

Market snapshot

Equities - India	Close	Chg. %	CYTD.%
Sensex	32,424	0.7	-21.4
Nifty-50	9,580	1.0	-21.3
Nifty-M 100	13,273	1.1	-22.4
Equities-Global	Close	Chg. %	CYTD.%
S&P 500	3,044	0.5	-5.8
Nasdaq	9,490	1.3	5.8
FTSE 100	6,077	-2.3	-19.4
DAX	11,587	-1.6	-12.5
Hang Seng	9,561	0.1	-14.4
Nikkei 225	21,878	-0.2	-7.5
Commodities	Close	Chg. %	CYTD.%
Brent (US\$/Bbl)	37	4.7	-44.9
Gold (\$/OZ)	1,730	0.7	14.0
Cu (US\$/MT)	5,352	0.9	-13.0
Almn (US\$/MT)	1,526	0.8	-14.3
Currency	Close	Chg. %	CYTD.%
USD/INR	75.6	-0.2	5.9
USD/EUR	1.1	0.2	-1.0
USD/JPY	107.8	0.2	-0.7
YIELD (%)	Close	1MChg	CYTDchg
10 Yrs G-Sec	5.8	0.01	-0.8
10 Yrs AAA Corp	7.3	0.04	-0.3
Flows (USD b)	29-May	MTD	CYTD
FII	0.19	1.51	-5.32
DII	0.13	1.48	11.39
Volumes (INRb)	29-May	MTD*	CYTD*
Cash	874	562	478
F&O	7,720	13,069	14,220

Note: \*Average

Today's top research theme

Strategy: COVID-19 Withdrawal 2.0 – Several relaxations offered

- ❖ The Government of India (GoI) – through an order dated 30th May'20 – has provided a detailed phase-wise opening up of the economy, although the lockdown has been extended till 30th Jun'20.
- ❖ According to the order, movement of person and goods now would not be restricted outside the Containment zones.
- ❖ Phase1: From 08th Jun'20, all hotels, restaurants, shopping malls and religious places of worship would open.
- ❖ In this note, we highlight the impact of the recent relaxation measures on various sectors viz. Retail, Jewelry, Liquor, Real Estate and Hotels and Restaurants.
- ❖ While these relaxations would help improve the supply-side situation and potentially defray fixed costs, it would also drive consumption at the margin. However, demand trends in respective categories are the key monitorables
- ❖ MOFSL Universe stocks to see positive impact from relaxation – Jubilant, Titan, PAGE, ABFRL, TRENT, Avenue Supermarts, Phoenix Mills, Brigade Enterprises and Indian Hotels.

Research covered

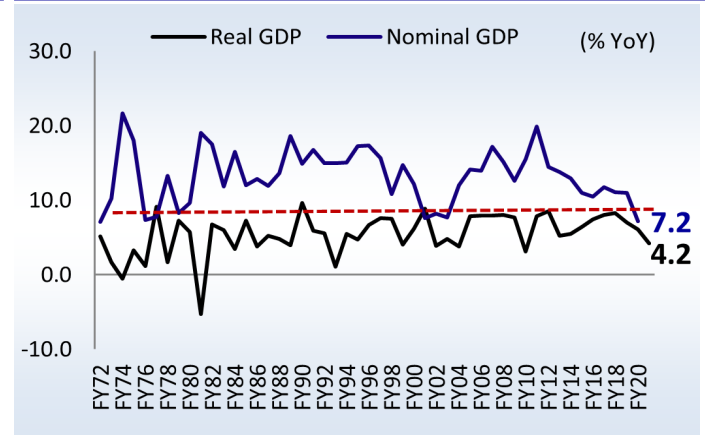
Cos/Sector	Key Highlights
India Strategy	COVID-19 Withdrawal 2.0 – Several relaxations offered Rising capital payout: The story of Tier-I Indian IT companies 4QFY20 GDP growth at 11-year low
Ecoscope	Central government's fiscal deficit at 4.6% of GDP in FY20
Nestle India	All-round improvement continues
HCL Technologies	HCLT to acquire Cisco's SON Technology
Wipro	Wipro appoints top Capgemini executive as new CEO
Lupin	Operationally weak; Outlook for niche products promising
Other Notes	VOLTAS   AMRJ   JUBILANT   MCX   KECI   CEAT   VMART   KSCL   LEMONTRE   AGRI

Chart of the Day: Ecoscope (4QFY20 GDP growth at 11-year low)

Real GDP growth weakened to 3.1% in 4QFY20...



...and nominal GDP growth lowest in 48 years in FY20





Kindly click on textbox for the detailed news link

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### **Lockdown contained, unlocking in 3 phases; some curbs to stay in place till June 30**

In keeping with the increasing easing of the lockdown, the Centre on Saturday set out a three-phase "unlock" plan that will restrict curbs to containment zones and permit reopening of malls, hotels and restaurants...

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### **Core sector output contracts 38% in April**

The lockdown imposed due to the COVID-19 pandemic resulted in core sector output contracting 38% in April 2020, compared with the same month in the previous year, according to Commerce Ministry data released on Friday. This is the second straight month in negative territory for the index of eight core sector industries, after a 9% fall in March 2020. Last month, the Ministry had estimated a 6.5% contraction in the core sector in March, a figure that has now been revised downward to 9%...

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### **Modi indicates restricting imports of goods that can be made in India**

'In his 65th Mann ki Baat address, Prime Minister Narendra Modi on Sunday said the pursuit of Atmanirbhar Bharat, or self-reliant India, will take the country to new heights in this decade...

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### **Government has decided to disinvest in certain pharma PSUs: Piyush Goyal**

Commerce and industry minister Piyush Goyal on Sunday said the government has decided to disinvest in certain pharmaceutical public sector undertakings (PSU) and invited the Indian companies to use PSUs for plug and play model of manufacturing...

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### **With clients rethinking projects, Infosys flags risks**

Some clients of Infosys have terminated projects or reduced demand for its services amid the Covid-19 induced economic crisis, which could impact its profitability in the year ahead, the Bengaluru-based company said in a filing...

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### **IndiGrid to Buy Kalpataru Power JV Asset for Rs 310 crore**

Private equity firm KKR backed infrastructure investment trust India Grid Trust, or IndiGrid, has signed an agreement to acquire a power transmission asset at Jhajjar in Haryana for Rs 310 crore from current owners Kalpataru Power Transmission and Techno Electric...

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### **COVID-19 impact postpones LIC listing, IDBI Bank stake sale**

Listing of Life Insurance Corporation (LIC) and sale of government's stake in IDBI Bank may be delayed beyond March 2021, due to depressed valuation amid COVID-19 pandemic.



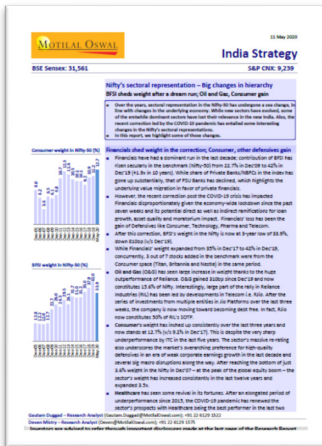
# Strategy

## Our recent Strategy updates

### COVID-19 Lockdown: Withdrawal 1.0; Government



### Nifty's sectoral representation: Big changes in hierarchy



### 4QFY20 interim earnings review



## COVID-19 Withdrawal 2.0 – Several relaxations offered

### Journey to normalcy begins; Retail and Restaurants to benefit

The Government of India (GoI) – through an order dated 30<sup>th</sup> May'20 – has provided a detailed phase-wise opening up of the economy, although the lockdown has been extended till 30<sup>th</sup> Jun'20. While the Ministry of Home Affairs' detailed notification (refer [here](#)) has done away with the complexity of Red, Green, Orange and Containment zones, it would now consider only two zones - Containment and Non-containment zones.

### Phase-wise opening up outside Containment zones

According to the order, movement of person and goods now would not be restricted outside the Containment zones. Most importantly, inter-state movement of personnel and goods without the need for approval/permission of E-Passes (which would help in increasing the movement of goods/people), has been allowed. Further, now companies need not limit the number of staff/personnel present in offices or manufacturing facilities, although the government is continuing to encourage Work from Home (WFH).

### Details of various phases

- **Phase 1:** From 08th Jun'20, all hotels, restaurants, shopping malls and religious places of worship would open.
- **Phase 2:** Schools, colleges, coaching and training institutions to open based on feedback of state governments/union territories in Jul'20.
- **Phase 3:** International air travel, metro rail, cinema halls, gymnasium, swimming pools, entertainment parks, theatres, bars and auditoriums, assembly halls and similar places would open post discussion with state governments. No fixed timeline has been set for the same.

### Other key announcements

While the night curfew from 9 pm to 5 am would remain in force, the lockdown would be strictly enforced within the Containment zones. Further, states/union territories need to make a public announcement beforehand if major restrictions are being imposed outside the Containment zones. Currently, a large portion of major cities like Mumbai, Delhi, etc. are under Containment zones – Mumbai has ~717 areas (refer [here](#)) while Delhi has ~122 areas (refer [here](#)).

### Relaxation to improve supply-side situation; Demand remains key

In this note, we highlight the impact of the recent relaxation measures on various sectors viz. Retail, Jewelry, Liquor, Real Estate and Hotels and Restaurants. We believe this is a good calibrated step toward resumption of the economic engine. After a highly stringent 2-month lockdown, the GoI is clearly moving toward a step-by-step approach to restore normalcy. Much also depends on state governments and local authorities as they have the keys for implementation. While these relaxations would help improve the supply-side situation and potentially defray fixed costs, it would also drive consumption at the margin. However, demand trends in respective categories are the key monitorables. We expect the governments (Central and State) to progressively keep relaxing the lockdown norms further.

**MOFSL Universe stocks to see positive impact from relaxation – Jubilant, Titan, PAGE, ABFRL, TRENT, Avenue Supermarts, Phoenix Mills, Brigade Enterprises and Indian Hotels.**



## Our recent Strategy updates

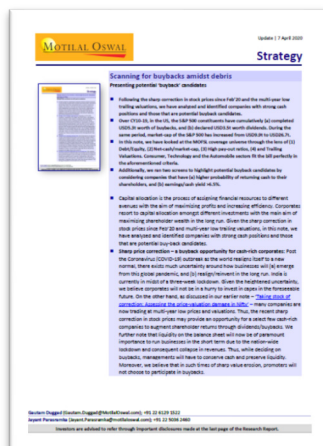
### Ownership analysis: FII stake in Nifty-500 hits 5-year low



### Nifty's sectoral representation: Big changes in hierarchy



### Scanning for buybacks amidst debris

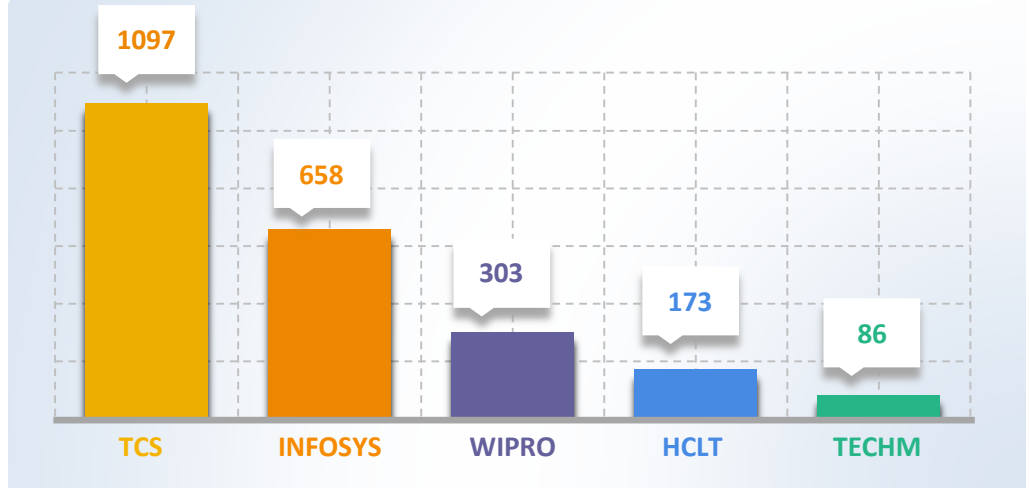


## Rising capital payout: The story of Tier-I Indian IT companies

### INR2.3t in capital returns over FY16–20

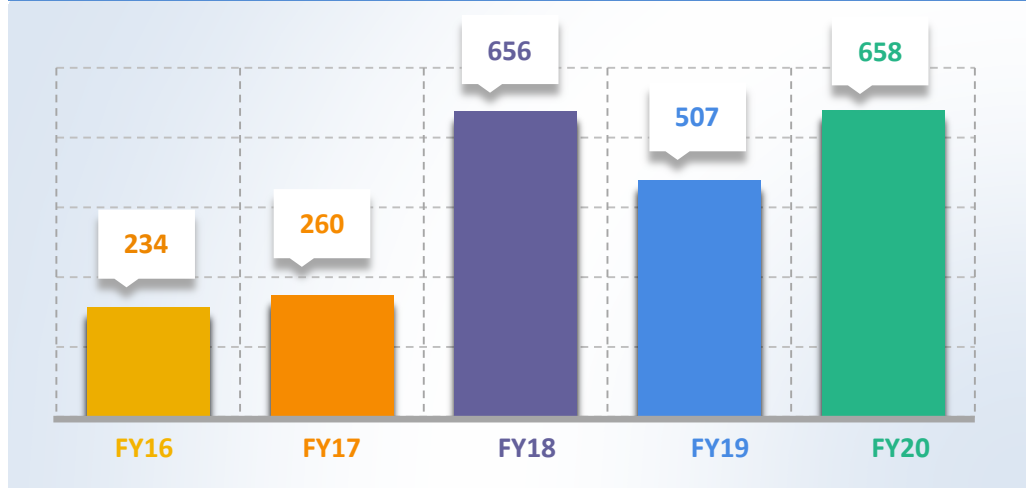
- In volatile and disruptive times, such as the ones investors are encountering today, companies with stable cash generation, net-cash balance sheets, healthy RoEs, and high payout ratios provide relative solace. This is especially true when both demand and supply concerns are dominating the minds of investors and hurting the P&L/balance sheet of India Inc. In this brief note, we highlight the story of Tier-I Indian IT companies (TCS, Infosys, HCL Tech, Wipro, and Tech Mahindra) and the enormous amount of capital they have returned over the last five years.**
- IT business models conducive to higher payouts:** The business models of large-cap Indian IT companies are typified by the combination of low to moderate growth and very high profit to cash conversion dynamics. Given the limited spend on acquisitions and low re-investment requirements of extant businesses, companies have chosen to return excess cash to shareholders. This rising payout trend has accelerated, especially post FY17. Companies have used dividends, buybacks, and special dividends as instruments to return cash to shareholders.
- INR2.3t in capital returns over FY16–20:** In FY20, the total payout of these Tier-I IT companies stood at INR650b, the same as FY18 levels, despite a much lower payout by HCL Tech. Cumulatively, over the five years (FY16–20), the total payout to shareholders by these five Tier-I IT companies stands at INR2.3t. Of this INR2.3t, TCS paid INR1.1t, Infosys INR650b, Wipro INR300b, HCL Tech INR170b, and Tech Mahindra INR86b.
- INR3.3t in cumulative profit over FY16–20:** The total profit of these five companies over FY16–20 stood at INR3.3t. Therefore, 71% of the total profit of five years has been returned to shareholders. Among these five, Infosys' payout was the highest at 86%, with TCS at 78%, Wipro at 68%, Tech Mahindra at 47%, and HCL Tech at 38% (relatively lower).
- 5% PAT CAGR, 23% payout CAGR:** While the profit CAGR of these five companies stands at 5% (from cumulative profit of INR570b in FY16 to INR740b in FY20), the payout CAGR is 23% (from a cumulative payout of INR234b in FY16 to INR650b in FY20) over FY16–20. Interestingly, none of these five companies have delivered a profit CAGR in the double digits over FY16–20. HCL Tech posted the highest 9% PAT CAGR over FY16–20, while Wipro had a relatively flattish 2% PAT CAGR over the similar period. The cumulative market cap of these five companies today stands at INR13.6t. Therefore, nearly 17% of the current market cap has been cumulatively paid out to shareholders over the last five years.
- Rising payouts, preference for defensives drives re-rating despite low growth:** Despite moderate earnings growth, the rising capital payout has helped in the re-rating of these large-cap IT companies. The forward P/E(x) increased to around 22x in Aug'19 from 16x in Mar'17 and is currently trading at around 20x. Investors, in the absence of corporate earnings growth over the last five years, have gravitated toward the defensive sectors, which offer a combination of stable earnings visibility, strong balance sheets, high-quality management, and healthy RoE and payout ratios. The Technology sector has been a clear beneficiary of these. In our model portfolio, we have a positive bias toward IT and have recently increased the weight of the IT sector by 200bps.

**INR2.3t in cumulative payout over FY16–20**



Source: MOFSL, Values in INR b

**Nearly 80% of the total cumulative payout (from FY16-FY20) by top 5 IT firms have been made in the past 3 years (FY18-FY20)**



Source: MOFSL, Values in INR b

**Cumulative snapshot of Top 5 IT companies over the past five years (FY16–20)**

Company	M-cap (INR b)	Cumulative 5 year profits (INR b)	Cumulative 5 year payout (INR b)	Cumulative 5 year payout Ratio (%)	5 Year payout /M-cap (%)	Profit CAGR FY16-20 (%)
TCS	7,398	1408	1097	78	15	6%
Infosys	2,945	767	658	86	22	4%
HCL Tech	1,494	457	173	38	12	9%
Wipro	1,214	443	303	68	25	2%
Tech Mahindra	512	180	86	48	17	6%

Source: MOFSL

**CAGR growth of Top 5 IT companies has slowed down to mid single digits from FY16-FY20**

Company (INR b)	Adj. PAT (INR b)					5 year CAGR (%)	Cumulative PAT FY16-20 (INR b)
	FY16	FY17	FY18	FY19	FY20		
TCS	243	264	259	317	324	6	1408
Infosys	135	144	161	161	166	4	767
HCL Tech	73	84	88	101	111	9	457
Wipro	89	83	80	92	98	2	443
Tech Mahindra	31	28	38	43	40	5	180
<b>Sum</b>	<b>571</b>	<b>603</b>	<b>626</b>	<b>715</b>	<b>740</b>	<b>5</b>	<b>3255</b>

Source: MOFSL, Company



### 4QFY20 GDP growth at 11-year low

#### Massive economic disruption to cause real GDP decline of ~21% in 1QFY21

- Real GDP/GVA growth decelerated to 3.1%/3.0% in 4QFY20 (v/s 4.1%/3.5% a quarter ago) and was higher than our forecast of 1.2% and market consensus of 1.6%/1.8%. This implies that real GDP/GVA grew 4.2%/3.9% in FY20, lower than the 6.1%/5.8% growth witnessed in FY19. Moreover, nominal GDP growth was only 7.2% last year, the first single-digit growth in 17 years and the slowest growth in 48 years.
- Notably, both GDP and GVA growth numbers have been revised downwards over 1Q-3QFY20. For 1Q/2Q/3Q in FY20, real GDP growth numbers have been revised to 5.2%/4.4%/4.1% from 5.6%/5.1%/4.7% earlier, while real GVA growth numbers have been revised to 4.8%/4.3%/3.5% from 5.4%/4.8%/4.5% earlier. Such large revisions in May are unusual as major revisions typically take place in January every year.
- While slowdown in real GDP was largely caused by the collapse in private consumption (only 2.7% growth) and investment (third successive decline of 5.8%), real GVA growth decelerated due to the contraction in industrial output. However, government fiscal spending (13.6% growth) and agricultural activities (~6% growth) supported overall GDP/GVA growth during the quarter and full-year FY20.
- Separately, government data suggests that fiscal spending grew 75% YoY in Mar'20. Due to this, actual fiscal deficit last year hit 7-year high of 4.6% of GDP (v/s revised target of 3.8% of GDP). Excluding agriculture and community services, real GVA grew only 1.1% in 4QFY20, the slowest growth since the quarterly data became available in 1998.
- Tremendous loss of economic activity in 1QFY21 implies significant decline in real GDP/GVA growth during the quarter. In fact, the highest-ever decline of 38.1% YoY in core sector output in Apr'20 indicates massive economic disruption caused by the COVID-19 pandemic. Thus, we expect real GDP to decline ~21% in 1QFY21.

