Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	40,795	0.4	-1.1
Nifty-50	11,971	0.3	-1.6
Nifty-M 100	16,886	-0.2	-1.3
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	3,489	-0.7	8.0
Nasdaq	11,769	-0.8	31.2
FTSE 100	5,935	-0.6	-21.3
DAX	13,028	0.1	-1.7
Hang Seng	9,921	0.4	-11.2
Nikkei 225	23,627	0.1	-0.1
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	42	2.8	-36.3
Gold ($/OZ)	1,902	0.5	25.3
Cu (US$/MT)	6,703	0.3	9.0
Almn (US$/MT)	1,835	-0.5	3.0
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	73.3	-0.1	2.7
USD/EUR	1.2	0.0	4.8
USD/JPY	105.2	-0.3	-3.2
YIELD (%)	**Close**	**1MChg**	**CYTDchg**
10 Yrs G-Sec	5.9	0.00	-0.7
10 Yrs AAA Corp	6.7	0.00	-0.9
Flows (USD b)	**14-Oct**	**MTD**	**CYTD**
FIIs	0.11	0.37	4.29
DIIs	-0.17	-0.14	9.09
Volumes (INRb)	**14-Oct**	**MTD***	**CYTD***
Cash	531	549	549
F&O	23,326	23,738	16,794

Note: *Average

Today's top research idea

Infosys: All-round beat; Highest ever deal wins

- Infosys (INFO)'s 2QFY21 revenue and margin performance were above expectations. The company impressed with a second consecutive quarter of strong margin expansion (270bp QoQ in 2Q; ~420bp over 1HFY21).
- The highest ever deal wins were reported (~USD3.15b), and the deal pipeline remains healthy. Upward revision to FY21 guidance – with revenue growth of 2–3% YoY CC (v/s 0–2% earlier) and margin guidance of 23–24% (v/s 21–23% earlier) – is positive, but still conservative. We expect Infosys to deliver above guidance in FY21 a) notwithstanding margin headwinds (wage hikes in 4Q, large deal ramp-up, seasonality, above margin factors, etc.) and b) based on strong deal wins.
- We upgrade our FY21/FY22E EPS estimates by 9%/12% as we adjust our revenue and EBIT margin trajectory. Infosys should be a key beneficiary in terms of recovery in IT spends in FY22. Additionally, leading operational performance in 1HFY21, coupled with strong deal wins, should translate to strong outperformance on EPS growth (v/s the sector). Reiterate Buy.

Research covered

Cos/Sector	Key Highlights
Infosys	All-round beat; Highest ever deal wins
Tata Steel	TSBSL reports strong beat on EBITDA
EcoScope	WPI inflation higher at 1.3% in Sep'20
Expert Speak	REAL ESTATE: PropEquity – Commercial RE stable for now
Preview 2QFY21	Banks and Insurance: Earnings cycle showing signs of recovery

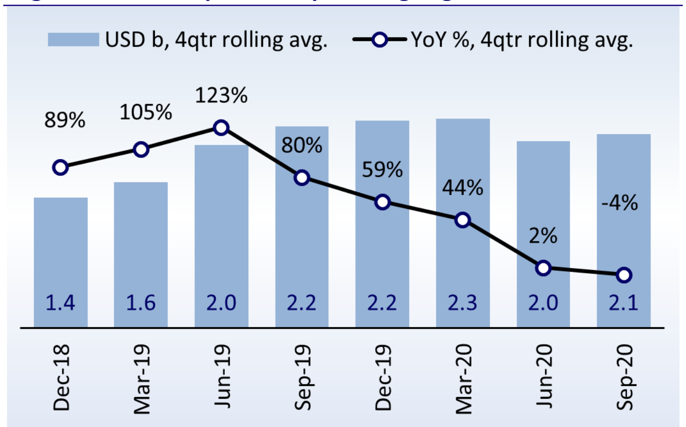
Piping hot news

Tata Group looks to tie up with BigBasket for online groceries push: Report

Tata Group is in talks to tie up with online groceries unicorn BigBasket, Financial Times has reported. A decision would taken on the deal by the end of October, the report quoted a person close to discussions.

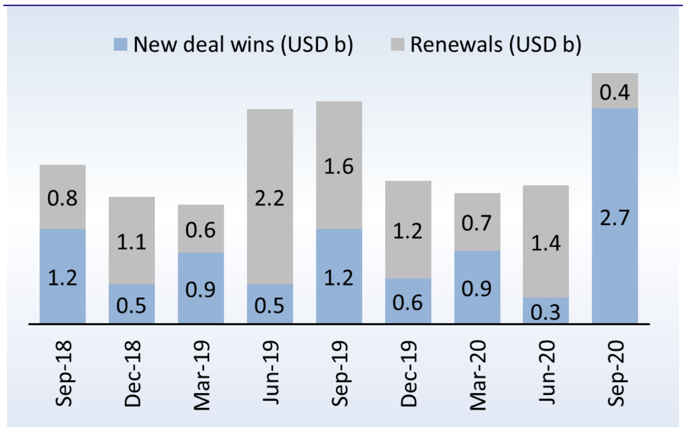
Chart of the Day: Infosys (All-round beat; Highest ever deal wins)

High deal wins in quarter, 4qtr rolling avg. remains stable



Source: Company, MOFSL

Net new deal wins report robust increase; comprise 86% of total wins



Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Railways' freight ops get a booster as govt approves Alstom's locomotive to run at 120 kmph

In a significant boost to freight movement through rail, the government has approved French rolling stock manufacturer Alstom's 12000 horsepower locomotive to run freight trains at a maximum speed of 120 kilometres/hour...

2

Incentives to be given for construction of affordable rental housing complexes

Incentives and benefits including free floor area ratio, concessional project finance, trunk infrastructure facilities free of cost will be a part of the Affordable Rental Housing Complexes (ARHCs) for urban migrants and poor, union minister for housing and urban affairs Hardeep Singh Puri said on Wednesday. Puri launched a portal for the scheme and released the guidelines and guidebook.

3

WPI inflation rises second month in row to 1.32% on costlier vegetables

The wholesale price index-based inflation rate rose for the second month in a row to 1.32 per cent in September from 0.16 per cent in the previous month as vegetable prices spiked...

4

Govt plans to implement labour codes on April 1, starts shaping rules

The National Democratic Alliance (NDA) government has plans to bring into effect new labour laws across the country from April 1. "We intend to implement the new labour codes from April 1...

5

Govt allows ADNOC to export crude oil stored in Indian strategic reserves

The Cabinet has permitted Abu Dhabi National Oil Company (ADNOC) to export crude oil it has stored in Indian strategic reserve and lowered the quantity of crude oil it must always keep in the emergency stockpile in a bid to make it commercially more attractive for the foreign investor...

