Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	41,216	0.6	-0.1
Nifty-50	12,108	0.6	-0.5
Nifty-M 100	18,206	0.1	6.5
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	3,358	0.2	3.9
Nasdaq	9,639	0.1	7.4
FTSE 100	7,499	0.7	-0.6
DAX	13,628	1.0	2.9
Hang Seng	10,809	1.4	-3.2
Nikkei 225	23,686	0.0	0.1
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	54	2.0	-18.7
Gold ($/OZ)	1,568	-0.3	3.3
Cu (US$/MT)	5,729	1.4	-6.8
Almn (US$/MT)	1,709	2.1	-4.0
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	71.3	0.0	-0.1
USD/EUR	1.1	0.0	-2.6
USD/JPY	109.8	0.0	1.1
YIELD (%)	**Close**	**1MChg**	**CYTDchg**
10 Yrs G-Sec	6.5	0.37	-0.1
10 Yrs AAA Corp	7.6	0.22	0.0
Flows (USD b)	**11-Feb**	**MTD**	**CYTD**
FIIs	-0.03	1.74	3.15
DIIs	0.05	0.27	0.53
Volumes (INRb)	**11-Feb**	**MTD***	**CYTD***
Cash	376	431	390
F&O	11,408	15,973	16,551

Note: *Average

Today's top research idea

Hindustan Unilever: Significant 'levers' for earnings growth

- HUVR has been a stellar performer over the past decade, both in terms of earnings and stock price. Also, it has significantly outperformed some of its peers over the same period.
- Factors that led to strong earnings performance viz. nimbleness, stringent cost savings, premiumization and best-of- breed analytics are likely to continue going ahead as well. From a near-term perspective, favorable base, expected recovery in the demand from 2QFY21, synergies from the GSKCH merger, price increase in soaps and lower crude costs are likely to boost earnings.
- We expect HUVR's high-teens' earnings growth (23% CAGR including the GSKCH merger) to continue. Given the best RoEs among peers, the wealth generation record is likely to continue. We raise our target multiple to 50x FY22E EPS on the merged numbers resulting in our TP changing to INR2,490.

Research covered

Cos/Sector	Key Highlights
Hindustan Unilever	Significant 'levers' for earnings growth
Coal India	Profit decreases on lower offtake
M&M	In-line; Auto margins recover, Tractor stable
Hindalco	Novelis' performance remains robust, with strong spreads
Siemens	Strong margins in a weak environment
Petronet LNG	Capacity utilization remains strong
Phoenix Mills	Beat on estimates; outlook positive
BHEL	Execution disappointing; Outlook weakening further
Other Results	HEXW | JKCE | CESC | NACL | PRSMJ | ASBL | BSE
Consumer	Sharp price increases to weigh on volumes

Chart of the Day: HUL (Significant 'levers' for earnings growth)

Despite being the largest consumer company, performance has been impressive over the years

Y/E March (INR m)	FY10	FY15	FY17	FY20E	10Y CAGR. %	5Y CAGR. %	3Y CAGR. %
Total Revenue	**1,77,253**	**3,08,056**	**3,18,900**	**4,02,349**	**8.5**	**5.5**	**8.1**
Gross Profit	88,474	1,51,821	1,62,050	2,17,990	9.4	7.5	10.4
Gross Margin (%)	49.9	49.3	50.8	54.2	430bps	490bps	340bps
EBIDTA	**27,500**	**52,082**	**60,470**	**1,01,454**	**13.9**	**14.3**	**18.8**
Margin (%)	15.5	16.9	19.0	25.2	970bps	830bps	630bps
Profit after Taxes	**21,027**	**36,510**	**42,490**	**71,214**	**13.0**	**14.3**	**18.8**
Margin (%)	12.0	12.1	13.6	18.0	600bps	590bps	440bps

Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

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.

In the news today

Kindly click on textbox for the detailed news link

1

AAP broom sweeps out BJP in Delhi

Arvind Kejriwal's development model trounced the BJP's strident campaign mounted around the anti-Citizenship (Amendment) Act (CAA) as the Aam Aadmi Party (AAP) won a landslide victory in the Delhi Assembly elections on Tuesday...

2

Govt seeks additional 270 days to complete resolution for 105 IL&FS group companies

Ministry of Corporate Affairs has also requested NCLAT to release 55 other entities from moratorium, so that they can discharge their debt obligations…

3

Sebi board to finalize norms for regulatory sandboxes on 17 Feb

Regulator will also decide on rules for proxy advisors and invITs at Ajay Tyagi's last meeting as chairman. Ajay Tyagi, whose tenure at the helm of Sebi ends in March, is eligible for renewal for up to two years…

4

SEBI may tweak norms to ease MF investments in small/mid-cap stocks

SEBI is likely to relax norms with regard to mutual fund investments in small and mid-cap stocks, during its upcoming board meeting on February 17…

5

Moody's affirms IndusInd Bank's ratings, changes outlook to negative

Moody's revised the outlook to negative to account for the risk of further asset quality deterioration . IndusInd Bank reported total assets of ₹3.1 lakh crore at the end of Q3FY20…

6

FM-led group okays monetisation of BSNL, MTNL assets worth Rs 26,000 cr

The asset sale of Bharat Sanchar Nigam (BSNL) and Mahanagar Telephone Nigam (MTNL) would be decided by the 'Alternate Mechanism' group headed by Finance Minister Nirmala Sitharaman…

7

Medical devices to come under drugs regulator's purview starting 1 April

All medical devices, including implants and contraceptives, will be brought under the lens of CDSCO in a phased manner . The increased scrutiny on medical devices comes in the aftermath of Johnson & Johnson's faulty hip implants…

Hindustan Unilever

BSE SENSEX	S&P CNX
41,216	12,108

Hindustan Unilever Limited

Stock Info

Bloomberg	HUVR IN
Equity Shares (m)	2,165
M.Cap.(INRb)/(USDb)	4660.4 / 65.4
52-Week Range (INR)	2204 / 1650
1, 6, 12 Rel. Per (%)	11/7/6
12M Avg Val (INR M)	2795
Free float (%)	32.8

Financials Snapshot (INR b)

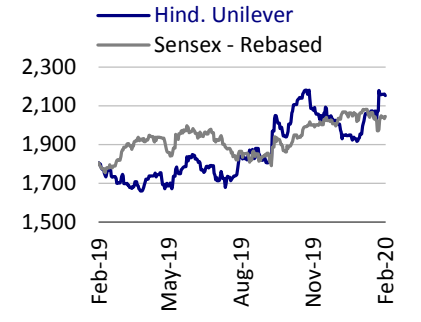
Y/E Mar	2019	2020E	2021E	2022E
Sales	382.2	402.3	444.5	502.3
Sales Gr. (%)	10.7	5.3	10.5	13.0
EBITDA	86.4	101.5	116.0	133.6
Margins (%)	22.6	25.2	26.1	26.6
Adj. PAT	62.6	71.2	83.8	98.2
EPS (INR)	28.9	32.9	38.7	45.4
EPS Gr. (%)	18.2	13.7	17.7	17.2
BV/Sh.(INR)	35.4	36.5	36.8	36.9
Ratios				
RoE (%)	85.0	91.6	105.7	123.2
RoCE (%)	119.1	126.7	144.0	165.8
Payout (%)	94.8	96.7	99.2	99.8
Valuations				
P/E (x)	74.4	65.4	55.6	47.4
P/BV (x)	60.8	59.0	58.5	58.4
EV/EBITDA (x)	53.5	45.3	39.7	34.4
Div. Yield (%)	1.0	1.2	1.8	2.1

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	67.2	67.2	67.2
DII	6.7	6.7	7.4
FII	12.3	12.4	12.0
Others	13.8	13.7	13.4

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR2,153 TP: INR2,490 (+16%) Buy

Significant 'levers' for earnings growth

- **Hindustan Unilever (HUVR) has been a stellar performer over the past decade, both in terms of earnings and stock price. Also, it has significantly outperformed some of its large-cap consumer peers over the same period.**
- **Factors that have led to HUVR's strong earnings performance viz. nimbleness, stringent cost savings, premiumization and best-of- breed analytics are likely to benefit the company in the future as well.**
- **From a near-term perspective, favorable base in the next few quarters, expected recovery in the demand environment from 2QFY21, synergies from the GSKCH merger, price increase in soaps and lower crude costs are likely to boost earnings.**
- **We expect HUVR's high-teens earnings growth on an organic basis (23% CAGR including the GSKCH merger and synergies) witnessed in recent years to continue. Taking into account the best RoEs among consumer peers, we believe that the stupendous wealth generation track record of HUVR is likely to continue. We raise our target multiple to 50x FY22E EPS on the merged numbers resulting in our target price changing to INR2,490 (16% upside). Maintain Buy.**

- **Healthy growth in metrics in the last decade**

  For a company of HUVR's size, earnings at ~13% CAGR over the last 10 years (ending FY20E) have been healthy. Moreover, its CAGR performance in the last 5 years/3 years at ~14%/19% has been even more impressive, given the weak earnings growth posted by (much smaller) peers in recent years, amidst a weak operating environment. Consequently, HUVR's stock price performance has been splendid with returns of ~25%/19%/36% CAGR over the past 10/5/3 years with the market rewarding its outstanding earnings growth with an equal and reciprocal growth in re-rating.
- **Factors leading the strong earnings track record to continue**

  An unprecedented EBITDA margin improvement of >900bp YoY over the past 10 years ending FY20E has been led by factors such as (a) superior nimbleness in response to raw material cost and competitive stimuli, which has been boosted further by best-of-breed analytics, (b) strong execution of its 'Winning in Many India' (WIMI) strategy, herbal products and more recently on acquisitions as well, and (c) emphasis on premiumization with rigorous focus on cost savings at the same time.
- **Earnings growth trajectory intact**

  Despite being much larger than peers, we believe HUVR's earnings growth trajectory will continue to be strong led by:
  - **Volume growth –** Aided by the favorable base 4QFY20 onwards and the eventual recovery from 2QFY21 expected by the management,
  - **Continued premiumization and price increases** – Leading to faster growth in realization and therefore faster sales growth,
  - **Cost savings and crude cost decline** – Likely to boost margins,
  - **GSCKCH merger –** Likely to add ~10% to FY21/FY22E EPS because of the EPS-accretive nature of the deal and low-hanging fruit on manufacturing and logistical synergies.

- **Best-of-breed company deserves superior multiples**
  Earnings are likely to clock an impressive 18-19% CAGR over the next two years, continuing the past 3 years' trend ending FY20E. If we take the GSKCH merger into account (not in our projections yet as NCLT Chandigarh approval is awaited), EPS CAGR is likely to be even more remarkable at ~23% over FY20-22E. Both these earnings growth projections are extremely impressive, especially for a company the size of HUVR, which points toward the company continuing its stupendous wealth-generation track record. Further, it is also notable that HUVR's performance is likely to continue being superior (v/s smaller peers). Moreover, if trends in the factors leading to HUVR's strong earnings growth in recent years sustain momentum, our forecasts on operating margin expansion of 90bp/50bp in FY21/FY22 could be surpassed. This is not unlikely given the past 5 years' EBITDA margin expansion of 830bp. With best-of-breed earnings growth as well as far superior RoEs compared to peers, we raise our target multiple to 50x FY22E EPS on the merged numbers resulting in our target price changing to INR2,490 (16% upside). Maintain **Buy.**

Despite being the largest consumer company, performance has been impressive over the years

Y/E March (INR m)	FY10	FY15	FY17	FY20E	10Y CAGR (%)	5Y CAGR (%)	3Y CAGR (%)
Total Revenue	**1,77,253**	**3,08,056**	**3,18,900**	**4,02,349**	**8.5**	**5.5**	**8.1**
Gross Profit	88,474	1,51,821	1,62,050	2,17,990	9.4	7.5	10.4
Gross Margin (%)	49.9	49.3	50.8	54.2	430bps	490bps	340bps
EBIDTA	**27,500**	**52,082**	**60,470**	**1,01,454**	**13.9**	**14.3**	**18.8**
Margin (%)	15.5	16.9	19.0	25.2	970bps	830bps	630bps
Profit after Taxes	**21,027**	**36,510**	**42,490**	**71,214**	**13.0**	**14.3**	**18.8**
Margin (%)	12.0	12.1	13.6	18.0	600bps	590bps	440bps

Source: Company, MOFSL

Compared to the next largest peer, HUVR's performance in wealth creation has been superior as RoCEs have actually improved over already impressive base unlike ITC

Particulars	FY10	FY20*
HUVR M.cap (INR b)	530	4,676
HUVR's adj. PAT	21	71
HUVR's RoCE (%)	107.1	126.7
ITC M.cap (INR b)	1,004	2,583
ITC's adj. PAT	41	155
ITC's RoCE (%)	27.8	24.8
HUVR M. cap. as % of ITC	**52.8**	**181.0**
HUVR adj. PAT as % of ITC	**51.7**	**46.0**

*Market capitalization is as on current date

Source: Company, MOFSL

Coal India

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	COAL IN
Equity Shares (m)	6,207
M.Cap.(INRb)/(USDb)	1105.3 / 15.5
52-Week Range (INR)	271 / 171
1, 6, 12 Rel. Per (%)	-12/-21/-31
12M Avg Val (INR M)	1932

Financials & Valuations (INR b)

Y/E March	2020E	2021E	2022E
Net Sales	955.4	990.0	1,087.2
EBITDA	210.7	206.3	257.1
PAT	162.9	153.4	193.5
EPS (INR)	26.4	24.9	31.4
Gr. (%)	-6.7	-5.8	26.1
BV/Sh (INR)	50.3	57.8	67.2
RoE (%)	52.5	43.1	46.7
RoCE (%)	61.3	49.4	53.3
P/E (x)	6.8	7.2	5.7
P/BV (x)	3.6	3.1	2.7
RoCE (%)	61.3	49.4	53.3
Payout (%)	72.0	70.0	70.0
Valuations			
P/E (x)	6.8	7.2	5.7
P/BV (x)	3.6	3.1	2.7
Div. Yield (%)	8.8	9.7	12.3
FCF Yield (%)	10.1	11.9	15.4

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	51.8	52.2	53.1
DII	25.3	24.2	21.7
FII	18.4	19.6	21.4
Others	4.6	4.1	3.8

FII Includes depository receipts

CMP: INR179 TP: INR258 (+44%) Buy

Profit decreases on lower offtake

Valuations attractive; dividend yield of ~10%

- Coal India's (COAL) results highlight the impact of lower volume offtake amid subdued thermal power demand. FSA realizations though were higher YoY on account of increased share to non-power and better grade.
- Production at the company's mines has started to ramp up post heavy monsoon, and we expect offtake to improve as power demand recovers. The stock trades attractively at ~3x FY21E EV/adj. EBITDA and offers a dividend yield of ~10%. Maintain Buy with a target price of INR258/sh.

EBITDA declines as offtake decreases 8% YoY

- COAL's 3QFY20 adj. EBITDA (ex-OBR) declined 22% YoY to ~INR62b (our estimate: ~INR57b) due to lower offtake. The beat on our estimates was driven better-than-expected realizations. Other income rose 21% YoY to INR14.1b (our estimate: INR8.3b). PBT fell 24% YoY to INR53.3b. Adj. PAT declined 14% YoY to INR39.2b (our est.: INR33.7b) given lower tax rate.
- Revenue declined 7% YoY to ~INR232b (our estimate: INR225b) due to a decline in sales volumes. Volumes were down 8% YoY at ~142mt (in-line).
- **FSA:** FSA volumes declined 6% YoY to 127.7mt. However, realization was up 6% YoY at INR1,411/t due to higher non-power segment sales and better grade realized.
- **E-auction:** E-auction volumes declined 33% YoY to 9.8mt. Realizations, too, were down 8% YoY at INR2,623/t.
- Cash cost (ex-OBR) increased 8% YoY to INR1,086/t as a result of lower dispatches . The co.'s wage bill was up 3% YoY at INR98.4b.

Production ramping up post monsoon

- COAL's key subsidiaries such as SECL and MCL had witnessed production issues during the first eight months of FY20. These issues though (pertaining to local unrest, flood-like situations) have started receding. According to the company, production at Dipka mine has ramped up. Overall, daily production has increased to 2.0mtpd in Dec'19 from 1.3mtpd in Oct'19.

Valuations attractive; Maintain Buy

- While questions have been raised over the sustainability of thermal coal in India, we believe that coal would continue to dominate India's electricity generation.
- Over the medium term, we expect volumes to continue growing for COAL at ~5%. Despite the high base of FY19, ongoing efficiency measures, along with volume growth, should drive ~3% adj. EBITDA CAGR over FY19-22.
- The stock trades attractively at ~3x FY21E EV/adj. EBITDA (v/s historical average of 7-8x), P/E of 7x (v/s average of ~13x) and offers a dividend yield of ~10%. We value the stock on 4.5x FY21E EV/EBITDA at INR258/sh. **Maintain Buy**. Government divestment though could continue to be an overhang on the stock.

Quarterly Performance (standalone) – INR million

Y/E March	FY19				FY20				FY19	FY20E	FY20	var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Sales	**240,708**	**218,840**	**250,458**	**285,463**	**249,390**	**203,826**	**231,905**	**270,318**	**995,469**	**955,439**	**225,743**	3
Change (%)	25.6	20.6	15.7	6.1	3.6	-6.9	-7.4	-5.3	15.9	-4.0	-9.9	
Adj. EBITDA	**65,435**	**51,194**	**79,655**	**104,199**	**75,115**	**42,493**	**61,828**	**85,810**	**300,483**	**265,246**	**56,780**	9
As of % Sales	27.2	23.4	31.8	36.5	30.1	20.8	26.7	31.7	30.2	27.8	25.2	
Depreciation	7,452	8,069	8,611	10,372	7,343	7,930	8,942	12,689	34,504	36,904	9,210	(3)
OBR	8,835	8,023	11,777	22,077	8,991	6,381	12,144	27,004	50,712	54,520	12,110	
Interest	1,103	8	620	1,019	166	1,700	1,513	748	2,750	4,126	626	
Other Income	12,824	16,084	11,633	18,196	11,495	16,303	14,117	6,161	58,737	48,076	8,333	69
EO Inc/(Exp)	0	0	0	0	0	0	0	0	0	0	0	
PBT	**60,869**	**51,178**	**70,281**	**88,927**	**70,110**	**42,785**	**53,347**	**51,531**	**271,255**	**217,773**	**43,168**	24
Tax	23,025	20,317	24,623	28,659	23,811	7,543	14,140	9,385	96,625	54,879	9,497	49
Tax Rate (%)	37.8	39.7	35.0	32.2	34.0	17.6	26.5	18.2	35.6	25.2	22.0	
Reported PAT	**37,843**	**30,861**	**45,657**	**60,268**	**46,299**	**35,243**	**39,208**	**42,146**	**174,630**	**162,894**	**33,671**	16
Adjusted PAT	**37,843**	**30,861**	**45,657**	**60,268**	**46,299**	**35,243**	**39,208**	**42,146**	**174,630**	**162,894**	**33,671**	16
Change (%)	60.9	736.7	51.9	-2.3	22.3	14.2	-14.1	-30.1	46.8	-6.7	-26.3	

Source: MOFSL, Company

Key Operating Parameters

Y/E March	FY19				FY20				FY19	FY20E	FY20	var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)	%	%
Volume (m tons)														
Production	136.9	119.6	156.0	194.4	136.9	104.0	147.5	202.6	606.9	591.0	147.4	0.1	-5	42
Sales/Offtake	153.5	137.3	153.8	163.6	153.5	122.4	141.6	173.5	608.2	591.0	141.5	0.0	-8	16
- FSA	130.4	116.8	135.8	142.4	130.3	103.8	127.7	156.2	525.4	518.1	124.7	2.4	-6	23
- E-auction	19.4	17.7	14.7	16.7	19.1	15.5	9.8	13.3	68.5	57.7	13.0		-33	-36
- Washed Coal	2.6	2.4	2.9	3.3	3.1	2.3	2.3	3.5	11.2	11.2	3.1		-20	2
- others	0.7	0.7	0.7	1.0	0.8	0.7	1.7	0.9	3.1	4.0	0.7		132	160
Realisation (INR/t)														
- FSA	1,298	1,282	1,334	1,460	1,370	1,438	1,411	1,354	1,348	1,389	1,360	4	6	-2
- E-auction	2,399	2,592	2,847	2,754	2,155	2,019	2,623	2,205	2,632	2,210	2,400	9	-8	30
- Washed Coal	2,427	2,602	2,866	2,879	3,171	2,951	2,667	2,787	2,713	2,900	2,700	(1)	-7	-10
- others	2,943	3,182	3,425	3,559	3,644	3,832	2,060	3,384	3,306	2,950	2,818	(27)	-40	-46
Per ton (INR)														
Revenue	1,460	1,485	1,520	1,633	1,513	1,551	1,523	1,462	1,527	1,508	1,493	2	0	-2
cash EBIDTA	426	373	518	637	489	347	437	495	494	449	401	9	-16	26
PAT	247	225	297	368	302	288	277	243	287	276	238	16	-7	-4
Costs	1,034	1,113	1,002	996	1,024	1,204	1,086	967	1,033	1,059	1,091	(0)	8	-10

Source: MOFSL, Company

Mahindra and Mahindra

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	MM IN
Equity Shares (m)	1,209
M.Cap.(INRb)/(USDb)	651.9 / 9.1
52-Week Range (INR)	704 / 503
1, 6, 12 Rel. Per (%)	-3/-10/-32
12M Avg Val (INR M)	2222

Financials & Valuations (INR b)

Y/E MARCH	2020	2021E	2022E
Sales	476	518	564
EBITDA	60.2	65.1	73.5
Adj. PAT*	39.3	44.1	48.7
Adj. EPS (INR)	33.0	37.0	40.9
EPS Gr. (%)	-28.0	12.0	10.6
BV/Sh. (INR)	315	339	367
Ratios			
RoE (%)	11.1	10.4	10.7
RoCE (%)	10.4	9.8	10.1
Payout (%)	30	34	31
Valuations			
P/E (x)	15.9	14.2	12.8
P/BV (x)	1.7	1.5	1.4
Div. Yield (%)	1.9	1.9	1.9
FCF Yield*	3.2	5.4	6.8

*(incl MVML)

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	18.9	18.9	20.5
DII	23.2	26.7	20.9
FII	41.4	41.5	41.0
Others	16.6	12.9	17.7

FII Includes depository receipts

CMP: INR524 TP: INR686 (+31%) Buy

In-line; Auto margins recover, Tractor stable

- MM's 3QFY20 performance was in line with our expectation at the operating level, with margin improving led by a better mix and lower RM cost. While Tractor outlook is improving, Auto business could face BS6 transitory pain along with intense competition in SUVs.
- We maintain our EPS estimate for FY20/21. Near-term performance is expected to be a mixed bag, which is largely in the price. We maintain **Buy** as valuations are very cheap (implied core P/E of 9.6x/8.6x FY20/21E).

