INSTITUTIONAL RESEARCH

HSIE Results Daily

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Results Reviews

- **ONGC:** Our BUY recommendation on ONGC with a price target of INR 143 is premised on ((1) increase in crude price realisation and (2) improvement in domestic gas price realisation (at USD 2.5/mmbtu). We expect oil price realisation to increase to ~USD 59/bbl in FY22E and USD 61/bbl in FY23E vs. USD 44/bbl in FY21, given the expected global economic rebound, post COVID. Q1FY22 revenue was 2% below our estimate, owing to a lower-than-expected crude oil price realisation of USD 67.1/bbl (vs the estimated USD 68.7/bbl). EBITDA in Q1 was 2% below our estimate, while APAT was 15% below, owing to higher-than-expected employee cost, higher-than-expected depreciation, lower-than-expected other income and higher tax rate, partially offset by lower-than-expected other expenses and exploration cost.
- **Apollo Hospitals:** Apollo's Q1 EBITDA beat estimates by ~25%, driven by robust growth across business segments. Despite COVID, the core hospital business posted a strong trend (+26% QoQ) and it is likely to witness healthy growth and margin expansion across mature and new units. Its diagnostics business continues to see steady ramp-up and it is on track to achieve INR5bn revenue by FY23, growing at ~68% CAGR over FY21-23e. With multiple growth drivers in place, we expect Apollo to report strong revenue/EBITDA CAGRs of 31%/52% over the next two years. Also, the potential value unlocking of Apollo 24/7, the largest omni-channel healthcare platform in India, will be a key catalyst in the near to medium term. Apollo's balance sheet remains strong with net debt/EBITDA at 1.4x/0.9x in FY22/23e. We revise our estimates by +4-6% for FY22/23e to factor in improved growth/margin visibility across segments. Our TP is revised to INR4,410/sh, implying ~25x FY23e EV/EBITDA. Maintain ADD.
- **Ashok Leyland:** Ashok Leyland reported a Q1 loss of INR 2.80bn due to the adverse impact of the COVID second wave. The management expects a recovery in H2FY22, which will be driven by tippers and ICVs (which account for 28/25% of industry sales). In the medium term, the implementation of the voluntary scrappage scheme will aid demand. However, the current recovery in the CV cycle will coincide with the commissioning of the Dedicated Freight Corridor (Rewari to Mundra route to be operational this quarter). We maintain REDUCE with a target price of INR 115 (we value at 11x EV/EBITDA Jun-23E).
- **Sundram Fasteners:** Sundram Fasteners' (SF) Q1FY22 standalone EBITDA margin, at 19.5% (flat QoQ), surprised positively, as the company benefitted from higher exports, led by the opening up of the western geographies. We reiterate that SF's growth in FY22-23E will be driven by exports as the new plant ramps up (which can potentially add 6-8% to the topline). We reiterate our ADD rating and are raising estimates by ~6% over FY22-24E to factor in the improved earnings outlook. Our target price is revised to INR 860 as we value the stock at 28x Jun-23E EPS. We recommend accumulating the stock on declines.

HSIE Research Team
hdfcsec-research@hdfcsec.com

- **Dilip Buildcon:** Dilip Buildcon (DBL) reported an in-line revenue at INR 21.5bn and EBITDA/APAT at INR 2.8/0.3bn, 21/61% below our estimates, on account of higher input cost and fixed costs under absorption. For FY22, DBL has guided an order inflow (OI) of INR 100-120bn and revenue of INR100-150bn with 15-15.5% EBITDA margin. Net working capital (NWC) rose to 100 days from 82 in Mar-21. Standalone net debt increased by INR 3bn to INR 33.8bn sequentially and is expected to reduce by INR 8bn on the back of proceeds from asset monetisation in FY22 (INR 10bn). DBL does not expect any early completion bonus for this year and, with NHAI tightening execution timeline, such bonuses will be highly unlikely in future. We maintain BUY, with an increased target price of INR 669/sh (roll forward to Jun-23E), given its (1) diversified and robust OB (~2.7x FY21 revenue) and (2) higher proceeds from asset recycling than estimated in Q4FY21.