6

Magicbricks to offer home loan services, ties up with SBI, HDFC and 11 other lenders

Magicbricks, the popular real estate portal, on Wednesday said that it has entered into home loan services ahead of the festive season...

7

39.43 lakh domestic air passengers in September, 66% lower than last year: DGCA

A total of 39.43 lakh domestic passengers travelled by air in September this year, 66% lower than the corresponding period last year, the country's aviation regulator DGCA said on Wednesday...

Infosys

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	INFO IN
Equity Shares (m)	4,572
M.Cap.(INRb)/(USDb)	4839.1 / 67.3
52-Week Range (INR)	1166 / 511
1, 6, 12 Rel. Per (%)	11/45/38
12M Avg Val (INR M)	9038

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	908	1,004	1,154
EBIT Margin (%)	21.3	24.4	25.0
PAT	166	194	229
EPS (INR)	38.9	45.7	54.1
EPS Gr. (%)	5.1	17.4	18.4
BV/Sh. (INR)	145	169	200
Ratios			
RoE (%)	25.2	27.0	27.0
RoCE (%)	20.4	23.0	23.4
Payout (%)	44.9	70.0	37.0
Valuations			
P/E (x)	29.2	24.9	21.0
P/BV (x)	7.9	6.7	5.7
EV/EBITDA (x)	23.3	17.3	14.8
Div Yield (%)	1.5	2.8	1.8

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	13.2	13.2	13.0
DII	25.4	24.7	23.0
FII	30.9	31.4	33.8
Others	30.5	30.7	30.2

FII Includes depository receipts

CMP: INR1,136 TP: INR1,355 (+19%) Buy

All-round beat; Highest ever deal wins

Revised FY21 guidance still conservative; Reiterate Buy

- Infosys (INFO)'s 2QFY21 revenue and margin performance were above expectations. The company impressed with a second consecutive quarter of strong margin expansion (270bp QoQ in 2Q; ~420bp over 1HFY21).
- We expect some margin benefits to be sustainable (driven by automation, etc.). On the other hand, tailwinds (such as increased offshoring, lower attrition, deferred wage hikes, and lower travel/SGA costs) as a result of the pandemic are likely to partly wane out later on as the situation normalizes further over the next few quarters.
- The highest ever deal wins were reported (~USD3.15b), and the deal pipeline remains healthy. Upward revision to FY21 guidance – with revenue growth of 2–3% YoY CC (v/s 0–2% earlier) and margin guidance of 23–24% (v/s 21–23% earlier) – is positive, but still conservative. We expect Infosys to deliver above guidance in FY21 a) notwithstanding margin headwinds (wage hikes in 4Q, large deal ramp-up, seasonality, above margin factors, etc.) and b) based on strong deal wins.
- We upgrade our FY21/FY22E EPS estimates by 9%/12% as we adjust our revenue and EBIT margin trajectory. Infosys should be a key beneficiary in terms of recovery in IT spends in FY22. Additionally, leading operational performance in 1HFY21, coupled with strong deal wins, should translate to strong outperformance on EPS growth (v/s the sector). Reiterate **Buy**.

Revenue better than expected; strong beat on margins

- Infosys reported revenue (USD) / EBIT / PAT growth of 3%/27%/21% v/s our estimate of 1%/15%/12% YoY. In 1H, the company reported revenue (USD) / EBIT / PAT growth of 1%/24%/16% YoY.
- In terms of verticals, Hi Tech was a key growth driver (24% YoY CC), while BFSI and Life Sciences reported modest growth. All other verticals were flattish or declined on a YoY basis.
- Growth has been broad-based, with all geographies reporting growth during the quarter.
- Digital services were up 25% YoY CC (~47% of revenues), while traditional (Core) IT services declined 12% YoY CC.
- The EBIT margin expanded 270bp QoQ to 25.4% (v/s our est. of 23.2%). The margin beat was led by a robust increase in gross margins on the back of better utilization (up 240bp QoQ), while SGA was largely in-line.
- Key factors impacting margins included a) increased utilization (80bp), b) increased offshoring (80bp), and c) improved revenue per person (100bp). Other SGA benefits were offset by depreciation in the INR / cross-currency headwinds. The company also gave 100% variable pay this quarter.
- Upside revision in revenue guidance to 2–3% YoY CC (v/s 0–2%) and margin guidance to 23–24% (v/s 21–23%) was a key positive.

- Large deal wins with TCV of USD3.15b is the highest ever recorded in a quarter for Infosys (includes mega-deal with Vanguard). This had a minor contribution in 2Q and is expected to ramp-up going forward. 16 large deal wins were reported in 2Q – six in BFSI, three in Retail, two each in Communication / Hi Tech, and the rest in other verticals.
- Attrition (annualized – IT Services) at 7.8% was the lowest seen in the last several years and below the comfort band of 14–15%.
- FCF/PAT conversion continued to be healthy at 103% in 2Q (116% for 1H).
- The board has announced an interim dividend of INR12/share (up 50% YoY).

Highlights from management commentary

- Revenue growth was attributable to the global economy opening up and clients investing in technology to navigate the COVID pandemic.
- Revenue growth guidance for FY21 has been increased to 2–3% YoY CC (from 0–2% YoY CC) based on an improved demand outlook. This may indicate a modest 2H as the expected impact of furloughs in 3Q and 4Q has been seasonally modest for Infosys. However, it does not indicate anything negative on the demand front as the company is seeing largely broad-based recovery.
- Improved revenue per person (RPP) had a +100bp margin impact in the quarter. This was largely driven by a high number of bill days, automation, and lower discounts in the quarter.
- The earlier margin guidance of 21–23% has been improved to 23–24%. Furthermore, the company would pay a one-time incentive to its junior employees and offer wage hikes effective from 1st January 2021. Also, a 23–24% EBIT margin band cannot be considered sustainable for now; this will have to be keenly monitored.
- Significant margin tailwinds have emerged as a result of the pandemic – increased offshoring, lower attrition, and reduced travel/SGA costs – which would partially return as travel restrictions are eased and the environment normalizes further.
- The deal pipeline remains strong as clients look at accelerating their digital transformation and undertake cost efficiency measures. Infosys continues to gain market share in some verticals through vendor consolidation deals.
- In terms of verticals, given that the momentum has returned in Retail, management remains cautious due to continued liquidity issues and a number of stores shutting down. Communication is expected to be weak, but the company has a decent pipeline of deals. On the other hand, ENU is still under pressure and seeing an elongated recovery. BFSI is expected to do well on the back of six large deal wins in 2Q.
- Strong localization (63%) in the US should help navigate regulatory changes/challenges. It plans to hire 12k local resources in the US over the next two years.
- The company has made three acquisitions in the past quarter. However, it does not see these acquisitions contribute meaningfully to growth in FY21.

