

ASIAMONEY Brokers Poll 2020 (India)

Best Local Brokerage

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	47,706	-0.5	-0.1
Nifty-50	14,296	-0.4	2.3
Nifty-M 100	23,326	0.3	11.9
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	4,173	0.9	11.1
Nasdaq	13,950	1.2	8.2
FTSE 100	6,895	0.5	6.7
DAX	15,196	0.4	10.8
Hang Seng	10,889	-1.8	1.4
Nikkei 225	28,509	-2.0	3.9
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	66	-1.6	28.8
Gold (\$/OZ)	1,779	0.4	-6.3
Cu (US\$/MT)	9,329	-0.6	20.4
Almn (US\$/MT)	2,305	-0.7	16.8
Currency	Close	Chg .%	CYTD.%
USD/INR	74.9	0.0	2.5
USD/EUR	1.2	0.0	-1.5
USD/JPY	108.1	-0.1	4.7
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.1	0.00	0.2
10 Yrs AAA Corp	6.8	0.01	0.2
Flows (USD b)	20-Apr	MTD	CY21
FII	-0.14	-0.54	7.33
DII	0.18	0.37	-3.17
Volumes (INRb)	20-Apr	MTD*	YTD*
Cash	741	741	784
F&O	41,715	46,188	41,995

Note: \*Average



Today's top research idea

ICICI Securities: Strong customer acquisition; Distribution segment healthy

- ❖ ISEC's PAT more than doubled YoY to INR3.3b (45% beat), driven by 54% YoY growth in revenue, coupled with significantly lower C/I ratio.
- ❖ The company added 350k new customers v/s 139k QoQ. Of this, 220k customers were added through the Digital channel initiated last year.
- ❖ The activation rate jumped to 84% from mid-60s levels in the past two quarters. As a result, the number of NSE active clients increased to 1.6m from 1.3m QoQ. However, its cash market share dipped by ~100bp to 9.5% QoQ, while that in the F&O segment was largely stable at Dec'20 levels of ~3%. C/I ratio declined 200bp QoQ and 17pp YoY to 40%.
- ❖ We raise our FY22E/FY23E EPS estimate by ~10%. Maintain Buy with a TP of INR650 per share (18x FY23E EPS).



Research covered

Cos/Sector	Key Highlights
ICICI Securities	Strong customer acquisition; Distribution segment healthy
Nestle India	Result in line; RM inflation being witnessed
Tata Steel	TSBSL reports strong EBITDA beat



Piping hot news

Covid-19 surge: Maharashtra tightens curbs on office attendance, travel

The Maharashtra government on Wednesday capped attendance in offices at 15 per cent and restricted travel in suburban trains, metro and monorail to allow only government employees, medical staff and those seeking medical treatment.

Chart of the Day: ICICI Securities (Strong customer acquisition)

Revenue growth remains healthy



Source: MOFSL, Company

Driven by Retail Brokerage



Source: MOFSL, Company

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.



Kindly click on textbox for the detailed news link

1

**Covid-19 surge: Maharashtra tightens curbs on office attendance, travel**

The Maharashtra government on Wednesday capped attendance in offices at 15 per cent and restricted travel in suburban trains, metro and monorail to allow only government employees, medical staff and those seeking medical treatment...

2

**Covaxin shows 100% efficacy against severe Covid-19, works well on variants**

The phase-3 clinical trials results of indigenously developed Covid-19 vaccine Covaxin by Bharat Biotech International (BBIL) and Indian Council of Medical Research (ICMR) have demonstrated 100% efficacy against severe Covid-19 disease...

3

**Serum fixes Covishield price at Rs 600 per dose for pvt & Rs 400 for state govts**

Serum Institute of India said that it will price its covid vaccine Covishield at Rs 600 per dose for private market and Rs 400 per dose for state governments as it prepares to open its vaccines beyond the use of central government's vaccination scheme...

