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Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	52,653	0.4	10.3
Nifty-50	15,778	0.4	12.9
Nifty-M 100	27,512	0.7	32.0
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	4,419	0.4	17.7
Nasdaq	14,778	0.1	14.7
FTSE 100	7,078	0.9	9.6
DAX	15,640	0.5	14.0
Hang Seng	9,416	3.8	-12.3
Nikkei 225	27,782	0.7	1.2
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	75	1.2	46.6
Gold (\$/OZ)	1,828	1.2	-3.7
Cu (US\$/MT)	9,800	1.4	26.5
Almn (US\$/MT)	2,609	2.5	32.2
Currency	Close	Chg .%	CYTD.%
USD/INR	74.3	-0.1	1.7
USD/EUR	1.2	0.4	-2.7
USD/JPY	109.5	-0.4	6.0
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.2	0.01	0.3
10 Yrs AAA Corp	6.7	0.01	0.2
Flows (USD b)	29-Jul	MTD	CY21
FII	-0.12	-0.75	7.45
DII	0.28	1.64	0.93
Volumes (INRb)	29-Jul	MTD*	YTD*
Cash	798	676	773
F&O	96,275	55,119	44,934

Note: *Average



Today's top research idea

Tech Mahindra: Improving outlook, but operational metrics stretched

- ❖ In USD terms, revenue growth of 3.9% QoQ CC in 1QFY22 was above our estimate mainly on account of Communications.
- ❖ EBIT margin dipped by 130bp QoQ in 1QFY22 (led by wage hike, visa cost and seasonality in Communications), but was 90bp above our estimate.
- ❖ With healthy deal bookings and highest ever pipeline, we expect TECHM to deliver revenue growth of 13% in FY22, although it will still be the weakest among our largecap coverage universe.
- ❖ We continue to stay on the sidelines on TECHM as we see its stronger business performance as balanced by elevated operational metrics in a supply constrained environment. Our TP implies 17x FY23E EPS. We remain Neutral on the stock.



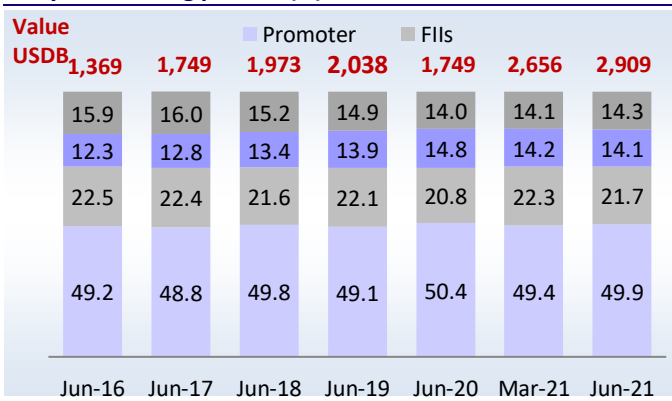
Research covered

Cos/Sector	Key Highlights
Tech Mahindra	Improving outlook, but operational metrics stretched
India Strategy	Ownership analysis – Institutional stake moderates in 1QFY22
Indus Towers	Rental EBITDA up 4% QoQ; recurring Rental EBITDA up 2.5% (in line)
Colgate-Palmoliv	Continued weak sales growth; weak outlook ahead
SRF	Beat on estimates led by Technical Textiles
Biocon	'Interchangeability' to enhance growth prospects of insulin glargine
Other Notes	Container Corpn. United Breweries ABB Laurus Labs TVS Motor Co. Union Bank Deepak Nitrite LIC Housing Fin. Ajanta Pharma AAVAS Financiers Shri.City Union. Mahanagar Gas JK Lakshmi Cem. M R P L PVR EPL Orient Electric SIS Jyothy Labs Shoppers Stop Bharti Africa Telecom (Subscribe Data)

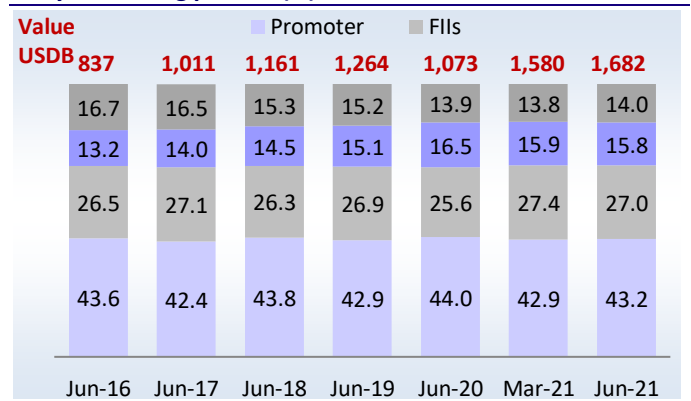


Chart of the Day: India Strategy (Ownership analysis – Institutional stake moderates in 1QFY22)

Nifty-500 holding pattern (%)



Nifty-50 holding pattern (%)



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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&P Capital.



Kindly click on textbox for the detailed news link

1

Cabinet Clears amendments for privatisation of general insurance firm

The cabinet has approved amendment to the General Insurance Business (Nationalisation) Act, 1972 paving way for privatisation of one state-run general insurer.

2

Exports poised to see major growth in FY22: India Ratings

India Ratings & Research on Thursday said that led by strong momentum, rising import demand across India's major export destinations and favourable global trade outlook, India's exports are poised to see major growth in FY22. It said that North America is set to see major import growth of 11.4% and Europe of 8.4% in 2021. "A glance at the FY21 data suggests that some of the major export destinations for India's top 10 major commodities are also the regions which are expected to witness strong import growth in 2021," the ratings agency said.

3

Indian traders sign sugar export deals in advance as frost hits Brazil

Indian traders for the first time have signed sugar export contracts five months ahead of shipments as a likely drop in Brazil's production prompted buyers to secure supplies from the South Asian country in advance, five trade sources told Reuters.

4

American Express to resume India business from August 7

American Express is set to partially resume its business in India next month by acquiring merchants, even as it works to fix the issues of compliance related to data localisation of its card users that led to a regulatory ban on new card issuance, said three people familiar with the matter.

5

Nykaa set to file IPO papers soon, said to seek \$4 billion valuation

India's Nykaa is preparing to file for an initial public offering that could value the startup at more than \$4 billion, according to people familiar with the matter, another sign of the growing interest in India's technology sector.

6

India's gold demand up 19 per cent in April-June quarter at 76 tonne: WGC

India's gold demand increased by 19.2 per cent to 76.1 tonne during the April-June quarter this year, largely due to low base effect, owing to the nationwide lockdown that hit economic activity last year, the World Gold Council (WGC) said in a report.

7

US economy grows beyond pre-pandemic level

U.S. gross domestic product grew at a 6.5% annual rate in the second quarter, up slightly from earlier in the year, pushing the economy's size beyond its pre-pandemic level.



Tech Mahindra

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR1,128 TP: INR 1,220 (+8%) Neutral

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Improving outlook, but operational metrics stretched

Further re-rating to require consistency in growth

Bloomberg	TECHM IN
Equity Shares (m)	919
M.Cap.(INRb)/(USDb)	1092.8 / 14.7
52-Week Range (INR)	1141 / 623
1, 6, 12 Rel. Per (%)	3/4/29
12M Avg Val (INR M)	4207

Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	379	428	500
EBIT Margin (%)	14.2	15.5	15.4
PAT	44	54	63
EPS (INR)	51.7	61.0	71.7
EPS Gr. (%)	6.9	18.0	17.5
BV/Sh. (INR)	284.4	315.0	350.8

Ratios

RoE (%)	19.5	20.5	21.7
RoCE (%)	19.3	21.4	22.4
Payout (%)	87.1	50.0	50.0

Valuations

P/E (x)	21.6	18.3	15.6
P/BV (x)	4.0	3.6	3.2
EV/EBITDA (x)	14.2	12.1	10.4
Div Yield (%)	4.0	2.7	3.2

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	35.7	35.8	35.8
DII	16.7	14.6	13.2
FII	36.2	38.3	39.6
Others	11.4	11.4	11.3

FII Includes depository receipts

- In USD terms, revenue growth of 3.9% QoQ CC in 1QFY22 was above our estimate mainly on account of Communications (+2.9% v/s expectation of flat growth). The Enterprise business reported a growth of 4.7% QoQ CC. New deal wins fell 20% QoQ to USD815m (0.6x BTB), but stayed ahead of past trends, while the qualified pipeline remained at historical peaks.
- EBIT margin dipped by 130bp QoQ in 1QFY22 (led by wage hike, visa cost and seasonality in Communications), but was 90bp above our estimate. TECHM added 5,200 employees in 1QFY22 (70% in the BPS vertical), although software professionals remained below 1QFY21 levels. Despite this, utilization rose by 100bp to one of the highest levels in our IT coverage (89% excluding trainees).
- TECHM marginally revised up its FY22E revenue growth guidance as it now expects the Communications vertical to grow at double-digits in FY22 (v/s higher single-digits earlier). With healthy deal bookings and highest ever pipeline, we expect TECHM to deliver revenue growth of 13% in FY22, although it will still be the weakest among our largecap coverage universe.
- We expect TECHM to deliver stable to improving margin performance over the next three quarters, although higher attrition (17.2% LTM, +390bp QoQ) and utilization remain a key risk on the downside for margin. We expect a margin expansion of 120bp from FY21-23E, resulting in 18% PAT CAGR over FY21-23E.
- We continue to stay on the sidelines on TECHM as we see its stronger business performance as balanced by elevated operational metrics in a supply constrained environment. We also await clarity on the impact of 5G spend on growth, given the repurposing of budgets in 5G, which should taper down the momentum unlike previous cycles. We raise our FY22E/FY23E EPS estimate by 3-5%. Our TP implies 17x FY23E EPS. **We remain Neutral on the stock.**

Operations above our estimate; strong headcount addition after five quarters of net decline

- Revenue increased by 14.6% YoY (est. 12.6%), EBITDA grew 44.3% (est. 38%), and PAT rose 39.2% (est. 19.6%) in 1QFY22.
- Revenue** grew 4.1% QoQ to USD1,383.6m, which is above our estimate of USD1,360m (+2.3% QoQ) in 1QFY22.
- This implies a **CC revenue** growth of 3.9% QoQ (estimate organic growth of 3% QoQ CC).
- Communication/Enterprise revenue grew 2.9%/4.7% QoQ CC.
- Growth has been broad based, with Technology/Manufacturing/BFSI/Retail growing at 8.1%/4.5%/3.7%/3.2% QoQ.
- EBIT margin stood at 15.2%, -130bp QoQ, was 90bp above our estimate. The drop in margin was led by wage hike, deal ramp ups, and higher supply cost.

- Employee count grew by 5,200 employees, after a net headcount reduction of 9,780 employees in the past five quarters. Utilization increased by 100bp QoQ, despite a healthy increase in headcount.
- At the same time, attrition has inched up by 400bp QoQ to 17%.
- PAT at INR13.5b (+11.7% QoQ) was above our estimate due to higher operating and other income, and lower tax rate than expected.
- Total net new TCV stood at USD815m, of which USD463m/USD352m was in Enterprise/Communications. Deal wins have been higher than the average run-rate of USD400-500m.
- FCF stood at USD172m, implying a FCF/PAT of 92% in 1QFY22.
- DSO increased by a day QoQ at 93 days.

Key highlights from the management commentary

- Telecom companies recognize the need to invest in 5G to generate momentum and are talking about further product development around 5G. This should create more opportunities for the company. Of the new deals, 60-70% already consists of some parts of 5G.
- The management guided at double-digit growth in FY22. This is on the back of a broad based growth across sectors and strong deal wins. The pipeline is robust and at a record high, giving it further confidence.
- The management expects EBIT margin to gradually improve throughout FY22. It is confident of managing cost headwinds (supply-side pressures and return of travel costs), through continued operational productivity.

Valuation and view – A further re-rating would require a pick-up in revenue

- TECHM's high exposure to the Communications vertical remains a potential opportunity as a broader 5G rollout could lead to a new spending cycle in this space. However, significant traction from the same isn't visible yet.
- We expect a gradual improvement in EBIT margin, given the levers around productivity and cost optimization. Elevated operating metrics and supply-side pressures remain a risk to our margin estimate.
- We expect TECHM to deliver double-digit growth in FY22. However, the extent of the same is likely to be lower than its peers. We value the stock at 17x FY23E EPS. We remain **Neutral** on the stock.

Quarterly performance

Y/E March	FY21				FY22E				FY21	FY22E	FY22E 1QE	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Revenue (USD m)	1,208	1,265	1,309	1,330	1,384	1,439	1,462	1,508	5,111	5,793	1,360	1.7
QoQ (%)	-6.7	4.8	3.4	1.6	4.1	4.0	1.6	3.2	-1.4	13.3	2.3	176bp
Revenue (INR b)	91	94	96	97	102	106	108	112	379	428	100	1.7
YoY (%)	5.2	3.3	-0.1	2.5	12.0	12.9	12.1	15.5	2.7	13.1	10.1	192bp
GPM (%)	28.5	31.4	32.9	33.7	31.7	32.0	32.5	33.3	31.7	32.4	31.5	17bp
SGA (%)	14.2	13.3	13.3	13.7	13.3	13.4	13.7	13.9	13.6	13.6	13.6	-33bp
EBITDA	13	17	19	19	19	20	20	22	68	81	18	4.6
EBITDA Margin (%)	14.3	18.2	19.6	20.0	18.4	18.6	18.8	19.4	18.1	18.8	17.9	50bp
EBIT	9	13	15	16	15	16	17	18	54	66	14	7.8
EBIT Margin (%)	10.1	14.2	15.9	16.5	15.2	15.2	15.4	16.0	14.2	15.5	14.3	85bp
Other income	4	1	2	0	2	1	1	1	6	6	1	107.2
ETR (%)	25.5	24.6	24.8	26.4	23.9	25.5	25.5	25.5	25.3	25.1	25.5	-162bp
Adj. PAT	10	11	13	12	14	13	13	14	46	54	12	16.4
QoQ (%)	-4.8	9.5	23.0	-7.5	11.7	-5.4	3.5	7.9			-4.0	1573bp
YoY (%)	1.3	-5.3	14.3	18.6	39.2	20.2	1.2	18.1	7.2	18.2	19.6	1960bp
Reported PAT	10	11	13	11	14	13	13	14	44	54	12	16.4
EPS (INR)	11.1	12.1	14.9	12.3	15.3	14.5	15.0	16.2	51.7	61.0	13.2	16.2

E: MOFSL estimates



India Strategy

BSE Sensex: 52,653

Nifty-50: 15,778

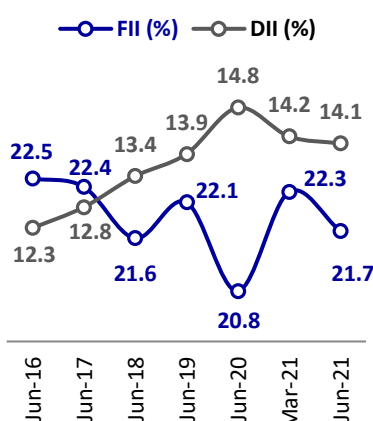
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Refer to our June'21 Quarter Preview



Nifty-50 institutional ownership, %



Ownership analysis – Institutional stake moderates in 1QFY22

FII/DIIs raise stakes in Consumer Durables

- Equity markets have seen strong rally in CY21 and Nifty-50 and NSE Midcap-100 are up 13%/32% YTD'21.
- Within the NSE-500, we see divergent sequential trends between FII and DII purchases. DIIs raised weights in Automobiles, Insurance, NBFCs, Oil & Gas, and Real Estate, while FIIs reduced weights QoQ. On the other hand, FIIs increased weights in Capital Goods, Chemicals, and Consumer, whereas DIIs trimmed weights QoQ.
- FIIs and DIIs posted inflows of USD0.8b and USD2.7b in 1QFY22, respectively.
- In this report, we dive deep into the ownership of the various sectors/companies in the Nifty-500 to see how this changed in 1QFY22.

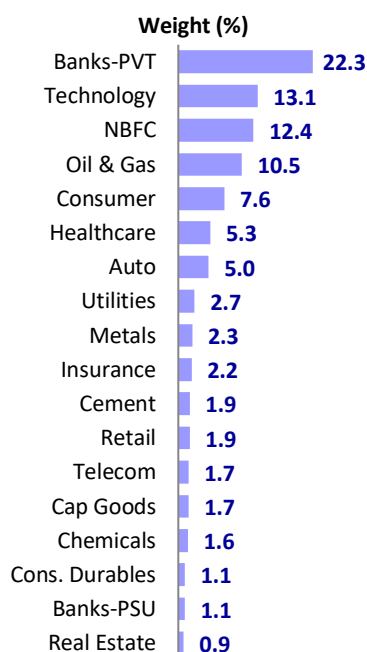
FII ownership in Nifty-500 down 60bp QoQ

- FII holding in the Nifty-500 is down 60bp QoQ/+90bp YoY to 21.7% in 1QFY22. DII holding in the Nifty-500 was down 10bp QoQ / 70bp YoY to 14.1%.
- FIIs increased ownership in 52%/54% of Nifty-500/Nifty-50 companies QoQ, while DIIs increased stake in 45%/50% of Nifty-500/Nifty-50 companies QoQ.
- A mixed trend was observed in promoter holdings – an increase of 50bp QoQ (down 50bp YoY to 49.9%). Promoter stake in Coforge, Indian Bank, Union Bank, Crompton Greaves Consumer, TVS Motor, and HDFC Life Insurance declined on account of stake sales and capital raising exercises. Conversely, United Breweries, Vedanta, and Tata Motors posted an increase in promoter stake QoQ.
- As a proportion of the free-float of the Nifty-500, FII ownership decreased 70bp QoQ to 43.4%, while DII remained unchanged at 28.1%. Notably, FII ownership rose 150bp YoY, whereas DII ownership declined 180bp YoY.
- The FII-DII ownership ratio in the Nifty-500 declined marginally to 1.5x in 1QFY22 (from 1.6x in the previous quarter).
- In the last year, the FII-DII ratio has increased in the Utilities, Insurance, Consumer Durables, Metals, Retail, Private Banks, Healthcare, Chemicals, Oil & Gas, Automobiles, PSU Banks, Capital Goods, Cement, and Consumer sectors. Contrarily, Real Estate, Telecom, and NBFCs posted declines.

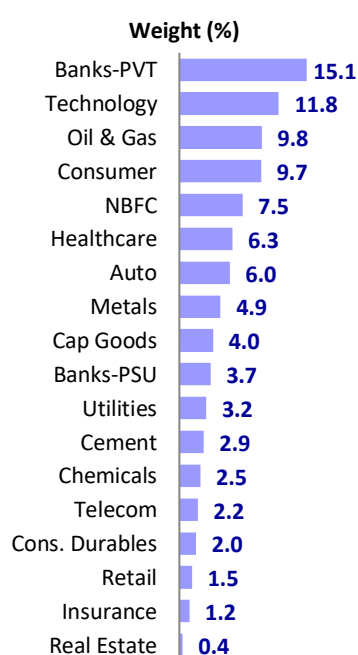
Sector holdings: FIIs/DIIs – highest QoQ change in Consumer Durables; decline in PSU Banks, Metals, Retail, and Utilities

- In the Nifty-500, (i) FIIs have the highest ownership in Private Banks (48%), followed by NBFCs (31.5%), Oil & Gas (22.5%), Insurance (21.6%), and Real Estate (21%), and (ii) DIIs have the highest ownership in Capital Goods (21%), Private Banks (21%), Consumer Durables (18.5%), Metals (17%), and PSU Banks (16.5%).
- Sequentially, FIIs increased stake in Consumer Durables (+60bp), Consumer (+30bp), Chemicals (+30bp), Healthcare (+20bp), Private Banks (+10bp), and Capital Goods (+10bp). In contrast, they reduced stake in NBFCs (-140bp), Telecom (-70bp), Oil & Gas (-60bp), Insurance (-60bp), Real Estate (-50bp), Auto (-40bp), Utilities (-40bp), PSU Banks (-30bp), Metals (-20bp), and Retail (-10bp).

FII sectoral allocations within Nifty-500 (%)



DII sectoral allocations within Nifty-500 (%)



- On a QoQ basis, DIIs increased stake in Consumer Durables (+70bp), Private Banks (+60bp), Real Estate (+60bp), Auto (+40bp), Insurance (+20bp), Oil & Gas (+20bp), NBFCs (+10bp), and Technology (+10bp). On the other hand, they lowered stake in Metals (-140bp), PSU Banks (-110bp), Consumer (-100bp), Capital Goods (-90bp), Retail (-80bp), Chemicals (-60bp), and Utilities (-30bp).

FII allocation in BFSI down for second consecutive quarter

- Financials has had a dominant run over the past few years. However, BFSI's (Private Banks, NBFCs, Insurance, and PSU Banks) underperformance has continued to reflect in the FII allocation – down to 38% in the Nifty-500 as of Jun'21, from 45.1% in Dec'19 and 40% in Mar'20. This has resulted in the trimming of weight by 130bp QoQ. However, FIIs remain significantly overweight by 740bp in BFSI v/s the Nifty-500 (BFSI's weight in the Nifty-500 currently stands at 30.5%).
- BFSI is followed by Technology, which has 13.1% weight (up 40bp QoQ / 180bp YoY). Technology is followed by Oil & Gas (10.5%) and Consumer (7.6%). Overall, the Top 5 sectoral holdings of FIIs in the Nifty-500 account for 74.5% of the total allocation – BFSI (38%), Technology (13.1%), Oil & Gas (10.5%), Consumer (7.6%), and Healthcare (5.3%).
- FIIs are significantly overweight (v/s Nifty-500) in Private Banks / NBFCs and underweight in Consumer, Capital Goods, Metals, Healthcare, and PSU Banks.
- On a QoQ basis, FIIs have increased weights in Healthcare, Technology, Metals, Chemicals, Insurance, PSU Banks, Retail, Capital Goods, and Consumer. Private Banks, NBFCs, Oil & Gas, Cement, Telecom, and Automobiles have seen a reduction.
- In terms of absolute holdings, of the total FII holdings of USD631b, Private Banks stands at the top with USD141b in investment value. The Top 5 companies that contribute 35% to the holding value are HDFC Bank (USD56.8b), Reliance Industries (USD51.7b), HDFC (USD43.7b), ICICI Bank (USD35.1b), and Infosys (USD30.8b).

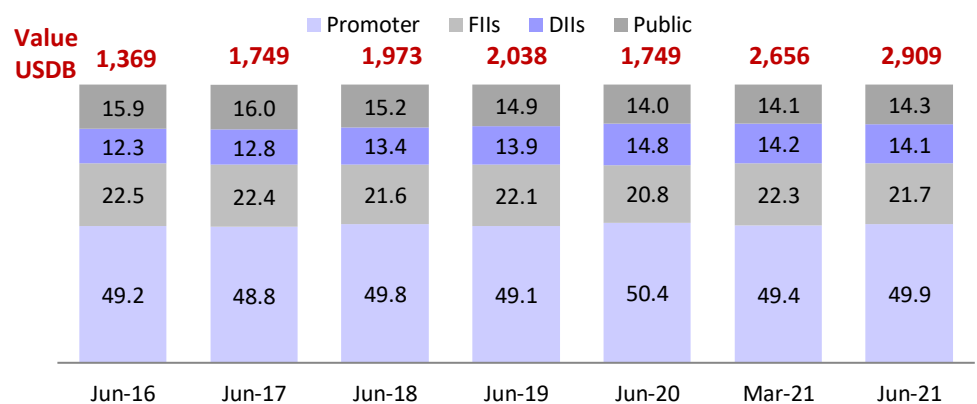
DIIs overweight in PSU Banks, Metals, and Capital Goods

- Using the Nifty-500 as the benchmark, DIIs are significantly overweight in PSU Banks, Metals, Capital Goods, Utilities, and Oil & Gas and underweight in NBFCs, Private Banks, and Technology.
- Overall, the Top 5 sectoral holdings of DIIs in the Nifty-500 account for 65% of the total allocation – BFSI (27.4%), Technology (11.8%), Oil & Gas (9.8%), Consumer (9.7%), and Healthcare (6.3%).
- In 1QFY22, DIIs increased weights in the following sectors on a QoQ basis: Healthcare (+50bp), Metals (+50bp), Technology (+30bp), PSU Banks (+20bp), Chemicals (+20bp), NBFCs (+10bp), and Automobiles (+10bp). They reduced weightS in Consumer, Private Banks, Cement, Retail, Capital Goods, Utilities, and Telecom.
- Of the total DII holdings of USD409b in the Nifty-500, Private Banks stands at the top with USD62b, followed by Technology with USD48b and Oil & Gas with USD40b.
- The top 5 stocks by holding value are Reliance Industries (USD24.5b), Infosys (USD20.1b), HDFC Bank (USD19.7b), ICICI Bank (USD19.5b), and ITC (USD14.3b).

Nifty-50: FIIs raise holdings in 54% of stocks, DIIs in 50% of stocks

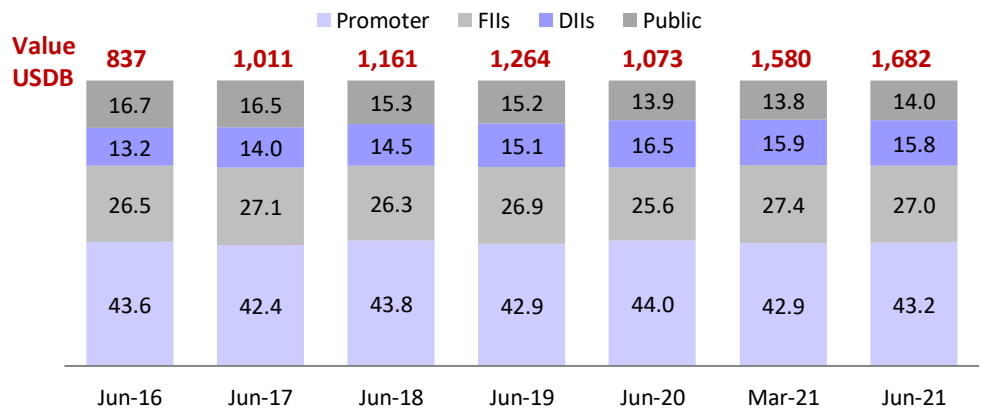
- FIIs raised stake in 54% of Nifty-50 companies on a QoQ basis and DIIs in 50% of Nifty-50 companies.
- Tata Steel, Tata Motors, Cipla, NTPC, M&M, Axis Bank, and IndusInd Bank were the top stocks to see an increase of more than 1% in FII holdings on a QoQ basis.
- SBI Life Insurance, Hero MotoCorp, Adani Ports, Tech Mahindra, BPCL, Kotak Mahindra Bank, and ITC were the top stocks to see declines in FII holdings by more than 1% on a QoQ basis.
- DII holdings in Nifty stocks increased the most in SBI Life Insurance, Tech Mahindra, Hero MotoCorp, Tata Consumer, and Kotak Mahindra Bank – by more than 1% on a QoQ basis. Tata Steel, Titan Company, M&M, Infosys, and NTPC posted declines in DII holdings by more than 1% on a QoQ basis.

Nifty-500 holding pattern (%)



FII holdings moderate in 1QFY22 (down 60bp YoY)

Nifty-50 holding pattern (%)



Promoter raises stake in 1QFY22

QoQ change in stake (number of companies)

	FIIs		DIIs	
	Nifty-500	Nifty-50	Nifty-500	Nifty-50
Increase in stake	263	27	223	25
Decrease in stake	226	23	265	25
Unchanged	12	0	13	0
Total	501	50	501	50

Indus Towers

BSE SENSEX 52,653 S&P CNX 15,778

CMP: INR222

Neutral

Conference Call Details



Date: 30th July 2021
Time: 02:30pm IST

Financials & Valuations (INR b)

Y/E March	FY21	FY22E	FY23E
Net Sales	256.7	277.7	283.6
EBITDA	131.0	148.6	152.1
Adj. PAT	49.8	60.1	61.2
EBITDA Margin (%)	51.0	53.5	53.6
Adj. EPS (INR)	18.5	22.3	22.7
EPS Gr. (%)	-1.0	20.8	1.8
BV/Sh. (INR)	58.9	65.2	71.8
Ratios			
Net D:E	0.3	0.1	-0.1
RoE (%)	29.6	35.9	33.1
RoCE (%)	25.0	30.1	28.7
Payout (%)	152.2	72.3	71.0
Valuations			
EV/EBITDA (x)	4.9	4.1	3.8
P/E (x)	12.0	10.0	9.8
P/BV (x)	3.8	3.4	3.1
Div. Yield (%)	10.9	6.3	6.3
FCF Yield (%)	11.8	14.0	15.3

Rental EBITDA up 4% QoQ; recurring Rental EBITDA up 2.5% (in line)

EBITDA up 3% QoQ (in line) as revenue from Energy picks up QoQ; Rental EBITDA up 4% QoQ; recurring up 2.5%

- Pro forma consolidated revenue stood at INR67.9b, up 4.7% QoQ (in line). Rental revenue remained fairly flat sequentially (in line) at INR42b. Revenue from Energy grew 10% QoQ to INR25.8b (6% beat).
- Pro forma consolidated EBITDA grew 3% QoQ to INR35.2b (in line), aided by 4% growth revenue.
- Rental EBITDA grew 4.1% QoQ to INR35.7b, aided by improved revenue performance and decline in repairs (-11% QoQ) and other expenditure (-32.3% QoQ). Rental EBITDA margin improved by ~200bp to 84.9% in 1QFY22. Operating loss in Energy widened to INR606m v/s INR238m in 4QFY21.
- Nearly one-third of the decline in repair and maintenance is due to efficiency benefits and recurring, while the rest of it is due to lower activity on account of the COVID-led lockdown and may be reversed. The sharp fall in other expenses is seasonal due to taxes, but nearly half of it is pass through. Adjusting for these factors, Rental EBITDA growth would be ~2.5%.
- PBT/PAT was up 4.5%/3.8% QoQ to INR18.8b/INR14.2b (in line).
- Capex for 1QFY22 stood at INR7.5b (INR12.9b in 4QFY21). Towers added in 1QFY22 stood at 1,772 (v/s 3,715 in 4QFY21) to 1,80,997.

Key operating metrics

- Consolidated net tenancy stood at 2.9k in 1QFY22 v/s 4.1k in 4QFY21. Gross additions stood at 3,123, while gross co-location exits stood at 206. Average sharing factor remained flat at 1.8x in 1QFY22.
- There are cumulative 4,535 co-locations for which actual exits have not happened, though the exit notices have been received.
- Rentals per tenant (per month) remained flat QoQ, but grew 4% YoY to INR42,730.
- Net debt stood at INR56b as of 30th Jun'21.