#### I. 4QFY20 GDP growth at 44-quarter low...

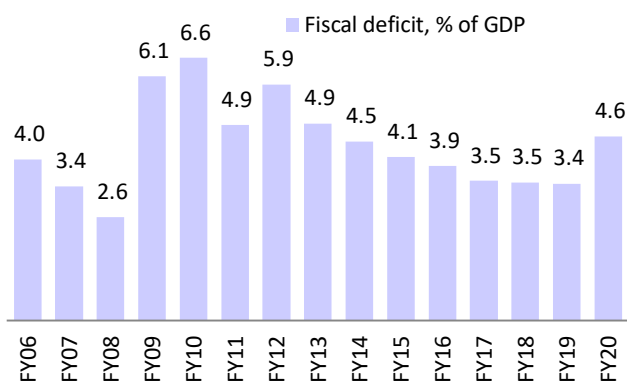
- **Real GDP growth slows to 3.1% in 4QFY20 ...:** Way higher than market consensus of 1.6% (and our forecast of 1.2%), real GDP growth came in at 3.1% YoY in 4QFY20 from 4.1% in 3QFY20 (*Exhibit 1-3*). It is also important to note that real GDP growth numbers for 1Q-3QFY20 were revised downwards from 5.6%, 5.1% and 4.7% to 5.2%, 4.4% and 4.1%, respectively. With this, real GDP growth stood at 11-year low of 4.2% in FY20 from 6.1% a year ago (*Exhibit 5*).
- **...due to depressed domestic investments and private investment:** The lower GDP growth was primarily driven by extremely weak investments, which declined at the highest pace of 5.8% YoY in 44 quarters during 4QFY20. Additionally, while private consumption growth slowed during the quarter, steady government consumption expenditure kept total consumption (private + government) growth afloat. It grew 4.2% YoY in 4QFY20 from 7.6% a quarter ago (*Exhibit 4*). To our surprise, exports dropped way faster than imports, causing negative contribution by external trade to overall GDP growth. On full-year basis, marginal growth in fiscal spending and net exports added to real GDP growth in FY20 (*Exhibit 6*).

## Central government’s fiscal deficit at 4.6% of GDP in FY20

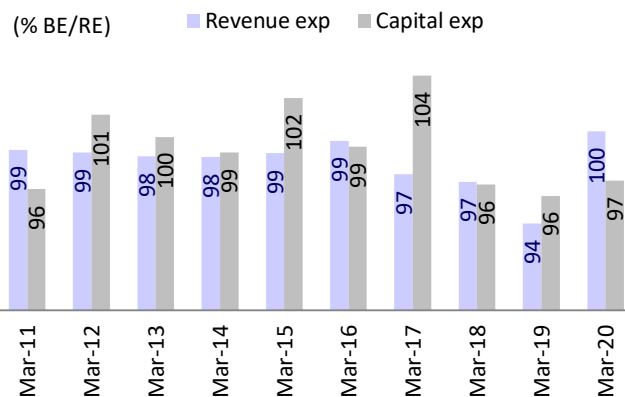
### Massive increase in government expenditure over Mar–Apr’20

- India’s fiscal deficit came in at INR9.4t, 122% of the budgeted INR7.7t (FY20RE). This accounts for 4.6% of GDP in FY20 against the revised estimate of 3.8% of GDP.
- The huge breach is attributed to additional expenditure the government had to incur in Mar’20 alone in light of the COVID-19 outbreak. While total spending in Mar’20 was up 75% YoY, it grew at an 11-year high of 16% YoY in FY20, covering 99.5% of the budgeted amount of INR27t.
- The large amount of spend incurred in Mar’20 was reflected in revenue expenditure. It rose a whopping 103.7% YoY, leading to an 11-year high increase of 17% YoY to INR23.5t (100% of FY20RE) in FY20. Government capex, however, declined 4.4% YoY in Mar’20, resulting in slower growth at 9.7% YoY to INR3.4t (96.7% of FY20RE) in FY20.
- As expected, government receipts declined 2% YoY in Mar’20 on 14.5% YoY decline in gross tax receipts. On a full-year basis, government tax receipts declined 3.4% YoY, leading to the collection of only 90% of targeted receipts worth INR17.5t.
- The decline in tax revenue in FY20 was primarily driven by a 16.1% YoY drop in corporate tax receipts in FY20. Due to this massive decline, the government’s actual direct tax collections were only 88.7% of the targeted INR11.7t. Notably, non-tax government receipts remained strong, growing at 38.3% YoY to INR3.3t (94.4% of FY20RE) in FY20.
- Separately, while government spending grew 20.6% YoY in Apr’20, receipts nosedived 71.8% YoY during the month. This led to fiscal deficit of INR2.8t, covering more than one-third of the targeted fiscal deficit for FY21. This rate of coverage is the highest in three years.
- Overall, fiscal deficit of 4.6% of GDP in FY20 is higher than our expectation of 4.2% of GDP as we were slightly more optimistic on the receipts front. The government’s weak finances in Apr’20 were almost a given following the nationwide lockdown, implying no economic activity. In fact, the situation is not going to be significantly better even in May’20 although there have been signs of economic activity picking up during the month. To add to this, the additional 1.3% of GDP worth of economic stimulus measures announced by the government and a very low base (nominal GDP) would add to woes. Consequently, for the full year (FY21), we expect fiscal deficit at ~7.5% of GDP, against the government’s budgeted target of 3.5% of GDP.

Fiscal deficit in FY20 highest in 7 years



It covered 99.5% of budgeted spend during the year



Source: CGA, MOFSL



# Nestle India

**BSE SENSEX**  
32,424

**S&P CNX**  
9,580

**CMP: INR17,534 TP: INR16,385 (-7%)**

**Neutral**



### Stock Info

	NEST IN
Bloomberg	NEST IN
Equity Shares (m)	96
M.Cap.(INRb)/(USD b)	1690.5 / 21.7
52-Week Range (INR)	18301 / 10833
1, 6, 12 Rel. Per (%)	1/42/75
12M Avg Val (INR M)	1581
Free float (%)	37.2

### Financials Snapshot (INR b) – CY ending

Y/E Dec	2019	2020E	2021E
Sales	123.7	135.6	152.9
Sales Gr. (%)	9.5	9.6	12.8
EBITDA	28.9	31.7	36.8
Margins (%)	23.4	23.4	24.0
Adj. PAT	19.9	21.3	25.2
Adj. EPS (INR)	206.8	220.6	261.0
EPS Gr. (%)	15.8	6.7	18.3
BV/Sh.(INR)	200.4	208.2	196.1

### Ratios

RoE (%)	71.2	108.0	129.1
RoCE (%)	73.2	111.3	132.0
Payout (%)	165.3	79.3	86.2

### Valuations

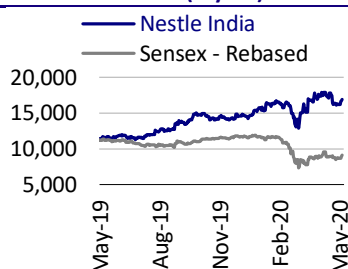
P/E (x)	84.8	79.5	67.2
P/BV (x)	87.5	84.2	89.4
EV/EBITDA (x)	57.4	52.4	45.0
Div. Yield (%)	2.0	1.0	1.3

### Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	62.8	62.8	62.8
DII	9.2	9.0	7.8
FII	11.8	12.1	12.6
Others	16.2	16.2	16.9

FII Includes depository receipts

### Stock Performance (1-year)



## All-round improvement continues

### Maintain Neutral on fair valuations

Nestle's (NEST) CY19 Annual Report highlights the company's underlying strengths, which makes it one of the strongest top line growth opportunities in our Indian consumer universe. Key takeaways are as follows:

- Near double-digit sales growth (9.5%) for the third consecutive year (excluding revival off the 2015 *Maggi* crisis in 2016) was led by volumes (7.0% of 9.6% gross sales growth), and was also broad-based with (a) 5-year high sales growth in Milk and Nutrition (its largest segment at 46% of sales), and (b) 9-year high sales growth in the Chocolates segment.
- The pace of new launches, which has gathered momentum since 2016, continued to be strong. Since 2016, NEST has launched 71 new products, which are contributing 3.4% of sales.
- Ad spends at 6.7% of domestic sales was maintained close to 15-year high levels, and thus, supported sales growth and new launches.
- Negative working capital was witnessed for the second consecutive year after being in the positive territory over CY11-17. With the special dividend announced in CY19, the company's RoE and RoCE have received significant boost.
- The board's proposal of granting 5-year extension (up to Jul'25) to the current Managing Director (MD), Mr. Suresh Narayanan, is a welcome move.
- Valuations are expensive at 67x CY21E EPS, thus, preventing us from turning constructive on the stock.

### Broad-based growth led by volumes

- Growth across segments was broad-based, primarily led by volume growth (7.0% out of 9.5% sales growth).
- Barring beverages (~12% of CY19 sales), other segments reported strong sales growth, including 8.9% in its largest category Milk and Nutrition (46% of CY19 sales; highest growth since 2014). CY19 was another year of double-digit sales and volume growth in Prepared Dishes (largely *Maggi* – 29% of sales). Since 2010, NEST has witnessed highest growth in the Chocolates and Confectionary segment in 2019 with over 15% volume/value growth along with market share gain for the first time in many years.
- In recent times, sales growth for many of NEST's peers has come off; however, it is doing exceedingly well on this front. The same trend was also witnessed in the recently declared Mar'20 quarter results, where NEST's performance was once again superior to its peers.
- With high category growth opportunity in foods and NEST's focus on volume led double-digit growth backed by new launches, prospects of top-line growth remain bright. This would also be supported by ad spends, benefits of the cluster-based approach, distribution expansion and usage of analytics.

### New products doing well, ad-spend support remains strong

- The company has launched 71 new products since 2016, which now contribute 3.4% of sales. Sales growth and support for new products comes from continued elevated levels of ad spends to sales, the second highest in the past 15 years at 6.4% of sales (barring the spike in 2015 as sales had collapsed due to the *Maggi* crisis).



### Working capital improves; Special dividend boosts RoE further

- Net working capital days on an average basis improved further to -4 days and fixed asset turns of 5.6x was the best since CY10 levels.
- RoEs were further bolstered by payment of special dividend in CY19, thereby nearly halving shareholders' funds last year. From CY20, NEST will be the only company in the sector – apart from HUVR – with RoEs at ~100% or higher.

### Re-appointment of CEO and board evaluation

- NEST's board has recommended Mr. Suresh Narayanan's re-appointment as MD for a further 5-year term (1<sup>st</sup> Aug'20 to 31<sup>st</sup> Jul'25), which is a positive development as Mr. Narayanan has been at the helm of the company's transformation. NEST was suffering from a lumbering pace of top line growth even before the *Maggi* crisis, but was transformed to one of the fastest growing companies (on both top line and earnings) under Mr. Narayanan's leadership.
- In another interesting move and a rather unusual one for India, NEST's board of directors held an annual performance review for each of its sub-committees. A leading HR consultancy firm was hired for compiling the report and feedback.

### Remarkable improvement/ targeted changes in sustainability efforts

- NEST has done remarkably well to reduce energy consumption by 49%, water usage by 54%, CO<sub>2</sub> emissions by 58% and waste-water generation by 59% during CY04-19.
- Importantly, from a food-safety perspective, special focus was accorded to upstream raw material vendors for products such as wheat flour, sugar, tomato and chili paste in its own factories to ensure the right quality and a compliant product.
- From a packaging perspective, the company has begun transitioning to mono material (designed for better recycling), a process that has been initiated in two key brands '*Maggi*' and '*Munch*' in 2019. By 2025, the company's vision is to ensure 100% reusable/recyclable packaging. NEST has also spearheaded efforts to ensure that none of its product packaging (including plastics) ends up in landfills or as litter by 2025.

### Valuation and view

- The longer-term narrative of NEST's top line and earnings growth remains extremely attractive. Not only is the successful implementation of NEST's growth strategy in recent years a positive, but also the packaged food segment in India offers immense growth opportunities. This is particularly true for a company with strong pedigree and distribution strength.
- In the near term, the stock offers far better resilience on top line v/s peers due to the nature of its portfolio and superior efficiency. On earnings, it is likely to be the only stock in our coverage universe with close to double-digit growth in the current year.
- However, current valuations of 80x CY20E EPS and 67x CY21E EPS appear to be completely factoring in the upside for the next one year. We value the company at 60x Mar'22E EPS to arrive at a TP of INR16,385. Maintain **Neutral**.

# HCL Technologies

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
32,424	9,580

**CMP: INR550      TP: INR615 (+12%)      Buy**



### Stock Info

Bloomberg	HCLT IN
Equity Shares (m)	2,714
M.Cap.(INRb)/(USDb)	1493.6 / 19.5
52-Week Range (INR)	624 / 376
1, 6, 12 Rel. Per (%)	13/18/19
12M Avg Val (INR M)	2280
Free float (%)	39.7

### Financials Snapshot (INR b)

Y/E Mar	2020	2021E	2022E
Net Sales	706.7	732.3	830.8
EBIT	138.4	136.1	162.4
PAT	111.1	110.0	131.0
EPS (INR)	40.7	40.3	48.0
Gr. (%)	11.1	-1.1	19.2
BV/Sh (INR)	179.0	222.2	263.8

### Ratios

RoE (%)	24.3	20.1	19.8
RoCE (%)	18.7	14.7	15.1
Payout (%)	19.6	19.9	16.7

### Valuations

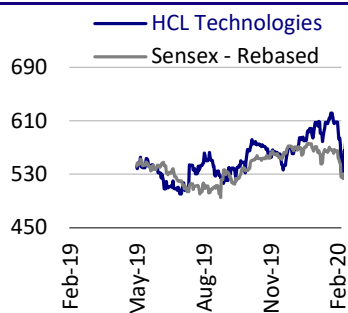
P/E (x)	13.6	13.7	11.5
P/BV (x)	3.1	2.5	2.1
EV/EBITDA (x)	8.4	8.1	6.2
Div Yield (%)	1.4	1.4	1.4

### Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	60.3	60.0	60.0
DII	9.2	8.5	7.7
FII	26.4	27.7	28.7
Others	4.1	3.9	3.6

FII Includes depository receipts

### Stock Performance (1-year)



## HCLT to acquire Cisco's SON Technology

- HCLT has announced the acquisition of Cisco's Self-Optimizing Network (SON) technology for a cash consideration of USD50m.
- SON is a multi-vendor multi-technology solution that optimizes Radio Access Networks (RAN) for 2G-5G. The acquisition should strengthen HCLT's telecommunication offerings as SON has become a major component in 5G upgrades.
- The acquisition is expected to be completed by Jan'21. As part of the deal, some employees will be re-badged from Cisco to HCLT.

### Valuation and view

- HCLT's exposure to deeply troubled verticals (e.g. Energy, Travel, Transportation, Hospitality, Retail, etc.) is lower than peers. In addition, higher exposure to IMS (~37% of revenue) comprising larger share of non-discretionary spends offers better resilience to its portfolio in the current context. Besides the company has higher exposure to Financial Services, Technology Services and Manufacturing where we anticipate an uptick in IT spends in a post COVID-19 world.
- However, the company's high exposure to ER&D (~16% of revenue) is a key monitorable. The discretionary nature of projects and supply-side challenges makes us cautious on this segment. In addition, we would keenly monitor the impact of strong cloud adoption on IMS (~37% of revenue).
- We expect HCLT to better navigate the current crisis and emerge stronger on back of expected increase in enterprise demand for digital services. Our confidence partly stems from the historical track record of the company in adapting to multiple business challenges and technology change cycles. Our target price is based on ~13x FY22E EPS.

**BSE SENSEX** 32,424  
**S&P CNX** 9,580

**CMP: INR213**      **TP: INR188 (-12%)**      **Neutral**



Bloomberg	WPRO IN
Equity Shares (m)	5,693
M.Cap.(INRb)/(USD\$b)	1214.4 / 15.1
52-Week Range (INR)	302 / 160
1, 6, 12 Rel. Per (%)	19/10/-8
12M Avg Val (INR M)	1186

**Financials & Valuations (INR b)**

Y/E Mar	2020	2021E	2022E
Sales	610	601	624
EBIT Margin (%)	17.2	15.5	17.0
PAT	98	87	99
EPS (INR)	16.6	15.4	17.6
EPS Gr. (%)	8.5	(7.3)	13.9
BV/Sh. (INR)	97.9	107.5	118.1

**Ratios**

RoE (%)	17.5	15.0	15.6
RoCE (%)	12.8	10.4	11.0
Payout (%)	7.0	37.9	40.0

**Valuations**

P/E (x)	12.8	13.8	12.1
P/BV (x)	2.2	2.0	1.8
EV/EBITDA (x)	7.6	7.9	6.6
Div Yield (%)	0.5	2.3	2.8

## Wipro appoints top Capgemini executive as new CEO

- Wipro, on 29<sup>th</sup> May'20, announced the appointment of Mr. Thierry Delaporte as the CEO and MD of the company, effective 6<sup>th</sup> Jul'20. He would be based in Paris and report to Chairman, Mr. Rishad Premji.
- Mr. Abidali Neemuchwala would relinquish his position as CEO and MD on 1<sup>st</sup> Jun'20, and Mr. Rishad Premji would oversee the day-to-day operations of the company until 5<sup>th</sup> Jul'20.

### Executive Profile

- Until recently, Mr. Delaporte was the COO of the Capgemini group and a member of its Executive Board.
- During his 25-year career with Capgemini (joined in 1995), he held several leadership roles; he was CEO of the Global Financial Services Strategic Business Unit and Head of all Global Service lines.
- He also oversaw Capgemini's India operations and led the group's transformation agenda – conceptualizing and driving several strategic programs across various business units.
- Mr. Delaporte began his career in 1992 as a Senior Auditor with Arthur Andersen in Paris and London.

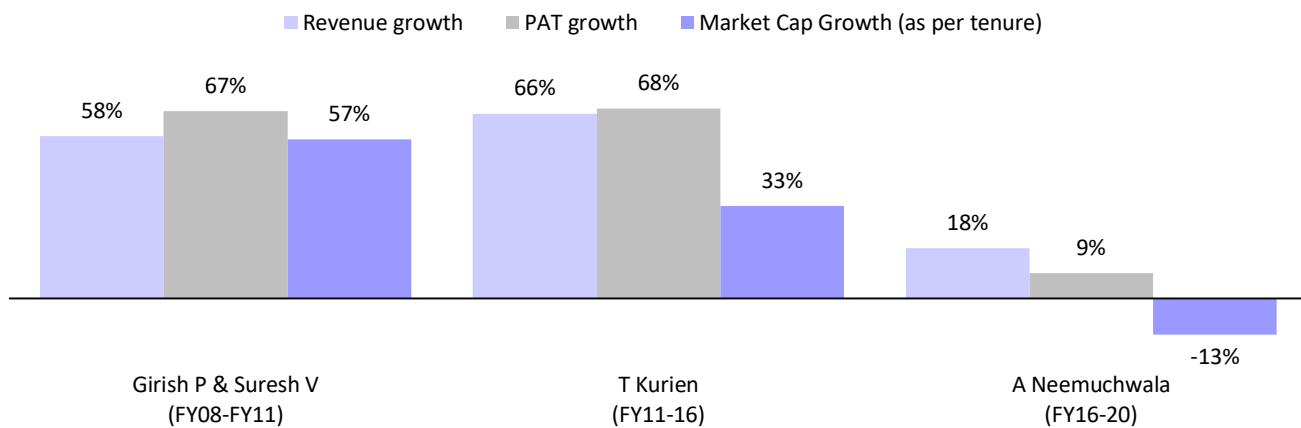


**THIERRY DELAPORTE**

### Valuation and view: Refreshed strategy and execution – key monitorables

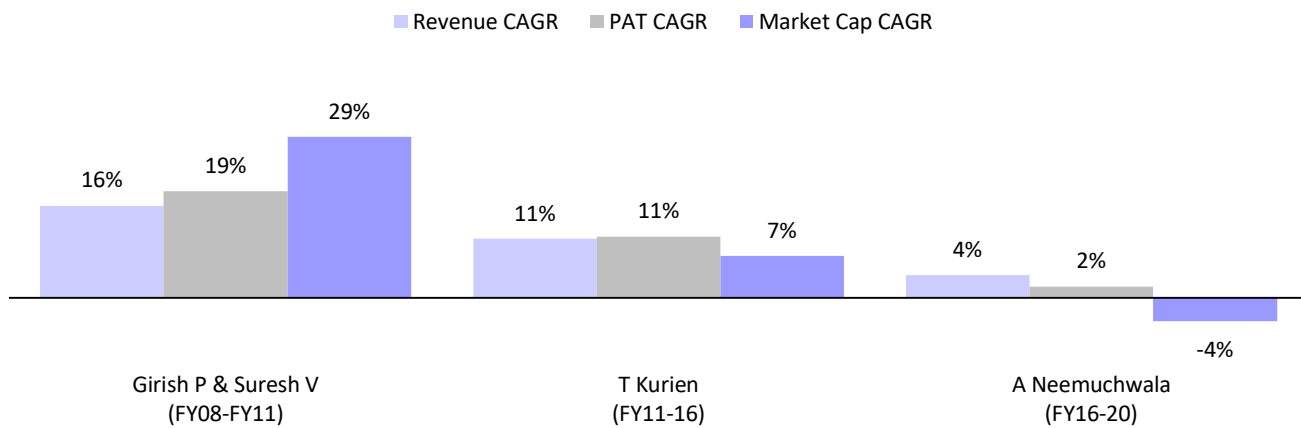
- Over the past few years, Wipro has been underperforming Tier-I companies on growth, partly due to higher exposure to verticals facing challenges (e.g. Healthcare and ENU). In addition, company-level changes (e.g. restructuring in India/the Middle East, etc.) have further constrained growth.
- The IT sector is currently staring at uncertainty around demand, supply, pricing and working capital driven by the COVID-19 situation. A refreshed strategy and execution under a new management, thus, are the key monitorables.
- The stock is currently trading at ~14x one-year forward P/E, almost in line with its long-term averages. Maintain Neutral.

