Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	52,444	-0.3	9.8
Nifty-50	15,709	-0.2	12.4
Nifty-M 100	27,315	-0.5	31.1
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	4,401	0.0	17.2
Nasdaq	14,763	0.7	14.5
FTSE 100	7,017	0.3	8.6
DAX	15,570	0.3	13.5
Hang Seng	9,071	2.2	-15.5
Nikkei 225	27,582	-1.4	0.5
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	74	0.4	44.9
Gold ($/OZ)	1,807	0.4	-4.8
Cu (US$/MT)	9,664	-0.8	24.7
Almn (US$/MT)	2,546	2.0	29.0
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	74.4	-0.1	1.8
USD/EUR	1.2	0.2	-3.0
USD/JPY	109.9	0.1	6.5
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.2	0.01	0.3
10 Yrs AAA Corp	6.7	0.01	0.1
Flows (USD b)	**28-Jul**	**MTD**	**CY21**
FIIs	-0.31	-0.94	7.45
DIIs	0.12	1.49	0.93
Volumes (INRb)	**28-Jul**	**MTD***	**YTD***
Cash	728	670	773
F&O	69,154	52,953	44,570

Note: *Average

Today's top research idea

Maruti Suzuki: Weak performance in a tough quarter; Good demand recovery

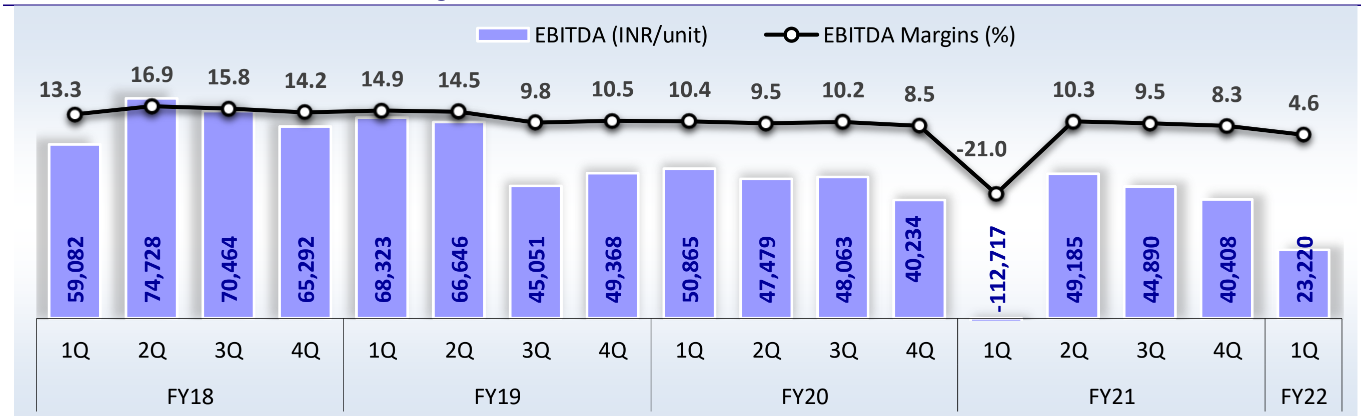
- MSIL's 1QFY22 performance was weak in a tough quarter marked with impact of lockdown on volumes and commodity cost inflation. While commodity inflation will persist in 2Q, there are drivers in place for sustained volume and margin recovery from 2HFY22E.
- EBITDA margin declined by 370bp QoQ to 4.7% (v/s our estimate of 5.2%), impacted by cost inflation (net impact of 90bp QoQ), higher staff costs (+18%QoQ/+46%YoY) and operating deleverage impact.
- There is recovery seen in both urban and rural. Inquiries are similar as 4QFY21 and bookings are at 80-85% of 4QFY21. Inquiries are at 120% of Jun-21 and retails similar to Jun-21. Wholesales and retails in Jul-21 should be higher than Jun-21.
- We lower our FY22E/FY23E EPS by 13%/3% to factor in further cost inflation in 2Q, higher staff cost and lower other income. Maintain Buy.

Research covered

Cos/Sector	Key Highlights
Maruti Suzuki	Weak performance in a tough quarter; Good demand recovery
JSW Steel	Growth remains the key focus
Nestle India	Sales below our estimate; gross margin pressure evident
SRF	Strong showing; earnings above our estimates
Dalmia Bharat	Well-placed to gain market share
United Breweries	Better than expected sales drives operating profit beat
ABB	In line result, gradual recovery witnessed in order inflows in Jun'21
Ashok Leyland	Switch Mobility to house AL's EV initiatives
Coforge	Strong all-round delivery; valuation remains full
Mahanagar Gas	Highest ever EBITDA/scm
Other Notes	Granules India | SIS | Team Lease Services

Chart of the Day: Maruti Suzuki (Weak performance in a tough quarter)

Trend in MSIL's EBITDA and EBITDA margin



Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Deposit insurance bill amendments okayed, all kinds of deposits up to Rs 5 lakh in all types of banks to be insured

The Union Cabinet on Wednesday approved amendment to the DICGC Act to provide account holders access to up to Rs 5 lakh funds within 90 days of a bank coming under moratorium to ensure timely support to depositors.Last year,...

2

Sebi to ease rules for startups to go public

India's markets regulator plans to introduce rules that will hold the controlling shareholders of companies accountable, departing from the concept of regulating promoters, as dozens of investor-backed and entrepreneur-led startups are set to go public. "We are revisiting the concept of promoters and controlling shareholders. There is an increasing number of companies that do not have any clear promoters," Ajay Tyagi, chairman of the Securities and Exchange Board of India (Sebi), said at the annual capital market summit organized by industry body Ficci on Wednesday...

3

Ford reaches out to half a dozen rival carmakers to reboot India operations

US carmaker Ford has reached out to at least half a dozen automakers to explore various options to sustain its Indian operation of 25 years after its failed partnership with Mahindra & Mahindra, multiple people aware of the developments told ET. Ford India has approached Skoda-Volkswagen Group...

4

Indian solar companies jittery as curbs on Chinese modules end this week

Domestic solar manufacturers are jittery as the import duty protections to prevent dumping of Chinese modules are expiring by the end of the week, with no replacements in sight yet. The current safeguard duty (SGD) of 14.5% on imports is set to expire on July 30. Due to World Trade Organisation (WTO) rules,...

5

Billionaire investor Rakesh Jhunjhunwala plans 70 planes for new airline

Billionaire investor Rakesh Jhunjhunwala is planning on having 70 aircraft within four years for a new airline he wants to set up in India on optimism more people will travel by air. Jhunjhunwala, who is considering investing $35 million and would own 40% of the carrier, expects to get a no-objection certificate from India's aviation ministry in the next 15 days, he said in a Bloomberg Television interview Wednesday...

6

Digital payments up 30.2% in FY21: RBI data

Digital payments have recorded a growth of 30.19 per cent during the year ended March 2021, reflecting adoption and deepening of cashless transactions in the country, RBI data showed. As per the newly constituted Digital Payments Index (RBI-DPI), the index rose to 270.59 at the end of March...

7

India expected to see 7 per cent growth next fiscal: Chief Economic Adviser K V Subramanian

Chief Economic Adviser K V Subramanian on Wednesday said India is expected to hit a growth rate of 6.5-7 per cent in 2022-23 and accelerate further to 8 per cent in the subsequent years on the back of reforms undertaken by the government...

Maruti Suzuki

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	MSIL IN
Equity Shares (m)	302
M.Cap.(INRb)/(USDb)	2159.9 / 29
52-Week Range (INR)	8400 / 6040
1, 6, 12 Rel. Per (%)	-5/-18/-23
12M Avg Val (INR M)	7504

Financials & valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	703.3	946.4	1,043.5
EBITDA	53.5	72.1	116.3
Adj. PAT	42.3	55.6	90.9
Cons. Adj. EPS (INR)	145.3	187.7	304.7
EPS Gr. (%)	-22.7	29.2	62.3
BV/Sh. (INR)	1,700	1,840	2,040
Ratios			
RoE (%)	8.2	10.0	14.7
RoCE (%)	10.1	12.7	18.9
Payout (%)	31.0	53.3	39.4
Valuations			
P/E (x)	49.2	38.1	23.5
P/BV (x)	4.2	3.9	3.5
EV/EBITDA (x)	32.1	23.3	13.9
Div. Yield (%)	0.6	1.4	1.7

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	56.4	56.4	56.3
DII	15.8	15.1	17.1
FII	22.9	23.1	21.5
Others	5.0	5.4	5.2

FII Includes depository receipts

CMP: INR7,150 TP: INR8,200 (+15%) Buy

Weak performance in a tough quarter

Good demand recovery | RM cost inflation to persist in 2QFY22

- Maruti Suzuki (MSIL) reported a weak performance in 1QFY22, weighed by the impact of the lockdowns on volumes as well as commodity cost inflation. While commodity inflation would persist in 2Q, there are drivers in place for sustained volume and margin recovery from 2HFY22E.
- We lower our FY22E/FY23E EPS by 13%/3%, factoring in further cost inflation in 2Q, higher staff costs, and lower other income. Maintain **Buy**, with TP of INR8,200/share (27x Mar'23E consol. EPS).

Margins impacted by higher costs; lower other income hurts PAT

- Revenue grew to ~INR177.7b (+333% YoY / -26% QoQ) in 1QFY22, while EBITDA/PAT came in at INR8.2b/INR4.4b (-59% QoQ / -62% QoQ).
- Net realizations grew 3% QoQ (-6% YoY) to INR502.5k (v/s est. INR492.4k) on price hikes and lower discounts (at INR14k/unit v/s INR16.6k in 4QFY21).
- The gross margin declined 90bp QoQ (-3.3pp YoY) to 25.2% (v/s est. 25.5%), impacted by RM cost (350bp QoQ), but diluted by price hikes (~1.6% in Apr'21) and lower discounts (~60bp).
- The EBITDA margin declined 370bp QoQ to 4.7% (v/s est. 5.2%), impacted by higher staff costs (+18% QoQ / +46% YoY) and operating deleverage. The EBIT margin declined 480bp QoQ to 0.4% (v/s est. 0.9%). Lower other income resulted in PAT decline of 62% QoQ to INR4.4b (v/s est. INR6.2b).

Highlights from management commentary

- **Update on demand**: Recovery is seen in both urban and rural. Inquiries are similar to 4QFY21 levels and bookings are at 80–85% of 4QFY21. Inquiries in July'21 are at 120% of Jun'21 levels, with retail similar to Jun'21. Wholesale in Jul'21 should be higher v/s Jun'21. It has 170k pending bookings currently, whereas network inventory stands at 135–138k units (27 days at 4Q retail).
- **SUV segment:** The segment share stood at 38% in 1QFY22 (v/s 32% in FY21), with a similar split between Entry and Mid-SUV. Based on its experience in other countries, MSIL expects SUV's share to rise to 42–43% over the next five years and plateau at these levels. Mid-SUV is a weak area for MSIL, and going forward, it would take a closer look at this segment.
- **Chip shortage**: MSIL is faring relatively better as it is able to adjust its production by manufacturing cars with a lower intensity of semi-conductors.
- **Commodity price impact:** In 1QFY22, it saw an impact of 3.5pp QoQ. It expects a further impact in 2Q as well and should see some stability thereafter. It took price increases in January (1.3%) and April (1.6%) and has taken one in July as well (small increase). It is attempting to strike a balance between cost pass-through, demand, and market share.

Valuation and view

- While MSIL has seen strong demand recovery, the sharp commodity cost inflation is expected to keep near-term performance in check. We expect recovery in 2HFY22 in both market share and margins, led by a favorable product lifecycle and mix as well as price action / cost-cutting.
- The stock trades at 38.1x/23.5x FY22E/FY23E consolidated EPS. Maintain Buy, with TP of INR8,200/share (27x Mar'23E consolidated EPS).

