India Strategy

BSE Sensex: 52,104 **Nifty-50: 15,313**

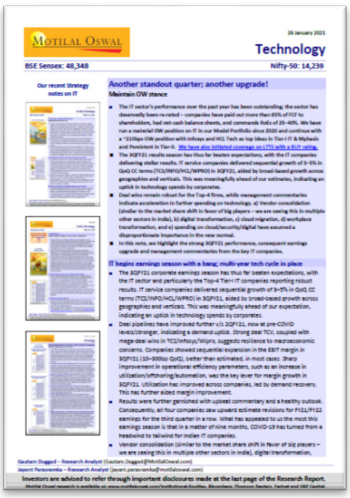
Refer to our Dec'20 Quarter Preview

3QFY21 Results Review: Marching ahead!

Big beats and upgrades; Nifty EPS upgraded by 3–5%

- The 3QFY21 corporate earnings season revved up from 2QFY21, with big beats and upgrades reported across the MOFSL Coverage Universe. Sharp demand recovery was seen during the festive season – with the opening up of the economy and the number of COVID-19 cases being contained, coupled with continued cost-saving initiatives. With an upgrade (>5%) to downgrade ratio (<-5%) of 7:2, 3QFY21 has been a blockbuster earnings season. 57% of the companies in our MOFSL Coverage Universe beat 3QFY21 estimates, while 24% reported below-est. results. This has resulted in the second consecutive quarter of material upgrades for Nifty EPS. The underlying recovery, more importantly, has led to the broad-basing of growth. The performance, while broad-based, was led by cyclical sectors such as Metals, Autos, and Cement.
- Key factors that drove the earnings beat v/s our expectations comprise (1) sharper-than-expected demand recovery with the opening up of the economy; (2) continued cost optimization measures; (3) the festive season boosting consumption demand across the Staples, Durables, and Discretionary sectors; (4) strong operational delivery by the BFSI sector (especially large banks with 70%+ PCR and low restructuring of sub 1%); and (5) cyclical sectors – such as Metals, Autos, Oil & Gas (O&G), and Cement – accounting for ~three-fourths of the incremental PAT for the Coverage Universe.
- Autos, Capital Goods, Cement, Consumer, Consumer Durables, Private and PSU Banks, Healthcare, Metals, O&G, Retail, and Technology reported beats on 3QFY21 PAT estimates. NBFC, Staffing, and Utilities reported in-line earnings.
- Nifty sales were in-line (-1% YoY; est. -2%), while EBITDA/PBT/PAT growth stood at 15%/23%/22% YoY (est. 11%/9%/7%). 60% of Nifty-50 companies reported beats on our PAT estimates, while just 18% posted results below our expectations.
- The MOFSL Universe reported sales/EBITDA/PBT/PAT growth of 0%/19%/33%/31% YoY (est. -2%/15%/20%/17% YoY). Eight sectors posted double-digit or higher YoY profit growth – Metals (454%), Cement (100%), Consumer Durables (61%), PSU Banks (+50%), Healthcare (+48%), Autos (+48%), O&G (+25%), and Technology (+14%). YoY profit growth for Retail (+8%), Consumer (7%), and Private Banks (+6%) was also above expectations, while Utilities (+4%) was in-line. NBFC (-7%), Capital Goods (-6%), and Staffing (-6%) reported profit declines, while Telecom posted another quarter of loss.
- On a 9MFY21 basis, Nifty sales/EBITDA/PBT/PAT grew (-12%)/4%/1%/4% YoY. For the MOFSL Universe, sales/EBITDA/PBT/PAT rose (-12%)/4%/3%/4% YoY. Metals (103%), PSU Banks (+45%), Healthcare (+35%), Cement (+25%), and Private Banks (+18%) were the standout performers in 9MFY21. On the flip side, Retail (-91%), Capital Goods (-52%), Autos (-48%), and Staffing (-13%) delivered muted 9MFY21 performances.
- Our FY21/FY22/FY23E Nifty EPS estimates have been revised up 4.7%/2.8%/3.2% to INR541/INR719/INR857 (prior: INR516/INR699/INR830). We now expect FY21 Nifty EPS to grow 15.7% YoY. The breadth of earnings revision is positive, with an upgrade (+5%) to downgrade ratio (-5%) of >7:2. 69 companies in the MOFSL Universe saw upgrades of >5%, while 19 witnessed downgrades of >5% for FY21.
- Sectoral highlights – The MOFSL Technology Universe posted better-than-expected 14% YoY earnings growth. Companies' deal pipelines have improved further v/s 2QFY21 and are now stronger than pre-COVID levels, indicating a material demand uptick.

Our recent Strategy notes



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- **The Healthcare Universe reported PBT/PAT growth of 51%/48% YoY, led by a) continued improvement in Domestic Formulation (DF) sales, b) steady US sales, c) the continued benefit of lower opex, and d) sustained favorable demand for APIs.**
- **The MOFSL Private Banks Universe reported 6% YoY PAT growth. More importantly, asset quality was much better than expected, led by improved collection efficiency (97% for large banks), controlled slippages (proforma), and low restructuring (v/s earlier indicated). Most private banks reported strong NII growth, supported by lower cost of funds and an improving lending environment. The MOFSL NBFC Universe's performance was in line with expectations – it reported PAT decline of 7% YoY.**
- **The Consumer Universe posted 7% YoY PAT growth (est. 1% YoY), led by strong demand recovery. 11 of 17 companies reported double-digit sales growth in the quarter. This strong performance was enabled by continued buoyancy in rural sales and sharp recovery in urban. Consumer Durables reported 61% YoY growth (est. 30% YoY) as all four companies – Havells, Crompton, Voltas, and Blue Star – posted results above our expectations.**
- **The MOFSL Cement Universe reported results well above our expectations (100% YoY growth profit v/s est. 89% YoY), aided by a) stable price realization, b) higher volume growth, c) strong margins – supported by better fixed cost absorption (from higher volumes), and d) lower employee and other expenditure.**
- **The Metals Universe also reported results above our expectations (454% YoY growth v/s est. 350% YoY) – as domestic steel companies achieved their highest ever quarterly EBITDA on the back of a) higher pricing, b) an improved product mix, and c) lower coking coal costs. Non-ferrous (companies) benefitted from recovery in prices of commodities such as zinc and aluminum (positive YoY) and lower input commodities.**
- **The MOFSL Automobiles Universe posted PBT/PAT growth of 65%/48% YoY (est. 10%/-2% YoY), primarily led by Tata Motors. Tractors (+25% YoY), 2W (+14.5%), and PV (+8%) were positive on a YoY basis, while LC (+1%) was flattish. Several of the OEMs that did not face commodity cost headwinds in 3Q guided for an up to 3pp impact of commodity cost in 4Q.**
- **The O&G Universe's PAT was up 25% YoY (est. 4% YoY), largely led by massive inventory gains in OMCs. The Capital Goods Universe reported 6% YoY decline in profit – above our expectation (-20% YoY) – largely led by L&T (4% YoY) and ABB (16% YoY).**
- **MOFSL Universe's sector-level earnings revision: Staffing, Consumer Durables, Auto, Private Banks, PSU Banks, Retail, and Technology saw FY22 earnings upgrades of 15%, 11%, 9%, 6%, 5%, 5%, and 5%, respectively. Telecom and Life Insurance saw FY22 earnings downgrades of 11% and 9%, respectively.**
- **Top upgrades (FY22E): Tata Motors (36%), IndusInd (35%), Axis Bank (21%), Eicher (17%), Wipro (15%), ONGC (13%), Hindalco (9%), Asian Paints (8%), Cipla (8%), M&M (8%), Sun Pharma (7%), Hero (7%), Tech Mahindra (7%), Airtel (6%), PowerGrid (6%)**
- **Top downgrades (FY22E): HDFC Life (-6%), SBI Life (-6%), Dr Reddy's Lab (-5%)**
- **3QFY21 corporate earnings were driven by Cyclicals and characterized by strong demand improvement, coupled with cost optimization. Earnings growth and upgrades have been broad-based as all mainstream sectors have beaten our expectations. We believe the government's focus on fiscal expansion and capex spending augurs well for the revival of the long-anticipated private investment cycle. We expect the earnings momentum to sustain with a) further revival in the economy, b) the containment of the COVID-19 pandemic, and c) the benefit of a low base ahead. However, Nifty valuations at 21.3x FY22 EPS are not inexpensive anymore and demand consistent earnings delivery ahead. Rising bond yields may cap equity valuations as the RBI may have to do a balancing act to keep bond yields at lower levels while managing the government borrowing program.**

Exhibit 1: Preferred large-cap ideas

Company	MCap	CMP	EPS (INR)			EPS CAGR (%)	PE (x)			PB (x)			ROE (%)		
	(USD b)	(INR)	FY21E	FY22E	FY23E	FY21-23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Infosys	82	1,290	46.4	56.9	67.2	20.3	27.8	22.7	19.2	8.1	7.7	7.3	29.6	34.8	39.2
Hind. Unilever	71	2,197	34.1	41.7	48.9	19.7	64.4	52.7	44.9	10.6	10.2	10.2	28.2	19.7	22.6
ICICI Bank	64	659	25.8	31.0	39.0	23.0	25.6	21.2	16.9	3.1	2.7	2.4	13.4	13.8	15.2
St Bk of India	50	402	31.4	42.1	53.9	31.0	12.8	9.6	7.5	1.4	1.2	1.0	10.1	12.6	14.5
Axis Bank	33	775	23.3	43.0	61.5	62.5	33.3	18.0	12.6	2.3	2.1	1.8	7.4	12.3	15.4
Larsen & Toubro	30	1,549	81.2	66.0	77.7	-2.2	19.1	23.5	19.9	2.9	2.7	2.4	8.7	11.4	12.2
UltraTech Cem.	25	6,458	189.0	225.6	277.8	21.2	34.2	28.6	23.2	4.0	3.5	3.2	13.1	13.8	14.9
Titan Company	18	1,472	9.7	23.0	30.0	75.5	151.3	63.9	49.1	19.1	16.6	14.6	12.8	27.8	31.6
M & M	15	912	34.9	40.6	50.8	20.6	26.1	22.5	18.0	2.8	2.6	2.5	11.8	13.2	14.4
Divi's Lab.	14	3,685	76.4	99.5	129.3	30.0	48.2	37.0	28.5	11.0	8.9	7.1	25.0	26.5	27.7
Motherson Sumi	9	213	2.8	7.1	9.3	83.8	77.2	30.0	22.8	5.7	5.0	4.4	7.5	17.8	20.4
Hindalco Inds.	9	303	23.1	32.9	36.9	26.5	13.1	9.2	8.2	1.7	1.4	1.2	13.1	16.8	16.2
Muthoot Finance	7	1,315	93.4	111.9	131.2	18.5	14.1	11.8	10.0	3.6	2.9	2.4	28.7	27.5	26.0