4

**Manufacturers look to boost capacity as govt enhances vaccination scope**

As a huge market opens up before vaccine manufacturers, with the Centre allowing everyone above 18 years of age to take the life-saving jab, firms have geared up for expansion plans to ensure sufficient availability. From Bharat Biotech and Serum Institute of India (SII) to Zydus Cadila, all major vaccine makers are en route...

5

**Kamath committee approves Future Retail, Enterprises restructuring**

The Reserve Bank of India (RBI) mandated KV Kamath committee has approved banks' proposal to restructure loans to Future Retail and Future Enterprises the two main arms of the Kishore Biyani-led group...

6

**Merger of TV18 Broadcast, Hathway, Den Networks into Network18 called off**

A year after announcing the merger of Den Networks, TV18 Broadcast, and Hathway Cable & Datacom into Network18 Media, Mukesh Ambani-led Reliance Industries (RIL) called off the transaction. Den Networks, a cable distribution company owned by RIL, said...

7

**Vaccines for all adults, open sales from 1 May**

The government on Monday threw open its vaccination drive to everyone over the age of 18 from 1 May under a market-based system that it claimed would encourage vaccine makers to boost production...



# ICICI Securities

Estimate change	
TP change	
Rating change	

Bloomberg	ISEC IN
Equity Shares (m)	322
M.Cap.(INRb)/(USDb)	136.7 / 1.8
52-Week Range (INR)	569 / 308
1, 6, 12 Rel. Per (%)	8/-20/-25
12M Avg Val (INR M)	293

## Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Revenues	25.9	27.3	29.1
Opex	11.6	12.7	13.8
PBT	14.3	14.6	15.3
PAT	10.7	10.9	11.4

## Ratios

C/I ratio (%)	44.7	46.5	47.4
PAT margin (%)	41.3	39.9	39.3
RoE (%)	70.4	55.0	49.9
Div. Payout (%)	65.0	70.0	75.0
EPS	33.1	33.9	35.5

## Valuations

P/E (x)	12.8	12.5	11.9
P/BV (x)	7.5	6.4	5.6
Div. Yield (%)	5.1	5.6	6.3

## Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	75.0	75.0	79.2
DII	9.0	9.9	11.5
FII	3.7	4.6	3.2
Others	12.2	10.5	6.2

FII Includes depository receipts

**CMP: INR424 TP: INR650 (+53%) Buy**

## Strong customer acquisition; Distribution segment healthy

- 4QFY21 was another robust quarter in an overall strong year for ISEC. PAT more than doubled YoY to INR3.3b (45% beat), driven by 54% growth in revenue, coupled with significantly lower C/I ratio.
- In FY21, ISEC delivered 50%/97% revenue/PAT growth. We increase our FY22E/FY23E EPS estimate by ~10% to factor in healthy brokerage revenue. Maintain Buy with a TP of INR650/share (18x FY23E EPS).

## Retail Broking: Pick-up in customer acquisition drives healthy topline

- ISEC added 350k new customers v/s 139k QoQ. Of this, 220k customers were added through the Digital channel initiated last year. Around 55% of such accounts are being opened by non-ICICIBC channels.
- The activation rate jumped to 84% from mid-60s levels in the past two quarters. **As a result, the number of NSE active clients increased to 1.6m from 1.3m QoQ.**
- However, its cash market share dipped by ~100bp to 9.5% QoQ.** In the F&O segment, ISEC's market share had dropped to 3.5% in Dec'20 post the implementation of new regulations. The company largely maintained its market share (~3%) in 4QFY21.
- Retail Broking revenue improved 7% QoQ to INR3.5b despite the moderation in market share.

## Strong performance in the distribution financial products too

- Distribution revenue was up 22% YoY to INR1.41b (QoQ not strictly comparable due to seasonality). This was driven largely by all segments.
- In MF distribution, the SIP count increased 12% YoY to 0.74m, while ISEC's market share improved 75bp YoY to 4.05%. Overall MF AUM was up 20% YoY to INR413b.**
- The Institutional Equities segment delivered 30% YoY revenue growth to INR480m. Given the buoyant capital market, revenue from Investment Banking more than doubled QoQ to INR533m.

