

India Equity Strategy

Back to pre-covid levels

Nifty (ex-financials) is back to pre-covid peak levels and overall Nifty valuations back to ~18x FY22 PE (after consensus building in only 2% EPS decline in FY21 and 35% yoy growth in FY22). While earnings are difficult to predict near term, it remains to be seen if consensus can be right in FY21/FY22 after 6 consecutive years of significant overestimation. We still see downside risks to our and consensus FY21 and FY22 estimates. HSIE coverage universe has seen 12%/27%/15% EPS cuts for FY20/FY21/FY22 since Feb and building in -5%/36% yoy growth in FY21/FY22. Key swing sectors from overall earnings picture remain Energy and Financials which disappointed in FY20 and likely to remain so in FY21.

We see limited upsides across our coverage universe post the recent run-up, except financials and infra names where anyways recovery could take longer. Our preferred sectors are Telecom, IT, Chemicals, Pharma, Insurance, large banks, Cement, Gas while we are underweight consumption (staples, discretionary and autos). Our large cap picks in model portfolio include RIL, Bharti, Infosys, ITC, SBI Life, ICICI Bank, Axis Bank, L&T. Within mid-caps we like Max Life, IGL, Gujarat Gas, Crompton Consumer, Alkyl Amines, Galaxy Surfactants, JK Cement, KNR Construction.

FY20 earnings hit hard, FY21 outlook murky, FY22 "hope trade" yet again

Q4FY20 saw severe impact on earnings given Covid lockdown impact and commodity price collapse in March. Q4FY20 miss itself to ~12% cut in HSIE coverage FY20 aggregate PAT. Earnings misses were highest in Financials (Banks, insurance), consumer discretionary and Energy sector. While FY21 earnings decline is a given, ~15% EPS CAGR over FY20-22 on aggregate basis looks optimistic to us. We expect a high likelihood of further cuts to FY21 and FY22 earnings over next 6-12 months.

Economic recovery is progressing on expected lines with phased unlocking

With phased unlocking, economic activity is coming back to normalcy with certain pockets like rural demand (tractors, FMCG), two wheelers, cement, power demand faster to recover. Urban discretionary consumption is still lagging given impact on top cities. We are currently building in full normalcy in our estimates by Sep end and pace of recovery is on expected lines. However, we believe achieving 80-90% normalcy would be easy but reaching back to 100% activity level and beyond would be a challenge and slow grind.

Portfolio preference- O/w: Telecom, Insurance, Chemicals, Gas E/w: IT, Pharma, Cement, Banks; U/w: Consumer staples, discretionary, Autos, Metals, Oil, NBFC

With recent run-up back to pre-covid levels for most sectors (except financials, infra, metals), risk-reward has again turned unfavorable with limited upsides on our top picks. We maintain a mix of defensives (Telecom, IT, pharma, utilities), quality cyclicals (select banks, cement, autos, infra, consumer discretionary) with a positive bias towards technology (Telecom, IT) and manufacturing led gradual economic recovery which we play through cement and select financials/industrials. Our sector preference remains largely unchanged.

We tweak our model portfolio with a minor cut in weights for Retail, Cement, NBFC's, Pharma while adding weights in IT, Insurance, Consumer appliances. Introducing Mphasis, Max Life and Crompton Consumer to portfolio.

Sector PAT Cuts in comparison to pre covid estimates

Sector	FY 20	FY21E	FY22E
Autos	-9%	-35%	-21%
Banks and NBFCs	-18%	-37%	-30%
Insurance	-25%	4%	-16%
Capital Markets	-34%	-16%	-21%
Consumer- Staples	-4%	-13%	-11%
Consumer Discretionary (ex-Autos)	-20%	-49%	-33%
Industrials (Infrastructure+ Cap Goods+ Logistics)	-13%	-47%	-25%
Real Estate	-10%	-58%	-36%
IT and Exchanges	-0.5%	-7%	-4%
Energy (Oil & Gas)	-18%	-31%	-4%
Cement	-6%	-39%	-25%
Chemicals	25%	-6%	0%
Pharma	-15%	5%	8%
Aviation	NM	NM	NM
HSIE Coverage	-12%	-27%	-15%

Source: HSIE Research

Sector wise PAT Growth

Sector	FY 20	FY21E	FY22E
Autos	-50%	-28%	164%
Banks and NBFCs	56%	18%	41%
Insurance	-33%	96%	-8%
Capital Markets	-20%	50%	6%
Consumer- Staples	15%	4%	14%
Consumer Discretionary (ex-Autos)	-2%	-17%	60%
Industrials (Infrastructure+ Cap Goods+ Logistics)	-5%	-25%	48%
Real Estate	-16%	-32%	82%
IT and Exchanges	4%	-3%	14%
Energy (Oil & Gas)	-34%	-9%	54%
Cement	33%	-25%	36%
Chemicals	52%	-13%	24%
Pharma	16%	28%	22%
Aviation	NM	NM	NM
HSIE Coverage	-15%	-5%	36%