Exhibit 2: Preferred mid-cap ideas

Company	MCap	CMP	EPS (INR)			EPS CAGR (%)	PE (x)			PB (x)			ROE (%)		
	(USD b)	(INR)	FY21E	FY22E	FY23E	FY21-23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
AU Small Finance	5	1,089	42.5	40.0	53.3	12.0	25.6	27.2	20.4	5.9	4.8	3.9	26.0	19.5	21.2
Whirlpool India	4	2,465	27.3	45.5	54.9	41.9	90.4	54.2	44.9	11.1	9.4	8.0	12.3	17.4	17.8
Gujarat Gas	4	440	17.8	19.9	22.3	11.8	24.7	22.1	19.8	7.0	5.5	4.5	32.2	28.0	25.1
Max Financial	4	853	14.6	16.6	18.7	13.3	58.4	51.5	45.6	3.1	2.6	2.2	18.1	17.9	18.1
L&T Technology	4	2,661	64.3	91.0	109.0	30.1	41.3	29.2	24.4	8.7	7.3	6.1	22.7	27.3	27.4
Varun Beverages	4	901	13.2	23.8	36.2	65.7	68.3	37.9	24.9	7.3	6.2	5.1	11.0	17.8	22.5
S A I L	4	65	12.9	11.2	9.0	-16.6	5.0	5.8	7.2	0.6	0.5	0.5	12.3	9.8	7.3
LIC Housing Fin.	3	470	60.7	67.6	72.7	9.4	7.7	7.0	6.5	1.2	1.0	0.9	16.1	15.7	14.9
Ipca Labs.	3	1,901	95.2	95.5	102.7	3.9	20.0	19.9	18.5	5.2	4.2	3.5	29.1	23.3	20.8
Emami	3	478	16.9	17.0	18.7	5.0	28.2	28.2	25.6	10.0	10.0	10.0	38.2	35.5	39.0
Indian Energy Exchange	1	278	6.6	7.8	8.8	15.9	42.2	35.5	31.4	18.4	16.0	13.8	46.8	48.3	47.2

3QFY21 beats expectations once again

Broad-based earnings performance

- For the MOFSL Universe, aggregate sales were flat YoY (est. -2%), while EBITDA/PAT/PBT grew 19%/33%/31% YoY (est. 15%/20%/17% YoY).
- 3QFY21 corporate earnings came in well above our expectations, largely led by sharp demand recovery during the festive season – with the opening up of the economy and the number of COVID-19 cases being contained, coupled with continued cost-saving initiatives. Cyclical sectors like Metals, Auto and Cement drove the earnings in 3QFY21.
- Metals, O&G, and Autos accounted for 72% of the incremental YoY profit-accretion in 3QFY21. Management commentaries across sectors suggested continued demand buoyancy in 4QFY21 (as economic recovery continues and vaccination picks up pace).
- At the PBT level, Metals (359%), Cement (110%), Consumer Durables (66%), Autos (65%), Healthcare (51%), Staffing (36%), Utilities (25%), Technology (18%), O&G (16%), and Consumer (11%) reported double-digit growth YoY. On the other hand, Media (-11%), NBFC (-6%), and PSU Banks (-2%) posted declines in PBT YoY. The Telecom sector posted another quarter of loss.
- The EBITDA margin for the MOFSL Universe (excluding-Financials) expanded 390bps YoY to 20.2% (est. 19.5%). Margin expanded in Metals, Telecom, Cement, Healthcare, Technology, Consumer Durables, Autos, Capital Goods, and O&G. Media, Utilities, and Retail saw margin contraction YoY.

Exhibit 3: Broad-based earnings delivery; one more quarter of a beat

Sector	Sales				EBITDA				PBT				PAT			
(no of cos)	Dec-20 (actual)	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Dec-20 (actual)	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Dec-20 (actual)	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Dec-20 (actual)	Chg. % QoQ	Chg. % YoY	Var. over Exp. %
Automobiles (16)	1,779	28.0	12.5	3.1	250	49.3	41.0	23.7	168	103.6	65.0	49.8	126	92.7	47.5	50.4
Capital Goods (9)	539	9.4	-2.9	-4.5	59	29.7	-2.2	4.0	50	62	1.2	13.8	32	79.0	-6.5	17.3
Cement (10)	335	15.9	8.8	0.0	78	11.1	44.6	2.6	56	13.7	109.6	8.3	39	10.8	99.8	5.5
Consumer (17)	587	8.0	11.5	2.4	148	7.7	11.5	3.1	146	10	11.4	4.4	110	9.5	7.0	5.8
Consumer Dur. (4)	76	23.4	25.3	12.8	9	22.5	66.1	22.5	9	26.9	65.8	24.5	7	28.9	60.8	24.1
Financials (31)	1,362	3.2	11.8	1.5	821	4.8	10.7	-0.2	455	2	2.1	7.0	342	1.5	7.8	5.4
Banks-Pvt (11)	469	3.6	15.7	1.3	413	4.7	18.7	0.3	254	5.7	8.2	7.4	189	5.0	6.2	6.0
Banks-PSU (2)	366	2.5	4.8	1.9	229	4.1	-1.1	-2.8	86	-3	-1.7	29.7	63	0.1	49.8	26.8
Life Insurance (3)	322	2.4	16.4	2.2	10	-8.9	-21.4	-12.2	8	-13.5	-14.1	-26.8	8	-13.5	-14.8	-27.0
NBFC (15)	205	5.2	9.3	0.0	170	6.6	13.2	3.3	107	0	-6.1	-4.0	82	-3.4	-6.6	-4.3
Healthcare (19)	535	1.1	10.7	-0.7	129	-0.6	29.7	0.4	105	1.6	51.3	3.3	81	1.9	48.5	5.2
Infrastructure (3)	32	23.5	-2.1	8.2	10	18.6	-0.2	4.3	4	38	-18.4	7.0	2	61.7	-20.4	-0.9
Media (3)	38	49.3	-0.4	20.7	12	64.4	-9.0	11.3	10	77.4	-11.4	14.4	8	97.8	-5.5	20.8
Metals (9)	1,629	12.1	17.5	3.3	442	45.6	107.5	11.8	305	93	358.9	24.0	210	105.3	453.8	23.2
Oil & Gas (15)	4,174	19.2	-16.5	2.1	526	5.2	-1.0	-3.0	380	5.9	16.1	5.1	297	4.5	24.5	19.7
Ex OMCs (12)	1,756	7.9	-23.5	-3.9	354	6.8	-14.7	-4.2	225	8	-14.0	-4.7	194	11.4	-0.7	24.2
Retail (8)	205	60.0	3.5	-1.2	26	215.8	0.2	6.1	17	2,079.3	5.2	14.9	13	2,158.6	8.0	12.6
Staffing (3)	64	9.1	-0.6	0.7	3	10.3	-5.3	-1.5	2	0	36.3	7.4	2	-2.5	-6.1	-1.2
Technology (12)	1,244	4.3	6.0	1.7	335	8.4	20.8	7.2	311	8.5	18.1	7.4	232	8.7	13.6	6.1
Telecom (4)	484	3.8	12.2	5.7	209	7.6	29.5	9.6	-36	Loss	Loss	Loss	-48	Loss	Loss	Loss
Utilities (9)	746	1.9	1.8	-1.9	274	11.2	-0.5	-2.8	152	1.4	25.1	3.7	112	-12.2	4.3	-1.0
Others (21)	324	9.5	-11.9	-4.2	68	21.0	-10.0	1.0	29	43	-31.0	-7.1	23	87.7	-31.8	6.1
MOFSL Universe (193)	**14,152**	**13.2**	**0.0**	**1.6**	**3,400**	**14.2**	**19.0**	**3.8**	**2,165**	**20.8**	**32.6**	**10.6**	**1,586**	**19.1**	**31.2**	**12.4**
Nifty (50)	**10,025**	**12.9**	**-1.0**	**1.3**	**2,593**	**13.4**	**15.4**	**4.3**	**1,647**	**20.4**	**23.3**	**12.7**	**1,209**	**16.2**	**22.3**	**14.0**
Sensex (30)	**5,362**	**7.7**	**-1.5**	**-1.2**	**1,898**	**7.6**	**7.0**	**0.4**	**1,160**	**13.6**	**7.5**	**5.7**	**868**	**10.8**	**8.5**	**9.8**

Exhibit 4: 9MFY21 profits are now 4% higher YoY despite 40%/30% decline in 1QFY21 in MOSL/Nifty profits

