

# HSIE Results Daily

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### Results Reviews

- UltraTech Cement:** We maintain BUY on UltraTech (UTCEM) with an unchanged target price of INR 10,820 (16.5x Mar-26E consolidated EBITDA). We continue to like UTCEM for its robust growth and margin outlook and balance sheet management. During Q4FY24, UTCEM reported all-around performance: volumes rose 11/28% YoY/QoQ and the margin remained flattish and strong at INR 1173/MT. Solid op-lev gains and input cost moderation offset the sharp 5% QoQ NSR decline impact. Additionally, UTCEM also tightened its balance sheet as its non-cash working capital turned negative, reducing net debt. UTCEM's capacity is set to increase by 36% (over FY24) to 202mn MT by FY27 end. We maintain estimates and expect UTCEM to deliver 11% volume CAGR over FY24-26E with unit EBITDA at INR 1,308 in FY26E.
- Trent:** Amidst the apparel slowdown, Trent remains an anomaly; it continues to surprise positively both on top-line and margins. Standalone revenue grew 53.4% YoY to INR31.87bn (HSIE: INR30.14bn). Zudio continues to anchor this exceptional growth. In Q4, Westside/Zudio added 12/86 stores (net), taking their total store count to 232/545 respectively. SSSG across all fashion formats stood at >10% in Q4. Its Star format continues to improve its value proposition/sales density and scale well (up 30% YoY; growth almost entirely SSSG-led). GM/EBITDAM expanded 449/477bps to 45.3/15.0%. We've revised our FY25/26 EBITDA estimates by 7/4% to account for better profitability in Zudio. While we can't fault the business, valuation remains heady and keeps us from being constructive on the name. Maintain SELL with a revised SOTP-based TP of INR3,000/sh (includes 45x FY26 EV/EBITDA for the standalone business).
- Supreme Industries:** We maintain REDUCE on Supreme Industries (SIL) despite a higher TP of INR 4,510/share (SOTP-based), owing to its expensive valuation. SIL posted a healthy volume performance in Q4FY24, with volume firming up 33% YoY (4-year CAGR: +11%), owing to strong pipe volume growth of 41% YoY. Resin price volatility has reduced (NSR -1% QoQ), so there was no inventory gain or loss in Q4FY24. Blended unit EBITDA was INR 25 per kg in Q4 vs INR 33/24 per kg YoY/QoQ. SIL has increased capacity by ~20% YoY in FY24, and it plans to further increase it by 10% YoY in FY25 to 1.05mn MT. This capacity addition is mainly taking place in the pipes segment. It expects 20% volume growth in FY25, led by strong 25% volume growth in the pipes segment.
- PNB Housing Finance:** PNBHF's Q4FY24 results were ahead of our estimates due to higher other income and lower provisioning (4bps). Loan growth witnessed an uptick (+10% YoY), driven by retail loans (+14% YoY). Management has guided for retail loan growth of 17% for FY25, on the back of significant investments in distribution (189 branches added during FY22-FY24), along with a revival in the corporate loan book during H2FY25. The incremental investments are skewed towards affordable and emerging segments to drive higher yields, which are under pressure due to the rebalancing of the portfolio towards retail (97% of loan book) and particularly individual housing (~72% of retail). Throughput from these newly added branches, which are likely to drive opex ratios higher, remain a key monitorable, while the credit costs are likely to remain subdued (sub-30bps),

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with recoveries from the written-off pool. We revise our estimates by 8%/6% largely due to higher loan growth and lower credit costs and maintain ADD with a revised RI-based TP of INR890 (implying 1.3x Mar-26 ABVPS).

