INSTITUTIONAL RESEARCH

HSIE Results Daily

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Results Review

- **Mahindra & Mahindra:** M&M's margins sustained at 17% levels in 3QFY21 as well, driven by strong tractor sales growth. The management has raised its tractor guidance to ~20% growth for FY21E, driven by the sustained agri momentum. M&M has provided another Rs 12bn as write-offs towards SsangYong in the quarter – which is now under bankruptcy process in Korea and the parent will no longer fund its operations. We reiterate our ADD rating on the stock and set a revised SOTP-based target price of Rs 880. Our estimates are increased by ~13% over FY22/23E to factor in the higher margin trajectory.

- **Kansai Nerolac:** KNPL's 3Q performance (18% YoY; Rs. 14.7bn vs HSIE: Rs. 14.3bn) was nothing to scoff at. However, it's decorative segment (volume/value growth estimated at 23/18.6%) did lag that of market leader APNT (33/26% YoY). Industrial Coating grew at 17% (off a low base). Performance gap was attributed to higher primers/putties sold by the leader. GM expansion lagged that of APNT's (93bp YoY to 39.2% vs APNT +207bp) as mix continues to normalise in favour of low-margin industrials business. While the all-round demand recovery is heartening, RM inflation could weigh on profitability, going forward (already factored in). We largely maintain our EPS estimates and DCF-based TP of Rs. 650/sh (implying 51x Sept-22 P/E).

- **Gujarat Gas:** Our ADD recommendation on Gujarat Gas (GGL) with a price target of INR 404 is premised on (1) volume growth of 17% CAGR over FY21-23E, (2) portfolio of mature, semi-mature and new geographical areas (GAs) and (3) compelling valuations, given superior return ratios among the city gas distribution players. 3QFY21 EBITDA/APAT was 27/40% above our estimates owing to, higher-than-expected per unit gross margin, 16% higher-than-anticipated volumes at 11.45mmscmd, lower-than-anticipated depreciation and finance cost, offset by a higher-than-expected tax outgo.

- **Brigade Enterprises:** BRGD reported operationally a robust quarter as residential pre-sales grew to 1.53msf (+41%/+55% YoY/QoQ). Sales value jumped to Rs 9.2bn (+53%/+60% YoY/QoQ), as realisation grew by +8%/+3.5% YoY/QoQ. Collection from the resi. sales also increased by 29% sequentially to Rs 5.1bn. While leasing activity remained tepid, rental collection from existing portfolio continued to be healthy at 99% in 3QFY21. While mall consumption reached 65% of pre-COVID level, hospitality business surpassed the break-even mark during the quarter. Consolidated net debt decreased marginally to Rs 29.5bn (BRGD's share) from Rs 29.5bn on Sep-20. Despite the mid-term challenges in hospitality and retail business, maintain ADD with an unchanged TP of Rs 288, given the strong momentum in residential business. We have tweaked our est. marginally. Pick-up in commercial leasing would lead to further re-rating.

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- **V-MART Retail:** V-MART recovered ~84% (LTL growth at 81%; HSIE: 80%) of base quarter sales (most within our apparel universe along with Trent). Recovery was led by strong festive and marriage season along with early winter sales. Better inventory relevance/control (translating into lower discounting) led to gross margin expansion. GM expanded 40bp to 36.7% (HSIE: 35%). EBITDAM expanded 131bp to 22.1% (the highest since FY14), led by strong cost control. Working capital (WC) remains smartly managed and the company remains net cash positive. Note: VMART recently raised Rs. 3.75bn (for furthering growth aspirations). We revise our FY22/23 EBITDA estimates by ~3% each YoY to account for marginally higher margins, courtesy a struggling ecosystem. Ergo, revise our DCF-based TP to Rs. 2,650/sh (implying 22x FY23 EV/EBITDA)

- **Sonata Software:** Sonata posted better-than-expected growth in the IT services (IITS) and Domestic Product Services (DPS) segment. IITS revenue grew 5.1% QoQ (estimate +4%) and margin expanded 428bps QoQ to 27.9% (8 quarter high). The growth in IITS was led by a revival in ISV (+14.8% QoQ) and Retail (+13.7% QoQ). Travel also recovered (TUI was stable) but more clarity will emerge in April-21 (leisure travel is expected to resume). The Microsoft portfolio (~48% of IITS revenue) registered a strong growth of 7.1% QoQ, led by ISV and Dynamic 365. The Microsoft Dynamics modernisation program is a multi-year opportunity (~10K enterprises yet to upgrade) and Sonata is investing in R&D and sales capabilities to capture this opportunity. The IITS EBITDA margin expansion was led by offshoring and higher utilisation, the target range being ~23-24%. DPS growth was impressive (+20% YoY) and is driven by higher cloud adoption (~63% of DPS is cloud). We like Sonata's IP-led business model, the high margin in IITS, focus on high growth Microsoft ecosystem, healthy RoE (~35%), and high dividend yield (~4%). We increase our EPS estimate by +6.0/7.5% for FY22/23E to factor in growth acceleration. Our target price of Rs 460 is based on 14x Dec-22E EPS. Maintain BUY. The stock trades at a P/E of 16.9/14.0x FY21/22E.

- **Indostar Capital Finance:** INDOSTAR's 3QFY21 earnings were ahead of our estimates aided by one-off gains on de-recognition of loan assets. The company witnessed improving business traction, with a broad-based rise in disbursals (~3x QoQ) - a comfortable capitalisation offers valuable dry powder for growth. Despite a reasonable asset quality performance with pro forma GNPAs at 2.8% (vs. 2.9% in 2Q), we are cautious in our outlook given the sizeable pool of GS-II (~20% of loans), underpinning our REDUCE rating (revised target price of INR309). In the near term, we will watch for steps towards compliance with promoter shareholding requirements and possible inorganic growth.

- **TCNS Clothing:** TCNS Clothing's recovered 72.3% of base sales, marginally missing estimates (HSIE: 73.6%). However, recovery has been more arduous vs peers (given its an ethnic wear play). GMs contracted 670bp YoY due to (1) higher dormancy provisioning, (2) higher online sales in mix (23% of sales vs 13% in 3QFY20). While the company was back in the black, cost normalisation continues to outpace offline revenue recovery (64%). EBITDAM contracted 446bp to 16.2% (HSIE: 17%). Cash position improved by Rs. 450mn courtesy (1) WC release and (2) internal accruals (albeit more needs to be done on this front). We revise our FY22/23 EBITDA estimates downwards to account for moderation in revenue/higher cost of retailing expectations in a post-pandemic world and maintain our REDUCE recommendation on the stock with a revised DCF-based target price of Rs. 400/sh (implying 20x FY23 EV/EBITDA).

