

RESEARCH

SIEMENS INDIA | TARGET: Rs 4,400 | +21% | BUY

Strong quarter, positive outlook – raise to BUY

BOB ECONOMICS RESEARCH | IPO MARKET

IPO boom: An analysis

LT FOODS | NOT RATED

Analyst meet takeaways: Eyeing market share gains

Daily macro indicators

Indicator	27-Nov	28-Nov	Chg (%)
US 10Y yield (%)	4.39	4.32	(7bps)
India 10Y yield (%)	7.27	7.28	1bps
USD/INR	83.38	83.34	0.0
Brent Crude (US\$/bbl)	80.0	81.7	2.1
Dow	35,333	35,417	0.2
Hang Seng	17,525	17,354	(1.0)
Sensex	65,970	66,174	0.3
India FII (US\$ mn)	23-Nov	24-Nov	Chg (\$ mn)
FII-D	(204.6)	206.0	410.6
FII-E	172.0	302.6	130.6

Source: Bank of Baroda Economics Research

SUMMARY

SIEMENS INDIA

- Q4 revenue grew at robust 25% YoY with 100bps EBITDA margin expansion and 50% rise in PAT to Rs 5.7bn
- Management believes high public spending on infrastructure, pent-up private capex and rising decarbonisation will spur growth
- With proposed LV motors sale on hold, it's business as usual for SIEM; upgrade to BUY with revised TP of Rs 4,400 (vs. Rs 3,900)

[Click here](#) for the full report.

INDIA ECONOMICS: IPO MARKET

India's economy continues to report strong growth with our estimate now being 6.5-6.6% that is much higher than its global counterparts (Global growth: 3%), and making it's a one of the top contenders in the global IPO market space. This year itself more than 150 initial public offerings (IPOs) have already been listed on the exchanges. The uncertainty in the global landscape coupled with lacklustre growth and growing geopolitical tensions, has made India a much attractive destination on the back of strong macroeconomic condition and stable political climate. The study discusses how the IPO markets have performed in the last 2-years.

[Click here](#) for the full report.



LT FOODS

- Leading basmati rice player with a strong presence in India (30% market share) and exports to 80+ countries
- Management guiding for 11%/14% CAGR in topline/EBITDA and 150bps margin expansion to 14% over FY24-FY30
- Growth strategies aligned towards consumer engagement, innovation and building market share

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BUY
 TP: Rs 4,400 | ▲ 21%

SIEMENS INDIA

| Capital Goods

| 29 November 2023

Strong quarter, positive outlook – raise to BUY

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Strong Q4; fresh capex announced: SIEM reported strong revenue growth of 25% YoY in Q4FY23 (Y/E Sep) accompanied by EBITDA margin expansion of 100bps to 12.1% and PAT growth of 50% YoY to Rs 5.7bn. The company’s order backlog swelled 165% YoY to Rs 455.2bn (+14% when adjusted for a one-time rail order), while order inflows grew 12% YoY to Rs 45bn. Management has announced capex of Rs 4.2bn by H2FY26 to expand capacity in power transformers (from 15,000MVA to 30,000MVA) and vacuum interpreters (from 40,000 to 70,000 VI tubes).

All-round growth: SIEM saw double-digit growth across segments during the quarter, with mobility posting the highest increase of 61% YoY. Margins expanded YoY across segments for FY23, except mobility which saw a 280bps YoY decline to 5.4%, likely due to the start of its Rs 255bn rail order.

Public and private capex to spur growth: SIEM expects the 33% hike in public capital outlay for FY24 to Rs 10tn, including rail expenditure of Rs 2.4tn and production-linked incentive (PLI) outlay of Rs 300bn, to create a positive capex environment, as outlined in its [Innovation Day](#) in October. Likewise, the company pointed to substantial on-ground interest from private companies and is optimistic about their conversion to orders.

Hive-off proposals key to watch: SIEM’s plan to sell its low-voltage (LV) motors business for Rs 22bn has been rejected by minority shareholders, leaving it with two options – revise the sale consideration or continue to run the business as is. Another proposal that will be closely monitored by investors is the planned demerger of the energy business by FY25 that is expected to create a leaner digital and automation division, along the lines of ABB.

Upgrade to BUY: SIEM’s base business remains strong and enjoys a robust outlook as diverse customer segments enable it to play the capex cycle. We raise FY24/FY25 EPS estimates by 7% each to bake in the FY23 print and roll valuations to Sep’25E, leading to a higher TP of Rs 4,400 (from Rs 3,900). With the proposed LV motors sale on hold, it’s business as usual for SIEM for now and hence we revert to our BUY rating from HOLD. We continue to value the stock at 52x P/E, in line with the 5Y mean.