- **Mahindra Lifespaces:** Mahindra Lifespaces Developers Ltd (MLDL) reported presales of INR 10.8bn (-200%/145% YoY/QoQ). Volume stood at 0.85msf (73.5%/60.4% YoY/QoQ). For FY24, the total presales stood at INR 23.2bn (28.5% YoY). This was because 57% of presales in FY24 were sustenance sales compared to 77% in FY23. The robust sales were driven by the new launch in Kandivali—Vista Ph1. Moreover, we believe the launch momentum for FY25 will largely come from the new phase launches of existing projects and recent land acquisitions in FY24 with a planned GDV of INR 25bn (vs. INR 23bn in FY24). MLDL plans to achieve INR 80-100bn (5x, 5yrs) in annual presales by FY28, including INR 5bn annual IC&IC lease income (MMR/Pune/Bengaluru are expected to contribute INR 60/20-30/20-30bn). It expects to add GDV worth INR 400-500bn, 1/3rd of which can be easily funded through internal accruals, debt and current/prospective partners, while the remaining 2/3rd could be funded via external fundraising and society redevelopment. The current BD pipeline amounts to INR 50-60bn, excluding the INR 80bn Thane land parcel, which is slated for mixed development, comprising 50% residential and 50% commercial projects. We maintain BUY with an unchanged TP of INR 700/sh.
- **Mastek:** Mastek reported a weak quarter; revenue was down 1.4% QoQ CC and the margin was lower than expected. The weak performance was due to three client-specific issues (impact of ~USD 3mn) in the US geography (-17.8% QoQ), although these were offset by a strong UK show (+5.3% QoQ). Delays in deal ramp-up and offshore shift of a large program by top healthcare clients in the US impacted growth in the quarter, some of which could reverse in Q1, while the impact of offshore shift may continue. The UK government growth is impressive—the deal won by the UK Ministry of Defense will fetch a revenue of ~USD 50-60mn over the next three years (~5% of revenue). The order book at USD 260mn was impressive, clocking a third consecutive quarter of ~20% YoY growth, fueled by wins in the US and UK geographies. The focus will be on driving profitable US growth, penetration within the UK government departments, and cross-selling in the Middle East. The EBITDA margin contracted ~98bps QoQ to 16% in Q4 due to client-specific issues. However, the margin is expected to bounce back to 17% in Q1 and the operating range should be ~17-18% for FY25E. We have lowered our EPS estimate for FY25/26E by 3.5/4.1%, given a lower margin; we maintain ADD with a TP of INR 2,850, based on 20x FY26E EPS. The stock is trading at 23/19x FY25/26E.

# UltraTech Cement

## Strong, all-around performance

We maintain BUY on UltraTech (UTCEM) with an unchanged target price of INR 10,820 (16.5x Mar-26E consolidated EBITDA). We continue to like UTCEM for its robust growth and margin outlook and balance sheet management. During Q4FY24, UTCEM reported all-around performance: volumes rose 11/28% YoY/QoQ and the margin remained flattish and strong at INR 1173/MT. Solid op-lev gains and input cost moderation offset the sharp 5% QoQ NSR decline impact. Additionally, UTCEM also tightened its balance sheet as its non-cash working capital turned negative, reducing net debt. UTCEM's capacity is set to increase by 36% (over FY24) to 202mn MT by FY27 end. We maintain estimates and expect UTCEM to deliver 11% volume CAGR over FY24-26E with unit EBITDA at INR 1,308 in FY26E.

- Q4FY24 performance:** UTCEM EBITDA came in at 9/8%, ahead of our/consensus estimates. Consolidated revenue/EBITDA/APAT grew 9/24/40% YoY respectively. UltraTech delivered healthy volume growth (+11/28% YoY/QoQ) which also drove large op-lev gains (+INR 250/MT QoQ). This offset the impact of poor pricing (down 5% QoQ). The UBS store count has soared to 3,952 (up 35% in two years) and accounted for 28% of UTCEM's trade sales! UTCEM's unit input costs fell INR 35/MT QoQ on the rising share of low-cost green power and continued cost efficiencies. Freight costs remained flat QoQ. Thus, opex fell 6% QoQ, leading to strong unit EBITDA of INR 1,173 per MT (down just INR 20/MT QoQ). UTCEM also delivered strong working capital performance; ex-cash working capital again turned negative in Mar 2024.
- Con call KTAs, Capex updates and outlook:** UTCEM noted a marginal increase in cement prices across east, south and Maharashtra markets in April. It also guided that its fuel prices should marginally soften in 9MFY25 and could see a major fall in Q4FY25. Basis rising share of renewal power and other cost efficiencies and increase in cement to clinker ratio, UTCEM expects its opex to reduce by INR 200-300 per MT over the next 2-3 years. The Kesoram cement assets are expected to be amalgamated by the end of FY25E. UTCEM also outlined its expansion plans, whereby its consolidated capacity will increase to 202mn MT by FY27 (+36% over FY24). It guided FY25E Capex outgo of INR 95bn (excluding Kesoram acquisition) and INR 100-110bn each during FY26/27E.

### Consolidated quarterly/annual financial summary

YE Mar (INR bn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	FY22	FY23	FY24P	FY25E	FY26E
Sales (mn MT)	35.1	31.7	10.7	27.3	28.4	94.0	105.7	119.1	130.9	147.8
NSR (INR/MT)	5,821	5,892	(1.2)	6,127	(5.0)	5,595	5,981	5,954	6,002	6,062
EBITDA (INR/MT)	1,173	1,049	11.8	1,191	(1.6)	1,225	1,004	1,089	1,188	1,308
Net Sales	204.2	186.6	9.4	167.4	22.0	526.0	632.4	709.1	785.7	896.0
EBITDA	41.1	33.2	23.8	32.5	26.4	115.1	106.2	129.7	155.5	193.3
APAT	23.3	16.7	39.9	17.8	31.1	56.7	50.6	70.8	85.7	109.4
AEPS (INR)	80.7	57.7	39.9	61.6	31.1	196.3	175.4	245.1	290.9	371.3
EV/EBITDA (x)						25.2	27.2	22.2	19.0	15.2
EV/MT (INR bn)						23.87	21.54	19.43	16.90	15.70
P/E (x)						50.8	56.8	40.7	34.3	26.9
RoE (%)						12.0	9.7	12.3	13.0	14.5

