INSTITUTIONAL RESEARCH

HSIE Results Daily

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Results Review

- **Container Corporation:** While CONCOR's 4QFY21 APAT at INR 779mn was impacted by several one-offs, the long-pending LLF (land license fees) issue is now resolved as the revised charges are significantly lower than expected at INR 4.5bn (vs. expectations of INR 6bn+). This resolution has ended the policy overhang and paved the way for the company's privatisation. We increase our FY23E EPS by 4% and set a revised target price of INR 690 at 28x on FY23E earnings (22x earlier; 10% premium to average PE multiple).
- **Alkem Labs:** Alkem's Q4 results were below expectations. Adjusting for one-offs, EBITDA margin declined to 16.9% (+214bps YoY, -590bps QoQ), owing to lower-than-anticipated gross margin and front ending of marketing spends. The outlook for India business remains strong, driven by recovery in acute segment (given its leadership position in the space), steady market share gains in chronic and tailwinds in vitamins. In the US, while Q4 disappointed (-12% QoQ), the launch momentum is expected to improve (double-digit launches planned), which should drive 10% CAGR over the next two years. We trim our EPS estimates by 3%/2% for FY22/23e to factor in the lower gross margin. Revise TP to INR 3,320/sh. Maintain BUY.
- **Emami:** Emami 4QFY21 result was a mixed bag with marginal beat in revenue and miss in EBITDA margin. Revenue posted 37% YoY growth (HSIE 34.5%), clocking a two-year revenue CAGR of 7%. It was a broad-based recovery with most brands and channels seeing healthy trends. Domestic business grew by 44% (FY21 10%) with volume growth of 39% (6% 2-year CAGR). Healthcare and Pain management brands remained the outperformers and registered 67% (45% in FY21) and 38% (23% in FY21) growth in 4Q respectively. The exit rate for these brands is also showing a promising outlook for FY22. Boroplus and Kesh King recovered well, delivering 15% growth in FY21; we expect growth moderation in FY22. The Navratana range declined by 8% due to the company missing out on seasonal demand, and a similar impact is expected in FY22. Male grooming remained a drag and posted 26% decline in FY21 (29% decline in FY20). Gross margin dipped by 250bps YoY, resulting in slower-than-expected EBITDA margin expansion of 378bps to 22.3% (HSIE 24.7%). However, FY21 saw massive >450bps YoY expansion in EBITDA margin to 30.7%. Growth recovery in FY21 was inspiring and we factor in 9% revenue CAGR for FY21-24 with sustaining EBITDA margin at 30%. We increase EPS estimate by 2/3% for FY22/FY23. We value Emami at 25x P/E on Jun-23E EPS to derive a TP of INR 450. Maintain REDUCE.
- **TTK Prestige:** TTK Prestige's 4QFY21 beat ours as well as street's expectation. Revenue grew by 45% YoY (HSIE 31%), clocking 12% 2-year CAGR. It was broad-based growth as cookers/cookware/appliances posted 49/67/34% YoY growth. Kitchen and home appliances categories have recovered well in 2HFY21 and TTK has capitalised on the spur in demand. It gained 1-1.5% market share in cookers and cookware. However, the big surprise came at gross margin, which expanded by 200/400bps YoY/QoQ to 45.6% (40-quarter high) despite the steep raw material inflation. It was driven by favourable product mix and channel mix (traditional channel is margin accretive), price hike, and benefit of carry forward old inventory.

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Hence, EBITDA margin expanded by >900bps YoY to 18.5% (an all-time high). TTK has recovered well after a weak quarter 1HFY21, clocking 5/21% revenue/EBITDA growth in FY21. Even though we had non-consensus earnings and TP, we increase our EPS by 4% for FY23. As the company is a pure B-C play and its earnings visibility is improving, we increase the target multiple to 40x (38x earlier) on Jun-23E EPS. Our target price is INR 8,880. Maintain ADD.

