INSTITUTIONAL RESEARCH

HSIE Results Daily

Contents

Results Reviews

- **Ambuja Cement:** We maintain ADD with an unchanged TP of INR 620/share (16.5x its consolidated FY26E EBITDA). During Q4FY24, consolidated volumes rose 17% YoY owing to the low base and ramp-up of recently acquired Sanghi plants. Weak pricing across markets drove down NSR by INR 394/MT QoQ (-7%). Opex too fell INR 190/MT on op-lev gains and lower input/freight costs. Thus, consolidated unitary EBITDA declined INR 203/MT QoQ to INR 1,026/MT (up INR 150/MT YoY). Sanghi ramp-up and upcoming expansions should bolster volume growth from FY25 onwards. We estimate a 13.5% CAGR for FY24-26E vs 7% in FY24. We also estimate unit EBITDA to expand by INR 200/MT in FY26 (over FY24) to ~INR 1,300, benefiting from various cost reduction exercises underway. The company reiterated its organic expansions are on track to expand the group cement capacity to 140mn MT by FY28.
- **Havells India:** Havells' Q4 revenue aligned with our estimate while it positively surprised operationally with EBITDAM expanding by 80bps to 11.7% (HSIE: 9.8%). While the B2B portfolio continues to sustain its momentum, the B2C portfolio witnessed early signs of a revival led by a positive start to the summer season and benefits from the real estate uptick. Lloyd reported a positive EBIT margin (+2.8% vs -1.8% YoY), led by cost savings and business efficiency measures. Lloyd is progressing well on its journey of growth and profitability and will continue to look to grow faster than the industry. Through its multi-product portfolio serving a diverse consumer base, we believe Havells remains well placed to capitalise from the current uptick seen in private/government capex and real-estate tailwind, given (1) it has a diverse product portfolio covering 70%+ of household electric sockets; (2) it is among the top 3 players in most product categories; (3) its Lloyd portfolio is gaining traction; and (4) it has an innovation focus and its GTM expansion to become more omnipresent. We raise our FY25/26 EPS by 4/3% to reflect Q4 performance and value the stock at 50x Mar26 EPS to arrive at a target price of INR 1,625. Maintain ADD.
- **Dabur:** Dabur's Q4FY24 results were above estimates; however, sales growth was lopsided, with the majority of the beat coming from the Oral care segment and rural driven. Rural grew (8%) at almost 2x of urban areas on the back of company-specific initiatives such as expanding the distribution network, launching affordable price point packs, and increasing acceptance of Ayurveda. The oral care segment grew 22% YoY due to market share gains, higher per capita income in the South (Dabur stronghold) and enhanced distribution reach. The healthcare range (30% of domestic sales) disappointed due to the delayed winter season (Chyawanprash) and supply chain-related issues (honey). Foods (22% of sales) remained flat due to high base impact and delayed arrival of the summer season. Similarly, currency devaluation impacted otherwise decent growth in international business (12% CC growth). Dabur remains optimistic about high single-volume growth with double-digit revenue growth, led by (1) focus on power brands; (2) distribution expansion drive; and (3) premiumisation. Management guided for 50bps EBITDA margin improvement to 20% in FY25. We remain sceptical about management guidance (have pencilled only 9% revenue growth in FY25), given their volatile track record (6/8/7% revenue/EBITDA/PAT CAGRs

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over the past decade). It will require the support of macro tailwinds such as favourable weather conditions (given the high seasonal portfolio) and normal monsoon to drive a sustained momentum in rural to deliver DD revenue growth. We maintain ADD with a TP of INR 595 (45x FY26 EPS).

- **ACC:** We maintain BUY on ACC, with an unchanged TP of INR 2,845/share (11x its Mar-26E consolidated EBITDA). During Q4FY24, ACC's volume rose 22% YoY supported by a low base of last year and marginal contribution from Sanghi. However, NSR slumped INR 290/MT QoQ on weak pricing across markets. Modest op-lev gains of INR 67/MT QoQ cushioned the margin decline, as it fell INR 232/MT QoQ to INR 784/MT. During FY25, ACC will be adding 40MW of WHRS and will also be ramping up renewal power usage leading to cost reductions. Currently, 4mn MT grinding expansions are lined up for Q1FY26 and more expansion announcements are expected in the coming months.
- **Nuvoco Vistas Corporation:** We maintain a BUY rating for Nuvoco Vistas, with a revised TP of INR 470/share (9x its consolidated Mar-26E EBITDA). In Q4FY24, Nuvoco's volume was muted (grew 2% YoY). A sharp fall in pricing in the east pulled down NSR by 8% QoQ. However, major op-lev gains cushioned the impact. Thus, unit EBITDA declined from INR 125/MT QoQ to INR 866/MT. Importantly, Nuvoco also tightened its working capital, freeing up cash. Thus, net debt/ EBITDA cooled off to 2.7x (its lowest in the past eight years). It has also put expansion projects on hold, as the focus remains on balance sheet repair, which is a good strategy, in our view.
- **Orient Cement:** We maintain our REDUCE rating on Orient Cement with a revised TP of INR 205/share (7.5x Mar-26E EBITDA). In Q4FY24, cement volume rose 0.5% YoY owing to a sharp decline in Telangana and competitive pressure in eastern Maharashtra. NSR fell 5% QoQ on weak pricing across markets. However, the company registered cost reduction QoQ (unitary input and fixed costs), which more than offset the NSR fall. Thus, unit EBITDA increased INR 30/MT QoQ to INR 859/MT (up INR 47/MT YoY). Management expects 8% YoY volume growth in FY25. Management remains hopeful to commission brownfield (2/3mn MT clinker/cement) Chittapur expansion and greenfield (2mn MT) SGU in MP by FY26 end.
- **Greenpanel Industries:** In Q4FY24, Greenpanel's revenue/EBITDA/APAT fell 10/32/57% YoY. MDF sales volume declined 7% YoY (domestic/export +23/-74% YoY), as Greenpanel cut its thin-margin exports. Domestic MDF NSR declined 12% QoQ, owing to higher incentives to dealers and a change in product mix. So, the MDF margin contracted 320bps QoQ to 16.4%. Ply revenue declined sharply 35/21% YoY/QoQ, owing to weak volume and lower NSR. Its MDF capacity expansion by 35% (231K CBM) is likely to be commissioned by Q3FY25 end. At least for the next few quarters, MDF prospects remain challenging owing to supply pressure (domestic capacity addition and imports) and soaring timber prices. As margin pain in MDF is expected to continue throughout FY25, and revival in the ply segment is delayed, we downgrade Greenpanel to ADD from BUY earlier with lower TP of INR 335/share (20x Mar-26E EPS).