Source: Company, HSIE Research

## BUY

CMP (as on 29 Apr 2024) INR 9,964

Target Price INR 10,820

NIFTY 22,643

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 10,820	INR 10,820
EBITDA change %	FY25E 0.6	FY26E 1.0

### KEY STOCK DATA

Bloomberg code	UTCEM IN
No. of Shares (mn)	289
MCap (INR bn) / (\$ mn)	2,877/34,465
6m avg traded value (INR mn)	3,271
52 Week high / low	INR 10,526/7,434

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.0)	21.4	31.9
Relative (%)	(6.8)	4.3	9.7

### SHAREHOLDING PATTERN (%)

	Dec-23	Mar-24
Promoters	59.96	59.95
FIs & Local MFs	13.78	14.24
FPIs	18.72	18.26
Public & Others	7.55	7.53
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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# Trent

## The one that keeps getting away!

Amidst the apparel slowdown, Trent remains an anomaly; it continues to surprise positively both on top-line and margins. Standalone revenue grew 53.4% YoY to INR31.87bn (HSIE: INR30.14bn). Zudio continues to anchor this exceptional growth. In Q4, Westside/Zudio added 12/86 stores (net), taking their total store count to 232/545 respectively. SSSG across all fashion formats stood at >10% in Q4. Its Star format continues to improve its value proposition/sales density and scale well (up 30% YoY; growth almost entirely SSSG-led). GM/EBITDAM expanded 449/477bps to 45.3/15.0%. We've revised our FY25/26 EBITDA estimates by 7/4% to account for better profitability in Zudio. While we can't fault the business, valuation remains heady and keeps us from being constructive on the name. Maintain SELL with a revised SOTP-based TP of INR3,000/sh (includes 45x FY26 EV/EBITDA for the standalone business).

- Q4FY24 highlights:** Standalone revenue grew 53.4% YoY to INR 31.87bn (vs HSIE: INR 30.14bn). SSSG across all fashion formats stood at >10% for Q4. Zudio's growth continues to anchor this blitz scale. In Q4, Westside/Zudio added 12/86 stores (net), taking their total store count to 232/545 respectively. Emerging categories contributed 20% of standalone revenue. Trent's F&G format Star grew 30% YoY in Q4 (growth was almost entirely SSSG-led). Standalone GM expanded 449bps YoY to 45.3% (HSIE: 40.6%) despite the rising skew of Zudio in revenue. We suspect (1) higher full-price sales and (2) improvement in Zudio's margin to be underpinnings for GM expansion. EBITDAM followed suit and expanded 477bps YoY to 15.0% as scale-led operating leverage benefits continued to play out. Reported EBITDA grew 125.1% YoY to INR 4.77bn (HSIE: INR 3.81bn). Operating EBIT margin (Pre-IND-AS 116) for Q4FY24 stood at 8.2% (2.8% for Q4FY23). Dividends from Zara have reduced to INR 737mn in FY24 vs. INR 1.47bn in FY23. During Q4, the company reassessed estimates for recognizing RoU asset and lease liability, which has led to a non-cash exceptional gain of INR 5.43bn, reducing the reported finance cost to INR 322mn (vs. INR 833mn in Q4FY23). Adjusting for it, EPS for FY24 stands at INR 28.95 (HSIE: INR 27.3).
- Outlook:** Trent continues to run circles around peers in terms of growth. We've revised our FY25/26 EBITDA estimates upwards by 7/4% to account for better profitability in Zudio and increased the multiple for the standalone business, given the model's robustness. Valuation remains heady though at 76x EV/EBITDA—for the standalone business—and keeps us from being constructive on the name. Maintain SELL with a revised SOTP-based TP of INR3,000/sh (includes 45x FY26 EV/adj. EBITDA for the standalone business).

### Quarterly financial summary (standalone)

(INR mn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	FY22	FY23	FY24E	FY25E	FY26E
Net Revenue	31,869	20,772	53.4	33,125	(3.8)	38,807	77,152	1,19,266	1,54,644	1,93,349
EBITDA	4,773	2,120	125.1	6,232	(23.4)	3,053	6,753	14,630	16,182	19,924
APAT	6,543	1,051	522.4	3,436	90.4	2,496	5,546	14,358	14,356	18,132
EPS (Rs)	18.4	3.0	522.4	9.7	90.4	7.0	15.6	40.4	40.4	51.0
P/E (x)						588.6	278.9	173.3	107.7	85.3
EV/EBITDA (x)						505.9	228.9	105.4	94.9	76.5
Core RoCE(%)						13.2	13.5	15.7	22.3	25.4