Quarterly performance

Y/E March (Consolidated)	(INR m)												
	FY21				FY22E				FY21	FY22E	FY22E		
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				1Q	Var. (%)
Revenue from operations	60,859	63,591	67,361	64,918	67,970	69,012	69,876	70,712	2,56,729	2,77,743	66,654		2.0
YoY Change (%)	64.0	74.8	4.5	2.9	11.7	8.5	3.7	8.9	1,615.8	8.7	9.5		
Total Expenditure	30,279	32,854	31,837	30,790	32,803	31,978	32,030	32,342	1,25,760	1,29,153	31,355		4.6
EBITDA	30,580	30,737	35,524	34,128	35,167	37,034	37,847	38,371	1,30,969	1,48,590	35,299		-0.4
YoY Change (%)	61.3	63.6	8.6	19.6	15.0	20.5	6.5	12.4	1,800.9	18.1	15.4		
Depreciation	12,681	13,088	14,302	13,323	13,198	13,749	13,749	13,749	53,394	54,996	13,756		-4.1
Interest	3,205	3,297	3,900	3,619	3,768	3,786	3,786	3,786	14,021	15,143	3,786		-0.5
Other Income	339	816	1,056	772	569	570	570	572	2,983	2,281	570		-0.2
PBT	15,033	15,168	18,378	17,958	18,770	20,070	20,882	21,407	66,537	80,732	18,327		2.4
Tax	3,827	3,861	4,778	4,320	4,617	5,052	5,256	5,388	16,786	20,652	4,613		
Rate (%)	25.5	25.5	26.0	24.1	24.6	25.2	25.2	25.2	25.2	25.6	25.2		
Reported PAT	11,206	11,307	13,600	13,638	14,153	15,018	15,626	16,019	49,751	60,081	13,714		3.2
Adj. PAT	11,206	11,307	13,600	13,638	14,153	15,018	15,626	16,019	49,751	60,081	13,714		3.2
YoY Change (%)	26.3	17.4	2.2	38.3	26.3	32.8	14.9	17.5	542.9	19.5	22.4		

E: MOFSL estimates



Estimate changes	↔
TP change	↔
Rating change	↔

CMP: INR1,709 TP: INR1,770 (+4%) Neutral

Continued weak sales growth; weak outlook ahead

Motilal Oswal values your support in the Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team. We request your ballot.

Bloomberg	CLGT IN
Equity Shares (m)	272
M.Cap.(INRb)/(USDb)	464.9 / 6.3
52-Week Range (INR)	1823 / 1323
1, 6, 12 Rel. Per (%)	2/-7/-20
12M Avg Val (INR M)	1082

Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	48.4	51.6	55.3
Sales Gr. (%)	7.0	6.5	7.3
EBITDA	15.1	15.9	17.0
EBITDA Mrg. (%)	31.2	30.8	30.6
Adj. PAT	10.4	10.8	11.5
Adj. EPS (INR)	38.1	39.8	42.2
EPS Gr. (%)	26.8	4.5	6.1
BV/Sh.(INR)	42.9	42.9	42.9

Ratios

RoE (%)	75.0	92.8	98.4
RoCE (%)	75.4	93.7	99.4
Payout (%)	99.8	100.0	100.0

Valuation

P/E (x)	44.9	43.0	40.5
P/BV (x)	39.9	39.9	39.9
EV/EBITDA (x)	30.2	28.7	26.8
Div. Yield (%)	2.2	2.3	2.5

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	51.0	51.0	51.0
DII	8.5	10.3	11.5
FII	18.6	16.9	15.3
Others	21.9	21.8	22.2

FII Includes depository receipts

- Colgate-Palmolive (CLGT)'s weak sales growth trend has persisted in recent quarters. In 1QFY22 as well, the two-year average sales growth was at the lower end of the 4–6% range seen in recent quarters. It has now been six years since the company reported over 7% sales growth in any year. With (a) the launch of the Non-Oral Care portfolio and (b) investments under the 'Brush Twice a Day' campaign seemingly on the backburner, it is unlikely to return to the double-digit sales growth seen over FY08–15 anytime soon.
- There is no evidence that the company is re-gaining lost market share in the core Oral Care business. While ad spend increased 40.6% YoY on a low base, at 13.7% of sales, this was still the second highest in the past five quarters – perhaps, this indicates some efforts to boost share, the only silver lining for the company amid a disappointing 1QFY22 result.
- We had downgraded the stock to Neutral post the 4QFY21 results, and while valuations may appear inexpensive v/s Staples and Discretionary peers, mid-single-digit PBT and PAT CAGRs do not warrant a change in view. Maintain **Neutral**.

Sales miss disappointing given low base; ad spends weigh on operating margin

- Net sales grew 12% YoY to INR11.7b** (est. INR12.1b) in 1QFY22. EBITDA was up 15.3% YoY to INR3.6b (est. INR3.8b). PBT grew 17.7% YoY to INR3.1b (est. INR3.4b). Adj. PAT grew 17.7% YoY to INR2.3b (est. INR2.5b). Two-year sales / EBITDA / adj. PAT CAGR came in at 3.7%/8.9%/17.4%.
- Gross margins expanded 300bp YoY to 69.1% (est. 67.1%).
- CLGT is likely to have posted domestic volume growth of 8% YoY (est. 12%) in 1QFY22.
- As a percentage of sales, lower staff costs (-60bp YoY), other expenses (-10bp YoY), and higher ad spend (+280bp YoY) led to EBITDA margin expansion of 90bp YoY to 30.5% (est. 31.1%).
- Absolute ad spends were up 40.6% YoY and 7.6% sequentially during the quarter.

Highlights from management commentary

- Continued investments in brand building and innovation have strengthened core brand metrics.
- Colgate Special Toothpaste for Diabetics, Colgate Vedshakti Mouthspray, and Colgate Vedshakti Oil Pulling are great examples of recent innovations by the company.
- During the quarter, the company launched the Colgate Magik Toothbrush – the first Augmented Reality toothbrush for kids.
- CLGT's recent 'digital-first' campaign for Colgate Vedshakti Oil Pulling featured leading influencers.

Valuation and view

- 1QFY22 was another disappointing quarter for CLGT. While the cut in our earnings estimate is marginal, EPS growth of 5.3% CAGR over FY21–23E does not offer much scope for optimism.
- We had downgraded the stock to Neutral post the 4QFY21 result. The cornerstones of our earlier optimism on improved topline growth in CLGT were (a) new launches in Oral Care, (b) a potentially higher play in Naturals (38–39% in the category, where CLGT was significantly under-indexed), (c) new launches in Non-Oral Care (just ~2% of sales currently v/s around half the sales for the parent) – leveraging on CLGT’s extensive distribution reach, and d) the implementation of the ‘Brush Twice a Day’ campaign.
- These initiatives could have not only led to the recouping of lost market share of ~600bp over the last 6–7 years but also boosted overall sales growth. CLGT also had significant underutilized capacity, as a result of which healthy topline growth would have resulted in even stronger earnings growth. However, the company has either disappointed on these aspects or significantly postponed the same, contrary to our earlier assumptions.
- With weak topline and earnings growth likely to sustain going forward, the valuation at 40.5x FY23E EPS appears fair. We assign a value of 40x Sep’23E EPS to arrive at TP of INR1,770/share. Maintain **Neutral**.

Quarterly Performance

Y/E March	FY21				FY22				FY21	FY22E	FY22	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE		
Toothpaste Volume Gr %	0.0	4.0	6.0	16.0	8.0	5.0	3.0	4.0	6.5	5.0	12.0	
Net Sales (inclgd. OOI)	10,406	12,855	12,319	12,832	11,660	13,626	12,812	13,481	48,412	51,579	12,071	-3.4%
<i>YoY change (%)</i>	-4.1	5.2	7.4	19.8	12.0	6.0	4.0	5.1	7.0	6.5	16.0	
Gross Profit	6,883	8,759	8,594	8,683	8,062	9,257	8,682	9,170	32,919	35,171	8,105	-0.5%
<i>Gross margin (%)</i>	66.1	68.1	69.8	67.7	69.1	67.9	67.8	68.0	68.0	68.2	67.1	
EBITDA	3,080	4,093	3,706	4,218	3,552	3,998	3,982	4,353	15,096	15,885	3,754	-5.4%
<i>Margins (%)</i>	29.6	31.8	30.1	32.9	30.5	29.3	31.1	32.3	31.2	30.8	31.1	
<i>YoY growth (%)</i>	2.7	26.7	17.3	60.4	15.3	-2.3	7.5	3.2	25.6	5.2	21.9	
Depreciation	454	461	456	455	447	470	474	527	1,825	1,918	467	
Interest	20	18	19	16	15	20	21	29	73	85	20	
Financial other Income	63	76	99	66	52	83	109	148	304	392	94	
PBT	2,669	3,689	3,330	3,814	3,142	3,591	3,597	3,945	13,502	14,274	3,361	-6.5%
Tax	687	947	847	667	810	905	906	833	3,148	3,453	847	
<i>Rate (%)</i>	25.7	25.7	25.4	17.5	25.8	25.2	25.2	21.1	23.3	24.2	25.2	
Adj PAT	1,982	2,742	2,484	3,147	2,332	2,686	2,690	3,113	10,354	10,821	2,514	-7.2%
<i>YoY change (%)</i>	17.2	12.3	24.7	54.1	17.7	-2.0	8.3	-1.1	26.8	4.5	26.8	

E: MOFSL Estimates



Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR7,926 TP: INR7,230 (-9%) Neutral

Beat on estimates led by Technical Textiles

Motilal Oswal values your support in the Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team. We request your ballot.

- SRF reported a strong operating performance on a YoY basis in 1QFY22, on a lower base in 1QFY21, led by margin expansion in Technical Textiles and Chemicals, but offset by a contraction in Packaging Films. Margin in the Chemicals segment contracted QoQ due to higher raw material prices and export freight rates.
- SRF's reported EBIT was higher v/s our estimate. The incremental EBIT of 60%/22% over our estimate was mainly contributed by Technical Textiles/Packaging Films, while the rest is from the Chemicals segment.
- Factoring in its 1QFY22 performance and margin improvement in the Technical Textiles segment, we have increased our earnings estimates for FY22E by 12% and maintained the same for FY23E.
- We are encouraged by the long term structural opportunity in the Chemicals sector. We maintain our **Neutral** stance on SRF owing to higher valuations, which seem to fully price in the near term upside.

Bloomberg	SRF IN
Equity Shares (m)	60
M.Cap.(INRb)/(USD\$)	469.6 / 6.3
52-Week Range (INR)	8106 / 3730
1, 6, 12 Rel. Per (%)	12/34/63
12M Avg Val (INR M)	1249

Margin expands in the Chemicals and Technical Textiles segment

Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	84.0	113.9	132.4
EBITDA	21.3	27.6	31.6
PAT	11.9	16.3	18.8
EBITDA (%)	25.4	24.2	23.9
EPS (INR)	196.9	270.0	312.5
EPS Gr. (%)	29.0	37.2	15.7
BV/Sh. (INR)	1,138	1,385	1,674

Ratios

Net D/E	0.4	0.3	0.2
RoE (%)	20.1	21.4	20.4
RoCE (%)	13.4	15.8	16.2
Payout (%)	12.1	8.8	7.7

Valuations

P/E (x)	40.3	29.4	25.4
EV/EBITDA (x)	23.7	18.4	15.9
Div Yield (%)	0.3	0.3	0.3
FCF Yield (%)	5.0	0.2	1.4

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	50.8	50.8	52.3
DII	11.9	11.2	11.3
FII	18.4	18.4	17.1
Others	18.9	19.6	19.3

Note: FII includes depository receipts

- SRF reported a revenue of INR27b (est. INR23.6b) in 1QFY22, up 75% YoY, with EBITDA margin expanding 50bp to 24.6% (est. 23.4%). 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% in FY21) and depreciation (+18%).
- Revenue from Chemicals** grew 58% YoY to INR11.1b, with a 740bp YoY EBIT margin expansion to 20% (EBIT grew 151% YoY to INR2.2b). In 1QFY22, the **Specialty Chemicals** performed well, owing to higher sales from export and domestic markets. The **Fluorochemicals** segment witnessed: i) higher sales volumes in the Refrigerants and Blends segment, especially from export markets, ii) an uptick in Auto sales, which led to a higher offtake in R-134a revenue, iii) healthy contribution from the Chloromethanes segment, and (iv) lower offtake in the domestic market in 1QFY22 on account of localized lockdowns.
- Revenue from **Packaging Films** grew 54% YoY to INR10.4b, with a 980bp YoY contraction in margin to 22.7% (EBIT grew 7% YoY to INR2.4b). On a QoQ basis, revenue/EBIT grew 6%/8%. EBIT margin expanded by 40bp QoQ. In 1QFY22, demand for BOPET films was subdued, while demand for BOPP films remained healthy. New capacities that came on stream in the past six months in Hungary and Thailand witnessed better traction and enhanced sales of VAPs, which contributed to the performance.
- Revenue from **Technical Textiles** grew 251% YoY (+23% QoQ) to INR4.9b, with EBIT margin of 27.1% v/s -10% last year (EBIT stood at INR1,337m v/s an EBIT loss of INR140m last year). Restructuring of its margin profile with long-term customers contributed to the overall performance.

Highlights from the management commentary

- Two dedicated facilities at Dahej have commenced operations, which will cater to the Agrochemicals segment.
- **Capex:** The board of directors has approved a project for integrated expansion of fluorocarbon-based Refrigerant capacity at Dahej, at a projected cost of INR5.5b, to meet the growing demand for Refrigerants in the domestic and export market. The same is expected to be completed in 24 months. To cater to the growing Power requirements of new and upcoming plants at Dahej, the board has approved installation of a 200KV grid at a cost of INR1,350m.
- Commercialization of new PTFE plant is expected to start from Nov'22.

Valuation and view

- SRF plans to spend ~INR20b on capex in FY22, of which 50-55% will be utilized in the Chemicals business. The company is deploying majority of its incremental capital in the Specialty Chemicals segments, which is growing at a faster pace and yielding a higher margin. We believe the move is in the right direction.
- SRF's performance in the last three years has been robust, with revenue/EBITDA/PAT CAGR of 15%/33%/42%. The stock price over the same period have grown by ~40% CAGR.
- Earnings momentum is likely to slow down due to margin contraction in the Packaging Films segment (EBIT margin of 27.3% in FY21 v/s 20-21% in FY22-23E) and reduced growth momentum in Specialty Chemicals due to a high base (three years revenue CAGR of 60% v/s 26% for FY21-23E). Going forward, we expect SRF to post a revenue/EBITDA/PAT CAGR of 26%/22%/26% over FY21-23E.
- On a one-year forward EV/EBITDA basis, SRF is currently trading at 18.4x (on FY22E), which is at a premium of ~50% each to its average trading multiple for the last three/five years. This in our view is rich when compared to earnings growth in the offering.
- Factoring in its 1QFY22 performance and margin improvement in the Technical Textiles segment, we have increased our earnings estimates for FY22E by 12% and maintained the same for FY23E.
- We are encouraged by the long term structural opportunity in the Chemicals sector. We maintain our **Neutral** stance on SRF owing to higher valuations.

Consolidated quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22	FY22	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	15,452	21,008	21,464	26,077	26,994	27,836	28,051	30,976	84,000	1,13,858	23,581	14
YoY Change (%)	-12.4	20.9	16.0	40.4	74.7	32.5	30.7	18.8	16.5	35.5	52.6	
Total Expenditure	11,728	15,188	16,018	19,734	20,350	21,025	21,272	23,630	62,667	86,278	18,071	
EBITDA	3,723	5,821	5,446	6,343	6,644	6,811	6,779	7,347	21,333	27,580	5,510	21
Margin (%)	24.1	27.7	25.4	24.3	24.6	24.5	24.2	23.7	25.4	24.2	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	320	380	440	1,340	1,415	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	5,331	5,299	5,674	16,008	21,581	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	5,331	5,299	5,674	16,123	21,652	4,090	
Tax	493	1,164	1,185	1,302	1,396	1,279	1,272	1,362	4,144	5,309	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	4,051	4,027	4,312	11,979	16,343	3,109	
Adj. PAT	1,860	3,253	3,028	3,724	3,881	4,051	4,027	4,312	11,864	16,272	3,109	25
YoY Change (%)	16.0	58.6	-9.0	68.3	108.7	24.6	33.0	15.8	29.0	37.2	67.2	
Margin (%)	12.0	15.5	14.1	14.3	14.4	14.6	14.4	13.9	14.1	14.3	13.2	

Bloomberg	BIOS IN
Equity Shares (m)	1,200
M.Cap.(INRb)/(USD\$b)	458.9 / 6.2
52-Week Range (INR)	488 / 363
1, 6, 12 Rel. Per (%)	-6/-11/-42
12M Avg Val (INR M)	1853

Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	71.1	80.6	95.2
EBITDA	16.6	18.9	25.2
Adj. PAT	6.6	8.3	12.7
EBIT Margin (%)	13.2	13.8	17.9
Cons. Adj. EPS (INR)	5.5	6.9	10.6
EPS Gr. (%)	-10.6	25.4	52.5
BV/Sh. (INR)	63.6	68.2	75.7

Ratios

Net D:E	0.2	0.1	0.1
RoE (%)	9.2	10.5	14.7
RoCE (%)	6.5	6.6	9.2
Payout (%)	0.0	29.3	29.3

Valuations

P/E (x)	69.2	55.2	36.2
EV/EBITDA (x)	29.1	25.2	18.7
Div. Yield (%)	0.0	0.4	0.7
FCF Yield (%)	-0.8	2.2	2.5
EV/Sales (x)	6.8	5.9	4.9

CMP: INR385

TP: INR390 (+2%)

Neutral

'Interchangeability' to enhance growth prospects of insulin glargine

Efforts now towards receiving formulary access/contracts

- BIOS received an 'Interchangeability' designation for its Biosimilar insulin glargine (Semglee) from the USFDA. It is also the first interchangeable Biosimilar insulin product in the US.
- It will have 12 months exclusivity before the USFDA can approve another interchangeable b-insulin glargine for reference product Lantus. We expect BIOS to garner ~USD100m of annual sales after the launch of this product.
- We expect 38% earnings CAGR over FY21-23E, led by a 15%/18% sales CAGR in Biologics/Research Services. We value BIOS at 34x 12-month forward earnings to arrive at our TP of INR390. The upside to BIOS from the interchangeably status to Semglee is already priced in. Hence, we maintain our Neutral rating due to a limited upside from current levels.

'Interchangeability' approval for Semglee could accelerate ramp-up

- The Interchangeability status will allow pharmacy level substitution of innovator Lantus with BIOS' Semglee in the US, similar to what is seen in generic drugs, subject to state specific laws on Biosimilar substitution. Sanofi recorded USD929m in annual US sales for Lantus in CY20.
- BIOS/Viatriis will need to secure formulary access and commercial contracts for insurance coverage of Semglee. Accordingly, BIOS will introduce the interchangeable insulin glargine product by the end of CY21 in the US.

Better placed among competitors in the insulin glargine market

- There are currently three players in insulin glargine: 1) Lantus (innovator), 2) Eli Lilly's Basaglar, and 3) BIOS' Semglee. Basaglar does not have interchangeability status, but has ramped up well since its launch in CY16 and clocked USD842m in US sales in CY20.
- Sandoz/Gan and Lee are another player in late stages of development of b-insulin glargine. Lannet is also working on b-insulin glargine and expects commercial launch in the US in CY23.
- Considering limited competition and 'interchangeability' status, we expect ramp-up to pick up pace for Semglee. We expect BIOS to garner more than USD100m in annual US sales from Semglee.

Valuation and view

- BIOS have enhanced its portfolio offering with Biosimilars (b-pegfilgrastim, b-trastuzumab) and interchangeable b-insulin glargine. It has a healthy pipeline of products under development under active USFDA review.
- We expect 38% earnings CAGR over FY21-23E, led by: a) market share gain in already approved products and new approvals (b-insulin Aspart and b-Bevacizumab). Interchangeable b-insulin glargine would aid revenue growth and profitability due to limited competition.
- We continue to value BIOS at 34x 12-month forward earnings to arrive at our TP of INR390. The upside to BIOS from its interchangeably status to b-insulin glargine is already priced in. We maintain our Neutral rating due to a limited upside from current levels.

Container Corp

BSE SENSEX 52,633 S&P CNX 15,778

CMP: INR630

Buy

Conference Call Details



Date: 30th July 2021

Time: 11:00 AM IST

Dial-in details:

+91 22 7115 8285

Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	63.8	73.8	91.6
EBITDA	10.3	15.6	20.0
Adj. PAT	5.9	9.6	12.7
EBITDA Margin (%)	16.2	21.1	21.8
Adj. EPS (INR)	9.6	15.7	20.8
EPS Gr. (%)	(42.0)	63.1	32.6
BV/Sh. (INR)	167	174	182

Ratios

Net D:E	(0.4)	(0.4)	(0.5)
RoE (%)	5.8	9.2	11.7
RoCE (%)	5.8	9.4	11.9
Payout (%)	55.0	60.0	60.0

Valuations

P/E (x)	65.4	40.1	30.2
P/BV (x)	3.8	3.6	3.5
EV/EBITDA(x)	33.3	21.6	16.4
Div. Yield (%)	0.7	1.5	2.0
FCF Yield (%)	1.5	2.7	3.6

Better realization drives 31% beat on EBITDA

- Revenue/EBITDA/PAT grew 52%/173%/313% YoY to INR18.1b/INR4.3b/INR2.5b and was 5%/31%/34% above our estimate on account of better realization.
- Blended realization improved 12% YoY to INR18,226/TEU (+4% v/s our estimate). EXIM/Domestic realization stood at INR16,032/INR28,347 per TEU, up 12%/3% YoY and 3%/3% above our estimate.
- Total volumes rose 35% YoY to 991,746 TEUs v/s our est. of 978,726 TEUs, with EXIM/domestic volumes at 815,077/176,669 TEUs (+30%/+69% YoY).
- Thus, the EBITDA margin beat our estimate by 4.8pp and came in at 24% (+10.6pp YoY).

Container Corp of India

Y/E March	FY21				FY22	FY22	vs Est
	1Q	2Q	3Q	4Q	1Q	1QE	
Net Sales	11,891	15,027	17,538	19,393	18,075	17,234	5
YoY Change (%)	-27.4	-13.6	14.8	23.6	52.0	44.9	
EBITDA	1,590	3,129	3,719	1,890	4,335	3,299	31
Margins (%)	13.4	20.8	21.2	9.7	24.0	19.1	
YoY Change (%)	-60.6	-26.5	0.0	-60.2	172.6	107.5	
Depreciation	1,260	1,272	1,364	1,324	1,303	1,345	
Interest	85	85	84	86	139	75	
Other Income	588	713	822	732	555	700	
PBT before EO expense	833	2,486	3,092	1,212	3,448	2,579	34
Extra-Ord expense	0	0	0	834	0	0	
PBT	833	2,486	3,092	379	3,448	2,579	34
Tax	217	610	714	217	899	671	
Rate (%)	26.0	24.5	23.1	57.4	26.1	26.0	
Reported PAT	616	1,876	2,379	162	2,549	1,908	34
Adj PAT	616	1,876	2,379	995	2,549	1,908	34
YoY Change (%)	-73.7	-26.2	9.4	-67.5	313.4	209.6	
Margins (%)	5.2	12.5	13.6	5.1	14.1	11.1	

E: MOFSL Estimates



United Breweries

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR1,420 TP: INR1,130 (-20%) Sell

Motilal Oswal values your support in the Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



Bloomberg	UBBL IN
Equity Shares (m)	264
M.Cap.(INRb)/(USD\$)	375.4 / 5.1
52-Week Range (INR)	1498 / 899
1, 6, 12 Rel. Per (%)	-2/-4/9
12M Avg Val (INR M)	1085

Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Net Sales	42.4	58.6	67.3
Sales Gr. (%)	-34.8	38.0	15.0
EBITDA	3.8	8.5	11.3
Margin (%)	9.0	14.5	16.8
Adj. PAT	1.2	4.3	5.7
Adj. EPS (INR)	4.6	16.3	21.6
EPS Gr. (%)	-71.8	257.5	32.4
BV/Sh. (INR)	135.5	145.7	158.2

Ratios

RoE (%)	3.4	11.6	14.2
RoCE (%)	3.6	11.8	13.5

Valuations

P/E (x)	311.0	87.0	65.7
P/BV (x)	10.5	9.7	9.0
EV/EBITDA (x)	97.5	42.5	33.2

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	72.7	57.7	57.7
DII	11.3	26.3	25.1
FII	9.8	9.8	10.7
Others	6.2	6.2	6.5

FII Includes depository receipts

Results better than expected; path to normalcy to take longer

- The lockdown severely impacted 1QFY22 on-trade sales (usually around 25% of total sales) and home delivery was not permitted in some states throughout the quarter. Given these factors, results were better than expected, with sales 45% lower than 1QFY20 sales (up 121% YoY over the low base of 1QFY21). Nevertheless, in a capital-intensive business, EBITDA/PAT declined 71%/83% v/s 1QFY20 levels.
- Jun'21 volumes were 50% lower v/s Jun'19 levels and restrictions on on-trade sales (low working hours, weekend lockdowns, etc) have persisted in Jul'21 in many states. As a result, the path to normalcy would be gradual, unlike for other discretionary players.
- 1Q typically contributes 35–40% to full-year EBITDA, which was once again severely impacted by the lockdowns. Thus, normalcy is expected to return only in FY23. Consequently, EPS growth would remain flat over FY19–23E., The Alcobev segment has not benefitted from the various factors that have aided other discretionary categories. (1) No sharp recovery, owing to pent-up demand, has been observed (unlike in paint companies); recovery is likely to be gradual. (2) There are no gains from unorganized/smaller peers as the top three players control over 85% of the Beer market – this is unlike paint companies, Titan, Pidilite, and Page. (3) There has been no increase in the post-COVID opportunity v/s pre-COVID levels (unlike for QSRs). Consequently, valuations of 65.7x FY23E EPS and 33.2x FY23E EV/EBITDA appear extremely expensive for UBBL. Maintain **Sell**.

Better-than-expected sales drive operating profit beat

- 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).
- Volumes fell 50% and sales declined 45% from 1QFY20 levels.
- The gross margin expanded 160bp YoY to 48.3%, but fell 370bp QoQ.
- The standalone EBITDA margin stood at 8.5% (est. 3.7%) in 1QFY22 v/s -18.9% in 1QFY21.

Highlights from management commentary

- Jun'21 volumes were still half that of Jun'19 levels, and restrictions and weekend lockdowns continue for most markets even in Jul'21, affecting the on-trade business.
- A weak state mix and lower proportion of used bottles in 1QFY22 were two key factors that affected the sequential gross margin. Lower contribution from high-realization markets led to lower sales growth v/s volume growth.
- Outlook on key RMs – Barley costs are up 15% since the last harvest and the quality is subpar. With used bottles from the market being returned, the inflation in glass costs may be offset going forward.

Valuation and view

- Better-than-expected results have led to a ~33%/17% increase in our FY22/FY23E EPS estimate.
- However, Jun'21 volumes were 50% lower v/s Jun'19 levels and restrictions on on-trade sales (low working hours, weekend lockdowns, etc.) have persisted in Jul'21 in many states. As a result, the path to normalcy would be gradual, unlike for other discretionary players.
- EPS over FY19–23E is, therefore, likely to remain flat, making the stock extremely expensive at 65.7x FY23E EPS and 33.2x FY23E EV/EBITDA.
- Furthermore, the recent increase in Heineken's stake from ~47% to 62% does not alter the medium to longer term growth prospects, in our view.
- The historical pre-COVID PBT CAGR in the five years ended FY20 was just ~8.5%. Hence, even post normalcy, earnings are unlikely to witness strong growth. Return ratios even in UBBL's best year (FY19) were at 18–19% levels, much lower than the Consumer peer average of over 30%. Maintain Sell, with TP of INR1,130/share, implying a 20% downside (targeting 25x Sep'23E EV/EBITDA).

Standalone Quarterly Performance

Y/E March	FY21				FY22				FY21	FY22E	FY22	Variance
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Net Sales	5,069	9,006	12,897	15,435	11,180	13,509	16,122	17,744	42,407	58,555	10,138	10.3%
YoY Change (%)	-75.3	-42.9	-11.3	8.4	120.6	50.0	25.0	15.0	-34.9	38.1	100.0	
Gross Profit	2,365	4,707	6,948	8,024	5,404	6,890	8,383	9,353	22,044	27,903	5,170	
Margin (%)	46.7	52.3	53.9	52.0	48.3	51.0	52.0	52.7	52.0	47.7	51.0	
EBITDA	-957	404	1,965	2,613	954	1,630	2,483	2,801	4,025	8,490	370	157.8%
YoY Change (%)	P/L	-79.0	-11.3	97.6	L/P	303.1	26.4	7.2	-54	110.9	L/P	
Margins (%)	-18.9	4.5	15.2	16.9	8.5	12.1	15.4	15.8	9.5	14.5	3.7	
Depreciation	505	612	578	623	552	640	700	807	2,319	2,698	700	
Interest	72	60	53	42	39	60	80	88	227	267	70	
Other Income	14	326	46	116	61	60	65	66	502	251	40	
PBT	-1,519	59	1,379	2,064	425	990	1,768	1,972	2,054	5,776	-360	-
Tax	-376	18	355	474	117	249	446	644	471	1,456	-91	
Rate (%)	24.8	31.5	25.7	23.0	27.4	25.2	25.2	32.7	22.9	25.2	25.2	
Adj PAT	-1,143	40	1,024	1,590	308	740	1,323	1,328	1,584	4,320	-269	-
YoY Change (%)	P/L	-96.5	-4.3	286.0	L/P	1,746.3	29.1	-16.5	-63.0	172.8	-76.5	
Margins (%)	-22.5	0.4	7.9	10.3	2.8	5.5	8.2	7.5	3.7	7.4	-2.7	

E: MOFSL Estimates



Estimate change	↔
TP change	↔
Rating change	↔

Motilal Oswal values your support in the Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team. We request your ballot.