Ambuja Cement

Focus on cost reduction; expansions on track

We maintain ADD with an unchanged TP of INR 620/share (16.5x its consolidated FY26E EBITDA). During Q4FY24, consolidated volumes rose 17% YoY owing to the low base and ramp-up of recently acquired Sanghi plants. Weak pricing across markets drove down NSR by INR 394/MT QoQ (-7%). Opex too fell INR 190/MT on op-lev gains and lower input/freight costs. Thus, consolidated unitary EBITDA declined INR 203/MT QoQ to INR 1,026/MT (up INR 150/MT YoY). Sanghi ramp-up and upcoming expansions should bolster volume growth from FY25 onwards. We estimate a 13.5% CAGR for FY24-26E vs 7% in FY24. We also estimate unit EBITDA to expand by INR 200/MT in FY26 (over FY24) to ~INR 1,300, benefiting from various cost reduction exercises underway. The company reiterated its organic expansions are on track to expand the group cement capacity to 140mn MT by FY28.

- **Q4FY24 consolidated performance:** Volume rose 17% QoQ, thus growing 17% YoY (on a low base of last year). Sanghi ramp-up contributed ~5% of the QoQ growth. NSR fell 7% QoQ (-5% YoY) on weak pricing across markets. Unit Opex declined 4% QoQ (INR 190/MT), mainly on lower unit fixed (INR 120/MT) and lower freight costs (INR 40/MT). Even input cost cooled off INR 30/MT QoQ. Thus, consol unitary EBITDA declined INR 203/MT QoQ to INR 1,026/MT (up INR 150/MT YoY). Reported PAT of INR 10.6bn includes INR 4.7bn worth of exceptional gains in ACC, which include INR 2.6bn (prior period tax provision write-back) and INR 2.3bn (gains on remeasurement of the group's previously held interest in ACCPL).
- **Capex and other updates:** Ambuja is targeting to achieve 60% green power consumption by FY28 end. Ambuja is also beefing up captive coal mining, adding 10 railway wagons, and plans to increase sea transportation, etc. Cumulatively, it has guided for an INR 530/MT opex reduction by FY28 (ambitious in our view). It guided for ~INR 70bn Capex for FY25E. Ambuja is targeting to ramp up sales from the Sanghi plant from 1.84mn MT in FY24 to >5mn MT in FY25. Ambuja also plans to add two kilns at the Sanghi location over the next few years (as part of its Capex plans). We maintain our consolidated EBITDA estimates for FY25/26E. We estimate Ambuja will deliver 13.5% volume CAGR during FY24-26E, driven by upcoming expansions and Sanghi ramp-up. We estimate unit EBITDA will expand to ~INR 1300 in FY26 (INR 200/MT jump over FY24), buoyed by various cost reduction efforts.

Standalone quarterly/annual financial summary

YE Dec (INR bn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	CY21	FY23	FY24P	FY25E	FY26E
Sales (mn MT)	16.56	14.12	17.3	14.10	17.4	53.19	69.15	59.15	66.25	76.19
NSR (INR/MT)	5,371	5,642	(4.8)	5,765	(6.8)	5,446	5,631	5,606	5,578	5,550
EBITDA(INR/MT)	1,026	877	16.9	1,228	(16.5)	1,168	741	1,082	1,205	1,289
Net Sales	88.94	79.66	11.6	81.29	9.4	289.66	389.37	331.60	369.53	422.84
EBITDA	16.99	12.39	37.1	17.32	(1.9)	62.10	51.22	64.00	79.85	98.22
APAT	5.86	7.92	(26.0)	8.23	(28.7)	29.01	29.02	31.08	38.18	52.62
AEPS (INR)	2.7	4.0	(33.1)	4.1	(35.6)	14.6	11.7	14.1	15.5	21.4
EV/EBITDA (x)						21.4	24.5	22.0	18.8	16.8
EV/MT (INR bn)						20.22	18.44	17.66	17.21	17.18
P/E (x)						47.3	47.2	44.1	40.3	29.2
RoE (%)						9.4	6.5	6.9	6.7	8.1

Source: Company, HSIE Research

ADD

CMP (*as on 2 May 2024*)	INR 626
Target Price	INR 620
NIFTY	22,648

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 620	INR 620
	FY25E	FY26E
EBITDA revision %	*0.2*	*(0.3)*

KEY STOCK DATA	
Bloomberg code	ACEM IN
No. of Shares (mn)	2,198
MCap (INR bn) / ($ mn)	1,375/16,486
6m avg traded value (INR mn)	2,129
52 Week high / low	INR 649/376