Op. performance broadly in line, EBIT flat YoY; one-offs distort PAT

- M&M (incl. MVML) revenue/adj. PAT declined 1%/26% YoY, while EBITDA was up 5% YoY in 3QFY20. For 9MFY20, revenue/EBITDA/adj. PAT was down 8%/9.5%/24% YoY.
- Net realization grew ~1.5% YoY (-2% QoQ) to ~INR559k (est. of INR566k).
- Gross margin improved ~190bp YoY (-130bp QoQ) to 32.7% (est. of 33.6%), driven by lower commodity prices and a favorable mix in Auto.
- EBITDA margin expanded 160bp YoY (+60bp QoQ) to ~14.8% (est. of ~15%). Sequential improvement in the EBITDA margin, despite a lower gross margin, was driven by operating leverage (+13% QoQ volume growth).
- EBIT was flat YoY at ~INR12b (est. of ~INR12.5b). Auto PBIT margin improved 150bp YoY/QoQ to ~7.3% led by mix. Tractor PBIT margin improved 20bp YoY (+10bp QoQ) to ~19.4%, as the benefit of commodity prices was offset by the inventory reduction impact.
- Adj. PAT declined 26% to ~INR8.5b (est. of ~INR11.1b).

Highlights from management commentary

- Inventory for Auto was lower than normal and for tractors at normal level (Dec'19). It plans to stop BS4 production by third week of Feb'20.
- **FY21 outlook**: (a) PVs: 2-4% growth, (b) CVs: 4-6% growth and (c) Tractors: 5% growth (FY20 decline of 7% based on 5-7% growth in 4QFY20).
- **MM has a strong product pipeline** for Auto: (a) e-KUV100 (1QFY21), (b) new Thar (1QFY21), (c) Atom (e-quadricycle, 2QFY21), (d) W601 (crossover SUV, 4QFY21), (e) new Scorpio (1QFY22) and (f) e-XUV300 (mid-CY21). In Tractors, it plans to launch the new platform K2 (developed with Mitsubishi) in mid-CY21 with launches spanning over two years across four HP range.
- **Capex (incl. investment in subs)**: It has lowered guidance to ~INR170b over three years (v/s ~INR180b earlier) based on savings of ~INR10b already realized through Ford JV. Based on the expected further savings from the Ford JV, capex could further reduce to ~INR150b.
- For BS6 petrol UVs, it has taken price hike of ~INR20k, which is for BS6 cost (incl. contribution margin). For diesel BS6, it expects cost increase of INR50-70k, but the extent of pass through would depend on competitive intensity.

Valuation and view

MM's UV biz is facing BS6 challenges for its diesel portfolio and also intense competition. However, Tractor appears to be recovering. Valuations at ~14.2x/12.8x FY21/22E EPS largely factor in risks in UV. **Buy** with a TP of INR686.

Quarterly Performance (M&M + MVML) (INR Million)

Y/E March	FY19				FY20				FY19	FY20E	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE
Total Volumes (nos)	2,40,884	2,28,590	2,34,001	2,35,557	2,18,039	1,91,390	2,16,816	1,91,543	9,39,032	8,17,788	2,16,816
Growth YoY (%)	19.1	3.7	10.9	-2.2	-9.5	-16.3	-7.3	-18.7	8.1	-12.9	-7.3
Net Realization	5,54,527	5,59,524	5,50,959	5,86,180	5,87,302	5,71,349	5,59,012	5,82,218	5,62,795	5,74,877	5,66,011
Growth YoY (%)	3.1	2.6	1.2	5.7	5.9	2.1	1.5	-0.7	2.8	2.1	2.7
Net Op. Income	**1,33,577**	**1,27,902**	**1,28,925**	**1,38,079**	**1,28,055**	**1,09,351**	**1,21,203**	**1,11,520**	**5,28,482**	**4,70,128**	**1,22,720**
Growth YoY (%)	22.8	6.4	12.2	3.4	-4.1	-14.5	-6.0	-19.2	11.1	-11.0	-4.8
RM Cost (% of sales)	67.4	67.6	69.2	68.3	67.9	66.0	67.3	66.8	68.1	67.1	66.4
Staff (% of sales)	6.3	6.5	6.6	5.5	6.8	7.4	6.8	7.4	6.2	7.1	7.1
Oth. Exp. (% of Sales)	10.5	11.4	11.0	12.7	11.3	12.4	11.1	12.2	11.4	11.7	11.5
EBITDA	**21,101**	**18,493**	**17,029**	**18,678**	**17,936**	**15,408**	**17,888**	**15,198**	**75,301**	**66,429**	**18,398**
EBITDA Margins (%)	15.8	14.5	13.2	13.5	14.0	14.1	14.8	13.6	14.2	14.1	15.0
Interest	431	379	353	304	302	331	254	350	1,467	1,236	394
Depreciation	4,295	4,986	5,054	5,696	5,839	5,721	5,900	6,286	20,030	23,745	5,950
EBIT	**16,806**	**13,508**	**11,975**	**12,982**	**12,097**	**9,688**	**11,988**	**8,912**	**55,271**	**42,684**	**12,448**
EO Income/(Exp)	245	1,375	3,150	-1,047	13,671	0	-6,006	0	3,723	7,665	0
PBT after EO	**18,550**	**22,981**	**18,195**	**14,103**	**27,384**	**17,582**	**7,821**	**11,559**	**73,829**	**64,346**	**15,324**
Effective Tax Rate (%)	32.2	22.6	23.3	31.3	17.5	22.9	51.4	28.2	22.0	25.0	27.3
Reported PAT	**12,572**	**17,788**	**13,960**	**9,692**	**22,597**	**13,548**	**3,802**	**8,305**	**57,567**	**48,252**	**11,148**
Adj PAT	**12,381**	**16,715**	**11,503**	**10,509**	**9,180**	**13,548**	**8,305**	**8,305**	**54,664**	**39,339**	**11,148**
Change (%)	64.7	18.6	11.0	-15.1	-25.9	-18.9	-27.8	-21.0	26.5	-28.0	-23.5
Segmental (M&M + MVML)	**1QFY19**	**2QFY19**	**3QFY19**	**4QFY19**	**1QFY20**	**2QFY20**	**3QFY20**	**4QFY20**	**FY19**	**FY20E**	**3QFY20**
Realizations (INR '000/ unit)											
Auto	573	561	552	585	606	576	561		569		
Farm Equipment	497	516	511	527	507	506	507		511		
Blended	**555**	**560**	**551**	**586**	**587**	**571**	**559**	**582**	**563**	**575**	**566**
Segment PBIT Margins (%)											
Auto - PBIT Margins (%)	9.4	7.9	5.8	8.8	6.5	5.8	7.3		8.0		
FES - PBIT Margins (%)	20.9	20.2	19.2	16.2	19.3	19.3	19.4		19.3		
Others	3.3	3.9	3.2	1.6	5.5	3.8	3.5		2.9		
Total	**13.5**	**11.6**	**10.5**	**10.3**	**10.8**	**10.1**	**11.4**		**11.5**		

Key Performance Indicators	FY19				FY20				FY19	FY20E	FY20E
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE
Tractors (incl Exports)	1,00,784	78,045	90,729	60,878	86,350	71,820	84,455	64,350	3,30,436	306,975	84,455
Change (%)	18.6	-4.1	10.6	-14.5	-14.3	-8.0	-6.9	5.7	3.4	-7.1	-6.9
Total UV ('000 units)	1,12,162	1,18,542	1,12,569	1,40,780	1,06,868	90,968	1,03,392	95,250	4,84,053	396,478	103,392
Change (%)	13.3	3.9	9.2	5.1	-4.7	-23.3	-8.2	-32.3	7.6	-18.1	-8.2
Other Autos ('000 units)	27,938	32,003	30,703	33,899	24,821	28,602	28,969	31,943	1,24,543	114,335	28,969
Change (%)	53.7	27.9	18.8	8.0	-11.2	-10.6	-5.6	-5.8	24.0	-8.2	-5.6
Cost Break-up											
RM Cost (% of sales)	67.4	67.6	69.2	68.3	67.9	66.0	67.3	66.8	68.1	67.1	66.4
Staff Cost (% of sales)	6.3	6.5	6.6	5.5	6.8	7.4	6.8	7.4	6.2	7.1	7.1
Other Cost (% of sales)	10.6	11.4	11.0	12.7	11.3	12.4	11.1	12.2	11.4	11.7	11.5
Gross Margins (%)	15.7	19.7	13.4	12.5	25.4	19.8	10.0	14.2	15.3	17.4	15.7
EBITDA Margins (%)	15.8	14.5	13.2	13.5	14.0	14.1	14.8	13.6	14.2	14.1	15.0
EBIT Margins (%)	12.6	10.6	9.3	9.4	9.4	8.9	9.9	8.0	10.5	9.1	10.1

E:MOFSL Estimates

Hindalco

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	HNDL IN
Equity Shares (m)	2,229
M.Cap.(INRb)/(USDb)	434.7 / 6.1
52-Week Range (INR)	221 / 171
1, 6, 12 Rel. Per (%)	-7/-3/-16
12M Avg Val (INR M)	1572

Financials & Valuations (INR b)

Y/E MARCH	2020E	2021E	2022E
Sales	1,253.0	1,425.9	1,446.8
EBITDA	145.1	166.1	169.9
Adj. PAT	42.3	47.0	49.5
EBITDA Margin (%)	11.6	11.7	11.7
Cons. Adj. EPS (INR)	19.0	21.1	22.3
EPS Gr. (%)	-23.0	11.1	5.3
BV/Sh. (INR)	186.8	205.9	225.0
Ratios			
Net D:E	1.3	1.1	0.9
RoE (%)	10.5	10.8	10.3
RoCE (%)	8.4	9.0	9.4
Payout (%)	9.8	9.4	14.2
Valuations			
P/E (x)	10.1	9.1	8.7
P/BV (x)	1.0	0.9	0.9
EV/EBITDA(x)	6.8	5.7	5.2
Div. Yield (%)	0.8	0.9	1.4
FCF Yield (%)	15.3	17.1	25.2

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	34.7	34.7	34.7
DII	25.3	25.4	20.9
FII	21.0	21.4	25.9
Others	19.1	18.5	18.5

FII Includes depository receipts

CMP: INR194 TP: INR240(+24%) Buy

Novelis' performance remains robust…

…with strong spreads

- 3QFY20 results of Hindalco's (HNDL) subsidiary Novelis, highlights the company's continued strength in its high-margin business with EBITDA up 7% YoY.
- We maintain our FY20/FY21 estimates and reiterate our **Buy** rating. Given HNDL's low-cost integrated production, it is well placed to benefit as LME is recovering from recent lows. Moreover, HNDL continues benefiting from the strong outlook for Novelis' high-margin business.

EBITDA remains strong; however, North America declines

- Novelis' adj. EBITDA grew 7% YoY to USD343m (v/s est. USD364m), led by better margins. EBITDA/t was up 7% YoY (-5% QoQ) to USD430/t (v/s est. USD442/t). Adj. PAT increased 10% YoY to USD146m.
- Volumes declined 4.5% QoQ to 797kt (v/s est. 824kt).
- Adj. EBITDA for the company's North America (NA) business declined 26% QoQ, which was partly compensated by 20% QoQ growth in the South America (SA) business.
- FCF before capex was up 43% YoY to USD483m in 9MFY20 due to higher EBITDA and lower working capital from low aluminum prices.
- Net debt/EBITDA further reduced to 2.3x (v/s 2.8x last year).

Demand outlook favorable; Aleris acquisition to be completed soon

- Demand for aluminum in auto remains favorable in the US. Beverage cans outlook is also optimistic with increasing preference for lightweight and sustainable aluminum packaging.
- With capacity utilization at >90%, the company seeks to optimize its portfolio. Novelis will remain selective in its exposure within specialty and will use some of this capacity to cater to the can market.
- Aleris' acquisition is in the final stages; the only pending condition is the European Commission's approval of the Duffel plant's buyer.
- USD1.6b senior unsecured notes due in 2030 were issued at 4.75% p.a. to repay higher cost debt and partly finance the Aleris acquisition.
- Peak net debt/ EBITDA would be 3.5x post the Aleris acquisition.

Valuation and view

- We remain conservative on profitability and build in lower EBITDA margin of USD417/t for FY21 (v/s USD444/t in 9MFY20). With spread between LME and scrap reducing, margins should eventually normalize. Management has been guiding for sustainable EBITDA/t of >USD400. Hindalco continues benefiting from Novelis' strong business and the fully integrated smelting operation in India. The stock trades at an attractive valuation of 5.5x EV/EBITDA and 9x P/E on FY21E. We value it at INR240/share based on SOTP. Re-iterate **Buy**.

Quarterly Performance (Novelis) – USD m

Y/E March	FY19				FY20				FY19	FY20E		vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Sales (000 tons)	**797**	**807**	**800**	**870**	**830**	**835**	**797**	**861**	**3,274**	**3,323**	**824**	-3
Change (YoY %)	1.5	0.6	0.5	8.1	4.1	3.5	-0.4	-1.0	2.7	1.5	3.0	
Net Sales	**3,097**	**3,136**	**3,009**	**3,084**	**2,925**	**2,851**	**2,715**	**2,955**	**12,326**	**11,446**	**2,822**	-4
Change (YoY %)	16.0	12.2	-2.5	0.6	-5.6	-9.1	-9.8	-4.2	6.1	-7.1	-6.2	
EBITDA (adjusted)	**334**	**355**	**322**	**357**	**372**	**378**	**343**	**336**	**1,368**	**1,429**	**364**	-6
Change (YoY %)	15.6	17.5	5.6	11.9	11.4	6.5	6.5	-5.9	12.6	4.5	13.1	
EBITDA per ton (USD)	**419**	**440**	**403**	**410**	**448**	**453**	**430**	**390**	**418**	**430**	**442**	-3
Interest	63	66	64	65	62	58	57	68	258	245	62	-8
Depreciation	86	86	88	90	88	88	91	87	350	354	88	
PBT (before EO item)	**185**	**203**	**170**	**202**	**222**	**232**	**195**	**181**	**760**	**830**	**214**	-9
Extra-ordinary Income	5	(23)	(55)	(51)	(32)	(60)	(39)	(30)	(124)	(161)	-	
PBT (after EO item)	**190**	**180**	**115**	**151**	**190**	**172**	**156**	**151**	**636**	**669**	**214**	-27
Total Tax	53	64	37	48	63	49	49	46	202	207	64	-24
Reported PAT	**137**	**116**	**78**	**103**	**127**	**123**	**107**	**105**	**434**	**462**	**150**	-29
Change (YoY %)	36	-62	-36	-8	-7	6	37	2	-29	6	92	
Adjusted PAT	**132**	**139**	**133**	**154**	**159**	**183**	**146**	**135**	**558**	**623**	**150**	-3

Siemens

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	SIEM IN
Equity Shares (m)	356
M.Cap.(INRb)/(USDb)	532.7 / 7.5
52-Week Range (INR)	1717 / 934
1, 6, 12 Rel. Per (%)	0/18/33
12M Avg Val (INR M)	787

Financials & Valuations (INR b)

Y/E Sep	2020E	2021E	2022E
Sales	145.5	163.0	184.5
EBITDA	17.0	19.1	21.8
PAT	13.7	15.8	18.3
EBITDA (%)	11.7	11.7	11.8
EPS (INR)	38.4	44.4	51.4
EPS Gr. (%)	25.8	15.5	15.9
BV/Sh. (INR)	283.2	316.9	356.0
Ratios			
Net D/E	-0.6	-0.6	-0.6
RoE (%)	13.6	14.0	14.4
RoCE (%)	14.0	14.4	14.8
Payout (%)	20.0	20.0	20.0
Valuations			
P/E (x)	38.9	33.7	29.1
P/BV (x)	5.3	4.7	4.2
EV/EBITDA (x)	27.9	24.2	20.7
Div Yield (%)	0.5	0.6	0.7
FCF Yield (%)	2.6	2.7	3.0

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	75.0	75.0	75.0
DII	9.9	11.9	11.2
FII	4.3	2.2	2.7
Others	10.8	10.9	11.1

FII Includes depository receipts

CMP: INR1,496 TP: INR1,685 (+13%) Neutral

Strong margins in a weak environment

Operating performance in line; awaiting better entry-point

- Siemens reported in-line 1QFY20 operating performance; strong margins offset the weakness in revenue growth, which is a reflection of the weak economic environment. Given the short-cycle nature of the business (as two-third of the business is related to products/services), we believe that revenue growth will be back as the economy recovers.
- On account of higher depreciation and lower other income, we trim our EPS estimates over FY21/FY22E by 4%/1%. Maintain **Neutral** rating with lower TP of INR1,685 (Prior: INR1,705) as we await a better entry point in the stock.

Revenue decline suggests muted capex environment; margins surprise

- 1QFY20 revenue declined 5% YoY to INR26.7b (10% below est.). The miss in revenues was more than offset by strong EBITDA margins (+170bp YoY) to 12.6% (v/s est. 11.5%). Thus, EBITDA grew 9.8% to INR3.4b (in-line).
- On account of higher depreciation and lower other income, PBT growth was muted at 4% to INR3.5b. Helped by lower tax rates according to the new corporate tax rates, PAT grew 15% to INR2.6b and was 9% below est. Order book stood at INR124b. Implied order inflow stood at INR32b (-5% YoY).
- **Key segment performance: (a) Gas & Power** – Revenues declined 15% YoY to INR8.9b on account of sluggishness in the Power Transmission sector in our view. Note that the base year had strong contribution from HVDC order execution. PBIT margins came in at 11%. **(b) Smart Infrastructure** – Revenues were muted at INR7.6b while PBIT margins came in at 9.8% (-20bp YoY). **(c) Mobility** – The Mobility segment registered strong performance with revenue growth at 19% to INR2.1b and PBIT margins at 11.3% (loss-making last year). **(d) Digital Industries** – Revenue declined 6% to INR6b, while PBIT margins expanded to 10.5% from 2.5% last year.

Revenue weakness attributable to weak macros

- Overall capex ordering, especially in the infrastructure segment, remained muted and impacted volumes. Customers have averted the delay in off-take – a function of weak macro environment.
- Continued weakness in the automotive segment weighed on industrial business performance.

