MOTILAL OSWAL

10 February 2021

MORNING INDIA

ASIAMONEY Brokers Poll 2020 (India)

Market snapshot

Equities - India	Close	Chg .%	CY20.%
Sensex	51,329	0.0	24.3
Nifty-50	15,109	0.0	24.0
Nifty-M 100	22,747	-0.1	32.7
Equities-Global	**Close**	**Chg .%**	**CY20.%**
S&P 500	3,911	-0.1	20.1
Nasdaq	14,008	0.1	54.1
FTSE 100	6,532	0.1	-14.1
DAX	14,012	-0.3	4.7
Hang Seng	11,603	0.4	2.5
Nikkei 225	29,506	0.4	24.7
Commodities	**Close**	**Chg .%**	**CY20.%**
Brent (US$/Bbl)	61	1.3	-7.8
Gold ($/OZ)	1,838	0.4	21.2
Cu (US$/MT)	8,158	1.3	32.4
Almn (US$/MT)	2,050	1.4	15.5
Currency	**Close**	**Chg .%**	**CY20.%**
USD/INR	72.9	-0.1	2.3
USD/EUR	1.2	0.6	8.1
USD/JPY	104.6	-0.6	-3.8
YIELD (%)	**Close**	**1MChg**	**CY20 chg**
10 Yrs G-Sec	6.1	0.03	-0.4
10 Yrs AAA Corp	6.8	0.03	-0.8
Flows (USD b)	**9-Feb**	**MTD**	**CY21**
FIIs	0.18	2.74	4.54
DIIs	-0.24	-0.96	-2.35
Volumes (INRb)	**9-Feb**	**MTD***	**YTD***
Cash	887	954	823
F&O	34,138	41,584	37,416

Note: *Average

Today's top research idea

MAX Financial Services: VNB margin buoyant; Non-PAR growth remains robust

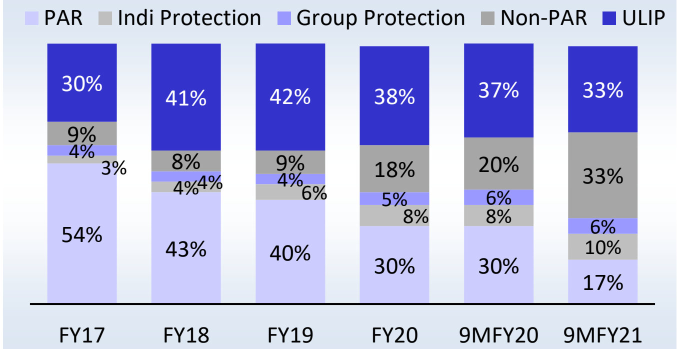
- MAX Life Insurance (MAXLIFE) has demonstrated a resilient performance amid a challenging macro environment, with 21% APE growth, led by robust growth in Non-PAR savings and a recovery in ULIP. After witnessing robust Protection growth over 1HFY21, the same has moderated during 3Q.
- Absolute VNB growth stood robust (65% YoY), led by a VNB margin of 28.6%. This has been supported by robust trends in Non-PAR savings and cost improvement. Strong push via the bancassurance channel has aided premium growth, while proprietary channel is showing a recovery.
- Overall, with increasing focus towards high margin products and productivity improvements, we estimate APE growth at 16% CAGR over FY20-23E, while VNB margin will sustain ~24% in FY23E. This would enable 21% VNB CAGR over FY20-23E, while operating RoEV will sustain ~20%, with embedded value (EV) reflecting 18% CAGR over FY20-23E.
- We maintain our BUY rating with a TP of INR860/share (2.8x FY23E EV).

Research covered

Cos/Sector	Key Highlights
MAX Financial Services	VNB margin buoyant; Non-PAR growth remains robust
BPCL	Better than estimated profitability; NRL sale by FY21-end
Tata Steel	EBITDA rises 161% YoY; deleveraging accelerates
Muthoot Finance	Strong all-round performance
Endurance Tech.	Above our estimate; all round beat; highest ever revenue and EBITDA
J K Cements	Market share gains to drive earnings
Other Notes	Torrent Power | Mahanagar Gas | Lemon Tree Hotel | Metals | Healthcare (Monthly)

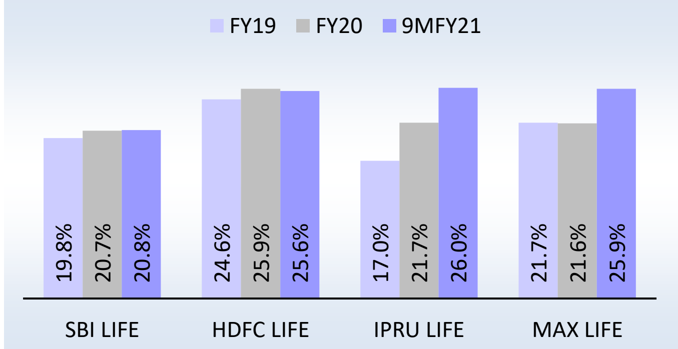
Chart of the Day: Max Fin. Serv. (VNB margin buoyant; Non-PAR growth remains robust)

Share of Non-PAR savings improves to 33% in 9MFY21



Source: MOFSL, Company

VNB margin improves to ~25.9%, similar to IPRULIFE levels



Source: MOFSL, Company

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

IndiGo, Sebi settle over Gangwal case

InterGlobe Aviation Ltd, which operates budget carrier IndiGo, has paid ₹2.10 crore to the Securities and Exchange Board of India (Sebi) to settle IndiGo co-founder Rakesh Gangwal's complaints of related-party transactions and violation of corporate governance norms.…

2

IDBI Bank to consider proposal for setting off accumulated losses of the bank

IDBI Bank has informed stock exchanges that a meeting of the board of directors of the company is scheduled on 12 February to consider and approve a proposal for setting off the accumulated losses of the bank as on April 01, 2021.…

3

Govt to bring forward a Crypto Bill soon: Clear definitions, no grey areas

The government is fine-tuning the operationalisation part for banning private cryptocurrencies for the new legislation that will be sent to Cabinet for approval soon…

4

Lupin gets US FDA approval for Tavaborole Topical Solution

Limited (Lupin) announced that it has received approval for its Tavaborole Topical Solution, 5%, from the United States Food and Drug dministration, to market a generic equivalent of Kerydin Topical Solution, 5%, of Anacor Pharmaceuticals, Inc.…

5

Covid in Delhi: No fresh death recorded after nine months

No fresh COVID-19 death was recorded in the national capital on Tuesday after a gap of about nine months while 100 fresh cases were registered with the Arvind Kejriwal government asserting that "Delhi's collective will is gradually winning over the infection"…

6

GAIL acquires IEX's 5% stake in Indian Gas Exchange

The Indian Energy Exchange (IEX) today said state-owned GAIL (India) Ltd has acquired five per cent stake of the IEX in its arm Indian Gas Exchange (IGX).…

7

Equity MFs see outflows for seventh month despite upswing in market

Despite the upswing in the market, equity-oriented mutual fund (MF) schemes witnessed net outflows for the seventh consecutive month, in January. Net outflows — the difference between purchase and sale of MF units -- for the month stood at Rs 9,253 crore.…

MAX Financial Services

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	MAXF IN
Equity Shares (m)	345
M.Cap.(INRb)/(USDb)	254.6 / 3.5
52-Week Range (INR)	752 / 280
1, 6, 12 Rel. Per (%)	-4/3/29
12M Avg Val (INR M)	1181

Financials & Valuations (INR b)

Y/E MARCH	FY20	FY21E	FY22E
Net Premiums	161.8	181.2	204.5
Surplus / Deficit	12.9	10.3	8.3
Sh.PAT	5.4	6.3	7.1
NBP gr - unwtd (%)	8.2	14.0	16.0
NBP gr - APE (%)	5.9	12.3	15.7
Premium gr (%)	11.0	11.9	12.9
VNB margin (%)	21.6	25.1	24.5
Op. RoEV (%)	20.3	21.0	20.3
Total AUMs (INRb)	684.7	865.0	916.9
VNB(INRb)	9.0	11.9	13.5
EV per Share	209.7	273.2	322.1
Valuations			
P/EV (x)	4.4	3.4	2.9
P/EVOP (x)	21.9	19.0	16.7

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	17.3	22.3	28.3
DII	50.9	30.4	31.5
FII	19.7	32.4	27.7
Others	12.2	14.9	12.5

FII Includes depository receipts

CMP: INR738 TP: INR860 (+17%) Buy

VNB margin buoyant; Non-PAR growth remains robust

Growth momentum reviving in the proprietary channel

- MAX Life Insurance (MAXLIFE) has demonstrated a resilient performance amid a challenging macro environment, with 21% APE growth, led by robust growth in Non-PAR savings and a recovery in ULIP. After witnessing robust Protection growth over 1HFY21, the same has moderated during 3Q. Shareholders' PAT grew at 43% YoY during 3QFY21.
- Absolute VNB growth stood robust (65% YoY), led by a VNB margin of 28.6%. This has been supported by robust trends in Non-PAR savings and cost improvement. Strong push via the bancassurance channel has aided premium growth, while proprietary channel is also showing a recovery.
- We expect 16% CAGR in APE growth over FY20-23E, while VNB margin remains ~24%. This would enable 21% VNB CAGR over FY20-23E, while operating RoEV sustains ~20%. **Maintain Buy.**

VNB margin buoyant; APE grows 21% YoY

- Gross premium income grew ~19% YoY, led by a 20%/36% growth in the first year/single premium. Renewal premium grew ~16% YoY. Shareholders' PAT in 3QFY21 grew by 43% YoY to ~INR2.2b.
- In 3QFY21, Individual APE grew at 21% YoY and thus, total APE growth also stood at 21% YoY, aided by strong trends in the Non-PAR savings (118% YoY) with the launch of new products, while ULIP saw a recovery (8% YoY). Protection growth moderated to 17% YoY during 3Q after witnessing robust growth in 1HFY21 (50% YoY). The share of Non-PAR savings increased to 36% v/s 20% in 3QFY20 (33% in 9MFY21 v/s 20% in 9MFY20). The share of Protection stood at 12% in 3QFY21 v/s 17% in 2Q (16% in 9M v/s 20% in 1H).
- Absolute VNB growth stood at 65% YoY, led by buoyant (28.6%) margin. This was supported by strong trends in the Non-PAR segment. In 9MFY21, VNB grew at 37% YoY, aided by business mix change towards high margin products. VNB margin improved sharply (490bp YoY) to 25.9%.
- During 3QFY21, death claims have seen a sharp rise on account of COVID intimations, with the highest seen in Oct'20. Total death claims increased to 10,525 (v/s 7,313 in 3QFY20). We have seen a similar rise in death claims in HDFCLIFE as well. Both managements guided at declining trends in claims intimations from Nov'20 onwards.
- On a sequential basis, persistency trends stood stable with 13th month persistency at 83%, while 61st month persistency improved 100bp to 54%. On a YoY basis, persistency is still lower with 13th/25th month declining 200bp/300bp to 83%/69%.
- On the distribution side, banca APE reported robust trends and grew at 29% YoY, while proprietary channel APE witnessed a gradual recovery at 9% during 3QFY21 (v/s a 4% decline in 2Q). Thus, the share of banca improved to 69% in 9MFY21 (v/s 67% in 9MFY20) while the share of proprietary stood at 30% in 9MFY21.
- On the cost front, opex-to-GWP ratio declined to 21.7% over 9MFY21 (v/s 22.7% in 9MFY20).