S/A Quarterly Performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q
Financial Performance											
Volumes ('000 units)	76.6	393.1	495.9	492.8	353.6	500.4	516.7	506.5	1,458.4	1,877.3	353.6
Change (%)	-81.0	16.2	13.4	28.2	361.6	27.3	4.2	2.8	-6.7	28.7	361.6
Realizations (INR/car)	5,36,104	4,76,802	4,73,038	4,87,538	5,02,545	5,05,058	5,01,270	4,66,262	4,82,264	4,93,074	4,92,414
Change (%)	9.4	-5.0	-0.1	3.0	-6.3	5.9	6.0	-4.4	-0.3	2.2	-8.1
Net operating revenues	**41,065**	**1,87,445**	**2,34,578**	**2,40,237**	**1,77,707**	**2,52,729**	**2,59,024**	**2,36,182**	**7,03,325**	**9,25,642**	**1,74,124**
Change (%)	-79.2	10.4	13.3	32.0	332.7	34.8	10.4	-1.7	-7.0	31.6	324.0
RM Cost (% of sales)	71.5	70.0	72.5	73.9	74.8	74.0	73.0	72.4	72.3	73.5	74.5
Staff Cost (% of sales)	17.8	4.4	4.0	3.7	6.0	3.7	3.8	3.2	4.8	4.0	4.8
Other Cost (% of sales)	31.7	15.3	13.9	14.1	14.6	13.5	13.5	13.9	15.3	13.8	15.5
EBITDA	**-8,634**	**19,336**	**22,261**	**19,911**	**8,211**	**22,331**	**25,041**	**24,920**	**53,453**	**80,502**	**9,014**
EBITDA Margins (%)	-21.0	10.3	9.5	8.3	4.6	8.8	9.7	10.6	7.6	8.7	5.2
EBIT	**-16,467**	**11,677**	**14,848**	**12,501**	**779**	**14,781**	**17,041**	**16,315**	**23,138**	**48,915**	**1,564**
EBIT Margins (%)	-40.1	6.2	6.3	5.2	0.4	5.8	6.6	6.9	3.3	5.3	0.9
Non-Operating Income	13,183	6,025	9,937	898	5,078	8,000	9,000	11,710	29,464	33,788	6,500
PBT	**-3,457**	**17,478**	**24,498**	**13,075**	**5,635**	**22,581**	**25,841**	**27,897**	**51,594**	**81,953**	**7,914**
Adjusted PAT	**-2,494**	**13,716**	**19,414**	**11,661**	**4,408**	**17,689**	**20,242**	**21,860**	**42,297**	**64,199**	**6,200**
Change (%)	-117.4	1.0	24.1	-9.7	-276.7	29.0	4.3	87.5	-25.1	51.8	-348.6

Key Performance Indicators

Y/E March	FY21				FY22E				FY21	FY22E	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q
Dom. PV Market Sh (%)	42.8	50.1	50.7	47.9	47.0				49.1		
Volumes ('000 units)	76.6	393.1	495.9	492.8	353.6	500.4	516.7	506.5	1,458.4	1,877.3	353.6
Change (%)	-81.0	16.2	13.4	28.2	361.6	27.3	4.2	2.8	-6.7	28.7	361.6
Discounts (INR '000/car)	25.0	17.3	20.2	16.6	14.0				18.4	16.5	
% of Net Realn	4.7	3.6	4.3	3.4	2.8				3.8	3.3	
Net Realizations (INR '000/car)	536.1	476.8	473.0	487.5	502.5	505.1	501.3	466.3	482.3	493.1	492.4
Change (%)	9.4	-5.0	-0.1	3.0	-6.3	5.9	6.0	-4.4	-0.3	2.2	-8.1
Cost Break-up											
RM Cost (% of sales)	71.5	70.0	72.5	73.9	74.8	74.0	73.0	72.4	72.3	73.5	74.5
Staff Cost (% of sales)	17.8	4.4	4.0	3.7	6.0	3.7	3.8	3.2	4.8	4.0	4.8
Other Cost (% of sales)	31.7	15.3	13.9	14.1	14.6	13.5	13.5	13.9	15.3	13.8	15.5
Gross Margins (%)	28.5	30.0	27.5	26.1	25.2	26.0	27.0	27.6	27.7	26.5	25.5
EBITDA Margins (%)	-21.0	10.3	9.5	8.3	4.6	8.8	9.7	10.6	7.6	8.7	5
EBIT Margins (%)	-40.1	6.2	6.3	5.2	0.4	5.8	6.6	6.9	3.3	5.3	0.9

E:MOFSL Estimates

28 July 2021

Annual Report Update | Sector: Metals

JSW Steel

BSE SENSEX	S&P CNX
52,444	15,709

Stock Info

Bloomberg	JSTL IN
Equity Shares (m)	2,400
M.Cap.(INRb)/(USDb)	1744.1 / 23.5
52-Week Range (INR)	773 / 203
1, 6, 12 Rel. Per (%)	4/80/199
12M Avg Val (INR M)	5213
Free float (%)	55.9

Financials Snapshot (INR b)

Y/E Mar	2021	2022E	2023E
Sales	796.1	1,341.1	1,322.1
EBITDA	199.8	406.2	384.0
NP	78.9	225.9	209.8
AdjEPS (INR)	32.8	93.8	87.0
EPS Gr. (%)	262.5	186.2	-7.2
BV/Sh. (INR)	194.1	275.7	342.7
RoE (%)	18.9	39.9	28.2
RoCE (%)	8.7	17.9	14.6
Payout (%)	22.9	19.8	19.9
Valuation			
P/E (x)	22.0	7.7	8.3
P/BV (x)	3.7	2.6	2.1
EV/EBITDA (x)	11.9	5.8	5.9
Div. Yield (%)	0.9	2.1	1.9

CMP: INR722 TP: INR840 (+16%) Buy

Growth remains the key focus

High debt levels not a concern as growth capex improves outlook

JSW Steel (JSTL)'s FY21 Annual Report highlights the company's objective to continue to pursue growth in both volumes and value. Furthermore, the announcement of the 7.5mtpa capacity expansion at Vijayanagar – coupled with the acquisition of Bhushan Power and Steel Ltd (BPSL) and the completion of the 5mtpa Dolvi expansion – indicates the management's focus to grow its market share and the comfort to manage its cash flows and leverage. While debt would stay elevated in FY22 despite the strong steel prices and margins, we don't see that as a worry given the expected strong growth in volumes and cash flows led by expansions. We reiterate Buy, with TP of INR840.

Pursuing growth aggressively; deleveraging to take a backseat

- JSTL, in line with its aggressive growth policy, plans to add another 7.5mtpa capacity by FY24 through (a) brownfield expansion (5mtpa) and (b) the augmentation of existing capacities by 2.5mtpa through de-bottlenecking. Coupled with the ongoing 5mtpa Dolvi expansion, this would take JSTL's standalone capacity to ~30mtpa (~60% growth) by end-FY24. JSTL aims to raise its consolidated capacity to 37.5mtpa/45mtpa by FY25/FY30.
- Contrary to peers which saw deleveraging of 25-30% during FY21, JSTL saw only a marginal deleveraging of INR6.3b to INR653b. This was attributable to its high capex spend and the BPSL and ACCIL acquisitions for an aggregate consideration of INR66.6b. Even in FY22, we exect the debt to stay high as capex would be elevated at INR182b. Debt should decline from FY23, as the ramp-up at the new Dolvi plant would improve cash flows.

Other highlights

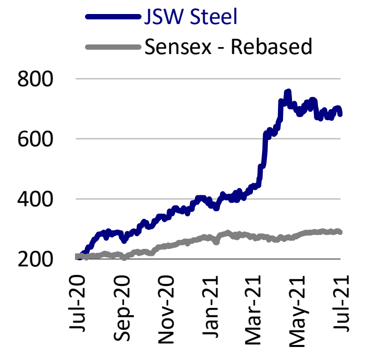
- JSTL's 5mtpa brownfield expansion at Vijaynagar would come through its wholly-owned subsidiary, JSW Neometallics Steel Ltd. This would help JSTL to benefit from the low income tax rate of 15% under Section 115BAB of the Income Tax Act, 1961, allowed to new manufacturing companies.
- JSTL plans to lower its carbon emissions by 20% over FY21–30 to <2.0 tCO_2/tCS. It has also set targets to achieve a 7% reduction in specific energy consumption and 42% reduction in dust emissions by FY30. In this regard, it plans to procure 1GW renewable power for its steel plant operations.
- JSTL's raw material security would increase further in FY22 with a full year of operations at its Odisha mines. It met 35% of its iron ore requirement through captive iron ore in FY21. It produced 18.5mt of iron ore and sold 4.7mt of iron ore during the year.
- JSTL's FY22 long-term debt repayment obligation stands at INR87.2b, which we believe would be refinanced during the year.
- In addition to the completion of the much-awaited BPSL acquisition, to boost its downstream product portfolio, JSTL acquired Asian Color Coated Ispat

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	44.1	44.1	43.1
DII	20.6	7.6	5.4
FII	0.4	13.2	16.0
Others	34.9	35.2	35.5

FII Includes depository receipts

Stock Performance (1-year)



Limited having a capacity of 1.0mtpa for INR15.5b at an attractive valuation of <3.0x EV/EBITDA – the asset generated INR2.5b of EBITDA in the first five months of operation. Furthermore, JSTL acquired the Plate and Coil Mill Division (PCMD) of Welspun, with the capacity to produce 1.2mtpa of steel plates and coils, for INR8.1b in FY22.

- Welspun, with the capacity to produce 1.2mtpa of steel plates and coils, for INR8.1b in FY22.
- The shift to the new tax regime is likely in FY23. In its standalone operations, JSTL has a minimum alternate tax (MAT) credit entitlement of INR25.3b. This, we believe, should be largely exhausted in FY22, post which the company could shift to the new tax regime of 25%.
-

Valuation and view

- We like JSTL given its strong project pipeline and cost reduction initiatives, which should support margins. Over FY21–23E, we expect an above-industry volume CAGR of 17%, driven by the Dolvi expansion.
- The announced 5mtpa expansion by FY24, at a competitive cost of ~USD400/t, should be RoCE-attractive and improve the growth outlook beyond FY24.
- Despite the high capex, we expect net debt to decline ~17% over FY21–23E to INR542b.
- We value JSTL at 6x FY23E EV/EBITDA to arrive at TP of INR840. Maintain **Buy.**

28 July 2021

2QCY21 Results Update | Sector: Consumer

Nestle India

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	NEST IN
Equity Shares (m)	96
M.Cap.(INRb)/(USDb)	1736.7 / 23.4
52-Week Range (INR)	18821 / 15104
1, 6, 12 Rel. Per (%)	3/-8/-31
12M Avg Val (INR M)	2026

Financials & Valuations (INR b)

Y/E Dec	2021E	2022E	2023E
Sales	147.5	167.4	189.5
Sales Gr. (%)	10.5	13.5	13.2
EBITDA	35.9	41.0	46.7
Margin (%)	24.4	24.5	24.6
Adj. PAT	23.1	26.6	30.9
Adj. EPS (INR)	239.7	276.2	320.4
EPS Gr. (%)	10.2	15.3	16.0
BV/Sh.(INR)	212.5	217.0	245.4
Ratios			
RoE (%)	113.6	128.6	138.6
RoCE (%)	119.2	134.1	144.2
Payout (%)	98.1	97.7	90.5
Valuations			
P/E (x)	75.2	65.2	56.2
P/BV (x)	84.8	83.0	73.4
EV/EBITDA (x)	47.5	41.5	36.4
Div. Yield (%)	1.3	1.5	1.6

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	62.8	62.8	62.8
DII	7.9	8.0	8.8
FII	12.4	12.3	12.1
Others	16.9	17.0	16.4

FII Includes depository receipts

CMP: INR18,013 TP: INR18,600 (+3%) Neutral

Sales below our estimate; gross margin pressure evident

- Sales growth of 14% YoY in 2QCY21 was lower than our expectation (+17%), given the weak base in 2QCY20 (+1.7% YoY sales growth). Two-year average sales growth slipped to 7.8%, lower than the 9-10% range seen in the preceding three quarters. Rising palm oil and packaging costs led to lower than expected operating margin, resulting in a 5-6% miss to our EBITDA and PBT estimate.
- The company indicated in its press release that it has already invested INR10b of the INR26b capex program it had indicated earlier (planned over 3-4 years). Given the addition of only INR470m to fixed assets in its 1HCY21 Cash Flow Statement, a considerably higher investment is likely to have come through in Jul'21. While this will lead to higher depreciation in 2HCY21 and beyond, the substantial capex is indicative of the management's confidence in NEST's topline growth prospects.
- The structural opportunity in the Indian Food space is extremely attractive. While NEST's ongoing investments are encouraging, valuations at 65.2x/56.2x CY22E/CY23E EPS lead us to maintain our **Neutral** rating.

Slight miss to our estimates

- **Net sales grew 14% YoY to INR34.8b** (est. INR35.7b) in **2QCY21**. Domestic sales grew 13.7% YoY, led by double-digit volume and mix growth. Exports rose 17.7% due to the timing of exports to affiliates. We peg volume growth at ~11% in 2QCY21.
- **EBITDA/PBT/adjusted PAT increased by 9.9%/8%/5.4% YoY in 2QCY21 to INR8.3b/INR7.2b/INR5.2b v/s our estimate of INR8.7b/INR7.6b/INR5.7b.**
- Gross margin expanded by 70bp YoY to 57% due to better realizations and mix, offsetting higher commodity cost.
- As a percentage of sales, lower staff costs (-120bp YoY to 10.9%) and higher other expenses (+280bp YoY to 22.1%), led to a 90bp YoY contraction in EBITDA margin to 24% (est. 24.5%) in 2QCY21. Higher other expenses were mainly on account of rising fuel prices and comparison to a base quarter, impacted by restricted operations due to the lockdown.
- Other income decreased by 22.3% YoY in 2QCY21 due to lower yields and average liquidities.
- **Sales/EBITDA/PAT increased by 11.2%/13.1%/9.4% YoY in 1HCY21 to INR70.9b/INR17.6b/INR11.3b.**
- As of 30 Jun'21, NEST's inventories/debtors/creditors were up 16.9%/12.8%/17.4% YoY. NWC was 14.1% higher YoY at INR5.4b.

Highlights from the management commentary

- NEST's key products of Maggi noodles, KitKat, Nestlé Munch, Maggi sauces, and Maggi *Masala-Ae-Magic* posted strong double-digit growth.
- Recently, commodity prices have been rising across oils and packaging materials.

- The e-commerce channel posted a strong (105% YoY growth) performance and contributed 6.4% of domestic sales.
- Contribution of innovations to domestic sales grew 4.9% in 1HCY21.
- It has invested INR10b of the INR26b capex plan announced earlier.