Valuation and view

- We maintain our EBITDA estimates but lower our FY20/FY21E EPS estimates by 4%/1% on account of higher depreciation and lower other income.
- Strong show on the margin front augers well with our thesis of margin expansion over the longer term, led by niche businesses of Industrial Automation and Digitalization theme. However, we await further confirmation on margin trend and refrain from extrapolating margin performance, especially in Digital Industries.
- At CMP, the stock trades at FY20/FY21E PE of 39x/ 34x, providing limited upside. We await a better entry point and maintain our **Neutral** rating with TP of INR1,685 (Earlier: INR1,705).

Quarterly Performance (INR m)

Y/E September	FY19				FY20E				FY19	FY20E	MOFSL	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var %
Total Revenues	**28,071**	**35,496**	**31,984**	**41,288**	**26,686**	**37,665**	**34,681**	**46,423**	**1,36,839**	**1,45,455**	**29,704**	**-10.2%**
Change (%)	15.5	8.1	4.1	4.8	-4.9	6.1	8.4	12.4	7.5	6.3	5.8	
EBITDA	**3,065**	**4,257**	**3,537**	**4,056**	**3,365**	**4,317**	**4,036**	**5,258**	**14,915**	**16,976**	**3,405**	**-1.2%**
Change (%)	12.5	31.9	17.0	-3.1	9.8	1.4	14.1	29.6	13.3	13.8	-7.0	
As % of Revenues	10.9	12.0	11.1	9.8	12.6	11.5	11.6	11.3	10.9	11.7	11.5	
Depreciation	532	571	512	558	611	620	620	614	2,173	2,465	560	
Interest	2	24	2	86	77	25	25	23	114	150	0	
Other Income	877	830	825	1,414	855	900	950	1,208	3,946	3,913	1,000	
Extra-ordinary Items	0	-157	0	0	0	0	0	0	-157	0	0	
PBT	**3,408**	**4,492**	**3,848**	**4,826**	**3,532**	**4,572**	**4,341**	**5,829**	**16,574**	**18,274**	**3,845**	**-8.1%**
Tax	1,128	1,532	1,367	1,520	905	1,151	1,093	1,451	5,547	4,600	968	
Effective Tax Rate (%)	33.1	34.1	35.5	31.5	25.6	25.2	25.2	24.9	33.5	25.2	25.2	
Reported PAT	**2,280**	**2,803**	**2,481**	**3,306**	**2,627**	**3,421**	**3,248**	**4,378**	**10,870**	**13,675**	**2,877**	**-8.7%**
Adjusted PAT	**2,280**	**2,960**	**2,481**	**3,306**	**2,627**	**3,421**	**3,248**	**4,378**	**11,027**	**13,675**	**2,877**	**-8.7%**
Change (%)	19.7	34.7	21.4	18.4	15.2	15.6	30.9	32.4	23.4	24.0	0.0	

Segmental snapshot according to the new classification

Revenues (INR m)	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	Change YoY (%)	FY19
Gas and Power	10,480	13,244	11,314	16,698	8,886	-15%	51,736
Smart Infrastructure	7,723	9,638	9,218	10,808	7,590	-2%	37,387
Mobility	1,745	3,380	2,490	3,588	2,085	19%	11,203
Digital Industries	6,398	7,009	6,278	7,189	6,001	-6%	26,874
Portfolio of Companies	2,053	2,668	2,951	3,756	2,484	21%	11,428
Others	220	330	329	312	157	-29%	1,191
Gross Sales	**28,619**	**36,269**	**32,580**	**42,351**	**27,203**	**-5%**	**1,39,819**
Elimination	548	774	596	1,063	517		2981
Net Sales	**28,071**	**35,495**	**31,984**	**41,288**	**26,686**	**-5%**	**1,36,839**
EBIT (INR m)							
Gas and Power	2,010	1,610	1,543	1,786	974	-51.5	6,949
Smart Infrastructure	772	1,034	717	1,022	744	-3.6	3,545
Mobility	-148	600	297	377	236	NA	1,126
Digital Industries	161	505	421	561	630	291.3	1,648
Portfolio of Companies	-255	-236	-173	-260	132	NA	-924
Others	-7	14	220	13	38	NA	240
Total EBIT	**2,533**	**3,527**	**3,025**	**3,499**	**2,754**	8.7	**12,584**
EBIT Margin %							
Gas and Power	19.2	12.2	13.6	10.7	11.0	-822	13.4
Smart Infrastructure	10.0	10.7	7.8	9.5	9.8	-19	9.5
Mobility	(8.5)	17.8	11.9	10.5	11.3	NA	10.1
Digital Industries	2.5	7.2	6.7	7.8	10.5	798	6.1
Portfolio of Companies	(12.4)	(8.8)	(5.9)	(6.9)	5.3	NA	(8.1)
Others	(3.2)	4.2	66.9	4.2	24.2	NA	20.2
Total EBIT	**9.0**	**9.9**	**9.5**	**8.5**	**10.3**	130	**9.2**

Petronet LNG

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	PLNG IN
Equity Shares (m)	1,500
M.Cap.(INRb)/(USDb)	395.3 / 5.5
52-Week Range (INR)	296 / 208
1, 6, 12 Rel. Per (%)	-1/-3/4
12M Avg Val (INR M)	742

Financials & Valuations (INR b)

Y/E March	2020E	2021E	2022E
Sales	350.6	410.7	428.2
EBITDA	44.1	49.2	51.4
Adj. PAT	31.4	31.9	33.6
Adj. EPS (INR)	21.0	21.2	22.4
EPS Gr. (%)	45.8	1.4	5.6
BV/Sh.(INR)	73.2	79.6	86.4
Ratios			
Net D:E	-0.1	-0.2	-0.3
RoE (%)	29.9	27.8	27.0
RoCE (%)	27.7	23.0	23.7
Payout (%)	70.0	70.0	70.0
Valuations			
P/E (x)	12.6	12.4	11.8
P/BV (x)	3.6	3.3	3.1
EV/EBITDA (x)	8.9	7.7	7.1
Div. Yield (%)	4.5	4.7	4.9
FCF Yield (%)	8.5	9.1	9.4

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	50.0	50.0	50.0
DII	9.2	10.0	12.1
FII	28.6	27.2	23.4
Others	12.2	12.8	14.5

FII Includes depository receipts

CMP: INR264 TP: INR350 (+33%) Buy

Capacity utilization remains strong

- Volumes at Dahej were down QoQ with the Dabhol terminal resuming from seasonal shutdown. However, Dahej continued witnessing higher utilization despite competition (from Dabhol and Mundra) led by strong contracts.
- The current low spot price environment bodes well for price sensitive consumers like gas-based power plants.
- Also, the NGT has passed orders for the Pollution Control Boards to file compliance report on critically/severely polluted industrial clusters.
- Higher adoption from industries and the power sector is likely to support volume growth for PLNG. Maintain **Buy**.

Marginal beat on EBITDA

- PLNG reported in-line sales of INR89.1b (-12% YoY), while EBITDA of INR11.1b (+31% YoY) was marginally higher than our estimate. PBT of INR9.0b (+11% YoY) too was 5% above our estimate, with the tax rate at 25.1%. PAT came in at INR6.8b (+19% YoY, -43% QoQ – as the company re-measured its DTL in 2QFY20).
- For 9MFY20, reported EBITDA increased 23% YoY to INR32.9b, while PBT was up by only 2% YoY at INR26.2b owing to higher depreciation and interest cost under Ind-AS 116. However, PAT was up 42% YoY at INR24.3b due to adoption of lower tax rate (~11% in 9MFY20 v/s 33% in 9MFY19).

A 3% miss on volumes

- **Dahej** volumes came in 3% lower than our estimate at 222tbtu (+13% YoY, -8% QoQ – as Dabhol terminal resumes from seasonal shutdown).
- Utilization at Dahej stood at 100% (on expanded capacity of 17.5mmt) v/s 104%/109% in 3QFY19/2QFY20.
- **Kochi** volumes were 9% higher than our estimate at 11tbtu (+119% YoY). Kochi utilization was at 17% in 3QFY20 v/s 8%/16% in 3QFY19/2QFY20.
- **For 9MFY20,** volumes were up 11% YoY at 709tbtu, led by capacity addition at Dahej (+9% YoY to 679tbtu) and ramp-up at Kochi (+74% YoY to 30tbtu).

Highlights from management commentary

- PLNG guided for FY21 annual capex of INR3.5b.
- The company is setting up two more tanks (capex: INR13b) at Dahej (increasing capacity to ~19.5mtpa) and building a jetty (capex: INR10b), which are expected to commence operations by end of FY23 or early FY24.
- It reiterated that Tellurian is a non-binding agreement and a deal will be signed only with clear visibility of back-to-back contracts, lower landing cost of gas in India (<USD6/mmbtu), and feasible IRR. It is looking at several projects including Tellurian and has not reached any conclusion on where to invest.

Valuation and view

- We expect the dividend payout to remain strong. The company has a dividend payout of ~70% and an attractive dividend yield of 4.5-4.9% over FY20-22 (v/s 3.4% in FY19).
- We value PLNG on DCF (WACC: 11.2%, TGR: 3%) to arrive at a fair value of INR350 (upside of 19%). Reiterate **Buy**.

Standalone - Quarterly earnings model (INR Million)

Y/E March	FY19				FY20				FY19	FY20E	FY20	Var. v/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	Est.
Net Sales	**91,692**	**1,07,453**	**1,00,977**	**83,832**	**86,134**	**93,612**	**89,102**	**81,721**	**3,83,954**	**3,50,570**	**92,146**	**-3%**
YoY Change (%)	42.5	38.3	30.2	-2.9	-6.1	-12.9	-11.8	-2.5	25.5	-8.7	-8.7	
EBITDA	**9,344**	**8,837**	**8,481**	**6,272**	**10,239**	**11,605**	**11,076**	**11,226**	**32,935**	**44,145**	**10,598**	**5%**
Margins (%)	10.2	8.2	8.4	7.5	11.9	12.4	12.4	13.7	8.6	12.6	11.5	
Depreciation	1,022	1,037	1,037	1,016	1,899	1,960	1,960	2,122	4,112	7,941	2,000	-2%
Interest	300	249	215	225	1,005	1,051	940	1,014	989	4,011	1,051	-11%
Other Income	990	1,115	884	1,514	1,044	975	842	1,691	4,503	4,552	1,024	-18%
PBT before EO expense	**9,012**	**8,666**	**8,113**	**6,545**	**8,379**	**9,568**	**9,017**	**9,781**	**32,336**	**36,745**	**8,571**	**5%**
PBT	**9,012**	**8,666**	**8,113**	**6,545**	**8,379**	**8,848**	**9,017**	**9,781**	**32,336**	**36,025**	**8,571**	**5%**
Tax	3,142	3,037	2,460	2,143	2,777	-2,184	2,265	2,455	10,782	5,314	2,160	5%
Rate (%)	34.9	35.0	30.3	32.7	33.1	-24.7	25.1	25.1	33.3	14.8	25.2	
Reported PAT	**5,870**	**5,629**	**5,653**	**4,402**	**5,603**	**11,031**	**6,752**	**7,325**	**21,554**	**30,711**	**6,411**	**-12%**
Adj PAT	**5,870**	**5,629**	**5,653**	**4,402**	**5,603**	**11,752**	**6,752**	**7,325**	**21,554**	**31,432**	**6,411**	**5%**
YoY Change (%)	34.1	-4.4	6.9	-15.8	-4.5	108.8	19.4	66.4	3.7	45.8	13.4	
Margins (%)	6.4	5.2	5.6	5.3	6.5	12.6	7.6	9.0	5.6	9.0	7.0	
Key Assumptions												
Total Volumes (Tbtu)	220.2	217.0	202.0	205.1	226.0	250.0	233.0	236.9	844.3	945.9	240.1	-3%

E: MOFSL Estimates

Phoenix Mills

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	PHNX IN
Equity Shares (m)	159
M.Cap.(INRb)/(USDb)	135.5 / 1.9
52-Week Range (INR)	913 / 564
1, 6, 12 Rel. Per (%)	1/26/34
12M Avg Val (INR M)	90

Financials & Valuations (INR b)

Y/E Mar	2019	2020E	2021E	2022E
Net Sales	19.8	20.8	23.8	27.3
EBITDA	9.9	10.4	12.3	14.3
EBITDAM %	50.1	49.9	51.8	52.3
NP (INRm)	3.8	3.6	3.9	5.0
EPS (INR)	25.0	23.8	25.5	32.4
EPS Gr. (%)	57.8	-4.9	7.4	26.9
BV/Sh. (INR)	227	247	268	300
Ratios				
Net D:E	1.1	1.0	1.0	0.9
RoE (%)	12.1	10.0	9.9	11.4
RoCE (%)	10.3	8.8	8.9	9.8
Valuations				
P/E (x)	35.4	37.2	34.6	27.3
P/BV (x)	3.9	3.6	3.3	2.9
EV/EBITDA (x)	17.4	16.8	14.3	12.4
EV/Sales (x)	8.7	8.4	7.4	6.5

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	59.1	59.2	62.8
DII	9.2	7.0	4.3
FII	27.5	26.3	27.9
Others	4.2	7.5	5.0

FII Includes depository receipts

CMP: INR 883 TP: INR 1,015(+15%) Buy

Beat on estimates; outlook positive

- PHNX's third-quarter result highlights consistency in its operational performance amidst a subdued macro environment. The traction in its key retail assets is particularly impressive.
- We find comfort in the company's strong track record of execution/operations, scalability and robust cash generation. This, along with the affirmative guidance around consumption, reinforces our positive stance on the company. Maintain **Buy**.

Solid consumption growth across retail assets

- Revenue increased 16% YoY to INR5,118m (our estimate: INR4,968m) in 3QFY20. EBITDA was up 17% YoY at INR2,593m (our estimate: INR2,590m), with the margin coming in flat YoY at 50.7% (our estimate: 52.1%). Adj. PAT increased 30% YoY to INR919m (our estimate: INR769m).
- Retail revenue was up 11% YoY at INR3,218m, while Residential revenue surged 142% YoY to INR481m largely driven by revenue recognition at One Bangalore West and Kessaku. Commercial segment grew by 2% YoY to INR334m, while Hospitality revenue increased 11% YoY to INR1,085m driven by higher occupancy at St. Regis (+200bp to 84%) and better average room rent (+12% YoY to INR13,857).
- Retail consumption grew 10% YoY, largely driven by key assets like PMC, Bangalore (+14% YoY), PMC Pune (+10%) and PMC Mumbai (+10%). Category wise, growth was strong in Entertainment (+19%), Beauty & Cosmetics (+8%), Electronics (+13%), Jewelry (+15%) and F&B (+7%).

Highlights from management commentary

- (a) In Jan'20, Maharashtra cabinet cleared the proposal to keep Mumbai open 24x7. This development is likely to positively impact consumption across PHNX's retail assets in Mumbai over the long term. (b) Consumption growth so far in 4QFY20 is strong at 8-10% across its key retail assets.

Valuation and view

- PHNX is on track to complete its under construction leasing assets (five retail malls and two commercial assets). Pre-leasing trend both in terms of occupancy ramp-up and rent for these assets has been healthy.
- We believe that PHNX provides a unique way to play India's retail growth story due to its (a) strong track record of execution and operations, (b) scalability and (c) robust cash generation.
- We value PHNX's retail assets based on DCF-based NAV approach, assuming a cap rate of 8.0% and a discount rate of 12.5%. Maintain **Buy** with an SOTP-based target price of INR1,015.

Consolidated - Quarterly Earning Model (INR Million)

Y/E March	FY19				FY20E				FY19	FY20E	FY20E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	
Gross Sales	**4,132**	**4,047**	**4,404**	**7,232**	**6,150**	**4,151**	**5,118**	**5,428**	**19,816**	**20,846**	**4,968**	**3%**
YoY Change (%)	4.4	9.2	5.7	65.6	48.9	2.6	16.2	-25.0	22.3	5.2	12.8	
Total Expenditure	2,178	2,065	2,180	3,461	3,223	2,043	2,525	2,661	9,884	10,452	2,378	
EBITDA	**1,953**	**1,982**	**2,225**	**3,771**	**2,927**	**2,108**	**2,593**	**2,766**	**9,931**	**10,395**	**2,590**	**0%**
Margins (%)	47.3	49.0	50.5	52.1	47.6	50.8	50.7	51.0	50.1	49.9	52.1	
Depreciation	499	506	523	514	507	509	514	503	2,042	2,034	510	
Interest	846	917	917	826	871	878	889	950	3,506	3,588	881	
Other Income	170	183	170	329	154	195	133	179	851	660	190	
PBT before EO expense	**778**	**741**	**955**	**2,761**	**1,703**	**915**	**1,323**	**1,492**	**5,235**	**5,433**	**1,389**	**-5%**
Extra-Ord expense	0	0	0	-481	0	-78	0	0	-481	-78	0	
PBT	**778**	**741**	**955**	**3,242**	**1,703**	**993**	**1,323**	**1,492**	**5,716**	**5,511**	**1,389**	
Tax	235	179	175	510	234	350	358	446	1,099	1,388	500	
Rate (%)	30.2	24.1	18.3	15.7	13.8	35.3	27.0	29.9	19.2	25.2	36.0	
Reported PAT	597	620	708	2,284	1,304	658	919	815	4,210	3,696	769	
Adj PAT	**597**	**620**	**708**	**1,879**	**1,304**	**608**	**919**	**815**	**3,821**	**3,637**	**769**	**19%**
YoY Change (%)	40.3	48.6	8.5	103.0	118.3	-2.1	29.8	-56.6	57.8	-4.8	8.6	
Margins (%)	14.5	15.3	16.1	26.0	21.2	14.6	17.9	15.0	19.3	17.4	15.5	

E: MOFSL Estimates

Key Performance Indicators (INR Million)

Y/E March	FY19				FY20E				FY19	FY20E	FY20E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	
Retail	**2,905**	**2,839**	**2,899**	**2,908**	**3,046**	**3,024**	**3,218**	**3,238**	**11,551**	**12,526**	**3,147**	**2%**
Growth %	12.1	11.0	6.6	7.8	4.9	6.5	11.0	11.4	9.3	8.4		
Residential	**281**	**243**	**199**	**3,072**	**2,071**	**112**	**481**	**577**	**3,795**	**3,241**	**328**	**46%**
Growth %	-41.1	2.1	-36.0	480.7	637.0	-53.9	141.7	-81.2	144.1	(14.6)		
Commercial	**149**	**161**	**327**	**244**	**250**	**264**	**334**	**345**	**881**	**1,193**	**340**	**-2%**
Growth %	-0.7	4.9	89.0	34.8	67.8	64.5	2.1	41.3	34.0	35.5		
Hospitality	**797**	**805**	**979**	**1,008**	**783**	**751**	**1,085**	**1,105**	**3,589**	**3,724**	**1,068**	**2%**
Growth %	16.0	17.4	11.1	5.2	-1.8	-6.7	10.8	9.6	11.8	3.8		

BHEL

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	BHEL IN
Equity Shares (m)	3,482
M.Cap.(INRb)/(USDb)	134.2 / 1.9
52-Week Range (INR)	79 / 38
1, 6, 12 Rel. Per (%)	-13/-35/-52
12M Avg Val (INR M)	963

Financials & Valuations (INR b)

Y/E Mar	2020E	2021E	2022E
Sales	280.0	294.3	314.6
EBITDA	18.6	16.1	18.0
PAT	10.7	9.3	10.2
EBITDA (%)	6.7	5.5	5.7
EPS (INR)	3.1	2.7	2.9
EPS Gr. (%)	-11.9	-13.2	9.9
BV/Sh. (INR)	91.2	92.2	93.2
Ratios			
Net D/E	- 0.2	-0.2	-0.0
RoE (%)	3.4	2.9	3.2
RoCE (%)	3.1	2.3	2.6
Payout (%)	57.3	57.3	57.3
Valuations			
P/E (x)	12.5	14.4	13.1
P/BV (x)	0.4	0.4	0.4
EV/EBITDA (x)	3.6	4.6	6.7
Div Yield (%)	4.6	4.0	4.4
FCF Yield (%)	18.5	-1.2	-28.7

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	63.2	63.2	63.1
DII	19.2	19.1	18.1
FII	10.0	11.4	12.1
Others	7.6	6.4	6.8

FII Includes depository receipts

CMP: INR39 TP: INR40 (+5%) Neutral

Execution disappointing; Outlook weakening further

Slow-moving orders cast doubts over execution

- BHEL's 3QFY20 earnings continue to disappoint due to 23% YoY revenue decline as its two key projects are on hold (Yadadri and Udangudi). Due to forex gains and reversal of provisions, better margins are offsetting part of the revenue miss. But, operating performance was below expectations. BHEL's management has refrained from providing any revenue guidance as its focus has shifted to cash-flow management; the company has INR380b of pending receivables, which has hardly moved over the last few years.
- We cut our earnings estimates by 9-13% over FY20-22E to account for poor execution and the weak ordering environment. While orders are few to come by, the pricing environment continues to be very competitive, limiting scope for margin expansion. Maintain Neutral with a lower TP of INR40.

