Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	40,558	-0.4	-1.7
Nifty-50	11,896	-0.3	-2.2
Nifty-M 100	17,171	0.6	0.4
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	3,453	0.5	6.9
Nasdaq	11,506	0.2	28.2
FTSE 100	5,786	0.2	-23.3
DAX	12,543	-0.1	-5.3
Hang Seng	10,085	0.1	-9.7
Nikkei 225	23,474	-0.7	-0.8
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	42	2.0	-37.1
Gold ($/OZ)	1,904	-1.1	25.5
Cu (US$/MT)	6,907	-1.0	12.3
Almn (US$/MT)	1,834	0.0	2.9
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	73.5	-0.1	3.0
USD/EUR	1.2	-0.4	5.4
USD/JPY	104.9	0.3	-3.5
YIELD (%)	**Close**	**1MChg**	**CYTDchg**
10 Yrs G-Sec	5.9	0.00	-0.6
10 Yrs AAA Corp	6.6	0.00	-1.0
Flows (USD b)	**22-Oct**	**MTD**	**CYTD**
FIIs	0.15	0.41	4.29
DIIs	-0.27	-0.24	9.09
Volumes (INRb)	**22-Oct**	**MTD***	**CYTD***
Cash	570	551	549
F&O	52,747	27,024	17,239

Note: *Average

Today's top research theme

India Strategy: IT earnings reinforce OW stance; Replacing Wipro with HCL Tech

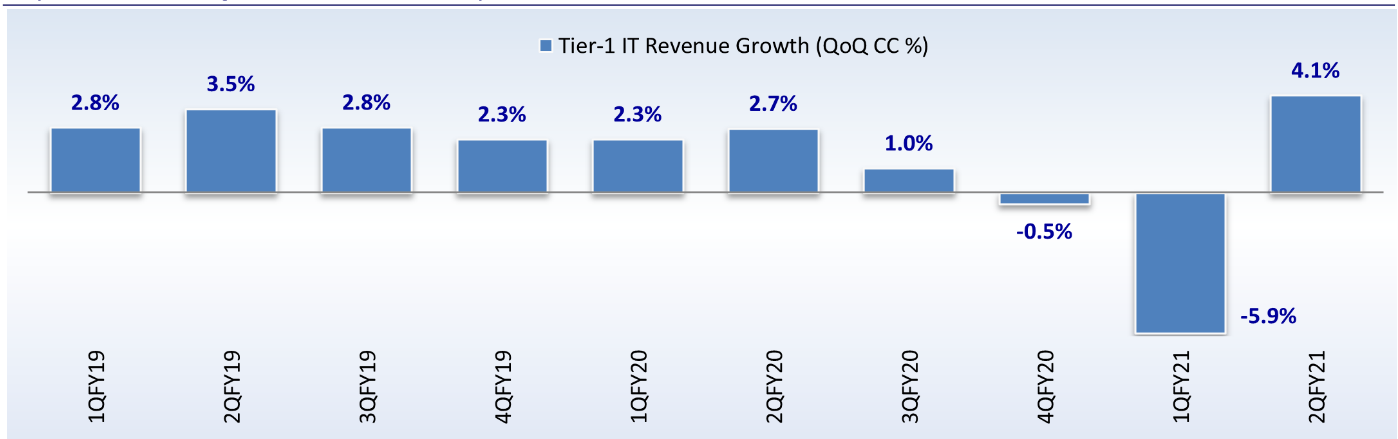
- 2QFY21 IT results reinforce our OW stance on the sector. We have been raising IT weights in the model portfolio since 4QFY20, with the latest revision in July'20 (link). 2QFY21 has seen sustained earnings momentum in IT, resulting in a healthy earnings upgrade for the second consecutive quarter. Management commentaries remained upbeat across the board. Lastly, a fresh round of dividends and buybacks provide a strong cushion for sustained re-rating, in our view. Therefore, we continue to maintain the OW stance in the model portfolio, and after the sharp run-up, we now replace Wipro with HCL Tech. We had recently downgraded Mindtree (link) post its stellar outperformance in CY20.
- With business tailwinds and improvements in the deal pipeline, IT continues to offer solid and visible earnings growth with superior FCF generation and continued elevated capital returns via dividends/buybacks. This stands out against the otherwise tepid earnings growth seen in broader markets. IT management teams have indicated that this may mark the beginning of a multi-year technology upgrade cycle by enterprises, providing decent visibility for the sector's earnings. Thus, we maintain the OW stance.

Research covered

Cos/Sector	Key Highlights
India Strategy	IT earnings reinforce OW stance; Replacing Wipro with HCL Tech
Asian Paints	Strong beat on estimates; Demand improving further
Bajaj Auto	In-line; Reversal of MEIS incentive hurts performance
Biocon	Biosimilars sales yet to pick up
Ambuja Cements	Cost control drives margin improvement
Bharti Infratel	EBITDA up 3% QoQ on healthy tenancies and rates
Other Notes	Mphasis | Alembic Pharma | Coforge | L&T Fin. Holdings | Crompton Greaves Consumer Electricals | Expert Speak (Auto)

Chart of the Day: India Strategy (IT earnings reinforce OW stance)

Sequential revenue growth was ahead of expectations in 2QFY21



Source: MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Demand for work: MGNREGA beneficiaries surpass last year's numbers

Barely six months into the current fiscal and the government's flagship rural employment scheme has already surpassed last year's numbers in terms of beneficiary households and individuals as migrant labourers who returned…

2

Shifting consumer pattern: Indians are spending less on food and more on housing, health & education

In a reflection of a significant shift in consumption pattern among industrial workers, the revised consumer price index for industrial workers (CPI-IW) with 2016 as base year has shown a dip in food expense from 46% to 39%. However, expense on housing has gone up from 15.2% in 2001 to 16.87% now while expenses on miscellaneous items including health and education is also up from 23% to 30%, as per the revised index launched by the Labour Bureau on Thursday…

3

Flipkart, Amazon race to bag stake in Aditya Birla Fashion and Retail

Walmart-owned Flipkart Group as well as ecommerce major Amazon have held separate talks with Aditya Birla Fashion and Retail NSE 1.79 % (ABFRL), which owns brands like Pantaloons, Allen Solly and Peter England, for a potential investment, according to three people aware of the matter…

4

Bank credit up 5.66 percent, deposits rise 10.55 percent: RBI data

Bank credit grew by 5.66 per cent to Rs 103.44 lakh crore, while deposits increased by 10.55 per cent to Rs 143.02 lakh crore in the fortnight ended October 9, according to RBI data…

5

ONGC wins 7 oil blocks, OIL 4 in latest bid round

State-owned Oila and Natural Gas Corp (ONGC NSE 1.55 %) has won seven out of the 11 oil and gas exploration blocks offered for bidding in the latest licensing round, upstream regulator Directorate General of Hydrocarbons (DGH) said Thursday…

6

Govt relaxes visa rules, OCI and PIO card holders can visit India

The Government today has decided to make a graded relaxation in visa and travel restrictions for more categories of foreign nationals and Indian nationals who wish to enter or leave India almost eight months after their suspension following the coronavirus outbreak…

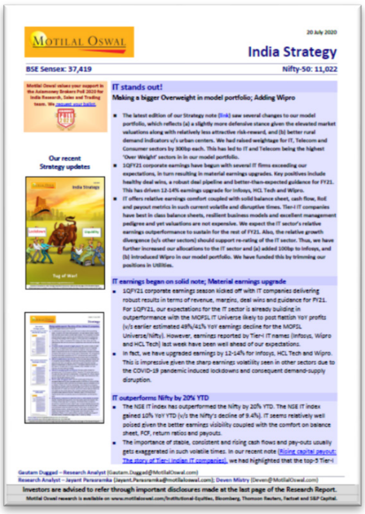
7

India sets aside Rs 50,000 cr to vaccinate population against Covid: Report

India's government has set aside about Rs 50,000 crore ($7 billion) to vaccinate the world's most populous nation after China against the coronavirus, according to people with knowledge of the matter…

India Strategy

BSE Sensex: 40,558 **Nifty-50: 11,896**



IT earnings reinforce OW stance

Replacing Wipro with HCL Tech

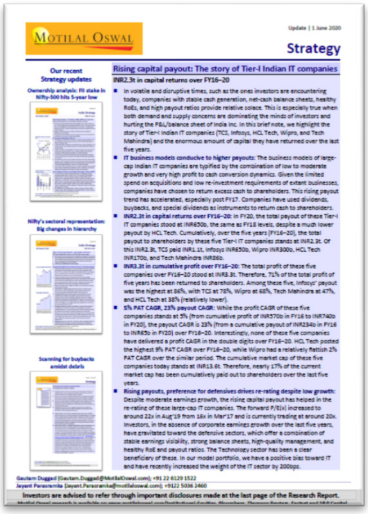
- **2QFY21 IT results reinforce our OW stance on the sector. We have been raising IT weights in the model portfolio since 4QFY20, with the latest revision in July'20 (link). 2QFY21 has seen sustained earnings momentum in IT, resulting in a healthy earnings upgrade for the second consecutive quarter. Management commentaries remained upbeat across the board. Lastly, a fresh round of dividends and buybacks provides a strong cushion for sustained re-rating, in our view. Therefore, we continue to maintain the OW stance in the model portfolio, and after the sharp run-up, we now replace Wipro with HCL Tech. We had recently downgraded Mindtree (link) post its stellar outperformance in CY20.**
- **Management commentaries indicate the pandemic has acted as a tailwind for the sector. Enterprises are undertaking cloud adoption at a faster pace and digital transformation at the workplace has accelerated, with the strengthening theme of vendor consolidation benefitting the well-entrenched and evolving business models of Tier-I IT.**
- **With business tailwinds and improvements in the deal pipeline, IT continues to offer solid and visible earnings growth with superior FCF generation and continued elevated capital returns via dividends/buybacks. This stands out against the otherwise tepid earnings growth seen in broader markets. IT management teams have indicated that this may mark the beginning of a multi-year technology upgrade cycle by enterprises, providing decent visibility for the sector's earnings. Thus, we maintain the OW stance.**

On the cusp of a multi-year tech cycle; strong deal wins in 2Q

- We remain Overweight on the IT sector despite the sharp outperformance in CY20. Strong relative earnings performance, coupled with resilient sector fundamentals, underpin our continued positive stance on the sector. COVID-19 has served as a tailwind for the Indian IT sector, with enterprises accelerating investments in digital transformation to stay resilient in a disruptive business backdrop. Commentaries from IT companies (which have declared 2QFY21 earnings) suggest robust deal momentum and strong cost control, with several companies upping their guidance.
- Deal pipelines improved in 2QFY21 v/s 1QFY21. TCS reported USD8.6b worth of deals wins v/s USD6.9b in 1QFY21. Infosys reported a deal win of USD3.15b in 2QFY21 v/s USD1.7b in 1QFY21. Similarly, HCL Tech reported 15 transformational wins v/s 11 in the last quarter. Wipro too indicated improved demand since 1Q. The deal pipeline is strong and at pre-COVID levels, with a good mix of large and small deals.

Revenue growth back on track; higher payout policy continues

- **Strong revenue growth in 2QFY21:** IT service companies delivered sequential growth of 2–5% in QoQ CC terms (TCS/INFO/HCL/WPRO/MTCL) in 2QFY21, aided by broad-based growth across geographies and verticals. This was meaningfully ahead of our expectation, indicating faster-than-expected recovery in technology spends by corporates. In terms of verticals, BFSI, Retail, Healthcare, Technology, and Telecom have seen good recovery.



- **Operating margins see sharp expansion:** Operating margins of IT companies have seen sharp sequential expansion, with TCS / Infosys / HCL Tech / Mindtree / LT Infotech reporting 220/360/160/740/440 bps YoY expansion. EBITDA and PAT growth for the MOSL IT Universe in 2QFY21 thus far stands at 18% and 10% v/s expectations of 9% and 5%, respectively.
- **High-payout policy to continue:** With low capex requirements, Tier-I IT firms have increased their payouts in the past five years. Over FY15–20, five Tier-I IT companies returned cumulative capital of INR2.1t, translating to a combined payout of 73% – discussed in detail in our Rising capital payout: The story of Tier-I Indian IT companies- June'20. High payouts continue in FY21. TCS and Wipro have announced large buybacks (INR160b/INR116b). Infosys and HCL have raised their dividends v/s earlier periods.

Reiterate Overweight allocation to IT; reintroducing HCL Tech in model portfolio

- The NSE IT index has outperformed Nifty by 39% YTD.
- We reiterate our Overweight stance for the reasons discussed earlier in the note. We expect the relative earnings outperformance of the IT sector to sustain for the remainder of FY21. Despite the recent run-up, we believe the IT sector still trades at reasonable valuations, given the underlying impressive FCF / return ratios / payout metrics, and offers an attractive risk-reward proposition.
- In the model portfolio, after the sharp run-up since Wipro's inclusion in our model portfolio in July'20, we now replace Wipro with HCL Tech. HCL Tech has a better organic growth outlook over FY21–22 and trades at a ~40% discount to TCS, offering a decent margin for safety.

22 October 2020
2QFY21 Results Update | Sector: Consumer

Asian Paints

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	APNT IN
Equity Shares (m)	959
M.Cap.(INRb)/(USDb)	2014.6 / 27.6
52-Week Range (INR)	2143 / 1432
1, 6, 12 Rel. Per (%)	1/-13/14
12M Avg Val (INR M)	3930

Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E
Sales	202.1	198.1	231.4
Sales Gr. (%)	5.0	-2.0	16.8
EBITDA	41.6	44.0	51.5
EBIT Margin (%)	20.6	22.2	22.3
Adj. PAT	27.8	28.4	34.5
Adj. EPS (INR)	29.0	29.6	36.0
EPS Gr. (%)	25.5	2.1	21.5
BV/Sh.(INR)	105.6	117.9	131.9
Ratios			
RoE (%)	28.4	26.5	28.8
RoCE (%)	23.6	23.1	25.5
Payout (%)	75.3	60.8	61.2
Valuation			
P/E (x)	72.5	71.0	58.4
P/BV (x)	19.9	17.8	15.9
EV/EBITDA (x)	47.8	44.8	38.1
Div. Yield (%)	1.0	0.9	1.0

Shareholding pattern (%)

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

FII Includes depository receipts

CMP: INR2,100　TP: INR1,980 (-6%)　Neutral

Strong beat on estimates; Demand improving further

- Asian Paints (APNT) witnessed consistent MoM demand improvement in 2QFY21. This augurs well for growth in 2HFY21 unless a second wave of COVID plays spoilsport. With stable material cost as well as currency, elevated margins also appear likely to sustain over the next few quarters.
- However, valuations of 58.4x FY22E EPS appear to be fully capturing the growth revival. This is despite assuming 20% PBT growth and 21.5% PAT growth in FY22E, nearly 3x the PBT CAGR over FY16-FY21E. Maintain **Neutral**.

Beat on all fronts

- **In 2QFY21, APNT reported consol. net sales growth of 5.9% YoY** to INR53.5b (v/s est. INR52b) with volume growth of 11% (v/s est. 8%) in the Domestic Decorative paints business.
- Gross margin was up 200bp YoY to 44.4%. This, as % of sales, along with high employee costs (+20bp YoY) and low other expenses (-300bp YoY) meant that EBITDA margin expanded by 470bp YoY to 23.6% (v/s est. 21.6%).
- **EBITDA grew 32.5% YoY to INR12.7b (v/s est. INR11.2b).**
- PBT grew 35.5% YoY to INR11.3b (v/s est. INR9.7b).
- Adj. PAT was flat YoY at INR8.5b (v/s est. INR7.2b) on account of low taxes in the base quarter.
- 1HFY21 sales/EBITDA/PAT declined by 18.5%/17.2%/29.5% YoY.
- As of Sep'20, inventory and payables were both down ~5% YoY, while receivables were up 6.4% YoY.
- 1HFY21 CFO was down 3.8% YoY, while FCF was up 1.8% YoY due to significantly lower capex during the period.
- The company has declared an interim dividend of INR3.35 per share (1HFY20: INR3.35; FY20: INR12).

Highlights from management commentary

- Pent-up demand supported 2QFY21 sales across industries. Festival demand is leading the recovery; however, management is unsure whether demand will continue to be as good (post the festive season).
- Demand in metros while still weak (70-80% of pre-COVID level) is better than 1QFY21. Even within metros, Mumbai, Bengaluru and Chennai are more sluggish whereas Delhi and Kolkata are doing better.
- Both material cost and currency remain stable as of now, but they need to be watched.

Valuation and view

- Changes to our model have led to 9%/5.7% increase in FY21/FY22E EPS estimates owing to improving commentary on top line growth and stable margins.
- APNT has creditably posted much faster recovery compared to most discretionary peers, which should ensure premium valuations.

- Nevertheless, valuations at 58.4x FY22E EPS appear rich on account of (a) weak earnings growth (FY16-21E PBT/earnings CAGR of 7.3%/8.9% with earnings boosted by corporate tax cuts), and (b) lower-than-peers ROCEs (mid-20% v/s early-30% for consumer peers) despite assuming more than 20% EPS growth for FY22E. Valuing the company at 50x Sep'22E EPS, we get a TP of INR1,980, 6% downside to CMP. Maintain **Neutral**.