Source: Bloomberg & HSIE Research

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Model Portfolio

Model Portfolio	Price	Rating	TP	M Cap US\$ bn	Portfolio as on 03/07/2020			P/E Ratio			EPS Growth	
					Wt	Port Wt	Rel wt	FY20	FY21E	FY22E	FY21E	FY22E
Nifty	10,607			1,546.9	100.0%	100.0%	0 bps					
Autos					6.4%	2.0%	-445 bps					
Eicher Motors Ltd	18,984	REDUCE	15020	6.9	0.6%		-58 bps	27.21	32.54	25.87	-16%	26%
Mahindra & Mahindra Ltd	531	ADD	520	8.8	1.4%		-137 bps	18.39	21.21	15.9	-13%	33%
Hero MotoCorp Ltd	2,738	BUY	2,650	7.3	1.0%		-100 bps	17.20	20.71	17.1	-17%	21%
Maruti Suzuki India Ltd	5,932	BUY	5,810	24.0	1.9%		-188 bps	31.46	40.31	23.3	-22%	73%
Tata Motors Ltd	103	BUY	950	4.6	0.7%		-75 bps	68.09	66.42	52.6	3%	26%
Bajaj Auto Ltd	2,932	ADD	2,850	11.4	0.9%	2.0%	113 bps	16.31	19.2	17.1	-15%	12%
Banks and NBFCs					32.3%	33.5%	117 bps					
Axis Bank Ltd	428	BUY	541	16.2	2.4%	4.0%	164 bps	74.36	13.04	9.9	470%	32%
State Bank of India	185	BUY	270	22.1	1.3%	2.5%	118 bps	11.51	15.90	8.1	-28%	97%
HDFC Bank Ltd	1,074			79.0	10.9%	10.9%	0 bps	22.0	21.5	16.7	2%	28%
Housing Development Finance Corp Ltd	1,885			43.8	6.8%	6.8%	4 bps	22.6	20.2	15.0	-25%	35%
Kotak Mahindra Bank Ltd	1,354	ADD	1,282	35.9	4.1%		-412 bps	45.35	42.9	37.8	6%	13%
IndusInd Bank Ltd	487	ADD	575	4.5	0.7%		-69 bps	7.88	11.8	8.3	-33%	42%
Bajaj Finance Ltd	2,932			23.6	1.6%	1.0%	-55 bps	33.1	37.5	24.1	-12%	56%
ICICI Bank	361	BUY	442	31.3	4.6%	8.0%	340 bps	29.98	16.6	13.7	81%	21%
Insurance					0.9%	4.5%	364 bps					
Bajaj Finserv Ltd	6,149			13.1	0.9%		-86 bps	29.2	27.3	18.0	7%	51%
SBI Life	844	BUY	975	11.3		2.5%	250 bps	36.73	41.6	35.6	-12%	17%
ICICI Prudential	434	BUY	460	8.3		1.0%	100 bps	38.03	39.7	33.4	-4%	19%
Max Financial	555	BUY	620	2.0		1.0%	100 bps	16.15	17.8	16.0	-9%	12%
Consumer- Staples					9.8%	6.0%	-379 bps					
ITC Ltd	208	BUY	221	34.2	3.4%	4.5%	107 bps	16.56	18.1	15.8	-8%	14%
Hindustan Unilever Ltd	2,174	REDUCE	1,969	68.4	4.8%		-476 bps	73.52	57.9	51.4	27%	13%
Nestle India Ltd	16,696	REDUCE	14,042	21.6	1.3%		-129 bps	81.6	70.7	60.4	15%	17%
Britannia Industries Ltd	3,538	REDUCE	2,852	11.4	0.3%		-31 bps	60.20	53.7	46.9	12%	14%
United Spirits	589	ADD	586	5.7		1.5%	150 bps	54.75	54.0	42.6	1%	27%
Consumer Discretionary (ex-Autos)					2.8%	1.0%	-179 bps					
Titan Co Ltd	1,004	REDUCE	900	11.9	0.3%		-29 bps	57.71	88.3	52.5	-35%	68%
Asian Paints Ltd	1,696			21.8	2.5%		-250 bps	61.1	61.5	47.9	-3%	28%
Crompton Consumer	236	ADD	221	2.0		1.0%	100 bps	34.41	37.5	31.8	-8%	18%
Industrials (Infra+ Cap Goods)					2.7%	4.0%	123 bps					
Larsen & Toubro Ltd	944	BUY	1,235	17.8	2.2%	3.0%	83 bps	13.90	19.2	13.0	-28%	48%
Adani Ports & Special Economic Zone Ltd	360			9.8	0.6%		-59 bps	18.8	17.3	14.3	9%	21%
KNR Constructions	211	BUY	279	0.4		1.0%	100 bps	13.82	16.7	12.3	-17%	36%
IT and Exchanges					13.9%	14.5%	58 bps					
Wipro Ltd	225	ADD	245	17.2	0.8%		-82 bps	13.19	13.8	12.7	-4%	8%
Infosys Ltd	763	BUY	805	43.5	6.0%	7.0%	99 bps	19.81	19.8	17.2	0%	15%
HCL Technologies Ltd	579	BUY	670	21.1	1.5%	1.0%	-47 bps	13.93	14.1	11.9	-1%	19%
Tata Consultancy Services Ltd	2,200	REDUCE	1,930	110.6	4.8%	2.0%	-280 bps	25.00	26.1	23.4	-4%	11%
Tech Mahindra Ltd	567	BUY	710	7.3	0.8%	2.0%	119 bps	12.66	13.9	12.1	-9%	15%
L&T Infotech	1,978	ADD	2,070	4.6		0.5%	50 bps	22.40	21.8	17.0	3%	28%
Mphasis	887	BUY	1,055	2.2		1.0%	100 bps	14.51	14.9	12.6	-3%	18%
CDSL Ltd	284	BUY	325	0.4		1.0%	100 bps	23.03	24.0	20.5	-4%	17%
Energy (Oil & Gas)					16.2%	13.0%	-316 bps					
Reliance Industries Ltd	1,788	ADD	1,560	156.8	14.3%	10.0%	-433 bps	26.99	29.4	21.3	-8%	38%
Bharat Petroleum Corp Ltd	385	ADD	376	11.2	0.6%		-64 bps	27.49	9.3	6.5	196%	42%
Indian Oil Corp Ltd	88	ADD	94	11.1	0.4%		-41 bps	-ve	15.2	7.6	NM	101%
Oil & Natural Gas Corp Ltd	82	ADD	86	13.9	0.5%		-50 bps	5.81	31.1	9.5	-81%	227%
GAIL India Ltd	105	ADD	110	6.3	0.3%		-28 bps	4.99	11.9	9.1	-58%	31%
Indraprastha Gas	448	ADD	519	4.2		1.5%	150 bps	26.33	30.4	23.2	-13%	31%
Gujarat Gas	322	ADD	323	3.0		1.5%	150 bps	24.60	29.4	18.0	-16%	64%