Valuation and view

MAXLIFE reported strong trends in the Non-PAR segment, while ULIP showed a recovery. VNB margin has improved sharply to ~25.9% in 9MFY21 (490bp YoY improvement). Strong push via the bancassurance channel has supported premium growth, while the proprietary channel is also recovering. With increasing focus towards high margin products and productivity improvements, we estimate APE growth at 16% CAGR over FY20-23E, while VNB margin will sustain ~24% in FY23E. This would enable 21% VNB CAGR over FY20-23E, while operating RoEV will sustain ~20%, with embedded value (EV) reflecting 18% CAGR over FY20-23E. The stock will continue to re-rate if the AXSB-MAXLIFE deal goes through and both entities forge a long term strategic partnership. We maintain our BUY rating with a TP of INR860/share (2.8x FY23E EV).

Quarterly performance **(INR m)**

(INR m)	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross premium income	26,510	37,810	38,800	58,710	27,510	45,330	46,280	62,041	1,61,830	1,81,161
Growth (%)	*14.3%*	*14.6%*	*12.8%*	*6.4%*	*3.8%*	*19.9%*	*19.3%*	*5.7%*	*11.0%*	*11.9%*
PAT	**680**	**860**	**1,540**	**2,314**	**1,710**	**260**	**2,200**	**2,126**	**5,394**	**6,296**
Growth (%)	NA	NA	NA	NA	151.5%	-69.8%	42.9%	-8.1%	-3.1%	16.7%
Key metrics (INR m)										
New Business APE	6,850	10,450	10,100	14,090	6,610	11,540	12,250	17,211	41,490	47,611
VNB	1,340	2,300	2,120	3,210	1,130	3,250	3,500	4,069	8,970	11,949
AUM (INR b)	640	650	686	685	730	780	850	865	685	810
Key Ratios (%)										
VNB Margin (%)	19.6	22.0	21.0	22.8	17.1	28.2	28.6	23.6	21.6	25.1
Solvency ratio (%)	225.0	224.0	220.0	207.0	212.0	207.0	208.0	208.8	207.0	208.8

E: MOFSL estimates

BPCL

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	BPCL IN
Equity Shares (m)	1,967
M.Cap.(INRb)/(USDb)	909.7 / 12.5
52-Week Range (INR)	495 / 252
1, 6, 12 Rel. Per (%)	0/-35/-39
12M Avg Val (INR M)	3897

Financials & Valuations (INR b)

Y/E March	2021E	2022E	2023E
Sales	2,100	2,414	2,493
EBITDA	187	155	176
PAT	84	66	79
EPS (INR)	42.6	33.8	40.1
EPS Gr.%	67.9	-20.7	18.9
BV/Sh.INR	206.5	224.7	246.7
Ratios			
Net D:E	1.2	1.1	1.0
RoE (%)	21.7	15.7	17.0
RoCE (%)	9.3	6.7	7.7
Payout (%)	51.2	46.1	45.1
Valuation			
P/E (x)	9.9	12.5	10.5
P/BV (x)	2.0	1.9	1.7
EV/EBITDA (x)	4.4	5.4	4.7
Div yield (%)	5.2	3.7	4.3
FCF yield (%)	12.7	8.1	8.5

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	53.0	53.0	53.0
DII	20.9	21.4	19.3
FII	13.6	12.0	14.1
Others	12.5	13.6	13.6

FII Includes depository receipts

CMP: INR419 **TP: INR419** **Neutral**

Better than estimated profitability; NRL sale by FY21-end

- BPCL posted better-than-expected profitability driven by better than expected marketing margin. The latter has continued to counterpoise the weaker refining margin for the last couple of quarters now.
- **BPCL privatization:** Further advice from DIPAM is awaited. The company is ready with its preliminary assessment. While NRL's divestment is likely to be completed by FY21-end, BPCL is likely to acquire Oman Oil's stake in BORL soon. The assessment of the EOIs submitted is ongoing.

Beat on earnings…

- BPCL reported inventory gains of INR7.7b (v/s our expectation of INR18b), with marketing/refining gains at INR5b/INR2.7b.
- Reported EBITDA increased 54% YoY to INR43.1b. Adjusted EBITDA (for inventory gains) stood at INR35.3b v/s INR22.6b in 3QFY20.
- Other income was higher due to INR6.1b dividend received from the Numaligarh refinery (NRL). While other expenditure was lower, led by smaller savings in terms of operating expenditure; however, the company doesn't expect it to continue in future.
- There was a forex gain of INR0.8b. VRS expense during 3Q/9MFY21 stood at INR0.7b/INR7.1b. BPCL recorded a balance ESOP expense of INR4.2b during 3Q (of the total of INR5.4b in 9MFY21) as an exceptional item.
- Reported PAT stood at INR27.8b, while adjusted PAT (for ESOP expense) came in at INR30.6b (v/s INR12.6b in 3QFY20).

…driven by better marketing margin

- Refining gains translates to USD1.3/bbl, resulting in a core GRM of USD1.2/bbl (v/s our expectation of USD2/bbl) for 3QFY21.
- Reported GRM came in below our expectation of USD4.5/bbl at USD2.5/bbl. Marketing margin was better than our estimate of INR5.3/liter at INR6.1/liter. Refining throughput/marketing sales were in line with our estimate of 7.2/11.1mmt (-14%/+1% YoY). Refinery utilization improved to 105% in 3QFY21 with an improvement in product demand.

Valuation and view

- Retail Auto fuel prices in India are currently at record highs. Gross marketing margins are currently at INR3-4/liter v/s INR4.5-5/liter in 3QFY21. The same in FY21YTD averaged INR6.3-6.6/liter, well above its long-term average of ~INR3/liter. The management reiterated that marketing margin and GRM over the longer term trends to be at normalized levels only.
- It remains to be seen whether the government interferes with the high retail Auto fuel prices as such a step would impact privatization of BPCL.
- We value BPCL at 1.7x (20% discount to its FY15-18 average when the market did not see any interference from the government) FY23E P/BV to arrive at our TP of INR419. We maintain Neutral on the stock.

Standalone quarterly earnings model (INR b)

Y/E March	FY20				FY21				FY20	FY21E	3Q	Var. v/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			FY21E	our Est.
Net Sales	**763.2**	**643.4**	**747.3**	**689.9**	**387.9**	**501.5**	**667.3**	**541.6**	**2,843.8**	**2,098.2**	**603.6**	**11%**
YoY Change (%)	6.4	-11.0	-5.6	-6.8	-49.2	-22.1	-10.7	-21.5	-4.3	-26.2	-19.2	
EBITDA	**21.8**	**27.6**	**28.0**	**5.9**	**39.7**	**38.5**	**43.1**	**32.2**	**83.3**	**153.5**	**35.2**	**22%**
Margin (%)	2.9	4.3	3.7	0.9	10.2	7.7	6.5	5.9	2.9	7.3	5.8	
EBITDA adj. for inventory	**26.3**	**27.9**	**22.6**	**54.9**	**34.1**	**14.0**	**35.3**	**32.2**	**131.8**	**115.6**	17.1	**107%**
Forex loss	-0.3	3.9	1.0	12.1	0.6	-1.5	-0.8	0.0	16.6	-1.7	-0.1	
Depreciation	9.1	9.5	9.7	9.5	10.0	9.9	9.9	11.6	37.9	41.4	10.8	-8%
Interest	4.5	6.4	5.1	5.8	5.9	0.1	2.5	3.9	21.8	12.4	5.1	-51%
Other Income	5.1	8.7	5.1	11.6	5.9	4.2	14.4	5.3	30.5	29.8	6.7	114%
PBT before EO expense	**13.5**	**16.6**	**17.3**	**-9.9**	**29.3**	**34.2**	**45.8**	**22.0**	**37.5**	**131.2**	**26.1**	**76%**
Extra-Ordinary expense	0.0	0.0	0.0	10.8	0.0	1.2	4.2	0.0	10.8	5.4	0.0	
PBT	**13.5**	**16.6**	**17.3**	**-20.7**	**29.3**	**33.0**	**41.6**	**22.0**	**26.7**	**125.8**	**26.1**	**59%**
Rate (%)	20.5	-3.2	27.3	34.2	29.0	31.8	33.2	33.3	-0.5	31.9	33.3	
Reported PAT	**10.8**	**17.1**	**12.6**	**-13.6**	**20.8**	**22.5**	**27.8**	**14.6**	**26.8**	**85.7**	**17.4**	**60%**
Adjusted PAT	**10.8**	**17.1**	**12.6**	**-6.5**	**20.8**	**23.3**	**30.6**	**14.6**	**37.7**	**89.4**	**17.4**	**76%**
YoY Change (%)	-53.1	40.2	154.6	-120.8	93.1	36.5	142.6	-325.4	-47.2	137.1	37.9	
Key Assumptions												
Refining throughput (mmt)	7.5	7.7	8.4	8.4	5.1	5.6	7.2	8.0	31.9	26.0	7.1	2%
Reported GRM (USD/bbl)	2.8	3.4	3.2	0.8	0.4	5.8	2.5	4.0	2.5	3.3	4.5	-45%
Marketing sales excld. exports (mmt)	11.1	10.3	11.0	10.7	7.5	8.9	11.1	10.7	43.1	38.3	10.8	3%
Marketing GM incld. Inv. (INR/liter)	4.4	5.0	4.8	4.4	8.9	6.6	6.1	4.7	5.0	6.0	5.3	16%

Tata Steel

BSE SENSEX	S&P CNX
51,329	15,109

Conference Call Details

Date: 10th Feb 2021
Time: 14:30 IST
Dial-in details:
++91 (22) 6280 1413

Financials & Valuations (INR b)

Y/E MARCH	2021E	2022E	2023E
Sales	1,438	1,586	1,577
EBITDA	256	282	277
Adj. PAT	44.6	90.2	88.6
EBITDA Margin (%)	17.8	17.8	17.5
Cons. Adj. EPS (INR)	39.0	78.8	77.4
EPS Gr. (%)	330.2	102.2	-1.8
BV/Sh. (INR)	614	681	746
Ratios			
Net D:E	1.4	1.1	1.0
RoE (%)	6.5	12.2	10.8
RoCE (%)	8.6	9.5	8.8
Payout (%)	20.8	10.3	10.5
Valuations			
P/E (x)	18.0	8.9	9.0
P/BV (x)	1.1	1.0	0.9
EV/EBITDA(x)	6.8	6.0	5.8
Div. Yield (%)	1.4	1.4	1.4

CMP: INR 700 — Neutral

EBITDA rises 161% YoY; deleveraging accelerates

Tata Steel's 3QFY21 consolidated rev / EBITDA / adj. PAT stood at INR396b/INR94.6b/INR38.3b, +11%/+161%/NA YoY and +5%/19%/23% v/s our estimate. However, EBITDA adj. for fair value changes stood at INR82.8b, +128% YoY / +36% QoQ (+4% v/s estimate).