Quarterly Performance (Consol.) (INR m)

Y/E March	FY20				FY21				FY20	FY21E	FY20	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Est. Dom. Deco. Vol. growth (%)	16.0	14.0	11.0	2.5	-38.0	11.0	17.0	23.0	10.9	3.3	8.0	
Net Sales	51,047	50,507	54,203	46,356	29,227	53,502	60,707	54,644	202,113	198,080	52,022	2.8%
Change (%)	16.3	9.4	3.0	-7.1	-42.7	5.9	12.0	17.9	5.0	-2.0	3.0	
Gross Profit	22,280	21,435	23,313	21,250	13,077	23,758	27,622	25,411	88,278	89,867	23,670	
Gross Margin (%)	43.6	42.4	43.0	45.8	44.7	44.4	45.5	46.5	43.7	45.4	45.5	
EBITDA	11,579	9,548	11,894	8,596	4,843	12,652	14,522	12,008	41,618	44,025	11,220	12.8%
Margin (%)	22.7	18.9	21.9	18.5	16.6	23.6	23.9	22.0	20.6	22.2	21.6	
Change (%)	24.5	13.0	7.7	-3.0	-58.2	32.5	22.1	39.7	10.5	5.8	17.5	
Interest	267	259	241	257	201	205	210	224	1,023	840	225	
Depreciation	1,918	1,972	1,971	1,945	1,912	1,936	1,950	1,973	7,805	7,771	1,920	
Other Income	735	1,052	698	558	471	826	700	561	3,043	2,558	650	
PBT	10,131	8,369	10,381	6,953	3,200	11,337	13,062	10,372	35,833	37,971	9,725	16.6%
Tax	3,511	72	2,776	2,190	862	2,936	3,292	2,480	8,549	9,569	2,451	
Effective Tax Rate (%)	34.7	0.9	26.7	31.5	26.9	25.9	25.2	23.9	23.9	25.2	25.2	
Adjusted PAT	6,742	8,450	7,797	4,803	2,196	8,519	9,645	8,028	27,791	28,389	7,154	19.1%
Change (%)	18.3	67.1	20.3	-1.8	-67.4	0.8	23.7	67.2	25.5	2.1	-15.3	

E: MOFSL Estimates

Key Performance Indicators (Consol.)

Y/E March	FY20				FY21	
	1Q	2Q	3Q	4Q	1Q	2Q
Realization growth (%)	0.3	-4.6	-8.0	-9.6	-4.7	-5.1
2Y average growth (%)						
Volume	13.0	12.5	16.0	6.3	-11.0	12.5
Sales	15.7	8.8	13.3	2.1	-13.2	7.7
EBITDA	32.1	9.2	15.8	1.3	-16.8	22.8
PAT	24.2	31.6	17.3	-1.6	-24.6	34.0
3Y average growth (%)						
Volume	10.0	11.3	12.7	7.5	-4.0	12.0
% of Sales						
COGS	56.4	57.6	57.0	54.2	55.3	55.6
Operating Expenses	21.0	23.5	21.1	27.3	28.2	20.8
Depreciation	3.8	3.9	3.6	4.2	6.5	3.6
YoY change (%)						
COGS	15.4	4.8	-0.4	-13.7	-43.9	2.3
Operating Expenses	10.5	19.4	7.9	5.9	-23.0	-6.6
Other Income	19.2	62.1	41.6	-2.5	-35.9	-21.4
EBIT	21.7	8.1	5.6	-6.0	-69.7	41.4

Bajaj Auto

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	BJAUT IN
Equity Shares (m)	289
M.Cap.(INRb)/(USDb)	870.8 / 11.9
52-Week Range (INR)	3315 / 1793
1, 6, 12 Rel. Per (%)	-7/-3/-8
12M Avg Val (INR M)	2218

Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	299	274	348
EBITDA	51.0	47.8	63.5
EBITDA Margin (%)	17.0	17.4	18.2
Adj. PAT	54.2	45.5	57.3
EPS (INR)	187	157	198
EPS Gr. (%)	13.3	-16.1	25.9
BV/Sh. (INR)	689	752	841
Ratios			
RoE (%)	26.0	21.8	24.9
RoCE (%)	23.8	20.8	23.3
Payout (%)	77.0	57.3	51.6
Valuations			
P/E (x)	16.1	19.1	15.2
P/BV (x)	4.4	4.0	3.6
Div. Yield (%)	4.0	2.5	2.8
FCF Yield (%)	4.1	5.1	6.4

Shareholding pattern (%)

As On	Sep-20	Jun-20	Sep-19
Promoter	53.7	53.7	53.5
DII	10.4	9.1	9.8
FII	13.6	13.7	14.1
Others	22.3	23.5	22.6

FII Includes depository receipts

CMP: INR3,009 TP: INR3,300 (+10%) Neutral

In-line; Reversal of MEIS incentive hurts performance

Attaining the fine balance between market share and margins

- Bajaj Auto (BJAUT)'s operating performance was impacted by the reversal of 1QFY21 MEIS incentives, adjusted for which performance was in-line. BJAUT has levers for both the near term (3W recovery) and long term (premiumization and exports), which are fairly reflected in the current valuations.
- We change our EPS for FY21/FY22E by -5%/3% to factor in higher volumes, high RM cost, and improved operating efficiency. Maintain **Neutral**.

Operating performance supported by better mix and Fx

- 2QFY21 revenue/EBITDA/PAT declined 7.2%/1%/19% YoY. For 1HFY21 revenue/EBITDA/PAT declined 34%/32.4%/34% YoY.
- Realizations grew 3.4% YoY (-2.2% QoQ) to INR67.9k (est. INR68.8k) on BS6-related price hikes as well as favorable Fx. However, they were impacted by lower MEIS incentive (impact of ~INR780m, ~INR300m of which comprised the reversal of 1QFY21).
- Gross margins declined 20bp YoY (-360bp QoQ) to 29.3% (est. 32%), impacted by the reversal of 1Q MEIS incentives (~40bp) and a lower 3W mix. However, they were diluted by higher contribution from Pulsar and a favorable Fx (~180bp).
- The EBITDA margin expanded by 110bp YoY (+440bp QoQ) to 17.7% (est. 18.3%), driven by lower staff cost (sustainable run-rate for 2H) and other expenses. Lower other expenses are attributable to two-thirds reduction in marketing spend, which would reverse partly, and one-third reduction in operating cost, which is sustainable.

Highlights from management commentary

- **Domestic 2W:** The first five days of Navratras are at similar levels on a YoY basis (adj. for month-end boost last year). There is uncertainty regarding volumes, and it remains to be seen how the festive season would play out. The company has inventory of 45–48 days.
- Domestic 2W margins are at 15- to 16-quarter highs, led by higher sales in the Pulsar brand as well as correction in prices/margins in the Entry-level portfolio. It is looking to outperform the domestic Motorcycle market in a profitable manner – by gaining share in the 125cc segment as well as the upper-end Entry segment – and maintaining leadership in the premium segment.
- **Financing** is coming back, with 2QFY21 finance penetration just 5–10pp lower YoY at 52% (Sep'20 was at 63%). Of this, Bajaj Finance accounted for 60%.
- While **domestic 3W** is seeing QoQ recovery, there is no clarity on when normalcy would be restored. It has adjusted inventory to current lower sales.

- **Exports** have seen good recovery, with most markets (except ASEAN) at 90% of normal levels and 3W at 75–80%. It expects to sustain a monthly run-rate of 200k over Oct–Nov'20.

Valuation and view

- BJAUT would benefit from a) the premiumization trend and b) good growth opportunity in exports. While domestic 3W recovery may be delayed, it is vulnerable to possible disruption from electrification.
- Valuations at 19.1x/15.2x FY21/FY22E consol. EPS largely capture the strong recovery from 2HFY21 and beyond. Maintain **Neutral**, with TP of INR3,300.

Quarterly Performance

	FY20				FY21				FY20	FY21E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE
Net Sales	**77,558**	**77,073**	**76,397**	**68,159**	**30,792**	**71,559**	**87,001**	**84,779**	**299,187**	**274,131**	**72,467**
Change (%)	3.9	(4.1)	2.7	(8.1)	(60.3)	(7.2)	13.9	24.4	(1.4)	(8.4)	(6.0)
EBITDA	**11,982**	**12,781**	**13,672**	**12,528**	**4,085**	**12,662**	**15,721**	**15,322**	**50,962**	**47,791**	**13,293**
EBITDA Margins (%)	15.4	16.6	17.9	18.4	13.3	17.7	18.1	18.1	17.0	17.4	18.3
Interest	5	12	5	9	10	27	20	20	32	76	3
Depreciation	601	613	617	633	638	643	645	659	2,464	2,585	640
Non-operating Income	4,413	3,934	3,662	5,327	3,379	2,858	3,100	3,298	17,336	12,635	3,500
PBT after EO	**15,788**	**16,089**	**16,713**	**17,212**	**6,817**	**14,851**	**18,156**	**17,941**	**65,802**	**57,765**	**16,150**
Effective Tax Rate (%)	28.7	12.8	24.5	23.9	22.5	23.4	23.2	23.3	22.5	23.2	23.1
Adj. PAT	**11,257**	**14,024**	**12,616**	**13,103**	**5,280**	**11,382**	**13,946**	**13,762**	**51,000**	**44,371**	**12,415**
Change (%)	0.9	21.7	14.5	22.8	(53.1)	(18.8)	10.5	5.0	15.0	(13.0)	(11.5)

Key Performance Indicators

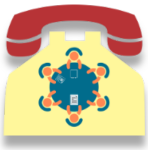
	FY20				FY21				FY20	FY21E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE
Volumes ('000 units)	1,247	1,174	1,202	992	443	1,053	1,274	1,231	4,615	4,040	1,053
Growth YoY (%)	1.7	-12.4	-4.6	-16.9	-64.5	-10.2	6.0	24.1	-8.1	-12.5	-10.2
Dom. M/Cycle Mkt Sh (%)	18.3	17.9	20.1	17.9	20.7	18.9			18.5		
Realization (INR/unit)	62,187	65,673	63,532	68,711	69,493	67,935	68,275	68,858	64,826	67,850	68,798
Growth YoY (%)	2.2	9.5	7.6	10.5	11.7	3.4	7.5	0.2	7.2	4.7	4.8
Cost Break-up											
RM Cost (% of sales)	71.7	70.5	69.9	68.4	67.1	70.7	70.7	70.2	70.2	70.1	68.0
Staff Cost (% of sales)	4.6	4.4	4.6	5.0	11.0	4.5	4.0	4.1	4.6	5.0	5.2
Other Cost (% of sales)	8.2	8.6	7.8	8.2	8.7	7.1	7.3	7.9	8.2	7.6	8.5
Gross Margins (%)	28.3	29.5	30.1	31.6	32.9	29.3	29.3	29.8	29.8	30	32
EBITDA Margins (%)	15.4	16.6	17.9	18.4	13.3	17.7	18.1	18.1	17.0	17.4	18.3
EBIT Margins (%)	14.7	15.8	17.1	17.5	11.2	16.8	17.3	17.3	16.2	16.5	17.5

E:MOFSL Estimates

Biocon

BSE SENSEX	S&P CNX
40,558	11,896

Conference Call Details



Date: 23th Oct 2020
Time: 9:00am IST
Dial-in details:
+91-22-6280 1151

Financials & Valuations (INR b)

Y/E MARCH	2020	2021E	2022E
Sales	63.0	76.5	96.0
EBITDA	16.0	22.0	27.8
Adj. PAT	7.4	10.3	14.4
EBIT Margin (%)	16.7	19.4	20.7
Cons. Adj. EPS (INR)	6.2	8.6	12.0
EPS Gr. (%)	-0.4	39.5	39.4
BV/Sh. (INR)	55.9	62.0	70.5
Ratios			
Net D:E	0.1	0.2	0.1
RoE (%)	12.1	14.6	18.1
RoCE (%)	9.1	10.6	13.5
Payout (%)	29.3	29.3	29.3
Valuations			
P/E (x)	69.6	49.9	35.8
EV/EBITDA (x)	31.0	22.7	17.8
Div. Yield (%)	0.4	0.5	0.7
FCF Yield (%)	-1.4	0.6	1.9
EV/Sales (x)	7.9	6.5	5.2

CMP: INR430 **Neutral**

Biosimilars sales yet to pick up; Lower operating leverage drags down margins

- Biocon's 2QFY21 revenues grew 11.3% YoY to INR17.4b (v/s our est. of INR18.7b).
  a) Biosimilars (38% of sales) was up 11.4% YoY to INR6.8b.
  b) Research Services (Syngene) (29% of sales) was up 11.4% YoY to INR5.2b.
  c) Generics (33% of sales) was up 8.3% YoY to INR6b.
- The gross margin (GM) contracted 30bp YoY to 69.5% during the quarter.
- The EBITDA margin contracted at a higher rate of 330bp YoY to 22.4% (our est.: 26.7%).
- The EBITDA margin was affected on account of a lower gross margin and reduced operating leverage. Other expenses / employee costs were up 220bp/80bp YoY as a percentage of sales.
- Accordingly, EBITDA declined 2.8% YoY to INR3.9b (v/s our est. of INR5b) during the quarter.
- PAT declined at a higher rate of 16.8% YoY to INR2b (our est.: INR2.3b) due to higher depreciation and lower other income, partially offset by a lower tax rate for the quarter.

Key highlights for the quarter

- Insulin Glargine was commercialized in the US, making it the third product to be launched in the US in collaboration with Mylan.
- Geographic expansion was seen for Semglee, with the launch in Spain, the third largest market by value among the EU5.
- Phase IV clinical trials of Itolizumab were initiated in India for the treatment of COVID-19.
- Syngene commenced the manufacturing of Remdesivir in Bengaluru.

Quarterly performance (Consolidated) (INR m)

Y/E March	FY20				FY21E				FY20	FY21E	FY21E	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	vs Est
Net Sales	**14,589**	**15,673**	**17,480**	**15,575**	**16,713**	**17,448**	**20,952**	**21,342**	**63,005**	**76,455**	**18,689**	**-6.6%**
YoY Change (%)	29.8	18.6	13.4	1.9	14.6	11.3	19.9	37.0	14.3	21.3	18.9	
Total Expenditure	10,220	11,645	13,030	12,390	12,580	13,534	14,729	13,661	46,974	54,504	13,699	
EBITDA	**4,369**	**4,028**	**4,450**	**3,185**	**4,133**	**3,914**	**6,223**	**7,682**	**16,031**	**21,952**	**4,990**	**-21.6%**
YoY Change (%)	83.7	18.8	9.5	-22.3	-5.4	-2.8	39.8	141.2	15.1	36.9	**24**	
Margins (%)	29.9	25.7	25.5	20.4	24.7	22.4	29.7	36.0	25.4	28.7	26.7	
Depreciation	1,242	1,316	1,440	1,524	1,668	1,777	1,725	1,933	5,522	7,103	1,700	
EBIT	**3,127**	**2,712**	**3,010**	**1,661**	**2,465**	**2,137**	**4,498**	**5,748**	**10,509**	**14,848**	**3,290**	
YoY Change (%)	125.5	19.5	4.0	-42.8	-21.2	-21.2	49.4	246.1	11.1	41.3	**21**	
Interest	166	138	180	168	125	65	125	176	649	491	130	
Other Income	241	384	360	631	183	155	250	312	1,614	900	220	
Extraordinary income	0	675	0	0	0	0	0	0	675	0	0	
PBT	**3,202**	**3,633**	**3,190**	**2,124**	**2,523**	**2,227**	**4,623**	**5,885**	**12,149**	**15,257**	**3,380**	**-34.1%**
Tax	852	1,001	850	450	809	223	1,156	1,779	3,151	3,967	845	
Rate (%)	26.6	27.6	26.6	21.2	32.1	10.0	25.0	30.2	25.9	26.0	25.0	
Minority Interest	210	94	310	360	180	50	240	449	1,227	919	200	
PAT	**2,061**	**2,538**	**2,030**	**1,230**	**1,498**	**1,954**	**3,227**	**3,656**	**7,771**	**10,335**	**2,335**	**-16.3%**
Adj PAT	**2,061**	**2,349**	**2,030**	**1,230**	**1,498**	**1,954**	**3,227**	**3,656**	**7,670**	**10,335**	**2,335**	**-16.3%**
YoY Change (%)	72.7	28.4	-10.6	-42.7	-27.3	-16.8	59.0	197.3	3.1	34.7	11.8	
Margins (%)	14.1	16.2	11.6	7.9	9.0	11.2	15.4	17.1	12.3	13.5	12.5	

Ambuja Cements

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	ACEM IN
Equity Shares (m)	1,986
M.Cap.(INRb)/(USDb)	504.1 / 6.8
52-Week Range (INR)	255 / 137
1, 6, 12 Rel. Per (%)	15/14/26
12M Avg Val (INR M)	934
Free float (%)	36.9

Financial Snapshot (INR b)

Y/E Dec	2020E	2021E	2022E
Sales	110.5	127.8	141.6
EBITDA	25.3	26.3	30.0
Adj. PAT	16.9	16.2	19.3
EBITDA Margin (%)	22.9	20.6	21.2
Adj. EPS (INR)	8.5	8.2	9.7
EPS Gr. (%)	10.7	-4.0	18.5
BV/Sh. (INR)	103.4	109.5	116.7
Ratios			
Net D:E	-0.1	-0.1	-0.2
RoE (%)	7.9	7.7	8.6
RoCE (%)	8.2	8.0	8.9
Payout (%)	199.5	24.4	25.8
Valuations			
P/E (x)	23.5	24.5	20.6
P/BV (x)	1.9	1.8	1.7
EV/EBITDA(x)	14.0	13.7	11.6
EV/ton (USD)	166.9	160.2	154.6
Div. Yield (%)	6.7	0.8	1.0
FCF Yield (%)	1.0	3.0	3.5

Shareholding pattern (%)

As On	Sep-20	Jun-20	Sep-19
Promoter	63.1	63.1	63.1
DII	13.5	13.8	12.8
FII	17.0	16.5	17.5
Others	6.4	6.6	6.7

FII Includes depository receipts

CMP: INR254 TP: INR235 (-7%) Neutral

Cost control drives margin improvement

Volume growth turns positive, led by rural demand

- Ambuja Cements' (ACEM) 3QCY20 results highlight the strong rebound in volumes and benefits of fixed cost reduction. EBITDA grew 55% YoY (on a low base), with EBITDA/t of INR1,200/t – the highest reported over the last 10 years in the seasonally weak 3Q.
- ACEM announced interim dividend of INR17/share amounting to INR33.8b (~60% of cash pile), implying 7% dividend yield. However, this is only a one-time dividend. We expect dividends to revert to usual level of ~INR3/share.
- We broadly maintain our estimates and **Neutral** rating.