Model Portfolio	Price	Rating	TP	M Cap US\$ bn	Portfolio as on 03/07/2020			P/E Ratio			EPS Growth	
					Wt	Port Wt	Rel wt	FY20	FY21E	FY22E	FY21E	FY22E
Metals & Mining					2.4%	1.0%	-144 bps					
Hindalco Industries Ltd	146			4.4	0.4%		-45 bps	8.1	13.4	7.5	-35%	78%
Tata Steel Ltd	330			5.0	0.5%		-49 bps	7.4	-ve	8.0	NM	NM
JSW Steel Ltd	191			6.2	0.4%		-40 bps	10.2	39.3	9.5	-71%	316%
Vedanta Ltd	106			5.3	0.4%		-41 bps	7.2	17.1	8.3	NM	107%
Coal India Ltd	135			11.2	0.7%	1.0%	31 bps	5.4	6.5	5.5	-16%	17%
Cement					3.1%	2.5%	-63 bps					
UltraTech Cement Ltd	3,890	BUY	4,720	15.0	1.1%	1.8%	74 bps	29.77	36.7	27.1	-19%	35%
Grasim Industries Ltd	628			5.5	0.5%		-55 bps	6.1	20.5	14.1	-70%	45%
Shree Cement	22,873	REDUCE	17,900	11.1	1.5%		-153 bps	51.96	77.7	59.8	-33%	30%
JK Cement	1,413	BUY	1,425	1.5		1.0%	100 bps	21.75	30.2	20.3	-28%	49%
Chemicals					0.5%	2.0%	147 bps					
UPL Ltd	444			4.5	0.5%		-53 bps	19.0	11.9	9.4	60%	26%
Galaxy Surfactants	1,602	BUY	1,901	0.8		1.0%	100 bps	24.42	21.4	17.3	14%	23%
Alkyl Amines	2,239	BUY	2,500	0.6		1.0%	100 bps	24.73	25.5	20.0	-3%	28%
Media					0.3%	0.0%	-31 bps					
Zee Entertainment Enterprises Ltd	172			2.2	0.3%		-31 bps	10.5	10.1	8.7	6%	15%
Pharma					2.8%	3.0%	15 bps					
Sun Pharmaceutical Industries Ltd	477	ADD	480	15.3	1.0%		-104 bps	30.08	25.4	20.6	18%	23%
Cipla Ltd/India	639	BUY	655	6.9	0.8%	1.5%	75 bps	32.80	26.6	22.0	23%	21%
Dr Reddy's Laboratories Ltd	3,921	REDUCE	3,770	8.7	1.1%		-106 bps	25.35	26.6	20.7	-5%	29%
Aurobindo Pharma	778	BUY	835	6.1		1.0%	100 bps	16.14	14.1	13.1	15%	8%
Torrent Pharma	2,395	ADD	2,605	5.4		0.5%	50 bps	40.70	34.0	26.5	20%	28%
Telecom					3.3%	4.0%	75 bps					
Bharti Airtel Ltd	581			42.5	2.9%	4.0%	110 bps	-ve	139.8	37.6	NM	272%
Bharti Infratel Ltd	227			5.6	0.4%		-36 bps	12.6	13.3	12.9	376%	3%
Utilities					1.8%	4.0%	217 bps					
NTPC Ltd	95			12.5	0.9%	2.0%	114 bps	8.0	7.1	6.1	13%	15%
Power Grid Corp of India Ltd	178			12.4	1.0%	2.0%	103 bps	8.3	7.7	7.0	8%	10%
Cash					0.0%	5.0%	500 bps					