Valuation and view – multiple divergences v/s TCS should narrow

- The company's performance during the quarter indicates that some of the investments made in the previous years toward re-skilling, re-energizing the salesforce, etc., are now paying off.
- Notwithstanding the higher variable payouts, the company delivered robust margin expansion in the quarter. We believe some of the margin tailwinds are not sustainable, and their benefits would wane out partially as travel comes back and the attrition and offshore ratio normalizes. Nevertheless, we expect margin expansion of ~370bp over FY20–22E.
- We expect Infosys to be a key beneficiary in terms of recovery in IT spends in FY22.
- Within the sector, our relative preference for Infosys over TCS is premised on the company's headroom for margin expansion. This result reinforces our confidence in this premise.
- As Infosys has outperformed TCS in 1HFY21 and is on its way to an industry-leading performance in FY21 (amongst Tier I), we expect the divergence in the valuation to narrow (to 10%). On our revised estimates, the stock is currently trading at 21x FY22 EPS. We value the stock at 25x FY22E EPS (10% discount to TCS). Reiterate Buy.

Quarterly Performance (IFRS) **(INR b)**

Y/E March	FY20				FY21E				FY20	FY21E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QFY21	(%/bp)
Revenue (USD m)	3,131	3,210	3,243	3,197	3,121	3,312	3,411	3,503	12,781	13,348	3,255	1.7
QoQ (%)	2.3	2.5	1.0	-1.4	-2.4	6.1	3.0	2.7	8.2	4.4	4.3	182bp
Revenue (INR m)	218	226	231	233	237	246	258	265	908	1,004	243	1.2
YoY (%)	14.0	9.8	7.9	8.0	8.5	8.6	11.5	13.7	9.8	10.6	7.3	126bp
GPM (%)	32.2	33.4	33.4	33.4	33.6	35.8	35.3	35.3	33.1	35.0	33.8	201bp
SGA (%)	11.7	11.7	11.5	12.2	11.0	10.5	10.7	10.5	11.8	10.7	10.6	-14bp
EBITDA	52	56	58	57	61	71	72	74	223	278	64	10.9
EBITDA Margin (%)	23.6	24.9	25.1	24.4	25.9	28.8	27.9	28.1	24.5	27.7	26.3	252bp
EBIT	45	49	51	49	54	62	63	66	194	245	56	10.5
EBIT Margin (%)	20.5	21.7	21.9	21.2	22.7	25.3	24.6	24.8	21.3	24.4	23.2	215bp
Other income	7	6	8	6	4	5	5	6	26	20	5	13.2
ETR (%)	26.4	26.5	23.6	21.1	26.2	28.0	26.0	26.0	24.4	26.6	26.0	203bp
PAT	38	40	45	43	42	48	51	53	166	194	45	7.4
QoQ (%)	-6.8	5.8	10.9	-3.1	-2.0	14.5	4.4	4.3			6.5	791bp
YoY (%)	5.1	-2.2	23.5	6.1	11.5	20.6	13.5	22.2	7.7	17.0	12.2	833bp
EPS (INR)	8.8	9.4	10.5	10.2	10.0	11.4	11.9	12.4	38.9	45.7	10.6	7.4

Key Performance Indicators

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (QoQ CC %)	2.8	3.3	1.0	-0.8	-2.0	4.0			9.8	
Margins										
Gross Margin	32.2	33.4	33.4	33.4	33.6	35.8	35.3	35.3	33.1	35.0
EBIT Margin	20.5	21.7	21.9	21.2	22.7	25.3	24.6	24.8	21.3	24.4
Net Margin	17.4	17.8	19.3	18.6	17.9	19.7	19.6	20.0	18.3	19.3
Operating metrics										
Headcount	2,29,029	2,36,486	2,43,454	2,42,371	2,39,233	2,40,208			2,42,371	
Attrition (%)	20.2	18.3	15.8	15.3	11.7	7.8			15.3	
Deal Win TCV (USD b)	2.7	2.8	1.8	1.6	1.7	3.2			9.0	
Key Verticals (YoY CC %)										
BFSI	11.3	10.3	6.2	5.7	2.1	2.9			8.2	
Retail	6.9	1.1	2.5	4.2	-7.4	-0.3			3.6	
Key Geographies (YoY CC%)										
North America	13.5	11.9	10.1	5.5	0.0	1.9			10.2	
Europe	11.4	14.6	12.0	9.6	4.4	0.6			11.8	

Tata Steel

Financials & Valuations (INR b)

Y/E MARCH	2020	2021E	2022E
Sales	1,398	1,307	1,451
EBITDA	175	158	226
Adj. PAT	10.4	-7.0	56.2
EBITDA Margin (%)	12.5	12.1	15.6
Cons. Adj. EPS (INR)	9.1	-6.1	49.1
EPS Gr. (%)	NA	NA	NA
BV/Sh. (INR)	587	570	607
Ratios			
Net D:E	1.6	1.6	1.5
RoE (%)	1.6	-1.1	8.3
RoCE (%)	5.8	4.1	7.5
Payout (%)	89.3	-132.5	16.5
Valuations			
P/E (x)	42.6	-63.2	7.9
P/BV (x)	0.7	0.7	0.6
EV/EBITDA(x)	8.7	9.5	6.5
Div. Yield (%)	2.6	2.6	2.6

TSBSL reports strong beat on EBITDA

- Tata Steel BSL (TSBSL), subsidiary of Tata Steel Ltd, reported EBITDA of INR11.1b v/s INR1.5b in 1QFY21 – above our est. of INR8.4b. The beat on EBITDA was driven by higher-than-expected volumes and realization.
- Sales volumes increased +84% QoQ / 23% YoY to 1.28mt (est. 1.1mt). Domestic volumes stood at 0.86mt, +150% QoQ / 11% YoY. The share of exports declined to ~31% v/s ~50% in 1QFY21. Crude steel production also increased by 73% QoQ / 7% YoY to 1.14mt.
- Realization improved by 11% QoQ (4,260/t) to INR43,120/t on higher steel prices and a better product mix, and was ~INR950/t above our estimate. This drove the beat on EBITDA/t.
- EBITDA/t came in at INR8,643/t v/s INR2,190/t in 1QFY21 (est. INR7,635/t). Sequential growth in EBITDA/t was driven by higher realization and operating leverage.
- Reported PAT at INR3.3b turned positive after four quarters. This is also the highest PAT for TSBL since being acquired by Tata Steel.
- TSBSL contributed ~16% to Tata Steel's consolidated EBITDA in FY20.
- Tata Steel Long Product (TSLP) on Oct 13 also reported strong margins in 2QFY21, driving EBITDA of INR1.8b v/s loss of INR74m in 1QFY21.

Maintain Neutral: We value TATA on SoTP based on FY22 EV/EBITDA of 6.5x for India operations and 5.0x for Europe operations. We arrive at target price of INR381/sh. Maintain Neutral on concerns on European operations.