	Sales (INR b)			EBITDA (INR b)			PBT (INR b)			PAT (INR b)		
Sector	9MFY20	9MFY21	% Chg	9MFY20	9MFY21	% Chg	9MFY20	9MFY21	% Chg	9MFY20	9MFY21	% Chg
Automobiles	4,586	3,829	-16.5	489	420	-13.9	262	174	-33.7	187	98	-47.9
Capital Goods	1,589	1,342	-15.6	163	113	-30.7	139	79	-43.5	91	44	-51.8
Cement	934	831	-11.0	186	196	5.3	105	131	24.5	74	93	25
Consumer	1,554	1,561	0.4	393	382	-2.8	383	372	-2.9	293	279	-4.8
Consumer Durables	203	179	-12.0	20	20	0.4	19	19	-3.2	14	14	-3.6
Financials	3,388	3,828	13.0	2,097	2,380	13.5	1,211	1,222	1.0	821	930	13
Banks-Private	1,166	1,365	17.1	993	1,196	20.5	657	671	2.1	430	505	18
Banks-PSU	960	1,057	10.2	642	673	4.8	200	218	8.8	109	158	45
Life Insurance	726	826	13.7	34	35	5.4	28	29	4.1	28	29	3.5
NBFC	536	581	8.3	428	475	11.1	326	304	-6.5	254	238	-6.4
Healthcare	1,412	1,541	9.1	295	374	26.8	214	298	39.6	168	228	35
Infrastructure	95	79	-16.9	30	24	-19.1	14	8	-41.9	9	5	-50.8
Media	116	82	-29.3	42	25	-41.3	37	18	-52.2	27	15	-46.3
Metals	4,172	4,099	-1.7	676	871	28.8	238	455	91.4	140	285	103
Oil & Gas	14,728	10,345	-29.8	1,585	1,413	-10.9	1,010	930	-7.8	734	743	1.2
Retail	525	402	-23.5	67	27	-59.6	40	4	-89.2	28	3	-90.9
Staffing	181	181	-0.5	9	9	-6.0	5	6	33.1	5	4	-13.4
Technology	3,415	3,586	5.0	785	917	16.8	763	850	11.4	585	635	8.4
Telecom	1,229	1,401	14.0	457	590	29.0	-169	-115	-32.1	-164	-151	-8.5
Utilities	2,219	2,150	-3.1	814	765	-6.0	404	416	3.0	346	338	-2.5
Others	1,069	851	-20.4	208	150	-27.9	113	42	-62.8	84	22	-74.1
MOFSL Universe	**41,416**	**36,286**	**-12.4**	**8,317**	**8,677**	**4.3**	**4,786**	**4,909**	**2.6**	**3,445**	**3,583**	**4.0**
Nifty Universe	**29537**	**25864**	**-12.4**	**6470**	**6747**	**4.3**	**3809**	**3840**	**0.8**	**2724**	**2832**	**4.0**

Source: MOFSL

Exhibit 5: 18% profit CAGR for MOSL Universe over 3QFY19-3QFY21

	EBIDTA (INR b)			2 Year	PBT (INR b)			2 Year	PAT (INR b)			2 Year
Sector	**3QFY19**	**3QFY20**	**3QFY21**	**CAGR (%)**	**3QFY19**	**3QFY20**	**3QFY21**	**CAGR (%)**	**3QFY19**	**3QFY20**	**3QFY21**	**CAGR (%)**
Automobiles	171	177	250	21.0	92	102	168	35.6	61	85	126	43.7
Capital Goods	60	60	59	-0.9	56	50	50	-5.6	34	34	32	-2.8
Cement	51	54	78	24.4	25	27	56	48.9	18	20	39	48.5
Consumer	121	133	148	10.7	121	131	146	9.8	83	103	110	15.1
Consumer Durables	6	6	9	26.9	6	5	9	25.8	4	4	7	32.6
Financials	588	742	821	18.1	364	446	455	11.8	246	317	342	17.8
Banks-Private	291	348	413	19.1	178	235	254	19.3	123	178	189	24.2
Banks-PSU	162	232	229	19.1	74	88	86	8.2	44	42	63	18.9
Life Insurance	9	12	10	3.4	8	10	8	0.1	8	9	8	-0.2
NBFC	127	150	170	15.7	104	114	107	1.4	71	88	82	7.2
Healthcare	95	100	129	16.5	66	70	105	26.2	53	55	81	23.3
Infrastructure	10	10	10	-1.9	6	4	4	-21.7	4	3	2	-21.0
Media	16	13	12	-12.7	14	11	10	-17.7	9	8	8	-7.9
Metals	311	213	442	19.2	176	66	305	31.8	117	38	210	33.9
Oil & Gas	461	531	526	6.9	349	328	380	4.4	242	238	297	10.7
Retail	17	26	26	25.3	14	17	17	11.0	10	12	13	15.0
Staffing	2	3	3	15.8	2	2	2	22.2	1	2	2	6.0
Technology	260	278	335	13.6	258	263	311	9.9	193	205	232	9.8
Telecom	97	162	209	46.9	-61	-52	-36	-23.6	-66	-55	-48	-14.1
Utilities	256	275	274	3.5	142	122	152	3.5	101	107	112	4.9
Others	57	75	68	8.6	31	42	29	-4.2	25	33	23	-4.8
MOFSL Universe	**2578**	**2858**	**3400**	**14.8**	**1661**	**1633**	**2165**	**14.2**	**1136**	**1209**	**1586**	**18.2**

Source: MOFSL

Exhibit 6: MOFSL Universe sales flat YoY but up 9% ex-O&G

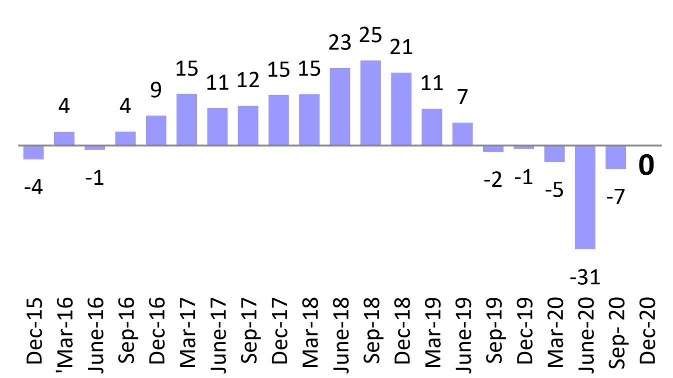


Exhibit 7: MOFSL Universe EBITDA grows 19% YoY v/s estimated 15% YoY

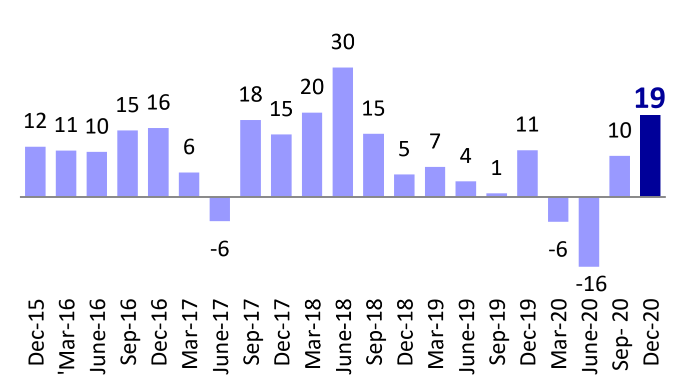


Exhibit 8: MOFSL Universe PAT up 31% YoY v/s expectation of 17% YoY growth

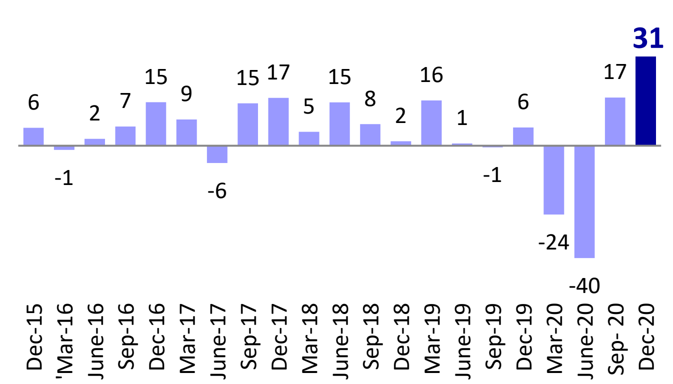
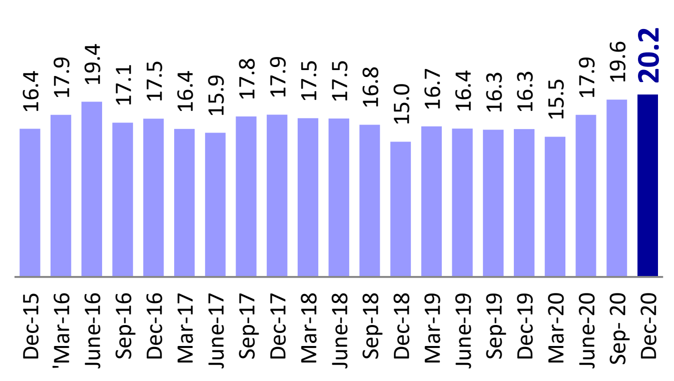


Exhibit 9: EBITDA margin (excl-Financials) expands 390bp YoY to 20.2%



Sector performance highlights: Broad-based beat on earnings

- The MOFSL universe sales posted flattish YoY sales. However excluding Oil & Gas, sales growth stood at 9% YoY, the highest since Mar'19. Consumer Durables, Metals, Private Banks, Autos, Consumer, Telecom, and Healthcare reported double-digit sales growth of 25%, 18%, 16%, 13%, 12%, 12%, and 11% YoY, respectively. On the other hand, O&G sustained sales decline of 16% YoY. 14 of 20 sectors posted YoY sales growth.
- The MOFSL Universe posted EBITDA growth of 19% v/s the expectation of 15% YoY growth. Strong demand recovery, continued cost rationalization measures implemented by companies across sectors, and operating leverage helped margin expansion. Metals (108%), Consumer Durables (+66%), Autos (+41%), Telecom (+29%) & Technology (+21%) reported EBITDA above our expectations.
- The MOFSL Universe's profit growth of 31% YoY was a healthy beat, driven by Metals (454%), Cement (100%), PSU Banks (+50%), Healthcare (+48%), Autos (+48%), O&G (+25%), and Technology (+14%).