Source: Bloomberg & HSIE Research

HSIE Coverage– Earnings Estimate

HSIE Coverage	CMP	MCAP \$ Bn	Rating	TP	All numbers in INR Bn except CMP, TP and percentages																					
					Revenue				EBITDA				PBT				PAT				PE Ratio			PAT Growth		
					FY 19	FY 20	FY21E	FY22E	FY 19	FY 20	FY21E	FY22E	FY 19	FY 20	FY21E	FY22E	FY 19	FY 20	FY21E	FY22E	FY 20	FY21E	FY22E	FY 20	FY21E	FY22E
Autos	67				5,519	4,747	4,374	4,860	652	508	447	611	41	137	141	300	242	122	88	233				-50%	-28%	164%
Maruti Suzuki India Ltd	5,932	24	BUY	5,810	860	756	644	749	110	73	55	90	105	71	56	96	75	57	44	76	31.7	40.6	23.5	-25%	-22%	73%
Bajaj Auto Ltd	2,932	11	ADD	2,850	302	299	275	303	50	51	42	48	67	66	57	64	44	51	43	49	16.6	19.6	17.5	15%	-15%	12%
Mahindra & Mahindra Ltd	531	9	ADD	520	528	449	411	464	75	64	51	64	70	26	40	54	54	36	31	41	18.6	21.4	16.1	-35%	-13%	33%
Eicher Motors Ltd	18,984	7	REDUCE	15,020	98	92	84	95	29	22	19	23	30	23	20	24	22	18	15	19	28.4	33.9	27.0	-18%	-16%	26%
Hero MotoCorp Ltd	2,738	7	BUY	2,650	337	288	266	300	49	40	32	39	50	46	33	40	34	31	26	31	17.7	21.3	17.6	-9%	-17%	21%
Tata Motors	103	5	ADD	112	3,019	2,611	2,462	2,671	298	239	231	318	(314)	(106)	(76)	(2)	(13)	(79)	(79)	(1)	-ve	-ve	-ve	NM	NM	NM
Ashok Leyland	49	2	REDUCE	47	291	175	161	196	31	12	10	20	25	4	3	14	20	3	3	11	42.1	53.7	13.6	-83%	-22%	296%
Escorts	1,060	2	BUY	950	62	58	54	62	7	7	6	7	7	6	7	8	5	5	5	6	26.4	25.7	20.4	3%	3%	26%
Subros	176	0	ADD	190	21	20	18	20	2	2	2	2	1	1	1	1	1	1	0.4	1	20.4	31.0	15.8	-28%	-34%	96%
Banks and NBFCs	125				1,907	2,197	2,304	2,532	1,390	1,682	1,729	1,875	420	722	706	993	288	447	528	743				56%	18%	41%
ICICI Bank	361	31	BUY	442	270	333	362	404	234	281	343	351	38	140	191	232	34	79	143	174	29.5	16.3	13.4	136%	81%	21%
Kotak Mahindra Bank Ltd	1,354	36	ADD	1,282	113	135	152	166	83	100	112	120	74	78	84	95	49	59	63	71	45.0	42.6	37.6	22%	6%	13%
State Bank of India	185	22	BUY	270	883	981	1,016	1,110	554	681	646	714	16	251	140	276	9	145	105	206	11.4	15.7	8.0	1580%	-28%	97%
Axis Bank Ltd	428	16	BUY	541	217	252	262	298	190	234	247	281	70	49	124	164	47	16	93	123	74.3	13.0	9.8	-65%	470%	32%
IndusInd Bank Ltd	487	5	ADD	575	88	121	122	132	81	108	100	106	50	61	39	56	33	44	29	42	7.6	11.5	8.1	34%	-33%	42%
AU Small Finance Bank	567	2	ADD	549	13	19	22	26	7	11	13	15	6	8	8	10	4	7	6	7	25.7	28.3	23.4	77%	-9%	21%
Shriram Trans Finance	696	2	ADD	825	78	80	81	82	62	62	62	62	38	34	29	37	26	25	22	28	6.3	7.2	5.7	-2%	-12%	26%
Cholamandalam Investment & Finance Company	197	2	BUY	225	30	35	39	41	21	25	26	27	18	16	15	18	12	11	11	14	15.3	14.4	11.8	-11%	6%	22%
Mahindra & Mahindra Financial	183	2	BUY	228	47	51	56	61	30	34	38	42	24	13	13	19	16	9	10	14	12.5	11.7	8.1	-42%	6%	44%
Federal Bank	53	1	BUY	61	42	46	49	53	28	32	32	35	19	20	16	21	12	15	12	15	6.8	8.9	6.9	24%	-23%	29%
LIC Housing	274	2	REDUCE	263	44	48	47	54	40	43	41	49	34	33	21	31	24	24	16	23	5.8	8.6	6.0	-1%	-33%	45%
City Union Bank	124	1	BUY	164	16	17	17	19	12	13	13	15	9	6	7	10	7	5	5	8	19.2	18.0	12.1	-30%	7%	49%
RBL Bank	174	1	REDUCE	136	25	36	36	38	19	28	26	27	13	8	7	12	9	5	5	9	17.5	16.5	10.1	-42%	6%	64%
DCB Bank	80	0	ADD	100	11	13	13	14	6	8	8	9	5	5	4	5	3	3	3	4	7.3	8.2	6.4	4%	-10%	27%
Karur Vysya Bank	34	0	REDUCE	33	24	24	23	24	17	18	17	17	3	3	4	5	2	2	3	4	11.5	8.2	7.5	12%	40%	10%
Indostar Capital Finance	271	0	REDUCE	253	5	6	7	7	4	4	5	5	4	(4)	2	3	2	(3)	1	2	-ve	29.2	15.6	NM	NM	87%
Insurance	36				681	760	737	798	53	11	85	68	55	13	86	69	79	57	112	103				-28%	96%	-8%
SBI Life	844	11	BUY	975	97	107	93	106	NA	NA	NA	NA	NA	NA	NA	NA	19	22	20	23	38.0	43.1	36.8	16%	-12%	17%
ICICI Prudential	434	8	BUY	460	78	74	66	75	NA	NA	NA	NA	NA	NA	NA	NA	13	16	15	18	38.8	40.4	34.0	21%	-4%	19%
ICICI Lombard	1,279	8	SELL	1,042	84	94	102	118	16	16	20	24	16	17	21	24	10	13	16	18	45.5	37.4	32.1	22%	22%	16%
GIC Reinsurance	154	4	BUY	185	383	444	439	458	37	(5)	65	45	39	(4)	65	45	28	(3)	53	35	-ve	5.1	7.8	NM	NM	-35%
Max Financial	555	2	BUY	620	40	41	37	40	NA	NA	NA	NA	NA	NA	NA	NA	9	9	8	9	16.7	18.4	16.5	5%	-9%	12%
Capital Markets	6				48	42	45	48	19	16	20	22	20	15	21	23	14	11	16	17				-20%	50%	6%
Nippon Life India	314	3	BUY	288	15	12	10	12	5	6	5	6	7	6	7	8	5	4	5	6	46.2	38.3	32.4	-14%	21%	18%
ICICI Securities	492	2	ADD	442	16	16	16	17	7	8	8	9	7	8	7	8	5	6	5	6	28.2	28.9	25.0	18%	-3%	16%
Motilal Oswal Financial Services	600	1	BUY	633	17	14	19	19	6	2	7	7	6	2	7	6	4	1	6	5	77.8	15.2	17.3	-72%	413%	-12%
Consumer-Staples	175				1,544	1,578	1,664	1,835	406	431	454	512	400	414	439	501	277	318	332	379				15%	4%	14%
Hindustan Unilever Ltd	2,174	68	REDUCE	1,969	393	398	469	505	89	99	124	138	87	92	118	133	61	69	87	98	74.4	58.6	52.0	13%	27%	13%
ITC Ltd	208	34	BUY	221	484	494	476	540	184	193	181	207	191	200	186	213	128	152	139	159	16.8	18.3	16.0	19%	-8%	14%
Dabur India	467	11	REDUCE	404	85	87	88	97	17	18	19	21	17	17	19	22	14	15	16	18	54.2	51.7	46.2	6%	5%	12%
Britannia Industries Ltd	3,538	11	REDUCE	2,852	111	116	130	143	17	18	21	23	18	18	21	24	12	14	16	18	60.5	54.0	47.1	22%	12%	14%
United Spirits	589	6	ADD	586	90	91	88	99	13	15	15	17	10	11	11	14	7	8	8	10	54.1	53.4	42.1	15%	1%	27%
Nestle	16,696	22	REDUCE	14,042	113	124	136	150	28	29	32	37	24	27	30	36	17	20	23	27	81.1	70.3	60.0	18%	15%	17%
Marico	359	6	REDUCE	283	73	73	74	80	13	15	15	17	13	14	15	16	9	10	11	12	44.7	42.5	37.9	12%	5%	12%
Colgate Palmolive	1,383	5	ADD	1,328	45	45	47	51	12	12	13	14	11	10	11	13	8	8	8	10	46.1	44.3	39.5	9%	4%	12%
Emami	230	1	REDUCE	207	27	27	25	27	7	7	7	7	4	4	4	4	5	5	5	6	20.8	20.8	18.7	-1%	-0.3%	12%
GCPL	717	10	REDUCE	529	103	99	105	113	21	21	23	25	21	18	21	23	15	15	16	18	49.8	45.7	40.7	0.5%	9%	12%
Radico Khaitan	370	1	BUY	363	21	24	25	29	4	4	4	5	3	3	3	4	2	2	2	3	23.1	20.4	16.3	13%	14%	25%

