

Tube Investments of India Limited



Q4FY24 Results Review

Rating : **HOLD** (Target Price: ₹ 3,933)

TIINDIA reported 4QFY24 results where:

Revenue for Q4FY24 was Rs.1,962 Cr. as against Rs.1,663 Cr. in the same quarter previous year. Total revenue from operations grew by 6% in FY24 standing at Rs.7,611 Cr. compared with Rs.7,236crs in the previous year. Mobility and engineering business segments were the drivers of growth, thereby growing 11% and 8% respectively.

EBITDA Margins for FY24 were seen at 12.1%, which was in line with our expectations of 12.2%. The EBITDA was seen at 924crs vs 881crs in FY23, ie a growth of 5% YoY.

PAT Margins were stable at ~10% in FY24, despite of global headwinds and challenges faced during the year. EPS for the year now stands at 37.9 vs 34.5 ie an increase of 340bps YoY.

TIINDIA is on track to establish its greenfield precision steel tube manufacturing facility in Western India by FY25. The company established a strong network of dealers in northern india, with the aim to establish its presence in this part of the country.

Valuation: Considering the increase in profitability of CG Power, we have revised our profitability estimates for FY26. In TIINDIA we expect growth to be on the simiar lines, with Revenue/EBITDA/PAT to grow at a CAGR (FY23-26E) of 8%/11%/7%.

As per our estimates, we expect the standalone business to generate an EPS of ₹ 42/- for the year ended March 26E. We maintain the PE multiple at 40x. The standalone price target is estimated at ₹ 2183/-. We add the value of listed subsidiaries at ₹ and unlisted investments at Rs 69/-. The SOTP price target is expected to be ₹ 3933/-. TIINDIA continues to be rated as **(HOLD)**

Key Market Data

Bloomberg Code	TIINDIA
Target price (₹)	3,933
Closing price as of (₹)	3,750
Potential upside (%)	5%
Rating	HOLD
Current shares (mn)	193
Market Cap (₹ mn)	704,665
52 Wk High / Low (₹)	2,375 – 4125

Source: BSE

Price Performance (%)

1 Month	7%
6 Month	18%
12 Month	42%

Shareholding Pattern Feb 24

Promoters	45.1
DII	28.8
FII	14.6
Public	11.5

Source: NSE

Analyst

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Particulars (₹ mn)	FY23A	FY24A	FY25E	FY26E	CAGR (FY23-26E)
Revenue	72,360	76,105	83,536	91,568	8%
EBITDA	8,803	9,239	11,193	12,271	12%
EBITDA Margin	12.2%	12.14%	13.40%	13.40%	30bps
PAT	6,652	7334.00	7401.77	8127	7%
PAT Margins	9.19%	9.64%	8.86%	9%	10bps
EPS (₹ per share)	34.5	37.9	38.3	42.0	7%

Source: Company, ACMIIL Research

Quarterly Performance

Particulars (₹ mn)	Q4FY24	Q4FY23	YoY	Q3FY24	QoQ	FY24	FY23	YoY
Revenue	18,382	15,582	22%	18,983	(3)%	76,105	72,360	5%
EBITDA	2,171	2,106	14%	2,395	(9)%	9,239	8,803	5%
EBITDA margin	11.1%	13.5%	(91)bps	12.6%	(12)%	12.1%	12.2%	
PBT Ex other income & exceptional	3,177	1,590	23%	1,960	62%	9,701	8,756	11%
Exceptional items		(293)	NA	-		-	(293)	
PAT (Reported)	2,478	2,507	(38)%	1,564	58%	7,334	6,652	10%
EPS (₹ per share)	12.8	13.0		8.1	58%	37.9	34.5	

Source: Company, ACMIIL Research

4QFY24 Earnings Call

- TIINDIA and its subsidiary, TI Clean Mobility Private Limited, forged an agreement with GEF to raise Rs.580crs through Compulsory Convertible Preference Shares.
- Exports for FY24 have registered a YoY growth of 14%. TIINDIA believes that exports will continue to grow in the coming years with a CAGR of 20%.
- The Engineering and Metal formed products segment witnessed growth of 8% and 11% respectively. The growth was on back of higher volumes for the year, as PV and CVs continue to fair better than others,. Demand for 2 Wheeler Vehicles was lagged especially in the 1st half of the year. Havong picked up pace in H2FY24 and is expected to better its performance in FY25.
- EV business: Curerently the EV business is not profitable and will continue to incur losses for some more quarters. No clear guidance as to when this business shall turn profitable was provided by the Management, in the Q4FY24 Con-Call.
- CG Power and Industrial Solutions Ltd, a subsidiary company, in which the Company holds 58.05% stake, registered a consolidated revenue of Rs. 2,192 Cr in Q4FY24 as against Rs. 1,903 Cr in Q4FY23.
- CG Power & Industrial Solutions Limited, secured approval from the Union Cabinet under India's Semi-conductor scheme to establish an Outsourced Semiconductor Assembly and Test (OSAT) facility, with an investment of around Rs.7,600 Cr. over 5 years. This investment will be supported by Government Subsidies, Equity Contribution, and bank borrowings, with technology and Joint venture partnerships from Renesas Electronics Corporation, Japan, and Stars Microelectronics, Thailand.
- Total Capex for FY24 stood at 650crs, our of which 350crs was invested in its clean Mobility business, 237 Million in Lotus Medical and the rest in its CDMO business.