Valuation and view

- Changes to our model resulted in a 4-5% EPS reduction in CY21E and CY22E as a result of sales and margin miss in 2Q and higher than expected capex in CY21.
- While the management announced a capex plan of INR26b (spread over 3-4 years) towards the end of CY21, it has already invested ~INR10b as mentioned in its 1HCY21 press release, which showcases its high confidence on NEST's medium-to-long-term growth prospects.
- The long-term narrative for NEST's revenue and earnings growth are highly attractive. The Packaged Foods segment in India offers immense growth opportunities. This is particularly true for a company like NEST, with a strong pedigree and distribution strength. Successful implementation of its volume-led growth strategy in recent years provides confidence on execution as well.
- As indicated in our annual report update note, the pace of new launches in CY20 (while lower than preceding years due to the management's focus on the core business, amid the COVID-19 pandemic), was healthy compared to its peers. Since CY16, NEST has launched 80 (including nine in CY20) new products. In a recent analyst meet (Feb'21), the management said these products contributed a healthy 4.3% of sales in CY20 v/s 3.4% in CY19. With 40-50 products in the pipeline, the pace of new launches is likely to remain healthy going forward.
- Valuations at 65.2x/56.2x CY22E/CY23E EPS are expensive and offer limited upside from a one-year perspective. We value the company at 60x Sep'23E EPS to arrive at our TP of INR18,600. We maintain our **Neutral** stance.

Quarterly performance (INR b)

Y/E December	CY20				CY21				CY20	CY21E	CY21	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Var.
Net Sales	**33.3**	**30.5**	**35.4**	**34.3**	**36.1**	**34.8**	**38.5**	**38.0**	**133.5**	**147.5**	**35.7**	**-2.6%**
YoY Change (%)	10.7	1.7	10.1	9.0	8.6	14.0	8.8	10.8	7.9	10.5	17.0	
COGS	14.5	13.3	14.8	14.0	15.0	14.9	16.5	16.2	56.7	62.6	15.1	
Gross Profit	**18.7**	**17.2**	**20.6**	**20.3**	**21.1**	**19.8**	**22.0**	**21.9**	**76.8**	**84.9**	**20.6**	
Margin (%)	56.3	56.3	58.1	59.1	58.5	57.0	57.2	57.5	57.5	57.6	57.7	
Operating Exp.	10.7	9.6	11.6	12.7	11.8	11.5	12.7	12.9	44.6	49.0	11.8	
EBITDA	**8.0**	**7.6**	**9.0**	**7.6**	**9.3**	**8.3**	**9.3**	**9.0**	**32.2**	**35.9**	**8.7**	**-4.6%**
Margin (%)	24.1	24.9	25.4	22.1	25.8	24.0	24.2	23.6	24.1	24.4	24.5	
YoY growth (%)	4.7	5.0	16.1	9.9	16.2	9.9	3.7	18.4	10.7	11.7	15.3	
Depreciation	0.9	0.9	0.9	1.0	0.9	1.0	1.0	1.2	3.7	4.1	1.0	
Interest	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	1.6	2.1	0.5	
Other income	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	1.5	1.2	0.3	
PBT	**7.1**	**6.6**	**8.0**	**6.5**	**8.1**	**7.2**	**8.1**	**7.5**	**28.3**	**30.9**	**7.6**	**-5.8%**
Tax	1.8	1.7	2.0	1.9	2.1	1.9	2.0	1.7	7.3	7.8	1.9	
Rate (%)	25.1	25.0	24.9	28.7	25.8	26.8	25.2	23.0	25.8	25.2	25.2	
Adjusted PAT	**5.3**	**5.0**	**6.0**	**4.6**	**6.0**	**5.2**	**6.0**	**5.8**	**21.0**	**23.1**	**5.7**	**-7.8%**
YoY Change (%)	12.3	11.1	(0.1)	(0.9)	13.1	5.4	0.4	24.9	7.6	10.2	14.4	

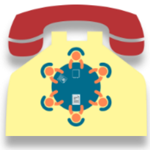
E: MOFSL estimates

SRF

BSE SENSEX	S&P CNX
52,444	15,709

CMP: INR7,722 — Neutral

Conference Call Details



Date: 29th July 2021
Time: 3:00pm IST
Dial-in details:
+91 22 6280 1144

Strong showing; earnings above our estimates

- SRF reported a revenue of INR27b (est. INR23.6b) in 1QFY22, up 75% YoY, with the Chemicals business growing 58% (to INR11.1b) and the Packaging Film business up 54% (to INR10.4b). Revenue in the Technical Textiles business grew 251% YoY (to INR4.9b) and Others segment rose 126% (to INR536m).
- EBITDA margin expanded 50bp to 24.6% (est. 23.4%). As a percentage of sales, RM cost stood at 49.3% in 1QFY22 v/s 48% in 1QFY21, employee cost at 6.7% v/s 8.9%, power cost at 8.6% v/s 8%, and other expenses at 10.7% v/s 11%.
- EBIT margin in the Chemicals and Polymers business expanded 740bp YoY to 20%. Packaging Film margin contracted by 980bp to 22.7% (+40bp QoQ). EBIT margin in Technical Textiles stood at 27.1% v/s -10% last year (+890bp QoQ).
- EBITDA stood at INR6.6b (est. INR5.5b), up 78% YoY.
- Adjusted PAT grew 109% YoY to INR3.9b (est. INR3.1b) on account of lower interest cost (-36%) and higher other income (+36%), but was offset by a higher tax rate (26.5% v/s 21% last year) and higher depreciation (+18%).

Consolidated quarterly earnings model (INR m)

Y/E March	FY21				FY22				FY21	FY22E	FY22E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**15,452**	**21,008**	**21,464**	**26,077**	**26,994**	**26,064**	**26,686**	**30,780**	**84,000**	**110,525**	**23,581**	**14**
YoY Change (%)	-12.4	20.9	16.0	40.4	74.7	24.1	24.3	18.0	16.5	31.6	52.6	
Total Expenditure	11,728	15,188	16,018	19,734	20,350	19,960	20,321	23,473	62,667	84,104	18,071	
EBITDA	**3,723**	**5,821**	**5,446**	**6,343**	**6,644**	**6,105**	**6,365**	**7,307**	**21,333**	**26,421**	**5,510**	**21**
Margin (%)	24.1	27.7	25.4	24.3	24.6	23.4	23.9	23.7	25.4	23.9	23.4	
Depreciation	1,040	1,140	1,166	1,185	1,230	1,270	1,320	1,363	4,531	5,183	1,230	
Interest	432	362	285	262	275	360	410	458	1,340	1,503	300	
Other Income	101	98	217	130	138	110	220	130	545	598	110	
PBT before EO expense	**2,353**	**4,417**	**4,213**	**5,026**	**5,277**	**4,585**	**4,855**	**5,616**	**16,008**	**20,333**	**4,090**	
Extra-Ord. expense and DO	89	101	-220	-85	-72	0	0	0	-116	-72	0	
PBT	**2,264**	**4,316**	**4,432**	**5,111**	**5,349**	**4,585**	**4,855**	**5,616**	**16,123**	**20,405**	**4,090**	
Tax	493	1,164	1,185	1,302	1,396	1,100	1,165	1,348	4,144	5,010	982	
Rate (%)	21.0	26.4	28.1	25.9	26.5	24.0	24.0	24.0	25.9	24.6	24.0	
Reported PAT	**1,771**	**3,152**	**3,247**	**3,809**	**3,953**	**3,484**	**3,690**	**4,268**	**11,979**	**15,395**	**3,109**	
Adj. PAT	**1,860**	**3,253**	**3,028**	**3,724**	**3,881**	**3,484**	**3,690**	**4,268**	**11,864**	**15,324**	**3,109**	**25**
YoY Change (%)	16.0	58.6	-9.0	68.3	108.7	7.1	21.9	14.6	29.0	29.2	67.2	
Margin (%)	12.0	15.5	14.1	14.3	14.4	13.4	13.8	13.9	14.1	13.9	13.2	

Dalmia Bharat

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	DALBHARA IN
Equity Shares (m)	193
M.Cap.(INRb)/(USDb)	401.7 / 5.4
52-Week Range (INR)	2374 / 652
1, 6, 12 Rel. Per (%)	16/77/161
12M Avg Val (INR M)	275

Financial Snapshot (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	105.2	122.7	142.3
EBITDA	27.8	29.0	34.9
Adj. PAT	10.1	11.0	14.6
EBITDA Margin (%)	26.4	23.6	24.5
Adj. EPS (INR)	54.8	59.7	79.2
EPS Gr. (%)	377.1	8.9	32.7
BV/Sh. (INR)	682.5	738.5	812.8
Ratios			
Net D:E	0.0	0.1	0.1
RoE (%)	8.7	8.4	10.2
RoCE (%)	10.2	7.1	8.2
Payout (%)	2.5	5.1	5.1
Valuations			
P/E (x)	39.2	36.0	27.1
P/BV (x)	3.1	2.9	2.6
EV/EBITDA(x)	14.5	13.8	11.4
EV/ton (USD)	183.2	154.6	154.7
Div. Yield (%)	0.1	0.1	0.2
FCF Yield (%)	6.2	-3.4	0.0

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	56.0	56.0	55.8
DII	5.8	5.0	4.0
FII	13.1	13.5	14.2
Others	25.1	25.5	26.1

FII Includes depository receipts

CMP: INR2,147 TP: INR2,480 (+16%) Buy

Well-placed to gain market share

Expansions enhance growth visibility

- Volume declined by 24% QoQ to 4.89mt in 1QFY22 as it lost some market share in East India because of COVID-led lockdowns at plant locations. However, cost control, which was led by a change in product mix, has kept margin intact.
- The announcement of its much awaited capital allocation policy is a big positive. DBEL announced capacity expansion to 48.5mt/110-130mt by FY24/FY31 from 30.8mt, which provides long-term growth visibility.
- We expect market share gains to continue, supported by ~25% capacity expansion over FY23E. We maintain our FY22E/FY23E EPS estimate. Valuations are also reasonable at 11.4x FY23E EV/EBITDA. We reiterate our **Buy** rating.

Lower volumes led to miss on EBITDA; margin in line

- Revenue/EBITDA/adjusted PAT increased by 31%/14%/3% YoY in 1QFY22 to INR25.9b/INR7b/INR2.7b, -14%/-10%/-6% v/s our estimate. The miss on our estimate was due to a 24% QoQ decline in volume to 4.89mt (est. 5.39mt).
- Cement realization growth at 8% QoQ was strong and largely in line with our estimate. Blended realization growth was weaker at 4% QoQ (INR5,294/t; -2% YoY) due to lower revenue from other businesses.
- As a result, blended EBITDA/t rose 18% QoQ to INR1,431/t (-15% YoY) and was in line with our estimate.
- Blended cost per tonne declined by 1% QoQ to INR3,863 due to weaker business activity in other businesses (such as Refractory and Trading).
- The company lowered its gross debt by INR4.76b in 1QFY22. Net debt/EBITDA stood at 0.08x v/s 1.02x at the end of 1QFY21.

Highlights from the management commentary

- DBEL will use up to 10% of the operating cash flow towards shareholders' return, another 10% towards an Innovation and Green Energy Fund, and the balance will be used to fund growth and maintenance capex.
- It aims to be a pan India pure play Cement company, having a significant presence in its operating geographies, and plans to grow capacity at 14-15% CAGR to 110-130mt by CY31.
- Around INR50b has been allocated towards its new expansion plan, of which INR13b will be spent on clinker debottlenecking. About INR20b will be spent on ongoing capacity expansions at Murli Industries (to be commissioned in Dec'21), Cuttack grinding unit (to be commissioned in Sep'21), and Bihar grinding unit (having an outlay of INR7.8b and expected to be commissioned in Mar'24).
- Planned capex for FY22 is INR40b, of which INR3b was spent in 1QFY22.

Expect 14% volume CAGR over FY21-23E; reiterate Buy

- Led by expansions, DBL is well-placed to gain market share. We estimate a 14% volume CAGR over FY21-23E.
- Valuations are attractive at 11.4x FY23E EV/EBITDA and at an EV/capacity of USD155/t. We reiterate our Buy rating with a TP of INR2,480/share on 12x Sep'23E EV/EBITDA.