**Performance (absolute return) of previous CEOs**



Source: Company, MOFSL

**Performance (CAGR) of previous CEOs**



Source: Company, MOFSL



Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR866 TP: INR1,000 (+15%) Buy**

**Operationally weak; Outlook for niche products promising**

**Almost done with resolution of regulatory issues at key sites**

- After three years of earnings decline, we expect Lupin’s (LPC) earnings growth to improve over FY20-22E, based on robust ANDA pipeline (including limited competition products like g-Albuterol/g-Fostair) and sustained outperformance in the domestic formulation (DF) market. Accordingly, we expect return ratios to form a trough in FY20, and thereafter, to be on an uptrend. We are yet to see benefit of the cost rationalization exercise implemented by LPC.
- We have cut our EPS estimate by 14.5%/5% for FY21/FY22E to factor in the COVID-19 led slowdown in DF and delay in better operating leverage. We value LPC at 22x 12M forward earnings to arrive at a price target of INR1,000. We remain positive on LPC due to (a) better visibility of approvals/increased market share in niche products, and (b) the company reaching end of remediation measures at its key sites under regulatory issues. Maintain **Buy**.

**Weak performance for the quarter**

- Revenues in 4QFY20 were down 1.1% YoY to INR38.5b (v/s est. INR41.4b), due to decline in US sales, partially offset by growth in the DF business.
- US sales were down 13.5% YoY to USD212m (42% of sales). APAC sales were down 16% YoY to INR1.4b (4% of sales). On the other hand, DF sales (31% of sales) were up 13.3% YoY to INR11.9b. Also, EMEA (Europe, Middle East and Africa) sales were up 7.4% YoY to INR3.5b (9% of sales). API sales increased 12% YoY to INR3.3b (9% of sales).
- Gross margin (GM) declined 610bp YoY to 63.5% led by change in the product mix. EBITDA margin at 13.7%, was down at similar rate of 630bp YoY as higher employee cost (+170bp YoY as % of sales) was partially offset by lower other expenses (-130bp YoY as % of sales). EBITDA came in at INR5.3b (v/s est. INR6.4b), down 33% YoY.
- Lupin had exceptional items, which included (a) profit on divestment of Kyowa Pharma (INR1.2b), (b) impairment of intangible asset (INR95m), and (c) loss on divestment of Kyowa Criticare – INR284m. It also had forex gain of INR1.3b for the quarter.
- Adj. PAT was flat at INR2.7b (v/s est. INR2.2b), due to lower tax rate.
- FY20 sales/EBITDA/Adj. PAT was at INR154b/INR24b/INR9b. Revenues were up 4.8% while EBITDA/Adj. PAT were down 8%/11% YoY.

**Highlights from management commentary**

- No queries are pending for g-Albuterol; expected launch in 2HFY21. g-Fostair should also be launched in Europe in 2HFY21 (market size: USD500m).
- Despite being a 6-player market, the US is facing shortage of Albuterol.
- R&D spend should be similar at absolute level of INR15b for FY21.
- EBITDA margin is expected at 19-20% for FY21 without COVID/Forex impact.
- Somerset would be LPC’s first site to be offered for re-inspection followed by Goa and Pithampur.
- LPC has 13% market share with a target to reach 20% for g-Levothyroxine.

Bloomberg	LPC IN
Equity Shares (m)	452
M.Cap.(INRb)/(USDb)	326.3 / 4.6
52-Week Range (INR)	882 / 646
1, 6, 12 Rel. Per (%)	-6/-15/-26
12M Avg Val (INR M)	1304

**Financials & Valuations (INR b)**

Y/E MARCH	2020	2021E	2022E
Sales	153.7	167.8	188.2
EBITDA	23.5	28.5	35.4
Adj. PAT	9.0	13.3	18.3
EBIT Margin (%)	9.0	11.2	13.5
Cons. Adj. EPS (INR)	19.8	29.5	40.5
EPS Gr. (%)	-11.4	48.7	37.1
BV/Sh. (INR)	276.7	296.8	326.9

**Ratios**

Net D:E	0.0	0.1	0.1
RoE (%)	6.8	10.3	13.0
RoCE (%)	4.8	8.9	11.5
Payout (%)	-119.0	35.7	26.0

**Valuations**

P/E (x)	44.0	29.5	21.5
EV/EBITDA (x)	16.8	14.4	11.4
Div. Yield (%)	1.0	1.0	1.0
FCF Yield (%)	17.7	-2.1	4.0
EV/Sales (x)	2.6	2.5	2.1

**Shareholding pattern (%)**

As On	Mar-20	Dec-19	Mar-19
Promoter	46.9	46.9	47.0
DII	16.6	14.6	12.2
FII	22.7	24.7	25.9
Others	13.9	13.8	15.0

FII Includes depository receipts

**Valuation and view**

- The COVID-19 led weakness in Acute therapies would impact DF growth slightly over the near term. Also, benefit of cost efficiency is yet to kick in. Hence, we have reduced our earnings estimate by 14%/5% for FY21/FY22E. We value LPC at 22x 12M forward earnings to arrive at price target of INR1,000.
- We expect 40% earnings CAGR over FY20-22E, led by niche launches (g- Albuterol - no more queries pending with the USFDA; g-Fostair in EU), improving market share in Levothyroxine in the US, and better-than-industry growth in DF. Maintain Buy.

**Quarterly Perf. (Consoli.)**

(INR m)

Y/E March	FY19				FY20				FY19	FY20E	FY20E	% Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>38,559</b>	<b>39,511</b>	<b>39,473</b>	<b>38,866</b>	<b>44,184</b>	<b>38,822</b>	<b>37,693</b>	<b>38,457</b>	<b>146,646</b>	<b>153,748</b>	<b>41,424</b>	-7.2
YoY Change (%)	-0.4	0.0	-0.7	-3.6	14.6	-1.7	-4.5	-1.1	-7.2	4.8	-6.0	
Total Expenditure	31,481	34,014	32,657	31,074	35,582	32,416	33,002	33,204	121,038	130,200	35,021	
<b>EBITDA</b>	<b>7,079</b>	<b>5,496</b>	<b>6,816</b>	<b>7,793</b>	<b>8,602</b>	<b>6,406</b>	<b>4,691</b>	<b>5,253</b>	<b>25,607</b>	<b>23,548</b>	<b>6,403</b>	-18.0
YoY Change (%)	-7.9	-35.6	-1.0	9.9	21.5	16.5	-31.2	-32.6	-18.6	-8.0	-31.2	
Depreciation	2,590	2,655	2,190	2,191	3,171	2,526	2,532	2,143	8,461	9,702	2,600	
<b>EBIT</b>	<b>4,489</b>	<b>2,842</b>	<b>4,627</b>	<b>5,602</b>	<b>5,431</b>	<b>3,880</b>	<b>2,159</b>	<b>3,111</b>	<b>17,147</b>	<b>13,846</b>	<b>3,802</b>	
YoY Change (%)	-11.6	-51.1	13.4	28.5	21.0	36.5	-53.3	-44.5	-16.8	-19	-41	
Interest	687	738	785	843	856	826	886	1,074	3,025	3,630	920	
Other Income	34	2,307	402	733	722	1,280	936	826	3,330	3,578	762	
EO Exp/(Inc)	0	0	3,422	-22	0	5,465	3,287	-2,091	3,400	6,261	0	
<b>PBT</b>	<b>3,836</b>	<b>4,410</b>	<b>822</b>	<b>5,514</b>	<b>5,297</b>	<b>-1,131</b>	<b>-1,078</b>	<b>4,954</b>	<b>14,052</b>	<b>7,533</b>	<b>3,644</b>	35.9
Tax	1,811	1,729	2,454	2,943	2,280	695	7,670	1,051	8,879	11,571	1,405	
Rate (%)	47.2	39.2	298.6	53.4	43.0	-61.5	-711.4	21.2	63.2	153.6	38.5	
Minority Interest	-4	21	-115	-324	-13	-556	-398	7	52	-43	-13	
<b>Reported PAT</b>	<b>2,028</b>	<b>2,660</b>	<b>-1,518</b>	<b>2,896</b>	<b>3,031</b>	<b>-1,271</b>	<b>-8,350</b>	<b>3,896</b>	<b>5,121</b>	<b>-3,995</b>	<b>2,252</b>	73.0
<b>Adj PAT</b>	<b>2,028</b>	<b>2,660</b>	<b>2,873</b>	<b>2,561</b>	<b>3,031</b>	<b>3,373</b>	<b>1,834</b>	<b>2,559</b>	<b>10,123</b>	<b>8,966</b>	<b>2,151</b>	19.0
YoY Change (%)	-43.4	-41.5	11.5	-31.6	49.4	26.8	-36.2	-0.1	-30.0	-11.4	-33.3	
Margins (%)	5.3	6.7	7.3	6.6	6.9	8.7	4.9	6.7	6.9	5.8	5.2	

**Note:** Quarterly nos will not add up to full year nos due to restatement of past quarters

**Key performance Indicators (Consolidated)**

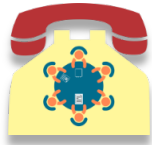
Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>INR m</b>										
Domestic formulations	11,924	12,032	11,902	10,525	13,077	13,419	12,969	11,921	46,382	51,385
YoY Change (%)	27.9	3.8	11.4	9.1	9.7	11.5	9.0	13.3	12.4	10.8
US formulations	11,858	12,487	14,174	17,406	15,412	13,244	13,766	15,791	55,924	58,212
YoY Change (%)	(26.0)	(8.3)	(1.0)	16.1	30.0	6.1	(2.9)	(9.3)	(5.1)	4.1
Europe	1,416	1,526	1,330	1,705	1,434	1,724	1,526	1,855	6,163	6,391
YoY Change (%)	10.0	1.5	(1.9)	(6.2)	1.3	13.0	14.7	8.8	2.3	3.7
Japan	5,000	5,298	5,905	0	5,911	5,072	0	0	21,746	0
YoY Change (%)	0.0	10.9	10.6	(100.0)	18.2	(4.3)	(100.0)	NA	2.2	NA
ROW	3,967	4,219	4,740	5,522	4,235	5,017	5,727	5,058	17,912	21,000
YoY Change (%)	8.8	(8.4)	2.7	5.1	6.8	18.9	20.8	(8.4)	0.0	0.0
API	3,581	3,347	3,624	2,912	3,489	3,052	3,173	3,286	13,464	12,999
YoY Change (%)	28.2	26.3	35.2	3.7	(2.6)	(8.8)	(12.4)	12.8	23.2	(3.5)
<b>Cost Break-up</b>										
RM Cost (% of Sales)	37.5	35.3	35.7	30.4	35.1	35.0	36.1	36.5	34.5	35.9
Staff Cost (% of Sales)	19.4	20.1	18.8	18.2	18.3	19.5	19.7	19.9	19.3	19.7
R&D Expenses(% of Sales)	9.9	9.7	10.2	0.0	8.6	10.0	11.3	9.0	11.0	10.3
Other Cost (% of Sales)	15.0	21.2	19.4	31.3	18.6	18.7	20.5	21.0	19.7	20.1
Gross Margins (%)	62.5	64.7	64.3	69.6	64.9	65.0	63.9	63.5	65.5	64.1
EBITDA Margins (%)	18.4	13.9	16.1	20.0	19.5	16.8	12.4	13.7	17.5	15.3
EBIT Margins (%)	11.6	7.2	11.7	14.4	12.3	10.0	5.7	8.1	10.1	9.0

**BSE SENSEX** 32,424  
**S&P CNX** 9,580

**CMP: INR480**

**Buy**

**Conference Call Details**



**Date:** 1<sup>st</sup> June 2020

**Time:** 4:00pm IST

**Dial-in details:**

+91-22-6280 1144

**Financials & valuations (INR b)**

Y/E Mar	2020	2021E	2022E
Sales	76.6	73.7	90.1
EBITDA	6.9	6.3	8.8
PAT	5.5	4.9	7.0
EBITDA (%)	9.0	8.5	9.7
EPS (INR)	16.7	14.8	21.0
EPS Gr. (%)	6.5	(11.1)	41.7
BV/Sh. (INR)	129.4	144.4	159.1

**Ratios**

Net D/E	(0.0)	(0.1)	(0.1)
RoE (%)	12.9	10.3	13.2
RoCE (%)	14.1	12.2	14.7
Payout (%)	32.1	30.0	30.0

**Valuations**

P/E (x)	28.7	32.3	22.8
P/BV (x)	3.7	3.3	3.0
EV/EBITDA (x)	23.0	24.7	17.3
Div Yield (%)	0.9	0.8	1.1
FCF Yield (%)	3.0	1.8	3.7

**Earnings beat on favorable sales mix as UCP delivers handsomely**

**4QFY20 snapshot**

- Revenue was flat YoY at INR20.9b, in line with our expectation.
- EBITDA grew 33% to INR1.9b and was 10% ahead of our expectation. A favorable sales mix led to strong growth.
- The EBITDA margin stood at 9.2% (+220bp YoY) v/s the expectation of 8.4%.
- Adj. PAT grew 15% to INR1.6b and was 37% ahead of our expectation.

**FY20 snapshot**

- Revenue grew 7.5% to INR76.6b.
- EBITDA grew 12.3% to INR6.9b. The EBITDA margin expanded 40bp to 9%.
- Adj. PAT grew 7% to INR5.5b.

**Segmental performance (4QFY20) – Favorable sales mix led by UCP segment**

**EMP: Hit by provisions**

- Revenue was down 18% to INR8b and was 7% below our expectation.
- PBIT margins stood at just 1.4% as the company made provisions.
- The order book stands at INR78b (+57% YoY).

**UCP: Delivers handsomely**

- Despite the COVID-19 crisis, revenue was up 20% to INR12b and was 9% ahead of our expectation.
- The PBIT margin came in at 14.6%, aided by operating leverage.
- Market share stands at 24.2% (+50bps) as of Feb'20 (YTD performance).
- Voltas has also achieved a leadership position in Inverter ACs for January and February 2020, respectively.

**Quarterly performance**

(INR m)

Y/E March	FY19				FY20				FY19	FY20	FY20	Var. Vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Sales</b>	<b>21,481</b>	<b>14,214</b>	<b>14,918</b>	<b>20,628</b>	<b>26,540</b>	<b>14,219</b>	<b>14,925</b>	<b>20,896</b>	<b>71,241</b>	<b>76,581</b>	<b>20,657</b>	<b>1%</b>
Change (%)	10.5	37.1	8.5	0.7	23.6	0.0	0.0	1.3	11.2	7.5	0.1	
<b>EBITDA</b>	<b>2,432</b>	<b>1,085</b>	<b>1,157</b>	<b>1,443</b>	<b>2,912</b>	<b>1,059</b>	<b>976</b>	<b>1,920</b>	<b>6,117</b>	<b>6,867</b>	<b>1,738</b>	<b>10%</b>
Change (%)	16.7	26.7	-2.5	-43.0	19.7	-2.5	-15.7	33.1	-7.7	12.3	20.4	
As of % Sales	11.3	7.6	7.8	7.0	11.0	7.4	6.5	9.2	8.6	9.0	8.4	
Depreciation	59	60	62	59	77	80	80	82	240	320	79	
Interest	27	64	132	106	44	49	57	61	330	211	50	
Other Income	282	461	548	572	433	726	543	605	1,863	2,306	399	
Extra-ordinary Items	0	0	-118	0	-301	-43	0	-20	-118	-364		
<b>PBT</b>	<b>2,627</b>	<b>1,423</b>	<b>1,393</b>	<b>1,849</b>	<b>2,923</b>	<b>1,612</b>	<b>1,381</b>	<b>2,362</b>	<b>7,292</b>	<b>8,278</b>	<b>2,008</b>	<b>18%</b>
Tax	762	331	304	239	1,046	448	314	572	1,635	2,380	499	
Effective Tax Rate (%)	29.0	23.2	20.1	12.9	32.4	27.1	22.7	24.0	22.1	27.5	24.8	
Share of profit of associates/JV's	(26)	(58)	(279)	(215)	(225)	(100)	(198)	(203)	(578)	(726)	(337)	
<b>Reported PAT</b>	<b>1,839</b>	<b>1,035</b>	<b>809</b>	<b>1,396</b>	<b>1,652</b>	<b>1,064</b>	<b>869</b>	<b>1,587</b>	<b>5,079</b>	<b>5,172</b>	<b>1,172</b>	<b>35%</b>
Change (%)	-0.9	8.5	-19.4	-27.5	-10.2	2.9	7.4	13.6	-11.3	1.8	-16.1	
<b>Adj PAT</b>	<b>1,839</b>	<b>1,035</b>	<b>927</b>	<b>1,396</b>	<b>1,953</b>	<b>1,107</b>	<b>869</b>	<b>1,607</b>	<b>5,197</b>	<b>5,536</b>	<b>1,172</b>	<b>37%</b>
Change (%)	0.2	8.5	-7.7	-28.1	6.2	7.0	-6.2	15.1	-9.1	6.5	-16.1	

# Amara Raja

**BSE SENSEX** 32,424  
**S&P CNX** 9,580

**CMP: INR615**

**Buy**

## Conference Call Details



**Date:** 1<sup>st</sup> Jun 2020

**Time:** 4PM IST

**Dial-in details:**

+91 22 6280 1222 /  
7115 8123

## Financials & valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	68.4	70.6	78.7
EBITDA	11.0	11.1	12.6
Adj. PAT	6.6	5.9	6.7
Cons. Adj. EPS (INR)	38.7	34.6	39.4
EPS Gr. (%)	36.7	-10.6	13.8
BV/Sh. (INR)	214	247	274

### Ratios

RoE (%)	18.9	15.0	15.1
RoCE (%)	18.6	14.8	14.8
Payout (%)	33.5	30.0	30.0

### Valuations

P/E (x)	15.9	17.8	15.6
P/BV (x)	2.9	2.5	2.2
Div. Yield (%)	1.8	1.4	1.6
FCF Yield (%)	1.9	2.8	3.2

## Above est.; Better mix drives margins

- AMRJ's 4QFY20 revenue/EBITDA/PAT grew 0.9%/0.4%/14.5% YoY to ~INR15.8b/INR2.4b/INR1.4b. FY20 revenues/EBITDA/PAT grew 0.7%/15%/37% YoY to ~INR 68.4b/INR11b/INR6.6b.
- Gross margins expanded 150bp YoY (+80bp QoQ) to ~36.3% (est.: ~35.3%), driven by a better mix (lower OEM sales). Lead prices saw 2% QoQ inflation (in 3QFY20 as the impact is witnessed with a quarter lag).
- EBITDA margins were flat YoY (-80bp QoQ) at ~15.4% (est.: ~15.7%) as the benefit of the mix was offset by operating de-leverage.
- EBITDA was flat YoY at ~INR2.43b (est.: ~INR2.29b).
- PBT was flat YoY at ~INR1.8b (est.: INR1.6b).
- PAT grew 14.5% YoY to ~INR1.37b (est.: INR 1.2b) on account of lower tax rate of 24.3% (v/s 33% in 4QFY19).
- Valuation view: We would revisit our estimates post the earnings call. The stock trades at 17.8x/15.6x FY21E/FY22E EPS.

