

## Market snapshot



## Today's top research idea

Equities - India	Close	Chg. %	CY20.%
Sensex	49,625	-0.3	20.1
Nifty-50	14,590	-0.4	19.8
Nifty-M 100	21,927	-1.2	27.9
Equities-Global	Close	Chg. %	CY20.%
S&P 500	3,853	0.0	18.3
Nasdaq	13,531	0.5	48.8
FTSE 100	6,715	-0.4	-11.7
DAX	13,907	-0.1	3.9
Hang Seng	11,889	-0.5	5.0
Nikkei 225	28,757	0.8	21.6
Commodities	Close	Chg. %	CY20.%
Brent (US\$/Bbl)	56	0.9	-15.9
Gold (\$/OZ)	1,870	-0.1	23.2
Cu (US\$/MT)	8,014	-0.3	30.0
Almn (US\$/MT)	1,996	0.8	12.4
Currency	Close	Chg. %	CY20.%
USD/INR	73.0	0.0	2.5
USD/EUR	1.2	0.5	8.5
USD/JPY	103.5	0.0	-4.8
YIELD (%)	Close	1MChg	CY20 chg
10 Yrs G-Sec	5.9	0.01	-0.6
10 Yrs AAA Corp	6.7	0.01	-1.0
Flows (USD b)	21-Jan	MTD	CY21
FII	0.22	3.24	3.02
DII	-0.14	-1.98	-1.83
Volumes (INRb)	21-Jan	MTD*	YTD*
Cash	866	764	764
F&O	69,063	34,129	34,129

Note: \*Average

## Asian Paints: Healthy sales outlook; rising material costs a concern

- ❖ A confluence of positive factors including (a) very strong festive season; (b) pent-up demand; (c) recovery in urban, and in particular, metro demand; (d) recovery in real estate demand and (e) low material costs for the quarter led to a strong beat over our forecasts.
- ❖ The company reported its highest ever Sales/ EBITDA/ PAT for any quarter in 3QFY21. While outlook on demand remains healthy, the extraordinary confluence of positives mentioned above, especially on festive season and pent-up demand may not sustain going forward.
- ❖ Material cost inflation has also been sharp since December which means that the current all-time high gross and EBITDA margins are unlikely to sustain beyond FY21, especially in a highly competitive industry like paints. Valuations are rich at 67.8x FY22E and 58.5x FY23E EPS. Maintain Neutral.



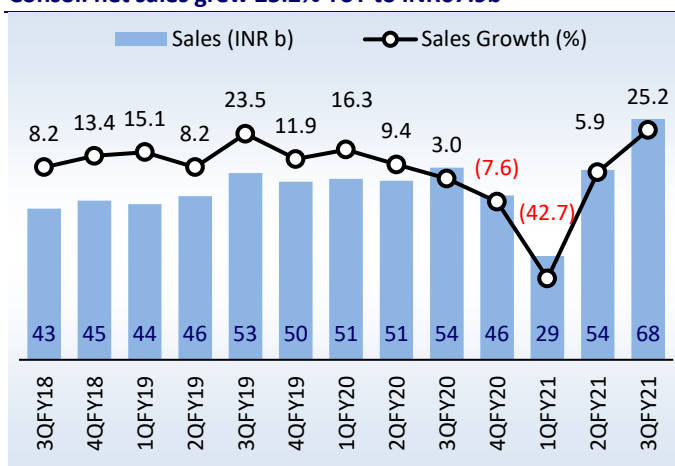
## Research covered

Cos/Sector	Key Highlights
Asian Paints	Healthy sales outlook; rising material costs a concern
Bajaj Auto	Above estimates; low RM cost and operating leverage drives margin
Havells India	Strong beat led by supply-side disruption
Bandhan Bank	Asset quality deteriorates; collection efficiency in Assam witnesses a sharp decline
Biocon	Miss on estimates led by lower generics sales / operating leverage
Other Results	SRF   Jindal Steel and Power   Mphasis   MCX   Westlife Development   IEX   Cyient   Zensar Tech   AAVAS Financiers
Zee Entertainment	Coping with the new normal
Cement	A subdued January thus far



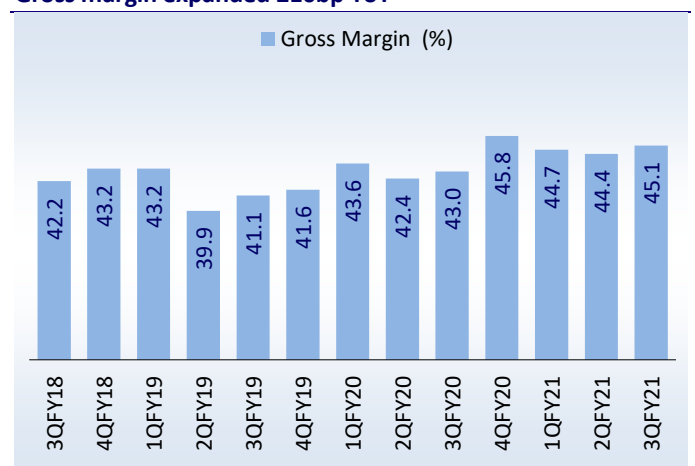
## Chart of the Day: Asian Paints (Healthy sales outlook; rising material costs a concern)

Consol. net sales grew 25.2% YoY to INR67.9b



Source: Company, MOFSL

Gross margin expanded 210bp YoY



Source: Company, MOFSL

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&amp;P Capital.



Kindly click on textbox for the detailed news link

**1**

**Govt to focus on loss-making discoms for next 3-4 yrs to achieve '24X7 power for all': Official**

The government's spotlight will be on electricity distribution utilities or discoms, which are mostly state-run and cash-strapped due to losses, to achieve the goal of 24X7 power for all, a senior official said. There is stress in the power...

**2**

**Government approves construction of 1.68 lakh new houses under PMAY (Urban)**

The government has approved construction of over 1.68 lakh new houses under Pradhan Mantri Awas Yojana (Urban) in the 52nd Meeting of the Central Sanctioning and Monitoring Committee (CSMC). The construction of a total of 1.1 crore houses has been approved under the scheme so far.

**3**

**Farmers reject Centre's proposal to put farm laws on hold for 1.5 years**

In a setback to the Centre's effort to break the deadlock over the farm laws, the protesting farmers' unions on Thursday rejected the government's offer to keep the laws on hold for around 18 months, saying that they will not settle for anything less than total repeal of the Acts and a legal guarantee for Minimum Support Price (MSP).

**4**

**Rupee gains 7 paise to trade near 5-month high of 72.98 against U.S. dollar**

Advancing its gains for the third straight session, the rupee scaled a near five-month high of 72.98 against the U.S. dollar on Thursday in line with the buoyant equity market and sustained foreign fund inflows. At the interbank Forex market, the rupee was 7 paise higher to trade at a level not seen since...

**5**

**Demand for gold loan surging: Muthoot Finance**

NBFC Muthoot Finance said the demand for gold loan is consistently rising. Managing director George Alexander Muthoot told FE the company is adding new customers to its gold loan business on a daily basis with small businesses and traders preferring it for a quick loan. "We have a customer base of 2-3 crore, and at this point of time, we have more than 60 lakh active loan accounts. The number of people taking a loan on any day is more than the number of people closing a loan account. The number of active customers has been increasing for the last three-four months. Our quick loans are helping many to restart their businesses," he said.

**6**

**Airlines shrug off Covid travel curbs, add 21 aircraft in 2020**

The Covid-19 pandemic brought the travel and aviation sectors on its knees through most of last year, but Indian airlines like IndiGo, Vistara and AirAsia India used the time to induct new planes and replace older ones, ensuring an increasing number of aircraft in the country by 21 to 649 in December 2020...

**7**

**India within striking distance of attaining positive growth: RBI**

India's gross domestic product (GDP) is within the striking distance of attaining positive growth, the Reserve Bank said observing that the letter "V" in the V-shaped recovery stands for vaccine. The government launched the world's biggest vaccination drive on January 16...

# Asian Paints

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	APNT IN
Equity Shares (m)	959
M.Cap.(INRb)/(USDb)	2603.9 / 35.5
52-Week Range (INR)	2871 / 1432
1, 6, 12 Rel. Per (%)	-3/27/30
12M Avg Val (INR M)	4868

## Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E	2023E
Sales	202.1	208.6	245.5	278.3
Sales Gr. (%)	5.0	3.2	17.7	13.4
EBITDA	41.6	50.1	56.4	64.0
EBIT Margin (%)	20.6	24.0	23.0	23.0
Adj. PAT	27.8	33.4	38.4	44.6
Adj. EPS (INR)	29.0	34.8	40.1	46.4
EPS Gr. (%)	25.5	20.2	15.1	15.9
BV/Sh.(INR)	105.6	120.1	135.2	151.6

## Ratios

RoE (%)	28.4	30.9	31.4	32.4
RoCE (%)	23.6	26.8	27.9	29.4
Payout (%)	75.3	60.3	62.4	64.6

## Valuation

P/E (x)	93.7	78.0	67.8	58.5
P/BV (x)	25.7	22.6	20.1	17.9
EV/EBITDA (x)	62.0	51.1	45.3	39.6
Div. Yield (%)	0.8	0.8	0.9	1.1

## Shareholding pattern (%)

As On	Sep-20	Jun-20	Sep-19
Promoter	52.8	52.8	52.8
DII	8.2	9.0	10.7
FII	19.8	18.2	17.0
Others	19.2	20.0	19.6

FII Includes depository receipts

**CMP: INR2,715 TP: INR2,790 (+3%) Neutral**

## Healthy sales outlook; rising material costs a concern

- A confluence of positive factors, including (a) a very strong festive season; (b) pent-up demand; (c) recovery in urban, particularly metro demand; (d) recovery in real estate demand, and (e) low material costs for the quarter led to a strong beat on our forecasts.
- The company reported its highest ever sales/EBITDA/PAT for any quarter in 3QFY21. While the outlook on demand remains healthy, the extraordinary confluence of positives mentioned above, especially festive season and pent-up demand, may not sustain going forward.
- Material cost inflation has also been sharp since December, which means that current all-time high gross and EBITDA margins are unlikely to sustain beyond FY21, especially in a highly competitive industry such as Paints. Valuations are rich at 67.8x FY22E and 58.5x FY23E EPS. Maintain **Neutral**.

## Beat on all fronts

- In 3QFY21, APNT reported consol. net sales growth of 25.2% YoY to INR67.9b (v/s est. INR61.8b), with volume growth of 33% (v/s est. 19%) in the Domestic Decorative Paints business.
- The gross margin was up 210bp YoY to 45.1%. This, along with lower employee costs (-60bp YoY) and lower other expenses (-170bp YoY) as a percentage of sales, meant the EBITDA margin expanded 440bp YoY to 26.3% (est. 24.3%).
- EBITDA grew 50.3% YoY to INR17.9b (v/s est. INR15b).
- PBT grew 61% YoY to INR16.7b (v/s est. INR13.6b).
- Adj. PAT grew 62.3% YoY to INR12.7b (v/s est. INR10b).
- 9MFY21 sales declined 3.3%, while EBITDA/PAT grew 7.1%/1.7% YoY.

## Highlights from management commentary

- Very strong festive season demand in October and marriage season demand aided sales growth.
- Pent-up demand was also a contributing factor – although this may not be the case going forward.
- Tier-1 demand has also bounced back and appears likely to sustain.
- Since December, raw material prices have been up in the high single digits.

## Valuation and view

- Changes to our model have led to a 13.7%/8.1% increase in FY21/FY22E EPS estimates – owing to improving commentary on topline growth and improving margins.
- APNT has creditably posted much faster recovery than most peers, which is even more impressive considering the highly discretionary nature of the business. This should ensure premium valuations.

- While a strong beat was seen on forecasts and the demand outlook continues to be healthy, the confluence of some positive factors that led to the extraordinary beat – viz. pent-up demand, festive demand, and low material costs – are unlikely to be at play going forward. While we have taken a higher topline/EBITDA/PAT CAGR trajectory at 11.3%/15.4%/17.0% over FY20–FY23 – much higher than the preceding five-year average in the 9–11% range – valuations are rich at 67.8x FY22E and 58.5x FY23E EPS. Maintain **Neutral**.

#### Quarterly Performance (Consol.)

(INR m)

Y/E March	FY20				FY21				FY20	FY21E	FY20	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
<b>Est. Dom. Deco. Vol. growth (%)</b>	<b>16.0</b>	<b>14.0</b>	<b>11.0</b>	<b>2.5</b>	<b>-38.0</b>	<b>11.0</b>	<b>33.0</b>	<b>30.0</b>	<b>10.9</b>	<b>8.5</b>	<b>19.0</b>	
<b>Net Sales</b>	<b>51,047</b>	<b>50,507</b>	<b>54,203</b>	<b>46,356</b>	<b>29,227</b>	<b>53,502</b>	<b>67,885</b>	<b>57,983</b>	<b>2,02,113</b>	<b>2,08,597</b>	<b>61,791</b>	<b>9.9%</b>
Change (%)	16.3	9.4	3.0	-7.1	-42.7	5.9	25.2	25.1	5.0	3.2	14.0	
<b>Gross Profit</b>	<b>22,280</b>	<b>21,435</b>	<b>23,313</b>	<b>21,250</b>	<b>13,077</b>	<b>23,758</b>	<b>30,600</b>	<b>26,174</b>	<b>88,278</b>	<b>93,609</b>	<b>28,115</b>	
Gross Margin (%)	43.6	42.4	43.0	45.8	44.7	44.4	45.1	45.1	43.7	44.9	45.5	
<b>EBITDA</b>	<b>11,579</b>	<b>9,548</b>	<b>11,894</b>	<b>8,596</b>	<b>4,843</b>	<b>12,652</b>	<b>17,879</b>	<b>14,770</b>	<b>41,618</b>	<b>50,144</b>	<b>15,015</b>	<b>19.1%</b>
Margin (%)	22.7	18.9	21.9	18.5	16.6	23.6	26.3	25.5	20.6	24.0	24.3	
Change (%)	24.5	13.0	7.7	-3.0	-58.2	32.5	50.3	71.8	10.5	20.5	26.2	
Interest	267	259	241	257	201	205	211	223	1,023	840	210	
Depreciation	1,918	1,972	1,971	1,945	1,912	1,936	1,932	1,992	7,805	7,771	1,950	
Other Income	735	1,052	698	558	471	826	979	657	3,043	2,934	700	
<b>PBT</b>	<b>10,131</b>	<b>8,369</b>	<b>10,381</b>	<b>6,953</b>	<b>3,200</b>	<b>11,337</b>	<b>16,715</b>	<b>13,213</b>	<b>35,833</b>	<b>44,466</b>	<b>13,555</b>	<b>23.3%</b>
Tax	3,511	72	2,776	2,190	862	2,936	4,314	3,094	8,549	11,205	3,416	
Effective Tax Rate (%)	34.7	0.9	26.7	31.5	26.9	25.9	25.8	23.4	23.9	25.2	25.2	
<b>Adjusted PAT</b>	<b>6,742</b>	<b>8,450</b>	<b>7,797</b>	<b>4,803</b>	<b>2,196</b>	<b>8,519</b>	<b>12,654</b>	<b>10,034</b>	<b>27,791</b>	<b>33,402</b>	<b>10,014</b>	<b>26.4%</b>
Change (%)	18.3	67.1	20.3	-1.8	-67.4	0.8	62.3	108.9	25.5	20.2	28.4	

E: MOFSL Estimates

# Bajaj Auto

## Estimate changes

### TP change

### Rating change



Bloomberg	BJAUT IN
Equity Shares (m)	289
M.Cap.(INRb)/(USDb)	1072.6 / 14.4
52-Week Range (INR)	3808 / 1793
1, 6, 12 Rel. Per (%)	6/-7/0
12M Avg Val (INR M)	2583

## Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	299	275	368
EBITDA	51.0	49.1	65.6
EBITDA Margin (%)	17.0	17.8	17.8
Adj. PAT	52.1	47.8	59.9
EPS (INR)	180	165	207
EPS Gr. (%)	5.8	-8.3	25.2
BV/Sh. (INR)	689	757	853

## Ratios

RoE (%)	25.0	22.9	25.7
RoCE (%)	23.8	21.4	23.9
Payout (%)	80.1	54.6	49.4

## Valuations

P/E (x)	20.6	22.4	17.9
P/BV (x)	5.4	4.9	4.3
Div. Yield (%)	3.2	2.0	2.3
FCF Yield (%)	3.3	4.3	5.1

## Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	53.7	53.7	53.5
DII	9.1	10.4	10.1
FII	13.1	13.6	13.9
Others	24.1	22.3	22.5

FII Includes depository receipts

**CMP: INR3,707 TP: INR4,000 (+8%)**
**Neutral**

## Above estimates; low RM cost and operating leverage drives margin

### RM cost inflation, operating deleverage to affect margin in coming quarters

- Bajaj Auto (BJAUT)'s operating performance was driven by favorable mix, lower marketing spends, and operating leverage. It has both near (3W recovery) and long term (premiumization and exports) levers, which are fairly reflected in current valuations.
- We upgrade our FY21E/FY22E EPS by 7%/5% to factor in mix, cost savings, and an upgrade in KTM's PAT. Maintain **Neutral**.

### Operating performance driven by better mix and operating leverage

- 3QFY21 revenue/EBITDA/PAT grew 16.6%/26.5%/23.4% YoY. For 9MFY21, revenue/EBITDA/PAT declined 17.1%/11.4%/15% YoY.
- Realizations grew 7% YoY (flat QoQ) to INR68.2k (v/s our estimate of INR68.6k). Gross margin declined 90bp YoY (+10bp QoQ) to 29.2% (v/s our estimate of 28.5%) on lower 3W volumes, but was aided by favorable mix of Premium Motorcycles in both domestic and export markets.
- EBITDA margin expanded 150bp YoY (+170bp QoQ) to 19.4% (v/s our estimate of 17.5%) largely due to lower staff cost and marketing spends.
- Higher income boosted PAT to INR15.6b (v/s our estimate of INR13.9b).

### Highlights from the management commentary

- **4QFY21 outlook:** Domestic 2W sales were back to last year's levels. Base effect will drive growth, but on a like-to-like basis it would be in low single-digits. Domestic 3Ws would see a QoQ recovery, but decline 50% YoY. The growth momentum in exports would continue, with 12-15% growth in most markets. If ASEAN recovers, it would clock its best ever exports.
- **2W export** volumes have recovered well with: a) South Asia (excluding Sri Lanka) and Africa back to pre-COVID levels, b) LatAm at 80-90% levels, and c) ASEAN at 50% levels. 3W exports are seeing a gradual recovery with LatAm at 50-60%, ASEAN at 25%, and other markets at or above pre-COVID levels. BJAUT has gained market share in all export markets.
- **RM cost** is estimated to increase by 3pp QoQ due to commodity cost inflation. It has raised prices by 1% each in domestic 2W/3W in 3QFY21 and by 1.25% in Jan'21 for domestic 2W. It also hiked export prices to cover capping of MEIS incentives and rise in RM cost. Price increases have to be calibrated as demand recovery is fragile, and might be required to be phased out.
- **EV:** Chetak e-scooter bookings remains closed since the end of Mar'20 due to supply chain issues. It expects to iron out these issues in the next 2-3 months and would look to expand its presence in the top 24 cities by FY22-end (from two cities at present). It is actively pursuing development of e-3W and e-Qute, and plans to launch one in 2HFY22.
- Capex for FY22/FY23 would be higher than the normal run-rate as it would be investing INR6.5b for a new plant for high-end Bikes (commissioning in FY23). Capex for FY22/FY23 would be INR5.5-6b p.a.

### Valuation and view

- BJAUT would benefit from: a) premiumization trend, and b) good growth opportunity in exports. While domestic 3W recovery might be delayed, it is vulnerable from a possible disruption from electrification.
- Valuations at 17.9x/16.6x FY22E/FY23E consolidated EPS largely capture the strong growth momentum. Maintain Neutral, with a TP of INR4,000/share.

