

Market snapshot



Equities - India	Close	Chg. %	CYTD.%
Sensex	32,201	1.9	-21.9
Nifty-50	9,490	1.9	-22.0
Nifty-M 100	13,130	1.7	-23.2
Equities-Global	Close	Chg. %	CYTD.%
S&P 500	3,030	-0.2	-6.2
Nasdaq	9,369	-0.5	4.4
FTSE 100	6,219	1.2	-17.5
DAX	11,781	1.1	-11.1
Hang Seng	9,552	-0.2	-14.5
Nikkei 225	21,916	2.3	-7.4
Commodities	Close	Chg. %	CYTD.%
Brent (US\$/Bbl)	35	5.3	-47.3
Gold (\$/OZ)	1,718	0.5	13.3
Cu (US\$/MT)	5,306	1.5	-13.7
Almn (US\$/MT)	1,514	0.9	-15.0
Currency	Close	Chg. %	CYTD.%
USD/INR	75.8	0.1	6.1
USD/EUR	1.1	0.6	-1.2
USD/JPY	107.7	-0.1	-0.9
YIELD (%)	Close	1MChg	CYTDchg
10 Yrs G-Sec	5.8	-0.01	-0.8
10 Yrs AAA Corp	7.2	-0.01	-0.4
Flows (USD b)	28-May	MTD	CYTD
FII	0.31	1.63	-5.32
DII	0.02	1.37	11.39
Volumes (INRb)	28-May	MTD*	CYTD*
Cash	600	545	474
F&O	29,293	13,367	14,285

Note: *Average



Today's top research idea

Automobiles: Industry limping back from lockdown's impact

- ❖ After almost zero sales in Apr'20 due to the complete lockdown, the Indian Auto industry has restarted operations (both plants and dealerships) partially, even as it adheres to new operating norms. For Apr'20, most OEM plants were operating at <30% average utilization while <50% dealer outlets were operational (except tractors, which had 60-70% operational dealerships).
- ❖ Our interaction with leading industry channel partners indicates 2W/PVs are seeing resurgence in inquiries (~50% of normal at operational dealerships). On the other hand, CVs are seeing negligible demand (from construction sector only). Overall consumer sentiment is low and even in rural markets, customers are cautious with spending given the uncertain environment.
- ❖ In May'20, wholesale volumes are estimated to decline ~77%/~77%/~90% YoY for 2Ws/PVs/CVs due to the lockdown and low demand. Tractors volumes are expected to decline by ~71% YoY.



Research covered

Cos/Sector	Key Highlights
Automobiles	Industry limping back from lockdown's impact
Insurance	Growth outlook muted; Improving business mix to drive VNB
Coal India	Focus on import substitution and OBR
Lupin	Inferior product mix/lower operating leverage offset by higher other income
TVS Motor	Below est.; Expect revival in 2H, Premium segment to outperform
Federal Bank	Moratorium book broadly in line with other private lenders
Quess Corp.	Welcome corrective steps!



Chart of the Day: FII-DII ownership ratio in the Nifty-500 at a new low in 4QFY20

Trend in Nifty-500 FII-DII ownership ratio (x)





Kindly click on textbox for the detailed news link

1

Google may acquire stake in Vodafone Idea

Google Inc. is considering picking a stake of about 5% in Vodafone Idea Ltd, said a person aware of the development. The telecom joint venture of Vodafone Group Plc and the Aditya Birla Group is also in talks with private equity firms for potential investments, the person said seeking anonymity...

2

Projects worth Rs 21.11 lakh cr at a standstill in red zone districts: Report

While the government has relaxed lockdown norms, as many as 8,917 projects worth over Rs 21.11 lakh crore across various sectors under execution in 108 red zone districts are at a standstill even now, a survey said. When the government announced lockdown 4.0, it allowed relaxations in certain activities in the green, orange and red zones, while restricting activities in the containment zones...

3

Commercial vehicle dealers in dire straits, 10% may have to shut shop

Hit hard by the lockdown, there is expected to be an exodus of at least 10% of the nearly 1,500 commercial vehicle (CV) dealerships in the next eight to 12 months...

4

Locusts reach Gondia in Maharashtra, Delhi mulls plastic cover for saplings

The Central government is mulling using helicopters to control locusts, as swarms of the deadly pests on Thursday moved towards Maharashtra's Gondia district after attacking some fields in neighbouring Bhandara...

5

SoftBank-Bharti JV eyes up to \$750 million fund-raise

SoftBank-backed renewable energy firm SBG Cleantech is set to reach out to financial and strategic investors to raise capital to fund its ongoing and pipeline projects in India and the US. SB Energy, renewable energy arm of SoftBank, has mandated Bank of America Merrill Lynch and Barclays to help raise \$500-\$750 million in SBG Cleantech — it's 80:20 joint venture with Bharti, multiple people aware of the development said...

6

PNB Housing Finance takes over Vipul Ltd Project after default

PNB Housing Finance Ltd said it has taken possession of about 19 acres and 138 unsold units of a Gurgaon-based project owned by Vipul Ltd following a default by the developer on a Rs 377 crore loan...

7

Govt advises states, UTs to extend time-bound realty permissions validity by 9 months

In the backdrop of disruption caused by Covid19 pandemic, the Ministry of Housing & Urban Affairs has issued an advisory to states and union territories to extend the timelines of various time-bound permissions...



Automobiles

“This has been the trend before covid-19 and the expectation that it will continue is reasonable and logical. The rabi crop has been very good and farm incomes will be higher as a result. The effect of covid-19 seems to be more in urban clusters than rural areas. So, that part is also positive. The negative is that some urban activity-led income, which used to go back to rural areas through migrant labourers, will be a little impacted. Rural sales will bounce back quicker.”

Mr Shashank Srivastava,
executive director, marketing
and sales, Maruti Suzuki

Industry limping back from lockdown's impact...

...as both demand and supply side restart in constrained manner

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- Our interaction with leading industry channel partners indicates 2W/PVs are seeing resurgence in inquiries (~50% of normal at operational dealerships). On the other hand, CVs are seeing negligible demand (from construction sector only). Overall consumer sentiment is low and even in rural markets, customers are cautious with spending given the uncertain environment.
- Wholesales are expected to decline substantial in May'20 for all OEMs due to (a) the lockdown, (b) absence of non-discretionary demand, and (c) supply constraints. While demand for 2Ws and PVs is seeing some recovery from semi-urban and rural markets, CVs have minimal demand due to low economic activity and cautious financiers as many operators have already opted for moratorium. Also, to lend to CVs/3Ws, financiers currently are stringent and highly risk averse.
- In May'20, wholesale volumes are estimated to decline ~77%/~77%/~90% YoY for 2Ws/PVs/CVs due to the lockdown and low demand. Tractors volumes are expected to decline by ~71% YoY.
- **2Ws:** Demand is returning driven by (a) preference for personal vehicles rather than the public transport, and (b) higher disposable income in rural market due to good harvest. While this could be an initial spurt in demand, sustenance of the same is a key monitorable. We expect wholesales to decline 73% YoY for BJAUT (75% fall in domestic 2Ws), 76% YoY for TVSL, 80% for HMCL and 75% for RE, majorly due to the lockdown.
- **PVs:** Post the gradual lifting of lockdowns sales have recovered slightly, largely due to conversion of pre-lockdown bookings. MSIL is in a comparatively better position than peers due to its entry-level portfolio. Volumes are expected to decline ~74% for MSIL. Wholesales should decline ~85% YoY for M&M UVs (incl. pick-ups) and ~86% for TTMT PVs due to the lockdown.
- **CVs:** The CV segment is the hardest hit due to low economic activities. Our channel checks suggest that MHCVs have seen marginal demand only from the construction segment and are not expected to recover before the festive season. This is due to (a) BS4 pre-buying in 4QFY20, (b) price hike of 16-18% on BS6 (12-13% cost inflation + 3-5% due to discount withdrawal), (c) depressed fleet utilization, and (d) stringent financing norms. We expect CV wholesales to decline ~91% for TTMT (-95% for M&HCVs) and ~92% YoY for AL (-95% for M&HCVs).
- **Tractors:** The Tractor segment was better off than others due to good Rabi harvest, robust reservoir levels and forecast of normal rains supporting demand along with comparatively relaxed lockdown norms, which has supported supply. We expect tractor volumes to decline ~70% YoY for M&M and ~75% for Escorts due to supply-side constraints.

■ **Valuation and view:** The near-term demand outlook is weak as we see gradual restoration of normalcy post lifting of the lockdown. We hope for gradual recovery from 2HFY21, which should be led by the festive season. With multiple moving parts in the form of (a) normalization of supply side, (b) consumer sentiment, (c) availability of finance, and (d) impact of BS6 cost inflation, demand normalization in 2HFY21 is the biggest monitorable. Valuations appear attractive across companies, but given the uncertain macro environment and threat of the possible prolonged impact of Coronavirus, we prefer stocks offering higher visibility of demand recovery, better competitive positioning, scope of higher operating leverage and strong balance sheet. EIM and MSIL are our top large-caps picks. Among mid-caps, we prefer ENDU.

Snapshot of volumes for May-20

Company Sales	YoY			MoM		FY21 YTD	FY20 YTD	(% chg)	FY21 estimate	Gr. (%)
	May-20	May-19	YoY (%) chg	Apr-20	MoM (%) chg					
Maruti Suzuki	34,975	134,641	-74.0	632	5434.1	35,607	277,886	-87.2	1,346,218	-13.8
Total Domestic	32,703	125,552	-74.0	0	-	32,703	259,620	-87.4	1,261,968	-16.7
Export	2,272	9,089	-75.0	632	259.5	2,904	18,266	-84.1	84,250	-6.1
Mahindra & Mahindra	13,996	70,125	-80.0	5,505	154.2	19,501	142,398	-86.3	667,828	-17.2
UV (incl. pick-ups)	5,894	39,294	-85.0	733	704.1	6,627	77,662	-91.5	322,064	-20.0
Tractors	7,411	24,704	-70.0	4,772	55.3	12,183	53,256	-77.1	286,819	-5.0
Tata Motors	4,383	41,792	-89.5	0	-	4,383	85,701	-94.9	413,083	-12.7
HCV's	594	11,878	-95.0	0	-	594	24,649	-97.6	108,242	-13.0
LCV's	2,271	18,925	-88.0	0	-	2,271	37,317	-93.9	171,318	-20.8
CV's	2,865	30,803	-90.7	0	-	2,865	61,966	-95.4	279,560	-17.9
Cars	839	4,194	-80.0	0	-	839	10,322	-91.9	72,964	1.0
UV's	680	6,795	-90.0	0	-	680	13,413	-94.9	60,559	0.2
Hero MotoCorp	130,406	652,028	-80.0	0	-	130,406	1,226,394	-89.4	5,642,940	-12.0
Bajaj Auto	106,756	419,235	-74.5	37,878	181.8	144,634	842,550	-82.8	3,804,792	-17.6
Ashok Leyland	1,081	13,172	-91.8	0	-	1,081	26,798	-96.0	125,565	0.2
CV (ex LCV)	447	8,946	-95.0	0	-	447	18,292	-97.6	71,386	-9.2
LCV	634	4,226	-85.0	0	-	634	8,506	-93	54,179	16.1
TVS Motor	74,951	307,106	-75.6	9,640	677.5	84,591	626,093	-86.5	2,940,797	-9.9
Eicher Motors										
Royal Enfield	15,593	62,371	-75.0	91	17034.9	15,684	125,250	-87.5	667,044	-4.2
VECV	626	4,801	-87.0	85	636.1	711	8,762	-91.9	43,841	-10.0
Escorts	2,048	8,325	-75.4	705	190.5	2,753	12,091	-77.2	88,599	3.0



Insurance

HDFC Life

Financials & Valuation (INR b)

Y/E MARCH	FY20	FY21E	FY22E
Net Premiums	322.2	371.5	452.7
Surplus / Deficit	9.7	11.7	15.0
Sh. PAT	13.0	12.9	16.1
NBP gr- unwttd (%)	15.1	18.0	22.0
NBP gr - APE (%)	18.4	18.2	23.3
Premium gr (%)	12.1	14.8	21.9
VNB margin (%)	25.9	26.8	27.0
RoE (%)	20.8	18.0	19.8
Op. RoEV (%)	18.2	20.2	20.1
Total AUMs (INRt)	1.3	1.8	2.2
VNB (INRb)	19.2	22.6	28.1
EV per share	102.4	124.3	144.6
Valuations			
P/EV (x)	5.0	4.2	3.6
P/EPS (x)	80.5	80.8	64.9

IPRU Life

Financials & Valuation (INR b)

Y/E MARCH	FY20	FY21E	FY22E
Net Premiums	328.8	355.6	390.8
Surplus / Deficit	21.9	13.5	15.4
Sh. holder's PAT	10.7	11.4	12.3
NBP gr. unwttd (%)	20.5	8.0	11.5
APE growth - (%)	-2.9	8.1	13.4
Tot. Premium gr. (%)	8.1	7.7	9.9
VNB margin (%)	21.7	22.9	23.0
RoE (%)	15.0	14.9	14.5
Op. RoEV (%)	15.2	14.7	16.1
Total AUMs (INRb)	1530	1726	2019
VNB (INRb)	16.0	17.6	20.1
EV per share	160	183	212
Valuations			
P/EV (x)	2.3	2.0	1.7
P/EPS (x)	49.4	46.4	43.0

Growth outlook muted; Improving business mix to drive VNB

Operating metrics resilient; focus remains on cost efficiencies

- Insurance industry has witnessed sharp decline in total APE, mainly led by decline in ULIP sales. However, protection growth remained strong and enabled steady growth in Value of New Business (VNB) across most players.
- HDFCLIFE / IPRULIFE have also reported strong traction in annuity business - ~100% / 72% CAGR over FY17–20, thus accounting for ~16%/~8% of un-weighted premium in FY20. SBILIFE's un-weighted annuity premium grew ~300% YoY in FY20, contributing 6.8% to total premium.
- VNB margins improved across insurers (barring MAXF) led by improvement in premium mix with IPRULIFE reporting sharp 470bp increase in margins during FY20.
- Persistency declined in ULIP though improved in the Protection segment. As the share of Market-Linked Savings business stands significantly higher we remain watchful of the persistency rate / renewal premium growth in the near term.
- We expect business growth to remain under pressure over the near term, especially for the Savings business while Protection and Annuity businesses are likely to do well, also as they are relatively simpler products to transact through digital channels. We expect share of Protection/Non-PAR business to increase in the overall premium mix supporting further margin expansion. Maintain BUY on IPRU & NEUTRAL on HDFCLIFE.

