Equity Research

May 26, 2020

ICICI Securities Limited is the author and distributor of this report

Market data as on May 22, 2020

INDICES

		% chg (DoD)
BSE Sensex	30673	(0.8)
S&P CNX Nifty	9039	(0.7)
BSE 100	9159	(0.7)
BSE 200	3823	(0.7)

OVERSEAS MARKETS#

		% chg (DoD)
Dow Jones	24465	0.0
Nasdaq Comp.	9284	(1.0)
S&P 500	2955	0.2
Hang Seng	23351	1.7
Nikkei	21142	1.9

ADVANCES/DECLINES (BSE)

Group	A	B	S
Advances	178	270	484
Declines	308	509	548
Unchanged	5	29	119

FII TURNOVER (BSE+NSE)* (Rs mn)

Bought	Sold	Net
59,810	61,870	(2,060)

CURRENCY

US$1 = Rs75.79

*FII turnover (BSE + NSE) as on May 21, 2020

ICICI Securities I-Sec

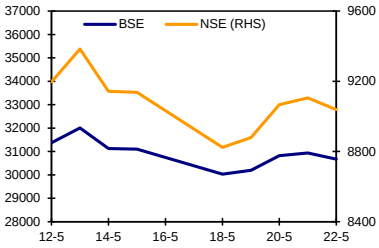
India Update

Contents

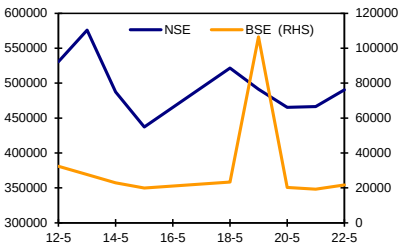
Highlights

Sector/event	Impact
BANKING: Sector update	As Covid-19 pandemic has engulfed the entire world posing a serious challenge to global banking system, we believe it is appropriate to take cues from March quarter performance of leading global banks and assess how Indian banks stack up. Key takeaways: 1) *Covid-19 upfront buffer ranged sub-75bps of advances for global banks (US: 30-70bps, UK/Europe: 15-35bps etc)* - trend similar to Indian banks (15-60bps). 2) Consequently, annualised credit cost in March quarter was 4-6x (of CY19 levels) for US & Singapore, 3-5x for UK/Europe compared to 1-3x for India (on a higher base). 3) Globally, *payment holiday is availed by 15-18% of mortgage customers, 6-8% of auto, <5% of card customers, 45-75% of SMEs (particularly Indonesia) and 10-15% of large corporates.* Considering the severity of crisis, it would be fair to extrapolate payment holiday extension and Q1CY20 credit charges for three more quarters (though initially seemed front loaded).

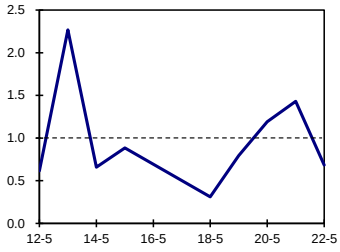
Market movement over last fortnight



Volumes in Rs mn (BSE and NSE)



Advances & Declines ratio (BSE)



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Equity Research

May 25, 2020

BSE Sensex: 30673

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INDIA

Banking

Global Covid-19 pulse – how Indian banks stack up?

As Covid-19 pandemic has engulfed the entire world posing a serious challenge to global banking system, we believe it is appropriate to take cues from March quarter performance of leading global banks and assess how Indian banks stack up. Key takeaways: 1) *Covid-19 upfront buffer ranged sub-75bps of advances for global banks (US: 30-70bps, UK/Europe: 15-35bps etc)* - trend similar to Indian banks (15-60bps). 2) Consequently, annualised credit cost in March quarter was 4-6x (of CY19 levels) for US & Singapore, 3-5x for UK/Europe compared to 1-3x for India (on a higher base). 3) Globally, *payment holiday is availed by 15-18% of mortgage customers, 6-8% of auto, <5% of card customers, 45-75% of SMEs (particularly Indonesia) and 10-15% of large corporates*. Considering the severity of crisis, it would be fair to extrapolate payment holiday extension and Q1CY20 credit charges for three more quarters (though initially seemed front loaded).

- **Covid-19 provisioning buffer @sub-75bps of advances:** Across global banking system, Covid-19 related provisioning in March quarter was sub-75bps of advances - trend similar to Indian banks (15-60bps). US banks created provisions of US$3-7bn each (30-70bps of loans – *refer chart 1*), UK/Europe: 15-35bps *(refer chart 2)* while in Indonesia, there was no specific mention though Covid-19 restructuring was high. Divergent trend was visible between US and UK/Europe/Indonesia – in US, >50% of Covid-19 reserve build-up was towards card portfolio while in UK/Europe/Indonesia, >50% reserves were towards commercial businesses *(refer table 1-4)*.
- **Earnings in black despite high provisioning due to operating profit support:** Across the board, operating profit was strong enough to absorb these losses and banks still reported profits, albeit at depressed levels – credit cost was 60-90% of operating profit for US, 50-70% for UK/Europe, 30-40% for Indonesia/Singapore compared to 30-60% for India *(refer chart 8)*. However, managements highlighted that operating profit trend would weaken due to growth moderation, NIM pressure, and fee income waiver *(refer key pointers from global banks transcript on Page 7,8)*.
- **Payment holiday schemes vary but broader numbers in similar range:** The narrative across global banks is to treat customers flexibly and sensitively. Most countries have granted 90-days grace period for retail (mortgages, auto, credit cards etc), waiver of fees and pausing foreclosure/ repossession etc. Also, banks are extending working capital credit to small businesses under SBA Paycheck Protection Programme (US) or Coronavirus Business Interruption Loan Scheme (CBILS-UK). Banks are also helping large corporate raise funds through investment grade papers etc. While payment deferral schemes vary across countries, payment holiday is availed by 15-18% of mortgage customers, 6-8% of car advances, <5% of credit card customers, 45-75% of SMEs (particularly Indonesia) and 10-15% of large corporates.
- **Extrapolating Q1CY20 credit cost is fair assumption:** Charges for April seemed front-loaded by design but given the rising severity of Covid-19 crisis and business dislocation it has caused, we believe it would be fair to extrapolate and annualise Q1CY20 charges for the next three quarters. Most of developed countries banks have guided for base case credit cost of 80-130bps for 9MCY20. Also, further extension of payment holiday (like India) is a possibility and need at this juncture.

Disclaimer: *The analysis across countries is purely from a comparative perspective and gauges some trends on how Indian banks stack up against global banks on credit cost and payment holiday. Our findings are based on circumstantial scanning of investor deck and transcripts of each of these global banks mentioned in the report.*

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Equity Research

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BSE Sensex: 30673

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Q4FY20 result review and reco change

Consumer Staples & Discretionary

Target price Rs2,200

Earnings revision

(%)	FY21E	FY22E
Sales	-	↓ 0.3
EBITDA	↓ 7.4	↓ 3.0
PAT	↓10.3	↓ 3.7

Target price revision

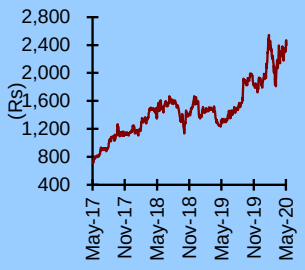
Rs2,200 from Rs2,300

Shareholding pattern

	Sep '19	Dec '19	Mar '20
Promoters	80.2	77.3	75.0
Institutional investors	10.8	13.8	16.2
MFs and others	4.3	5.1	5.7
Banks, FI's, Insurance co	0.2	0.3	0.5
FIIs	6.3	8.4	10.0
Others	9.0	8.9	8.8

Source: BSE

Price chart



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INDIA

ICICI Securities

Avenue Supermarts

REDUCE

Downgrade from Hold

No room for error

Rs2,398

Q4FY20 marks one of the first quarters of Avenue Supermarts' (AVEU) performance miss versus consensus expectations. We see headwinds to AVEU's revenue growth potential in FY2021 – (1) low inflation (Staples companies unlikely to raise prices given weak demand), (2) lower store throughput (social distancing norms, transport restriction), (3) revival of Kiranas (mom-and-pop stores) – to be further helped by the launch of JioMart, (4) acceleration in adoption of online ordering. Profitability is also likely to be impacted by inferior product mix, higher operational cost (hardship allowance to employees, hygiene and sanitation costs) and negative operating leverage. Although we believe AVEU will benefit from Indian food & grocery retail opportunity, current outperformance (105% vs. Nifty in 1Y) builds in best outcomes. Downgrade to REDUCE.

- **Revenue growth decelerated in March:** Revenue / EBITDA / PAT grew 23% / 11% / 41% YoY respectively. Jan and Feb revenue grew 29% YoY while March decelerated significantly to 11% growth. AVEU opened 18 stores during the quarter taking the total store count to 214 and the overall retail space to 7.8 mn sqft. FY21 so far has been weak, with revenue in April down 45% YoY and first half of May increasing 17% over the first half of April.
- **Steps taken:** Having discussed the potential difficulties in FY21, we note that the company has shown immense execution capabilities to offset the impact. Steps taken include (1) paying a hardship allowance to its frontline employees (it's an industry trend), (2) extension of D-Mart Ready home delivery model to 200 stores and (3) introduction of D-Mart on Wheels (DOW) model of supplying products to large housing societies. However, management did highlight that the DOW model was a temporary activity and will be withdrawn once footfalls at stores improve.
- **EBITDA margin to remain under pressure in FY21:** EBITDA margin in 4QFY20 declined 70bps to 6.7% due to a weaker GM (-120bps) due to a weaker product mix. We believe that profitability will remain under pressure (estimate 7.6% EBITDA margin in FY21 (-100bps)) driven by (1) weaker product mix, (2) higher cost of hygiene and sanitation activities, (3) higher employee cost (hardship allowance) and (4) negative operating leverage.
- **FY20 statistics:** SSG decelerated to 11%, primarily due to (1) slower growth at mature stores (>5 years old) and (2) new stores peaking faster (some even in <2 years, before they qualify for SSG calculations). Bills per store per day remained flat YoY (-1%) but at the same time, average bill value grew 16%. We believe that both these were due to the store closures in March-end and pantry stocking by customers.

