticipating recovery in Q4FY24 through strategic initiatives and government support

Financial Highlights (9M FY24):
-Power Tiller Sales Volume: Recorded 24,914 units with a marginal 2% decline.
-Tractors Sales Volume: Witnessed a decline of 21%, totalling 3,903 units.
-Revenue from Operations: Amounted to INR 6,946 Mn against INR 6838.2 Mn in 9MFY23.
-Export Revenue for 9MFY24 stood at approximately 900 Mn

Financial Highlights (Q3FY24):
-Revenue: Amounted to INR 1,699 Mn, reflecting a substantial 20% drop from the same quarter last year.
-EBITDA: For the quarter reached INR 277 Mn, EBITDA margin 14.72% for the current quarter as compared to 14.60% of Q3FY24.
-PAT : Stood at INR 169.5 Mn, approximately 9% of turnover, influenced by other income-related factors.
-Imported Units: Rough estimate of around 120,000 units imported for Power Weeders and reapers.

Segmental Revenue :
-Power Tiller Revenue: INR 903 Mn (compared to INR 1,210 Mn last year).
-Tractor Revenue: INR 510 Mn (compared to INR 610 Mn last year).

Market Conditions and Strategy:
-Challenging market conditions in Q3 due to unfavorable rainfall but anticipates sector recovery post-improved monsoon.
-Temporary delay in farmer purchases, optimism for Q4 with government schemes.
-Expected government-supported subsidy schemes in Q4 to boost buying.
-The company has ongoing plans for new launches.

Exports and Red Sea Crisis Impact:
-The company has also registered growth of 38% in the export of tractor for nine months of FY24.
-Red Sea crisis affecting logistics and costs, potentially impacting Q4 volumes.
-Company is working on expanding geographies, entering the US market in the next two years.

Joint Venture with Kobashi (Japanese Company):
-Kobashi, a blade manufacturer, aims to manufacture blades in India with Japanese technology.
-Joint venture focuses on indigenization for both internal use and external sales.

Power Reapers Performance:
-Robust growth in power reapers, attributed to increasing demand in an unorganized segment.
-Anticipates sustained demand over a decade with substantial revenue contribution.

Progress with VST Zetor JV and R&D Facility:
-VST Zetor joint venture formed with a two-month delay, seeding underway.
-Production ramp-up expected from March-April in alignment with market normalization expectations.
-The joint venture entity, VST Zetor Pvt Ltd., between the company and HTC Investments commenced operations in the quarter.
-Initial product launches are underway with volume production from March where VST handles the manufacturing.
-VST Zetor JV is progressing and focus on building volumes in coming years.
-JV share capital at INR 900 Mn, progress includes working capital and product development.
-Entire manufacturing to be conducted in VST facilities and additional product launches with VST Zetor.

Margin Impact and Outlook:
-The company has given margin range of 11% to 13%, tending towards the higher end.
-Margin impact attributed to additional costs for long-term growth initiatives and entering new markets.
-The company maintains confidence expressed in sustaining margins with ongoing strategic investments.

Guidance:
-The company Vision for 2026 targets INR 30,000 Mn, with ongoing projects and initiatives.
-Entry into the electric tractor market within two years, aiming to be among the top five globally in the next five years.
-Foresees sustained growth for more than a decade in small farm machines.
-Expects substantial revenue from power reapers over the long term.
-The company plans for African expansion; next product launch targets the African market.
-The company foresees growth in tractor business and related segments
-The company plans to explore export markets and manufacturing set to begin in the upcoming financial year.

Outlook:
VST Tillers Tractors Limited remains optimistic about its future trajectory despite the challenges faced in Q3 FY24. With strategic initiatives in place, the company eyes a robust recovery in Q4, driven by expected government-supported subsidy schemes and improved monsoon conditions. The ongoing expansion into international markets, including the US, and the joint venture with Kobashi, signify the company's commitment to global growth. Moreover, the entry into the electric tractor market within the next two years aligns with the company's vision to be among the top five globally by 2026. The focus on sustained growth in small farm machines and the power reapers for long-term success and revenue contribution.

Pricol Ltd- Q3FY24 Concall KTAs
CMP: INR 415 | Market Cap: INR 50,593 Mn

With new product launches the company is positioned for growth

Financial performance:
- Revenue from operations for Q3FY24 stood at INR 5,572 Mn up by 21.6% YoY and down by 0.97% QoQ.
- PAT for Q3FY24 stood at INR 340 Mn up by 27.1% YoY and up by 2.6% QoQ.

Segment-wise Customer Distribution:
* Two-thirds, of the production comes from the two-wheeler segment. Within this segment, the top customers include well-known brands such as TVS Motor, Bajaj Auto, Royal Enfield, Honda Motorcycles, and Suzuki Motorcycles.
* In the commercial vehicle segment, top customers are Tata Motors, Ashok Leyland, and Volvo Eicher. Revenue is aligned with the production, both in terms of market segmentation and actual revenue.
* In the off-highway vehicle category, JCB holds the largest market share. Consequently, JCB also contributes the highest revenue in the off-highway vehicle segment.

Q3FY24 Launches:
* The company supplied instrument clusters for Hero Motor Corp.'s new motorcycles, the 125cc premium Xtreme, and the 440cc Maverick.
* Tata Motors introduced a new range of EV Punch, and the company has supplied the solution of driver information system for this electric vehicle.
* The company launched a new driver information system for the IC vehicle of Punch in collaboration with Switch Mobility, an EV subsidiary of Ashok Leyland.
* Collaborating with Daimler, the company introduced a state-of-the-art driver information system for Daimler's new range of trucks and buses.
* The company export a range of products to Harley Davidson in the U.S. but are not supplying to the Harley Davidson in India.

Product Development:
- The company is actively working on introducing new products, specifically disc brakes and battery management systems.
- These products are designed with a modular approach to cater to the fragmented 2w market and provide shorter lead times for design and development.
- The focus is on offering off-the-shelf products, allowing customers to fit and use the products.
- The timeline for launching these products is within the next 12 to 18 months.

Market Target and Customer Base:
- The primary target market for these new products includes both new-age electric vehicle (EV) manufacturers and traditional original equipment manufacturers (OEMs).
- The company aims to serve a wide range of EV customers, addressing the growing demand in the EV market.

Impact of Red Sea Crisis:
- The Red Sea crisis has caused a temporary increase in logistics time, resulting in rerouting measures.
- The impact on imports and raw materials has been manageable, and the situation is returning to normalcy.

Transition to Solution-Based Company:
- The company is transitioning from a product-based to a solution-based approach, offering end-to-end solutions to customers.
- This transition is expected to contribute positively to margins, as the company provides comprehensive solutions beyond manufacturing and assembly.

- The focus is on providing technology solutions, including electronics and software.

Telematics and Cloud Solutions:
- The company's connected vehicle solution includes a combination of driver information systems, telematics, and cloud solutions.
- The company has tied up with Sibros solution for cloud-based driver information system with telematics
- The solution, currently in the proof-of-concept stage with various OEMs, is expected to generating revenue in Q4FY25.
- A significant contribution to revenue is expected in FY26 which will increase content per vehicle and broaden the company's offerings.

Outlook: The company has a strong order book, majority of revenue from new products is expected to start from FY26. The company is optimistic about the revenue potential, especially given the increasing focus on the EV market. There will be an continued increase in EV adoption within the commercial vehicle segment. The company is actively working on the development of E-Cockpit with a major customer. The start of production for E-Cockpit is anticipated in FY26. The company emphasised that margins will not be negatively impacted; they are expected to go up.

Sterling Tools Ltd - Q3FY24 Concall KTAs
CMP: INR 365 | Market Cap: INR 13,123 Mn

EV business showing strong growth. Fasteners vertical for 2W and EV performed well.

Financial performance
- On a consolidated level, total income increased to INR 2,340 Mn in Q3, up 12.2% YoY and 10.6% QoQ.
- Consol EBITDA margin stood at 12% in Q3, down by 2.1% YoY and up by 5.1% QoQ. 9MFY24 EBITDA margin stood at 13.3%.
- PAT stood at INR 136 Mn in Q3, decreased 2.4% YoY and improved 9% QoQ.

EV and Growth drivers
- EV business, under SGEM (Sterling Gtake E-Mobility Ltd), contributed 33% to overall revenues in Q3 FY24, showing growth compared to 21% in FY23.
- Localization of the MCU for L3 category completed, indicating commitment to new products in the EV ecosystem.
- Aims to participate in all electronics components related to EVs.
- Evaluating opportunities in charging and DC-DC spaces, leveraging similar technologies used in MCUs.
- Expected strong performance in Q4 and FY25 to mitigate concerns.
- Confirmation of orders from 20 customers.
- Strong performance in high-speed scooters, outgrowing the market.
- Focus on existing customers' growth; LCV and HCV businesses yet to gain traction.

Standalone performance
* Standalone revenue reached INR 4,467 Mn in 9MFY24; EBITDA for Q3 was INR 213 Mn, aggregating to INR 650 Mn in 9MFY24.
- Q3FY24 standalone revenue declined by 6%.
- Fasteners vertical for two-wheelers and EV industry performed well.
- Challenges in revenue growth from CV and farm equipment sectors.
- Segment-wise contribution in standalone business for 9MFY24: 87% from OEMs, 11% from retail. PV contributed 28%, 2W 24%, CV 22% and farm equipment 13%.

Strategic developments
- SAP implementation undertaken, showing commitment to technology.
- SGEM booked its first export order, reflecting product quality and team effort.

Plans for Margin Expansion
- Operating margin at 14.9% in Q3 despite muted revenue, due to softer steel prices and cost-saving initiatives.
- Focus on revenue growth and cost management; expectation of stronger margin structure in Q4FY24.
- Plans to optimize and rationalize the Bangalore facility over the next 5 years.

Opportunities and Focus areas
- Exploring opportunities with top players for new product launches in EVs.
- Focus is on high-speed scooters and making inroads into HCV.

Export order for SGEM entity
- Contract manufacturing opportunity in the EV space for an allied product.
- Revenue potential estimated at INR 15-20 Mn in the short term.
- Order intended for shipment to a European country before Q1FY25.

Localization of MCU for LCV category
- Initial import of complete units from China.

- After product validation, formal orders are received, leading to investments in local assembly lines.
- Retesting in India to ensure localized products meet specifications.
- Importance of receiving government subsidies based on product localization.
- Traction in LCV space achieved with the crossing of regulatory hurdles.

Certification under QC Order
- Government's Quality Control Order (QCO) mandates OEMs to buy fasteners from BIS-certified manufacturers.
- Sterling Tools certified all facilities under QCO.
- Major importers, including Suzuki, Maruzuki, Hyundai, Volkswagen, and Toyota, are compelled to localize components like fasteners which will benefit Sterling Tools.
- Three-year phased program; opportunities anticipated primarily from Suzuki, Hyundai, Toyota, Tata, and Mahindra.

Peers in Fastener business
- Sundaram Fasteners Ltd. remains the key competitor of the company in the OEM fastener segment.
- Other players from North and Punjab regions have witnessed growth.
- No significant changes expected in the short term.

EV subsidy regime
- Existing subsidy regime for EVs expected to end on March 31, 2024.
- No clarity on an extension; assumptions indicate the subsidy might be removed.
- Industry already adapted to reduced subsidies since May; new economical models introduced.
- Industry growth expected despite subsidy elimination, driven by the rationale for buying EVs and customer experience.

Outlook: Company’s focus remains on providing superior products and competitive pricing, coupled with an intention to diversify the customer portfolio to reduce dependency on a single large customer. Long-term margin potential in low double digits in the MCU business, with ongoing initiatives for portfolio expansion and margin improvement. The MCU model for 2W is on track for commercialization by the end of FY25. A strong Q4FY24 is anticipated, with significant revenue growth expected. Focus on high-speed 2W and entry into the HCV space. Exploration of additional products aims to increase the share of wallet from diverse customers.

SJS Enterprises Ltd Q3FY24 Concall KTAs
CMP: INR 618 | Market Cap: INR 19,192 Mn

Maintaining guidance of consolidated annual revenue growth close to 45% YoY on account of expected recovery in 2W, PV, Consumer Durables and Exports. Organic growth for FY24 expected to be over 1.5 times industry growth, approximately 20% YoY. Consolidated PAT growth likely to be near 30% YoY, excluding certain one-time costs and higher amortization.

Revenue and Performance Highlights:
* Consolidated revenue for Q3 FY24 at INR 1,605.9 Mn, a YoY growth of 51%.
* EBITDA margins improved 266 bps QoQ to 25.5% on back of significant improvement in WPI EBITDA margins to 20.3% and Exotech EBITDA margins to 18.4%
* Overall Domestic sales with 51.9% YoY growth; on back of 54.4%YoY growth in PV business & 217.4% YoY growth in consumer business
* PAT reached INR 208.5 Mn, demonstrating a robust YoY growth of 32.7%.
* Net debt reduced to INR 220.1 Mn from INR 599.4 Mn in Q2 FY24.

Walter Pack India Acquisition and Production:
* Key OEM volumes recovering gradually, new business wins contribute to a robust order book for FY25.
* Confidence in the strategic importance of Walter Pack India for long-term growth and profitability.
* Production-related scale-up issues resolved; anticipated margin improvement in Q4 and early Q1 FY25.
* Capacity utilization targeted at 70-75% in Q3, with potential growth in Q4 and subsequent quarters
* Post-acquisition, yearly capacity expanded to approximately INR 250 Mn.
* Anticipated normalization in revenue from Q4 onward, aligning with increased production and launch of new models.

Cross-Selling Opportunities:
* Strong conviction in the ability to leverage cross-selling opportunities among SJS, ExoTech and Walter Pack India.
* Positive outlook for synergies and growth, with potential content per PV increasing over four times in the last two years.

Rejection-related Costs and Learning Curve:
* Rejection-related costs incurred due to new product launches and learning curve in the startup phase.
* Normalization expected in Q4 and Q1 FY25 as internal trials and customer acceptance progress.
* Costs associated with new products expected to stabilize over the next two or three months post-launch.

Optical Cover Glass Opportunity:
* Introduction of optical cover glass expected to increase standalone SAS content per four-wheeler by almost 10x.
* Proof of concept and validation in progress; audits by customers ongoing.
* Positive traction with customers, with expectations of orders in the next one or two quarters.

Margin Improvement for ExoTech:
* ExoTech's margins have improved due to operational efficiency, lower raw material consumption, and favourable product mix.
* Sustainable margins guided to be around 15%, with efforts to increase further.

Capital Expenditure Plans:
* FY24 CAPEX at around INR 400 Mn, including land acquisition for expansion.
* FY25 CAPEX estimate of INR 400-450 Mn, considering optical cover glass and maintenance expenditure.

* Assured resilience in recovering margins with the entry into new technologies, despite short-term startup costs.

Export Performance:
* Exports grew by approximately 40% in the current quarter on account of 88.7% YoY growth in PV business and 47.3% YoY growth in consumer business.
* Expected to reach near normalcy compared to the pre-pandemic levels by the end of the fiscal year.
* ExoTech and Walterpack are predominantly domestic businesses, but exploring cross-selling opportunities for increased exports.
* Positive traction in automotive and appliance businesses; challenges persist in Europe.
* Long-term outlook envisions exports contributing 10-11% of consolidated revenues in the next 2-3 years.

Outlook: SJS Enterprises remains optimistic about its growth trajectory, anticipating to outperform industry growth by over 1.5 times. The company emphasizes a continued focus on introducing new premium products through both organic and inorganic routes. For FY25, the outlook includes organic growth expectations of 20%, aligning with industry growth estimates of 8-10% for 2W and 10-12% for 4W. SJS envisions strong overall growth, projecting a 45% YoY increase, including both organic and inorganic components.

Minda Corporation Ltd Q3FY24 Concall KTAs
CMP: INR 404 | Market Cap: INR 96,528 Mn

Growth observed across vehicle segments except tractors.

Financial performance
- Revenue reached INR 11,660 Mn, up by 9.1% YoY and 2.5% QoQ.
- EBITDA increased to INR 1,300 Mn, a growth of 13.8% YoY and 1.1% QoQ, driven by component localization and operational efficiencies.
- EBITDA margin at 11.1%, increased 46 bps YoY and 16 bps QoQ.
- Profit after tax stood at INR 520 Mn, with a profit margin of 4.5% partially impacted by increased finance cost and depreciation due to strategic investments in capacity expansion and technology upgrades.

Order Wins
- Secured lifetime orders exceeding INR 4,000 Mn in Q3 from leading OEMs for upcoming models. Lifetime order wins exceeded INR 23,000 Mn, with EV platforms constituting more than 30% of the total.
- 9MFY24 Order wins totaled INR 89,000 Mn, surpassing the full-year figure of INR 80,000 Mn in FY23.
- Multiple smart key orders secured in the 2W and 4W EV and IC segments from prominent OEMs. Marquee customer wins in new areas such as tire pressure monitoring systems.
- Substantial orders worth INR 4,500 Mn received for LCD wiring harnesses for upcoming models, with production scheduled to commence from FY25.

Order Book Breakdown
- Out of the total INR 90,000 Mn order book, about INR 40,000 Mn are replacement businesses, and INR 50,000 Mn are new businesses spread over a lifetime of about four years.
- The export orders for 9M amounted to about INR 5,000 Mn.
- In the mechatronics division, INR 42,000 Mn of orders have been received, with 20% for replacement business and 80% for new business.
- The information and connected systems segment is about INR 35,000 Mn. In this segment, 31% are replacement businesses, and 70% are new businesses. Other upcoming product lines are around INR 11,000 Mn.

Mechatronics and Aftermarket Division: Revenue grew from INR 5,470 Mn to INR 5,750 Mn, 5% QoQ growth. Mechatronics division grew by 9%, driven by the domestic 2W segment.

Information and Connected Systems: Revenue increased from INR 5,220 Mn to INR 5,900 Mn, reflecting a 13% growth on 9M basis. The segment witnessed a 4% growth.

Component Localization: Efforts in component localization resulted in securing more than 15% of components in-house, particularly in the mechatronics and aftermarket division.

Delayed SOPs: The delayed SOPs in the information and connected systems impacted around 3% of revenue, primarily in that segment. The delayed orders are expected to resume in Q4FY24 and Q1FY25. Orders typically translate into revenue over 12-24 months from order win to SOP and peak volume realization around 36 months from the order win.

Wiring Harness: Strong double-digit growth in the wiring harness segment is attributed to localization efforts, cost competitiveness, deeper engagements with customers, and consolidation of plants for better economies of scale.

Exports: Export focus remains, and while order wins continue, the actual sales performance has been subdued in the first nine months showing a decline of about 15%.

Collaboration on Sunroof
- Regarding joint venture with HCMF for sunroof and other product lines multiple interests have been received from customers, and formal agreements are expected to be concluded by the end of the month.
- Engaging with various companies globally and in India for technical license agreements and forming joint ventures in their product lines.

Instrument Cluster: In the PV instrument cluster business, the company currently has a market share of 1-2%. Once SOPs for new orders come into effect in the next 12 months, the market share is expected to increase to about 4-5%.

Electric Vehicle: EV mobility contributes to 5% of overall revenue. Capex allocation, including 20% of R&D, directed toward EV-related investments, especially in new mobility product lines. EV constitutes about 5-6% of total group sales, with the 2W segment accounting for approximately 11-11.5%.

Capex and Net Debt: Capex plan for the next two years is in the range of INR 3,000-4,500 Mn per year. The net debt of the company was approximately INR 4,500 Mn in Q3.

Capacity Utilization
- Proactive capacity enhancements in smart keys, EV products, clusters and cockpits, sensors and diecasting parts to meet growing demand.
- In the vehicle access space, the current capacity utilization is around 80%, and new facilities are being established to further enhance capacity.
- Wiring harness space has recently consolidated with larger facilities, reaching 55-60% capacity utilization across three regions.
- The instrument clusters and sensor space are experiencing high capacities, leading to the initiation of two new plants.
- Diecasting is a focus area, especially with new export orders, and two new facilities are planned for domestic orders, located in the north and west regions.

Outlook: Future focus on premiumization of core products, expanding market share, and acquiring new customers through technology advancements and partnerships. EV revenue share expected to reach 10-15% by FY25-26. Keyless penetration is expected to grow from 15% to 20-25% by FY26-27, targeting 35-40% by 2030. Expected revenue from the instrument cluster business in FY25 is estimated to be around INR 8,000-9,000 Mn. Ongoing efforts towards localization and connection systems to minimize reliance on imports and enhance profitability. Investment in EV product lines to capture growth opportunities in the EV market.

Media and Entertainment

MPS Ltd | Q3FY24 Concall KTA
CMP: INR 1,500|Market Cap: INR 25,667 Mn

The company's Q3FY24: Stable 1.26% revenue growth, 8.11% EBITDA increase; strong segments, disciplined capital use, strategic acquisitions, and positive outlook for Vision 2027.

Financial Highlights
•Q3FY24 witnessed a flat quarter with Revenue at INR 1338.1 Mn, showing a slight YoY growth of 1.26%.
•EBITDA grew by 8.11% YoY to INR 446.4 Mn, PBT increased by 3.25% to INR 406.5 Mn, and PAT showed a marginal growth of 0.54% to INR 297.3 Mn.
•EBITDA Margin is 33.36%, and PAT Margin is 22.22%.

Content Solution Segment
•Revenue from content solutions reached INR 708.2 Mn, growing by 8% YoY, with a segment EBITDA margin of 43.08%.
• Launch of capabilities linked to the journal editorial office in the marketplace enhanced revenue quality and attracted new customers.
Platform Solution Segment
•Revenue from platform solutions stood at INR 282 Mn, with a segment margin of 42.45%.
•Launch of two SaaS products (Digi Quote Pro and Think Web) in Q3FY24, aiming for growth from new customers by FY26.
eLearning Solution Segment
•Revenue from eLearning solutions reached INR 347.9 Mn, with a segment margin of 16.15%.
•Successful performance in Q3FY24, with a notable contract in the energy sector in India. Expecting a pickup in Q1FY25.
Geographic Concentration and DSO
•Geographic concentration: North America 52%, UK/Europe 37%, Rest of the World 11%.
•DSO declined from 57 in Q3FY23 to 65 in Q3FY24.
Top Contributions and Acquisitions
•Top 5 contributors account for 36%, Top 10 for 49%, and Top 15 for 58%.
•Anticipating more acquisitions in 2024, targeting companies with financial strength (4x to 8x EBITDA).
•Two upcoming acquisitions are expected to be greater than 200 Mn.
Dividend and Capital Allocation
•INR 30 dividend per share declared.
•Capital allocation strategy focused on redistributing surplus to MPS shareholders for disciplined growth.
Vision 2027
•Expecting a bullish trend in the next three years, particularly in FY25, with corrections in the education side of the business.
•Launch of MPS Lab in Bengaluru and plans to introduce AI products in the future.
Outlook
•Despite a flat quarter, the company is strategically positioned for growth, leveraging technological services, differentiated offerings, and geographic diversity.
•Financial strength, upcoming acquisitions, and disciplined capital allocation contribute to a positive outlook.

Shemaroo Entertainment Ltd – Q3FY24 Concall KTA's
CMP: INR 173 | Market Cap: INR 4,714 Mn

Revenue growth in digital media has slowed down to single digits, with platforms like YouTube and Facebook experiencing flat monetization and revenue. The company is optimistic about achieving 24% growth QoQ in Q4FY24, targeting revenue of INR 7,000 Mn in FY24, if the current momentum is maintained.

Financial Highlights
- Revenue stood at INR 1,559 Mn in Q3FY24 against INR 1,496 Mn in Q3FY23 (growth of 4.3% YoY) and at INR 1,989 in Q2FY24 (degrowth of 21.6% QoQ)
- EBITDA stood at INR (177) Mn in Q3FY24 against INR 94 Mn in Q3FY23 and INR 172 Mn in Q2FY24.
- PAT stood at INR (304) Mn in Q3FY24 against INR 10 Mn in Q3FY23 and INR 55 Mn in Q2FY24.

Operational Highlights
- Weak rural demand persisted, resulting in lower advertising spend across the sector.
- Challenges within the startup ecosystem contributed to reduced advertising spend, especially on digital platforms.
- Revenue growth in digital media has slowed down to single digits, with platforms like YouTube and Facebook experiencing flat monetization and revenue.
- Employee expenses are high for the company. The company believes it's an investment for the long term and the expense won't go up further significantly.
- Planned B2B closures occurred in Q3FY24, and the revenue realization was deferred to Q4FY24 and Q1FY25.
- Planned investments were made in content, people and marketing which resulted in significantly higher expenditures and lower margins.
- The company acknowledges the impact of reduced ad spends and lower viewership on revenue, - despite an increase in overall viewership percentages.

World Cup Impact
- A significant portion of the advertising budget was allocated to the World Cup and state elections, which impacted the overall advertising spending on other entertainment categories.
- Major FMCG advertisers, traditionally investing in entertainment, contributed 1/3rd of the marketing budget to World Cup advertising.
- World Cup matches drew attention away from non-sport categories, resulting in decreased viewership and muted advertising revenue.
- Revenue challenges post-World Cup due to deferred B2B deals, impacted the overall quarterly performance.

IPL Impact
- World Cup, being a once-in-four-years event, has a different impact on viewership and revenues compared to annual events like IPL.
- While the company faced a reduction in ad spend during World Cup, the expectation is that IPL's regular occurrence allows for better planning within the advertising ecosystem.

Launches and partnerships
- Launched ShemarooVerse, the first official metaverse platform on Android devices and desktops.
- The company Partnered with Sandbox to create immersive experiences for various Shemaroo's IP.
- The launch of a new channel has been deferred due to market conditions, but preparations are in place and the launch is expected soon.

Borrowings
- Current debt at INR 3,620 Mn, closing at INR 3,500 Mn for FY24.
- The company is confident that the current debt level is the peak and will decrease with B2B deals and improved cash flows.

Inventory Status
- Inventory was INR 7,270 Mn for Q3FY24, slightly lower than the INR 7,380 Mn reported in Q2FY24.

Advertising Outlook
- Advertising challenges are expected to persist until the rural economy and consumption show signs of improvement.
- Revenue pressure is anticipated to continue, and the company is not highly confident about the immediate translation of viewership into monetization.

Investments
- The company has spent INR 280 Mn in Q3FY24 Mn for new investments, bringing the total spending in 9MFY24 to INR 710 Mn.
- The increase in the outlay is attributed to lower revenue rather than higher costs.

Business Planning
- Mitigation measures are being implemented, and the company is developing a cautious business plan for the upcoming year.
- The goal is to navigate the challenges without compromising the long-term potential, especially considering India's economic growth projections.
- There is a consideration for consolidating the business before aggressive scaling due to the unpredictability of the external environment.

Broadcasting Business
- The broadcasting business is not yet at a break-even position, with strategic investments made.
- Corrective measures, including cost-cutting on certain shows, are being implemented to improve the financial position.
- The company targets to Break-even broadcasting business in FY25, considering both external factors and internal adjustments.

Outlook: The company is proactively addressing issues and investing strategically for future growth, maintaining confidence in positive outcomes in Q4. The company expects positive results from cost and cash allocation measures that they have been implementing. They anticipate continued pressure on advertising trends until rural demand picks up. Future plans for achieving break-even will depend partly on external factors but also on internal strategies and positioning within the market. The focus is on reducing debt exposure while evaluating available funds for investment.

Zee Entertainment Enterprises Ltd - Q3FY24 Concall KTAs
CMP: INR 406 | Market Cap: INR 4,449 Mn

The company continues to post moderate growth and certain strategic steps are being implemented in the cost structure optimization to enhance performance in the coming quarters. With 78% of current revenue coming from the Linear vertical, the company will maintain its focus on strengthening and expanding this segment. Gradual margin improvement is expected by H2FY25.

Financial Performance:
- Revenue from operations for Q3FY24 stood at INR 20,457 Mn down by 3% YoY and down by 16% QoQ.
- EBITDA margins for Q3FY24 declined due to adverse operating leverage on lower revenue, coming at 10.2% as against 13.6% and 17.4% in Q3FY23 and Q2FY24 respectively.
- PAT (incl discontinuing operations) for Q3FY24 stood at INR 585 Mn up by 141% YoY.
- Overall operating costs declined due to lower content costs, fewer movie releases and continued cost optimization in Zee-5.

Other sales and services revenue:
- Other sales and services revenues stood at INR 970 Mn, down by 36% YoY and down by 83% QoQ due to a decrease in the number of movies produced and released.
- However, this was partially offset by strong box office performance of titles like Gadar 2, Bro, and King of Kota.

Margins Front:
* The lower margins during the quarter can is due to two main factors:
* The majority of the company's portfolio operates in offline markets, which have yet to fully recover, particularly from key advertisers like FMCG.
* The presence of significant sports properties in Q3FY24, which have impacted the margin performance.

Performance Analysis:
- Domestic Ad revenues stood at INR 9,867 Mn, down by 3% YoY but up by 5% QoQ. There was a gradual increase in advertising spending during the quarter, particularly driven by the FMCG sector.
- Subscription revenues stood at INR 9,213 Mn, up by 3% YoY and up by 4% QoQ with ZEE5 subscription revenue up by 31% YoY and NTO 3.0. The impact of NTO 3.0 on subscription revenue is estimated to be around 3 to 4%.
- Broadcasting business remained healthy, with Zee gaining market share in various regions like South and segments.
- Digital business, particularly ZEE5, continued to grow. EBITDA loss was decreased by INR 99 Mn and INR 380 Mn in Q2FY24 and Q3FY23 respectively due to the digital syndication deal.

Youtube:
- Despite fluctuations in movie business, the music channel maintained its position with over 146 million subscribers on YouTube and 41 billion total video views in Q3FY24.
- This was driven by ZMC (Zee Music Company) New Age Music Catalog and rich Library.

Employee retention post Sony termination:
- There has been no significant attrition observed in the company in the last 15 days or three weeks following the termination notice from Sony.
- While there are no plans for large-scale layoffs, the company will assess overlaps between different business areas to streamline operations.

Outlook: The company aims for a steady state 18-20% industry-leading EBITDA margin and targeting 8-10% overall revenue CAGR with digital business growing. Some pressures on margins are expected for 3-6 months due to one-time higher costs and lead time. The overall subscription revenue growth, including the impact of NTO 3.0, is expected to be in the mid to high single-digit range.

Tips Industries Ltd- Q3FY24 Concall KTA's
CMP: INR 415 | Market Cap: INR 53,290 Mn

Outlook: Aiming for consistent 30% YoY growth in top and bottom lines. Anticipating close to 40% improvement in bottom line for FY24. Plans to release 100-125 songs in Q4 with a focus on quality over quantity. Focus on maintaining a strong business, rewarding shareholders, and achieving targeted growth in the core business. Content cost expected to remain around 30% of revenue.

Financial Performance
- Revenue hit INR 648 Mn, up 27% YoY, Operating EBITDA reached INR 434 Mn, up 67% YoY, and PAT stood at INR 347 Mn, up 72% YoY with a 53.5% PAT margin.
- For the 9-month FY24, cumulative revenue surged to INR 1,783 Mn, up 32% YoY, while PAT reached INR 1,014 Mn.

Content cost amounted to INR 147 Mn, a decrease from INR 187 Mn in Q3FY23. Content cost is linked to topline, and overall spending for FY24 may be lower than expected.

Content acquisition includes around 40% from Tips Films, 30-35% from external sources, and 25% self-created content.

Digital Growth: Impressive music growth across digital platforms, generating revenue of INR 648 Mn in Q3 FY24.

YouTube Performance: YouTube subscribers reached 93 million, recording 47 billion views, a 52% YoY growth. YouTube remains a significant revenue contributor (45-50% of total business).

Songs released: 165 (82 film and 83 non-film) songs released in Q3. Successful releases include "Hai Huku" by King, songs from the film "Merry Christmas" featuring Katrina Kaif, and tracks from the film "Hanuman," gaining traction post-release. A recreation of the popular dance track "Latka Dikha Diya" from the film "Raja Hindustani" was launched before the year-end, strategically timed for the festive party season.

Revenue Segmentation: Digital revenue comprises 75-76%, while non-digital revenue, including live performances, TV, sync rights, etc., makes up 24-25%.

Film Pipeline: Two releases “Ishq Vishk” and “The Crew” in Q4. The music for both films to be launched in Q4. Buckingham Murder might be pushed to Q1FY25.

Film acquisition strategy: Targeting to acquire 10 to 15 films next year, with a typical acquisition of 3-4 films in Hindi and a total of 12-15 films across languages.
International and Meta deal: Initiation of an international deal with an advance received, and reporting expected every six months. Anticipation of financial numbers from the international deal in the coming quarters. Discussions ongoing with Meta, and news is expected soon.

Consumption trends: Increase in consumption by 20-30% compared to previous quarters. Consumption patterns vary across different platforms.
. **Cash Flow and Shareholder rewards:** Anticipation of improving cash flows as the catalog grows, with plans to reward shareholders through buybacks and dividends

YouTube views and shorts: Sequential decline in YouTube due to YouTube shorts, but revenue impact minimal due to lump-sum outright deals. YouTube shorts platform is evolving, and negotiations for a new model are ongoing.

Hindustan Media Ventures Limited – Q3FY24 Concall KTAs
| CMP: INR 105 | Market Cap: INR 7,699 Mn

Revenue growth, enhanced profitability and investments in OTTplay to drive growth

Consolidated Performance:
* Total revenue stood at INR 486 crore, remaining flat at YoY and 14% up on QoQ basis. The operating revenues uplifted in the quarter due to the festive season.
* EBITDA stood at INR 29 crore 2% up on YoY basis. EBITDA is showing improvement due to the decrease in newsprint rates, even though there has been increased investment in new venture, the OTTplay.
* Net loss stood at INR 22 crore, up by 29% YoY and 57% on QoQ basis.

Print Business:
* The total operating revenue amounted to INR 363 crores, experiencing a 2% decline YoY but up by 12% QoQ.
* Operating EBITDA margins are growing due to the advertising revenues experiencing growth. Further improvement in margins is anticipated with continuous revenue growth.
* The expectation is that newsprint rates will continue to soften over the next one to two quarters contributing to sustained growth.

Radio Business:
* This business has been challenging. It reported revenue of INR 40 crore, a 4% decline YoY but a 12% increase QoQ.
* The FCT segment of the radio business performed well, leading to higher revenue sequentially and improved EBITDA margins both YoY and QoQ.
* The company is hopeful for a positive government policy change in the radio segment and anticipates an announcement post-national elections.

Digital Business:
* Digital business reported strong revenue growth with Operating revenue standing at INR 39 crores, up by 34% YoY and 8% QoQ.
* However, there is operating EBITDA loss of INR 34 crores due to the investments in the OTTplay.
* The digital segment's major costs related to content and acquisition are expensed every quarter based on the number of subscriptions sold with no capitalization involved.

OTTplay (division of HMVL):
* A new business venture launched at the beginning of FY23. It operates as an aggregation play with a single user interface, providing access to over 30 platforms at an affordable price.
* The company has invested approximately INR 70 crores in OTTplay to date. While key metrics like user engagement, content quality are being monitored, there is no fixed amount for future investments.
* In the initial year of scaling up the OTTplay business, the company leveraged its significant go-to-market presence in the newspaper sector. The goal is to combine physical and digital aspects, to minimize acquisition costs.
* The OTTplay business distinguishes itself by offering a unified platform with a single login for users. The business targets a broad customer base, including those serviced by smaller cable and ISP providers.

Ad-for-Equity (AFE) and Real Estate Investments:
* The company has engaged in numerous Ad-for-Equity investments, in locations such as Noida, Greater Noida, and Indirapuram.
* The total quantum of AFE investments exceeds INR 650 crores, with approximately 60% allocated to real estate ventures in these regions.
* The strategic approach involves consistently monetizing these real estate assets over the last three years, contributing to positive cash flows for the company.

Outlook: The company aims for 15-20% gross EBITDA margins when the new venture (OTTplay) of the digital business matures. While shipping costs may have short-term implications, overall, commodity prices especially newsprint, which has corrected around 19-20% on a YoY basis are anticipated to remain soft and potentially decrease in the next couple of quarters. The company clarifies that working capital is tied up in newsprint prices which is expected to improve by March'24.

GTPL Hathway Ltd Q3FY24 Concall HighlightsGTPL Hathway | CMP: INR 196 | Mcap: INR 22.11bn

Revenue
Revenue is expected to grow 16% to 17% CAGR going forward.

Margin
EBITDA margin stood at 15.2% in Q3FY24. Margins are expected to reach 17%-18% (revised from 20%) in Q4FY24 and 20%-21% in FY25E.

Cable business
In cable business, subscribers base stood at 9.4mn as of Q3FY24 and the company is targeting 10mn subscribers by end of FY24E.Out of 9.4mn subscribers, 8.7mn are paying subscribers and more than 80% collections were digitally.Around 35% of business comes from East, West (34%-35%), South (15%-16%) and remaining from northern markets.The company is expanding aggressively in Andhra Pradesh, Telangana, Tamil Nadu, North-East, Delhi, Haryana and Uttarakhand.

Broadband business
In the broadband business, the subscriber base stood at 1.05mn as of Q3FY24. Out of this, 5.6mn subscribers are Home-pass and available for FTTX conversion.The average data consumption stood at 345 GB/month (+11% YoY) and ARPU stood at INR 460 vs INR INR 455 in Q3FY23.

Capex
Around INR 4,000mn capex is expected every year.

Depreciation
The depreciation is expected to reach around INR 342cr due to change in depreciation policy.

Other highlights
B2B additions are in higher single digit growth and retail additions are expected around 20% growth going forward.

Outlook: GTPL Hathway is expected to grow 16%-17% CAGR and EBITDA margins are expected to be brought back to 20%-21% in FY25E. The subscriber addition and increase in realization would improve the business going forward. We have a Neutral outlook on the stock.

D B Corp Ltd – Q3FY24 Concall KTAs

CMP: INR 345 | Market Cap: INR 61,350 Mn

Sustained growth in both top line and bottom line across all the business segments

Financial Highlights:

- Revenue for Q3FY24 stood at INR 6,648 Mn as against INR 5,756 Mn in Q3FY23, up by 15.5% YoY.

- EBITDA for Q3FY24 stood at INR 2,031 Mn as against INR 1,007 Mn in Q3FY23, up by 101.7% YoY.

- PAT for Q3FY24 stood at INR 1,240 Mn as against INR 483 Mn in Q3FY23, up by 156.8% YoY.

- The company's balance sheet is healthy, with cash and bank balance at INR 8,250 Mn with no debt.

- Over the past 10 quarters, the company has consistently delivered strong results. Factors contributing to success include sustained growth in advertisement revenue, softening trends in newsprint prices, and effective cost control measures.

Radio Business:

- Revenue stood at INR 464 Mn as against INR 362 Mn in Q3FY23, up by 28% YoY while EBITDA stood at INR 183 Mn as against INR 118 Mn in Q3FY23, up by 56% YoY.

- There has been significant growth in ad revenues in radio business as in tier two and tier three markets where radio has higher advertiser dependence and better delivery.

- The focus on local programming and retaining all radio jockeys (RJs) has helped build a strong local connect, contributing to local revenue.

- The strategy includes not to solely prioritize advertisements on the network, but balancing them with music and talk shows.

Digital Business:

- For digital business, Dainik Bhaskar continued its focus on ad-free user experience on its digital app, along with delivering high-quality and engaging content for its readers.

- Monthly active users for the e-paper (including Dainik Bhaskar and Divya Bhaskar) are around 13 million as of December 2023.

- The digital expense line has stabilized and is on a downward trend. The company is open to further investments in digital business.

Advertising Dynamics:

- Advertising Revenue stood at INR. 4,819 million in Q3FY24 as against Rs. 4,069 million in Q3FY23, up by 18.4% YoY.

- On average, the ad to edit ratio is around 70:30, considering monthly or annual averages.

- The company has the flexibility to increase the number of pages when there are more ads, as it is not bound by the 24-hour format like television and radio.

- Regarding government advertisements, the contribution from the central government is minimal, and a large chunk comes from state governments due to local business considerations.

Current Circulation Levels:

- Revenue stood at INR 1,200 Mn as against INR 1,161 Mn in Q3FY23, up by 28% YoY

- Current circulation stands at approximately 4.1 - 4.2 million copies.

- The emphasis is on quality content to attract readers without resorting to cover price reductions, trade schemes or freebies.

- There are no plans to enter new geographies; the focus on existing 12 states with growth potential.

- Editorial initiatives, such as coverage of events like the Ram Mandir opening, is aimed at retaining and attracting readers.

Overall Business and Strategy:

- In Q3FY24 all sectors contributed to revenue growth where government revenue went up by 35%, automobile went up by 47%, real estate went up by 20%, FMCG went up by 22%, jewellery went up by 26% and health sector went up by 22%.

- The company is optimistic about maintaining margins and positive market conditions.

Other highlights:

- The company follows a capital allocation strategy of retaining funds in the balance sheet as needed and declaring dividends when excess cash is available.

- A dividend of INR 5 per share has already been declared this year, with plans for additional announcements in Q4FY24.

- The company has made substantial investments in its digital ventures over the past few years, and there’s a cash reserve of approximately INR 8,000 Mn.

- Over the past 1-1.5 years, the total app subscribers have remained relatively constant. The team is actively working on strategies to enhance subscriber numbers.

Outlook:

The company maintains its leadership position in the digital space with a focus on increasing app subscribers. The favourable trend of decreasing newsprint prices, from INR 61,000 to INR 50,000 per ton in Q3, is expected to continue, potentially decreasing by an additional 2-3%. Despite challenges like overseas supply issues, the company remains optimistic about further cost reductions. Going forward, their app monetization aligns with the app's strong user involvement, signalling potential revenue growth. With a deliberate focus on existing growth markets and upcoming opportunities, especially with the Lok Sabha Elections, the company maintains a positive outlook for continued ad revenue growth in its print business.

PVR INOX Q3FY24 – Results and Conference Call KTAs
CMP: INR 1,460 | Market Cap: INR 143 bn

Short Summary: Numbers looks good, adjusted for world cup impact in first half of the Q3. This is one business which is still not fully out of the woods post Covid hit, but looks like gradually things will improve structurally too. Very well run business, with a huge mkt share. FY25 should be a better year as more content is released.
Financials:
Revenue/EBITDA/PAT came in at INR15.7bn (+65% y/y) /2.26bn (+61.4% y/y) /412mn (+63.5%) – these are IND AS numbers adjusted for IND AS-116 leases impact. ATP came in at INR 271, while F&B spend per head came in at INR132. 29 new screens across 7 properties were opened during the quarter. First half of the quarter was muted due to the cricket world cup hosted in India. Occupancy in 9M was 26.5%. Advertisement income increased by 23% y/y, but still not at full potential.

India box office is the only mkt globally to have recovered vs pre-covid level (+12% vs 2019 levels). Because these are countries highly dependent on Hollywood which was impacted by strikes by actors and screen writers.

Movie release calendar: Q3 saw a drop of 41% in movie releases due to world cup probably. Weak Oct/Nov shouldn't be worried about, as there was clearly a reason to point at. Dec turned the tables with Animal, Salaar, Dunki, Sam Bahadur did quite well with GBoC of INR 6.5/4/2.2/1.1 bn.

Loyalty Programs have been revamped to trigger customer visitation to multiple times in a month. Passport program and version 2 being launched.

Streaming platforms in western markets have a deep penetration which is not the case in India. With that level of penetration, if adv mkts can recover 80% from Covid lows, that gives lot of comfort to a company like PVR and Indian mkt where streaming platforms for movies is still not that big.

Rationalizing some unprofitable screens - 77 in 9MFy24, incremental closure will be limited.

Ad revenue: 30-35% comes from longer term deals, and rest is content based. Ongoing FY would mirror the activity on the box office collections etc and also the mkt launches by other businesses in general. Festive qtrs. may be higher and so on. Trajectory is positive and a healthy increase is being witnesses q/q.
ATP is strong, 14% y/y. F&B up 8% y/y. Big films helps drive ATP higher. ATP will also increase 4-6% trajectory every year in line with inflation.

New screen additions take 2-4 quarters to stabilize and reach steady state, there is no change in this gestation period vs. pre-Covid days.
Avg cost of debt is 9%. Net debt increased marginally in Q3.

Occupancy in Dec was 37%, vs Q3 average of 25%. Also, occupancy levels in South vs rest of India.

Incremental screen additions will be more skewed towards South – 40-45%. Metros continue to expand – 50% screen additions in metro and 20% in tier -1 cities, 30% screens in tier -2, tier -3 markets.

Guidance of opening 160-170 new screens in FY24, Q4 run rate needed is 60-70 and is completely doable. As all properties are ready and only await licenses.

Other income at INR 580mn is higher due to representing write back of INR 350mn due to shut downs.

UFO Moviez India Ltd– Q3FY24 Concall KTAs
CMP: INR 164 | Market Cap: INR 6,324 Mn

Driving revenue growth through enhanced viewership and Ad minutes and positive outlook for Caravan Talkies

Financial Highlights:
- Revenue for Q3FY24 stood at INR 1,184 Mn up by 7% YoY and 36.4% QoQ.
- EBITDA for Q3FY24 stood at INR 184 Mn up by 83% YoY and 4.01% QoQ and PAT for Q3FY24 stood at INR 46 Mn up by 40% YoY
- The Q3FY24 witnessed the release of 502 movies, up from 484 in Q2 FY24.
- Caravan's advertisement revenue followed a positive trajectory, reaching INR 41 Mn in the Q3FY24

Advertisement Screen Network Expansion:
- The advertisement screen network expanded to 3,407 screens as of Q3FY24, compared to 3,303 screens as of Q2FY24.
- The tie-up with TSR Sims secured exclusive advertising screen rights across TSR's expansive screen network of over 4,000 free screens.

Ad Sharing Percentage:
- The ad sharing percentage remained flat compared to the previous quarter despite an increase in ad revenues.
- In Q1FY24, the ad sharing percentage was 48%, dropping to around 41.5% in Q2FY24, and maintaining the same level in Q3FY24.
- The stable ad sharing percentage is attributed to the positive reception of large screen cinema viewing experiences and the gradual reopening of theatres.
- Better screens, particularly near multiplex categories, were added to the network, leading to higher minimum guarantee commitments.

Upcoming Movie Lineup:
- While the upcoming lineup of movies appears subdued, it includes promising titles such as: "Teri Baton Mein Aisa Uljha Jiya" starring Shahid Kapoor and Kirti Sanon, "Mere Mehboob Mere Sanam" starring Vicky Kaushal,"Lal Salam" starring Rajinikanth, "Article 370" starring Yami Gautam,"Yoda" starring Siddharth Malhotra etc

Better Screens Acquisition:
- Over the last 5-6 months, the company acquired better screens, particularly those near or within the multiplex category.
- These screens entail higher minimum guarantee commitments, which start from day one but take time for revenue realization.

Capital Expenditure Plans:
- Capex curtailed in the current year due to market demand.
- Expected return to pre-COVID Capex levels of INR 400-500 Mn in FY25.

Impact of Government Spending on Advertising:
- Potential positive impact anticipated if the central government resumes using In-Cinema as a medium.
- State government ad spending shows growth, with a 20-21% increase QoQ.

Contract Negotiation and Terms with TSR:

- The purpose is to expand their footprint in southern markets, particularly Tamil Nadu, Kerala, and Karnataka.
- Addition of 180 screens in Tamil Nadu, 54 in Kerala, and 36 in Karnataka.
- Exclusive marketing and sales rights granted to the company for TSR's entire inventory.

Number of Minutes Sold per Screen:
- The number of minutes sold per screen has recovered to 2019 levels, currently standing at 5.3 minutes, and it is not considered to be at peak saturation level.
- Better networks can sell more minutes, suggesting potential revenue growth, with an estimated upper cap of 10-12 minutes. Spot rate dynamics and demand are key factors to monitor.

Outlook: The medium's strength lies in increased viewership and ad minutes, driving revenue growth. Caravan talkies showed growth in Q3 and Q4, bolstered by government involvement. About 75% of the network targets premium devices. Content quality influences turnout more than rural demand. Limited screen accessibility impacts overall viewership. Sustainable cinema industry growth is expected despite COVID shocks, pending factors like government support and advertiser confidence.

JSW Energy Ltd | Concall Q3FY24
CMP: INR | Market Cap: INR 5844 Mn

Overview: In Q3 FY24, strong operational and financial performance, including a 43% YoY rise in net generation to 6.1 BUs and a 69% growth in EBITDA to INR 1,2290 Mn, positions the company for future success and 10 GW capacity ahead of the 2025 timeline.

Financial Highlights

• Overall net generation increased by 43% YoY to 6.1 BUs, driven by higher thermal generation, acquired RE capacity, and greenfield RE additions.
• Total Revenue is INR 26610 Mn at a growth of 13% YoY, EBITDA of INR 1,2290 Mn surged 69% YoY, resulting in a PAT of INR 2310 Mn, up 29% YoY, with cash PAT standing at INR 6280 Mn.

Operational Highlights
•Renewable generation saw a substantial YoY increase of 71%, reaching 1.4 BUs, while thermal generation grew by 37% YoY to 4.7 BUs.
•Notable progress in the Ind-Barath (700 MW) thermal project and the completion of tunneling work for the Kutehr HEP (240 MW) hydro project.
•Progressive commissioning of the SECI IX (810 MW) wind project commenced.

Capacity and Generation of Thermal
•Total thermal capacity is 3,858 MW, with operational capacity at 3,508 MW and additional capacity under construction.
•Net generation in Q3 FY24 reached 6,218 MUs, a 43% YoY increase, contributing to total revenue of INR 2,661 Mn, growing by 13% YoY.
•Best-in-class balance sheet with Net Debt to Equity at 1.3x, Net Debt to EBITDA at 4.6x, and Cash & Cash Equivalents at INR 2,8670 Mn.
•Operating thermal revenue increased to INR 1,9510 Mn, up 2% YoY, driven by higher volumes and partially offset by lower fuel costs.

Market Dynamics and Demand
•Pan India demand increased by 10% YoY in Q3 FY24, with the South region experiencing an 18% YoY increase.
•Total demand met during the quarter reached 381 BUs, up 10% YoY, with a peak demand of 223 GW in October.

Renewable Energy Portfolio
•Acquired RE portfolio (1,753 MW) contributed to a 16% YoY increase in net generation, resulting in an EBITDA of INR 2010 Mn in Q3 FY24.

Power Generation Mix
•Thermal share in overall generation increased to 80%, with net generation at 326 BUs, up 14% YoY, and PLFs at 67%.
•Generation from large hydro declined by 30% YoY, while renewables increased by 6% YoY.

Market Prices and Clearances

•Day Ahead Market prices averaged at INR 5/unit during Q3 FY24, with the cleared volume at 14.7 BUs, up 2% YoY.

•Well-placed to achieve 10 GW of generation capacity ahead of the 2025 timeline with a foray into New Age Businesses.

Hydro Assets and SECI Projects

•Hydro asset generation impacted by lower water flow, with plant availability factor at 99%.

•Significant progress in SECI IX (810 MW) and SECI X (450 MW) wind projects, with approximately 2 GW under construction.

Future Outlook and Commissioning

•Well-positioned as the fastest and largest capacity commissioning company, on track to achieve 10 GW of generation.

Godawari Power & Ispat Ltd Q3FY24 Concall KTAs
CMP INR 810 |Market Cap INR 111.43 Bn

Financials
- Revenues reached INR 13.09 Bn, a decrease in 11% YoY.
- EBITDA for Q3FY24 stood at INR 3.31 Bn (+80% YoY/-8% QoQ).
- EBITDA margin increased to 25% in Q3FY24, up from 13% in Q3FY23, a 1200 bps YoY .
- Profit after tax amounted to INR 2.29 Bn in Q3FY24 (-11% QoQ/79% YoY).
- Realisation for Pellets increased by 27% YoY and 6% QoQ to Rs.10,505/T

Expansion
- Has obtained environmental approval for expanding its pellet plant capacity.
- Additionally, company has decided to increase the integrated steel plant capacity from the initially proposed 1 million tons to 2 million tons.
- Received consent to operate its sponge iron plant at an increased capacity of 595,000 metric tons, up from the previous capacity of 495,000 metric tons.
- Received consent to operate the steel melting shop at an enhanced capacity of 525,000 tons, up from 400,000 tons at the existing plant in Siltara, Raipur

Capex
- Planned to increase more than double the mining capacity,expanding it from 2.35 million ton to 6 million ton per annum.
- To increase pellet capacity by 3 million tonne in two phases, with a CapEx requirement of INR600 crore for the first phase.
- The company has revised the CapEx for the integrated distilled plant to INR6000 crore for 2 million tonne.
- Company is reducing its carbon footprint by setting up four solar projects, increasing total capacity to 173 MW from the initial 155 MW
- The company plans to set up a 20 MW solar power plant to address the captive power requirement of fabrication and galvanizing unit, with an estimated CapEx of INR80 crore..

Sales Volume
- Iron ore pellet sales volume dropped 15% QoQ due to inventory buildup, which was exported in January 2024, will reflect in Q4 FY24 sales volume.
- Production volume across other divisions increased YoY basis.

Guidance
- The company has increased its guidance for production volume in the current year to 590,000 tonnes.
- The guidance for steel billet production for FY24 has been raised to 475,000 tons.

Other highlights
- Current average energy cost per unit is approximately INR 3.75, expected to decrease to INR 3.5.
- Recent Pellet exports are going to China, with one order set for completion by month end and ongoing discussions for future orders.

- Ferro alloy market has been subdued for several quarters with prices at rock bottom levels around INR 63,000 to INR 65,000 per ton.
- The sales target breakdown comprises approximately 65% high grade and 35% normal grade pellets.
- Currently exporting 63 grade pellets, in discussions with European buyers for 66 grade pellets, aiming to supply post March for FY25.

Outlook

The company has ramped up production of value-added products, improved iron ore pellet realization, and implemented cost-saving measures. Despite market fluctuations, the company aims to sustain profitability through continued cost-saving initiatives. The company is well-positioned for growth and prepared to capitalize on upcoming opportunities.

Sarda Energy & Minerals Ltd Q3FY24 Concall KTAs
CMP: INR 236 | Market Cap: INR 83.16 Bn

Financials
- Consolidated revenue from operations stood at INR 9.25 Bn (2 % YoY/ -8%QoQ)
- EBITDA stood at INR 2.25 Bn (-6% YoY/-15% QoQ), with margin of 23.4% (down 170 bps YoY/ 260 bps QoQ).
- PBT down to INR 1.43 Bn (-11% YoY/-23% QoQ)
- PAT for Q3FY24 was INR 1.14 Bn vs INR 1.49 Bn in Q2FY24 (-12% YoY/-23% QoQ), with a margin of 11.9% (down 180 bps YoY/ 270 bps QoQ)

Debt
- The company is net debt-free at the consolidated level, with a gross long-term debt of 1100 crores.
- Loans repayable within the next year amounting to 185 crores.

Capex
- Company possesses strong liquidity to meet acquisition and ongoing capex needs.
- Capex plan for the next two years: 700-800 crores per annum.

Steel Industry
- Domestic steel demand increased by around 10% YoY, while steel spot prices remained moderated, aligning with global trends.
- Price drops in steel products, except for iron ore pellets reduced revenue and profitability.

Hydro Power
- Hydro Power Generation impacted due to lower rainfall in catchment area and
- Construction progress at the 25 MW hydro power project is ahead of schedule.
- The project is expected to be operational well before the scheduled completion date of March 2025.

Coal Mining
- Indonesian JV coal mine produced 250,000 metric tons of coal last quarter and has been authorized to produce 1.6 million tons of coal from the mine.
- 84,000 metric tonnes produced in the quarter
- Projected to produce 1 million metric tons of coal in FY 25.

Key Highlights
- The Iron Ore Pellet Plant obtained approval to increase its capacity from 800,000 tonnes per annum to 900,000 tonnes per annum.
- Entered into an agreement with SECL for mining of high grade coal from Kalyani coal mine on revenue sharing basis.

Outlook
The company plans to expand coal mining capacity and open new mines, indicating a strategy for accelerated growth. With a strong liquidity position, internal accruals funding ongoing projects, and a net debt-free status, the company seems to capitalise on future opportunities and challenges in the market.

GE T&D India Ltd – Q3FY24 Concall KTAs
CMP: INR 690 | Market Cap: INR 1,76,608 Mn

Strong quarter for the company in terms of margins. Focus on renewable energy projects and transmission capacities driving order growth. Power product exports are witnessing an uptick with increase in demand for HVDC-related projects.

Financial performance
- Q3 revenue at INR 8.4 Bn, up by 8% YoY.
- 9MFY24 revenue INR 22.5 Bn, compared to INR 20.7 Bn in Q3FY23.
- PBT for the 9MFY24 stood at INR 1,619 Mn, improved from INR 269 Mn in Q3FY23.
- Achieved debt-free status in Q3 with positive cash flow and cash equivalents of INR 1,573 Mn.
- Generated EBITDA of INR 923 Mn; margin at 11% for Q3 with a 6-point increase compared to 5% in Q3FY23. 9MFY24 EBITDA stood at INR 2.2 Bn, a 5% growth compared to 9MFY23.
- The forex loss for 9MFY24 is approximately INR 105 Mn.

Order book: Order book rose to INR 23.7 Bn, a 204% YoY increase. Key orders include grid solutions of GE Group Company for supply of HVDC transformers, and from Power Grid Corporation of India's 765 kV power transformers, and orders from BHEL for the NTPC culture stage 3 project, among others. Orders for 9MFY24 amount to INR 44.5 Bn, with around 32% coming from the export segment, totaling around INR 16 Bn. Out of this, INR 12 Bn is from group companies.

Operational highlights: Positive impact from the global energy landscape's accelerated energy transition. Export orders increased, driven by transformers and high-voltage products, showing their commitment to "Make in India for India and the world." Focus on operational efficiencies, waste reduction, and resource optimization.

Infrastructure commissioning: Commissioned four key substations in Q3, including a 132 kV GIS substation in Assam for Power Grid, a 1,500 MW renewable energy evacuation transmission system in Karnataka, a 765 kV AIS scope substation for Adani at WKTL Barora, and an VMware transformer along with 220 kV GFBs in Bhutan.

Growth and opportunities: Anticipation of exciting opportunities in technology domains like HVDC, both NCC and VSC, STATCOM, and digital substations. The draft National Electricity Plan provides confidence in the future of transmission, with a focus on technology and growth areas.

Orders received: INR 3.4 Bn, with 54% from the domestic market and 45% from the export market.
Revenue split: 61% from the domestic market and 39% from the export market.
Orders in hand: 72% from the private segment, 20% from the central utility, and 8% from the state utility.

Delivery lead time: Delivery lead times have extended due to the high demand, particularly for transformers and reactors. HVDC transformers have a delivery timeline of 2 years or more. Execution ramp-up is expected in Q4, contributing to revenue growth.

Capacity Utilization: Current capacity utilization is not at 100%, and the company is evaluating expansion possibilities. Lean projects have made factories more flexible, utilizing existing capacities more efficiently.

TBCB opportunities: The company anticipates an increase in order inflow, especially in the next 12 months, due to a healthy pipeline of Tariff-Based Competitive Bidding (TBCB) opportunities. Traction in the TBCB market, and increased market access is expected to positively impact the order book.

Domestic business: The decline in domestic business revenue was due to the phasing of project timelines. Expects a positive trend in both domestic and export segments in the coming quarters.

Opportunity in Power sector: The opportunity from thermal power projects is estimated to be around 10% of the total capex, with associated transmission infrastructure.

Related party transactions: The company is seeking approval for related party transactions worth INR 30,000 Mn for FY24. The anticipated orders from related parties are expected to be around INR 10 Bn, primarily from Great Solutions SAS and a Middle East entity.

GIS localization efforts: The localization process is ongoing for GIS. Localization varies based on different voltage ratings but is reported to be in the range of 60-65%.

Digital business and RDSS: Digital business supporting RDSS projects, contributing 10-15% of project cost. Booked RDSS projects with execution timelines of 12-15 months.

Outlook: Further order bookings are expected in Q4, both from related parties and third parties in the export segment. Aim is to sustain double-digit margins over the long term. The substantial uptick in the order backlog (currently at INR 58 Bn) is expected to drive revenue growth in the coming quarters. The focus is on maintaining and improving EBITDA margins, which have shown a significant increase on a YoY basis.

KEI Industries Q3FY24 Concall Highlights
KEI Industries | CMP: INR 3,317 | Mcap: INR 299.01bn

Revenue
Revenue is expected to grow 16% to 17% for the next 4 to 5 years. The growth is expected to come from capex.

Margin
The EBITDA margin is expected to be maintained at 11% going forward.

Capex
The capex stood at INR 3,080mn as of 9MFY24. The capex breakup is Chinchpada Silvassa – INR 650mn, Pathredi – INR 300mn, Sanand – INR 1,670mn and other plants capex is around INR 460mn.

The company is doing brownfield capex of INR 1,100mn at Chinchpada, Silvassa plant for an increase in house wire and Power cables capacity to INR 9bn, out this INR 2.4bn capacity has completed in Oct-23 and the remaining is expected to be complete by FY25E.

The capex of INR 1,110mn is expected in the Pathredi plant to increase LT power cables capacity from INR 8bn to INR 9bn. The plant is expected to be operational by Q1FY25E.

The greenfield capex of INR 3bn for cables and wires in Gujarat. The commercial production is expected to start from Q4FY25E.

The capex is expected around INR 1.5bn in Q4FY24E and around INR 4.5bn in FY24E. the capex is expected around INR 5bn+ in FY25E.

Volume growth
Volume growth stood at 13% YoY as of Q3FY24 and 22% YoY in 9MFY24.

Price hike
The price changes take place once in 15 days in the industry.

The company wires have a 5% price difference compared to the competitors. The company is focused on increasing 1% price hike per year to match the difference.

Capacity utilisation
Wires capacity utilization is around 70%, cables capacity utilization - 90%, and EHV utilization – 90% to 95% as of Q3FY24.

Order book
The order book stood at INR 38.26bn as of Q3FY24. The order book breakup is EPC – INR 9.34bn, EHV cable – INR 5.94bn, Domestic institutional order book – INR 18.23bn, and cables export order book stood at INR 4.75bn.

Ad & Promotional expenses
Ad & promotional expenses are expected around 0.5% of sales.

Receivable days
Domestic institution and exports receivables day stood at 2.5 months and is expected to be 2.2 months going forward.

Other highlights
The government has announced one crore rooftop solar panels in houses. It will create a demand for small wires.
The company has witnessed demand from thermal power plants. The state governments are setting up thermal power plants.
Around INR 150mn to INR 200mn cables are required for 800MV capacity.
The company is serving more than 2,000 institutional customers and exporting to more than 60 countries.

Outlook: KEI is doing capex to achieve revenue growth of 16%-17% CAGR over the next 4-5 years. The order book stood at INR 38.26bn and continued orders would drive the business growth. The price increase along with volume growth will be beneficial for the company. We have a positive outlook on the stock.

Shera Energy Ltd | Concall KTA Q3FY24
CMP: INR 180|Market Cap: INR 4102 Mn

Strong financial performance, strategic expansions, international ventures, and optimism about both domestic and global markets.

Financial Performance

•Total Revenue in Q3FY24: INR 2,070 Mn, demonstrating a robust growth of 37% YoY.
•EBITDA: INR 83.7 Mn, with an impressive growth of 69% YoY.
•Net Profit: INR 52.2 Mn, soaring by 138.36% YoY.

Business Expansion and Diversification

•Expansion in Zambia aligns with the global diversification strategy, tapping into emerging markets and strengthening Shera Energy's leadership position.
•Acquisition of Cable Manufacturing Machines and initiation of INR 10 Cr cable plant at Rajputana Industries Ltd.
•Plans for INR 5.7 Cr shed for product manufacturing with INR 3.5 Cr term loan.
•Installation of a 1.4 MW solar plant for enhanced cost-efficiency and margins for FY 2024-25 and beyond.

Operational Milestones

•Nov 23 witnessed a 20% production capacity growth, reaching 18,600 tonnes per annum, aligning with long-term strategic plans for sustainable growth.
•Successful completion of the sale of investment in Shera Infra Power Private Limited.

International Expansion

•Launch of subsidiary SHERA ZAMBIA LIMITED in Central Africa to produce winding wire and cables for Zambia and neighbouring countries.

Market Leadership and Capacity Utilization

•Leading in North India with enhanced production capacity this quarter, utilizing 70% installed capacity.
•Upcoming products include procured machinery for cable and wire production.

Infrastructure and Bullet Shell Business

•Ongoing construction work for infrastructure projects.
•Bullet shell business growing to 40 to 50 tonnes per month, with expectations to increase capacity to 200 tonnes monthly.

Market Outlook and Demand Factors

•Uncertain on aluminum and copper demand as it depends on government choices.
•utilization is expected to reach 90 to 91%.

Financial Projections and Margin Expectations

•Expected EBITDA Margin of 8 to 10%, especially for the Zambia plant.
•FY24 Revenue target set at INR 800 Cr.

Strategic Focus

•Emphasis on both domestic and global markets, with a bullish outlook on the global market.

Strategic Initiatives

•Focus on innovation, quality, and customer satisfaction as key contributors to success.
•Timely completion of capex by March, showcasing commitment to planned expansions.

CG Power & Industrial Solutions Q3FY24 Concall Highlights

CG Power & Industrial Solutions | CMP: INR 447 | Mcap: INR 681.12bn

Revenue

The company is doubling the capacity for motors and revenue growth is expected 20% CAGR going forward.

Power systems are expected to grow at a 25% CAGR going forward.

The high voltage transformer business is expected to grow at a 10%-15% CAGR going forward.

Margins

Power systems margin stood at 16.6% (+310bps YoY/-130bps QoQ), margin improvement due to execution of better margin export orders, product mix, and operating leverage.

Volume

The volume growth for LT motors is 29% YoY, HT motors (+33% YoY) till Oct-23. AC motors growth stood at +10% YoY till oct-23.

Power transformer growth is higher than industry.

Order book

The industrial systems order book stood at INR 19.82bn (+9% YoY) in Q3FY24.

Power systems order book stood at INR 35.74bn (+55% YoY) as of Q3FY24.

Drives and automation order book stood at Euro 17.2mn (+4% YoY) as of Q3FY24.

Motors' order book stood at INR 14bn as of Q3FY24.

Market share

LT motor's market share stood at 38.8% and HT motor's market share stood at 19% as of Q3FY24.

Capex

Transformers capex is expected to be completed by Q4FY24E. In switchgear, a couple of projects are expected to execute in FY24 and some projects in FY25. Motor division capex will be done in stages in FY24E/25E/26E.

Capacity utilisation

Power systems capacity utilization stod at 85% as of Q3FY24.

Transformers capacity utilization stood at 75% as of Q3FY24.

Industrial systems

In industrial systems, the motor demand remained weakened. The company has sold motors aggressively to increase the market share and retain the customers.

The aggressive selling on motors led to price erosions to high single-digit levels and margins lowered.

The dealers are stocking for 3 months in LT motors. A large share of sales comes from dealers and distributors.

Motor sales are expected to improve, post-election results. The demand environment is better in the steel and cement sectors.

Technology transfer

The company is in progress with a Korean company for propulsion systems technology transfers. The process would take 6 months.

Exports

The exports stood around ~INR 4bn (>30% YoY) as of Q3FY24.

Other highlights

The company has launched new products in Oct-23. The company is launching pumps for the agri and industrial sectors.

The company needs a partnership to participate in 6000 HP locomotives.

Outlook: CG Power systems are expected to grow at double digits backed by order book and demand from various sectors such as Power, railways, etc. The Capex for motors, transformers, and switchgear would bring additional revenue going forward. Motors business is expected to normalize post-election results. We have a positive outlook on the stock.

Polycab India Q3FY24 Concall Highlights
Polycab India | CMP: INR 4,394 | Mcap: INR 659.87bn

Margins
Cable and wire margins are expected around 11% to 13% going forward.
In FMEG, the company is targeting a 10% margin by FY26E.

Volume
Wires and cables volume growth is more than 20% in Q3FY24. Cables volume growth is faster than wires. The cables and wires mix stood at 30:70.

Capex
The capex stood at INR 6.36bn as of 9MFY24. Overall capex is expected around INR 8bn to INR 9bn in FY24E. In FY25E, the capex is expected around INR 6bn to INR 7bn.
EHV manufacturing plant is expected to be operational by FY26E.

Capacity utilization
Cables and wires capacity utilization stood at 70%-75% as of Q3FY24.

Ad & Promotional expenses
In 9MFY24, ad & promotional expenses stood at 4.2% of B2C topline. The company has partnered with ICC for the ODI Cricket World Cup and launched diverse branding campaigns across multiple media platforms.
Ad & Promotional expenses are expected around 3%-5% of B2C topline.

International Business
The export business was impacted due to an increase in the delivery time from 3 weeks to 6 weeks. International business accounted for 8.1% of sales in 9MFY24. The growth remains muted due to the transition to the distribution model in the US and the trade route impacted due to the Israel-Hamas war.

Wires and Cables
LDC cable margins are better than HDC. The portfolio shift towards LDC would improve margins.
The company is focused on unorganized markets for Etira wires. The company majorly focused on Tier 3, and 5 cities, and margins are similar to other product categories.

FMEG
In FMEG, the company has launched 29 SKUs including premium and BLDC ceiling fans range. The company is focused on launching 28 new SKUs in Q4FY24.
In FMEG, the company is focused on switches and switchgear.
The light segment is impacted due to price erosion. The price correction is around 5%-6% in Q3FY24. Overall, price correction witnessed 20%-22% in the past 15-18 months.

IT search
IT authority searched for the manufacturing plants, facilities, and offices. The company has not received any written communication from the IT department.

Working Capital days
The working capital days stood at 51 days and are expected to be 50 to 60 days going forward.

Channel financing

Around 80%-90% of business comes from dealers and distributors. Around 90% of business is done through channel financing.

Other highlights

The other non-operating income stood at INR 710mn, majorly coming from foreign exchange gains.
The company is focused on improvement in distribution channels and cross-selling opportunities.
EPC business margins are expected high single-digit margins over the mid to medium term.
H2FY24 is expected to be better than H1FY24.

Outlook: Polycab's cable and wires volume growth of more than 20% in Q3FY24 and H2FY24 is expected to be better. The capex of INR 6bn to INR 7bn per annum for the next 2 years would bring additional revenue going forward. Wires and cables margins are expected around 11% to 13% on a conservative basis. FMEG margins are expected around 10% by FY26E. The pickup in Real estate, power T&D, and railways will be beneficial for the company. The company has not received any written communication from the IT department after searches on the company premises. We have a neutral outlook on the stock.

Sterling & Wilson Renewable Energy Q3FY24 Concall Highlights
Sterling & Wilson Renewable Energy
CMP: INR 457 | Mcap: INR 106.56bn

Debt repayment will reduce interest costs from Q4FY24 onwards.
Gross margins are expected to be lower double-digit levels
~4.5x of order book to bill (based on FY23 TTM revenue) and 40GW order pipeline shows potential visibility going forward

Revenue
Revenue stood at INR 5.83bn (+42.2% YoY/-23.2%) in Q3FY24. The sequential decline due to tightened working capital caused by the ratings downgrade.
Margins
The unexecuted domestic order book gross margins are expected to lower double-digit levels.
Order book
The order book stood at INR 87.50bn (~4.5x of FY23 TTM revenue) as of Q3FY24. The order book is executable over the next 12-18 months. The order book mix stood at India (87.4%), Europe (11.3%), and Australia (0.9%).
The order inflows stood at INR 24.21bn in Q3FY24 which includes L1 for solar projects module.
The company has received 1st international order for the BOS project in Spain. The project worth is ~EUR 112mn which includes O&M for 3 years.
The Nigerian order value is around $1.5bn. There is no indication from the client side for a change in order value due to module prices. Nigerian order benefits is expected to come from Q1FY25 onwards.
Pipeline
India's EPC bid pipeline is around 40GW till FY25E. around 24GW pipeline in FY24 and remaining in FY25. The pipeline is around 6GW in Q4FY24. The company has submitted the bid and waiting for the reverse auction. Q4FY24 is expected to be the best quarter.
Debt repayment
The company has repaid debt of ~INR 18bn in Q3FY24. The net debt stood at ~INR 3.77bn. The substantial debt reduction will result in interest cost reduction from Q4FY24 onwards.
International projects
In Australia, the company witnessed better traction in standalone battery projects and solar projects. Middle East volumes are expected to be triple. Indian EPC players are witnessing orders from Saudi, Oman, and Middle East countries.
Module prices
Domestic module prices are around 20-22 cents and International module prices are around 13-14 cents.
The capacity addition will cover the bridge between Indian and international prices and it will be competitive for coming quarters.
The company is executing 2 projects worth INR 20bn in India and procuring modules domestically.
QIP
The company has raised INR 15bn through QIP. The QIP is used to repay the debts.
Working Capital
The existing projects are negative working capital and cash flows are positive.
Other highlights
One-time expenses were caused due to cleaning and grass-cutting expenses. Generally, other expenses are expected around INR 250mn to INR 300mn per quarter.
The land allocation is in progress and reliance orders are expected going forward.
The overheads remain fixed and the company is expected to benefit from operating leverage going forward.

Outlook: Sterling & Wilson has an order book of INR 87.5bn (~4.5x of FY23 TTM revenue) shows business visibility. Domestic margins are expected to maintain lower double-digit margins going forward. The debt repayment will reduce interest costs and the impact is expected from Q4FY24 onwards. We believe the pipeline of 40GW and the potential from reliance will be beneficial for the company. We have a positive outlook on the stock.

Industrial Products and Consumer Durables

Cyient DLM Ltd|Q3FY24 Concall KTA
CMP: INR 657|Market Cap: INR 52068.4 Mn

Overview: The Company Q3FY24 showcases strong financial growth, particularly in Aerospace and Defense, with strategic initiatives, awards, and leadership additions reinforcing a positive outlook for Q4.

Financial Highlights
• In Q3FY24, the company achieved a revenue of INR 3210 Mn, reflecting a robust YoY growth of 42.7%. The EBITDA reached INR 294 Mn, indicating a growth of 45 bps YoY, with an EBITDA Margin of 9.2%.
• Profit After Tax (PAT) saw a significant growth of 222.6% YoY, reaching INR 184 Mn. The PAT Margin stood at 5.7%, showing an improvement of 308 bps YoY.
• Free Cash Flow for Q3 FY24 is INR -342 Mn, attributed to increased working capital consumption due to revenue growth.
• Days Inventory Outstanding reduced from 144 in Q2FY24 to 137 in Q3FY24.
• Days Payable Outstanding increased from 63 in Q2FY24 to 64 in Q3FY24.

Segment Performance
• The Aerospace and Defense segment drove strong YoY growth in revenue. The Defense segment recorded a remarkable growth of over 100% YoY, contributing 48% to the industry.
• The Aerospace segment also demonstrated substantial YoY growth at 75%, contributing 27% to the industry.

Operational Highlights
• The company celebrated the achievement of receiving the 2024 National Export Excellence Award for exports in the electronics manufacturing sector during 2022-23.
• Recognition as the Best Performer in the Electronic Hardware Export tier II & III Region at BTS2023.
• Collaboration with Thales for sustainability initiatives across facilities in Mysore, Hyderabad, and Bengaluru.

Order Book and Outlook
• The order backlog remains stable at INR 22949 Mn, with a slight increase compared to revenue in Q3 but a decline of -564 Mn YoY.
• Q3 Order Intake reached $41.8 Mn, and the company won new awards worth $10 Mn spread over 3-4 years.
• The company is optimistic about a positive outlook in Q4, expecting good revenue and EBITDA, though no formal guidance is provided.

Expansion Plans
• Expansion initiatives towards cable and Box build business have been initiated to diversify product categories.
• The inauguration of a new precision machining facility in Bangalore and the identification of a new facility in Mysore for growth in the medical and industrial sectors.

IPO Utilization and Financial Strategy

•The IPO funds of INR 6590 Mn are being utilized, with 36.5% spent, primarily for funding incremental working capital requirements and repayment/prepayment of certain borrowings.

•A positive note on a drop in interest expense in Q4 and plans for acquisitions.

Leadership and Team Additions

•The addition of key leadership personnel, such as Makarand Vyas as the Supply Chain Head, is expected to have a positive impact on the company's performance.

Expansion Projects and Capacity Utilization

•The Mysore project is expected to be commissioned in the next financial year, contributing to the company's growth in that location.

•Capacity utilization is high in Mysore but lower in Hyderabad, with overall utilization at 50%.

Outlook and Forward-Looking Statements

•The company expresses confidence in a positive outlook for Q4, with expectations of a good revenue and EBITDA. However, it stops short of providing formal guidance.

•The expectation of a drop in interest expense in Q4 is highlighted.

Investments and Financial Costs

•Increase in finance costs due to term loans taken, with an anticipated decrease in Q4.

•Continued investments in SG&A to fuel business growth.

Customer and Business Focu

•Cyient DLM remains focused on manufacturing, design & engineering, and technology, catering to customer demands in these areas.

Azad Engineering - Q3FY24 Concall Highlights
CMP: INR 945 | Market Cap: INR 56 bn

Outlook: Azad Engineering posted their first Quarterly earnings after the company got listed. Revenue, EBITDA and PAT saw good growth for the company, with the management giving good Presentation in their concall of the evolving prospects in the Aerospace engineering in the future. We believe the company has good opportunities as currently it is doing 80% exports revenue, while the evolving industry is yet to see sunrise in Indian markets, where Azad will definitely find themselves as Pioneers for supplying some very critical Engine parts. We believe Azad Engineering is a good long term play with a vision of a 5-10 years time horizon.

Guidance:
•The Management gave guidance of Incremental RoCE of upwards of 25%.
•The Management guides that since they went exploring the Aerospace sector in 2019, the aerospace segment is growing exponentially. The revenue from the Aerospace segment stood at INR 153 mn up 157% YoY and contributing 17% of the total revenue.

Key Highlights
•The Company posted Revenue of INR 892 mn up 8% QoQ/49% YoY.
•EBITDA rose to INR 327 mn up 23% QoQ/87% YoY.
•EBITDA margins rose to 36.7% up 460 bps QoQ/750 bps YoY.
•PAT rose to INR 168 mn down 14% QoQ/ against 38.3 mn in Q3FY23.
•The Company is engaged in the production of parts like Airfoils, engine components, Hydraulic Parts, Flight Control parts and Wind Power Generation, which are used in the sectors like Clean Energy, Aerospace, Defense and Oil & Gas.
•The management denied on doing any Joint Ventures as they exuberated confidence that they have achieved all their goals themselves, and will be able to grow on their own ability and team's efforts.
•Over the last 15 years, the company has gained qualification for the production of 1,400 plus components across engines and OEMs.
•The management says that it takes 36-48 months to get customers on board in the aerospace industry, and the company has been able to get these customers due to their 15 years of long relationship with those customers.
•The Management attributes the relations have been forged over the long term with their customers in the Aerospace industry.
•The Company has reduced its Gross debt from INR 3.25 bn in Sept 2023 to INR 0.3 bn, hence the company's interest costs reduced and bottomline is growing.
•The Company past CCD Investors converted their investments into Equity shares amounting to INR 1.713 bn.
•From the IPO proceeds, the company had reduced their debt by INR 1.342 bn, resulting to Gross debt as of 6th Feb 204 at only INR 300 mn.
•Annual capacity is over 6 lakh hours per annum, and the Capacity utilization is at 88.5%.
•The Company has 12,000 units of backlog order for Airfoils from their existing customers.
•The Management says they have clients from GE, Rolls Royce, Airbus, etc, who have long standing contracts with Azad for supplying Airfoils.

•The Management explains that in the Energy industry, with GE, Siemens, Mitsubishi, which are Azad's clients, form 70% of the entire industry of Wind Power generation while in the Aerospace industry, Boeing and Airbus alone make up 91% of the industry. Hence, the management explained the highly consolidated nature of their catering industry, and that's why they will not be able to diversify with newer clients in the future, and rather diversify their Products range.
•The Management intends to achieve an Asset Turnover Ratio of 1.75x by year 2027.
•The Working Capital Cycle to come down in the future which stands between 131-145 days currently. The company's Raw Material Inventory will itself come down as the company has good presence in the Energy segment.
•The Company is supplying to global Aerospace manufacturers.
•The management says that they haven't been facing any issues due to the Israel Hamas war, neither did they found any supply issues during Russia Ukraine war.
•The Company recently signed a 7 year contract with Rolls Royce for supplying critical engine parts for Defense aircraft engines.

Kilburn Engineering Q3FY24 Concall Highlights
Kilburn Engineering | INR 320 | Mcap: INR 12,000mn

Revenue
The revenue is expected around INR 3,300mn in FY24E. Around INR 2,900-3,000mn from the core business and INR 300mn from the acquisition in FY24E. The revenue is expected around INR 4,000mn to INR 5,000mn by FY25E.

Margins
The margins are expected around 18%-20% in FY24E.

Order book
The order book stood at INR 2,360mn as of Q3FY24. The export order book was INR 300mn and the Site order book stood at INR 250mn.

The order inflows stood at INR 946mn (+37.1%) as of Q3FY24.

The company got orders from the steel industry and the steel industry share is expected to increase going forward.

Order pipeline
The order pipeline is expected around INR 10bn and the conversion ratio is around 25%-30%.

Acquisition
ME Energy acquisition is expected to be finalized shortly. The transaction is expected to be completed through Equity Swap.

ME Energy's order book stood at INR 1,186mn as of Q3FY24.

ME Energy's revenue is expected INR 650-700mn in FY24E. EBITDA margins are around 14%-15% going forward.

Working capital days
The networking capital days are around 60 days.

Other highlights
The company is executing API orders for granules.

The order pipeline from soda ash, carbon black, chemical, and pharma segments.

Gas turbine power plants require 24 hours of waste heat recovery. The company has supplies in those areas.

Outlook: Kilburn Engineering has an order book of INR 2,360mn (~1.1x of FY23 revenue) and an order pipeline of INR 10bn shows potential business visibility going forward. The acquisition of ME Energy will create a synergy and unlock the potential going forward. We have a positive outlook on the stock.

DCX Systems Ltd| Q3FY24 Concall Highlight
CMP INR 342 Market Cap INR 38.13 bn

Company secured a second round of QIB funding worth 500cr, allocating funds for NIA System Ltd's railway security tech and Make in India initiatives, while also receiving a pilot order from Lockheed Martin and a substantial export order in electric modules.

Business Update

-Company has successfully raised second round of QIB worth 500cr in Jan 2024. Majority of the investors were mutual funds, AIFs and insurance companies.
-Around 209 cr of this is will be used to fund NIA system ltd which is formed in a JV for railway security and obstacle reduction system which is developing one of a kind technology in India. Another 200cr to invest in JVs and technology transfer for make in India program. Issue expenses were 13.5 cr and the rest 77cr will be used to acquire technology and general corpus fund.
-There is a defence procurement policy which guides 60% of it to be made in India hence representing a big opportunity.
-Company received a PO from Lockheed Martin which is the biggest company in USA in the defence sector and number one defence company in the world. This is a pilot order worth $2mn i.e. 16.5crs. The company has got registered under a centralized vendor code which helps them to get enquires raised in any division of Lockheed which our company might be able to service.
-Company received an export order worth 457cr on the electric module side.

Financial Performance

-Q3FY24- Revenue at 197cr. EBIT at 21cr. EBIT margins improved to 10.75% from 8.15% for the same period last year.
-PAT at 11.89crs with margins of 6.1%
-9MFY24- Revenue at 677crs(-8%YoY). EBIT at 70cr(+25.5%). Margins of 10.43%.

Highlights from the Call

-Revenue from business by NIA system ltd should start flowing in by end of ‘24 and ’25. With this technology, railway drivers can detect any obstruction on the tracks upto 1km in any kind of weather.
-98% of around 1569cr order book is from aerospace and defense. Of this orderbook, 5% is from Cables segment, 30-40% is from electronic assembly and around 60% is system integration. The new EMS business may form 10%of the orderbook.
-Cash of around 150-200 cr sitting on balance sheet will be used to acquire technology at the right time or can be used to fund the working capital requirements in the future.

Amber Enterprises Ltd Q3FY24 Concall Highlights
Amber Enterprises | CMP: INR 3,697 | Mcap: INR 124.33bn

Margins
Sidwal Refrigeration's EBITDA margin stood at 22% and ROC is around 40%.

Railway mobility margins are around 20%-22%. The competitor's margins are 30%-35%. The company margins are expected to increase going forward.

The PCB margins are around 5% and expected to reach 7%-7.5% by FY25E.

Consumer and Electronic margins are around 5%. Consumer margins are around 7.3% in Q3FY24. Electronics margins are slightly lower and expected to cross 7% in FY25E.

Sidwal Refrigeration
The company established a JV through Sidwal Refrigeration (Ambers' subsidiary) with Titagarh to make couplers, interiors, toilets, pantographs, pathways, etc.

Sidwal refrigeration topline is expected around INR 4.75bn to INR 480bn and the EBITDA margin is around 22% in FY24E. The business is expected to grow 4-5x over the next 4 years.

Titagarh and Sidwal will invest INR 1.2bn each in the JV, which will manufacture critical railway components and subsystems for railway and metro coaches.

The JV also will invest in Titagarh Firema SPA. Firema has an order book of EUR 1bn for new coach production.

The JV company targets around 20% share of value per coach by developing components and subsystems that are fitted on coaches.

Opportunity in Railways and Metros
In railway subsystems and mobility order book stood at INR 11.6bn and the LOI of INR 8.5bn from Titagarh shows an order book visibility of INR 20bn going forward.

The government has announced around 3,000 new Vande Bharat trains over the next 5-6 years and the company has the opportunity to address the market.

The rolling stock bill of material is around 5% and targeting 20% going forward. The railways and metros market is expected to be INR 750-800bn over the next 4-6 years.

The company is currently addressing INR 25 lakh to INR 30 lakh for air conditioning based on models. The addition of pantry systems, doors, and gangways has taken a wallet share of INR 75-80 lakh. The JV with Titagarh will enable to supply of couplers, gears, pantographs, and other railway systems would lead to INR 20mn per coach going forward.

Ascent Circuits
The company has acquired Ascent Circuits (60% stake) to expand the portfolio of PCB boards.

Ascent circuit order book stood at INR 8bn.

The company has signed an MoU through Ascent Circuits with YoungPoong group (South Korea) to manufacture Flex, HDI, Semiconductor subtracts, PCBs, etc.

Around $3.8bbn of PCB boards are imported. The DGFT recommended 30% anto-dumping duty on this product and notification is expected in Mar-24. It opens up lots of opportunities for the Ascent-YP group.

RAC

RAC revenue share contribution came down from 72%(2018) to 38% in Q3FY24. The company is focused on maintaining a 28%-30% share of RAC customers over the next 2 years.

RoCE

RoCE is expected to maintain around 19%-21% over the next 3 years.

Dividends

Dividends are expected from H2FY26 onwards.

Other highlights

The company also focused on non-RAC components like telecom, smart meters, automobiles, refrigerators, compressor parts, washing machine parts, microwave parts, etc.

The company has onboarded smart metering businesses and customers in the automotive segment.

Outlook: Amber Enterprises is expected to benefit from Anti-dumping duty for PCB and JV with Titagarh showing potential business visibility going forward. The new product launches and expanding portfolio will bring additional revenue going forward. We have a neutral outlook on the stock.

Pyramid Technoplast Ltd Q3FY24 Concall highlights
CMP INR 158 | Market Cap INR 5,800mn

Pyramid Technoplast saw increase in sales volumes with marginal decrease in prices due to current situation of chemical industry. Stability in prices and industry revival can be seen in Q4FY24. Focus remains on improvement in margins and addition of customers.

Guidance:
• The management is targeting 15-20% growth at old locations while anticipates 50% growth at new locations. Aspires to double revenue from these locations within 5 years.
• The company targets to close FY24 at INR 5500mn revenue. The target for FY25 is INR 6200-6500mn with the probability of exceeding it if the new capacity becomes operational by then. They anticipate volume growth with marginal changes in prices.
• Capex planned is around INR 500mn till FY25.
• The management expects a turnaround in the chemical industry once the RM prices stabilise.
• The management is seeing reversal in prices and inventories in Q4FY24 and expect to close this quarter at better margins.

Financial and operational highlights:
• Revenues stood at INR 1283mn (+6% YoY/-3% QoQ)
• EBITDA came in at INR 107mn (-10% YoY/-17% QoQ), margins at 8.2% v/s .98% in Q3FY23.
• PAT came in at INR 64mn (-17% YoY/-18% QoQ) , margins at 5% v/s 6.4% in Q3FY23.
• Revenue mix – Polymer drums has 49%, IBC has 35%, MS drums have 9% while 7% are other products. In the long term, IBCs will have the highest revenue share with high margins.
• EBITDA margins from Polymers is 8.22%, IBC is 12.3% and Metal drums is 2%.
• Current cash balance is at INR 200-220mn.
• The company is net debt free and expect to fund upcoming capex through internal funds.
• Margins impacted due to continuous fall in raw material prices and red sea disruptions.
• The company's prices have gone down but the volumes have increased. Revival in prices has been seen since January 2024.
• The company is doing exports in the IBC segment. The volumes are low currently with only 1-2 customers. They are hopeful to get more orders from neighbouring countries.
• Margins have been low in the metal drums segment. The company is looking to add more customers for metal drums. These customers also bring business for IBCs and Polymer drums.
• Unit 7 provides INR 80-100mn revenue on a monthly basis operating on 40% capacity. They aspire to reach INR 2500mn revenue from this unit itself.

Maharashtra project:
• Signed MoU for purchasing 10 acres of land in Maharashtra. The project will be in three phases.
• The first phase will include all 3 segments. Expected to complete within two years, the revenue opportunity is around INR 1500mn. Capex will be around INR 400-450mn.
• Capex for Phase two will be INR 250-350mn.

Expansion plans:
• Ongoing expansion of metal drum capacity to 50,000 from 30,000.
• Acquired adjacent lead in unit 6 which will help in raising capacity to 90,000 per month.
• The company plans to add additional line once IBC capacity at unit 7 reaches 50%. They also plan to merge Unit 7 and Unit 8.

Key highlights:

- **Despite the challenges, the company has gained market share and increased volumes at 4% in 9MFY24. The volumes faced price impact.**
- **Continue to broaden customer base to 500+ from 400 in Q2.**
- **Trading is not recurring activity for the company. It is a low margin business of 4-5%.**
- **There are no plans to raise debt. The company is also not actively looking out M&A opportunities.**
- **The company hold about 1 month of inventory on a regular basis.**
- **The company is following an aggressive strategy to gain market share with targeting new customers and increasing volumes.**
- **No plans to increase product range though the company has the capacity and infrastructure for it.**
- **Top 20 customers constitute 20% of the revenue.**
- **The IBCs and Polymer drums have 1 year shelf life.**

Time Technoplast Ltd Q3FY24 Concall Highlight
CMP INR 199 Market Cap INR 45,120mn

Disinvestment of Middle East Business: The board has approved the disinvestment of 50% of the business in the Middle East, for a valuation of approximately $25mn on a debt and cash-free basis. The regions marked for disinvestment contribute 7.5% to the revenue. The transaction is expected to be completed within 90 days. The proceeds from this disinvestment will be utilized for debt reduction and to benefit shareholders.

Sale of Non-Core Assets: The Board has approved the sale of non-core assets (land, building, and plant equipment), for a total value of INR 1.25 billion. Additionally, formalities for the recently concluded transaction of the sale of land and building in the Southern Region of India, valued at INR 265mn, have been authorized for completion within 90 days, pending compliance with local authorities. The proceeds from this sale will be used for debt reduction.

Guidance: Company aims 15% growth with revenue of INR 5000cr but due to disinvestment in North America the guidance is INR 4825cr, INR 175cr less. Also same growth to continue for next year, with same level of EBITDA and PAT margins, even maybe some bases points improvement.

Financial Performance:

• Revenue stood at INR 13,266mn in Q3 FY24 YoY growth of 17% (India 19% and Overseas 14% growth) and 11% QoQ. Driven by 20% YoY volume growth (India 22% and 16% overseas growth). India Contributed 65% of revenue and rest 35% overseas.
• EBITDA was at INR 1,925mn (26% YoY and 14% QoQ) with EBITDA margin of 14.5% compared to 13.5% in Q3 FY23 and in similar range in Q2 FY24.
• PAT at INR 916mn with PAT margin of 6.9% compared to INR 612mn in Q3 FY23 and INR 710mn in Q2FY24.

Key Highlights:

• Focus on improving working capital cycle days and targeting to reach 90 days in next 6 months as against 112 days in FY 2023.
• Value added products grew by 25% in Q3FY24 as compared to Q3FY23 and 27% for 9M FY24 compared to 9M FY23, while established products grew by 15% and 13% for 9 months.
• Company aims to reach 36% of revenue from value added products in 3 years' time, which is now ~24% of total revenue.
• Total Debt reduced by INR 648 Mn in 9MFY24 from year ended FY23 and now stands at INR 7450mn. This reduction will further get to INR 1000mn.
• Company is developing green energy products like composite hydrogen cylinders, larger capacity CNG cylinders (150 and 350 liters), and other composite products for automotive industries, including air tanks and hydrogen fuel tanks.
• Total capex in 9MFY24 towards brownfield expansion, maintenance, re-engineering and automation was INR 1,442mn out of which 56-57% to be used for VAP mainly towards IBC and CNG expansion and rest for established products.
• ROCE was at 13.5% in FY23 and now is 15.6% in 9 months. Also, company aims to increase ROCE by 1.5-2% every year and reach 20% in 3 years.
• Overseas revenue is USA (20%), South East Asia (50%), and the Middle East/MENA region (30%). Within the Middle East, the MENA region accounts for approximately 23%, while North America contributes 7%.

• Current capacity meets demand, and will catch up with the automotive industry after 2024-25 expansion. Company have orders booked for the next six months.
• For LPG orders from other companies, excluding IOCL company is continuing with the last order, and there are tenders in the pipeline and will participate in new tenders before March to secure business for next year.
• Company have reduce maintenance CapEx from INR 200cr to about INR60-70cr. As strategy is to replace aging equipment with new assets as needed, with maintenance costs now comprising approximately 50% of depreciation.
• The remaining CapEx is allocated for value-added expansion, particularly in CNG and hydrogen sectors, aiming for higher margins and improved ROCE.
• Company aims to be debt free in 2.5-3 years' time.
• The company is incurring a CapEx of INR125 crores for increasing the capacity of its CNG Composite Cylinder from 480 cascades to 1,018 cascades, which is expected to generate revenue in the range of INR850 crores, which is coming at around INR 350cr for FY24.

Outlook: The company's focus on value-added products with higher margins, alongside efforts to reduce debt and enhance operational efficiencies, positions it well for sustained growth. Also, company is well positioned to achieve guided revenue.

PG Electroplast Ltd. - Q3FY24 Concall Highlights
CMP: INR 1,865 | Market Cap: INR 48,551 Mn

Targets 30% Top line and EBITDA growth in Q4FY24. Estimated capex for FY24 stands at INR 1,700 to 1,800 Mn.

Financial Highlights of Q3FY24:
- Consolidate Revenue in Q3FY24 increased by 15.8% YoY and 15.5% QoQ reaching INR 5,303 Mn.
- EBITDA in Q3FY24 stood at INR 470 Mn up by 23.1% YoY. EBITDA margins stood at 8.9% in Q3FY24 as against 8.3% in Q3FY23.
- PAT stood at INR 192 Mn in Q3FY24, up by 40.0% YoY and 55.3% QoQ.
- Debt and Cash Position: Gross debt reduced to INR 2,630 Mn, with a cash and bank balance of INR 1,640 Mn.

Product Business Breakdown:
- Sales in the Room AC segment reached INR 6,410 Mn, in 9MFY24 growing by 29% YoY.
- The washing machine business achieved sales of INR 2,340 Mn, in 9MFY24 marking an 11% YoY growth.
- The electronic business (including LED TVs) generated sales of INR 2,770 Mn in 9MFY24, exhibiting an impressive 112% YoY growth.

AC Sales Performance:
- Company’s top-end revenue for Q3FY24 declined by approximately 5% QoQ in the AC vertical.
- Unseasonal rain in May and June led to increase inventory levels for brands, impacting ODM sales.
- Average selling prices (ASPs) decreased due to commodity price corrections has also affected overall sales.

Acquisition of New Generation Manufacturing of Amstrad Consumer India Private Limited (ACIPL):
- Company has signed definitive agreements to acquire a 100% stake in New Generation Manufacturing (NGM) which is a private limited company and a 100% subsidiary of Amstrad Consumer India Private Limited (ACIPL).
- The acquisition involves a payment of INR 150 Mn and 1 lakh for equity and CCD to ACIPL.
- Additionally, Company plans to invest INR 500 Mn in ACIPL in form of equity and debt to clear inter-corporate deposits (ICDs) and long-term loans in NGM.
- NGM possesses 12 acres of land and has over 2,00,000 square feet of shed space with assembly lines for room AC and LED TV production.

Future Growth Guidance:
- Company anticipates 30% growth in Q4FY24, with sales expected to reach INR 10,750 Mn.
- EBITDA is expected to be around INR 1,000 Mn in Q4FY24, up of 30% YoY.
- The product business, including washing machines, room air conditioners and air coolers, is projected to grow by approximately 40%, reaching INR 8,700 Mn.
- Company CAPEX guidance for FY24 is estimated to be in the range of INR 1,700 to 1,800 Mn.
- The company is completing the operationalization of a new Room AC plant in Rajasthan and expanding a new building in Supa, Maharashtra.

Window AC and TV Manufacturing:
- Company intends to carve out a portion of its market share from other Electronic Manufacturing Service (EMS) providers in the industry.
- Leveraging its track record in split ACs and proven ability to gain market share, Company plans to compete effectively in the window AC segment by emphasizing quality and innovation.
- The Company aims to secure a market share ranging from 10% to 15% in the first year of operations.
- Company aims to diversify its customer base by attracting other clients, aiming to differentiate itself from competitors like Dixon, which holds a substantial market share.
- The company has grown their TV business by over 100% in last one year. They are adding quite a few clients in this segment and anticipates rapid growth in TV business in FY25.

Outlook

PG Electroplast is on track for significant growth. The company intends to take advantage of additional incentives from the Maharashtra government through its super factory, with INR 400-450 million expected from PLI incentives in the first year and an additional INR 200-220 million per year thereafter. Furthermore, plans are to secure a 10-15% market share in the window AC segment in the first year, with rapid growth in the TV business anticipated in FY25.

Everest Kanto Q3FY24 Concall KTAs
CMP: INR 161 | Market Cap: INR 18.05 Bn

OUTLOOK
The positive steps taken by the government to promote CNG as one of the cleaner energy sources, will help the company to grow. We have a long term positive outlook on the company.

Guidance
• Management stated that the growth in CNG is good and hence they expect numbers for Q4FY24.
• Company has guided for 10% topline growth for FY24.
• Margin range from 14% to 16% at a consolidated level.

Highlights:
• Revenues came in at INR 3.3 Bn (+10.37% QoQ/ +28.9% YoY), driven by a steady increase in demand across both our domestic and international markets.
• Consolidated EBITDA grew by 255.3% YoY, at INR 0.52 bn, improved on the back of higher sales and operational efficiencies.
• EBITDA margins came in at 15.6% v/s 13.8% in Q2FY24 v/s 5.7% in Q3FY23.
• Key CNG segment sales reported a YoY and QoQ increase, making a strong contribution to the overall results in Q3, supported by Industrial segments.
• Company remains confident of their ability to maintain such margin levels with higher revenue improved product mix.
• Company stated that their ongoing efforts to manage cost margin can be improved further in the future.
• Company further remains bullish on the outlook of CNG surrender market in India owing to the proactive steps taken by the government to promote CNG as one of the cleaner energy sources.
• Capacity utilization for current quarter at around 65%.

Lakshmi Machine Works Ltd Q3FY24 Concall KTAs
CMP INR 13,949 | Market Cap INR 149.49bn

Outlook: The company is poised for growth in line with industry trends, supported by factors like PLI, China Plus One strategy, overall GDP growth, and increasing demand.

Key highlights:

• Company's revenue stands at INR 1,166cr, which is degrowth of 10.6% QoQ and slight down on YoY basis with similar range of EBITDA and PAT margin.
• Textile business overview: The company's order book, combining domestic and export orders, stands at approximately INR 4,000 crores. Over the past three quarters, there has been a decline attributed to challenges in the textile industry. While there are signs of a gradual revival in capacity utilization and export performance. Margin decline is primarily due to reduced turnover and operational margin compression.
• Product launches update: The company is currently developing the Laxmi LW 60 auto winder, with plans for limited trial launches over the next few months. The air-jet machine project will be discussed in the following year. Updates on these developments will be provided during future meetings, particularly upon commercial launch. The new products for TMD has the potential market size of 1.7-2bn.
• In machine tool division there was a slowdown in the last quarter and that affected sales. However, company has ability to expand its capacity by 30%.
• The red sea issue is not directly affecting company but yes there is some problem with longer routes, higher cost and company was able to handle that.
• In LMW global has the order book on export at close to INR60 crores and the order book in LMW China is around INR41 crores.
• In ATC company has an order book of around INR 600 corers over 3-4 years of period.
• The ratio of sales for textile business, domestic sales vs export vs spares stands at around 64% to 21% to 14% and for machine tool is 97% domestic and ATC is 90% exports.
• For machine tool there are many machines but focus is on metal forming and metal cutting which has market size of around INR5,000 crores to INR6,000 crores.
• So, these nine months we have been able to cater to the demand including increased demand especially on the last quarter there have been increased demand
• Company is getting up 95% of repeat orders. These 5% is samples pieces for approvals.

Elgi Equipments Q3FY24 Concall Highlights
Elgi Equipments | CMP: INR 613 | Mcap: INR 194.34bn

Efforts are being taken by the company for cost reduction by better sourcing and value engineering.

Only volume growth this year and no price increase. Prices were raised last year.

In the competitive landscape, influx of Chinese low cost machines have taken up roughly 20-25% of market share which around 2-3 years ago was 8-10%.

As far as margins are concerned, all geographies showed margin improvement in this quarter other than North America. The Europe market is expected to break even this year or next year while India is expected to show a double digit growth rate.

PBT went up this qtr and the trend is expected to continue. The topline in Q4 will be higher than Q3.

Enquiries in the indian market are very healthy but the conversions are slightly sluggish.

Employee cost in North America has significantly gone up since a lot of vacant leadership positions were filled in this FY.

Europe saw a 12-13% growth while North America saw a degrowth of 6%. North America made a loss due to a drop in the topline while losses in Europe were lower than the previous quarter.

North America and Europe combined contribute around 30-35% in the topline while no contribution in the bottom line.

Around INR 5bn of expenses will be done over 6 years to shift different production facilities to one consolidated facility.

INR 19bn order has been received from Siemens for a period of 30-32 years and hence no significant annual impact.

The company has a high market share in railways but low share in metros.

No plans to reduce prices to compete with Chinese counterparts. Different solution to tap into this market by engineering a new solution which the company is researching and will take over a year to get into production once they decide to put it in action.

Q4 will be better than this quarter and FY25 will be a strong year.

Capex of INR 500mn to INR 600mn each year is expected in routine work and is not expected to increase.

80% of the market is of value buyers while around 20% of them are price sensitive ones.

INOX INDIA LTD - Q3FY24 Concall KTAs
CMP: INR 955 | Market Cap: INR 86,640 Mn

Record-Breaking Revenues, Strategic Collaborations, and Niche Market Domination

Financial Performance
* Total income for Q3FY24 was INR 2,950 Mn, up by 11.7% QoQ and 18% YoY.
* EBITDA stood at INR 710 Mn with a margin of 24%, up by 8% QoQ and 23% YoY.
* PAT rose to INR 490 Mn with a margin of 16%, up by 7% QoQ and 19% YoY.
* Highest ever EBITDA for 9MFY24 at INR 2,170 Mn, with a growth of 22% YoY.
* Highest ever export revenue for 9MFY24 at INR 5,010 Mn, with an increase of 75% YoY.

Revenue Split
* Industrial Gas Division: 65%
* LNG Division: 29%
* Cryo-Scientific Division: 4%

Operational Highlights
* Order backlog stands at approximately INR 10,430 Mn, with export orders comprising 47% of the total backlog.
* The Order backlog comprises of 50% orders from with 50% orders from Industrial Gas, 27% orders from Cryo-Scientific Division and 23% orders from LNG.
* The company is debt-free with a net cash surplus, having cash and cash equivalents of nearly INR 2,350 Mn by the end of Q3FY24.
* Maintained return ratios with ROCE at 43% and ROE at 34% for 9MFY24.

Strategic Initiatives
* Partnered with Adani Total Gas to strengthen the LNG ecosystem in India.
* Started production at the Sauli plant for manufacturing beverage cans, with initial supplies to Belgium, US, and Germany.
* Collaboration with Linde PLC as a customer, supplying cryogenic storage tanks and distribution systems, rather than direct competition.
* Collaboraton with an Italian manufacturer for technology transfer ongoing, with focus on product development and manufacturing excellence.
* Stainless steel and carbon steel, the primary raw materials, are sourced both domestically and internationally based on customer requirements.
* Pass-through pricing mechanism in place to mitigate commodity price inflation, ensuring margin stability.

Export Growth attributed to LNG and Cryo-Scientific orders from European companies and research institutes.

Outlook
The company recorded revenues in Q3FY24 with significant growth in key divisions, particularly exports. Looking ahead, it anticipates high demand for cryogenic gases across sectors like metallurgy, oil, gas, and healthcare. Optimism surrounds the LNG fuel tank business, driven by OEM interest and fuel station establishment. Over the next 12-24 months, increased uptake in the LNG segment is anticipated, especially in heavy-duty truck conversion. The company is planning to capitalize on opportunities in the hydrogen segment, notably with the proposed National Hydrogen Mission.

MTAR Technologies Ltd- Q3FY24 Concall KTAs
CMP INR 1700 | Market Cap INR 52.29 Bn

In FY24, Company expects to generate revenue at approximately 610 crores, with an overall EBITDA of 24% and growth in FY25 remains intact with 45%- 50% increase in revenues YoY and maintaining an EBITDA of about 26%.

Financials

- Revenue from Operations stood at INR 1184 Bn in Q3FY24 as against INR 1602 Bn in Q3FY23 (-26.1% YoY/-29% QoQ)
- EBITDA reported at INR 239 Bn in Q3FY24 as compared to INR 450 Bn in Q3FY23 (- 47.0% YoY/-33.9% QoQ), with EBITDA margin of 20.2% (-790 bps YoY).
- PBT stood at INR 129 Bn. in Q3FY24 as against INR 420 Bn in Q3FY23. (-69.3% YoY)
- PAT stood at INR 104 Bn in Q3FY24 as against INR 314 Bn in Q3FY23. (- 66.8% YoY/-48.9% QoQ), with a margin of 8.8% (-1080 bps YoY).
- Top line and bottom line Impacted due to ongoing supply chain adjustments in Bloom Energy's clean energy segment, transitioning from Yuma to Santa Cruz Block Two.
- Normalcy is anticipated to resume by the end of the current quarter.

Order Book

- Company secured orders totaling Rs. 295.4 Cr in various sectors including Clean Energy- Civil Nuclear Power, Fuel cells and Hydel, Space, Defence, Products and others In Q3FY24.
- Order Book stands at INR 1,179 crs as on 31st Dec 2023.
- The company anticipates orders worth 500 Cr, with the price bid expected to conclude by the end of February or March.
- Depending on the bidding schedule, these orders could be booked either in the current quarter or certainly in the Q1FY25.

Key Highlights

- Semicryo engine project, initially planned for execution in this fiscal year, has been postponed to the first half of the next year due to several design changes.
- Company received a GST refund order on December 30th for approximately 35 crores, which actually received on January 4th and is not accounted in 31st December.
- Short-term debt decreased from 166 crores to 117 crores, a reduction of 48 crores in the quarter.
- The hot box division is projected to represent 30% to 35% of total sales next year, with potential for further growth.
- Next year's revenue projections of 45%- 50% do not incorporate any potential electrolyzer orders.
- Any orders received for electrolyzers will contribute as an additional upside to revenue.
- Out of the 900 crores revenue target for next year, clean energy including fuel cells, hydro, and wind is estimated to contribute approximately 400 to 425 crores in revenue.

Outlook

Overall, company expects robust revenue guidance for the next year and continued growth Orders for clean energy projects and electrolyzers are expected to drive revenue setting a target of INR 900 crores for the next financial year.

Cosmo First Ltd. – Q3FY24 Concall KTAs
CMP: INR 550 | Market Cap: INR 14,448 Mn

Targets INR 400 Mn of annual sales at full capacity utilization with double digit EBITDA from metallized capacitor film in FY25. BOPP and CPP together is expected to add about INR 10,000 Mn to revenue upon reaching full capacity

Financial Highlights
- Consolidated Net sales stood at INR 6,250 Mn in Q3FY24, down by 6% QoQ and 14% YoY mainly on the account of lower volume.
- EBITDA stood at INR 560 Mn in Q3FY24, down by 25% QoQ and 35% YoY.
- EBITDA margins stood at 9% in Q3FY24 as against 11% and 12% in Q2FY24 and Q3FY24 respectively. The domestic margin for both BOPP and BOPET shrank due to desperate and below cost selling resorted by the industry.
- BOPP margins have been running at INR 9/Kg. in Q3FY24 as against INR 18/kg. in Q3FY23.
- PAT stood at INR 110 Mn in Q3FY24, down by 50% QoQ and 76% YoY.
- The company net debt as of 9MFY23 is close to INR 6,000 Mn, which is 2.4 times to EBITDA and 0.46 times to equity.

Operational Highlights
- There was a 5% capacity shutdown in Q3FY24 due to lower margins throughout the industry. Out of the capacity shutdown in Q3FY24, company has partially restarted the sale from January 2024 onwards.
- BOPP specialty Films sales is running close to 64% of total volume as of 9MFY24 as compared to 63% as on 9MFY23.
- In BOPET, the company has started selling Specialty BOPET which is about 10 to 15% of volume.
- The Company’s credit rating has been re-affirmed by CRISIL as AA- with stable outlook in January 2024.

New Business Verticals:
- During Q3FY24 the company commenced operations of two new business verticals. The First is metallized capacitor film for electronic industry and other is Rigid Packaging under brand name “Cosmo Plastech” for FMCG industry.
- The company expects to hit full capacity utilization for Metallized capacitor film in Q1FY25.
- The metallized capacitor film is estimated to generate close to INR 400 Mn of annual sales at full capacity utilization with double digit EBITDA from FY25.
- For Rigid Packaging the phase one capacity will be close to 5,000 Metric Tons, which can generate INR 750 to INR 800 Mn in annual sales at full capacity utilization.
- The company expects to hit more than 80% capacity utilization for Plastech in next two to three quarters.
- The company announced some core specialization steps and the company expects INR 450 to 500 Mn addition in bottom line from all these initiatives from FY25.
- The company is working towards launch of sun control film and many other films to enhance its specialty on BOPET lines.

Packaging Growth Projects:
- The work on BOPP and CPP line is progressing according to the plan.
- Both the lines will be world's largest production capacity lines and will increase company production capacity by close to 45-50% in a phased manner by March 2025.
- With high-speed line and larger width, it is expected to rationalize cost of production between 3-5% depending on the product.
- On reaching full capacity BOPP and CPP together is expected to add about INR 10,000 Mn to the revenue.

Specialty Chemicals:
- The Specialty Chemical subsidiary is progressing as per plan and is at the cusp of delivering double digit EBITDA and high teens ROCE from FY25.
- Coating Chemicals, Masterbatches and Adhesives these three verticals within specialty chemicals are expected to drive growth for the company.

Petcare Vertical “Zigly”:
- The Gross Merchandise Value (GMV) of Zigly stands at INR 40 Mn monthly. This is on the back of expanding retail food chains with 23 stores and increased online presence.
- In last 2.5 years the company has invested close to INR 550 Mn in Zigly and the company is optimistic that Zigly will become a significant wealth creator.
- Zigly is currently making losses of INR 300 Mn at EBITDA level, and the company expects similar losses in FY25 also, but month on month the business is growing on revenue side.
- The EBITDA loss as percentage of revenue for the latest month stands at about 80-90% for Zigly.
- The company also plans to crave our Zigly, within next 2 years.