## Other highlights

- C/I ratio declined 200bp QoQ and 17pp YoY to 40%. The management has guided at near term C/I ratio above these levels.**
- The lending book grew 37% QoQ to INR25.7b.

## Valuation and view

Changes in ISEC's product and sourcing strategy have yielded results over the past year. The 'NEO' plan has helped counter competition from discount brokers as well as some traditional brokers who offer discount plans. We are now seeing the digital sourcing model gain strong traction in terms of customer acquisition. After a few turbulent years, the Distribution business has stabilized. The impact of regulations on margin, coupled with overall trends in industry volumes, would be key to watch out for in FY22E. **We raise our FY22E/FY23E EPS estimate by ~10%. Maintain Buy with a TP of INR650 per share (18x FY23E EPS).**

Quarterly performance

(INR m)

Y/E March	FY20				FY21				FY20	FY21	4QFY21E	Actual v/s estimate (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue from Operations	3,865	4,170	4,222	4,804	5,460	6,807	6,201	7,393	17,062	25,862	5,957	24
Other Income	156	12	4	15	4	-2	-1	0	187	0	0	
<b>Total Income</b>	<b>4,021</b>	<b>4,182</b>	<b>4,227</b>	<b>4,819</b>	<b>5,464</b>	<b>6,805</b>	<b>6,200</b>	<b>7,393</b>	<b>17,249</b>	<b>25,862</b>	<b>5,957</b>	<b>24</b>
Change YoY (%)	-7.7	-8.7	4.4	12.5	35.9	62.7	46.7	53.4	-0.1	49.9	23.6	
Operating Expenses	2,261	2,341	2,376	2,742	2,870	3,082	2,622	2,980	9,720	11,554	2,916	2
Change YoY (%)	-3.1	-6.5	-3.7	14.5	26.9	31.6	10.4	8.7	0.2	18.9	6.3	
<b>PBT</b>	<b>1,760</b>	<b>1,841</b>	<b>1,851</b>	<b>2,077</b>	<b>2,594</b>	<b>3,723</b>	<b>3,578</b>	<b>4,413</b>	<b>7,529</b>	<b>14,308</b>	<b>3,041</b>	<b>45</b>
Change YoY (%)	-13.1	-11.4	17.1	10.0	47.4	102.2	93.3	112.4	-0.6	90.0	46.4	
Tax Provisions	622	490	479	519	663	942	908	1,118	2,109	3,631	773	45
<b>Net Profit</b>	<b>1,138</b>	<b>1,351</b>	<b>1,372</b>	<b>1,559</b>	<b>1,931</b>	<b>2,782</b>	<b>2,670</b>	<b>3,295</b>	<b>5,420</b>	<b>10,677</b>	<b>2,267</b>	<b>45</b>
Change YoY (%)	-15.0	0.7	35.6	28.3	69.7	105.9	94.6	111.4	10.4	97.0	45.5	
<b>Key Operating Parameters (%)</b>												
Cost-to-Income Ratio	56.2	56.0	56.2	56.9	52.5	45.3	42.3	40.3	56.4	44.7	51.6	
PBT Margin	43.8	44.0	43.8	43.1	47.5	54.7	57.7	59.7	43.6	55.3	48.4	
Tax Rate	35.4	26.6	25.9	25.0	25.6	25.3	25.4	25.3	28.0	25.4	25.7	
PAT Margin	28.3	32.3	32.5	32.3	35.3	40.9	43.1	44.6	31.4	41.3	36.0	
<b>Revenue from Operations (INR m)</b>												
Retail Brokerage Income	1,893	1,833	1,961	2,501	3,210	3,534	3,242	3,461	8,188	13,447		
Institutional Brokerage Income	306	326	285	372	348	386	380	485	1,289	1,599		
Investment Banking	167	323	176	99	223	623	234	533	765	1,613		
Distribution Income	984	1,062	1,029	1,155	798	990	1,079	1,412	4,230	4,279		
Other servicing Income	10	67	84	62	103	285	275	405	223	1,069		
Interest Income	501	535	602	712	624	898	893	1,034	2,350	3,449		
Other Operating Income	4	24	86	-96	154	90	98	64	17.7	406		
<b>Revenue from Operations Mix (%)</b>												
Retail Brokerage Income	49.0	44.0	46.4	52.1	58.8	51.9	52.3	46.8	48.0	52.0		
Institutional Brokerage Income	7.9	7.8	6.7	7.7	6.4	5.7	6.1	6.6	7.6	6.2		
Investment Banking	4.3	7.7	4.2	2.1	4.1	9.2	3.8	7.2	4.5	6.2		
Distribution Income	25.5	25.5	24.4	24.0	14.6	14.5	17.4	19.1	24.8	16.5		
Other servicing Income	0.3	1.6	2.0	1.3	1.9	4.2	4.4	5.5	1.3	4.1		
Interest Income	13.0	12.8	14.2	14.8	11.4	13.2	14.4	14.0	13.8	13.3		
Other Operating Income	0.1	0.6	2.0	-2.0	2.8	1.3	1.6	0.9	0.1	1.6		
<b>Opex Mix (%)</b>												
Employee Expenses	56.3	57.2	55.9	50.9	60.2	58.3	49.5	0.0	54.9	50.9		
Depreciation	6.9	6.3	6.2	5.9	4.7	4.2	5.2	0.0	6.3	4.7		
Interest Expense	7.9	7.6	9.2	10.5	8.0	9.2	9.7	0.0	8.9	9.3		
Others	28.9	28.9	28.6	32.6	27.1	28.2	35.6	0.0	29.9	35.1		
<b>Other Parameters (%)</b>												
Blended MS	7.4	7.3	8.7	8.0	9.0	8.9	6.5	3.2				
Equity MS	8.1	8.7	8.9	9.1	10.7	11.1	10.5	9.6				
Derivatives MS	7.4	7.3	8.7	8.0	8.9	8.8	6.3	3.0				
NSE Active Customer MS	9.8	10.1	10.0	10.0	9.2	8.4	0.0	0.0				
No. Of Branches	198	187	178	172	171	156	151	148				
Network Partners	7500+	8000+	8600+	9400+	12100+	13600+	15200+	0.0				