In-line performance; Cost cutting drives 55% EBITDA growth

- Revenue/EBITDA/PAT at INR28.5b/INR6.8b/INR4.4b was up 9%/55%/88% YoY and was 2%/3%/5% above our estimate.
- Volume grew 8% YoY to 5.67mt (v/s est. 5.58mt), led by strong rural demand.
- Realization rose 2% YoY (-3% QoQ) to INR4,942/t (v/s est. INR4,939/t), driven by higher market prices.
- Cost per ton declined 8% YoY to INR3,831/t (+2% QoQ) (est. INR3,812/t). Majority of the reduction was led by 22% YoY decline in other expenses/t (largely due to cost cuts post COVID-19) and lower power and fuel costs.
- EBITDA/t improved 43% YoY (-16% QoQ) to INR1,200 (v/s est. INR1,185/t). EBITDA margins expanded by 7.1pp YoY to 23.9%.
- 9MCY20 revenue/EBITDA/Adj. PAT stands at INR78.6b/INR18.8b/INR12.9b, (-8%/+17%/+20% YoY).

Highlights from management commentary

- Management expects demand to remain strong, led by multiple policy support measures to enhance rural incomes. Spend on infrastructure and affordable housing should boost demand in the mid-term.
- Marwar-Mundwa (3.1mtpa clinker, 1.8mtpa cement) is scheduled to be commissioned in 2QCY21 (Dec'20 earlier) and will strengthen the company's market position in the North and West.
- Network optimization has gained momentum due to acceleration of Master Supply Agreement (MSA) with ACC while hike in diesel prices was mitigated through renegotiation of contracts and logistic efficiencies.
- Sharp reduction in other expenses was achieved due to reduction in fixed costs coupled with various cost optimization initiatives.

Valuation and view

- While commissioning of Marwar-Mundwa capacity (in 2QCY21) should aid volume growth from 2HCY21, we expect ACEM's volume growth to lag industry over the next two quarters due to capacity constraints.
- Despite the expansion, we estimate CY19-22E CAGR of only 5% in volume and 8% in PAT (partly due to lower cash-pile post the high dividend payout).
- We value ACEM at INR235/share based on 9x CY22E EV/EBITDA, but take a 10% holding company discount for its stake in ACC. We maintain **Neutral**.

Quarterly Perf. (S/A) **(INR Million)**

Y/E December	CY19				CY20E				CY19	CY20E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Sales Volume (m ton)*	6.39	5.87	5.26	6.54	5.77	4.19	5.67	6.55	24.06	22.18	5.58	2
YoY Change (%)	2.2	-8.1	-4.2	6.7	-9.7	-28.6	7.8	0.2	-0.8	-7.8	6.0	
Realization (INR/ton)	4,455	4,961	4,859	4,645	4,783	5,119	4,942	4,804	4,719	4,894	4,939	0
YoY Change (%)	0.8	8.3	5.8	3.0	7.4	3.2	1.7	3.4	4.3	3.7	1.6	
QoQ Change (%)	-1.2	11.3	-2.0	-4.4	3.0	7.0	-3.5	-2.8			-3.5	
Net Sales	**29,276**	**29,783**	**26,261**	**31,359**	**28,275**	**21,768**	**28,525**	**31,885**	**116,679**	**110,453**	**27,860**	2
YoY Change (%)	2.3	-1.3	0.5	9.5	-3.4	-26.9	8.6	1.7	2.7	-5.3	6.1	
Total Expenditure	-24,644	-22,799	-21,863	-25,885	-22,243	-15,815	-21,721	-25,368	-95,190	-85,147	-21,255	2
EBITDA	**4,633**	**6,984**	**4,398**	**5,474**	**6,033**	**5,952**	**6,803**	**6,518**	**21,489**	**25,306**	**6,604**	3
Margins (%)	15.8	23.4	16.7	17.5	21.3	27.3	23.9	20.4	18.4	22.9	23.7	
Depreciation	1,314	1,309	1,329	1,487	1,379	1,289	1,287	1,312	5,438	5,266	1,350	
Interest	175	208	216	237	231	183	185	193	835	791	200	
Other Income	2,402	580	628	656	881	1,922	523	293	4,265	3,619	550	
PBT before EO Item	**5,546**	**6,047**	**3,481**	**4,407**	**5,304**	**6,402**	**5,855**	**5,306**	**19,480**	**22,867**	**5,604**	4
Extraordinary Inc/(Exp)	0	0	0	0	0	0	0	0	0	0	0	
PBT after EO Exp/(Inc)	**5,546**	**6,047**	**3,481**	**4,407**	**5,304**	**6,402**	**5,855**	**5,306**	**19,480**	**22,867**	**5,604**	4
Tax	1,276	1,926	1,135	-142	1,313	1,868	1,450	1,315	4,195	5,946	1,401	
Rate (%)	23.0	31.9	32.6	-3.2	24.8	29.2	24.8	24.8	21.5	26.0	25.0	
Reported Profit	**4,270**	**4,121**	**2,346**	**4,549**	**3,991**	**4,534**	**4,405**	**3,992**	**15,285**	**16,922**	**4,203**	5
Adj PAT	**4,270**	**4,121**	**2,346**	**4,549**	**3,991**	**4,534**	**4,405**	**3,992**	**15,285**	**16,922**	**4,203**	5
YoY Change (%)	57.1	-17.5	31.4	75.3	-6.5	10.0	87.8	-12.3	26.4	10.7	79.2	

Income statement (INR/ton)

	3QCY20	3QCY19	YoY (%)	2QCY20	QoQ (%)
Net Realization	**5,031**	**4,993**	**1%**	**5,195**	**-3%**
Raw Material	449	406	11%	553	-19%
Staff Cost	286	319	-10%	357	-20%
Power & Fuel	1,014	1,138	-11%	988	3%
Freight	1,306	1,292	1%	1,201	9%
Other exp	776	1,001	-22%	676	15%
Total Cost	**3,831**	**4,156**	**-8%**	**3,775**	**1%**
EBITDA	**1,200**	**836**	**43%**	**1,421**	**-16%**

Source: Company, MOFSL

Bharti Infratel

BSE SENSEX	S&P CNX
40,558	11,896

Conference Call Details

Date: 23rd October 2020
Time: 03:00pm IST
Dial-in details:
+91-11-4444-9999

Financials & Valuations (INR b)

INR Billion	FY20	FY21E	FY22E
Net Sales	146.5	148.2	156.5
EBITDA	73.5	74.7	79.7
Adj. PAT	33.0	30.4	7.8
EBITDA Margin (%)	50.2	50.4	50.9
Adj. EPS (INR)	17.8	16.5	4.2
EPS Gr. (%)	31.1	-7.7	-74.4
BV/Sh. (INR)	73.2	72.3	72.9
Ratios			
Net D:E	-0.1	-0.2	-0.4
RoE (%)	23.5	21.8	5.2
RoCE (%)	21.0	16.2	14.7
Payout (%)	65.7	71.2	64.8
Valuations			
EV/EBITDA (x)	4.7	4.4	3.8
P/E (x)	11.0	11.9	46.6
P/BV (x)	2.7	2.5	2.3
Div. Yield (%)	5.2	5.2	5.2
FCF Yield (%)	4.5	13.6	18.6

CMP: INR196 — Neutral

EBITDA up 3% QoQ on healthy tenancies and rates, partly offset by Energy EBITDA loss

- Bharti Infratel (BHIN) reported decent results with healthy revenue/EBITDA growth of 5%/3% QoQ. This was led by improving tenancies, falling exits and rise in tenancy rates, which signals return of stability in earnings. Yet, there was a miss on EBITDA by 3%, solely due to loss in Energy EBITDA.
- Proforma consol. revenue at INR37b increased 5.4% QoQ (3% above est.). Rental revenue increased 3.4% QoQ (2% above est.) to INR23.2b on healthy tenancy adds and rise in tenancy rates. Energy revenue grew 9% QoQ to INR13.8b (5% beat).
- Proforma consol. EBITDA increased 3% QoQ to INR18.2b (3% below est.) due to 4% growth in rental EBITDA, which was partially offset by increased losses in Energy EBITDA.
- Rental EBITDA grew 4% QoQ to INR18.6b (in-line). But, Energy EBITDA loss increased to INR457m (v/s INR253m loss in 1QFY21 and est. profit of INR394m).
- EBITDA margin contracted 130bp QoQ to 49.2% (contracted 250bp YoY) due to flat rental EBITDA margin (81.6%) and higher losses in Energy EBITDA.
- PBT/PAT was up 4% QoQ to INR9.8b/INR7.3b (6% miss).
- Capex for 2QFY21 stood at INR4.9b (INR1.9b/5.3b in 1QFY21/4QFY20) – the QoQ increase was due to the nationwide lockdown. In 2QFY21, 1,482 towers were added, taking the total to 97,283.

Key operating metrics

- Consol. net tenancy increased by 2,116 (v/s decline of 365 in 1QFY21) to 1,76,332. This is the first time BHIN has seen over 1k tenancy adds in the last 10 quarters. Gross co-location exits dropped QoQ to 493, the lowest in the last 14-15 quarters (v/s 1,228 in 1QFY21). Furthermore, gross adds increased to 2,609 (v/s 863 QoQ). Average sharing factor remained flat at 1.82x in 2QFY21.
- Further there are 2,310 co-locations exits (v/s 3,474 QoQ), for which notices were received, but actual exits have not happened yet.
- Rentals per tenant (per month) increased 3.3% QoQ to INR43,403 (v/s est. INR42,432).

Others

- The Board has appointed Mr. Bimal Dayal as MD and CEO of Bharti Infratel with immediate effect.

Quarterly Performance **(INR m)**

Y/E March	FY20				FY21				FY20	FY21E	2Q	
(Consolidated)	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**			**FY21E**	**Var (%)**
Revenue from operations	**37,119**	**36,376**	**36,733**	**36,244**	**35,047**	**36,952**	**37,950**	**38,277**	**1,46,473**	**1,48,227**	**35,794**	3.2
YoY Change (%)	1.0	-0.8	0.9	0.7	-5.6	1.6	3.3	5.6	0.4	890.6	-3.6	
Total Expenditure	18,164	17,593	17,961	19,254	17,375	18,784	18,512	18,809	72,972	73,480	17,048	10.2
EBITDA	**18,955**	**18,783**	**18,772**	**16,990**	**17,672**	**18,168**	**19,438**	**19,469**	**73,501**	**74,747**	**18,746**	-3.1
YoY Change (%)	24.7	26.4	24.8	13.9	-6.8	-3.3	3.5	14.6	22.5	984.9	-1.1	
Depreciation	7,425	7,453	7,036	7,657	7,057	7,263	7,457	8,052	29,571	29,830	7,400	-1.8
Interest	1,125	1,251	1,384	1,247	1,425	1,552	1,552	1,552	5,007	6,081	1,425	8.9
Other Income	651	349	336	576	239	472	478	723	1,912	1,912	478	-1.3
PBT	**11,056**	**10,428**	**10,688**	**8,662**	**9,429**	**9,825**	**10,907**	**10,588**	**40,835**	**40,748**	**10,399**	-5.5
Tax	2,186	793	2,701	2,167	2,393	2,499	2,745	2,665	7,847	10,302	2,617	
Rate (%)	19.8	7.6	25.3	25.0	25.4	25.4	25.2	25.2	19.2	25.3	25.2	
Reported PAT	**8,870**	**9,635**	**7,987**	**6,495**	**7,036**	**7,326**	**8,162**	**7,923**	**32,988**	**30,446**	**7,781**	-5.9
Adj PAT	**8,870**	**9,635**	**7,987**	**6,495**	**7,036**	**7,326**	**8,162**	**7,923**	**32,988**	**30,446**	**7,781**	-5.9
YoY Change (%)	39.0	55.0	23.2	6.9	-20.7	-24.0	2.2	22.0	31.1	293.5	-12.3	

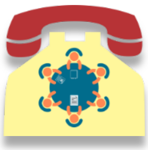
E: MOFSL Estimates

Mphasis

BSE SENSEX	S&P CNX
40,558	11,896

CMP: INR1,353 — Neutral

Conference Call Details



Date: 23rd Oct 2020
Time: 09:00 IST
Dial-in details:
+91-22 7195 0000

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	88.4	103.6	122.0
EBIT Margin (%)	16.0	17.0	18.4
PAT	11.8	13.6	17.7
EPS (INR)	61.5	72.2	93.8
EPS Gr. (%)	9.6	17.4	30.0
BV/Sh. (INR)	312.6	318.3	379.6
Ratios			
RoE (%)	21.4	23.1	27.8
RoCE (%)	18.3	19.1	23.5
Payout (%)	56.9	41.6	42.6
Valuations			
P/E (x)	22.1	18.8	14.4
P/BV (x)	4.3	4.3	3.6
EV/EBITDA (x)	14.6	11.9	8.6
Div yld (%)	2.6	2.2	2.9

Revenues beat estimates; Highest ever deal wins

Mphasis reported revenue (USD) / EBIT / PAT growth of 7%/13%/9% YoY v/s our estimate of 3%/6%/4% YoY. For 1H, the company reported revenue (USD) / EBIT / PAT growth of 5%/13%/7% YoY.

Revenue beat; BPO and BCM see strong growth

- Revenue growth of 6%QoQ CC beat our estimate of 2.2% QoQ CC.
- BPO grew (35% QoQ) as onsite headcount increased (96% QoQ) in the service line. IMS reported decent growth (2% QoQ), while ADM declined (-1% QoQ). Excluding BPO, other service lines saw headcount reduction.
- Segment-wise, revenue in Direct saw sharp recovery and grew 10.9% QoQ CC. Sharp decline in DXC (16% of revenue) by 15.5% QoQ CC is more than expected.
- In terms of verticals, BCM (17% QoQ) and Others (6% QoQ) led growth. Insurance reported decent growth (2.5% QoQ), while IT, Communication, & Entertainment (ITCE) (-11% QoQ) and Logistics (-6% QoQ) remained challenged.
- Among the geographies, the Americas (9% QoQ) and India (18% QoQ) were the growth drivers, while EMEA (-3% QoQ) and RoW (-2% QoQ) declined sequentially.

Margin moderately ahead of estimates

- The gross margin expanded 150bp QoQ, marginally ahead of our estimate. The benefits from improved gross margins were partially offset by higher-than-expected SG&A.
- The EBIT margin expanded 40bp QoQ to 16.1%, marginally ahead of our estimate of 15.8%.
- PAT grew 9.5% YoY to INR 3.0b (v/s est. of INR 2.8b), largely driven by higher-than-expected operating income.

Valuation and view: The company announced new deal wins of USD360m in Direct in 2QFY21. This is the highest ever TCV win in a quarter for Mphasis. We would revisit our estimates post the earnings call. We await further clarity on the near-term outlook, DXC channel, and margins. Maintain **Neutral**.