Muted business performance led by ULIP; Protection growth remains strong

The COVID-19-led lockdown has resulted in a sharp fall in business volumes (especially in the ULIP segment). Most insurers reported sharp decline in total APE, with IPRULIFE, HDFCLIFE, SBILIFE, and MAXLIFE reporting 20%, 4%, 12%, and 15% YoY decline, respectively, in total APE in 4QFY20. This was driven by a plunge in ULIP sales which fell by 43%, 44%, 14%, and 24% YoY, respectively. Protection growth though remained strong with IPRULIFE reporting 35% YoY growth; MAXLIFE posted 52% YoY and SBILIFE 28% YoY growth in FY20. Thus, the share of the Protection business in SBILIFE/HDFCLIFE/IPRULIFE/MAXLIFE inched up to 11.8%/18.5%/17.8%/13.0% in 4QFY20 from 6.8%/16.7%/13.1%/13.0% in 3QFY20.

Annuity business gains traction across players

HDFCLIFE, IPRULIFE, and SBILIFE are the major annuity providers. Capitalizing on strong business opportunity, HDFCLIFE/IPRULIFE managed to grow annuity premiums (unweighted) at ~100%/72% CAGR over FY17–20, with the segment contributing ~16%/~8% to the total premium. SBILIFE's un-weighted annuity premium grew 300% YoY in FY20, contributing 6.8% to total premium.

Rising Protection mix to support VNB for life insurers

The rising Protection mix has enabled stable VNB growth across most insurers. The absolute VNB of SBILIFE/HDFCLIFE/IPRULIFE/MAXLIFE grew at 17%/25%/21%/5% YoY in FY20. VNB margins also improved across key players (barring MAXF) due to

Valuation summary of life insurance companies

	Rating	MCap	CMP	TP	Upside	EPS (INR)		EV/share (INR)		VNB Margin (%)		Op. RoEV (%)		P/E (x)		P/EV (x)	
						FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
HDFCLIFE	Neutral	1,043	517	525	2	6.4	8.0	124	145	26.8	27.0	20.2	20.1	80.8	64.9	4.2	3.6
IPRULIFE	Buy	528	368	430	17	7.9	8.5	183	212	22.9	23.0	14.7	16.1	46.5	43.1	2.0	1.7
SBILIFE	Unrated	745	745	-	-	14.5	16.0	307	356	20.2	20.6	17.0	17.1	51.6	46.7	2.4	2.1
MAXF	Unrated	126	466	-	-	10.4	13.5	408	453	22.0	23.5	17.0	18.0	61.8	47.6	1.6	1.4

Source: MOFSL, Company, Bloomberg, Note consensus estimates for SBILIFE/MAXLIFE

continued improvement in the premium mix. Moreover, building in actual experience v/s assumptions also supported margins. IPRULIFE thus reported the highest VNB margin with a 470bp increase in FY20.

Persistency trend resilient, although ULIP reports marginal decline

Persistency reported slight decline in March and April'20, especially in the ULIP segment, although the other savings business reported largely stable trends in a challenging environment. On the other hand, the persistency rate improved in the Protection business. However, the share of the Market-Linked Savings business is significantly higher in the total premium mix; thus, we remain watchful of near-term persistency rates / renewal premium growth.

Focus on improving cost efficiencies; SBI maintains cost leadership

Cost ratios in the last few years have improved in the Savings business, while the cost ratio for the Protection segment is higher. Furthermore, rising digital penetration is expected to result in continued investments in technology platforms to improve customer on-boarding, client servicing through chatbots, and so forth. However, in the near term, management focus would be on controlling cost in a low business volume environment; thus, the rationalization of resources, networks, and other fixed costs would be the top focus for insurers. During 4QFY20, cost to GWP ratio for IPRULIFE declined to 11.1% (13.3% in FY20) v/s 14.4% in 3QFY20. SBILIFE maintains cost leadership among the private insurers, with a cost/GWP ratio of ~9.9%; HDFCLIFE's cost/GWP ratio stood at 15.8% (+20bp YoY) v/s 17.7% in 3QFY20.

Operating RoEV declines across insurers barring SBILife; weighed by change in effective tax rate

The negative impact on operating assumptions, led by change in effective tax rate, has adversely affected operating RoEV. The operating assumption change in HDFCLIFE/IPRULIFE/MAXLIFE impacted EV by INR1.2b/INR2.25b/INR3.2b respectively; on the other hand, SBILIFE saw an increase to INR1.2b. Thus, operating RoEV declined to 15.2% for IPRULIFE (v/s 20.2% in FY19), to 18.1% for HDFCLIFE (v/s 20.1% in FY19), and to 20.3% for MAXLIFE (v/s 21.9% in FY19). Conversely, RoEV for SBILIFE improved to 20.5% (v/s 17.3% in FY19).

Embedded value growth & solvency ratio affected by negative economic variance

Sharp decline in the equity markets led to negative investment variance across insurers, adversely impacting EV growth. HDFCLIFE/IPRULIFE/SBILIFE reported negative investment variance of INR10b/INR14.8b/INR7.1b, impacting overall EV by 4.8%/6.4%/2.7%. It further led to an impact on the solvency ratios of the various insurance players. IPRULIFE's solvency ratio declined to 194% v/s 207% in 9MFY20, SBILIFE at 195% v/s 230% in 9MFY20, and HDFCLIFE at 184% v/s 195% in 9MFY20.

FY21E: Growth outlook muted; Improving business mix and resilient operating metrics are key positives

We expect business growth to remain under pressure in near term, especially in savings business. Furthermore, sluggishness in capital markets and lower earnings visibility would lead to tepid demand for ULIPs. On the other hand, Protection and Annuity are likely to do well, also as they are relatively simpler products and easy to transact through digital channels. Thus, we expect the share of Protection/Non-PAR to increase driving further margin expansion. Also, in the near term, management's focus would be on controlling cost in a tepid growth environment and; thus, the rationalization of branches, employees, and other cost metrics would be a key monitorable. Maintain BUY on IPRULIFE & NEUTRAL on HDFCLIFE.



Coal India

BSE SENSEX
32,201

S&P CNX
9,490

CMP: INR134

TP: INR195(+46%)

Buy



Stock Info

Bloomberg	COAL IN
Equity Shares (m)	6,207
M.Cap.(INRb)/(USD\$b)	824.9 / 10.6
52-Week Range (INR)	271 / 119
1, 6, 12 Rel. Per (%)	-1/-13/-28
12M Avg Val (INR M)	1861
Free float (%)	33.9

Financials Snapshot (INR b)

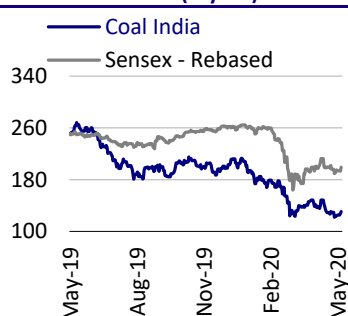
Y/E Mar	2020E	2021E	2022E
Net Sales	942.1	875.6	1,029.5
Adj. EBITDA	236.3	181.1	309.2
PAT	143.1	87.1	180.9
EPS (INR)	23.2	14.1	29.4
Gr. (%)	-18.1	-39.1	107.7
BV/Sh (INR)	50.8	55.8	70.4
RoE (%)	45.7	25.3	41.7
RoCE (%)	53.7	28.9	49.4
P/E (x)	5.8	9.5	4.6
EV/EBITDA (x)	2.4	2.9	1.4

Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	66.1	69.1	71.0
DII	22.1	19.5	19.0
FII	8.2	8.6	7.1
Others	3.6	2.8	3.0

FII Includes depository receipts

Stock Performance (1-year)



Focus on import substitution and OBR

Recovery in power demand key; Negative operating leverage to kick in

To share an update on its business (in midst of the ongoing lockdown), Coal India (COAL) organized an analyst call. Key insights highlighted below:

Near-term focus on OBR with scale down in production

- COAL has reduced production given the build-up in inventories at its own mines and power plants. In turn, the company is focusing on OBR (overburden removal), which should help it improve production. OBR has increased 15% over the past two months.
- Dispatches for COAL have increased over the past one week, even as power demand recovers and factories restart operations. As demand continues to recover and given the current focus on OBR, the company believes it would be in a better position to ramp up production.

Substituting imported coal

- Of the ~170-180mt imported thermal coal in India, COAL plans to substitute ~100mt, thereby looking to improve off-take.
- ~18mt of coal has been auctioned and committed for off-take (as part of its import substitution drive). Further, e-auction is being done at the notified price for import substitution (reserve price has been cut to notified price) till Sep'20. COAL would also not charge bonus/penalties for higher than agreed off-take quantities.

Capex to continue with production target of 1b ton

- COAL has noted that it expects thermal power demand to continue at least for the next 10-15 years in the country. Accordingly, it plans to increase production to 1b ton over the next 3-5 years. For the same, COAL would continue to incur capital expenditure related to heavy engineering machinery and coal evacuation. While COAL is still finalizing its investment plan, it has set FY21 capex target at INR120b, which might increase in the coming years.
- A large part of the INR500b capex program on Coal Infrastructure announced by the Finance Ministry would be borne by COAL. However, there would be certain capex, which would be incurred by thermal plants and Railways (for railway line works). In addition, this amount includes certain loan component as well. COAL believes that projects related to these schemes could be completed over the next 3-4 years.

Other highlights

- Dividend policy:** COAL is working on forming a dividend policy.
- Commercial mining:** Land acquisition, ECs and evacuation may remain an issue for commercial coal miners as well. COAL does not expect any negative impact from commercial coal mining as it plans to be competitive. COAL believes that the new commercial coal mines would take at least 4 years to produce coal.

- **Employees:** COAL would reduce its net employee count by ~12,000 annually over the next 3-4 years.
- **FY21 Guidance:** COAL had set its FY21E production target at 710mt before the COVID-19 situation. However, the company would have to scale it down depending on how the COVID-19 situation plays out.
- Underground mines contribute ~5% of production and 50% of manpower. Currently, losses at underground mines stand at ~INR5,000/t. COAL is trying to reduce manpower at mines by trying and adjusting staff at nearby mines. Over the long term, the company may come up with a voluntary retirement service (VRS) policy.
- 'Vivaad se Vishwas' scheme: COAL would take a call on settlement under this scheme on a case-by-case basis. The company has listed them in contingent liabilities and believes it can win ~80% of such cases.
- Outstanding receivables have increased to ~INR170-180b. In the last 3 months, receivables have increased INR50-60b. COAL has not tried to regulate supplies despite receivables inching up. Nevertheless, the company does not face liquidity crunch with no need to raise bonds so far.
- **ESG:** COAL would look to reduce emissions faced during coal transportation and improve its disclosure on carbon emissions.

Valuation and view: Near-term headwinds persist as negative operating leverage kicks in

- India's nationwide lockdown came at a time when (a) power demand was largely muted, and (b) production at COAL's mines ramped up (post the heavy monsoon season). Accordingly, inventory at both coal mines and power plants has risen. However, power demand has been recovering, inching up ~700MUs from ~3,000MUs levels witnessed at end-Apr'20. Recovery in power demand would be the key to improve coal off-take.
- Large proportion of COAL's costs is fixed in nature with employee costs accounting for ~50% of the company's expenses. Further, with the company focusing on OBR removal activities, COAL would continue using contractual employees, in our view. Thus, with lower dispatches, negative operating leverage would kick in.
- Working capital could remain stretched with elevated receivables as cash issues due to lower demand materialize within the power value chain. Furthermore, inventories too remain high.
- We cut our FY21E adj. EBITDA estimates by 11% to account the lower e-auction prices. However, we expect COAL to tide over the situation in the near term given its robust cash position (Net cash: ~INR300b). The stock trades attractively at ~1.5x FY22E EV/adj. EBITDA (v/s historical average of 7x), P/E of 5x (v/s average of ~13x) and offers a dividend yield of ~7%. Maintain Buy with a target price of INR195/share.