- **Kolte Patil Developers:** KPDL reported sequential recovery in pre-sales at 0.55msf (57% QoQ) in 3QFY21. In terms of value, sales grew by 63% QoQ. With the launch of two projects at the end of December, management is confident of achieving full-year guidance of 1.8mn sq ft for FY21. A sharp rebound in the collection (Rs 3.8bn vs Rs 2bn in 2QFY21) led to reduction in net D/E to 0.41x from 0.52x on Sep-20. We cut our FY21 estimate by 70% to account for deferment in revenue recognition and maintain BUY on KPDL, with an unchanged target price of Rs 321/sh, given comfortable balance sheet (net D/E 0.4x) and robust launch pipeline (~5.9mn sqft). Any delay in launches key risk to our estimates.

Mahindra & Mahindra

Tractors in the limelight

M&M's margins sustained at 17% levels in 3QFY21 as well, driven by strong tractor sales growth. The management has raised its tractor guidance to ~20% growth for FY21E, driven by the sustained agri momentum. M&M has provided another Rs 12bn as write-offs towards SsangYong in the quarter – which is now under bankruptcy process in Korea and the parent will no longer fund its operations. We reiterate our ADD rating on the stock and set a revised SOTP-based target price of Rs 880. Our estimates are increased by ~13% over FY22/23E to factor in the higher margin trajectory.

- **3QFY21 financials — Tractor segment:** Revenue grew 23% YoY, led by a 20% volume growth. The segment reported record EBIT margin of 23.4% (+400bps YoY). **Automotive:** Volumes were down 8% YoY due to supply constraints. EBIT margin came in at 7.4% vs 6.5% QoQ. **M&M+MVML:** Revenue grew 16% YoY to Rs 140.5bn. EBITDA margin at 17% expanded 220bps YoY (-80bp QoQ), led by higher share of tractors in the mix/cost-cutting initiatives (other expenses down 14% YoY). There was an exceptional expense of Rs 12bn related to impairment on SsangYong. Adj. PAT came in at Rs 17.4bn (+33% QoQ), aided by higher dividend from subsidiaries.

- **Call takeaways: (1) Farm segment:** The segment recorded the highest-ever EBIT margin of 23.4% due to positive rural sentiment/encouraging Kharif procurement. The management expects the tractor industry to register a growth of 20% YoY in FY21E as the outlook remains positive **(2) Supply side issues:** The semiconductor shortage continues and the sharp rise in precious metal prices will impact profitability. M&M is operating at the lowest system inventory in the automotive segment due to the above. **(3) Positive on new models:** The new Thar has an order booking of 39k+ units (6k+ in Jan-21, 200+/day). The target is to reach 4k units production. M&M will launch 2 new model refreshes to strengthen its SUV portfolio. **(4) Subsidiaries**: The management believes that substantial write downs have been taken over the year as the company has exited multiple loss-making ventures. This trend should moderate from here onwards.

Financial Summary (M&M + MVML)

YE March (Rs mn)	3Q FY21	3Q FY20	YoY (%)	2Q FY21	QoQ (%)	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	140,565	121,203	*16.0*	115,903	*21.3*	528,482	448,655	460,050	523,911	591,668
EBITDA	23,856	17,888	*33.4*	20,573	*16.0*	75,301	63,506	72,688	78,063	89,342
APAT	17,448	9,808	*77.9*	13,112	*33.1*	54,239	35,509	48,294	50,890	60,535
Adj. EPS (Rs)	14.6	8.2	*77.9*	11.0	*33.1*	45.5	29.8	40.5	42.7	50.7
APAT Gr (%)						29.5	(34.5)	36.0	5.4	19.0
P/E (x)						19.0	29.0	21.3	20.2	17.0
RoE (%)						16.6	10.2	13.6	13.3	14.1

Change in Estimates

Rs mn	New			Old			Change (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Net Revenue	460,050	523,911	591,668	439,364	497,693	561,887	5	5	5
EBITDA	72,688	78,063	89,342	59,314	70,672	80,350	23	10	11
EBITDA margin (%)	15.8	14.9	15.1	13.5	14.2	14.3	230 bps	70 bps	80 bps
APAT	48,294	50,890	60,535	39,730	45,085	53,288	22	13	14
EPS	40.5	42.7	50.7	33.3	37.8	44.7	22	13	14

Source: Company, HSIE Research

ADD

CMP *(as on 5 Feb 2021)*	Rs 866
Target Price	Rs 880
NIFTY	14,924

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	Rs 790	Rs 880
EPS %	FY21E	FY22E
	22%	13%

KEY STOCK DATA	
Bloomberg code	MM IN
No. of Shares (mn)	1,243
MCap (Rs bn) / ($ mn)	1,076/14,759
6m avg traded value (Rs mn)	4,332
52 Week high / low	Rs 894/245

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	43.8	40.9	48.1
Relative (%)	21.0	6.2	24.8

SHAREHOLDING PATTERN (%)	Sep-20	Dec-20
Promoters	19.6	19.4
FIs & Local MFs	35.1	32.6
FPIs	34.7	37.9
Public & Others	10.6	10.0
Pledged Shares	0.0	0.0

Source : BSE

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Kansai Nerolac

Performance lags leader

KNPL's 3Q performance (18% YoY; Rs. 14.7bn vs HSIE: Rs. 14.3bn) was nothing to scoff at. However, it's decorative segment (volume/value growth estimated at 23/18.6%) did lag that of market leader APNT (33/26% YoY). Industrial Coating grew at 17% (off a low base). Performance gap was attributed to higher primers/putties sold by the leader. GM expansion lagged that of APNT's (93bp YoY to 39.2% vs APNT +207bp) as mix continues to normalise in favour of low-margin industrials business. While the all-round demand recovery is heartening, RM inflation could weigh on profitability, going forward (already factored in). We largely maintain our EPS estimates and DCF-based TP of Rs. 650/sh (implying 51x Sept-22 P/E).