Market Cap	Rs1554bn/US$20.5bn
Reuters/Bloomberg	AVEU.BO/DMART IN
Shares Outstanding (mn)	647.8
52-week Range (Rs)	2544/1290
Free Float (%)	25.0
FII (%)	10.0
Daily Volume (US$'000)	23,095
Absolute Return 3m (%)	(2.6)
Absolute Return 12m (%)	84.6
Sensex Return 3m (%)	(25.3)
Sensex Return 12m (%)	(20.7)

Year to March	FY19	FY20	FY21E	FY22E
Net Revenue (Rs mn)	199,163	246,750	276,744	387,244
Net Profit (Rs mn)	9,363	13,499	12,956	23,691
Dil. EPS (Rs)	15.0	20.8	20.0	36.6
% Chg YoY	19.3	38.9	(4.0)	82.9
P/E (x)	159.8	115.1	119.9	65.6
CEPS (Rs)	18.2	26.1	25.8	42.9
EV/EBITDA (x)	92.0	73.9	74.4	44.1
Dividend Yield (%)	-	-	-	-
RoCE (%)	26.0	20.8	14.7	23.1
RoE (%)	18.3	16.1	11.0	17.4

- **Balance Sheet:** AVEU's cash generation was a mixed bag in FY20. OCF grew 51% driven by revenue growth. However, FCF remained negative (at Rs 4 bn) as the company opened a record 38 stores in the year. Working capital increased to 19 days from 14 days, primarily driven by lower payables (down by 2 days) – a factor of inferior product mix and AVEU trying to get more discounts from Staples companies, in our opinion.
- **Valuation and risks:** We cut earnings estimates by 7-14% to reflect greater-than-expected margin impact; modelling revenue / EBITDA / PAT CAGR of 25% / 29% / 32% over FY20-22E. Downgrade to REDUCE (was HOLD) with revised DCF-based target price of Rs2,200 (was Rs2,300). At our target price, the stock will trade at 60x P/E Mar'22E. Key upside risks are fast turnaround of e-commerce operations and faster-than-expected recovery.

Table 1: Q4FY20 result review (standalone)

(Rs mn)

	Q4FY20	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20	FY19	YoY (%)
Store count (nos)	214	176	38	196	18	214	176	38
Retail space (mn sqft)	7.8	5.9	32	7.0	12	7.8	5.9	32
Sales throughput (TTM sales / sqft)	36,022	36,882	(2)	38,329	(6)	36,022	36,882	(2)
Net operating revenues	**61,935**	**50,334**	**23**	**67,519**	**(8)**	**246,750**	**199,163**	**24**
Material cost	(53,744)	(43,083)	25	(57,392)	(6)	(210,159)	(169,799)	24
Gross Profit	**8,191**	**7,250**	**13**	**10,127**	**(19)**	**36,591**	**29,363**	**25**
Employee cost	(1,151)	(859)	34	(1,110)	4	(4,247)	(3,350)	27
Other opex	(2,863)	(2,626)	9	(3,086)	(7)	(11,122)	(9,591)	16
Total expenditure	(57,759)	(46,568)	24	(61,588)	(6)	(225,529)	(182,741)	23
EBITDA	**4,177**	**3,765**	**11**	**5,931**	**(30)**	**21,221**	**16,422**	**29**
Other income	356	147	143	69	413	633	514	23
Interest	(124)	(122)	2	(160)		(628)	(472)	33
Depreciation	(948)	(619)	53	(867)	9	(3,398)	(1,988)	71
Pretax profits	**3,460**	**3,171**	**9**	**4,973**	**(30)**	**17,829**	**14,476**	**23**
Tax	(591)	(1,142)		(1,031)		(4,330)	(5,113)	
Adj. PAT	**2,869**	**2,029**	**41**	**3,943**	**(27)**	**13,499**	**9,364**	**44**
EPS	**4.4**	**3.3**	**36**	**6.3**	**(29)**	**21.4**	**15.0**	**43**
% of operating revenues								
Gross margin	**13.2**	**14.4**	-118 bps	**15.0**	-178 bps	**14.8**	**14.7**	8 bps
EBITDA margin	**6.7**	**7.5**	-74 bps	**8.8**	-205 bps	**8.6**	**8.2**	35 bps
Material cost	86.8	85.6	117 bps	85.0	177 bps	85.2	85.3	-9 bps
Employee cost	1.9	1.7	15 bps	1.6	21 bps	1.7	1.7	3 bps
Other opex	4.6	5.2	-60 bps	4.6	5 bps	4.5	4.8	-31 bps
Income tax rate (% of PBT)	17.1	36.0	-1893 bps	20.7	-364 bps	24.3	35.3	-1104 bps

Source: Company data, I-Sec research

Table 2: Q4FY20 subsidiary (primarily e-commerce)

(Rs mn)

	Q4FY20	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20	FY19	YoY (%)
Net operating revenues	**624**	**283**	**121**	**570**	**9**	**1,952**	**883**	**121**
Gross Profit	**310**	**172**	**81**	**304**	**2**	**1,082**	**674**	**61**
EBITDA	**(3)**	**(42)**	**(92)**	**36**	**(109)**	**62**	**(89)**	**(170)**
Pretax profits	**(128)**	**(94)**	**35**	**(74)**	**73**	**(381)**	**(257)**	**48**
Adj. PAT	**(156)**	**(113)**	**38**	**(102)**	**52**	**(489)**	**(339)**	**44**
% of operating revenues								
Gross margin	**49.7**	**60.6**	-1097 bps	**53.4**	-374 bps	**55.4**	**76.3**	-2090 bps
EBITDA margin	**-0.5**	**-14.9**	1430 bps	**6.4**	-690 bps	**3.2**	**-10.1**	1323 bps

Source: Company data, I-Sec research

Equity Research

May 26, 2020

BSE Sensex: 30673

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Q4FY20 result review and earnings revision

Financials

Target price Rs2,345

Earnings revision

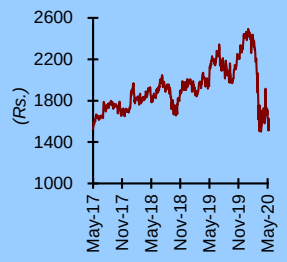
(%)	FY21E	F22E
NII	↑ 0.9	↑ 4.6
PPP	↑ 8.8	↑ 3.6
PAT	↓ 1.1	↑ 0.5

Shareholding pattern

	Sep '19	Dec '19	Mar '20
Promoters	0.0	0.0	0.0
Institutional investors	89.1	89.2	88.7
MFs and other	9.2	9.0	9.5
FIs/Banks	0.1	0.0	0.1
Insurance	7.1	7.3	8.1
FIIs	72.6	72.9	71.1
Others	10.9	10.8	11.3

Source: NSE

Price chart



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INDIA

ICICI Securities

HDFC Limited

BUY

Maintain

Well poised to weather the storm

Rs1,516

HDFC's Q4FY20 earnings reflect dampened sentiment in real estate sector. Two elements of surprise are: 1) rise in stage-3 assets to 2.3% (from 1.6% in Q3FY20) coupled with spike in stage-2 assets as well to 5.5% (from 4.7% in Q3FY20) – contrary to stable-to-declining GNPL trend for other financiers. Possibly, this was due to identification of a few accounts as 'stress' (though technically not NPL); 2) moratorium at 26% of AUM (21% for individual and >40% for non-individual loans) seems higher given the profile of customers / assets. Earnings were down primarily due to provisioning and absence of dividend income. However, >30% coverage on stage-2&3 assets, comfortable liquidity, improving NIMs at 3.4%, and operating profit at >3% of assets provide comfort to earnings stability. Also, HDFC will consolidate its positioning given balance sheet strength and ability to work with developers to find resolutions. Maintain BUY with an SoTP-based target price of Rs2,345 (Unchanged).

- **Rise in stage-2&3 assets – contrary to trend for other financiers:** Despite moratorium, stage-3 assets rose ~70bps to 2.3% due to rise in individual GNPLs by ~25bps to 1%, and non-individual book by ~180bps to 4.7%. We believe HDFC has proactively classified a few accounts as 'stress' in current circumstances (though technically not NPL). Stage-2 assets, even on the elevated levels of Q3FY20, further rose to 5.5% (suggesting this trend will linger for a while).

  Also, as on date, moratorium was availed for 26% of the bank's AUM (not much variance from April). While >40% of moratorium on non-individual accounts is on anticipated lines, 21% on individual loans seem higher given the profile of customers (salaried, professional, self-employed, lower LAP, etc). HDFC has >30% coverage on stage-2&3 assets. However, considering the dampened real estate sentiment, we conservatively model credit costs of 1.2% in FY21E.
- **Leaders with strong liability franchise are better positioned:** HDFC is comfortably accessing the debt market and availing of bank loans as well. It can work closely with developers right through to project completion, assist them in improving sales and achieve reasonable resolution in any exposures that become stressed. Also, once the situation normalises, many accounts moving out of moratorium will perform better given the profile of collateralised asset/customer class.
- **Asset growth moderation to stay for two quarters, but can revive fast:** Loan growth moderated sharply to 11% (from 14.5% in Q3FY20) due to loss of business in March and sell-downs. Business in April and May has been muted amidst lockdown and, with 74% customers honouring commitments, loan growth in near term will further moderate. However, it should revive faster than its peers as the situation normalises. Benefit on funding cost could help sustain NIMs at 3.2-3.4% levels.
- **Other highlights:** Fair value gain on investments was due to repricing of investments in Yes Bank, partially offset by MTM loss on RBL (under Ind-AS-16).

Market Cap	Rs2626bn/US$34.7bn
Reuters/Bloomberg	HDFC.BO/ HDFC IN
Shares Outstanding (mn)	1,732.0
52-week Range (Rs)	2492/1500
Free Float (%)	100.0
FII (%)	71.1
Daily Volume (US$/'000)	1,37,584
Absolute Return 3m (%)	(36.0)
Absolute Return 12m (%)	(28.6)
Sensex Return 3m (%)	(25.3)
Sensex Return 12m (%)	(20.7)

Year to March	FY19	FY20P	FY21E	FY22E
NII (Rs mn)	114,026	127,480	138,011	152,156
Net Income (Rs mn)	96,325	179,951	86,366	117,620
EPS (Rs)	50.7	63.1	42.8	59.7
% Chg YoY	-16.9	86.0	-52.0	36.2
P/E (x)	7.6	6.1	9.0	6.5
P/BV (x)	1.1	0.9	0.9	0.8
Net NPA (%)	0.8	1.0	1.3	1.2
Dividend Yield (%)	1.4	1.5	1.6	1.7
RoA (%)	2.2	3.7	1.6	1.9
RoE (%)	13.5	22.0	9.8	12.7

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May 24, 2020

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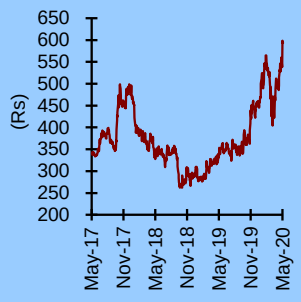
Telecom

Sector update

Bharti Airtel



Vodafone Idea

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INDIA

Telecom

When will be the next tariff hike?