S/A operations: EBITDA rises 77% YoY to INR67.0b on higher realization

- Revenue rose 10% QoQ to INR179.7b on the back of 18% QoQ improvement in realization, offset by 7% QoQ decline in volumes to 3.34mt (+5% v/s estimate).
- Realization stood at INR53,709/t, +18% QoQ (+4% v/s est. INR51,615/t).
- EBITDA/t stood at INR20,035/t, +56% QoQ (+12% v/s est. INR17,858/t).
- Reported EBITDA, thus, rose 45% QoQ to INR67.0b and was 17% higher than our estimate.
- Adj. PAT stood at INR37.5b, +69% QoQ (+27% v/s estimate).

Subsidiary operations

- Tata Steel Europe (TSE) reported EBITDA loss of INR7.2b v/s loss of INR4.6b in 2QFY21, and was below our expectation of EBITDA of INR5.7b. The miss on EBITDA was due to the reversal of wage support from the govt. (which was recognized in 2QFY21) and higher provisions for carbon emissions in 3QFY21.
- TSE sales volumes declined 7% QoQ to 2.1mt; however, production was up 20% QoQ to 2.59mt. TSE EBITDA loss stood at USD46/t v/s USD27/t in 2QFY21.
- Tata Steel BSL earlier reported EBITDA of INR16.2b (est. INR12.4b), up 47% QoQ on the back of higher realization (+19% QoQ) at INR51,185/t. EBITDA stood at INR16,262/t, +47% QoQ – the highest ever EBITDA reported by Tata Steel BSL since its acquisition.

Others

- Consolidated debt reduced by INR103b QoQ to INR884b.
- Tata Steel has called up INR465/sh as a final call on partly paid shares (77.7m share o/s). This would result in inflow of INR35.8b. The record date has been fixed as 19th Feb 2021.
- 9MFY21 consolidated revenue / EBITDA / adj. PAT stood at INR1,010b/INR160.8b/INR9.0b, -5%/+25%/NA.

Quarterly Performance (Consolidated)									(INR m)
Y/E March	FY20				FY21			MOSL	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	3QE	(%)
Net Sales	**3,59,471**	**3,45,792**	**3,55,204**	**3,37,700**	**2,42,885**	**3,71,540**	**3,95,941**	**3,77,012**	5
Change (YoY %)	-5.0	-20.6	-13.8	-20.4	-32.4	7.4	11.5	6.1	
EBITDA	**53,769**	**38,196**	**36,197**	**46,469**	**5,055**	**61,108**	**94,635**	**79,308**	19
Change (YoY %)	-16.9	-57.2	-46.2	-38.2	-90.6	60.0	161.4	119.1	36
(% of Net Sales)	15.0	11.0	10.2	13.8	2.1	16.4	23.9	21.0	
EBITDA(USD/tss)	**122**	**83**	**70**	**100**	**14**	**111**	**189**	**158**	20
Interest	18,064	18,714	19,306	19,251	19,983	19,402	17,779	18,550	-4
Depreciation	20,828	21,272	20,187	22,241	21,108	22,611	22,748	22,939	-1
Other Income	2,511	1,836	929	13,159	1,926	2,221	2,150	2,234	-4
PBT (before EO Inc.)	**17,387**	**46**	**-2,366**	**18,136**	**-34,110**	**21,315**	**56,259**	**40,053**	40
EO Income(exp)	160	-336	-3,286	-31,559	584	432	-1,536		
PBT (after EO Inc.)	**17,547**	**-290**	**-5,652**	**-13,423**	**-33,526**	**21,747**	**54,723**	**40,053**	37
Total Tax	11,238	-40,500	6,210	-2,633	12,715	6,129	15,717	9,984	
% Tax	64.6	-88,428	-263	-14.5	-37.3	28.8	27.9	24.9	
Reported PAT	**6,309**	**40,210**	**-11,863**	**-10,790**	**-46,242**	**15,619**	**39,007**	**30,069**	30
Minority Interests	-100	-1,013	-1,367	-1,405	-2,356	891	3,110	-732	-525
Share of asso. PAT	522	224	205	928	150	736	884	443	100
Adj. PAT (after MI & asso)	**6,771**	**-537**	**-7,005**	**13,802**	**-44,320**	**15,031**	**38,316**	**31,244**	23
Change (YoY %)	-70.5	NA	NA	NA	NA	NA	-647.0	-546.0	

Muthoot Finance

Estimate change	↑
TP change	↔
Rating change	↔

Bloomberg	MUTH IN
Equity Shares (m)	401
M.Cap.(INRb)/(USDb)	475.8 / 6.5
52-Week Range (INR)	1405 / 478
1, 6, 12 Rel. Per (%)	-13/-37/31
12M Avg Val (INR M)	3023

Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E
NII	57.7	66.4	78.9
PPP	41.5	51.7	61.8
PAT	30.2	37.5	44.9
EPS (INR)	75.3	93.4	111.9
EPS Gr. (%)	52.9	24.1	19.8
BV/Sh.(INR)	289	363	452
Ratios			
NIM (%)	14.9	14.0	14.1
C/I ratio (%)	30.0	25.2	24.7
RoA (%)	6.8	6.6	6.9
RoE (%)	29.0	28.7	27.5
Payout (%)	19.9	17.0	17.0
Valuations			
P/E (x)	15.8	12.7	10.6
P/BV (x)	4.1	3.3	2.6
Div. Yld. (%)	1.3	1.3	1.6

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	73.4	73.4	73.4
DII	7.0	7.7	7.8
FII	15.1	13.9	14.5
Others	4.5	5.0	4.2

FII Includes depository receipts

CMP: INR1,186 TP: INR1,500 (+26%) Buy

Strong all-round performance

- Muthoot Finance (MUTH)'s 3QFY21 PAT grew 22% YoY to INR9.9b, driven by healthy loan growth, stable spreads, and continued cost control. In 9MFY21, MUTH delivered 23–24% NII/PPOP/PAT growth.

Key highlights of the quarter – volume-led loan growth; lower CoF

- **While the number of customers and loan accounts had been largely flattish for the past several quarters, a 4–5% sequential uptick was seen in the same. Likewise, gold tonnage and gold loans grew 2%/7% QoQ.** Total AUM (standalone) stood at INR497b (up 32% YoY).
- Notably, with 7% sequential loan growth, MUTH outperformed its next largest peer (3% QoQ) despite more than twice the loan book size.
- The company continues to diversify the borrowing mix, raising INR20b via retail NCDs in the quarter. **Overall cost of funds (calc.) declined 60bp QoQ to 8.5%, while spreads were sequentially stable at 14.2%.**
- The company continues to maintain a tight control on expenses – total opex was down 2–3% QoQ and YoY, driven by lower employee expenses (due to lower variable pay) and advertising costs. Its expense ratio of 3.6% is the lowest in the past several years and ~100bp lower v/s FY20.

Highlights from management commentary

- The company reported 67% LTV on the balance sheet; incremental LTV is 68–70%.
- Incremental CoF is 8% for banks and 7.5% for NCDs. It would maintain excess liquidity.

Other highlights

- The GNPL ratio was stable at 1.3%. Total provisions on the BS stand at 1.8%.
- The share of NCDs has increased 500bp to 30% over the past two quarters. Liquidity on the BS remains elevated at 21% of borrowings.

Subsidiary performance

- **Muthoot Homefin:** Total AUM declined 3% QoQ / 7% YoY to INR19b. Disbursements are still at 10–15% of pre-COVID levels. **The GNPL ratio increased from 1.7% to 6.8% (proforma).** Total BS provisions stand at 2.1%.
- **Belstar Investment and Finance:** After two subdued quarters, the company resumed growth. **AUM grew 7% QoQ / 26% YoY to INR29b, while PAT was muted at INR54m (v/s INR258m YoY).** The GNPL ratio was largely stable at 0.7%. Total BS provisions stand at 2.1%.

Valuation and view

After several quarters of stagnant customer and loan count, 4–5% sequential growth this quarter is encouraging. As the economy recovers from the shock of the pandemic, loan demand is likely to remain high. We expect the company to deliver 12–15% loan growth post FY21. Incremental cost of funds is ~100bp lower than on-book cost of funds – this should mitigate yield pressure, if any. RoA/RoE is likely to remain robust at 7%/27% over the medium term. We increase our EPS estimates by 6–7%, factoring in stronger growth and lower opex. Maintain Buy, with TP of INR1,500 (2.7x FY23E BVPS).