Key changes

	Target	Rating
	▲	▲

Ticker/Price	SIEM IN/Rs 3,647
Market cap	US\$ 15.8bn
Free float	25%
3M ADV	US\$ 13.4mn
52wk high/low	Rs 4,069/Rs 2,726
Promoter/FPI/DII	75%/5%/10%

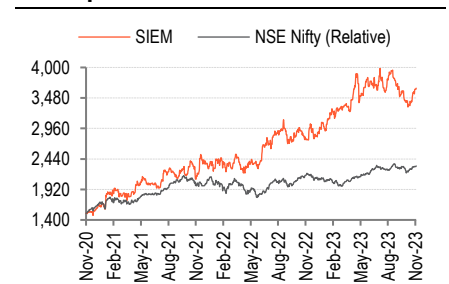
Source: NSE | Price as of 28 Nov 2023

Key financials

Y/E 30 Sep	FY23P	FY24E	FY25E
Total revenue (Rs mn)	1,95,538	2,30,779	2,78,691
EBITDA (Rs mn)	24,872	31,167	38,348
Adj. net profit (Rs mn)	19,619	24,357	29,972
Adj. EPS (Rs)	55.1	68.4	84.2
Consensus EPS (Rs)	55.1	63.4	77.0
Adj. ROAE (%)	15.9	17.3	18.4
Adj. P/E (x)	66.2	53.3	43.3
EV/EBITDA (x)	54.8	44.1	36.2
Adj. EPS growth (%)	55.5	24.1	23.1

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE



IPO MARKET

29 November 2023

IPO boom: An analysis

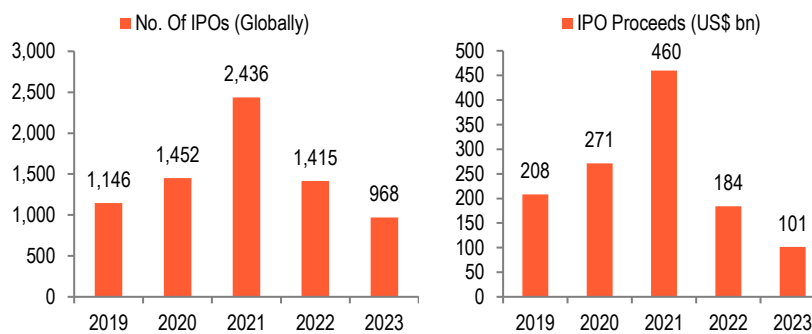
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Jahnvi Prabhakar
Economist

Global Market

Global IPOs have been gaining momentum indicating rapid demand and growing attractiveness towards this sector. Fig 1 and 2 sheds light on the increasing number of IPOs listed across countries through the years. Furthermore, higher number of IPOs have also translated in to rising IPO proceeds in the global financial market space. For the year 2021, a total of 2436 IPOs have been listed resulting in the total proceeds of US\$460bn.

Figure 1: Global IPO over the years **Figure 2: Global IPO proceeds**



Source: E&Y Bank of Baroda Research Note: 2023 data is Year to date

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Domestic trend

In the last 5-years, IPO market has expanded with the number of issues almost doubling in this period. The cumulative issue size across these years have also grown from Rs 16,754 cr in the year 2018 to 1,38,894 cr in 2021-22. This implies the accelerated demand for equities and also showcases the investors' confidence in the financial market.



**NOT
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LT FOODS

| Consumer Staples

| 29 November 2023

Analyst meet takeaways: Eyeing market share gains

- **Leading basmati rice player with a strong presence in India (30% market share) and exports to 80+ countries**
- **Management guiding for 11%/14% CAGR in topline/EBITDA and 150bps margin expansion to 14% over FY24-FY30**
- **Growth strategies aligned towards consumer engagement, innovation and building market share**

Vikrant Kashyap

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We attended LT Foods' (LTFO IN, Not Rated) analyst meet and present key takeaways in this report.

Leading player in basmati rice: Established 70 years ago, LTFO is a leading player in the rice business with a strong footprint in India and sales to more than 80 countries. The company is engaged in the basmati & other specialty rice, organic food & ingredients, and health & convenience segments. In India, LTFO has a dominant presence in Maharashtra, Gujarat, Madhya Pradesh, Chhattisgarh, Andhra Pradesh, Telangana and Karnataka, which together make up 44% of the country's rice market. The company currently has 30% market share in India and is making investments to augment its position. This apart, it has a strong presence in the Americas, Europe and the Middle East.

Portfolio of strong brands: The company's portfolio encompasses homegrown and acquired brands such as Royal (50%+ market share), Ecolife, Devaaya, Kari Kari, Indus Valley, Rozana, Golden Star, Leev and 817 Elephant, in addition to its flagship Daawat (30%+ market share). These brands have helped the company record a strong 15.6% revenue CAGR over the last five years.

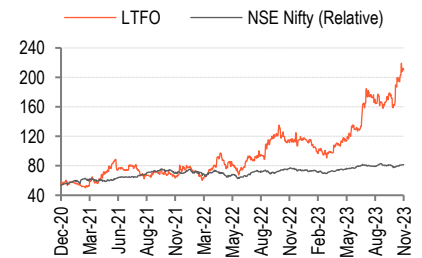
Strategic pillars for growth and margin expansion: Management is guiding for an 11%/14% revenue/EBITDA CAGR over FY24-FY30, underpinned by initiatives to strengthen brand equity, promote key products, drive consumer engagement, expand the portfolio and enhance digital distribution. The revenue forecast does not include the recent acquisition of Golden Star, a key brand in the jasmine rice market, which the company expects to reach Rs 10bn by FY30. Management further believes premiumisation and scale will support 150bps EBITDA margin expansion to 14% through FY30, along with strong growth in FCF to Rs 30bn and 5x growth in EPS.

Valuation: As per Bloomberg consensus estimates, LTFO is trading at 14.5x/13.3x FY24E/ FY25E EPS. We do not have a rating on the stock.

Ticker/Price	LTFO IN/Rs 210
Market cap	US\$ 877.0mn
Free float	41%
52wk high/low	Rs 220/Rs 90
Promoter/FPI/DII	51%/6%/43%

Source: NSE | Price as of 28 Nov 2023

Stock performance



Source: NSE



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BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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