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	12.3	49.1	58.6
Relative (%)	8.1	31.8	36.6

SHAREHOLDING PATTERN (%)

	Dec-23	Apr-24
Promoters	63.19	70.33
FIs & Local MFs	15.83	12.94
FPIs	11.88	9.90
Public & Others	9.10	6.84
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Havells India

Margins on the mend

Havells' Q4 revenue aligned with our estimate while it positively surprised operationally with EBITDAM expanding by 80bps to 11.7% (HSIE: 9.8%). While the B2B portfolio continues to sustain its momentum, the B2C portfolio witnessed early signs of a revival led by a positive start to the summer season and benefits from the real estate uptick. Lloyd reported a positive EBIT margin (+2.8% vs -1.8% YoY), led by cost savings and business efficiency measures. Lloyd is progressing well on its journey of growth and profitability and will continue to look to grow faster than the industry. Through its multi-product portfolio serving a diverse consumer base, we believe Havells remains well placed to capitalise from the current uptick seen in private/government capex and real-estate tailwind, given (1) it has a diverse product portfolio covering 70%+ of household electric sockets; (2) it is among the top 3 players in most product categories; (3) its Lloyd portfolio is gaining traction; and (4) it has an innovation focus and its GTM expansion to become more omnipresent. We raise our FY25/26 EPS by 4/3% to reflect Q4 performance and value the stock at 50x Mar26 EPS to arrive at a target price of INR 1,625. Maintain ADD.

- **In-line revenue; surprises positively on operating performance:** Revenue grew by 12% YoY to INR54.3bn (HSIE: INR54.5bn). Ex-Lloyd, revenue grew by 14%. The B2B segment continued to drive growth while the B2C portfolio saw some early signs of benefits from the real estate uptick. Gross margin expanded by 240bps YoY to 32.8% (HSIE: 33.1%), aided by the softening RM environment. EBITDA grew by 20% YoY to INR6.4bn (19/14% above HSIE/consensus) while the margin expanded by 80bps YoY to 11.7% (HSIE: 9.8%). Employee/A&P/other expenses grew by 27%/21%/18% YoY. As a % of sales, employee/A&P expenses saw a 90/20bps increase YoY. PBT grew by 23% YoY to INR6bn. APAT grew by 24% YoY to INR4.5bn.
- **Margins improve sequentially; Lloyd reports positive EBIT:** Switchgear revenue grew 8% YoY to INR6.5bn while margin contracted 30bps YoY to 28.2% (+430bps QoQ). **Cable** revenue grew by 14% YoY to INR17.9bn while the margin was flat YoY at 12% (+170bps QoQ). **Lighting** revenue grew by 5% YoY to INR4.3bn with flat margins YoY at 18.2% (+410bps QoQ). **ECD** revenue grew by 21% YoY (on a low base) to INR9.1bn while the margin contracted 150bps YoY to 11.3%. **Lloyd's** revenue grew by 6% YoY to INR13.4bn while its margin came in at +2.8% vs -1.8% YoY. We note that contribution margins remained stable across most categories.
- **Earnings call takeaways:** (1) Summer season has started on a positive note coupled with early signs of benefits from the real estate uptick. (2) Cables volume grew by 18/15% in Q4/FY24. New capacity to commission by June. (3) Within ECD, fans grew faster than segment growth. (4) Within RAC, Q1FY25 has started on a strong footing led by south and west. Expect north to pick up soon. (4) To incur a capex of INR 8bn in FY25. Will largely be directed towards Havells. (5) In FY25, CFO/FCF stood at INR 19.6bn/INR 11.9bn. (6) Board approved final dividend of INR 6/share (FY24 total dividend at INR 9/share).

Financial summary

(INR mn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	FY23	FY24	FY25E	FY26E
Net Sales	54,343	48,496	12.1	44,006	23.5	1,68,684	1,85,499	2,14,014	2,44,608
EBITDA	6,368	5,308	20.0	4,326	47.2	16,030	18,453	23,494	29,468
APAT	4,489	3,617	24.1	2,879	55.9	10,750	12,732	16,151	20,364
EPS (INR)	7.2	5.8	24.1	4.6	55.9	17.2	20.3	25.8	32.5
P/E (x)						96.9	81.9	64.5	51.2
EV / EBITDA (x)						63.7	54.8	42.9	33.9
RoE (%)						17.1	18.1	20.4	22.5

Source: Company, HSIE Research

ADD

CMP *(as on 30 Apr 2024)*	INR 1,663
Target Price	INR 1,625
NIFTY	22,605

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,585	INR 1,625
EPS %	FY25E	FY26E
	+4%	+3%

KEY STOCK DATA	
Bloomberg code	HAVL IN
No. of Shares (mn)	627
MCap (INR bn) / ($ mn)	1,043/12,503
6m avg traded value (INR mn)	1,373
52 Week high / low	INR 1,688/1,211

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	28.6	33.5	35.3
Relative (%)	24.7	16.9	13.4

SHAREHOLDING PATTERN (%)

	Dec-23	Mar-24
Promoters	59.43	59.43
FIs & Local MFs	10.12	9.88
FPIs	23.96	24.83
Public & Others	6.49	5.86
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Dabur

