

Market snapshot



Today's top research idea

Motilal Oswal values your support in the Asiamoney Brokers Poll 2020 for India Research, Sales and Trading team. We request your ballot.



Equities - India	Close	Chg. %	CYTD.%
Sensex	38,310	-0.2	-7.1
Nifty-50	11,300	-0.1	-7.1
Nifty-M 100	16,525	1.6	-3.4
Equities-Global	Close	Chg. %	CYTD.%
S&P 500	3,373	-0.2	4.4
Nasdaq	11,043	0.3	23.1
FTSE 100	6,186	-1.5	-18.0
DAX	12,994	-0.5	-1.9
Hang Seng	10,245	0.3	-8.3
Nikkei 225	23,250	1.8	-1.7
Commodities	Close	Chg. %	CYTD.%
Brent (US\$/Bbl)	44	-0.7	-33.5
Gold (\$/OZ)	1,954	2.0	28.8
Cu (US\$/MT)	6,264	-2.7	1.9
Almn (US\$/MT)	1,727	-1.3	-3.0
Currency	Close	Chg. %	CYTD.%
USD/INR	74.8	0.0	4.9
USD/EUR	1.2	0.3	5.4
USD/JPY	106.9	0.0	-1.5
YIELD (%)	Close	1MChg	CYTDchg
10 Yrs G-Sec	5.9	0.02	-0.7
10 Yrs AAA Corp	6.7	0.02	-1.0
Flows (USD b)	13-Aug	MTD	CYTD
FII	0.06	1.06	-0.28
DII	-0.10	-0.21	10.41
Volumes (INRb)	13-Aug	MTD*	CYTD*
Cash	623	637	534
F&O	33,708	19,041	15,574

Note: *Average

Eicher Motors: In-line; inquiry and booking trends up, supply-side issues being addressed

- ❖ Eicher Motors (EIM) achieved EBITDA breakeven at <20% utilization despite offering one-time incentives. With positive trend on inquiries and bookings, the supply side needs to normalize considering the upcoming major product launches in Sep'20
- ❖ Bookings and inventory: It has an order backlog of 40–45k units, and it is seeing no material cancellations. Inventory is just 10k (dealer + company); ideally, it should be at least three weeks (v/s one week currently)
- ❖ It added 38 studio stores in 1Q (to 638 studio stores and 1,559 total outlets) and plans to add 600 more studio stores over the remainder of FY21. Globally, it added five exclusive stores (to reach 82) and 32 multi-brand dealerships (to reach 617) in 1QFY21. It plans to increase its exclusive store count to ~100 by end-FY21 from 82 currently
- ❖ VECV acquired Volvo Bus India for INR1.05b, completing its product portfolio on Buses.



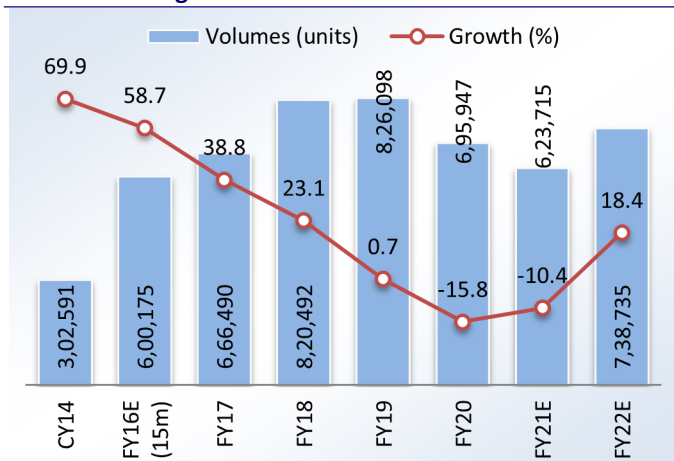
Research covered

Cos/Sector	Key Highlights
Eicher Motors	In-line; inquiry and booking trends up
EcoScope	CPI inflation in Jul'20 much higher than expected
Aurobindo Pharma	US/ARV business drives earnings
GAIL	Pain in gas trading hurts profitability; Should abate in FY22E
Grasim	Broad-based disappointment, cut earnings by 35% in FY21
Trent	Revenue hit by store closures
Other Notes	Ashok Leyland Cummins India Aditya Birla Fashion Thermax MAS Financial Services Brigade Enterprise Indostar Capital Finance SH Kelkar BPCL Hero Motocorp Tata Steel Shriram Transport Finance Endurance Technology Engineers India Kaveri Seeds Shoppers Stop



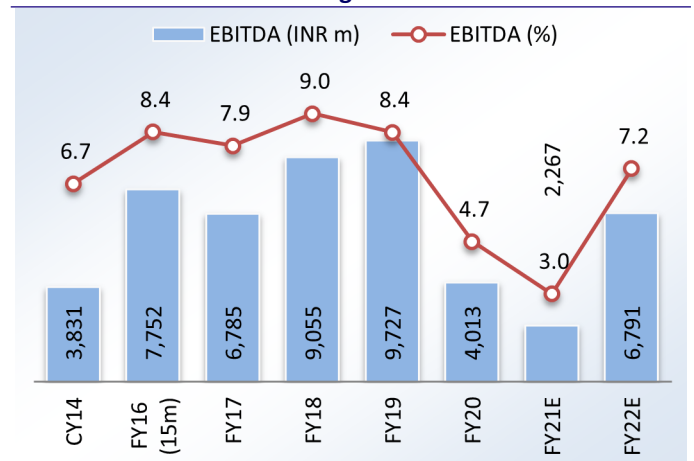
Chart of the Day: Eicher Motors (In-line; inquiry and booking trends up)

RE volume and growth trends



Source: Company, MOFSL

VECV EBITDA and EBITDA margins



Source: Company, MOFSL

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.



Kindly click on textbox for the detailed news link

1

Retail inflation inches up to 6.93% in July on the back of higher food prices

Retail inflation inched up to 6.93 per cent for the month of July as food prices shot up owing to disruption and floods in eastern India. The Consumer Food Price Index rose 9.62 per cent in the month of July versus 8.72 per cent in June. The data for the month of June...

2

Oxford COVID-19 vaccine: Human trials to end by November, mass production from 2021

The phase III clinical trial of COVID-19 vaccine developed by the University of Oxford will be completed by the end of November of early December, an official said. University of Oxford joined hands with British Swedish firm Astrazeneca to make a COVID 19 vaccine. The phase III trial has already started in United States and Brazil. The vaccine has shown promising results in the first phase of clinical human trial. The researchers said that they found their experimental COVID-19 vaccine produced a dual immune response in people aged 18 to 55. "We are seeing good immune response in almost everybody," said Dr Adrian Hill, director of the Jenner Institute...

3

India bars China ships from oil trade as ties strain further

India's state-owned oil majors have stopped hiring Chinese tankers to ship their crude and petroleum products after relations deteriorated between the two countries, although the move is unlikely to impact trade flows. China-flagged and owned vessels have been barred from bidding on tenders for chartering tankers to import crude into India, or export products such as diesel...

4

Premium on homes, automobile, health insurance shoots up in July amid coronavirus

Premiums paid on non-life insurance viz automobile, health and homes hiked in July even as the country continues to see a spike in coronavirus cases. Non-life insurers, which include general insurers, standalone health insurers and specialised PSU insurers...

5

Zydus launches cheapest remdesivir at Rs 2,800 per 100 mg vial in India

Pharma major Cadila Healthcare (Zydus Cadila) on Thursday announced launch of what is so far India's cheapest remdesivir brand - Remdac at Rs 2800 per 100 mg lyophilized injection vial. The will be made available across India through the group's strong distribution chain reaching out to government and private hospitals treating Covid patients. According to Sharvil Patel, managing director of Cadila Healthcare, as the most affordable remdesivir brand, Remdac will enable patients to have access to the critical drug in treatment of Covid-19...

6

Larsen & Toubro says it has bagged orders worth between Rs 1,000 crore and Rs 2,500 crore

Larsen & Toubro has bagged orders for sewage treatment plant, buildings and factories, the engineering major said on Thursday. The company did not disclose the size of the orders but stated that these orders together are in the range...

7

Amazon launches online pharmacy service in Bengaluru

E-commerce major Amazon has forayed into the online medicine segment with the launch of Amazon Pharmacy. This move could potentially redirect online medicine orders to Amazon even as the sector is populated with the likes of NetMeds, 1mg, PharmEasy and Medlife. Amazon Pharmacy offers home medical supplies...



Eicher Motors

Estimate changes



TP change



Rating change



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Bloomberg	EIM IN
Equity Shares (m)	27
M.Cap.(INRb)/(USDb)	591.7 / 8.1
52-Week Range (INR)	23428 / 12460
1, 6, 12 Rel. Per (%)	6/20/27
12M Avg Val (INR M)	3792

Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	91.5	86.3	105.3
EBITDA	21.8	18.8	27.5
Adj. PAT	18.3	13.9	22.4
EPS (INR)	669.4	510.1	822.0
EPS Gr. (%)	-17.8	-23.8	61.1
BV/Sh. (INR)	3,656	4,016	4,672

Ratios

RoE (%)	19.3	13.3	18.5
RoCE (%)	18.7	13.0	18.5
Payout (%)	21.7	29.5	20.1

Valuations

P/E (x)	32.4	42.5	26.4
P/BV (x)	5.9	5.4	4.6
Div. Yield (%)	0.6	0.6	0.6
FCF Yield (%)	1.9	1.3	3.0

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	49.3	49.3	49.3
DII	12.1	11.3	4.8
FII	27.0	27.7	33.2
Others	11.7	11.8	12.7

FII Includes depository receipts

CMP: INR21,671

TP: INR24,750 (+14%)

Buy

In-line; inquiry and booking trends up, supply-side issues being addressed

- Eicher Motors (EIM) achieved EBITDA breakeven at <20% utilization despite offering one-time incentives. With positive trend on inquiries and bookings, the supply side needs to normalize considering the upcoming major product launches in Sep'20.
- We upgrade our FY21/FY22 EPS estimate by ~6% (for both years) as we upgrade volumes for both RE and VECV. Maintain **Buy**, with TP of INR24,750 (Sep'22 SOTP).

One-time incentives and BS6 cost inflation hurt margins

- Consol. revenues / EBITDA declined ~66%/99%, translating to recurring loss of INR552m.
- RE's 1QFY21 realization grew 4.8% YoY (flat QoQ) to ~INR134.3k (est.: INR137.6k). It was restricted due to a one-time incentive scheme post the unlocking of the economy.
- S/A gross margins declined ~780bp YoY (-540bp QoQ) to ~38.1% (est.: ~44.3%). This was ascribed to a ~400bp impact from a one-time incentive and the BS6 cost inflation not being entirely passed on.
- S/A EBITDA was reported at INR12m (est.: ~INR29m). Higher other income restricted adj. PAT decline to ~INR123m (v/s est. loss of ~INR58m).
- VECV's net revenue declined by 72% YoY to ~INR6.4b (v/s est. of INR3.3b). Operating de-leverage resulted in EBITDA loss of INR720m (v/s est. loss of INR1.5b) and net loss of INR1.2b (v/s est. loss of INR1.7b).

Highlights from management commentary

- **Demand trends:** Bookings are almost back at pre-COVID-19 levels, and inquiries are higher than pre-COVID-19 levels. Bookings have sustained at pre-COVID-19 levels for the last six to eight weeks, convincing the management that this is not just pent-up demand. Bigger cities are below average and smaller cities above average.
- **Bookings and inventory:** It has an order backlog of 40–45k units, and it is seeing no material cancellations. Inventory is just 10k (dealer + co.); ideally, it should be at least three weeks (v/s one week currently).
- **Status of operations:** Supply chain constraints continue to affect production. It expects production to return to normal levels by end-Aug or Sep'20 (assuming there is no further impact due to COVID-19).
- It added 38 studio stores in 1Q (to 638 studio stores and 1,559 total outlets) and plans to add 600 more studio stores over the remainder of FY21.
- New product launches are expected over Aug–Sep'20. Future product launches are on track, and timelines for these have not changed.
- **VECV** acquired Volvo Bus India for INR1.05b, completing its product portfolio on Buses.

Valuation and view

- We believe new products would help expand the addressable markets and drive the next phase of growth for RE. Volume recovery, led by new product launches, would drive margin recovery in FY22.
- The stock trades at ~42.5x/26.4x FY21E/FY22E consol. EPS. Maintain Buy, with TP of ~INR24,750 (Sep'22 SOTP-based).

Quarterly performance (Consolidated)

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E	FY21E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE			1QE
Net Operating income	23,819	21,925	23,710	22,082	8,182	20,810	28,635	28,664	91,536	86,291	7,882
Growth (%)	-6.5	-9.0	1.3	-11.7	-65.7	-5.1	20.8	29.8	-6.6	-5.7	-66.9
EBITDA	6,144	5,414	5,923	4,322	38	4,189	7,216	7,334	21,804	18,777	-86
EBITDA Margins (%)	25.8	24.7	25.0	19.6	0.5	20.1	25.2	25.6	23.8	21.8	-1.1
PAT	4,309	5,644	4,821	3,183	102	3,176	5,424	5,721	17,957	14,424	-173
Share of JV Loss/(PAT)/ Min. Int.	-209	-83	-166	140	654	337	97	-592	-317.1	497	926
Recurring PAT	4,517	5,727	4,987	3,043	-552	2,839	5,327	6,313	18,274	13,927	-1,099
Growth (%)	-21.6	1.1	-6.4	-44.2	-112.2	-50.4	6.8	107.5	-17.7	-23.8	-124.3

Standalone (Royal Enfield)

Y/E March	FY20				FY21E				FY20	FY21E	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			1Q
Net operating income	23,526	21,819	23,635	21,795	7,692	20,810	28,635	29,153	90,775	86,291	7,882
Growth (%)	-7.6	-9.2	0.8	-12.8	-67.3	-4.6	21.2	33.8	-7.3	-4.9	-66.5
EBITDA	6,093	5,460	5,952	4,533	12	4,304	7,331	7,590	22,038	19,237	29
EBITDA Margins (%)	25.9	25.0	25.2	20.8	0.2	20.7	25.6	26.0	24.3	22.3	0.4
Depreciation	868	890	942	1,079	971	1,080	1,150	1,165	3,779	4,366	1,080
Other income	1,884	1,450	1,358	1,462	1,153	1,100	1,080	1,392	6,153	4,725	1,000
Interest cost	29	27	27	25	30	25	25	20	109	100	25
PBT before EO item	7,079	5,993	6,341	4,891	163	4,299	7,236	7,797	24,303	19,496	-76
Tax	2,097	288	1,452	1,429	40	1,008	1,697	1,826	5,265	4,572	-18
Effective tax rate (%)	29.6	4.8	22.9	29.2	24.7	23.5	23.5	23.4	21.7	23.5	23.4
Recurring PAT	4,982	5,705	4,889	3,462	123	3,291	5,539	5,970	19,038	14,924	-58
Growth (%)	-15.7	15.8	-2.5	-27.9	-97.5	-42.3	13.3	72.5	-7.8	-21.6	-101.2

VECV: Quarterly Performance

Net Op. Income	22,550	20,040	21,640	21,010	6,410	14,710	21,753	33,822	85,244	76,694	4,077
Growth (%)	-13.6	-32.4	-23.2	-34.5	-71.6	-26.6	0.5	61.0	-26.5	-10.0	-81.9
EBITDA	1,250	1,050	1,330	378	-720	15	637	2,335	4,013	2,267	-1,515
Recurring PAT	380	150	450	-401	-1,200	-620	-179	1,087	583	-913	-1,703
Growth (%)	-67.8	-89.4	-40.8	-128.8	-416.3	-513.4	-139.8	-370.8	-87.7	-256.6	-548.7

E: MOFSL Estimates

CPI inflation in Jul'20 much higher than expected

Broad-based higher headline inflation a cause for concern

- Headline inflation came in at 6.9% YoY in Jul'20 (v/s 6.2% YoY in Jun'20), much higher than our expectation of 5.9% YoY and market consensus of 6.3% YoY, driven largely by higher 'vegetable' inflation. Core inflation also remained at an unexpectedly elevated level.
- Food inflation (excluding non-alcoholic beverages and prepared meals) in Jul'20 stood at a three-month high of 9.6% YoY v/s 8.7% YoY in Jun'20, driven by higher 'vegetable' inflation. After declining to 4% YoY in Jun'20 from 23.6% YoY in Apr'20, 'vegetable' inflation came in at 11.3% YoY in Jul'20. What was more worrying is CPI excluding vegetables reached a 71-month high of 6.6% YoY in Jul'20 v/s 6.4% YoY in Jun'20.
- Alarmingly, core inflation (inflation in 'Housing, 'Clothing and Footwear', and 'Miscellaneous Items' combined) came in at a 19-month high of 5.5% YoY in Jul'20, against 5% in Jun'20, driven largely by 'transport and communication' within 'Miscellaneous' items. Inflation in 'Housing' moderated to 3.3% in Jul'20 from 3.5% in Jun'20; in 'Clothing and Footwear', it rose to 2.9% YoY in Jul'20 v/s 2.7% in Jun'20.
- Overall, retail inflation has surprised on the upside for four successive months and its stickiness in the range of 6–7% may not be taken lightly by the Reserve Bank of India anymore. Notwithstanding the irrelevance of rate cuts in the current scenario, likely 18–19% decline in real GDP and a probable contraction in Jul'20 as well (along with surprisingly higher headline inflation, which is broad-based) would make the RBI's decision on interest rates extremely challenging. Therefore, the RBI would remain highly watchful of the inflation trajectory going ahead. We expect CPI inflation to remain elevated at >6% in Aug'20 as well. Finally, we believe today's inflation number would hamper the RBI's ability to manage bond prices in a broad-based, rapidly rising inflation environment.

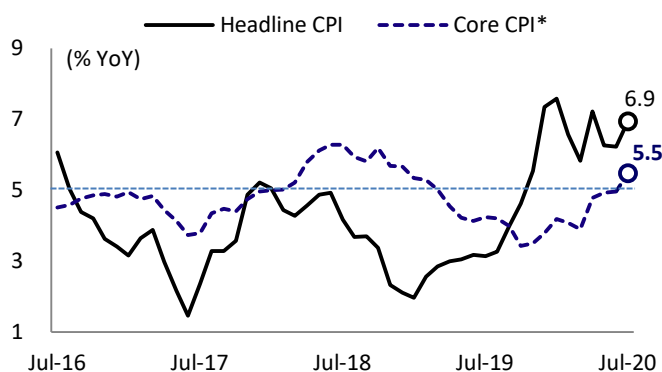
I. Retail inflation higher than expected

- **CPI inflation more than 6% for fourth consecutive month...:** Much higher than our expectation of 5.9% YoY and market consensus of 6.3% YoY, headline inflation came in at 6.9% YoY in Jul'20 (v/s 6.2% YoY in Jun'20 and 3.1% YoY in Jul'19) (*Exhibit 1*). This was primarily due to higher vegetable prices during the month; core inflation also remained at elevated levels. Retail inflation has remained above the RBI's headline inflation target range of 2–6% since Dec'19, except in Mar'20, when it had inched marginally lower to 5.8%.
- **...driven by higher 'vegetable' inflation...:** Food inflation (excluding non-alcoholic beverages and prepared meals) in Jul'20 stood at a three-month high of 9.6% YoY v/s 8.7% in Jun'20, driven entirely by higher 'vegetable' inflation. What was more worrying is CPI excluding vegetables reached at 71-month high of 6.6% YoY in Jul'20 v/s 6.4% in Jun'20 (*Exhibit 2*). All items within Food except 'oil and fats', 'vegetables', and 'sugar and confectionary' exhibited lower inflation during the month. Separately, 'non-alcoholic beverages' posted 46-month high inflation of 4.4% YoY, and inflation in 'prepared meals, snacks, sweets, etc.' came in higher at 4% YoY v/s 3.8% YoY a month ago.
- **...and 19-month-high core inflation:** Alarmingly, core inflation (inflation in 'Housing, 'Clothing and Footwear', and 'Miscellaneous Items' combined) came in at a 19-month high of 5.5% YoY in Jul'20, v/s 5% in Jun'20, driven largely by 'transport and communication' within 'Miscellaneous' items. Inflation in

‘Housing’ moderated to 3.3% in Jul’20 from 3.5% in Jun’20; in ‘Clothing and Footwear’, it rose to 2.9% YoY in Jul’20 from 2.7% in Jun’20 (*Exhibit 3*).

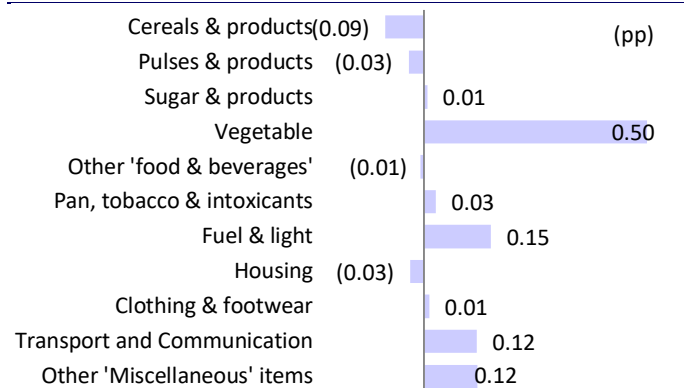
- **Broad-based higher CPI inflation a cause for concern:** Retail inflation has surprised on the upside for four successive months and its stickiness in the range of 6–7% since Dec’19 may not be taken lightly by the RBI anymore. We believe that a likely 18–19% decline in real GDP, with a probable contraction in Jul’20 too (along with an unexpectedly higher headline number, which is rather broad-based), would make the RBI’s decision on interest rates extremely challenging. We expect CPI inflation to remain elevated at >6% in Aug’20 as well. Additionally, although rate cuts are irrelevant in the current scenario, the RBI would remain highly watchful of its trajectory going ahead. Overall, we believe today’s number would hamper the RBI’s ability to manage bond prices in a broad-based, rapidly rising inflation environment.

CPI inflation in Jul’20 surprised on the upside...



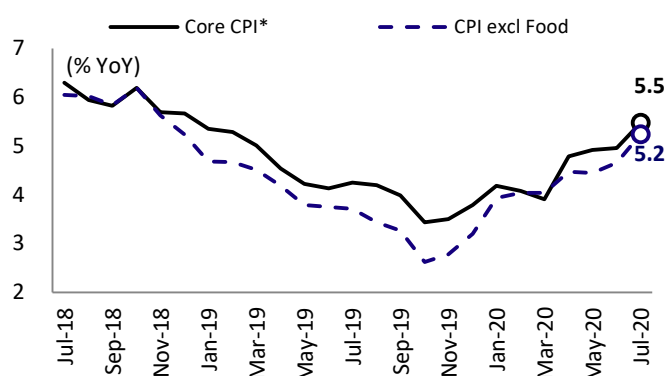
* ‘Housing’, ‘Clothing and Footwear’ and ‘Miscellaneous items’

...due to higher vegetable inflation



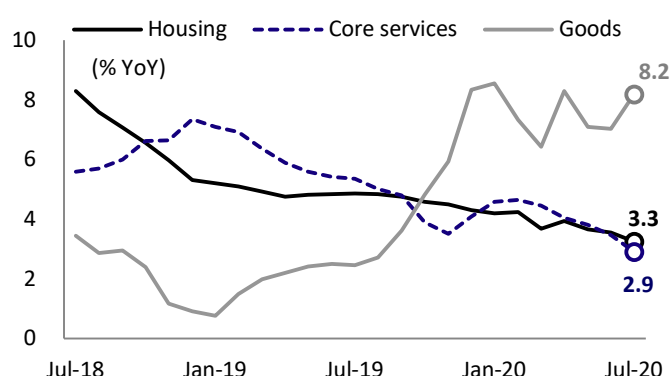
Source: Central Statistics Office (CSO), MOFSL

Core inflation was at a 19-month high in Jul’20...