Consolidated quarterly performance (INR m)

Y/E March	FY21				FY22				FY21	FY22E	FY22E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Sales Dispatches (mt)	3.66	4.80	5.80	6.42	4.89	5.28	6.38	6.93	20.70	23.48	5.39	-9
YoY Change (%)	-19.6	7.4	13.7	24.2	33.6	10.0	10.0	7.9	7.3	13.4	47.3	
Realization (INR/t)	5,393	5,021	4,926	5,111	5,294	5,294	5,144	5,205	5,083	5,227	5,561	-5
YoY Change (%)	-3.3	0.4	3.9	6.4	-1.8	5.5	4.4	1.8	1.4	2.8	3.1	
QoQ Change (%)	12.3	-6.9	-1.9	3.8	3.6	0.0	-2.8	1.2			8.8	
Net Sales	**19,740**	**24,100**	**28,570**	**32,810**	**25,890**	**27,955**	**32,822**	**36,048**	**105,220**	**122,715**	**29,987**	-14
YoY Change (%)	-22.2	7.8	18.2	32.1	31.2	16.0	14.9	9.9	8.8	16.6	51.9	
Total Expenditure	13,600	17,080	21,660	25,050	18,890	21,818	25,242	27,814	77,390	93,764	22,211	-15
EBITDA	**6,140**	**7,020**	**6,910**	**7,760**	**7,000**	**6,136**	**7,580**	**8,234**	**27,830**	**28,951**	**7,776**	-10
Margin (%)	31.1	29.1	24.2	23.7	27.0	22.0	23.1	22.8	26.4	23.6	25.9	
Depreciation	3,010	3,020	3,290	3,300	2,980	3,000	3,050	3,180	12,620	12,210	3,300	
Interest	730	730	910	580	560	500	470	458	2,950	1,988	600	
Other Income	550	410	460	400	260	400	500	620	1,820	1,780	400	
PBT before EO Expense	**2,950**	**3,680**	**3,170**	**4,280**	**3,720**	**3,036**	**4,560**	**5,215**	**14,080**	**16,532**	**4,276**	-13
Extra-Ord. expense	830	960	960	-4,920	0	0	0	0	-2,170	0	0	
PBT after EO Expense	**2,120**	**2,720**	**2,210**	**9,200**	**3,720**	**3,036**	**4,560**	**5,215**	**16,250**	**16,532**	**4,276**	
Tax	240	400	380	2,800	950	1,002	1,505	1,833	3,820	5,290	1,411	
Rate (%)	11.3	14.7	17.2	30.4	25.5	33.0	33.0	35.2	23.5	32.0	33.0	
Reported PAT (pre-minority)	**1,880**	**2,320**	**1,830**	**6,400**	**2,770**	**2,034**	**3,055**	**3,382**	**12,430**	**11,242**	**2,865**	-3
Minority + associate	-20	0	10	130	110	30	40	20	120	200	30	
PAT Adj. for EO items	**2,730**	**3,280**	**2,780**	**1,350**	**2,660**	**2,004**	**3,015**	**3,362**	**10,140**	**11,042**	**2,835**	-6
YoY Change (%)	85.7	1,114.8	1,058.3	419.2	-2.6	-38.9	8.5	149.0	352.7	8.9	3.8	

United Breweries

BSE SENSEX	S&P CNX
52,444	9,304

Conference Call Details

Date: 29th Jul 2021
Time: 5:00pm IST
Dial-in details:
+91 22 6280 1245 /
+91 22 7115 8146

Financials & Valuations (INR b)

Y/E MAR	FY21E	FY22E	FY23E
Net Sales	42.4	58.1	65.7
Sales Gr. (%)	-34.8	37.0	13.0
EBITDA	3.8	7.8	10.6
Margin (%)	9.0	13.5	16.1
Adj. PAT	1.2	3.2	5.1
Adj. EPS (INR)	4.6	12.3	19.2
EPS Gr. (%)	-71.8	169.2	55.9
BV/Sh. (INR)	135.5	143.1	154.1
Ratios			
RoE (%)	3.4	8.8	12.9
RoCE (%)	3.6	9.3	12.3
Valuations			
P/E (x)	316.8	117.7	75.5
P/BV (x)	10.7	10.1	9.4
EV/EBITDA (x)	99.4	46.9	36.1

CMP: INR1446

Better than expected sales drives operating profit beat

1QFY22 performance

- **Standalone net sales grew 121% YoY to INR11.2b** (est. INR10.1b). EBITDA stood at INR954m (est. INR370m). PBT stood at INR425m (est. -INR360m). Adjusted PAT stood at INR308m (est. -INR269m).
- Compared to 1QFY20 levels, volumes and sales in 1QFY22 were lower by 50% and 45%, respectively.
- Gross margin expanded 160bp YoY to 48.3%, but fell 370bp QoQ.
- **Standalone EBITDA margin in 1QFY22 stood at 8.5%** (est. 3.7%) v/s -18.9% in 1QFY21.

Other key highlights

- Business commenced in Apr'21 on a good note, but a spike in infections and related government restrictions towards the last week of the month resulted in challenging market conditions. The next two months of the quarter witnessed muted business, with a recovery towards the end of Jun'21 as markets started to gradually open up.
- Restrictions in 1QFY22 were less stringent v/s that in 1QFY21.
- **Primary volume growth stood at 115%. Volumes in Jun'21 were about half that of volumes in Jun'19.**
- UBL's net debt stood at INR1.2b.
- While the industry outlook continues to be volatile, given the uncertain trajectory of the COVID-19 pandemic, the company continues to be optimistic about the long-term growth drivers of the industry and is committed to strengthen its market position.

Standalone quarterly performance (INR m)

Y/E March	FY21				FY22				FY21	FY22E	FY22E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Net Sales	**5,069**	**9,006**	**12,897**	**15,435**	**11,180**	**13,059**	**18,056**	**15,835**	**42,407**	**58,131**	**10,138**	10.3%
YoY Change (%)	-75.3	-42.9	-11.3	8.4	120.6	45.0	40.0	2.6	-34.9	37.1	100.0	
Gross Profit	**2,365**	**4,707**	**6,948**	**8,024**	**5,404**	**6,856**	**9,570**	**8,080**	**22,044**	**27,599**	5,170	
Margin (%)	46.7	52.3	53.9	52.0	48.3	52.5	53.0	51.0	52.0	47.5	51.0	
EBITDA	**-957**	**404**	**1,965**	**2,613**	**954**	**1,596**	**3,220**	**1,456**	4,025	**7,848**	370	157.8%
YoY Change (%)	P/L	-79.0	-11.3	97.6	L/P	294.8	63.9	-44.3	-54	95.0	L/P	
Margin (%)	-18.9	4.5	15.2	16.9	8.5	12.2	17.8	9.2	9.5	13.5	3.7	
Depreciation	505	612	578	623	552	780	880	1,075	2,319	3,287	700	
Interest	72	60	53	42	39	80	95	146	227	360	70	
Other Income	14	326	46	116	61	30	40	20	502	151	40	
PBT	**-1,519**	**59**	**1,379**	**2,064**	**425**	**766**	**2,285**	**254**	**2,054**	**4,352**	-360	-
Tax	-376	18	355	474	117	193	576	211	471	1,097	-91	
Rate (%)	24.8	31.5	25.7	23.0	27.4	25.2	25.2	83.0	22.9	25.2	25.2	
Adj. PAT	**-1,143**	**40**	**1,024**	**1,590**	**308**	**573**	**1,709**	**43**	**1,584**	**3,255**	-269	-
YoY Change (%)	P/L	-96.5	-4.3	286.0	L/P	1,328.9	66.9	-97.3	-63.0	105.6	-76.5	
Margin (%)	-22.5	0.4	7.9	10.3	2.8	4.4	9.5	0.3	3.7	5.6	-2.7	

E: MOFSL estimates
Note: Full year numbers won't be a summation of quarterly numbers because interim results are standalone

ABB India

BSE SENSEX	S&P CNX
52,444	15,709

Conference Call Details

Date: 29th July 2021
Time: 10:00 am IST
Dial-in details:
+91-22-6280 1376

Financials & Valuations (INR b)

Y/E Dec	2020	2021E	2022E
Sales	58.2	70.4	88.0
EBITDA	3.7	5.7	8.3
PAT	2.5	4.3	6.5
EBITDA (%)	6.3	8.1	9.5
EPS (INR)	11.9	20.5	30.5
EPS Gr. (%)	(28.4)	72.6	49.1
BV/Sh. (INR)	170.2	186.8	208.2
Ratios			
Net D/E	(0.6)	(0.7)	(0.7)
RoE (%)	7.0	11.0	14.7
RoCE (%)	7.6	11.6	15.2
Payout (%)	40.4	30.0	30.0
Valuations			
P/E (x)	142.9	82.8	55.5
P/BV (x)	10.0	9.1	8.1
EV/EBITDA (x)	91.4	58.5	39.6
Div Yield (%)	0.3	0.4	0.5
FCF Yield (%)	0.6	1.6	1.5

CMP:INR1,696 Buy

In line result, gradual recovery witnessed in order inflows in Jun'21

2QCY21 earnings snapshot

- Revenue grew 45% YoY to INR14.3b and **was in line with our expectation**.
- Gross margin improved slightly on a sequential basis to 33.6% v/s 33.3% in 1QFY22. On a YoY basis, gross margin is down 130bp.
- EBITDA quadrupled to INR947m and **was in line with our expectation**.
- EBITDA margin came in at 6.6%, slightly better than our expectation of 6.3%.
- Adjusted PAT came in at INR683m and **was in line with our expectation**.
- **Order inflows grew 41% YoY to INR16.9b, but was down 7% sequentially**.
- Order book stood at INR45.8b, down 2% YoY.

Segmental highlights

- **Robotics and Motion:** Revenue grew 41% YoY to INR5.9b. PBIT margin expanded to 10.1%.
- **Electrification products:** Revenue grew 61% YoY to INR5.8b. PBIT margin stood at 6.8%.
- **Industrial Automation:** Revenue growth was tepid at 13% YoY. PBIT margin stood at 6%.

Quarterly performance (INR m)

Y/E December	CY20				CY21				CY20	CY21E	MOSL	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Sales	**15,222**	**9,858**	**16,122**	**17,008**	**16,292**	**14,250**	**18,800**	**21,048**	**58,210**	**70,389**	**14,450**	-1.4%
Change (%)	-17.7	-42.9	-7.6	-12.9	7.0	44.6	16.6	23.8	-20.4	20.9	46.6	
EBITDA	**145**	**234**	**1,214**	**1,956**	**1,323**	**947**	**1,414**	**2,003**	**3,689**	**5,687**	**912**	3.9%
Change (%)	-90.0	-81.1	-1.6	41.3	812.1	304.2	16.5	2.4	-30.5	54.2	289.1	
As a percentage of Sales	1.0	2.4	7.5	11.5	8.1	6.6	7.5	9.5	6.3	8.1	6.3	
Depreciation	271	249	247	297	253	284	270	255	1,204	1,062	270	5.2%
Interest	34	38	28	69	32	16	30	72	169	150	40	-60.0%
Other Income	458	266	201	144	253	252	320	499	1,069	1,324	280	-10.0%
Extra-ordinary Income	456	10	(48)	(742)	466	19	-	-	(323)	485	-	
PBT (Before Exceptionals)	**298**	**214**	**1,140**	**1,733**	**1,291**	**900**	**1,434**	**2,175**	**3,385**	**5,799**	**882**	2.0%
Tax	108	62	285	416	343	216	361	538	870	1,460	222	-2.6%
Effective Tax Rate (%)	36.3	28.8	25.0	24.0	26.6	24.1	25.2	24.8	25.7	25.2	25.2	
Reported PAT	**646**	**163**	**807**	**576**	**1,413**	**703**	**1,073**	**1,636**	**2,192**	**4,825**	**660**	6.5%
Adj. PAT	**190**	**153**	**855**	**1,317**	**947**	**683**	**1,073**	**1,636**	**2,515**	**4,340**	**660**	3.6%
Change (%)	-78.7	-78.1	8.5	16.1	398.6	347.9	25.5	24.2	-28.4	72.6	332.5	

Ashok Leyland

BSE SENSEX	S&P CNX
52,444	15,709

Stock Info

Bloomberg	AL IN
Equity Shares (m)	2,927
M.Cap.(INRb)/(USDb)	356.7 / 4.8
52-Week Range (INR)	139 / 48
1, 6, 12 Rel. Per (%)	-2/-4/101
12M Avg Val (INR M)	3315
Free float (%)	48.9

Financials Snapshot (INR b)

Y/E March	FY21	FY22E	FY23E
Sales	153.0	254.9	322.2
EBITDA	5.4	19.7	35.1
EBITDA (%)	3.5	7.7	10.9
Adj. PAT	-3.0	7.6	19.5
EPS (INR)	-1.0	2.6	6.6
EPS Gr. (%)	-188.0	-352.1	156.6
BV/Sh. (INR)	23.8	25.4	30.0
Ratios			
Net D:E	0.4	0.4	0.3
RoE (%)	-4.2	10.5	24.0
RoCE (%)	-0.7	8.9	18.6
Payout (%)	-58.4	38.6	30.1
Valuations			
P/E (x)	-118.2	46.9	18.3
P/BV (x)	5.1	4.8	4.0
EV/EBITDA (x)	72.1	18.7	9.9
Div. Yield (%)	0.5	0.8	1.6
FCF Yield (%)	-1.7	6.8	8.8

CMP: INR122 TP: INR156 (+28%) Buy

Switch Mobility to house AL's EV initiatives...