- **3QFY21 highlights**: Revenue grew 18% YoY to Rs. 14.7bn (HSIE: 14.3bn). Decorative business grew 23/18.6% in volume/value terms and industrial business grew by 17% (HSIE) as pent-up demand timing, strong festive season, share gains from unorganised, recovery in metro/tier-1 catchments, and strong Auto sales underpinned growth. Within Non-Auto Industrials, Powder Coatings continues to do well. On the international front, Nepal clocked strong double-digit growth (led by pent-up demand) post market re-opening in Dec-20. Sri Lanka remains impacted, though it is witnessing signs of recovery. Bangladesh sustained its growth momentum (high double-digit growth YoY). Among subsidiaries, Marpol and Perma grew in high double digits. GM expansion lagged that of APNT's (93bp YoY to 39.2% vs APNT +207bp) as mix continues to normalise in favour of lower-margin industrials business. EBITDAM expanded 430bp to 19.7% (HSIE: 18.6%). as company continued to keep a tight lease on costs. PAT grew 65% to Rs. 2bn (HSIE: Rs. 1.75bn).
- **Outlook:** While all-round demand recovery is heartening, RM inflation could weigh on profitability, going forward (already factored in). While Decorative business continues to perform well and Industrial performance progressively improves, a secular recovery in the latter can't still be called out. Hence, we remain cautiously optimistic on KNPL. We largely maintain our EPS estimates and DCF-based TP of Rs. 650/sh, (implying 51x FY23 P/E).

Quarterly financial summary

(Rs mn)	3QFY21	2QFY20	*YoY (%)*	1QFY21	*QoQ (%)*	FY19	FY20	FY21E	FY22E	FY23E
Net Revenue	15,926	13,319	*19.6*	13,832	*15.1*	54,243	52,800	48,439	57,244	64,708
EBITDA	3,044	1,977	*54.0*	2,686	*13.4*	7,525	8,045	8,394	9,470	10,898
APAT	2,038	1,146	*77.8*	1,682	*21.2*	4,477	5,158	5,194	5,948	6,838
EPS (Rs)	3.8	2.1	*77.8*	3.1	*21.2*	8.3	9.6	9.6	11.0	12.7
P/E (x)						70.3	61.0	60.6	52.9	46.0
EV/EBITDA (x)						43.2	40.4	38.4	33.8	29.6
Core RoCE(%)						12.8	13.6	12.9	14.1	14.5

Source: Company, HSIE Research, Standalone Financials

Change in estimates

(Rs mn)	FY21E			FY22E			FY23E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	48,439	47,981	*1.0*	57,244	56,693	*1.0*	64,708	63,912	*1.2*
Gross Profit	19,149	19,183	*(0.2)*	22,347	22,396	*(0.2)*	25,130	25,111	*0.1*
Gross Profit Margin(%)	39.5	40.0	***(45 bps)***	39.0	39.5	***(47 bps)***	38.8	39.3	***(45 bps)***
EBITDA	8,394	7,623	*10.1*	9,470	9,398	*0.8*	10,898	10,777	*1.1*
EBITDA margin (%)	17.3	15.9	***144 bps***	16.5	16.6	***(3 bps)***	16.8	16.9	***(2 bps)***
APAT	5,194	4,623	*12.4*	5,948	5,906	*0.7*	6,838	6,764	*1.1*
APAT margin (%)	10.7	9.6	***109 bps***	10.4	10.4	***(3 bps)***	10.6	10.6	***(2 bps)***
EPS (Rs)	9.6	8.6	*12.4*	11.0	11.0	*0.7*	12.7	12.6	*1.1*

Source: Company, HSIE Research

ADD

CMP ***(as on 5 Feb 2021)***	**Rs 584**
Target Price	**Rs 650**
NIFTY	**14,924**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	Rs 650	Rs 650
	FY22E	FY23E
EPS %	+0.7	+1.1

KEY STOCK DATA	
Bloomberg code	KNPL IN
No. of Shares (mn)	539
MCap (Rs bn) / ($ mn)	315/4,327
6m avg traded value (Rs mn)	179
52 Week high / low	Rs 680/294

STOCK PERFORMANCE (%)

	3M	**6M**	**12M**
Absolute (%)	12.3	32.2	15.9
Relative (%)	(10.4)	(2.5)	(7.4)

SHAREHOLDING PATTERN (%)

	Sep-20	**Dec-20**
Promoters	74.99	74.99
FIs & Local MFs	8.1	8.04
FPIs	4.03	4.17
Public & Others	12.88	12.80
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Gujarat Gas

Volumes surprise positively!

Our ADD recommendation on Gujarat Gas (GGL) with a price target of INR 404 is premised on (1) volume growth of 17% CAGR over FY21-23E, (2) portfolio of mature, semi-mature and new geographical areas (GAs) and (3) compelling valuations, given superior return ratios among the city gas distribution players. 3QFY21 EBITDA/APAT was 27/40% above our estimates owing to, higher-than-expected per unit gross margin, 16% higher-than-anticipated volumes at 11.45mmscmd, lower-than-anticipated depreciation and finance cost, offset by a higher-than-expected tax outgo.

- **Volumes**: Blended volume stood at 11.45mmscmd (HSIE 9.90), pushed by strong industrial demand (9.16mmscmd or 80% of volume mix). CNG/Domestic PNG/Commercial PNG volumes stood at 1.54/0.64/0.10mmscmd in 3Q vs 1.28/0.64/0.07mmscmd in 2Q. Volumes were at a record high in 3Q, the highest-ever in a quarter in the past five years. The company's gas sales volume has shown a robust recovery post lockdown.
- **Margin:** Per unit gross spread expanded by INR 1.25 YoY to INR 7.8/scm. This is attributable to part retention of the benefit of falling RMC. Per unit EBITDA came to INR 5.8/scm (vs. INR 4.3/8.1 per scm in 3QFY20/2QFY21). However, we believe that these margins are not sustainable, and expect them to correct from the current levels in the future. For FY21/22E, we are factoring in a per unit EBITDA margin of INR 5.1/5.1/scm.
- **Change in estimates:** We raise our FY21/22E EPS estimate by 17.1/8.0% each to INR 18.8/20.1 to factor in better-than-expected volumes and the overall performance in 9MFY21.
- **DCF-based valuation: Our target price of INR 404 is based on Dec-22E free cash flows (WACC 11%, terminal growth rate 3.0%). The stock is currently trading at 18.9x FY22E EPS.**