Skewed growth

ADD

Dabur's Q4FY24 results were above estimates; however, sales growth was lopsided, with the majority of the beat coming from the Oral care segment and rural driven. Rural grew (8%) at almost 2x of urban areas on the back of company-specific initiatives such as expanding the distribution network, launching affordable price point packs, and increasing acceptance of Ayurveda. The oral care segment grew 22% YoY due to market share gains, higher per capita income in the South (Dabur stronghold) and enhanced distribution reach. The healthcare range (30% of domestic sales) disappointed due to the delayed winter season (Chyawanprash) and supply chain-related issues (honey). Foods (22% of sales) remained flat due to high base impact and delayed arrival of the summer season. Similarly, currency devaluation impacted otherwise decent growth in international business (12% CC growth). Dabur remains optimistic about high single-volume growth with double-digit revenue growth, led by (1) focus on power brands; (2) distribution expansion drive; and (3) premiumisation. Management guided for 50bps EBITDA margin improvement to 20% in FY25. We remain sceptical about management guidance (have pencilled only 9% revenue growth in FY25), given their volatile track record (6/8/7% revenue/EBITDA/PAT CAGRs over the past decade). It will require the support of macro tailwinds such as favourable weather conditions (given the high seasonal portfolio) and normal monsoon to drive a sustained momentum in rural to deliver DD revenue growth. We maintain ADD with a TP of INR 595 (45x FY26 EPS).

- **Consolidated revenue was up 5% YoY,** in line with our estimates; however, it was driven by Oral care, with other segments showing muted growth. Domestic volume growth of 4%, marginally better than peers who have reported so far. Gross margin expanded c280bps YoY to 48.6% on account of a favourable mix and benign RM costs. EBITDA margin expansion (130 bps), was much ahead of estimates despite higher A&P spending (up 21%) due to strict vigil on operating overheads (up 7% YoY)
- **Con call takeaways**: (1) **Contemporizing Chyawanprash**—management plans to make it more relevant for end customers, so that penetration rises. (2) Dabur management is targeting DD growth for its beverages portfolio in FY25. (3**) Himalaya and Colgate have lost volume market share** as the Herbal category has grown much faster than traditional categories. (4) Badshah Masala portfolio is compliant with local rules and regulations and expects margins to improve due to benign RM and flow through of price hikes taken in FY24. (5) Rural reach—added 22,000 villages taking total reach to 122,000. (6) Cost savings program—saved Rs 1 bn in FY24 and targeting a similar amount in FY25. (7) Incurred legal expense of Rs 1 bn in defending a lawsuit in the US in FY24 and intends to incur a similar amount in FY25. (8) Contribution from NPD stood at 3.5% of sales. (9) Ad spends expected to inch from 6.8% in FY24 to 7.5-8% of sales in the medium term. (10) Planning to take a price hike of 3% in FY25.

Quarterly/annual financial summary

(INR mn)	Q4 FY24E	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	FY22	FY23	FY24	FY25E	FY26E
Net Sales	28,146	26,778	5.1	32,551	(13.5)	1,08,887	1,15,299	1,24,040	1,35,506	1,48,252
EBITDA	4,668	4,098	13.9	6,678	(30.1)	22,538	21,641	24,002	26,929	30,245
APAT	3,495	3,008	16.2	5,142	(32.0)	18,242	17,072	18,118	20,492	23,371
Diluted EPS (Rs)	1.97	1.70	16.2	2.90	(32.0)	10.3	9.6	10.3	11.6	13.2
P/E (x)						49.4	52.9	49.7	44.0	38.5
EV / EBITDA (x)						39.8	41.7	37.3	32.9	29.0
Core RoCE (%)						21.9	16.6	16.8	18.7	21.5

Source: HSIE Research

CMP *(as on 2 May 2024)*	**INR 524**
Target Price	**INR 595**
NIFTY	**22,648**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 650	INR 595
EPS %	FY25E	FY26E
	2%	3%

KEY STOCK DATA	
Bloomberg code	DABUR IN
No. of Shares (mn)	1,772
MCap (INR bn) / ($ mn)	931/11,160
6m avg traded value (INR mn)	1,127
52 Week high / low	INR 597/489

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	(3.6)	(1.0)	(2.1)
Relative (%)	(7.7)	(18.3)	(24.2)

SHAREHOLDING PATTERN (%)	**Dec-23**	**Mar-24**
Promoters	66.24	66.25
FIs & Local MFs	11.78	12.56
FPIs	16.49	15.83
Public & Others	5.49	5.36
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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ACC

Weak pricing pulls down margin QoQ

We maintain BUY on ACC, with an unchanged TP of INR 2,845/share (11x its Mar-26E consolidated EBITDA). During Q4FY24, ACC's volume rose 22% YoY supported by a low base of last year and marginal contribution from Sanghi. However, NSR slumped INR 290/MT QoQ on weak pricing across markets. Modest op-lev gains of INR 67/MT QoQ cushioned the margin decline, as it fell INR 232/MT QoQ to INR 784/MT. During FY25, ACC will be adding 40MW of WHRS and will also be ramping up renewal power usage leading to cost reductions. Currently, 4mn MT grinding expansions are lined up for Q1FY26 and more expansion announcements are expected in the coming months.