Quarterly Performance (INR m)

Y/E March	FY20				FY21E				FY20	FY21E	Est.	Var. (% / bp)
	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20E	Mar 21E			Sep 20	
Revenue (USD m)	**297**	**305**	**318**	**320**	**305**	**327**	**370**	**380**	**1,239**	**1,383**	**315**	**4.1**
QoQ (%)	1.8	2.6	4.3	0.6	-4.5	7.2	13.1	2.8	10.8	11.6	3.0	418bp
Revenue (INR m)	**20,626**	**21,581**	**22,767**	**23,462**	**22,882**	**24,354**	**27,819**	**28,561**	**88,436**	**1,03,616**	**23,307**	**4.5**
YoY (%)	13.3	12.7	15.5	15.9	10.9	12.8	22.2	21.7	14.4	17.2	8.0	485bp
GPM (%)	**28.4**	**28.8**	**28.7**	**29.3**	**28.9**	**30.3**	**32.2**	**32.0**	**28.8**	**31.0**	**29.6**	**74bp**
SGA (%)	10.2	**10.0**	10.0	10.4	10.7	**11.7**	11.6	11.6	10.2	11.4	11.2	55bp
EBITDA	**3,743**	**4,052**	**4,269**	**4,441**	**4,178**	**4,524**	**5,749**	**5,849**	**16,505**	**20,301**	**4,285**	**5.6**
EBITDA Margin (%)	**18.1**	**18.8**	**18.8**	**18.9**	**18.3**	**18.6**	**20.7**	**20.5**	**18.7**	**19.6**	**18.4**	**19bp**
EBIT	**3,193**	**3,470**	**3,694**	**3,831**	**3,583**	**3,924**	**5,023**	**5,103**	**14,188**	**17,632**	**3,684**	**6.5**
EBIT Margin (%)	**15.5**	**16.1**	**16.2**	**16.3**	**15.7**	**16.1**	**18.1**	**17.9**	**16.0**	**17.0**	**15.8**	**31bp**
Other income	541	351	362	526	377	261	476	332	1,780	1,446	318	-18.0
ETR (%)	25.1	24.2	24.0	14.9	27.0	25.9	25.0	25.0	21.8	25.6	25.0	90bp
PAT	**2,647**	**2,733**	**2,937**	**3,532**	**2,750**	**2,992**	**3,957**	**3,914**	**11,849**	**13,613**	**2,852**	**4.9**
QoQ (%)	-0.5	3.3	7.5	20.3	-22.1	8.8	32.3	-1.1			3.7	
YoY (%)	2.5	0.9	5.7	32.7	3.9	9.5	34.7	10.8	10.4	14.9	4.4	
EPS (INR)	14.2	14.2	15.2	18.8	14.7	15.9	21.0	20.8	62.4	72.3	15.2	4.4

22 October 2020

2QFY21 Results Update | Sector: Healthcare

Alembic Pharma

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	ALPM IN
Equity Shares (m)	189
M.Cap.(INRb)/(USDb)	198.8 / 2.7
52-Week Range (INR)	1128 / 436
1, 6, 12 Rel. Per (%)	2/29/84
12M Avg Val (INR M)	330

Financials & Valuations (INR b)

Y/E MARCH	2020	2021E	2022E
Sales	46.1	56.8	62.8
EBITDA	12.2	16.7	15.2
Adj. PAT	8.6	12.0	10.7
EBIT Margin (%)	23.1	26.3	20.9
Cons. Adj. EPS (INR)	44.0	61.2	54.4
EPS Gr. (%)	47.7	39.1	-11.1
BV/Sh. (INR)	170.8	250.4	292.7
Ratios			
Net D:E	0.5	0.1	0.1
RoE (%)	30.1	30.1	20.6
RoCE (%)	19.7	22.0	17.2
Payout (%)	27.4	19.7	22.1
Valuations			
P/E (x)	23.0	16.5	18.6
EV/EBITDA (x)	17.0	11.8	12.9
Div. Yield (%)	1.0	1.0	1.0
FCF Yield (%)	-1.2	3.0	1.8
EV/Sales (x)	4.5	3.5	3.1

Shareholding pattern (%)

As On	Sep-20	Jun-20	Sep-19
Promoter	69.8	73.0	73.0
DII	9.4	7.1	6.4
FII	7.0	7.3	9.6
Others	13.8	12.6	11.1

FII Includes depository receipts

CMP: INR1,010 TP: INR1,120 (+11%) Neutral

Non-US/API outperforms; US momentum sustains

Growth revival in Domestic Formulations

- Alembic Pharma (ALPM) delivered a beat on earnings for 2QFY21, led by strong traction in the Non-US/API segment and a superior product mix. India Domestic Formulations (DF) is back on the growth trajectory. ALPM also remains on track to start filing oncology injectables for the US market in 2HFY21.
- We raise our PAT estimate by 18% for FY21, factoring in superior performance in the Non-US/API segment and better margins. We factor in increased opex for new facilities and hence maintain our PAT estimate for FY22. We continue to value ALPM at 20x (in line with its five-year average) 12M forward earnings to arrive at price target of INR1,120. Maintain Neutral.

Non-US/API drives earnings

- ALPM's 2QFY21 revenues were up 17% YoY to INR14.6b (est.: INR13.5b), led by the Non-US segment (+84% YoY; 14% of sales) and API revenue (+29% YoY; 18% of sales). The US segment (+8% YoY; 40% of sales) came in at INR5.8b (USD79m). DF (29% of sales) grew by 6% YoY to INR4.2b for 2QFY21.
- The gross margin (GM) was up 60bps YoY to 78.6% on a better product mix.
- The EBITDA margin expanded 260bp YoY to 30.4% (our est.: 29.2%). The EBITDA margin expanded on account of improved GM, reduced R&D cost (-130bp), and lower other expenses (-210bp) as a percentage of sales. Some of the benefit was offset by higher employee costs (+140bp YoY as a percentage of sales). EBITDA grew by 28.3% YoY to INR4.4b (our est.: INR4b).
- PAT grew 35.4% YoY to INR3.3b (our est.: INR2.8b).
- For 1HFY21, revenue/EBITDA/PAT grew 27.8%/49%/60% YoY to INR28b/INR8.5b/INR6.3b.

Highlights from management commentary

- APLM guided for EPS of INR60 for FY21. Considering additional operating expense of INR4.5b, ALPM guided for EPS of INR50 in FY22.
- The proceeds from a recent qualified institutional placement (QIP) were utilized to reduce gross debt to INR6b (from INR14b QoQ).
- ALPM guided for 5–6 ANDA launches in 3QFY21. R&D spend was INR1.8b in 2QFY21 (12.7% of sales) v/s 14% YoY and 10.6% QoQ as a percentage of sales.

Valuation and view

- On a high base of FY20, we expect a PAT CAGR of 11% over FY20–23, led by a 22%/18%/14% sales CAGR in the Non-US/API/US segment.
- We raise our PAT estimate by 18% for FY21, factoring in increased momentum in the Non-US/API segment, a better growth outlook for the DF segment, robust traction in the US, and controlled cost driving overall profitability. However, we also factor in higher opex from new facilities expected to begin commercialization in FY22; thus, we maintain our PAT estimate for FY22. We also introduce FY23 estimates. We value ALPM on a 20x 12M forward earnings basis to arrive at price target of INR1,120. Maintain Neutral.

Quarterly perf. (Consol.) (INR m)

Y/E March	FY20				FY21E				FY20	FY21E	FY21E	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	vs Est
Net Sales	9,489	12,409	12,091	12,068	13,413	14,571	14,827	14,024	46,060	56,835	13,545	7.6%
YoY Change (%)	10.0	10.1	18.8	30.2	41.4	17.4	22.6	16.2	17.0	23.4	9.2	
Total Expenditure	7,240	8,954	8,841	8,793	9,340	10,137	10,616	10,023	33,827	40,115	9,590	
EBITDA	2,249	3,455	3,251	3,275	4,074	4,434	4,211	4,001	12,233	16,720	3,955	12.1%
YoY Change (%)	49.0	14.3	34.2	84.0	81.1	28.3	29.5	22.2	39.9	36.7	14	
Depreciation	354	360	418	441	415	438	450	447	1,573	1,750	430	
EBIT	2,603	3,815	3,669	3,717	4,489	4,872	4,661	4,448	13,806	18,470	4,385	
YoY Change (%)	28.3	25.6	44.0	47.4	72.4	27.7	27.0	19.7	39.5	33.8	15	
Interest	50	71	74	78	67	45	30	-29	272	112	90	
Other Income	33	4	4	9	3	32	12	-8	49	40	8	
PBT before EO expense	1,878	3,029	2,763	2,765	3,595	3,984	3,743	3,575	10,437	14,897	3,443	15.7%
Extra-Ord expense	328	0	0	109	0	0	0.0	0	436	0	0	
PBT	1,550	3,029	2,763	2,660	3,595	3,984	3,743	3,575	10,001	14,897	3,443	15.7%
Tax	360	525	486	621	668	730	850	881	1,992	3,128	740	
Rate (%)	23.2	17.3	17.6	23.4	18.6	18.3	22.7	24.6	19.9	21.0	21.5	
MI & P/L of Asso. Cos.	-47	41	-65	-214	-87	-80	-45	-38	-285	-250	-60	
Reported PAT	1,237	2,463	2,342	2,252	3,015	3,334	2,938	2,732	8,294	12,019	2,763	20.7%
Adj PAT	1,504	2,463	2,342	2,334	3,015	3,334	2,938	2,732	8,643	12,019	2,763	20.7%
YoY Change (%)	66.2	23.1	37.9	88.2	100.4	35.4	25.5	17.0	47.7	39.1	12.2	
Margins (%)	15.9	19.8	19.4	19.3	22.5	22.9	19.8	19.5	18.8	21.1	20.4	

Key performance Indicators (Consolidated)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
India	3240	3910	3680	3420	3060	4150	4269	4020	14250	15499
YoY Change (%)	(2.1)	1.6	0.8	13.2	(5.6)	6.1	16.0	17.6	3.0	8.8
Exports	4,530	6,460	6,640	7,100	7,710	7,790	7,903	7,907	24,730	31,310
YoY Change (%)	28.7	10.1	48.2	79.7	70.2	20.6	19.0	11.4	38.7	26.6
APIs	1,720	2,040	1,770	1,550	2,640	2,630	2,655	2,101	7,080	10,026
YoY Change (%)	(4.4)	31.6	(13.7)	(32.6)	53.5	28.9	50.0	35.6	(8.1)	41.6
Cost Break-up										
RM Cost (% of Sales)	21.5	22.0	24.7	21.9	25.2	21.4	22.0	21.9	22.6	22.6
Staff Cost (% of Sales)	22.6	17.5	18.8	20.5	20.5	18.9	19.0	20.4	19.7	19.7
R&D Expenses (% of Sales)	14.8	14.0	12.1	15.3	10.6	12.7	13.0	11.6	14.0	12.0
Other Cost (% of Sales)	17.3	18.6	17.6	15.2	13.3	16.5	17.6	17.6	17.2	16.3
Gross Margins(%)	78.5	78.0	75.3	78.1	74.8	78.6	78.0	78.1	77.4	77.4
EBITDA Margins(%)	23.7	27.8	26.9	27.1	30.4	30.4	28.4	28.5	26.6	29.4
EBIT Margins(%)	27.4	30.7	30.3	30.8	33.5	33.4	31.4	31.7	30.0	32.5

Coforge

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	COFORGE IN
Equity Shares (m)	61
M.Cap.(INRb)/(USDb)	148.8 / 2.1
52-Week Range (INR)	2813 / 739
1, 6, 12 Rel. Per (%)	6/97/65
12M Avg Val (INR M)	1126

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	41.8	47.3	56.6
EBIT Margin (%)	13.7	12.8	13.6
PAT	4.6	4.5	6.0
EPS (INR)	73.5	72.8	98.4
EPS Gr. (%)	11.0	(0.9)	35.1
BV/Sh. (INR)	384.1	362.0	434.9
Ratios			
RoE (%)	20.5	19.5	24.4
RoCE (%)	20.3	20.3	24.4
Payout (%)	42.2	30.2	30.5
Valuations			
P/E (x)	33.7	34.0	25.2
P/BV (x)	6.5	6.9	5.7
EV/EBITDA (x)	19.5	18.7	14.2
Div Yield (%)	1.3	0.9	1.2

Shareholding pattern (%)

As On	Sep-20	Jun-20	Sep-19
Promoter	70.3	70.3	70.0
DII	7.6	6.4	6.3
FII	13.2	14.0	14.9
Others	9.0	9.3	8.8

FII Includes depository receipts

CMP: INR2,456 TP: INR2,460 Neutral

Performance better than expected; strong deal wins

Valuation already factoring in robust FY22 growth

- Coforge's revenue growth of 8.1% QoQ CC was better than expected (7% QoQ), driven by good broad-based recovery in verticals and geographies. Operational improvement supported EBITDA margin expansion by 174bp QoQ to 17.8%, ahead of our estimate of 17.2%.
- Coforge reported a healthy order intake of USD201m. A robust deal pipeline, continued momentum in large deal wins (two deals in the quarter), and executables of USD489m (in 12 months; 21% YoY) indicate an optimistic outlook.
- We see good growth in the Travel vertical (on the back of client wallet share gains) and a continued positive outlook as encouraging.
- Management has indicated industry-leading organic growth of 6% YoY for FY21. It also expects to maintain the FY20 EBITDA margin (pre-RSU) of 17.8% in FY21. This indicates a good sequential growth outlook for the coming quarters and the ability to maintain 1HFY21 margins in 2HFY21 as well.
- Cash conversion has been relatively lower in recent years (OCF/EBITDA of 41% in FY20, 53% in 1HFY21) and needs to be closely monitored.
- We upgrade our estimates for FY21/FY22E by 5%/3%. Our TP implies 25x FY22 EPS. Maintain Neutral on fair valuations.

Revenue and margin ahead of estimates

- Coforge reported revenue (USD) / EBITDA / PAT growth of 4%/8%/1% YoY v/s our estimate of 2%/3%/-7% YoY. For 1H, the company reported revenue (USD) / EBITDA / PAT growth of 3%/6%/-10% YoY.
- Revenue growth of 8.1%QoQ CC was ahead of our estimate (7.0% QoQ CC), led by broad-based recovery across verticals and geographies.
- Sharper-than-expected recovery was seen in all the verticals. BFS (10.2% QoQ) and Insurance (13.5% QoQ) grew above the company average growth. Transportation (10.2% QoQ) and Others (10.2% QoQ) reported strong growth as well despite facing major headwinds due to the pandemic.
- The Americas (12.5% QoQ) and EMEA (10.2% QoQ) saw sharp recovery, while ROW was up 3.7% sequentially.
- The EBITDA margin expanded 180bp QoQ to 17.8% (v/s est. of 17.2%).
- Attrition further reduced to 10.5% (v/s 11.8% in 1Q), while utilizations increased to 81% (v/s 77% in 1Q).
- Net additions to headcount stood at 564 and the total headcount was marginally higher than end-4QFY20 levels.
- Strong deal wins of USD201m were reported. Executable deal wins (over the next 12 months) of USD489m are up 21% YoY.

Key highlights from management commentary

- Order intake remained healthy at USD201m, with the next 12-month executable order book at USD489m (21% YoY increase).
- Management guided for organic revenue growth of at least 6% YoY and the EBITDA margin (pre-RSU) for FY21 would be around 17.8% (the same as FY20).

- The deal pipeline is robust, with a good mix of new wins and renewals. The large deals pipeline is also strong, with two large deals closed during the quarter in the BFSI vertical.
- The platform engineering, AI/automation, and digital domains are seeing good traction in terms of demand. However, revenues from AI are a small part of a deal, although they are a necessary differentiator.
- The global Travel industry continues to be depressed; recovery is expected in the US and EMEA over the next year's summer or holiday season. Currently, companies expect to reach pre-COVID levels by the end of CY21–24 globally depending on the relevant markets.
- Management is comfortable with utilization at 80% levels, and the offshore ratio should normalize to around 65% over the coming quarters.
- The company would continue to look for attractive M&A opportunities.

Valuation and view – execution is the key monitorable

- Coforge's broad-based growth and margin expansion in 2QFY21 are positives given the company's relatively high exposure to TTH (still 19% of revenues).
- Strong deal wins, a robust deal pipeline, and good consistency in large deal wins (2–3 large deals every quarter) despite the disruption are encouraging.
- The recent rally in stock price indicates industry-leading growth and stable margins have already been priced into current valuations. Execution on the guidance would be the key to sustaining current multiples.
- The company's cash conversion has been on the decline over the last five years (OCF/EBITDA of 41% in FY20, 53% in 1HFY21). While the management has guided for an improvement on this, it needs to be closely monitored.
- The stock is currently trading at 25x FY22E earnings. We value the company at 25x FY22E EPS. Maintain Neutral on fair valuations.