TSBSL's quarterly financials

INR m	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	QoQ (%)	YoY (%)	2QFY21e	vs Est. (%)
Sales – mt	1.04	1.25	0.98	0.69	1.28	84	23	1.10	16
Revenue	45,546	50,381	42,737	26,970	55,194	105	21	46,385	19
EBITDA	5,198	2,752	7,750	1,520	11,063	628	113	8,399	32
PAT	-2,440	-5,042	-19	-6,582	3,281			322	920
Per ton analysis									
Realization	43,710	40,176	43,609	38,862	43,120	11	-1	42,168	2
EBITDA	4,988	2,194	7,908	2,190	8,643	295	73	7,635	13

Source: Company, MOFSL

Sum-of-The-Parts valuations

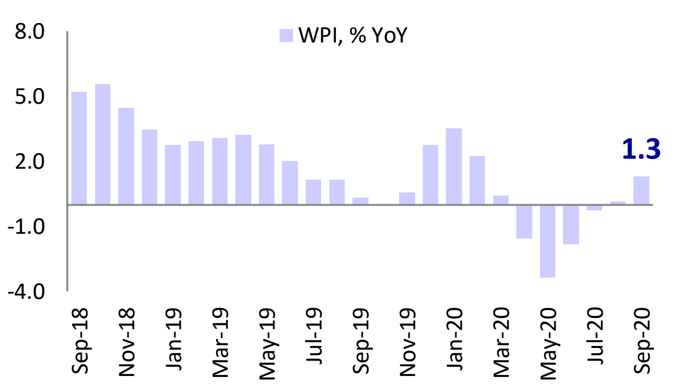
Y/E March		2017	2018	2019	2020	2021E	2022E
India – Standalone							
EBITDA per ton (USD)		161	201	232	171	161	181
EBITDA per ton (INR)		10,818	12,976	16,180	12,066	11,943	13,569
Sales (m tons)		11.0	12.2	12.7	12.3	12.2	12.8
EBITDA-India Standalone		1,18,760	1,57,790	2,05,629	1,48,616	1,45,635	1,73,683
Target EBITDA multiple							6.5
EV (India) - (a)							**11,28,942**
INR/share							986
Subsidiaries							
EBITDA - India subs		4,269	28,298	34,068	32,659	30,477	50,764
Target EBITDA multiple							6.5
EBITDA – Europe		47,049	37,920	54,136	-6,644	-17,957	1,290
Target EBITDA multiple							5.0
EV (Subsidiaries) - (b)							**3,36,415**
INR/share							294
Target EV (c=a+b)							**14,65,358**
Net Debt (d)	7,31,855	7,44,767	7,13,229	9,72,250	10,71,164	10,57,418	10,28,806
INR/share		650	623	849	936	924	899
Total equity value (c-d)							**4,36,551**
Target Price (INR /share)							**381**

WPI inflation higher at 1.3% in Sep'20

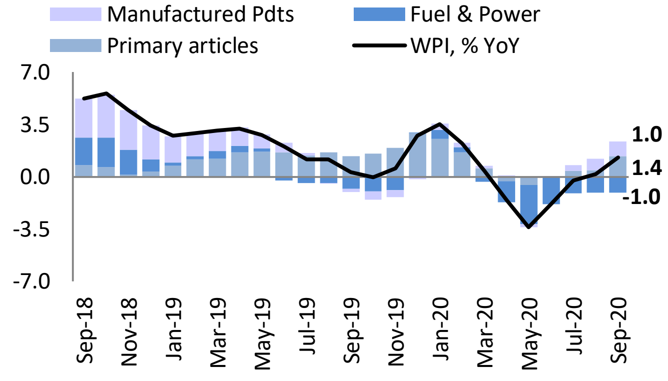
Vegetables' inflation at 8-month high

- WPI inflation came in at 1.3% YoY in Sep'20 (v/s 0.2% YoY in Aug'20; *Refer Exhibit 1*), higher than the market consensus of 0.9% for the month. With this, WPI inflation in 2QFY21 came in at 0.4% YoY as against a deflation of 2.3% in 1QFY21 and inflation of 0.9% in 2QFY20.
- Higher wholesale prices were largely on account of higher inflation in primary (WPI weight: 22.6%) and manufactured products (WPI weight: 64.2%). While inflation of primary articles shot up to 5.1% YoY in Sep'20 from only 1.6% a month ago, inflation of manufactured products rose to 1.6% YoY from 1.3% in Aug'20 *(Refer Exhibit 2)*. Within primary food items, WPI inflation in vegetables rose sharply to 36.5% YoY in Sep'20, the highest in eight months. Besides primary food articles, even non-food items and minerals exhibited higher inflation in Sep'20.
- WPI Food inflation (both primary and manufactured food products) rose to a 7-month high of 6.9% YoY from 4.1% a month ago *(Refer Exhibit 3)*.
- Fuel and power (WPI weight: 13.2%), however, continued in the deflationary zone in Sep'20 (for the seventh consecutive month), thereby contributing negatively to overall WPI inflation *(Refer Exhibit 4)*.
- Core (imported) WPI came in at 17-month high of 0.8% YoY in Sep'20 (v/s 0.6% in Aug'20 and deflation in the previous 14 months).
- Overall, both WPI and CPI inflation seemed to have inched higher on the back of food inflation, especially vegetables. At the current juncture; however, the Reserve Bank of India (RBI) has clearly communicated the higher inflation (CPI) as transient, which should get contained with normalization of supply side disruptions. Therefore, we believe that the higher inflation (especially led by vegetables) does not matter much from the monetary policy perspective. The key questions – on how long it would take for the economy to recover from the pandemic and supply disruptions to subside –remain.

WPI food inflation higher than market consensus…

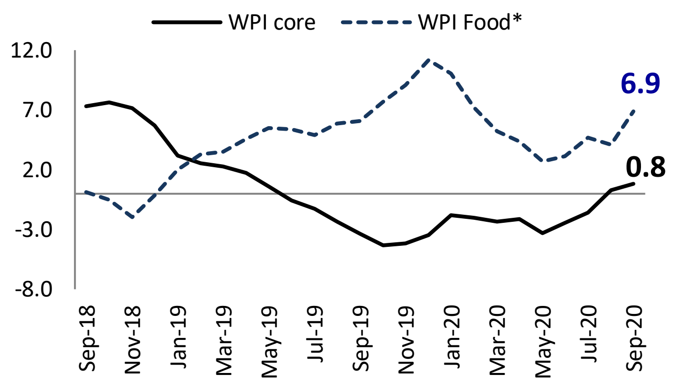


…driven by primary and manufactured items



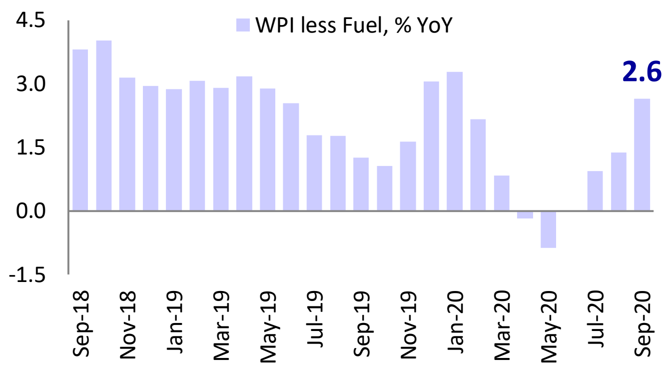
Source: Office of Economic Adviser, MOFSL