### Quarterly Performance

	FY20				FY21				FY20	FY21E	(INR M)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3Q
<b>Net Sales</b>	<b>77,558</b>	<b>77,073</b>	<b>76,397</b>	<b>68,159</b>	<b>30,792</b>	<b>71,559</b>	<b>89,099</b>	<b>83,849</b>	<b>2,99,187</b>	<b>2,75,299</b>	<b>89,666</b>
Change (%)	3.9	(4.1)	2.7	(8.1)	(60.3)	(7.2)	16.6	23.0	(1.4)	(8.0)	17.4
<b>EBITDA</b>	<b>11,982</b>	<b>12,781</b>	<b>13,672</b>	<b>12,528</b>	<b>4,085</b>	<b>12,662</b>	<b>17,296</b>	<b>15,037</b>	<b>50,962</b>	<b>49,081</b>	<b>15,652</b>
EBITDA Margins (%)	15.4	16.6	17.9	18.4	13.3	17.7	19.4	17.9	17.0	17.8	17.5
Interest	5	12	5	9	10	27	10	30	32	76	20
Depreciation	601	613	617	633	638	643	650	663	2,464	2,594	645
Non-operating Income	4,413	3,934	3,662	5,327	3,379	2,858	3,692	3,549	17,336	13,477	3,100
<b>PBT after EO</b>	<b>15,788</b>	<b>16,089</b>	<b>16,713</b>	<b>17,212</b>	<b>6,817</b>	<b>14,851</b>	<b>20,328</b>	<b>17,893</b>	<b>65,802</b>	<b>59,888</b>	<b>18,087</b>
Effective Tax Rate (%)	28.7	12.8	24.5	23.9	22.5	23.4	23.4	23.6	22.5	23.4	23.1
<b>Adj. PAT</b>	<b>11,257</b>	<b>14,024</b>	<b>12,616</b>	<b>13,103</b>	<b>5,280</b>	<b>11,382</b>	<b>15,563</b>	<b>13,676</b>	<b>51,000</b>	<b>45,901</b>	<b>13,901</b>
Change (%)	0.9	21.7	14.5	22.8	(53.1)	(18.8)	23.4	4.4	15.0	(10.0)	10.2




### Key Performance Indicators

	FY20				FY21				FY20	FY21E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE
Volumes ('000 units)	1,247	1,174	1,202	992	443	1,053	1,307	1,218	4,615	4,021	1,307
Growth YoY (%)	1.7	-12.4	-4.6	-16.9	-64.5	-10.2	8.7	22.8	-8.1	-12.9	8.7
Dom. M/Cycle Mkt Sh (%)	18.3	17.9	20.1	17.9	20.7	17.5			18.5		
Realization (INR/unit)	62,187	65,673	63,532	68,711	69,493	67,935	68,180	68,841	64,826	68,461	68,614
Growth YoY (%)	2.2	9.5	7.6	10.5	11.7	3.4	7.3	0.2	7.2	5.6	8.0
<b>Cost Break-up</b>											
RM Cost (% of sales)	71.7	70.5	69.9	68.4	67.1	70.7	70.8	71.8	70.2	70.7	71.5
Staff Cost (% of sales)	4.6	4.4	4.6	5.0	11.0	4.5	3.6	3.9	4.6	4.7	3.9
Other Cost (% of sales)	8.2	8.6	7.8	8.2	8.7	7.1	6.2	6.7	8.2	6.9	7.2
<b>Gross Margins (%)</b>											
	28.3	29.5	30.1	31.6	32.9	29.3	29.2	28.2	29.8	29	29
EBITDA Margins (%)	15.4	16.6	17.9	18.4	13.3	17.7	19.4	17.9	17.0	17.8	17.5
EBIT Margins (%)	14.7	15.8	17.1	17.5	11.2	16.8	18.7	17.1	16.2	16.9	16.7

E:MOFSL Estimates



# Havells India

Estimate change	
TP change	
Rating change	

**CMP: INR1,132      TP: INR1,100 (-3%)      Neutral**

## Strong beat led by supply-side disruption

### Market share gains across categories; ad spends yet to normalize

- Havells (HAVL)'s revenue came in 18% above our estimates, supported by (a) strong pre-buying prior to price hikes across categories, (b) market share gains (at the cost of the unorganized sector), (c) a strong performance from Lloyd – owing to the shift to own manufacturing, which provides the ability to supply to the market v/s outsourcing brands (Voltas is an exception to this as the company had INR10b worth of inventory at Sep'20-end). With costs such as ad spends yet to normalize, adj. PAT grew 75% YoY, 29% ahead of our expectation.
- The B2C and Residential portfolio did exceedingly well with 40% growth, while B2B (Industrial and Infra) saw growth in the mid-teens. Adj. for the low base of last year, **the two-year revenue CAGR is back in the double digits at ~12%**. While retail sales trailed primary sales in 3Q, we expect it to catch up subsequently. Also, with price hikes in place now, we expect revenues to sustain double-digit growth hereafter – although, we may see a marginal dip in volume offtake for around a month or some normalization of supply-side disruption for the unorganized sector.
- With likely improvement in the demand outlook (as economic growth picks up), we increase our earnings assumption by 16–20% over FY21–23E. While the near-term outlook remains strong on the demand front, our FY21–23E EPS CAGR stands at 15% (v/s a revenue CAGR of 17%). This is because FY21 is turning out to be a high-base year v/s the earlier expectation of a fairly low base. We maintain our **Neutral rating**, with TP of INR1,100 (earlier: INR850), based on a higher target PE multiple of 50x v/s 45x earlier.

### Beat across parameters; ad spends remain muted

- Revenue grew 40% to INR31.7b, 18% ahead of our expectation. EBITDA grew 89% to INR5.1b and was 26% ahead of our expectation. The EBITDA margin expanded 420bps YoY to 16%. Ad spends stood at 1.6% of sales (v/s 3.4%). Adj. PAT grew 75% YoY to INR3.5b, coming in 29% ahead of our expectation. **Notably, 9MFY21 revenue is now almost flat at INR71b, while adj. PAT is up 25% to ~INR7b.**
- **Segmental highlights:** (a) HAVL's core portfolio (ex-Lloyd) was up 35% YoY to INR26.5b. Cables and Wires grew 27% YoY, Switchgear +32%, Consumer Durables +46%, and Lighting +28%. (b) Lloyd demonstrated a robust performance with revenue growth of 70%. Lloyd's PBIT margins turned positive at 6% – a remarkable achievement in a lean season.

### Key highlights from management commentary

- Input cost pressure has led to price hikes across categories – Domestic Cables: 15%, Domestic Switchgear: 5–7%, Consumer Durables: 5–12%. The Domestic Wires, Switchgear, and Consumer Durables categories are expected to witness further price hikes.

Bloomberg	HAVL IN
Equity Shares (m)	625
M.Cap.(INRb)/(USD\$)	708.8 / 8.7
52-Week Range (INR)	1148 / 447
1, 6, 12 Rel. Per (%)	20/65/63
12M Avg Val (INR M)	1584

### Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	94.3	105.5	128.9
EBITDA	10.3	15.5	17.7
PAT	7.3	10.3	12.3
EBITDA (%)	10.9	14.7	13.7
EPS (INR)	11.7	16.5	19.6
EPS Gr. (%)	(6.9)	40.7	18.8
BV/Sh. (INR)	68.8	80.0	92.5

### Ratios

Net D/E	(0.2)	(0.3)	(0.4)
RoE (%)	17.0	20.6	21.2
RoCE (%)	16.2	20.2	20.3
Payout (%)	87.5	36.0	36.0

### Valuations

P/E (x)	96.6	68.7	57.8
P/BV (x)	16.5	14.1	12.2
EV/EBITDA (x)	67.9	44.5	38.8
Div Yield (%)	0.8	0.4	0.5
FCF Yield (%)	0.7	1.3	1.1

### Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	59.5	59.5	59.5
DII	8.6	10.1	6.1
FII	24.4	22.2	25.9
Others	7.6	8.2	8.5

FII Includes depository receipts

- Across categories, pre-buying is observed before the likely price hikes. Market share gains are also seen from the unorganized sector, which is facing supply chain issues. Historical evidence suggests a large portion of the market share gains may turn out to be sticky.
- While secondary sales have rebounded handsomely following the easing of the lockdown, they are yet to pick up steam to match primary sales figures. Hence, it is difficult to comment on the sustainable growth rate at present.
- In the ECD segment, domestic appliances performed well in the rural markets; Water Heaters grew on a high base of last year, and growth in Fans was aided by pre-buying toward the end of Dec'20.
- Markets share gains have continued to accrue in 3QFY21 as well. Havells is a top 3 player across products and No.1 in heating products.
- Lloyd – The strong performance is attributable to a) the perceived change in industry dynamics, consequent to import prohibitions, b) better availability from own production, c) wider network coverage through regional retailers, and d) select pre-buying. While the management cautioned toward extrapolating Lloyd's performance from a lean season, it believes that structurally Lloyd is emerging as a key growth driver for the company, and in-house manufacturing has given strong impetus to growth. The PLI Scheme in the AC industry (details not out yet) should augur well for the company. Havells is also open to the concept of contract manufacturing to capture the export market – which could prove a game-changer.

### Valuation and view

With likely improvement in the demand outlook as economic growth picks up, we increase our earnings assumption by 16–20% over FY21-23E. While the near-term outlook remains strong on the demand front, our FY21–23E EPS CAGR stands at 15% (v/s a revenue CAGR of 17%). This is because FY21 is turning out to be a high-base year v/s the earlier expectation of a fairly low base. We maintain our **Neutral rating**, with TP of INR1,100 (earlier: INR850), based on a higher target PE multiple of 50x v/s 45x earlier.

### Quarterly Performance

Quarterly Performance											(INR m)	
	FY20				FY21E				FY20	FY21E	MOSL	Var.
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	
Sales	27,127	22,305	22,699	22,161	14,791	24,518	31,659	34,533	94,292	1,05,500	26,900	17.7%
Change (%)	4.5	1.8	-10.2	-19.5	-45.5	9.9	39.5	55.8	-6.3	11.9	18.5	
Adj EBITDA	2,781	2,350	2,690	2,453	1,309	4,207	5,081	4,943	10,274	15,539	4,022	26.3%
Change (%)	-10.9	-10.5	-8.6	-22.1	-52.9	79.0	88.9	101.5	-13.2	51.2	49.5	
Adj EBITDA margin (%)	10.3	10.5	11.8	11.1	8.8	17.2	16.0	14.3	10.9	14.7	14.9	
Depreciation	470	532	553	625	604	591	644	623	2,179	2,462	600	
Interest	47	51	53	46	167	173	152	109	197	600	150	
Other Income	395	290	239	195	322	364	392	306	1,120	1,384	350	
Extra-ordinary items	-	-	-	-	-	428	-	-	-	428	-	
PBT	2,659	2,058	2,324	1,977	860	3,808	4,677	4,517	9,017	13,861	3,622	29.1%
Tax	898	255	329	205	226	987	1,186	1,150	1,687	3,548	912	
Effective Tax Rate (%)	33.8	12.4	14.2	10.4	26.3	25.9	25.4	25.5	18.7	25.6	25.2	
Reported PAT	1,761	1,803	1,995	1,772	633	3,249	3,491	3,367	7,330	10,740	2,710	28.8%
Change (%)	-16.3	0.9	0.9	-11.7	-64.0	80.2	75.0	90.0	-6.9	46.5	35.9	
Adj PAT	1,761	1,803	1,995	1,772	633	2,821	3,491	3,367	7,330	10,312	2,710	28.8%
Change (%)	-16.3	0.9	0.9	-11.7	-64.0	56.5	75.0	90.0	-6.9	40.7	35.9	



# Bandhan Bank

Estimate change

TP change

Rating change



Bloomberg	BANDHAN IN
Equity Shares (m)	1,610
M.Cap.(INRb)/(USDb)	549.2 / 7.9
52-Week Range (INR)	487 / 152
1, 6, 12 Rel. Per (%)	-18/-34/-49
12M Avg Val (INR M)	4637

## Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
NII	63.2	79.3	100.4
OP	54.5	70.7	88.4
NP	30.2	27.9	47.6
NIM (%)	9.0	8.2	8.6
EPS (INR)	21.6	17.3	29.6
EPS Gr. (%)	31.9	-19.7	70.5
BV/Sh. (INR)	94	107	131
ABV/Sh. (INR)	93	97	122

## Ratios

RoE (%)	22.9	17.2	24.9
RoA (%)	4.1	2.8	3.9

## Valuations

P/E(X)	15.8	19.7	11.5
P/BV (X)	3.6	3.2	2.6
P/ABV (X)	3.7	3.5	2.8

## Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	40.0	40.0	61.0
DII	4.4	5.8	8.2
FII	35.2	32.2	13.9
Others	20.4	21.9	17.0

FII Includes depository receipts

**CMP: INR341 TP: INR370 (+9%) Downgrade to Neutral**

**Asset quality deteriorates; collection efficiency in Assam witnesses a sharp decline**

## Liability traction remains robust

- BANDHAN reported a weak quarter, with net earnings falling sharply below estimates, affected by provisions of INR10b predominantly towards rising asset quality concerns in the Assam portfolio. However, operating performance remains strong, led by higher NII as margin improved 30bp QoQ, while AUMs grew at 23% YoY. Liability traction was robust at 30% YoY.
- On the asset quality front, the pro-forma GNPA/NNPA ratio increased to ~7.1%/2.36%, with Odpd of ~76.5%. Collection efficiency in Assam dropped by 1,000bp to 78% during 1-16 Jan'21. We raise our credit cost estimate for FY21E/FY22E to 4.4%/2.6% and downgrade our rating to Neutral.

## Higher provisions drive earnings miss; business momentum remains strong

- 3QFY21 PAT stood at INR6.3b (13% YoY decline; ~32% below our estimate) as provisions increased ~170% QoQ to INR10.7b as the management made COVID-related provisions of INR10b. BANDHAN holds total COVID-related provisions of INR27.4b (~3.6% of loans or ~5% of MFI loans).
- NII grew 35% YoY to INR20.7b (6% beat) as NIMs improved by 30bp QoQ to 8.3%. Other income trends were also strong and grew at 55% YoY, while opex grew 12% YoY to INR7.1b. PPOP grew 51% YoY to INR19.1b (15% beat). For 9MFY21, PPOP grew at 31% YoY, while PAT declined 16% YoY.
- Advances grew ~23% YoY (~5% QoQ), led by ~32% growth in the MFI book. The Mortgage portfolio growth remained muted. The share of MFI portfolio stood at 66% of total AUM (v/s ~65% in 2QFY21). Disbursements in the MFI portfolio grew at 14% YoY (59% QoQ), while the Housing portfolio grew at 29% YoY. Total number of active borrowers in the MFI portfolio touched 11.3m (7.6% YoY).
- Deposits grew 30% YoY to INR712b, led by ~62% YoY growth in CASA deposits to ~INR305b. CASA ratio improved to 42.9% (v/s 38.2% in 2QFY21), while the proportion of retail deposits increased to ~81%.
- On the asset quality front, the pro-forma GNPA/NNPA ratio increased to ~7.1%/2.36%, (v/s ~1.1%/0.3% at present) due to increasing challenges in core geographies: Assam and West Bengal. Collection efficiency in the MFI portfolio declined to ~90% as of 16 Jan'21 (~92% as of Dec'20). Among states, collection efficiency in Assam dropped to 78% as on 16 Jan'21 (88% during Dec'20). However, collection trends in the Affordable Housing and Commercial Banking portfolio stood stable at 98%.

## Highlights from the management commentary

- Around 80% of the customers are making full payments, while 13% are making partial payments. About 76.5% of total portfolio are in the '0' dpd category.
- Credit cost for FY21E increased to 5% (v/s 3.5% guided earlier) due to rising concerns in the Assam region.

### Valuation and view

BANDHAN reported a sharp deterioration in asset quality trends, with pro-forma GNPA ratio increasing to ~7.1%, while collection efficiency in the MFI portfolio in its core state of Assam has witnessed a sharp decline. The bank has made higher COVID-related provisions of INR10b during 3QFY21, pre-dominantly towards rising stress in Assam, thus taking additional provisions to 3.6% of loans to manage higher delinquencies in coming quarters. Operating performance remains strong and continues to demonstrate strong deposit performance, led by retail deposits. We cut our earnings for FY21E by 22% to factor in higher credit cost at 4.4%/2.6% for FY21E/FY22E. We downgrade our rating to Neutral on rising asset quality concerns and revise our TP to INR370/share (2.5x Sep'22E BV).

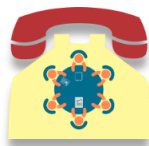
### Quarterly performance

	(INR m)											
Y/E March	FY20				FY21E				FY20	FY21E	3QFY21E	v/s our estimate
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Net interest income</b>	<b>15,746</b>	<b>15,290</b>	<b>15,403</b>	<b>16,800</b>	<b>18,115</b>	<b>19,231</b>	<b>20,717</b>	<b>21,237</b>	<b>63,239</b>	<b>79,300</b>	<b>19,612</b>	<b>6%</b>
% change (YoY)	51.8	41.9	37.0	33.6	15.0	25.8	34.5	26.4	40.7	25.4	27.3	
Other income	3,310	3,603	3,577	5,002	3,868	3,818	5,533	5,682	15,492	18,900	4,268	30%
<b>Total income</b>	<b>19,056</b>	<b>18,893</b>	<b>18,980</b>	<b>21,802</b>	<b>21,983</b>	<b>23,049</b>	<b>26,250</b>	<b>26,919</b>	<b>78,731</b>	<b>98,201</b>	<b>23,880</b>	<b>10%</b>
Operating expenses	5,505	5,824	6,341	6,595	6,141	6,773	7,109	7,475	24,265	27,499	7,226	-2%
<b>Operating profit</b>	<b>13,551</b>	<b>13,069</b>	<b>12,639</b>	<b>15,207</b>	<b>15,842</b>	<b>16,275</b>	<b>19,141</b>	<b>19,444</b>	<b>54,466</b>	<b>70,702</b>	<b>16,654</b>	<b>15%</b>
% change (YoY)	65.1	49.5	40.4	31.9	16.9	24.5	51.4	27.9	45.3	29.8	31.8	
Other provisions	1,254	1,455	2,949	8,274	8,491	3,945	10,687	10,266	13,932	33,389	4,212	154%
<b>Profit before tax</b>	<b>12,297</b>	<b>11,614</b>	<b>9,690</b>	<b>6,933</b>	<b>7,351</b>	<b>12,330</b>	<b>8,454</b>	<b>9,178</b>	<b>40,534</b>	<b>37,313</b>	<b>12,442</b>	<b>-32%</b>
Tax	4,261	1,896	2,380	1,760	1,853	3,130	2,128	2,292	10,297	9,403	3,123	-32%
<b>Net profit</b>	<b>8,036</b>	<b>9,718</b>	<b>7,310</b>	<b>5,173</b>	<b>5,498</b>	<b>9,200</b>	<b>6,326</b>	<b>6,886</b>	<b>30,237</b>	<b>27,910</b>	<b>9,319</b>	<b>-32%</b>
% change (YoY)	66.8	99.3	120.7	-20.5	-31.6	-5.3	-13.5	33.1	54.9	-7.7	27.5	
<b>Operating parameters</b>												
Deposits (INR b)	437	492	549	571	606	661	712	736	571	736	712	0%
Loans (INR b)	415	598	606	666	697	733	768	816	666	816	759	1%
Deposit growth (%)	42.3	49.3	58.5	32.0	38.7	34.4	29.6	29.0	32.0	29.0	29.6	0
Loan growth (%)	35.9	88.4	78.9	68.1	68.1	22.6	26.7	22.4	68.1	22.4	25.2	-149
<b>Asset quality</b>												
Gross NPA (%)	1.7	1.8	1.9	1.5	1.4	1.2	1.1	7.4	1.5	7.4	1.9	82
Net NPA (%)	0.6	0.6	0.8	0.6	0.5	0.4	0.3	2.9	0.6	2.9	0.6	38
PCR (%)	65.9	68.3	58.4	60.8	66.6	70.0	76.6	60.5	60.8	60.5	67.0	-957

E: MOFSL estimates

BSE SENSEX  
49,625S&P CNX  
14,590

## Conference Call Details

Date: 22<sup>th</sup> Jan 2021

Time: 9:00am IST

Dial-in details:

+91-7045671331

## Financials &amp; Valuations (INR b)

Y/E MARCH	2021E	2022E	2023E
Sales	75.2	92.4	112.0
EBITDA	19.3	25.4	30.0
Adj. PAT	8.5	12.7	15.5
EBIT Margin (%)	16.2	18.8	19.0
Cons. Adj. EPS (INR)	7.1	10.6	12.9
EPS Gr. (%)	14.5	49.5	22.4
BV/Sh. (INR)	60.9	68.4	77.5
<b>Ratios</b>			
Net D:E	0.2	0.1	0.1
RoE (%)	12.1	16.4	17.7
RoCE (%)	9.0	12.1	13.7
Payout (%)	27.7	29.3	29.3
<b>Valuations</b>			
P/E (x)	62.7	41.9	34.2
EV/EBITDA (x)	25.9	19.6	16.4
Div. Yield (%)	0.4	0.6	0.7
FCF Yield (%)	0.2	1.6	2.3
EV/Sales (x)	6.6	5.4	4.4

CMP: INR442

Neutral

## Miss on estimates led by lower generics sales / operating leverage

- Biocon's 3QFY21 revenue improved 8% YoY to INR18.5b (our est.: INR20.1b).
- Revenue growth was led by:
  - a) Biosimilars (40% of sales) – up 11% YoY to INR7.7b.
  - b) Research services (30% of sales) – up by 13% YoY to INR5.9b.
- Growth was dragged down by generics sales – down 3% YoY to INR5.6b (30% of sales).
- The gross margin (GM) expanded 120bp YoY to 65.9% on a change in the product mix.
- However, the EBITDA margin contracted 440bp YoY to 21.5% (our est.: 25.7%) weighed by increased other expenses / R&D cost / employee cost (+170bp/+160bp/+230bp YoY as a percentage of sales).
- Accordingly, EBITDA declined 10.6% YoY to INR4b (our est.: INR5.2b).
- PAT declined at a higher rate of 16.8% YoY to INR1.7b (our est.: INR2.4b) due to higher depreciation and tax rate.
- For 9MFY21, sales grew 11% YoY to INR52.7b, while EBITDA/PAT fell 5% YoY/18% YoY to INR12.2b/INR5.1b.