Quarterly Performance (Ind-AS) **(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E	Est.	Var.
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QFY21	(%/bp)
Rev. (USD m) Ex. forex & bought outs	138	149	151	155	140	155	162	171	593	628	151	2.0
QoQ (%)	4.4	7.7	1.7	2.3	-9.4	10.7	4.9	5.8	14.3	6.0	8.0	219bp
Revenue (INR m)	9,597	10,385	10,734	11,093	10,570	11,537	12,264	12,978	41,809	47,348	11,312	2.0
YoY (%)	19.9	14.4	10.5	19.0	10.1	11.1	14.3	17.0	15.8	13.2	8.9	216bp
GPM (%)	33.9	34.6	34.1	34.3	31.5	32.6	32.0	32.7	34.2	32.2	33.3	-71bp
SGA (%)	16.8	16.3	16.1	16.5	15.5	14.8	15.5	15.5	16.4	15.4	16.1	-125bp
EBITDA (INRm)	1,641	1,898	1,940	1,971	1,686	2,048	2,020	2,233	7,450	7,987	1,947	5.2
EBITDA Margin (%)	17.1	18.3	18.1	17.8	16.0	17.8	16.5	17.2	17.8	16.9	17.2	3.1
EBIT (INRm)	1,240	1,451	1,491	1,538	1,221	1,588	1,531	1,715	5,720	6,055	1,484	7.0
EBIT Margin (%)	12.9	14.0	13.9	13.9	11.6	13.8	12.5	13.2	13.7	12.8	13.1	65bp
Other income	75	76	130	180	48	-63	90	72	461	146	33	-292.3
ETR (%)	20.5	18.1	20.7	20.3	20.5	19.9	22.5	22.5	19.9	21.4	22.5	-11.7
PAT	1,022	1,195	1,233	1,136	799	1,207	1,205	1,334	4,586	4,545	1,114	8.3
QoQ (%)	-8.0	16.9	3.2	-7.9	-29.7	51.1	-0.2	10.7	12.6	-0.9	39.4	1162bp
YoY (%)	21.5	6.9	23.1	2.3	-21.8	1.0	-2.3	17.4			-6.8	777bp
EPS (INR)	16.6	19.2	19.7	18.2	12.8	19.9	19.9	22.0	73.7	74.6	17.9	11.5

L&T Finance Holdings

BSE SENSEX	S&P CNX
40,558	11,896
Bloomberg	LTFH IN
Equity Shares (m)	1,999
M.Cap.(INRb)/(USDb)	129.1 / 1.7
52-Week Range (INR)	134 / 46
1, 6, 12 Rel. Per (%)	0/-21/-30
12M Avg Val (INR M)	1181

Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E
Total Income	70.3	63.1	69.6
PPP	50.6	43.6	49.7
Adj. PAT	21.7	10.2	20.1
EPS (INR)	10.9	5.1	10.1
EPS Gr. (%)	-2.7	-53.0	97.0
BV/Sh. (INR)	72	76	85
Ratios			
NIM (%)	5.8	5.1	5.4
C/I ratio (%)	28.1	31.0	28.6
RoAA (%)	2.0	0.9	1.7
RoE (%)	15.6	6.9	12.6
Payout (%)	17.8	13.9	13.9
Valuation			
P/E (x)	5.9	12.5	6.4
P/BV (x)	0.9	0.8	0.8
Div. Yield (%)	2.0	1.0	1.9

Shareholding pattern (%)

As On	Sep-20	Jun-20	Sep-19
Promoter	63.7	63.7	63.9
DII	5.0	5.5	5.3
FII	7.1	9.4	10.8
Others	24.3	21.5	20.1

FII Includes depository receipts

CMP: INR64 | **Buy**

Strengthening its balance sheet

- L&T Financial Holdings (LTFH) reported 2QFY21 PAT of INR2.5b (in-line). PPoP increased 16% YoY to INR11.6b, resulting in 9% beat. However, as the company chose to further build its provision buffer, total credit costs came in at INR8.4b, 11% higher than our estimates.
- The quarter was characterized by a pickup in disbursements, improved collection efficiency across products and enhanced provisioning.

Disbursement recovery in vehicle and infra finance

- Disbursements picked up to ~75% of YoY levels in the quarter, driven by vehicle/infrastructure finance. **Tractor disbursements jumped nearly 60% YoY to INR11b, making LTFH the largest tractor financier in the country in 2QFY21.** 2W disbursements reached YoY levels of INR11b. In MFI, the company remains cautious as disbursements were half of YoY levels.
- Disbursements in housing/real estate finance remained muted, while those in infrastructure finance were close to last year's levels. **The total loan book remained largely flat on a QoQ/YoY basis at INR988b.**

Collections improving; Building up the provision buffer

- Collection efficiency (CE) improved significantly across product segments. Total collections more than doubled from INR43b to INR103b QoQ. Collections are now at 95% of YoY levels.
- **CE in MFI improved to 90% in Sep'20. 37% of customers who did not repay in Sep'20 paid in Oct'20. CE in tractor finance stood at 89% while that in 2W finance improved to 86% in Sep'20.**
- Despite the improving CE, LTFH continued to build its provision buffer by taking INR5.1b COVID-related provisions in the quarter. **Including these provisions, the total standard asset provision buffer now stands at INR22b (2.4% of loans). Interestingly, the MFI book alone carries additional provisions of INR11b (9% of the MFI book).** In our view, the LTFH would continue making elevated provisions over 2HFY21.
- The GNPL/NNPL ratio was largely unchanged at 5.2%/1.7%. Note that the housing finance book witnessed 20bp QoQ rise in the GNPL ratio to 1.2%.

Pressure on spreads; Plan to reduce BS liquidity

- **Spreads (calc.) declined 70bp YoY, largely due to yield pressure (down 60bp YoY to 13.8%). Cost of funds has been largely stable at ~8.4% for the past few quarters.**
- Given excess liquidity on the BS, the company experienced negative carry of INR640m in the quarter. Management now intends to reduce liquidity on the balance sheet.

Other key highlights

- **The company down-sold INR41b worth of infrastructure loans during the quarter, higher than the previous four quarters combined.**
- Housing sales, for the industry, reached 50-55% of pre-COVID levels in 2QFY21. Interestingly, home loan inquiries were 7% higher in Sep'20 compared to Jan'20 (as per data sourced from some credit bureaus).

- 87% of home loan disbursements were to salaried customers. LTFH is restricting self-employed home loans to buyers of projects funded by it. It is also cautious in LAP, wherein disbursements are largely in the ECLGS scheme.
- **Average AUM in the AMC segment increased 8% QoQ to INR631b, driven by 14% QoQ increase in equity AUM to INR351b. The company reported PAT of INR540m in the quarter (v/s INR500m in 1QFY21).**

Valuation and view

The key retail businesses of LTFH have witnessed an improving trend MoM on disbursements as well as collections and moratorium. Over the past three quarters, **the company has been strengthening its provision buffer – standard asset provisions now stand at INR22b (i.e. 2.4% of standard loans).** While this may be adequate for any potential asset quality shocks, we expect management to be prudent and continue making contingency provisions over the next two quarters. LTFH has been consolidating its loan book over the past few quarters – it is expected to remain so for the next 2-3 quarters, in our view. Margins should see some benefit as the company reduces excess liquidity on the balance sheet.

Quarterly Performance (INR m)

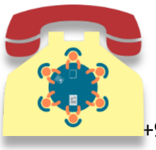
Y/E March	FY20				FY21		2QFY21E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q		
Income from Operations	35,945	36,113	36,289	33,552	33,871	34,081	34,548	-1
Interest Expenses	19,229	18,980	18,896	18,031	19,782	19,584	19,584	0
Net Interest Income	**16,716**	**17,134**	**17,393**	**15,521**	**14,089**	**14,497**	**14,964**	**-3**
Change YoY (%)	4.9	9.1	16.4	5.5	-15.7	-15.4	-12.7	
Other income	950	1,005	1,052	720	105	1,008	500	102
Total Income	**17,666**	**18,139**	**18,445**	**16,241**	**14,193**	**15,505**	**15,464**	**0**
Change YoY (%)	6.5	9.7	16.8	4.7	-19.7	-14.5	-14.7	
Operating Expenses	4,435	4,791	5,299	5,261	4,175	3,887	4,791	-19
Change YoY (%)	-12.1	-8.5	15.0	21.7	-5.9	-18.9	0.0	
Operating Profits	**13,231**	**13,349**	**13,146**	**10,980**	**10,019**	**11,618**	**10,673**	**9**
Change YoY (%)	14.7	18.2	17.6	-1.9	-24.3	-13.0	-20.0	
Provisions	5,804	5,786	5,894	6,421	11,282	8,328	7,500	11
Profit before Tax	**7,426**	**7,563**	**7,252**	**4,559**	**-1,264**	**3,290**	**3,173**	**4**
Tax Provisions	1,932	1,084	1,338	711	-482	813	698	16
Profit after tax	**5,494**	**6,479**	**5,915**	**3,849**	**-782**	**2,477**	**2,475**	**0**
Change YoY (%)	1.8	15.9	1.8	-30.3	-114.2	-61.8	-61.8	
Key Operating Parameters (%)								
Rep. Net Income (% of Avg Assets)	7.10	7.33	7.29	6.86	5.78	6.49		
Rep. Cost of funds (%)	8.59	8.61	8.54	8.43	8.49	8.32		
Cost to Income Ratio	25.1	26.4	28.7	32.4	29.4	25.1	31.0	141 BPS
Rep Credit Cost	2.39	2.49	2.39	3.03	3.63	2.83		
Tax Rate	26.0	14.3	18.4	15.6	38.1	24.7	22.0	-641 BPS
Balance Sheet Parameters								
Gross Customer Assets (INR B)	999	1,003	995	984	989	988	995	-1
Change YoY (%)	15.7	9.9	5.0	-0.7	-1.0	-1.4	0.4	
Borrowings (INR B)	929	901	930	939	941	929	926	1
Change YoY (%)	20.3	3.8	5.9	2.6	1.3	3.2	1.2	
Customer Assets /Borrowings (%)	108	111	107	105	105	106	107	
Debt/Equity (x)	6.6	6.4	6.4	6.4	6.3	6.1		
Asset Quality Parameters (%)								
GS 3 (INR B)	54.6	57.5	56.6	50.4	49.4	49.2	58.7	
Gross Stage 3 (%)	5.7	6.0	5.9	5.4	5.2	5.2	5.9	
NS 3 (INR B)	22.9	26.3	24.6	20.8	15.5	15.3	25.8	
Net Stage 3 (%)	2.5	2.8	2.7	2.3	1.7	1.7	2.7	
PCR (%)	58.1	54.2	56.6	58.7	68.6	68.9	56.1	
Return Ratios (%)								
ROAA	2.1	2.4	2.2	1.5	0.5	1.0		
ROAE	16.0	18.1	16.5	10.4	3.9	7.6		

Source: MOFSL, Company

Crompton Greaves Consumer Electricals

BSE SENSEX	S&P CNX
40,558	11,618

Conference Call Details



Date: 23rd October 2020
Time: 11:00am IST
Dial-in details:
+91-22-6280 1360

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	45.1	40.6	51.0
EBITDA	6.0	5.6	7.1
PAT	4.4	4.2	5.5
EBITDA (%)	13.2	13.7	14.0
EPS (INR)	7.0	6.7	8.8
EPS Gr. (%)	16.9	(3.6)	31.6
BV/Sh. (INR)	23.4	27.3	32.4
Ratios			
Net D/E	(0.2)	(0.3)	(0.4)
RoE (%)	29.8	24.6	27.3
RoCE (%)	28.9	23.9	28.0
Payout (%)	34.4	42.0	42.0
Valuations			
P/E (x)	40.8	42.3	32.2
P/BV (x)	12.2	10.4	8.8
EV/EBITDA (x)	29.5	31.3	23.8
Div Yield (%)	0.7	0.8	1.1
FCF Yield (%)	2.1	2.2	2.9

CMP:INR286 Buy

Big beat across parameters

2QFY21 earnings snapshot

- Revenue grew 11% YoY to INR12b, 20% ahead of expectation.
- EBITDA grew 44% to INR1.9b, 42% ahead of expectation.
- The EBITDA margin came in at 15.5% (+350bps YoY) v/s expectation of 13.1%.
- PBT grew by 45% to INR1.8b. The tax rate normalized to 25.4% from 12.1% last year. Thus, adj. PAT came in at INR1.4b (+23% YoY), 38% ahead of our expectation.
- The balance sheet improved further with a net cash position of INR7.5b in 1HFY21 (v/s INR2.4b at end of FY20 and INR670m in 1HFY20).
- FCF improved further to INR5.3b in 1HFY21 (v/s INR2.5b in 1HFY20).

Segmental snapshot (2QFY21)

- **ECD**: **Revenue grew strongly at 18% YoY to INR9.3b.** The PBIT margin improved to 21% v/s 19.2% last year.
- **Lighting:** Revenue declined by 7% to INR2.7b. **PBIT margins surprised with a rebound to the double digits at 10.4%**.
- **Key management commentary:** The Fans segment grew 23% YoY in volume, while the Appliances business grew 32% YoY in value. B2C Lighting advanced 9% YoY in volumes, with 10% YoY value growth. One-third of the YoY growth in 2QFY21 has come via alternate channels such as e-commerce, CSD, and rural.

Quarterly performance (INR m)

	FY20				FY21E				FY20	FY21E	Vs Est.	Var.
Y/E March	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**			**2QE**	**(%)**
Sales	**13,468**	**10,758**	**10,713**	**10,181**	**7,132**	**11,984**	**11,300**	**10,184**	**45,120**	**40,600**	**10,000**	**19.8%**
Change (%)	11.9	3.7	4.0	-15.6	-47.0	11.4	5.5	0.0	0.7	-10.0	-7.0	
EBITDA	**1,919**	**1,295**	**1,369**	**1,384**	**988**	**1,859**	**1,547**	**1,157**	**5,969**	**5,550**	**1,310**	**41.9%**
Change (%)	14.7	4.5	8.6	-17.9	-48.5	43.5	13.0	-16.4	1.9	-7.0	1.2	
As of % Sales	14.2	12.0	12.8	13.6	13.9	15.5	13.7	11.4	13.2	13.7	13.1	
Depreciation	58	64	64	82	80	77	80	82	268	319	80	
Interest	150	87	87	83	108	111	100	81	407	400	100	
Other Income	173	122	174	119	188	167	200	246	589	800	200	
PBT	**1,885**	**1,267**	**1,391**	**1,339**	**988**	**1,837**	**1,567**	**1,240**	**5,883**	**5,632**	**1,330**	**38.1%**
Tax	660	154	355	341	251	467	394	306	1,510	1,418	335	
Effective Tax Rate (%)	35.0	12.1	25.5	25.5	25.4	25.4	25.2	24.7	25.7	25.2	25.2	
Adjusted PAT	**1,224**	**1,113**	**1,036**	**998**	**737**	**1,371**	**1,172**	**934**	**4,373**	**4,214**	**995**	**37.7%**
Change (%)	17.4	44.7	30.1	(11.8)	(39.8)	23.2	13.1	(6.4)	16.9	(3.6)	(10.6)	
Extra-ordinary Income (net)	0	-	574	-	0	-	0	-	574	-	-	
Reported PAT	**1,224**	**1,113**	**1,610**	**998**	**737**	**1,371**	**1,172**	**934**	**4,947**	**4,214**	**995**	**37.7%**
Change (%)	17.4	44.7	102.1	(29.5)	(39.8)	23.2	(27.2)	(6.4)	22.9	(14.8)	(10.6)	

Expert Speak

Festive season off to a slow start mainly due to timing…

…but optimistic on retails catching up in run-up to Diwali

We hosted a conference call with a prominent dealer and FADA functionary, Mr Nikunj Sanghi. Key takeaways highlighted below:

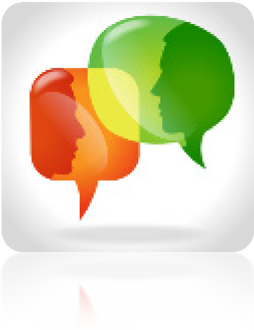
Mr. Nikunj Sanghi
Managing Director, J.S. Fourwheel Motor; President of Automotive Skills Development; Director of International Affairs - FADA

Mr. Nikunj Sanghi is the Director of International Affairs at FADA. Also, he is Managing Director of the Rajasthan-based J.S Fourwheel, which has been in the auto dealership business since 1985. It has dealerships of Mahindra & Mahindra (Auto) and Hero MotoCorp.

Not first time that an overall good festive season had a slow start

- This festive season has started slowly (first five days of Navratri) as retail sales are down 15-20% YoY against growth expectations. However, this phenomenon has happened in the past as well and sales have picked up toward the later part of the season.
- The slow start of the festive season might be due its timing as it started on a Saturday (in Hindi belt it is considered inauspicious to purchase metal/metal products on Saturday) and has come toward the month-end. Nov'20 is expected to be better as (a) most private/public sector employees will get their bonus toward the month-end, and (b) farmers will receive payments for their harvest.
- Current discounts are ~20% lower than last year; however, it might increase in Nov'20 if sales fail to pick up in Oct'20.
- **Financing** situation has eased and is easily available for 2Ws/PVs. However, in the M&HCV segment, financiers are still deciding on case-to-case basis.
- **Hero dealership**: So far, festive sales are lacking the momentum generated post the lockdown.
  - Inventory is higher than that of the festive season (6-9weeks) last year.
  - **Xtreme 160R** is much better received by customers as compared to its predecessors. Though volumes are still very low, its acceptance raises hope for the premium segment.
  - With no new launches or any major makeover, the **scooter segment** remains in rough terrain.
  - Rural demand continues to be better than urban demand with 90% YoY recovery (v/s 70% YoY demand recovery for urban areas).
- **M&M PV Dealership:** The company is still facing some supply side challenges for its fast running models.
  - Bolero, Scorpio and XUV300 are seeing high demand, while KUV100, TUV300 and Marazzo are having low demand. XUV300 petrol is seeing higher traction.
  - **Thar** has been a successful launch as it is penetrating into new segments like (a) first-time buyers, (b) compact SUV buyers, and (c) customers wanting it to be their first PV-like main-stream urban vehicle rather than just an add-on vehicle for off-roading purpose. Its current waiting period is 6-24 weeks depending on the variant.
  - Overall inventory is comparatively on the lower side due to supply side constraints.
  - Demand from rural and urban region is similar (unlike demand seen for Hero Moto).
- **M&M M&CV Dealership:** Tipper and tankers are seeing good demand recovery on the back of increase in infrastructure activities and renewal of contracts by oil and gas companies, respectively. Oil Companies demand for BS6 trucks under new contracts is pushing recovery.