* ‘Housing’, ‘Clothing and Footwear’ and ‘Miscellaneous items’

...while core services inched lower last month



Source: Central Statistics Office (CSO), MOFSL



Aurobindo Pharma

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR881 TP: INR1,055 (+20%) Buy

US/ARV business drives earnings

Wait continues for virtual inspections at Units 1, 9, and 11

- Despite lower injectable sales, ARBP delivered a better-than-estimated performance for the quarter. This was largely led by: a) higher oral solids sales in the US, b) the addition of new products in ARV, and c) a better gross margin.
- We raise our EPS estimate for ARBP for FY21/FY22 by 13.4%/13.2%, factoring a robust launch pipeline for the US market and improving profitability in the EU business. We further raise the PE multiple to 16x (in line with five-year average), from 14x earlier, after considering: (a) the enhanced effort to build a complex portfolio comprising biosimilars/inhalers for the developed markets, (b) minimal price erosion in the base portfolio, and (c) reduced financial leverage. Accordingly, we revise our TP to INR1,055 (from INR940 earlier). Reiterate Buy.

Superior product mix drives EBITDA margin

- ARBP's 1QFY21 sales were up 9% YoY to INR59.2b (v/s est. of INR57.8b). This was largely led by 16% YoY growth in US Formulations to INR31.1b (52% of sales; 6.5% YoY growth in CC terms to USD412m).
- ARV (7% of sales) grew 34% YoY to INR4.3b. API (13% of sales) inched up 6.5% to INR7.8b.
- Growth in US/API was partially offset by revenue decline of: (a) 5% YoY in Europe (22% of sales) to INR13.2b and (b) 8% YoY in Growth Markets (5% of sales) to INR2.9b.
- The gross margin was up 160bp YoY to 59.4% on a superior product mix.
- ARBP had an INR600m one-time provision related to an R&D asset. Adjusting for the same, the EBITDA margin expanded at a lower rate of 110bp to 22.2% (v/s est. of 20.5%). This was largely ascribed to higher employee cost (+70bp as % of sales).
- EBITDA was up 15% YoY to INR13.2b (v/s est. of INR11.8b).
- ARBP had forex gains of INR220m for the quarter. Adjusting for one-time provision and forex gains, PAT grew 26% to INR8.1b (v/s est. of INR7b).

Highlights from management commentary

- ARBP intends to launch 50 ANDAs, driving YoY growth in the US market in FY21.
- ARBP would file one biosimilar in the EU market in FY21. It intends to file two biosimilars annually over the next two to three years in both the US and EU markets FY22 onward. ARBP filed one inhaler in 1QFY21, and work is in progress for a few more inhaler products.
- ARBP has completed the CAPAs at Units 1, 9, and 11/Aurolife and awaits feedback from the USFDA on desktop reviews. ARBP would complete the CAPA at Unit 7 soon and await further action from the USFDA.
- The EU business margin is in the low double digits currently. ARBP expects this to improve with the easing of the lockdown.

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Bloomberg	ARBP IN
Equity Shares (m)	586
M.Cap.(INRb)/(USD\$b)	547.3 / 7.3
52-Week Range (INR)	968 / 281
1, 6, 12 Rel. Per (%)	9/79/54
12M Avg Val (INR M)	3133

Financials & Valuations (INR b)

Y/E MARCH	2020	2021E	2022E
Sales	231.0	255.3	275.1
EBITDA	48.6	56.7	61.9
Adj. PAT	28.8	34.7	37.9
EBIT Margin (%)	16.9	18.1	18.4
Cons. Adj. EPS (INR)	49.2	59.3	64.7
EPS Gr. (%)	13.9	20.6	9.1
BV/Sh. (INR)	286.9	343.2	404.4

Ratios

Net D:E	0.2	0.0	0.0
RoE (%)	18.8	18.8	17.3
RoCE (%)	14.1	14.7	14.1
Payout (%)	5.2	4.3	5.4

Valuations

P/E (x)	18.0	14.9	13.7
EV/EBITDA (x)	8.3	6.9	6.3
Div. Yield (%)	0.3	0.3	0.4
FCF Yield (%)	7.8	3.8	2.3
EV/Sales (x)	1.8	1.5	1.4

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	52.0	52.0	51.9
DII	12.6	12.6	13.3
FII	22.6	22.3	22.0
Others	12.8	13.2	12.9

FII Includes depository receipts

Valuation and view

- We raise our EPS estimate for ARBP for FY21/FY22 by 13.4%/13.2%, and expect a 15% earnings CAGR over FY20–22, led by new launches / increased market share in key markets (US/EU) and lower financial leverage. We value ARBP at 16x 12M forward earnings and arrive at target price of INR1,055. We remain positive on ARBP's a) capability to build a niche portfolio in the Injectables/Biosimilars/Inhaler space, b) established presence across the manufacturing value chain in the US market, and c) improving trajectory of profitability in the EU market. Maintain Buy.

Quarterly performance (Consolidated)

Y/E March	(INR m)											
	FY20				FY21E				FY20	FY21E	FY21E	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	vs Est
Net Sales	54,446	56,005	58,950	61,584	59,248	62,359	64,328	69,404	230,985	255,339	57,773	2.6%
YoY Change (%)	28.1	17.9	11.9	16.4	8.8	11.3	9.1	12.7	18.1	10.5	6.1	
EBITDA	11,464	11,675	12,080	13,424	13,174	13,532	14,217	15,763	48,643	56,685	11,844	11.2%
YoY Change (%)	47.1	13.8	11.2	18.8	14.9	15.9	17.7	17.4	20.9	16.5	3.3	
Depreciation	2,409	2,433	2,501	2,324	2,555	2,570	2,610	2,627	9,667	10,362	2,490	
EBIT	9,055	9,241	9,579	11,100	10,618	10,962	11,607	13,136	38,976	46,323	9,354	
YoY Change (%)	45.0	7.2	3.8	17.6	17.3	18.6	21.2	18.3	16.2	18.9	3	
Interest	499	409	371	318	211	230	280	335	1,598	1,056	340	
Other Income	110	206	220	326	934	160	150	156	862	1,400	200	
PBT before EO expense	8,666	9,038	9,428	11,108	11,341	10,892	11,477	12,957	38,240	46,667	9,214	23.1%
Forex loss/(gain)	-48	272	-89	262	378	0	0	0	397	378	0	
Excep. (expenses)/income	(127)	-128	-129	123	0	0	0	0	(261)	0	0	
PBT	8,587	8,638	9,388	10,969	10,964	10,892	11,477	12,957	37,582	46,289	9,214	19.0%
Tax	2,278	2,244	2,329	2,285	3,037	2,886	2,984	3,128	9,135	12,035	2,165	
Rate (%)	26.5	26.0	24.8	20.8	27.7	26.5	26.0	24.1	24.3	26.0	23.5	
Minority Interest	-47	-1	6	185	120	40	60	-420	143	-200	0	
Reported PAT	6,357	6,395	7,053	8,499	7,807	7,966	8,433	10,249	28,304	34,454	7,048	10.8%
Adj PAT	6,415	6,691	7,083	8,609	8,080	7,966	8,433	10,249	28,798	34,733	7,048	14.6%
YoY Change (%)	25.9	0.9	2.3	29.7	26.0	19.0	19.1	19.0	13.9	20.6	9.9	
Margins (%)	11.8	11.9	12.0	14.0	13.6	12.8	13.1	14.8	12.5	13.6	12.2	

Key performance indicators (Consol.)

Y/E March	FY20E				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Formulations	47,119	47,939	51,050	54,012	51,444	55,026	57,062	59,895	200,119	223,428
YoY Change (%)	34.6	21.8	17.4	23.5	9.2	14.8	11.8	10.9	23.9	11.6
ARV form.	3,185	2,379	3,134	3,818	4,255	3,806	3,761	3,446	12,515	15,268
YoY Change (%)	104.7	-2.5	11.4	31.0	33.6	60.0	20.0	-9.7	28.7	22.0
US generic form.	26,884	28,355	29,694	29,903	31,071	32,466	33,257	34,191	114,835	130,986
YoY Change (%)	42.3	27.3	22.0	20.5	15.6	14.5	12.0	14.3	27.2	14.1
EU and ROW form.	17,050	17,205	18,222	20,291	16,118	18,753	20,044	22,258	72,769	77,174
YoY Change (%)	17.1	17.5	11.6	26.7	-5.5	9.0	10.0	9.7	18.2	6.1
APIs	7,322	8,058	7,898	7,556	7,802	7,333	7,266	6,875	30,834	31,912
YoY Change (%)	-2.1	-1.3	-14.3	-17.6	6.6	-9.0	-8.0	-9.0	-9.4	3.5
Cost Break-up										
RM Cost (% of Sales)	42.2	42.3	43.5	40.6	40.6	41.0	40.8	41.5	42.1	41.0
Staff Cost (% of Sales)	14.3	13.9	13.5	14.0	15.0	14.3	14.0	13.3	13.9	14.1
R&D Expenses(% of Sales)	4.5	4.0	4.3	3.9	4.3	4.8	4.8	4.5	4.1	4.6
Other Cost (% of Sales)	17.9	19.0	18.2	19.6	17.8	18.2	18.3	18.0	18.5	18.1
Gross Margins(%)	57.8	57.7	56.5	59.4	59.4	59.0	59.2	58.5	57.9	59.0
EBITDA Margins(%)	21.1	20.8	20.5	21.8	22.2	21.7	22.1	22.7	21.1	22.2
EBIT Margins(%)	16.6	16.5	16.2	18.0	17.9	17.6	18.0	18.9	16.9	18.1



Estimate change	↓
TP change	↔
Rating change	↔

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Bloomberg	GAIL IN
Equity Shares (m)	4,510
M.Cap.(INRb)/(USDb)	439.7 / 5.9
52-Week Range (INR)	148 / 66
1, 6, 12 Rel. Per (%)	-8/-18/-26
12M Avg Val (INR M)	1547

Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E
Sales	718.8	593.9	735.1
EBITDA	83.7	80.2	103.5
Adj. PAT	74.2	53.3	69.2
Adj. EPS (INR)	16.5	11.8	15.3
EPS Gr. (%)	17.3	-28.1	29.8
BV/Sh.(INR)	105.9	113.5	123.5

Ratios

Net D:E	0.1	0.1	0.1
RoE (%)	15.0	11.7	13.9
RoCE (%)	12.7	9.8	11.6
Payout (%)	52.5	35.0	35.0

Valuations

P/E (x)	5.9	8.2	6.3
P/BV (x)	0.9	0.9	0.8
EV/EBITDA (x)	4.7	5.2	4.8
Div. Yield (%)	6.6	3.5	4.6
FCF Yield (%)	4.5	-1.1	1.5

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	51.8	51.8	52.2
DII	27.2	26.5	22.8
FII	16.2	16.8	21.1
Others	4.9	5.0	3.9

FII Includes depository receipts

CMP: INR98 TP: INR150 (+54%) Buy

Pain in gas trading hurts profitability; Should abate in FY22E

- GAIL reported lower-than-estimated EBITDA, led by poor performance in gas trading, petchem and LPG HC. With revival in crude oil prices, we believe these segments would remain lucrative for the company in the coming quarter.
- Currently, GAIL is operating at ~95% of FY20 (trading and transmission) volumes and the company expects it to normalize to pre-COVID levels in another two months. Currently, volumes stand at 109.5mmscmd/87.2mmscmd for transmission/trading. Also, demand from fertilizer/power is stabilizing again.
- However, some delay is expected in the start-up of plants (Matix Fertilizer, Ramagundum Fertilizer and Mangalore Fertilizer), owing to COVID led reasons.
- Currently, ~10mmscmd of gas is sold outside India (of the total contracted volumes of 46-47mmscmd). From Jun'21, the entire volume would be sold in India with commissioning of the 4 fertilizer plants (on JHDBPL) and should touch full capacity of 16mmscmd as refineries are connected (in 2021 with Phase-II). This together would eventually de-risk the US HH contracts and make them profitable in India.
- Along with de-risking of US HH contracts, the company has strong tailwinds like boost in transmission volumes from increased domestic gas production, upcoming LNG terminals and NGT's increasing impetus on curbing air pollution.
- We continue to believe that the above guidance would aid GAIL clock strong performance. Maintain Buy rating with TP of INR150/share.
- Also, trading at ~50% discount to long-term 1-year forward P/E of 13.2x, GAIL offers an excellent investment opportunity.

Huge miss on EBITDA primarily due to trading losses

- GAIL reported EBITDA miss of 67% at INR6.2b (-72% YoY), primarily due to poor performance in the gas trading segment
- Reported PAT stood at INR2.6b (-84% YoY).

Segmental highlights

Gas transmission: EBITDA was down 11% YoY to INR9.5b with transmission volumes at 90.2mmscmd (-14% YoY and -17% QoQ), implying utilization at ~45% (v/s ~53% in 4QFY20). Gas transmission EBIT was down 17% YoY to INR7.2b.

- Work on the Kochi-Mangalore pipeline is on in full swing and should be completed shortly. Other pipelines in East-India should get completed by FY22-23E.

Gas trading: EBIT reported record loss of INR5.5b (v/s gain of INR8.5b in 1QFY20). Inventory loss on trading was ~INR2.5b in 1QFY21. Gas trading volumes stood at 81.6mmscmd (-15% YoY and -17% QoQ).

- In 1QFY21, domestic gas sales fell by 4.4mmscmd and US LNG sales were impacted by ~5mmscmd (v/s in 4QFY20). CGD sector consumption fell to ~6mmscmd in 1QFY21 (v/s average consumption of 14-15mmscmd).
- Also, the company had to offer various discounts to customers owing to subdued prices in the spot market. GAIL received 20 LNG cargoes in 1QFY21 (v/s 23 in the last quarter).
- Around 90% of the cargoes for CY21 have been hedged/ sold.

Petchem: EBITDA was down 63% YoY, implying a loss of INR0.4b (v/s gain of INR1.9b in 4QFY20), with sales volumes at 183tmt (+35% YoY and +5% QoQ). Production for the quarter stood at ~134tmt, implying utilization of ~66% (v/s ~103% in 4QFY20). Petchem EBIT loss came in at INR1.5b (v/s gain of INR0.7b in 4QFY20).

- Non availability of transportation due to the lockdown led to inventory build-up, and hence, the company had to reduce utilization at PATA-I/II plants. However, the plants restarted from 18th Apr'20 and full utilization was achieved in May'20, although total production loss came in at ~65tmt. The Petchem plant is now operating at full capacity.
- Realization was also 18% lower YoY to INR67/kg (-5% QoQ). This was led by continued pressure on Petchem margins owing to the global supply glut and lack of demand led by COVID-19 and the economic slowdown.

LPG transmission: EBITDA was up 26% YoY to INR1b (-13% QoQ), with volumes at 963tmt (+16% YoY and -7% QoQ), implying 97% utilization (v/s 109% in 4QFY20).

Liquid Hydrocarbon business: EBITDA was down 46% YoY to INR2.9b, with volumes at 269tmt (-10% YoY and -11% QoQ), implying utilization of ~76% (v/s 85% in the last quarter).

- Propane, ethane and naphtha products were impacted, while domestic LPG sales were strong during the quarter.
- Average realizations declined ~INR10,400/mt, which impacted profitability.

Capex highlights: Capex guidance for FY21 stands at INR45-50b (spent INR4b in 1QFY21) and for FY22E, at INR80-90b. Urja-Ganga pipeline work is on track and capex spent till date is ~INR98b (of the total INR136b). The company has received capital grant of INR36b out of total INR51b.

Valuation and view

- With ever-increasing gas demand in the country, transmission pipelines would play a critical role in connecting both imported and domestically produced gas with consumers. This should encourage development of new pipeline infrastructure in the country.
- We had highlighted in [our earlier note](#) how concerns pertaining to US LNG would subside with operations restarting at new fertilizer plants. Also, most potential users in the KG Basin are power plants, which may be unable to procure the high-cost KG Basin gas. Thus, even 70% routing of the KG Basin gas to the West coast could boost GAIL's transmission volumes by 29%.
- In line with the huge miss during 1QFY21, we have revised down our FY21 EPS by 8%, keeping FY22E unchanged. We believe pain in the gas trading business for GAIL should abate in FY22E (as all the cargoes are sold in India). We maintain a **Buy** with TP of INR150/share.
- Also, the stock is trading at 6.3x FY22E EPS of INR15.3 and 4.8x FY22E EV/EBITDA, offering an excellent investment opportunity.

Quarterly Performance

(INR Million)

Y/E March	FY20				FY21				FY20	FY21E	FY21	Var. 1QE vs est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	1,83,115	1,80,411	1,77,688	1,77,550	1,20,875	1,45,290	1,54,611	1,73,113	7,18,764	5,93,889	1,32,150	-9%
Change (%)	5.9	-6.4	-10.2	-5.4	-34.0	-19.5	-13.0	-2.5	-4.3	-17.4	-27.8	
EBITDA	22,590	15,627	20,724	24,754	6,226	21,576	25,154	27,218	83,694	80,174	18,987	-67%
% of Net Sales	12.3	8.7	11.7	13.9	5.2	14.9	16.3	15.7	11.6	13.5	14.4	
Depreciation	4,057	4,398	4,890	5,016	4,583	4,583	4,583	4,957	18,360	18,706	4,655	-2%
Interest	239	275	242	329	495	392	344	315	1,085	1,546	308	61%
Other Income	1,512	4,401	3,124	5,132	2,413	2,580	2,580	3,761	14,168	11,335	2,580	-6%
Extraordinary item*	0	0	0	1,016	0	0	0	0	1,016	0	0	
PBT	19,805	15,355	18,716	25,557	3,562	19,181	22,807	25,707	79,434	71,257	16,604	-79%
Tax	6,930	4,713	6,210	-4,625	1,007	4,828	5,740	6,360	13,227	17,935	883	
Rate (%)	35.0	30.7	33.2	-18.1	28.3	25.2	25.2	24.7	16.7	25.2	5.3	
PAT	12,875	10,643	12,507	30,182	2,555	14,353	17,066	19,347	66,206	53,321	15,721	-84%
Change (%)	2.2	-45.8	-25.6	168.9	-80.2	34.9	36.5	-35.9	9.9	-19.5	22.1	
Extraord.: Tax Prov. Write Back	0	0	173	-9,176	0	0	0	0	-9,003	0	0	
Adj PAT	12,875	10,643	12,334	38,341	2,555	14,353	17,066	19,347	74,193	53,321	15,721	-84%
Change (%)	2.2	-45.8	-25.2	163.6	-80.2	34.9	38.4	-49.5	17.3	-28.1	22.1	
Key Assumptions												
Gas Trans. volume (mmsmd)	105	109	110	109	90	107	111	114	108	106	95	-5%
Petchem sales ('000MT)	136	217	211	174	183	190	192	195	738	760	104	75%

E: MOFSL Estimates



Estimate change	↓
TP change	↑
Rating change	↔

CMP: INR632 TP: INR670 (+6%) Neutral

Broad-based disappointment, cut earnings by 35% in FY21

VSF and Chemicals businesses in a downcycle

- Grasim reported a very weak 1QFY21 result due to the double whammy of a weak business cycle and the impact of COVID-19. While volumes have largely recovered this quarter, the margin is expected to remain weak.
- We cut our FY21/FY22 standalone EPS estimate by 35%/6%, factoring the loss reported in the quarter. Although the Holdco discount at 57% is at the higher end of the last 10-year range of 28–63%, we maintain our **Neutral** rating given a weak margin outlook.

Lower volumes lead to reported EBITDA loss

- Grasim’s standalone operations were impacted by COVID-19-induced lockdown, which dried up domestic demand, particularly for VSF and Chemicals.
- Standalone revenue declined 61% YoY to INR19.4b (our est.: INR20.8b) due to the impact of COVID-19 on demand. Revenue fell by 78% YoY to INR5.6b in VSF and ~53% YoY to INR7.0b in Chemicals.
- Reported EBITDA loss stood at INR1.45b v/s profit of INR8.43b in 1QFY20.
- The VSF segment reported EBITDA loss of INR1.13b, whereas Chemicals reported EBITDA of INR410m. The Fertilizer business reported EBITDA of INR720m, up ~40% YoY owing to fixed cost reduction, one-time gains related to freight arrears (INR120m), and better PURAK sales (up 10% QoQ).
- Reported EBITDA loss includes one-time COVID-19-related CSR expenditure of INR400m. Adj. for this, EBITDA loss would have stood at INR1.1b.
- Reported loss was INR2.7b v/s adj. PAT of INR4.4b in 1QFY20. The company reported an exceptional item of INR577m related to additional provisions for stamp duty toward the merger of Aditya Birla Nuvo with the company. Adj. for this, loss stood at INR2.1b.

Capacity utilization normalizes

- Fixed cost reduced by INR2.56b, down ~35% from the usual quarterly run-rate. Of this, cost reduction of INR1.86b and INR0.4b came from Viscose and Chemicals, respectively.
- The fertilizer plant continued to operate normally even during lockdown.
- Capacity utilization in VSF / Chemicals (Caustic Soda) improved to 79%/78% in July (v/s 73%/72% in March), implying a good outlook for volumes.
- VSF demand is guided to reach 90–95% of normal levels by 4QFY21.
- Standalone net debt increased by INR1.6b QoQ to INR31.4b.
- The company has taken the board’s approval for capex spend of INR16.1b for FY21. This includes spend of INR8.64b on the VSF business (largely for capacity expansion) and INR3.17b on the Chemicals business. However, chemical capacity expansion remains on hold. Capex was INR1.31b in 1QFY21.

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Bloomberg	GRASIM IN
Equity Shares (m)	657
M.Cap.(INRb)/(USD\$)	415.7 / 5.5
52-Week Range (INR)	837 / 380
1, 6, 12 Rel. Per (%)	-1/-8/-15
12M Avg Val (INR M)	1638

Financial Snapshot (INR b)

Y/E MARCH	2020	2021E	2022E
Sales	186.1	139.9	186.4
EBITDA	23.1	9.6	21.5
Adj. PAT	12.6	2.6	9.1
EBITDA Margin (%)	12.4	6.9	11.5
S/A Adj. EPS (INR)	19.2	4.0	13.9
S/A EPS Gr. (%)	-56.2	-79.1	246.8
Consol EPS (INR)	67.3	39.4	66.8
BV/Sh. (INR)	572.9	572.9	582.8

Ratios

Net D:E	0.1	0.1	0.1
RoE (%)	3.4	0.7	2.4
RoCE (%)	4.7	1.3	3.7

Valuations

P/E (x)	32.9	157.6	45.5
P/BV (x)	1.1	1.1	1.1
Div. Yield (%)	0.0	0.6	0.6
FCF Yield (%)	2.0	-0.3	-1.9

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	40.3	40.3	40.2
DII	21.4	22.9	21.1
FII	12.9	13.7	18.5
Others	25.5	23.2	20.3

FII Includes depository receipts

Valuation and view

- We expect RoE to remain weak (~2% in FY22E) due to: (a) margin pressure in both VSF and Chemicals and (b) higher depreciation and interest cost on account of capacity additions. EPS is expected to decline by 28% over FY20–22E.
- Given GRASIM’s conglomerate business structure, we value it on an SOTP basis. Our target price values: (a) the standalone business (fiber, chemicals, etc.) at 6x FY22E EV/EBITDA, (b) UltraTech at a 60% holding company discount to target price, and (c) other listed investments (AB Capital, Vodafone Idea, Hindalco, and Aditya Birla Fashion) at a 60% holding company discount to market price. Thus, we arrive at a fair value of INR670. Maintain **Neutral**.