## Key highlights for the quarter

- Due to professional differences with the chairperson on strategic priorities and the vision for the company, Dr Christiane Hamacher has stepped down as the MD of Biocon Biologics. She also ceased to be a member of the Board of Directors of Biocon Biologics effective from 20<sup>th</sup> Jan'21. Dr Arun Chandavarkar, Member of the Board of Biocon Biologics, took over as the new MD of Biocon Biologics effective from 21<sup>st</sup> Jan'21 for a period of up to two years.
- Insulin Aspart is under review by the USFDA.
- It received approval for Anti-Diabetic DMF in China for the Sitagliptin API.
- Tacrolimus was launched in the US.

**Quarterly performance (Consolidated)**
**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E	FY21E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	vs Est
<b>Net Sales</b>	<b>14,589</b>	<b>15,720</b>	<b>17,170</b>	<b>15,575</b>	<b>16,713</b>	<b>17,448</b>	<b>18,518</b>	<b>22,549</b>	<b>63,005</b>	<b>75,228</b>	<b>20,054</b>	<b>-7.7%</b>
YoY Change (%)	29.8	19.0	11.4	1.9	14.6	11.0	7.9	44.8	14.3	19.4	14.7	
Total Expenditure	10,220	11,690	12,720	12,390	12,590	13,354	14,530	15,475	46,974	55,949	14,900	
<b>EBITDA</b>	<b>4,369</b>	<b>4,030</b>	<b>4,450</b>	<b>3,185</b>	<b>4,123</b>	<b>4,094</b>	<b>3,988</b>	<b>7,074</b>	<b>16,031</b>	<b>19,279</b>	<b>5,154</b>	<b>-22.6%</b>
YoY Change (%)	83.7	18.9	9.5	-22.3	-5.6	1.6	-10.4	122.1	15.1	20.3	16	
Margins (%)	29.9	25.6	25.9	20.4	24.7	23.5	21.5	31.4	25.4	25.6	25.7	
Depreciation	1,242	1,320	1,440	1,524	1,668	1,777	1,860	1,798	5,522	7,103	1,800	
<b>EBIT</b>	<b>3,127</b>	<b>2,710</b>	<b>3,010</b>	<b>1,661</b>	<b>2,455</b>	<b>2,317</b>	<b>2,128</b>	<b>5,276</b>	<b>10,509</b>	<b>12,176</b>	<b>3,354</b>	
YoY Change (%)	125.5	19.4	4.0	-42.8	-21.5	-14.5	-29.3	217.6	11.1	15.9	11	
Interest	166	140	180	168	125	65	50	89	649	329	70	
Other Income	241	380	360	631	183	155	280	132	1,614	750	180	
Extraordinary income	0	675	0	0	0	-180	0	0	675	-180	0	
<b>PBT</b>	<b>3,202</b>	<b>3,625</b>	<b>3,190</b>	<b>2,124</b>	<b>2,513</b>	<b>2,227</b>	<b>2,358</b>	<b>5,319</b>	<b>12,149</b>	<b>12,417</b>	<b>3,464</b>	<b>-31.9%</b>
Tax	852	1,000	850	450	809	223	490	1,458	3,151	2,980	866	
Rate (%)	26.6	27.6	26.6	21.2	32.2	10.0	20.8	27.4	25.9	24.0	25.0	
Minority Interest	210	347	310	360	180	261	180	298	1,227	919	240	
<b>PAT</b>	<b>2,061</b>	<b>2,448</b>	<b>2,030</b>	<b>1,230</b>	<b>1,488</b>	<b>1,743</b>	<b>1,688</b>	<b>3,563</b>	<b>7,769</b>	<b>8,482</b>	<b>2,358</b>	<b>-28.4%</b>
<b>Adj PAT</b>	<b>2,061</b>	<b>2,089</b>	<b>2,030</b>	<b>1,230</b>	<b>1,488</b>	<b>1,905</b>	<b>1,688</b>	<b>3,563</b>	<b>7,410</b>	<b>8,644</b>	<b>2,358</b>	<b>-28.4%</b>
YoY Change (%)	72.7	14.2	-10.6	-42.7	-27.8	-8.8	-16.8	189.7	-0.4	16.6	16.1	
Margins (%)	14.1	15.6	11.8	7.9	8.9	10.0	9.1	15.8	12.3	11.3	11.8	

BSE SENSEX

49,625

S&amp;P CNX

14,590

CMP: INR5,774

Buy

## Conference Call Details

Date: 22<sup>nd</sup> Jan 2021

Time: 3:00pm IST

Dial-in details:

+91 22 6280 1325

## Strong operating performance continues; EBITDA in line, but miss on PAT

- SRF reported a 3QFY21 revenue of INR21.5b (v/s our estimate of INR23.3b), up 16% YoY, with the Chemicals business growing 12% (to INR9.1b) and Packaging Film business growing 26% (to INR8b). The Technical Textiles business grew 9% YoY (to INR3.7b), whereas the others segment grew 7% (to INR738m).
- EBITDA margin expanded 430bp to 25.4% (v/s our estimate of 24.7%), driven by Technical Textiles, Packaging business and Chemicals. As a percentage of sales, raw material/employee/power/other expenses in 3QFY21 stood at 47.5%/7.4%/9.1%/10.7% v/s 50.4%/7.4%/9.8%/11.3% in 3QFY20.
- EBIT margin in Chemicals and Polymers business expanded 330bp YoY to 21%. The same in the Packaging Film/Technical Textiles business rose 310bp/760bp to 26.5%/18.5%.
- EBITDA increased 40% YoY to INR5.4b (v/s our estimate of INR5.8b).
- Adjusted PAT declined 9% YoY to INR3b (v/s our estimate of INR3.4b) on account of a higher tax rate (28.1% v/s a tax benefit last year). The same was offset by lower interest cost (-40% YoY) and higher other income (+290% YoY).
- The Board has approved a second interim dividend at INR19/share.

## Consolidated quarterly earning model

(INR m)

Y/E March	FY20				FY21				FY20 FY21		3QFY21 E	Variance (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	17,633	17,378	18,505	18,578	15,452	21,008	21,464	24,682	72,094	82,606	23,290	-8
YoY Change (%)	5.2	-1.0	2.3	-4.1	-12.4	20.9	16.0	32.9	0.5	14.6	25.9	
Total Expenditure	14,186	14,026	14,603	14,695	11,728	15,188	16,018	18,819	57,510	61,753	17,531	
EBITDA	3,447	3,352	3,902	3,884	3,723	5,821	5,446	5,863	14,584	20,854	5,759	-5
Margin (%)	19.5	19.3	21.1	20.9	24.1	27.7	25.4	23.8	20.2	25.2	24.7	
Depreciation	925	929	1,019	1,014	1,040	1,140	1,166	1,220	3,886	4,566	1,180	
Interest	515	550	475	466	432	362	285	220	2,007	1,298	230	
Other Income	152	220	56	63	101	98	217	90	491	505	80	
PBT before EO expense	2,159	2,093	2,463	2,467	2,353	4,417	4,212	4,513	9,182	15,495	4,429	
Extra-Ord. expense and DO	-289	-960	-103	355	89	101	-220	0	-997	-30	0	
PBT	2,448	3,053	2,566	2,112	2,264	4,316	4,432	4,513	10,179	15,525	4,429	
Tax	556	41	-864	255	493	1,164	1,185	1,083	-12	3,925	1,063	
Rate (%)	25.8	2.0	-35.1	10.3	21.0	26.4	28.1	24.0	-0.1	25.3	24.0	
Reported PAT	1,892	3,011	3,430	1,857	1,771	3,152	3,247	3,430	10,191	11,600	3,366	
Adjusted PAT	1,603	2,051	3,327	2,212	1,860	3,253	3,027	3,430	9,194	11,570	3,366	-10
YoY Change (%)	11.2	40.5	132.5	22.3	16.0	58.6	-9.0	55.1	49.7	25.8	1.2	
Margin (%)	9.1	11.8	18.0	11.9	12.0	15.5	14.1	13.9	12.8	14.0	14.5	



## Jindal Steel and Power

BSE SENSEX  
49,625S&P CNX  
14,590

## Conference Call Details

Date: 12<sup>th</sup> Jan 2021

Time: 12:00 IST

Dial-in details:

++91 (22) 6280 1527

## Financials &amp; Valuations (INR b)

Y/E MARCH	2020	2021E	2022E
Sales	370.0	367.4	377.6
EBITDA	78.5	127.8	108.2
Adj. PAT	-5.6	42.6	33.0
EBITDA Margin (%)	21.2	34.8	28.7
Cons. Adj. EPS (INR)	-5.5	41.7	32.3
EPS Gr. (%)	-267	-863	-22
BV/Sh. (INR)	315	289	322
<b>Ratios</b>			
Net D:E	1.2	0.8	0.6
RoE (%)	-1.7	13.8	10.6
RoCE (%)	4.8	13.1	11.1
Payout (%)	0.0	0.0	0.0
<b>Valuations</b>			
P/E (x)	-53	7	9
P/BV (x)	0.9	1.0	0.9
EV/EBITDA(x)	8.6	4.2	4.5
Div. Yield (%)	0.0	0.0	0.0

CMP: INR 301

Buy

## Strong beat in 3QFY21; net debt declines 11% QoQ

## Maintain Buy on strong margin outlook and deleveraging

JSPL reported strong 3QFY21 earnings, with consolidated revenue/adjusted EBITDA/Adj PAT at INR105b/INR45.8b/INR23.8b, up +17%/+63%/+188% QoQ and +5%/+30%/+85% above our estimate. The beat on our estimate is largely due to better than expected steel realization and higher consumption of free Sarda iron ore inventory. There was also a one-time other income of INR3.7b due to restructuring of debt at its Australian subsidiary. Consolidated net debt declined by INR32.9b QoQ to INR256b, implying that net debt-to-EBITDA declined to 2.35x (v/s 3.52x in Sep'20).

## Standalone (S/A): Higher realization and lower cost drives 42% QoQ EBITDA growth

- Revenue/EBITDA/PAT stood at INR87.4b/INR39.1b/INR24.0b rose +11%/+61%/+142% QoQ and was +2%/+29%/+72% above our estimate. It is also the highest ever EBITDA and PAT reported by JSPL.
- Steel sales (excluding pig iron) declined 3% QoQ to 1.78mt (+11% YoY) due to lower exports during 3QFY21. Domestic volumes rose 25% QoQ (+10% YoY) to 1.4mt, whereas exports declined 48% QoQ to 0.4mt. Pellet sales declined 45% QoQ to 0.4mt due to higher internal consumption.
- Derived steel realization improved by ~INR6,200 (14%) QoQ to INR49,029 (v/s our estimate of INR47,910). Unitary cost declined by 9% QoQ to INR27,100/t due to higher consumption of Sarda iron ore inventory. As a result, EBITDA/t rose 66% QoQ to INR21,929 (v/s our estimate of INR17,052).

## JPL: Higher power generation leads to 51% jump in EBITDA

- JPL reported an adjusted EBITDA of INR6.3b, +51% QoQ, due to 52% higher power sales. However, reported EBITDA was lower due to one-off provision of INR3.3b.
- PLF improved to 56% v/s 37% in 2QFY21, the highest in five years.
- Realization per unit declined 8% QoQ to INR3.70/kwh due to higher merchant sales. However, lower coal costs partly offset the decline in realization. As a result, EBITDA/unit was flat QoQ at INR1.7/unit.

## Consolidated quarterly performance

Y/E March	FY20				FY21			(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	3QFY21E	v/s est. (%)
<b>Net Sales</b>	99,456	89,395	92,998	88,107	74,645	89,839	1,05,335	1,00,250	5
Change (YoY %)	2.9	-10.4	-2.8	-13.3	-24.9	0.5	13.3	7.8	
<b>EBITDA</b>	21,731	16,415	18,195	22,198	20,819	28,104	45,794	35,172	30
Change (YoY %)	-4.5	-25.6	-12.4	20.3	-4.2	71.2	151.7	93.3	
Interest	11,090	10,301	10,024	10,078	9,240	7,981	7,283	7,638	-5
Depreciation	10,536	10,390	10,179	10,500	8,641	8,729	8,695	8,729	0
Other Income	8	8	0	246	31	224	3,652	0	
<b>PBT (before EO item)</b>	113	-4,266	-2,008	1,865	2,969	11,618	33,468	18,806	78
Extra-ordinary Income	0	0	0	1,838	1,203	171	-4,988	0	
<b>PBT (after EO item)</b>	113	-4,266	-2,008	3,704	4,171	11,789	28,480	18,806	51
Total Tax	987	-273	178	647	1,262	2,756	4,158	5,266	
<b>Reported PAT</b>	-874	-3,993	-2,186	3,056	2,909	9,033	24,322	13,540	80
<b>Adjusted PAT</b>	95	-3,005	-2,243	2,224	1,226	8,257	23,883	12,940	85
Change (YoY %)	-94.8	-440.7	767.6	198.0	1195.8	Na	Na	Na	
<b>Cash profit (pre-tax and MI)</b>	10,649	6,123	8,171	12,365	11,610	20,347	42,163	27,535	53

Note: FY20 consolidated financials include Oman operations, and hence are not comparable

BSE SENSEX 49,625  
S&P CNX 14,590

## Conference Call Details

Date: 22<sup>nd</sup> Jan 2021

Time: 09:00 IST

Dial-in details:

+91-22 6280 1165

## Financials &amp; Valuations (INR b)

Y/E Mar	2021E	2022E	2023E
Sales	97.7	111.5	125.0
EBIT Margin (%)	15.8	16.8	17.4
PAT	12.1	14.9	17.3
EPS (INR)	64.3	79.1	91.9
EPS Gr. (%)	1.8	23.0	16.3
BV/Sh. (INR)	345.3	385.2	431.6
<b>Ratios</b>			
RoE (%)	19.7	21.8	22.7
RoCE (%)	16.7	18.6	19.6
Payout (%)	50.4	50.4	50.4
<b>Valuations</b>			
P/E (x)	24.9	20.2	17.4
P/BV (x)	4.6	4.2	3.7
EV/EBITDA (x)	15.5	12.6	10.6
Div yld (%)	2.0	2.5	2.9

CMP: INR1,600

Buy

## Operationally in-line; Direct compensating for weakness in DXC

Mphasis' 3QFY21 USD revenue grew 5% YoY to USD334m, in line with estimates. EBIT grew 10% YoY to INR4048m (estimate of 8% growth) and PAT 11% YoY to INR3,255m (estimate of 8% growth).

## P&amp;L highlights

- MPHL's revenues grew 1.6% QoQ CC, in line with our estimates.
- The EBIT margin inched up 30bp QoQ to 16.4%, largely in line with our estimate of 16.2%.
- PAT expanded 8.8% QoQ to INR3.2b, a 2.3% beat on our estimates.

## Momentum in Direct dragged down by DXC

- While stellar growth in Direct (+5.3% QoQ CC; +19% YoY CC) was encouraging, the strong momentum was partially offset by 18.2% sequential decline (and 42.2% YoY decline) in the DXC business. DXC now contributes just 13% to overall revenues (compared with 23% a year ago).
- New-Gen Services revenues grew 11.4% YoY on a reported basis in 3Q.

## Other highlights

- MPHL won USD247m worth of deals in the Direct channel, 71% of which were in New-Gen Services. This takes the 9M TCV to USD867m (+64% YoY).
- Net OCF generated was INR3.1b in 3Q, adjusted for an INR792m payment for acquisitions.

**Valuation and view:** We would revisit our estimates post the earnings call. We await further clarity on the near-term outlook, DXC channel, and margins. Maintain **Neutral**.

## Quarterly Performance

Y/E March	FY20				FY21E				(INR m)		
	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20	FY20	FY21E	Est. Dec 20	Var. (% / bp)
Revenue (USD m)	297	305	318	320	305	327	334	1,240	1,310	333	0.1
QoQ (%)	1.8	2.6	4.4	0.6	-4.5	7.2	2.0	10.8	5.7	1.9	13bp
Revenue (INR m)	20,607	21,462	22,694	23,476	23,037	24,238	24,601	88,239	97,692	24,610	0.0
YoY (%)	13.1	10.2	13.3	14.7	11.8	12.9	8.4	12.8	10.7	8.4	-4bp
GPM (%)	30.2	30.4	30.4	31.3	28.9	30.3	31.0	30.6	30.1	30.9	10bp
SGA (%)	12.0	11.6	11.6	12.4	10.7	11.7	12.2	11.9	11.7	12.2	-1bp
EBITDA	3,747	4,057	4,269	4,434	4,178	4,524	4,654	16,524	17,899	4,602	1.1
EBITDA Margin (%)	18.2	18.8	18.8	18.9	18.3	18.6	18.8	18.7	18.3	18.7	11bp
EBIT	3,197	3,475	3,694	3,824	3,583	3,924	4,048	14,207	15,462	3,996	1.3
EBIT Margin (%)	15.5	16.1	16.2	16.3	15.7	16.1	16.4	16.1	15.8	16.2	12bp
Other income	342	134	172	319	182	114	218	967	800	246	-11.4
ETR (%)	25.1	24.1	24.0	14.9	27.0	25.9	23.7	21.8	25.7	25.0	-130bp
PAT	2,651	2,738	2,937	3,525	2,750	2,992	3,255	11,868	12,086	3,181	2.3
QoQ (%)	-0.4	3.3	7.3	20.0	-22.0	8.8	8.8			6.3	
YoY (%)	2.6	1.1	5.6	32.4	3.7	9.3	10.8	10.6	1.8	8.3	
EPS (INR)	14.1	14.6	15.6	18.8	14.6	15.9	17.2	63.1	64.3	16.9	1.7

**BSE SENSEX**  
49,625

**S&P CNX**  
14,590

## Conference Call Details


**Date:** 22<sup>nd</sup> Jan 2021

**Time:** 16:00 IST

**Dial-in details:**

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### Financials & Valuations (INR b)

Y/E Mar	2021E	2022E	2023E
Sales	4.0	5.4	7.0
EBIT Margin (%)	40.5	42.8	46.3
PAT	2.4	2.7	3.7
EPS (INR)	46.7	53.8	71.8
EPS Gr. (%)	0.5	15.2	33.5
BV/Sh. (INR)	255.4	282.7	319.2
<b>Ratios</b>			
RoE (%)	17.9	20.0	23.8
RoCE (%)	17.2	19.2	23.0
<b>Valuations</b>			
P/E (x)	36.0	31.3	23.4
P/BV (x)	6.6	5.9	5.3
EV/EBITDA (x)	40.8	28.1	19.4
Div yld (%)	1.8	1.8	1.8

**CMP: INR1680**
**Buy**

### Beat on operations; strong PAT beat led by MAT utilization

Revenue declined 16% YoY (est. 18% decline), EBIT grew 23% YoY (flattish expectations), and PAT grew 30% YoY (41% beat).

#### Beat on operations

- Revenue came in at INR1.0b (-16% YoY), a 3% beat to our est. of INR981m.
- The EBIT margin stood at 42.4%, ahead of our estimate of 35.8%, led by 1) higher revenues, 2) lower software expense, and 3) lower other expenses.
- PAT was INR717m in 3Q (+30% YoY), a 41% beat – owing to MAT tax credit of INR126m, leading to net inflow in tax of INR42m (est. INR152m outflow of tax).

#### Volumes driven by bullion

- Volumes for the quarter stood at INR21.4t (down 16% QoQ and up 4% YoY). They were dominated by Silver (+113% YoY) and Gold (+33% YoY), partially offset by 83% YoY decline in crude volumes.
- ADT in commodity futures stood at INR321b, implying an increase of 4% YoY.
- During 9MFY21, MCX's market share in the Commodity Futures space increased to 96.48% (v/s 93.37% in the corresponding period of FY20).

#### Key monitorables

- New initiatives on Institutional participation
- Outlook on crude volumes and margin requirements
- Update on potential changes in software vendors

**Valuation and view:** We would revisit our estimates post the earnings call. The outlook on growth momentum and cost structure would be keenly watched.