Bloomberg	ABB IN
Equity Shares (m)	212
M.Cap.(INRb)/(USD\$)	356.8 / 4.8
52-Week Range (INR)	1856 / 849
1, 6, 12 Rel. Per (%)	-6/8/53
12M Avg Val (INR M)	254

Financials & Valuations (INR b)

Y/E Dec	2020	2021E	2022E
Sales	58.2	70.4	85.3
EBITDA	3.7	5.7	7.9
PAT	2.5	4.3	6.2
EBITDA (%)	6.3	8.1	9.3
EPS (INR)	11.9	20.5	29.0
EPS Gr. (%)	(28.4)	72.6	41.8
BV/Sh. (INR)	170.2	186.8	207.1

Ratios

Net D/E	(0.6)	(0.7)	(0.7)
RoE (%)	7.0	11.0	14.0
RoCE (%)	7.6	11.6	14.6
Payout (%)	40.4	30.0	30.0

Valuations

P/E (x)	141.9	82.2	58.0
P/BV (x)	9.9	9.0	8.1
EV/EBITDA (x)	90.8	58.0	41.3
Div Yield (%)	0.3	0.4	0.5
FCF Yield (%)	0.6	1.6	1.5

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	75.0	75.0	75.0
DII	7.1	7.3	11.1
FII	3.7	3.8	3.8
Others	14.2	13.9	10.2

FII Includes depository receipts

CMP: INR1,684 TP: INR2,000 (+19%) Buy

In line result; order inflows indicate recovery is on track

Balance Sheet strength intact

- ABB's 2QCY21 result stood in line with our expectations. While the demand recovery was strong in Jun'21, it lost 3-3.5 weeks of operations, which is reflected in its performance. Capacity utilization has now scaled up to 80-85% across its different manufacturing locations, indicating that a gradual recovery is in progress. While order inflows moderated sequentially, it stood healthy across all segments, with the Systems and Services business witnessing a strong growth in orders after a couple of quarters. Order inflows across various end-markets grew at similar levels, with a recovery visible in the Automotive segment.
- The management has demonstrated commendable control over cash flows and improved its Balance Sheet further. Its cash balance now stands ~INR24b and constitutes ~64% of its net worth.
- ABB is a pure play on long-term industrial automation and 'Make in India' theme. It stands to benefit from the ongoing PLI-driven increase in manufacturing across the country. The short cycle nature of the business implies a very swift recovery, if the economy continues to improve. We maintain our Buy rating, with a TP of INR2,000 per share (60x Jun'23E EPS). We expect its premium valuations to sustain in the near term, given the growing opportunity in the Manufacturing space in India, and likely higher adoption of Automation Solutions in various industries.

Recovery witnessed across all segments

- 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 1QFY21. 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.
- CFO stood at INR3b (v/s INR3.2b in CY20-end), with FCF at INR2.8b (v/s INR2b in CY20-end).
- **Order inflows grew 41% YoY to INR16.9b, but were down 7% sequentially.** Order book stood at INR45.8b, down 2% YoY.
- **Segmental highlights: a) Robotics and Motion:** Revenue grew 41% YoY to INR5.9b. PBIT margin expanded to 10.1%. **b) Electrification products:** Revenue grew 61% YoY to INR5.8b. PBIT margin stood at 6.8%. **c) Industrial Automation:** Revenue growth was tepid at 13% YoY. PBIT margin stood at 6%.

Key highlights from the management commentary

- For ABB's products, pricing power accrues via: a) market share in the segment, and b) customer requirement. For instance, in end-markets like Data Center, Food and Beverages, and Power distribution, customers require best-in-class products and are ready to pay a premium. However, segments like Railways have no pricing power, owing to tendering, but offer healthy volumes.
- Intensity of competition was high in Water and the Waste Water segment. With specifications changing towards more efficient motors and higher reliability parts, competition has evened out with pricing power coming in.
- Export orders constitute 16%/12% of total order inflows/2QCY21 revenue. Services contributed ~18% to 2QCY21 revenue, with the contribution expected to further scale up on the back of robust orders.

Valuation and view

ABB is a pure play on long-term industrial automation and 'Make in India' theme. It stands to benefit from the ongoing PLI-driven increase in manufacturing across the country. While the recent statewide lockdowns remain a concern, we expect a quick recovery in shorter cycle businesses. We maintain our **Buy** rating, with a TP of INR2,000 per share (60x Jun'23E EPS). We expect its premium valuations to sustain in the near term, given the growing opportunity in the Manufacturing space in India, and likely higher adoption of Automation Solutions in various industries.

Quarterly performance

Y/E December	(INR m)											
	CY20				CY21E				CY20	CY21E	MOSL 2QE	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
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	

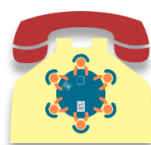
Laurus Labs

BSE SENSEX 52,653
S&P CNX 15,778

CMP: INR605

Buy

Conference Call Details



Date: 30th Jul 2021

Time: 11:00am IST

Dial-in details:

+91-22-6280 1148

Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	48.1	62.3	76.1
EBITDA	15.5	20.3	25.1
Adj. PAT	9.8	13.2	16.4
EBIT Margin (%)	28.0	28.5	28.9
Cons. Adj. EPS (INR)	18.3	24.5	30.6
EPS Gr. (%)	285.4	33.8	24.9
BV/Sh. (INR)	48.7	69.6	95.7

Ratios

Net D:E	0.5	0.3	0.2
RoE (%)	45.0	41.7	37.2
RoCE (%)	30.6	30.8	30.6
Payout (%)	15.1	15.1	15.1

Valuations

P/E (x)	32.6	24.3	19.5
EV/EBITDA (x)	21.4	16.3	13.1
Div. Yield (%)	0.4	0.5	0.6
FCF Yield (%)	0.1	0.9	1.9
EV/Sales (x)	6.9	5.3	4.3

Strong performance in Synthesis/Formulation drives earnings

Demand normalization moderates API business in 1QFY22

- Revenue grew 31% YoY to INR12.8b (est. INR13.6b) in 1QFY22.
- The YoY growth in 1QFY22 was mainly backed by: a) 95% YoY growth in Custom Synthesis (CS) to INR2b (15% of sales), and b) 48% YoY growth in Formulation sales to INR5.2b (41% of sales), led by better demand in the LMIC region and portfolio expansion in developed markets.
- API revenue grew moderately (5% YoY) to INR5.5b (43% of sales). Oncology API grew 51% YoY to INR770m. The ARV-API segment grew 23% YoY to INR4.1b, partially offset by a sharp fall (59% YoY) in other API to INR600m.
- Revenue for Laurus Bio stood at INR140m, its first full quarter of revenue after the acquisition of Richcore Lifesciences.
- Gross margin (GM) expanded 250bp YoY to 56.7%, due to superior product mix.
- EBITDA margin expanded by 250bp YoY to 30.9% (est. 31.8%) on account of better gross margin. Lower employee costs (down 150bp as a percentage of sales) were offset by higher other expense (up 140bp as a percentage of sales).
- EBITDA grew 42% YoY to INR4b (est. INR4.3b).
- PAT grew 41% YoY to INR2.4b on strong sales growth and superior margin.

Factors to watch out for:

- Business prospects for fermentation-based CDMO operations.
- ANDA pipeline for the US market.
- Order book for ARV-API as well as the Formulation business.

Consolidated quarterly earnings model

(INR m)

Y/E March	FY21				FY22E				FY21	FY22E	FY22E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	9,743	11,388	12,884	14,119	12,785	14,805	15,461	19,277	48,135	62,328	13,640	-6.3
YoY Change (%)	77.0	59.9	76.6	68.3	31.2	30.0	20.0	36.5	70.0	29.5	40.0	
Total Expenditure	6,960	7,650	8,621	9,397	8,832	10,053	10,390	12,735	32,628	42,009	9,303	
EBITDA	2,783	3,739	4,263	4,722	3,954	4,752	5,071	6,542	15,507	20,319	4,338	-8.9
YoY Change (%)	220.8	171.3	187.7	146.2	42.0	27.1	19.0	38.5	174.7	31.0	55.9	
Margin (%)	28.6	32.8	33.1	33.4	30.9	32.1	32.8	33.9	32.2	32.6	31.8	
Depreciation	488	510	516	536	585	580	680	688	2,051	2,533	560	
EBIT	2,295	3,229	3,747	4,186	3,368	4,172	4,391	5,854	13,456	17,786	3,778	-10.8
YoY Change (%)	460.8	258.9	272.3	187.2	46.7	29.2	17.2	39.9	256.7	32.2	64.6	
Margin (%)	23.6	28.4	29.1	29.6	26.3	28.2	28.4	30.4	28.0	28.5	27.7	
Interest	151	137	174	219	266	250	270	261	682	1,047	230	
Other Income	71	51	69	45	59	60	65	66	237	249	50	
PBT before EO expense	2,215	3,143	3,642	4,012	3,161	3,982	4,186	5,659	13,011	16,988	3,598	-12.2
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	2,215	3,143	3,642	4,012	3,161	3,982	4,186	5,659	13,011	16,988	3,598	-12.2
Tax	497	720	913	1,043	744	908	921	1,249	3,173	3,822	827	
Rate (%)	22.4	22.9	25.1	26.0	23.6	22.8	22.0	22.1	24.4	22.5	23.0	
Reported PAT	1,718	2,423	2,729	2,969	2,416	3,074	3,265	4,410	9,838	13,166	2,770	-12.8
Adj. PAT	1,718	2,423	2,729	2,969	2,416	3,074	3,265	4,410	9,838	13,166	2,770	-12.8
YoY Change (%)	1,038.0	328.4	271.4	169.6	40.7	26.9	19.7	48.5	285.4	33.8	61.3	
Margin (%)	17.6	21.3	21.2	21.0	18.9	20.8	21.1	22.9	20.4	21.1	20.3	



TVS Motor Company

Estimate change	↔
TP change	↓
Rating change	↔

CMP: INR562 TP: INR625 (+11%) Neutral

In-line op. performance; credible cost management

Management confident of achieving double-digit EBITDA margins

- TVS Motor Company (TVSL)'s operating performance was in-line, led by good cost management. However, higher interest/depreciation led to below-estimate PAT. As volumes return, profitability is expected to recover to over 10%.
- We increase our FY22 EPS estimate by ~7.6% to reflect higher realization and astute cost management, while maintaining our FY23E EPS estimate. Maintain **Neutral**, with TP of INR625.

Motilal Oswal values your support in the Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).

Bloomberg	TVSL IN
Equity Shares (m)	475
M.Cap.(INRb)/(USDb)	266.8 / 3.6
52-Week Range (INR)	666 / 385
1, 6, 12 Rel. Per (%)	-9/-14/1
12M Avg Val (INR M)	1645

Price hikes and favorable mix offset high commodity cost inflation

- 1QFY22 revenue / EBITDA / adj. PAT declined 26%/49%/73% QoQ to INR39.3b/INR2.74b/INR757m.
- Net sales grew 175% YoY (-26% QoQ) to INR39.3b (v/s est. INR37.9b) as realizations grew 11.5% YoY (+4% QoQ) to INR59.8k (v/s est. INR57.7k).
- Gross margin contraction was restricted to ~40bp QoQ (+20bp YoY) to 24.3% (v/s est. 23.5%) – as commodity cost inflation was diluted by price hikes (110bps), a favorable mix, and cost management.
- The EBITDA margin declined 310bp QoQ to 7% (v/s est. 7.1%), impacted by higher staff cost and operating deleverage.
- Higher interest/depreciation restricted adj. PAT to INR757m (v/s est INR955m), decline of ~73% QoQ. An extraordinary expense of INR302m was reported due to COVID-related expenses.

Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	167.5	227.9	253.9
EBITDA	14.3	22.4	27.4
Adj. PAT	6.1	12.0	15.6
EPS (INR)	12.9	25.2	32.9
EPS Gr. (%)	-0.9	95.5	30.6
BV/Sh (INR)	87.8	108.0	135.4
Ratios			
RoE (%)	15.7	25.7	27.0
RoCE (%)	17.8	29.5	32.1
Payout (%)	27.2	17.3	16.7
Valuations			
P/E (x)	43.6	22.3	17.1
P/BV (x)	6.4	5.2	4.1
Div. Yield (%)	0.6	0.8	1.0
FCF Yield (%)	7.5	1.7	6.0

Highlights from management commentary

- **Demand** has improved in Jul'21 and is approaching 4Q retail levels. It expects demand to normalize from Sep–Oct'21.
- **Exports:** The momentum in exports is expected to continue (ex-Bangladesh and Nepal, as they are yet to re-open). It expects even Bangladesh and Nepal to see recovery from Aug'21.
- **Commodity cost impact and margins:** The commodity cost impact in 1Q was offset by a favorable product mix, cost-saving initiatives, and price increases. It took a price hike of 1.1% in Apr'21 and 2.4% in Jul'21. Post the Jul'21 price increases, under-recovery on account of cost inflation stands at just 50bp. The management is confident of EBITDA margins normalizing, and volumes should be back at double-digit levels.
- **EV plans:** TVSL's EV capacity is expected to be 10k units/month by 4QFY22, with further expansion planned next year. It has set up a separate vertical for EVs and would invest INR10b (~INR3b in FY22E) in building a product portfolio, capacities, and ecosystem for both 2Ws and 3Ws in India and the global market. TVS iQube is now sold in six cities and is expected to see expansion across the country by end-FY22.

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	52.3	57.4	57.4
DII	24.3	20.8	22.0
FII	14.0	12.3	10.5
Others	9.5	9.4	10.1

FII Includes depository receipts

Valuation and view

- TVSL's volume growth is now falling in line with the domestic market, as the portfolio gaps have largely been filled, but the ramp-up in exports supports overall growth. However, it is seeing benefit from economies of scale and operating leverage, resulting in EBITDA margins trending toward the double-digit range.
- Valuations at 22.3x/17.1x FY22E/FY23E EPS largely reflect strong earnings growth as well as the increasing risk from EVs. Maintain Neutral, with TP of ~INR625 (~18x Mar'23 EPS + INR32 for NBFC).

S/A Quarterly Performance

Y/E March (INR m)	FY21				FY22E				FY21	FY22E	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q
Vols ('000 units)	266.9	867.8	989.5	927.6	657.8	991.3	1,048.9	1,039.7	3,051.9	3,738	657.8
Growth (%)	(71.1)	(2.0)	20.4	46.5	146.4	14.2	6.0	12.1	(6.5)	22.5	146.4
Realn (INR '000/unit)	53.6	53.1	54.5	57.4	59.8	60.9	61.2	61.6	54.9	61.0	57.7
Growth (%)	10.8	8.1	8.5	4.3	11.5	14.7	12.3	7.3	9.1	11.1	7.5
Net Sales	14,317	46,055	53,914	53,219	39,344	60,330	64,159	64,024	1,67,505	2,27,856	37,927
Growth (%)	(68.0)	5.9	30.7	52.9	174.8	31.0	19.0	20.3	2.0	36.0	164.9
RM (% of sales)	75.9	76.5	76.1	75.3	75.7	76.1	75.8	75.9	76.0	75.9	76.5
Emp cost (% of sales)	13.8	4.7	5.0	5.0	6.6	4.4	4.3	4.4	5.7	4.8	6.1
Other exp (% of sales)	13.8	9.5	9.4	9.5	10.3	9.4	9.3	9.2	9.8	9.5	10.3
EBITDA	-488	4,301	5,111	5,361	2,738	6,098	6,810	6,730	14,286	22,375	2,696
EBITDA Margin (%)	(3.4)	9.3	9.5	10.1	7.0	10.1	10.6	10.5	8.5	9.8	7.1
Interest	523	407	291	195	300	250	225	200	1,416	975	150
Depreciation	911	1,331	1,329	1,366	1,431	1,440	1,465	1,477	4,937	5,813	1,375
Other Income	26	111	124	69	16	110	125	128	330	379	100
PBT before EO Exp	-1,896	2,674	3,615	3,869	1,023	4,518	5,245	5,182	8,262	15,967	1,271
EO Exp	0	0	0	0	302	0	0	0		302	0
PBT after EO Exp	(1,896)	2,674	3,615	3,869	722	4,518	5,245	5,182	8,262	15,666	1,271
Total Tax	-505	712	959	977	190	1133	1315	1290	2142	3928	317
Tax rate (%)	26.7	26.6	26.5	25.2	26.4	25.1	25.1	24.9	25.9	25.1	24.9
Reported PAT	-1,391	1,963	2,656	2,892	531.5	3,385	3,930	3,892	6,120	11,738	955
Adjusted PAT	-1,391	1,963	2,656	2,892	757	3,385	3,930	3,892	6,120	11,964	955
Growth (%)	PTL	0.5	46.9	191.4	LTP	72.5	47.9	34.5	(0.9)	95.5	(168.6)

Key performance indicator

Y/E March (INR m)	FY21E				FY22E				FY21	FY22E	FY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q
Volumes ('000 units)	266.9	867.8	989.5	927.6	657.8	991.3	1,048.9	1,039.7	3,051.9	3,737.7	657.8
Growth (%)	-71.1	-2.0	20.4	46.5	146.4	14.2	6.0	12.1	13.9	28.1	146.4
Dom. 2W Mkt Sh (%)	14.4	13.9	15.2	13.8	13.7				14.3		
Net Realization	53.6	53.1	54.5	57.4	59.8	60.9	61.2	61.6	54.9	61.0	57.7
Growth YoY (%)	10.8	8.1	8.5	4.3	11.5	14.7	12.3	7.3	9.1	11.1	7.5
Cost Break-up											
RM Cost (% of sales)	75.9	76.5	76.1	75.3	75.7	76.1	75.8	75.9	76.0	75.9	76.5
Staff Cost (% of sales)	13.8	4.7	5.0	5.0	6.6	4.4	4.3	4.4	5.7	4.8	6.1
Other Cost (% of sales)	13.8	9.5	9.4	9.5	10.3	9.4	9.3	9.2	9.8	9.5	10.3
Gross Margins (%)	24.1	23.5	23.9	24.7	24.3	23.9	24.2	24.1	24.0	24.1	23.5
EBITDA Margins (%)	-3.4	9.3	9.5	10.1	7.0	10.1	10.6	10.5	8.5	9.8	7.1
EBIT Margins (%)	-9.8	6.4	7.0	7.5	3.3	7.7	8.3	8.2	5.6	7.3	3.5



Union Bank of India

Estimate change	↑
TP change	↑
Rating change	↑

CMP: INR38 TP: INR55 (+45%) Buy

Motilal Oswal values your support in the Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).

Bloomberg	UNBK IN
Equity Shares (m)	64.8
M.Cap.(INRb)/(USD\$b)	259.4 / 3.5
52-Week Range (INR)	45 / 23
1, 6, 12 Rel. Per (%)	-3/8/-10
12M Avg Val (INR M)	468

Financials & Valuations (INR b)

Y/E March	FY21	FY22E	FY23E
NII	246.9	291	323
OP	192.6	218.8	241.0
NP	29.1	50.4	75.6
NIM (%)	2.5	2.8	2.9
EPS (INR)	4.5	7.9	11.8
EPS Gr. (%)	-140.6	73.4	50.1
BV/Sh. (INR)	96.4	103.1	111.3
ABV/Sh. (INR)	63.6	69.9	78.6
RoE (%)	5.1	8.2	11.4
RoA (%)	0.3	0.5	0.6

Valuations

P/E(X)	8.4	4.8	3.2
P/BV (X)	0.39	0.4	0.3
P/ABV (X)	0.6	0.5	0.5

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	83.5	89.1	89.1
DII	6.8	4.4	5.0
FII	1.7	0.7	0.8
Others	8.0	5.9	5.1

FII Includes depository receipts

Operating performance showing recovery signs

Slippages remain elevated; higher PCR/recovery outlook provides comfort

- UNBK reported healthy operating performance, supported by higher other income and improving margin trajectory, despite sluggish business growth. Domestic NIM expanded by 71bp QoQ to 3.11%.
- Slippages stood elevated (~4.8% annualized), led by higher slippages in the MSME and two large corporate accounts slipping in 1QFY22. However, higher write-offs and upgradations aided stable asset quality on a sequential basis.
- SMA-2 overdue stood at 3.7% of loans, and restructured book stood at 2.7% of net loans. We conservatively estimate RoA/RoE of 0.6%/11.4% by FY23E. **We resume coverage with a Buy rating.**

Improving earnings traction; slippages stay elevated, with PCR healthy ~69%

- UNBK reported a PAT of INR11.8b (+255% YoY), supported by higher treasury gains of INR11.1b and recovery from written off account of INR3.3b, even as total provisions stood elevated ~INR35b.
- NII grew 9.5% YoY (+30% QoQ) to INR70.1b, while domestic NIM improved by 71bp QoQ to 3.11%.
- Core fee income grew 41% YoY, supported by a benign base, but fell 30% QoQ, impacted by low business volumes. Other income grew 98% YoY (fell 36% QoQ) to ~INR29b, led by higher treasury gains (INR11.1b) and recovery from written off assets (INR3.3b).
- Opex grew ~20% YoY to ~INR46.1b. PPOP grew strongly at 31% YoY to INR53b. C/I ratio improved by ~150bp QoQ to 46.5%.
- On the business front, loan growth was flat YoY (down ~1% QoQ) ~INR5.8t, with Retail up 10.6% YoY (flat QoQ), MSME declined by ~4% QoQ, and Agri/Corporate fell by 1% QoQ. Deposit growth stood weak ~2% YoY (down ~2% QoQ), while CASA grew 11% YoY. CASA mix stood ~36.4% (flat QoQ).
- Fresh slippages stood elevated at INR70.5b (annualized at 4.8% of loans), led by higher slippages from the MSME portfolio (INR31.4b) and two large Corporate accounts slipping in 1QFY22. However, higher write-offs and upgradations led to a stable asset quality on a sequential basis. GNPA ratio declined by 14bp QoQ to 13.6%, while NNPA ratio increased by 7bp QoQ to ~4.7%. PCR ratio stood at 68.7% (v/s 69.6% in FY21).
- SMA-2 overdue stood at 3.7% of loans (while SMA-2 over INR50m stands at 1.7%). Total restructured loans stood at 2.7% of net loans.

Highlights from the management commentary

- Recovery pipeline in FY22 remains strong at INR130b, which includes INR40b from NCLT accounts. Accounts under NCLT resolution stand at 96, with a total exposure of ~INR56.5b.
- The management expects business growth of 8-10% YoY. It also guided at a slippage ratio/credit cost of 2.5%/2%.

Valuation and view

UNBK reported healthy earnings performance, supported by high treasury gains and improving margin, despite tepid business growth. The bank expects growth to pick up, led by the RAM segments, while the Corporate book would witness a gradual recovery. Asset quality was largely stable, despite higher slippages, but was supported by higher write-offs and upgradations. SMA-2 overdue stood at 3.7% of loans, and restructured book at 2.7% of net loans. We expect slippages to moderate, mainly from 2HFY22. We project credit cost at 2.3%/1.9% in FY22E/FY23E. We estimate RoA/RoE of 0.6%/11.4% by FY23E. The bank is trading at reasonable valuations of 0.5x FY23E ABV. **We resume coverage with a Buy rating and a TP of INR55/share (0.7x FY23E ABV).**

Quarterly performance

	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	64,032	62,929	65,895	54,029	70,135	71,642	73,390	76,062	2,46,884	2,91,228
Change (YoY, %)	154.3	116.6	110.2	87.7	9.5	13.8	11.4	40.8	115.9	18.0
Other Income	14,625	23,079	30,155	45,509	29,009	26,974	29,192	31,595	1,13,369	1,16,770
Total Income	78,657	86,008	96,050	99,538	99,143	98,616	1,02,582	1,07,657	3,60,253	4,07,998
Operating Expenses	38,316	38,661	42,944	47,739	46,115	46,912	47,479	48,655	1,67,660	1,89,161
Operating Profit	40,341	47,347	53,106	51,799	53,028	51,704	55,102	59,002	1,92,593	2,18,837
Change (YoY, %)	113.9	111.3	121.1	95.3	31.4	9.2	3.8	13.9	109.8	13.6
Provisions	35,558	41,439	52,559	39,043	35,238	34,769	35,484	37,591	1,68,599	1,43,082
Profit before Tax	4,783	5,908	547	12,756	17,790	16,935	19,618	21,412	23,994	75,755
Tax	1,456	742	-6,721	-542	5,980	5,673	6,572	7,152	-5,066	25,378
Net Profit	3,327	5,166	7,268	13,298	11,810	11,262	13,046	14,259	29,060	50,377
Change (YoY, %)	48.3	-143.3	26.5	-153.1	254.9	118.0	79.5	7.2	-200.3	73.4
Operating Parameters										
Deposit (INR b)	8,925	8,861	8,824	9,238	9,085	9,404	9,571	9,792	9,238	9,792
Loan (INR b)	5,817	5,790	5,829	5,910	5,846	6,016	6,123	6,264	5,910	6,264
Deposit Growth (%)	107.6	100.1	98.3	105.0	1.8	6.1	8.5	6.0	105.0	6.0
Loan Growth (%)	98.0	94.4	89.5	87.6	0.5	3.9	5.0	6.0	87.6	6.0
Asset Quality										
Gross NPA (%)	15.0	14.7	13.5	13.7	13.6	13.3	13.2	12.9	13.7	12.9
Net NPA (%)	5.0	4.1	3.3	4.6	4.7	4.6	4.4	4.4	4.7	4.4
PCR (%)	70.3	75.1	78.3	69.6	68.7	69.0	69.5	68.8	69.2	68.8

E: MOFSL estimates

Deepak Nitrite

BSE SENSEX
52,653S&P CNX
15,778

CMP: INR1,900

Neutral

Motilal Oswal values your support in the Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



Kindly refer our detailed report on Specialty Chemicals



Beat on our estimates driven by Phenolics and Basic Chemicals

- Revenue came in at INR15.3b (+20% est., +126% YoY, +4% QoQ), driven by continued robust performance in the Phenolics segment.
- Revenue in Phenolics grew 7% QoQ to INR10b (+202% YoY) on the back of sturdy product prices in 1QFY22.
- Revenue in Basic Chemicals was up 2% QoQ (+70% YoY) to INR2.5b.
- Revenue in Fine and Specialty was flat QoQ at INR2.1b (+48% YoY).
- Revenue in Performance Products saw a miss on our estimate at INR0.9b (-14% est., +55% YoY, +8% QoQ).
- EBITDA saw a beat of 27% at INR4.5b in 1QFY22 (+149% YoY, -1% QoQ).
- Gross margin saw a 200bp QoQ dip to 46%.
- EBITDA margin contracted by 150bp QoQ to 29.6%.
- PAT stood at INR3b (+30% est., +206% YoY, +4% QoQ).

Segmental EBIT:

- EBIT in Phenolics rose 8% QoQ to INR2.9b, with margin at 29% (+100bp QoQ). Margin continued its uptick for eight quarters on the trot.
- EBIT in Basic Chemicals grew 20% QoQ to INR0.85b, led by a spike in margin to 34% (up 500bp QoQ – the highest after 4QFY18).
- EBIT margin in Performance Products stood at a mere 2%, continuing its sequential drop for the last six quarters now.
- EBIT in Fine and Specialty stood at INR0.7b, with a 600bp QoQ margin contraction at 33% (v/s 44% in FY21). In percentage terms, the contribution of this segment to total revenue shrank further to 13% (from 18% in FY21), with EBIT contribution at 15% (v/s 30% in FY21).
- We await further details from the company's investor communication release.

Consolidated quarterly snapshot

(INR m)

Y/E March	FY21				FY22		Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1QE	1QAct			
Gross Sales	6,745	9,873	12,347	14,632	12,770	15,262	20%	126%	4%
<i>YoY Change (%)</i>	-35.8	-1.6	10.3	38.6	89.3	126.3			
Gross Margin (%)	51%	51%	45%	48%	46%	46%			
EBITDA	1,816	2,757	3,350	4,547	3,548	4,515	27%	149%	-1%
<i>Margin (%)</i>	26.9	27.9	27.1	31.1	27.8	29.6			
Depreciation	310	312	339	565	379	436	15%	40%	-23%
Interest	247	196	157	142	114	109	-4%	-56%	-23%
Other Income	68	40	49	59	59	83	39%	22%	39%
PBT before EO expense	1,326	2,288	2,903	3,899	3,115	4,053	30%	206%	4%
PBT	1,326	2,288	2,903	3,899	3,115	4,053	30%	206%	4%
Tax	337	587	737	998	784	1,026			
<i>Rate (%)</i>	25.4	25.6	25.4	25.6	25.2	25.3			
Reported PAT	990	1,702	2,166	2,901	2,331	3,026	30%	206%	4%
<i>YoY Change (%)</i>	-24.8	13.2	38.2	68.4	135.6	205.8			
<i>Margin (%)</i>	14.7	17.2	17.5	19.8	18.3	19.8			
Segmental Revenue (INR m)									
Basic Chemicals	1,465	1,722	1,962	2,452	2,293	2,489	9%	70%	2%
Fine and Specialty Chemicals	1,398	2,099	2,109	2,060	1,957	2,069	6%	48%	0%
Performance Products	603	670	902	867	1,079	933	-14%	55%	8%
Phenolics	3,307	5,454	7,469	9,375	7,440	9,990	34%	202%	7%
Segmental EBIT (INR m)									
Basic Chemicals	364	409	469	707	605	851	41%	134%	20%
Fine and Specialty Chemicals	619	1,012	910	797	757	674	-11%	9%	-15%
Performance Products	67	48	82	31	76	21	-72%	-68%	-31%
Phenolics	691	1,229	1,738	2,668	1,732	2,873	66%	316%	8%

E: MOFSL estimates

LIC Housing Finance

BSE SENSEX 52,653
S&P CNX 15,778

CMP: INR415

Buy

Conference Call Details



Date: 30th Jul 2021
Time: 11:00am IST
Dial-in details:
[Link for call](#)

Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
NII	52.4	60.7	68.8
PPP	46.9	54.8	62.3
PAT	27.3	32.8	37.5
EPS (INR)	54.2	59.5	68.1
EPS Gr. (%)	13.8	9.9	14.4
BV/Sh (INR)	398	455	512
Ratios			
NIM (%)	2.4	2.5	2.5
C/I ratio (%)	13.0	12.2	11.8
RoAA (%)	1.2	1.3	1.3
RoE (%)	14.4	14.5	14.1
Payout (%)	15.7	17.5	17.5
Valuations			
P/E (x)	7.7	7.0	6.1
P/BV (x)	1.1	0.9	0.8
Div. Yield (%)	2.0	2.2	2.5

Miss across the board

- PAT declined by 81% YoY (78% miss) to INR1.5b in 1QFY22. Higher than estimated finance costs of INR36b led to a 13% miss on our NII estimate. Elevated credit costs of INR8.3b (est. INR4.5b) added to the large PAT miss. Large wage revisions undertaken in 1QFY22 have led to a spike in operating expenses, leading to a weak operating performance (PPOP miss of 23% at INR10.3b. Adjusted for wage revision, it was a 13% miss).
- It delivered a healthy loan growth in Home loans. However, LAP and Builder book growth has slowed down. Collection efficiency returned to 98% in Jun'21. However, we await details on collection efficiency in Apr-May'21.
- Asset quality surprised negatively, with a sharp rise (+44% QoQ) in GS3 to INR138b. GS3 rose to 5.9% v/s 4.1% QoQ. The GS3 coverage ratio fell 650bp QoQ to ~33%. Based on the notes to accounts, restructuring stood at INR53.5b (2.4% of loans), of which a large part (INR47b) is Builder loans.

Second COVID wave impacts business activity; disbursements marred

- Home loan/LAP/Builder loan disbursements stood at INR76.5b/INR7.65b/INR2.4b and were at 40%/35%/20% of 4QFY21 levels.
- As a result, the total loan book is flat QoQ at INR2.32t (up 11% YoY). Loan mix in 1QFY22 was tilted slightly in favor of Home loans ~78.3%.
- The share of disbursements from cities other than the top seven continues to decline at 56% v/s 61%/58% in 3Q/4QFY21.