HSIE Coverage	CMP	MCAP \$ Bn	Rating	TP	All numbers in INR Bn except CMP, TP and percentages																					
					Revenue				EBITDA				PBT				PAT			PE Ratio			PAT Growth			
					FY 19	FY 20	FY21E	FY22E	FY 19	FY 20	FY21E	FY22E	FY 19	FY 20	FY21E	FY22E	FY 19	FY 20	FY21E	FY22E	FY 20	FY21E	FY22E	FY 20	FY21E	FY22E
Consumer Discretionary (ex-Autos)		53			851	930	854	1,076	83	94	79	114	74	73	58	92	53	52	43	69		-2%	-17%	60%		
Avenue Supermart	2,290	20	SELL	1,700	199	247	274	350	16	20	21	31	14	18	19	28	9	14	14	21	108.4	103.7	69.8	46%	5%	49%
Titan Co Ltd	1,004	12	REDUCE	900	198	211	170	224	20	25	18	26	20	21	13	22	14	15	10	16	59.7	91.4	54.3	7%	-35%	68%
Havells India	580	5	ADD	515	101	94	84	101	12	10	10	13	12	9	9	12	8	7	7	9	49.6	54.5	41.0	-7%	-9%	33%
Trent	620	3	ADD	460	25	32	29	39	2	4	4	6	2	0.4	1	2	1	(1)	1	2	-ve	434.7	123.7	NM	NM	251%
Jubilant Foodworks	1,737	3	REDUCE	1,420	36	39	34	44	6	9	7	11	5	4	4	6	3	4	3	5	64.8	83.8	48.9	11%	-23%	71%
Voltas	559	2	ADD	551	71	77	65	78	6	7	5	7	7	8	6	9	5	6	4	6	33.4	42.7	29.0	6%	-22%	47%
Aditya Birla Fashion	121	1	ADD	120	81	87	72	88	6	5	2	5	1	1	(2)	(0.1)	3	(1)	(2)	(0.1)	-ve	-ve	-ve	NM	NM	NM
Crompton Consumer	236	2	ADD	221	45	45	42	48	6	6	5	6	6	6	5	6	4	4	4	5	33.9	37.0	31.3	17%	-8%	18%
Symphony	900	1	REDUCE	867	8	11	10	12	1	2	2	2	1	2	2	3	1	2	2	2	34.6	40.0	31.1	68%	-14%	29%
V-Guard	170	1	REDUCE	145	26	25	24	28	2	3	2	3	2	2	2	3	2	2	2	2	41.0	40.9	33.3	3%	0.2%	23%
V-Mart	1,816	0	BUY	1,800	14	17	14	19	1	1	1	1	1	1	1	1	1	1	0.4	1	41.3	74.3	40.1	30%	-44%	85%
TCNS Clothing	349	0	REDUCE	330	11	11	10	11	2	1	0.4	1	2	1	0.3	1	1	1	0.3	1	28.5	82.1	42.5	-43%	-65%	93%
Shoppers Stop	168	0	REDUCE	170	36	35	27	34	2	2	1	2	1	(1)	(2)	(1)	1	(1)	(2)	(1)	-ve	-ve	-ve	NM	NM	NM
Industrials (Infrastructure+ Cap Goods+ Logistics)		35			2,383	2,449	2,342	2,644	313	321	268	347	245	212	172	248	164	156	116	172		-5%	-25%	48%		
Larsen & Toubro Ltd	944	18	BUY	1,235	1,352	1,455	1,392	1,536	153	163	132	177	134	134	106	152	89	95	69	102	13.9	19.2	13.0	7%	-28%	48%
Siemens	1,149	5	REDUCE	1,104	137	109	130	142	15	10	13	15	16	10	14	16	12	8	10	12	53.5	39.8	33.6	-34%	35%	18%
Container Corporation	430	4	ADD	445	69	65	57	69	14	17	14	17	17	5	12	16	12	10	9	12	25.5	27.9	21.4	-15%	-9%	30%
ABB India	980	3	SELL	755	73	59	75	83	5	1	5	6	4	2	5	6	4	1	4	4	327.3	57.0	48.1	-83%	474%	19%
KEC International	276	1	BUY	265	110	120	115	124	11	12	11	13	7	8	6	8	5	6	5	6	12.6	15.5	12.5	16%	-19%	24%
Kalpataru Power Transmission	234	0	BUY	333	71	79	76	81	8	9	7	8	6	6	5	6	4	4	4	4	8.3	9.6	8.2	9%	-14%	17%
PNC Infratech	156	1	BUY	234	31	49	47	54	4	8	6	7	3	6	4	5	2	3	3	4	12.3	15.7	10.7	39%	-21%	46%
Dilip Buildcon	281	1	BUY	466	91	89	84	96	15	14	12	16	8	6	3	8	8	4	2	6	9.2	15.7	6.8	-45%	-41%	132%
KNR Constructions	211	0	BUY	279	21	22	24	29	4	5	4	6	3	3	2	3	2	2	2	2	13.6	16.5	12.1	-5%	-17%	36%
IRB Infrastructure	99	0	BUY	137	67	69	51	58	29	30	22	26	15	12	7	7	8	7	5	5	5.2	7.4	7.0	-22%	-29%	6%