Valuation and view: As pent-up demand was served during the last 3-4 months, festive retails sales would mostly reflect the organic demand and actual recovery of the automobile sector. We believe the initial slowdown in demand would be covered by sales in Nov'20 on the back of expected liquidity increase in the market. Current valuations factors in for a good festive sales, leaving little room for any disappointments. Given demand uncertainty and current valuations, we prefer stocks offering (a) higher visibility of demand recovery, (b) better competitive positioning, (c) scope of higher operating leverage, and (d) strong balance sheet. **MM** and **HMCL** are our top OEM picks. Among the auto component stocks, we prefer **MSS** and **ENDU**.



Bajaj Auto: Difficult to predict festive season sales; Rakesh Sharma, ED

- Marginal improvement in walk-ins, enquiries & sales over the beginning of festive period last year
- Optimistic about maintaining margin despite raw material cost increase. Have streamlined low margin products
- Highest ever sales of Pulsar in this situation in Q2. This has aided margins
- Had highest ever exports in Sept'20. Certain that Oct'20 performance will beat Sept'20 performance if no issues crop up
- Aim to improve domestic market share from 18.2% in H1 to 20% in H2
- 125cc segment is more profitable than 100cc and we have expanded this market segment
- In ultra-premium segment (KTM/ Dominar) now clocking 10,000-12,000 units run rate per month
- Passed on cost increases from September onwards in International markets

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India Cements: Expect demand to rebound in western regions like Maharashtra; N Srinivasan, VC & MD

- Demand supply equation is in favor of producers in Nort, East & Central India because there have not been significant capacity additions in those regions
- As monsoon passes away, demand will recover in western regions like Maharashtra post Diwali
- Total capacity in South is 130 lakh tonne for month, the demand is ~75 lakh tonnes for month. It will take sometime for parity to set in
- South India prices have been strong compensating the lower volume offtake
- State Govts. of Andhra Pradesh, Telangana have extensive programs which are contributing to cement demand

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JK Tyre: Will reduce debt by Rs 1800 crore over next 2 years; AK Bajoria, President & Director

- Demand in PV radial tyre rose due to festive season and increase of personal mobility
- Indiscriminate imports have been halted in truck & bus tyres
- Domestic business growth is 12%, Replacement business growth is 22%, Truck & Bus replacement market grew 27% and Farm business has grown 57% in Q2
- Focusing on working capital reduction (Reduced Rs. 500cr in Q2)which has helped in reducing costs by 20%

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NEOBANKS – THE NEXT TECHNOLOGICAL WAVE

- The growth of neobanks is expected to disrupt the way we bank in the coming decade. Neobanks provide app-based digital banking services with no physical branches on high streets, providing services to their customers. The acceptance of the neobanking business model by customers across the globe has generated enormous interests amongst investors, venture capitalists and corporates. In terms of numbers, out of $3.49 billion received by fintechs globally in March 2018, neobanks alone received $586.7 million of the total funding. Considering India, neobanks raised $ 116 million in 2019, almost a seven-time jump over 2018. Since 2019, we have witnessed refinement of the neobanking business models across a wide range of business operations. These include digitalising of salary accounts, SME credit and payment accounts, international travel cards and remittances, and mortgages.
- Despite plenty of overlap between the neobanks and the traditional banks, neobanks are very different. Neobanks are much more technology-oriented. Many such banks often consider themselves tech companies. A key facet of these new banks is that both the front and the back ends are 100% digital. Further, unlike the traditional banks they are not bound by the legacy system. They are primarily app-driven. For instance, if you need to move your money around, sign-up and create a new account and do your transactions with a few taps of your fingers.
- Can the digital-front of the traditional banks tackle the slow-moving decision-making and approval processes to launch features and products as swiftly as the neobanks? Can they convince customers they're different from their parent, i.e. the traditional banks? Are the neobanks a threat to the incumbents?
- Traditional banks have many advantages, such as funding and customer trust. However, the legacy system makes it tough for them to develop innovative service experience. In contrast, while the neobanks do not have the customer-base or the money, they can launch client-centric applications that allows customers to achieve their requirements much faster. More importantly, the mix of strengths amongst the new entrants and the traditional banks has led to innovative knowledge transfer. In many instances, neobanks have pushed the traditional banks to provide enhanced web-based customer services.
- Other impacts of neobanks: Neobanks are more agile and inclusive when compared to the traditional banks. This allows these new entrants to reach the vulnerable and the under-served customer segments, such as migrant workers and rural households. Neobanks, along with other fintechs are driving further segmentations in the market. The initial focus is on providing customers with one product or service. For example, while Habito is for mortgages, Paytm is for commercial transfers and TransferWise is for international payments. These services provided by the neobanks outperform the ones provided by the traditional banks. The complacency of the incumbents has been their biggest limitation. They have been unconcerned about new entrants, satisfied that they can complete with their size or range of products. But, these traditional banks could start to lose ground if new entrants continue to pull customers away from the revenue-generating areas.

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		CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
Company	**Reco**	**(INR)**	**(INR)**	**Downside**	**FY20**	**FY21E**	**FY22E**	**FY20**	**FY21E**	**FY22E**	**FY21E**	**FY22E**	**FY21E**	**FY22E**	**FY21E**	**FY22E**
Automobiles																
Amara Raja	Neutral	748	794	6	38.7	34.6	41.8	36.7	-10.6	20.8	21.6	17.9	3.2	2.8	15.3	16.7
Ashok Ley.	Buy	79	94	19	1.2	0.2	3.6	-83.1	-82.7	1,667.7	392.2	22.2	3.2	2.9	0.8	13.7
Bajaj Auto	Neutral	3009	3300	10	187.4	157.2	197.9	13.3	-16.1	25.9	19.1	15.2	4.0	3.6	21.8	24.9
Bharat Forge	Buy	464	512	10	9.2	4.2	15.3	-58.4	-54.9	268.6	111.5	30.3	4.0	3.6	3.6	12.6
Bosch	Neutral	11824	14504	23	418.8	374.3	463.1	-22.5	-10.6	23.7	31.6	25.5	3.5	3.2	11.5	13.0
CEAT	Buy	1080	1187	10	57.1	68.4	89.7	-14.7	19.9	31.0	15.8	12.0	1.4	1.3	9.2	11.1
Eicher Mot.	Buy	2160	2400	11	66.9	50.4	79.3	-17.8	-24.8	57.4	42.9	27.2	5.4	4.7	13.1	18.3
Endurance Tech.	Buy	1011	1317	30	38.0	35.0	48.5	3.2	-8.1	38.8	28.9	20.8	4.2	3.7	15.5	19.0
Escorts	Neutral	1190	1270	7	54.0	62.9	74.8	1.4	16.6	18.9	18.9	15.9	2.5	2.2	16.2	14.8
Exide Ind	Buy	160	204	27	9.9	8.5	11.4	9.4	-14.2	34.2	18.9	14.1	2.0	1.9	10.8	13.2
Hero Moto	Buy	3081	3900	27	153.0	159.2	204.1	-9.7	4.1	28.2	19.4	15.1	4.1	3.7	21.9	25.9
M&M	Buy	605	765	26	15.0	28.2	37.3	-64.9	88.5	32.0	21.4	16.2	1.9	1.8	9.6	10.8
Mahindra CIE	Buy	137	165	20	9.4	3.2	10.8	-33.2	-65.7	233.1	42.4	12.7	1.1	1.0	2.6	8.2
Maruti Suzuki	Buy	6806	7600	12	188.0	172.7	269.0	-25.8	-8.1	55.7	39.4	25.3	4.0	3.6	10.1	14.0
Motherson Sumi	Buy	106	141	33	3.7	1.1	5.5	-27.5	-69.6	389.8	94.3	19.2	2.9	2.6	3.1	14.4
Tata Motors	Buy	133	222	66	-25.3	-34.2	10.3	480.5	Loss	LP	NM	12.9	0.9	0.9	-21.6	7.3
TVS Motor	Neutral	443	443	0	13.0	10.8	20.0	-7.8	-16.7	85.0	40.9	22.1	5.3	4.5	13.6	22.2
Aggregate								**-50.8**	**-31.2**	**255.4**	**68.9**	**19.4**	**2.9**	**2.6**	**4.2**	**13.6**
Banks - Private																
AU Small Finance	Buy	779	850	9	22.6	25.1	34.2	71.3	11	36.3	31.1	22.8	4.7	3.9	16.2	18.5
Axis Bank	Buy	511	600	18	6.0	18.2	31.5	-66.9	201	73.2	28.1	16.2	1.6	1.4	5.8	9.3
Bandhan Bank	Buy	310	425	37	21.6	22.0	28.3	31.9	2	28.8	14.1	11.0	2.8	2.3	21.3	23.1
DCB Bank	Neutral	80	90	12	10.9	9.1	11.7	3.6	-16.9	29.3	8.9	6.9	0.7	0.6	8.5	10.0
Equitas Hold.	Buy	49	65	32	7.1	6.5	10.2	15.5	-9.1	56.9	7.6	4.8	0.6	0.5	7.8	11.4
Federal Bank	Buy	57	70	24	7.8	7.7	10.7	23.4	-0.7	39.2	7.3	5.3	0.7	0.6	10.1	12.7
HDFC Bank	Buy	1233	1400	14	48.0	54.9	66.5	21.2	14.2	21.2	22.5	18.5	3.5	3.0	16.4	17.3
ICICI Bank	Buy	413	475	15	12.3	17.2	25.3	135.0	40.3	47.1	24.0	16.3	2.0	1.8	9.1	11.9
IndusInd	Buy	609	700	15	68.2	30.6	64.1	24.2	-55.1	109.2	19.9	9.5	1.2	1.1	6.0	11.7
Kotak Mah. Bk	Neutral	1393	1300	-7	44.9	41.5	51.1	19.0	-7.6	23.1	33.6	27.3	3.7	3.3	10.0	10.7
RBL Bank	Buy	181	230	27	9.9	11.6	18.1	-51.1	16.7	55.9	15.6	10.0	0.8	0.8	5.9	8.2
Aggregate								**23.7**	**16.8**	**36.7**	**23.3**	**17.1**	**2.5**	**2.2**	**10.8**	**13.1**
Banks - PSU																
BOB	Neutral	43	47	10	1.2	0.4	5.1	-27.8	-69.1	1,308.9	117.4	8.3	0.3	0.3	0.2	3.3
SBI	Buy	203	285	40	22.1	23.3	34.8	759.6	5	49.2	8.7	5.8	0.7	0.6	6.9	10.4
Aggregate								**643.2**	**3**	**59**	**10**	**6.0**	**0.6**	**0.6**	**6.6**	**9.8**
NBFCs																
Aditya Birla Cap	Buy	66	86	30	3.8	3.8	4.6	-3.5	-0.7	22.5	17.6	14.3	1.2	1.1	7.0	7.9
Bajaj Fin.	Neutral	3313	3350	1	87.7	72.1	132.0	26.7	-17.8	83.1	46.0	25.1	5.5	4.6	12.6	19.9
Cholaman.Inv.&Fn	Buy	243	300	24	12.8	15.1	21.0	-15.4	17.4	39.7	16.1	11.5	2.2	1.9	14.4	17.5
H D F C	Buy	2043	2215	8	49.2	54.7	61.1	10.8	11.1	11.8	37.4	33.4	3.3	3.0	12.5	11.9
HDFC Life Insur.	Neutral	561	625	11	6.4	7.2	8.5	1.3	11.9	17.8	78.1	66.3	4.5	3.9	20.8	17.3
ICICI Pru Life	Buy	414	510	23	7.4	7.9	8.3	-6.3	6.4	4.6	52.2	49.9	2.3	2.0	14.5	14.6
IIFL Wealth Mgt	Buy	902	1240	37	23.1	37.7	49.5	-47.8	63.5	31.2	23.9	18.2	2.5	2.4	10.8	13.7
L&T Fin Holdings	Buy	64	-		10.9	5.1	10.1	-2.7	-53.0	97.0	12.5	6.4	0.8	0.8	6.9	12.6
LIC Hsg Fin	Buy	309	375	21	47.6	55.1	52.8	-1.2	15.8	-4.1	5.6	5.8	0.8	0.7	14.7	12.6
Manappuram Fin.	Buy	166	205	24	17.5	18.5	22.5	55.7	5.6	21.3	9.0	7.4	2.0	1.6	24.4	24.1
MAS Financial	Buy	837	1000	19	33.2	30.8	36.9	19.2	-7.0	19.5	27.2	22.7	4.1	3.6	16.0	16.9
M&M Fin.	Buy	133	165	24	14.7	7.4	8.9	-41.8	-49.9	21.3	18.0	14.8	1.1	1.0	6.8	7.0
Muthoot Fin	Buy	1192	1450	22	75.3	85.1	99.8	52.9	13.1	17.2	14.0	11.9	3.3	2.7	26.4	25.2
Piramal Enterp.	Buy	1320	1600	21	-24.5	74.8	93.4	-135.4	LP	24.8	17.6	14.1	1.0	0.9	5.8	7.0
PNB Housing	Neutral	357	360	1	38.4	45.3	62.3	-46.0	17.8	37.6	7.9	5.7	0.7	0.6	9.2	11.6
SBI Life Insurance	Buy	781	1000	28	14.2	16.1	18.3	7.2	12.9	13.7	48.6	42.8	2.6	2.2	15.1	16.0
Shriram City Union	Buy	801	1125	40	151.6	113.9	143.4	1.2	-24.9	25.9	7.0	5.6	0.7	0.6	9.9	11.4