E: MOFSL estimates





# Nestle India

Estimate changes	↔
TP change	↔
Rating change	↔

**CMP: INR17,086      TP: INR18,300 (+7%)      Neutral**

	NEST IN
Bloomberg Equity Shares (m)	96
M.Cap.(INRb)/(USDb)	1647.4 / 22
52-Week Range (INR)	18821 / 15104
1, 6, 12 Rel. Per (%)	8/-13/-50
12M Avg Val (INR M)	2513

### Financials & Valuations (INR b)

Y/E Dec	2020	2021E	2022E	2023E
Sales	133.5	150.0	172.7	195.5
Sales Gr. (%)	7.9	12.4	15.1	13.2
EBITDA	32.2	36.8	42.3	49.4
Margin (%)	24.1	24.5	24.5	25.3
Adj. PAT	21.0	24.0	28.1	34.1
Adj. EPS (INR)	217.4	249.2	291.9	353.2
EPS Gr. (%)	7.6	14.6	17.1	21.0
BV/Sh.(INR)	209.4	222.0	242.2	303.4

### Ratios

RoE (%)	106.5	115.5	125.8	129.5
RoCE (%)	110.2	120.6	130.6	134.1
Payout (%)	92.0	94.3	92.5	82.1

### Valuations

P/E (x)	78.6	68.6	58.5	48.4
P/BV (x)	81.6	77.0	70.6	56.3
EV/EBITDA (x)	50.2	43.8	38.1	32.5
Div. Yield (%)	1.2	1.4	1.6	1.7

### Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	62.8	62.8	62.8
DII	7.8	8.9	9.0
FII	12.8	11.5	12.1
Others	16.7	16.8	16.2

FII Includes depository receipts



## Result in line; RM inflation being witnessed

- NEST delivered an in line set of 1QCY21 numbers, with overall sales growth of 8.6% (v/s our estimate of 8.5%) and domestic sales increasing in double-digits (10.2%).
- While gross margin was in line, EBITDA and PAT were 5.2% and 3% ahead of our estimates, respectively. The management did call out sequential inflation in commodity costs, which may affect operating margin ahead.
- While longer term opportunities are attractive, valuations of 59x CY22E EPS are expensive. We maintain our **Neutral** rating.