Standalone financial summary

YE March (INR bn)	3Q FY21	2Q FY21	QoQ (%)	3Q FY20	YoY (%)	FY19	FY20	FY21E	FY22E	FY23E
Revenues	28	25	*12.6*	25	*12.9*	78	103	94	117	130
EBITDA	6	7	*(16.1)*	4	*65.9*	10	16	21	22	24
APAT	4	5	*(17.4)*	2	*99.5*	4	12	13	14	15
AEPS (INR)	5.7	6.9	*(17.4)*	2.9	*99.5*	6.1	17.2	18.8	20.1	22.4
P/E (x)						62.6	22.1	20.3	18.9	16.9
EV/EBITDA (x)						27.4	16.8	12.7	12.0	10.5
RoE (%)						20.6	43.3	33.6	27.7	24.5

Source: Company, HSIE Research

Standalone change in estimates

	FY21E			FY22E			FY23E		
	Old	New	% Ch	Old	New	% Ch	Old	New	% Ch
Volume (mmscmd)	8.5	9.3	9.6	11.1	11.8	6.7	11.9	12.7	6.6
Per unit EBITDA (INR/scm)	5.9	5.9	-	5.0	5.1	1.7	5.0	5.1	1.0
EBIDTA (INR bn)	18.9	21.3	12.8	20.1	21.8	8.5	21.9	23.6	7.7
AEPS (INR/sh)	16.0	18.8	17.1	18.6	20.1	8.0	21.1	22.4	6.5

Source: Company, HSIE Research

ADD

CMP *(as on 5 Feb 2021)*	INR 380
Target Price	INR 404
NIFTY	14,924

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 346	INR 404
	FY21E	FY22E
EPS %	+17.1%	+8.0%

KEY STOCK DATA	
Bloomberg code	GUJGA IN
No. of Shares (mn)	688
MCap (Rs bn) / ($ mn)	262/3,586
6m avg traded value (Rs mn)	302
52 Week high / low	Rs 412/191

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	26.0	23.2	28.2
Relative (%)	3.3	(11.5)	4.9

SHAREHOLDING PATTERN (%)	Sept-20	Dec-20
Promoters	60.89	60.89
FIs & Local MFs	7.31	7.32
FPIs	9.07	9.01
Public & Others	22.73	22.78
Pledged Shares	0.00	0.00

Source : BSE

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Brigade Enterprises

Robust turnaround

BRGD reported operationally a robust quarter as residential pre-sales grew to 1.53msf (+41%/+55% YoY/QoQ). Sales value jumped to Rs 9.2bn (+53%/+60% YoY/QoQ), as realisation grew by +8%/+3.5% YoY/QoQ. Collection from the resi. sales also increased by 29% sequentially to Rs 5.1bn. While leasing activity remained tepid, rental collection from existing portfolio continued to be healthy at 99% in 3QFY21. While mall consumption reached 65% of pre-COVID level, hospitality business surpassed the break-even mark during the quarter. Consolidated net debt decreased marginally to Rs 29.5bn (BRGD's share) from Rs 29.5bn on Sep-20. Despite the mid-term challenges in hospitality and retail business, maintain ADD with an unchanged TP of Rs 288, given the strong momentum in residential business. We have tweaked our est. marginally. Pick-up in commercial leasing would lead to further re-rating.

- **Revenue misses estimates:** Revenue for the quarter came in at Rs 6.5bn (+17%/+107% YoY/QoQ), 6% below our estimates. EBITDA declined by 5% YoY as margin contracted by 514bps. Adjusting for the exception item (write-off of Rs 400mn investment in Laxmi Vilas Bank), APAT came in at Rs 239mn, 52% decline YoY and inline with our estimate. With improving labour availability, increasing occupancy in hotels and rising footfalls at malls, we expect revenue to recover from next fiscal.
- **Residential sales at record high; leasing pick-up awaited:** BRGD registered record pre-sales of 1.53msf on good response to a newly-launched project in Hyderabad (0.45msf). However, Brigade continues to face headwinds in the commercial business as new leasing remained tepid at 0.12msf in 3QFY21. Basis management commentary, BRGD has ~1msf leasing pipeline but closures are getting delayed due to prevailing market condition.
- **Balance sheet remains stable:** Consolidated net debt decreased marginally to Rs 38.1bn (vs Rs 38.3bn on Sep-20), of which Rs 21.4bn is LRD/GOP securitised debt. With Rs 4.8bn of cash, net D/E stood at 1.27x. Total collections improved to Rs 6.8bn during the quarter from Rs 5.4bn in 2QFY21 as collections from residential segment increased to Rs 5.2bn (vs Rs 4bn in 2QFY21). BRGD generated positive OCF of Rs 2.5bn during 3QFY21.

Consolidated Quarterly/Annual Financial summary

YE March (Rs mn)	3QFY21	3QFY20	YoY (%)	2QFY21	QoQ (%)	FY20	FY21E	FY22E	FY23E
Net Sales	6,446	5,523	*16.7*	3,108	*107.4*	26,322	19,813	29,842	33,433
EBITDA	1,484	1,556	*(4.6)*	874	*69.9*	6,633	4,795	8,762	10,602
APAT	239	493	*(51.6)*	(171)	*NA)*	1,511	(108)	1,839	2,878
Diluted EPS (Rs)	1.2	2.4	*(51.6)*	(0.8)	*NA*	6	(1)	9	14
P/E (x)						42	(511)	30	19
EV / EBITDA (x)						14	21	12	10
RoE (%)						6	(1)	8	12

Estimate change summary

Consolidated Rs mn	FY21E			FY22E			FY23E		
	New	Old	Chg. %	New	Old	Chg. %	New	Old	Chg. %
Revenues	19,813	20,769	(4.6)	29,842	29,842	-	33,433	33,433	-
EBIDTA	4,795	4,990	(3.9)	8,762	8,855	(1.0)	10,602	10,645	(0.4)
Margins (%)	24.2	24.0	17	29.4	29.7	(31)	31.7	31.8	(13)
APAT	(108)	(120)	NA	1,839	1,841	(0.1)	2,878	2,789	3.2
Adj. EPS (Rs)	(0.5)	(0.6)	NA	9.0	9.0	(0.1)	14.1	13.6	3.2

Source: Company, HSIE Research

ADD

CMP *(as on 5 Feb'21)*	Rs 270
Target Price	Rs 288
NIFTY	14,924

KEY CHANGES		OLD	NEW
Rating		ADD	ADD
Price Target		Rs 288	Rs 288
EPS %	FY21E	FY22E	FY23E
	NA	-0.1	3.2

KEY STOCK DATA	
Bloomberg code	BRGD IN
No. of Shares (mn)	208
MCap (Rs bn) / ($ mn)	56/773
6m avg traded value (Rs mn)	64
52 Week high / low	Rs 281/91