- **Mahanagar Gas:** Our ADD recommendation on Mahanagar Gas (MGL) and price target of INR 1,255 are premised on its loyal customer base in CNG and commercial establishments (together comprising ~79% of the sales mix in FY21), which is less price-sensitive than the industrial customer base and enables the company to maintain higher per-unit margins than peers. 4QFY21 EBITDA/APAT was 2/3% below estimates, owing to higher-than-expected raw material and operating costs and lower-than-expected other income, which were offset by 4% rise in revenue.

Container Corporation

LLF resolution paves the way for privatisation

While CONCOR's 4QFY21 APAT at INR 779mn was impacted by several one-offs, the long-pending LLF (land license fees) issue is now resolved as the revised charges are significantly lower than expected at INR 4.5bn (vs. expectations of INR 6bn+). This resolution has ended the policy overhang and paved the way for the company's privatisation. We increase our FY23E EPS by 4% and set a revised target price of INR 690 at 28x on FY23E earnings (22x earlier; 10% premium to average PE multiple).

- **4QFY21 financials:** Volumes at 1.05mn TEUs grew 13/10% YoY/QoQ (as economic activity improved) and revenue came in at INR 19.39bn (+24/11%). EBITDA margin at 9.7% (vs 30.2/21.2%) was impacted by an 80% QoQ increase in the 'other expenses' (owing to INR 2.92bn LLF being paid in the quarter). There was an additional charge of INR 700mn for one-time payment towards employee welfare expenses. CONCOR had an exceptional loss of INR 834mn on the write-down of assets (as the company has surrendered terminals). APAT declined 75/67% to INR 779mn.
- **Key takeaways: (1) Resolution of LLF issue:** The revised charges for LLF in FY22 are significantly lower than expected at INR 4.5bn (vs. expectation of INR 6bn+) as CONCOR is surrendering two additional terminals as well as excess land at its existing ICDs (including TKD). With this, CONCOR will now operate on only 24 IR owned terminals (vs 41 earlier). **(2) Advance payment for LLF charges:** The management has decided to pay INR 60-65bn to the IR to facilitate the use of the terminals for 35 years. With this payout, the company will avoid incurring an annual escalation charge of 7% (the amount would have inflated considerably over the years). It will use its surplus cash of INR 25bn and take a loan of INR 35bn to fund the payment. As the company is a Navratna PSU, it will be able to secure the funds at competitive rates. **(3) DFC:** Rewari-Palanpur phase is expected to start from Oct-21. CONCOR expects an additional 10-12% of volumes post the commissioning of DFC along with market share gains/improved profitability, given higher double-stacked volumes, enhanced turnaround times and timetabled trains.

Financial Summary (Standalone)

YE March	4Q FY21	4Q FY20	YoY (%)	3Q FY21	QoQ (%)	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	19,393	15,686	24	17,538	11	68,819	64,738	63,850	76,345	97,713
Adj. EBITDA	1,890	4,745	(60)	3,719	(49)	14,408	16,749	10,329	18,582	24,233
APAT	779	3,097	(75)	2,379	(67)	12,154	10,282	5,867	10,249	14,912
Adj. EPS (Rs)	1.3	5.1	(75)	3.9	(67)	19.9	16.9	9.6	16.8	24.5
P/E (x)						33.4	39.5	69.3	39.7	27.3
EV / EBITDA (x)						28.1	22.6	36.2	23.1	17.4
RoE (%)						12.3	10.1	5.8	9.8	13.5

Source: Company, HSIE Research

Change in estimates

INR mn	NEW		OLD		% change	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Net Revenue	76,345	97,713	75,229	94,532	1	3
EBITDA	18,582	24,233	16,731	21,270	11	14
EBITDA margin (%)	24.3	24.8	22.2	22.5	210 bps	230 bps
PAT	10,249	14,912	11,044	14,358	(7)	4
EPS	16.8	24.5	18.1	23.6	(7)	4

Source: Company, HSIE Research

ADD

CMP *(as on 25 May 2021)*	INR 668
Target Price	INR 690
NIFTY	15,208

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 520	INR 690
EPS %	FY21E	FY22E
	-7%	4%