Big surprise on credit costs, Stage 3 PCR fell sharply to 33%

- Provisions of INR8.3b (est. INR4.5b) in 1QFY22 were a big surprise to us.
- The sharp spike in GS3 assets at INR138b (up 44% QoQ) has led to a higher provisioning charge. Stage 3 PCR fell to 33% v/s 40% QoQ.
- Based on the notes to accounts, restructuring undertaken stood at INR53.5b (of which ~88% was loans to Builders). Against this, LICHF has made additional provisions of INR5b. Around INR1.5b worth of COVID-related provisions were booked in 1QFY22. Our calculation suggests INR800m of provisions were utilized for write-offs. We await further clarification on the same from the management.

Spreads under pressure

- Yields (calculated) declined by ~36bp QoQ/118bp YoY to 8.3%, while cost of funds inched up 13bp QoQ to 6.9% (down 108bp YoY). As a result, spreads compressed by 48bp QoQ to 1.45% (up 10bp YoY).
- Finance charges of INR36b (up 5% QoQ) booked in 1QFY22 surprised us, as the incremental cost of funds raised at 5% is down 12bp QoQ. We seek clarity from the management on the same. The share of CP borrowings fell 200bp down to 4%, offset by a 100bp gain each in the share of bank/NCD borrowings at 26%/55%.

Valuation and view

LICHF addressed the capitalization issues in 4QFY21. However, asset quality has surprised us negatively. Given its parentage, it has been able to raise debt capital at low rates, which should keep margin healthy in a highly competitive environment. We seek some clarity on the elevated finance charge, restructured accounts, and related provisioning and treatment of wage revisions undertaken in 1QFY22. We look to revise our estimates post the earnings call.

Quarterly performance		(INR m)							
Y/E March	FY21				FY22		FY21	FY22E 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q				
Interest Income	49,851	49,382	48,761	48,978	48,253	1,96,971	47,859	1	
Interest Expenses	37,645	37,002	35,951	33,929	35,500	1,44,526	33,250	7	
Net Interest Income	12,206	12,380	12,810	15,049	12,753	52,445	14,609	-13	
YoY Growth (%)	3.3	-1.1	2.2	32.7	4.5	8.8	19.7		
Fees and other income	-76	437	479	666	338	1,506	390	-13	
Net Income	12,130	12,817	13,289	15,715	13,091	53,951	14,999	-13	
YoY Growth (%)	0.7	0.3	3.7	40.0	7.9	10.4	23.7		
Operating Expenses	1,367	1,615	1,686	2,347	2,815	7,015	1,640	72	
Operating Profit	10,763	11,202	11,603	13,368	10,276	46,936	13,359	-23	
YoY Growth (%)	-2.0	-1.2	1.5	49.5	-4.5	9.9	24.1		
Provisions and Cont.	587	1,109	1,907	9,848	8,346	13,450	4,500	85	
Profit before Tax	10,177	10,093	9,696	3,520	1,929	33,486	8,859	-78	
Tax Provisions	2,002	2,184	2,426	-469	395	6,142	1,860	-79	
Net Profit	8,175	7,909	7,270	3,989	1,534	27,343	6,999	-78	
YoY Growth (%)	33.9	2.4	21.7	-5.3	-81.2	13.8	-14.4		
Key Operating Parameters (%)									
Yield on loans (Cal.)	9.49	9.34	9.00	8.66	8.31	9.03			
Cost of funds (Cal.)	7.94	7.82	7.45	6.73	6.86	7.24			
Spreads (Cal.)	1.55	1.52	1.54	1.93	1.45	1.79			
Margin (Cal.)	2.32	2.34	2.36	2.66	2.20	2.33			
Credit Cost (Cal.)	0.11	0.21	0.35	1.74	1.44	0.62			
Cost-to-Income Ratio	11.3	12.6	12.7	14.9	21.5	13.0			
Tax Rate	19.7	21.6	25.0	-13.3	20.5	18.3			
Balance Sheet Parameters									
Loans (INR b)	2,098	2,133	2,202	2,320	2,325	2,281			
Change YoY (%)	6.1	5.1	5.7	10.2	10.8	9.7			
Indiv. Disb. (INR b)	34	116	160	212	77	522			
Change YoY (%)	-63.9	-0.8	30.7	94.0	124.9	17.8			
Borrowings (INR b)	1,883	1,903	1,955	2,076	2,064	2,079			
Change YoY (%)	8.8	6.4	5.7	8.6	9.6	8.6			
Loans/Borrowings (%)	111.5	112.1	112.6	111.8	112.7	109.7			
Asset Quality Parameters									
GS 3 (INR b)	59.4	59.5	59.0	95.6	137.9	95.6			
Gross Stage 3 (% on Assets)	2.8	2.8	2.7	4.1	5.9	4.1			
NS 3 (INR b)	32.7	31.8	29.5	57.4	91.8	57.4			
Net Stage 3 (% on Assets)	1.6	1.5	1.4	2.5	4.0	2.5			
PCR (%)	44.9	46.6	49.9	39.9	33.5	39.9			
ECL (%)	1.27	1.30	1.34	1.71	2.03	1.71			
Loan Mix (%)									
Home loans	76.8	76.5	77.0	77.9	78.3	77.9			
LAP	16.2	16.3	15.8	15.3	15.0	15.3			
Non-Individual loans	7.0	7.2	7.2	6.8	6.7	6.8			
Borrowing Mix (%)									
Banks	20.0	22.8	24.5	25.0	26.0	25.0			
NCD	62.0	59.9	56.7	54.0	55.0	54.0			
Subsidiary Debt	1.0	0.5	0.5	1.0	1.0	1.0			
Deposits	8.0	8.6	8.7	9.0	9.0	9.0			
NHB	5.0	5.0	4.7	5.0	5.0	5.0			
CP	4.0	3.1	4.8	6.0	4.0	6.0			

E: MOFSL estimates



Ajanta Pharma

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR2,394 TP: INR2,780 (+16%) Buy

DF, US, Africa drive revenue growth

US ANDA filings to improve going forward

- Ajanta Pharma (AJP) delivered 1QFY22 earnings marginally below our expectation. Robust growth in Domestic Formulation (DF) / Branded Generics (Africa) was offset by moderate growth in US / Branded Generics (Asia) and enhanced opex towards marketing and promotional activities. AJP is on track to outperform in the Branded Generics segment across DF/Asia/Africa and build a product pipeline for the US market.
- We tweak our estimates for FY22E/FY23E, factoring in a) a better outlook for the Pain Management, Ophthal, and Derma therapies in the DF segment, b) higher opex in DF due to the ophthalmic unit's commercialization, and c) enhanced growth in branded formulations in EMs, with the easing of the COVID situation. We value AJP at 25x 12M forward earnings to arrive at Target Price of INR2,780. Reiterate **Buy**.

Higher opex drags down profitability

- 1QFY22 revenues were up 12% YoY to INR7.5b (in-line) for the quarter, led by 32% YoY growth in DF sales (INR2.2b; ~31% of sales), 13% YoY growth in US Generics (INR1.7b; 23% of sales), and 14% YoY growth in Africa Branded Generics (INR1.3b; 17% of sales).
- Branded Generics Asia sales were up 3% YoY to INR1.6b (22% of sales). Institutional Anti-Malaria sales declined 13% YoY to INR540m (7% of sales).
- The gross margin (GM) was almost flat YoY at 77%.
- The EBITDA margin contracted 400bp YoY to 29.4% (est. 33.7%) on lower operating leverage, with other expenses / employee costs down 310bp/80bp YoY as a percentage of sales.
- EBITDA was flat YoY at INR2.2b (est. INR2.5b).
- Adjusted for forex gains of INR250m, PAT grew 4% YoY to INR1.5b (est. INR1.7b), aided by a lower tax rate.

Highlights from management commentary

- The company plans to file 10 ANDAs and launch 4–5 ANDAs in FY22.
- It launched five new products in DF, with one being in the first-to-market category. It plans to launch 4–5 products over the next 2–3 quarters.
- Despite MR rationalization of ~10% (~200 MRs) across segments, sales grew 29% YoY (ex-Institutional), implying improved productivity for existing MRs.
- AJP remains confident of outperforming the industry in the Branded Generics markets in India, Asia, and Africa on the back of enhanced marketing efforts for new launches as well as existing products.
- R&D expense is expected to be ~6% of sales for FY22.
- AJP has completed its major capex to cater to growth for the next three years. The INR2b capex for FY22 would be only for maintenance purposes.
- Institutional India business revenues stood at INR270m.
- The effective tax rate would be 21–22% for FY22.

Motilal Oswal values your support in the Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



Bloomberg	AJP IN
Equity Shares (m)	88
M.Cap.(INRb)/(USDb)	207.2 / 2.8
52-Week Range (INR)	2420 / 1422
1, 6, 12 Rel. Per (%)	15/22/22
12M Avg Val (INR M)	285

Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	28.9	32.8	37.5
EBITDA	10.0	10.2	12.2
Adj. PAT	6.5	7.1	8.7
EBIT Margin (%)	30.5	27.3	28.8
Cons. Adj. EPS (INR)	73.9	80.3	97.9
EPS Gr. (%)	44.6	8.6	21.9
BV/Sh. (INR)	338.7	400.8	474.5
Ratios			
Net D:E	-0.1	-0.2	-0.3
RoE (%)	23.4	21.7	22.4
RoCE (%)	23.6	22.0	22.6
Payout (%)	19.5	24.7	24.7
Valuations			
P/E (x)	32.3	29.8	24.4
EV/EBITDA (x)	21.0	20.1	16.4
Div. Yield (%)	0.6	0.9	1.0
FCF Yield (%)	2.1	2.9	3.6
EV/Sales (x)	7.2	6.2	5.3

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	70.3	70.3	70.5
DII	12.3	12.6	11.8
FII	8.9	8.4	8.2
Others	8.5	8.7	9.5

FII Includes depository receipts

Valuation and view

- We expect a 15% earnings CAGR, led by a revenue CAGR of 18%/17%/11% in US / DF / Branded Generics.
- We value AJP at 25x 12M forward earnings to arrive at TP of INR2,780.
- We remain positive on AJP on a) new launches and market share gains in the key markets of the US/DF/Asia/Africa, b) the benefits of major capex (to accrue over the next 2–3 years), c) improved operating leverage, and d) enhanced MR productivity. Reiterate **Buy**.

Consol. - Quarterly perf.

(INR m)

Y/E March	FY21				FY22E				FY21	FY22E	FY22E	vs Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	6,682	7,159	7,487	7,568	7,479	7,682	8,286	9,375	28,897	32,822	7,346	1.8
YoY Change (%)	9.2	11.4	15.0	11.0	11.9	7.3	10.7	23.9	11.7	13.6	9.9	
Total Expenditure	4,450	4,417	5,071	4,974	5,278	5,355	5,684	6,298	18,911	22,615	4,870	
EBITDA	2,232	2,743	2,417	2,594	2,201	2,328	2,602	3,077	9,986	10,208	2,475	-11.1
YoY Change (%)	32.6	54.4	30.0	56.0	-1.4	-15.1	7.7	18.6	43.0	2.2	10.9	
Margins (%)	33.4	38.3	32.3	34.3	29.4	30.3	31.4	32.8	34.6	31.1	33.7	
Depreciation	280	283	291	306	309	310	315	317	1,161	1,251	300	
EBIT	1,952	2,459	2,125	2,288	1,892	2,018	2,287	2,760	8,825	8,957	2,175	-13.0
YoY Change (%)	34.1	59.3	30.9	63.1	-3.1	-18.0	7.6	20.6	46.4	1.5	11.4	
Interest	16	15	26	26	15	28	27	42	83	112	32	
Other Income	131	49	55	25	76	65	70	51	260	263	50	
PBT before EO expense	2,067	2,492	2,155	2,288	1,954	2,055	2,330	2,769	9,002	9,107	2,193	-10.9
Extra-Ord expense	0	0	0	0	-250	0	0	0	0	-250	0	
PBT	2,067	2,492	2,155	2,288	2,204	2,055	2,330	2,769	9,002	9,357	2,193	0.5
Tax	589	790	388	695	467	493	513	586	2,463	2,059	537	
Effective Rate (%)	28.5	31.7	18.0	30.4	21.2	24.0	22.0	21.2	27.4	22.0	24.5	
Reported PAT	1,478	1,702	1,766	1,593	1,737	1,562	1,817	2,183	6,539	7,299	1,656	4.9
Adj PAT	1,478	1,702	1,766	1,593	1,540	1,562	1,817	2,185	6,539	7,104	1,656	-7.0
YoY Change (%)	28.9	45.3	63.9	41.4	4.2	-8.3	2.9	37.2	44.6	8.6	12.1	
Margins (%)	22.1	23.8	23.6	21.0	20.6	20.3	21.9	23.3	22.6	21.6	22.5	

Key performance Indicators (Consolidated)

Y/E March	FY21				FY22E				FY21	FY22E	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
INR m											
Domestic formulations	1,740	2,020	2,200	2,180	2,290	2,298	2,453	2,384	8,150	9,377	1,972
YoY Change (%)	(10.3)	(0.5)	12.8	23.2	31.6	13.8	11.5	9.4	6.0	15.0	26.4
Asia	1,610	1,800	1,978	1,760	1,650	1,746	2,037	2,358	7,148	7,791	1,691
YoY Change (%)	27.8	(0.6)	25.2	(15.8)	2.5	(3.0)	3.0	0.0	6.2	9.0	5.0
Africa (branded + Insti)	1,700	1,630	1,630	1,770	1,790	1,760	1,875	1,873	6,700	7,298	1,632
YoY Change (%)	(1.7)	5.8	26.4	2.3	16.2	8.0	15.0	0.0	13.0	8.9	(4.0)
US	1,490	1,540	1,610	1,730	1,680	1,848	1,900	2,172	6,370	7,600	1,788
YoY Change (%)	46.1	38.7	1.3	21.0	12.8	20.0	18.0	0.0	23.4	19.3	20.0
Cost Break-up											
RM Cost (% of Sales)	22.9	21.7	22.5	22.2	23.0	22.9	22.8	22.2	22.3	22.7	22.5
Staff Cost (% of Sales)	20.3	18.2	18.2	19.3	21.1	20.3	19.8	18.0	19.0	19.7	19.4
Other Cost (% of Sales)	23.4	21.8	27.0	24.3	26.5	26.5	26.0	26.9	24.1	26.5	28.9
Gross Margins (%)	77.1	78.3	77.5	77.8	77.0	77.1	77.2	77.8	77.7	77.3	77.5
EBITDA Margins (%)	33.4	38.3	32.3	34.3	29.4	29.4	30.3	31.4	34.6	31.1	29.2
EBIT Margins (%)	29.2	34.4	28.4	30.2	25.3	25.3	26.3	27.6	30.5	27.3	25.0

AAVAS Financiers

BSE SENSEX 52,653 S&P CNX 15,778

Conference Call Details

Date: 30th Jul 2021

Time: 3:30pm IST

[Link for the call](#)

Dial-in details:

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Financials & Valuations (INR b)

INR b	2021	2022E	2023E
NII	5.2	6.0	7.2
PPP	3.9	4.6	5.7
PAT	2.9	3.3	4.2
EPS (INR)	36.9	42.4	53.1
EPS Gr. (%)	15.9	15.0	25.3
BV/Sh. (INR)	306	348	401
Ratios (%)			
NIM	7.6	7.3	7.3
C/I ratio	39.7	39.5	37.6
Credit cost	0.54	0.45	0.39
RoA	3.5	3.4	3.6
RoE	12.9	13.0	14.2
Payout (%)	0.0	0.0	0.0
Valuation			
P/E (x)	69.8	60.7	48.5
P/BV (x)	8.4	7.4	6.4
Div. Yield (%)	0.0	0.0	0.0

CMP: INR2,575

Neutral

Stable spreads and limited restructuring

Increase in 1+dpd transitory in our view

- PAT grew 20% YoY, but fell 32% QoQ, to INR599m (in line) in 1QFY22. NII rose 14% QoQ/29% YoY, while operating profit fell 10% QoQ (7% beat). However, higher-than-expected credit cost of INR170m (Est. INR110m) led to in line PAT.
- Sharp deterioration in 1+dpd to 12.7% (up 620bp QoQ), relative to some of its other peers who have reported their 1QFY22 numbers, could be indicative of the stress that was seen at the time of demonetization and higher proportion of self-employed customers in the mix.
- Given the strength of this franchise, we remain convinced that it can very quickly script an improvement in its 1+dpd and GS3 once collections further improve, led by the recovery in economic activity. We would look to revise our estimates post the earnings call and maintain our Neutral rating, given the rich valuations of 7.4x FY22E P/BV.

Disbursements decent, but could have been better; AUM up 21% YoY

- **Disbursements fell 54% QoQ to INR4.63b.** Unlike preceding quarters, the disbursement mix was unusually skewed towards other Mortgage loans. Disbursements in 1QFY22 included 15% of MSME loans (v/s 7.3% in 1QFY21) which were classified as other Mortgage loans.
- Repayment rate declined to 13% vs trend rate of 16-17%. Mitigated by a slightly lower run-off, AUM was up 21% YoY and 2% QoQ.
- It is important to note here that AAVAS did not undertake any direct assignments in 1QFY22, which led to nil upfront assignment income.
- **AAVAS entered Odisha and opened its first branch.** Odisha has low penetration in the low-ticket Housing Finance segment, and anyone establishing distribution here could have a first-mover advantage.

Minor deterioration in asset quality; restructuring pool at 1.2%

- AAVAS reported a Gross Stage 3 of 1.14% (up 16bp QoQ). PCR on Stage 3 assets fell to 25% (down 220bp QoQ), but provisions on S1/S2 loans (including restructuring provisions) rose 18bp.
- There was a sharp deterioration in 1+dpd, which stood at 12.7% (up 620bp QoQ) and is more indicative of the stress that was seen at the time of demonetization. The management commentary on how quickly this can return to normalized levels of ~5% will be crucial.
- AAVAS has restructured loans worth INR1.15b (1.2% of AUM) under RBI OTR 2.0, which was in line with our expectations. It utilized part of the COVID management overlay in 1QFY22. Aggregate COVID overlay declined to INR148m (~15bp of AUM/~19bp of on book loans) v/s INR190m QoQ.

Passing on lower CoF benefit to stem BT-OUT to peers

- Cost of borrowings fell 15bp QoQ. While reported yields were down ~17bp QoQ, spreads were broadly stable. On a calculated basis, yields/spreads were actually up ~15bp/30bp QoQ.

- Contrary to what others might interpret, we don't see yield pressures for AAVAS. Given its relatively better ability to borrow from NHB (1QFY22 incremental borrowing cost: 4.62%), it saw its blended CoF decline by ~15bp. AAVAS is passing on the benefits in its CoF to retain customers and ensure that the BT-OUT to peers remains low.

Valuation and view

AAVAS has a sustainable business model which it can utilize to scale up profitably across geographies over the long term. Its technology adoption and relentless focus on asset quality has made it stand out among peers. While there appears to be a transient stress build-up in asset quality (particularly in the elevated 1+dpd), we expect AAVAS to start moving towards the more sustainable 1+dpd of ~5% from 2Q onwards and reach there by FY22-end, provided there are no more disruptions from any new COVID wave. Disbursements (though slightly skewed towards MSME and other Mortgage loans) were decent, but we expected slightly better. With no undue pressure on spreads, levers to maintain/further reduce the opex ratio, and ability to deliver superior asset quality, with benign credit costs, AAVAS is well positioned to take advantage of the huge opportunity in the low-ticket Housing Finance segment. We would look to revise our estimates post the analyst concall on 30th Jul'21.

QoQ and YoY performance

Y/e March	1QFY22	4QFY21	QoQ (%)	1QFY21	YoY (%)
Interest Income	2,630	2,470	7	2,286	15
Interest Expenses	1,128	1,152	-2	1,118	1
Net Income	1,502	1,318	14	1,168	29
YoY Growth (%)	29	12		15	
Other income	90	443	-80	49	81
Total Income	1,592	1,761	-10	1,218	31
YoY Growth (%)	31	28		4	
Operating Expenses	673	742	-9	526	28
YoY Growth (%)	28	14		6	
Operating Profit	919	1,019	-10	692	33
YoY Growth (%)	33	40		2	
Provisions	170	70	144	60	186
Profit before Tax	749	950	-21	632	18
Tax Provisions	150	74	104	131	14
Profit after tax	599	876	-32	501	20
YoY Growth (%)	20	46	-58	11	86
C/I ratio (%)	42.3	42.1		43.2	
Tax Rate (%)	20.1	7.8		20.8	

Quarterly performance

INR m

Y/E March	FY21				FY22		FY21	FY22E 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q				
Interest Income	2,286	2,430	2,577	2,470	2,630	9,764	2,519	4	
Interest Expenses	1,118	1,144	1,169	1,152	1,128	4,582	1,134	-1	
Net Income	1,168	1,287	1,408	1,318	1,502	5,182	1,385	8	
YoY Growth (%)	15	23	32	12	29	20	19		
Other income	49	274	523	443	90	1,289	145	-38	
Total Income	1,218	1,560	1,932	1,761	1,592	6,471	1,530	4	
YoY Growth (%)	4	6	34	28	31	18	26		
Operating Expenses	526	634	665	742	673	2,566	668	1	
YoY Growth (%)	6	21	6	14	28	12	27		
Operating Profit	692	927	1,267	1,019	919	3,905	862	7	
YoY Growth (%)	2	-3	55	40	33	23.0	25	0.0	
Provisions	60	81	162	70	170	371	110	55	
Profit before Tax	632	846	1,105	950	749	3,533	752		
Tax Provisions	131	184	249	74	150	638	158	-5	
Profit after tax	501	662	856	876	599	2,895	594	1	
YoY Growth (%)	11	-13	26	46	20	16.2	19		
Key Parameters (%)									
Yield on loans (Reported)	13.6	13.5	13.4	13.2	13.0	13.2			
Cost of funds (Reported)	8.1	7.9	7.7	7.4	7.3	7.8			
Spread (Reported)	5.5	5.6	5.7	5.8	5.7	5.4			
NIM - YTD	6.2	6.8	7.4	7.7	6.9	7.6			
Credit cost	0.3	0.4	0.8	0.3	0.7	0.5			
Cost-to-Income ratio (%)	43.2	40.6	34.4	42.1	42.3	39.7			
Tax Rate (%)	20.8	21.8	22.5	7.8	20.1	18.1			
Balance Sheet parameters									
AUM (INR b)	79.4	83.7	88.2	94.5	96.2	94.5			
Change YoY (%)	24.7	23.9	22.6	21.3	21.2	21.3			
AUM mix (%)									
Home loans	73.4	73.5	73.4	73.5	72.7	73.5			
Mortgage loans	26.6	26.5	26.6	26.5	27.3	26.5			
Loans (INR b)	63.6	66.9	69.7	75.2	77.6	75.2			
% of AUM	80.1	79.9	79.0	79.6	80.7	21.7			
Disbursements (INR b)	2.1	6.7	7.6	10.1	4.6	26.6			
Change YoY (%)	-68.3	3.5	1.5	17.5	117.1	-9.3			
Borrowings (INR b)	56.8	60.3	64.8	63.5	64.9	63.5			
Change YoY (%)		42.9	42.2	18.6		18.6			
Borrowings/Loans (%)	89.3	90.1	93.0	84.3	83.6	84.3			
Debt/Equity (x)	2.6	2.7	2.8	2.6	2.6	2.6			
Asset Quality (%)									
GS 3 (INR m)	294.8	312.7	704.6	739.1	894.2				
G3 %	0.46	0.5	1.0	0.98	1.14				
NS 3 (INR m)	205.4	211.5	503.8	537.7	670.4				
NS3 %	0.3	0.3	0.7	0.7	0.9				
PCR (%)	30.3	32.4	28.5	27.2	25.0				
ECL (%)	0.4	0.5	0.7	0.7	0.8				
Return Ratios - YTD (%)									
RoA (Rep.)	2.6	2.9	3.2	3.5	2.6				
RoE (Rep.)	9.4	10.8	12.2	12.9	9.8				

E: MOFSL estimates

Shriram City Union Finance

BSE SENSEX
52,653S&P CNX
15,778

Conference Call details:

Date : 30th July, 2021Tel: +91 22 6280 1143/
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10: 00am
[Link for the call](#)

Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
NII	34.4	37.2	42.4
PPP	22.4	25.0	28.6
PAT	10.1	12.3	14.9
EPS (INR)	153	186	226
EPS Gr. (%)	1	22	21
BV/Sh. (INR)	1,230	1,387	1,582
Ratios			
NIM (%)	11.7	12.1	12.4
C/I ratio (%)	37.8	36.6	36.3
RoA (%)	3.1	3.5	4.0
RoE (%)	13.2	14.2	15.2
Payout (%)	25.9	16.1	13.3
Valuations			
P/E (x)	11.8	9.7	8.0
P/BV (x)	1.5	1.3	1.1
Div. Yield (%)	1.8	1.4	1.4

CMP: INR1,812

Buy

No major deterioration in asset quality; restructuring minimal

Elevated credit cost drive PAT miss

- SCUF posted a PAT of INR2.1b (up 8% YoY; 14% miss) in 1QFY22. PPOP was largely in line at INR5.7b (flat YoY). While NII stood at INR8.8b (in line), credit costs stood at INR2.9b (~16% above est.), which led to the PAT miss.
- 1QFY22 was characterized by a sequentially muted performance in disbursements (because of lockdowns) and ~55bp deterioration in GS3.

Disbursements impacted by the second COVID wave; AUM flat QoQ

- In 1QFY22, disbursements were impacted across products. Auto/LAP loans witnessed the highest sequential decline at 79%/52%, while MSME/2W loans fell 40%/20% QoQ to INR10.9b/INR12.3b. The repayment rate stood at 15% (down ~410bp QoQ). As a result, AUM was flat QoQ at INR296b.
- As MSME financing has taken a backseat in the past few quarters, its share in the AUM mix has declined by ~935bp to 49% over the past year. In Shriram Housing, the loan book was flat QoQ at INR39.1b (up 65% YoY). GNPL ratio deteriorated by 43bp QoQ to 2.3%.

Minor deterioration in GS3; restructuring still minimal; spreads improve

- GS 3 deteriorated by ~55bp QoQ to 6.9%. Credit costs at INR2.9b were 16% higher than our estimate. In 1QFY22, SCUF made additional COVID-related provisions of INR34.68m. Total management overlay stood at INR7.2b (~2.4% of the AUM).
- Total ECL provisions increased by INR640m QoQ to INR21b. SCUF holds 3.8% PCR on Stage 1 and 2 loans and 52% PCR on Stage 3 loans. ECL/EAD of 7.1% is among the highest in our NBFC coverage universe.
- Advances worth INR390m were restructured during 1QFY22. Total restructured pool, including those restructured under RBI OTR 1.0, stood at INR1.92b (~65bp of AUM).
- While cost of funds (calculated) declined ~21bp sequentially to 8.9%, calculated yields (on AUM) stood at 19.7% (up ~20bp QoQ). Spreads improved by 40bp QoQ to 10.8%.

Other highlights

- Capital adequacy remained strong with Tier I at 30% (up ~90bp QoQ).
- Opex declined by 7% sequentially (up 13% YoY) to INR3.5b (est. INR3.4b), led by lower establishment expenses. Employee expenses were up 7% QoQ. C/I ratio fell ~250bp QoQ to 38%, led by opex savings.

Valuation and view

Loan book growth has remained muted, given the impact on disbursements (from lockdowns). However, liability-side and liquidity issues faced by the company immediately after the outbreak of the pandemic have now receded into the sidelines. Despite a presence in vulnerable product segments like MSME, 2W, and Personal loans, asset quality performance has been encouraging, with minimal restructuring. With an equity infusion of INR2b from the parent, Shriram Housing will be looking forward to strong growth and carving out its niche in the Affordable Housing Finance segment. We look to revise our estimates post the analyst call on 30th Jul'21.

Quarterly performance								INR m	
Y/E MARCH	FY21				FY22		FY21	FY22E 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q				
Interest Income	13,899	13,698	13,978	14,140	14,539	55,716	14,246	2.1	
Interest expenses	5,375	5,190	5,215	5,559	5,746	21,339	5,476	4.9	
Net Interest Income	8,525	8,508	8,763	8,581	8,793	34,377	8,771	0.3	
YoY growth (%)	-6.7	-5.5	-1.3	1.1	3.1	-3.2	2.9		
Fees and Other Income	246	293	414	716	417	1,669	450	-7.4	
Net Operating Income	8,771	8,801	9,177	9,297	9,210	36,046	9,221	-0.1	
YoY growth (%)	-8.2	-7.8	-2.4	3.3	5.0	-3.9	5.1		
Operating Expenses	3,105	3,182	3,575	3,781	3,517	13,644	3,425	2.7	
Operating Profit	5,666	5,619	5,602	5,516	5,693	22,402	5,796	-1.8	
YoY growth (%)	-1.9	-2.2	-2.2	7.2	0.5	0.1	2.3		
Provisions	3,102	2,015	1,755	1,638	2,901	8,509	2,500	16.0	
Profit before Tax	2,564	3,604	3,847	3,878	2,792	13,893	3,296	-15.3	
Tax Provisions	642	1,035	1,050	1,057	712	3,785	890	-20.0	
Net Profit	1,923	2,569	2,797	2,821	2,080	10,109	2,406	-13.5	
YoY growth (%)	-24.1	-13.7	-5.8	84.3	8.2	1.0	25.1		
Key Operating Parameters (%)									
Yield on loans (calc., %)	19.3	19.6	19.9	19.5	19.7	20.0			
Cost of funds (calc., %)	9.6	9.6	9.2	9.1	8.9	8.8			
Spreads (%)	9.7	10.0	10.7	10.4	10.8	11.3			
Cost-to-Income Ratio (%)	35.4	36.2	39.0	40.7	38.2	37.8			
Credit cost (calc., %)	4.3	2.9	2.5	2.3	3.9	2.9			
Tax Rate (%)	25.0	28.7	27.3	27.3	25.5	27.2			
Balance Sheet Parameters									
Disbursements (INR b)	13.3	30.6	62.0	65.7	45.6	171.5			
Growth (%)	-78.9	-41.1	6.5	21.3	243.9	-24.5			
AUM (INR b)	284.5	275.4	285.5	295.7	296.0	295.7			
Growth (%)	-6.3	-7.4	-3.4	1.7	4.1	1.7			
Repayments (INR b)	19.7	39.7	51.9	55.4	45.3	166.7			
Rep. rate (annualized, %)	27.0	55.8	75.4	77.7	61.3	57.3			
Borrowings/AUM ratio (%)	76.2	79.1	81.9	86.5	88.5	86.5			
Asset Quality Parameters (%)									
Gross Stage 3 (INR b)	20.5	18.2	18.3	18.8	20.4	18.8			
Gross Stage 3 ratio (%)	7.3	6.7	6.5	6.4	6.9	6.8			
Net Stage 3 (INR b)	10.2	8.3	8.7	8.8	9.9	8.8			
Net Stage 3 ratio (%)	3.9	3.3	3.3	3.2	3.6	3.2			
ECL Stage 3 (INR b)	10.3	9.9	9.7	10.0	10.6	10.0			
PCR (%)	50.4	54.3	52.7	53.3	51.7	53.2			
Segmental GS3 ratio (%)									
SME loans	7.8	7.5	7.4	7.3	7.7				
Two-Wheeler	6.8	5.9	5.8	5.8	6.6				
Gold loans	4.4	3.5	3.0	2.9	3.5				
Personal Loans	11.7	10.9	10.7	10.5	11.1				
Others									
CRAR (%)	28.8	30.1	29.6	28.6	29.5				
Shriram HFC AUM (INR b)	23.7	27.2	31.4	39.3	39.1				



Mahanagar Gas

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR1,109 TP: INR1,315 (+19%) Buy

Motilal Oswal values your support in the Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).