Quarterly Performance (INR m)

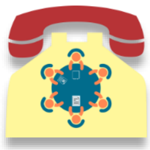
Y/E March	FY20				FY21				FY20	FY21	3QFY21E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Income from operations	18,274	21,057	22,806	23,506	23,160	25,066	27,168	28,172	85,644	103,566	26,006	4
Other operating income	294	312	399	497	691	768	480	690	1,502	2,629	625	-23
Total Operating income	**18,568**	**21,369**	**23,206**	**24,004**	**23,851**	**25,834**	**27,649**	**28,862**	**87,146**	**106,196**	**26,631**	**4**
YoY Growth (%)	13.8	29.5	35.2	27.7	28.4	20.9	19.1	20.2	26.7	21.9	14.8	
Other income	19	37	4	23	3	11	116	21	81	150	25	364
Total Income	**18,587**	**21,405**	**23,209**	**24,026**	**23,854**	**25,845**	**27,765**	**28,883**	**87,228**	**106,346**	**26,656**	**4**
YoY Growth (%)	13.8	29.7	35.2	27.8	28.3	20.7	19.6	20.2	26.8	21.9	14.9	
Interest Expenses	6,416	6,699	7,094	7,700	8,715	9,241	9,455	9,788	27,909	37,200	9,334	1
Net Income	**12,171**	**14,707**	**16,115**	**16,326**	**15,139**	**16,603**	**18,309**	**19,095**	**59,319**	**69,146**	**17,322**	**6**
Operating Expenses	3,972	3,969	4,542	5,304	3,738	4,496	4,410	4,800	17,787	17,445	4,724	-7
Operating Profit	**8,199**	**10,738**	**11,573**	**11,021**	**11,400**	**12,107**	**13,900**	**14,294**	**41,531**	**51,702**	**12,599**	**10**
YoY Growth (%)	8.2	43.6	47.6	35.3	39.0	12.7	20.1	29.7	33.8	24.5	8.9	
Provisions	33	265	612	48	146	107	585	580	957	1,419	600	-2
Profit before Tax	**8,166**	**10,473**	**10,961**	**10,974**	**11,255**	**12,000**	**13,314**	**13,714**	**40,574**	**50,283**	**11,999**	**11**
Tax Provisions	2,866	1,894	2,809	2,822	2,847	3,056	3,401	3,518	10,391	12,822	3,036	12
Net Profit	**5,300**	**8,579**	**8,152**	**8,151**	**8,408**	**8,944**	**9,914**	**10,196**	**30,183**	**37,461**	**8,963**	**11**
YoY Growth (%)	7.8	77.3	68.0	59.4	58.6	4.2	21.6	25.1	53.0	24.1	9.9	
Key Operating Parameters (%)												
Yield on loans (Cal)	21.2	23.9	25.0	24.0	23.0	23.4	22.7	22.6	22.1	21.9		
Cost of funds (Cal)	9.3	9.5	9.3	8.8	9.2	9.1	8.5		8.7	9.0		
Spreads (Cal)	11.9	14.4	15.7	15.1	13.9	14.3	14.2		13.4	13.0		
NIMs (Cal)	13.9	16.4	17.4	16.3	14.6	15.0	15.0	14.9	14.9	14.0		
Credit Cost	0.0	0.3	0.7	0.0	0.1	0.1	0.5	0.5	0.2	0.3		
Cost to Income Ratio	32.6	27.0	28.2	32.5	24.7	27.1	24.1	25.1	30.0	25.2		
Tax Rate	35.1	18.1	25.6	25.7	25.3	25.5	25.5	25.7	25.6	25.5		
Balance Sheet Parameters												
AUM (INR b)	358	357	385	416	413	470	504	520	426	520		
Change YoY (%)	15.5	10.6	18.6	21.5	15.3	31.6	30.9	24.9	22.0	22.0		
Gold loans (INR b)	352	349	377	408	405	462	497					
Change YoY (%)	15.1	9.1	18.7	21.4	15.1	32.3	31.7					
Gold Stock Holding (In tonnes)	176	171	173	176	165	163	166					
Avg gold loans per branch (INR m)	78	77	83	89	89	100	107					
Borrowings (INR b)	281	285	326	372	389	422	466		371	460		
Change YoY (%)	21.1	17.0	29.2	38.3	38.2	48.4	42.8		38.4	23.9		
Borrowings Mix (%)												
Listed secured NCDs	28.1	30.4	31.9	26.0	23.2	25.6	28.5					
Term loans	49.0	47.0	39.6	39.2	40.3	42.0	41.9					
Commercial Paper	17.1	17.2	14.1	9.7	12.7	11.2	10.6					
Others	5.8	5.4	4.5	4.8	4.4	3.7	3.2					
Debt/Equity (x)	2.9	2.6	2.7	2.9	2.6	2.7	2.8					
Asset Quality Parameters (%)												
GS 3 (INR m)	11,474	12,267	9,769	8,992	10,553	5,920	6,568		8,992	8,566		
Gross Stage 3 (% on Assets)	3.2	3.4	2.5	2.2	2.6	1.3	1.3		2.11	1.65		
Total Provisions (INR m)	8,095	8,213	8,377	8,381	8,492	8,590	9,162					
Return Ratios (%)												
RoAUM (Rep)	6.1	9.6	8.8	8.1	8.1	8.1	8.1		6.8	6.6		
RoE (Rep)	21.7	33.7	29.6	28.4	28.2	28.1	29.0		29.0	28.7		

E: MOFSL estimates

Endurance Technologies

BSE SENSEX	S&P CNX
51,329	15,109

Conference Call Details



Date: 10th February 2021
Time: 11AM IST
Dial-in details:
022 6280 1145/
022 7115 8046

Financials & Valuations (INR b)

INR Billion	FY20	FY21E	FY22E
Sales	68.8	62.0	75.2
EBITDA	10.9	9.5	12.9
Adj. PAT	5.4	4.3	6.8
EPS (Rs)	38.0	30.6	48.3
EPS Growth (%)	3.2	-19.4	57.5
BV/Share (INR)	213.7	235.1	268.9
Ratios			
Net Debt/Equity	-0.1	-0.2	-0.3
RoE (%)	19.2	13.7	19.2
RoCE (%)	16.4	12.1	17.5
Payout (%)	28.5	27.9	30.1
Valuations			
P/E (x)	35.8	44.5	28.2
P/BV (x)	6.4	5.8	5.1
Div. Yield (%)	0.7	0.6	0.9
FCF Yield (%)	2.4	2.7	3.0

Above our estimate; all round beat; highest ever revenue and EBITDA

- **Consolidated net revenue** grew 24% YoY to ~INR20.4b (v/s our estimate of ~INR18.8b). EBITDA margin increased 140bp YoY (+90bp QoQ) to ~17.3% (v/s our expectation of 16.3%). EBITDA grew 35% YoY to INR3.5b (v/s our estimate of INR3.07b). This translated to adjusted PAT growth of ~INR2b (v/s our expectation of ~INR1.6b).
- **India business:** Standalone revenue grew 32% YoY to ~INR15.3b (v/s our estimate of ~INR14.3b) as against 14.5% growth for the 2W industry in 3QFY21. Aftermarket revenue rose 28% YoY. Operating leverage benefit boosted EBIDTA margin by 290bp YoY (+80bp QoQ) to 17% (v/s our expectation of 16.5%). EBITDA grew 59% YoY to INR2.6b and adjusted PAT grew 76% YoY to INR1.59b (v/s our estimate of INR1.41b).
- **EU business** revenue grew 7% YoY to INR5.1b (v/s our expectation of INR4.6b). In EUR terms, revenue for EU subsidiaries fell 3.6% as the number of new car registrations was down 7.6% in 3QFY21. EBITDA margin contracted 220bp YoY to 18% (v/s our estimate of 15.6%), led by higher staff and other expenses. Higher other income and lower tax boosted adjusted PAT by 16.8% YoY to ~INR395m (v/s our estimate of ~INR187m).
- **Management commentary**: The number of motorcycles/2Ws sold by Indian OEMs in 3QFY21 grew 17.7%/14.5% YoY. Post the relaxation of COVID-led lockdown restrictions, the industry has witnessed a MoM demand recovery at a pace faster than most companies had anticipated. New car registrations in the EU in 9MFY21 were down by 23% YoY. The drop was sharp at 49.7% in 1QFY21, but moderated to 7.2% in 2Q and 7.6% in 3Q.

Valuation: The stock trades at 28.2x/23.8x FY22E/FY23E consolidated EPS.

Consolidated quarterly

Y/E March	FY20				FY21E				FY20	FY21E	3Q
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			FY21E
Net Sales	**18,619**	**17,713**	**16,405**	**16,038**	**6,031**	**17,422**	**20,409**	**18,173**	**68,775**	**62,035**	**18,884**
YoY Change (%)	0.1	-8.5	-9.5	-14.3	-67.6	-1.6	24.4	13.3	-8.4	-9.8	15.1
RM Cost (% of sales)	55.6	54.0	53.4	54.0	47.9	54.9	54.1	56.8	54.3	54.5	55.7
Staff Cost (% of sales)	9.6	9.4	10.3	10.1	21.9	9.6	8.9	8.4	9.8	10.3	8.9
Other Exp. (% of sales)	19.0	20.2	20.4	20.6	23.1	19.1	19.8	19.9	20.0	19.9	19.2
EBITDA	**2,941**	**2,911**	**2,605**	**2,449**	**427**	**2,852**	**3,521**	**2,707**	**10,906**	**9,508**	**3,073**
Margin (%)	15.8	16.4	15.9	15.3	7.1	16.4	17.3	14.9	15.9	15.3	16.3
Depreciation	927	986	1,000	1,230	856	973	1,045	1,262	4,143	4,136	1,025
Interest	58	49	43	26	42	35	42	37	175	156	37
Other Income	68	114	119	174	109	71	58	213	476	451	110
PBT before EO expense	**2,024**	**1,990**	**1,681**	**1,368**	**-361**	**1,916**	**2,493**	**1,621**	**7,064**	**5,668**	**2,121**
Exceptional Item	-472	0	0	70	0	-279	112	0	-402	-167	0
PBT after EO	**2,496**	**1,990**	**1,681**	**1,298**	**-361**	**2,195**	**2,380**	**1,621**	**7,465**	**5,835**	**2,121**
Eff. Tax Rate (%)	33.7	15.1	26.2	17.7	31.0	23.9	20.2	31.0	24.2	23.9	24.7
Rep. PAT	**1,656**	**1,691**	**1,240**	**1,068**	**-249**	**1,672**	**1,901**	**1,119**	**5,655**	**4,442**	**1,598**
Adj. PAT	**1,298**	**1,691**	**1,240**	**1,122**	**-249**	**1,459**	**1,986**	**1,119**	**5,351**	**4,314**	**1,598**
YoY Change (%)	4.2	35.0	11.9	-12.4	-119.2	-13.7	60.1	-0.2	3.2	-19.4	28.8
India Business Revenue	**13,139**	**12,920**	**11,610**	**11,314**	**3,562**	**12,613**	**15,288**	**13,726**	**48,984**	**45,188**	**14,280**
EBITDA Margin (%)	15.1	15.2	14.1	12.7	0.7	16.2	17.0	14.0	14.3	14.6	16.5
EU Business Revenue	**5,480**	**4,792**	**4,795**	**4,724**	**2,469**	**4,810**	**5,120**	**4,448**	**19,791**	**16,847**	**4,604**
EBITDA Margin (%)	17.5	19.7	20.2	21.5	16.3	16.8	18.0	17.6	19.6	17.3	15.6

9 February 2021

3QFY21 Results Update | Sector: Cement

J K Cement

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	JKCE IN
Equity Shares (m)	77
M.Cap.(INRb)/(USDb)	174.6 / 2.4
52-Week Range (INR)	2382 / 800
1, 6, 12 Rel. Per (%)	-5/6/35
12M Avg Val (INR M)	188