The most frequently asked question by investors currently is when will be the next tariff hike. Organic ARPU growth will continue on rising 4G penetration and limited drag from competitive intensity. Our analysis shows 10mn 4G subs addition increases ARPU by ~Rs3. But this is not enough to reach Rs200 ARPU soon, and requires another round of huge tariff hike. Tariff hike is unlikely before recommendation on floor price, as any suo moto tariff hike may work against telecom operators for policy intervention. We do not see any huge tariff hike for at least a quarter or two. (Floor price report)

- **Scope to grow ARPU organically.** Bharti Airtel's Q4FY20 earnings prints has established the start of organic ARPU increase from higher penetration of 4G subs (2G to 4G shift), and growth in post-paid subs. 4G penetration has been rising since last three years, however, the benefit was getting offset from 1) decline in underlying ARPU across categories on pricing action; and 2) higher shift from 3G to 4G which yielded negligible benefit on revenue (as tariff plan for 3G and 4G was identical).

  Most smartphone subs with 3G-enabled handset have shifted to 4G smartphone, and Bharti has shut down 3G services in a large part of the country, which has led to a majority of mobile broadband subs now on 4G. This means most new 4G subs are from lower tariff plans, so upgrading on ARPU. The last downward tariff action happened in May'18 with cut in post-paid prices by Reliance Jio and subs loss due to aggressive promotion in JioPhone - exchange offer at Rs501 post Sep'18 and probably the effect lasted for 12 months. We see most of their negative impact was already factored in H1FY20 revenue for incumbents. Fading impacts on the above two counts has allowed 4G subs addition translating into higher ARPU in the past two quarters. ***We reckon every 10mn 4G subs addition increases ARPU by ~Rs3.*** The ARPU accretion will keep rising as incremental 2G subs joining 4G is from a relatively low ARPU base.

  Postpaid subs have declined since Reliance Jio 4G service launch due to huge difference in tariffs *vs* prepaid. The tariffs of 4G prepaid bundled packs saw a significant rise (25-30%) in Dec'19, which has significantly reduced price difference between prepaid and postpaid plans. Postpaid also offers attractive value-added services such as free subscription to Amazon Prime, Zee5, Airtel Xstream etc. Along with this, Bharti / VIL has also launched 4G services with family bundled packs which should have helped in driving higher postpaid addition. We would wait to see the trend sustain in coming quarter though.

- **When will be the next huge tariff hike?** Covid-19 outbreak has adversely impacted the probability of next huge tariff hike in near term on two counts: 1) Floor price recommendation has delayed pending open house discussion; and 2) telcos would not like to take any huge tariff hike as it would earn negative publicity as most subs are facing unprecedented challenging situation. Nonetheless, some tariff tweaking possible such as introduction of higher data allowance plan, which is significantly ARPU accretive, cutting validity from 84days to say 82days or 80days etc.

  Besides, telecom operators will not increase tariff ahead of floor price recommendation as TRAI may see this as industry's ability to take tariff hike without policy intervention, and it may work against telcos on floor price recommendation.

  Floor price can be game changer policy intervention as this may help the industry reconstruct pyramid structure (from almost flat industry structure now) which will help maximize revenue on mobile services, and reduce risk of pricing retraction. **Therefore, we do not see price hike until floor price recommendation is published, which may take another quarter or two at least, in our view.**

Equity Research
May 26, 2020
BSE Sensex: 30673

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Sector update

Top picks

- Shree Cement
- UltraTech Cement

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INDIA

Cement

May'20 volumes could surprise, but too early to extrapolate

Our channel checks suggest demand recovery to be swift and strong during May'20 with industry likely operating at similar exit utilisation of ~65% as seen during May'19. This could mean industry volumes are likely turning flat YoY on exit-rate, hence unlikely to see decline of >20-25% during May'20, which may positively surprise the street. Pre-monsoon pent-up demand from rural/semi-urban housing and government spend on infrastructure are likely driving this growth on the relatively low base of last year. Companies have announced seasonal price hikes of Rs10-25/bag across regions in May'20; while fuel prices have corrected by 15-20% MoM. We maintain our positive stance with SRCM and UTCEM as our top picks.

- **Industry volumes likely turning flat YoY on May'20 exit-rate**, hence unlikely to decline >20-25% during May'20, which may positively surprise the street. Low base of last year owing to elections (flat YoY) may also aid reported volume growth. Industry is likely operating at ~65% utilisation currently, with East and Central regions operating at >80%. West and South seems to be operating at the lower utilisation (<50%). ~70-80% of volumes (vs 50-60% earlier) are being sold in rural/semi-urban areas, where pent-up demand remains strong. Trade (retail) volumes now constitute 80-90% of volumes compared to 65-70% pre-Covid'19.
- **Most companies suggest not to extrapolate May'20 volume recovery** and that it would be prudent to wait for a couple of months / lockdown relaxation before making a firm view on demand. As the trend of migrant labour moving to hometown accelerates, there seems fear of spread of Covid-19 to rural / semi-urban areas too. There also seems to be an issue of unavailability of trucks / drivers / labour, etc., which are still getting managed. Besides, most of urban India is still under lockdown and relaxation is likely to be in phases. We continue to factor low single-digit decline in industry volumes for FY21E vs consensus view of at least low double-digit decline.
- **Companies have announced seasonal price hikes of up to Rs10-25/bag (except Gujarat) in May'20 across regions.** While South has seen maximum price increase of Rs25-40/bag given absolute low prices, most other regions have witnessed Rs10-15/bag hikes. Companies are likely to announce Rs10-15/bag hike even for Jun'20. We believe effective cement utilisation is unlikely to see any meaningful decline over FY20-FY22E as most planned capacity expansion gets delayed / deferred, while pan-India clinker utilisation is likely to remain high at ~79% over the same period.
- **Fuel prices down 15-20% MoM during May'20:** Domestic petcoke prices have corrected by 17% MoM / 24% YoY to Rs5,892/te (lowest since Aug'16) w.e.f. 1st May'20. International coal and petcoke prices have witnessed 15-20% corrections MoM. This should translate into Rs40-50/te cost savings for companies, in our view.

Valuation summary

Company	Rating	TP (Rs/sh)	P/E (x)			EV/EBITDA (x)			EV/t (USD/t)		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
UTCEM	BUY	4,725	27.4	27.8	20.5	12.9	12.7	10.2	142	135	124
ACC*	BUY	1,520	18.0	20.1	15.0	7.2	8.9	7.1	70	74	69
ACEM*	BUY	210	20.2	21.6	16.7	8.4	9.9	7.8	83	82	78
SRCM	BUY	22,400	44.0	40.0	32.1	17.0	16.5	13.2	187	165	156
DALBHARA	BUY	785	44.9	54.0	20.9	6.2	6.2	4.8	73	62	50
TRCL	BUY	635	22.0	25.0	20.3	13.7	13.6	11.0	129	118	112
JKCE	BUY	1,260	18.2	21.6	16.3	9.7	9.8	8.2	96	97	96
ICEM	SELL	65	43.1	55.7	24.3	10.8	11.1	9.5	66	65	66
JKLC	BUY	370	8.8	10.6	8.1	5.0	5.2	4.8	43	42	45
ORCMNT	BUY	54	9.5	10.7	6.0	5.2	5.5	5.3	33	33	39
PRSMJ	ADD	33	24.4	87.1	23.7	6.7	7.4	6.2	58	64	62
GRASIM	ADD	585	6.9	12.7	5.4	4.4	5.4	4.3	-	-	-

Source: I-Sec research *Dec year-ending

Equity Research

May 26, 2020

BSE Sensex: 30673

ICICI Securities Limited is the author and distributor of this report

Q4FY20 result review and earnings revision

Agriculture

Target price: Rs466

Earnings revision

(%)	FY21E	FY22E
Sales	↑ 3.6	↑ 4.5
EBITDA	↓ 6.1	↓ 5.0
EPS	↓ 8.5	↓ 8.7

Target price revision

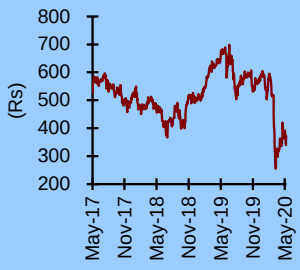
Rs466 from Rs650

Shareholding pattern

	Sep '19	Dec '19	Mar '20
Promoters	27.9	27.9	27.9
Institutional investors	54.5	54.6	54.2
MFs and others	4.3	4.1	4.2
FIs/Bank/Ins	6.3	7.0	8.0
FIIs	43.9	43.5	42.0
Others	17.6	17.5	17.9

Source: BSE

Price chart



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INDIA

UPL

BUY

Maintained

Improvement in market shares in key regions

Rs371

Highlights from UPL's Q4FY20: (1) the company has indicated its vision to grow revenues at 7-10% in long term. Considering market growth of agrochemicals of 2-3%, the company's ambitious revenue growth target aims at market share gains, (2) Post acquisition the company has strengthened market shares in its key regions with leadership positions in Colombia, Mexico and India, (3) The synergy benefits and lower input prices will lead to better margins in FY20-22. We model EBITDA margin expansion of 80bps over FY20-22E and (4) The company is also working towards reducing net working capital days which will improve asset turns. Its net working capital days at end of FY20 were 90 vs 108 in FY18. We expect earnings CAGR of 19.8% over FY20-22 with RoIC > Cost of equity. Maintain BUY with a DCF-based target price of Rs466 (10x FY22E; Earlier TP-Rs650).