Tepid performance as execution disappoints

- 3QFY20 revenues were down 22.6% to INR56.8b and missed our estimates by 27%. Gross margins deteriorated to 36.6% (-100bp YoY) indicating poor pricing of the current order book as BHEL has been aggressive in wining these orders. EBITDA margin expanded to 5.8% (+280bp YoY) and was better than our est. 4.5% owing to forex income of INR1.4b and reversal of provisions. Interest expense increased to INR1.4b while other income was down 33% to INR1.5b in absence of any cash-flow generation. Overall, adj. PAT declined 17% YoY to INR1.6b and was 11% below expectations.
- **Segment highlights: (a) Power segment:** Revenue declined 26% YoY to INR40.7b. PBIT margin shrank 10bp YoY to 10.6%. **(b) Industry segment:** Revenue declined 14% YoY to INR13.9b. **PBIT margins expanded 200bp YoY to 5.5%.**
- Order book stood at INR1.07t; of this, executable order book stood at INR875b.

Key takeaways from management commentary

- Execution was tepid owing to lower order book and delays in executions, especially Yadadri and Udangudi as clients had put orders on hold.
- Near-term ordering pipeline includes Lara, Singrauli and Talcher, as well as opportunities in the FGD side. The company is L1 in Talcher order worth INR63b as well as FGD orders worth INR42b.
- Total receivables continue to be elevated at INR380b, of which 12% is from the private sector, 48% is from state entities, 31% is from the Center and 9% is related to international market.

Valuation and view

- We cut our earnings estimates by 9-13% over FY20-22E to account for poor execution and the weak ordering environment. While orders are few to come by, the pricing environment continues to be very competitive limiting the scope for margin expansion. Maintain Neutral with lower TP of INR40 (15x FY21E EPS). There exist downside risks to our estimates in case the company fails to win few orders from the power segment, which may come up for bidding in the near term.

Quarterly Performance (INR m)

Y/E March	FY19				FY20E				FY19	FY20E	Est	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Vs Est
Sales (Net)	**59,355**	**67,799**	**73,364**	**1,02,972**	**45,317**	**62,257**	**56,794**	**1,15,637**	**3,03,490**	**2,80,004**	**77,588**	**-26.8%**
Change (%)	6.3	7.7	10.1	1.5	-23.7	-8.2	-22.6	12.3	4.9	-7.7	5.8	
EBITDA	**2,872**	**2,408**	**2,187**	**13,952**	**-2,667**	**2,669**	**3,287**	**15,349**	**21,420**	**18,638**	**3,491**	**-5.9%**
Change (%)	41.6	NA	-17.5	13.3	NA	10.8	50.3	10.0	10.8	-13.0	59.6	
As a % Sales	4.8	3.6	3.0	13.5	-5.9	4.3	5.8	13.3	7.1	6.7	4.5	
Interest	639	689	577	964	1,080	1,187	1,391	1,342	2,869	5,000	1,200	
Depreciation	1,761	521	1,124	1,342	1,148	1,193	1,145	1,285	4,748	4,771	1,200	
Other Income	1,786	1,517	2,265	1,209	1,455	1,356	1,512	1,119	6,776	5,443	1,300	
PBT	**2,259**	**2,715**	**2,751**	**12,854**	**-3,440**	**1,645**	**2,263**	**13,842**	**20,579**	**14,310**	**2,391**	**-5.4%**
Tax	703	863	831	6,027	-1,277	459	675	3,745	8,425	3,602	602	
Effective Tax Rate (%)	31.1	31.8	30.2	46.9	37.1	27.9	29.8	27.1	40.9	25.2	25.2	
Reported PAT	**1,556**	**1,852**	**1,920**	**6,827**	**-2,162**	**1,186**	**1,588**	**10,097**	**12,154**	**10,708**	**1,790**	**-11.2%**
Change (%)	92.5	60.4	25.3	49.3	NA	-36.0	-17.3	47.9	50.7	-11.9	-6.8	
Adj. PAT	**1,556**	**1,852**	**1,920**	**6,827**	**-2,162**	**1,186**	**1,588**	**10,097**	**12,154**	**10,708**	**1,790**	**-11.2%**
Change (%)	92.5	60.4	25.3	49.3	NA	-36.0	-17.3	47.9	50.7	-11.9	-6.8	

Hexaware Technologies

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	HEXW IN
Equity Shares (m)	302
M.Cap.(INRb)/(USDb)	112 / 1.6
52-Week Range (INR)	439 / 320
1, 6, 12 Rel. Per (%)	15/-12/-7
12M Avg Val (INR M)	332

Financials & Valuations (INR b)

Y/E Dec	2019	2020E	2021E
Sales	55.8	65.3	74.5
EBIT Margin (%)	13.9	13.7	14.0
PAT	6.6	7.4	8.6
EPS (INR)	21.2	24.4	28.6
EPS Gr. (%)	9.8	15.1	17.0
BV/Sh. (INR)	91.8	106.7	123.7
Ratios			
RoE (%)	24.8	24.6	24.8
RoCE (%)	24.2	23.2	23.5
Payout (%)	38.8	31.8	34.0
Valuations			
P/E (x)	15.7	13.7	11.7
P/BV (x)	3.6	3.1	2.7
EV/EBITDA (x)	10.8	8.6	7.2
Div Yield (%)	2.5	2.4	3.0

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	0.0	0.0	0.0
DII	11.3	11.2	14.7
FII	43.9	44.1	42.9
Others	44.9	44.7	42.4

FII Includes depository receipts

CMP: INR375 TP: INR400 (+7%) Neutral

Operational miss; weak outlook

Expect growth headwinds in the near term

- Reported growth and margins were impacted by ramp downs at a key client and longer-than-usual furloughs. Client-specific challenges are expected to continue for one more quarter. Organic growth outlook (our estimate: 7.3%-9.5% YoY) remains weak. We expect margins to remain flat in CY20.
- Our EPS estimates are largely unchanged. Maintain **Neutral**.

Client-specific challenges remain a key overhang

- Revenue rose 22% YoY (our estimate: 23% YoY) to USD214m, EBIT was up 16% YoY at INR2b (5% miss), while PAT grew 36% YoY to INR1.7b (9% miss).
- Revenue grew 1.3% QoQ CC. Change in mix, a decline in bill rates and furloughs were the key headwinds for revenue growth. Strong increase in volumes was the key tailwind.
- Among geographies, Europe (7.4% QoQ, USD) and APAC (2.8% QoQ) drove growth, while North America remained an overhang (0.5% QoQ).
- Most verticals – except BFS (-6.3% QoQ) – reported strong growth. Sharp decline in BFSI was attributed to the challenges at a key client (Freddie Mac).
- Ramp down at the key client impacted most of the service lines, except IMS (13.3% QoQ) and BPS (4.2% QoQ).
- On a sequential basis, EBIT margin contracted 50bp. Decline in bill rates, calendar/furlough impact, wage hikes and SG&A increase were the key margin headwinds. Improvement in utilization, mix, INR depreciation and ESOP cost reversal were the key tailwinds.
- The company announced net new deal wins worth USD30m in 4QCY19.
- Attrition moderated ~150bp QoQ to 15.8% in Dec'19.

Key highlights from management commentary

- The company does not foresee any client-specific issues, except the key account within BFSI (Freddie Mac).
- Challenges at Freddie Mac will be behind by 1QCY20. Accordingly, the company expects that majority of the growth will happen from 2Q in CY20.
- Expect overall revenue growth of 15%-17% YoY for CY20. Assuming a revenue growth rate of 20% for Mobiquity, it should translate into weak organic revenue growth guidance of 7.3%-9.5% YoY.
- Expect EBITDA margin in the range of 15%-16%. Impact of Ind-AS on EBITDA margins for CY20 is yet to be worked out.
- The company has not witnessed any major spike in attrition within the leadership team of Mobiquity.
- Coronavirus can pose a downside risk to client prospects within T&T.
- Stake sale by Barings is not imminent.

Valuation view – weak outlook to weigh on multiples in near term

- Client-specific challenges in conjunction with softness in deal wins (Net New) should remain an overhang on near-term organic growth.
- While we do not foresee any major margin headwinds at this juncture, onsite supply challenges remain a key variable to watch out for.
- In addition, concerns related to stake sale by Barings should remain an additional drag on multiples. The stock trades at 16x one-year forward P/E. Our TP implies 12x CY21E EPS.

Quarterly Performance (Indian GAAP) (INR Million)

Y/E Dec	CY18				CY19				CY18	CY19	Est.	Var. (%
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QCY19	/ bp)
Revenue (USD m)	**162.2**	**168.3**	**171.1**	**176.1**	**180.0**	**188.5**	**210.5**	**214.3**	**678**	**793**	**216.8**	**-1.2**
QoQ (%)	3.9	3.8	1.7	2.9	2.2	4.7	11.7	1.8	11.6	17.1	3.0	-120bp
Revenue (INR m)	**10,490**	**11,367**	**12,096**	**12,524**	**12,640**	**13,083**	**14,814**	**15,288**	**46,477**	**55,825**	**15,438**	**-1.0**
YoY (%)	9.2	15.6	21.8	24.6	20.5	15.1	22.5	22.1	17.9	20.1	23.3	-120bp
GPM (%)	**32.9**	**31.8**	**32.8**	**31.6**	**30.2**	**32.4**	**33.8**	**33.8**	**32.2**	**32.6**	**33.8**	**3bp**
SGA (%)	17.4	16.2	16.0	16.3	15.3	16.2	17.7	18.2	16.5	16.9	17.4	77bp
EBITDA	**1,626**	**1,773**	**2,023**	**1,913**	**1,887**	**2,117**	**2,377**	**2,397**	**7,335**	**8,778**	**2,534**	**-5.4**
EBITDA Margin (%)	**15.5**	**15.6**	**16.7**	**15.3**	**14.9**	**16.2**	**16.0**	**15.7**	**15.8**	**15.7**	**16.4**	**-74bp**
EBIT	**1,475**	**1,591**	**1,864**	**1,755**	**1,739**	**1,912**	**2,053**	**2,041**	**6,685**	**7,745**	**2,210**	**-7.6**
EBIT Margin (%)	14.1	14.0	15.4	14.0	13.8	14.6	13.9	13.4	14.4	13.9	14.3	-97bp
Other income	204	327	264	-215	-42	99	171	-16	580	212	40	-139.3
ETR (%)	20.0	20.0	19.1	19.9	18.4	16.4	17.4	17.3	19.7	17.3	17.9	
PAT	**1,343**	**1,534**	**1,722**	**1,234**	**1,385**	**1,682**	**1,837**	**1,675**	**5,833**	**6,578**	**1,848**	**-9.4**
QoQ (%)	10.9	14.2	12.3	-28.3	12.2	21.4	9.2	-8.8			0.6	-942bp
YoY (%)	17.9	25.3	21.3	1.9	3.1	9.6	6.6	35.7	16.8	12.8	49.7	-1402bp
EPS (INR)	**4.5**	**5.1**	**5.7**	**4.1**	**4.6**	**5.0**	**6.1**	**5.5**	**19.3**	**21.2**	**6.1**	

E: MOFSL Estimates

Key Perfor. Indicators

Y/E March	CY18				CY19				CY18	CY19
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Operating metrics										
Headcount	14,619	15,357	16,050	16,205	16,492	18,257	19,043	19,999	16,205	19,999
Utilization (%)	81	78	79	79	79	81	79	78	79.2	79.2
Attrition (%)	13	14	16	17	18	18	17	16		
Offshore rev. (%)	35	35	35	36	37	37	37	40	38	35
Key Verticals (QoQ %)										
BFSI	2.3	1.6	1.0	2.0	-0.9	2.2	8.3	-6.3	9.8	5.5

J K Cement

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	JKCE IN
Equity Shares (m)	77
M.Cap.(INRb)/(USDb)	109.6 / 1.5
52-Week Range (INR)	1465 / 682
1, 6, 12 Rel. Per (%)	12/33/90
12M Avg Val (INR M)	74

Financial Snapshot (INR bn)

Y/E MARCH	2020E	2021E	2022E
Sales	59.0	65.7	76.3
EBITDA	12.2	14.4	17.1
Adj. PAT	4.8	5.5	7.5
EBITDA Margin (%)	20.7	21.9	22.4
Adj. EPS (INR)	62.2	71.6	97.0
EPS Gr. (%)	82.4	15.0	35.6
BV/Sh. (INR)	403	466	554
Ratios			
Net D:E	0.8	0.5	0.2
RoE (%)	16.6	16.5	19.0
RoCE (%)	11.0	11.2	13.0
Payout (%)	13.6	11.8	8.7
Valuations			
P/E (x)	22.8	19.8	14.6
P/BV (x)	3.5	3.0	2.6
EV/EBITDA(x)	10.9	9.0	7.0
EV/ton (USD)	115	110	101
Div. Yield (%)	0.5	0.5	0.5
FCF Yield (%)	-3.3	7.7	12.7

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	40.1	40.2	40.2
DII	22.6	22.1	17.8
FII	16.2	17.2	21.4
Others	21.1	20.5	20.7

FII Includes depository receipts

CMP: INR1,418 TP: INR1,660 (+17%) Buy

Well placed to benefit from exposure to North India

New capacities to drive earnings

- J K Cement's (JKCE) 3QFY20 results reflect the benefit of the company's strong exposure to North India, our preferred regional market. EBITDA/t increased 29% YoY, led by 8% YoY increase in realizations.
- We maintain our FY20/FY21 estimates and our **Buy** rating. Moreover, JKCE's new capacities should lead to volume and earnings growth.

EBITDA in line; PAT beat led by higher other income

- In 3QFY20, grey cement volumes (incl. clinker) increased 3% YoY to 2.2mt while white cement volumes were flat YoY to 0.35mt.
- Combined realizations stood at INR5,490/t (+8% YoY, -2% QoQ). Revenue increased 10% YoY to INR14b (in-line).
- Cost/t at INR4,404/t increased 4% YoY/-1% QoQ, higher than our est. INR4,291/t. EBITDA/t stood at INR1,086 (+29% YoY,-4% QoQ). EBITDA was in line with est. at INR2.8b (+32% YoY/+9% QoQ). Margins came in at 19.8% (+3.24pp YoY, -0.48pp QoQ).
- Other income was 39% higher than est. at INR237m. Tax rate was at 27.5% in the quarter, as against 48% in the year-ago period. PAT grew 126% YoY to INR1.37b (v/s est. INR1.2b).
- The company has commissioned 1mt/1.5mt grey cement grinding unit at Mangrol (Rajasthan)/Aligarh (UP) on 3rd Feb'20.

Highlights from management commentary

- The 0.7mt grinding unit in Balasinor (Gujarat) should get completed in the next 2 months; the rest of the 3.5mt expansion has been commissioned.
- Capex – for FY20 at ~INR12b, for FY21 expected at ~INR7b.
- The company has acquired 500acres of land in Panna, Madhya Pradesh, for INR9b. The board will decide to put up the capacity once environment clearances are in place.
- Cost savings on the new capacity should be visible only in 4QFY21 as the new capacities are on trial-run currently.
- JKCE is consulting the Boston Consulting Group (BCG) to formulate market strategy for its new capacities and existing business. The consultancy fee for FY20 and FY21 should be INR500m each.

Valuation and view

- JKCE is best placed in the industry to benefit from the robust North India market as it is the only company with a new integrated capacity in the region.
- We expect JKCE to deliver EBITDA CAGR of 18% over FY20-22E and RoE to improve to 19% in FY22 (from 11% in FY19), driven by ramp-up in its new cement capacities. We arrive at a target price of INR1,660/share, valuing the white cement business at 10x Dec'21E EV/EBITDA and the grey cement business at 8x Dec'21E EV/EBITDA. Maintain **Buy.**

Quarterly Performance (Standalone) (INR Million)

Y/E March	FY19				FY20				FY19	FY20E	FY20	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Sales Dispatches (m ton)	2.32	2.16	2.50	2.88	2.31	2.24	2.56	3.07	9.88	10.17	2.56	0
YoY Change (%)	8.9	-2.9	7.5	5.8	-0.3	3.6	2.4	6.6	5.1	3.0	2.5	
Realization (INR/ton)	4,819	5,096	5,098	5,182	5,753	5,604	5,490	5,373	5,044	5,539	5,413	1
YoY Change (%)	-1.7	2.3	5.2	7.1	19.4	10.0	7.7	3.7	3.2	9.8	6.2	
QoQ Change (%)	-0.4	5.8	0.0	1.7	11.0	-2.6	-2.0	-2.1			-3.4	
Net Sales	**11,156**	**11,006**	**12,732**	**14,919**	**13,280**	**12,542**	**14,042**	**16,482**	**49,813**	**56,346**	**13,863**	1
YoY Change (%)	7.1	-0.6	13.1	13.4	19.0	14.0	10.3	10.5	8.5	13.1	8.9	
Total Expenditure	9,652	9,309	10,627	12,124	10,245	10,002	11,264	12,894	41,712	44,405	10,991	2
EBITDA	**1,504**	**1,698**	**2,105**	**2,795**	**3,035**	**2,540**	**2,777**	**3,588**	**8,101**	**11,941**	**2,872**	-3
Margins (%)	13.5	15.4	16.5	18.7	22.9	20.3	19.8	21.8	16.3	21.2	20.7	
Depreciation	474	487	486	497	494	518	556	600	1,944	2,167	648	-14
Interest	547	583	564	533	534	561	561	575	2,221	2,232	700	-20
Other Income	158	180	118	349	172	180	237	235	799	823	170	39
PBT before EO expense	**640**	**808**	**1,173**	**2,114**	**2,179**	**1,641**	**1,897**	**2,648**	**4,736**	**8,365**	**1,694**	12
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**640**	**808**	**1,173**	**2,114**	**2,179**	**1,641**	**1,897**	**2,648**	**4,736**	**8,365**	**1,694**	12
Tax	147	161	564	614	641	553	521	878	1,487	2,593	508	3
Rate (%)	22.9	20.0	48.1	29.1	29.4	33.7	27.5	33.2	31.4	31.0	30.0	
Reported PAT	**493**	**647**	**609**	**1,500**	**1,538**	**1,088**	**1,376**	**1,770**	**3,249**	**5,772**	**1,186**	16
Adj PAT	**493**	**647**	**609**	**1,500**	**1,538**	**1,088**	**1,376**	**1,770**	**3,249**	**5,772**	**1,186**	16
YoY Change (%)	-37.8	-25.9	-16.6	42.5	211.8	68.2	125.8	18.0	-5.8	77.6	94.7	

E: MOFSL Estimates

Quarterly Performance (Standalone) (INR m)

Y/E March	FY19				FY20				FY19	FY20		Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	(%)
Grey Cement (mt)	2.04	1.87	2.14	2.53	1.97	1.91	2.20	2.73	8.58	8.81	2.2	-1
Growth (%)	8.9	-3.0	5.8	5.5	-3.2	2.1	2.8	7.8	4.3	2.7	3.6	
% of total Vols	88.0	86.5	85.8	87.9	85.4	85.3	86.2	88.9	86.9	86.6	86.7	
White Cement (mt)	0.28	0.29	0.35	0.35	0.34	0.33	0.35	0.34	1.27	1.36	0.3	4
Growth (%)	9.1	-1.8	19.0	8.8	21.0	13.2	0.0	-2.2	8.5	7.2	-3.9	
% of total Vols	12.0	13.5	14.2	12.1	14.6	14.7	13.8	11.1	12.9	13.4	13.3	
Per ton analysis (INR/t)												**(INR/t)**
Net realization	**4,819**	**5,096**	**5,098**	**5,182**	**5,753**	**5,604**	**5,490**	**5,373**	**5,044**	**5,539**	**5,413**	1
RM Cost	764	782	910	920	790	967	996	950	849	929	954	4
Employee Expenses	392	418	357	290	420	430	388	384	358	403	410	-6
Power, Oil & Fuel	1,065	1,115	1,047	1,054	1,136	1,003	992	950	1,066	1,014	947	5
Freight & handling	1,141	1,092	1,111	1,058	1,072	1,038	1,058	1,040	1,095	1,051	1,013	4
Other Expenses	807	903	830	890	1,021	1,031	971	879	856	968	968	0
Total Exp	**4,169**	**4,310**	**4,255**	**4,212**	**4,439**	**4,469**	**4,404**	**4,203**	**4,224**	**4,365**	**4,291**	**3**
EBITDA	**650**	**786**	**843**	**971**	**1,315**	**1,135**	**1,086**	**1,170**	**820**	**1,174**	**1,121**	**-3**

CESC

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	CESC IN
Equity Shares (m)	133
M.Cap.(INRb)/(USDb)	96.6 / 1.4
52-Week Range (INR)	855 / 642
1, 6, 12 Rel. Per (%)	0/-15/-6
12M Avg Val (INR M)	289

Financials & Valuations (INR b)

Y/E March	2020E	2021E	2022E
Net Sales	105.8	106.4	112.3
EBITDA	33.3	32.6	34.6
PAT	12.7	13.0	15.4
EPS (INR)	95.4	97.6	115.7
Gr. (%)	7.3	2.3	18.6
BV/Sh (INR)	745.0	815.0	899.5
RoE (%)	13.4	12.5	13.5
RoCE (%)	9.0	8.8	9.4
P/E (x)	7.6	7.5	6.3
P/BV (x)	1.0	0.9	0.8
RoCE (%)	9.0	8.8	9.4
Payout (%)	21.0	23.6	22.5
Valuations			
P/E (x)	7.6	7.5	6.3
P/BV (x)	1.0	0.9	0.8
Div. Yield (%)	2.7	3.2	3.6
FCF Yield (%)	26.5	23.0	24.1

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	49.9	49.9	49.9
DII	22.8	23.3	25.7
FII	18.7	17.8	11.1
Others	8.5	9.0	13.3

FII Includes depository receipts

CMP: INR728 TP: INR970 (+33%) Buy

S/A gen muted; Dhariwal improves on new PPA

Dhariwal losses reduce, DFs' performance improves

- CESC's third-quarter results highlight the benefit of the improved performance of its DF businesses and lower losses at Dhariwal, with consol. PAT increasing 12% YoY. S/A PAT grew 2% YoY (in-line).
- We expect the performance at Dhariwal and DFs to continue to improve. Despite factoring in the tightening of norms at Haldia and S/A, the stock trades attractively at 7.5x FY21E P/E. Maintain Buy with a TP of INR970.