## Quarterly performance

(INR m)

Y/E March (INR m)	FY19				FY20				FY19	FY20	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
<b>Net Sales</b>	<b>17,787</b>	<b>17,531</b>	<b>16,947</b>	<b>15,667</b>	<b>18,150</b>	<b>16,953</b>	<b>17,478</b>	<b>15,814</b>	<b>67,931</b>	<b>68,395</b>	<b>14,594</b>
YoY Change (%)	18.8	22.8	9.1	-0.9	2.0	-3.3	3.1	0.9	12.1	0.7	-6.9
RM Cost (% of sales)	71.5	69.1	67.2	65.2	67.6	64.1	64.5	63.7	67.6	65.0	64.7
Staff Cost (% of sales)	4.7	5.3	5.1	5.2	5.4	5.8	5.4	5.9	5.4	5.6	6.0
Other Exp (% of sales)	11.4	12.1	12.7	14.1	11.6	12.8	13.9	15.0	11.6	13.3	13.6
<b>EBITDA</b>	<b>2,203</b>	<b>2,366</b>	<b>2,528</b>	<b>2,421</b>	<b>2,792</b>	<b>2,923</b>	<b>2,840</b>	<b>2,432</b>	<b>9,518</b>	<b>10,986</b>	<b>2,288</b>
Margins (%)	12.4	13.5	14.9	15.5	15.4	17.2	16.2	15.4	14.0	16.1	15.7
Depreciation	630	643	657	683	733	750	765	760	2,612	3,007	785
Interest	15	18	18	19	29	34	29	30	70	122	23
Other Income	137	142	125	63	102	180	128	141	468	551	140
<b>PBT after EO</b>	<b>1,695</b>	<b>1,848</b>	<b>1,978</b>	<b>1,783</b>	<b>2,132</b>	<b>2,319</b>	<b>2,174</b>	<b>1,783</b>	<b>7,304</b>	<b>8,407</b>	<b>1,620</b>
Tax	565	646	669	589	723	130	530	416	2,469	1,799	415
Tax Rate (%)	33.3	34.9	33.8	33.0	33.9	5.6	24.4	23.4	33.8	21.4	25.6
<b>Adj PAT</b>	<b>1,130</b>	<b>1,202</b>	<b>1,309</b>	<b>1,193</b>	<b>1,409</b>	<b>2,189</b>	<b>1,644</b>	<b>1,366</b>	<b>4,835</b>	<b>6,608</b>	<b>1,205</b>
YoY Change (%)	13.2	-5.5	-2.6	8.7	24.7	82.0	25.6	14.5	2.6	36.7	0.9

E: MOFSL Estimates





# Jubilant Life Sciences

Estimate change	↑
TP change	↑
Rating change	↔

**CMP: INR442**      **TP: INR515 (+16%)**      **Buy**

Bloomberg	JUBILANT IN
Equity Shares (m)	159
M.Cap.(INRb)/(USDb)	70.4 / 0.9
52-Week Range (INR)	639 / 230
1, 6, 12 Rel. Per (%)	9/7/6
12M Avg Val (INR M)	194

## Financials & valuations (INR b)

Y/E MARCH	2020	2021E	2022E
Sales	91.5	95.6	103.3
EBITDA	19.6	19.1	21.4
Adj. PAT	9.3	8.8	10.3
EBIT Margin (%)	16.4	15.1	15.7
Cons. Adj. EPS (INR)	59.8	56.6	66.4
EPS Gr. (%)	5.0	-5.4	17.4
BV/Sh. (INR)	359.7	410.6	470.4

## Ratios

Net D:E	0.5	0.4	0.2
RoE (%)	17.9	14.7	15.1
RoCE (%)	11.7	10.5	11.2
Payout (%)	10.0	10.0	10.0

## Valuations

P/E (x)	7.4	7.8	6.7
EV/EBITDA (x)	5.0	4.9	4.0
Div. Yield (%)	1.1	1.1	1.2
FCF Yield (%)	13.9	12.9	14.7
EV/Sales (x)	1.1	1.0	0.8

## Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	50.7	50.7	50.7
DII	1.9	2.7	4.8
FII	27.9	27.4	26.8
Others	19.5	19.2	17.8

FII Includes depository receipts

## Superior product mix drives earnings

### Operations at Nanjangud plant to resume soon

- JLS has gradually improved margins for three years now, led by superior execution in the Specialty business in both the Pharma as well as Life Science Ingredient (LSI) segments. The overall Specialty business forms 51% of the total revenue. Particularly, the Specialty business in the Pharma segment recorded a 22% CAGR over FY18–20, led by better traction as well as inorganic growth.
- We reduce our EPS estimate by 2% for FY21 to factor COVID-19-led slowdown, particularly in the Life Science Chemical and API segments. We continue valuing JLS on an SOTP basis to arrive at a price target of INR515 and maintain Buy on the stock.

### Pharma leads earnings for quarter

- Revenues were flat YoY at INR23.9b (in-line). The Pharma segment (INR14.8b; 63% of sales) grew at 6% YoY. The LSI segment saw decline of 11% YoY at INR8b (34% of sales), which hampered overall growth.
- The gross margin improved 570bp YoY to 64.9% on a superior product mix. The EBITDA margin expanded at a lower rate of 310bp YoY to 22.4% (our est.: 20.8%) due to higher employee cost (+270bp YoY as % of sales).
- The EBITDA margin for Pharma came in at 28.9%. LSI's EBITDA came in at INR1180m, with a margin of 14.4% v/s 11% YoY. EBITDA at INR5.4b (our est.: INR4.9b) grew 16.4%YoY.
- PAT grew 17.4% YoY to INR2.6b (our est.: INR2.3b).
- FY20 revenue/EBITDA/adj. PAT came in at INR91.5b/INR19.6b/INR9.3b, up 0.5%/6.5%/4.1%.

### Highlights from management commentary

- The Nanjangud plant is now cleared by regulatory authorities to resume operations after it was closed in March when two employees tested positive for COVID-19.
- The lifting of the lockdown has enabled considerable recovery in the Radiopharma business.
- The production of Remdesivir is expected to commence in July 2020.
- There is considerable pent-up demand and unmet requirement for Ruby-fill in Europe. JLS intends to launch the drug first in Germany and Switzerland.
- JLS would incur substantially lower capex for FY21 (primarily maintenance capex) v/s INR5b spent in FY20.

### Valuation and view

- We expect a 5% earnings CAGR over FY20–22, led by a 9%/7% sales CAGR in Specialty Pharma/Specialty Intermediates-Nutritional products.
- We reduce our earnings estimate for FY21 to factor the temporary disruption caused by COVID-19 at the production as well as supply chain level. We continue valuing JLS at 7x EV/EBITDA for the Pharma business and 3x EV/EBITDA for the LSI business, arriving at a price target of INR515 on an SOTP basis. While earnings growth is moderate over the medium term, we remain positive on JLS on an attractive valuation of 5x FY21 EV/EBITDA / 4x FY22 EV/EBITDA. Maintain Buy.

**Consolidated – Quarterly earnings model**

(INR m)

Y/E March	FY19				FY20				FY19	FY20	FY20	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
<b>Net Sales</b>	<b>20,787</b>	<b>22,695</b>	<b>23,771</b>	<b>23,856</b>	<b>21,819</b>	<b>22,659</b>	<b>23,152</b>	<b>23,914</b>	<b>91,108</b>	<b>91,544</b>	<b>23,615</b>	<b>1.3</b>
YoY Change (%)	30.2	38.2	15.0	5.9	5.0	-0.2	-2.6	0.2	20.5	0.5	-1.0	
Total Expenditure	16,411	18,193	18,838	19,246	17,332	17,975	18,078	18,548	72,688	71,933	18,699	-0.8
<b>EBITDA</b>	<b>4,376</b>	<b>4,502</b>	<b>4,933</b>	<b>4,610</b>	<b>4,486</b>	<b>4,685</b>	<b>5,074</b>	<b>5,366</b>	<b>18,420</b>	<b>19,611</b>	<b>4,916</b>	<b>9.1</b>
YoY Change (%)	29.6	47.1	18.3	0.7	2.5	4.1	2.9	16.4	21.3	6.5	7	
Margins (%)	21.1	19.8	20.8	19.3	20.6	20.7	21.9	22.4	20.2	21.4	20.8	
Depreciation	880	895	984	950	1,027	1,168	1,135	1,289	3,709	4,619	1,147	
<b>EBIT</b>	<b>3,496</b>	<b>3,607</b>	<b>3,949</b>	<b>3,660</b>	<b>3,460</b>	<b>3,516</b>	<b>3,940</b>	<b>4,077</b>	<b>14,711</b>	<b>14,992</b>	<b>3,770</b>	<b>8.1</b>
YoY Change (%)	31.9	58.8	17.9	-0.3	-1.0	-2.5	-0.2	11.4	23.1	1.9	3	
Margins (%)	16.8	15.9	16.6	15.3	15.9	15.5	17.0	17.0	16.1	16.4	16.0	6.8
Interest	727	627	683	616	726	716	720	712	2,198	2,874	716	
Other Income	95	38	290	-66	97	123	60	194	357	474	85	
<b>PBT before EO expense</b>	<b>2,864</b>	<b>3,018</b>	<b>3,556</b>	<b>2,978</b>	<b>2,831</b>	<b>2,922</b>	<b>3,280</b>	<b>3,559</b>	<b>12,870</b>	<b>12,592</b>	<b>3,139</b>	<b>13.4</b>
Extra-Ord expense	0	0	151	3,226	140	0	346	0	3,832	486	0	
<b>PBT</b>	<b>2,864</b>	<b>3,018</b>	<b>3,405</b>	<b>-248</b>	<b>2,691</b>	<b>2,922</b>	<b>2,933</b>	<b>3,559</b>	<b>9,038</b>	<b>12,105</b>	<b>3,139</b>	<b>13.4</b>
Tax	860	920	881	607	841	428	899	955	3,268	3,123	811	17.6
Rate (%)	30.0	30.5	25.9	-244.8	31.2	14.7	30.7	26.8	36.2	25.8	25.9	
<b>Reported PAT</b>	<b>2,004</b>	<b>2,098</b>	<b>2,524</b>	<b>-854</b>	<b>1,850</b>	<b>2,494</b>	<b>2,034</b>	<b>2,605</b>	<b>5,316</b>	<b>8,982</b>	<b>2,327</b>	<b>11.9</b>
<b>Adj PAT</b>	<b>2,004</b>	<b>2,098</b>	<b>2,636</b>	<b>2,218</b>	<b>1,947</b>	<b>2,494</b>	<b>2,274</b>	<b>2,605</b>	<b>8,955</b>	<b>9,319</b>	<b>2,327</b>	<b>11.9</b>
YoY Change (%)	36.2	63.6	24.0	-0.1	-2.9	18.9	-13.7	17.4	26.1	4.1	4.9	
Margins (%)	9.6	9.2	11.1	9.3	8.9	11.0	9.8	10.9	9.8	10.2	9.9	

**Key performance indicators (consolidated)**

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>INRb</b>										
Pharma(ex-Triad)	8.6	10.1	11.1	10.8	10.0	11.3	11.1	11.5	40.6	44.0
yoy (%)	5.4	17.0	43.6	35.8	16.1	12.5	(0.4)	6.7	25.1	8.3
Triad sales	3.3	3.3	3.1	3.2	3.2	3.2	3.4	3.3	12.8	13.1
LSI	8.5	8.9	9.0	9.1	8.1	7.5	8.0	8.2	35.5	31.8
DDS	0.5	0.5	0.5	0.7	0.6	0.6	0.7	0.9	2.2	2.6
yoy (%)	13.2	13.0	20.3	44.7	20.7	21.3	25.7	25.3	23.1	20.7
<b>Cost Break-up</b>										
RM Cost (% of Sales)	38.3	38.6	36.8	40.8	34.6	34.1	33.4	35.1	38.7	34.3
Staff Cost (% of Sales)	21.7	21.1	21.0	20.8	23.1	23.0	23.3	23.5	80.5	89.0
R&D Cost (% of Pharma Sales)	4.9	4.1	4.5	4.8	4.3	3.9	3.8	4.0	4.6	4.5
Other Cost (% of Sales)	18.9	20.5	21.4	19.1	21.7	22.2	21.4	18.9	20.0	21.0
Gross Margins(%)	61.7	61.4	63.2	59.2	65.4	65.9	66.6	64.9	61.3	65.7
EBITDA Margins(%)	21.1	19.8	20.8	19.3	20.6	20.7	21.9	22.4	20.2	21.4
EBIT Margins(%)	16.8	15.9	16.6	15.3	15.9	15.5	17.0	17.0	16.1	16.4

BSE SENSEX 32,424 S&P CNX 9,580

**CMP: INR1312 TP: INR1400 (+7%)**

**Buy**

**Conference Call Details**



**Date:** 1<sup>st</sup> June 2020  
**Time:** 17:00 IST  
**Dial-in details:**  
+91-22-6280 1385

**Financials & valuations (INR b)**

Y/E Mar	2020	2021E	2022E
Sales	3.8	4.4	5.1
EBIT Margin (%)	39.9	38.5	40.3
PAT	2.4	2.2	2.9
EPS (INR)	46.7	44.0	56.0
EPS Gr. (%)	63.0	-5.7	27.1
BV/Sh. (INR)	269.1	291.5	319.9
<b>Ratios</b>			
RoE (%)	18.2	15.7	18.3
RoCE (%)	17.6	15.3	17.8
Payout (%)	51.8	68.6	54.0
<b>Valuations</b>			
P/E (x)	28.1	29.8	23.4
P/BV (x)	4.9	4.5	4.1
EV/EBITDA (x)	32.4	29.4	23.5
Div yld (%)	1.8	2.3	2.3

**Miss on margin; PAT largely in line**

■ In 4QFY20, MCX’s revenue/EBIT/PAT grew 33%/66%/8% YoY (v/s est. 44%/142%/11% YoY). For FY20, revenue/EBIT/PAT grew 25%/74%/123% YoY.

**Growth**

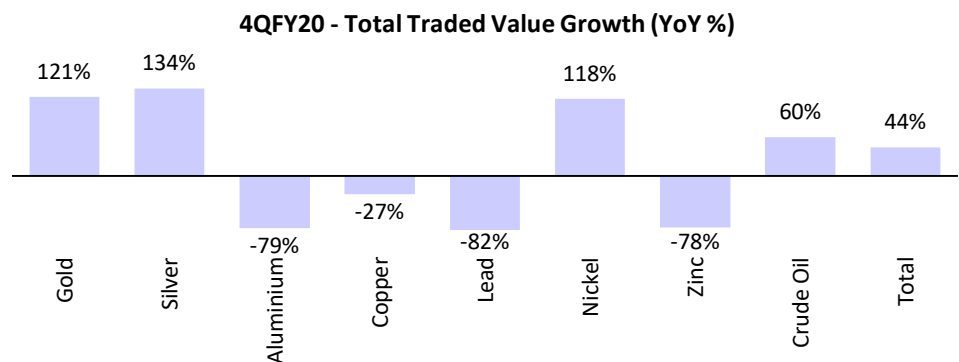
- Revenue growth (33% YoY) was strong despite the fizzling out of volumes over the last week of Mar’20 on news of reduction in the number of trading hours. This was led by 121%/134%/60% YoY growth in traded value of gold/silver/crude.
- Note that despite the sharp volatility in crude prices and increase in margin requirements, crude reported a sharp increase in traded value for the full quarter. Total traded value of all commodities in 4QFY20 was up 44% YoY.
- Barring Nickel (118% YoY), base metals continued to drag the overall increase in traded value. Aluminum (-79% YoY), Zinc (-78% YoY), Lead (-82% YoY) and Copper (-27% YoY) reported sharp decline in traded value due to the change in the nature of contract (to delivery).

**Margins**

- EBIT margin for the quarter (33% v/s est. 45%), was driven by expenses that were higher than normal – Other expenses, Employee benefits’ expense, Software expenses, and Depreciation and Amortization. Post the earnings call, we would have better understanding on whether there are any one-off items in these expenses.
- Despite lower-than-expected EBIT margins, PAT was largely in line due to lower-than-expected ETR.

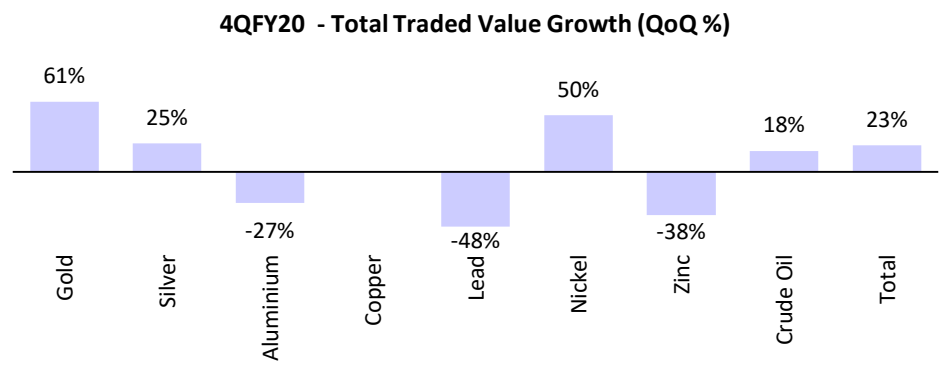
**Valuation and view:** We continue liking the company for its near monopoly in the commodity exchanges’ segment in India. The stock currently trades at ~30x FY21E EPS. We would take a relook at our estimates and target multiples post the earnings call.

**Gold, Silver, Nickel, Crude see healthy growth in traded value on a yearly basis**



Source: Company, MOFSL

Sequentially, total traded value was up 23%



Source: Company, MOFSL

MCX Quarterly Performance

	FY19				FY20						(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY19	FY20	Est. 4Q	Var. (%/bp)
Sales	729	711	769	791	795	1,002	893	1,053	3,000	3,742	1,140	(7.7)
Q-o-Q Gr. (%)	3.2	-2.4	8.2	2.9	0.4	26.1	-10.9	17.9	16.3	24.7	27.7	-978bp
Staff Costs	186	174	177	188	188	195	178	213	725	773	194	9.9
Other expenses	294	312	383	352	330	334	323	433	1,336	1,420	393	10.2
Depreciation	37	38	38	41	40	42	43	56	154	182	43	30.7
EBIT	213	187	171	211	237	430	349	351	785	1,367	511	(31.2)
Margins (%)	29.2	26.3	22.2	26.6	29.8	43.0	39.1	33.4	26.2	36.5	44.8	-1144bp
Interest Costs	0	0	0	0	1	0	0	2	0	3	0	
Other Income	126	222	322	317	314	444	235	297	986	1,289	290	2.2
PBT bef. Exceptional items	338	408	493	527	550	874	584	646	1,771	2,654	801	(19.3)
Tax	27	53	75	-80	114	154	31	-9	75	289	128	(107.2)
Rate (%)	7.9	13.1	15.3	-15.2	20.7	17.6	5.2	-1.4	4.2	10.9	16.0	-1742bp
PAT	73	359	418	607	436	720	553	655	1,458	2,365	673	(2.6)
Q-o-Q Gr. (%)	-78.4	390.2	16.3	45.4	-28.2	65.3	-23.2	18.5	34.8	61.7	21.6	
EPS (INR)	1.4	7.0	8.2	12.0	8.6	14.1	10.9	12.8	28.6	46.4	13.2	(2.6)
Total volumes (INR t)	16.2	16.6	17.4	17.6	17.7	23.2	20.6	25.4	67.7	86.9	24.8	
Q-o-Q Gr. (%)	7.6	2.2	5.1	1.2	0.7	31.0	-11.2	23.2			20.3	
Y-o-Y Gr. (%)	34.7	17.7	35.7	17.0	9.4	40.2	18.5	44.3	25.6	28.3	40.9	

Source: Company, MOFSL



Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR197      TP: INR230 (+17%)      Buy**

Bloomberg	KECI IN
Equity Shares (m)	257
M.Cap.(INRb)/(USD\$)	50.6 / 0.7
52-Week Range (INR)	358 / 155
1, 6, 12 Rel. Per (%)	6/-10/-21
12M Avg Val (INR M)	108

### Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	119.7	122.7	133.3
EBITDA	12.3	12.3	13.4
PAT	5.7	5.4	5.9
EBITDA (%)	10.3	10.0	10.0
EPS (INR)	22.0	21.2	23.0
EPS Gr. (%)	16.3	(3.6)	8.4
BV/Sh. (INR)	108.8	126.8	146.5

### Ratios

Net D/E	0.8	0.7	0.6
RoE (%)	20.2	16.7	15.7
RoCE (%)	16.6	14.3	14.3
Payout (%)	12.3	12.7	11.8

### Valuations

P/E (x)	13.8	14.3	13.2
P/BV (x)	2.8	2.4	2.1
EV/EBITDA (x)	8.1	8.1	7.4
Div Yield (%)	0.9	0.9	0.9
FCF Yield (%)	(1.5)	5.6	6.7

### Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	51.7	51.6	51.4
DII	27.5	27.8	24.5
FII	8.7	7.6	6.6
Others	12.2	13.0	17.5

FII Includes depository receipts

## Steady performance in volatile times

- KEC's 4QFY20 operating results were slightly below our estimates, with revenue miss of 9%. However, lower interest expense (down 23% YoY) was a positive surprise on account of change in the borrowing mix as well as lower average borrowing (v/s last year).
- KEC is steadily diversifying its business to avoid concentration risk from the power T&D business. Non-T&D business' share has increased to 46% of the order book from 12% in FY14, and we expect it to further increase to 60% by FY22E, led by the Railways/Civil segment.
- We have cut our FY21/22E earnings by 12%/10% due to lower order inflow assumption. We forecast revenue/EBITDA/adj. PAT CAGR of 6%/4%/2% over FY20-22E, taking into account the order book position and the need to keep working capital under control. Strong promoter parentage and focus on the balance sheet should help KEC emerge stronger post the COVID-19 crisis v/s peers. Maintain **Buy** with reduced TP of INR230 (prior: INR250).