Food inflation rose higher in Sep'20…



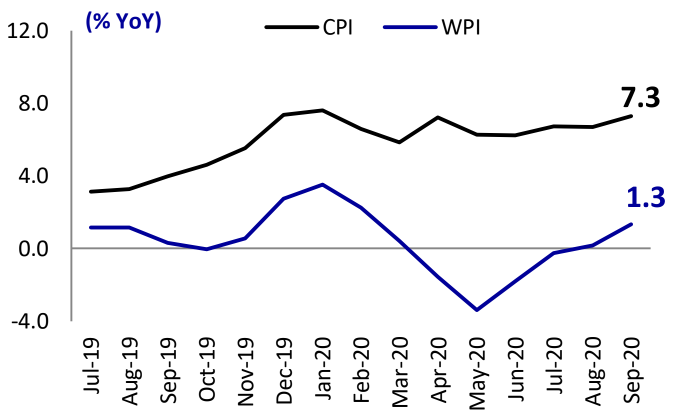
*Primary and manufactured food items

WPI less fuel and power highest in eight months

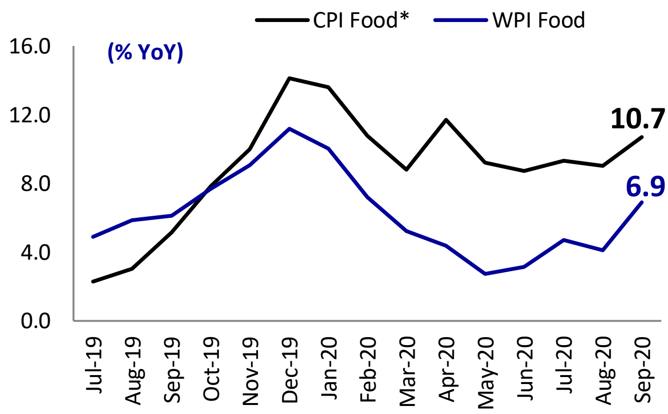


Source: Office of Economic Adviser, MOFSL

Both retail and wholesale inflation rose in Sep'20...



Gap between wholesale and retail food inflation narrowing



*Inflation excluding 'non-alcoholic beverages' and 'prepared meals, snacks, sweets, etc.'

Source: Office of Economic Adviser, CSO, MOFSL

Expert Speak

PropEquity – Commercial RE stable for now; festive demand could bring back short-term cheer for Residential

To understand the impact of the COVID-19-led disruption on India's Commercial and Residential Real Estate (RE) and the medium-to-long-term outlook for the segments, we hosted a call with PropEquity's Founder and CEO, Mr Samir Jasuja. Here are the key insights:

Mr Samir Jasuja, (Founder and CEO, P. E. Analytics)

Mr Samir Jasuja, CEO of P. E. Analytics, founded PropEquity in 2007. At the time of inception, this was the only advanced online search platform for real-time data and analytics for the Indian RE industry. Mr Jasuja seized the opportunity in the RE industry – created by the need for accurate primary and secondary market data – and made this information available through an online search platform. PropEquity generates analysis for all verticals under the Residential, Commercial, and Retail sectors from a macro to a micro level.

Commercial RE

- **Impact of COVID-19 on Commercial segment:** Commercial RE in India is largely driven by IT/ITes, BFSI, and Research and Consulting. Commercial RE absorption in Tier I cities (over Apr–Sep'20) stood at 17.8msf. IT/ITes absorbed ~45% share in the space, followed by BFSI and Consulting at 16% and 13%, respectively. However, a 41% drop is expected in commercial RE absorption to ~35msf in CY20 (v/s 60msf in CY19).
- **Rental trends**: Weighted avg. rentals (psfpm) for the various sectors are as follows: (a) IT/ITes – INR69, (b) Research and Consulting – INR84, (c) BFSI – INR54, (d) Engineering and Manufacturing – INR90, and (e) Co-Working – INR92.
- **Impact of Work-from-Home model and rising social distancing norms:** Mr Jasuja believes 20% of jobs could move to the Work-from-Home (WFH) model, especially in the IT/ITes sector. Furthermore, more office space per capita would be needed to fulfill stringent social distancing norms. These two factors may balance out supply demand dynamics to a large extent. Thus, demand is likely to reduce by just 6–7%.
- **Vacancy:** ~61msf of commercial leasing assets are due for renewal within the next one year. Thus, pricing and occupancy levels are likely to remain subdued. Cumulative vacancy across Tier 1 cities (at 20% currently) may see a 500bp jump to 25% in soft re-leasing activity.

Residential RE

- **On Residential Real Estate cycle:** The industry had started showing signs of bottoming out over CY16–19. However, COVID-19 could have a negative impact on Residential RE in the short term, leading to the elongation of the bottom cycle.
- **Consolidation in sector**: Consolidation is a structural trend visible in Residential Real Estate. Over the last 6–7 years, ~50% of developers across top cities in India have exited the business. Mr Jasuja believes consolidation is likely to intensify further.
- **Pricing outlook**: Mr Jasuja believes that for most residential markets, prices are likely to remain stable for the next couple of years. However, the Luxury segment is seeing pricing pressure on account of a mismatch in supply and demand dynamics.
- **Other key trends**: (1) ~90% of the launched area (4,350msf) was absorbed (3,850msf) over CY09–19. (2) The average inventory overhang over CY09–19 has remained at 30 months v/s acceptable levels of 20–24 months. (c) Total committed deliveries over the next five years stand at 1,930msf v/s total deliveries of 1,350msf of projects in the last five years. (d) 20% QoQ growth in 4QCY20 would largely be on account of the festive season and pent-up demand.