S/A sales and generation muted

- S/A PAT increased ~2% YoY to INR1.8b (in-line) in 3QFY20. Sales volume remained flat YoY at 2.1BU, while generation was down ~10% YoY. Estimated T&D losses stand at ~9%.
- Consol. PAT increased by ~12% YoY to INR2.7b in the quarter, largely on the back of lower losses at Dhariwal and the better DF performance. For 9MFY20, consol. PAT was up 12% YoY at INR8.6b.

New PPA aids Dhariwal, DF operations improve

- Profits from Noida were broadly stable at INR140m (v/s INR150m in the previous year).
- DFs though witnessed an improved performance with profit up 35% YoY at INR270m. Our interactions with CESC indicate that the operations at Kota have improved post the heavy flood-like situation in the previous quarter.
- Losses at Crescent and Surya increased to INR180m (v/s INR70m loss in 3QFY19). This was due to shutdown at Crescent given equipment problems. The plant though has resumed operations this month.
- Loss at Dhariwal decreased to INR150m (INR340m loss in 3QFY19), led by better contribution from its new PPA.

FCF generation increasing; Maintain Buy

- Dhariwal has signed a 170MW PPA (for up to one year) with Maharashtra from Nov'19, which should reduce losses. Performance of DFs should improve as the company gains better understanding of the circles and leverages from its experience in Kolkata.
- CESC's existing distribution business is high-RoE and delivers steady growth. Generation assets generate healthy FCF. Despite factoring in the tightening of norms at Haldia and S/A, the stock trades attractively at 7.5x FY21E P/E. Untied generation capacity and scale-up of DF have the potential to boost earnings.
- We roll forward and value the stock at 10x one-year forward P/E. Maintain Buy with a target price of INR970.

Quarterly Performance (standalone) – INR million

Y/E March	FY19				FY20				FY19	FY20	FY20	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Sales	**21,650**	**22,200**	**17,070**	**16,620**	**23,590**	**22,460**	**16,480**	**16,960**	**77,540**	**79,490**	**17,829**	**-8**
EBITDA	**4,960**	**5,110**	**2,020**	**1,500**	**4,420**	**4,630**	**2,770**	**7,648**	**13,576**	**19,468**	**3,978**	**-30**
Change (%)	-18.3	1.2	-35.7	-28.2	-10.9	-9.4	37.1	409.8	-17.5	43.4	97.9	
As of % Sales	22.9	23.0	11.8	9.0	18.7	20.6	16.8	45.1	17.5	24.5	22.3	
Depreciation	1,100	1,110	1,090	1,030	1,090	1,080	1,100	1,218	4,326	4,488	1,131	-3
Interest	1,200	1,200	1,170	1,090	1,300	1,270	1,170	861	4,664	4,601	1,154	1
Other Income	200	280	450	720	230	450	290	799	1,649	1,769	477	-39
Regulatory (inc)/exp	500	-370	-2,000	-3,830	-500	-480	-1,350	2,330	-5,700	0	0	
PBT	**2,360**	**3,450**	**2,210**	**3,930**	**2,760**	**3,210**	**2,140**	**4,038**	**11,935**	**12,148**	**2,170**	**-1**
Tax	520	740	480	840	590	460	380	757	2,574	2,187	376	
Effective Tax Rate (%)	22.0	21.4	21.7	21.4	21.4	14.3	17.8	18.7	21.6	18.0	17.3	
Reported PAT	**1,840**	**2,710**	**1,730**	**3,090**	**2,170**	**2,750**	**1,760**	**3,281**	**9,361**	**9,961**	**1,794**	**-2**
Adjusted PAT	**1,840**	**2,710**	**1,730**	**3,090**	**2,170**	**2,750**	**1,760**	**3,281**	**9,361**	**9,961**	**1,794**	**-2**
Change (%)	3.4	9.7	12.3	9.2	17.9	1.5	1.7	6.2	6.5	6.4	4.3	

Source: MOFSL, Company

Standalone- operating metrics

		2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20
Units sold	MU	2,759	2,345	2,393	2,840	2,873	2,295	2,291	3,057	2,923	2,119
change yoy	%	4.0	12.2	20.0	-0.5	4.1	-2.1	-4.3	7.6	1.7	0.3
Realization	INR/kWh	7.6	7.3	7.5	7.6	7.7	7.4	7.3	7.7	7.7	7.8
T&D loss	%	10.8	10.8	5.5	9.7	9.7	9.8	6.9	9.7	9.0	9.0
Gross generation	MU	1,738	1,357	1,506	1,709	1,732	1,365	1,493	1,718	1,713	1,224
change yoy	%	1.3	16.0	24.0	-1.6	-0.3	0.6	-0.9	0.5	-1.1	-10.3
Generation fuel cost	INR/kWh	2.2	2.3	2.2	2.3	2.5	2.5	2.6	2.7	2.7	2.4
Power purchase	MU	1,509	1,322	1,202	1,608	1,603	740		1,774	1,657	1,267
Power purchase cost	INR/kWh	5.1	5.5	5.7	5.2	5.1	10.0		5.0	5.1	5.3

Source: Company, MOFSL

Nalco

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	NACL IN
Equity Shares (m)	1,933
M.Cap.(INRb)/(USDb)	76.4 / 1.1
52-Week Range (INR)	60 / 37
1, 6, 12 Rel. Per (%)	-9/-13/-37
12M Avg Val (INR M)	521
Free float (%)	48.5

Financials & Valuations (INR b)

Y/E MARCH	2020E	2021E	2022E
Sales	87.3	90.2	91.3
EBITDA	3.8	10.4	11.2
Adj. PAT	0.5	5.2	5.8
EBITDA Margin (%)	4.3	11.6	12.3
Cons. Adj. EPS (INR)	0.2	2.7	3.0
EPS Gr. (%)	-97.4	1,050	11.7
BV/Sh. (INR)	54.3	55.4	56.7
Ratios			
Net D:E	-0.3	-0.2	-0.2
RoE (%)	0.4	4.9	5.4
RoCE (%)	0.6	6.0	6.6
Payout (%)	59.5	59.5	59.5
Valuations			
P/E (x)	174.7	15.2	13.6
P/BV (x)	0.8	0.7	0.7
EV/EBITDA(x)	13.7	5.3	5.2
Div. Yield (%)	0.3	3.3	3.7

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	51.5	52.0	56.8
DII	15.6	16.9	18.7
FII	11.8	10.8	11.1
Others	21.1	20.3	13.4

FII Includes depository receipts

CMP: INR41 TP: INR48 (+17%) Buy

Higher cost impacts performance

Coal availability issues continue impacting margin

- NALC's result highlights the continued impact of lower coal supplies from Mahanadi coal fields, which led to higher power costs and lower volumes.
- We cut our FY20/21 EBITDA estimate by 15%/17% to factor in lower LME aluminum prices (due to Coronavirus outbreak) and higher power costs. Maintain **Buy**.

Miss led by lower production, higher costs

- Revenue declined 23% YoY (-12% QoQ) to INR20.9b due to lower aluminum production of 96kt (-12% YoY, -13% QoQ) and lower LME aluminum price of USD1,752/t (-11% YoY, -1% QoQ).
- EBITDA of INR0.3b (-94% YoY, +7% QoQ) was below our estimate of INR1.5b due to lower volumes and higher aluminum cost of production (largely higher power cost) on account of lower coal supplies from Mahanadi coal fields.
- The company reported a loss of INR0.34b (our estimate: profit of INR0.7b).
- **Aluminum:** EBIT loss was at INR1.4b (v/s INR1.25b profit last year); revenue declined to INR13.4b (-22% YoY, -13% QoQ) as production was down at 96kt (-12% YoY, -13% QoQ). Assuming sales at similar levels (i.e. 96kt), realization declined 14% YoY (and 1% QoQ) to USD1,959/t on account of lower LME and premiums. Implied CoP was up 4% YoY at USD2,145/t (-1% QoQ).
- **Alumina:** Revenue was at INR10.1b (-22% YoY, -11% QoQ) and EBIT at INR1b (-73% YoY, -13% QoQ).

Coal production resumes at Talcher mines of Mahanadi coal fields

- The 2Q/3QFY20 results were impacted by the sharp increase in power & fuel costs as a result of lower coal supplies from the Mahanadi coal fields.
- NALC is dependent on Mahanadi coal fields to source coal for the Angul captive power plant. Supplies from Mahanadi, however, got disturbed from 2QFY20 due to heavy monsoon and labor strikes, which required NALC to purchase power externally and curtail aluminum production.
- With Talcher mining operations normalized now, coal supply to NALC has improved which should reduce power & fuel cost.

Valuation and view

- We believe alumina/aluminum LME prices are close to bottom, as – at the current levels – several global smelters/refiners (particularly Chinese) would be in cash losses. We thus believe that there is scope for prices to recover. NACL is best placed to benefit from higher prices.
- Improved coal availability, lower input costs (caustic soda, coal tar pitch and calcined petroleum coke) and a recovery in alumina prices would drive a rebound in profits. We maintain our positive stance on NALCO considering its integrated business model, high cash levels and attractive dividend yield.
- We value the stock at 5x FY21E EV/EBITDA to arrive at a TP of INR48. **Buy**.

Quarterly performance

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E	FY21E	FY22E	FY20	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE					3QE	(%)
Net Sales	**29,733**	**30,409**	**27,189**	**27,662**	**20,841**	**23,636**	**20,884**	**21,981**	**114,993**	**87,340**	**90,151**	**91,280**	**21,964**	**-5**
Change (YoY %)	64.9	23.9	13.8	-3.4	-29.9	-22.3	-23.2	-20.5	20.9	-24.0	3.2	1.3	-19	
EBITDA	**10,111**	**8,509**	**5,766**	**5,176**	**2,144**	**322**	**343**	**982**	**29,561**	**3,791**	**10,413**	**11,230**	**1,525**	**-77**
Alumina-EBITDA (USD/t)	299	263	192	122	106	57	51	43	214	59	47	50	52	
Aluminum - EBITDA (USD/t)	528	316	229	233	62	-157	-148	-34	321	-69	198	215	36	
As % of Net Sales	34.0	28.0	21.2	18.7	10.3	1.4	1.6	4.5	25.7	4.3	11.6	12.3	6.9	
Interest	6	6	6	6	16	16	17	16		66	66	66	0	
Depreciation	1,217	1,160	1,181	1,203	1,264	1,343	1,341	1,342	4,761	5,290	5,367	5,367	1,248	8
Other Income	621	903	758	977	614	566	482	524	3,259	2,186	2,036	2,040	873	-45
PBT (before EO Item)	**9,509**	**8,246**	**5,337**	**4,943**	**1,477**	**-472**	**-532**	**148**	**28,059**	**621**	**7,016**	**7,837**	**1,150**	**-146**
Extra-ordinary Income	910	0	-636	-910	0	0	0	0					0	
PBT (after EO Item)	**10,419**	**8,246**	**4,701**	**4,033**	**1,477**	**-472**	**-532**	**148**	**28,059**	**621**	**7,016**	**7,837**	**1,150**	**-146**
Total Tax	3,549	3,146	1,683	1,697	499	-188	-193	49	10,075	167	1,799	2,009	283	-168
% Tax	34.1	38.2	35.8	42.1	33.8	39.9	36.2	33.0	35.9	26.9	25.6	25.6	25	
Reported PAT	**6,871**	**5,100**	**3,018**	**2,336**	**978**	**-284**	**-340**	**99**	**17,984**	**454**	**5,217**	**5,828**	**867**	**-139**
Adjusted PAT	**6,095**	**5,285**	**3,420**	**3,168**	**978**	**-284**	**-340**	**99**	**17,984**	**454**	**5,217**	**5,828**	**867**	**-139**

Operational performance

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E	FY21E	FY22E	FY20	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE					3QE	(%)
Alumina Prodn. (kt)	**583**	**471**	**538**	**561**	**583**	**477**	**516**	**561**	**2,153**	**2,137**	**2,137**	**2,137**	**516**	**0**
CoP (USD/t)	249	273	284	273	263	241	222	209	270	231	241	0	214	
Aluminum Prodn. (kt)	**110**	**111**	**108**	**111**	**111**	**110**	**96**	**105**	**440**	**422**	**426**	**430**	**110**	**-13**
CoP (USD/t)	2,033	1,949	2,059	1,842	2,017	2,164	2,145	2,004	1,967	2,082	1,879	0	2,004	
Aluminum Sales (kt)	105	115	104	117	103	110	96	105	441	414	426	430	110	-13
Alumina Sales (kt)	320	324	293	380	231	386	374	401	1,317	1,392	1,327	1,319	348	8
Avg. LME Aluminum (USD/ton)	2,250	2,050	1,973	1,859	1,792	1,762	1,752	1,750	2,033	1,764	1,838	1,850	1,750	0
NSR premiums (USD/ton)	311	216	315	216	257	212	207	220	264	224	240	240	290	-29
Alumina NSR (USD/ton)	548	535	476	394	369	298	273	280	488	305	288	290	300	-9

Prism Johnson

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	PRSMJ IN
Equity Shares (m)	503
M.Cap.(INRb)/(USDb)	33.3 / 0.5
52-Week Range (INR)	959 / 636
1, 6, 12 Rel. Per (%)	2/-7/-6
12M Avg Val (INR M)	1493

Financial Snapshot (INR bn)

Y/E MAR	2020E	2021E	2022E
Sales	59.5	63.3	67.4
EBITDA	5.1	5.9	6.4
Adj. PAT	0.8	1.0	1.4
EBITDA Margin (%)	8.6	9.3	9.5
Adj. EPS (INR)	1.6	2.1	2.7
EPS Gr. (%)	(49.2)	29.3	32.1
BV/Sh. (INR)	24	25	27
Ratios			
Net D:E	0.99	0.91	0.82
RoE (%)	6.8	8.4	10.3
RoCE (%)	9.0	9.7	10.6
Payout (%)	36.9	28.5	21.6
Valuations			
P/E (x)	41.7	32.2	24.4
P/BV (x)	2.8	2.6	2.4
EV/EBITDA(x)	8.5	7.6	6.9
EV/ton (USD)	44	44	41
Div. Yield (%)	0.8	0.8	0.8
FCF Yield (%)	4.9	8.7	8.3

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	40.1	40.2	40.2
DII	22.6	22.1	17.8
FII	16.2	17.2	21.4
Others	21.1	20.5	20.7

FII Includes depository receipts

CMP: INR66 TP: INR90(+36%) Buy

Well placed to benefit from exposure to Central India

Turnaround in TBK business remains key

- Prism Johnson's (PRSMJ) 3QFY20 reflects margin improvement due to strong cost savings. Cost/t for cement business declined 5% QoQ, resulting in 23% QoQ margin improvement. But, RMC/TBK businesses reported EBIT loss.
- With strong presence in the Central-India region, PRSMJ will be a key beneficiary of healthy pricing in the region. However, the turnaround in TBK operations will be a monitorable. We maintain our estimates and **Buy** rating.

Lower costs drive improvement in cement EBITDA/t

- 3QFY20 standalone revenue dipped 4% YoY (+5% QoQ) to INR13.8b (v/s est. INR14.5b) due to 8% YoY decline in cement volumes (as clinker sales decreased sharply).
- EBITDA increased 2% YoY (+35% QoQ) to INR1.1b (v/s est. INR1.06b), with margin at 8.1% (+0.5pp YoY, +1.8pp QoQ). The company reported net profit of INR76m (-60% YoY), marginally above estimates.
- Cement EBITDA/t was better than expected at INR753/t (+7% YoY, +23% QoQ) (v/s est. INR634/t) led by 5% QoQ drop in cost to INR3,701/t (+3.5% YoY). Realization was nearly flat at INR4,455/t (+1% YoY, -1% QoQ).
- TBK's revenue increased 1% YoY to INR4.3b. Segment volumes increased 3% YoY. TBK reported EBIT loss of INR109m (v/s INR84m loss in 3QFY19).
- RMC sales stood at INR3.4b (-8% YoY). Reported EBIT loss was at INR18m for 3QFY20 (v/s INR5m in 3QFY19). EBIT declined during the quarter due to lower utilization levels.

Highlights from management commentary

- Several cost initiatives such as commissioning of WHRS, Solar Power and change in fuel mix should help drive cement profitability in the future.
- The RMC business' focus continues on improving utilization levels and increase in value-added products in the Individual Housing Segment
- Bathroom segment revenues continued better growth at ~22% YoY. Net working capital management remains under control.
- Consol. EBITDA margins for TBK stood at ~5% (v/s ~2.9% for 3QFY19). Consol. EBITDA grew 78% YoY to INR233m.