BSE SENSEX
32,201S&P CNX
9,490

Conference Call Details

Date: 29th May 2020

Time: 05:30pm IST

Dial-in details:

+91-22-6280 1434

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Net Sales	153.8	167.5	187.4
EBITDA	24.8	31.2	36.9
Adj. PAT	9.6	15.2	19.0
Adj. PS (INR)	21.1	34.5	42.5
EPS Gr. (%)	-9.4	50.3	23.3
BV/Sh. (INR)	226.4	246.1	273.5
RoE (%)	8.0	14.3	16.2
RoCE (%)	4.8	9.0	11.0
P/E (x)	42.0	26.3	21.1
P/BV (x)	3.9	3.6	3.2

CMP: INR887

Inferior product mix/lower operating leverage offset by higher other income

Operationally below estimates

- Lupin's reported 4QFY20 revenues were down 1.1% YoY to INR38.5b (v/s est. INR41.4b), due to decline in US sales. This was partially offset by growth in the domestic formulation (DF) business.
- US sales were down 13.5% YoY to USD212m (42% of sales); however, on constant currency basis, it was up 14% QoQ. Domestic formulation (31% of sales) was up 13 YoY to INR11.9b.
- US sales were impacted positively due to depreciation of the INR against the USD during the quarter. In INR terms, US sales were down 9.3% YoY.
- LATAM sales declined 2.3% YoY to INR1.5b, APAC sales were down 16% YoY to INR1.4b and RoW sales decreased 37% YoY to INR463m.
- EMEA (Europe, Middle East and Africa) sales were up 7.4% YoY to INR3.5b. API sales increased 12% YoY to INR3.3b.
- Gross margin (GM) for the company stood at 63.5%, down 610bp YoY. This was largely due to change in the product mix. EBITDA margin stood at 13.7%, down 630bp YoY. EBITDA margin contracted at a higher rate due to higher employee cost (+170bp YoY as % of sales), partially offset by lower other expenses (-130bp YoY as % of sales).
- R&D expense for the quarter stood at 9.1% of sales.
- EBITDA came in at INR5.3b (v/s est. INR6.4b), down 33% YoY.
- Lupin had exceptional items that included (a) profit on divestment of Kyowa Pharmaceutical – INR1.2b, (b) impairment of intangible asset – INR95m, and (c) loss on divestment of Kyowa Criticare – INR284m.
- Adjusting for the same, PAT was up 25% YoY to INR2.7b (v/s est. INR2.2b), due to higher other income. We are yet to get clarity on any one-offs in other income.

Other highlights

- 8 ANDA filed and received 1 ANDA approval in the quarter.
- R&D spends for the quarter stood at INR3.4b and formed 9.1% of sales for the quarter. R&D spends for FY20 stood at INR15.5b or 10.3% of sales.

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY19				FY20				FY19	FY20E	FY20 4QE	% Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	38,559	39,511	39,473	38,866	44,184	38,822	37,693	38,457	1,65,079	1,62,123	41,424	-7.2
YoY Change (%)	-0.4	0.0	-0.7	-3.6	14.6	-1.7	-4.5	-1.1	4.5	-1.8	-6.0	
Total Expenditure	31,481	34,014	32,657	31,074	35,582	32,416	33,002	33,204	1,36,279	1,36,021	35,021	
EBITDA	7,079	5,496	6,816	7,793	8,602	6,406	4,691	5,253	28,800	26,102	6,403	-18.0
YoY Change (%)	-7.9	-35.6	-1.0	9.9	21.5	16.5	-31.2	-32.6	-8.5	-9.4	-31.2	
Depreciation	2,590	2,655	2,190	2,191	3,171	2,526	2,532	2,143	10,850	10,829	2,600	
EBIT	4,489	2,842	4,627	5,602	5,431	3,880	2,159	3,111	17,950	15,272	3,802	
YoY Change (%)	-11.6	-51.1	13.4	28.5	21.0	36.5	-53.3	-44.5	-12.9	-14.9	-41	
Interest	687	738	785	843	856	826	886	1,074	3,078	3,488	920	
Other Income	34	2,307	402	733	722	1,280	936	2,086	3,640	3,700	762	
EO Exp/(Inc)	0	0	3,422	-22	0	5,465	3,287	-831	3,377	8,752	0	
PBT	3,836	4,410	822	5,514	5,297	-1,131	-1,078	4,954	15,135	6,732	3,644	35.9
Tax	1,811	1,729	2,454	2,943	2,280	695	7,670	1,051	9,017	12,050	1,405	
Rate (%)	47.2	39.2	298.6	53.4	43.0	-61.5	-711.4	21.2	59.6	179.0	38.5	
Minority Interest	-4	21	-115	-324	-13	-556	-398	7	52	-980	-13	
Reported PAT	2,028	2,660	-1,518	2,896	3,031	-1,271	-8,350	3,896	6,066	-4,338	2,252	73.0
Adj PAT	2,028	2,660	2,873	2,561	3,031	3,373	1,834	2,680	10,546	10,389	2,151	24.5
YoY Change (%)	-43.4	-41.5	11.5	-31.6	49.4	26.8	-36.2	4.6	-27.0	-1.5	-33.3	
Margins (%)	5.3	6.7	7.3	6.6	6.9	8.7	4.9	5.6	6.4	6.4	5.2	

E: MOFSL estimates; Quarterly nos will not add up to full year nos due to restatement of past quarters

Key performance Indicators (Consolidated)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Domestic formulations	11,924	12,032	11,902	10,525	13,077	13,419	12,969	11,921	46,382	51,385
YoY Change (%)	27.9	3.8	11.4	9.1	9.7	11.5	9.0	13.3	12.4	10.8
US formulations	11,858	12,487	14,174	17,406	15,412	13,244	13,766	15,791	55,924	58,212
YoY Change (%)	(26.0)	(8.3)	(1.0)	16.1	30.0	6.1	(2.9)	(9.3)	(5.1)	4.1
Europe	1,416	1,526	1,330	1,705	1,434	1,724	1,526	1,855	6,163	6,391
YoY Change (%)	10.0	1.5	(1.9)	(6.2)	1.3	13.0	14.7	8.8	2.3	3.7
Japan	5,000	5,298	5,905	0	5,911	5,072	0	0	21,746	0
YoY Change (%)	0.0	10.9	10.6	(100.0)	18.2	(4.3)	(100.0)	-	2.2	-
ROW	3,967	4,219	4,740	5,522	4,235	5,017	5,727	5,058	17,912	21,000
YoY Change (%)	8.8	(8.4)	2.7	5.1	6.8	18.9	20.8	(8.4)	0.0	0.0
API	3,581	3,347	3,624	2,912	3,489	3,052	3,173	3,286	13,464	12,999
YoY Change (%)	28.2	26.3	35.2	3.7	(2.6)	(8.8)	(12.4)	12.8	23.2	(3.5)

Cost Break-up

RM Cost (% of Sales)	37.5	35.3	35.7	30.4	35.1	35.0	36.1	36.5	35.8	36.0
Staff Cost (% of Sales)	19.4	20.1	18.8	18.2	18.3	19.5	19.7	19.9	19.5	19.4
R&D Expenses(% of Sales)	9.9	9.7	10.2	0.0	8.6	10.0	11.3	9.0	9.7	10.7
Other Cost (% of Sales)	15.0	21.2	19.4	31.3	18.6	18.7	20.5	21.0	19.3	19.2
Gross Margins(%)	62.5	64.7	64.3	69.6	64.9	65.0	63.9	63.5	64.2	64.0
EBITDA Margins(%)	18.4	13.9	16.1	20.0	19.5	16.8	12.4	13.7	17.4	16.1
EBIT Margins(%)	11.6	7.2	11.7	14.4	12.3	10.0	5.7	8.1	10.9	9.1



TVS Motor Company

Estimate changes

TP change

Rating change



CMP: INR333

TP: INR310 (-7%)

Neutral

Bloomberg	TVSL IN
Equity Shares (m)	475
M.Cap.(INRb)/(USDb)	158.2 / 2
52-Week Range (INR)	512 / 240
1, 6, 12 Rel. Per (%)	12/-10/-14
12M Avg Val (INR M)	928

Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	164.2	149.5	177.2
EBITDA	13.5	12.0	16.5
Adj. PAT	5.7	4.0	7.2
EPS (INR)	11.9	8.5	15.2
EPS Gr. (%)	-15.4	-28.9	79.2
BV/Sh (INR)	76.2	80.4	90.8
Ratios			
RoE (%)	16.3	10.8	17.7
RoCE (%)	17.2	11.7	18.4
Payout (%)	30.5	49.7	31.7
Valuations			
P/E (x)	27.9	39.3	21.9
P/BV (x)	4.4	4.1	3.7
Div. Yield (%)	1.1	1.1	1.2
FCF Yield (%)	4.2	3.7	5.0

Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	57.4	57.4	57.4
DII	21.2	20.4	15.8
FII	11.4	12.2	15.9
Others	10.0	10.0	10.9

FII Includes depository receipts

Below est.; Expect revival in 2H, Premium segment to outperform

BS6 cost inflation, discounts for liquidating BS4 stock hurt margins

- TVSL's operating performance was impacted by passing cost inflation in BS6 without the loading of margins as well as discounts offered on BS4 inventory (60bp). The company expects volume recovery in 2HFY21 in both Domestic and Exports, with the Premium portfolio expected to outperform.
- We cut our FY20/21 EPS by 26%/8% to factor volume weakness. Maintain **Neutral** with TP of INR310 (~18x Mar'22 EPS + INR36 for NBFC).

Miss on op. performance, higher other income, lower tax boost PAT

- 4QFY20 revenue / EBITDA / adj. PAT declined 21%/21%/28% YoY to ~INR34.8b/INR0.9b/INR1.8b. FY20 revenues/EBITDA/PAT fell 10%/6%/8%.
- Volumes declined ~30% YoY (-23% QoQ). Realizations grew ~13.7% YoY (+9.5% QoQ) to INR55k (est.: INR52.1k), driven by passing BS6 cost.
- Gross margins declined 280 QoQ (+160bp YoY) to 25% (est.: 27.7%), impacted by discount of INR220m (~60bp) to liquidate BS4 inventory as well as passing BS6 cost inflation without the loading of margins.
- As a result, EBITDA margins declined 180bp QoQ (-10bp YoY) to 7% (est.: 8%) due to reduced fixed cost. Adj. PAT declined 28% YoY (-45% QoQ) to ~INR1b (est.: ~INR0.9b), supported by high other income (boosted by one-time interest on income tax refund).

Highlights from management commentary

- **FY21 outlook:** The management is cautiously optimistic about recovery in 2HFY21. It expects premium products (Apache and Ntorq) to do better than other segments. It expects TVSL to outperform the industry.
- **Status of operations:** Plants resumed manufacturing from 5th May, and currently, over 70% of dealerships have re-started operations.
- **Price hike:** The company witnessed a price increase of 10–12% for a BS6-related cost increase and took another ~1% price increase in Apr'20.
- **Financing:** It expects to increase retail finance penetration due to the BS6 price hike and aid demand. Currently, 56% of Domestic 2W is financed, and TVS Credit's share is at 46%. Apart from TVS Credit, other major financiers for TVSL are Sriram Capital, HDFC Bank, and Sundaram Finance.
- **Indonesian sub achieves positive operating PBT in 2HFY20:** FY20 volumes grew ~31.6% (to ~53.6k) for 2Ws and 201% (to 8.1k) for 3Ws. FY20 EBITDA was USD0.5m (v/s EBITDA loss of USD3m in FY19). 2HFY20 achieved positive operating PBT.
- **Capex:** FY21 guidance is at ~INR3b (v/s ~INR7.2b in FY20). Investments, over and above this, are yet to be finalized.

Valuation and view

- We cut our FY20/FY21 EPS by 26%/8% to INR8.5/INR15.2 to reflect weak volumes in 1HFY21.
- Valuations at 39.1x/21.9x FY21E/FY22E EPS are already reflecting a large part of the earnings recovery. Maintain **Neutral** with TP of ~INR310.

S/A quarterly performance

(INR m)

Y/E March (INR m)	FY19				FY20						FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY19	FY20	4QE
Vols ('000 units)	928.3	1,088.4	989.8	907.3	923.2	885.8	821.5	632.9	3,915.0	3,263.5	632.9
Growth (%)	15.7	14.7	19.8	2.0	-0.5	-18.6	-17.0	-30.2	13.0	-16.6	-81.7
Realn (INR '000/unit)	44.9	45.9	47.1	48.4	48.4	49.1	50.2	55.0	46.5	50.3	52.1
Growth (%)	6.0	7.1	5.3	7.3	7.7	7.0	6.6	13.7	6.2	8.2	19.0
Net Sales	41,710	49,935	46,640	43,876	44,686	43,478	41,255	34,814	182,099	164,233	32,987
Growth (%)	22.7	22.8	26.1	9.5	7.1	(12.9)	(11.5)	(20.7)	20.0	(9.8)	(24.8)
EBITDA	3,238	4,282	3,757	3,117	3,558	3,820	3,633	2,449	14,333	13,459	2,632
EBITDA Margin(%)	7.8	8.6	8.1	7.1	8.0	8.8	8.8	7.0	7.9	8.2	8.0
Interest	180	212	167	247	291	285	211	235	806	1,022	228
Depreciation	933	1,016	1,012	1,031	1,194	1,241	1,213	1,243	3,993	4,890	1,265
Other Income	26	7	7	36	12	49	9	251	75	321	32
PBT before EO Exp	2,150	3,062	2,585	1,875	2,085	2,343	2,218	1,222	9,610	7,867	1,172
EO Exp	0	0	0	0	0	-760	760	323		323	0
PBT after EO Exp	2,150	3,062	2,585	1,875	2,085	3,103	1,457	898	9,610	7,544	1,172
Tax rate (%)	30.6	31.0	31.0	26.7	31.8	17.8	16.9	17.8	30.3	21.5	23.1
Adjusted PAT	1,492	2,113	1,784	1,374	1,423	1,953	1,808	993	6,701	6,176	900
Growth (%)	15.2	(0.9)	15.6	(17.0)	(4.6)	(7.6)	1.3	(27.8)	1.1	(7.8)	(34.5)

Key performance indicator

(INR m)