Exhibit 10: Barring Utilities, every other sector reports YoY EBITDA margin expansion in 3QFY21

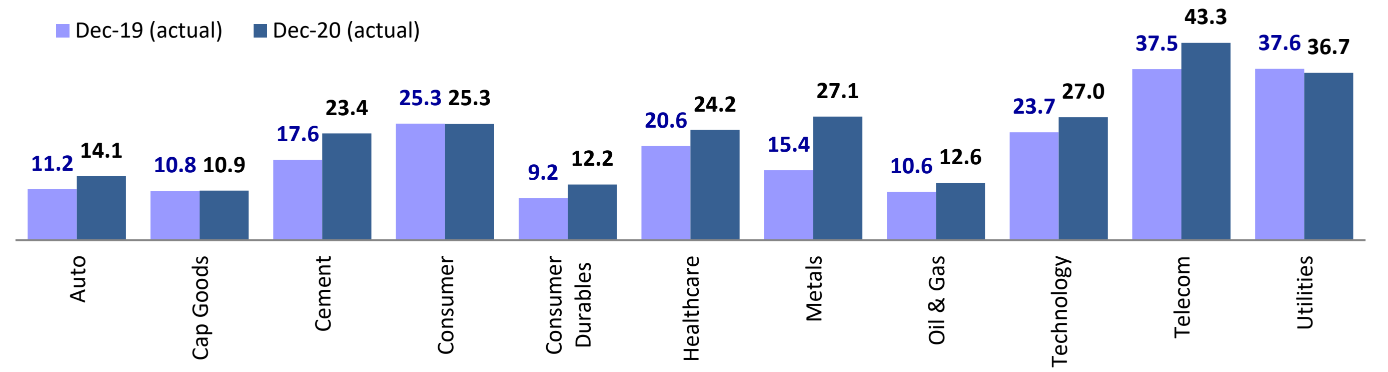


Exhibit 11: Staff Costs as (% of Sales) has declined for 14 out of 19 sectors YoY

Sector	Staff Costs (% of Sales)							
	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21
Automobiles	8.9	10.7	10.4	10.0	11.3	19.0	10.5	9.2
Capital Goods	10.3	16.9	17.3	16.9	14.2	30.0	19.4	17.6
Cement	5.1	5.7	6.8	6.3	6.1	7.8	6.0	5.6
Consumer	7.0	6.8	6.8	6.7	7.2	8.7	7.0	6.7
Consumer Durables	7.5	7.3	10.0	9.8	8.6	11.6	8.6	7.7
Healthcare	18.1	18.6	18.3	17.9	18.3	19.4	17.8	17.5
Infrastructure	2.7	4.8	4.9	4.6	4.0	6.9	5.9	4.3
Media	9.7	9.6	10.1	10.2	9.3	17.8	12.3	8.6
Metals	7.6	8.5	8.6	8.2	8.9	11.4	7.6	8.2
NBFC	10.5	13.1	11.3	10.8	10.4	11.4	9.3	9.5
Oil & Gas	2.2	2.0	2.2	2.1	2.2	3.6	3.1	2.7
Others	9.2	10.8	9.7	9.8	10.1	11.1	9.8	10.2
PSU Banks	42.4	43.7	42.9	40.2	47.3	42.2	42.4	43.5
Pvt Banks	21.2	22.2	22.7	22.0	21.6	20.8	20.3	20.4
Retail	6.8	6.5	6.9	5.9	7.1	14.1	7.0	5.1
Technology	60.1	61.8	61.7	61.0	60.9	62.8	61.3	60.4
Telecom	6.4	5.9	6.1	5.6	5.0	5.9	5.3	5.3
Utilities	22.9	20.9	20.0	22.3	22.1	23.9	21.4	22.5
Staffing	82.9	84.4	84.6	84.8	84.9	85.1	84.8	84.3

Source: MOFSL. Based on 184 companies from 18 sectors

Exhibit 12: Other Expenditure as (% of Sales) has declined for 15 out of 19 sectors YoY

Sector	Other Expenditure (% of Sales)							
	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21
Automobiles	13.9	14.8	14.7	13.7	16.0	17.0	13.0	11.5
Capital Goods	10.8	14.1	12.2	11.2	10.8	18.6	13.2	11.1
Cement	58.8	56.8	59.8	57.7	58.7	50.8	53.6	55.8
Consumer	21.8	20.8	21.4	21.2	22.7	20.4	19.8	20.0
Consumer Durables	12.6	12.6	13.4	13.4	13.1	12.3	11.9	11.5
Healthcare	28.0	26.3	26.6	26.7	27.3	23.3	24.0	24.4
Infrastructure	4.9	5.9	5.5	6.0	6.7	7.6	7.3	6.3
Media	15.7	17.6	17.4	17.4	29.5	12.1	14.5	13.4
Metals	28.4	31.3	32.5	30.4	34.1	33.1	28.5	26.6
NBFC	8.5	9.5	8.1	7.6	8.6	7.0	5.9	6.4
Oil & Gas	10.1	8.8	10.3	9.3	11.0	15.2	10.9	10.4
Others	22.4	22.2	20.9	21.9	21.6	21.2	20.3	21.8
PSU Banks	35.7	30.5	29.6	27.3	36.9	24.8	27.7	27.0
Pvt Banks	42.1	38.0	38.9	40.7	40.8	28.6	33.9	37.2
Retail	16.3	13.1	13.5	12.1	13.3	18.7	16.0	10.8
Technology	16.3	15.6	14.7	14.8	15.0	13.1	12.1	11.9
Telecom	66.4	57.3	56.4	56.8	55.3	52.7	52.9	51.9
Utilities	10.1	6.9	7.7	7.9	10.3	7.8	8.9	9.1
Staffing	12.1	10.4	10.3	9.9	10.1	10.1	10.2	10.7

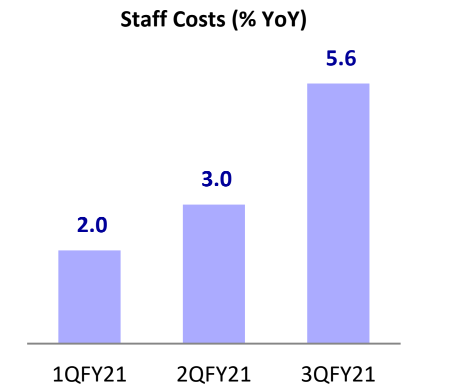
Source: MOFSL. Based on 184 companies from 18 sectors. Power and Fuel costs shown as part of Other expenditure for Cement and Metals.

Exhibit 13: Metals and Cement have been the biggest beneficiaries of lower raw material costs and higher pricing power

Sector	Raw Material (% of Sales)							
	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21
Automobiles	66.4	65.3	63.4	65.1	64.7	63.5	64.4	65.3
Capital Goods	66.3	60.0	59.8	61.2	64.6	48.3	58.5	60.5
Cement	17.1	13.6	13.6	17.1	13.3	15.8	14.7	14.6
Consumer	47.1	46.7	46.8	46.7	46.4	49.0	47.9	47.8
Consumer Durables	70.2	69.6	67.6	67.5	69.0	68.9	67.2	68.5
Healthcare	34.9	34.3	34.5	34.9	34.4	33.5	33.8	34.2
Infrastructure	65.0	55.4	57.9	60.1	60.0	54.0	55.7	59.4
Metals	45.1	41.8	44.0	46.1	39.3	43.7	42.7	37.8
Oil & Gas	84.7	78.3	76.8	78.0	78.8	67.4	71.9	74.3
Others	50.7	48.5	52.2	49.7	51.1	49.8	51.2	47.8
Retail	68.0	67.5	67.5	68.8	69.5	77.9	70.6	71.4
Utilities	37.4	40.3	41.8	37.0	33.5	37.1	41.3	36.7

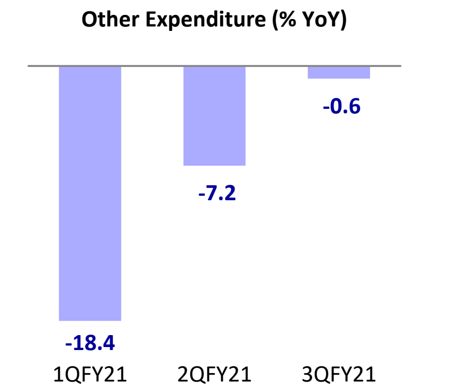
Source: MOFSL. Based on 130 companies from 12 sectors

Exhibit 14: Staff Costs are up 6% YoY



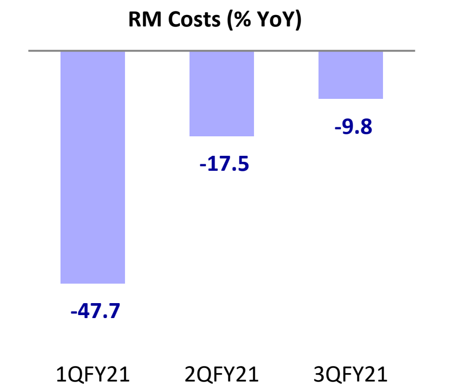
Source: MOFSL

Exhibit 15: Other expenditure is flat YoY



Source: MOFSL

Exhibit 16: RM costs are down 10% YoY



Source: MOFSL. Excludes BFSI, Telecom, Media and Tech sector

Nifty: 3QFY21 performance highlights

Demand recovery and cost cuts drive big profit beat

- Nifty sales were in-line (-1% YoY; est. -2%), while EBITDA/PBT/PAT growth stood at 15%/23%/22% YoY (est. 11%/9%/7% YoY). Nifty sales excluding Oil & Gas reported healthy 10% growth, the highest since Mar'19.
- 30 Nifty companies reported beats on PAT estimates. Metals, O&G, Autos, and Technology led the incremental profit growth for Nifty companies.
- JSW Steel, BPCL, Sun Pharma, Cipla, IOC, UltraTech Cement, Hindalco, Tata Motors, Grasim, M&M, Asian Paints, Power Grid, Bajaj Auto, Hero, HDFC, and Wipro have beaten our estimates, reporting PAT growth of >20%+ YoY.
- EBITDA for 23 Nifty-50 companies was above expectations. Only 9 companies reported EBITDA below our expectations.
- 16 Nifty companies saw earnings upgrades of >5% for FY22 EPS, while 3 companies saw downgrades of >5%.