Valuation and view

- PRSMJ's focus has been sale of premium products, which should support realization. The company also plans to commission a 22.5MW WHRS by Jun'20, which should help in cost rationalization for power and fuel. We expect EBITDA/t for the cement business to grow 16% to INR948/t over FY20-FY22E.
- We expect margins/RoEs to improve by 0.9pp/3.5pp over FY20-22E. Our SOTP value for PRSMJ is INR90/share. We value the cement business at 6x Dec'21E EV/EBITDA, RMC at 6x Dec'21E EV/EBITDA and TBK at 1x Dec'21E EV/sales. Maintain **Buy.**

Quarterly Performance (Standalone) **(INR M)**

Y/E March	FY19				FY20				FY19	FY20E	FY20	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Sales Dispatches (m ton)	1.67	1.35	1.50	1.75	1.56	1.27	1.39	1.61	6.27	5.83	1.43	-3
YoY Change (%)	13.0	20.0	9.6	4.8	-6.8	-5.5	-7.7	-7.8	11.2	-7.0	-5.0	
Realization (INR/ton)	4,380	4,355	4,391	4,545	4,669	4,501	4,455	4,531	4,423	4,543	4421	1
YoY Change (%)	-5.2	10.6	5.1	0.5	6.6	3.4	1.5	-0.3	1.7	2.7	0.7	
QoQ Change (%)	-3.2	-0.6	0.8	3.5	2.7	-3.6	-1.0	1.7			-1.8	
Net Sales	**14,977**	**13,353**	**14,398**	**16,828**	**15,077**	**13,142**	**13,788**	**17,519**	**59,556**	**59,525**	**14,584**	-5
YoY Change (%)	13.1	14.6	10.3	4.3	0.7	-1.6	-4.2	4.1	10.5	-0.1	1.3	
Total Expenditure	13,168	12,550	13,308	14,983	13,226	12,316	12,672	16,188	54,008	54,401	13,518	-6
EBITDA	**1,809**	**803**	**1,090**	**1,845**	**1,851**	**826**	**1,117**	**1,331**	**5,547**	**5,124**	**1,066**	5
Margins (%)	12.1	6.0	7.6	11.0	12.3	6.3	8.1	7.6	9.3	8.6	7.3	11
Depreciation	376	385	400	440	459	477	488	492	1,601	1,916	480	2
Interest	448	436	437	421	467	515	573	621	1,741	2,176	510	12
Other Income	32	121	24	31	97	27	64	10	207	197	35	82
PBT before EO expense	**1,017**	**103**	**277**	**1,016**	**1,022**	**-140**	**119**	**228**	**2,413**	**1,229**	**111**	
Extra-Ord expense	0	0	0	113	0	0	0	0	113	0	0	
PBT after EO Expense	**1,017**	**103**	**277**	**903**	**1,022**	**-140**	**119**	**228**	**2,301**	**1,229**	**111**	7
Tax	315	33	87	406	366	-52	43	73	841	430	39	10
Rate (%)	31.0	31.9	31.4	44.9	35.8	37.2	36.0	32.1	36.5	35.0	35.0	
Reported PAT	**702**	**70**	**190**	**497**	**656**	**-88**	**76**	**155**	**1,460**	**799**	**72**	6
Adj PAT	**702**	**70**	**190**	**610**	**656**	**-88**	**76**	**155**	**1,573**	**799**	**72**	6
Margins (%)	4.7	0.5	1.3	3.6	4.3	-0.7	0.6	0.9	2.6	1.3	0.5	

E: MOFSL Estimates

Cement

Volumes (m ton)	**1.67**	**1.35**	**1.50**	**1.75**	**1.56**	**1.27**	**1.39**	**1.61**	**6.3**	**5.8**	**1.43**	-3
Growth YoY (%)	13.0	20.0	9.6	4.8	-6.8	-5.5	-7.7	-7.8	11.2	-7.0	**-5**	
Realizations (INR/Ton)	**4,380**	**4,355**	**4,391**	**4,545**	**4,669**	**4,501**	**4,455**	**4,531**	**4,423**	**4,543**	**4,421**	1
Growth YoY (%)	-5.2	10.6	5.1	0.5	6.6	3.4	1.5	-0.3	1.7	2.7	**1**	
Growth QoQ (%)	-3.2	-0.6	0.8	3.5	2.7	-3.6	-1.0	1.7			**-2**	
EBITDAs (INR/Ton)	**1,009**	**588**	**703**	**971**	**1,112**	**614**	**753**	**749**			**634**	19

Ashoka Buildcon

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	ASBL IN
Equity Shares (m)	281
M.Cap.(INRb)/(USDb)	29.3 / 0.4
52-Week Range (INR)	155 / 90
1, 6, 12 Rel. Per (%)	2/-23/-21
12M Avg Val (INR M)	60

Financials & Valuations (INR b)

Y/E Mar	2020E	2021E	2022E
Sales	41.5	49.1	54.4
EBITDA	5.4	5.9	6.5
PAT	3.3	3.5	3.8
EBITDA (%)	12.9	12.1	12.0
EPS (INR)	11.6	12.4	13.5
EPS Gr. (%)	1.4	6.3	9.5
BV/Sh. (INR)	89.3	100.5	112.8
Ratios			
Net D/E	0.4	0.4	0.3
RoE (%)	13.8	13.0	12.7
RoCE (%)	10.9	10.4	10.3
Payout (%)	10.0	9.4	8.6
Valuations			
P/E (x)	9.4	8.8	8.0
P/BV (x)	1.2	1.1	1.0
EV/EBITDA (x)	7.7	7.0	6.0
Div Yield (%)	0.9	0.9	0.9
FCF Yield (%)	6.4	8.0	9.2

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	54.3	54.3	54.3
DII	32.8	33.8	31.5
FII	3.7	3.9	4.3
Others	9.2	8.1	10.0

FII Includes depository receipts

CMP: INR104 TP: INR150 (+44%) Buy

Other income leads earnings surprise, order inflow healthy

Slight miss in operating performance; order book accretion welcome

- After many quarters of outperformance, Ashoka Buildcon's (ASBL) 3QFY20 operating performance was weak with revenue declining 8% YoY. While EBITDA was 6% below est., high other income led to earnings surprise by 8%.
- Including L1 orders, order book stands at INR95.5b with OB/Rev ratio improving to 2.5x. Strong order inflows came at the right time as strong execution over the past 6 quarters was leading to faster depletion of the order book, thereby raising concerns on sustainability of revenue run-rate.
- Toll collection growth in the Ashoka Concessions portfolio remains muted, thus, indicating decline in traffic growth. We maintain our standalone earnings estimate, but lower our valuation of road assets. Maintain TP of INR150 as we roll over to Sep'21E EPS. Maintain **Buy**.

EPC revenue growth takes a breather, order inflow encouraging

- Standalone revenue declined 8% to INR9.8b (11% below est.). EBITDA declined 16% YoY to INR1.2b (6% below est.). EBITDA margin came in at 12.6% YoY (v/s est. 12%). On account of higher other income at INR369m (v/s est. INR250m), adj. PAT was 8% above est. at INR855m (-16% YoY).
- Order book stood at INR80.9b as ASBL has secured new orders worth INR15b+. Additionally, the company is L1 in orders worth ~INR14b. Including the same, the OB/rev ratio improved to 2.5x, a pleasant development after many quarters of depleting order book owing to superior execution.
- Gross toll collection was muted at INR2.4b, indicating declining traffic growth across key projects.
- Gross debt stood at INR5.1b (down YoY, v/s end-FY19 level of INR7.2b). This indicates good working capital management in 9MFY20 (v/s worsening working capital cycle for peers).

Key takeaways from management commentary

- Management has cut its FY20 revenue growth guidance from 25% to 15%. We are more conservative on our assumptions and are factoring in 11% growth in standalone revenues.
- ASBL expects to garner another INR30b worth projects soon, taking the total order inflows to INR60b in the current fiscal. While NHAI awarding has been lackluster till date, it has started showing signs of pick-up now. We have factored in order inflow of INR50b for FY20.
- Update on pending PE exit from BOT assets: Management expects the exit of Macquarie from BOT assets to materialize by end-Mar'20, as it has received interest from investors and the process is currently underway.
- Standalone balance sheet remains strong as gross debt stood at INR5.1b by end-Dec'19. The company hasn't faced many issues with respect to receivables as well as grants from the government.

Valuation and view

- We maintain our standalone earnings estimate, but lower our valuation for road assets. Maintain TP of INR150 as we roll over to Sep'21E EPS. Maintain **Buy.**

Quarterly Performance (INR M)

Y/E March	FY19				FY20E				FY19	FY20E	FY20	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Variance
Net Sales	**6,725**	**7,644**	**10,651**	**13,074**	**8,768**	**8,223**	**9,836**	**14,698**	**38,094**	**41,525**	**11,000**	**-11**
YoY Change (%)	-4.8	101.9	61.6	86.2	30.4	7.6	-7.7	12.4	55.7	9.0	3.3	
EBITDA	**701**	**1,037**	**1,487**	**1,815**	**1,095**	**1,229**	**1,243**	**1,791**	**5,040**	**5,358**	**1,320**	**-6**
Margins (%)	10.4	13.6	14.0	13.9	12.5	14.9	12.6	12.2	13.2	12.9	12.0	
Depreciation	136	166	202	260	266	271	283	282	763	1,103	265	
Interest	171	130	239	367	214	231	200	332	907	977	250	
Other Income	366	157	254	380	342	392	369	225	1,157	1,329	250	
Extra-Ord expense	112	0	-398	-73	0	0	0	0	-358	0	0	
PBT	**759**	**899**	**1,301**	**1,568**	**957**	**1,118**	**1,129**	**1,402**	**4,527**	**4,607**	**1,055**	**7**
Tax	232	278	281	516	310	391	274	365	1,307	1,341	266	
Rate (%)	30.6	30.9	21.6	32.9	32.4	35.0	24.2	26.0	28.9	29.1	25.2	
Reported PAT	**639**	**621**	**622**	**980**	**647**	**727**	**855**	**1,037**	**2,862**	**3,266**	**789**	**8**
Adj PAT	**527**	**621**	**1,019**	**1,053**	**647**	**727**	**855**	**1,037**	**3,220**	**3,266**	**789**	**8**
YoY Change (%)	-7.5	124.4	116.8	-0.1	22.8	17.1	-16.1	-1.5	35.8	1.4	-22.6	
Margins (%)	7.8	8.1	9.6	8.1	7.4	8.8	8.7	7.1	8.5	7.9	7.2	

BSE

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	BSE IN
Equity Shares (m)	55
M.Cap.(INRb)/(USDb)	25.6 / 0.4
52-Week Range (INR)	648 / 446
1, 6, 12 Rel. Per (%)	12/14/-12
12M Avg Val (INR M)	63

Financials & Valuations (INR b)

Y/E Mar	2020E	2021E	2022E
Sales	4.5	5.0	5.6
EBIT Margin (%)	-0.6	-0.2	0.1
PAT	1.5	1.6	1.9
EPS (INR)	24.9	30.4	36.3
EPS Gr. (%)	-34.7	22.5	19.2
BV/Sh. (INR)	463	445	433
Ratios			
RoE (%)	5.4	6.8	8.4
RoCE (%)	8.1	9.7	11.2
Valuations			
P/E (x)	22.9	18.7	15.7
P/BV (x)	1.2	1.3	1.3
EV/EBITDA (x)	1.7	0.9	1.8

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	0.0	0.0	0.0
DII	11.3	11.2	14.7
FII	43.9	44.1	42.9
Others	44.9	44.7	42.4

FII Includes depository receipts

CMP: INR569 TP: INR720 (+26%) Buy

Operational miss led by market volatility

Star MF remains the key

- Equity cash volumes increased marginally QoQ in 3QFY20. Revenue was largely driven by strong traction in the Star MF platform and the decent performance in corporate services. In Dec'19, BSE monetized 4% stake in CDSL, which resulted in higher reported PAT.
- Our EPS estimates over FY20-22 are largely unchanged. Reiterate **Buy**.

Miss at operational level; beat on reported PAT led by stake sale in CDSL

- Total equity cash volumes were up 4% QoQ at INR25b, but transaction charges declined 3% QoQ to INR263m owing to the one-time gain in the base quarter. Realizations did not change meaningfully.
- Revenue growth was mainly led by strong traction in Star MF.
- Revenue from service to corporates increased 6% QoQ to INR545m, mainly due to higher listing fee revenue.
- EBIT loss for the quarter was flat QoQ at INR182m.
- PBT before exceptional items declined by 63% YoY to INR 196m.
- BSE monetized 4% stake in CDSL. In conjunction with certain provision reversals from earlier periods, non-recurring PAT amounted to INR456m.

Key highlights from management commentary

- **Strong traction in Star MF:** The platform contributed 11% of revenue in the quarter. Total number of mutual funds registered now stands at 40, with ~28m registered investors. Realizations for the platform remained flat. Despite no charges levied by competition, BSE is able to charge because of the superior services on the offer.
- **Listing fees:** Listing income remained stable with a positive bias due to incremental listings on the exchange and an increase in fees in the current financial year. Listing income is also subject to minor periodic variations depending on change in economic factors, new listings, corp actions, etc.
- **Commodity:** The company started gaining some market share in this segment, especially in the agri-commodities space. Market share in Guarseed stood at 32% with turnover of INR2b. Market share in cotton increased to 31% with turnover of INR1.9b.
- **Stake sale in CDSL:** BSE has to reduce its stake in CDSL by 15% over next 3 years in order to comply with regulations. As part of this, it monetized 4% stake in CDSL in November 2019.

Valuation view – play on optionality, yield and valuations

- Our 'Buy' thesis on BSE is centered on the yield (combination of dividend and buyback) at low valuations and option value from new segments (such as the MF platform, commodities and INX) over and above the SOTP value of its businesses.
- Our SOTP fair valuation of BSE ascribes value to (i) core operations ex-cash income (INR100/share), (ii) implied value from CDSL's market price @20% holding company discount (INR100/share), (iii) cash (INR360/share) and (iv) float income from encumbered/margin money (INR150/share). Our TP of INR720 implies a 22% upside.

Cons. Quarterly perf. (INR m)

Y/E March	FY19				FY20E				FY19	FY20E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			3Q	(%/bp)
Revenue from operations	**1,185**	**1,121**	**1,016**	**1,126**	**1,095**	**1,088**	**1,104**	**1,219**	**4,448**	**4,506**	**1,150**	**-4.0**
YoY Change (%)	7.8	1.2	-21.9	-18.8	-7.6	-2.9	8.7	8.3	-9.1	1.3	13	-455bp
Total Expenditure	992	1,028	1,110	1,132	1,066	1,146	1,154	1,222	4,262	4,588	1,180	-2.2
EBITDA	**193**	**93**	**-94**	**-6**	**29**	**-58**	**-50**	**-3**	**186**	**-82**	**-30**	**67.3**
Margins (%)	16.3	8.3	-9.3	-0.5	2.6	-5.3	-4.5	-0.2	4.2	-1.8	-3	-193bp
Depreciation	115	120	129	147	120	125	132	150	511	527	132	0.0
Interest	2	3	2	2	5	4	5	3	9	15	1	
Investment income	479	497	756	695	565	507	383	403	2,427	1,858	408	-6.2
PBT before EO expense	**555**	**468**	**530**	**540**	**470**	**320**	**196**	**247**	**2,093**	**1,234**	**245**	**-20.0**
Extra-Ord expense	28	-15	133	64	38	66	-211	8	210	-99	7	
PBT	**527**	**483**	**397**	**476**	**432**	**254**	**407**	**239**	**1,883**	**1,333**	**238**	**71.1**
Tax	70	101	18	44	88	-40	8	48	233	104	48	-83.2
Rate (%)	13.3	20.9	4.6	9.2	20.4	-15.7	2.0	20.0	12.4	7.8	20	-1803bp
MI & P/L of Asso. Cos.	58	77	70	87	70	73	57	100	292	300	81	-29.2
Reported PAT	**515**	**459**	**449**	**519**	**414**	**367**	**456**	**291**	**1,942**	**1,530**	**271**	**68.4**
YoY Change (%)	3.5	-31.3	-23.2	-16.6	-19.7	-20.0	1.6	-43.9	-13.1	-17.8	-40	4124bp
Margins (%)	39.2	35.5	37.6	39.1	32.7	26.0	36.2	17.3	49.4	40.1	18	1830bp

E: MOFSL Estimates

Key Perfor. Indicators (INR M)

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Transaction charges	274	322	256	286	348	270	263	280	1138	1161
Services to corporates	560	545	496	536	492	516	545	592	2137	2142
Listing Fees	397	361	356	347	394	381	419	413	1461	1607
Listing processing and other listing fees	115	111	98	96	44	68	81	85	420	278
Book building fees	32	46	23	48	43	49	26	76	149	194
Other services to corporates	17	26	17	42	11	16	18	19	102	64
Transaction charges income - Equity	226	218	170	195	226	147	139		809	
Transaction charges income - currency derivatives	19	20	18	18	16	17	16		75	
Transaction charges income - interest rate futures	0.5	0.6	0.34	0	0	0	0		1.44	
Listing fees	512	472	454	443	438	449	500		1881	
Book building and other services	48	72	40	91	54	65	44		251	
SME Listing fees	9	7	11	0	0	0	0		27	
Star MF platform	52	71	77	83	119	88	121		283.0	

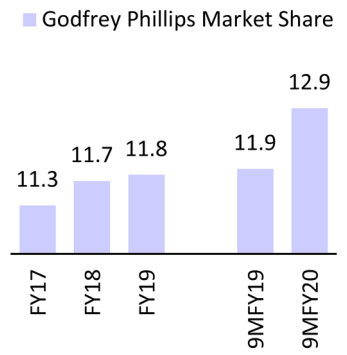
Consumer

Price hikes in cigarettes (INR)

Brand	Old Price	New Price	Price change (%)
Gold Flake Super Star	49	59	20.4
Flake Blue Spl Filter	50	60	20.0
Wave Cool Mint	50	60	20.0
Navy Cut Filter RSFT	69	80	15.9
Flake Filter	70	80	14.3
Duke Spl Filter	40	45	12.5
American Club Cool Fresh Taste	200	220	10.0

Source: Media report, MOSL

Godfrey Phillips is gaining market share



Source: Company, MOSL

Sharp price increases to weigh on volumes

News reports indicate price increases being taken across brands

- There have been news reports about cigarette price increases ranging from 6% to 20% across brands this week.
- Average price increases appear to be in the 12-13% range.
- Our channel checks indicate that price increases have been taken across the country.

Price increases higher in lower-sized sticks

- Surprisingly, news reports indicate that price increases in the king size (KSFT) segment are lower than those in the deluxe size (DSFT) segment.
- While this is in line with the National Calamities Contingent Duty (NCCD) increase in the budget (where the hikes were higher in the lower-end segments), we believe that steep hikes in these segments pose the risk of volumes decline over the next few quarters.

Price increase higher than expected and taken in one shot

- For ITC, we had expected 7-8% price increase post the budget in a staggered manner.
- However, the extent of the price increase (according to news reports) means that EBIT margin is likely to expand but at the cost of volumes.

Shadow of illegal cigarettes looms even more eerily

- In our view, the steep price hikes could pave way for more illegal cigarette trade.
- This could prove to be a double whammy for organized players, which may have to face further pressure on volume growth.

ITC's volume and Cigarette EBIT growth to come under pressure

- Despite no GST increase since Jul'17, volume growth has averaged less than 3% in the subsequent quarters. In fact, there has been slowdown in volumes and also some downturn in recent quarters.
- Over the past year, ITC has been losing market share to Godfrey Phillips (GPL). If GPL does not respond with a similar quantum of price hikes, ITC may lose market share further.
- Moreover, ITC's Cigarette EBIT growth has moderated in recent quarters due to the downtrading. In 3QFY20, Cigarette EBIT growth was the lowest in the past nine quarters.
- Since Cigarette segment contributes ~85% of total EBIT, ITC's overall earnings growth will also likely come under pressure over the next few quarters.

1. BHARAT FORGE: SEEING A BOTTOMING OUT IN THE DOMESTIC MARKET; Amit Kalyani, Deputy MD

- Seeing a bottoming out in the domestic market. The bottom has been reached in the commercial vehicles (CV) market, passenger vehicles (PV) market but not seeing any big growth coming from these markets. On the global environment, in certain markets like PVs see good growth. We expect that the business in Q4 will be higher than Q3,
- Don't see any further decline in the North American CV space. Expect PV exports will go up in North America, both in this quarter as well as in the next because company has won a lot of new products. In the CV business for Europe, expect the business to go up next year because company has again won a lot of new programmes, which are for new products. So it will be additional value per vehicle. So even if the number of vehicles stays the same, will have additional dollars per vehicle or euros per vehicle.
- This quarter also had an exchange loss of about Rs 15 crore. That has also further impacted bottomline. Expect that there will be some improvement in the next quarter but it is not going to be very substantial.
- Have almost Rs 1,900 crore of cash, we have a strong balance sheet, extremely strong technology.

Read More

2. BIOCON : CORONAVIRUS: AN OPPORTUNITY FOR INDIA TO MEET ANTIBIOTICS SHORTFALL; Kiran Mazumdar Shaw, CMD

- There is a global concern about the impact of coronavirus on drug supply because of dependence on China for a number of antibiotics and drug intermediates.
- Wuhan is a big centre for producing many of these drug intermediates and APIs.
- The former US FDA commissioner Scott Gottlieb has raised concerns about a global short supply of antibiotics. In fact, he suggested that India should fill this gap by producing drug intermediates and antibiotics. So this is an opportunity for India especially when there is going to be an expedited review by the US FDA and other regulators because of this global crisis.
- Most companies have raw material supplies for only 2-3 months and the countries should be mentally prepared for 6-9 months of crisis.
- Most API plants in India are functioning at 40% capacity.
- Fortunately many of company's small molecule APIs are fermentation based and for them, company has got very little reliance on external imports. But there are a few products where company does rely on Chinese intermediates.

Read More

1. OPPORTUNITIES FOR INDIA IN THE ASIAN CENTURY

- India is at an inflection point. Its recent period of significant growth—faster than the global average—has stalled in the face of global headwinds against trade, volatile commodity markets, stagnant private investment, weaker domestic consumption and constrained government spending in the wake of recent fiscal and monetary reforms. At the same time, Asia is becoming the world's powerhouse and economic center. New research from the McKinsey Global Institute finds that Asia could generate more than half of the world's GDP by 2040 as cross-border flows shift toward the region, which is rapidly integrating; with 60% of goods traded, 56% of greenfield foreign direct investment (FDI) and 74% of journeys by Asian air travelers taking place within the region. This research identifies 4 distinct sub-Asias—diverse groups of economies with characteristics that complement each other, which are fast becoming increasingly interconnected. As a result, dynamic new flows and networks are appearing, redefining globalization as we know it. The new era will be one of regionalization, and Asia is taking a lead. Historically, India—and other countries in 'Frontier Asia' (Bangladesh, Sri Lanka, Kazakhstan, Uzbekistan, etc)—have had relatively low levels of integration when compared with the rest of the region; only around 31% of their flows are intra-regional. Yet, how they now respond to these shifting flows, and the opportunities they present, could be key in defining and delivering its next chapter of growth.