Margin sustainability the biggest question?

Bloomberg	MAHGL IN
Equity Shares (m)	99
M.Cap.(INRb)/(USDb)	109.5 / 1.5
52-Week Range (INR)	1284 / 780
1, 6, 12 Rel. Per (%)	-5/-7/-28
12M Avg Val (INR M)	942

- MAHGL reported a beat on our estimates, led by highest ever EBITDA/scm (of INR13.9), on the back of improved realization, with lower gas cost. Total volumes were in line, down 17% QoQ at 2.4mmscmd (CNG down 23%), impacted by the second wave of COVID-led lockdowns.
- The management said that prices of CNG and PNG Industrial/Commercial are linked to prevailing prices of alternate fuels. Negotiations with OMCs on higher commissions to sell CNG are still on, which combined with an increase in domestic APM gas prices could be critical for margin.
- Recent CNG price hike of INR2.6/kg was taken to compensate for a tariff hike in the Uran Trombay pipeline. The case is still ongoing, and discussions are pending (thus, total demand of INR3.1b up to Mar'21 continues to be a contingent liability).
- As highlighted in our recent report, the [CNG segment faces the steepest uphill battle ever](#), domestic gas prices are expected to rise by ~USD1/mmBtu (starting Oct'21), which translates to INR4/kg (excluding taxes). Trend of global gas prices may call for another hike in Apr'22.
- We reiterate our stance that margin for the CNG segment would come under severe pressure as:
 - It would be a huge challenge to pass on the highest ever price increase (since the start of the domestic APM pricing regime in Nov'15);
 - OMCs are asking for higher single-digit commissions on CNG sales, which would further test its ability to pass on prices to end-consumers. Around 65% of CNG volumes for MAHGL accrue from OMC outlets;
 - As Brent prices cool down from USD75/bbl at present, with OPEC+ matching supply with the recent spurt in demand (oil production to increase by 0.4mnbopd every month starting Aug'21, thereby reducing the prices of alternate fuels).
- We expect volume to normalize to pre-COVID levels in 2HFY22 (unchanged) as Mumbai starts emerging from the lockdown. We maintain our Buy rating considering MAHGL's attractive valuations.

Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	21.5	31.0	34.3
EBITDA	9.3	12.6	11.7
Adj. PAT	6.2	8.6	7.9
Adj. EPS (INR)	62.7	86.6	80.0
EPS Gr. (%)	-21.9	38.1	-7.6
BV/Sh.(INR)	327.2	379.2	427.2

Ratios

Net D:E	-0.2	-0.3	-0.4
RoE (%)	20.0	24.5	19.8
RoCE (%)	20.1	24.5	19.8
Payout (%)	36.7	40.0	40.0

Valuation

P/E (x)	17.7	12.8	13.9
P/BV (x)	3.4	2.9	2.6
EV/EBITDA (x)	11.2	7.8	8.1
Div. Yield (%)	2.1	3.1	2.9
FCF Yield (%)	4.2	8.6	5.1

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	32.5	32.5	32.5
DII	28.4	27.2	28.7
FII	29.6	31.1	29.9
Others	9.5	9.2	8.9

FII Includes depository receipts

Lower gas cost and operating expenditure leads to margin expansion

- Volumes were in line with our estimate 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 and I/C volumes at 0.5 mmscmd and /0.4mmscmd, respectively.
- 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). This was led by a rise in alternate fuel prices, resulting in better realization for PNG I/C.
- Gas cost was lower by INR1.1 QoQ at INR8.8/scm, due to decline in spot LNG prices to USD7/mmbtu (from USD10/mmbtu). Although spot LNG prices have spiked up to USD14/mmbtu currently, it would result in higher gas cost in 2QFY22.

- Gross margin at INR19.4/scm (up INR1.7 QoQ). Opex fell INR0.3/scm QoQ at INR4.6/scm (est. INR5.3 on lower volumes in 1QFY22).
- EBITDA stood at INR3b, with PAT at INR2b (-4% QoQ).

Valuation and view

- BEST is likely to add another 500 CNG Buses over and above the recent induction of 500 Buses. MAHGL is upgrading its CNG infrastructure at three Bus depots to facilitate fueling of these new Buses.
- MAHGL commissioned its first Mobile Refueling Unit (MRU) in Raigad. It is in the process of inviting EoIs to set up MRUs in Thane urban and Raigad. While adding more MRUs will require local permissions and regulatory approvals, it could be a game changer for a company like MAHGL, which is finding it tough to add more infrastructure in crowded cities.
- The management is targeting ~20 new and 25-30 upgrades of CNG stations in FY22, with 8-10 MRUs (one-third of which could be in Raigad).
- All of the above should aid volume growth, along with the increasing need for personal mobility during COVID-19. Factoring in the same, we build in ~6% volume growth over FY23-24E.
- A boost to volumes is expected from further developments at Raigad (peak demand of 0.6mmscmd expected in 3-4 years).
- PNG commercial penetration in MAHGL's GAs is ~20%. It has the requisite pipeline infrastructure, only last-mile connectivity is required.
- The company is looking forward to the 11th CGD round (~44 GAs are up for offer). It may bid for the same once it opens for bidding.
- MAHGL trades at a discount of ~55% to IGL's P/E (despite enjoying the highest EBITDA/scm). The stock trades at 14x FY23E EPS of INR80. Valuing it at 16x Sep'23E EPS, we arrive at our TP of INR1,315/share. We maintain our **Buy** rating.

Standalone quarterly earnings model

Y/E March	FY21				FY22				FY21	FY22E	FY22E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	2,618	5,067	6,664	7,177	6,155	7,832	8,463	8,507	21,525	30,957	6,289	-2%
YoY Change (%)	-65.4	-35.3	-10.5	4.5	135.1	54.6	27.0	18.5	-27.6	43.8	140.3	
EBITDA	800	2,211	3,167	3,162	3,040	3,260	3,070	3,184	9,340	12,554	2,569	18%
EBITDA/SCM	7.9	11.6	12.4	12.1	13.9	12.6	11.4	11.6	11.6	12.3	11.3	24%
Margin (%)	30.6	43.6	47.5	44.1	49.4	41.6	36.3	37.4	43.4	40.6	40.8	
Depreciation	423	425	441	448	453	466	467	483	1,737	1,870	467	-3%
Interest	15	20	17	19	17	15	14	13	72	59	8	
Other Income	245	184	204	172	186	211	211	236	805	844	253	-26%
PBT	607	1,950	2,913	2,866	2,756	2,990	2,799	2,924	8,336	11,470	2,346	17%
Rate (%)	25.5	26.0	25.4	25.8	26.0	25.2	25.2	25.3	25.7	25.4	25.2	
Reported PAT	453	1,443	2,172	2,128	2,041	2,238	2,095	2,183	6,196	8,557	1,756	16%
Adj. PAT	453	1,443	2,172	2,128	2,041	2,238	2,095	2,183	6,196	8,557	1,756	16%
YoY Change (%)	-73.4	-46.7	16.7	27.7	351.0	55.0	-3.6	2.6	-21.9	38.1	288.0	
Margin (%)	17.3	28.5	32.6	29.6	33.2	28.6	24.8	25.7	28.8	27.6	27.9	
Sales Volumes (mmscmd)												
CNG	0.5	1.3	1.9	2.0	1.6	1.9	2.0	2.2	1.4	1.9	1.6	-4%
PNG - Domestic	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	-8%
PNG - Industry/Commercial	0.2	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0%
PNG - Total	0.6	0.8	0.9	0.9	0.8	0.9	0.9	0.9	0.8	0.9	0.9	-4%
Total Volumes	1.1	2.1	2.8	2.9	2.4	2.8	2.9	3.0	2.2	2.8	2.5	-4%

E: MOFSL estimates

BSE SENSEX 52,653 S&P CNX 15,778

CMP: INR735

Buy

Conference Call Details



Date: 30th July 2021

Time: 4:00 pm IST

Dial-in details:

+91 22 7115 8044

Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	43.8	47.9	52.4
EBITDA	7.9	7.6	8.8
Adj. PAT	3.9	3.8	5.1
EBITDA Margin (%)	18.0	15.9	16.8
Adj. EPS (INR)	33.5	32.6	43.1
EPS Gr. (%)	48.7	-2.6	31.9
BV/Sh. (INR)	177	205	242

Ratios

Net D:E	0.2	0.0	-0.2
RoE (%)	20.8	17.1	19.3
RoCE (%)	15.4	14.5	17.7
Payout (%)	12.1	13.8	12.8

Valuations

P/E (x)	21.9	22.5	17.1
P/BV (x)	4.2	3.6	3.0
EV/EBITDA(x)	10.4	10.4	8.4
EV/ton (USD)	86	83	77
Div. Yield (%)	0.5	0.6	0.7
FCF Yield (%)	8.3	6.0	8.0

Weaker margins offset by higher clinker sales

- Standalone rev / EBITDA / adj PAT rose 49%/51%/167% YoY to INR12.3b/INR2.2b/INR1.2b, beating our estimate by 16%/12%/30% – on account of higher clinker sales.
- EBITDA/t, however, was weaker than expected at INR813/t (-12% QoQ; +8% YoY) due to higher clinker sales and higher-than-expected other expenses.
- As expected, cement volumes declined 18% QoQ to 2.29mt (+43% YoY), partially offset by a sharp 2.7x QoQ jump in clinker sales to 0.37mt. Overall volumes were thus down just 8% QoQ to 2.66mt (+40% YoY).
- On a blended basis (cement + clinker), realization rose to INR4,633/t (+2% QoQ; +7% YoY) and cost/t rose to INR3,820/t (+5% QoQ; +7% YoY).
- A 10MW WHRS facility is expected to be commissioned at Sirohi in 3QFY22.

Quarterly performance

(INR m)

Y/E March	FY21				FY22		FY22	Var (%)
	1Q	2Q	3Q	4Q	1Q	1QE		
Sales Dispatches (m ton)	1.91	2.39	2.70	2.90	2.66	2.27	17	
YoY Change (%)	(18.2)	15.8	15.8	17.8	39.5	18.9		
Realization (INR/ton)	4,331	4,381	4,426	4,552	4,633	4,677	-1	
YoY Change (%)	(3.1)	(3.5)	2.5	5.7	7.0	8.0		
QoQ Change (%)	0.6	1.1	1.0	2.9	1.8	2.7		
Net Sales	8,252	10,448	11,928	13,220	12,315	10,595	16	
YoY Change (%)	-20.8	11.7	18.7	24.6	49.2	28.4		
Total Expenditure	6,818	8,581	10,010	10,541	10,155	8,662	17	
EBITDA	1,433	1,867	1,918	2,679	2,161	1,933	12	
Margins (%)	17.4	17.9	16.1	20.3	17.5	18.2		
Depreciation	484	493	487	478	460	500		
Interest	378	381	367	299	257	270		
Other Income	82	183	207	273	169	180		
PBT before EO expense	653	1,176	1,272	2,175	1,613	1,343	20	
Extra-Ord expense	0	0	0	309	0	0		
PBT	653	1,176	1,272	1,865	1,613	1,343	20	
Tax	209	370	248	500	426	430		
Rate (%)	32.0	31.5	19.5	26.8	26.4	32.0		
Reported PAT	444	806	1,023	1,365	1,187	913	30	
Adj PAT	444	806	1,023	1,674	1,187	913	30	
YoY Change (%)	-36	76	108	66	167	106		

E: MOFSL Estimates

Per ton analysis (INR/t)

(INR m)

	FY21				FY22		Var (%)
	1Q	2Q	3Q	4Q	1Q	1QE	
Net realization	4,331	4,381	4,426	4,552	4,633	4,677	-0.94
RM Cost	1,121	1,050	1,120	1,095	1,091	1,100	-1
Employee Expenses	424	335	323	273	312	366	-15
Power, Oil & Fuel	690	863	799	782	908	910	0
Freight and Handling Outward	870	852	901	935	934	940	-1
Other Expenses	473	498	571	545	574	508	13
Total Expenses	3,579	3,598	3,714	3,630	3,820	3,824	0
EBITDA	752	783	712	922	813	853	-5



Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR46 TP: INR42 (-9%) Sell

Motilal Oswal values your support in the Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



Bloomberg	MRPL IN
Equity Shares (m)	1,753
M.Cap.(INRb)/(USD\$)	80.1 / 1.1
52-Week Range (INR)	57 / 25
1, 6, 12 Rel. Per (%)	-12/13/-19
12M Avg Val (INR M)	148

Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	321.8	504.2	560.2
EBITDA	6.3	18.5	35.5
Adj. PAT	(2.4)	1.3	13.2
Adj. EPS (INR)	(1.4)	0.8	7.5
EPS Gr. (%)	NM	NM	NM
BV/Sh.(INR)	43.0	43.6	49.6
Ratios			
Net D:E	2.0	1.5	1.2
RoE (%)	(3.1)	1.7	16.2
RoCE (%)	(0.3)	3.4	8.7
Payout (%)	-	20.0	20.0
Valuation			
P/E (x)	(33.5)	61.2	6.1
P/BV (x)	1.1	1.1	0.9
EV/EBITDA (x)	36.9	10.6	5.3
Div. Yield (%)	-	0.3	3.3
FCF Yield (%)	(36.4)	51.8	24.1

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	88.6	88.6	88.6
DII	2.7	2.7	4.0
FII	0.7	0.7	0.6
Others	8.1	8.0	6.8

FII Includes depository receipts

Abysmal margins and operational performance continue

- MRPL reported lower-than-estimated EBITDA. Refining throughput was down 24% QoQ (~82% utilization rate) on account of slower demand (impacted by the second COVID wave).
- As per our discussion with the management, the utilization rate at the refinery and polypropylene unit continues to hover at 82–85% currently. Continued concerns over utilization rates would keep margins under pressure (due to higher opex), impacting profitability.
- In its board meeting today, the company announced the following resolutions:
 - Raising funds of up to INR50b through the issue of Non-Convertible Debentures
 - Increasing the borrowing limit from INR250b to INR335b
- This comes after an increase in consol. debt by ~35% YoY to INR227.5b (standalone debt up by 49% YoY to INR153.6b) in FY21 amid the acquisition of a 100% stake in OMPL. We expect net debt on a standalone basis to decline to INR97b by FY24 (from INR153b in FY21) on WC improvement.
- SG GRM is averaging higher MoM at USD2.9/bbl in July (v/s USD2/bbl in 1QFY22) – the highest ever since the COVID outbreak in Feb’20. The recovery is entirely driven by higher demand for gasoline (margins at USD10.1; +USD3 MoM); ATF and gasoil margins remain the same MoM at USD4.3/4.7.
- With the complete phasing out of the COVID lockdowns and closure of refinery complexes (estimated ~3mn bopd over the next 2–3 years), the refining margin would return to its long-term average (of USD5–6/bbl).
- We forecast GRM of USD5.5/bbl for MRPL in FY23E and FY24E. Although, the continued miss in value additions from the Phase-III expansion over the past few years leads us to believe the company may not deliver a sustained good performance going forward. We maintain Sell on the stock.

Core GRM at –USD0.2/bbl; reported GRM at USD4.5/bbl

- Refining throughput was in-line at 3.06mmt (+65% YoY; -24% QoQ).
- Reported GRM stood at USD4.5/bbl (v/s our est. of USD4/bbl).
- Inventory gains stood at USD4.7/bbl, resulting in core GRM of –USD0.23/bbl.
- EBITDA stood at INR3.7b (v/s -15% on our estimates and INR8.5b in 4QFY21). PAT came in at –INR0.9b (v/s INR3.3b in 4QFY21).

Valuation and view – reiterate Sell

- The commissioning of the desalination plant may help the company weather the summer from CY22. The refinery is likely to consume ~1mm scmd of gas from the Kochi-Mangalore pipeline as the gas turbine modification is now complete. The use of gas would also aid profitability in the current subdued refining margin environment.
- The stock trades at 6.1x FY23 EPS of INR7.5 and 5.3x FY23 EV/EBITDA. Valuing the standalone entity at 6x Sep’23E EBITDA of INR35b, we arrive at a valuation of INR55/share. Deducting value of INR13/share for OMPL, we arrive at a total valuation of INR42/share for MRPL. Reiterate Sell.
- Key risk to our call: An increase of USD1/bbl in GRM may add INR8.9b to its EBITDA and INR30/share to its valuation.

Standalone - Quarterly Earnings Model

(INR m)

Y/E March	FY21				FY22E				FY21	FY22	FY22	Var. vs
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	44,726	61,823	79,515	1,35,759	1,12,981	1,23,561	1,33,826	1,33,814	3,21,824	5,04,181	1,13,269	0%
YoY Change (%)	-51.8	-53.2	-44.7	-3.9	152.6	99.9	68.3	-1.4	-36.9	56.7	153.2	
EBITDA	-4,777	1,636	945	8,532	3,660	3,095	5,685	6,044	6,336	18,484	4,317	-15%
Margins (%)	-10.7	2.6	1.2	6.3	3.2	2.5	4.2	4.5	2.0	3.7	3.8	
Depreciation	2,001	2,098	2,251	2,180	2,131	2,201	2,201	2,271	8,530	8,804	2,201	-3%
Forex loss	100	-730	-522	73	1,085	0	0	0	-1,079	1,085	939	
Interest	1,416	-27	694	1,367	1,983	2,006	2,006	2,030	3,521	8,025	1,777	12%
Other Income	254	288	366	276	210	342	342	474	1,185	1,369	305	-31%
PBT before EO expense	-8,039	582	-1,113	5,189	-1,329	-770	1,820	2,218	-3,451	1,939	-294	-351%
PBT	-8,039	582	-1,113	5,189	-1,329	-770	1,820	2,218	-3,451	1,939	-294	-351%
Rate (%)	34.8	38.4	32.1	36.7	35.1	33.3	33.3	33.3	30.3	32.1	33.3	
Reported PAT	-5,244	358	-756	3,283	-863	-514	1,214	1,479	-2,405	1,317	-196	-339%
YoY Change (%)	4.9	-106.2	106.3	-120.6	-83.5	-243.3	-260.6	-54.9	-91.2	-154.8	-96.2	
Margins (%)	-11.7	0.6	-1.0	2.4	-0.8	-0.4	0.9	1.1	-0.7	0.3	-0.2	
Key Assumptions												
Refining throughput (mmt)	1.9	2.5	3.1	4.0	3.1	3.5	4.0	3.9	11.5	14.5	3.0	2%
Reported GRM (USD/bbl)	-1.5	3.9	3.3	6.5	4.5	3.0	4.0	4.5	3.0	4.0	4.0	

E: MOFSL Estimates

BSE SENSEX

52,653

S&P CNX

15,778

Conference Call Details

Date: 30th Jul. 2021

Time: 04:30pm IST

Dial-in details:

+ 91 44 4563 4952

Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	3.0	7.1	38.4
EBITDA	-4.3	-3.5	7.1
Adj. PAT	-5.6	-5.6	2.2
EBITDA Margin (%)	-143.1	-49.4	18.5
Adj. EPS (INR)	-91.6	-92.2	36.6
EPS Gr. (%)	NM	NM	-139.7
BV/Sh. (INR)	301.7	209.5	246.2
Ratios			
Net D:E	2.2	4.0	3.2
RoE (%)	NM	-36.1	16.1
RoCE (%)	NM	-16.7	13.5
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	NM	-14.8	37.1
P/BV (x)	4.5	6.5	5.5
EV/EBITDA (x)	NM	-27.8	13.3
Div Yield (%)	0.0	0.0	0.0

CMP: INR1,360

Revenue down 73% QoQ (3x beat); operating loss at INR1.3b (13% beat)

- PVR's 1QFY22 revenue fell 73% QoQ to INR511m (up ~11x YoY, but 94% below 1QFY20 levels) as cinema operators witnessed operational closure gradually from Apr'21 due to the second COVID wave.
- Overall fixed opex was down 42% QoQ on account of business closure due to the second wave, but jumped 41% YoY to INR1.8b. (75% below 1QFY20 levels).
- Rental expenses stood at INR305m (-57% QoQ) – representing provisions until properties were operational in 1Q or for which negotiations were concluded with developers. On the other hand, CAM charges grew 8% QoQ to INR325m. Pending the outcome of the discussions with landlords, the company has followed prudent accounting policy and made full provisions towards CAM expenses.
- Employee expenses declined to INR531m (-22% YoY and -11% sequentially) as cinemas were partially operating in some parts of the country during the quarter.
- **On a pre-Ind-AS 116 basis, EBITDA loss stood at INR1.3b v/s EBITDA loss of INR1.2b YoY. The higher revenue was largely offset by higher opex.**
- Net loss stood at INR1.4b (11% beat), in line with the previous year's numbers.

Other highlights

- The company has availed additional liquidity of INR2b under the ECLGS 3.0 scheme during the current financial year.
- As of 30th Jun'21, the company had total liquidity of ~INR8.5b (including unutilized sanctioned credit lines).
- The total screen count remained constant at 842.
- Occupancy rates declined to 2%, impacted by closures, well below pre-COVID levels of ~35%.
- Avg. ticket prices stood at INR191 (+4% QoQ), while spends/heads improved to INR96 (+1.1% YoY and QoQ).
- As of 29th Jul'21, 12 states and two UTs in India and Colombo (Sri Lanka), where PVR has a presence, have allowed cinemas to resume operations, with restrictions around timings and other social distancing requirements. These states/UTs account for 526 screens across 111 properties.
- **The company is looking to resume operations gradually from 30th Jul'21.**
- The company is in active talks with its landlords for waivers/discounts in rental and CAM charges. It is hopeful of a positive outcome from these discussions as the business re-opens.
- As per the management, the content line-up across the Bollywood, Regional, and Hollywood movie industries is exciting and would entice customers to step out of their homes and enjoy the movies on the big screen.
- The company continues to focus on keeping fixed costs low to reduce cash burn and preserve liquidity.

Quarterly Performance

(INR m)

Y/E March	FY21				FY22E				FY21	FY22E	FY22	Est. Var (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Net Sales	43	436	634	1,909	511	576	2,303	3,503	3,021	7,095	128	300
YoY Change (%)	-99.5	-95.5	-93.1	-70.4	1096.3	32.2	263.4	83.5	-91.2	134.9	199.3	
Total Expenditure	1,286	1,246	1,722	3,091	1,807	1,414	3,354	4,519	7,345	10,601	1,279	41
EBITDA	-1,243	-810	-1,088	-1,183	-1,296	-838	-1,051	-1,015	-4,324	-3,506	-1,152	13
YoY Change (%)	-178.4	-141.7	-160.4	-376.3	4.3	3.4	-3.4	-14.1	-175.0	-18.9	-7.4	
Depreciation	603	583	585	612	577	626	626	626	2,383	2,502	626	-8
Interest	353	351	402	384	377	388	392	416	1,490	1,570	374	1
Other Income	83	0	0	0	198	23	23	23	83	91	23	766
PBT before EO expense	-2,116	-1,744	-2,075	-2,179	-2,052	-1,828	-2,046	-2,034	-8,114	-7,486	-2,128	-4
Extra-Ord expense	2	4	0	0	0	0	0	0	0	0	0	
PBT	-2,118	-1,749	-2,075	-2,179	-2,052	-1,828	-2,046	-2,034	-8,114	-7,486	-2,128	-4
Tax	-707	-587	-707	-538	-633	-457	-511	-283	-2539.3	-1884.2	-532	19
Rate (%)	33.4	33.6	34.1	24.7	30.8	25.0	25.0	13.9	31.3	25.2	25.0	
MI & Profit/Loss of Asso. Cos.	1	1	1	0	0	0	0	0	3	0	0	
Reported PAT	-1,410	-1,161	-1,366	-1,641	-1,419	-1,371	-1,534	-1,751	-5,577	-6,075	-1,596	-11
Adj PAT	-1,410	-1,161	-1,366	-1,641	-1,419	-1,823	-2,041	-2,029	-5,577	-7,312	-2,123	-33
YoY Change (%)	-340.6	-252.7	-293.1	374.5	0.7	57.1	49.4	23.7	-426.5	31.1	50.6	

E: MOFSL Estimates



Estimate change	↔
TP change	↔
Rating change	↔

Motilal Oswal values your support in the **Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team.** We [request your ballot.](#)

Bloomberg	EPLL IN
Equity Shares (m)	316
M.Cap.(INRb)/(USDb)	76.5 / 1
52-Week Range (INR)	319 / 199
1, 6, 12 Rel. Per (%)	-14/-14/-18
12M Avg Val (INR M)	228

Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	30.9	34.8	38.3
EBITDA	6.1	7.2	8.4
PAT	2.6	3.2	4.0
EBITDA (%)	19.8	20.6	22.0
EPS (INR)	8.0	10.0	12.4
EPS Gr. (%)	17.8	24.4	24.5
BV/Sh. (INR)	53.4	60.8	68.2
Ratios			
Net D/E	0.2	0.0	-0.1
RoE (%)	15.8	17.5	19.3
RoCE (%)	13.0	15.3	17.8
Payout (%)	54.5	45.1	40.2
Valuations			
P/E (x)	30.1	24.2	19.5
EV/EBITDA (x)	13.2	10.9	9.0
Div Yield (%)	1.7	1.9	2.1
FCF Yield (%)	0.8	4.5	5.5

Shareholding pattern (%)

	Jun-21	Mar-21	Jun-20
Promoter	52.0	52.0	75.0
DII	14.7	13.5	2.4
FII	14.6	14.9	4.9
Others	18.7	19.6	17.8

Note: FII includes depository receipts

CMP: INR242 TP: INR320 (+32%) Buy

Lower margins across regions, except AMESA

Earning lower than estimates

- EPL Ltd. (EPLL) reported a weak operating performance in 1QFY22 on the back of higher other expenses – due to an increase in freight costs and one-time expenses.
- Factoring in the 1QFY22 performance, we decrease our earnings estimate for FY22 by 6% on account of a slower pickup in volumes post the total shutdown in Colombia and the shutdown of its unit in Russia. On the other hand, we maintain our earnings estimate for FY23. We value the stock at 26x FY23E EPS to arrive at TP of INR320. Maintain Buy.

AMESA and EAP support revenue growth

- Revenue increased 8% YoY to INR7.9b (est. INR8.4b), primarily led by a strong performance from the AMESA and Americas regions. The EBITDA margin contracted 160bp YoY to 18.1% (est.19.4%) on higher other expense, with EBITDA at INR1.4b (down 1% YoY). Adj. PAT was down 4% YoY to INR579m (est. INR719m).
- AMESA revenue has increased 29% YoY to INR2.8b during the current quarter, driven by recovery in the Beauty & Cosmetics segment, with revenue share in Personal Care expanding 11pp YoY to 56.6%. EBIT margins have expanded by 370bp to 11% and EBIT to INR311m (up 94% YoY).
- EAP revenue edged up 2% YoY to INR2b due to the tapering of demand for hand sanitizers in the Personal Care product segment. The EBIT margin contracted 490bp to 16.7%, with EBIT at INR345m (down 21% YoY).
- Americas revenue grew 9% YoY to INR1.6b, despite a drop in revenue share in Personal Care by 790bp YoY to 21.5%. Also, growth was offset by a month-long strike in Colombia and one key customer moving their production from Colombia to Asia. EBIT margins contracted 290bp to 7.3%, and EBIT stood at INR119m (down 23% YoY).
- Europe revenue de-grew 10% YoY to INR1.8b, largely due to demand for sanitizer tubes tapering off and the closure of manufacturing operations in Russia. EBIT margins contracted 350bp to 5.5%, and EBIT stood at INR99m (down 45% YoY).

Highlights from management commentary

- **Colombia:** In May'21, the Colombia plant was completely closed down due to disturbance in the country. This resulted in the total washout of sales for a month in 1QFY22 and impacted growth in the Americas. The majority of demand is expected to recover post operations opening up.
- **Russia:** EPL discontinued manufacturing operations in Russia; the move is expected to be margin-accretive in the long-run. EPL aims to serve Russian customers through its plant in Poland.
- **New customer additions:** EPL bagged a major order in Europe for Platina Tubes (under brand 'Ella' – food products), the impact of which is expected to reflect post 2HFY22. EPL won a new contract in Oral Care with a global major in the Europe region, operations for which have commenced from Apr'21. With this new addition, EPL now has two contracts in Oral Care with major global companies in the Europe region.

Valuation and view

- We believe the earnings momentum would sustain on the back of (a) increasing revenue contribution from personal care products, (b) higher revenue sustainability owing to long-term contracts in the Oral Care segment, (c) an increased shift from plastic/aluminium tubes to laminated tubes, and (d) new customer additions across geographies as well as higher cross-selling opportunities.
- Factoring in the 1QFY22 performance, we decrease our earnings estimate for FY22 by 6% on account of a slower pickup in volumes post the total shutdown in Colombia and the shutdown of its unit in Russia. On the other hand, we maintain our earnings estimate for FY23.
- We expect a revenue/EBITDA/PAT CAGR of 11%/17%/24% over FY21–23. We value the stock at 26x FY23E EPS, on account of a steady increase in revenue share from Personal Care (higher margin biz and lower sensitivity to RM cost), and new product launches, which should aid growth. Our TP of INR320 implies a 32% upside. Maintain **Buy**.