Capex and other highlights:
- The company expects to spend approximately INR 4,000 million on capital expenditure in the next 1-1.5 years on the BOPP and CPP lines combined.
- The company plans to invest INR 800-1,000 Mn in Zigly over next two years.
- The total debt level is expected to remain between INR 9,000-9,500 million, with the Net Debt/EBITDA ratio not exceeding three times even at peak levels.

Outlook:
Cosmo First Limited, despite facing near-term challenges due to overcapacity remains strategically positioned for long-term growth. The company's investments in new business vertical like Zigli, Specialty Chemicals and Plastech are expected to contribute to its revenue stream. Additionally, expansion plans for CPP and BOPP are anticipated to generate approximately 10,000 Mn in revenue upon reaching full capacity.

RHI Magnesita Ltd. – Q3FY24 Concoll KTAs
CMP: INR 644 | Market Cap: INR 1,33,008 Mn

Targets 14-15% EBITDA Margin on a consolidated basis going forward

Financial Highlights:
- Revenue stood at INR 9,229 Mn in Q3FY24, down by 6% QoQ and up by 43% YoY. QoQ revenue declined due to reduced volumes and YoY revenue increase was drive by 58% rise in Shipments.
- EBITDA stood at INR 1,182 Mn in Q3FY24, down by 22% QoQ and up by 22% YoY. EBITDA Margin stood at 12.8% in Q3FY24 as against 15.3% and 15.0% in Q2FY24 and Q3FY24 respectively.
- EBITDA margin decline on YoY basis was mainly due to 4.6% rise in employee related expenses and 3.1% increase in other expenses like shared services set-up costs, legal and professional fees and travel expenses. EBITDA margin decline QoQ was due to higher employee costs on account of increased year-to-date bonus provisions and lower absorption of fixed costs.
- PAT stood at INR 394 Mn in Q3FY24 as against INR 716 Mn in Q2FY24.
- Company debt level as on 9MFY24 stands at INR 4,610 Mn, which mainly comprises External Commercial Borrowings of INR 33 Mn and rest is all working capital debt.
- As of 9MFY24 the company cash position stood at INR 431 Mn.
- The cash conversion cycle stood at 95 days in Q3FY24 as against 96 days in Q2FY24.

Operational Highlights:
- In Q3FY24 the company strategically reduced overall production to 78,000 tonnes from 90,000 in Q2FY24.
- The overall capacity utilization stood at 58% in Q3FY24 as against 67% in Q2FY24.
- The capacity utilization stood at 70% at RHIM plant, 52% at Dalmia (DOCL) and 58% at Jamshedpur in Q3FY24.
- To improve operational efficiencies, they recently announced plans to close down their dry plant which is under RSI Magnesita India Reflective limited.
- This plant is worth 0.07% of company’s consolidated value and comprises just 0.04% of consolidated revenue.
- 65-70% of revenue for the company comes from the top five integrated steel producers in India.
- In Q3FY24 on a consolidated basis 25% of revenue came from flow control and rest from non-flow control.

Exports:
- Export from standalone business stood at 11% in Q3FY24 as against 16% in Q3FY23. And on the consolidate basis 9-9.5% of revenue came from exports.
- Export focus remains primarily on flow control products, with plans to expand export capabilities to include additional products.
- Depressed export markets, particularly in Europe are expected to persist in the short term, influenced by geopolitical tensions and economic challenges.

Supply Chain Challenges:
- The company faces supply chain challenges, including disruptions caused by the Red Sea issue, which have an impact on shipping timelines and costs.
- Pricing pressure affects both the company and its clients, and is exacerbated by issues with container availability and port congestion.

Capex and Guidance:
- The company incurred capex of INR 500 Mn in 9MFY24 and INR 20 Mn in Q3FY24.
- The company aims to maintain EBITDA margin around 14-15% on a consolidated basis.
- The annual steady state employee cost is expected to be around 9% of revenue.
- the company is taking active initiatives to consolidate operations and improve internal efficiencies. The company plans to mitigate business losses and recover processes in subsidiary entities by 2025.

Outlook:

RHI Magnesita Ltd. faced financial challenges, with lower revenue and EBITDA margins than the previous quarter. Operational efficiency initiatives, such as the closure of a dry plant, are intended to increase long-term profitability. Despite supply chain disruptions and pricing pressures, the company remains committed to improving internal efficiencies and expanding its export capabilities. The company aims to maintain EBITDA margins of 14-15% on a consolidated basis and plans to recover processes in subsidiary entities by 2025.

Tarsons Products Ltd Q3FY24 Concall highlights
CMP INR 481 | Market Cap INR 25,580mn

Performance has been subdued mainly due to slowdown in labware industry. Margins have been on the lower side due to costs incurred for new plants. With new product launches and products under development, company may see good growth in revenue going forward. Exports markets are now stabilising. New plants will upgrade infrastructure of the company which will help in significant production growth.

Financial highlights:
• Revenue from operations stood at INR 618mn (+0.8% YoY/-6.8% QoQ)
• Exports revenue at INR 150mn while domestic revenue was INR 460mn. Exports share has reduced QoQ and YoY basis.
• Branded products contributed 44% while ODM contributed 56% to export sales.
• 2/3rd of the revenue comes from Single use products. 95% of the remaining 1/3rd comes from reusable products. Benchtop equipment contributes very little to the revenue.
• Gross profit margins down to 73% due to product mix.
• EBITDA stood at INR 229mn (-14.2% YoY/-9.8% QoQ), margins at 37% v/s 43.5% in Q3FY23.
• PAT stood at INR 101mn (-37.5% YoY/-21.4% QoQ), margins at 16.3% v/s 26.3% in Q3FY23.
• Cash generated from operations in 9MFY24 was INR 830mn.

Manufacturing plants:
• Panchla plant: Introducing cell culture and capacity expansion. Civil construction completed. First round of production expected in Q4FY24. Cell culture and other products estimated to start commercial production in Q3FY25 in phased manner. 70% of cell culture products to be launched are already produced. Production and quality verification is going on. Panchla plant is not put to use as yet thus no depreciation charged for it.
• Amta Plant: Signed MoU with BRIT for radiation plant. Sterile production will reduce dependency on sole vendor in West Bengal. Construction going well of central warehouse. Amta plant will help in streamlining inventory and give them infrastructure to expand production.
• Expect to scale up gradually and reach 80-85% capacity in four years for both plants.

Key highlights:
• Acquired Nerbe, Hamburg based plastic labware products producer. It provides gateway to micro markets in Europe. It will help in enhancing global presence.
• Red sea issues have impacted exports, but not to a great extent. Medium and small sized buyers have deferred their orders as freights costs have increased by 3-4x. Large business are continuing purchases. Freight costs should stabilise in the short term.
• Time taken to import from Europe has increased by 10x due to red sea issues.
• Debt as of Dec'23 INR 2300mn. The management feels it will not go beyond INR 2700mn. Once sales and cash flow from operations improve, the company will look to do bullet payments.
• Exports down due to low demand. Gradual recovery seen in international markets and at a better position than what was 12 months ago. The industry will take some more time to reach optimal levels. Reordering from customers has started at very low levels.
• Share in diagnostics segment is going back to pre-covid levels. Market share in covid surged due to high demand but it was unsustainable. Competition in the segment should fall back to pre-covid levels in next 1-2 years.

- New products will have similar margins to current portfolio. The management expects to maintain similar gross margins. EBITDA margins may be impacted due to absorption of fixed costs.
- Margins were impacted due to costs incurred at Panchla plant.
- The company does not have enough infrastructure currently to reach INR 4000-4500mn revenue and will maximise at INR 3200mn.
- Running capex of INR 5500-5750mn. INR 4540mn has already been incurred. INR 1000-1500mn to be incurred through the next 3-4 quarters.
- Order book for domestic market stronger than FY23 but not on same lines as FY22.
- Focus remains on North America market, Europe and some key areas in Asia. For volumes, focus remains on ODM. ODM focus remains on North America and Europe while for own branded products focus remains on RoW markets like LATAM and middle east.
- The management expects to see more traction in consumables products going forward.
- The company has better opportunities in single use products segments.
- Launched PeTG cell culture bottles, PET bottles and serological products. Coming up with cell culture flasks in Q4.
- Focus is on PeTG bottles and serological pipeline as they possess immediate opportunity as the market is open to these products. PCR does not look good as of now.
- Good traction seen in import substitutes in Indian and overseas markets.
- Revenues can see sharp inclines as company looks to crack more OEMs.
- Chinese companies have to pay higher duties in US and Europe which gives the company an edge over them.
- The company works with wholesalers and distributors and not directly with customers in overseas markets unlike India.

Eureka Forbes Ltd - Q3FY24 Concall KTAs
CMP INR 476 | Market Cap INR 92.04 Bn

Financials

• Revenue from Operations stood at INR 5386 Mn in Q3FY24 against INR 4720 Mn in Q3FY23 (14.1%YoY/-9.1%QoQ)

• Adj EBITDA stood at INR 529 Mn in Q3FY24 against INR 412 Mn in Q3FY23 (+28.6% YoY/-14.6%QoQ), with an EBITDA margin of 9.8% (111 bps YoY/-64 bps QoQ)

• Other expense (+21.7% YoY) is largely attributable to increase in advertisement and sales promotion spends.

• PAT stood at INR 227 Mn in Q3FY24 against INR 98 Mn in Q3FY23 (131.3% YoY/-11.1% QoQ).

Product and Service

• Launched several new products in all categories which includes Slimtech Glass UV Water Purifiers, Zero Bend Vacuum Cleaners, Forbes Buddy Pet Grooming Kit and Surround 360 Air Purifiers.

• Services business saw a robust value growth and volume growth in the number of amcs that were sold.

• Company has a clear plan to drive penetration in water purifier, to expand the category size to get in many more users by converting non users into users.

• The pet care market is growing very rapidly while company plans to expand and develop a broader range of pet care products in the future.

Other highlights

• Volumes grew for the third consecutive quarter in both water purifiers and vacuum cleaners.

• Increased advertisement spending in Q3 and ran the first ever tv campaign on pro robotic vacuum cleaner.

• Plans to continue invest in advertisement and category creating communication , with first ever service campaign to increase awareness of genuine aquacard service.

• Gross margins are higher in the service business compared to the product business, while company focuses on growing both areas of the business.

• Q2 is typically the biggest quarter due to monsoon season, as concerns about illness drive sales.

• The company's strategy involves building capability and having right set of plans over several quarters to sustain growth.

• The rental model business in Chennai is ongoing and closely monitored, yielding valuable insights and plans to scale up in the next financial year.

• R&D efforts and team is largely operated in-house.

Outlook

The company is focused on innovation and intends to introduce multiple new products in the upcoming quarters, with a well-defined strategy aimed at ensuring sustained growth in the future.

HPL Electric & Power Ltd | Q3FY24 Concall Highlight
CMP INR 374   Market Cap INR 24.08 bn

HPL Electric & Power Ltd's Q3FY24 highlights include robust growth in metering & systems segment driven by increasing demand for smart meters, contributing to enhanced revenue and profitability. Despite consistent volume growth, the lighting product lines experienced sales decline due to technology-driven price erosion, expected to stabilize in Q4FY24.

Business Update
-Metering & Systems is set to continue as high-growth segment with a strong execution cycle in place in line with a growing order book. Capacity expansion and automation measures are being undertaken in Gurgaon, Sonipat, and Jabli meter plants to meet rising demand. The current meter order book has 87% Smart Meters and it is expected to further rise. Smart meters attract higher realizations, thereby resulting to increased revenue and enhanced profitability.
-Although volumes have been consistent and growing in the Consumer & Industrial segment, a value erosion for price (as an industry-wide phenomenon) is taking place in the lighting product lines due to a change in technology causing sales de-growth and is expected to stabilize in Q4FY24.

Financial Performance
-Q3FY24, Revenue at 366cr (+21.22%YoY). Revenue growth YoY for segment wise for Q3FY24 is as follows- metering & systems +28%, switchgear and wires and cables +28% and consumer and industrial +13%.
-Revenue from operations for 9m showed a growth of 15%(YoY). This growth was particularly in metering and system segment where revenue grew by 28%(YoY) to 216 crores in Q3, showcasing our strong market position and the increasing demand for advanced metering solutions.
-EBITDA at 49.71cr (+35%YoY). An Improvement in EBITDA Margins by 140 bps in Q3FY24 from Q3FY23.
-PBT at 18.97cr and PAT at 12cr(+85%YoY) with margins of 3.27%
-Order book strong at ₹ 2400+ crore as on 13th February 2024. Meter & systems contributes 87% of the order book, with smart meters comprising of more than 88% of these orders. 13% is consumer and industrial segment. Supply period for these orders are 2-3 years for smart meters and the remaining shall be done in 6-9mnths.

Highlights from the Call
-Out of the 2400cr order book, around 2100cr is for supply of meters order. Out of this 2100cr, 90% is for the supply of smart meter orders.
-Company at 70-75% capacity utilisation is producing 1cr meters annually.
-Lighting has been seeing certain value erosions primarily because there has been a change in technology, a lot of the way the manufacturing happens. Prices expected to stabilize in a qtr or two.
-The company has an estimated 20-25% share in the energy market.
-The company aims to produce and provide around 5.5-7.5 cr smart meters in the next 4-5 years.
-The company hopes to improve the EBIDTA margins on the meters front.
-The company as of now is following the old tax regime to use the MAT credits.

Jyoti CNC Ltd Q3FY24 Concall KTAs
CMP: INR 630 | Market Cap: INR 1,43,299.3 Mn

Positive outlook for revenue growth in FY25 based on a strong order book of over INR 32,000 Mn to be delivered in the next 18 months. At optimal capacity utilization of 90%, the company aims for an EBITDA margin of 20% or more at the Huron level. For the whole company, the EBITDA margin is expected to be at least 13% or higher, with Huron's margin slightly better than the overall company margin. Significant execution in the aerospace and defense sector seen in Q3. The company aims to become completely debt-free in the next 2-3 years.

Financial Performance
- Revenue increased by 58.2% YoY, from INR 2,388 Mn in Q3FY23 to INR 3,779 Mn in Q3FY24.
- EBITDA increased to INR 963 Mn from INR 25 Mn in Q3FY23. EBITDA margin improved from 1.1% Q3FY23 to 25.5% in Q3FY24.
- PAT increased to INR 480 Mn from losses of INR 251 Mn in Q3FY23.
- Revenue breakdown: Highest revenue from aerospace (43%), followed by auto and auto components (20%), general engineering (18%), barrage and mould (2%), and new entry barrage (13%).

Order book: Order book stands at approximately INR 32,500 Mn, with 55% from aerospace and defense, 14% from engineering, and 12% from EMS business. In the aerospace and defense sector, the company has a pipeline of orders worth approximately INR 15,000 Mn, primarily for exports.

EMS: Revenue generated from EMS segment increased to INR 480 Mn, with expectations of further growth and two new customers added. Order book in the EMS segment has risen due to contracts with mobile manufacturers and contract manufacturers. Current order book stands at close to INR 2,600 Mn, with anticipation of additional orders worth over INR 5,000 Mn in the coming year in EMS.

Debt reduction: After the IPO, INR 4,750 Mn of debt was repaid, leading to a debt-to-equity ratio of 0.3%.

Interest cost savings: The company anticipates interest savings of around INR 550 Mn to INR 600 Mn in the full year from next year. This reduction in interest costs is likely due to the reduction in debt.

Manufacturing capacity: Manufacturing capacity increased from 4,400 machines per year to 5,000 this year, with plans to reach 6,000 next year. Phase 1 generated approximately INR 25,000 Mn worth of revenues, with potential for three more phases on the same site. Inventory management improvements are expected to reduce inventory days from around 300 days to 210-220 days by the end of the year.

Aerospace and Defense: Continued focus on aerospace and defense sectors, with an aim to increase revenues to close to INR 15,000 Mn. Anticipating increased demand in these sectors due to various projects coming to India and the establishment of aircraft manufacturing companies. Expectation of more inquiries and projects in defense industries, particularly in India. Private players also contributing to the market, with expectations for orders from companies like Bharat Forge and Tata.

Market expansion and Capacity addition: Identifying opportunities beyond aerospace and defense in sectors such as railways, infrastructure, general engineering, automobiles, and dye and mould sectors. Planning for Phase 2 expansion in Rajkot to accommodate growth, especially with the increasing EMS industries.

Huron: Despite increased execution, profitability from Huron is yet to kick in, but net positive EBITDA has been achieved in the last nine months. Expectation of profitability from Huron in Q1FY25 and for the full year. Based on the machine model mix and the current order book, the average machine value is approximately EUR 2 Mn to EUR 2.2 Mn. With the expected capacity utilization, the company anticipates revenue of around EUR 60 Mn from Huron next year.

Product development: The company is developing new products beyond mobile phones, including accessories like watches and tablets. While 5-axis technology has been developed and mastered, the company is also advancing towards 6-axis, 7-axis, and even higher axis machines.

Gross margins: Entry-level products have gross margins of 35-40%. Mid-range products have gross margins of 40-45%. Aerospace and defense products, ranging from INR 20 Mn to over INR 100 Mn, have gross margins of 55-60%.

Capacity utilization: Current capacity utilization is around 80%. The anticipated revenue would correspond to a capacity utilization of close to 90%. The company plans to invest approximately INR 400 Mn in the assembly line, which is expected to increase capacity to around EUR 75 Mn to EUR 80 Mn. This expansion is targeted to be operational by Q1FY25.

Outlook: Expectation of increased output from the aerospace and defense sector in Q1FY25. Jyoti CNC is positioned to benefit from import substitution by offering products in various segments, including EMS. There is an expectation of growth in high-end CNC machine business as import substitution progresses, indicating opportunities across different tiers of the market.

Ice Make Refrigeration Ltd Q3FY24 Concall KTAs
CMP: INR 519 | Market Cap: INR 8,190 Mn

Capacity expansion, stable raw material prices, and increased overall demand contributed to the company's growth in Q3. There has been a shift in the business product mix with the expansion of the ammonia-based project venture, which yields lower margins compared to flagship products. Strategic recruitment has been done to maintain comfortable margins, with a sustained range of 9.5 to 10.5% in the long run.

Financial Performance
- Total income increased by 23.5% YoY in Q3FY24 to INR 825.2 Mn, up from INR 668.1 Mn in Q3FY23.
- EBITDA stood at INR 44 Mn, down from INR 77.1 Mn in Q2FY24. EBITDA margin stood at 5.34%, down from 11.16% in Q3FY23.
- Net profit decreased to INR 20.1 Mn in Q3FY24 from INR 44.3 Mn in Q3FY23. This decline was due to changes in the sales mix and low-margin verticals.
- Planned Capex of INR 2,000 Mn over 3 years, with contributions from various projects including the continuous panel project.

Margin Impact: The change in the product mix, particularly the increased contribution of ammonia refrigeration, affected margins. Ammonia's contribution rose to 28% in Q3FY24, compared to 10% in the previous quarter and 14-15% in Q1. YoY target around 15% of topline contribution to be from Ammonia vertical. Moving ahead, focus will remain on premium verticals.

Order book and Projects
- The company is undertaking various projects, including continuous work panels, Chennai-based projects, and Kolkata-based projects, which are in different stages of completion.
- There are orders on hand from reputed clients. Recent orders include a significant one worth INR 100 Mn from the food processing industry and a repeat order for 40 cold rooms, valued at INR 45 Mn.
- Ammonia project orders typically range from INR 5 Mn to INR 250 Mn, with an average order size of INR 70-80 Mn. The contribution from ammonia to the current order book is around INR 350-400 Mn.

Revenue guidance: Revised full-year revenue guidance suggests challenges in reaching INR 4,000 Mn in FY24 due to no new capex contributions and prolonged monsoon season affecting overall industry results. FY24 revenue is expected to close between INR 3,600-3,800 Mn, aiming for a 25% growth rate.

Industry: The refrigeration equipment market has been experiencing fluctuating growth patterns. Government policies promoting energy transition have supported manufacturing growth. Adaptation in supply chain dynamics and cleaner practices are driving strategy shifts within the industry.

Continuous panel: The cold panel and continuous panel project are expected to start and be commissioned around June or July, contributing about INR 400-500 Mn to the top line. Commercial production from the continuous panel project is projected to begin in Q2 or Q3FY25, with a contribution of INR 5,000 Mn.

Debt: The company's peak debt is anticipated to be around INR 555 Mn, including loans for capex and expansion projects. Working capital limits stand at INR 520 Mn non-fund based and INR 150-200 Mn fund based utilization.

Other highlights
- The Chennai plant's civil construction is expected to take 9 months, with commercial production slated for FY25.
- The company is exploring export opportunities, particularly with US-based OEMs and African countries, while focusing on domestic market growth.
- The estimated industry size for PUF Panels is around INR 70,000 Mn, with IceMake's full optimum capacity projected at INR 2,000 Mn in a single shift and potentially up to INR 3,500-4,000 Mn in double shifts. The EBITDA level margin for PUF Panels is expected to be around 8.5-9%.

Outlook: The company has a vision to achieve a INR 10,000 Mn top line in the coming financial years. IceMake projects a top-line revenue of around INR 1,300-1,400 Mn in Q4FY24, with an annualized gross margin of 28-30%. The company aims to achieve revenue of INR 5,000 Mn next year. Despite a decline in net profit and falling profit margins, the company is actively addressing challenges and remains confident in its ability to overcome them.

Epack Durable Ltd Q3FY24 Concall highlights
CMP INR 198 | Market Cap INR 18,990mn

Recovery seen in the market with large brands posting substantial performance in the last two quarters. The outlook for the upcoming season is positive with robust growth expected in FY25. Demand uptick is seen in Q4 and with additional capacity, the company is well positioned for the upcoming season. Top brands have started increasing their own manufacturing capacities, but the management feels that in spite of this, the dependency will continue to remain on them for top line.

Key highlights:
• Started production at facility in Andhra Pradesh which increased capacity by 50% YoY.
• The upcoming six months are critical for the industry as most of the manufacturing takes place during this time. The management has positive outlook for Q4FY24 and Q1FY25.
• The company has added new SKUs in their portfolio in the last 9 months and with that they are able to cater different customers together.
• The overall industry is expected to see growth of 15-20% in FY25.
• The company has also recently added many mid-tier customers.
• Started with backward integration for import substitutes; this will help in improving margins.
• The management expects to sustain 8% EBITDA margins.
• Delay in demand seen of 30-45 days compared to last year but the demand for AC is picking up rapidly. The company may see spillover of revenue from Q4 to Q1FY25.

Financial and operational highlights:
• Operating income stood at INR 2791mn (+1% YoY), mainly due to lean summer season in 2023.
• EBITDA stood at INR 237mn (+439% YoY), margins at 8.49% (+689bps YoY)
• PAT stood at INR 49mn v/s INR (62mn) in Q3FY23. Margin of 1.76%.
• 9MFY24 performance – Income stood at INR 8939mn (-0.7% YoY). EBITDA at INR 606mn (+56% YoY), margins up by 247bps YoY to 6.78%. PAT at INR 75mn v/s INR (14mn) in 9MFY23.
• 83% of the sales came from AC while non-AC contributed 17% to the sales in the quarter.
• Operating margins have improved to 15% in 9MFY24 by 200bps YoY.
• Working capital down to 51 days.
• Around INR 100mn of PLI benefit has been acquired out of the INR 300mn the company is eligible for.
• The Bhiwadi plant has not received any PLI benefit till now. The company has applied for it and expects to get the entitlement certificate in the next 45-60 days. The benefit will be about 1.8-2% of the overall revenue and 1.25x of the overall investment in the plant in the next ten years.
• The company is currently serving more than 25 large customers/known brands and about 15 small brands.

Large customers:
• Most of the customers have reported improved Q2 and Q3 numbers which indicates good scenario of the industry. They have liquidated the inventory piled up during Q1.
• The brands have entered CY24 with minimum inventory which gives fresh production an opportunity to do significantly better.
• Many large brands have increased their manufacturing capacities which has changed the industry dynamics. The company has also been affected due to this with one of their largest customers decreasing orders by significant volumes, affecting the business by almost INR 2000mn.
• The company has been able to make up the lost business by onboarding new customers and adding newer segments.

• The market is expanding rapidly and due to this, large brands who also have their own manufacturing capacities have increased outsourcing products. The brand's manufacturing capacities are more to sustain their bottom line and the management believes the dependency will continue on manufacturers like Epack.

New products:
• The company has started supplying components in small quantities through their facilities in the last 4-5 months. Development and approval process for components takes time. Enquiries for these products are increasing. The sales may start from Q2FY25.
• Coolers have a market share of 17% in the organised market. Manufacturing period for coolers is about 10 months which helps the company in improving utilisation for injection molding.
• The company has started with one large customers for coolers and plans to do INR 800-1000mn revenue from cooler business in the next 16-18 months.
• Increased in house manufacturing of additional components like Crossroad fan, PCB controller which are import substitutes for RAC and small domestic appliances. Started manufacturing universal motors for mixer grinders and induction coils. This backward integration will further help in improving margins.

Debt reduction:
• Debt to Equity ratio has reduced to 0.73 from 1.58 in FY23.
• Proceeds from the IPO came in Jan'24. The company has repaid INR 800mn debt using the IPO proceeds.
• Average interest rate for the remaining debt will be around 7.5 to 8.25%.

Schaeffler Q4CY23 Concall Highlights
Schaeffler | CMP: INR 2,997 | Mcap: INR 468.47 bn

Margins
EBITDA margin stood at 17.9% (-130 bps YoY/-100 bps QoQ) in Q4CY23.
Exports were down by 15% YoY in CY23. The exports majorly impacted the drop in gross margins.

Exports
Exports witnessed headwinds due to the war breakout in Ukraine and followed the war in Israel. The major exports are into Europe and increasing China for de-risking. The company is focused on South East Asian countries.
Exports headwinds almost bottomed out and are expected to improve from Q1CY24 onwards.
Thailand, Vietnam, and Indonesia markets are doing well and the company is expected to get some business from these economies.

Investments and Capex
The company has consistently invested in automotive and industrials. In industrials, the company is focused on making more products in the industrial space in India.
Investments are expected 7.5%-8% of sales going forward.
In the Hosur plant, building construction is going on a green field project and production is expected to start from Q1CY25.
The company holds the earlier capex guidance.

Industrials
The company has witnessed a slowdown in the industrial sector in Q4CY23. The company witnessed a slowdown in construction equipment and tractors in Q4CY23.

Wind
The wind sector witnessed 11% YoY growth in Q4CY23.
Wind equipment's production domestic requirement is 20% and exports are 80%. The exports majorly to European and US markets. The exports have dropped due to some of the projects being delayed from customer levels.

Automotive
In automotive, the company is importing critical parts for an automotive OEM and focused on a strong supply base.
The clutch business witnessed strong traction, especially dual-clutch applications.

Localization
The company is focused on localization and expected to make subsystem-level products in the automotive.
The company is focused on rationalizing inventories, especially trying to reduce imports from different countries.

EV and Railways
Railway business witnessed a double-digit rate in CY23.
The company is planning investments in electric mobility because of demographic shifts happening in terms of E-vehicles.
The company is a strong player in the traction motor applications for all electric locomotives. The railway strategy of 100% electrification will help to grow the business.

Working capital
The working capital in terms of sales stood at 17% as of CY23 and is expected to be same range going forward.

Dividend payout
The dividend payout is expected 30%-50% of PAT going forward.

Two-wheelers
Around 20mn 2-wheelers were produced in last year and a substantial market for the next decade.
The number of bearings will reduce from IC to electric vehicles and product & engineering specifications will be completely different.

Other highlights
The interim budget focuses on the infrastructure push with the construction industry which drives the growth going forward.
The strong demand witnessed in railways and mixed pick-up in 2-wheelers.
Energy and mining sectors are doing well.
The company is actively pursuing in-organic opportunities.

Outlook: The exports are expected to improve in the coming quarters. The uptick in railways, infrastructures, and traction in wind equipment will improve the business going forward. The introduction of new products to expand the portfolio and investments in EV mobility will be beneficial for the company. The localization through import reduction and inventory rationalization will improve efficiency going forward. The capex guidance remains on hold due to election and demand environments. We have a positive outlook in the long-term perspective.

Lloyds & Metals and Energy Ltd – Q3FY24 Results update
CMP: INR 590 | Market Cap: INR 298 bn

Short summary: Result were good, but pre-reported on Jan 22nd. Co has ambitious plans to increase the asset base multi-fold (5-8x or may be more) over the next 6-7 years – mostly with internal accruals. This has the potential to increase EBITDA from current INR 20bn per year range to INR100-150bn per year gradually as a step function. Stock price is also somewhat ahead of current pnl capability, buy only partially reflects the huge future potential.

Details:

Financials: Consol Revenue/EBITDA/PAT came in INR 19.2 (+73% q/q, +91% y/y) /4.6 (+50% q/q, +100% y/y) /3.3 (+43% q/q, +63% y/y) bn. Q3 sales volume came in at 2.6 mn tons (vs 2mn tons in Q2 and 1.73 in Q3FY24). DRI sales volume came in at 67kt (+40% q/q, +10% y/y) and power sales volume came in at 53.64 mn kwh (+46% q/q, +15% y/y). 4 key segments in the order if size – iron ore mining, sponge iron, power and pellet trading. 9MFY24 capex came in at INR 9 bn.

Realisations for iron ore came in at INR 5,250 for the quarter (+12% q/q, +14% y/y).

Iron ore mining capacity limits at 10mt per year so for Q4FY24 the volume potential is 2mt of iron ore, given 9MFY24 volume came in at 8mt.

Iron ore mining capacity is set to increase from 10mtpa now to 55mtpa. The incremental 45mtpa is BHQ (almost reject grade) which has to be upgraded to 65% grade by setting up beneficiation plant – first of its kind in India, but well established process in China etc. 45mt of beneficiated BHQ will give an output of 15mt of 65% grade standard ore. So in total the potential is to grow from 10mtpa now 25mtpa in next few years.

Capex Program: All of the capex will be from internal accruals. Expansion projects envisaged are 12mtpa of Pellet plants, DRI plant addition of 0.36mtpa, 1.2mtpa of wire rod plant, blast furnace 3 mtpa, 2 slurry pipelines of 85km and 190km each, coke oven of 1.8mtpa and 45mtpa (3*15tmpa) BHQ beneficiation plant. All of these projects will roll out in phases over the next 6-7 years.

Annual capex outlay over the next few years would be INR25-30bn.

Phase 1 projects: DRI expansion and power plant at Chanderpur – INR 3.5bn. Pellet plant 1 of 4mt + slurry pipeline 1 of 8mt at Konsari along at an outlay of INR 17bn. To be commissioned by FY25-26. Remaining 8mtpa pellet plant would come up in FY27.

Phase 2 projects: Regarding 12-55mtpa expansion the process is – mining plan to be cleared by IBM by 2024 end, then goes for EC which includes public hearing etc, then gets EC and actual physical expansion and logistics by expanding the roads in the route. EC approval process is well set. 45mtpa beneficiation plant would be set up in 3 tranches of 15mtpa each. Total outlay of INR 50bn over 3 phases. First plant would come up by FY27 and subsequently 1 phase each yr.

Phase 3 projects: 3mtpa blast furnace expected by FY28.

Volume guidance: If approval comes for increase of capacity from current 10 to 12mtpa, FY25 volume would 12mt. Pellet trading volume in FY25 would be 0.5mtpa, but could be dramatically different upto 1.8mtpa if the market presents an opportunity.

NMDC hiked prices by Rs500/t, will LLoyds follow? Lloyds already ahead of market in terms of pricing, so not much of a scope.

BHQ ore sales-cost-profit dynamics: Realisation will be in excess of INR5,000 per ton based on current reference point. Cost of mining would be INR1,200 per ton, royalty of INR 1,000 per ton (may much lower, need to work with MoEF) and the rest being profitability. 800mn tons of available BHQ ore would yield 250mn t direct sales ore – 65% grade. Because of mining of 800mn tons of BHQ, 300 mn ton of regular ore lying underneath the heap would be exposed which is a bonus.

Havells India Ltd Q3FY24 Concall Highlights
Havells India Ltd | Mcap: INR 818.64bn | CMP: INR 1,306 | TP: INR 1,507 (50x of FY26E EPS of INR 30.1) | Upside: +15.4%

Lloyd
Around 65% of sales come from AC for Lloyd. Lloyd has gained market share in 9MFY24. AC and Fans are expected to be better in Q4FY24E and Q1FY25E. overall, Lloyd has gained market share in 9MFY24.
Lloyd's consumer financing is around 30%-35% as of Q3FY24.
Lloyd's capacity utilization stood at 50%-60% as of Q3FY24. Lloyd becomes the top 3-4 players in the industry.

Margins
Wires and cable margins witnessed pressure due to the product mix.

Wires margins are better than cable margins in Q3FY24, however, cable growth is higher than wires growth in Q3FY24.

Wires and cables
Wires and cables witnessed traction in the luxury residential segment.
The wires and cables mix is around 65:35 as of Q3FY24.

Switchgear
Switchgears witnessed growth in retail and residential sectors and witnessed de-growth in telecoms.
In switches and switchgear, the company majorly addresses automation and IOT.

Capex
The company is increasing capacity by 25% for underground cables and evaluating refrigerator expansion.
The company will do capacity expansion after reaching 70%-75% utilization. Currently, the company is doing for fans and cables & wires.

Lighting
In lighting, strong volume growth was witnessed in B2B and B2C. The price erosion happened in the past 1 year and normalized from Q3FY24 onwards.

A&P expenses
A&P expenses are around 4% of sales and are expected to be normalized gradually.

Price hike
There is no price hike expected for fans and air conditioners.
Other highlights
Around INR 400mn one-off reversal due to change in govt rule for e-waste.
Shelf filling is lower in Q3FY24 and is expected to be better in Q4FY24 due to the season.
E-commerce accounts for 5% of sales.
The company is focused on the Middle East for exports.

B2B investments continue to grow led by private capex and the summer season is expected to improve B2C business.

Outlook: Havells is doing Capex for cables and wires in the south which is expected to cater to southern markets. Summer Season will improve the sales in ECD, Lloyd. The price recovery in lighting would improve further going forward. Margins are expected to improve due normalization of commodity prices. We have a positive outlook on the stock.

Craftsman Automation Ltd - Q3FY24 Concall KTAs
CMP: INR 4,674 | Market Cap: INR 98,751 Mn

Strategic Focus on new plants and considerations for product development

Financial Performance:
- Revenue for Q3FY24 stood at INR 11,297 Mn up by 51% YoY and down by 4% QoQ
- PAT for Q3FY24 stood at INR 815 Mn up by 58% YoY and down by 22% QoQ
- The powertrain business experienced a marginal increase in demand due to adjustments in the market.
- The company saw good growth in the aluminium segment for two-wheelers. Challenges in the Red Sea conflict is affecting the tractor market.

Powertrain Segment Margin Recovery:
- The company's gross block in the power train segment is high reaching INR 21,590 Mn and the company has been actively investing in refurbishing and enhancing capabilities.
- A significant portion (70%) of the refurbishment is already completed, with the remaining 30% planned for Q4FY24 and partially in Q1FY25, but it won't be significant going forward.
- The increased depreciation of around INR 110 Mn reflects readiness for growth, and once the machinery refurbishment is completed, powertrain segment margins are expected to recover.

Aluminium segment:
- The passenger vehicle business didn't attain anticipated levels with specific clients, leading to outstanding orders yet to be fulfilled.
- Despite outstanding orders, the aluminium product segment showed significant growth.

Capex and Expansion Plans:
- CAPEX until December 2023 has focused on capacity balancing, expansion, and marginal capability increase to prepare for upcoming opportunities.
- The company is slowing down capex or evaluating activities. Thereby maintaining a debt-to-equity ratio of 1.
- The company aims to minimize additional capital expenditure by optimizing existing capabilities in powertrain segment.

Kothavadi plant:
- The company emphasizes the need for strategic investment in machinery capabilities with focus on engines and industrial engineering equipment, including parts weighing up to 10 tons.
- Setting up the Kothavadi facility is a strategic move to cater to the demand for castings, as machining alone cannot thrive without reliable casting suppliers.
- The Kothavadi plant will commence the construction activity, aligning with the planned timeline of 24 to 36 months for startup production.
- The Kothavadi plant will accommodate all three business segments, including a cast iron foundry for industrial engineering and later for the power train segment with other segments following up.

NCR Plant:
- The company is recognizing growth potential in the NCR region for all three segments of its business.

- A new composite unit is being established within 100 kilometres of major customers in the auto sector as well as the storage solutions aiming to optimize logistics costs
- Due to capacity constraints at the existing solar plant and the powertrain segment being housed in Faridabad, a new location is essential.
- The initial focus of the new facility is on aluminium, with a planned investment of 1,500 Mn in land, building and machinery for phase one.

Off - Highway business:

- Revenue from the new off-highway business is anticipated to start contributing from FY26 onwards, with an initial small portion in FY26.
- The development timeline for this business involves procedures spanning 12 to 20 months from the time of the installation of the equipment.
- Significant action is being taken in the development of parts, with a 12-month duration for tooling and other aspects.

Import Substitution and Market Expansion:

- The company has secured orders for supplying cylinder blocks to an SUV manufacturer, replacing imports from Italy for leading models of both an Indian and an Italian manufacturer that share engines.
- In the past six to seven years, the company moved from importing cylinder blocks to starting their own supplies of these components just last month.
- The company is anticipating market growth, particularly on the industrial engine side, where orders have been received for both casting and machining.
- Castings are sourced from South America with samples already initiated. Revenue from this is anticipated to begin in the H2FY25.

Brazil Order:

- The Brazil order is still undergoing an inventory correction process with no significant further impact expected.
- The company anticipates limited growth in the addressed medium to big segment, irrespective of Brazil's economic recovery.

Machining Windmill Parts:

- The company is actively involved in machining windmill parts, particularly critical components like gearbox housings.
- The company is focused on backward integration into the casting front.
- Negotiations for obtaining the necessary alloy for casting are in advanced stages, indicating a potential new facility.
- The upcoming facility will cater to both the windmill segment, producing structural parts, and other capital goods requiring castings in the industry engineering segment.

Outlook:

For FY24, the company is targeting a capex of approximately INR 5,000 Mn. The capex for FY25 will be contingent on the progress with the north plant and the possibility of securing substantial orders before June. Sales projections for the first financial year after commissioning of the plant in NCR are expected to be around INR 1,000 Mn in the two phases. A new project in Kothavadi involves a composite plant for aluminium, catering to industrial engineering and power grid segments. The company is monitoring the global situation and strategically moving forward with potential M&A opportunities both within and outside the country.

Ion Exchange | Concall KTA Q3FY24
CMP: INR 525| Market Cap: INR 76.97 Bn

Financials

- Reported total income of Rs. 55.39 Bn in Q3 FY24 as compared to Rs. 51.21 Bn in Q3 FY24 (8.2% YoY/ 3.9% QoQ).
- EBITDA stood at 706 Mn representing an increase of 13% YoY and 16.9% QoQ with a margin of 12.75% (+142 Bps QoQ).
- Net profit recorded at INR 472 million representing a minor decrease of 1% YoY (+11.3% QoQ) while the PAT margin stood at 8.52% in Q3 FY24.
- The chemical segment saw a 23% increase in revenue and an 30% increase in EBIT QoQ.
- The engineering division had flat revenue QoQ with decrease in EBIT by 23%.
- The consumer segment recorded a 38% increase (QoQ) in revenue.

Margin Outlook

- Expect revenue year end growth of about 20%.
- Experiencing a slowdown in the bid pipeline due to missed opportunities that couldn't be converted due to unfavorable terms.
- Margins are expected to remain stable or improve slightly in FY25 compared to FY24. Cost optimization efforts and operating leverage benefits should support margins.
- Well-positioned to benefit from upcoming semiconductor capacity, anticipating more orders in the upcoming quarters.

Investments

- Ion Exchange Limited increased its stake to 12.15% in GPCL Consulting Services, acquiring an additional 5%.
- Investment prioritizes supporting various initiatives, facilitating business in the international market.

Chemical Division

- Chemical segment operates at approximately 70% capacity utilization.
- Around 60% of this utilization is attributed to the resins business, with the Roha capacity expansion exclusively targeting resins, aiming to double the current capacity.

Pricing

- Reduced Chinese supplier prices impact negotiations, but the company maintained margins effectively.
- Pricing has been adjusted downward, providing customer to benefit from slightly lower pricing.

Expansion Plans

- Capex for the greenfield expansion at Roha is expected to start commercial production in FY25-FY26.
- Plant capital expenditure is largely directed towards the international market, anticipate volume ramp-up as new capacities become operational.

Outlook

Company expects continued margin expansion and double-digit revenue growth for FY25. The company has done sequential improvements in the product mix. Looking ahead, there is a strategic focus on expanding the product range to cater to a broader market, indicating a positive outlook for future growth and market presence.

MACPOWER CNC MACHINES LTD| Concall KTA Q3FY24
CMP: INR 839 | Market Cap: INR 8391 Mn

Focus on the defence sector and future expansion in line with government initiatives.

Financial Highlights

- Q3FY24 Revenue: INR 661.4 Mn (24.8% YoY growth)
- EBITDA: INR 100.9 Mn (80.8% YoY growth)
- EBITDA Margin: 15.3%
- Net Profit: INR 70.3 Mn (101.4% YoY growth)
- Net Profit Margin: 10.6%

Operational Milestones

- Highest-ever machines sold: 344 in Q3.
- Unexecuted order book: INR 2,364.40 Mn
- NEXA Vertical: 336 machine orders (26% of premium products)

Strategic Focus - Defence & Aerospace

- Significant orders from the Defence and Aviation sectors
- Participation in key national projects
- MOU for Rs. 100 Cr. at Vibrant Gujarat Summit 2024

Market Leadership & Positioning

- Lowest-cost producer with high EBITDA and PAT margins
- No international tie-ups, with emphasis on "Made in India”.
- 30% market share in the business-only segment.

Future & Expansion

- Production capacity expansion to 2000 machines per annum by Q1FY25
- Establishment of NEXA group for high-value machine sales
- Efforts towards strategic partnerships for global markets

Government Initiatives & Projections

- Preference for domestic manufacturers in government tenders.
- Industry 4.0 driving automation, PLI scheme fostering demand.
- Topline projection for next FY: INR 300-400 cr. with targeted EBITDA of 17-18%.

Shakti Pumps India ltd| Concall KTA Q3FY24
CMP: INR 1270 | Market Cap: INR 23342 Mn

The company achieved remarkable financial growth, highlighted by a 57.7% YoY revenue increase, with strategic initiatives, and patent success

Financial Highlights

- Q3FY24 Revenue: INR 4956 Mn, 57.7% YoY growth, 224.4% QoQ
- EBITDA: INR 710 Mn, 224% YoY growth, 367% QoQ, EBITDA Margin: 14.3%
- PAT: INR 452 Mn, 302% YoY growth, 671% QoQ, PAT Margin: 9.1%

Strategic Initiatives

- HAREDA order: INR 258 Crores, 90 days execution
- 4 new patents received between Nov '23 & Jan '24
- Initiatives: 7 million solar lamp schemes, 5,000 MW SPV projects, and 12,000 MW **SPV projects by the government.**
- Focus on low infrastructure cost, aiming for Net zero carbon emission by 2050.

Market Insights and Growth

- Global solar industry growth: USD 50 bn (2019) to USD 200 bn (2026)
- Installed solar PV capacity: 773.2 GW (2020), a 22% increase from 2019.
- Solar water pumping market in India: CAGR of over 27% (FY18-FY24)
- Key growth drivers: Government subsidies, tax rebates, increased environmental awareness.

Recent Orders and Segment Performance

- COMPONENT B: Off-Grid Solar PV Water Pumping Systems order book INR 258 Cr. (Dec '23)
- COMPONENT C: Grid Connected Solar Water Pumping Systems - INR 149.7 Cr. (Oct '23)
- Segment CAGR: 11.5% (2018-21), strong margins expected from new orders.
- Contract worth USD 35.30 million from the Government of Uganda for solar-powered water pumping.

Company Highlights

- Best quarter performance.
- Previous quarter order: INR 2250 Cr.
- R&D success: 11 patents.
- Government targets: 20 lakh solar pumps by 2028.
- Financials: Exported revenue - INR 62.2 Cr./ Imported - INR 342 Cr., Solar sales under 1-year contracts.

Elecon Engineering co. ltd| Concall KTA Q3FY24
CMP: INR 1065 | Market Cap: INR 119446 Mn

In Q3FY24, the company achieved strong financial growth incurred a capex of INR 26.0 Cr, and demonstrated robust segment-wise performance.

Financial Performance in Q3FY24

- Revenue: INR 474 Cr, 21.8% YoY growth.
- EBITDA: INR 120 Cr, 36% YoY growth, EBITDA Margin 25.4%.
- PAT: INR 90 Cr, 44.1% YoY growth, PAT Margin 19.1%
- Geopolitical issues are barriers to increasing the financials.

Business Developments

- Ten OEM Business signings in overseas markets with commercial production expected from FY25.
- Realized INR 37.2 Cr from an arbitration award of INR 63.0 Cr (December 2023)
- Ongoing negotiations for the remaining arbitration award.
- Initiated fresh arbitration proceedings worth INR 31.0 Cr in Q1FY24.
- Diversified in multiple product portfolios catering to multiple industries and continued to enhance new products.
- Order Book (9M) is 249 Cr, open order as of 31 Dec 2024 is 219 Cr.
- Commercial product enhancement in FY25.

Capex and Expenditure

- Capex incurred: INR 26.0 Cr (up to 9MFY24) out of the planned INR 70.0 Cr for FY24.
- One order from the steel and cement sector amounting to INR 173 Cr.

Segment-wise Performance

- Overseas revenue: INR 128 Cr. And signed four more OEM products.
- Domestic revenue: INR 346 Cr.
- Gear segment contribution: 86%
- MHE (Material Handling Equipment) contribution: 14%
- Gear Division order intake for 9MFY24: Rs 1,189 Cr, with an order in the hand of Rs 572 Cr (as of December 31, 2023)
- MHE Division order intake for 9MFY24: Rs 249 Cr, with an order in the hand of Rs 219 Cr (as of December 31, 2023)

International and Domestic Market Presence

- Successful business ventures in the overseas market, contributing to 27% of total revenue.
- Strong domestic presence with 73% of total revenue.
- Gear Division plays a pivotal role with 86% contribution to overall revenue.
- Growth outlook with significant order intake and order in hand for both Gear and MHE divisions.

Aeroflex Industries Ltd. Q3FY24 Concall KTAs
CMP INR 156 | Market Cap INR 20bn

Key highlights:
• Revenue stood at INR 730mn (+13% YoY)
• EBITDA increased to INR 150mn, robust growth of 63% YoY, with high margin of 20.2% (+625 bps YoY)
• PAT stood at INR 90mn (+75% YoY)
• Exports had a robust growth of 26%, contributing 85% in revenue (9MFY24), especially in fire sprinkler and other innovative industries.
• Reduced dependency on imports. Eg: 95% of coil used to be imported as RM, which is now reduced to less than 50%.
• 15% of the revenue was affected by the Red sea issue during Q3, due to deferred dispatches and high trade costs. High freight cost will reflect in Q4.
• Stainless steel prices are down by 20-25%, affecting the company's product prices by 15%.
• Fittings and assemblies contribute about 38% to the revenue in Q3 while yearly average is 32%. The focus on this business has increased and with new capacities of metal bellows, the management hopes to increase business from this segment.
• The management expects the red sea issue to ease down by Q1FY25.
• The company has been increasing its sales team to 30-40 members to tap new customers and expand geographical base and sell the new capacities and products coming in. This will increase employee costs.

Capacity:
• Production volume had a robust growth of 65% from 1.8 mn mt to 2.95mn mt in Q3FY24 and maintained 95% capacity utilization.
• 8 new welding and assembly stations to be added by March 2024. The company plans to introduce robotic assembly lines in the future.
• Phase 1 capacity expansion of 1mn mt is expected to complete by March 2024, taking the capacity to 13.5 mn mt.
• Currently in phase 1 of setting up plant for metal bellows, expecting to complete it by December 2024. 3 lakh capacity is planned. 1.2 lakh capacity to be ready by Fy25.
• Expect to add three new lines of composite holes and increase maximum size to 20 inches.

Guidance:
• Capex for FY25 expected to be around INR 350-400mn. For metal bellows, planned capex is about INR 430-450mn with some additional work capital requirements.
• Already started development of a product for EV industry for a customer and in talks with companies in Aerospace business. The management hopes to start off some business in these segments by next year.
• Margins on metal bellows are about 25% and the management expects to achieve INR 500mn sales from this product in FY26.
• The management's focus is on improving margins.
• The management plans to continue the 25% growth in top line for the next 4-5 years.
• Large customers have guided to increase consumption from CY24.

• The company will focus on Middle East and North Africa market in FY25. They are building a team primarily to focus on Middle East region.

Outlook: Aeroflex Industries had an impressive performance in the quarter with increased profitability margins. With the geopolitical issues expected to ease out by Q1FY25, the company can generate much better sales going ahead. Launch of new products and increased focus on new geographical regions to expand business are growth drivers for the business. At CMP, the company trades at 33.6x TTM EV/EBITDA.

Welspun Specialty Solutions Ltd – Q3FY24 Concall Highlights
CMP: INR 42.5 | Market Cap: INR 22.5 Bn | Promoter: 55.17%

[Arihant Capital]

Overview: weak realisations leading to lower QoQ performance, NPD response seems positive

Performance (Consol)
• Revenues came in at INR 1.75 Bn (-16% QoQ) (+57% YoY)
• EBITDA margins came in at 6.82% (Vs 7.08% QoQ) (Vs 5.77% YoY)
• Volumes of SS Bars at 3,921 tonnes (Vs 5,351 tonnes QoQ) (Vs 1,448 tonnes YoY)
• Volumes of SS Pipes at 1,183 tonnes (Vs 1,209 tonnes QoQ) (Vs 1,278 tonnes YoY)

Key Highlights of the call:
• Pricing pressure has continued due to geopolitical crisis (Red Sea area)
• Red Sea crisis has affected the shipping time and costs mostly to EU. EU is showing signs of recovery for the coming quarters
• Orderbook stood at 4,204 tonnes (value of INR 1.66 Bn). 1500 tonnes out of 4,204 tonnes is for pipes, rest for bars. 40% of total orderbook value is for exports (will continue for a few quarters).
• Orderbook executable in 2-3 months. Bid book worth INR 1 Bn. Encouraging product feedback from recently added USA market
• NPD (High Nickel Alloy Seamless, Ultra Low Cobalt steel developed for Nuclear Power application, Nitronic 50) mainly to offer all grades of pipes in the portfolio, aim is to increase application (geography will follow).
• Realisations of NPD are varied (some high, some low)
• To make 1 tonne of seamless, company needs 1.25 tonnes of black bar. To make 1 tonne of stainless, company needs 1 tonne of scrap
• Prices of nickel, chromium and ferro alloys are low. 3-4 quarters ago prices of nickel were abnormally high
• Company doesn’t plan to increase capacity and doesn’t need to either. Company believes they can increase 50% output from current utilization.
• Current utilization below 50%, company plans to take it to 85-90% in 2-3 years
• Even with 25% excise duty in USA, the realisations are still attractive.

Outlook: Company has introduced a few new products in lieu to increase their offerings. For FY26, company is aiming for 8,000 tonnes of pipes sales and 60,000-70,000 tonnes of bars. Current Net debt at INR 2 Bn. Realisations and order delivery is the current issue due to geopolitical crisis which may continue for a few months but is expected to be resolved eventually. At INR 42.5, company trades 39.6x TTM EV/EBITDA

Symphony Ltd - Q3FY24 Concall KTA's
CMP: INR 931| Market Cap: INR 64,230 Mn

Improved performance of subsidiaries driving growth

Financials
- Revenue (Standalone) stood at INR 2,470 Mn in Q3FY24, de-growth of 11% YoY and 10% QoQ.
- The top line was lower by 11%, mainly on account of Symphony India, but the gross margin percentage improved by 380 bps standing at 47.5%.
- EBITDA stand at INR 440 Mn in Q3FY24 margin improved by 190 bps from 15.7% to 17.6%.
- PAT stood at INR 410 Mn in Q3FY24, growth of 6% YoY and 17% QoQ.
- Capital employed in the core business on consolidated basis stands at INR 2,480 Mn.
- ROCE is 18%, and return on net worth is about 15% on a trailing 12-month basis.

Subsidiary Performance
- Subsidiaries collectively registered a top-line growth of 12% for 9MFY24 at INR 3,210 Mn and 15% for Q3FY24 standing at INR 920 Mn.
- Subsidiaries EBITDA margin of 9MFY24 turned positive at 3.1% against -4.3% in 9MFY23
- IMPCO Mexico, Brazil, and GSK China are all in profit, with IMPCO Mexico showing the highest-ever growth for 9M and Q3.

Sequential Decline in Revenues
- The company experienced a sequential decline in revenues in the domestic business.
- The decline was attributed to high season-ending inventory in the channel, particularly in cooling products like air coolers and air conditioners.
- Due to the buildup of inventory across the channel in the early part of the quarter, the sales were impacted.

Margin Improvement Strategy
- The company is focusing on improving its margins both on a standalone and consolidated basis, including at the subsidiary level.
- The company's North Star is to achieve a 32% EBITDA margin on a standalone basis, aiming for consistent improvement.

Industry Growth and Product Expansion
- The company anticipates at least a 10% CAGR growth in the industry, with a higher growth rate expected in the organized sector.
- They aim to maintain its market share, which currently stands at around 50%.
- New products have been added to the subsidiary's portfolio, including coolers from India, air conditioners, panel heaters, oil-filled heaters, etc.

Outlook
The company has faced challenges in the domestic market but has seen growth and positive performance in international subsidiaries. Symphony aims to maintain a market share of around 50%. Major opportunities are seen in leveraging complementary strengths of international business, especially for IMPCO Mexico. Climate technology (Australia) is transitioning to a 100% outsourced business model, with products outsourced from India and China. The outlook remains optimistic despite temporary demand slowdowns. The company expresses confidence in the possibility of improving overall margin profiles over the next five years. Their Internal targets and strategies are in place, particularly for the subsidiaries. The company believes there is scope to not only maintain but improve the current margin profile.

RR Kabel Ltd. Q3FY24 Concall KTAs
CMP INR 1,435 | Market Cap INR 161bn

Income Tax clarification: In the last quarter, income tax authorities conducted search operations at our manufacturing plants and offices. The company cooperated fully, anticipating no significant impact on its financial position. Operations continue smoothly with the entire management team focused on sustaining growth.

Financial highlights:
• Revenue stood at INR 16.3bn (+11% YoY, +1.5% QoQ)
• EBITDA saw a decline of -6% YoY, -7% QoQ, to INR 1126mn.
• PAT decreased to INR 710mn (-0.7% YoY, -4% QoQ)
• Wire & Cable remained their major business contributing 88% of the revenue, while 12% came from Fast Moving Electric goods (FMEG).
• Working Capital Days maintained at 65.

Operational highlights:
• There are capacity constraints in cables which increases the waiting period due to which cables sales volume has not seen much growth.
• Some rebalancing done which will increase domestic volumes as well.
• Margins have decreased on QoQ and YoY basis.
• Most of domestic sales are coming from North and West region while South and East regions have not contributed much.
• Plans to increase market base of retailers and electricians to improve position in the domestic market.
• Red sea issues are delaying shipment days but no impact on sales and profitability.
• Crossed more than 120,000 retailers, the company is keen on expanding its distribution network by increasing both the number and depth of distribution.
• Copper prices increased by 4% to 5% in this quarter. Typically, it will take 20 to 25 days to fully pass on the price change.

Capex:
• Capex planned at INR 5bn for FY24 and FY25 with the focus on doubling cable capacity, expanding copper wire production, new ED facility and establishing PVC compound manufacturing facility.
• INR 1.5bn already incurred by giving advance to machine suppliers.
• INR 25bn of revenue generation expected from this Capex.
• These strategic investments will be entirely self-funded.

Capacity:

• Wires have a 65-70% capacity utilisation while Cables capacity utilisation is about 80-90%.
• Current capacity of power cables is 1,000 tonnes p.m., expected to double by next year. Power cable's capacity of 500 tonnes will be commissioned by September 2024.
• Considering the ~18 to 24 months required for new capacity, the company will continue to plan its capex two years in advance of the projected demand.

Sales Volume:

• 10% YoY Volume growth seen in Q3FY24 while 9MFY24 has seen 19% YoY volume growth – 12% growth in domestic sales and 36% volume growth in export sales.
• Wire contributed 70% of exports while 30% exports came from cables. The management expects the ratios to change with cable segment having more contribution.

FMEG:

• Fan and Light segment have contributed well the FMEG segment revenue.
• Introduced new high end products in FMEG segment.
• The company is expecting to achieve break-even in FY25, driven by the anticipated volume growth in FMEG.

Guidance:

• Export will remain one of the key focus areas.
• Target to achieve 20% volume growth YoY for next three years.
• If copper and other RM prices remain steady, Q4 can have similar margins of Q2.
• Domestic and export volumes growth may be equal going forward.
• EBITDA margins expected to be 10-10.5% in the next three years.
• Going forward, exports may touch 30-35% contribution in revenue.
• Business plans made for improvement in margins by 140 bps YoY and the company believes they are on track.

Outlook:

RR Kabel experienced a subdued performance in the quarter, yet they remain on course to achieve their annual targets. The company holds a strong presence in the exports market and is anticipated to maintain its position. The upcoming Q4 is projected to outperform Q3 significantly. The expansion of cable production capacities is poised to enhance the cable segment and drive substantial sales. With new products in the pipeline and an intensified focus on strengthening their domestic position, the company is expected to align with its targets and exhibit considerable growth in the upcoming quarters

Gravita India Ltd – Q3FY24 Results update and call takeaways
CMP: INR 900 | Market Cap: INR 62 bn

Short summary: Results were good in terms of profitability but volumes were lower. Red sea crisis is impacting volumes and revenue, which is probably the reason for pressure on stock price in the recent times after a steep rally over 1-2 years. This co has a great potential and the guidance of 25+% revenue cagr and 35+% revenue cagr looks reasonable for the longer term

Details:
Financials: Consol Revenue/EBITDA/PAT came in INR 7.58bn (-9% q/q, -4% y/y) /0.9bn (+12% q/q, +26% y/y) /0.6bn (+4% q/q, +20% y/y). EBITDA margin came in at 11.82%. Sales Volumes were lower 11%/7% q/q & y/y driven mainly Aluminium/Plastic segment, while production was uo 17% y/y. Volumes dropped due to logistics disruption mainly in the Red Sea, which the company hopes will end by Q4 end. Lead/Aluminium/Plastic EBITDA per ton came in at INR 23,377 (vs. 17,673 in Q2 and 17,010 in Q3FY24) / INR 9,110 (vs. 11,679 in Q2 and 17,033 in Q3FY24) / INR 11,073 (vs. 11,080 in Q2 and 9,339 in Q3FY24).
Capacity: Co is increasing its recycling capacity (all commodities put together) from 234kt at FY23 end to 434.3kt by FY26E end. Significant capacity addition is coming up in the plastic recycling business apart from Lead of course which is the principal line of business for Gravita. Capex outlay over FY24/25/26 is INR6.5bn.
Key Project updates: Tanzania – started commercial production of plastic and rubber recycling, started lead recycling at Togo, increased lead recycling capacity at Chittoor to 65ktpa, Mundra – increased lead recycling of lead to 60ktpa, started red lead (VAP) with a capacity of 4,800ktpa, started plastic recycling with a capacity of 7,500ktpa.
Vision by 2027 to foray into lithium, steel and paper segments, and targets 25+% revenue cagr/35+% pat cagr 25+% RoCE, 50%+ VAP, 25+% would be non-lead business. Lead will still continue to be mainstay. Lower working capital days by Mar’26 end to 65 days.

Red Sea logistics issue Exports to Europe impacted, so mitigating that by moving some volumes into India. Impact on revenue is to the tune of INR1 to 1.2bn which is sizeable. Lead business profitability actually improved as lower margin business like tolling etc was avoided, so overall EBITDA per ton improved but with lower volume. Only temporary spike, will go back to INR18ish per kg. Some working capital will increase but since Indian market has higher premium, so RoCE remains same. But can’t be bring a lot of volumes back to India. Not easy to find new customers overseas, so will compensate to an extent by higher margin volumes. Plastic segment impact is higher as it can’t be imported into India. Alternate route is viable. Freight costs are up by 7-8x since red sea crisis unfolded. Physical market premiums will be going higher in the medium term of the crisis unfolds.

Hedging not available for **Aluminium alloys** which is Co’s product and hence Aluminium recycling margin is lower. Freight cost also impacted the margin. Some recovery in margin possible in coming quarter. Longer term trend should be INR 16-17 per kg. Entire sales is outside India, so couldn’t bring to India like in the case of Aluminium. MCX may launch a product in the coming quarters.

Sourcing for newer products segments will be as robust as it was for Lead.

Lithium ion recycling definitely on the cards, but too early for size. May be by next yr a line is possible in Mundra. Looking for the right technology.

Closing inventory for qtr was INR 6,800 mn.

Lead recycling capacity now is 235kt.

Order book includes long and short term orders at hand. OEMs give contract for the entire year.

Hedging gains during the qtr were INR200 mn. Reflected in other income.

Capex for 9MFY24 was INR 800mn of which mostly spent for Rubber. Would be adding rubber at all the locations.

International sales is 45% as of now. Fell from 85% levels due to the crisis, this includes exports from India as well as sales from overseas plants.

Oman plat has been allocated land by the govt. Clearances for the plant are awaited. Lead, plastic, Aluminium will be taken up here.

Solar panels recycling not big enough as of now. Life is 25 years, so may take time to come for recycling. So not having any immediate plans now.

Turnkey solutions only for recycling products currently the Co is offering. Doing well as of now. Revenue % share is only 1-2% but more of strategic bet.

Finolex Industries Q3FY24 Concall KTAs
CMP: INR 232 | Market Cap: INR 144 Bn | Promoter: 52.47%

(Arihant Capital)
Decent comeback on volumes, growth guidance maintained and land sale to rope in further cash strengthening liquidity

Operating Metrics (Consol)
Revenues came in at INR 10.2 Bn (+15.46% QoQ) (-9.34% YoY)
EBITDA came in at INR 1.2 Bn (+16.43% QoQ) (+30.51% YoY)
EBITDA Margins came in at 11.76% (Vs 11.66% QoQ) (Vs 8.17% YoY)
Adj. PAT came in at INR 954 Mn (-2.61% QoQ) (+19.94% YoY)
PAT Margins came in at 9.04% (Vs 10.37% QoQ) (Vs 6.9% YoY)
P&F Volumes came in at 81,312 tonnes (+29% QoQ) (-10% YoY)
Resin Volumes came in at 43,737 tonnes (+17% QoQ) (-32% YoY)
P&F Realisations came in at INR 122 (Vs 136 QoQ) (Vs 119 YoY)
P&F EBIT/tonne came in at INR 9 (Vs 10.7 QoQ) (7.6 YoY)

Input cost and Inventories:
PVC prices have been rangebound at 750-770$ which company feels is currebt lowest. Going ahead, company anticipates it to remain in the same range.
Resin net price correction in the quarter of INR 6 per Kg.
CVPC prices currently going down
Company carries 20,000-25,000 tonnes of pipes and fittings in inventory
Company usually doesn't keep 3 months inventory but currently has enough for next quarter
Q3 avg PVC price: 787$, EDC: 322$, VCM: 645$
Q3 PVC/EDC Delta: 465$, PVC/VCM Delta: 143$
Current PVC price: 760$, EDC: 350$, VCM: 620$
Current PVC/EDC Delta: 410$, PVC/VCM Delta: 140$

Demand:
Industry is witnessing stable pricing and consistent demand. However, channel partners are waiting out for some price correction in polymers to load inventory.
Plumbing & Sanitation seeing 15% growth. Agri demand slowing down for the company
Agri growth was expected to be at high single digit but looks difficult now. Construction growth of upwards of 15% going on
Agri volumes not recovered yet. Market for PVC products haven't opened up yet completely
CPVC is growing segment (mainly housing demand)
Current quarter saw 60,000 tonnes of volumes in resin but now can do 75,000 tonnes
ROCE profile of Agri & non-agri similar
Company is doing strong interaction with plumbers and influencers

Land Sale:

In 2021, company had sold land of 34 acres for INR 3.76 Bn. Currently, land of 35 acres is remaining which is a non core asset and mandated to be sold off. Company anticipates to garner higher than INR 3.76 Bn for it.

Money received will be used to pay back to shareholders in form of dividend or buyback

Capex and Capacity:

Annual capex plan of INR 1.5 Bn going ahead.

Company might enhance some recently added facilities.

Past 9 months CFO is spent in capex and dividends

Company usually takes plant shutdown in Nov & Dec but took it late in FY24

9MFY24 capex at IRN .85 Bn

Other KTAs:

P&F Revenues came in at INR 9.92 Bn (+15.69% QoQ) (-7.94% YoY)

P&F EBIT came in at INR 742 Mn (+9.82% QoQ) (+7.75% YoY)

Resin Revenues came in at INR 3.21 Bn (+7.8% QoQ) (-36.3% YoY)

Resin EBIT came in at INR 309 Mn (+51.37% QoQ) (+148.4% YoY)

Outlook:

Resin volume guidance maintained at 200,000-220,000 tonnes for FY24. P&B EBIT guidance of INR 10 maintained for FY24. FY24 volume growth guidance of 15-20% but FY25 volume guidance of 10-15%. Land sale to garner further cash for company (on back of INR 15.7 Bn cash balance). Only issue seen with dealer market opening up but company doesn't expect any further fall in PVC prices. Company does not have a strong presence in North and East market but is strengthening the presence there. New growth is coming in from T3&T4 cities. In 2-4 years, company aims to double volumes. At 50-50 volume mix, company will make INR 14 EBIT per tonne. (current mix at 32:68). We are positive on the company. At CMP, stock trades 21.6x TTM EV/EBITDA & 30x TTM EPS.

Triveni Turbine Q3FY24 Concall Highlights
Triveni Turbine | CMP: INR 425 | Mcap: INR 134.58bn

Revenue
Revenue is expected to grow at a CAGR of 30%-35% going forward.

Margins
PBT margin is expected above 20% going forward.

Order book
The order book stood at INR 15.75bn (+28% YoY) as of Q3FY24.

Order inflows
The order inflow stood at INR 5.31bn (+26% YoY) as of Q3FY24.
The exports and domestic mix stood at 60:40 as of Q3FY24.
Domestic order inflows stood at INR 3.17bn (+67% YoY) as of Q3FY24.
Products order inflows stood at INR 3.77bn (+23% YoY) as of Q3FY24.
Order inquiry
Domestic inquiry increased by 50% YoY and private capex is expected to ramp up in the short term.
R&D
R&D expenditure is expected to be 3% of sales going forward.
Capacity
The capacity stood at 250 turbines and the company has the flexibility to expand the capacity on a variable basis by increasing the shifts.

After-market
The after-market business witnessed strong traction due to strong performance in spares, services, and refurbishing.

Steam turbine's operating period is around 20-40 years. The company has the opportunity to cater after-market requirements.

International markets
The company has an installed base in 80 countries and getting inquiries from over 110 countries. The company is witnessing demand from the Middle East and the Americas.

Other highlights
In refurbishing, the company is focused on executing orders and generating inquiries for rotating equipment beyond industrial steam turbines.
Around 65% of sales are coming from products.
Around 95%-96% of raw materials are sourced indigenously.
The larger capacity orders from steel, and cement and small capacity orders from distilleries, sugar, etc.
Outlook: Triveni Turbine's order book stood at INR 15.75bn (~1x of FY23 TTM revenue) and continuous order inflows and robust inquiry pipelines show business visibility going forward. The margins are expected to maintain above 20% going forward. We have a positive outlook on the stock.

Bajaj Electricals Q3 FY24 Concall KTAs
CMP INR 1063| Market Cap INR 122.32 bn

Financials

- Revenue from operations for Q3FY24 reached INR 12.28 Bn up by 10 % QoQ and down by 6.2 % YoY.
- Gross Profit in Q3FY24 stood at INR 3.57 Bn (+8.1 % QoQ and -19% YoY).
- PAT for Q3FY24 was INR 0.50 Bn, vs. INR 0.45 Bn in Q2FY24.

Macro

- Weak consumer sentiment observed, initially in rural areas and extending to lower urban and lower middle class segments across the economy.
- Cash flow is weak, with signs of liquidity drying up.

Capex

- Capex will be INR 40-50 Cr in the next financial year.
- It will be utilized for new product development.

Finance Cost

- Channel finance cost stood at ₹11 Cr utilizing ₹800 Cr worth of channel financing limits.
- Lease accounting cost amounted to ₹5 Cr.
- Additionally, there were some costs related to interest on account of taxes & GST.

Fan Segment

- Fan segment registered higher single digit de-growth due to a higher base quarter.
- Price hike in Fans was 2.5% in December and January
- Market share improved in Fans & Cooler on a nine-month basis.
- Shift in portfolio mix towards more premium fans, contributing to an overall premium shift of around 6%.

Lighting Segment

- Revenue growth remained flat despite price erosion, attributed to increased proposition premium lighting in overall lighting sales.
- Modern channels are performing well, while general trade channels are soft.

Kitchen Appliances

- Kitchen appliances sector is experiencing a slowdown in the last few quarters.
- Focuses on product-level innovation, particularly emphasizing durability.

Coverage

- Distributor count increased to 742 from 560 two years ago and 654 a year back.
- Number of retailers: 210,000 as of Q3 FY24.

Other Highlights

- **Softness persisted in the quarter with slight improvement from October to December.**
- **In-house manufacturing stands at 20%, expected to improve to 25% by the end of FY25.**
- **Re-assessed warranty for all products, leading to a one-time adverse impact of INR 23 Cr.**
- **Net working capital days stood at 22-23 days.**

Outlook

The company Has seen considerable growth in it's premium product segments as well as channels while experiencing challenges in the mass market segments. With Implementation of strategies such as Launching new premium brands, Improvising their portfolio mix and Investment in molds and manufacturing for their new products to be launched. Despite the challenges, the company looks to generate a positive cash flow for itself

Asian Paints Ltd – Q3FY24 Concall KTAs
CMP: INR 3242| Market Cap: INR 3109.44 bn

Consistent double-digit volume growth trend on 4 year compounded annual growth rate (CAGR) basis.

Financials

Net sales recorded at INR 90.749 bn up by 21.1% YoY and 5.4% QoQ from INR 86.05 bn

Gross margin expanded by 510 bp QoQ driven by efficiencies from material deflation of 0.2% as compared to 4% in Q2FY24 and price decrease by 1%.

PBDIT increased by 27.6% on a sequential basis (+37.5% YoY) at INR 20.561 bn from INR 16.114 bn.

PBDIT margin at 22.7% (Be: 18.7%). Net profit up 35% at INR 14.477bn (Be: INR 10.727 bn).

Company has shown degrowth in Kitchen and Bath business due to the weak demand trend at industry level.

White teak business experiencing robust growth, making the company a leader in the lighting segmet.

Innovations

Over 120 patents obtained in the last six to seven years. Of these, 60 have been granted and 30 are already commercialized.

Focus on differentiated new product development compared to competitors which contribute to double-digit percentage of the overall revenue.

Raw Material

Company expects raw material prices to come down further and expect this trend of material deflation to persist in Q4 of FY24.

Capital Expenditure

Anticipate total committed Capex to reach INR 20 bn by year-end.

Outlook

The company observed Positive trends in T-3 and T-4 cities nationwide and good sustained growth in automotive and general industrial sectors but continued economic challenges are anticipated in certain international regions.

Blue Star Q3FY24 Concall Highlights
Blue Star | CMP: INR 1,139 | Mcap: INR 23,411cr

Industry and revenue growth
Indian AC market is expected to grow by 10%-15% in FY24E and the company is targeting 20% growth in FY24E.

The revenue growth is majorly driven by volume growth which includes refrigeration products.

Margins
UCP margins are expected around 8%-8.5% in FY24E.

EMP and Commercial Air conditioning margins are expected 7%-7.5% in FY24E.

Market share
RAC market stood at 13.75% and focused on reaching 15% by FY25E. The market share is 200bps lower in northern markets.

The company is continuing to be the market leader in ducted air-conditioned systems, and scroll chillers and holds the No 2 position in VRF and screw chillers.

Volume
The company is focused on closing 1mn units in FY24E. Around 600k units from the Himachal plant and the remaining from others.

Capex and capacity utilization
The capex stood at INR 350cr as of 9MFY24. Capex is expected INR 250-350cr per year over the next 2-3 years.

The sricity plant utilization is around 85% and other plants are operating with higher capacity utilization.

Order book
The carry-forward order book stood at INR 6,038cr (+24% YoY) as of Q3FY24.

Electro-mechanical projects carry forward order book stood at INR 4,448cr (+26.1% YoY) as of Q3FY24.

Generally, order book execution time is around 24 months and EMP projects would take 34 months.

Deep freezer
Earlier, the company imported 60-200 liter deep freezers and sold them to the markets. The company has set up additional lines for 60-200 liter deep freezers and commercialization is expected from Apr onwards.

International Business
The company is focused on achieving $500mn business from the international market over the next 3 years.

The company is focused on the Middle East and African markets. The company is in the process of developing, testing, and approval processes in the European and North American markets.

New launches
The company has launched centrifugal chillers in Q3FY24.

Consumer Finance
More than 50% of sales happen through consumer finance.

Other highlights
Commercial air conditioning systems witnessed demand from the industrial, healthcare, education, and retail sectors.

Around 90% of buyers are 1st time buyers.

The RAC market is projected to be 50mn units by FY40.

The company has witnessed a slowdown in commercial building and infra segment for order finalization.

The portfolio change will be driven by regulations for energy labeling, intense competition, and component ecosystems.

Outlook: Blue Star has a 13.75% RAC market share and is focused on reaching 15% by FY25E. The capex is expected around INR 500-750cr over the next 2 years would lead to additional revenue going forward. The continued demand from Tier 2/3/4 markets and strong position in consumer finance would improve the business. We have a positive outlook on the stock.

BHARAT ELECTRONICS LTD.|Concall KTA Q3FY24
CMP: INR 186|Market Cap: INR 1361080 Mn

BEL's Q3FY24 concall emphasizes robust order inflows, diversification, financial stability, and an optimistic outlook despite challenges in the international market. The company is strategically positioned for growth with a focus on key execution platforms and continued investments in its capabilities.

Order Inflow and Outlook

- **Order inflow until Dec'23 is INR 267bn, with expectations of more orders in FY24.**
- **Anticipate a total order inflow of INR 500bn over the next two years, with QRSAM likely contributing INR 200bn.**
- **QRSAM execution expected in 3-4 years post-award.**

Execution Platforms

- **Major execution platforms include LRSAM, Shatrughat, Samaghat, and Ashwani radar.**
- **Order inflow projections exclude MRSAM, but potential for export Akash orders.**

Financial Performance and Recovery

- **A shortfall of INR 5bn in Q3FY24 has been recouped in Jan'24.**
- **FY24 EBITDA margin expected at 23%, at the upper end of guidance, and GM expected at 42%.**
- **Debtors at INR 77bn, Inventory at INR 70bn, Contract assets at INR 56bn, and Cash at INR 80bn.**
- **Current ratio remains comfortable at 1.5x.**
- **The current ratio remains at a comfortable level of 1.5x and is expected to remain at this level.**
- **Reiterated FY24 revenue growth guidance of 15% YoY.**
- **Expect revenue growth of 15% YoY over the next two years.**
- **Key balance sheet items: Debtors at INR 77bn, Inventory at INR 70bn, Contract assets at INR 56bn, and Cash at INR 80bn.**
- **The current ratio remains at a comfortable level of 1.5x and is expected to remain at this level.**

Capex Plans

- **Capex plan of INR 7-8bn each over the next two years.**

Impact of General Elections

- **No anticipated impact of General Elections on the earnings trajectory.**
- **Orders fast-tracked to ensure no disruption.**

Diversification and Non-Defense Share

- **Share of non-defense is 20% in 9MFY24, expected to be lower going forward due to non-recurring EVM orders.**
- **Share of Service/AMC is 10-11% in both revenue and the order book.**

Israel Component Exposure

- **Exposure to Israel-related components in the current order book is almost INR 45bn.**

Elections and Order Acceleration

- **No expected impact of General Elections on the earnings trajectory.**
- **Orders have been fast-tracked to ensure no disruption.**

Outlook on Service/AMC

- **Share of Service/AMC is 10-11% in both revenue and the order book.**

Non-Defense Orders and Future Outlook

- **Share of non-defense is 20% in 9MFY24, expected to decrease due to non-recurring EVM orders.**
- **Future orders expected to factor in service and AMC components.**

Economic and Political Factors

- **No anticipated impact of General Elections on earnings trajectory.**
- **Orders have been expedited to avoid disruption.**

Capacity Expansion

- **Capex plan of INR 7-8bn each over the next two years.**

Voltas Q3FY24 Concall Highlights
Voltas | CMP: INR 1,093 | Mcap: INR 36,232cr

Volume growth
The volume growth of 27% YoY in Q3FY24, majorly drove the revenue. The strategic tie-ups with channel partners, price calibrations, and portfolio expansion resulted in volume growth in Q3FY24.

The increase in sales is supported by the expansion of EBOs.

Market share
The company remained the market leader for RAC and market share stood at 19.2% as of YTD.

The refrigerators market share stood at 3.3% (+1% YoY) and the washing machine market share stood at 5.5% (+2.1% YoY) as of Dec-23.

The semi-automatic washing machine market share stood at 12.2% as of Dec-23.

UCP
Air coolers witnessed lower demand due to non-season time. Air coolers maintained 2nd position and have a market share of 8.9% (+170bps from FY23) as of Nov-23.

The focus on the inverter category, product portfolio, and larger scale resulted in margin improvement on a QoQ basis.

The company launched water heaters in Q3FY24 and witnessed good acceptance.

Commercial Air conditioning
Commercial air conditioners, Chillers, VRF, and Packaged Air conditioners witnessed growth in the retail and healthcare sectors.

The commercial air conditioning systems are expected to be impacted due to quality control order compliance.

EMP
International business was impacted due to provision on account of delayed collections and cost overruns in international projects, especially in Qatar projects.

The international projects will continue to face headwinds, few projects including FIFA projects are under stress due to delays in the realization of overdue receivables and extended execution timelines.

The company is trying to retrieve the loss impact through legal ways. The legal would take 24-36 months.

Project business is usual in other regions excluding Qatar. Projects EBIT margins are around 4%-4.5%.

Order book
The domestic projects order inflow stood at INR 482cr as of Q3FY24. The order book stood at INR 5,275cr as of Q3FY24.

International order book is around INR 2,500cr to INR 3,000cr. The overall order book is around INR 8,000cr.

Engineering products and services
In Engineering products and services, the growth is majorly supported by increased demand for crushing and screening equipment, revival of the iron ore sector, and extensive infra spending.

The demand for textile machinery was supported by sustained cotton prices and new crop arrivals.

The investments in textile sectors, PLI schemes, and export demand would drive the Engineering products and services business going forward.

Voltas Beko
Voltas Beko volumes crossed 4.5mn since launch. The volume growth witnessed 65% YoY in Q3FY24, the festive demand, supportive retail & e-commerce platform, and product management activities led to the premiumization of the overall portfolio.

Voltas Beko's losses per unit are coming down.

The company has received export orders from the overseas subsidiaries of its shareholder partners.

Price hike
The small hike is possible due to energy efficiency. The company is majorly focused on product designing and value engineering instead of price hikes.

Other highlights
UCP margin expansion through the RAC category.

Domestic business improved due to the stability of commodity prices, the festive season, and operating leverage supported further.

The company has availed a term loan to finance capacity expansion for both AC and commercial refrigerators. The investments are linked with the PLI scheme.

Kaynes Technology India Ltd – Q3FY24 KTAs
CMP: INR 2,831 | Market Cap INR 1,80,939 Mn

Strategic acquisitions and diverse product portfolio expansion to drive growth

Financial Performance:
- Consolidated Revenue stood at INR 5,093 Mn, grew by 41% QoQ and 76% YoY growth.
- Consolidated EBITDA stood at INR 699 Mn in Q3FY24, grew by 43% QoQ and 69% YoY basis.
- EBITDA margin stands at 13.7% in Q3FY24.
- Consolidated PAT stood at INR 452, 98% increase YoY basis and by 40% on a QoQ basis.
- Networking capital is at 117 days in Q3FY24 on an annualized basis, against 125 days in Q2FY24.
- Inventory is slightly higher as the company had purchased in advance for the next quarter's requirements.

Key Business Updates:
- The company has surpassed its FY23 revenue numbers during 9MFY24. The growth was supported by strong market demand in the industry, including EV and Railway verticals.
- Monthly order inflow reached INR 2,788 Mn during Q3FY24.
- The company has operationalized Alpha and Beta block at Chamrajanagar, Gamma block is getting ready.
- The company started to work on operationalizing the Pune facility and started preliminary construction work in Telangana and hopeful of meeting the desired timeline.
- They entered into an exclusive partnership with FIDO to certify Microsoft compatible biometric security solutions.
- The company becomes the first company to successfully deliver a fourth-generation server board for a global OEM.
- The company has done the acquisition of Digicom Electronics to expand in the US market.
- The company has also acquired significant stake in a US based tech startup working in the space of Silicon photonics.
- The company is also working on charging infrastructure for the EV industry for two-wheeler and four-wheeler clients in India.

Orderbook & Guidance:
- Orderbook stands at INR 37,890 Mn at the end of Q3FY24.
- Secured two new major orders on the industrial side catering to defence and educational robots.
- The company also received an order from motor controller on the EV side.
- They also expect additional orders coming in from the railways and aerospace sectors. Though the orders are not locked yet, the company is optimistic that these orders will be a significant part of sales in FY25.
- The company expects significant revenue to flow from OSAT (Outsourced Semiconductor Assembly and Test) and PCB (Printed Circuit Board) business by FY27-FY28.

Export:
- Around 15-20% of the current order book is of export, expected to increase in the coming years.
- The company is expecting exports to increase up to 25% due to orders in aerospace and railway business.

Working Capital:
- The company is confident in reducing net working capital days to below the FY23 level of 98 - 99 days by the end of March 2024.
- The recent increase in working capital days was attributed to batteries.

Capex:
- According to the company, the amount raised through the IPO is sufficient to achieve a CAGR of 45% growth in the ESDM (Electronics System Design and Manufacturing) business, and the remaining IPO funds of approximately INR 2,500 Mn will be used for capital expenditure purposes by the end of the year.
- They are working on generating enough cash flow from ESDM business to help capex investment in the coming years.
- The capex for OSAT and PC board business is currently funded from QIP raised funds. The company aims to start commercial production of OSAT and PC Board business in the next two years,

Outlook:
The company is strategically expanding its technology portfolio through manufacturing collaborations in high-complexity AI-driven technology products, targeting the cybersecurity, medical, and science sectors. With a robust order book of INR 37,890 million and the confidence to deliver on earlier guidance, the company has secured significant orders in the industrial and EV sectors, with expectations of additional orders in railways and aerospace. The company anticipates margins improvement in the fourth quarter. Further margins are expected to remain stable in the long run, with improvements anticipated in the gross and EBITDA levels.

Praj Industries Ltd. | Q3FY24 Concall KTAs
CMP- 477 | M.Cap- 8772 cr

Business Update

-Unioin Minister, Hardeep Puri inaugurated first of its kind fully integrated alcohol to jet SAF demonstration facility at Praj Matrix. Finance minister in the interim union budget has laid great emphasis on bioenergy sector which the company has already envisioned to serve.

-Efforts to broadbase product mix have begun to yield targeted results. CBG, energy transition, climate action, services, and PHS have all contributed to this quarter's momentum. In domestic bioenergy business, the supply chain dynamics in the sugar sector were changed as the government ordered ban on use of sugar syrup for ethanol production in the '23-'24 supply year with immediate effect. Later, the government revised the order that allowed use of both sugar syrup and B heavy molasses. Due to these policy changes no order finalisation for ethanol plants, however the situation is temporary and the company has come up with solutions.

-On International front, Global Biofuel Alliance is developing positively and the company has initiated dialogues with ten countries. Ethanol opportunity in US continue to be viable however clarity on section 45z on inflation reduction unit is awaited. Clarification is expected by June '24.

-The government has announced CBG Blending Obligation CBO that mandates blending of CBG in CNG and PNG from FY '25-'26. CBO mandates are expected to increase gradually from 1% in FY '26 to 5% from FY '29 onwards. Starting 2027, 1st January 2027, 1% blend increasing every -- over period of time to 50% blend will start and it will be obligatory and mandatory for all the airlines to follow. So, that is going to create a definitive market.
This will encourage an investment of around INR37,000 crores and facilitate establishment of 750 CBG projects by 2029. Company has received four orders which were part of the five project ally which – with one of the conglomerates. They are now witnessing positive developments on overall inquiry pipeline in this segment.

-GenX facility in Mangalore is in full swing and production to start by mid February.

-PHS business witnessed development of strong order book that has already crossed the entire order booking of FY '23 in the first nine months of FY '24. We received first international order for high-capacity fermenters as well.

-Company is hopeful to successfully commission its new plant in UP and stand a chance to bid for the 8 other projects announced by HPCL.

Financial Performance
- Income from operations Rs 8.28bn (-9%YoY). Two major reasons which are FCI rice allocation and use of syrup for sugar. Order book is expected to be carried forward to the next year.
- PBT at Rs919 mn(+7%YoY)
- PAT at Rs704 mn(+13% YoY)
- margin improvement on account of sales mix, higher exports and softening of input prices.
- Exports brought in 21% of the revenue in Q3. Order intake during the quarter was Rs 10.3 bn with 86% from domestic market.

Sugar Plants Policy Shift
No loss of revenue as of now as the contracts have just shifted in execution cycle.

Future Outlook

The company is confident of growing 3x by FY2030. There is a big push in all the segments the company operates like- SAF, bioenergy, CBG, bio manufacturing and bioplastics. Margins are expected to slightly increase in Q4. The company also plans to utilise its money in making all the required investments for expansion of its business. R&D expenditure to be in the range of 70-80 cr for next year.

CBG, SAF and PLA can be the next big offerings by the company.

IFB Industries Ltd Q3FY24 Concall KTAs
CMP- 1267 | M.Cap- 5135cr

Improved margins on account of dip in raw materials and change in product mix, while struggling to reach efficient plant utilisation of air conditioner while trying hard to focus on its own brand rather than taking the contract manufacturing route.

Financial Performance
- 1,140.34 crore total income(+16.32%YoY)
- EBITDA margins at 6.17%(+83%YoY). EBITDA of 70.36cr(+112.5%YoY)
- Improved margins due to dip in material cost, better mix, reduction in expenses and revenue growth.

Highlights from the Call
- AC segment has been a money loser for the company which it plans to turnaround in Q4 majorly on account of material cost reduction and then better capacity utilisation.
- AC plant holds revenue potential of upto 1500cr. Companys new venture in washing machines is placed in the mid to premium category.
- Fixed cost reduction of 6-8 cr per month will be seen in the coming few months.
- Front load and top load product launches in washing machine segment are in line which will be launched and their impact will be seen in the next FY.
- Market share in washing machine to be increased by launching products in higher capacity segment and introduction of new models by April.
- The benefit of lower material cost is expected to continue on account of consolidated purchasing power.
- Management is keen on growing its own brand and not focus on contract manufacturing.
- Capacity utilisation of plants for washers is at par with industry at 80% whereas for air conditioning it is at around 60% whereas the benchmark range is above 85%
- Company is also considering outside experts like Accenture to increase their cost efficiencies.
- Management plans to increase its distribution through e-commerce. It also plans to start selling air conditioners online which until now are not listed online.

Market Outlook
Market outlook is weak. Washer, refrigerators segment seeing degrowth. AC segment seeing some 10-15% growth. No change in outlook for Q4.

Franchisee Returns
Two types of IFB stores- one run on rented premise and the other run by franchisee operators. Franchisee owners should yield a ROCE of around 20% wherein they are getting only 5-10%.

Future Plans
Management plans to grow the auto component business by 2.5x-3x in the next 3 years and to grow the appliance business by atleast 30-35% each year and to ensure this growth the company is planning M&A of about 500crs. Company is not just looking at revenue growth but to fix the markets and to achieve double digit margins.

TD Power Systems Ltd Q3FY24 Concall KTAs
CMP INR 289 | Market Cap INR 45.08 Bn

Financials

- **Total Income increased to INR 2452 Mn increasing by 20.5 % YoY/ -10.4% QoQ.**
- **EBITDA stood at INR 423 Mn increase by 34% YoY/ -10% QoQ. EBITDA Margins increased to 17.3% for Q3FY24 increasing by 180 bps YoY/down 10 bps QoQ.**
- **PAT increased to INR 299 Mn for Q3FY24 up 49% YoY/-8.8% QoQ.**

Order Book

- **Total order book as of 31st December 2023 stands at INR 11.48 Bn.**
- **The order book is divided into the Generator business (INR 6.68 billion), Railway Business (INR 4.51 billion), Spares & Aftermarket (INR 0.12 billion), and the Turkey business (INR 0.17 billion).**
- **Exports and deemed exports (excluding railway business) constitute 56% of the total order book.**

Motor Business

- **Sales growth projections for a motor segment, aiming for 8-10% in FY25 and potentially reaching 15% in the subsequent FY26.**
- **Focus primarily on larger-sized motors, particularly around three to four megawatts and above.**

Capex

- **This year capex to be around INR 40 crores, and the remaining INR 80 crores planned for the next year.**

Guidance

- **FY25 guidance- 17% growth with a potential upside of 3% to 5%.**
- **Expecting faster margin growth compared to sales, attributed to operational leverage.**
- **The third plant will be operational next year, incurring additional fixed costs which will result in minimal short-term impact of 50-75 bps on EBITDA margin.**
- **Once the third plant is fully utilized, EBITDA margin are expected to reach 18% and above.**

Key Highlights

- **Significant success in Hydro orders, surpassing expectations.**
- **Positive outcomes expected from the partnership with Baker Hughes and BRUSH, with a projected ramp-up in results.**
- **Wide product range and geographical presence across multiple segments.**

Outlook

The company is innovating new products for sectors like hydrogen compression, oil and gas, and power creation, recognizing considerable market potential and aiming to capitalize on opportunities. The company is focus on seizing opportunities in both domestic and export markets, with a particular emphasis on the motor business in the Indian market. Overall, the company is well-positioned and anticipates a strong order inflow.

Oberoi Realty – Q3FY24 Concall KTAs
CMP: INR 1370 | Market Cap: INR 498.16 Bn

The upcoming launch in Thane has been pushed to September 2023 but construction will start immediately.

Market Outlook

The market outlook for India is optimistic, driven by robust domestic fundamentals. The real estate sector is anticipated to sustain its upward momentum, characterized by a steady demand for well-established brands and spacious apartments.

Key Highlights

• Oberoi Realty reported good sales for its new project Forestville in Thane. The company plans to launch its Pokhran Road project in Thane in September 2023.
• Acquired 14.8 acres of land in Gurugram from IRO Residences.
• Launched Forestville, the first residential project in Kolshet, receiving a positive response.
• Oberoi Realty received occupancy certificate for Sky City project. Possessions have started and there is good response from buyers.
• Oberoi's commercial properties, such as the mall, hotel, and office tower, are experiencing positive momentum. The company anticipates an annual run rate of approximately Rs. 6.07 billion for the new office tower, Rs. 3.5 billion for the mall, and Rs. 1 billion for hotels.
• The overall expected annuity income is anticipated to be in the range of INR 12 -15 bn.
• The market performance of attorney Enigma and Sky City has been relatively stable over the past two or three quarters.
• Demand remains strong, with Tower A and B fully occupied and a premium being charged even for secondary sales.
• Include a 20% price increase in Goregoan and the launch of Tower C at a 20% higher price, experiencing tremendous response and interest from the public.
• Sky City possessions have begun, with over 200 apartments handed over, leading to a positive response and potential appreciation for the project.

Thane project

• Emphasis is placed on a quality deficiency in Thane, Oberoi to be the first developers in Thane to have LNT as a contractor, highlighting superior construction quality.
• The development around ForestVille has contributed to creating a favorable ecosystem, coupled with good infrastructure, mitigating concerns related to the location.

Gurugram project

The choice between the project completion method and the percentage completion method for the revenue recognition policy in the Gurugram project will solely determined by the clauses outlined in agreement.

Outlook

The Company focus on sustainable growth through quality execution, strategic launches and commercial asset development. Acquisition of land and expansion to new markets like Gurgaon are also part of the growth strategy. In the upcoming financial year, the company indicates possibility of making significant acquisitions.

Brigade Enterprise Ltd | Q3FY24 Concall Highlight
CMP INR 1069   Market Cap INR 246.94 bn

Robust on ground demand. Growth across all segments and line of projects to be launched in the Q4 as well. MOUs signed with the Tamil Nadu government as well.BD momentum to continue.

Business Update
-healthy growth across business verticals with highest ever quarterly sales of 1524 crs. Revenue has grown by 41% and profit after tax is up by 31%.
- Residential business has strong launch pipeline for the next four quarters. Residential segment is witnessing robust growth both in terms of price and sales volumes and had the highest ever quarterly realization.
-Office business recorded had best leasing quarter post Covid, leasing half a million sqft, resulting in 95% occupancy rate. office leasing revenue witnessed increase of 52%YoY, rising from 105 cr to 160crs.This sector's demand is expected to see an upstick in Q2&3 of FY25 considering the macroeconomic situation and mandate to return to offices.
-Mall business saw footfalls increase by 8% vs Q3FY23. revenues have surged by 22% and occupancy showed a 8% increase. Adjusted gross operating profit has seen 18% increase vs Q3FY23.
-Robust pipeline of launches in Bangalore, Hyderabad and Chennai confident to sustain momentum.
-sales performance, reaching 1.65 million sqft was the best 3rd qtr in previous years.

MOU with Tamil Nadu Government
-Company has signed MOUs with TN government to invest 3,400 crs in the state. One MOU o 2k cr is with CMDA(metro) for brigade expansion and two high rise buildings. The second MOU is of 1400 crs for residential and commercial development.

Financial Performance
- real estate segment turnover of 839crs.(+50%YoY), EBIDTA at 73crs. leasing segment turnover of 247crs(+24%YoY). EBITDA stood at 179 crores.
- hospitality segment turnover of 123crs.(+22%YoY). EBITDA margins of 36% at 45crs.
- Consolidates PAT at 74crs. Company's net debt 2775crs. 80% of debt is for Commercial portion which is backed by rental income.
-average cost of debt has been at 8.73%. Totol collections in Q3 at 1394crs.

Highlights from the Call
-New launches contributed 50% of the sales and Brigade Sanctuary(new project) was the biggest contributor.
- Company is targeting 10.8mn sqft of launches of GDV of around 10k crs in the next twelve months with projects spread across all 3 major locations of Mumbai Chennai and Hyderabad. Out of this 10k cr
- The company plans to expand its presence in Chennai and Hyderabad and be as visible as it is in Bangalore.Chennai has a landbank of 12-15mn sqft which shall be seen coming into pipeline.
-For leasing done in tech gardens, rentals shall start flowing in by Q1FY25 and it shall be fully leased in the next 1-2 qtrs.
- Commercial and hotel projects of 6mn area are planned with an estimated capex of 3k crs of which 80% is through LRDs.
-2.6mn sqft area to be launched in Q4 with all of it in Bangalore and the value of this would be around 1800cr.
-Capital raise plans of 1500cr through both debt and equity is being considered with around 1k cr of LRDs available. The increase in debt is to fund land purchases.
- Out of 1562 cr cash balance, around 1k is in RERA a/c for construction and around 200-300 is for land bank purchase.
- Momentum on BD expected to continue which will ensure future business growth aspiration. Pending land payment of 1194 crs of which 200-300 cr in Q4.

Godrej Properties Ltd | Q3FY24 Concall Highlight
CMP INR 2300 Market Cap INR 640.28 bn

With the market scenario and policymakers in favour, the industry is boomming and the company is at the receiving end of the beneifts. With a strong line up of project launches and the goodwill established, the companys outlook is positive

Business Update

-Godrej aristocrat in gurugram was the company's most successful ever launch with a booking value of 2667 cr. total expected booking value for this project has increased by approximately 30% from the time it was acquired a year ago. Godrej Ananda in Bengaluru with 500 crore booking value. Godrej Avenue Eleven in the MMR with booking value of INR687 crore within four months of launch.
-Cash collections and net operating cash flow respectively grew by 43% to INR2411 crore and 45% to INR798 crore in the third quarter. On track to achieve guidance of 10,000 Crore of cash collections during the financial year.
-strongest ever project pipeline that can deliver robust growth for the next few years.
- Pending land payments of 1300-1400cr including 600cr of Ashok Vihar.
-Slum Redevlopment project and Bandra and Worli are not expected to launch in FY25 while Ashok Vihar(big projects for the company) is expected to launch in FY25.

Financial Performance

-most successful quarter with 5720 cr of new booking (+76%YoY)
-FY24 9m cumulative sales have crossed the sales recorded in all of FY23.
-Company is expected to cross the annual booking guidance of 14k cr for FY24.
-Total income increased by 43% to INR524 crore and net profit increased by 6% to INR62 crore. PAT margins are in expansion due to the higher than expected sales value.
- Company in line to achieve the 12.5mn sq ft of guidance.

Highlights from the Call

- The growth momentum in NCR market is expected to continue with over one project launch lined up for each quarter of the current calender year. Ashok Vihar project in Noida is expected to launch in H1FY25 which will also add to the scale.
-If Business development is done at levels to replace what the company is selling, then the operating cash flows will be in a position to cover the Business development expenses.
- Company in line to achieve guidance of 15k cr GD of which 8k cr is already done.
- The company is very positive on increasing its cashflows. With huge amount of bookings, they expect to see the positive impact on its cashflows by growing at around 40%.

Presale Guidance

It is expected to be 5000 cr + in line with the previous two quarters.
50-60% guidance in pre sales growth over the last two years seems unsustainable. Guidance is to assume 20% of growth on a medium term basis.

Project launches in Q4

Subject to approvals, there are 4 high impact launches lined up In Mumbai, Bangalore and 2 in Gurgaon.

Jamshed Godrej Resignation

He stepped down from the board due to the company policy of board members requiring to step down once they reach 75 years of age.

Signature Global Ltd Q3FY24 Concall KTAs
CMP 1211 | Market Cap INR 170.19 bn

With social and physical infrastructure on the rise in and around Gurgaon, the company is seen benefitting, with the best ever 9m presales performance. With ongoing projects set to be delivered in coming 12-18 months and sizeable amount of upcoming projects, the company is set for good growth and nice set of margins.

-The company has majority of its presence in Gurgaon region of NCR with focus on affordable housing and mid income segment where houses range in between 1 and 3 crs.
-Finance minister while presenting the budget said that a policy for affordable housing would be announced soon. Gurgaon, main market of the company, has seen over 43% growth in real estate prices over the last 8 quarters.
-Company has delivered 8mn sq ft and has ongoing projects of 17mn sq ft with 30% in affordable housing and the rest in mid income category. Upcoming projects of 28mn sq ft with focus on mid income housing.

Financial Performance
-Best ever 9 months FY ’24 presale performance with 41.4% growth.
- Net Profit of Rs 21.8 mn against losses in previous quarter.
- Sales target of 4500 crs of which 3100 crs have been achieved until Q3. This target is 30% higher than previous year.
- 3135 units were sold with an average of 1 crore each sale price.
- Top 6 projects contributed 80% of the sales and geography wise 95% of sales came from Gurgaon region.
- Collections of 2100 crs(+50%YoY) done in these 9 months out of the 2900 crs annual guidance.

Business Updates
-Operating surplus being created in the company, which is about roughly 335% of the operating cash flows. 36% operating surplus of about INR756 crores(9month period).
-Ongoing projects of 17mn sq ft has revenue potential of 12k crs and 90% of the inventory is sold out. The execution and subsequent revenue recognition of the same is expected to happen by March ’26.
- Out of Upcoming projects of 28mn sq ft in the next 3-4 years, almost 22mn sq ft are coming up at 3 prime projects- 1) 12mn sq ft at sector 71, 2) 7mn sq ft at solar elevated corridor and 3) 3mn sq ft on the dwarka expressway. GMW of the entire portfolio would be 3500 cr plus.
- margins on affordable housing is around 23-24% and mid income housing is at 35%+.
-Net debt of 840 crs on account of land investments majorly in sector 71. Guidance is to keep net debt at 1x of operating surplus.

Mahindra Lifespace Developers Ltd | Q3FY24 Concall KTAs
CMP Rs 622 | Market Cap INR 96.4 bn

The company has sizeable amount of pipeline which is to materialize in the coming quarters. Several projects of the company are set to see the day light .The company is focussing on the mid premium and premium segment. Management aspires to grow the business by 5x to 8-10kcr, that is five times of FY23. Plotting business has proved to be profitable in Chennai and the same shall be explored in the coming time.

Financial Performance
- Q3 presales of 443 cr(-1.8%YoY)
- 9 month presale of 1,243 cr (-14.4%YoY)
-PAT Q3 ta 50cr(+47%)
- Pipeline of 5k cr.
- Best ever Quarter for IC business with 70 acres in land with a value of 224 cr. Company plans to maximise its return form the IC business and invest the cash generated into the residential projects.

Business Update
- RERA received for Mahindra Vista at Kandivali. Four project launches in the first 9 months. Phase 2 of Mahindra Citadel at pune was launched in Q3 with 40% of the inventory sold on the launch date.
- First plotted development in Chennai was sold out with great margins and second plotting development is planned for FY25. Approvals awaited for the Navy project at Malad, Mumbai.
- With the government increasing its capex spending in the interim budget, the company will receive its positive impact on the IC segment.
- Company is in process of availing approvals to develop their land parcel in Thane which is of sizeable size.

Change in Management
Avinash Bhapat will take the role of CFO in place of Vimal Agarwal

GDV breakup
Kandivali project- 2600cr+, phase I will be launched with 1200 cr of inventory.
Malgudi Bangalore- 500cr(GDV) and Wagholi, pune- 1400 cr GDV of which 600-700cr of inventory to be launched in this quarter. Both of them are in final stages of approval.
Navy project in malad about 1000cr of GDV.

Plotting Business
The profitability and ability to bring cash back is very high in plotting business and that’s why the company is accelerating efforts in this area on all land parcels where adequate approvals are in place and the market can absorb. One plotting project was done in Chennai and the second one is in line as well. Several projects in this segment can be seen in the next 12-24 across all locations.

Area Focus
The company in the near term plans to focus on increasing its share and offerings in the Mumbai, Pune and Bangalore region.

Pipeline segmentation
The 5k cr pipeline is 60% in Mumbai and the remaining is equally distributed among Pune and Bangalore.

Company Segment focus
The company plans to maintain its focus on the mid premium and premium category with gradually sun setting the affordable housing category all together.

Keystone Realtors Limited – Q3FY24 Concall KTAs
CMP: INR 713 | M Cap: INR 81,176 Mn

Focus on redevelopment projects within Mumbai Metropolitan Region (MMR) to drive growth.

Financial Performance:
- Q3 FY24 Pre-Sales for the company reached INR 6,160 Mn compared to INR 3,060 Mn in Q2FY24, reflecting a 101% QoQ growth, and 9MFY24 Pre-Sales stand at INR 14,230 Mn, marking a 26% YoY growth.
    - Out if INR 6,160 Mn of Pre-Sale, around one third that is 2,040 Mn have come from the new launches.

- Collections for Q3 FY24 amounted to INR 4,520 Mn compared to INR 5,850 Mn in Q2FY24, down by 23% QoQ and up by 32% YoY.
- Pre-sales no. of units stands at 340 units in Q3FY24, highest in last five quarters, as compared to 151 in Q2FY24.
- Consolidated Q3FY24 revenue at INR 5,207 Mn, up by 311% YoY and but down by 16% QoQ.
- PAT stands at INR 299 Mn in Q3FY24 up by 616% QoQ and 413% YoY.

Operational Updates:
- The company launched 2 towers in Urbania, Thane, with an estimated GDV of INR 13,480 Mn.
- A total of 4 projects launched in 9MFY24 with an estimated GDV of INR 22,380 Mn.
- One project was added in Q3 FY24 having a saleable area of 0.92 mn sq ft with an estimated GDV of INR 14,530 Mn.
- In YTD FY24, a total of 5 projects were added with an estimated GDV of INR 51,000 Mn.
- In the year-to-date period ending December 2023, the company accomplished a record achievement, completing six RERA projects with a construction area of 3.36 million square feet, marking the highest ever in any year.
- Formed a joint venture with Ajmera Realty & Infra India Ltd in January 2024 for a project with a GDV of Rs. 7,600 Mn.
- The company was selected as the redevelopment partner for 2 societies in Malad West, with a GDV of 12,000 Mn.

Project Portfolio and Launch Timelines:
- The 11 ongoing projects are progressing well and on track according to timelines.
- Remaining Redevelopment projects expected to be launched in the next financial year and the subsequent year, with a typical launch timeline of 12 to 13 months from signing.
- Gross margins for these projects generally maintained at around 35% for sustainable profitability, working on margins that are sustainable in the long run.

Prabhadevi Crown Project
- There are three towers in the project, approximately 700 apartments in Crown A and B are well sold.
- Crown C is under construction and will be ready by the end of December 25.
- Unsold inventory is about 0.277 mn square feet in crown tower C, which is less than 20% of total area of all three towers

- Margins and Cashflows are expected to stay intact.

Project Takeover Impact

- The Company acquired 100% shareholding from DB Realty subsidiary. Leading to increased debt in the company’s balance sheet.
- The BD subsidiary has around INR 8,000 Mn of receivables into the project and around INR 12,000 Mn of unsold goods.
- The Prabhadevi Crown project, being a negative project, recognizes all revenue, including negative sales.
- Cash flow dynamics to remain unchanged, but reported margins may appear skewed due to negative sales recognition.

Growth Projections:

- At the beginning of the year the targeted growth rate was 25% YoY, the company has by far achieved 26% growth in first 9 months.
- The company is optimistic to surpass 25% growth mark.
- Company is looking for larger growth in the coming years as the acquisitions that they did in 2023, will start contributing in 2025.

Outlook:

The company is front runner in the MMR region's real estate market with a rapid pace of launches, strategic expansions into promising micro-markets, and solid partnerships in redevelopment projects. They are concentrating on different types of homes, such as affordable, mid-mass, aspirational, premium, and super-premium. The MMR region is a primary focus, capitalizing on an existing market share in residential real estate sales. While acknowledging potential in other areas like NCR, the company is content and confident about sustained growth and leadership in the MMR market for the next 5 to 6 years.

Gensol Engineering Ltd - Q3FY24 Concall KTAs
CMP INR 892 | Market Cap INR 33,784.5 Mn

Powering growth in Solar EPC business

Financials
- Revenue stood at INR 227 crores in Q3FY24 as against INR 52 crores in Q3FY23 up by 335% YoY.
- EBITDA stood at INR 70 crores (31% margin) in Q3FY24 as against INR 17 crores (32% margin) in Q3FY23 up by 312% YoY.

- PAT was at INR 12 crores (5% margin) in Q3FY24 as against INR -2 crores (-4% margin) in Q3FY23 up by 734% YoY.
- The current debt-to-equity ratio is around 3:1.

Solar EPC Business
- The company has completed more than 600 megawatts of diverse solar projects across India. The solar EPC order book is now over INR 1000 crores.
- Gensol also acquired Scorpius Trackers in September 2023, to strengthen the EPC business.
- The project sizes are currently in the range of INR 50 crores to INR 400 crores, with focus on doing more large-scale rooftops for Industries and commercial, and large grid connected powerplants.
- The company expects to reach 6-7% market share in this segment by FY30

EV Leasing
- Gensol entered the electric vehicle leasing business in 2022 and established a subsidiary, GenSol EV Lease Private Limited, in May 2023.
- The business currently achieves net interest margins of 4-5%.
- The cost of debt is around 10%, and vehicles are leased out at approximately 15%, resulting in strong net interest margins.
- The company is targeting to double the asset size in FY25, with more than 90% concentration in the four-wheeler segment.
- The EV leasing business is exploring opportunities in the UAE market with an order book of INR180 crores.

EV Manufacturing
- A subsidiary formed in 2022, is focused on manufacturing affordable, smart, urban mobility-focused electric vehicles.
- The company has set up an electric vehicle manufacturing plant in Chakan Pune with a capacity of 30,000 vehicles per annum.
- The segment is awaiting final approval from ARAI (Automotive Research Association of India) expected by February-end, after which the company plans to launch and market its electric vehicles. Commercial trial production is projected to start by the end of April.

CAPEX Plans
- CAPEX plans include around INR 125-130 crores for building out the cargo and personal mobility vehicle at the EV manufacturing plant.

Guidance
- The company aims to manufacture 5,000 vehicles in FY25, generating approximately INR 300 crores in revenue. The company plans to double its revenue from EV manufacturing in FY26, reaching INR 600 crores.
- The EPC business, along with the three subsidiaries, is expected to cross the INR 2000 crore mark in FY25, including approximately INR 300 crore from EV manufacturing, INR 400 crore from EV leasing, and INR 1,300 crore from EPC.
- The company anticipates maintaining or slightly increasing EBITDA margins in FY25 compared to FY24.
- Anticipated net worth to reach INR 600 crores by the start of FY25.

Guidance Adjustment
- The company has adjusted its revenue guidance for FY24 from the previously mentioned INR 1,200 crores to a target of INR 950 crores, the reason being the current quarter's performance.
- The expected revenue for Q4 FY24 is between INR 300 and INR 400 crores, bringing the yearly estimate to INR 900 to INR 950 crores.

Other Highlights
- Established a subsidiary in the Middle East.
- The company has an order book of INR 180 crores from Dubai Municipal Corporation, Dubai Government, and Etihad.
- While currently operating as a combined entity, the company acknowledges the possibility of de-merging businesses in the future for independent listings, depending on market conditions and business performance.

Outlook
The company projected a growth plan, aiming to be five times its size by FY27 compared to FY24. The solar EPC business will continue to be a significant focus, given the strong order book and bid pipeline. The company plans to start production with a three-wheel reverse-trike vehicle in FY25 and then expand to the four-wheel platform in the medium term. The company plans to introduce three models in the electric vehicle segment, starting with a two-door, two-seater, three-wheel car. The models include fleet cars, cargo vehicles, and urban passenger cars. The company expects margin expansion, especially as the proportion of the leasing business increases.

KOLTE-PATIL DEVELOPERS LTD | Concall KTA Q3FY24

CMP: INR 528 | Market Cap: INR 40104 Mn

Kolte-Patil is actively pursuing growth strategies through acquisitions, partnerships, and product diversification, with a strong focus on the Pune market. The company is optimistic about future financial performance.

Financial Highlights

• Total revenue in Q3FY24 is INR 760 Mn, showing a -62% decline QoQ and 22.2% YoY growth.

• EBITDA is negative at INR -370 Mn, with a -1025% decline QoQ and 266% growth YoY.

• PAT is INR -630 Mn, showing a decline of -152% QoQ.

• EBITDA Margin is -48.4%, and PAT Margin is -83%.

• Total sale value is INR 7460 Mn, total sale volume is 0.98 Mn sq. ft., and total collection is INR 4930 Mn.

Business Strategy

• Acquired projects with GDV of INR 8,000 crores in FY24 across Pune, Mumbai, and Bengaluru.

• Pune to contribute 70% to sales by FY25, with plans to acquire additional projects and strengthen its presence.

• Mumbai and Bengaluru to contribute 30% to sales by FY25, with plans for acquisitions and product offerings.

• Launched five projects with a saleable area of ~4 msf and topline potential of Rs. 3,120 crores.

Partnerships and Acquisitions

• Entered a partnership with Marubeni Corporation (Japan) for INR 110.9 crore.

• Ownership in Life Republic increased to 100% from 95% post-acquisition of a 5% stake in October 2023.

• Highest ever quarterly pre-sales in Q3 FY24 at INR 746 crores.

Market and Growth Outlook

• Focus on faster sales, approvals, construction, and collections.

• Real estate demand driven by low inflation-adjusted home prices, improved affordability, and consumer sentiment.

• Formalization of the Indian real estate sector is benefiting organized developers like KPDL.