## Momentum in domestic sales growth continues

- Net sales grew 8.6% YoY to INR36.1b** (in line). Domestic sales grew 10.2% YoY, driven by volume and mix, whereas exports declined 12.9% YoY due to lower exports to affiliates. **We peg 1QCY21 volume growth at 5.5%.**
- EBITDA/PBT grew 16.2%/14.2% YoY to INR9.3b/INR8.1b (v/s our estimate of INR8.8b/ INR7.8b). Adjusted PAT grew 13.1% YoY to INR6b (v/s our expectation of INR5.8b).
- Gross margin expanded 220bp YoY to 58.5% due to lower commodity prices, particularly milk and its derivatives. Decreased staff costs, as a percentage of sales (-60bp YoY to 10.2%), and higher other expenses (+110bp YoY to 22.6%) led to a 170bp EBITDA margin expansion to 25.8% (v/s our estimate of 24.5%) in 1QCY21. Higher other expenses were mainly due to higher advertising and sales promotion spends.
- Other income decreased by 30.8% YoY during 1QCY21 due to lower yields.
- The company has declared an interim dividend of INR25 per share amounting to INR2.4b.

## Highlights from the management commentary

- Key products, boosted by in-home consumption, posted double-digit growth.**
- Demand in the 'Out of Home' channel improved further in 1QCY21, but continues to be impacted by COVID-19.
- e-commerce channel grew 66% and contributed 3.8% of domestic sales.
- Recently, the company witnessed headwinds in commodity and packaging materials costs.
- The management achieved plastic neutrality across all brands in CY20.

## Valuation and view

- Continuing its impressive trend of recent years, NEST posted double-digit domestic sales growth in 1QCY21. As highlighted in our [annual report note](#) released last week, even excluding the revival from the CY15 Maggi crisis in CY16, topline and earnings growth have been impressive in the subsequent four years.
- Performance has been good all round and primacy has been given to volume-led sales growth, with ad spends consistently at elevated levels, even in CY20, v/s peers who reduced ad spends sharply.

- While the ongoing partial lockdowns could boost near-term sales, the long-term narrative for NEST's revenue and earnings growth remains even more attractive. Successful implementation of its growth strategy in recent years is a positive. The Packaged Foods segment in India offers immense growth opportunities. This is particularly true for a company with a strong pedigree and distribution strength.
- Valuations at 59x CY22E EPS are expensive and offer limited upside from a one-year perspective. We value the company at 60x Mar'23E EPS to arrive at our TP of INR18,300 per share. Maintain **Neutral**.

**Quarterly performance**

(INR b)