Source: Company, HSIE Research, Standalone Financials

### Change in estimates

(INR mn)	FY24E			FY25E			FY26E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	1,19,266	1,17,540	1.5	1,54,644	1,53,122	1.0	1,93,349	1,90,637	1.4
Gross Profit	53,859	51,679	4.2	67,196	65,283	2.9	83,310	81,317	2.5
Gross Profit Margin (%)	45.2	44.0	119 bps	43.5	42.6	82 bps	43.1	42.7	43 bps
EBITDA	14,630	13,238	10.5	16,182	15,115	7.1	19,924	19,109	4.3
EBITDA margin (%)	12.3	11.3	100 bps	10.5	9.9	59 bps	10.3	10.0	28 bps

Source: Company, HSIE Research

## SELL

CMP (as on 29 Apr 2024) INR 4,314

Target Price INR 3,000

NIFTY 22,643

KEY CHANGES	OLD	NEW
Rating	SELL	SELL
Price Target	INR 2,550	INR 3,000
	FY25E	FY26E
EBITDA %	+7.1	+4.3

### KEY STOCK DATA

Bloomberg code	TRENT IN
No. of Shares (mn)	355
MCap (INR bn) / (\$ mn)	1,534/18,373
6m avg traded value (INR mn)	2,979
52 Week high / low	INR 4,515/1,368

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	32.9	103.3	215.4
Relative (%)	29.1	86.2	193.2

### SHAREHOLDING PATTERN (%)

	Dec-23	Mar-24
Promoters	37.01	37.01
FIs & Local MFs	14.84	13.91
FPIs	25.91	26.80
Public & Others	22.24	22.28
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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# Supreme Industries

## Strong show and outlook but valuation expensive

We maintain REDUCE on Supreme Industries (SIL) despite a higher TP of INR 4,510/share (SOTP-based), owing to its expensive valuation. SIL posted a healthy volume performance in Q4FY24, with volume firming up 33% YoY (4-year CAGR: +11%), owing to strong pipe volume growth of 41% YoY. Resin price volatility has reduced (NSR -1% QoQ), so there was no inventory gain or loss in Q4FY24. Blended unit EBITDA was INR 25 per kg in Q4 vs INR 33/24 per kg YoY/QoQ. SIL has increased capacity by ~20% YoY in FY24, and it plans to further increase it by 10% YoY in FY25 to 1.05mn MT. This capacity addition is mainly taking place in the pipes segment. It expects 20% volume growth in FY25, led by strong 25% volume growth in the pipes segment.

- Q4FY24 performance:** SIL's healthy volume show in Q4FY24 was driven by the pipes segment. Pipes/industrial/packaging volumes rose 41/2/11% YoY in Q4FY24, while consumer (furniture) volume declined 8% YoY. Thus, total volume rose 33% YoY (4-year CAGR: +11%). Consolidated revenue went up 16% YoY only (as NSR fell 13% YoY on a fall in resin prices). Volatility in resin prices has reduced (NSR -1% QoQ), so there was no inventory gain or loss in Q4FY24. Blended unit EBITDA was INR 25 per kg in Q4 vs INR 33/24 per kg YoY/QoQ. The associate's income declined 17% YoY to INR 407mn.
- Outlook:** SIL has increased capacity by ~20% YoY in FY24, and it plans to further increase it by 10% YoY in FY25 to 1.05mn MT. Capacity addition is majorly happening in the pipes segment. It has no plans to invest in consumer and industrial businesses. It expects 20% volume growth in FY25, supported by strong 25% volume growth in the pipes segment. It expects the consumer segment's performance to remain muted. It has committed a Capex of ~INR 15bn, including INR 5bn carry forward commitments. We upgrade our PAT estimates by 2/4% YoY for FY25/26. We maintain a REDUCE rating with a higher SOTP target price of INR 4,510. We value the core business at 40x Mar'26E EPS (valuing the pipes/non-pipes earnings at 50/17x PE) and its 30.8% holding in its associate Supreme Petrochem at a 30% discount to its current market cap.

### Consolidated quarterly/annual financial summary

YE Mar (INR mn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	FY22	FY23	FY24P	FY25E	FY26E
Sales (K MT)	195.4	147.4	32.5	158.0	23.6	393.9	506.5	639.7	749.6	850.2
NSR (INR/Kg)	154.0	176.3	-12.7	155.0	-0.7	195.1	180.5	157.7	157.0	159.7
EBITDA (INR/Kg)	25.1	32.6	-22.9	24.0	4.8	31.8	23.7	24.2	25.3	25.2
Net Sales	30,079	25,983	15.8	24,491	22.8	77,728	92,016	1,01,342	1,18,218	1,36,328
EBITDA	4,907	4,803	2.2	3,788	29.5	12,421	11,997	15,473	18,974	21,458
EBITDAM (%)	16.3	18.5		15.5		16.0	13.0	15.3	16.0	15.7
APAT	3,548	3,594	-1.3	2,562	38.5	9,684	8,653	10,697	13,224	14,945
AEPS (INR)	27.9	28.3	-1.3	20.2	38.5	76.2	68.1	84.2	104.1	117.6
EV/EBITDA (x)						50.3	51.9	40.0	32.6	28.7
P/E (x)						65.0	72.8	58.9	47.6	42.1
RoE (%)						27.6	21.0	22.5	24.1	23.8