- **Revenue growth in FY20:** The company reported revenue growth of 63.7% in FY20. The comparable revenue growth was 13% (16% volume growth, 1% price decline and 2% forex impact). Revenue growth in key regions – Latin America 24%, North America 13%, India 11%, Rest of World 12% and Europe (7%). The company has guided its long term revenue growth ambition of 7-10% per annum.
- **Improving market position:** Post acquisition of Arysta, the company has consolidated its position in its key markets and is now market leader in Colombia and Mexico. It is no.4 player in Brazil now. It has also strengthened its market leadership in India. We note the company's market position is stronger in its key regions compared to its global position as 5th largest agrochemical player.
- **Expect synergy benefits and lower input prices to drive margins in FY21-22:** The cost synergy benefits worth Rs8bn were achieved in FY20 and we expect additional cost synergies in FY21 due to (1) savings in R&D costs, (2) synergies in raw material & packaging material sourcing, (3) media buying and (4) synergies in distribution. We also expect correction in crude oil prices will result in lower raw material and packaging material prices and will boost gross margins.
- **Expect improvement in return ratios:** UPL is working on three broad strategies to improve return ratios as (1) improve revenues via gaining market share, (2) improve margins via synergy benefits and lower input prices and (3) reduce the working capital days. The working capital days have corrected to 90 at end of FY20 from 108 in FY18. We expect RoE to move to 14.7% in FY22 from 8.7% in FY20.
- **Maintain BUY:** We model UPL to report revenue and PAT CAGRs of 10.2% and 19.8% respectively, over FY20-FY22E. We remain confident of value creation with RoIC > Cost of Equity and hence, maintain BUY rating with DCF based target price of 466 (10x FY22E).

Market Cap	Rs284bn/US$3.7bn
Reuters/Bloomberg	UPLL.BO/UPLL IN
Shares Outstanding (mn)	763.9
52-week Range (Rs)	698/255
Free Float (%)	72.1
FII (%)	42.0
Daily Volume (US$'000)	27,880
Absolute Return 3m (%)	(36.5)
Absolute Return 12m (%)	(44.7)
Sensex Return 3m (%)	(25.3)
Sensex Return 12m (%)	(20.7)

Year to March	FY19	FY20P	FY21E	FY22E
Net Revenue (Rs mn)	218,370	357,560	394,141	433,857
Net Profit (Rs mn)	18,980	24,980	30,194	35,829
Dil. EPS (Rs)	24.8	32.7	39.5	46.8
% Chg YoY	(9.1)	31.6	20.9	18.7
P/E (x)	15.0	11.4	9.4	7.9
CEPS (Rs)	38.2	62.9	72.8	83.4
EV/EBITDA (x)	14.7	8.3	7.3	6.6
Dividend Yield (%)	1.4	1.6	1.6	1.6
RoCE (%)	8.8	9.2	9.9	10.9
RoE (%)	4.4	8.7	13.9	14.7

Equity Research

May 26, 2020

BSE Sensex: 30673

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Q4FY20 result review and earnings revision

Branded Apparels

Target price: Rs525

Earnings revision

(%)	FY21E	FY22E
Sales	↓ 15.3	↓ 10.0
EBITDA	↓ 20.9	↓ 6.9
PAT	↓ 26.5	↓ 9.5

*standalone

Target price revision

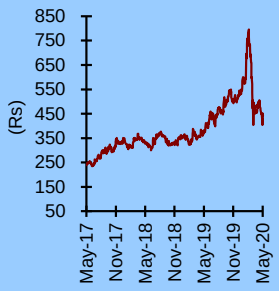
Rs525 from Rs535

Shareholding pattern

	Sep '19	Dec '19	Mar '20
Promoters	37.0	37.0	37.0
Institutional investors	36.9	36.8	36.8
MFs and others	12.2	12.2	11.8
FIs and Banks	0.0	0.0	0.0
Insurance Cos.	2.8	2.8	2.8
FPI	21.9	21.8	22.0
Others	26.1	26.2	26.2

Source: BSE

Price chart



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INDIA

Trent Ltd

BUY

Maintain

Rs444

Better positioned to leverage huge opportunity

Trent's Q4FY20 standalone revenues grew 8% YoY, in line with our estimates, with better-than-expected pre Ind-AS 116 EBITDA margin at 3.2% (I-Sec: 1%) owing to lower rental costs. Management indicated 70 fashion stores out of 247 (besides food stores) have commenced operations over the past fortnight and expects resumption of economic activity in phases and a gradual return of normalcy over the next few months. We believe Trent is likely to emerge stronger when normalcy returns and is better positioned to leverage the huge available opportunity, given its compelling product offerings at attractive prices and robust balance sheet strength (Rs5bn net cash as at Mar'20). Factoring-in higher demand impact due to Covid-19, we reduce our standalone FY21E and FY22E EBITDA by 21% and 7% respectively and reduce our target price to Rs525/share (earlier Rs535/share) based on 30x FY22E EV/E. Maintain BUY.

- **Standalone revenues grew 8% YoY to Rs7.2bn,** in line with estimates. Trent maintained its strong revenue growth momentum at 33% YoY in Jan-Feb'20. However, revenues impliedly declined ~42% YoY in Mar'20 due to store closures / Covid'19 lockdown in second fortnight of Mar'20. FY20 revenues grew by a strong 26% YoY with YTD-Feb'20 revenues increasing 33% YoY. *Westside* revenues grew 16% YoY in FY20 (implying flat revenues in Q4FY20) with LTL of 7.3%. YTD-Feb'20, *Westside* LTL revenues grew by 12.6%. *Zudio* revenues likely grew ~89% YoY to ~Rs1.3bn in Q4FY20 led by robust network expansion. *Zudio* FY20 revenues grew 2.3x YoY to Rs4.8bn and now contributes ~15% of total revenues.
- **Trent added 63 stores (20 *Westside*, 41 *Zudio* and 2 *Utsa*) in FY20.** Accordingly, *Westside* and *Zudio* store count stood at 165 (across 87 cities) and 80 respectively as at FY20-end. Besides, opening of 21 stores (four *Westside* and 17 *Zudio*) under fit-outs was impacted owing to Covid'19. Management expects to have these additional stores opened once the lockdown is relaxed. It envisages restrictions being prescribed/warranted initially w.r.t. movement of people, which may lead to consumer sentiment taking a few months to adjust / fully recover. However, the company also sees possible opportunities including improved access to retail property locations, etc. and expects to accelerate growth via store expansions.
- **Near-term focus on preserving cash:** Trent has started prioritising cash conservation and cost reductions, especially with respect to discretionary spends. Company does not see incremental risk to recoverability of assets (w.r.t. inventories, investments, tangible and other current assets) owing to Covid-19.
- **Q4FY20 standalone gross margin contracted 100bps YoY to 46.5% (I-Sec: 45%)** on increasing share of low gross margin *Zudio*. As per our calculation, EBITDA (pre-IndAS 116) declined 31% YoY to Rs233mn (I-Sec: Rs75mn) with EBITDA margin declining 183bps YoY to 3.2% (I-Sec: 1.1%). Rent expenses (pre-IndAS 116) likely decline from Rs1.25bn to Rs1.1bn QoQ implying semi-variable nature, whereas employee costs declined from Rs805mn to Rs758mn QoQ.

Market Cap	Rs157bn/US$2.1bn
Reuters/Bloomberg	TREN.BO/TRENT IN
Shares Outstanding (mn)	355.5
52-week Range (Rs)	796/374
Free Float (%)	63.0
FII (%)	22.0
Daily Volume (US$'000)	3,467
Absolute Return 3m (%)	(43.0)
Absolute Return 12m (%)	16.0
Sensex Return 3m (%)	(25.3)
Sensex Return 12m (%)	(20.7)

Year to Mar	2019	2020	2021E	2022E
Revenue (Rs mn)	25,317	31,777	29,672	44,238
EBITDA (Rs mn)	2,365	2,935	2,278	4,277
Net Income (Rs mn)	1,279	2,094	1,430	2,810
% Chg YoY	9.6	53.0	(31.7)	96.5
P/E (x)	89.1	57.4	85.0	43.4
CEPS (Rs)	5.2	7.9	6.5	11.1
EV/E (x)*	45.1	32.7	44.0	24.7
Dividend Yield	0.3	0.2	0.2	0.3
RoCE (%)	10.7	13.5	7.4	12.7
RoE (%)	13.0	15.7	7.9	14.3

*includes other income ex-treasury income

Equity Research

May 25, 2020

BSE Sensex: 30673

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Q4FY20 result review and earnings revision

Metals

Target price: Rs214

Earnings revision

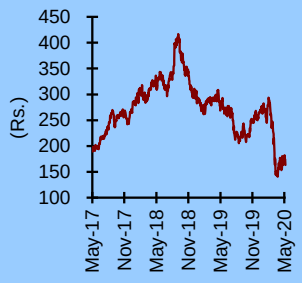
	FY21E	FY22E
Revenue	↑ 2.8	↑ 2.7
EBITDA	↓ 12.6	↓ 1.8
PAT	↓ 71.4	↑ 1.4

Shareholding pattern

	Sep '19	Dec '19	Mar '20
Promoters	42.4	42.3	42.7
Institutional investors	21.7	21.8	21.5
MFs and others	2.5	2.3	2.1
Banks & FIs	1.3	1.9	2.3
FIIs	17.9	17.6	17.1
Others	34.9	35.9	35.8

Source: www.nseindia.com

Price chart



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INDIA

JSW Steel

BUY

Maintained

Balance sheet sustainability measures initiated

Rs166

JSW Steel's (JSWS) Q4FY20 performance was higher than expected as standalone EBITDA stood at ~Rs32bn (I-Sec: Rs30.3bn). Volumes were in-line. While realisation/te went up by 8% QoQ, EBITDA/te went up by 45% QoQ led by better gross margins. There was QoQ increase in EBITDA/te despite higher than expected employee, power and other expenses/te. What surprised us the most was FY21E volume guidance (expected flat YoY). We have increased our FY21 volume assumption to 13.7mnte (from 13mnte earlier), still far from what management is guiding (~15mnte). Management expects a significant increase in exports in FY21E which should reflect in lower margins, we have factored in the same. While capex guidance has been curtailed and Dolvi commissioning is postponed (along expected lines), we are still far off from embedded EBITDA guidance in '*maintaining net debt over FY21E at current levels*'. Maintain BUY.