Quarterly Performance (S/A)

Y/E March	FY20				FY21				FY20	FY21E	FY21	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	50,006	47,974	44,989	43,125	19,436	35,271	39,593	45,619	186,094	139,919	20,832	-7
YoY Change (%)	4.4	-6.3	-15.0	-19.4	-61.1	-26.5	-12.0	5.8	-9.4	-24.8	-58.3	
EBITDA	8,437	6,593	4,134	3,941	-1,450	2,707	3,739	4,635	23,106	9,632	522	-378
Margins (%)	16.9	13.7	9.2	9.1	-7.5	7.7	9.4	10.2	12.4	6.9	2.5	
Depreciation	2,032	2,085	2,123	2,227	2,126	2,200	2,300	2,360	8,468	8,986	2,300	
Interest	780	861	673	724	784	800	830	837	3,039	3,251	850	
Other Income	847	2,862	813	733	987	2,650	650	696	5,254	4,983	700	
PBT before EO Items	6,471	6,510	2,150	1,723	-3,374	2,357	1,259	2,135	16,854	2,378	-1,928	75
Extraordinary Inc/(Exp)	-2,902	0	-102	63	-577	0	0	0	-2,941	0	0	
PBT after EO Items	3,570	6,510	2,048	1,786	-3,951	2,357	1,259	2,135	13,913	2,378	-1,928	105
Tax	1,553	1,245	202	-1,785	-1,260	236	252	514	1,214	-259	-289	
Rate (%)	43.5	19.1	9.8	-100.0	31.9	10.0	20.0	24.1	8.7	-10.9	15.0	
Reported PAT	2,017	5,265	1,847	3,571	-2,691	2,122	1,007	1,621	12,700	2,637	-1,639	64
Adj. PAT	4,395	5,265	1,887	1,079	-2,114	2,122	1,007	1,621	12,625	2,637	-1,639	29
Margins (%)	8.8	11.0	4.2	2.5	-10.9	6.0	2.5	3.6	6.8	1.9	-7.9	
YoY Change (%)	-31.6	-52.0	-69.0	-79.9	-148.1	-59.7	-46.6	50.3	-56.2	-79.1	-137.3	

E: MOFSL Estimates



Trent

Estimate change	↓
TP change	↔
Rating change	↔

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Bloomberg	TRENT IN
Equity Shares (m)	332
M.Cap.(INRb)/(USD\$)	204.5 / 2.6
52-Week Range (INR)	804 / 368
1, 6, 12 Rel. Per (%)	-11/-14/25
12M Avg Val (INR M)	232

Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	34.9	26.5	41.5
EBITDA	5.4	2.1	6.8
Adj. PAT	1.1	-1.1	2.3
EBITDA Margin (%)	15.6	8.1	16.4
Adj. EPS (INR)	3.0	-3.2	6.4
EPS Gr. (%)	2.1	NM	NM
BV/Sh. (INR)	71.9	68.4	75.3

Ratios

Net D:E	0.7	0.7	0.7
RoE (%)	5.3	-4.9	9.6
RoCE (%)	8.9	1.4	8.4
Payout (%)	33.5	0.0	0.0

Valuations

P/E (x)	193.5	NM	89.5
EV/EBITDA (x)	42.2	107.5	33.6
EV/Sales (X)	6.6	8.7	5.5
Div. Yield (%)	0.2	0.0	0.0
FCF Yield (%)	1.1	0.1	1.0

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	37.0	37.0	32.6
DII	15.9	15.6	17.1
FII	20.9	21.2	22.1
Others	26.2	26.2	28.1

FII Includes depository receipts

CMP: INR575 TP: INR600 (+4%) Neutral

Revenue hit by store closures; gradual unlock, cost efficiencies coming to the fore

- TRENT's reported 1QFY21 revenue was 87 % lower YoY; however, it saw about 60% opex reduction, which cushioned EBITDA loss to INR1.2b (est. loss of INR799m) v/s 1QFY20 EBITDA of INR1.6b. 90% of the stores are now operational, with strong 50% YoY growth in online channel sales and strong EOSS response in the last few weeks.
- We cut our standalone FY21E/FY22E revenue estimates by 17%/12% and EBITDA estimates by 32%/10% as extended lockdowns could impact store operations. **Maintain Neutral.**

EBITDA loss cushioned by lower SG&A expenses

- Trent's standalone revenues fell by 87% YoY to INR963m (v/s est. fall of 81%) as store operations were harshly impacted during the lockdown period.
- The company has provided for INR400m of inventory provisions, which pulled the gross margin to 13.3% v/s 53% YoY. This could be reversed depending on customer traction in the coming weeks.
- Rentals negotiations with landlords resulted in INR359m savings in rent, recognized in other income. This led to higher other income by 47% YoY to INR529m.
- SG&A expenses fell by 40% YoY, driven by cost measures, as stores remained closed during the quarter.
- Opex reduced 46%, but adjusting for rental savings (accounted in other income), it reduced by a strong 60%, similar to ABFRL and V-Mart. EBITDA loss came in at INR1.2b (v/s exp. loss of INR799m).
- Reported loss before taxes came in at INR1.8b, while pre-Ind AS 116 loss before taxes stood at INR1.99b. Net loss for the period came in at INR1.4b (v/s exp. loss of INR1.3b).

Gradual unlock in sight

- More than 90% of Westside/Zudio stores have been opened up as lockdown restrictions are starting to be lifted. Our channel checks indicate sales are at about 40–50% of last year's sales at the opened stores.
- Stores have seen strong customer traction during the EOSS period that commenced in August'20.
- Trent has opened six stores in FY21 (to date), 4/1/1 stores of Zudio/Westside/Landmark, taking the total store count to 84/166/14.
- Trent has been focusing on its online channels (via 'Tatacliq' and 'Mywestside') and has registered over 50% growth over the past year post the lockdowns.
- Trent raised INR9.5b on a preferential basis in FY20, of which INR8.3b were utilized toward objects of issue and the balance INR1.2b remains invested in mutual funds. Current net cash for FY22 is estimated at INR6b, while including the lease liability of INR22b, net debt stands at INR17b.

Valuation and view

- Unlike other discretionary categories, Apparel players have seen the prolonged impact of: a) store resumptions and b) recovery in LTL sales for opened stores, as footfall remains weak due to limited customer traffic and weak consumption demand. With lockdowns implemented once again in certain regions in July'20, recovery could take longer time. However, the silver lining is that 90% of stores have now re-opened with healthy customer traction during the recent EOSS.
- TRENT's advantageous liquidity and net cash position enable the management to eye aggressive store adds of 30/75 for Westside/Zudio, continuing with its intent to drive aggressive footprint addition. Furthermore, Zudio's recovery could be faster as it caters to the Value Retail segment in lower tier cities; subsequently, we have factored higher revenue/EBITDA growth v/s ABFRL.
- We estimate FY21 standalone revenue/EBITDA decline of 27%/55% before recovery would set in over FY22. We expect FY22 to see revenue/EBITDA growth of 64%/181% as growth revives and previous store add benefits accrue. Subsequently, we build a revenue/EBITDA CAGR of 9%/13% over FY20–22E.
- Trent's superior execution and healthy balance sheet do warrant premium valuations, but the current challenging environment could impact discretionary spend, leading to prolonged earnings recovery. TRENT currently trades at FY22E EV/EBITDA of 34x. Our SOTP-based TP of INR600 values standalone and Zara's EBITDA at 26x EV/EBITDA and Star at 1x EV/sales on FY22 (post-Ind-AS 116 basis); thus, implied FY22E EV/EBITDA stands at 34x, leaving limited upside for the stock. We remain Neutral.

Standalone - Quarterly Perf.

(INR m)

Y/E March	FY20				FY21E				FY20	FY21	FY21E	Est. Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue	7,672	8,180	8,697	7,228	963	4,476	8,698	9,020	31,777	23,158	1,465	-34
YoY Change (%)	29.9	32.8	32.5	8.1	-87.4	-45.3	0.0	24.8	132.9	54.4	-80.9	
Total Expenditure	6,033	6,852	6,962	6,298	2,155	4,439	6,752	7,277	26,145	20,623	2,265	-5
EBITDA	1,639	1,328	1,735	929	-1,191	37	1,946	1,743	5,632	2,535	-800	NM
EBITDA Margin (%)	21.4	16.2	20.0	12.9	-123.7	0.8	22.4	19.3	17.7	10.9	-54.6	
Depreciation	536	585	579	612	585	614	619	638	2,311	2,457	641	-9
Interest	597	598	593	595	574	586	586	586	2,383	2,333	623	-8
Other Income	359	433	382	344	529	344	344	344	1,518	1,560	329	61
PBT	865	578	946	67	-1,822	-820	1,084	862	2,455	-695	-1,735	NM
Tax	286	195	389	40	-428	-206	273	217	909	-144	-437	
Rate (%)	33.0	33.7	41.1	60.6	23.5	25.2	25.2	25.2	37.0	20.7	25.2	
Reported PAT	579	383	557	26	-1,395	-613	811	645	1,546	-552	-1,298	NM
Adj PAT	579	383	557	26	-1,395	-613	811	645	1,546	-552	-1,298	NM
YoY Change (%)	51.1	16.3	38.0	-83.9	-340.7	-260.2	45.6	2,349.2	160.3	-165.8	-324.0	

E: MOFSL Estimates



Ashok Leyland

Estimate change	↑
TP change	↑
Rating change	↔

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Bloomberg	AL IN
Equity Shares (m)	2,927
M.Cap.(INRb)/(USD\$)	179.2 / 2.1
52-Week Range (INR)	88 / 34
1, 6, 12 Rel. Per (%)	16/-18/-4
12M Avg Val (INR M)	2114

Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E
Sales	174.7	152.0	194.3
EBITDA	11.7	6.6	17.6
EBITDA (%)	6.7	4.4	9.0
Adj. PAT	3.4	-1.1	6.7
Adj. EPS (INR)	1.2	-0.4	2.3
EPS Gr. (%)	-83.1	-130.9	-733.5
BV/Sh. (INR)	24.7	24.4	25.5

Ratios

Net D:E (x)	0.2	0.3	0.4
RoE (%)	4.4	-1.5	9.2
ROCE (%)	4.2	0.7	7.6
Payout (%)	51.5	0.0	52.7

Valuations

P/E (x)	52.3	NM	26.8
P/BV (x)	2.5	2.5	2.4
EV/EBITDA (x)	16.8	30.6	11.4
Div. Yield (%)	0.8	0.0	1.6
FCF Yield (%)	-2.0	0.9	5.9

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	51.1	51.1	51.1
DII	14.0	14.9	11.0
FII	16.3	17.6	18.8
Others	18.6	16.3	19.1

FII Includes depository receipts

CMP: INR61 **TP: INR72 (+18%)** **Buy**

In-line results; Mix drives realizations and gross margin

Focus on cost cutting and conserving cash along with LCV/MBP launch

- Ashok Leyland's (AL) 1QFY21 performance was supported by non-vehicle revenue, leading to better mix. While M&HCV recovery is expected only in 2HFY21, expansion in LCVs should reduce the pain. Net debt has inched up but should reduce in 2HFY21.
- We expect gradual recovery from 2HFY21, and hence, have tweaked our estimates. Maintain **Buy** with TP of INR72 (~10x Sep'22E EV/EBITDA + INR8.5/share for HLFL).

Low volumes/operating deleverage/high interest cost deepens losses

- 1QFY21 revenue plunged ~88.5%; however, EBIDTA/Adj. loss stood at INR3.3b/INR3.9b.
- Volumes plummeted ~90% YoY (-85% QoQ) to ~3.8k units. Net realization improved 19% YoY (13.3% QoQ) to INR1,707k (v/s est. INR1,227k). This reflects the BS6 price hike and better mix with non-vehicle sales contributing ~59% to revenues (v/s normal contribution of ~15%).
- As a result, gross margin improved ~580bp YoY (+700bp QoQ) to 35.9% (v/s est. 29%). Op. deleverage resulted in EBITDA loss of ~INR3.3b (v/s est. ~INR3.53b). High interest cost further dragged recurring loss to ~INR3.88b (v/s est. INR3.95b).

Highlights from management commentary

- Status of operations:** Capacity utilization stood at 30-35%. AL is confident of producing ~10k BS6 units (incl. LCVs) in 2QFY21.
- Outlook:** It expects LCVs to recover first, followed by ICVs and M&HCVs (first Tippers, followed by tractor trailers and then MAVs).
- Cost cutting initiatives:** It has launched 'Project Reset' focusing on improving efficiencies (variable cost) and reducing overheads.
- Spare parts business:** It has seen good recovery and is clocking a run-rate of INR1-1.1b/month (v/s FY20 average of ~INR1.3b).
- Net debt:** It stood at INR42.47b as of Jun'20 (v/s INR20b as of Mar'20). QoQ increase in debt was on account of (a) INR12b payments to vendors, and (b) funding of expenses. ICD has declined by INR1b QoQ to INR4b.
- Hinduja Leyland Finance:** Moratorium rate stood at 40% (v/s 75% in Apr'20). PAT was down 15-20% YoY despite providing an additional ~INR150m (over and above INR700m in 4QFY20) for the COVID impact.
- Capex:** FY21 capex is expected at ~INR5-6b and might increase if demand recovers.

Valuation and view

- Valuations at 11.4x FY22E EV/EBITDA and 2.4x FY22E P/BV are at an early recovery cycle and do not fully reflect AL's focus of adding new revenue and profit pools.
- Maintain **Buy** with TP of ~INR72 (INR8.5/share of HLFL + 10x Sep'22E EV/EBITDA as compared to ~11x 10-year median EV/EBITDA).

Quarterly Performance (S/A)

(INR M)

	FY20				FY21E				FY20	FY21E	FY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
Total Volumes (nos)	39,608	28,938	31,205	25,489	3,814	17,160	31,459	51,271	125,240	103,704	3,814
Growth %	-6.0	-44.3	-28.7	-57.2	-90.4	-40.7	0.8	101.1	-36.5	-17.2	-90.4
Realizations (INR '000)	1,435	1,358	1,287	1,506	1,707	1,439	1,248	1,590	1,395	1,466	1,227
Change (%)	-3.5	-7.4	-11.0	1.3	18.9	6.0	-3.0	5.6	-5.3	5.1	-14.5
Net operating revenues	56,839	39,295	40,157	38,385	6,509	24,699	39,269	81,511	174,675	151,988	4,680
Change (%)	-9.2	-48.4	-36.5	-56.6	-88.5	-37.1	-2.2	112.4	-39.9	-13.0	-91.8
RM/sales %	69.9	69.0	73.5	71.1	64.1	71.0	72.0	72.9	70.8	72.0	71.2
Staff/sales %	8.8	11.0	6.8	10.7	54.4	14.9	10.1	5.1	9.2	10.1	74.9
Other exp/sales %	11.8	14.1	14.1	13.5	32.6	14.1	12.9	12.1	13.2	13.5	29.5
EBITDA	5,370	2,286	2,252	1,830	-3,332	1	1,957	8,001	11,737	6,626	-3,535
EBITDA Margins(%)	9.4	5.8	5.6	4.8	-51.2	0.0	5.0	9.8	6.7	4.4	-75.5
Interest	126	301	337	331	768	750	500	430	1,095	2,449	425
Other Income	211	455	223	344	256	300	300	294	1,233	1,150	250
Depreciation	1,646	1,600	1,575	1,877	1,637	1,675	1,700	1,761	6,698	6,772	1,700
PBT after EO	3,607	191	542	-721	-5,498	-2,124	57	6,104	3,619	-1,461	-5,410
Effective Tax Rate (%)	36.2	-103.5	48.8	20.5	29.3	26.8	26.8	29.1	33.8	26.8	27.0
Adj PAT	2,435	818	292	-118	-3,876	-1,554	41	4,327	3,426	-1,057	-3,950
Change (%)	-44.1	-84.9	-92.4	-101.8	-259.2	-290.1	-85.8	-3,759.2	-83.1	-130.9	-262.2

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY20				FY21E				FY20	FY21E	FY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
M&HCV	26,719	16,815	18,122	16,953	1,021	6,156	14,241	32,012	78,594	53,430	1021
Dom. M&HCV Mkt sh (%)	34.1	30.5	30.3	31.3	15.6				31.8	-	16
LCV	12,889	12,123	13,083	8,551	2,793	11,003	17,218	19,259	46,573	50,274	2793
Dom. LCV Mkt sh (%)	10.0	10.2	9.3	8.5	9.9				9.5	-	10
Total Volumes (nos)	39,608	28,938	31,205	25,504	3,814	17,160	31,459	51,271	125,240	103,704	3814
AL's CV Market Sh (%)	18.5	16.1	15.3	16.2	8.0				16.6		8
Realizations (INR '000)	1,435	1,358	1,287	1,506	1,707	1,439	1,248	1,590	1,395	1,466	1,227
Growth %	-3.5	-7.4	-11.0	1.3	18.9	6.0	-3.0	5.6	-18.3	1.8	-15
Cost Break-up											
RM Cost (% of sales)	69.9	69.0	73.5	71.1	64.1	71.0	72.0	72.9	70.8	72.0	71.2
Staff Cost (% of sales)	8.8	11.0	6.8	10.7	54.4	14.9	10.1	5.1	9.2	10.1	74.9
Other Cost (% of sales)	11.8	14.1	14.1	13.5	32.6	14.1	12.9	12.1	13.2	13.5	29.5
Gross Margin (%)	30.1	31.0	26.5	28.9	35.9	29.0	28.0	27.1	29.2	28.0	28.8
EBITDA Margins (%)	9.4	5.8	5.6	4.8	-51.2	0.0	5.0	9.8	6.7	4.4	-75.5
EBIT Margins (%)	6.6	1.7	1.7	-0.1	-76.3	-6.8	0.7	7.7	2.9	-0.1	-111.9

E: MOFSL Estimates



Cummins India

Estimate change	↔
TP change	↔
Rating change	↔

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Bloomberg	KKC IN
Equity Shares (m)	277
M.Cap.(INRb)/(USDb)	121 / 1.6
52-Week Range (INR)	653 / 282
1, 6, 12 Rel. Per (%)	8/-13/-30
12M Avg Val (INR M)	514

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	51.6	44.4	54.9
EBITDA	5.9	4.6	7.0
PAT	6.4	4.3	6.2
EBITDA (%)	11.4	10.5	12.7
EPS (INR)	23.3	15.7	22.3
EPS Gr. (%)	(10.8)	(32.5)	41.9
BV/Sh. (INR)	150.6	157.8	164.0

Ratios

Net D/E	0.0	(0.0)	(0.0)
RoE (%)	15.4	9.9	13.6
RoCE (%)	14.0	9.1	12.4
Payout (%)	90.3	56.8	72.0

Valuations

P/E (x)	18.8	27.8	19.6
P/BV (x)	2.9	2.8	2.7
EV/EBITDA (x)	20.7	25.7	17.3
Div Yield (%)	3.8	1.7	2.9
FCF Yield (%)	3.0	1.7	0.4

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	51.0	51.0	51.0
DII	28.9	30.4	27.9
FII	8.6	7.5	9.1
Others	11.6	11.2	12.1

FII Includes depository receipts

CMP: INR437 **TP: INR330 (-24%)** **Sell**

Operating performance disappoints; Outlook weak

Export opportunity unlikely to pan out before FY23

- Cummins (KKC) reported weakest top line performance (-63%YoY) in our coverage universe as the company could operate for just one month in 1QFY21. Note that top line included INR1.9b (or 38% of 1QFY21 revenue) of deferred revenue from last quarter.
- Gross margin surprise was largely on account of favorable sales mix with higher contribution from the distribution business. This is likely to reverse as revenue should normalize hereon. Cost cutting benefits (from employee cost and other expenses) were lower than our expectations (v/s other companies in our coverage universe). We fear that cost cutting measures would not be able to make up for the weak revenue outlook.
- CPCB4+ led export opportunity remains a key positive for KKC. However, with the likely deferment of implementation by 9-12 months implies that any benefits from this opportunity would accrue only from FY23. We largely maintain our FY21/22E estimates and our TP of INR330. Maintain **Sell**.

Poor operating performance despite favorable sales mix

- Revenue declined 63% YoY to INR5.0b and was 33% below our expectation. EBITDA at INR29m barely achieved break-even (v/s est. INR382m). **Adj. PAT declined 80% to INR277m and was 45% below our expectation.**
- Domestic sales declined 64% YoY to INR3.6b – Power-gen (down 76%), Industrials (down 68%) and Distribution (down 47%). Exports too plunged 61% YoY to INR1.3b.
- Favorable sales mix as contribution from the higher-margin Distribution business stood at 38% (v/s 27% in FY20). This led to improvement in gross margin to 41% (v/s 34% in 1QFY20). Despite the gross margin surprise, EBITDA margin failed to cheer sentiment as cost cutting benefits from employee cost and other expenses could not offset the poor top line growth.

Key management call highlights

- Power gen – hospitals, data centers, and critical power application projects are recovering faster. However, critical end markets of commercial and residential real estate and hospitality remain weak.
- Distribution should rebound faster than other segments as refurbishment of existing equipment would be a top priority for most customers.
- CPCB4+ norms are likely to be deferred by nine months (v/s earlier timeline of Jul'21). This may open up potential exports to the developed markets of the US and China. However, it is difficult to quantify the opportunity currently. Thus, any export gains may accrue only in FY23, in our view.

Valuation and view

- We largely maintain our FY21/FY22E estimates and our TP of INR330 (15x Mar'22E EPS). Other income (largely driven by dividend and rental income), constituted 43% of PBT in FY20 and supported the company's overall RoE. Adj. for the same, RoE declined to 8.9% in FY20 from reported 15.4%, indicating pain in the core business. Maintain **Sell**.

Quarterly Performance

(INR M)

Y/E March	FY20				FY21E				FY20	FY21E	MOSL 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sales	13,430	13,084	14,534	10,528	4,982	11,776	14,534	13,073	51,577	44,365	7,387	-32.6%
Change (%)	1.1	-12.0	-3.3	-21.5	-62.9	-10.0	0.0	24.2	-8.9	-14.0	-45.0	
EBITDA	1,514	1,525	2,158	667	29	1,341	1,848	1,430	5,863	4,647	382	-92.4%
Change (%)	-29.5	-39.2	-4.8	-61.2	-98.1	-12.1	-14.4	114.5	-20.2	-40.0	-74.8	
As of % Sales	11.3	11.7	14.8	6.3	0.6	11.4	12.7	10.9	11.4	10.5	5.2	
Depreciation	291	293	296	308	303	310	320	323	1,187	1,256	310	
Interest	52	55	47	49	43	50	50	57	203	200	50	
Other Income	769	926	723	898	666	650	650	655	3,315	2,621	650	
PBT	1,940	2,102	2,538	1,208	349	1,631	2,128	1,706	7,789	5,813	672	-48.1%
Tax	525	269	551	-5	72	411	536	444	1,341	1,463	169	
Effective Tax Rate (%)	27.1	12.8	21.7	(0.4)	20.7	25.2	25.2	26.0	17.2	25.2	25.2	
Adjusted PAT	1,415	1,833	1,988	1,213	277	1,220	1,591	1,262	6,448	4,350	503	-44.9%
Change (%)	(22.7)	(13.4)	6.2	(13.9)	(80.4)	(33.5)	(19.9)	4.1	(10.8)	(32.5)	(64.5)	
Extra-ordinary Income (net)	-	-	(125)	(30)	249	-	-	-	(155)	249	-	
Reported PAT	1,415	1,833	1,862	1,183	526	1,220	1,591	1,262	6,293	4,599	503	4.6%
Change (%)	(22.7)	(13.4)	(0.5)	(16.0)	(62.9)	(33.5)	(14.5)	6.7	(12.9)	(26.9)	(64.5)	



Aditya Birla Fashion and Retail

Estimate change	↔
TP change	↔
Rating change	↔

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Bloomberg	ABFRL IN
Equity Shares (m)	772
M.Cap.(INRb)/(USDb)	106.9 / 1.3
52-Week Range (INR)	281 / 96
1, 6, 12 Rel. Per (%)	4/-45/-38
12M Avg Val (INR M)	196

Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	87.4	62.6	82.1
EBITDA	12.3	5.3	11.9
Adj. PAT	-0.1	-4.5	-1.1
EBITDA Margin (%)	14.0	8.5	14.5
Adj. EPS (INR)	-0.2	-3.0	-0.6
EPS Gr. (%)	-111.1	1,517.5	-78.2
BV/Sh. (INR)	14.0	9.1	8.6

Ratios

Net D:E	4.4	3.0	2.0
RoE (%)	NM	NM	NM
RoCE (%)	139.7	NM	3.8
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	NM	NM	NM
EV/EBITDA (x)	12.3	45.3	22.1
EV/Sales (x)	1.7	3.8	3.2
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	1.3	0.5	4.7

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	59.1	59.1	59.1
DII	22.7	21.9	18.8
FII	7.0	9.0	9.8
Others	11.3	10.0	12.3

FII Includes depository receipts

CMP: INR130 TP: INR180 (+39%) Buy

Stellar cost rationalization efforts cushion EBITDA

- While revenues were down 85% YoY (9.5% beat) due to lockdown, sharp cost rationalization, with a 60% reduction in operational cost (refer to exhibit 1), cushioned EBITDA loss at INR3.5b v/s EBITDA of INR3.1b in 1QFY20.
- We cut our revenue by 13%/8% in FY21E/FY22E due to the prolonged impact of COVID-19. However, we maintain our EBITDA estimates, factoring 29% operational cost decline in FY21 (v/s 15% estimated earlier) as cost rationalization has been better than expected.