- **Q4FY24 performance:** ACC's EBITDA came in 7/3% lower than ours/consensus estimates. Sales volumes rose 22/17% YoY/QoQ. The YoY growth is benefiting on a low base when sales in Himachal plants were impacted due to strikes during H2FY23. On a QoQ basis, the ramp-up of Sanghi contributed 2% of ACC's sales. NSR fell 5.6/6.5% QoQ/YoY on weak pricing across markets (major fall in east and south). Unit Opex declined 1% QoQ (INR 57/MT) mainly on small op-lev gains. Thus, unit EBITDA fell INR 232/MT, led by a pricing fall. Fuel cost rose marginally to INR 1.91/mnCal vs INR 1.86/mn Cal QoQ. WHRS power share stood at 8.2% vs 9.1% QoQ. Reported PAT of INR 9.5bn includes one-offs of INR 4.9bn (INR 2.3bn on remeasurement gains post complete acquisition of ACCL and INR 2.6bn on reversal of tax provisions for prior periods).
- **Expansion update and outlook:** The Ametha clinker plant is fully stabilised and is operating at 80%+ utilisation. The 18/21.5MW WHRS across Chanda and Wadi are expected to be operational in Q2FY25, leading to 86 MW WHRS capacity and adding to cost savings. ACC will be adding 1.6/2.4mn MT GUs at Sindri, Jharkhand/ Salai Banwa, UP, by Q4FY25/Q1FY26. ACC spent a total of INR 17.7bn in Capex during FY24 (including a stake purchase in ACCPL). Adani management is also working on various cost reduction programs (WHRS AFR equipment, solar power, coal mines and direct dispatches) which should boost margin, going ahead. We broadly maintain EBITDA estimates and TP remains unchanged.

Consolidated financial summary

YE Dec (INR bn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	CY21	FY23	FY24P	FY25E	FY26E
Sales (mn MT)	10.4	8.5	*22.4*	8.9	*16.9*	28.9	38.6	36.8	38.9	41.6
NSR (INR/MT)	4,895	5,236	*(6.5)*	5,185	*(5.6)*	5,161	5,276	5,079	5,079	5,129
EBITDA(INR/MT)	784	549	*42.8*	1,016	*(22.8)*	1,011	480	828	923	988
Net Sales	54.1	47.9	*12.9*	49.1	*10.1*	161.5	222.1	199.6	210.4	227.5
EBITDA	8.4	4.7	*78.6*	9.0	*-7.5*	30.0	19.2	30.6	36.4	41.5
APAT	-0.3	3.7		5.4		19.2	10.5	18.5	21.8	25.8
AEPS (INR)	24.4	16.1	*51.6*	28.6	*-14.8*	102.1	44.6	98.4	115.7	137.0
EV/EBITDA (x)						13.2	22.7	13.7	11.3	9.6
EV/MT (INR bn)						11.48	12.13	10.56	9.95	9.07
P/E (x)						24.8	45.4	25.7	21.8	18.5
RoE (%)						*14.2*	*5.9*	*12.1*	*12.6*	*13.4*

Source: Company, HSIE Research

BUY

CMP *(as on 2 May 2024)*	INR 2,529
Target Price	INR 2,845
NIFTY	22,648

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,845	INR 2,845
EBITDA revision %	FY25E *(0.7)*	FY26E *0.5*

KEY STOCK DATA	
Bloomberg code	ACC IN
No. of Shares (mn)	188
MCap (INR bn) / ($ mn)	475/5,695
6m avg traded value (INR mn)	1,255
52 Week high / low	INR 2,760/1,704

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	1.2	35.7	43.4
Relative (%)	(2.9)	18.4	21.3

SHAREHOLDING PATTERN (%)

	Dec-23	Mar-24
Promoters	56.69	56.69
FIs & Local MFs	24.15	24.64
FPIs	6.24	6.18
Public & Others	12.92	12.49
Pledged Shares	0.00	0.00

Source : BSE

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Nuvoco Vistas Corporation

Leverage cools off to an eight-year low!

We maintain a BUY rating for Nuvoco Vistas, with a revised TP of INR 470/share (9x its consolidated Mar-26E EBITDA). In Q4FY24, Nuvoco's volume was muted (grew 2% YoY). A sharp fall in pricing in the east pulled down NSR by 8% QoQ. However, major op-lev gains cushioned the impact. Thus, unit EBITDA declined from INR 125/MT QoQ to INR 866/MT. Importantly, Nuvoco also tightened its working capital, freeing up cash. Thus, net debt/ EBITDA cooled off to 2.7x (its lowest in the past eight years). It has also put expansion projects on hold, as the focus remains on balance sheet repair, which is a good strategy, in our view.

- **Q4FY24 performance:** Cement sales volume grew 2/32% YoY/QoQ (sharp volume recovery QoQ; however it is still muted YoY). Nuvoco noted it gained market share in the north. Cement NSR declined sharply: down 8/3% QoQ/YoY owing to weak pricing in the east. Cement opex cooled off 8% QoQ on all-around cost reduction especially op-lev gains (~INR 250/MT QoQ). Fuel cost reduced to INR 1.63/mnCal vs INR 1.67/mnCal QoQ and INR 2.3/mnCal YoY. Unit EBITDA declined INR 125/MT QoQ to INR 866/MT, owing to weak pricing. The margin compression is moderated owing to large op-lev gains QoQ. Even the RMC EBITDA margin more than doubled to 10.5% in Q4FY24 vs 5/7% QoQ/ YoY, cushioning the pricing fall impact of the cement segment. Nuvoco was able to tighten its working capital in H2, releasing INR 5.3bn in cash flows. This along with increased profitability in H2 has driven net debt reduction by INR 6.8bn since Sep-23 to INR 43bn in Mar-24. Net debt to EBITDA cooled off to 2.7x in Mar-24 vs 3.63x in Sep-23 (and 3.8x in Mar-23).
- **Capex, debt, and outlook:** The recently commissioned 1.2mn MT Haryana SGU is operating at 60% utilisation currently. The railway sidings at Sonadih and Odisha are expected to be commissioned in Q1/H1FY25. Post this, all clinker movement will happen by rakes, reducing costs. It also guided that it would reduce its opex by ~INR 50/MT in FY25 through an ongoing efficiency program. We estimate an additional ~INR 70/MT savings to accrue from fuel price reduction. Nuvoco has put expansions on hold for now as the focus is on reducing gearing (positive in our view). It guided Capex of INR 3-4bn in FY25. It also guided it would deliver an ~8% volume growth in FY25E. Factoring in the sharp fall in cement prices in Q4FY24 and increased competition in the east, we lower our EBITDA estimates for FY25/26E by 4/1% respectively.