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	32.8	95.8	16.5
Relative (%)	10.1	61.1	(6.8)

SHAREHOLDING PATTERN (%)	Sep-20	Dec-20
Promoters	47.33	47.79
FIs & Local MFs	20.55	20.89
FPIs	11.36	11.68
Public & Others	20.76	19.64
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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V-MART Retail

Continues to lead apparel universe in recovery

V-MART recovered ~84% (LTL growth at 81%; HSIE: 80%) of base quarter sales (most within our apparel universe along with Trent). Recovery was led by strong festive and marriage season along with early winter sales. Better inventory relevance/control (translating into lower discounting) led to gross margin expansion. GM expanded 40bp to 36.7% (HSIE: 35%). EBITDAM expanded 131bp to 22.1% (the highest since FY14), led by strong cost control. Working capital (WC) remains smartly managed and the company remains net cash positive. Note: VMART recently raised Rs. 3.75bn (for furthering growth aspirations). We revise our FY22/23 EBITDA estimates by ~3% each YoY to account for marginally higher margins, courtesy a struggling ecosystem. Ergo, revise our DCF-based TP to Rs. 2,650/sh (implying 22x FY23 EV/EBITDA)

- **2QFY21 highlights**: Revenue declined 16.4% YoY to Rs. 4.7bn (HSIE: Rs. 4.5bn) - the fastest recovery within our apparel universe given its predominant Tier 2-4 presence and a strong festive and marriage season along with the tailwind of an early winter. LTL growth stood at 81% YoY. Note: footfall recovery (72%) continues to lag top-line recovery (84%). The ASP/average bill sizes/conversion rates remain elevated (+2%/+16%/62% respectively) as consumers continue to prefer purposeful shopping. GM expanded 40bp to 36.7% (HSIE: 35%). EBITDAM expanded 131bp to 22.1% (the highest since FY14), led by strong cost control. Working capital (WC) remains smartly managed and the company remains net cash positive. Inventory levels were down Rs. 1.7bn and -37% on a per store level basis since 4QFY20 – the only apparel retailer to achieve this. PAT declined 18% to Rs. 479mn (HSIE: Rs. 422mn).
- **Outlook**: VMART's 9MFY21 gives a glimpse of how an efficient retailer operates during a crisis. We believe that market share gains would expedite in the post-pandemic world as VMART's strong balance sheet (even so post the Rs. 3.75bn fund raise) meets precariously-placed regional peers (suffering from liquidity challenges). Hence, we maintain our ADD recommendation with a DCF-based TP of Rs. 2,650/sh (implying 22x FY23 EV/EBITDA). FY22/23 EBITDA estimates revised upwards by ~3% each respectively.

Quarterly financial summary

(Rs mn)	3QFY21	3QFY20	*YoY (%)*	2QFY21	*QoQ (%)*	FY19	FY20E	FY21E	FY22E	FY23E
Net Revenue	4,700	5,622	*(16.4)*	1,755	*167.8*	14,337	16,630	10,660	16,920	21,833
Adj EBITDA	835	944	*(11.5)*	(97)	*(957.6)*	1,329	1,324	442	1,422	1,924
EV/EBITDA (x)						33.2	33.9	98.7	30.7	22.4
Core RoCE(%)						21.5	19.2	1.3	18.5	22.6

Source: Company, HSIE Research, Standalone Financials

Change in estimates

(Rs mn)	FY21E			FY22E			FY23E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	10,660	10,660	-	16,920	16,920	-	21,833	21,833	-
Gross Profit	3,439	3,334	*3.1*	5,475	5,393	*1.5*	7,108	7,003	*1.5*
Gross Profit Margin(%)	32.3	31.3	***98 bps***	32.4	31.9	***48 bps***	32.6	32.1	***48 bps***
EBITDA	442	305	*44.8*	1,422	1,374	*3.5*	1,924	1,863	*3.3*
EBITDA margin (%)	4.1	2.9	***128 bps***	8.4	8.1	***28 bps***	8.8	8.5	***28 bps***

Source: Company, HSIE Research

ADD

CMP *(as on 5 Feb 2021)*	**Rs 2,490**
Target Price	**Rs 2.650**
NIFTY	**14,924**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	Rs 2,425	Rs 2,650
EBITDA %	FY22E	FY23E
	+3.5	+2.7

KEY STOCK DATA	
Bloomberg code	VMART IN
No. of Shares (mn)	18
MCap (Rs bn) / ($ mn)	45/621
6m avg traded value (Rs mn)	68
52 Week high / low	Rs 2,613/1,200

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	26.4	39.5	18.8
Relative (%)	3.7	4.8	(4.5)

SHAREHOLDING PATTERN (%)	**Sep-20**	**Dec-20**
Promoters	50.8	50.6
FIs & Local MFs	17.6	18.5
FPIs	23.2	22.6
Public & Others	8.5	8.3
Pledged Shares	50.8	50.6

Source : BSE

Pledged shares as % of total shares

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Sonata Software

Growth momentum to continue

Sonata posted better-than-expected growth in the IT services (IITS) and Domestic Product Services (DPS) segment. IITS revenue grew 5.1% QoQ (estimate +4%) and margin expanded 428bps QoQ to 27.9% (8 quarter high). The growth in IITS was led by a revival in ISV (+14.8% QoQ) and Retail (+13.7% QoQ). Travel also recovered (TUI was stable) but more clarity will emerge in April-21 (leisure travel is expected to resume). The Microsoft portfolio (~48% of IITS revenue) registered a strong growth of 7.1% QoQ, led by ISV and Dynamic 365. The Microsoft Dynamics modernisation program is a multi-year opportunity (~10K enterprises yet to upgrade) and Sonata is investing in R&D and sales capabilities to capture this opportunity. The IITS EBITDA margin expansion was led by offshoring and higher utilisation, the target range being ~23-24%. DPS growth was impressive (+20% YoY) and is driven by higher cloud adoption (~63% of DPS is cloud). We like Sonata's IP-led business model, the high margin in IITS, focus on high growth Microsoft ecosystem, healthy RoE (~35%), and high dividend yield (~4%). We increase our EPS estimate by +6.0/7.5% for FY22/23E to factor in growth acceleration. Our target price of Rs 460 is based on 14x Dec-22E EPS. Maintain BUY. The stock trades at a P/E of 16.9/14.0x FY21/22E.