• Targeting new business development with topline potential of INR 8,000 crore in FY24.

• Launched two sectors this year and planning to launch a luxury segment.

Financial Projections

• Anticipating INR 1800 Cr in Q4 and INR 4000 Cr in the next year from projects.

• Expecting a 25% CAGR in pre-sales for the next year.

• Realization of Life Republic this quarter, with expectations of more than 10% real growth next year.

• Planning to launch luxury segment this year.

• Revenue breakdown by city: 70% Pune, 20% Mumbai, 10% Bengaluru.

Future Growth and Challenges

• Low revenue attributed to the timing of projects.

• Anticipating significant project revenues in Q4 and the next year, with a 25% CAGR in pre-sales.

• Walking to conversion ratio is a key metric being monitored for future growth.

Vascon Engineers Ltd | Q3FY24 Concall Highlight
CMP INR 86   Market Cap INR 18.7 bn

The company recorded its highest ever orderbook the impact of which can be seen in the next FYs. Crisil upgraded the credit ratings and bank guarantee limits have increased. Company pushing its real estate segment. Company also bringing down its debt levels. Fresh Government projects to be muted for next 3-4mnths due to elections.

Business Update
-EBITDA margins for the qtr were at 10%. Few EPC and Redevelopment projects were won.
-EPC orderbook at of 3613 cr, the highest ever in companys history. Of this 9m numbers were 1.8k cr and in this qtr 400cr. Out of 3.6k cr, 550 cr is backlog for EPC from real estate division. The orderbook is 5.3x the revenue of FY23. 1k cr of this expected to be executed next FY and around 1.2k cr of it to be executed in the following FY. This level of orderbook will ensure strong EPC revenue growth over the next 2-3 years. EPC revenue increased by 12%YoY at 185crs.
-Out of 3.6k cr of order book, around 3k cr order book are of external EPC order. Around 78% of this orderbook is from government projects which ensure faster execution and uninterrupted cashflows.
-New orders worth 1.8k cr in 9m FY24. This is to built medical colleges around India in places like Jharkhand, Bihar, Chhattisgarh along with an IT park in Chennai.
-Significant portfolio of real estate stand completed, and subsequent positive impact on results can be seen in next year. Real estate revenue at 47cr, EBITDA margin of 35% at18cr. Company looking for partnerships with realtors in Mumbai and Pune and 2 new projects set for launch in next couple of months.
-Company's finance cost has come down since its repaying significant amount of debt in last 30months. It stand at 168cr at Q3 end
-Crisil upgraded credit rating to BBB+ for long term and AA for short term which helped company secure favourable interest rates.

Financial Performance
-Standalone numbers- total income of 206cr (+3%YoY). EBITDA margin of 10% at 22crs(+28%YoY). Net profit of 16crs.
-Consolidated numbers- Total income of 282crs (vs256 last year). EBITDA margin of 10% at 28crs(vs23 last year)

Highlights from the Call
-The next 2-3 months are expected to be slow on account of elections and government not awarding any fresh projects.
-Bank guarantee have increased by 40cr in last 6 mnths. SBI's fresh assessment has increased the limit by 200cr.
-Company's business development team is looking at niche small redevelopment projects in Mumbai. 5 launches expected in the next 12-15mnths of which 2 are redevelopment in Mumbai, 1 is in Powai where the land is partially owned and residential and commercial projects in Pune.
-The company is now eligible to qualify for orders in 700-750 cr range and the competition also decreases in this bracket.
-Around 1.6k crs of revenue expected in next 4 years. Company will try to maintain a 70-30 mix in revenue between the government and pvt, with the government taking up the larger share.
-The company wants to keep an asset light model in real estate and does not wish to borrow to purchase land.
-QIP is in line rather than rights issue to draw the attention of some of the larger players
-EPC revenue to reach around 1kcr next year which shall push up the PBT numbers.

Ashoka Buildcon Ltd | Q3FY24 Concall Highlight
CMP INR 184   Market Cap INR 51.53 bn

With the code of conduct kicking in form feb end, the company will see orders flowing only from end of Q1.Proceeds from Asset monetization will help the company. Co. is having a strong orderbook of 13k cr and EBITDA margins are set to improve over the next 1-2 qtrs.

Business Update
-oct 2023, co. received letter of award for power distribution for 125cr. EPC orders won in past few months. 146 cr order from Telangana Govt for cable street bridge. Co. received letter of acceptance from CIDCO for building cable bridge near Navi Mumbai Airport. This is a JV with co. having 51% share, valuing 337cr. Order for highway in bihar for 520 cr.
-Asset monetization of 286 crs for its respective share.
-Order book of 13,167crs of which more than half if for roads and railways. EPC orders out of this is of 4475 crs.

Financial Performance
-Standalone No's- total income at 2,162crs(+36%YoY). EBITDA margins of 9.5% at 205crs. PBT at 115crs and PAT at 87crs. Revenue from contractual projects contributed 97%. Debt to equity stood at 0.37x.
-Consolidated No.s- total income of 2699crs(+35%YoY). EBITDA at 639crs. PAT 110 crs.

Highlights from the Call
-Revenue breakup- road 1166cr, power 659cr, railways 164crs, building 84crs.
-EBITDA margins to improve in Q1,2 FY25 and stabilize around 11-11.5% and guidance for topline growth at 15-20%.
-No bids will be award from Feb end till around may due to elections code of conduct in place. End of Q1 and Q2 shall see good order inflow. Order book of 6-8k cr expected to flow from Q2 of next FY.
-Company has also assembled a team to look at Solar EPC projects.
-11HAM projects and 5BOT projects on board for asset monetization standing at various stages of diligence or SPA execution stage. 50% of HAM projects expected to be monetized by Q1,Q2. CGD business has been monetized and proceed of 286crs were credit in Jan end. Part of all the proceeds will be used to give SBI Macquarie an exit which has outstanding liability of 1370crs.
-BOT projects expected to have margins of 15-16%
-Post monetization, co. will be equipped to BOT projects worth 10k cr.

NCC Ltd | Q3FY24 Concall Highlight
CMP INR 220 Market Cap INR 138 bn

Despite the impact of upcoming assembly elections, the company maintains a strong order book. Revenue shows a strong increase of 41% and positive outlook for Q4. Efficient working capital management while aiming to keep the debt below 1k cr in next FY.

Business Update
-Orderbooking to be impacted because of upcoming Assembly Elections. Telangana has shown slowdown in terms of orderbooking. The company has a good amount of orderbook though.
-2 SPVs created for execution of electrical smart meter projects. One for Nashik zone and one for Aurangabad zone. In total 3 projects are to be executed out of which 2 will be through these SPVs and one will be done directly by NCC. NCC would be investing 100-150 crs in these over the next 2 yrs.
-Good progress and good volume of turnover in UP Jal Jeevan project and it contributed significantly to increase the revenue of the company overall.
-Balance orders in Q3 of 6,7440 crs. Guidance to achieve orderbook of 26k cr.

Financial Performance
-standalone basis- revenue of 4077cr(+41%). Gross profit of 727cr(+24%).
-revenue 9m 35% growth. Q4 25-30% growth expected. 5250 cr of LOA and around 80-90% of them expected to realise before March. EBITDA margins to be around 10%.
-Trade receipts 3122cr and trade payables 4442 crs. By 4th qtr end debt to be around 1500cr.
-Order book as of Q3 is 50,154 crs.

Highlights from the Call
-Trade receivables at 61 days, lowest in the decade. Capex for the year to be below 200cr. Great improvements in working capital of 32%.
-Target is to keep debt below 1k cr in FY25.
-Proceeds of 52crs have been received from Vizag Urban land and the remaining to be received in 2 instalments one of which shall be before March ’24.
-Substantial allocation to water department in the budget, and the company has been proactive in this space.

Hindustan Construction Company Ltd | Q3FY24 Concall Highlight
CMP INR 43   Market Cap INR 64.98 bn

Company has a good order book with nuclear power railways and hydro driving the companys growth in future. Rights Issue in process for which SEBI approval is awaited. Steiner AG(Switzerland) construction business was sold. Interest cost in expected to be half in the next FY.

Business Update
-11,165 cr of orderbook of which transport has the largest share followed by hydro and then water. To be executed in 2-3 yrs at a run rate of 1k cr per qtr.
-Administrative approval given to 12 nuclear reactors for first time in history, an area in which HCC is the leader. Hydro and Railways to also drive HCC's growth.
-Rights Issue Draft Letter of Offer submitted to SEBI – expecting approval shortly: NSE and BSE approval received. The proceeds of the same shall be utilised for debt repayment, growth, material order booking and the rest as reserves for liquidity.
-Steiner AG leading real estate developer specialised in residential and commercial projects in Switzerland, a part of HCC from 2010. In 2023, construction business of Steiner AG was sold.

Financial Performance
-Consolidated revenue Q3FY24 at ₹1474.5cr (vs1357cr Q3FY23)
-Consolidated net profit Q3FY24 at ₹233.2cr (vs loss of 283cr Q3FY23)
-EBITDA margin: 12.4% in Q3 FY24 compared to 14.8% in Q3 FY23

Highlights from the Call
-EBITDA margins going forward are expected to be in the same range of 12-14%.
-Revenue for Q4 has been historically seen to be stronger than the other qtrs.
-Interest cost of 1kcr last year which was 800cr this year. Next FY this is expected to be half at around 400cr. 2K cr OCDs which has annual bullet repayment at year end.

KNR Constructions Ltd | Q3FY24 Concall Highlight
CMP INR 272 Market Cap INR 76.54 bn

HAM projects driving execution for the company and good liquidity position with 550cr receivable. This quarter sees revenue growth but order book can be seen declining from past few quarters. Company faces challenges in acquiring new projects, awaiting election impact with revenue guidance of INR 1200 crore for Q4. Company exploring diversification into railways, solar, and other sectors.

Business Update
-The infrastructure sector is in focus of the govt as can be seen from the budget allocations recently.
-During the quarter, execution has primarily been driven by HAM projects.
-Toll collection for Bihar at INR 10.6cr(+13%YoY).
-Order book portion as of December 31, 2023, the company has an outstanding order book portion of 4,965 crore which comprises of EPC projects and ham projects which is 69% of the total order book while irrigation projects comprises of the remaining 31%. 58% of the order book is from third party clients. The third party order book percentage is skewed between state government contracts at 43% and 13% for central government.
-This order book amount does not include contracts worth 11780cr since final appointment is yet to be received. The current order book portion provides a clear visibility of execution over a period of next one to two years.
-company is targeting an order in flow of INR 5,000 crore to INR6,000 crore during the next one year.
-Company is seeking diversification in operations and seeking out EPC opportunities in new geographies and unconventional project types such as railways, mining, energy pipeline and metro development. Also trying to participate in solar EPC projects. The railway business might comprise 15-20% and solar might be 5-10% of the total business.
-liquidity portion of the company is very strong as INR550 crores of HAM projects receivable is to be drawn.
Financial Performance
-Standalone Q3FY24- Revenue at 905cr(+9%YoY). EBITDA margin of 16.3% at 147cr(-6%YoY). Margin is lower to lower revenue contribution from the irrigation projects. PAT at 85.5cr.
-Consolidated Q3FY24- Revenue to 996cr(+14%YoY). EBITDA margin for the quarter at 22.7%. EBITDA of 226cr. PAT at 136cr.
-Net working capital stood at 61 days. Consolidated debt at 1048crs. Net debt to equity ratio at 0.37times.
Highlights from the Call
-Company facing difficulty in acquiring new projects since the last couple of quarters. No order received in 9m FY24. Lot of projects are getting postponed for which the company has done its research and ready to fill the tender. Last 2 months only one tender filled for irrigation project in Telangana for which result is to be announced.
-Since the elections are coming up in May, not a lot of projects are expected in the road segment. From March ’23 onwards, very less bids have been opened by NHAI. Flow is expected from July.
-Company trying to receive the 400cr payment for irrigation project from government before March.
-Revenue guidance of 1200cr for Q4. With 16% of sustainable EBITDA margins.
-Equity requirement for existing 8 HAM projects at 990crs with 90cr in Q4FY24 and around 290crs in ’25.
-Capex to be around 100cr this year and around 20% higher for the coming year.
-Company has bid for irrigation projects worth 11,000cr the results for which are to be announced.
-Company trying to get into roads in other parts of India as well apart from South India but is facing difficulty in UP and Bihar due to quarry issue and some sort of Mafia.
-The company is not eligible to bid for expressways and is therefore exploring sub-contracting in that regard.

Ircon International Ltd| Q3FY24 Concall Highlight
CMP INR 222 Market Cap INR 209.12 bn

Ircon's upgraded Navratna status opens doors for larger PPP projects, leading to a record-breaking Q3 with a 24% revenue increase and 29% growth in PAT.
Despite a slowdown in international projects due to funding constraints, the company focuses on doubling revenue in 4-5 years.

Business Update
-Govt has upgraded Ircon to Navratna status on 12th October and with this the company shall be eligible to undertake larger size PPP projects.
-Company recorded highest ever Q3.

Financial Performance
-total revenue of INR3,012 crs(+24%). PAT at 296cr(+29%).
-Core EBITDA at 296cr(+43%YoY). Margins have increased to 10.3% in Q3, an improvement of 304 basis points over the last year. Earnings per share has gone up to INR2.60 per equity share(+30%YoY)
-The order book of the company as at 31st December 2023 stood at INR 29,436 crore of which 91% is from domestic business while the rest is international.

Highlights from the Call
-In terms of asset owned projects, company currently has 9 road and highway projects and other 4 to 5 coal connectivity projects.
-Company aims on doubling its revenue in the next 4-5years.
-Whatever existing nomination business the company has, should get completed in the next 2-3 years. It also has one nomination project in Myanmar. And the way ahead shall be competitive bidding.
-As far as the international business is concerned, the company is not getting funding from the Govt as it used to in the past and hence not much activity on the international front is seen.
-Company has seen a dip in order inflows because of political scenario and has secured around 500cr worth orders as of now which is not expected to increase dramatically. Order inflow is expected to be good in the next year.
-Company is on track to achieve 11.5k cr of revenue for this year with around 3kcr + worth coming in, in Q4. With the order book the company has currently, guidance for revenue is to be around this level in the next year as well.
-PAT margins to be in the range of 7-7.5%.
-Cash on books is about 700-750 crs and 2300cr is put in JVs and subsidiaries and additional 1kcr will have to be invested in the next 2 years.
-Company has also started discussions for some more high speed projects. This segment is to grow in a big way according to management. In these high speed projects, new railways lines are setup based on Japanese technology and land acquisition for the same is done by a separate entity called, National High Speed Rail Corporation India limited.
-INR 5,000 crores worth of projects the company has bid for and additional 3k cr will be bid. The company has already bid for about INR15,000 to INR18,000 crores in the cumulative nine-month period.
-Out of 30k cr order book of FY25, 21k cr is railways, 3k cr is highways and 2k cr is from other segments.

Tega Industries Ltd Q3FY24 Concall KTAs
CMP INR 1099 |Market Cap INR 73.20 Bn

Company maintains a guidance target of 15% for both the consumer and equipment segments, with EBITDA margin of 20% to 22% for the full year.

Financials
• Revenue came in at INR 3402 Mn (+14.6% YoY)
• EBITDA stood at INR 560.9 Mn (-16.7%YoY), margins down to 16.5 % (-620 bps YoY)
• PAT stood at INR 356.2 Mn and down by 26.4 % YoY, margins down to 10.5 % (-580 bps YoY)

Subsidiary
• A wholly owned subsidiary company has entered into an agreement with the largest copper mine in Europe.
• The agreement involves managing the rare product assets of the mines, covering all mills and non-mills, for a period of five years, extendable by another year.
• Minimum revenues over the contract period are estimated to be at INR 685 crores.

Other Highlights
• Company faced challenges in its supply chain, leading to delays in shipments and increased transit times.The company is focused on optimizing its supply chain processes to ensure timely deliveries and mitigate any potential disruptions in the future.
• A new subsidiary has been established in Peru, offering significant mining opportunities with its abundant mineral reserves.
• The new facility in Chile has secured the majority of its regulatory approvals, and the project is anticipated to commence by April 2024.
• The rise in freight rates doesn't heavily affect the company as they pass on these costs to customers.
• Order book stands at INR 6,730 Mn as of 31st December 2023, reflecting a 40% increase over the nine month period.
• The smart product is now in its testing phase, having moved from Research and Development to commercial trials at customer sites, with positive initial customer responses.
• Company currently operates at a capacity utilization rate of around 60% to 65%, plans to increase capacity through expansion projects aiming to reach up to 80% to 85%.

Outlook
The company anticipates continued revenue growth supported by strong order book positions and market demand. The company appears focused on continued expansion, both geographically and in terms of capabilities, to drive future growth and increase its market share.

RVNL Q3FY24 Concall Highlights
RVNL | CMP: INR 259 | Mcap: INR 540.54bn

Revenue
Revenue is expected to be INR 200bn to INR 220bn in FY24E.

Margins
The margins are varying from 5.5%-6% based on projects.

Order book
The order book stood at INR 650bn as of Q3FY24. The nomination and bidding mix stood at 50:50.

The order book is expected to maintain around INR 750bn going forward. The company is focused on 3-4x of book-to-bill going forward.

The order inflows are expected around INR 250bn in FY24E.

Vande Bharat Train
In the Vande Bharat train, 1st prototype is expected to be manufactured in 24 months from the date of signing and 2nd prototype is expected to be manufactured within 60 days. After the prototype, the railway supply program consists of 12 trains (1 year), 18 trains (2nd year), 25 trains (3rd year), 25 trains (4th year), 25 trains (5th year) and 15 trains (6th year).

The trains will be manufactured at the Latur factory.

Metros
The company is executing seven metros and the order book stood at INR 70bn. Chennai metro contributes around INR 45bn.

The company took the Indore metro project through bidding. Around 6.6km trials were conducted on Sep-23. Indore metro margins are better than nomination based projects.

Conversion ratio
The bidding conversion ratio is around 25%.

MoU
The company has signed a MoU and submitted a DPR line for the Kyrgyzstan project.

The company has signed a MoU with REC rural corporation. It will help to finance up to 35,000 corridors going forward.

Other highlights
The company has commissioned over 16,000 route km of railway infrastructures.

Around 60% of countries are expected to have semi high speed and high speed corridors by 2047 and India is expected to have 10,000 high speed networks.

The company is focusing on UAE, Central Asia and Western Asia through Jackson green.
Outlook: RVNL has an order book of INR 650bn (~3.1x of FY23 TTM revenue) shows revenue visibility. The execution of Vande Bharat and Metros and upcoming opportunities in railways and other infra's would be beneficial for the company. We have a positive outlook on the stock.

PSP Projects Ltd| Q3FY24 Concall Highlight
CMP INR 737 Market Cap INR 26.53 bn

In Q3FY24, the company completed 7 projects, secured orders worth 1060cr, and faced a legal dispute with Surat Diamond Bourse over a claim of 539cr. Future plans include aiming for an order book of 3k cr this year and 3.5k cr next year, with margins expected around 11-12%, alongside an equity raise of 300cr for growth capital, and potential bidding for large projects like Lulu Mall.

Business Update
-During Q3FY24, Company completed 7 projects including some major ones like warehousing projects at various locations in Gujrat and residential project for Adani Realty.
-Order inflow of 1060cr in this quarter.
-As of 31st Dec 23, there are 49 ongoing projects, 87% of which are based in Gujarat. The company has completed 219 projects in total since inception.
-In October 2023, the company was bestowed with an award of fastest growing construction company in India below 2000 kilometre turnover category.
-Company is involved in a court case with the Surat Diamond Bourse(SDB) with a claim of 539crs. The case is pending before the honourable district Judge Surat. The company presently has only initiated section 9 to safeguard their money. The result of hearing is expected by Feb end but the company wont be getting cash out of this hearing of section nine. They will get in form of BGs or lien. Apart from this, 140cr of payment is also put on hold by SDB.
-The company is getting qualified and are building large size projects across different states. The Company endeavours to gradually move up the value chain and increase the projects of higher ticket size gradually over a period of time.

Financial Performance
-Revenue from Operations at 697crs (+40%YoY)
-EBITDA at 71cr (+16%YoY) with margin of 10.25%. PAT at 33cr(-8%YoY) with margin of 4.63%
-Employee cost increased due to appraisals in the quarter and finance cost increased due to increase in short term borrowing and bill discounting facilities used.
-During the period of nine months company has incurred capex of 142 crore out of which 74 crore is for precast facilities.
-At Q3end, long term borrowing 75 crore and short term borrowing of 403 cr. Net unbilled revenue is of 409crs.
-Out of the total sanctioned credit facilities of 1497 crores. Company utilize 1030 crores and 467 crores are available for further utilization.
-Receivables are 481 cr and payable are 460cr.

Highlights from the Call
-Order book for this year in the range of 3k cr and for the next year it should be aound 3.5k cr. Margins for the same are expected to be in the range of 11-12%.
-Around 10 employees other than promoter family are in the receipt of remuneration of more 50 lakhs per annum.
-Promoter had sold his stake for his personal requirements and this level is expected to remain same for atleast next 1 year.
-Board is taking approval for equity raising of 300cr for growth capital. It is just and enabling process as of now and shall be raised when the need arises.
-Currently the bid pipeline is in the range of 6k cr.
-Once some major projects are completed, substantial reduction in debt can be expected.
-The company may also bid for Lulu Mall which will be in the range of 4k cr. The company may bid for 30-40% of this.

Patel Engineering Ltd Q3FY24 Concall Highlight
CMP INR 66.8 Market Cap INR 51.72 bn

The company anticipates substantial growth opportunities in power, water, and tunnelling sectors, supported by a dominant market presence in these segments. The company anticipates accelerated growth post-general elections in FY25.The company has 15% revenue growth outlook and has taken QIB approval from the board.

Business Update
-Company sees a huge potential in power, water and tunnelling sectors where the company has a dominating presence.
-The company has order book of 19k cr in which the company stood as the lowest bidder for 2 projects. Order inflow has remained subdued in the last quarter but expect the same to pick up at a faster pace in FY 25 post the general election.
-Of the 19k cr orderbook, 61% coming from hydro sector, 21% from irrigation sector, around 11% from tunnelling project and 3% is road and red 4% from other. Out of that 62% of our order book is from central government PSUs and around 35% is from state government and balance 3% is for projects in Nepal.
-One of the most prestigious projects of the company in Arunachal Pradesh of a tunnel at an altitude of 13,000 ft is nearing completion.
-Increased focus of government on infrastructure and in budget allocation, the company expects large number of projects to come up for bidding in FY 25 post the elections and expect the order book to grow at a good pace in the coming few quarters.
-The company has filed for various settlement amounts under the Vivaad se Vihswas scheme which was launched for the settlement of pending disputes related to government contracts which were under ongoing arbitration. Company expects to realize some of these arbitration worth 150-200crs in next year.
-The company expects to grow revenue at 15% in the coming years.

Financial Performance
-Consolidated Q3FY24, Revenue at INR 1061crs (+11%YoY).This is due to strong order book growth and well execution of projects.
-Operating EBITDA at 142.9cr. PAT at 70.24cr (+260%YoY)
-StandaloneQ3FY24, Revenue at 1052.3cr. (+13.2%YoY).
-Operating EBITDA at at 144crs. (+10.73%YoY).
-The sector wise breakup for the revenue from hydro it is 50% irrigation 16% from tunneling sector it is 18%, from road and others it is 16%.
-Consolidated gross debt as on 31st Dec ’23 is 1659.28 cr vs 1992.32 cr 30th sept ’23. cash and bank balance as on 31st December is around 120 crore.
-Diluted EPs from continuing operation has improved from 0.32 for Q3FY 23 to 0.87 in Q3FY 24.

Highlights from the Call
-Company is open to monetize the land parcels that it owns but is waiting for the right valuation and is not looking for any development agreements.
-the company has a bill to book ratio of 4-5years.
-Company doesn’t plan to drastically reduce its debt since it wants to fund growth. The average rate of interest for its borrowings is 11-11.5%.
-Operating margins to continue in the range of 13-14%.
-The company in has in the form of enabling provision taken the approval of the board for QIB upto 500cr as the company expects orders to flow post elections and this money will also help in the working capital requirements of the new projects that might get awarded.

Dilip Buildcon Ltd Q3FY24 Concall Highlight
CMP INR 388 Market Cap INR 56.75 bn

The company has transitioned into a diversified infrastructure EPC company across eight verticals, aiming for a net debt-free status. Strong financial performance includes revenue growth, reduction of debt, and plans for an InvIT setup with Alpha Alternatives. The company's focus will be expanding on the road and coal business.

Business Update
-DBL is now w a fully diversified infrastructure EPC company covering eight major verticals, road and highways, irrigation, water supply, railways, metro, tunnels, special bridges, urban infra and mining.
-New strategy 'DBL 2.0' as highlighted in the previous call, aims at strengthening balance sheet, becoming a net debt free company on standalone basis in the next two years, generating consistent and predictable cash flows, delivering a measured growth, improving ROE and ROCs, reducing concentration risk from any sector, client or geography.
-Short term business will be our EPC business while long term business will be asset business which currently consists of road and coal and mines.
-Coal mining business has a potential annual revenue of INR50bn crores per annum for the next 25 to 50 years as it achieves full output capacity. Company overachieving targets by almost 40% by extracting 7 million tons as compared to the annual target of 5 million tons in this financial year at our Siarmal Mines. For the next plan is to do 15mn tons. At another mine, 7mn ton is being delivered to the govt. A revenue of around INR 15bn plus in the next FY from just these 2 mines expected. The margins for the coal business is around 20%.
-In the road segment, the company expects to get annual distributions of about INR400 crore to INR 5 bn from our 18 road assets as we set up the InvIT. This gives us a visibility for the next 15 years of cash flow.
-Company in process of creating its own InvIT with Alpha Alternatives, in which DBL will hold 74%. Till now, company has received around 1.3bn by issuing warrants and is expecting to receive another INR 5 bn in this qtr. Alpha alternatives have a right to exercise these warrants in the next 18mnths.

Financial Performance
-Company has well diversified outstanding order book of INR 2,18,429 mn.
-Revenue at INR25,711 mn(+8.8%YoY). EBITDA increased to INR3,185 million(+27.55%YoY).
-PAT at INR953 mn (+19.87%YoY). Company has crossed net worth of 5k cr at end of December '23.
-Net debt equity ratio at 0.36 times and the working capital days at 67 days. Capex of 150-200 cr planned and expected revenue growth at 5-10%.

Highlights from the Call
-INR 26bn worth of order won this year. Company waiting for INR 100bn worth of road projects to open for bidding.
-Company has reduced debt by INR 5bn in the first 9m. By the end of FY24, the company aims to have debt to EBITDA of 1:1 and debt to equity of 0.25. The company is focusing on building a lean, strong company with a very strong balance sheet.
-Company is hopefully of setting up the InvIT by Q2FY25.
-The company doesn't plan to take debt and fuel its growth, it aims at achieving measured growth which focuses on improving free cash flows.
-The interest rate for debt is in the range of 9-10% for the company.
-Out of the 1.3L cr projects to be announced by the govt, 20% will be EPC and the rest will be PPP.
-Only one asset is pending to be transferred to Shrem for which the company will be receiving INR 420 mn.
-Finance cost is expected to go down by at least INR 1 bn in next FY.

Phoenix Mills Ltd   Q3FY24 Concall Highlight
CMP INR 2500 Market Cap INR 446.66 bn

Phoenix Mills Ltd experienced leadership changes with Rajendra Kalkar and Anurag Srivastava departing, emphasizing grooming internal talent. New malls like Citadel Indore surged in occupancy, while retail consumption hit a record high of INR 32.96bn, driven by categories like jewellery and gourmet and hypermarket. Company saw highest ever quarterly consumption while commercial office leasing reached 72% occupancy.

Business Update
-Top leadership like Rajendra Kalkar and Anurag Srivastava will be leaving Phoenix Mills to pursue opportunities outside. The company takes major efforts in grooming their 2nd and 3rd line of talent to take up leadership positions going ahead.
-All new malls are experiencing rapid growth in occupancy rate with the fastest one being Citadel Indore which went from 42% to 91% within one year of launch as on 31st Dec'23. Phoenix Palladium Ahmedabad is also expected to cross 90% by next FY. Phoenix Asia mall in Bangalore received the prestigious USGBC LEED Gold certification.
-On the retail front, company saw highest ever quarterly consumption at INR 32.96bn (+25%YoY). On a like to like basis, excluding the contribution from the new malls, consumption has grown at approximately 5%.The top performing category for Q3, FY '24 were jewellery, which showed an increase of about 19%, and gourmet and hypermarkets, which showed an increase of about 20%
-Company confident on achieving INR 115bn consumption mark for FY'24.
-On Commercial Offices front, gross leasing of 4.8 lakh square feet in year to date December 2023, with about 3.4 lakh square feet of new leasing and 1.4 lakh square feet of renewals. Commercial office portfolio is now leased up to 72%
Financial Performance
-Q3FY24, Consumption was INR 33bn (+25%YoY). Rental income at INR 4.47bn (+33%).
-Retail income stood at INR 4.47bn (+33%) (+5%like to like basis). Retail EBITDA for the quarter was INR 4.35 bn, up 27% compared to the same quarter last year, up 5% on a like-to-like basis
-income from commercial offices in quarter three, FY '24 was INR 500mn. This is up 17% as compared to quarter three of last year and total EBITDA stood at INR 280mn. It is up 27% over quarter three of FY '23.
-Total income from St. Regis hotel in Mumbai is up by 24% while Marriot in Agra is up by 20%.
-Gross booking and collections for 9m FY24 has exceeded the entire amount booked in FY23.
-Income from operations and EBITDA for Q3 rose by 44% and PAT increased by 69%.
-Gross debt at INR 42.28bn with average rate of interest at 8.78%.
Highlights from the Call
-The timelines mentioned for Mall construction completion are calendar years. Excavation was a challenge in Kolkata mall construction. Company's GLA is to increase by 250,000 sq. ft. in Phoenix Palladium at lower parel which will get completed by end of FY24 and operation in second half of the current calendar year.
-The company is looking to utilise the Thane land parcel for mixed use development of residential, commercial and hotel. The final plan on this is yet to be decided. The capex for this would be INR 100bn for land and FSI and another INR 13-15bn for construction.
-The management feels that it is more appropriate to track consumption growth as a CAGR over a three to five year period, as opposed to tracking it on a year to year basis. 15-18% CAGR is practical for consumption growth according to management.
-The rental for jewellery can be taken as 1.5-2% of consumption. Good growth in consumption of jewellery is expected.
-The company is in advance stages to close 4-5 transactions for retail mall addition in the next 24 months.
-The company post covid has 89% of fixed component in rental incomes and the remaining as revenue sharing.

Nirlon Ltd Q3FY24 Concall Highlight
CMP INR 442 Market Cap INR 39.83 bn

Nirlon Ltd reported strong Q3FY24 performance with 100% occupancy at NKP, renewals from EY and Adani Power, and a decision to stick with the old tax regime for maximizing benefits. The company's restructuring plans are underway. Growth is driven by escalations and renewals.

Business Update
-The occupancy rate of NKP is 100%
-EY has renewed approximately 39,000 space Adani Power renewed 9000 sq. ft.
-The company has decided to continue with old tax regime as the company has accumulated MAT credits of around 30cr which it will use to set off against its tax liabilities and the benefits seem to be greater for minority shareholders than the new regime.
-The board has approved Rs. 15 dividend/share i.e. 150% of the share value.

Financial Performance
-Q3FY24-Total income of 163cr(+6.2%YoY).
-EBITDA at 121 crs(+2%YoY) with margins of 78.93%.
-PAT at 52crs (-3%YoY) with margins of 34%.
-9m FY24- Total income of 453cr(+6%YoY) and EBITDA of 359 crs(+4%YoY). With margins of 79.198%.
-PAT at 154crs (+43%YoY) with margins of 34.8%.

Highlights from the Call
-The decision on restructuring is under way and it is not indicated that a conclusion may be reached in the next 1-2 quarters.
-Companys growth is driven by 2 factors i.e. escalation in rentals and renewals in case someone moves out.
-It is understood that Morgan Stanley will move out in phases in '24,'25 but the company has not received any formal communication for the same.
-The debt repayment plan is as follows- 5% each in year 6 to 10 and a bullet payment of 75% at the end of year 10.

G R Infraprojects Ltd Q3FY24 Concall Highlight
CMP INR 1203 Market Cap INR 116.32 bn

G R Infraprojects Ltd saw a decline in Q3FY24 revenue due to delays in appointed dates for new projects, leading to a 4.8% YoY decrease in revenue and a 10.77% decrease in PAT. Expectations for FY25 indicate stagnant to slightly negative revenue growth, with continued focus on diversification into transmission, rope, and logistics projects alongside asset monetization plans through InvIT, aiming for improved margins with a revenue target of 2k crore per quarter.

Business Update
-Company executed one HAM project with NHAI in Q3.
-the company has decent mix of 36 BoT projects of which 10 are operational, 13 are under construction and 13 projects are awaiting appointed dates.
-Company's order book value stood at INR 192.53 bn which include the executable order book value of INR 96.32 bn. Roads and highway development projects have 83% share in the order book.
Financial Performance
-Standalone Q3FY24, revenue from operations INR 18.06 bn(-4.8%YoY). This decrease was primarily on account of delay in declaration of the appointed dates in the new HEM projects which company won last year and year before. EBITDA margins at 12.62%(-13.44%). This decrease is primarily because of the increase in staff cost because of delay in appointed date and reduction in the realization of the operating revenue. PAT at INR 1.55 bn(-10.77%).
-Our EBITDA margin at group level has also decreased to 23.79% 31st Dec 2’3 from 27.14% to 31st Dec’22. PAT at consolidated level is INR 2.43 bn(-25%).
-Standalone Debt to equity of 0.16 time. Consolidated debt to equity of 1.01 times.
-Equity contribution to be made for our operational or under construction HAM projects, under construction HAM projects or other power transmission projects is INR 20.20 bn which is to be infused next 2.5 year of time of which we are expecting around INR 1.50 bn to INR 2 bn to be infused during the remaining part of the fiscal 2024.
Highlights from the Call
-The company’s guidance was that they may be having kind of 5% of growth in terms of our operating revenue but they may end flattish or maybe 4%, 5% lesser than what we have achieved last year because of the not declaration of the appointed date. The government is not giving appointed dates unless the land is properly acquired and all approvals are in place.
-The company is unsure of the claim made by the government to give 10k km of road projects in the current financial year and management feels that activity will pick up once the new government is form.
-The company expects 0% to -5% revenue for FY25. The margins of 12.5% are expected to continue in the next year.
-The company is targeting almost INR 2000 bn of bid and hopes to get INR 40-50 bn of it in this FY. For the next year, the target would be to get INR 150 bn of orders by bidding for almost INR 200 bn of pipeline which is visible. The company has received inflow of more than INR 200 bn so far in FY’24.
-As a part of diversifying into other than road, the company has almost completed a transmission project and a rope project. The company is also doing a multimodal logistics park.
-Pending equity requirement of the portfolio is INR 2.1bn, of which INR 1.5bn to be invested in Q4 of this FY and around INR 7-7.5 bn yearly for next 3years.
-Company’s asset monetization plan through InvIT is on track and is expected to launch in Feb or first week of March.
-If the company is able to cross INR 20 bn of revenue on quarterly basis, margins expected to be 13%.
-Company has done INR 0.80bn in this FY and is expected to do INR 0.2bn more by end of FY. Majority of the company’s capex right now is going into building its office building in Gurgaon which will cost around INR 2.5bn.
-The company plans to do INR 22bn of revenue in Q4FY24 with 14% EBITDA margin.

Ashiana Housing Ltd Q3FY24 Concall KTAs
CMP INR 304 Market Cap INR 30.57 bn

Ashiana Housing Ltd reported a decline in Q3 FY24 area booked to 3.35 lakh sq ft, with a value of 173.89 Crores. Limited inventory in Chennai and Gurugram impacted sales, but Q4 is expected to improve with new launches. Despite lower Q3 revenue, PAT increased to Rs 27.80 Crores, and the company plans to launch new projects, aiming to achieve presale guidance of 1500 cr for this FY with RERA approval for Ashiana Amara in Gurgaon.

Business Update
-Area booked in Q3 FY 24 was at 3.35 lakh sq ft as compared to 5.92 lakh sq ft Q2 FY 24. Value of Area Booked recorded at 173.89 Crores (Q3FY24) vs Rs 325.60 Crores (Q2FY24).
-Q3 had limited inventory to sell in Chennai and Gurugram and did not launch any new project in the quarter. New launches are expected in Q4 which will improve the situation.
-The company sees the next 2-3 years as bright with projects coming up in Gurgaon, Jaipur and 2 in Chennai. Gurgaon is expected to contribute significantly in terms of value due to sheer sales price when compared to the rest.
-The management says the business to be lumpy with large growth in some years and maybe no growth in the next year. The company had a great year overall this year, but had a bad third quarter because it didn't have enough launches.
-While the company expects margin expansion there are low margin projects being carried out.

Financial Performance
-Revenue of 189.25cr in Q3FY24 vs 351.02 cr in Q2FY24.
-PAT increased to Rs 27.80 Crores in Q3FY24 from Rs 27.35 Crores in Q2FY24. Improvement in PAT despite lower reported revenue due to change in mix of projects with higher margin projects delivered in Q3 and Sale of Marine Plaza Project in Jamshedpur (litigated non core asset) in Q2 with a loss at gross margin level.
-Pre – Tax Operating Cashflow at Rs 212.27 Crores in 9MFY24. The same was at Rs. 84.85 Crores in FY23
-Successful completion of first-ever buyback of shares (18,27,242 shares @ Rs. 301, ~Rs 55 Crores)

Other Highlights
-Three new projects are being planned to launch in Q4 with around 5-6lakh sq ft area.
-In next FY, the company has 3 projects to be launched with area of 30lakh sq ft but the company will launch it in phases the exact details of which shall be available in the next call.
-land available for future development, there is 30lakh sq ft project which is under some sort of litigation. Excluding this, company has around 1cr sq ft at an INR 6.5k per sq ft which makes it around 6.5k cr. Additionally, it has 1516 lakh square foot to sell between ongoing projects and completed unsold inventory as well. So that would be probably another 7800 crores over 6 years period.
-The company will be able to achieve its presale guidance of 1500 cr if it gets RERA for Ashiana Amara in Gurgaon otherwise it will be in 1250-1300 cr range.
-The company is hopeful to have GP margins of 30% next year.
-The projects that the company has signed in the last 2-3 years have shown better margins since the prices are higher than what they had underwritten the projects at. Projects that the company signed 2 years back are being sold around 30% higher.
-In terms of land acquisition pipeline, the co. has active term sheets in Bangalore, Jaipur, Jamshedpur in Gurgaon and one close to Mumbai.
-The company is issuing debentures to make payment for a transaction that they had gotten into 8-10 months ago and the company wants to have money available to do further transactions.
-Company's senior living projects sell in the range of 5k-7k per sq ft.

Om Infra Ltd Q3FY24 Concall KTAs
CMP INR 127 Market Cap INR 12.14 bn

With a large order book in hand and demonstrated track records and leading position in hydro and water infrastructure, company is well placed to capitalize on the opportunities in this space and post strong growth in coming quarters.

Business Update
-Q3FY24, e execution run rate remained robust across engineering segment and pickup in sales witnessed in real estate segment.
-Outstanding order book at 2500 crs looks healthy which is three times of our FY 23 revenues and provides good revenue visibility over next 2-3 years.
-The company won an arbitration award for a hrydro project and NTPC has paid 65% of the total claim amount of 46 cr.

Financial Performance
-Company's execution run rate has been improving consistently. 9MFY24 revenues of 818 crores(+81%) which is the highest ever in the history of our company. Profitability and net margins also improved. EBITDA margins of 7.8% and Profit margins of 5.3%.
-Engineering business with EBITDA margins of 11% and in hyrdo and water projects, margins of 18%.
-current outstanding order book of Jal Jeevan Mission (JJM) projects is 1490 crores, out of which 750 crores is from up and 740 crores is from Rajasthan. These two projects, once completed, will give us an incredible pre qualification for future projects in order to qualify independently for much larger projects over the next one two decades.

Key Highlights
-Unbilled revenue of 25 cr for which expenses have been booked.
-60% of the inventory is sold for the palace project and 330 cr have been realised for the same. The company has around 140cr of advances from this project for which it has to book revenue in the coming quarters. 100% of expense has been recorded for the same
-The company sees the slum rehabilitation project shaping up in next 12 months with DB realty. Company's net investment in this is around 20-25crs which It had done between 2006-2010.
-The company enjoys the benefits of entry barriers in hydromechanical business since it's difficult for the potential competitors to qualify.

Guidance for FY25
1200 cr of revenue and 8-10% of profits.

Arihant Superstructures Ltd- Q3FY24 Concall KTAs
CMP INR 367 | Market Cap INR 15.10 Bn

Anticipate to reach pre sales close to 1000 crores, with a projected CAGR of 25-30% in the coming years.

Financials
• Total Revenue stood at INR 1195 mn in Q3FY24 against INR 1090 mn in Q2FY24 (9.6 % QoQ/ 3.69% YoY)
• EBITDA stood at INR 263 mn (3.13 %QoQ), with margins of 22.01% v/s 23.39 % in Q2FY24.
• PAT came in at INR 156 mn (-3.10 %QoQ/ -21.75% YoY), margins at 13.05% v/s 14.77% in Q2FY24.
• Collection of INR 1,312 mn received in Q3FY24 (-4.02% QoQ).
• Total units sold in Q3FY24 stood at 483 compare to 365 units sold in Q2FY24.
• Q3FY24 value of sales came in at INR 2,521 mn (+13.6% QoQ)

Market outlook
• The inauguration of the Navi Mumbai Metro in the quarter boost demand for homes especially in Kharghar and Taloja micro-markets.
• The inauguration of Atul setu in January boosted demand, particularly in Panvel and the airport authority region.

Business Development
• Acquired a new project Ariant Anaika 7 which is adjoining to the Arihant Anaika township.
• The Project comprise of 10,000 square meter of land area which would comprise of 549 units spread across 3.73 Lakh sq. ft. having a revenue potential of INR 1.85 Bn
• Additional Land added to the project Arihant Aspire near ATAL-SETU (MTHL), to enhance development potential by 5 Lakh sq. ft. leading to an added revenue potential of INR 3.5 Bn
• Signed a new township project for 118 acres of land at Chowk to develop plots and villas.
• Arihant Aakarshan project now being renamed as Arihant Adarsh received Commencement Certificate from Panvel Municipal Corporation.
• This project would comprise of 778 Apartments spread across 5 acres having a development potential of 5.4 Lakh sq. ft. with a Gross Development Value of INR 2.7 Bn

Debt
• Company expects to add more debt for the next seven to nine months and plans to repay the debt over the span of next three to four years with positive cash flow yields from the projects.

Guidance
• Company expects EBITDA margins to increase further to 25-28% and even 30% after a couple of years.
• Pre sales guidance for FY25 around INR 1300 Cr and FY26 around INR1600-1700 Cr.

Other Highlights
• Commencement certificates for Arihant world villas at Chowk, Arihant Avanti at Shilphata and Arihant Anika 7 are expected to come by Q4FY24.
• Breakup of pre sales for Q3FY24- Aspire contributed around 90 crores, Aalishan around 43 crores, and Advika approximately 9 crores.
• Company plans to add another two more towers in Aspire project totalling to 10 towers now.
• Company expects to launch world Villas by end of April and plans to launch approximately 75-80 villas in the first phase.
• These villas are expected to be completed within 15 months from the start of construction.
• Expected IRR from Gym khana and hotel is around 15% on the investments totaling approximately 250 crores.

Outlook
The company intends to expand existing projects like Aspire with more towers. Overall, company remains optimistic about future growth driven by strong demand, a pipeline of new projects, and diversified presence.

Capacit'e Infraprojects Ltd Q3FY24 Concall Highlight
CMP INR 264 Market Cap INR 22.37 bn

Capacit'e Infraprojects Ltd achieved its highest-ever quarterly revenue and profit in Q3FY24, with a diverse order book and strong growth trajectory, targeting a 25% growth for FY25. Company is net debt free and plans to become gross debt-free in 7-8 quarters, and expects significant revenue contributions form Gujrat and Delhi as well

Business Update
-Q3FY24 has been milestone quarter in the company's history as we achieved highest ever quarterly revenue and profit after tax over the past few years. The company achieved its highest turnover, EBIT, PBT and profit after tax.
-Company received an overwhelming response for its 200cr QIP and has no plans for raising any further equity.
-The company is on the path of high growth phase backed by a diverse order book from distinguished clients in both public and private sector.
-Order book on standalone basis is 9670cr of which public sector is of 65%.
-Order inflow of 1720 crs for 9MFY24. Company has 2200 cr target for order inflow for this FY and it is well on track.
-Coming quarter is also expected to be the highest quarterly revenue.

Financial Performance
-Consolidated Q3FY24- Revenue 481cr(vs 443cr Q3FY23). EBITDA at 89cr (vs 90cr) with margins of 18.5%. EBIT of 63cr(vs 56cr) with margins of 13%. PAT at 30cr(vs 23cr) with margins of 6.1%(vs 5.1%)
-Gross debt at 345 crores with gross debt to equity ratio at 0.27. Net debt at 190cr.
-Working capital cycle of 123 days (vs 152 days Q2FY24) with intentions to further reduce it.

Highlights from the Call
-Revenue from CIDCO is expected to be 600-700cr with monthly run rate of 50cr from April.
-Company shall be bidding for public projects worth 29,000 cr in the next 4-5mnths. Private projects shall be by invitation and repeat orders are expected.
-The company has done capex of 6cr in Q4 and will be below 30 cr this FY and the company targets to keep it below 45cr to keep free cash.
-The company has 24 ongoing projects and is ready to take 5-6 more projects.
-The company has projects outside Mumbai as well. Its building headquarters for International finance centre (IFC) in Gujrat and a project worth 450cr in Noida. Contribution from these two states increasing significantly over the coming quarters.

Guidance
-Company expects a 12.5% EBIT margin due to indirect costs coming down due to increase in revenue and a 25% growth for FY25. The company has enough liquidity to fund its growth aspirations.
-The company is net debt free and the company wishes to go gross debt free in the next 7-8 quarters. It plans to do so by utilising its retention money of 100cr which it will get back since gurantees will come before 30th June and the company will be in strong position to claim advances. Company plans to reduce gross debt by 75cr in the next twelve months.

Genus Power Infrastructures Ltd Q3FY24 Concall Highlight
CMP INR 278 Market Cap INR 71.66 bn

Genus Power Infrastructures Ltd secured orders worth INR 161.85 bn for smart prepaid meters, with a total order book exceeding INR 200bn. Revenue surge expected from FY25 onwards, targeting a minimum of INR 25bn with EBITDA levels of 15-16%, and an expected revenue of INR 4 bn in Q4. Gross margins improved to almost 44%, attributed to new order service revenues.

Business Update
-Company has secured seven prestigious projects. Orders aggregating to approximately INR 161.85 bn net of taxes are for the installation of approximately 1.82 crore smart prepaid meters. In Q3FY 24, total order inflow of around INR 95.22 bn net of taxes.
-Company's total order book now exceeds INR 200bn (net of taxes), suggesting a positive outlook for future revenue growth. Fulfilment of these orders will commence only after a period of approximately six to nine months from the date of order because of time taken for formalities.
-The execution cycle of the current order book is about 27 to 30 months. Thus, it provides healthy visibility of our top line growth, particularly for FY 25 and 26.
-Company expects a significant surge in our revenue from Fy 25 onwards. Revenue of minimum INR 25bn to be achieved in FY25 with EBITDA levels of 15-16%. Company is expecting INR 4 bn revenue in Q4.

Financial Performance
-Q3FY24, Revenue at INR 2.58bn (+28.9%YoY) and a notable growth in revenue in Q4 is expected.
-EBITDA at INR 272 mn(+33%YoY). PAT at INR 135 mn(16.1%). Profitability in Q3 was impacted by substantial rise in financial financing expenses due to company's requirement to furnish additional bank guarantees in order to secure the large influx of orders
-Significant increase in employee cost and other expenses due to ongoing efforts to expand workforce. This is being done in anticipation of fulfilling substantial order book.

Highlights from the Call
-Gross margins have increased to almost 44% this qtr from 36-37% previously. This can be attributed to the service revenues from new orders like AMISP (advanced metering infrastructure service provider).
-Company is sitting on almost INR 5bn of cash and the management doesn't feel that equity requirement will be more than INR 3bn.
-Revenue recognition from Assam AMISP will start next month and the board approval for capacity expansion will be over and above the 1 cr capacity.
-the INR 100 mn of loss from associate entities is from the equity shares the company is holding in other companies like genus paper and these losses are adjustment of market prices.
-The service revenues from South Bihar project are being received within 30-45 days.
-The company will be following the new tax regime and applicable rate will be 25%.
-On working capital requirement, the company will be in need of non fund based limits. Company has already taken 50 million from DFC which is not yet disbursed.
-Out of the 100% order book, the 30% order book goes to the platform. As a financing arrangement, 45% is installation and supply, and 25% is the O&M. The 45% will come over 27-30 months and the 25% will come over 6-7 years.

Dhruv Consultancy Services Ltd Q3FY24 Concall Highlight
CMP INR 84.8 Market Cap INR 1280 mn

Dhruv Consultancy Services going forward has focus on international projects and large domestic ventures. Notable achievements involve bagging projects worth 126cr and forming a subsidiary in London for handling international business, anticipating significant orders. Corridor development project in Nepal, and bidding for substantial projects in Africa and UK contribute to future growth prospects.

Business Update
-Consultancy fees is around 10-15% of the project cost, and with Infrastructure in focus, there is a huge opportunity for the business. The company in its bids scores 95 out of 100marks, which helps them to strongly qualify in most of the bids for new projects.
-Company in FY24 has bagged projects worth 126cr.
-The company has unexecuted orderbook of 350cr which gives future earning visibility for 2-3 years.
-The company going forward is focusing on international projects and in the domestic projects it is looking at large ticket size projects worth 50cr and plus.
-The company has been shortlisted for a corridor development project in Nepal. The company is a lead partner in the JV for this project with 60% share. The other partner is a local player with execution part of the project with the Dhruv Consultancy. Request for proposal has been submitted and shall take 4months. This project is expected to draw in revenue worth 20cr.
-Company in process of forming a subsidiary in London, UK to handle all of the international business. Company is expecting significant orders from the international markets and all of it will be handled through this new subsidiary. 50% of manpower has to be taken locally for international projects and they carry EBITDA margins of 30%. The initial mobilisation cost is generally high for them which settles after a couple of months.

Financial Performance
-Q3FY24-2.1% uptick in the total income, a substantial 94.33% surge in EBITDA and an enhanced EBITDA margin of 21.73%.
-Net profit skyrocketed by 48.46% with net profit margins of 11.86% while basic EPS witnessed 48% growth.
-9MFY24- a marginal dip of 5.18% in the total income, EBITDA growth by 42.9% accompanied by an improved EBITDA margin of 20.84%.
-Net profit for nine months FY 24 reached 5.48 cr boasting a 15.93% YoY growth and the net profit margin of 9.56%. The basic EPS for nine months FY 24 at rupees 3.61 reflects an impressive growth of 15.34%.

Highlights from the Call
-The reason for significant improvement in bottomline is that several NHAI projects which started 2-3 years back and getting completed and profits for the same are being released and realised now.
-Promoters have sold their stake in the open market for unwinding of warrants. 10L warrants were issued to promoters at INR 63 a piece.
-The company has been bidding 80-100 cr single value projects in Africa and UK and this will help the company to reach the 500 cr order book target. Projects in Africa are funded by World bank, Africa Development Bank to avoid any currency problem.
-The largest project the company is handling is the Ganga Expressway which will bring revenue of around 22cr.

-The company has recently hired a VP-Business Development who is leading the international front and atleast 1 assignment is expected before this FY. The company has a very low attrition rate of 4% and takes strength in its manpower.
-In supervision projects which form a major part, 80% of revenue are received in the first 3 years during construction and the remaining 20% revenue is received in 4th and 5th year during the defect liability period.
-The company is issuing warrants to the promoter and the promoter group in 9 lakh shares
-10% of revenue is coming from feasibility report and project report. Project management consultancy where the company does supervision is 85% of the revenue and in this the company claims bills on a monthly basis and receives payment within 45-60 days. The remaining 5% of revenue comes from techno advisory where payment is received in one shot.
-From the announcement of the project to the appointment of consultant, it takes six months.
-The current working capital, non fund based is 36 cr while the fund based is 9cr.
-In case the government bags an international order, there would be a very big surge in revenue otherwise 10-15% growth can be assumed. And if the international order comes in, EBITDA margins are also expected to rise by 15-20%.
-The company has to give performance bank guarantee of 3% of the consultancy fees.

KEC International Q3FY24 Concall Highlights
KEC International | CMP: INR 660 | Mcap: INR 169.64bn

Order book of INR 380bn (~2.2x of FY23 revenue) shows business visibility.

The margin is expected to be 7% by FY25E.

Revenue
Revenue growth is expected 15%-16% in FY24E.

Margins
EBITDA margins are around 6.2% in Q3FY24. Margin improvement is expected on a QoQ basis in Q4FY24. EBITDA Margin is expected to be ~7% by FY25E.

Order book
The order book stood at INR 301.61bn with an additional L1 of INR 80bn as of Q3FY24.

The order intake is INR 128.5bn and L1 of INR 80bn as of 9MFY24. It is challenging to achieve earlier guidance of order intake of INR 200-250bn in FY24E.

All the legacy orders will be complete in Q1FY25E.

The company is taking orders selectively. Railway orders are slowing down.

Capex
Around INR 600mn capex is expected for the Vadodara cable plant for aluminum conductors. The CAPEX is majorly to capitalize on the sustained demand for renewable energy and transmission lines. The capex will be completed in the next few quarters and majorly internal consumption.

Dubai facility capacity stood at 50,000 tonnes and is expected to increase to 60,000 tonnes with debottlenecking capex of INR 100mn.

Interest cost
Brazil's central govt raised interest rates by 25 to 50 bps last year. Brazil's interest rates are still at high levels and are not expected to come down in the next 2-3 quarters.

Interest cost in terms of sales stood at 3.3% as of Q3FY24.

New product launches
The company has developed EV charging cables and green cables.

Advance
African projects have an advance of 15%-20% of project cost and the Middle East & India has around 10%.

Dubai
Dubai order book plus L1 stood at INR 65bn.

Dubai entity topline is around INR 15bn and margins are around 8%-10%.

Working capital
Working capital days are expected to be 110 days by Q4FY24.

Most of the collections are expected in Q4FY24.

Debt
Debt is expected to be INR 50-52bn in FY24E.

Other highlights
The company is continuing to explore opportunities across Asia Pacific, East Asia, SARC, and African countries.

The company has quoted 30-35 tenders for transmission lines.

The Red Sea issue has higher freight costs which impacted supply chains.

The company has focused on manufacturing aluminum conductors due to supply chain issues.

Outlook: KEC international has an order book of INR 380bn (including L1) shows revenue visibility over the medium term. EBITDA margins are expected to be 7% in FY25E. the refinancing in Brazilian loans would reduce the interest cost and improve the bottom line going forward. The traction from T&D, Vandhe Bharat trains, Renewables, Data centers, and refineries is expected to drive the business going forward. We have a “BUY” rating on the stock with a Target Price of INR 740 based on SOTP.

J Kumar Infraprojects Ltd Q3FY24 Concall KTAs
CMP: INR 643 | Market Cap: INR 48.65 bn

Financials

- **Revenue from Operations for Q3 FY24 grew by 15% to ₹ 1,219 crores as compared to ₹ 1,062 crores in Q3 FY23.**
- **EBITDA stood at INR 1790 Mn in Q3FY24 as against INR 1520 Mn s in Q3 FY23 with a increase of 18% YoY/ 14% QoQ.**
- **EBIDTA margins increased by 40 bps YoY (up by 20 bps QoQ) to 14.7%**
- **PAT stood at INR 830 mn for Q3FY24 up by 16% YoY/14% QoQ.**
- **The working capital cycle has been reduced from 138 days to 130 days.**

Order Book and Inflow

- **Received orders worth Rs.8061 crores in 9M FY24, anticipates reaching a total order inflow of INR 10,000 crores by the end of FY24.**
- **Total order book stands at Rs.16,744 crores.**
- **This includes metro projects (30%), elevated corridors (34%), roads and tunnels (25%) and others (12%).**
- **Expects an order inflow of around INR 6000 to INR 7000 crores for the upcoming year**
- **Plans a bid pipeline of approximately INR 30,000 to 35,000 crores in the next six to nine months.**

Capex

- **Additional capex beyond routine maintenance, aiming for 250 to 400 crores in the next two years.**
- **Anticipating INR 250 crores of capex next year, mainly for GMLR project.**

Debt

- **The current debt stands at 622 crores, aiming for less than 650 crores by FY 25.**

Guidance

- **Guidance for FY24 is around 15% growth, with revenue of around INR4800 crore and an EBITDA margin of 14% to 15%.**
- **For FY25, the company aims for a revenue growth of 16% to 17% and an EBITDA margin of 15-16%.**

Highlights

- **Bidding for various projects including delhi/ agra/ pune metros, tunnels, and some building projects of railway stations and hospital buildings.**
- **Looking to bid on more tunnel projects of MRTH and NSRDL which currently in the pipeline.**

Outlook

The company has strong order book, healthy bidding pipeline, and expectations of 15%+ growth in revenues and improving profitability margins. The company is focused on complex and niche infrastructure projects.

GPT Infra Q3FY24 Concall takeaways:
CMP: INR 199 | Market Cap: INR 11.6 bn

Short Summary: Company focus is into infra -90%, concrete sleepers-10% of business. Concrete Sleepers: forayed also into African countries like Ghana, Namibia etc. Expects to grow Rev by 27% in FY24 and maintain a cagr of 20-25% guidance over the next 3 yrs mainly backed by NIP push of govt of India. Long term EBITDA margin guidance of 12-13% and RoCE of 20%. Book to build ratio always try to maintain at 3+. Looks like a small but efficient, margin and RoCE focussed infra play.

Other datapoints:
Received INR 65 cr via vivaad se vishwas arbitration.

EBITDA to cashflow conversion in LT to be in 85+% range.

Expecting INR 4bn in Q4 worth of orders or more due to L1 in these contracts. FY24 to close with order book of INR 33bn and FY25 at INR 40bn ish.

Rating upgrade expected from CRISIL.

Aspire to bring LT wc days to double digit

FY25 interest cost to be INR 26cr

Co on own merits can bid for contracts as high as INR10bn, bear in mind the recent INR 7bn win

Debt as of Dec 31 was INR2.3bn, which is now at INR 1.9bn

IRB Infra Q3FY24 Concall KTAs
CMP INR 68.3 | Market Cap INR 412.52 Bn

Financials
• Net Profit stood at INR 1.87 Bn in Q3FY24 as against INR 1.41 Bn in Q3 FY23 with an increase of 33% YoY.
•EBITDA for Q3FY24 stood at INR 9.78 Bn up by 22% YoY.
•Total Income grew by 32% YoY to INR 20.77 Bn in Q3FY24 vs INR 15.70 Bn in Q3FY23.
•Interest cost increased to INR 4.33 Bn as against 3.67 Bn up by 18% YoY.
•Cash profit increased to INR 4.89 Bn as against 3.69 Bn, an increase of 33% YoY.
•Declared 2nd Interim Dividend of 10% (Face Value of Re 1) for Q3FY24

Project Updates
•The company has secured the TOT-12 project for the Lalitpur - Lakhnadon stretch of NH 44 in Madhya Pradesh.
•Involves upfront consideration of INR 4,428 crore to be paid to the NHAI for revenue in concession period of 20 years.
•Another TOT-13 project for Kota Bypass and Cable Stay Bridge stretch of NH76 in Rajasthan, involved an upfront consideration of INR 1683 crore for revenue in concession period of 20 years.

Interest cost
•The interest rate has been reduced from 9.7% to 8.6%.
•This reduction results in a saving of 110 basis points, translating to approximately 400 crores over a four-year period with amortization spread over the next five years.

Order Book
• The quarter witnessed approx 25% YoY rise in aggregate toll collection of Company and its Associate Private InvIT (Rs.1,373 Crs in Q3FY24 vs Rs.1,099 Crs in Q3FY23)
• The EPC order book stands at approximately 7000 crores.
• The executable order book for the next two years including both EPC and OM is close to 10,000 crores, ensuring robust construction revenue visibility.

Key highlights
• IRB project portfolio (including Private and Public InvIT) has 26 road projects that include 18 BOT, 4 TOT, and 4 HAM projects.
• IRB Infrastructure Trust, the Private InvIT Associate of the Company declared 2 nd Distribution of Rs.288 Crs (IRB's share 51%).
Expects momentum towards BOT model after the budget which will open up significant new opportunities.

Outlook
New orders wins, arbitration awards, strong traffic recovery and their focus at refinancing to improve cash flows suggests an overall positive outlook.Execution of existing orders and participation in new BOT projects are expected to fuel growth. NHAI looks to give a substantial Boost to the BOT model to bring private capital. The bid size for the upcoming projects is estimated at 2 trillion rupees over the next 1-2 years, indicating a promising future for the company.

GMR Airports Infrastructure Ltd Q3FY24 Concall KTAs
CMP INR 78.5 | Market Cap INR 474.31 Bn

Financials
- Total Income grew by 24% YoY to INR 23.5 Bn in Q3FY24 vs INR Bn in 19.22 Q3FY23, driven by traffic growth.
- EBITDA for Q3FY24 stood at INR 7.9 Bn up by 16% YoY.
- Total Traffic grew by 16% YoY to 28.2mn in Q3FY24.
- EBITDA margin for the quarter was at 46%.
- Passengers at Hyderabad traffic was up 17% YoY and 5% QoQ to INR6.3 million passengers.
- Passenger traffic at Delhi rose 9% YoY and 6% QoQ to about INR18.8 million.
- Goa traffic rose 34% QoQ to INR1.2 million passengers.

Acquisition
- GMR Airports Limited acquired an 11% stake in GMR Hyderabad International Airport Limited (GHIAL) from Malaysia Airports Holding Berhad (MAHB), increasing its shareholding from 63% to 74%.

Fund Raise
- GAL Raised INR1950 crores through three-year senior unsecured bonds, refinance existing debt.
- Another INR800 crores raised through unsecured listed rated Non-Convertible Debentures (NCDE) in December 2023.
- Goa Airport raised INR 2,475 crores through NCDs, to refinance existing project finance debt and support expansion.
- Bhogapuram Airport secured INR 3,215 crores in debt with an 18-year tenure and entered into binding agreements with NIIF for an investment of up to INR 675 crores in the form of CCDs.

Airport Operations and Expansion
Delhi
- The airport is in the process of filing a multi-year tariff proposal for its fourth control period starting from April 1, 2024.

Hyderabad
- Hyderabad has already got the tariffs, expecting to increase further.
- The current tariffs for Hyderabad airport are INR 400 for domestic and INR 700 for international, with plans to increase to INR 1300 next year.
- Next year, Hyderabad airport is expected to generate a substantial amount of free cash.

FNB business
Goa Airport secured contracts for duty-free, car park, and the FNB (Food and Beverage) business, managed by the joint venture company of GMRF.

Outlook
The company is focused on capturing high-margin business and increasing profitability. The completion of expansion plans at existing airports reflects the company's proactive approach and anticipated increases in passenger traffic, positioning it for future growth and success in the aviation industry.

Rites Ltd Q3FY24 Concall KTAs
CMP INR 701 | Market Cap INR 168bn

Outlook: Rites ltd had sequential growth in the quarter but overall the performance in FY24 has been flat as compared to FY23. Margins have remained flat. New export orders are coming in for the company and has also received many new consultancy projects. Next two quarters are expected to remain flat with further drop in margins. FY25 is when the company will start seeing revenue inflows from these orders and projects.

Key highlights:

- **Revenue stood at INR 7000mn (+15% QoQ/-1% YoY)**
- **EBITDA stood at INR 1710mn (+23% QoQ/-12% YoY), margin of 25%.**
- **PAT was at INR 1290mn (+17% QoQ/-12% YoY), margin of 18.4%.**
- **Project consultancy revenues have grown sequentially by 5% QoQ/21% YoY.**
- **3rd interim dividend announced of INR 4.75/share.**
- **First export order in 4 years of INR 3000mn.**
- **Order book at INR 54bn.**
- **100+ orders in Q3 of about INR 6120mn, moving towards one order a day company.**
- **The management feels historic margin levels will be difficult to be maintained as there is increased competitive biddings for orders.**
- **The company has set the FY23 performance as benchmark for FY24 and FY25 and will work accordingly to achieve same level of growth and margins.**
- **Export orders and consultancy orders received in this FY will start generating revenue from next year.**
- **The company has bid for a number of tenders across geographies in Southeast Asia, in Africa, and aiming to penetrate the Latin American market also. Healthy uptick export order book expected. Revenue inflow expected from Q2FY25.**
- **The company's main focus always remains on project consultancy and export revenue.**
- **The recent infrastructure Capex is a golden opportunity for the company to excel in rail corridors like mineral cement, port connectivity, and high-density route decongestion. The expertise in tunnel and bridge engineering positions the company for strong growth in various sectors, including metros and airports.**
- **The company is working on ropeway projects like Shillong ropeway and Katra ropeway. Government's investment plan in ropeway sector is an opportunity the company looks to build upon.**

Macrotech Developers Ltd| Concall KTA Q3FY24
CMP: INR 1038| Market Cap: INR 1000.73 Bn

Fianancials
- Sales increased by 12% YoY, reaching Rs 34.10 billion, despite adverse seasonality.
- Adjusted EBITDA amounted to INR 10.75 bn (90.3% YoY) with margins for the quarter around 37%.
- Adjusted profit after tax stood at 5.68bn, expected to increase as revenue recognition aligns more closely with operating performance.
- Three projects with a Gross Development Value of Rs 60 billion, surpassing full year guidance.
- Collection declined 3.3 % YoY growth, totaling Rs 25.9 billion.
- Price growth of about 4% year to date, targeting a yearly price growth of 5% to 7%.

Net Debt
- Net debt remained relatively stable at approximately 67.50 Bn.
- Aims to limit net debt at 0.5 times Debt to Equity and 1 times Debt to Operating Cash Flow.
- Cost of funds decreased 10bps QoQ to around 9.5%.

Land sales
- Signed definitive agreement with NewCold, a global leader in automated warehouse and cold chain logistics, for the sale of land at Palava for INR 1.5 billion.
- Completed the sale of land to Panama Petrochem, petroleum product manufacturer, at approximately INR 65 million per acre.

Regional Growth
- Residential market in Bangalore is roughly valued at 600 Bn, growing at 18% over the last four years.
- Aim to achieve a business run rate of about 30 Bn in the next three to four years in Bangalore.
- Ongoing projects in Bangalore, one located in north Bangalore near Maniata Tech Park (built by Embassy) and another in south Bangalore off Banerata road, expects Gross Development Value to exceed 30 Bn.

Construction Costs Overview
- Mid-income housing construction costs range between Rs 3000 to Rs 3500 per square foot.
- Premium housing are approximately 20% to 25% higher than mid-income housing and luxury housing are double those of mid-income housing.

Annuity Portfolio
- Focused on building a growing annuity income stream with mid- to high-teens ROE.

Key highlights
- Anticipated annualized rental income expected to be approximately INR 15 billion, manily from warehousing, office, retail and the facility management.
- Company will consider to raise capital when necessary for highly attractive opportunities.
- Strong demand for developments in Palava, with increasing interest in premium products and a broader mix of consumers and easy connectivity to Aroli and Bkc.

Outlook
Demand conditions remain strong and optimistic about future opportunities in the real estate sector. Company focus on premium segments in Bangalore and scale up aggressively to capture the growth opportunity. The company is based on strong performance, positive industry trends, and expansion in a key high growth market.

J.K. Cements – Q3FY24 Concall KTAs
CMP: INR 3979 | Market Cap: INR 307.43 Bn

JK Cement delivered a strong performance in the Q3 FY24, supported by increased volumes and reduced costs.

Financials
• Net sales grew by 9% QoQ and 18% YoY to 26.90 bn.
• EBITDA stood at 6.08 bn +36% QoQ and 147% YoY as compare to 2.46bn in the previous year.
• EBITDA margins increase to 22.6% in Q3FY24 as compare to 18% in Q2FY24.
• PBT stood at 4.15 bn +69% QoQ and 363% YoY as compare to 0.90 bn in the previous year.
• Earnings per share in Q3FY24 also significantly appreciated by 62.25 % QoQ to 37.40 from 23.05.
• The company commissioned a 1.5 million ton grinding unit at UJN during the quarter.
• Work on a 2 million ton grinding unit at Prayagraj is in an advanced stage, expected to be commissioned in the July-September quarter.

Capex
• The new expansion project plan includes a 3.3 million ton clinker line at Panna (line number two) and a 6 million ton grinding unit.
• The 6 million ton grinding capacity expansion consists of 3 million tons from a greenfield project in Bihar.

• Additionally, 1 million ton grinding capacity will be added through modifications in existing systems at Panna, Prayagraj, and Hamirpur.
• The total capex for the same is 28.50 Bn. It will be funded through debt (INR 18.50 bn) and internal accruals. Spent till date is 9.00 bn and this fiscal year, the capital expenditure is expected to be around 12 bn.
• The project is on target to be completed By FY26.

Volume
• With 75% capacity utilisation, The grey cement volumes amounted to 4.15 million. The blended ratio was reported to be 66%,the trade mix constituted 62% and the premium products accounted for 12% of the trade volumes.
• With this expansion, the company is expected to reach an overall installed capacity of 30 million for grey cement by the fiscal year 2026.

White Business
• In the white business, particularly in the putty segment, there is intense competition.
• Despite facing strong competition, the white business has shown growth of around 5% YoY
• The white cement segment is relatively stable, remaining flat and the company anticipates EBITDA margins to be in the range of 15% to 18%.

Paint Business
• The company has already achieved a turnover of over 100 crores in the nine months.
• Anticipates achieving positive EBITDA in the FY26, coupled with a top line ranging between 400 to 500 crores, as the results of brand development.

Birla Corporation Ltd Q3FY24 Concall KTAs
CMP INR 1529 |Market Cap INR 117.73 Bn

Previous guidance aimed for 15% volume growth, adjusted to around 13% solely due to market conditions, unaffected by the company's ability to serve.

Financials
- Revenues reached INR 23.28 Bn, showing a 15 % YoY growth.
- EBITDA for Q3FY24 stood at INR 3.95 Bn, as compare to INR 1.52 Bn in Q3FY23 up by 159.9% YoY.
- Net Profit amounted to INR 1.09 Bn in Q3FY24, compared to loss of INR 0.50 Bn in Q3FY23.
- Cement sales by volume at 4.2 million tons up by 13.2% YoY.
- Total cost per ton of cement production for the quarter stood at Rs 4,375 a decline of 8% YoY and 3% QoQ.

Mukutban Project
- Mukutban crossed the 200,000 ton mark in sales and dispatches in January 2024 (earlier expected to be achieved in March 2024)
- Mukutban meets the demand of its local market in the surrounding areas.
- Capacity utilization at Mukutban has reached to 60%.

EBITDA Margin
- The company expects to maintain its EBITDA margin target of INR 850 per ton

Other Highlights
- Presence in Gujarat have substantially increased, with sales surpassing one lakh tons.
- In key markets such as in Uttar Pradesh and Madhya Pradesh, company has maintained its market share and effectively improved premium in those markets.
- Overall, the share of premium brands now stands at 52%, with almost equal volume of both value and premium brands, and increased of 7% YoY.
- Project Shikhar aims to enhance operational efficiency and reduce costs, resulting in savings of Rs 55 per ton in cement production.
- Efforts are underway to enhance efficiency by reducing auxiliary consumptions on the CPP and WHRs, with green energy contributing around 23.3% last quarter.
- Aim to increase solar installations, with the goal to reach to the level of 29% to 30%
- Fuel prices have seen a sequential drop of 10% compared to Q2, expects to remain at similar levels around 1.58 in Q4.
- The company maintains a clear policy of sustaining a maximum debt to EBITDA ratio of 3.

Outlook
The company is enhancing it’s focus on Cost reduction efforts both at the level of variable costs as well as fixed cost, thereby trying to drive further cost reductions. The company forecasts Increase in Volume growth as well as improved profitability at the Mukutban Plant

Orient Cements Q3FY24 Concall KTAs
CMP: INR 277 | Market Cap: INR 56.80 Bn

Financials
- Revenue from operations stood at INR 7.513 Bn (2.5 % YoY/ 4.26 %QoQ)
- Net Profit for Q3FY24 was INR 0.44 Bn vs INR 0.24 Bn in Q2FY24 (63.5 % YoY/ 82% QoQ)

Pricing
- Prices experienced a slight increase at the beginning of the quarter but returned to September levels by the end.
- Power and fuel costs decreased by Rs157 per ton YoY and Rs 87 from Q2 due to softening prices.

Volumes
- B2C volumes in Telangana dropped by a significant 29% in Q3
- Growth in demand primarily comes from the B2B segment, particularly in OPC due to infrastructure projects.

Capex
- CapEx for FY25 and FY26 expected to be around INR 2,000 crores.
- The company plans to use about INR1,200 crores of debt to fund CapEx.

Net Cash
- Company maintains low net cash level.
- Chittapur construction project loan is almost fully repaid, with remaining INR 37 crores settled in January.
- Strategy focuses on minimizing borrowing for a debt-free balance sheet.

Other Highlights
- The company's premium brands are steadily increasing their market share, now exceeding 20-22%.
- Maharashtra remains the company's largest market, constituting around 60% of total sales.
- The company's state mix currently comprises 64% from the West and 27% (slight decline from previous levels) from the South
- Realization in Q3 was INR5,400 per tonne, up by 5% YoY and 7% QoQ.
- The company's preferred mix consists of approximately 60% B2C and 40% B2B.

Outlook
Company Focuses on increasing B2B sales and enhancing the premium product mix to drive profitability. Company will continue to prioritize premium products to boost margins and enhance brand value. Sustainability remains a key focus, with commitments to using renewable energy sources for long-term environmental and operational benefits

HIL Q3FY24 Concall KTAs
CMP: INR 2,729 | Market Cap: INR 20.6 Bn | Promoter: 40.57%

[Arihant Capital]

Operating Performance (Consol):
- Revenues came in at INR 7.84 Bn (+8.44% QoQ) (+2.23% YoY)
- EBITDA margins came in at 2.11% (Vs 0.42% QoQ) (Vs 6.57% YoY)

Key Highlights of the call:
- Early signs of QoQ and YoY improvement in volumes (slow but encouraging)
- Company faced pricing pressure in India and sluggishness in Europe.

Flooring:
- Capacity of 15 Mn SQM in total. Parador registered operating profits of INR 10 Mn
- Gaining market share in European markets, winning newer deals in North America, China and ME.
- Order intake is outpacing current turnover. 6-7% QoQ topline growth
- 150+ designs to be launched in Parador. Current inventory at lowest levels
- Parador cost rationalisation mostly done. Costs have bottomed out, Orderbook currently worth EUR 12-14 Mn per month (can do INR 3.15-3.25 Bn in Q4).
- Parador has material costs of 59%, this quarter had employee cost of INR 670 Mn and other expenses of INR 590 Mn
- In India flooring business, some hesitation observed in rural markets post Diwali, weather was also a factor. Company expects vibrancy to come back Feb onwards
- Engineering goods – sluggish demand

Roofing:
- Total capacity of 1.1 Mn tonnes per annum, brand of Charminar. FY23 market share of 22%, FY24 to be ~23.7%
- 1% volume growth, 5% NSR growth YoY. 24% market share currently
- Volume and price growth expected in Q4, company is introducing newer products
- YTD, 2-4% off peak margins. Input costs relatively stable, pricing is the problem due to hesitation in rural markets.
- Aim to do 12.5% margins in FY24, costs optimised completely now

Polymer:
- Pipes and Fittings capacity of 33,000 tonnes, Putty capacity of 274,000 tonnes
- Delivered highest quarterly volumes in Q3. INR 159 per Kg realisations. 40% of sales in cPVC
- Company feels PVC and cPVC prices have bottomed out and aiming for double digit growth going forward
- Aiming for 4-5x growth in polymer business, opening institutional sales now
- Putty business, company is relining sales team, profitability has improved.
- Construction hemicals: growing month on month. YoY growth 100%, company is expanding in south

- Construction chemicals + Putty topline of INR 560 Mn for Q3 and INR 1.45 Bn for 9MFY24
- Company is breakeven at construction chemicals business

Building:

- Capacity of blocks of 1.1 Mn CBM, Boards and Panels of 230,000 MT per annum.
- Blocks grew 14% volume YoY but value wise flat.
- Margins soft due to pricing pressure and high competition. Construction bans were ongoing in various places in the country. Expecting normalcy Feb onwards. Margin improvement should play out from Q2FY25
- Blocks had margins of 8%, off by 3-4%. Blocks had 15% volume growth YoY, Panels had 4-5% volume growth and Boards were Flat. Panels have healthy margins
- 90% capacity utilisation in building materials
- Phase 2 of Balasore capex in Panels will come up soon, Boards capex will be in 2-3 years.

Outlook: Company believes all businesses are on positive trend. Parador can do INR 3.15-3.25 Bn of toplne in Q4 with 5-7% EBITDA margins. Parador can beat India Flooring business in 12-18 months. Company maintains full year EBITDA margin guidance of 12%. For this, company expects roofing to deliver 15% EBITDA margin. Overll, targeting doubling revenues by FY27. At CMP, company trades 16.4x TTM EV/EBITDA.

Star Cements Ltd Q3FY24 Concall KTAs
CMP INR 196 |Market Cap INR 79.30 Bn

The company is strategically positioned to achieve growth with a targeted 8-10% increase in the upcoming quarter. The company aims to leverage SGST benefits at the Guwahati plant, explore future incentives, and ensure strong financial management to drive growth and financial stability.

Financials
• Total Revenues reached INR 6.55 Bn, a increase in 10%QoQ/4.23% YoY.
• EBITDA for Q3FY24 stood at INR 1.53 Bn as compare to 1.20 Bn in Q3 FY23 (27.5 % YoY).
• Profit after tax amounted to INR 0.74 Bn in Q3FY24 as compare to 0.53 Bn in Q3 FY23 (39.04% YoY/ 80% QoQ).

Production and sales
• Clinker production in Q3 FY24 was 7.37 lakh tonnes from 7.39 lakh tonnes in the same quarter last year.
• Cement production in Q3 FY24 increase to 9.82 lakh tonnes, than 9.22 lakh tonnes in the same quarter last year.
• Cement Sales volume in Q3 FY24 reached 9.66 lakh tonnes, higher than 9.08 lakh tonnes in last year.
• Clinker Sales volume in Q3 FY24 reached 0.03 lakh tonnes with no clinker sale last year.
• Geographical distribution of cement sales 7.32 lakh tonnes in Northeast against 6.62 lakhs ton during same quarter last year.
• Sales of cement outside the North-East region decreased slightly to 2.38 lakhs tons compared to 2.45 lakhs tons last year.
• The blend mix consists of 10% OPC and the remaining portion is PPC.

Capex
• As of December, around 330 crores have been spend on constructing the Guwahati plant.
• An additional capex of about 55 crores is projected for Q4.
• Total anticipated cost revised lower to about 385 crores, down from the initial estimate of 430 crores.
• The Lumshnong CapEx, initially estimated at INR1,300 crores, had INR850 crores spent by December, with an additional INR200 crores planned for next two quarters, aiming for completion within INR1,250 crores, below the original projection.
• In Silchar, INR20 crores spent solely on land acquisition.

Pricing
• Pricing has improved in the Northeast by around INR 7, but dropped outside Northeast, notably in Bengal and Bihar by INR15-20.
• Premium percentage increased to 6.5% from 4.5% compared to the same quarter last year.
• The premium growth in Q3 reached 47%.

Capacity Utilization
• Current capacity utilization stands at approximately 47%- 48%, with expectations for improvement in Q4 to reach around 52%.

Other Highlights
• Initial trials for the Guwahati grinding unit have commenced.
• The clinker plant is planned to be commissioned on March 31st of the current year.
• The SGST benefit from the new Guwahati grinding unit is projected to generate an annual benefit of INR150 crores for the next five to seven years.

ITD Cementation Ltd | Q3FY24 Concall Highlight
CMP INR 340 Market Cap INR 58.36 bn

Company's financial performance is going strong with operational income up by 52%YoY and securing orders worth 1.3k cr this quarter, surpassing FY23 turnover. focus on marine opportunities and Southern India for tunneling projects, targeting 20-25% growth with 8-10k cr order inflow guidance for next year, and sustaining margins around 10.3%.

Business Update
-50-53 ongoing projects worth 20k cr of which the top 10 projects are worth around 15k cr. A large contribution comes from Ganga expressway followed by Chennai metro and Bangalore metro. A ship unloader ordered to a Chinese company has reached site.

Financial Performance
-Q3 operating income at 2017crs (+52%YoY). EBITDA margins of 10.9% at 220cr(+87%). PAT of 79crs(+113%YoY). Net debt to equity is 0.3x
-Orders worth 1.3k crs secured in this qtr. The revenue for 9m FY24 has surpassed the total turnover of FY23.
-2k cr revenue achieved. 6k cr plus worth of jobs this year.

Highlights from the Call
-Revenue is coming from the new projects with the contribution of legacy projects almost out of the system.
-Bids for BOT order worth 12k cr submitted or to be submitted.
-Capex to be in the range of 200-250 crs.
-Company to go all out for marine job opportunities while preferring Southern India for tunnelling projects.
-Company targeting growth of 20-25% and around 8k cr of order inflow this year and guidance for next year is 8-10k cr.
-Margins to continue in the range of 10.3% going forward.
-Gross debt on 31st Dec 2023 was 860 cr at a cost of around 10-10.5%
-Entry barrier business like underground metro, tunnelling share of order book has increased from 67% to 73% this year.
-Net working capital in terms of number of days has improved in this quarter with around 80-85 days.
-Company will be eligible to bid for the shipping terminal in Andaman whenever it happens.
-Depreciation historically has been 2.5-3% of the revenue and net debt as of December was 400 crs.
-Competition abroad in maritime projects is mostly by Japanese and Korean and they don't come for jobs below 5-6k cr. So this is the space the company is eyeing for. Company competes with these international players on operational costs front which company can do much cheaper.
-With the government's focus on developing airports, tenders for the same will be out after election and the company is proactively looking.

The Ramco Cements Ltd Q3FY24 Concall KTAs
CMP INR 900 |Market Cap INR 212.66 Bn

Volume guidance for Q4 is about 5 million tons, projecting an annual total of 17.5 million tons with expectations to reach 19-20 million tons by FY25.

Financials
• Revenue from operations for Q3FY24 stood at INR 21.13 Bn, up by 5% YoY and down by 10% QoQ.
• PBT stood at INR 1.35 Bn in Q3FY24 against INR 0.97 Bn in Q3FY23 and INR 1.38 Bn in Q2FY24. (39% YoY/ -2% QoQ.)
• PAT for Q3FY24 stood at INR 0.93 Bn, up by 39% YoY and down by 8% QoQ.
Market Outlook
• Extreme heavy rainfall and flooding from cyclone "Michaung" impacted cement demand in Tamil Nadu and Andhra Pradesh.
Expansion
• Company plans to double clinker capacity in Kolimigundla to 6.30 MTPA and cement capacity to 3 MTPA with 15 MW of WHRS at an estimated project cost of Rs.1,250 Crores, scheduled for commissioning in FY26.
• By FY26, the company's total installed capacity is projected to increase to 19 MTPA for clinker, 26 MTPA for cement and WHRS capacity of 68 MW.
• Capacity expansion projects for dry mix products in Andhra Pradesh and Orissa, along with the grinding plant in Orissa increasing to 1.8 MTPA, are set to be commissioned in March 2024.
• The railway siding in Kolimigundla will be commissioned in June 2024.
Capex
• In Q3FY24, the company spent INR 385 crores on ongoing capital expenditures.
• FY24 capex guidance was revised to INR 2000 crores due to increased expenditures on debottlenecking and accelerated land acquisition for the Bombana Hali project.
• The capex guidance for FY25 is set at INR 1700 crores, primarily funded through internal accruals.
Net debt
• As of December 31, 2023, net debt amounts to Rs. 4,993 crores, including working capital borrowings.
• The net debt to EBITDA ratio stands at 3.22 times.
• The average cost of debt for 9MFY24 increased to 7.82% compared to 6.16% in 9MFY23, attributed to rising market rates.

Other Highlights
• The current spot CIF prices for pet coke range from $118 to $120, with pet coke consumption standing at 51% for the quarter.
• The reduction in fuel prices and the strategic shift of wind power sales to captive use have effectively lowered overall power costs.
• Increased clinker capacity by 0.65 MTPA at Kolimigundla and 0.35 MTPA at Ariyalur through pyro process optimization, bringing the total installed clinker capacity to 16 MTPA.
• Premium product share increased from 26% to 27%.
• Cement utilization rate in Q3FY24 increase to 74% from 70% in the corresponding period.

Outlook
The company experienced a decline in cement demand due to adverse weather conditions in Tamil Nadu and Andhra Pradesh. Cement prices have been impacted, with a decrease of approximately INR5 to INR10 across various markets. Despite these challenges, there was a 10% improvement in cement sales. The company's strategic focus is on promoting premium products, expanding capacity, and implementing cost control measures to drive growth.

Sahyadri Industries Ltd - Q3FY24 Concall KTAs
CMP: INR 406 | Market Cap: INR 4,449 Mn

Outlook: The company aims to achieve higher utilization levels in Q4FY24 and better sales momentum in coming quarters. For the Vijaywada project project, construction will commence once land acquisition is completed, with expectations for progress in FY26. The company anticipates maintaining the current EBITDA margins during the quarter, around 10%, going forward provided normal geopolitical situations and market conditions. Non-Asbestos business is gaining traction and the company is hopeful that it will continue going ahead.

Financial Performance:
- Revenue for Q3FY24 stood at INR 1,346 Mn up by 12% YoY and up by 12% QoQ.
- EBITDA for Q3FY24 stood at INR 138 Mn down by 15% YoY and up by 1% QoQ. The decline is due to the substantial increase in the cost of raw materials, primarily Asbestos fiber.
- PAT for Q3FY24 stood at INR 32 Mn down by 33% YoY and down by 16% QoQ.
- The building material segment revenue stood at INR 1,339 Mn up by 13% YoY and up by 15% QoQ.

Regional revenue breakup:
- Approximately 60% to 65% of revenue comes from the western market.
- The southern market contributes around 30% to 35% of revenue.
- The demand scenario for FY25 in these regions depends upon the new government policies and schemes and monsoon season patterns.

Gross margins:
- Gross Margins for Q3FY24 stood at 44.2%, down by 470 bps YoY and down by 420 bps QoQ.
- Improvement in gross margin depends on a few things such as increase in demand ,stabilization of product fluctuations and implementation of beneficial government schemes for rural economy.
- Despite current challenges, the company estimates better performance in gross margins in coming quarters.

Capacity utilization:
- The capacity utilization for 9MFY24 stands at 76%, and the company anticipates it will increase to 80-82% by the end of Q4FY24.
- The current capacity utilization in Southern units is 60% and is anticipated to be around 60% by the end of FY24, with plans to reach 80% utilization in FY25.

Capex Updates and Delay:
- There has been a delay in the planned CAPEX projects.
- The Odisha project, initially scheduled for completion in FY26, is now expected to be completed in FY27.
- Similarly, the Vijaywada project, originally planned for completion in FY25, is now expected to be completed in FY26.
- The delay is primarily due to incomplete land acquisition.

Financial costs:
- There has been an increase of approximately INR 7 Mn in finance costs on QoQ basis.
- The increase is attributed to higher utilization of working capital.
- Building inventory for the upcoming season contributes to the increase in finished goods.

Non-Asbestos:
- The company is actively engaged in new product development within the Non-Asbestos category.
- Out of 69,000 units, 19,000 units are for Non-Asbestos products.
- The Vijaywada plant is also going to produce these products.

JK Lakshmi Cement Ltd- Q3FY24 Concall KTAs
CMP INR 886 | Market Cap INR 104.37 Bn

Last quarter saw 8% volume growth, with expectations for consistent growth in the future, projected to range between 8% to 10%.

Financials
• Consolidated net sales for Q3FY24 stood at INR 17.02 Bn, up by 9% YoY.
• PBT stood at INR 2.22 Bn in Q3FY24 against INR 1.07 Bn in Q3FY23 (108 % YoY)
• PAT for Q3FY24 stood at INR 1.50 Bn, up by 93% YoY.

Capex
• The company have announced a railway siding at its Durg Cement Plant, costing Rs. 325 crores, will be executed in two phases. First phase by September 2024, and the second phase by March 2026.
• Out of the INR325 crores, about INR105 crores will be part of the phase two and balance that is around INR200 crores to INR220 crores would get spent by September of 2024.
• Amount to be funded through a Debt of Rs 225 Crores & Balance from Internal Accruals.
• The Company is expanding the Clinker Capacity at its integrated Cement Plant at Durg in Chhattisgarh by putting up an Additional Clinker Line of 2.3 Million Tonnes Per Annum & Four Cement Grinding Units aggregating to 4.6 Million Tonnes Per Annum.
• The project cost is estimated at Rs. 2,500 crores and is expected to be funded primarily through term loans from banks amounting to Rs. 1,750 crores, with the remaining balance covered by internal accruals.

Key Highlights
• The company plans to raise INR 2,500 crores over the next three years. Approximately INR 500 crores to INR 700 crores is targeted for the FY25, followed by around INR 1,000 crores in FY26, with the remaining balance to be raised thereafter.
• For the quarter fuel cost was Rs 8700, which is around 1.78kcal.
• The Company is enhancing its WHR Capacity by 3.5 MW at Sirohi which will come into stream in Q4FY24.
• The trade mix for the quarter was 58%, reflecting a 3% increase from the previous quarter, while the blend of cement was at 65%.
• The company plans to target North Bihar due to better demand, supply dynamics, and pricing compared to South Bihar.
• The individual home builder segment, which is prominent in the eastern region, is expected to be a key driver of future growth.
• Lead distance was 377
• Premium cement was 12% of the overall volume and 25% of trade.
• value added product has contributed about INR 134 crore this quarter.

Outlook
The company is forecasting a steady volume growth rate for the upcoming years. The company is focusing on value-added products and expansion projects in key regions to drive future success.

Debt

• The current gross debt stands at approximately 4600 crores.

• By FY 26, the company anticipates an increase to around 5500 crores, with plans to borrow about 1850 crores.

• Over the next two years, there is a plan to repay around 800-900 crores of debt.

On the ESG front, the company aims to increase the green power share (i.e. WHRS, solar and other alternative fuels) to increase from current 50% to 60% by FY26 and target to reach 75% by 2030.

Outlook

Company reported strong growth in net sales, EBITDA, and profit in Q3 FY24 compared to last year and the previous quarter. The notable increase in capacity, robust utilization rates, and impressive financial results reflect a favorable outlook for growth and a high level of confidence in the business. The company appears well-equipped to capitalize on the rising demand for cement in India.

Aurum PropTech Limited – Q3FY24 Concall KTAs
CMP: INR 182 | Mcap: INR 5,203 Mn

Financial performance
-The company's revenue from operation was up by 49% to INR 573.1 Mn in Q3FY24 from INR 385.6 Mn in Q3FY23.
-EBITDA grew by 37% YoY, reaching INR 26.9 Mn in Q3FY24 compared to INR 19.6 Mn in Q2FY23.
-ARR increased by 51% YoY to INR 2,480 Mn in Q3FY24.

Growth targets
-The company currently have their sights set on three specific proptech opportunities in the form of rental, distribution and capital businesses.
-In the upcoming quarter, company is targeting to manage 30,000 plus units in the rental space, solidifying their position as the largest residential rental management platform in India.
-Till Q4FY24, in the distribution space, it aims to have insured 15,000 plus apartments and secured subscriptions for 8,500 plus CRM licenses.
-The company plans to consider 150,000 plus qualified home buyers across the country.

NestAway business
-The focus on NestAway is on achieving break-even and stabilizing the business. While there are plans to scale it back to 50,000 units
-Next strategic initiative involves deploying capital in the NestAway business.
-The company maintained GTV of INR 410 Mn and net revenue of INR 77 Mn for Q3FY24

Operational efficiency
-To improve operational efficiency, the company focuses on the top 15 cities. Micro-locality focus allows for better optimization of operations and sales teams.
-Focusing on cost optimization achieved through unit evaluation and removal, with a focus on increasing supply in the top cities.

3-year strategic roadmap insights
-Firstly, the aim is to significantly increase the top line, seeking a substantial growth compared to the current revenue. The main goal is to ensure strength in order to achieve profitable results at the console level.
-Secondly, there are plans to communicate and share updates on the progress and strategies developed to achieve this goal.
-Thirdly, the strategic forecast also involves examining the overall business portfolio, identifying profitable opportunities that require attention. The emphasis is on targeting these opportunities to strengthen market leadership and establish a measurable level of success.

Opportunities in residential and modernization segments
-The company sees significant opportunities in the residential segment space, aiming to increase market share and provide market-based solutions for rental needs.
-In the modernization segment, CRM and low-power application spaces are identified as areas with promising opportunities.

Product development with AI

-The company is actively developing products with AI features, focusing on blockchain, marketing automation, and other technologies.

-There is a strategic approach to enhancing product offerings across different segments.

Outlook: As the company moves forward, its strategic focus remains on enhancing profitability through key measures, such as optimizing the number of units and beds. The company places particular attention on Nestaway, where challenges in building trust and managing services are acknowledged. A comprehensive strategy is underway, encompassing digital foundations, teamwork, and impactful brand-building initiatives. Positive outcomes are evident in improved ratings and customer satisfaction. Looking ahead, the company is optimistic about upcoming rebranding initiatives for NestAway, playing a pivotal role in dissociating from past difficulties.

Ambuja Cements Limited – Q3FY24 Results and Conference Call KTAs
CMP: INR 560 | Market Cap: INR 1.11 trn

Short (not so short actually) Summary: Results of ACC were announced a few days ago, which showed a sharp q/q improvement in profitability to INR . Ambuja results were reported during the market hours on Wednesday, Ambuja standalone number were softer than what market would have anticipated due to higher raw material cost driven by clinker shortage due to 3 kiln shut downs. But things have normalized now and Q4 should be normalized one. Ambuja consol numbers look quite good, but could have been much better but for the kiln shut downs. Management has reassured that their overall INR400/t cost reduction journey is progressing well and in the medium term Ambuja EBITDA would be in the range of INR1,450 per ton ex- of price escalation. Co announced another 12mtpa of grinding units apart from the already announced 20mtpa capacities. Another round of clinker capacities would be announced soon – mostly brown field in nature, land in possession in most cases. LT plan to achieve 140mtpa capacity on track by FY28. 1GW renewable energy projects under implementation to be commissioned by FY26 mid. WHRS capacity to reach 186 MW by Fy25 and 376MW by FY28. Co secured 600mtpa limestone from 10mine auctions, apart from 1bn tons of reserves coming from Sanghi Ind acquisition. Sanghi volumes would come at full swing in Q4 @~75% utilization. Continuous, carefully calibrated efforts are yielding results and would yield further in the areas of costs saving across fuel cost management, logistics, and foot print optimization.

Details:
Ambuja standalone EBITDA per ton came in INR 1,040 (flattish q/q), which disappointed the market. EBITDA per ton was flat despite a nice 4% increase in realization q/q and a near INR 200/t drop in power & fuel costs. NSR spike was largely offset by higher RM costs on the back of kiln shutdown/breakdowns, which is now behind and Q4 should be more of a normalized quarter and see INR250/t lower costs vs Q3. EBITDA per ton for Q4 however is also a function of prices which are a bit more dynamic. Ambuja standalone EBITDA came in at INR8.5bn (vs INR 7.7bn in Q2 and INR6.4bn in Q3FY23). Volume came in at 8.2mt (vs 7.7mt in Q3FY23).

ACC standalone results reported a few days ago were solid as EBITDA per ton touched INR1,015 up from just INR 675 per to in Q3. Management sounded optimistic that ACC EBITDA per ton might continue at this level (of course adjusted for pricing dynamics). ACC standalone EBITDA came in at INR9bn (vs INR 5.5bn in Q2 and INR3.8bn in Q3FY23). Volume came in at 8.9mt (vs 7.6mt in Q3FY23).

Ambuja consol EBITDA per ton came in at INR1,225 (+INR 230 per ton) q/q, which is what is magic of MSA between Ambuja and ACC. MSA volume for the quarter stood at 2.9mtpa. Consol EBITDA came in at INR17.3 bn (vs 13bn in Q3 and 10.2bn in Q3FY23). Volume came in at 14.1mt (vs 13.7mt in Q3FY23). Volume growth for FY25 should comfortably be in excess of 7-8% (like to like) plus volumes from Sanghi and also potentially have some component of mkt share lost in FY24. Consol capacity roadmap of 140mtpa by FY28. Current capacity at 77mtpa (including Sanghi, Asian, Dahej), and ongoing round of 20mtpa expansion and the just announced 12mtpa would take the total capacity to 110mtpa by FY26-FY27. The rest of30mtpa could come from a mix of organic and probably inorganic too. Co. acquired ~600mn tons limestone through mines won in auctions in 2023 at a reasonable premiums – barring 1 mine where premium was ~100%. Green power mix as of now is 22% which will go to 60% by FY2028, which will materially alter Co's ESG foot print. On a 140 mtpa capacity base RE+WHRS will save ~INR20bn on annual power costs (assuming grid/CPP price of INR8.5/kwh).Entire capex can be inter accruals (including existing cash) funded over the next 4 yrs, whilst paying dividend at recent runrate.

Long term view: Overall, management was confident of achieving EBITDA per ton target of INR1,450 in 2-3 yrs (at constant pricing), around 120mt volume in FY28, 60% from Green power. In reality EBITDA per ton could touch INR1,800 per ton by FY27-28 in our view. Given the granular details we were provided with, we think these long term numbers are reasonable and achievable.

We are currently reviewing our estimates and would come out with our coverage transfer notes in the next few days for ACC and Ambuja.

Sportking Q3FY24 Concall KTAs
CMP: INR 799| Market Cap: INR 993 Cr| TTM EPS: INR 65

Outlook: The yarn industry remains subdued both domestically and internationally, tainted by sluggish demand and suppressed margins. This is expected to last into the next year. Sportking especially will face flat demand on account of unfavorable buying environments in key markets. There is some shift toward normalcy visible (green shoots), however, we are cautiously optimistic about their near-term performance. The company is valued at a P/E of 12.29x the TTM EPS of INR 65.

Q3FY24 Highlights: Facing demand issues in external markets of Bangladesh and China. Domestic demand is relatively better. Demand in the denim sector is picking up relatively well. Inventory in Western markets is also starting to revive. Currency issues are also seeing some positive effects by way of the preponement of orders. Freight costs have gone up slightly. Large hikes in freight costs were seen in minor markets that constitute 4-5% of exports.

Margins have not improved much because of some idle capacity on account of the 35% capacity addition that has become operational this year. Margins should start expanding slowly next 2-3 quarters
The slowdown in China has greatly affected the company as it is a key market.
Bangladesh constitutes 60% of exports, but was not hurt significantly because of the current labor issues.
Benefits from the UK FTA will come from key garment players in the UK though it is not a main market for the company. Cotton yarn spread INR 121
They do not plan on adding any more capacity in the next 1 year.
The Rooftop solar project required an outlay of INR 85cr for 25MW of energy.
Revenue mix: Cotton yarn 60%, 35% blended, the rest is synthetic yarn.
QoQ margins are down marginally as some stock was shifted late, coupled with some dip in prices of synthetic and blended yarn.
They have no plans to enter fabrics anytime soon.

Guidance: Maintain top line of this quarter into Q4 with 2 digit EBITDA Margin. FY25 Revenue of INR 2,400 -2,500 Cr.

Order book of 40-45 days maintained.

K P R Mills Ltd Q3FY24 Concall KTAs
CMP: INR 788 | Market Cap: INR 269.19 Bn

Company expects garment business to growth at 10% to 12% over the next 3 to 5 years.
Financials
•Revenue from operations stood at INR 12.41 Bn (13.2% YoY/ -17%QoQ)
•EBITDA stood at INR 2.99 Bn (6.2% YoY/-6% QoQ), with margin of 23.6% (up 410 bps YoY/ 270 bps QoQ).
•PAT for Q3FY24 was INR 1.87 Bn vs INR 2.01 Bn in Q2FY24 (7.1% YoY/-7.3% QoQ)

Demand Scenario
•Demand for both yarn and garments is robust, indicating a favorable market outlook.
•Currently holding a garment order valued at INR 1,100 crores.

Production and sales volume
•During the quarter, yarn production amounted to 23,000 tons, with sales of 14,000 tons, while fabric production reached 6,000 tons, with sales amounting to 2,000 tons.
•Additionally, garment production stood at 37 million, with sales totaling 33 million.
•In Q3 FY24, sugar sales amounted to 11,000 tons, while ethanol sales reached around 2.16 crore liters.

Recent customer
•Added Walmart as a major customer for US exports.
•Also, added GAP as a key customer for US And Europe, supplying regular and basic garments

Expansion
•Expanding garment processing capacity with an outlay of INR 250 crores.
•Establishing a solar power plant costing INR 100 crores with a capacity of 25 MW, Plans to increase to 100 MW.
•Wind power capacity currently at 100 MW, with plans to increase to 200 MW.

Other highlights
•Lower cotton prices resulted in reduced yarn selling prices and lower margin due to subdued demand in international markets.
•Closing sugar inventory as of December 31st is approximately 55,000 tons.
•Margins for the quarter were approximately 15% for yarn and fabric, 37% for garments, and 37% for sugar.
•Yarn sales totaled INR 355 crore, while fabric sales amounted to approximately INR 60 crore.
•There is a little sluggishness in the yarn business in margins, but volume is good.
•Company is focused on textile business expansion and development.
•Post-expansion, the printing and processing capacity would be 37,000 tons.
Outlook
The company's future outlook is optimistic, driven by modernization plans aimed at supporting growth. This includes expanding garment capacity for new customers like Walmart and increasing volumes with existing customers such as Gap. Investments in printing, processing, and value additions are expected to enhance realizations. Despite near-term challenges, the company's expansion initiatives, customer acquisitions, and focus on value additions suggest a positive long-term growth trajectory.

FSN E-Commerce Ventures Ltd Q3FY24 Concall KTAs
CMP INR 160 | Market Cap INR 4,58,221 Mn

All business verticals showed healthy profitability growth, with improvements in contribution margins. The eB2B business has increased in salience, exceeding 7%. The Board approved infusion of additional equity in Nykaa Fashion, consolidation of fashion own brands into the parent company, and demerger of the eB2B business from Efficient Distribution to Nykaa Retail, streamlining and simplifying the holding structure.

Financial highlights

- **Gross merchandise value (GMV) grew 29% YoY to INR 36,200 Mn.**
- **Net sales value (NSV) at INR 17,866 Mn, a 24% YoY growth.**
- **Revenue from operations grew 22% YoY to INR 17,888 Mn.**
- **Gross margins at 42.5%, an 86 bps decrease YoY due to a higher mix in the eB2B business and softness in service income.**
- **EBITDA stood at INR 988 Mn, a 26% YoY growth. EBITDA margin grew to 5.5%, an 18 bps rise YoY, driven by improvements in fulfillment, employee, and other expenses.**
- **PAT grew 106% YoY to INR 175 Mn in Q3FY24.**

- **GMV growth: Beauty at 25%, Fashion at 40%, other businesses at 39%.**

- **NSV growth: Beauty at 20%, Fashion at 31%, other businesses at 67%.**

- **Beauty now contributes 78% to total sales, with fashion at 15% and other categories at 7%**

Beauty and Personal Care (BPC)

- **Beauty GMV grew at 25% YoY. Based on NSV the increase in Beauty was approximately 20% less.**
- **Repeat buyers now constitute 78% of the business mix whereas new buyers are 22%.**
- **Annual unique transacting customers rose to 11.1 million from 9.6 million in Q3FY23, showing a 21% increase over two years.**
- **Nykaa held its inaugural event, Nykaaland, India's largest beauty festival, with 80+ global and local brands. It drew over 15,000 customers, 800 influencers and KOLs, generating 5.5 billion impressions, and producing 5,000 content pieces across online and offline platforms.**
- **Premium beauty brands showed faster growth compared to the overall BPC GMV growth.**
- **Slight weakness in BPC gross margins due to increased discounting in brands, which shifted advertising spend towards promotional activities.**
- **Introduced several renowned global brands in Q3, including CeraVe, Urban Decay, Dr. Barbara Strum, and Colourpop which are exclusive to the platform and being distributed solely by Nykaa. Global store growing at roughly 47% YoY.**
- **Expanding retail business with an increase of almost 80 stores over the past two years, totaling 174 stores covering 1.7 lakh square feet. Retail stores contribute to about 9% of GMV, with over 85 premium beauty brands.**
- **Pink friday sale achieved over 400 million in social and media reach and attracted 50 million visitors across stores and apps. GMV from the sale has increased almost 5 times in the past two years.**

Dollar Industries Ltd Q3FY24 Concall KTAs
CMP INR 497|Market Cap INR 2,819Cr|

Valuation and Outlook: We anticipate company will be able to achieve guided revenue growth due to stabilized cotton prices, price rise improved market sentiment among distributors, and a focus on premiumization. Along with all this project lakshya to help in revenue and profitability growth.

Financial performance:

• Company saw volume growth of 30% YoY with increase in gross margin and performed strong on console YoY basis, QoQ should not be compared due to seasonality. However, results were slight below our estimates.
• Revenue was up 16.3% YoY to INR 332 Cr (-19.7% QoQ), slight below our estimates of INR 337 Cr.
• EBITDA demonstrated YoY growth of 71.7% to reach INR 33Cr (-22.3% QoQ) and below estimated figure of INR 37 Cr by -11.8%.
• EBITDA Margin up by 317bps YoY to 9.8% (-33bps QoQ), underperforming our estimate of 11%.
• PAT stood at INR 18 Cr (vs INR 8 Cr in Q3FY23 and INR 25 Cr in Q2FY24) which was below our estimates of INR 22Cr by 19.3%.
• Results were affected seasonal products but Q4 is anticipated to be positive.

Key Highlights:

Expansion of Lakshya Project: The Lakshya project saw progress in Q3 FY24, with 9 new distributors added, bringing the total to 280, up from 229 in FY23. Lakshya's contribution to domestic sales rose from 19% in FY23 to 27% in the first nine months of FY24 and 29% in Q3 FY24. Presently operational in 13 states, the aim is for Lakshya distributors to contribute 65% to 70% of revenue by FY26. Southern India, historically underserved, contributed approximately 9% to revenue in the first nine months of FY24. However, the project was planned to be completed in 4 years but there was a delay in the project due to covid and other operating problems.

Anticipated Mitigation of Price Cut and Planned Price Hike for FY25: The company expects to mitigate the negative impact of price cuts on revenue growth by H1 of FY25, potentially leaning towards the second quarter. This indicates an anticipation of improved revenue growth dynamics thereafter. ASP Was 71.11rs in FY22 Vs 69rs in FY23 and FY24 (9M) it is 68-69rs. Expecting it to get FY22 level.

Guidance: Company aims for INR 2000Cr of revenue in FY26 with the EBITDA margin of 13-14% and for FY25 expects to get 12-13% revenue growth. Now, for FY24 guidance of 11-12% is given which is revenue of INR 500Cr for Q4 (Volume growth is projected at 25%, offset by a 6% decline in realization) with EBITDA margin of 14% and 10.5-11% for FY24.

Other Highlights:

• Stable raw material prices led to a 375 bps increase in gross profit margin YoY, reaching 33.9% in Q3 FY24.
• EBO’s currently stand at 18 and can see a addition of 5-6 new EBO’s in Q1FY25.
• In Q3 FY24, advertising expenses were Rs 19 crores, slightly lower than Rs 20 crores in Q3 FY23. The annual target for advertising expenditure remains within 6-6.5% of the top line.
• In Q3 FY24, modern trade and ecommerce sales comprised 7.5% of total sales, vs 4.4% in the 9M FY24. The target is to reach 8% by FY26.
• The cash conversion cycle improved to 155 days in Q3 FY24 from 170 days in Q3 FY23, driven by a 14-day reduction in inventory days. The company aims to achieve a working capital cycle of 120 days, targeting debtors days of 65 days and inventory days of 90-95 days by FY26.
• Company prioritize sustainability by adopting eco-friendly practices, reducing our carbon footprint, and promoting responsible manufacturing. Recent solar power plant commissioning has increased capacity from 7.5 to 10 million units per year.
• Decision to appoint Safali Khan as the brand ambassador for dollar always has yielded good results with economy segment revenue increasing by more than 24% YoY.
• The response to Force NXT activewear and women's athletic products has been positive, with a 60% YoY growth in value and a 54% increase in volume.
• Approximately 20% to 30% of manufacturing production is in-house, while 70% is outsourced through job work, providing flexibility to adjust capacity as needed without constraints.

Mayur Uniquoters Ltd Q3FY24 Concall KTAs
CMP: INR 532 | Market Cap: INR 23,371 Mn

Secured and received orders for OEM supplies for new models in both export and domestic markets. Anticipates growth in OEM export sales over the next two years. Focus on becoming a preferred supplier for leading OEMs in the US and European markets. We have a positive outlook as the company is expanding its capacities and market presence in the non-automotive sector, with incremental orders anticipated to increase top-line growth and a strong emphasis on quality.

Financial performance
- Standalone revenue from operations stood at INR 1,750 Mn, decreased by 4% QoQ.
- PAT at INR 290 Mn, increased by 3% QoQ.
- Consolidated revenue from operations are INR 1,780 Mn; PAT came to INR 273 Mn.

Volume Breakdown: In Q3, the company recorded a PVC volume of 70 lakhs 55,000 meters and a PU volume of 2 lakhs 7,000 meters.

Export: Export General accounted for INR 176.6 Mn. Export OEMs contributed INR 354.2 Mn. In total, exports amounted to INR 530.9 Mn in Q3. The decline in exports overall from Q1 to Q3(from INR 660 Mn to INR 530 Mn), was due to disruptions in OEM exports to the US caused by strikes in cold plants. The issue at the pod plant has been sorted, indicating a potential rebound in exports in Q4 and Q1FY25.

Revenue breakup segment wise
Auto OEM recorded INR 416 Mn in sales, Auto Replacement generated INR 378 Mn in revenue, Footwear contributed INR 336 Mn to the export volume, Furnishing saw sales of INR 56 Mn and the remaining were others.

Projected export volumes
Company anticipates a significant increase in export volumes, particularly with regards to OEM partnerships. The BMW contract is expected to see a substantial increase from 4,000 to 40,000 units, with new models to begin production in April 2024. Additional growth is projected through partnerships with other manufacturers such as Ford motor and Mercedes.

Decline in revenue
The lower revenue in Q3 compared to Q2 is due to a decline in sales volume in the footwear segment and some downward movement in replacement segments. Despite the marginal decrease in revenue, the profit increased by 9%, indicating efficient cost management and operational improvements.

Realization: There has been no improvement in realization on a sequential QoQ or yearly basis. The sale price per meter has remained stagnant over the quarters and on a yearly basis. Unchanged realization due to intense competition in the market and lack of agreement with the government on BIS specifications in the footwear segment, despite negotiation efforts.

Other highlights
- Decline in Auto replacement sales attributed to government regulations requiring airbags in back seats.
- Commenced supply to new models with expectations for further expansion in the coming quarters.
- Decline in Auto replacement sales attributed to government regulations requiring airbags in back seats.
- The management is focused on maintaining and improving bottom-line performance over increasing top-line figures, citing ongoing efforts to diversify and capture new markets, such as the recent venture into marine products.
- Despite challenges in the footwear industry due to factors like BIS specifications and increased competition, the company is strategically targeting global brands like Jarrah to secure orders, aiming to leverage their extensive distribution networks.
- Maintaining quality standards is paramount for the company, even if it means resisting pressure to reduce prices, which could compromise the bottom line in the long run.
- The company's diversified approach, including ventures into marine products and retailing furnishing goods, reflects its adaptive strategy to mitigate market uncertainties and enhance profitability.
- Export sales have increased by 27%, while domestic sales have grown by 12%.