Quarterly/annual financial summary

YE Mar (INR bn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	FY22	FY23	FY24P	FY25E	FY26E
Sales Vol (mn MT)	5.30	5.20	1.9	4.02	31.8	17.84	18.80	18.78	19.72	20.70
NSR (INR/MT)	4,970	5,144	(3.4)	5,428	(8.4)	4,794	5,124	5,159	5,108	5,184
Opex (INR/MT)	4,104	4,448	(7.7)	4,437	(7.5)	3,962	4,513	4,336	4,208	4,215
EBITDA(INR/MT)	866	696	24.5	991	(12.6)	832	611	824	900	970
Net Sales	29.33	29.29	0.2	24.21	21.2	93.18	105.86	107.33	113.25	122.38
EBITDA	4.91	3.80	29.0	4.10	19.6	15.02	12.10	16.24	18.62	21.13
APAT	1.00	0.05	1,748.1	0.31	223.4	0.32	-1.80	1.47	3.97	6.15
AEPS (INR)	2.81	0.15	1,748.1	0.87	223.4	0.9	-5.0	4.1	11.1	17.2
EV/EBITDA (x)						11.3	13.4	9.9	8.0	6.7
EV/MT (INR bn)						7.14	6.82	6.41	5.96	5.69
P/E (x)						372.9	-66.5	81.2	30.1	19.4
RoE (%)						0.4	-2.0	1.7	4.3	6.4

Source: Company, HSIE Research

BUY

CMP *(as on 2 May 2024)*	INR 335
Target Price	INR 470
NIFTY	22,648

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 515	INR 470
EBITDA revision %	FY25E *(4.0)*	FY26E *(1.0)*

KEY STOCK DATA	
Bloomberg code	NUVOCO IN
No. of Shares (mn)	357
MCap (INR bn) / ($ mn)	119/1,435
6m avg traded value (INR mn)	160
52 Week high / low	INR 399/291

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(6.9)	(0.5)	0.9
Relative (%)	(11.1)	(17.8)	(21.1)

SHAREHOLDING PATTERN (%)	Dec-23	Mar-24
Promoters	71.79	72.02
FIs & Local MFs	19.97	18.60
FPIs	3.05	3.43
Public & Others	5.19	5.95
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Orient Cement

Volume offtake remains muted; stable margin

We maintain our REDUCE rating on Orient Cement with a revised TP of INR 205/share (7.5x Mar-26E EBITDA). In Q4FY24, cement volume rose 0.5% YoY owing to a sharp decline in Telangana and competitive pressure in eastern Maharashtra. NSR fell 5% QoQ on weak pricing across markets. However, the company registered cost reduction QoQ (unitary input and fixed costs), which more than offset the NSR fall. Thus, unit EBITDA increased INR 30/MT QoQ to INR 859/MT (up INR 47/MT YoY). Management expects 8% YoY volume growth in FY25. Management remains hopeful to commission brownfield (2/3mn MT clinker/cement) Chittapur expansion and greenfield (2mn MT) SGU in MP by FY26 end.

- **Q4FY24 performance:** Sales volume rose 24% QoQ; however, it remained flattish YoY. While sales in Maharashtra have been strong (13/32% YoY/QoQ), Orient's sales in Telangana fell 26% YoY (though up 12% QoQ). Utilisation stood at 81% vs 66/81% QoQ/YoY. NSR fell INR 250/MT QoQ (-5% QoQ, +1% YoY) owing to weak pricing (especially in the south). Unit Opex declined INR 280/MT QoQ, on lower unit fixed (INR 160/MT) and input costs (INR 110/MT). Freight cost remained flattish QoQ. This led to INR 30/MT QoQ margin expansion to INR 859/MT. Fuel cost cooled off to INR 1.78/mnCal vs INR 1.89/mnCal QoQ. Green power mix stood at 23% vs 25% QoQ.
- **Con-call KTAs and outlook:** Management expects 8% YoY volume growth in FY25. It doesn't expect cement prices to go up QoQ in Q1. Similarly, it expects fuel prices to remain stable. The 10MW WHRS is fully commissioned in April and Orient expects annual cost savings of INR 500-600mn from the same. It is also adding solar power. The rising share of renewable power should drive margins. Management remains confident of commissioning the brownfield Chittapur IU (2/3mn MT clinker/cement, Capex INR 16bn) and greenfield SGU in MP (2mn MT, Capex INR 5bn) by FY26 end. Factoring in healthy Q4 performance, we have increased our EBITDA estimates for FY25/26E by 4/4% each. However, we broadly maintain our view that the expansions will be delayed into FY27E. So, we maintain our lower Capex outgo (INR 17bn vs company guidance of INR 25bn) for FY25-26E.