Source: Company, HSIE Research

## REDUCE

CMP (as on 29 Apr 2024) INR 4,955

Target Price INR 4,510

NIFTY 22,643

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	4,290	4,510
	FY25E	FY26E
EPS change %	1.5	4.1

### KEY STOCK DATA

Bloomberg code	SI IN
No. of Shares (mn)	127
MCap (INR bn) / (\$ mn)	629/7,541
6m avg traded value (INR mn)	669
52 Week high / low	INR 5,000/2,707

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	18.9	17.8	82.1
Relative (%)	15.1	0.7	59.9

### SHAREHOLDING PATTERN (%)

	Dec-23	Mar-24
Promoters	48.85	48.85
FIs & Local MFs	11.94	11.41
FPIs	24.65	24.68
Public & Others	14.56	15.06
Pledged Shares	NIL	NIL

Source : BSE

Pledged shares as % of total shares

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# PNB Housing Finance

## All eyes on growth post the investment phase

PNBHF's Q4FY24 results were ahead of our estimates due to higher other income and lower provisioning (4bps). Loan growth witnessed an uptick (+10% YoY), driven by retail loans (+14% YoY). Management has guided for retail loan growth of 17% for FY25, on the back of significant investments in distribution (189 branches added during FY22-FY24), along with a revival in the corporate loan book during H2FY25. The incremental investments are skewed towards affordable and emerging segments to drive higher yields, which are under pressure due to the rebalancing of the portfolio towards retail (97% of loan book) and particularly individual housing (~72% of retail). Throughput from these newly added branches, which are likely to drive opex ratios higher, remain a key monitorable, while the credit costs are likely to remain subdued (sub-30bps), with recoveries from the written-off pool. We revise our estimates by 8%/6% largely due to higher loan growth and lower credit costs and maintain ADD with a revised RI-based TP of INR890 (implying 1.3x Mar-26 ABVPS).

- **Steady NIMs despite increasing pressure on yields:** PNBHF's spread/NIM remained steady sequentially at 2.15%/3.65% (Q3FY24: 2.31%/3.65% adjusted for one-offs) due to steady cost of funds and run down of excess liquidity, offset by increasing pressure on yields, driven by shifting loan mix and elevated competitive intensity. PNBHF's affordable home loans and emerging home loan segments, through their dedicated distribution networks and the recent credit rating upgrade, are likely to partially offset the NIM compression, going ahead.
- **Credit costs continue to surprise positively:** Asset quality continues to remain on an improving trajectory, with GS-III/NS-III at 1.5%/1.0% and GS-II at 3.0%. With a negligible corporate portfolio (~3%), a large written-off pool (INR22bn) and expected recoveries going ahead, we expect credit costs to moderate to ~25bps for FY25-FY26E.
- **Ramp-up in branch throughput key monitorable:** PNBHF has expanded its branch network by nearly 3x in the last three years to build a granular loan book and increase the share of high-yielding retail loans to offset the run-down of corporate loans and loans to the self-employed segment. However, branch throughput remains a key monitorable, given higher competitive intensity and elevated opex intensity in the affordable housing segment.

### Financial summary

(INR bn)	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	FY23	FY24	FY25E	FY26E
NII	6.2	5.7	8.4	5.9	5.1	23.0	24.8	28.5	32.9
PPOP	5.7	4.8	17.8	5.0	13.4	21.0	21.3	23.9	27.7
PAT	4.4	2.8	58.5	3.4	29.8	10.5	15.1	17.0	19.4
EPS (INR)	16.9	16.5	2.1	13.0	29.7	61.9	58.1	65.3	74.8
ROAE (%)						10.0	11.6	10.7	11.0
ROAA (%)						1.6	2.2	2.1	2.1
ABVPS (INR)						556.4	552.9	611.5	679.8
P/ABV (x)						1.4	1.4	1.3	1.2
P/E (x)						12.9	13.8	12.2	10.7

### Change in estimates

INR bn	FY25E			FY26E		
	Old	New	Chg	Old	New	Chg
AUM	801	808	0.9%	916	931	1.6%
NIM (%)	3.5	3.6	8 bps	3.5	3.6	4 bps
NII	28.1	28.5	1.6%	32.3	32.9	1.9%
PPOP	23.2	23.9	3.3%	26.9	27.7	2.9%
PAT	15.7	17.0	8.2%	18.3	19.4	5.8%
ABVPS (INR)	600.7	611.5	1.8%	666.7	679.8	2.0%