Store closures lead to sharp earnings decline

- Revenues were down 84.5% YoY to INR3.2b (10% above est.) (V-Mart / Shoppers Stop was down 83%/93% YoY) due to store shutdowns. Madura/Pantaloons' revenue fell 80%/91% YoY to INR2.4b/INR820m.
- The gross margin shrank by a steep 13pp YoY to 41.4% (v/s est. of 52%), primarily led by fixed manufacturing overheads, but no discounting, as per management.
- Operating cost reduced by 40% (in-line), largely owing to lower rent and SG&A expense. Factoring the rent benefit accounted for in other income (as per Ind-AS 116), the opex reduction is at ~60%; other income increased to INR1.8b v/s INR175m YoY, led by INR1.6b rent waivers received during lockdown.
- EBITDA loss stood at INR3.5b v/s EBITDA of INR3.1b YoY (-INR3.7b estimate). Madura/Pantaloons' EBITDA loss stood at INR1b/INR720m.
- PBT turned to loss of INR5.3b (v/s INR351m profit in 1QFY20). Subsequently, net loss was at INR4b on the back of DTA credit of INR1.3b.
- Lifestyle stores on an LTL basis were above 50% of pre-COVID-19 levels in Jun'20.
- By the end of 1QFY21, 256 of Pantaloons' stores (total 342) had resumed partial operations.

Highlights from management commentary

- COVID-19 impact:** Almost 90% of stores have been opened up as of Aug'20.
- Gross margin impact:** GM declined due to fixed manufacturing cost impact on low production, and should revert to previous levels as business returns to normal.
- Net debt:** This should reduce from the peak of INR32.5b in 1QFY21 to INR20b by end-FY21. This would be led by INR7.5b proceeds from a rights issue and INR5b from WC

Valuation and view

- ABFRL's execution over the last few years has been outstanding as the Lifestyle segment attained scale of INR46b in FY20. Pantaloons, since its acquisition, saw EBITDA margin improvement to 8.5% in FY20 from merely 2.3% in FY14.

- The company's high leverage (net debt of INR32.5b; net debt to EBITDA is 6x on FY21 EBITDA) remains a key concern. This could be partly attributed to loss-making businesses, which were stretched further due to loss incurred during lockdown. However, the company has raised INR10b via a rights issue, INR7.5b of which should flow in over FY21. This, along with a reduction in working capital, should enable breakeven in FY21, allowing the company to end FY21 with net debt (excluding lease liabilities) of INR182b.
- Furthermore, management has shown remarkable efforts toward cost control at a time when earnings are muted. This has led to 60% YoY decline in operational expenses. Subsequently, we reduce our operational expenses by 29% in FY21, building 22%/60%/25% decline in employee/rent/other expenses. Moreover, we believe some of these cost optimization benefits would increase with a lag, thus allowing room for margin improvement.
- We value ABFRL on an SOTP basis and assign an EV/EBITDA multiple of 19x to Lifestyle and 17x to Pantaloons, and EV/Sales of 1x to other businesses. Subsequently, we arrive at TP of INR180 (upside of 38%). **Maintain Buy.**

Standalone – Quarterly Earnings Model

(INR m)

Y/E March	FY20				FY21				FY20	FY21E	FY21	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue	20,655	22,972	25,625	18,174	3,200	12,395	26,667	20,364	87,425	62,626	2,923	9.5
YoY Change (%)	7.9	14.4	12.3	-5.1	-84.5	-46.0	4.1	12.0	7.7	-28.4	-85.9	
Total Expenditure	17,514	19,510	21,534	16,614	6,713	13,126	21,391	16,083	75,172	57,312	6,660	0.8
EBITDA	3,141	3,462	4,091	1,561	-3,513	-731	5,276	4,281	12,254	5,313	-3,737	-6.0
Change, YoY (%)	175.9	142.4	136.6	25.3	-211.9	-121.1	29.0	174.3	121.2	-56.6	-219.0	713bps
Depreciation	2,022	2,213	2,208	2,325	2,334	2,369	2,369	2,405	8,768	9,477	2,018	
Interest	942	1,052	1,047	1,186	1,253	1,258	1,258	1,263	4,227	5,032	1,049	
Other Income	175	162	145	169	1,765	500	500	500	651	3,265	169	
PBT	351	358	981	-1,782	-5,335	-3,858	2,149	1,113	-91	-5,930	-6,635	-19.6
Tax	136	289	1,315	-379	-1,336	-964	537	278	1,361	-1,484	0	
Rate (%)	38.6	80.7	134.0	21.3	25.0	25.0	25.0	25.0	-1497.2	25.0	0.0	
Reported PAT	216	69	-334	-1,403	-3,999	-2,893	1,612	835	-1,452	-4,446	-6,635	-39.7
Adj PAT	216	315	730	-1,403	-3,999	-2,893	1,612	835	-142	-4,446	-6,635	-39.7
YoY Change (%)	285.0	-26.2	3.8	-1,716.8	-1,954.9	-1,017.1	120.8	-159.5	-111.2	3030.8	-3,177.3	

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY20				FY21				FY20	FY21E	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Pantaloons											
SSSG (%)	4%	10%	5%	-12%	-92%	-50%	6%	9%	3%	-33%	-85%
Store Adds	6	17	12	-1	0	4	7	4	34	15	0
Total Stores	314	331	343	342	342	346	353	357	342	357	342
EBITDA Margin (%)	18.4	7.0	10.1	-6.1	-87.8	-24.1	13.2	11.2	8.5	1.9	-252.8
Lifestyle Business											
SSSG (%)	3.2	7.0	15.0	-6.0	-86.0	-50.0	3.0	11.1	6.8	-26.6	-80.0
EBO Stores	2,057	2,117	2,187	2,253	2,222	2,237	2,267	2,333	2,253	2,333	2253
- New stores	77	60	70	66	-31	15	30	66	273	80	0
Value Stores	449	427	469	446	440	442	447	456	446	456	446
- New stores	23	-22	42	-23	-6	2	5	9	20	10	0
EBITDA Margin (%)	13.4	9.4	7.4	0.0	-44.3	-12.8	12.0	11.2	7.6	3.4	-126.7
Gross Margins (%)	51.9	50.3	52.0	51.3	41.4	48.0	49.5	53.4	51.9	50.1	52.0
EBITDA Margins (%)	15.2	15.1	16.0	8.6	-109.8	-5.9	19.8	21.0	14.0	8.5	-127.9
PAT Margins (%)	1.0	1.4	2.8	-7.7	-125.0	-23.3	6.0	4.1	-0.2	-7.1	-227.0

E: MOFSL Estimates



Thermax

Estimate change	↓
TP change	↓
Rating change	↔

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Bloomberg	TMX IN
Equity Shares (m)	113
M.Cap.(INRb)/(USDb)	89.5 / 1.2
52-Week Range (INR)	1180 / 644
1, 6, 12 Rel. Per (%)	-9/-17/-33
12M Avg Val (INR M)	87

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	57.3	50.6	59.1
EBITDA	4.1	3.1	5.0
PAT	2.1	2.2	3.6
EBITDA (%)	7.1	6.2	8.5
EPS (INR)	18.9	19.2	32.2
EPS Gr. (%)	-30.6	1.9	67.3
BV/Sh. (INR)	268.9	278.8	300.7

Ratios

Net D/E	-0.1	-0.1	-0.2
RoE (%)	7.0	6.9	10.7
RoCE (%)	7.2	7.1	10.8
Payout (%)	38.5	41.5	27.3

Valuations

P/E (x)	39.8	39.0	23.3
P/BV (x)	2.8	2.7	2.5
EV/EBITDA (x)	20.2	25.6	15.5
Div Yield (%)	1.0	1.1	1.2
FCF Yield (%)	5.6	3.4	4.2

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	62.0	62.0	62.0
DII	14.4	17.6	16.5
FII	16.5	13.3	14.5
Others	7.2	7.2	7.0

FII Includes depository receipts

CMP: INR751 **TP: INR710 (-5%)** **Neutral**

Order inflows decline sharply; Outlook remains hazy

- Thermax's (TMX) 1QFY21 performance was severely impacted by the COVID-19 pandemic with revenue down 52% YoY (missed est. by 15%). Chemicals segment bucked the trend with lower revenue decline and higher profits.
- Order inflows plunged 50% YoY owing to the slowdown in Industrial activity and the prevailing uncertainty. Though sectors like Pharmaceuticals, FMCG and Chemicals showed higher inquiries, the overall ordering environment is expected to remain weak in FY21.
- Order book stood at INR52.1b (down 1% YoY) with book-to-bill of 1x. Weak ordering environment coupled with order book depletion is a significant risk to revenue estimates for FY22-23E.
- We have cut our FY21/FY22E EPS estimates by 8%/6% due to lower order inflow assumptions. Maintain **Neutral** with TP of INR710 (prior: INR757) based on 22x Mar'22E EPS.

Execution disappoints; Chemical segment bucks the trend

- Revenues were down 52% YoY to INR6.6b (**15% below est.**). EBITDA loss stood at INR114m (lower than est. loss of INR376m). PBT loss stood at INR225m (lower than est. loss of INR456m). Adj. PAT loss at INR153m was lower than our est. loss of INR341m.
- Order book was down 1% YoY to INR52.1b. Book-to-bill stood at 1x. **Order inflows plunged 50% YoY to INR6.1b.**
- Segment performance: (a) Energy revenue** (75% of overall revenue) declined 57% YoY to INR5b. EBIT margin stood at -5.3%. **(b) Environmental revenue** (12% of overall revenue) declined 43% YoY to INR839m. EBIT margin stood at -12.6%. **(c) Chemical revenue** (13% of overall revenue) dropped 14% YoY to INR843m. EBIT margin stood at 20.5% (up 880bp YoY). Favorable raw material (RM) cost and higher exports led to margin expansion.

Management commentary highlights

- TMX has rationalized employee costs. This benefit should reflect in 2QFY21. TMX had slight benefit of the same in 1QFY21.
- Danstoker was profitable in 1QFY21 owing to cost rationalization measures.
- TMX delayed some deliveries since customer plants were under shutdown. In some cases, material was ready. However, shipping it out was not possible due to logistical difficulties at Chennai port.
- ~INR1b of Dangote order is pending to be delivered and billed, which is expected to happen by 1QFY22.

Valuation and view

- We have cut our FY21/FY22E EPS estimates by 8%/6% on account of lower order inflow assumption. We estimate revenue/EBITDA/adj. PAT CAGR of 2%/11%/31% over FY20-22E, factoring in improved performance from Danstoker, tax rate rationalization, as well as the low base of FY20 as TMX has seen disproportionate impact of COVID-19. Based on 22x Mar'22E EPS, we have arrived at TP of INR710 (prior: INR757). Maintain **Neutral**.

Quarterly Performance

(INR M)

Y/E March	FY20				FY21E				FY20	FY21E	MOSL	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		1QE	Vs Est	
Sales	13,925	16,059	14,101	13,230	6,649	13,356	14,621	15,985	57,313	50,611	7,825	-15.0%
Change (%)	34.5	12.5	-1.8	-36.2	-52.2	-16.8	3.7	20.8	-4.0	-11.7	-43.8	
EBITDA	991	1,303	1,132	636	-114	931	1,100	1,212	4,062	3,129	-376	NA
Change (%)	42.9	18.4	5.5	-62.8	-111.5	-28.5	-2.9	90.7	-11.2	-23.0	-137.9	
As of % Sales	7.1	8.1	8.0	4.8	-1.7	7.0	7.5	7.6	7.1	6.2	-4.8	
Depreciation	262	281	316	308	280	310	320	337	1,166	1,248	300	
Interest	44	38	19	49	40	40	35	33	150	148	30	
Other Income	216	220	258	307	209	270	300	380	1,000	1,159	250	
PBT	901	1,204	1,054	586	-225	851	1,045	1,222	3,745	2,893	-456	NA
Tax	273	947	205	196	-72	215	263	323	1,621	728	-115	
Effective Tax Rate (%)	30.3	78.7	19.4	33.4	32.1	25.2	25.2	26.4	43.3	25.2	25.2	
Share of Profit /Loss from JV/Minority	0	0	0	0	0	0	0	0	-	-	0	
Reported PAT	628	257	850	390	-153	637	781	899	2,125	2,165	-341	NA
Change (%)	28.2	(65.5)	13.2	(69.2)	(124.3)	147.8	(8.0)	130.4	(34.7)	1.9	(154.3)	
Adj PAT	628	257	850	390	-153	637	781	899	2,125	2,165	-341	NA
Change (%)	29.8	(62.3)	30.4	(68.6)	(124.3)	147.8	(8.0)	130.4	(30.6)	1.9	(154.3)	

Segmental performance matrix

Revenues (INR m)	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21
Energy	8,014	11,448	11,349	17,184	11,640	13,410	11,208	10,512	5,004
Environment	1,465	2,007	2,134	2,677	1,464	1,792	1,974	1,991	839
Chemicals	968	1,040	1,117	1,025	977	1,105	1,168	963	843
Total	10,353	14,276	14,366	20,737	13,925	16,059	14,101	13,230	6,649
YoY Growth (%)									
Energy	11%	46%	30%	54%	45%	17%	-1%	-39%	-57%
Environment	52%	32%	23%	-2%	0%	-11%	-8%	-26%	-43%
Chemicals	18%	-4%	23%	28%	1%	6%	5%	-6%	-14%
EBIT (INR m)	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21
Energy	412	826	613	1,368	695	827	647	323	(264)
Environment	46	56	155	311	31	85	103	162	(105)
Chemicals	118	156	173	170	115	198	289	179	173
Total	794	1,222	1,157	1,981	944	1,243	1,074	635	(185)
EBIT Margin (%)									
Energy	5.1	7.2	5.4	8.0	6.0	6.2	5.8	3.1	(5.3)
Environment	3.1	2.8	7.2	11.6	2.1	4.7	5.2	8.2	(12.6)
Chemicals	12.2	15.0	15.4	16.6	11.7	17.9	24.7	18.6	20.5
Total	7.7	8.6	8.1	9.6	6.8	7.7	7.6	4.8	(2.8)

Source: MOFSL, Company



MAS Financial Services

Estimate change	↔
TP change	↔
Rating change	↔

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Bloomberg	MASFIN IN
Equity Shares (m)	55
M.Cap.(INRb)/(USD\$)	36.1 / 0.5
52-Week Range (INR)	1269 / 448
1, 6, 12 Rel. Per (%)	-4/-39/3
12M Avg Val (INR M)	24

Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E
Total income	4.3	4.2	5.0
PPP	3.3	3.4	4.0
PAT	1.8	1.7	2.0
EPS (INR)	33.2	30.8	36.9
EPS Gr. (%)	19.2	-7.0	19.5
BVPS (INR)	182	205	232

Ratios

NIM (%)	9.2	8.5	8.8
C/I ratio (%)	23.2	20.2	20.4
RoA on AUM (%)	3.2	2.7	2.8
RoE (%)	19.8	16.0	16.9
Payout (%)	24.1	26.0	24.4

Valuations

P/E (x)	19.9	21.4	17.9
P/BV (x)	3.6	3.2	2.8
Div. yield (%)	1.2	1.2	1.4

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	73.6	73.6	73.5
DII	11.9	10.7	10.7
FII	1.4	1.5	2.4
Others	13.1	14.2	13.4

FII Includes depository receipts

CMP: INR661 TP: INR810 (+ 23%) Buy

Sharp improvement in collection efficiency; Cautious on growth

- MASFIN posted 1QFY21 PAT of INR356m (7% miss). While NII was largely in-line, lower-than-expected opex (35% below est.) resulted in a 10% beat in PPOP (INR775m). Lower opex was due to a tweak in the employee cost structure toward a variable structure.
- The entire provisioning in 1QFY21 (INR299m v/s est. of INR200m) was toward contingent provisions for COVID-19. It stands at 1.6% of balance sheet loans. **Jun/Jul'20 collections (in value terms) stood at 74%/87% (v/s 45–50% over Apr–May'20).**
- Overall earnings and balance sheet growth are largely in line with expectations. We maintain our estimates for FY21/FY22E and expect RoA/RoE at ~3.8%/16.4%.

AUM declines QoQ; share of assignments increases

- Due to lockdown and the lack of visibility, disbursements did not materialize over Apr–May'20. Disbursements executed over Jun/Jul'20 stood at INR1,080m/INR878m. Overall AUM declined ~5% QoQ to INR56.5b (1%+ YoY). Share of off-balance sheet loans increased to 45% (up 74bp/800bp QoQ/YoY). Management is positive on disbursements normalizing post October 2020.
- The AUM mix was largely stable QoQ, with the largest share coming from Micro and SME loans at ~61%/~30% (v/s 65%/25% YoY). During the quarter, ATS increased by 14%/35% in micro enterprise / CV loans and declined by 46%/5% in SME/2W loans.
- As of Jul'20, liquidity stood at INR13b (excl. CC line sanctions of INR7b). Furthermore, the company has INR11.3b worth of term loans and direct assignment sanctions in hand. The company has not opted for moratorium from any of its lenders.

Asset quality stable QoQ; COVID-19 contingency provision at 1.6%

- Moratorium was offered to all customers. As the collection rate is at 76%/87% for June/July, this effectively translates into 26%/13% of customers (by value) under moratorium for June/July 2020 v/s 51%/55% over Apr/May'20.**
- On the balance sheet, GS3/NS3 is stable sequentially at 1.41%/1.14%. In the HFC subsidiary, the GNPL ratio was largely stable at 36bp.

Key highlights from management commentary

- NBFC partners' collection efficiency was at 80%/93% in Jun/July'20.
- The company changed the employee cost structure more in favor of variable pay (to 50% v/s 30% earlier), and owing to moderate disbursements, opex reduced sharply. Over the longer period, it maintains guidance of 1.4–1.5% opex to AUM v/s 0.8% reported in 1QFY21.
- Expect disbursements to normalize mid-3QFY21.

Valuation and view

- MASFIN operates in a tough operating environment, with large exposure to micro loans / the MSME sector. Thus, asset quality and business growth are key monitorables. Historically, the company has managed liquidity well with higher sell-downs, which was reflected in its 1QFY21 earnings as well. It has one of the best capitalizations among the NBFCs, with Tier I of ~32%.

■ We like MASFIN's focus on profitability over growth. In this environment, growth is likely to remain muted. We largely maintain estimates. The stock trades at 3.2x/2.8x P/B of FY21/FY22E. Buy, with TP of INR810 (3.5x FY22E BV).

Quarterly Performance												(INR m)
Y/E March	FY20				FY21				FY20	FY21E	1QFY21E	Act v/s Est (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Revenue from Operations	1,592	1,674	1,836	1,729	1,591	1,765	1,881	2,050	7,224	7,277	1,593	0
Interest Income	1,357	1,394	1,447	1,393	1,412	1,469	1,535	1,649	5,969	6,066	1,449	
Gain on assignments	200	242	344	289	144	250	300	344	1,093	1,038	100	
Other operating Income	35	38	45	46	34	46	46	57	162	173	44	
Interest expenses	640	727	686	690	694	735	768	839	2,961	3,036	704	-1
Total income	953	947	1,150	1,039	898	1,030	1,113	1,211	4,263	4,241	889	1
Growth Y-o-Y (%)	21.1	10.4	11.8	5.3	-5.8	8.7	-3.2	16.6	16.5	-0.5	-6.3	
Operating Expenses	196	222	225	232	122	227	245	263	988	857	187	-34
Operating Profits	756	725	925	807	775	803	868	948	3,275	3,384	703	10
Growth Y-o-Y (%)	25.5	10.3	12.1	0.8	2.5	10.8	-6.2	17.5	13.6	3.3	-7.1	
Provisions	130	226	186	327	299	280	280	278	889	1,137	200	49
Profit before tax	627	499	739	479	476	523	588	670	2,386	2,247	503	-5
Growth Y-o-Y (%)	33.8	-6.9	6.6	-25.1	-24.0	4.8	-20.5	39.7	2.0	-5.8	-19.8	
Tax Provisions	219	33	188	123	120	131	147	164	573	562	121	0
Net Profit	407	467	551	357	356	392	441	506	1,813	1,685	382	-7
Growth Y-o-Y (%)	33.7	35.0	21.3	-14.2	-12.5	-15.9	-20.0	41.8	19.2	-7.0	-6.2	
Key Operating Parameters (%)												
Yield on loans (Cal)	16.0	15.4	16.2	16.5	17.6				18.2			
Cost of funds (Cal)	9.3	9.8	9.1	8.9	9.1				9.5			
Spreads (Cal)	6.8	5.6	7.1	7.5	8.5				8.7			
NIM on AUM (Cal)	7.0	6.6	7.8	7.0	6.2				7.5			
Credit Cost (%)	1.0	1.6	1.3	2.2	2.1				1.6			
Cost to Income Ratio	20.6	23.5	19.6	22.3	13.6	22.0	22.0	21.9	23.2			
Tax Rate	35.0	6.5	25.4	25.6	25.2	25.0	25.0	24.9	24.0			
Balance Sheet Parameters												
Standalone AUM (INR B)	55.8	58.9	59.6	59.7	56.6	59.1	62.1	66.6	59.7			
Change YoY (%)	29.2	26.4	20.3	11.8	1.4	0.3	4.2	11.7	11.8			
Disbursements (INR B)	12.0	13.6	13.2	12.9	1.1				51.7			
Change YoY (%)	20.6	16.9	6.5	-6.0	-91.0				8.4			
Borrowings (INR B)	29.6	29.8	30.5	31.2	30.0							
Change YoY (%)	56.0	34.7	22.4	21.6	1.4							
Debt/Equity (x)	3.1	3.1	3.0	3.0	2.7							
Asset liability Mix												
AUM Mix (%)												
Micro Enterprises	64.5	61.3	61.6	61.0	60.5							
SME loans	24.7	28.5	28.2	29.7	29.6							
2W loans	8.2	7.9	7.6	6.7	7.1							
CV loans	2.7	2.4	2.7	2.6	2.8							
Borrowings Mix (%)												
Direct Assignment	47.0	48.0	50.0	50.0	50.0							
Cash Credit	34.0	31.0	26.0	24.0	24.0							
Term Loan	18.0	20.0	23.0	24.0	25.0							
Sub Debt	1.0	1.0	1.0	1.0	1.0							
Asset Quality Parameters (%)												
GS 3 (INR m)	668	623	652	629	597				629			
GS 3 (%)	1.39	1.27	1.29	1.42	1.41				1.05			
NS 3 (INR m)	528	503	513	464	441				464			
NS 3 (%)	1.14	1.06	1.06	1.14	1.14				0.78			
PCR (%)	20.8	19.3	21.4	26.2	26.1				26.2			
Return Ratios (%)												
ROA	4.1	4.5	5.2	3.2	3.2							
Tier I ratio	26.5	25.5	28.8	28.9	32.2							

E: MOFSL estimates



Brigade Enterprises

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR148 TP: INR192 (+29%) Buy

Weak quarter; Near-term pain likely to continue

Motilal Oswal values your support in the Asiamoney Brokers Poll 2020 for India Research, Sales and Trading team. We request your ballot.