Consolidated - Quarterly Earnings Model

(INR m)

Y/E March	FY21				FY22				FY21	FY22	FY22 1QE	Var. %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Gross Sales	7,415	7,703	7,686	8,102	7,991	8,830	8,752	9,209	30,906	34,782	8,451	-5
YoY Change (%)	17.7	5.4	8.1	17.5	7.8	14.6	13.9	13.7	11.9	12.5	22.6	
Total Expenditure	5,949	6,041	6,101	6,704	6,542	6,897	6,766	7,424	24,795	27,629	6,809	
EBITDA	1,466	1,662	1,585	1,398	1,449	1,933	1,986	1,785	6,111	7,153	1,642	-12
Margins (%)	19.8	21.6	20.6	17.3	18.1	21.9	22.7	19.4	19.8	20.6	19.4	
Depreciation	579	578	588	601	619	630	645	660	2,346	2,554	615	
Interest	162	97	84	86	89	85	82	78	429	334	82	
Other Income	51	32	32	30	53	37	37	35	145	161	59	
PBT before EO expense	776	1,019	945	741	794	1,255	1,296	1,081	3,481	4,426	1,004	
Extra-Ord. expense	161	0	0	0	0	0	0	0	161	0	0	
PBT	615	1,019	945	741	794	1,255	1,296	1,081	3,320	4,426	1,004	
Tax	159	334	220	155	189	339	350	292	868	1,170	271	
Rate (%)	25.9	32.8	23.3	20.9	23.8	27.0	27.0	27.0	26.1	26.4	27.0	
Minority Interest & P/L of Asso. Cos.	-12	-15	-16	-18	-26	-17	-18	-21	-61	-82	-14	
Reported PAT	444	670	709	568	579	899	928	769	2,391	3,175	719	
Adj. PAT	605	670	709	568	579	899	928	769	2,552	3,175	719	-19
YoY Change (%)	113.6	-15.8	18.0	17.0	-4.3	34.1	30.9	35.4	17.8	24.4	48.1	
Margins (%)	8.2	8.7	9.2	7.0	7.2	10.2	10.6	8.3	8.3	9.1	8.5	

Orient Electric

BSE SENSEX 52,653 S&P CNX 15,778

CMP:INR334

Buy

Conference Call Details



Date: 30th July 2021

Time: 11:00am IST

Dial-in details:

+91-22-6280 1148

Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	20.3	24.0	28.4
EBITDA	2.2	2.4	3.0
PAT	1.2	1.4	1.7
EBITDA (%)	10.8	10.2	10.5
EPS (INR)	5.6	6.5	8.2
EPS Gr. (%)	52.3	14.8	25.8
BV/Sh. (INR)	21.5	26.0	31.7

Ratios

Net D/E	(0.5)	(0.2)	(0.3)
RoE (%)	26.3	24.9	25.7
RoCE (%)	30.4	28.2	28.4
Payout (%)	22.1	30.0	30.0

Valuations

P/E (x)	59.2	51.6	41.0
P/BV (x)	15.6	12.8	10.5
EV/EBITDA (x)	31.2	28.6	23.2
Div Yield (%)	0.4	0.6	0.7
FCF Yield (%)	5.6	(0.9)	2.2

Revenue above estimate; miss on operating profit

1QFY22 earnings snapshot

- Revenue stood at INR4.2b, **6% above our estimate**. The two-year revenue CAGR stood at -14% (almost similar to that of Crompton).
- EBITDA came in at INR223m (v/s loss YoY), 13% below our estimate.
- The EBITDA margin stood at 5.3%, below our estimate of 6.4%, on account of **commodity cost inflation pressure and lower operating leverage**.
- PBT stood at INR68m. The effective tax rate stood at 26.4% (v/s 22.7% YoY).
- Adj. PAT stood at INR50m (v/s loss last year), below our estimate of INR79m. **(While the miss on the bottom line looks optically high in terms of percentage, on an absolute basis, it stands at INR29m.)**

Segmental snapshot

- ECD | 1QFY22:** Revenue stood at INR3.2b, 8% above our estimate. The EBIT margin stood at 7%.
- Lighting and Switchgear | 1QFY22:** Revenue stood at INR982m, in line with our estimate. The EBIT margin stood at 10.5%.

Quarterly Performance

Y/E March	FY21				FY22E				FY21	FY22E	MOSL 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sales	1,788	4,338	6,183	8,017	4,223	4,858	6,925	7,993	20,326	24,000	3,978	6.2
Change (%)	-68.5	-0.2	24.7	42.4	136.2	12.0	12.0	-0.3	-1.4	18.1	122.5	
Adj EBITDA	-193	578	842	968	223	427	830	958	2,195	2,439	256	-12.7
Change (%)	-143.6	164.2	86.0	48.5	-216.0	-26.0	-1.4	-1.0	24.4	11.1	-232.9	
Adj EBITDA margin (%)	-10.8	13.3	13.6	12.1	5.3	8.8	12.0	12.0	10.8	10.2	6.4	
Depreciation	107	107	108	109	116	120	120	120	432	476	110	
Interest	63	45	46	54	48	50	50	52	207	200	50	
Other Income	9	7	7	40	9	10	15	41	63	75	10	
Extra-ordinary Items	-	-	-	-	-	-	-	-	-	-	-	
PBT	-353	433	694	845	68	267	675	827	1,619	1,838	106	-35.7
Tax	-80	109	175	218	18	67	170	207	422	463	27	
Effective Tax Rate (%)	22.7	25.1	25.2	25.8	26.4	25.2	25.2	25.1	26.0	25.2	25.2	
Reported PAT	-273	324	519	627	50	200	505	620	1,198	1,375	79	-36.8
Change (%)	-244.6	558.9	172.7	75.2	-118.4	-38.3	-2.7	-1.1	52.3	14.8	-129.0	
Adj PAT	-273	324	519	627	50	200	505	620	1,198	1,375	79	-36.8
Change (%)	-244.6	558.9	172.7	75.2	-118.4	-38.3	-2.7	-1.1	52.3	14.8	-129.0	



Estimate change	↑
TP change	↔
Rating change	↔

CMP: INR482 TP: INR600 (+25%) Buy

Recovery on the way

Attractive valuations; reiterate Buy

Motilal Oswal values your support in the Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team. We request your ballot.

Bloomberg	SECIS IN
Equity Shares (m)	147
M.Cap.(INRb)/(USDb)	71.6 / 1
52-Week Range (INR)	535 / 314
1, 6, 12 Rel. Per (%)	13/6/-5
12M Avg Val (INR M)	113

Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	91.3	99.3	114.5
EBITDA margin	5.7	5.5	5.9
PAT	3.6	3.1	4.3
EPS (INR)	23.7	20.8	28.8
EPS Gr. (%)	-1.7	-12.4	38.5
BV/Sh. (INR)	267.8	313.4	376.1

Ratios

RoE (%)	22.3	15.7	18.2
RoCE (%)	16.3	12.4	14.2
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	20.3	23.2	16.8
P/BV (x)	1.8	1.5	1.3
EV/EBITDA (x)	14.1	13.2	10.2
EV/Sales (x)	0.8	0.7	0.6

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	72.9	72.9	74.3
DII	5.5	6.4	6.9
FII	11.5	11.5	11.6
Others	10.1	9.2	7.1

FII Includes depository receipts

- SIS reported a lower than expected performance in 1QFY22, led by underperformance in the international business (-4.2% QoQ) on account of lower revenue from the ad hoc business (also high margin) and two months impact of the lockdown on the India Security business (-2.3% QoQ). This led to a sequential decline of 2.7%. Consequently, EBITDA margin was lower than our expectations (50bp) on weaker revenue performance.
- While the increase in virus cases and accompanying restrictions impacted Apr and May'21, the rebound in Jun'21 (monthly run-rate of INR7.9b) should reassure investors of its ability to weather the impact owing to its business and geographical diversification. With the situation expected to further ease out over the next few months, we expect SIS to deliver 12% revenue CAGR over FY21-23E.
- We continue to see an uptick in growth in the India business (Security and Facilities Management) in FY22E, and estimate 17% CAGR in the India Security/Facilities Management business over FY21-23E. We continue to build in 7% CAGR in the Australia business over the next two years as an expected reduction in the ad hoc business should partially depress recovery in the normal business.
- SIS should reverse a large portion of the margin impact of the past two quarters as higher revenue growth and absence of COVID-related costs should act as levers to subdued margin. With growth returning in FY22, a major portion of the drag in Facilities Management should also go away.
- We see a gradual improvement in margin and expect a 20bp increase over FY21-23E. The positive operating leverage in the India business should more than compensate for the expected moderation in margin in the international business, which benefitted from the ad hoc business in FY21.
- We expect cash conversion to moderate in FY22 as the India business returns to growth, increasing overall DSO. We also expect significantly lower net debt/EBITDA for the company as all major payouts are now over.
- Given the multi-dimensional opportunity, we value SIS at INR600/share (24% upside), derived by assigning an 8x forward EV/EBITDA multiple to the International business (in line with its global peers) and DCF to the India business.

Operations below our estimates on muted performance in the international business

- Revenue increased by 10% YoY (est. +13%), EBITDA was flat YoY (est. +13%), while adjusted PAT declined by 9% (est. +19%).
- Revenue rose by 9.8% YoY, but fell by 2.7% QoQ to INR23.8b (3% miss).
- The revenue decline was attributable to: a) 4.2% QoQ fall in the international business (due to tapering in ad hoc revenue), and b) 2.3% decline in the India Security business (in line with our expectations). The Facilities Management business posted moderate growth (3.1% QoQ).

- All businesses reported higher revenue in Jun'21 vis-à-vis Apr-May'21, indicating the start of a business recovery.
- EBITDA margin was flat QoQ, but down 50bp YoY (below our expectations), at 5.1%.
- The drop in margin was majorly weighed by a reduction in the high-margin ad hoc business in Australia, leading to 50bp sequential decline in the International business. Margin in the India business remained flat, while that for the Facilities Management business increased 240bp on a lower base.
- Consolidated PAT stood at INR528m, implying a YoY decline of 8.8%. This was attributable to lower operating income and other income.
- During 1QFY22, the company recognized grants of INR67m from the Singapore government.
- Net debt stood at INR6b (against INR3.7b in 4QFY21), implying a net debt/EBITDA of 1.15 (v/s 0.72 in 4QFY21).
- The increase in net debt was due to significant cash outflows on account of: a) balance stake purchase in Henderson and Uniq INR1.7b, and b) buybacks of INR1.2b (including tax). The total cash outflow stood at INR3b.
- OCF/EBITDA stood at 95.5% in 1QFY22. The company generated a total OCF of INR1.2b in 1QFY22.
- The international business returned INR500m to parent SIS in the form of dividends in 1QFY22.

Key highlights from the management commentary

- The dip in the international business was on account of normalization of revenue and margin to pre-COVID levels after a record performance in FY21. The ad hoc business will gradually taper off over the next two quarters. However, the decline will be compensated by growth in the regular business.
- Within the India business, Apr-May'21 had been impacted by the second wave of COVID-related lockdowns. It started seeing a recovery from Jun'21. This has impacted the recovery in margin.
- The India Security business is back to pre-COVID levels, while the Facilities Management near to a complete recovery and is expected to be the biggest winner among all segments.
- SIS is looking to double its market share in Security, Facilities Management, and Cash Logistics over the next 4-5 years.
- The management guided at margin to be in the 5.7-6% range.

Valuation and view

- Over the medium term, as both the Central and State governments look to liberalize and formalize the labor markets, SIS should be among the biggest direct beneficiaries.
- We value SIS at INR600/share using SoTP valuation: 1) DCF for the India Security business (INR335/share), 2) EV/EBITDA multiple of 8x (INR156/share) for the International Security business (in line with global peers), and 3) DCF for the Facilities Management business (INR116/share). We arrive at our TP of INR600 per share.
- Our TP implies a target P/E multiple of ~29x/21x for FY22E/FY23E. We view this as reasonable, given its strong growth profile and unique resilience to macroeconomic shocks.

Consolidated quarterly earnings model

(INR m)

Y/E March	FY21				FY22E				FY21	FY22E	FY22E	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Gross Sales	21,667	21,579	23,575	24,452	23,793	24,410	25,296	25,787	91,273	99,285	24,529	-3.0
YoY Change (%)	7.9	3.3	8.2	10.7	9.8	13.1	7.3	5.5	7.6	8.8	13.2	-340bp
Total Expenditure	20,459	20,282	22,106	23,219	22,580	23,071	23,879	24,303	86,065	93,833	23,163	-2.5
EBITDA	1,209	1,297	1,469	1,233	1,214	1,339	1,416	1,484	5,208	5,453	1,366	-11.1
Margin (%)	5.6	6.0	6.2	5.0	5.1	5.5	5.6	5.8	5.7	5.5	5.6	-50bp
Depreciation	285	283	277	285	270	275	279	281	1,130	1,104	292	-7.6
Interest	373	333	286	282	246	253	253	253	1,273	1,012	316	-22.3
Other Income	231	665	384	646	48	113	113	113	1,926	450	106	-54.4
PBT	782	1,346	1,291	1,312	747	924	997	1,063	4,731	3,787	864	-13.6
Tax	200	268	299	387	212	139	150	159	1,154	660	173	22.8
Rate (%)	25.6	19.9	23.2	29.5	28.4	15.0	15.0	15.0	24.4	17.4	20.0	840bp
Minority Interest and P/L of Asso. Cos.	-3	3	-2	7	-6	-4	-1	-1	5	-12	-3	142
Adjusted PAT	579	1,081	990	932	528	781	847	903	3,583	3,116	688	-23.3
YoY Change (%)	-22.7	42.0	26.5	-13.2	-8.8	-27.8	-14.5	-3.2	6.4	-13.0	18.9	
Margin (%)	2.7	5.0	4.2	3.8	2.2	3.2	3.3	3.5	3.9	3.1	2.8	-60bp

Key performance indicators

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Segment Revenue (INR m)										
India Security business	8,581	8,392	8,894	9,013	8,806					34,879
International Security business	10,199	10,677	11,897	12,530	12,007					45,303
Facilities Management	2,928	2,557	2,831	2,957	3,050					11,273
EBITDA Margin (%)										
India Security business	5.4	5.8	5.7	4.9	5.0					5.4
International Security business	5.9	7.0	7.1	5.8	5.3					6.4
Facilities Management	5.1	2.4	4.3	1.9	4.3					3.5



Jyothy Laboratories

Estimate changes

TP change

Rating change



CMP: INR172

TP: INR168 (-2%)

Neutral

Motilal Oswal values your support in the Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



Bloomberg	JYL IN
Equity Shares (m)	367
M.Cap.(INRb)/(USDb)	63 / 0.8
52-Week Range (INR)	187 / 119
1, 6, 12 Rel. Per (%)	12/-8/4
12M Avg Val (INR M)	123

Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Net Sales	19.1	20.7	22.3
Sales Gr. (%)	11.6	8.3	8.0
EBITDA	3.1	3.0	3.5
EBITDA Margins (%)	16.5	14.7	15.8
Adj PAT	2.1	1.9	2.3
Adj.EPS (INR)	5.8	5.1	6.3
EPS Gr. (%)	28.7	-11.7	22.5
BV/Sh (INR)	38.9	38.9	40.0
Ratios			
RoE (%)	16.1	13.2	16.0
RoCE (%)	14.7	13.1	16.1
Payout (%)	92.6	104.9	85.6
Valuation			
P/E (x)	29.4	33.3	27.2
P/BV (x)	4.4	4.4	4.3
EV/EBITDA	19.8	20.3	17.1
Div. Yield (%)	3.1	3.1	3.1

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	62.9	62.9	62.9
DII	16.6	16.9	15.9
FII	11.9	12.5	14.1
Others	8.7	7.8	7.1

FII Includes depository receipts

Weak results trend persists; material costs to weigh on margins

- Jyothy Laboratories (JYL)'s 1QFY22 sales came in above expectations, despite a higher COVID impact in the company's largest market, i.e., Kerala. Nevertheless, gross and EBITDA margins were significantly lower than expectations due to a higher material cost impact and higher-than-anticipated ad spends. Material cost inflation is unlikely to see any considerable respite, affecting performance in subsequent quarters as well.
- While improvement was seen in net WC days in FY21 and the company is now net debt free, topline growth is key for a company with sales of just INR19b. The likelihood of 15% sales growth (essential for any re-rating) continues to appear difficult. The sales CAGR has been 3.7% for the preceding five years.
- With margins likely to remain under pressure due to material cost increases, earnings growth prospects remain weak. Maintain **Neutral**.

Double-digit volume growth benefit; high input cost impacts profitability

- Standalone net sales grew 21.8% YoY to ~INR5.2b in 1QFY22 (est. INR4.8b).
- Gross margins contracted ~280bp YoY to 43.1% in 1QFY22.** High RM cost YoY as a percentage of sales (+280bp YoY), high ad spends at 8.2% (+360bp), marginally lower staff costs at 11.7% (-30bp), and lower other expenses at 10.8% (-30bp) led to **EBITDA margin contraction of 580bp YoY to 12.5%.**
- EBITDA declined ~17% YoY to INR650m (est. INR 787m).** PBT declined ~19% YoY to INR476m (est. INR626m). Adj. PAT declined 20.5% YoY to INR401m (est. INR514m).
- The two-year average quarterly sales / EBITDA / adj. PAT growth stood at 13%/1.2%/10%.
- Consolidated segmental performance:** Fabric Care / Dishwashing / Household Insecticides / Personal Care grew ~27%/22%/13%/13.5% YoY to INR1.8b/INR1.9b/INR718m/INR680m in 1QFY22.
- Margins for Fabric Care / Dishwashing / Household Insecticides / Personal Care contracted by 460bp/-940bp/+215bp/-730bp YoY and stood at 17.6%/11.3%/(0.9)%/18.2%.

Highlights from management commentary

- The second COVID wave impacted JYL's service and distribution activities. However, no major disruption was seen due to adequate stock maintained in the pipeline.
- Strong overall double-digit growth resulted in market share gains across categories.
- The General Trade (GT) and e-commerce channels led growth, with e-commerce now contributing ~4% to total sales. Modern Trade (MT) and Canteen Stores Department (CSD) remained weak further weighing down detergent sales recovery

- Weighted inflation in the key RM basket was ~10%. MRP increase, reduction in trade schemes, and enhancing manufacturing efficiencies helped to offset 70% of RM inflation cost
- The management has guided to achieve EBITDA margins of 17–18% once the current volatile scenario returns to normal.

Valuation and view

- We lower our FY22E/FY23E EPS by 8.9%/1.3% due to a tepid sales growth outlook and rising material costs.
- For a company that has a far lower sales base of INR19.1b in FY21 (v/s peers), its performance over the past five years has been consistently lackluster (at 3.7%/7.2% sales/operating profit CAGR).
- RoCE at 15% in FY21 remains far inferior v/s peers. No marked uptick is visible over the medium- to long-term horizon. We maintain our 16x EV/EBITDA target multiple (~50% discount to peers) even as we roll forward to September 2023 targets, resulting in TP of INR168 per share. Maintain **Neutral**.

Standalone Quarterly Performance

Y/E March	FY21				FY22				FY21	FY22E	FY22 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE				
Net Sales	4,287	4,996	4,694	4,873	5,219	5,546	4,929	4,708	18,850	20,402	4,844	7.7
YoY change (%)	4.1	7.6	15.3	27.5	21.8	11.0	5.0	-3.4	13.2	8.2	13.0	
Gross Profit	1,968	2,373	2,269	2,197	2,250	2,495	2,259	2,180	8,807	9,184	2,175	
Margins (%)	45.9	47.5	48.3	45.1	43.1	45.0	45.8	46.3	46.7	45.0	44.9	
EBITDA	782	889	798	698	650	820	739	773	3,167	2,982	787	-17.4
EBITDA growth %	19.4	12.4	22.6	73.9	-16.9	-7.7	-7.4	10.7	26.8	-5.9	0.6	
Margins (%)	18.3	17.8	17.0	14.3	12.5	14.8	15.0	16.4	16.8	14.6	16.3	
Depreciation	187	193	198	200	206	193	208	210	779	818	150	
Interest	51	29	20	18	17	29	24	22	117	91	53	
Other Income	42	39	63	53	48	39	57	48	198	192	42	
PBT	587	706	643	533	476	637	565	588	2,469	2,266	626	-24.1
Tax	83	100	121	28	75	115	102	117	332	408	113	
Rate (%)	14.1	14.1	18.8	5.3	15.7	18.0	18.0	19.9	13.4	18.0	18.0	
Adjusted PAT	504	607	522	505	401	523	463	471	2,138	1,858	514	-22.0
YoY change (%)	40.4	14.0	22.8	93.9	-20.5	-13.8	-11.3	-6.7	35.5	-13.1	1.9	

E: MOFSL Estimates

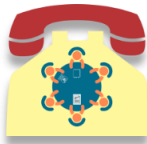
Shoppers Stop

BSE SENSEX 52,653
S&P CNX 15,778

CMP: INR267

Neutral

Conference Call Details



Date: 30th July 2021
Time: 11:00am IST
Dial-in details:
+91 22 6280 1145

Financials & Valuations (INR b)

Y/E March	FY21	FY22E	FY23E
Sales	17.3	22.4	32.0
EBITDA	0.5	2.6	5.6
Adj. PAT	-3.0	-1.2	0.1
EBITDA Margin (%)	3.1	11.5	17.6
Adj. EPS (INR)	-33.8	-13.7	1.5
EPS Gr. (%)	84.9	-59.5	-110.8
BV/Sh. (INR)	14.3	-0.5	0.5
Ratios			
Net D:E	10.1	26.5	17.6
RoE (%)	-187.0	-99.3	19.2
RoCE (%)	-3.9	2.4	9.1
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	-7.0	-17.3	161.0
EV/EBITDA (x)	76.0	14.9	6.3
EV/Sales (x)	2.4	1.7	1.1
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	-1.8	7.2	13.6

Rev up by 3.7x YoY (93% beat, 76% below pre-COVID 1QFY20), and EBITDA loss of INR628m (15% beat)

- Shoppers Stop (SHOP)'s standalone revenue grew 3.7x to INR2.1b (93% beat) due to the impact of the second COVID wave. The impact of the second wave has certainly been much lower than that of the first wave, as evident from the higher footfall.
- Revenues were down 76% compared with 1QFY20 levels, against decline of 94% in 1QFY21.
- The gross margin expanded 660bp YoY to 38.7%, with an improving private label mix. This was 410bp lower than the pre-COVID EBITDA margin of 42.8%.
- EBITDA loss was reported at INR628m (15% beat), against pre-COVID EBITDA of INR1,382m, on account of lower revenues and decline in gross margins.
- Other income stood at INR641m (3x QoQ), including INR605m adjusted for rent concessions.
- Subsequently, net loss stood at INR1,178m (v/s est loss of INR1,336m).

Other business highlights

- The company closed one departmental store during the quarter, taking the store count to 83. The overall store count stood at 273 stores as of 30th Jun'21.
- Net debt stands at INR980m, with cash balance at INR960m.
- Stores were operational for 28% of 1QFY22.
- The company expects strong recovery in sales in the coming period. Overall recovery in June stood at 49% v/s the corresponding period in FY20; a further resurgence is seen in July, with overall recovery at 71%.

Standalone Quarterly Performance

Y/E March	FY21				FY22E				FY21	FY22E	FY22E Est. Var	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				1Q
Total Revenue from Operations	539	2,924	7,076	6,712	2,011	4,279	9,640	7,401	17,251	23,331	1,041	93
YoY Change (%)	-93.5	-65.4	-28.8	-5.4	272.9	46.3	36.2	10.3	-49.0	35.2	93.0	
Total Expenditure	1,563	3,271	6,127	5,756	2,638	4,131	7,659	6,217	16,717	20,646	1,778	48
EBITDA	-1,024	-347	949	956	-628	148	1,981	1,184	534	2,685	-737	-15
EBITDA Margin (%)	-189.9	-11.9	13.4	14.2	-31.2	3.5	20.5	16.0	3.1	11.5	-70.8	
Depreciation	997	941	1,003	906	878	917	940	1,018	3,847	3,752	884	-1
Interest	552	607	535	505	509	575	575	575	2,200	2,234	575	-12
Other Income	1,040	631	310	207	641	410	410	410	2,188	1,872	410	56
PBT before EO expense	-1,533	-1,265	-279	-248	-1,373	-933	876	1	-3,325	-1,429	-1,786	-23
PBT	-1,533	-1,365	-279	-372	-1,523	-1,083	876	1	-3,549	-1,729	-1,786	-15
Tax	-382	-342	-72	-1	-346	-235	221	0	-797	-360	-449	
Rate (%)	24.9	25.1	25.9	0.4	22.7	21.7	25.2	25.2	22.5	20.8	25.2	
Reported PAT	-1,151	-1,023	-207	-371	-1,178	-849	656	1	-2,752	-1,369	-1,336	-12
Adj PAT	-1,112	-1,123	-207	-247	-1,028	-699	656	1	-2,688	-1,069	-1,336	-23
YoY Change (%)	-1,476.6	NM	296.7	-66.4	-7.6	-37.8	-416.6	-100.5	254.1	-60.2	20.2	

E: MOFSL Estimates

Airtel Africa

BSE SENSEX

52,653

S&P CNX

15,774



Motilal Oswal values your support in the Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



Strong performance on robust data growth in Nigeria and East Africa; value unlock in store

EBITDA up 9% YoY in CC terms

Airtel Africa's reported revenue came in at USD1,112m (up 7% QoQ). In constant-currency terms, revenue was up 8% QoQ to USD1,106m (3% above est), with steady growth across regions. The management indicated revenue growth partially benefitted from a weakened quarter in the previous year (amid the peak of COVID-19 restrictions). Reported EBITDA came in at USD531m (up 9% QoQ), with margins at 47.8% (+40bps QoQ). In CC terms, EBITDA stood at USD532m (up 9% QoQ; 4% above est), with margins at 48.1% (+40bps QoQ). Reported PAT came in at USD142m (down 8% QoQ) on higher tax charges (up 92% QoQ). ARPU stood at USD3.1 (+6% QoQ), while the net subscriber base grew 2% (2.6m) to 120.8m (3% above estimate). Monthly churn declined to 3.6% from 3.9% (peak of 5% in 3QFY21). Net debt/EBITDA for 1QFY22 stood at 1.7x (v/s 2x in FY21), primarily owing to an increase in EBITDA. Airtel Africa's FCF stood at USD428m in 1QFY22 (up 51% QoQ).

Strong data growth in Nigeria and East Africa

Nigeria revenue/EBITDA was up 7%/8% QoQ to USD448m/USD247m (CC terms) on the back of strong 15% data revenue growth, derived from 14% data ARPU growth. Overall subscriber/ARPU saw 4% growth each in Nigeria. East Africa revenue/EBITDA was up 10%/8% to USD392m/USD182m (CC terms), led by 8%/13% growth in Voice and Data revenue – from a healthy mix of subscribers and ARPU improvement. In Francophone Africa, revenue/EBITDA growth was muted at 5%/1% to USD270m/USD109m (CC terms) due to the impact of flat ARPU, weighed by Voice ARPU.

Data and mobile money driving growth across regions

Overall data/mobile money revenue saw 14%/13% growth. This was on the back of increased usage driving a 12%/6% improvement in data/mobile money ARPU to USD2.9/USD1.8. Subscribers also grew 4%/6% to 42m/33m.

Highlights from management commentary

1.) The opportunity to grow in Africa remains strong owing to its 60% penetration in Voice and 20% penetration in Smartphones, with its share in Mobile Money in the infancy stage. 2.) The continued network rollout, including leadership in 4G (along with Mobile Money and Data penetration), is supporting the growth. 3.) Airtel Money has seen growth across geographies. 4.) If leverage remains below 2x, the board may decide to increase the dividend payout at the half-yearly board meeting.

Sale of Tanzania towers to deleverage balance sheet

In June 2021, Airtel Africa signed a deal for the sale of the Tower portfolio belonging to Airtel Tanzania to a JV owned by a subsidiary of SBA Communications – a leading global independent tower operator. As part of the deal, about 1400 towers would be transferred for USD175m, out of which USD60m would be utilized as investments in network/sales infrastructure and as distribution to the Government of Tanzania; the rest would be used to reduce debt.

Nigeria subscriber adds impacted by new Know-Your-Customer requirements

The customer base decline of 1.1m during the quarter and 1.6m last quarter was due to the implementation of the new Know-Your-Customer (KYC) requirements in Nigeria – which included a temporary halt in new customer activations. This has now been permitted in regulatory-approved outlets since the end of Apr'21. To date, out of Airtel Nigeria's 40.9m active customers, it has collated NIN (National Identification Number) information for over 25m active mobile customers, with the latest deadline set for 31st Oct'21.

Valuation and view

Airtel Africa has a market cap of USD4.4b and EV (including lease obligations) of USD7.9b, with an implied EV/EBITDA multiple of 3.7x (including lease obligations) on 1QFY22 annualized EBITDA. Recently, Airtel Africa sold a ~11% stake in the Mobile Money business to Mastercard and TPG Group for USD2.65b, implying a valuation of 11x in Mobile Money. Excluding the valuation for Mobile Money, the rest of the Airtel Africa business (including one-third from Data revenues growing over 20% annually) is valued at 2.8x on 1QFY22 annualized EBITDA. Airtel Africa has strong capabilities to generate post-interest FCF of USD700–800m, which should further reduce the existing net debt to EBITDA of 1.7x. Our SOTP-based TP for Bharti stands at INR720/share, including an INR109/share value from Airtel Africa at 6x EV/EBITDA.

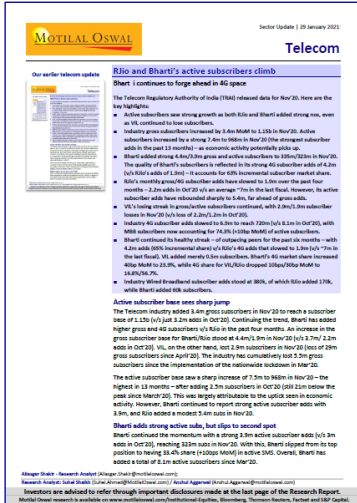
Airtel Africa consolidated performance

Bharti Africa - In Constant Currency	(USD m)						
	1QY21	4QFY21	1QFY22	YoY%	QoQ%	1QFY22E	v/s Est (%)
Revenue	831	1,027	1,106	33.1	7.7	1,076	2.8
Total Expenditure	474	555	578	21.9	4.1	564	2.5
EBITDA	364	490	532	46.2	8.6	512	3.8
EBITDA margin (%)	44%	48%	48.1%	429.9	39	48%	48
Depreciation	158	179	180	13.9	0.6		
PBT	0	0	0	NM	NM		
Tax	61	0	0	NM	NM		
PAT	0	0	0	NM	NM		
ARPU (USD)	2.5	2.7	3.1	24.0	14.8	3.0	3.2
Subscriber base (000's)	111	118	118	6.0	0.0	1,20,556	-99.9

Source: MOFSL, Company

Telecom

Our earlier telecom update



Subscriber run-rate hit by second COVID wave led lockdown

Rjio gained due to its higher promotional offers; recovery in sight

The Telecom Regulatory Authority of India (TRAI) has released data for May'21. Here are the key highlights:

- The industry subscriber base saw the impact of regional lockdowns in India due to the second COVID wave – many customers faced both financial and physical challenges in recharging their SIM cards. Subsequently, **gross/active subscribers declined by 6.3m/11.3m**. However, **compared with the nationwide lockdown during the first COVID wave, the impact of the second COVID wave led lockdowns is lower – evident from the subscriber decline of 31m in Apr'20**.
- Rjio was the only telco to report an increase in monthly gross/active subscribers, while both Bharti/VIL saw decline in subscribers.
- Rjio added 50bp/70bp market share with an increase of 3.6m/2.8m monthly gross/active subscribers to 431m/338m. This could be attributed to extended validity, offers such as 'buy one get one free recharge', free talk time, and emergency data loans to keep subscribers active even if they were unable to recharge. Nevertheless, the pace of additions slowed from 7.4m/3.5m active adds in March/April'21.
- Bharti saw gross/active subscriber decline of 4.6m/5.7m to 348m/341m, a big drop from its monthly run-rate of 4m in the past 9–10 months. Bharti also provided free validity, but for just one month and only to a limited set of feature phone subscribers. 4G subscribers also declined by 1.5m to 189m. Our channel checks suggest it has largely recovered from the lockdown impact; since the lifting of the lockdown, it has seen a steady run-rate of subscriber adds.
- VIL saw a gross/active subscriber decline by 4.3m/7.1m to 278m/247m. Barring a couple of months of increase, it has consistently declined over the last 2–3 years. 4G subscribers also declined by 2.9m.
- Industry 4G subscribers declined by 2.9m to reach 757m, with 4G subscribers accounting for 76.8% of active subscribers.
- Rjio was the only player to report 4G subscriber additions of 3.6m, possibly from JioPhone, albeit at a slower pace v/s the last two months. Bharti/VIL's 4G subscribers declined by 1.5m/2.9m.
- Industry Wired Broadband subscribers remained positive with 0.3m adds to 22.7m. Rjio continued its steady 0.2m run-rate – the highest in the industry, but a far cry from its ambitious targets. Bharti / Smaller players added about 500k/800k subscribers.