### MCX Quarterly Performance

	FY20				FY21E				(INR m)		Est. 3Q	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY20	FY21E		
<b>Sales</b>	<b>795</b>	<b>1,002</b>	<b>893</b>	<b>1,053</b>	<b>730</b>	<b>1,197</b>	<b>1,009</b>	<b>1,045</b>	3,742	3,981	981	2.9
Q-o-Q Gr. (%)	0.4	26.1	-10.9	17.9	-30.7	63.9	-15.7	3.5	24.7	6.4	-18.1	237bp
Staff Costs	188	195	178	213	178	202	195	225	773	800	212	(8.0)
Other expenses	330	334	323	433	287	338	327	408	1,420	1,360	370	(11.6)
Depreciation	40	42	43	56	48	52	59	49	182	208	48	23.4
<b>EBIT</b>	<b>237</b>	<b>430</b>	<b>349</b>	<b>351</b>	<b>217</b>	<b>605</b>	<b>428</b>	<b>363</b>	<b>1,367</b>	<b>1,612</b>	351	21.9
Margins (%)	29.8	43.0	39.1	33.4	29.7	50.5	42.4	34.7	36.5	40.5	35.8	662bp
Interest Costs	0	0	0	2	1	1	1	1	2	2	1	
Other Income	314	444	235	297	497	178	248	302	1,289	1,225	311	(20.3)
<b>PBT bef. Exceptional items</b>	<b>551</b>	<b>874</b>	<b>584</b>	<b>646</b>	<b>714</b>	<b>783</b>	<b>675</b>	<b>664</b>	<b>2,654</b>	<b>2,835</b>	<b>661</b>	<b>2.1</b>
Tax	114	154	31	-9	150	197	-42	153	289	458	152	(127.7)
Rate (%)	20.7	17.6	5.2	-1.4	21.1	25.2	-6.2	23.0	10.9	16.1	23.0	-2925bp
<b>PAT</b>	<b>437</b>	<b>720</b>	<b>553</b>	<b>655</b>	<b>563</b>	<b>586</b>	<b>717</b>	<b>511</b>	<b>2,366</b>	<b>2,377</b>	<b>509</b>	<b>40.9</b>
Q-o-Q Gr. (%)	-28.1	64.9	-23.2	18.5	-14.1	4.0	22.5	-28.7	61.8	0.5	-13.1	
<b>EPS (INR)</b>	<b>8.6</b>	<b>14.1</b>	<b>10.9</b>	<b>12.8</b>	<b>11.1</b>	<b>11.5</b>	<b>14.1</b>	<b>10.0</b>	<b>46.4</b>	<b>46.6</b>	<b>10.0</b>	<b>41.0</b>

# Westlife Development

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	WLDL IN
Equity Shares (m)	156
M.Cap.(INRb)/(USD\$)	71.6 / 1
52-Week Range (INR)	500 / 267
1, 6, 12 Rel. Per (%)	4/1/0
12M Avg Val (INR M)	136

## Financials & Valuations (INR b)

Y/E March	2021E	2022E	2023E
Sales	9.8	15.7	21.1
Sales Gr. (%)	-36.8	60.0	35.0
EBITDA	0.5	2.2	3.3
Margins (%)	5.2	14.3	15.7
Adj. PAT	-1.0	0.3	1.0
Adj. EPS (INR)	-6.3	1.6	6.1
EPS Gr. (%)	P/L	L/P	274.8
BV/Sh.(INR)	31.1	32.7	38.8

## Ratios

RoE (%)	-18.5	5.1	17.2
RoCE (%)	-4.3	14.2	23.8

## Valuation

P/E (x)	N/M	281.0	75.0
P/BV (x)	14.8	14.1	11.8
EV/EBITDA (x)	145.0	32.8	22.1

## Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	59.1	59.1	62.1
DII	20.4	19.4	9.3
FII	9.6	10.0	17.2
Others	10.9	11.5	11.3

FII Includes depository receipts

**CMP: INR460 TP: INR480 (+4%) Neutral**

## Encouraging recovery trends and margin outlook

- Westlife Development (WLDL) delivered in line sales growth as convenience channels drove the overall recovery, while dine-in witnessed a sequential improvement. With an upbeat consumer sentiment and 97% recovery to pre-COVID levels in Dec'20, the company is poised to deliver a positive sales growth from 4QFY21 on a soft base.
- Gross and EBITDA margin delivered a positive surprise in 3QFY21. As the RM outlook remains benign and cost savings on operating expenses are likely to be sustainable, margin are likely to improve further as sales revive.
- Valuations at 22x FY23E EV/EBITDA are at a discount of ~10% to JUBI and seem fair as WLDL's recovery has been delayed owing to a higher dependence on dine-in. Maintain **Neutral**.

## Sales in line, margin surprise positively

- In 3QFY21, WLDL posted a sales decline of 24.9% YoY to INR3.3b (in line).
- SSS decline was 24% YoY (v/s our estimate of a 20% decline).
- It closed 10 McDonald's stores and opened three new stores, taking the total store count to 304 stores at the end of 3QFY21. It added three McCafés taking the total count to 227.
- Gross margin fell 30bp YoY to 65.7%.
- Restaurant operating margin (ROM) came in at 15.4%, down 210bp YoY.
- EBITDA declined 38.3% YoY to INR437m (v/s our estimate of INR172m).
- EBITDA margin declined 290bp YoY to 13.5% (v/s our estimate of 5.2%).
- Adjusted PAT loss stood at INR41m (v/s our estimate of -INR318m).
- There was an exceptional gain of INR41.9m due to partial write back of provisions taken in 4QFY20.

## Highlights from the management commentary

- Compared to pre-COVID levels (Feb'20), overall recovery stood at 75-85% in Oct-Nov'20 and 97% in Dec'20, despite the night curfews and seating restrictions.
- Dine-in sales recovered to 70-75% of pre-COVID (Feb'20) levels in 3QFY21, with a MoM improvement. Recovery in the convenience channel stood at 120-125% of pre-COVID levels and at 106% YoY. Convenience channels are not cannibalizing dine-in sales.
- Most of the cost savings are sustainable in nature. Therefore, operating margin should improve as sales grow going forward.
- Around 25-30% of restaurants are expected to be shut or operating at sub-optimal levels due to COVID-19.

## Valuation and view

- With a MoM improvement and business back to 97% of pre-COVID levels in Dec'20, we expect WLDL to deliver positive sales growth and SSSG from 4QFY21 onwards, especially on a soft base.
- QSR players would continue to benefit as 25-30% of the restaurants continue to languish or have shut down due to the COVID-19 outbreak.

- The outlook on both gross and EBITDA margin is encouraging as there is no foreseeable RM inflation and most of the recent operating cost savings are sustainable in nature.
- While we like the structural opportunity for WLDL, valuations at 22.1x FY23E EV/EBITDA seem fair from a one-year perspective. This is because of the company's higher dependence on dine-in which has delayed the recovery compared to JUBI. Valuing the stock at 22x FY23E EV/EBITDA (~10% discount to JUBI), we arrive at our TP of INR480. Maintain Neutral.

### Consolidated quarterly earning model

Y/E March	FY20				FY21				(INR m)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY20	FY21	FY21 3QE	Variance (%)
SSSG (%)	6.7	7.0	9.2	(6.9)	(54.0)	(40.7)	(24.0)	5.1	4.0	(28.4)	(20.0)	
<b>Net sales</b>	<b>3,820</b>	<b>3,965</b>	<b>4,329</b>	<b>3,364</b>	<b>939</b>	<b>2,095</b>	<b>3,251</b>	<b>3,498</b>	<b>15,478</b>	<b>9,782</b>	<b>3,290</b>	<b>-1.2</b>
YoY change (%)	11.8	13.3	16.8	-0.9	-75.4	-47.2	-24.9	4.0	10.4	-36.8	-24.0	
<b>Gross profit</b>	<b>2,444</b>	<b>2,589</b>	<b>2,857</b>	<b>2,206</b>	<b>533</b>	<b>1,331</b>	<b>2,136</b>	<b>2,280</b>	<b>10,095</b>	<b>6,280</b>	<b>2,073</b>	
Margin (%)	64.0	65.3	66.0	65.6	56.8	63.5	65.7	65.2	65.2	64.2	63.0	
<b>EBITDA</b>	<b>489</b>	<b>580</b>	<b>709</b>	<b>363</b>	<b>-423</b>	<b>-13</b>	<b>437</b>	<b>506</b>	<b>2,140</b>	<b>508</b>	<b>172</b>	<b>153.7</b>
YoY change (%)	48.1	108.1	112.9	42.1	-186.5	-102.2	-38.3	39.3	78.8	-76.3	-75.7	
Margin (%)	12.8	14.6	16.4	10.8	-45.0	-0.6	13.5	14.5	13.8	5.2	5.2	
Depreciation	332	344	355	354	353	351	350	378	1,384	1,432	360	
Interest	203	200	202	203	215	217	210	238	808	880	210	
Other income	29	38	46	17	182	146	82	98	130	509	80	
<b>PBT</b>	<b>-17</b>	<b>74</b>	<b>198</b>	<b>-177</b>	<b>-809</b>	<b>-435</b>	<b>-40</b>	<b>-12</b>	<b>79</b>	<b>-1,296</b>	<b>-318</b>	<b>-</b>
Tax	-5	27	54	-91	-203	-109	0	-3	-14	-315	0	
Rate (%)	31.9	36.9	27.4	51.2	25.1	25.1	-0.9	25.2	-18.1	24.3	0.0	
<b>Adjusted PAT</b>	<b>-11</b>	<b>47</b>	<b>144</b>	<b>-86</b>	<b>-605</b>	<b>-325</b>	<b>-41</b>	<b>-9</b>	<b>93</b>	<b>-980</b>	<b>-318</b>	<b>-</b>
YoY change (%)	-112.5	-40.6	107.7	-774.7	P/L	P/L	P/L	-89.7	-63.0	-1,156.2	-321.0	
Margin (%)	-0.3	1.2	3.3	-2.6	-64.5	-15.5	-1.3	-0.3	0.6	-10.0	-9.7	

E: MOFSL estimates

### Key performance indicators

Y/E March	FY20				FY21		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Average growth (%) for the last two years</b>							
SSSG	15.4	16.4	11.9	(0.7)	(23.7)	(16.9)	(7.4)
Sales	21.0	22.8	19.1	5.6	(31.8)	(17.0)	(4.1)
<b>% of sales</b>							
COGS	36.0	34.7	34.0	34.4	43.2	36.5	34.3
Operating expenses	51.2	50.7	49.6	54.8	101.8	64.1	52.2
Depreciation	8.7	8.7	8.2	10.5	37.6	16.8	10.8
<b>YoY change (%)</b>							
COGS	11.1	8.1	8.9	-6.5	-70.5	-44.5	-24.3
Operating expenses	5.8	3.1	6.2	-3.0	-51.1	-33.1	-20.9
Other income	-18.1	-10.4	131.9	-21.3	524.4	282.9	78.4
EBIT	9.3	189.7	174.0	-79.6	-593.2	-254.1	-75.3



**BSE SENSEX** 49,625  
**S&P CNX** 14,590

## Conference Call Details



**Date:** 22<sup>nd</sup> January 2021

**Time:** 14.30 IST

**Dial-in details:**

**+91 22 6280 1145**

### Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E
Net Sales	2,570	2,950	3,484
EBITDA	2,045	2,338	2,827
NP	1,779	1,905	2,298
EPS (INR)	6.0	6.4	7.7
EPS Gr. (%)	7.8	7.1	20.6
BV/Sh. (INR)	13.1	15.0	17.3
RoE (%)	46.8	45.5	47.7
RoCE (%)	44.3	43.2	45.4
Payout (%)	41.9	70.0	70.0
Div. Yield	1.9	1.9	2.2

**CMP: INR 241**

**Buy**

## Standalone EBITDA up 51% YoY on strong electricity volumes

- IEX's standalone EBITDA grew 51% YoY to INR721m (in line with our estimate) on robust electricity volumes.
- The latter (DAM+TAM+RTM) increased 62% YoY to 20.18BU. However, lack of trading by REC held back a similar growth in revenue.
- Standalone revenue was up 42% YoY at INR850m (in line with our estimate).
- Standalone PAT was up 42% YoY at INR601m (8% above our estimate on higher than expected other income).
- At the consolidated level (including gas exchange), EBITDA was up 48% YoY, while PAT increased 39% YoY to INR581m.

### Standalone quarterly performance

Y/E March	FY20								FY21				FY20		FY21E		3QFY21E	v/s est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE										
<b>Net Sales</b>	<b>606</b>	<b>675</b>	<b>597</b>	<b>693</b>	<b>663</b>	<b>708</b>	<b>850</b>	<b>729</b>	<b>2,570</b>	<b>2,950</b>	<b>863</b>	<b>-1</b>						
YoY Change (%)	-9.6	0.9	-6.5	22.8	9.5	4.9	42.4	5.1	1.2	14.8	44.6							
Total Expenditure	112	142	120	152	174	132	129	177	526	612	156	-17						
<b>EBITDA</b>	<b>494</b>	<b>533</b>	<b>477</b>	<b>542</b>	<b>489</b>	<b>575</b>	<b>721</b>	<b>552</b>	<b>2,045</b>	<b>2,338</b>	<b>707</b>	<b>2</b>						
Margin (%)	81.6	79.0	79.9	78.1	73.8	81.3	84.8	75.7	79.6	79.3	81.9							
Depreciation	33	33	41	45	44	41	40	42	152	167	41	-3						
Interest	5	5	0	5	5	5	5	-5	16	11	0							
Other Income	91	113	97	100	142	86	107	44	401	379	75	42						
<b>PBT before EO expense</b>	<b>547</b>	<b>607</b>	<b>533</b>	<b>591</b>	<b>582</b>	<b>616</b>	<b>783</b>	<b>559</b>	<b>2,278</b>	<b>2,539</b>	<b>741</b>	<b>6</b>						
Extra-Ordinary expense	0	0	0	0	0	0	0	0	0	0	0							
<b>PBT</b>	<b>547</b>	<b>607</b>	<b>533</b>	<b>591</b>	<b>582</b>	<b>616</b>	<b>783</b>	<b>559</b>	<b>2,278</b>	<b>2,539</b>	<b>741</b>	<b>6</b>						
Tax	151	118	110	119	153	149	182	151	499	635	185							
Rate (%)	27.6	19.5	20.6	20.2	26.3	24.1	23.3	27.0	21.9	25.0	25.0							
<b>Reported PAT</b>	<b>396</b>	<b>488</b>	<b>423</b>	<b>472</b>	<b>429</b>	<b>467</b>	<b>601</b>	<b>408</b>	<b>1,779</b>	<b>1,905</b>	<b>556</b>	<b>8</b>						
<b>Adjusted PAT</b>	<b>396</b>	<b>488</b>	<b>423</b>	<b>472</b>	<b>429</b>	<b>467</b>	<b>601</b>	<b>408</b>	<b>1,779</b>	<b>1,905</b>	<b>556</b>	<b>8</b>						
YoY Change (%)	-5.5	14.4	-0.7	24.7	8.3	-4.4	42.0	-13.6	7.8	7.0	31.4							

Estimate change	↑
TP change	↑
Rating change	↑

Bloomberg	CYL IN
Equity Shares (m)	113
M.Cap.(INRb)/(USD\$)	55.8 / 0.8
52-Week Range (INR)	563 / 184
1, 6, 12 Rel. Per (%)	-6/38/-10
12M Avg Val (INR M)	241

## Financials & Valuations (INR b)

Y/E Mar	2021E	2022E	2023E
Sales	41.6	47.7	52.8
EBIT Margin (%)	9.9	12.2	11.9
PAT	3.7	4.8	5.2
EPS (INR)	33.2	43.7	47.3
EPS Gr. (%)	-1.5	31.5	8.3
BV/Sh. (INR)	256.7	287.3	320.4

## Ratios

RoE (%)	13.6	16.1	15.6
RoCE (%)	9.8	12.7	12.3
Payout (%)	28	30	30

## Valuations

P/E (x)	15.3	11.6	10.7
P/BV (x)	2	1.8	1.6
EV/EBITDA (x)	7.4	5.1	4.2
Div Yield (%)	1.8	2.6	2.8

## Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	23.3	22.9	22.7
DII	23.7	22.1	20.1
FII	33.0	42.2	45.6
Others	20.0	12.9	11.5

FII Includes depository receipts

**CMP: INR507 TP: INR 660 (+30%) Upgrade to Buy**

## Re-rating likely on better margin profile and lack of A&D drag Inexpensive valuation – Upgrade to Buy

- CYL's 3QFY21 revenue growth at 4.7% QoQ in USD terms (v/s our estimate of 3%) was led by a 24.8% increase in DLM and 1% (flat organically) increase in the Services business. The management expects growth in 4QFY21 to touch 4QFY20 levels, along with a QoQ margin improvement. It feels its troubled Aerospace & Defense vertical has bottomed out.
- More surprising was the margin performance, as EBIT margin increased 20bp to 11.2%, despite a 190bp impact from wage hike and furloughs. This was led by 600bp sequential improvement in DLM margin (fresh high) to 10.6%, driven by a better revenue mix. The EBIT margin for Services stood at 11.3%, a sequential decline of 90bp.
- CYL's 3Q growth and 4QFY21 guidance (5% QoQ growth) implies a return to double-digit growth in FY22 (we estimate 14.5% YoY) although on a low base. A bottoming out of the Aerospace business (20% of revenue) should remove a big growth drag. A sales strategy rejig and new incentives (2m shares as ESOPs for senior employees) boosts our confidence on a recovery in revenue growth.
- We were surprised by the massive increase in DLM margin (up 2.2x QoQ), which the management expects to sustain on account of project mix and supply chain optimization. A double-digit margin profile in a segment contributing 20% to revenue would be welcomed by investors and help move the FY22E consolidated EBIT margin to 12.2% (+230bp YoY).
- We see increasing spends in the ER&D industry and CYL's strategy to digest these spends as support in the near to medium term.
- Supported by a better-than-expected revenue and margin outlook, we upgrade our FY21E/FY22E/FY23E EPS estimate by 4.5%/14.2%/6.5%. We also upgrade our rating to **Buy** on attractive valuation, giving a target multiple of 14x to FY23E EPS (~10% premium to its five-year median multiple), taking our TP to INR660/share, implying an upside of 30%.

## Surprises with a sharp margin recovery

- Revenue grew 4.7% QoQ in USD terms v/s our estimate of 3% growth. In CC terms, revenue grew 4.1% QoQ, but declined 10.4% YoY.
- Services revenue increased 1% QoQ to USD115.3m (0.3% in CC). IGP contributed 1.2% to growth in Services revenue. Organically, Services remained flat.
- DLM revenue grew 24.8% QoQ and 72.4% YoY to USD26m.
- CYL won a five multi-year deals with a TCV of USD106m.
- In the Services business, growth was driven by Communications (+5.2% QoQ) and Energy and Utilities (+13.9% QoQ). All other verticals saw a decline. Aerospace and Defense fell the most at -5.7% QoQ (-35% YoY).
- Consolidated EBIT margin stood at 11.2%, up 20bp QoQ and 150bp YoY. This was despite a 100bp/90bp impact from the wage hike/furloughs.

- Increase in margin was led by 600bp sequential improvement in DLM margin, which stood at 10.6%, driven by a better revenue mix. The EBIT margin for Services stood at 11.3%, a QoQ decline of 90bp.
- PAT rose 13.7% QoQ to INR954m, 7% beat to our estimate of INR892m.
- FCF-to-EBITDA conversion in 3QFY21 stood at 85.8%. In FY21 YTD, FCF is highest ever at INR5.7b, up by 119% YoY.

#### Key highlights from the management commentary

- The DLM business witnessed strong growth during 3QFY21. Some seasonality is expected going forward, but CYL is trying to increase annuity-based revenue to enable better productivity in the business.
- Aerospace and Defense is still lagging. However, traction has picked up in the sector and spends should start coming in now.
- The management continues to see momentum in Communications. It stated that Transportation was soft due to end of a project and expects some pain in the vertical over the next few quarters.
- CYL raised wages for two-third of its associates. This had a 100bp impact on margin. The latter was also impacted by 90bp due to furloughs during 3QFY21.
- The management guided that FY21 will see a double-digit decline (close to 10%). This is taking into account the recovery in 4QFY21 and sequential growth in the services business, except Aerospace and Defense.
- Margin in FY21 is expected to be better than FY20 (50-100bp) and 4Q would see a 100-200bp improvement in margin.
- The company introduced a new ESOP scheme to align the interests of shareholders and employees.
- A trust has been created which would acquire two million shares. The management stated that there would be no dilution. The employees would be granted shares at face value and vesting would happen based on their performance and only when the employee/company achieves certain targets.

#### Valuation and view – Upgrade to Buy

- Given the COVID-19 situation, ER&D activity in key verticals (e.g., Aerospace & Defense, Transportation, and Semiconductors) witnessed a material slowdown in the past nine months.
- However, spends in verticals like Communication and Energy and Utilities have started picking up, while stressed verticals are on the verge of bottoming out.
- We expect a rebound in ER&D spending. The management's strategy to leverage these spends, led by a refreshed GTM strategy and increased focus on large deal wins, should dwell well with its growth performance. We expect CYL to deliver 12% revenue CAGR over FY21-23E.
- This, along with the sustainability of higher margin in the DLM business, should lead to a 23.4% EBIT CAGR over FY21-23E.
- Supported by a better-than-expected revenue and margin outlook, we upgrade our FY21E/FY22E/FY23E EPS estimate by 4.5%/14.2%/6.5%. Our target price of INR660/share is based on 14x FY23E EPS (10% premium to its five-year median multiple), implying an upside of 30%. Upgrade to Buy.