KEY STOCK DATA	
Bloomberg code	CCRI IN
No. of Shares (mn)	609
MCap (INR bn) / ($ mn)	407/5,470
6m avg traded value (INR mn)	1,918
52 Week high / low	INR 678/339

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	16.2	67.2	91.8
Relative (%)	16.9	51.6	26.7

SHAREHOLDING PATTERN (%)	Dec-20	Mar-21
Promoters	54.8	54.8
FIs & Local MFs	16.7	16.5
FPIs	23.3	24.0
Public & Others	5.3	4.7
Pledged Shares	0.0	0.0

Source : BSE

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Alkem Labs

Strong recovery ahead

Alkem's Q4 results were below expectations. Adjusting for one-offs, EBITDA margin declined to 16.9% (+214bps YoY, -590bps QoQ), owing to lower-than-anticipated gross margin and front ending of marketing spends. The outlook for India business remains strong, driven by recovery in acute segment (given its leadership position in the space), steady market share gains in chronic and tailwinds in vitamins. In the US, while Q4 disappointed (-12% QoQ), the launch momentum is expected to improve (double-digit launches planned), which should drive 10% CAGR over the next two years. We trim our EPS estimates by 3%/2% for FY22/23e to factor in the lower gross margin. Revise TP to INR 3,320/sh. Maintain BUY.

- **Revenue in-line, EBITDA/ PAT miss:** Revenue grew 7% YoY to INR22bn as strong growth in India (+17% YoY) offset muted performance in the US (-12% QoQ, decline in acute, fewer launches). EBITDA margin declined to 16.9% (-590bps QoQ), primarily on account of lower gross margin (-107bps QoQ, higher API prices and packaging costs), and higher other expenses (+318bps QoQ, front ending of marketing spends).
- **Robust outlook for India business:** India business grew by 17% YoY vs. IPM growth of ~9% in Q4, driven by outperformance in anti-infectives, pain, vitamins, CNS, cardiac and diabetes. The company gained ranks in vitamins and diabetes segments. Alkem guides for mid-teen growth in FY22. It expects chronic business (16% of revenues) to double in the next 3-4 years, driven by new launches and market share gains.
- **Strong launch momentum in the US to drive 10% CAGR over the next two years:** Q4 revenue declined to ~USD73mn (-12% YoY/QoQ), primarily on account of decline in acute portfolio, market share loss in some products, and fewer launches (backended). Price erosion was elevated in FY21 at high single digit and is expected to moderate in FY22. We expect revenue to grow at ~10% CAGR over FY21-23e as launch momentum improves in FY22 (double digit launches planned vs. 8-10 guided earlier).
- **Key call takeaways:** a) India – MR strength – 12,000, with 600 being added in the acute segment; launched first biosimilar (peptide) in India, trade generic is 20% of revenue and expected to grow in line with other businesses; b) US business – gDuexis (Ibuprofen and Famotidine) – litigation ongoing, other players - FTF and possibly an AG; inventory write-off of INR800mn in Q4 largely pertains to Ibuprofen; c) EBITDA margin: targets 19-20% in FY22, ETR: 13-15% for the next three years; d) net cash – INR5bn+; e) Indore facility - started filing, awaiting FDA audit; f) dividend policy and capex plans remain unchanged.