Y/E December	CY20				CY21				CY20	CY21E	1Q Variance	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			CY21E	(%)
<b>Net Sales</b>	<b>33.3</b>	<b>30.5</b>	<b>35.4</b>	<b>34.3</b>	<b>36.1</b>	<b>35.4</b>	<b>39.2</b>	<b>39.3</b>	<b>133.5</b>	<b>150.0</b>	<b>36.1</b>	<b>0.1</b>
YoY Change (%)	10.7	1.7	10.1	9.0	8.6	16.0	10.8	14.5	7.9	12.4	8.5	
COGS	14.5	13.3	14.8	14.0	15.0	15.0	16.4	16.6	56.7	62.9	15.0	
<b>Gross Profit</b>	<b>18.7</b>	<b>17.2</b>	<b>20.6</b>	<b>20.3</b>	<b>21.1</b>	<b>20.4</b>	<b>22.8</b>	<b>22.7</b>	<b>76.8</b>	<b>87.1</b>	<b>21.1</b>	
Margin (%)	56.3	56.3	58.1	59.1	58.5	57.7	58.1	57.9	57.5	58.0	58.5	
Operating Exp.	10.7	9.6	11.6	12.7	11.8	11.7	13.1	13.7	44.6	50.3	12.3	
<b>EBITDA</b>	<b>8.0</b>	<b>7.6</b>	<b>9.0</b>	<b>7.6</b>	<b>9.3</b>	<b>8.7</b>	<b>9.7</b>	<b>9.1</b>	<b>32.2</b>	<b>36.8</b>	<b>8.8</b>	<b>5.2</b>
Margin (%)	24.1	24.9	25.4	22.1	25.8	24.5	24.8	23.1	24.1	24.5	24.5	
YoY Growth (%)	4.7	5.0	16.1	9.9	16.2	14.3	8.2	19.7	10.7	14.3	10.4	
Depreciation	0.9	0.9	0.9	1.0	0.9	1.0	1.0	1.0	3.7	3.9	1.0	
Interest	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	1.6	2.0	0.4	
Other income	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	1.5	1.3	0.4	
<b>PBT</b>	<b>7.1</b>	<b>6.6</b>	<b>8.0</b>	<b>6.5</b>	<b>8.1</b>	<b>7.5</b>	<b>8.6</b>	<b>7.9</b>	<b>28.3</b>	<b>32.1</b>	<b>7.8</b>	<b>3.8</b>
Tax	1.8	1.7	2.0	1.9	2.1	1.9	2.2	1.9	7.3	8.1	2.0	
Rate (%)	25.1	25.0	24.9	28.7	25.8	25.2	25.2	24.6	25.8	25.2	25.2	
<b>Adjusted PAT</b>	<b>5.3</b>	<b>5.0</b>	<b>6.0</b>	<b>4.6</b>	<b>6.0</b>	<b>5.6</b>	<b>6.4</b>	<b>5.9</b>	<b>21.0</b>	<b>24.0</b>	<b>5.8</b>	<b>3.0</b>
YoY Change (%)	12.3	11.1	(0.1)	(0.9)	13.1	13.3	6.8	28.1	7.6	14.6	9.8	

E: MOFSL estimates

**Key performance Indicators**

Y/E December	CY20				CY21	
	1Q	2Q	3Q	4Q	1Q	
<b>Average growth over the last two-years (%)</b>						
Sales	9.8	6.4	9.8	8.8		9.7
EBITDA	6.1	6.8	10.2	11.1		10.4
PAT	10.2	9.5	15.1	7.3		12.7
<b>% of Sales</b>						
COGS	43.7	43.7	41.9	40.9		41.5
Employee Expenses	10.2	9.9	9.7	10.1		115.6
Other Expenses	24.0	24.6	28.1	23.0		68.4
Depreciation	2.7	3.0	2.6	2.8		2.6
<b>YoY change (%)</b>						
COGS	16.7	6.4	8.7	3.2		3.1
Employee Expenses	18.0	17.5	14.8	25.0		2.7
Other Expenses	1.2	-18.8	2.5	9.5		14.3
Other Income	-41.5	-47.7	-38.9	-31.5		-30.8
EBIT	5.4	6.0	18.2	11.1		17.9

E: MOFSL estimates

# Tata Steel

Bloomberg	TATA IN
Equity Shares (m)	1,198
M.Cap.(INRb)/(USDb)	1071.6 / 14.3
52-Week Range (INR)	953 / 259
1, 6, 12 Rel. Per (%)	26/110/162
12M Avg Val (INR M)	9896

**CMP: INR894 TP: INR891 (+0%) Neutral**

## TSBSL reports strong EBITDA beat

### EBITDA up 58% QoQ on strong realization growth

- Tata Steel BSL (TSBSL), a subsidiary of Tata Steel, reported record high revenue/EBITDA/PAT of INR73.2b/INR25.7b/INR19b, up 24%/58%/111% QoQ and up 13%/25%/42% v/s our estimate. The beat on EBITDA was driven by higher-than-expected volumes and realization.
- Sales volumes rose 4% QoQ to 1.19mt and was 8% higher than our estimate.
- Realization increased by INR10,182/t (20%) QoQ to INR61,367/t. The same was higher by INR2,727/t (~5%) v/s our estimate due to better product mix and higher other operating income (up INR1,300/t QoQ).
- As a result, EBITDA/t stood at INR21,510/t, up 52% QoQ and 15% higher than our estimate (INR18,678).
- OCF/FCF stood at INR81.4b/INR80b in FY21 v/s INR17.1b/INR11b in FY20.
- During FY21, TSBSL repaid a debt of INR61.4b. As a result, its net debt stood ~INR100b at the end of FY21.