Financial Snapshot (INR b)

Y/E MARCH	2021E	2022E	2023E
Sales	64.0	74.0	82.2
EBITDA	15.1	16.7	19.6
Adj. PAT	6.3	7.8	9.6
EBITDA Margin (%)	23.6	22.6	23.8
Adj. EPS (INR)	81.3	100.6	124.1
EPS Gr. (%)	30.0	23.7	23.4
BV/Sh. (INR)	455	537	652
Ratios			
Net D:E	0.4	0.2	0.4
RoE (%)	19.2	20.3	20.9
RoCE (%)	12.7	14.3	15.8
Payout (%)	22.1	18.9	16.9
Valuations			
P/E (x)	27.9	22.5	18.3
P/BV (x)	5.0	4.2	3.5
EV/EBITDA(x)	12.6	11.1	8.9
EV/ton (USD)	150	145	137
Div. Yield (%)	0.8	0.8	0.9
FCF Yield (%)	6.3	1.8	-8.8

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	57.7	58.1	58.1
DII	21.6	23.3	23.5
FII	15.4	14.0	12.1
Others	5.2	4.7	6.3

FII Includes depository receipts

CMP: INR2,261 TP: INR2,640 (+17%) Buy

Market share gains to drive earnings

Expansion in Central India to be positive

- JK Cement (JKCE) continued to gain market share in 3QFY21, with volumes growing 24% YoY, led by ~40% capacity expansion. EBITDA grew 62% YoY to INR4.5b, the highest ever.
- JKCE has approved setting up a greenfield 4mtpa cement capacity in Central India, improving volume growth visibility beyond FY23. Moreover, this should strengthen the regional mix further by reducing the share of South.
- We keep our earnings estimate broadly unchanged and reiterate our **Buy** rating on a 24% EPS CAGR over FY21–23E, driven by a 12% CAGR in volumes.

EBITDA up 62% YoY on strong volumes and margins

- 3QFY21 revenue/EBITDA/PAT was up 25%/62%/73% YoY to INR17.6b/INR4.5b/INR2.4b, beating our estimates by 1%/6%/3%.
- Volumes rose 24% YoY to 3.17mt (est. 3.15mt) – Grey Cement was up 25% YoY to 2.76mt and White Cement was up 17% YoY to 0.41mt. EBITDA per ton was up 30% YoY to INR1,417/t (-3% QoQ) on account of lower cost.
- Blended realization was in-line at INR5,556/t (+1% QoQ; v/s est. INR5,537/t) as pricing remained steady and strong.
- Total cost per ton fell 6% YoY to INR4,139/t (v/s est. INR4,188/t), but was up 2% QoQ on a 6%/5% QoQ increase in power and fuel/freight costs.
- The Nimbahera Line 3 upgrade and Mangrol OLBC work should be completed in 2QFY22, which should lower operating cost.
- Net debt stands at INR14.0b (v/s INR15.9b in Mar'20). Net debt/EBITDA stands at 0.98x v/s 1.35x in FY20.
- 9MFY21 revenue/EBITDA/PAT was up 7%/29%/35% YoY to INR42.8b/INR10.7b/INR5.4b. This was led by 9% YoY growth in volumes to 7.74mt and a 4.18pp YoY increase in margins at 25.1%.

Highlights from management commentary

- The 4mtpa integrated greenfield plant at Panna would entail capex of INR29.7b, with estimated spend of INR8.0b/INR13.0b/INR6.0b in FY22/FY23/FY24; it should be commissioned in 1QFY24. This would enhance its footprint across Central, where it is currently very limited.
- In 4QFY21, price has softened across geographies on account of severe winters, but is still up 2–3% YoY. Housing demand continued to be robust, while infra projects started picking up in 3QFY21.
- It has increased the proportion of imported coal in the kiln fuel mix to mitigate the impact of rising petcoke prices, but has guided for an increase of INR80/t QoQ in power and fuel cost.
- The Nimbahera Line 3 upgrade would result in INR50/t cost savings at the site, which would be reflected from 2HFY22.
- **Mangrol expansion** – While the budged capex was INR20b, actual spend would be lower at INR18.5b, of which INR16.5b is already complete.
- Gross debt / Net debt stands at INR27.9b/INR14.0b. It will raise debt of INR18.0–20.0b for Panna, but peak net debt should be below INR25b.

Valuation and view

- We expect JKCE to deliver an above-industry volume CAGR of 12% over FY21–23E on account of its expansion in North. The announced expansion at Panna would further improve its regional mix in favor of North/Central. Moreover, it should help the company move down the cost curve by lowering power and fuel and other costs.
- Our TP of INR2,640 is based on Dec'22E EV/EBITDA of 13x for the White Cement business and 10x for the Grey Cement business. **Maintain Buy.**

Quarterly performance (standalone) (INR m)

Y/E March	FY20				FY21				FY20	FY21E	FY21	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	
Sales Dispatches (mt)	2.31	2.24	2.56	2.67	1.77	2.81	3.17	3.38	9.77	11.13	3.15	1
YoY Change (%)	-0.2	3.7	2.4	-7.3	-23.5	25.5	23.9	26.7	-1.0	13.8	23.0	
Realization (INR/t)	5,750	5,600	5,490	5,538	5,464	5,517	5,556	5,378	5,590	5,477	5,537	0
YoY Change (%)	19.3	9.9	7.7	6.9	-5.0	-1.5	1.2	-2.9	10.8	-2.0	0.9	
QoQ Change (%)	11.0	-2.6	-2.0	0.9	-1.3	1.0	0.7	-3.2			0.4	
Net Sales	**13,280**	**12,542**	**14,042**	**14,774**	**9,650**	**15,507**	**17,601**	**18,183**	**54,638**	**60,941**	**17,425**	1
YoY Change (%)	19.0	14.0	10.3	-1.0	-27.3	23.6	25.3	23.1	9.7	11.5	24.1	
Total Expenditure	10,245	10,002	11,264	11,312	7,497	11,400	13,113	14,106	42,822	46,116	13,178	0
EBITDA	**3,035**	**2,540**	**2,777**	**3,463**	**2,153**	**4,107**	**4,488**	**4,077**	**11,815**	**14,825**	**4,247**	6
Margins (%)	22.9	20.3	19.8	23.4	22.3	26.5	25.5	22.4	21.6	24.3	24.4	
Depreciation	494	518	556	577	580	597	622	657	2,144	2,455	630	
Interest	534	561	561	572	572	537	593	568	2,229	2,270	540	
Other Income	172	180	237	271	203	287	303	283	859	1,077	220	
PBT before EO expense	**2,179**	**1,641**	**1,897**	**2,585**	**1,204**	**3,260**	**3,576**	**3,135**	**8,302**	**11,176**	**3,297**	8
Extra-Ord expense	0	0	0	1,782	0	0	0	0	1,782	0	0	
PBT	**2,179**	**1,641**	**1,897**	**803**	**1,204**	**3,260**	**3,576**	**3,135**	**6,520**	**11,176**	**3,297**	8
Tax	641	553	521	801	427	1,025	1,194	930	2,516	3,576	989	
Rate (%)	29.4	33.7	27.5	99.7	35.5	31.4	33.4	29.7	38.6	32.0	30.0	
Reported PAT	**1,538**	**1,088**	**1,376**	**2**	**777**	**2,235**	**2,383**	**2,205**	**4,004**	**7,600**	**2,308**	3
Adj PAT	**1,538**	**1,088**	**1,376**	**1,784**	**777**	**2,235**	**2,383**	**2,205**	**5,785**	**7,600**	**2,308**	3
YoY Change (%)	211.8	68.2	125.8	18.9	-49.5	105.5	73.2	23.6	78.1	31.4	67.8	

E: MOFSL Estimates

Quarterly performance (Standalone) (INR m)

Y/E March	FY20				FY21				FY20	FY21E		Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Grey Cement (mt)	1.97	1.91	2.20	2.36	1.59	2.45	2.76	3.00	8.45	9.80	2.73	1
Growth (%)	-3.2	2.1	2.8	-6.6	-19.3	28.4	25.0	27.0	-1.5	16.0	24.0	
% of total Vols	85.3	85.2	86.2	88.6	90.0	87.2	87.0	88.8	86.4	88.1	86.9	
White Cement (mt)	0.34	0.33	0.35	0.30	0.18	0.36	0.41	0.38	1.33	1.33	0.41	0
Growth (%)	21.4	13.8	0.0	-12.9	-48.0	8.8	16.6	24.6	4.5	0.0	17.0	
% of total Vols	14.7	14.8	13.8	11.4	10.0	12.8	13.0	11.2	13.6	11.9	13.1	

Per tonne analysis (INR)

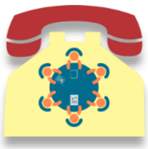
Per tonne analysis (INR)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY20	FY21E	3QE	Var (%)
Net realization	**5,750**	**5,600**	**5,490**	**5,538**	**5,464**	**5,517**	**5,556**	**5,378**	**5,590**	**5,477**	**5,537**	0
RM Cost	790	967	996	776	1,106	877	841	883	881	905	950	-11
Employee Expenses	419	429	388	370	538	347	347	319	400	369	318	9
Power, Oil & Fuel	1,135	1,002	992	1,008	867	970	1,023	1,040	1,032	990	1,033	-1
Freight & handling	1,071	1,037	1,058	1,056	994	1,050	1,100	1,104	1,056	1,072	1,060	4
Other Expenses	1,021	1,030	971	1,029	740	812	828	825	1,012	809	826	0
Total Exp	**4,436**	**4,466**	**4,404**	**4,240**	**4,245**	**4,056**	**4,139**	**4,172**	**4,381**	**4,145**	**4,188**	-1
EBITDA	**1,314**	**1,134**	**1,086**	**1,298**	**1,219**	**1,461**	**1,417**	**1,206**	**1,209**	**1,332**	**1,350**	5

Torrent Power

BSE SENSEX	S&P CNX
51,329	15,109

CMP: INR326 **Buy**

Conference Call Details



Date: 10th Feb 2021
Time: 9.30 AM
Dial-in details:
+91 22 6280 1259

Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E
Net Sales	136.4	134.6	140.3
EBITDA	35.6	32.7	37.4
NP	13.5	10.1	14.2
EPS (INR)	28.0	21.0	29.6
EPS Gr. (%)	49.7	-25.0	41.0
BV/Sh. (INR)	190.5	206.8	229.9
RoE (%)	14.9	10.6	13.6
RoCE (%)	9.6	8.7	10.5
Payout (%)	41.4	31.0	22.0
Div. Yield	4.3	2.1	2.1

Reported EBITDA up 4% YoY

Strong positioning and healthy balance sheet; maintain Buy

- Torrent Power's 3QFY21 reported EBITDA was up 4% YoY to INR8.7b (8% ahead of our est. of INR8.0b). A portion of this may be attributable to recoveries on collection provisions and UnoSugen u/r. We await clarity on the same.
- Interest cost was down 19% YoY / 6% QoQ to INR1.9b (our est.: INR2.1b).
- PAT was up 2% YoY to INR3.2b (41% ahead of our est. of NR2.3b).
- Power purchases at Bhiwandi and Agra were down 2% YoY.
- 9M T&D loss of 19.1% and 13.2% was reported at Bhiwandi and Agra, respectively (v/s 1H T&D loss of 23% and 16%).
- Renewable generation was up 32% YoY to 317MUs, led by capacity addition.