Exhibit 17: Nifty sales down 1% YoY but up 10% ex-O&G

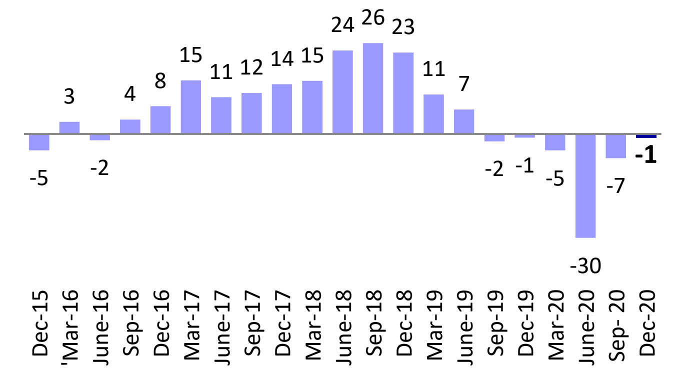


Exhibit 18: Nifty EBITDA up 15% YoY v/s est. 11% YoY

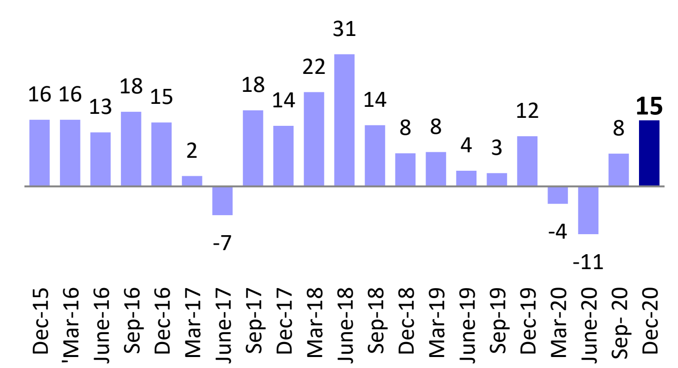


Exhibit 19: Nifty PAT up 22% v/s est. 7% growth

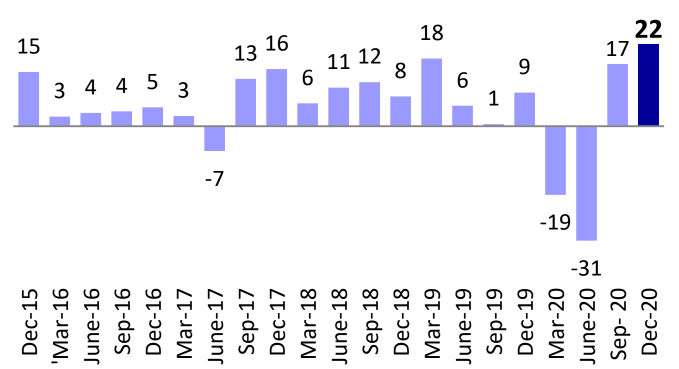


Exhibit 20: Nifty EBITDA margin (excl-Financials) expands 370bp to 20.4% YoY; multi-quarter high

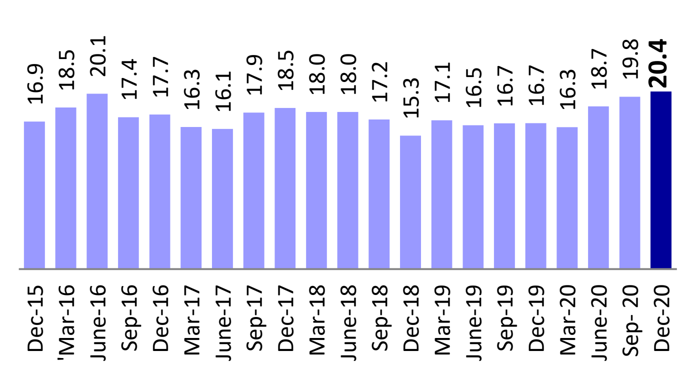


Exhibit 21: Autos, BFSI and Metals to drive 30%+ Nifty FY22 earnings growth; IT, Consumer & Cement to also post healthy performance

	Review 3QFY21 PAT (INR M)							Growth (%)					
Sector	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**	**FY21E**	**FY22E**	**FY17**	**FY18**	**FY19**	**FY20**	**FY21E**	**FY22E**
Agro Chemicals	13	21	22	25	27	32	37	58	6	11	8	19	18
Automobiles	303	267	310	218	85	153	332	-12	16	-30	-61	81	117
Banking	596	494	439	605	896	1,179	1,578	-17	-11	38	48	32	34
Capital Goods	41	59	72	80	89	65	93	43	22	11	11	-26	42
Cement	61	72	70	80	112	133	155	18	-4	14	41	18	17
Consumer	173	185	205	236	282	281	341	7	11	15	19	0	21
Healthcare	96	98	67	82	90	135	150	2	-31	22	10	50	11
Infrastructure	29	39	37	40	37	49	63	35	-6	9	-7	32	28
Metals	32	92	180	233	71	199	277	186	96	30	-70	180	39
Oil & Gas	682	924	990	1,068	815	834	1,170	35	7	8	-24	4	40
Retail	7	8	11	14	15	9	20	19	40	24	9	-43	137
Technology	572	605	612	711	739	812	993	6	1	16	4	10	22
Telecom	49	44	14	-35	-41	4	25	-10	-69	PL	Loss	LP	484
Utilities	299	267	293	390	414	385	452	-11	10	33	6	-7	17
Nifty-50	**2,955**	**3,176**	**3,322**	**3,746**	**3,630**	**4,270**	**5,685**	**7**	**5**	**13**	**-3**	**18**	**33**

Source: MOFSL

Exhibit 22: Broad-based upwards earnings revision in FY22; Autos, Durables, Private Banks and IT see maximum upgrades

	PAT (INR B) - Preview			PAT (INR B) - Review			% Upgrade / Downgrade			Growth YoY (%)		
Sector	**FY21E**	**FY22E**	**FY23E**	**FY21E**	**FY22E**	**FY23E**	**FY21E**	**FY22E**	**FY23E**	**FY21E**	**FY22E**	**FY23E**
Automobiles	177	400	512	207	435	552	17.3	8.8	7.7	38	110	27
Capital Goods	99	154	180	101	156	182	1.1	1.6	0.8	-20	56	16
Cement	177	200	239	180	207	245	1.6	3.0	2.5	23	15	19
Consumer	374	457	524	383	463	534	2.3	1.5	2.0	2	21	15
Consumer Durables	19	24	28	21	27	31	11.3	11.0	8.8	12	28	14
Financials	1,380	1,843	2,353	1,437	1,930	2,423	4.1	4.7	3.0	30	34	26
Banks-Private	712	954	1,230	753	1,009	1,267	5.7	5.7	3.0	36	34	26
Banks-PSU	291	402	540	307	423	561	5.8	5.3	3.8	51	38	32
Life Insurance	45	54	65	40	50	60	-12.7	-8.6	-8.3	4	26	20
NBFC	332	433	517	337	448	536	1.5	3.5	3.6	6	33	20
Healthcare	302	345	396	305	347	398	1.1	0.6	0.6	38	14	15
Infrastructure	7	9	12	8	9	12	3.7	0.2	1.0	-39	16	32
Media	20	31	40	19	33	37	-0.5	5.4	-7.7	-22	70	11
Metals	471	616	561	545	636	621	15.7	3.4	10.7	160	17	-2
Oil & Gas	1,006	1,360	1,580	1,036	1,371	1,595	3.0	0.8	0.9	11	32	16
Excl. OMCs	683	1,093	1,264	723	1,099	1,276	6.0	0.6	1.0	-3	52	16
Retail	10	44	60	10	46	63	4.4	5.1	4.7	-68	351	37
Staffing	6	9	13	6	10	13	2.4	14.5	-3.8	9	58	28
Technology	838	1,011	1,136	870	1,063	1,218	3.8	5.1	7.2	11	22	15
Telecom	-179	-139	-154	-185	-124	-138	3.2	-10.8	-10.0	Loss	Loss	Loss
Utilities	465	535	598	460	538	598	-1.2	0.6	0.1	-6	17	11
Others	48	157	209	44	160	209	-8.2	1.7	0.4	-56	259	31
MOFSL Universe	**5,222**	**7,056**	**8,286**	**5,440**	**7,296**	**8,631**	**4.2**	**3.4**	**4.2**	**20**	**34**	**18**
NIFTY EPS (INR)	**516**	**699**	**830**	**541**	**719**	**857**	**4.7**	**2.8**	**3.2**	**16**	**33**	**19**