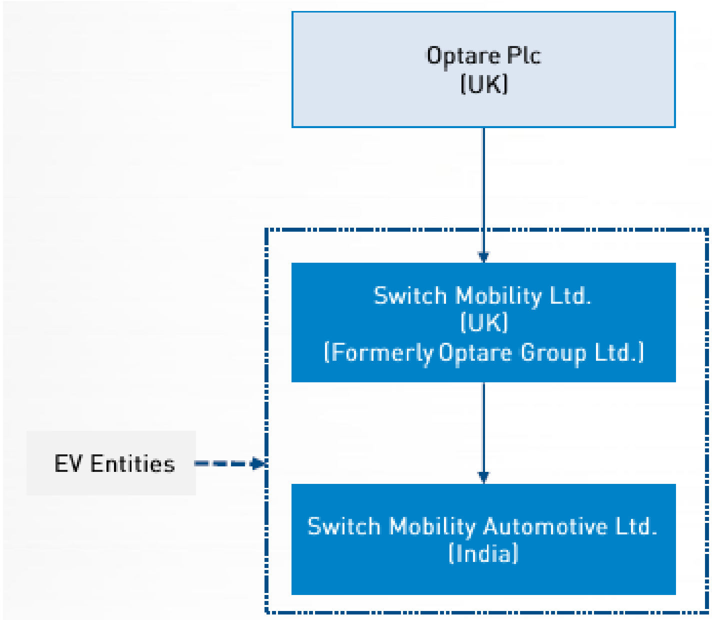
… OHM mobility solution taps end-customers through e-MaaS

AL showcased (click here for the presentation) growth opportunities in the EV segment on 28th Jul'21. Its latest strategic initiative, through Switch Mobility, is in shaping the commercial e-Mobility space in India and overseas. It has also set-up OHM Global Mobility to provide customized solutions for improving access to clean Commercial Vehicles. Key highlights from the event:

- With the economics of EVs in CV driven by diesel (rising) and battery prices (falling), AL sees EVs as a great opportunity to capture the end-customer market through e-MaaS (via OHM), besides being a global EV manufacturer (via Switch Mobility).
- AL has created a dedicated EV only entity – Switch Mobility – to house all EV initiatives, with manufacturing facilities in both India and UK.
- Switch Mobility would: a) have a clear focus and capabilities in EVs, b) explore synergies with AL, and c) become independent in the medium term with respect to capex plans and raising of capital for R&D, innovation, and expansion.
- Switch Mobility targets an addressable market of over USD70b (USD16b for e-Bus and USD55b for e-LCV) by CY30 in the largest and fastest growing EV markets (excluding China).
- AL has invested UDS130m in Switch Mobility and already has electric Buses on the road. It has a product pipeline of e-Buses and e-LCVs, which are expected to be technologically advanced as compared to its peers.
- Switch Mobility would invest USD150-200m over the next few years. While AL will not be incurring any major capex for the same, Switch Mobility is looking to raise investments from strategic as well as financial investors.
- It will roll out an e-Van in India by CY22-end. It is conducting customer trials and has already sold 2,000 units. It will launch a global e-Van by CY24.
- OHM Global Mobility would focus on e-MAAS – Electric Mobility as a Service – enabling a shift to an opex from a capex model. While an e-Bus, post subsidies, cost ~1.2x of an ICE Bus (v/s 3x without subsidies), OHM Global Mobility provides customized business models with underlying pay-as-you-use mobility solutions with the lowest TCO proposition:
  - Gross cost contracts targeting State bus transport operators
  - Battery as a Service targeting Bus fleet operators
  - Vehicle as a Service targeting LCV fleet operators
  - Vehicle subscription targeting SME green LCV fleets
- **Our view and valuation**: AL's EV strategy is in line with the technological revolution seen globally. We expect electrification in CVs to play out earlier in intra-city Buses and LCVs. While AL's strategy is exciting and leverages on the strengths of both Optare (Switch Mobility) and AL, details are awaited for a more concrete plan and timeline for their EV roadmap. We expect a

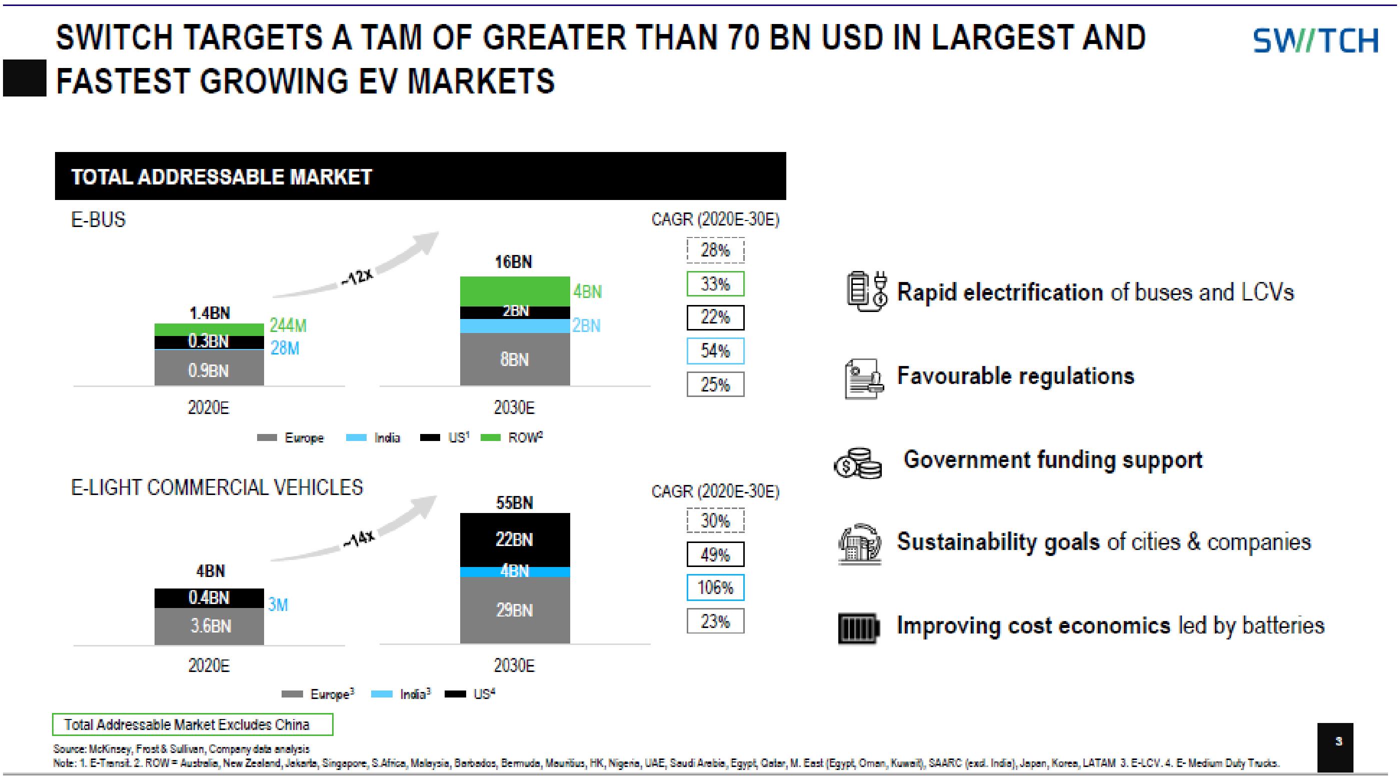
demand recovery in CVs by the end of 2QFY22E and the same to gather momentum in 2HFY22E, resulting in a recovery in M&HCV volumes to FY20 levels in FY22E. Volumes in FY23E would still be lower than the peak of FY19, with the possible crossing of peak volumes of FY19 in FY24E. AL would benefit from an expansion of its revenue/profit pool by ramping-up in LCVs, Exports, Spares, and Defense. The stock trades at 18.3x FY23E EPS and 9.9x EV/EBITDA. We maintain our **Buy** rating.

Structure of Switch Mobility



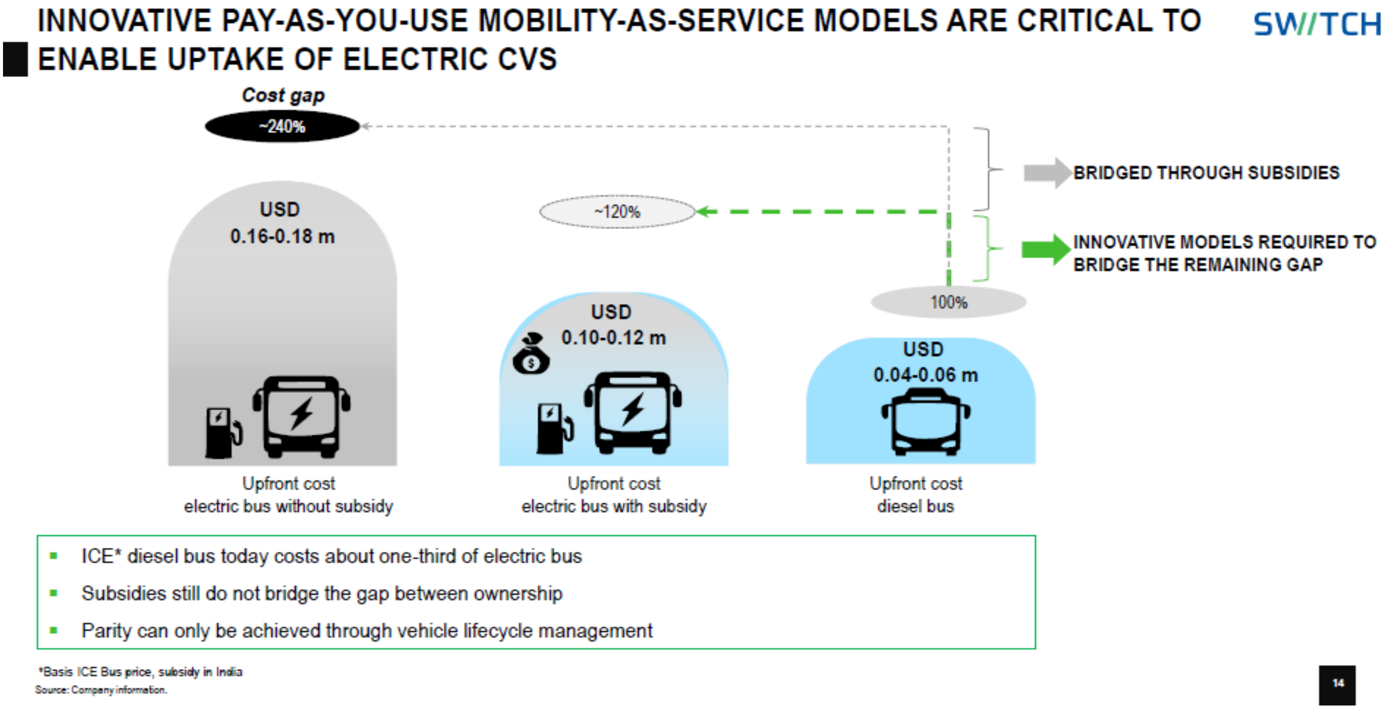
Source: Company, MOFSL

The addressable market for Switch Mobility to grow to over USD70b by CY30



Source: Company, MOFSL

OHM mobility solution bridges the cost gap with pay-as-you-use business models



Source: Company, MOFSL

Coforge

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	COFORGE IN
Equity Shares (m)	61
M.Cap.(INRb)/(USDb)	287.5 / 3.9
52-Week Range (INR)	4827 / 1727
1, 6, 12 Rel. Per (%)	16/84/132
12M Avg Val (INR M)	1876

Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	46.6	63.5	78.9
EBIT Margin (%)	17.0	17.8	18.8
PAT	4.8	7.1	9.3
EPS (INR)	78.8	116.9	153.6
EPS Gr. (%)	4.4	48.3	31.4
BV/Sh. (INR)	406.6	486.9	594.4
Ratios			
RoE (%)	21.1	19.7	26.2
RoCE (%)	18.6	18.0	23.5
Valuations			
P/E (x)	60.2	40.6	30.9
P/BV (x)	11.7	9.8	8.0
EV/EBITDA (x)	35.4	25.0	18.8
Div Yield (%)	0.4	0.7	1.0

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	55.7	64.0	70.3
DII	14.9	11.9	6.4
FII	19.4	14.6	14.0
Others	9.9	9.5	9.3

FII Includes depository receipts

CMP: INR4,745 TP: INR4,760 Neutral

Strong all-round delivery; valuation remains full

Robust FY22 performance priced in

- Coforge Ltd (COFORGE) reported strong organic revenue growth of 7% QoQ CC in 1QFY22, above our estimates of 3% QoQ CC. Including the two months of revenue contribution from SLK, revenue growth stood at 16% QoQ (USD), far higher than our exp. of 10.3% QoQ. Growth was driven by deal ramp-ups in the Americas (+30% QoQ, including the SLK impact). It reported another quarter of strong order intake of USD318m (the highest ever), implying 1.6x book-to-bill. This also included three large deals, with one USD105m deal win.
- The EBITDA margin (pre-RSU) declined 110bps QoQ to 16.1%, weighed by wage hikes, visa costs, and the transition impact from large deals. Strong net additions (1,138 organically) resulted in a drop in utilization by 400bps QoQ.
- While the management increased its FY22 organic revenue growth guidance to at least +19% YoY CC (+200 bps v/s 4QFY22), we expect the company to grow at a much faster pace (c25% YoY CC). The management further mentioned it does not see any headwind to growth and that the guidance is conservative. Given the strong demand tailwind as well as all-time high deal wins and a healthy pipeline, Coforge should continue to grow strongly in FY23 as well.
- The recent SLK Global acquisition is expected to result in faster overall growth, adding +10% in inorganic growth in FY22. We estimate Coforge to deliver consolidated growth of 37% in FY22, leading to an FY21–23E USD revenue CAGR of 29%.
- Coforge is confident of delivering an FY22 EBITDA margin (pre-RSU) of 19%, implying a more than 400bps increase through the course of the year. This would be aided by (a) the deferment of licensing sales (+100bps) to the next quarter, (b) the normalization of utilization levels on ramp-ups in two large deals in 2Q, and (c) the reversal of travel discounts in 4Q. We expect the FY22 EBIT margin to improve 100bp YoY, partially moderated by higher amortization from the SLK acquisition. This should result in a 39.6% PAT CAGR over FY21–23E.
- The stock currently trades at 31x FY23E EPS. This fairly factors in strong growth delivery from Coforge.
- We upgrade our FY22–23E EPS estimates by 10–14%, factoring in the revenue beat during the quarter and increased margins for FY22/FY23E. Our TP of INR4,760/share implies 31x FY23E EPS. **Maintain Neutral** on fair valuations.