Outlook: The company anticipates increased business from OEMs starting next quarter, with significant ramp-up expected by 2025-26, particularly in the automotive sector. B2C operations in the furnishings segment have started, expecting gradual growth over the next 3-4 years. Execution of export orders expected to ramp up significantly in FY25-26, reaching peak levels, with gradual increases expected in FY24-25 as well. With market conditions remaining challenging and prices stagnant, the company continues to navigate through tight margins and intense competition. Until there are significant changes in market dynamics or government regulations, it is unlikely that realization will improve in the near term. While results may take time to materialize, the company remains committed to its long-term vision, focusing on bottom-line growth and maintaining financial resilience, evident in its zero-debt status.

S P Apparels Ltd Q3 FY24 Concall Highlights
CMP INR 543 | Market Cap INR 13.65bn

Outlook: The company has expanded its garment export segment to include men's, women's, and intimate apparel, bolstered by recent acquisitions and ample space for future expansions. With supportive government policies and promising demand recovery, we are optimistic about company’s’ future prospects.

Guidance: Company is expecting a growth of 10-15% for FY25 in terms of volume however FY24 is expected to be flat. Also, company reaffirm their guidance of adjusted EBITDA margin of 18% for FY24.

Acquisitions:

• Young Brand Apparels: The company plans to acquire a 49% stake in Young Brand from joint venture partners in the US and Mexico. This currently has the revenue of ~INR 330cr with 10-11% of EBITDA, expected to expand by 2-3% more. This acquisition is seen as beneficial, expanding the company's presence in textile categories and global markets, especially the US.

• Garment unit of Banaraman: Company to acquire a 51.33% stake in Banaraman Spinning Wheels Limited, this includes acquiring the garment unit of Banaraman and its assets in Palladam, along with a leasehold of land and building in Tamil Nadu. Company expects this facility utilization to be low in FY25 due to operation starting around mid-October or December but, higher utilization expected (INR 60-80cr of incremental revenue) in FY26.

The total cost of these acquisitions is estimated at INR 223cr and funding will be a mix of internal accruals and borrowed capital.

Industry overview: Despite minor sales declines in the US and European markets, the extension of Indian government schemes like RoDTEP and RoSCTL fostered positivity. Rising wages in Bangladesh make India more attractive to retailers. Coupled with predicted demand increases and sourcing transitions from China, company anticipate emerging opportunities in the Indian apparel sector.

Garment division overview: The company experienced weather-related disruptions, including cyclones in Chennai and Tuticorin port areas and also Red Sea issue affecting garment shipments. Additionally, minor damages to stock occurred but will be covered by insurance.

Spinning division overview: In Q3 FY24, spinning division witnessed a rebound compared to the year, with margins stabilizing primarily due to lower cotton prices, resulting in breakeven. Company anticipate this positive performance and stability in the upcoming quarters.

SPUK division: This division is on a path to recovery, having secured a new customer in Q3 FY24. Company plan to redirect some orders to our Sri Lanka subsidiary for manufacturing, aiming to secure more significant customers by March 2024, ensuring a strong performance ahead.

Retail Business: The introduction of new brands and associated fixed overhead costs has impacted profit margins. Currently, retail division is in a phase of consolidation as focus on stabilizing new licenses and brands.

Realization: This quarter there was decrease in unit realization of garments, attributed to lower yarn prices However, company to diversify into ladies and men's wear, along with expansion into the intimate wear segment with better unit prices, is expected to drive higher realizations.

Arvind Fashions Ltd Q3FY24 Concall KTAs
CMP INR 478 | Market Cap INR 63.52bn

Outlook: AFL's shift to a marketplace model, coupled with improving sales, reducing discounting, and enhancing product offerings. We expect these initiatives to drive growth and also enhance profitability in the business in a long run.

Key Highlights:

Financial performance overview: AFL achieved 5% sales growth despite subdued demand, with a 150bps increase in EBITDA margin despite higher marketing costs. This was attributed to improved gross margins, reduced discounting, and expense control. Growth was driven by retail and MBO channels, while online B2B channel experienced a decline. However, the B2C online channel nearly doubled, leading to strong tertiary consumer sales growth. Also, company reduced working capital by 5 days in Q3.

Shift to marketplace model: The company is strategically transitioning its online business to a marketplace model, enabling better control over pricing and visibility. This shift involves a one-time destocking of the B2B online channel (require 1-2 more quarter), impacting short-term revenue but paving the way for healthier growth.

Focus on weaker brands: The company is improving sales density and reducing discounting, in weaker brands like Arrow and Flying Machine, which may have lower sales per square foot and higher discount rates. Strategies include implementing new store identities, introducing new product categories, and enhancing product offerings to achieve these goals.

Large-scale brand stores: The company is selectively opening large-size stores, located in areas with high foot traffic and rental potential. These stores serve as showcases for the brand's lifestyle range, including women's and kids' categories, enhancing the brand's image and customer experience. Leveraging franchise partnerships and omni-channel connectivity, these stores aim profitability and drive sales.

Focus on profitability: The company is focused on efficient working capital management, aiming for a current ROCE exceeding 15% and a medium-term target of over 20% ROCE. This goal is supported by margin expansion and targeted EBITDA growth of at least 100 bps annually. Additionally, the company anticipates sustainable gross margins in the coming months, driven by consistent trends in cotton prices and cost controls, including minimized discounting practices.

Impact of Sephora transaction and dormant brand royalties: Following the Sephora transaction, company had two dormant brands for which we were obligated to pay royalties as per the legal contract, amounting to around INR 10-12cr annually, reaching INR 15cr this year. Company provisioned INR 39 crores, considering the present value of these future royalty expenses and related costs, offsetting the gain from the Sephora transaction sale.

Company opened 31 new stores in this quarter and 120 stores this year and out of this 120, 20 are COCO and rest are franchise.

Aditya Birla Fashion and Retail Ltd Q3FY24 Concall KTAs
CMP INR 239 | Market Cap INR 227.08bn

Company adopted profitability as a strategy in this quarter, as this was a flat quarter for industry and has guided that focus is growth in revenue and not profitability, once scale is reached will look for profitability.

Key Highlights:

• Pantaloons grew by 12% YoY, this was driven by slight shift in Pujo. Also, actions to control cost, reducing operational cost in stores and supply chain and reducing discounts drive margin expansion.
• Company started 67 stores for TASVA brand, 8 stores in this quarter and aims to reach 70 stores by end of FY2 and 200 plus stores in next 3-4 years.
• TMRW's will take at least 3 years for breakeven as two things to be done; acquire individual brands and optimize cost structure.
• Lifestyle business faced slowdown as company have scale down on discounting, which was linked with the strategy for premiumization of brand.
• Innerwear's distribution has expanded and company is optimistic in long term but expects moderate growth in medium term.
• In Sabyasachi jewellery's share is about 25-30% but is expected to grow faster than the rest business.
• Company is looking for organic growth for next 3-4 years, and there will not be looking at any inorganic brand accusation.
• Company's net debt is at INR 4000cr including INR 1700cr for TCNS acquisition in mid Q2. Effective interest rate stands at 7.7% for Q2 and Q3 with 10bps change.
• Company have added 8-9 stores for pantaloons also have closed 3-4 stores so net they have added 7 stores this quarter and 30 stores this year. Looking to add similar number of stores about 25-30 for next year.
• Company is focusing on growth so in coming quarter if there is growth in industry than company will look for revenue growth and not margin, this quarter industry was flat therefore decided to go for profitability.
• The company is implementing product corrections and architectural changes for TCNS, which are showing results in retail operations. Focus is on leveraging synergies between the two companies to enhance profitability through cost rationalization and product improvement initiatives. Company expects improvement in the coming quarters.
• The company plans to gradually moderate its debt levels over time, aligning with the maturity and profitability of its various businesses. While there are significant growth opportunities, the overall debt strategy will remain stable, with a focus on reducing debt as profitability improves. Company have stated net debt of INR 28bn for Q4FY24.

Nuvoco Vistas Corporation Ltd Concall KTA Q3FY24
CMP: INR 356| Market Cap: INR 127.17 Bn

Financials
•Revenue stood at INR 24.21 Bn in Q3FY24 decrease by 7% YoY.
•Consolidated EBITDA increased 55% YoY/ 25% QoQ to Rs. 4.21 Bn, through cost efficiency and value-driven growth.
•EBITDA per ton of Rs. 1,048 (72% YoY/ 39% QoQ) highest in the past 10 quarters.
•Lowered operating costs, particularly in raw materials, power, and fuel.
•Raw material costs per ton decreased 13% QoQ, driven by a decline in slag and fly ash costs.
•Power and fuel costs reduced 7% QoQ, attributed to an increased linkage mix, lower fuel prices, and higher utilization of CPPs and WHRs, while distribution cost per ton remained flattish QoQ.

Demand Scenario
•Strong demand in the north region, outperforming the industry.
•Decline in cement demand in the key markets of West Bengal, Bihar, and Jharkhand, attributed to assembly elections and fiscal challenges faced by the states.

Net debt
•Reduced net debt by 6.32 Bn YoY, reaching 45.33 Bn as of December 2023.
•Despite a stable repo rate, the interest rate decreased to 8.47% (reduced by 2 bps compared to March 23)

Capex
•The company has spent INR457 crores of Capex in the first nine months of the year and is expected to spend another INR150 crores in Q4FY24.

Expansion
•Commissioned a 1.2 MMTPA Cement Mill at Haryana Cement Plant, taking the overall cement capacity to 25 MMTPA.

Key highlights
•Incentive accruals ceased at Panagar plant in April 2023 and at Rajasthan plant in June.
•Company launched New marketing campaign for Duraguard Franchisee 'Seedhi Baat Hai, Duraguard Khaas Hai', focuses on highlighting unique features and building customer trust.
•The company rolled out a new cement packaging design.
•Premium products remain a key focus, contributing significantly with a 36% share of cement trade volumes in Q3 FY24.
•Positioned as one of the most profitable ready-mix businesses in the country, emphasizing a contribution marginism approach
•Advancing sustainability with increased alternative fuel usage and carbon emission reduction initiatives.

Outlook
Company is optimistic about the future growth prospects for the Indian cement industry. It aims to continue gaining market share and improving profitability through its expansion projects and cost optimization efforts. The commissioning of new capacity in Haryana indicates further demand in the market. Overall, Company has a positive long-term outlook driven by favorable industry dynamics and its own strategic initiatives.

Arvind-Q3FY24 Concall Highlights
CMP INR 310 |Market Cap INR 81,058 Mn

Q4FY24 is expected to outperform Q3FY24 with improved demand, and the company is confident in delivering a 20% growth while expecting margins to follow the current trajectory, potentially expanding in existing businesses as growth continues

Financial
•Revenue stood at 18,880 Mn up down by 2% QoQ/-5% YoY due to price deflation (Textile revenue down by 8%/AMD revenue up by 2%, while volume grew by ~20%).

•EBITDA (excl. other income) 2160 Mn up by 16%YoY/5% QoQ. EBITDA margins of 11.4% improved by 200 bps YoY, driven by improvement in the Textile segment.

•PAT (before exceptional) INR 920 Mn up by 16%.

Concall KTAs

Net debt in Q3FY24 is INR 13900 Mn, slightly higher due to increased working capital usage. Anticipate ending the financial year with long-term debt ~INR4000 Mn.

Q3 CapEx
INR2000 Mn completed, additional INR 500 Mn in Q4. Out of INR 6000 Mn planned over two years, company on track to surpass INR 2500-2600 Mn entering next year.

MoU
The company has signed a group-level MoU with the Gujarat government for an INR 30,000 Mn investment, with INR 6000 Mn planned over two years and potential additional INR 4000 Mn in the future, involving various group companies.
Volume
Q3 saw a marginal volume increase, but Q4 is expected to show significant growth, aiming for 85% capacity utilization by year-end, with a positive order pipeline, despite a slight setback in garmenting turnover due to missed containers in the Red Sea.

Raw material
Cotton and yarn prices have likely bottomed out, with the minimum support price reached; CCI's intervention supports farmers, making further significant price drops unlikely but not impossible. INR 1000 Mn run rate for the advanced material division.

Red Sea Canal disruption impact of 200-250 Mn of revenue perhaps spilled over into Q4.

Geography
Middle East and Australia FTAs are boosting the business, particularly in the US and Europe; despite advantages in Bangladesh, India can compete, with plans to build a garmenting ecosystem and potentially become a major alternative due to its complete supply chain, large labor force, and vibrant domestic market amid saturation in Bangladesh and Vietnam.

Segment Margin
Textile margin at 11.8% QoQ, down 140bps YoY due to revenue deflation, while the garment journey is progressing with the first factory showing positive signs of efficiency improvement; anticipating improved margins across segments in the future.

Defense
Substantial PSU volume, spanning composites, human protection, and industrial segments, particularly in air pollution control filtration; company poised to supply to SAIL and other government PSUs.

Denim
Q3 saw a decline in denim, attributed to seasonality; anticipate a robust recovery in the denim segment in Q4FY24.

Freight prices may be partially absorbed, but since freight is the company's responsibility, the impact is limited.

Utilisation:
High capacity utilization exists across segments, with ongoing capacity creation, especially in industrial; global demand potential remains substantial, emphasizing customer acquisition capabilities.

Industry view
The future of textiles in India looks promising with growing opportunities from brands shifting manufacturing to India, and for exports, focusing on improving labor productivity, automation, capacity, delivery, and quality comparable to China. The government's support and emphasis on promoting MMF innovation, where India is a leader, indicate a bright future. By charting its own path and advancing in MMF, especially in fabric and garments, India can maintain a strong position globally, independent of other countries' circumstances.

Kewal Kiran Q3FY24 Concall KTAs
Arihant Capital
CMP: INR 728| Market Cap: INR 4,484 Cr| TTM EPS: INR 23.08

Outlook: The company has displayed healthy double-digit growth despite a sluggish overall demand environment which is expected to persist into the near future. Despite that, we expect a high teen top-line growth and stable mid to high teen margins. A majority of the winter wear sales have been pushed back into Q4 which will lead to better profitability for the quarter. The conversion of K- K-Lounge stores into branded stores will also contribute to margin improvement and brand awareness down the line and keep the long-term story intact. The company is valued at a P/E of 33.46x the TTM EPS of INR 23.08

Quarterly highlights: 2-digit volume and value growth seen across segments. There was slower pickup in winter wear due to a slow winter onset leading to somewhat lower footfalls. However, there was EBITDA margin expansion to the tune of 250bps. This quarter they almost reached Killer's EBO expansion target, adding a net 7 stores. Total EBOS are 483.

LTL growth in EBOs is 4% on a 9m basis.

Winterwear in Q3 is usually the biggest contributor to sales >20% but is in single digits for the whole year at 6-7%. This year had good pre-winter sales but bad overall winter sales which drove down ASP.

There are 174 K- K-Lounge stores and it will take a year to complete the conversion to other stores, the conversion will depend on the brand mix in that area. Initially, K- K-Lounge was established in small cities to compete with MBOs but they have now evolved, as now there are EBOs even in T4 cities as the market is becoming more organized. They want a similar thing with K- K-Lounge- a shift to single-brand retailing. Most K- K-Lounge stores are smaller than 1500sqft, and are shifting to Killer and other brand stores. The stores are also being revamped. Some franchisee owners of K- K-Lounge are okay with it and some aren't. The transfer is slowly being rolled out in pilot format and also has some requirements for new distributors

Guidance: Expect 15-20% growth for Q4 (and steadily going forward) and 18-20% margin. Going forward margins should remain around 15-20%; Weak consumer demand was observed for the past few quarters, and might remain for the remainder of the year. Q4 should be better given the incoming summer demand.

Denim ASP Killer INR 2,799-3,899, Lawman INR 2,199-2,899,

Zudio's expansion has not impacted sales

Store addition The company has reached close to its target of 500 stores in Phase 1 of its expansion. The Retail and MBO presence is growing with the company. They are adding 80-100 EBO stores every year. In Q3 the EBO presence has been growing but the LFS, not so much which pulled down their overall retail mix. LFS partners have been carrying winterwear which got shifted back into next month. Winterwear sales have de grown this year and the category mix has shifted.

Engagement Models:

- Annuity engagements are focused on recurring business, while growth engagements involve expanding services within existing accounts.
- Data services involve a combination of tools and personnel. The company possesses IP assets and skilled personnel for data extraction, transformation, and loading.

Outlook: The company aims at reducing the DSO for improved cash flow. The company expects for increased margins over time, with an emphasis on the lifetime customers due to added services. Measures are taken to reduce operational expenses, including investments in internal tools and processes to track budgets and receivables, improving bottom-line performance. Project Butterfly focuses on diversifying revenue streams and expanding market share in the BFSI and telecom sectors.

Vardhman Textiles Ltd Q3FY24 Concall KTA's

CMP: INR 397 | Market Cap: INR 114.81 Bn

Outlook: Despite low capacity utilization, the textile industry is witnessing improved demand, from the growing markets of the US, Japan, and Europe. This upward trend suggests potential growth opportunities for the textile sector. These positive market dynamics are likely to have a favourable impact on the company's future prospects.

Financial Highlights:

• EBITDA for the quarter stood at INR 2440 Mn (+36% YoY, +19% QoQ), this improvement was because of full capacity utilization on the fabric side and the prices of cotton have come down.

• The Employee Expense for the current period amounted to INR 2300 Mn, showing an increase from INR 2040 Mn in Q2FY24 and INR 1890 Mn in Q3FY23. Going forward, company anticipate the Employee Expense to remain within this range.

Key Highlights:

• Company, anticipates that the worst is behind them and better times ahead, with a gradual improvement in demand. Although global capacities remain underutilized, we are optimistic about a significantly improved performance in the coming year.

• Unlike last year, where farmers' lobbying affected cotton prices, this year has seen a reversal, with no such impactful holdings.

• Due to the Red Sea issue, transit times have increased, prompting customers in the US and Europe to request goods two weeks in advance. This adjustment has no impact on garment exports.

• Expanding Punjab plant which produces 100% cotton milange and polished cotton milanges, company is investing over INR 2000 Mn, expecting an additional daily production capacity of 8-9 tons. This will be completed within calendar year 24.

• In terms of fabric production, the impact of cotton price risks is relatively low, providing opportunities for potential business growth. Company is actively exploring ideas for both spinning and fabric, contemplating market penetration and capacity improvement. Implementation and announcements may follow soon.

Bharat Wire Ropes Q3FY24 Concall Highlights
Bharat Wire Ropes | CMP: INR 364 | Mcap: INR 24.75bn

Revenue
Revenue growth is expected around 10%-15% going forward.
Volume
The sales volume stood at 10,237MT (+10% YoY) as of Q3FY24. The volume growth is expected around 10%-15% going forward.
Margin
EBITDA margin stood at ~27.9% as of Q3FY24. The margin will be sustainable going forward. Further, margin improvement is expected through value-added products and debottlenecking.
Capacity & Utilization
The capacity stood at 72,000MT as of Q3FY24. The capacity utilization stood around 60% and is expected to reach 80%-85% in the next 18-24 months.
Capex
The company is doing debottlenecking in the plant and capex is expected around INR 250mn to INR 300mn. The capex is expected to complete in the next 18-24 months.
Order book
The company’s order book stood at 3-4 months of operations.
Value-added products
Slings is a value-added product and contributes to single-digit sales.
The value-added products share is less than single digits and expected to be 20% going forward.
Interest cost
The interest cost stood at INR 34.3mn in Q3FY24. Overall, interest cost is expected less than INR 150mn in FY24E.
Subsidy
The subsidy is expected around 8%-9% of the turnover going forward.
The subsidy is around INR 4,350mn. After the subsidy period, the margin would come down.
Other highlights
The company is focused on value-added products.
The business growth is majorly driven by the infra sector.
The company is focused on an increase in capacity for value-added products and an increase in global footprints.
The demand witnessed from marine, shipping, oil & gas, and infra sectors.

Outlook: Bharat Wire Ropes revenue and volume growth are expected around 10%-15% going forward. The capacity utilization is expected to improve to 80%-85% in the next 18-24 months. The debottleneck capex of INR 250mn to INR 300mn would bring additional revenue going forward. The increase in demand from Infra, Oil & Gas, Shipping, and other sectors would lead to business visibility going forward.

Vardhman Special Steels Ltd Q3FY24 Concall KTAs
CMP INR 217 | Market Cap INR 17.67 bn

Financials

- **Revenue stood at INR 3.97 bn (+0.81% YoY/ -4.28% QoQ).**
- **EBITDA came in at INR 0.41 bn (-16.57 % YoY/ 12% QoQ) impacted by decrease in revenue and increase in other expenses.**
- **PAT stood at INR 0.21 bn (-23.39 % YoY/ 18 % QoQ)**
- **Volumes stood at 46,437 tonnes increase of 0.17% YoY.**
- **EPS for the quarter stood at Rs. 2.68 vs Rs. 3.50 in Q3 FY23**

Guidance

- **Exports have been steadily increasing reaching 10% in Q3FY24, Plans to increase to 25-30% within the next couple of years.**

Auto industry volume mix

- **Approximately 40% of overall share is directed towards passenger vehicles.**
- **Around 32-34% is allocated to two-wheelers.**
- **The remaining portion caters to commercial vehicles and various other vehicle types.**
- **5-6% of total sales contribute to electrical supply for Electric Vehicles.**

Raw Materials

- **Raw material prices have decreased, resulting in a roughly 2% reduction in our overall costs.**
- **The raw material market has been relatively stable and calm over the past six months, showing a downward trend in stability.**

Key highlights

- **New capacities or plants have been established with adherence to government regulations, including approvals from the Ministry of Environment and NOCSPCL.**
- **The current production capacity stands at 300,000 tons for billet production and steel melting shop production.**
- **A recent growth trend in the automobile sector, will provide a boost to steel manufacturers in this segment.**
- **The current focus is exclusively on the automobile segment in terms of vision.**

Outlook

Overall, The increase in export volume and figures, the intention to build a stronger and wider customer base by Increasing Production Capacity as well as implementing cost control strategies are anticipated to contribute to it's future outlook and impact performance in a positive manner. Anticipation of positive growth in the automobile sector in the coming years may boost demand and contribute positively to the company. The management shows confidence and optimism about the future, in regards to the current momentum.

ISMT Partnership: Tube segment shows growth in both volume and value. Steel sales have seen a decline, and major growth is not expected in the steel segment. Volume of Pig Iron sales to ISMT has also decreased. The company will become a merged entity by April or May.

Capacity expansion and Customer development: Plans to set up a large two-part foundry at Solapur to cater to the demand for large castings. Working on capacity enhancement in Baramati and Jejuri, with plans to convert one blast furnace into steel for tube making over the next two and a half years. Casting customer base stagnated at 26 OEMs; focus on increasing the share of business with existing customers.

ISMT turnaround and Future projects
- Challenges in ISMT, particularly high power and fuel costs, are seen as opportunities by the company.
- Plans to go green with solar and wind power plants. Commissioning a 70-megawatt power plant in Maharashtra, with plans for a second 70-megawatt plant.
- Aiming for 210 megawatts of solar power and 10 to 15 megawatts of wind power to cover about 85% of ISMT's power consumption.
- Plans for 10 to 15 megawatts of wind power, aiming to cover about 85% of ISMT's power consumption.
- Focus on converting fossil fuel heating into electricity for green power and cost reduction.
- Debottlenecking projects underway for small to medium-sized projects in all three locations.
- Focus on increasing steel and tube production, selling rolled steel instead of blooms.

Capex: Investments in green power and green steel initiatives, targeting 210 megawatts of solar power and 15 megawatts of wind power. Expected total Capex for these initiatives is approximately INR 10,000 Mn, with INR 2,750 Mn already nearing completion. Further investments in the Solapur and Oliver foundries and a major upcoming project in the steel plant.

Solar Plant Commissioning: The first phase of the solar plant in ISMT is expected to be commissioned in March. The cost savings from the solar plant may start in April, with approximately one month required to realize the benefits.

Iron ore mine update: The company is hopeful of commissioning the iron ore mine before the close of FY24 with one mine expected to bring a benefit of approximately INR 500 Mn.

Oliver engineering expectations: Potential to onboard 5-6 customers in the north for block head and housings casting. Goal is to achieve 10,000 to 15,000 tons of volumes starting from June.

Alloy Steel Plant timeline: Upon receiving environmental clearance, the alloy steel plant is estimated to take two years for construction and an additional year for ramp-up.

Margin Considerations: Pig Iron margins are under pressure due to open-market pricing. Casting margins are more stable due to the ability to pass on price increases and variations. Internal gross margins are currently in the range of INR 2,000 to INR 3,000.

Outlook: The company aims to develop more castings for existing customers, leveraging the released capacity. Solapur facility planned for large casting production, especially windmill castings and foundries looking for resources from India. Expectation of market support in the casting business, with a potential ramp-up of volumes in the next year. Focus on overcoming challenges in debottlenecking for increased tube volumes. Anticipated margin improvement in the tube segment due to the green power initiatives.

Goodluck India Ltd – Q3FY24 Concall KTAs
CMP: INR 1079 | Market Cap: INR 34,270 Mn

Targeting INR 40,000 Mn in top line and above 9.5% EBITDA margin by FY26.

Financial Highlights:
- Revenue for Q3FY24 stood at INR 8,783 Mn up by 24% YoY and down by 1% QoQ.
- EBITDA for Q3FY24 stood at INR 776 Mn up by 42% YoY.
- PAT for Q3FY24 stood at INR 317 Mn up by 73% YoY and down by 9% QoQ.

Revenue Segmentation and Margins:
- Infrastructure segment constitutes approximately 60% of total revenue. Auto segment contributes around 25% to the revenue and Forging division represents nearly 15% of the revenue.
- Railway infrastructure typically yields 9% to 10% margins, Structural tubing margins range from 3% to 4% due to its general nature. Cold Drawn Welded products (CDW) command margins of 12% to 15% and Forging division also maintains margins of 12% to 15%.

Production and Export Expansion:
- The company plan to boost exports with a new plant in Sikandrabad, focusing on hydraulic tubing production. The company expects significant lift in their export operations with this new plant.
- They plan commence production of forging components in the first quarter of the next financial year.

Innovation and Product Diversification:
- In the last two years, the company expanded its infrastructure presence by participating in the first bullet train project, a joint effort with L&T, situated in Gujarat.
- The company finished about 7,000 tons of fabrication and is venturing into the construction industry machines segment with 15mm thickness hydraulic tubes, a unique offering globally.
- The company continuously improves production and conducts R&D with its existing assets. The goal is to collectively mechanize and digitalize manufacturing operations.

Product Specifications and Clientele:
- The company is developing projects intended for use across various artillery, helicopter and guns applications.
- It is a mix of materials, including Inconel, titanium, and aluminium selected according to DRDO specifications.

Business Strategy and Expansion:
- There are no current plans to hive off the defence business, as it already operates as a subsidiary within the company's structure.
- The company is already taking action by incorporating nearly 30 megawatts of solar power for its entire plant, covering approximately 30-40% of its energy demand.
- These sustainability efforts are expected to positively impact the company's financial performance in the future.

Applications in Railway Infrastructure:
- The company is involved in the construction of all Foot Over Bridges (FOBs), including a new type made of stainless steel. It has already commenced production of one stainless steel FOBs in Vishakhapatnam.
- Stainless steel FOBs are being constructed across various districts and railway station including upcoming railway station buildings.
- The company is bidding with L&T and other major players. If L&T and these players secure the bid, the company will obtain a significant portion of fabrication work.

High-Speed Rail Corridor and Dedicated Freight Corridor:
- The company has completed One third of the orders, while the remaining two thirds are under production.
- More orders are expected from L&T because the company is the only one that has completed this quantity so far.

Opportunities in Dedicated Freight Corridor:
- In the dedicated freight corridor, steel business corridors involve the construction of steel bridges. Within the Western Dedicated Freight Corridor, the company is supplying nearly 12,000 tons of steel bridges.

Outlook
In the upcoming years, the company expects robust revenue growth, exceeding INR 40,000 in FY25 and reaching INR 45,000 Mn by FY26. Margin improvement is anticipated, with expectation for an increase from 8.4% to over 9.5% by FY26, driven by defense operations integration. The company's export targets developed markets, with about 85% directed to regions like Australia, Europe, and America. Exported products include auto-related items and general engineering, purpose, and specialized pipes. The defence subsidiary plans to launch operations in H1FY26, with annual revenue estimates ranging from INR 3,500 to 4,000 Mn.

Kirloskar Ferrous Industries Ltd – Q3FY24 Concall KTAs
CMP: INR 638 | Market Cap: INR 88,813 Mn

Decline in performance compared to Q3FY23, especially in casting, affected by reduced demand from the tractor industry.

Standalone financial performance
- Sales Turnover for Q3 was INR 9,680 Mn, compared to INR 800 Mn in Q2FY24.
- EBITDA (Standalone) stood at INR 1,270 Mn, with an EBITDA margin of 13%.
- PBT INR 700 Mn, representing 7% of sales.
- PAT INR 520 Mn, with a PAT margin of 5.3%.
- Year-end sales realization at INR 42,000, a drop of INR 2,000 per ton from Q2FY24.
- Castings realization remained INR 124,000, down from INR 126,000.

Consolidated financial performance
- EBITDA stood at INR 2,320 Mn, an 8% QoQ decline. EBITDA margin was recorded at 15%, slightly lower than the 16% reported in Q2FY24.
- PAT for Q3FY24 showed an increase, reaching INR 1,053 Mn, up 29% QoQ from INR 817 Mn.

Operational Highlights
- Pulverized coal injection getting completed in Q4.
- Long-term loans were around INR 8,000 Mn in Q3.
- Volume growth in Pig Iron compared to Q2FY24, but witnessed a drop compared to Q3FY23, particularly in CRM Pig Iron.
- The total liquid metal production per quarter has increased to 165,000 metric tons or 56,000 metric tons due to which there will be a decrease of 3%-3.5% in pig iron production.
- Consumption and sale of Pig Iron in both foundries at Koppal and Solapur, and selling to ISMT for steel making.

Pig Iron and Liquid Metal Production: Challenges in achieving the 18% to 20% target EBITDA margin may be due to iron ore price increases and coal price drops not proportionately reflected in Pig Iron prices. Efforts are underway to improve Pig Iron margins, including Pulverized Coal Injection (PCI) implementation in February and upcoming oxygen enrichment by June-July. Expected liquid metal production for Q4 between 5 to 5.5 lakh tons, with potential for further growth. Full furnace utilization planned for next year, with potential for hot metal production beyond 6 lakh tons. No stockpile expected in the Pig Iron segment; significant volume growth anticipated.

PCI Injection benefits: PCI injection is expected to bring coke savings, with a 40% benefit on coke saving for 50 kg to 60 kg per ton of hot metal. With oxygen enrichment, the benefit can double, allowing for an increase in PCI usage to 100 kg to 120 kg per ton.

Tube Segment: The company is participating in tenders and winning orders in the oil and gas sector for tubes. Venturing into premium couplings with higher prices and margins.

Usha Martin Ltd - Q3FY24 Concall KTAs
CMP: INR 342 | Market Cap: INR 1,04,115 Mn

Experienced pricing pressures in Wire & Strand and LRPC segments. Anticipating at least 15,000 tonnes of additional volume in the Wire-Rope segment for FY25 with the completion of the new Capex. Conversion of LRPC into higher-value products like galvanized and plasticated LRPC expected to contribute to bottom line improvement. Margin stability and growth anticipated through a combination of Wire-Rope expansion, value-led volume growth, and strategic initiatives.

Financial performance
* Consolidated net revenue from operations for Q3FY24 was INR 7,971 Mn, a 4.4% decrease YoY due to reduced contributions from Wire & Strand and LRPC segments.
* Operating EBITDA rose by 23.7% YoY to INR 1,571 Mn in Q3FY24, with an operating EBITDA margin of 19.7%.
* Net profit for Q3FY24 increased by 27.9% YoY to INR 1,075 Mn.

Segment performance: Wire-Rope segment and Value-added industry segment contribution to consolidated revenue increased to 70% and 49%, respectively in 9MFY24. Within Wire-Rope category, contribution of value-added segments increased to 70% in 9MFY24, up from 65% in FY23.

International
* Revenue from international markets constituted 55% of total revenue.
* Established a step-down subsidiary in Saudi Arabia and acquired remaining 50% stake in Tesac Usha in Thailand for high-value elevator ropes manufacturing.
* Planning entry into synthetic slings market through UK plant, with potential for significant revenue and profit growth in the next 2-3 years.
* Company leverages cost advantage through close collaboration between international subsidiaries and Indian operations.

Capacity expansion: Phase 1 and Phase 2 of the Capex plan will add between 45,000 to 50,000 tonnes of capacity increase, primarily in Wire-Rope products. Full utilization of expanded capacity over the next 3-4 years may lead to further margin improvements. Phase 1 capacity expansion in Ranchi is set to be completed within Q4, with volume production expected to commence in Q1FY25; Phase 2 is anticipated to be completed in about 18 months from now. Ramp-up of production is anticipated to begin in Q1FY25, with benefits expected to contribute to the bottom line from the same period onward.

Big-ticket clients: Anticipate big repeat orders from premium clients in Europe and the USA. Strong growth forecasted at Brunton Shaw UK, with a 30% increase in the current year, driven by high-end products like Oceanmax and Cranemax.

Saudi Arabia venture: Operations in Saudi Arabia expected to start in Q1FY25, initially as a service center providing value-added services for ropes. Planned services include cutting, coiling, socketing, testing, and distribution to cater to various industries such as oil and gas, ports, cranes, construction, and infrastructure. Further expansion plans contingent upon market traction and performance evaluation.

LRPC business: Focus on value-added LRPC products such as galvanized, plasticated, and PVC coated LRPC to mitigate margin pressures. Exploring opportunities to leverage wire drawing and patenting facilities for other value-added wire products. Expect challenging quarters in LRPC margins but anticipate improvement with strategic initiatives.

Factors impacting margins
* Prime driver of profitability remains the growth in Wire-Rope business, with a focus on specialty products for applications like mining, port cranes, etc.
* Margin fluctuations may occur due to product mix, volume variations, and external dynamics.
* Focus on value-added products and services, including integration with international subsidiaries, to maintain healthy margins.
* Shift in product mix towards higher-value segments like crane ropes and oil and offshore ropes contributes to margin improvement.

Europe and US
* While the general infrastructure growth in Europe is slow due to factors like high inflation and lower Capex spend, demand for specialty ropes in big projects remains strong.
* The company has strong order book in Europe for special ropes.
* In the US, demand is seen in mining ropes, crane elevator market, gondola ropes, and specialty ropes for offshore and fishing applications, contributing to overall positive outlook in the Americas region.

Impact of Steel Prices: Wire-Rope business operates on a value-driven model, allowing it to protect margins regardless of steel price fluctuations. The company has successfully insulated its business from steel price volatility by focusing on value addition and service quality.

Surya Roshni Ltd Q3FY24 Concall KTAs
CMP: INR 720 | Market Cap: INR 78,950 Mn

The company plans to increase capacity by about 20% in existing facilities and exploring new projects in the western part of India. We are positive about the company's outlook backed by increased demand for value-added products in lighting and consumer durables, debt reduction, and improving margins.

Financial Performance
* Revenue for Q3FY24 stood at INR 19,380 Mn with a decline of 4% YoY.
* EBITDA registered at INR 1,580 Mn with a margin of 8.2%, down by 3% YoY.
* Net profit stood flat at INR 900 Mn.
* Debt to equity ratio stands at 0.12x and debt reduced by INR 1680 Mn in 9MFY24.

Lighting and Consumer Durables Segment Performance
- Revenue rose to INR 4,030 Mn, up 2% YoY.
- EBITDA margins for Q3FY24 stood at 9.33%, up 244 bps YoY.
- The company experienced volume growth along with an improved product mix favoring higher-margin value products.
- Additionally, cost savings attributed to backward integration facilitated by the PLI scheme contributed to enhanced operating profitability.
- In Q3FY24, the company undertook new projects at G20 event in Delhi, Facade lighting of Atal Setu etc.
- Won a major order of INR 720 Mn for LED Public Street Lighting & Maintenance in the Indian state of Orissa.
- The particular segment became debt-free, reducing the overall debt-to-equity ratio.

Steel Pipe and Strips Segment Performance
* Revenue stood at INR 15,360 Mn with a decline of 6% YoY.
* EBITDA/Ton for Q3FY24 stood at INR 61,560 Mn achieving a growth of 21% QoQ from INR 51,040 Mn.
* Volume de-growth of 2.5% in Q3FY24 due to the reduced demand for high-value steel pipes lead to a dip in the revenue.
* Exports registered a growth of 23% in Q3FY24 and 16% in 9MFY24.
* In-hand order book of INR 6,000 Mn for Oil & Gas sector and Exports business.
* Successfully manufactured pipes with a diameter ranging from half inch to 140-inch (minimum to maximum).

Growth Initiatives
* Received EPD (Environmental Product Declarations) certification for all products, which is mandatory requirement for customers in export markets, especially Europe.
* The modernization of the cold rolling plants at Bahadurgarh facility is currently in process to reduce cost of production as well as improve the quality of products.
* Recently got registered in the Neom city - a new urban area planned by Saudi Arabia.

Product Focus
- The company intends to focus on its core products, particularly in the steel pipe segment, with a focus on exports and API business.
- Additionally, there is a focus on infrastructure projects in the oil and gas sector and the lighting segment.

Outlook: The company saw a minor revenue decline in Q3FY24 attributed to reduced high-value steel pipe demand, balanced by lighting and consumer durable growth. Operating profit remained stable due to the improvements in different sectors. Looking ahead, the company aim to maintain debt-free status, expand steel and lighting capacity, and target export growth, projecting a 15-20% increase in export share by next year.

Pennar Industries Ltd Q3FY24 Concall Highlight
CMP INR 143 Market Cap INR 19.33 bn

The company is strategically exiting low-margin ventures like Solar EPC and water EPC, focusing on high-margin segments such as PEB, hydraulics, and engineering services for future growth. Company plans to achieve PBT margins of 7% over the next 2 years and achieve 20% growth in revenue eventually. The finance cost is on the rise on account of growth but is planned to come down once the revenue starts flowing.

Business Update
-The company is taking an exit from low margin business like Solar EPC, water EPC and Retail business and foraying into high margin high growth businesses. Some receivables in water and solar EPC are taking time to recover and shall be done in next 2-4qtrs. This exit might result in moderated revenue growth for the next quarter or two, but positions the company well for significant enhancements in both revenue and in PBT in the forthcoming quarters.
-Company forecasts strong growth in the following segments- PEB segment which is metal building business in US and India as well, hydraulics, process equipment and engineering services. Expansion in these areas is expected to significantly contribute to revenue and profitability. Each vertical presents a significant market opportunity and company's current market penetration in these segments remains low, which means that its growing order backlogs in these areas will ensure that its revenue grows.

Financial Performance
-Revenue at INR 7.45bn (+7.6%YoY). PBT at INR 337mn (+20.8%YoY).
-EBITDA margins have increased to 11.2%. PBT margins for the quarter at 4.4%. This improvement can be contributed to evolving revenue composition. PAT margins of 3.4% at 253.7mn (+20%YoY).
-Working capital days are at 77 which might go to 75 by March end of this year while the management has kept an internal target of 60 days going forward.
-Cash profit of INR 429.2mn.
-The company is incurring high finance cost since it is entering its growth stage and also because of stuck assets in which the company is cutting down due to low margins. Once company collects the stock assets, revenue from new verticals start expanding, finance costs to moderate as a percentage of our sales.
-Debt to equity at 0.85 and company is confident of reducing it. ROCE well above 21% at consolidated level.

Highlights from the Call
-It might take 1.5-2 years for the company to increase its PBT and PAT margins to 5 and 7 % respectively.
-Company's strategy going forward will be to build strong assets in these five growth verticals which they have and continue to scale which make sure that revenue and profitability grows and margin grows.
-The margins for PEB business in US and India can be expected to be 15% and 10% respectively. These high margins in US could be attributed to the cost arbitrage in terms of manpower skills.
-Order book currently at INR 5.5bn, which is expected to substantially increase by March.
-Plants are running at full capacities for the PEB business both in India and US as well and by Q1FY25 new capacities will be added which will help to increase the output. Hydraulics will also see capacity expansion next month.
-Once exit from low margin business is done, aspiration for revenue growth can be 20% plus.
-The company guides that for every INR 7-8bn increase in revenue, around INR 1bn of capex will have to be done.

ISGEC Heavy Engineering Q3FY24 Concall highlights
CMP INR 920 | Market Cap INR 67.640mn

Strong order book along with enquiries coming from international customers

Financial highlights:
• Total revenue came in at INR 14978mn(+1.4%QoQ/-6.2%YoY).
• EBITDA stood at INR 1287mn(-6.1%QoQ/0%YoY), margins of 8.6% v/s 8.1% in Q3FY23.
• PAT came in at INR 666mn(+4.5%QoQ/+1%YoY), margins at 4.5% v/s 4.1% in Q3FY23.
• Net borrowing as of Dec'23 was INR 5.86bn, down by 34% from Dec'22.

Order book:
• Orders booked in Q3 stands at INR 13650mn. Strong order in hand position. 71% of it is project business while 29% are manufacturing business. Order book for 9MFY24 stands at INR 85840mn. International orders constitute about 12% of the overall order book.
• Export enquiries have picked up.
• Order finalisation may be on the lower side in Q4. The company has enough orders for next 18-19 months with more orders coming in. Enquiries are coming in for all products manufactured.
• Lot of orders were in process in Q3 which are expected to be dispatched in Q4 along with revenue booking. This will stabilise the manufacturing margins.
• Two larger FGD orders are going to complete in FY24. Significant payments are received. They expect more opportunities to come up. The margins of these orders will be decent with decent cash flows.

Sugar:
• Saraswati Sugar mills started operations from 31st Oct'23. Plant is working at full capacity and there is good response from the market. Overall India sugar production to be lower as the government banned exports for this season.
• The company will be installing additional plant to enable the existing plant to produce C heavy molasses. They will be able to shift back to B molasses anytime. This will require INR 170mn investment, done through internal funds.
• Sugar business is expected to continue facing downtrend due to low quota and ban on exports. But the management expects domestic quota to be on similar levels of last year in Q4.

Ethanol:
• Ethanol plant operating at full capacity of 160klpd.
• Construction at cavate biofuel ethanol projects in Philippines is completed. Trial productions started as on 30th Jan'24. Commercial production expected to start in February. The plant will not have any negative impact on PBT.
• The company will look to monetize it in the medium term. They do not intent to run it for a long time and will exit when they get a decent price.
• The management feels the ban on using sugarcane juice for producing ethanol can be removed if sugarcane production will be adequate next year.

Subsidiaries and JVs:
• Revenues in Q3 of JV Hitachi Zosen are INR 2080mn (PBT is INR 190mn for 9MFY24, which was 0 in 9MFY23) and Eagle Press are INR 120mn.
• Hitachi Zosen's order book is around INR 9.45bn with 50-50 split between international and domestic orders.
• The management expects better performance in Hitachi Zosen. Order book at Eagle Press has not been very good; expect to end FY24 with profits.

Key highlights:
• EPC margins were lower in the quarter at 3.5% but the management expects to reach 4-4.5% for FY24 and targets 5.5% for FY25. Manufacturing margins target also to be within 11-12% for FY25.
• Hoping to see overall 8-9% growth in manufacturing and EPC orders in FY24.
• Retention money constitutes about INR 10bn out of all receivables. About INR 4bn is expected to come in within next 12 months.
• The company is evaluating CBG opportunities. They are currently not tied up with anyone on the hydrogen side. Currently executing blue ammonia plant orders and bidding for orders overseas.
• The company is participating in Oil and Gas orders in Middle East and were recently given one order for UAE project; to come in Q4. They are on vendor list of many companies and regularly receive enquires.

Steel Authority of India Ltd - Q3FY24 Concall KTAs
CMP INR 122 | Market Cap INR 505.78 Bn

Financials
• Standalone Revenue from Operations stood at INR 250.42 Bn in Q3FY24 against INR 233.45 Bn in Q3FY23 (+7.3 % YoY) and INR 297.14 Bn in Q2FY24 (-15.8 %QoQ).
• EBITDA stood at INR 21.98 Bn in Q3FY24 against INR 23.19 Bn in Q3FY23 (-5.2% YoY).
• PBT stood at INR 6.35 Bn in Q3FY24 against INR 4.61 Bn in Q3FY23 (37.7% YoY)
• PAT stood at INR 4.64 Bn in Q3FY24 against INR 3.31 Bn in Q3FY23 (40.2% YoY)

Market outlook
• During April to January FY24, the crude steel production has grown by 13% and the consumption of finished steel has grown by 14%.
• The demand for steel in India is forecasted to increase by 7.7% during the calendar year 2024.

Debt
• Absolute term debt stands at Rs 29,000 crore in January compared to Rs 28,000 crore in December.
• Debt is expected to reduce to some extent by the end of FY24.
• Capex guidance of Rs 60bn for FY25.

Other Highlights
• The Adjusted EBITDA/t for 2Q stood at 4,043/t and 3Q stood at 2,319/t, decline was attributed to a rail price revision of Rs 1700/t in 2Q.
• The company is currently operating at 95% utilization.
• In 3QFY24, flat prices stood at Rs 56,600/t and Longs was Rs 53,938/t.
• Blended NSR for 3Q at Rs 55,361/t , up 4% sequentially.
• As of January, the spot prices for Flats Rs 53,000/t and Longs Rs 51,900/t.
• The coking coal cost in January 2024 is Rs 26,633/t and 4Q cost is expected to be in the similar range. However realisations are expected to be lower.
• January sales were higher at 1.49mn tones.
• Company plans to increase its capacity to around 35 million tons by 2030.
• The imported prices are currently at par with the domestic prices.
• The total capacity of iron ore mining is 36 mn tonnes, and extra royalty is paid in Jharkhand.
• In 3QFY24 Coal blended costs on consumption basis stands at Rs 23,600/t vs Rs 23,271/t previous quarter.
• The average realization for the company was Rs 53,400 in Q2 and Rs 55,300 in Q3.

Outlook
The future outlook is positive with strong steel demand anticipated in Q4. The company aims to continue expanding capacity over the next few years.

Nelcast Ltd - Q3FY24 Concall KTAs
CMP: INR 165 | Market Cap: INR 14,364 Mn

Strong exports with aim on higher-margin components and improved capacity utilization

Financial Performance:
- Revenue for Q3FY24 stood at INR 3,230 Mn, down by 3% YoY and 11% QoQ due to slowdown in medium/heavy commercial vehicles and tractor segments.
- PAT for Q3FY24 stood at INR 2,550 Mn, up by 379% YoY and 53% QoQ
- EBITDA/kg stood at INR 12.1 in Q3FY24, up BY 21% YoY and down by 19% QoQ driven by higher contribution from exports, normalization of raw material prices and operational efficiencies.
- Nine-month revenue breakup: M&HCV 38%, exports 35%, tractors 21%, railways 3%, others 2%.

Export Business and CAPEX Plans:
- Export revenue for Q3FY24 stood at INR 1,180 Mn and INR 3,390 Mn in 9MFY24, exceeding FY23 total. The company is confident in meeting FY24 export guidance of INR 4,000 Mn.
- The export business is performing well with company seeing benefits from offshoring trends, particularly from the US.
- Going ahead the company also expect EBITDA/kg margins will continue to improve on the back of growing export.
- Capex guidance revolves around INR 600 Mn for FY25 and FY26 combined.
- The primary focus is on maintenance Capex for equipment upgrades and growing exports.

Product launches:
- The company has several products in the pipeline scheduled for export launches.
- EV products, initially planned for launch in H2FY24, experienced delays by General Motors due to UAW strike, resulting in a six-month postponement. The revised launch date is set for Q1FY25.
- In addition to the delayed EV products, there are other items intended for the U.S. market, with an anticipated launch towards the end of H1FY25.
- Ongoing technical reviews are in progress, and the commencement of tooling development for certain products is expected within the next two to four weeks.

Capacity Utilization and Expansion plans:
- The current capacity utilization for 9MFY24 stands at 56%. The company plans to increase capacity by adding additional melting furnaces and balancing equipment, with the potential to add around 50,000 tons.
- The estimated investment required for this capacity expansion is in the range of INR 600 to 800 Mn.
- The anticipated increase in export business within the next one or two years is expected to boost utilization levels to approximately 80 - 85%.
- Overall utilization rates are Gudur at 60%, Ponneri at 90%, and Pedapariya at 23 - 24%. Efforts are underway to increase Pedapariya’s utilization to over 30% by March 2024.

Renewable business:
- The company intends to invest in the renewable energy sector during FY24 and FY25.
- The current renewable energy mix is around 55 to 60% and it aims to increase this mix to 80%.
- Achieving 80% renewable energy on higher capacity utilization is expected to have a substantial impact.

Slow-Growth Segments:
- The company faced subdued performance in the medium and heavy commercial vehicles (M&HCV) and tractor segments during the quarter, impacting revenue growth.
- Despite the current challenges, the company anticipates strong growth in future, driven by a robust order book and upcoming new product launches.

- The company expects M&HCV to recover with an increase in construction activity and infrastructure spending, while tractors are projected to show only modest growth in FY25.

Debt Management:
- The company plan to maintain its current level of debt on the balance sheet for at least next year or two.
- The decision to maintain the current debt level is influenced by anticipated growth in working capital needs, with plans to increase exports.
- The company foresees a shift in the debt mix, with an increase in working capital-related debt justified by business growth.

Exceptional Item:
- The exceptional item in the financials pertains to the sale of excess land, which was acquired in 2007 in Andhra Pradesh.
- Originally, the land was intended for setting up a foundry, but over time, the company decided it was not the suitable location for that purpose.
- As there was no specific use for the land, the company decided to sell it, leading to the realization of INR 172.8 Mn.

Railway business and diversification:
- Railway business currently contributes only 3% of our revenue.
- Two primary aspects of the railway business include producing brake discs for LHB coaches used in high-speed trains like Rajdhani and Shatabdi and manufacturing base plates for metro rails.
- The company is working on expanding the portfolio of brake discs to cater to other types of trains.
- While initiatives are underway to enhance the railway business, it is not expected to significantly impact the overall top line due to its relatively low current base.

Macro Trends and Opportunities:
- The company is benefiting from the China plus one strategy, gaining a greater share of business.
- Opportunities are arising from Euro plus one as concerns grow about financial health and environmental restrictions for foundries in Europe.
- The company is well positioned to benefit from increased infrastructure spending in India given strong presence in products for heavy trucks used in construction/mining.

Outlook:

The company expects Q4FY24 revenue to be marginally better than Q3FY24 at around INR 13,000 Mn. They aim for double-digit top-line growth in FY25. Sales tonnage for exports in Q4FY24 is expected to be between 21,000 and 24,000 tons. The company also expects an additional run rate of INR 1,500 Mn in exports by the end of FY25. The company expects EBITDA/kg margin target in the range of INR 13-14 per kg. The company aims to increase complexity in designs and focus on producing larger-sized components, expecting the realization per kg to continue rising. Several products are currently in the approval stages, and there is an expectation for their launch at the beginning of FY25. The company expects normalized demand post a temporary dip in M&HCV in December.

Jindal Stainless Ltd. – Q3FY24 Concall KTAs
CMP INR 580 | Market Cap INR 477bn

Outlook:
Domestic demand expected to rise with robust economic activities and infrastructure supported demand. In the short term the company may see muted growth but long term growth looks positive.

Financial highlights:
Sales volumes came down to 512,000 MT from 544,000 MT in Q2FY24 (-6% QoQ, +28% YoY) mainly due to planned maintenance of plant aimed at enhancing output.
Consolidated Revenue stood at INR 9.13bn (-7% QoQ, 1% YoY)
EBITDA was INR 1.24bn (+1% QoQ, +43% YoY)
The company received INR 2bn dividend from its subsidiary, JUSL.
Net Debt to EBITDA was 0.7x while Net Debt to Equity was 0.2x.
The board has approved divestment of 26% in JCL, with increasing stake in IBERJindal up to 100%.
Capex guidance of INR 3.3bn has been surpassed and now been revised to INR 3.6bn, due to investment in Rabirun and prepayment of Indonesia NPI Tranche.

Rabirun Vinimay Pvt. Ltd:
The company was acquired for INR 960mn. The plant will start operations by H1FY25. Initial capex of INR 750mn is planned.
They have a PNT capacity of 4,000-5,000 tonnes per month. Plans to take it to 8,000-10,0000 levels. Initial production will be about 1,500 tonnes per month. INR 7,000-8,000 EBITDA/tonne expected currently.
The short term focus is to reach 100% capacity.

Rathi Supersteel ltd.:
Rathi Supersteel has initiated production, expanding the company's product range to include Wide rods and Rebars. Operations are set to scale up in FY25, with an initial planned capex of INR 1.5n.70% capacity utilisation expected by FY25. 110,000-120,000 tonnes production expected in FY25. INR 4,000-6,000 EBITDA/tonne expected.

IBERJindal:
The board has approved increase of stake up to 100%, looking to also acquire partner stakes. It is a service centre of the company based in Sapain, primarily catering to the European customers. Due to geopolitical tension and other issues, Europe is not performing well thus reported negative numbers in the quarter. The management has high expectations from the European market and expect positive returns from IBERJindal.

Other highlights:
Focus on reducing imports.
Trained more than 4,800 people under Stainless Academy initiative.
Set to achieve mid term target of 50% carbon emmissions well before 2035.
The rating was upgraded to AA stable from AA-.
Lenders have approved the promoter's pledge of all equity shares.
The brownfield production expansion to 4mn tonnes is delayed due to other projects. However, a projected volume increase of 20-25% is anticipated for both FY24 and FY25.
The management sticks to the INR 19,000-20,000 EBITDA/tonne guidance given earlier.

Jai Balaji Industries Ltd. Q3FY24 Concall KTAs
CMP INR 1,020 | Market Cap INR 163.67bn

Financial highlights:
Revenue stood at INR 15.39bn (+0% QoQ, +0% YoY)
EBITDA stood at INR 2.46bn (+16% QoQ, +251% YoY)
PAT was INR 2.34bn (+16% QoQ, +740% YoY)
Volumes:
Sponge iron was at 41,000 tonnes (+5% YoY)
Pig Iron was at 30,000 tonnes (-45% YoY)
Billets was at 20,000 tonnes (+33% YoY)
TMT was at 67,000 tonnes (+24% YoY)
Ferro Alloys was at 17,000 tonnes (-5% YoY)
DI Pipes was at 50,000 tonnes (-16% YoY)

Realisations:
Sponge iron was at INR 29,215 (-11% YoY, -2% QoQ)
Pig Iron was at INR 37,511 (-9% YoY, -6% QoQ)
Billets was at INR 41,947 (-6% YoY, -4% QoQ)
TMT was at INR 46,211 (-9% YoY, -2% QoQ)
Ferro Alloys was at INR 1,76,165 (33% YoY, 9% QoQ)
DI Pipes was at INR 80,394 (17% YoY, 12% QoQ)

Operational highlights:
With two of the company's furnace under maintenance in the quarter, production volumes dipped in the quarter for all segments. The orders in hand will be fulfilled by Q4FY24.
The company holds about 10% of the market share in the DI Pipes segment in India, aiming to increase this share on the back of increased capacity expansion.
Current order book: DI pipes - INR 18-20bn, Ferro Alloys - INR 4bn.
Railway sidings near its plant which roughly generates INR 1,000 per tonne of cost advantage in terms of transportation.
Major sales of Ferro Alloy and DI Pipes come from intermediaries and government or directly to projects on EPC basis. Some part of TMT sales come from distributors. Major clients of the company include Haryana Government, Maharashtra Government, Mega Engineering, NCC, Kalpataru GMC projects. Around 30-35% of orders in the DI pipes segment are on fixed price basis i.e. contract based.
TMT bars generate lower EBITDA, in the range of 6-7%, while Ferro Alloys and DI Pipes generate higher of 17% EBITDA.

Guidance:
The management expects to achieve 20% QoQ revenue growth in Q4FY24 while Revenue in FY26 is expected to reach INR 9.5bn.
Combined contribution of Value-added products (Specialized Ferro Alloys and DI Pipes) to Revenue stands at 55%. The company is confident in bringing it to 80% with the increased focused on these products.
The company aims to significantly expand its capacity, with DI Pipes increasing by 175% to 6,60,000 tonnes, Specialized Ferro Alloys by 45% to 1,90,000 tonnes, and a furnace revamp to boost Hot Metal capacity to 7,50,000 tonnes. The targets include achieving 90% operational efficiency for DI Pipes and 75% for Specialized Ferro Alloys.
Current Debt stands at INR 5.6bn. The company targets to become Net Debt Free in the next 18 months and intends to the Capex through internal accruals. With the Current cash flow and expected EBITDA earnings, the company will be in a comfortable position to pay off debts.

The key to achieving 18-20% EBITDA margins is the increasing contribution of Value-Added products to 80%. With the cost cutting measures and new technologies implementation, this target looks achievable.
The management believes that the DI pipes will see a robust demand for the next 3-4 years especially due to the “Nal Se Jal” and “Jal Jeevan” projects of the government. The management plans to tackle its peer with low-cost strategy which will generate higher margins.

Capex of INR 10bn is planned. INR 3.8bn has already been incurred as of Q3FY24 and about INR 1bn capex is expected in Q4FY24. Rest of the capex will done within 18-24 months.
With capacity expansion of DI pipes, the export sales of DI pipes is also expected to reach 10% of total sales, which currently is at 2%. They already supply to Middle East countries and are tapping the African market with their new subsidiary in Uganda. But with the growing demand in India, the focus currently is to cater the local country. They also have their eye on Europe as their replacement market.

Outlook:
Jai Balaji Industries has demonstrated strong year-over-year growth, particularly in its high-potential Value-added product segment. The management expresses confidence in the market outlook, anticipating robust growth in Q4FY24. With substantial demand from the government and expanding presence in the export market, the company foresees significant returns from its value-added products. We have a positive outlook for the company. At CMP, company trades at 23.2x TTM EV/EBITDA.

Tata Steel| Concall KTA Q3FY24

CMP: INR 132| Market Cap: INR 1628.17 Bn

Financials

• Tata Steel's EBITDA loss in Europe stood at about £159 million in Q3, with deliveries around 0.64 million tons lower QoQ basis due to subdued demand.

• In the Netherlands, revenues Stood at £1,239 million, with an EBITDA loss of £117 million, while deliveries increased by 5% on a QoQ basis to reach 1.30 million tons.

• India revenues stood at Rs 35,011 crores and were broadly stable on QoQ basis, with Deliveries at 4.88 million tons (+3% QoQ and +10% YoY).

• Recorded EBITDA at Rs.8,302 crores (+20% QoQ), with an EBITDA margin of 24%.

• India's crude steel production reached 5.3 million tons, with almost 100% capacity utilization, reflecting a 6% increase both QoQ and YoY.

• Automotive segment had the best of a third quarter sales and was up 8% QoQ and 22% YoY.

Capex

• Capex for Nilachal will be lower because it is a long products plant, requiring optimization of expenditure.

• Miramonti's CapEx is expected to be lower as it involves enhancements rather than adding a full-fledged plant.

Inventory

In Q3, company reported INR 900 crores in steel inventory as compare to INR 570 crores in Q2, primarily driven by inventory built up.

Supply Chain

• In the UK, Strategic efforts include exploring opportunities, planning infrastructure, and forming partnerships to secure the supply chain expected to develop over the next two years.

Pricing

• In India, steel prices remained strong until October 2023 due to robust domestic demand. However, steady exports from China resulted in a 4%-5% price drop in November-December.

• Net realizations for the UK are expected to increase by approximately GBP40 per ton due to its dependence on spot prices

• The Netherlands is expected to experience a reduction of GBP14 per ton.

RM and input costs

• Coking coal prices up nearly 10% (QoQ) to $330/t levels while Iron ore prices moved similarly to around $140/t levels.

• Further, the company expects coking coal cost to be about $10 higher for Q4.

Guidance

• Currently commissioning a 5 million ton per annum capacity expansion at Kalinganagar in India, having powered the new blast furnace and aiming to achieve physical readiness by next quarter, with plans to produce approximately 0.7 million tons of crude steel in FY25 and further ramp up in FY26.

• Net realization in India for Q4 is anticipated to be approximately INR1000 lower compared to Q3.

• The company expects next year to be profitable in Netherlands, with positive EBITDA.

• Netherlands aims to increase traditional steel production from 6.1 million tons to a target range of $6.5 million to $7 million, once the furnace stabilizes, in the next couple of months.

• Guidance for coking coal consumption cost is expected to increase by about $18 on a consumption basis in Netherlands and by about $11 in UK.

Key highlights

• Supplied over 42,600 tons of Tata Tiscon rebars, along with Tata Tiscon ready-built solutions and structural plates for the recently inaugurated Atal Setu in Mumbai, India's longest sea bridge.

• Despite strong steel demand in India, pricing has not fully reflected this robustness, leading to a mixed view on demand.

• Consumption in end-use industries such as automotive, railways, and infrastructure remains strong.

• The BF6 relining is complete, and the filling of the furnace is starting, with production expected to begin next week.

Outlook

The company expects better international operations in the upcoming years, with significant improvements anticipated in reducing losses in the UK and enhancing performance in the Netherlands. Emphasis is placed on project completion, product development investments, and strategic positioning for growth in the long product segment. Expansion plans and a commitment to low carbon emissions suggest a forward-looking approach aligned with sustainability and business development.

Shyam Metalics Q3FY24 Concall Highlights
CMP: INR 702 | Market Cap: INR 196 Bn | Promoter: 74.59%

[Arihant Capital]

Operating Metrics (Consol)
- Revenues came in at INR 33.15 Bn (+12.7% QoQ) (+13.5% YoY)
- EBITDA came in at INR 4.07 Bn (+32.6% QoQ) (+83.8% YoY)
- EBITDA Margins came in at 12.29% (Vs 10.44% QoQ) (Vs 7.61% YoY)

Capex & Capacity:
- 9M FY24 capex at INR 43.34 Bn, Q3 capex to be INR 3.77 Bn
- FY25 to be 20 Bn, FY26 at 18 Bn, FY27 to be ~10 Bn

Business Highlights:
- Energy cost softened and product mix improved which led to expansion in margins
- Coal prices have softened, benefit of this will be visible in Q1. Stocking usually happens for the entire quarter
- Mittal Corp revenue expectation of INR 15-18 Bn at 75-80% CU in FY25. Company is also manufacturing steel rolling equipments for a large defence company in India. Current utilization at 35-40%
- Prices of iron ore are stabilizing (NMDC is dominant player)
- Iron ore mine which company bid and won for, is under proceedings and wont impact immediately
- DI Pipe facility to come online in FY26
- Exports are 10% of revenues. Company exports sponge iron, specialty alloy and Foil
- Distribution network has growth 30% over past 2 years

Aluminum Foil Plant:
- Aluminum foil capacity of 40,000 tonnes per annum, foray into battery grade foil and B2C House foils (for players like Zomato by doing organic lamination).
- Company products 5.5-6 microns thin films. Exports more than 60% of production. Q3FY24 utilisation was 70%. Exports to Europe, USA for defence
- Company has signed NDA with a large EV Battery manufacturer to supply aluminum foil but will take place in future, not now. Company will also expand facility in future but nothing concrete yet.
- Company is also planning recycling green aluminium foil plant which will help them make their own foil stock

Other KTAs:
- Company raised INR 13.85 Bn from QIP which brought down promoter holding, no intent of promoter to sell shares now
- Company has turned net cash positive company with INR 12.09 Bn cash

Outlook: Company is undertaking large capex again but completely through internal accruals. Company has turned net cash which will help them fund capex. Moreover, few new large scale orders are ongoing which gives more confidence on delivery going forward. Finished goods products to come online post capex which result in stronger performance going ahead. Guidance of 12-15% topline growth in FY25 and 20% in FY26. We are positive on the company. At CMP, company trades 8.85x FY26EV/EBITDA

Jindal Steel and Power Limited – Q3FY24 Results and Conference Call KTAs
CMP: INR 757 | Market Cap: INR 772 bn

Short Summary: Q3FY24 EBITDA per ton came in at ~INR 15,000, which is solid despite somewhat softer volumes at 1.81mt. Consol EBITDA came in INR28bn, well ahead of the market expectations in our view. Co. is adding 75% capacity (on current base) at a low capital cost over the next 2 years, all of it from part of internal accruals. Rampup at captive mines would result in sizeable cost savings. Even at the current size of INR775 bn market cap, JSPL could be 2-3x story in 3+ years.

Details:
Standalone volumes were on the weaker side at 1.81mt (vs 1.9mt in Q3FY23). Realizations improved by INR 5,100 per ton q/q, while cost increased by INR 1,500 per ton q/q. Consequently, EBITDA per ton came in at a solid INR 15,100 per ton (+INR 3,500 per ton q/q). EBITDA came in at INR 27.2bn (+18% q/q, +21% y/y) mainly as a result of strong realisations. Volumes were lower due to very little exports and production was soft due to unplanned outage at melt shop at Raigarh

Consol EBITDA came in at INR28bn (vs INR 22bn in Q2 and INR 23.6bn in Q3FY24). This is a nice beat vs expectations, driven by beat at the standalone level.

Net debt stood at INR91bn, a spike of INR18bn, due to working capital increase and capex.

Realisations In Q4 could be lower than Q3 and coking coal price increased by 10-20$ per ton. Most of the beat in Q3 might be given up in Q4, most of it if not all of it. Negligible external pellet sales in the quarter.

Gandhar Oil Refinery Ltd | Concall KTA Q3FY24
CMP: INR 250 | Market Cap: INR 24.51 Bn

Outlook: Company is well placed in growing White oil (PHPO) industry. Company has good volume growth rate of 28.52% CAGR for FY21-23, but the revenue was flat on both quarterly and yearly. Company might see growth as the industry grows.

Financial Highlights:
• Manufacturing volumes of Q2FY24 was 120,457 Kl, increased to 131,213 Kl in Q3FY 24 and PHPO was 64,609 Kl is in Q2FY24 which is increased to 71,602 Kl in Q3FY24.
• EBITDA was at INR 851 Mn (+12% QoQ and +22% YoY). EBITDA Margin was at 7.71% (Previously 7.58% in Q2FY24 and 6.35% in Q3FY23). Company aims to increase and sustain EBITDA margin.

Industry: The Indian specialty oil market is anticipated to grow from USD 7.3 billion in 2023 to USD 9.3 billion by 2028, showing a CAGR of 5%. White oil is a key driver of this growth in the dynamic market landscape. Also, Indian white oil market is 0.47 Bn in FY23 and the Industrial oil market is 3.2 Bn.

Other Highlights:
Focus on White Oil (personal care, healthcare, and performance oils-PHPO) The focus on PHPO, characterized by lower entry barriers in industrial lubricants as compared to PHCO (4-5 years). The emergence of EV's poses a challenge to traditional lubricant sales, with EVs utilizing 70% less lubricant than IC engines. Also Working capital requirements is high in lubricants compared to PHPO. However, the PHPO sector is poised for growth, capitalizing on the rising consumer emphasis on health and skincare, offering opportunities in a changing market landscape. PHPO has good margins as compared Industrial lubricants.

Expansion in Capacity: Company has 3 facilities in Silvasa, Taloja and Silhouette (UAE). The expansion of facilities in Taloja and silhouette (UAE) is advancing and is anticipated to complete by the end of this fiscal year.

Texol: The revenue showed a growth of 20% but Gross margin shrank from 9.9% to 7.3% and EBITDA declined by 15%. This was due to increased requirements of raw material, company had to go and buy procured from the spot market. Company expects Texol numbers to improve in coming quarters.

Key Risks:
FMCG Degrowth: While the growth in the FMCG sector is decelerating, company remains relatively insulated due to a significant portion of sales originating from overseas markets. Notably, international sales have surged by 20%, mitigating the impact of the slowdown in the domestic FMCG growth.
Foreign exchange Hedging: Company naturally hedge over 65% of our foreign exchange risk through overseas operations. To cover the remaining exposure, company employ forward contracts in collaboration with banking partners.
Crude oil price: For the supply arrangements with key suppliers, pricing is linked to ICIS benchmarks for base oil and pricing terms are adjusted on a monthly basis.

Deep Industries Ltd Q3FY24 Concall KTAs
CMP INR 244 | Market Cap INR 15650mn

Outlook: Deep Industries' performance has been flat for some quarters. Order executions in Q4 can result in better performance. With increasing demand in the industry, strong order book and bid pipeline, the company showcases high growth prospects.

Industry outlook:
- India's natural gas consumption expected to increase by 25bn m^3, annual growth of 9% in FY24.
- Industrial consumers are projected to contribute 40% to net demand growth.
- Fresh capex plans announced by PSUs and large private players.
- Strong demand environment coupled with benign pricing outlook is ensuring profitable and durable growth in coming years.

Financial and operational overview:
- Revenue stood at INR 1050mn (+7% YoY/+4% QoQ)
- EBITDA stood at INR 490mn (+18% YoY/+2% QoQ), margin of 46.9%
- PAT came in at INR 280mn (+12% YoY/-5% QoQ), margin of 26.6%
- Other income includes interest income and treasury income. The management expects the quarterly run rate of INR 80-90mn will continue.

Orders and bid pipeline:
- Order book continues to grow sequentially, standing at INR 12bn. Execution period is around 2.5-3 years. Tenders are in evaluation stage.
- Rigs constitute about INR 4.5bn worth of orders, compressor packages are of INR 5bn and rest are other services and RAS.
- Significant orders received from ONGC and Vedanta worth INR 970mn.
- Rigs ordered for Selan and ONGC can start generating revenue from Q4 or Q1FY25. Selan rig already under mobilisation and will be operational by next week.
- Rig for Bokaro is also ready and lying in China. Expect to get it shipped in March and start operations from April-May.
- Bidding pipeline of INR 5bn with an increasing trend.
- Tender with JV with euro gas is under evaluation and expected to convert soon.
- The company has qualified for various categories of rigs at Kuwait oil. Tender is already published, due in April. Intent to bid for some rigs in the region. The management sees this as a big opportunity.

Dolphine Offshore Ltd:
- Established a subsidiary "Beluga International" in Dubai through Dolphine Offshore Ltd.
- The company is seeing interest from the industry in the asset they are deploying at Dolphin. It can contribute INR 8-10bn to revenue in FY25 while FY24 contribution can be around INR 80mn as its major asset is under refurbishment. Operating margin of Dolphin is 50%+.
- The company can deploy the barge order within 2 months once the contract gets executed by FY24 end.

- **Sizable progress in terms of receivables from ONGC in Dolphin.**
- **The company has sold off its building at Raheja Towers in Dolphin Offshore. Dolphin works on an asset like model so they do not need real estate. They plan to utilise the proceedings in the business for refurbishing existing equipment or buying new.**

Other key highlights:

- **RAS Equipment, subsidiary, is doing well but not as per expectations. Demand for CNG boosters is not as anticipated. Demand has been very low for the past few quarters.**
- **The company is first focusing on CNG compressors and will foray into hydrogen compressors as and when there is an opportunity.**

Guidance:

- **Current quarter saw marginal growth in topline but the management expects Q4 to come up at pace with the order book and close FY24 as per expectations.**
- **25% growth in revenue expected in FY25 on the back of bid pipeline and current order book.**
- **The management expects to maintain EBITDA margins at 42-45%. Margins have been around 38-39% for past some quarters.**
- **Capex depends on the orders in hand. Capex for Q3 and Q4 is around INR 1000mn. For FY25, it can be around INR 1000mn.**

Oil India Ltd Q3FY24 Concall highlights
CMP INR 499 | Market Cap INR 541bn

Production ramp up planned for Gas and Crude Oil. Targeting new customers starting with North East.

Guidance:
• Target for crude oil production is 3.8MT for FY25 while 4MT is the target for FY26.
• Gas production can reach 4BCM in FY26.
• Capex plan for FY25 is around INR 60bn including INR 10bn equity investment in NRL. Exploration expenditures will be around 45-50% of total capex targets. The company will be planning additional capex for Mozambique project. Current plan only includes part of the project.

Key highlights:
• Crude oil realisations decreased to US$ 84.14/Barrel from US$ 88.33/Barrel in Q3FY23. For 9MFY24, the price decreased to US$ 82.89/barrel from US$ 100.27/barrel in 9MFY23.
• Crude oil production increased to 0.856MMT (+6.07% YoY). Natural Gas production increased to 0.822BCM (+2% YoY)
• Crude oil sales increased to 0.847MMT in Q3FY24 from 0.772MMT.
• Natural Gas sales increased to 0.649BCM in Q3FY24 from 0.610BCM.
• Average annual gas price for 9MFY24 was US$ 6.5/MMBTU.
• Standalone income stood at INR 63.23bn (+5.7% YoY) while Turnover for the quarter was INR 58.15bn (-1% YoY)
• Net profit stood at INR 15.84bn (-9.2% YoY)
• EBITDA for the quarter was INR 26.13bn (-11.6% YoY), margins at 41.34% v/s 49.44% in Q3FY23.
• Other expenses to remain at similar levels going forward due to provisions.
• Provision made towards distributed GST on royalty including interest, amounting to INR 2.37bn in Q3FY24.
• PAT of subsidiary NRL, stood at INR 8587mn. NRL plant is working at 114% capacity.
• Increase in oil production was not due to EOR/IOR activities and rather contributed from fields in North East.
• Drilling for new wells has increased in old areas as well as introduced new technologies for production. This has helped in maintaining steady production.
• To increase oil production, company has planned to increase drillings and target to double the number of wells from 45 to 80 by next year. 4MT production is the target for FY26 and this increase of wells with help the company in achieving it.
• The company looks forward to extensive exploration for drilling wells with drilling already going on in Mohanadi, Northeast and Rajasthan.
• Exploratory wealth is more on near fields exploration currently but going forward it will be more on new explorations side.
• Baghjan field is targeted for gas production and it has seen substantial increase in gas production. Once the field gets connected to mainland India, the company will have better opportunities to sell. Customers are seasonal. Proposed one more line in IGGN to directly connect field with North east grids.
• IGGN is almost ready and first phase will be commissioned by end of FY24 or early FY25. Target to cover North East first; initially targeting customers beyond Numaligarh up to Guwahati as there are lot of factories in upper Assam where the company does not supply gas. Discussions have begun with customers.

- The 9MFY24 gas sales are significantly low because of subdued Q1 as there was low off-take. The management believes this was a one-off incident and with improved performance in Q2 and Q3, the performance will be much better in FY25.
- GRM reported for Numaligarh are excluding excise duty benefit. Excise duty benefit was US$ 15-16/barrel.
- All the gas produced as of now is APM gas and is eligible for price of US$ 6.5. Sales are done directly and nothing through GAIL as of now.
- The company is targeting high DCR gas for the next two years as they get connected to mainland India.
- Significant potential to increase gas production once the connectivity comes in.
- 55-60% of refinery upgrade is completed.
- No 2nd Interim dividend for the year has been decided as of now.

Mahanagar Gas limited – Q3FY24 Concall KTAs
CMP: INR 1345 | Market Cap: INR 132.94 Bn

Financials
Revenue from operations stood at INR 17.23 bn from INR 18.38 bn last year decline by 6.25% YoY and 0.3% QoQ.
Recorded EBITDA at INR 4.96 bn for Q3 FY24 increase by 72.27 % YoY.
The Selling, general & administrative expenses declined by 6.31% QoQ& increased by 33.17% YoY.

Net profit stood at INR 3.17 bn in Q3FY24 as against 1.72 bn last year (+84% YoY) amid lower gas costs but decreased by 6.3% QoQ.
The EPS is ₹32.11 for Q3 FY24 which increased by 84.33% Y-o-Y.

Capex
The company invested approximately INR 500 crores in capital expenditures during the 9 months of the year and anticipates a total spending of around INR 750-800 crores by the end of the year.

Pricing strategy
The company is inclined not to intervene if sales volume is minimally affected, but in the event of a growth slowdown, a deliberate decision may be made to address pricing. The pricing strategy involves providing significant industrial customers with a discount based on their consumption volumes.

Key highlights
Company entered into a Memorandum of Understanding (MoU) with Mitsui OSK Lines, focusing on the production and utilization of hydrogen-related products and LNG for diverse applications.
CNG has experienced an approximately 8% growth in terms of kilograms, and industrial volumes have seen a robust double-digit increase, surpassing 20%.
The acquisition of Unison is expected to be completed this quarter. Unison's current volumes are around 1.33, representing around 20% growth over last year.
The company expects to add 45 stations this financial year and a similar number in the next financial year.

Outlook
The company aims to boost industrial customer additions and volume growth by leveraging the extended footprint from the Unison acquisition. While geographical expansion is restricted, MGL seeks to maximize growth potential in existing areas. The management team is confident in achieving higher volume targets through strategic capex investments and procurement strategies. Overall, the outlook appears positive, positioning MGL for sustained growth.

GAIL (India) Ltd- Q3FY24 Concall KTA's
CMP: INR 172 | MarketCap: INR 11,28,945 Mn

Strong performance in gas marketing and petrochemical operations

Financials
- Revenue from Operations (Consol) stood to INR 3,47,678 Mn in Q3 FY24 up by 5% QoQ, and down by 3% YoY
- PBT grew at 30% QoQ and 515% YoY to INR 40,748 Mn Q3FY24 as against INR 31,385 Mn in Q2FY24 and INR 6,621 Mn in Q3FY23.
- PAT (Post Non-Controlling Interest) increased by 31% QoQ and 672% YoY to INR 31,946 Mn in Q3 FY24 as against INR 24,441 Mn Q2FY24 and INR 4,138 Mn in Q3FY23.

Gas Marketing Segment
- Robust performance in the gas marketing business during the financial year.
- The company earned a gas marketing margin of INR 43,000 Mn in the 9MFY24.
- Time swaps, destination swaps, and ship-to-ship transfers have contributed to the success in gas marketing.

Gas Transmission Volume
- In Q3FY24, the average transmission volume increased to 121.54 MMSCMD (Million Metric Standard Cubic Meters per Day), up from 120.31 MMSCMD in Q2FY24.

Polymer Production and Petrochemical Operations
- Polymer production at 205 TMT (Thousand Metric Tonnes) in Q3FY24, against 160 TMT in Q2FY24, with operational efficiency leading to positive financial results.
- The improvement in petrochemical profitability is attributed to operating the plant at 101% capacity in the last quarter.
- Operating above full capacity led to positive outcomes, including a significant reduction in specific energy consumption, higher fixed cost allocation, and leveraging the portfolio for optimal petrochemical production.
- Profitability in the petrochemical business is influenced by both selling prices and input gas costs, and the company is currently able to source and supply petrochemicals in the range of $8 to $9.
- PBT for the petrochemical segment stood at INR 620 Mn against loss of INR 160 Mn in the previous quarter.
Liquid Hydrocarbon Production
- Liquid hydrocarbon production at 730 TMT during 9MFY24.
- Q3FY24 saw a positive activity of INR 2,570 Mn, an improvement from the loss of INR 170 Mn in Q2FY24.

Volume Increase in Marketing Business
- The company aims to store 7 to 8 MMTPA (Million Metric Tonne Per Annum) of additional gas for its portfolio and anticipates 1 - 2 MMTPA increase annually.
- A contract for 1 MMTPA has been signed, starting from FY26, and discussions with various suppliers for additional volume are in advanced stages.

Gas Transmission Business
- The company no longer has APM gas for its gas compression business.
- Gas is sourced from domestic sources or RLNG at prevalent market prices for compressor fuel.

Profitability and Plant Acquisition
- Profitability for the petrochemical plant (PATA) is expected to improve in the upcoming quarter.
- The recently acquired JBF petrochemical plant is expected to be commissioned by March FY25, with a planned expenditure of around INR 20,000 Mn.

CAPEX
- The targeted CAPEX for FY25 is INR 1,70,000 Mn.
- The breakdown includes approximately INR 30,000 Mn for pipeline projects, INR 44,000 Mn for petrochemicals, around INR 7,500 Mn for operational CAPEX, and INR 50,000 Mn for equity contributions to subsidiaries.

Trading Hubs
- The company has only one trading hub, located in Singapore.
- There are no trading hubs in the US or European markets, but operational functions are handled in the US for energy contracts.

Guidance
- The company anticipates the gas marketing margin to surpass the INR 55,000 Mn mark by the end of the financial year.
- Future expectations include gas marketing spreads of INR 40,000 Mn in FY24-25 and INR 45,000 Mn in FY25-26.
- Expected gas transmission volume for the FY23-24 is 120 MMSCMD on average.
- Over the next 2-3 years, a gradual increase in transmission volume by 12 - 15 MMSCMD on a YoY basis is anticipated.
- Gas marketing volumes are expected to grow, with a 5 - 6% increase anticipated for the coming year, attributed to the expansion of the business and the company's ability to leverage flexible gas options.

Outlook

The company anticipates good growth in the gas marketing segment, aiming to conclude the financial year on a high note for its petrochemical and water operations. The company plans to optimize gas sourcing in Q4, targeting breakeven levels. The focus is on normalizing petrochemical operations in the next financial year, to achieve a reasonable profit from this segment. Enhanced price realization in FY24 is expected to contribute to slightly increased production levels compared to previous years. Additionally, GAIL is actively engaged in hedging for LPG products to safeguard margins in this segment. The company expects no major shutdowns.

Petronet LNG Ltd - Q3FY24 Concall KTAs
CMP: INR 268 | Market Cap: INR 4,02,000 Mn

Expansion of Dahej Terminal to drive growth

Financials
* Revenue from operations stood at INR 1,47,472 Mn in Q3FY24, growth of 18% QoQ and de-growth of 7% YoY.
* PBT stood at INR 15,973 Mn in Q3FY24, growth of 45% QoQ and 1% YoY.
* PAT stood at INR 11,907 Mn in Q3FY24, growth of 46% QoQ and 1% YoY.

Dahej and Kochi Terminals
* The utilization at Dahej terminal reached 96%.
* Total throughput increased to 218 Trillion British Thermal Units (TBTU) in Q3FY24 compared to 210 TBTU in Q2FY24 and 154 TBTU in Q3FY23.
* Throughput at Dahej and Kochi terminals together increased to 232 TBTU in Q3FY24 as against 223 TBTU in Q2FY24 and 167 TBTU in Q3FY23.
* Expansion of Dahej terminals from 17.5 MMTPA (Million Metric Tonne Per Annum) to 22.5 MMTPA will be completed by March 2025.
* The Jetty project at Dahej cost around INR 17,000 Mn and will take about 36 months to complete.
* Tank commissioning is set for June 2024, the overall expansion will be completed by March 2025, with a 5 MMTPA regasification capacity.

Receivables update
* The company has secured the receivable of user pay charges with bank guarantees to the extent of INR 4,150 Mn for FY21 and INR 8,480 Mn FY22. Therefore, no revenue loss is anticipated.
• If off-takers bring more cargoes than committed, user pay charges for the excess volume will be waived.
* If off-takers fail to bring committed volumes, bank guarantees will be encashed to recover user pay charges.
* Extra volumes brought by off-takers will be recognized as income, and user pay charges will be raised accordingly.
* In total, provisions made so far amount to INR 3,170 Mn for INR 13,000 Mn of user pay chargers (2021 and 2022 combined).

Operating Expenses
* Operating expenditures have increased, with a provision of INR 2,280 Mn made against user pay receivables of CY21 and CY22.
* Once volumes increase, revenues will be recorded, and provisions will be reversed over time.

Other Financial Figures
* In Q3FY24 the company incurred gross margin impact of INR 1,360 Mn, Reversal of rent expenses of INR 80 Mn and Depreciation and finance losses are INR 840 and INR 690 Mn, respectively.
* The Company incurred service charges of INR 6,230 Mn for service cargo and has trading gains INR 400 Mn and Inventory gains of INR 1,470 Mn in Q3FY24.

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Pipeline update
* The 250 Km section from Coimbatore to Krishnagiri is expected to complete by this year end.
* Once completed, the pipeline will connect to Bangalore and the national gas grid.
* The company anticipates additional volumes coming in FY25 once the pipeline is operational

Gopalpur Terminal
* The Gangavaram project is not pursued, and attention is now on the Gopalpur terminal.
* The project is expected to take around 3 years to complete.

Other Highlights
* No impact on LNG trade due to Red Sea disruptions for cargoes coming from Qatar under as there are long-term contracts.
* The petrochemical project has been approved by the board, with a declared spend of INR 2,06,850 Mn, including soft costs.
* Tank commissioning is set for June 2024, the overall expansion will be completed by March 2025, with a 5 MMTPA regasification capacity.

Outlook
The efficiency in operations and high utilization of the heat chamber contributed to the positive results. The company is prepared to adjust provisions based on the actual performance and volumes delivered by the end of the contractual period. The new Jetty is expected to provide flexibility for importing propane, ethane, and LNG.

Indraprastha Gas Ltd. Q3FY24 Concall KTAs
CMP INR 426 | Market Cap INR 298bn

Key highlights:

- Revenue for Q3FY24 was INR 39.2bn.
- PAT stood at INR 3.92bn (+41% YoY).
- Sales volume in the quarter were 8.48 mmscmd (+4% YoY), 2% sequential growth. Expect to touch 9 mmscmd in Q4.
- EBITDA and PBT grew by 32% YoY standing at INR 5.64bn and INR 5.16bn respectively.
- 15,000 conversion rate of vehicles every month.
- CNG segment had 2% YoY growth with average 6.3 mmscmd sales.
- PNG segment saw good volume growth. Industrial segment lagged due to price of alternate fuel.
- INR 720mn dividend received from associates.

Capex:

- Capex done as of Q3FY24 is INR 8.24bn.
- Capex for FY25 will be around INR 14-15bn, focusing on CBG and LNG segments.

APM gas:

- Total allocation for APM was 78% (down from 87%) and non APM, 4% was HPHT.
- The management expects APM allocation to go down even further. However, there were some improvements seen in January 2024.

Plants:

- Plant to set up small scale LNG plant in OGA to utilize capacity of CNG stations. First plant to use CNG to convert LNG.
- 16 new CNG stations to be commissioned in Q4.

Current focus:

- Focus on LNG and CBG to increase volume and profitability; also looking at renewables for diversification.
- Focus on increasing volume growth and set up 10 LNG stations. The management sees potential of LNG replacing long haul vehicles running on diesel.
- The company plans to target dumpers outside Delhi which have high consumption of gas as they are daily transportation areas. Coversion rate of 15-20% can also produce high volume growth.
- The company plans to adjust industrial pricing scheme in line with others to incentivize their usage and maximise volume. Giving discounts is also an option as focus is on volume growth.
- The company plans to replace shortage in APM allocation with CBG volumes. They have LOI for 20 CBG plants out of which only 5 are commissioned and 10 more plants are in setup with greater capacities. Plants expected to be ready by end of FY25. CBG is 10-15% cheaper than APM.
- Current focus is one expansion of volumes. Margins may come down a bit per scm but the volumes will keep the profitability maintained.

Guidance:

- Target is to touch 10 mmscmd average volumes in FY25.
- Spot prices have softened due to which the management expects renewals of contracts at better prices.
- EBITDA of INR 8/scm is what the company will be nearing by FY24, currently stands at 7.23/scm, down from 8.6. As the prices will not change, the company still maintains the target of 7.5 to 8, achieving it through volume expansion.
- The company is increasing infrastructure spend rapidly and target 1 million additions in volume every year. Infrastructure spend as of Q3FY24 was INR 8.6bn, Delhi accounting for INR 4bn.

Other highlights:

- Gas prices have not been increased despite low APM allocation which has helped in maintaining vehicle conversion rate.
- There are plans to convert all DTC buses to EV by end of FY25, about 965 buses have been converted as on Q3FY24. This will affect sales volume in Delhi.

Outlook: Indraprastha Gas is primarily concentrating on increasing its volume in the future. As APM allocations are anticipated to decrease, there is a possibility of a decline in profit margins for the business. The strategy involves exploring new regions to maximize business opportunities. The upcoming year will witness substantial capital expenditure, accompanied by an uptick in infrastructure investment. The company might face challenges in expanding its volume due to the existing demand scenario.

Hindustan Petroleum Corporation Limited| Concall KTA Q3FY24

CMP: INR 430 | Market Cap: INR 610330 Mn

HPCL's Q3FY24 showcased robust financials, operational excellence, market share gains, and a strategic focus on renewable energy and lubricants diversification.

Financial Highlights

• Revenue from operations in Q3FY24 is INR 1190133 Mn, showing a 16% QoQ increase and 2% YoY growth.

• PBT is INR 9864 Mn, indicating an -87% QoQ decline but a significant 647% YoY growth.

• PAT is INR 7128 Mn, with an -88% QoQ decline and a robust 60% YoY growth.

• Operating margin is 0.91%, and net profit margin is 0.60%.

Operational Highlights

• Average GRMs (Gross of export duty) for Q3FY24 were US$ 8.49 per barrel.

• Despite turnaround activities, crude throughput during Q3FY24 was 5.34 MMT, a 10.6% YoY increase.

• Achieved highest-ever quarterly sales volume of 11.90 MMT during Q3FY24.

• Outpaced PSU Industry sales growth with a 3.2% quarterly growth in the domestic market.

Market Share and Infrastructure

• Total Market Share Gain of 0.20% during Q3FY24 amongst PSUs.

• Market Share Gain in Aviation Fuel, Petrol, Diesel, and LPG amongst PSUs during Q3FY24.

• Invested INR 10,350 crore in Refining & Marketing infrastructure during this FY24.

Diversification and Future Plans

• Received regulatory approvals for setting up a Wholly Subsidiary for Renewable and Green Energy.

• Ambitious plans to increase Renewable portfolio to 10 GW by 2030 and expand Biofuels portfolio.

• In the lube business, focusing on developing a comprehensive marketing strategy and long-term roadmap.

• Progress in the Visakhapatnam Refinery Modernization Project (VRMP) and ongoing activities at Balotra, Rajasthan (HRRL).

• Commissioned waste-to-compressed biogas plant laid foundation stones for solar projects and signed MOUs for CBG plants.

New Business Initiatives

• Collaboration with Chevron for the premium Caltex Brand of Lubricants in the Indian market.

• Expansion of Global presence, signing agreements with Sri Lanka and Adani Total Pvt. Ltd. (ATPL).

• Commissioned 106 new Happy shops and released 4 LOIs under the SATAT scheme for new CBG plants.

Infrastructure and Sustainability

• Commissioned E20 facilities at 1,203 Retail outlets, CNG facilities at 43 outlets, and EV charging facilities at 94 outlets.

• Solar panels installed at 740 Retail Outlets, making over 55% of HPCL's retail network powered by renewable energy.

Operational Achievements

• Plant Factor - CDU Vishakhapatnam - 65 days close; Hydrocracker stable for one month in Q4.

• Gained profit in all product categories and market share.

• Crude procurement plant expected in the next year, Rajasthan refineries commissioned.

• Improved debt situation, which is now below 50,000 Cr.

Financial Outlook and Ratios

• Debt ratio (de ratio) is at 1.25.

• Term crude not impacted; supply disruption is not an immediate concern.

• Lubricant side contributing INR 1000 Cr EBITDA.

Future Projections

• Expecting refining to be 90% complete by mid-2024 at Vizag, with mechanical completion expected by mid-2025.

• Targeting refining product MCHSB and LG product completion by the end of the calendar year 2024.

• Anticipating significant progress and achievements in refining, infrastructure, and sustainability initiatives.

Pharma and Healthcare

Glenmark Life Sciences Ltd | Concall KTA Q3FY24
CMP: INR 785 | Market Cap: INR 96018 Mn

The company shows positive financial performance, especially in the CDMO segment. Strong order books, diverse product portfolios, capacity expansion plans, and a focus on technology and cost management indicate a promising future, despite some temporary challenges in regulatory and pricing aspects.

Financial Highlights

- Revenue: INR 5728 Mn, up 5.9% YoY, and declined -3.8% QoQ.
- EBITDA: INR 1742 Mn, up 14.6% YoY, and 1% QoQ.
- PAT: INR 1188 Mn, up 13.1% YoY, and 0% QoQ.
- EBITDA Margin: 30.4%, PAT Margin: 20.7%.
- Gross Margins: 57.7%, up 670 bps YoY, and up 360 bps QoQ.

Business Segments

- Generic API: INR 5105 Mn, up 6.4% YoY, and -5.9% QoQ (93%).
- CDMO: INR 355 Mn, up 40.4% QoQ, and 27.2% YoY (7%).
- GPL Business: INR 1541 Mn, down 3.3% YoY, and 23% QoQ (27% of total revenue).
- External Business: INR 4187 Mn, up 9.8% YoY, and 5.9% QoQ (73% of business).
- Regulated Markets: 81% contribution in Q3FY24 and Emerging Market is 19%.

Operational Highlights

- Working capital days remained stable at 170 days.
- 9MFY24 generated a strong free cash flow of INR 2,214 Mn.
- Multi-year definitive agreement signed to supply APIs for an innovator's product.
- The strong order book for external business.

Product and Portfolio

- CVS and CNS portfolio leading growth.
- 4 new products added to the grid.
- HP API portfolio extended to 13 products with a $24bn addressable market.
- Development progressing for iron complexes.

Capacity Expansion

- Greenfield in Solapur (1000MT), Brownfield in Dahej (240KL), Oncology block in Dahej, and Backward Integration in Ankleshwar.
- The total Reactor Capacity Expansion Plan estimated in FY26 is 2405 KL.

Outlook

- **Confidence in delivering steady growth in FY24 and the coming years.**
- **CDMO business is expected to grow 4x in 3 to 4 years.**
- **Geopolitical crisis may impact, but raw material and margin are stable.**
- **Focus on technology, cost management, and capturing the anti-fungal market.**

Challenges and Considerations

- **Regulatory issues in Europe are temporary.**
- **Some pricing pressure in Europe.**
- **The competitor landscape is diverse, with no single competitor in their 100 commercial APIs.**

Vijaya Diagnostic Centre Ltd Q3FY24 Concall KTAs
CMP INR 635 | Market Cap INR 64,940mn

Current focus is on establishing market in Pune with the newly acquired PH Diagnostics' base. Good growth seen in volumes; expected to maintain it going forward. With already established market share in Hyderabad, the company is looking out for expansion in Eastern India, starting with Kolkata.

Financial and operational overview:

- Revenue stood at INR 1327mn (+17% YoY/-4% QoQ), driven by 15% volume growth (11% coming from same stores while 4-5% contribution from new centres)
- EBITDA came in at INR 523mn (+18% YoY/-9% QoQ), margin of 39.4%
- PAT stood at INR 258mn (+58% YoY/-22% QoQ)
- B2C revenue maintained at 94%.
- Radiology and Pathology contribution were maintained at 36% and 64%.
- Q3 saw lower growth of pathology segment when compared to Radiology and wellness.
- Revenue per test increased to INR 461 while revenue per footfall was INR 1515.
- Wellness business stable with 12% contribution.
- Total tests in Q3 were 2.88mn while the company saw 0.88mn footfall.
- Doctor base increased significantly to 250+

Hubs and centres:

- Hub at Mehboob Nagar, Hyderabad on positive trend; expected to break even in Q1FY25.
- Established hub at Gulbarga, Karnataka in November 2023. The management believes the hub is a huge opportunity as there are very less integrated players in the region.
- Expansion in East with hub established in Kolkata; slated to be NABL accredited by March. Hub can breakeven by July 2024. Can expect yearly revenue of INR 200mn at maturity. Another hub is in process to be established in 2-4 months. West Bengal is a market the company wants to grow organically with a long-term vision.

Acquisitions:

- Acquired PH Diagnostics in Pune in December 2023 for INR 1475mn, funded through cash reserves; to be integrated fully in next 2 quarters. Working towards market expansion in the region.

Other key highlights:

- Plan is to grow all areas – Pune, Hyderabad and Eastern India. Currently Hyderabad contributes about 80% of revenue but still the management is positive of double digit growth. Contribution may come down to 70-75% as other areas develop.
- The company focuses more on volume growth rather than price increases. They are going to continue this strategy going ahead. So, ARP may not grow as per industry.
- No current plans to expand in North India.
- 15 new centres plan can get carry forward to Q1FY25.
- No expansion plans in Hyderabad as of now.

Alembic Pharmaceuticals Ltd Q3FY24 Concall KTAs
CMP INR 965 | Market Cap INR 189bn

Witnessed strong growth across all segments and businesses.

Financial overview:
- Revenue stood at INR 16.31bn (+8% YoY/+2% QoQ)
- EBITDA came in at INR 2.69bn (+14% YoY/+24% QoQ), margin at 16.5%
- Profit after tax stood at INR 1.8bn (+48% YoY/+32% QoQ), 11% margin.
- Net cash inflow stands at INR 3.9bn as of Dec 2023.
- Gross borrowings reduced to INR 5.75bn as of Dec 2023.

India business:
- India business grew by 9% despite muted demand in antibiotics and respiratory market.
- Most of the segments have outperformed market growth.
- New launches are performing well with future launches to come.

US Generics business:
- US Generics business grew by 9% to INR4.74bn
- 11 new products were launched in US markets in Q3. To launch 5 more products in Q4FY24 in the US market. Atleast 10-15 launches expected in FY25.
- The company focuses more on realisations than gaining market share. Thid does slow down the company's business a bit.
- The management thinks the US market is better than it was two years ago. The team is well equipped to capitalise on opportunities. The returns are relatively down, hence the R&D spend has been on the lower side.
- They are not getting on long term contracts without evaluation unlike competitors.
- Investments in new capabilities like injectables and oncology aim to improve competitiveness. Focusing on complex products can lead to less price erosion and greater opportunities in the US market.
- Price erosion in US lower than last year.

API business:
- API business grew by 11% to INR2.89bn.
- The business has been doing well and is expected to continue maintain the growth rate. The business faces a bump every 3-5 quarters, which may cause 1-2 quarters to be lower, but will pick up the growth again.

Ex-US Generics:
- Ex-US Generics grew by 32% to INR2.72bn.
- The company has a bit different strategy for Ex-US market. Growth in the last 5 years has been about 15%. Expected to be a major growth area.

R&D:
- R&D expense was 7% of sales at INR1.14bn for the quarter, with ongoing efforts to optimize and reduce it.
- R&D guidance of INR 5bn or below is on track. The company has already started charging off all expenses which were earlier capitalized.

Other key highlights:
- New facilities are operational and current utilisation is very low, expected to have a better utilization than expected with new product launches and business opportunities.
- No major capex other than maintenance required.

Suven Pharmaceuticals – Q3FY24 Concall KTAs
CMP: INR 651 | Market cap: INR 1,65,773 Mn

Focusing on improving customer relationships and actively seeking M&A opportunities.

Financial Performance
- Revenue in Q3FY24 stood at INR 2,198 Mn, down by 5% QoQ and 38% YoY.
- Revenue growth excluding Speciality Chemicals & Covid molecule, Stood at 2% YoY.
- EBITDA in Q3FY24 stood at INR 651 Mn, down by 33% QoQ and 56% YoY.
- Adjusted EBITDA Margin stood at 36% in Q3FY24 vs 38% in Q3FY23.
- PAT in Q3FY24 stood at INR 468 Mn, down by 41% QoQ and 57% YoY.

Macroeconomic Overview:
- Q3FY24 results met expectations at macro level, facing challenges from industry-wide inventory destocking in Speciality Chemicals and due to COVID supplies in the pharma base.
- Short-term performance expected to be soft, medium-term outlook remains optimistic.

Business Development, RFQs Pipeline and ESOPs:
- The company is engaging in discussions with their existing and potential customers for early and late commercial projects.
- The RFQ pipeline sustaining higher pace and is witnessing traction in conversions.
- The company has announced ESOP scheme announced to enhance employee benefits and talent retention.

Suven-Cohance Merger
- The Company has passed a resolution and are in the process of evaluating the merger.

Adjusted EBITDA and Old Inventory Provision:
- Adjusted EBITDA for 9MFY24 stood at INR 3,485 Mn with a 44% margin as compared to 41% in 9MFY23.
- One-time provision for old inventory at INR 134 Mn. The provision is specific to the recent quarter and is only a one time provision.

Near-Term Challenges and Medium-Long Term Outlook:
- The company is acknowledging the challenges in near term, especially in specialty chemicals.
- Its challenging for company to give timeline about when the medium-term growth would materialize, as it is hard for them to predict when a phase three molecule can be ready followed by the NDA filing and approval.
- As the successful clinical closure, normally takes anywhere between 1.5 – 2 years' time, they are not able to exactly define what would be the terrain at which the success comes.

Active Projects and API (Active pharmaceutical ingredients) Chain Expansion:
- The company has One active project transitioning to API with an innovation company but timelines are uncertain due to procedural requirements.
- Forward integration into formulation is not expected in midterms.

M&A Activity and RFQ Discussions:
- As the company has surplus cash in the balance sheet they are considered for inorganic growth through M&A.
- The company is currently evaluating few technology platforms which can differentiate their business from the existing crowd and also helps them stay relevant to their existing customers.
- Improved RFQ pipeline, impacts on revenues expected in the next one to two quarters.

Capacity Utilization and Expansion Plans:
- There is ongoing assessment of current capacity utilization with focus on optimization.
- Suryapet plant capacity expansion is on track; the company is currently planning to bring this capacity to optimal level within next 2 years' time.

Capex Plans:
- The company's current focus is to deepen existing relationship with customers and fill up the current capacity which is relatively sub optimally used, and then appropriately plan for the CAPEX.
- Maintenance capital expenditures are expected to remain unchanged from previous years.

Future Outlook:
Despite facing near-term challenges attributed to industry-wide destocking and COVID impacts, Suven Pharmaceuticals remains optimistic about its medium-term outlook. The company is focused on fostering customer relationships, optimizing operations, and strategically positioning itself for long-term growth. The company is actively exploring M&A opportunities and is maintain a healthy RFQ pipeline, anticipating positive impacts in the next one to two quarters.

Supriya Lifesciences Ltd - Concall Highlights
CMP: INR 347 | Market Cap: INR 27 bn | TP: INR 428

Guidance:

•The Management maintains their earlier given guidance of EBITDA Margins of 28-30% on a sustainable basis, while indicating higher margins also achievable.
• Management confident of achieving INR 10 bn annual revenue in the next 3 years.
• The Company maintains guidance of 20% CAGR growth of revenues for the next 3 years.

Key Highlights:

• Revenue increased to INR 1.4 bn increasing by 33.2% YoY/flat QoQ.
• EBITDA increased to INR 415 mn increasing by 195.4% YoY/up 30.7% QoQ. EBITDA Margins increased to 29.6% for Q3FY24 increasing by 1,626 bps QoQ/up 695 bps QoQ.
• PAT increased to INR 298 mn for Q3FY24 up 212.9% YoY / 24.7% QoQ. PAT margins came at 21.3% increasing by 1,221 bps YoY / 422 bps QoQ.
• 8 APIs which have received approval will contribute INR 2 bn annual revenue.
• The Ambernath capex of INR 0.6 bn will be operational by Q1FY25, till then the new products APIs will be made in Lote Parshuram.
• Of the INR 10 bn revenue, the Management informs that 80% of it will be coming from the API/CDMO business.
• The company is also considering forward Integration and is in process of setting up a formulation plant with bottling capacity of about 5 million annually. With this capacity, the company aims to have a business of 10-12% of the global market in the next 3 years with EBITDA in the range between 28-30%.
• The Company is also investing INR 0.6 bn over the next 3 years for the CDMO facility at Ambernath facility. The site will be operational in Q1FY25 and will open phase wise.
• The Management informs of four new products in the Pipeline for launch in FY25. These products are from the Antidiabetic, Anti-anxiety and Anesthetic categories.
• The Management says the increase in EBITDA margins is due to the company getting penetration in the more regulated markets where the margins are higher, for e.g, the Europe sales went up from 26% to 42%. Also, the Anaesthetic segment saw tremendous growth in their business mix from 21% to 49% in Q3FY24.
• The company has a basket of 8-12 molecules for which the company has started getting approvals in the more regulated markets and they are scaling up there. With the ANVISA approvals for the 8 registered products, the Company expects annual revenue contribution of INR 2 bn from the 8 products.
• The top 3 molecules that the company produces: Chlorphenamine maleate, Ketamine Hydrochloride and Salbutamol, the management maintains a growth guidance of 8-10% annually.
• The Management says that the contribution from CDMO / CMO and opportunities could be even bigger, for example if they can get 10% of the global market share, the future opportunities could then be much bigger than current guidance.
• The Management says there has been lots of regulatory changes in the latin american markets over the last 2 years.

Aarti Pharmalabs Ltd Q3FY24 Concall Highlights
CMP INR 519 | Market Cap INR 47,040mn

Outlook: Focus has been on CDMO business and it is seeing good growth and is expected to maintain the ramp up. Revenues were flat but EBITDA has seen good growth. Margins are expected to grow on the back of cost optimization. New capacities will aid in revenue growth.

Guidance:
• In line to achieve EBITDA growth of 8-10% in Q4FY24 while 12-17% annual growth of can be anticipated in 2-3 years. Expect to achieve long term goal of 27 to 30% annual growth in next 2-3 years.
• The management targets to keep Debt to Equity between 0.3-0.35.

Key highlights:
• Revenue stood at INR 4490mn (-5% YoY/+2% QoQ)
• EBITDA stood at INR 970mn (+12% YoY/9% QoQ), margins at 21.6%. Highest ever EBITDA recorded.
• PAT stood at INR 530mn (+11% YoY/2% QoQ), margins at 11.8%.
• Gross margins are at 41%.
• High margins in the quarter were aided by low price of renting derivatives.
• R&D spend in FY24 will be on same levels of FY23 at INR 400mn.
• Approved interim dividend INR 2 per share.
• Diverted some of the capacities of API intermediaries to CDMO business.
• CDMO & CMO share in revenue stood at 14.2%, up from 7.2%. Added one new customer, 3 new plants and 6 new R&D products in this segment. The segment has already surpassed FY23 revenue and is expected to continue growth at 40-50%.
• The management expects the ramp up in CDMO segment to continue. Can contribute 20-25% to total revenue in next 2-3 years.
• Plan to introduce new value-added products and acquire new customers in API and CDMO segment.
• The API and intermediaries' segment is facing compression in pricing due to overall competition but the company is positive of this segment. They expect at least 10% growth in this segment.
• Sale of API related intermediaries in the regulated market stood at 53% of revenue from this segment.
• Demand for Xanthine and its products is growing especially in the Indian subcontinent.
• Volume growth in Xanthine has been around 20% YTD.

Projects and Capex:
• At Atali, the company's greenfield expansion project is on track for completion in H2FY25, reducing import dependency. Primary raw material manufacturing begins this quarter. The semi-commercial production block in Vapi aims for completion in Q2FY25, with further capacity expansion planned over the next 15-18 months.
• Xanthine RM project to be commissioned in Q3 is now pushed to Q4.
• Capex for Atali was announced at INR 3750mn. A new Solar project capex is planned INR 900mn. Xanthine capex is being planned. Largely capex will be spent in FY25. So next 12-18 months will see INR 5000mn of capex.

Kopran Ltd Q3FY24 Concall KTAs
CMP INR 284 | Market Cap INR 13,680mn

Focus is on portfolio expansion with new products in API and formulations and targeting new geographies.

Guidance:
• Target to take EBITDA margins of 15% to 18-20% levels.
• The management expects 25-30% CAGR once the company established the new products in domestic and international market.

Key highlights:
• Revenue stood at INR 1613mn (+5.7% QoQ/0.7% YoY)
• EBITDA came in at INR 236mn (+3.2% QoQ/70% YoY), margin of 14.6%.
• PAT stood at INR 158mn (+14.6% QoQ/138% YoY), margin of 9.7%.
• Margins increased on the back of cost optimization and better product mix. Share of new molecules in overall business will aid in continuing these margins in the medium term.
• Price stabilization seen in APIs and demand pickup for most products. Outlook for Q4 better than Q3 and expect to continue the strategy in coming years.
• Strategy to go slow on capex and generate high free cash flow.
• Focus continues to be on development of new products in API and formulations. Plan to do backward integration for API, which will improve margins.
• Focus on regulated markets in US, Europe and new markets like LATAM, South America Japan to launch products with better margins. Business from regulated market will come only after 2-3 years as it is a long process.
• Focus is on anti-diabetics and cardiology products.
• Investing to improve share in regulated markets including US, Europe, UK and others.
• Seeking CDMO opportunities in antibiotics, cardiac, diabetes etc. Less than 5% of the revenue comes from CDMO and the company wishes to increase it further.
• The company is manufacturing both the oral and sterile penems and expanded it in the last two years. In two years they intend to integrate forward to make dosage forms. Penems will contribute majorly in the growth ahead.
• Expect to start commercial production in Q1FY25 at new API unit at Panoli, Gujarat. Capex of INR 1000mn was done for the facility and expected Asset turnover is 2-3x.
• Initiated a new R&D centre at Panoli; to start from April. Team will be of 65-70 people.
• The management feels times are changing and almost all countries will come under regulated market and not just US, Europe and UK.

BlueJet Healthcare - Concall Highlights
CMP: INR 351 | Market Cap: INR 62 bn

Outlook: We believe the fire incident, and the impact of it will continue to have negative output for the Contrast media segment while Sweetener segment is facing Price challenges from Chinese dumping. The API segment will keep on growing exponentially due to it being compared of a low previous year base.

Guidance:
The Management gives guidance of Significant Volume uptick in API volume from Q1FY25.

Capex:
• Their Solar Power Plant capex for INR 0.3 bn was able to integrate with the Power Grid on Jan 24th, and they will be able to meet 60% of their Power requirement from the Solar Power plant.
• The Capex at their Ambernath Facility will be completed and commissioned by Q1FY25 with an investment of INR 0.9-1 bn.
• The Company is also making their EC application for the greenfield site, and are expecting traction in this and the site ready in FY26.
• The Company is awaiting dismantling of the Unit 3 of Mahad Plant and has made an outlay of INR 2.5 bn for that investment.

Key Highlights:
• Revenue decreased to INR 1,668 mn decreasing by 1.3% YoY/down 8% QoQ.
• EBITDA stood at INR 546 mn increasing by 5.5% YoY/down -12.8% QoQ. EBITDA Margins came at 32.7% for Q3FY24 increasing by 210 bps QoQ/down 180 bps QoQ.
• PAT fell to INR 321 mn for Q3FY24 down 14.4% YoY / down 32.9% QoQ. PAT margins came at 19.3% decreasing by 290 bps YoY / 710 bps QoQ.
• The 3 products: NCE for MRI both linked to Contrast Media segment the Cardiovascular drug molecule, all 3 are currently under production from the Ambernath facility.
• The company had received a Stop production order for their Mahad plant's Unit 3 where there was a fire accident and 1 casualty happened in Nov 2023. The dismantling process of the affected area will take another 6 weeks of time. The Company has received the approval to initiate capex activities in Unit 3.
• The company had original plan to move the production of a Raw material that they are currently importing to in house production, and the management says that plan remains intact. The management expects this Unit-3 block is validated by Q3FY25. The company will also be adding another block for multi-production as per their plan, and they hope to get the additional block to get validated by Q1FY26.
• The Company has got one cardiovascular drug, an NCE molecule and 1 NCE intermediate in the MRI space for a customer
• The Company's Sweetener category de-grew by 33% YoY due to the chinese dumping at very low prices. The Management they have maintained their prices as they dont want to get into a Price War. They are in the process of tapping a new customers from Europe and US as well.
• The Pharmaceutical intermediate business grew by 194% YoY due to commercialization of a high value Intermediate for API under patent till 2031.
• Segment wise: The Contrast media and and High Intensity Sweeteners segment de-grew by 8.5% YoY and 35% YoY while the pharma intermediate & API business grew by 250% YoY.
• Due to the Red Sea Crisis, the Management says their deliveries are getting delayed, what used to take 35-40 days for delivery is now taking 65-70 days.
• The Management believes that in the contrast media segment, one of their customers is to address their demand situation, hence there will be planned slow down in the short to medium term. Once the Customer's demand is addressed, the Management believes the long term demand will remain intact.
• The Company took an exceptional item hit to their P&L in Q3FY24 of INR 30 mn as compensation Paid to the families of the deceased. They have also taken a provision for the Fire Incident's damage to the facility which will be reversed in Q4FY24 or Q1FY25 as soon as the Insurers admit the claim.