Financial Summary

YE Mar (INR mn)	4Q FY21	4Q FY20	YoY (%)	3Q FY21	QoQ (%)	FY20	FY21	FY22E	FY23E
Net Sales	21,922	20,490	*7.0*	23,181	*(5.4)*	83,444	88,650	99,426	1,10,149
EBITDA	3,711	3,030	*22.5*	5,291	*(29.9)*	14,734	20,224	19,546	23,146
EBITDA Margin	16.9	14.8	*214bps*	22.8	*-590bps*	17.7	22.8	19.7	21.0
APAT	3,200	1,888	*69.5*	4,159	*(23.1)*	11,271	16,299	15,369	18,047
Adj. EPS (INR)	26.8	15.8	*69.5*	34.8	*(23.1)*	94.3	136.3	128.5	150.9
P/E (x)						30.8	21.3	22.6	19.2
EV/ EBITDA (x)						24.6	18.0	18.2	14.9
RoACE (%)						16.7	19.8	16.6	17.5

Source: Company, HSIE Research

BUY

CMP *(as on 25 May 2021)*	INR 2,905
Target Price	INR 3,320
NIFTY	15,208

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 3,370	INR 3,320
EPS %	FY22E	FY23E
	-3%	-2%

KEY STOCK DATA	
Bloomberg code	ALKEM IN
No. of Shares (mn)	120
MCap (INR bn) / ($ mn)	347/4,667
6m avg traded value (INR mn)	468
52 Week high / low	INR 3,152/2,222

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	6.3	3.8	16.3
Relative (%)	7.1	(11.7)	(48.8)

SHAREHOLDING PATTERN (%)	Mar-21	Dec-20
Promoters	60.16	62.43
FIs & Local MFs	13.20	12.96
FPIs	4.42	4.08
Public & Others	22.22	20.53
Pledged Shares	0.00	0.00

Source : BSE

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Emami

Growth momentum sustains; miss in margins

Emami 4QFY21 result was a mixed bag with marginal beat in revenue and miss in EBITDA margin. Revenue posted 37% YoY growth (HSIE 34.5%), clocking a two-year revenue CAGR of 7%. It was a broad-based recovery with most brands and channels seeing healthy trends. Domestic business grew by 44% (FY21 10%) with volume growth of 39% (6% 2-year CAGR). Healthcare and Pain management brands remained the outperformers and registered 67% (45% in FY21) and 38% (23% in FY21) growth in 4Q respectively. The exit rate for these brands is also showing a promising outlook for FY22. Boroplus and Kesh King recovered well, delivering 15% growth in FY21; we expect growth moderation in FY22. The Navratana range declined by 8% due to the company missing out on seasonal demand, and a similar impact is expected in FY22. Male grooming remained a drag and posted 26% decline in FY21 (29% decline in FY20). Gross margin dipped by 250bps YoY, resulting in slower-than-expected EBITDA margin expansion of 378bps to 22.3% (HSIE 24.7%). However, FY21 saw massive >450bps YoY expansion in EBITDA margin to 30.7%. Growth recovery in FY21 was inspiring and we factor in 9% revenue CAGR for FY21-24 with sustaining EBITDA margin at 30%. We increase EPS estimate by 2/3% for FY22/FY23. We value Emami at 25x P/E on Jun-23E EPS to derive a TP of INR 450. Maintain REDUCE.

- **Broad-based recovery, healthcare sustains momentum:** Revenue grew by 37% YoY (-17% in 4QFY20 and +15% in 3QFY21) vs HSIE 34.5%. Domestic/International saw 44/28% YoY growth while CSD declined by 3% YoY. Growth recovery in FY21 was inspiring, driven by (1) spur in demand for healthcare products; (2) recovery in discretionary products; (3) management's higher focus on recovery; and (4) favorable base (domestic business down by 4% in FY20). International business also recovered and posted 12% revenue growth (also supported by the Crème 21 acquisition). Emami continued to drive innovation with 40+ SKUs launched in FY21; new launches' salience stands at 4% of domestic revenue.
- **Miss in 4Q margin, FY21 expansion was strong:** GM dipped by 250bps YoY (+432bps in 4QFY20 and +214ps in 3QFY21). Employee/Advertising/Other expenses grew by 5/36/9% YoY. EBITDA margin expanded by 378bps YoY (-578bps in 4QFY20 and +395bps in 3QFY21). EBITDA grew by 65% YoY (HSIE 80%). We expect margin to be under pressure in FY22 due to the sharp margin expansion in FY21 and restoration of several operating costs. We model in EBITDA margin close to 30% for FY22-24 (27/26% in FY19/20).
- **Call and BS/CF takeaways:** (1) Summer products could be impacted by lockdown (impact unlike last year); (2) company is well prepared now to handle lockdown; (3) immunity booster and sanitizers not seeing spur in demand like last year; (4) healthcare can sustain strong double-digit growth in FY22; (5) balm is seeing higher demand now vs. last year; (6) gross margin to recover considering price hike; (7) FCF at INR 9bn vs. INR 4bn in FY20.