Quarterly/annual financial summary

YE Mar (INR bn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	FY22	FY23	FY24P	FY25E	FY26E
Sales Vol (mn MT)	1.73	1.72	0.5	1.39	24.0	5.48	5.76	6.13	6.50	6.89
NSR (INR/MT)	5,146	5,099	0.9	5,397	(4.6)	4,973	5,100	5,194	5,194	5,272
Opex (INR/MT)	4,287	4,287	(0.0)	4,568	(6.2)	3,895	4,467	4,462	4,405	4,422
EBITDA(INR/MT)	859	812	5.8	828	3.7	1,079	633	733	789	850
Net Sales	8.88	8.76	1.4	7.51	18.2	27.25	29.38	31.85	33.76	36.32
EBITDA	1.48	1.39	6.3	1.15	28.6	5.91	3.65	4.49	5.13	5.86
APAT	0.68	0.67	1.5	0.45	52.3	2.63	1.23	1.75	2.14	2.78
AEPS (INR)	3.3	3.3	1.5	2.2	52.3	12.8	6.0	8.5	10.4	13.6
EV/EBITDA (x)						8.1	13.2	10.3	8.9	8.2
EV/MT (INR bn)						5.7	5.7	5.4	5.4	5.6
P/E (x)						17.4	37.2	26.1	21.3	16.4
RoE (%)						18.6	7.8	10.4	11.7	13.7

Source: Company, HSIE Research

REDUCE

CMP *(as on 2 May 2024)*	INR 224
Target Price	INR 205
NIFTY	22,648

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 195	INR 205
EBITDA revision %	FY25E *3.5*	FY26E *3.7*

KEY STOCK DATA	
Bloomberg code	ORCMNT IN
No. of Shares (mn)	205
MCap (INR bn) / ($ mn)	46/549
6m avg traded value (INR mn)	312
52 Week high / low	INR 294/120

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(20.1)	15.2	78.5
Relative (%)	(24.3)	(2.2)	56.4

SHAREHOLDING PATTERN (%)	Dec-23	Mar-24
Promoters	37.90	37.90
FIs & Local MFs	13.15	14.66
FPIs	6.71	8.25
Public & Others	42.25	39.19
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Greenpanel Industries

Poor performance; weak near-term outlook

In Q4FY24, Greenpanel's revenue/EBITDA/APAT fell 10/32/57% YoY. MDF sales volume declined 7% YoY (domestic/export +23/-74% YoY), as Greenpanel cut its thin-margin exports. Domestic MDF NSR declined 12% QoQ, owing to higher incentives to dealers and a change in product mix. So, the MDF margin contracted 320bps QoQ to 16.4%. Ply revenue declined sharply 35/21% YoY/QoQ, owing to weak volume and lower NSR. Its MDF capacity expansion by 35% (231K CBM) is likely to be commissioned by Q3FY25 end. At least for the next few quarters, MDF prospects remain challenging owing to supply pressure (domestic capacity addition and imports) and soaring timber prices. As margin pain in MDF is expected to continue throughout FY25, and revival in the ply segment is delayed, we downgrade Greenpanel to ADD from BUY earlier with lower TP of INR 335/share (20x Mar-26E EPS).

- **Q4FY24 performance:** MDF sales volume declined 7% YoY (domestic/export +23/-74% YoY). On a QoQ basis, domestic volume grew 32% owing to higher sales to OEMs, while Greenpanel export declined 61% as margins have reduced to almost breakeven. Domestic MDF NSR declined 12% QoQ, owing to higher incentives to dealers and a change in product mix (higher sales to OEMs). Export NSR grew 17/14% YoY/QoQ. So, the MDF margin fell 320bps QoQ to 16.4%, partially offset by a reduction in low-margin export sale share. Ply revenue declined sharply by 35/21% YoY/QoQ, owing to weak volume and lower NSR. OPM contracted to -11% vs -4% QoQ and 0% YoY.
- **Outlook:** Management expects 15/8% MDF/ply volume growth in FY25. It believes its domestic MDF volume will grow by 18% YoY, while exports should remain flat. Management expects pricing pressure for MDF in the domestic market to continue at least in H1FY25. Timber prices have further risen by 7% MoM in April 2024. Any cool-off in timber prices is six-quarters away. As BIS implementation is postponed by a year to Feb-25, imports would continue to remain high, hurting domestic sales and margins. Greenpanel's MDF capacity expansion in AP (by 231K CBM, INR 6bn capex, revenue potential INR 7.7bn) is expected to be operational by Q3FY25 end. Factoring weak performance in Q4FY24, we lower our FY25/26E EPS estimates by 24/16% respectively. As margin pain in the MDF segment is expected to continue throughout FY25, and revival in the ply segment is delayed, we downgrade Greenpanel to ADD from BUY earlier with lower TP of INR 335/share (20x Mar-26E EPS).

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	FY22	FY23	FY24P	FY25E	FY26E
MDF Sales (K CBM)	127.24	137.27	*(7.3)*	115.80	*9.9*	495.0	506.7	485.0	529.8	631.8
MDF NSR (INR/CBM)	28,325	28,122	*0.7*	29,376	*(3.6)*	26,850	30,283	28,904	29,069	29,714
MDF EBITDA (INR/CBM)	4,645	6,103	*(23.9)*	5,993	*(22.5)*	8,319	8,411	5,601	4,834	5,890
Net Sales	3,966	4,414	*(10.2)*	3,862	*2.7*	16,250	17,829	15,673	17,187	20,867
EBITDA	513	762	*(32.7)*	658	*(22.0)*	4,304	4,165	2,465	2,457	3,818
EBITDAM (%)	12.9	17.3		17.0		26.5	23.4	15.7	14.3	18.3
APAT	298	689	*(56.8)*	373	*(20.0)*	2,405	2,504	1,427	1,257	2,069
AEPS (INR)	2.4	5.6	*(56.8)*	3.0	*(20.0)*	19.6	20.4	11.6	10.2	16.9
EV/EBITDA (x)						9.0	8.8	15.7	16.2	9.9
P/E (x)						15.8	15.2	26.6	30.3	18.4
RoE (%)						28.6	23.3	*11.4*	*9.1*	*13.6*