Blockbuster performance on top line; deal wins at all-time highs

- Coforge reported revenue (USD) / adj. EBIT / adj. PAT of 42%/37%/36% YoY v/s our expectation of 36%/38%/37% YoY.
- Revenues grew 16% QoQ to USD199.7m, above our estimate of USD190m (+10.3% QoQ). This includes two months of revenue from the integration of SLK.
- On an organic basis, revenues for the quarter stood at USD185.1m, implying revenue growth of 7.6% QoQ.

- CC organic revenue growth for the quarter came in at 7% QoQ, against our est. of 3% QoQ growth.
- Growth was led by the Americas (+30% QoQ, incl SLK). ROW grew 8.4% QoQ. EMEA saw moderated growth of 2.2% QoQ, after strong growth of 19% QoQ in the previous quarter.
- Growth was broad-based across BFS, Insurance, and Transportation.
- The EBITDA margin (pre-RSU) declined 16.1% – down 110bp QoQ and 40bps below our estimate – weighed by wage hikes and deal ramp-up costs.
- Consequently, adj. PAT at INR1,332m was up 36% YoY, but decreased 3.2% QoQ, in line with our estimates.
- The total order book executable over the next 12 months has expanded 38.7% YoY to USD645m.
- Order intake increased to USD318m on the back of three large deals secured during the quarter, including a large deal of USD105m.
- The company has raised its organic growth guidance to at least 19% YoY CC for FY22, higher than the 17% growth indicated earlier.
- Utilization declined 400bp QoQ, and it added 1,138 employees (+6,962 of SLK).
- Attrition increased to 12.6% (+210bps QoQ).
- Cash and bank balance declined to INR3b, against INR8.4b in the previous quarter, due to payments made toward the SLK acquisition.
- The board has recommended an interim dividend of INR13 per share.

Key highlights from management commentary

- 1QFY22 was a record quarter in terms of composite order intake, executable book, and size and significance of the deals. The spike was attributable to three large deals signed during the quarter. COFORGE signed a USD20m+ contract over three years in the Insurance space and a USD100m contract over four years in the BFS space.
- Furthermore, growth in SLK is expected to exceed the company's organic growth over the short to medium term.
- Given this momentum, the management has increased its organic revenue guidance to at least 19% YoY CC for FY22.
- The management expects margins to expand substantially over the next three quarters, with 2QFY22 margins coming in higher at 200bps QoQ.
- Continued growth, the reversal of travel discounts, an increase in offshoring, and positive operating leverage should aid margin expansion. Although, these would be partly offset by higher retention and an increase in hiring cost, wage hikes, and a decrease in utilization.
- The management has maintained the margin guidance of achieving 19% pre-RSU EBITDA margins. RSU costs are expected to have an impact of 85bps on FY22 margins.

Valuation and view – fairly priced

- Strong deal wins, a robust deal pipeline, and good consistency in large deal wins (2–3 large deals every quarter) – despite the COVID-led disruption – are encouraging.
- The recent rally in the stock price indicates industry-leading growth and increasing margins, which have already been priced into current valuations. The execution of the company above guidance would be the key to sustaining current multiples.
- We value the company at 31x FY23 EPS. Maintain Neutral on fair valuations.

Quarterly Performance (IND-AS) (INR m)

Y/E March	FY21				FY22E				FY21	FY22E	Est.	Var.
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QFY22	(%/bp)
Rev. (USD m)	**140**	**155**	**161**	**172**	**200**	**214**	**219**	**228**	**628**	**860**	**190**	**4.9**
QoQ (%)	-9.4	10.2	4.1	7.2	15.8	7.1	2.5	4.1	5.9	37.0	10.3	545bp
Revenue (INR m)	**10,570**	**11,537**	**11,906**	**12,615**	**14,616**	**15,707**	**16,214**	**16,988**	**46,628**	**63,525**	**14,016**	**4.3**
YoY (%)	10.1	11.1	10.9	13.7	38.3	36.1	36.2	34.7	11.5	36.2	32.6	568bp
GPM (%)	**31.5**	**32.6**	**32.0**	**32.0**	**29.9**	**32.0**	**32.5**	**34.5**	**32.0**	**32.3**	**31.0**	**-113bp**
SGA (%)	**14.4**	13.8	14.0	14.0	**13.7**	13.5	13.5	13.5	14.0	13.6	13.9	-17bp
EBITDA (INR m)	**1,686**	**2,048**	**2,009**	**2,168**	**2,200**	**2,772**	**2,943**	**3,423**	**7,911**	**11,338**	**2,313**	**-4.9**
EBITDA Margin (%)	16.0	17.8	16.9	17.2	15.1	17.7	18.2	20.2	17.0	17.8	16.5	-8.8
EBIT (INR m)	**1,221**	**1,588**	**1,547**	**1,719**	**1,676**	**2,160**	**2,310**	**2,760**	**6,075**	**8,907**	**1,682**	**-0.3**
EBIT Margin (%)	11.6	13.8	13.0	13.6	11.5	13.8	14.3	16.3	13.0	14.0	12.0	-53bp
Other income	48	-63	19	109	52	157	162	170	113	541	140	-62.9
ETR (%)	20.5	19.9	21.1	22.3	18.5	22.5	22.5	22.5	21.0	21.8	22.5	-17.7
Minority Interest	-30.0	-15.0	-15.0	-44.0	-76.0	-73.5	-74.0	-74.5	-104.0	-298.0	-73.7	
Adj. PAT	**979**	**1,207**	**1,220**	**1,376**	**1,332**	**1,722**	**1,842**	**2,197**	**4,782**	**7,093**	**1,338**	**-0.5**
QoQ (%)	-22.5	23.3	1.1	12.8	-3.2	29.3	7.0	19.2			-2.7	-46bp
YoY (%)	-4.2	1.0	-1.1	8.9	36.1	42.7	51.0	59.6	1.4	48.3	36.7	-65bp
Adj. EPS (INR)	**15.7**	**19.9**	**20.1**	**22.7**	**22.0**	**28.4**	**30.4**	**36.2**	**78.8**	**116.9**	22.1	-0.5

Key Perfor. Indicators

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue (QoQ CC %)	(6.8)	8.1	3.3	5.1	7.0					
Margins										
Gross Margin	31.5	32.6	32.0	32.0	29.9	32.0	32.5	34.5	32.0	32.3
EBIT Margin	11.6	13.8	13.0	13.6	11.5	13.8	14.3	16.3	13.0	14.0
Net Margin	9.3	10.5	10.2	10.9	9.1	11.0	11.4	12.9	10.3	11.2
Operating metrics										
Headcount	10,599	11,162	11,424	12,391	20,491				12,391	
Attrition (%)	11.8	10.5	10.4	10.5	12.6				10.5	
Deal Win TCV (USD b)	186	201	192	201	318				780	
Key Verticals (YoY USD %)										
BFS	7.9	3.9	19.6	26.2	76.6				14.3	
Insurance	15.6	14.0	13.4	11.3	32.8				13.5	
Travel and Transport	(31.1)	(29.5)	(26.7)	(21.6)	41.6				(27.1)	
Key Geographies (YoY USD %)										
North America	(2.6)	1.8	8.5	11.3	56.2				4.9	
Europe	4.5	1.1	3.4	11.3	39.6				5.3	

Mahanagar Gas

BSE SENSEX	S&P CNX
52,444	10,386

Conference Call Details

Date: 29th July 2021
Time: 04:00pm IST
Dial-in details:
+91-22-6280 1210
+91-22-7115 8111

CMP: INR1,119 Buy

Highest ever EBITDA/scm; lower gas cost and operating expenditure leads to margin expansion

- Volumes for the company were in line with our estimates at 2.4mmscmd (-17% QoQ).
- CNG volumes at 1.6mmscmd (-23% QoQ) were impacted by the second wave of COVID-led lockdowns.
- PNG volumes at 0.8mmscmd (+34% YoY, -2% QoQ), with domestic/IC volumes at 0.5 mmscmd/0.4mmscmd.

- EBITDA/scm came in higher than our estimate at INR13.9 (+76% YoY, +15% QoQ) due to higher realization at INR28.2/scm (up INR0.6 QoQ), despite no price hikes in 1QFY22, and lower gas cost at INR8.8/scm (down INR1.1 QoQ).
- Gross margin at INR19.4/scm (up INR1.7 QoQ).
- Opex fell INR0.3/scm QoQ at INR4.6/scm (v/s our estimate of INR5.3 assumed on lower volumes in 1QFY22).
- Thus, EBITDA stood at INR3b, with PAT at INR2b (-4% QoQ).

- The company's operations were impacted due to the second COVID wave, resulting in a reduction in sales volumes (except for sales volumes in household gas consumption, which is used for cooking requirements) due to the lockdown advised by the State and/or Central government.
- Negotiations with OMCs on trade margins are still on.

Standalone quarterly earnings model (INR m)

Y/E March	FY21				FY22				
	1Q	2Q	3Q	4Q	1QE	1QAct	Var.	YoY	QoQ
Net Sales	**2,618**	**5,067**	**6,664**	**7,177**	**6,289**	**6,155**	**-2%**	**135%**	**-14%**
YoY Change (%)	-65.4	-35.3	-10.5	4.5	140.3	135.1			
EBITDA	**800**	**2,211**	**3,167**	**3,162**	**2,569**	**3,040**	**18%**	**280%**	**-4%**
EBITDA/SCM	7.9	11.6	12.4	12.1	11.3	13.9	24%	76%	15%
Margin (%)	30.6	43.6	47.5	44.1	40.8	49.4			
Depreciation	423	425	441	448	467	453	-3%	7%	1%
Interest	15	20	17	19	8	17			
Other Income	245	184	204	172	253	186	-26%	-24%	8%
PBT before EO expense	**607**	**1,950**	**2,913**	**2,866**	**2,346**	**2,756**	**17%**	**354%**	**-4%**
PBT	**607**	**1,950**	**2,913**	**2,866**	**2,346**	**2,756**	**17%**	**354%**	**-4%**
Tax	155	507	741	738	591	716	21%	363%	-3%
Rate (%)	25.5	26.0	25.4	25.8	25.2	26.0			
Reported PAT	**453**	**1,443**	**2,172**	**2,128**	**1,756**	**2,041**	**16%**	**351%**	**-4%**
YoY Change (%)	-73.4	-46.7	16.7	27.7	288.0	351.0			
Margin (%)	17.3	28.5	32.6	29.6	27.9	33.2			
Sales Volumes (mmscmd)									
CNG	0.5	1.3	1.9	2.0	1.6	1.6	-4%	223%	-23%
PNG - Domestic	0.4	0.5	0.5	0.5	0.5	0.5	-8%	9%	2%
PNG - Industry/Commercial	0.2	0.3	0.4	0.4	0.4	0.4	0%	86%	-8%
PNG - Total	0.6	0.8	0.9	0.9	0.9	0.8	-4%	34%	-2%
Total Volumes	**1.1**	**2.1**	**2.8**	**2.9**	**2.5**	**2.4**	**-4%**	**115%**	**-17%**

E: MOFSL estimates

Granules India

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	GRAN IN
Equity Shares (m)	229
M.Cap.(INRb)/(USDb)	92 / 1.2
52-Week Range (INR)	438 / 271
1, 6, 12 Rel. Per (%)	18/-7/-9
12M Avg Val (INR M)	1219

Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	32.4	37.2	42.5
EBITDA	8.7	9.3	10.9
Adj. PAT	5.5	5.8	6.8
EBIT Margin (%)	22.2	20.4	20.7
Cons. Adj. EPS (INR)	22.3	23.4	27.4
EPS Gr. (%)	66.8	5.0	17.1
BV/Sh. (INR)	87.7	110.0	136.2
Ratios			
Net D:E	0.3	0.2	0.2
RoE (%)	27.5	23.7	22.3
RoCE (%)	20.6	19.0	18.9
Payout (%)	5.3	5.0	4.3
Valuations			
P/E (x)	16.6	15.8	13.5
EV/EBITDA (x)	10.3	9.7	7.9
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	1.9	-0.3	5.1
EV/Sales (x)	2.8	2.4	2.0

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	42.0	42.0	42.1
DII	2.9	1.5	3.2
FII	18.4	23.1	23.0
Others	36.8	33.4	31.7

FII Includes depository receipts

CMP: INR371　　TP: INR440 (+17%)　　Buy

On track to build product pipeline as well as capacity

Availability of key starting materials to improve over near term

- Granules India (GRAN) delivered a better-than-expected 1QFY22 performance, led by better off-take in the Intermediates (PFI) and Finished Dosage (FD) segments. The impact of the sharp rise in key starting materials (KSM) for Paracetamol was offset by controlled opex, driving better-than-expected profitability during the quarter. The improved availability of KSMs and new launches would further enhance the performance going forward.
- We marginally tweak our EPS estimate for FY22/FY23E, factoring in a) the easing of the supply situation for KSMs and b) higher logistic costs. We continue to value GRAN at 15x 12M forward earnings to arrive at TP of INR440. We remain positive on GRAN on the back of a) a robust base business, comprising core molecules, b) an expanding portfolio and geographic reach, and c) operating cost efficiencies. Maintain **Buy**.