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INSTITUTIONAL RESEARCH

ONGC

Higher crude price realisation continues

Our BUY recommendation on ONGC with a price target of INR 143 is premised on ((1) increase in crude price realisation and (2) improvement in domestic gas price realisation (at USD 2.5/mmbtu). We expect oil price realisation to increase to ~USD 59/bbl in FY22E and USD 61/bbl in FY23E vs. USD 44/bbl in FY21, given the expected global economic rebound, post COVID. Q1FY22 revenue was 2% below our estimate, owing to a lower-than-expected crude oil price realisation of USD 67.1/bbl (vs the estimated USD 68.7/bbl). EBITDA in Q1 was 2% below our estimate, while APAT was 15% below, owing to higher-than-expected employee cost, higher-than-expected depreciation, lower-than-expected other income and higher tax rate, partially offset by lower-than-expected other expenses and exploration cost.

- **Standalone financial performance:** Revenue for Q1FY22 stood at INR 230bn (+77% YoY, +9% QoQ). EBITDA was at INR 122bn (+105% YoY, +20% QoQ) due to lower opex. APAT in Q1 was INR 43bn (+773% YoY, -34% QoQ).
- **Standalone operational performance**: Q1 crude oil realisation was USD 67.1/bbl (+132% YoY, +13% QoQ), while gas realisation was USD 1.9/mmbtu (-23% YoY, -2% QoQ). Oil sales volume was 4.4mmt (-2%YoY, -3%QoQ). Gas sales volume was 3.9bcm (-6% YoY, -7% QoQ).
- **Con call takeaways**: (1) Capex target for FY22 is around INR 295-325bn. (2) OPAL operated at ~87% capacity in Q1 and generated a profit of INR 650mn. (3) Gas production target for FY22 is 24.79bcm and for FY23 24.7-27.3 bcm. (4) Peak production from KG 98/2 field is estimated ~14.5mmscmd.
- **We value ONGC's standalone business at INR 112 and its investments at INR 31. The stock is currently trading at 3.9x FY23E EPS.**

Standalone Financial summary

YE March (INR bn)	1Q FY22	4Q FY21	QoQ (%)	1Q FY21	YoY (%)	FY19*	FY20*	FY21P*	FY22E*	FY23E*
Revenues	230	212	*8.6*	130	*76.9*	4,537	4,250	3,606	4,224	4,465
EBITDA	122	101	*20.0*	59	*105.7*	840	611	566	756	827
APAT	43	65	*(33.7)*	5	*772.9*	349	180	207	373	419
AEPS (INR)	3.4	5.2	*(33.7)*	0.4	*772.9*	27.7	14.3	16.5	29.7	33.3
P/E (x)						4.2	8.1	7.0	3.9	3.5
EV/EBITDA (x)						3.0	4.2	4.7	2.7	2.3
RoE (%)						16.6	8.5	9.7	16.0	16.3

Source: Company, HSIE Research | *Consolidated

BUY

CMP *(as on 13 Aug 2021)*	INR 116
Target Price	INR 143
NIFTY	16,529

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 143	INR 143
EPS %	FY22E	FY23E
	-	-

KEY STOCK DATA	
Bloomberg code	ONGC IN
No. of Shares (mn)	12,580
MCap (INR bn) / ($ mn)	1,461/19,627
6m avg traded value (INR mn)	3,257
52 Week high / low	INR 129/64

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	0.9	19.7	47.7
Relative (%)	(13.0)	12.1	3.0

SHAREHOLDING PATTERN (%)	Mar-21	Jun-21
Promoters	60.41	60.41
FIs & Local MFs	17.48	17.60
FPIs	8.08	8.06
Public & Others	14.03	13.93
Pledged Shares	0.00	0.00

Source: BSE

Harshad Katkar
harshad.katkar@hdfcsec.com
+91-22-6171-7319

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Rachael Alva
rachael.alva @hdfcsec.com
+91-22-6171-7330

