



QUESS CORP LIMITED

MAY 2024

WHY IT IS A BUY:

- Strong ability to service debt as the company has a low Debt to EBITDA ratio of 0.53 times.
- Positive results in Dec 23:
 - Net Sales (Q) Highest at Rs 4841.83Cr
 - PBDIT (Q) Highest at Rs 181.02 Cr
 - Operating Profit To Net Sales (Q) Highest at 3.74%
- With ROE of 10.8, it has a Attractive valuation with a 3.2 Enterprise value to Capital Employed: The stock is trading at a discount compared to its average historical valuations. Over the past year, while the stock has generated a return of 72.42%, its profits have risen by 4.4%: the PEG ratio of the company is 9.4.
- Stock is technically in a BULLISH stance: Monthly chart “Flag & Pole” breakout.
- High Institutional Holdings at 26.08%: Along These investors have better capability and resources to analyse fundamentals of companies than most retail investors.

Investors Returns (3 years)

Period	6M	1Y	2Y	3Y
Stock (%)	49.56%	72.42%	-11.45%	4.09%
Sector (%)	28.62%	28.62%	55.93%	140.31%
Sensex (%)	16.92%	22.66%	31.37%	53.66%



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HEALTHY STRONG ABILITY TO SERVICE DEBT AS THE COMPANY HAS A LOW DEBT TO EBITDA RATIO OF 0.53 TIMES

Low Debt to Equity Ratio

Company's average Debt to Equity ratio over the past few years is low at 0.13 times

No clear trend in Debt to Equity Ratio numbers

	Total Debt	Debt to Equity Ratio
Dec 2023	954.64	0.13
Dec 2022	941.27	0.10
Dec 2021	735.46	0.07
Dec 2020	-	0.10

Low Debt to EBITDA Ratio

Company's average Debt to EBITDA ratio over the past few years is low at 1.71 times

No clear trend in Debt to EBITDA Ratio numbers of the past 3 consecutive years.

	Total Debt	Debt to EBITDA Ratio
Dec 2023	954.64	0.53
Dec 2022	941.27	0.53
Dec 2021	735.46	0.42
Dec 2020	-	0.17

An average EBIT to Interest

Company has an average EBIT to Interest ratio of 3.12 times

No clear trend in EBIT to Interest numbers

	Total Debt	EBIT to Interest
Dec 2023	954.64	3.12
Dec 2022	941.27	3.1
Dec 2021	735.46	3.12
Dec 2020	-	3.27



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QUARTERLY RESULTS

	Dec 23	Sep 23	QoQ	Dec 22	YoY	Comments
Total Operating income	4,842	4,748	2%	4,466	8.4%	QoQ and YoY increase
Total Expenditure (Excl Depreciation)	4,661	4,585	1.7%	4,320	7.9%	QoQ and YoY increase
Operating Profit (PBDIT) excl Other Income	181	164	10.7%	145	24.4%	High Growth in previous quarter and same quarter last year
Other Income	5	15	-65.5%	7	-21.9%	Fall in previous quarter and same quarter last year
Operating Profit (PBDIT)	186	179	4.2%	152	22.4%	QoQ and YoY increase
Interest	35	28	25.8%	29	22.2%	High Growth in previous quarter and same quarter last year
Exceptional Items	-20	-2	1%	54	-137.1%	
Depreciation	72	70	3.1%	70	3.3%	QoQ and YoY increase
Profit Before Tax	59	79	-25.4%	107	-44.9%	Fall in previous quarter and same quarter last year
Tax	-5	9	-153.2%	22	-120.7%	Fall in previous quarter and same quarter last year
Provisions and contingencies	0	0	0%	0	0%	
Net Profit	64	71	-10.1%	85	-25.3%	Fall in previous quarter and same quarter last year
Share in Profit of Associates	-0	-0	-40%	0	-127.3%	Fall in previous quarter and same quarter last year
Minority Interest	-0	-1	-75.5%	-2	-90%	Fall in previous quarter and same quarter last year
Other related items	0	0	0%	0	0%	
Consolidated Net Profit	64	72	-11%	88	-27.2%	Fall in previous quarter and same quarter last year

MARGINS:

	Dec 23	Sep 23	Jun 23	Mar 22	Dec 22	Avg. (4Qtrs)	Comments
OPM	3.7%	3.4%	3.4%	3.4%	3.3%	3.4%	In line with average (4 Qtrs)
GPM	2.7%	3.1%	2.8%	2.8%	4.0%	3.2%	In line with average (4 Qtrs)
NPM	1.3%	1.5%	1.1%	0.7%	1.9%	1.3%	In line with average (4 Qtrs)



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ANNUAL RESULTS:

Net Sales-YOY GROWTH IN YEAR ENDED MAR 2023 IS 25.32% vs 26.34% IN MAR 2022

Consolidated Net Profit: YoY Growth in year ended Mar 2023 is -7.35% vs 316.78% in Mar 2022

Operating Profit (PBDIT) excl Other Income: YoY Growth in year ended Mar 2023 is 6.70% vs 36.10% in Mar 2022

Interest: YoY Growth in year ended Mar 2023 is 34.57% vs -28.82% in Mar 2022

Operating Profit Margin (Excl OI): YoY Growth in year ended Mar 2023 has fallen from Mar 2022

	Mar 23	Mar 22	Change (%)
Net Sales	17,158.39	13,691.78	25.32%
Operating Profit(PBDIT)excl Other Income	585.66	623.49	-6.70%
Interest	106.61	79.22	34.57%
Exceptional Items	53.50	7.22	641.00%
Consolidated NetProfit	223.49	241.23	-7.35%
Operating Profit Margin(Excl OI)	3.41	4.55	-1.14%

BALANCE SHEET AND CASH FLOW ANALYSIS:

	Mar 23	Mar 22	Change%
Borrowings	531.08	587.74	-9.6%
Other Long Term Liabilities	337.93	220.00	53.60%
Fixed Assets	1,359.32	1,365.29	-0.44%
Investments	2.74	10.41	-73.68%
Current Assets	3,509.83	3,120.18	12.49%

Other Long Term Liabilities: YoY Growth in year ended Mar 2023 is 53.60% vs -43.22% in Mar 2022

Fixed Assets: YoY Growth in year ended Mar 2023 is -0.44% vs 6.93 % in Mar 2022

Investments: YoY Growth in year ended Mar 2023 is -73.68% vs 153.90% in Mar 2022

Current Assets: YoY Growth in year ended Mar 2023 is 12.49% vs 20.50% in Mar 2022

TECHNICAL ANALYSIS:



The above Monthly chart of prices are traded higher since the June 2020 to September 2021. Later on the prices took correction with the lower tops and lower bottoms and breached the pattern of “Flag with Pole”. Prices breached the trend line resistance supported with the rise in volumes which is encircled and closed well above the same suggesting the bullishness. The RSI 14 period is trading at 60 levels which has the potential for bullishness and we expect the prices to trade higher in the coming months.

Sources:

www.nseindia.com www.bseindia.com www.moneycontrol.com
www.screener.in www.in.tradingview.com

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