Exhibit 23: 29 Nifty-50 companies deliver 15%+ profit growth in 3QFY21

	Sales				EBITDA				PBT				PAT			
Company	Dec 20	Chg. % YoY	Chg. % QoQ	Var. over Exp. %	Dec 20	Chg. % YoY	Chg. % QoQ	Var. over Exp. %	Dec 20	Chg. % YoY	Chg. % QoQ	Var. over Exp. %	Dec 20	Chg. % YoY	Chg. % QoQ	Var. over Exp.%
High PAT growth																
Tata Steel	396	11.5	6.6	5.0	95	161.4	54.9	19.3	56	LP	163.9	40.5	38	LP	154.9	22.6
JSW Steel	219	22.8	14.8	7.5	59	170.1	39.8	12.3	39	1,724.4	69.2	16.5	27	11,342	79.7	19.4
BPCL	667	-10.7	33.1	10.6	43	53.8	11.8	22.4	46	164.0	33.7	75.6	31	142.6	31.1	75.9
Sun Pharma	88	9.2	3.8	1.8	23	38.7	2.9	8.8	21	64.7	2.8	15.5	18	114.1	8.5	29.2
Cipla	52	18.2	2.6	1.7	12	62.3	4.6	6.6	10	101.7	10.4	14.9	7	113.1	12.4	16.1
IOC	1,063	-14.7	24.2	3.4	96	40.8	2.1	21.0	78	109.5	-6.5	54.2	49	110.2	-21.0	29.9
Shree Cement	33	16.2	9.5	0.7	11	28.2	10.2	2.5	8	107.5	13.0	2.5	6	102.0	14.4	-1.6
UltraTech Cement	123	18.4	18.0	5.1	31	46.9	14.7	6.4	23	106.3	29.7	15.6	16	96.3	28.7	13.9
Hindalco	355	20.2	11.6	4.2	49	41.1	8.7	5.7	25	85.6	23.1	21.4	17	90.9	21.8	16.3
Tata Motors	757	5.5	41.3	5.9	115	59.9	103.2	64.5	46	239.8	LP	5,295.1	32	85.9	LP	4,108.0
Grasim Industries	37	-18.4	24.5	-13.3	6	56.2	90.2	17.8	5	113.2	28.8	52.8	3	76.1	-1.8	38.4
Mahindra & Mahindra	140	15.2	21.2	1.7	23	28.3	15.4	4.2	21	55.4	28.8	26.1	17	72.3	28.9	32.2
Asian Paints	68	25.2	26.9	9.9	18	50.3	41.3	19.1	17	61.0	47.4	23.3	13	62.3	48.5	26.4
Divi's Labs	17	21.9	-2.7	-4.0	7	46.8	-4.2	0.2	7	43.5	-5.0	0.8	5	42.7	-7.1	-4.1
Power Grid Corp.	101	7.5	11.1	2.0	88	7.3	11.0	0.5	43	24.9	14.0	19.1	33	25.3	8.5	15.7
Maruti Suzuki	235	13.3	25.1	-0.5	22	5.9	15.1	-16.3	24	22.1	40.2	-4.2	19	24.1	41.5	-4.5
Bajaj Auto	89	16.6	24.5	-0.6	17	26.5	36.6	10.5	20	21.6	36.9	12.4	16	23.4	36.7	12.0
Hero MotoCorp	98	39.7	4.4	1.6	14	36.1	9.9	10.0	14	42.5	15.4	15.3	11	23.2	13.7	13.9
Britannia	32	6.1	-7.4	-3.5	6	21.8	-9.5	0.6	6	23.5	-8.5	0.8	5	22.5	-8.7	-0.6
HDFC	40	24.6	11.2	5.1	39	28.6	13.6	10.3	34	20.9	10.4	5.5	27	20.9	0.0	5.5
Wipro	157	1.3	3.7	1.9	42	28.3	20.2	21.4	38	25.0	20.0	22.4	30	20.8	20.3	22.7
ICICI Bank	99	16.0	5.8	2.5	88	16.8	6.8	2.7	61	11.2	15.4	27.6	49	19.1	16.2	38.2
HDFC Bank	163	15.1	3.4	0.2	152	17.3	9.9	1.1	118	18.9	16.4	8.5	88	18.1	16.6	6.4
GAIL	155	-13.0	13.3	4.6	19	-7.4	43.4	-2.4	19	-0.2	20.5	7.9	14	17.3	16.7	11.7
Infosys	259	12.3	5.5	2.3	74	27.8	4.7	0.9	72	22.3	5.9	2.2	52	16.6	7.3	0.5
Adani Ports	37	12.3	29.1	7.6	27	25.8	17.2	13.3	20	15.9	12.0	28.7	16	16.6	13.1	30.6
Kotak Mahindra Bank	40	16.8	2.4	0.9	31	29.1	-6.5	-3.3	25	27.8	-15.2	-3.7	19	16.1	-15.1	-3.5
NTPC	254	1.3	1.6	-1.0	83	-3.3	10.1	-2.9	45	121.1	11.7	5.4	34	16.1	-19.0	5.2
Hind. Unilever	119	20.9	3.7	0.8	29	16.7	-0.5	-0.8	26	13.3	-3.8	-3.7	20	15.4	-4.1	-1.4
Med/Low PAT growth																
Bajaj Finserv	160	9.6	6.0	8.2	160	9.6	6.0	8.2	28	5.8	28.9	58.8	13	14.6	30.8	90.1
Tech Mahindra	96	-0.1	2.9	1.0	19	21.2	11.3	9.7	17	16.5	21.8	19.8	13	14.3	23.0	20.2
UPL	91	2.6	2.1	-8.3	22	6.7	22.1	-6.4	10	-11.7	13.4	-26.3	9	14.2	41.4	3.4
HCL Technologies	193	6.4	3.8	1.6	54	21.7	9.9	10.3	45	21.5	9.4	8.8	34	13.0	9.2	8.6
Reliance Inds.	1,179	-23.1	6.0	-7.8	216	-5.2	13.8	-5.7	150	-0.4	43.3	1.7	132	12.2	38.2	42.3
Titan Company	76	16.7	67.3	0.8	8	8.2	170.9	4.2	7	10.0	239.9	5.2	5	7.5	204.6	-2.3
TCS	420	5.4	4.7	2.0	122	12.3	6.0	5.4	117	10.6	3.9	3.9	87	7.2	3.1	1.4
Eicher Motors	28	18.5	33.0	0.0	7	13.5	42.7	1.2	7	6.9	45.0	2.4	5	6.8	55.1	0.2
HDFC Life Insur.	95	20.8	-5.6	0.0	3	11.5	98.0	-21.3	3	1.3	-18.2	-22.3	3	5.9	-18.7	-21.5
Larsen & Toubro	356	-1.8	14.7	-3.6	43	3.9	28.3	9.3	37	14.2	72.1	28.5	23	4.5	104.0	41.9
Dr Reddy' s Labs	48	10.4	-1.1	-5.3	10	1.8	-15.1	-16.8	9	62.1	6.7	-7.0	6	0.0	-19.6	-22.6
Negative PAT Growth																
Nestle	34	9.0	-3.1	-1.9	8	12.6	-15.8	-9.9	7	6.7	-18.9	-12.4	5	-0.9	-23.0	-15.8
State Bank	288	3.7	2.3	0.4	173	-4.9	5.3	-5.0	70	-36.3	10.2	10.0	52	-6.9	13.6	10.1
ITC	118	-0.2	5.4	4.4	43	-7.2	5.4	1.6	48	-6.2	13.4	4.6	37	-14.3	13.3	6.1
Coal India	237	2.1	12.0	-1.2	59	-5.4	72.1	-5.1	47	-11.1	16.8	-12.7	31	-21.3	4.5	-24.3
Bajaj Finance	34	-7.1	-1.3	-15.1	29	-3.2	-3.3	-14.7	16	-28.4	19.1	-18.5	11	-29.0	18.8	-18.6
Axis Bank	74	14.3	0.6	-0.4	61	6.1	-11.6	-10.7	15	-34.4	-35.6	-25.6	11	-36.4	-33.6	-25.6
IndusInd Bank	34	10.8	3.9	3.2	30	7.5	3.9	5.4	11	-35.2	25.1	45.3	8	-36.6	25.2	45.4
SBI Life Insurance	138	17.7	7.1	5.1	3	-51.2	-24.5	-47.7	2	-41.0	-22.2	-49.5	2	-40.3	-22.3	-48.4
ONGC	170	-28.2	0.6	1.8	83	-32.1	-1.1	5.8	28	-53.4	-46.0	-27.5	14	-67.4	-63.5	-46.9
Bharti Airtel	265	24.2	5.8	-0.5	121	38.3	8.9	-0.1	4	LP	LP	-66.1	-3	Loss	Loss	PL
Nifty Universe	**10,025**	**-1.0**	**12.9**	**1.3**	**2,593**	**15.4**	**13.4**	**4.3**	**1,647**	**23.3**	**20.4**	**12.7**	**1,209**	**22.3**	**16.2**	**14.0**

Note: PL: Profit to Loss; LP: Loss to Profit

Nifty EPS upgrades continue: Nifty FY21/FY22E/FY23E EPS up 4.7%/2.8%/3.2%

Nifty EPS to grow 15.7% in FY21

- Earnings upgrade continued in Nifty led by solid beat and upbeat commentaries. Nifty FY21/FY22 EPS has been upgraded by 19%/11% since Oct'20. During the 3QFY21 earnings season, Nifty EPS was revised up 4.7% to INR541 (prior: INR516) for FY21E, 2.8% to INR719 (prior: INR699) for FY22E, and 3.2% to INR857 (prior: INR830) for FY23E.
- We expect Nifty EPS to grow 15.7% in FY21E, driven by a) Better-than-expected economic growth and quicker pace of normalization b) cost rationalization measures c) lower-than-expected asset quality stress in major banks and d) recovery in cyclical sectors with underlying strong commodity prices. Financials, Metals, Technology, and Autos are expected to drive incremental profits in FY22.
- **Top upgrades (FY22E):** Tata Motors (36%), IndusInd Bank (35%), Axis Bank (21%), Eicher (17%), Wipro (15%), ONGC (13%), Hindalco (9%), Asian Paints (8%), Cipla (8%), M&M (8%), Sun Pharma (7%), Hero (7%), Tech Mahindra (7%), Airtel (6%), PowerGrid (6%)
- **Top downgrades (FY22E):** HDFC Life Insurance (-6%), SBI Life Insurance (-6%), Dr Reddy's Lab (-5%)

Exhibit 24: Nifty EPS revision since preview: 16 Nifty companies see 5%+ EPS upgrade for FY22, while 3 see 5%+ downgrade