- **3QFY21 highlights**: IITS revenue stood at USD 41mn (+4.5% QoQ CC) vs. an estimate of USD 40.6mn. Digital/IP-led/Platform revenue contributed 64/33/18% to IITS revenue and grew 12/5/5% QoQ. Utilisation at 89% (+200bps QoQ) and Offshoring (+300bps QoQ) led to IITS margin expansion. Consolidated revenue was up 73.7% QoQ due to DPS (+110% QoQ) and EBITDA margin stood at 7.9% vs. an estimate of 8.5%, due to the lower margin in DPS (-126bps QoQ). The salary hike will be effective Jan-21. Net cash is at INR 6bn (14% of mcap). The company partially settled the contingent liability on its balance sheet by INR 500mn by paying a tax of INR 218mn under the special tax settlement scheme.
- **Outlook:** We expect IITS growth of -12.1/+13.4/+11.6% and DPS growth of +22.9/+18.2/+18.3% for FY21/22/23E. IITS margin will be at 24.2/23.2/23.6% and DPS margin at 2.8/2.8/2.9% for FY21/22/23E respectively. Revenue/EPS CAGR for FY21-23E is expected at +17/+19%.

Quarterly Financial summary

YE March (Rs Bn)	3Q FY21	3Q FY20	YoY (%)	2Q FY21	QoQ (%)	FY19	FY20	FY21E	FY22E	FY23E
IITS Net Revenues (US $mn)	41	47	*-12.4*	39	*5.1*	161	181	159	180	201
Net Sales	13.96	12.37	*12.9*	8.04	*73.7*	29.61	37.43	42.22	49.59	58.06
EBIT	1.01	1.01	*0.5*	0.77	*30.8*	3.23	3.36	3.31	3.72	4.38
APAT	0.76	0.76	*-0.3*	0.57	*32.2*	2.47	2.77	2.49	3.02	3.54
Diluted EPS (Rs)	7.3	7.3	*-0.3*	5.5	*32.2*	23.7	26.7	24.0	29.0	34.1
P/E (x)						17.1	15.2	16.9	14.0	11.9
EV / EBITDA (x)						12.1	10.9	10.8	9.4	7.9
RoE (%)						34.7	38.5	35.1	37.5	38.5

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (Rs Bn)	FY21E Old	FY21E Revised	Change %	FY22E Old	FY22E Revised	Change %	FY23E Old	FY23E Revised	Change %
Revenue (USD mn)	158	159	0.6	177	180	2.0	197	201	2.1
Revenue	38.67	42.22	9.2	44.39	49.59	11.7	49.88	58.06	16.4
EBIT	3.09	3.31	6.9	3.49	3.72	6.5	4.05	4.38	8.2
EBIT margin (%)	8.0	7.8	-17bps	7.9	7.5	-37bps	8.1	7.5	-57bps
APAT	2.51	2.49	-0.6	2.85	3.02	6.0	3.29	3.54	7.5
EPS (Rs)	24.2	24.0	-0.6	27.4	29.0	6.0	31.7	34.1	7.5

Source: Company, HSIE Research

BUY

CMP *(as on 5 Feb 2021)*	Rs 406
Target Price	Rs 460
NIFTY	14,924

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	Rs 430	Rs 460
	FY21E	FY22E
EPS %	-0.6	+6.0

KEY STOCK DATA	
Bloomberg code	SSOF IN
No. of Shares (mn)	105
MCap (Rs bn) / ($ mn)	43/586
6m avg traded value (Rs mn)	170
52 Week high / low	Rs 435/147

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	19.7	42.4	20.5
Relative (%)	(3.0)	7.7	(2.8)

SHAREHOLDING PATTERN (%)	Sep-20	Dec-20
Promoters	28.17	28.17
FIs & Local MFs	13.49	14.35
FPIs	10.41	11.88
Public & Others	47.93	45.60
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Indostar Capital Finance

Soft core; asset quality concerns galore

INDOSTAR's 3QFY21 earnings were ahead of our estimates aided by one-off gains on de-recognition of loan assets. The company witnessed improving business traction, with a broad-based rise in disbursals (~3x QoQ) - a comfortable capitalisation offers valuable dry powder for growth. Despite a reasonable asset quality performance with pro forma GNPAs at 2.8% (vs. 2.9% in 2Q), we are cautious in our outlook given the sizeable pool of GS-II (~20% of loans), underpinning our REDUCE rating (revised target price of INR309). In the near term, we will watch for steps towards compliance with promoter shareholding requirements and possible inorganic growth.

- **Weak core operating performance:** Adjusted for one-off gains of INR300mn on de-recognition of loans in 3Q, PPOP dipped ~8% sequentially on the back of a 14.6% drop in NII (15.9% below our estimates). The significant sequential dip in NII was driven by a lower margins. <u>We reduce our NIM forecasts over FY21-23E to 6.4% from 6.7% earlier</u>.
- **Asset quality concerns :** Pro forma GNPAs were just 2.8% and the company restructured ~3.7% of its retail portfolio. The corporate book, which has been the largest source of stress, witnessed no restructuring (except for DCCO extension in select projects). GS-II stood at ~20% and was significantly higher than pre-COVID-19 levels and peers (SHTF reported a GS-II of ~11% in 3QFY21) with retail businesses contributing disproportionately. <u>We are cautious on asset quality as we build GNPAs of 4.8% in FY21E</u>.
- **Business traction improving:** INDOSTAR witnessed a sustained uptrend in disbursals in 3QFY21, clocking overall disbursals of ~INR6.6bn (~3x QoQ), led by the retail segment, which constituted ~72% of overall disbursals. However, overall AUMs de-grew 2.4% QoQ, driven by conscious de-growth in the corporate segment (-7.6% QoQ, part of a conscious strategy) and higher repayments in the VF segment (-3.7% QoQ). Although the company is comfortable on capitalisation <u>(CRAR of ~35%) , we build in an AUM CAGR of 8.8% over FY21-23E</u>.