Financials – Banks and Insurance

2QFY21 earnings estimate (INR b)

PAT (INR b)	2Q FY21E	YoY (%)	QoQ (%)
Pvt Banks			
AUBANK	1.99	15.7	-0.9
AXSB	13.73	NM	23.5
BANDHAN	8.33	-14.3	51.5
DCBB	0.70	-23.5	-11.9
EQUITAS	0.54	12.7	-10.7
FB	4.03	-3.3	0.5
HDFCB	75.46	18.9	13.3
ICICIBC	28.13	329.5	8.2
IIB	5.32	-62.1	4.2
KMB	13.87	-19.6	11.4
RBK	1.48	173.4	5.1
Pvt Total	**153.57**	**30.5**	**13.3**
PSU Banks			
BOB	1.39	-81.1	-116.1
SBIN	31.55	4.7	-24.7
PSU Total	**32.94**	**-12.1**	**-0.9**
Banks Total	**186.51**	**20.2**	**10.5**
Life Insurance			
HDFCLIFE	3.55	14.9	-21.4
IPRULIFE	2.65	-12.2	-7.9
SBILIFE	3.03	133.6	-22.4
Life Total	**9.23**	**24.6**	**-18.3**

Earnings cycle showing signs of recovery

Collection efficiency remains the key; growth momentum to remain muted

- **Banking sector earnings are likely to exhibit signs of stabilization** after undergoing successive sharp cuts ever since the outbreak of COVID-19. With the moratorium period ended in Aug'20, banks would undertake significant efforts to connect with borrowers and recover their dues; thus, collection efficiency becomes one of the most important monitorables. On the growth front, retail growth is picking up, with some segments such as Tractors, 2W, and Gold disbursements reporting steady trends. On the other hand, CV and corporate loan demand remains tepid. Overall, we expect systemic loan growth to moderate to 4.3% for FY21E, while private banks under our coverage are likely to grow relatively higher at ~9% YoY.
- **Asset quality concerns are receding at the margin,** with improving trends in collection efficiency, but uncertainty continues to linger. Collection efficiency has thus improved, and most banks expect the restructuring pool to be in the low single digits, with negligible deferments in the large corporate portfolio. Furthermore, high provisions for COVID would enable banks to downgrade unviable stress loans; thus, elevated slippages may be reported over the next few quarters. We expect banks to further strengthen their balance sheets by making healthy provisions; hence, credit cost is likely to remain elevated. In 2QFY21, banks such as AXSB, ICICIBC, IIB, and RBK raised capital to strengthen their capital ratios and absorb asset quality shocks. Overall, we estimate our banking coverage universe to deliver ~7%/20% growth in 2QFY21 PPoP/PAT.
- **In private banks, prudential provisioning would continue to weigh on earnings.** We **estimate private banks to report PPoP growth of ~16.4% YoY (-1.8% QoQ), and PAT should grow 30.5% YoY (+13.3% QoQ).** Elevated credit cost, coupled with suppressed credit growth, is likely to put pressure on near-term earnings. However, this may be partly offset by higher treasury income, led by continued softness in G-Sec yield, as banks are currently sitting on high treasury gains.
  - **Loan growth to remain subdued** due to weak consumer sentiment and muted trends in wholesale lending. Furthermore, most banks remain cautious in their loan growth strategy, with a higher focus on collections. **We thus expect private banks' overall loan growth to moderate to 9%/14% for FY21/FY22,** and estimate AXSB/ICICIBC to deliver 10%/5% YoY loan growth over 2QFY21. On the other hand, HDFCB has reported steady growth of ~16% YoY, while IIB reported muted growth of 2% YoY; expect KMB/RBL to continue to show moderation in loan growth.
  - **The margin trajectory would remain marginally under pressure** given continued monetary easing, resulting in lending rates plunging to all-time lows which coupled with softening of loan growth, and higher liquidity on the balance sheet would put pressure on margins. However, banks with a strong liability franchise are better placed to tackle margin pressure by reducing TD/SA rates. Overall, we expect a margin impact of up to ~10bp for private banks. **We expect NII growth of 16.7% YoY,** led by HDFCB, ICICIBC, and AXSB at 18% each YoY.

- **Deposit traction would remain strong**, reflecting steady 12% YoY growth for the system, while many banks have increased focus on ramping up retail deposits. However, the **RBI's revised current account guidelines could affect CA growth momentum for private banks and benefit PSBs.**
- **Asset quality** is likely to remain under watch as the moratorium ends; however, the bulk of stress is likely to manifest over 2HFY21. We remain watchful of banks such as AXSB, IIB, and RBL given high rating downgrades in the system and sluggish macro trends. In MFI, while collection efficiency has been improving, lockdown in certain states/pockets has impacted the recovery trend and keeps us watchful of BANDHAN and IIB.

- **PSBs' earnings would remain under pressure.** We estimate weakness to continue in PSBs, barring SBIN, impacted by sluggish loan growth, a higher proportion of MSME/SME loans, and delay in the resolution of stressed accounts. **PSBs are expected to deliver NII growth of 6.4% YoY and PAT decline of ~12% YoY**. However, these banks' treasury gains remain a key positive.
- **In mid-sized private banks, asset quality challenges would suppress earnings.** We expect the performances of mid-sized private banks to remain under pressure as they face challenges on the asset quality front; however, collection efficiency shows an improving trend. We estimate DCB to report decline of ~24% YoY in net earnings, while RBK's earnings should be impacted by higher credit cost. FB is best placed in terms of liability franchise and would reflect a stable margin trajectory, led by an improving CASA mix. However, it is likely to report earnings decline of ~3% YoY as we factor higher credit cost. FB reported loan growth of ~6% YoY.
- **In small finance banks, while collection efficiency is improving, the tail risk remains a key observable.** We expect AUBANK to report strong PPoP growth of 44% YoY, while earnings would be impacted by higher credit cost. EQUITAS is expected to report PPoP/PAT growth of 32%/13% YoY.
- **In life insurers, while premium growth remains tepid, operating metrics are resilient.** HDFCLIFE is witnessing gradual recovery in its new business premium (NBP) in each consecutive month and would reflect NBP growth of 24% YoY. On the other hand, IPRULIFE would continue to reflect tepid trends as FY21E is likely to be a base reset period, reflecting strong protection trends and slowdown in low-margin ULIPs. SBILIFE would also reflect tepid trends, with an APE decline of 5% over 2QFY21. Overall, we expect VNB growth of 21% for HDFCLIFE, while IPRULIFE/SBILIFE would report VNB decline of 22%/2% YoY over 2QFY21E.
- **Other monitorables:**
  - **Collection efficiency / Restructuring –** Management commentary on collection efficiency across segments would be an important metric to assess the banking system's health in the near term. Also, banks' indication on the restructuring of loans would be the key to assessing the asset quality impact arising from the COVID-19 pandemic.
  - **RBI's new current account guidelines –** We believe the new current account guidelines could impact the CA growth momentum of private banks; thus, CA growth would be an important monitorable.
  - **Treasury performance –** Treasury performance during the quarter is another vital metric as bond yield has moderated. Thus, we expect banks, particularly PSBs, to report higher treasury gains.