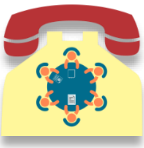
Quarterly Performance (Consolidated) – INR m

Y/E March	FY20				FY21				FY20	FY21E	FY21	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net Sales	**37,361**	**38,420**	**30,790**	**29,835**	**26,631**	**31,287**	**29,528**	**47,131**	**136,406**	**134,576**	**30,634**	**-4**
YoY Change (%)	5.9	11.5	-5.4	2.0	-28.7	-18.6	-4.1	58.0			-0.5	
Total Expenditure	29,025	27,870	22,386	21,565	19,647	22,966	20,825	38,417	100,846	101,854	22,610	-8
EBITDA	**8,337**	**10,550**	**8,404**	**8,270**	**6,984**	**8,321**	**8,703**	**8,714**	**35,561**	**32,722**	**8,024**	**8**
Margins (%)	22.3	27.5	27.3	27.7	26.2	26.6	29.5	18.5			26.2	
Depreciation	3,206	3,219	3,268	3,350	3,159	3,165	3,193	3,604	13,043	13,121	3,311	-4
Interest	2,477	2,495	2,349	2,224	2,203	2,020	1,897	2,263	9,546	8,383	2,063	-8
Other Income	545	493	365	373	347	374	374	439	1,776	1,533	346	8
PBT before EO expense	**3,199**	**5,329**	**3,152**	**3,069**	**1,968**	**3,510**	**3,987**	**3,286**	**14,748**	**12,751**	**2,997**	**33**
Extra-Ord expense	0	0	0	10,000	-2,710	1,210	0	0	10,000	-1,500	0	
PBT	**3,199**	**5,329**	**3,152**	**-6,931**	**4,678**	**2,300**	**3,987**	**3,286**	**4,748**	**14,251**	**2,997**	**33**
Tax	433	-2,227	-1,055	-4,191	940	278	770	1,290	-7,040	3,278	719	
Rate (%)	13.5	-41.8	-33.5	60.5	20.1	12.1	19.3	39.3	-148.3		24.0	
MI and Associates	13	12	12	10	12	13	12	-29	47	8	2	
Reported PAT	**2,753**	**7,544**	**4,194**	**-2,749**	**3,727**	**2,008**	**3,205**	**2,025**	**11,742**	**10,965**	**2,276**	**41**
PAT	**2,753**	**4,742**	**3,148**	**2,815**	**1,667**	**3,218**	**3,205**	**2,025**	**13,458**	**10,115**	**2,276**	**41**
YoY Change (%)	21.9	15.1	32.8	1,075.3	-39.4	-32.1	1.8	-28.1	49.7	-24.8	-27.7	
Margins (%)	7.4	12.3	10.2	9.4	6.3	10.3	10.9	4.3	9.9	7.5	7.4	

Mahanagar Gas

BSE SENSEX	S&P CNX
51,329	15,109

Conference Call Details



Date: 10th Feb 2021
Time: 03:00pm IST
Dial-in details:
+91-22-6280 1210
+91-22-7115 8111

CMP: INR1,140 — Under Review

Largely in line with our estimates

EBITDA stood at INR3.2b (+22% YoY), with PAT at INR2.2b (+17% YoY).

Total volumes were in line with our estimate at 2.77mmscmd (-9% YoY, +34% QoQ).

- CNG sales volumes are still down 15% YoY to 1.88mmscmd, but up 48% QoQ.
- PNG – I/C sales volumes are down 9% YoY at 0.38mmscmd (+13% QoQ).
- PNG - domestic sales volumes continue to grow at 0.51mmscmd (+24% YoY).

EBITDA/scm stood at INR12.4 (+35% YoY and +7% QoQ).

- Realization stood at INR26.1/scm (flat YoY and QoQ).
- Gross margin expanded to INR17.7/scm (+28% YoY, 3% QoQ).
- Opex was flat sequentially at INR4.5/scm, but up 13% YoY. Employee cost returned to FY20 levels of INR0.8/scm with an increase in volumes.

For 9MFY21, EBITDA/PAT stood at INR6.2b/INR4.1b (-24%/-35% YoY).

- This was weighed down by a 34% YoY fall in volumes to ~2mmscmd (primarily impacted by a 45% fall in CNG volumes to 1.2mmscmd).
- EBITDA/scm is up YoY to 11.4mmscmd (v/s INR9.9 in 9MFY20).
- **The board has declared an interim dividend of INR9/share (record date is 22 Feb'21).**
- In 4QFY21, the total daily sales volumes have almost reached pre-COVID levels and has been picking up.

Standalone quarterly earning model (INR m)

Y/E March	FY20				FY21				Variance	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	3Q	(%)	%	%
Net Sales	**7,575**	**7,836**	**7,445**	**6,866**	**2,618**	**5,067**	**5,762**	**6,664**	**16%**	**-10%**	**32%**
YoY Change (%)	22.3	12.5	-1.1	-5.0	-65.4	-35.3	-22.6	-10.5			
EBITDA	**2,768**	**2,734**	**2,588**	**2,438**	**800**	**2,211**	**2,977**	**3,167**	**6%**	**22%**	**43%**
EBITDA/SCM	10.3	9.9	9.2	9.6	7.9	11.6	12.0	12.4	4%	35%	7%
Margin (%)	36.5	34.9	34.8	35.5	30.6	43.6	51.7	47.5			
Depreciation	372	391	415	440	423	425	440	441	0%	6%	4%
Interest	14	15	16	21	15	20	20	17			
Other Income	203	230	287	270	245	184	261	204	-22%	-29%	11%
PBT before EO expense	**2,586**	**2,558**	**2,444**	**2,247**	**607**	**1,950**	**2,778**	**2,913**	**5%**	**19%**	**49%**
PBT	**2,586**	**2,558**	**2,444**	**2,247**	**607**	**1,950**	**2,778**	**2,913**	**5%**	**19%**	**49%**
Tax	884	-148	583	581	155	507	699	741	6%	27%	46%
Rate (%)	34.2	-5.8	23.9	25.9	25.5	26.0	25.2	25.4			
Reported PAT	**1,702**	**2,706**	**1,861**	**1,666**	**453**	**1,443**	**2,079**	**2,172**	**4%**	**17%**	**50%**
YoY Change (%)	32.7	98.6	25.4	24.8	-73.4	-46.7	11.8	16.7			
Margin (%)	22.5	34.5	25.0	24.3	17.3	28.5	36.1	32.6			
Sales Volumes (mmscmd)											
CNG	2.16	2.20	2.22	1.98	0.48	1.28	1.89	1.88	0%	-15%	48%
PNG - Domestic	0.40	0.38	0.41	0.42	0.43	0.46	0.44	0.51	15%	24%	10%
PNG - Industry/ Commercial	0.40	0.42	0.42	0.39	0.20	0.33	0.37	0.38	1%	-9%	13%
PNG - Total	0.80	0.80	0.83	0.80	0.63	0.80	0.81	0.89	9%	7%	11%
Total Volumes	**2.97**	**3.00**	**3.05**	**2.78**	**1.11**	**2.07**	**2.71**	**2.77**	**2%**	**-9%**	**34%**

E: MOFSL estimate

Lemon Tree

BSE SENSEX	S&P CNX
51,329	15,109

CMP: INR42 — Buy

Conference Call Details

Date: 11th Feb 2021
Time: 2:00pm IST
Dial-in details:
+91-22 6280 1141

Revenue/EBITDA above estimates

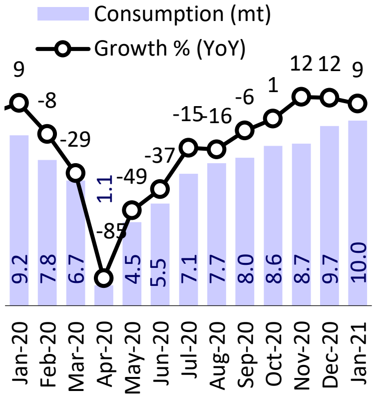
- Revenue was down 66% YoY to INR684m (est. INR638m) in 3QFY21.
- ARR declined 46% YoY (to INR2,528) and occupancy declined 28.9pp (to 42.4%); thus, RevPAR fell 68% YoY to INR1,073. On a QoQ basis, RevPAR grew 25% on the back of 10pp improvement in occupancy, offset by 5% decline in ARR.
- EBITDA was down 75% YoY to INR201m (est. INR122m; EBITDA in 2QFY21 stood at INR83m).
- On a QoQ basis, revenue/EBITDA grew 44%/142%.
- Adj. loss stood at INR312m v/s profit of INR122m last year.