- Except for office leasing, all other segments (Residential, Hospitality and Retail) are likely to see near-term challenges due to the ongoing lockdown.
- However, medium-to long-term outlook for BRGD remains promising due to (a) robust line-up of launches, (b) favorable product mix, and (c) strong foothold in markets that it operates in. Maintain **Buy** on account of favorable risk-reward.

Bloomberg	BRGD IN
Equity Shares (m)	204
M.Cap.(INRb)/(USDb)	30.3 / 0.4
52-Week Range (INR)	255 / 91
1, 6, 12 Rel. Per (%)	1/-28/-20
12M Avg Val (INR M)	42

COVID-19 led disruption percolates across segments

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Net Sales	26.3	19.2	29.0
EBITDA	6.6	5.1	7.8
EBITDAM %	25.2	26.4	26.9
NP (INRb)	1.5	0.1	1.6
EPS (INR)	7.1	0.4	7.7
EPS Gr. (%)	(39)	(94)	1,628
BV/Sh. (INR)	112	111	117

Ratios			
Net D:E	1.6	1.5	1.4
RoE (%)	6.6	0.4	6.7
RoCE (%)	6.2	4.2	6.6

Valuations			
P/E (x)	20.7	333	19.3
P/BV (x)	1.3	1.3	1.3
EV/EBITDA (x)	10.0	12.5	8.2
EV/Sales (x)	2.5	3.3	2.2

- **Site visits amidst lockdown impacts residential sales:** BRGD reported pre-sales of 0.42msf (down 63% YoY), implying booking value of INR2,499m (down 58% YoY) in 1QFY21. Average price realization was up 14% YoY to INR5,956, largely driven by higher contribution from Commercial Real Estate (CRE) sales.
- **Mall closures hurt leasing segment:** Leasing revenue was down 9% YoY, largely impacted by closure of the mall business. Office segment remained steady with rent collection at 98% in 1QFY21. There were no renegotiations/cancellations for operational office leasing assets.
- **Hospitality remains the worst hit segment:** Hospitality was among the worst-hit segments due to COVID-19. Average occupancy in the Hospitality segment stood at 11% in 1QFY21, largely driven by repatriation guests. Hospitality is likely to remain subdued for a major part of FY21.
- **Financial performance:** In 1QFY21, revenue/EBITDA declined 71%/74% while EBITDA margin contracted 240bp. Adj. PAT-level loss stood at INR527m in 1QFY21 (v/s adj PAT est. INR174m and INR412m in 1QFY20).

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	46.8	46.8	46.8
DII	19.7	18.6	16.0
FII	12.0	11.9	12.5
Others	21.5	22.8	24.7

FII Includes depository receipts

Key management commentary highlights

- Key industry trends over the last couple of months for the residential segment are (a) preference for 'ready to move in' or near-completion projects, (b) larger homes, and (c) increased demand from NRI customers.
- BRGD has availed moratorium for its debt of INR12b pertaining to the retail and hospitality businesses.

Valuation and view

- With no near-term visibility for the lockdown situation normalizing, we have lowered our estimates for Residential pre-sales/Hospitality revenue by 28%/32%. However, we expect momentum to continue in the medium term, driven by a robust line-up of launches across business segments, strong execution capabilities and the right product mix. Maintain **Buy** with TP of INR192/share.



Indostar Capital Finance

Motilal Oswal values your support in the Asiamoney Brokers Poll 2020 for India Research, Sales and Trading team. We request your ballot.



Bloomberg	INDOSTAR IN
Equity Shares (m)	123.2
M.Cap.(INRb)/(USD\$)	31.2 / 0.4
52-Week Range (INR)	298 / 166
1, 6, 12 Rel. Per (%)	-12/-3/-16
12M Avg Val (INR M)	44

Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E
NII	6.0	5.6	6.2
PPP	3.8	3.6	4.1
PAT	-3.2	1.2	1.7
EPS (INR)	-35.1	13.2	18.6
EPS Gr. (%)	NA	NA	41
BV (INR)	290	305	324
Ratios			
NIM (%)	6.6	6.9	7.0
C/I ratio (%)	47.8	46.7	45.2
RoA (%)	-3.0	1.2	1.6
RoE (%)	-11.4	4.4	5.9
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	-7.2	19.3	13.6
P/BV (x)	0.9	0.8	0.8
Div. Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	45.5	60.6	60.7
DII	2.4	17.2	11.8
FII	0.0	5.8	9.8
Others	52.1	16.3	17.7

FII Includes depository receipts

CMP: INR254

TP: INR290 (+14%)

Neutral

Moratorium rate down to 59% from 90%

- Indostar Capital Finance (INDOSTAR) reported 1QFY21 PAT of INR472m v/s net loss of INR4.2b in the prior quarter. The quarter was characterized by a stable loan book, healthy PPOp, and modest credit costs.
- During the quarter, Brookfield infused INR12.25b capital via preferential allotment and CCPS. Moreover, by the start of July, it had also completed the open offer. As a result, Brookfield now owns 54% of the company, which shall further increase to 57% post the CCPS conversion.

Loan book stable; 25%+ liquidity on the balance sheet

- AUM was largely stable sequentially at INR100b, with the share of retail lending at 70%. Within corporate lending, the share of non-real estate finance declined to a multi-quarter low of 16%.
- While spreads were largely stable YoY at 4%, cost of funds remains elevated at 10.4%. During the quarter, the company raised INR7.3b in fresh borrowings via banks and market borrowings. INDOSTAR now has INR18b liquidity on the balance sheet, amounting to 25%+ of borrowings.

Moratorium book down to 59% from 90%

- The key improvement in moratorium rate was driven by the retail lending book; the rate stood at 44% as of 31st July. Within the retail lending book, the moratorium rate was as follows – CV: 42%, SME: 58%, and Housing: 25%. However, in the corporate lending book, the moratorium rate remains elevated at 90%.
- Marginal improvement was seen in 1dpd+ in the Retail Lending segment from May to June – CV: 44% to 38%; SME: 15% to 11%; Housing: 1.9% to 1.5%. Also, retail collection efficiency was at 50% of pre-COVID-19 levels in July.

Other highlights

- The company continues to rationalize its branch network, which is down from 322 branches to 212 branches YoY.
- In the Corporate Lending business, yield declined 70bp QoQ to 13.6%.
- The GNPL/NNPL ratio was largely stable at 4.4%/3.5%.
- Post the deal with Brookfield, networth increased to INR40b from INR27b, and CRAR increased to 38% QoQ from 25%.
- It has INR7.2b vehicle finance AUM under the ICICI Bank partnership.

Key concall highlights

- ECL provisions – These were as follows: Stage 1: more than 0.4%; Stage 2: 6–8%; and Stage 3: 27% in CV, 20% in HFC, and 20–22% in SME. INDOSTAR has INR2.8b COVID-19 provisions over and above this.
- Incremental funding is at 8.5–9.5%.

Valuation and view

INDOSTAR's plan to diversify its loan book has faced headwinds in the tough liquidity environment. On the asset quality front, two large corporate accounts that were stressed have been written off and are out of the books. The key concern pertains to asset quality trends post the lifting of the moratorium, especially since its moratorium rate is higher than that of most peers. While the company is very well-capitalized with a strong new parent, we expect modest growth over the next 12–18 months. Hence, RoE is likely to remain only in the mid-to-high single digits. Maintain Neutral, with TP of INR290 (0.9x FY22E BVPS).

Quarterly performance									(INR m)	
Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	3,817	3,718	3,391	3,040	3,076	3,138	3,201	3,221	13,966	12,636
Interest Expenses	2,260	2,049	1,808	1,822	1,732	1,749	1,784	1,792	7,938	7,058
Net Interest Income	1,557	1,670	1,584	1,217	1,344	1,389	1,416	1,429	6,028	5,578
YoY Growth (%)	39.7	20.8	12.2	-4.0	-13.6	-16.8	-10.6	17.4	16.4	-7.5
Other Income	374	521	267	166	146	215	310	426	1,328	1,098
Total Income	1,931	2,190	1,850	1,384	1,491	1,604	1,726	1,855	7,355	6,676
YoY Growth (%)	70.5	22.1	7.4	-21.9	-22.8	-26.8	-6.7	34.1	14.6	-9.2
Operating Expenses	738	793	741	1,247	753	774	799	791	3,518	3,117
Operating Profit	1,193	1,397	1,110	137	737	829	927	1,065	3,837	3,558
YoY Growth (%)	101.7	26.8	-2.9	-87.7	-38.2	-40.7	-16.5	676.1	-3.0	-7.3
Provisions & Loan Losses	608	722	1,107	5,767	232	500	700	601	8,204	2,034
Profit before Tax	585	675	3	-5,629	505	329	227	463	-4,367	1,525
Tax Provisions	114	181	0	-1,416	33	86	59	127	-1,121	305
Net Profit	471	494	2	-4,214	472	244	168	336	-3,246	1,220
YoY Growth (%)	49.6	-22.8	-99.7	-668.8	0.2	-50.7	6,901.3	-108.0	-234.8	-137.6
Key Operating Parameters (%)										
Yield on loans (Cal)	15.0	15.5	15.5	15.0	15.6				15.1	
Cost of funds (Cal)	10.6	10.4	10.3	11.2	10.2				10.2	
Spreads (Cal)	4.4	5.0	5.2	3.8	5.4				4.9	
NIMs (Reported)	6.7	8.0	7.4	6.2	6.1					
Credit Cost	2.1	2.6	4.2	22.8	0.9				7.6	
Cost to Income Ratio	38.2	36.2	40.0	90.1	50.5				47.8	
Tax Rate	19.4	26.8	11.1	25.1	6.6				25.7	
Balance Sheet Parameters										
AUM (INR B)	115.8	107.2	102.2	99.7	100.9				78.0	
Change YoY (%)	55.0	38.0	31.9	-15.1	-12.9				-24.7	
AUM Mix (%)										
Vehicle	40.9	42.2	43.9	45.3	45.4				45.3	
Housing	5.5	6.6	7.5	8.3	8.2				8.3	
SME & Others	16.4	17.4	17.6	17.5	17.4				17.5	
Corporate	37.2	33.8	31.0	28.8	29.0				28.8	
Disbursements (INR B)	12.4	6.6	8.8	7.3	0.9				37.3	
Change YoY (%)	-45.1	-49.3	2.6	-63.9	-93.0				-42.1	
Borrowings (INR B)	81	76	64	67	72				66.8	
Change YoY (%)	51.6	31.4	2.0	-25.2	-11.5				-25.2	
Borrowings Mix (%)										
Banks	45	49	55	52	50					
NCDs	36	30	36	31	32					
CPs	3	3	0	0	1					
Others	16	18	9	17	16					
Debt/Equity (x)	2.6	2.5	2.1	2.5	1.8				2.5	
Asset Quality Parameters (%)										
GS 3 (INR B)	4.9	3.4	3.8	3.7	3.8				3.7	
Gross Stage 3 (% on Assets)	4.7	3.7	4.4	4.5	4.4				4.6	
NS 3 (INR B)	3.8	2.8	3.0	2.9	3.0				2.9	
Net Stage 3 (% on Assets)	3.7	3.0	3.5	3.6	3.5				3.7	
PCR (%)	22.1	19.5	21.0	20.8	20.9				20.8	
Return Ratios (%)										
ROA (Rep)	1.6	1.8	0	-18.3	1.9				-3.0	
ROE (Rep)	6.2	6.4	0	-58.4	5.7				-11.4	

Source: Company, MOFSL



SH Kelkar

Estimate changes



TP change



Rating change



	SHKL IN
Bloomberg	SHKL IN
Equity Shares (m)	141
M.Cap.(INRb)/(USDb)	11.5 / 0.1
52-Week Range (INR)	148 / 48
1, 6, 12 Rel. Per (%)	15/-24/-36
12M Avg Val (INR M)	49

Financials & valuations (INR b)

Y/E Mar	2020	2021E	2022E
Net Sales	11.1	11.9	14.2
EBITDA	1.6	1.7	2.2
EBITDAM %	14.2	14.5	15.2
NP	0.6	0.8	1.0
EPS (INR)	4.2	5.5	7.3
EPS Gr. (%)	-31.3	29.7	33.0
BV/Sh. (INR)	58.3	61.8	66.0

Ratios

Net D:E	0.2	0.2	0.1
RoE (%)	7.0	9.1	11.4
RoCE (%)	9.7	10.6	13.3

Valuations

P/E (x)	19.3	14.8	11.2
P/BV (x)	1.4	1.3	1.2
EV/EBITDA (x)	9.0	8.2	6.3
EV/Sales (x)	1.3	1.2	1.0

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	60.0	57.5	56.9
DII	2.3	6.8	6.0
FII	11.8	19.6	20.6
Others	25.9	16.2	16.6

FII Includes depository receipts

CMP: INR 81

TP: INR 102(+26%)

Buy

Green shoots visible;

- The COVID-19 led disruption at start of 1QFY21 has now started to ease out. We believe demand pickup is sustainable. Additionally, the earlier-than-expected consolidation of Creative Flavors & Fragrances (CFF) should drive earnings.
- On account of positive raw material (RM) pricing scenario and tighter cost control measures, we have increased our earnings estimate for FY21 by 16%. But, we are broadly maintaining our estimates for FY22E. Reiterate **Buy**.

Demand pickup in sight; RM pricing scenario stable

- **1QFY21 performance:** Revenues declined 30% YoY to INR1,925m (v/s est. INR1,921m). EBITDA declined 33% YoY to INR310m (v/s est. INR196m). EBITDA margins contracted 80bp YoY to 16.1% (v/s est. 10.2%).
- The beat was driven by softer raw material prices (Gross Margin was up 70bp YoY to 43.9%) and cost optimization measures. Adj. PAT declined 17% to INR153m (v/s est. INR41m).
- **Strong traction in Fragrances at end-1QFY21:** The Fragrances division edged down 28% YoY to INR1,765m. COVID-19 led disruption impacted demand – both overseas business (down 30% YoY) and the domestic business (down 28% YoY). However, demand has started picking up with strong traction from end-May'20.
- **Flavors business vulnerable to seasonality:** The Flavors division plunged 47% YoY to INR150m (overseas was down 37% YoY while domestic declined 58% YoY), largely due to seasonality of the business. Additionally, the company exited a low margin account, which further impacted growth.
- **Outlook:** While FY21 growth is likely to remain flat (excl. CFF basis), management has guided for double-digit growth for FY22E. This is expected to be largely driven by demand pickup across business segments and geographies. The Fine Fragrances business is likely to see subdued demand. However, we expect growth to be driven by Personal Care (body-washes, soaps and sanitizers) and Household Products (floor cleaners) due to higher focus on hygiene and cleanliness due to COVID-19.

Key management commentary highlights: (a) On 28th Jul'20, the company acquired the balance equity stake (49%) in CFF for INR1.26b. (b) No major capex planned for next few years. Hence, debt levels should remain stable in FY21.

Valuation and view

We have increased our FY21E earnings estimates by 16% and have broadly maintained FY22E estimates. We expect revenue/PAT CAGR of 13%/31% over FY20-22E, partly driven by CFF consolidation, better RM pricing environment and improved demand, largely driven by the Personal Hygiene and Home Care segment. We are valuing the stock at 14x FY22E consol. earnings of INR7.3/share. Maintain **Buy** with TP of INR102/share.

Consolidated - Quarterly Earning Model

(INRm)

Y/E March	FY20				FY21E				FY20	FY21E	1QE	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	2,744	2,787	2,900	2,712	1,925	2,886	3,582	3,485	11,142	11,878	1,921	0%
YoY Change (%)	15.6	-2.0	13.1	0.5	-29.8	3.5	23.5	28.5	6.3	6.6	-30.0	
Total Expenditure	2,280	2,417	2,469	2,394	1,616	2,459	3,079	3,003	9,561	10,157	1,724	
EBITDA	464	369	431	318	310	426	503	482	1,582	1,721	196	58%
Margins (%)	16.9	13.3	14.9	11.7	16.1	14.8	14.1	13.8	14.2	14.5	10.2	
Depreciation	121	131	137	125	116	135	145	163	515	559	120	
Interest	70	71	71	35	45	60	65	73	247	243	35	
Other Income	14	19	21	24	41	20	22	15	78	98	24	
PBT before EO expense	286	186	245	181	189	251	315	261	898	1,016	65	189%
Extra-Ord expense	0	0	365	0	0	0	0	0	365	0	0	
PBT	286	186	-119	181	189	251	315	261	534	1,016	65	
Tax	96	36	-7	61	41	68	82	66	186	257	17	
Rate (%)	33.7	19.5	0.0	33.5	21.7	27.0	26.0	25.2	34.9	25.2	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	5	-5	-4	-7	-5	-2	-2	-1	-10	-10	8	
Reported PAT	185	154	-109	127	153	185	235	196	357	769	41	
Adj PAT	185	154	128	127	153	185	235	196	595	769	41	273%
YoY Change (%)	2.3	-46.5	-40.1	-35.0	-17.2	20.1	83.5	54.2	-32.8	29.4	-77.8	
Margins (%)	6.7	5.5	4.4	4.7	7.9	6.4	6.6	5.6	5.3	6.5	2.1	

E: MOFSL Estimates

BSE SENSEX
38,310

S&P CNX
11,300

CMP: INR421

Neutral

Conference Call Details



Date: 14th Aug 2020
Time: 11:00am IST
Dial-in details:
1800 103 3881

Better marketing margins offset poor GRMs; beat on EBITDA

- Reported EBITDA was higher than est. at INR39.7b (v/s our est. of INR25.2b and INR21.5b in 1QFY20), led by lower other expenditure.
- Adj. for inventory, EBITDA stood at INR34.1b v/s INR26b in 1QFY20.
- The company reported forex loss of INR0.6b and reported PAT of INR20.8b (v/s our est. of INR8.7 and INR10.8 in 1QFY20).
- Inventory gains for the quarter were at INR5.6b (on refining loss of INR4.4b and marketing gains of INR10b).
- This translates to inventory loss of USD1.5/bbl, resulting in core GRM of USD1.9/bbl (v/s our est. of USD3/bbl and USD3.7/bbl in 1QFY20).
- **Refining:** BPCL's reported GRM stood at USD0.4/bbl (v/s est. of USD5.5 and USD2.8 in 1QFY20).
- Refining throughput was in-line at 5.1mmt (-31% YoY; -39% QoQ), with utilization at ~75%. High sulfur crude processing decreased to 59% (v/s 66% in 4QFY20), while distillates yield remained the same at ~85%.
- **Marketing:** Marketing margins incl. inv. were much better than estimated at INR8.9/lit. (v/s INR7.5 est.; INR4.4 in 1QFY20 and 4QFY20). Marketing sales came in 8% lower than est. at 7.5mmt (-32% YoY; -30% QoQ).

Debt decreased to INR405.5b v/s INR478.2b at the end of FY20.

Standalone – Quarterly Earnings Model

(INR b)

Y/E March	FY20				FY21					
	1Q	2Q	3Q	4Q	1QE	1QAct	Var (%)	YoY (%)	QoQ (%)	
Net Sales	763.2	643.4	747.3	689.9	324.0	387.9	20%	-49%	-44%	
YoY Change (%)	6.4	-11.0	-5.6	-6.8	-57.6	-49.2				
EBITDA	21.5	27.6	28.0	5.9	25.2	39.7	58%	85%	NM	
Margins (%)	2.8	4.3	3.7	0.9	7.8	10.2				
EBITDA adj. for inventory and one-offs	26.0	27.9	22.6	54.9	13.7	34.1	149%	31%	-38%	
Forex loss	-0.3	3.9	1.0	12.1	0.1	0.6				
Depreciation	9.1	9.5	9.7	9.5	10.6	10.0	-6%	9%	5%	
Interest	4.5	6.4	5.1	5.8	5.9	5.9	-1%	30%	1%	
Other Income	5.4	8.7	5.1	11.6	4.5	5.9	33%	10%	-49%	
PBT before EO expense	13.5	16.6	17.3	-9.9	13.0	29.3	125%	NM	NM	
Extra-Ord expense	0.0	0.0	0.0	10.8	0.0	0.0				
PBT	13.5	16.6	17.3	-20.7	13.0	29.3	125%	NM	NM	
Rate (%)	20.5	-3.2	27.3	34.2	33.3	29.0				
Reported PAT	10.8	17.1	12.6	-13.6	8.7	20.8	139%	93%	NM	
Margins (%)	1.4	2.7	1.7	-2.0	2.7	5.4				
Key Assumptions										
Refining throughput (mmt)	7.5	7.7	8.4	8.4	5.0	5.1	3%	-31%	-39%	
Reported GRM (USD/bbl)	2.8	3.4	3.2	0.8	5.5	0.4	-93%	-86%	-48%	
Core GRM (USD/bbl)	3.7	3.8	2.2	7.4	3.0	1.9	-36%	-48%	-74%	
Marketing sales volume exclud exports (mmt)	11.1	10.3	11.0	10.7	8.2	7.5	-8%	-32%	-30%	
Marketing GM incld inv (INR/litre)	4.4	5.0	4.8	4.4	7.5	8.9	19%	NM	NM	

E: MOFSL Estimates

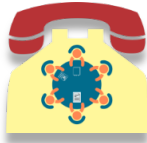
Hero Motocorp

BSE SENSEX 38,310
S&P CNX 11,300

CMP: INR2,811

Buy

Conference Call Details



Date: 14th August 2020
Time: 11:30 IST
Dial-in details:
+91 22 6280 1123
+91 22 7115 8024

Financials & valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	288.4	276.2	316.2
EBITDA	39.6	38.2	47.6
Adj. PAT	30.6	28.0	34.3
Cons. Adj. EPS (INR)	153.0	139.9	171.6
EPS Gr. (%)	-9.7	-8.5	22.6
BV/Sh. (INR)	707.7	731.6	776.6
Ratios			
RoE (%)	22.6	19.5	22.7
RoCE (%)	22.0	19.1	22.2
Payout (%)	70.9	81.8	73.8
Valuations			
P/E (x)	18.4	20.1	16.4
P/BV (x)	4.0	3.8	3.6
Div. Yield (%)	3.2	3.4	3.7
FCF Yield (%)	7.2	4.7	6.0

Above est.; Mix and cost management drives beat

- 1QFY21 revenue/EBITDA/PAT declined 63%/91%/90% YoY.
- 1QFY21 realizations grew 21% YoY (+12.8% QoQ) to ~INR52.7k (v/s est. INR48.8k). Realization improvement was driven by BS6 related prices as well as higher contribution from non-vehicle sales.
- Net sales declined ~63% YoY (-52% QoQ) to ~INR29.7b (v/s est. ~INR27.5b).
- Gross margin declined ~90bp YoY (-130bp QoQ) to ~29.5% (v/s est. ~31.5%), impacted by lack of loading of contribution margins on BS6 cost pass-on.
- Further, operating deleverage resulted in EBITDA margin of ~3.6% (v/s est. -0.5%). The company has highlighted that EBITDA margin stood at 12%, excluding the fixed cost during the lockdown period.
- EBITDA declined 91% YoY to ~INR1.1b (v/s est. EBITDA loss of INR125m).
- 95% of customer touch points are fully operational.
- HMCL has further invested ~INR840m in Ather Energy, taking its overall shareholding to 34.58% (from 31.27%).