Ashoka Buildcon	62	0	BUY	134	49	51	48	55	14	16	13	14	3	3	(1)	1	0.3	2	(2)	(1)	10.6	-ve	-ve	518%	NM	NM
Ahluwalia Contracts	210	0	BUY	265	18	19	14	22	2	2	1	3	2	1	0.4	2	1	1	0.3	2	14.6	45.3	8.3	-18%	-68%	444%
NCC	30	0	BUY	48	121	82	71	88	14	10	8	10	9	5	2	4	6	3	1	3	6.2	14.0	6.0	-52%	-55%	132%
PSP Projects	420	0	REDUCE	370	10	15	10	15	1	2	1	2	1	2	1	2	1	1	1	1	11.7	22.7	11.3	43%	-49%	100%
HG Infra	201	0	BUY	337	20	22	23	27	3	3	3	4	2	2	2	2	1	2	1	2	7.9	9.8	7.1	34%	-19%	37%
Gateway Distriparks	87	0	ADD	108	4	12	11	13	1	3	2	3	4	1	0.2	1	2	1	0.2	0.4	9.6	47.9	21.7	-42%	-80%	121%
JMC Projects	53	0	BUY	69	33	37	34	39	3	4	3	4	2	1	1	2	1	2	1	1	5.6	12.2	7.0	11%	-54%	75%
Sadbhav Engineering	46	0	BUY	56	35	23	24	29	4	3	3	4	3	1	1	2	2	1	1	1	9.2	11.4	6.4	-54%	-19%	77%
Capacite Infraprojects	112	0	BUY	147	18	15	11	22	2	3	1	3	1	1	0.1	2	1	1	0.04	1	10.1	196.0	6.7	-21%	-95%	2839%
ITD Cementation	53	0	ADD	54	25	29	25	33	2	3	2	3	1	0.3	(0.2)	1	1	1	0.1	1	10.7	143.7	7.8	53%	-93%	1751%
J Kumar Infraprojects	99	0	BUY	138	28	30	21	30	4	4	2	5	3	2	0.2	2	2	2	0.2	2	4.1	47.8	4.3	4%	-91%	1012%
Real Estate		9			234	238	191	223	65	60	48	60	34	11	14	25	29	24	16	30		-16%	-32%	82%		
DLF	151	5	BUY	219	84	61	40	36	21	11	7	6	6	(13)	0.3	1	12	10	8	11	37.7	48.2	34.1	-17%	-22%	41%
Oberoi Realty	360	2	BUY	538	26	21	22	30	12	9	9	12	12	8	8	11	8	6	5	11	23.6	24.6	11.4	-32%	-4%	115%
Prestige Estates	205	1	BUY	279	52	81	67	78	15	24	18	21	5	8	2	5	2	4	1	2	22.5	133.0	34.7	54%	-83%	283%
Brigade Enterprises	132	0	BUY	218	30	26	20	29	8	7	5	10	4	2	(0.4)	2	2	2	(0.2)	1	17.9	-ve	20.0	-37%	NM	NM
Sobha Developers	223	0	BUY	377	34	38	33	37	7	8	7	7	4	4	3	3	3	3	2	2	7.5	9.3	8.7	-5%	-19%	7%
Kolte Patil	159	0	BUY	228	9	11	9	12	2	2	2	3	2	2	1	2	1	1	1	1	18.4	21.4	10.8	-13%	-14%	98%
IT and Exchanges		216			4,391	4,793	4,868	5,321	1,005	1,084	1,062	1,203	1,013	1,045	1,026	1,169	774	806	779	888		4%	-3%	14%		
Tata Consultancy Services Ltd	2,200	111	REDUCE	1,930	1,465	1,569	1,555	1,684	395	421	399	449	416	422	409	455	315	323	310	345	25.5	26.7	23.9	3%	-4%	11%
Infosys Ltd	763	44	BUY	805	827	908	940	1,048	209	223	223	254	210	220	223	255	158	164	164	190	19.8	19.8	17.1	4%	0.2%	15%
HCL Technologies Ltd	579	21	BUY	670	604	707	745	816	140	167	170	192	126	142	144	171	101	111	109	130	14.2	14.4	12.1	9%	-1%	19%
Wipro Ltd	225	17	ADD	245	586	610	613	649	112	122	121	130	115	123	117	126	90	97	93	101	13.2	13.8	12.8	8%	-4%	8%
Tech Mahindra Ltd	567	7	BUY	710	347	369	371	401	63	57	56	64	56	51	49	57	43	43	39	45	12.9	14.2	12.3	-1%	-9%	15%
L&T Infotech	1,978	5	ADD	2,070	94	109	121	140	19	20	22	27	20	20	21	27	15	15	16	20	22.7	22.1	17.2	0.3%	3%	28%
L&T Technologies	1,295	2	REDUCE	1,220	51	56	54	61	9	11	9	12	10	11	8	11	7	8	6	8	18.0	21.5	17.0	9%	-16%	26%
Mphasis	887	2	BUY	1,055	77	88	93	103	13	17	17	19	14	15	15	17	11	11	11	13	14.5	14.9	12.6	6%	-3%	18%