Revision of Estimates

Particulars (Y/E March)	Previous			Revised			Change		
	FY24A	FY25E	FY26E	FY24A	FY25E	FY26E	FY24A	FY25E	FY26E
Net Revenue	76,095	83,507	91,539	76,105	83,536	91,568	0.01%	0.03%	0.03%
EBITDA	9,498	11,102	12,172	9,239	11,193	12,271	(2.73)%	0.82%	0.82%
EBITDA margin	12.50%	13.30%	13.30%	12.14%	13.40%	13.40%	(2.88)%	0.75%	0.76%
PAT	6,415	7,334	8,052	7,334	7,402	8,127	14.33%	0.92%	0.93%
PAT Margins	8%	9%	9%	10%	9%	9%			
EPS (₹ per share)	33.2	37.9	41.7	37.9	38.3	42			
Price Target		3446				3933			

Source: Company, ACMIIL Research

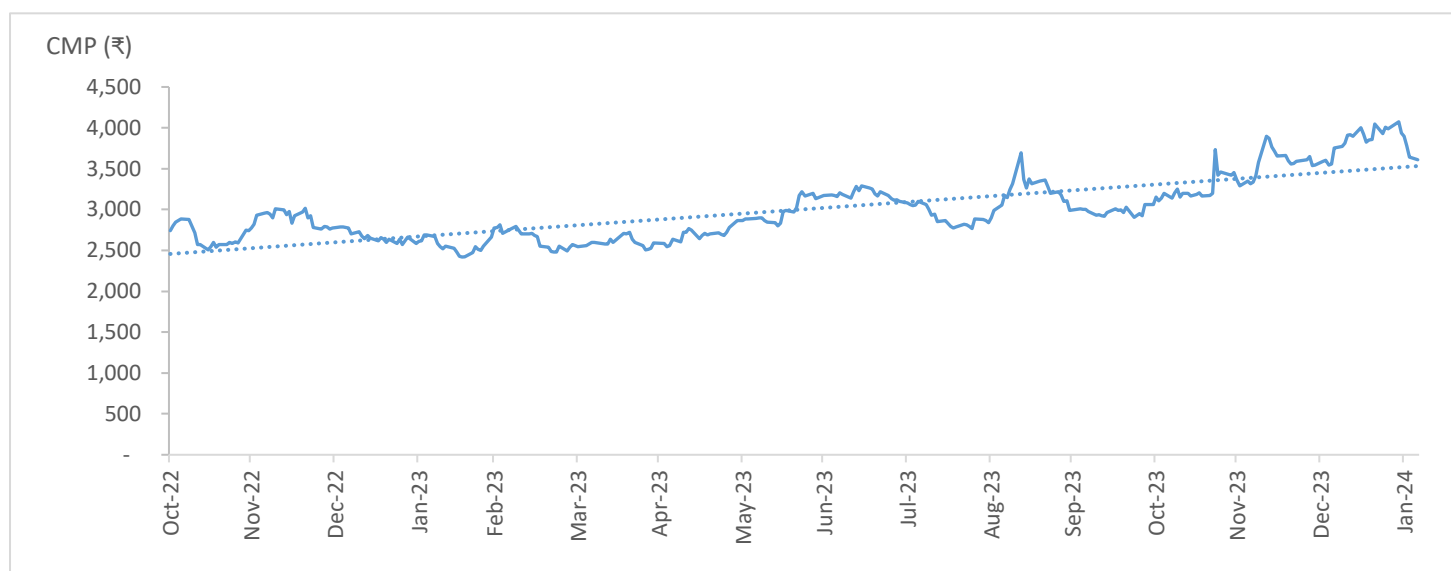
Valuation

Particulars	Post result review	Q4FY24 Review	Change
March-26 EPS (₹ per share)	42	39.8	6%
PE Multiple	40	40	-
Standalone Price Target (₹)	1682	1,594	6%
Listed Subsidiaries (₹)	2183	1,784	22%
Unlisted investments (₹)	69	69	-
SOTP Valuation (₹)	3933	3,446	14%

Source: Company, ACMIIL Research

Basis our assumptions of future earnings and estimates, we value Tube investments (Standalone) at ₹1682 per share. On a consolidated basis, our SOTP Valuation of TIINDIA increased from ₹3,446 in Q4FY24 to ₹ 3,933 (+14%) in FY24. Given that the standalone results of TIINDIA are in line with our estimates, we have not made any changes to our recommendation. **(HOLD)**

Share Price Chart



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	$\geq 15\%$
SELL	$< -10\%$
HOLD	$< -10\%$ to 15%

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