Active subscriber base — subscriber base decreases to 986m

Active subscriber base (m)	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Bharti	307	311	310	313	316	320	323	329	336	340	344	347	341
Vodafone Idea	277	273	269	265	261	260	258	257	256	256	256	254	247
RJio	313	310	313	318	318	319	325	328	325	324	332	335	338
Top 3 players	896	894	893	895	896	899	906	913	917	920	932	936	926
Other players	64	64	63	63	62	62	62	62	62	62	62	62	60
Total	961	958	956	957	958	961	968	975	979	982	994	997	986

Source: TRAI, MOFSL

Active subscriber net adds – Bharti and VIL impacted

Active subscriber net adds (m)	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Bharti	-0.2	3.7	-0.4	2.3	3.8	3.0	3.9	5.5	6.9	3.8	4.8	2.6	-5.7
Vodafone Idea	-2.8	-3.7	-3.8	-4.5	-3.4	-1.2	-1.9	-1.5	-0.3	-0.2	-0.4	-2.1	-7.1
RJio	6.2	-2.1	2.5	4.6	0.7	1.1	5.4	3.2	-3.5	-0.2	7.4	3.5	2.8
Top 3 players	3.2	-2.2	-1.7	2.4	1.1	2.9	7.4	7.2	3.2	3.3	11.8	4.0	-9.9
Other players	-0.3	-0.6	-0.4	-0.8	-0.1	-0.4	0.1	-0.2	0.1	-0.1	0.2	-0.6	-1.3
Total	2.9	-2.8	-2.2	1.6	1.0	2.5	7.5	7.0	3.3	3.2	12.0	3.4	-11.3

Source: TRAI, MOFSL

Active subscriber market share – Bharti retains top position (%)

Active subscriber market share (%)	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Bharti	32.0	32.4	32.5	32.7	33.0	33.3	33.4	33.7	34.3	34.6	34.6	34.8	34.6
Vodafone Idea	28.8	28.5	28.2	27.6	27.3	27.1	26.6	26.3	26.2	26.1	25.7	25.4	25.0
RJio	32.5	32.4	32.7	33.2	33.2	33.2	33.5	33.6	33.2	33.0	33.4	33.6	34.3
Top 3 players	93.3	93.3	93.4	93.5	93.5	93.5	93.6	93.6	93.7	93.7	93.7	93.8	93.9
Other players	6.7	6.7	6.6	6.5	6.5	6.5	6.4	6.4	6.3	6.3	6.3	6.2	6.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: TRAI, MOFSL

Trend in gross subscriber base (m)

Gross subscriber base (m)	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Bharti	318	317	320	323	327	330	335	339	345	348	352	353	348
Vodafone Idea	310	305	301	300	295	293	290	284	282	283	284	282	278
RJio	393	397	401	403	404	406	408	409	411	415	423	428	431
Top 3 players	1020	1019	1022	1026	1026	1029	1033	1032	1037	1046	1059	1062	1057
Other players	123	122	122	122	122	122	122	122	122	122	122	121	120
Total	1,144	1,141	1,144	1,148	1,149	1,152	1,155	1,154	1,159	1,168	1,181	1,183	1,177

Source: TRAI, MOFSL

Gross subscriber net adds (m)

Gross subscriber net adds (m)	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Bharti	-4.7	-1.1	3.3	2.9	3.8	3.7	4.4	4.1	5.9	3.7	4.1	0.5	-4.6
Vodafone Idea	-4.7	-4.8	-3.7	-1.2	-4.7	-2.7	-2.9	-5.7	-2.3	0.7	1.1	-1.8	-4.3
RJio	3.7	4.5	3.6	1.9	1.5	2.2	1.9	0.5	2.0	4.3	7.9	4.8	3.6
Top 3 players	-5.8	-1.5	3.1	3.5	0.6	3.2	3.4	-1.2	5.6	8.7	13.1	3.5	-5.3
Other players	0.2	-1.7	0.4	0.2	0.1	0.0	0.0	-0.3	0.1	-0.4	0.2	-1.3	-0.9
Total	-5.6	-3.2	3.5	3.7	0.7	3.2	3.4	-1.4	5.6	8.3	13.2	2.2	-6.3

Source: TRAI, MOFSL

Gross subscriber market share (%)

Gross subscriber market share (%)	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Bharti	27.8	27.8	28.0	28.1	28.4	28.7	29.0	29.4	29.7	29.8	29.8	29.8	29.6
Vodafone Idea	27.1	26.7	26.3	26.1	25.7	25.4	25.1	24.6	24.3	24.2	24.0	23.8	23.6
RJio	34.3	34.8	35.0	35.1	35.2	35.3	35.3	35.4	35.4	35.5	35.8	36.1	36.6
Top 3 players	89.2	89.3	89.3	89.3	89.3	89.4	89.4	89.4	89.5	89.6	89.7	89.8	89.8
Other players	10.8	10.7	10.7	10.7	10.7	10.6	10.6	10.6	10.5	10.4	10.3	10.2	10.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: TRAI, MOFSL

Trend in 4G subscriber base (m)

MBB subscriber base (m)	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Bharti	144	149	153	156	163	168	172	176	182	185	189	191	189
Vodafone Idea	113	116	115	120	120	120	121	121	123	123	124	123	120
RJio	393	397	401	403	404	406	408	409	411	415	423	428	431
Top 3 players	649	663	669	679	687	694	701	706	715	724	735	741	740
Other players	14	15	15	16	17	18	19	19	19	19	19	19	17
Total	664	678	685	695	705	713	720	724	734	742	755	760	757

Source: TRAI, MOFSL

Trend in 4G subscriber net additions (m)

MBB subscriber net adds (m)	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Bharti	1.2	5.3	4.4	3.2	7.0	4.2	4.2	4.4	5.5	3.5	3.6	2.2	-1.5
Vodafone Idea	1.7	3.4	-1.2	4.6	-0.1	0.6	0.5	-0.2	1.9	0.6	0.3	-1.1	-2.9
RJio	3.7	4.5	3.6	1.9	1.5	2.2	1.9	0.5	2.0	4.3	7.9	4.8	3.6
Top 3 players	6.6	13.2	6.8	9.7	8.3	7.0	6.6	4.7	9.4	8.3	11.9	5.8	-0.8
Other players	0.7	0.8	0.1	0.7	1.1	1.1	0.3	0.2	0.4	-0.4	0.6	-0.7	-2.1
Total	7.3	14.0	6.9	10.4	9.5	8.1	6.9	4.9	9.8	7.9	12.5	5.1	-2.9

Source: TRAI, MOFSL

Trend in 4G subscriber market share (m)

MBB subscriber market share	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Bharti	21.6	22.0	22.4	22.5	23.2	23.5	23.9	24.3	24.8	25.0	25.0	25.1	25.0
Vodafone Idea	17.0	17.2	16.8	17.3	17.0	16.9	16.8	16.7	16.7	16.6	16.4	16.1	15.8
RJio	59.2	58.6	58.5	57.9	57.4	57.0	56.7	56.4	55.9	55.9	56.0	56.3	57.0
Top 3 players	97.8	97.7	97.8	97.7	97.6	97.4	97.4	97.4	97.4	97.5	97.4	97.6	97.8
Other players	2.2	2.3	2.2	2.3	2.4	2.6	2.6	2.6	2.6	2.5	2.6	2.4	2.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: TRAI, MOFSL

**Granules India: Not considering stake sale; looking at inorganic growth; Priyanka Chigurupati, ED**

- Won't need any additional funding for complex products
- Company has already launched a few complex products
- Expect prices to normalise when it comes to Paracetamol
- 3-year CAGR is 20% growth in profit
- Not looking at any stake sale
- Not interested in the original PLI scheme
- Net debt has risen due to working capital requirements
- Looking at some inorganic growth
- APIs likely to be used for own consumption
- Have close to 95 products in pipeline

[→ Read More](#)**Welspun India: Expect 14-15% growth in FY22; e-commerce significant contributor; Dipali Goenka, CEO & Joint MD**

- Growth in US market has been very strong
- e-commerce has contributed significantly in global markets
- See strong growth in hospitality channel
- Q2 and Q3 will see good growth in India
- 85,000 mtpa of expansion will kick in by Q2FY22
- Company is not facing any supply side challenges
- Will see a growth of 14-15% in FY22
- Will evaluate possibilities and opportunities of fund raising in the long term
- Most of the capex has been funded by internal accruals

[→ Read More](#)**Birlasoft: Confident of double-digit revenue growth in FY22; expect margin to improve Q3 onwards; Dharmender Kapoor, CEO & MD**

- Will deliver double-digit revenue growth in FY22
- Q1 has been better than our expectations
- Margin at 16% is above our guidance of 15%+ margin
- Saw sequential decline in margin due to 2nd wave
- Q2 margin could be subdued, expect improvement Q3 onwards
- Q4FY21 was a very good quarter in terms of deal wins
- Q1 deal win run rate is in-line with the historical average
- Deal pipeline is better than Q3FY21 and Q4FY21
- Net new deal wins will be higher than renewals going ahead
- Upbeat about lifesciences and healthcare vertical

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Route Mobile: Aims to expand global footprint, in talks with Latin America candidates; Rajdipkumar Gupta, MD, Group CEO, Promoter

- Banks have started using our platform again post the auditor report
- We were bullish on Phonon acquisition, but we didn't get a proper response from Phonon
- Company is expanding globally; in talks with candidates in Latin America
- Expect billable transactions of USD 8.5-9 billion in Q2FY22

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FSL: Revenue growth guidance is at 15-18% YoY in FY22; Sanjiv Goenka, Chairman

- Revenue growth at 42% YoY; Q1FY22 was expected to see some drop off
- Revenue growth guidance is at 15-18% YoY in FY22
- Will see slight expansion of EBIT margin YoY by FY22
- Healthcare did well last year, expect it to go higher this year as well
- Evaluating different merger and acquisition opportunities right now
- May see one such acquisition being done in Q2FY22
- Expect couple of acquisitions in FY22

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SIS: Expect margin to come back pre-COVID levels going forward; Rituraj Sinha, Group MD

- Have done quarterly revenue of Rs. 2400 crore in Q1FY22
- In pre-COVID period, Indian operations saw an EBITDA margin of 6-6.5%
- Global operations saw an EBITDA margin of 5-5.5% in pre-COVID
- Expect margin to come back to pre-COVID levels going forward

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Happiest Minds: Maintains FY22 margin guidance of 22-24%; bullish on growth; Venkatraman Narayan (MD & CFO), Joseph Anantharaju (Executive Vice Chairman & CEO of PES)

- Expect broad-based growth to continue
- Maintain medium-term revenue growth guidance of 20%+
- Gross margin down 170 bps QoQ due to wage hikes
- Maintain FY22 operating margin guidance of 22-24%
- BFSI growth impacted due to completion of project in Q4
- Will continue to hire 300 employees per quarter for the rest of the year

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Mold-Tek Packaging: Expect 15-20% growth this year; J Laxman Rao, CMD

- Paint industry contributes more than 50% to topline
- Seen good traction July onwards
- Expect 15-20% growth in this year
- Mysuru and Vizag plants have started contributing more which has aided revenue
- Lost ice-cream business in May & June
- See normalcy setting in gradually

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Greenlam Industries: Expect over Rs. 400 crore revenue per quarter going forward; Saurabh Mittal, MD & CEO

- Functioning at optimal capacity and sales
- Took a price hike of 1.5-2% in domestic business
- Will do over Rs. 400 crore of revenue/quarter going forward

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RPG Life Sciences: Margin expansion should continue; Yugal Sikri, MD

- Contribution from new products has been good
- Domestic formulation growth at 24% YoY
- Margin expansion should continue
- To focus on international business in a stepwise manner

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Automobiles																
Amara Raja	Neutral	695	865	24	37.9	41.6	48.2	-2.1	9.8	15.9	16.7	14.4	2.5	2.3	15.9	16.5
Apollo Tyres	Buy	216	300	39	11.5	18.9	23.3	38.1	64.5	23.0	11.4	9.3	1.0	0.9	9.1	10.4
Ashok Ley.	Buy	125	156	25	-1.0	2.6	6.6	-188.0	LP	156.6	48.4	18.8	4.9	4.2	10.5	24.0
Bajaj Auto	Neutral	3763	4250	13	167.8	196.1	226.9	-6.8	16.8	15.7	19.2	16.6	4.2	4.1	22.2	25.1
Balkrishna Inds	Neutral	2308	2425	5	60.9	74.5	89.9	22.7	22.3	20.7	31.0	25.7	6.3	5.4	22.1	22.6
Bharat Forge	Buy	785	885	13	1.9	18.9	31.6	-78.5	901.7	67.0	41.5	24.8	6.0	5.0	15.3	22.1
Bosch	Neutral	14929	16000	7	335.4	460.8	571.8	-20.6	37.4	24.1	32.4	26.1	4.1	3.6	13.2	14.7
CEAT	Buy	1332	1775	33	114.3	74.0	121.2	100.2	-35.2	63.7	18.0	11.0	1.5	1.3	8.7	12.9
Eicher Mot.	Buy	2529	3137	24	50.7	81.9	117.6	-24.3	61.5	43.7	30.9	21.5	5.3	4.4	18.2	22.3
Endurance Tech.	Buy	1681	1800	7	36.0	48.4	63.9	-5.4	34.5	31.9	34.7	26.3	5.9	5.1	17.9	20.6
Escorts	Neutral	1137	1322	16	86.3	85.5	94.4	59.8	-0.9	10.5	13.3	12.0	2.0	1.7	15.9	15.2
Exide Ind	Buy	174	218	25	8.9	10.2	13.0	-10.0	14.8	26.7	17.0	13.4	2.0	1.8	11.6	13.2
Hero Moto	Buy	2747	3650	33	149.4	186.8	218.6	-2.3	25.0	17.0	14.7	12.6	3.3	3.0	23.6	25.2
M&M	Buy	732	1027	40	33.8	42.9	52.1	12.8	27.0	21.4	17.0	14.0	2.2	2.0	13.5	14.4
Mahindra CIE	Buy	273	295	8	2.8	15.6	17.7	-70.1	452.6	13.6	17.5	15.4	2.0	1.8	11.6	12.1
Maruti Suzuki	Buy	6992	8200	17	145.3	187.7	304.7	-22.7	29.2	62.3	37.2	22.9	3.8	3.4	10.0	14.7
MRF	Neutral	79661	84000	5	-	3,320.8	3,972.7	-10.2	10.3	19.6	24.0	20.1	2.3	2.1	10.0	10.8
Motherson Sumi	Buy	239	309	30	3.4	8.4	12.1	-8.2	148.1	43.1	28.3	19.8	5.2	4.4	19.7	24.0
Tata Motors	Buy	293	400	37	0.6	3.2	34.7	-102.2	462.7	994.3	92.4	8.4	2.0	1.6	2.2	21.1
TVS Motor	Neutral	562	625	11	12.9	25.2	32.9	-0.9	95.6	30.6	22.3	17.1	5.2	4.1	25.7	27.0
Aggregate								33.8	43.1	64.2	27.0	16.4	3.3	2.9	12.2	17.5
Banks - Private																
AU Small Finance	Buy	1194	1200	1	38.0	28.6	39.7	67.9	-25	38.7	41.7	30.1	5.3	4.5	13.5	16.1
Axis Bank	Buy	717	925	29	22.4	45.1	60.9	271.0	101	35.2	15.9	11.8	1.9	1.7	12.8	15.2
Bandhan Bank	Neutral	293	375	28	13.7	18.2	35.1	-36.5	33	93.5	16.1	8.3	2.4	2.0	15.9	26.1
DCB Bank	Neutral	105	100	-5	10.8	10.9	15.4	-0.7	1.0	41.3	9.6	6.8	0.8	0.7	9.2	11.8
Equitas Hold.	Buy	132	140	6	11.2	15.8	20.8	57.6	40.7	31.5	8.4	6.4	1.2	1.1	15.3	18.8
Federal Bank	Buy	86	110	28	8.0	9.3	12.5	2.8	16.9	33.7	9.2	6.9	1.0	0.9	11.3	13.8
HDFC Bank	Buy	1418	1800	27	56.6	66.2	79.3	17.8	16.9	19.9	21.4	17.9	3.3	2.9	16.7	17.3
ICICI Bank	Buy	687	835	21	24.2	30.8	39.0	97.0	27.2	26.7	22.3	17.6	2.9	2.5	13.8	15.3
IndusInd	Buy	992	1200	21	39.9	65.0	94.3	-41.4	62.6	45.1	15.3	10.5	1.6	1.4	11.1	14.4
Kotak Mah. Bk	Neutral	1642	1900	16	50.4	55.3	67.3	12.2	9.7	21.7	29.7	24.4	3.4	3.0	11.5	12.4
RBL Bank	Buy	191	250	31	8.5	15.6	24.4	-14.6	83.3	56.5	12.3	7.9	0.9	0.8	7.1	10.4
SBI Cards	Buy	1017	1200	18	10.5	17.7	29.4	-25.3	68.8	66.2	57.5	34.6	12.3	9.3	23.6	30.5
Aggregate								31.2	30.6	29.1	21.7	16.8	3.0	2.6	13.7	15.3
Banks - PSU																
BOB	Neutral	81	85	5	1.6	7.5	13.9	35.6	367.6	86.0	10.8	5.8	0.5	0.5	4.9	8.7
Indian Bank	Buy	139	175	26	26.6	36.1	48.0	92.3	35.7	32.9	3.8	2.9	0.4	0.4	12.1	14.5
SBI	Buy	442	530	20	25.1	40.7	51.6	13.3	62	26.8	10.9	8.6	1.3	1.2	13.6	14.9
Aggregate								24.5	70	33	10	7.4	1.1	0.9	10.8	12.8
NBFCs																
AAVAS Financiers	Neutral	2575	-		36.9	42.4	53.1	15.9	15.0	25.3	60.7	48.5	7.4	6.4	13.0	14.2
Aditya Birla Cap	Buy	116	140	20	4.7	5.5	6.7	22.8	18.5	21.8	21.1	17.3	1.9	1.7	9.3	10.2
Bajaj Fin.	Buy	6394	6750	6	73.5	117.7	168.6	-16.3	60.2	43.3	54.3	37.9	9.0	7.4	17.9	21.4
Can Fin Homes	Buy	547	660	21	34.2	34.8	39.8	21.3	1.7	14.2	15.7	13.8	2.4	2.1	16.4	16.1
Cholaman.Inv.&F n	Buy	487	650	33	18.5	22.2	29.1	44.0	20.0	31.0	22.0	16.8	3.6	3.0	17.5	19.4
H D F C	Buy	2414	3275	36	54.5	61.9	71.1	10.8	13.6	14.9	39.0	33.9	3.7	3.4	12.4	13.1
HDFC Life Insur.	Neutral	663	725	9	6.7	7.2	8.5	4.8	6.5	18.8	92.4	77.8	4.4	3.7	15.4	17.8
ICICI Pru Life	Buy	636	700	10	6.7	6.7	8.0	-10.1	0.5	18.4	94.6	79.9	2.7	2.3	15.0	16.2
IIFL Wealth Mgt	Buy	1301	1500	15	42.0	50.2	60.2	82.0	19.6	19.9	25.9	21.6	4.4	4.2	16.3	19.9
IndoStar	Neutral	337	355	5	-17.3	14.4	19.6	-50.7	LP	35.7	23.3	17.2	1.1	1.0	4.7	6.1
L&T Fin Holdings	Buy	86	110	28	3.8	5.9	8.2	-54.7	53.1	39.6	14.7	10.5	1.1	1.0	7.5	9.7
LIC Hsg Fin	Buy	415	-		54.2	59.5	68.1	13.8	9.9	14.4	7.0	6.1	0.9	0.8	14.5	14.1



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Manappuram Fin.	Buy	209	205	-2	20.4	24.4	28.8	16.3	19.9	18.0	8.5	7.2	1.9	1.6	25.3	24.2
MAS Financial	Buy	820	1020	24	26.3	26.8	32.0	-13.8	2.2	19.1	30.6	25.7	3.6	3.2	12.3	13.1
Max Financial	Buy	1115	1200	8	12.2	14.1	18.6	-15.8	15.4	32.0	79.1	60.0	3.4	2.9	18.6	20.1
M&M Fin.	Buy	149	175	18	2.7	5.6	19.2	-81.5	106.4	241.1	26.5	7.8	1.2	1.1	4.6	14.7
Muthoot Fin	Buy	1563	1725	10	92.8	114.5	131.0	23.3	23.4	14.4	13.6	11.9	3.3	2.7	26.8	24.8
Piramal Enterp.	Buy	2318	2150	-7	62.6	119.7	136.0	-355.3	91.0	13.6	19.4	17.0	1.5	1.5	8.4	8.8
PNB Housing	Neutral	675	750	11	55.3	55.5	74.6	43.8	0.4	34.4	12.2	9.1	1.2	1.1	10.0	12.3
Repco Home Fin	Buy	348	440	27	46.0	51.8	57.3	2.6	12.7	10.6	6.7	6.1	0.9	0.8	14.3	13.9
SBI Life Insurance	Buy	1128	1250	11	14.6	14.6	16.7	2.4	0.2	14.4	77.3	67.6	2.7	2.3	16.8	17.4
Shriram City Union	Buy	1812	2000	10	153.1	188.1	227.5	1.0	22.8	20.9	9.6	8.0	1.3	1.1	14.4	15.3
Shriram Trans.	Buy	1373	1750	28	98.3	122.6	149.6	-10.9	24.7	22.1	11.2	9.2	1.4	1.2	13.8	14.4
Aggregate								12.7	30.5	25.4	25.3	20.2	3.1	2.8	12.3	13.8
Capital Goods																
ABB	Buy	1684	2000	19	11.9	20.5	29.0	-28.4	72.6	41.6	82.2	58.0	9.0	8.1	11.0	14.0
Bharat Elec.	Buy	189	215	14	8.5	10.0	10.7	15.1	18.1	6.6	18.8	17.7	3.7	3.3	19.8	18.7
BHEL	Sell	60	40	-34	-7.8	-2.0	1.2	84.5	Loss	LP	NM	49.7	0.8	0.8	-2.7	1.6
Cummins	Sell	842	535	-36	20.1	23.1	26.8	-13.6	15.0	15.7	36.4	31.5	5.1	4.9	14.0	15.5
Engineers India	Buy	75	95	27	5.4	6.1	7.0	-20.1	12.0	14.6	12.3	10.7	2.9	2.8	22.0	24.5
K E C Intl.	Buy	429	510	19	21.5	25.5	31.7	-2.3	18.5	24.4	16.8	13.5	2.8	2.4	16.7	17.5
Larsen & Toubro	Buy	1596	1835	15	82.5	64.9	80.4	21.2	-21.3	24.0	24.6	19.8	2.8	2.5	11.4	12.8
Siemens	Neutral	1954	1900	-3	21.3	32.1	37.8	-32.6	51.0	17.7	60.8	51.7	6.7	6.1	11.0	11.8
Thermax	Neutral	1421	1400	-1	22.0	32.8	42.2	16.5	49.1	28.8	43.4	33.7	4.6	4.2	10.5	12.4
Aggregate								-28.6	61.7	29.7	31.1	24.0	3.1	2.8	9.9	11.8
Consumer Durables																
Blue Star	Sell	840	700	-17	10.4	16.9	25.2	-31.9	62.4	48.6	49.7	33.4	8.4	7.4	16.9	22.3
CG Cons. Elec.	Buy	471	530	12	8.4	9.7	11.4	20.7	14.8	18.1	48.8	41.3	13.0	10.9	26.6	26.4
Havells	Neutral	1176	1120	-5	16.5	20.2	22.4	40.4	22.9	11.1	58.2	52.4	12.2	10.5	20.9	20.0
Orient Electric	Buy	334	-		5.6	6.5	8.2	52.3	14.8	25.8	51.6	41.0	12.8	10.5	24.9	25.7
Voltas	Neutral	1031	1060	3	15.9	18.8	22.9	-5.1	18.4	21.7	54.8	45.1	6.2	5.7	11.4	12.6
Whirlpool India	Buy	2141	2900	35	27.8	36.3	52.8	-25.9	30.3	45.6	59.0	40.6	8.5	7.2	14.3	17.7
Aggregate								9.5	22.5	21.8	54.8	45.0	9.6	8.4	17.6	18.6
Chemicals																
Alkyl Amines	Neutral	4291	3825	-11	57.9	65.8	85.0	57.0	13.7	29.2	65.2	50.5	21.3	16.5	36.9	36.8
Atul	Neutral	9104	10000	10	218.0	258.8	290.0	-2.3	18.7	12.1	35.2	31.4	6.0	5.2	18.4	17.7
Deepak Nitrite	Buy	1899	-		56.9	67.4	82.1	27.0	18.6	21.8	28.2	23.1	8.3	6.3	33.6	31.1
Fine Organic	Neutral	2933	3135	7	37.5	50.5	78.3	-31.0	34.7	55.2	58.1	37.4	10.6	8.9	19.5	25.8
Galaxy Surfact.	Buy	3100	3520	14	85.2	89.2	106.7	31.1	4.7	19.6	34.8	29.1	7.1	6.0	22.3	22.5
Navin Fluor.Intl.	Neutral	3573	4040	13	51.2	57.5	95.8	-37.3	12.4	66.5	62.1	37.3	9.3	7.7	16.0	22.6
NOCIL	Buy	263	275	4	5.2	9.3	12.5	-34.0	78.9	34.1	28.3	21.1	3.2	2.9	11.7	14.5
Vinati Organics	Buy	1956	2170	11	26.2	38.4	50.5	-19.3	46.5	31.6	51.0	38.7	10.8	8.8	23.2	25.1
Aggregate								3.5	18.6	26.6	40.1	31.7	8.2	6.8	20.5	21.5
Cement																
Ambuja Cem.	Neutral	409	385	-6	9.0	11.9	13.9	24.2	32.4	16.2	34.3	29.5	3.7	3.3	11.2	11.9
ACC	Buy	2362	2480	5	78.4	112.2	116.8	8.5	43.1	4.1	21.1	20.2	3.1	2.8	15.6	14.4
Birla Corp.	Buy	1492	1554	4	73.0	69.1	100.2	11.3	-5.4	45.1	21.6	14.9	1.9	1.7	9.3	12.3
Dalmia Bhar.	Buy	2134	2480	16	54.8	59.7	79.2	377.1	8.9	32.7	35.8	27.0	2.9	2.6	8.4	10.2
Grasim Inds.	Neutral	1546	1465	-5	85.7	106.2	116.9	-2.9	23.9	10.1	14.6	13.2	2.3	2.2	4.8	5.0
India Cem	Neutral	193	206	7	7.2	6.3	8.9	947.7	-11.9	40.5	30.4	21.6	1.0	1.0	3.4	4.7
J K Cements	Buy	3196	3350	5	91.0	110.5	133.5	45.5	21.4	20.8	28.9	23.9	5.6	4.7	20.9	21.3
JK Lakshmi Ce	Buy	735	-		33.5	32.6	43.1	48.7	-2.6	31.9	22.5	17.1	3.6	3.0	17.1	19.3
Ramco Cem	Neutral	1067	1000	-6	32.3	36.5	41.4	26.5	13.2	13.2	29.2	25.8	3.9	3.5	14.3	14.3
Shree Cem	Neutral	27620	27530	0	640.8	729.4	866.0	47.2	13.8	18.7	37.9	31.9	5.7	4.9	16.0	16.5
Ultratech	Buy	7701	8770	14	190.4	237.5	305.7	31.0	24.7	28.8	32.4	25.2	4.2	3.9	14.5	16.4