Read More

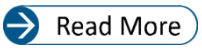
2. MONETARY POLICY'S BLINKERED VIEW OF CREDIT

- The RBI's frequent shifts in policy relating to bank lending rates over the last 25 years — starting with the PLR in 1994, the BPLR (2003), Base Rate (2010), the MCLR (2016), and now, external benchmarking — reflect policy rate uncertainty. Leaving aside the market rates, even banks' lending rates remain at variance with monetary policy intents. Growing financial sector instability/vulnerability, growth uncertainty, credit-constrained MSMEs, low farm prices, surplus liquidity with banks as against unprecedented liquidity constraint with businesses and a high level of cash in the economy despite digitisation reflect poor monetary policy outcomes. How did we get to such adverse conditions? Why is the financial sector more vulnerable now than ever before, despite the experience/expertise gained by the RBI over the last 25 years, the advent of monetary-model based policy analysis and economic forecasting, and Big Data analytics? One of the key reasons lies in the bank-centric monetary policy framework. It misses out on the systemic role of the trade credit channel in defining monetary policy transmission (MPT). A guesstimate of working capital requirement based on the turnover of 94.3 lakh firms which filed income tax/service tax returns for FY14, the outstanding working capital of banks and miniscule bank working capital flows to the unorganised sector show that banks meet less than one-third of the aggregate working capital needs of businesses. A monetary policy architecture which built on a narrow, bank-centric base cannot be stable and sound.

Read More

3. AMERICA'S WAR ON CHINESE TECHNOLOGY

- The worst foreign-policy decision by the United States of the last generation – and perhaps longer – was the "war of choice" that it launched in Iraq in 2003 for the stated purpose of eliminating weapons of mass destruction that did not, in fact, exist. Understanding the illogic behind that disastrous decision has never been more relevant, because it is being used to justify a similarly misguided US policy today. The decision to invade Iraq followed the illogic of then-US Vice President Richard Cheney, who declared that even if the risk of WMDs falling into terrorist hands was tiny – say, 1% – we should act as if that scenario would certainly occur. Such reasoning is guaranteed to lead to wrong decisions more often than not. Yet the US and some of its allies are now using the Cheney Doctrine to attack Chinese technology. The US government argues that because we can't know with certainty that Chinese technologies are safe, we should act as if they are certainly dangerous and bar them. Proper decision-making applies probability estimates to alternative actions. A generation ago, US policymakers should have considered not only the (alleged) 1% risk of WMDs falling into terrorist hands, but also the 99% risk of a war based on flawed premises. By focusing only on the 1% risk, Cheney (and many others) distracted the public's attention from the much greater likelihood that the Iraq War lacked justification and that it would gravely destabilize the Middle East and global politics.



Valuation snapshot

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY19	EPS (INR) FY20E	EPS (INR) FY21E	EPS Gr. YoY (%) FY19	EPS Gr. YoY (%) FY20E	EPS Gr. YoY (%) FY21E	P/E (x) FY20E	P/E (x) FY21E	P/B (x) FY20E	P/B (x) FY21E	ROE (%) FY20E	ROE (%) FY21E
Automobiles																
Amara Raja	Buy	762	885	16	28.3	39.0	39.4	2.6	37.8	1.1	19.5	19.3	3.4	3.0	18.7	16.7
Ashok Ley.	Buy	83	103	24	6.9	1.7	3.5	16.4	-75.0	102.2	48.0	23.7	3.0	3.0	6.2	12.7
Bajaj Auto	Neutral	3146	3400	8	165.4	179.5	192.0	9.3	8.5	6.9	17.5	16.4	3.7	3.3	22.5	21.5
Bharat Forge	Buy	492	581	18	22.2	16.0	20.4	20.3	-27.9	27.5	30.8	24.1	4.0	3.6	13.3	15.6
Bosch	Neutral	14193	15150	7	542.4	418.3	470.9	15.5	-22.9	12.6	33.9	30.1	5.5	4.9	14.8	17.2
CEAT	Buy	981	1250	27	66.9	55.7	71.5	4.6	-16.8	28.3	17.6	13.7	1.3	1.3	7.9	9.4
Eicher Mot.	Buy	18981	25350	34	813.9	745	880	1.8	-8.5	18.2	25.5	21.6	4.9	4.1	20.8	20.8
Endurance Tech.	Buy	1070	1261	18	36.2	41.4	46.2	24.5	14.4	11.6	25.8	23.2	5.1	4.4	21.0	20.3
Escorts	Neutral	866	782	-10	53.2	57.4	64.3	34.7	7.8	12.1	15.1	13.5	2.4	2.1	17.5	16.8
Exide Ind	Buy	177	222	25	9.1	10.1	10.4	10.6	11.8	2.2	17.5	17.1	2.3	2.1	13.2	12.4
Hero Moto	Neutral	2397	2690	12	169.5	157.9	171.9	-8.5	-6.8	8.8	15.2	13.9	3.5	3.2	23.7	23.9
M&M	Buy	524	686	31	42.7	35.4	42.1	4.1	-17.2	18.9	15.9	14.2	1.7	1.5	11.1	10.4
Mahindra CIE	Buy	170	198	16	14.5	11.4	14.6	48.6	-21.2	27.5	14.9	11.7	1.4	1.2	9.6	11.0
Maruti Suzuki	Buy	7034	8000	14	247.7	200.0	261.7	-7.1	-19.2	30.8	35.2	26.9	4.3	4.0	11.9	14.4
Motherson Sumi	Buy	125	146	17	5.1	4.2	6.1	-5.2	-18.6	46.6	30.1	20.5	3.2	2.9	11.2	15.0
Tata Motors	Buy	170	228	34	-4.4	0.5	10.9	PL	LP	2,171.0	354.2	15.6	1.0	0.9	0.3	5.9
TVS Motor	Neutral	451	460	2	14.1	13.3	17.4	1.1	-5.6	31.0	33.9	25.9	5.7	4.9	17.8	20.4
Aggregate								**-21.1**	**-9.4**	**33.6**	**25.8**	**19.3**	**2.8**	**2.6**	**10.9**	**13.4**
Banks - Private																
AU Small Finance	Buy	1162	1100	-5	13.2	25.4	34.4	28.9	92	35.7	45.8	33.8	8.0	6.5	20.0	21.3
Axis Bank	Buy	750	835	11	18.2	18.1	43.3	1,538.1	-1	139.2	41.4	17.3	2.5	2.2	6.4	13.3
DCB Bank	Neutral	178	200	13	10.5	12.2	16.4	32.0	15.7	35.0	14.6	10.8	1.6	1.4	12.3	14.6
Equitas Hold.	Buy	114	135	19	5.2	8.6	12.9	1,186.6	66.8	49.5	13.1	8.8	1.4	1.2	11.4	15.0
Federal Bank	Buy	91	115	27	6.3	8.6	10.6	32.2	37.2	22.7	10.5	8.5	1.2	1.1	12.3	13.6
HDFC Bank	Buy	1240	1500	21	39.6	49.5	62.9	16.9	24.9	27.1	25.1	19.7	4.0	3.4	16.9	18.6
ICICI Bank	Buy	540	650	20	5.2	16.8	29.3	-52.8	221.7	74.6	32.1	18.4	3.1	2.7	9.9	15.8
IndusInd	Buy	1292	1720	33	54.9	85.8	115.4	-8.8	56.3	34.5	15.1	11.2	2.5	2.0	17.8	19.9
Kotak Mah. Bk	Neutral	1677	1625	-3	37.7	47.0	55.2	16.0	24.6	17.4	35.7	30.4	4.8	4.2	14.3	14.6
RBL Bank	Buy	340	415	22	20.3	9.7	22.3	34.3	-52.3	130.6	35.1	15.2	1.6	1.5	5.4	10.1
South Indian	Buy	10	15	49	1.4	1.9	2.5	-26.2	39.8	32.8	5.3	4.0	0.3	0.3	6.4	8.0
Aggregate								**16.7**	**42.6**	**46.7**	**27.9**	**19.0**	**3.4**	**3.0**	**12.3**	**15.6**
Banks - PSU																
BOB	Buy	90	115	27	1.6	-2.0	13.8	LP	PL	LP	NM	6.5	0.6	0.6	-1.2	8.9
BOI	Neutral	64	75	17	-24.6	-10.3	5.7	Loss	Loss	LP	NM	11.3	0.4	0.4	-6.3	3.6
Canara	Neutral	188	240	28	4.7	15.1	28.0	LP	222.6	85.8	12.5	6.7	0.5	0.5	3.4	6.5
Indian Bk	Neutral	93	120	29	6.7	23.2	31.3	-74.4	246.8	34.7	4.0	3.0	0.3	0.3	7.3	9.9
PNB	Neutral	57	65	14	-27.1	-5.3	7.2	Loss	Loss	LP	NM	8.0	0.7	0.6	-5.8	8.0
SBI	Buy	324	425	31	2.6	23.1	38.1	LP	797	64.8	14.0	8.5	1.2	1.1	9.2	13.9
Union Bk	Neutral	50	54	9	-20.1	0.0	4.5	Loss	LP	-	1,283.4	11.2	0.5	0.5	0.0	4.3
Aggregate								**Loss**	**LP**	**217**	**25**	**7.7**	**0.8**	**0.7**	**3.3**	**9.5**
NBFCs																
Aditya Birla Cap	Buy	94	125	32	4.0	4.3	5.1	25.7	8.3	20.2	22.0	18.3	2.1	1.9	10.2	10.8
Bajaj Fin.	Neutral	4749	4850	2	69.3	101.0	136.9	59.6	45.8	35.6	47.0	34.7	8.5	7.0	22.7	22.1
Cholaman.Inv.&Fn	Buy	334	390	17	15.2	18.2	21.6	29.1	19.8	18.9	18.4	15.4	3.6	2.9	21.2	20.9
HDFC	Buy	2436	2875	18	44.4	51.0	57.0	28.7	14.9	11.8	47.8	42.7	4.8	4.4	14.4	14.1
HDFC Life Insur.	Neutral	584	600	3	6.3	6.8	8.1	14.6	7.9	17.8	85.3	72.4	5.4	4.5	20.1	18.5
ICICI Pru Life	Buy	482	565	17	8.0	8.2	9.4	-29.5	3.6	14.1	58.5	51.3	2.7	2.3	16.8	17.0
IIFL Wealth Mgt	Buy	1531	1525	0	44.2	32.2	42.8	-4.1	-27.3	33.0	47.6	35.8	4.3	4.2	9.3	11.9
Indostar Capital	Under Review	286	-		26.1	15.2	25.3	2.5	-41.6	65.8	18.7	11.3	0.8	0.8	4.6	7.1
L&T Fin Holdings	Buy	131	145	11	11.2	12.0	13.9	74.3	7.4	15.6	10.9	9.4	1.7	1.5	16.8	17.0
LIC Hsg Fin	Buy	434	530	22	48.1	52.3	58.9	21.4	8.7	12.6	8.3	7.4	1.2	1.1	15.3	15.3
MAS Financial	Buy	1161	1200	3	27.8	36.6	43.7	47.1	31.7	19.3	31.7	26.6	6.1	5.1	21.8	21.9

Valuation snapshot

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY19	EPS (INR) FY20E	EPS (INR) FY21E	EPS Gr. YoY (%) FY19	EPS Gr. YoY (%) FY20E	EPS Gr. YoY (%) FY21E	P/E (x) FY20E	P/E (x) FY21E	P/B (x) FY20E	P/B (x) FY21E	ROE (%) FY20E	ROE (%) FY21E
M&M Fin.	Buy	391	420	7	25.3	21.7	29.8	53.9	-14.2	36.9	18.0	13.1	2.1	1.9	12.2	15.0
Muthoot Fin	Neutral	747	750	0	49.2	66.3	76.3	10.8	34.8	15.0	11.3	9.8	2.7	2.3	26.2	25.2
PNB Housing	Neutral	424	563	33	71.1	71.4	74.1	40.9	0.3	3.9	5.9	5.7	0.8	0.8	15.2	13.9
Repco Home	Buy	330	390	18	37.5	49.5	52.0	16.7	32.1	4.9	6.7	6.3	1.1	1.0	18.5	16.5
Shriram City Union	Buy	1443	1600	11	149.9	172.6	185.2	48.7	15.2	7.3	8.4	7.8	1.3	1.1	16.5	15.4
Shriram Trans.	Buy	1219	1385	14	113.0	133.8	140.7	4.2	18.4	5.2	9.1	8.7	1.5	1.3	17.9	16.2
Aggregate								**31.8**	**20.0**	**16.5**	**26.3**	**22.5**	**3.8**	**3.4**	**14.6**	**15.1**
Capital Goods																
ABB	Buy	1334	1460	9	12.0	19.3	25.8	12.7	61.2	33.7	69.0	51.6	6.2	7.0	14.0	13.5
Bharat Elec.	Buy	86	115	34	7.9	5.9	7.2	37.7	-24.9	21.4	14.4	11.9	2.1	1.9	14.7	16.3
BHEL	Neutral	39	40	4	3.5	3.1	2.7	58.9	-11.2	-12.9	12.5	14.4	0.4	0.4	3.4	2.9
Blue Star	Neutral	797	855	7	19.5	23.1	32.9	34.7	18.5	42.6	34.6	24.2	7.4	6.0	21.4	24.8
CG Cons. Elec.	Buy	274	305	11	6.0	7.8	9.8	15.5	30.3	26.1	35.2	27.9	11.9	9.6	33.9	34.2
Cummins	Neutral	546	670	23	26.1	24.4	26.6	10.8	-6.5	9.3	22.4	20.5	3.4	3.2	15.4	15.8
Engineers India	Buy	90	130	44	5.9	6.7	8.4	-8.4	15.0	25.0	13.4	10.7	2.6	2.4	17.9	21.4
Havells	Neutral	618	660	7	12.7	13.3	15.1	12.9	5.4	13.0	46.4	41.0	8.1	7.2	17.5	17.5
K E C Intl	Buy	343	430	25	18.9	24.3	28.7	6.1	28.4	18.2	14.1	12.0	3.0	2.4	21.0	20.3
L&T	Buy	1287	1680	31	63.5	77.4	93.2	22.8	21.9	20.5	16.6	13.8	2.6	2.3	15.3	16.3
Siemens	Neutral	1496	1685	13	25.1	30.5	38.4	27.1	21.5	25.9	49.0	38.9	5.9	5.3	12.0	13.6
Thermax	Neutral	1015	1200	18	27.2	28.7	37.3	32.4	5.6	29.9	35.4	27.2	3.5	3.2	10.0	11.8
Voltas	Buy	683	785	15	15.7	18.2	24.6	-9.1	15.7	35.2	37.6	27.8	5.0	4.5	13.4	16.1
Aggregate								**16.1**	**14.7**	**19.5**	**23.0**	**19.2**	**2.8**	**2.6**	**12.3**	**13.4**
Cement																
Ambuja Cem.	Neutral	212	220	4	6.1	7.2	7.6	-3.2	18.2	5.4	29.5	28.0	1.9	1.8	6.6	6.6
ACC	Buy	1439	1790	24	53.5	72.3	75.7	9.9	35.1	4.7	19.9	19.0	2.3	2.1	12.3	11.7
Birla Corp.	Buy	762	950	25	33.2	63.1	71.9	53.6	90.0	13.9	12.1	10.6	1.2	1.1	10.4	10.8
Dalmia Bhar.	Buy	896	1070	19	15.8	15.4	26.7	4.3	-2.3	73.1	58.0	33.5	1.6	1.5	2.8	4.7
Grasim Inds.	Neutral	758	775	2	66.1	35.8	46.6	39.7	-45.8	30.0	21.2	16.3	1.2	1.1	3.4	2.8
India Cem	Neutral	75	80	6	2.3	4.2	4.8	-31.0	88.0	13.6	17.7	15.6	0.4	0.4	2.5	2.8
J K Cements	Buy	1418	1660	17	34.1	62.2	71.6	-19.8	82.3	15.1	22.8	19.8	3.5	3.0	16.6	16.5
JK Lakshmi Ce	Buy	352	435	24	6.8	22.0	24.5	-8.7	225.0	11.4	16.0	14.4	2.4	2.1	15.9	15.4
Ramco Cem	Neutral	780	770	-1	21.9	26.0	28.1	-8.7	19.0	8.0	30.0	27.8	3.7	3.3	13.0	12.6
Shree Cem	Neutral	24843	22360	-10	324.1	453.7	569.5	-18.2	40.0	25.5	54.8	43.6	6.7	6.0	14.3	14.5
Ultratech	Buy	4469	5440	22	90.3	141.1	185.9	1.0	56.2	31.8	31.7	24.0	3.3	2.9	11.5	13.6
Aggregate								**9.8**	**12.7**	**22.7**	**29.0**	**23.6**	**2.4**	**2.3**	**8.4**	**9.6**
Consumer																
Asian Paints	Sell	1877	1608	-14	23.1	29.7	32.6	9.1	28.8	9.7	63.2	57.6	16.9	15.1	28.3	27.7
Britannia	Neutral	3135	3340	7	48.1	58.1	65.1	15.1	20.7	12.1	54.0	48.2	16.5	16.1	31.6	33.8
Colgate	Buy	1348	1733	29	27.4	29.3	33.0	8.8	7.0	12.7	46.0	40.8	26.5	28.7	56.3	67.5
Dabur	Neutral	509	480	-6	8.5	9.2	10.3	9.5	8.0	12.5	55.4	49.2	14.1	13.0	27.0	27.4
Emami	Buy	293	355	21	12.2	12.6	14.2	0.2	3.3	12.9	23.3	20.7	5.7	5.6	25.9	27.5
Godrej Cons.	Neutral	616	766	24	15.1	15.1	16.9	7.2	0.1	12.0	40.7	36.4	8.3	8.1	20.8	22.5
GSK Cons.	Neutral	9225	9480	3	216.1	279.5	313.0	29.8	29.3	12.0	33.0	29.5	8.3	7.4	26.8	26.4
HUL	Buy	2153	2490	16	28.9	32.9	38.7	18.2	13.7	17.7	65.4	55.6	59.0	58.5	91.6	105.7
ITC	Neutral	213	253	19	10.2	12.6	12.9	14.8	24.3	2.2	16.8	16.5	4.1	3.9	25.6	24.2
Jyothy Lab	Neutral	143	158	10	5.4	4.8	5.5	10.5	-10.4	15.1	29.7	25.8	3.9	3.8	13.2	15.0
Marico	Neutral	305	332	9	7.2	8.1	8.2	14.3	12.5	1.5	37.6	37.1	10.6	9.3	31.2	26.7
Nestle	Neutral	15995	14168	-11	178.6	214.4	244.7	27.5	20.1	14.1	74.6	65.4	71.6	64.9	70.9	104.2
Page Inds	Neutral	24115	24582	2	353.2	388.2	457.6	13.5	9.9	17.9	62.1	52.7	30.4	27.3	49.0	51.8
Pidilite Ind.	Neutral	1583	1430	-10	18.6	25.3	27.8	-2.0	36.5	9.6	62.5	57.0	15.8	13.3	27.9	25.4
P&G Hygiene	Neutral	11456	11397	-1	129.6	151.0	200.3	12.5	16.4	32.7	75.9	57.2	35.0	29.4	49.8	56.0
Tata Global	Buy	391	439	12	7.0	8.1	9.5	-14.6	15.2	18.2	48.5	41.0	3.2	2.6	6.8	8.2
United Brew	Neutral	1290	1364	6	21.3	18.0	25.9	42.8	-15.3	43.7	71.5	49.8	9.5	8.1	14.1	17.6
United Spirits	Buy	671	801	19	9.3	12.0	15.6	38.1	28.4	30.4	56.1	43.0	12.8	9.8	22.7	22.9