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY20	EPS (INR) FY21E	EPS (INR) FY22E	EPS Gr. YoY (%) FY20	EPS Gr. YoY (%) FY21E	EPS Gr. YoY (%) FY22E	P/E (x) FY21E	P/E (x) FY22E	P/B (x) FY21E	P/B (x) FY22E	ROE (%) FY21E	ROE (%) FY22E
Shriram Trans.	Buy	700	1000	43	110.3	71.2	113.9	-2.4	-35.5	60.0	9.8	6.1	0.8	0.7	9.2	12.9
Aggregate								**0.7**	**9.1**	**29.3**	**22.3**	**17.2**	**2.5**	**2.2**	**11.0**	**12.8**
Capital Goods																
ABB	Buy	917	1030	12	16.6	7.1	21.5	38.1	-56.9	200.4	128.3	42.7	5.3	4.8	4.1	11.3
Bharat Elec.	Buy	93	116	24	7.4	6.8	8.3	-6.9	-8.0	22.7	13.8	11.2	2.1	2.0	15.5	17.5
BHEL	Sell	29	22	-24	-4.2	-0.8	1.4	-221.9	Loss	LP	NM	20.0	0.3	0.3	-0.9	1.7
Blue Star	Neutral	650	560	-14	15.3	2.7	16.4	-21.4	-82.5	512.9	242.6	39.6	7.9	7.3	3.3	18.5
CG Cons. Elec.	Buy	286	-		7.0	6.7	8.8	16.9	-3.6	31.6	42.3	32.2	10.4	8.8	24.6	27.3
Cummins	Sell	463	336	-27	23.3	16.9	22.4	-10.8	-27.3	32.5	27.3	20.6	2.9	2.8	10.7	13.6
Engineers India	Buy	68	89	30	6.8	5.7	7.9	16.3	-16.3	38.2	12.0	8.7	1.9	1.9	15.1	20.3
Havells	Neutral	724	685	-5	11.7	10.0	14.1	-6.9	-14.3	40.8	72.2	51.3	9.6	8.6	13.3	16.8
K E C Intl	Buy	332	395	19	22.0	22.6	26.3	16.3	2.5	16.8	14.7	12.6	2.6	2.2	17.6	17.4
L&T	Buy	936	1110	19	68.0	123.1	66.1	7.1	81.0	-46.3	7.6	14.2	1.6	1.6	8.6	11.1
Siemens	Neutral	1275	1210	-5	30.5	18.6	30.8	21.6	-39.2	65.9	68.6	41.4	4.8	4.4	6.9	10.6
Thermax	Neutral	763	710	-7	18.9	19.2	32.2	-30.6	1.9	67.3	39.7	23.7	2.7	2.5	6.9	10.7
Voltas	Buy	710	710	0	16.7	11.9	18.5	6.5	-29.2	56.2	59.9	38.3	5.2	4.7	8.6	12.3
Aggregate								**-10.6**	**-14.9**	**44.9**	**28.8**	**19.9**	**2.2**	**2.1**	**7.7**	**10.7**
Cement																
Ambuja Cem.	Neutral	254	235	-7	7.7	8.5	8.2	26.4	10.4	-3.5	23.5	24.5	1.9	1.8	7.9	7.7
ACC	Buy	1630	1805	11	72.3	71.6	83.2	35.1	-0.9	16.1	22.7	19.6	2.4	2.2	11.2	11.9
Birla Corp.	Buy	638	795	25	65.6	44.8	66.4	97.6	-31.8	48.4	14.3	9.6	1.0	0.9	7.0	9.7
Dalmia Bhar.	Buy	834	915	10	11.5	29.9	35.1	-27.3	160.2	17.3	27.9	23.8	1.5	1.4	5.4	6.0
Grasim Inds.	Neutral	791	725	-8	67.3	39.4	66.8	1.8	-41.5	69.5	20.1	11.9	1.4	1.3	1.2	2.5
India Cem	Neutral	123	117	-5	0.7	4.3	4.9	-69.5	527.2	13.4	28.4	25.1	0.7	0.7	2.4	2.7
J K Cements	Buy	1908	1810	-5	62.6	57.3	91.2	83.4	-8.5	59.3	33.3	20.9	4.4	3.7	13.8	19.3
JK Lakshmi Ce	Buy	291	360	24	22.6	21.6	24.9	233.6	-4.4	15.5	13.5	11.7	1.8	1.5	13.8	14.0
Ramco Cem	Neutral	789	690	-13	25.5	28.4	33.3	18.1	11.3	17.3	27.8	23.7	3.4	3.0	12.8	13.4
Shree Cem	Neutral	20978	21900	4	435.2	450.9	602.2	34.3	3.6	33.6	46.5	34.8	5.3	4.6	11.9	14.2
Ultratech	Buy	4612	5600	21	132.9	170.0	213.7	47.0	27.9	25.7	27.1	21.6	2.9	2.6	11.9	13.3
Aggregate								**27.1**	**-1.7**	**31.2**	**26.7**	**20.3**	**2.4**	**2.2**	**8.9**	**10.8**
Consumer																
Asian Paints	Neutral	2100	1980	-6	29.0	29.6	36.0	25.5	2.2	21.6	71.0	58.4	17.8	15.9	26.5	28.8
Britannia	Neutral	3459	3715	7	58.6	79.3	78.1	21.8	35.2	-1.5	43.6	44.3	19.8	19.2	44.4	44.1
Colgate	Buy	1432	1720	20	30.0	34.3	37.5	8.1	14.3	9.3	41.7	38.2	27.0	32.4	61.4	77.1
Dabur	Buy	507	600	18	8.6	9.0	10.6	1.4	4.4	17.6	56.3	47.9	12.8	11.8	23.4	25.6
Emami	Buy	362	395	9	12.4	12.3	13.2	2.0	-1.1	7.2	29.5	27.5	7.7	7.8	27.8	28.0
Godrej Cons.	Neutral	672	740	10	14.2	15.8	17.2	-2.9	11.6	8.8	42.5	39.1	8.7	8.8	20.5	22.4
HUL	Buy	2179	2620	20	31.2	34.8	42.7	11.1	11.5	22.7	62.6	51.0	10.4	10.4	28.6	20.4
ITC	Neutral	169	185	10	12.4	10.8	12.8	22.2	-12.8	18.3	15.6	13.2	3.0	2.7	20.0	21.7
Jyothy Lab	Neutral	146	145	0	4.5	5.1	5.2	-15.8	12.4	2.4	28.6	27.9	4.4	4.4	15.2	15.6
Marico	Buy	357	440	23	8.1	8.5	9.8	13.4	4.8	14.5	41.8	36.5	11.7	11.3	31.6	31.5
Nestle	Neutral	15911	17060	7	206.8	218.0	251.2	15.8	5.4	15.2	73.0	63.3	66.2	58.2	98.9	97.7
Page Inds	Neutral	20525	20230	-1	307.7	238.0	406.8	-12.9	-22.6	70.9	86.2	50.5	25.5	22.8	29.6	45.1
Pidilite Ind.	Neutral	1476	1365	-8	23.1	16.8	25.3	24.5	-27.5	50.8	88.1	58.4	13.9	12.1	17.3	22.2
P&G Hygiene	Neutral	10236	10445	2	136.5	167.0	199.0	8.0	22.4	19.1	61.3	51.4	26.2	23.8	44.8	48.6
Tata Consumer	Buy	466	558	20	8.0	10.3	12.4	66.4	29.5	19.7	45.2	37.7	3.0	2.8	6.7	7.6
United Brew	Sell	959	820	-14	16.2	0.1	11.0	-24.0	-99.1	7,674.6	6,805.6	87.5	7.2	6.9	0.1	8.0
United Spirits	Neutral	515	550	7	10.9	5.7	12.4	16.9	-47.2	115.9	89.6	41.5	9.0	7.4	10.1	17.8
Aggregate								**16.0**	**-1.5**	**20.6**	**44.7**	**37.1**	**8.7**	**8.2**	**19.5**	**22.2**
Healthcare																
Alembic Phar	Neutral	1012	1120	11	44.0	61.2	54.4	41.7	39.1	-11.1	16.5	18.6	4.0	3.5	30.1	20.6
Alkem Lab	Buy	2618	3665	40	95.4	131.5	146.1	49.5	37.8	11.1	19.9	17.9	4.2	3.6	23.2	21.6
Ajanta Pharma	Buy	1635	1850	13	51.1	64.0	71.7	15.1	25.2	12.0	25.5	22.8	4.7	4.1	20.0	19.3
Aurobindo	Buy	782	1030	32	49.2	56.5	63.7	13.9	15.0	12.8	13.8	12.3	2.3	2.0	18.0	17.2
Biocon	Neutral	430	-		6.2	8.6	12.0	-0.4	39.2	39.6	49.9	35.8	6.9	6.1	14.6	18.1

		CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
Company	Reco	(INR)	(INR)	Downside	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Cadila	Buy	425	460	8	14.7	19.0	21.4	-20.0	29.4	12.5	22.4	19.9	3.4	3.0	16.9	16.2
Cipla	Neutral	757	790	4	19.6	28.6	32.6	4.8	45.7	13.9	26.5	23.3	3.4	3.0	12.8	12.9
Divis Lab	Buy	3086	3520	14	48.9	69.7	87.3	-2.3	42.4	25.3	44.3	35.4	8.8	7.3	22.2	22.6
Dr Reddy’s	Neutral	5024	4600	-8	121.3	165.0	186.6	15.4	35.9	13.1	30.5	26.9	4.6	4.0	16.3	16.0
Glenmark	Neutral	487	495	2	24.6	31.5	33.6	-5.1	28.3	6.5	15.4	14.5	2.0	1.8	13.8	13.0
GSK Pharma	Neutral	1511	1355	-10	28.2	26.9	33.9	14.6	-4.5	26.0	56.1	44.5	13.3	12.2	23.8	27.3
Granules India	Buy	389	500	29	13.0	24.7	28.4	41.3	89.8	14.9	15.7	13.7	4.2	3.3	30.1	27.2
IPCA Labs	Buy	2154	2520	17	51.4	89.0	88.7	41.6	73.2	-0.3	24.2	24.3	5.9	4.9	27.3	22.1
Jubilant Life	Buy	736	975	32	59.8	48.7	64.8	5.0	-18.6	33.1	15.1	11.4	1.8	1.6	12.8	15.0
Laurus Labs	Buy	336	285	-15	4.8	13.5	14.6	132.6	181.8	8.8	25.0	23.0	7.6	5.9	34.7	28.9
Lupin	Buy	993	1180	19	19.8	26.6	39.4	47.7	34.4	48.2	37.3	25.2	3.4	3.1	9.3	12.7
Strides Pharma	Buy	730	715	-2	15.2	35.3	48.2	72.1	132.5	36.4	20.7	15.1	2.3	2.1	11.8	14.5
Sun Pharma	Buy	486	650	34	16.4	19.8	24.2	8.7	20.8	22.1	24.5	20.1	2.6	2.3	10.5	12.1
Torrent Pharma	Neutral	2714	2505	-8	55.9	72.8	93.9	30.8	30.3	29.0	37.3	28.9	7.8	6.6	23.0	24.8
Aggregate								**12.7**	**30.1**	**18.2**	**26.6**	**22.5**	**3.9**	**3.4**	**14.8**	**15.3**
Infrastructure																
Ashoka Buildcon	Buy	63	110	74	13.8	9.2	10.8	20.2	-33.0	16.4	6.9	5.9	0.6	0.6	9.5	10.0
IRB Infra	Neutral	117	114	-2	18.9	8.9	9.7	-21.9	-52.9	8.8	13.1	12.1	0.6	0.6	4.6	4.8
KNR Constructions	Buy	251	310	24	14.5	16.0	22.5	-18.3	10.3	40.4	15.7	11.2	1.9	1.7	13.0	15.9
Aggregate											**11.7**	**9.7**	**0.8**	**0.7**	**6.9**	**7.7**
Media																
PVR	Buy	1177	1470	25	32.2	-89.5	20.8	-15.1	PL	LP	NM	56.6	5.1	4.6	-35.7	8.5
Sun TV	Buy	431	520	21	34.8	31.8	41.7	-1.7	-8.5	31.1	13.5	10.3	3.0	2.7	22.1	27.4
Zee Ent.	Neutral	184	190	4	5.5	9.1	14.7	-66.6	65.6	62.1	20.2	12.5	1.8	1.6	9.1	13.6
Aggregate								**-21.3**	**-34.3**	**94.3**	**24.4**	**12.5**	**2.4**	**2.1**	**9.7**	**17.1**
Metals																
Hindalco	Buy	184	257	39	17.5	16.8	24.9	-29.2	-4.0	48.4	11.0	7.4	1.1	0.9	9.7	13.3
Hind. Zinc	Neutral	239	215	-10	16.1	16.6	21.4	-14.5	2.9	29.3	14.4	11.1	3.2	3.1	19.5	28.2
JSPL	Buy	208	234	12	-3.6	11.8	14.9	-210.0	LP	25.7	17.6	14.0	0.8	0.8	4.1	5.5
JSW Steel	Buy	326	317	-3	9.0	11.4	29.4	-71.6	26.7	157.0	28.5	11.1	2.0	1.7	7.3	16.7
Nalco	Buy	30	42	39	0.7	1.8	2.4	-92.2	149.9	36.0	16.9	12.4	0.6	0.6	3.5	4.8
NMDC	Buy	86	131	52	15.3	12.4	13.5	-1.9	-19.2	8.8	7.0	6.4	0.9	0.8	13.3	13.4
SAIL	Neutral	36	35	-3	-0.5	1.8	5.0	-107.5	LP	182.4	20.2	7.2	0.4	0.3	1.8	4.8
Tata Steel	Neutral	410	381	-7	9.1	-6.1	49.1	-89.8	PL	LP	NM	8.4	0.7	0.7	-1.1	8.3
Aggregate								**-55.4**	**3.8**	**88.0**	**17.6**	**9.4**	**1.1**	**1.0**	**6.1**	**10.7**
Oil & Gas																
Aegis Logistics	Buy	202	250	24	3.0	7.0	11.8	-55.0	136.3	67.0	28.7	17.2	3.7	3.2	13.5	19.7
BPCL	Neutral	350	431	23	25.3	30.2	34.3	-41.6	19.0	13.7	11.6	10.2	1.7	1.5	15.5	16.0
Castrol India	Buy	112	160	43	8.4	5.3	6.7	16.8	-36.5	26.3	21.0	16.7	7.6	7.1	37.3	44.1
GAIL	Buy	89	156	76	16.5	10.8	15.5	17.3	-34.2	43.4	8.2	5.7	0.8	0.7	10.7	14.2
Gujarat Gas	Buy	288	425	48	17.3	11.2	16.5	177.8	-35.2	47.1	25.7	17.4	5.1	4.1	21.5	26.1
Gujarat St. Pet.	Buy	198	310	56	19.7	17.8	18.8	39.5	-9.3	5.6	11.1	10.5	1.5	1.3	14.1	13.2
HPCL	Buy	179	305	70	23.9	38.2	37.6	-45.6	59.7	-1.6	4.7	4.8	0.8	0.8	18.2	16.9
IOC	Buy	78	145	86	10.3	11.1	17.3	-45.4	8.4	55.3	7.0	4.5	0.7	0.7	10.5	15.3
IGL	Neutral	392	480	23	16.2	9.9	16.8	44.5	-39.2	70.2	39.7	23.3	4.9	4.2	13.0	19.4
Mahanagar Gas	Buy	831	1100	32	80.3	49.2	68.2	45.2	-38.8	38.7	16.9	12.2	2.6	2.3	15.8	20.1
MRPL	Neutral	30	37	23	-15.4	-2.4	4.6	-895.4	Loss	LP	NM	6.6	0.7	0.7	-5.5	10.4
Oil India	Buy	91	105	15	22.9	6.0	15.5	-28.6	-73.6	157.5	15.1	5.9	0.4	0.4	2.4	7.0
ONGC	Buy	69	90	31	13.1	8.7	17.5	-51.8	-33.7	101.1	7.9	3.9	0.4	0.4	5.3	10.0
PLNG	Buy	236	335	42	18.5	18.5	21.3	28.5	0.1	15.1	12.8	11.1	3.0	2.8	24.4	26.0
Reliance Ind.	Buy	2107	2210	5	67.9	60.4	101.8	8.1	-11.1	68.7	34.9	20.7	2.7	2.4	8.1	12.4
Aggregate								**-24.6**	**-10.7**	**60.6**	**21.3**	**13.3**	**1.8**	**1.6**	**8.3**	**12.1**
Retail																
Avenue Supermarts	Neutral	2104	2100	0	20.1	18.2	29.2	38.9	-9.4	60.3	115.7	72.2	10.7	9.3	10.1	14.3

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY20	EPS (INR) FY21E	EPS (INR) FY22E	EPS Gr. YoY (%) FY20	EPS Gr. YoY (%) FY21E	EPS Gr. YoY (%) FY22E	P/E (x) FY21E	P/E (x) FY22E	P/B (x) FY21E	P/B (x) FY22E	ROE (%) FY21E	ROE (%) FY22E
Aditya Birla Fashion	Buy	153	175	14	-0.2	-3.9	-2.0	-111.1	Loss	Loss	NM	NM	18.8	23.9	-51.1	-29.5
Jubilant Food.	Neutral	2187	2205	1	22.5	14.1	34.8	-6.5	-37.5	147.5	155.3	62.8	24.9	20.4	16.0	32.5
Shoppers Stop	Neutral	182	190	4	-14.7	-41.9	-15.1	-289.1	Loss	Loss	NM	NM	-5.4	-3.7	323.1	36.4
Titan Company	Buy	1230	1400	14	17.1	10.2	22.2	8.9	-40.3	117.7	120.8	55.5	15.9	13.9	13.3	26.7
Trent	Neutral	643	610	-5	3.0	-4.6	5.8	2.1	PL	LP	NM	110.5	9.6	8.8	-7.1	8.9
V-Mart Retail	Buy	1914	2300	20	27.3	-31.6	9.8	-31.0	PL	LP	NM	195.2	8.6	8.3	NM	4.3
Aggregate								**5.4**	**-64.8**	**268.8**	**279.5**	**75.8**	**12.9**	**11.4**	**4.6**	**15.0**
Technology																
Cyient	Neutral	425	400	-6	33.8	32.6	38.5	-22.2	-3.5	18.3	13.1	11.0	1.6	1.5	12.2	13.4
HCL Tech.	Buy	867	1050	21	40.7	46.1	53.6	11.1	13.1	16.3	18.8	16.2	3.9	3.4	22.6	21.7
Infosys	Buy	1130	1355	20	38.9	45.7	54.1	5.1	17.4	18.4	24.7	20.9	6.7	5.6	27.0	27.0
L & T Infotech	Buy	3052	3480	14	86.7	102.8	128.4	0.4	18.5	24.9	29.7	23.8	8.3	6.8	30.6	31.5
Mindtree	Neutral	1385	1550	12	38.3	60.1	69.6	-16.4	56.8	15.9	23.0	19.9	5.8	4.9	25.2	24.5
Mphasis	Neutral	1353	-		61.5	72.2	93.8	9.6	17.5	29.9	18.8	14.4	4.3	3.6	23.1	27.8
Coforge	Neutral	2456	2460	0	73.5	72.8	98.4	11.0	-0.9	35.2	34.0	25.2	6.9	5.7	19.5	24.4
Persistent Sys	Buy	1180	1550	31	44.4	52.8	68.9	0.9	18.9	30.6	22.4	17.1	3.3	2.8	14.7	16.5
TCS	Neutral	2671	2900	9	86.2	86.5	106.9	3.7	0.3	23.6	30.9	25.0	10.7	10.4	36.2	42.4
Tech Mah	Neutral	838	900	7	45.9	42.5	51.9	-5.9	-7.5	22.2	19.7	16.1	3.1	2.7	15.6	16.9
Wipro	Neutral	345	385	12	16.6	17.6	19.1	8.5	5.9	8.6	19.6	18.0	3.4	3.2	17.8	18.4
Zensar Tech	Neutral	190	200	5	11.9	14.2	16.2	-17.2	19.8	14.1	13.3	11.7	1.8	1.6	14.4	14.7
Aggregate								**2.9**	**6.8**	**19.2**	**25.9**	**21.7**	**6.5**	**5.9**	**25.2**	**27.2**
Telecom																
Bharti Airtel	Buy	431	650	51	-7.5	0.9	4.4	-14.6	LP	370.8	456.1	96.9	3.8	3.6	0.7	3.8
Bharti Infratel	Neutral	196	-		17.8	16.5	4.2	31.1	-7.5	-74.5	11.9	46.6	2.5	2.3	21.8	24.4
Vodafone Idea		9			-7.6	-8.0	-7.9	-59.1	Loss	Loss	NM	NM	-1.5	-0.6	417.2	80.4
Tata Comm	Neutral	925	900	-3	10.6	51.2	66.0	-582.2	384.7	28.8	18.1	14.0	225.7	13.2	-251	177.9
Aggregate								**Loss**	**Loss**	**Loss**	**-18**	**-20.7**	**5.4**	**7.9**	**-30.5**	**-37.9**
Utiltites																
Coal India	Buy	116	190	64	27.1	17.9	28.7	-4.4	-34.1	60.9	6.5	4.0	2.0	1.6	30.6	39.0
CESC	Buy	579	760	31	97.7	71.8	97.0	10.0	-26.5	35.0	8.1	6.0	0.8	0.7	9.6	12.0
Indian Energy Exchange	Buy	196	245	25	6.0	5.9	7.6	9.1	-1.2	28.4	33.3	25.9	13.2	11.5	42.2	47.3
JSW Energy	Buy	66	65	-2	5.1	4.2	5.3	20.0	-17.7	26.1	15.8	12.5	0.9	0.9	5.8	7.1
NHPC	Neutral	20	23	14	2.9	2.9	2.9	10.7	2.6	-1.5	6.9	7.0	0.6	0.6	9.1	8.5
NTPC	Buy	85	140	65	13.8	14.8	16.4	19.2	7.1	10.8	5.7	5.2	0.7	0.6	12.0	12.5
Power Grid	Buy	165	223	35	21.1	23.0	24.7	10.2	8.6	7.6	7.2	6.7	1.2	1.2	17.9	18.0
Torrent Power	Buy	322	392	22	28.0	22.4	29.6	49.7	-19.9	31.9	14.4	10.9	1.5	1.4	11.2	13.3
Tata Power	Buy	55	64	16	3.8	3.2	4.5	78.2	-16.2	42.3	17.5	12.3	0.8	0.8	4.7	6.5
Aggregate								**6.9**	**-9.0**	**22.9**	**6.7**	**5.4**	**1.0**	**0.9**	**14.8**	**16.7**
Others																
Brigade Enterpr.	Buy	177	192	8	7.1	-2.9	9.5	-39.1	PL	LP	NM	18.6	1.7	1.5	-2.7	8.5
BSE	Buy	516	690	34	24.9	26.4	30.3	-32.5	6.0	14.6	19.5	17.0	1.0	1.0	5.0	5.6
Concor	Buy	397	446	12	16.6	9.7	12.5	-16.7	-41.4	28.3	40.7	31.7	2.3	2.2	5.8	7.2
Coromandel Intl	Buy	722	917	27	36.3	43.4	48.3	42.8	19.3	11.4	16.7	15.0	4.2	3.6	27.0	25.6
Essel Propack	Buy	268	314	17	6.9	9.3	10.9	14.3	35.3	17.9	28.9	24.5	5.1	4.5	18.3	19.6
Indiamart Inter.	Buy	4880	5980	23	51.3	86.8	91.4	566.2	69.3	5.2	56.2	53.4	18.1	12.5	65.3	43.7
Indian Hotels	Buy	100	112	12	2.7	-5.2	0.8	14.8	PL	LP	NM	124.6	3.2	3.2	-15.4	2.6
Interglobe	Neutral	1356	1325	-2	-6.2	-156.8	43.0	-253.3	Loss	LP	NM	31.5	-312.5	40.5	-211.7	295.0
Info Edge	Neutral	3398	3620	7	16.7	24.9	29.5	-27.1	49.1	18.4	136.3	115.1	11.5	10.9	10.2	9.7
Godrej Agrovet	Buy	512	581	13	13.2	16.1	18.8	5.7	21.5	17.0	31.8	27.2	4.9	4.4	16.1	17.1
Kaveri Seed	Buy	525	656	25	43.1	50.6	50.4	19.5	17.5	-0.4	10.4	10.4	2.9	2.7	29.8	26.8
Lemon Tree Hotel	Buy	27	35	28	-0.1	-2.6	-0.1	-118.0	Loss	Loss	NM	NM	3.4	3.5	-27.6	-1.1
MCX	Buy	1808	2000	11	46.4	50.8	56.9	61.9	9.5	11.9	35.6	31.8	6.2	5.6	18.2	18.6
Oberoi Realty	Buy	483	480	-1	19.0	15.0	27.1	-15.6	-20.7	80.6	32.1	17.8	1.9	1.7	6.1	10.2