HSIE Coverage	CMP	MCAP \$ Bn	Rating	TP	All numbers in INR Bn except CMP, TP and percentages																					
					Revenue				EBITDA				PBT				PAT				PE Ratio			PAT Growth		
					FY 19	FY 20	FY21E	FY22E	FY 19	FY 20	FY21E	FY22E	FY 19	FY 20	FY21E	FY22E	FY 19	FY 20	FY21E	FY22E	FY 20	FY21E	FY22E	FY 20	FY21E	FY22E
Mindtree	945	2	ADD	985	70	78	79	88	11	11	12	14	10	8	10	12	7	7	7	9	23.4	21.4	17.3	-8%	9%	24%
Hexaware	334	1	REDUCE	320	46	56	61	68	7	9	9	10	7	8	7	9	6	6	6	7	15.6	16.7	14.5	10%	-7%	15%
MCX	1,286	1	ADD	1,330	3	4	4	5	1	2	1	2	2	3	2	3	2	2	2	2	28.2	34.1	26.6	37%	-17%	29%
Persistent	641	1	REDUCE	630	34	36	37	40	6	5	5	6	5	5	4	5	4	4	3	3	13.7	17.3	14.2	-2%	-21%	22%
Cyient	267	0	REDUCE	255	46	44	38	41	6	6	5	6	6	5	3	4	5	4	3	3	7.9	11.2	9.4	-24%	-29%	18%
TeamLease	1,711	0	BUY	1,980	44	52	49	59	1	1	1	1	1	1	1	1	1	1	1	1	34.6	36.9	25.9	-14%	-6%	42%
Sonata	238	0	BUY	305	30	37	37	41	3	4	3	4	3	4	3	4	2	3	2	3	8.3	10.6	8.7	22%	-21%	21%
Zensar Technologies	128	0	ADD	130	39	42	39	43	5	5	5	6	5	4	3	4	3	3	2	3	10.7	12.7	9.6	-17%	-15%	32%
CDSL Ltd	284	0	BUY	325	2	2	2	3	1	1	1	1	1	1	2	2	1	1	1	1	23.6	24.6	21.0	11%	-4%	17%
BSE	470	0	ADD	480	5	5	5	5	0.3	0.1	0.3	1	2	1	2	2	2	1	2	2	15.0	13.0	10.5	-34%	15%	24%
Mastek	395	0	BUY	535	10	11	15	16	1	2	2	3	1	1	2	2	1	1	1	2	7.3	6.8	6.1	30%	7%	12%
Majesco	372	0	BUY	450	10	10	11	13	1	1	1	2	1	1	1	1	1	1	1	1	19.7	18.1	14.3	6%	9%	27%
Energy (Oil & Gas)		221			22,802	22,135	17,620	20,059	2,545	1,919	1,825	2,376	1,736	868	860	1,374	1,220	802	727	1,121				-34%	-9%	54%
Reliance Industries Ltd	1,788	157	ADD	1,560	5,692	5,967	4,980	5,827	842	882	855	1,051	551	535	530	720	396	427	392	542	27.4	29.8	21.6	8%	-8%	38%
Oil & Natural Gas Corp Ltd	82	14	ADD	86	4,535	4,250	4,475	4,751	839	612	432	585	513	180	39	170	349	181	34	111	5.7	30.7	9.4	-48%	-81%	227%
Indian Oil Corp Ltd	88	11	ADD	94	5,281	4,844	3,305	3,756	352	55	181	253	245	(85)	56	130	174	(46)	55	110	-ve	15.2	7.5	NM	NM	101%
Bharat Petroleum Corp Ltd	385	11	ADD	376	2,982	2,846	1,904	2,160	151	83	108	135	120	23	58	83	78	31	91	129	27.4	9.2	6.5	-61%	196%	42%
GAIL India Ltd	105	6	ADD	110	762	725	458	592	97	90	52	71	91	82	39	54	65	94	40	52	5.0	12.0	9.1	44%	-58%	31%
Petronet LNG	273	5	ADD	225	384	355	208	297	33	40	38	51	32	31	31	44	22	28	24	33	14.9	17.4	12.5	28%	-14%	39%
Indraprastha Gas	448	4	ADD	519	58	65	55	68	13	15	13	17	12	14	12	16	8	12	10	13	26.6	30.7	23.5	40%	-13%	31%
HPCL	216	4	ADD	229	2,755	2,691	1,916	2,223	116	47	75	121	91	18	45	82	67	3	36	66	107.2	9.3	5.0	-95%	1057%	85%
Gujarat Gas	322	3	ADD	323	78	103	77	109	10	16	14	20	6	12	10	16	4	9	8	12	24.6	29.4	18.0	107%	-16%	64%
Gujarat State Petronet	222	2	ADD	251	93	122	131	140	25	32	34	36	18	24	27	29	10	17	14	16	7.2	8.8	7.8	71%	-17%	12%
OIL India	97	1	ADD	100	138	122	73	91	56	32	11	23	46	22	4	17	39	36	17	28	2.9	6.1	3.8	-9%	-52%	59%
Mahanagar Gas	1,071	1	ADD	1,137	28	30	23	29	9	11	8	11	8	10	8	10	5	8	6	8	13.3	17.5	12.9	45%	-24%	36%
Gulf Oil Lubricants	582	0	BUY	750	17	16	14	15	3	3	2	3	3	3	2	2	2	2	2	2	14.4	18.3	15.7	14%	-21%	17%