Valuation snapshot

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY19	EPS (INR) FY20E	EPS (INR) FY21E	EPS Gr. YoY (%) FY19	EPS Gr. YoY (%) FY20E	EPS Gr. YoY (%) FY21E	P/E (x) FY20E	P/E (x) FY21E	P/B (x) FY20E	P/B (x) FY21E	ROE (%) FY20E	ROE (%) FY21E
Aggregate								**14.8**	**18.7**	**10.7**	**42.1**	**38.0**	**12.2**	**10.8**	**29.0**	**28.5**
Healthcare																
Alembic Phar	Neutral	649	640	-1	31.0	43.5	34.0	41.6	40.1	-21.7	14.9	19.1	3.6	3.1	26.5	17.3
Alkem Lab	Buy	2633	2950	12	63.8	93.4	117.4	8.4	46.4	25.6	28.2	22.4	5.0	4.2	19.0	20.4
Ajanta Pharma	Buy	1386	1435	4	44.4	51.5	60.7	-16.1	15.8	18.1	26.9	22.8	4.7	4.0	18.7	18.9
Aurobindo	Buy	548	645	18	43.2	46.6	63.1	1.1	8.0	35.4	11.8	8.7	2.0	1.6	18.0	20.3
Biocon	Neutral	306	300	-2	6.2	7.3	9.9	99.6	18.4	35.5	41.7	30.8	5.4	4.8	13.7	16.6
Cadila	Buy	275	317	15	18.3	14.6	17.4	4.3	-20.0	19.2	18.8	15.7	2.5	2.2	11.5	15.1
Cipla	Neutral	451	490	9	18.7	21.1	24.5	-3.1	12.6	16.0	21.4	18.4	2.2	2.0	10.1	10.6
Divis Lab	Neutral	2149	1845	-14	50.0	51.9	65.8	55.0	3.8	26.6	41.4	32.7	7.1	6.0	18.4	20.0
Dr Reddy's	Neutral	3191	3000	-6	105.2	119.1	139.8	62.6	13.3	17.4	26.8	22.8	3.4	3.0	13.4	14.1
Glenmark	Neutral	331	340	3	25.9	24.5	28.6	-9.0	-5.5	16.9	13.5	11.6	1.5	1.3	11.7	12.3
GSK Pharma	Neutral	1324	1490	13	24.6	28.3	34.2	25.2	14.9	21.2	46.8	38.6	12.2	11.1	26.1	28.7
IPCA Labs	Buy	1248	1310	5	37.1	46.9	59.3	95.7	26.4	26.3	26.6	21.0	4.3	3.7	17.5	18.9
Jubilant Life	Buy	539	685	27	57.5	59.3	66.4	26.1	3.2	11.9	9.1	8.1	1.5	1.3	17.7	17.0
Laurus Labs	Buy	430	520	21	10.4	19.8	26.0	-34.5	90.6	31.6	21.7	16.5	2.6	2.2	12.6	14.5
Lupin	Buy	705	840	19	23.3	22.6	35.6	-27.1	-3.1	57.5	31.2	19.8	3.1	2.8	8.5	14.8
Strides Pharma	Buy	509	550	8	6.9	26.6	38.2	-39.2	288.5	43.7	19.1	13.3	1.6	1.4	8.6	11.3
Sun Pharma	Buy	418	510	22	15.1	17.6	21.2	12.2	16.6	20.4	23.8	19.7	2.3	2.1	9.8	10.9
Torrent Pharma	Neutral	2015	1930	-4	42.7	57.3	73.8	-7.1	34.2	28.7	35.1	27.3	6.4	5.5	19.2	21.7
Aggregate								**11.4**	**12.1**	**23.4**	**24.1**	**19.5**	**3.1**	**2.8**	**12.9**	**14.1**
Infrastructure																
Ashoka Buildcon	Buy	104	150	44	11.5	11.6	12.4	35.8	1.2	6.9	9.4	8.8	1.2	1.1	13.8	13.0
IRB Infra	Neutral	111	77	-30	24.2	18.0	4.9	1.2	-25.6	-73.0	6.1	22.7	0.6	0.6	9.6	2.5
KNR Constructions	Buy	278	374	34	17.8	19.7	19.7	-7.8	10.2	0.5	14.2	14.1	2.3	2.0	17.8	15.2
Sadbhav Engineering	Buy	114	185	63	10.8	9.2	16.6	-15.7	-15.5	80.8	12.4	6.9	0.9	0.5	7.5	10.5
Aggregate											**9.3**	**11.3**	**1.0**	**0.8**	**10.5**	**7.1**
Logistics																
Allcargo Logistics	Buy	111	120	8	9.7	10.4	11.2	33.6	7.5	7.9	10.7	9.9	1.2	1.1	12.0	11.5
Concor	Buy	574	660	15	19.9	16.5	19.1	14.9	-17.2	15.5	34.8	30.1	3.3	3.2	9.6	10.7
Aggregate								**18.5**	**-12.1**	**11.9**	**28.4**	**25.4**	**2.8**	**2.6**	**9.7**	**10.2**
Media																
D B Corp	Neutral	129	160	24	15.7	17.3	17.7	-11.1	10.7	2.1	7.5	7.3	1.2	1.2	16.2	15.7
Ent.Network	Buy	231	311	35	10.9	13.1	24.2	60.2	20.0	85.1	17.7	9.6	1.1	1.0	6.5	11.0
Jagran Prak.	Neutral	68	76	12	8.8	11.8	11.5	-8.7	34.1	-2.8	5.8	6.0	1.0	0.9	17.6	15.4
Music Broadcast	Buy	27	42	56	2.2	2.1	2.4	22.9	-5.1	14.9	12.8	11.1	1.1	1.1	7.7	8.5
PVR	Buy	2043	2250	10	37.9	49.4	65.0	41.9	30.5	31.6	41.3	31.4	5.8	5.0	16.3	17.0
Sun TV	Buy	504	531	5	35.4	38.5	40.4	27.6	8.6	5.1	13.1	12.5	3.1	2.7	25.6	23.1
Zee Ent.	Neutral	231	300	30	16.4	16.9	19.4	12.7	3.0	14.7	13.7	11.9	2.2	1.9	18.1	17.0
Aggregate								**1.5**	**18.4**	**0.7**	**12.7**	**12.6**	**2.1**	**2.1**	**16.3**	**16.9**
Metals																
Hindalco	Buy	194	240	24	24.7	21.3	22.3	30.9	-13.8	4.7	9.4	9.0	1.0	0.9	11.6	10.9
Hind. Zinc	Neutral	195	225	15	18.8	17.0	16.8	-10.8	-9.6	-1.5	11.5	11.6	2.2	2.0	20.1	17.8
JSPL	Buy	196	210	7	3.3	-3.8	8.3	LP	PL	LP	NM	23.7	0.6	0.6	-1.1	2.5
JSW Steel	Buy	289	320	11	31.8	19.3	29.8	32.4	-39.4	54.4	15.0	9.7	1.8	1.6	12.7	17.4
Nalco	Buy	41	48	17	9.2	0.2	2.7	79.9	-97.4	1,049.3	174.7	15.2	0.8	0.7	0.4	4.9
NMDC	Buy	113	147	30	15.6	16.0	17.3	19.2	2.8	7.6	7.0	6.5	1.2	1.1	18.0	17.6
SAIL	Neutral	46	43	-6	6.3	-1.0	3.2	2,344.1	PL	LP	NM	14.3	0.5	0.5	-1.0	3.3
Vedanta	Neutral	141	142	1	18.1	14.6	13.0	-11.0	-19.4	-10.7	9.6	10.8	0.8	0.8	8.6	7.4
Tata Steel	Neutral	444	450	1	88.6	48.2	58.7	27.3	-45.6	21.8	9.2	7.6	0.8	0.7	8.5	9.6
Aggregate								**22.0**	**-33.9**	**23.3**	**12.0**	**9.7**	**1.0**	**0.9**	**8.2**	**9.4**
Oil & Gas																
Aegis Logistics	Buy	226	245	9	6.6	4.6	11.6	11.9	-31.0	153.9	49.4	19.4	5.1	4.3	10.8	24.1

Valuation snapshot

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY19	EPS (INR) FY20E	EPS (INR) FY21E	EPS Gr. YoY (%) FY19	EPS Gr. YoY (%) FY20E	EPS Gr. YoY (%) FY21E	P/E (x) FY20E	P/E (x) FY21E	P/B (x) FY20E	P/B (x) FY21E	ROE (%) FY20E	ROE (%) FY21E
BPCL	Neutral	481	522	9	43.4	30.2	46.2	-12.9	-30.4	53.0	15.9	10.4	2.2	2.0	14.7	20.1
Castrol India	Buy	146	186	27	7.2	8.4	8.7	2.4	16.8	4.3	17.5	16.8	10.6	9.6	65.3	60.1
GAIL	Buy	129	150	16	14.0	10.4	12.6	38.4	-26.1	21.4	12.5	10.3	1.3	1.2	10.5	12.1
Gujarat Gas	Buy	293	340	16	6.2	16.5	13.5	46.9	164.7	-18.2	17.8	21.7	6.5	5.3	43.0	27.0
Gujarat St. Pet.	Buy	242	285	18	14.1	19.9	18.0	18.9	41.0	-9.6	12.2	13.5	2.0	1.8	17.9	14.1
HPCL	Buy	240	340	42	43.9	26.1	44.3	-7.3	-40.4	69.4	9.2	5.4	1.1	1.0	12.6	19.6
IOC	Buy	116	176	52	18.8	8.8	18.6	-23.7	-53.3	111.8	13.2	6.2	0.9	0.8	7.0	14.1
IGL	Neutral	507	518	2	11.2	16.8	17.6	19.1	49.6	4.8	30.2	28.8	7.0	5.9	25.6	22.4
Mahanagar Gas	Neutral	1174	1125	-4	55.3	82.0	70.1	14.3	48.3	-14.5	14.3	16.8	4.1	3.6	30.8	22.7
MRPL	Neutral	43	46	8	1.9	-6.8	5.7	-84.8	PL	LP	NM	7.5	0.8	0.7	-11.8	10.0
Oil India	Buy	134	180	34	32.0	21.0	23.6	35.6	-34.3	12.5	6.4	5.7	0.5	0.5	8.4	9.0
ONGC	Buy	107	150	41	27.1	22.3	26.7	34.4	-17.8	19.8	4.8	4.0	0.6	0.5	12.6	13.9
PLNG	Buy	264	350	33	14.4	21.0	21.2	3.7	46.1	1.0	12.6	12.4	3.6	3.3	29.9	27.8
Reliance Ind.	Buy	1453	1820	25	67.2	78.1	105.2	10.4	16.2	34.7	18.6	13.8	2.0	1.8	11.4	13.7
Aggregate								**6.0**	**-13.3**	**37.8**	**14.1**	**10.2**	**1.5**	**1.4**	**11.0**	**13.6**
Retail																
Avenue Supermarts	Sell	2395	1700	-29	14.5	21.6	28.8	11.9	49.4	33.3	110.8	83.1	21.5	17.1	21.5	22.9
Aditya Birla Fashion	Buy	273	300	10	1.6	2.8	4.4	156.7	72.4	53.5	96.1	62.6	13.9	11.4	14.9	20.0
Future Lifestyle	Buy	395	490	24	8.6	7.3	11.2	30.1	-15.1	53.6	54.1	35.2	3.4	3.1	6.9	9.2
Future Retail	Buy	354	450	27	14.6	14.1	16.2	19.1	-3.6	14.8	25.1	21.9	2.7	2.4	13.6	11.6
Jubilant Food.	Buy	1825	2020	11	24.1	27.2	35.2	62.0	12.9	29.3	67.1	51.9	16.3	13.6	24.4	26.2
Shoppers Stop	Neutral	394	425	8	7.8	-0.3	9.2	-36.3	PL	LP	NM	42.8	3.6	3.3	-0.3	8.1
Titan Company	Neutral	1271	1320	4	15.7	18.3	22.7	24.0	16.6	24.5	69.6	55.9	18.5	15.6	26.6	30.3
Trent	Buy	677	700	3	2.9	4.5	7.9	11.6	55.7	73.3	148.8	85.8	8.2	7.4	7.3	9.7
V-Mart Retail	Neutral	2273	2650	17	39.5	52.1	62.1	-8.0	32.0	19.2	43.6	36.6	8.2	6.7	20.7	20.1
Aggregate								**21.6**	**20.1**	**31.5**	**78.9**	**60.0**	**12.6**	**10.8**	**16.0**	**18.0**
Technology																
Cyient	Neutral	472	470	0	43.4	35.9	40.7	13.4	-17.3	13.4	13.2	11.6	1.9	1.7	14.3	15.0
HCL Tech.	Buy	611	720	18	36.8	39.8	45.3	17.6	8.2	13.8	15.3	13.5	3.3	2.9	23.3	22.8
Hexaware	Neutral	375	400	7	19.3	21.2	22.6	16.5	9.7	6.6	15.7	14.8	3.6	3.2	24.8	23.0
Infosys	Buy	774	870	12	35.4	38.6	42.8	9.3	9.1	10.8	20.0	18.1	5.8	5.4	26.9	30.8
L & T Infotech	Buy	1996	2260	13	86.6	86.4	106.7	30.6	-0.2	23.5	23.1	18.7	5.8	4.7	27.6	27.6
Mindtree	Neutral	927	985	6	44.7	38.4	48.7	55.5	-14.2	27.0	24.2	19.0	4.8	4.3	20.6	23.9
Mphasis	Neutral	913	980	7	56.1	59.5	63.8	27.4	6.1	7.3	15.3	14.3	3.3	2.8	22.1	22.6
NIIT Tech	Neutral	1830	1900	4	66.2	74.2	88.4	45.3	12.1	19.1	24.6	20.7	4.9	4.3	21.1	22.0
Persistent Sys	Buy	700	830	19	44.0	44.3	48.1	8.9	0.7	8.5	15.8	14.6	2.3	2.1	14.6	15.1
TCS	Neutral	2152	2320	8	83.5	86.4	95.2	26.4	3.6	10.2	24.9	22.6	9.1	8.7	36.0	39.5
Tech Mah	Buy	820	920	12	48.2	49.8	57.2	12.8	3.4	14.8	16.4	14.3	3.4	3.1	21.3	22.7
Wipro	Neutral	241	250	4	14.8	17.5	18.3	10.1	18.1	5.1	13.8	13.2	2.6	2.4	18.0	19.1
Zensar Tech	Neutral	156	180	16	14.4	10.5	9.9	40.4	-27.1	-5.4	14.9	15.7	1.6	1.5	11.6	10.0
Aggregate								**14.7**	**3.0**	**10.8**	**21.3**	**19.2**	**5.7**	**5.3**	**26.7**	**27.4**
Telecom																
Bharti Airtel	Buy	534	620	16	-8.7	0.7	3.9	PL	LP	479.7	798.7	137.8	3.3	3.2	0.5	2.4
Bharti Infratel	Neutral	249	260	5	13.6	18.3	17.0	-0.3	34.2	-6.7	13.6	14.6	3.1	3.1	23.1	21.5
Vodafone Idea	Buy	5	9	85	-18.5	-6.4	-5.7	Loss	Loss	Loss	NM	NM	0.7	3.2	-45.6	-130.4
Tata Comm	Neutral	414	490	18	-2.2	11.9	25.5	PL	LP	114.8	34.8	16.2	80.0	13.5	-1,974	142.3
Aggregate								**Loss**	**Loss**	**Loss**	**-26**	**-34.8**	**3.0**	**3.3**	**-11.5**	**-9.6**
Utiltites																
Coal India	Buy	179	258	44	28.3	26.4	24.9	47.9	-6.8	-5.7	6.8	7.2	3.6	3.1	52.5	43.1
CESC	Buy	728	970	33	88.9	95.4	97.6	43.1	7.3	2.3	7.6	7.5	1.0	0.9	13.4	12.5
JSW Energy	Neutral	64	71	11	4.2	4.5	5.2	40.2	6.6	15.8	14.2	12.2	0.9	0.8	6.2	6.9
NHPC	Neutral	24	25	4	2.6	2.9	2.9	5.9	13.1	-1.4	8.2	8.3	0.7	0.7	9.3	8.8
NTPC	Buy	117	154	32	11.6	12.9	14.8	30.3	11.7	14.5	9.0	7.9	1.0	0.9	11.3	12.1

Click excel icon for detailed valuation guide

Valuation snapshot

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY19	EPS (INR) FY20E	EPS (INR) FY21E	EPS Gr. YoY (%) FY19	EPS Gr. YoY (%) FY20E	EPS Gr. YoY (%) FY21E	P/E (x) FY20E	P/E (x) FY21E	P/B (x) FY20E	P/B (x) FY21E	ROE (%) FY20E	ROE (%) FY21E
Power Grid	Buy	190	229	21	19.2	20.5	22.6	16.0	6.7	10.5	9.3	8.4	1.5	1.4	17.3	17.4
Torrent Power	Buy	306	345	13	18.7	28.9	27.8	-4.6	54.5	-4.0	10.6	11.0	1.5	1.3	14.6	12.6
Tata Power	Neutral	58	66	14	2.1	3.9	4.7	-60.5	84.9	21.1	14.8	12.2	0.9	0.9	6.2	7.2
Aggregate								**30.9**	**3.7**	**7.8**	**8.1**	**7.5**	**1.4**	**1.3**	**17.1**	**17.1**
Others																
Brigade Enterpr.	Buy	232	280	21	11.7	10.1	8.7	63.2	-14.4	-13.2	23.1	26.6	2.0	1.9	9.1	7.4
BSE	Buy	569	720	26	38.1	24.9	30.4	-12.4	-34.6	22.1	22.9	18.7	1.2	1.3	5.4	6.8
Coromandel Intl	Buy	608	736	21	25.2	35.5	39.2	6.5	41.0	10.4	17.1	15.5	4.3	3.5	27.6	24.9
Delta Corp	Buy	171	235	37	7.2	8.1	9.4	23.8	12.9	16.1	21.2	18.2	2.2	2.0	10.8	11.3
Indian Hotels	Buy	139	190	37	2.4	3.4	4.4	257.4	43.0	30.3	41.2	31.6	3.5	3.3	8.9	10.7
Interglobe	Neutral	1390	1617	16	4.1	32.1	66.9	-93.0	691	108	43	20.8	6.8	5.4	16.6	29.0
Info Edge	Neutral	2997	2400	-20	23.0	23.6	37.2	54.2	2.7	57.6	127.1	80.6	14.5	12.6	15.4	16.9
Gateway Distr.	Buy	125	160	28	9.8	10.2	9.0	121.8	4.6	-11.8	12.2	13.8	1.0	0.9	8.2	6.9
Godrej Agrovet	Buy	575	649	13	12.5	13.8	20.7	10.9	10.4	49.5	41.6	27.8	6.1	5.3	15.4	20.4
Kaveri Seed	Buy	472	570	21	34.4	40.0	38.1	7.7	16.0	-4.7	11.8	12.4	3.1	3.0	25.2	24.6
Lemon Tree Hotel	Buy	53	72	36	0.7	0.2	0.9	271.9	-66.4	287.3	232.9	60.1	3.1	3.0	1.6	5.1
MCX	Buy	1210	1470	22	28.7	42.4	40.6	35.2	47.7	-4.1	28.6	29.8	4.5	4.2	16.5	14.6
Navneet Education	Buy	89	139	55	6.7	8.8	9.9	22.5	31.4	13.3	10.2	9.0	2.1	1.8	23.0	21.8
Oberoi Realty	Buy	520	630	21	22.5	16.5	23.4	78.1	-26.4	41.7	31.4	22.2	2.2	2.0	7.2	9.5
Phoenix Mills	Buy	883	1015	15	25.0	23.8	25.5	57.8	-4.7	7.1	37.2	34.6	3.6	3.3	10.0	9.9
Quess Corp	Neutral	579	590	2	17.5	19.6	24.7	-19.8	11.9	25.9	29.6	23.5	2.2	1.9	10.0	11.3
PI Inds.	Buy	1553	1670	8	29.7	37.1	53.2	11.6	24.6	43.5	41.9	29.2	8.0	6.5	20.6	24.5
SRF	Buy	4159	4321	4	113.7	158.6	179.6	60.0	39.4	13.3	26.2	23.1	4.9	4.1	20.4	19.4
S H Kelkar	Buy	122	162	33	6.1	5.6	9.0	-13.4	-7.8	59.9	21.6	13.5	2.1	1.9	9.4	14.6
Tata Chemicals	Buy	758	911	20	42.9	32.7	39.8	-10.8	-23.8	21.9	23.2	19.0	1.5	1.4	8.5	9.8
Team Lease Serv.	Buy	2340	3280	40	57.6	54.1	69.4	33.5	-6.0	28.4	43.3	33.7	6.3	5.3	15.8	17.2
Trident	Buy	6	8	29	0.8	1.0	1.0	71.2	14.7	2.7	6.2	6.0	0.9	0.8	15.4	14.6
UPL	Neutral	576	613	6	27.3	39.3	41.7	-5.7	44.0	6.1	14.7	13.8	2.7	2.4	19.6	18.6

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

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

Disclosures:

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

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

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

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

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

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

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

Terms & Conditions:

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

Analyst Certification

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

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

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

Regional Disclosures (outside India)

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

For Hong Kong:

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

For U.S:

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

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

For Singapore:

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

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

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

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