Valuation snapshot

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Phoenix Mills	Buy	559	742	33	21.5	4.8	24.0	-13.7	-77.5	396.0	115.4	23.3	1.8	1.7	1.7	7.4
Quess Corp	BUY	414	500	21	18.3	13.1	27.1	4.3	-28.1	106.3	31.6	15.3	1.9	1.6	7.9	14.6
PI Inds.	Buy	2155	2287	6	30.1	48.0	65.3	11.3	59.3	36.3	44.9	33.0	6.2	5.3	18.5	17.5
SRF	Buy	4376	5165	18	157.2	147.9	207.6	49.4	-5.9	40.3	29.6	21.1	4.4	3.7	16.0	19.3
S H Kelkar	Buy	91	102	12	4.2	5.5	7.3	-31.3	29.7	33.0	16.7	12.5	1.5	1.4	9.1	11.4
Tata Chemicals	Buy	323	370	14	31.7	18.4	33.2	-6.4	-41.7	79.9	17.5	9.7	0.6	0.6	3.6	6.4
Team Lease Serv.	Buy	2278	2700	19	48.9	56.6	86.7	-14.7	15.8	53.2	40.2	26.3	5.8	4.8	15.6	20.0
Trident	Buy	8	10	27	0.6	0.6	0.9	-26.9	-2.1	41.9	12.5	8.8	1.2	1.1	9.9	12.7
UPL	Neutral	454	534	18	35.8	37.7	44.5	11.2	5.3	18.0	12.0	10.2	1.9	1.1	16.6	17.1

Index	1 Day (%)	1M (%)	12M (%)
Sensex	**-0.4**	**7.5**	**4.1**
Nifty-50	**-0.3**	**6.7**	**2.7**
Nifty Next 50	**-0.1**	**3.8**	**-2.9**
Nifty 100	**-0.3**	**6.3**	**1.9**
Nifty 200	**-0.2**	**6.0**	**2.3**
Company	**1 Day (%)**	**1M (%)**	**12M (%)**
Automobiles	**-0.2**	**2.2**	**-0.9**
Amara Raja Batt.	2.1	5.3	10.7
Ashok Leyland	5.0	6.3	4.2
Bajaj Auto	-0.4	0.9	-3.7
Bharat Forge	1.4	2.3	3.8
Bosch	0.6	-4.5	-18.9
CEAT	2.0	19.7	12.4
Eicher Motors	-1.0	4.7	8.2
Endurance Tech.	-4.4	-6.4	-3.0
Escorts	-0.7	-0.8	84.6
Exide Inds.	1.9	2.3	-10.9
Hero Motocorp	-3.1	2.7	15.3
M & M	0.8	-1.8	1.3
Mahindra CIE	0.2	4.0	-9.8
Maruti Suzuki	-0.8	5.8	-6.2
Motherson Sumi	-1.0	-5.7	2.4
Tata Motors	2.5	0.3	1.2
TVS Motor Co.	-0.9	0.0	-2.0
Banks-Private	**-0.7**	**16.3**	**-17.5**
AU Small Fin. Bank	1.0	16.6	13.2
Axis Bank	1.8	23.8	-28.4
Bandhan Bank	-1.8	16.0	-44.5
DCB Bank	-0.1	-3.6	-55.4
Equitas Holdings	1.5	-1.2	-51.4
Federal Bank	-0.7	15.6	-32.3
HDFC Bank	-1.1	19.0	-0.5
ICICI Bank	-1.8	16.5	-8.5
IndusInd Bank	-3.1	11.8	-54.6
Kotak Mah. Bank	0.0	9.6	-14.5
RBL Bank	0.4	8.9	-36.9
Banks-PSU	**0.0**	**0.3**	**-41.9**
BOB	0.5	1.1	-52.5
SBI	-0.3	9.2	-24.8
Company	**1 Day (%)**	**1M (%)**	**12M (%)**
NBFCs	**-0.4**	**14.5**	**-10.7**
Aditya Birla Cap	-2.5	5.2	-19.9
Bajaj Fin.	2.5	0.3	-17.8
Cholaman.Inv.&Fn	0.3	4.9	-17.5
HDFC	-0.3	21.9	-3.5
HDFC Life Insur.	-0.4	-3.1	-8.3
L&T Fin.Holdings	2.0	7.6	-25.7
LIC Hsg Fin	3.2	7.7	-17.3
M&M Fin.	0.7	12.4	-36.2
Muthoot Fin	-1.3	17.5	73.6
Manappuram Fin.	-0.7	12.9	4.8
MAS Financial Serv.	-0.3	4.4	23.1
ICICI Pru Life	0.7	2.6	-13.8
ICICI Sec	4.9	-2.9	57.0
IIFL Wealth Mgt	-0.8	-4.4	-23.5
PNB Housing	-2.0	13.5	-24.1
SBI Life Insuran	-0.6	-6.3	-21.1

Note: Sectoral performance are of NSE/BSE Indices

Index	1 Day (%)	1M (%)	12M (%)
Nifty 500	**-0.1**	**5.8**	**3.1**
Nifty Midcap 100	**0.6**	**4.0**	**5.8**
Nifty Smallcap 100	**1.0**	**5.3**	**5.9**
Nifty Midcap 150	**0.7**	**3.4**	**8.8**
Nifty Smallcap 250	**0.8**	**4.2**	**8.3**
Company	**1 Day (%)**	**1M (%)**	**12M (%)**
Shriram City Union	-0.2	-9.6	-39.6
Shriram Trans.	5.2	9.3	-35.7
Capital Goods	**1.5**	**6.3**	**-24.0**
ABB	2.3	2.6	-33.9
Bharat Elec.	0.9	1.0	-19.0
BHEL	1.1	-11.7	-44.4
Blue Star	5.4	0.0	-25.1
CG Cons. Elec.	0.7	8.6	7.9
Cummins	-0.3	1.5	-20.1
Engineers India	4.8	6.2	-36.1
Havells	1.8	8.9	6.7
K E C Intl	5.5	6.0	20.6
L&T	1.3	9.2	-35.1
Siemens	-1.0	4.5	-23.8
Thermax	3.1	4.4	-33.1
Voltas	0.3	7.9	2.4
Cement	**0.5**	**6.6**	**11.1**
Ambuja Cem.	0.2	22.8	29.6
ACC	0.5	19.8	6.2
Birla Corp.	0.5	-3.3	10.7
Dalmia Bhar.	2.2	9.3	3.9
Grasim Inds.	-0.1	8.6	4.6
India Cem	1.4	5.6	54.7
J K Cements	-1.7	26.8	70.1
JK Lakshmi Ce	4.6	15.9	0.2
Ramco Cem	-0.9	11.9	4.9
Shree Cem	-0.4	10.4	7.6
Ultratech	-0.4	18.9	8.5
Consumer	**0.1**	**1.4**	**-6.1**
Asian Paints	-0.7	8.5	18.0
Britannia	1.9	-3.6	6.5
Colgate	0.5	6.7	-6.7
Dabur	-1.6	3.0	7.4
Emami	-0.1	-0.6	7.5
Godrej Cons.	-1.9	-1.7	-4.0
HUL	0.7	7.5	2.4
ITC	0.5	-3.2	-32.3
Jyothy Lab	2.6	1.5	-18.7
Marico	-1.0	3.0	-9.8
Nestle	-0.7	4.7	5.8
Page Inds	1.6	11.6	-8.7
Pidilite Ind.	-1.0	3.5	9.3
P&G Hygiene	0.9	2.8	-14.2
Tata Consumer	0.2	-7.6	65.6
United Brew	-0.4	-0.6	-27.3
United Spirits	-0.9	0.0	-15.9
Healthcare	**-0.9**	**-2.8**	**49.0**
Alembic Phar	1.5	9.8	88.0
Alkem Lab	-1.0	-6.6	32.6
Ajanta Pharma	1.9	4.8	62.6
Aurobindo	-2.9	-2.0	64.0

Company	1 Day (%)	1M (%)	12M (%)
Biocon	-2.3	1.7	67.2
Cadila	-0.2	8.2	73.6
Cipla	-1.3	-2.7	66.9
Divis Lab	0.3	-4.6	77.1
Dr Reddy's	-0.5	-2.9	78.6
Glenmark	-0.6	6.0	62.7
GSK Pharma	-0.5	-5.8	1.9
Granules	0.9	10.3	240.6
IPCA Labs	3.9	1.8	132.2
Jubilant Life	4.1	-5.9	36.0
Laurus Labs	0.8	18.2	388.5
Lupin	-0.9	-4.5	33.1
Strides Pharma	0.0	10.7	108.1
Sun Pharma	-0.8	-4.9	19.8
Torrent Pharma	0.4	-0.6	62.6
Infrastructure	**0.7**	**2.3**	**-4.6**
Ashoka Buildcon	1.0	-2.9	-41.2
IRB Infra.Devl.	4.7	7.4	63.4
KNR Construct.	-1.6	1.4	9.9
Media	**0.8**	**-4.1**	**-17.1**
PVR	-2.5	4.5	-33.2
Sun TV	1.0	-10.3	-17.0
Zee Ent.	1.7	-6.8	-26.7
Metals	**0.7**	**9.9**	**-0.4**
Hindalco	-0.9	13.5	-0.8
Hind. Zinc	2.4	14.7	13.7
JSPL	-0.2	22.5	101.4
JSW Steel	1.2	19.8	48.3
Nalco	-0.8	-5.5	-31.0
NMDC	1.4	6.5	-21.1
SAIL	1.8	1.5	1.3
Tata Steel	1.5	9.6	15.7
Oil & Gas	**1.3**	**-2.1**	**-20.8**
Aegis Logistics	-1.3	-11.9	12.1
BPCL	0.0	-10.9	-34.5
Castrol India	-0.2	-0.4	-16.8
GAIL	1.3	5.5	-31.5
Gujarat Gas	0.3	-6.6	58.6
Gujarat St. Pet.	4.7	-0.5	-5.3
HPCL	1.0	-0.6	-43.4
IOC	2.2	2.1	-46.9
IGL	2.9	-4.7	5.2
Mahanagar Gas	1.0	-2.3	-13.2
MRPL	11.1	9.5	-41.7
Oil India	4.0	3.6	-44.6
ONGC	1.5	-0.9	-52.2
PLNG	4.9	7.0	-14.4
Reliance Ind.	-0.8	-4.7	50.4
Aditya Bir. Fas.	1.7	18.0	-24.4
Retail			
Avenue Super.	1.2	2.4	9.9
Jubilant Food	-3.4	-5.2	52.9
Shoppers St.	2.0	12.5	-54.3
Titan Co.	-1.2	11.3	-7.5
Trent	1.2	1.5	23.3
V-Mart Retail	0.2	-4.8	-4.5

Company	1 Day (%)	1M (%)	12M (%)
Technology	**-0.8**	**7.8**	**45.8**
Cyient	3.9	7.8	0.9
HCL Tech.	-0.4	5.5	62.9
Infosys	-1.6	12.2	75.7
L&T Infotech	-1.7	18.1	89.6
Mindtree	2.1	5.8	90.0
Mphasis	3.9	-1.4	48.1
Coforge	-2.5	13.5	69.1
Persistent Sys	-3.7	-0.1	90.4
TCS	-0.2	5.8	30.2
Tech Mah	-0.9	4.7	16.8
Wipro	0.3	10.3	35.8
Zensar Tech	0.3	2.8	-4.6
Telecom	**2.5**	**-5.6**	**9.1**
Bharti Airtel	2.8	-8.6	15.1
Bharti Infra.	1.8	8.7	-24.3
Idea Cellular	2.9	-13.4	44.9
Tata Comm	0.2	14.8	153.1
Utiltites	**2.1**	**1.6**	**-15.8**
Coal India	0.7	-3.1	-44.5
CESC	1.8	-10.4	-28.0
Indian Energy Ex	0.9	2.2	34.0
JSW Energy	3.7	15.7	-2.0
NHPC Ltd	0.0	0.7	-12.6
NTPC	3.1	-3.3	-29.8
Power Grid	0.7	-2.3	-19.6
Tata Power	1.9	6.8	-7.1
Torrent Power	5.2	-1.2	15.0
Others			
Brigade Enterpr.	-1.4	8.8	-8.4
BSE	0.9	-4.9	-5.2
Coromandel Intl	0.7	-9.8	72.5
Concor	1.2	6.8	-34.7
Essel Propack	3.6	6.6	126.0
Indiamart Inter.	-1.5	0.6	140.3
Godrej Agrovet	-3.2	2.6	-0.8
Indian Hotels	0.0	8.3	-34.1
Interglobe	-0.8	10.0	-19.0
Info Edge	-2.3	1.7	41.6
Kaveri Seed	-3.9	0.0	6.2
Lemon Tree Hotel	-0.4	5.4	-51.1
MCX	2.5	11.7	61.5
Oberoi Realty	2.5	15.4	-5.8
Piramal Enterp.	0.4	5.8	-19.5
Phoenix Mills	-1.7	-5.4	-23.9
PI Inds.	-1.3	13.6	62.6
Quess Corp	0.2	6.4	-12.3
SRF	-1.3	6.1	61.3
S H Kelkar	4.2	16.0	-28.5
Tata Chemicals	0.5	15.7	19.1
Team Lease Serv.	0.8	6.9	-24.8
Trident	-1.1	22.6	34.0
UPL	0.1	-14.1	-23.9

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.

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