## Miss on operating performance; Lower debt key positive

- 4QFY20:** Revenue came in at INR36.7b, down 4.4% YoY (9% below est.). EBITDA stood 7% lower YoY at INR3.7b with EBITDA margin down 30bp YoY to 10.1%. PBT came in at INR2.7b, down 10% YoY. Owing to lower effective tax at 28.3% (v/s 33.7% YoY), adj. PAT was flat YoY at INR1.9b. **This is 13% below our expectation.**
- Reduction in interest cost to INR652m in 4QFY20 v/s INR846m in 4QFY19 is a positive surprise.
- Collections were normal even during the COVID-19 led lockdown, with the company re-paying INR2.1b worth of NCD's on 20<sup>th</sup> Apr'20.
- FY20:** Revenues were up 9% YoY to INR120b. EBITDA was up 7% YoY to INR12.3b, with EBITDA margin slightly lower at 10.3% (down 20bp YoY). Adj. PAT stood at INR5.6b, up 16% YoY.
- Order book (OB; including L1 position) stood at INR240b. Excluding L1, OB stood at INR205b at end-FY20. KEC garnered orders worth INR113b in FY20.

## Key takeaways from management commentary

- KEC could not collect ~INR3-4b in the last few days of Mar'20 (due to the lockdown). However, the same was collected in Apr'20. In fact, higher government exposure helped in collections. Management is also positively surprised by the payment clearances from the government, given the uncertain environment and fiscal concerns.
- Around 50% of KEC's labor force is back at various project sites. The company is operating at 80% of its pre-COVID capacity. Management believes that there is no wage inflation risk to EBITDA margins due migration of laborers; however, KEC is planning to use automation increasingly to bring down labor intensity going forward.

## Valuation and view

- We have cut our FY21/22E earnings by 12%/10% due to lower order inflow assumption. Maintain **Buy** with a reduced TP of INR230 (prior: INR250).

**Quarterly performance**

(INR M)

Y/E March	FY19				FY20				FY19	FY20	MOFSL	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Vs Est
<b>Sales</b>	<b>21,047</b>	<b>24,085</b>	<b>26,466</b>	<b>38,412</b>	<b>24,125</b>	<b>28,088</b>	<b>30,731</b>	<b>36,710</b>	<b>110,005</b>	<b>119,654</b>	<b>40,199</b>	<b>-9%</b>
Change (%)	13.4	13.1	10.1	4.8	14.6	16.6	16.1	-4.4	9.4	8.8	4.7	
<b>EBITDA</b>	<b>2,162</b>	<b>2,532</b>	<b>2,814</b>	<b>3,990</b>	<b>2,513</b>	<b>2,938</b>	<b>3,185</b>	<b>3,707</b>	<b>11,499</b>	<b>12,343</b>	<b>4,236</b>	<b>-12%</b>
Change (%)	22.6	17.5	15.3	7.9	16.2	16.1	13.2	-7.1	14.3	7.3	6.2	
As of % Sales	10.3	10.5	10.6	10.4	10.4	10.5	10.4	10.1	10.5	10.3	10.5	
Depreciation	298	304	309	261	366	347	367	392	1,171	1,472	368	
Interest	691	768	857	846	795	822	811	652	3,119	3,080	858	
Other Income	175	17	36	63	27	36	21	27	226	111	101	
Extra-ordinary Items	0	-15	-15	-49	0	0	0	0	93	0	0	
<b>PBT</b>	<b>1,348</b>	<b>1,492</b>	<b>1,698</b>	<b>2,997</b>	<b>1,379</b>	<b>1,805</b>	<b>2,028</b>	<b>2,691</b>	<b>7,342</b>	<b>7,903</b>	<b>3,111</b>	<b>-14%</b>
Tax	480	514	575	1,009	493	414	579	762	2,571	2,247	887	
Effective Tax Rate (%)	35.6	34.4	33.8	33.7	35.7	22.9	28.5	28.3	35.0	28.4	28.5	
<b>Reported PAT</b>	<b>868</b>	<b>978</b>	<b>1,124</b>	<b>1,988</b>	<b>886</b>	<b>1,391</b>	<b>1,449</b>	<b>1,929</b>	<b>4,771</b>	<b>5,655</b>	<b>2,225</b>	<b>-13%</b>
Change (%)	37.9	9.5	0.9	1.2	2.0	42.2	29.0	-3.0	3.6	18.5	11.9	
<b>Recurring PAT</b>	<b>868</b>	<b>963</b>	<b>1,109</b>	<b>1,939</b>	<b>886</b>	<b>1,391</b>	<b>1,449</b>	<b>1,929</b>	<b>4,864</b>	<b>5,655</b>	<b>2,225</b>	<b>-13%</b>
Change (%)	37.9	8.9	-0.4	-1.2	2.0	44.4	30.7	-0.5	5.7	16.3	14.7	



Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	CEAT IN
Equity Shares (m)	40
M.Cap.(INRb)/(USD\$)	32.8 / 0.4
52-Week Range (INR)	1101 / 602
1, 6, 12 Rel. Per (%)	4/7/-1
12M Avg Val (INR M)	206

**Financials & valuations (INR b)**

Y/E March	FY20	FY21E	FY22E
Sales	67.8	61.9	71.1
EBITDA	7.2	7.2	9.1
EBITDA Margin (%)	10.7	11.7	12.8
Adj. PAT	2.3	2.1	3.0
EPS (INR)	57.1	51.3	74.9
EPS Gr. (%)	-14.7	-10.1	46.0
BV/Sh. (INR)	719	757	817

**Ratios**

RoE (%)	8.1	7.0	9.5
RoCE (%)	7.0	6.3	7.4
Payout (%)	25.3	25.8	19.3

**Valuations**

P/E (x)	14.2	15.8	10.8
P/BV (x)	1.1	1.1	1.0
Div. Yield (%)	1.5	1.4	1.5
FCF Yield (%)	-4.9	-5.9	-0.7

**Shareholding pattern (%)**

As On	Mar-20	Dec-19	Mar-19
Promoter	46.7	46.7	51.1
DII	8.9	8.0	7.5
FII	28.2	28.4	24.8
Others	16.2	16.9	16.6

FII Includes depository receipts

**CMP: INR810 TP: INR936 (+16%) Buy**

**Above est., led by lower RM; RM tailwind to sustain**

**Cuts capex for FY21 | Merger of OTR business to give tax benefits**

- CEAT's beat in the performance for 4QFY20 was completely driven by favorable RM cost. The trend in spot prices in key commodities indicates further material benefits would accrue from 2QFY21. This, coupled with the tax benefit on accumulated loss in the OTR business, offset the impact of weak demand on PAT.
- Hence, we largely maintain our estimate, which implies ~2%/12%/15% revenue/EBITDA/EPS CAGR over FY20–22E. Maintain **Buy**.

**Highest EBITDA margin in 13 quarters; TBR/PCR plant cost drags down PAT**

- CEAT's revenues/EBITDA/PAT grew -11%/23%/-12% YoY in 4QFY20, and growth in FY20 stood at -3%/13%/-15%.
- While volumes fell 11% YoY, realizations were stable. Revenues declined ~11% YoY to INR 15.7b (v/s est. of INR15.8b) due to business loss of ~INR2b on account of lockdown. Pre-lockdown, replacement demand was growing at ~10%.
- Gross margins improved ~270bp QoQ (+640bp YoY), driven largely by the RM cost benefit (-2.4% QoQ, -8% YoY) and the 45bp benefit of higher inventory.
- The EBITDA margin improved ~230bp QoQ (+350bp YoY) to ~12.7% (v/s est. of 9.6%), partially offset by the new TBR plants' overheads.
- EBITDA grew ~23% YoY to ~INR2b (v/s est. of ~INR1.51b). However, higher expenses at the new TBR plant, partially offset by lower tax, resulted in 12% YoY decline in adj. PAT of ~INR708m (v/s est. of ~INR312m).
- Despite capex of ~INR2b and an interim dividend payment of ~INR0.6bn in 4QFY20, consolidated debt increased just ~INR0.4b QoQ to INR19.3b, supported by reduction of INR2.9bn in working capital.

**Highlights from management commentary**

- Current replacement demand is better for Farm>2W>CV>PC (in order of relative strength). For FY21, it should be better for Farm>2W>PC>CV as CVs would be the hardest hit.
- RM cost would drop as natural rubber/crude prices have declined ~15%/50% from pre-COVID levels; however, the benefit would reflect only in 2Q.
- **Capex:** FY21 project capex guidance reduced to INR5–5.5b (v/s earlier guidance of INR8–10b), plus INR1–1.5b in maintenance capex. Of the total project cost of ~INR40b for capacity additions, the company has to date invested ~INR22b (incl. OTR tyres).
- It has received approval from NCLT for the merger of the OTR business (100% sub) w. e. f. Apr'19. Considering accumulated loss in this business, which we estimate at ~INR1.6b, we expect a lower tax rate over FY21–22.

**Valuation & view**

- Relatively stable replacement demand, coupled with benign RM cost, would drive relatively stable performance in a weak operating environment.
- Valuations at 15.8x/10.8x FY21/22E consol. EPS does not fully capture the benefit of substantial capacity addition. Maintain Buy with TP of ~INR936.

**Consolidated – Quarterly earnings model**

Y/E March	FY19				FY20				(INR m)		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY19	FY20	FY20 4QE
<b>Net operating revenues</b>	<b>17063</b>	<b>17723</b>	<b>17299</b>	<b>17605</b>	<b>17521</b>	<b>16916</b>	<b>17618</b>	<b>15734</b>	<b>69845</b>	<b>67788</b>	<b>15,806</b>
Change (%)	16.9	16.4	9.9	4.4	2.7	-4.6	1.8	-10.6	11.9	-294.5	-10.2
<b>EBITDA</b>	<b>1758.2</b>	<b>1592.4</b>	<b>1425.6</b>	<b>1623.4</b>	<b>1671.3</b>	<b>1703.7</b>	<b>1832.1</b>	<b>2003.5</b>	<b>6,425</b>	<b>7,238</b>	1,511
EBITDA Margins (%)	10.304	9.0	8.2	9.2	9.5	10.1	10.4	12.7	9.2	10.7	9.6
Depreciation	460	476.8	482.4	507.9	644.2	670.7	705.3	744.9	1,927	2,765	794.6
<b>EBIT</b>	<b>1298.2</b>	<b>1115.6</b>	<b>943.2</b>	<b>1115.5</b>	<b>1027.1</b>	<b>1033</b>	<b>1126.8</b>	<b>1258.6</b>	<b>4498</b>	<b>4,473</b>	716
EBIT Margins (%)	7.6	6.3	5.5	6.3	5.9	6.1	6.4	8.0	6.4	6.6	4.5
Interest	204	186	222	269	349	374	380	407	880	1,509	405
Non-operating income	37	33	40	306	120	43	36	35	390	205	42
<b>PBT after EO items</b>	<b>1108</b>	<b>943</b>	<b>762</b>	<b>898</b>	<b>1095</b>	<b>693</b>	<b>780</b>	<b>605</b>	<b>3711</b>	<b>3174</b>	354
Effective Tax Rate (%)	40	39	40	32	30	44	39	19	38	33	38.0
<b>PAT</b>	<b>720</b>	<b>632</b>	<b>528</b>	<b>643</b>	<b>826</b>	<b>440</b>	<b>528</b>	<b>519</b>	<b>2522</b>	<b>2312</b>	312
<b>Adjusted PAT</b>	<b>735</b>	<b>644</b>	<b>528</b>	<b>801</b>	<b>626</b>	<b>445</b>	<b>530</b>	<b>708</b>	<b>2707</b>	<b>2309</b>	312
Change (%)	3905.7	-17.3	-36.6	-13.1	-14.7	-30.9	0.356	-11.64	318.3	-14.7	-61.0
<b>Key performance indicators</b>											
RM Cost (% of sales)	60.7	60.1	58.5	60.7	60.5	58.9	57.0	54.4	59.9	57.8	57.6
Staff Cost (% of sales)	7.0	8.0	8.2	7.3	7.7	7.2	8.2	9.0	7.6	8.0	9.0
Other Cost (% of sales)	22	23	25	23	22	24	24	24	23	24	23.8
Gross margin (%)	39.3	39.9	41.5	39.3	39.5	41.1	43.0	45.6	40.1	42.2	42.4
EBITDA Margins (%)	10.3	9.0	8.2	9.2	9.5	10.1	10.4	12.7	9.2	10.7	9.6
EBIT Margins (%)	7.6	6.3	5.5	6.3	5.9	6.1	6.4	8.0	6.4	6.6	4.5

E:MOFSL Estimates



# V-Mart Retail

BSE SENSEX 32,424 S&P CNX 9,580

## Conference Call Details



**Date:** 1s June 2020  
**Time:** 03:30pm IST  
**Dial-in details:**  
+91-22-6280-1144

### Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	16.6	16.6	22.9
EBITDA	1.3	1.2	1.9
Adj. PAT	0.8	0.6	1.1
EBITDA Margin (%)	8.0	7.0	8.3
Adj. EPS (INR)	44.3	33.5	60.6
EPS Gr. (%)	12.2	-24.3	80.8
BV/Sh. (INR)	253.6	287.1	347.7

### Ratios

Net D:E	0.0	-0.3	-0.3
RoE (%)	18.5	12.4	19.1
RoCE (%)	19.1	12.9	19.6
Payout (%)	0.0	0.0	0.0

### Valuations

P/E (x)	35.9	47.4	26.2
EV/EBITDA (x)	21.7	23.4	14.2
EV/Sales (X)	1.7	1.6	1.2
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	-1.1	4.5	0.3

**CMP: INR1,999**

**Buy**

## Revenues at INR3.3b (7% beat); EBITDA down to INR66m (16% beat); Company remains debt free

- V-Mart's 4QFY20 revenues declined 3% YoY to INR3.3b (7% above est.), on account of store closures (in the latter half of Mar'20) with estimated same store sales growth (SSSG) at -18.6% (full year SSSG at -2.3%).
- However, during 1<sup>st</sup> Jan'20 -15<sup>th</sup> Mar'20, revenues grew 29% YoY while SSSG stood at 8%. EBITDA grew 60% YoY.
- **Pre Ind-AS 116, EBITDA plunged 63% YoY to INR66m (16% above est.)** with margins at 2% (contracted 320bp YoY).
- Net loss during the quarter stood at INR5m (v/s profit of INR138m in 4QFY19).
- Capex in 4QFY20 was INR614m v/s INR407m.
- Inventory shot up by INR1.5b to 155 days (v/s 124 days). Payables (net of inventory) was up INR1b YoY.
- FY20 sales were up 16% YoY to INR16.6b, EBITDA was flat YoY at INR1.3b, whereas PAT grew 30% YoY to INR801m (driven by lower tax rates).

### Business Update

- 4QFY20 est. SSSG stood at -18.6%, thereby dragging the overall FY20 SSSG to -2.3% (v/s +3.7% in FY19).
- V-Mart has added a total of 9 stores during 4QFY20, taking the total store count to 266 (added 55 stores in FY20 v/s 43 stores in FY19).
- **V-Mart had a net cash position of INR118m as at FY20** (with just INR10m short-term loans). Thus, the company has a comfortable cash position to meet its obligations with no debt as at 31<sup>st</sup> Mar'2020.
- Besides, V-Mart has a total of INR2.3b line of credit facility sanctioned by banks (the whole of which stands unutilized as of Mar'20).
- V-Mart has approvals to open 185 stores with a limited number of employees and adequate safety procedures; out of which, the company is operating 140 stores (some stores selling essential goods while others selling apparels).
- V-Mart is currently witnessing 40% of normal footfalls at these stores.

### Standalone - Quarterly Earning Model

Y/E March	(INR m)											
	FY19				FY20				FY19	FY20	FY20E	Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	Var (%)
<b>Revenue</b>	3,612	2,622	4,658	3,445	4,534	3,144	5,624	3,329	14,337	16,631	3,119	7
YoY Change (%)	14.6	8.4	26.6	15.9	25.5	19.9	20.7	-3.4	17.3	16.0	-9.5	
Total Expenditure	3,180	2,636	3,925	3,267	4,139	3,222	4,680	3,263	13,008	15,305	3,062	7
<b>EBITDA</b>	432	-14	734	178	395	-79	944	66	1,330	1,326	57	15
EBITDA Margin (%)	12.0	-0.5	15.7	5.2	8.7	-2.5	16.8	2.0	9.3	8.0	1.8	
Depreciation	65	67	72	72	80	78	84	92	276	334	88	
Interest	2	2	9	3	2	9	17	6	16	33	10	
Other Income	9	10	17	23	21	12	4	8	59	45	28	
<b>PBT</b>	374	-97	670	51	334	-155	848	-25	998	1,004	-13	NM
Tax	125	-57	253	60	83	-48	188	-20	382	202	-4	
Rate (%)	33.5	58.5	37.8	117.3	24.8	31.3	22.1	82.5	38.2	20.1	27.0	
<b>Reported PAT</b>	249	-40	417	-9	252	-106	661	-5	617	802	-10	NM
<b>Adj PAT</b>	249	-16	417	65	252	-106	661	-5	715	802	-10	NM
YoY Change (%)	11.2	-157.2	13.8	-59.4	1.2	576.0	58.4	-106.6	-8.0	12.2	-115.0	

E: MOFSL Estimates

# Kaveri Seeds

**BSE SENSEX**  
 32,424

**S&P CNX**  
 9,580

**CMP: INR398**
**Buy**

## Conference Call Details


**Date:** 1st June 2020

**Time:** 2:00pm IST

**Dial-in details:**

+91-22 6280 1141

## Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	9.3	8.2	8.6
EBITDA	2.5	2.3	2.4
Adj. PAT	2.6	2.1	2.1
EBITDA Margin (%)	27.2	27.8	27.9
EPS (INR)	43.1	34.0	35.6
EPS Gr. (%)	25.1	(21.0)	4.7
BV/Sh. (INR)	159	154	161
<b>Ratios</b>			
Net D/E	(0.4)	(0.5)	(0.5)
RoE (%)	26.4	22.5	22.6
RoCE (%)	28.9	25.2	25.4
Payout (%)	-	84.7	80.8
<b>Valuations</b>			
P/E (x)	9.2	11.7	11.1
P/BV (x)	2.5	2.6	2.5
Div Yield (%)	-	5.3	5.3
FCF Yield (%)	7.4	8.4	8.1

## Operating performance under pressure; revenue above est.

- Kaveri Seeds' (KSCL) revenue (standalone) stood at INR519m (v/s est. INR471m) in 4QFY20, up 16% YoY.
- EBITDA loss stood at INR118m in 4QFY20 v/s loss of INR59m last year (v/s est. loss of INR45m). EBITDA margin stood at -22.6% in 4QFY20 v/s -13.3% last year (v/s est. -9.5%).
- Adj. PAT stood at INR94m as against loss of INR114m last year (v/s est. loss of INR103m), mainly on account of higher other income (up 13x YoY to INR315m).