Y/E March (INR m)	FY19				FY20						FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY19	FY20	4QE
Volumes ('000 units)	928.3	1,088.4	989.8	907.3	923.2	885.8	821.5	632.9	3,915.0	3,263.5	632.9
Growth (%)	15.7	14.7	19.8	2.0	-0.5	-18.6	-17.0	-30.2	13.0	-16.6	-81.7
Dom. 2W Mkt Sh (%)	12.9	15.0	16.3	15	14.2	14.3	14.3	14.3	14.8	14.3	14.8
Net Realization	44.9	45.9	47.1	48.4	48.4	49.1	50.2	55.0	46.5	50.3	52.1
Growth YoY (%)	6.0	7.1	5.3	7.3	7.7	7.0	6.6	13.7	6.2	8.2	19.0
Cost Break-up											
RM Cost (% of sales)	75.9	75.8	75.8	76.6	75.1	73.4	72.2	75.0	76.0	73.9	72.3
Staff Cost (% of sales)	5.7	4.9	5.1	4.6	5.6	5.4	5.7	6.4	5.1	5.7	6.6
Other Cost (% of sales)	10.7	10.7	11.1	11.7	11.3	12.5	13.3	11.6	11.0	12.2	13.1
Gross Margins (%)	24.1	24.2	24.2	23.4	24.9	26.6	27.8	25.0	24.0	26.1	27.7
EBITDA Margins (%)	7.8	8.6	8.1	7.1	8.0	8.8	8.8	7.0	7.9	8.2	8.0
EBIT Margins (%)	5.5	6.5	5.9	4.8	5.3	5.9	5.9	3.5	5.7	5.2	6.5

E:MOFSL Estimates



Federal Bank

Estimate change	
TP change	
Rating change	

Bloomberg	FB IN
Equity Shares (m)	1,992
M.Cap.(INRb)/(USD\$b)	85.2 / 1.1
52-Week Range (INR)	110 / 36
1, 6, 12 Rel. Per (%)	-9/-31/-41
12M Avg Val (INR M)	1157

Financials & Valuations (INR b)

Y/E Mar	FY20	FY21E	FY22E
NII	46.5	49.6	56.0
OP	32.0	34.7	39.8
NP	15.4	11.4	17.7
NIM (%)	3.0	2.9	3.0
EPS (INR)	7.8	5.7	8.9
EPS Gr. (%)	23.4	-26.2	55.4
BV/Sh. (INR)	72.8	78.0	85.7
ABV/Sh. (INR)	64.9	67.6	73.4

Ratios

ROE (%)	11.1	7.6	10.9
ROA (%)	0.9	0.6	0.9
Payout (%)	0.0	10.5	13.6

Valuations

P/E(X)	5.5	7.5	4.8
P/BV (X)	0.6	0.5	0.5
P/ABV (X)	0.7	0.6	0.6
Div. Yield (%)	0.0	1.4	2.8

Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	0.0	0.0	0.0
DII	36.5	37.4	29.3
FII	34.4	33.6	38.2
Others	29.1	29.0	32.5

FII Includes depository receipts

CMP: INR43 **TP: INR65 (+52%)** **Buy**

Moratorium book broadly in line with other private lenders; Asset quality improves

Credit cost to stay elevated as focus remains on strengthening PCR

- Federal Bank (FB) reported moderation in 4QFY20 business growth affected by the weak environment. The bank made higher COVID-19 related provisions of INR930m, which dragged earnings in the quarter. PPop was strong at 27% YoY (aided by treasury gains) while moratorium book stood at 35%. Lower slippages (as FB availed dispensation given by the RBI) and higher provisions, resulted in overall improvement in asset quality/PCR.
- We have cut our FY21E estimates sharply by 19% as we factor in higher credit cost and slight moderation in business growth. However, we largely maintain our FY22E estimates. Maintain **Buy**.

PPoP beat led by treasury gains; Higher provisions impact earnings

- 4QFY20 PAT came in at INR3.0b (-21% YoY; MOSLE: INR3.9b) affected by higher provisions as FB made COVID-19 related provisions of INR930m. NII grew 11% YoY (INR12.2b) as margins expanded 4bp QoQ to 3%.
- Core fee income grew 13% YoY while higher treasury income resulted in total income growth of 28% YoY. Opex grew 28% YoY as the bank made additional employee cost provisions of INR1.2b. PPop, thus, grew 27% YoY to INR9.6b. C/I ratio declined ~220bp QoQ to 50.2%. **For FY20**, NII/PPoP/PAT grew 11%/16%/24%.
- Loan growth moderated to 11% YoY, led by sluggish trends in corporate/SME, while retail loans grew 19% YoY. Within retail, housing and mortgage grew a robust ~18-19% YoY. Deposit base grew 13% YoY led by moderation in CASA deposits. CASA mix stood at 30.5% (-96bp QoQ).
- Fresh slippages stood lower at INR2.8b (1.1% annualized), as FB availed the RBI dispensation, which otherwise would have resulted in additional slippages of INR3b. GNPA/NNPA ratio, thus, moderated by 15bp/31bp QoQ while PCR increased ~810bp QoQ to 54.5% (72.5% incl. technical w/o). Total SMA book stood at INR8.4b (0.7% of total loans).

Highlights from management commentary

- **Moratorium by value:** The proportion of customers that have availed the moratorium for segments – Agri (31%), Retail (38%), Business Banking (79%), Commercial Banking (53%) and Corporate (20%). Overall, 35% of the total portfolio in value have availed moratorium.
- NIMs would remain stable over the next two quarters while some pressure could be seen from 3QFY21, depending on the macro environment.

Valuation and view

- FB has reported moderation in business growth, reflecting a challenging economic environment impacted by the COVID-19 outbreak. We expect overall loan growth to get affected due to reduced economic activity and the ongoing lockdown. Though the bank has lower quantum of stressed

assets, we nevertheless expect credit cost to stay elevated due to COVID-19 related provisioning. FB has been taking a cautious approach in building the loan mix toward high-rated corporates and retail loans. Also, the bank's liability franchise remains strong with CASA + Retail TD of 91% and one of the highest LCR amongst banks. We cut our FY21E estimates sharply by 19% as we factor in the higher credit cost and slight moderation in business growth while maintaining our FY22E projections. We estimate FB to report RoA/RoE of 0.9%/10.9% by FY22E. Maintain **Buy** with a revised TP of INR65 (0.8x FY'22E ABV).

Quarterly performance

(INRm)

	FY19				FY20				FY19	FY20	FY20E 4QE	V/s our Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Interest Income	9,801	10,225	10,773	10,965	11,542	11,238	11,549	12,160	41,763	46,489	11,664	4.2
% Change (YoY)	22.4	13.7	13.4	17.5	17.8	9.9	7.2	10.9	16.6	11.3	6.4	4.5
Other Income	2,709	3,229	3,456	4,117	3,915	4,209	4,079	7,111	13,510	19,314	3,739	90.2
Total Income	12,509	13,454	14,228	15,083	15,457	15,447	15,628	19,271	55,274	65,803	15,403	25.1
Operating Expenses	6,480	6,478	7,150	7,535	7,629	8,259	8,190	9,678	27,643	33,756	8,295	16.7
Operating Profit	6,029	6,976	7,078	7,548	7,828	7,188	7,438	9,593	27,631	32,047	7,109	35.0
% Change (YoY)	8.1	19.6	26.1	28.2	29.8	3.0	5.1	27.1	20.6	16.0	-5.8	32.9
Provisions	1,992	2,888	1,901	1,778	1,920	2,518	1,609	5,675	8,559	11,722	2,034	179.0
Profit before Tax	4,038	4,088	5,177	5,770	5,907	4,670	5,830	3,918	19,073	20,325	5,075	-22.8
Tax	1,411	1,427	1,841	1,955	2,065	503	1,423	906	6,634	4,898	1,136	-20.3
Net Profit	2,627	2,660	3,336	3,815	3,842	4,167	4,406	3,012	12,439	15,428	3,938	-23.5
% Change (YoY)	25.0	0.9	28.3	163.1	46.2	56.6	32.1	-21.0	41.5	24.0	3.2	-24.3
Operating Parameters												
Deposit (INR b)	1,112	1,182	1,235	1,350	1,325	1,395	1,446	1,523	1,350	1,523	1,523	0.0
Loan (INR b)	943	1,009	1,056	1,102	1,120	1,159	1,192	1,223	1,102	1,223	1,241	-1.5
Deposit Growth (%)	16.1	21.6	22.8	20.5	19.1	18.1	17.1	12.8	20.5	12.8	12.8	0.0
Loan Growth (%)	23.6	25.2	24.2	19.9	18.8	14.8	13.0	10.9	19.9	10.9	12.6	-1.7
Asset Quality												
Gross NPA (%)	3.0	3.1	3.1	2.9	3.0	3.1	3.0	2.8	2.9	2.8	3.2	-0.4
Net NPA (%)	1.7	1.8	1.7	1.5	1.5	1.6	1.6	1.3	1.5	1.3	1.8	-0.5
PCR (%)	43.5	43.6	45.9	50.1	50.7	49.0	46.4	54.5	50.1	54.5	44.4	10.1

E:MOFSL Estimates

Quarterly snapshot

INRm	FY18				FY19				FY20				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Profit and Loss														
Interest Income	23,241	23,796	25,012	25,480	26,674	27,649	29,544	30,323	32,293	32,543	33,304	33,968	12	2
Advances	17,878	18,590	19,410	19,511	20,794	22,105	23,866	24,131	26,061	26,377	27,028	27,244	13	1
Investment	4,683	4,500	4,822	5,170	5,072	4,883	5,056	5,364	5,552	5,274	5,361	5,653	5	5
Interest Expenses	15,234	14,807	15,512	16,148	16,873	17,425	18,771	19,358	20,751	21,305	21,754	21,808	13	0
Net Interest Income	8,007	8,989	9,500	9,332	9,801	10,225	10,773	10,965	11,542	11,238	11,549	12,160	11	5
Other Income	3,291	2,872	2,286	3,142	2,709	3,229	3,456	4,117	3,915	4,209	4,079	7,111	73	74
Trading profits	1,120	750	290	220	490	510	550	540	910	820	650	3,690	583	468
Forex Income	340	410	390	560	470	610	740	540	430	640	560	760	41	36
Other Non-interest Inc.	1,461	1,542	1,536	1,822	1,609	1,999	2,056	2,547	2,175	2,529	2,549	2,651	4	4
Total Income	11,298	11,861	11,786	12,474	12,509	13,454	14,228	15,083	15,457	15,447	15,628	19,271	28	23
Operating Expenses	5,719	6,029	6,172	6,588	6,480	6,478	7,150	7,535	7,629	8,259	8,190	9,678	28	18
Employee	2,985	3,127	3,005	3,308	3,450	3,089	3,537	3,702	3,978	4,407	4,148	5,191	40	25
Others	2,735	2,902	3,168	3,280	3,030	3,388	3,614	3,834	3,651	3,852	4,042	4,487	17	11
Operating Profits	5,579	5,832	5,614	5,886	6,029	6,976	7,078	7,548	7,828	7,188	7,438	9,593	27	29
Core Operating Profits	4,459	5,082	5,324	5,666	5,539	6,466	6,528	7,008	6,918	6,368	6,788	5,903	-16	-13
Provisions	2,364	1,768	1,624	3,715	1,992	2,888	1,901	1,778	1,920	2,518	1,609	5,675	219	253
NPA provisions	2,364	1,400	1,200	2,600	1,660	1,560	1,750	1,370	1,770	1,750	2,420	4,170	204	72
PBT	3,214	4,064	3,990	2,170	4,038	4,088	5,177	5,770	5,907	4,670	5,830	3,918	-32	-33
Taxes	1,113	1,427	1,390	721	1,411	1,427	1,841	1,955	2,065	503	1,423	906	(54)	-36
PAT	2,102	2,637	2,600	1,450	2,627	2,660	3,336	3,815	3,842	4,167	4,406	3,012	-21	-32



Quess Corp

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR211 TP: INR360 (+71%) Buy

Welcome corrective steps!

Stable business and liquidity position

Bloomberg	QUESS IN
Equity Shares (m)	147
M.Cap.(INRb)/(USDb)	96.4 / 1.4
52-Week Range (INR)	1300 / 581
1, 6, 12 Rel. Per (%)	-4/-23/-54
12M Avg Val (INR M)	104

- Quess Corp's (QUESS) quantum of goodwill/intangible write-downs (38%-49% of the outstanding) taken during 4QFY20 is a positive surprise. This reinforces our assessment (refer our earlier [note](#)) that the new management is making encouraging efforts to address investor concerns around areas like governance, capital allocation, etc. We see the balance sheet rationalization, progress on exit from unrelated businesses (e.g. East Bengal Club) and the resultant RoE improvement also as key positives.
- Despite the lockdowns and sharp spike in unemployment, key portfolio businesses have remained more or less stable and are doing better than initially feared. A material displacement is unlikely as the economy goes into phased re-opening and firms try to dodge supply-side disruption.
- We upgrade our FY21-22E EPS by 12-13% as we adjust (a) amortization run-rate, and (b) EBITDA margin trajectory of Monster. Our TP increases by ~29% as we tweak the book value and equity charge assumptions (15% v/s 16% earlier) in our Residual Income valuation model. Over the medium term, we expect QUESS to be the biggest beneficiary of the recently announced labor law reforms (refer our [note](#)). Reiterate **Buy**.