Reported Cons. Quarterly Perf. (INR m)

Y/E March	FY20				FY21				FY20	FY21	FY21	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3Q	(%)
Gross Sales	**1,409**	**1,528**	**1,996**	**1,761**	**407**	**476**	**684**	**1,198**	**6,694**	**2,765**	**638**	**7**
YoY Change (%)	11.0	18.7	39.2	17.0	-71.1	-68.8	-65.7	-32.0	21.8	-58.7	-68.0	
Total Expenditure	962	1,043	1,184	1,122	363	393	483	721	4,311	1,960	515	
EBITDA	**448**	**484**	**812**	**639**	**44**	**83**	**201**	**477**	**2,383**	**804**	**122**	**64**
Margins (%)	31.8	31.7	40.7	36.3	10.7	17.5	29.4	39.8	35.6	29.1	19.2	
Depreciation	172	196	227	277	271	270	273	280	872	1,094	275	
Interest	309	325	452	487	469	463	454	470	1,573	1,856	450	
Other Income	21	9	32	4	31	60	22	25	67	139	35	
PBT before EO expense	**-12**	**-27**	**165**	**-121**	**-665**	**-590**	**-504**	**-248**	**5**	**-2,007**	**-568**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**-12**	**-27**	**165**	**-121**	**-665**	**-590**	**-504**	**-248**	**5**	**-2,007**	**-568**	
Tax	7	1	46	56	-71	-62	-48	-25	109	-205	-57	
Rate (%)	-59.7	-2.2	27.6	-45.8	10.7	10.4	9.5	10.0	2219.9	10.2	10.0	
MI & P/L of Asso. Cos.	-2	-6	-3	2	-175	-157	-144	-127	-9	-603	-142	
Reported PAT	**-17**	**-22**	**122**	**-179**	**-419**	**-371**	**-312**	**-97**	**-95**	**-1,199**	**-369**	
Adj PAT	**-17**	**-22**	**122**	**-179**	**-419**	**-371**	**-312**	**-97**	**-95**	**-1,199**	**-369**	
YoY Change (%)	NA	NA	-2.1	NA	NA	NA	NA	NA	NA	NA	NA	
Margins (%)	-1.2	-1.4	6.1	-10.2	-103.0	-78.0	-45.7	-8.1	-1.4	-43.4	-57.8	

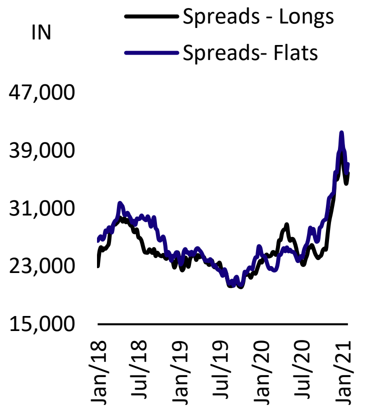
Metals

Consumption up 9% YoY to 10.0mt in Jan'21



Source: Steelmint, MOFSL

Despite decline in steel prices, spot steel spreads remain strong



Source: Steelmint, MOFSL

Domestic steel consumption remains strong

We expect strong domestic demand and low finished steel inventory to support domestic steel prices. India's domestic steel consumption rose 9% YoY (3% MoM) to 9.97m, the highest ever monthly consumption. Declining exports and rising imports further indicate a strong rebound in domestic demand. Lower domestic steel inventory provides comfort on steel prices. Domestic rebar prices, however, have come under pressure due to rising supply and softened demand in the Construction segment, weighed by high prices of construction material such as cement and steel. On the other hand, domestic HRC prices remain strong (although down 5% in the traders' market) on the back of strong demand and regional prices. However, easing iron ore prices, led by improving supply, are cushioning steel spreads. Thus, despite decline in steel prices, domestic steel spreads remain strong, up INR5,600–6,000/t over the 3QFY21 average (the strongest quarter by far).

Domestic steel demand up 9% YoY in Jan'21

- India's steel consumption grew 9% YoY and 3% MoM to 9.97mt in Jan'21. This growth comes on a strong base period of Jan'20 which also witnessed demand growth of 9% YoY.
- Demand growth has been supported by robust demand from Infrastructure and double-digit growth in Auto, White Goods, and Consumer Durables.
- However, we see some softness in demand in the Construction segment due to higher prices of building construction materials such as steel and cement.
- Domestic crude steel production rose 7% YoY (2% MoM) to 9.98mt.

Net exports lowest in 18 months; inventory remains low

- India's steel imports rose 9% YoY to 520kt, whereas exports declined 16% YoY to 580kt. On a MoM basis, steel imports rose 2% YoY, while exports declined 6% YoY.
- As a result, net steel exports stood at 60kt, the lowest in 18 months. Historically, India has reported net steel imports in times of strong domestic demand.
- Domestic steel inventory with mills was down 18% YoY to 10.6mt. We estimate inventory to have remained below 10.5mt at Jan-end (12.7mt in Jan'20).

Iron ore prices easing on improved supply from Odisha

- NMDC has cut its iron ore prices by INR600/t (10–12%). This is the first cut in iron ore prices seen in the last nine months.
- Post this cut, NMDC's iron ore prices stand at INR4,210/t for fines and INR5,100/t for lumps.
- However, NMDC's prices are still 12–22% higher than the 3QFY21 average and up 50–60% YoY.
- The cut in iron ore prices is attributable to a ramp-up in production in auctioned iron ore mines in Odisha and declining steel prices in the Secondary Steel market. Essel mining, one of the largest merchant miners in Odisha, also cut iron ore prices by INR500–600/t.

Rebar prices come under pressure, while HRC prices remain strong

- Domestic secondary rebar prices declined INR6,200/t MoM to INR42,000 (ex-Mumbai) due to a) softened demand from the Construction segment and b) improved availability due to improved iron ore supply.
- Primary rebar prices, on the other hand, declined INR3,300/t MoM (from the peak) to INR52,200/t. As a result, the price gap between primary and secondary steel prices stands at INR10,200/t v/s the average historical average of INR4,800/t. We do not expect a sharp correction in primary rebar prices in the near term owing to strong demand from Infrastructure in Feb'21. However, the gap should converge to the longer term average of INR4,800/t over the next few months.
- HRC prices in the traders' market stand at INR55,250/t, down INR2,850/t MoM (5%) from the peak of INR58,000/t. Domestic HRC prices are now trading at a 4% discount to imported HRC prices from Korea and 4% premium to imported HRC from China.
- Coking coal prices rose ~50% MoM to USD170/t CNF India early in Feb, however, have declined USD18/t wow to USD152/t CNF India, thereby, easing pressure on margins.
- Despite decline in steel prices and higher coking coal prices, spot steel spreads remain strong at INR38,000/t for flats and INR35,000/t for longs – up INR6,000-5,600/t for flats-longs over 3QFY21.

Regional steel prices soften ahead of Chinese Lunar Year holiday

- China domestic HRC steel prices have remained steady (at ~USD698/t) after peaking at USD770/t in Dec'20. However, softening demand due to winter conditions has led Chinese traders to export more, resulting in decline in export HRC prices from USD710/t to USD625/t FoB China in Jan'21. However, export prices increased USD20/t to USD645/t FoB China in Feb'21. CIS HRC export prices have also declined 10% MoM to USD710/t. On the contrary, Korea/Japan FoB prices have declined just 2% MoM to USD755/t. We expect China steel export prices to increase from current levels post the Chinese Lunar Year holiday.

JSP is our preferred pick, followed by SAIL

- We expect domestic steel demand to remain strong on the back of strong Infrastructure and Auto / Consumer Durables demand. However, the widening gap between primary and secondary rebar prices (~INR11,200/t currently) poses downward risk to primary rebar prices, as we expect the gap to converge to the historical average of INR4,800/t in the short term. However, we expect HRC prices to remain strong, supported by a) strong domestic demand, b) higher regional prices, and c) an uptick in steel demand in China post the Lunar Year holidays.
- JSP is our preferred pick in the sector, with TP of INR385. Over FY20–23E, we estimate a strong 11%/10% CAGR in standalone volumes / consolidated EBITDA. This, coupled with the Oman divestment, would result in a 52% fall in consolidated net debt to INR183b. Net debt-to-EBITDA should, thus, decline to 1.6x, the lowest for India's steel sector.
- We remain positive on SAIL, with TP of INR81, as we expect higher volumes to absorb the increase in fixed cost on account of wage provision. We estimate a

net debt reduction of INR162b (INR39/sh) to INR372b (INR90/sh) over FY20–22E – on the back of higher operating cash flows. Realization of Railways debtors would lead to further deleveraging (not factored in). With a significant debt reduction and higher earnings, net debt/EBITDA should decline to ~3.0x by Mar'22.

- We assign JSTL a Buy rating with TP of INR435. Coupled with robust margins, it offers strong volume growth potential from its Dolvi expansion, which is slated to be commissioned in 1QFY22. Given the current strong spread, concerns over the acquisition of Bhushan Power and Steel have significantly subsided.
- We remain Neutral on TATA with TP of INR681 as 1) current valuations factor in strong spreads in India and Europe and 2) sustainability of cash flows at Tata Steel Europe remains questionable given the uncertainty over its UK operations.

Valuation summary

	MCAP (USD M)	CMP (INR)	Rating	P/E (x)			EV/EBITDA (x)			P/B(x)		
				FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Steel												
JSW Steel	13,201	407	Buy	13.2	9.3	10.1	8.2	6.3	6.4	2.2	1.8	1.6
Tata Steel	9,126	700	Neutral	14.9	8.4	8.4	6.7	5.9	5.7	1.1	1.0	0.9
JSPL	3,807	310	Buy	5.7	9.2	8.8	3.9	4.4	4.3	1.0	0.9	0.8
SAIL	3,697	67	Buy	5.2	5.9	7.4	5.3	5.5	5.7	0.6	0.6	0.5

Source: MOFSL

Healthcare

Performance of top companies: Jan'21

Company	MAT growth (%)	Jan'21 (%)
IPM	**2.8**	**4.5**
Merck	19.8	23.0
Wockhardt	-17.2	21.3
Ajanta	10.8	16.0
JB Chemicals	13.9	13.5
Ipca	11.8	12.5
Emcure	6.5	12.0
Alkem	1.1	9.5
Mankind	5.8	9.3
Intas	4.4	8.9
Zydus	3.9	8.1
Torrent	6.5	8.0
USV	9.5	6.8
Abbott	4.1	5.4
Glenmark	15.5	5.3
Sun Pharma	4.2	5.2
Sanofi India	4.3	4.9
Lupin	3.6	4.6
Dr. Reddy's	1.4	4.3
Cipla	8.0	4.2
Eris LS	8.7	3.6
Pfizer	6.5	3.0
Biocon	-5.7	1.2
Glaxo	-5.1	-1.9
FDC	-1.0	-2.7
Alembic	0.6	-3.6
Indoco	-4.3	-5.1
AstraZeneca	1.8	-9.3
Natco	-14.4	-38.4

IPM growth moderates in Jan'21 after a strong Dec'20

- IPM growth moderated to 4.5% YoY in Jan'21 v/s 8.5% in Dec'20 (7.6% in Jan'20), led by price/new launches of ~4.9%/2.4%. This was offset to some extent by the volume decline of 2.9% YoY in Jan'21.
- Gastro/VMN/Cardiac therapies exhibited a YoY growth of 14.3%/12.2%/8.8%. Anti-Infectives therapy declined marginally (2.7% YoY) v/s 5% growth in Dec'20.
- Respiratory sales remained in a downtrend with a 14.1% YoY decline in Jan'21.
- NLEM (~16% of IPM) grew 1.8% YoY, while Non-NLEM (~84%) fell 3.6% in Jan'21.
- On a MAT basis, industry growth stood at 2.8% YoY.