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Aggregate								23.6	22.2	19.0	25.7	21.6	3.4	3.1	13.3	14.3
Consumer																
Asian Paints	Neutral	2997	3070	2	33.4	36.4	45.4	15.4	8.9	24.8	82.3	66.0	20.6	18.6	26.1	29.7
Britannia	Buy	3406	4660	37	76.8	75.8	89.2	31.0	-1.3	17.7	44.9	38.2	17.1	15.7	43.8	42.9
Colgate	Neutral	1709	1770	4	38.1	39.8	42.2	26.8	4.6	6.0	43.0	40.5	39.9	39.9	92.8	98.4
Dabur	Buy	585	650	11	9.6	10.3	12.4	11.0	7.2	20.2	56.9	47.3	12.7	11.5	23.0	25.5
Emami	Buy	552	630	14	16.3	16.8	18.8	31.1	3.1	11.8	32.9	29.4	11.6	11.6	38.5	39.4
Godrej Cons.	Buy	987	1070	8	17.3	18.7	21.7	21.9	8.2	15.9	52.8	45.6	10.2	9.7	19.8	21.9
HUL	Buy	2334	2840	22	34.8	38.4	47.5	11.5	10.4	23.7	60.7	49.1	11.6	11.6	19.0	23.6
ITC	Neutral	206	225	9	10.6	12.2	14.4	-14.8	15.3	17.6	16.9	14.4	3.8	3.7	24.0	26.2
Jyothy Lab	Neutral	172	168	-2	5.8	5.1	6.3	28.7	-12.5	23.5	33.3	27.2	4.4	4.3	13.2	16.0
Marico	Buy	528	585	11	9.0	9.8	11.3	10.4	8.9	15.8	53.9	46.6	15.0	14.3	32.5	31.5
Nestle	Neutral	17910	18600	4	217.4	239.7	276.2	7.6	10.2	15.3	74.7	64.8	84.3	82.5	113.6	128.6
Page Inds	Neutral	31544	30000	-5	305.3	419.4	507.4	-0.8	37.4	21.0	75.2	62.2	36.3	33.7	48.2	54.2
Pidilite Ind.	Neutral	2300	1960	-15	22.2	23.8	29.7	-7.3	7.6	24.6	96.5	77.4	18.1	15.6	20.1	21.6
P&G Hygiene	Buy	12767	15900	25	166.8	225.8	288.3	22.2	35.3	27.7	56.5	44.3	41.9	35.2	80.0	86.4
Tata Consumer	Buy	751	794	6	9.5	11.4	15.3	20.8	20.2	35.1	66.1	48.9	4.6	4.3	7.1	9.0
United Brew	Sell	1420	1130	-20	4.6	16.3	21.6	-71.8	257.0	32.5	87.0	65.7	9.7	9.0	11.6	14.2
United Spirits	Buy	638	800	25	6.4	11.1	14.6	-41.6	75.2	31.2	57.3	43.7	9.4	7.8	16.4	17.7
Varun Beverages	Buy	754	806	7	7.5	11.0	22.1	-30.7	47.1	100.4	68.2	34.0	8.3	6.8	12.8	21.9
Aggregate								2.0	12.7	20.2	47.5	39.5	10.6	10.1	22.4	25.5
Healthcare																
Alembic Phar	Neutral	779	970	25	59.9	40.8	50.8	36.3	-31.9	24.4	19.1	15.3	2.7	2.4	15.4	17.0
Alkem Lab	Buy	3331	3730	12	134.1	140.1	160.7	40.5	4.5	14.7	23.8	20.7	4.6	3.9	20.9	20.4
Ajanta Pharma	Buy	2394	2780	16	73.9	80.3	97.9	44.6	8.6	21.9	29.8	24.4	6.0	5.0	21.7	22.4
Aurobindo	Buy	908	1150	27	54.0	59.4	66.9	9.9	9.9	12.7	15.3	13.6	2.1	1.8	14.8	14.5
Biocon	Neutral	382	390	2	5.5	6.9	10.6	-10.6	25.4	52.5	55.2	36.2	5.6	5.0	10.5	14.7
Cadila	Buy	572	740	29	19.8	23.8	26.4	34.8	20.3	10.8	24.0	21.7	3.4	3.1	16.2	14.9
Cipla	Neutral	882	910	3	30.0	33.3	38.2	52.7	11.1	14.7	26.5	23.1	3.5	3.1	13.1	13.2
Divis Lab	Buy	4846	5260	9	75.6	98.1	129.8	54.4	29.8	32.3	49.4	37.3	11.6	9.5	25.5	27.9
Dr Reddy's	Neutral	4671	5200	11	143.6	191.3	218.1	9.3	33.3	14.0	24.4	21.4	3.8	3.3	16.8	16.6
Gland Pharma	Buy	3999	4460	12	60.9	86.7	110.9	29.0	42.2	28.0	46.2	36.1	8.9	7.2	21.4	22.0
Glenmark	Neutral	592	630	6	35.0	39.4	45.0	42.3	12.7	14.0	15.0	13.2	2.1	1.8	14.7	14.7
GSK Pharma	Neutral	1627	1600	-2	29.4	34.7	40.0	4.4	18.0	15.1	46.9	40.7	16.1	13.8	34.3	33.8
Granules India	Buy	371	440	18	22.3	23.4	27.4	66.8	5.0	17.1	15.9	13.5	3.4	2.7	23.7	22.3
IPCA Labs	Buy	2142	2320	8	88.7	90.6	96.2	73.6	2.2	6.1	23.6	22.3	4.8	4.0	22.2	19.7
Jubilant Pharmova	Buy	685	830	21	54.1	48.8	56.2	-9.5	-9.8	15.0	14.0	12.2	2.0	1.7	15.0	15.0
Laurus Labs	Buy	605	-		18.3	24.5	30.6	285.4	33.8	24.9	24.3	19.5	8.7	6.3	41.7	37.2
Lupin	Neutral	1086	1240	14	26.2	39.3	47.9	12.2	50.3	21.8	27.6	22.7	3.2	2.9	12.3	13.6
Solara Active Pharma	Buy	1627	1950	20	45.0	78.4	96.3	93.2	74.3	22.8	20.8	16.9	3.1	2.6	22.1	22.7
Strides Pharma	Buy	775	920	19	22.2	39.1	48.8	45.9	76.4	24.9	19.8	15.9	2.3	2.1	12.0	13.6
Sun Pharma	Buy	703	820	17	25.0	28.2	31.7	52.6	12.6	12.5	24.9	22.2	3.2	2.9	13.8	13.8
Torrent Pharma	Neutral	3037	2800	-8	74.9	80.4	95.2	33.5	7.3	18.4	37.8	31.9	7.9	6.8	22.1	23.0
Aggregate								34.9	16.2	17.5	27.3	23.2	4.2	3.7	15.4	15.7
Infrastructure																
Ashoka Buildcon	Buy	106	150	42	14.6	11.4	12.9	5.5	-21.9	13.3	9.3	8.2	0.9	0.8	10.1	10.5
IRB Infra	Neutral	160	150	-6	3.3	5.4	8.9	-82.3	63.1	63.3	29.4	18.0	0.8	0.8	2.7	4.4
KNR Constructions	Buy	278	280	1	9.0	13.3	16.6	24.1	47.8	24.7	20.9	16.7	3.5	2.9	18.3	19.0
Aggregate											18.4	14.2	1.3	1.2	7.1	8.4
Media																
PVR	Neutral	1360	-		-91.6	-92.2	36.6	-384.6	Loss	LP	NM	37.1	6.5	5.5	-36.1	16.1
Sun TV	Buy	546	640	17	38.6	41.3	42.7	10.8	7.1	3.5	13.2	12.8	2.9	2.7	22.6	21.8



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Zee Ent.	Neutral	199	190	-5	11.1	13.8	15.9	101.7	24.5	15.6	14.5	12.5	1.7	1.6	12.5	13.1
Aggregate								-18.9	15.4	47.3	20.9	14.2	2.5	2.2	11.8	15.8
Metals																
Hindalco	Buy	458	485	6	24.6	42.6	45.9	40.7	73.4	7.6	10.7	10.0	2.0	1.7	20.0	18.2
Hind. Zinc	Neutral	323	300	-7	18.9	23.6	25.6	17.3	25.1	8.1	13.7	12.6	4.0	3.8	30.2	31.0
JSPL	Buy	438	475	9	61.4	65.5	47.2	-	6.6	-28.0	6.7	9.3	1.2	1.0	19.0	11.8
JSW Steel	Buy	748	840	12	32.8	93.8	87.0	262.5	186.2	-7.2	8.0	8.6	2.7	2.2	39.9	28.2
Nalco	Buy	93	94	1	5.4	10.8	9.2	629.4	99.2	-15.0	8.6	10.2	1.5	1.4	17.7	13.9
NMDC	Buy	183	215	18	22.5	39.6	27.6	47.0	75.9	-30.4	4.6	6.6	1.6	1.4	36.2	22.5
SAIL	Buy	142	175	23	13.1	37.6	24.3	-	187	-35.5	3.8	5.9	1.0	0.9	30.5	16.9
Tata Steel	Neutral	1459	1215	-17	69.0	275.6	159.3	661.2	300	-42.2	5.3	9.2	1.9	1.6	40.4	18.8
Vedanta	Neutral	289	300	4	25.9	42.9	36.5	195.3	66	-14.8	6.7	7.9	1.6	1.5	24.6	19.6
Aggregate								176.9	116.8	-21.8	6.5	8.3	1.7	1.5	26.3	18.3
Oil & Gas																
Aegis Logistics	Neutral	321	375	17	6.7	9.8	13.6	124.3	45.8	39.5	32.9	23.6	4.9	4.3	15.9	19.6
BPCL	Buy	449	570	27	63.2	27.7	38.5	165.6	-56.2	38.9	16.2	11.7	2.1	1.8	11.7	16.5
Castrol India	Buy	141	170	21	5.9	8.5	8.5	-29.6	44.8	-0.2	16.5	16.6	8.8	8.0	56.3	50.5
GAIL	Buy	138	210	53	10.9	16.8	17.4	-34.0	54.7	3.5	8.2	7.9	1.1	1.0	15.5	14.6
Gujarat Gas	Under Review	706	-		18.5	22.7	25.4	6.9	22.8	11.7	31.0	27.8	8.2	6.5	30.2	26.2
Gujarat St. Pet.	Buy	354	435	23	16.4	17.8	19.2	-16.5	8.2	8.2	19.9	18.4	2.4	2.1	12.5	12.1
HPCL	Neutral	264	310	18	70.0	32.6	42.2	192.8	-53.4	29.4	8.1	6.2	1.0	0.9	12.7	15.5
IOC	Buy	104	152	46	23.7	14.2	17.6	130.8	-40.3	24.4	7.3	5.9	0.8	0.8	11.3	13.2
IGL	Neutral	547	490	-10	14.4	16.9	18.2	-11.5	17.6	7.6	32.3	30.1	5.7	5.0	18.8	17.8
Mahanagar Gas	Buy	1109	1315	19	62.7	80.0	84.4	-21.9	27.5	5.5	12.8	13.9	2.9	2.6	24.5	19.8
MRPL	Sell	46	42	-8	-1.4	0.8	7.5	-91.2	LP	837.5	61.2	6.1	1.1	0.9	1.7	16.2
Oil India	Under Review	163	-		19.4	26.3	26.2	-15.2	35.8	-0.5	6.2	6.2	0.7	0.6	11.0	10.2
ONGC	Buy	115	150	31	16.1	24.5	27.4	23.8	52.2	11.6	4.7	4.2	0.6	0.5	13.6	13.7
PLNG	Buy	215	310	44	19.7	19.9	23.3	6.5	1.0	17.5	10.8	9.2	2.5	2.3	24.3	25.9
Reliance Ind.	Buy	2055	2485	21	67.7	88.7	113.7	1.1	30.9	28.2	23.2	18.1	1.8	1.6	7.9	9.3
Aggregate								34.2	6.0	21.8	14.6	12.0	1.4	1.3	9.9	11.1
Retail																
Avenue Supermarts	Neutral	3501	3220	-8	17.0	22.8	38.7	-15.5	34.6	69.3	153.3	90.5	16.0	13.5	11.4	16.8
Aditya Birla Fashion	Buy	227	234	3	-7.1	-4.4	-0.6	3,769.5	Loss	Loss	NM	NM	10.9	11.3	-20.1	-3.1
Burger King	Buy	180	210	17	-4.3	-1.6	0.1	66.9	Loss	LP	NM	2,407.5	11.2	11.2	-9.8	0.5
Jubilant Food.	Buy	3723	3630	-3	17.5	34.3	50.5	-22.5	96.4	47.2	108.5	73.7	30.7	24.2	28.3	32.9
Shoppers Stop	Neutral	267	-		-33.8	-13.7	1.5	129.7	Loss	LP	NM	161.0	-105.5	-177.8	-99.3	19.2
Titan Company	Buy	1740	2040	17	11.0	18.2	29.2	-35.4	65.1	60.2	95.6	59.7	18.6	16.5	20.5	29.4
Trent	Neutral	915	820	-10	-5.1	-0.2	9.0	-270.1	Loss	LP	NM	101.7	13.2	11.6	-0.3	13.0
V-Mart Retail	Buy	3877	3880	0	-3.4	2.6	41.1	-112.6	LP	1,464.5	1,475.4	94.3	8.5	7.8	0.6	8.6
Westlife Develop	Neutral	563	470	-17	-6.7	-1.6	4.2	-	Loss	LP	NM	134.4	19.2	16.8	-5.5	13.3
Aggregate								-69.5	200.0	119.4	177.7	81.0	16.5	14.4	9.3	17.8
Technology																
Cyient	Buy	998	1090	9	33.8	45.0	54.4	0.1	33.2	20.9	22.2	18.3	3.7	3.4	16.8	19.4
HCL Tech.	Buy	1008	1180	17	43.8	49.3	58.9	7.5	12.5	19.6	20.4	17.1	4.2	3.9	21.1	23.6
Infosys	Buy	1617	1770	9	45.6	52.6	65.6	17.1	15.5	24.7	30.7	24.6	9.8	9.4	30.6	39.0
L & T Infotech	Neutral	4640	4280	-8	107.0	121.1	147.8	23.6	13.2	22.0	38.3	31.4	9.5	8.0	26.8	27.7
L&T Technology	Buy	3681	3380	-8	62.8	87.3	109.1	-19.0	38.9	25.0	42.2	33.7	9.5	8.0	24.4	26.0
Mindtree	Neutral	2805	2620	-7	67.4	83.6	100.8	75.7	24.1	20.6	33.6	27.8	9.1	7.7	29.3	30.0
Mphasis	Buy	2668	2770	4	64.2	77.7	99.0	1.7	21.0	27.3	34.3	27.0	7.0	6.3	21.6	25.1
Coforge	Neutral	5177	4760	-8	78.8	116.9	153.6	4.4	48.3	31.4	44.3	33.7	10.6	8.7	26.2	28.4
Persistent Sys	Neutral	3122	3130	0	59.0	84.0	104.2	32.4	42.4	24.0	37.2	30.0	7.4	6.3	21.3	22.6
TCS	Neutral	3197	3400	6	86.7	107.2	125.7	0.6	23.6	17.3	29.8	25.4	13.0	12.2	44.6	49.4



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Tech Mah	Neutral	1128	1220	8	51.7	61.0	71.7	6.9	18.0	17.5	18.3	15.6	3.6	3.2	20.5	21.7
Wipro	Neutral	591	580	-2	18.8	20.8	25.2	14.3	11.1	20.8	28.4	23.5	5.8	5.9	21.0	25.0
Zensar Tech	Buy	422	470	11	15.3	17.5	22.6	31.0	14.3	29.3	24.1	18.7	3.6	3.2	15.8	18.3
Aggregate								7.5	17.3	19.8	29.1	24.2	8.4	7.9	29.0	32.7
Telecom																
Bharti Airtel	Buy	567	690	22	-1.3	4.9	8.5	-82.5	LP	72.7	114.8	66.5	5.0	4.7	4.5	7.3
Indus Towers	Neutral	222	-		18.5	22.3	22.7	-1.0	20.8	1.8	10.0	9.8	3.4	3.1	35.9	33.1
Vodafone Idea		8			-8.4	-8.6	-8.1	11.7	Loss	Loss	NM	NM	-0.4	-0.3	48.8	31.1
Tata Comm	Neutral	1429	1250	-13	46.5	50.6	66.7	340.2	8.8	31.9	28.2	21.4	26.1	11.8	172	75.8
Aggregate								Loss	Loss	Loss	-29	-38.8	23.7	163.8	-83.1	-421.9
Utilities																
Coal India	Buy	142	185	30	20.6	25.4	28.1	-23.9	23.2	10.5	5.6	5.1	2.1	1.8	37.3	35.3
CESC	Buy	838	905	8	100.1	106.4	111.4	2.4	6.4	4.7	7.9	7.5	1.0	1.0	13.8	13.5
Indian Energy Exchange	Neutral	434	410	-6	7.2	9.2	10.6	19.9	28.2	15.6	47.4	41.0	21.1	18.3	47.8	47.9
JSW Energy	Sell	250	130	-48	4.9	5.9	7.0	-4.7	21.2	19.7	42.5	35.5	2.7	2.6	6.5	7.4
NHPC	Neutral	26	28	8	3.0	3.1	3.6	4.5	2.7	16.0	8.5	7.3	0.8	0.7	9.1	10.0
NTPC	Buy	117	145	24	15.7	16.5	18.1	13.6	5.0	9.8	7.1	6.5	0.8	0.8	12.3	12.7
Power Grid	Buy	167	270	61	23.9	25.2	26.4	16.0	5.8	4.7	6.6	6.3	1.2	1.1	18.3	18.1
Torrent Power	Neutral	452	480	6	22.9	31.1	35.0	-18.2	35.8	12.4	14.5	12.9	1.9	1.7	14.0	14.2
Tata Power	Buy	123	122	-1	4.2	5.5	5.9	12.6	30.4	7.1	22.2	20.8	1.8	1.7	8.3	8.4
Aggregate								-1.3	10.6	9.1	8.2	7.5	1.3	1.2	16.2	16.5
Others																
BSE	Buy	1240	1120	-10	30.9	46.5	67.9	24.1	50.4	45.9	26.7	18.3	2.3	2.3	8.8	12.5
Concor	Buy	630	-		9.6	15.7	20.8	-42.0	63.1	32.6	40.1	30.2	3.6	3.5	9.2	11.7
Coromandel Intl	Buy	864	1050	21	45.3	52.7	57.8	24.6	16.3	9.7	16.4	14.9	4.0	3.4	27.0	24.6
EPL	Buy	242	320	32	8.0	10.0	12.4	17.8	24.5	24.0	24.2	19.5	4.0	3.5	17.5	19.3
Indiamart Inter.	Buy	7139	8610	21	96.6	119.5	129.9	86.5	23.7	8.7	59.7	55.0	11.2	9.5	20.5	18.7
Indian Hotels	Buy	148	180	22	-7.1	-3.0	1.8	-359.5	Loss	LP	NM	81.1	5.5	5.2	-10.5	6.6
Interglobe	Neutral	1653	1600	-3	-	-181.8	51.2	2,249.3	Loss	LP	NM	32.3	-9.2	-12.8	204.1	-33.2
Info Edge	Neutral	5207	4800	-8	21.3	26.1	39.4	27.5	22.2	51.0	199.8	132.3	14.2	13.3	7.2	10.4
Godrej Agrovet	Buy	659	717	9	16.3	21.6	24.1	25.0	32.3	11.7	30.5	27.3	5.5	4.9	19.1	18.9
Kaveri Seed	Buy	719	917	27	51.6	56.0	61.1	19.7	8.6	9.1	12.8	11.8	2.8	2.3	24.3	21.7
Lemon Tree Hotel	Buy	42	54	29	-1.6	-1.1	1.0	1,232.4	Loss	LP	NM	41.5	3.9	3.6	-9.4	9.0
MCX	Buy	1611	1940	20	44.2	39.3	55.6	-4.8	-11.1	41.6	41.0	29.0	5.4	4.9	13.6	17.8
Qess Corp	Buy	818	960	17	14.9	30.8	47.9	-18.6	107.2	55.3	26.5	17.1	3.3	2.7	17.2	21.9
PI Inds.	Buy	2949	3237	10	48.6	64.5	83.0	61.7	32.8	28.6	45.7	35.5	7.2	6.1	17.0	18.5
SIS	Buy	482	600	25	23.7	20.8	28.8	-1.7	-12.3	38.5	23.3	16.8	1.5	1.3	15.7	18.2
SRF	Neutral	7926	7230	-9	196.9	270.0	312.5	29.0	37.1	15.7	29.4	25.4	5.7	4.7	21.4	20.4
Tata Chemicals	Neutral	752	683	-9	10.1	23.8	42.2	-68.2	136.6	77.3	31.6	17.8	1.3	1.2	4.2	7.2
Team Lease Serv.	Buy	3931	4200	7	51.9	74.9	104.9	6.1	44.4	40.1	52.5	37.5	8.6	7.0	17.8	20.5
Trident	Buy	20	20	0	0.7	1.0	1.4	3.2	55.3	36.1	19.1	14.0	2.6	2.2	14.4	17.0
UPL	Neutral	820	748	-9	45.0	58.5	68.0	28.9	29.9	16.3	14.0	12.0	1.9	1.6	22.7	22.1



Index	1 Day (%)	1M (%)	12M (%)
Sensex	0.4	0.2	38.3
Nifty-50	0.4	0.2	40.8
Nifty Next 50	0.1	1.3	48.3
Nifty 100	0.4	0.3	41.9
Nifty 200	0.4	0.6	45.6
Company	1 Day (%)	1M (%)	12M (%)
Automobiles	-0.4	-6.2	35.8
Amara Raja Batt.	-2.6	-6.8	2.4
Apollo Tyres	-2.1	-4.4	96.0
Ashok Leyland	3.1	1.4	144.6
Bajaj Auto	-1.5	-8.8	21.6
Balkrishna Inds	-2.1	3.0	85.8
Bharat Forge	0.9	5.1	103.3
Bosch	-0.4	-0.6	13.4
CEAT	0.4	-1.3	53.6
Eicher Motors	-0.8	-6.5	18.3
Endurance Tech.	1.1	5.5	81.1
Escorts	0.0	-4.8	-0.3
Exide Inds.	-1.2	-4.7	13.4
Hero Motocorp	-1.2	-6.1	-1.2
M & M	0.4	-6.4	21.0
Mahindra CIE	1.8	18.8	159.7
Maruti Suzuki	-2.2	-6.6	13.0
MRF	-0.3	-0.7	28.9
Motherson Sumi	4.2	0.8	157.3
Tata Motors	3.0	-14.2	176.9
TVS Motor Co.	-2.5	-8.3	39.6
Banks-Private	-0.1	-2.2	48.2
AU Small Fin. Bank	1.8	11.0	60.1
Axis Bank	-0.8	-4.6	62.7
Bandhan Bank	-1.2	-12.9	-13.0
DCB Bank	2.4	0.3	31.9
Equitas Holdings	1.7	39.2	149.9
Federal Bank	0.4	-0.8	53.9
HDFC Bank	0.0	-5.6	33.1
ICICI Bank	0.3	7.4	95.9
IndusInd Bank	0.0	-2.5	80.1
Kotak Mah. Bank	-0.7	-3.7	18.1
RBL Bank	-0.9	-9.7	8.4
SBI Cards	0.1	4.4	36.5
Banks-PSU	3.3	-3.2	72.6
BOB	3.3	-7.5	70.4
Indian Bk	2.8	-3.9	134.1
SBI	3.8	4.8	131.0
Company	1 Day (%)	1M (%)	12M (%)
NBFCs	0.4	-0.2	50.3
Aditya Birla Cap	-0.4	-0.6	105.2
Bajaj Fin.	2.2	5.6	94.8
Cholaman.Inv.&Fn	1.2	-6.2	120.0
Can Fin Homes	-1.2	5.3	48.4
HDFC	-0.5	-3.5	28.4
HDFC Life Insur.	-0.3	-3.5	3.9
Indostar Capital	-1.0	-5.1	29.3
L&T Fin.Holdings	-0.1	-8.0	49.0
LIC Hsg Fin	-4.1	-12.3	51.8
M&M Fin.	4.4	-5.7	10.8
Muthoot Fin	1.0	6.4	15.9
Manappuram Fin.	0.2	28.3	14.7

Note: Sectoral performance are of NSE/BSE Indices

Index	1 Day (%)	1M (%)	12M (%)
Nifty 500	0.5	1.2	50.0
Nifty Midcap 100	0.7	2.3	77.1
Nifty Smallcap 100	0.9	7.9	108.6
Nifty Midcap 150	0.7	2.6	77.0
Nifty Smallcap 250	0.9	8.2	110.5
MAS Financial Serv.	3.9	-4.7	26.3
Max Financial	0.1	3.3	98.4
ICICI Pru Life	-2.5	3.5	41.5
ICICI Sec	-0.6	13.8	51.6
Company	1 Day (%)	1M (%)	12M (%)
IIFL Wealth Mgt	0.0	15.2	30.1
PNB Housing	-0.6	-1.4	214.3
Repc Home	0.8	-7.2	127.4
SBI Life Insuran	-0.5	12.9	28.0
Shriram City Union	6.3	7.4	169.2
Shriram Trans.	-0.2	1.1	89.3
Capital Goods	0.1	3.6	84.9
ABB	-0.7	-5.9	91.0
Bharat Elec.	-0.7	8.0	93.9
BHEL	-0.2	-7.2	56.6
Cummins	0.6	-1.1	110.3
Engineers India	1.2	-7.3	13.4
K E C Intl	1.5	-4.4	53.4
L&T	0.1	5.6	73.0
Siemens	0.6	-1.9	69.8
Thermax	0.4	-1.6	91.0
Consumer Durables	0.3	2.0	68.8
Blue Star	0.7	3.0	70.9
CG Cons. Elec.	0.4	12.1	89.2
Havells	1.6	20.1	106.2
Voltas	1.4	0.3	75.0
Whirlpool India	-1.4	-3.4	1.7
Orient Electric	-3.3	8.8	88.4
Chemicals			
Alkyl Amines	-5.0	19.4	372.4
Atul	0.4	2.4	79.0
Deepak Nitrite	-0.1	7.9	209.4
Fine Organic	-0.5	2.1	41.4
Galaxy Surfact.	1.3	2.8	91.6
Navin Fluo.Intl.	1.5	-3.8	101.7
NOCIL	-1.3	24.3	146.4
Vinati Organics	3.2	5.4	99.3
Cement	2.7	10.5	123.9
Ambuja Cem.	-0.1	18.7	89.6
ACC	-1.4	15.1	67.5
Birla Corp.	0.3	21.4	146.5
Dalmia Bhar.	-0.6	14.0	197.6
Grasim Inds.	0.9	2.9	150.9
India Cem	0.8	1.7	67.7
J K Cements	5.3	11.8	116.8
JK Lakshmi Ce	1.4	28.0	145.9
Ramco Cem	2.6	3.1	48.6
Shree Cem	0.4	-1.8	27.1
Ultratech	0.7	12.9	84.0
Consumer	-1.0	-0.7	16.3
Asian Paints	-0.2	-0.1	72.5
Britannia	-0.5	-6.9	-10.3
Colgate	-4.6	2.4	18.0



Company	1 Day (%)	1M (%)	12M (%)
Dabur	-1.0	3.1	19.3
Emami	-0.8	0.3	129.5
Godrej Cons.	-1.4	12.4	45.1
HUL	-1.2	-6.4	4.5
ITC	-1.5	1.3	4.7
Jyothy Lab	-0.7	12.6	42.5
Marico	-0.5	-1.9	45.7
Nestle	-0.6	1.9	8.0
Page Inds	-0.8	6.4	65.2
Pidilite Ind.	0.2	6.4	67.7
P&G Hygiene	0.1	-3.4	23.4
Tata Consumer	-0.5	-0.9	75.6
United Brew	-1.8	-2.0	47.7
United Spirits	0.4	-4.4	10.5
Varun Beverages	-0.8	3.9	62.2
Healthcare	-0.3	-2.9	33.3
Alembic Phar	-2.2	-21.2	-20.6
Alkem Lab	-1.2	4.1	31.0
Ajanta Pharma	2.9	14.9	60.7
Aurobindo	-0.8	-6.1	11.9
Biocon	0.1	-6.2	-3.4
Cadila	-1.0	-10.7	58.6
Cipla	-0.9	-9.9	29.5
Divis Lab	-0.9	11.2	100.0
Dr Reddy's	-1.3	-14.0	8.6
Gland Pharma	2.3	17.6	
Glenmark	0.6	-9.6	39.5
GSK Pharma	0.9	7.4	9.8
Granules	0.0	14.3	31.5
IPCA Labs	-1.7	5.9	20.6
Jubilant Pharmo	1.9	-6.8	0.3
Laurus Labs	-2.3	-11.0	295.7
Lupin	-1.6	-6.5	26.4
Solara Active	-1.7	-3.7	149.5
Strides Pharma	4.8	1.3	80.0
Sun Pharma	2.3	3.8	42.6
Torrent Pharma	-1.5	3.9	27.3
Infrastructure	0.1	1.6	38.1
Ashoka Buildcon	4.7	-3.0	103.4
IRB Infra.Devl.	-1.8	2.2	25.9
KNR Construct.	1.6	22.6	171.0
Media	0.9	-2.8	32.8
PVR	1.8	0.5	19.6
Sun TV	1.5	1.8	40.9
Zee Ent.	-0.8	-7.8	39.8
Metals	5.0	11.2	168.9
Hindalco	10.1	22.5	179.3
Hind. Zinc	2.2	-4.9	55.2
JSPL	4.3	9.7	137.6
JSW Steel	3.7	9.1	244.0
Nalco	8.7	20.5	180.0
NMDC	4.9	0.5	109.9
SAIL	6.0	8.9	300.6
Tata Steel	6.9	24.4	290.2
Vedanta	6.9	8.2	162.4
Oil & Gas	-0.2	-4.8	14.0
Aegis Logistics	5.0	-6.9	69.1
BPCL	-0.9	-3.7	-1.0

Company	1 Day (%)	1M (%)	12M (%)
Castrol India	0.2	-2.0	21.5
GAIL	-0.2	-9.4	39.2
Gujarat Gas	0.1	6.6	149.4
Gujarat St. Pet.	5.6	5.5	73.8
HPCL	-0.6	-10.0	15.5
IOC	-0.1	-3.9	12.3
IGL	0.0	-0.6	36.1
Mahanagar Gas	-0.9	-4.4	10.3
MRPL	-1.7	-11.9	19.8
Oil India	0.6	4.8	68.2
ONGC	0.3	-3.9	44.3
PLNG	-0.9	-4.9	-11.8
Reliance Ind.	0.9	-1.5	-1.9
Retail			
Aditya Bir. Fas.	0.7	6.3	81.5
Avenue Super.	0.4	7.0	70.8
Burger King	-2.2	11.6	
Jubilant Food	1.7	19.8	121.2
Shoppers St.	10.3	10.1	87.8
Titan Co.	1.1	0.5	67.4
Trent	-1.1	6.0	64.9
V-Mart Retail	14.6	37.5	116.7
Westlife Develop	1.6	11.4	57.6
Technology	1.4	4.8	69.9
Cyient	1.0	18.3	207.4
HCL Tech.	2.5	2.4	45.2
Infosys	0.7	3.5	69.5
L&T Infotech	6.7	12.6	93.2
L&T Technology	5.7	27.2	146.6
Mindtree	3.6	8.7	164.0
Mphasis	2.9	28.0	133.2
Coforge	9.1	27.5	178.0
Persistent Sys	0.8	11.0	251.6
TCS	0.0	-4.3	40.5
Tech Mah	0.7	3.6	66.9
Wipro	-0.1	8.9	113.3
Zensar Tech	4.1	39.3	166.0
Telecom	-0.6	5.1	11.1
Bharti Airtel	-0.2	8.0	0.1
Indus Towers	-4.8	-8.2	13.0
Idea Cellular	-1.4	-18.2	-0.1
Tata Comm	0.3	11.0	96.1
Utilities	-0.4	-6.0	67.9
Coal India	-1.3	-1.7	8.3
CESC	1.1	7.8	48.9
Indian Energy Ex	3.7	14.7	139.7
JSW Energy	-1.4	53.7	431.6
NHPC Ltd	0.8	1.0	27.8
NTPC	0.0	-0.7	32.5
Power Grid	-2.1	-5.4	22.8
Tata Power	2.0	0.0	146.8
Torrent Power	-0.5	-0.6	42.0
Others			
BSE	1.3	35.6	144.0
Coromandel Intl	-0.9	-3.8	10.7
Concor	-1.4	-9.2	39.9
EPL Ltd	3.8	-13.6	20.7
Indiamart Inter.	0.8	2.0	187.7



Company	1 Day (%)	1M (%)	12M (%)
Godrej Agrovet	-0.3	3.2	43.4
Indian Hotels	1.2	3.9	86.9
Interglobe	-0.8	-4.4	81.7
Info Edge	-1.0	5.3	65.8
Kaveri Seed	2.1	-0.1	20.0
Lemon Tree Hotel	2.8	-1.9	75.8
MCX	-1.4	6.7	-3.1
Piramal Enterp.	0.4	-4.0	62.9
PI Inds.	-0.4	1.6	65.8
Qess Corp	2.7	-1.0	137.9
SIS	-3.4	13.6	33.0
SRF	2.6	11.9	101.5
Tata Chemicals	1.7	4.3	141.0
Team Lease Serv.	4.6	8.8	118.9
Trident	4.8	21.2	194.9
UPL	0.5	1.8	77.4

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