## Quarterly performance

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E	Est.	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QFY21	(% / bp)
Revenue (USD m)	157	164	155	149	131	135	141	149	625	556	139	1.7
QoQ (%)	-5.2	4.9	-5.5	-3.9	-12.5	3.4	4.7	5.4	-5.3	-11.1	3.0	174bp
Revenue (INR m)	10,890	11,589	11,060	10,736	9,917	10,033	10,443	11,174	44,275	41,567	10,262	1.8
YoY (%)	0.8	-2.4	-6.9	-7.7	-8.9	-13.4	-5.6	4.1	-4.1	-6.1	-7.2	164bp
GPM (%)	34.4	34.4	36.0	33.5	30.5	35.7	34.6	35.7	34.6	34.2	34.5	14bp
SGA (%)	21.2	20.6	22.1	20.6	20.5	19.9	18.8	19.3	21.1	19.6	21.1	-226bp
EBITDA	1,445	1,599	1,533	1,382	995	1,589	1,650	1,832	5,959	6,066	1,375	20.0
EBITDA margin (%)	13.3	13.8	13.9	12.9	10.0	15.8	15.8	16.4	13.5	14.6	13.4	240bp
EBIT	1,003	1,111	1,063	904	511	1,105	1,165	1,318	4,081	4,099	965	20.8
EBIT margin (%)	9.2	9.6	9.6	8.4	5.2	11.0	11.2	11.8	9.2	9.9	9.4	176bp
Other income	149	144	369	72	575	-14	83	56	734	700	195	-57.4
ETR (%)	22.0	22.4	23.3	21.3	25.0	23.1	23.6	23.5	22.3	23.8	23.1	
PAT	904	986	1,083	753	814	839	954	1,051	3,726	3,659	892	7.0
QoQ (%)	-52.0	9.1	9.8	-30.5	8.1	3.1	13.7	10.2			6.3	742bp
YoY (%)	9.6	-22.5	17.6	-60.0	-9.9	-14.9	-11.9	39.6	12.7	-1.8	-17.6	574bp
EPS (INR)	8.2	8.9	9.8	6.8	7.4	7.6	8.7	9.6	33.8	33.2	8.1	7.3

E: MOFSL estimates

## Key performance indicators

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Margin (%)</b>										
Gross margin	34.4	34.4	36.0	33.5	30.5	35.7	34.6	35.7	34.6	34.2
EBIT margin	9.2	9.6	9.6	8.4	5.2	11.0	11.2	11.8	9.2	9.9
Net margin	8.3	8.5	9.8	7.0	8.2	8.4	9.1	9.4	8.4	8.8
<b>Operating metrics</b>										
Headcount	15,043	14,869	14,472	13,859	12,820	12,267	12,187		13,859	
Attrition (%)	17.4	18	19.7	18.9	13.6	9.2	13.2		18.9	
<b>Key verticals (YoY)</b>										
Aero and defense	-1%	-4%	-4%	-7%	-22%	-35%	-15%		-5%	
Transportation	2%	6%	-10%	-15%	-24%	-10%	4%		-4%	
Communications	-13%	-13%	1%	1%	0%	6%	-1%		-8%	
<b>Key geographies (YoY)</b>										
North America	3%	3%	-4%	-7%	-21%	-26%	-21%		0%	
Europe	-1%	-4%	3%	-6%	-29%	-10%	-8%		5%	

E: MOFSL estimates

BSE SENSEX  
49,625S&P CNX  
14,590

## Conference Call Details

Date: 22<sup>nd</sup> Jan 2021

Time: 10:00 IST

Dial-in details:

+91-22 6280 1144

## Financials &amp; Valuations (INR b)

Y/E Mar	2021E	2022E	2023E
Sales	39.8	43.9	48.0
EBIT Margin (%)	12.9	13.8	13.8
PAT	3.5	4.2	4.6
EPS (INR)	15.2	18.3	20.0
EPS Gr. (%)	29.9	20.3	9.7
BV/Sh. (INR)	105.2	119.6	135.5
<b>Ratios</b>			
RoE (%)	15.4	16.5	16.0
RoCE (%)	5.5	6.0	6.2
Payout (%)	20.3	20.3	20.3
<b>Valuations</b>			
P/E (x)	15.8	13.1	12.0
P/BV (x)	2.3	2.0	1.8
EV/EBITDA (x)	6.7	5.4	4.4
Div yld (%)	1.3	1.5	1.7

CMP: INR235

Neutral

## Mixed 3Q; sharper revenue decline, but margin beat

Zensar (ZENT) reported revenue (USD) / EBIT growth of -11%/441% YoY v/s our estimates of -8%/415%. For 9MFY21, the company reported revenue (USD) / EBIT / PAT growth of -13%/56%/35%.

## Higher-than-expected revenue decline

- ZENT's revenue de-growth of 3.7% in CC was weaker than our expectation of 0.7% QoQ CC decline.
- Excluding the impact of decline in Hi-Tech (due to a top account), CC growth would have been 0.9% QoQ.
- Insurance (-8.7% QoQ) and Hi-Tech (-10.6% QoQ) declined, while Consumer grew 6.2% QoQ and Manufacturing was flat.
- Digital now constitutes 65% of total revenue.

## Beat on margins

- EBITDA margins were up 120bp QoQ to 20.6%. EBIT margins expanded 110bps to 15.9%.
- The expansion was seen despite lower utilization (-320bps QoQ) and on the back of a better offshore mix (+300bps QoQ) and sales cost optimization.

## Other highlights

- Deal TCV for the quarter stood at USD200m+ (+18% YoY).
- Zensar is now a zero-debt company with the highest ever net cash position of USD160.2m.
- DSO for 3Q is 73 days, reflecting an improvement of 20 days on a YoY basis.
- Zensar's reporting numbers now exclude the recently sold MVS business.

**Valuation and view:** We would wait for the earnings call tomorrow for the outlook and revisit our estimates accordingly. Based on current estimates, the stock trades at 12x FY23E EPS. Maintain **Neutral**.

## Quarterly Performance

Y/E March	FY20				FY21E			FY20	FY21E	(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q			Est. 3QFY21	Var. (% / bp)
Revenue (USD m)	147	146	138	135	125	126	123	566	532	126	-2.8
QoQ (%)	-0.9	-0.9	-5.5	-2.2	-7.2	0.5	-2.4	1.6	-9.8		
Revenue (INR m)	10,244	10,277	9,819	9,763	9,485	9,364	9,065	40,102	39,769	9,328	-2.8
YoY (%)	16.0	8.6	-3.9	-6.8	-7.4	-8.9	-7.7	2.9	-4.8		
GPM (%)	29.8	29.3	23.9	30.0	29.6	34.8	34.6	28.3	32.3		
SGA (%)	15.2	15.4	17.1	15.4	14.6	15.4	14.1	15.7	15.0		
EBITDA	1,500	1,435	672	1,429	1,418	1,818	1,863	5,037	6,872		
EBITDA Margin (%)	14.6	14.0	6.8	14.6	14.9	19.4	20.6	12.6	17.3		
EBIT	1,127	1,056	266	1,020	979	1,390	1,442	3,470	5,113	1,371	5.1
EBIT Margin (%)	11.0	10.3	2.7	10.5	10.3	14.8	15.9	8.7	12.9	14.7	121bp
Other income	-20	41	269	-11	28	-171	-82	279	-284		
ETR (%)	28.4	28.5	25.5	27.3	26.2	26.5	26.5	27.7	26.7		
Adj. PAT	780	757	383	709	727	878	987	2,629	3,476		
QoQ (%)	-10.2	-3.0	-49.4	85.4	2.6	20.7	12.3				
YoY (%)	-6.6	-20.5	-34.8	-18.4	-6.8	16.1	157.9	-18.9	29.7		
EPS (INR)	3.3	3.5	1.7	3.0	3.2	3.9	4.3	11.7	15.2		



## AAVAS Financiers

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
49,625	14,590

Bloomberg	AAVAS IN
Equity Shares (m)	78
M.Cap.(INRb)/(USD\$)	151.3 / 2.1
52-Week Range (INR)	2113 / 846
1, 6, 12 Rel. Per (%)	6/18/-21
12M Avg Val (INR M)	208

## Financials &amp; Valuations (INR b)

INR b	2020	2021E	2022E
NII	4.3	5.1	5.9
PPP	3.2	3.5	4.4
PAT	2.5	2.4	3.2
EPS (INR)	31.8	30.0	40.9
EPS Gr. (%)	41.2	-5.6	36.1
BV/Sh. (INR)	268	298	339

## Ratios (%)

NIM	7.9	7.5	7.3
C/I ratio	42.0	42.5	40.6
Credit cost	0.28	0.69	0.37
RoA	3.8	2.8	3.3
RoE	12.7	10.6	12.8
Payout (%)	0.0	0.0	0.0

## Valuation

P/E (x)	60.7	64.3	47.2
P/BV (x)	7.2	6.5	5.7
Div. Yield (%)	0.0	0.0	0.0

## Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	50.2	50.2	58.2
DII	9.4	12.4	14.3
FII	31.0	28.0	18.8
Others	9.4	9.5	8.8

FII Includes depository receipts

CMP: INR1,930

Neutral

## Strong operating performance; provisions adequate

- Aavas Financiers (AAVAS) reported a strong 3QFY21, with 26% YoY growth in PAT at INR856m. In 9MFY21, despite the tough environment, the company delivered 7% YoY growth in PAT at INR2b.
- The quarter gone by was characterized by stable disbursements on a YoY basis, an improvement in margin, and marginally higher GS3 ratio.

## Disbursements stable YoY; securitization resumes

- **Disbursements increased 2% YoY to INR7.6b, resulting in 5% QoQ/23% YoY growth in AUM to INR88b.** AUM mix was largely stable in terms of Home loans/LAP. The share of 'salaried' customers jumped 400bp QoQ to 39.3% as the management reclassified their occupation based on the primary family earner rather than the borrower.
- After three muted quarters, AAVAS restarted its securitization programme in full force. **The company sold down INR2.4b worth of loans in 3QFY21 (v/s INR2.5b in the preceding three quarters combined) and recorded upfront income of INR405m. The ratio of upfront assignment income to loans sold down was much higher at 17% v/s the run-rate of 10-12%.**

## 1dpd ratio rises; GS3 impact minimal

- The GS3 ratio increased ~50bp QoQ to 1% (excluding the impact of the SC dispensation on term loan EMI payments). However, the 1dpd ratio rose 200bp QoQ to 8%. This implies that collections from unique customers were lower in Dec'20 v/s Sep'20. We await management clarity on the same.
- The company took additional INR43m COVID-19 provisions taking the total COVID provision buffer to INR190m. PCR on standard assets improved 5bp QoQ to 41bp, while that on Stage 3 loans declined ~400bp to 28.5%.

## Spreads expand 50bp QoQ; BS liquidity improves by 28%

- The calculated yield on loans improved 20bp to 15.1%, while the cost of funds declined 30bp QoQ to 7.5%. Note that the calculated loan yield factors in interest income from the elevated BS liquidity too. **AAVAS continues to maintain elevated liquidity on the BS (28% of borrowings).**
- Opex was up only 5-6% QoQ and YoY to INR665m.

## Valuation and view

Being a niche product, only a few companies have been able to scale up in the low-ticket Affordable Housing Finance. We believe AAVAS has built a sustainable business model to scale up profitably across geographies over the long term. Its technology adoption and relentless focus on asset quality has made it stand out v/s peers. This is evident in the healthy asset quality performance in 3QFY21 (the first complete quarter post lifting of the moratorium on EMI term loan payments). As disbursements have resumed to YoY levels, we expect AUM growth to pick-up from here on. Margin could improve in FY22, with a decline in the cost of funds and lower BS liquidity. We look to revise our estimates and TP post the analyst concall on 22 Jan'21.

# Quarterly performance

INR m

Y/E March	FY20				FY21			FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Interest Income	1,816	1,881	2,020	2,148	2,286	2,430	2,577	7,864
Interest Expenses	804	833	949	974	1,118	1,144	1,169	3,561
<b>Net Income</b>	<b>1,012</b>	<b>1,047</b>	<b>1,070</b>	<b>1,174</b>	<b>1,168</b>	<b>1,287</b>	<b>1,408</b>	<b>4,304</b>
YoY Growth (%)	37	38	16	23	15	23	32	27
Other income	159	432	374	202	49	274	523	1,167
<b>Total Income</b>	<b>1,171</b>	<b>1,479</b>	<b>1,444</b>	<b>1,376</b>	<b>1,218</b>	<b>1,560</b>	<b>1,932</b>	<b>5,470</b>
YoY Growth (%)	32	45	9	4	4	6	34	20
Operating Expenses	495	524	627	650	526	634	665	2,296
YoY Growth (%)	13	19	29	23	6	21	6	21
<b>Operating Profit</b>	<b>676</b>	<b>955</b>	<b>817</b>	<b>726</b>	<b>692</b>	<b>927</b>	<b>1,267</b>	<b>3,174</b>
YoY Growth (%)	50	65	-2	-9	2	-3	55	19.1
Provisions	32	45	13	63	60	81	162	153
<b>Profit before Tax</b>	<b>643</b>	<b>910</b>	<b>804</b>	<b>664</b>	<b>632</b>	<b>846</b>	<b>1,105</b>	<b>3,020</b>
Tax Provisions	190	150	125	64	131	184	249	529
<b>Profit after tax</b>	<b>453</b>	<b>760</b>	<b>679</b>	<b>599</b>	<b>501</b>	<b>662</b>	<b>856</b>	<b>2,491</b>
YoY Growth (%)	51	115	21	10	11	-13	26	
<b>Key parameters (%)</b>								
Yield on loans	13.9	13.8	13.7	13.6	13.6	13.5	13.4	13.5
Cost of funds	8.8	8.8	8.7	8.4	8.1	7.9	7.7	7.9
Spread	5.1	5.0	5.1	5.2	5.5	5.6	5.7	5.6
NIM - YTD	8.1	8.7	8.7	8.2	6.2	6.8	7.4	7.9
Credit cost	0.2	0.3	0.1	0.3	0.3	0.4	0.8	0.3
Cost-to-income Ratio	42.3	35.5	43.4	47.2	43.2	40.6	34.4	42.0
Tax Rate	29.6	16.4	15.5	9.7	20.8	21.8	22.5	17.5
<b>Balance Sheet parameters</b>								
<b>AUM (INR B)</b>	<b>63.6</b>	<b>67.5</b>	<b>72.0</b>	<b>78.0</b>	<b>79.4</b>	<b>83.7</b>	<b>88.2</b>	<b>78.0</b>
Change YoY (%)	46.0	41.9	36.2	31.2	24.7	23.9	22.6	31.2
<b>AUM mix (%)</b>								
Home loans	75.0	74.6	73.9	73.5	73.4	73.5	73.4	73.5
Mortgage loans	25.0	25.4	26.1	26.5	26.6	26.5	26.6	26.5
<b>Loans (INR B)</b>	<b>51.1</b>	<b>53.1</b>	<b>56.2</b>	<b>61.8</b>	<b>63.6</b>	<b>66.9</b>	<b>69.7</b>	<b>61.8</b>
% of AUM	80.4	78.7	78.2	79.3	80.1	79.9	79.0	30.8
<b>Disbursements (INR B)</b>	<b>6.7</b>	<b>6.4</b>	<b>7.5</b>	<b>8.6</b>	<b>2.1</b>	<b>6.7</b>	<b>7.6</b>	<b>29.3</b>
Change YoY (%)	22.7	18.9	6.0	-1.2	-68.3	3.5	1.5	9.7
<b>Borrowings (INR B)</b>	<b>37.6</b>	<b>42.2</b>	<b>45.6</b>	<b>53.5</b>	<b>56.8</b>	<b>60.3</b>	<b>64.8</b>	<b>53.5</b>
Change YoY (%)		38.2	44.6	46.5		42.9	42.2	46.5
Borrowings/Loans (%)	73.6	79.4	81.0	86.6	89.3	90.1	93.0	86.6
Debt/Equity (x)	2.0	2.1	2.2	2.6	2.6	2.7	2.8	2.6
<b>Asset quality (%)</b>								
<b>GS 3 (INR M)</b>	<b>299.4</b>	<b>328.2</b>	<b>323.4</b>	<b>284.1</b>	<b>294.8</b>	<b>312.7</b>	<b>704.6</b>	
G3	0.6	0.6	0.6	0.5	0.5	0.5	1.0	
<b>NS 3 (INR M)</b>	<b>244.2</b>	<b>260.8</b>	<b>256.9</b>	<b>210.2</b>	<b>205.4</b>	<b>211.5</b>	<b>503.8</b>	
NS3	0.5	0.5	0.5	0.3	0.3	0.3	0.7	
<b>PCR</b>	<b>18.4</b>	<b>20.5</b>	<b>20.6</b>	<b>26.0</b>	<b>30.3</b>	<b>32.4</b>	<b>28.5</b>	
ECL	0.3	0.3	0.3	0.3	0.4	0.5	0.7	
<b>Return ratios - YTD (%)</b>								
RoA (Reported)	3.2	4.0	4.1	3.8	2.6	2.9	3.2	
RoE (Reported)	9.7	12.8	13.0	12.7	9.4	10.8	12.2	

E: MOFSL estimates



# Zee Entertainment

BSE SENSEX 49,625 S&P CNX 14,590



## Stock Info

Bloomberg	Z IN
Equity Shares (m)	961
M.Cap.(INRb)/(USDb)	216.1 / 3
52-Week Range (INR)	304 / 114
1, 6, 12 Rel. Per (%)	-3/16/-41
12M Avg Val (INR M)	5091
Free float (%)	96.0

## Financials Snapshot (INR b)

Y/E March	FY21E	FY22E	FY23E
Sales	70.6	86.5	96.4
EBITDA	14.4	23.0	26.0
Adj. PAT	9.0	15.5	17.6
EBITDA Margin (%)	20.4	26.6	27.0
Cons.Adj. EPS (INR)	7.4	16.1	18.3
EPS Gr. (%)	35.7	117.0	13.7
BV/Sh. (INR)	101.1	113.7	128.4

## Ratios

Net D:E	0.0	0.0	0.0
RoE (%)	9.5	15.0	15.2
RoCE (%)	9.1	14.9	15.1
Payout (%)	48.4	22.3	19.6

## Valuations

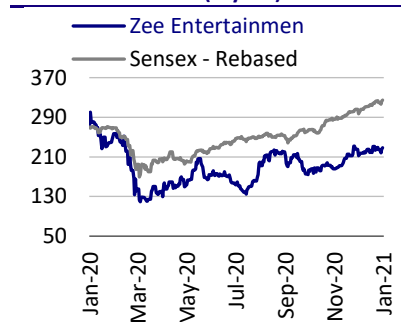
P/E (x)	30.3	13.9	12.3
P/BV (x)	2.2	2.0	1.8
EV/EBITDA (x)	14.8	9.3	8.2
Div. Yield (%)	1.3	1.3	1.3

## Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	4.0	4.0	4.9
DII	12.2	11.3	12.0
FII	65.8	66.2	67.4
Others	18.1	18.5	15.8

FII Includes depository receipts

## Stock Performance (1-year)



CMP: INR225 TP: INR250 (+11%)

Neutral

## Coping with the new normal

- Zee Entertainment (Z) may be set to achieve pre-COVID scale in 4QFY21, led by recovery in ad spends, coupled with improved market share. Thereafter, revenue growth should normalize to 11–12%.
- Zee's OTT – Zee5 is in fierce competition with the big players and requires substantial investment (~10 percentage point operating margin dilution), dragging down profitability.
- The EBITDA margin may be pressured – as inventory for the past three years and working capital investment are expensed – as the company is investing heavily in content.
- While tapering investments in inventory should drive positive FCF, repeated one-offs/provisioning pose a risk to the balance sheet.
- The stock has seen good returns in the recent past. Going forward, earnings recovery in the near term should support the stock. However, for multiple re-ratings, an improving margin outlook and balance sheet stability would prove key. Maintain Neutral.

## Recovery in viewership share bodes well for Z

The TV Ad market has witnessed healthy broad-based recovery with consistent MoM improvement in ad spends to near pre-COVID levels. Simultaneously, Zee's viewership share has also seen steady improvement across Hindi and regional channels and is gaining strength in south India channels. The benefits of a weekly increase in the number of hours of original content on Hindi GEC primetime further reflects improved viewership share. Additional growth in original content planned, along with new non-fiction and selected replacements of content, should aid in recovering further ground. We expect ad revenue to grow 5% for 2HFY21 as well as in 4QFY21. We factor in FY22 ad revenues at an FY20 base of INR44.4b.

## Focus on OTT remains high; profitability may be elongated

Zee5's original content investment spree has continued over the last three years – it has built a strong library by adding ~20 original shows every quarter consistently over the last 2–3 years. However, usage and monetization are yet to catch up as consumption shifts from telcos to own platforms. Compared with other OTT platforms, Z is still far behind in terms of usage. Given the low usage, revenue continues to be largely contributed by subscriptions – as contribution from ads remains weak. Given the crowded domestic OTT market and fierce competition offering extensive content at low prices to attract subscribers, increased investments could stretch the EBITDA breakeven beyond 3–4 years.