Financial summary

YE Mar (INR mn)	3Q FY21	3Q FY20	*YoY (%)*	2Q FY21	*QoQ (%)*	FY20	FY21E	FY22E	FY23E
Net int. income	1,050	1,584	*(33.7)*	1,229	*(14.6)*	6,028	4,679	6,617	8,601
PPOP	766	1,110	*(31.0)*	506	*51.4*	3,837	2,546	4,029	5,584
PAT	242	2	*NM*	316	*(23.5)*	(3,246)	474	1,940	3,228
EPS (INR)	2.0	0.0	*NM*	2.6	*(23.6)*	(35.1)	3.5	14.4	24.0
RoAE (%)						(11.4)	1.7	4.8	7.5
RoAA (%)						(3.0)	0.45	1.67	2.53
Adj. BVPS (INR)						226.2	248.2	265.9	293.5
P/ABV (x)						1.5	1.38	1.28	1.16
P/E (x)						NA	97.1	23.7	14.2

Changes in estimates

INR mn	FY21E			FY22E			FY23E		
	Old	New	*Chg*	Old	New	*Chg*	Old	New	*Chg*
AUM	92,360	92,615	0.3%	103,278	102,418	-0.8%	130,382	128,257	-1.6%
NIM (%)	5.6	4.9	-76 bps	7.0	6.8	-18 bps	7.6	7.5	-9 bps
NII	5,405	4,679	-13.4%	6,809	6,617	-2.8%	8,822	8,601	-2.5%
PPOP	3,035	2,546	-16.1%	3,955	4,029	1.9%	5,494	5,584	1.6%
PAT	580	474	-18.4%	1,948	1,940	-0.4%	3,348	3,228	-3.6%
ABVPS (INR)	249.1	248.2	-0.4%	265.8	265.9	0.0%	291.3	293.5	0.7%

Source: Bank, HSIE Research

REDUCE

CMP *(as on 5 Feb 2021)*	**INR 342**
Target Price	**INR 309**
NIFTY	**19,924**

KEY CHANGES	**OLD**	**NEW**
Rating	REDUCE	REDUCE
Price Target	INR 314	INR 309
EPS %	FY21E	FY22E
	-18.4%	-0.4%

KEY STOCK DATA	
Bloomberg code	INDOSTAR IN
No. of Shares (mn)	123
MCap (INR bn) / ($ mn)	42/579
6m avg traded value (INR mn)	22
52 Week high / low	INR 424/225

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	15.6	36.3	19.7
Relative (%)	(7.1)	1.6	(3.6)

SHAREHOLDING PATTERN (%)	**Sept-20**	**Dec-20**
Promoters	93.7	93.5
FIs & Local MFs	2.5	2.7
FPIs	-	-
Public & Others	3.8	3.8
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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TCNS Clothing

Not out of the woods yet!

TCNS Clothing's recovered 72.3% of base sales, marginally missing estimates (HSIE: 73.6%). However, recovery has been more arduous vs peers (given its an ethnic wear play). GMs contracted 670bp YoY due to (1) higher dormancy provisioning, (2) higher online sales in mix (23% of sales vs 13% in 3QFY20). While the company was back in the black, cost normalisation continues to outpace offline revenue recovery (64%). EBITDAM contracted 446bp to 16.2% (HSIE: 17%). Cash position improved by Rs. 450mn courtesy (1) WC release and (2) internal accruals (albeit more needs to be done on this front). We revise our FY22/23 EBITDA estimates downwards to account for moderation in revenue/higher cost of retailing expectations in a post-pandemic world and maintain our REDUCE recommendation on the stock with a revised DCF-based target price of Rs. 400/sh (implying 20x FY23 EV/EBITDA).

- **3QFY21 highlights**: Revenue declined 27.7% YoY to Rs. 2.38bn (HSIE: Rs. 2.42bn) as recovery in offline business lagged expectations (EBO/LFS/MBO declined 36/33/76% YoY respectively). Online sales grew 28% YoY (secondary sales at 1.7x pre-COVID, primary sales up 15% YoY). GMs contracted 670bp YoY due to (1) higher dormancy provisioning, (2) higher online sales in mix (23% of sales vs 13% in 3QFY20). While the company was back in the black, cost normalisation continues to outpace offline revenue recovery (64%). This is despite the company securing 35% rental savings for FY21 (Rs. 60mn in 3Q). EBITDAM contracted 446bp to 16.2% (HSIE: 17%). Cash position improved by Rs. 450mn courtesy (1) WC release and (2) internal accruals (although more needs to be done on this front). PAT declined 77% YoY to Rs. 127mn (HSIE: Rs. 135mn)
- **Outlook**: Rs. 1.55bn cash + unutilised bank limits give comfort; capital (especially WC) efficiency remains a concern for the category (holds true pre-COVID too). Immediate peers are worse off. Also, with increasing online reliance (even post-COVID), the risk of conceding pricing power, ergo margins, remains high in TCNS Clothing over the medium-to-long term. Hence, we maintain our REDUCE recommendation on the stock with revised DCF-based target price of Rs. 400/sh (implying 20x FY23 EV/EBITDA).

Quarterly financial summary

(Rs mn)	3QFY21	3QFY20	YoY (%)	2QFY21	QoQ (%)	FY19	FY20E	FY21E	FY22E	FY23E
Net Revenue	2,379	3,290	(27.7)	1,441	65.0	11,480	11,487	6,540	11,034	12,663
EBITDA	385	679	(43.3)	(163)	(336.6)	1,768	865	(707)	937	1,236
APAT	127	550	(77.0)	(276)	(145.9)	1,478	839	(336)	708	813
EPS (Rs) (Reported)	1.9	9.0	(78.7)	(4.2)	(145.9)	20.6	11.8	(5.2)	9.9	12.2
P/E (x)						17.1	30.3	(76.4)	36.2	31.6
EV/EBITDA (x)						12.9	26.2	(31.5)	23.7	18.1
Core RoCE(%)						33.8	15.9	(13.0)	13.4	15.0

Source: Company, HSIE Research, Standalone Financials

Change in estimates

(Rs mn)	FY21E			FY22E			FY23E		
	New	Old	*Change (%)*	New	Old	*Change (%)*	New	Old	*Change (%)*
Revenue	6,540	6,319	***3.5***	11,034	10,948	***0.8***	12,663	13,458	***(5.9)***
Gross Profit	3,704	3,460	***7.1***	7,168	7,111	***0.8***	8,220	8,735	***(5.9)***
Gross Profit Margin (%)	56.6	54.8	***188 bps***	65.0	65.0	-	64.9	64.9	-
EBITDA (Reported)	(707)	(761)	***NM***	937	935	***0.2***	1,236	1,455	***(15.0)***
EBITDA margin (%)	(10.8)	(12.0)	***123 bps***	8.5	8.5	***(5 bps)***	9.8	10.8	***(105 bps)***

Source: Company, HSIE Research

REDUCE

CMP *(as on 5 Feb 2021)*	**Rs 399**
Target Price	**Rs 400**
NIFTY	**14,924**

KEY CHANGES	**OLD**	**NEW**
Rating	REDUCE	REDUCE
Price Target	Rs 420	Rs 400
EBITDA %	FY22E	FY23E
	-0.6	-17.1