Healthcare Global Enterprise Ltd Q3FY24 Concall highlights
CMP INR 360 | Market Cap INR 50,120mn

Outlook: Profitability is decreasing due to increased costs of new facilities. Return from mature centres has fairly decreased with AOR going down. Given the future plans of the company, mature centres expected to grow steadily while new centres will pick up more growth. Margins are expected to be mute for coming quarters but new markets and penetration in mature markets will aid in higher margins in the long term.

Guidance:
• Current beds are at 2000 and the company looks to add 350 more in the next 3 years.
• The company is waiting for the right time to divest in Milann.
• The management believes the new facilities and acquisitions costs will bring down the margins with no revival expected in the next two quarters but 20% margins can be the target in the long term.

Financial and operational overview:
• Revenue came in at INR 4699mn (+11% YoY/-3.5% QoQ). HCG centres contributing 96.5% to revenue and Milann centres with 3.5%.
• EBITDA stood at INR 826mn (+7%YoY/-4.4% QoQ), margins down to 17.6% (-63bps YoY)
• Pre IND-AS PAT came in at INR 92mn (-17% YoY/-46.5% QoQ)
• Radiation business saw 13% growth, leading to improvement in revenue mix and contribution margins.
• Centres of excellence like Bangalore and Ahmedabad are doing EBITDA margins of 30%.
• ARPOB increased to INR 42,788 (+15.6% YoY) while AOR was at 59.8% (-590bps YoY). Emerging centres have seen much higher growth in ARPOB compared to mature centres, enabling ARBOP to geow further. In the long term, the management expects to reach 70%+ AOR.
• Net debt stood at INR 3670mn. Debt has gone up as acquisitions in Nagpur and Indore were partly funded by debt.
• Emerging centres have seen much better Revenue and EBITDA growth v/s matured centres.
• Kolkata, Mumbai and Nagpur market showed good growth. EBITDA losses at Kolkata are significantly reducing.
• Strategic decision to come out of shop-to-shop model in Bangalore affected profitability. Focus on consolidating in dominant market.
• Cyclotron facility at Chennai was affected due to floods. Expect to be back in operations by end of February.
• Embarked digital transformation journey to create an end-to-end patient engagement platform. App “HCGCare” designed specifically for cancer patients.

New facilities:
• Relocating to a new facility in Ahmedabad in Q1FY25. Adding 100 beds, new bed capacity will be 200. Total planned capex is INR 1070mn. INR 417mn left to be spent in FY24. With Ahmedabad being one of the main centres of the company, the management is positive of the new facility’s performance.
• New 100 bed cancer care centre in North Bangalore, expected to be operational within 15-18 months.
• Project in Whitefield, Bangalore under construction; expected to get ready by early CY2026. Bed capacity will be 25. Total planned capex is INR 250mn. INR 15mn left to be spent in FY24. The facility will focus on women’s cancer.
• Recent acquisitions in Nagpur and Indore progressing as per plan; on track to position itself in Central India.
• Increased 59 beds across networks in the quarter.
• No capacity constraints for the next 3-4 years expected.
Capex:
• Capex as of 9MFY24 stood at INR 1180mn.
• Capex going forward will be INR 750mn for maintenance and other plans for expansion.

Concord Biotech Ltd Q3FY24 Concall highlights
CMP INR 1421 | Market Cap INR 148bn

Outlook: Subdued performance in the quarter mainly due to spillovers of molecules and delays in revenue recognition. However, the company is showcasing robust growth on yearly basis. Historically, Q4 is expected to deliver much better performance. CDMO business, new products and geographies for API segment present a long term positive outlook for the business.

Financial overview:
• Revenue stood at INR 2408mn, flat on YoY basis with degrowth of 8% QoQ basis.
• Formulations revenue constitute about 29% of revenue while 71% is contributed by API in the quarter. But the management expects to maintain a 80-20 split of API and Formulations going forward on yearly basis.
• EBITDA came in at INR 1089mn (-1% YoY/-6% QoQ), margins of 45.2% (-45bps YoY/+110bps QoQ)
• PAT stood at INR 776mn, flat on YoY basis with degrowth of 4% QoQ basis. Margin increased to 32.2% (+7bps YoY/+130bps QoQ)
• Net debt free as at Dec 2023.
• In line with long term guidance of 25% CAGR over 5 years.
API:
• Spillovers of certain key molecules to subsequent quarters has led to slowdown of API business. Lumpiness in the consumption pattern of customers could be also be one of the reasons.
• Currently, there are 24 products in the API segment. Strategy to introduce 8-10 products in next 3 years, especially in field of oncology and anti-infectives. Expect to commercialise some new APIs in coming few months.
• Pricing in API segment has been relatively stable, marginally lower on blended basis; possibility of lower prices depending on the volumes.
• ANVISA successfully conducted inspection of UNIT 1 API facility with no adverse remarks. This will open up opportunities in new markets. Actively applying and registering in new markets to introduce their product range.
• Injectable facility on track and to be operational from Q1FY25. It is a medium to long term opportunity. And as entry into emerging business may take time, the management expects to start India sales in Q2-Q3FY25. Access to government tenders will also open after one to years of establishment. Meaning contribution expected from FY26.
• The company has received global regulatory approvals and with filings in global markets, they have good opportunity to capture market in oncology division.
Formulations:
• Revenue from formulations business has been increasing sequentially with higher contribution due to increase in approvals.
• India and emerging markets are key for formulation business as the company has low presence in regulated markets.
• Red sea issues have impacted the formulated business leading to delay in revenue recognition.
Key business highlights:
• Exploring CDMO opportunities by engaging with players and submitting RFQs. Normally, this business sees 2.5-3x Asset Turnover and takes about 3-4 years to reach 70-80% capacity utilisation after approvals.
• Critical care division is doing well and the management has similar plans for growth for injectables business once they start their manufacturing facility.
• 54 new customers added during 9MFY24.
• Limbasi facility operating at 37% in 9MFY24 v/s 27% last year. The company is working aggressively on getting approvals. Discussions have been for for both, new and existing APIs.
• Dholka and Valthera facilities are operating at 79% and 18% capacity respectively.
• Import of raw materials also faced issues but the company does not depend much on it.

Alkem Laboratories Ltd Q3FY24 Concall highlights
CMP INR 5329 | Market Cap INR 637bn

Outlook: Alkem Laboratories had significant year on year improvement in profitability on the back of lower raw material prices. US markets are seeing less price erosion which may help the company get back to previous levels in the market. Focus is on chronic therapies, biosimilar and CDMO business. Margin targets are on lower side as the company feels they are more sustainable but aspires to increase them in the long term.

Guidance:
• Expect to close FY24 at 17% EBITDA margin v/s 18.9% as of 9MFY24 due to Q4 traditionally not being a good quarter for the company. It may improve in the long term.
• Routine capex to remain in the range of INR 1000-1500mn on yearly basis. Even if the company sees capacity expansions and acquisitions in the near term, It may not go beyond INR 3-3.5bn.
• Tax rate to be around 10-12% for the next 2-3 years.

Financial overview:
• Revenue from operations stood at INR 33239mn (+9.3% YoY/-3.4% QoQ)
• Gross margins improved by 2% on the back of lower raw material costs and changes in product mix.
• R&D expenses came to INR 1111mn, 3.3% of total revenue. Received 6 ANDA approvals in the quarter. R&D will be in the range of 4-4.5% of sales going forward with increased spending on biosimilar.
• EBITDA stood at INR 7076mn (+18% YoY/-5% QoQ), margins at 21.3% v/s 19.7% in Q3FY23.
• PAT came in at INR 5950mn (+30.8% YoY/-4% QoQ)
• Generated INR 6000mn in cash taking net cash position to INR 35bn as on Dec 2023.
India business:
• India sales grew by 12% YoY on the back of strong performance in Gastro, Vitamins & Minerals and Anti diabetic; recovering compared to Q1 and Q2.
• The business outperformed IPM growth by 20bps.

International business:
• International sales saw 3% YoY growth.
• US sales declined by 10.2% in the quarter. Price erosion in US has decreased to single digits. The management anticipates growth to be in high single digit to low double digits.
• Other markets (ex-US) saw 47% growth with LATAM and Europe market contributing largely. The management feels the growth in ex-US markets is sustainable and will increase their focus on these markets. They are more profitable than US market.
• Building a facility in US with INR 2500mn already spent, largely for CDMO business.

Key business highlights:
• The company continues to focus on therapies (chronic) other than anti-infectives. Anti-diabetic and respiratory are therapies where the company expects to see major growth.
• Biosimilar strategy at Enzene, subsidiary of the company, is on track and sequential improvements can be seen. They expect to breakeven in FY24 and cross INR 2000mn revenue including CDMO business. Significant capex and R&D expenses to be done going forward.
• Other expenses have come down in absolute terms but the % compared to revenue has remained the same. Air freight costs have come down significantly. The company is working on operational efficiency to cut down manufacturing overheads.
• Appointed Mr. Nitin Agarwal as CFO wef 1st February, 2024.
• The management expects the improvement in API prices to sustain.
• NLEM portfolio is around 28-32% and the management does not see fluctuations in margins for these products.

Aster DM Healthcare Ltd Q3FY24 Concall KTAs
CMP INR 434|Market Cap INR 216.89 Bn

Financials
• Revenue from operations for Q3FY24 stood at INR 37.11 Bn, up by 16% YoY supported by the ramp up of the new hospitals.
• EBITDA for Q3FY24 stood at INR 5.83 Bn, up by 28% YoY.
• PAT for Q3FY24 stood at INR 1.79 Bn, up by 29% YoY.
Market Outlook:
• Optimistic about the Indian healthcare market, expected to touch USD 638 billion by 2025 with a CAGR of 22%.

Aster India
• Revenue stood at INR 9.49 Bn (+23% YoY)
• Operating EBITDA stood at INR 1.68 Bn (+37% YoY), margins at 16.3%.
• PAT stood at INR 0.71 Bn (+85% YoY).
• The company is strategically investing in significant capital expenditure, aiming for total bed capacity of over 6,600 by the financial year 2027, which includes adding approximately 1,700 beds.
• The company has enhanced the healthcare ecosystem by establishing 224 labs, patient experience centers, and 223 pharmacies across Karnataka, Kerala, and Telangana.
• Future plans include aiming to be among the top three healthcare providers in India within the next five years.

Gcc Business
• The GCC business experienced a notable 14% YoY revenue growth in Q3FY24, reaching to INR 27.61 Bn primarily driven by improvement in occupancy rate.
• Occupancy rate increased to 58% in Q3 FY24 from 50% in Q3 FY23.
• Operating EBITDA stood at INR 4.15 Bn (24% YoY), with margin of 15% (up by 120 bps YoY).
Other Highlights
• The company is strategically focusing on segregating its GCC and India business segments.
• After the successful transaction, the company plans to distribute 70% to 80% of the upfront consideration of $903 million as a dividend to shareholders, expected to range from INR110 to INR120 per share.
• The company plans to add 1,700 beds by 2027 through a combination of brownfield and greenfield projects, with 60% of the beds being added through brownfield expansions.
• All divisions have experienced noteble growth, hospitals have increased by 15% YoY, pharmacy by 12%, and clinics have seen a 20% improvement YoY.
• Company is currently operating at an optimal capacity of around 68% to 70%.
• Corporate cost incurred is approximately 1.4% to 1.5% of the top-line, Anticipate a minimal increase of around 20 to 30 basis points post the demerger of the GCC business.
• Mature O&M hospitals achieve a robust ROCE of over 30%, while asset-light projects take five to six years to reach this level.
• Two out of four asset-light hospitals break even in their first year, with EBITDA margins near 10% and a ROCE of 10% to 15%.
• Across India, the payer mix comprises approximately 48% cash or walk-in patients, 27% to 28% TPA insurance, 5.4% MVT, and a combined 5% to 6% from various state government schemes, ESI, ECHS, and CGHS.
Outlook
Company is focused on pursuing margin expansion strategies in their hospitals by implementing efficient measures of revenue assurance, overall reduction in material as well as other overhead costs. This strategy aims to increase revenue, optimize operational costs, improve ROCE, and strengthen the overall position in India.

Shilpa Medicare Ltd Q3FY24 Concall KTAs
CMP INR 368 | Market Cap INR 31,900mn

The company has improved cost efficiency along with rationalisation of R&D expenses. Focus is on monetization of each asset and every segment. While API remains focus of the company, they are simultaneously working on formulations and biosimilars.

Financial overview:
• Revenues stood at INR 2887mn (+9% YoY/-8% QoQ)
• EBITDA came in at INR 682mn (+100% YoY/+10% QoQ), margins at 24% v/s 13% in Q3FY23. Cost optimisation and R&D expenses rationalization.
• PAT came in at INR 47mn (+193% QoQ) v/s INR (66mn) in Q3FY23.
• Revenue mix – API contributed 70% to the revenue while Formulations had 25% share.
• Positive operating cash flow generated of INR 1340mn as of Dec 2023.
• Net debt stands at INR 8740mn.

API:
• The company focuses more on complex APIs for early launch possibility and good market share.
• Supplying generic APIs to innovator companies.
• The management expects the business to remain steady and grow sequentially.
• Invested more than INR 750mn in peptides and polymers segment.

Oncology:
• Oncology segment has seen degrowth of 23% YoY. The dip was seen due to remediation issues at Intas, their biggest supplier for oncology. Supply to other players is still going on and the focus still remains on this segment.
• Dip in oncology business is expected to continue for next 1-2 quarters, which the company will try to cope up with non oncology, CDMO and polymers.
• Started validation of Methotrexate – full import substitute product; plan to finish it by April 2024.

Non oncology:
• Non oncology segment saw marginal growth of 4% YoY.
• The segment is growing sequentially. Focus on import substitutes and complex products.
• Urso deoxycholic acid and tranexamic acid, newly launched, are seeing demand in the market. Project to enhance capacity of tranexamic acid to 25MT per month already initiated; expect to complete it by December 2024.

CDMO:
• CDMO segment has been performing well.
• 6 programs in phase 1 and one in phase 3 trial for product development for clients.
• Added 2 new customers from Japan and Spain.

Polymers:
• The company is working on specialty polymers used in specific applications like drug delivery. They are in talks with US and European clients The market of specialty polymers is witnessing double digit growth.
• Supplied pilot products to two big clients; commercial supplies to begin n FY25.
• The management expects to do INR 150mn revenue in FY24. They expect to touch INR 1000mn in the next two years.
• The company is already seeing return on investments in this segment.

Peptides:
• First CEP of peptide desmopressin filed in Europe and CEP for Octreotide to be filed in March.
• The company plans to file at least one product CEP every quarter in regulated markets.
• Revenues have started coming in from one peptide CDMO project for an European company.
• The company expects ROI to come in from FY25.

Formulations:
• Pemetrexed product ready to use; applied for JCode.
• Partnered with Amneal, one of top 5 generics companies. They will launch the company's product in April, quantities to be supplied in March.
• Received permission to start Phase 3 study of SMLNUD07; plan to finish it by June and subsequently file the product in India in Q3FY25.
• Phase 3 study for SMLT9 to start in April-May.
• Dr. Clot, a tranexamic spray is now part of a PMO project. Current focus is on India market (army and public dental hospitals); trying to work with government authorities.
• Invested more than INR 2000mn in transdermal and ODf facility. They expect to breakeven from the plant from FY26.
• Transdermal patch product in line for filing in Q2FY25, with two new products in development.
• Tadalafil ODF filed in European market; approval expected in FY25.
FDA inspection at Jadcherio facility in November 2023 – the company received ten observations.

Biosimilar:
• Positive EBITDA recorded in biologics segment. The company is optimistic about this segment and increased their focus on this business.
• Launched Adalimumab injection under own brand name and partnered with Sun Pharma for India market.
• Phase 1 for Recombinant Albumin to complete in Q4FY24 and Phase 3 to start in June 2024. Invested INR 3000mn till now with INR 1170mn done as of FY24. Will require another INR 350mn for completion.
• First CDMO project for microbial fermentation from client in Korea. Revenues have already started coming in.
• Building large scale fermentation facility to be commissioned in July-August.

Capex:
• No significant capex planned for the next 2 years in other segments. Some expansions will be done where the management expects immediate return on investment.
• Major capex will be done in Shilpa Biocare and API segment for tranexamic acid capacity expansion.

Jupiter Life Line Hospitals - Concall Highlights
CMP: INR 1,213 | Market Cap: INR 80 bn

Outlook: The Company is doing well and additional capex in Dombivali in the coming years will help maintain growth momentum. What is more favourable for the Hospital Chain network is that they are expanding in the Western Indian region, where the density of Health Insurance coverage is much higher than Northern & Eastern Indian region.

Guidance:
• The Company is under the process of construction of a 500 bed capacity Quarternary care Hospital in Dombivali area of Mumbai Metropolitan region over an area of 600,000 sq. ft.
• The Management explains their long term plans of expanding the Hospital Network across Western India by 2,500 bed capacity.
• Going ahead, the management is expecting to witness higher than 60% occupancy levels of beds in their hospitals in Pune, Indore and Thane in FY25 and beyond.

Key Highlights:
• Revenue increased to INR 2.7 bn up by 20.1% YoY/3.6% QoQ, EBITDA increased to INR 629 mn up by 39.2% YoY/1.4% QoQ, EBITDA Margins came at 23%, up by 320 bps YoY/down 50 bps QoQ. Net profit came at INR 437 mn against loss of INR 4 mn in Q3FY23 and Profits of 337 mn in Q2FY24.
• The Companies occupancy levels has increased from 51.2% in Q2FY24 to 56.2% in Q3FY24. The Average Occupancy for 9MFY24 stood at 63.2% against 60.6% in 9MFY23.
• The company has paid all their debt obligations, and as a result saved annualized finance cost of INR 400 mn in previous quarters.
• The Company has completed the negotiations with the Insurance companies for the Pune hospital, as result of which the Average Revenue per Occupied bed has increased from INR ~49,000 per bed in Q2FY24 to INR 53,400 per bed in Q3FY24.
• The Management says they are mulling for newer opportunities in the state of Maharashtra for opening New Hospitals, but as of now haven't decided on any new location yet.
• For the Pune Hospital, the management says the capex for Pune Hospital is over and they are just about to activate the last 30 beds.
• For the Indore Hospital, the Company has room for addition of 200 beds opportunity possible for the future.
• The management says the Hospital chain does not focusses on any key therapy, and looks to grow the Hospital chain network across treating all kinds of diseases.
• The Management informs that the Company has not availed any subsidy scheme, or gained low prices land or anything, hence, they have no obligations to take up Government schemes, and neither intend to get any in the future.
•The Management informs that hopefully, in Pune, they will start the 30 bed additional, and that will be the maximum the Pune hospital could accommodate. For the Pune and the Indore Hospitals, the Management expects the Occupancy levels to increase above 60% in the future.
• For the Dombivali project, the Company has finished excavation, and starting construction. Hence, FY24 capex for Dombivali is not a large number, and the FY25 capex for Dombivali Project will be INR 1 bn.

Medi Assist Healthcare Services Ltd – Q3FY24 Concall KTAs
CMP INR 512 | Market Cap INR 36 bn

Guidance

- Health Insurance premiums expected to grow at CAGR of 23% over the next 5 years.
- Premiums serviced by TPAs expected to grow at a CAGR of more than 24%.

Highlight

- Total Income was INR 1.69 bn, a growth of 29.2% over the Q3FY23.
- Revenue from contracts with customers ("Operating Revenue") was INR 1.65 bn, a growth of 32.3% on a YoY basis.
- Adjusted Earnings Before Interest Taxes Depreciation and Amortization excluding Other Income was INR 0.34 bn, a growth of 10.4% over the corresponding quarter of the previous year.
- EBITDA margin stood at 20.4% for the quarter.
- Profit for the period was INR 0.21 bn, which remained flat YoY.
- Profit margin as a percentage of Total Income was 12.5%
- Mayfair Retail, a subsidiary of the company, extended relationships with some group accounts for managing their overseas benefits, showing early signs of synergy.

Eris Lifesciences Ltd Q3FY24 Concall highlights
CMP INR 924 | Market Cap INR 125.57bn

Acquisition of Swiss Parenterals an opportunity for the company to enter domestic injectables market.

Guidance:
• Dermatology business expected to reach INR 3750mn Revenue and EBITDA of INR 1300mn in FY24. Target EBITDA margin is 35%.
• The company can reach INR 27bn revenue in FY26 if things go as planned.
• Projected operating cash flow from business for FY24-26 is over INR 18bn while projections for FY24-29 is INR 60bn.
• The company targets to achieve INR 50bn revenue in 2029.

Key highlights:
• Revenue came in at INR 4863mn (+15% YoY)
• EBITDA stood at INR 1755mn (+28% YoY), margins at 36.1% v/s 32.4% in Q3Fy23.
• PAT stood at INR 1015mn (+1% YoY), margins at 20.9% v/s 23.7% in Q3FY23.
• Branded formulations business takes up 97% of the revenue. It had 16% YoY revenue growth in the quarter. EBITDA margin up by 328bps at 37%.
• Net debt as of Dec 2023 was INR 8866mn.
• The company outperformed IPM growth by 600bps in MAT Dec'23 with 12.8% growth rate. Outperformed in core therapies segment by 300bps and in emerging therapies by 4x.
• First FDCs and own R&D pipeline launched in Dec 23 and undertaken strategic launch of a new molecule. 4 new products to be launched in Q4FY24.
• Commercial production began at Gujarat facility of Eris Therapeutics.
• Expanded R&D pipeline to 26 products, targeted to be commercialised over FY25.
• The company informs that a lot of new expansions are being done at subsidiaries, thus the company should be looked at on consolidated basis to get a better perspective of the overall performance.
• Tangible and intangible assets total to around INR 6-6.25bn as of Dec 2023.

Swiss Parentearls:
• Acquisition of Swiss Parenterals segues the company into sterile injectable space.
• The company is a dossier driven business focused on RoW markets with 100% revenue coming from exports.
• It provides a platform to build an India sterile injectables focused business with strong manufacturing facility.
• It provides direct entry into small volume parenteral drills market in India to Eris Lifesciences.
• The company will look to leverage the position and jump start exports.
• Eris has acquired 51% shares for INR 6375mn. Eris promoter group will acquire another 19% stake for INR 2375mn once the first deal is closed. INR 2000mn to be paid at closing which will be done through debt financing; INR 4375mn already paid (one-year NCD issued to sellers at 8%).
• Target to achieve INR 1000mn in the first year on domestic injectable side.
• The management feels the company will be able to achieve 2-3% of the market share of domestic injectables comfortably going forward.

Sequent Scientific Ltd - Q3FY24 Concall KTAs
CMP: INR 138 | Market Cap: INR 34,422 Mn

With significant improvement in gross margins the company anticipate stronger performance in Q4FY24.

Financial performance:
- Consolidated Net sales for Q3FY24 stood at INR 3,294 Mn , down by 5% QoQ and down by 12% YoY.
- Gross margins stood at 45.2% in Q3FY24 as against 42.1% in Q3FY23 respectively given the restructuring of portfolio.
- Consolidated PAT for Q3FY24 stood at INR 107 Mn , up by 255% QoQ and up by 209% YoY.

API integration and formulation business:
- The company is exploring API integration for its formulation business and enhancing their R&D.
- Project Pragati, has led to healthy margin expansion in the API segment for two consecutive years.
- Q3FY24 revenue for the API business stood at INR 690 million down by 14% QoQ and down by 36% YoY due to order rescheduling.
- The company is exploring API integration for its formulation business. The company is looking to enhance their R&D and natural integration capabilities of the API side.

Debt management and capital structure:
- Debt reduction and asset optimization are ongoing priorities, with non-core assets being monetized to trim down debt or fund operations without increasing debt levels.
- The company aims debt ratios to remain stable or decrease over time.

Capex:
- Capex plans are aligned with immediate capacity requirements, with no further investments expected.
- The company anticipates stable or slightly increasing depreciation due to maintenance CAPEX for optimization and backward integration projects.

European Operations:
- European operations grown by 20% YoY and 7% QoQ.
- Improved operational efficiency and a well-balanced product mix have helped boost profit margins in **Europe.**
- Continuous growth in European operations has been driven by strategic portfolio reshaping initiatives.

China Strategy:
- The focus on China has shifted primarily to API exports.
- China remains a competitor, and thus the company currently does not prioritize the supply chain in **China**

US Formulation and Filings:
- The company is actively exploring FDA pre-approved CMOs and is in the finalization stages of selecting a CMO in India.
- Additionally, efforts to complete dossiers are underway, with expectations of resolving necessary setbacks for validation in the next quarter or so.
- Recently, the company launched a a new generic token, in Turkey with plans to expand the portfolio with additional launches in the upcoming year.

Outlook: The company expect EBITDA margins to increase by 150 bps in the next few quarters, with further improvements expected . Increase in gross margins, OPEX optimization will boost EBITDA margins. Revenue growth targets are projected to be in more than single digits, with a pipeline of new launches contributing to future growth. Positive results from Project Pragati are expected to continue in the upcoming quarters. Capabilities are being built for future growth in both API and formulation segments.

Dishman Carbogen Amcis Ltd - Q3FY24 Concall KTAs
CMP: INR 205 | Market Cap: INR 32,132 Mn

Q4FY24 is expected to be stronger for India CRAMS business. Consolidated Revenue growth is projected at 12%-15% and targeting 24-25% consolidated EBITDA margin over the next 2-3 years.

Financial Performance:
- Consolidated net revenue for the quarter stood at INR 6,511 Mn, up by 2% YoY and up by 10.9% QoQ.
- EBITDA stood at CHF 1,190 Mn, up by 3.5% YoY excluding the notional forex impact driven by the movement in the US dollar-Swiss franc currency pair.
- Net debt as of December 31 stood at about CHF 158 Mn.
- There has been a sharp increase in employee costs (up by 14% YoY and up by 9% QoQ), primarily due to currency translation.

Expansion and Investment Projects:
- An agreement for an ADC molecule with a major Japanese innovator is anticipated to contribute to revenue growth.
- The expansion of ADC production in Switzerland has been qualified. Revenues are expected to be generated from this in FY25 and going forward.
- Regulatory clearance for the Bavla site has been obtained, facilitating increased business from the European region.
- The company is exploring possibilities for close collaboration between the Swiss and Indian entities to transfer products to India.
- These developments are expected to positively impact both revenues and operating margins.

Cost management:
- In Q3FY24 ,the cost of materials consumed has increased significantly due to increase is the rise in prices of wool creed in the Netherlands.
- The company expects normalization of prices over the next quarter. Overall, COGS expected to remain at roughly 20% on average for the year.
- The company is actively working on cost control measures increasing the selling prices wherever possible
- Strategy includes pursuing regulatory clearances in India to do large scale manufacturing.

CapEx and Depreciation:
- Maintenance CapEx is projected to be around INR 16 to 17 million, while growth CapEx will be driven by specific customer projects, such as ADC molecules.
- Depreciation is expected to remain stable with Q3FY24 as branch assets are already put to use.

*Debt:
- The company aims to reduce long-term debt over the next three years, with cash generation from operations.
- The target is to decrease net debt to around CHF 100 to 110 million over the next 3-4 years, leading to reduced interest costs.
- With deleveraging efforts and a projected decrease in interest rates over the next 3-4 years, the interest cost is expected to decrease to around INR 600-650 Mn

Interest costs:
- The current interest cost stands at around INR 330 Mn, up by 51% YoY and 20 QoQ. Due to high inflation in US, Europe, also in India, the interest rates have gone up significantly.
- Regarding the debt split by currency, almost all of it, about 95%, is in Swiss francs.

India CRAMS business:

- Revenue for Q3FY24 stood at INR 556 Mn, up by 21% YoY.
- For the India CRAMS business, double-digit growth is anticipated, with a target of reaching INR 3,000 to 3,500 Mn in FY25.
-

Outlook: Expected expenditure for FY24 is projected to be around INR 30 Mn. The company aims to move towards 20-25% ROC in the medium term and 30% in the long term. The company anticipates a consolidated growth rate of around 15% over the next three to five years driven by various factors including expansion in India, growth in the Swiss entity, and incremental revenue from the French entity. The Indian crams business is expected to achieve INR 3,000-3,500 Mn in FY25 and EBITDA margins in other segments like intermediates and PTCs (phase transfer catalysis are projected to be around 25%. The French facility is expected to achieve 7-8 million euros in Q4FY24 and around 20 million euros in FY25, with breakeven expected at around 17-18 million euros.

Natco Pharma - Concall Highlights
CMP: INR 887 | Market Cap: INR 159 bn

Outlook: On a sequential basis, we see significant impact on the company's business, specially the formulation's segment. However, export led growth could turnaround post Q4FY24.

Guidance:
- The Management provided guidance of INR 40,000 mn of revenue for FY24.
- The company expects to achieve the higher end of their earlier guidance of INR 10,000-12,000 mn in EBITDA for FY24.
- The Management is expecting some approvals from Brazil and Canada in the next few years. They would further expand into newer markets like Indonesia and Columbia.
- They envisage agro business to achieve INR 1,500-2,000 mn of revenue in FY24. However, they expect to be on the lower side of the guided range due to slower uptick in the division.
- They expect the tax rate to be in the range of 16-17%, going ahead.

Key Highlights:
- For Q3FY24, Revenue stood at INR 7,956 mn up 54.4% YoY/down 25% QoQ, EBITDA stood at INR 3,051 mn up 140.8% YoY/down 37.4% QoQ, EBITDA Margins came at 38.4% up 1,370 bps YoY/ down 750 bps QoQ and PAT came at 2,127 mn up 241% YoY/down 42.4% QoQ.
- The Company spent INR 2,820 mn on Capex in 9MFY24.
- Company observed a YoY growth across businesses, particularly driven by formulation exports as well as steady revenues from other segments.
- The cash balance and investments as on 31st December 2023 stood at INR 19,290 crore. Also, the net cash balance was INR 18,000 mn during the same period.
- Revenue from API stood at INR 460 mn during Q3FY24 as compared to INR 430 mn in Q3FY23.
- Crop health sciences contributed INR 140 mn to the revenue during Q3FY24 as compared to INR 100 mn in Q3FY23.
- In Q3FY24, the domestic formulation business reported a revenue of INR 990 mn v/s INR 1,010 mn in Q3FY23. The company witnessed slowdown primarily in the oncology segment and partially by a large one-time order. However, the business observed a volume led growth during the period. It envisions the business to grow by 8-10% going ahead, on the back of new product launches.
- In Q3FY24, the formulations exports (including profit share and foreign subsidiary) stood at INR 6,060 mn as compared to INR 3,340 mn in the same quarter previous year. The growth was driven by robust traction from Canada and Brazil. Also, it had a one-time tender order that was executed in the key markets which further supported this growth.
- In Q3FY24, the company invested USD 2 million in Cellogen Therapeutics Private Limited, which is primarily involved in R&D spends involving cell and gene therapy solutions. Going ahead, this is expected to address various oncological, haematological and metabolic diseases, in line with their core values.
- In Q3FY24, majority of the portfolio performed reasonably well. The key products that they supply from both Vizag and Hyderabad facilities have been fairly stable. Going forward, they target to launch key complex products in the US markets.

Ipca Labs Ltd Q3FY24 Concall highlights
CMP INR 1152 | Market Cap INR 292bn

Overall good growth seen in the business across segments on 9MFY24 basis. Volumes in API business is decreasing sequentially with price stabilisation seen in Q4. Export generic business expected to see good growth. Entry in the US markets in FY25 with new launches is an opportunity for the company to capitalise.

Guidance:
• India business can grow by 13-14% in FY25. Around 4-5% will attribute to price increase while rest of the growth will be driven by Volume growth.
• Generics business can grow at 12-15% going forward.
• Slowdown in API business and branded formulations expected in the short term while they should have reasonable growth in FY25.
• Branded business may grow at 8% in FY24 and can see 10% growth in FY25.
• The company expects an overall growth of 10-12% along with 1.5-2% growth in margins in FY25.

Key highlights:
• Total revenue stood at INR 20.75bn (+32% YoY)
• EBITDA stood at INR 3309mn (+43% YoY), margins of 16.12%.
• Material cost to operational income improved to 33.95%.
• PAT stood at INR 1798mn (+67% YoY)
• Domestic formulations business grew by 11%. Market beating growth achieved in acute and chronic therapies.
• Company's market share improved to 1.95% from 1.89%.
• Overall exports formulations business grew by 7.6%
• Branded formulations business in RoW market declined by 18% mainly due to shipment delay in CIF market. Myanmar business affected due to license issues while West Africa suffered Red sea issues and market slowdown.
• Export generic business in UK and other markets grew by 33%. Overall generic export formulation business grew by 8%.
• API business declined by 13%. Prices are now stabilising in the business while volumes are still declining.
• Subsidiary Unichem's overall topline has grown by 43.6% in the quarter with adjusted margins of 8.8%. They are seeing lot of improvements in productivity and also working on cost reduction. The business is doing well in US, Europe, Brazil and CRAMS segment. The management feels INR 20bn revenue and 15% EBITDA is achievable at the company by FY26.
• The company was expecting losses from South Africa markets in the beginning of the year but have now grown at 12% in 9MFY24. Europe business has grown at 54%.
• About 8-9 new products can be launched in the US market in the next 12 months. 16-17 products can be launched over two years. The company already has a basket of 40 approved products.
• Products will be shipped in phases to the US market as per production and approvals. It may start around Q1FY25.
• 7-8 products are under commercialisation while 1-2 products are left for approvals. Once done, production of regular shipments will start at Devas plant. Products are being shifted from Ratlam to Devas plant and at Ratlam, the company is creating surplus capacity to accommodate products required for captive business in US.
• Subsidiary Lyka labs' plant is under shutdown due to upgradations. It expected to complete in Q1CY24.

Glenmark Pharmaceuticals Ltd Q3FY24 Concall highlights
CMP INR 880 | Market Cap INR 248bn

Financial highlights:
• Consolidated revenue stood at INR 29096mn (-16% YoY); one time impact on India business led to lower sales.
• Europe business up by 29% YoY, RoW business up by 11% YoY
• Adj. EBITDA at INR 289mn
• R&D expenses for the quarter was INR 3088mn, Capex was INR 2368mn.
• Forex loss was INR 168mn in Q3.
• INR 480mn impact due to hyperinflationary accounting in Argentina.
• Debt as on Dec'23 is INR 49.53bn, net debt at INR 35.23bn. The company expects to be net cash positive in this year due to divestment of GLS.
• Inventory stood at INR 34.02bn.

India:
• India business stood at INR 2622mn v/s INR 10745mn in Q3FY23. The company implemented changes in overall distribution model through consolidation of stock points and realisations of channel inventories, which led to one time impact on the business. This will help in improving operating margins, working capital and accelerate anti-counterfeeding packaging rollout to ensure faster delivery.
• Q4 is expected to recover back to normal sales and going forward, India growth to be strong.
• The overall India business grew at 8% as the company continues to outperform in key therapy areas like cardiac, dermatology and respiratory.
• In October'23, the company launched first triple drug combination under "Zeta Dn".
• In January'24, they launched a biosimilar of antidiabetic drug liraglutide. This will help in lowering daily cost of therapy by 70%, making it accessible to large number of paitents in India.
• Consumer case business in India grew at 18% YoY.
• India business current run rate is INR 10bn per quarter is expected to maintain 10-12% growth going forward.

North America:
• North America business degrew by 9% mainly due to less launches in Q2. In Q3, the company has launched 7 products in the market and plan to file 5 NDAs in Q4.
• Expanding injectables portfolio with 4 new launches. These products are expected to positively impact US business from Q4FY24.
• Hoping to restart commercialization from Monroe facility in FY25. The facility currently has significant operating costs. Remediation work is done at the facility and is ready for inspection. Process validation batches have started production. They expect to start commercial production right after FDA inspection.
• Two products to get commercialized in FY25 and post that the company will launch a good number of products. The facility will drive growth of injectables business.
• Plan to introduce one more generic respiratory PMDI in US markets in FY25.

Europe:
The business in Europe saw 29% YoY growth; robust growth in branded business and sustained growth in generics business.
20% growth in in western region, moderate in central region and 40% growth in Czech market.

RoW:
• RoW market saw 11% growth. Russia is doing well in the dermatology segment with 20% growth.
• Contribution from dermatology and respiratory segments in Asia region.
• Middle East region saw 15% sales growth.
• Latin America witnessed 30% growth.

Key highlights:
• Launched RYALTRIS in the market in Q3. They expect US$ 80mn sales in FY25. High margins expected which will further aid in achieving significant EBITDA in FY25.
• Glenmark Lifesciences recorded INR 4129mn revenue, 10% YoY growth.
• Announced 75% divestment in Hikma in September; the transaction is under process.
• Alliance with IGI to effectively pull all oncology assets under one. The company looks to derive significant synergies out of this. They plan to invest US$ 75-80mn this year and US$ 45-50mn in next year in R&D. This will lead to US$ 30-35mn flow through in bottom line and benefit the EBITDA.
• Significant bump in EBITDA expected in FY25. Margins expected to see improvements consistently.
• Around INR 5300mn improvement in Working Capital seen due to domestic rationalization of inventory.
• The company has high expectations from the specialty oncology molecule for Envafolimab in the coming years.
• Working capital to be around 100 days in FY25.

Prevest Denpro Ltd Q3FY24 Concall highlights
CMP INR 410 | Market Cap INR 4,920mn

Outlook: Company's emphasis on marketing, brand building, product expansion, innovation, and R&D, along with strengthening operational efficiency and cost management, will drive future growth and profitability. We are optimistic about the company's future growth.

Oradox Oral Care Brand in Online and Offline Markets:
- Company have launched new oral care brand Oradox in the both, online and offline markets.
- Company have also had tied up with 3 online portals TATA One mg, Amazon and Flipkart along with their own portal. Also, are launching their own e commerce channel prevail direct.
- For offline company have commenced offline distribution of Oradocs, enrolling their dental channel partners in all key markets to leverage expertise in reaching dentists nationwide.
- They have also started hiring for sales team across nation and is expecting hiring to complete in next 2 months.

Oral care and dental industry overview:
- Overseas Oral Care market is estimated to be worth $47.2 billion and is poised to reach to $54.9 billion in 2026, growing at a CAGR of 3.1%.
- The oral care market in India is projected to grow at a CAGR of 9.2% from 2022 to 2030, reaching $1,295 million by 2030.
- This growth is fuelled by increasing awareness of oral hygiene and rising per capita income.
- The global dental 3D printing market is expected to reach $2.9 billion by 2023 and grow at a CAGR of 15.1% until 2035, with the Indian dental 3D printing materials market reaching $9.88 million by 2033.
- The global antiseptic and disinfectant market, valued at $35 billion in 2021, is forecasted to reach around $63 billion by 2030, growing at a CAGR of approximately 10% from 2022 to 2030.

Challenges and Opportunities in Export Market:
- Companies export business didn't grew as there was problem of foreign exchange availability in some major exporting countries like Peru, Argentina, Sudan and Egypt.
- In recent exhibition held in Dubai company met their dealers from these countries and is optimistic about future orders. Company is also diversifying in geographic presence in many countries like USA by continuously appointing new dealer in domestic and export market.
- Company expects 20% growth for exports in next financial year.

Other Key highlights:
- Company had expanded their capacity and is operating at 40% of capacity utilization and can go up to 90% on single shift, company also has a option of second shift.
- Company's EBITDA margin reduced reason being addition in employee as company appointed a marketing team, incurred exhibition expense and consultancy fee.
- Company is the biggest player in terms of turnover or market share than any other player in India.
- Company saw good growth in tier 3-4 cities compared to tier 1-2 cities in however major contribution comes from tier 1-2 cities, company is exploring pan India with e-commerce platform and distributor channels.
- Company's top 20 products contribute 40% of revenue share and out for 90 countries company serves top 20 have major share and same is in focus.

Strides Pharma Ltd. - Q3FY24 Concall Highlights
CMP: INR 700 | Market Cap: INR 64 bn

Guidance:
•Management intends to achieve 21% EBITDA margins in the future, and believes some more cost control measures will allow them to achieve 21% margin guidance.
•Company will be launching 10-15 products next year.
•US business for Q3FY24/9MFY24 is at USD 67/185 mn respectively. Hence, the Management increased their guidance to USD 240-250 mn in FY24.
•The company is on track to meet its debt reduction guidance, with debt to EBITDA now annualized quarterly at 2.8x, down from 5.7x in FY22
•The company is guiding for a $400 million CDMO business in the next four to five years with 50% EBITDA.
•The company is confident in its ability to file its NCLT applications for the merger listing, and all significant NOCs from lenders have been received which are required to fulfill the merger.
•Management working hard to keep the Margins at higher levels in the future like this quarter.

Key Highlights:
•Revenue increased to INR 10.4 bn (1% QoQ/20% YoY).
•EBITDA increased to INR 1.95 bn (8% QoQ/62% YoY). EBITDA Margins improved to 18.8% (up 130 QoQ/500 bps YoY).
•Company posted Net Profit of INR 0.54 bn after 4 quarters of losses.
•The Management acknowledges that they are ready to let go of any product when challenged follower Pricing as they have a long list of awaiting products for registration.
•The company has products approved and is confident in launching 15 products, but the decision on how many to launch is still being considered. The Management intends to launch 15 products per year.
•The Management intends to launch most products by Q1FY25, with few to be launched in Q4FY24 itself.
•Against earlier products of USD 4-5 mn, the company is now investing more in products that average USD 15-20 mn.

•The company has secured major product approvals through the DCP process and is going through the national filing process.
•Talking about their Associate Stelis, which is in the CDMO business in the US. The Management says that they have secured Master Service Agreements of USD 56 mn in the 9MFY24, and received their first commercial order of significant value for FY25. Hence, the Management exuberates confidence that Stelis will be back to positive bottomline from next year.
•Stelis complete the sale of its multimodal facility to Syngene in Dec 2023. The original consideration of INR 7 bn was later adjusted to INR 6.17 bn as Stelis decided to keep their equipments for 20 KL of Biologics drugs approved by US Feds in their Unit 2 facility.
•The company has reduced their Corporate Guarantees issued by Strides pharma for INR 6 bn and that the Net Debt will come down to around INR 4.5 bn including the deposits.
•The Management acknowledges that there was hardly any Price erosion in the US markets.
•The Management says that they have enough funds for any inorganic strategies or any capex that is required.

Dr Reddy's Laboratories Ltd. - Q3FY24 Concall Highlights
CMP: INR 5,841 | Market Cap: INR 974 bn

Outlook: Dr Reddy's Labs posted a robust set of earnings in Q3FY24, in line with other large Peers in the sector. We believe the company will be launching new drugs in FY25 & FY26 which will further boost their growth.

Guidance:

- The company is targeting to launch 25-30 new products across its key markets in FY25 and FY26.
- The company aims to launch six new biosimilar products, with the timeline (by FY30) contingent upon the necessary approvals. However, the first product may be launched by CY27.

Key Highlights:

- Gross Margins stood at 58.5%, showing a decrease of 73 bps YoY/18 bps QoQ. The decline in margin was primarily driven by lower prices for certain products in generic markets, partially offset by improvements in the product mix and productivity.
- During the quarter, selling, general & administrative expenses amounted to INR 20.2 bn, reflecting an increase of 12% YoY/8% QoQ. The increase in SG&A spend was mainly attributed to investments in sales & marketing activities, digitalization capabilities and new business initiatives.
- Other operating income for Q3FY24 stood at INR 0.9 bn, against other operating expenses of INR 0.7 bn in Q3FY24. The increase in other operating income was mainly due to the sale of non-current assets.
- In Q3FY24, EBITDA reached INR 21.1 bn with EBITDA margins at 29.3%. The operating working capital stood at INR 108.1 bn, capital expenditure amounted to INR 3.1 bn and free cash flow was INR 0.2 bn.
- Net finance income for Q3FY24 amounted to INR 0.9 bn, compared to a net finance expense of INR 0.1 bn in Q3FY23. The increase in finance income was primarily due to profits from the sale of units of mutual funds and other investments.
- The effective tax rate for the quarter was 24.5% against 23.7% in Q3FY23.
- The revenue contribution across geographies stood as: North America 46%, Emerging Markets 18%, India 16%, PSAI (pharmaceutical services and active ingredients) 11%, Europe 7% and others 2%.
- Global generics revenue stood at INR 63.1 bn in Q3FY24, a growth of 7% YoY/3% QoQ, fueled by an increase in volumes in core business and new product launches, and partially offset by price erosion in certain markets.
- North America revenue was INR 33.5 bn in Q3FY24, registering growth of 9% YoY which was on account of market share expansion in certain existing key products and revenues from new product launches, partly offset by price erosion. Sequential growth was driven by net increase in volumes of the base business.
- The company launched 2 new products in the US and other two in the rest of North America.
- The company filed 2 ANDAs during the year. As of 31st December 2023, cumulatively 79 generic filings were pending for approval with the US FDA (75 ANDAs and 4 NDAs). Out of these 79 pending filings, 41 were Para 4s and they believe 20 had first to file status.

• In Europe, revenue was at INR 4.97 bn with growth of 15% YoY/de-growth of 6% QoQ. The growth was primarily due to contributions from new product launches, and favourable currency exchange rate movements, partially offset by price erosion. The sequential decline was primarily attributed to price erosion in certain countries.
• In Germany, the revenue stood at INR 2.7 bn, growth of 21% YoY/flat QoQ. UK revenue was INR 1.40 bn growing 9% YoY/22% QoQ decline. For the rest of Europe, the revenue reached INR 0.90 bn, indicating 11% YoY/7% QoQ growth.
• They launched 6 new products in Europe during the quarter.
• Revenue from India stood at INR 11.8 bn during the quarter, growing 5% YoY/decline of 1% QoQ, mainly attributed to lower volumes in the base business.
• During the quarter, the company launched three new brands in the country
• Revenue from Emerging Markets stood at INR 12.83 bn in Q3FY24, decline of 2% YoY. and up 6% QoQ.
• Revenue for Russia was at INR 5.9 mn decline of 14% YoY, impacted due to unfavourable currency exchange rate movements & high base business.
• Revenue from Rest of World markets was at INR 4.6 bn, growing 16% YoY on account of new launches.
• PSAI’s revenue in Q3FY24 from PSAI was at INR 7.8 bn growth of 1% YoY.
• R&D as a percentage of revenue in Q3FY24 accounted for 7.7%, compared to 7.9% in Q2FY24 and 7.1% in Q3FY23. These investments are motivated by ongoing clinical trials on differentiated assets and other developmental efforts aimed at building a robust pipeline of new products in both small molecules and biosimilars across various markets.
• The company acquired MenoLabs branded portfolio of women's health focused supplements in the U.S.
• In Q3FY24, a dedicated partnership has been established with Coya Therapeutics for the development and commercialization of COYA 302, an investigational combination therapy designed for the treatment of Amyotrophic Lateral Sclerosis.

Sigachi Industries Ltd – Q3FY24 Concall KTAs
CMP: INR 73.8 | Mcap: INR 22,690 Mn

The company focuses on expansion of its capacities and capabilities and holds a prominent position as one of the leading manufacturers of MCC in India.

Financials
 Company records operating income at INR 1100 Mn up by 6% YoY and 11.79% QoQ from INR 992 Mn.
 EBITA expanded by 6140 bp Yoy and 560 bp QoQ reaching a total of INR 226 million, with a margin of 20.3%.
 For 9M FY24, revenues grew 28.4% to Rs 295 crores and net profit grew 65.3% to Rs 42 crores.
 PBT reported at 162 Mn (+ 60.14% YoY) as compare to 120 Mn in Q2FY24 (+8.24% QoQ).
 Exports revenue demonstrated a significant YoY growth of 9.5%, increasing from INR 1,557 million to INR 1,705 million in 9M FY 24 compared to 9M FY23.
 Company operates internationally serving customers in over 52 countries.

Capex
 INR 100 crores capital expenditure planned for each of FY2024 and FY2025
 Aims to significantly increase MCC production.
 Ongoing capital expenditure aimed at boosting manufacturing capacity from 13,800 to approximately 21,000 metric tons per annum.

Growth Drivers
 As The pharmaceutical industry experiences growth, MCC plays a crucial role in the development and composition of tablets and capsules.
 Established joint venture with Saudi National Projects Investment Limited to expand its global presence.
 Acquired an 80% stake in Primax Biosciences, an API manufacturer to have complete pharma ecosystem.

Guidance
 Two-thirds of the company's revenue is generated from exports, while one-third comes from the domestic market. With the advent of ccs, company anticipates maintaining a similar revenue distribution.
 The company focus is on boosting exports to the US and Asia.
 Company estimate the blended margins to be in the range of 20-22% going ahead.

Outlook
The company anticipates a positive outlook over the next five years, driven by the expected revenue growth from pharmaceutical ingredients. The expansion of capacity is aimed at meeting rising demand, facilitating domestic and international growth. Company aims to unlock economies of scale and enhance efficiencies through these strategic expansion plans.

Rainbow Childrens Medicare Ltd. - Q3FY24 Concall Highlights

CMP: INR 1,212 | Market Cap: INR 123 bn

Outlook: The company is expanding well with an approach of Hub & Spoke Model for further expansion in existing cities where they have Hospitals. We are positive on the Hospitals chain sector, as India's demographics supports the expansion of Hospital chains with better healthcare services.

Guidance:

• The Management intends to see Occupancy levels between 55-60%, which as per them is an Optimum Utilization levels.

Update on new bed addition:

• The company is working on the hub and spoke model for their Hyderabad hospitals, with 1 hub and 7 spoke hospitals.

• The Hospital chain commenced operations in their 8th hospital in Hyderabad city with 60 beds on 4th Jan 2024.

• One additional block at Hydernagar with 50 beds in addition to existing 110 beds in concluding stages, and to commence operations in Q4FY24.

• New hospitals in Anna Nagar, Chennai (80 beds) and Sarjapur Road, Bangalore with 90 beds are also to commence operations in Q4FY24.

• Development of the spoke hospital at Hennur, Bangalore with ~60 beds and the regional spoke hospital at Rajahmundry with ~100 beds will be completed in the next 12-15 months.

• For a regional spoke hospital at Coimbatore, the Contractor has received approvals from government and the project work will commence soon.

• The Company has completed 100% payment to HSVP for 2 land parcels in Gurugram and received Letter of Allotment from them.

Key Highlights:

• For the matured hospitals, number of beds stood flat at 1,052 beds over both annual and sequential basis and for new hospitals number of beds grew by 20% to 603 beds against 503 beds in Q3FY23.

• For matured hospitals, Occupancy fell by 9% YoY to 57.6% against 63.3%, and for new hospitals fell by 11% YoY to 37.8% against 42.4% in Q3FY23.

• Average Revenue Per Operating Bed increased 14% YoY to INR 58,990 for matured hospitals and increased by 21% YoY to INR 46,435 for new hospitals.

• Average length of Stay for matured hospitals also fell 2% to 2.54 from 2.60 in Q3FY23 and for new hospitals fell by 19% to 2.93 days from 3.63 days.

• The revenue increased 6.3% YoY/1.2% QoQ, EBITDA increased by 10.6% YoY/0.4% QoQ and Profits increased 7.4% YoY/down 0.9% QoQ.

• For the 9 months, the company received payments from Insurance and cash in the mix of 50.4% Insurance and 49.6% cash.

• The international business stood at 3% for the company, and at 3.4% of total revenue for Q3FY24.

Metropolis Healthcare Ltd Q3FY24 Concall KTAs
CMP INR 1657 | Market Cap INR 85bn

Outlook: Metropolis Healthcare has seen a good overall growth across all segments. Q3 was bit subdued which led to lower margins but Q4 looks promising. Focus has increased on B2C business, geographical expansion and technical transformation. The company's growth trajectory and upcoming plans indicate better performance in Q4 and FY25.

Guidance:
- The management expects to close FY24 at 14-15% growth in top line.
- Good jump expected in margins in Q4; can come to pre covid levels of 26-27%.
- Aim to close FY24 on zero debt.
- TAM increasing by 11% CAGR v/s 9% industry CAGR. The company is confident of outperforming market growth.
- NACO contract ended in FY23, which had led to subdued growth in revenue in Q4FY23. Thus, the company expects a lot better YoY performance in Q4FY24.
- Anticipate high growth in Specialised tests in Q4.

Financial performance:
- Core revenue came in at 2860mn (+12% YoY). 9% attributed by patient volume growth and 3% to changes in product mix.
- Core business RPP and RPT stood at INR 1009 and INR 492 respectively.
- EBITDA stood at INR 655mn (-10% YoY), margins at 22.5% v/s 25.5% in Q3FY23, majorly due to lab expansions and loss of PPP contract.
- PAT came in INR 273mn (-24% YoY), margin at 9.4% v/s 12.6% in Q3FY23.
- Gross debt at INR 127mn and Cash and Cash equivalents at INR 890mn as of Dec 2023.
- Test volume growth of 11%.

B2B:
- Plans to take price increase in B2B segment, specifically for specialised and super-specialised tests in Q1FY25.
- Positive trends in RPP from B2B business. Grew by 7%: volume increase of 5% and 2% RPP growth.

B2C:
- B2C growth of 15% YoY. Patient volume growth of 13%. Currently, 53% contribution to revenue, working towards 60-65%.
- Price increase in B2C segment effective from 1st January, 2024. Estimate benefits of 3% in revenue. Pricing benefit can come into bottom line in Q4 and continue next year.
- Price increase in B2C has been on PAN India basis except some areas where the company wanted to keep the prices competitive.

Premium Wellness:
- Premium wellness saw 15% revenue growth, bit subdued due to festivals. Q4 expected to be on line with Q1 and Q2.
- The company has revamped all wellness packages, introduced gender specific packages and revised prices from Q3. Good traction seen in new packages.

Hitech network and International business:
- Hi Tech in line with over segments, with growth rate of 13-14%.
- International business is seeing much better growth than overall company levels. Focus is on centre expansion and more B2B business.

Expansions:
- Target to add 30 labs in FY24 with 17 labs already added. Plan to added 30 more labs in FY25. This may affect EBITDA margins a bit but is a significant opportunity for future. The company will target new geographies where there is less competition.
- Lab additions rate will slow down post FY25.
- Presence in 595 towns as of Dec 2023; aim to reach 700 towns by end of FY24.
- The company continues its focus on expansion in North and East regions with plans and projections. More than 50% of the new labs will open in these regions.
- Responses from centres in Tier 3 and smaller cities has been positive. Entry in these cities is done generally through franchise model.

Other Key highlights:
- Floods in Chennai affected business in the city, one of the focused cities of the company. Due to this, the company could not achieve estimated growth of 13.5%
- Competitors are focusing on low priced B2B business via network expansion.
- Rolled out second generation point of sale platform R&I 2.0.

Zim Laboratories Ltd – Q3FY24 KTAs
CMP: INR 108 | Market Cap: INR 5,262 Mn

R&D focus and new NIP filings to drive growth.

Financial Highlights
- Revenue for Q3FY24 stood at INR 963 Mn down by 15 % YoY and up by 12% QoQ
- EBITDA for Q3FY24 stood at INR 126 Mn down by 31 % YoY and up by 18% QoQ
- PAT for Q3FY24 stood at INR 48 Mn down by 47 % YoY and up by 17% QoQ
- Exports accounted for 76% of the total operating income for the 9MFY24.
- The pharmaceuticals sector remains the primary revenue driver, contributing 80% of total revenue, with Nutraceutical contributing the remaining 20% for the 9MFY24.

R&D Investment
- R&D investment represented 9.6% of the total operating income, with INR 41 Mn spent on BE studies and registrations.
- Capex addition in Q3FY24 amounted to INR 174 Mn, totalling INR 514 Mn for the 9MFY24.

Market expansion and segments
- The Asia-ex-India segment experienced a 38% YoY revenue increase, totalling INR 299 Mn for Q3 FY24.
- Domestic formulation business surged due to significant state government orders, especially in Uttarakhand and Srinagar.

NIP and OTF segments
- In the NIP (New Innovative Products) and OTF (Oral Thin Films) segments, substantial growth was observed, with the NIP revenue demonstrating a 163% YoY growth, reaching INR 168 Mn.
- OTF revenue grew 31% YoY growth, totalling INR 93 Mn for the same period.
- Total contribution from NIP and OTF constituted over 10% of overall revenue for the 9MFY24, amounting to INR 260 Mn.
- The company expects of continued turnover growth in the range of 15 - 20% with NIPs.

Product development and pipeline
- The company filed for 1 NIP dossier in Europe in Q3FY24.
- For the ODS (Oral Disintegrating strips) business the company submitted 17 dossiers out of which 12 are under the ZIM's name.

Outlook: The company sees opportunity to partner with big pharma for NIP products. Aims to sustain growth and expand markets by submitting two more NIP files in the EU during Q4. They expect timely approval and revenue flow from the European market by H2FY25. Anticipating 25% - 40% capacity enhancement in coming years from PFI, Nutraceutical and finished formulation business. The planned Capex for Q4 FY25 stands at INR 250 Mn.

Piramal Pharma Ltd. - Q3FY24 Concall Highlights
CMP: INR 144 | Market Cap: INR 312 bn

Outlook: With the CDMO business witnessing continuous order inflows from clients who weren't existing long term customers, and the consumer healthcare segment having several products in the pipeline, we expect the company to post good earnings in the coming quarters. Improvement in margins along side debt reduction over the next year is expected to reflect in the company's valuations going ahead.

Guidance:

- The company is maintaining its guidance of high teen year-on-year revenue growth in Q4FY24, with some margin expansion.
- Capex for the year is expected to be around USD 20-25 million in Q4FY24. The Management intends to spend USD 80-85 mn for the year with USD 60 mn spent in 9MFY24.
- The company has a pipeline of 25 injectable products in different stages of development, with a current addressable market size of about USD 2 bn.

Key Highlights:

- Revenue grew 14% YoY to INR 19.6 bn, EBITDA came at INR 3.3 bn against INR 1.7 bn in Q3FY24 and PAT came in positive territory to INR 100 mn against loss of INR 900 mn in Q3FY23.
- CDMO business grew by 12% YoY to INR 11.34 bn, CHG grew by 12% YoY to 5.76 bn and ICH grew by 12% to INR 2.52 bn in Q3FY24.
- Cost Optimization programs that the company started at the beginning of the year, are being reflected in the improving margins of the company's business.
- The management is focussed on organic revenue growth, operational efficiency improvement and improvement of
- The business receives order flows for API 60% and Formulation 40%.
- Of the total CDMO business revenue, the mix stands at Innovation 45% & Generic 55%.
- The company's interest cost is largely rate-driven, with 78% of the company's debt is from outside India, benchmarked against various reference rates such as Libor and Fed rate, which have increased between 9% to 17% between March and December. Gross Debt stood at INR 45 bn. The company is aiming to bring down the debt / EBITDA ratio from 3.4x currently to 3.0 by FY24 end, and further lower in future. In India, treasury bills and bank reference rates, MCLR, have also increased between 3% to 7%.
- The Management prioritizes the capex expense towards maintenance, followed by capacity and enhancement of capabilities of each segment.
- A significant portion of the increase in the gross block can be attributed to capex incurred at Grangemouth, capex which was closed at Riverview, and the capex which was done at Turpey, and in vitro capability that was done at discovery services.
- Consumer demand for inhalation anesthesia products is healthy in non-US markets such as UK, France, Vietnam and Thailand.
- The company's India consumer healthcare (ICH) business delivered steady double digit revenue growth driven by new product launches and growth in power brands. The company continues to invest in media and trade spends to drive growth in its power brands as it gets closer to INR 10 bn of annualized revenue.
- Consumer healthcare sales grew at 12% during the nine months and contributed 41% to total consumer healthcare sales.
- E-commerce sales are about 16% of ICH revenue and the company has a presence across more than 20 e-commerce platforms while also owns direct to customer website Wellify.in.
- The CDMO business is growing at about a mid teen rate whereas CHG business and India consumer business are delivering steady double digits growth.

- **The company intends to offer from the location that the client wants at a price that is competitive and a technology level that's competitive and a service level that's competitive for that geography.**
- **Management sees demand in both its overseas and Indian offerings at the moment.**
- **Management acknowledges facing supply chain challenges, including constraints and geopolitical risks like the Red Sea crisis and rising freight insurance costs.**
- **The company spent 13% of ICH revenues on promotional spends during nine months. The Management expects Q4FY24 to see a little higher advertising spend as it's a seasonal time for some of their products.**
- **Management acknowledged there was a Pricing decline in the generics market.**
- **The company has launched new products in the inhalation anesthesia portfolio in the US markets, which are partially offset by lower market prices due to increased competition. The company launched 3 new products in the US and European markets during the quarter.**
- **The company has launched 100 new products in the market over the last three years, with a reasonable success rate. New products launched in the last 24 months contribute to 13% of the company's consumer business sales.**

Morepen Laboratories Ltd. - Q3FY24 Concall Highlights
CMP: INR 53 | Market Cap: INR 27 bn

Outlook: We see robust growth potential for the company as they increase the Formulations business to grow faster (30-40% CAGR) while the company also increases capacity in the next 1 year. The Medical devices category is also growing much faster as the product witnessed good acceptance among consumers and API business maintained healthy growth of 20% YoY.

Guidance:

- **The Management expects that over the next 3-4 years, the Formulations business will grow faster compared to the API and Medical Devices as the company has developed 45-50 API molecules and will be making newer formulations from the combination of these several APIs.**
- **The API business is expected to grow 17-18% CAGR up to 20% annually, and the Medical Devices will grow by 25-26% CAGR annually over the next few years.**
- **The Gross Margins of Formulations business is 35-40% for Morepen, which is much lower than the matured industry Peers who make up Gross Margins between 60-70% due to their larger scale. Hence, the management is currently investing in growing the size of this business, they may be seeing the Formulations business doing INR 2.3-2.4 bn revenue for FY24, and may see break-even positive in Q4FY24 for the same, improving the overall margins for the company.**

Key Highlights:

- **Morepen labs posted robust set of earnings for Q3FY24, with the revenue increasing to INR 4,445 mn grew by 27.6% YoY/5.4% QoQ. EBITDA stood at INR 505 mn growing by 146% YoY/50.5% QoQ, margins improved to 11.37%, up by 548 YoY / 341 QoQ. PAT increased to INR 320 mn against INR 90 mn in Q3FY23 & INR INR 212 mn in Q2FY24.**
- **Domestic revenue is up 27% for Q3FY24, and 30% for 9MFY24.**
- **The growth in the API segment is due to the increase in exports. Exports grew by 31% while domestic business of API increased only 1%. This is the reason why the company is seeing proportionately higher increase in bottomline than the revenues.**
- **Among the export destination markets, the company has more business with the US markets and other highly regulated markets in the West, hence, they are more profitable for Morepen in terms of margins.**
- **API business grown by 20% in Q3FY24 and 9MFY24 grown by 10%.**
- **The US market share has gone up by 5% from 12.9% to 17.9% in Q3FY24. In the Asian markets, the market share has gone up from 22% to 27%.**
- **The management explained that the Prices have come down, while the volume sales have gone up, i.e, the demand is there but at lower prices due to enough supply available.**
- **The company has 65% market share of Loratidine in terms of exports out of India.**
- **The company has been continuously adding capacity, starting the year with 310 KL capacity and is expected to end the year at almost 400 KL of capacity.**
- **The management believes that capacity addition has led to them benefitting, and intends to add another 100 KL of capacity in the next 6-9 months between June-Sept 2024 while the overall plan is to increase the capacity by 250 KL in the next 12 months time.**
- **The company has developed 4 more products, and more new products are upcoming. Also, the company has filed for seven more DMFs in Q3FY24.**
- **The company has sold 1.47 bn strips for BP monitors, and the management sees good traction in the BP monitor business due to the increasing acceptability among the large population of India as a nation.**
- **The Formulations business grew by 40% for the Q3FY24.**
- **Several countries like Colombia, Japan, Oman, Korea, Malaysia and Turkey markets have posted growth for Morepen Labs business. The company has added 55 new countries in the 9MFY24.**

- **The company has become the largest medical devices maker in India, particularly Glucometer and BP monitors which have been well accepted by consumers in the market.**
- **API is growing around 17-18% CAGR, Medical Devices growing 26% CAGR, and Formulations will grow fastest among all segments.**
- **The management says they have 45-50 API molecules under manufacturing, and going ahead they are going to use the approach of increasing formulations segment revenue faster as they already have enough number of APIs to make more formulations in their premises with those 45-50 APIs.**
- **API revenue will come down from 60% to 50% of the contribution mix in the next 3-4 years.**

Aether Industries Q3FY24 Concall Highlights
Aether Industries | INR 866 | Mcap: INR 114.85bn

Capex
The greenfield capex at Site 3++, Site 4, and Site 5 is under execution. In Site 3++ and Site 4 capex is ramping up and civil work and procurement of machinery are going well.

Site 3+ and site 3++ are expected to commence operations in Q3FY25E/Q4FY25E.

Site 3++ is expected to commercialize by Sep-24 and is expected to be stabilized in 3 months.

The site 3++ gross block is expected around INR 2bn. Site 5, 1st phase gross block is expected around INR 750-850mn and Site 5 1st phase gross block is expected around INR 5bn. the overall gross block is expected around INR 20bn to INR 22bn over the next 5-6 years.

Capacity utilization
Site 3 capacity utilization is around 42%.

Margin
The margin difference between contract manufacturing and large-scale manufacturing is around 100 bps.

Competition
Around 80% of the competition comes from China, 10% from Europe, and 10% from Japan.

The intense dumping from China resulted in price erosion of the products.

Accident
The fire accident happened in Plant 2 due to a leakage in the 15,000-litre storage tank. The fire accident resulted in 11 casualties and 13 people were injured. The accident impacted the production for a month in Site which was contributing 60%-65% of revenue.

Demand
The demand from agro-chemicals is coming back and volume increases are witnessed in non-agro-chemical products.

Other highlights
In oilfield services contract, the company will supply 1,300 tonnes per month from Apr-24 to FY25.

The average realization per kilo is around INR 1,514.

Domestic and export mix stood at 60:40 as of Q3FY24.

The R&D expenses stood at 10% of the sales as of Q3FY24.

The prices have been corrected by 30% due to Chinese competition.

Vimta Labs Ltd Q3FY24 Concall KTAs
CMP INR 462 | Market Cap INR 10,250mn

Outlook:
Vimta Labs is observing sequential performance growth, although the full-year results have remained relatively flat. While achieving the next two years' targets appears challenging, the management remains dedicated to working towards them. Anticipating improvement in Q4 performance, coupled with expansion plans and new strategies, the company aims for long-term growth.

Financial performance:

- **Total income stood at INR 826mn (+5.2% YoY/+9.4% QoQ). The recovery was fueled by a strong food business, positive life sciences performance, and exceptional operations in electronics and electrical products testing services while diagnostic and environmental segment remained flat.**
- **EBITDA was flat on YoY basis at INR 227mn (26.9% QoQ), margin of 28%.**
- **PAT stood at INR 101mn (-1% YoY/+60% QoQ), margin of 12%.**
- **Cash flow from operations at INR 575mn for 9MFY24.**
- **Debt to Equity ratio of 0.05.**

Capex and Capacities:

- **Capex as of Dec 2023 stands at INR 628mn.**
- **Expansion project of new facility for food and pharma business is delayed by 6-7 weeks, expected to move in to new facilities by March end.**
- **The company is building capacities for large molecules production, opportunity looks very strong.**

Business segments:

- **In the life sciences segment, discussions are intensifying as capacities are being built for agricultural premedical activities.**
- **Food business was down in Q2 but recovered in Q3. NFL JNPT labs are seeing low import volumes, impacting plans for food business.**
- **The company has entered European and US Pharma markets, actively engaging with new customers, establishing relationships, and overcoming headwinds related to approvals, returning to a normal timeline with steady demand in the pharma segment.**
- **Foreseeable growth in the electronic and environment segment, with plans to add an EMIMC chamber to the new facility in the next 6-8 months, aiming for at least INR 300mn revenue over the next 3 years.**

Key highlights:

- **FY24 performance not panning out as per management's expectations.**
- **The guidance to reach INR 5000mn revenue by FY26 looks difficult to achieve given the current situation. The management is committed to put in efforts and maximise potential to achieve the target.**
- **While demand has remained stagnant this year, the company aims to regain its previous 30% margins with the introduction of new capacities.**

Thyrocare Technologies Ltd- Q3FY24 Concall KTAs
CMP: INR 616 | Market Cap: INR 32,624 Mn

Onboarded new clients in health tech segment

Financial performance:
- Consolidated revenue from operations for Q3FY24 stood at INR 1,347 Mn up by 5% YoY and down by 9% QoQ. The overall revenue growth was supported by improved partnerships with API and B2G.
- Consolidated PAT for Q3FY24 stood at INR 147 Mn flat at YoY and 27.9% down by QoQ.
- The standalone gross margin saw an improvement of 300 bps QoQ due to factors such as price increases, volume growth, and enhanced negotiation strategies.

Volume and Revenue growth:
- The current quarter's revenue growth is attributed more to value growth than volume growth.
- Volume has experienced a decline due to the company's exit from the government business and the de-growth in the parent company PharmEasy's business.
- Excluding the effects of government and PharmEasy business, the remaining business has shown a growth of 15% YoY.
- As the impact of government and PharmEasy business decline bottoms out, the company anticipates returning to show strong growth.

Diverse business channels and partnerships:
- The company operates through various channels, including thyrocare.com, the Thyro app, and franchise businesses.
- The offline segment involves partnerships with approximately 7,500 branded pathology labs and independent centers.
- The offline segment comprises collaborations with multiple entities like insurance, pharmaceuticals, and health tech players.

TestEasy:
- The company has announced a partnership with TestEasy to incorporate genomics-based testing into its test menu.
- The focus of this collaboration is on genomics in the diagnosis space, particularly for diseases like tuberculosis, fungal infections, bacterial infections, and more.
- The introduction of genomics-based testing marks the company's entry into the genomic space, targeting hospitals as its primary audience.

Think Health acquisition:
- On February 1, 2024 the company acquired Think Health. The acquisition was aimed at strengthening the company's offerings in the insurance segment.
- The addition of ECG at home services enhanced the company's capabilities.
- The acquisition provides a comprehensive solution for blood and ECG testing, expanding services in the pre-medical checkup, pre-policy medical checkup, and annual health checkup market.
- This will allow the insurance partners a one-stop solution for health checks with ECG at home.
- Also, the acquisition of Think Health aligns with the company's vision to enhance its Aarogyam brand.

Tanzania lab setup:
- On the international side, their lab setup in Tanzania is going on full swing, and they are on track to start operations before the end of FY24.

- Revenue expectation from Tanzania in FY25 is estimated to be around INR 20-30 Mn but then, as the company scales up in the next year after year, it anticipates the international business to become substantial.
- The focus is on stabilization in Tanzania before considering investments in other locations.

African Entity:
- Thyrocare has invested about $375,000 in the African entity.
- The lab setup in Africa is underway, with operations expected to begin in Q4FY24.
- All expenses associated with the operational setup will be capitalized.

Sample volumes and Franchisee business:
- Sample volumes experienced a decline due to expected churn in bronze category franchises.
- The company anticipates stabilization in franchisee business, with the churn slowing down.
- Overall pathology workload remains in line with revenue with franchisee and partnership workloads contributing positively.

Radiology business:
- Radiology business faced margin pressure.
- Q3FY24 showed improvement in margins compared to the Q2FY24 due to aging equipment and frequent breakdowns.
- The focus on resolving equipment issues and the recent Capex investments are expected to contribute to sustained profitability.
- Despite challenges, the radiology business maintains a healthy cash flow basis.

Franchise Tier structure:
- The franchise tier system ranges from bronze to diamond. The current distribution is 90% diamond and silver, with less than 10% in the bronze tier.
- Bronze represents the tier with the highest market rate, while diamond offers substantial discounts to franchises.
- There has been stability in the churn rate among bronze franchises over the past three months. The anticipation is for further improvements as the peak season Q4FY24 approaches.
- Larger franchises constitutes 90% of revenues and there is ongoing evaluation of from the remaining 10% of bronze franchisees to the pricing adjustments.
- Large franchisees have exhibited substantial growth, approximately 25%.

Outlook: The target consolidated EBITDA margin remains between 29% and 30%. There are expectations for a stronger franchise network entering the peak season (Feb, March).On the B2G side, they continue to execute TB projects in the states of Gujarat, Assam, and Maharashtra. The company is making continued efforts to address equipment-related challenges in radiology business. Capex for Q4FY24 is anticipated to be in the range of INR 50 Mn with with INR 15 Mn for machine replacement and INR 35 Mn for other purposes and INR 300 Mn in FY25.

Poly Medicure Ltd Q3FY24 Concall KTAs
CMP INR 1520 | Market Cap INR 146bn
Outlook: Poly Medicure posted strong numbers in the quarter with good sequential growth. Surpassed previous guidance given earlier and leading on to reach higher growth. With already established exports business, the company will now be focusing on growing domestic business. The company has also entered the US market and already expects good business. The company shows high growth prospects for Q4 and FY25.
Guidance:

- **Revised guidance for revenue to 22-24% growth. Guidance for FY25 is 20%, which can be revised later one or two quarters in.**
- **In line with EBITDA guidance of 25%.**
- **Capex guidance for next year is INR 1000-1500mn.**
- **Target to achieve domestic revenue growth of 22% from 18% in FY25.**
- **Aim to increase market share to 10% in 3-4 years from current levels of 5-6%.**

Financial and operational performance:

- **Revenue stood at INR 3396mn (+19% YoY/1% QoQ)**
- **EBITDA increased to INR 69mn from INR 900mn. (+30% YoY), margin of 26.5%.**
- **PAT increased to INR 650mn from INR 500mn(+30% YoY/5% QoQ)**
- **Tax rate for FY24 is 25%.**
- **Domestic business growth lower than expected. Current growth is at 18.5%.**
- **Exports contribute about 67% of sales and are growing 40% QoQ, with Europe contributing about 42% of total exports revenue.**
- **Reagants business had a 22% growth, bit subdued due to regulations on Chinese imports at INR 900mn as of 9MFY24. The management is confident to do INR 1400mn next year (50% growth). Hopeful the growth runrate will increase with standardisation and regluations coming in from BIS.**
- **Upgraded machines with more than 50% made in India content. In line to deliver 250 machines in current year.**
- **The company maintains two months of raw material inventory which helped them in minimizing effects from Red Sea issues. And as freight is mostly paid by customer, it did not impact them.**

New businesses:

- **Launched critical care business in India and cardiology business to be soft launched launched in February. Hired 20 people combined with intention to add more. To cover North region first and hope to have Pan India coverage by end of Q2FY25.**
- **Sent first shipments to USA. Received 2 new products approvals. Currently there are 4 products for USA market and target to have 8-10 by end of this year. US$ 15-20mn worth of contracts is the buildup till FY28 when this revenue could be YoY basis.**
- **Added 19 patents in 9MFY24. Plan to launch 8-9 new products in CY24.**
- **Italian subsidiary, which has just became profitable, will have a role in geographic expansion for the company in the next 2-3 years.**

Capex and capacities:

- **Capex done of INR 1850mn as of 9MFY24. Three plants are running (Faridabad and Jaipur SEZ) and 4th will be ready by early next year. Current utilisation will be 35-40% with gradual increase to 80-90% in three years.**
- **The initial plan was to do capex of INR 2000mn in FY24, but the current situation indicated around INR 2400mn will go in capex for FY24 as company is on a high capex cycle.**
- **Setting up own gamma sterilisation facility; to go live by next FY.**
- **Capacity additions to be done in transfusion business; completion by May.**

Salesforce
Salesforce comprises of about 400 people and 330 out of these are ground workers. Added around 50-60 people in this year in the salesforce for the ramp up in domestic sales; plan to add 100 every year thereon.

LT Foods| Concall KTA Q3FY24
CMP: INR 199| Market Cap: INR 69.26 Bn

Financials
• Revenue up by 9% YoY to INR 19.50 Bn, driven by brand investments and scaling of distribution in Basmati & Other Specialty Rice segment.
• Gross Profit margin increased by 70 bps (31.9% to 32.6%)on account of reduction in input cost and increase in price realization.
• EBITDA demonstrated strong 38% YoY growth, to reach INR 2.47 Bn with margins expanded by 270 bps (from 10.0% to 12.7%).
• PAT achieved YoY growth of 52%, reaching INR 1.53 Bn.
• Total income recorded at Rs 19.49 Bn in Q3FY24
• Total expenses incurred during Q3FY24 stood at Rs 1757.68 crore.

Product Strategy
• The ready-to-eat category has experienced a substantial volume growth of 23%, featuring a heat-and-eat item in the USA and ready-to-cook Biryani kits.

Supply chain
• Elevated freight rates to the east coast and Europe have prompted the shipping line to impose emergency surcharges.
• The supply chain is also affected by a 15-day extension in transit times

Key Highlights
• The current ROE of 18.7% indicates positive advancement towards the 20% target by FY25.
• The Middle East market has shown substantial growth, increasing by 44% in the first nine months.
• The company plans to issue both interim and final dividends.
• The company anticipates a double-digit growth, roughly in the range of 9% to 10%.
• Evaluate surplus amount for buyback or dividend.

Guidance
• Company expects Basmati & Other Specialty Rice segment to grow at 10% CAGR from FY25 to FY29.
• Additionally, it expects 10% CAGR for the Organic Food and Ingredients segment and an impressive 33% CAGR for the Ready to Eat & Ready to Cook segment from FY25 to FY29.

Outlook
The company anticipates a growing contribution from India over time, driven by faster domestic market growth compared to the global consumption in basmati segment. The company reported good financial results with improved margins. Supply chain is resilient despite some cost impact from shipping disruptions.

Radico Khaitan Q3FY24 Concall Highlights
CMP: INR 1,745 | Mcap: INR 233.98bn

Margins
The gross margins are around 7.5%-8% and the EBITDA margins are around 5.5% on a blended basis on the non-IMFL business.

IMFL's blended margin is around 15.5%-16%.

The improvement in gross margins was led by ongoing premiumization and price increases in IMFL business.

The commodity prices are stabilizing, however, grain, glass, and ENA prices remain volatile.

Volume
Magic Moments Vodka recorded sales of 1.6mn cases in Q3FY24. Magic Moment Vodka grew by 22%-23% YoY in Q3FY24.

The Magic Moments volume stood at 5mn cases, Morpheus volume stood at 1mn cases, 1965's premium rum volume stood at 1mn cases, 8PM premium black volume stood at 3mn cases over the last 2 years.

IMFL volume stood at 7.2mn cases (+3.7% YoY) and prestige & above categories volume grew 20.2% YoY in Q3FY24.

Country liquor volume grew 31% YoY as of Q3FY24.

Royalty brands are expected to be 0.8mn to 1mn cases per quarter. Premium and regular mix stood at 50-55: 40-45.

Non-IMFL business
Non-IMFL business is expected INR 4.3bn to INR 4.5bn run-rate per quarter going forward.

P&A
Prestige & Above witnessed 10% YoY growth in 9MFY24, with around 1.9% growth coming from price increases and remaining from product mix and preview migration. In P&A, the realization is above INR 2,000.

New launches
The company has launched Spirit of Victory 1999 in the luxury segment. It's priced at INR 5,000 per bottle and targets the mid-price luxury segment.

Price increase
In FY24E, the weighted average price increases are expected around 185-190 bps across states in IMFL business.

The new policies are coming in Feb-Mar and the company is optimistic that price increases will materialize in some states.

The price increase is around 3%-5% and varies based on state.

Market share
The company has a 28% market share in UP.

Debt
The company has reduced net debt by INR 1bn. The net debt is expected to be negligible over the next 2 years.

CCL Ltd | Q3FY24 Concall Highlight
CMP 653 Market Cap 8686 cr

The company with its capex plans in line is ready to serve the pent up demand. Red Sea issue might cause some supply disruptions. With the branded business seeing traction, efforts to continue growing it around 40%. Plans to expand in northern territories as well.

Business Update
- Last 10 days of December almost 800MT of material could not be shipped due to the Red Sea issue which resulted in a loss of turnover of about 45crs. A subsequent impact on EBITDA will also be felt if Red Sea issue persists and the company has to take a different sea route.
-Insurance claim for breakdown has been filed in Vietnam which is about 5% of the bottom line.
- Coffee prices are at an all time high. Demand is in tact but supply side issues are faced due to bad crop season and artificial hoarding. The company doesn't purchase coffee until they have orders for the same.
-The indian domestic business is guided to be around 320 crs for the year out of which 230-240 crs have been achieved. Out of this 145 crs if of branded which is projected to reach 200 by fiscal year end. The brand is witnessing 40-50% growth momentum.
- Management confident about 18-20% overall volume growth as projected for this FY.

Financial Performance
-Q3 turnover at 664cr(+24%YoY). Q3 PAT at 63.29crs(-13%)
- 9 months turnover 1926.98crs(+23%). 9m EBIDTA at 329.38 crs(+14%). 9m PAT at 184cr as against 183.59 last year for the same period.

Highlights from the Call
- 14% volume growth in quarter while there was 10% decline in India there was a 40-50% increase in Vietnam.
- Gross margins for the business are around 40% and there is no near expectation for any dramatic improvements in margin. 5-6% EBITDA and 2-3% PBT is seen on the branded business.
-Around 4k vending machines are operational. Company is aiming or a self sustaining model for the vending business and the machines are able to payback for itself in 6-7 months. This segment yield 20-25crs which is projected for 100crs in 3-5 years.
-80% of touchpoints are in South and company is expanding northern parts as well. Plans to open cafes as proof of concept for penetration, kiosks to tap out-of-home coffee consumption.
-Out of the 200cr sales, around 10% of it comes from Online channel where it takes 1rupee cost to make 3 rupees sale. Company's share in the online market seems to be around 8-10%. The company is expanding on the online channel in a very sustaining manner.
-If no new capex is undertaken to accommodate the need of additional capacity, then the company can become debt free in next 4 years.

Navneet Education Ltd_Q3FY24 Concall KTAs
CMP INR 157 |Market Cap INR 35,413 Mn

Anticipating growth of 15-17% in FY25-FY26, pending state government decisions, while adjusting domestic stationary growth expectations from 25% to 14-15%, a demand pickup is expected due to widespread price impacts, as the company concurrently diversified categories, including paper and plastic, in both domestic and export markets.

Financial
Revenues from operations stood at ~INR. 12990 Mn, while EBITDA stood at ~INR. 2640Mn, and PAT stood at ~INR 1990 Mn.

9MFY24, while the export stationery business marginally de-grew by 1% YoY to ~INR. 4560 Mn, The domestic business grew by 11% to ~INR. 257 crores. The domestic stationery business will continue to gain momentum and grow by 12% to 15% in FY24.

Stationary business domestically grew by 11% to 257 crores in nine months FY 24.

Export
Positive outlook for exports business, facing some slowdown due to supply chain constraints.
Despite early signs of a slowdown in the US market and challenges such as potential antidumping duties and supply chain constraints, export business witnessed only marginal de-growth to 4560 Mn in 9MFY24, with Q3FY24 revenue at INR 980 Mn.

Navneet, along with its subsidiary Indianica, expanded its reach to ~11,000 CBSE schools, a significant increase from the previous 8,500 schools, demonstrating geographical growth and heightened awareness of CBSE products in the market.

Tittle
Books are prescribed in 5,300 schools, covering grades from nursery to eight, indicating a substantial market presence across various educational levels.

Inventory
In the current year, there was a margin fall in domestic stationery products due to the inability to transfer all incremental costs, primarily attributed to higher-cost inventory used in production.

Pricing
Paper prices have come down and the majority of paper procurement already secured, a potential improvement in margins is expected for the next academic year, despite some mills marginally increasing prices by 5% to 7%.

Imports
Share in US stationary imports increased from 4000 Mn to 5500 Mn in the last three years, although it remains a marginal percentage compared to overall US imports, which are predominantly from China.

Tech activities anticipate a reduced loss of around 450 Mn this year compared to the previous year's 600 Mn, with a further decrease to ~300 Mn expected in FY25.

SSE
Unexpectedly high returns and increased costs led to a revenue shortfall in SSE business, causing losses in the 9MFY24. However, with an expanded team and increased school outreach, daily orders are rising, and a positive turnaround is anticipated by year-end.

Demand

The surge in demand is attributed to customers shifting imports between countries, particularly favoring India, while the freight cost disruption becomes a crucial factor influencing final costs to the destination. The anticipated orders for the upcoming period are expected to be 15%-17% higher than those recorded in FY24.

State Governments

Most state governments, including Maharashtra and Gujarat, have not announced a timeline for deciding on curriculum changes, despite having the content ready.

Zomato Ltd-Q3FY24 Concall KTAs
CMP INR 144|Market Cap INR 125,437 Mn

The company projects 40% YoY registered revenue growth, possibly exceeding 50% in future quarters, and envisions sustained growth across all businesses, expecting manageable World Cup and festive marketing capex with an attractive payback within the context of its overall business size.

Financial
Revenue stood at INR 32,880 Mn grew by 15.4% QoQ/68.8% YoY
Margin 1.6% against -1.7% in Q2FY24 and -18.8% in Q3FY23
PAT INR 1380Mn grew by 283% QoQ (In Q3FY23 was INR -3466 Mn)

Utilization
Originally targeting 2.5-3k daily orders per store, the company has surpassed expectations, achieving up to 4.5k orders per day in some stores, showcasing its adaptability and commitment to setting new benchmarks within its existing ecosystem.

Ticketing partner
The company is in a build-out phase, acquiring restaurants, creating event supplies, and onboarding ticketing partners, with no plans for M&A deals soon, prioritizing business development.

Headcount
The company is expanding its team, leading to a rise in employee costs over the upcoming months and quarters.
Consumer demand holds greater influence in the long-term outlook than supply considerations.

Blinkit
Quick commerce growth does not necessarily reflect underlying consumer demand, with food categorized as more discretionary compared to non-discretionary purchases on Blinkit.

The company is strategically developing supply chain capabilities with a long-term perspective for sustained business growth.

Network planning and infrastructure build-out consider future market expansion, and investments are directed towards acquiring restaurants, creating event supply, and onboarding ticketing partners.

Cloud Kitchen
•Increased incorporation of cloud kitchens underscores the growing significance of this model in the overall platform mix.

•Newly added restaurants comprise two types: emerging establishments in the country, predominantly cloud kitchens, and pre-existing restaurants, featuring a blend of cloud kitchens and physical formats. The growth target is a consistent 20% YoY

Discount
The company continues to adhere to its stable pricing strategy, noting no substantial alterations in the last quarter. Notably, discounts are entirely absorbed by the restaurants, underscoring the company's commitment to its pricing dynamics.
Expansion
The company's strategic expansion into new categories, such as beauty, is anticipated to drive a rise in the average order value, contributing to a diversified and potentially more lucrative customer base.

Tribhovandas Bhimji Zaveri Ltd Q3FY24 Concall KTAs
CMP INR 128 |Market Cap INR 852Cr

Outlook: While Q3 typically demonstrates strong performance for the company, this time it experienced a decline. However, it maintained its EBITDA margin and even expanded it. The company's guidance for future growth is positive, indicating confidence in achieving the projected growth trajectory.

Guidance: Company expect 15-20% of revenue growth in FY25 with 6.5% of EBITDA margins and may improve further.

Key Highlights:

• Company's Revenue declined 8.8% YoY to INR 741Cr due to cutting down on low-margin corporate sales, high gold prices impacting sales volume, and timing of wedding season.
• Company was able to expand its gross margins (12.46%) and EBITDA margin (6.10%) by 245bps and 77bps respectively YoY.
• Focus on diamond jewellery led to increase share to 23% of total revenue in Q3 FY24 compared to 20% last year.
• Cautiously opening new stores, targeting profitable growth over market share. 2 franchise stores to open in Q4 FY24 or Q1 FY25. 5-8 more franchise stores under discussion.
• During the quarter company opened Gujarat store (Vapi), which is seeing good traction and is already profitable. This was experiment with smaller format franchise stores in certain cities to assess their viability and potential success in those markets.
• Company witnessed a good uptake in January month of and expects good Q4.
• Franchise stores have lower gross margin but higher PAT margin as expenses shifted to franchisee. Company focuses on ROI for itself and franchisee.
• Profitability is the focus over revenue growth currently. Margins have been increasing through cost cutting. Expect further EBITDA margin growth to 6.5% plus in coming quarters.
• Wedding season demand is flattish compared to last year due to high gold prices.

Campus Activewear Ltd Q3FY24 Concall Highlights
CMP INR 257 | Market Cap INR 78,360mn

Outlook: The company is focusing on product innovation through R&D and design capabilities, especially in the premium segment. It's also expanding its sneaker range for women and kids. Additionally, company aims to restore previous EBITDA margin levels (16-20%) by initiatives in controls and processes (migrating to SAP). This will lead to operational efficiency and profitability.

Financial Performance:

- Revenue reached INR 472cr, up from INR 466cr in Q3 FY23 and INR 259cr in Q2 FY24. This growth was driven by increased consumer spending during festive periods and online sales, despite a slight slowdown in the market in the second half of the quarter.
- The company sold 6.9mn pairs in Q3 FY24, with an average selling price of INR681, compared to INR669 in the Q3 FY23.
- On the margin front, company benefited from the decline in material costs resulting in healthy gross margins at 38.3% during Q3 FY24, with EBITDA margin of 12.2% in Q3 FY24 (9.6% in Q2 FY24 and 19.9% in Q3 FY23).
- Marketing and advertising cost remained higher at ~10% of total expenses, owing to several online campaigns for promotion.
- Employee cost also has increased in line with the 10% increment and so on and is also expected to grow.
- In Q3 FY24, company reduced debt by INR112.6cr, bringing their net debt to INR48.3cr as of December 31st.
- Company demonstrates return ratios such as ROCE and ROE at 12.7% and 9.7% respectively as on 31 December.

Key Highlights:

Challenges and shifts in company strategy: The company experienced growth after COVID-19 in 2022, but demand has been muted in the value segment price category over the past 18-24 months and company falls in this category. Company is leading to a shift towards premium products (48-49% of total revenue), despite this EBITDA margins haven't significantly improved due to shifts in channel dynamics, higher marketing spends, and investments in demand generation. However, there are improvements in material and gross margins.

Elevated advertising and marketing spending: In the current quarter, advertising and marketing spending, including performance expenses, surged to 10% of total expenses, influenced by promotional events like the big billion day, contrasting with the typical range of 5% to 7% in normal quarters. Additionally, in Q3, the organic increase of 10% inflation and an expansion in EBOs resulted in higher SGA expenses.

Strategic initiatives for margin improvement: The company is targeting optimization through continued savings and potential price hikes as market conditions improve. Additionally, the implementation of BIS standards, coupled with restrictions on imports from China and other countries, is expected to aid domestic manufacturers in taking price hikes, thereby contributing to improved gross margins.

Other Highlights:

• The company's recovery of lost sales on O2O platforms in Q3, after a decline in Q2, was facilitated by increased spending on performance marketing.
• BIS implementation is in force and company is the first to receive BIS certification in the sports space and is manufacturing in type one category, which is the highest quality standard.
• The company monitors market demand through its retail channels, which reflect daily trends. Although there's currently muted demand, the company remains committed to its strategy, with 250 stores as of December, aiding in brand perception and distribution market salience.
• In Q2, sales in northern territories like UP and Bihar were not pushed to optimize inventory. However, in Q3, the company navigated this challenge and saw growth in these regions (45% of the revenue). The improvement was by brand building and marketing efforts aligned with the distribution budget, without resorting to significant liquidation costs or discounting.

Cello World Ltd Q3FY24 Concall Highlights
CMP INR 825 | Market Cap INR 17,503cr

Outlook: Company saw growth due to festive season and adding new and differentiated products to portfolio, improving distribution network and plan to increase ad spends, company will be help them improve their sales and market share.

Guidance: Company is targeting ~20% revenue growth over the next two years. With similar levels of EBITDA and PAT margins.

Financial Performance:
• Revenue stood at INR 527cr in Q3 FY24 compared to INR 489cr in Q2 FY24. Growth was led by festive season.
• Gross profit margin stood at 51.5% with gross profit of INR 271.4cr (vs 53.4% in Q2 FY24 and 50.2% in FY23) and EBITDA stood at INR 136.6cr with EBITDA margin of 25.9% in Q3 FY24 compared to 26.8% in Q2 FY24 and 24.3% in FY23 this growth was due to focus on product mix and valued product.
• PAT stood at INR 84.9cr with PAT margin 16.1% (vs 16.4% in Q2 FY24 and 14.8% in FY23).

Key Highlights:

• The company has adjusted pricing to benefit from softer raw material costs (~30% down), although recent price increases (3-5%) may impact margins. However, it expects to sustain or even improve margins going forward.
• The new glassware production line starting in FY24-25 is expected to grow gradually. Pricing may be affected initially due to unsold inventory, but margins should get back on track after two quarters of operation.
• In furniture and related products, company may need to raise prices or reduce discounts due to higher raw material costs compared to other products.
• January saw typical seasonal slowdown with lower footfall, but anticipated a strong performance in February and March, especially during the exam season for writing instruments.
• Distribution expansion, in the writing instruments segment company cover 55% to 60% of India's geography, aiming to reach around 2.5 lakh retailers, doubling their current reach by next year. In consumer ware, distribution in rural areas is also expanding, driven by the increasing potential of the rural market in the next three to five years.
• Company aims to increase its rural mix to 35-40%, which is currently 18-20%.
• For company Q1 typically performs strong, followed by relatively stable performance in the Q2 and Q3, with another uptick in the last quarter. Overall, the difference between each quarter is not significant, typically within a 10% range.
• Capacity utilization in consumer ware would be around 75%-78%, furniture still it is very low at around 70%-72% and writing instruments also are around 75%-80%.
• Major capex is this year only, because the glass was the major capex. Next year FY25 the capex would be around INR55 crores to INR60 crores.
• Oplawear after capacity expansion in last year august is at 30,000 tons annually, company aims to generate INR 420cr with peak capacity utilization by FY26.
• Soda lime glass facility has capacity of around 20,000 tons and company aims to reach peak utilization in 18-24 months, with INR 225-230cr revenue.
• Next year, company plan to increase ad spending at (~3%-4.5% of total sales) compared to previous years to create brand visibility and capitalize on the expanding revenue opportunities.
• In India majority of the glass products are imported. Importing costs include 8-10% of freight cost and 20% duty. This gives the company a 10-15% leverage over imports.

Doms Industries Ltd Q3FY24 Concall KTAs
CMP: INR 1,518 | Market Cap: INR 92,120mn

Guidance: In FY24, company anticipate ending with a growth rate between 25%-26%, and targets to maintain same rate in the next financial year as well. With EBITDA margin of 16-17% for this year and 15-17% for next year.

Key Highlights:

Capex plans: In Q3 FY24, company invested INR280mn in CapEx, adding 100,000sq ft of production space. This new plant started operations within 90 days. Another 100,000sq ft plant is under construction, expected to be operational in Q1 FY25. Coupled with our proposed 45-acre expansion, these efforts will boost company growth and market presence.

Margins trajectory: The factors contributing to the EBITDA margin include a slight reduction in raw material prices by 1.5% but have started to increase again, integration and consolidation of micro-goods adding 0.6%, and changes in the product mix. Looking ahead, the company maintains a targeted EBITDA range of 16% to 17% for this year and aims for a sustainable range of 15% to 17% for the next year.

Product launches: Company introduced conventional pens, which received a positive market response. While distribution is currently limited to a few states in India, demand for this product segment remains high nationwide. Additionally, company is expanding into scholastic adhesives, broadening product portfolio to meet consumer needs.

Reduced working capital: The transition of their domestic general trade segment to a cash-and-carry model reduced debtors' day. Improved inventory utilization from increased operations further contributed to a reduction in working capital days. Currently, working capital stands at around 37 to 38 days, and to maintain it within the range of 40 to 45 days in the future, with certain products requiring higher inventory levels due to dependencies on natural resources.

Financial Performance:

- Revenue stood at INR 3716mn +22.3% YoY and INR 3824mn in Q2 FY24, this growth was backed by increase in capacities across core product categories, as well as introduction of new product segments, as well as increase in ASPs of products.
- EBITDA stood at INR 694mn (+42.7% YoY) with EBITDA margin of 18.7% (vs 16% in Q3 FY23) this was primarily on account of lower raw material prices, as well as owing to the change in product mix.
- PAT was at INR 388mn with PAT margin 10.4% compared to INR 271mn at 8.9% PAT margin for Q3FY23 and INR 376mn PAT at 9.8% margin for FYQ2FY24.

Other Highlights:

• Company holds market share of about 11%-12% of the entire stationary market. Pencil in that segment, holds about 29% of market share.
• In past years, exports played a larger role in paper business, but challenges in markets like Europe have reduced export sales this year. However, increased domestic demand has partially offset this decline. Exports contribution was 21% in FY23 and is 18% in 9M FY24.
• Most of company's product have seen increase in ASPs in the range of 3-5%. Black led pencil's ASP is increased by 3.5% which is major selling product.
• Company started selling Clapjoy products in existing distributed network, especially in the North market, Initial feedback has been Positive and that is how, company is thinking of expanding this segment on pan India basis.
• Company expanded capacities in the pen segment and made additions in crayon and watercolor pen segments within art materials. These expansions, combined with slight increases in ASP, have contributed to the overall growth in these segments.
• The acquisition of Microwood, specializing in tin boxes and paper packaging, primarily serves DOMS, with 98% of its sales attributed to them. While the acquisition didn't affect sales, the elimination of margins through consolidation led to operational benefits.

Outlook: The company's emphasis on R&D, product engineering, backward integrated manufacturing, capacity expansion and a diverse product offering has been instrumental in its growth and will remain so in the future.

Brand Concepts Ltd Q3FY24 Concall highlights
CMP INR 773 | Market Cap INR 8,210mn

Brand Concepts had marginal decrease in performance compared to previous quarter but saw improvements YoY basis. The quarter saw increased marketing spends leading to lower margins. The company has big plans for store expansion and is also entering the Canteen stores segment. The manufacturing unit will aid in lower costs and higher margins but it is a long-term process. Focus on growing franchisee business.

Financial and operational overview:
• Revenue from operations stood at INR 655mn (+44% YoY/-5% QoQ)
• EBITDA came in at INR 81.5mn (+27% YoY/-8.7% QoQ), margins at 12.4% v/s 14.2% in Q3FY23.
• Adj. PAT came in INR 36mn (+24.5% YoY/-15% QoQ), margins at 5.5% v/s 6.4% in Q3FY23.
• Improvement seen in gross margins.
• Travel gear division contributing 60% of revenue (including backpacks, luggage and gym bags). Belts and wallets have seen slowdown, contributing 32-33%. Women handbags constitute 8% of sales.
• Tommy Hilfiger has 80% share in sales; UCB with 10%.
• The management admits to delay in launching of brands. Rollouts were anticipated in November but they went out in December. The stock is in now and the company is witnessing good acceptance in the market.
• The company aims to grow through franchise route in BAGLINE. Thus, the marketing campaigns were used to make the name familiar in B2B circuit.
• The company experimented with outside brand “Travel Blue” last year and gave them space in their stores and launched women handbags at UCB for handbag portfolio. The guest brand expanded in 15 stores. From this season, Tommy Hilfiger handbags will also be part of their stores.
• With adding new brands, the company has also started taking bigger stores. But as the company expands, they will be evaluating the brands allotment at the stores with the product mix depending on the city and the area.
• Launched back to school bags at Tommy Hilfiger and UCB to target growing demand.
• Deal renewed with Tommy Hilfiger till 2026. The terms of the agreement are on similar lines.
• The management has no intentions to remove the ESOP costs.
• Other expenses to remain under budget with some increments in marketing spends. They will remain in line with sales.
• ESOP expenses are around INR 5.5mn every quarter.

Marketing:
• Embarked marketing campaign around the World Cup and launched first TVC with Arjun Rampal.
• Marketing spend in 9MFY24 has been around 5% of sales v/s 2% in FY23. The extra spend was mostly attributed to World Cup campaign. This has led to drop in margins.
• The company did some micro influencer activities at store launch in Saket.
• The company also had a trade show in December at Indore. It enabled them to get space for their brands at large format stores.
• The marketing campaign is increasing franchisee enquires. The store at Borivali is also a franchise store.
• Focus is more on digital marketing activities.
• The company expects to maintain marketing cost at 3-4% going forward.

Sales network:
• The company continues to expand and penetrate across country in offline sales.
• Dip in e-commerce sales on B2B side; B2C still continues to grow.
• The company will focus more on B2C in e-commerce rather than B2B so that it does not have much effect on its ongoing growth in offline business. Started selling at higher price points in B2C.

Corporate sales:
• High value orders in Q1 and Q2 led to a major jump in corporate sales; Q3 sales are down comparatively.
• The company is looking to expand and increase focus on corporate sales in the long term.

Merger:
Merger of IFF overseas is underway and all paperwork other SEBI's approval are done. After the approval, the company will file it with NCLT. The merger will come in effect from 1st April, 2024 to avoid reconciliations in previous quarters.

Manufacturing unit:
Aim to set manufacturing unit by end of FY25. The management expects to start construction in March. Production in the start will be around 25,000 pieces a month with gradual increase. It will take about 2-3 years for the unit to fulfil 70-80% requirements of the company.

Stores:
• Opened three new stores – Two in December, one BAGLINE store in Saket in January 2024 and coming up with one more in Borivali. The management hopes to end FY24 with 42 stores, adding 13-14 stores.
• Store count will get higher going forward. Target to open 20-25 stores in FY25 and the company may reach 100 stores in the next 24 months.

Canteen Stores:
The company entered canteen stores market as they are getting much more organised and it is a huge market. They plan to start slow and expand depot wise. The margin for the company more or less is similar. It is expected to start in April 2024. The company has already received an order of INR 25-30 lakhs.

Other key highlights:
• The management feels the retail market is correcting the pent-up demand it saw earlier and do not see any major changes in Q4.
• Promoter holding reduced marginally as they issued preference shares in Q2.
• It takes about 9 months to launch a brand after announcement.
• Signing a brand is done under INR 10mn. Latter investment depends on the size of the brand. No new design team is required though the additions are done at lower levels.

Tilaknagar Industries Ltd Q3FY24 Concall highlights
CMP INR 235 | Market Cap INR 45,420mn

Significant improvement in revenue and profitability. Increasing market share in overall IMFL with strong innovative pipeline in Brandy. Premium segment to drive growth going forward. Expect cash flows to improve further enabling marketing opportunities to build old and new brands. Premiumisation and stability in raw material prices will aid margin improvements.

Guidance:
• Volume growth in FY25 can be around 12-15% and maintain lower double digits going forward.
• Maintenance capex will be INR 200-250mn on yearly basis going forward.
• The company will evaluate the decision of investing in distillery. Capex for that would be around INR 400-450mn. But this idea is far-fetched and currently not in plans.
• Premiumization paired along with cost optimization and stable raw material prices will help the company achieve 15-15.5% margins in the next 2 years.

Key highlights:
• Premiumization is helping in tackling inflationary pressures. The company has been able to expand margins with higher share of premium brands and cost optimization initiatives.
• The company has not seen price hike in products as they are mostly regulated by corporations.
• Excise duty per case has come down mainly due to state mix.
• Capex done as of 9MFY24 is INR 150mn.

Financial and operational highlights:
• Revenue from operations came in at INR 3767mn (+24.4% YoY/+6.3% QoQ)
• Gross profit stood at INR 1853mn.
• EBITDA for the quarter was INR 514mn (+26.7% YoY/+8.4% QoQ), margins at 13.6% (+25bps YoY/+26bps QoQ)
• PAT (exc. Exceptional items) stood at INR 438mn (+78.3% YoY/+37.1% QoQ), margins at 11.4% (+329bps YoY/+237bps QoQ)
• Volume growth of 13.1% at 29.5 lacs cases compared to 2-3% industry growth in 9MFY24. P&A segment continues to drive this growth. Super premium segment is a rather small part of the business; major growth seen in MHB and CNB.
• NSR per case stood at INR 1309 (+7% YoY) on the back of improved brand and state mix and price increases.
• Assigned "A-" rating from Crisil. This will help in reducing interest rates going forward. The management expects a 200bps reduction in interest rates.
• Net Debt stands at INR 1190mn. The management targets to bring it down to INR 1000mn and achieve net debt free status by March 2025.
• Other income of INR 80mn includes one off advances which were returned to the company of INR 70mn. Balance is interest income.
• Increase in prices at Canteen stores department in Telangana.
• South constitutes bulk of the sales; 85% of the volumes come from the region. The expansion in North, East and institutional sales is going on as per expectations.
• If inflation in RM prices was excluded, the margin would have been around 15.5%.
• Main plant at Srirampur has 30-35% capacity utilisation. Subsidiaries, Vahni and Prag at 100% capacity. PunjabExpo has 20% utilisation.

• Routine search conducted by Income Tax department. The company is yet to receive assessment notice.
• Released “Flandy” song on World Brandy day. The video has received tremendous traction.
• Employee expenses to be constant compared to revenue going forward.

New products:
• Strong traction seen in flavoured brandy range, Flandy, now constituting more than 8% of flagship brand MHB in the states introduced.
• Mansion House Chambers showing results in Puducherry at 50% premium to the flagship brands. Response has been positive with repeat orders coming in. Plan to launch Chambers in more states in the coming quarters.
• Flandy and Chambers are helping in meeting gaps across price points in the category.
• Premiumization is helping in tackling inflationary pressures.

Raw material prices:
• The industry continues to face significant inflationary pressures especially on the raw material side. ENA prices continue to grow sequentially. It went from INR 67/litre in Q1 to INR 72 in Q3 (impact of INR 20/case); marginal increase seen as of February 2024.
• The rest of raw materials prices are cooling down.
• Reduction of INR 700-800/ton seen in glass prices in Q4 (impact of INR 4/case).

Sheela Foam Ltd Q3FY24 Concall KTAs
CMP INR 1076 Market Cap INR 117 bn

Outlook: Despite challenges in certain international markets, company has demonstrated growth, particularly in its core segments. The addition of revenues from Kurlon has boosted its performance, while leveraging synergies from acquisitions and optimizing operational efficiency are expected to drive future growth.

Sales performance overview:
• Sheela Foam Ltd registered sales of Rs. 8,790 Mn, recording a growth of ~8% on a YoY basis on the back of a strong growth of ~26% in Sleepwell mattresses and an addition of revenues from Kurlon.
• The overall Indian business (Incl. Kurlon) observed a growth of ~32% in Mattresses, ~56% in Comfort foam and a decline of ~2% and ~6% in Furniture and Technical Foam, respectively, on a YoY basis.
• The Spanish business has been undergoing a recessionary period, whereby it experienced a degrowth in revenue of ~24% on a YoY basis and Australian subsidiary reported a decline of ~6% in revenue on a YoY basis.

Key Highlights:

Operating Profit Impacted by onetime expense: The operating profit was impacted due to the preliminary post-acquisition communication required in the form of marketing campaigns with the customers and other stakeholders to improve the familiarity of KEL with SFL. Excluding this one-off expense, the entity earned ~7-8% EBITDA (Current margin of 3.5%) which is close to the guided margin of ~10%.

Synergy to boost profitability: The management expects synergies from both entities, including increased manufacturing capacity for better raw material discounts, competitive dealer margins with a combined market share of 30%, and reduced freight costs with more retail touchpoints. This will enhance the company's negotiating power and improve its bottom line in the coming years.

Factors Driving Growth in Sleepwell Mattress Division: The Sleepwell mattress grew by 26% on a YoY basis driven by the brand campaign during the World Cup 2023, good reception of Nexa, an advanced form of memory foam mattress and good acceptance of Fitrest, a lower price point mattress.

Leveraging synergies for cost reduction and expertise sharing: The combined entity has a larger retail footprint, which will help the Company reduce freight costs. Additionally, both entities shall leverage the strength of each other like KEL would provide the expertise of rubberised coir while SFL shall share high foam yielding techniques.

Reassignment of export-dedicated manufacturing unit for cost advantage: The USA has imposed an anti-dumping duty of ~27-30% on mattresses, which has made exports from India implausible. In response, the management has reassigned the export-dedicated manufacturing unit as the centralised manufacturing unit for SFL and KEL. This will have added cost advantages of supplying to the western region in India.

Furlenco: The Company became EBITDA-positive in Q3 FY24 and anticipates to become PBT-positive by Q4 FY24. Upon achieving profitability, it shall pivot from being a furniture rental company to a furniture purchase company, by leveraging its retail outlets. Any subsequent requirement of capital to manufacture and supply the inventory shall be fulfilled by the internal accruals of Furlenco only.

Interplasp: The ongoing recession in the European economy, along with reduced raw material prices, has adversely impacted realizations. Despite adversities, the Company has been able to retain volumes as well as margins and anticipates volume growth in Q4 FY24.

Joyce: The Australian business has been witnessing a minor decline due to decreased raw material prices and some regional disturbances. However, the Company anticipates the foam business in Australia to remain steady.

Other Highlights:

- SFL will lower the dealer margins gradually once the combined operations of SFL and KEL start running smoothly.
- In January 2024, SFL also started the furniture business in Australia. The Company expects to witness an uptick in the new business going forward.
- Tarang, the STI mattress, underwent a successful pilot in Uttar Pradesh and was subsequently introduced in three more states. For Tarang, the Company is signing up only those distributors who already have an FMCG distribution network in small towns so that the cost is minimized for both stakeholders.
- The marketing expense of ~9% is estimated to settle at ~6-7% in a stable scenario. Consequently, the EBITDA margin will increase to ~10- 11%.
- Marketing spends during the quarter were dedicated towards all categories. Irrespective of the category, the Company was able to build strong equity for the Sleepwell brand. The Company consolidated smaller and industrial-usage brands during the quarter. The management expects the revenue contribution of Sleepwell to increase gradually.

Renaissance Global Ltd Q3FY24 Concall highlights
CMP INR 113 | Market Cap INR 10,900mn

Strong order book and growth of branded segment to aid significant growth in revenues and profits going forward. Significant product improvements and launches planned for next year. Focus to improve margins and revenues from D2C segment. Consumers shifting to lab grown diamonds will also help in sales growth

Guidance:
• High mid-teens growth in overall revenues expected in FY25 and expect the momentum to continue.
• The management expects the D2C segment to grow at 30%+ rate.

Financial highlights:
• Revenue stood at INR 6550mn (-9% YoY)
• EBITDA came in at INR 540mn (+8% YoY), margins increased to 8.2% v/s 6.9% in Q3FY23.
• PAT stood at INR 280mn, margins at 4.2% v/s 3.9% in Q3FY23.
• Branded segment saw 16% YoY growth. B2B segment contributed 65% while 35% came from D2C segment.
• Studded jewellery's share in revenue stood at 92%. Branded business contributed 45% in the studded jewellery sales.
• Net debt to equity ratio improved to 0.28 while total debt stood at INR 5.65bn. Cash balance at INR 2.53bn.

D2C segment:
• Focus on D2C vertical; saw 7.5% YoY growth in revenue at INR 949mn. EBITDA margins stood at 14%. Focus in the quarter was on improvement of margins; expect acceleration of revenue in FY25.
• Being a high margin vertical and price increases, the segment has high growth potential and ability to generate high operating margins.
• Taken significant price increases of 20-25% in the quarter to improve margins, which impacted the revenues. Prices are now stabilised.

Key highlights:
• Revenue acceleration will pick up Q4FY24 onwards.
• Opening one new store in Q1FY25.
• Lab Grown Diamonds makes up 50% of D2C sales, targeting growing popularity among consumers. The price difference makes the option of LGD attractive. The company looks to capitalise on this growing demand and customised products.
• With US inflation easing out, the company is seeing demand from consumers and it can be reflected in the order book. Order book is 20% higher than last year.
• Inventory has been higher due to high order book. The management expect it to normalise in the next 2 quarters as they start shipping orders to customers.
• Moved to a new marketing agency in US; they have made significant improvements in terms of optimisation.
• Launch of Wonder Fine jewellery, the company's umbrella brand for Marvel, Disney jewels and Star Wars, showed early signs of success. Expect to launch it with other retail partners too.
• Signed license agreement with Warner Bros to launch jewellery collection.
• The company has discussed demerger with the board but there are no such plans as of now.

Sula Vineyards Ltd- Q3FY24 Concall KTAs
CMP INR 609 | Market Cap INR 51.43 Bn

Company anticipate robust double-digit growth in Q4.