Rutvi Chokshi
rutvi.chokshi@hdfcsec.com
+91-22-6171-7356

Apollo Hospitals

Multiple growth triggers ahead

Apollo's Q1 EBITDA beat estimates by ~25%, driven by robust growth across business segments. Despite COVID, the core hospital business posted a strong trend (+26% QoQ) and it is likely to witness healthy growth and margin expansion across mature and new units. Its diagnostics business continues to see steady ramp-up and it is on track to achieve INR5bn revenue by FY23, growing at ~68% CAGR over FY21-23e. With multiple growth drivers in place, we expect Apollo to report strong revenue/EBITDA CAGRs of 31%/52% over the next two years. Also, the potential value unlocking of Apollo 24/7, the largest omni-channel healthcare platform in India, will be a key catalyst in the near to medium term. Apollo's balance sheet remains strong with net debt/EBITDA at 1.4x/0.9x in FY22/23e. We revise our estimates by +4-6% for FY22/23e to factor in improved growth/margin visibility across segments. Our TP is revised to INR4,410/sh, implying ~25x FY23e EV/EBITDA. Maintain ADD.

- **Hospitals' business buoyed by improved occupancy, vaccine contribution:** Revenue grew by 26% QoQ to INR19.4bn, owing to improved occupancy (67% vs. 63% in Q4), vaccine contribution (5% of revenues), and consolidation of Medics/Gleneagles hospitals. All units - mature, new and Proton - reported strong growth of 20%/40%/42% QoQ with EBITDA margin improvement. Apollo expects strong growth momentum over the next few years, led by ramp-up in occupancy, improvement in ARPOBs (COVID ARPOBS at 50% of non-COVID), and increase in operational bed capacity.
- **Pharmacy business gains strength, scale-up in Apollo 24/7 on track:** The pharmacy business grew by 35% QoQ and reported decent improvement in margin to ~7.5% (44bps QoQ), aided by increased share in private labels to ~13% vs. ~9% historically. Apollo 24/7 platform is scaling up well and it is expected to reach USD50-60mn in revenue by FY22-end. Apollo maintains its long-term guidance of USD2.5bn revenue by FY26e for Apollo HealthCo. (Pharmacy, Apollo 24/7). We expect Apollo 24/7 to break even by FY24e.
- **Con call takeaways:** (a) Hospitals – COVID contribution at 26% of revenue; brownfield expansion being planned in the north and east. Mature/overall hospitals margin guidance: ~24%/21% in 1-2 years. (b) Pharmacy – online orders: ~5% of revenue vs. 2-3% in Q4. (c) Apollo 24/7 covers 440 cities/17,000+ PIN codes; average billing: INR1,200 per order, tele-consult: INR700 per consult. (d) Vaccine contribution: INR2bn with ~15% margin in Q1. (e) Net debt rose INR4-5bn due to WC, to normalise in ~4 months. (f) The company plans to reduce pledge by 50% at FY22-end.

Financial Summary

	1Q FY22	1Q FY21	*YoY (%)*	4Q FY21	*QoQ (%)*	FY20	FY21	FY22E	FY23E
Revenues									
Hospitals	19,393	7,899	*145.5*	15,387	*26.0*	57,298	50,022	77,624	92,686
Pharmacy	15,120	12,791	*18.2*	11,187	*35.2*	48,206	48,760	62,447	74,134
AHLL	3,090	1,024	*201.8*	2,106	*46.8*	6,964	6,818	10,251	13,869
Consolidated	**37,603**	**21,714**	***73.2***	**28,680**	***31.1***	**1,12,468**	**1,05,600**	**1,50,322**	**1,80,688**
EBITDA margins									
Hospitals	20.3	-10.6	*3,089bps*	21.1	*-85bps*	18.8	13.8	19.3	20.2
Pharmacy*	7.5	6.3	*124bps*	7.1	*44bps*	6.0	6.5	6.9	7.3
AHLL	15.5	-2.6	*1,814bps*	14.5	*102bps*	9.6	11.3	14.0	15.3
Consolidated	**13.8**	**1.6**	***1,218bps***	**14.4**	***-54bps***	**14.1**	**10.8**	**13.8**	**14.6**
EBITDA	5,199	355	*1,365.2*	4,118	*26.2*	15,873	11,374	20,691	26,304
EV/ EBITDA (x)						39.2	54.2	29.7	23.2
RoCE (%)						10.4	6.9	14.9	17.6