Company	Current EPS (INR)			EPS Upgrade / Downgrade (%)			EPS Growth (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Tata Motors	-7.7	20.4	30.0	Loss	36.5	13.4	Loss	LP	47.0
IndusInd Bank	43.4	86.9	108.2	32.1	35.5	14.1	-36.4	100.2	24.6
Axis Bank	23.3	43.0	61.5	9.2	21.4	10.3	285.9	84.8	42.9
Eicher Motors	51.0	97.6	122.4	0.6	16.8	15.8	-23.7	91.1	25.4
Wipro	18.5	21.6	23.9	10.2	14.9	15.8	12.5	17.1	10.6
ONGC	10.8	20.5	22.0	-2.5	13.1	12.5	-17.6	90.0	7.4
Hindalco	23.1	32.9	36.9	8.5	8.7	10.5	31.9	42.6	12.2
Asian Paints	34.8	40.1	46.4	13.7	8.1	7.6	20.2	15.1	15.9
Cipla	33.6	36.6	41.8	7.2	8.1	10.1	71.1	9.0	14.3
Mahindra & Mahindra	34.9	40.6	50.8	14.5	8.0	23.1	133.3	16.2	25.1
Sun Pharma	25.7	26.8	29.9	8.9	7.4	6.8	56.5	4.4	11.6
Hero MotoCorp	147.8	188.9	213.1	5.2	7.3	6.6	-3.4	27.9	12.8
Tech Mahindra	52.6	60.4	68.6	11.3	6.9	9.8	8.8	14.8	13.6
Bharti Airtel	0.8	4.6	8.2	Loss	5.9	17.5	LP	483.5	76.2
Power Grid Corp.	23.9	25.9	27.2	3.6	5.6	5.0	13.0	8.5	5.0
Bajaj Auto	165.2	206.9	223.6	7.4	5.1	4.1	-8.3	25.2	8.0
UltraTech Cement	189.0	225.6	277.8	4.9	4.4	4.3	42.2	19.4	23.2
TCS	87.9	111.9	127.0	2.6	4.1	5.6	2.0	27.3	13.5
Bajaj Finance	73.2	147.0	186.7	-7.1	3.6	5.2	-16.6	100.8	27.0
HCL Technologies	48.0	56.5	65.0	3.7	3.6	6.7	18.0	17.5	15.1
UPL	41.4	49.0	57.4	-2.2	3.5	2.0	19.0	18.2	17.2
Tata Steel	64.6	85.7	89.0	37.8	3.4	7.3	613.3	32.7	3.8
ICICI Bank	25.8	31.0	39.0	20.4	3.3	0.6	109.9	20.3	25.7
Grasim Industries	82.3	97.4	112.8	4.4	3.1	2.2	-6.8	18.3	15.9
Larsen & Toubro	81.2	66.0	77.7	7.6	3.0	1.9	19.4	-18.7	17.7
Infosys	46.4	56.9	67.2	1.1	3.0	6.6	19.3	22.6	18.0
Titan Company	9.7	23.0	30.0	7.8	2.4	2.6	-43.0	136.6	30.1
Shree Cement	663.0	702.8	784.7	-4.2	2.3	2.5	52.4	6.0	11.6
HDFC Bank	57.1	69.1	82.5	2.6	1.8	1.3	18.8	21.1	19.4

Company	Current EPS (INR)			EPS Upgrade / Downgrade (%)			EPS Growth (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Nestle	217.4	251.4	290.7	-4.0	0.7	0.7	5.2	15.6	15.6
ITC	10.3	13.1	14.8	0.7	0.7	1.7	-17.0	27.1	12.6
State Bank	31.4	42.1	53.9	2.6	0.5	0.4	41.8	34.0	28.0
IOC	15.8	15.6	19.0	1.3	0.4	0.3	53.6	-1.0	21.8
NTPC	15.1	16.6	17.9	0.0	0.0	-0.6	9.1	10.3	7.7
Divi's Labs	76.4	99.5	129.3	-1.6	-0.1	1.3	56.2	30.2	29.9
Britannia	82.1	79.4	87.1	0.9	-0.2	-4.0	40.0	-3.3	9.7
GAIL	9.9	15.6	16.6	6.8	-0.2	-0.2	-39.8	58.0	6.2
HDFC	54.6	63.2	72.7	0.4	-1.0	1.5	11.0	15.7	15.2
Hind. Unilever	34.1	41.7	48.9	-0.1	-1.1	0.4	9.3	22.1	17.3
Maruti Suzuki	164.5	269.9	333.4	-5.8	-2.0	-3.5	-12.5	64.1	23.5
Kotak Mahindra Bank	49.8	59.6	71.3	-3.8	-2.4	-2.9	10.8	19.6	19.7
JSW Steel	30.7	43.9	40.2	16.8	-3.3	39.8	239.7	43.1	-8.6
Coal India	18.0	24.7	29.5	-10.9	-3.9	-3.9	-33.7	37.2	19.8
BPCL	42.6	33.8	40.1	-0.4	-4.0	-6.0	67.9	-20.7	18.9
Reliance Inds.	68.2	100.7	121.9	5.2	-4.1	-2.9	2.5	47.8	21.0
Dr Reddy's Labs	158.1	180.0	210.6	-8.0	-5.3	-5.0	20.3	13.9	17.0
SBI Life Insurance	13.5	19.2	24.2	-23.8	-5.7	-5.1	-5.3	42.2	26.4
HDFC Life Insur.	7.0	8.4	9.7	-6.4	-6.0	-5.7	8.9	20.2	15.1
Nifty (50)	**541**	**719**	**857**	**4.7**	**2.8**	**3.2**	**15.7**	**33.0**	**19.2**

Exhibit 25: Nifty FY20–22E free-float PAT expected to post 27% CAGR

	Sales (INR b)			Sales	EBITDA Margin (%)			EBITDA	PAT (INR b)			PAT	Contbn to
Company	FY21E	FY22E	FY23E	CAGR % 20-22	FY21E	FY22E	FY23E	CAGR % 20-22	FY21E	FY22E	FY23E	CAGR % 20-22	Delta %
High PAT Gr. (20%+)	**26,014**	**32,167**	**34,949**	**6**	**24**	**23**	**24**	**17**	**2,425**	**3,459**	**4,183**	**40**	**81**
Tata Motors	2,469	3,084	3,520	9	13	14	15	34	-29	78	115	LP	8
Bharti Airtel	1,020	1,150	1,278	15	45	48	50	24	4	25	45	LP	3
Tata Steel	1,493	1,587	1,589	7	20	18	18	27	74	98	102	208	4
Axis Bank	301	349	423	18	88	87	88	14	68	132	188	184	6
JSW Steel	774	1,005	1,021	18	25	25	23	49	74	105	96	120	4
Mahindra & Mahindra	1,025	1,173	1,056	11	15	15	18	19	42	48	61	65	1
ICICI Bank	390	460	550	18	95	84	86	17	172	214	269	64	6
Divi's Labs	71	88	111	28	42	43	43	43	20	26	34	43	1
State Bank	1,132	1,240	1,404	12	65	65	66	9	280	376	481	38	9
Hindalco	1,281	1,480	1,537	12	13	13	13	17	51	73	82	37	2
Cipla	198	217	243	13	24	24	24	27	27	29	34	37	1
UltraTech Cement	437	498	548	9	26	25	26	14	55	65	80	30	1
Adani Ports	128	165	189	18	65	65	66	36	49	63	74	30	1
Bajaj Finance	136	172	212	13	88	87	88	16	44	88	112	29	2
Sun Pharma	335	377	418	8	25	24	23	17	62	64	72	28	1
Shree Cement	125	141	157	9	32	31	31	9	24	25	28	27	0
ONGC	3,018	3,866	3,965	-5	15	15	15	-3	139	263	283	25	5
IOC	3,569	4,517	4,971	-3	8	6	7	31	145	143	175	23	2
Reliance Inds.	5,039	6,877	7,527	7	16	17	18	16	439	649	786	23	11
IndusInd Bank	135	152	179	12	87	85	84	9	31	66	82	22	1
Eicher Motors	87	129	147	19	21	26	27	23	14	27	33	21	0
Infosys	1,015	1,202	1,366	15	28	28	29	24	197	242	285	21	4
Hind. Unilever	456	508	576	14	25	27	27	18	80	98	115	20	1
HDFC Bank	671	798	934	19	88	87	87	19	313	379	453	20	6
Maruti Suzuki	709	932	1,029	11	8	11	12	16	50	82	101	20	1
Medium PAT Gr. (0-20%)	**12,121**	**14,137**	**15,665**	**6**	**24**	**24**	**24**	**13**	**1,707**	**2,026**	**2,314**	**12**	**20**
UPL	379	412	443	7	22	23	23	12	32	37	44	19	1
HCL Technologies	761	875	990	11	27	27	27	19	130	153	176	18	2
Asian Paints	209	245	278	10	24	23	23	16	33	38	45	18	1
Kotak Mahindra Bank	158	181	208	16	78	77	77	18	98	118	141	17	2
Dr Reddy' s Labs	193	213	248	13	23	24	25	21	26	30	35	17	0
Britannia	132	142	158	11	20	18	18	18	20	19	21	16	0
Titan Company	196	256	316	10	8	12	12	11	9	20	27	16	0
SBI Life Insurance	485	572	692	19	5	6	6	34	13	19	24	16	0
BPCL	2,100	2,414	2,493	-8	9	6	7	24	84	66	79	15	1
HDFC	148	167	188	15	96	97	99	14	108	127	147	15	1
Tech Mahindra	383	435	488	9	18	18	19	18	46	53	60	15	1
HDFC Life Insur.	365	429	509	15	3	4	4	27	14	17	20	15	0
TCS	1,648	1,929	2,162	11	28	29	29	16	331	421	478	14	5
Wipro	620	701	778	7	24	25	25	18	107	124	137	13	1
Bajaj Finserv	172	201	261	8	85	78	82	13	36	43	62	13	0
Hero MotoCorp	307	374	407	14	13	14	14	14	30	38	43	11	0
Power Grid Corp.	411	442	461	6	89	89	89	7	125	136	142	11	1
Nestle	134	152	174	11	25	24	24	12	21	24	28	10	0
NTPC	1,116	1,275	1,382	6	33	33	34	7	149	164	177	10	1
Bajaj Auto	275	368	403	11	18	18	18	13	48	60	65	7	0
Grasim Industries	125	173	220	-4	11	17	18	12	54	64	74	5	0
ITC	438	514	564	6	35	39	40	5	127	161	182	3	0
Larsen & Toubro	1,367	1,667	1,841	7	11	11	12	7	65	93	109	2	0
PAT de-growth (<0%)	**1,476**	**1,730**	**1,815**	**1**	**15**	**18**	**20**	**3**	**155**	**222**	**257**	**-4**	**-1**
GAIL	590	694	730	-2	10	14	14	7	45	71	75	-2	0
Coal India	886	1,036	1,085	4	18	22	24	1	111	152	182	-5	-1
Nifty (PAT free float)	**39,624**	**48,035**	**52,427**	**6**	**24**	**23**	**24**	**15**	**2,327**	**3,093**	**3,687**	**27**	**100**