- **Net debt to EBITDA reaches 4.5x in Q4FY20, with Bhushan Power (if completed in FY21E) it may very well reach 8x.** We expect a 27% YoY drop in FY21E EBITDA for JSWS. While refinancing due worth Rs75bn should not be a problem given an extremely liquid global junk bond market, management commentary didn't suggest lack of domestic avenues of debt funding. There has been breach of debt covenants, there has been and will be rating downgrades as muted earnings expectations firm up. Volume guidance of 15mnte for FY21E looks a bit aggressive, yet muted FY21E earnings in no way constrain the investment thesis in the name.
- **International subsidiaries continue to incur EBITDA losses**. International subsidiaries continued to incur EBITDA losses - ~US$40mn in Q4FY20. There are requirements of funding these operations if profitability lingers at current levels. Additionally, the management has planned for US$50mn capex in these plants for FY21E. We have introduced EBITDA losses for these plants in FY21/22E which largely explains our reduction in EBITDA estimates for FY21/22E.
- **Dolvi plant commissioning further delayed.** Commissioning of expansion of Dolvi plant (5mtpa to 10mtpa) has been delayed to H2FY21, given lack of contract labourers and absence of foreign technology partners on account of Covid-19. Strategic review of capex leads to curtailment in capex guidance to Rs90bn for FY21E. As expected, a significant chunk of the upstream capex announced has been postponed. With **reduced capex, cost measures** and new volume guidance for FY21E, management is confident to maintain current net debt levels (ex Bhushan Power). The embedded EBITDA is significantly higher than what we have factored in for FY21E.
- **Maintain BUY**. We feel current price more than adequately discounts the RoE compression possible post the likely merger with Bhushan Power (@Rs195bn acquisition price). We maintain BUY with a target price of Rs214/share (1.2x FY22E book).

Market Cap	Rs402bn/US$5.3bn
Reuters/Bloomberg	JSTL.BO/JSTL IN
Shares Outstanding (mn)	2,417.2
52-week Range (Rs)	294/141
Free Float (%)	47.3
FII (%)	17.1
Daily Volume (US$'000)	27,832
Absolute Return 3m (%)	(41.0)
Absolute Return 12m (%)	(39.1)
Sensex Return 3m (%)	(25.3)
Sensex Return 12m (%)	(20.7)

Year to March	FY19	FY20	FY21E	FY22E
Revenue (Rs mn)	847,570	733,260	691,479	1,000,155
Net Income (Rs mn)	75,240	49,040	2,904	64,948
EPS (Rs)	31.1	20.3	1.2	26.9
% Chg YoY	26.5	(34.8)	(94.1)	2,136.4
P/E (x)	5.3	8.2	138.2	6.2
CEPS (Rs)	47.8	37.9	19.2	48.3
EV/E (x)	4.7	8.2	11.3	5.2
Dividend Yield (%)	2.3	1.2	0.1	0.1
RoCE (%)	18.2	7.6	3.9	10.2
RoE (%)	24.0	13.7	0.8	16.2

Equity Research
May 26, 2020
BSE Sensex: 30673

ICICI Securities Limited is the author and distributor of this report

Q4FY20 result review and reco change

Plastics

Target price: Rs981

Earnings revision

(%)	FY21E	FY22E
Sales	↓ 13.4	↓ 7.7
EBITDA	↓ 3.0	↑ 0.4
EPS	↓ 3.7	↑ 1.1

Target price revision

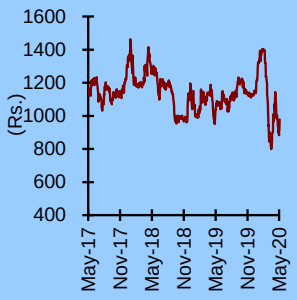
Rs981 from Rs933

Shareholding pattern

	Sep '19	Dec '19	Mar '20
Promoters	49.7	49.7	49.9
Institutional investors	31.4	31.7	32.1
MFs and other	15.1	14.5	15.3
FIs/Banks	0.0	0.0	0.0
Insurance	0.0	0.0	0.0
FIIs	16.3	17.2	16.8
Others	19.1	18.6	18.0

Source: NSE

Price chart



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INDIA

ICICI Securities

Supreme Industries

HOLD

Upgrade from Sell

One-offs & higher VAP mix drive margin beat

Rs978

Supreme Industries (SIL) surprised the street positively with a huge beat in EBITDA margin at 19.1% (I-Sec:13.7%), up 590/300bps YoY/QoQ respectively, led by one-offs (annual polymer procurement discount and reversal of trade turnover discounts) and higher share of valued-added products (VAPs) in the mix. Q4FY20 volume growth declined in line with our expectations by 9.5% YoY due to Mar'20 portion of the nationwide lockdown. While sharp fall in PVC prices in Apr'20 and extended nationwide lockdown in Q1FY21 are likely to impact near-term financials, the recent spike in PVC prices, improvement in volume trajectory in agricultural pipe and SILPAULIN segments, and likely demand traction in H2FY21 would drive steady recovery going forward. Upgrade to HOLD.

- **Valuation and outlook**: Factoring-in the Q4FY20 performance and extended lockdown impact, we cut our revenue and PAT estimates by 13.4%/7.7% and 3.7%/ -1.1% respectively for FY21E/FY22E respectively. We now expect the company to report revenue and core PAT CAGRs of 3.3% and 5% respectively, over FY20-FY22E. We upgrade the stock to **HOLD** (from *Sell*) with a revised SoTP-based target price of Rs981 (earlier: Rs933), valuing the core business at 25x FY22E earnings.
- **Revenues decline 6.6% YoY to Rs14.3bn:** SIL reported 6.6% YoY decline in revenues to Rs14.3bn due to 9.5% YoY decline in volumes. Realisation however grew 3.2% YoY led by higher VAP share. The impact of Covid-19-led lockdown in Mar'20 was relatively lower in plastic piping segment (volumes down 7.4% YoY) while other segments reported double-digit volume decline. Management highlighted that segments like agriculture pipes, performance films and cross-laminated films have already started witnessing demand in Q1FY21 while it expects normalcy across product segments to return by Sep'20.
- **EBIDTA margin surprised positively led by one-offs and higher VAP share**: SIL reported a strong beat in EBITDA margin at 19.1% (I-Sec: 13.7%), up 590/300bps YoY/QoQ, mainly led by one-offs such as annual polymer procurement discount (as it honoured the annual polymer procurement in Q4FY20), reversal of trade turnover discounts and inventory gains particularly in the plastic piping segment, and higher share of VAPs (up 280bps YoY). Despite the recent recovery in PVC prices, management expects to report sizeable inventory loss in Q1FY21 driven by sharp fall in PVC prices in Apr'21. While it refrained from giving full-year margin guidance considering the near-term uncertainty, we expect SIL to report 14.5% margins in FY21E driven by operating deleverage and volatility in polymer prices.
- **Core PBT up 43.8% YoY to Rs2.16bn:** Strong operational performance led to 43.8% YoY increase in core PBT to Rs2.16bn (I-Sec: Rs1.4bn). Core PAT however grew 5% YoY to Rs1.1bn (I-Sec: Rs1.04bn) led by higher tax outgo. Going forward, we expect SIL to report core PAT CAGR of 5.2% over FY20-FY22E.

Market Cap	Rs124bn/US$1.6bn
Reuters/Bloomberg	SUPI.BO/SI IN
Shares Outstanding (mn)	127.0
52-week Range (Rs)	1405/799
Free Float (%)	50.1
FII (%)	16.8
Daily Volume (US$/'000)	1,046
Absolute Return 3m (%)	(29.1)
Absolute Return 12m (%)	(3.9)
Sensex Return 3m (%)	(25.3)
Sensex Return 12m (%)	(20.7)

Year to Mar	FY19	FY20	FY21E	FY22E
Revenue (Rs mn)	56,120	55,115	48,916	59,067
Rec. Net Income (Rs mn)	3,671	4,362	3,473	4,831
EPS (Rs)	28.9	34.3	27.3	38.0
% Chg YoY	(7.6)	18.8	(20.4)	39.1
P/E (x)	33.8	28.5	35.8	25.7
CEPS (Rs)	44.5	53.0	46.8	60.6
EV/E (x)	16.0	15.1	17.7	13.8
Dividend Yield (%)	1.3	1.4	1.5	1.7
RoCE (%)	25.9	23.9	17.4	23.0
RoE (%)	18.8	21.2	15.7	20.4

Equity Research

May 25, 2020

BSE Sensex: 30673

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Q4FY20 result review and rating change

Autos

Target price: Rs8,767

Earnings revision

(%)	FY21E	FY22E
Sales	↓ 2.1	↓ 4.6
EBITDA	↓ 5.9	↓ 8.8
EPS	↓ 9.3	↓ 12.9

Target price revision

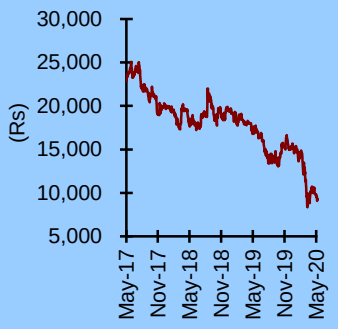
Rs8,767 from Rs8,923

Shareholding pattern

	Sep '19	Dec '19	Mar '20
Promoters	70.5	70.5	70.5
Institutional investors	20.6	20.7	20.7
MFs and others	1.6	1.6	1.5
Banks & FIs	0.2	0.1	0.1
Insurance Cos	11.5	11.5	11.5
FIIs	7.3	7.5	7.6
Others	8.9	8.8	8.8

Source: NSE

Price chart



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INDIA

Bosch Ltd

REDUCE

Downgrade from Hold

Industry outlook grim; valuations demanding

Rs9,534

Bosch's (BOS) Q4FY20 operating performance came in below expectations as sales declined 19% YoY and EBITDA margin contracted 353bps YoY to 15.3%. Automotive revenues dropped 18.2% at ~Rs18.8bn (driven by 23.7% YoY decline in mobility division) while non-automotive revenues shrunk 20.8% to ~Rs3.6bn. BOS continued to incur restructuring costs (Rs3bn and Rs7.2bn in Q4FY20 and FY20 respectively). We remain cautious on industry volume outlook with >20% decline expected in FY21, management views on demand were even worse. We believe BOS's strong balance sheet, continued cost focus would aid it in current scenario. However, heightened competitive intensity is likely to keep margins suppressed. We expect EPS CAGR of -12% for FY19-22 while stock remains expensive at 26x FY22 EPS. We downgrade the stock rating to REDUCE from *Hold*.