### Investments in content to remain high; margin may be capped

Zee's operating cost should remain elevated due to a) high spends on Zee5 (~10 percentage point margin impact on 3QFY21 annualized) toward fresh content and heavy movie acquisitions, b) ramp-up in TV content to improve viewership share, and c) the expensing of the high inventory buildup in the last four years. This may keep the EBITDA margin under its historical guidance of 30%. We expect an EBITDA margin of 27%/27% in FY22/FY23, building in EBITDA growth of 60%/13% and PAT growth of 72%/14%.

### Balance sheet cleanup a work in progress

Sharp increase in Zee's working capital and repeated write-offs have been key investor concerns. The company has seen cumulative exceptional loss and one-offs of INR12b in the last six quarters – forming ~56% of total EBITDA (1QFY20–2QFY21) toward the write-down/provisioning of investments or working capital adjustments. Current assets and investments, which were 55% in FY16, increased to 78% in 1HFY21, with absolute growth of 19% over this period. Management has now indicated that inventory and current assets are expected to decline. This, along with the liquidation of investments and receivables from DishTV, would be pivotal in reviving investor confidence.

### Valuation a function of consistency in earnings growth; concrete steps toward balance sheet cleanup

Improving ad growth, on the back of recovery in ad spends and market share gains, should certainly aid earnings growth and the near-term valuation. However, a) continued pressure on the margin due to investments in OTT/content, b) the expensing of the recent high inventory buildup, and c) the lack of visibility on balance sheet stability could weigh on the valuation. The management has stretched Zee5's breakeven target to FY24, and any progress on this should drive growth and the valuation. We roll over our valuation to FY23 with TP of INR250. We maintain our Neutral rating, factoring in 14x multiple on FY23 EPS of INR18.

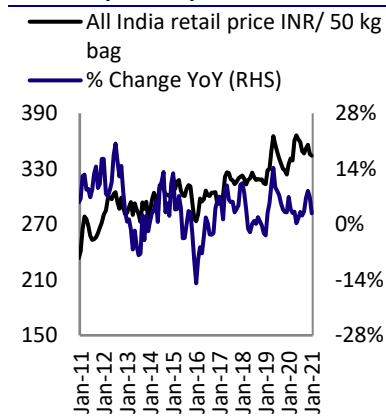
#### FY23E valuation

Valuation	FY23E
EPS	18
PE multiple (x)	14
Target Price (INR)	250
<b>CMP (INR)</b>	<b>225</b>
<b>Upside (%)</b>	<b>11%</b>

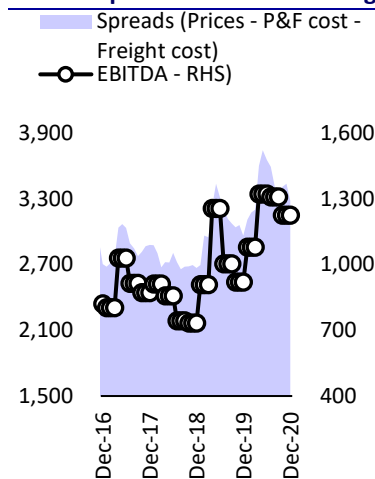
Source: MOFSL, Company

# Cement

## All-India prices up 3% YoY



## Cement spreads have been strong



## A subdued January thus far

### Prices flat MoM, but expected to improve

Our channel checks indicate the demand momentum has slowed down in January on account of a) harsh winters, b) seasonal factors (such as harvest), and c) a rise in the cost of construction materials (such as steel, sand, and aggregates). Pan-India prices have thus been flat MoM (up 3% YoY), and a seasonal hike is yet to kick in. While we anticipate pricing to improve in the coming weeks as demand improves, we expect gains to be moderate over Jan-Mar this year at 1-2% QoQ (v/s 3-4% QoQ in earlier years). Cost inflation remains a concern in the near term as petcoke, coal, and diesel prices are up 57%, 10%, and 15% YoY, respectively. Given better fixed cost absorption in this quarter (on seasonally higher volumes), we expect industry EBITDA/t to remain strong at >INR1200/t (+15% YoY) in 4QFY21. We remain constructive on the sector and expect our Coverage Universe EBITDA to grow 37% YoY in 2HFY21. UltraTech is our top large-cap pick and Dalmia Bharat our top mid-cap pick.

## Volumes growth slows in January, but expected to recover

- As per our checks, industry volume growth has slowed to the low single digits in January, from ~7% YoY in 3QFY21. While volumes are still growing at >10% YoY in East, they have slowed in North and Central and remain weak in South (down ~10% YoY).
- Demand in East has been particularly strong, supported by pre-election spending by the state governments in West Bengal and Assam. Odisha, on the other hand, has seen an uptick in industrial infra demand.
- Demand in West has been improving, led by recovery in urban real estate and construction workers returning to the sites.
- Demand in North and Central has been impacted by harsh winters and seasonal factors (such as harvest).
- Demand in South has been weak, but is expected to pick up on account of pre-election spending in Kerala and Tamil Nadu. Demand from government projects has been stable in Andhra Pradesh, but is yet to pick up in Telangana.

## South – price still up 17% YoY on strong production discipline

- The Cement industry in South has exhibited a strong production discipline in the past year in the face of weak volumes.
- Prices in South are up ~INR54/bag, or 17% YoY, to INR376/bag in Jan'21, led by hikes over Feb-May'20. Prices are up 36%/13%/13%/11% YoY in Andhra Pradesh / Tamil Nadu / Karnataka / Kerala.
- On a MoM basis, though, prices are down 2% due to decline seen toward the end of December. While price is down 3% MoM in Andhra Pradesh and Karnataka, it is flat in Tamil Nadu.



### North and Central – softened demand and flattish price MoM

- In North and Central, an extreme winter and the harvest season have impacted demand, but it is expected to pick up from Feb'21. Rural demand has remained steady and should pick up further once the harvest season is over and workers return from the farms to construction sites.
- Prices in North are down 1% MoM (flat YoY) on 1% decline across regions – except for Rajasthan, which edged up 1% MoM.
- Prices in Central have also risen 1% MoM / 3% YoY to INR350/bag, led by marginal hikes in both Uttar Pradesh and Madhya Pradesh.

### West – demand improving; prices flat MoM, but up 3% YoY

- Demand in West has been improving, led by recovery in urban real estate and construction workers returning to the sites. Maharashtra volumes are now nearly flat YoY v/s 10–15% YoY decline seen earlier. Demand in Gujarat has also been good, with volume growth of 5–10% YoY.
- In Jan'21, price is flat MoM / +4% YoY at INR340/bag in Mumbai, and it is up just 1% MoM / 1% YoY at INR350/bag in Ahmedabad. Price in West, on average, is flat MoM at INR345/bag (+3% YoY).

### East – price recovering from December lows

- Demand in East has been the strongest among the regions – it has seen >10% YoY growth – supported by government spending (particularly in West Bengal, Assam, and Odisha) as well as strong rural demand.
- However, on account of aggressive expansions undertaken by various players, East has seen the weakest pricing among the regions in the past three years – current prices are the lowest in three years. The rest of the country, meanwhile, has seen an over 10% increase in prices in the past three years.
- Price in East has declined ~INR50/bag or 15% since May'20. However, it has recovered, coming in flat MoM (-9% YoY), on average, at INR275/bag in Jan, from the lows reported at end-December. Price in Bihar / Jharkhand / Odisha / West Bengal stands at -3%/-3%/+4%/+2% MoM.

### Costs – higher energy cost to be offset by improved operating leverage

- Lower petcoke price has been a tailwind for the Cement sector. It aided decline (18% YoY) in power and fuel cost for five consecutive quarters up to 2QFY21. However, this is now set to reverse as petcoke price has risen substantially.
- Petcoke price is up 57% YoY to USD107/t in Jan'21. To mitigate the impact of higher petcoke price, cement producers increased the use of imported coal, but even this is now up 10% YoY in Jan'21 (and up 36% v/s Nov'20). We estimate power and fuel cost to increase by INR50–60/t QoQ (or 6–7%) in 3QFY21 and by another INR80–100/t QoQ (9–11%) in 4QFY21 – as low-cost inventory is exhausted.
- Diesel price is up 15% YoY in Jan'21 due to an increase in duties levied by the government, which would also cause marginal inflation in freight cost in 4QFY21.

- We thereby expect a total variable cost increase of INR100–120/t QoQ in 4QFY21; this should be neutralized by better fixed cost absorption in this quarter (owing to seasonally higher volumes). We thus expect industry EBITDA/t to remain strong at >INR1200/t (+15% YoY) in 4QFY21.

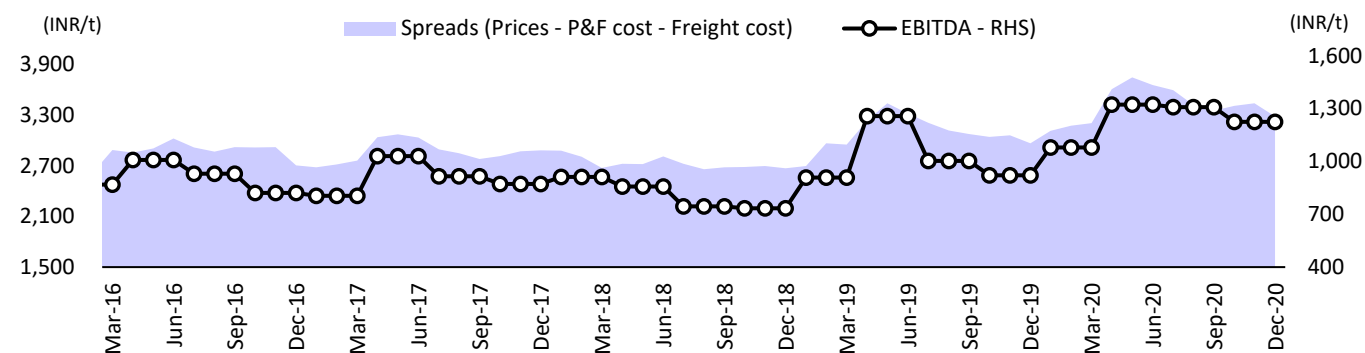
### Top picks – UltraTech and Dalmia Bharat

- While we are structurally positive on the industry outlook, we prefer North and Central as these markets have a higher clinker utilization of over 80%.
- We adopt a bottom-up stock-picking approach and prefer companies that: a) are moving down the cost curve, b) have the potential to gain market share, and c) provide valuation comfort.
- UltraTech is our top large-cap pick, while Dalmia Bharat is our top mid-cap pick. We also like ACC as a value pick, but do not see much upside in Shree, Ramco, and Ambuja, whose potential market share gains are already priced in.

### Cement: Valuation summary

	Mcap (USD b)	CMP (INR)	TP (INR)	Rating	P/E (x)		EV/EBITDA (x)		EV/t (x)		P/BV	
					FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
UTCEM	21.8	5,543	6,240	Buy	30.8	25.6	15.5	13.5	208	194	3.5	3.1
SRCM	11.7	23,719	24,900	Neutral	34.3	34.5	19.3	16.3	232	217	5.6	4.9
ACEM	6.8	253	250	Neutral	19.0	19.8	11.1	11.2	139	135	1.7	1.6
ACC	4.3	1,666	1,980	Buy	22.3	19.8	9.7	8.4	104	95	2.5	2.3
TRCL	2.6	801	805	Neutral	21.6	22.9	12.6	12.7	135	132	3.3	2.9
DALBHARA	3.0	1,150	1,310	Buy	26.7	26.4	9.2	8.5	110	91	1.9	1.8
JKCE	2.3	2,171	2,250	Buy	26.8	21.1	11.8	10.2	144	140	4.8	4.0
BCORP	0.8	722	935	Buy	9.0	8.8	5.1	6.0	65	66	1.0	0.9
ICEM	0.7	168	168	Neutral	23.9	30.6	9.8	10.6	70	69	0.9	0.9
JKLC	0.5	328	445	Buy	12.6	12.5	6.0	5.6	45	43	1.9	1.7

### Cement spreads remained strong in 3QFY21



Source: MOFSL; EBITDA/t is actual reported for our coverage

**Havells: Rural and semi-urban demand outpaces metros; Anil Rai Gupta, CMD**

- Saw things returning to normal in Q3
- Industrial and Infra space also now picking up, grew in mid-teens in Q3
- Remain positive on growth for the next year also
- Next couple of quarters have a weak base, so won't look like normal ones
- Structure shift is happening; seeing shifts in market share
- Gaining market share from unorganised players
- Have been able to retain leadership position in most of our product categories
- FY20 was impacted due to tepid demand and losses in February and March
- Growth in rural and semi-urban areas continues to outpace urban
- Will participate in PLI scheme

[➔ Read More](#)**Hindustan Zinc: FY21 silver production can hit 690 tonnes at current pace; Arun Misra, CEO**

- FY21 silver production can hit 690 tonne at current run rate
- Cost of production will be sub \$946/t in Q3FY21
- Exports down from 60% in COVID to 25-30% now
- Fumer project delayed due to Chinese visa issues; will be commissioned in April 2021. It could lead to silver capacity increasing by 30 tonne
- No plans to lever the Balance Sheet
- Gujarat capacity and fertiliser project still on drawing board
- Board will decide on dividend payouts keeping shareholder interests in mind

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- Have opted for a conservative plan for this year
- Have done very well as per our conservative plan
- Would like to get back to double-digit growth in FY22
- Our annuity business is growing very well
- 15% growth doable, company prepared for it

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### **Tata Communications: Expect usage-based services to go up; maintain EBITDA margin of 22-25%; Amur Lakshminarayanan, MD & CEO**

- Usage-based services were impacted in Q3
- Expect usage-based services to pick up in the next few quarters
- COVID specific costs like marketing travel, cyclical costs will come back
- Maintain EBITDA margin range of 22-25%
- Oasis acquisition has a unique offering, offers SIM on cloud

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### **Home First Finance: Raising money to remain prudent on capitalisation; Manoj Viswanathan, MD & CEO**

- Were looking to list the company last year around the same time
- Capital adequacy ratio is about 50% and debt-equity ratio is 3 percent
- Have a customer base of people with income less than Rs. 5000/ Month
- Expect reasonable growth going ahead due to small base
- Raising money to remain prudent on capitalisation

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		CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
Company	Reco	(INR)	(INR)	Downside	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Automobiles																
Amara Raja	Neutral	973	869	-11	37.4	41.9	48.3	-3.3	12.0	15.1	23.2	20.2	3.7	3.3	16.6	17.1
Ashok Ley.	Buy	120	115	-4	0.0	4.1	6.4	-99.5	73,551.4	57.4	29.2	18.5	4.3	3.8	15.6	21.7
Bajaj Auto	Neutral	3707	4000	8	165.2	206.9	223.6	-11.8	25.2	8.1	17.9	16.6	4.3	3.8	25.7	24.6
Bharat Forge	Buy	618	622	1	5.2	17.1	23.7	-43.4	227.3	38.9	36.2	26.1	4.7	4.2	13.8	17.1
Bosch	Neutral	15787	14550	-8	296.8	448.1	519.6	-29.1	51.0	16.0	35.2	30.4	4.4	4.0	13.1	13.7
CEAT	Buy	1431	1575	10	99.5	113.0	131.3	74.4	13.5	16.2	12.7	10.9	1.6	1.4	13.3	13.7
Eicher Mot.	Buy	2927	2787	-5	50.7	83.5	105.7	-24.2	64.6	26.6	35.1	27.7	6.2	5.3	19.2	20.6
Endurance Tech.	Buy	1363	1606	18	30.7	48.3	57.3	-19.4	57.5	18.8	28.2	23.8	5.1	4.4	19.2	19.8
Escorts	Neutral	1284	1417	10	81.8	90.4	99.1	51.6	10.5	9.6	14.2	13.0	2.2	1.9	17.0	15.9
Exide Ind	Buy	197	222	13	7.9	10.2	12.3	-20.4	29.2	20.4	19.3	16.0	2.3	2.1	12.1	13.2
Hero Moto	Buy	3246	3620	12	140.5	176.0	199.8	-8.2	25.3	13.5	18.4	16.2	4.2	3.9	23.4	24.9
M&M	Buy	806	841	4	30.5	37.6	41.3	103.7	23.2	9.8	21.5	19.5	2.4	2.2	10.4	11.1
Mahindra CIE	Buy	159	204	28	2.4	10.8	13.2	-74.6	350.7	22.3	14.7	12.0	1.2	1.1	8.3	9.3
Maruti Suzuki	Buy	8073	8650	7	174.7	275.5	345.5	-7.1	57.7	25.4	29.3	23.4	4.2	3.8	14.3	16.1
Motherson Sumi	Buy	154	189	22	2.0	6.8	8.7	-46.8	244.1	27.9	22.8	17.8	3.7	3.2	17.2	19.4
Tata Motors	Buy	290	252	-13	-13.9	14.9	26.4	-45.1	LP	77.0	19.4	11.0	1.7	1.5	9.2	14.2
TVS Motor	Neutral	509	543	7	9.9	20.2	26.2	-23.8	103.6	30.1	25.2	19.4	5.2	4.3	22.5	24.4
Aggregate								14.6	126.8	28.0	23.8	18.6	3.3	3.0	14.0	15.9
Banks - Private																
AU Small Finance	Buy	912	1100	21	44.4	36.4	49.2	96.3	-18	35.2	25.1	18.6	4.1	3.4	17.8	19.9
Axis Bank	Buy	676	725	7	21.3	35.4	55.7	253.5	66	57.3	19.1	12.1	1.9	1.6	10.3	14.4
Bandhan Bank	Neutral	341	370	8	21.6	17.3	29.6	0.1	-20	71.1	11.5	8.6	2.6	2.1	24.9	27.0
DCB Bank	Neutral	118	110	-7	9.3	11.2	15.6	-14.2	19.9	39.7	10.5	7.5	0.9	0.8	9.6	12.1
Equitas Hold.	Buy	74	65	-13	8.0	11.7	16.3	12.5	46.0	38.8	6.4	4.6	0.8	0.8	13.5	17.7
Federal Bank	Buy	76	100	31	8.0	11.2	14.3	3.3	39.9	27.8	6.8	5.3	0.8	0.7	13.2	14.8
HDFC Bank	Buy	1474	1720	17	57.1	69.1	82.5	18.8	21.1	19.4	21.3	17.9	3.5	3.0	17.8	18.2
ICICI Bank	Buy	552	630	14	21.4	30.0	38.7	74.4	40.2	29.0	18.4	14.3	2.3	2.0	13.7	15.4
IndusInd	Buy	926	850	-8	32.8	64.1	94.9	-51.8	95.3	48.0	14.4	9.8	1.6	1.4	11.7	15.4
Kotak Mah. Bk	Neutral	1859	1800	-3	51.7	61.0	73.4	15.2	17.9	20.3	30.5	25.3	4.1	3.6	13.1	13.9
RBL Bank	Buy	251	270	8	8.6	15.8	22.8	-13.7	84.5	43.8	15.8	11.0	1.1	1.0	7.3	9.8
Aggregate								30.7	33.4	28.6	20.2	15.7	2.8	2.4	14.0	15.6
Banks - PSU																
BOB	Neutral	76	60	-21	3.8	6.2	13.3	219.5	63.1	115.9	12.4	5.7	0.5	0.5	3.8	7.9
SBI	Buy	295	330	12	30.6	41.9	53.6	38.2	37	28.1	7.0	5.5	0.9	0.8	12.6	14.5
Aggregate								43.1	38	34	8	5.7	0.9	0.8	11.3	13.5
NBFCs																
Aditya Birla Cap	Buy	87	100	15	4.5	5.1	5.9	17.9	14.6	15.2	17.0	14.8	1.4	1.3	8.7	9.1
Bajaj Fin.	Neutral	5117	5000	-2	73.2	147.0	186.7	-16.6	100.8	27.0	34.8	27.4	6.9	5.6	21.9	22.7
Cholaman.Inv.&F n	Buy	431	475	10	20.3	24.3	30.2	58.1	19.8	24.4	17.7	14.3	3.1	2.6	18.8	19.6
H D F C	Buy	2663	3250	22	54.4	63.8	71.6	10.6	17.3	12.3	41.7	37.2	4.0	3.7	12.6	12.9
HDFC Life Insur.	Neutral	701	650	-7	7.5	8.9	10.3	16.3	19.7	14.7	78.4	68.3	4.8	4.1	17.5	17.4
ICICI Pru Life	Buy	507	575	13	8.7	11.2	13.1	17.0	28.6	16.6	45.2	38.8	2.3	2.0	14.6	14.3
IIFL Wealth Mgt	Buy	1051	1240	18	39.1	49.9	61.8	69.4	27.5	23.8	21.1	17.0	2.8	2.7	13.8	16.3
IndoStar	Neutral	320	306	-4	3.4	12.2	18.3	-109.6	264.7	50.0	26.1	17.4	1.0	0.9	3.8	5.4
L&T Fin Holdings	Buy	96	90	-6	4.7	10.8	15.2	-57.0	130.7	40.8	8.8	6.3	1.1	1.0	13.5	16.5
LIC Hsg Fin	Buy	421	510	21	59.6	64.8	68.1	25.3	8.8	5.0	6.5	6.2	0.9	0.8	15.1	14.1
Manappuram Fin.	Buy	164	205	25	19.4	23.9	28.1	10.9	23.2	17.5	6.9	5.8	1.6	1.3	25.3	24.1
MAS Financial	Buy	887	1040	17	28.6	34.4	40.9	-13.7	20.1	19.1	25.8	21.7	3.9	3.4	15.9	16.7
M&M Fin.	Buy	182	210	16	7.3	9.3	14.4	-50.7	27.9	55.2	19.6	12.6	1.4	1.3	7.2	10.5
Muthoot Fin	Buy	1183	1500	27	88.4	104.7	122.6	17.4	18.5	17.1	11.3	9.6	2.7	2.2	26.2	25.0
Piramal Enterp.	Buy	1564	1960	25	109.8	128.1	147.9	-547.7	16.7	15.4	12.2	10.6	1.1	1.0	9.4	10.0
PNB Housing	Neutral	369	400	8	56.9	66.6	89.8	48.1	17.0	34.8	5.5	4.1	0.6	0.6	12.2	14.7
Repco Home Fin	Buy	269	340	26	46.6	49.4	54.7	3.9	6.0	10.8	5.5	4.9	0.7	0.6	14.0	13.7