## Quarterly - Standalone

(INR M)

Y/E March	FY19				FY20				FY19	FY20	FY20 4QE	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>5,819</b>	<b>752</b>	<b>672</b>	<b>447</b>	<b>6,555</b>	<b>774</b>	<b>984</b>	<b>519</b>	<b>7,690</b>	<b>8,832</b>	<b>471</b>	<b>10</b>
YoY Change (%)	-1.5	8.0	-4.9	7.5	12.6	3.0	46.5	16.1	-0.4	14.9	5.2	
Total Expenditure	3,784	673	671	507	4,222	661	917	637	5,634	6,437	515	
<b>EBITDA</b>	<b>2,035</b>	<b>79</b>	<b>1</b>	<b>-59</b>	<b>2,333</b>	<b>113</b>	<b>67</b>	<b>-118</b>	<b>2,056</b>	<b>2,395</b>	<b>-45</b>	<b>NA</b>
Margins (%)	35.0	10.5	0.2	-13.3	35.6	14.6	6.8	-22.6	26.7	27.1	-9.5	
Depreciation	53	47	53	59	59	59	62	64	212	243	67	
Interest	0	0	1	0	0	0	1	1	1	2	1	
Other Income	168	131	106	24	43	30	77	315	429	466	27	
<b>PBT before EO expense</b>	<b>2,150</b>	<b>162</b>	<b>54</b>	<b>-95</b>	<b>2,317</b>	<b>84</b>	<b>82</b>	<b>132</b>	<b>2,271</b>	<b>2,616</b>	<b>-86</b>	
<b>PBT</b>	<b>2,150</b>	<b>162</b>	<b>54</b>	<b>-95</b>	<b>2,317</b>	<b>84</b>	<b>82</b>	<b>132</b>	<b>2,271</b>	<b>2,616</b>	<b>-86</b>	
Tax	44	43	18	20	28	15	22	39	124	103	17	
Rate (%)	2.0	26.4	32.5	-20.9	1.2	17.5	26.2	29.3	5.5	3.9	-20	
<b>Reported PAT</b>	<b>2,106</b>	<b>119</b>	<b>36</b>	<b>-114</b>	<b>2,289</b>	<b>69</b>	<b>60</b>	<b>94</b>	<b>2,147</b>	<b>2,513</b>	<b>-103</b>	<b>NA</b>
<b>Adj PAT</b>	<b>2,106</b>	<b>119</b>	<b>36</b>	<b>-114</b>	<b>2,289</b>	<b>69</b>	<b>60</b>	<b>94</b>	<b>2,147</b>	<b>2,513</b>	<b>-103</b>	<b>NA</b>
YoY Change (%)	4.1	-42.9	-32.9	NA	8.7	-42.0	65.8	NA	2.1	17.0	NA	
Margins (%)	36.2	15.9	5.4	-25.6	34.9	8.9	6.1	18.0	27.9	28.4	-21.9	

## Lemon Tree

BSE SENSEX 32,424 S&amp;P CNX 9,580

CMP: INR18

Buy

## Conference Call Details



Date: 1st June 2020

Time: 4:00pm IST

Dial-in details:

+91-22 6280 1141

## Financials &amp; valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	6.7	4.9	7.8
EBITDA	2.4	1.1	2.9
PAT	-0.1	-1.6	-0.3
EBITDA (%)	35.6	21.9	37.4
EPS (INR)	(0.1)	(2.0)	(0.4)
EPS Gr. (%)	(118.0)	NA	NA
BV/Sh. (INR)	10.5	14.5	14.0

## Ratios

Net D/E	1.8	1.6	1.8
RoE (%)	(1.1)	(13.0)	(2.9)
RoCE (%)	4.8	(0.3)	3.6
Payout (%)	-	-	-

## Valuations

P/E (x)	(147.5)	(9.0)	(43.4)
EV/EBITDA (x)	15.1	34.3	13.3
Div Yield (%)	-	-	-
FCF Yield (%)	(32.3)	(1.7)	(0.7)

## In-line revenue; EBITDA above estimates

- Revenue stood at INR1,761m (est.: INR1,837m) in 4QFY20, up 17% YoY, led by a 45% increase in owned/leased room inventory (to 5,192) and a 3% YoY increase in ARR (to INR4,530), offset by 16.5pp decline in occupancy (to 61%).
- On a same-hotel basis (excluding hotels commissioned in the past 12 months), ARR grew 4.5% YoY (to INR4,604), offset by 12.7pp decline in occupancy (to 64.9%); thus, RevPAR declined 13% YoY (to INR2,988).
- Reported EBITDA stood at INR639m (est.: INR552m), up 31% YoY. However, like-to-like EBITDA (adj. for Ind-AS 116 impact) stood at INR552m, up 13% YoY. Like-to-like EBITDA margins contracted 120bp to 31.4%.
- On a same-hotel basis, EBITDA declined 22% YoY (to INR380m); EBITDA from new hotels (RFH Chandigarh, LTP Mumbai, LTP Kolkata, and Aurika Udaipur) stood at INR124m and EBITDA from Keys Hotels at INR46m, thus totaling pre-Ind-AS EBITDA of INR552m.
- Adj. loss stood at INR179m v/s profit of INR325m last year due to higher depreciation (up 94% YoY to INR277m), higher interest cost (up 2x YoY to INR487m), lower other income (down 90% YoY to INR4m), and tax expense in the current quarter v/s last year's benefit (tax expense of INR56m in 4QFY20 v/s tax benefit of INR194m in 4QFY19).

## Reported cons. quarterly perf.

(INR m)

Y/E March	FY19				FY20				FY19	FY20	FY20 4QE	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Gross Sales	1,269	1,287	1,434	1,505	1,409	1,528	1,996	1,761	5,495	6,694	1,837	-4
YoY Change (%)	17.2	15.3	8.3	14.0	11.0	18.7	39.2	17.0	13.5	21.8	22.0	
Total Expenditure	921	927	943	1,016	962	1,043	1,184	1,122	3,807	4,311	1,285	
EBITDA	348	360	490	489	448	484	812	639	1,688	2,383	552	16
Margins (%)	27.4	28.0	34.2	32.5	31.8	31.7	40.7	36.3	30.7	35.6	30.1	
Depreciation	131	132	135	143	172	196	227	277	541	872	250	
Interest	197	198	214	238	309	325	452	487	847	1,573	450	
Other Income	19	59	27	40	21	9	32	4	145	67	39	
PBT before EO expense	40	89	168	148	-12	-27	165	-121	445	5	-109	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	40	89	168	148	-12	-27	165	-121	445	5	-109	
Tax	20	28	34	-194	7	1	46	56	-111	109	-31	
Rate (%)	51.4	31.8	20.5	-131.0	-59.7	-2.2	27.6	-45.8	-25.0	2215.8	28.0	
MI & P/L of Asso. Cos.	-4	4	9	18	-2	-6	-3	2	27	-9	1	
Reported PAT	23	57	125	325	-17	-22	122	-179	529	-95	-79	NA
Adj PAT	23	57	125	325	-17	-22	122	-179	529	-95	-79	NA
YoY Change (%)	-196.7	-228.3	38.1	185.5	NA	NA	-2.1	NA	272.6	NA	NA	
Margins (%)	1.8	4.4	8.7	21.6	-1.2	-1.4	6.1	-10.2	9.6	-1.4	-4.3	



# Agriculture

## Crop damage from locust attack unlikely as Rabi harvest complete...

### ...however, horticulture at risk

Over the last few days, swarms of locusts have been sighted in parts of Rajasthan, Maharashtra, Madhya Pradesh (MP), Uttar Pradesh (UP), and Gujarat. Therefore, we interacted with Mr Pradeep Dave, President of the Pesticides Manufacturers & Formulators Association of India (PMFAI), and industry players, and analyzed the impact of the locusts on farmers and agrochemical players. The key insights are highlighted below:

### Locust attack: Definition and degree of severity

- The desert locust is a short-horned grasshopper. Innocuous when solitary, locusts undergo a behavioral change when their population builds up rapidly.
- They enter the 'gregarious phase' by forming huge swarms that can travel up to 150 km per day, eating up every bit of greenery on their way.
- These insects fly during the day and are known for feasting on all sorts of plants and standing crops. They destroy flowers, fruits, leaves, seeds, bark, and growing points.
- If not controlled, locust swarms can threaten the food security of a country.

### Early arrival of locusts a blessing in disguise for standing crops...

- In India, locusts are normally sighted during July–October, along the Pakistan border.
- **What led to their early arrival?** – This can be traced back to the cyclonic storms Mekunu and Luban that had struck Oman and Yemen, respectively, in 2018. These turned large desert tracts into lakes, facilitating locust breeding, which continued through 2019. Swarms attacking crops in East Africa reached peak population from November, and have multiplied exponentially in southern Iran and Pakistan since the beginning of 2020, with heavy rains in East Africa over March–April enabling further breeding.
- **Rabi harvest starts in April and ends in May. Thus, farmers currently do not have major standing crops on the field at risk of attack. However, horticulture (fruits and vegetables) crops are at risk of a washout in Rajasthan, Maharashtra, MP, UP, and Gujarat.**

### ...however, horticulture at risk

- MP, UP, Gujarat, Rajasthan, and Maharashtra cumulatively contribute 38% to India's 312MMT of horticulture production (2017–18).
- Vegetables constitute 59% of the horticulture production in India, and the above-mentioned states cumulatively contribute 39% to production.
- 31% of the horticulture production in India comes from fruits, and the above-mentioned states account for 40% of this production.
- Summer fruits in India include mango, watermelon, orange, muskmelon, sweet lime, jackfruit, black plum, lychee, pineapple, figs, and ice apple.
- If the locust attack is not curtailed, horticulture production at these states would be impacted.
- Generally, January–March is the period for the sowing of sugarcane; any locust attack may impact sugarcane crop in UP. UP constitutes 45% to the normal sugarcane sowing area of India.

### Measures attempted to curb spread

- Pesticides are used by the government and farmers to curb the spread of the attack (refer to Exhibit 1 for the list of pesticides currently used).
- Pesticides mainly used to control locusts are Chlorpyrifos (Sumitomo Chemicals, Gharda, UPL, Coromandel, Insecticides India, and Bharat Rasayan), Malathion (Rallis, Coromandel, and Sumitomo), and Deltamethrin (Bayer Crop, Insecticides India, and Meghmani).
- Currently, the country has deployed 89 fire brigades with pesticide spray, 120 survey vehicles, 47 control vehicles with spray equipment, and 810 tractors mounted with sprayers for effective locust control, as per the requirement on different days.
- On the 28<sup>th</sup> May'20, the Union Agriculture Minister announced (in its press release) that 15 sprayers would arrive from Britain over the next 15 days. Besides this, 45 more sprayers would be procured over 1–1.5 months. Drones would be used to spray pesticides on tall trees and inaccessible places for the effective control of locusts. Moreover, plans are afoot to deploy helicopters with aerial spray. An adequate stock of pesticides is being maintained (53,000 liters Malathion) with locust-control organizations.

### Loss currently limited, but risk persists

- The outbreak has to stop before the arrival of monsoon rainfall in June/July, when the locusts would mature and breed. If infestation is not controlled, it would pose a threat to kharif crop.
- As per a media article, the situation could worsen, with more swarms expected to reach India via Pakistan from the Horn of Africa in June. Thus, this poses the risk of a second wave of attack in the kharif season.

### View

- The impact of the locust attack is currently minimal given that the Rabi harvest is already complete (impact expected on horticulture produce); however, if the attack is not curtailed, it would pose a risk to kharif production, in turn impacting farm profitability.
- Coromandel International and UPL in our coverage universe are likely to benefit from pesticide sales for controlling the locusts.
- However, an uncontrolled attack would affect kharif profitability, thereby reducing the use of pesticides/fertilizers. This may weigh on the performances of agrochemical companies.
- We have a Buy rating on PI Industries and Coromandel, and Neutral rating on UPL.



### SPICEJET: POSSIBLE TO DEAL WITH COMPLEXITY OF FARES AND ROUTES; Ajay Singh, CMD

- It was really important that Indian airlines be allowed to fly again because we were just sitting around suffering all the fixed costs and not being able to fly. So I think it is wonderful that we are able to fly and we are grateful to the civil aviation ministry because they have really fought hard for us; there is no question about it.
- With the fares that have been set and with the oil prices being where they are today, we do not really believe that we will lose money. We will probably make some money. Now is that going to be enough to pay for the 70% of the fleet which is sitting on the ground at this time? Probably not.
- Discussing with them several other initiatives that can be taken including the inclusion of ATF under GST and this is a work in progress.
- Have been surprised at the number of queries we are receiving at this time for vacations.

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## HOW INDIA'S ECONOMY CAN GAIN FROM OPPORTUNITIES THROWN UP AFTER COVID

- Given our population density and modest health infrastructure, the government had no option but to order a complete lockdown when coronavirus reached India's shores. As the country stayed indoors, the economy was dealt a crushing blow. While both the central government and the Reserve Bank of India (RBI) have announced mega stimulus packages to revitalize the economy, we still don't know how effective they will be. However, what we do know is that the world will not be the same post covid-19 and even on the economic front there will be a "new normal". Like every crisis, this will also create opportunities and open new horizons, which if leveraged can help strengthen our economy. 1. The Prime Minister's call for Atmanirbhar Bharat (self-reliant India), can be just the right impetus for our domestic manufacturing. The world including India is currently overly dependent on China for raw materials and now is the right time to challenge this hegemony, as companies look for alternative manufacturing hubs in their bid to de-risk. India could be their destination of choice, provided we offer a conducive environment.

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## INDIA NEEDS LABOUR LAW REFORM BUT MUST DO IT THE PROPER WAY

- For years, economists, including your columnist, have been crying hoarse about the failure of successive Indian governments to reform laws and regulations that govern factor markets — land, labour and capital — but especially labour. These are the so-called "second-generation" reforms — the "first generation" reforms, of markets for goods and services, having occurred with India's economic liberalization in 1991 and continuing in spurts through the early 2000s. Pointedly, the Manmohan Singh-led government (2004-14) failed to pursue any meaningful reforms during its two innings in power. The Narendra Modi-led government, in power since 2014, did accomplish some important reforms, but they have steered clear of any serious attempt to reform labour laws. Perhaps, as I have earlier suggested, its disastrous experience with attempting to reform the land acquisition law, early in its first term, soured any appetite it might have had for such reforms. And, before defenders of the government begin to protest, let us be clear that consolidating and codifying a large number of different labour laws and regulations under a smaller number of statutes is not structural reform in any meaningful sense. It is, at best, an administrative reform of a type that the Modi government has excelled at. As with many other aspects of life, the current covid-19 crisis has thrown India's settled political economy of reforms into turmoil. Several important states, most notably Uttar Pradesh (UP) and Gujarat, are attempting to reform labour laws in their respective states via the ordinance route. Under these proposals, many key labour regulations would be held in abeyance for a period of three years in the hope of enticing both domestic and foreign investment with the carrot of lax labour rules.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
<b>Automobiles</b>																
Amara Raja	Buy	615	-		28.3	38.7	34.6	2.6	36.7	-10.6	15.9	17.8	2.8	2.5	18.9	15.0
Ashok Ley.	Buy	43	70	65	6.9	1.1	0.9	16.4	-84.2	-18.0	39.0	47.6	1.5	1.5	3.8	3.1
Bajaj Auto	Neutral	2712	2643	-3	165.4	187.4	161.1	9.3	13.3	-14.0	14.5	16.8	3.9	3.6	26.0	22.4
Bharat Forge	Buy	327	342	5	22.2	15.2	12.8	20.3	-31.6	-15.8	21.6	25.6	2.7	2.5	12.7	10.2
Bosch	Neutral	9724	10250	5	540.3	418.8	310.2	15.0	-22.5	-25.9	23.2	31.3	3.1	2.9	13.4	9.5
CEAT	Buy	810	936	16	66.9	57.1	51.3	4.6	-14.7	-10.1	14.2	15.8	1.1	1.1	8.1	7.0
Eicher Mot.	Buy	16556	17200	4	813.9	703	680	1.8	-13.6	-3.3	23.5	24.3	4.3	3.8	19.8	16.6
Endurance Tech.	Buy	726	810	12	36.2	39.7	32.7	24.5	9.8	-17.8	18.3	22.2	3.5	3.1	20.3	14.7
Escorts	Neutral	904	768	-15	53.2	54.0	51.7	34.7	1.4	-4.3	16.7	17.5	2.6	2.0	16.6	13.5
Exide Ind	Buy	163	177	9	9.1	9.6	9.2	10.6	5.8	-3.9	17.0	17.7	2.1	2.0	12.6	11.3
Hero Moto	Neutral	2365	2072	-12	169.5	154.1	126.0	-8.5	-9.1	-18.2	15.4	18.8	3.4	3.4	23.2	18.2
M&M	Buy	436	513	18	42.7	33.2	33.8	4.1	-22.3	1.9	13.1	12.9	1.4	1.3	10.1	8.0
Mahindra CIE	Buy	94	116	23	14.1	9.4	3.2	44.7	-33.2	-66.0	10.0	29.4	0.8	0.7	8.0	2.6
Maruti Suzuki	Buy	5612	5850	4	253.3	188.0	137.7	-5.1	-25.8	-26.7	29.9	40.8	3.5	3.5	11.7	8.0
Motherson Sumi	Buy	96	84	-12	5.1	3.7	3.1	-5.2	-27.1	-17.2	25.7	31.0	2.5	2.4	10.1	7.8
Tata Motors	Buy	87	90	4	-4.4	-14.9	-23.3	-119.0	Loss	Loss	NM	NM	0.5	0.6	-9.0	-15.4
TVS Motor	Neutral	336	310	-8	14.1	11.9	8.5	1.1	-15.4	-28.9	28.2	39.6	4.4	4.2	16.3	10.8
<b>Aggregate</b>								<b>-31.2</b>	<b>-32.6</b>	<b>124.3</b>	<b>39.6</b>	<b>17.6</b>	<b>2.3</b>	<b>2.1</b>	<b>5.8</b>	<b>12.1</b>
<b>Banks - Private</b>																
AU Small Finance	Buy	392	675	72	13.2	22.6	21.7	28.9	71	-4.3	17.3	18.1	2.8	2.4	18.0	14.2
Axis Bank	Buy	383	620	62	18.2	6.0	26.0	1,538.1	-67	331.5	63.5	14.7	1.3	1.2	2.1	8.3
Bandhan Bank	Buy	218	350	60	16.4	21.6	20.2	39.1	32	-6.4	10.1	10.8	2.3	1.9	22.9	19.2
DCB Bank	Neutral	62	70	13	10.5	10.9	7.6	32.0	3.6	-30.6	5.7	8.2	0.6	0.5	11.2	7.1
Equitas Hold.	Buy	42	65	53	6.2	7.1	4.7	3,754.5	15.5	-33.4	5.9	8.9	0.5	0.5	9.7	5.8
Federal Bank	Buy	45	65	45	6.3	7.8	5.7	32.2	23.4	-26.2	5.8	7.9	0.6	0.6	11.1	7.6
HDFC Bank	Buy	951	1200	26	39.6	48.0	55.2	16.9	21.2	14.9	19.8	17.2	3.1	2.7	16.4	16.5
ICICI Bank	Buy	332	475	43	5.2	12.3	18.9	-52.8	135.0	53.8	27.1	17.6	1.9	1.7	7.2	10.3
IndusInd	Buy	393	700	78	54.9	68.8	71.0	-8.8	25.3	3.2	5.7	5.5	0.8	0.7	14.7	13.3
Kotak Mah. Bk	Neutral	1224	1350	10	37.7	44.9	44.7	16.0	19.0	-0.5	27.2	27.4	3.5	3.1	13.1	11.4
RBL Bank	Buy	120	180	50	20.3	9.9	11.2	34.3	-51.1	12.2	12.1	10.8	0.6	0.6	5.6	5.2
<b>Aggregate</b>								<b>23.6</b>	<b>25.9</b>	<b>28.8</b>	<b>16.8</b>	<b>13.1</b>	<b>2.1</b>	<b>1.8</b>	<b>12.2</b>	<b>13.9</b>
<b>Banks - PSU</b>																
BOB	Buy	39	70	80	1.6	-3.3	6.6	-116.7	PL	LP	NM	5.9	0.3	0.3	-2.0	4.4
PNB	Neutral	27	35	30	-27.1	-5.8	3.4	-46.1	Loss	LP	NM	7.8	0.3	0.3	-6.4	4.0
SBI	Buy	160	300	87	2.6	18.7	22.2	-148.2	627	18.3	8.6	7.2	0.6	0.6	7.4	8.1
<b>Aggregate</b>								<b>LP</b>	<b>105</b>	<b>46</b>	<b>7</b>	<b>4.9</b>	<b>0.5</b>	<b>0.4</b>	<b>6.6</b>	<b>8.9</b>
<b>NBFCs</b>																
Aditya Birla Cap	Buy	46	125	173	4.0	4.3	5.1	25.7	8.3	20.2	10.7	8.9	1.0	0.9	10.2	10.8
Bajaj Fin.	Neutral	1953	2210	13	69.3	87.7	67.0	59.6	26.7	-23.6	22.3	29.1	3.6	3.3	20.2	11.8
Cholaman.Inv.&Fn	Buy	142	225	59	15.2	16.8	15.6	29.1	10.8	-7.1	8.4	9.1	1.4	1.2	18.9	14.1
HDFC	Buy	1659	1905	15	44.4	49.2	48.0	28.7	10.8	-2.4	33.7	34.6	3.1	3.1	13.4	11.2
HDFC Life Insur.	Neutral	523	525	0	6.3	6.4	6.4	14.6	1.3	-0.4	81.5	81.8	5.1	4.2	12.9	21.4
ICICI Pru Life	Buy	394	430	9	8.0	7.4	7.9	-29.5	-6.3	6.4	52.9	49.7	2.5	2.1	6.5	14.3
IIFL Wealth Mgt	Buy	846	1525	80	44.2	32.2	42.8	-4.1	-27.3	33.0	26.3	19.8	2.4	2.3	9.3	11.9
L&T Fin Holdings	Buy	54	75	38	11.2	10.9	8.6	74.5	-2.7	-21.3	5.0	6.4	0.8	0.7	15.6	11.3
LIC Hsg Fin	Buy	239	350	46	48.1	49.7	45.6	21.4	3.2	-8.3	4.8	5.2	0.7	0.6	14.6	12.0
MAS Financial	Buy	575	690	20	27.8	29.9	30.8	47.1	7.6	2.8	19.2	18.7	3.2	2.9	18.1	16.2
M&M Fin.	Buy	140	200	43	25.3	14.7	8.0	53.9	-41.8	-46.0	9.5	17.6	0.8	0.7	8.3	4.2
Muthoot Fin	Neutral	862	765	-11	49.2	75.0	80.0	10.8	52.3	6.7	11.5	10.8	3.1	2.5	29.3	25.8
PNB Housing	Neutral	176	190	8	71.1	67.5	50.9	40.9	-5.1	-24.6	2.6	3.5	0.3	0.3	14.1	9.6
Repco Home	Buy	92	150	62	37.5	48.9	44.8	16.7	30.5	-8.5	1.9	2.1	0.3	0.3	18.3	14.4
Shriram City Union	Buy	636	950	49	149.8	168.6	134.0	48.7	12.5	-20.5	3.8	4.7	0.6	0.5	16.1	11.4





Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Shriram Trans.	Buy	572	975	70	113.0	128.9	75.0	4.2	14.1	-41.8	4.4	7.6	0.7	0.7	17.3	9.0
<b>Aggregate</b>								<b>11.7</b>	<b>-9.2</b>	<b>23.4</b>	<b>18.0</b>	<b>14.6</b>	<b>2.1</b>	<b>1.9</b>	<b>11.6</b>	<b>12.9</b>
<b>Capital Goods</b>																
ABB	Buy	743	980	32	12.0	16.6	6.2	12.7	38.1	-62.6	44.9	119.8	4.5	4.3	10.0	3.6
Bharat Elec.	Buy	69	86	24	7.9	6.5	7.2	37.7	-17.9	10.3	10.7	9.7	1.7	1.6	15.9	16.1
BHEL	Neutral	28	22	-21	3.5	1.9	1.9	58.9	-44.4	-1.1	14.4	14.6	0.3	0.3	2.1	2.1
Blue Star	Neutral	490	450	-8	19.5	15.3	6.5	34.7	-21.4	-57.2	32.0	74.8	6.0	5.8	18.8	7.8
CG Cons. Elec.	Buy	225	240	7	6.0	7.0	6.0	15.5	16.9	-13.6	32.3	37.4	9.6	8.4	29.8	22.4
Cummins	Neutral	376	360	-4	26.1	22.9	17.3	10.8	-12.0	-24.4	16.4	21.7	2.4	2.3	14.5	10.5
Engineers India	Buy	63	100	58	5.9	6.7	7.6	-8.4	14.5	12.7	9.5	8.4	1.8	1.7	17.9	19.3
Havells	Neutral	496	515	4	12.6	11.7	7.7	12.3	-6.9	-34.3	42.4	64.5	7.2	6.7	17.0	10.4
K E C Intl	Buy	197	230	17	18.9	22.0	21.2	6.1	16.3	-3.6	8.9	9.3	1.8	1.6	20.2	16.7
L&T	Buy	932	1200	29	63.5	70.5	61.6	22.8	11.0	-12.6	13.2	15.1	1.9	1.8	14.0	11.0
Siemens	Neutral	1090	1450	33	25.1	30.5	29.4	27.1	21.6	-3.6	35.7	37.0	4.3	4.0	12.0	10.7
Thermax	Neutral	711	865	22	27.2	24.9	29.1	32.4	-8.4	17.0	28.6	24.4	2.5	2.3	8.8	9.6
Voltas	Buy	480	-		15.7	16.7	14.8	-9.1	6.3	-11.1	28.7	32.3	3.7	3.3	12.9	10.3
<b>Aggregate</b>								<b>3.3</b>	<b>-11.1</b>	<b>34.6</b>	<b>20.7</b>	<b>15.4</b>	<b>2.0</b>	<b>1.8</b>	<b>9.5</b>	<b>11.7</b>
<b>Cement</b>																
Ambuja Cem.	Neutral	191	190	-1	6.1	7.7	5.1	-3.2	26.4	-33.2	24.9	37.2	1.7	1.7	7.1	4.5
ACC	Buy	1271	1430	12	53.5	72.3	40.6	9.9	35.1	-43.8	17.6	31.3	2.1	2.0	12.3	6.5
Birla Corp.	Buy	518	695	34	33.2	65.6	38.4	53.6	97.6	-41.5	7.9	13.5	0.8	0.8	10.9	6.0
Dalmia Bhar.	Buy	555	685	23	15.8	11.4	-15.3	4.3	-27.5	PL	48.5	NM	1.0	1.0	2.1	-2.8
Grasim Inds.	Neutral	590	575	-2	66.1	35.8	46.6	39.7	-45.8	30.0	16.4	12.6	0.9	0.9	3.2	1.4
India Cem	Neutral	126	96	-24	2.3	3.6	2.1	-31.0	61.1	-41.9	34.6	59.5	0.7	0.7	2.1	1.2
J K Cements	Buy	1167	1355	16	34.1	59.0	35.9	-19.8	72.8	-39.1	19.8	32.5	3.0	2.8	15.9	8.9
JK Lakshmi Ce	Buy	241	310	29	6.8	22.6	13.1	-8.7	233.6	-42.1	10.7	18.5	1.7	1.5	16.4	8.6
Ramco Cem	Neutral	603	560	-7	21.9	23.8	15.1	-8.7	8.7	-36.4	25.4	39.9	2.9	2.7	11.9	7.0
Shree Cem	Neutral	20837	19500	-6	324.1	435.2	298.7	-18.2	34.3	-31.4	47.9	69.8	5.8	5.5	13.9	8.1
Ultratech	Buy	3902	4305	10	90.4	147.3	92.8	1.1	62.9	-37.0	26.5	42.0	2.7	2.6	11.7	6.7
<b>Aggregate</b>								<b>13.0</b>	<b>-28.3</b>	<b>60.0</b>	<b>33.9</b>	<b>21.2</b>	<b>2.0</b>	<b>1.9</b>	<b>5.8</b>	<b>8.7</b>
<b>Consumer</b>																
Asian Paints	Sell	1684	1380	-18	23.1	29.7	27.3	9.1	29.0	-8.2	56.6	61.7	15.2	14.2	28.3	23.8
Britannia	Neutral	3380	3010	-11	48.1	57.4	58.0	15.1	19.3	1.0	58.9	58.3	17.8	17.4	31.3	30.2
Colgate	Buy	1395	1520	9	27.8	30.0	30.3	10.3	8.1	1.0	46.5	46.0	23.8	25.9	53.7	54.0
Dabur	Neutral	467	410	-12	8.5	8.6	8.8	9.5	1.4	2.4	54.1	52.8	12.5	11.7	24.9	22.8
Emami	Buy	194	270	39	12.2	12.5	12.4	0.2	3.1	-0.7	15.5	15.6	3.8	3.8	25.9	24.5
Godrej Cons.	Neutral	634	565	-11	14.6	14.2	14.7	3.6	-2.8	4.0	44.7	43.0	8.2	8.8	19.1	19.7
HUL	Buy	2057	2420	18	28.1	31.2	32.7	14.7	11.1	4.7	65.9	62.9	55.3	55.1	86.0	87.7
ITC	Neutral	197	192	-3	10.2	12.8	12.8	14.8	25.5	0.6	15.5	15.4	3.9	3.7	26.1	24.7
Jyothy Lab	Neutral	106	122	15	5.4	4.7	4.8	10.5	-12.9	3.2	22.6	21.9	2.9	2.9	12.9	13.2
Marico	Buy	344	350	2	7.2	8.1	8.1	13.8	13.4	-0.7	42.3	42.6	14.7	11.4	34.9	30.1
Nestle	Neutral	17534	16385	-7	178.6	206.8	220.4	27.5	15.8	6.6	84.8	79.5	87.5	84.3	71.2	108.0
Page Inds	Neutral	18854	17565	-7	353.2	334.5	326.8	13.5	-5.3	-2.3	56.4	57.7	24.2	22.3	42.9	38.7
Pidilite Ind.	Neutral	1469	1365	-7	18.6	25.3	23.1	-2.0	36.2	-8.5	58.1	63.5	14.7	12.9	27.8	21.6
P&G Hygiene	Neutral	9897	9995	1	126.3	137.9	158.1	7.3	9.1	14.6	71.8	62.6	30.8	26.7	45.9	45.7
Tata Consumer	Buy	368	431	17	4.8	8.0	9.2	-14.6	66.4	15.7	46.2	39.9	2.5	2.4	6.9	6.0
United Brew	Sell	957	700	-27	21.3	16.3	9.6	42.8	-23.4	-41.2	58.6	99.7	7.1	6.7	12.8	6.9
United Spirits	Neutral	594	515	-13	9.3	10.9	7.2	38.1	16.9	-34.0	54.6	82.7	11.8	10.3	21.5	12.4
<b>Aggregate</b>								<b>17.8</b>	<b>0.1</b>	<b>14.9</b>	<b>40.8</b>	<b>35.5</b>	<b>10.7</b>	<b>10.1</b>	<b>26.3</b>	<b>28.6</b>
<b>Healthcare</b>																
Alembic Phar	Neutral	871	705	-19	31.1	45.9	37.9	41.8	47.7	-17.4	19.0	23.0	5.1	4.4	30.1	21.4
Alkem Lab	Buy	2261	3135	39	63.8	92.3	109.9	8.4	44.6	19.1	24.5	20.6	4.3	3.7	18.8	19.3
Ajanta Pharma	Buy	1524	1700	12	44.4	51.1	56.9	-16.1	15.1	11.2	29.8	26.8	5.2	4.5	18.7	18.0
Aurobindo	Buy	745	745	0	43.2	46.3	51.0	1.1	7.3	10.0	16.1	14.6	2.7	2.3	17.9	16.7
Biocon	Neutral	355	305	-14	6.2	6.3	8.9	99.5	2.2	41.0	56.1	39.8	6.3	5.7	11.9	15.1



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Cadila	Buy	344	410	19	18.3	14.6	17.6	4.3	-20.2	20.3	23.6	19.6	3.1	2.8	11.4	15.1
Cipla	Neutral	648	550	-15	18.7	19.6	24.1	-3.1	4.8	22.7	33.0	26.9	3.1	2.8	9.4	10.5
Divis Lab	Neutral	2396	2215	-8	50.0	51.3	65.7	55.0	2.5	28.1	46.7	36.5	7.9	6.7	18.2	20.0
Dr Reddy's	Neutral	4074	3775	-7	105.2	121.3	153.9	62.6	15.4	26.8	33.6	26.5	4.3	3.8	13.6	15.3
Glenmark	Neutral	355	295	-17	25.9	23.6	26.4	-9.0	-9.0	12.2	15.1	13.4	1.6	1.5	11.3	11.4
GSK Pharma	Neutral	1370	1300	-5	24.6	25.7	32.9	25.2	4.3	28.1	53.4	41.7	12.7	11.7	23.9	28.0
IPCA Labs	Buy	1494	1855	24	36.3	54.5	70.7	91.3	50.2	29.6	27.4	21.2	5.1	4.2	20.1	21.8
Jubilant Life	Buy	442	515	16	56.9	59.8	56.6	26.7	5.0	-5.4	7.4	7.8	1.2	1.1	17.9	14.7
Laurus Labs	Buy	466	615	32	31.3	37.8	29.3	49.4	20.6	-22.3	12.3	15.9	2.2	2.3	19.3	15.8
Lupin	Buy	870	1000	15	13.4	19.8	29.5	-58.1	47.7	49.1	43.9	29.5	3.1	2.9	6.8	10.3
Strides Pharma	Buy	398	495	24	8.8	15.3	34.0	-21.6	73.3	122.0	26.0	11.7	1.4	1.4	5.3	11.9
Sun Pharma	Buy	475	525	10	15.1	16.4	19.7	12.2	8.7	20.4	29.0	24.1	2.5	2.4	9.1	10.1
Torrent Pharma	Neutral	2365	2350	-1	42.7	55.9	72.1	-7.1	30.8	29.0	42.3	32.8	8.3	6.8	21.5	22.8
<b>Aggregate</b>								<b>11.0</b>	<b>19.3</b>	<b>17.3</b>	<b>24.3</b>	<b>20.7</b>	<b>3.3</b>	<b>2.9</b>	<b>13.4</b>	<b>14.0</b>
<b>Infrastructure</b>																
Ashoka Buildcon	Buy	49	92	87	11.5	10.8	6.0	35.8	-5.7	-44.2	4.6	8.2	0.6	0.5	12.9	6.6
IRB Infra	Neutral	61	80	32	24.2	19.7	7.1	1.2	-18.5	-63.9	3.1	8.5	0.3	0.3	10.5	3.6
KNR Constructions	Buy	201	270	35	17.7	15.3	15.9	-8.2	-13.7	3.6	13.1	12.6	1.7	1.5	14.1	12.8
<b>Aggregate</b>											<b>9.9</b>	<b>8.0</b>	<b>0.5</b>	<b>0.5</b>	<b>5.6</b>	<b>6.5</b>
<b>Media</b>																
PVR	Buy	903	1605	78	37.9	21.9	10.2	41.9	-42.2	-53.5	41.3	88.7	2.8	2.7	7.6	3.1
Sun TV	Buy	385	436	13	35.4	36.6	34.9	27.6	3.5	-4.6	10.5	11.0	2.4	2.1	24.6	20.5
Zee Ent.	Neutral	183	165	-10	16.4	16.9	19.4	12.7	2.9	14.7	10.9	9.5	1.7	1.5	18.1	17.0
<b>Aggregate</b>								<b>4.0</b>	<b>0.2</b>	<b>18.4</b>	<b>11.3</b>	<b>9.5</b>	<b>1.8</b>	<b>1.6</b>	<b>16.1</b>	<b>16.6</b>
<b>Metals</b>																
Hindalco	Buy	139	175	26	24.7	20.2	9.4	30.9	-18.4	-53.5	6.9	14.8	0.7	0.8	11.2	5.3
Hind. Zinc	Neutral	171	195	14	18.8	16.1	13.6	-10.8	-14.5	-15.3	10.6	12.6	1.8	1.9	18.4	14.5
JSPL	Buy	121	166	37	3.3	-2.8	3.0	-138.7	PL	LP	NM	40.0	0.4	0.4	-0.8	1.0
JSW Steel	Buy	184	199	8	31.8	7.2	1.9	32.4	-77.4	-73.1	25.5	95.0	1.5	1.5	5.4	1.6
Nalco	Buy	29	41	39	9.2	0.3	0.3	79.9	-96.8	-9.9	99.6	110.5	0.6	0.6	0.6	0.5
NMDC	Buy	81	123	51	15.6	15.6	10.0	19.2	-0.3	-35.7	5.2	8.1	0.9	0.8	17.5	10.5
SAIL	Neutral	30	29	-4	6.3	-0.7	-4.4	2,344.1	PL	Loss	NM	NM	0.3	0.3	-0.7	-4.8
Vedanta	Neutral	92	85	-8	18.1	13.0	5.7	-11.0	-28.1	-56.7	7.1	16.3	0.5	0.6	7.7	3.6
Tata Steel	Neutral	295	322	9	88.6	33.6	-16.6	27.3	-62.0	PL	8.8	NM	0.5	0.5	6.0	-3.0
<b>Aggregate</b>								<b>-44.3</b>	<b>-61.2</b>	<b>229.0</b>	<b>26.5</b>	<b>8.1</b>	<b>0.7</b>	<b>0.7</b>	<b>2.8</b>	<b>9.0</b>
<b>Oil &amp; Gas</b>																
Aegis Logistics	Buy	175	237	35	6.6	4.2	10.5	11.9	-36.6	149.6	41.7	16.7	4.0	3.4	10.0	22.1
BPCL	Neutral	343	491	43	43.4	17.0	33.6	-12.9	-60.8	98.1	20.2	10.2	1.7	1.5	8.4	15.4
Castrol India	Buy	116	200	73	7.2	8.4	9.6	2.4	16.8	14.6	13.8	12.1	8.4	7.5	65.3	65.7
GAIL	Buy	92	140	52	14.0	10.4	9.8	38.4	-25.6	-6.3	8.9	9.5	0.9	0.9	10.6	9.5
Gujarat Gas	Buy	241	370	53	6.2	17.1	12.3	46.9	173.4	-28.2	14.1	19.7	5.3	4.4	44.2	24.5
Gujarat St. Pet.	Buy	199	290	46	14.1	19.6	17.1	18.9	39.3	-13.0	10.1	11.7	1.7	1.5	17.7	13.5
HPCL	Buy	194	326	68	43.9	9.5	37.4	-7.3	-78.4	294.0	20.4	5.2	0.9	0.9	4.7	17.4
IOC	Buy	83	168	102	18.8	3.3	12.5	-23.7	-82.2	273.8	24.9	6.7	0.7	0.6	2.7	9.8
IGL	Neutral	472	530	12	11.2	17.2	16.4	19.1	53.3	-4.7	27.4	28.8	6.5	5.5	26.2	20.7
Mahanagar Gas	Buy	973	1100	13	55.3	82.4	64.3	14.3	49.0	-22.0	11.8	15.1	3.4	3.0	31.0	20.9
MRPL	Neutral	29	49	70	1.9	-13.3	5.5	-84.8	PL	LP	NM	5.3	0.6	0.6	-24.4	10.9
Oil India	Buy	85	127	50	32.0	17.5	10.4	35.6	-45.3	-40.6	4.8	8.2	0.3	0.3	7.0	4.0
ONGC	Buy	83	105	26	27.1	17.1	11.3	34.4	-37.0	-33.9	4.9	7.4	0.5	0.4	9.8	6.2
PLNG	Buy	254	333	31	14.4	21.0	19.1	3.7	45.8	-8.9	12.1	13.3	3.5	3.2	29.9	25.1
Reliance Ind.	Buy	1465	1713	17	62.8	68.1	66.4	10.4	8.4	-2.5	21.5	22.1	2.0	1.9	10.3	8.9
<b>Aggregate</b>								<b>-30.6</b>	<b>10.4</b>	<b>47.7</b>	<b>14.7</b>	<b>10.0</b>	<b>1.3</b>	<b>1.2</b>	<b>8.9</b>	<b>12.0</b>
<b>Retail</b>																
Avenue	Sell	2266	1900	-16	14.5	20.4	20.2	11.9	41.0	-1.0	111.1	112.2	12.8	11.4	15.9	11.1