Financials

• Revenue from Operations stood at INR 2175 Mn in Q3FY24 against INR 2091 Mn in Q3FY23 (growth of 4%YoY)
• EBITDA stood at INR 733 Mn in Q3FY24 against INR 649 Mn in Q3FY23 (+12.8% YoY), with an EBITDA margin of 33.7% (+263 bps YoY)
• PAT stood at INR 430 Mn in Q3FY24 against INR 393 Mn in Q3FY23 (9.4% YoY), with a margin of 19.8% (+97 bps YoY)
• Net debt position remains strong, with a debt to EBITDA ratio of 1.3x.

Markets

• In Maharashtra, gross billings rose by 15%, but net revenue only increased by 9% due to a significant increase in selling and distribution expenses, which rose by almost 25%.
• Expects selling and distribution expense spending to stabilize or even decrease in the next quarter.
• Goa in Q3 faced a lot of licensing issues resulting in degrowth in October and November.
• There has been a lag from the government side in granting retail licenses as well as beach shack licenses. However, these issues have been resolved resulting in a swift rebound in December and anticipates Goa to return to good growth in Q4.

Business Focus

• Elite and premium segments constitute 77% of sales value in Q3, up from 74% last year.
• Elite and premium segment grew by 7%, while popular and economy segments declined by 6%.
• Focusing on higher-priced wines above INR 700 due to intense competition, heavy discounting, and low profitability in the lower price segment.
• World-renowned wine tourism business sees over 16% growth in Q3, with tastings up by 30%, a critical metric for building the business.
• Nearly 75,000 tastings conducted across facilities, contributing significantly to increasing wine awareness and customer comfort levels in choosing and ordering wines.
• Wine tourism consistently breaks records, notably welcoming over 5000 visitors in a single day on December 24.
• Republic Day weekend saw record-breaking revenue and tastings, surpassing the previous milestone set on December 24, signaling a strong start to Q4.

Other Highlights

• Company has over 3 onsite solar power capacity, meeting 60% of energy needs through own renewable sources, plans to reach over 70% by the end of FY25.
• Company announced launching three of iconic Sula Vineyards brands in 250 ML cans for the first time.
• Company plans to change the approach from offering cash discounts to providing discounts in kind, aligning with rest of the companies.
• Wine market is around 1% of the overall alcobev market. Anticipate to growth over the next five years.
• Around 4% of sales contribute to imported wine, while the majority is focused on own brands business which is more profitable.
• Exports are around 2-3 % of overall sales of own brands, essential for the company to achieve global recognition by ensuring wines are available in major markets worldwide.

Outlook

Company is looking towards a promising future with a strategic emphasis on elite wines and expanding their market presence. Company plans to launch wines in cans to enhance accessibility and is optimistic to sustained growth in Tier 2 markets and global expansion.

KRBL Ltd Q3FY24 Concall highlights
CMP INR 337 | Market Cap INR 77,140mn

The company is well positioned in the domestic market and is expected to grow alongside the industry. Additionally, for exports, the company is optimistic that its presence will drive growth, aiming to establish its presence in Saudi Arabia by Q4 FY24 or Q1 FY25.

Export market:
- KRBL export revenue was at INR278cr in Q3 of 2024 and INR1,053cr in 9M FY24, a decline of 47% and 34% respectively. Performance is affected by two factors, drop in sales to Saudi Arabia and poor opportunities in the bulk rice exports affected by regulatory factors.
- Export volumes have decreased 37% due to suspension of non-basmati rice export, ban on white rice export, imposition of 20% export duty on barbed rice, minimum export price and red sea issue.
- Company expects bulk basmati rice export in Q4 FY24 or Q1 FY25, due to ban on non-basmati rice.

Indian market: In Q3 FY24, Indian market sales were INR 1,143cr marking highest ever quarterly revenue. Company secured 35.9% market share in general trade and 40.9% market share in modern trade. This was archived by brand building, media investments and supply chain capabilities.

Saudi Arabia: Company is expecting to do at least 25-30% business in exports other than Saudi arabia and as company is facing competition in Saudi arabia as 80% of distributor have their own brand. However, company expects Q4 to be better.

Other key highlights:

- There was increase in paddy prices of 12.3% compared to previous season. However, company's procurement strategies allowed to maintain steady supply of high-quality rice.
- Company is optimistic about their expansion in capacity in Karnataka and Madhya Pradesh for operational efficiency and market reach.
- Company sees the rice price continuing and to some extent the realization, even in Q3, has already been adjusted to the higher cost of both paddy and rice. And expected to sustain.
- QoQ, company have taken price hike of about 9%-10%, which is in line with the price hike of COGS within the company.
- Finance costs for the quarter increased to INR7.48 crores from INR3.46 crores, reflecting higher bank borrowings during the quarter and also higher rates of interest
- The company has launched a new range of ready-to-cook India Gate Classic Biryani Masala range, available in three enticing variants, Hyderabadi, Lucknowi, and Kolkata Biryani Masala. The company is exploring opportunities to expand into new categories in the upcoming fiscal year.
- Europe there is zero sales for KRBL as brown rice leads, also Pakistan have lower prices. Besides, Iraq payment problem issue and geopolitical issues due to war has restricted good and safe business opportunities.
- In North America a competitor has gained a dominant 60% market share in recent years, leveraging their extensive setup in the region.
- For Europe anticipated FTA in the next few months may shift exports from brown to white Basmati rice, potentially boosting India's presence in the European market.

Apex Frozen Foods Ltd- Q3FY24 KTAs
CMP INR 220 | Market Cap INR 6.88 Bn

Sales to the US company's major market were impacted by subdued demand. However, Company remains cautiously optimistic driven by expectations of better supply, stabilization in prices and with growth expected to return in the US and EU markets.

Financials
• Total Income stood at INR 1486 mn in Q3FY24 against INR 2307 mn in Q3FY23 (-38% QoQ/ -36% YoY), led by lower volumes.
• EBITDA stood at INR 90 mn (-54% QoQ/ -52% YoY), with margins of 6% % v/s 8.1 % in Q3FY23.
• PAT came in at INR 30 mn (-64 %QoQ/ -62 % YoY), margins at 2% v/s 3.4% in Q3FY23.
• Shrimp sales stood at 2117 mt in Q3FY24 compare to 2869 mt in Q3FY23. (-26% YoY /-31.35%)
• Company has reduce debt from Rs 906 Mn as on Mar23 to Rs 832 Mn as on Sep23, with debt to equity of 0.17 times.

Guidance
• Company has Degrowth in current year, but positive in returning to the sales and revenue levels of FY23, with a target of 15 to 18,000 metric tons of sales volume for FY25.
• Anticipate 3500 metric tons in upcoming quarters, subject to factors like market conditions and supply constraints.

Demand and Market Outlook
• Lower average realization at Rs 663 per kg in Q3FY24, due weak demand and supply scenario.
• Low volumes, on account of continued subdued demand from key market USA
• Share of EU in overall sales mix increase to 36% in Q3FY24, growth mainly from ready to cook business.
• Demand in the Chinese market is currently sluggish, with sales to China occurring at a slow pace.
• Company anticipate increased consumption during the Chinese Spring Festival, with new inquiries coming into the months of March and April of 2024.

Other Highlights
• Setting up wholly owned subsidiary in the US, mainly for support with regard to logistics and also market development in the USA and rest of North America
• Prices are stabilized indicating a positive sign compared to the downtrend or drop in prices which was until Q3.
• Farmers and producers anticipate stable prices with well seed stocking ,leading to improve supply in FY25.
• Company remains cautiously optimistic , with positive on the growth prospects in long term.
• RTE approval depends on the process between the government of India and the EU regulatory authorities.
• The approval of any new shrimp processing facilities is on hold since 2019, company is awaiting for the same to pursue a good amount of business and exploit the potential in market.
• RTE utilization capacity has come down than last year, due to unexpected drop in supermarkets customers which impacted the RTE sales.
• Company is currently below 50% capacity utilization, due to the demand drop from the main market, lesser orders from retail customers or supermarket chains.
• With stable global demand and improvement in production, company anticipates better opportunity to utilize capacities.
• Shrimp seed sales typically increase during Q4 and Q1 in india, due to the summer season, which facilitates shrimp stocking and production in India.

Khadim India Ltd- Q3FY24 KTAs
CMP INR 360 | Market Cap INR 6.46 Bn

Financials
- **Revenue from operations stood at INR 1562 mn in Q3FY24 against INR 1489.5 mn in Q3FY23 (-0.6% QoQ/ 4.9% YoY).**
- **Gross Profit stood at 714.3 mn (1.7% QoQ/ 15.1 % YoY), with margins of 45.7 % v/s 41.6 % in Q3FY23.**
- **EBITDA stood at INR 182 mn (3.2% QoQ/ 8.7% YoY), with margins of 11.7% v/s 11.2% in Q3FY23.**
- **PAT came in at INR 18.3 mn (2.1%QoQ/ -62.2% YoY), margins at 1.2% v/s 3.2% in Q3FY23.**

Sales and Distribution
- **Distribution business contributed 28% to revenues in Q3FY24, with 6 new distributors added in the quarter taking total count to 747 distributors as on 9MFY24.**
- **In the Q3, retail business saw a volume growth of 17%, while franchisee volume growth ranged between 10% to 11%.**

Store Expansion
- **15 new stores were added in Q3FY24.**
- **The company plans to add more 25 coco, primarily in east and some in south and around 65 to 70 franchisees for next year.**

Debt and Receivables
- **Company has a current debt of 122 crores, post demerger 100 crore will be attributed to retail business and balance for distribution.**

Other highlights
- **The demerger process timeline has experienced delays due to pending approval from the stock exchange, requiring an extra six months to complete formalities.**
- **EBITDA margin remained slightly sluggish due to promotional schemes offered during the festive period to both retail and franchise outlets.**
- **The volume degrowth has reduced in Q3 from early double digits degrowth to single digits volume degrowth on YTD level.**
- **Sport shoes contribute approximately between 17% to 20%, with success in the new launch for both Men & Women wear.**
- **The business experiences growth during festive periods, but faces sluggishness during non-festive times.**
- **Utilization levels is around 55%-60% in Hawaii, 80%-85% in Pu, and 40%-45% in PVC.**
- **In the retail sector, around 56 lakhs pairs were sold over the nine-month period.**

Outlook
Company focuses on cost efficiency and enhancing brand value with continued retail expansion, revenue growth, and operational improvements. Management expresses confidence in the company's ability to withstand challenges and foresee growth opportunities.

Associated alcohol & Breweries Ltd– Q3FY24 Concall KTAs
CMP INR 497 | Market Cap INR 8.98 Bn

Financials

• Reported total income of Rs. 1944.5 Mn in Q3FY24 as compared to Rs. 1736.1 Mn in Q2FY24.(+ 12%QoQ/ +3%YoY).

• EBITDA stood at 204 Mn (+22% YoY) with a margin of 11%(+ 200 bps YoY).

• Reported net profit of Rs. 126 Mn in Q3FY24 as against net profit of Rs 134 Mn for the Q2FY24(-6%QoQ/ +16% YoY).

Expansion

• The company plans to form a subsidiary in Uttar Pradesh, driven by the state's favorable incentives for manufacturing.

• In the early stages of acquiring land for a greenfield project.

Capex

• The company plans to set up a unit in uttar Pradesh,an expected capex of around 150 to 200 crores from internal accruals.

Premiumization strategy

• Company introduced Central Province Rum in the premium category and handcrafted Nicobar in the super premium category.

Guidance

• The premium product line is expected to achieve 18-20% YoY growth, driven by sustained consumable interest in the B2B segment, aligning with steady progress in line with inflation rates.

• The company expects continued growth in the B2C segment, with the IMFL proprietary category and licensed IMFL segment projected to achieve YoY growth of 15-18% and 12-15% respectively.

Key highlights

• Commenced the commercialization of a 130 klpb grade-based ethanol plant.

• Seen growth in the ENA and IMFL license segments, while the IML segment's growth is constrained due to changes in MP government policy.

• Disruption in ENA supply from Punjab has increased ethanol prices, incentivizing suppliers to prioritize ethanol over ENA.

Outlook

Compamy is focus on constant expansion, innovation and optimization of operational costs. Entering in ethanol production diversify the portfolio into an adjacent business, strengthening overall business model.

Shoppers Stop Ltd- Q3FY24 Concall KTAs
CMP: INR 694 | Market Cap: INR 76.41 bn

Retail market conditions have been uneven since Diwali, with festive sales up but challenges in some private brand segments.

Financial Performance:

Reports sales of INR 14.84 bn up by 4% QOQ, driven by non-apparels, particularly beauty.

Reported EBITDA of 190 Mn, PBT of 540 Mn and a profit after tax of 400 Mn.

Gross Margin decrease by 70bps in Q3FY24 to 37.1% as compare to 37.1% in Q2FY24.

During the festive period, the sales grew by (9% LTL). Average Transaction value grew by 6% driven by premiumization and Items per Ticket grew by +5%.

Premium black and platinum customers constituted 13% of sales and exhibited an 18% growth along with 3% QoQ increase in black tier renewal.

The company added a total of 13 new stores including 4 Department, 4 Beauty, 4 Intune, and 1 Airport store.

Membership expanded to 9.7 million, nearing the 10 million mark.

Beauty Distribution

Beauty Business achieved its highest ever quarterly sales at INR 2620 Mn, growing 10% YoY.

The company plans to broaden its distribution network for beauty products and introduce new brands within the makeup and skincare categories.

Customer engagement featured 266,000 makeovers with a 49% conversion rate, generating INR 460 Mn in sales.

Launched a 3,000 sq ft SSBeauty Store at Terminal 2 Bangalore Airport, featuring added beauty services such as a Nail Bar, Hair Styling, and Treatment room.

Plans to open two Exclusive Brand Outlets (EBOs) in Q4FY24.

Intune Stores

Added 4 new stores with a 65% full-price sell-through and a 27% kidswear mix during the quarter.

Intune is achieving positive EBITDA within 8 months of launch.

Company’s current focus lies on putting the company owned stores. Company might consider a franchisee model adoption in FY 25.

Transition to a franchise model envisioned once operational aspects are refined, and a consistent model is established.

Strategy And Focus

There are some challenges in private brands, particularly women's western wear and parts of menswear.

Focusing on refining positioning and strategy in these segments.

Company focuses on the three C's framework, emphasizing customer centricity, consistency in growth, and effective capital allocation.

Personalized campaigns targeting consumer personas have yielded positive results.

Outlook

The retail industry is experiencing a slowdown after initial festive season gains, with soft market conditions. Progress is evident in key initiatives related to new stores, beauty, and premium segments, but challenges persist due to inflationary and inventory pressures. Private brands, especially in women's western wear, continue to face challenges. Company expects a mid single digit growth in Q4 similar to Q3.

VIP Industries Ltd| Concall KTA Q3FY24
CMP: INR 544|Market Cap: INR 77284 Mn

Vip Industries demonstrates a mixed financial performance with challenges in international business but notable growth in domestic segments, particularly in E-commerce. The company's strategic focus on premiumization, capacity utilization, and new product development aligns with its sustainable growth journey.

Financial Highlights

- **Q3FY24 Revenue: INR 549 Cr**
- **PBT: INR 13 Cr.**
- **Gross Margin: 55.8%.**
- **EBITDA: INR 55 Cr.**
- **EBITDA Margin: 10%.**
- **PAT: INR 7 Cr.**

Revenue Growth and Segments

- **Overall revenue growth at 4%.**
- **Domestic revenue growth at 6%.**
- **E-commerce continues to grow at over 65% YoY.**
- **Encouraging trends in secondary sales with over 20% YoY growth.**
- **International business impacted by demand slowdown in the Middle East and increased global China supplies.**

Financial Performance Factors

- **Gross margins improved to 55.8%, driven by deflationary raw material trends, in-house cost optimization, and ASP improvement.**
- **Increased freight and accelerated spending on e-commerce, including professional fees and marketplace activations, contribute to other expense variances.**
- **Significant advertising impact, with over 1.5% attributed to e-commerce price investments and activations.**

EBITDA Analysis

- **EBITDA% decreased from 14.3% (Q3 FY23) to 10.0% (Q3 FY24).**
- **Factors contributing to the decrease:**
- **Increase in Gross Margin by 6.4%.**
- **Increase in Other Expenditures by 7.4%.**
- **Increase in Adv. Expenditure by 1.9%.**
- **Increase in Employee Cost by 1.3%.**

Business Focus and Achievements

- **Strong 9M domestic revenue growth at 9% YoY.**
- **E-commerce business fundamentals strengthened, showing over 50% YoY growth for 9M ended Dec'23.**
- **Successful reception of new backpack collection, making it the second fastest-growing category after hard luggage.**
- **Balanced focus on mass and premium categories with Carlton & Aristocrat being the fastest-growing brands.**

Vip Industries Strategy

- Focus on teamwork and collaboration.
- Positive outlook for CY24.
- Emphasis on four key areas including product quality and premiumization.
- Leadership changes and fundamental improvements.
- Aggressive approach to clear the pipeline and expand E-commerce (65% of sales).
- Expansion plans include 25 new EBOs, 2 airport stores in Mumbai, and a total of 550 stores by next year.

Premiumization and Growth Initiatives

- Sustainable growth journey with a focus on AFP and premiumization.
- New customer additions to the portfolio.
- Profitability target: Gross Margin 55-60%.
- Notable capacity utilization in hard luggage (94%) and a 20% increase from the last quarter.
- New product development calendar launched in February.

Market and Operational Indicators

- Positive market indicators despite challenges.
- Implementation of the Esha program with an expanded team of 50 people.
- Higher tax rates and deferred tax in this quarter.
- Continued investment in premium attractiveness and design.

Kalyan Jewellers India Ltd|Concall KTA Q3FY24
CMP: INR 350|Market Cap: INR 360828 Mn

Strong Q3FY24 performance with substantial YoY growth in revenue (34%), gross profit (22%), EBITDA (13%), and PAT (22%), driven by robust SSSG, network expansion, and strategic initiatives, while maintaining a focus on debt reduction and shareholder rewards.

Financial Highlights

- **Revenue: INR 52,231 Mn (34% YoY growth).**
- **Gross Profit: INR 7,615 Mn (22% YoY growth).**
- **EBITDA: INR 3,698 Mn (13% YoY growth).**
- **PAT: INR 1,804 Mn (22% YoY growth).**
- **EBITDA Margin: 7.1%, PAT Margin: 3.5%.**

Revenue Growth Drivers

- **Driven by healthy SSSG and robust network expansion.**
- **New customer additions at over 38%.**
- **Improved showroom gross margin YoY and QoQ.**
- **A higher share of revenue from franchised showrooms impacting overall gross margin, EBITDA, and PBT margin.**
- **A&P expenses were higher due to festive spending captured in Q3FY24.**

Regional Performance

- **South revenue growth driven by SSSG.**
- **SSSG at 11% (South 10%, Non-South 13%).**
- **Non-South share at 54%, up from 43% YoY.**
- **Studded growth higher than gold - 27.2% studded share compared to 26.7% YoY.**

Market Expansion and Debt Reduction

- **Total showrooms in Q3FY24: 194.**
- **Added 22 net showrooms during the quarter in India.**
- **Plans to continue expanding with 22 new jewelry showrooms.**
- **Debt reduction target for the current fiscal year.**

International Expansion and Challenges

- **Expansion in the US and inbound franchise.**
- **Finance costs are higher due to a rise in overall interest rates.**
- **15 showrooms launched internationally.**
- **The next phase includes 80 open showrooms, 4-5 international, and 50 franchise more signed. (minimum).**
- **Primary focus on reducing non-GML part.**

Industry Outlook and Grassroots Outreach

- **Anticipate organized retail in jewelry to reach 40% by FY25, 60% unorganized by FY25.**
- **Product category breakdown: Wedding wear 60%, Daily wear 30%, Fashion wear 10%.**

- Grassroots outreach focused on marketing and customer engagement across urban, semi-urban, and rural areas.

Digital Initiatives and E-Commerce

- Capturing customer information at store level for targeted campaigns.
- Use of Content Marketing Platform ('near me search') to drive search traffic.
- Candere - Kalyan's e-commerce site for India, US, and UK markets.
- Employee training during the lockdown, digital customer outreach, and app-based target tracking.

Franchised Store Strategy and Divestiture

- Launch of Franchised Store Strategy in 2022.
- Plans for 60+ new showroom openings in FY24.
- Use of FOCO (Franchisee Owned Company Operated) model for capital-efficient expansion.
- Divestiture of select non-core assets to lighten the balance sheet.

Future Expansion and Franchised Showrooms

- Plans to increase the share of revenue from non-south markets.
- International expansion funded largely via capital-light franchise store strategy.
- Calibrated expansion in the Middle East.
- In active discussions with potential partners for the next set of franchised showrooms in FY25 in India and the Middle East; 80+ LOIs signed.

Adani Wilmar Ltd. Q3FY24 Concall KTAs
CMP INR 356 | Market Cap INR 4,62,231 Mn

Turnaround from losses in H1FY24 to profits in Q3FY24. Returned to normal phase in terms of top-line and bottom-line performance.

Financial Performance
- Revenue stood at INR 1,28,280 Mn, up by 5% QoQ and a decrease of 17% YoY due to lower raw material costs.
- Consol EBITDA was INR 5,040 Mn, grew 251% QoQ and degrew 17% YoY.
- Recorded second-highest standalone EBITDA at INR 5,300 Mn, degrew 15% YoY attributed to aggressive pricing in the food business.
- Gross profit at INR 16,300 Mn.

Operational Highlights
- Market share improved from 19.5% to 19.8%. Successful consolidation of ROCP market share.
- Current capacity utilization in the range of 55-60%, indicating significant headroom for growth in the next couple of years.
- Wheat flour business market share increased to 5.4%.
- Volume growth of 5% YoY.
- Branded volume growth outpaced the overall deliverable segment.
- Branded exports grew by over 80% in 9MFY24.
- Branded sales of edible oil grew 16% in 9MFY24.
- Food and utensils segment, along with investments, grew by 17%YoY.
- The company holds an 11% market share in the soap noodles segment and almost 33% market share in stearic acid in the country.

Food and FMCG metrics
- Revenue growth of 26% for 9MFY24 as against 55% growth in FY23 and 38% in FY22. YoY drop in food revenue is due to the rice export ban on non-Basmati rice.
- Food basket grew nearly 20%; over 45% growth in the wheat flour business.
- Capacity utilization on the food plant remains in the range of 50-55%.
- Branded food scaling up rapidly. Expanding into southern markets, known for higher revenue returns.

Distribution and rural outreach
- Overall reach extended to 2.1 million outlets with a direct reach of 6.8 lakh outlets.
- Rural coverage expanded to over 27,500 towns, with a target to reach 30,000 towns by the end of the year. Rural saliency at 31%, indicating a rise in rural demand.

New Product Launches
- Successful launch of new products, including a Premium Fortune Atta and Sharbati Atta. Expanding Biryani kit export as export accounts for over 44% of Biryani kit sales.

Rice
- Hiring agriculture graduates to work with FPOs and farmers for better connectivity.
- Purchased Basmati paddy from 125 market yards.
- Expanding footprint in Bihar, UP, Karnataka, Tamil Nadu, Bengal, Punjab, Haryana, and upcoming in Andhra Pradesh and Maharashtra.

Industry overview
- Geopolitical events impacting soybean and sunflower supply chains.
- Stabilization of vegetable oil prices from highs to below $1000.
- Wheat prices are fluctuating but the company's procurement strategy is proving effective. Edible oil consumption growing consistently.

Outlook: Expectation of supply chain improvements from February onward. Food contributes 17-18% to overall volumes; plans to increase the contribution of food to close to 25% by FY25. Focusing on the HoReCa segment, e-commerce, and modern trade alongwith enhancing brand mix for better product diversity. Distribution strategy remains a key focus area for the company for driving food business growth. Future plans to increase visibility and participation in relevant programs for better brand connect. Positive trends to continue in Q4 for various business segments.

ADF Foods Ltd Q3FY24 Concall KTAs
CMP INR 214 | Market Cap INR 23,460mn

Financial highlights:
- Revenue stood at INR 1297mn (+5% YoY, +4% QoQ)
- EBITDA recorded at INR 270mn (0% YoY, +24% QoQ), margin of 20.8% v/s 17.5% Q2FY24.
- PAT increased to INR 191mn (+3% YoY, +28% QoQ), margin of 14.7% v/s 12% Q2FY24.
- EBITDA and PAT margins on standalone basis were 25.6% and 19.6% respectively.

Operational highlights:
- An investment of INR 130 million in Teleric Foods' convertible redeemable preference shares is expected to fuel domestic business growth. Merger of subsidiaries in Q3, India Foods and Teleric Foods.
- The share of frozen food in overall sales is increasing.
- The distribution business faced challenges due to company shifts and supply chain issues, with ongoing resolutions in Q4 and Q3 showing quarter-over-quarter growth. New customer discussions are ongoing.
- The company recently got listed on Tesco, UK, in its 700 outlets with three SKUs, targeting at least US$ 1mn in revenue for FY25.
- Lingering fixed costs from past relationships with Nates and PJ's are affecting the current year, along with ongoing legal costs expected to cease in FY25. The company aims to leverage its supermarket presence for its own products.

Capex:
- Capex of INR 35mn in debottlenecking and INR 110mn towards cold storage is left for the year. The cold storage project at Nadiad is expected to complete by April 2024.
- General capex of INR 40mn in FY25 while INR 600mn will go towards greenfield expansion project in Surat, spread over 15 months starting from April.

Freight costs:
- Freight cost for this quarter constituted 7% of sales.
- Orders are being moved to FOB which means freight will go to customer's account.

India business:
- Management aims for INR 1000mn revenue from India through ADF Soul in the next three years.
- Currently, products are exclusively sold through their websites and e-commerce platforms, with a 15% month-on-month growth rate. Current burn is INR 50mn.
- The plan is to expand into modern and general trade once established, targeting the upper-middle-class population.
- There are plans to introduce a wide range of products in FY25.

Capacity:
- Total capacity of both plants is 28000MTPA, with 60-80% capacity utilisation depending on products.
- Debottlenecking will help the existing plants to handle expanded capacity requirements.

PLI scheme:
- Benefits from PLI scheme is INR 620mn spread over FY23-27.
- INR 110mn PLI income booked as of 9MFY24 from FY23. INR 90mn expected in FY25.

Guidance:

- **Plans are underway to launch tie-ups with Costco and Walmart in the next fiscal year through Truly Indian.**
- **The management remains optimistic about achieving the targets set at the beginning of the year and is committed to achieving higher top-line growth.**
- **Ashoka's revenue for FY24 is projected to be INR 2700 million.**
- **Despite a potential 200 basis points impact on profit margins due to freight costs, the management aims to maintain EBITDA margins with the anticipated increase in revenue.**
- **The current cash available is INR 1400 million. For a greenfield project, the company may consider taking a loan as grants will be provided through lenders.**
- **The distribution business is expected to streamline and return to similar numbers in FY23.**

Outlook: ADF Foods demonstrated strong overall performance in the quarter, experiencing sequential growth with notable margin improvements. The company anticipates high growth prospects due to new product launches, an increased focus on the Indian market, and expected high demand in the upcoming quarters.

Restaurant Brands Asia Ltd| Concall KTA Q3FY24
CMP: INR 114 |Market Cap: INR 55684 Mn

Opened 38 new restaurants; aiming for 700 stores by FY27 with improved gross profit.

Financial Highlights

• Q3 FY24 revenue: INR 4,454 million, a 20% YoY growth.
• Q3 FY24 SSSG: 2.6%, led by traffic growth.
• Highest-ever Co. EBITDA (Post Ind AS 116): INR 708 million, a 48% increase YoY.
• Highest-ever Co. EBITDA (Pre Ind-AS 116): INR 302 million, a 96% increase YoY.
• PBT breakeven on Pre IND-AS 116 basis for the second consecutive quarter.

Operational Highlights

• 38 restaurants opened in Q3 FY24, with 1 restaurant closed.
• "King's Journey" digital experience restaurants with Self Ordering Kiosks, App Ordering, and Table Service.
• 68 King's restaurants as of the current date, aiming for 100% rollout by FY25.

Brand-Specific Performance

• Burger King Revenue: ADS at IDR 17.8 million, down 1% YoY. Strong focus on delivery business.
• Popeyes Revenue: ADS at IDR 23.3 million, revenue at IDR 35 billion, grew by 28% QoQ.
• In January 2024, the company has 452 restaurants.
• The company has plans for innovation in burger products, focusing on multiple flavors.
• They are actively promoting their INR 99 meal campaign and other wrap campaigns.
• Social media continues to be a key promotional platform, and the company is expanding its dessert menu.

Market Expansion

• Growth in the number of Burger King and Popeyes restaurants.
• Introduction of a "100% digital store with no DMB."
• Attractive value offerings with a focus on chicken BIC meals and Ala carte Burger promos.

Digital Initiatives

• App exclusives dine-in deals.
• 50% growth in App Dine-in Orders, 43% growth in app users.
• 244 stores enabled on table service.
• Delivery now contributes +40% to overall sales.

Future Plans

- Store count expected to reach 700 by FY27.
- Gross Profit improvement from 67% in FY24 to ~69% in FY25-27.
- Innovation in burger products with multiple flavors.
- Focus on the INR 99 meal campaign and other wrap campaigns.
- Continued promotion on social media.
- Building a dessert menu.

Dhampur Sugar Mills Ltd. – Q3FY24 Concall KTAs
CMP: INR 261 | Market Cap: INR 17,304 Mn

Focusing on ethanol production and exploring biogas opportunities for future growth.

Financial Performance
- Standalone revenue from operations stood at INR 4,823 Mn in Q3FY24, down by 25.1% YoY and 16.9% QoQ. Revenue from operations is lower mainly on account of lower sugar sales volume.
- EBITDA stood at INR 695 Mn in Q3FY24, down by 19.2% YoY.
- PAT stood at INR 316 Mn in Q3FY24, down by 31.3% YoY. Profitability is down in Q3FY23 mainly due to low sugar sales quantity by 0.48 Lakh tonnes
- Cash profit stood at INR 553 Mn in Q3FY24 as against 687 Mn in Q3FY23.
- Inventory valuation rate for sugar stands at INR 35,182/tonne.
- Inventory of sugar as on 31st Dec 2023 is 1.07 Lakh tonnes.
- Sugar business incur loss of INR 66 Mn in Q3FY24 as against profit of 157 Mn in Q3FY23.

Revenue Mix:
- In Q3FY24 Revenue Mix for sugar is 34.8 % which is down from 50.4% in Q3FY23.
- Power stands at 10.9%, Ethanol is at 26.3%, Chemical at 6.8%, Potable Spirit at 20.2% and others at 1% for Q3FY24.

Equity Share Buyback:
- The board approved buyback of up to 1 Mn equity shares at a price not exceeding 300 rupees per share, totalling INR 300 Mn.
- The company received offers for over 7.3 Mn shares, with 1 Mn shares bought back.
- The paid-up share capital of the company now stands at INR 653.8 Mn.

Regulatory Changes
- Government orders in December 2023 halted the use of sugar cane juice or syrup and B-heavy molasses for ethanol production with immediate effect.
- The government of Uttar Pradesh increased sugarcane State Advised Price (SAP) by INR 20/Qtl for 2023-24 Sugarcane season. The impact of the same has been considered by the company in the financials Q3FY24.

Operating Performance
- The company crush 13.46 Lakh tons of cane in Q3FY24. An increased of about 4% YoY.
- The company diverted 0.96 Lakh tons of cane for production of ethanol syrup in Q3FY24 as against 2.41 lakh tons in Q3FY23 as the company stopped diverting sugarcane syrup for ethanol production as per government order.
- Gross recovery stands at 11.01% for Q3FY24 as against 11.34% in Q3FY23.
- On account of higher cane crushed and discontinuation of the aversion of syrups to ethanol, sugar production during Q3FY24 is 1.29 lakh tons versus 1.02 lakh tons in Q3FY23. An increase of 26% YoY.
- Sugar sales during the quarter stand at 0.25 lakh tons in Q3FY24 versus 0.73 lakh tons in Q3FY23.

- Average sugar realization in Q3FY24 has been INR 39,236/tonne as against INR 35,332/tonne in Q3FY23.

Ethanol Segment
- The production from syrup roots stands at 64.46 Lakh Liters in Q3FY24 as against 166.30 Lakh Liters in Q3FY23, down by 61% YoY due to discontinuation of use of sugarcane juice for ethanol production.
- Ethanol Production from B heavy molasses stands at 174.01 Lakh Liters in Q3FY24 against 73.66 Lakh Liters in Q3FY23.
- Total ethanol production from all feedstock is 294.97 lakh Liters in Q3FY24 versus 239.96 lakh litres in Q3FY23, higher by about 23%
- Sale of Ethanol produced from syrup is at 64.17 Lakh in Q3FY24 versus 157.53 Lakh Liter in Q3FY23.
- Sale of Ethanol from B heavy molasses stands at 150.62 Lakh Liters in Q3FY24 as against 75.80 Lakh Liters in Q3FY23.
- Total Ethanol sale for Q3FY24 was up by 15% YoY at 268.69 lakh Liters.
- The company expects total sales of INR 80 Mn in B heavy, C heavy and Syrup for FY25.
- The has put selling price of INR 56 for C heavy and they have not yet set price for B heavy and Syrup for year 2023-24 so there are taking it same as it was for year 2022-23.

Ethyl Acetate and Potable Spirits:
- Production of Ethyl Acetate stands at 52.90 Lakh Kg in Q3FY24 as against 85.33 lakh Kg in Q3FY23. Sales of Ethyl Acetate stands at 52.44 lakh Kg in Q3FY24 as against 85.34 Lakh Kg in Q3FY23.
- Potable Spirits production has increased to 5.57 Lakh cases in Q3FY24 from 4.46 Lakh cases in Q3FY23. And sale of Potable Spirits has increased to 5.65 Lakh cases in Q3FY24 from 4.43 Lakh cases in Q3FY23.

Crop Status and Red Drought:
- The company expects slight decrease in yields compared to last year due to heavy rainfall in June-July month in Northen and Western India.
- The company plans to mitigate red drought issue by changing seeds and implementing other measures.

Capex:
- No major capex planned until April-May 2024.
- The company is exploring opportunities in CBG (compressed biogas) and potash but are still in a wait and watch mode, May is when they'll sit with board for Capex plans for FY25.

Sugar Price Outlook:
- Average ex-factory sugar prices as of 31st December, 2023 were INR 39.2.
- Current prices are hovering about INR 37.5 to INR 38. The company expects the price to stabilize at INR 38 to INR 38.5 for whole year.

Biogas Opportunity:
- The company sees potential for biogas production from press mud, but facing challenges with off-take logistics as the company don’t have pipelines running through their plants and transporting it via tankers can be expensive.
- Government initiatives expected to address issues by working with OMCs in the next 6 to 9 months.

Outlook:
Dhampur Sugar Mills Ltd. is dealing with decreased revenue, owing to lower sugar sales volumes and regulatory changes affecting ethanol production. However, the company is adapting by focusing on other segments, such as ethanol from B heavy molasses and potable spirits, which are growing. Exploring opportunities for biogas production demonstrates a forward-thinking approach, though logistical challenges remain.

Som Distilleries & Breweries Q3FY24 Concall Highlights
Som Distilleries & Breweries | CMP: INR 304 | Mcap: INR 23.57bn

Margins
EBITDA margins are expected to be 12%-13% going forward.

Volumes
Beers volume grew by 69% YoY to 44 lakh cases in Q3FY24 and IMFL volume grew by 3% YoY to 3 lakh cases in Q3FY24. The total volume grew by 62% YoY to 47 lakh cases in Q3FY24.

Sales breakup
Around 90% of the portfolio constituted beers and the company is majorly focused on the beer business.
Delhi sales accounted for 5% of revenue and UP sales accounted for 3% of sales in Q3FY24.
IMFL business accounted for 10% to 15% of total sales.

Market share
The company has a 5.5%-6% market share in the Indian beer industry and is focused on reaching 10% in the next 2-3 years.
The company has a 45% market share in the Madhya Pradesh beer industry.

Realization
Beers realization stood at INR 518/case (+7% YoY) in Q3FY24 due to price hikes and an increased mix of SKUs. The realization is expected around INR 530-535/case in the next year.
IMFL realization stood at INR 938/case (+27.8% YoY) in Q3FY24. IMFL price realization is expected to increase by 3% to 4% in the next year.
The price hike is expected in Feb/march.

Capacity and utilization
The beer capacity stood at 30.2mn cases as of Q3FY24 and a further 60 lakh cases capacity expansion is expected to be completed by Q1FY25E.
Bhopal plant capacity utilization is around 65% and Odisha plant utilization stood at around 30% in Q3FY24.

Capex
The capex is expected around INR 500mn to INR 600mn capex and another INR 50mn capex is expected in the Bhopal plant.

The company is focused on capacity expansion of the Hassan plant by Q1FY25E. The expansion led to catering to summer demand in upcoming years.

Debt
The net debt is expected to increase by INR 200mn in the next 6-12 months for working capital requirements.

Strategic agreement

The company has entered a strategic manufacturing agreement in Jammu & Kashmir for the production of IMFL. The company is majorly targeting canteen stores department.

Other highlights

The company has secured Karnataka excise approval to supply premium beer brands in Tamil Nadu.
The company has introduced the beer brand "Legend" in Karnataka.
The packaging costs are stabilizing due to a favorable mix of old and new bottles.
The company is majorly targeting Kerala, Karnataka, Madhya Pradesh, Jharkhand etc.
Power Cool brand is stronger in Karnataka. It's slightly reducing the seasonality of the business.
Wood Pecker Brands is expected to be a millionaire brand in the next 2-3 years.

Outlook: Som Distilleries has a 5.5%-6% market in the beer industry and is focused on reaching 10% in the next 2-3 years. EBITDA margin is expected around 12% to 13% going forward. The Capacity addition of 60 lakh beer cases would bring additional revenue going forward. The increase in volume and price realization would drive the business going forward. We have a positive outlook on the stock.

Dalmia Bharat Ltd – Q3FY24 Results and concall takeaways

CMP: INR 2,203 | Market Cap: INR 413 bn

Short summary: Good quarter overall. Q4 volumes would be much better and same with FY25 – expecting 15-16% volume growth. Co is also well poised to capitalize on the long term growth story of demand in India, Dalmia would be a key beneficiary of the same.

Details:

Financials: Consol Revenue/EBITDA/PAT came in at INR 36bn (+14% q/q, +7% y/y) / 7.8bn (+32% q/q, +20% y/y) /2.63bn (+123% q/q, +29% y/y). Market expectations for EBITDA would have been in the range of INR 7.5 bn. The results were definitely on the stronger side. Volume came in at 6.8mn t (+10% q/q, +8% y/y), this includes JP plant's volume of 0.4mn t. Realisation came in at INR 5,294 (+4% q/q) which is on the stronger side vs larger peer. EBITDA per ton expanded by ~INR 200 per ton q/q, which is good. Net debt reduced to INR 4.3bn which is quite insignificant.

Debottlenecking at Belgaum, yielded an additional 0.9mn t capacity, taking the total capacity to 44.6mn t. Capacity by end of Marc-24 will reach 46.6mt of which South will be 17mt. Jp acquisition will add 9.2mtpa. Apart from these, 2.5mtpa in Lanka and rest 0.5mtpa elsewhere will come up in H1FY25.

Capex: 9M capex is INR 21.3 bn. JP plant cash outlay will be INR 33 bn. Even after acquisition of JP plant net debt to EBITDA will be comfortably below 2x. FY25E capex would be about INR 30-35 bn, includes some incremental capex at JP. JP acquisition is expected to be completed in this quarter. Co. committed to grow to 110-130mt by 2031.

Cashflow from asset sale: Co received INR 3.2/1.2bn from sale of stake in Hippo stores and Sarvapriya healthcare. Balance INR 3.2bn will be received in Sep-24.

Co. doesn't believe govt will taper allocation to infra/capex.

Barriers to entry have gone up massively. Consolidation in the sector would continue and eventually bring some sanity to the pricing situation.

Renewable energy capacity by the end of FY24E is 202 MW expected to grow to 328 MW. Grown faster in core markets after 2 quarters of sub-dued performance. FY25 volume growth would be in mid-teens y/y. EBITDA per ton expected to be in the range of INR 1,100 to 1,200 per ton unless there is an unforeseen eventuality.

Average **fuel** purchase price was US$115-120 per ton during the quarter. Blended fuel cost for the quarter was U$1.5/kcal. Fuel cost largely stabilised now and only 3% reduction expected in Q4.

Low carbon cement – blended was 84% and working towards increasing it to 100% blended over the next 3 years.

Incentive accrued during the quarter was INR 690 mn, and collection was INR 1,530mn. 9M accruals were INR 2160mn and collection of similar level. FY24E full year incentive to be in the range of INR 3,000mn.

Management noted that **the long term 15-20 yr prices** have grown between 1.5-2% cagr.

Majority share of **Incremental demand** coming to the top 4-5 players, which means each of these could easily grow by 13-14% and Dalmia is one of them and could potentially grow by 15-16%.

Co. aspires to be a **pan India** player by 2030-31 and wants to be a significant player in whichever market it operates.

Misc data: Fuel mix- 55% is petcoke and green was 25%, the rest 20% being coal. CC ratio is 1.66x. Green power mix by FY26 would be upwards of 35%. Road:rail mix is 86:14%. Trade share was 63%, up from 60% in same period last year. Lead distance decreased by 20km y/y. Premium cement share was 21%.

Prices have been weak in Jan and corrected back to Sep end, means all of gains in Q3 have been lost. But due to seasonally strong quarter, prices may recover.

Limestone mine auctions – Dalmia already beefed up reserves to upwards of 1.2 bn tons, most of the buyouts in auction have been at a premium of upwards of 50%.

Capex per ton would be US$75/t blended between green and brown field.

Chamanlal Setia Exports Ltd Q3 FY24 Concall Highlights
CMP: INR 221 | Market Cap: INR 1,142Cr

Government Policies:

- On 20th July 2023, Government of India imposed a ban on non-basmati exports, which has resulted in an increased demand of basmati rice from India. However, company does not trade in non-basmati rice.
- On August 27, 2023, Government of India imposed restrictions on exporting Basmati rice below USD 1,200 per ton to restrict possible "illegal" shipments of white non-basmati rice in the garb of premium Basmati rice. The Government has subsequently relaxed the minimum export price restriction to USD 950 per ton, which will favourably support basmati rice exporters.

Financial Performance:

- Revenue grew 13% YoY and 30% QoQ to INR 400Cr, led by higher exports APAC, Middle East and Africa.
- In Q3, export volumes were up by 37% QoQ and 10% YoY at 39,444 MT, Average export realization was up by 5% YoY during this period.
- Company recorded highest ever quarterly profits, with EBITDA of Rs. 52 Cr (Flat YoY and 46% QoQ) and PAT of Rs. 39 Cr (3% YoY and 38% QoQ). However, company saw increase in raw material prices from.

Other Key Highlights:

- Value-added segment (Rice suitable for Diabetes & Brown Rice) grew by 167% YoY during 9M FY24.
- Top 5 countries contributed 66% of the export revenues during the quarter. With major share of GCC, USA, Canada.
- As there was opportunity in Export markets in terms of pricing and volume both, companies' domestic sales decreased.
- In Q3FY24, small packing (less than 5 kg) contributed 35% of total revenue, up from 30% in Q2FY24. These packs offer higher profitability margins compared to larger packs (40-50 kg). Due to branding and packing in small packs, the visibility increases and helps brand to grow which is not there in big packs.
- There was increase in orders and this led to inventory increase. Because of this the finance cost was a bit high at 2.6Cr (+33% YoY and +72% QoQ).
- Exhibition is held in Dubai, this will help company to interact with current costumers and acquire new. Company is optimistic abut the event and hopes that this will help in revenue growth.
- Company keeps its inventory on the order basis and currently holds inventory of INR 626Cr out of which 70-75% will be orders.
- Company is also expanding in Ecommerce and modern trades with repeat customers, they have registered themselves on online platforms like Amazon, Jio mart, their own website, etc.
- Company primarily to invest their cash flow back in the business for raw material as costumers are increasing. Other than that, company might consider a payout of 50% of cash flow. Also, if any opportunity comes up in food business will take it.
- Innovation is in the progress for processing unit, where they are looking for automations through AI and digitalization.

Outlook: Despite the government policies company was able generate revenue and profitability growth this indicates good performance and positioning of company in the industry.

Hindustan Foods Ltd Q3FY24 Concall KTAs
CMP INR 542 |Market Cap INR 61.15 Bn

The company is on track to meet its guidance of achieving INR4000 crore plus top line by FY25.

Financials
• Revenues stood at INR 7303 Mn in Q3FY24 from INR 6796 Mn in Q3FY23, (7% YoY/ 8% QoQ)
• EBITDA stood at INR 579 Mn in Q3FY24 from INR 450 Mn in Q3FY23 (29% YoY/ 4% QoQ).
• PAT increased to INR 220 Mn in Q3FY24 from INR 171 Mn in Q3FY23 (29% YoY/ -11% QoQ).

Expansion
• The Company has completed acquisition of the Baddi plant for a final cash consideration of Rs. 128 Crs.
• The company, via its wholly owned subsidiary KNS Shoe Tech Private Limited, has finalized the acquisition of a sports shoe manufacturing unit in Kundali, Haryana, along with completing the acquisition of a unit producing OTC pharmaceutical products.
• The company is bullish about the sports shoe category, due to favorable government policies and global trade movements.
• The factory in Guwati, Assam for juice production is anticipated to commence commercial production in Q4 FY24.
• A greenfield ice cream facility is under construction in Haryana with an anticipated capital expenditure of INR100 crores.

Other Highlights
• The company plans to invest around 800-900 crores in gross block over the next two years.
• This investment will be funded through a combination of recent fundraising activities, debt procurement, and internal accruals.
• The company is striving to enhance return on equity (ROE) by diversifying its client base, focusing on newer age brands.
• The company aims to sustain a return on equity between 20% and 21%, with expectations for further improvement depending on the performance of the shoe business and the integration of the Baddi factory.

Outlook
Company plans for continued investments in FMCG sectors, including new ice cream and beverage plants demonstrating a commitment to growth and innovation. With the acquisition of new facilities, the company has seen an increase in headcount, with approximately 1000 new employees joining. Company is focused on sustainability practices, including energy conservation, eco-friendly packaging, and promoting sustainable supply chains.

Balrampur Chini Mills Limited – Q3FY24 Concall KTAs
CMP: INR 373 | Market Cap: INR 76,097 Mn

Outlook: Revenue of INR 250 to 260 Mn is expected for FY24 including ENA.For FY25 the minimum expected revenue is INR 260-270 Mn, with potential to reach INR 330-340 Mn , contingent upon the government policies. The focus is on maximizing available ethanol production capacity within government-imposed constraints. The company is expecting a 10% increase in crushing and higher recovery for the upcoming season, due to their strong varietal mix. Production capacity for ethanol is estimated at 33 to 35 crores liters annually, with potential for increased production due to ENA.

Financial highlights:
* Revenue stood at INR 12,304 Mn up by 25.4% YoY but down by 20.1% QoQ.
* PAT stood at INR 913 Mn up by 97.3% YoY but down by 45.1% QoQ.
* Operational and financial performance supported by improved oil volumes and higher realizations across all segments.
* Operational efficiency has been enhanced through higher sugar production, resulting in improved overall results. (Sugar Revenue stood at INR 11,610 Mn up by 20.22% YoY 4.65% QoQ).

Operational Strategy and Volume targets:
* The company expecting at least 25,000 to 26,000 volumes in FY25.
* The company has the capability to produce higher volumes, but it plans to operate at a lower capacity.
* By using alternatives such as grain, maize, and tamarind grains, the company expects to achieve the volumes target in FY25 .
* The company has only one multi-feed distillery, located in Maizapur which will be utilized with these alternatives.

Regarding Cane Crushing and Recovery:
* The company is expecting a 10% increase in crushing and higher recovery for the upcoming season
* Last year's sugar recovery amounted to 11.4 crore quintals, and an additional 7-8% increase is anticipated for the upcoming year.
* The current capacity allows for handling up to 12.5 crore quintals of cane, with expectations to achieve this next year.

Inventory Valuation and Working Capital:
* Inventory valuation is expected to be around INR 34 per kg by the end of March 2024, compared to INR 33.70 per kg the previous year.
* Anticipated increase in interest costs is due to higher working capital requirements, with INR 850 Mn estimated for FY24.

Distillery Conversions
* Conversion of existing distilleries into multi-feed distilleries is not favored, with a time frame of six to nine months required for the conversion process.
* Additionally, the process of adding balancing aqueous to distilleries take a minimum of six to nine months.
* Despite these challenges, the company remains committed to maintaining operational efficiency and steady production.

Ethanol update:
* Initially, there was a plan to supply approximately 90 Mn liters of ethanol under the first tender. However the actual supply will amount to approximately 10 Mn liters
* Out of the total 190 Mn liters (juice-based ethanol and grain-based ethanol) intended for supply, approximately 42.9 Mn liters have already been provided.
* The remaining supply will consist of feed-out and damaged food grains that are deemed suitable for ethanol production.

Breakdown of the supplied ethanol:
* Out of the initial 115 Mn Liters of C-heavy ethanol, only 25 Mn Liters have been supplied. Similarly, out of the 30 Mn Liters of juice-based ethanol, only 18.5 Mn Liters have been supplied.
* The supply of C-heavy and grain-based ethanol will continue as and when the current stock diminishes. There's a plan in place to fulfill the remaining supply target based on available resources and stock levels.

Westlife Foodworld Ltd Q3FY24 Concall KTAs
CMP INR 832 | Market Cap INR 129bn

Financial performance:

- **Consolidated sales dropped by 2% YoY/2.4% QoQ to INR 6bn, mainly due to low eating out frequency and natural calamities.**
- **67% sales came from digital platforms.**
- **Off premise business grew 3% YoY, contributing 42% of overall sales. On premise business degrew by 5% YoY.**
- **GP margin increased to 70.3% (+12bps YoY/+17bps QoQ), expected to remain stable.**
- **EBITDA margin stood at INR 16% (-200bps YoY/-20bps QoQ)**
- **Cash PAT was INR 601mn(-20% YoY), 10% margin.**
- **Average sales per store remained stable at INR 64.5mn.**
- **Normalised SSSG anticipated for the quarter after considering ground situation was -3%. The company had -9% SSSG in the quarter.**

Other key highlights:

- **The company has been successful in rationalizing cost despite opening up 20 stores in last two quarters and expect to continue this momentum.**
- **30% of the network stores was highly impacted by low demand and external factors, especially in South India.**
- **Target of 40-45 new stores in FY24 on track with 11 new stores added in Q3.**
- **Target for FY25 is 45-50 stores. Current total restaurants are 380 and the aim is to reach 580-630 outlets by 2027.**
- **McDonalds's App and Website made colour blind friendly. Dining app offers coming up.**
- **Launched loyalty program in November, still at nascent stage.**
- **The management expects the impact to get corrected within two quarters maybe not to the desired level.**
- **By 2027, the company targets to achieve high single digit SSSG.**
- **The management feels they did not maximise the opportunity they had with value for money offers.**
- **McDonald's envisions market leadership by 2027 through brand innovation, unified platform integration, aggressive market expansion, and improved operational efficiency.**

Outlook: In Q3FY24, the company encountered challenges such as inflationary pressures, reduced consumer spending, and external issues like floods. Similar conditions are anticipated to persist until Q1FY25. The implementation of new strategies and campaigns offers hope for a revival, and the positive signs include the company's effective cost rationalization.

Dwarikesh Sugar Industries Ltd – Q3FY24 Concall KTAs
CMP INR 85 | Market Cap INR 16.01 bn

OUTLOOK
Company’s profitability declined during the quarter, led by the decline in sugar sakes volume. The company's average realization for sugar sales has been good, and they have seen an increase in stock. We have a long term positive outlook on the stock.

Highlights
- **Profit after tax declined from 10.52 crores in Q3FY23 t0 9.81 crores in the Q3FY24.**
- **Top line decreased to 319 crores in Q3FY24 from 391 crores in the Q3FY23.**
- **Sugar sales decreased to 4.94 lakh quintals in Q3FY24 from 6.47 lakh quintals in the Q3FY23, which led to decline in revenue during the quarter.**
- **Average realization of sugar sales in the domestic market increased to INR 3,852 per quintal in Q3FY24 from Rs 3,560 per quintal in the Q3FY23.**
- **Finance cost was lower on account of: Repayment of term loan as per stipulated schedule or Lesser utilization of cash credit limits**
- **Expectation of a decline in cane crushing due to unseasonal rainfall, red rot infection, and diversion of sugarcane for gur and khandasari making.**

Jubilant FoodWorks Ltd- Q3FY24 Concall KTAs
CMP: INR 520 | Market Cap: INR 3,42,856 Mn

Progressing well on the network expansion plans

Financial performance:
- Revenue from operations for Q3FY24 stood at INR 13,781 Mn up by3.5% YoY and 0.7% QoQ.
- EBITDA for Q3FY24 stood at INR 2,801 Mn down by 2.2% YoY and up by 1.1% QoQ
- PAT for Q3FY24 stood at INR 657 Mn down by 18.2% YoY and 32.4% QoQ.
- The company observed a decline in demand, particularly post-Diwali and in December. However, November showed strength.
- Delivery emerged as the most preferred channel, surpassing its pre-Covid performance.
- With adding 58 new stores in Q3FY24, total store networks in India reached 2000+ across all the brands.

Strategic initiatives:
- The company's strategic direction is centered on serving the changing consumer with the highest quality product at the lowest cost.
- The company aims to increase its share of pizza occasions in the $51 billion food service market, where pizza represents $1 billion.
- The company commissioned the Jubilant Food Park in Bangalore in November, aiming to enhance backend efficiencies. The expected payback will be within four years at closing.

Sales and ticket performance:
- Strategic efforts on combo sales and consumer upgrade initiatives led to the highest-ever ticket in the last nine quarters.
- This improvement was organic, without any price increase in the past six quarters.
- The company delivered a good performance during the festive season, driven by events like the World Cup finals and Diwali, outperforming the previous year.

Loyalty program impact:
- Easy Rewards program shows substantial growth, with a 102% YoY increase, reaching a record 21.5 million enrolled customers.
- Strong customer loyalty observed on both Domino's app and aggregator platforms.
- Customers ordering six to nine pizzas increased by 10% YoY, positively impacting market share within the category.
- Plans are underway to strengthen and invest more in the loyalty program.

Online business performance:
- About 70% of deliveries are completed in under 20 minutes, demonstrating efficient service.
- Integration with Open Network for Digital Commerce (ONDC) allows customers to order their favorite pizza through various apps.
- Domino's app boasts 10.5 million monthly active users.
- It also launched a more user-friendly couponing experience. Continuous improvement are planned as these tools are scaled within the app.

Store splitting strategy:
- The strategy of moving from 30 to 20 minutes delivery time has been successful in top cities.
- In cities like Lucknow or Kanpur, the benefits of moving from 30 to 20 minutes are less material.
- Most significant benefits seen in top cities like Bangalore, where consistent positive like-for-like growth is achieved.

- The company aims to maintain 20 minutes delivery in top cities; it may add a few stores strategically for optimal service.

Discount targeting strategy:
- A deliberate shift in discount strategy was made to target customers who are more inclined towards seeking discounts. The focus was reduced on customers less responsive to discounts.
- The strategy involved directing discounts towards regular pizzas in addition to pizza mania. An offer of "buy two get one" was introduced across all channels, excluding pizza mania.
- As a result of these strategic changes, there was a sharp increase in the ticket size for the first time in 9 quarters.

Jubilant Food Park :
- The Jubilant Food Park in Bangalore is now fully operational, with a primary focus on sustaining gross margins.
- It stands as the largest and most prestigious food processing unit, equipped to serve 750 Domino stores, along with 300 stores for Popeyes and Dunkin Donuts
- The comprehensive setup in this provides a unique cost advantage and ensures end-to-end value control.
- This investment is seen as strategic with a four-year payback period.

Project Vijay:
- Gross margins were improved by 118 basis points YoY despite a negative LFL of 2.9% due to Project Vijay.
- The investment behind project Vijay is that the savings from project Vijay will help the company invest in brand building without diluting the EBITDA.

Delco Store Innovation:
- JFL's with "Delco stores" (Delivery and Carry-Out) offers a visible and functional experience, differentiating from dark stores.
- Optimal payback period and RoC are observed, making Delco stores a strategic choice for JFL.

Dining Trends:
- Dine-in remains a material channel, especially in Tier 3 and Tier 4 cities, contributing around 50% to overall sales in these regions.
- In India, where delivery costs are relatively lower, there is a strategic emphasis on doubling down on delivery.
- LFL (Like-for-Like) growth was negative at 2.9%, primarily driven by a decline in dine-in, while delivery remained positive.
- The company evaluates the need for large dine-in stores, considering factors like proximity to existing stores, market development, or the opening of new malls.

Outlook: Domino's opened 40 stores entered Q4FY24 with the strongest pipeline, featuring approved stores and those under construction. The company is on track to achieve the goal of opening 200 stores in FY24. The company will continue to invest in brand development and expand the food services category. Emphasis is on growing the organized segment, considering the majority (2/3) of the food services industry remains unorganized. The focus is on growing Popeyes, technological advancements, and employee investments. The company plans to expand into the top 30-40 cities in the next 12-18 months, with a focus on store economics and product satisfaction.

Triveni Engineering and Industries Ltd-Q3FY24 Concall KTAs
CMP INR 342 |Market Cap INR 74,994 Mn

The company has secured orders for the Q1FY25, with visibility into Q2, and aims for a long-term market share exceeding 25%-30%. Despite low-margin orders, the company is confident in maintaining favorable margins

Financial
Revenue from Operations (Net of excise duty) at INR 15536 Mn down by 6.3%.
EBITDA Margin 16.4% in Q3FY24 against 15.8% in Q3FY23
PAT at INR 2341 Mn down by 6.7% YoY
Interim dividend of INR 2.25 & special dividend of INR 2.25

Concall KTAs

The Board approved a new venture for IMFL manufacturing and marketing, with a modern bottling facility planned at the Muzaffarnagar alcochemical site in Uttar Pradesh.

Reserve
The company maintained its reserves from the previous year, even after a INR 240 Mn buyback.

M&A
The company, having successful experience with acquisitions, particularly in South Africa, lacks the capacity or capability for large acquisitions but remains open to smaller service space acquisitions. As of now, the board has not contemplated any M&A opportunities.

Headcount
The company increased its workforce by over 15% last year and continues to hire at a similar rate, following an HR plan aligned with business targets for the current and future years. Significant investments are being made in training to strengthen the HR capabilities.

Product The company is diversifying its service space product offerings to enhance customer value, anticipating positive impacts on order bookings and turnover. Despite potential uncertainties, consumer demand for steel has shown resilience in both Q1 and Q2 domestically.

R&D
The company emphasizes increased investments in manpower and R&D for long-term payoffs. MS success is benchmarked on customer inquiries, viewed as a significant indicator of interest from potential customers.

Pricing

Raw material price fluctuations and reduced competitive pressure, the company has implemented price hikes, resulting in a 25-30% increase over the past 5-7 years. However, certain aftermarket orders with lower margins have affected operating leverage. The company expects aftermarket pricing and margins to return to globally accepted norms in the medium term.

Order The product segment's order booking grew 12% to INR3.06 bn, reaching INR 6.13 bn for the H2.

R&D

With a focus on R&D and technology, the company aims to enhance customer value and has a robust inquiry book, up by 33%, ensuring increased order bookings in the upcoming quarters.

Export

Internationalization efforts are boosting export order bookings, and both product and aftermarket segments are growing. The company is well-positioned in product development and aftermarket, emphasizing global benchmarking.

CO2

It is actively pursuing carbon dioxide product development opportunities, exploring various technologies.

Spencer's Retail Ltd Q3FY24 Concall KTAs
CMP INR 122 | Market Cap INR 11,040mn

Outlook: Spencer's retail was able to bring down significant losses and turned EBITDA positive for the first time in many quarters. The management's cost control strategy has been working well and its effect can be seen since last 2-3 quarters; this will help the company in decreasing losses. The main focus of the company is on top line expansion and penetration into already existing cities with new stores and catering wider range of products. High growth potential of luxury grocery stores is an opportunity for the company to use its position.

Financial highlights:

- **Revenue stood at INR 6540mn (+2.4%YoY/14%QoQ)**
- **Gross margin for Q3FY24 was 20.3% (-80bps YoY/+40bps QoQ)**
- **EBITDA stood at INR 180mn, margins improved by 339bps QoQ/248bps YoY**
- **Closed down 20 loss making stores in Kerela and Tamil Nadu as the management felt they were not adding value.**
- **The quarter was also aided by festivals and tax benefits. Momentum shifting towards growth.**
- **9% reduction operating expenses in Q3. Subsequent effects will be seen in Q4 and Q1FY25. Target to cut down operations cost by 10-11% in FY25.**
- **Consolidated Gross margins are at 20.3%. Spencer Retail did about 19% GM while Nature's basket has been maintaining 30% GM levels.**

Nature's basket:

- **Unveiled Artisan Pantry: New format for luxury**
- **Focus on providing value proposition, luxury customer experience and a wider range of products.**
- **Plans to establish 40,000-50,000 sqft in new stores in FY24.**
- **The management feels the luxury groceries market is under penetrated.**
- **Current focus is expansion in Mega metro cities like Mumbai and Bangalore.**
- **The management believes in the strategy of focusing on particular markets and clusters and then move on to expansion.**
- **The effects of restructuring and cost optimization will be evident from Q1; goal of halting cash burn starting from the same quarter.**

Other key highlights:

- **Express delivery model has received positive response in Kolkata - delivery within 1 hour of more than 50,000 products. 28% growth seen in Q3FY24. Plan to expand this model in Banaras and Lucknow as well.**
- **Target to increase OMNI channel share from current levels of 12% to 20% by next year.**
- **The company feels they will have enough working capital for capex and will look to raise funds as required.**
- **Private label margins are much higher than category margins.**
- **Plans to expand with smaller stores in Spencer's retail, roughly about 8,000-10,000 sqft and then move on to hyper stores or big outlets after an established position.**
- **The company targets to limit cash burns within 18-24 months in Spencer's retail.**
- **Current focus of the company is to breakeven and long term target of 6-8% profit margins.**

Devyani International Ltd Q3FY24 Concall KTAs
CMP INR 173 | Market Cap INR 208.61 Bn

Financials

- Revenue stood at INR 8.43 Bn in Q3FY24, up 6.6 % YoY and 2.8% QoQ.
- EBITDA stood at INR 1.46 Bn in Q3FY24, down by 15.8% YoY and 7.8 % QoQ.
- EBITDA margin stands at 17.4 %, QoQ decrease by 200 bps.
- Opened 94 net new stores in Q3 FY 24.
- Company's total store count is 1,452 , including 647 KFC stores, 570 Pizza Hut stores, and 154 Costa Coffee stores as of the end of Q3 FY 24.

KFC

- Revenues for KFC in Q3 FY24 reached INR 5.24 Bn, up 14.1 % YoY and 3% QoQ.
- Gross margins improved to 69.4%, a 40 bps increase QoQ.
- Average daily sales in Q3 FY24 were INR104,000 compared to INR109,000 in the previous quarter.
- KFC in India added 50 new stores in quarter Q3 FY24.

Pizza Hut

- Revenues stood at INR 1.79 Bn, down by 2.17 % YoY and 2.3% QoQ.
- Average daily sales in Q3 FY24 were INR 37,000 compared to INR 39,000 in the previous quarter.
- Gross margins stood at 75.8%, flat QoQ.
- Pizza Hut added 30 new stores in quarter Q3 FY24.

Key Highlights

- Implemented measures to boost Pizza Hut's brand visibility and enhance in-store experiences.
- Expressed confidence in the potential recovery of topline and ADS numbers for Pizza Hut.
- The acquisition of Thailand presents a significant opportunity for the company, with plans to double the store count of KFC in Thailand over the next seven to eight years, indicating a promising growth trajectory in this market.
- The overall macro environment continues to be challenging, with impact on American brands due to global geopolitical situation.
- Costa Coffee has a strong presence at airports and high footfall locations, relatively less impacted compared to other categories due to its favorable positioning in high-traffic areas.

Outlook

The company has experienced challenges in the QSR sector due to subdued consumer sentiment and cautious discretionary spending. Despite these challenges, the company remains committed to aggressive store expansion in India, expressing confidence in the industry's long-term potential.

Mahindra Logistics Ltd Concall KTA Q3FY24
CMP: INR 410| Market Cap: INR 29.52 Bn

Financials
• In Q3FY24, Consolidated Revenue from operations increase by 5% YoY / 2.3% QoQ to INR 139.7 bn.
• EBITDA stood at INR 520 Mn in Q3FY24 as against INR 630 Mn with a decline of 17% YoY/ 17% QoQ.
• Reported Consolidated PAT loss of INR 170 Mn for Q3FY24 down 1631% YoY.
• Standalone EBITDA grew from INR 710 Mn to INR 740 Mn in the quarter (+4% QoQ)
• Gross margin on fully consolidated basis stood at 10.2%
• MLL Mobility revenue increased to INR 830 Mn with underlying growth of 29% QoQ, Gross Margin increase by 15% QoQ.

Industry Outlook
• Positive outlook for automotive sector with technological shift towards reverse cell technology and the growing prominence of electric vehicles.
• The farm sector experienced positive traction during the festive season, with an expected volume increase, anticipating price hikes from January 2024.
• The e-commerce segment has witnessed a significant rise in insourcing activities, driven by a focus on profitability.

Guidance
• EBITDA breakeven is expected in the first half of the next financial year.
• Goal to achieve overall breakeven on a run rate basis by the end of the same financial year.

Expansion
• The company manages 20 million sq. ft. of warehouse space in the 3PL business, with ongoing expansions in Chakan, Kolkata, Nasik, and Guwahati progressing as planned.
• The multi-client warehousing expansion is on track, with new expansion of 1.1 million square feet.
• In December 2023, the company completed the 2nd tranche of share purchase in Whizzard/Zip Zap Logistics, a last-mile delivery company, now holding a 60% stake.

Key Highlights
• The 3PL supply chain business witnessed a strong quarter of order intake, particularly driven by growth in FMCG, Engineering, and Auto sectors.
• Experienced notable volume growth in the air segments and on ocean imports.
•The company is set to launch its ONDC partnership for Last Mile Delivery
• Supply chain management, covering third-party logistics, last-mile delivery, and B2B express made up 94% of the quarter's total revenue.
• The mobility business contributed the remaining 6% to the overall revenue.

Industry overview

Outlook

The company focuses on enhancing technological capabilities, strengthening client relationships, and improving operational efficiencies. Overall, The company remains optimistic about strong future growth driven by order intake across their businesses. Continued improvement in the express business and the integration of the Rivigo acquisition are expected to contribute positively in the coming quarters.

TVS Supply Chain Solutions Ltd - Q3FY24 Concall KTAs
CMP: INR 189 | Market Cap: INR 83,045 Mn

The company's pipeline of new opportunities is strong, which could bring in over INR 40,000 Mn in revenue

Financial performance:
* Revenue from operations for Q3FY24 stood at INR 22,220 Mn, down by 6.4% YoY and down by 1.8% QoQ.
* EBITDA stood at INR 1,736 Mn , up by 3% YoY but down by 1.2% QoQ.
* PAT for Q3FY24 stood at INR 99 Mn against net loss of INR 219 Mn in Q2FY24.
* ISCS(Integrated supply chain solutions) segment experienced double-digit growth, with revenues growing by 14.7% YoY and 0.2% QoQ at INR 12,720 Mn.
* NS (Network Solution) segment stood at INR 950 Mn down by 24.9% YoY and down by 4.4% QoQ .It is due to global trends in freight forwarding.
* The company has repaid all long-term loans using IPO proceeds and funds from other sources, leaving only working capital debt in the balance sheet.

ISCS segment:
- Strong growth was achieved in this segment despite the impact of the UAW strike on the ISCS segment in North America during October.
- ISCS segment revenues experienced YoY growth across key geographies, including India, Europe, and North America.
- Growth in revenue was driven by both geographical expansion and current customer engagement, as well as new business wins.

IFM segment:
- In the Integrated Final Mile (IFM) business, revenues remained stable YoY, despite experiencing some customer churn. However, this was mitigated by growth in other areas and new customer wins.
- Efforts are taken to improve margins within the NS segment by implementing pricing revisions and operational efficiency initiatives in the IFM business.

GFS segment:
- Within the Global Forwarding Solutions (GFS) business, reflected the global trend of freight .Ocean freight rates remained relatively stable, but overall freight volumes were weak across various trade routes.
- In the GFS business, the focus has been on enhancing procurement efficiency and operational effectiveness to mitigate the impact of low freight rates.

Cost reduction measures:
- Significant steps were taken to reduce overhead costs in both freight forwarding and integrated final mile (IFM) businesses.
- These measures were initiated in Q3 across multiple geographical locations within the freight forwarding solutions and GFS segment. It includes some restructuring costs.
- Restructuring costs that were incurred in Q3FY24, expected to continue in Q4FY24, with benefits anticipated to start showing from Q1FY25.

New wins:
- New contract wins in both segments, including engagements with U.S.-based agri-equipment manufacturers.
- Additionally, the company has secured new contracts, such as managing freight for a European truck OEM, providing a third-party logistics solution for a major commercial vehicle passenger car OEM, offering technical support for a global healthcare devices company, and many more.
- The company is utilizing their full range of capabilities to cross-sell services to these major clients and expand their presence in diverse geographical markets where these clients operate.

Volume Impact in December:
- There was a 5% of monthly volumes shift in December due to the Red Sea issue with deliveries happening in early January instead.
- This delay was unplanned and unexpected, leading to a volume shift that was not anticipated.
- The revenue decline attributed to the Red Sea disruption is relatively small, with a larger decline driven by price-based factors.

Price Markup:
- There has been a markup in pricing, particularly on European lanes, which the company expects will result in increased revenue.
- Despite the challenges, the company continues to monitor the situation closely and seeks to capitalize on tactical pricing opportunities in the volatile market.

Interest expenses:
- The company has paid off its long-term loans and now has approximately INR 7,500 Mn of working capital loans.
- The average interest rate on these loans is around 7.5% on a weighted average basis.
- On an annual basis, the company expects to pay approximately INR 600 to 650 Mn in interest on this debt.
- The company has benefited from the reduction in interest costs resulting from the repayment of borrowings.

Depreciation and Capex:
- The current depreciation stands at around INR 5,000 Mn per year, with approximately INR 1,200 Mn to depreciation on property, plant, and equipment, and an additional INR 300 to 400 Mn for the amortization of intangible assets.
- The remaining depreciation is associated with right-of-use assets, which are capitalized leases.
- Capex typically ranges between INR 1,000 to 1,100 Mn annually for property, plant, equipment, and software.

Investment Resolution:
- The board has approved a resolution for potential investments of INR 2,500 Mn.
- It is for 2 reasons: Firstly, to provide support to subsidiaries worldwide in case of large deals requiring initial investment and funds for capital or initiating large projects where funding is required.

Outlook: The Centrica deal has already started contributing to revenue and full run rate of its contribution is expected by Q4FY24.The company aims to become a $2.5 billion company with $100 million in profits by FY27. Pricing is expected to remain stable in the range of 2,200 to 2,300, except for the Red Sea-related surge expected in Q4FY24.The interest outgo on working capital debt is expected to remain within a narrow band, with potential fluctuations between quarters based on seasonal demands.

VRL Logistics - Q3FY24 Concall KTAs
CMP: INR 688 | Market Cap: INR 60,196 Mn

Targeting 25-30 branch addition per quarter and 13-14% EBITDA margin in Q4FY24.

Financial performance:
- Revenue from operations for Q3FY24 stood at INR 7,391 Mn up by 8% YoY and up by 3% QoQ.
- EBITDA stood at INR 966 Mn, down by 1% QoQ and 10% YoY.
- Increase in employee costs and fuel expenses impacted EBITDA margins.
- PAT for Q3FY24 stood at INR 137 Mn down by 64% YoY and down by 31% QoQ.
- Toll charges increased due to more toll plazas and higher rates, impacting variable costs. Rent costs increased due to more branches and space.
- Net debt stood at INR 2,710 Mn. It decreased from INR 2,800 Mn in Q2FY24.
- Tonnage growth drove revenue increase, with a rise from 10,48,000 tons to 10,92,000 tons in Q3FY24 from Q2FY24.

Capex:
- Capex was lower during the quarter at INR 250 Mn. Total 9MFY24 capex was at INR 2,237 Mn.
- Capex in Q4FY24 to be in the range of INR 250 to 300 Mn.
- On a three-year basis, Capex to reach around INR 2,600 Mn by the end of FY24.
- Capex for FY25 to reach around INR 2,750-3,000 Mn based on the current trend.

Segment performance:
- Agro-commodity contribution declined by 5% and Textile and cloth commodities experienced a 14% growth in Q3FY24.
- Textile showed growth due to seasonal factors and impact of poor monsoon in southern states led to lower demand for agro-related commodities.

Vehicle utilization and capacity expansion:
- Hub to Hub operation vehicles are operating at full capacity, with 100% utilization, in Q3FY24 and Q2FY24.
- Utilization levels for hub-to-branch operations are around 60% to 65% and are expected to remain in that range due to scheduled vehicle operations.
- Despite adding capacity, there has been no dip in utilization levels.

ROCE:
- The company aims to achieve a return on capital employed (ROCE) of around 25-27% once margins improve
- The impact on ROCE is influenced by factors such as freight rates and volume growth. Both factors need to improve simultaneously to achieve the desired ROCE range.

Volume growth:
- Currently, the company expects volume growth to continue along the same lines as existing growth for the remainder of the current quarter (Q4).
- However, from Q1FY25 onwards, they anticipate better growth, particularly dependent on factors like the upcoming monsoon season.

Market expansion:
- The company is doing expansion into newer markets like North, Northeast and East contributing to higher growth rates.
- In 9MFY24 the Eastern Market has grown at 25%, North Market at 17%, North-Eastern Market at 24%, although the base is relatively small compared to other regions, western Region at 10%, and Southern Region grew at around 3%, despite being a major contributor of tonnage (40-45%).
- Due to poor monsoon spread in southern states during the current year, the demand from these regions were low.

Branch expansion:
- The company's tonnage growth is due to opening new branches, with plans to add around 25 to 30 branches each quarter. These new branches contributed to about 3.33% of total tonnage in the last quarter.
- The company's focus on expanding branches in certain regions aligns with its strategy to prioritize longer interstate routes over intra-state services.
- As branch density increases, the company may consider expanding intra-state services in regions like UP. Expansion in branch network contributes to growth, supporting increased contributions from existing customers.

Pricing Strategy:
- The company faces pricing challenges in the market, particularly due to competition from unorganized operators.
- This competition limits the company's ability to increase prices, as doing so could negatively impact volumes and market share.
- In managing risks associated with pricing and market, the company adopts a pricing approach by maintaining contracts with existing customers to ensure stability and control over pricing.

Tonnage breakdown:
- The company's tonnage breakdown between intrastate and interstate routes is approximately 35% to 40% intrastate and the rest interstate.
- In the North, East, and Northeast regions, which contribute around 30% of the business, all operations are interstate.
- In the South, which accounts for about 45% of the total tonnage, around 50% to 60% is interstate, while in the West, contributing around 20%, intra-region tonnage is around 8% to 10%.
- As the company expands its branch network, particularly in the North-East and West, the proportion of intra-region tonnage is expected to increase.

Outlook:
Looking ahead, if tonnage growth exceeds current estimates, the company might increase its capex. However, regardless of potential fluctuations, the company is committed to balancing capex and tonnage growth to ensure sustainable expansion over time. The company is targeting 13-14% EBITDA margin in Q4FY24. The company's growth projections for FY25 Volume growth are dependent on the upcoming monsoon season, expected to start reflecting from April and May 2024. The company remains optimistic that once these external conditions stabilize or improve, its growth will significantly increase.

Allcargo Gati Ltd Q3FY24 Concall KTAs
CMP INR 124 | Market Cap INR 16,080mn

Key highlights:
- Demerger under composite scheme of arrangement of International supply chain business and all cargo logistics. Two entities to be formed, Allcargo EQ and Allcargo logistics. Process may take 12-15 months.
- Clocking monthly volume of 100,000 tonnes.
- Introduced dimensional weighing and scanning machines to avoid revenue losses.
- Initiative for price hike for higher yields from key customers across all segments. Plans to have new rates by March end wef from 1st April. Price hike is of 6%.
- Working on cost optimisation for operating costs and fixed costs.
- Integration of contract logistics business with Gati was to be able to provide end to end logistic service to a customer which will increase retention ratio.
- The management expects Q4 to be on similar line of Q3.

Financial and operational overview:
- Consolidated revenue stood at INR 4240mn (-4% YoY/QoQ)
- Gross profit stood at INR 810mn (-24% YoY/4% QoQ), margin of 20%.
- EBITDA down to INR 70mn (-66% YoY/-55% QoQ)
- Pre-exceptional PBT at INR – 160mn.
- ECL for 9MFY24 is reversal of INR 14mn v/s provision of INR 200mn in FY23.
- Total tonnage handled in Q3FY24 was 318,000 tonnes v/s 287,000 in Q3FY23.
- Client mix stood at KEA, SME and Retail at 69%, 14% and 17% respectively.
- Sold three properties in the quarter.
- Exceptional items of INR 340mn include reversal of provision of INR 236mn, INR 94.2mn of sales from core assets.
- Benefits of cost rationalization from new hubs have started coming in, but it is a gradual process.
- GEMS 2.0 has been in development and expect to complete in next 12 months. Improvements made in control towers.
- 6 out of 8 hubs planned are now operational.
- Mumbai and Bangalore hub are working on full current capacity and have enough capacity for the next 5 years.
- Turnaround time of trucks has improved by 40%

MSME:
- Business from MSME customers has decreased. The trading stopped due to high outstandings and customers moving to other services.
- Redesigned SME policy and initiated digital onboarding. Set up of digital wallets for SME customers.
- The company stopped services for outstanding customers and focused on collecting dues. This affected the top line growth but cleared receivables.
- The company is focusing on the MSME segment and pivoting with some new strategies like services on cash on delivery basis and not on credit, contactless strategy.
- The management feels the cash on delivery model will work and expect no degrowth in volume because of it.

Outlook: Allcargo Gati is experiencing sequential degrowth in terms of realisations. Focus is increasing on MSME customers with pivot in strategies. The new cash on delivery model will help the company reduce outstanding amounts. New policies and move to digital platforms can increase productivity. Q4 is expected to on similar lines of Q3 while FY25 can see improvements.

Titagarh Rail Systems Q3FY24 Concall Highlights
Titagarh Rail Systems | CMP: INR 1,020 | Mcap: INR 137.41bn

Freight rail systems
The monthly production reached 1,021 wagons in Dec-23 which is the highest in the industry.

The freight rail capacity stood at 8,400 wagons per annum as per RDSO assessment, however, the company has surpassed 1,000 wagons per month and applied for re-validation of the assessed capacity.

Passenger rail systems
The passenger rolling stocks capacity stood at 250 coaches per annum as of Q3FY24. The facility can manufacture all types of coaches such as Aluminum, Stainless Steel, and Carbon steel coaches.

In passenger rail systems, the margin expansion is expected 4%-5% from current levels due to in-house propulsion systems. The margins are expected 8%-10% after in-house propulsion systems.

In passenger rail systems, the company is making 5 cars per month the company is targeting 15-20 cars per month from Q3FY25E onwards and 70-72 cars per month in the next 3-4 years.

Metro capacity is expected at 36 cars per month and Vande Bharat capacity is expected at 36 cars per month going forward.

Order book
The order book stood at INR 274.66bn as of Q3FY24.

The freight rolling stocks order book stood at INR 138.16bn (~50% of the order book). The freight wagons order book stood at INR 73.5bn (~54%) and the Wheelset JV order book stood at INR 63bn (~46%).

The Passenger rolling stocks order book stood at INR 136.5bn (~50% of the order book). Passenger coaches' order book stood at INR 70.26bn (~51%) and Vande Bharat AMC JV order book stood at INR 67.9bn.

The unexecuted wagon order stood at 19,259 wagons which includes Indian railway and private wagons.

Strategic partnerships
The company has a strategic partnership with ABB to supply propulsion systems for metros in India. The agreement will enable the development of in-house capabilities of TCMS.

The company has entered a strategic alliance with Sidwal Refrigeration to invest INR 1.2bn to set up SPV. The SPV will cater to railway components and subsystems. The new facility will manufacture railway components and subsystems for metro coaches and passenger rolling stocks.

The company is exploring possibilities for strategic partnerships for the shipbuilding and defence business.

Propulsion systems
In propulsions, motors capacity stood at 2,400 motors per annum and 200 converters per annum. Propulsion systems majorly for captive and backward integration will improve margins.

Market share
The volume market share stood at 25%-30% as of Q3FY24.

Metros
In the Pune metro, the company has delivered 27 trainsets. Each train set has a configuration of 3 cars. 7 trainsets are expected to be delivered at the end of FY24E. some of the coaches are already produced and in the testing phase.

In Bangalore metro, 2 train sets will be manufactured and delivered from CRRC, China, and 34 train sets will be manufactured and delivered by Aug-25. Each train set has a configuration of 6 cars.

In Bangalore metro contract value is around INR 1.84bn.

In Surat and Ahmedabad metro, 1st prototype will be manufactured and delivered by Oct-24 and Dec-24 respectively. The remaining 23 trainsets of the Surat metro within 110 weeks for delivery and 9 trainsets of the Ahmedabad metro with 94 weeks for delivery.

Chennai and Mumbai metro tenders have already been published and are expected to be issued by next month.

Vande Bharat Trains
In Vande Bharat trains, the 2-train prototype will be manufactured and delivered in Jun-25. Post prototype, the delivery would be 12 trains (Year 1), 18 trains (Year 2) and 25 trains (Year 3). Each train consists of 16 coaches.

In the budget, the government announced that 40,000 passenger coaches will be converted into Vande Bharat class and the company has 1st mover advantage.

Firema
Firema has won an order of EUR732mn from Italian railways. The company is well-placed to capture the export market. Firema growth is expected in the next 12-18 months.

Capex
The capex is expected around INR 10bn over the next 2-3 years, which includes earlier investments.

Other highlights
The company has raised INR 7bn through QIP.

Railways have changed procurement policy and are more compliant with delivery requirements.

In freight, the company is focused on margin improvement through working capital management, backward integration, and supply chain management.

The company is the 1st mover for metros, Vande Bharat trains, and aluminum coaches.

Generally, wagons orders delivery starts after 5-6 months from the order date.

TCI Express Q3FY24 Concall Highlights
CMP: INR 1,275 | Market Cap: INR 48.87 Bn | Promoter: 69.61%

Performance (Consol)
• Revenues came in at INR 3.12 Bn (-2.5% QoQ) (-0.8% YoY)
• EBITDA margins came in at 14.59% (Vs 15.75% QoQ) (Vs 14.66% YoY)

Key Highlights of the call:
• Company faced muted Q3 due to lack of demand in festive season and long holiday season.
• Volumes stood at 250,000 tonnes (9M stood at 742,000 tonnes)
• New business contribution stood at 17-17.5% (flat QoQ)
• Q4 to be slightly better, Jan and Feb had slight better offtake (but not more than 3% volume growth for Q4). Q4 will not have any rate hike
• Surface segment remains favourable, rail segment is growing. New services margins higher (~2-2.5% over other segments)
• SME Vs non SME segment revenue contribution stood at 52:48
• Receivable days gone up this quarter was because the last two days of December were holidays hence payments were not received (later received in Jan). Receivable days will be 50 by March
• SME clients get 30% short credit (of up to 30 days)
• Price difference between customers is sometimes as big as 20%
• Margins not impacted due to competition but due to demand. Company believes that as fiscal policy eases, margins will improve
• CFO/EBITDA stood at 51%, CFO stood at INR 750 Mn

Capex and Capacity:
• Utilisation for the quarter stood at 83.5%.
• Capex for 9MFY24 was INR 250 Mn, Q4 will be INR 150 Mn. FY23 was INR 1.25 Bn. FY23-28 plan is to spend INR 5 Bn in capex
• Pune sorting centre to be completed by March 2024. Next sorting centre to be Ahmedabad which will for in construction in FY25. After Ahmedabad will be Chennai and Mumbai which will take place in FY26
• Large capex for FY24 was cut down due to a project of land purchase which didn’t materialize.

Guidance: Company has guided for under 3% volume growth for Q4, margins to increase by ~50 bps. FY24 to have 5-6% volume growth. For FY25, company has slashed guidance from INR 17 Bn (which was earlier slashed from INR 20 Bn) to 11-13% volume growth (~INR 14.5 Bn topline) which will include 1-2% of price hikes. Contribution from new services (higher margins) to not be more than 20% (currently 17-17.5%). In the long run, company plans 10 sorting centres. The company has one of the best margin profiles but now will face stagnating and slow growth. Management has guided that they will not chase topline growth with sacrificing margins. Going forward, the stock may face some consolidation. We will monitor the company’s performance going forward. At CMP, company trades 35.3x TTM EPS

ALLCARGO LOGSTICS LTD - Q3FY24 Concall KTAs
CMP: INR 73 | Market Cap: INR 72,170 Mn

Cost Reduction Initiatives Drive Marginal Revenue Decline, Strategic Expansion Plans in Focus

Financial Performance
* The Revenue for Q3FY24 was INR 32,120 Mn, with a marginal decline of 3% QoQ.
* EBITDA stood at INR 1,110 Mn, down 6% QoQ.
* PAT stayed constant at INR 170 Mn, with no QoQ change.
* Higher depreciation due to acquisitions and completion of balance shares acquisition.

Segment Performance
* International supply chain segment revenue declined by 2%, offset by a marginal improvement in EBITDA.
* Express business exhibited 11% volume growth.
* Contract logistics business reported stable revenue with a slight decline in EBITDA.

Operational Highlights
* Announced a restructuring scheme aimed at simplifying operating structures for enhanced management efficiency and financial flexibility.
* Implemented cost reduction measures since mid of Q2, including outsourcing operations and digitization, resulting in significant cost improvements.
* Anticipated severance costs in Q4 due to employment contract terminations, with an expected negative impact on profitability followed by improvements in the next FY.

Restructuring Scheme Highlights
* Demerged its ISC business and support function into a separately listed entity, Allcargo ECU Limited (AEL).
* ASCPL and GESCPL merged into Allcargo Gati.
* Allcargo Gati to merge into Allcargo Logistics.

Expansion Strategy and Market Outlook
* Focus on growth opportunities in Latin American markets, particularly in Brazil and other countries.
* Aim to deepen presence and market share in China's fragmented market.
* Turnaround efforts underway in key countries like the US and Germany to achieve profitability.
* Focus on expanding presence in e-commerce, auto, and other sectors to diversify revenue streams and gain market share.
* Anticipation of improvement in global trade demand in the Q2 and Q3 of FY25, with potential volume rebound.
* Impact of the Red Sea crisis on shipping trade lanes affecting trade rates and volumes.

Outlook
The company reported a marginal decline in revenue in Q3FY24 due to acquisitions and completion of balance shares acquisition. Segment-wise, the International Supply Chain (ISC) segment experienced a 2% decline in revenue, while the Express business demonstrated the volume growth of approximately 11%. Operational highlights include a restructuring scheme aimed at better management efficiency and cost reduction initiatives implemented since August. Looking ahead, the company anticipates volume growth driven by renewed demand in global trade, with a focus on expanding presence in key sectors. No specific quarterly or annual guidance has been provided, but improved profitability post-cost reduction initiatives is anticipated, with stable EBIT margins in the range of 12-14%.

Snowman Logistics Ltd Q3FY24 Concall KTAs
CMP INR 64.2 Market Cap INR 10.77 bn

Snowman Logistics Ltd reported Q3FY24 highlights, with Rail EBITDA per TU at 9700, CFS slightly below 1300 due to increased competition. Red sea issue impacted operations in January, but smoother operations expected by February. The company plans volume expansion at Kashipur terminal, faces challenges in Ludhiana, and anticipates growth in warehousing with new facilities in Guwahati, Kolkata, and Lucknow.

Key Highlights
-Rail EBITDA per TU is almost 9700 and CFS is slightly below 1300. CFS is quite low due to increased competition and can be expected to be around 1500 going forward by providing value added services like first mile, last mile. Margins for Rail have improved both QoQ and YoY on account of change in mix and double stacking.
-Company is also affected by the red sea issue which started happening in mid December and effect can be felt in January. East coast and US cargo are taking time due to this issue. By February and March things are expected to smooth out with spillover volumes. Export import imbalance shift with 60% comprising of Import.
-Volumes at Kashipur terminal are 3000 per month and the company plans to make it 5000 TUs per month in the long term.100% of volumes are done on the company's terminals and the company does not do any third party business out of Kashipur.
-Total Jaipur land parcel of 30 acres out of which 21 is company owned and around 8 acres is to be aggregated by someone and transferred to the company which is under question and the company is in talks with government agencies.
-Market share In NCR is 16-17%, Uttarakhand is 27% and Ludhiana is 22%. Ludhiana is getting challenging due to the presence of 5 ICDs and the company is consciously avoiding business opportunities with low margins.
-There is a 5% increase in average price realisation per pallet.
-Margins on the warehousing segment have come down from 22% to around 18% since the company is striving towards asset light model and have opted for warehouse leasing. Drop in transportation margins of around 2% is because of addition of 70 vehicles and depreciation for same has been factored in.
-The company has added 20 new product to its kitty which shall start giving business by March or Q1 of next FY.
-In warehousing, the company expects a 10% growth. New warehouse constructed by the the company and 100% leased is coming up in Guwahti and shall be ready in 6-7 mnths. Company also constructing own facilities in Kolkata and Lucknow. Capacity expansions at Bhuvneshwar and Vishakapatnam are confirmed in the near future.
-On the CFS front, Company is looking at monetizing its land banks and has already done 20crs in this FY and is looking forward to monetize some extra land parcels as well.
-Company expects doble stacking to start at Faridabad terminal in 2 months time.
-Company will have to incur 100-200 cr per terminal as and when it builds them and around 50-60cr to spent to complete Jaipur terminal.
-The effective tax rate after taking the MAT benefit is 17% for the company.

IRCTC-Q3 FY24 Concall KTAs
CMP INR 930 | Market Cap 743640 Mn

The company has a good product, the Vande Bharat train, focusing on rail-based mass tourism, including Bharat Darshan and Bharat Gaurav trains, with an additional foreign language option. Notably, the company has recently entered into an MoU with the Uttarakhand government. With rcmMOUs in place with ten or twelve state governments, company anticipate substantial revenue generation for the operations

Financial
Revenue up 21.81% at INR 1,1183 Mn vs INR 9180.6 Mn (Be INR 1,0697.8 Mn).

Ebitda up 20.92% at INR 3939.7 Mn vs INR 3258 Mn (Be: INR 3770.3 Mn). Margin narrows 25 bps to 35.22% vs 35.48% (Be: 35.20%). crore led by catering and tourism profit growth.

• The EBITDA margin stood at 35.2% as compared to 36.8% in Q2 FY24 and 35.5% in Q3 FY23. The margin contraction was due to increase of lower margin catering and other vertical in the overall mix.

•

Net profit up 17.4% at INR 2999.9 Mn vs INR 2555.2 Mn(Be: INR 3025.7 Mn).

Concall KTAs
Catering
• In Q3FY24, the catering business reported revenue of INR 5077 Mn, i.e., a growth of 29% YoY/ 18% QoQ.The growth in the catering business was led by additions of vande bharat trains and increase in number of short-term contacts to 1,518.
• The company witnessed an increase in revenue from the low margin prepaid trains in Q3FY24.
•The company is providing e-catering services in ~400 stations.

Vande Bharat

•As on date, 41 Vande Bharat trains are added and running out of the total addition of 75 Vande Bharat trains in FY23.

Long term tender
• Recently, the Ministry of Railways permitted the IRCTC to go for long-term tenders through clustering of trains. The tenders will be for 5+2 years. The recent tenders are of short term, i.e., for 6 months.

Iternet Ticketing
• The internet ticketing revenue grew by 11% YoY and 2% QoQ to INR 3353 Mn. The growth was despite the conversion of reserved 2S tickets back to unreserved tickets.
• The EBIT margin for the business stood at 83% as against 83.7% in Q2 FY24 and 84.2% in Q3 FY23.

AC trains
• Q3FY24, the company booked 55.0 Mn AC tickets, 45.6 Mn non-AC tickets and 14 Mn 2S tickets.
• The convenience fee revenue stood at INR 2190 Mn.

* Strong growth in the Tourism segment*
• The tourism business (including state teertha) revenue stood at INR 1955 Mn i.e., a growth of 32% YoY/ 21% QoQ.
• Q3FY24,the segment reported EBIT margin of 12.1% against 3.6% in Q2FY24 and 10.8% in Q3 FY23.

*Rail Neer
• Rail Neer segment revenue grew by 6% on a YoY basis and 7% on a QoQ basis to INR 838 Mn
• This segment reported EBIT loss of INR 32.6 Mn as compared to profit of INR 88 Mn in Q3 FY23. The loss was due to
exceptional item of INR 145 Mn related to sharing of additional 25% revenue from the PPP (Public Private Partnership) rail neer plant for the previous year.
• The current installed capacity is 16.96 lakh litres per day and capacity utilization is ~75%.
• The company expects the total installed capacity to increase to ~18.4 lakh litres per day by FY25.

Yatra Online Ltd Q3FY24 Concall KTAs
CMP INR 174 | Market Cap INR 27,220mn

Outlook: Company witnessed growth in both domestic and international travel and is focusing on corporate customer which has higher margins and is expecting to reach INR 20cr of PAT by Q1 FY25. Also, the company is well-positioned for growth in the travel industry.

Industry Overview: India's economic landscape, driven by public capital expenditure and domestic strength, forecasts a 7% GDP growth in FY 24. Historically, travel growth aligns closely with GDP, with domestic air passenger traffic in India leading globally. Religious tourism remains a significant segment, despite infrastructure challenges, with initiatives underway to improve facilities. Reports suggest potential for growth, with tourism contributing $194 billion to FY19 GDP and expected to reach $443 billion by FY33, indicating growth potential in India's travel sector.

Key highlights:

• Yatra sign 26 new corporate customers this quarter, with an annual billing potential of ~INR 223cr, including Aramco Asia India. The corporate segment continues to be somewhat impacted with softness in travel spend in the IT sector.
• The increase in other expenses this quarter is primarily due to higher legal and professional fees. This elevation is expected to be temporary and normalize in the coming quarters.
• The company is focusing on corporate momentum. However, there are potential capacity constraints in the aviation sector due to maintenance issues with IndiGo's aircraft engines.
• The increase in service costs is primarily due to the seasonality of the domestic holiday business, in Q3. YoY differences is due to recovery from COVID-19. Going forward, it is anticipated a decrease in service costs in Q4, followed by increase in the Q2, aligning with seasonal trends.
• The company has reduced its debt by ~ 50%, leading to a decrease in finance costs. Debt are expected to remain in the range of 50-60cr gross, with the average interest rate of around 9.5%-10%. This translates to an annual finance cost of about INR 6cr.
• Company provide an integrated solution covering flight bookings, hotel stays, car rentals, visas, foreign exchange, and more for B2B customers. Technology platform enables self-booking, automates approval processes, and offers tools for spend analysis. It seamlessly integrates with clients' ERP and HRMS systems for a smooth travel booking experience.
• Company's key focus is on Corporate business were the margin would be higher close to about 20% also expect service fees continue to improve.
• The company is currently making investments in the B2C segment to capitalize on the expanding market and gain market share in the long run. While margins are expected to improve over time, currently margin would be mid to high single digits, short-term investments will continue to be made to capture additional market share.
• Company has the orderbook of 65-70 customers with billing potential of INR 600cr for 9M FY24 out of which 25-30% has got implemented by now and the balance would be carried forward.

Great Eastern Shipping Company Ltd Q3FY24 Concall KTAs
CMP: INR 991 | Market Cap: INR 141.36 bn

Financials
- **Consolidated Net Profit stood at INR 53.8 Bn in Q3FY24 as against INR 62.7 Bn in Q3FY23 with a decline of 14% YoY.**
- **Net standalone profit stood INR 51.4 Bn (-15% YoY)**
- **The consolidated NAV has increased to INR 1,300 per share as of 31 December.**
- **Standalone net asset value was assessed at INR1,068 per share**
- **Declared the third interim dividend of INR6.30 per share for Q3.**

Market performance
- **Capesize earnings surged in December-2023 on the back of higher Iron Ore and Bauxite imports into China.**
- **Coal imports into China increased 21 % YoY during the quarter due to higher coal requirement for electricity generation.**
- **The order book includes less than 5% for group tankers, under 9% for bulk carriers, and 12% or more for product tankers, with the overall order book exceeding 20%.**

Capital Allocation
- **Cautious about making new investments in the current market , due to the lack of cheaper prices**
- **strategy involves capturing the premium on older assets and using it to subsidize the new assets, which allows for a more balanced approach to capital allocation.**

Pricing
- **The repricing of rigs has resulted in significantly higher rates.**
- **The company has already bid for one rig, reasonably in good position to secure the award.**
- **Eligible to bid for the second tender that has been released.**
- **Pricing in India has been 50% to 90% higher than the last 3-year contract.**
- **Pricing for vessels operating overseas has improved, increased by 20% to 25% over the past year.**

Scrapping
- **The decision of scraping a ship is not solely based on age.**
- **Scrapping decisions are influenced by factors such as operational costs, customer acceptance, and market conditions.**

Tanker Market
- **Approximately 75% to 80% of the tanker fleet operates on the spot market, positioning the company to take advantage of freight rates.**
- **The Panama Canal's reduced transits led to a tighter market, particularly for gas carriers traveling from the US Gulf to Asia.**

Key Highlights
- **The company is investing in new product tankers, including Aframax-sized tankers that can switch between carrying crude and products.**
- **The company is launching new products, including product tankers, MR tankers, and larger product tankers.**

Outlook

The company is focused on capital allocation, fleet management, and leveraging market conditions to optimize performance and profitability within the shipping industry. The company is also considering the potential impact of repricing on the bottom line and the fleet's value appreciation. Overall, the company's outlook is dependent on market dynamics, asset management, and strategic decision-making.

Allcargo Terminals Q3FY24 Concall Highlights:
CMP: INR 66.7 | Market Cap: INR 16.4 Bn | Promoter: 69.92%

[Arihant Capital]

Performance (Consol)
- **Revenues came in at INR 1.85 Bn (-2.12% QoQ) (+10.4% YoY)**
- **EBITDA margins came in at 21.48% (Vs 22.8% QoQ) (Vs 26.07% YoY)**

Key Highlights of the call:
- **Volumes came in at 154,000 TEUs (-1% QoQ) (+9% YoY)**
- **EBITDA per TEU stood at INR 1,879 (Vs 3,000 YoY). Operating expense includedINR 20 Mn one time expense. Excluding for that, TEU would be INR 2,000.**
- **Red Sea Crisis: Cargo has been rerouted which led to ~7 days increase in transit time. Delays disrupting port volumes Things are similar now. This may become the new normal now.**
- **Company operates in asset light model, total 7 CFD and IFD out of which 4 wholly owned and 3 JVs**
- **9MFY24 Merch exports stood at INR 317 Bn (Vs 336 Bn YoY). Imports stood at INR 505 Bn (Vs 546 Bn YoY)**
- **MyCFS now has capacity to handle 70% of process**
- **Realisations took a hit because of competition in Nava Sheva and Madhura. Pressure from customers for higher rebates as well.**
- **Pilot Hub and Spoke model launched, will be in trial phase for 2-2.5 quarters**
- **Company is present in all the ports which are responsible for 70-80% of India's exports**
- **Company has identified 6-7 DFCC routes**
- **Currently has 1 ICD, another one coming in Jhajjer in 2026 to cater north portion**
- **Recently no new CFS licenses have been given in large ports**
- **High DPD (Direct port delivery) volumes have also led to fall in margins because DPD attracts low revenues per TEU**
- **DPD volumes have peaked for company. Customers prefer CFS**
- **JNPT and Mundhra are the large ports for company. JNPT has 33-34 players so competition is high.**

Outlook: Company has market share of 13%. Total capacity is of 800,000 TEUs. Company aims to double volumes by FY27. Growth to come from organic business, larger exim trades and growth from alliances. EBITDA per TEU would be INR 2,000 from here on for now because competition is intensive. AT CMP, company trades 33.5x TTM EPS

Epigral Ltd | Concall KTA Q3FY24
CMP: INR 958| Market Cap: INR 39827 Mn

Strategic focus on Derivatives and Specialty, operational advancements, and positive industry trends underpin an optimistic outlook for future growth.

Financial Highlights
- Revenue in Q3FY24: INR 4740 Mn, a QoQ decline of -1% and a YoY decline of -12%.
- EBITDA: INR 1230 Mn, QoQ growth of 14%, YoY decline of -26%.
- PAT: INR 490 Mn, YoY growth of 29%, QoQ decline of -36%.
- ROCE: 18%, ROE: 18%.
- EBITDA Margin: 26%, PAT Margin: 10%.

Business Segment Contribution
- Q3FY24 Revenue from Chlor Alkali: 56%, Derivatives & Specialty Chemical: 44%.
- YoY volume growth: 18%, majorly from the Derivatives & Specialty segment.
- Capacity utilization: 81% in Q3FY24 (up from 77% in Q2FY24).

Operational Highlights
- Epigral's growth is driven by new products like Epichlorohydrin and CPVC Resin.
- Capex and expansions include CPVC Compound, a 35,000 TPA capacity expected in Q4FY24.
- 18.34 MW Wind Solar Hybrid Power Plant commissioned in Q1FY24.
- R&D Centre in Ahmedabad inaugurated in November 2023.

Industry Specifics
- 17% volume growth in chemical manufacturing.
- Capex contributing to volume growth.
- Capex for new projects on schedule, commissioning expected in FY2024.
- CPVC Resin, CPVC Compound, Chlorotoluene commissioning by Q4FY24.

Market Conditions
- Industry facing short-term challenges, but optimistic about future demand.
- Positive trends in chemical and manufacturing sectors.
- Realization details of Caustic is 31000 to 32000 with 70-80% capacity utilization, Epichlorohydrin realization is 1 lakh to 1.5 lakhs.

Future Outlook
- Positive outlook despite current market pressure and low demand.
- Focus on diversifying revenue through the Derivatives & Specialty segment.
- Future projects set to drive volume growth in FY2025 and FY2026.

J B Chemicals and Pharmaceuticals Ltd Q3FY24 Concall KTAs
CMP INR 1812 | Market Cap INR 281bn

Domestic business exceeding the market in terms of performance. Will continue to pursue growth in domestic market, led by chronic strategy and focus on CDMO business.

Financial overview:
•Revenue stood at INR 8450mn (+7% YoY), impacted by strategy choices in international businesses.
•Gross profit margins increased to 67.6% v/s 62.3% in Q3FY23.
•EBITDA came in at INR 2230mn (+27% YoY), margin of 26.4% v/s 22% in Q3FY23.
•PAT came in at INR 1340mn (+26% YoY)
•Appointed new CFO, Mr. Narayan Saraf, wef from 23rd February, 2024.

Key business highlights:

Domestic business:
•Domestic business was at INR 4620mn (+14% YoY), traction in chronic business and recovery in acute business. Continue to launch 4-5 products every year.
•Entered ophthalmology segment in agreements with Novartis, now ranked among top 4 in the covered market. The management is excited about this segment.
•Azmarda is a growing business. The management expected the business to grow by 2.5x but it had 2x growth. The company had higher expectations for volumes but still did considerably well. They continue to protect their market share.
•Acquired portfolio is showing traction with Sporlac seen as a big brand going forward.

International business:
•International business remained flat at INR 3830mn (International formulations at 70%, CDMO at 23% and API at 7%). Optimistic about the export-branded journalistic business.
•CDMO has seen a minor dip but the order book for coming quarters looks healthy for the segment. Current capacity is 18 crore lozenges. Q4 can be close to INR 1000mn.
•Ramping up CDMO business with new opportunities in RoW market (new geographies which is Mexico, Brazil, some parts of Europe and getting into new therapeutic segments, more partners). This business can go from US$ 50mn to US$ 100mn in 3-5 years.
•Rationalization in South Africa will continue till Q1FY25; impact will be seen for next two quarters. It generates about US$ 3mn. Business contribution has revered to 60% coming from public and 40% from private.
•US business is currently at US$ 30mn and the management expects it to reach US$ 50mn in 2-3 years of time. The company owns 15 vendors currently and has been adding 4-5 vendors every year. No plans of direct representation.

Guidance:
•Margin guidance of 25-27% going forward considering current freight and APS costs.
•The company is actively looking for M&A opportunities.
•Other expenses may see some impact of higher freight costs in Q4.
•Targeting 10% growth of international formulations in FY25.
•Indian pharma market growth rate is about 10%. The management feels they can grow at 200-300bps higher than the market.
•The company is maintaining their target of Domestic contribution to reach 60% and CDMO business to reach 20% contribution to overall revenue.
•Expect to grow their covered market in domestic business by 12%.

Punjab Chemicals Ltd - Concall Highlights
CMP: INR 1,009 | Market Cap: INR 12 bn

Outlook: The chances of any quick relief coming for the Agro-Chemicals space in the near term, especially the Crop Protection industry remain thin. Inventories are expected to remain significantly high till H1CY24, and the recovery is expected only gradual after that. Also, the delay of the new products commercialization from H2FY24 to Q3FY25 and beyond, reflects that the recovery will take some more time than earlier anticipated for Crop Protection businesses around the world.

Guidance:
- The Management expects the demand scenario to improve only from Q1FY25 and beyond.
- The Management clarifies that of the 3 products that were mentioned to be commercialized by H2FY24, one has been commericalized, but the other 2 have been delayed to Q4FY25, and that their commercialization is practically delayed by almost a year.

Key Highlights:
- The Company reported Revenue of INR 2,141 mn down 17.8% YoY/down 11.6% QoQ.
- Gross margin for Q3FY24 was 41.4% and for 9MFY24 at 38.8%
- EBITDA stood at INR 260 mn down 25.6% YoY/27.6% QoQ.
- EBITDA Margins stood at 12.2% down 120 bps YoY / 240 bps QoQ.
- PAT came at INR 112 mn, down 44.3% YoY/ 38.8% QoQ.
- The Management acknowledged that demand from global manufacturers continued to remain muted due to high channel inventories and adverse weather conditions affecting exports for the company.
- The Management confirms that all the Pipeline products launch on track, and that the company has a competitive edge over their competitors due to their quality.
- Geographically, the domestic market contributed INR 1,030 mn and INR 3,560 mn while International markets contributed INR 1,110 mn and INR 3,820 mn revenue for Q3FY24 and 9MFY24 respectively.
- Capacity Utilization at Dera Bassi and Lalru stood 71% and 49% respectively for the 9MFY24.
- The Management informs that there are several products in the Pipeline, across different categories including Advanced Intermediates, Fungicides and Herbicides as well as Specialty Chemicals. The Management expects to gain potential revenue fromthem from FY25 and beyond.
- The Company has received for several new products as well as registration of several of the new products. They intend to capitalize on these new products in FY25 as some of them were there to absorb the shocking reduction in demand for the existing products during the 9MFY24.
- The Company admits that the inventory levels may not have still tapered yet, and there could still be some more overhang of the inventory situation.
- The Company has not witnessed any deferment in contracts, and in fact, the company has seen addition to contracts to their business portfolio.
- The Company has some Special Intermediates, which goes to Pharma as well as Agro, These are the products which helped them maintain good margins despite the pressure on Existing Products. One such products, 3 products are registered and 1 is already in Production.
- The Management informs that they have 4 intermediates of which 1 has already started. The other 2 samples have been approved and the commercial quantities will start from Q3FY24. Hence, the Company has 8 new products to be rolled out in FY25.
- The Company did see some volume compression due to competition as they were focussed on the Profitability due to the Chinese and other suppliers competition. Hence, as per the delay, the Management expects the commercial volumes of these new products to come only 10-15% of earlier intended volumes in FY25, and the rest potential to be unearthed in FY26 and beyond.
- The Management also clarifies that the existing products are facing competition and that’s why their volumes are down and may remain down in the coming quarters as well. The Management expects the inventory levels to normalize over the next 2 quarters, and things may improve gradually after that.

GHCL – Q3FY24 Concall Highlights
CMP: INR 533 | Market Cap: INR 51 Bn

Outlook: The Company is facing headwinds as seen across the industry while there is a probability of high Dividend payout or buyback in the near term. We expect the global oversupply is matched by consumption once demand recovers in Europe and US which we expect to see by end of FY24.

Management Guidance:

- **The Management says that as soon as the demand in Europe and US comes back, the business will pick up along with the margins.**
- **Management says they have been at 30% EBITDA margins, and they expect to reach those levels by end of 2024 or end of FY25 end.**
- **The Company expects the domestic demand of Soda Ash from4 million tonnes to 7 million tonnes by 2030.**
- **The Management said that there is board approval requirement for any proposed buyback or dividend payout for shareholders as the company has healthy amount of Cash in their books.**

Key Highlights:

- **The Revenue stood at INR 8.13 bn down by 27% YoY/0.5% QoQ, EBITDA was at INR 1.65 bn down by 56% YoY/26% QoQ, EBITDA Margins were at 20.3% down 1330 bps YoY/720 bps QoQ and Net Profits were at INR 1 bn down by 61% YoY/30% QoQ.**
- **The Company became Net Debt free with Gross Debt of INR 2.17 bn and Net Cash Surplus of INR 6.25 bn. The working capital has reduced by around INR 2.1 bn mainly due to raw material and stores and space optimization.**
- **The Management acknowledged that Soda Ash markets globally are oversupplied affecting prices with Turkish manufacturers exporting beyond Europe as demand in the US & European markets are lower than previous year.**
- **There are new capacities which have been built in the US and China. The demand in China increased by 5% YoY due to Solar Glass and Lithium Carbonate segments.**
- **Raw material prices, particularly Energy prices have come down and are gradually decreasing.**
- **The Management expects that the Soda Ash prices have very much bottomed out, and will stabilize at current levels.**
- **The Management says that the Long Term demand of Soda Ash remains strong and will increase from 63 million MT currently to 78-83 million MT by 2030. The dwemand is mainly led by consumption in Solar Glass, Lithium Carbonate and Flue Gas Treatment.**
- **The Management says that the natural soda ash from US and China will see gradual increase in market share while synthetic Soda Ash will continue playing significant role in global markets.**
- **China is dominating the global energy transmission with increased adoption of EVs and PV Solar. It is anticipated that China will prioritize its domestic market consumption over international trade. Also, smaller and inefficient soda ash plants may eventually be closed due to evolving market conditions.**

- The Management informs of delays in the Greenfield Project due to regulatory pending approval from authorities. Capex for FY24 is lower than anticipated levels due to slower progress in the greenfield project which will now be shifted to early FY25.
- The Company had announced a maintenance shut down in Oct 2023 causing a shortfall of 20,000 MT during the quarter.
- The Company has utilized around INR 1.31 bn for repayment of debt and INR 0.86 bn towards the capex.
- The Management informs that apart from the maintenance shut down, the capacity utilization levels were at 92%.

Black rose Industries Ltd – Q3FY24 Concall KTAs
CMP: INR 139 | Market Cap: INR 7,132 Mn

Focus on R&D and targeting 20-30% volume increase in Q4FY24.

Financial Highlights:
- Revenue (Consol) for Q3FY24 stood at INR 936.1 Mn down by 3.98% YoY and up by 11.64% QoQ
- EBITDA for Q3FY24 stood at INR 72.8 Mn up by 519.26 % YoY and down by 8.85% QoQ
- PAT for Q3FY24 stood at INR 54.3 Mn, down by 10.07 % QoQ.
- EBITDA margin on standalone basis improved to 13.7% in Q3FY24 as compared to 12.9% in Q2FY24 mainly because of prudent inventory management.
- The company demonstrates a robust balance sheet marked by a healthy current ratio of 8.44 and minimal total debt equity ratio of 0.005 in Q3FY24.