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
SBI Life Insurance	Buy	879	1050	19	17.7	20.3	25.5	24.2	15.0	25.6	43.3	34.5	2.4	2.0	17.9	18.5
Shriram City Union	Buy	1063	1250	18	129.1	166.6	210.8	-14.9	29.1	26.6	6.4	5.0	0.8	0.7	12.9	14.5
Shriram Trans.	Buy	1206	1325	10	101.4	123.2	143.1	-8.1	21.5	16.2	9.8	8.4	1.2	1.1	13.4	13.8
<b>Aggregate</b>								<b>16.3</b>	<b>31.4</b>	<b>19.6</b>	<b>21.9</b>	<b>18.3</b>	<b>2.9</b>	<b>2.6</b>	<b>13.3</b>	<b>14.1</b>
<b>Capital Goods</b>																
ABB	Buy	1377	1370	-1	9.7	21.6	27.3	-41.3	121.7	26.6	63.9	50.5	7.2	6.5	11.2	12.8
Bharat Elec.	Buy	134	150	12	7.1	8.5	9.4	-3.3	19.8	10.0	15.7	14.3	2.7	2.5	17.3	17.3
BHEL	Sell	39	27	-30	-1.0	1.4	2.2	-75.3	LP	55.0	26.8	17.3	0.5	0.5	1.7	2.7
Blue Star	Sell	771	680	-12	7.7	18.5	25.2	-49.9	141.9	35.8	41.6	30.6	8.4	7.6	20.2	24.7
CG Cons. Elec.	Buy	439	430	-2	7.7	9.6	11.2	11.0	24.4	16.3	45.5	39.1	13.1	11.0	28.8	28.0
Cummins	Sell	600	385	-36	18.3	22.4	25.7	-21.3	22.3	14.6	26.8	23.4	3.6	3.5	13.6	14.9
Engineers India	Buy	76	90	19	5.7	7.9	8.0	-16.3	38.2	1.0	9.6	9.5	2.1	2.0	20.3	20.0
Havells	Neutral	1132	1100	-3	16.5	19.6	22.0	40.9	18.8	12.2	57.8	51.5	12.2	10.6	21.2	20.6
K E C Intl	Buy	355	450	27	22.6	26.6	30.0	2.7	17.7	13.0	13.3	11.8	2.3	2.0	17.5	16.8
L&T	Buy	1370	1625	19	75.8	65.6	78.3	11.4	-13.4	19.3	20.9	17.5	2.4	2.2	11.6	12.6
Siemens	Neutral	1668	1515	-9	21.3	33.9	35.8	-32.6	59.1	5.7	49.3	46.6	5.7	5.2	11.5	11.1
Thermax	Neutral	965	790	-18	19.2	32.2	35.8	1.9	67.3	11.4	30.0	26.9	3.2	3.0	10.7	11.0
Voltas	Neutral	956	820	-14	13.5	18.7	21.0	-19.1	38.3	12.1	51.0	45.6	6.3	5.7	12.3	12.6
<b>Aggregate</b>								<b>-17.7</b>	<b>51.9</b>	<b>17.1</b>	<b>27.7</b>	<b>23.6</b>	<b>3.1</b>	<b>2.8</b>	<b>11.1</b>	<b>12.0</b>
<b>Cement</b>																
Ambuja Cem.	Neutral	252	250	-1	9.2	8.8	10.6	19.0	-4.4	20.8	28.8	23.9	2.3	2.1	8.2	9.2
ACC	Buy	1666	1980	19	74.8	84.2	92.3	3.5	12.6	9.7	19.8	18.0	2.3	2.1	12.0	11.9
Birla Corp.	Buy	722	935	30	80.4	82.0	96.0	22.6	2.0	17.0	8.8	7.5	0.9	0.8	11.2	11.9
Dalmia Bhar.	Buy	1160	1310	13	43.1	43.6	66.5	275.1	1.1	52.6	26.6	17.4	1.8	1.7	7.1	10.0
Grasim Inds.	Neutral	1017	920	-10	78.9	94.4	110.4	-10.7	19.8	16.9	10.8	9.2	1.7	1.6	3.5	4.9
India Cem	Neutral	168	168	0	7.0	5.5	7.2	925.0	-21.9	31.0	30.5	23.3	0.9	0.9	3.0	3.8
J K Cements	Buy	2173	2250	4	81.0	102.9	119.5	29.5	27.0	16.1	21.1	18.2	4.0	3.3	20.6	19.9
JK Lakshmi Ce	Buy	327	445	36	26.1	26.3	32.8	15.5	0.8	24.8	12.5	10.0	1.7	1.4	14.3	15.5
Ramco Cem	Neutral	801	805	1	37.0	35.0	42.2	45.1	-5.6	20.8	22.9	19.0	2.9	2.6	13.6	14.5
Shree Cem	Neutral	23752	24900	5	692.2	687.2	765.8	59.1	-0.7	11.4	34.6	31.0	4.9	4.3	15.2	14.8
Ultratech	Buy	5543	6240	13	180.2	216.1	266.4	35.6	19.9	23.3	25.6	20.8	3.1	2.8	13.3	14.4
<b>Aggregate</b>								<b>20.7</b>	<b>11.4</b>	<b>19.6</b>	<b>20.9</b>	<b>17.5</b>	<b>2.6</b>	<b>2.3</b>	<b>12.3</b>	<b>13.3</b>
<b>Consumer</b>																
Asian Paints	Neutral	2715	2790	3	34.8	40.1	46.4	20.1	15.2	15.7	67.8	57.5	20.1	17.9	31.4	32.1
Britannia	Neutral	3630	3890	7	81.3	79.6	90.8	38.7	-2.2	14.1	67.8	40.0	18.0	16.6	41.2	43.2
Colgate	Buy	1539	1860	21	34.3	37.8	44.4	14.1	10.3	17.4	40.7	34.7	25.3	25.3	62.1	72.9
Dabur	Buy	537	620	15	9.4	10.9	12.8	8.8	16.0	17.2	49.3	42.1	11.9	10.7	25.3	26.7
Emami	Buy	468	510	9	15.4	15.1	16.7	24.3	-1.8	10.5	30.9	28.0	9.0	8.8	29.6	31.9
Godrej Cons.	Neutral	797	790	-1	16.3	18.1	20.4	15.4	10.9	12.5	44.0	39.1	10.3	10.3	23.3	26.3
HUL	Buy	2367	2640	12	34.2	42.2	48.7	9.5	23.4	15.5	56.1	48.6	11.4	11.3	20.2	23.3
ITC	Neutral	214	200	-6	10.2	13.0	14.5	-17.6	27.2	11.5	16.4	14.7	3.7	3.4	22.9	24.0
Jyothy Lab	Neutral	158	150	-5	5.4	5.8	6.3	19.2	6.7	8.6	27.5	25.3	4.6	4.5	17.0	18.0
Marico	Buy	416	470	13	8.5	9.7	11.2	4.1	14.6	15.8	42.8	37.0	13.3	12.3	31.4	34.5
Nestle	Neutral	17715	16440	-7	226.4	249.6	288.8	9.5	10.2	15.7	71.0	61.3	64.5	58.1	96.5	99.7
Page Inds	Neutral	28783	24400	-15	259.1	433.4	487.9	-15.8	67.3	12.6	66.4	59.0	31.5	28.6	47.4	48.5
Pidilite Ind.	Neutral	1775	1580	-11	20.8	25.7	29.8	-10.0	23.3	16.0	69.2	59.6	14.0	12.1	21.7	21.8
P&G Hygiene	Neutral	11256	12000	7	174.7	217.6	262.1	28.0	24.5	20.5	51.7	42.9	25.7	22.9	52.3	56.5
Tata Consumer	Buy	595	623	5	10.7	12.9	15.1	34.7	20.4	16.7	46.1	39.5	3.6	3.4	8.0	8.8
United Brew	Sell	1248	860	-31	4.9	11.6	15.7	-69.6	135.5	35.7	107.6	79.3	8.6	8.1	8.2	10.5
United Spirits	Buy	628	750	19	6.7	13.3	17.7	-38.6	99.6	32.7	47.1	35.5	8.8	7.0	18.7	19.9
Varun Beverages	Buy	923	1100	19	13.2	23.8	36.2	-18.8	80.4	52.2	38.8	25.5	6.4	5.2	17.8	22.5
<b>Aggregate</b>								<b>-0.6</b>	<b>22.0</b>	<b>14.6</b>	<b>42.2</b>	<b>36.8</b>	<b>9.7</b>	<b>9.1</b>	<b>22.9</b>	<b>24.7</b>
<b>Healthcare</b>																
Alembic Phar	Neutral	951	1070	13	59.4	52.4	57.3	35.1	-11.8	9.4	18.2	16.6	3.3	2.8	20.1	19.0





Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Alkem Lab	Buy	3076	3570	16	133.2	144.1	155.6	39.6	8.2	7.9	21.3	19.8	4.2	3.6	21.3	19.6
Ajanta Pharma	Buy	1745	1990	14	64.8	72.9	85.0	26.8	12.5	16.5	23.9	20.5	4.4	3.8	19.5	19.6
Aurobindo	Buy	903	1100	22	56.3	61.5	68.7	14.6	9.1	11.8	14.7	13.1	2.3	1.9	16.6	16.0
Biocon	Neutral	442	-		7.1	10.6	12.9	14.5	49.5	22.4	41.9	34.2	6.5	5.7	16.4	17.7
Cadila	Buy	469	565	20	20.4	23.4	25.0	38.5	15.1	6.8	20.0	18.8	3.1	2.7	16.2	15.4
Cipla	Neutral	813	850	5	31.3	33.9	38.0	59.7	8.1	12.2	24.0	21.4	3.2	2.8	13.2	13.0
Divis Lab	Buy	3605	4450	23	77.7	99.6	127.6	58.8	28.1	28.1	36.2	28.3	8.7	7.0	26.4	27.3
Dr Reddy's	Neutral	5053	5450	8	171.9	190.1	221.6	30.8	10.6	16.6	26.6	22.8	4.0	3.5	16.2	16.3
Glenmark	Neutral	498	495	-1	33.1	33.1	38.4	34.4	0.1	16.0	15.0	13.0	1.8	1.6	12.8	13.2
GSK Pharma	Neutral	1521	1480	-3	27.6	35.0	40.1	-2.1	26.8	14.7	43.4	37.9	12.4	10.9	28.6	28.8
Granules India	Buy	340	480	41	23.0	27.1	31.0	76.5	17.8	14.3	12.6	11.0	3.0	2.4	26.5	24.4
IPCA Labs	Buy	2054	2650	29	92.2	94.0	110.0	79.4	1.9	17.1	21.9	18.7	4.6	3.8	23.2	22.4
Jubilant Life	Buy	969	1020	5	50.3	65.8	81.4	-15.9	30.7	23.7	14.7	11.9	2.1	1.8	15.1	16.3
Laurus Labs	Buy	370	430	16	17.7	20.8	24.5	269.7	17.6	18.2	17.8	15.1	5.6	4.3	36.5	32.2
Lupin	Buy	1068	1135	6	23.3	36.8	44.5	0.0	58.0	20.9	29.0	24.0	3.4	3.0	12.1	13.3
Strides Pharma	Buy	879	920	5	31.7	47.3	57.1	108.8	49.2	20.7	18.6	15.4	2.5	2.2	14.3	15.5
Sun Pharma	Buy	583	700	20	23.6	25.0	28.0	43.7	5.9	12.2	23.4	20.8	2.7	2.5	12.3	12.4
Torrent Pharma	Neutral	2739	2675	-2	76.6	96.2	106.3	36.4	25.6	10.5	28.5	25.8	6.9	5.9	26.4	24.8
Aggregate								36.5	14.1	14.9	24.2	21.0	3.7	3.3	15.5	15.5
Infrastructure																
Ashoka Buildcon	Buy	94	125	34	12.2	11.1	12.7	-11.3	-9.4	14.8	8.4	7.4	0.8	0.7	10.0	10.4
IRB Infra	Neutral	116	122	5	3.9	5.9	9.7	-79.2	51.2	64.0	19.5	11.9	0.6	0.6	3.1	4.9
KNR Constructions	Buy	362	390	8	17.4	25.0	29.7	20.0	43.8	18.6	14.4	12.2	2.3	2.0	17.5	17.6
Aggregate											13.6	10.6	1.0	0.9	7.1	8.4
Media																
PVR	Neutral	1542	1620	5	-98.0	18.9	40.3	-404.6	LP	113.8	81.7	38.2	6.3	5.4	8.1	15.3
Sun TV	Buy	506	550	9	35.5	41.1	40.5	2.0	15.8	-1.4	12.3	12.5	3.1	2.9	26.4	24.2
Zee Ent.	Neutral	225	250	11	7.4	16.1	18.3	35.0	117.6	13.7	13.9	12.3	2.5	2.2	15.0	15.2
Aggregate								-27.2	73.1	27.1	16.0	12.6	2.7	2.4	16.9	18.9
Metals																
Hindalco	Buy	249	305	23	21.2	30.2	33.4	21.5	42.4	10.4	8.2	7.4	1.2	1.0	15.6	15.0
Hind. Zinc	Neutral	283	268	-5	18.9	27.2	25.6	17.3	43.9	-5.8	10.4	11.1	3.2	3.0	33.2	28.1
JSPL	Buy	301	-		41.7	32.3	35.4	-863.0	-22.4	9.5	9.3	8.5	0.9	0.8	10.6	10.4
JSW Steel	Buy	393	466	19	26.3	45.4	28.7	190.8	72.9	-36.7	8.6	13.7	1.8	1.6	22.9	12.4
Nalco	Buy	48	51	7	3.0	4.3	5.0	317.9	45.3	14.4	11.0	9.6	0.9	0.9	8.3	9.2
NMDC	Buy	117	145	24	19.5	20.7	15.4	27.1	6.3	-25.5	5.7	7.6	1.0	0.9	18.7	12.6
SAIL	Neutral	65	81	25	9.2	10.5	8.1	-	14	-22.7	6.2	8.0	0.5	0.5	9.1	6.6
Tata Steel	Neutral	667	687	3	46.9	82.9	83.0	417.7	77	0.1	8.0	8.0	1.0	0.9	12.6	11.4
Vedanta	Neutral	169	187	11	23.1	24.3	24.3	163.0	5	-0.2	7.0	7.0	1.1	1.1	16.5	15.6
Aggregate								124.0	31.3	-9.9	8.4	9.4	1.2	1.1	14.6	12.1
Oil & Gas																
Aegis Logistics	Buy	276	300	9	7.2	12.0	14.5	140.4	67.9	20.6	22.9	19.0	4.3	3.6	20.0	20.5
BPCL	Neutral	408	415	2	42.7	35.2	42.7	68.7	-17.7	21.4	11.6	9.6	1.8	1.6	16.0	17.5
Castrol India	Buy	125	170	36	6.4	8.2	8.5	-23.3	27.7	3.6	15.3	14.8	7.5	6.8	51.5	48.2
GAIL	Buy	134	160	20	9.3	15.7	16.6	-43.7	69.1	6.2	8.5	8.0	1.1	1.0	14.4	14.0
Gujarat Gas	Buy	364	440	21	16.1	17.5	20.0	-7.0	8.8	14.0	20.8	18.2	4.8	3.9	25.5	23.7
Gujarat St. Pet.	Buy	205	320	56	17.2	17.8	18.9	-12.4	3.4	6.4	11.5	10.8	1.4	1.2	12.5	11.9
HPCL	Buy	229	295	29	63.2	36.5	37.8	164.5	-42.3	3.5	6.3	6.0	1.0	1.0	16.6	16.6
IOC	Buy	97	150	55	15.6	15.6	19.0	51.7	-0.1	21.9	6.2	5.1	0.8	0.7	13.3	15.0
IGL	Neutral	533	510	-4	15.6	17.8	19.0	-4.2	14.6	6.5	29.9	28.1	5.4	4.7	19.4	17.9
Mahanagar Gas	Buy	1042	1200	15	61.3	78.4	71.7	-23.7	27.9	-8.6	13.3	14.5	2.8	2.5	22.0	18.0
MRPL	Neutral	38	30	-22	-3.9	3.9	7.1	-74.6	LP	82.8	9.8	5.4	0.9	0.8	9.2	15.3
Oil India	Buy	114	130	14	12.4	16.3	19.4	-45.7	31.3	18.9	7.0	5.9	0.5	0.5	7.3	8.4