Source: Company, HSIE Research

ADD

CMP *(as on 2 May 2024)*	INR 311
Target Price	INR 335
NIFTY	22,648

KEY CHANGES	OLD	NEW
Rating	BUY	ADD
Price Target	INR 400	INR 335
EPS revision %	FY25E *(24.3)*	FY26E *(15.5)*

KEY STOCK DATA	
Bloomberg code	GREENP IN
No. of Shares (mn)	123
MCap (INR bn) / ($ mn)	38/457
6m avg traded value (INR mn)	140
52 Week high / low	INR 450/296

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(20.6)	(8.7)	3.1
Relative (%)	(24.7)	(26.0)	(19.0)

SHAREHOLDING PATTERN (%)	Dec-23	Mar-24
Promoters	53.13	53.13
FIs & Local MFs	24.53	25.84
FPIs	3.22	3.00
Public & Others	19.11	18.04
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

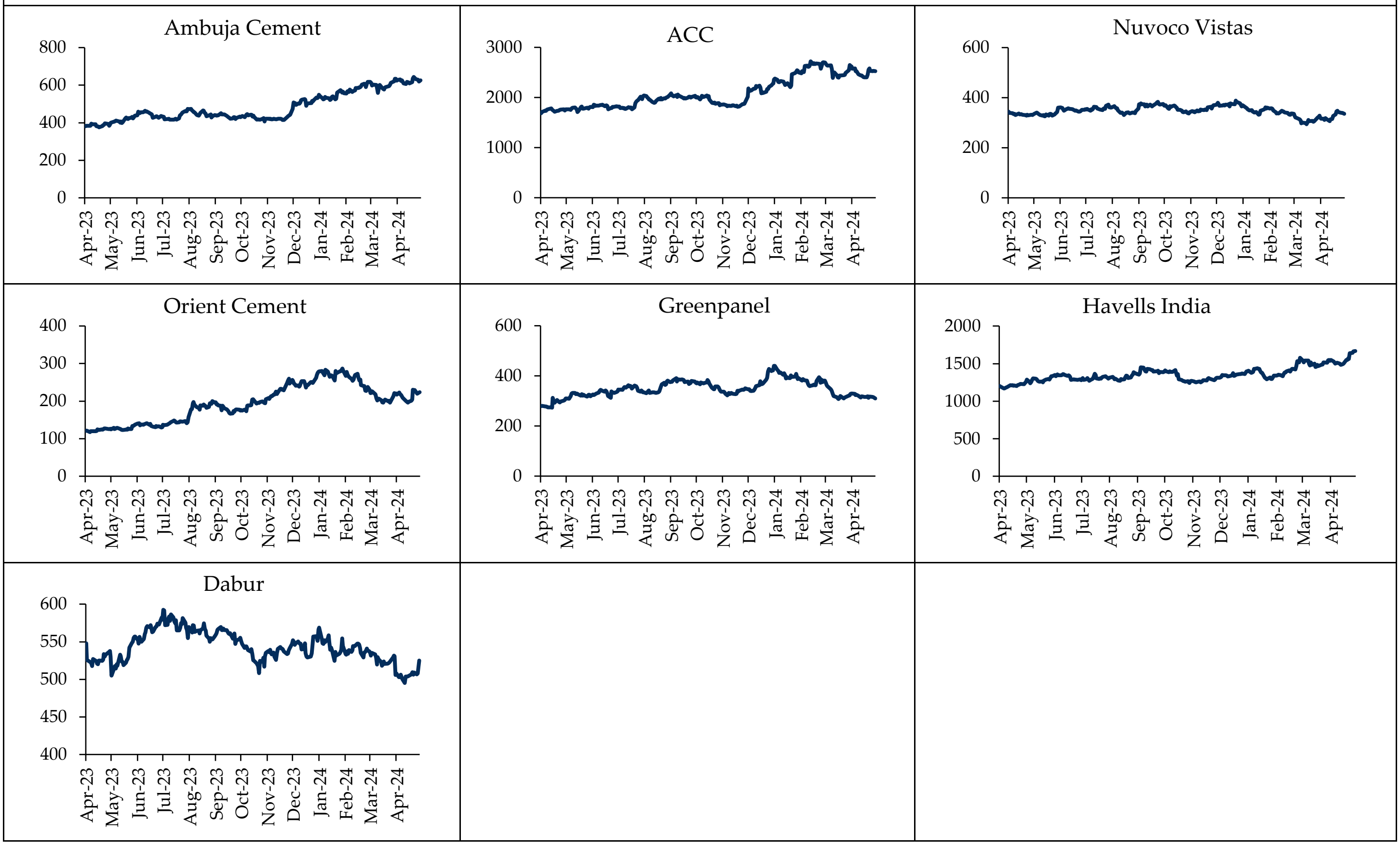
REDUCE: -10% to +5% return potential

SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Rajesh Ravi	Ambuja Cement, ACC, Nuvoco Vistas Corporation, Orient Cement, Greenpanel Industries	MBA	NO
Keshav Lahoti	Ambuja Cement, ACC, Nuvoco Vistas Corporation, Orient Cement, Greenpanel Industries	CA	NO
Paarth Gala	Havells India	BCom	NO
Vishal Gutka	Dabur	CA	NO
Riddhi Shah	Dabur	MBA	NO

1 Yr Price movement



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