KEY STOCK DATA	
Bloomberg code	TCNSBR IN
No. of Shares (mn)	62
MCap (Rs bn) / ($ mn)	24/336
6m avg traded value (Rs mn)	25
52 Week high / low	Rs 616/295

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	2.0	21.0	(30.7)
Relative (%)	(20.7)	(13.7)	(54.0)

SHAREHOLDING PATTERN (%)	**Sep-20**	**Dec-20**
Promoters	32.3	32.3
FIs & Local MFs	2.4	1.9
FPIs	16.4	17.0
Public & Others	48.9	48.8
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Kolte Patil Developers

Launches critical for sales ramp-up

KPDL reported sequential recovery in pre-sales at 0.55msf (57% QoQ) in 3QFY21. In terms of value, sales grew by 63% QoQ. With the launch of two projects at the end of December, management is confident of achieving full-year guidance of 1.8mn sq ft for FY21. A sharp rebound in the collection (Rs 3.8bn vs Rs 2bn in 2QFY21) led to reduction in net D/E to 0.41x from 0.52x on Sep-20. We cut our FY21 estimate by 70% to account for deferment in revenue recognition and maintain BUY on KPDL, with an unchanged target price of Rs 321/sh, given comfortable balance sheet (net D/E 0.4x) and robust launch pipeline (~5.9mn sqft). Any delay in launches key risk to our estimates.

- **Financial highlight:** KPDL reported revenue at Rs 1.9bn (+46.1/+195% YoY/QoQ), 43% behind our estimates on slower-than-expected recovery in execution. A sequential decline in finance cost and depreciation led to APAT of Rs 226mn, miss of 44%. On POCM basis, revenue fell by 4% YoY and profit was at Rs 468mn (vs Rs 377mn profit in 3QFY20).
- **A sequential recovery in pre-sales; launches key monitorable:** KPDL reported pre-sales at 0.55msf (-33/+57% YoY/QoQ), with average realisation of Rs 5,764/sf. After a hiatus of close to two years, KPDL launched two new projects during the quarter. It also added three new projects recently with a saleable area of 2.2msf. KPDL is planning to launch projects across categories and across key target markets with saleable area of ~5.9msf and topline potential of Rs 52bn. We believe these launches and new business developments are critical for KPDL to ramp up sales.
- **Lean balance sheet provides room for expansion:** KPDL completed the buyout of ICICI Venture's 50% stake in Life Republic with the final payment of Rs 700mn. Despite this, consolidated net debt decreased to Rs 3.6bn (vs Rs 4.5bn on Sep 20), on robust collections during the quarter. Persistence with asset-light strategy has helped in keeping the balance sheet in good shape, which provides KPDL scope for expansion.

Consolidated Financial Summary

YE March (Rs mn)	3QFY21	3QFY20	*YoY (%)*	2QFY21	*QoQ (%)*	FY20	FY21E	FY22E	FY23E
Net Sales	1,903	1,302	*46.1*	646	*194.6*	11,295	6,651	12,454	14,320
EBITDA	455	28	*1,543.7*	(95)	*NA*	2,336	1,020	2,888	3,454
APAT	226	(131)	*NA*	(219)	*NA*	657	119	1,057	1,387
Diluted EPS (Rs)	3.0	(1.7)	*NA*	(2.9)	*NA*	8.7	1.6	13.9	18.3
P/E (x)						31.1	171.2	19.4	14.8
EV / EBITDA (x)						10.8	20.5	9.0	7.7
RoE (%)						5.2	0.8	9.9	12.2

Estimate change summary

Consolidated (Rs mn)	FY21E			FY22E			FY23E		
	New	Old	*% Chg.*	New	Old	*% Chg.*	New	Old	*% Chg.*
Revenues	6,651	9,495	*(30.0)*	12,454	12,454	-	14,320	14,320	-
EBITDA	1,020	1,744	*(41.5)*	2,888	2,888	*0.0*	3,454	3,443	*0.3*
EBITDA (%)	15.3	18.4	*(303.4)*	23.2	23.2	*0.3*	24.1	24.0	*7.5*
APAT	119	400	*(70.1)*	1,057	1,047	*0.9*	1,387	1,385	*0.1*
AEPS (Rs/sh)	1.6	5.3	*(70.1)*	13.9	13.8	*0.9*	18.3	18.3	*0.1*

Source: Company, HSIE Research

BUY

CMP *(as on 5 Feb'21)*	**Rs 270**
Target Price	**Rs 321**
NIFTY	**14,924**

KEY CHANGES		**OLD**	**NEW**
Rating		BUY	BUY
Price Target		Rs 321	Rs 321
EPS change (%)	FY21	FY22	FY23
	(70.1)	0.9	0.1

KEY STOCK DATA

Bloomberg code	KPDL IN
No. of Shares (mn)	76
MCap (Rs bn) / ($ mn)	21/282
6m avg traded value (Rs mn)	48
52 Week high / low	Rs 286/103

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	59.5	83.6	18.3
Relative (%)	36.8	48.9	(5.0)

SHAREHOLDING PATTERN (%)

	Sep-20	Dec-20
Promoters	74.45	74.45
FIs & Local MFs	0.00	0.01
FPIs	14.18	14.22
Public & Others	11.37	11.32
Pledged Shares	0.0	0.0

Source : BSE

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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
Aditya Makharia	Mahindra & Mahindra	CA	NO
Mansi Lall	Mahindra & Mahindra	MBA	NO
Jay Gandhi	Kansai Nerolac, V-Mart Retail, TCNS Clothing	MBA	NO
Harshad Katkar	Gujarat Gas	MBA	NO
Nilesh Ghuge	Gujarat Gas	MMS	NO
Rutvi Chokshi	Gujarat Gas	CA	NO
Parikshit Kandpal	Brigade Enterprises, Kolte Patil Developers	CFA	NO
Chintan Parikh	Brigade Enterprises, Kolte Patil Developers	MBA	NO
Rohan Rustagi	Brigade Enterprises, Kolte Patil Developers	MBA	NO
Amit Chandra	Sonata Software	MBA	NO
Apurva Prasad	Sonata Software	MBA	NO
Vinesh Vala	Sonata Software	MBA	NO
Krishnan ASV	Indostar Capital	PGDM	NO
Aakash Dattani	Indostar Capital	ACA	NO
Punit Bahlani	Indostar Capital	ACA	NO

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