Current Manufacturing Capacity:
- The initial capacity of the manufacturing unit at Jhagadia, Gujarat was 10,000 metric tons, which has since increased to a current capacity of 32,000 metric tons per annum. This capacity includes 20,000 metric tons per annum for merchant sales and the remaining capacity for captive requirements.
- The company diversified its operations by venturing into the manufacturing of polyacrylamide liquids, which primarily serve the ceramic binder industry. The installed capacity for polyacrylamide liquids is currently 40,000 metric tons per annum.
- The company initiated the manufacturing of N-Methylal acrylamide with a capacity of 2,000 metric tons. Additionally, manufacturing of acrylamide solids commenced in 2022 with a capacity of 3,000 metric tons per annum.

Distribution Financials:
- The revenue from distribution segment contributed to about 65% to total revenue.
- Exports in distribution segment has declined mainly because of slowdown in US oil and Gas sector.
- Distribution margins increased by 20% quarterly, while the top five products contribute 78-80% of the top line and 60% of the profits.
- The company anticipate volume to pick up in upcoming quarters.

Acrylamide Liquid and Solid:
- The raw material prices have become firm to stable compared to the previous quarter. The export volumes have also picked up despite the logistics issues faced due to disruption in the Red Sea.
- The company expects overall revenue and volumes to increase substantially from Acrylamide business in Q4FY24.
- Acrylamide power business continues to be impacted by dumping in China. The company is addressing this by concentrating more on exports for generating revenue from Acrylamide power.

N-Methylol Acrylamide (NMA)
- The company has started commercial sale to one of the largest NMA buyer in India.
- After giving samples, the company has also successfully obtained the approval and validation from other key customers domestically and also internationally.
- The company expect substantial growth in the NMA volumes in the manufacturing sector due to our better raw material management.

Raw material and finished products price trend
- Acrylonitrile which company key raw material was between USD 1,100-1,200 during Q3FY24.

Expansion and R&D:
- The company has prioritized the development of Polyarcylamide solids, with R&D team solely focused on this project.
- The company is in advanced discussion for a specialty chemical project in collaboration with Japanese partner.
- The company is also seeking to acquire a new land of about 20 acres which are used to utilize it for future products and requirements.

Toll Agreements and Process:
- Toll agreements involve extensive technical discussions, feasibility studies, and procedural stages and process can take approximately two to two and a half years to complete.

Outlook

The company remains stable with a focus on R&D and capacity expansion. Despite challenges like raw material price fluctuations, the company anticipates growth, particularly in its Acrylamide business. Additionally, the company is actively pursuing expansion plans, including discussions for a specialty chemical project and potential land acquisition for future needs. At full capacity utilization the company expects to generate INR 3,000Mn to INR 4,000 Mn in revenue from manufacturing. The company expects volumes to increase by 20-30% in Q4FY24.

Sudarshan Chemicals Ltd – Q3FY24 Concall Highlights
CMP: INR 534 | Market Cap: INR 37 Bn

Outlook: The Company has been a pure play Pigment producer from India with 35% domestic market share and 3rd largest global Pigment producer. Hence, we believe that the demand of Pigments will remain intact in the longer term, and expect the demand to come back to historical levels by end of 2024, and margins to be back at higher levels by then.

Management Guidance:

- **Management expressed guidance that they will be able to maintain gross margins of 44% going ahead.**
- **Management is expecting the Q4FY24 to be far better as the last quarter is generally much better in terms of Prices.**

Key Highlights:

- **The company reported Revenue of INR 5.66 bn , up 7% YoY/down 5.8% QoQ, EBITDA came at INR 0.62 bn, up 47.6% YoY/6.1% QoQ, Margins came at 10.9%, 300 bps YoY/flat QoQ and Net Profits at INR 150 mn against INR 10 mn last year and down sequentially from INR 180 mn.**
- **The Management clarifies that the 3rd quarter is generally a weak quarter as export market demand remains sluggish. The management attributes the holiday season and festivals cause slowness in Q3, and this time, the company witnessed moderation in already moderated demand in the EU region.**
- **India sales was marginally higher by 2% to INR 2.77 bn while Exports grew from INR 2.32 bn in Q2FY24 to INR 2.44 bn in Q3FY24.**
- **Non-Specialty sales for the quarter stood at INR 1.63 bn up by 14% over Q3FY23. The management confirmed that the company is witnessing positive response for their Products offering, and will be ramping up the newly commissioned capital.**
- **Pigment segment's Gross Margins increased to 45.5% over last year's 40% and up 70 bps sequentially.**
- **The net debt of the company has reduced substantially to INR 4.34 bn in Q3FY24 from INR 9.46 bn in Q3FY23 bn and rupees INR 4.45 bn in Q2FY24.**
- **There is some moderation in prices but the management reiterated that they haven't lost any market share in the international markets.**
- **The company's new capex products from the new capex which are commissioned and majority of the products are in the high performance or specialty pigment side, we believe that we will see the uptick in their EBITDA margin, which was around 15% in FY21.**
- **And the specialty products are more towards higher end applications and products which are more sticky with the customers.**
- **On the Merger of Heubach and Clarion merger, the Management says that Clarion already had the Pigment business portfolio, and that Heubach acquisition will not be a direct competition for Sudarshan Chemicals as Clarion already was a market Peer in terms of business for them.**
- **The Company has Specialty Chemicals capacity of 67% while remaining 33% is of Non-Specialty Chemicals.**
- **On the Rico business segment, the Management clarified that the Board has directed for maintaining the growth of the Pigment business while focussing on achieving Profitability for the Rico division as well.**

Godrej Agrovet Ltd- Q3FY24 Concall KTAs
CMP: INR 530 | Market Cap: INR 1,01,785 Mn

The margin profile increased significantly across categories, primarily due to favourable commodity positions.

Financial performance:
* Revenue from operations for Q3FY24 stood at INR 23,452 Mn up by 0.9% YoY and down by 8.7% QoQ.
* PAT for Q3FY24 stood at INR 846 Mn up by 26.3% YoY and down by 19.4% QoQ.
* On 9MFY24, there were strong contributions from all businesses except Astec LifeSciences and vegetable oil.

Business segments:
* Domestic crop protection and dairy businesses were primary contributors to the strong financial performance.
* The animal feed segment achieved the highest ever quarterly volume. (3,90,472 tons, up by 1.8% YoY/ 4.9% QoQ).
* Poultry business maintained volume growth in branded products but faced profitability challenges due to a drop in live bird prices.
* Feed business showed sustained volume growth in cattle feed, offset by slightly lower poultry feed and flat aqua feed volume.

Vegetable Oil business:
* During Q3FY24, the lower-end product prices and a slight decline in Fresh Fruit Bunches (FBB) had an impact on both the top line and profitability in the Vegetable Oil segment.
* The company is adopting measures to enhance the yield per hectare of FFB.
* The OPP (Oil Plam Plantation) business, being a plantation business, experiences variations in production due to factors like temperature and monsoon conditions.

Astec Life Sciences (CDMO Business):
* CDMO (contract development and manufacturing organization) revenues in Astec Life Sciences were deferred into the subsequent quarter, and a rebound is expected.
* The positive impact on margins is contingent on successful outcomes on the commercial and development sides of the CDMO business.
* New products entering the pipeline are expected to contribute to margin optimization, with a focus on achieving this in the coming years.
* The expectation is for the CDMO business to reach 35 to 40% margins.

Overall business strategy:
* The company is focusing on margin expansion as a key area of emphasis.
* The company will undertake downstream investments to extract more value-added products from basic oil production.

Increase in Plantation area:
* The company has significantly increased its plantation area in OPP business after the NMEO-OP scheme.

* Plantation is expected to rise from 3,000-4,000 hectares per annum to 11,000-12,000 hectares per annum in the current period.
* There are plans to further escalate plantation area to 15,000-16,000 hectares per annum starting from FY25.

Market Dynamics and Challenges:
* The enterprise business is facing challenges due to inventory pile-ups, and market correction is anticipated.
* Current market conditions, including low export prices and reduced order sizes, have impacted the enterprise business.
* The company is strategically liquidating inventories and aligning production with demand. Some they've successfully liquidated and for one or two products they are planning to liquidate in Q4FY24.

Future initiatives and investments:
* The establishment of Samadhan Centres, which act as one-stop shops for farmers, including training facilities.
* The introduction of Samadhan Centres has shown positive results in improving both yield and the Oil Extraction Ratio (OER).
* The company plans to set up an additional 14-15 Samadhan centres in FY25 to further enhance efficiencies and productivity.

R&D centre impact:
* The new R&D centre has significantly contributed to creating a robust pipeline for CDMO products.
* The R&D initiatives are pushing the CDMO strategy, with a focus on achieving substantial growth rates of 50-60% annually.
* Life cycle management projects in R&D are adding additional margins to product sales.
* Positive operating leverage is anticipated from the new R&D facility and the increasing sale of the CDMO business.

Other Highlights:
* Real good chicken category in the branded business achieved margin improvement.
* In Q3FY24, Profit before tax in Joint venture in Bangladesh, ACI Godrej, saw a growth of 145% YoY in local currency basis
* Dairy business achieved robust improvement in segment margin led by operational efficiency and lower raw material costs in the dairy business.
* Strong and consistent financial performance in the domestic crop protection business with a growth of 73% in topline performance.
* There is significant improvement in segment margin in the dairy business

Outlook:
The impact of positive operating leverage from the new R&D facility and increased CDMO sales is expected to fetch results in FY25 or FY26. The company has a positive outlook on the animal feed business with expectations of 5-6% volume growth and margin expansion in the medium term. The company anticipates that the CDMO component will overtake the enterprise business in FY25, with 5-7% higher contributions. The company expects live bird prices to rebound in the coming months, returning to levels seen in July and August in February and March and it will continue for a few more months. The goal is to achieve significant growth in the CDMO business, aiming for a double-digit growth rate upwards of 40-50%.

Oriental Carbon and Chemicals Ltd Q3FY24 Concall KTAs
CMP INR 758 | Market Cap INR 7,570mn

Outlook: Demand slowdown in Europe and Aisa Pacific markets. FY24 has been flat in terms of volumes with low prices. Coming quarters are also expected to showcase same performance. The demand for high quality tires is gradually rising which might benefit the company in the long term. The company's initial foray into the US market presents a potential opportunity for capitalization.

Key highlights:

- Standalone Revenue stood at INR 886mn (-14% YoY/-7% QoQ) due to combination of lower volumes and prices.
- EBITDA decreased to INR 162mn (-32% YoY/-25% QoQ), margin at 18.3%
- PAT came down to INR 73mn (-42% YoY/-27% QoQ), margin of 6.8%
- Europe has seen low demand for Insoluble sulphur, China dumping materials in Asia Pacific region at lower rates led to lower supplies in the region.
- Current debt is around INR 730mn. Repayment cycle will be INR 200mn yearly.
- Invested in a Haryana solar power scheme for reduced energy costs and environmental impact. Purchasing 50 lakhs units from the captive solar plant for cost savings and sustainability benefits.
- The business has a higher margin with low asset turnover.
- Most of the sales are done directly with distributor intervention.
- The company was also affected by Red Sea issues as their freight costs went up with longer transit time.
- Operating at full capacity in Sulphuric acid since January. It is a low margin product.
- Capacity of Insoluble sulphur is about 75% from Q4FY24 and is expected to maintain it.
- Sulphur raw material prices have gone down but have been stable for last 2 quarters and are expected to maintain same levels.
- Management anticipated a better H2FY24, but it has not materialized. They believe the decline has bottomed out, and Q4 could improve over Q3. Volume growth of Insoluble Sulphur can be around 5% going forward.
- Selling prices are not expected to increase in the short term.
- The company has received some business in US. The process is in approval stage while some shipments have been sent out.
- The company has onboarded new customers and continue to look for opportunities going forward.
- Hiring process in subsidiary Duncan Engineering is complete. The management sees a good future ahead for Duncan.

Demerger:
Demerger of the investment business of the company is in the final stages and can close by FY24 end. Demerger aims to unlock shareholder value by creating separate investment options. Each company operates independently for maximum returns, potentially venturing into private investments or incubating new ventures. The goal is self-sustainability without relying on external cash flows.
The cash flows generated after demerger will be used for repayment of debts and reinvesting it in only in Insoluble sulphur division.

India Glycols Q3FY24 Concall Highlights
India Glycols | CMP: INR 905 | Mcap: INR 2,802cr

Revenue
Net revenue is expected around INR 5,000cr over the next 2 years.

Capex
In Gorakhpur, grain-based distillery capex of INR 133cr for capacity addition of 180 KLPD which is expected to be completed by Q2FY25E.

In Gorakhpur, Bio-based ethanol capex of INR 4cr for capacity addition of 90 KLPD which is expected to be completed by Q2FY25E.

In Kashipur, Bio-based ethanol capex of INR 10cr for capacity addition of 450 KLPD which is expected to be completed by Q4FY24 (270 KLPD) and Q1FY25 (180 KLPD).

NSU
In NSU, part of the commissioning is done, and the remaining is expected to be completed by Q1FY25E. The company has started commercial supply and volumes is around 150MT per month. The customers are from oilfields and carbon smart spaces.

Significant volume is expected to come from the new specialty unit in FY25E.

Ethanol order
The company got an ethanol supply allocation contract of INR 1,164cr from oil companies. The supply is expected from Nov-23 to Oct-24 showing revenue visibility for 1 year.

JV
The Clariant JV caters to consumer markets, which include personal care, coatings, and polymers. The price difference between bio-based materials and crude is coming down. The JV is expected to grow with the end market.

BSPC
In BSPC, the growth is driven by biofuels, glycols, bio-polymers, and Industrial gases. The value-added chemicals, new specialty chemicals, and biofuels will drive the growth going forward.

Earlier, bio-based glycols were sold to one customer (Coca-Cola) and are now diversified with 15 customers.

Potable Spirits
The company is looking to expand liquor brands in TFT, Paramilitary, and Rajasthan.

The company has expanded IMFL business to 13 states.

Ennature Biopharma
Nicotine is under pressure on derivatives. The company is developing nicotine-based derivatives and got some orders from the local manufacturing of tobacco and nicotine-related companies. Nicotine is expected to recover from Q2FY25E onwards.

Thiocolchicoside realizations are around INR 4.25 lakh per kg and Nicotine realizations are around INR 7,000 per kg.

Thiocolchicoside margins are better in US markets and trying to recover nicotine through new derivatives.

Debt
The net term loan for working capital is around INR 650cr.

The company is expected to receive INR 90cr from JV, which will be used for debt repayments in FY24E.

Solar and wind power
The company has commissioned solar and wind plants and supply is expected from FY25E onwards. The company is reviewing the policy changes.

Other highlights
The ethanol prices went above INR 60 per liter and softened gradually.

Grain-based ethanol is mainly for in-house captive and imported ethanol used for chemicals.

The company has discontinued some non-profitable businesses.

The company is focused on new value-added products and specialties.

The UP government has increased raw material reservation from 19% to 26%.

Ethanol blending is expected to reach from 12% to 20% by FY25E.

NOCIL Ltd Q3FY24 Concall KTAs
CMP INR 280 | Market Cap INR 46,580mn

Outlook: Sales volumes have overall remained flat with marginal sequential degrowth. The company increased profitability with overall growth in margins. With automotive industry expected to grow, the rubber chemical industry also shows growth prospects. Growth in demand expected from global as well as domestic market. With gradual recovery in volumes expected, the long-term outlook is positive for the business.

Industry outlook:

• The industry is well positioned for growth on the back of growth of automotive sector.
• Tyre exports have slowdown in recent times but is on track for gradual recovery.
• Domestic tyre demand is expected to grow at 3-6% CAGR with revenues expected to double by 2030.
• The management has a long-term positive outlook for the industry.

Financial overview:

• Revenue stood at INR 3410mn (+5% YoY/-3% QoQ)
• EBITDA came in at INR 490mn (+28% YoY/+8% QoQ), margin of 14.3% v/s 12.9% in Q2FY24.
• PAT came in at INR 300mn (+61% YoY/+10% QoQ), margin of 8.8% v/s 7.7% in Q2FY24.
• Revenue mix – Domestic business at 68% and Exports at 32% in Q3.

Key highlights:

• Sales volumes (indexed) were at 123, keeping FY20 as base. There was a marginal decline QoQ basis but saw 14% growth on YoY basis.
• Selling price maintained on QoQ basis.
• Domestic volumes have remained flat with market share also maintained at same levels. The management expects the volumes to pickup going forward. The company already holds a dominant position in the market and with tyre production bound to rise, there is an opportunity for incremental growth. Q4 expected to be better than Q3.
• With domestic tyre replacement season to start soon, positive growth expected for next 2-3 years.
•Latex exports have remained flat; volumes have seen gradual decrease. The management feels the decline has bottomed out and expect a gradual upward trend from here.
• Specialty business has come down gradually from 25 to 15%. The management expects to maintain this level and will capitalise on any new opportunities.
• Margins in exports business are comparatively lower than domestic due to duties and charges. The product basket for export and domestic business are different. Prices are determined accordingly.
• The management has not given any capex plans as the company is in evaluation stage.
• Capacity utilisation is at 60-65%.
• The company is also working on cost efficiency and trying to bring down operational costs. Other expenses have reduced by INR 400mn in 9MFY24.
• The company has begun producing products not in their portfolio at a small scale to tackle the imports in India of these products.
• New accruals are coming in from global markets.
• New capacities are being installed by tyre manufacturers globally, so the company also looks to capitalise this opportunity.
•The company has had marginal impact on freight costs due to the ongoing Red Sea issues.
• Critical Raw Materials are being moved to indigenous which is helping the company bring down inventory.

S H Kelkar and Company Ltd Q3FY24 Concall KTAs
CMP INR 200 | Market Cap INR 27,550mn

Outlook: Strong revenue growth showcased in the quarter with robust growth in profitability and margins. The company has big expansion plans targeting new geographies like US and South East Asia and penetrating existing markets. Exports business is expected grow along with gaining back domestic market share.

Guidance:
• On track to report 16% EBITDA margins for FY24 and going forward.
• The company will look to add production facilities in 2026.
• Production development team is expected to grow by 3x in next 3-4 years.
• RoCE stands at 13% and RoE is at 11%. The management is positive on achieving 20% RoCE in the next 4-5 quarters.
• Business expected to grow at 10-12% with new orders meaningfully contributing from H2FY25.

Key highlights:
• Healthy QoQ and YoY revenue growth. The management is confident of sustaining this performance forward.
• Core Europe segment reported all round positive results with healthy margins.
• Consolidated revenue stood at INR 4980mn (+29% YoY/9% QoQ)
• EBITDA stood at INR 790mn (+75% YoY/7% QoQ), margin of 16% v/s 11.7% in Q3FY23.
• PAT came in at INR 321mn (+140% YoY/6% QoQ), margin of 6.5% v/s 3.4% in Q3FY23.
• Most of the growth was contributed by volumes. Prices had marginal increase of 1-2%.
• Raw materials cost has been on the declining trajectory for the last 6 months.
• Increased contributions from new accounts while demand revived from mid and small customers, especially e-commerce and startups.
• New products contributed about 2% to the overall revenue.
• Expanded inventory base given available raw material situation and will start to reduce through the year.
• Achieved growth in new exports market. Actively implementing strategies to penetrate existing and new markets, focusing on South East Asia, Africa, US and other markets.
• Secured multiple orders from global MNCs. Contribution from new orders are low but the management is committed to strengthen this partnership. Aim to develop long term relationship. Revenue quantum of INR 3000mn will remain but the ramp up is expected to delay by 12-14 months due to issues from customer's end. Expect the products to roll out by H2FY25.
• The company is not actively participating in any tender currently.
• Capex done in the Indonesian region to establish own manufacturing facility for fragrances. The facility will commission in Q4. No other major capex expected other than incremental spendings and maintenance capex of INR 200mn.
• Steps taken to optimise production at Netherlands and Italy facilities which has helped the company produce more volume with the given capacity.

• Expect European wide capex in develop and manufacturing, 18 months from now. Currently, the company is able to grow in double digits in the European market.
• The company looks to use the US subsidiaries to expand in the US market and then target European market. They are just starting out in US market and will look to connect with small regional clients first to build a base.
• Market share of the company in Indian fragrance market is about 20%. They had lost some 2% market share during demonetisation and GST implementation to large MNCs but are now recovering and growing faster than general average industry.
• Capacity is less than 50% of India plants for fragrance and flavours capacity. It is incremental and additional 3% capacity will get utilised year on year.
• The company distributes about 30-40% of cash profits as dividend or share buyback time to time. Current debt is at INR 5260mn and INR 4500mn is spent on acquiring companies in Europe.
• Backward integration program commenced actual full commercial production in December, improving cost efficiency and margins.
• Flavour segment has seen high gross margins and the company continues to expand marketing and sales team for further growth.
• The industry requires local manufacturing; thus the company has facilities at different continents to cater to customer needs accordingly.

Aarti Industries - Concall Highlights
CMP: INR 663 | Market Cap: INR 240 bn

Outlook: The company posted healthy set of earnings considering the headwinds faced by entire chemicals sector. We believe the capex under work will complete by end of FY25, and there will be significant revenue increase from that, and by then the Inventory issues are also expected to be worn out by Q2FY25.

Guidance:
• The Management expects EBITDA of INR 10 bn in FY24. In FY25, they expect annual EBITDA to be in the range of INR 14.5-17 bn.
• The company expects the demand from the discretionary segment to further improve in coming quarters. In the non-discretionary segment, the company anticipates demand to normalize in the next 1-2 quarters.
• The company is targeting volume growth of 20-25% for FY25.
• It would incur capital expenditure of INR 12-13 bn in FY24.
• The Management maintained their capex guidance of INR 25-30 bn in the next two years, i.e., FY24 & FY25 to increase its manufacturing capacity and expansion in value-added product portfolio.
• The company anticipates the debt in FY25 to be in the range of INR 35-38 bn.

Key Highlights:
• On a QoQ basis, the consolidated EBITDA increased by 15% to INR 2.68 bn. The growth was led by sequential improvement in volumes while maintaining stable prices for products and supported by operating leverage.
• The revenue increased to INR 17.32 bn up 5.4% YoY/up 18.9% QoQ, EBITDA came at INR 2.6 bn, down 7.3% YoY/ up 15% QoQ and The Net Profit came at INR 1.24 bn down by 9.5% YoY/ up 36% QoQ.
• The company witnessed demand recovery in discretionary segment such as dyes, pigments, polymers and select specialty applications. In the non-discretionary segment, such as agrochemicals and pharmaceuticals continued to witness challenges during the quarter.
• The discretionary and non-discretionary mix stood at 60:40.
• On a QoQ basis, the company witnessed a decrease in share of the non-regular market in the sales mix.
• The current macro challenges across the red sea have resulted in shape increase in freight cost and container availability.
• The production of nitro chloro benzene in Q3FY24 was at 19,580 metric tonne (MT) as compared to 18,199 MT in Q3FY23 and 19,014 MT in Q2FY24.
• For hydrogenation products, the production during the quarter was at 3,644 tonnes per month as compared to 2,995 tonnes per month in the same period last year and 3,136 tonnes per month in Q2FY24.
• The nitro toluene production was at 6,951 MT during the quarter as compared to 7,528 MT in Q3FY23 and 7,560 MT in Q2FY24.

• In Q3FY24, the phenylene di amines volume stood at 481 tonnes per month.
• In December 2023, the company entered into a long-term supply contract with a global agro-chemical major for a niche agrochemical intermediate with a revenue potential of over INR 30 bn over a period of 9 years. It serves as a crucial input component for a widely used herbicide and the global market for this herbicide remains large and growing steadily. The company anticipates EBITDA margin of 20% based on stable raw material prices. The current capital expenditure is well aligned to meet this order requirement. This order will start contributing from current fiscal year.
• In January 2024, the company entered into a 4-year supply contract worth over INR 60 bn with a multinational conglomerate for a niche specialty chemical. This contract is to be executed from CY24 to CY27. The company has been supplying this product to the said customer for the past few years with consistent annual increase in volumes. It expects an EBITDA margin of 15-17% based on the current input prices. No incremental capital expenditure is needed as existing capital expenditure is structured to accommodate this additional requirement.
• In 9MFY24, the company incurred capital expenditure of INR 8.6 bn towards various expansion.
• All the other projects including capacity increase of methylation & nitro toulene, introduction of chloro toulene value chain among others are progressing well and will start commissioning in a phased manner from FY25 onwards.

Vinati Organics - Concall Highlights
CMP: INR 1,617 | Market Cap: INR 167 bn

Outlook: The Company posted decent set of earnings amid lower demand and prices across the sector. While the Antioxidants increased volume will drive business growth, the demand environment for ATBS, IBB, Butyl phenol and Isobutylene are expected to improve after a couple of quarters, thereby improving overall margins of the company.

Guidance:
• The Management expects revenue growth of 15-20% CAGR over the next 3 years. The growth would be driven by antioxidants, new products in Veeral Organics Private Limited and growing demand in ATBS.
• Management expects EBITDA margins of 25-27% on a sustainable basis in the future.
• For FY24, the Company expects revenue of INR 1-1.2 bn from antioxidants business, and for FY25, INR 2.5 bn business from Antioxidants.
• For antioxidants, the company is focusing on optimizing efficiency and ramping up sales in the coming months. They expect this business to be a growth driver for the company and reach full capacity utilization in the next 2-3 years. They are also actively working on adding more antioxidants in their portfolio.
• In FY25, the Management expects ATBS revenue to be higher by 30% as compared to FY24.
• The Company plans to incur Capex of INR 4.5-5 bn in FY25. They expect the overall demand to normalize in the coming months.

Key Highlights:
• During the quarter, the NCLT sanctioned the scheme of amalgamation with Veeral Additives Private Limited into Vinati Organics with effect from 1st April 2021 and accordingly the comparative financial result and other financial information for the quarter, year till date and year ending March 2023 has been restated taking into account the full effect of merger.
• On a merged basis, the revenue from operation declined by 4% to INR 4.57 bn as compared to INR 4.73 bn in Q2FY24.
• The EBITDA increased by 7% to INR 1.24 bn from INR 1.15 bn in Q2FY24. The EBITDA margin improved to 27% from 24% in Q2FY24.
• During the quarter, the ATBS contributed 30%, followed by IBB 20%, Butyl Phenols & IB derivatives 20%, IsoButylene 10% and antioxidants & other products 20%.
• In 9MFY24, capacity utilization of ATBS stood at 60-65% and for IBB ~65%. The butyl phenols business scaled up well and delivered decent growth. The company expects the momentum to continue next year as well.
• The sales of Iso Butyl Benzene also picked up and next year the company expects higher sales compared to this year.
• IsoButylene along with high-purity Methyl Tertiary Butyl Ether continues to remain stable

• along with the basket of customized products remained steady.
• The customized products scaled up well in last couple of years and almost doubled from INR 0.75 bn to INR 1.5 bn.
• The company also commissioned the ortho secondary butyl phenol and di-secondary butyl phenol plant during the quarter. These products find application in agrochemicals, polystyrene, perfumery, and liquid solvent dyes. The Company is the only manufacturer of these products in India and expects revenue of INR 0.8 bn at full capacity.
• The antioxidants market all over the world is going through weakness in demand for the last 15-18 months. In spite of this muted scenario, the company was able to make a meaningful penetration in the market.
• The company manufactures 5 types of Antioxidants. These are used in polypropylene, plastics, additives and nylon industry. They supply antioxidants both in the domestic and exports market.
• Out of the total 24,000 metric tons of antioxidants, the company expects to sales 8,000 metric tons in India and rest 16,000 metric tons in the export markets. The demand for antioxidants in India is ~12,000-14,000 metric tons.
• In Veeral Organics, the company is incurring a Cepex of INR 4.80 bn mainly consisting of MEHQ, Guaiacol, 4-Methoxyethyl phenol, Iso Amylene derivatives and anisole. The asset turnover would be 1.0x and Return on Investment to be in the range of 15-20%. The blended margin would be ~20%. These products are used in polymerisation inhibitors, flavours & fragrances, pharmaceuticals and personal care.
• The MEHQ and Guaiacol plant are expected to be commissioned by March 2024 and other products will be commissioned by December 2024.
• The total capacity for MEHQ is 2,000 tons per annum, Guaiacol 1,000 tons, anisole 5,000 tons, 4-Methoxyethyl phenol 1,000 tons and Iso Amylene derivatives 10,000 tons.
• The work on capacity expansion in ATBS from 40,000 to 60,000 metric tons per annum is proceeding well. It is expected to be completed by December 2024.
• The company commissioned 11 megawatts of solar power plant. It will add another 7 megawatts in Q1FY25. This will help in reducing the energy dependence on non-renewable sources.
• In 9MFY24, the company incurred capital expenditure of INR 3 bn.

PI Industries Ltd – Q3FY24 Concall KTAs
CMP: INR 3,402 | Market Cap: INR 5,16,138 Mn

The company remains focused on growth through technology investments, capacity enhancements, and diversification into new segments like pharmaceuticals and biologicals.The company aims to maintain its guidance of 18-20% growth for FY24 , focusing on both AgChem and Pharma segments.

Q3FY24 Financial performance:
- Revenue stood at INR 18,975 Mn, up by 18% YoY but down by 10% QoQ. The YoY increase is driven by export revenue growth of 23% YoY.
- Gross margins stood at 54%, up by 640 bps YoY and flat at QoQ .
- EBITDA stood at INR 5,550 Mn, up by 34% YoY and 0.3% QoQ. The YoY growth in EBITDA is due to favourable product mix and operating leverage.
- PAT stood at INR 4,486 Mn, up by 28% YoY but down by 7% QoQ.

Exports and Innovation:
- Exports revenue stood at INR 16,310 Mn, up by 23% YoY and down by 0.1% QoQ.
- The company's focus on early-stage patented molecules has contributed to growth in exports, with a robust pipeline of new molecules.
- The company has deepened its relationships with global innovators. The traffic order is meeting global requirements.

Domestic market and product mix:
- Despite external conditions, challenges in the domestic market are anticipated to continue in Q4FY24.
- New products have performed well in the domestic market, especially in crops like chili, different vegetables, and wheat.
- Rather than focusing solely on volume, the company prioritizes product mix in the domestic business. This includes maintaining a balance between working capital, pricing and quality over volumes.

Product developments:
- The company has introduced novel molecules in 5 new products during 9MFY24. These products have seen wide acceptance and offer health benefits, helping to mitigate revenue decline.
- Over 20 products are in the pipeline, both under registration and development, expected to drive growth in the future.
- A brand called Amino Grow Activ has been launched, catering to the medical segment.
- PI HealthScience is working on constant integration of CRO, CDMO, and API platforms to provide comprehensive solutions to clients.

Capex:
* Expectations for Capex in FY25 are around INR 6,000-8,000 Mn, with a focus on organic growth and expansion.
* The Capex of INR 8,000-9000 Mn in the CSM business will mainly go into capacity expansion and new technology development, particularly in R&D and pilot projects.
* Over the past three years, the CSM business has doubled its revenue with limited CAPEX, with annualized growth around INR 3,000-4,000 Mn.

Investments in Technology:
* Investments are directed towards building a strong resource base to support the needs of the pharma biotech sector.
* These investments aim to identify and develop a new business development pipeline.
* Anticipated incremental growth and revenue over the next two years are expected to result from these investments.

Engagement and Business Model:
- The company’s engagement with clients remains strong, with deepening relationships and continued focus on early-stage molecules.
- The company's business model revolves around contract research services, supporting clients in early-stage discovery and development.
- The growth mainly comes from working with customers in the initial phases of molecule development and then expanding the business as the molecule advances.

Contribution of New products:
- Over 60% of the growth in Q3FY24 was due to new products. New products refer to those developed over the past three years.
- The new products are still in the early stage, consisting of patented or proprietary molecules, and are experiencing natural growth in expansion into newer countries, where they are being registered.
- Future growth will also be driven by newly commercialized projects, many of which are non-AgChem projects.
- The diversified portfolio mitigates total revenue and margin risks.

Pharma business growth:
- Pharma diversification aims to contribute significantly to overall revenue diversification and balancing the overall business segmentation.
- The aim is to have more than 25% of the company's revenue from non-AgChem segments in the next 4-5 years. Non-AgChem space includes pharma and CSM exports.

Outlook: Going ahead the company aims EBITDA margin, to be around 25- 26% at a sustainable level considering factors like product mix and and introduction of new projects. The tax rate for FY24 is expected to be around 14-15%, with a similar rate anticipated for FY25. There are ongoing efforts to modernize setups and enhance capabilities in research and manufacturing locations in India and Europe. Investments are being made to support the needs of pharma biotech, focusing on identifying new business development pipelines. On exports front, the company is working towards diversifying the mix.

Neogen Chemicals - Concall Highlights
CMP: INR 1,292 | Market Cap: INR 34 bn

Outlook: Foraying into Lithium ion based chemicals to cater to Ev industry demand, Neogen has taken up gigantic capex on their part. While Lithium prices are said to have corrected to bottom levels, their prices are going to play significant role determining the margins for the company. However, looking at the sunrise potential and evolution of the EV segment, Neogen could become a pioneer in domestic chemical companies grabbing the opportunity well ahead of other larger peers.

Guidance:

- The Management intends to spend INR 15 bn as capex towards battery materials plants for FY24, FY25 and FY26, with a peak revenue potential of INR 25-29 bn depending upon the prices of Lithium. The Management is looking at the capex from and RoCE approach, and hence, expects to achieve an EBITDA of INT 6,000-6,500 mn of EBITDA from the capex.
- The Management intends to establish Neogen Ionics as the market leader for electrolyte in India for EV applications.
- The Gross Block for the company after the capex to come around INR 19,000 mn after the capex by FY26 end.
- Till the capex reaches its full utilization levels, the management intends to achieve 18% of EBITDA margins, i.e., around INR 1,800 mn for the base business.

Key Highlights:

- The revenue came at INR 1,644 mn down 12% YoY/up 1.67% QoQ , EBITDA came at INR 204 mn down 32.1% YoY/down 21.5% QoQ, EBITDA Margins came at 12.3% down 384 bps YoY/down 370 bps QoQ and PAT came at INR 11 mn against INR 147 mn in Q3FY23 and INR 79 mn in Q2FY24.
- The Management acknowledges pricing pressure across the industry. However, they also say that signs of demand recovery are seen from the Pharma industry along with price stabilization, and some pockets of Agro chemicals demand as well. Hence, they were able to maintain Volumes of most chemicals and increase volumes in some.
- Organic chemicals reported revenue reported a decline of 5% YoY, mainly on account of YoY drop in bromine and other RM prices which when adjusted increased their revenue by INR 120 mn.
- Inorganic chemicals revenue declined by 30% YoY due to steep fall in the prices of lithium raw material, which otherwise would have been higher by INR 230 mn if compared to the same period last year.
- Neogen Ionics Limited, 100% subsidiary of Neogen Chemicals, recently completed land acquisition totaling approximately 264,285 sq. mts. in Pakhajan Dahej, PCPIR, Gujarat to establish a world class, state of the art battery materials facility. This greenfield site will be the largest facility dedicated solely for battery materials and new future business opportunities.

- The Company will set up electrolyte plant using manufacturing technology license from MUIS Japan and electrolyte salts and additives plant based on Neogen's indigenous technology.
- The plant is expected to be operational by H2FY26. They expect permissions to be received by March or April, and to start construction of the 30 ktpa electrolyte plant.
- The brownfield expansion of specialty organic chemicals by 60 cu. mts. out of which 31 cu. mt. was already commissioned till Q4FY23 and the remaining 29 cu. mt. will be commissioned during FY25 depending on business needs in the battery material business. New capacity of 400 MTPA for lithium electrolyte salt and additives trial productions have already commenced.
- The company is already undergoing stagewise and final checks while tests are currently ongoing. They expect customer approvals to start coming through by the end of Q4FY24 and revenue to start coming through by the end of Q4FY24.
- The Management proposes to expand the lithium, electrolyte salts and additive capacity at Dahej SEZ to 2,500 metric ton in phases which will be operational during FY25 to cater to immediate demand of electrolyte salts and additives in the international market.
- At the new greenfield site at Pakhajan PCPIR, the company will set up the 30 ktpa plant using MUIS Japan’s technology and 3,000 metric ton of electrolyte salts and additive plant using our indigenous technology.
- Along with this, the increased contribution from BuLi chem to anchor their performance going ahead as now they are able to onboard new customers in India as well as in the international market on top of the existing customers of BuLi chem who after a brief period of six months of low demand are now starting to consume butyllithium on a regular basis.
- The Company has not decided on the Depreciation rate of the new battery plant yet in their models. However, looking at the plants in Japan and the US, the Management says they will be taking a life span of 15 years for the Electrolyte plant.
- The management attributes losses booked at today’s Lithium prices for INR 25 mn due to the substantial fall in Lithium prices and thereafter no recovery in Lithium prices after that.

India Pesticides Ltd Q3FY24 Concall highlights
CMP INR 389 | Market Cap INR 44,800mn

Business was weak on the export side due to industry headwinds. Volumes have seen significant decline in the quarter still the company has been able to maintain margins. Focus remains on product development and customer acquisition.

Guidance:
• The management expects 15-20% growth in top line for FY25 and continue to grow at 20% beyond that.
• The management expects Q4 volumes to be better than Q3 but may be lower than Q3FY23 volumes.
• Focus to be increased on formulations business in India for the coming season.

Financial highlights:
• Total income stood at INR 1550mn (-24.7% QoQ/-30.2% YoY); decline seen in exports.
• Export revenue came down to INR 360mn v/s INR 620mn in Q2FY24.
• Volumes declined by 30% YoY in the quarter. Prices on blended basis have remained same. Thus, the decrease in revenue was mainly led by volume degrowth.
• Revenue from Technicals and Formulations stood at INR 1240mn and INR 290mn respectively.
• Gross margins stood at 54.1% v/s 45.9% in Q3FY23. This was led by better product mix. The company also converted one raw material on job work basis which used to be purchased earlier, paying INR 40mn. This shifted the cost to other expenses.
• EBITDA for the quarter was INR 370mn (+19.3% QoQ/-27.4% YoY), margins at 24% v/s 23% in Q3FY23.
• PAT stood at INR 240mn (+20% QoQ/-31.4% YoY), margins at 15.5% v/s 15.7% in Q3FY23.
• Cash and Cash equivalents as of Dec 2023 is INR 1530mn.

Key highlights:
• The management believes the raw material prices in the industry have bottomed out and are now stabilizing.
• Expansion project through subsidiary is on track, expected to be commission first block by end of FY24. The block will contain two parts – one for formulations permutations and one for intermediates. Plan is to set up formulations plant first as the company has some orders in hand from domestic and export market. The intermediate plant will follow 2-3 months after.
• Advanced herbicide technical product granted TEQ certification by EU.
• Established new subsidy “Amona Specialties Private Ltd” focusing on identifying generic molecules and optimizing distribution channels.
• Entered into a 3-year contract with a Japanese company to supply an intermediate.
• INR 500mn Capex is planned for FY24 with INR 400mn already spent as of 9MFY24. Plans to fuel capex with internal funds.
• MNCs customers are still carrying stock and have slowed down their purchase, considering high inventory costs. The situation may take 1-2 quarters more to stabilize.
• As China is putting up plants for some popular products, the company is reconsidering some of their products planned for expansion. China is not aggressive in the products the company currently offers.
• Dr. Madhu Dixit joined as Chairperson during the quarter.

Camlin Fine Sciences Ltd - Concall Highlights
CMP: INR 119 | Market Cap: INR 20 bn

Outlook: The Company is facing headwinds in terms of Pricing Pressure as seen across the industry, and Management hopes rely heavily on revival of Chinese economy's consumption which has been muted over last almost a year now. Cost saving measures and closed facility being in Italy is providing some relief in the form of Furloughs. We expect the turnaround to happen after a couple of quarters before Prices revive for HydroQuinone.

Guidance:
• The Company expects 40% to 50% Lockheed Martin of its fiscal year FY25 revenue to come from the commercial sector.
• The Company expects at least 10% of its business to come from new products starting next year.

Key Highlights:
• Revenue stood at INR 3,859 mn down 0.5% YoY/down 4.9% QoQ, EBITDA came at INR 233 mn down 53.2% YoY/down 7.2% QoQ, EBITDA Margins came at 6% down 680 bps YoY/20 bps QoQ and Net Loss came at INR 143 mn against Net Profits of INR 228 mn in Q3FY23 and Loss of INR 208 mn in Q2FY24.
• Capex will not be very significant because the process is very similar to what it is today.
• The company is reducing labor costs by putting employees on furlough, which is expected to save INR 70-80 mn per quarter.
• Global economic conditions have been taking longer than expected to return to normalcy.
• Overall growth rates across economies have increased, but remain quite tepid in the advanced economies of Europe and Americas.
• Macroeconomic conditions remain uncertain and challenging with selective chemicals seeing demand recovery from the Pharmaceuticals segment while Industrial specialty chemicals and Pigments witnessing poor demand.
• The Chinese government is expected to take interventions to kick-start their economy in the next 2-3 quarters.
• Demand is weak across most markets.
• The Chinese economy and its weaker local consumption put pressure on pricing and margins.
• The company has grown its downstream volumes in this quarter as compared to last quarter.
• There is a bit of an oversupply situation which has led to price erosion.
• Demand specifically in MEHQ and some of the other downstream, non-food downstream in China has slowed down. The company's Chinese subsidiary also remains closed down.
• The Company is trying to play at the higher end where a customer is willing to pay more for better stability and quality.
• The Company is currently fulfilling its first order and expects to complete it by June.

• Gross margin remained stable despite selling price headwinds.
• Price pressure continues to remain in this quarter as well.
• The management is expecting in the next 2-3 quarters, this price pressure should start easing off.
• Pricing pressure is on all fronts, HQ and downstream, due to HQ prices being down.
• Producers in the U.S. also at this kind of price would probably be losing money.
• There is a bit of an oversupply situation which has led to this price erosion.
• The demand in specifically HQ and some of the other downstream, non-food downstream in China has slowed down and that is causing the big problem in HQ pricing. Hydroquinone prices have also started moving up, they've come down at USD 1.3 to even USD 4.5, and now we see that competition is coming in about USD 5-5.2, a bit more.
• There is a bit of a turnaround in the last 45 days in terms of pricing of hydroquinone, so in the downstream it will get reflected in the next quarter.
• Pricing strategy is to not playing at the lower end of the market, but to position at the higher end where customers are willing to pay more for better stability and quality.
• The Company is exploring avenues for an alternative use of its facility in CFS Europe by manufacturing another HQ downstream product by different chemical chemistry.
• The Company is working on the procedure for change of use of the plant to a new aromatic product, pleiotrophin, which is a catechol downstream.
• The Company is focusing on protecting margins, recalibrating food costs, and optimizing product mix.
• The Company is planning to introduce new products in the market, with scale-up and rollout happening progressively in the next financial year.
• The Company has been developing new products and placing them in different markets in Central America, South America, India, and parts of Asia.

DCW Ltd Q3FY24 Concall highlights
CMP INR 58.5 | Market Cap INR 17,270mn

Challenging period in the chemical industry continues to prevail which has led to sequential subdued performance of the company. All products witnessed price erosion of 8-10% barring SIOP; gradual recovery expected in Q1FY25. Dumping from China has led to pressure on realisations in the domestic market. With productions ramping up, sales are expected to improve in the coming quarters. Inroads into specialty chemicals is helping bottom line in tough times. C-PVC top line and bottom line going up are expected to benefit and drive growth in FY25.

Financial highlights:
• Revenue from operations stood at INR 3978mn (-31% YoY/-4% QoQ)
• EBITDA stood at INR 194mn (-81% YoY/-53% QoQ), margins at 4.88% v/s 10% in Q2FY24. EBITDA of specialty segment was INR 320mn while commodity segment's EBITDA was INR (80)mn.
• PAT came down to INR (123)mn

Key highlights:
• Domestic demand remains resilient; global demand continues to be weak. This is putting significant pressure on pricing.
• Imports led to price erosions in commodity products; sluggish demand for exports continued which led to reduction in sales volumes.
• Tuticorin facility in Tamil Nadu was down due to floods. Impact on stock loss was minimal. Production delays will lead to some sales spilling over in Q4.
• The company is operating at 85% capacity due to gearbox failure; expect it to continue for some quarters.
• Invested in solar renewable energy to supply 25% of power requirements. This will significantly contribute in lowering power costs. The benefits will start coming in from Q2FY25. It will enable to go full capacity production for Caustic soda.
• New facility commissioned in the quarter may be 50-60% phased up in Q4 and by Q1FY25, full capacity can be reached to be sold in the market.

Specialty chemicals:
• Synthetic Rutile sales were negligible in Q3 which led to inventory buildup as production continued. Weak demand in China is not only impacting sales but also prices.
• Titanium metal demand remains strong and seeing upward trends from Q4.
• C-PVC and SIOP generate 35% margins.
• With new customers in C-PVC, company recorded highest C-PVC sales in a quarter; volumes increased by 25% QoQ. The expansion plan of C-PVC will gradually phase up in coming quarters.
• SIOP sale volumes stood at 4700 tons with gradual recovery seen in export demand.
• SIOP Bottle making project is almost complete with production volumes ramping up in Q3; sales can expect a lag.

• R&D work is going on to improve quality of C-PVC products. By next year, about 10,000 tons of PVC can be consumed in house.
• SIOP capacity of 18,000 tons to be increased to 28,000 tons by March'23. Some benefits will be seen in FY24.
• C-PVC realisations at INR 1,30,000, down by 8%.
• Capex of INR 1250mn planned to expand C-PVC capacity with line-balancing capex to increase SIOP capacity to near 100% levels.

Commodity Chemicals:
• Domestic industry for PVC and Soda Ash impacted due to dumping of imports from China in the market. The situation is expected to remain same till the global scenario stabilises.
• Losses in chlorine of around INR 3,000-4,000/ton brought caustic soda realisation to INR 30,000/ton, down by 10%. Volumes of Caustic soda was up by 8%.
• PVC realisation was INR 70,000/ton, down by 10%.
• Soda Ash prices were down by 7% at INR 26,000/ton.
• The management expects some recovery in commodity prices, i.e. Soda Ash and Caustic soda, in the next 3-4 months.
• Entire Caustic soda produced is sold and not consumed in house. About 60-65% of chlorine produced in consumed in house. As the company ramps up C-PVC capacity, the consumption will reach 80-85% and plans to sell the remaining.
• Caustic soda capacity utilisation to remain stagnant as no immediate recovery expected. Q1FY25 may see some improvements.

Deepak Nitrite - Concall Highlights
CMP: INR 2,283 | Market Cap: INR 311 bn

Outlook: The company posted a robust set of earnings despite headwinds for the chemical sector. With the Management reflecting confidence by increasing guidance, we believe the Phenolics segment is showing early signs of healthy growth across regions along with improving Profitability.

Guidance:
• The Management gave guidance of 17-20% growth for FY24 while EBITDA margins may be 2-3% above current quarter Margins of 16%.
• INR 20,000 mn of new investments is expected to be commissioned in CY24.
• On 31st January 2024, Deepak Chem Tech Limited, a wholly owned subsidiary signed an additional MOU worth INR 90,000 mn (adding to prior MOU worth amounting to INR 50,000 mn) with the Government of Gujarat to manufacture 3 new products. It would invest this amount across these projects with an aim to commence its Phase 1 by 2024-2025 and complete the remaining by 2027.
• Additionally, the company signed a term sheet with Petronet LNG, based in Dahej that is expected to de-risk its growth trajectory by ensuring the availability of the critical raw materials. The company would offtake 250 KTPA of Propylene and 11 KTPA of Hydrogen for its expanded capacities. The rationale behind this agreement is to provide access to crucial feedstock for its production processes, paving the way for consistent output and operational stability.

Key Highlights:
• The Management acknowledged that the global chemical industry as a whole was impacted during the quarter due to sustained inflation that led to persistent softness in demand across segments. The destocking of inventory and the emergence of the Red Sea crisis has further led to subdued realizations and impacted volume offtake by customers. Hence, the company's performance was affected due to industry wide challenges linked to inventory destocking. However, the company undertook several initiatives to enhance profitability by optimizing procurement.
• In Q3FY24, Revenue stood at INR 20,090 mn up 1% YoY/13% QoQ, EBITDA de-grew by 3% YoY/flat QoQ to INR 3,180 mn, EBITDA Margins came at 16% up 63 bps YoY/down 206 bps QoQ and PAT at INR 2,020 mn down 3% YoY/down 1% QoQ.
• While prices of some key inputs declined, prices of petrochemical linked inputs remained firm due to low operating rates in refineries.
• The decrease in net profit reflects weakening demand and softening in product realizations. Also, it was impacted due to the destocking of inventory during the period.
• During the quarter, the company pre-paid its remaining balance of the term loan to become a debt free company. However, on a net debt basis, it remains debt free with a total liquid investment of INR 3,860 mn. It had a substantial net worth of INR 45,150 mn during the quarter.
• For Q3FY24, the domestic and export mix stood at 78%:22%. The domestic business generated a revenue of INR 15,720 mn, while the exports business revenue stood at INR 4,510 mn for Q3FY24.

• The company has invested in brownfield expansion and debottlenecking of processes to grow and expand.
• In Q3FY24, products serving industries like agrochemical and textiles remained under pressure, while other applications witnessed a volume led sequential improvement.

Advanced Intermediates
• In 9MFY24, revenue from this segment de-grew by 8% YoY/flat QoQ to INR 20,530 mn. The segment reported increased volumes on a YoY basis coupled with realization trends reflecting the subdued demand recovery in segments like agrochemicals, textiles and dyes.
• PBT stood at INR 1,000 mn and decreased by 10% QoQ.
• The Management expects growth in this segment as the global supply chain mechanics change and further anticipates Q4FY24 to be better from a volume perspective as compared to Q3FY24.

Deepak Phenolics
• The revenue for 9MFY24 decreased by 7% YoY to INR 35,370 mn. However, the same grew by 21% QoQ, primarily fueled by healthy sales volumes and better plant efficiencies.
• The EBIT margin contracted by 200 bps QoQ to 13% in Q3FY24. This was primarily due to reduced realizations as compared to unusually high realization in the base period last year.
• The phenol plant sustained its average capacity utilization during the quarter and this is further expected to go up post debottlenecking.
• The segment is on course to substantially improve its downstream product offerings, leading to a higher captive utilization of acetone and resultant value addition.
• Methyl IsoButyl Ketone and Methyl IsoButyl carbinol plants are progressing as per the schedule. These are derivative products of acetone.
• The company has been improving its backward integration capabilities for key inputs to boost margins.

I G Petrochemicals Ltd   Q3FY24 Concall Highlight
CMP INR 461   Market Cap INR 14.2 bn

Erratic demand in key chemicals impacted growth, but Phthalic demand remained resilient, especially in domestic markets despite global challenges like the Red Sea crisis. Commencement of PA-5 unit boosts production capacity, with expectations of adding 500 crore revenue; board approval for a new plasticizer plant indicates further expansion plans.

Business Update

-During the past three quarters, erratic demand of key chemicals. Because of this, the growth momentum of many chemical producers has been hindered as the end engine industry has been holding back their purchases to the certain level.
-The demand recovery in China is occurring at a modest pace. Overall liquidation is still slow, especially in Europe. In contrast, the demand of Phthalic were less affected especially in domestic market. The Red Sea crisis has further prolonged the transit time for the goods and heightened the flight cost.
-Production of Phthalic Anhydride (PA-5 unit) at Taloja commenced from 12th February 2024. PA- 5 unit will enhance production capacity of PAN by 53,000MT, MAN by 1,500MT, BA by 300MT. This new plant is expected to bring about 500 cr of revenue.
-Board approved to set up new greenfield plant of Plasticizer products with an investment of Rs 165 crores (excluding GST) at Taloja.
-Utilization of Phthalic has witnessed substantial growth in last year's attribute to versatile application both as a raw material and intermediary across the majority of downstream chemical users.

Financial Performance

-Company Revenue stood at 495cr. Non Phthalic sales was around 46cr.
-Revenue from Export market contributed nearly ~16% for Q3FY24
-Phthalic business EBITDA for the quarter was compressed mainly due to the yield or negative spread as well as the inventory losses during the quarter.
-Freight rate has gone up for the export of cargo to UAE. For the nine months total revenue was 1566 crore. Non health income was around 129 crore.
-EBITDA was 100 crore and the margin of EBITDA for nine months was 6.4% and profit after tax was around 30cr for nine months.
-Company incurred inventory loss of 21cr.

Highlights from the Call

-There will be savings on operating cost of $10-15 since the cost will be divided among 5 Phthalic plants instead of 4 previously.
-Of the 4.5L tonnes of Phthalic capacity, 35% to 40% goes to paints and plasticizer.
-For plasticizer, company is expecting the revenue between 900 to 1000 crore and expected profit is between 5% to 7%.

Jubilant Ingrevia Ltd. Q3FY24 Concall KTAs
CMP INR 439 | Market Cap INR 70bn

Outlook:
Jubilant Ingrevia experienced a decline in performance this quarter, primarily attributed to a downturn in the agrochemical business. Despite this, the company is gearing up for substantial capital expenditures in the upcoming year, with several new plants and facilities in progress. Positive indications from customer interactions suggest potential orders, and although performance may improve in H2FY25 as the situation is expected to normalize during FY25, similar performance is anticipated in the coming quarters.

Key highlights:
- Revenue stood at INR 9660mn (-5% QoQ, -17% YoY)
- EBITDA declined to INR 1040mn (-17% QoQ, -34% YoY)
- PAT reduced significantly to INR 390mn (-33% QoQ, -58% YoY)
- Net Debt stood at INR 6360mn.
- Tax rate to remain within 29-30% range.
- The management is redefining a five-year growth strategy and implementing an energy efficiency program to increase renewable power share and reduce costs by FY28.
- Interim dividend of INR 2.5 per share announced.

Capex:
- Capex of INR 6bn to be done in FY25 out the INR 20bn initially planned.
- Capex incurred during Q3 was INR 1290mn.
- Expected Capex in Q4 is INR 1900mn, majority going towards agrochemical plants, value added derivatives and new plant at Baruch.
- All new capacities and plants in pipeline are to have 70%+ utilisation. The company wants to maximise on the demand expected to come back within 18 months.

Specialty Chemicals Segment:
- Decreased agrochemical demand led to lower volumes.
- Oversupply, notably from China, created margin pressure.
- Pharma end-use demand improved, but pricing recovery is pending.
- Growth in revenue from Pharma, with the addition of 38 new customers.
- Subdued demand in domestic markets; North America performed well, while Europe slowed down.
- Positive traction in the CDMO business, with expectations of forming strategic partnerships.

Nutrition and Health Solutions Business:
- Improved demand and price recovery drove revenue and EBITDA growth.
- Faced competition from Chinese suppliers despite stable vitamin demand.
- Experienced marginal pricing uptick in January, with a focus on continued improvement.
- Growth in nutrition and health ingredients business; acquired twelve new customers.
- Traction in animal nutrition, particularly in premixes.
- Emphasis on increasing market share in niche segments.
- GLP compliant facility for expansion expected to commission in Q2 FY 2025.

Chemicals Intermediate Business:
- Challenging market environment led to lower revenue.
- Maintained market leadership for acetic and hydride; added 27 new customers.
- Targeting optimal utilization of the new plant at Bharuch.
- Continued emphasis on volume-based contracts with global customers.
- Experienced lower demand for methyl acetate during the quarter.

Meghmani Organics Ltd. - Q3FY24 Concall Highlights
CMP: INR 81 | Market Cap: INR 21 bn

Outlook: We believe the company's core strength as a B2B player remains intact with capability to commence capex even in current times. It will be a wait and watch situation for the Agro-chemical player to see demand recovery in the early part of FY25.

Guidance:

- The Inventory in going down across different markets as per the Management, and they say that the current inventory levels are around 3-4 months of excess demand of agro-chemicals industry.
- Meghmani has completed the commissioning of a Titanium Dioxide plant with a capacity of 16,500 MTPA in Q4FY23 which is getting stabilized. Further capex in the Paints industry will add to the demand of Titanium Dioxide in domestic markets.
- Currently, the company is in the process of commissioning the Captive Power plant for the Kilburn Titanium Dioxide plant that will reduce their utility costs significantly and they will be reaching 70% capacity utilization in the next 2 months.

Key Highlights:

- Revenue fell by 38% YoY to INR 3,450 mn, EBITDA came at INR -4 mn against Q3FY23's INR 610 mn and Net Loss at INR 270 mn against Net Profit of INR 180 mn in Q3FY23.
- The Management attributed the decline in Revenue, EBITDA and Loss in Q3FY24 to sluggish global demand and high inventory levels plaguing the industry across the globe.
- The Crop Protection segment contributed 69% of the revenue mix while the remaining 31% was contributed by Pigment segment.
- Revenue from our Crop Protection segment stood at INR 2,390 mn with the EBITDA of INR 51 mn in Q3FY24. The Management says that the company is well positioned to leverage their state of the art infrastructure along with backward integration once the situation of high channel inventory stabilizes.
- The Pigment segment reported revenue of INR 1,050 mn and EBITDA of INR 9 mn. For the Pigment segment, the company is expecting the situation and demand to come back from FY25 onwards and they will be able to regain the double digit growth trajectory.
- The Management feels that the inventory has started going down drastically in different markets, but still there is an inventory for the next 3-4 months of time. Hence, from the Q1FY25 onwards, the company is expecting things to start improving.
- The company is very bullish in the Titanium Dioxide market, as there is domestic demand of 3 lakh tons of Titanium Dioxide, mainly from the Paints industry. The Management is mainly focussed to grab the opportunity in the domestic market for Titanium Dioxide, and also cater to some export orders.
- Around 73% of the domestic Titanium Dioxide is met through Imports. Currently, Indian market demand for Titanium Dioxide is above 3 lakh tonnes, and domestic production is of 70,000 tonnes per annum.
- The company is able to produce Synthetic Pyrothroid at competitive pricing against Chinese players.
- In the last 1 year, the company has added several new products like flubendamide, pyromaclutrine, beta cyclutrine, pine, and metrozine. However, the Management believes these products will take 2-3 years of time to gain market share as they are getting these products registrations in different geographies.

- On an average, the prices of Agro-chemicals have gone down by 45-50% compared to previous year.
- Majority of the products are fully backward integrated.
- The Company is able to compete with China in terms of Pricing of products.
- Meghmani used to have 85% of their revenue from Exports, that too on the B2B side. Hence, the Management attributes their business model being more impacted than other companies which have more revenue from domestic markets along with brand image set up in the market.
- The Management acknowledges that they are not looking to explore any biologic product currently.
- The company says they have already set up the right product quality, and now they are looking only for approvals, and then once demand comes back, they will be able to grab the opportunity.

Sharda Cropchem Ltd Q3FY24 Concall KTAs

CMP INR 398 | Market Cap INR 36bn

Outlook: Sharda Cropchem had a rather low performance in the quarter. The industry is facing high inventory channel issues and low demand from end consumers due to adverse weather conditions. The outsourcing model of the company and healthy relations with global customers may give a little edge over other players. Correction in prices, better weather conditions and improved inventory management may produce better performance going ahead.

Guidance:

• Capex for FY24 expected to touch INR 3.5-4bn.

• The company is seeing an improving trend in Q4FY24.

Financial highlights:

• Revenue down to INR 6.32bn (-38% YoY) mainly due to drought in Europe and adverse conditions in NAFTA region. Volumes had a 20% YoY reduction. There has been less demand from the side of end consumers.

• Low realisations reduced GP margin to 26.2%, EBITDA to INR 470mn and PAT to INR 46mn.

• Net Cash at end of Q3 stands at INR 3.7bn.

Operational highlights:

• 1075 product registrations are in approval stage.

• Business from the NAFTA region has been most affected.

• Increased investment in strengthening global workforce.

• The company has high consultation and professional services costs and they are likely to increase sequentially due to their business model.

• The management expects prices to correct in the coming time.

• The company is not looking to further add any new inventory; increase in inventory has been due to sales returns from customers.

Coromandel Ltd. - Q3FY24 Concall Highlights
CMP: INR 1,060 | Market Cap: INR 312 bn

Outlook: The fall in prices of Raw materials, and the fall in NBS rates have caused significant impact on the revenues while tightening Government subsidies and new guidelines will allow better margins in FY25 against FY24.

Guidance:

- **The company is waiting for its nano Karinata product to come full stream.**
- **Coromandel has developed a nano DAP product through its in-house R&D center, which has been well-received in the market. The management is expecting this and several other products which were launched during the 9M period this year, to generate significant topline in FY25 and beyond.**

Key Highlights:

- **On the Agriculture side, the country witnessed below normal rains in Eastern and Northern regions impacting demand. The rainfall across india was lower by 8% during Oct-Dec months.**
- **The overall crop sowing area remained similar to last year's levels with the acreage increase in wheat, core cereals and oil seeds.**
- **All India reservoir levels stand at 95% while for Southern India it is 70%.**
- **There was decrease in pulses & paddy among the company's key operational markets, as crop growing was impacted in Andhra Pradesh, Karnataka and Maharashtra.**
- **The NBS rate for rabi season underwent a steep downward revision which coupled with rising raw material prices further impacted the industry Performance for the DAP and complex fertilizer industry's sales volume by 17%.**
- **In Q3FY24, the DAP and complex fertilizer industry sales volume decreased from 70.9 lakh tonnes in Q3FY23 to 58.6 lakh tonnes in Q3FY24.**
- **In 9MFY24, the DAP and complex fertilizer industry sales volume increased from 190 lakh tonnes in Q3FY23 to 190.8 lakh tonnes in Q3FY24.**
- **Coromandel International's sales volume stood at 9.38 lakh tonnes during the quarter which is 11% lower than Q3FY23. 9MFY24 sales were down by 2% to 29.5 lakh tonnes against 30.2 lakh tonnes in Q3FY24.**
- **In Q3FY24, DAP and complex fertilizer plants operated at 6% capacity utilization producing 8.67 lakh tonnes against last year's 9.3 lakh tonnes.**
- **The Company inaugurated a nanotechnology center at Coimbatore which will further its efforts in research and development of nano and novel products in the agri input space.**
- **The crop protection business of the company reported a healthy volume growth of 21%, improving its performance in exports and domestic markets.**
- **Neem oil based pesticide, Azamax and fungicide Adiraj, launched in Q1, have generated excellent market acceptance and volumes. The business is conducting field trials for new biosolutions and plans to launch the products in subsequent quarters.**
- **Overall, 97% of the stores were profitable as they focussed on a Product centric approach. In continuation, to serve the farming community, the business is expanding its footprint in new markets by adding 50 stores by the end of this year.**
- **The company has benefited in terms of limiting the impact of currency fluctuations making new investments.**

- **As per the new guidelines, Coromandel International will be treated as an Integrated Manufacturer, and will be effective from 1st April 2024.**
- **The Management clarifies that there will be some debottlenecking happening along with some investment in capacity expansion within their existing plants in future.**
- **Price erosion of up to 30% was seen across CPC, Bio and Retail division.**
- **The company has entered into partnerships with Japanese innovators, and says they will be applying for regulatory approvals for the products in the pipeline.**

Privi Speciality Chemicals Ltd | Concall KTA Q3FY24
CMP: INR 1228|Market Cap: INR 47971 Mn

Successful cost control, diversified product sales, optimistic outlook, strategic partnerships with Glaxo and Givaudan, and ongoing R&D for natural-like menthol.
Financial Highlights

- **Q3 Revenue: INR 4038 Mn**
- **Profit Before Tax (PBT): INR 391 Mn**
- **Profit After Tax (PAT): INR 287.7 Mn**

Expense Control and Product Diversification

- **Stringent cost reduction measures, including power and coal costs.**
- **Successful market entry with new products, e.g., camphor, driving increased wallet share.**

Operational Outlook

- **Optimistic outlook for both value and volume.**
- **70% volume growth YoY, driven by three new products.**
- **Order book secured at 70-75% for Jan-Dec**

Capacity Utilization and Key Partnerships

- **Anticipated capacity utilization: 75-80%**
- **Collaborative ventures with Glaxo and Givaudan, aiming for significant production milestones.**
- **Specifics on Glaxo, Camphor, and Iso production expectations**

Joint Venture and Product Launches

- **Joint venture with Givaudan progressing, expecting 60-75% commissioning from June to Sept.**
- **Launch plans for 40 new products, with five expected by June.**

Research and Development

- **Ongoing R&D in natural-like menthol, showcasing commitment to innovation and product development.**
- **Positive anticipation for improved ROE and ROCE by year-end, despite challenges in the last three quarters.**

SRF Ltd. - Q3FY24 Concall Highlights
CMP: INR 2,325 | Market Cap: INR 689 bn

Outlook: Despite the ongoing oversupply and high inventory situation across the chemicals industry, the company was able to post Profits is a good sign of their long standing partnerships with clients. We expect the refrigerant demand to pick up from Q4FY24 and extend in H1FY25 while the newly commissioned aluminium foil facility ramps up production. We expect the FY25 margins to be better for the overall company as specialty chemicals inventory shrinks across industry by H1CY24.

Guidance:

- **The Management expects significant recovery in the specialty business in Q4FY24, especially from the refrigerant chemicals like R32 which will see demand spike in the summers.**
- **Management has high hopes for Projects amounting to INR 7 bn scheduled for commissioning in Q4FY24 in the specialty business.**
- **The BOPET market continues to witness an oversupply situation. The demand supply mismatch and margin pressure will continue which will impact the packaging film business performance in the medium term.**
- **The management expects the overall business margin for Q4FY24 to be better than Q3FY24.**

Key Highlights:

- **The revenue from the chemicals business declined by 21% YoY to INR 13.94 bn.**
- **In Q3FY24, the specialty chemicals business faced headwinds due to continued inventory rationalization by certain key customers.**
- **The company continued to expand its new product portfolio. It launched 3 new products in the agrochemical vertical.**
- **In 9M FY24, the company capitalized INR 11 bn of capex. The focus would be on scaling up the new projects in the coming quarters.**
- **The fluorochemicals business performance remained subdued due to seasonally weak quarter for refrigerants and pressure on margins due to lower realization across HFCs in key global markets.**
- **The demand for some industrial chemicals remained subdued due to sluggish growth witnessed in the agro-chemical and pharmaceutical industries.**
- **In Q3FY24, the company commissioned Polytetrafluoroethylene, i.e, PTFE and R32 plants. The focus is now on ramping up sales in these plants.**
- **In the Packaging films segment, revenue declined by 9.3% YoY to INR 10.9 bn.**
- **The company continued to witness supply overhang and margins pressure with commissioning of several new lines.**
- **The company commenced aluminium foil facility on 1st January 2024, at a cost of INR 5.36 bn.**
- **The packaging films business capacity utilization stood at 90-91%.**
- **In the technical textiles business, revenue grew by 7.6% YoY to INR 4.58 bn.**
- **The Manali plant operations were impacted in December 2023 due to Cyclone Michaung. Despite the impact on Manali operations, the business delivered healthy performance driven by improved domestic demand for Nylon Tyre Cord Fabric.**

- **The company witnessed healthy performance in belting fabrics and polyester industrial yarn segments during the quarter. It expects the demand to grow in the near future due to increased focus on infrastructure spending.**
- **In Q3FY24, the other businesses revenue grew by 23% YoY to INR 1.14 bn.**
- **The coated fabric division reported all time high domestic sales and profitability. This was led by strong demand for products including value added products such as blackout fabrics, high GSM lacquered fabric and storage liners.**
- **In the laminated fabrics division, the company continued to perform well with the plant operating at full capacity.**

Deepak Fertilizers & Petrochemicals Corp Ltd – Q3FY24 Concall Highlights
CMP: INR 574 | Market Cap: INR 72 Bn

Outlook: Global turmoil in the Agrochemical industry is what has impacted the company's Q3FY24 business. The Isopropyl Alcohol business will see higher capacity utilizations going ahead while dumping slows from external suppliers. Increase in Export quota of TAN will also help the company see better margins in the future.

Management Guidance:

- **The Management anticipates that the demand in TAN to remain stable in Q4FY24. Furthermore, export opportunities would emerge following the Government of India's gradual removal of export ban, currently up to 30,000 tonnes, but expected to be increased in future.**
- **Skymet's recent early predictions indicate a normal monsoon for the current year which would support a good fertilizer demand in the Kharif season.**
- **The expected increase in domestic demand in Russia, and the demand of Russian products in Brazil is likely to ease up the Russian ammonium nitrate dumping into India. With the Indian Government taking strong steps to become self-reliant in coal by targeting to eliminate coal imports, the demand for TAN is likely to get a further boost.**

Key Highlights:

- **Revenue and operating EBITDA continued to demonstrate a sustained growth trend over the last five years (except for FY23 which was a positive aberration).**
- **Revenue grew to INR INR 18.63 bn down by 32.7% YoY/ 23.7% QoQ, EBITDA at INR bn 2.82 bn down 38.8% YoY/ 61.2% QoQ and PAT at INR 0.61 bn, down by 76% YoY/ 3.2% QoQ.**
- **EBITDA margins stood at 15.23% for Q3FY24 and 12.9% for 9MFY24, which had a one time subsidy impact of INR 2.67 bn and INR 0.87 bn on account of stabilization impact of the ammonia business during H1FY24.**
- **TAN sales during the quarter were largely affected due to higher and low cost imports. Fertilizer grade ammonium nitrate imports from Russia in the first half resulted in high opening inventories in the quarter, which in turn impacted volume & margins.**
- **Nitric Acid sales to downstream industries were impacted due to Chinese imports of nitroaromatics along with scheduled plant maintenance at Dahej.**
- **Fertilizer business experienced erratic and lower-than-average rainfall in the core market which reduced availability of irrigation water.**
- **Ammonia business performance improved against last quarter due to increase in ammonia prices which was partially offset by plant interruptions.**
- **The Management said that lower than average rainfall, limited water for irrigation in the core markets, unseasonal rains and hailstorms have impacted sowing of key Rabi crops which has impacted sales volumes negatively.**
- **The Company has recently launched crop specific water-soluble product Solutek for Banana which is gaining acceptance among the farmers.**
- **The company showed resilience of the industry amid evolving market dynamics, production of Coal, Cement and Steel grew by 14% YoY, 7% YoY and 10% YoY, respectively during Q3FY24 which are key market indicators for TAN business.**

- **Despite the positive industry trend, overall TAN sales volume during the quarter declined by 15% YoY due to a surge in imports from Russia. The company maintained competitive pricing across all segments.**
- **The Company's new solar grade nitric acid plant has been commissioned and is expected to have better volumes.**
- **Isopropyl Alcohol volumes are expected to improve and prices are expected to remain stable.**
- **The Company's capacity utilization during the quarter was: TAN 90%, IPA 61% and Acids 87%.**
- **Post the successful commissioning of the ammonia plant, the company's risk exposure from ammonia to downstream has shifted to a lesser volatile gas to downstream. Going ahead, the state approved incentives are expected to kick-in during the year.**
- **The dampeners of global interest rate hikes transmitting to the real sector and China slowdown gradually stabilizing combined with the gradual cessation of de-stocking of old inventories is expected to gradually help prices to bounce back.**
- **The Company has a net debt of INR 34 bn as of Dec 2023.**

Dhanuka Agritech Q3FY24 Concall KTAs
CMP INR- 1130 | M.cap- 5149cr

Interim dividend of Rs 8 announced.Great improvement in EBITDDA margins on account of raw materials price drop and change in product mix. Company signed LOI with Spain based biotech company, Kimitech

Financial Performance-

- **Revenue from operations at 403.2cr(+2.5% YoY).**
- **EBITDA at 62.16cr(+19.9%YoY)**
- **PAT 45.37%(-1.05%YoY)**
- **Zone wise share percentage of turnover for Q3, North India 22%, East India 12%, West India 27% South India 39%**
- **Gross margin expansion due to change in product mix and drop in raw material prices.**
- **Product category wise, Insecticides 32%, Fungicides 21%, Herbicides 35% and others including plant growth promotion.**

Highlights of the call-

- **Continuous decline in prices resulted in volume growth by 8.5% and overall value growth by 2.51% in Q3, representing an overall 6% reduction on the entire portfolio.**
- **Interim Dividend of Rs.8 announced, totalling 36.47cr.**
- **Invested 10cr in agritech startup KissanKonnect which delivers farm produce directly to customers**
- **Double digit growth not achieved due to erratic monsoon. However double digit growth can be seen in volume.**

Signed Letter of Intent with Spain based Kimitec
Non binding letter of intent signed with Spain based- 'Kimitec' for business oppurtunities in biological products. Kimitec is a biotech company and founder of Wabi Innovation Centre which is the largest European biotech innovation hub for natural molecules. Monetization of same is not expected in the next FY. Focus will be on biological products, which is a 5k cr market in India with 15-16% growth CAGR.

Guidance

- **Single digit revenue growth for Q4.**
- **Plan is to follow the trend of doing buyback one year and higher dividends the next year.**
- **Forecast if of an average quarter for Q4.**
- **With the new molecules in line for launch in the coming year, Management is confident of delivering double digit growth next year assuming decent rainfall season.**
- **Guidance for 200 bps improvement in gross margins is already given.**

Castrol Q4CY23 Concall Highlights:
CMP: INR 198 | Market Cap: INR 196 Bn | Promoter: 51%

Performance (Consol)
- **Revenues came in at INR 12.64 Bn (+6.9% QoQ) (+7.5% YoY)**
- **EBITDA margins came in at 26.03% (Vs 22.7% QoQ) (Vs 21.31% YoY)**

Key Highlights of the call:
- **Company reached 32,000 outlets in rural Bharat (3000 outlets added this year)**
- **Total INR 4.87 Bn invested in Ki Mobility, Final tranche of INR 1.63 Bn invested on 10th Jan**
- **Volumes for the quarter stood at 55 Mn litres, Full year volumes at 219 Mn litres (+10 Mn litres YoY)**
- **Ad spends stood at 4.6% of sales. Royalty is % of profit, Ad spends, freight and OE are % of sales**
- **In realisations, company saw cost deflation in full year, hence passed on to customers**
- **Inventory not increased this Q. 60% of RM is imported. Inventory days at 50-60**
- **FY23 capex was INR 1 Bn**
- **RM: Base oil price was USD 1,100 in CY22 which continued till H1CY23. In H2, price came down to USD 1,000. In same range currently**
- **Sale in all segments have grown: CV, bikes, cars have grown in double digit**
- **Autocare gaining momentum: Magnatec and CRB Essential gaining traction. Autocare now at 21,000 outlets**
- **Autocare launched last year, Castrol has 5 products. Company is no longer distributor for 3M.**
- **Auto service centres (for 4 wheelers) now at 450+ locations**
- **Company has introduced Castrol ON immersion cooling fluids for data centres. Immersion cooling helps to increase the overall efficiency and sustainability. Available in aftermarket segment**
- **EV fluids is still very small, company supplies to 2 largest vehicle manufacturers. IC based market to continue growing till 2040.**
- **JioBP: Exclusive fuel coat providers. JioBP is expanding channel. Company has 45+ express service centres. Brand sites to increase from here. Last year had slowdown in JioBP sites because JIO was repricing and rebranding.**
- **KiMobility: Company has 7% stake, business for spare parts and aftermarket ecosystem. Castrol sole supplier of lubricant**
- **As on today, 50% of total 2W sold is sold in rural area. Seeing car ownership growing as well.**
- **In Industrial libricants, company is not in commodity segment.**

Other details:
- **30% contribution in PCR production**
- **INR 4.5 dividend per share, Full year dividend of INR 7.5**

Outlook: All the above initiatives are in build phase, will continue the gestation period for 4-5 years to become sizeable for company. Company continues with guidance of 23-26% of EBITDA margin guidance. Industry growth pegged at 5-6% and company wants to grow faster than that. At CMP, company trades 22.7x TTM EPS

Kriti Industries Q3FY24 Concall Highlights
CMP: INR 131 | Market Cap: INR 6.55 Bn | Promoter: 66.35%

Performance (Consol)
• Revenues came in at INR 2.43 Bn (2.43 Bn (+62.2% QoQ) (-5.2% YoY)
• EBITDA margins came in at 7.37% (Vs 6.95% QoQ) (Vs 4.02% YoY)
Volumes:
• Agricultural volume came in at 16,230 tonnes (vs 6,173 tonnes QoQ) (Vs 17,841 tonnes YoY)
• Industrial volume came in at 3,496 tonnes (vs 3,276 tonnes QoQ) (Vs 3,571 tonnes YoY)
• Building volume came in at 1,753 tonnes (vs 1,701 tonnes QoQ) (Vs 1,124 tonnes YoY)

Key Highlights of the call:
• Agri demand remained sluggish, building materials showed strong growth. Building materials capacity running at optimum utilization. If needed then agri capacity can be used for building materials
• RM prices were declining in Oct & Nov but stabilized in Dec. No significant inventory loss
• November and December had rains in key markets
• No capex planned yet
• Expect customers to buy products as current realisations are soft and affordable
• Distributors wise, not very keen to increase it immediately, first order of business is to stabilize current distributors
• Building materials have much better margins than agri. Building materials fittings has larger share than agri fittings hence margins higher
• For new plant, company would like to explore different geographies so to be serviceable in different areas as well
• Ad expenses (marketing) will be 3-4% more than industry average (as % to sales)
• Capex in building materials will be done post it reaches INR 150-200 Mn per month revenues. Company wants to go multilocation

Outlook: Company has declared a strong set of results, building products volumes showed strong growth (although base is small). Going ahead, we believe company will expand their capacity in a few quarters. Company wants to go multilocation so the capex will be larger. Currently company is not servicing east because the logistics are expensive. Net Debt levels at INR 1.8-2 Bn. At CMP, company trades 13.6x TTM EV/EBITDA. We are positive on the company's future prospects.

Action Construction Equipment Limited – Q3FY24 Concall KTAs
CMP: INR 1,117 | Market Cap: INR 1,33,010 Mn

Revenue targets are set to reach INR 44,000 Mn by FY26 and INR 55,000 crores by FY27 with a focus on diversification, expansion. The company is optimistic about future growth with improved capacity utilization across sectors

Financial highlights:
*** Revenue from operations for Q3FY24 stood at INR 7,761 Mn, up by 37.6% YoY and up by 12.4% QoQ.**
*** PAT for Q3FY24 stood at INR 882 Mn ,up by 88.9% YoY and up by 19.4% QoQ.**
- EBITDA for Q3FY24 stood at INR 1,257 Mn , up by 80.9% YoY and up by 18.5% QoQ with EBITDA margin expansion of 388 bps YoY and 83 bps QoQ to 16.20%.
- There were significant growth across various margins.

Land Acquisition:
- The company has finalized the acquisition of an additional 80 acres of land in close proximity to its existing manufacturing center.
- Reason being the realization that the current land parcel, spanning approximately 100 acres, would limit growth prospects beyond achieving INR 50,000 Mn of revenue.

Innovation and Product Development:
- Innovations in electric cranes and aerial work platforms ready for market pending regulatory approvals.
- There are expectations to start deliveries of these products in February and March 2024.

Defense Sector Expansion:
- Currently, approximately 2-2.5% of the company's revenue is generated from the defense sector.
- One big order is under execution which includes a 500 or 550 multi-purpose tractor (MPT) customized with various attachments as per the army's specifications.
- A significant recent win with the Army involves a requirement for more than 330 units of forklifts, with the company being the sole bidder of this proprietary model.
- Another biggest requirement involves 1,800 units of Rough Terrain Forklift (RTFLT), which the company has developed in collaboration with another manufacturer and has successfully passed the trials.
- The company is also executing orders for rough terrain cranes for the Indian Navy and plans to supply 5-10 of these cranes within Q4FY24.

Inorganic Growth and Acquisition Plans:
- The company is actively seeking inorganic growth opportunities within the country, anticipating a significant opportunity to emerge within the next six months to a year, particularly in the crane segment.
- They are also exploring the possibility of acquisitions in mainland Europe, for future expansion.

Inventory management and operating cycle:
- Inventory management has been effective, and the company aims to further reduce inventory levels, targeting around 90 days by the end of FY24, down from 99 days in FY23.
- The inventory is under control with plans to bring it down to planned levels.
- Receivable days have decreased from 26 days from FY23 to 21 days at present, while creditor days remain between 85 to 90 days, aligning with target levels.

Capex and utilization:
- Capex plans are on target with FY24 capex expected to be around INR 1,000 Mn and INR 500 to 600 Mn in FY25, excluding routine maintenance expenses.
- However, including broader expansion plans, the total Capex for FY25 is expected to reach approximately INR 1,800 Mn, excluding land acquisition costs.
- Land acquisition expenses of around INR 1,600 to 1,700 Mn are separate from the capex.

Expansion initiatives:
- The company is actively exploring the creation of new products to capitalize on emerging opportunities including the introduction of electric crane in the market.
- It is also engaged in contract manufacturing for backhoe loaders in the South American continent, catering to OEM requirements.
- Contract manufacturing arrangements and OEM manufacturing have been initiated in Turkey, where the company has supplied initial units.

Capacity Utilization and Expansion Plans:
- Current capacity utilization in the construction equipment segment stands at approximately 50% to 60%, with the capability to produce around 2,400 units annually.
- The capacities have increased and become fully commissioned by end of March 2024.
- Additional capacity is unlocked through setting up a new plant for other products has also contributed to improved dispatch numbers in the material handling segment.

Decline in the volume in Agriculture segment:
- Despite a dip in volume, there has been no degrowth in revenue from the agricultural segment.
- The decrease in agricultural equipment volume is attributed to a focus on larger horsepower tractors in the past two quarters, affecting the number of units sold.

Volume Growth and Product Mix:
- While the revenue contribution from cranes (~70%) is significantly higher, the growth in construction equipment segment (~14%) is anticipated to surpass that of cranes.
- During 9MFY24, the crane has grown by 33% and construction equipment has grown by 72%.
- The construction equipment has a relatively smaller base and the potential to capture more market share.

Outlook: The company expects over 32% growth with consolidation in margins in FY24. The crane segment expects a growth of at least 30% or more, the construction equipment segment maintains its growth rates around 50%, while the material handling and agricultural will be at 15-20% growth rates during FY24. Anticipated revenue from Army orders is expected to contribute 5% growth conservatively over the next two to three years. For the order of 1,800 units of Rough Terrain Forklift (RTFLT), the company is epecting, around INR 7,000 Mn from it. New manufacturing facility partially operational and set to be fully operational by end of Q4FY24. The company expects streamlining of operations ,enabling the company to handle up to 1,200 cranes per month by June 2024.

Century Ply Q3FY24 Concall Highlights:
CMP: INR 748 | Market Cap: INR 166 Bn | Promoter Holding: 73.04%

[Arihant Capital]

Performance Consol:
- Revenues came in at INR 9.37 Bn (-6% QoQ) (+6.1% YoY)
- EBITDA margins came in at 11.31% (Vs 14.44% QoQ) (Vs 14.6% YoY)

Key Highlights from the call:
- Management believes company will have strong demand in FY25 (on back of 5 year real estate cycle completion). Lots of RE projects are nearing completion and a lot of completed inventory is being sold as well
- Company encountered high RM cost which were not passed on to customers due to sluggish growth
- Operating profit was impacted by consulting spends on McKinsey and BCG
- Working days in Q3 reduced due to workers going for breaks, will be compensated in Q4
- Cost of wood in North at INR 6.5-7, in south at INR 4.5
- Company will not be taking up any capex for next 6 months atleast

Plywood:
- Company incurred INR 70 Mn for Royal Club Dealer meet and consulting expenses for Mckinsey which led to lower profitability
- BIS of ply delayed, no update of levying it yet.
- Company has delayed capex plans due to demand challenges

Laminates:
- Profitability down due to increase in manpower expenses for launch of Sainik Laminate
- Ramp up of Sainik will take time
- Greenfield Laminate unit at Andhra Pradesh has already commenced operations during this quarter. This is just 1 line, 2 more lines will come in future.

MDF and Particle Board:
- MDF segment faced lower realization and higher RM Cost
- Particle board faced faced lower realization and higher RM Cost
- 2 players have added facilities recently (excluding Century)
- Particle board imports stood at 100,000 CBM in Q3
- MDF realizations down 7% due to competition intensity.
- BIS in place from 11th Feb, import competition will reduce. However, inventory from imports is already stocked. Roughly 3 months of inventory will be available. So actual benefits of BIS will be seen from May. Company expects better realisations after 6 months. Indian manufacturers will get BIS license
- Till 2nd Feb, no import players were granted BIS. Company doesn't see import competition for another 6-9 months since players wont get BIS license till then.
- Going ahead, company feels RM cost will increase because of larger domestic play.
- The ongoing project of MDF at Andhra is on fast track and will commence operations within the current financial year

Outlook: Both Plywood and Laminate business will have better topline and bottomline in Q4 QoQ. BIS impact in MDF and particle board is that the demand will be good for 6-9 months from May, RM costs expected to rise from May onwards. Realisations to improve 6 months from now. Ply business to deliver 12-14% of EBITDA margins in FY25. Laminates looking to clock higher realisations going forward (currently lower due to higher exports). MDF margin swill come down in Q4 by 200-300 bps and Q4 will witness 7-8% topline degrowth. At CMP, company trades 46x TTM EPS.

Greenlam Ind. Q3FY24 Concall Highlights:
CMP: INR 518 | Marketcap: INR 66.46 Bn | Promoter: 51.22%

[Arihant Capital]

Performance (Consol):
- Revenues came in at INR 5.63 Bn (-6.7% QoQ) (+11.9% YoY)
- EBITDA margins came in at 12.6% (Vs 12.5% QoQ) (Vs 10.9% YoY)

Key Highlights of the call:
- Naidupeta laminate plant which commenced commercial production on Sept 29, 2023
- Particle board plant at Naidupeta, Andhra Pradesh is expected to commence commercial production by Q2FY25.
- The new plywood facility and laminate plant at AP are currently facing EBITDA losses. The new AP plant will breakeven in Q4FY24 or Q1FY25. Targeting 100% capacity utilisation in plywood facility in FY26 at plywood plant. Ply business breakeven at 50-60% CU.
- For plywood, current focus on south and likely Maharashtra as well.
- 47.5% of total laminates revenues this year is exports
- Export revenues of INR 200 Mn were not booked due to goods in transit (due to Red sea issue). Surcharge of freight was passed on to clients.
- Domestic market demand was sluggish in Q3 and there were logistics challenges in the export market but company has not lost market share anywhere. Company will most like gain market share in Europe
- On RM front, company feels timber prices have peaked out. Craft paper costs were up in Q3 but have come down since.
- Veneers and floorings will turn more profitable as volumes kick in
- Indian laminates players are gaining market share in developed markets as the local players are suffering from high cost of production
- Gross margins in laminates segment should more or less sustained (at 55%)
- Prelam demand will move towards particle boards
- Gross debt to increase to INR 8.5-9 Bn in Q4 which would be peak, reduction in debt to be seen from Q1FY25.
- WC days increased to 72 days due to red sea crisis and unavailability of containers. Net debt stood at INR 8.47 Bn

Segmental:
Laminates segment:
- Revenues came in at INR 5 Bn (-5.9% QoQ) (+8.8% YoY)
- EBITDA margins came in at 15.9% (Vs 16.4% QoQ) (Vs 12.4% YoY)
- Capacity utilization at 82% (Vs 94% QoQ) (Vs 91% YoY)
- Realisations (INR/sheet) came in at 1,036 (+0.3% QoQ) (+0.6% YoY)

Veneers segment:
- Revenues came in at INR 477 Mn (-17.2% QoQ) (+7.4% YoY)
- EBITDA margins came in at 0.6% (Vs -2.3% QoQ) (Vs -3.7% YoY)
- Capacity utilization at 31% (Vs 40% QoQ) (Vs 26% YoY)
- Realisations (INR/sqmt) came in at 868 (-5.4% QoQ) (-16.8% YoY)

Plywood segment:

- Revenues came in at INR 160 Mn (+6.9% QoQ)
- EBITDA margins came in at -52.2% (Vs -67.8% QoQ)
- Capacity utilization at 14% (Vs 16% QoQ)
- Realisations (INR/sqmt) came in at 218 (Vs 239 QoQ)

Outlook:

According to the management timber prices have peaked out. Revenue guidance trimmed down to 15% for FY24 from 20 to 25% initially. Targeting ~20% revenue growth in FY25. Plywood plant should breakeven in FY25 (at 50 to 60% capacity utilisation). Particleboard plant should start commercial production in Q2FY25. At CMP, company trades 26.3x TTM EV/EBITDA

IKIO Lighting Ltd – Q3FY24 Concall KTA's
CMP: INR 296 | Market Cap: INR 22,864 Mn

The company expects revenue of INR 3,000-3,500 Mn from Greenfield Project. EBITDA margins are expected to remain within the range of 21-23%.

Financials
- Revenue stood at INR 1,169 Mn in Q3FY24 against INR 1,150 Mn in Q3FY23 (growth of 2% YoY) and at INR 1,179 Mn in Q2FY24 (de-growth of 1% QoQ).
- Gross margins have historically been steady, but there was a slight increase in raw material prices in the Q3FY24 quarter due to muted industry demand.
- EBITDA stood at INR 263 Mn in Q3FY24 against INR 292 Mn in Q3FY23 (degrowth of 10%) and at INR 267 Mn in Q2FY24 (de-growth of 2% QoQ).
- PAT stood at INR 190 Mn in Q3FY24 against INR 178 Mn in Q3FY23 (growth of 6%) and at INR 182 Mn in Q2FY24 (growth of 4% QoQ).

Sales Mix Breakup
- The ODM division contributed around 50%. The display lighting division contributes between 32% to 35%. Exports contributing around 17% to 18% in Q3FY24.
- The company operates exclusively in the B2B segment across all its verticals. There are no plans to enter the B2C market.

Raw Material Dependency and Pricing
- Approximately 40-45% of raw materials for the company are sourced from China, primarily electronic components like semiconductors and LEDs. The company is optimistic that with government support, there will be less reliance on China.

Greenfield Project
- Civil construction work in Block 1 has been completed, with the installation of plant and machinery in progress.
- The facility is expected to be operationalized by the end of Q4FY24, and will focus on manufacturing various products, including ready home lighting, solar panels, refrigeration and other electronic products.
- Block 2 civil construction has also begun, with completion expected by the end of Q4FY25.
- The company expected revenue of INR 3,000-3,500 Mn at 60-70% utilization from Block 1 within 2 years' time.

Segmental Highlights
- Despite challenges in the LED industry, the existing ODM business reported a 3% YoY revenue growth in the 9MFY24.
- Product display business maintained double-digit sales growth YoY in both 9MFY24 and Q3FY24.
- Export business witnessed very strong growth in Q3FY24 as inventory clearances in the RV segment gradually picked up and Q3FY24 also saw fresh deliveries happening from India.

Capex
- Investment in Capex is at INR 630 Mn as of December 31, 2023, of which almost INR 560 Mn is toward the completion of Block 1, and almost INR 70 million is an investment in the civil construction of Block 2.

Expansion and Product Development
- The company's growth is not solely dependent on the housing sector; it has a strategy to diversify into various verticals.
- New product designs and categories are being developed, with approximately 40 to 60 products in development to keep up with market trends. Depending on the complexity, product development could take 3-5 months.
- Expansion plans include entering the Middle East market and pushing for growth in RV, solar, and battery segments.
- Exporting components of the commercial refrigeration segment outside of India has commenced.

Outlook

Despite challenges, the company maintains a strong financial position and focuses on long-term prospects. The focus is on manufacturing final lighting products. The company expects margins to stabilize and possibly expand in the future as new facilities become operational and sales grow. EBITDA margins are expected to remain within the range of 21-23%, with a focus on maintaining current margins even as the business grows. Despite challenges in the home lighting segment, the company has experienced overall growth of 4% YoY in the 9MFY24, outperforming the industry.

Indigo Paints Q3FY24 Concall KTAs
CMP INR 1,453 |Market Cap INR 69.18 Bn

Company expects significantly higher sales numbers in Q4, along with strong bottom line performance.

Financials
• Standalone Operational Income stood at INR 3412.5 Mn in Q3FY24 against INR 2812.7 Mn in Q3FY23 (growth of 21.33 % YoY)
• Gross Margins increase to 48.43% in Q3FY24 over 43.82% in Q3FY23.
• Consolidated Revenue stood at INR 3537.7 Mn in Q3FY24 against INR 2812.7 Mn in Q3FY23 (growth of 25.78 % YoY) and INR 2790.1 Mn in Q2FY24 (growth of 26.79 % QoQ).
• EBITDA stood at INR 622.4 Mn in Q3FY24 against INR 405.6 Mn in Q3FY23 an increase of 53.46% YoY, with EBITDA Margins of 17.59% (+317 bps YoY).
• Net Profit stood at INR 375.5 Mn in Q3FY24 against INR 262.6 Mn in Q3FY23 (growth of 42.98 % YoY) and at INR 253.2 Mn for Q2FY24 (growth of 48.3 % QoQ), with margins of 10.52%

Volume growth
• The company experienced robust double-digit volume growth as well as significant growth in terms of value across all product categories.
• Cement paint plus putty saw a 24.2 % volume growth and 25.2 % value growth.
• Emulsion category, had a 14.3 % volume growth and 18.2% value growth.
• Solvent-based paints, including enamels and wood coatings, experienced a 27.3% volume growth and 25.2% value growth.
• Ancillary or lower category, comprising water-based paints, primers, and distempers, saw a remarkable 37.7% volume growth and 34.7% value growth.

Capacity
• The capacity for producing putty, is approximately 10,000 tons per month.
• The company has a capacity of about 13,400 kl per annum for solvent-based paints.
• In Pudukkottai, Tamil Nadu, a new plant with a capacity of around 55,000 kl per annum is being established.
• In Jodhpur, the current capacity is 54,000 kl per annum, expected to increase to 90,000 kl per annum with a new project.

Other Highlights
• For the third consecutive quarter, the company has experienced growth rates exceeding 3 to 4 times that of the industry, indicating significant gains in market share.
• Advertising and promotion spending rose by approximately 25.90% to Rs. 325.3 Mn, primarily due to the advertisements during the World Cup Cricket series and the seasonally high spends.
• The company remains within its annual advertising budget.
• Despite the anticipated increase in advertising and promotion spending each year, the company expects the expenditure as a percentage of revenue to decrease annually by approximately 150 bps.
• Company anticipates stronger growth from Apple Chemie in the coming quarters as it continues to expand sales force across different regions in India.
• The company witnessed a price reduction in specific premium range products but has a smaller market share compared to larger competitors, thereby reducing the impact of the price decline.

• The company expects to close the year with an EBITDA margin of around 18.5%.
• Company aims for a sales target of around INR 2000 crores for FY25.
• The company has launched a new advertising campaign featuring MS Dhoni to promote its waterproofing products.

Outlook

The company is confident in its strategic path towards achieving a super-normal growth trajectory, indicating a strong belief in its ability to outperform the industry. The company focus remains on sustaining industry-leading performance, expanding into new segments like waterproofing and construction chemicals, and enhancing engagement with influencers.

Cera Sanitaryware Q3FY24 Concall Highlights:
CMP: INR 7,531 | Market Cap: INR 97.95 Bn | Promoter: 54.48%

Performance (Consol)
• Revenues came in at INR 4.39 Bn (-5.2% QoQ) (-4.1% YoY)
• EBITDA margins came in at 14% (Vs 16.51% QoQ) (Vs 16.39% YoY)

Key Highlights:
• Demand remained subdued demand in key markets, impact of reduced discretionary spends. Company witnesses general softness in consumer spending.
• Key market impacts: In Delhi, construction was prohibited for 45 days Vs 20 days usually. In Kerala, higher duty on housing sector affected sale of properties. Kerala contributes to 10% of topline
• No price hikes since May 2022, took 2% price hikes in Feb 2024 in sanitaryware and 0% in faucet.
• Sanitaryware plant capacity utilization stood at 85%
• Company is still sticking to old target of INR 25 Bn of topline in FY25. Will revisit in March
• Contribution from premium/mid/entry level products stood at 43%/34%/23%

• Ad spends stood at INR 219 Mn (5% of sales) Vs INR 173.4 Mn (3.8% of sales YoY). Ad spends for new products introduced. Sales promo expenses (schemes offered) impacted EBITDA by 0.7%. FY24 ad spends to be of INR 650 Mn (490 Mn done in 9MFY24)
• Fixed costs impacted sales by 0.5% (lower sales but continued fixed costs)
• New SKU contributed 32% of total sales for the quarter
• 75 new products introduced in FY22, 699 inFY23 and 202 in 9MFY24 (74 in Q3)
• Sales contri from T1/T2/T3 stood at 31%/21%/45%
• WC days stood at 60 in Q3 (Vs 76 YoY)
• CFO stood at INR 490 Mn (Vs 580 Mn YoY)

Faucetware:
• Increased capacity from 300,000 pieces per month to 400,000 pieces in Q2FY24, capacity utilization in Q3 stood at 82%. Civil structures for future expansion of capacity from 400,000 to 600,000 pieces per month also completed. No more brownfield capex plan in faucetware for next 3-5 years
• 60% of ramp up done in increasing the capacity by 100,000 pieces per month. 100% by March end
• Company spent INR 410 Mn in brownfield expansion. Revenue potential from the incremental 100,000 pieces per month to be INR 2.4 Bn per annum. This is due to the improved product mix
• Company will not be able to achieve their guidance of INR 7.5 Bn for FY24, guidance not given but outlook moderated.

Sanitaryware:
• Acquired land in Jan 2024 for greenfield expansion, 18 months to commission. Total cost of INR 1.25-1.3 Bn including land for the entire greenfield capex. 75% land acquisition done, 25% in June 2024

Input costs:
• China Clay price up by 19%, Feldspar up by 4%, POP down by 1%, glaze down by 2%, Zinc down by 26%. All YoY
• Gas price from GAIL was at INR 28.78/CBM Vs 35.43 YoY. For Sabarmati, gas price was at INR 47.65/CBM Vs 71.9 YoY. Avg gas price stood at 32.21Vs 47.33 YoY. Procurement from GAIL stood at 82% Vs 67% YoY. Gas prices constituted 1.44% of topline

Outlook: Faucetware Revenue potential from the incremental 100,000 pieces per month to be INR 2.4 Bn per annum. This is due to the improved product mix. Contribution from faucetware may increase in short term but medium term contribution to remain same as current quarter. Company has mentioned that a decent project bank has been building up and expects execution in next few months. No inorganic acquisition on the table and company may explore buyback going forward. At CMP, company trades 43.1x TTM EPS.

Maharashtra Seamless Q3FY24 Concall Highlights
CMP: INR 1,056 | Market Cap: INR 141 Bn | Promoter: 67.86%

[Arihant Capital]

Overview: Highest EBITDA and EBITDA margins due to strong execution of orders and driving in cost efficiencies.

Performance (Consol)
• Revenues came in at INR 14.65 Bn (-6.3% QoQ) (+7.45 % YoY)
• EBITDA margins came in at 26% (Vs 22% QoQ) (Vs 18% YoY)

Capacity & Capex:
• 55% M/s in Seamless pipes, 18% in API certified ERW.
• Telangana facility for seamless has 200,000 tonnes capacity but only 100,000 active. Finishing facilities being installed which will activate remainder 100,000 tonnes. Land bought at Telangana Unit, machinery ordered and placing of equipment will take place. Completion expected by Dec 2024.
• Total capex till FY26 planned at INR 8.52 Bn which has revenue potential of INR 19 Bn. Additional INR 5.5 Bn required for WC. Entire capex will be funded through internal accruals

Business Highlights:
• Volumes for Seamless stood at 107 T (Vs 105 T QoQ) (Vs 99 T YoY)
• Volumes for ERW stood at 28 T (Vs 28 T QoQ) (Vs 24 T YoY)
• Margins have been good so far for seamless (has ranged between 9k-30k per tonne). Going ahead, company feels EBITDA per tonne of 20,000 will be sustainable for seamless segment. This will be due to softening of prices and delayed RM booking on back of orders. Company does back to back RM booking on orders but not 100%. 9MFY24 EBITDA per tonne stood at 27,137 (Q4 will maintain same).
• Exports are at 10% of sales, exports have not picked up strongly. Company can increase exports by sacrificing margins but instead domestic is doing good.
• Other expenses were higher earlier due to high admin costs. This has reduced now.
• 9M seamless utilisation is down, margin profile up because RM was falling during orderbooking. Since 100% RM back to back booking not done, company was able to earn better margins.
• New rig rate will happen at 80,000 dollars
• Company plans to target exports with new Telangana unit

Orders:
• Total orderbook stood at INR 15.63 Bn (1/3rd from ONGC and OIL). 3-4 months worth OB
• ONGC has made significant natural gas discoveries in the Mahanadi basin. New oil blocks ‘Amrit’ and ‘Moonga’ have also been recently discovered in Mumbai offshore.
• Seamless pipes OB replenishing constantly
• For past 3-3.5 years, ONGC is placing small orders for short duration. Company is 1 out of 3 competitors in the industry.
• Fresh tenders for drill pipes are expected in FY25 as domestic market size is 10,000 mt.

•Subsea Sour Service Seamless Pipes order dispatched, Market size of 35,000 tonnes. Penetrated export markets for the product and active lookout for other regions as well
•Cylinder Pipes have been approved with all major CNG cylinder manufacturers
•Large tenders for ERW pipes have been floated by BPCL, GAIL, IGL and Assam Gas for O&G applications. More tenders are expected for Gurdaspur-Srinagar pipeline, Tinsukia-Doom Dooma pipeline and CGD projects in 10th & 11th rounds in majority of states.
•Significant contract from IOCL has been received recently

Other KTAs:

- EBITDA per tonne for Seamless stood at 30,471 (Vs 27,495 QoQ) (Vs 20,294 YoY)
- EBITDA per tonne for ERW stood at 6,381 (Vs 5,821 QoQ) (Vs 9,821 YoY)
- Net debt stood at IRN 14.8 Bn

Outlook: OE has reduced QoQ and YoY due to reduction in admin expenses (positive). The EBITDA per tonne guidance for seamless is discouraging (20,000 per tonne). IOCL and ONGC are giving out tenders monthly, company doesn’t see impact from elections. Promoters intend to increase stake to 75% but timeline has not been given. Company wants to evaluate acquisition plans but no plans on table yet. Company plans to target exports with new Telangana unit. At CMP, company trades at 10.2x TTM EV/EBITDA

Venus Pipes Q3FY24 Concall Highlights
CMP: INR 1,487 | Market Cap: INR 30.2 Bn | Promoter: 48.68%

Performance (Consol)
- Revenues came in at INR 2.07 Bn (+8.2% QoQ) (+52.2% YoY)
- EBITDA margins came in at 18.9% (Vs 18.2% QoQ) (Vs 12.9% YoY)

Key Highlights for the quarter:
- Volumes for seamless grew by 100%+, welded grew by 50%+ YoY
- Exports made up 17% of the total revenues at INR 352 Mn Vs INR 14 Mn YoY
- In Q1FY24, the company announced a 4800 tpa capex for seamless pipes out of which 2400 tpa capacity became operational in Q3FY24, with the remaining 2400 tpa set to commence operations in Q4FY24
- The current Order book stands at INR 2.3bn and exports constitutes 20% of the order book. Made to order products constitute >80% of OB. Main clientele is Europe
- Capacity utilisation for Seamless stood at 80% and Welded 55-60%
- Welded pipes saw sequential improvement in utilisation
- WC days for the quarter stood at 100-110 days.
- Debt stood at INR 1.55 Bn as on 31st Dec 2023.
- Management aims to reduce sales through stockists from 27 to 20% (stockists sales fetches 2-4% lower margins)
- Margin difference between Exports and Domestic sales is 3-5%.
- New capacities to be utilised for toward direct sales and Exports. Export sales guidance for 20% of total sales once capex is completed.
- EBITDA per tonne target for seamless pipes at INR 60-63/kg and for Welded at around INR 37-38/kg.

Hi-Tech Pipes Ltd. – Q3FY24 Concall KTAs
CMP INR 147 | Market Cap INR 20.11 bn

Industry outlook:
 Investment of INR 1,100 bn expected in the development of world class infrastructure under the Vikshit Bharat vision.
 Steel consumption is expected to reach 250mn tonnes by 2030.

Financial Highlights:
 Revenue stood at INR 6,301mn (+10.68% YoY, -15.53% QoQ) with sales volume increasing to 98,743 tonnes (+8% YoY) despite steel prices decline.
 EBITDA increased to INR 315.7mn (+13% YoY)
 PAT was recorded at INR 143.3mn (+10.1% YoY)
 EBITDA/tonne for colour coated sheets and coils is around INR 4,000, Revenue/tonne at INR 75,000.
 EBITDA/tonne for Value added products is around INR 4,000 against the overall EBITDA/tonne of INR 3,200 for all products.

Operational highlights:
 Inventory loss for Q3FY24 was around INR 300/tonne.
 Working Capital days as of Q3FY24 is 48. The target is to bring it down to 30-35 days.
 The Sanand Unit – II (Phase – I) project is almost done with testing and getting ready for actual production. They expect to start selling commercially from Q4FY24.
 The company has a current order book value in excess of 25,000 tonnes, which they are expected to fulfil by March end.

Guidance:
 The management has given guidance of reaching INR 2,500mn EBITDA by FY26, on the back of increasing volumes and increased EBITDA/tonne.
 The management expects to achieve sales volume of 4 lakh tonnes by end of FY24 and clock INR 4,000 EBITDA/tonne.
 The company has a vision to achieve installed capacity of 1mn tonnes by end of 2025.
 Capex for FY25 is estimated at INR 1bn.
 A net jump of 20-25% is expected in volumes in FY25.
 Capacity utilization will reach 70% by FY26.
 The company has been constantly increasing the proportion of its value-added products, with a target of 50% contribution in Revenue by FY26. All the upcoming capacity expansion will be focused on producing Value-Added products.

Outlook:
Hi-Tech Pipes Ltd. had positive YoY growth but reported negative margins on QoQ basis. The company has contributed in many recent government projects in this quarter. With steel prices expected to stabilize by end of January, re stocking by dealers, upcoming new greenfield capacity, big order book value, the company is confident to achieve best Quarter performance in Q4FY24. However, INR 4,000 EBITDA/tonne looks difficult to achieve in H2FY24, as guided in Q2FY24. At CMP, company 24.1x TTM EV/EBITDA.

Hindustan Zinc Ltd Q3FY24 Concall KTAs
CMP: INR 315 Mcap: INR 1332.68 Bn

Key Drivers:
 Looking ahead, the outlook for zinc suggests an anticipated increase in usage in India, Mexico, China, and Vietnam, driven by infrastructure focus, while demand in Europe and the USA is expected to remain steady.
 Despite global production challenges, there was still a surplus of refined zinc in LME warehouses due to insufficient demand, especially in Europe.
 The global silver market faced deficits for the third consecutive year in 2023, and given current macroeconomic conditions, a positive outlook is anticipated for silver prices.

Financial Highlights:
 Total revenue grew by 8% QoQ and -7% YoY to 73.10 bn. Decline was on account of significantly lower zinc prices, lower zinc volumes and strategic hedging impact in base period partly offset by increased silver & lead volumes and prices and favorable exchange rates
 EBITDA stood at 35.59 bn +14% QoQ and -4% QoQ, With EBITDA Margin of 48%, in line with the revenue from operations and cost improvement.
 PAT stood at 20.28 bn +17% QoQ and -6% QoQ, With PAT Margin of 28%, partly offset by higher tax expense.

Key Highlights:
 The company achieved five consecutive quarters with zero fatalities, thanks to its unwavering focus on safety, dedicated employees, and consistent investment in safety measures and technology.
 In their ongoing commitment to decarbonization, strategic partnerships have been formed for integrating electric and LNG vehicles into operations, advancing them towards net-zero and greenhouse gas emission targets.
 Zinc prices showed a marginal improvement in the quarter, influenced by factors such as the strengthening US dollar and events like the suspension of Lister's mid Tennessee mine and a fire at the upcoming mine. Prices briefly surpassed $2,600 per ton before averaging $2,500 per ton in December.
 Lead prices are expected to remain reasonably supported by healthy demand driven by automotive industry and relatively tight supply due to recent suspensions.
 Silver prices averaged $23.2 per troy ounce, down 2% sequentially but up 10% YoY. In India, industrial silver consumption is expected to increase due to technological advancements like EVs and 5G.
 In discussing operational performance, it was highlighted that the company had achieved its highest-ever nine-month mine metal and silver production.
 The emphasis on maximizing silver production during the quarter in response to higher prices led to the attainment of the highest Q3 silver production at 197 tons, reflecting a 9% sequential increase and a 22% YoY increase.
 The company maintains an industry-leading five-star production CAGR, including 4.5% in mine metal, 4.3% in refined metal, and 3.9% in silver.
 Companies ultimate goal is to comfortably attain 800 tons of silver when reaching a metal production level of 1.2 million tons.

Outlook: Company Will be able to achieve its guidance numbers, as they will maximize Q4, with the mode of operation they have selected in silver mine metals and finished metals. Silver will be better than guidance.

Orient Bell Q3FY24 Concall KTAs
CMP: INR 398 | Market Cap: INR 5.78 Bn | Promoter: 64.97%
Rating: Assign BUY | Target: INR 579 (25x FY26EEPS)

(Arihant Capital)

Demand Outlook:

- The overall demand outlook has been challenging, ceramic demand has been falling off rapidly and been overtaken by vitrified tile demand simultaneously.
- Weak ceramic sales has dragged profitability this quarter. Higher inquiry for vitrified tiles coming in
- Export market has weakened as freight costs are high. This is leading to higher domestic sell off.
- More than 50% Morbi units closed off due to weak exports caused by higher freight
- Lot of export has halted/postponed due to high freight cost. Export oriented capacities are dumping domestically
- Company lost market share in H1 but is competitive now

Capacity:

- Company reached 50% vitrified sales in Q3 with GVT volumes at 30%.
- Overall capacity, company has 23 MSM of ceramic tiles and 14 MSM of vitrified tiles capacity
- Capacity Utilisation at 63%, Dora line capacity utilization not mentioned separately

New ad campaign:

- 7.1% of sales spent in ad spends this quarter, mainly for new TV ad campaign
- New ad campaign being displayed in 9 languages (5 of which are southern languages)
- Aim to penetrate the southern markets with new vitrified product line
- Ad spends will go on till FY24, target to signify brand equity in southern markets
- Ad spends will be 3.5-5% of topline for next 15 months

RM Cost:

- Gas prices for the quarter were close to INR 50. No significant movement in January.
- Gas cost has come down QoQ and YoY
- Propane cost in Morbi at INR 45-47

Other KTAs:

- WC management still intact at 26 days, headroom still available
- Additional debt of INR 160 Mn taken to stabilize Dora plant, long term debt.
- Debt is anticipated to increase further.
- Company has faced high attrition this year
- Own volumes at 3.93 msm (Vs 3.86 QoQ) (Vs 4.3 YoY)
- Trading volumes at 1.85 msm (Vs 1.86 QoQ) (Vs 1.88 YoY)
- GVT 30% of total volumes, Vitrified tiles 50.6%

Investment Rationale:

• We like Orient Bell for a number of reasons, primarily it is a niche player in tiles segment which will be a key beneficiary of the Real Estate story which has started to play out. Several Real Estate companies have reported strong presales with several projects still under commissioning.

• The adjacent sectors like building materials, pipes, ply, sanitaryware, houseware have also started displaying improvement in performance. This leads us to believe that tiles segment will witness a similar reversal in coming quarters.

• Over the past few quarters, Orient Bell has readied itself with capacities to serve the demand whenever it recovers. The current GVT salience has reached 30% and the total capacity for Vitrified tiles is 37.8%. The current capacity utilization is only 63% which gives ample headroom to grow.

• At the current juncture, Orient Bell has improved on contribution margins even with lack of volume pick up. In Q3FY24, company delivered 36.17% contribution margins (Vs 33.44% QoQ) (Vs 34.21% YoY). This is on back of maintaining WC days at 26 for 9MFY24. This gives us comfort that with pick up in volumes, the contribution margins will improve further (due to economies of scale). Moreover, the company aims to focus on FCFF generation (which has been negative in FY24 due to weak volumes and high capex) which is expected to strongly pick up in FY25.

• The managerial background brings expertise from different sectors where the management has previously implemented initiatives which can be implemented at Orient Bell. Moreover, the impact of rich cumulative experience will help Orient Bell to identify and weigh the options for future growth/cost saving strategies.

• For example, the gas & fuel cost is one of the major inputs in tile manufacturing. To reduce the impact of volatility in gas prices, company tied up long term contracts with suppliers at lag pricing methodology. Through this, company safeguards its profits from volatility in gas pricing. Orient Bell was the first player in the industry to implement this.