Quarterly/Annual Financial summary

YE Mar (INR mn)	4QFY21	4QFY20	YoY (%)	3QFY21	QoQ (%)	FY21P	FY22E	FY23E	FY24E
Net Sales	7,308	5,327	37.2	9,336	(21.7)	28,805	32,009	34,718	37,518
EBITDA	1,628	985	65.2	3,402	(52.1)	8,831	9,489	10,377	11,211
APAT	1,309	702	86.4	2,588	(49.4)	6,680	7,155	7,805	8,743
Diluted EPS (INR)	2.95	1.55	90.1	5.82	(49.4)	15.0	16.1	17.6	19.7
P/E (x)						33.3	31.1	28.5	25.4
EV / EBITDA (x)						24.8	22.7	20.5	18.6
RoCE (%)						34.7	46.2	60.5	86.4

Source: Company, HSIE Research

REDUCE

CMP *(as on 25 May 2021)*	INR 500
Target Price	INR 450
NIFTY	15,208

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 425	INR 450
EPS %	FY22E	FY23E
	+2%	+3%

KEY STOCK DATA	
Bloomberg code	HMN IN
No. of Shares (mn)	445
MCap (INR bn) / ($ mn)	222/2,986
6m avg traded value (INR mn)	364
52 Week high / low	INR 547/184

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	7.9	20.3	138.4
Relative (%)	8.7	4.7	73.3

SHAREHOLDING PATTERN (%)	Dec-20	Mar-21
Promoters	53.86	53.86
FIs & Local MFs	27.37	26.38
FPIs	9.61	10.52
Public & Others	9.16	9.24
Pledged Shares	20.97	17.72

Source : BSE

Pledged shares as % of total shares

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TTK Prestige

Beat continues; strengthening the core

TTK Prestige's 4QFY21 beat ours as well as street's expectation. Revenue grew by 45% YoY (HSIE 31%), clocking 12% 2-year CAGR. It was broad-based growth as cookers/cookware/appliances posted 49/67/34% YoY growth. Kitchen and home appliances categories have recovered well in 2HFY21 and TTK has capitalised on the spur in demand. It gained 1-1.5% market share in cookers and cookware. However, the big surprise came at gross margin, which expanded by 200/400bps YoY/QoQ to 45.6% (40-quarter high) despite the steep raw material inflation. It was driven by favourable product mix and channel mix (traditional channel is margin accretive), price hike, and benefit of carry forward old inventory. Hence, EBITDA margin expanded by >900bps YoY to 18.5% (an all-time high). TTK has recovered well after a weak quarter 1HFY21, clocking 5/21% revenue/EBITDA growth in FY21. Even though we had non-consensus earnings and TP, we increase our EPS by 4% for FY23. As the company is a pure B-C play and its earnings visibility is improving, we increase the target multiple to 40x (38x earlier) on Jun-23E EPS. Our target price is INR 8,880. Maintain ADD.