Source: Company, HSIE Research, *pre-Ind AS margins ex-Apollo 24/7 costs

ADD

CMP *(as on 13 Aug 2021)*	INR 4,064
Target Price	INR 4,410
NIFTY	16,529

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 3,305	INR 4,410
EBITDA %	FY22E	FY23E
	+4%	+6%

KEY STOCK DATA	
Bloomberg code	APHS IN
No. of Shares (mn)	144
MCap (INR bn) / ($ mn)	584/7,853
6m avg traded value (INR mn)	3,158
52 Week high / low	INR 4,230/1,585

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	27.1	47.9	135.6
Relative (%)	13.3	40.3	90.9

SHAREHOLDING PATTERN (%)	Jun-21	Mar-21
Promoters	29.82	29.82
FIs & Local MFs	10.85	9.25
FPIs	53.23	54.51
Public & Others	6.10	6.42
Pledged Shares	8.93	8.33

Source : BSE

TP based on FY23 estimates:
a) 20x EV/EBITDA for hospitals
b) 25x EV/EBITDA for pharmacy
c) 3x EV/sales for Apollo 24/7 (discounted FY26 revenue)

Bansi Desai, CFA
bansi.desai@hdfcsec.com
+91-22-6171-7341

Karan Vora
karan.vora@hdfcsec.com
+91-22-6171-7359

Ashok Leyland

Uneven recovery

Ashok Leyland reported a Q1 loss of INR 2.80bn due to the adverse impact of the COVID second wave. The management expects a recovery in H2FY22, which will be driven by tippers and ICVs (which account for 28/25% of industry sales). In the medium term, the implementation of the voluntary scrappage scheme will aid demand. However, the current recovery in the CV cycle will coincide with the commissioning of the Dedicated Freight Corridor (Rewari to Mundra route to be operational this quarter). We maintain REDUCE with a target price of INR 115 (we value at 11x EV/EBITDA Jun-23E).

- **Q1FY22 financials:** Volumes, at 17.9k declined, 59% QoQ, owing to state-wise lockdowns. MHCV/LCV volumes declined 66/50% QoQ. The average realisation, at INR 1.6mn, improved 3% QoQ on the back of price hikes taken. Revenue came in at INR 29.5bn (-58% QoQ). Though the gross margin improved 280bps sequentially to 74.1%, employee/other expense ratio were higher. The company reported an EBITDA loss of INR 1.4bn. Adj loss came in at INR 2.8bn (vs loss of INR 3.8bn YoY, profit of 2bn QoQ).
- **Key highlights: (1) Demand scenario:** The bus segment (~20% of industry volumes) has been impacted sharply by the delayed opening of schools/colleges. The demand in MHCVs is expected to recover across tippers (28% of industry volumes) and ICVs (25% of industry volumes), led by infrastructure and ecommerce activities. Over the quarter, Leyland has lost market share due to weak demand in the southern market (domestic MHCV market share at 27% vs 29% in FY21). **(2) Diversification**: In Q1, MHCVs contributed 50% to the mix (60% QoQ), albeit as it was a COVID impacted quarter. However, management is focusing on diversifying its revenues beyond heavy trucks by growing its LCVs, exports as well as defense businesses. **(3) EVs – Switch mobility:** Ashok Leyland has formed a separate company for electric buses. Switch will seek independent funding to grow its EV business. **(4) Input pressures:** Management expects commodity prices to stabilise at current levels. To offset the sharp increases, it has taken two price hikes (in Q3FY21 and Q1FY22) of 2% each.