Valuation and view: The stock trades at 20.1x/16.4x FY21/FY22E EPS.

Quarterly Performance (S/A)

Y/E March	FY20				FY21E				FY20	FY21E	FY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
Total Volumes ('000 nos)	1,843	1,691	1,541	1,335	563	1,686	1,706	1,697	6,410	5,652	563
Growth YoY (%)	-12.4	-20.7	-14.4	-25.1	-69.4	-0.3	10.7	27.2	-18.0	-11.8	-69.4
Net Realization	43,574	44,759	45,408	46,747	52,741	52,746	52,799	39,791	44,988	48,872	48,850
Growth YoY (%)	4.1	5.1	4.0	5.6	21.0	17.8	16.3	-14.9	4.6	8.6	12.1
Net Op Revenues	80,303	75,707	69,967	62,384	29,715	88,919	90,067	67,529	288,360	276,231	27,523
Growth YoY (%)	-8.8	-16.7	-11.0	-20.9	-63.0	17.5	28.7	8.2	-14.3	-4.2	-65.7
RM Cost (% sales)	69.6	67.7	66.6	69.2	70.5	68.2	68.0	67.1	68.3	68.1	68.5
Staff Cost (% sales)	5.8	6.2	6.7	7.0	12.9	5.2	5.4	7.0	6.4	6.5	13.4
Other Exp (% sales)	10.1	11.6	11.8	13.2	13.0	10.7	10.3	13.6	11.6	11.5	18.5
EBITDA	11,580	11,011	10,390	6,599	1,081	14,143	14,692	8,315	39,579	38,230	-125
EBITDA Margins (%)	14.4	14.5	14.8	10.6	3.6	15.9	16.3	12.3	13.7	13.8	-0.5
Other Income	1,688	2,078	1,822	1,695	1,485	1,500	1,400	1,515	7,283	5,900	1,600
Interest	44	77	59	41	63	50	50	37	220	200	50
Depreciation	2,361	2,034	2,037	1,747	1,708	1,800	1,820	1,816	8,180	7,143	1,750
PBT before EO Exp/(Inc)	10,864	10,979	10,115	6,506	795	13,793	14,222	7,978	38,463	36,787	-325
Effective Tax Rate (%)	32.9	15.7	13.0	4.6	22.9	23.8	23.8	23.9	20.6	23.8	23.8
Adj. PAT	6,318	9,226	8,804	6,207	613	10,503	10,830	6,067	30,554	28,014	-248
Growth (%)	-30.5	-5.5	14.5	-15.0	-90.3	13.9	23.0	-2.2	-9.7	-8.3	-103.9

Tata Steel

BSE SENSEX 38,310
S&P CNX 11,300

CMP: INR413

Neutral

Conference Call Details



Date: 14th Aug 2020
Time: 12:00 IST
Dial-in details:
++91 (22) 6280 1413

Financials & Valuations (INR b)

Y/E March	2020E	2021E	2022E
Sales	1,398	1,266	1,455
EBITDA	175	133	223
Adj. PAT	10	-13	50
Adj. EPS (INR)	9.1	-11.1	44.1
EPS Gr(%)	-89.8	-222.7	-496.4
BV/Sh. (INR)	587	564	596
RoE (%)	1.6	-1.9	7.6
RoCE (%)	5.8	2.8	7.2
Payout (%)	62.3	-79.1	26.4
Valuations	45.6	-37.1	9.4
P/E (x)	0.7	0.7	0.7
P/BV	8.8	11.5	6.8
EV/EBITDA (x)	2.4	2.4	2.4
Div. Yield (%)	45.6	-37.1	9.4

Weak performance due to COVID-19

Maintain Neutral

Consolidated operations: EBITDA declines 91% YoY leading to PAT loss of INR44.3b

- Reported revenue/ EBITDA/ adj. PAT stood at INR243b/ INR5.1b/ -INR44.3b, -32%/ -91%/na YoY respectively.
- Consolidated sales volumes stood at 4.86mt, down 24%/26% QoQ/YoY.
- Consolidated EBITDA at INR5.1b was 51% lower than our estimate of INR10.3b, due to loss in trade related operations and other adjustments.

Standalone operations: EBITDA declines 66% QoQ to INR12.5b

- Revenue declined 34% QoQ to INR93.4b (-42% YoY) due to 28% QoQ decline in sales volume to 2.11mt (-30% YoY) (in-line).
- Realization stood at INR44,344/t, down 9% QoQ (-17% YoY) (in-line).
- Reported EBITDA declined 66% QoQ to INR12.5b (-68% YoY), 7% higher than our estimates.
- EBITDA/t stood at INR5,940, down 53% QoQ (-55% YoY) (v/s est. INR5,529/t).
- Adj. loss stood at INR3.9b, (v/s Adj. PAT of INR13.2b in 4QFY20).

Subsidiary Operations: Europe turns red again; BSL EBITDA down 81% QoQ

- Tata Steel Europe reported EBITDA loss of INR6.3b (v/s profit of INR650m in 4QFY20). It was marginally better than our est. loss of INR7.1b. Volumes declined 19% QoQ to 1.94mt (-14% YoY) and EBITDA/t was negative at USD44/t (v/s est. USD50/t).
- Tata Steel BSL reported EBITDA of INR1.5b (v/s est. INR3.0b), down 81% QoQ. EBITDA/t declined to INR2,163/t (-73% QoQ), led by 11% QoQ lower realization (INR38,862/t) and lower volumes (0.69mt, down 29% QoQ).
- Other business operations reported EBITDA loss of INR2.7b (v/s est. profit of INR2.8b).

Other highlights

- India volumes stood at ~115% of average monthly volumes in FY20 during Jun'20 (domestic volumes at 74%).
- By end-Jun'20, capacity utilization in India ramped up and had normalized.
- Net-debt stood flat QoQ at INR1,070b. However, Net-debt to TTM EBITDA increased to 8.5x (6.1x at end-FY20).
- Liquidity stood at INR201.4b at end-Jun'20.

Quarterly Performance (Consolidated)							(INR M)
Y/E March	FY20				FY21	FY21	vs Est
	1Q	2Q	3Q	4Q	1Q	1QE	(%)
Sales (k tons)	6,340	6,530	7,310	6,500	4,860	4,968	-2
Change (YoY %)	-3.2	-12.0	4.6	-13.6	-23.3	-21.6	
Avg Realization (INR/tss)	56,699	52,954	48,592	51,954	49,976	48,423	3
Net Sales	3,59,471	3,45,792	3,55,204	3,37,700	2,42,885	2,40,582	1
Change (YoY %)	-5.0	-20.6	-13.8	-20.4	-32.4	-33.1	
EBITDA	53,769	38,196	36,197	46,469	5,055	10,347	-51
Change (YoY %)	-16.9	-57.2	-46.2	-38.2	-90.6	-80.8	12
(% of Net Sales)	15.0	11.0	10.2	13.8	2.1	4.3	
EBITDA(USD/tss)	122	83	70	100	14	28	-50
Interest	18,064	18,714	19,306	19,251	19,983	19,380	3
Depreciation	20,828	21,272	20,187	22,241	21,108	21,326	-1
Other Income	2,511	1,836	929	13,159	1,926	1,363	41
PBT (before EO Inc.)	17,387	46	-2,366	18,136	-34,110	-28,995	18
EO Income(exp)	160	-336	-3,286	-34,059	584		
PBT (after EO Inc.)	17,547	-290	-5,652	-15,923	-33,526	-28,995	16
Total Tax	11,238	-40,500	6,210	-2,633	12,715	-7,539	
% Tax	64.6	-88,428	-263	-14.5	-37.3	26.0	
Reported PAT	6,309	40,210	-11,863	-13,290	-46,242	-21,457	116
Minority Interests	-100	-1,013	-1,367	-1,405	-2,356	-971	143
Share of asso. PAT	522	224	205	928	150	500	-70
Adj. PAT (after MI & asso)	6,771	-537	-7,005	13,802	-44,320	-19,986	122
Change (YoY %)	-70.5	NA	NA	NA	NA		

Shriram Transport Finance

Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E
Net Inc.	83.1	77.5	85.6
PPP	62.3	59.1	65.5
PAT	25.0	17.1	29.0
EPS (INR)	110	67	114
EPS Gr. (%)	-2.4	-38.8	69.6
BV/Sh (INR)	794	831	934
Ratios			
NIM (%)	8.0	7.3	8.0
C/I ratio (%)	25.0	23.7	23.5
RoA (%)	2.3	1.5	2.6
RoE (%)	14.9	8.7	13.0
Payout (%)	5.4	12.0	12.0
Valuations			
P/E (x)	6.4	10.4	6.2
P/BV (x)	0.9	0.8	0.8
Div. Yield (%)	0.7	1.0	1.6

CMP: INR703

Buy

COVID-19 provisions stand at INR9.6b; Collection efficiency improving

- SHTF's 1QFY21 PAT halved to INR3.2b (6% miss). The quarter was characterized by muted disbursements and pressure on margins. However, it displayed consistent improvement in collection efficiency.
- **Collection efficiency (in terms of number of customers) improved drastically from 52% in May'20 to 73% in Jul'20. Despite this, the company took additional INR9.6b COVID-19 provisions, taking the total COVID-19 provision buffer to INR18.7b (i.e. 1.8% of loans).**

Disbursements muted; AUM largely stable

- Given the tough situation, disbursements were muted at INR10b (compared to run-rate of INR100b+). **As a result, AUM grew 2% QoQ/ 5% YoY to INR1.12t. However, the increase was largely due to capitalization of interest during the quarter.**
- AUM mix was stable with the share of M&HCV at 70% and that of passenger vehicles at 22%.

Margins under pressure due to higher liquidity on the balance sheet

- **Given the elevated cost of funds and the drag due to excess liquidity, NIMs dropped 35bp QoQ/75bp YoY to 6.4% – the lowest in several quarters.**
- The company has INR115b of liquidity on the balance sheet.
- Borrowing mix was largely stable with share of NCDs at 22%, term loans at 16%, securitization at 23%, ECBs at 18%, deposits at 13% and others at 9%.

GNPL ratio improves; ECL buffer inches up

- **GNPL ratio improved 40bp QoQ to 7.98% – the lowest since migration to 90dpd accounting. This was partly aided by a write-off of INR1.1b.**
- With the COVID-19 provisions, SHTF has increased its Stage-3 PCR from 35% to 39% and Stage-1/2 PCR from 3.1% to 3.7% QoQ.

Other key details

- Operating expenses declined ~30% QoQ, driven by similar reduction in both employee and operating expenses.
- Tier I ratio improved 20bp QoQ to 18.3%. **In Aug'20, the company raised INR14.92b via rights issue at INR57/share, which should increase Tier-I ratio by 150bp, in our view.**
- SHTF has changed from derivative to hedge accounting for foreign exchange forward contracts and interest rate swaps on foreign currency liability. **In the earlier accounting system, fair value changes on hedges went through the P&L while it is now being routed via 'Other Comprehensive Income'. This has resulted in an MTM impact of INR2.56b (pre-tax) and INR1.9b (post-tax).**

Valuation and view

Since the IL&FS crisis, the company has diversified into new borrowing sources like retail NCDs and ECBs. The share of ECBs in total borrowings has increased meaningfully from 6% to 18% YoY. SHTF has also increased liquidity to 9-10% of the balance sheet. However, AUM growth has been weak for the past several quarters and is likely to remain so for the next few too. On the asset quality front, SHTF has done a good job of reducing the GNPL ratio over the past year. While the collection efficiency number is encouraging, a clearer picture will emerge post the moratorium in Sep'20.

Quarterly Performance								(INR m)
Y/E March	FY20				FY21	FY20	1QFY21E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q			
Interest Income	39,721	41,099	41,337	40,922	41,026	1,62,675	40,308	2
Interest expenses	20,112	21,134	21,193	21,589	22,672	82,703	22,020	3
Net Interest Income	19,609	19,965	20,144	19,333	18,354	79,972	18,288	0
Change YoY (%)	6.1	-3.3	-0.8	0.1	-6.4	1.6	-5.9	
Other Operating Income	502	1,077	1,524	762	383	2,949	725	-47
Other Income	89	23	22	46	38	203	50	-24
Net Income	20,200	21,064	21,689	20,142	18,775	83,124	19,063	-2
Change YoY (%)	7.6	0.4	4.5	1.1	-7.1	3.5	-5.6	
Operating Expenses	4,772	5,189	5,382	5,416	3,823	20,788	4,485	-15
Operating Profit	15,428	15,875	16,307	14,726	14,952	62,336	14,578	3
Change YoY (%)	9.8	-2.2	0.7	-2.6	-3.1	1.2	-5.5	
Provisions	5,612	6,607	4,444	11,287	10,646	27,949	10,000	6
Profit before Tax	9,816	9,269	11,863	3,439	4,306	34,387	4,578	-6
Tax Provisions	3,473	1,618	3,072	1,205	1,105	9,360	1,190	-7
Net Profit	6,343	7,651	8,792	2,234	3,201	25,027	3,388	-6
Change YoY (%)	10.7	25.5	38.4	-70.1	-49.5	-2.4	-46.6	
Key Operating Parameters (%)								
Yield on loans (Cal)	16.2	16.5	16.3	16.0	16.0			
Cost of funds (Cal)	9.0	9.3	9.3	9.3	9.6			
Spreads (Cal)	7.2	7.1	7.0	6.8	6.4			
NIMs (Reported)	7.2	7.2	7.1	6.8	6.4			
Credit Cost	2.1	2.5	1.6	4.1	3.8			
Cost to Income Ratio	23.6	24.6	24.8	26.9	20.4	25.0		
Tax Rate	35.4	17.5	25.9	35.0	25.7	27.2		
Balance Sheet Parameters								
AUM (INR B)	1,063	1,081	1,089	1,097	1,118	1,097		
Change YoY (%)	5.8	3.6	4.9	5.0	5.1	5.0		
Loans (INR B)	988	1,007	1,018	1,022	1,034	1,022		
Change YoY (%)	4.0	2.1	5.7	5.7	4.6	5.7		
Disbursements (INR B)	123	133	114	109	10	479		
Change YoY (%)	-8.4	-3.7	19.2	-9.1	-92.0	-1.3		
Borrowings (INR B)	906	906	915	944	953	944		
Change YoY (%)	6.3	2.7	2.2	7.3	5.1	7.3		
Loans/Borrowings (%)	109.1	111.1	111.2	108.3	108.5	108.3		
Debt/Equity (x)	5.6	5.3	5.1	5.2	5.3	5.2		
Asset Quality Parameters (%)								
GS 3 (INR B)	89.3	94.0	93.9	91.8	89.3	91.8		
Gross Stage 3 (% on Assets)	8.5	8.8	8.7	8.4	8.0	9.0		
NS 3 (INR B)	60.9	63.8	63.7	59.9	54.9	59.9		
Net Stage 3 (% on Assets)	6.1	6.3	6.2	5.8	5.2	6.0		
PCR (%)	31.8	32.1	32.1	34.7	38.6	34.7		
ECL (%)	5.3	5.4	5.3	5.8	6.5	5.8		
Return Ratios (%)								
ROAA (Rep)	2.3	2.7	3.1	0.8	1.1			
ROAE (Rep)	15.8	18.4	20.2	5.0	7.1			

Endurance Technology

BSE SENSEX 38,310 S&P CNX 11,300

CMP: INR949

Buy

Conference Call Details



Date: 14th August 2020
Time: 10:30AM IST
Dial-in details:
022 62801145/
022 71158046

Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	68.8	65.0	77.8
EBITDA	10.9	9.9	13.1
Adj. PAT	5.4	4.2	6.5
Cons. Adj. EPS (INR)	38.0	30.0	46.1
EPS Gr. (%)	5.1	-21.0	53.5
BV/Sh. (INR)	213.7	234.7	266.9
Ratios			
RoE (%)	19.2	13.4	18.4
RoCE (%)	16.4	11.9	16.8
Payout (%)	28.5	30.1	30.1
Valuations			
P/E (x)	25.1	31.8	20.7
P/BV (x)	4.5	4.1	3.6
Div. Yield (%)	1.0	0.8	1.2
FCF Yield (%)	3.5	4.1	4.5

In-line; Beat at EU business, miss in India

- **Consol. net revenue** declined ~67.6% YoY to ~INR6b (v/s est. of ~INR8.3b).
- Consol. EBITDA margins declined ~870bp YoY (-820bp QoQ) to ~7.1% (v/s est. of 7.5%). They were weighed by operating de-leverage, partially offset by lower RM cost. This translated to recurring loss of ~INR249m (v/s est. of ~INR224m).
- **India business:** S/A revenues declined ~73% YoY to ~INR3.6b (v/s est. of ~INR5.3b), compared with underlying 2W industry production decline of 78.5% YoY. Aftermarket sales declined by 71% to INR169m (v/s INR592m in 1QFY20). Impacted by operating de-leverage, it reported EBITDA of INR26m and recurring loss of INR319m (v/s est. of INR154m).
- **EU business:** Revenues declined by 55% YoY to INR2.47b (v/s est. of INR3b). In EUR terms, EU subs' revenues were down by 57% as certain OEMs suffered a higher-than-average reduction in new car registrations (v/s EU PV industry decline of 50%). EBITDA margins contracted by 120bp YoY to 16.3% (v/s est. of 11.6%), driven by lower RM cost. Lower interest rate and higher other income resulted in adj. PAT of ~INR69m (v/s est. loss of ~INR70m).
- **Outlook:** Provisional industry numbers for July showed significant rebound in demand. In Europe, this has been aided by government incentives for both EVs and ICE vehicles. In India, the largest two-wheeler manufacturer has almost reached previous-year levels, and markets for other two-wheeler OEMs are also showing recovery.

Valuation and view: The stock trades at 31.8x/20.7x FY21/FY22E consol. EPS.

Consolidated – Quarterly

Y/E March	FY20				FY21E				FY20	FY21E	FY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
INR m											
Net Sales	18,619	17,713	16,405	16,038	6,031	16,108	18,967	23,941	68,775	65,047	8,270
YoY Change (%)	0.1	-8.5	-9.5	-15.6	-67.6	-9.1	15.6	49.3	-8.4	-5.4	-55.6
RM Cost (% of sales)	55.6	54.0	53.4	54.0	47.9	54.7	55.4	56.4	54.3	54.9	51.1
Staff Cost (% of sales)	9.6	9.4	10.3	10.1	21.9	9.8	8.7	7.3	9.8	9.7	17.2
Other Exp. (% of sales)	19.0	20.2	20.4	20.6	23.1	18.7	18.4	20.1	20.0	20.2	19.0
EBITDA	2,941	2,911	2,605	2,449	427	2,510	3,068	3,878	10,906	9,883	617
Margins (%)	15.8	16.4	15.9	15.3	7.1	15.6	16.2	16.2	15.9	15.2	7.5
Depreciation	927	986	1,000	1,230	856	1,110	1,211	1,449	4,143	4,626	990
Interest	58	49	43	26	42	37	37	35	175	150	37
Other Income	68	114	119	174	109	116	110	140	476	475	115
PBT before EO expense	2,024	1,990	1,681	1,368	-361	1,479	1,930	2,534	7,064	5,582	-295
Exceptional Item	-472	0	0	70	0	0	0	0	-402	0	0
PBT after EO	2,496	1,990	1,681	1,298	-361	1,479	1,930	2,534	7,465	5,582	-295
Tax	840	300	441	229	-112	362	467	640	1,810	1,357	-71
Eff. Tax Rate (%)	33.7	15.1	26.2	17.7	31.0	24.4	24.2	25.3	24.2	24.3	24.1
Adj. PAT	1,298	1,691	1,240	1,122	-249	1,117	1,462	1,894	5,351	4,225	-224
YoY Change (%)	4.2	35.0	12.1	-24.5	-119.2	-33.9	17.9	68.9	5.1	-21.0	-117.3
India Business Revenues	13,139	12,920	11,610	11,314	3,562	12,274	13,932	18,271	48,984	48,039	5,256
EBITDA Margins (%)	15.1	15.2	14.1	12.7	0.7	15.4	14.5	15.2	14.3	14.0	5.1
EU Business Revenues	5,480	4,792	4,795	4,724	2,469	3,834	5,035	5,670	19,791	17,008	3,014
EBITDA Margins (%)	17.5	19.7	20.2	21.5	16.3	16.3	20.8	19.3	19.6	18.7	11.6

Engineers India

BSE SENSEX
38,310

S&P CNX
10,618

CMP:INR67

Buy

Conference Call Details



Date: 14th August 2020

Time: 4:00pm IST

Dial-in details:

+91-22-66085555

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022
Sales	32.0	25.4	29
EBITDA	4.4	3.3	4
PAT	4.3	4.2	5
EBITDA (%)	13.8	12.8	16
EPS (INR)	6.8	6.6	8
EPS Gr. (%)	16.3	(2.6)	24
BV/Sh. (INR)	34.8	35.6	36

Ratios

Net D/E	(1.4)	(1.3)	(1.1)
RoE (%)	18.3	17.5	21
RoCE (%)	20.8	19.8	23
Payout (%)	87.7	87.7	87

Valuations

P/E (x)	9.9	10.2	8
P/BV (x)	1.9	1.9	1
EV/EBITDA (x)	3.5	5.6	3
Div Yield (%)	7.6	7.4	9
FCF Yield (%)	8.3	5.9	14

Revenues higher than estimates; Order inflow plunges 91% YoY

1QFY21 snapshot:

- Revenue came in at INR4.7b, down 36% YoY (**14% above our estimates**).
- EBITDA came in at INR214m, down 85% YoY and 16% lower than our estimate. Employee cost increased 4% YoY while other expenses declined 58% YoY.
- EBITDA margin stood at 4.6% (v/s est. 6.2%).
- Other income came in at INR497m (lower than est. INR580m).**
- Effective tax stood lower at 26.4% (v/s 35.3% YoY).
- Adj. PAT stood at INR481m, down 61% YoY (**17% lower than our estimates**).
- Order inflows plunged 91% YoY to INR810m.**
- Order book stood at INR91.2b (-20% YoY). **Book-to-bill stood at 3.1x.**

Segmental snapshot:

- Consultancy: 1QFY21** revenues stood at INR2.7b, down 38% YoY. EBIT margin stood at 14.3% (v/s 39.3% YoY). Order inflows stood at INR680m.
- Turnkey: 1QFY21** revenues stood at INR1.9b, down 34% YoY. EBIT margin stood at 1.5% (v/s 2.7% YoY). Order inflows stood at INR130m.