- **Key highlights of the quarter:** BOS' domestic mobility solutions business declined ~23.7% YoY affected by auto slowdown as the powertrain division declined 29.5%. Elevated other expenditures (up 403bps to 18.5% of sales) led to EBITDA margin contraction of 353bps to 15.3%. Another additional provision of ~Rs3bn has been made as part of restructuring, redeployment and reskilling initiatives and the management expects the same to continue in FY21.
- **Key takeaways from concall:** Management indicated: a) structural slowdown in FY20 accelerated due to Covid-19 further delaying recovery. Management indicated an industry decline expectation ranging from ~15%-40 across categories with PV's likely fare the worst; b) BOS has acquired Rs240bn of new business in lifetime contracts across segments; it remains a key supplier for BS-VI compliance with 79 OEM contracts already fulfilled; it is also a supplier for soon-to-be launched hybrid vehicles in India; c) company has resumed operations at all its facilities and is operating at 15-20% productivity on a single shift; however, with large portions of supply chain in the red-zones ramp-ups could be challenging for OEM's; e) BOS has formed wholly owned subsidiary for new age manufacturing ; and f) diesel PV's likely to remain relevant as cost increases in PV's is lower than earlier expectations.
- **Downgrade to REDUCE:** Our conservatism on BOS centre's around industry challenges, which we believe are likely to stunt earnings recovery. We cut earnings by 9.3% / 12.9% for FY21E / FY22E respectively. We upgrade our target multiple to 24x (earlier: 22x) FY22E considering the dressed near term earnings (~26x FY22E EPS). Current valuations still remain demanding. We downgrade the stock to **REDUCE** rating from *Hold* with a revised target price of Rs8,767/share (earlier: R8,923/share).

Market Cap	Rs281bn/US$3.7bn
Reuters/Bloomberg	BOSH.BO/BOS IN
Shares Outstanding (mn)	29.5
52-week Range (Rs)	17723/8357
Free Float (%)	29.5
FII (%)	7.6
Daily Volume (US$/'000)	4,382
Absolute Return 3m (%)	(34.6)
Absolute Return 12m (%)	(42.9)
Sensex Return 3m (%)	(25.3)
Sensex Return 12m (%)	(20.7)

Year to Mar	FY19	FY20P	FY21E	FY22E
Revenue (Rs mn)	122,579	98,416	84,879	92,912
Rec. Net Inc (Rs mn)	15,980	12,973	9,174	10,776
EPS (Rs)	541.7	439.8	311.0	365.3
% Chg YoY	11.5	(18.8)	(29.3)	17.5
P/E (x)	17.7	21.8	30.8	26.2
CEPS (Rs)	678.8	377.2	458.4	532.0
EV/E (x)	10.6	14.9	19.3	15.7
Dividend Yield (%)	1.0	1.1	1.0	1.2
RoCE (%)	19.3	11.8	6.7	7.9
RoE (%)	17.5	7.9	9.3	10.1

Equity Research
May 26, 2020
BSE Sensex: 30673

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Q4FY20 result review and reco change

Pharmaceuticals

Target price: Rs541

Earnings revision

(%)	FY21E	FY22E
Sales	(26.1)	(9.1)
EPS	(47.0)	(14.8)

Target price revision

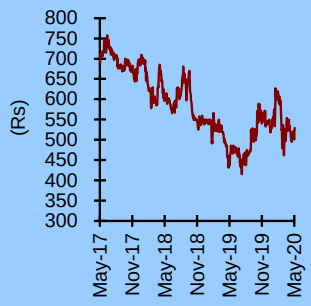
Rs541 from Rs565

Shareholding pattern

	Sep '19	Dec '19	Mar '20
Promoters	66.1	66.0	66.0
Institutional investors	25.5	25.6	25.5
MFs and other	14.3	14.2	8.3
FIs/Banks/Ins	0.4	0.6	0.7
FIIs	10.8	10.8	16.5
Others	8.4	8.4	8.5

Source: BSE India

Price chart



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INDIA

ICICI Securities

Thyrocare Technologies

HOLD

Downgrade from Add

COVID-19 weighs on the business

Rs528

Thyrocare Technologies' (Thyrocare) reported a weak performance in Q4FY20 with results below our estimates affected severely by COVID-19. Consolidated revenue declined 3.9% YoY to Rs1.0bn (I-Sec: Rs1.2bn). EBITDA margin dropped 220bps YoY and 1090bps QoQ to 30.5% (I-Sec: 38.5%). The decline of 7.1% in the number of samples came as negative surprise, though realisation per sample increased 3.4% YoY. The company's model of low pricing/high volume strategy was severely affected by the nationwide lockdown initiated in Mar'20. We believe Thyrocare's business remains more vulnerable to COVID-19 as preventive and wellness care form large part of revenue which would take longer to recover as compared to disease specific tests. Downgrade to HOLD.

- **Revenue impacted by volume decline:** The company witnessed revenue decline of 3.9% due to volume decline despite better realisation. Volume decline in pathology stood at 6.4% in number of investigations and 7.1% in number of samples primarily on account of COVID-19. Realisation per sample increased 3.4% YoY and that in investigations increased 2.7%. The company's strategy of low pricing/high volume was severely affected due to the nationwide lockdown which reduced working OPDs resulting in lower footfalls. Imaging business (Nueclear) witnessed 37.0% drop in volumes.
- **Profitability impacted by lower revenue:** Thyrocare reported EBITDA margin drop of 220bps YoY and 1090bps QoQ to 30.5%, lower than our estimate of 38.5%. The drop is primarily due to decline in revenue. Higher S,G&A expenses YoY and QoQ also impacted the margins. We believe S,G&A expenses to remain high given regulatory requirements of social distancing, PPE kits, etc. for COVID-19. The company also took an impairment of Rs66mn for Nueclear (imaging business subsidiary) due to change in business sentiment post COVID-19. This resulted in company reporting net loss, although adjusted PAT stood at Rs50mn (-69.3% YoY).
- **Outlook:** We have reduced our revenue and earnings estimates by 9-26% and 14-47% for FY21-FY22 given high exposure to preventive and wellness care which would take longer to recover. Overall, we expect 7.8% revenue and 14.5% EPS CAGRs over FY20-FY22E. We have assumed growth recovery from H2FY21 in our estimates. Growth would be driven mainly by ~7% volume CAGR with improving realisation mix. Imaging business would continue to remain under pressure and we expect it to continue to negatively affect profitability.
- **Valuations and risks:** Given likely delay in recovery of wellness business even after lifting of lock-down and limited upside to our target price, we downgrade the stock to **HOLD** from *Add*. We arrive at a DCF-based target of Rs541/share, implying 23.0xFY22E earnings and 14.2x FY22E EBITDA. Key upside risks: faster recovery in preventive care business and incremental tie-ups with standalone labs for sample processing. Key downside risks: Competitive and regulatory hurdles.

Market Cap	Rs28bn/US$369mn
Reuters/Bloomberg	THYO.BO/THYROCAR IN
Shares Outstanding (mn)	52.8
52-week Range (Rs)	627/415
Free Float (%)	34.0
FII (%)	16.5
Daily Volume (USD/'000)	1,071
Absolute Return 3m (%)	(13.5)
Absolute Return 12m (%)	27.4
Sensex Return 3m (%)	(25.3)
Sensex Return 12m (%)	(20.7)

Year to Mar	FY19	FY20	FY21E	FY22E
Revenue (Rs mn)	4,029	4,341	3,651	5,038
Net Income (Rs mn)	852	935	693	1,245
EPS (Rs)	16.1	18.0	13.1	23.6
% Chg YoY	(5.0)	11.6	(27.0)	79.5
P/E (x)	32.8	29.4	40.2	22.4
CEPS (Rs)	21.1	24.0	19.8	31.3
EV/E (x)	17.6	15.8	23.0	13.9
Dividend Yield (%)	3.8	4.7	1.9	3.3
RoCE (%)	20.1	23.7	19.7	33.3
RoE (%)	19.4	23.7	18.7	32.8

Equity Research
May 26, 2020
BSE Sensex: 30673

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Q4FY20 result review and reco change

Cement

Target price Rs54

Earnings revision

(%)	FY21E	FY22E
Sales	↓ 2.6	↓ 0.4
EBITDA	↑ 1.4	↑ 0.5
PAT	↓ 0.1	↓ 0.5

Target price revision

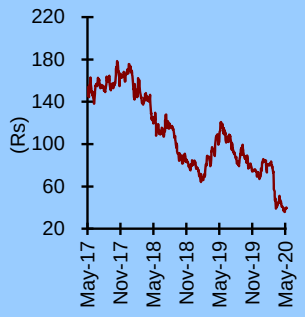
Rs54 from Rs49

Shareholding pattern

	Sep '19	Dec '19	Mar '20
Promoters	37.4	37.4	37.4
Institutional investors	36.8	36.5	36.6
MFs and others	23.3	23.3	22.8
FIs/Insurance.	5.6	5.2	5.0
FPI	7.9	8.0	7.8
Others	25.8	26.1	27.0

Source: CMIE

Price chart



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INDIA

Orient Cement

BUY

Upgrade from ADD

Better market mix led to higher realisation

Rs40

Orient Cement's (ORCMNT) Q4FY20 EBITDA at Rs1.25bn (down 19% YoY) was better than our/ consensus estimates owing to higher realisation, which increased sharply 9% QoQ as the company served distant but better priced markets. Volumes declined 14% YoY to 1.58mnte, broadly in line with our estimates. While ORCMNT may defer capex for its proposed expansion in the near term, given the likely impact of Covid'19 on demand, the same continues to remain a key overhang in the medium term as 'net debt to EBITDA' remains stretched at 3x-4x over FY20-FY22E. This concern seems adequately priced-in with an all-time low valuation of <US$40/te, or ~5x FY22E EV/E. Upgrade to BUY (from *Add*). We broadly maintain our FY21E-FY22E estimates; though raise target price to Rs54/sh (earlier: Rs49) based on unchanged 6xFY22E EV/E owing to lower capex.