Financial Summary

YE March (INR mn)	1Q FY22	1Q FY21	YoY (%)	4Q FY21	QoQ (%)	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	29,510	6,509	*353*	70,005	*(58)*	174,675	153,015	206,368	258,933	307,765
EBITDA	(1,401)	(3,332)	*NA*	5,342	*(126)*	11,737	5,352	17,748	28,224	34,470
APAT	(2,806)	(3,871)	*NA*	2,038	*(238)*	3,953	(3,016)	8,343	16,603	21,787
Adj EPS (Rs)	(1.0)	(1.3)	*NA*	0.7	*(238)*	1.3	(1.0)	2.8	5.7	7.4
APAT Gr (%)						(80.6)	NA	NA	99.0	31.2
P/E (x)						96.8	NA	45.9	23.0	17.6
EV/EBITDA (x)						34.1	75.3	22.1	13.4	10.5
RoE (%)						5.1	(4.3)	11.9	21.4	24.5

Source: Company, HSIE Research

Change in Estimates

INR mn	New			Old			Change (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	206,368	258,933	307,765	206,368	258,933	304,322	-	-	1
EBITDA	17,748	28,224	34,470	18,160	28,224	34,084	(2)	-	1
EBITDA Margin (%)	8.6	10.9	11.2	8.8	10.9	11.2	-20 bps	0 bps	0 bps
PAT	8,343	16,603	21,787	8,936	16,312	21,127	(7)	2	3
EPS	2.8	5.7	7.4	3.0	5.6	7.2	(7)	2	3

Source: Company, HSIE Research

REDUCE

CMP *(as on 13 Aug 2021)*	INR 130
Target Price	INR 115
NIFTY	16,529

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 115	INR 115
EPS %	FY22E	FY23E
	-7%	2%

KEY STOCK DATA	
Bloomberg code	AL IN
No. of Shares (mn)	2,936
MCap (INR bn) / ($ mn)	382/5,140
6m avg traded value (INR mn)	2,760
52 Week high / low	INR 143/52

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	14.9	1.6	113.3
Relative (%)	1.0	(6.0)	68.6

SHAREHOLDING PATTERN (%)	Mar-21	Jun-21
Promoters	51.5	51.5
FIs & Local MFs	16.8	18.2
FPIs	18.1	17.0
Public & Others	13.6	13.2
Pledged Shares	*9.0*	*7.4*

Source : BSE

Aditya Makharia
aditya.makharia@hdfcsec.com
+91-22-6171-7316

Sundram Fasteners

Exports drive the show

Sundram Fasteners' (SF) Q1FY22 standalone EBITDA margin, at 19.5% (flat QoQ), surprised positively, as the company benefitted from higher exports, led by the opening up of the western geographies. We reiterate that SF's growth in FY22-23E will be driven by exports as the new plant ramps up (which can potentially add 6-8% to the topline). We reiterate our ADD rating and are raising estimates by ~6% over FY22-24E to factor in the improved earnings outlook. Our target price is revised to INR 860 as we value the stock at 28x Jun-23E EPS. We recommend accumulating the stock on declines.

- **Q1FY22 financials: (1) Standalone:** Revenue at INR 9.38bn (-13% QoQ) came in ahead of our estimates. While domestic sales (INR 5.59bn) declined 21% QoQ, exports (INR 3.56bn) grew by 6% QoQ. EBITDA margin, at 19.5% (flat QoQ), surprised positively due to an improved product mix as gross margin expanded 150bps QoQ. PAT, at INR 1.12bn, declined 13% QoQ. **(2) Consolidated:** Revenue from subsidiaries declined 10% QoQ – thus, consolidated revenue came in at INR 11.12bn (-13% QoQ). EBITDA margin, at 18%, though lower 60bps QoQ, was in line with our estimates. The company's superior product mix/improved cost efficiencies have enabled the margin to sustain in the high teens. Adj. PAT, at INR 1.19bn (-15% QoQ), was ahead of our estimates.
- **Key highlights: (1) International business growth:** Standalone exports contributed 38% to the revenue vs 31% QoQ. We expect overseas demand to continue to improve as the company's new plant is commissioned, which will enable it to increase its focus on the western markets. **(2) Margin:** The company's stringent cost efficiency measures and richer product mix offset the impact of rising input costs in the quarter. We are building in margins in high teens for the period FY22-24E. **(3) Diversification:** Sundram Fasteners is developing products for alternate power trains, including EVs; these initiatives will benefit it in the medium term.