Price/NP growth offsets volume decline for the quarter-ending Jan'21

- For the quarter ending Jan'21, YoY growth was 4.6%. YoY price/NP growth of 4.9%/2.9% was offset to some extent by the 3.2% dip in volumes
- For the quarter ending Jan'21, NLEM (~17% of IPM) grew 1.6% YoY, while Non-NLEM (~83%) grew 5.3%.

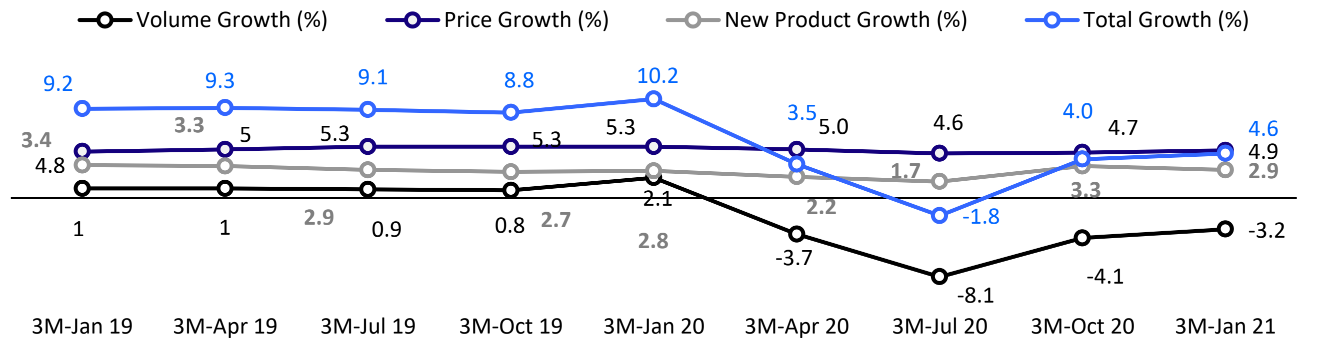
Merck, Wockhardt, Ajanta, JB Chemicals and Ipca outperformed

- In Jan'21, Merck India (+23% YoY), Wockardt (+21.3% YoY), Ajanta Pharma (+16% YoY), JB Chemicals (+13.5% YoY), and Ipca Laboratories (+12.5% YoY) delivered robust performances.
- Ajanta grew on strong offtake in Cardiac/Pain therapies (~50% of therapy mix), up 27%/27.3% YoY.
- Ipca posted good traction in Pain/Analgesics (+23.8% YoY) and Gastro (23.4% YoY) segments.
- Alembic, Biocon and Dr. Reddy's Laboratories showed lower than industry growth in Jan'21 (-3.6%/+1.2%/+4.3% YoY).
- On a MAT basis, JB Chemicals/Merck/Torrent Pharmaceuticals reported highest price growth (+10.2%/7.5%/7.2% YoY). Glenmark Pharmaceuticals saw the highest growth in new launches (+14.8% YoY).

Cardiac, Anti-Diabetic and VMN drove overall sales growth on a MAT basis

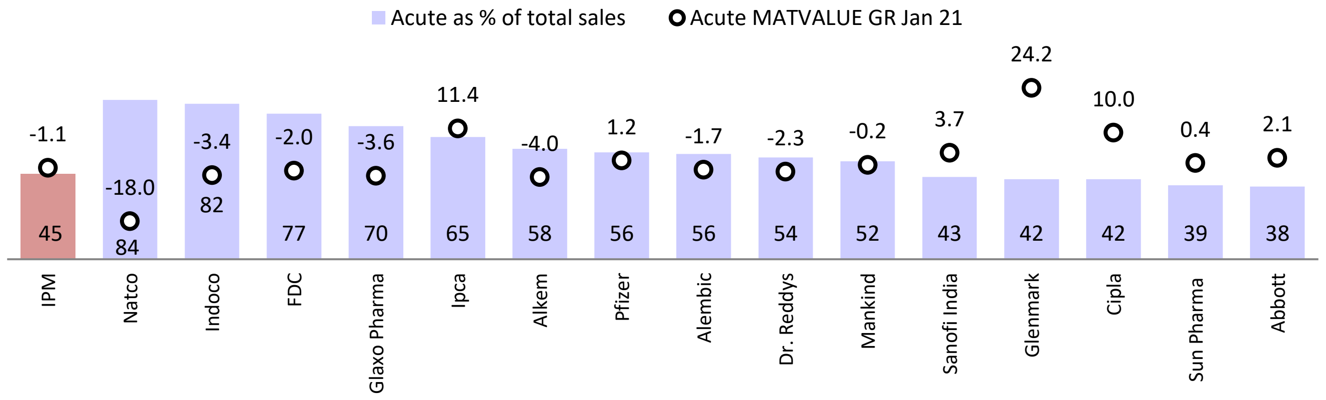
- Chronic therapies saw strong performance, with Cardiac/Anti-Diabetic/VMN growing at 13.2%/ 7.7%/ 7% YoY for MAT ending Jan'21.
- Gynecology/Pain/Respiratory sales declined 3.3%/2.9%/2.1% YoY impacting overall growth to some extent.

Prices and NP grow while volumes decline for the quarter-ending Jan'21



Source: AIOCD, MOFSL

Acute as a percentage of total sales and growth rate on a MAT basis in Jan'21



Source: MOSL, Company

BPCL: To divest stake in Numaligarh Refinery, timeline to be decided by DIPAM; N Vijayagopal, Director-Finance

- Marketing volumes are back to pre-COVID levels
- Market sales have grown 24% QoQ, refining throughput has increased 29%
- Q2 and Q3 marketing margin around same levels
- Have decided to divest stake in Numaligarh refinery; divestment timeline and process will be followed as planned by DIPA
- Crude prices currently at comfortable levels
- Crude oil prices in medium term could hover in the range of $60-65/ bbl
- Debt-to-equity ratio now at 0.6 times vs 1.26 times in FY20; subsidy at Rs. 2200 crore
- Will complete capex plan of Rs. 9000 crore for FY21; spent Rs. 5600 crore in 9MFY21

Read More

Godrej Consumer: Witnessed 7% growth in household insecticides segment in Q3; Nisaba Godrej, Chairperson & MD

- There has been growth in households insecticides, especially in the rural segment
- Health is playing out; have seen 600 basis points of penetration growth for the category this year and 800 basis points in rural
- Have new products lined up for FY22
- Indonesia is a good high margin business, like India
- There will be more demand post vaccinations rolling out and good budget

Read More

Emami: Recovery has been faster than expected; demand is sustaining; NH Bhanssali, CFO

- Demand is good, recovery has been faster than expected
- Expect good growth in Q4
- Seeing demand from all channels and sectors
- Expect healthcare growth to continue
- Promoters wish to reduce pledge to Nil, will look to sell non-core assets
- Q3 rural growth at 14-15%, Q3 modern trade growth at 50%
- e-commerce contributes 3% of domestic sales

Read More

Galaxy Surfactants: Surge in freight rate a temporary phenomenon; U Shekhar, Founder & MD

- Industry is coming back to normalised levels
- Beauty and skincare segment is normalising
- Double-digit volume growth in speciality segment will continue
- Accumulated exports benefits in Q3 of Rs. 14 crore
- Consumer focus on personal hygiene has increased significantly
- Debt-equity ratio as on December is 0.18 times
- Company continues to expand capacities
- Disruption due to shipping and containers is continuing
- Have passed on raw material price increase
- Think surge in freight rate is a temporary phenomenon
- New products are contributing to overall growth
- EBITDA/ tonne is around 18600

Read More

Quess Corp: Expect FY22 to be a good year; RoE should improve to 20% by FY23; Suraj Morarje, ED & Group CEO

- Business started turning around in Q2
- Clearly seeing pace of pick-up in recovery
- Training and skilling business still hit hard by COVID-19 outbreak
- Global tech operating at pre-COVID levels
- Workforce business should exit the year at near pre-COVID levels
- Education and IT/ ITES is taking a little longer to get back
- Seeing pick-up in retail segment
- Expect to exit FY21 with good momentum from the EBITDA perspective
- Expect FY22 to be a good year; RoE should improve to 20%
- IT services is doing well in workforce segment
- Very bullish about the future of manufacturing in India

Read More

Balaji Amines: There is a good demand shift to Indian companies from Chinese; D Ram Reddy, MD

- Better product mix has led to good growth in Q3
- There is a short supply of a pharma product which led to higher volume
- There is a good demand shift to Indian companies from Chinese
- Capacity levels at 90% levels
- Coming up with new capacity additions to meet the demand
- Hotel is doing well, we made good profit this quarter on our hotel
- We are not going for any further expansions

Read More

SUN TV: Earnings can surprise positively in this year, very optimistic on Sun NXT; SL Narayanan, Group CFO

- Things are looking up since January 2021
- Lot of large local advertisers were still in downbeat mood in Q3
- Lot of normalcy in movement and economic activity since January
- Local advertisers are still lagging in ad spends
- We can surprise on the positive side in Q4 if economic momentum continues
- Didn't recognise revenue from a large distributor in Q3
- Optimistic that Sun NXT will start growing in coming quarters
- Don't want to build our OTT platform at cost of large cash losses
- Not spending much on customer acquisition at this point of time

Read More

JSW Energy: Expect to overcome volatility in prices with Vijaynagar unit PPA soon; Prashant Jain, Jt MD & CEO

- Prices of merchant power has improved to about Rs. 6
- Renewable participation will keep power price under pressure
- Focusing on long-term power purchase agreements (PPAs), which are now at 82%
- Expect to overcome volatility in prices with Vijaynagar unit PPA soon
- Have visibility of 2100 MW in renewables over next 24 months
- We like solar framework but are uncomfortable with the pricing
- Solar panel prices have gone up, have not come down as expected
- Capex of Rs. 10000 crore on renewables over next 24 months
- Receivables are at 7-quarter low at the end of Q3; total amount receivable is Rs. 1700 crore
- Net debt down to Rs. 7600 crore, leverage will increase now

Read More

Narayana Health: Expect Q4 to be a normal quarter; Viren Shetty, ED & Group COO

- As of December, all hospitals in India have staged full recovery
- 5-8% revenues came from COVID in the December quarter
- Q4 could be normal quarter
- Cardiac surgery and other elective therapies have not recovered fully
- Not anticipating sharp recovery in elective surgeries
- Outstation patients numbers are still 60-70% of pre-COVID levels
- We did around 30000 digital consultations last quarter

Read More

NOTES

Disclosures:

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

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - 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, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)

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

For Hong Kong:

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

For U.S:

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

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

For Singapore:

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

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

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com.
CIN No.: L67190MH2005PLC153397.Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579 ;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs,Insurance Products and IPOs.Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.:022-71881085.

* 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.