Source: Company, HSIE Research

## ADD

CMP (as on 29 Apr 2024)	INR 803
Target Price	INR 890
NIFTY	22,643

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 830	INR 890
EPS %	FY25E 8.2%	FY26E 5.8%

### KEY STOCK DATA

Bloomberg code	PNBHOU5 IN
No. of Shares (mn)	260
MCap (INR bn) / (\$ mn)	209/2,497
6m avg traded value (INR mn)	731
52 Week high / low	INR 914/446

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	1.4	8.9	80.0
Relative (%)	(2.4)	(8.1)	57.8

### SHAREHOLDING PATTERN (%)

	Dec-23	Mar-24
Promoters	28.1	28.1
FIs & Local MFs	7.9	6.9
FPIs	24.7	25.0
Public & Others	39.3	40.0
Pledged Shares		0.0

Source: BSE

Pledged shares as % of total shares

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# Mahindra Lifespaces

## New launches aiding to robust presales

Mahindra Lifespaces Developers Ltd (MLDL) reported presales of INR 10.8bn (-200%/145% YoY/QoQ). Volume stood at 0.85msf (73.5%/60.4% YoY/QoQ). For FY24, the total presales stood at INR 23.2bn (28.5% YoY). This was because 57% of presales in FY24 were sustenance sales compared to 77% in FY23. The robust sales were driven by the new launch in Kandivali—Vista Ph1. Moreover, we believe the launch momentum for FY25 will largely come from the new phase launches of existing projects and recent land acquisitions in FY24 with a planned GDV of INR 25bn (vs. INR 23bn in FY24). MLDL plans to achieve INR 80-100bn (5x, 5yrs) in annual presales by FY28, including INR 5bn annual IC&IC lease income (MMR/Pune/Bengaluru are expected to contribute INR 60/20-30/20-30bn). It expects to add GDV worth INR 400-500bn, 1/3<sup>rd</sup> of which can be easily funded through internal accruals, debt and current/prospective partners, while the remaining 2/3<sup>rd</sup> could be funded via external fundraising and society redevelopment. The current BD pipeline amounts to INR 50-60bn, excluding the INR 80bn Thane land parcel, which is slated for mixed development, comprising 50% residential and 50% commercial projects. We maintain BUY with an unchanged TP of INR 700/sh.

- Q4FY24 financial highlights:** Revenue: INR 143mn (-94%/-82% YoY/QoQ, a miss of 96%). It was a loss of INR 541mn at the EBITDA level (INR -274/-390mn in Q4FY23/Q3FY24, vs an estimated loss of INR 97mn). Profit from JV/associates came in at INR 788mn (244%/4.5% YoY/QoQ). APAT stood at INR 715mn (INR +5mn/INR 500mn Q4FY23/Q3FY24 vs est. INR 442mn). Currently, profits are mainly fueled by land monetization in the IC & IC business. Going ahead, with an enhanced share of 'own' projects and a shift towards premium housing in the mix, we expect a substantial improvement in profitability.
- Robust demand for new launches:** MLDL recorded presales of INR 10.8bn (200%/145% YoY/QoQ) and volume stood at 0.85msf (73.5%/60.4% YoY/QoQ). The average price realisation was INR 12,776 (73%/52% YoY/QoQ). The Thane project is expected to spill over to FY26. Going forward, in FY25, the total GDV value of the launches is expected to be ~INR 30bn. Within IC&IC, the company leased 29.2 acres for INR 0.99bn (3.2x/7x YoY/QoQ).
- Business development pipeline robust:** MLDL has a current BD pipeline of INR 50-60bn (MMR-50-60%, Pune-15-20%, Bengaluru-15-20%), excluding the Thane land parcel whose GDV value is estimated at INR 80bn after the new Integrated IT Township (IITT) policy. 50% of the Thane land is designated as commercial property, as per the new policy. Collections improved to INR 4.1bn (+35.5%/+6.7% YoY/QoQ). Overall, the group's net debt is INR 6.3bn. Residential net debt stood at INR 5.5bn (vs INR 1.8mn in Q3FY24) and IC&IC net debt is INR 0.8bn (vs INR 1.3bn in Q3FY24).