Quarterly Performance

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E	MOSLe	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	7,349	7,237	8,906	8,538	4,678	6,498	7,432	6,832	32,031	25,440	4,119	14
YoY Change (%)	28.2	6.2	54.4	39.4	-36.3	-10.2	-16.6	-20.0	31.0	-20.6	-44.0	
Total Expenditure	5,954	6,168	8,050	7,428	4,464	5,606	6,440	5,678	27,600	22,189	3,863	
EBITDA	1,395	1,069	856	1,110	214	892	992	1,153	4,430	3,251	256	-16
Margins (%)	19.0	14.8	9.6	13.0	4.6	13.7	13.3	16.9	13.8	12.8	6.2	
Depreciation	57	58	56	67	53	62	65	74	238	254	60	
Interest	3	4	4	6	4	4	4	5	17	17	4	
Other Income	583	655	657	685	497	670	680	776	2,580	2,622	580	
PBT	1,917	1,663	1,453	1,722	653	1,496	1,603	1,849	6,755	5,602	772	-15
Tax	676	986	366	425	172	377	404	457	2,453	1,410	195	
Rate (%)	35.3	59.3	25.2	24.7	26.4	25.2	25.2	24.7	36.3	25.2	25.2	
Reported PAT	1,241	678	1,087	1,297	481	1,119	1,199	1,393	4,302	4,192	577	-17
Adj PAT	1,241	678	1,087	1,297	481	1,119	1,199	1,393	4,302	4,192	577	-17
YoY Change (%)	43.3	-30.7	19.7	36.7	-61.3	65.2	10.3	7.4	16.3	-2.6	-53.5	
Margins (%)	16.9	9.4	12.2	15.2	10.3	17.2	16.1	20.4	13.4	16.5	14.0	

Kaveri Seeds

BSE SENSEX 38,310
S&P CNX 11,300

CMP: INR611

Buy

Conference Call Details



Date: 14th Aug 2020

Time: 1:00pm IST

Dial-in details:

+91-22 6280 1141

In-line revenue and EBITDA; PAT above est. due to higher other income

- KSCL's 1QFY21 revenue (standalone) was up 14% YoY to INR7,485m (v/s est. INR7,220m).
- Cotton seed volumes increased 5% to 6.99m packets. Revenue grew 5% to INR4,247m.
- Maize seed volumes increased 7% (to 5,322MT) and revenue grew 9% YoY to INR914m.
- Hybrid rice volumes increased 44% (to 4,937mn packets), leading to 53% revenue growth to INR1,141m. Selection rice volumes increased 23% (to 11,130MT) and revenue grew 28% (to INR748m).
- EBITDA was up 20% YoY to INR2,793m (v/s est. INR2,395m). EBITDA margin expanded 170bp YoY to 37.3%, mainly due to operating leverage. However, it was offset by lower gross margin (contracted 220bp YoY to 44.2%).
- Adj. PAT was up 27% YoY to INR2,910m (v/s est. INR2,606m). PAT growth was higher than the EBITDA increase, mainly on account of higher other income (up 5.6x YoY to INR241m).

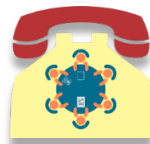
Quarterly - Standalone

Y/E March	FY20				FY21				(INR M)			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY20	FY21E	FY21	Var
Net Sales	6,555	774	984	519	7,485	681	1,192	694	8,832	10,051	7,220	4
YoY Change (%)	12.6	3.0	46.5	16.1	14.2	-12.1	21.1	33.6	14.9	13.8	10.2	
Total Expenditure	4,222	661	917	637	4,692	606	1,061	772	6,437	7,130	4,562	
EBITDA	2,333	113	67	-118	2,793	75	131	-78	2,395	2,921	2,658	5
Margins (%)	35.6	14.6	6.8	-22.6	37.3	11.0	11.0	-11.2	27.1	29.1	36.8	
Depreciation	59	59	62	64	52	65	66	67	243	250	65	
Interest	0	0	1	1	0	0	1	1	2	2	1	
Other Income	43	30	77	315	241	31	81	27	466	381	45	
PBT before EO expense	2,317	84	82	132	2,982	41	146	-119	2,616	3,050	2,638	
PBT	2,317	84	82	132	2,982	41	146	-119	2,616	3,050	2,638	
Tax	28	15	22	39	72	7	38	-35	103	83	32	
Rate (%)	1.2	17.5	26.2	29.3	2.4	17.5	26.2	29.3	3.9	2.7	1	
Reported PAT	2,289	69	60	94	2,910	34	107	-84	2,513	2,967	2,606	12
Adj PAT	2,289	69	60	94	2,910	34	107	-84	2,513	2,967	2,606	12
YoY Change (%)	8.7	-42.0	65.8	NA	27.1	-51.2	77.6	-190.0	17.0	18.1	14	
Margins (%)	34.9	8.9	6.1	18.0	38.9	5.0	9.0	-12.1	28.4	29.5	36.1	

Shoppers Stop

BSE SENSEX 38,310 S&P CNX 11,300

Conference Call Details

Date: 14th June 2020

Time: 3:30pm IST

Dial-in details:

+91 22 6280 1384

Financials & Valuations (INR b)

INR b	FY20	FY21E	FY22E
Sales	34.6	25.1	31.0
EBITDA	5.5	2.4	4.7
Adj. PAT	-1.2	-3.0	-1.2
EBITDA Margin (%)	15.9	9.6	15.0
Adj. EPS (INR)	-14.7	-35.9	-14.5
EPS Gr. (%)	-289.1	144.2	-59.6
BV/Sh. (INR)	8.0	NM	NM

Ratios

Net D:E	30.8	NM	NM
RoE (%)	-25.0	NM	NM
RoCE (%)	16.5	-5.5	2.2
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	NM	NM	NM
EV/EBITDA (x)	3.1	5.8	2.8
EV/Sales (x)	0.5	0.6	0.4
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	10.9	15.0	9.7

CMP: INR175

Neutral

EBITDA loss at INR1,024m (v/s est. INR1,143m); adj. net loss at INR1.1b

- Shopper Stop (SHOP)'s revenues declined 93.5% YoY to INR539m (40% miss); gross margins declined 970bp to 32.1%. Revenue decline is attributable to complete store closures in Apr'20, May'20, and a portion of Jun'20. Due to lockdown-led restrictions, the company's stores operated at 17.6% capacity during the quarter.
- EBITDA turned to loss of INR1,024m (v/s est. INR1,143m) on revenue decline.
- SHOP reported higher other income of INR1,040m in 1QFY21 (v/s INR24m in 1QFY20) as it adjusted cash rental waivers of ~INR1b in other income, in line with MHA guidelines.
- Subsequently, PBT/PAT stood at -INR1.5b/-INR1.2b; post the adjustment of INR39.9m accelerated depreciation, net loss stood at INR1.1b.

Other highlights

- SHOP did not add any departmental stores on a net basis in 1QFY21; the total departmental store count stood at 84 stores.
- The beauty stores' count at 132 also remained the same as in the previous quarter.
- First Citizen customers' contribution to sales stood at 76% of total revenues (v/s 79% in 4QFY20). Furthermore, the Beauty segment's contribution to sales increased to 22% (v/s 18% in 4QFY20).
- The First Citizen member count remained the same at 7m (as in 4QFY20).

The COVID-19 impact

- The company is strengthening its omni-channel presence and capabilities, and has initiated a digital transformation journey from mid-July with a leading international consulting company on omni to significantly improve customer experience and thereby grow the business.
- It has revamped its First Citizen Loyalty Program and transformed it into a completely digital program.
- The company continued to focus on cost reduction and successfully reduced the monthly cash-burn rate. This should reduce the company's cost by 35% on a consolidated basis in FY21. Of this, it has already realized savings of INR1.85b in 1QFY21.
- In this uncertain environment, the company has enhanced its focus on cash conservation to maintain short-term liquidity and balance sheet strength.
- SHOP had cash and investments in mutual funds of INR850m as of 1QFY21, and it also availed a term loan of INR750m in Jul'20 to deal with commitments in the coming quarters.

Standalone – Quarterly Earnings Model

(INR m)

Y/E March	FY20				FY21				FY20	FY21	FY21E	Est. Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q	(%)
Total Revenue from Operations	8,324	8,453	9,941	7,092	539	6,034	9,565	7,080	33,810	23,219	895	-40
YoY Change (%)	NA	2.3	-0.5	-29.0	NA	-27.5	13.2	-28.8	-2.9	-31.3	-89.2	
Total Expenditure	6,942	7,081	7,966	6,326	1,563	5,327	7,719	6,118	28,315	20,727	2,038	-23
EBITDA	1,382	1,372	1,975	766	-1,024	708	1,846	962	5,495	2,492	-1,143	-10
EBITDA Margin (%)	16.6	16.2	19.9	10.8	-189.9	11.7	19.3	13.6	16.3	10.7	-127.6	
Depreciation	884	878	934	1,696	997	1,073	1,086	1,126	4,392	4,283	1,060	
Interest	484	474	478	508	552	550	550	550	1,944	2,202	550	
Other Income	24	181	66	64	1,040	49	23	46	335	1,158	29	
PBT before EO expense	38	201	629	-1,375	-1,533	-867	233	-669	-506	-2,835	-2,723	-44
PBT	38	201	629	-1,575	-1,533	-867	233	-669	-706	-2,835	-2,723	
Tax	14	255	681	-247	-382	-170	46	-131	703	-637	-534	
Rate (%)	35.8	126.7	108.3	15.7	24.9	19.6	19.6	19.6	-99.5	22.5	19.6	
Reported PAT	24	-54	-52	-1,328	-1,151	-697	187	-538	-1,409	-2,199	-2,190	-47
Adj PAT	81	-54	-52	-734	-1,112	-697	187	-538	-759	-2,159	-2,190	-49
YoY Change (%)	-17.4	-140.7	-111.1	-343.3	-1,476.6	1,197.6	-458.8	-26.7	-175.9	184.4	-2,812.0	

E: MOFSL Estimates



PI INDUSTRIES: WILL USE QIP MONEY TO FORAY INTO PHARMA SECTOR AND ACQUIRE SMALLER BLOCKS; Mayank Singhal, MD & CEO

- One, we are looking at inorganic options to go into adjacencies which could be complementary to our competencies and going to different areas; pharma being identified as one of them. The other is to look at acquisition of smaller blocks, which could be complementary in terms of technology and could be synergistic to our business. That is really where we are looking to deploy this money over the next two quarters.
- Have a couple of products in the branded business. It is going to be a domestic-branded business where we would be looking to bring about one or two product molecules based on regulatory approvals in this coming year. On the other hand, we have added capacity for contract manufacturing for global supplies. We will be commercialising two new products in the manufacturing sites.
- When you look at the global shift in manufacturing, we have been pioneers and forerunners in the space with our ideas of competency, which is agri. We definitely see opportunities coming our way. Clearly, India supported through its strong policies in the area of manufacturing chemical industry could really move to the next level. I do believe that India in the chemical industry's next phase should specifically focus towards IP generation and creation. This would also give us an edge over the Chinese competition.
- Have 30-40% of our revenue still dependent on the domestic business, which is also going well. Clearly yes, the domestic business has a relationship on the rainfall and the monsoon situation in India because in India, still about 50-60% of agriculture is dependent on monsoons. Given that monsoons are doing well, all domestic business-based companies will do well.

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THE ILLUSION OF A REVIVAL IN THE COUNTRY'S AGRICULTURAL SECTOR

- Most recent economic indicators suggest a modest recovery compared to the first two months of India's lockdown. But when compared to the data of last year, it also becomes clear that an economic comeback is likely to be a long-drawn affair. There is also a consensus that a recovery will be contingent on a revival in consumption demand, which had declined considerably even before the lockdown. The only hope during these grim times seems to arise from the agricultural sector, which is expected to not only show positive growth, but also boost consumer demand. Such hopes are bolstered by a normal monsoon and increased sowing this year, on top of last year's record production of some crops. But how realistic are these hopes pinned on agriculture to revive demand and the economy? Agriculture has stood out, with high growth in the last two years, when most other sectors and the broader economy were slowing down. The sector grew 4% last year, and at an impressive 3.2% per annum during the last six years. For the first five years of the National Democratic Alliance (NDA) government, the annual agricultural growth rate was 3.08%. At an aggregate level, these figures appear impressive, but they have failed to contribute to a resurgence of India's economy, which has been slowing down for at least two years. Part of the reason is that while the agriculture sector as a whole grew at more than 3%, there was wide variance in the performance of its sub-sectors. Agriculture comprises the crop subsector and allied sectors such as livestock, forestry and fishing. But it is the crop sector that most Indian farmers are employed in and derive their income from. The crop sub-sector doesn't just form the largest chunk of agricultural value added, accounting for two-thirds of the total value added in the overall sector in 2013-14, it is also the key determinant of farmer incomes. However, its performance under the first five years of the NDA government was far less impressive than that of the broader sector, with its net value added declining at constant prices.

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MODI'S BOLD TAXATION REFORM FOR NATION BUILDING

- Prime Minister Narendra Modi's call for belief in people's honesty and fundamentally reforming the tax system to make it more people-centric reflects the government's vision of a new governance model. He, along with finance minister Nirmala Sitharaman, has reinforced that the future of tax reforms will be based on trust, transparency and technology. In this direction, the faceless e-assessment scheme (FAS), faceless appeals and the taxpayers' charter are transformational initiatives, which will bring greater efficiency, transparency and accountability in tax administration. The efforts towards reforming the tax administration started a few years ago with the introduction of e-assessments conducted over email and through a portal. These were done by the jurisdictional tax authority and the identity of the officer was known to the taxpayer. The new FAS, launched in 2019, goes a step further by using artificial intelligence for automated, randomised allocation of cases such that the identity of the tax official is not known to the taxpayer.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Automobiles																
Amara Raja	Neutral	743	739	-1	38.7	33.8	39.1	36.7	-12.6	15.6	22.0	19.0	3.1	2.8	15.0	17.7
Ashok Ley.	Buy	61	72	18	1.2	-0.4	2.3	-83.1	PL	LP	NM	26.8	2.5	2.4	-1.5	9.2
Bajaj Auto	Neutral	3017	2960	-2	187.4	168.3	183.2	13.3	-10.1	8.8	17.9	16.5	4.0	3.6	23.2	22.9
Bharat Forge	Buy	503	500	-1	9.2	4.6	15.1	-58.4	-49.7	226.2	108.4	33.2	4.3	3.9	4.1	12.3
Bosch	Neutral	14404	14400	0	418.8	373.3	460.4	-22.5	-10.9	23.3	38.6	31.3	4.2	3.9	11.4	12.9
CEAT	Buy	891	1038	16	57.1	63.2	75.6	-14.7	10.8	19.5	14.1	11.8	1.2	1.1	8.5	9.5
Eicher Mot.	Buy	21671	24750	14	669.4	510.1	822.0	-17.8	-23.8	61.1	42.5	26.4	5.4	4.6	13.3	18.9
Endurance Tech.	Buy	957		-100	38.0	30.0	46.1	5.1	-21.0	53.5	31.8	20.7	4.1	3.6	13.4	18.4
Escorts	Neutral	1120	1175	5	54.0	62.4	71.6	1.4	15.5	14.8	18.0	15.6	2.4	2.1	16.0	14.2
Exide Ind	Buy	166	203	22	9.9	8.9	11.0	9.4	-10.4	24.3	18.7	15.1	2.1	1.9	11.2	12.8
Hero Moto	Neutral	2811		-100	153.0	139.9	171.6	-9.7	-8.5	22.7	20.1	16.4	3.8	3.6	19.5	22.7
M&M	Buy	631	720	14	15.0	27.0	36.4	-64.9	80.2	35.0	23.4	17.3	2.0	1.9	9.0	10.4
Mahindra CIE	Buy	119	141	19	9.4	1.9	9.7	-33.2	-80.3	419.9	64.0	12.3	1.0	0.9	1.5	7.5
Maruti Suzuki	Buy	6730	6850	2	188.0	152.1	242.0	-25.8	-19.1	59.1	44.2	27.8	4.1	3.8	9.2	13.6
Motherson Sumi	Buy	121	135	12	3.7	1.2	5.6	-27.5	-68.5	381.7	103.6	21.5	3.3	3.0	3.2	14.6
Tata Motors	Buy	131	127	-3	-25.3	-34.4	5.9	480.5	Loss	LP	NM	22.2	0.9	0.9	-21.7	4.3
TVS Motor	Neutral	431	392	-9	13.0	10.3	17.5	-7.8	-20.9	70.4	41.9	24.6	5.2	4.5	13.0	19.8
Aggregate								-50.8	-40.7	264.6	78.9	21.6	2.9	2.7	3.7	12.4
Banks - Private																
AU Small Finance	Buy	717	850	19	22.6	20.7	28.9	71.3	-9	39.9	34.7	24.8	4.4	3.7	13.5	16.3
Axis Bank	Buy	448	600	34	6.0	21.8	39.0	-66.9	262	78.7	20.5	11.5	1.4	1.3	7.0	11.5
Bandhan Bank	Buy	291	425	46	21.6	22.0	28.4	31.9	2	29.0	13.2	10.3	2.5	2.1	20.8	22.1
DCB Bank	Neutral	83	90	9	10.9	7.4	10.2	3.6	-32.3	38.9	11.2	8.1	0.7	0.7	7.0	9.0
Equitas Hold.	Buy	53	65	23	7.1	4.3	7.7	15.5	-39.3	78.1	12.2	6.8	0.6	0.6	5.3	9.0
Federal Bank	Buy	54	65	20	7.8	6.5	8.5	23.4	-16.7	31.0	8.3	6.4	0.7	0.6	8.5	10.3
HDFC Bank	Buy	1059	1280	21	48.0	55.0	65.2	21.2	14.4	18.5	19.3	16.2	3.0	2.6	16.4	16.9
IndusInd	Buy	519	700	35	68.8	62.7	84.4	25.3	-8.8	34.6	8.3	6.1	0.9	0.8	12.0	14.4
Kotak Mah. Bk	Neutral	1336	1300	-3	44.9	41.4	51.5	19.0	-7.9	24.6	32.3	25.9	3.5	3.1	9.9	10.8
RBL Bank	Buy	185	230	24	9.9	10.4	15.8	-51.1	4.2	53.0	17.9	11.7	0.9	0.8	4.9	7.1
Aggregate								14.6	17.2	29.7	19.7	15.2	2.4	2.2	12.4	14.2
Banks - PSU																
BOB	Neutral	48	55	14	1.2	1.5	6.8	-27.8	22.9	367.5	33.2	7.1	0.3	0.3	0.9	4.3
SBI	Buy	202	285	41	22.1	23.7	32.5	759.6	7	37.3	8.5	6.2	0.7	0.6	7.1	9.6
Aggregate								643.2	7	47	9	6.3	0.6	0.6	6.8	9.4
NBFCs																
Aditya Birla Cap	Buy	61	86	42	3.8	3.8	4.6	-3.5	-0.7	22.5	16.1	13.1	1.1	1.0	7.0	7.9
Bajaj Fin.	Neutral	3419	3000	-12	87.7	73.9	120.7	26.7	-15.8	63.3	46.3	28.3	5.6	4.8	12.9	18.3
Cholaman. Inv.&F n	Buy	225	245	9	12.8	14.4	19.7	-15.4	12.0	37.3	15.7	11.4	2.0	1.8	13.8	16.6
HDFC Life Insur.	Neutral	600	600	0	6.4	6.9	7.9	1.3	8.2	14.3	86.3	75.5	4.8	4.1	22.4	17.9
ICICI Pru Life	Buy	470	510	8	7.4	8.0	8.6	-6.3	7.6	7.9	58.7	54.5	2.6	2.2	14.5	14.6
IIFL Wealth Mgt	Buy	1087	1225	13	23.1	37.2	48.9	-47.8	61.1	31.5	29.2	22.2	3.1	2.9	10.7	13.5
L&T Fin Holdings	Buy	66	85	29	10.9	4.9	9.5	-2.7	-54.6	93.1	13.3	6.9	0.9	0.8	6.7	12.0
LIC Hsg Fin	Buy	271	340	26	47.6	42.5	48.0	-1.2	-10.5	12.8	6.4	5.6	0.7	0.6	11.5	11.8
MAS Financial	Buy	661	810	23	33.2	30.8	36.9	19.3	-5.4	19.8	21.4	17.9	3.2	2.8	16.0	16.9
M&M Fin.	Buy	134	320	139	14.7	7.4	8.9	-41.8	-49.9	21.3	18.2	15.0	1.1	1.0	6.8	7.0
Muthoot Fin	Neutral	1177	1105	-6	75.3	89.8	102.4	52.9	19.3	14.0	13.1	11.5	3.3	2.7	27.7	25.6
PNB Housing	Neutral	230	210	-9	38.4	44.7	60.4	-46.0	16.3	35.2	5.2	3.8	0.5	0.4	9.1	11.3
Shriram City Union	Buy	717	910	27	151.6	114.8	138.2	1.2	-24.3	20.4	6.2	5.2	0.6	0.5	10.0	11.0
Shriram Trans.	Buy	703		-100	110.3	67.4	114.4	-2.4	-38.9	69.6	10.4	6.1	0.8	0.8	8.7	13.0
Aggregate								6.2	-7.8	37.1	18.9	13.8	2.3	2.0	12.1	14.6
Capital Goods																
ABB	Buy	931	1030	11	16.6	7.1	21.5	38.1	-56.9	200.4	130.2	43.4	5.4	4.9	4.1	11.3



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Glenmark	Neutral	465	395	-15	24.6	26.0	29.5	-5.1	5.7	13.6	17.9	15.7	2.0	1.8	11.5	11.8
GSK Pharma	Neutral	1524	1355	-11	28.2	26.9	33.9	14.6	-4.5	26.0	56.6	44.9	13.4	12.3	23.8	27.3
Granules India	Buy	318	315	-1	13.0	16.7	19.8	41.3	28.4	18.3	19.0	16.1	3.8	3.2	21.4	21.5
IPCA Labs	Buy	1989	2420	22	51.4	89.0	88.7	41.6	73.2	-0.3	22.4	22.4	5.5	4.5	27.3	22.1
Jubilant Life	Buy	807	835	3	59.8	56.6	66.4	5.0	-5.4	17.4	14.3	12.2	2.0	1.7	14.7	15.1
Laurus Labs	Buy	1031	1215	18	37.8	65.4	70.9	20.6	73.2	8.5	15.8	14.5	4.5	3.5	32.4	27.0
Lupin	Buy	930	1015	9	19.8	26.1	37.6	47.7	31.6	44.3	35.7	24.8	3.2	2.9	9.1	12.2
Strides Pharma	Buy	560	650	16	15.2	34.2	45.0	72.1	124.9	31.8	16.4	12.4	1.8	1.6	11.5	13.7
Sun Pharma	Buy	521	625	20	16.4	19.0	23.3	8.7	15.7	23.0	27.4	22.3	2.8	2.5	10.1	11.8
Torrent Pharma	Neutral	2797	2565	-8	55.9	73.8	95.6	30.8	32.0	29.6	37.9	29.3	8.0	6.8	23.3	25.2
Aggregate								12.1	25.9	17.1	27.0	23.0	3.9	3.4	14.5	14.9
Infrastructure																
Ashoka Buildcon	Buy	65	88	36	13.8	9.4	10.9	20.2	-31.8	16.1	6.9	5.9	0.6	0.6	9.7	10.3
IRB Infra	Neutral	122	66	-46	18.9	6.9	7.7	-21.9	-63.6	11.9	17.7	15.8	0.6	0.6	3.6	3.9
KNR Constructions	Buy	215	280	30	14.5	11.8	20.2	-18.3	-18.4	70.7	18.2	10.7	1.7	1.5	9.8	14.9
Aggregate											13.2	10.3	0.8	0.7	5.9	7.1
Media																
PVR	Buy	1255	1350	8	32.2	-69.4	23.1	-15.1	PL	LP	NM	54.3	5.8	5.3	-27.5	10.2
Sun TV	Buy	406	500	23	34.8	30.1	36.6	-1.7	-13.5	21.4	13.5	11.1	2.8	2.7	21.0	24.7
Zee Ent.	Neutral	162	150	-8	5.5	7.0	7.9	-66.6	27.5	13.5	23.2	20.5	1.6	1.5	7.1	7.7
Aggregate								-21.3	-39.5	54.6	24.6	15.9	2.2	2.1	9.1	13.4
Metals																
Hindalco	Buy	184	233	27	17.5	11.6	18.3	-29.2	-33.8	58.1	15.9	10.0	1.1	1.0	6.9	10.6
Hind. Zinc	Neutral	240	208	-13	16.1	15.1	18.9	-14.5	-6.3	25.3	15.9	12.7	2.5	2.5	15.9	20.0
JSPL	Buy	213	226	6	-3.6	7.7	14.9	-210.0	LP	92.5	27.5	14.3	0.7	0.6	2.4	4.5
JSW Steel	Buy	259	242	-6	9.0	8.4	22.4	-71.6	-7.0	167.0	30.8	11.5	1.6	1.4	5.4	13.2
Nalco	Buy	35	43	22	0.7	0.8	2.5	-92.2	10.7	212.7	44.5	14.2	0.7	0.7	1.6	5.0
NMDC	Buy	93	120	29	15.3	10.9	12.2	-1.9	-28.8	11.6	8.6	7.7	1.0	0.9	11.8	12.3
SAIL	Neutral	39	34	-12	-0.5	-2.6	3.6	-107.5	Loss	LP	NM	10.7	0.4	0.4	-2.6	3.7
Vedanta	Neutral	124	123	-1	8.8	7.4	13.8	-52.7	-16.1	88.1	16.9	9.0	0.9	0.9	5.1	10.0
Tata Steel	Neutral	413		-100	9.1	-11.1	44.1	-89.8	PL	LP	NM	9.4	0.7	0.7	-1.9	7.6
Aggregate								-55.0	-27.0	122.9	23.4	10.5	1.0	0.9	4.2	9.0
Oil & Gas																
Aegis Logistics	Buy	198	250	26	3.0	7.0	11.8	-55.0	136.4	67.8	28.0	16.7	3.6	3.1	13.5	19.8
BPCL	Neutral	421		-100	25.3	32.4	42.8	-41.6	27.9	31.9	13.0	9.9	2.0	1.8	16.5	19.4
Castrol India	Buy	122	170	40	8.4	6.4	8.5	16.8	-23.5	33.1	19.0	14.3	8.2	7.5	44.6	54.7
GAIL	Buy	98	150	54	16.5	11.8	15.3	17.3	-28.3	29.7	8.2	6.3	0.9	0.8	11.7	13.9
Gujarat Gas	Buy	326	360	11	17.3	11.4	16.4	177.8	-34.5	44.0	28.7	19.9	5.7	4.7	21.7	25.9
Gujarat St. Pet.	Buy	213	300	41	19.7	17.8	19.9	39.5	-9.5	11.6	12.0	10.7	1.6	1.4	14.0	13.9
HPCL	Buy	212	304	43	23.9	47.9	45.8	-45.6	100.4	-4.4	4.4	4.6	1.0	0.9	22.7	20.2
IOC	Buy	87	145	67	10.3	14.7	21.4	-45.4	43.1	45.8	5.9	4.1	0.8	0.7	13.7	18.4
IGL	Neutral	393	485	23	16.2	10.4	17.9	44.5	-35.7	71.3	37.7	22.0	4.9	4.1	13.7	20.4
Mahanagar Gas	Buy	984	1200	22	80.3	50.5	75.0	45.2	-37.1	48.3	19.5	13.1	3.0	2.7	16.3	22.0
MRPL	Neutral	33	40	21	-15.4	0.3	8.3	-895.4	LP	3,122.9	129.1	4.0	0.7	0.6	0.6	17.3
Oil India	Buy	95	115	21	22.9	11.7	17.7	-28.6	-48.7	51.3	8.1	5.4	0.4	0.4	5.4	7.8
ONGC	Buy	79	105	34	13.1	12.7	19.5	-51.8	-3.5	54.3	6.2	4.0	0.5	0.4	7.6	11.0
PLNG	Buy	265	336	27	18.5	19.2	21.3	28.5	3.7	11.0	13.8	12.5	3.4	3.1	25.2	26.0
Reliance Ind.	Buy	2122	2250	6	67.9	67.4	111.4	8.1	-0.8	65.3	31.5	19.0	2.7	2.4	9.0	13.5
Aggregate								-24.3	7.6	49.5	18.3	12.2	1.8	1.6	10.0	13.4
Retail																
Avenue Supermarts	Neutral	2208	2000	-9	20.1	19.8	30.0	38.9	-1.2	51.5	111.3	73.5	11.1	9.6	11.0	14.6
Aditya Birla Fashion	Buy	130	180	39	-0.2	-3.0	-0.6	-111.1	Loss	Loss	NM	NM	14.3	15.2	NM	NM