Conference call on May 27 (Wed), at 16:00hrs IST (022 6280 1144)

- **Revenues declined 13% YoY to Rs6.55bn (I-Sec: Rs6.4bn):** Realisation/te sharply increased 9% QoQ (up 1.3% YoY) to Rs4,156/te (I-Sec: Rs3,982/te) as the company served distant but better priced markets like South Karnataka, Kerala and Tamil Nadu. Volumes declined 14% YoY to 1.58mnte owing to Covid-19 lockdown which started in Mar'20. ORCMNT has started operating its plants in a phased manner from 21st Apr'20. The proportion of PPC sales in Q4FY20 and FY20 remained ~54%.
- **EBITDA declined 19% YoY to Rs1.25bn (I-Sec: Rs955mn).** Total cost/te increased 3% YoY / declined 2.4% QoQ to Rs3,364/te (I-Sec: Rs3,387/te). Raw material plus power & fuel cost/te declined 7% YoY and QoQ owing to higher usage and lower price of petcoke and improved efficiencies. Chittapur plant usage of petcoke replaced coal almost entirely in Q4FY20. Freight cost/te increased 7% YoY and QoQ primarily on account of increase in average lead distance, which is now above 300km. Other expenses/te (including employee costs) increased 15% YoY owing to poor operating leverage. Accordingly, EBITDA/te declined 5% YoY to Rs792/te (I-Sec: Rs595/te). PAT stood at Rs441mn (I-Sec: Rs281mn).
- **FY20 overall performance better:** Volumes declined 9% YoY to 5.8mnte, broadly in line with ORCMNT's market mix while realisation increased 6.3% YoY to Rs4,171/te. Accordingly, EBITDA/te increased 36% YoY to Rs659/te (highest since FY15) resulting in the overall EBITDA increasing 23% YoY to Rs3.8bn.
- **Consolidated OCF generation (before working capital change) stood at Rs2.4bn,** which has been utilised to fund working capital of Rs0.6bn and capex of Rs0.8bn. FCF of Rs970mnn was utilised for dividend payment of Rs185mn and debt reduction of Rs785mn to Rs11.8bn as at FY20-end. The concern about likely increase in debt owing to proposed expansion seems adequately priced-in with valuation at an all-time low of <US$40/te, or ~5xFY22E EV/E. Upgrade to **BUY**.

Market Cap	Rs8.2bn/US$108mn
Reuters/Bloomberg	ORCE.BO/ORCMNT IN
Shares Outstanding (mn)	204.9
52-week Range (Rs)	121/36
Free Float (%)	62.6
FII (%)	7.8
Daily Volume (US$'000)	223
Absolute Return 3m (%)	(51.4)
Absolute Return 12m (%)	(64.3)
Sensex Return 3m (%)	(25.3)
Sensex Return 12m (%)	(20.7)

Year to Mar	FY19	FY20	FY21E	FY22E
Revenue (Rs mn)	25,172	24,218	23,081	27,081
EBITDA (Rs mn)	3,120	3,829	3,544	4,400
Net Income (Rs mn)	476	859	760	1,350
% chg YoY	22.8	80.6	(11.5)	77.7
P/E (x)	17.2	9.5	10.7	6.0
CEPS (Rs)	8.8	11.1	10.7	13.6
EV/E (x)	6.7	5.2	5.5	5.3
Dividend Yield	1.9	1.9	1.7	3.0
RoCE (%)	5.1	6.7	6.0	7.6
RoE (%)	4.6	7.9	6.6	10.9

Equity Research

May 25, 2020

BSE Sensex: 30673

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Q4FY20 result review and TP revision

Banking

Target price: Rs68

Target price revision

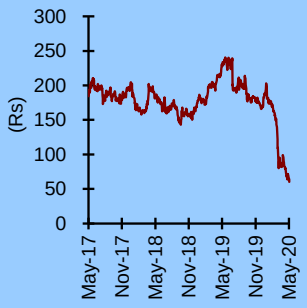
Rs68 from Rs75

Shareholding pattern

	Sep '19	Dec '19	Mar '20
Promoters	14.9	14.9	14.9
Institutional investors	54.1	57.4	58.1
MFs and others	28.6	24.2	26.8
FIs/Insurance	1.4	2.0	1.3
FPI	24.1	31.2	30.0
Others	31.0	27.7	27.0

Source: CMIE

Price chart



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INDIA

DCB Bank

ADD

Maintained

Rightly focuses on balance sheet protection

Rs60

DCB Bank's (DCB) Q4FY20 earnings were depressed with PAT at Rs687mn (down 29% YoY/QoQ) on account of Covid-19 related accelerated provisions at Rs630mn (~25bps of loans). Of this, Rs90mn was as per regulatory requirement and balance (Rs540mn) towards contingency buffer. This, coupled with the existing floating provision pool of Rs1bn, takes total provisions to 65bps of assets. Given the higher exposure to MSME, LAP, CVs, the proportion of moratorium (in value) was relatively higher ~60%. DCB's proactive approach in not opting asset classification relaxation for few risky accounts resulted in marginal increase in GNPL ratio to 2.5% vs 2.3% in Q3FY20. Loan growth remained subdued at 8% amid deteriorating economic environment and loss of ~Rs5bn worth of fresh disbursement opportunity in the last fortnight of March'20 due to lockdown. We believe current valuation at 0.6x/0.5x FY21e/22e ABVPS largely captures near-term concerns on growth and asset quality. Maintain ADD with a revised TP of Rs68 (earlier: Rs75).

- **Near-term growth concerns persist:** Deceleration in loan growth, which started in Q4FY19, continued and fell to a multi-year low at 8% YoY in March'20. Amid highly uncertain environment, management highlighted near-term focus would be on capital conservation, managing portfolio stress and control costs. As a result, we believe, FY21e full year growth is likely to remain muted at ~8%. As bank's portfolio is skewed towards self-employed (LAP, MSME), CVs etc, we believe, reviving growth and getting back to normalcy will take relatively more time than peers. Management also highlighted their earlier strategy of doubling the balance sheet in 3/3.5 years does not hold true now and will communicate new strategy by Q2FY21e.
- **Asset quality held up well in Q4FY20 but high exposure in self-employed segment holds risk.** Fresh slippages in Q4FY20 stood at Rs1.5bn (slippage ratio at 2.4%), marginally higher than normal run-rate due to the bank not opting asset classification relaxation on few risky accounts amounting to Rs0.5bn. Incremental slippages were broadly driven by mortgage/CV/SME. Overall GNPA ratio increased to 2.46%, while NNPA ratio jumped to 1.16%. GNPA in CV portfolio now stands at 7.0% vs 2.9% in Q4FY19. Collection efficiency in April'20 in mortgage portfolio stands at 50% implying ~50% opted for moratorium. While asset quality held up well until now, GNPL ratio is one of the lowest among private sector banks, its high exposure to self-employed segment possess risk of higher slippages going forward.
- **Operating leverage helped deliver RoA at 0.7%, despite accelerated provision.** For the second consecutive quarter, opex fell in absolute terms (down 2% QoQ) and the management further articulated its intent to have tight control on operating cost in coming quarters. This would help DCB in maintaining RoA above 0.5% in FY21e even after factoring in the elevated credit cost.

Market Cap	Rs18.8bn/US$248mn
Reuters/Bloomberg	DCBA.BO/DCBB IN
Shares Outstanding (mn)	310.4
52-week Range (Rs)	241/60
Free Float (%)	85.1
FII (%)	30.0
Daily Volume (US$'000)	1,942
Absolute Return 3m (%)	(64.5)
Absolute Return 12m (%)	(73.6)
Sensex Return 3m (%)	(25.3)
Sensex Return 12m (%)	(20.7)

Year to Mar	FY19	FY20	FY21E	FY22E
NII (Rs bn)	11.5	12.6	13.0	14.5
Net Profit (Rs bn)	3.3	3.4	2.3	3.9
EPS (Rs)	10.5	10.9	7.4	12.4
% Chg YoY	31.2	3.5	(32.0)	67.5
P/E (x)	5.8	5.6	8.2	4.9
P/BV (x)	0.7	0.6	0.6	0.5
Net NPA (%)	0.6	1.2	1.4	1.0
BVPS (Rs/Sh)	92.6	102.2	108.7	119.6
RoA (%)	1.0	0.9	0.6	0.9
RoE (%)	12.0	11.2	7.0	10.9

Equity Research

May 26, 2020

BSE Sensex: 30673

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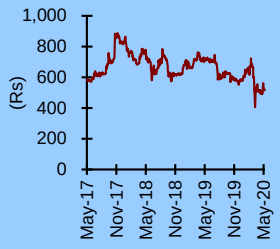
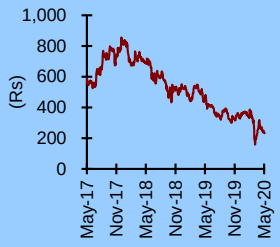
Sector update

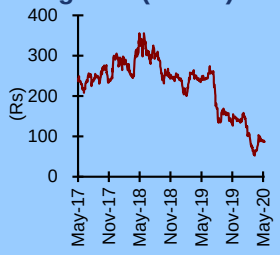
Hatsun Agro (HOLD)



Heritage Foods (BUY)



Parag Milk (HOLD)



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INDIA

Dairy

Highlights from CRISIL webinar – Acceleration in market share gains by organised players

Three takeaways from CRISIL webinar on Dairy sector: (1) There is transformation of milk delivery model with higher share of e-commerce and home delivery specialists who are likely to impact distribution moat of dairy companies, (2) Consumers are buying multiple dairy products online which were not the case earlier, Home Delivery of value added products is the new trend and (3) There is consensus expectation that the situation will improve in H2FY21. Co-operatives are buying excess milk and are converting it to SMP. Dairies expect postponement of marriage season to H2FY21 will lead to higher demand in H2FY21. We believe if the corona led slow-down continues even in H2FY21, there is high probability of steep fall in milk prices in H2FY21. Stock calls: Maintain BUY on Heritage, HOLD on Hatsun and Parag.