### Consolidated financial summary (INR mn)

(INR mn)	4QFY24	4QFY23	YoY (%)	3QFY24	QoQ (%)	FY24	FY25E	FY26E
Net Sales	143	2,554	(94.4)	820	(82.6)	6,066	2,121	8,878
EBITDA	(541)	(274)	(97.7)	(390)	(38.8)	(1,101)	(1,711)	853
APAT	715	5	NA	500	42.9	1,014	984	1,805
Diluted EPS(INR)	4.6	0.0	NA	3.2	42.9	6.5	6.3	11.7
P/E (x)						92	95	52
EV / EBITDA (x)						(87)	(59)	117
RoE (%)						5.7	5.4	9.3

Source: Company, HSIE Research

## BUY

CMP (as on 29 Apr 2024)	INR 637
Target Price	INR 700
NIFTY	22,643

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 700	INR 700
EPS change %	FY25E	FY26E
	-	-

### KEY STOCK DATA

Bloomberg code	MLIFE IN
No. of Shares (mn)	155
MCap (INR bn) / (\$ mn)	99/1,184
6m avg traded value (INR mn)	248
52 Week high / low	INR 679/364

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	15.5	26.1	71.3
Relative (%)	11.7	9.0	49.1

### SHAREHOLDING PATTERN (%)

	Dec-23	Mar-24
Promoters	51.18	51.18
FIs & Local MFs	23.18	20.1
FPIs	8.53	9.1
Public & Others	17.10	19.6
Pledged Shares	-	-

Source: BSE

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# Mastek

## Recovery ahead

Mastek reported a weak quarter; revenue was down 1.4% QoQ CC and the margin was lower than expected. The weak performance was due to three client-specific issues (impact of ~USD 3mn) in the US geography (-17.8% QoQ), although these were offset by a strong UK show (+5.3% QoQ). Delays in deal ramp-up and offshore shift of a large program by top healthcare clients in the US impacted growth in the quarter, some of which could reverse in Q1, while the impact of offshore shift may continue. The UK government growth is impressive—the deal won by the UK Ministry of Defense will fetch a revenue of ~USD 50-60mn over the next three years (~5% of revenue). The order book at USD 260mn was impressive, clocking a third consecutive quarter of ~20% YoY growth, fueled by wins in the US and UK geographies. The focus will be on driving profitable US growth, penetration within the UK government departments, and cross-selling in the Middle East. The EBITDA margin contracted ~98bps QoQ to 16% in Q4 due to client-specific issues. However, the margin is expected to bounce back to 17% in Q1 and the operating range should be ~17-18% for FY25E. We have lowered our EPS estimate for FY25/26E by 3.5/4.1%, given a lower margin; we maintain ADD with a TP of INR 2,850, based on 20x FY26E EPS. The stock is trading at 23/19x FY25/26E.

- Q4FY24 highlights:** (1) Revenue, at USD 93.7mn (-0.3/+8.6% QoQ/YoY), came below our estimate of USD 96.0mn. The US geography reported a decline of 17.8% QoQ due to three client-specific issues while the UK stood strong at 5.3% QoQ; (2) Financial services/retail/government improved +6.9/12.4/3.6% QoQ but HLS/manufacturing declined 11.6/13.7% QoQ; (3) EBIT margin contracted 172bps QoQ to 12.5% (vs our estimate of 14.5%), given the contraction in the US margins (9% vs 16% last quarter), slightly offset by better UK margin (24%); (4) Digital commerce/data & AI were down 15/25% QoQ, offset by 5.1/9.1% QoQ growth in Digital Engg/Oracle QoQ; (5) Mastek's headcount improved by 21 in Q3 and attrition stood at an elevated level of 20.5% (+50bps QoQ); (6) Net cash stood at INR -133mn and OCF/EBITDA stood at 83% while the RoE was at 16%.
- Outlook:** We expect USD revenue growth of 11.3/14.6% in FY25/26E and an EBITDA margin of 17.5/18.0% in FY25/26E, resulting in revenue/EPS CAGRs of 13/22% over FY24-26E.

### Quarterly Financial summary

YE Mar (INR bn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY23	QoQ (%)	FY22	FY23	FY24	FY25E	FY26E
Revenue (USD mn)	94	86	8.6	94	(0.3)	293	318	368	410	470
Net Sales	7.80	7.09	9.9	7.84	(0.6)	21.84	25.63	30.55	34.43	39.93
EBIT	0.98	1.06	(7.8)	1.12	(12.6)	4.20	3.88	4.19	5.10	6.16
APAT	0.92	0.73	26.9	0.75	22.2	2.95	2.68	3.06	3.74	4.55
Diluted EPS (INR)	29.11	23.47	24.0	23.81	22.2	96.6	86.6	96.2	118.2	143.8
P/E (x)						28.0	31.2	28.1	22.8	18.8
EV / EBITDA (x)						16.6	18.5	16.8	13.7	11.0
RoE (%)						30.6	19.4	16.1	16.6	17.5

Source: Company, HSIE Research, Consolidated Financials

### Change in Estimates

YE Mar (INR Bn)	FY25E Old	FY25E Revised	Change %	FY26E Old	FY26E Revised	Change %
Revenue (USD Mn)	417	410	(1.6)	474	470	(0.9)
Revenue	35.00	34.43	(1.6)	40.31	39.93	(0.9)
EBIT	5.27	5.10	(3.2)	6.42	6.16	(4.1)
EBIT margin (%)	15.1	14.8	-24bps	15.9	15.4	-51bps
APAT	3.87	3.74	(3.5)	4.74	4.55	(4.1)
EPS (INR)	122.4	118.2	(3.5)	150.0	143.8	(4.1)