- **Beat in revenue; broad-based recovery:** Revenue grew by 45% YoY (-14% in 4QFY20 and +24% in 3QFY21), driven by healthy recovery across channels and markets. Cookers/cookware/appliances in FY21 clocked +1/14/4% YoY growth, despite 1HFY21 being massively impacted (both demand and supply impact). The e-commerce channel did exceptionally well in FY21 while the traditional channel picked up in 2HFY21. Consistent new launches (supporting premiumisation story), focus on expanding distribution (smaller towns, tier3/4 cities) reach, and high share from metros (post lockdown bounce back) will deliver healthy growth in FY22/23. TTK also plans to drive the business through PSKs (620 stores), which contribute 14-15% revenue. PSKs also help drive the premium products. Exports grew by >200% YoY.
- **Beat in margin; all-time high EBITDA margin:** Gross margin expanded by 206bps YoY to 45.6% (+146bps in 4QFY20, -29bps in 3QFY21). Employee/Other expenses grew by 13/15% YoY. A&P spends remained healthy at 6% of sales for FY21. EBITDA margin expanded by 931bps YoY to an all-time high of 18.5% (-526bps in 4QFY20 and +219bps in 3QFY21), beating expectations of a +545bps YoY expansion. EBITDA grew by 192% YoY (HSIE 110%), clocking 26% 2-year CAGR. We model ~14.5% EBITDA margin for FY22-24 (15% in FY21, ~13% previous three-year average) but there is a potential to beat our numbers in a healthy demand trajectory.
- **Call and BS/CF takeaways:** (1) TTK took two price increase for appliances (13-15%), cooker/cookware 5-7%; (2) commodity prices are still heading up but steep inflation is over; (3) company may require one more price hike if inflation sustains; (4) cookers and cookware gained 100-150bps market share; (5) A&P spends maintained at 6% of sales; (6) kitchen products seeing shorter replacement cycles; (7) FCF stands at INR 2.5bn vs. INR 1.9bn in FY20.

Quarterly/Annual Financial summary

YE Mar (INR mn)	4QFY21	4QFY20	*YoY (%)*	3QFY21	*QoQ (%)*	FY21P	FY22E	FY23E	FY24E
Net Sales	5,549	3,835	*45*	6,794	*(18)*	22,019	25,598	29,133	32,052
EBITDA	1,025	352	*192*	1,182	*(13)*	3,334	3,727	4,250	4,701
APAT	734	209	*252*	865	*(15)*	2,491	2,616	2,991	3,335
Diluted EPS (INR)	53.0	15.1	*252*	62.4	*(15)*	179.7	188.7	215.8	240.6
P/E (x)						47.0	44.7	39.1	35.1
EV / EBITDA (x)						33.5	29.7	25.8	23.0
RoCE (%)						24.1	25.5	26.5	26.7

Source: Company, HSIE Research

ADD

CMP *(as on 25 May 2021)*	**INR 8,418**
Target Price	**INR 8,880**
NIFTY	**15,208**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 7,850	INR 8,880
EPS %	FY22E	FY23E
	0%	4%

KEY STOCK DATA	
Bloomberg code	TTKPT IN
No. of Shares (mn)	14
MCap (INR bn) / ($ mn)	117/1,568
6m avg traded value (INR mn)	128
52 Week high / low	INR 8,667/4,610

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	13.5	43.9	76.4
Relative (%)	14.3	28.3	11.3

SHAREHOLDING PATTERN (%)	**Dec-20**	**Mar-21**
Promoters	70.41	70.41
FIs & Local MFs	11.72	12.53
FPIs	9.48	10.02
Public & Others	8.39	7.04
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Mahanagar Gas

In-line performance

Our ADD recommendation on Mahanagar Gas (MGL) and price target of INR 1,255 are premised on its loyal customer base in CNG and commercial establishments (together comprising ~79% of the sales mix in FY21), which is less price-sensitive than the industrial customer base and enables the company to maintain higher per-unit margins than peers. 4QFY21 EBITDA/APAT was 2/3% below estimates, owing to higher-than-expected raw material and operating costs and lower-than-expected other income, which were offset by 4% rise in revenue.