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
<b>Supermarkets</b>																
Aditya Birla Fashion	Buy	120	190	59	1.6	0.7	-4.3	156.7	-56.7	PL	168.2	NM	8.5	12.3	4.4	-36.3
Future Lifestyle	Under Review	153	-		8.6	5.5	-1.5	30.1	-35.6	PL	27.6	NM	1.3	1.4	5.2	-1.3
Future Retail	Under Review	85	-		14.6	10.7	3.7	19.1	-27.0	-65.2	8.0	22.9	0.7	0.6	10.4	2.9
Jubilant Food.	Neutral	1659	1405	-15	24.1	22.5	6.1	62.0	-6.5	-72.8	73.6	270.5	19.5	21.8	26.5	8.1
Shoppers Stop	Neutral	136	260	91	7.8	-1.8	0.6	-36.3	PL	LP	NM	223.9	1.3	1.3	-1.7	0.6
Titan Company	Neutral	891	1085	22	15.7	16.8	17.0	24.0	7.4	1.1	52.9	52.3	13.1	11.5	24.7	23.4
Trent	Buy	469	610	30	2.9	3.0	1.1	11.6	2.1	-63.9	157.3	435.4	6.5	6.4	5.3	1.6
V-Mart Retail	Buy	1594	-		39.5	44.3	33.5	-8.0	12.2	-24.3	35.9	47.4	5.9	5.2	18.5	12.4
<b>Aggregate</b>								<b>2.8</b>	<b>-28.9</b>	<b>100.6</b>	<b>98.5</b>	<b>49.1</b>	<b>8.3</b>	<b>7.3</b>	<b>8.4</b>	<b>15.0</b>
<b>Technology</b>																
Cyient	Neutral	199	260	31	43.4	33.8	22.5	13.4	-22.2	-33.2	5.9	8.8	0.8	0.8	13.5	8.6
HCL Tech.	Buy	550	615	12	36.8	40.7	40.3	-41.1	10.6	-1.0	13.5	13.7	3.1	2.5	24.3	20.1
Hexaware	Neutral	253	306	21	19.3	21.8	18.4	17.6	12.6	-15.6	11.6	13.8	2.8	2.4	24.9	18.8
Infosys	Buy	691	775	12	37.1	39.0	36.8	3.9	5.3	-5.7	17.7	18.8	4.8	4.1	25.3	21.8
L & T Infotech	Buy	1798	2060	15	86.4	86.7	92.5	36.0	0.4	6.7	20.7	19.4	5.8	4.8	31.1	27.3
Mindtree	Buy	894	960	7	45.8	38.3	45.1	33.6	-16.4	17.8	23.3	19.8	4.7	4.0	20.0	20.4
Mphasis	Neutral	861	860	0	56.1	61.5	56.4	27.4	9.6	-8.2	14.0	15.3	2.8	2.5	21.4	17.6
NIIT Tech	Neutral	1451	1370	-6	66.2	73.5	71.0	45.3	11.0	-3.3	19.7	20.4	3.8	3.4	20.5	17.5
Persistent Sys	Buy	526	730	39	44.0	44.4	45.5	8.9	0.9	2.4	11.9	11.6	1.7	1.6	14.3	13.1
TCS	Neutral	1972	1900	-4	83.1	86.2	82.3	23.3	3.7	-4.5	22.9	23.9	8.6	7.4	36.4	33.1
Tech Mah	Neutral	530	590	11	48.8	45.9	34.4	14.2	-5.9	-25.1	11.6	15.4	2.3	2.0	18.5	12.7
Wipro	Neutral	213	188	-12	15.3	16.6	15.4	21.6	8.5	-7.3	12.8	13.8	2.2	2.0	17.5	15.0
Zensar Tech	Neutral	88	100	14	14.4	11.8	13.1	40.4	-17.6	10.8	7.4	6.7	0.9	0.8	13.0	12.9
<b>Aggregate</b>								<b>3.2</b>	<b>-5.9</b>	<b>18.6</b>	<b>19.6</b>	<b>16.5</b>	<b>4.2</b>	<b>3.7</b>	<b>21.5</b>	<b>22.3</b>
<b>Telecom</b>																
Bharti Airtel	Buy	552	710	29	-8.7	-7.5	3.0	-350.3	Loss	LP	NM	186.0	3.9	3.8	-5.5	2.1
Bharti Infratel	Neutral	230	170	-26	13.6	17.0	15.6	-0.3	25.0	-8.4	13.5	14.7	2.9	3.0	21.7	20.2
Vodafone Idea		7			-18.5	-7.2	-5.2	93.3	Loss	Loss	NM	NM	1.1	6.3	-53.4	-143.0
Tata Comm	Neutral	477	375	-21	-2.2	11.9	25.5	-288.6	LP	114.8	40.1	18.7	92.1	15.5	-1,974	142.3
<b>Aggregate</b>								<b>Loss</b>	<b>Loss</b>	<b>Loss</b>	<b>-39</b>	<b>-55.7</b>	<b>3.9</b>	<b>4.4</b>	<b>-10.0</b>	<b>-7.8</b>
<b>Utilities</b>																
Coal India	Buy	141	195	38	28.3	23.2	14.1	47.9	-18.1	-39.1	6.1	10.0	2.8	2.5	45.7	25.3
CESC	Buy	553	761	38	88.9	94.2	84.5	43.1	6.0	-10.3	5.9	6.5	0.7	0.7	13.3	10.9
JSW Energy	Buy	40	64	60	4.2	5.1	4.3	40.2	20.0	-15.5	7.9	9.3	0.6	0.5	7.1	6.0
NHPC	Neutral	20	23	17	2.6	3.0	2.9	5.9	17.0	-3.9	6.5	6.8	0.6	0.6	9.6	8.8
NTPC	Buy	98	148	51	11.6	13.2	14.5	30.3	13.7	10.3	7.4	6.7	0.8	0.8	11.4	11.8
Power Grid	Buy	158	225	43	19.2	20.4	22.1	16.0	6.5	7.9	7.7	7.1	1.3	1.2	17.3	17.0
Torrent Power	Buy	318	351	10	18.7	28.0	24.0	-4.6	49.7	-14.4	11.4	13.3	1.7	1.5	14.9	12.0
Tata Power	Neutral	37	38	4	2.1	3.8	3.7	-60.5	78.2	-2.6	9.7	10.0	0.5	0.5	5.9	5.4
<b>Aggregate</b>					<b>-0.7</b>	<b>-8.8</b>	<b>32.0</b>	<b>7.6</b>	<b>5.8</b>	<b>1.0</b>	<b>1.0</b>	<b>13.6</b>	<b>16.5</b>			
<b>Others</b>																
Brigade Enterpr.	Buy	100	231	130	11.7	8.1	6.0	63.2	-31.2	-25.9	12.4	16.8	0.9	0.9	7.4	5.2
BSE	Buy	378	630	67	36.9	24.9	20.1	-15.0	-32.5	-19.1	15.2	18.8	0.8	0.8	5.0	4.3
Concor	Buy	378	518	37	19.9	16.4	14.4	14.9	-17.7	-12.5	23.0	26.3	2.2	2.1	9.6	8.1
Coromandel Intl	Buy	644	766	19	25.4	36.3	41.2	7.6	42.8	13.4	17.7	15.6	4.4	3.7	27.7	25.6
Essel Propack	Buy	171	200	17	6.0	6.9	7.7	7.3	14.3	12.3	24.9	22.2	3.5	3.3	14.8	15.3
Indian Hotels	Buy	76	106	40	2.4	2.6	-3.3	257.4	10.7	PL	29.0	NM	2.0	2.2	7.0	-9.1
Interglobe	Neutral	966	1300	35	4.1	-5.2	-75.1	-93.0	PL	Loss	NM	NM	5.5	8.1	-2.9	-50.7
Info Edge	Neutral	2691	2400	-11	23.0	20.3	25.9	54.2	-11.5	27.5	132.5	103.9	13.2	12.2	13.9	12.3
Godrej Agrovet	Buy	375	443	18	12.5	13.2	10.5	10.9	5.7	-20.4	28.3	35.6	3.9	3.8	14.6	10.8
Kaveri Seed	Buy	398	-		34.4	43.1	34.0	7.7	25.2	-21.1	9.2	11.7	2.5	2.6	26.4	22.5
Lemon Tree Hotel	Buy	18	-		0.7	-0.1	-2.0	271.9	PL	Loss	NM	NM	1.1	1.2	0.1	-13.0



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
MCX	Buy	1312	1400	7	28.7	46.7	44.0	35.2	63.0	-5.7	28.1	29.8	4.9	4.5	18.2	15.7
Oberoi Realty	Buy	320	535	67	22.5	16.0	16.2	78.1	-29.0	1.3	20.0	19.8	1.4	1.3	7.0	6.7
Phoenix Mills	Buy	533	808	52	25.0	22.6	17.1	57.8	-9.3	-24.3	23.5	31.1	2.2	2.1	9.6	6.8
Qess Corp	BUY	222	360	62	17.5	18.3	17.7	-19.8	4.3	-3.1	12.1	12.5	1.1	1.0	10.4	10.5
PI Inds.	Buy	1539	1680	9	29.7	35.7	48.0	11.6	19.9	34.5	43.1	32.1	8.0	6.6	19.9	22.5
SRF	Buy	3484	4236	22	113.7	158.0	158.7	60.0	38.9	0.4	22.0	21.9	4.1	3.5	20.4	17.3
S H Kelkar	Buy	55	90	64	6.1	4.2	4.8	-5.8	-31.3	15.0	13.1	11.4	0.9	0.9	7.0	8.1
Tata Chemicals	Buy	307	318	4	33.8	31.7	28.4	-29.7	-6.4	-10.3	9.7	10.8	0.6	0.6	6.4	5.5
Team Lease Serv.	Buy	1485	2300	55	57.3	50.8	47.1	33.4	-11.4	-7.4	29.2	31.5	4.1	3.6	14.9	12.1
Trident	Buy	5	6	21	0.9	0.6	0.7	87.3	-26.9	3.1	7.1	6.9	0.8	0.7	10.7	10.4
UPL	Neutral	407	424	4	32.2	37.7	39.1	11.3	17.0	3.8	10.8	10.4	1.9	1.7	18.6	17.1



Index	1 Day (%)	1M (%)	12M (%)
<b>Sensex</b>	<b>0.7</b>	<b>-0.9</b>	<b>-17.9</b>
<b>Nifty-50</b>	<b>1.0</b>	<b>0.3</b>	<b>-19.2</b>
<b>Nifty Next 50</b>	<b>2.4</b>	<b>1.9</b>	<b>-12.9</b>
<b>Nifty 100</b>	<b>1.2</b>	<b>0.5</b>	<b>-18.4</b>
<b>Nifty 200</b>	<b>1.1</b>	<b>0.5</b>	<b>-19.2</b>
Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>	<b>1.7</b>	<b>12.2</b>	<b>-24.9</b>
Amara Raja Batt.	0.0	13.7	-2.5
Ashok Leyland	-4.2	-11.4	-52.6
Bajaj Auto	4.4	8.5	-7.3
Bharat Forge	6.5	15.8	-30.9
Bosch	-1.2	-3.0	-42.9
CEAT	5.0	3.3	-19.1
Eicher Motors	2.1	15.6	-18.9
Endurance Tech.	7.5	10.4	-40.3
Escorts	1.6	26.4	46.0
Exide Inds.	2.8	5.0	-23.3
Hero Motocorp	3.1	20.0	-13.1
M & M	-0.8	25.4	-35.1
Mahindra CIE	5.0	4.6	-61.4
Maruti Suzuki	2.6	10.7	-18.5
Motherson Sumi	3.4	17.4	-20.1
Tata Motors	0.1	11.2	-50.7
TVS Motor Co.	0.9	9.2	-31.1
<b>Banks-Private</b>	<b>0.7</b>	<b>-7.6</b>	<b>-39.5</b>
AU Small Fin. Bank	-1.5	-27.1	-43.8
Axis Bank	-2.0	-12.7	-52.4
Bandhan Bank	-1.6	-6.9	-63.0
DCB Bank	-0.6	-22.2	-73.1
Equitas Holdings	-0.7	-18.8	-68.7
Federal Bank	5.1	-3.4	-58.2
HDFC Bank	0.7	-2.6	-21.2
ICICI Bank	1.6	-10.3	-21.5
IndusInd Bank	1.7	-16.4	-75.5
Kotak Mah. Bank	-0.4	-7.8	-19.2
RBL Bank	3.1	-4.5	-82.5
<b>Banks-PSU</b>	<b>0.6</b>	<b>-14.1</b>	<b>-65.5</b>
BOB	0.8	-19.1	-71.5
PNB	0.4	-16.9	-67.2
SBI	1.3	-15.6	-54.0
<b>NBFCs</b>	<b>1.1</b>	<b>-7.4</b>	<b>-28.7</b>
Aditya Birla Cap	3.5	-8.1	-54.1
Bajaj Fin.	0.3	-14.8	-42.7
Cholaman.Inv.&Fn	5.0	-5.7	-52.0
HDFC	2.1	-9.7	-22.7
HDFC Life Insur.	1.2	6.2	23.3
L&T Fin.Holdings	1.5	-15.9	-59.1
LIC Hsg Fin	-2.3	-16.0	-57.1
M&M Fin.	2.5	-10.8	-66.4
Muthoot Fin	1.2	4.6	37.1
MAS Financial Serv.	1.9	-6.4	6.7
ICICI Pru Life	7.1	-2.3	3.1
ICICI Sec	0.8	11.4	78.8
IIFL Wealth Mgt	-1.0	-4.5	
PNB Housing	0.3	-12.6	-79.5
Company	1 Day (%)	1M (%)	12M (%)
Repco Home	-4.2	-24.2	-77.1
Shriram City Union	-1.4	-12.7	-58.2
Shriram Trans.	0.9	-18.0	-48.5

Note: Sectoral performance are of NSE/BSE Indices

Index	1 Day (%)	1M (%)	12M (%)
<b>Nifty 500</b>	<b>1.2</b>	<b>0.3</b>	<b>-19.8</b>
<b>Nifty Midcap 100</b>	<b>1.1</b>	<b>0.3</b>	<b>-25.7</b>
<b>Nifty Smallcap 100</b>	<b>0.9</b>	<b>-1.2</b>	<b>-39.4</b>
<b>Nifty Midcap 150</b>	<b>1.3</b>	<b>-0.1</b>	<b>-21.0</b>
<b>Nifty Smallcap 250</b>	<b>1.2</b>	<b>-1.4</b>	<b>-35.0</b>
Company	1 Day (%)	1M (%)	12M (%)
<b>Capital Goods</b>	<b>2.5</b>	<b>3.6</b>	<b>-38.0</b>
ABB	0.5	-15.4	-47.8
Bharat Elec.	-0.4	-5.3	-38.1
BHEL	4.1	33.4	-60.7
Blue Star	0.6	-8.3	-38.6
CG Cons. Elec.	2.8	3.4	-4.8
Cummins	4.7	-0.9	-51.0
Engineers India	1.0	-5.9	-48.1
Havells	-0.7	-8.5	-32.0
K E C Intl	2.0	5.4	-39.4
L&T	3.2	6.3	-39.9
Siemens	1.7	-3.2	-13.0
Thermax	-1.4	-3.1	-29.5
Voltas	-1.4	-2.3	-16.1
<b>Cement</b>	<b>1.1</b>	<b>8.3</b>	<b>-23.6</b>
Ambuja Cem.	-0.1	12.9	-18.2
ACC	-0.1	13.2	-26.3
Birla Corp.	-5.7	26.6	-22.7
Dalmia Bhar.	-1.1	6.4	-53.8
Grasim Inds.	2.3	17.5	-35.4
India Cem	-2.9	25.0	13.7
J K Cements	3.2	6.9	13.5
JK Lakshmi Ce	-1.5	20.3	-38.3
Ramco Cem	-2.3	9.8	-26.5
Shree Cem	0.3	8.6	-3.6
Ultratech	2.4	13.6	-17.3
<b>Consumer</b>	<b>3.0</b>	<b>2.2</b>	<b>-2.4</b>
Asian Paints	2.5	-4.7	23.9
Britannia	1.7	7.1	15.7
Colgate	7.4	-5.4	20.1
Dabur	4.2	-2.5	17.0
Emami	1.0	-1.1	-43.6
Godrej Cons.	4.9	18.2	-4.8
HUL	2.4	-7.8	15.7
ITC	3.6	8.4	-31.5
Jyothy Lab	3.9	-7.2	-38.1
Marico	3.8	18.8	-6.1
Nestle	3.2	0.2	56.8
Page Inds	2.4	4.9	-4.8
Pidilite Ind.	3.0	-3.2	15.9
P&G Hygiene	0.9	-6.0	-9.3
Tata Consumer	-0.8	3.9	57.1
United Brew	1.3	1.4	-29.6
United Spirits	5.4	11.7	11.0
<b>Healthcare</b>	<b>3.2</b>	<b>4.1</b>	<b>15.1</b>
Alembic Phar	1.2	14.2	66.4
Alkem Lab	-2.6	-14.8	31.1
Ajanta Pharma	2.6	0.8	47.9
Aurobindo	4.4	19.2	8.7
Biocon	2.6	0.8	30.6
Cadila	1.9	5.5	30.6
Cipla	3.1	8.5	15.0



Company	1 Day (%)	1M (%)	12M (%)
Divis Lab	4.9	1.2	50.7
Dr Reddy's	4.8	5.0	56.0
Glenmark	3.4	7.6	-35.2
GSK Pharma	2.1	-4.8	7.8
IPCA Labs	-3.7	-6.1	61.6
Jubilant Life	1.7	8.6	-11.7
Laurus Labs	1.7	-9.5	26.5
Lupin	-1.3	1.8	18.6
Strides Pharma	0.6	-11.3	-6.7
Sun Pharma	3.5	-0.5	12.4
Torrent Pharma	0.3	-2.3	56.5
<b>Infrastructure</b>	<b>1.1</b>	<b>6.8</b>	<b>-14.2</b>
Ashoka Buildcon	-5.1	-18.0	-67.1
IRB Infra.Devl.	0.5	-15.7	-53.7
KNR Construct.	3.4	-4.3	-30.4
<b>Media</b>	<b>0.0</b>	<b>1.0</b>	<b>-47.1</b>
PVR	2.1	-10.6	-47.3
Sun TV	-1.2	-2.1	-28.3
Zee Ent.	1.5	15.1	-50.7
<b>Metals</b>	<b>1.9</b>	<b>9.1</b>	<b>-36.0</b>
Hindalco	0.4	19.5	-30.3
Hind. Zinc	1.6	0.0	-31.1
JSPL	1.8	36.9	-25.6
JSW Steel	-0.2	12.1	-34.4
Nalco	0.0	-4.9	-41.4
NMDC	2.8	7.6	-20.8
SAIL	-0.2	-0.2	-41.1
Vedanta	2.4	16.4	-44.4
Tata Steel	0.0	4.5	-40.2
<b>Oil &amp; Gas</b>	<b>3.4</b>	<b>2.6</b>	<b>-23.5</b>
Aegis Logistics	-1.5	4.6	-24.0
BPCL	5.2	-5.1	-14.1
Castrol India	1.6	-9.8	-21.6
GAIL	3.7	3.6	-47.9
Gujarat Gas	3.6	-6.1	33.3
Gujarat St. Pet.	3.6	0.3	3.9
HPCL	4.3	-6.8	-38.1
IOC	7.2	3.4	-48.1
IGL	0.3	-0.8	43.1
Mahanagar Gas	5.3	2.9	10.1
MRPL	3.2	-10.4	-54.6
Oil India	1.4	-7.5	-52.9
ONGC	5.5	18.0	-51.5
PLNG	6.6	8.0	4.3
Reliance Ind.	-0.5	3.7	12.6
Aditya Bir. Fas.	1.2	6.8	-43.4
<b>Retail</b>			
Avenue Super.	-1.8	-2.7	73.4
Future Lifestyle	4.8	2.0	-66.8
Future Retail	4.8	-5.4	-80.9
Jubilant Food	-1.7	6.8	25.1
Shoppers St.	2.3	-28.3	-71.9
Titan Co.	-1.0	-3.7	-27.9
Trent	1.1	-3.7	24.6
V-Mart Retail	-0.3	-7.0	-36.0
<b>Technology</b>	<b>-0.1</b>	<b>4.4</b>	<b>-11.7</b>
Cyient	1.4	-4.3	-64.4

Company	1 Day (%)	1M (%)	12M (%)
HCL Tech.	1.1	12.0	1.5
Hexaware	1.9	-14.4	-28.8
Infosys	-2.2	2.0	-4.9
L&T Infotech	0.6	22.5	-1.7
Mindtree	-0.1	1.4	-8.8
Mphasis	1.8	21.7	-10.4
NIIT Tech	-1.5	23.0	12.9
Persistent Sys	-1.8	11.4	-9.3
TCS	-1.7	3.5	-6.4
Tech Mah	0.1	0.3	-28.2
Wipro	6.6	17.6	-25.7
Zensar Tech	-2.8	2.2	-64.3
<b>Telecom</b>	<b>-0.7</b>	<b>15.5</b>	<b>26.0</b>
Bharti Airtel	-1.8	11.3	63.1
Bharti Infra.	2.6	40.9	-16.7
Idea Cellular	12.7	55.8	-50.5
Tata Comm	-4.7	17.9	43.6
<b>Utilities</b>	<b>0.8</b>	<b>2.7</b>	<b>-26.1</b>
Coal India	5.4	0.9	-43.8
CESC	-3.4	-11.3	-24.0
JSW Energy	-1.6	-2.2	-45.4
NHPC Ltd	-1.5	-7.1	-21.4
NTPC	2.1	8.3	-25.3
Power Grid	0.1	-0.3	-17.2
Tata Power	-0.8	17.7	-46.6
Torrent Power	4.3	-1.3	30.6
<b>Others</b>			
Brigade Enterpr.	-1.1	-15.6	-39.9
BSE	-4.5	0.1	-38.6
Coromandel Intl	-1.9	13.0	48.5
Concor	7.4	3.2	-28.1
Essel Propack	-2.1	-2.5	32.6
Godrej Agrovet	3.2	-7.9	-26.9
Indian Hotels	2.4	0.3	-49.5
Interglobe	-1.2	4.8	-41.1
Info Edge	4.6	10.2	31.1
Kaveri Seed	-4.9	4.8	-26.0
Lemon Tree Hotel	-1.9	1.1	-75.9
MCX	3.6	25.6	59.2
Oberoi Realty	4.3	-3.0	-43.1
Phoenix Mills	8.1	-0.6	-12.0
PI Inds.	-3.3	0.9	45.9
Quess Corp	5.0	9.2	-66.6
SRF	2.2	-4.9	19.7
S H Kelkar	7.4	-15.7	-63.8
Tata Chemicals	0.7	7.5	9.6
Team Lease Serv.	-0.5	-4.9	-50.3
Trident	-0.2	-7.1	-33.3
UPL	4.1	12.9	-38.7

## NOTES

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

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