Source: Company, HSIE Research

## ADD

CMP (as on 29 Apr 2024) INR 2,700

Target Price INR 2,850

NIFTY 22,643

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 3,000	INR 2,850
	FY25E	FY26E
EPS %	-3.5	-4.1

### KEY STOCK DATA

Bloomberg code	MAST IN
No. of Shares (mn)	31
MCap (INR bn) / (\$ mn)	83/998
6m avg traded value (INR mn)	265
52 Week high / low	INR 3,147/1,711

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.3)	25.6	56.9
Relative (%)	(7.1)	8.5	34.7

### SHAREHOLDING PATTERN (%)

	Dec-23	Mar-24
Promoters	36.47	36.26
FIs & Local MFs	6.41	7.07
FPIs	14.10	14.40
Public & Others	43.02	42.27
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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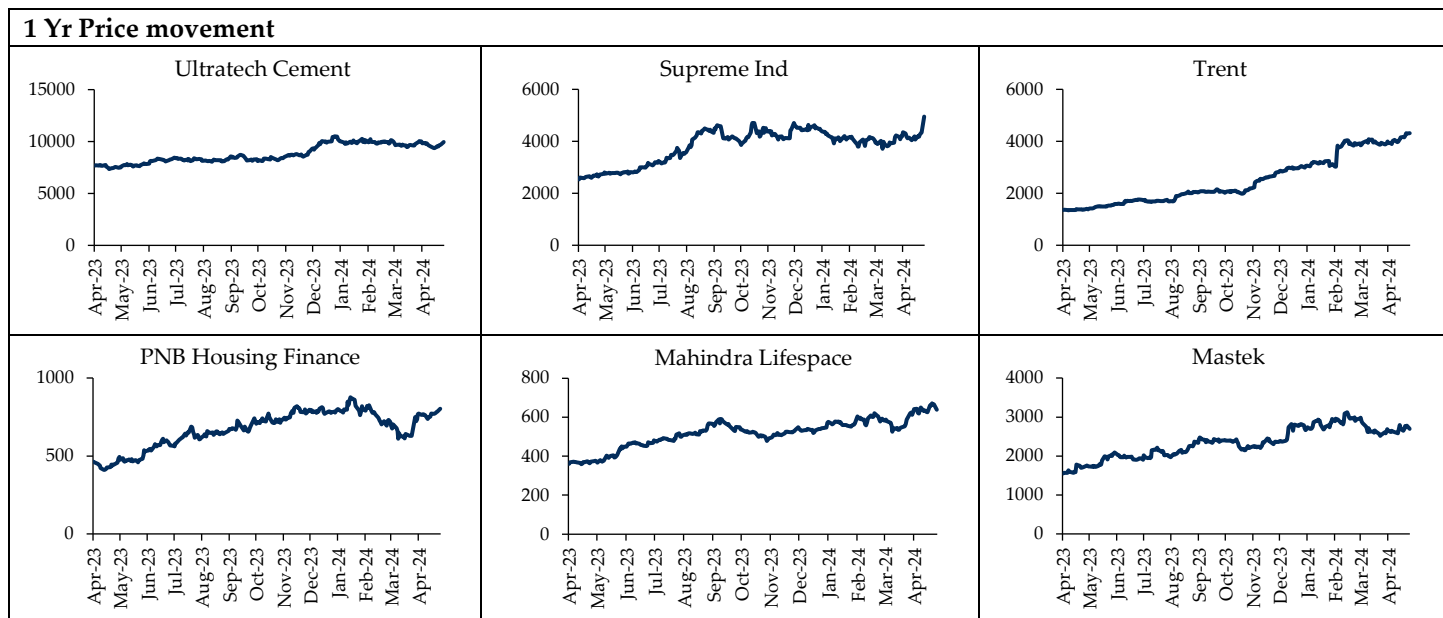


**Rating Criteria**

- 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	UltraTech Cement, Supreme Industries	MBA	NO
Keshav Lahoti	UltraTech Cement, Supreme Industries	CA	NO
Jay Gandhi	Trent	MBA	NO
Tanuj Pandia	Trent	CA	NO
Riddhi Shah	Trent	MBA	NO
Krishnan ASV	PNB Housing Finance	PGDM	NO
Deepak Shinde	PNB Housing Finance	PGDM	NO
Akshay Badlani	PNB Housing Finance	CA	NO
Parikshit Kandpal	Mahindra Lifespaces	CFA	YES
Jay Shah	Mahindra Lifespaces	CA	NO
Amit Chandra	Mastek	MBA	NO
Apurva Prasad	Mastek	MBA	NO
Vinesh Vala	Mastek	MBA	NO



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