Our top picks – ICICIBC, HDFCB, SBIN, AUBANK and SBILIFE

ICICIBC: Financial Snapshot (INR b)

Y/E March	FY20	FY21E	FY22E
NII	332.7	386.4	443.9
OP	281.0	371.6	383.6
NP	79.3	115.1	174.7
NIM (%)	3.7	3.7	3.7
EPS (INR)	12.3	17.2	25.3
EPS Gr (%)	135.0	40.3	47.1
ABV/Sh. (INR)	151.3	176.5	200.1
Cons. BV/Sh. (INR)	189.9	196.9	219.0
Ratios			
RoE (%)	7.3	9.1	11.9
RoA (%)	0.8	1.0	1.3
Valuations			
P/BV (x) (Cons)	2.0	1.9	1.7
P/ABV (x)	1.6	1.4	1.2
P/E (x)	20.0	14.2	9.7

*Adjusted for Investment in subs

ICICIBC (Buy)

- ICICIBC has substantially increased its PCR to 78.5% – among the highest in the Banking sector – and carries an additional INR82.8b in COVID provisions. Thus, ICICIBC is well-cushioned with higher provisions on the balance sheet v/s higher delinquencies in these uncertain times.
- ICICIBC has also been following rigorous underwriting in growing unsecured loans (~9.3% of total loans). On the wholesale front, the proportion of A- and above in incremental sanctions stood at 90%.
- The retail loan mix has increased to 64%. This, along with a) one of the strongest deposit franchises among the private banks, b) CASA of 42.5%, and c) lowest funding costs should enable it to underwrite profitable business without undue risk.
- The recent capital raise has further strengthened its balance sheet and ability to absorb losses. Thus, we estimate RoA/RoE of 1.3%/~12% for FY22. Adjusted for subsidiaries, the standalone bank trades at 1.2x FY22E ABV.

HDFCB: Financial Snapshot (INR b)

Y/E MARCH	FY20	FY21E	FY22E
NII	561.9	645.2	737.3
OP	487.5	562.3	660.2
NP	262.6	301.6	362.1
NIM (%)	4.2	4.1	4.1
EPS (INR)	48.0	55.0	66.0
EPS Gr. (%)	21.2	14.5	20.1
BV/Sh. (INR)	311.8	357.2	413.0
ABV/Sh. (INR)	300.3	342.0	394.9
Ratios			
RoE (%)	16.4	16.4	17.1
RoA (%)	1.9	1.8	1.9
Payout (%)	24.8	17.5	15.5
Valuations			
P/E(X)	23.2	20.3	16.9
P/BV (X)	3.6	3.1	2.7
P/ABV (X)	3.7	3.3	2.8

HDFCB (Buy)

- HDFCB has been reflecting strong business growth in a tough environment, with strong corporate loan growth, and compensating well for softness in the retail book.
- Fee income has been impacted due to decline in economic activity. However, strong cost control should drive improvement in the bank's return ratios. Overall, expect the C/I ratio at ~37% for FY22E v/s ~39% in FY20.
- On the asset quality front, slippages are likely to pick up in 2HFY21, but remain lower v/s peers. This is attributable to the bank reporting the lowest moratorium pool (better than peers). Also, higher provisioning buffers should limit the overall impact on earnings.
- A strong liability franchise would support margins, while higher liquidity levels would enable the bank to ride out the current crisis and gain further market share. Thus, we estimate the loan book/PAT to deliver a CAGR of 14%/17% over FY20–22E. The bank trades at 2.8x FY22E ABV.

SBIN: Financial Snapshot (INR b)

Y/E March	FY20	FY21E	FY22E
NII	980.8	1,095.9	1,228.5
OP	681.3	732.3	845.6
NP	144.9	148.9	244.2
NIM (%)	3.0	3.1	3.1
EPS (INR)	16.2	16.7	27.4
EPS Gr. (%)	NM	2.8	64.0
ABV (INR)	186.7	198.3	223.1
Cons. BV (INR)	266.7	287.0	318.8
Ratios			
RoE (%)	7.2	6.9	10.4
RoA (%)	0.4	0.4	0.5
Valuations			
P/BV (x) (Cons.)	0.7	0.7	0.6
P/ABV (x)*	0.4	0.4	0.3
P/E (x)*	4.6	4.5	2.7

*Adjusted for investment in subs

SBIN (Buy)

- SBIN is relatively better positioned in the current COVID-19 pandemic. The bank has indicated that it does not have exposure to any large-ticket stressed corporate accounts; govt./PSU employees/companies account for a high share in the SBI portfolio – ~38% of corporate loans, >95% of Xpress Credit loans, and a higher share in Mortgages. Also, the moratorium book is at ~9.5% of total term loans (disclosed in 1QFY21), better than other large banks.
- The bank increased its PCR (including TWO) to ~86% in 1QFY21, from ~65% in 1QFY18, and holds a higher PCR on power NPAs (~73% PCR) v/s peers.
- SBIN inarguably has one of the best liability franchises (CASA mix: ~45%), which puts it in a better position to manage yield pressure. On the other hand, a reduction in interest rates on deposits would continue to support margins, to a large extent.

- Subs – SBI MF, SBI Life Insurance, SBI Cards, and SBI Cap – have exhibited robust performances over the last few years; this could result in value unlocking.
- Overall, we estimate FY22E RoA/RoE of 0.5%/10.4%. Subs account for ~40% of the total valuation. Adj. for subs, the standalone bank trades at 0.3x FY22E ABV.

AUBANK: Financial Snapshot (INR b)

Y/E Mar	FY20	FY21E	FY22E
NII	19.1	21.9	25.9
OP	12.0	16.4	19.9
NP	6.7	7.6	10.4
NIM (%)	5.1	4.8	4.7
EPS (INR)	22.6	25.1	34.2
EPS Gr. (%)	71.3	10.8	36.3
BV/Sh. (INR)	142.2	167.3	201.4
ABV/Sh. (INR)	138.9	158.3	189.6
Ratios			
ROE (%)	18.0	16.2	18.5
ROA (%)	1.8	1.7	1.9
Valuations			
P/E(X)	29.7	26.8	19.6
P/BV (X)	4.7	4.0	3.3
P/ABV (X)	4.8	4.2	3.5

AUBANK (Buy)

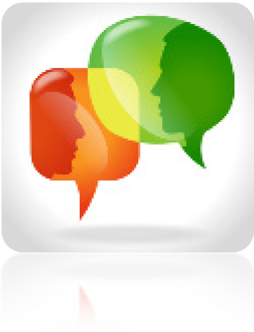
- AUBANK is focused on scaling up its key business lines of Vehicle/MSME loans. It further aims to expand new segments of Housing Loan, Gold Loan, Consumer Durable Financing, etc. However, we expect loan growth to be impacted by the COVID-19 crisis, potentially driving a slowdown in consumption-linked loans; thus, loan growth trends are expected to remain soft, growing just 14% in FY21.
- AUBANK has shown strong progress in building a granular liability franchise, with the proportion of deposits to overall funding constantly improving. The proportion of retail SA/TD rose to 89%/40% and is expected to grow further as customer vintage increases. This, along with other measures, has enabled the bank to maintain strong surplus liquidity and LCR of150%.
- A steady decline in moratorium book, reduction in SMA numbers (4.3% of loans) and improving collection trend would keep asset quality under watch. However, we expect a potential increase in delinquencies in the near term and estimate credit cost to stay elevated at 2.1% in FY21E.
- While we remain watchful of trends ahead as customer activation rate is still at 67% (v/s 80% normalcy), we expect collection trends to improve gradually. Also, higher provision buffer (1%/10% of total loans/moratorium book) and increase in PCR to 64% should provide comfort against higher slippages given the secured nature of the book. The stock currently trades at 3.3x FY22E BV.