High cost of raw materials offset by controlled opex

- GRAN's 1QFY22 sales grew 16% YoY to INR8.5b (est. INR8.2b).
- Growth was led by 24% YoY growth in PFI (INR1.7b; 20% of sales) and 18% YoY growth in FD (INR4.5b; 54% of sales). The Active Pharmaceutical Ingredients (API) segment (INR2.2b; 26% of sales) grew at a moderate rate of 6% YoY.
- The gross margin contracted 600bp YoY to 54.2% due to an increase in KSM prices, especially for Paracetamol, and a reduction in export incentives.
- The EBITDA margin contracted at a slower rate (330bp YoY) to 23.7% (est. 22%) on controlled other expenses (down 260bp as a percentage of sales).
- EBITDA was almost flat YoY at INR2b (est INR1.8b) in 1QFY22.
- Adj. PAT fell 2% YoY to INR1.2b (est. INR1.1b) on a slightly higher tax rate.

Highlights from management commentary

- GRAN has guided for an 8–10% sales CAGR in core molecules and 50% sales CAGR in non-core products over the next 2–3 years.
- It has guided for an overall revenue/PAT CAGR of 20% over the next 2–3 years.
- Given that the current capacity would be optimally utilized over the next 2–3 years, GRAN is building a facility at the Genome Valley, scheduled to be ready by FY25.
- FY22 capex would be ~INR4b. Capex for 1QFY22 stood at INR1.6b.
- The KSM supply for Paracetamol is expected to ease with an increase in the number of Indian suppliers as well as the resumption of supply by a Chinese source.
- GRAN had a successful USFDA inspection at its Virginia facility recently and received an Establishment Inspection Report (EIR) in just 25 days.

Valuation and view

- We tweak our EPS estimate for FY22/FY23E to reflect lower raw material costs and a continued increase in freight costs. We expect a 16%/16%/10% CAGR in revenues from PFI/FD/API over FY21–23E.
- (a) Continued ANDA filings and pipeline buildup for the US, (b) geographic expansion for FDFs/PFIs in the Europe and RoW markets, (c) enhanced capacity to meet supply requirements, and (d) ramp up in the market share of core molecules are likely to result in an 11% PAT CAGR to INR6.8b over FY21–23E. We value GRAN at 15x 12M forward earnings to arrive at TP of INR440. Reiterate **Buy**.

Quarterly Performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E	Est.	Var.
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	vs Est
Net Sales	7,356	8,581	8,445	7,993	8,498	9,297	9,617	9,814	32,375	37,225	8,226	3.3%
YoY Change (%)	23.6	22.7	20.0	33.2	15.5	8.3	13.9	22.8	24.6	15.0	11.8	
EBITDA	1,987	2,489	2,213	2,020	2,014	2,250	2,433	2,572	8,710	9,269	1,810	11.3%
YoY Change (%)	67.5	73.3	35.6	65.7	1.4	-9.6	9.9	27.3	59.1	6.4	-8.9	
Margins (%)	27.0	29.0	26.2	25.3	23.7	24.2	25.3	26.2	26.9	24.9	22.0	
Depreciation	341	361	368	445	394	410	420	448	1,515	1,672	450	
EBIT	1,647	2,128	1,845	1,575	1,620	1,840	2,013	2,124	7,195	7,597	1,360	19.2%
YoY Change (%)	83.1	87.8	48.6	89.9	-1.6	-13.6	9.1	34.8	75.3	5.6	-17.4	
Margins (%)	22.4	24.8	21.8	19.7	19.1	19.8	20.9	21.6	22.2	20.4	16.5	15.4%
Interest	60	63	72	68	68	65	60	56	263	249	65	
Other Income	56	32	31	33	76	65	55	46	152	242	35	
PBT before EO expense	1,643	2,098	1,803	1,540	1,629	1,840	2,008	2,114	7,085	7,591	1,330	22.5%
Extra-Ord expense	151	-75	-36	0	0	0	0	0	40	0	0	
PBT	1,492	2,173	1,839	1,540	1,629	1,840	2,008	2,114	7,045	7,591	1,330	
Tax	377	537	371	264	427	442	462	461	1,549	1,791	253	
Rate (%)	25.3	24.7	20.2	17.2	26.2	24.0	23.0	21.8	22.0	23.6	19.0	
(Profit)/Loss of JV/Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	1,115	1,637	1,468	1,276	1,202	1,398	1,546	1,653	5,496	5,799	1,077	11.6%
Adjusted PAT	1,228	1,580	1,439	1,276	1,202	1,398	1,546	1,653	5,524	5,799	1,077	11.6%
YoY Change (%)	47.5	64.9	65.2	96.1	-2.1	-11.5	7.4	29.5	66.8	5.0	-12.3	
Margins (%)	16.7	18.4	17.0	16.0	14.1	15.0	16.1	16.8	17.1	15.6	13.1	

Key performance Indicators (Consolidated)

Y/E March	FY21				FY22E				FY21E	FY22E	FY22E
	1Q	2Q	3Q	4QE	1Q	2QE	3QE	4QE			1QE
FD	3,856	4,300	4,221	4,610	4,545	5,031	5,220	5,560	16,990	20,356	4,550
YoY Change (%)	35.0	22.9	11.3	34.0	17.9	17.0	23.7	20.6	24.9	19.8	18.0
PFI	1,379	1,730	1,706	1,440	1,716	1,716	1,833	1,752	6,265	7,017	1,555
YoY Change (%)	44.8	30.2	47.7	84.4	24.4	(0.8)	7.5	21.7	48.7	12.0	12.7
API	2,121	2,550	2,518	1,940	2,237	2,550	2,563	2,461	9,085	9,812	2,121
YoY Change (%)	(1.0)	17.6	20.4	9.2	5.5	-	1.8	26.9	11.2	8.0	-
Cost Break-up											
RM Cost (% of Sales)	39.7	42.1	45.1	42.7	45.8	44.8	44.0	43.6	57.5	55.5	45.0
Staff Cost (% of Sales)	11.4	9.3	9.8	12.5	11.2	12.0	11.7	12.2	12.6	11.8	13.0
Other Cost (% of Sales)	21.9	19.6	18.8	19.5	19.3	19.0	19.0	18.0	18.0	18.8	20.0
Gross Margins(%)	60.3	57.9	54.9	57.3	54.2	55.2	56.0	56.4	42.5	44.5	55.0
EBITDA Margins(%)	27.0	29.0	26.2	25.3	23.7	24.2	25.3	26.2	26.9	24.9	22.0
EBIT Margins(%)	22.4	24.8	21.8	19.7	19.1	19.8	20.9	21.6	22.2	20.4	16.5

SIS

BSE SENSEX	S&P CNX
52,444	15,709

Conference Call Details

Date: 29th July 2021
Time: 13:00 IST
Dial-in details:
+91-22-6280 1457

Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Net Sales	91.3	98.6	113.3
EBITDA	5.2	5.5	6.9
EBIT	4.1	4.4	5.7
Adj. NP	3.6	2.8	3.9
EPS (INR)	23.7	18.6	26.4
EPS Gr. (%)	-1.7	-21.4	41.4
BV/Sh. (INR)	267.8	308.7	366.2
RoE (%)	22.3	14.2	17.0
RoCE (%)	16.3	11.9	13.9
Payout (%)	0.0	0.0	0.0
Div. Yield	0.0	0.0	0.0

CMP: INR499

SIS 1QFY22: Operations below estimates on muted performance in International business

Revenue increased 10% YoY (v/s expectation of 13% growth), EBITDA was flat YoY (v/s expectation of +13% YoY), while adj PAT declined 9% YoY (v/s expectation of +19% YoY).

Revenue below estimates

- Revenue increased 9.8% YoY, but declined 2.7% QoQ to INR23.8b (3% miss).
- The revenue decline was attributable to (a) 4.2% QoQ decline in the International business (due to Adhoc revenues tapering) and (b) 2.3% decline in the India Security business (in line with expectations). The FM business posted moderate growth of 3.1% QoQ.
- All businesses reported higher revenue in June vis-à-vis April and May, indicating the start of business recovery.

Sequential drop in margins due to International business

- The EBITDA margin at 5.1% was flat QoQ and down 50bp YoY (below expectations).
- The drop in margins was majorly weighed by a reduction of the high-margin Adhoc business in Australia, leading to 50bp sequential decline in the Int. business. India biz margins remained flat, while FM business margins increased 240bps on a lower base.
- Consolidated PAT stood at INR528m, implying YoY decline of 8.8%; this was attributable to lower operating income and other income.
- During the quarter, the company recognized grants of INR67m from the Singapore government.

Others

- Net debt stood at INR6b (against INR3.7b in 4QFY21), implying net debt/EBITDA of 1.15 (v/s 0.72 in the previous quarter).
- The increase in net debt was due to significant cash outflows on account of a) balance stake purchase in Henderson and Uniq for INR1.7b and b) buybacks of INR1.2b (incl. tax). The total cash outflow stood at INR3b.
- 1QFY22 OCF/EBITDA stood at 95.5%. The company generated total OCF of INR1.2b during the quarter.
- In 1QFY22, the International business returned cash of INR500m to parent SIS in the form of dividends.

Valuation

- We await the management commentary before taking a relook at our estimates. The growth outlook on macro and the various key operating segments would be key monitorables.

Consolidated - Quarterly Earnings Model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E	Est.	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q	(%/bp)
Gross Sales	**21,667**	**21,579**	**23,575**	**24,452**	**23,793**	**24,175**	**24,891**	**25,723**	**91,273**	**98,582**	**24,529**	**-3.0**
YoY Change (%)	7.9	3.3	8.2	10.7	9.8	12.0	5.6	5.2	7.6	8.0	13.2	**-340bp**
Total Expenditure	20,459	20,282	22,106	23,219	22,580	22,807	23,441	24,219	86,065	93,047	23,163	-2.5
EBITDA	**1,209**	**1,297**	**1,469**	**1,233**	**1,214**	**1,368**	**1,450**	**1,504**	**5,208**	**5,536**	**1,366**	**-11.1**
Margins (%)	5.6	6.0	6.2	5.0	5.1	5.7	5.8	5.8	5.7	5.6	5.6	-50bp
Depreciation	285	283	277	285	270	275	279	282	1,130	1,106	292	-7.6
Interest	373	333	286	282	246	316	316	316	1,273	1,265	316	-22.3
Other Income	231	665	384	646	48	106	106	106	1,926	425	106	-54.4
PBT	**782**	**1,346**	**1,291**	**1,312**	**747**	**883**	**961**	**1,012**	**4,731**	**3,591**	**864**	**-13.6**
Tax	200	268	299	387	212	177	192	202	1,154	783	173	22.8
Rate (%)	25.6	19.9	23.2	29.5	28.4	20.0	20.0	20.0	24.4	21.8	20.0	840bp
Minority Interest & Profit/Loss of Asso. Cos.	-3	3	-2	7	-6	-4	-1	-1	5	-12	-3	142
Adjusted PAT	**579**	**1,081**	**990**	**932**	**528**	**702**	**768**	**809**	**3,583**	**2,795**	**688**	**-23.3**
YoY Change (%)	-22.7	42.0	26.5	-13.2	-8.8	-35.1	-22.4	-13.2	6.4	-22.0	18.9	
Margins (%)	2.7	5.0	4.2	3.8	2.2	2.9	3.1	3.1	3.9	2.8	2.8	-60bp

TeamLease

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	TEAM IN
Equity Shares (m)	17
M.Cap.(INRb)/(USDb)	64.2 / 0.9
52-Week Range (INR)	4065 / 1750
1, 6, 12 Rel. Per (%)	5/21/67
12M Avg Val (INR M)	94

Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	48.8	61.6	77.6
EBIT Margin (%)	1.3	1.7	1.9
PAT	0.9	1.3	1.8
EPS (INR)	51.9	74.9	104.9
EPS Gr. (%)	6.1	44.4	40.1
BV/Sh. (INR)	383.7	458.6	563.5
Ratios			
RoE (%)	14.4	17.8	20.5
RoCE (%)	11.5	16.6	19.7
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	71.9	49.8	35.6
P/BV (x)	9.7	8.1	6.6
EV/EBITDA (x)	63.2	44.2	31.6
Div Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	34.0	34.0	40.0
DII	17.6	17.0	14.5
FII	37.1	37.9	40.0
Others	11.3	11.0	5.5

FII Includes depository receipts

CMP: INR3,757 TP: INR4,200 (+12%) Buy

Expect a strong business recovery in FY22

Long term outlook optimistic

- TEAM's operating performance was a beat on our estimates, with total revenue increasing 2.7% QoQ. Revenue growth was led by 17%/22% QoQ growth in Specialized Staffing/Other HR Services, offset by a 1% growth in the General Staffing business. Margin in 1QFY22 inched up by 20bp QoQ to 2.1%, led by strong growth in the Specialized Staffing business and partial reversal in provisions in Other HR Services. It reported an adjusted PAT of INR243m, implying a PAT margin (in line) of 1.8%.
- The management remains optimistic about a recovery in long term growth. We expect an impact on revenue growth in FY22, due to lockdowns induced by the second COVID wave, to be much more manageable than FY21. As a result, discount reversals, new logo additions, and strong growth in certain key industries should aid 25% revenue growth in the General Staffing business.
- Increased manpower demand and higher margin replacements in the IT Staffing business should result in strong growth in Specialized Staffing in FY22. An expected reversal in provisions in Other HR Services and increasing proportion of Specialized Staffing should aid a 40bp margin improvement by FY23E from FY21 levels. This, in turn, should result in an adjusted PAT CAGR of 42% over FY21-23E.
- Over the medium term, as both the Central and state governments look forward to liberalize and formalize the labor market, TEAM should be among the biggest direct beneficiaries.
- We have increased our estimates by 7%/4% to factor in higher margin for FY22E/FY23E. Our TP of INR4,200/share implies 42x FY23E EPS. We reiterate our **Buy** rating.