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	109.9	115.1	140.8
EBIT Margin (%)	3.7	3.5	3.9
PAT	2.6	2.5	3.8
EPS (INR)	18.3	17.7	26.5
EPS Gr. (%)	4.3	-3.1	49.8
BV/Sh. (INR)	200.8	223.1	256.5

Ratios

RoE (%)	10.4	10.5	13.9
RoCE (%)	15.4	11.8	14.8
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	11.6	12.0	8.0
P/BV (x)	1.1	1.0	0.8
EV/EBITDA (x)	5.0	5.3	3.9
EV/Sales (x)	0.3	0.3	0.2

Encouraging performance in 4QFY20 despite COVID-19 impact

Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	54.9	54.7	71.4
DII	16.6	13.2	7.1
FII	14.6	16.6	13.1
Others	13.9	15.5	8.4

FII Includes depository receipts

- In 4QFY20, revenue/EBIT/PBT was 3%/13%/9% ahead of our estimates.
- Organic/overall revenue increased 27%/30% YoY, largely led by general staffing segment (67% YoY) while performance in other key segments remained modest (IFM: +5% YoY, Conneqt: +5% YoY).
- EBIT margin contracted ~30bp QoQ to 3.6%, largely driven by the COVID-19 impact on BPO utilizations and the food catering businesses.
- Besides an improvement in key operational metrics and revenue run-rate, Monster also came close to EBITDA break-even during 4QFY20.
- The company made one-off non-cash write-downs in (a) goodwill consolidation (INR5.1b), (b) intangible assets (INR1.3b), and (c) QUESS' East Bengal Club investments (INR350m). While goodwill impairment was taken across businesses like MIS, AllSec, Vedang, Trimax, MFXchange, intangible impairment was taken in MIS, AllSec and Vedang.
- Presence of the unjustifiable goodwill/intangibles on the balance sheet resulted in a drag on return ratios and was a key concern for us earlier. Accordingly, we see this one-off impairment to be a welcome corrective step toward rationalization of the balance sheet and improvement in RoEs.
- As the company is migrating to the new tax regime, it had written down MAT credit (INR1.2b) and made an adjustment in the carrying value of Deferred Tax Asset (resulting in write-down of INR160m). In conjunction with the reversal of Deferred Tax Liability (~INR1b, consequent to goodwill/intangible impairment), tax provision for 4QFY20 (~INR360m) came out to be higher than normal.

- Adjusted for these one-off non-cash write-downs and quarterly tax aberrations, PAT of ~INR720m came in above our est. of INR642m.
- Cash generation (OCF/EBITDA at 33% v/s 51% in 3QFY20) was impacted due to COVID-19. However, QUESS has indicated that focus on aged and government receivables remains high and it is hopeful of no defaults.
- Overall exposure to the Ahmedabad Smart City project stands at INR2.3b; of this, QUESS has recovered INR975m by end-4QFY20.

Highlights from management commentary

- Management has indicated that impact on operations in Apr-May'20 was not as bad as initially feared. Having large enterprises as customers and limited exposure to SMEs has helped QUESS in navigating through the crisis.
- General Staffing witnessed headcount reduction of ~5% in Apr'20 over Feb'20 level. Further, management expects ~5% MoM reduction in May-Jun'20. As enterprises try to dodge supply-side risks in the context of labor migration, we anticipate a positive surprise on this front too.
- The company has reduced indirect costs by ~20% during Feb-Apr'20. It is further looking for avenues to variabilize the cost structure in order to maintain margin in case the COVID-19 situation deteriorates further.
- Management has hinted at a target of 20% RoE and 20% YoY OCF growth over the medium term. They have also indicated that goodwill impairment may not be required any further.
- According to QUESS, Excellus, Digicare and BPO are the worst hit. While Facilities Management may witness some headwinds due to Work from Home (WFM), formalization in the industry should help offset it. Management expects Monster to witness growth and margin challenges in the near term as renewals (typically happen in last week of March) are hit. However, as recruitment picks up, this segment should also recover.

Valuation and view – Corrective measures to drive re-rating

- The stock had corrected ~66% from pre-COVID-19 level on concerns of severe impact on (a) general staffing and collections/receivables, (b) liquidity position, and (c) potential legal liabilities in outcome-based businesses in the event of massive employee lay-offs.
- However, we understand these concerns were exaggerated as the business/ cash collections (both mark-up and outcome-based) did not witness any major dislocation over Mar-Apr'20. As the economy prepares for a gradual re-opening and enterprises look to dodge supply disruption, we believe the company/sector has already passed the peak of uncertainty. As both the central and state governments look forward to liberalizing and formalizing the labor markets, QUESS should be among the biggest direct beneficiaries.
- We expect 13%/21% revenue/EPS CAGR over FY20–22E. Using residual income approach, we arrive at a TP of INR360. We adjust FY20 book value for appropriate share of outstanding goodwill/inter-company loans on the balance sheet. Welcome corrective steps being taken by the new management toward addressing some of the investor concerns around governance prompt us to reduce the equity charge to 15% in our residual income model (v/s 16% earlier). Our TP implies 14x FY22E EPS, still a steep 60% discount to TeamLease.

Consolidated - Quarterly

(INR m)

Y/E March	FY19				FY20				FY19	FY20	Est. 4Q	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	19,684	20,917	21,722	22,948	23,966	26,503	29,500	29,946	85,270	1,09,915	29,002	3.3
YoY Change (%)	51.7	49.9	37.1	21.4	21.8	26.7	35.8	30.5	38.3	28.9	26.4	411
Total Expenditure	18,659	19,797	20,538	21,630	22,474	24,889	27,706	28,260	80,624	1,03,329	27,383	3.2
EBITDA	1,025	1,120	1,183	1,318	1,492	1,614	1,794	1,686	4,646	6,586	1,619	4.1
Margins (%)	5.21	5.36	5.4	5.7	6.2	6.1	6.1	5.6	5.4	6.0	5.6	4.8
Depreciation	299	291	317	325	579	652	658	596	1,232	2,486	655	-8.9
EBIT	726	829	867	992	913	962	1,136	1,089	3,414	4,100	964	13.0
Margins (%)	3.7	4.0	4.0	4.3	3.8	3.6	3.9	3.6	4.0	3.7	3.3	31
Interest	261	282	280	321	396	461	423	387	1,144	1,668	400	-3.1
Other Income	156	143	123	290	169	159	97	86	712	511	164	-47.4
PBT before EO expense	621	690	710	962	685	660	810	788	2,983	2,943	725	8.8
Recurring Tax	93	105	11	121	106	-29	51	60	329	196	72	
Rate (%)	14.9	15.1	1.5	12.6	15.4	-4.5	6.3	8.7	11.0	6.6	10.0	
MI & P/L of Asso. Cos.	-16	-31	49	86	-2	39	10	91	88	138	10	
Adjusted PAT	544	616	650	755	582	650	749	720	2,565	2,609	642	12.2
Extraordinary items	0	0	0	0	0	0	0	6,937	0	6,928	0	
Reported PAT	544	616	650	755	582	650	749	-6,299	2,565	-4,319	642	-1,080.8
YoY Change (%)	19.2	-51.6	6.5	-0.3	6.9	5.5	15.2	-934.3	-17.2	-268.3	-14.9	-91,939
Margins (%)	2.8	2.9	3.0	3.3	2.4	2.5	2.5	-21.0	3.0	-3.9	2.2	-2,325

Key Perfor. Indicators

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Headcount (k)	272	280	293	318	357	377	385	384	318	384
Segment Revenue (INR m)										
Workforce Management	11,480	12,080	12,850	13,940	14,880	16,690	19,590	20,390	50,350	71,550
Operating Asset Management	3,980	4,340	4,310	4,380	4,270	4,320	4,480	4,280	17,010	17,350
Tech Services	4,220	4,490	4,560	4,620	4,800	5,510	5,440	5,280	17,890	21,030
EBITDA Margin (%)										
Workforce Management	5.9	5.7	6.0	6.8	6.0	5.5	5.3	5.1	6.1	5.4
Operating Asset Management	7.5	7.9	7.8	8.2	7.5	6.7	7.4	6.6	7.9	7.1
Tech Services	5.2	6.1	6.2	4.3	9.6	11.5	12.1	10.9	5.5	11.1



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

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

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THE SURVEILLANCE INDIA ACTUALLY NEEDS TO QUELL THE VIRUS

- As we exit the fourth phase of the national lockdown, it is time to do some reconnaissance: what worked, what didn't and what is now needed. This exercise entails using data, of which there seems to be an abundance. Technology and consulting companies have raced to produce epidemiological models, contact tracing apps and mobility dashboards. Few have helped thwart the exponential rise of coronavirus infections. This is because the information we need is simply not available. Predictions about the epidemic in India are based on data directly published by the Indian Council of Medical Research, or from private voluntary initiatives like covid19india.org. One of the early questions an epidemiologist attempting to inform policymaking will ask is how bad the outbreak is in a particular area. What share of the population the disease or has recovered from it? In the absence of tests for everyone, she would like to know how many were tested, and how many were positive. This is the first basic step. Over 60 days into the lockdown, this information is not available, precluding the scientific, clinical and public health community from making any sound estimations about the disease's spread. Existing sources provide information on the total reported cases per district, but not the number of tests conducted per district. If Solapur had 100 cases last week and 200 this week, one would conclude that cases doubled, unless 100 out of 1,000 tested were positive in the first week, and 200 of 2,000 were positive in the second week, as testing capacity increased. It would then have entirely different ramifications for public health preparedness. Only state-wise tallies of tests done are available, rendering all projections to be educated guesses at best.

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FASHION RETAILING TAKES SLOW ROAD TO REVIVAL AFTER THE LOCKDOWN

- It's rare to find a businessman as candid as Akhil Jain. The executive director of Jain Amar Clothing, which sells women's fashionwear under the Madame brand, runs 156 exclusive stores across malls and high streets. After the government eased lockdown restrictions two weeks ago, the company opened 32 stores on high streets in Delhi, Punjab, Haryana, and Himachal Pradesh. So far, the news has not been good, said Jain. "We now have a fair idea of what is selling and how much is selling. Like to like (same weeks last May), we are doing just 8% of the sale, as footfall is low," he said. Yet, he's keeping his stores open to study consumer behaviour. "Most fashion retailers I have spoken to had written off May completely. So, whatever we are getting is a bonus," he said. Jain has not been glossing over either the numbers or what's selling, but after spending three to four hours at a couple of outlets in Delhi, he has got a fairly good idea of the situation. Formal wear has no takers. Of the 16 clothing categories he stocks, only T-shirts, pyjamas and night suits are selling. However, the conversion rate is more than 90%. This means those who are walking in are buying something. The choice of Madame clothing is no different on online platforms such as Amazon, Myntra and Ajo.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)		
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	
Automobiles																	
Amara Raja	Buy	614	630	3	28.3	37.7	34.6	2.6	33.3	-8.3	16.3	17.8	2.8	2.5	18.1	14.8	
Ashok Ley.	Buy	44	70	58	6.9	1.1	0.9	16.4	-84.2	-18.0	40.7	49.6	1.5	1.6	3.8	3.1	
Bajaj Auto	Neutral	2597	2643	2	165.4	187.4	161.1	9.3	13.3	-14.0	13.9	16.1	3.8	3.5	26.0	22.4	
Bharat Forge	Buy	307	342	11	22.2	15.2	12.8	20.3	-31.6	-15.8	20.2	24.0	2.5	2.4	12.7	10.2	
Bosch	Neutral	9844	10250	4	540.3	418.8	310.2	15.0	-22.5	-25.9	23.5	31.7	3.1	2.9	13.4	9.5	
CEAT	Buy	771	903	17	66.9	47.6	51.9	4.6	-29.0	9.1	16.2	14.9	1.1	1.0	6.8	7.0	
Eicher Mot.	Buy	16217	17200	6	813.9	703	680	1.8	-13.6	-3.3	23.1	23.9	4.2	3.7	19.8	16.6	
Endurance Tech.	Buy	675	810	20	36.2	39.7	32.7	24.5	9.8	-17.8	17.0	20.7	3.2	2.9	20.3	14.7	
Escorts	Neutral	890	768	-14	53.2	54.0	51.7	34.7	1.4	-4.3	16.5	17.2	2.5	1.9	16.6	13.5	
Exide Ind	Buy	159	177	12	9.1	9.6	9.2	10.6	5.8	-3.9	16.5	17.2	2.1	1.9	12.6	11.3	
Hero Moto	Neutral	2294	2072	-10	169.5	154.1	126.0	-8.5	-9.1	-18.2	14.9	18.2	3.3	3.3	23.2	18.2	
M&M	Buy	440	513	17	42.7	33.2	33.8	4.1	-22.3	1.9	13.3	13.0	1.4	1.3	10.1	8.0	
Mahindra CIE	Buy	90	116	30	14.1	9.4	3.2	44.7	-33.2	-66.0	9.5	28.0	0.7	0.7	8.0	2.6	
Maruti Suzuki	Buy	5471	5850	7	253.3	188.0	137.7	-5.1	-25.8	-26.7	29.1	39.7	3.4	3.4	11.7	8.0	
Motherson Sumi	Buy	92	84	-9	5.1	3.7	3.1	-5.2	-27.1	-17.2	24.8	30.0	2.4	2.3	10.1	7.8	
Tata Motors	Buy	87	90	4	-4.4	-14.9	-23.3	-119.0	Loss	Loss	NM	NM	0.5	0.6	-9.0	-15.4	
TVS Motor	Neutral	333	310	-7	14.1	11.9	8.5	1.1	-15.6	-28.6	27.9	39.3	4.4	4.1	16.3	10.8	
Aggregate									-31.2	-31.9	122.5	37.0	16.6	2.2	2.0	5.8	12.1
Banks - Private																	
AU Small Finance	Buy	398	675	70	13.2	22.6	21.7	28.9	71	-4.3	17.6	18.4	2.8	2.4	18.0	14.2	
Axis Bank	Buy	391	620	59	18.2	6.0	26.0	1,538.1	-67	331.5	64.8	15.0	1.3	1.2	2.1	8.3	
Bandhan Bank	Buy	222	350	58	16.4	21.6	20.2	39.1	32	-6.4	10.3	11.0	2.4	1.9	22.9	19.2	
DCB Bank	Neutral	62	70	12	10.5	10.9	7.6	32.0	3.6	-30.6	5.7	8.2	0.6	0.6	11.2	7.1	
Equitas Hold.	Buy	43	65	52	6.2	7.1	4.7	3,754.5	15.5	-33.4	6.0	9.0	0.5	0.5	9.7	5.8	
Federal Bank	Buy	43	65	52	6.3	7.8	5.7	32.2	24.1	-26.9	5.5	7.5	0.6	0.5	11.1	7.6	
HDFC Bank	Buy	945	1200	27	39.6	48.0	55.2	16.9	21.2	14.9	19.7	17.1	3.0	2.6	16.4	16.5	
ICICI Bank	Buy	327	475	45	5.2	12.3	18.9	-52.8	135.0	53.8	26.6	17.3	1.8	1.7	7.2	10.3	
IndusInd	Buy	387	700	81	54.9	68.8	71.0	-8.8	25.3	3.2	5.6	5.5	0.8	0.7	14.7	13.3	
Kotak Mah. Bk	Neutral	1228	1350	10	37.7	44.9	44.7	16.0	19.0	-0.5	27.3	27.5	3.5	3.1	13.1	11.4	
RBL Bank	Buy	117	180	54	20.3	9.9	11.2	34.3	-51.1	12.2	11.7	10.4	0.6	0.5	5.6	5.2	
Aggregate									23.8	26.1	28.3	16.2	12.6	2.0	1.8	12.3	13.9
Banks - PSU																	
BOB	Buy	39	70	81	1.6	-3.3	6.6	-116.7	PL	LP	NM	5.8	0.3	0.3	-2.0	4.4	
PNB	Neutral	27	35	31	-27.1	-5.8	3.4	-46.1	Loss	LP	NM	7.8	0.3	0.3	-6.4	4.0	
SBI	Buy	158	300	90	2.6	18.7	22.2	-148.2	627	18.3	8.4	7.1	0.6	0.6	7.4	8.1	
Aggregate									LP	105	46	7	4.8	0.5	0.4	6.6	8.9
NBFCs																	
Aditya Birla Cap	Buy	44	125	182	4.0	4.3	5.1	25.7	8.3	20.2	10.3	8.6	1.0	0.9	10.2	10.8	
Bajaj Fin.	Neutral	1947	2210	14	69.3	87.7	67.0	59.6	26.7	-23.6	22.2	29.1	3.6	3.2	20.2	11.8	
Cholaman.Inv.&Fn	Buy	135	225	67	15.2	16.8	15.6	29.1	10.8	-7.1	8.0	8.6	1.3	1.2	18.9	14.1	
HDFC	Buy	1626	1905	17	44.4	49.2	48.0	28.7	10.8	-2.4	33.0	33.9	3.0	3.1	13.4	11.2	
HDFC Life Insur.	Neutral	517	525	2	6.3	6.4	6.4	14.6	1.3	-0.4	80.5	80.8	5.0	4.2	12.9	21.4	
ICICI Pru Life	Buy	368	430	17	8.0	7.4	7.9	-29.5	-6.3	6.4	49.4	46.4	2.3	2.0	6.5	14.3	
IIFL Wealth Mgt	Buy	854	1525	78	44.2	32.2	42.8	-4.1	-27.3	33.0	26.6	20.0	2.4	2.3	9.3	11.9	
L&T Fin Holdings	Buy	54	75	40	11.2	10.9	8.6	74.5	-2.7	-21.3	4.9	6.3	0.7	0.7	15.6	11.3	
LIC Hsg Fin	Buy	245	350	43	48.1	49.7	45.6	21.4	3.2	-8.3	4.9	5.4	0.7	0.6	14.6	12.0	
MAS Financial	Buy	565	690	22	27.8	29.9	30.8	47.1	7.6	2.8	18.9	18.3	3.2	2.8	18.1	16.2	
M&M Fin.	Buy	137	200	46	25.3	14.7	8.0	53.9	-41.8	-46.0	9.3	17.2	0.7	0.7	8.3	4.2	
Muthoot Fin	Neutral	852	765	-10	49.2	75.0	80.0	10.8	52.3	6.7	11.4	10.7	3.0	2.5	29.3	25.8	
PNB Housing	Neutral	175	190	8	71.1	67.5	50.9	40.9	-5.1	-24.6	2.6	3.4	0.3	0.3	14.1	9.6	
Repco Home	Buy	97	150	55	37.5	48.9	44.8	16.7	30.5	-8.5	2.0	2.2	0.3	0.3	18.3	14.4	
Shriram City Union	Buy	645	950	47	149.8	168.6	134.0	48.7	12.5	-20.5	3.8	4.8	0.6	0.5	16.1	11.4	