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Jubilant Food.	Neutral	1893	1560	-18	22.5	16.3	26.1	-6.5	-27.5	59.7	115.8	72.5	21.9	20.2	18.9	27.9
Shoppers Stop	Neutral	175		-100	-14.7	-35.9	-14.5	-289.1	Loss	Loss	NM	NM	-6.3	-4.1	359.8	41.2
Titan Company	Buy	1098	1300	18	17.1	10.3	22.1	8.9	-39.7	114.3	106.6	49.7	14.2	12.4	13.5	26.6
Trent	Neutral	575	600	4	3.0	-3.2	6.4	2.1	PL	LP	NM	89.5	8.4	7.7	-4.9	9.6
V-Mart Retail	Buy	1787	2300	29	27.3	-23.7	13.3	-31.0	PL	LP	NM	133.9	7.8	7.3	-9.8	5.6
Aggregate								5.4	-50.6	182.2	185.2	65.6	12.2	10.7	6.6	16.4
Technology																
Cyient	Neutral	379	320	-15	33.8	30.3	34.9	-22.2	-10.3	15.2	12.5	10.9	1.4	1.3	11.4	12.3
HCL Tech.	Buy	725	765	5	40.7	44.4	51.0	11.1	9.0	14.8	16.3	14.2	3.2	2.6	21.7	20.2
Hexaware	Neutral	396	390	-1	21.8	21.3	25.1	12.6	-2.1	18.0	18.6	15.7	3.9	3.4	22.0	23.1
Infosys	Buy	951	1050	10	38.9	41.6	48.2	5.1	6.9	15.8	22.8	19.7	5.8	5.0	25.2	25.4
L & T Infotech	Buy	2475	2645	7	86.7	95.2	113.8	0.4	9.7	19.6	26.0	21.7	6.6	5.5	28.1	27.7
Mindtree	Buy	1151	1160	1	38.3	57.4	68.0	-16.4	49.8	18.3	20.0	16.9	4.9	4.1	24.6	24.4
Mphasis	Neutral	1199	1174	-2	61.5	62.4	73.4	9.6	1.6	17.5	19.2	16.3	3.5	3.1	19.2	20.8
NIIT Tech	Neutral	1989	1540	-23	73.5	71.5	96.0	11.0	-2.7	34.2	27.8	20.7	5.6	4.7	19.3	24.7
Persistent Sys	Buy	998	1040	4	44.4	53.7	69.3	0.9	21.0	29.0	18.6	14.4	2.8	2.4	14.9	16.6
TCS	Neutral	2256	2300	2	86.2	83.9	99.1	3.7	-2.7	18.2	26.9	22.7	9.9	9.9	36.6	43.5
Tech Mah	Neutral	697	750	8	45.9	42.6	52.4	-5.9	-7.1	22.9	16.4	13.3	2.6	2.3	15.6	17.0
Wipro	Neutral	277	257	-7	16.6	17.3	18.7	8.5	3.8	8.5	16.0	14.8	2.4	2.1	16.1	15.2
Zensar Tech	Neutral	173	164	-5	11.9	14.1	16.0	-17.2	18.5	13.4	12.3	10.8	1.7	1.5	14.3	14.5
Aggregate								3.0	2.2	16.2	22.5	19.4	5.4	4.9	24.1	25.1
Telecom																
Bharti Airtel	Buy	536	700	31	-7.5	10.2	5.4	-14.6	LP	-47.2	52.4	99.3	4.3	4.2	7.7	4.3
Bharti Infratel	Neutral	201	210	4	17.8	16.7	17.7	31.1	-6.5	6.3	12.1	11.4	2.8	2.8	22.9	24.4
Vodafone Idea		9			-7.6	-8.0	-7.7	-59.1	Loss	Loss	NM	NM	-1.5	-0.7	416.7	78.8
Tata Comm	Neutral	778	790	2	10.6	38.1	51.2	-582.2	260.3	34.5	20.4	15.2	-108.8	17.6	-146	277.5
Aggregate								Loss	Loss	Loss	-29	-26.6	6.1	8.4	-20.9	-31.6
Utilities																
Coal India	Buy	129	189	47	27.1	16.1	28.8	-4.4	-40.6	78.9	8.0	4.5	2.2	1.8	27.9	39.4
CESC	Buy	597	793	33	97.7	88.1	104.4	10.0	-9.8	18.5	6.8	5.7	0.8	0.7	11.7	12.7
JSW Energy	Buy	54	65	20	5.1	4.2	5.3	20.0	-17.7	26.1	12.9	10.2	0.7	0.7	5.8	7.1
NHPC	Neutral	21	22	7	2.9	2.7	2.9	10.7	-6.7	8.3	7.7	7.1	0.6	0.6	8.4	8.6
NTPC	Buy	87	148	70	13.8	13.3	16.6	19.2	-3.4	24.2	6.5	5.3	0.7	0.6	10.8	12.7
Power Grid	Buy	179	221	24	21.1	23.1	24.4	10.2	9.3	5.4	7.7	7.3	1.4	1.3	18.2	18.0
Torrent Power	Buy	342	392	15	28.0	22.4	29.6	49.7	-19.9	31.9	15.3	11.6	1.6	1.5	11.2	13.3
Tata Power	Buy	56	66	18	3.8	3.3	4.6	78.2	-11.6	38.6	16.9	12.2	0.8	0.8	4.9	6.7
Aggregate								6.9	-14.4	30.9	7.5	5.7	1.0	1.0	14.0	16.8
Others																
Brigade Enterpr.	Buy	148	192	29	7.1	0.4	7.7	-39.1	-94.4	1,825.0	333.5	19.3	1.3	1.3	0.4	6.7
BSE	Buy	495	640	29	24.9	24.7	28.7	-32.5	-0.8	16.2	20.0	17.2	0.9	0.9	4.7	5.4
Concor	Buy	377	455	21	16.6	10.0	12.8	-16.7	-40.0	28.5	37.8	29.4	2.2	2.1	5.9	7.4
Coromandel Intl	Buy	748	908	21	36.3	46.1	50.5	42.8	26.7	9.6	16.3	14.8	4.2	3.6	28.4	26.2
Essel Propack	Buy	266	253	-5	6.9	9.3	11.5	14.3	35.3	24.0	28.6	23.1	5.0	4.4	18.3	20.4
Indian Hotels	Buy	98	105	8	2.7	-5.2	0.8	14.8	PL	LP	NM	118.1	3.1	3.1	-15.2	2.7
Interglobe	Neutral	1162	1030	-11	-14.5	-163.2	64.4	-457.0	Loss	LP	NM	18.0	-108.5	25.3	-230.2	365.5
Info Edge	Neutral	3273	2650	-19	16.7	17.2	28.9	-27.1	2.8	68.0	190.3	113.3	15.9	14.8	8.6	13.7
Godrej Agrovet	Buy	490	540	10	13.2	15.6	18.9	5.7	17.7	21.3	31.4	25.9	4.7	4.2	15.6	17.2
Kaveri Seed	Buy	611		-100	43.1	43.8	48.6	19.5	1.8	10.8	13.9	12.6	3.5	3.2	26.3	26.6
Lemon Tree Hotel	Buy	32	33	2	-0.1	-2.5	0.0	-118.0	Loss	Loss	NM	NM	4.0	4.0	-27.0	-0.2
MCX	Buy	1684	1800	7	46.4	48.8	60.3	61.9	5.2	23.6	34.5	27.9	5.8	5.2	17.5	19.7
Oberoi Realty	Buy	371	444	20	19.0	10.4	16.6	-15.6	-45.0	59.1	35.6	22.4	1.5	1.4	4.3	6.5
Phoenix Mills	Buy	601	746	24	21.5	9.5	24.0	-13.7	-56.0	153.9	63.5	25.0	2.4	2.3	3.9	9.4
Qess Corp	BUY	368	480	30	18.3	11.4	24.8	4.3	-37.5	117.1	32.2	14.8	1.7	1.5	6.9	13.5
PI Inds.	Buy	1904	2342	23	30.1	49.6	66.9	11.3	64.9	34.8	38.4	28.5	5.5	4.7	19.1	17.8
SRF	Buy	4207	4550	8	157.2	146.7	208.6	49.4	-6.6	42.1	28.7	20.2	4.3	3.6	15.9	19.4



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
S H Kelkar	Buy	81	102	26	4.2	5.5	7.3	-31.3	30.8	32.7	14.8	11.2	1.3	1.2	9.1	11.4
Tata Chemicals	Buy	296	368	24	31.7	18.7	33.5	-6.4	-40.8	78.9	15.8	8.8	0.6	0.6	3.7	6.4
Team Lease Serv.	Buy	2159	2700	25	48.9	57.7	83.8	-14.7	18.1	45.1	37.4	25.8	5.5	4.5	15.9	19.3
Trident	Buy	7	8	11	0.6	0.4	0.7	-26.9	-35.8	80.7	16.3	9.0	1.0	0.9	6.6	11.0
UPL	Neutral	489	527	8	35.8	37.2	43.9	11.2	3.6	18.2	13.2	11.1	2.0	1.2	16.3	16.9



Index	1 Day (%)	1M (%)	12M (%)
Sensex	-0.9	8.1	0.9
Nifty-50	-0.9	7.8	0.2
Nifty Next 50	0.5	3.2	2.8
Nifty 100	-0.7	7.1	0.5
Nifty 200	-0.7	6.8	0.2
Company	1 Day (%)	1M (%)	12M (%)
Automobiles	-0.6	8.5	7.7
Amara Raja Batt.	3.0	7.5	7.5
Ashok Leyland	-4.0	4.7	-28.4
Bajaj Auto	-1.5	7.9	23.9
Bharat Forge	-0.2	20.8	-7.7
Bosch	-1.4	13.7	-9.1
CEAT	-2.1	-7.1	2.1
Eicher Motors	-1.0	15.5	31.0
Endurance Tech.	-1.1	5.6	4.6
Escorts	-0.9	8.6	145.8
Exide Inds.	0.1	3.8	-14.9
Hero Motocorp	-2.7	6.1	19.7
M & M	-1.1	17.1	8.9
Mahindra CIE	-0.1	-10.6	-39.8
Maruti Suzuki	1.3	7.3	13.8
Motherson Sumi	1.0	-1.1	-9.7
Tata Motors	-2.0	5.5	-22.3
TVS Motor Co.	0.0	6.4	16.6
Banks-Private	-2.0	1.6	-24.9
AU Small Fin. Bank	-5.0	30.6	8.4
Axis Bank	-3.4	4.7	-39.7
Bandhan Bank	0.5	5.9	-29.7
DCB Bank	-2.1	2.8	-59.6
Equitas Holdings	-4.2	2.3	-53.2
Federal Bank	-3.0	6.2	-40.3
HDFC Bank	-1.4	-1.4	-6.8
ICICI Bank	-1.7	-1.8	-18.8
IndusInd Bank	-5.6	9.5	-61.1
Kotak Mah. Bank	-0.1	2.1	-7.3
RBL Bank	-4.3	-2.6	-57.6
Banks-PSU	-1.9	-2.5	-48.6
BOB	-2.7	-5.3	-55.2
SBI	-2.4	4.6	-43.0
Company	1 Day (%)	1M (%)	12M (%)
NBFCs	-1.8	2.2	-15.1
Aditya Birla Cap	-2.1	-12.2	-31.5
Bajaj Fin.	-2.0	13.8	-1.0
Cholaman.Inv.&Fn	-3.3	13.2	-12.1
HDFC	-3.6	3.2	-14.9
HDFC Life Insur.	-0.4	15.6	31.4
L&T Fin.Holdings	-3.5	-8.7	-38.5
LIC Hsg Fin	-3.5	-0.4	-48.6
M&M Fin.	-2.0	28.7	-27.4
Muthoot Fin	-3.5	19.7	116.3
MAS Financial Serv.	-2.3	-4.7	6.3
ICICI Pru Life	0.9	6.5	13.9
ICICI Sec	-4.9	-3.3	100.0
IIFL Wealth Mgt	-0.1	-2.6	
PNB Housing	-2.3	0.9	-70.7
Shriram City Union	-1.6	-1.3	-52.8
Shriram Trans.	-5.7	1.7	-27.6

Note: Sectoral performance are of NSE/BSE Indices

Index	1 Day (%)	1M (%)	12M (%)
Nifty 500	-0.7	6.6	0.3
Nifty Midcap 100	-0.8	4.8	-1.9
Nifty Smallcap 100	-1.1	7.7	-9.6
Nifty Midcap 150	-0.7	3.7	2.2
Nifty Smallcap 250	-0.7	5.4	-6.1
Company	1 Day (%)	1M (%)	12M (%)
Capital Goods	-1.0	-1.3	-27.2
ABB	-1.6	-8.1	-29.2
Bharat Elec.	-1.6	7.9	-2.8
BHEL	-4.3	3.1	-36.3
Blue Star	-0.7	-2.3	-28.4
CG Cons. Elec.	-1.7	2.6	6.2
Cummins	-0.6	1.4	-43.3
Engineers India	-0.1	-12.8	-30.9
Havells	1.4	-0.2	-9.0
K E C Intl	0.0	3.5	-9.2
L&T	-1.5	-3.7	-34.0
Siemens	-0.7	4.3	-1.0
Thermax	-0.3	-1.7	-31.4
Voltas	1.0	8.9	5.4
Cement	-0.8	6.1	-1.4
Ambuja Cem.	2.6	14.4	9.5
ACC	2.6	8.6	-6.1
Birla Corp.	-0.3	4.2	12.1
Dalmia Bhar.	4.3	10.7	-20.1
Grasim Inds.	-2.2	-2.8	-21.0
India Cem	-2.7	-12.6	30.7
J K Cements	1.0	8.1	56.4
JK Lakshmi Ce	-2.7	14.7	-13.5
Ramco Cem	-2.7	9.9	-6.3
Shree Cem	-1.6	-7.3	2.8
Ultratech	-0.7	6.7	-3.8
Consumer	-0.8	2.1	6.3
Asian Paints	0.3	3.3	15.6
Britannia	0.2	5.6	45.3
Colgate	-1.1	1.9	22.6
Dabur	0.6	5.8	16.4
Emami	-0.9	7.8	-26.0
Godrej Cons.	0.3	-1.3	14.0
HUL	-1.7	0.7	27.7
ITC	-1.8	-0.6	-28.1
Jyothy Lab	-0.4	2.1	-21.2
Marico	0.7	3.7	0.5
Nestle	-0.3	-3.8	43.4
Page Inds	2.7	-1.5	8.7
Pidilite Ind.	-1.6	-1.6	9.8
P&G Hygiene	0.2	2.1	-3.2
Tata Consumer	-0.7	9.6	70.3
United Brew	0.5	-7.0	-31.1
United Spirits	-0.3	-2.8	1.1
Healthcare	3.1	7.8	36.7
Alembic Phar	0.5	8.0	94.7
Alkem Lab	0.1	7.6	44.5
Ajanta Pharma	1.5	6.7	71.6
Aurobindo	1.1	6.3	48.6
Biocon	1.9	3.4	72.2
Cadila	1.3	3.5	65.9



Company	1 Day (%)	1M (%)	12M (%)
Cipla	0.7	7.2	31.9
Divis Lab	5.7	12.4	54.4
Dr Reddy's	5.0	14.6	76.3
Glenmark	4.1	-1.9	5.4
GSK Pharma	-2.6	-2.6	20.5
Granules	-1.5	37.4	207.3
IPCA Labs	-1.8	4.4	81.9
Jubilant Life	1.0	18.9	75.4
Laurus Labs	3.5	52.2	132.1
Lupin	3.6	-2.4	18.3
Strides Pharma	-2.2	2.8	13.2
Sun Pharma	3.4	7.8	24.2
Torrent Pharma	2.1	2.8	47.5
Infrastructure	-1.2	4.3	2.8
Ashoka Buildcon	-0.1	-15.7	-56.6
IRB Infra.Devl.	-3.1	38.9	32.1
KNR Construct.	-1.0	-3.0	-24.0
Media	-2.3	-3.5	-35.7
PVR	-4.7	10.1	-30.3
Sun TV	-0.3	-4.3	-17.2
Zee Ent.	-1.5	-18.0	-63.2
Metals	-1.2	7.2	-15.5
Hindalco	-1.2	10.8	-14.8
Hind. Zinc	0.9	7.3	-1.9
JSPL	-0.9	13.0	40.0
JSW Steel	-1.4	13.1	-6.9
Nalco	-2.1	1.9	-26.2
NMDC	-0.2	7.1	-19.2
SAIL	-3.4	12.5	-17.7
Vedanta	1.3	4.7	-26.0
Tata Steel	-1.9	12.3	-11.6
Oil & Gas	-2.2	4.8	1.4
Aegis Logistics	-3.1	4.9	-3.3
BPCL	-7.6	12.0	24.8
Castrol India	-0.3	-7.9	-7.0
GAIL	-2.3	-5.4	-25.1
Gujarat Gas	1.0	-10.2	74.7
Gujarat St. Pet.	-0.9	-8.6	-1.7
HPCL	-2.3	3.1	-13.6
IOC	-4.3	3.7	-33.7
IGL	0.1	-9.0	34.0
Mahanagar Gas	-1.8	-6.2	25.7
MRPL	-2.4	1.6	-31.9
Oil India	-0.4	3.4	-37.2
ONGC	-2.3	-4.5	-44.0
PLNG	0.3	-5.3	4.7
Reliance Ind.	0.6	23.8	80.3
Aditya Bir. Fas.	-1.8	-1.9	-34.3
Retail			
Avenue Super.	-0.5	-12.0	39.8
Jubilant Food	5.1	2.4	47.5
Shoppers St.	7.8	-4.3	-57.4
Titan Co.	0.2	9.6	-3.5
Trent	-0.8	-10.4	37.5
V-Mart Retail	-0.2	2.5	-5.3
Technology	0.7	22.0	16.1
Cyient	0.1	17.9	-27.5

Company	1 Day (%)	1M (%)	12M (%)
HCL Tech.	0.2	25.0	35.8
Hexaware	1.6	13.3	6.1
Infosys	0.8	30.7	21.3
L&T Infotech	-0.8	21.5	57.5
Mindtree	1.8	16.8	51.8
Mphasis	0.8	30.1	20.5
NIIT Tech	4.0	37.4	61.0
Persistent Sys	3.1	44.3	81.6
TCS	0.1	9.4	4.5
Tech Mah	-0.1	24.2	5.4
Wipro	2.5	29.3	8.3
Zensar Tech	6.2	35.7	-19.9
Telecom	-2.2	-2.8	36.7
Bharti Airtel	-2.4	-1.2	60.0
Bharti Infra.	-1.9	-13.1	-22.7
Idea Cellular	-3.0	-24.6	22.9
Tata Comm	-0.7	18.4	145.9
Utilities	-1.5	-2.6	-21.5
Coal India	-1.9	-2.9	-35.6
CESC	-1.1	-10.5	-23.1
JSW Energy	-1.8	-2.3	-33.1
NHPC Ltd	0.5	2.3	-8.5
NTPC	-1.7	-9.7	-32.0
Power Grid	-2.6	1.2	-15.0
Tata Power	-3.4	7.0	-18.4
Torrent Power	0.5	0.4	6.9
Others			
Brigade Enterpr.	1.6	4.5	-19.0
BSE	-1.0	13.4	-3.8
Coromandel Intl	-1.3	2.2	108.7
Concor	-0.1	7.7	-12.4
Essel Propack	2.2	13.9	54.4
Godrej Agrovet	-1.0	5.6	4.1
Indian Hotels	-2.9	-3.7	-46.5
Interglobe	3.3	-5.0	-39.2
Info Edge	1.1	15.0	42.3
Kaveri Seed	-1.0	3.5	30.2
Lemon Tree Hotel	-1.1	-1.3	-59.7
MCX	-1.2	28.0	107.8
Oberoi Realty	-2.2	-2.1	-34.8
Phoenix Mills	3.1	5.1	-8.8
PI Inds.	-1.2	16.8	60.0
Quess Corp	-0.1	-6.2	-14.0
SRF	-4.4	4.3	40.3
S H Kelkar	-0.7	15.1	-35.4
Tata Chemicals	-0.6	-0.1	22.8
Team Lease Serv.	-0.8	6.2	-33.3
Trident	-3.4	-7.6	20.6
UPL	0.5	9.2	-19.0

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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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