### Tata Steel Long Products (TSLP), a subsidiary of TATA, also reported its 4Q and FY21 results. Below are the key highlights:

- 4QFY21 revenue/EBITDA/PAT rose 13%/21%/12% QoQ (-3%/15%/-28% v/s our estimate) to INR15.5b/INR5b/INR3.4b.
- Sponge iron/steel sales rose ~4% QoQ each to 171kt/172kt.
- Blended realization/t rose ~9% QoQ to INR45,094. However, the same was 4% lower than our estimate.
- EBITDA/t rose ~17% QoQ to INR14,514/t and was ~16% lower than our estimate.
- OCF/FCF stood at INR16.9b/INR16.5b in FY21 v/s -INR3.3b/-INR3.8b in FY20.
- During FY21, the company repaid INR13.2b in debt. As a result, its net debt stood at INR10.2b v/s INR26b at the end of FY20.
- **Maintain Neutral:** We value TATA's India/Europe operations on a SoTP basis at FY22E EV/EBITDA of 6x/5x. We arrive at our TP of INR891/share. Maintain Neutral.

### Financials & Valuations (INR b)

Y/E MARCH	2021E	2022E	2023E
Sales	1,507	1,630	1,598
EBITDA	307	316	293
Adj. PAT	83.1	123.4	111.7
EBITDA Margin (%)	20.4	19.4	18.4
Cons. Adj. EPS (INR)	69.3	103.0	93.3
EPS Gr. (%)	665.4	48.6	-9.5
BV/Sh. (INR)	645	735	814
<b>Ratios</b>			
Net D:E	1.1	0.9	0.7
RoE (%)	11.3	14.9	12.0
RoCE (%)	11.6	12.1	10.8
Payout (%)	11.2	7.5	8.3
<b>Valuations</b>			
P/E (x)	12.8	8.4	9.3
P/BV (x)	1.3	1.2	1.1
EV/EBITDA(x)	6.2	5.8	5.9
Div. Yield (%)	1.1	1.2	1.3

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	34.4	34.4	34.4
DII	25.4	26.1	29.9
FII	18.6	16.9	12.4
Others	21.6	22.6	23.3

FII Includes depository receipts

### TSBSL's quarterly financials

INR m	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	QoQ (%)	YoY (%)	4QFY21E	v/s our est. (%)
Sales (mt)	0.98	0.69	1.28	1.15	1.19	3.8	21.7	1.10	8.5
Revenue	42,737	26,970	55,194	58,811	73,211	24.5	71.3	64,493	13.5
EBITDA	7,750	1,520	11,063	16,262	25,662	57.8	231.1	20,546	24.9
PAT	-19	-6,582	3,281	8,991	18,971	111.0		13,359	42.0
<b>Per tonne analysis</b>									
Realization	43,609	38,862	43,120	51,185	61,367	19.9	40.7	58,630	4.7
EBITDA	7,908	2,190	8,643	14,153	21,510	52.0	172.0	18,678	15.2