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
ONGC	Buy	95	110	16	11.1	18.1	19.6	-15.4	63.7	8.0	5.2	4.8	0.5	0.5	10.4	10.4
PLNG	Buy	246	340	38	18.0	21.4	23.7	-2.5	19.0	10.5	11.5	10.4	2.9	2.7	26.2	26.8
Reliance Ind.	Buy	2098	2280	9	64.8	105.1	125.6	-3.0	62.1	19.5	20.0	16.7	2.4	2.1	12.6	13.3
<b>Aggregate</b>								<b>8.3</b>	<b>35.3</b>	<b>16.2</b>	<b>13.7</b>	<b>11.8</b>	<b>1.7</b>	<b>1.5</b>	<b>12.1</b>	<b>12.7</b>
<b>Retail</b>																
Avenue Supermarts	Neutral	2718	2850	5	17.6	30.5	38.4	-12.4	73.5	25.8	89.1	70.8	11.9	10.2	15.0	16.1
Aditya Birla Fashion	Buy	173	200	16	-3.9	-0.7	0.1	2,040.2	Loss	LP	NM	1,643.0	22.6	22.3	-9.9	1.4
Jubilant Food.	Neutral	2763	2700	-2	15.5	38.1	52.3	-31.2	146.1	37.0	72.4	52.9	23.7	18.8	32.8	35.5
Shoppers Stop	Neutral	204	220	8	-34.1	-15.4	-15.0	131.8	Loss	Loss	NM	NM	-64.9	-11.2	-338.3	141.0
Titan Company	Buy	1517	1750	15	9.0	22.5	29.2	-47.1	149.0	29.9	67.5	51.9	17.2	15.2	27.3	31.1
Trent	Neutral	667	710	7	-3.3	4.0	6.2	-211.9	LP	56.1	167.8	107.5	9.2	8.4	6.0	8.7
V-Mart Retail	Buy	2473	3000	21	-18.2	29.4	50.4	-166.9	LP	71.1	84.0	49.1	9.3	7.8	11.8	17.4
Westlife Develop	Neutral	460	480	4	-6.3	1.6	6.1	PL	LP	281.3	281.0	75.0	14.1	11.8	5.1	17.2
<b>Aggregate</b>								<b>-68.5</b>	<b>345.6</b>	<b>37.3</b>	<b>89.3</b>	<b>65.0</b>	<b>14.0</b>	<b>12.2</b>	<b>15.6</b>	<b>18.7</b>
<b>Technology</b>																
Cyient	Buy	507	660	30	33.2	43.7	47.3	-1.6	31.6	8.2	11.6	10.7	1.8	1.6	16.1	15.6
HCL Tech.	Buy	993	1300	31	48.0	56.5	65.0	18.0	17.5	15.1	17.6	15.3	4.1	3.8	24.6	25.9
Infosys	Buy	1339	1600	19	46.4	56.9	67.2	19.3	22.6	18.0	23.5	19.9	8.0	7.6	34.8	39.2
L & T Infotech	Neutral	3978	3780	-5	107.3	128.2	151.1	23.9	19.5	17.8	31.0	26.3	8.6	7.1	30.6	29.7
Mindtree	Neutral	1757	1765	0	65.9	75.3	84.1	71.9	14.2	11.7	23.3	20.9	6.2	5.2	29.3	27.2
Mphasis	Buy	1600	-		64.3	79.1	91.9	4.6	23.0	16.2	20.2	17.4	4.2	3.7	21.8	22.7
Coforge	Neutral	2556	2715	6	77.7	96.1	108.5	2.8	23.7	12.9	26.6	23.6	5.0	4.3	19.8	19.5
Persistent Sys	Buy	1599	1695	6	53.3	64.3	75.8	19.7	20.6	17.9	24.9	21.1	4.2	3.7	18.0	18.7
TCS	Neutral	3275	3175	-3	87.9	111.9	127.0	2.0	27.3	13.5	29.3	25.8	13.4	12.6	47.6	50.8
Tech Mah	Neutral	1004	1090	9	47.3	56.5	62.5	-2.2	19.5	10.6	17.8	16.1	3.2	2.8	19.0	18.6
Wipro	Neutral	446	450	1	18.5	21.6	23.9	12.5	17.1	10.6	20.6	18.7	4.8	4.8	23.2	25.8
Zensar Tech	Neutral	235	-		15.2	18.3	20.0	29.9	20.3	9.7	13.1	12.0	2.0	1.8	16.5	16.0
<b>Aggregate</b>								<b>9.9</b>	<b>22.4</b>	<b>14.4</b>	<b>25.0</b>	<b>21.8</b>	<b>7.8</b>	<b>7.3</b>	<b>31.0</b>	<b>33.3</b>
<b>Telecom</b>																
Bharti Airtel	Buy	581	650	12	1.7	4.4	6.9	-123.2	152.1	58.8	132.9	83.7	4.9	4.6	3.7	5.7
Indus Towers	Neutral	246	210	-15	16.5	18.2	18.9	-7.6	10.7	3.5	13.5	13.0	2.9	2.7	22.5	21.4
Vodafone Idea		13			-8.1	-7.5	-8.6	7.5	Loss	Loss	NM	NM	-1.0	-0.6	76.6	48.4
Tata Comm	Neutral	1036	950	-8	48.1	58.7	68.8	355.4	22.0	17.2	17.6	15.1	17.5	8.1	196	73.4
<b>Aggregate</b>								<b>Loss</b>	<b>Loss</b>	<b>Loss</b>	<b>-31</b>	<b>-28.3</b>	<b>10.2</b>	<b>17.3</b>	<b>-32.6</b>	<b>-61.1</b>
<b>Utilities</b>																
Coal India	Buy	138	192	40	20.2	25.7	30.7	-25.6	27.2	19.8	5.4	4.5	1.9	1.5	35.2	34.5
CESC	Buy	710	873	23	97.3	96.9	103.9	-0.5	-0.4	7.2	7.3	6.8	0.9	0.8	12.1	12.2
Indian Energy Exchange	Buy	241	-		6.4	7.7	8.7	6.7	21.1	13.1	31.2	27.6	13.9	12.1	47.7	46.8
JSW Energy	Under Review	75	-		4.6	5.6	7.0	-10.3	23.5	23.7	13.2	10.7	1.0	0.9	7.6	8.9
NHPC	Neutral	25	22	-11	2.9	2.9	3.4	1.2	-0.3	19.0	8.5	7.2	0.7	0.7	8.5	9.6
NTPC	Buy	96	140	46	15.1	16.6	18.0	9.1	10.3	8.3	5.8	5.3	0.7	0.7	12.7	13.0
Power Grid	Buy	195	222	14	23.1	24.5	25.9	9.1	6.4	5.7	7.9	7.5	1.4	1.3	17.9	17.6
Torrent Power	Buy	328	380	16	20.2	29.2	30.3	-27.8	44.4	3.6	11.2	10.8	1.4	1.3	13.4	12.6
Tata Power	Under Review	83	-		3.4	5.1	5.1	-9.5	49.1	1.5	16.3	16.1	1.2	1.1	7.3	7.0
<b>Aggregate</b>								<b>-4.4</b>	<b>13.2</b>	<b>12.1</b>	<b>6.8</b>	<b>6.0</b>	<b>1.1</b>	<b>1.0</b>	<b>16.2</b>	<b>16.8</b>
<b>Others</b>																
Brigade Enterpr.	Buy	251	267	6	0.0	7.3	4.3	-100.3	LP	-41.5	34.4	58.9	2.2	2.1	6.4	3.6
BSE	Buy	609	780	28	38.1	47.6	53.4	52.9	25.0	12.1	12.8	11.4	1.1	1.0	8.4	9.0
Concor	Buy	428	453	6	10.2	12.8	15.6	-38.4	25.2	21.6	33.4	27.5	2.4	2.3	7.3	8.5
Coromandel Intl	Buy	852	1090	28	50.3	54.7	60.5	38.3	8.8	10.7	15.6	14.1	3.9	3.3	27.5	25.7
EPL	Buy	256	333	30	9.3	11.5	13.3	35.9	23.7	16.1	22.3	19.2	4.1	3.6	20.0	20.2



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Indiamart Inter.	Buy	7722	9000	17	105.1	120.4	145.3	104.9	14.5	20.7	64.1	53.1	16.5	11.4	49.8	40.4
Indian Hotels	Buy	122	144	18	-6.2	0.8	2.1	-329.4	LP	161.4	154.4	59.1	3.9	3.7	2.5	6.5
Interglobe	Neutral	1679	1525	-9	-128.5	54.3	114.5	-187.9	LP	111	31	14.7	23.4	9.7	113.4	93.8
Info Edge	Neutral	5197	5040	-3	20.4	27.4	40.9	21.9	34.6	49.2	189.4	127.0	14.5	13.5	7.8	11.0
Godrej Agrovet	Buy	548	689	26	17.6	20.7	24.2	32.7	17.7	17.1	26.5	22.6	4.6	4.1	18.4	19.1
Kaveri Seed	Buy	528	631	19	52.6	53.0	57.3	22.1	0.8	8.1	10.0	9.2	2.6	2.4	27.7	27.2
Lemon Tree Hotel	Buy	41	46	12	-1.6	0.0	0.4	1,216.5	Loss	LP	NM	107.1	4.6	4.4	0.0	4.2
MCX	Buy	1680	-		46.7	53.8	71.8	0.6	15.2	33.5	31.3	23.4	5.9	5.3	20.0	23.8
Oberoi Realty	Buy	571	618	8	15.0	27.0	30.8	-20.7	79.4	14.3	21.2	18.5	2.0	1.8	10.1	10.5
Phoenix Mills	Buy	766	828	8	2.9	19.4	32.9	-86.6	577.4	69.1	39.4	23.3	2.3	2.1	6.1	9.6
Qess Corp	Buy	565	745	32	13.4	28.8	49.5	-26.5	114.9	71.9	19.6	11.4	2.2	1.8	15.3	21.8
PI Inds.	Buy	2219	2658	20	52.1	66.9	80.5	73.2	28.4	20.4	33.2	27.6	5.4	4.6	17.6	18.1
Security & Intel	Buy	405	600	48	21.5	20.3	25.9	33.3	-5.7	27.8	19.9	15.6	1.4	1.1	16.3	17.6
SRF	Buy	5774	-		201.0	242.2	289.3	29.5	20.5	19.4	23.8	20.0	4.2	3.5	19.2	19.3
S H Kelkar	Buy	123	146	19	8.5	10.4	12.6	101.5	23.2	20.5	11.8	9.8	1.8	1.6	15.5	17.0
Tata Chemicals	Buy	528	490	-7	13.4	31.1	39.7	-57.6	131.5	27.8	17.0	13.3	1.0	1.0	6.0	7.4
Team Lease Serv.	Buy	2750	3280	19	53.8	82.9	122.4	10.0	54.0	47.7	33.2	22.5	5.8	4.6	19.3	23.0
Trident	Buy	14	19	32	0.7	1.0	1.3	5.6	52.0	22.0	14.0	11.5	1.9	1.6	14.2	15.3
UPL	Neutral	584	473	-19	42.4	47.3	56.3	21.7	11.7	18.9	12.3	10.4	1.4	1.2	18.1	18.5



Index	1 Day (%)	1M (%)	12M (%)
<b>Sensex</b>	<b>-0.3</b>	<b>8.9</b>	<b>20.1</b>
<b>Nifty-50</b>	<b>-0.4</b>	<b>9.5</b>	<b>19.9</b>
<b>Nifty Next 50</b>	<b>-0.9</b>	<b>8.5</b>	<b>17.5</b>
<b>Nifty 100</b>	<b>-0.4</b>	<b>9.3</b>	<b>19.5</b>
<b>Nifty 200</b>	<b>-0.5</b>	<b>9.5</b>	<b>19.8</b>
Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>	<b>0.0</b>	<b>18.6</b>	<b>25.7</b>
Amara Raja Batt.	-0.5	7.1	25.6
Ashok Leyland	-1.7	29.5	38.5
Bajaj Auto	1.9	14.7	19.7
Bharat Forge	-0.5	18.0	21.2
Bosch	-0.6	26.5	5.7
CEAT	9.2	38.0	42.0
Eicher Motors	1.6	22.2	39.1
Endurance Tech.	1.1	17.6	28.0
Escorts	-1.6	2.9	82.4
Exide Inds.	-1.7	8.4	1.4
Hero Motocorp	-0.9	8.5	35.2
M & M	-2.2	17.5	45.7
Mahindra CIE	-0.4	1.6	-6.9
Maruti Suzuki	-0.9	9.6	10.5
Motherson Sumi	-2.5	4.5	11.5
Tata Motors	5.7	76.5	51.7
TVS Motor Co.	-0.1	9.5	10.3
<b>Banks-Private</b>	<b>-1.0</b>	<b>8.3</b>	<b>3.1</b>
AU Small Fin. Bank	-0.9	9.3	2.6
Axis Bank	0.1	16.0	-5.8
Bandhan Bank	-5.2	-8.8	-28.5
DCB Bank	-2.1	8.6	-35.6
Equitas Holdings	-1.1	16.4	-28.3
Federal Bank	-1.5	26.2	-19.5
HDFC Bank	-1.1	7.4	18.5
ICICI Bank	0.3	11.7	4.0
IndusInd Bank	-2.2	10.0	-30.7
Kotak Mah. Bank	-1.3	-3.2	14.3
RBL Bank	-1.1	21.5	-26.6
<b>Banks-PSU</b>	<b>-3.3</b>	<b>16.6</b>	<b>-20.6</b>
BOB	-4.0	29.9	-19.5
SBI	-2.5	15.8	-6.0
Company	1 Day (%)	1M (%)	12M (%)
<b>NBFCs</b>	<b>-0.7</b>	<b>8.0</b>	<b>8.7</b>
Aditya Birla Cap	-3.9	8.0	-17.8
Bajaj Fin.	2.7	1.5	23.7
Cholaman.Inv.&Fn	-5.7	21.7	37.0
HDFC	-1.0	10.4	8.0
HDFC Life Insur.	-0.3	11.4	16.4
Indostar Capital	-0.4	-1.4	37.7
L&T Fin.Holdings	-0.9	21.2	-13.6
LIC Hsg Fin	-2.5	20.1	-12.1
M&M Fin.	-1.7	9.5	-15.6
Muthoot Fin	-2.4	1.1	53.8
Manappuram Fin.	-2.6	1.2	-8.4
MAS Financial Serv.	-0.2	-4.2	-3.6
ICICI Pru Life	-1.6	8.2	3.6
ICICI Sec	-1.9	1.1	2.0
IIFL Wealth Mgt	-1.1	4.5	-19.5
PNB Housing	-0.8	10.0	-33.0

Note: Sectoral performance are of NSE/BSE Indices

Index	1 Day (%)	1M (%)	12M (%)
<b>Nifty 500</b>	<b>-0.5</b>	<b>9.6</b>	<b>20.3</b>
<b>Nifty Midcap 100</b>	<b>-1.2</b>	<b>10.8</b>	<b>22.1</b>
<b>Nifty Smallcap 100</b>	<b>-0.6</b>	<b>11.9</b>	<b>18.3</b>
<b>Nifty Midcap 150</b>	<b>-1.0</b>	<b>10.2</b>	<b>24.7</b>
<b>Nifty Smallcap 250</b>	<b>-0.4</b>	<b>11.3</b>	<b>20.7</b>
Company	1 Day (%)	1M (%)	12M (%)
Repco Home	0.4	16.8	-22.3
SBI Life Insuran	-1.9	4.6	-9.6
Shriram City Union	-1.0	7.4	-22.8
Shriram Trans.	-3.3	24.7	13.6
<b>Capital Goods</b>	<b>0.5</b>	<b>12.7</b>	<b>17.4</b>
ABB	-1.2	13.4	5.0
Bharat Elec.	-1.3	19.5	27.3
BHEL	-4.3	18.9	-10.6
Blue Star	0.1	-0.9	-8.2
CG Cons. Elec.	8.2	22.3	72.0
Cummins	-3.0	4.3	3.5
Engineers India	-2.2	4.4	-24.2
Havells	11.0	28.5	83.5
K E C Intl	0.4	-1.0	4.9
L&T	-0.9	11.0	5.2
Siemens	-0.8	13.0	5.5
Thermax	-2.0	6.4	-8.4
Voltas	4.9	21.9	36.0
<b>Cement</b>	<b>-1.1</b>	<b>11.4</b>	<b>25.3</b>
Ambuja Cem.	-3.6	7.2	21.6
ACC	-2.5	6.1	11.4
Birla Corp.	0.7	2.8	-4.0
Dalmia Bhar.	-1.1	20.2	36.3
Grasim Inds.	-1.6	16.3	31.7
India Cem	-2.3	21.1	94.6
J K Cements	1.6	13.6	68.5
JK Lakshmi Ce	-0.5	-1.7	-4.1
Ramco Cem	-1.7	1.3	-2.2
Shree Cem	-0.8	0.1	3.5
Ultratech	0.0	10.6	23.7
<b>Consumer</b>	<b>-0.3</b>	<b>4.1</b>	<b>10.8</b>
Asian Paints	0.6	6.3	50.0
Britannia	1.0	0.2	16.6
Colgate	-0.3	-0.1	3.5
Dabur	0.0	6.7	10.4
Emami	-1.4	11.8	39.8
Godrej Cons.	-0.4	13.4	8.9
HUL	0.5	2.7	15.1
ITC	-1.8	5.3	-10.3
Jyothy Lab	1.2	15.2	3.0
Marico	-0.2	4.9	23.5
Nestle	0.2	-2.5	15.9
Page Inds	1.3	4.4	13.8
Pidilite Ind.	0.9	5.6	25.4
P&G Hygiene	-0.7	2.9	0.5
Tata Consumer	-0.2	5.9	54.3
United Brew	-0.9	14.4	-1.9
United Spirits	1.3	13.6	8.9
Varun Beverages	0.7	2.1	17.1
<b>Healthcare</b>	<b>-1.4</b>	<b>3.4</b>	<b>53.5</b>
Alembic Phar	-3.0	-7.5	58.9



Company	1 Day (%)	1M (%)	12M (%)
Alkem Lab	-0.3	6.9	30.9
Ajanta Pharma	-1.8	9.7	48.1
Aurobindo	-2.9	6.7	83.1
Biocon	-1.7	-1.9	50.1
Cadila	-3.4	3.7	74.9
Cipla	-2.4	4.5	71.8
Divis Lab	0.0	-0.7	92.8
Dr Reddy's	-0.5	-0.3	65.3
Glenmark	-2.2	1.7	41.9
GSK Pharma	-3.3	-1.8	-6.3
Granules	-2.4	-0.8	143.6
IPCA Labs	-2.4	-7.5	67.7
Jubilant Life	-2.1	26.2	55.8
Laurus Labs	-0.5	11.7	358.1
Lupin	-1.8	14.8	44.2
Strides Pharma	-1.5	16.2	124.4
Sun Pharma	-2.0	5.6	30.3
Torrent Pharma	0.6	2.7	35.6
<b>Infrastructure</b>	<b>-0.9</b>	<b>11.2</b>	<b>17.1</b>
Ashoka Buildcon	0.0	13.3	-21.2
IRB Infra.Devl.	-1.6	13.6	-1.0
KNR Construct.	-0.8	14.3	22.5
<b>Media</b>	<b>-2.0</b>	<b>8.3</b>	<b>-8.4</b>
PVR	-1.5	15.5	-19.0
Sun TV	-3.7	10.8	5.2
Zee Ent.	-1.6	6.0	-20.8
<b>Metals</b>	<b>-2.2</b>	<b>10.7</b>	<b>20.1</b>
Hindalco	-1.4	6.8	21.1
Hind. Zinc	-4.5	20.8	33.4
JSPL	-1.3	19.0	62.1
JSW Steel	-2.0	11.7	46.9
Nalco	4.7	21.7	5.1
NMDC	-3.3	7.2	-12.7
SAIL	-2.7	17.1	30.6
Tata Steel	-3.4	12.0	40.1
Vedanta	-2.6	26.3	9.8
<b>Oil &amp; Gas</b>	<b>-1.6</b>	<b>8.9</b>	<b>1.3</b>
Aegis Logistics	-0.4	16.9	32.2
BPCL	-1.3	11.2	-12.0
Castrol India	-2.2	2.9	-5.2
GAIL	-3.0	16.7	5.6
Gujarat Gas	-2.1	1.7	31.7
Gujarat St. Pet.	-0.6	-1.2	-17.9
HPCL	-1.1	9.1	-8.4
IOC	-1.7	11.2	-15.8
IGL	-5.1	14.9	12.9
Mahanagar Gas	-3.9	2.8	-9.1
MRPL	-3.0	17.7	-15.8
Oil India	-2.2	11.7	-22.2
ONGC	-4.0	5.6	-22.7
PLNG	-1.4	1.0	-10.3
Reliance Ind.	2.1	8.2	38.1
Aditya Bir. Fas.	-0.2	14.8	-23.6
<b>Retail</b>			
Avenue Super.	-1.5	1.2	41.8
Jubilant Food	-1.7	3.2	56.6
Shoppers St.	-0.9	5.5	-49.4

Company	1 Day (%)	1M (%)	12M (%)
Titan Co.	-0.9	3.2	28.9
Trent	-1.1	-2.7	12.4
V-Mart Retail	2.6	2.9	30.9
Westlife Develop	-2.8	13.3	20.5
<b>Technology</b>	<b>-0.6</b>	<b>15.8</b>	<b>63.5</b>
Cyient	1.1	2.8	9.9
HCL Tech.	-0.6	14.2	70.0
Infosys	0.0	13.9	75.8
L&T Infotech	-2.8	17.1	108.4
Mindtree	-1.5	23.2	95.9
Mphasis	-2.9	15.0	81.8
Coforge	-2.4	7.1	41.9
Persistent Sys	-2.2	21.6	123.7
TCS	-1.0	16.2	50.8
Tech Mah	-1.5	10.8	28.9
Wipro	0.2	25.7	80.5
Zensar Tech	-0.6	5.6	26.0
<b>Telecom</b>	<b>-2.6</b>	<b>17.2</b>	<b>17.9</b>
Bharti Airtel	-2.6	18.5	13.6
Indus Towers	-3.2	5.5	2.4
Idea Cellular	-3.7	39.7	117.6
Tata Comm	-1.4	8.3	131.9
<b>Utilities</b>	<b>-0.6</b>	<b>6.6</b>	<b>6.9</b>
Coal India	-2.8	3.4	-32.0
CESC	-1.4	22.2	-5.0
Indian Energy Ex	-2.1	17.3	30.4
JSW Energy	-3.4	12.8	12.6
NHPC Ltd	0.0	13.6	-4.8
NTPC	-2.2	-1.4	-18.0
Power Grid	-0.7	5.1	-2.7
Tata Power	-2.1	20.0	39.3
Torrent Power	-1.8	6.6	4.2
<b>Others</b>			
Brigade Enterpr.	-0.8	4.5	11.2
BSE	-1.1	2.8	12.3
Coromandel Intl	0.7	10.5	43.5
Concor	-2.0	12.5	-22.4
EPL Ltd	-0.2	0.8	47.4
Indiamart Inter.	5.4	35.6	270.0
Godrej Agrovet	0.6	4.3	-2.0
Indian Hotels	-2.2	1.5	-15.6
Interglobe	0.8	11.4	16.7
Info Edge	0.6	16.1	101.2
Kaveri Seed	-3.7	5.8	10.7
Lemon Tree Hotel	0.4	5.8	-23.9
MCX	0.6	1.6	20.1
Oberoi Realty	-1.8	7.4	3.9
Piramal Enterp.	-2.0	15.9	-3.0
Phoenix Mills	-1.9	6.5	-14.4
PI Inds.	0.1	-0.1	53.9
Quess Corp	0.2	24.1	-1.2
Security & Intel	-1.3	-5.7	-19.3
SRF	-1.6	9.4	59.9
S H Kelkar	-2.2	12.6	7.4
Tata Chemicals	-1.5	14.6	59.8
Team Lease Serv.	-1.1	11.5	0.8
Trident	-2.3	66.7	101.4
UPL	1.4	33.7	1.1

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