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Shriram Trans.	Buy	567	975	72	113.0	128.9	75.0	4.2	14.1	-41.8	4.4	7.6	0.7	0.7	17.3	9.0
Aggregate								11.7	-9.2	23.4	17.4	14.1	2.0	1.8	11.6	12.9
Capital Goods																
ABB	Buy	740	980	33	12.0	16.6	6.2	12.7	38.1	-62.6	44.6	119.2	4.5	4.3	10.0	3.6
Bharat Elec.	Buy	70	86	24	7.9	6.5	7.2	37.7	-17.9	10.3	10.7	9.7	1.7	1.6	15.9	16.1
BHEL	Neutral	27	22	-18	3.5	1.9	1.9	58.9	-44.4	-1.1	13.8	14.0	0.3	0.3	2.1	2.1
Blue Star	Neutral	487	450	-8	19.5	15.3	6.5	34.7	-21.4	-57.2	31.8	74.3	6.0	5.8	18.8	7.8
CG Cons. Elec.	Buy	219	240	10	6.0	7.0	6.0	15.5	16.9	-13.6	31.4	36.4	9.4	8.1	29.8	22.4
Cummins	Neutral	359	360	0	26.1	22.9	17.3	10.8	-12.0	-24.4	15.7	20.7	2.3	2.2	14.5	10.5
Engineers India	Buy	63	100	59	5.9	6.7	7.6	-8.4	14.5	12.7	9.4	8.3	1.8	1.7	17.9	19.3
Havells	Neutral	500	515	3	12.6	11.7	7.7	12.3	-6.9	-34.3	42.7	64.9	7.3	6.8	17.0	10.4
K E C Intl	Buy	193	255	32	18.9	23.1	24.0	6.1	22.3	3.6	8.3	8.0	1.7	1.4	20.2	17.7
L&T	Buy	903	1200	33	63.5	70.5	61.6	22.8	11.0	-12.6	12.8	14.7	1.8	1.7	14.0	11.0
Siemens	Neutral	1072	1450	35	25.1	30.5	29.4	27.1	21.6	-3.6	35.1	36.4	4.2	3.9	12.0	10.7
Thermax	Neutral	722	865	20	27.2	24.9	29.1	32.4	-8.4	17.0	29.0	24.8	2.5	2.4	8.8	9.6
Voltas	Buy	487	620	27	15.7	15.4	14.8	-9.1	-1.8	-3.7	31.6	32.8	3.6	3.4	11.5	10.3
Aggregate								3.4	-10.9	34.3	19.3	14.3	1.8	1.7	9.5	11.7
Cement																
Ambuja Cem.	Neutral	191	190	-1	6.1	7.7	5.1	-3.2	26.4	-33.2	24.9	37.2	1.7	1.7	7.1	4.5
ACC	Buy	1272	1430	12	53.5	72.3	40.6	9.9	35.1	-43.8	17.6	31.3	2.1	2.0	12.3	6.5
Birla Corp.	Buy	550	695	26	33.2	65.6	38.4	53.6	97.6	-41.5	8.4	14.3	0.9	0.8	10.9	6.0
Dalmia Bhar.	Buy	561	685	22	15.8	11.4	-15.3	4.3	-27.5	PL	49.0	NM	1.0	1.0	2.1	-2.8
Grasim Inds.	Neutral	577	575	0	66.1	35.8	46.6	39.7	-45.8	30.0	16.1	12.4	0.9	0.9	3.2	1.4
India Cem	Neutral	129	96	-26	2.3	3.6	2.1	-31.0	61.1	-41.9	35.6	61.3	0.8	0.8	2.1	1.2
J K Cements	Buy	1131	1355	20	34.1	59.0	35.9	-19.8	72.8	-39.1	19.2	31.5	2.9	2.7	15.9	8.9
JK Lakshmi Ce	Buy	245	310	27	6.8	22.6	13.1	-8.7	233.6	-42.1	10.9	18.7	1.7	1.6	16.4	8.6
Ramco Cem	Neutral	617	560	-9	21.9	23.8	15.1	-8.7	8.7	-36.4	26.0	40.8	3.0	2.8	11.9	7.0
Shree Cem	Neutral	20770	19500	-6	324.1	435.2	298.7	-18.2	34.3	-31.4	47.7	69.5	5.8	5.5	13.9	8.1
Ultratech	Buy	3811	4305	13	90.4	147.3	92.8	1.1	62.9	-37.0	25.9	41.0	2.7	2.5	11.7	6.7
Aggregate								13.0	-28.3	60.0	33.0	20.6	1.9	1.8	5.8	8.7
Consumer																
Asian Paints	Sell	1644	1380	-16	23.1	29.7	27.3	9.1	29.0	-8.2	55.3	60.2	14.8	13.8	28.3	23.8
Britannia	Neutral	3322	3010	-9	48.1	57.4	58.0	15.1	19.3	1.0	57.8	57.3	17.5	17.1	31.3	30.2
Colgate	Buy	1298	1520	17	27.8	30.0	30.3	10.3	8.1	1.0	43.3	42.8	22.2	24.1	53.7	54.0
Dabur	Neutral	448	410	-8	8.5	8.6	8.8	9.5	1.4	2.4	51.9	50.7	12.0	11.2	24.9	22.8
Emami	Buy	192	270	41	12.2	12.5	12.4	0.2	3.1	-0.7	15.3	15.4	3.8	3.8	25.9	24.5
Godrej Cons.	Neutral	604	565	-7	14.6	14.2	14.7	3.6	-2.8	4.0	42.7	41.0	7.8	8.3	19.1	19.7
HUL	Buy	2009	2420	20	28.1	31.2	32.7	14.7	11.1	4.7	64.4	61.5	54.0	53.8	86.0	87.7
ITC	Neutral	191	192	1	10.2	12.8	12.8	14.8	25.5	0.6	14.9	14.8	3.8	3.5	26.1	24.7
Jyothy Lab	Neutral	102	122	20	5.4	4.7	4.8	10.5	-12.9	3.2	21.7	21.1	2.8	2.8	12.9	13.2
Marico	Buy	331	350	6	7.2	8.1	8.1	13.8	13.4	-0.7	40.7	41.0	14.1	11.0	34.9	30.1
Nestle	Neutral	16983	16355	-4	178.6	206.8	220.4	27.5	15.8	6.6	82.1	77.0	84.7	81.6	71.2	108.0
Page Inds	Neutral	18408	17565	-5	353.2	334.5	326.8	13.5	-5.3	-2.3	55.0	56.3	23.6	21.8	42.9	38.7
Pidilite Ind.	Neutral	1425	1365	-4	18.6	25.3	23.1	-2.0	36.2	-8.5	56.4	61.6	14.2	12.5	27.8	21.6
P&G Hygiene	Neutral	9810	9995	2	126.3	137.9	158.1	7.3	9.1	14.6	71.1	62.1	30.5	26.4	45.9	45.7
Tata Consumer	Buy	371	431	16	4.8	8.0	9.2	-14.6	66.4	15.7	46.5	40.2	2.5	2.4	6.9	6.0
United Brew	Sell	944	700	-26	21.3	16.3	9.6	42.8	-23.4	-41.2	57.9	98.4	7.0	6.6	12.8	6.9
United Spirits	Neutral	564	515	-9	9.3	10.9	7.2	38.1	16.9	-34.0	51.8	78.4	11.1	9.8	21.5	12.4
Aggregate								17.8	0.1	14.9	39.2	34.1	10.3	9.7	26.3	28.6
Healthcare																
Alembic Phar	Neutral	861	705	-18	31.1	45.9	37.9	41.8	47.7	-17.4	18.8	22.7	5.0	4.4	30.1	21.4
Alkem Lab	Buy	2321	3135	35	63.8	92.3	109.9	8.4	44.6	19.1	25.2	21.1	4.4	3.8	18.8	19.3
Ajanta Pharma	Buy	1485	1700	14	44.4	51.1	56.9	-16.1	15.1	11.2	29.1	26.1	5.1	4.4	18.7	18.0
Aurobindo	Buy	714	745	4	43.2	46.3	51.0	1.1	7.3	10.0	15.4	14.0	2.5	2.2	17.9	16.7
Biocon	Neutral	346	305	-12	6.2	6.3	8.9	99.5	2.2	41.0	54.6	38.7	6.2	5.6	11.9	15.1