- **Organised players to grow faster:** Organised dairy players (c.23% of overall dairy market) are expected to grow at faster pace as consumers are ready to pay a premium for branded products with increased concern for health & hygiene. Milk production is expected to grow by 6-7% in FY20-22 as opposed to 2-3% decline in FY20 (CAGR of 5.6% during FY12-20).
- **Off-take of value added products to decline in FY21:** Liquid milk consumption is expected to be steady in FY21 however value added products (c.35% of organised dairy market) like butter, cheese, lassi and flavored milk are expected to decline by 2-3% in FY21. Major season (i.e. summer) is also largely over. Paneer however is growing at 100% now. Reduced consumption of protein containing meat products induces the possibility of higher dairy products consumption.
- **Out-of-home consumption suffers:** Ice cream and cold beverages are seeing some growth with reduced restriction of lockdown. There has been some demand shift towards butter, cheese & ghee as ice cream and cold beverages were impacted. However, HoReCa segment (c.20% of organised dairy market) continues to suffer due to (1) extension of lockdown and (2) lower visits by consumers.
- **SMP Inventory piling up:** SMP inventory is up 67% to 0.1mn MT in Apr'20 (0.06mn in Mar'20) due to excess milk procurement by co-operatives. This can lead to lower milk procurement prices if demand does not improve in H2FY21. Consensus expects higher demand for milk in H2FY21 due to postponement of marriage season.
- **Transformation in delivery model:** Home delivery is the most preferred model in current environment. E-commerce continues to gain share in delivering dairy products. There is emergence of specialists delivering fresh products such as fruits, vegetables & dairy products. This may hurt the distribution moat of dairy companies. Some logistical issues are also resolved in May'20 as compared to Mar'20 with ease of lockdown restrictions.
- **Stock calls:** We maintain Heritage as our top pick in the dairy sector with a **BUY** rating. While we remain structurally positive on Hatsun, we need more comfort on valuations to turn bullish. Hence, we give a **HOLD** rating for Hatsun. Parag is likely to be impacted in the near term due to: (1) higher share of value-added products, and (2) higher B2B / HoReCa sales. Hence, we maintain our **HOLD** rating on Parag too.

Valuation summary

		CMP	TP	EPS (Rs)			P/E (x)			RoE (%)		
Company	Reco	(Rs)	(Rs)	FY20E	FY2E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Hatsun	HOLD	520	535	7.6	9.2	13.4	68.3	56.3	38.7	13.1	13.8	18.2
Heritage	BUY	230	404	13.7	22.3	27.3	16.8	10.3	8.4	19.8	26.4	25.7
Parag	HOLD	86	82	12.8	11.5	13.4	6.7	7.4	6.4	12.5	10.2	10.8

Source: Company data, I-Sec research

Equity Research

May 22, 2020

BSE Sensex: 30582

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INDIA

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Banks & Financial Services

Rate cut and moratorium extension reaffirm cautious VUCA phase

RBI, on its mission to take necessary actions when required to monitor the situation closely, has: 1) Preponed MPC meeting by a fortnight; 2) announced another 40bps cut in benchmark rates; 3) toned down GDP growth forecast to negative territory for the first half; and 4) extended moratorium and related benefits by another 90 days. Market feedback suggests around 25-30% of industry-wide advances, in general, being under moratorium (though nuances differ across players and product segments). Extending moratorium by three more months (till 31st August'20) when GDP is expected to be in negative territory and conversion of accumulated interest on working capital facilities (not term loans) into funded interest term loan (FITL) will lower the visibility on customer repayment behaviour and trend in asset quality till Q3FY21. Opacity on credit cost, growth, margins and earnings will adversely impact financiers.

- **Moratorium and related benefits extended by another 3 months:** Taking cognisance of the intensity of disruption and to further relieve repayment pressure to borrowers, RBI has allowed the extension of moratorium and other related benefits by another 3 months (up to August 31st). In fact accumulated interest on working capital facilities over the deferment period is permitted to be converted into FITL repayable till March 31st 2020. Benefit of DPD freeze, no asset classification downgrade, no reporting of default to credit bureaus, rating agencies etc will be available till August 31st. All these will lower the visibility on customer repayment behaviour and asset quality trend till Q3FY21. However, this pushes back the scope of deep restructuring being anticipated by market participants.
- **Limit on group exposure enhanced by another 5%:** Given the tightness in capital market and with a view to facilitate flow of funds to corporates from banking channel, group exposure norms have been relaxed as a one-time measure by 5% to 30% up to June 30th 2021. However, banks are equally risk averse and funds would be extended only on a case-to-case basis assessing the group's financial, operating strength and their credit rating.
- **Cut in benchmark rates by 40bps will support growth.** RBI suggested that growth concerns (anticipating GDP growth in negative territory in H1FY21) would take precedence over inflation targeting as severity of pandemic is higher than initial expectations and flow of funds at affordable rates is a pre-requisite to ease financial conditions. Inflation outlook in near term will be highly uncertain especially amidst supply disruption, but there are levers suggesting it can be pulled down below the targeted level in H2FY21. Thereafter, at this juncture, it is appropriate to follow accommodative stance and cut reverse repo rate by 40bps to 3.35% (cumulative ~240bps over last 1 year) to ease credit flow in the economy.
- **Our view – tread financials cautiously in this VUCA phase:** RBI's measures of extending moratorium and accommodative policy stance only reaffirm our base case assumption highlighted in sector report, BFSI - economy sores, leverage roars, franchise scores, dated May 13th, that economic crisis in this VUCA phase will be severe and elongated and credit cycle disruption is high. We recommend investors to tread Indian financials cautiously assessing near-term resilience as well as medium to long term sustainability and scalability. Growth outlook, moratorium extension and conversion into FITL only increases opacity on credit cost, growth, margins and earnings outlook that will cap re-rating for financiers in the absence of any incremental positive triggers.

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Equity Research
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INDIA

Economy

MPC delivers yet another off-cycle rate cut, RBI continues to provide regulatory relief

- **Repo rate cut to 4%:** In yet another off-cycle action, the MPC cut repo rate by 40bps to bring it down to 4%. Consequently, reverse repo and MSF now stand at 3.35% and 4.25% respectively. Interestingly, the RBI did not widen the spread between reverse repo and repo. This indicates acknowledgement by the central bank that banks are parking money with it due to high risk aversion and increasing negative carry by reducing reverse repo rate more sharply is unlikely to nudge banks to lend unless economic outlook improves.
- **One MPC member votes for 25bps cut:** In the last off-cycle MPC meeting during 24-27 Mar 2020, two members (Dr Ghate and Dr Dua) voted for 50bps reduction while the remaining four members voted for 75bps reduction. In the minutes, Dr Ghate noted that in a demand-deficient economy a large cut is akin to 'pushing on a string'. His view that rate cuts may not be effective in stimulating demand in current situation seems to have remained unchanged since last policy. In this policy, he was the only member who voted for a smaller (25bps) rate cut.
- **Inflation outlook highly uncertain:** The CSO did not release headline CPI inflation number for April 2020 citing data collection issues amidst the lockdown. It released inflation numbers for ~53% of the basket based on a sample size that was only half of normal sample size. In the absence of sufficient information on recent price movements, it is difficult to gauge the trajectory of inflation in the near term. The MPC noted that inflation outlook was highly uncertain in FY21. It expects headline inflation to remain firm in H1FY21 and fall below target by Q3-Q4FY21. We concur with MPC's assessment due to the following reasons: (i) hoarding and panic-buying (especially of food items) in the first couple of months of FY21 are likely to keep food inflation high at least in Q1FY21 (ii) however, as restrictions on movement are gradually lifted, the transportation and transaction costs associated with food supply chains are likely to come down. This, in addition to higher supply of food items later in the year could ease food prices (iii) we expect services inflation to ease in H2FY21 due to weak aggregate demand.
- **Growth likely to contract in FY21:** In his statement, the Governor added that GDP growth in FY21 is likely to remain in negative territory. Our assessment suggests that growth in Q1FY21 is likely to come in at -20% to -30%. Q2 is also likely to record growth contraction although the magnitude of the same could depend on how quickly the lockdown is lifted and in which geographies. Cumulative monetary and fiscal stimulus, along with pent-up demand entering the market starting H2FY21 could give fillip to growth. Q4FY21 could be the best quarter in terms of growth, partly due to pick up in momentum and partly due to low base. Overall, we expect the economy to contract between 4-6% in FY21.
- **RBI continues to provide regulatory relief:** Outside the purview of MPC, the RBI continued to provide regulatory relief to ease the financial stress caused by Covid-19. In today's policy, it announced several regulatory relief measures including extension of moratorium on term loans, deferment of interest on working capital, relaxation on Consolidated Sinking Fund of state government, measures to support exports and imports among others.
- **GDP data release on 29 May 2020 will be closely watched:** The CSO is scheduled to release quarterly growth numbers for Q4FY20 and provisional estimates for FY20 on 29 May 2020. Since the lockdown affected last one week of Mar 2020, the growth numbers will be keenly watched. We expect growth in Q4FY20 to come in at ~3% and growth for full year FY20 to come in at ~4.4%. These growth numbers, along with other high frequency data, will be keenly watched by the MPC to decide future trajectory of rate cuts.

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Results date reckoner

May 2020

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	**2** ICICI Lombard, AU SFB
3	**4** Marico	**5** Persistent System, NIIT Tech, Varun Brevrages	**6** Yes Bank, KNPL	**7** HCL Tech, Cyient, RBL Bank	**8** TCI Express, Shree Cement,	**9** Capri Global, Mahindra Holidays
10	**11** Godrej Agrovat, Godrej Proerties	**12** Nestle, Havells, Bandhan Bank, Blue Star	**13** ABB, Mphasis, Siemens, Maruti, GCPL, Kotak Bank	**14** Biocon, Aavas, Tata Consumer	**15** LTTS, MMFS, Crompton, Cipla, L&TFH	**16** CDSL
17	**18** Dr Lal Pathlab, GSK Pharma, Torrent Power, Bharti Airtel	**19** Embassy Office, L&T Infotech, Tata Power, Sanofi	**20** Dr Reddys, Bajaj Auto, Strides Pharma, Matrimony.Com, Mahindra Logistics, JKLC UltraTech, Jubilant Food, KPP, JSW Energy	**21** Colgate, Hindustan Zinc, BSE Ltd	**22** Orient Cement, Supreme Ind, Wabco, UPL, Trent, Bosch, Godrej Ind, Alembic Pharma, JSW Steel	**23** Avenue Suptermarts, DCB Bank, Thyrocare
24	**25** Astral Poly, JSPL, HDFC, Bata	**26** Torrent Pharma, Blue Dart, Visaka Ind, Wonderla, KKCL, Newgen	**27** Heritag Foods, Dabur, Sun Pharma, United Spirits	**28** Lupin, Prism Johnson, TVS Motors, CEAT	**29**	**30** Kaveri Seeds, Amber, CreditAccess,
31						

June 2020

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	**2** Motherson Sumi	**3** Cholamandalam	**4**	**5** L&T	**6**
7	**8**	**9** Hero MotoCorp	**10**	**11**	**12**	**13**
14	**15**	**16**	**17**	**18**	**19** NTPC	**20**
21	**22**	**23**	**24**	**25**	**26**	**27**
28	**29**	**30**				

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