Financial Summary (Consolidated)

YE Mar (INR mn)	1Q FY22	1Q FY21	YoY (%)	4Q FY21	QoQ (%)	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	11,124	3,732	198	12,731	(13)	37,232	36,443	43,561	51,462	60,634
EBITDA	2,005	151	1,224	2,368	(15)	5,929	6,641	7,972	9,696	11,460
APAT	1,196	(267)	NA	1,408	(15)	3,249	3,582	4,731	6,132	7,492
Adj. EPS (Rs)	5.7	(1.3)	NA	6.7	(15)	15.5	17.0	22.5	29.2	35.7
Adj. EPS Gr (%)						(29.0)	10.3	32.1	29.6	22.2
P/E (x)						50.4	45.7	34.6	26.7	21.9
RoE (%)						16.8	16.5	18.8	20.9	21.6

Source: Company, HSIE Research

Change in estimates

INR mn	New			Old			Change (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	43,561	51,462	60,634	41,532	48,982	57,635	5	5	5
EBITDA	7,972	9,696	11,460	7,600	9,228	10,893	5	5	5
EBITDA Margin (%)	18.3	18.8	18.9	18.3	18.8	18.9	0 bps	0 bps	0 bps
PAT	4,731	6,132	7,492	4,446	5,770	7,053	6	6	6
EPS	22.5	29.2	35.7	21.2	27.5	33.6	6	6	6

Source: Company, HSIE Research

ADD

CMP *(as on 13 Aug 2021)*	INR 778
Target Price	INR 860
NIFTY	16,529

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 810	INR 860
EPS %	FY22E	FY23E
	6%	6%

KEY STOCK DATA	
Bloomberg code	SF IN
No. of Shares (mn)	210
MCap (INR bn) / ($ mn)	163/2,196
6m avg traded value (INR mn)	114
52 Week high / low	INR 868/392

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	11.4	25.0	72.8
Relative (%)	(2.5)	17.4	28.1

SHAREHOLDING PATTERN (%)

	Mar-21	Jun-21
Promoters	49.5	49.5
FIs & Local MFs	17.6	17.4
FPIs	10.9	11.1
Public & Others	22.0	22.0
Pledged Shares	0.0	0.0

Source : BSE

Aditya Makharia
aditya.makharia@hdfcsec.com
+91-22-6171-7316

Dilip Buildcon

Muted performance

Dilip Buildcon (DBL) reported an in-line revenue at INR 21.5bn and EBITDA/APAT at INR 2.8/0.3bn, 21/61% below our estimates, on account of higher input cost and fixed costs under absorption. For FY22, DBL has guided an order inflow (OI) of INR 100-120bn and revenue of INR100-150bn with 15-15.5% EBITDA margin. Net working capital (NWC) rose to 100 days from 82 in Mar-21. Standalone net debt increased by INR 3bn to INR 33.8bn sequentially and is expected to reduce by INR 8bn on the back of proceeds from asset monetisation in FY22 (INR 10bn). DBL does not expect any early completion bonus for this year and, with NHAI tightening execution timeline, such bonuses will be highly unlikely in future. We maintain BUY, with an increased target price of INR 669/sh (roll forward to Jun-23E), given its (1) diversified and robust OB (~2.7x FY21 revenue) and (2) higher proceeds from asset recycling than estimated in Q4FY21.