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Cadila	Buy	338	410	21	18.3	14.6	17.6	4.3	-20.2	20.3	23.2	19.2	3.1	2.7	11.4	15.1
Cipla	Neutral	628	550	-12	18.7	19.6	24.1	-3.1	4.8	22.7	32.0	26.1	3.0	2.8	9.4	10.5
Divis Lab	Neutral	2283	2215	-3	50.0	51.3	65.7	55.0	2.5	28.1	44.5	34.7	7.5	6.4	18.2	20.0
Dr Reddy's	Neutral	3889	3775	-3	105.2	121.3	153.9	62.6	15.4	26.8	32.0	25.3	4.1	3.6	13.6	15.3
Glenmark	Neutral	343	295	-14	25.9	23.6	26.4	-9.0	-9.0	12.2	14.6	13.0	1.6	1.4	11.3	11.4
GSK Pharma	Neutral	1341	1300	-3	24.6	25.7	32.9	25.2	4.3	28.1	52.3	40.8	12.5	11.4	23.9	28.0
IPCA Labs	Buy	1551	1855	20	36.3	54.5	70.7	91.3	50.2	29.6	28.5	22.0	5.3	4.4	20.1	21.8
Jubilant Life	Buy	435	510	17	56.9	58.0	57.4	26.7	1.9	-1.1	7.5	7.6	1.2	1.1	17.4	14.9
Laurus Labs	Buy	459	615	34	31.3	37.8	29.3	49.4	20.6	-22.3	12.1	15.6	2.1	2.3	19.3	15.8
Lupin	Buy	881	-		23.3	21.1	34.5	-27.1	-9.5	63.5	42.0	26.3	3.9	3.6	8.0	14.3
Strides Pharma	Buy	396	495	25	8.8	15.3	34.0	-21.6	73.3	122.0	25.9	11.7	1.4	1.4	5.3	11.9
Sun Pharma	Buy	459	525	14	15.1	16.4	19.7	12.2	8.7	20.4	28.0	23.3	2.4	2.3	9.1	10.1
Torrent Pharma	Neutral	2357	2350	0	42.7	55.9	72.1	-7.1	30.8	29.0	42.2	32.7	8.3	6.8	21.5	22.8
Aggregate								9.1	19.8	16.6	23.5	20.1	3.2	2.9	13.7	14.2
Infrastructure																
Ashoka Buildcon	Buy	52	92	77	11.5	10.8	6.0	35.8	-5.7	-44.2	4.8	8.6	0.6	0.6	12.9	6.6
IRB Infra	Neutral	60	80	33	24.2	19.7	7.1	1.2	-18.5	-63.9	3.1	8.5	0.3	0.3	10.5	3.6
KNR Constructions	Buy	194	270	39	17.7	15.3	15.9	-8.2	-13.7	3.6	12.7	12.2	1.7	1.5	14.1	12.8
Aggregate											9.5	7.7	0.5	0.5	5.6	6.5
Media																
PVR	Buy	884	1605	82	37.9	21.9	10.2	41.9	-42.2	-53.5	40.4	86.9	2.7	2.7	7.6	3.1
Sun TV	Buy	390	436	12	35.4	36.6	34.9	27.6	3.5	-4.6	10.6	11.2	2.4	2.2	24.6	20.5
Zee Ent.	Neutral	181	165	-9	16.4	16.9	19.4	12.7	2.9	14.7	10.7	9.3	1.7	1.5	18.1	17.0
Aggregate								4.0	0.2	18.4	10.7	9.1	1.7	1.5	16.1	16.6
Metals																
Hindalco	Buy	138	175	26	24.7	20.2	9.4	30.9	-18.4	-53.5	6.9	14.7	0.7	0.8	11.2	5.3
Hind. Zinc	Neutral	169	195	16	18.8	16.1	13.6	-10.8	-14.5	-15.3	10.5	12.4	1.8	1.8	18.4	14.5
JSPL	Buy	119	166	39	3.3	-2.8	3.0	-138.7	PL	LP	NM	39.3	0.4	0.4	-0.8	1.0
JSW Steel	Buy	184	199	8	31.8	7.2	1.9	32.4	-77.4	-73.1	25.6	95.1	1.5	1.5	5.4	1.6
Nalco	Buy	29	41	39	9.2	0.3	0.3	79.9	-96.8	-9.9	99.6	110.5	0.6	0.6	0.6	0.5
NMDC	Buy	79	123	56	15.6	15.6	10.0	19.2	-0.3	-35.7	5.1	7.9	0.8	0.8	17.5	10.5
SAIL	Neutral	30	29	-4	6.3	-0.7	-4.4	2,344.1	PL	Loss	NM	NM	0.3	0.3	-0.7	-4.8
Vedanta	Neutral	90	85	-6	18.1	13.0	5.7	-11.0	-28.1	-56.7	6.9	15.9	0.5	0.6	7.7	3.6
Tata Steel	Neutral	295	322	9	88.6	33.6	-16.6	27.3	-62.0	PL	8.8	NM	0.5	0.5	6.0	-3.0
Aggregate								-44.3	-61.2	229.0	25.6	7.8	0.7	0.7	2.8	9.0
Oil & Gas																
Aegis Logistics	Buy	178	237	33	6.6	4.2	10.5	11.9	-36.6	149.6	42.4	17.0	4.1	3.5	10.0	22.1
BPCL	Neutral	326	491	51	43.4	17.0	33.6	-12.9	-60.8	98.1	19.2	9.7	1.6	1.4	8.4	15.4
Castrol India	Buy	114	200	76	7.2	8.4	9.6	2.4	16.8	14.6	13.6	11.9	8.2	7.4	65.3	65.7
GAIL	Buy	89	140	57	14.0	10.4	9.8	38.4	-25.6	-6.3	8.5	9.1	0.9	0.8	10.6	9.5
Gujarat Gas	Buy	233	370	59	6.2	17.1	12.3	46.9	173.4	-28.2	13.7	19.0	5.2	4.3	44.2	24.5
Gujarat St. Pet.	Buy	192	290	51	14.1	19.6	17.1	18.9	39.3	-13.0	9.8	11.3	1.6	1.4	17.7	13.5
HPCL	Buy	186	326	75	43.9	9.5	37.4	-7.3	-78.4	294.0	19.6	5.0	0.9	0.8	4.7	17.4
IOC	Buy	78	168	116	18.8	3.3	12.5	-23.7	-82.2	273.8	23.2	6.2	0.6	0.6	2.7	9.8
IGL	Neutral	471	530	13	11.2	17.2	16.4	19.1	53.3	-4.7	27.3	28.7	6.5	5.5	26.2	20.7
Mahanagar Gas	Buy	924	1100	19	55.3	82.4	64.3	14.3	49.0	-22.0	11.2	14.4	3.2	2.8	31.0	20.9
MRPL	Neutral	28	49	76	1.9	-13.3	5.5	-84.8	PL	LP	NM	5.1	0.6	0.5	-24.4	10.9
Oil India	Buy	84	127	52	32.0	17.5	10.4	35.6	-45.3	-40.6	4.8	8.0	0.3	0.3	7.0	4.0
ONGC	Buy	79	105	33	27.1	17.1	11.3	34.4	-37.0	-33.9	4.6	7.0	0.4	0.4	9.8	6.2
PLNG	Buy	238	333	40	14.4	21.0	19.1	3.7	45.8	-8.9	11.4	12.5	3.3	3.0	29.9	25.1
Reliance Ind.	Buy	1473	1713	16	62.8	68.1	66.4	10.4	8.4	-2.5	21.6	22.2	2.1	1.9	10.3	8.9
Aggregate								-30.6	10.4	47.7	14.3	9.7	1.3	1.2	8.9	12.0
Retail																
Avenue	Sell	2308	1900	-18	14.5	20.4	20.2	11.9	41.0	-1.0	113.2	114.3	13.0	11.6	15.9	11.1



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Supermarkets																
Aditya Birla Fashion	Buy	118	190	61	1.6	0.7	-4.3	156.7	-56.7	PL	166.2	NM	8.4	12.2	4.4	-36.3
Future Lifestyle	Under Review	146	-		8.6	5.5	-1.5	30.1	-35.6	PL	26.3	NM	1.3	1.3	5.2	-1.3
Future Retail	Under Review	81	-		14.6	10.7	3.7	19.1	-27.0	-65.2	7.6	21.8	0.6	0.6	10.4	2.9
Jubilant Food.	Neutral	1687	1405	-17	24.1	22.5	6.1	62.0	-6.5	-72.8	74.8	275.1	19.8	22.2	26.5	8.1
Shoppers Stop	Neutral	133	260	95	7.8	-1.8	0.6	-36.3	PL	LP	NM	218.8	1.2	1.2	-1.7	0.6
Titan Company	Neutral	900	1085	21	15.7	16.8	17.0	24.0	7.4	1.1	53.5	52.9	13.2	11.6	24.7	23.4
Trent	Buy	464	610	31	2.9	3.0	1.1	11.6	2.1	-63.9	155.6	430.8	6.5	6.4	5.3	1.6
V-Mart Retail	Buy	1599	2060	29	39.5	44.0	33.5	-8.0	11.4	-23.8	36.3	47.7	5.9	5.3	17.7	11.7
Aggregate								2.8	-28.9	100.6	96.5	48.1	8.1	7.2	8.4	15.0
Technology																
Cyient	Neutral	196	260	32	43.4	33.8	22.5	13.4	-22.2	-33.2	5.8	8.7	0.8	0.8	13.5	8.6
HCL Tech.	Buy	544	615	13	36.8	41.0	40.5	-41.1	11.3	-1.1	13.3	13.4	3.0	2.4	24.5	20.2
Hexaware	Neutral	249	306	23	19.3	21.8	18.4	17.6	12.6	-15.6	11.4	13.5	2.7	2.4	24.9	18.8
Infosys	Buy	707	775	10	37.1	39.0	36.8	3.9	5.3	-5.7	18.1	19.2	4.9	4.2	25.3	21.8
L & T Infotech	Buy	1787	2060	15	86.4	86.7	92.5	36.0	0.4	6.7	20.6	19.3	5.8	4.7	31.1	27.3
Mindtree	Buy	895	960	7	45.8	38.3	45.1	33.6	-16.4	17.8	23.3	19.8	4.7	4.0	20.0	20.4
Mphasis	Neutral	846	860	2	56.1	61.5	56.4	27.4	9.6	-8.2	13.8	15.0	2.7	2.4	21.4	17.6
NIIT Tech	Neutral	1473	1370	-7	66.2	73.5	71.0	45.3	11.0	-3.3	20.0	20.7	3.8	3.4	20.5	17.5
Persistent Sys	Buy	535	730	36	44.0	44.4	45.5	8.9	0.9	2.4	12.1	11.8	1.8	1.6	14.3	13.1
TCS	Neutral	2005	1900	-5	83.1	86.2	82.3	23.3	3.7	-4.5	23.3	24.4	8.7	7.5	36.4	33.1
Tech Mah	Neutral	530	590	11	48.8	45.9	34.4	14.2	-5.9	-25.1	11.5	15.4	2.2	2.0	18.5	12.7
Wipro	Neutral	199	188	-6	15.3	16.6	15.4	21.6	8.5	-7.3	12.0	12.9	2.0	1.9	17.5	15.0
Zensar Tech	Neutral	90	100	11	14.4	11.8	13.1	40.4	-17.6	10.8	7.6	6.9	0.9	0.8	13.0	12.9
Aggregate								3.2	-5.9	18.6	19.6	16.6	4.2	3.7	21.5	22.3
Telecom																
Bharti Airtel	Buy	563	710	26	-8.7	-7.5	3.0	-350.3	Loss	LP	NM	189.4	4.0	3.9	-5.5	2.1
Bharti Infratel	Neutral	224	170	-24	13.6	17.0	15.6	-0.3	25.0	-8.4	13.2	14.4	2.9	2.9	21.7	20.2
Vodafone Idea		6			-18.5	-7.2	-5.2	93.3	Loss	Loss	NM	NM	0.9	5.6	-53.4	-143.0
Tata Comm	Neutral	500	375	-25	-2.2	11.9	25.5	-288.6	LP	114.8	42.1	19.6	96.7	16.3	-1,974	142.3
Aggregate								Loss	Loss	Loss	-39	-55.9	3.9	4.4	-10.0	-7.8
Utilities																
Coal India	Buy	134	195	46	28.3	23.2	14.1	47.9	-18.1	-39.3	5.8	9.5	2.6	2.4	45.7	25.3
CESC	Buy	572	761	33	88.9	94.2	84.5	43.1	6.0	-10.3	6.1	6.8	0.8	0.7	13.3	10.9
JSW Energy	Buy	41	64	57	4.2	5.1	4.3	40.2	20.0	-15.5	8.0	9.5	0.6	0.6	7.1	6.0
NHPC	Neutral	20	23	15	2.6	3.0	2.9	5.9	17.0	-3.9	6.6	6.9	0.6	0.6	9.6	8.8
NTPC	Buy	96	148	55	11.6	13.2	14.5	30.3	13.7	10.3	7.3	6.6	0.8	0.7	11.4	11.8
Power Grid	Buy	157	225	43	19.2	20.4	22.1	16.0	6.5	7.9	7.7	7.1	1.3	1.2	17.3	17.0
Torrent Power	Buy	305	351	15	18.7	28.0	24.0	-4.6	49.7	-14.4	10.9	12.7	1.6	1.5	14.9	12.0
Tata Power	Neutral	37	38	3	2.1	3.8	3.7	-60.5	78.2	-2.6	9.8	10.1	0.6	0.5	5.9	5.4
Aggregate								-0.7	-3.3	25.3	7.0	5.6	1.0	0.9	14.4	16.6
Others																
Brigade Enterpr.	Buy	101	231	128	11.7	8.1	6.0	63.2	-31.2	-25.9	12.6	16.9	0.9	0.9	7.4	5.2
BSE	Buy	396	630	59	36.9	24.9	20.1	-15.0	-32.5	-19.1	15.9	19.6	0.8	0.8	5.0	4.3
Concor	Buy	352	518	47	19.9	16.4	14.4	14.9	-17.7	-12.5	21.4	24.5	2.0	2.0	9.6	8.1
Coromandel Intl	Buy	657	766	17	25.4	36.3	41.2	7.6	42.8	13.4	18.1	15.9	4.5	3.8	27.7	25.6
Essel Propack	Buy	175	200	14	6.0	6.9	7.7	7.3	14.3	12.3	25.5	22.7	3.6	3.4	14.8	15.3
Indian Hotels	Buy	74	106	44	2.4	2.6	-3.3	257.4	10.7	PL	28.3	NM	1.9	2.2	7.0	-9.1
Interglobe	Neutral	978	1300	33	4.1	-5.2	-75.1	-93.0	PL	Loss	NM	NM	5.5	8.2	-2.9	-50.7
Info Edge	Neutral	2574	2400	-7	23.0	20.3	25.9	54.2	-11.5	27.5	126.7	99.4	12.6	11.7	13.9	12.3
Godrej Agrovet	Buy	363	443	22	12.5	13.2	10.5	10.9	5.7	-20.4	27.4	34.5	3.8	3.6	14.6	10.8
Kaveri Seed	Buy	418	427	2	34.4	38.4	34.0	7.7	11.5	-11.4	10.9	12.3	2.8	2.7	24.3	22.5
Lemon Tree Hotel	Buy	18	23	26	0.7	0.0	-2.0	271.9	-98.8	PL	2,230.1	NM	1.1	1.3	0.1	-12.8