- **Volume and margin**: Blended volume stood at 2.89mmscmd (in line with our estimate), led by a strong demand in CNG segment (2.02mmscmd or 70% of volume mix). PNG segment's volume in 4Q was at 0.87mmscmd. Per-unit gross spread remained flat sequentially and expanded by ~INR 2.4 YoY to INR 17.7/scm in 4Q. Per-unit EBITDA came to INR 12.1/scm (vs. INR 12.4/9.6 per scm QoQ/YoY).
- **Earnings call takeaways:** (1) MGL added 6 new CNG stations in 4Q, taking their count to 271. It also added 99 new industrial/commercial PNG customers, taking the count up to 4,192. 54,688 new domestic households were connected in 4Q, taking the count to ~1.6mn households. (2) The Board has declared a final equity dividend of INR 14/sh for FY21. (3) With the strike of the second wave of COVID-19 and resulting lockdowns, CNG volumes were adversely impacted in 1QFY22, falling by 25-30% sequentially.
- **Change in estimates:** We cut our FY22 EPS estimate by 18.2% to INR 66.1 to account for a lower volume assumption in FY22 as we expect volumes to be affected by the strike of the second wave of COVID-19. We raise our FY23 EPS estimate by 3.6% to INR 91.8, to account for increased volume and better per-unit EBITDA assumptions in FY23.
- **DCF-based valuation: Our target price is INR 1,255, based on Mar-23E free cash flows (WACC 10%, terminal growth rate 3.0%). The stock is currently trading at 12.5x FY23E EPS.**

Financial summary

YE March (INR bn)	4Q FY21	3Q FY21	QoQ (%)	4Q FY20	YoY (%)	FY19	FY20	FY21P	FY22E	FY23E
Revenues	7	7	*7.7*	7	*4.5*	28	30	22	26	33
EBITDA	3	3	*(0.2)*	2	*29.7*	9	11	9	10	13
APAT	2	2	*(2.0)*	2	*25.5*	5	8	6	7	9
AEPS (INR)	21.5	22.0	*(2.0)*	17.2	*25.5*	55.3	80.3	62.7	66.1	91.8
P/E (x)						20.7	14.3	18.3	17.3	12.5
EV/EBITDA (x)						11.7	9.5	10.5	9.8	7.3
RoE (%)						24.3	29.7	20.0	19.2	23.8

Source: Company, HSIE Research

Change in estimates

	FY22E			FY23E		
	Old	New	*% Ch*	Old	New	*% Ch*
Volume (mmscmd)	2.9	2.5	*(15.3)*	3.0	2.9	*(2.6)*
Per unit EBITDA (INR/scm)	11.0	11.1	*0.9*	11.1	12.0	*8.2*
EBIDTA (INR bn)	12	10	*(14.6)*	12	13	*5.4*
AEPS (INR/sh)	80.9	66.1	*(18.2)*	88.6	91.8	*3.6*

Source: Company, HSIE Research

ADD

CMP *(as on 25 May 2021)*	INR 1,139
Target Price	INR 1,255
NIFTY	15,208

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,222	INR 1,255
EPS %	**FY22E**	**FY23E**
	-18.2%	+3.6%

KEY STOCK DATA	
Bloomberg code	MAHGL IN
No. of Shares (mn)	99
MCap (INR bn) / ($ mn)	112/1,511
6m avg traded value (INR mn)	953
52 Week high / low	INR 1,257/780

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(4.9)	22.4	29.4
Relative (%)	(4.1)	6.8	(35.7)

SHAREHOLDING PATTERN (%)	Dec-20	Mar-21
Promoters	32.50	32.50
FIs & Local MFs	28.09	27.17
FPIs	29.56	31.11
Public & Others	9.85	9.22
Pledged Shares	0.00	0.00

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	Container Corporation	CA	NO
Mansi Lall	Container Corporation	MBA	NO
Bansi Desai	Alkem Labs	CFA	NO
Karan Vora	Alkem Labs	CA	NO
Naveen Trivedi	Emami, TTK Prestige	MBA	NO
Varun Lohchab	Emami	PGDM	NO
Harshad Katkar	Mahanagar Gas	MBA	NO
Nilesh Ghuge	Mahanagar Gas	MMS	NO
Rutvi Chokshi	Mahanagar Gas	CA	NO

Disclosure:

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