Outlook:

The management believes they can reach the peak capacity utilization next year (85-90%). There is no more capex on cards, only maintenance and upgrading capex if needed. Company further evaluating entities for associates/JVs going ahead to add capacities as and when needed. For the above reasons, we are positive on Orient Bell. We assign BUY rating to the stock and arrive at target price of INR 579 (25x FY26EEPS). We believe the current performance is at an inflection points and that the company will deliver strong numbers from hereon. We are working on a detailed note.

Apcotex Industries – Q3FY24 Concall KTAs
CMP: INR 486 | Market Cap: INR 25.19 Bn

Financials

•Operating revenue grew by 10% YoY to 2570 Mn but declined by 8% QoQ.
•EBITDA for Q3 FY24 declined by 17% YoY due to lower margins in NBR, XNB and Paper.
•Quarterly volume grew by 21% YoY, but declined by 8% QoQ mainly due to NBR & HSR.
•Net profit after tax stood at 111 mn, decreased by 46% year on year due to increased depreciation and interest costs from new expansion projects.
•PAT Margins decrease by 439bps YoY To 4.32 % and by 116 bps QoQ.
• In recent years, the company has built a strong foundation in Research & Development, enabling it to effectively compete with global players.

Nitrile Latex

•Nitrile latex has been challenging, with capacity utilization at 25% in the first half and a slight increase to 30% in Q3.
•Q4 is anticipated to reach 35-40% utilization, with positive signs in January.

Volume

•HSR, a small part of the business, experienced a slight volume decline, not a major concern.
•NBR faced a significant volume decline due to increased imports, leading to a supply-demand mismatch in India, China, and globally.
• Other segments of the business, including styrene, butyl latex, styrene acrylic latex, VP latex, and HSR, have shown steady performance.

Paper segment

•Company strategy focused on pushing volumes across all segments, including paper, resulting in 26% growth in volume for the first nine months.
•The decrease in EBITDA is linked to margin challenges in the paper segment rather than issues related to volume.

Depreciation

•Investments exceeding 200 crores were capitalized in March and April of the current fiscal year
•Consequently, the depreciation associated with these projects has impacted the Profit and Loss Statement for the fiscal year 23-24.

Net debt

•The company holds approximately 125 crores in long-term debt, acquired for various projects.
•Currently, there are investments amounting to around 110 crores.
•The net debt is approximately 70 crores, including both working capital and term loan.

Exports

The company has experienced significant growth in nitrile latex exports to various Asian countries, including China, while carpet exports have prominent in Saudi Arabia, Egypt, and the UAE.
The company has developed the Turkish market, achieving commendable results. However, the current challenges related to the Red Sea issue have impacted freight operations, posing a setback in this market.

Outlook

The company anticipates ongoing growth in operating income, primarily fueled by volume increases, yet faces margin pressure due to rising input costs. The company focuses on enhanced utilization, increased volume, and improved profitability by the fourth quarter. In general, the company is well-positioned for expansion in its crucial nitrile latex business.

Kajaria Ceramics Q3FY24 Concall KTAs
CMP: INR 1,384 | Market Cap: INR 220 Bn | Promoter: 47.49%

[Arihant Capital]

Performance (Consol)
- Revenues came in at INR 11.52 Bn (+2.67% QoQ) (+5.6% YoY)
- EBITDA margins came in at 15.52% (Vs 16.02% QoQ) (Vs 12.2% YoY)

Key Highlights of the call:
- Sales volumes came in at 27.09 MSM (Vs 25.45 MSM YoY)
- WC days stood at 59 (Vs 59 in FY23)
- Tile Adhesive is a fast growing sector, Kajaria started last year. FY24 topline expected at INR 500 Mn, FY25 at INR 800 Mn and INR 2 Bn in 2-3 years
- Gas price during quarter, average of INR 39, North plant at 41, South at INR 42, West at 34. No changes till date from these prices.
- Past 2 months, gas prices have not changed. Usage of biofuel and coal at 25% of total requirement, 75% from gas.
- Exports in industry has fallen but it doesn't mean that the sales are happening domestically. Nov, Dec, Jan saw INR 13 Bn per month exports (industry)
- Of total sales 20% from metro cities, 30% from T1, 30% from T2, 15% from T3 and 5% from T4
- RE sales to have impact in FY25, all adjacent sectors to do good.
- January month was tough, quarter to also be tough. 7% volume growth can happen
- Industry growth is flat. Realisations have come down 2-3% but in reality it is just the benefit which is passed on to distributor
- Ad spends to be more than 3% going forward.
- Demand to take place beyond just RE. demand to come from hospitals, education facilities, airports, railways etc.
- Freight of $600 in Dec is now charging $ 4,000. Transit time also increased from 20 to 40 days
- Bathware segment EBITDA currently 8%, will end FY24 with 9-10%

Capex & Acquisitions:
- Total capex for FY24 at INR 3.7 Bn (excluding INR 500 Mn of GVT and 300 Mn of land)
- Company acquired 51% stake in plywood company based in North India. FY23 revenues were INR 700 Mn, FY24 to be INR 1 Bn and FY25 to be INR 1.5 Bn. Acquisition was done to smoothen quality and supply issues. Capacity of 1.2 SQM. Ply will breakeven in FY26. No plans for MDF or any other product.
- To complete acquisition of Kerovit Global (sanitaryware facility) by investing INR 800 Mn. Capacity of 600,000 pieces p.a.
- Plant set up in JV in Nepal at INR 1.82 Bn, capacity of 5.1 MSM. Delayed to June 2024 due to rains
- Acquiring 90% in GVT facility in Morbi (at cost of INR 500 Mn) with capacity of 6 MSM. This will help in getting better volumes rather than expanding in own facility. Will start reflecting in numbers post April
- INR 300 Mn to be spent to purchase land in Morbi to set up large format tile plant. 15-18 months to lay plant. Plant will be used for export and domestic both. Capacity and other details will be finalised in 3-4 months
- Recently two exclusive dealers of Kajaria set up shop (1 in T3 and 1 in T4). Both of 50,000 and 70,000 sqft size, showing demand perseverance.
- Institutional sales have improved and will improve more going ahead.

Outlook:

Recent upturn in real estate cycle to have a positive rub-off effect on tile demand in FY25. Considering the optimism in the real estate sector, company is optimistic about the demand outlook for the tile industry. Management has given guidance to grow 5-6% more than the industry (in volume terms). FY24 margins to be between 14-16% and FY25 to be 15-17%. January month was tough, quarter to also be tough. 7% volume growth can happen. At CMP, company trades 31x TTM EV/EBITDA

Carysil Q3FY24 Concall KTAs
CMP: 882 | Market Cap: INR 23.8 Bn | Promoter: 43.84%

[Arihant Capital]

Performance (Consol)
- Revenues came in at INR 1.88 Bn (+14.9% QoQ) (+36.4% YoY)
- EBITDA margins came in at 18.73% (Vs 20.13% QoQ) (Vs 18.15% YoY)

Key Highlights from the call:
- Quartz sink volumes came in at 158,000 (Vs 104,000 YoY)
- Home improvement segment has seen strong growth, company has upgraded facilities and is moving up the value chain.
- 9 months capacity utilization at 70%, SS sinks capacity utilization for Q3 at 67%
- US and UK markets extremely strong. Inventory back to normal levels in Europe
- 90% of exports are FOB so minor impact of freight.
- Indian distributor network increased from 1500-3200 in 3 years
- India does not have organized market for fabrications business but now lots of international players want to enter. Company has done acquisitions internationally to enter regions
- Appliances division: Will be operational by March 2024, capacity of 100,000 pieces annually
- Sale to IDEA for SS sinks will start from Q4, orderbook is already present (good and healthy)
- ~20% sales are project sales, expanding B2B team from 5 to 15
- Adding brand ambassador and new models in Q1
- Currently have 35 galleries, aim to take to 50 by next year.
- Total of 3 acquisitions in UK market, company plans to open joint operations centre for streamlining business in UK.
- Other expenses and Employee cost high in subsidiaries due to hiring and skilling expenses.
- Capex of INR 100 Mn in Q4 in appliances which will have 5x Asset turn.
- Recently started distribution of wine chiller buckets in UK subsidiary
- Good demand from Germany for granite sink, orderbook looking strong.
- Aim to bring Tap factory business to India. Already received advance orders from top distributors for hot water tanks
- Net debt at INR 2.7 Bn

Large client:
- Signed deal with Howden for supply of Kitchen sink. Howden sells 10k sinks per week. No. 1 player in UK with 750 depots and 3.3 Bn pounts in revenues. First order has been booked (large order).
- Company may start 200,000 pieces capacity soon, more details in Q4.
- Howdens does 500,000 pieces per annum of which 25% is granite (125,000 pieces). They aim to source 100% from Carysil going ahead.
- Perpetual contract and sales in pounds. FOB basis sales so no issue of freight.

International entities:
- Dubai region has received positive responses
- Turkey operations yet to commence
- UAE entity sales started last quarter

United Granite
- Results include newly acquired operating subsidiary "United Granite LLC" USA (acquired on October 20, 2023)
- Currently has low margins but will impove in coming quarters. Fixed cost was present and Q3 is always seasonal.

Outlook: Company has no more acquisitions planned now. Quartz destocking done, US and UK demand good, possibility of restocking in 2 months. FY24 can do 600,000 units, Q4 can do 200,000 units. 18-21% margin guidance, United Granite will help to reach 1 Mn sinks volume slowly. India business can do topline of INR 2 Bn in 2 years time. Internal budget meeting in March where company will decide way to take revenues to 10 Bn. We have been positive on the company and continue to believe they will post a strong performance going ahead. At CMP, company trades 15.1x FY26EEPS

Somany Ceramics Q3FY24 Concall Highlights:
CMP: INR 737 | Market Cap: INR 31.28 Bn | Promoter: 55.01%

[Arihant Capital]

Performance (Consol)

- Revenues came in at INR 6.12 Bn (-6.53% QoQ) (-1.65% YoY)
- EBITDA margins came in at 9.64% (Vs 9.79% QoQ) (Vs 6.5% YoY)

Key Highlights of the quarter:

- Domestic demand remained sluggish, Capacity utilization dropped from 92% to 82% QoQ
- Costs are in control for now, the non performing JV started performing. Now all JVs contribute positively hence margins stable QoQ and up YoY. JV performance will improve from here.
- Ceramic, GVT, PVT mix stood at 36:34:30 respectively
- Bathware segment grew8%, fittings grew 16% and sanitaryware grew 3%
- Sanitaryware capacity utilization was 60%, faucet was 80%
- Inventory levels were flat, WC days were 10. Working capital is utilized in subsidiaries, no wc in standalone
- Working capital in subsidiaries to the tune of INR 1 Bn
- Gas prices for the quarter were at INR 44. North plant was 42, Morbi was 47, South plant was 54
- Demand tanked October onwards. Sanitaryware, bath fittings and all other building materials tanked barring pipes. Even Jaguar has been lagging in the quarter.
- Capex for FY25 will be INR 150-200 Mn for Nepal unit. Commercialisation will be in Q3. Remainder will be routine capex.
- INR 6 Bn capex done in last 24 months. Next round of capex will be after 12-18 months

Somany Max:

- Company commissioned Somany Max plant (large format tile) and started commercial production in Jan.
- Launched in Mumbai and Delhi. Launched 15mm tile, will soon launch 9 mm tile as well. Branding 15 mm ceramic tile as cover stone.
- Demand preview for 15mm slab not very good because it is more of a commodity product in front of the 9mm tile. 9 mm tile will be launched in in 2 months. It was a commercial decision to launch 15 mm tile first orelse it wouldn't receive traction.

Other Highlights:

- Other operating income includes Adhesives and geysers. Company will introduce it as construction chemicals business once sizeable.
- Ad spends have gone up, ad spend mainly to the south region. Ad spends of 2.75% of sales
- Net distribution addition for FY24 would be 300
- Debt in JV stood at INR 3.24 Bn (no guarantee of Somany Ceramics). South plant has INR 1.4 Bn debt and Somany Max has INR 800 Mn
- Company to receive INR 46 Mn from SREI bonds, total investment was INR 184.4 Mn. Out of 46 Mn, company has already received INR13 Mn
- Total exports under 3% of total sales. Total industry will do roughly INR 220-230 Bn exports this year
- Morbi realisations have been going down. They are not able to pass on price increases. Current gas cost at Morbi at INR 47 and expect it to remain at same level. Morbi is under 70% capacity utilization.
- Net debt stood at INR 1.72 Bn

Outlook: Growth of INR 5-7% for Q4, margins of 10% for Q4. For Fy25, guidance of 5-6% higher growth compared to industry. Margin guidance of 10%. Company expects 90% plus utilization in FY25. Guidance for bathware of 12-16% in FY25 because of high competition. January month growth was low single digit, demand still sluggish, expect feb and march to be mid single digit growth but later FY25 should have 90%+ capacity utilization. At CMP, company trades 14x TTM EV/EBITDA

Hospitality & Travel

Chalet Hotels Ltd – Q3FY24 Concall KTAs

CMP: INR 762 | Market Cap: INR 156.53 Bn

Financials

• Recorded Revenue at Rs 3.8 bn an 18% increase YoY and 19% QoQ.

• Hospitality segment revenue was Rs. 3.4 billion. EBITDA grew 46% YoY and 35% QoQ to Rs. 1.6 billion.

• The occupancy for the quarter was at 71%, an expansion of 600 bps YoY and declined by 200bps QoQ.

• Consolidated EBITDA rose 44% YoY to Rs. 1.7 billion.

• PAT (profit after tax) for the quarter stood at INR 0.7 million.

• RevPAR (revenue per available room) for the portfolio grew 18% to Rs. 7838.

• Employee costs remained steady at 12% of revenue, and utilities as a percentage of revenue decreased by 80 basis points to 4.8% for the quarter.

• On the ESG front, The Western Hyderabad High Tech City has achieved USGBC LEED Gold certification.

Capex

• The company invested approximately 300 billion in capex, with a significant portion sourced from internal accruals.

• New capex plan of around 8 billion for the next 15 months, largely funded through internal accruals.

Leasing Updates

• Leasing activities have picked up pace in the area of Powai, The company has signed it's first tenant for a floor there and are expecting the closure of two more floors in the near future.

• The company is also in touch with potential tenants for the lease of the remaining spaces in bangalore as well as powai.

• The company is optimistic about it's ability to lease around 6.5 lakh sq feet of it's commercial spaces in bangalore by the end of the next financial year and earn rentals from the same.

Key Highlights

• Renovation and inventory additions at Deeps Retreat and The Marriott Bangalore are progressing according to schedule.

• Construction has commenced at the new Taj New Delhi airport hotel.

• Work on the Hyatt Regency Neroli is scheduled to begin in the next quarter, pending receipt of revised construction approvals.

• The residential project at Rahesa Vivadia in Koramazla, Bangalore, is experiencing very promising sales velocity.

Outlook

Overall, the company is optimistic, with a strategic emphasis on maximizing existing assets, growing rental income, expanding current hotels, and pursuing new projects in a cost-effective manner. The positive trends in the hospitality industry persist both on a global scale and within India, creating a favorable environment.

EIH Ltd Q3FY24 Concall KTAs
CMP INR 425 |Market Cap INR 266 Bn

Financials
•Consolidated Revenue reached INR 7.69 Bn, showing a 27.6% YoY growth.
•EBITDA for Q3FY24 stood at INR 3.53 Bn, 56.3% growth YoY.
•PAT for Q3FY24 stood at INR 2.29 Bn as compare to INR 1.51 Bn in Q3FY23 up by 54.6 % YoY.
•Standalone PAT stood at 1.86 Bn up by 79.8% YoY.

Market and Industry
•The GDP is expected to grow between 6.5% to 7% over the next three years.
•Observed substantial growth across various business segments.
•Highest growth seen in metro cities, with Oberoi Metro and Trident Metro experiencing a 27% and 29% increase YoY.
•Oberoi leisure witnessed an 18% increase.

RevPAR and ARR
•The RevPAR growth at Oberoi and Trident Hotels has consistently outpaced industry averages.
•RevPAR increased by 27% for EIH-owned hotels and by 23% for domestically owned and managed hotels YoY.
•ARR remained strong in October, November, and December, with slight 1% decrease in occupancy in November.
•Average room rate increased to nearly INR 20,000 from INR16,737 in Q3FY23.

Expansion and New Hotels
•The company plans to open three new hotels, including a Trident hotel in Tirupati, with 125 keys, with expansion plans based on demand.
•Another Trident hotel with a similar capacity is being established near the new airport. Additionally, an Oberoi leisure hotel with 25 keys.

Other Highlights
•Agra experienced a notable rebound with a 39% RevPAR growth due to the return of foreign tourists.
•Shimla and Chandigarh were affected by adverse environmental conditions, while international locations faced a slight RevPAR decrease due to the impact of the Gaza conflict.
•The aim is to position Oberoi or Trident Hotels as the preferred choice for family events like weddings or celebrations, emphasizing the creation of lifetime experiences.
•Margins in overall leisure hotels are significantly higher despite lower seasonal occupancies.
•Compared to Oberoi City and Trident City hotels, leisure hotels command a premium, supporting margin expansion.
•Cost-saving measures- have implemented solar power in multiple hotels.

Outlook
The company is laying more focus on expansions in key strategic locations, aiming to enhance customer loyalty and thereby driving higher room rates with Interior renovations and maintaining quality standards of service thereby showcasing a optimistic outlook

Samhi Hotels Ltd Q3FY24 Concall KTAs
CMP INR 188 | Market Cap INR 41.10 bn

Financials

- Asset income stood at INR 2,692 Mn in Q3FY24 an increase of 40.5% YoY.
- Asset EBITDA stood at INR 1084 for Q3FY24 up by 49.9% YoY, with margin of 40.3%.
- PBT reported a loss of INR 828 Mn for Q3FY24, which had an impairment in the value of land and related assets in Navi Mumbai owned by its subsidiary Duet Navi Mumbai amounting to 768 Mn.
- PBT prior to exception item reported a loss of 60 million as against a loss of 812 Mn for the last year.
- The company is close to breaking even at the PBT level and expects to turn profitable soon.
- RevPAR at INR 4,248 up 20.3% on a YoY.
- Cost of debt reduced to 10.2% versus 13% prior to the IPO.

Inventory

- Current operating inventory: 4800 rooms, targeting an increase to 5400 rooms by FY 27.
- Hyatt Regency Pune currently having inventory of 301 room, plans to expand to nearly 330 rooms.

Occupancy

- Weekday occupancies in the company's portfolio remained high, ranging from 72% to 81%.
- Weekends occupancies ranges around mid to high 60s level, anticipating improvement with increased discretionary spending and domestic travel.

Growth Strategy

- Prioritizes assets that generate near-term income, focusing on ready buildings or hotels for conversion or completion rather than land development.
- The current pipeline of opportunities, concentrated in the top seven or eight cities, aligns with these strategic criteria.

Key highlights

- RevPAR growth for Q3 FY24 varied across segments with Upper Upscale & Upscale at 28%, Upper Mid-scale at 12%, and Mid-scale at 18%

- Company is focus on key markets with strong office and aviation demand.

Outlook

The company anticipates ongoing margin improvement through the stabilization and integration of the ACIC portfolio, coupled with the completion of renovations at certain hotels. Industry is well positioned for double-digit RevPAR growth over the next two to three years. The company seems confident of continuing on this growth trajectory and improving profitability and cash flows further.

Dream folks Services Ltd – Q3FY24 Concall KTAs
CMP: INR 547 | Market Cap: INR 29,029 Mn

Double-digit revenue growth is anticipated, supported by a 15-16% CAGR in air traffic over 4-5 years. The focus is on maintaining existing margins while improving margins with new services.

Financial performance:
* Revenue for Q3FY24 stood at INR 3,051 Mn up by 49.5% YoY and 8.0 % QoQ
* EBITDA for Q3FY24 stood at INR 280 Mn up by 5.0% YoY and 13.0% QoQ
* PAT for Q3FY24 stood at INR 200 Mn up by 5.5% YoY and 13.4 % QoQ
* Employee expenses is increased during Q3FY24 due to ESOP expenses and service lines expansion for future growth.

Geographical expansion:
* The company is present in more than 1,500 touch points across 100 plus countries.
* The comany currently hold a market share of around 90% in domestic lounge access and provide complete lounge coverage across all Indian airports.
* During Q3FY24, in terms of global expansion, the company has signed an agreement with Grey wall, one of Russia's leading lounge operators.
* The emerging proprietary technology platform will facilitate seamless access to approximately 100 lounges strategically situated in the three airports and railway stations throughout Russia.
* They have also expanded their presence in railway lounges by partnering with new railway lounges in Chennai and Old Delhi. They continue to maintain 100% coverage in railway lounges across India as well.

New Clientele and Partnerships:
* There was an addition of innovative fintech firms such as Fi Money to its clientele and an e-commerce company allowing the new clients to benefit from a diverse range of lounge and non-lounge services.
* Customers can now access health check-ups across India, emphasizing the importance of prioritizing health and well-being.
* The company introduced the Dream Folks Club offering a range of membership packages designed to cater to different budget ranges.
* A new service strategy enables customers to send flowers, cakes, platters, and more to their friends and family.
* The Visa doorstep program and golf club is also in process, and soon the company will start the program for Visa doorstep for a few banks.

Dream Folks Club membership program:
* During Q3FY24, the company introduced the Dream Folks Club as part of its innovative product strategy.
* The Dream Folks Club offers a range of membership packages designed to cater to different budget ranges.
* The primary goal is to provide luxury and comfort to its members in their travel experiences. regardless of the budget range.
* For individuals desiring a luxurious travel experience, the Dream Folks Club offers exclusive benefits and services.

Technology platform and compliance standards:
* The company has integrated new offerings like eSIM, health checkups, total services, and grooming services to enhance the benefits.
* They company’s technology platform is now compliant with the payment card industry data security standards, which is PCI DSS for the first time.

Product Pricing and Strategy:
* The card pricing ranges from INR 6,999-INR 1 lakh, offering a spread of benefits across four variants.
* The goal is to use these offerings as templates or starting points for both consumers and enterprises.
* Targeting consumers who prefer not to have credit or debit cards, while also focusing on B2B clients for broader adoption.

Revenue Model and Business Focus:
* The company's strategic shift towards a B2B to B2C model aims to strengthen the company's B2B operations,
* As for the revenue model, the company intends to acquire customers directly and offer them services previously provided to bank clients. This shift may impact revenue generation, as banks currently cover the costs of these services for their own customers.
* The company anticipates a positive impact on margins as it expects contemporary services, currently sponsored by banks for their customers, to be sponsored by enterprises in the future.

Outlook:

The company anticipates revenue growth of more than 40% YoY and gross margin in the range of 11-13% for FY24. They also anticipates that the introduction of additional services with higher profit margins will enhance overall profitability. For FY24, the top line performance is expected to be around INR 11,000 Mn. Expansion plans focus on international markets a mix of OPEX as well as CAPEX. In Golf club services there are clients onboarded other are in pipeline and the company anticipates that customers will be onboarding in Q4FY24 as well. The company aims for a 20% top line revenue contribution in next 4-5 years in non-bank card and other added services.

Lemon Tree Ltd Q3FY24 Concall KTAs
CMP: INR 138 | Market Cap: INR 1,09,448 Mn

The company is confident about increasing average rates and occupancy post-renovation. Overall, company-wide occupancies are expected to surpass 73% when Aurika is fully operational. Stabilized cost structure positions the company to benefit from operating leverage, aiming for 70-75% flow through to the bottom line. The company aims to become debt-free over the next four years.

Financial highlights
- Total revenue stood at INR 2,887 Mn, up by 24% YoY and 26.4% QoQ.
- Net EBITDA margin (including other income) stood at 48.8%, decreasing by 547 bps YoY but increasing by 325 bps QoQ. Factors impacting EBITDA margin included planned increase in payroll and renovation expenses, as well as the impact of Aurika Mumbai Sky City, which opened recently.
- Gross ARR stood at INR 6,333 increased by 10.4% YoY and 20% QoQ.
- RevPAR stood at INR 4,176, up by 7.7% YoY and 10.6% QoQ.

Expansion and Contracts
- The company has signed nine new management and franchise contracts adding 621 rooms to the pipeline.
- It has operationalized six hotels, adding 967 rooms to the portfolio.
- The operational inventory comprised 100 hotels with 9,687 rooms, with a pipeline of 55 hotels and 3,746 rooms in Q3.

Impact of Aurika Mumbai Sky City
- The strategy for Aurika Mumbai is to build demand across all segments, with a focus on limiting crew rooms to 15% of inventory, corporate rooms to 150 (including meetings, incentives, conferences), and retail rooms to 200-250.
- To cover costs in Q3FY24 and Q4FY24, the hotel has leveraged a large crew base, primarily from airlines, to generate revenue.
- For Q4FY24, the hotel has secured a significant conference booking, likely Miss World, providing visibility and adding to occupancy.

Renovation
- Around 300 rooms are currently shut for renovation across various hotels.
- The aim is to renovate most of the Keys portfolio, parts of Lemon tree Premier Delhi and Hyderabad, Red Fox Delhi and Hyderabad, along with other hotels across India by end of FY25 and will continue into the following year as well.
- A new 100-room horeca hotel is planned to be launched in Naldehra, Shimla, within the next 12-15 months.

Debt: Debt by EBITDA ratio is expected to be roughly 3.7 for FY24. Aiming to achieve a debt-to-EBITDA ratio of under 2.5 by FY25 and around 1.5 by FY26. Q4FY24 debt to be at INR 19,500 Mn. The sequential increase in finance costs, reaching around INR 530 Mn, is due to the debt peaking in Q4, primarily due to the completion of Aurika Bombay.

Capex: Around INR 400 Mn will be spent on renovation in FY24, with about INR 300 Mn in OPEX and INR 100 Mn in capex.

ARR: The strategy involves increasing average rates and occupancy post-renovation, particularly targeting the Keys portfolio. Red Fox hotels are expected to witness an annual increase in average room rate by 8%-12%.

Fleur hotel: Lemon tree earns management fees from Fleur Hotel, expected to be INR 1,000 Mn for FY24. Once Aurika Mumbai and other properties pick up, fee hikes are expected.

Occupancy: Current occupancy levels vary across different cities, with plans to improve occupancy rates in Bangalore and Pune. Targeting Gurgaon mid-70% occupancy, Hyderabad near 80%, Mumbai exceeds 80% (excluding Aurika), rest of India has local market-dependent occupancy; national outlook aims for 70% indicating industry growth.

Lease cost for Aurika Mumbai: The annual lease cost for Aurika is currently INR 30 Mn but is structured to escalate over time. Initially, lower fees were agreed upon to manage cash flow, gradually increasing as the hotel stabilizes. The NPV of these fees over the next 30 years is approximately INR 500 Mn. Aurika Mumbai's performance, especially in Andheri, has outperformed the market, achieving an ARR of INR 9,152 at 82% occupancy.

Outlook: Planned expenditure for FY25 includes INR 1000 Mn and INR 400-500 Mn in FY26. Anticipated repricing opportunities from October of the current year onwards Expectation of mid-teens RevPar growth over the next few years, with potential growth in occupancy and average room rate (ARR).

Easy Trip Planners Ltd – Q3FY24 Concall KTA's
CMP: INR 51 | Market Cap: INR 90,091 Mn

The company is venturing into hospitality, with board approval to open a five-star hotel near the Ram Temple in Ayodhya. The company plans to invest up to INR 1000 Mn in Jeewani Hospitality Private Limited, representing 50% of the aggregate share capital, through a preferential swap of the company equity shares

Financial
• Revenue stood at INR 1,608 Mn in Q3FY24 against INR 1,362 in Q3FY23 (growth of 18% YoY) and INR 1,417 in Q2FY24 (growth of 13% QoQ).
• EBITDA at INR 654 Mn in Q3FY24 against INR 589 Mn in Q3FY23 (growth of 11% YoY) and at INR 676 Mn in Q2FY24 (degrowth of 3% QoQ)
• PAT stood at INR 457 Mn in Q3FY24 against INR 417 Mn in Q3FY23 (growth of 10% YoY) and at INR 470 Mn for Q2FY24 (degrowth of 3% QoQ).
• Negative cash flow primarily due to increased deposits in P&L for substantial business growth.
• Service cost and employee expenses increased due to the addition of three new subsidiaries.

Acquisition, Partnerships, and Launches
• The company acquired a 13% stake in Echo Hotels and Resorts.
• A memorandum of understanding with the government of Uttarakhand aims to enhance the state's global appeal as a tourist destination.
• Introduced initiatives like EasyDarshan for curated pilgrimage packages and Explore Bharat.
• Launched an invite-based subscription program for high-net-worth individuals, offering exclusive benefits and plans.
• A partnership with Vodafone Idea to bring more convenience and offers to VI users.

Acquisitions Impact
• Three acquisitions in the last quarter have contributed to increased expenses, particularly in employee costs.
• One-time expenses related to acquisitions have affected profitability in the current quarter.
• Other expenses increased to about INR 300 Mn from Q2FY24 INR 200 Mn due to the acquisitions.

Expansion Plans
• The company will be focusing on growing air-tripping businesses globally and expanding services into areas like hotels, hallways, and other travel services.
• Actively exploring organic and inorganic growth opportunities within the domestic market.

Volume Reduction
Volumes across air and hotel segments decreased sequentially, attributed to a significant reduction in discounts (from 4% to 2%).

Discounts and GBR
• Discounts reduced from 4% to 2.2% in the current quarter.
• Despite reduced discounts, GBR remained stable, showcasing effective optimization.

Depreciation and Amortization Spike
• There was a sharp spike in depreciation and amortization expenses in the current quarter.
• The increase is attributed to an acquisition made during the quarter, leading to the recording of intangible assets on the balance sheet.
• The amortization of these assets is expected to be recurring over the useful life, estimated to be five years.

Other Expenses and B2B Business
• Other expenses increased in the current quarter, partly due to acquisitions and partly related to the B2B business.
• B2B business expenses are considered positive as they bring profitability and revenue.
• The company aims to grow the B2B business.

Guidance
Guidance of PBT of INR 2,500 Mn for FY24 might fall short by about INR 250-300 Mn due to unexpected expenses from recent acquisitions.

Outlook
The company focused on maximizing profitability, recording positive performance in core travel booking segments and other niche customer segments. Strong plans for Ayodhya to become a significant tourist destination and separate services for religious tourism due to unique requirements. Some of the other expenses may continue into the next quarter, affecting financial guidance. The management is committed to reaching the specified guidance but may need to revise it based on ongoing circumstances. The focus is on reducing discounts, maintaining or growing the Gross Booking Margin (GBM), and experimenting with charging conveniences. The management anticipates a change in financial performance in the upcoming quarters, with expectations of strong numbers.

KAMAT HOTELS (INDIA) LTD.|Concall KTA Q3FY24
CMP: INR 321|Market Cap: INR 7904 Mn

Achieved robust financial growth with revenue at INR 861.4 Mn, significant ARR enhancement through strategic developments, operational efficiency, and a positive outlook for future expansions

Financial Performance

- Q3FY24 Revenue: INR 861.4 Mn (2.8% YoY, 34.6% QoQ).
- EBITDA: INR 259.2 Mn (Decline of 22% YoY, Growth of 39.2% QoQ).
- PAT: INR 415.7 Mn (49.7% YoY Growth).
- EBITDA Margin: 30.1%.

Strategic Developments

- Initiated the development of a Five Star 120 Luxurious Rooms Hotel and Restaurant, enhancing ARR multi-fold, with a total project cost of INR 75 Crores.
- Inaugurated "The IRA by Orchid" in Aurangabad and the first property in Gujarat with "The Orchid Hotel" in Jamnagar.
- IRA Nashik showed ~35% ARR growth in the last 3 months.

Operational Performance

- Improvement in ARR across all properties QoQ and YoY.
- Marginal revenue from the newly launched properties in Jamnagar and Sambhaji Nagar in this quarter.

Cost Management

- Increase in employee cost due to salary revision, acquisitions, and additional hiring for new properties.
- Rise in other expenses attributed to lease rentals and operational costs for specific properties.

Exceptional Income

- Q3FY24 exceptional income of INR 325 Mn from the sale of fixed assets (IRA Mumbai).
- Q3FY23 exceptional income of INR 104 Mn related to a reduction in liability towards borrowings.

Financial Position and Expansion Plans

- Aim to maintain Net Cash's positive status while expanding the business.
- Issued warrants and divestment of IRA Mumbai to generate funds.
- Focus on strengthening the mid-premium segment and expanding the portfolio through leases and management contracts.

Portfolio and Expansion Targets

- Diverse portfolio including business hotels, luxurious resorts, and hotels in heritage buildings.
- FY25 Targets: 25 properties, 2,200+ keys, Debt at INR 1,750 Mn.
- Expansion focus on topline growth, operational efficiency, digitization, and brand strengthening.

Outlook and Future Developments

- **Positive outlook for the quarter.**
- **Significant Government Development Agreement (GDA) in Puri for a heritage luxury hotel with 120 keys.**
- **Anticipate revenue contribution from new hotels, including Puri Hotel and IRA Mumbai, in the upcoming fiscal year.**

Control Print Ltd|Q3FY24 Concall KTA
CMP: INR 966|Market Cap: INR 15.45 Bn

Outllook: The company displayed growth on a yearly basis but experienced a flat quarter. The efforts invested in sales strategies, Track and Trace, V Shapes, and Mark Print initiatives are not anticipated to yield immediate results, but will grow in long term.

Key Driver:
Despite Covide lot of growth in FMCG, dairy, the entire packaging sector, pharma, etc. But now industries like pipes, steel, tires seem to be more aggressive in terms of capex as compared to maybe the packaging sector.

Financial Highlights:
• Net sales stood at INR 839 Mn (+13% YoY and Flat QoQ). EBITDA at INR 211.9 Mn (+10% YoY and Flat QoQ) and EBITDA% at 25.26% (-61 bps YoY and marginal increase QoQ).
• Gross profit stood steady at 60%. However, company hopes for an improvement in increasing this with better optimized buying strategies.
• There is an anticipation that the SGA costs should demonstrate stability, possibly with a slight decline, as attiring a larger economy of scale.
• Company sold about 630 printers in this quarter and the YTD is about 2000 printers. As compared to about 3208 printers for previous full financial year.
• The printers contribute about 16% of their business, the consumable 62%, spare 7% and service would contribute 14%.

Key Highlights:
• Company have been implementing their own new sales strategy this year and three quarters into it, and it's going to take another four to five quarters for the cultural shift.
• There has been a strategic reduction in sales to small customers, this decision was made to optimize resources. The focus is now on larger customers who are expected to utilize the printers more efficiently.
• The focus on big customers can lead to volatility in sales of printers, as slight default of customer will affect volumes. But the rest of the business should be quite stable and that's like 80% approximately for business.
• Company have embarked on three growth initiatives which are Track and Trace, 90% stakes in V Shapes and the acquisition of Mark Print. Additionally, exploring digital and hybrid printing solutions to expand their offerings.
• Track and Trace: To track products by using QR code, can set different matrix like checking if product sold or not, special offers for scanners, etc.
• V Shapes: An innovative product in packaging. Company also working on manufacturing one machine, which is of a lower volume capacity or lower speed.
• Mark Print: Technology evaluation of digital Printing. Company working closely on couple of projects in India.

AGI Greenpac Q3FY24 Concall Highlights:
CMP: INR 855 | Market Cap: INR 55.34 Bn | Promoter: 60.23% | Target: INR 2,113

[Arihant Capital]

Performance (Consol)
- Revenue came in at INR 6.22 Bn (+1.1% QoQ) (+9.7% YoY)
- EBITDA came in at INR 1.50 Bn (+11.9% QoQ) (+37.1% YoY)
- EBITDA Margins came in at 24.14% (Vs 21.8% QoQ) (Vs 19.31% YoY)
- PAT came in at INR 671.2 Mn (+19.6% QoQ) (+26.1% YoY)
- PAT Margins came in at 10.7% (Vs 9.1% QoQ) (Vs 9.3% YoY)

Key Highlights of the call:
- Net debt stood at INR 5.85 Bn. Total utilization at 95%+
- EBITDA margin expansion due to increase in operating efficiencies, not due to increase in capacities
- Company will undertake debottlenecking of 1 furnace in Q3FY25 through which the total capacity will increase by 80 tonnes. The plant will be shut for 75 days
- Current capex plans of INR 1.5 Bn (mainly for the debottlenecking)
- Realisations peaked earlier, performance coming to normalcy now. EBITDA/tonne to be maintained at INR 9,400-10,000
- YoY 9MFY24 EBITDA per tonne grew 30%
- Price adjustments with customers happen in 4-6 months. 60-70% of pricing with customers is formula based and remainder is based on market conditions (negotiations)
- Current increase in topline due to quantitative (Volume) and qualitative (product mix) debottlenecking
- Company is entering western markets. Soda ash procured from China and Africa

HNG Acquisition:
- Next hearing on 9th Feb. Last hearing was on 16th October, no hearing has happened post that.
- Listing dates keep appearing but no hearing till now
- Primarily acquisition through debt
- SBI selling their debt to ARC will not affect the acquisition process

Specialised plant:
- No capex planned at the specialized unit right now
- specialized unit utilization at 65-70%
- Furnace will take time to reach optimum utilization (yet to load completely), expect 90% plus utilization by end of FY25 (the costs may also be high)
- No more capacity utilization till plant is at 95% CU

Outlook: Plant which is going through debottlenecking process is of 270 tonnes and restart with 340 tonnes capacity. Most of the profits generated will go towards debt payoff. Guidance for current year trimmed to 12-13% from 15-18% earlier. 6-8% volume guidance for FY25. EBITDA margin guidance maintained at 21-23% going forward. We have a target price of INR 2112 for the company which is contingent on successful acquisition of HNG. At CMP, company trades 10.6x FY26EEPS and 10.3x TTM EV/EBITDA

Redington Q3FY24 Concall Highlights
Redington | CMP: INR 194 | Mcap: INR 151.39bn

Margins
EBIT margin is expected to be 2.5%-2.6% going forward.

Software margins are slightly higher than hardware margins.

Debt
The gross debt stood at INR 36bn and net debt was around INR 22bn as of Q3FY24.

Working capital days
The working capital days stood at 35-40 days.

Interest cost
The interest cost stood at INR 80cr (-20% QoQ) as of Q3FY24 led by working capital efficiency and softening of interest rates.

Shipments
PC shipments are down by 8% YoY, smartphone shipments are flat and printer shipments are down by 8% YoY in Q3FY24.

Mobility
Mobility business witnessed traction across India, the Middle East, Africa, and Turkey. The new Android models witnessed growth in new markets.

The company is working with Android brands and 5 brands contribute 60% of revenue in the mobility business.

The company is using exclusive distribution partnerships for some brands.

Tax
The current tax rate is around 22% and is expected to reach 25% due to corporate tax in the UAE. The overall business tax rate is around 35%.

Other highlights
India's growth remains solid and Saudi Arabia and UAE are expected to grow strongly going forward.

India's distribution revenue grew by 21% YoY, MEA revenue grew by 4% YoY, and Turkey's revenue de-grew by 3% YoY as of Q3FY24.

SISA and ROW revenue mix stood at 49:51 as of Q3FY24.

The technology solutions group has lots of opportunities. The software license renewals and subscriptions in the TSC business becoming larger.

Bharti Airtel Ltd – Q3FY24 Concall KTAs
CMP: INR 1,134 | Market Cap: INR 63,80,080 Mn

Consolidated revenue is impacted by currency devaluation in Africa but India business saw steady growth. Focus on quality customers, brilliant experience, digitalization, and cost optimization.

Financial performance
- Revenues reached INR 3,79,000 Mn, showing a 5.9% YoY growth.
- EBITDA for Q3FY24 stood at INR 2,00,440 Mn, contrasting with INR 1,86,010 Mn in Q3FY23.
- EBITDA margin increased to 52.9% in Q3FY24, up from 52.0% in Q3FY23, a 94 bps YoY rise.
- Net income (after exceptional items) amounted to INR 24,420 Mn in Q3FY24, compared to INR 15,880 Mn in Q3FY23.
- India segment grew steadily, contributing Revenue over INR 2,78,000 Mn in Q3FY24, reflecting an 11.4% YoY increase.

Investments and Debt
- Operating free cash flows of nearly INR 72,500 Mn despite front-loaded CapEx.
- Investments focused on 5G, rural expansion, fiber deployment, and data centers
- Improving net debt to EBITDA ratio, now at 2.91.

Mobility segment
- Strong momentum in 4G net adds with 7.4 mn additions.
- Steady postpaid net adds at 0.9 mn, contributing to ARPU which increased to INR 208, representing a INR 5 increase from Q2FY24.
- Drivers for ARPU growth included feature phone to smartphone upgrades, prepaid to postpaid conversions, and effective data monetization strategies.

Broadband
- Net adds in the broadband segment moderated to 3.6 lakhs, due to discontinuation of the entry-level plan priced at INR 199.
- Airtel expanded its presence to 1,267 cities, up from 1,140 cities in Q3FY23.
- Nearly 1.5 mn home passes were added during the quarter, showing positive momentum in the broadband business.
- Airtel Black, experienced strong traction, with 47% of net additions now opting for Airtel Black plans.

DTH business
- Added 388,000 customers in the DTH business, marking the highest net adds in the last 12 quarters.
- Revenue growth in the segment was driven by both customer additions and an increase in ARPU.
- Focused on key markets such as South, Maharashtra, and Bengal, alongside a pivot towards convergence, aiming at solidifying its position in the market.

Airtel business segment
- Sequential revenue growth of 1.7%, driven by IoT in the domestic segment.
- Strategic partnerships in IoT for smart meter deployment.

Digital businesses
- Achieved an ARR of just under INR 17,500 Mn.
- Airtel Finance witnessed scaling up, with loan disbursals reaching a run rate of INR 6,200 Mn per quarter.
- The company continued to focus on expanding its product portfolio, including plans to introduce gold loans and embedded insurance.

Other highlights
- Diversified portfolio with Africa accounting for 27% of revenues, India mobile at 57% and India non-mobile covering the balance.
- Incubating fast-growing digital businesses with high margins and low CapEx.
- Africa continued to perform well, with a sequential revenue growth of 6% in constant-currency terms.
- Airtel plans to replicate successful platforms in Africa, starting with omni-channel solutions and service platforms.
- Focus on high-value segments in the top 150 cities, both B2C and B2B, with over 35% of industry revenue coming from the top 60 mn homes.
- Rural expansion efforts have been successful, with extensive use of digital tools and data science; plans to bridge the gap in key circles like Maharashtra, Gujarat, MP, Chattisgarh, Kerala, and Bengal by increasing coverage and expanding presence.

Payments bank: Monthly transacting users reach 58.6 mn with strong deposit growth at 51%, contributing to an ARR of just under INR 19,000 Mn.

Capex: CapEx for Q3 was INR 77,500 Mn. Capex for FY24 increased to INR 2,50,000 Mn primarily due to rollout of 5G, rural expansion, and investments in various business segments.

Outlook: The company aims for continuous deleveraging due to growth opportunities in various business segments, even without tariff increases. Operating leverage and improving margins with incremental revenue are expected to drive deleveraging and improve net debt to EBITDA ratios over the next 12-24 months. Focus on building a future-ready Airtel with a strong emphasis on quality customers, delivering great experiences, leveraging digital capabilities, and minimizing waste

CL Educate Ltd – Q3FY24 Concall KTAs
CMP: INR 101 | Market Cap: INR 5,457 Mn

Diversifying revenue streams diversifying revenue streams, expanding international presence, and leveraging technology-enabled services, particularly in the Edtech and MarTech segments.

Financial Highlights:
- Revenue for Q3FY24 stood at INR 664 Mn up by 3% YoY and down by 25% QoQ.
- EBITDA for Q3FY24 stood at INR 69 Mn down by 14% YoY and 41% QoQ.
- PAT for Q3FY24 stood at INR 29 Mn down by 29% YoY and 48% QoQ.

Business Overview:
- Revenue and EBITDA grew by 11% over 9MFY24.
- Traditionally, the third quarter poses challenges, exacerbated by changes in Law examination.
- Enrolment numbers for CUET (Common University Entrance Test) have surpassed the previous year's full-year figures.
- Study abroad and international test prep segments grew by 70-75% compared to the previous year.

Cash Position and Borrowings:
- Gross cash position stands at INR 1,080 Mn after the completion of the buyback process.
- Borrowings typically increase in the third Q3FY24 due to heavy execution but is expected to stabilize by the Q4FY24.

Corporate Updates:
- CL Educate participated in the rights issue of startup 361 Degree Minds.
- 361 Degree Minds work with universities to create their digital twin and launch their online programmes.
- 361 is working with 5 universities now and collaborations with universities are in progress, with plans to cover milestones in the next quarters.

Edtech Segment Performance:
- The revenue has experienced a YoY growth of 14%, while the EBITDA has seen an approximate increase of 11%.
- EBITDA growth slightly lower than revenue growth due to significant investments in brand and personnel.
- Expected EBITDA growth to exceed revenue growth in the next two to eight quarters.

MarTech Segment Performance:
- The EBITDA for the 9MFY24 has grown 50% YoY, while the revenue has shown marginal growth, around 3-4% YoY.
- Positive pivot in revenue mix towards higher-margin business.
- The focus is on moving towards higher-margin technology-enabled services.
- The Expansion of digital and content services contributed to significant EBITDA expansion.

Student Mobility Business:
- Grew significantly by about 75%, even though on a small base. It Remains in an investment phase, with bullish expectations for sustained growth over the next four to eight quarters.
- In Q3FY24 Added 11 new locations, including 7 international locations in Bangladesh, Nepal, Ghana, Mauritius, Nigeria and Kenya.

Platform Business Update:
- Grew by about 40% in 9MFY24 and has over 400 clients.
- The company Launched a fully integrated, tech-enabled common application platform, onboarding 35 universities and institutions in the first 60 days and over 2,000 applications have got sold through the platform.
- The company is aiming for 100 to 150 institutions on board for the next year's admission cycle.

Publishing Business Performance:
- Remained steady with a growth of about 19-20%.
- Online sales through the website and dedicated stores on platforms like Amazon and Flipkart now contribute around 35% of total sales.
- Combined institutional and digital sales constitute about 80% of total sales.

Enrolment and Competitive Strategy in CUET Segment:
- The company aims for market share leadership and differentiation by offering a comprehensive range of electives and test preparation in multiple locations, streamlining the process for students.
- The competitiveness of the CUET segment and the difficulty level of the examination itself will influence future growth trajectories, similar to exams like CAT or CLAT.
- Current observations indicate quicker uptake in Kerala compared to other South Indian states, with slower progress in central and western regions.
- Government's initiative to conduct CUET in 25 international locations for the "Study in India" program is promising but needs time to materialize.

Outlook

The company aims to generate nearly a million dollars in revenue from Indonesia and the US by March 24, focusing on Eastern regions' international markets. Strategies aim to double CUET exam prep growth by over 20% and anticipate robust undergrad segment expansion, notably with IIM Bangalore's UG program launch in 2025. Despite slight enrolment dips, UG segment enrolment and billing surged. Expansion includes new test centres in South and West India, alongside potential international growth aligning with the Study in India program.

Quess Corp Q3FY24 Concall Highlights:
CMP: INR 503 | Market Cap: INR 74.7 Bn | Promoter Holding: 56.65%

[Arihant Capital]

Performance Consol:
- Revenues came in at INR 48.4 Bn (+1.97% QoQ) (8.43% YoY)
- EBITDA margins came in at 3.74% (Vs 3.44% QoQ) (Vs 3.26% YoY)

Workforce management:
- Workforce management revenues came in at INR 34.3 Bn (+3% QoQ) (+12% YoY)
- Workforce management EBITDA margins came in at 2.61% (Vs 2.63% QoQ) (Vs 2.8% YoY)
- 87 new contracts added during the quarter with ACV of INR 2.92 Bn
- Revenue growth led by wage increase was 70%, remainder 30% due to sales growth
- General staffing headcount stood at 427,000. General staffing DSO at 25 days
- Key sectors leading to headcount growth: BFSI, Retail & Manufacturing. BFSI and Retail lead the revenue contribution in General staffing
- ITES (Indian IT staffing business) segment still remains impacted.
- Most contracts are flat fee based. 30% clients were first time outsources

Global Tech Services:
- Global Tech Services revenues came in at INR 5.88 Bn (+1% QoQ) (+5% YoY)
- Global Tech Services EBITDA margins came in at 18.3% (Vs 17.82% QoQ) (Vs 16.1% YoY)
- Margin expansion due to increase in efficiency.
- Non voice BPM growth driven by collection business growing 25% YoY
- 51 new contracts added with ACV of INR 460 Mn (Digital IT services registered ACV of INR 210 Mn). BFSI accounted for 35% of total annual contract value added
- Allsec processed 4 Mn payslips (4% QoQ growth)
- Revenue per employee grew to INR 117,000 (+3% QoQ) (+8% YoY)
- CLM and Non voice BPO continue to contribute highest. BFSI and IT/ITES together generated 75% of revenues. CLM business saw higher orderbooking from international business compared to domestic business

Operating Asset management:
- Operating Asset Management revenues came in at INR 6.95 Bn (-1% QoQ) (+1% YoY)
- Operating Asset Management EBITDA margins came in at 5.24% (Vs 4.98% QoQ) (Vs 4.55% YoY)
- Won 32 new contracts with ACV of INR 820 Mn. Key wins were in Infra, Industrials and Healthcare.
- Rationalization of low margin contracts led to flat revenue growth
- Margin expansion QoQ due to change in business mix (food services and telecom). Telecom Active Infra business delivered best ever ‘Q3’ on the back of 5G rollout
- Revenue per headcount per month stood at INR 26,000 (flat QoQ) (+4% YoY)
- Security services added headcount of 1,300.

Platform led business:
- Platform led business revenues came in at INR 1.29 Bn (-10% QoQ) (-13% YoY)

- Product led business EBITDA margins came in at -7.8% (Vs -14.1% QoQ) (Vs -18.2% YoY)
- FoundIt grew 5% QoQ, 9% YoY. Company has shifted from paid marketing led candidate acquisition to data-driven acquisition. FoundIt expected to breakeven EBITDA level in Q4FY24.
- FoundIt has 21.7 Mn active users (6 month active). New traffic stood at 22.6 Mn for the quarter
- Cash burn in FoundIt down by 50%, largely led by reduction in marketing costs
- Disruptive AI launched for 550+ customers. Initial response is positive

Outlook: Total Headcount stood at 557,000 (addition of 10,000). Workforce Management may face margin pressure going forward due to wage increase as company operates on flat fee basis. Foundit to breakeven in EBITDA in Q4FY24. Company faced one time non cash write off in one of its technology business (if excluded, PAT growth was 10% YoY). At CMP, company trades 34.5x TTM EPS.

Rane Holdings Ltd Q3FY24 Concall KTAs
CMP: INR 1,161| Market Cap: INR 16,573 Mn

Rane Group has merged Rane Brake Lining Ltd with Rane Engine Valve Ltd. into Rane Madras Ltd. By consolidating all operating subsidiaries into one entity, the aim is to create a larger company with more flexibility to raise capital for growth. There's potential for further consolidation in the future, possibly integrating Rane Madras into Rane Holdings, given its role primarily as a holding company for joint ventures.

Financial performance
- Total revenue declined by 7.1%, dropping from INR 9,059 Mn in Q3FY23 to INR 8,413 Mn in Q3FY24.
- EBITDA witnessed a decrease of 13.7%, falling from INR 1,095 Mn in Q3FY23 to INR 945 Mn in Q3FY24.
- EBITDA margin saw a reduction of 86 bps, reaching 11.2%, attributed to an unfavorable product mix.
- PAT declined by 6.6%, decreasing from INR 515 Mn in Q3FY23 to INR 480 Mn in Q3FY24.

Order wins: Secured new contracts totaling INR 2,250 Mn in Q3FY24. Obtained orders valued at INR 220 Mn from diverse domestic clients for passenger vehicle applications in Rane Brake Lining Ltd. Secured an order worth INR 440 Mn for Rack and Pinion from a domestic utility vehicle customer in Rane Madras.

Restructuring and Merger synergies
- Plans involve restructuring the 20 listed companies along with 7 unlisted subsidiaries to enhance organizational structure and operational efficiency.
- Synergies are anticipated through the consolidation, offering benefits such as regulatory cost reduction, better access to capital, and tax-saving possibilities.
- The merger is expected to yield synergies leading to improved operational efficiency and financial performance.
- The company is exploring the possibility of shifting production lines to larger plants among its 20 facilities to enhance cost reduction and productivity.
- Rane Holdings aims to improve cost structures, particularly focusing on reducing employee costs (currently at 12.7% of total) and other expenses (19% of total).

Railway Business Opportunities: Rane Brake Lining has secured approval from railways for composite brake pads, indicating potential growth opportunities in the railway sector. With the emergence of technologies like Metro and LHP coaches, there's a renewed demand for quality brake products, enabling Rane to re-enter the market with promising prospects for profitable business.

Diversification into Brake Shoes: The company is gradually expanding into the brake shoe market, initially focusing on the aftermarket segment. While volumes are currently low, Rane aims to build significant volumes over the next 2-3 years, leveraging its integrated entity status.

Merger update: Despite integration, each company will continue to operate as separate divisions, maintaining their product line, strategy, and growth trajectory. The merger process itself is expected to take 7-9 months to complete, with synergy benefits likely to materialize post-merger completion, possibly by January 2025.

Debt and Cash Flow: The combined entity is estimated to have around INR 8,000 Mn of debt with an annual interest outflow of INR 550-600 Mn. While cash flow generation is projected to be around INR 2,500 Mn initially, increasing to possibly INR 3,000 Mn plus, the specifics on capex plans and debt repayment strategies are not yet finalized, with clarity expected in the next 6-9 months.

Mexican Subsidiary: Revenue generation from the proposed subsidiary in Mexico is anticipated to commence in the second half of 2025, with secured customer orders already in place. Initial operations will involve assembly and limited machining, gradually scaling up based on order volumes and demand. The move to establish a subsidiary in Mexico is partly driven by customer demand for localized supply chains and benefits from the USMCA agreements favoring North American investments.

Market Cap and Consolidation: The revised market cap of Rane Madras post-consolidation is estimated to be around INR 23,000 Mn, considering the current market cap of approximately INR 12,000 Mn and factoring in the issuance of new shares during consolidation.

Export Opportunities: The company is focusing on expanding its export business in segments like ball joints, rack and pinion, hydraulic components, and aluminum die casting. Management is actively pursuing more aggressive targets for exports and strengthening sales offices in the US and Europe.

Capacity Utilization: In most product segments, capacity utilization has been high, with passenger vehicles at all-time high levels and two-wheelers approaching peak utilization. Capacity utilization typically ranges from 75% to 80%, reaching up to 85% during peak seasons.

Customer Profile: Following the merger, there will be minimal changes in the customer mix, with significant overlap between the customers of the three entities. The top three or four customers are expected to remain the same, including major players like Maruti, Tata, Mahindra and Leyland.

Eco Recycling Limited – Q3FY24 Concall KTAs
CMP: INR 436 | Market Cap: INR 8,412 Mn

The recent addition of new capacity, 18,000 metric tons in February 2024, enhances the company's ability to meet increasing demand.

Financial Performance:
* Revenue Q3FY24stood at INR 75 Mn up by 104% YoY and down by 5% QoQ. EPR (Extended Producer Responsibility) fees is not accounted in this quarter.
* PAT for Q3FY24 stood at INR 60 Mn up by 57.2% YoY and down by 2% QoQ.
* The company emphasizes on cost-cutting measures while focusing on revenue generation to achieve sustainable growth.

Business strategy:
* The company focuses on recycling IT devices, telecommunication equipment, and medical devices, which are lighter in weight compared to other categories such as home appliances.
* The company prioritizes specific categories of materials for recycling, avoiding volumetric businesses.
* The company's focus is on IT and communication devices.

Capacity utilization:
* The company has achieved approximately 40% capacity utilization over the 9MFY24, amounting to around 7,200 metric tons, with an expected increase to nearly 4,000 metric tons by the end of March 2024.
* The company plans to achieve a total capacity of 12,000 metric tons by FY24-25, with approximately 6,000 metric tons to be utilized in both the existing and new facilities.

Expansion funding:
* The total investment anticipated for the expansion facility is between INR 450 to 500 Mn. So far, INR 350 Mn have been invested, and the remaining INR 100 to 120 Mn are expected to be invested by June.
* All investments, including the remaining amount, are being made using internal accruals without the need for external financing.
* The decision to initiate a third facility will be based on reaching the target of 25,000 metric tons.

EPR revenue and contractual agreements:
* The company has secured long-term contracts with reputed brands for EPR services.
* The company anticipates significant revenue generation from EPR fees. A conservative estimate suggests an EPR fee of around INR 10-12 per kilogram.
* The company expects that by Q4FY24 , they would start receiving purchase orders from producers once the EPR portal was up and running.

Outlook: The company's focus is on maintaining minimum EBITDA margins of 40% for business undertakings, despite current higher margins. Aiming for steady-state margins of around 60% in the long term. EPR fees is expected to start contributing to revenue from the Q4FY24 onwards. The maximum expected working capital days is 30 days, With an investment of INR 500 Mn in a facility with a capacity of 18,000 metric tons, the estimated top line is around INR 1,500 Mn, assuming an average price of INR 80 per kg.

Info Edge-Q3FY24 Concall Highlights
CMP INR 5,338|Market Cap INR 690,594 Mn

The company is persisting with the new business model for Jeevansathi, aiming to enhance monetization, experiencing increased velocity in 99acres listings due to market buoyancy, while facing the impact of slow IT hiring on the Naukri business; however, non-IT related hiring remains strong in sectors like Manufacturing, Healthcare, Travel & Tourism, and BFSI

Financial
•Revenue stood at INR 5,954 Mn grew 0.4% QoQ/+7.2% YoY.

•Revenue from Recruitment business was up 3.1% YoY, impacted due to weak hiring sentiments in IT Sector; that from 99acres was up 21.8% YoY; increased by 23% YoY from Jeevansathi; grew by 23.3% YoY in Shiksha on low base.

•EBITDA margin declined by 24 bps QoQ to 40.4%, on higher other expenses grew 15.6% QoQ.

•IT hiring slowdown impacting Naukri business; Non IT hiring remains robust in Manufacturing, Healthcare, Travel & Tourism, and BFSI sectors.

•The company's holds ~70% traffic share in Naukri business.

•Lower cash burn observed in Jeevansathi and 99acres compared to the previous year.

•The company continuing the new business model for Jeevansathi, focusing on enhancing monetization.

•Increased velocity of 99acres listings due to market buoyancy.

•Indian IT hiring business experiences a decline of almost 4-5% YoY.

•Commitment to ongoing investment in Job Hai business.

•Emphasis on the challenge of achieving double-digit YoY revenue growth if IT hiring remains sluggish.

•Billings was up 4.8% YoY to INR 5.8bn, led by 24.3,YoY increase in billings of 99acres. While, Billings for Recruitment business was down 1.3% YoY; Jeevansathi's billings was up 18.5% YoY; Shiksha's billings was up 41.2% YoY on low base.

Hindware Home Innovation Q3FY24 Concall KTAs
CMP: INR 428 | Market Cap: INR 30.95 Bn | Promoter: 51.32%

Performance (Consol)
• Revenues came in at INR 6.93 Bn (-1.06% QoQ) (-2.75% YoY)
• EBITDA margins came in at 7.31% (Vs 10.26% QoQ) (Vs 6.97% YoY)

Other Highlights:
• Ad spends in Q3 stood at INR 250 Mn, 90-100 Mn higher than avg due to world cup.
• Margin contraction in bathware segment due to ad spends (200 bps contraction)

Building Products (includes bathware and pipes):
• Revenues came in at INR 5.77 Bn (-3.61% QoQ) (-0.4% YoY)
• EBIT margins came in at 7.3% (Vs 10.1% QoQ) (Vs 6.2% YoY)

Bathware:
• Revenues came in at INR 4.02 Bn (+1.39% QoQ) (+5.6% YoY)
• EBITDA margins came in at 13.6% (Vs 16.1% QoQ) (Vs 14.3% YoY)
• Revenue contribution from new products was 24% of 9M FY24 revenues
• Segment faced subdued demand especially from affordable category. Focus is on expanding in newer territories, ad spends were higher due to world cup
• Company is targeting 1.25-1.5x growth of market. Market historically grew 8-10%
• Sanitaryware market size estimated to be INR 60 Bn+ and faucetware market size estimated to be INR 120 Bn+
• Competition has intensified as a lot of tile players have gotten into bathware. Faucetware doing better with double digit growth, sanitaryware at low single digit
• Capex of INR 600-700 Mn for addition of retail outlets

Plastic Pipe and Fittings:
• Revenues came in at INR 1.74 Bn (-13.4% QoQ) (-12% YoY)
• EBITDA margins came in at 7.7% (Vs 10.8% QoQ) (Vs 0.9% YoY)
• Lower realisations led to margin compression during Q3FY24 (QoQ). Realisations fell from INR 147 to INR 125.
• Current capacity of 13,500 tonnes (quarterly capacity), volumes in Q3 stood at 10,269 tonnes
• CPVC 40% of revenues, 300 active distributors and 30,000 retailers
• Launch of new plant in Uttarakhand in Dec 2025. Company is diversifying product portfolio with the introduction of high VAP, commencing with foam core (underground drainage) in Q1FY25. Furthermore, company plans to manufacture Double Wall Corrugated (DWC) Pipes and fire sprinkler systems in Q3FY25. Gross margins of new products is on the higher side
• Capex of Uttarakhand plant was INR 140 Mn, company will spend another INR 1 Bn in FY25. Total 12,500 tonnes will be added. This facility will assist in sales in Northern region which wasn't penetrated earlier
• Out of 11 categories of pipes and fittings, company is present only in 4. Company plans to add 3 more categories going ahead.
• Market size of INR 220 Bn. Company is in plumbing only, not in products which are used in JJM. Company doesn't believe JJM sales will grow significantly post Q1FY25
• Company expanded product line to include PTMT Faucets and Accessories
• Currently, the business has 300+ active distributors with more than 30,000+ dealers/retail outlets

Consumer Appliances:
• Revenues came in at INR 1.12 Bn (+16.6% QoQ) (-5.9% YoY)
• EBITDA margins came in at -4% (Vs -2.8% QoQ) (Vs 4% YoY)
• Growth weak due to muted demand, facing since 2 quarters. Company has also faced destocking
• Expanding portfolio in kitchen appliances, chimney sales is very positive. New kitchen galleries introduced. Company is rationalising portfolio and reducing non performing products
• Sales happening on both online and offline channels. Online kitchen sales at 25% contribution, air cooler at 45-50%. Kitchen sales contribute 60-65% of total consumer sales.
• Kitchen sales in T1/T2/T3 at 45%/35%/20%
• Kitchen fitting industry size of INR 70-80 Bn, company plans to increase portfolio here

Outlook: Company is optimistic for future growth, referencing the early cycle of RE industry. Company believes, the sales will start to kick in next year when the RE cycle progresses towards installation of building materials. Bathware margin guidance of 16% going forward. In pipes and fittings, company is anticipating 15% growth in FY25 and 10-12% margins in 12-18 months. Company aims to reach INR 20 Bn sales in 5 years in Pipes and fittings. Company aims to reach EBITDA breakeven in Kitchen business in 2 quarters (by Q1FY25). On consol basis, in 2 years the company aims for 15-17% growth in topline and 13-14% EBITDA margins. At CMP, company trades 15.7x TTM EV/EBITDA

Radiant Cash Management Services Ltd. – Q3FY24 Concall KTAs
CMP: INR 88 | Market Cap: INR 9,384 Mn

Targets 17-19% topline growth in FY25.

Financial Highlights
- Revenue for Q3FY24 stood at INR 1,004 Mn, up by 7% QoQ and 8% YoY. YoY revenue growth was flat due to de-growth in e-com logistic segment.
- BFSI achieved highest growth with contribution increasing from 29% in Q3FY23 to 33% in Q3FY24. Whereas the E-Com Logistics revenue contribute fell from 8% in Q3FY23 to 5% in Q3FY24 due to competitive pressure.
- EBITDA stood at INR 180.6 Mn in Q3FY24, up by 18% QoQ and down by 24% YoY. EBITDA margins though higher than Q2, were impacted by investment in DBJ business.
- Finance cost was higher in Q3FY24 was because of acquisitions and DBJ Business.
- PAT stood at INR 120.3 Mn in Q3FY24, up by 18% QoQ and down by 29% YoY.
- ROCE on an annualized basis stands at 25% in 9MFY24 as against 30% in 9MFY23.

E-Commerce Logistic:
- The E-Commerce Logistic segment decline due to the company operating in some very remote locations where unit volumes are very small.
- The company is developing technical technology solutions to address this issue and expect it to restore back to previous level over the next two to three quarters.

Revenue growth Expectations:
- The Consolidated revenue growth guidance set at 17-19% for FY25, mostly driven by increase in number of touch points.
- The focus is on both on both core business and new initiatives for sustained growth such as diversifying into new business such diamond, bullion and jewellery (DBJ) transportation.

Operational Highlights:
- As of 9MFY24 the company secure physical network is spread across 14,000+ pin codes.
- Retail touch points coverage increased by 4,266 during 9MFY24 to 67,686.
- Total cash movement was up by 4.5% QoQ in Q3FY24 to INR 4,38,000 Mn. Cash movement in 9MFY24 stands at INR 1.26 trillion up by 7.1% YoY.
- During 9MFY24 the company added 38 new clients and 84 new end customers.

AceMoney acquisition:
- The company diversified into fintech with AceMoney acquisition, which is now called as Radiant Ace Money.
- The company plans to leverage its existing workforce of over 7,000 personnel in 14,000+ pin codes, to penetrate these markets effectively. key opportunity lies in expanding access to tier three, four, five plus cities and reaching the untapped 55% of the available market.
- Additionally, Radiant Ace Money aims to capitalize on the demand for cash management services (CMS) by integrating FinTech solutions with CMS.

The Dimond, bullion and jewellery segment:
- The Dimond, bullion and jewellery transportation segment is currently clocking about INR 70 Mn. annual run rate.
- The segment is growing at a healthy rate on a small base. The company expect to achieve break even in this segment within next two to three quarters.

Capex and Investment:
- The company acquired 58% stake in Aceware Fintech Services by investing INR 110 Mn in Q3FY24.
- Investment in Capex was mainly on account of purchase of 200 vehicles during 9MFY24.

Outlook:

Radiant Cash Management Services Ltd. has developed plans to address recent challenges while maintaining growth momentum. Despite a temporary slowdown in revenue growth, the company remains optimistic about meeting its FY25 revenue growth target of 17-19%. Management emphasizes the importance of increasing touchpoints to offset revenue declines, with a focus on leveraging technology solutions and expanding service offerings. Radiant is confident in its ability to capture market share through its extensive network and direct sales efforts, focusing on both organized and unorganized retail outlets, which represent a significant growth opportunity. Furthermore, initiatives such as Radiant InstaCredit are expected to improve operational efficiency and provide retailers with instant credit.

Ethos Limited - Q3FY24 Concall KTAs
CMP: INR 2,379 | Market Cap: INR 58,237 Mn

The company is also exploring opportunities in new verticals such as jewelry and luggage. They anticipate opening one or two boutiques, with a maximum of three boutiques, within the next two years in Luggage business. However, the primary focus remains on the growth of their existing watch retail business.

Financial highlights:
- Consolidated revenue for Q3FY24 stood at INR 2,812 Mn, up by 22% YoY and 20% QoQ.
- Consolidated EBITDA for Q3FY24 stood at INR 508 Mn, up by 29% YoY and 22% QoQ.
- Consolidated PAT for Q3FY24 stood at INR 255 Mn, up by 24% YoY and 37% QoQ.
- Despite certain challenges such as the impact of the Shraad period, floods in Chennai, and store renovations, the company achieved growth in revenue.
- It has grown by 13% in October, 26% in November, and 28% in December in revenue.

Business expansion and initiatives:
- Plans to open 25 new boutiques by the end of FY25, including India's largest horological project in Gurugram.
- Launching the ETHOS app on March 1, 2024, to enhance the personalized and customized watch buying experience for customers.
- Incorporation of RF Brands Private Limited to distribute exclusive brands to other retailers starting with the brand under the price point of 1,000 CHS.

Impact of Red sea crisis:
- Furniture deliveries for new store openings have been delayed due to the Red Sea crisis, but the impact on watch sales has been minimal.
- Some shipments were delayed resulting in lost sales of around INR 15 Mn to INR 20 Mn. but this is expected to be recovered in Q4FY24.

Switzerland and India agreement:
- Monitoring the development of the free trade agreement between Switzerland and India, which is expected to reduce duty on imported watches.
- A decrease in smuggled watches entering the market is also anticipated.
- The reduction in duty will enable greater local investments by the company and is expected to experience positive margin growth as a result of this agreement.

CPO Revenue growth:
- The Certified Pre-Owned (CPO) revenue has seen significant growth, with a 45% YoY increase in Q3FY24.
- This growth is due to the two-year warranty that the company is providing.
- The company plans to establish a new state-of-the-art service center in South India in order to restore more watches.

Rimova stores:
- The response to the first Rimova store has exceeded expectations.The store has been profitable since its first month of operation.
- Rimova has certain international guidelines that need to be met when the company sign on to a location.
- Plans are underway to open two additional Rimova boutiques in Delhi and Bangalore within the next 12 to 15 months.
- Expectations are for each Rimova boutique to generate approximately INR 200 Mn of business initially and grow further.

Expansion strategy:
- The company currently operates in 23 cities across India with approximately 60 stores.
- The top two cities in terms of store count are Delhi NCR with 14 stores and Mumbai with 10 stores.
- While the metros contribute significantly to turnover, tier 2 cities are also performing very well.
- Noida, Kolkata, Hyderabad, and Chennai have space to open more stores because there is potential for growth and demand in these areas.

Outlook: The company expects positive impact in the coming quarter and in the following year in EBITDA margins and that price will be passed on to the customer within the next three months. The company aims to aggressively expand its market share in the luxury retailing segment, targeting 40-45% over the next decade. It also aims to achieve sales of 100,000 watches per year over the next decade and achieving long-term revenue growth at of 25% CAGR for the next ten years. The focus will be on non-Swiss-made watches, offering the potential to assemble kits in India and enhance margins further. Same-store growth is expected to be between 13 to 14% over the next decade. Anticipating a further 50-60% increase in CPO watch sales in FY25.

Antony Waste Handling Cell Ltd- Q3FY24 Concall KTAs
CMP INR 482 | Market Cap INR 13.69 Bn

Company expects revenue to be around 200 to 220 crores, with an expected 18% YoY growth

Financials
• Total operating Revenue stood at INR 1931 mn (+22% YoY/-3%QoQ)
• EBITDA stood at INR 497 mn (+45% YoY/-12% QoQ), margins at 22.3% v/s 15.4% in Q3FY23.
• PAT stood at INR 156 mn (-3% YoY/ -50% QoQ), margins at 7% v/s 7.2% in Q3FY23.

Merger
• The company submitted a Scheme of Merger to the NCLT, integrating two wholly-owned subsidiaries—Antony Infrastructure and Waste Management Services Private Limited, and KL EnviTech Private Limited—into AG Enviro Infra Projects Private Limited, a significant wholly-owned subsidiary.
• The main goal of this strategic move is to streamline the organizational structure, improving operational efficiency and management oversight.

Operational Performance
• In Q3FY24, the total tonnage handled was 1.17 million tonnes, a growth of around 12% YoY.
• The initiation of C&Tproject at Panvel and the gradual commencement of power sales from WtE project are starting to make positive contributions.
• Sold approximately 3,200 tons of compost, a notable increase from the 1,700 tons sold last year.
• However, sales volume was lower than anticipated due to reduced fertilizer uptake in Maharashtra and Gujarat, mainly attributed to weaker than expected monsoon conditions in the region.
• Company initiated commercial power sales from waste to energy plant, supplying 8 MW of power to PCMC's water pumping station in Ravet and the sewage treatment plant in Chikali.
• In the last three weeks, PCMC's waste-to-energy plant has been running at full load of 14 MW, maximizing power generation capability and ensuring smooth plant operation.

Other Highlights
• The company is focusing on the recycling segment, particularly in end-of-life vehicle strapping.
• Currently identifying suitable land, narrowing down options in two states, and engaging in discussions for partnership, aiming to announce the project by the third quarter of the next financial year.
• The company's second focus is on tire recycling, which they plan to integrate in same auto recycling facility with necessary equipment already identified for the project.

Outlook
Company is optimistic about future growth in waste management services and profitability, with goals to expand capacity and output, driving further revenue and margin growth.

Ganesh Benzoplast Q3FY24 Concall Highlights
Ganesh Benzoplast | CMP: INR 197 | Mcap: INR 13.41bn

Revenue
The revenue growth is expected 15% to 20% going forward.

LST revenue is expected to grow by 5%-7% going forward. The change in product mix and customer base will help for continuous growth.

Margins
The EBITDA margin is expected to be sustainable at around 40% going forward.

The rental income EBITDA margins are around 50%-55% and revenue growth is expected at 8% going forward.

LPG terminals are operating at 80% margins.

Capex
The capex is expected INR 6.5bn to INR 7bn. The debt and equity mix stood at 70:30.

The project is expected to start on March 24 and is expected to be complete by Q4FY26E/Q1FY27E.

The company has received a minimum guarantee of INR 12bn revenue over 15 years. The project can able to generate 3-4x of revenue from other customers.

The company is targeting a minimum of INR 2bn revenue per annum from the new project.

JNPT expansion
In JNPT, the new space available is around 11 acres. Part of the land (4.5 acres) is utilized for a new chemical tank expansion which was commissioned in Jul-23 and the balance of land will be utilized for LPG expansion.

The 18,000KL capacity is on live from Oct-23. The revenue potential of the capacity is around INR 100mn per annum.

Capacity utilization
Goa terminal utilization stood at 50%-60% as of Q3FY24 and is expected to reach 70%-75% utilization in FY25E.

JNPT utilization is almost 100% and Cochin terminal utilization is around 95%.

Rental realization
The rental realization is around INR 1,200 – 1,400/tonne and throughput is around 50,000-55,000 tonnes.

Around 90% of rental income is from JNPT, 7% from Cochin, and 3% from Goa.

De-merger
The de-merger of LST and chemicals is in progress and is yet to be finalized. The company is waiting for the order from the court.

Fundraise
The company has completed fundraising of INR 625mn through QIP.

Other highlights
The ship size has increased from 40k tonnes to 50-55k tonnes, so the company has the requirement to increase the capacity by 20%-25%.

In the Goa terminal, the company has converted back to white oil, and currently doing edible oil and specialized chemicals.

In Cochin terminal, the company has won the tender from IOC. IOC will take over the tanks for ATF and ethanol over the next 4 years.

BW LPG is one of the largest players in LPG and has more than 250 ships. The company is following BW LPG's guidance.

Outlook: Ganesh Benzoplast is doing a capex of INR 6.5bn to INR 7bn which brings additional revenue of INR 2bn per annum going forward. Goa terminal utilization is expected to increase from 50%-60% to 70%-75% going forward. The improvement of product mix and storing the liquid of multiple customers in a single tank helps to increase the realization going forward. We have a positive outlook on the stock.

PTC India Ltd | Q3FY24 Concall Highlight
CMP INR 195 Market Cap INR 57.81 bn

PTC India Ltd created a provision for a natural disaster, while anticipating positive outcomes from a market coupling pilot project. Management highlighted a January volume increase, emphasized differentiation in services for market share, and expressed optimism regarding the PEL sale to ONGC, with dividends potentially stemming from the proceeds.

Business Update
-Performance of the company for the trading business is going well on track.
-Surcharge income was reported 16.63cr, which is around 42cr less year on year. Management has informed that this is a rolling number and should be calculated on an annual basis and the co. is on track to meet its annual target.
-As a prudent accounting measure, the company has created a 67cr provision in the value of equity stakes in one of the invested companies, Sikkim-Urja Ltd, to account for the natural disaster that happened in Oct, 2023.
-Central Electricity Regulatory Commission has allowed a pilot project for market coupling to take place in the grid India and are expecting the result to be submitted to regulatory commission so that this market coupling can be enabled for all the three exchanges and the market can be coupled. This is a very important development that can lead to a very positive outcome for the company and its investment in HPX.
-The trading mix should be 50% from long term and 50% from short term. The company has increased its trading margin to 3.52 paisa per unit which is substantially higher than the previous quarters.

Financial Performance
-operating margin from sale of electricity is (+7%YoY).
-Standalone Q3FY24, volume decrease by 4% to 14.9 bn units. Due to damage of Teesta project and due to lower import of power from Bhutan.
-The total operational income has decreased by 23% to INR109 crore but the core operating margins have increased. PBT and PAT numbers also decreased by 19%.
-9m standalone- Volume has increased by 5% to INR 56.8bn units from INR 54.2bn units. Total operational income has increased by 5% to INR422 crore from INR401 crore. Core margin has increased to INR3.52 per unit from INR3.28 per unit. Profit before tax has increased by 28% to INR371 crore from INR289 crore. Profit after tax has increased by 33% to INR286 crore from INR214 crore in the corresponding quarter. Total other comprehensive income has increased by 2% to INR218 crore from INR214 crore. EPS for 9mnths at INR9.66 as compared to INR7.24 in the last quarter.

Highlights from the Call
-Volume increase by 19% in January.
-The company feels that clients will choose the exchange based on the services rendered to them and they are hopeful that HPX will get its share due to differentiation in services offered.
-The management is hopeful of closing the PEL sale to ONGC deal this FY.
-Dividend can be declared from the proceeds of PEL sale.
-The sale of PFS is on pause as of now.
-HPX, for the quarter, their revenue from operations was around INR6 crore and PBT 6 lakh and for nine months their revenue from operation was INR27.46 crore and PBT 9.92cr.

NBCC (India) Ltd Q3FY24 Concall KTAs
CMP: INR 141 | Market Cap: INR 254.34 bn

Financials
• Total Revenue stood at INR 24.13 bn in Q3FY24 against INR 21.35 bn in Q3FY23 (12.79 % YoY/ 16% QoQ)
• PBT stood at INR 1.52 Bn in Q3FY24 against INR 1.04 in Q3FY23 (45.39 %QoQ / 60.04% YoY)
• Net Profit came in at INR 1.13 Bn (38.66%QoQ/ 58.85% YoY), margins at 4.7% v/s 3.9% in Q2FY24.

Projects
• The Narogi nagar World Trade Centre stands at 93% completion.
• The first phase of the Netaji nagar project, valued at 1500 crores has achieved an overall project completion of 48%.
• Saroginagar a large project consisting of eight phases, is ongoing with a total project value of 4200 crores.

Guidance
• The top line guidance for FY24 is 11,000 crores and for FY25 is 18,000 crores.
• On consolidated basis company expects to achieve revenue of INR3500-4000 Cr in Q4FY24.
• Expects a top line of around INR 25,000 crores in the next five years.
• Expect Ebitda margin to be around 5.5- 6 % next year.

Other Highlights
• Company secured business of 10,000 Cr during 9MFY24 as compare to 6500 cr same period last year and expects to secure more than 20,000 cr next year.
• The order backlog stood at 55,300 crores at the end of nine months on a consolidated basis.
• Amrapali Projects contributed INR 1170 cr of turnover.
• Out of 38,000 housing units, 16,000 units are already completed and another additional 14,000 units are expected to be ready by December 2024.
• For the Amrapali project, out of 8000 cr company have completed around 6000 crores, leaving a balance workload of only 2000 crores.
• Cash balance stood at 4800 Cr on consolidated basis, out of which NBCC's cash balance stood at 2100 cr.
• Company has land parcels worth of around 700 crores, including three in Jaipur and one each in Coimbatore and Patna, with plans for project launches by the end of March or the first week of April this year.
• The PSU land development opportunities are expected to yield around 10% to 20% next year.
• Ongoing discussions with entities like BHEL, BSNL, MTNL presents a significant redevelopment opportunity across various geographies in India.

Outlook
The company anticipates significant growth, expecting a substantial inflow of orders within the coming month. Company possesses a strong execution capability and have significant opportunities in the redevelopment sector that will drive growth in both revenues and profits.

TeamLease Services Ltd - Q3FY24 Concall KTAs
CMP: INR 2,792 | Market Cap: INR 46,814 Mn

Focus on high margin segments along with portfolio correction and digitization to drive growth

Financial Performance:
- Consolidated revenue for Q3FY24 stood at INR 24,450 Mn, up by 22% YoY and 7% QoQ. There's a temporary surge in revenue due to one-time festive billings and workforce recalibration by enterprises.
- PAT for Q3FY24 stood at INR 310 Mn, up by 8% YoY and 13% QoQ.

- The company Hired around 23,000 odd associates during Q3FY24, reflecting a 21% increase from the same period last year.
- There's a strategic shift, transitioning 650 resources from low-margin telecom business to general staffing for higher margins.
- Total outstanding income tax refund receivable as of 31st December 2023 is INR 2,360 Mn. The company has received INR 25 Mn of interest income during the quarter on tax refunds.
- During Q3FY24, the company received INR 35 Mn towards incremental settlement of old investments in ILFS, recorded as an exceptional item.

Operational highlights:
- Financial services and consumer goods remain top segments by associate base, followed closely by telecom and retail.
- The company secured 36 new logo signups, primarily in consumer, retail, and manufacturing segments.
- Digitization and process enhancements led to an improvement in FTE (full-time equivalent) number to 366 in Q3FY24 as against 361 and 342 in Q2FY24 and Q3FY23 respectively.
- Hiring for BFSI, consumer telecom, and manufacturing verticals remains strong during this quarter.

Strategic shift and headcount reduction:
- The company has strategically shifted its focus towards exiting low-margin businesses, resulting in the improvement of EBITDA.
- While the benefits of exiting low-margin businesses are expected to be long-term, the one-time benefits are non-recurring in nature.

Specialized Staffing:
- Revenue for Q3FY24 stood at INR 1,580 Mn, up by 12% YoY and 9% QoQ driven partly by some one-time incentive payouts and vendor consolidation mandates from strategic customers.
- The company is actively focused on maintaining the PaPM (Profitability and Performance Management) in the staffing sector.
- Initiatives around cross-selling and upselling resulted in a marginal improvement in PAPM from INR 684 in Q2FY24 to INR 688 in Q3FY24.
- Market headwinds in terms of demand are still affecting the specialized staffing front.
- The company is strategically targeting captives and product companies with higher-margin demand, albeit lower volume, to ensure sustainability.
- Lower-margin mandates are still being considered as part of the company's strategy.

IT sector headwinds in specialized staffing front:
- The IT sector has witnessed a cautious and selective hiring trend, particularly with a decrease in hiring by IT services companies in recent quarters.
- Global Capability Centers (GCCs) have experienced some hiring, but it hasn't been enough to counterbalance the decline observed in IT services hiring.
- Despite these challenges, the company has benefited from this shift, leading to an increased market share in the GCC space, with 66% of net revenue coming from GCCs by the end of Q3FY24.

Degree Apprenticeship Business (DA):
- The company is experiencing a decline in NEEM (National Employability Enhancement Mission) trainees within the degree apprenticeship business.
- The company expects the entire attrition or reduction of NEEM trainees to be completed by the Q1FY25
- While losing NEEM trainees, the company has seen a net positive growth in DA headcount in the non-NEEM scheme. This positive growth trend is expected to continue in the future.
- Although this growth is associated with a lower PAPM, the company aims to engage clients in apprenticeship initiatives and explore upselling opportunities in learning services.

EdTech and HRTech Vertical:
- The EdTech vertical is consistently showing a 30% YoY growth in revenue.
- The company is confident in maintaining 8% to 10% margin within the EdTech vertical, including FY24.
- HR Tech in terms of overall profitability is still in investment phase with an expected 20% growth on the top line
- There’s a possibility of achieving slight break-even or marginal profitability in HR Tech for FY25.

Outlook:
The company aims to maintain an EBITDA margin between 6.5% to 6.7% in the short term, with a focus on portfolio correction and digitization. Strong performance expected from HR services in Q4FY24 driven by the EdTech vertical. Looking into Q4FY24, the company anticipates a strong pipeline and expect increased demand from various clients. The positive trend in associate headcounts expected to continue in Q4FY24, resulting in faster client service and increased operating leverage. They also aim for further improvements in FTE by the end of Q4FY24. Aiming to maintain a cash conversion ratio to EBITDA at 80% on an annual basis.

Apar Industries Ltd – Q3FY24 Concall KTAs
CMP: INR 6,017 | Market Cap: INR 2,43,870 Mn

APAR targets robust growth with switch from ASCR to AL 59 conductors.

Financial Highlights:
- Revenue from operations for Q3FY24 stood at INR 39,906 Mn up by 2% YoY and 2.5% QoQ
- EBITDA for Q3FY24 stood at INR 4,260 Mn up by 21.7% YoY and 15.7% QoQ
- PAT for Q3FY24 stood at INR 2,176 Mn up by 28% YoY and 25.1% QoQ

Industry Updates:
- The Central Electricity Authority reported that during the Q3FY24 3,841 circuit km of transmission lines were added, surpassing the 3,590-circuit km target. However, over the 9MFY24, only 9,047 circuit km were added against the 16,600-circuit km target.
- In the domain of substations, India observed the incorporation of around 38,336 MV of substation or transformation capacity within 9MFY24, representing 61% of the planned addition of 61,404.

Conductor Business Performance:
- The revenue for Q3FY24 grew by 4% YoY to INR 19,850 Mn, while the volume increased by 14% QoQ.
- Aluminium prices dropped by nearly 11% compared to the Q3FY23, while sales to the US surged by 28.3% YoY. Despite this, domestic demand for aluminium and conductors remained robust.
- Export revenue comprised 40.2% of total revenue, with premium products contributing 42% to the revenue mix. The EBITDA per metric ton, following forex adjustment, was INR 41,530
- The order book totals INR 60,810 million, with 40% attributed to premium products.

Oil Division Performance:
- The Q3FY24 revenue amounted to INR 12,440 Mn, reflecting an 8% increase in volumes. Transformer oil volumes saw a YoY increase of 16%
- Exports accounted for 44.3% of the revenue, while the EBITDA post forex adjustment stood at INR 8,157 per kiloliter.
- Lubricant revenue totaled INR 2,810 Mn with a volume of 17,945 kiloliters. Over the 9MFY24, oil revenue increased by 5% to INR 36,400 Mn, accompanied by a 12% rise in transformer oil volumes. The EBITDA per kiloliter was recorded at INR 6,257.

Cable Business Performance:
- Revenue remained stagnant YoY due to robust US sales in the Q3FY23. Excluding the US market, global sales surged by 24.1%. However, exports constituted only 30.6% of Q3FY24 sales, a decrease from 60.1% in Q3FY23, primarily due to de-inventorization by US customers.
- The EBITDA, post forex adjustment, maintains a double-digit margin at 11.5% versus 11.8% Q3FY23, representing 9.6% of sales. Additionally, a robust order book of INR 11,240 Mn reflects heightened enquiry levels from the US and EU.

Transmission Line Trends:
- There is increasing interest in HTLS lines, although the timing of tenders remains unclear.
- The growth in power consumption in India has been nearly 9% higher than the Q3FY23, indicating a positive trend.
- Opportunities for reconductoring with HTLS lines are expected to increase as power consumption continues to rise.

Conductor Business Analysis:
- A structural shift from ACSR to AL 59 conductors is observed, leading to higher margins and reduced competitive intensity.

- Long-term EBITDA per ton is expected to be around INR 28,500, driven by the shift towards AL 59 conductors.

Transformer Oil Market Performance:
- Transformer oil volume growth is expected to exceed the overall oil vertical growth, driven by increased transformer capacity installations.
- Transformer oil is projected to be a lead product in driving growth for APAR, both domestically and internationally.

Capacity Expansion and Market Penetration:
- APAR plans to increase capacity based on demand requirements, aiming for a 15% volume growth annually.
- Capacity expansion initiatives include acquiring properties of defunct cable manufacturers and installing new equipment.
- The US market, despite challenges, remains strategic for APAR, with increasing inquiries and collaborations with EPC players.
- European markets show promise, with discussions underway for increased supply starting from March-April onwards.

Capex Spending and Expansion Plans:
- Planned FY24 spending exceeds INR 3,000 million, with about INR 2,250 Mn of capex incurred by December. The company expects average annual outlay of INR 3,000 Mn.
- Capex allocated for both conductor and cable segments, including ground field expansion, debottlenecking and greenfield setups.

Outlook:
APAR's future plans focus on achieving an EBITDA of INR 28,500 per ton, driven by AL 59 conductors. It aims for a 15% volume increase in the conductor, 20% yearly growth in the cable business, and 25% in Oil and Transformer oils. The company is expecting high demand in wind, solar, railways, defence and mining sectors. Despite challenges, the US market shows potential, while European markets promise enhanced supply. APAR targets stable EBITDA of INR 5,000-6,000 per kilo liter from transformer oil product.

Tata Communications Limited – Q3FY24 Concall KTAs
| CMP: INR 1770 | Market Cap: INR 504.53 bn
The long-term target is to maintain an EBITDA margin between 23-25%
Financials
Reported revenue increased by 15.6% QoQ and 24.4% YoY to INR 56.33 bn as compare to 48.72 bn in Q2FY24.
Data business revenues improved by 28.5%YoY and 15.5% sequentially.
Digital Portfolio revenues grew by 78.2% YoY fueled by growth in Cloud and Next Gen Connectivity segments, coupled with the integration of The Switch. Digital services now comprise 45% of the overall Data portfolio.
EBITDA for the quarter was INR 11.34 bn with a margin of 20.1%(down 370 bps YoY).
Core Connectivity business revenues grew by 4.3% YoY.
Collaboration Portfolio grew by 3.1% QoQ and 4.4% YoY.
Cloud Security portfolio registered a growth of 12.5% YoY while the ISO private cloud, including infrastructure and platform as a service exhibited strong growth.
Media business revenues, including Switch, were up by 0.6% sequentially and 110.3% YoY.

Payment solutions
The payment business has over 95% of its quarterly revenue coming from the franchisee market. It has 4600 plus franchisee atms and only 128 company owned atms, resulting in positive EBITDA growth.
TCTS revenues increased by 10.7% YoY due to enhanced customer engagement and improved pricing. Exits unprofitable TCTS contract aiming at improving overall business health.

Capex
Q3FY24 amounted to 630 crores.
The ramp-up in Capex is linked to payments from projects committed in the prior year.
Multiple factors contribute to the impact on free cash, with a reported free cash flow of 77 crores for the quarter.

Margin
The long-term target is to maintain an EBITDA margin between 23-25%.
Recent acquisitions have impacted the margin but accelerated cost synergies have yielded better results.
Focus remains to stabilize all financial KPIs to steady state in the medium term.

Outlook
Overall, the company is optimistic about sustaining growth in core connectivity and digital portfolio revenues, as well as progress with subsidiaries and acquisitions. However, macroeconomic conditions may pose some challenges. The company is maintaining focus on profitability and a robust financial position.

Delta Corp Ltd-Concall KTAs Q3FY24C
MP INR 150; Mcap INR 40.35bn

The company reported weak numbers this quarter but long term growth roadmap on track

Dip in revenues This quarter the company witnessed -15.5% YoY/-14.4% QoQ dip in the revenues which can be mainly contributed due to impact of new GST rule, Diwali being a dull season, world cup impacted the visitations. Overall, there were less visitors to Goa as compared to last year same period.

Visitations and demand For India operations the visitations for Q3FY24 stood at 124000 and for Q2FY24 the visitations stood at 129000 visitations, lower by -4% QoQ/-6% YoY mainly as this year people chose other destinations over Goa.

Demand was lower this quarter as less people visited Goa and also visitors were reluctant to come and play due to introduction of new GST rule. In Jan 2024 1st week also the company witnessed lower footfalls on YoY basis.

Margins The company is confident of maintaining 35-36% of EBITDA margins which was 41% pre new GST rule. The revenues expected to increase in medium to long term resulting in expansion in margins.

GST pre 1st Oct 2023: The company used to charge GST on gross gaming revenue(GGR) at 28% before the current GST regime came into picture.
GST post 1st Oct 2023: Now the companies need to pay 28% GST on the sale of chips, GGR is 70% of sale of chips. With this new GST rule and change the company's GST liability and cost has increased by 6%.

Retrospective GST case There is GST demand case going on, on the company for alleged short payment of Goods and Services Tax (GST) aggregating to INR 16,822 cr for the period July 1, 2017, to March 31, 2022. On October 28, 2023, another subsidiary of the company received a GST show cause notice aggregating to INR 6,384 cr. Holding company/ subsidiary companies have filed writ petitions and have obtained stay orders from respective High Courts.
New vessel The company is adding one more vessel, should be up and running by Q3FY25. The company has planned total capex of INR 280-290cr out of which INR 175cr have already been incurred rest is going to be deployed in next few months. With this new vessel the company's capacity will double from its current capacity.

Integrated resort project The company has invested INR 120cr for the land and another 45-50cr has been invested for various licencing and other approvals. Delta plans to come up with water theme park, retail space, multiplex and hotel in this integrated resort.
Daman case The date for hearing of Daman case should come up next month.
The residential project to be converted into hospitality project of 450+ rooms deluxe hotel to compliment to new vessel capacity addition, this will take 18-24 months to get complete.
Peninsula Project The company plans to diversify and create strong real estate brand, has sufficient cash flows to invest in this vertical, eyeing projects with shorter gestation period with lucrative IRR.

Q3FY24 result Revenues stood at INR 234 cr down by -15.5% YoY/-14.4% QoQ
EBITDA at INR36.8cr declines by -56% YoY/-54% QoQ
Pat stood at INR 34.48cr down by -59% YoY

Outlook This quarter the company posted weak numbers led by lower footfall and visitations which was mainly due to new GST rule and more people visiting international destinations. The company has well planned growth road map with new vessel leading to doubling the capacity, plans to add 450+ room hotel in coming quarter along with diversifying into real estate arm as well. The company has enough cash to fund these projects and investments. As far as new GST regime is concerned the company has already started following the new rule. By Q2FY25 we believe the company will be back on track as far as additional GST cost is concerned. The stock is trading at PE multiple of 16.90 to its TTM earnings, we have a positive view on the long term growth prospects of the company.

CMS Info Systems Ltd- Q3FY24 Concall KTA's

CMP: INR 390 | Market Cap: INR 61,031 Mn

Expansion in managed service, retail and AIoT business to drive growth.

Financials:

- Revenue stood at INR 5,823 Mn in Q3FY24 against INR 4,883 Mn in Q3FY23, a growth of 19% YoY.

- Adj EBITDA at INR 1,634 Mn in Q3FY24 against INR 1,412 Mn in Q3FY23, a growth of 16% YoY.

- Adj PAT at INR 960 Mn against INR 786 Mn in Q3FY23, a growth of 22% YoY.

Managed services and tech solutions business:

- New business wins of INR 6,000 Mn in Q3FY24.

- 9MFY24 new business wins now stands at INR 12,500 Mn.

- Revenue grew at 38% YoY to INR 2,326 Mn in Q3FY24.

- EBIT grew 27% YoY to INR 411 Mn and the margins stood at 17.7%

Cash Logistics Business:

- Revenue grew at 11% YoY to INR 3,750 Mn in Q3FY24.

- EBIT grew 14% YoY to INR 976 Mn in Q3FY24. The EBIT margin expanded by 80 bps YoY to 26%

- The company added 4,000 business points in Q3FY24, 10% growth YoY

AIoT Business and Remote Monitoring:

- The company won orders for 2,000 new sites

- The AIoT business, specifically in remote monitoring, is running at an ARR of over INR 1,000 Mn.

- The company has seen consistent performance in this segment, with ongoing projects and plans to close around 25,000 sites by the end of fiscal year.

Compliance Status:

- 85% of ATMs are compliant, almost all CITs (Cash-In-Transit) are compliant and compliance status in CMS business stands at 40%.

- Investments for compliance have peaked, and the company anticipates reaping the benefits in the quality of business and margin profile.

CapEx:

- CapEx spend is expected to be lower than the earlier guidance of INR 1,500 Mn in FY24.

- Anticipated capex for FY24 now stands at INR 1,000 Mn.

Outsourcing Trends:

- 33,000 ATMs awarded this year.

- Additional 20,000 expected in the early part of the next fiscal year.

Provisions and Collection Business:

- Provisions have decreased from 5.1% in FY23 to 4.1% in FY24 due to compliance rollout and increased cash register coverage, leading to a reduction in risk costs. In FY25 it is expected to close at 4%.

- The collection business is progressing well, with over 15 contracts signed with various banks and NBFCs.

ESOP Expenses:

- 75% of ESOPs are issued at a rated average fair market price, and 25% with a 10% discount.

- The company expects INR 100-110 Mn ESOP expense in the next 2 quarters and reducing further on.

Network strength:

- Over 62% of the network are present in premier urban and rural areas, covering more than 16,000 pin codes.

Other Highlights:

- The company continues to invest in infrastructure, 500 vans added in 9MFY24.

- The company expects 25% of its ATM network to be cassette swap compliant by the end of FY24.

- Service and Security charges increased significantly attributed to the change in revenue mix.

- Vehicle costs increased due to adding 500 vehicles.

- From the product automation perspective, the company's historical market share has been in the 15 - 16% range. For the businesses that contracted out the 30,000 odd ATMs and recyclers, its market share would be about 25%.

- The majority of revenue from the order book will accrue in FY25-26.

Outlook:

The company continues to see high growth from its managed service business, retail, and AIoT businesses. The expectation of revenue in FY24 is between INR 22,500-23,000 Mn, with a growth rate of 16-19%. The shift towards smaller, automated branches opens up opportunities for the company in banking automation and ATM-as-a-service models. This could potentially boost managed services business, including remote monitoring services. The current focus is on broader financial inclusion and infrastructure areas, such as banking, retail, logistics and collections.

Sterlite Technologies Limited| Concall KTA Q3FY24

CMP: INR 137 | Market Cap: INR 54590 Mn

Sterlite Technologies records Q3FY24 YoY decline, emphasizing steady deployment, digital growth, and strategic focus on market share and connectivity.

Financial Highlights

• Total Revenue: INR 1332 Cr, YoY decline of -30%.

• EBITDA: INR 109 Cr, YoY decline of -57%.

• EBITDA Margin: 8.2%.

• Profit After Tax (PAT): INR -49 Crore.

Operational Highlights and Strategies

• Optical deployment remains steady, Strong growth in STL Digital.

• Increase OFC market share and Optical Connectivity attach rate.

• Emphasis on optimizing raw material and fixed costs.

• Commitment to achieving Net-Zero Emissions by 2030.

Market and Growth Projections of OFC

• Video, Metaverse, and IoT are identified as key drivers for growth.

• Focus on FTTH home passes and expansion in the North American Data Centre market.

• Europe: Expected demand of 84 Mn in FY27, 79 Mn in FY26, and 75 Mn in FY25.

• India: Anticipated demand of 33 Mn in FY27, 29 Mn in FY26, and 24 Mn in FY25.

• Rest of the World (ROW): Projected demand is 61 Mn in FY27, 59 Mn in FY26, and 56 Mn in FY25.

• North America: Forecasted demand at 158 Mn in FY27, 142 Mn in FY26, and 124 Mn in FY25.

• China: Estimated demand of 269 Mn in FY27, 269 Mn in FY26, and 269 Mn in FY25.

• APAC: Anticipated demand is 54 Mn in FY27, 52 Mn in FY26, and 50 Mn in FY25.

Expected CAGR in OFC demand

• North America: Anticipated Compound Annual Growth Rate (CAGR) from FY23-28 is 11.4%.

• Europe: The expected CAGR during the same period is 5.2%.

• India: Anticipated CAGR is 15.6% from FY23-28.

Business Segments Performance

• Optical Connectivity Attach rate revenue: INR 857 Cr in Q3FY24, YoY decline of -42%.

• Global Business Services Business Revenue: INR 405 Cr, 6% YoY growth.

• Digital Business Revenue: INR 80 Cr, 207% YoY growth.

Financial Position and Targets

• Net Debt reduced by INR 174 Cr from FY23.

• Services business demerger scheme filed with NCLT.

• Focus on cost leadership and ambition to be the 'Global Top 3'.

• Order book in Q3FY24: INR 9849 Cr, beyond FY25: INR 9013 Cr.

• Order Book is INR 720 Cr

Challenges and Focus Areas

• Lower revenue and expectations of a decline for FY24.

• PBT is low due to higher depreciation/interest costs.

• Material contribution margin is 54%.

• Long-term debt is INR 1003 Cr, and total debt is INR 2947 Cr.

• Market level at 37-40% but expected to be 70% in telecom in 2-3 years.

• Focus on reducing interest costs and increasing sales.

Other Operational Details

• Sterlite Technologies' team operating in Ayodhya for the past 7 days.

• Employee cost increased, attributed to paying X ratio of 12 Cr in this quarter.

• Capacity utilization is 50% in 9 months, 50 million in fiber level, and 42 million in cable level.

• Expectations of RFPs converting into orders from America.

Future Plans and Initiatives

• Expectation of OFC growth in FY25.

• Focus on reducing long-term debt by 50-75 Cr.

• Expecting an increase in market share to 70% in telecom in 2-3 years.

Indian Energy Exchange Ltd | Concall KTA Q3FY24

CMP: INR 136 | Market Cap: INR 121 Bn

Outlook: With numerous government and regulatory initiatives fostering a favorable policy for the energy sector, the company is poised to capitalize on these developments. Demonstrating a commitment to sustainability and efficiency.

Industry overview:

• In November, Minister of Power Sri RK Singh highlighted the need for more thermal capacity to meet the growing electricity demand. The current installed capacity is 214 GW, with a projected requirement of 283 GW by 2032. To address this, 27 GW of thermal capacity is under construction, and an additional 50 GW is planned to bridge the gap.

• India, with 180 GW of renewables, aims for 50% non-fossil fuel capacity by 2030. Additionally, 140 GW of green energy is in progress, surpassing the annual 50 GW target set by the government until 2030.

• India's coal production saw a robust 13.1% YoY increase, reaching approximately 256 million tons. Dispatched coal to the power sector rose by 11.7% YoY to 203.5 million tons. Import prices for 4200 GAR coal have dropped from last year's $90 to $58 per ton.

• Imported gas prices have significantly dropped from last year's $20 per MMBTu to around $9 per MMBTu. If prices further reduce to $7-$8 per MMBTu, the variable cost for using gas will be only about Rs 6-7. This presents an opportunity to utilize the available 11-12,000 GW gas capacity in the country to meet peak hour demand.

Key Highlights:

• Volumes in the DAC market in Q1’24 and Q2’24 were nearly 5.0 Bus (Billion Units), which have fallen off to 0.4 BUs in Q3’24 and shifted to DAM. At nearly 15 BUs, Q3’24 volumes for DAM were higher by 17.5% as compared to DAM volumes in Q1’24 and by 30% compared with volumes in Q2’24. This trend is expected to continue post implementation of GNA on 1st Oct 2023.

• Total Market share including certificates was 91% in November, 95% in December and ~87-88% for whole Q3FY24.

• Company is actively exploring international carbon exchange in collaboration with the Gift City. As transactions involve Indian sellers and international buyers, company aims to facilitate dollar-to-dollar transactions, addressing challenges faced in dollar-rupee exchanges. Company expects notable transactions by FY25.

• The decline in green market volumes this year is due to increased demand in Karnataka, where surplus power sales were impacted by higher consumption caused by rain shortfall.

SIS Ltd Q3FY24 Concall Highlights
CMP: INR 487 | Market Cap: INR 71.03 Bn | Promoter: 71.58%

[Arihant Capital]

Performance (Consol)
- **Revenues came in at INR 30.7 Bn (-0.0% QoQ) (+5.8% YoY)**
- **EBITDA margins came in at 4.9% (Vs 4.7% QoQ) (Vs 4.4% YoY)**

Key Highlights of the call:
- **Alarms business does 15% EBITDA margins. Root based cash logistics business does 20% or higher margins.**
- **Security solutions and facility management have similar approach. Security solutions took 8 quarters to return to margin profile**
- **Minimum wage hike in Australia 80% passed on. New Zealand doing well, 7-8% EBITDA margins.**
- **Usage of ATM is going down but use of cash is not dying. 80% of business is non ATM linked cash logistics (Cash Logistics segment)**

Other Highlights
- **Securities Solutions India revenues came in at INR 13.18 Bn (Vs 13.02 Bn QoQ) (12.03 Bn YoY)**
- **Securities Solutions International revenues came in at INR 12.45 Bn (12.59Bn QoQ) (12.19 Bn YoY)**
- **Facility Management Solutions revenues came in at INR 5.25 Bn (5.28 Bn QoQ) (4.97 Bn YoY)**

Security Solutions India:
- **Major wins came from the BFSI, Energy, Retail, Healthcare, and Hospitality sectors. EBITDA margin at 6.1% Vs 4.9% in Q3FY23**
- **VProtect (alarm monitoring system) now has 21,000 connections**
- **Low margin contracts were filtered out during the quarter**
- **DSOs reduced by 1 day at 84 days (QoQ). OCF/EBITDA stood at 69%**

Securities Solutions International:
- **Growth was primarily driven by new wins in the Mining, Education, Manufacturing, Retail, and Real Estate sectors. EBITDA margins were 3.9% Vs 4.0% in Q3FY23.**
- **EBITDA margins was impacted by downsizing of a contract by one customer and the loss of one contract in Australia.**
- **Even in developed western markets like Australia, 80% of security revenue still comes from manpower services, while 15% comes from solutions.**
- **Henderson achieved positive operational profits during the quarter (Singapore subsidiary)**
- **DSOs increased from 52 days to 53 days QoQ (largely due to seasonality)**

Facility Management Solutions:
- **Major wins during the quarter came from Real Estate, Education, Government, Manufacturing, and Healthcare.**
- **EBITDA margins came in at 4.3% Vs 4.0% in Q3FY23 due to the shedding of low-profit contracts and overhead management.**
- **Lots of bad contracts have exited, replacing with worthy contracts. EBITDA margins improving over last 3 quarters**

Cash Logistics Solutions:

- **Revenues up 3.9% QoQ, 13.7% YoY driven by new wins in cash in transit (CIT) business. EBITDA came in at 16.6%. New innovative solutions revenue growth is 60% YoY.**
- **Cash logistics segment offers higher profitability. Board will evaluate options to unlock value of JV**
- **DSOs remained stable at 78 Days**
- **Usage of ATM is going down but use of cash is not dying. 80% of business is non ATM linked cash logistics (Cash Logistics segment)**

Other KTAs:

- **Balance sheet will not be impacted even if company does INR 200-300 Mn capex per annum**
- **Finance cost was higher due to higher interest rates and capital expenditure on installations in VProtect business which were financed by bank borrowings. Effective interest cost increased by 0.3%**
- **Net debt stood at INR 10.5 Bn**

Outlook: EBITDA margins of Security Solutions India segment back to pre-COVID levels. Cash Joint venture business (second largest cash logistics business in India), reported its highest quarterly revenue and EBITDA margin in Q3FY24. Company expects improvement in performance due to investments in real estate, buildings, and public utilities by govt and private sector (which will increase the demand for security services). Company believes the margin improvement which happened in security solutions will follow suit in facilities management. Historically company has grown 2x of GDP (50% value, 50% volume). At CMP, company trades 24x TTM EPS

Tinna Rubber Q3FY24 Concall KTAs
CMP INR 685 |Market Cap INR 11.73 Bn

Financials
- **Revenue from operations for Q3FY24 stood at INR 930 Mn up by 24% YoY and 16.6% QoQ**
- **EBITDA for Q3FY24 stood at INR 156 Mn up by 88% YoY and 20% QoQ**
- **EBITDA Margins stood at 16.77%, showing a increase of 573 bps YoY/46 bps QoQ.**
- **PAT for Q3FY24 stood at INR 100 Mn up by 113% YoY and 31.5% QoQ**
- **PAT margins increased by 450 bps YoY (up by 121 bps QoQ) to 10.75% vs 9.54% in Q3FY23.**
- **Volume growth was healthy at 19% YoY/ 48% QoQ.**
- **Average Days Sales Outstanding, reduce from 1.5 months to 30 days.**
- **Inventory holding days, decreasing from 2.5 months to nearly two months.**

On going projects
- **Thermo plastic elastomer Plant has been commissioned, currently undergoing trial production, anticipated commencement of sales in the first quarter of the next financial year.**
- **Varle plant for recycling of PCR (Passenger Car Radial) tyres has Capacity of 60,000 MT annually, expected to commence production in February 2024.**
- **Oman plant became EBITDA positive within its first operational quarter, efficiently increasing plant capacity utilization from 30-40% to 70-80%.**

Extended Producer's Responsibility (EPR) Policy
- **Expecting implementation of EPR policy with increased engagement from Ministry of Environment and CPCB.**
- **Enhanced confidence in the policy's formation, foreseeing a potential new revenue stream in the next three to six months.**

Guidance
- **Aim to achieve a 25% or more CAGR in revenue to reach 900 crores by the FY27, with 18%+ EBITDA margin.**
- **Raw material costs are expected to increase due to Red Sea disruption.**

Key highlights
- **The company has a distinctive edge with its pan India business footprint, being the sole tire recycler.**
- **Ability to serve diverse sectors such as industrial, consumer, and infrastructure, distinguishing it from other recyclers.**
- **The Government of India's mandate for the use of modified bitumen in wearing surfaces, expected to drive increased demand and growth in modified bitumen adoption.**

Outlook
The company is focused on premium products and deeper penetration into existing markets, suggesting continued growth in their core business. Significant capital expenditures have been concluded, paving the way for aligned growth with the vision set for 2027. The company appears to be on a robust growth path driven by the establishment of new plants, margin expansion, and potential to capture a larger market share in the industry.

Kuantum Papers Q3FY24 Concall KTAs
CMP INR 173 | Market Cap INR 15.07 Bn

Financials

- **Revenue for Q3FY24 stood at INR 3,015 Mn down by 14% YoY and up by 1.1% QoQ.**
- **EBITDA for Q3FY24 stood at INR 794 Mn as compared to INR 1050 Mn in Q3FY23 (-24.4% YoY/ -1.5% QoQ).**
- **EBITDA margins stood strong at 26.33%, despite temporary shutdowns for modification and upgrades on PM 1 & Turbine and increase in wood prices.**
- **PAT stood at INR 422 mn (-26.4% YoY/-1.2% QoQ) while PAT margin decreased by 234 bps YoY/32 bps QoQ) to 14% vs 16.34% in Q3FY23.**

Capex

- **Ongoing capital expenditures included a comprehensive rebuild of PM 1, including components such as a headbox, wire part, press part, pope reel, and the addition of dryers.**
- **Increased paper production from 25 to 40 tons per day.**
- **Revised capex cost to INR 735 crores, which will enhance the production capacity by 50%.**
- **Project funding will be a mix of debt and internal accruals.**
- **Applied for a loan component of 535 crores, with the remaining 200 crores sourced from internal accruals.**

Raw Materials

- **Wood prices have increased by 8% QoQ, anticipating to reduce with improved wood availability in the upcoming quarters.**
- **Decrease in the price of wheat straw, while chemical prices remained stable.**

Key Highlights

- **Enhanced operational efficiencies in power plant operations by utilizing rice husk waste (kudi) as a cost-effective alternative fuel, resulting in a 50% reduction in costs compared to coal.**
- **Successfully upgraded TG 4 from 10 to 13.5 MW, enhancing steam production efficiency and lowering costs.**
- **Upgrades of four paper machines, aim to increase production capacity from the current 450 tons per day to 675 tons per day.**

Outlook

The company sees good demand trends continuing. Despite potential challenges posed by imports, fluctuating raw material costs, and changing market conditions, the company is focused on sustaining growth momentum. The large capex plan will position the company for further growth in the coming years.

Arihant Research Desk

Email: research@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park	
Building No. 10, 1st Floor	Arihant House
Andheri Ghatkopar Link Road	E-5 Ratlam Kothi
Chakala, Andheri (E)	Indore - 452003, (M.P.)
Mumbai – 400093	Tel: (91-731) 3016100
Tel: (91-22) 42254800	Fax: (91-731) 3016199
Fax: (91-22) 42254880	

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	research@arihantcapital.com

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800Fax. 022-42254880