- **Financial performance highlights:** Revenue, at +13/-27% YoY/QoQ, came to INR 21.5bn, in line with estimate, impacted by suboptimal execution on account of 25-30% lower workforce strength (back to normal level now). EBITDA came in at INR 2.8bn (-6/-45% YoY/QoQ). Margin contracted sharply by -269/-430bps YoY/QoQ with high input cost and fixed cost under absorption impacting it by 2-2.5%. APAT came in at INR 300mn (-11/-76% YoY/QoQ), a 61% miss on estimate. The topline is expected at INR 100-105bn for FY22 with margin expected to be around 15-15.5%.
- **INR 100-120bn potential OI in FY22; early completion bonus unlikely, going forward:** The OB, as of Jun-21, stood at INR 255bn with INR 100-120bn expected in FY22 and majority coming in 2HFY22. Following the girder incident, the ban on bidding for NHAI projects will be lifted by Aug-21 end. DBL does not expect any early completion bonus for FY22 and, with NHAI tightening execution timeline from 24m to 18m for most projects, bonus is unlikely, going forward.
- **NWC deteriorates; INR 25bn from asset monetisation by FY23:** NWC deteriorates to 100 days from 82 in Q4FY22, mainly on account of increase in inventory, affected by higher average price, and is expected to come within 90-95 days range by FY22-end. Standalone net debt, at INR 33.8bn (INR 31bn in Q4FY21), is expected to reduce by INR 8bn by FY22-end. Net D/E stood at 0.76x vs 0.79x in Q4FY21. 12 HAM assets monetisation may fetch INR 25bn with INR 10bn in FY22 and INR 15bn in FY23. DBL has an equity commitment of INR 7bn for FY22 with INR 1.8bn already infused and the remaining expected to be funded by INR 6.5bn proceeds from the CUBE deal for five HAM assets. It has decided not to sell any asset before receiving COD and, given this decision, it has increased the valuation of its remaining seven HAM assets by INR 5bn on the hope of getting higher valuation after the COD receipt.

Standalone Financial Summary (INR mn)

YE March	Q1FY22	Q1FY21	*YoY (%)*	Q4FY21	*QoQ (%)*	FY21	FY22E	FY23E	FY24E
Net Sales	21,463	18,920	*13.4*	29,250	*(26.6)*	92,089	105,903	120,729	135,216
EBITDA	2,828	3,001	*(5.8)*	5,112	*(44.7)*	15,240	16,290	19,652	22,661
APAT	300	336	*(10.7)*	1,273	*(76.4)*	3,550	5,356	7,618	9,333
EPS (Rs)	2.2	2.5	*(10.7)*	9.3	*(76.4)*	24.3	36.6	52.1	63.8
P/E (x)						22.1	14.6	10.3	8.4
EV/EBITDA (x)						6.8	2.0	1.6	1.3
RoE (%)						9.4	12.1	14.3	15.1

Source: Company, HSIE Research

BUY

CMP *(as on 13 Aug 2021)*	**INR 536**
Target Price	**INR 669**
NIFTY	**16,529**

KEY CHANGES	**OLD**	**NEW**
Rating	BUY	BUY
Price Target	INR 640	INR 669
EPS %	FY22E	FY23E
	-	-

KEY STOCK DATA	
Bloomberg code	DBL IN
No. of Shares (mn)	146
MCap (INR bn) / ($ mn)	78/1,053
6m avg traded value (INR mn)	272
52 Week high / low	INR 720/321

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	0.3	2.5	52.7
Relative (%)	(13.6)	(5.1)	8.0

SHAREHOLDING PATTERN (%)	**Mar-21**	**Jun-21**
Promoters	75.00	70.15
FIs & Local MFs	5.90	8.02
FPIs	10.90	11.63
Public & Others	8.20	10.2
Pledged Shares	18.92	17.88

Source: BSE

Pledged shares as % of total shares

Parikshit D Kandpal, CFA
parikshitd.kandpal@hdfcsec.com
+91-22-6171-7317

Manoj Rawat
manoj.rawat@hdfcsec.com
+91-22-6171-7355

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
Harshad Katkar	ONGC	MBA	NO
Nilesh Ghuge	ONGC	MMS	NO
Rachael Alva	ONGC	CA	NO
Rutvi Chokshi	ONGC	CA	NO
Bansi Desai	Apollo Hospitals	CFA	NO
Karan Vora	Apollo Hospitals	CA	NO
Aditya Makharia	Ashok Leyland, Sundram Fasteners	CA	NO
Parikshit Kandpal	Dilip Buildcon	CFA	NO
Manoj Rawat	Dilip Buildcon	MBA	NO

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HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066 Compliance Officer: Binkle R. Oza Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600
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HDFC securities
Institutional Equities
Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
Board: +91-22-6171-7330 www.hdfcsec.com