Cement		41			1,083	1,110	949	1,136	192	236	202	246	105	161	103	142	76	101	76	103				33%	-25%	36%
UltraTech Cement Ltd	3,890	15	BUY	4,720	416	421	352	426	73	94	82	97	35	74	43	59	25	38	31	42	29.6	36.5	27.0	51%	-19%	35%
Shree Cement	22,873	11	REDUCE	17,900	117	119	99	118	28	37	32	38	11	20	14	18	12	16	10	14	52.6	78.6	60.5	26%	-33%	30%
Ambuja Cement	196	5	BUY	210	114	117	100	115	19	21	19	23	19	19	16	18	12	15	12	14	26.3	32.8	28.0	22%	-20%	17%
ACC	1,315	3	BUY	1,440	148	157	128	147	21	24	18	22	20	20	13	17	11	13	10	13	19.3	25.1	19.1	17%	-23%	32%
Ramco Cements	641	2	ADD	685	52	54	47	60	10	11	11	15	7	8	7	9	5	6	6	7	25.1	27.4	21.7	17%	-8%	26%
Dalmia Bharat/Odisha Cem	716	2	BUY	930	95	96	88	109	19	21	16	21	3	4	(2)	2	3	2	(2)	1	60.2	-ve	102.2	-23%	NM	NM
JK Cement	1,413	1	BUY	1,425	53	58	56	68	8	12	11	14	4	7	5	8	3	5	4	5	22.0	30.5	20.5	84%	-28%	49%
JK Lakshmi	276	0	BUY	370	39	40	34	41	4	7	5	6	1	4	2	3	1	3	2	2	12.4	20.2	14.5	230%	-39%	39%
STAR Cement	90	0	BUY	115	18	18	17	22	4	4	4	5	3	3	3	4	3	3	3	4	13.1	13.6	10.5	-4%	-4%	29%
Orient Cement	70	0	BUY	85	25	24	21	24	3	4	3	4	1	1	1	2	0.5	1	1	1	16.6	27.8	12.5	82%	-40%	122%
Deccan Cement	267	0	BUY	370	7	6	5	6	1	1	1	1	1	1	0.5	1	0.5	0.4	0.4	1	8.7	10.5	6.1	-6%	-17%	73%
Chemicals		4			67	66	70	86	13	15	16	20	12	14	15	18	8	12	11	13				52%	-13%	24%
Vinati Organics	995	1	Sell	825	11	10	10	11	4	4	4	4	4	4	4	4	3	3	3	3	30.6	33.7	30.9	18%	-9%	9%
Navin Fluorine	1,679	1	ADD	1,721	10	11	13	16	2	3	3	5	2	3	3	5	1	4	2	3	20.3	35.8	25.9	174%	-43%	38%
Galaxy Surfactants	1,602	1	BUY	1,901	28	26	27	35	3	4	4	5	3	3	3	4	2	2	3	3	25.3	22.2	18.0	17%	14%	23%
Alkyl Amines	2,239	1	BUY	2,500	8	10	10	12	2	3	2	3	1	3	2	3	1	2	2	2	25.4	26.2	20.5	115%	-3%	28%
Balaji Amines	556	0	BUY	561	9	9	10	12	2	2	2	2	2	1	2	2	1	1	1	1	18.5	15.6	12.1	-15%	19%	29%
Pharma		48			1,024	1,130	1,226	1,346	208	229	258	303	136	154	196	241	98	114	146	179				16%	28%	22%
Sun Pharmaceutical Industries Ltd	477	15	ADD	480	291	328	352	385	64	70	77	90	38	50	59	73	27	38	45	55	30.4	25.7	20.8	41%	18%	23%
Dr Reddy's Laboratories Ltd	3,921	9	REDUCE	3,770	154	167	186	211	31	35	41	50	22	24	31	40	19	26	24	31	25.5	26.7	20.8	36%	-5%	29%
Torrent Pharma	2,395	5	ADD	2,605	76	79	84	95	19	22	24	28	9	12	15	19	7	10	12	15	41.7	34.8	27.2	33%	20%	28%
Cipla Ltd/India	639	7	BUY	655	164	171	185	201	31	32	35	41	21	22	26	31	15	15	19	23	33.3	27.0	22.4	1%	23%	21%
Aurobindo Pharma	778	6	BUY	835	196	231	253	270	40	49	53	57	31	38	43	46	24	28	32	35	16.1	14.0	13.1	18%	15%	8%
Lupin	900	5	ADD	920	145	152	166	184	24	22	27	36	15	9	21	30	6	(3)	14	20	-ve	29.1	20.5	NM	NM	42%
Aviation		5			285	358	280	330	48	45	25	75	(1)	(3)	(26)	23	2	(2)	(19)	22				NM	NM	NM
Interglobe Aviation	1,012	5	ADD	1,110	285	358	280	330	48	45	25	75	(1)	(3)	(26)	23	2	(2)	(19)	22	-ve	-ve	18.1	NM	NM	NM
		915			40,913	40,336	35,219	39,763	5,601	4,969	4,789	5,957	3,869	3,116	3,105	4,224	3,035	2,573	2,443	3,329				-15%	-5%	36%

Source: Bloomberg & HSIE Research

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