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
MCX	Buy	1266	1400	11	28.7	46.7	44.0	35.2	63.0	-5.7	27.1	28.7	4.7	4.3	18.2	15.7
Oberoi Realty	Buy	307	535	74	22.5	16.0	16.2	78.1	-29.0	1.3	19.2	19.0	1.3	1.2	7.0	6.7
Phoenix Mills	Buy	493	808	64	25.0	22.6	17.1	57.8	-9.3	-24.3	21.8	28.8	2.0	1.9	9.6	6.8
Qess Corp	Buy	211	360	71	17.5	18.3	17.7	-19.8	4.5	-3.3	11.6	12.0	1.1	1.0	10.4	10.5
PI Inds.	Buy	1591	1680	6	29.7	35.7	48.0	11.6	19.9	34.5	44.6	33.2	8.2	6.8	19.9	22.5
SRF	Buy	3410	4236	24	113.7	158.0	158.7	60.0	38.9	0.4	21.6	21.5	4.0	3.5	20.4	17.3
S H Kelkar	Buy	51	90	76	6.1	4.2	4.8	-5.8	-31.3	15.0	12.2	10.6	0.9	0.8	7.0	8.1
Tata Chemicals	Buy	304	318	5	33.8	31.7	28.4	-29.7	-6.4	-10.3	9.6	10.7	0.6	0.6	6.4	5.5
Team Lease Serv.	Buy	1492	2300	54	57.3	50.8	47.1	33.4	-11.4	-7.4	29.4	31.7	4.1	3.6	14.9	12.1
Trident	Buy	5	6	20	0.9	0.6	0.7	87.3	-26.9	3.1	7.1	6.9	0.8	0.7	10.7	10.4
UPL	Neutral	391	424	8	32.2	37.7	39.1	11.3	17.0	3.8	10.4	10.0	1.8	1.6	18.6	17.1



Index	1 Day (%)	1M (%)	12M (%)
Sensex	1.9	0.3	-19.0
Nifty-50	1.9	1.2	-20.4
Nifty Next 50	1.8	0.6	-15.6
Nifty 100	1.9	1.1	-19.8
Nifty 200	1.8	1.0	-20.6
Company	1 Day (%)	1M (%)	12M (%)
Automobiles	3.7	12.2	-27.2
Amara Raja Batt.	0.6	12.6	-3.6
Ashok Leyland	2.7	-0.3	-51.4
Bajaj Auto	0.8	5.4	-13.2
Bharat Forge	6.5	15.1	-37.5
Bosch	4.5	-1.6	-41.8
CEAT	1.4	-1.4	-23.0
Eicher Motors	8.3	13.2	-21.9
Endurance Tech.	2.7	7.4	-41.7
Escorts	1.9	25.4	41.0
Exide Inds.	1.8	8.5	-26.6
Hero Motocorp	5.5	18.0	-16.6
M & M	1.8	31.1	-34.4
Mahindra CIE	5.0	4.6	-64.4
Maruti Suzuki	4.4	8.3	-22.4
Motherson Sumi	6.8	18.2	-22.4
Tata Motors	2.7	12.9	-52.0
TVS Motor Co.	3.0	12.5	-33.2
Banks-Private	2.8	-6.6	-40.4
AU Small Fin. Bank	0.9	-22.2	-42.9
Axis Bank	0.9	-14.2	-51.7
Bandhan Bank	1.3	0.3	-62.8
DCB Bank	0.0	-23.1	-73.3
Equitas Holdings	2.3	-19.7	-69.7
Federal Bank	4.3	-8.6	-60.2
HDFC Bank	4.6	1.5	-21.8
ICICI Bank	2.5	-9.2	-24.8
IndusInd Bank	5.0	-17.5	-76.1
Kotak Mah. Bank	1.0	-7.4	-18.9
RBL Bank	-1.3	-7.7	-83.4
Banks-PSU	-0.4	-12.5	-66.7
BOB	0.4	-18.4	-72.4
PNB	-2.7	-14.4	-69.0
SBI	-0.2	-14.1	-56.1
NBFCs	2.7	-5.3	-29.9
Aditya Birla Cap	0.1	-12.5	-56.4
Bajaj Fin.	0.5	-12.7	-42.9
Cholaman.Inv.&Fn	-0.1	-8.3	-55.2
HDFC	3.5	-5.3	-24.5
HDFC Life Insur.	2.6	6.2	21.6
L&T Fin.Holdings	-0.6	-16.6	-59.0
LIC Hsg Fin	-1.6	-11.6	-55.5
M&M Fin.	-1.4	-11.4	-67.2
Muthoot Fin	0.9	3.1	34.4
MAS Financial Serv.	1.4	-4.9	5.0
ICICI Pru Life	3.9	-4.2	-4.3
ICICI Sec	0.5	13.5	76.9
IIFL Wealth Mgt	0.0	-5.1	
PNB Housing	2.8	-13.4	-79.9
Company	1 Day (%)	1M (%)	12M (%)
Repco Home	3.9	-17.1	-77.0
Shriram City Union	0.0	-11.3	-57.8
Shriram Trans.	2.1	-18.4	-50.1

Note: Sectoral performance are of NSE/BSE Indices

Index	1 Day (%)	1M (%)	12M (%)
Nifty 500	1.8	0.8	-21.2
Nifty Midcap 100	1.7	0.5	-27.0
Nifty Smallcap 100	1.6	-1.3	-40.3
Nifty Midcap 150	1.4	-0.1	-22.5
Nifty Smallcap 250	1.7	-1.7	-36.2
Company	1 Day (%)	1M (%)	12M (%)
Capital Goods	5.1	2.9	-40.2
ABB	0.3	-15.2	-48.3
Bharat Elec.	4.4	-5.1	-38.3
BHEL	6.3	28.5	-63.0
Blue Star	0.5	-9.5	-38.1
CG Cons. Elec.	2.1	2.1	-7.5
Cummins	4.3	-6.9	-54.8
Engineers India	1.6	-4.6	-49.8
Havells	6.2	-6.4	-31.1
K E C Intl	-0.6	5.0	-41.9
L&T	6.2	5.4	-42.6
Siemens	5.4	-6.0	-15.3
Thermax	0.6	-2.1	-29.3
Voltas	4.8	-2.1	-17.2
Cement	1.7	8.6	-25.4
Ambuja Cem.	2.1	14.0	-19.7
ACC	1.2	12.9	-27.2
Birla Corp.	-1.6	35.0	-18.8
Dalmia Bhar.	6.0	5.8	-53.8
Grasim Inds.	1.7	16.0	-36.9
India Cem	-1.4	27.9	15.0
J K Cements	1.1	1.7	5.9
JK Lakshmi Ce	3.6	22.8	-37.6
Ramco Cem	1.3	14.7	-24.9
Shree Cem	1.5	10.1	-4.1
Ultratech	2.2	12.3	-20.4
Consumer	0.8	-1.1	-5.4
Asian Paints	1.5	-9.9	20.3
Britannia	3.3	4.0	14.9
Colgate	1.5	-13.7	10.5
Dabur	4.5	-8.1	12.3
Emami	-2.0	-3.7	-44.1
Godrej Cons.	5.3	12.8	-10.0
HUL	0.6	-12.3	13.3
ITC	-0.8	6.1	-34.1
Jyothy Lab	0.2	-9.9	-41.4
Marico	2.6	14.2	-10.1
Nestle	1.5	-3.3	52.4
Page Inds	-0.9	2.3	-7.1
Pidilite Ind.	1.6	-8.3	12.9
P&G Hygiene	-1.1	-7.5	-10.3
Tata Consumer	0.5	8.1	56.3
United Brew	1.4	1.5	-31.3
United Spirits	-2.4	7.8	3.8
Healthcare	0.0	0.8	11.2
Alembic Phar	3.0	12.9	62.9
Alkem Lab	1.0	-14.0	34.7
Ajanta Pharma	2.7	-0.5	43.2
Aurobindo	0.1	15.3	5.6
Biocon	-1.4	-1.9	27.4
Cadila	0.1	3.7	30.4
Cipla	-0.7	5.0	8.7



Company	1 Day (%)	1M (%)	12M (%)
Divis Lab	-0.4	-3.4	41.3
Dr Reddy's	0.1	-1.5	46.7
Glenmark	-1.5	4.7	-38.6
GSK Pharma	-1.2	-7.7	5.3
IPCA Labs	0.2	-5.9	66.5
Jubilant Life	0.9	4.9	-15.6
Laurus Labs	1.8	-12.9	27.1
Lupin	-1.5	3.2	18.4
Strides Pharma	-1.2	5.8	-7.7
Sun Pharma	1.9	-3.1	11.2
Torrent Pharma	-1.9	-4.9	54.4
Infrastructure	2.0	6.9	-16.1
Ashoka Buildcon	3.4	-13.6	-64.1
IRB Infra.Devl.	4.6	-15.5	-54.7
KNR Construct.	3.1	-3.3	-33.4
Media	3.6	3.8	-47.5
PVR	2.7	-9.9	-48.4
Sun TV	-1.0	3.2	-27.4
Zee Ent.	9.9	18.5	-52.7
Metals	2.4	11.0	-38.4
Hindalco	3.9	27.3	-31.5
Hind. Zinc	2.3	2.1	-32.9
JSPL	3.6	42.1	-29.2
JSW Steel	-0.5	15.6	-37.2
Nalco	1.2	-3.8	-42.1
NMDC	5.2	7.8	-22.5
SAIL	2.0	10.2	-43.1
Vedanta	2.4	17.0	-46.8
Tata Steel	2.5	7.9	-41.8
Oil & Gas	0.9	0.6	-26.7
Aegis Logistics	4.9	5.9	-20.3
BPCL	-1.1	-9.3	-19.1
Castrol India	0.7	-6.6	-23.2
GAIL	0.2	5.3	-49.0
Gujarat Gas	-0.6	-7.7	32.4
Gujarat St. Pet.	0.8	-3.1	-1.2
HPCL	0.2	-12.1	-41.6
IOC	0.1	-2.5	-52.5
IGL	2.9	0.9	42.8
Mahanagar Gas	0.8	-3.7	5.2
MRPL	4.7	-14.3	-56.8
Oil India	1.0	-5.3	-54.6
ONGC	1.2	14.0	-55.0
PLNG	1.7	6.2	-2.2
Reliance Ind.	1.8	4.1	12.1
Aditya Bir. Fas.	9.5	2.6	-43.1
Retail			
Avenue Super.	4.9	0.3	76.5
Future Lifestyle	5.0	2.2	-67.9
Future Retail	5.0	-12.5	-81.9
Jubilant Food	-0.2	11.1	25.9
Shoppers St.	0.4	-29.2	-72.4
Titan Co.	1.5	-3.5	-27.0
Trent	-0.7	-5.6	23.3
V-Mart Retail	1.8	-6.4	-36.4
Technology	0.5	6.8	-11.0
Cyient	1.8	-3.1	-65.2

Company	1 Day (%)	1M (%)	12M (%)
HCL Tech.	2.4	15.3	1.5
Hexaware	4.3	-13.4	-30.4
Infosys	0.3	7.0	-2.7
L&T Infotech	-0.3	21.9	0.2
Mindtree	0.5	3.1	-8.9
Mphasis	0.4	18.6	-11.2
NIIT Tech	-1.5	24.8	16.1
Persistent Sys	1.6	13.2	-7.5
TCS	0.0	7.8	-3.4
Tech Mah	1.2	1.8	-28.3
Wipro	-1.2	10.9	-29.9
Zensar Tech	0.0	2.3	-63.2
Telecom	0.5	18.9	25.6
Bharti Airtel	-0.1	15.9	62.8
Bharti Infra.	3.3	40.5	-17.0
Idea Cellular	2.6	45.1	-57.4
Tata Comm	0.1	32.5	47.5
Utilities	1.1	2.5	-27.5
Coal India	2.4	-1.2	-46.6
CESC	2.0	-5.7	-21.4
JSW Energy	-0.7	2.7	-46.8
NHPC Ltd	0.5	-1.7	-21.3
NTPC	1.0	6.0	-27.9
Power Grid	0.1	0.1	-16.9
Tata Power	3.4	20.0	-47.6
Torrent Power	-0.2	-2.0	22.9
Others			
Brigade Enterpr.	3.6	-14.8	-41.1
BSE	1.5	6.9	-36.2
Coromandel Intl	-0.2	16.5	51.7
Concor	0.3	-1.4	-33.1
Essel Propack	0.9	-1.5	33.4
Godrej Agrovet	0.1	-11.8	-29.0
Indian Hotels	9.2	-1.8	-51.7
Interglobe	2.5	7.6	-41.1
Info Edge	5.8	7.7	30.9
Kaveri Seed	-0.1	13.9	-21.4
Lemon Tree Hotel	4.9	3.1	-75.7
MCX	-1.3	15.8	51.2
Oberoi Realty	1.2	-6.5	-45.8
Phoenix Mills	0.5	-7.1	-20.9
PI Inds.	2.7	7.0	46.2
Quess Corp	4.5	4.7	-68.7
SRF	-0.4	-7.4	17.7
S H Kelkar	-2.8	-23.2	-66.8
Tata Chemicals	-1.8	6.7	6.9
Team Lease Serv.	0.7	-3.6	-51.5
Trident	-0.7	-7.5	-34.4
UPL	0.8	8.4	-42.2

NOTES

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

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