SBILIFE: Financial Snapshot (INR b)

Y/E MARCH	FY20	FY21E	FY22E
Net Premiums	403	469	553
Surplus / Deficit	19.0	19.7	22.5
Sh. PAT	14.2	16.1	18.3
NBP gr- unwtd (%)	20.3	7.0	18.0
NBP gr- APE (%)	10.2	6.2	14.3
Premium gr (%)	23.2	16.0	18.2
VNB margin (%)	18.7	19.5	19.7
RoE (%)	17.4	17.1	16.9
RoEV (%)	17.4	15.1	16.0
Total AUMs	1,410	1,774	1,997
VNB	20.1	21.8	25.1
EV per share	263	303	351
Valuations			
P/EV (x)	3.1	2.7	2.3
P/EPS (x)	58.0	51.9	45.7

SBILIFE (Buy)

- SBILIFE posted a strong new business APE CAGR of ~21% over FY16–20, led by a robust distribution network and healthy execution and has thus strengthened its position with individual APE-based market share of ~13.3% (v/s 5.3% in FY13). We believe its distribution strength and product mix change would continue to aid market share gains.
- It has one of the lowest cost structures among peer and has steadily reduced its total expenses as a percentage of GWP to 9.9% in FY20, from 15.9% in FY13, led by its strong banca channel. Also, SBILIFE has lower banca commission rates (v/s peers), which allows it to maintain strong control on cost ratios. We expect SBILIFE to maintain its cost leadership, with GWP remaining at ~10% over FY23E.
- SBILIFE has reported an improvement in persistency trends over the years, led by a focus on garnering better quality business and need-based selling. 13th month persistency has improved to 86%. It maintains the highest 61st month persistency at 60% (v/s peers) and is thus supported by healthy growth in renewal premiums.
- SBILIFE is also looking to optimize its product mix and is focused on improving its competitive positioning in the Protection/Annuity business. This should aid VNB margin expansion to ~21% by FY23E, driving a 17% CAGR in VNB over FY20–23E. Thus, we estimate SBILIFE to deliver a 16% CAGR in embedded value (EV). It currently trades at 2.3x FY22EV.



Dixon: Govt's festive bonanza will spur demand; Atul Lall, MD

- Govt's festive bonanza will spur demand, especially for our sector during the festival
- Seeing demand recovery and hence think govt. move is very, very positive
- Historically, when Govt employees are paid arrears, it has been positive for consumer durables industry. In this case, there is a specific guideline for the cash to be spent
- Order book is extremely healthy, running at 100%+ capacity across divisions

Read More

Hyundai India: Expecting strong performance during festive season; Tarun Garg, Director (Sales, Marketing & Service)

- Hyundai will be offering cash discounts on entry level cars
- Will maintain 30 days of inventory during the festive season
- Current demand was largely pent up and one should wait and see how the demand pans out

Read More

Teamlease: Labour is not a binding constraint anymore, demand is; Manish Sabharwal, Chairman

- There were stock depletion in some industries like FMCG, fast-moving consumer durables (FMCD). These sectors are hiring
- Many professions cannot be done with social distancing and hence they are not yet back
- No challenges to find labour for FMCG sector

Read More

Info Edge: Lot of demand for digital skills in IT companies; Hitesh Oberoi, MD and CEO

- Strong recovery across the board, sectors like healthcare, consumer goods, Insurance, Telecom are in positive territory whereas Apparel, Auto, Hospitality, Retail, BFSI are more impacted
- There are signs of recovery across all sectors
- There is a lot of demand for digital skills in IT companies, and start-ups are back in action
- Real Estate - there is a pick-up in demand for residential properties, but a lot of restructuring is expected in commercial real estate

Read More

DIGITAL DIVIDEND: KERALA BECOMES FIRST STATE TO HAVE 100% DIGITALLY-EQUIPPED PUBLIC SECTOR SCHOOLS

- The Kerala government's investment in modernising public sector schools comes at a time when such investment isn't prioritised by most governments.
- All public sector schools in Kerala are now digitally enabled. With the pandemic having underscored the importance of incorporating digital technologies in education delivery, the state's achievement is praiseworthy. Government schools in Kerala are now equipped with hi-tech classrooms. The public education rejuvenation programme was one of the flagship schemes of the present dispensation. Around 45,000 high-tech classrooms were made available for class 8 to 12 in 4,752 government- and government-aided high schools and higher secondary schools. Also, 11,275 primary schools have been equipped with modern digital laboratories.
- The Kerala government's investment in modernising public sector schools comes at a time when such investment isn't prioritised by most governments. With financial assistance from the Kerala Infrastructure Investment Fund Board, apart from MP/MLA funds, and even contributions from local bodies, Kerala should offer a cue for other states to follow. Such investment ensures that digital access doesn't become a barrier to education—had students been trained in accessing education digitally before the pandemic, a major hurdle for rolling out online education could have been dealt with. Going forward, children from backward classes can get conversant with digital tools; the Kerala Infrastructure and Technology for Education, a state government establishment to promote digital technology in education, provided free software for 2 lakh laptops given to the schools. Such digital impetus builds on the already high digital penetration in the state. The wide digital gap in the other states, with the exception of Himachal Pradesh, shows how much work needs to be done if rural India is to be truly and fundamentally digitally empowered.

Read More

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOFSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

MOFSL, it's associates, Research Analyst or their relative may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst may have actual/beneficial ownership of 1% or more securities in the subject company in the past 12 months. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the past 12 months. MOFSL and/or its associates may have received any compensation from the subject company in the past 12 months.

In the past 12 months , MOFSL or any of its associates may have:

a) managed or co-managed public offering of securities from subject company of this research report,
b) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
c) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.
d) Subject Company may have been a client of MOFSL or its associates in the past 12 months.

MOFSL and it's associates have not received any compensation or other benefits from the subject company or third party in connection with the research report. To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures. Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement	**Companies where there is interest**
Analyst ownership of the stock	No

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Financial Services Limited(SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S:

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore:

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co.Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore, as per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Disclaimer: The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com.

CIN No.: L67190MH2005PLC153397.Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579 ;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs,Insurance Products and IPOs.Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.:022-71881085.* MOFSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Ben