Operations above our estimates; strong performance in Specialized Staffing

- Revenue/EBITDA/PAT grew 21%/20%/42% YoY (est. +18.5%/+4%/+19.8%) to INR13.7b/INR295m/INR243m.
- Revenue grew 3% QoQ ahead of our expectation of 0.5%. Specialized Staffing/Other HR Services grew 17%/22% QoQ, dragged down by the 1% growth in General Staffing.
- EBITDA margin inched up 20bp sequentially to 2.1% due to higher revenue growth in the Specialized Staffing business (higher margin).
- Adjusted PAT rose 43% YoY (above our expectations) to INR243m, led by beat in operating profit.
- In 1QFY22, the company gained INR43.7m from fair valuations of ARPL, which is now a subsidiary of the company (stake increased to 60%). This was partially offset by the INR18m write-off towards TDS receivables of previous years. Including this, PAT stood at INR269m, a growth of 57% YoY.

- Associate headcount declined marginally by 1% QoQ to 226k, despite impact from the second COVID wave. The decline in headcount is after the highest (post demonetization) additions in 4QFY21.
- Specialized Staffing had a net associate addition of over 10% and 27 new logos in 1QFY22.
- NETAP business added 24 new logos in 1QFY22.

Key highlights from the management commentary

- Industry sentiment is returning, and TEAM continues to remain focused on productivity to capture upcoming opportunities.
- Entering into 2QFY22, the management said a lot of demand is returning as companies are not cutting down, despite anticipation of a third COVID wave. This is driving strong growth. e-commerce, Food Tech and Industrial are the key growth segments for the company.
- The management expects further margin expansion in FY22. Profit contribution would increase in Other HR services from 2QFY22.
- Margin in specialized Staffing is seeing a strong improvement and investments in this segment will pay off in the subsequent quarters.

Valuation and view – A key beneficiary of formalization

- Given some level of uncertainty in the economy (due to the back and forth on lockdowns), some of the otherwise permanent roles are likely to be fulfilled through flexi-staffing, as employers attempt to maintain variable costs. We noticed similar trends in the immediate aftermath of the GFC and demonetization, when Staffing companies benefitted due to positive hiring trends in some verticals. Such a trend should likely play out in the near term, benefitting Staffing firms such as TEAM.
- Over the medium term, as both the Central and State governments look to liberalize and formalize the labor market, TEAM should be among the biggest direct beneficiaries.
- We have increased our estimates by 7%/4% to factor in higher margin for FY22E/FY23E. Our TP of INR4,200/share implies 42x FY23E EPS. We reiterate our **Buy** rating.

Consolidated quarterly performance (INR m)

	FY21				FY22				FY21	FY22E	FY22E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%/bp)
Revenue	**11,364**	**11,291**	**12,754**	**13,405**	**13,768**	**14,869**	**15,910**	**17,024**	**48,815**	**61,571**	**13,472**	**2%**
YoY Change (%)	-9.2%	-11%	-6%	1%	21.1%	32%	25%	27%	-6.1%	26%	18.5%	
Total Expenditure	11,119	11,061	12,506	13,144	13,473	14,542	15,544	16,632	47,830	60,191	13,216	2%
Reported EBITDA	**246**	**230**	**248**	**261**	**295**	**327**	**366**	**392**	**985**	**1,380**	**256**	**15%**
Margin (%)	2.2%	2.0%	1.9%	1.9%	2.1%	2.2%	2.3%	2.3%	2.0%	2.2%	1.9%	24bQ
Reported EBIT	**164**	**146**	**164**	**174**	**203**	**242**	**281**	**307**	**648**	**1,032**	**171**	**18%**
Margin (%)	1.4%	1.3%	1.3%	1.3%	1.5%	1.6%	1.8%	1.8%	1.3%	1.7%	1.3%	20bQ
Interest	26	19	12	12	8	15	15	15	69	53	15	-48%
Other Income	41	115	98	93	46	90	90	90	347	316	90	-49%
PBT before EO expense	**179**	**243**	**250**	**255**	**240**	**317**	**356**	**382**	**926**	**1,295**	**246**	**-1%**
Extra-Ord. expense	0	30	0	0	-26	0	0	0	30	-26	0	
Reported PBT	**176**	**210**	**246**	**254**	**266**	**312**	**351**	**377**	**885**	**1,306**	**241**	**10%**
Tax	5	24	15	-15	-3	0	0	3	29	0	36	
Rate (%)	3%	11%	6%	-6%	-1%	0%	0%	1%	3%	0%	15%	-1616bQ
Reported PAT	**171**	**186**	**231**	**196**	**269**	**312**	**351**	**374**	**785**	**1,306**	**205**	**31%**
YoY Change (%)	-9%	-8%	-9%	-167%	57%	68%	52%	90%	124%	66%	20%	3763bQ
Margin (%)	1.5%	1.6%	1.8%	1.5%	2.0%	2.1%	2.2%	2.2%	1.6%	2.1%	1.5%	43bQ
Adjusted PAT	**171**	**216**	**231**	**268**	**243**	**312**	**351**	**374**	**887**	**1,280**	**205**	**19%**
YoY Change (%)	-9%	7%	-9%	40%	42%	44%	52%	39%	6%	44%	20%	2258bQ
Margin (%)	1.5%	1.9%	1.8%	2.0%	1.8%	2.1%	2.2%	2.2%	1.8%	2.1%	1.5%	25bQ

Key performance indicators

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Headcount										
General staffing associates	1,45,259	1,45,778	1,52,773	1,59,955	1,60,014				1,59,955	
Apprentices	35,888	42,927	52,000	61,086	58,142				61,086	
Specialized staffing	7,461	7,228	7,166	7,109	7,817				7,109	
Revenue										
General staffing	10,234	10,197	11,602	12,242	12,397				44,276	
Specialized staffing	1,009	986	1,012	977	1,143				3,983	
Other HR Services	122	108	140	186	228				556	
Operating Margin										
General staffing	1.9	2.0	1.9	1.8	1.9				1.9	
Specialized staffing	8.7	9.0	9.0	10.1	8.5				9.2	
Other HR Services	(36.7)	(48.2)	(17.7)	(10.9)	(7.4)				(25.5)	

Dr. Reddy: Expect new products to boost growth; API business a concern; Erez Israeli, CEO

- No provisions with regard to subpoena; have to watch the nature of probe
- Business has growth except for the API segment. API business was on a high base
- Business is going in the right direction. Saw price erosion in certain products in the US
- Do see pricing pressure when there is competition. Company was defending market share in this quarter
- Saw growth from COVID drugs and Wockhardt portfolio
- Awaiting more quantities of Sputnik vaccine. Sputnik light is an interesting opportunity
- Sputnik light is the first dose of the Sputnik vaccine. Scale up of Sputnik expected between August and October

Read More

Coforge: Raises revenue guidance to 19% for FY22; order intake up 60%; Sudhir Singh, CEO & ED

- Organic revenue growth at 7.6% QoQ and 32.4% YoY
- Maintain FY22 EBITDA margin guidance of 19%
- Expect 200 bps EBITDA margin improvement in Q2
- Organic revenue growth will be 18% even if there is not growth in Q2-Q4
- We are being conservative in our guidance as always
- Signed 3 large deals, one of them is the largest ever for the companies insure-tech business
- Looking forward to the ADR listing if board and shareholders approve

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Canara Bank: Expect minimum growth of 7.5%; aims to improve NIMs to over 3%; LV Prabhakar, MD & CEO

- Balance Sheet has strengthened every quarter
- Growth has been steady in operating profits, net profits and business
- Confident of improving net interest margin to 3%
- This restructuring is different from earlier restructuring; Current restructuring is only a temporary phenomenon
- 23% of customers have availed moratorium
- FY22 loan growth guidance is of 7.5% YoY
- Healthcare is seeing good traction for loan growth
- Retail products, especially housing has seen good demand in last 15-20 days
- Closed over 600 branches and opened about 60 specialised branches
- Loan mix between corporate and retail segment to be at 55:45

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Dixon: Business back to normal, expect margins to improve ; Atul Lall, VC & MD

- Recovery has begun from June
- Business is back to normal in July; expect margin to improve
- Company has been impacted because of supply chain issues
- Company has accumulated semiconductor inventory for certain segments
- Better off than industry in terms of supply side challenges

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Radico Khaitan: Expect to end FY22 with double-digit growth in volume; Abhishek Khaitan, MD

- Seeing good growth in volume since July
- Should end the year with double-digit growth in volume for the year
- Have not taken any price hikes in the current quarter
- Planning to launch 2 super premium whiskies in H2FY22

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Temalease: Expect strong growth in coming quarters; Ramani Dathi, CFO

- Billable headcount flat sequentially but showed a good growth on a low base
- Added 15 new logos in Q1FY22
- BFSI is our largest contributor; have a strong pipeline and headcount addition in BFSI for Q1 as well as coming quarters
- Expect growth across five verticals in coming quarters – BFSI, e-commerce and retail, consumer, industrial and telecom, technology
- Margin target of 3-3.5% in long term
- Will use free cash for M&A activity

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Honeywell Automation: Sees double-digit order book growth; expect demand uptick from renewables; Ashish Gaikwad, MD

- Sustainability agenda has now become more important for everyone
- See uptick in demand from the renewable energy portfolio
- Expect to see growth of 1.5x of GDP in FY22
- Nobody is insulated from the chip shortage at the moment
- Efficiencies in our operations are countering the rise in transportation, input costs
- See digitisation drive across the spectrum
- Automation of warehouses is getting a lot of traction

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Jindal Stainless: Optimistic to hit volume growth guidance of 20% in FY22; Anurag Mantri, Group CFO

- Merged entity volume likely to grow 15-20% in FY22
- Optimistic that we can hit volume growth guidance of 20% in FY22
- Revise our FY22 EBITDA/t guidance to Rs. 18000-20000/t from Rs. 15000-17000 guided earlier
- Demand is not a worry for our company but logistics was an issue
- Consolidated merged entity debt will be sub-Rs. 2800 crore after knocking off ICDs
- Merged entity interest cost likely to be around Rs. 375 crore per annum
- Expect merger to get completed in FY22 itself. Expanding capex and will be setting up capacity at 1/3rd normal capex. Additional capacity to come on stream by Q3FY23

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GPIL: Less than 5% correction in pellet prices due to monsoon; Abhishek Agrawal, ED

- EBITDA should be between Rs. 1600 and 2000 crore for FY22 given the current market scenario
- Correction in pellet prices mainly on account of monsoon
- Have potential buyer for Godavari Green; should be able to conclude the deal by September end or early October
- Have no plans to raise money at the moment

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Aarti Drugs: Aims 18% margin growth; to focus on increasing market share; Adhish Patil, CFO

- Margin contraction due to price hike in raw materials
- Demand for acute therapies was subdued
- Difficult to pass on increase in input costs
- Volume growth at around 13%
- Prices were exceptionally good in Q1FY21
- Main focus is to increase market share
- Company is aiming margin of 18%
- Project under PLI scheme should begin by next fiscal, could undertake it under the parent company
- Debt to equity at 0.56x as of Q1FY22

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Sharda Cropchem: Demand is strong; growth is led by volume; RV Bubna, CMD

- Confident that growth will continue
- Demand is strong; most of the growth is led by volume
- Volume growth was 48% YoY in Q1FY22
- Not facing any supply side issues currently

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Lux Industries: Expect to maintain double-digit growth going forward; Udit Todi, President-Strategy

- Believe that we will be able to maintain double-digit growth
- Expect share of premium segment to increase further
- We are a net debt free company
- Ad sales as a % of sales should be around 6%
- Will be able to achieve EBITDA margin of over 20%

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Snowman Logistics: Expect pharma to contribute 14-15% revenue; Sunil Nair, CEO & WTD

- Had to mobilise resources to meet demand, hence the impact on margin
- Expect margin to improve going ahead
- Higher input costs have also impacted margin
- Vaccine accounts for 3-4% of company's revenue; may increase by another 1-2%
- Pharma contributes 10% to revenue, will increase to 14-15%
- March capex delayed by a month, will add capacity of another 10%
- Will move to asset light model to reduce fuel price impact

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Rolex Rings: Aims to utilise Rs. 45 crore of total IPO proceeds toward working capital; Hiren Doshi, CFO

- Company is sitting on a debt of Rs. 22 crore
- Will be out of CDR before March 2022
- Aspiring to cross 23% EBITDA margin in FY22
- Do not expect any pressure on margin
- Rs. 45 crore will be used for working capital purposes

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Filatex India: Will spend Rs. 100 crore on capex this year; Madhu Sudhan Bhageria, Chairman & MD

- Expect volume around 2.8 lakh tonnes in FY22 vs 2.22 lakh tonnes YoY
- Current debt is at Rs. 550 crore, plan to reduce it by Rs. 100 crore this year
- Will spend Rs. 100 crore on capex this year

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Anup Engineering: FY22 is expected to be good due to current projects in the pipeline; Rishi Roop Kapoor, CEO

- With the current projects in hand, expect a great year ahead
- FY22 will be better than last year
- COVID 2nd wave impacted Q1 operations by 40%
- New orders have been at Rs. 150 crore in Q1; total order book is at Rs. 300 crore
- Pulp and paper are contributing 10% of new order book, non-refining sector is at 32% of order book
- May sustain FY21 margin in FY22

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