Source: Company, MOSL

**TSLP's quarterly financials**

INR m	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	QoQ (%)	YoY (%)	4QFY21E	v/s our est. (%)
Revenue	10,083	6,531	11,859	13,642	15,467	13.4	53.4	15,903	-2.7
EBITDA	1,361	74	1,836	4,096	4,978	21.5	265.8	5877	-15.3
Adjusted PAT	5	-1,313	590	3,044	3,399	11.7	na	4748	-28.4
<b>Sales (kt)</b>	<b>301</b>	<b>220</b>	<b>376</b>	<b>331</b>	<b>343</b>	<b>3.6</b>	<b>14.0</b>	<b>338</b>	<b>1.5</b>
Sponge iron	164	103	192	165	171	3.6	4.3	165	3.6
Steel	137	117	184	166	172	3.6	25.5	173	-0.6
Realization/t	33,498	29,686	31,539	41,214	45,094	9.4	34.6	47,049	-4.2
Cost/t	28,977	29,350	26,657	28,838	30,581	6.0	5.5	29,661	3.1
EBITDA/t	4,521	336	4,882	12,376	14,514	17.3	221.0	17,388	-16.5

Source: Company, MOSL





### **Dr. Reddy: Targeting May end or early June for Sputnik V import; GV Prasad, Co-Chairman & MD**

- Welcome Govt's decision to open up vaccination
- Pvt sector can fully participate in vaccine drive now
- Imported vaccines will immediately release pressure and provide choice
- Phase-III vaccination will improve availability; logistics will be better
- We are doing our best to accelerate imports
- RDIF's Sputnik has a uniform price of around \$10 globally
- Optimistic on sorting out raw material issue
- By Q2FY22, there should be Indian vaccines at least from 1-2 players
- Remdesivir is the main drug in short supply; should not have a shortage of Remdesivir in next few weeks
- Favirpavir seeing increased demand only now; there's no shortage of it
- Many people are willing to pay and get vaccinated; price is not an issue for a large section of the society

[→ Read More](#)

### **ICICI Pru Life: Expect to grow VNB at 28% CAGR on new channel partner additions; NS Kannan, MD & CEO**

- Saw complete turnaround in Q4 on growth. Momentum is with us, our portfolio today is diversified
- Don't have a margin target but a VNB target. Expect to grow VNB at 28% CAGR
- Expect volume to grow with FY21 base being low
- Expect VNB growth to come more from volumes than from margin
- Protection demand is very strong, but some constraints from COVID. Protection demand declined 7% YoY, but has seen sequential growth
- Over medium-term, 16% share of protection can grow to 20% in the mix. ULIP momentum has come back with 11% YoY growth in Q4
- COVID claims were about Rs. 260 crore in FY21. Have made about Rs. 30 crore provisions for additional claims
- Created another Rs. 300 crore provision in Q4. Total provision for COVID at Rs. 330 crore
- Wanted to quickly pass on reinsurance hikes, did so in July. No proposal to increase protection product prices by the company

[→ Read More](#)

### **Magma Fincorp: RBI & the government must introduce relief measures for the MSME sector; Sanjay Chamria, Vice Chairman & MD**

- RBI and Government should come out with relief package to help MSME sector
- MSME sector plays important role in the economy
- Retail and wholesale trade have been excluded from MSME
- Have asked MSME min to include retail and wholesale in MSME classification
- HDFC Bank would lend to creamy layer of MSME category
- NBFCs provide loans to last mile category

[→ Read More](#)

### **Panacea Bio: Will price differently for private market; Rajesh Jain, MD**

- This is an important move by Government to liberalise vaccine market
- We shall make up to 100 m vaccine doses for the tie-up with RDIF
- Still have to decide on how much of the vaccine produce will be used domestically
- Earlier pricing did not allow us to invest more into production capacities
- We have not decided the precise delivery time for the vaccine
- Not looking at importing of vaccines. Could look at fill and finish opportunities when it comes to vaccines
- Vaccine sales will add significantly to topline & bottomline

[➔ Read More](#)

### **Brigade Enterprise: No exodus of construction labourers seen yet; Nirupa Shankar, ED**

- Expecting fresh curbs and guidelines from Karnataka Govt this week
- Last 3-4 weeks have seen an impact on hospitality business
- We have 30 projects under construction but do not see any delays as of now
- No exodus of construction labourers seen yet

[➔ Read More](#)

**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](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) 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](http://www.nseindia.com), [www.bseindia.com](http://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](http://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](mailto:na@motilaloswal.com), Contact No.:022-71881085.

\* MOSL 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 Bench.