Sector-wise: Highlights / Surprises / Guidance

AUTO: Strong demand recovery, mixed margin trajectory; RM cost pressures to fully reflect in 4Q

- **Demand recovery across categories in festive season; trends divergent thereafter:** Recovery that was witnessed in 2Q sustained and gathered momentum in 3Q, supported by the festive season. While Tractors (+25% YoY), 2W (+14.5%), and PV (+8%) have been positive on a YoY basis, LC (+1%) was similar to last year. On the other hand, M&HCV (-5%) and 3W (-39%) saw moderation in decline and QoQ improvement. Total revenue for our Auto Universe stood at ~INR1.8t (+12.5% YoY). EBITDA grew 41% YoY to ~INR250.2b (above est. 24% beat). Adj. PAT grew 47.5% YoY to ~INR125.7b (above est.; 50% beat). The entire beat at the operational level was driven by TTMT. We expect continued recovery in CV, with M&HCV turning positive in 4Q.
- **RM cost inflation starting to hurt, but lower other expenses drive second consecutive quarter of margin recovery:** Almost all of the companies reported sustenance in savings in other expenses seen in 2QFY21, driven partially by the deferment of certain expenses (SG&A, maintenance, etc.) and cost-cutting (fixed as well as variable). Aggregate other expenses (ex-JLR) were 190bp lower YoY (-40bp QoQ) at 11.5% of sales (the lowest in the last 15 years at 11%). Also, contrary to our expectations, commodity cost inflation was only visible in some companies. This resulted in EBITDA margin improvement of 290bp YoY (+220 QoQ) – the second consecutive quarter of margin recovery after eight straight quarters of decline. Several OEMs that did not face commodity cost headwinds in 3Q guided for an up to 3pp impact of commodity cost in 4Q. Also, some of the managements indicated that some of the other cost savings would gradually normalize as demand-supply normalizes.
- **Working capital normalization drives debt reduction:** With continued demand improvement in 3QFY21, working capital normalization also continued in 3Q, resulting in the release of working capital. On account of this – coupled with the above-mentioned sharp improvement in operating performance – we saw a further reduction in net debt in 3Q for companies such as TTMT (by INR68.4bb to ~INR547b), MSS (by INR13.2b to INR75.2b), AL (by INR2b to INR28.8b), and BHFC (by INR0.75b to INR11.2b).
- **More upgrades than downgrades based on sustained volume recovery:** 3QFY21 saw more upgrades (10) than downgrades (1) in FY22E EPS. Upgrades were driven by volume upgrades and/or lower other costs. We have also upgraded our FY22E EPS estimates – the highest are for TTMT (+36.5%), MM (20%), EIM (+17%), and CEAT (+14%). We have lowered our EPS for BHFC (-4%) due to a weaker mix.
- **Valuation and view**: Valuations reflect for sustained recovery in FY22, with continued improvement in operating margins. The recent sluggishness in retails as well as potential margin headwinds in the form of a) increase in variable marketing cost, b) higher commodity cost, and c) partial normalization of some cost are possible monitorable risks. Hence, we prefer companies with: a) higher visibility in terms of demand recovery (higher rural exposure), b) a strong competitive positioning, c) margin drivers, and d) balance sheet strength. Also, we prefer plays on global PV on the back of stronger recovery owing to support from the governments. **MM** and **MSIL** are our top OEM picks. Among the auto component stocks, we prefer **ENDU** and **MSS**.
- **Positive surprises:** TTMT, HMCL, BJAUT, M&M, TVSL, MSS, EXID, ENDU, and CEAT
- **Negative surprises:** MSIL, AL, BHFC, and AMRJ

Guidance highlights:

- **MSIL:** Post-festive demand is better than the company expected. It has a strong order backlog of 215k bookings and had a very low dealer inventory at the start of Jan'21. Rural markets and CNG models have fared better. The company has not witnessed any supply-side issues, but it is keenly observing the situation. Expect the marketing costs to increase from lows of FY21.
- **MM**: The Tractors segment demand outlook is very strong, at least up to 1QFY22, post which the monsoons would be the influencing factor. Semi-conductor shortage is expected to persist up to Jun–Jul'21 and is very dynamic, with the company having supply visibility of just a week (for SUVs and Pick-ups). This could lead to a delay in the launch of the new XUV500. Commodity prices have seen unprecedented levels of inflation; hence, it

has taken price hikes in Jan'21 and would take a price hike in 1QFY22 as well. It expects loss from international subs to be lower than INR3b in FY22, v/s estimated loss of INR30b in FY21.

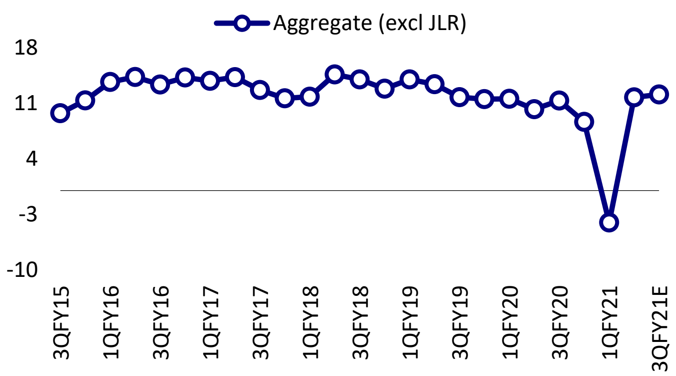
- **TTMT:** QoQ sales recovery was seen in JLR in all markets, except the UK – wherein 3Q is seasonally lower. China sales were up YoY, while other markets continued to fare below pre-COVID levels. Defender has a three-month order backlog. Variable marketing expenses reduced 110bp YoY (-120bp QoQ) to 5%, partly driven by the release of US residual reserves of GBP36m. **India:** Recovery was led by M&HCV, ICV (with higher demand from infra), Mining, and e-commerce. PV posted continued strength in sales momentum with the "New Forever" portfolio, resulting in the highest sales in 33 quarters and EBITDA margins of 3.8% (highest EBITDA in the last 10 years).
- **BJAUT: Domestic 2W** is back at last year's retail levels. The base effect would drive growth, but on like-to-like this would be low-single-digit growth. D**omestic 3W** would see QoQ recovery and decline 50% YoY. In **Exports,** 2W volumes have recovered well and 3W is seeing gradual recovery. **RM cost** is estimated to increase 3pp QoQ due to commodity cost inflation. It has taken a price increase of 1% each in domestic 2W and 3W in 3Q and 1.25% in Jan'21 for dom. 2W. A price increase has been taken in exports for MEIS and RM cost. **EBITDA margins** are expected to decline on a QoQ basis in 4Q, weighed by operating deleveraging (1pp benefit of operating leverage in 3Q). However, positive developments regarding the new RoDTEP scheme for export incentives would offset margin pressures.
- **HMCL**: The demand outlook is positive considering macro improvements seen overall. It has seen market share gains in domestic (190bp) and exports (90bps in 3Q). Some of the consumer segments are yet to see recovery – such as Students (10-12% of volumes), Migrant Labour, and First-time Buyer. The commodity price impact was ~100bp in 3QFY21, offset by price increases take in Oct'21 as well as savings from the LEAP-2 program (~125bp in 3QFY21). It expects further cost inflation in 4Q and has taken price increases from Jan'21. It has maintained its EBITDA margin target of 14–16%.
- **TVSL**: Urban retails are rebounding to pre-COVID levels, supporting the gradual pick-up in Scooters. Rural demand is buoyant with the highest rabi sowing. Stability in the major export regions is driving demand, supported by stable oil prices and currency availability. It took a ~2% price hike in Jan'21 (1% in 3Q and 1.5% in 2Q) to partially offset the impact of RM cost, leaving 80–90bps of uncovered RM cost. It expects to offset the remaining RM cost inflation through a better product mix and continued cost reduction efforts. Decline in other expenses is largely sustainable as it is shifting toward digital marketing v/s BTL activity.
- **EIM**: RE is seeing good demand recovery across the country, driven by Meteor. Overall bookings are stronger than last year. Even matured markets such as Tamil Nadu and Maharashtra are reviving. RM cost in 3Q has seen an impact of 80–100bp due to commodity cost inflation. The 2–3% price increase taken in Jan'21 and Feb'21 would partly take care of the cost inflation expected in 4Q. Meteor was launched in the EU, Australia, and Thailand. **VECV** added 41 touchpoints in 9MFY21; it gained 360bp market share to 16.2% of the domestic M&HCV industry.
- **MSS:** SMP's **greenfield plants** were just above EBITDA breakeven in 3QFY21. Over the medium term, these plants should at least reach SMP's average margins, if not be better. **SMRPBV is seeing an increasing share of EV** in its order book, with BEV likely to contribute 21% to the order book as of Sep'21 (v/s 18% as of Mar'20). While SMRPBV could see some **near-term impact of the semi-conductor shortage** at the OEM level, inherent demand is strong. **The working capital reduction** in **SMRPBV** is attributable to a reduction in unbilled revenues; excluding the same, core work cap is stable and sustainable.
- **BHFC:** It has identified three new growth drivers to become meaningful businesses – EV, Light Weighting (Aluminium), and Defence. Foreign subsidiaries' margin improvement came on account of cost restructuring and efficiency improvement. The US aluminum forging plant would commence trial production in Mar'21 and the second EU plant would start in Jun'21. Alu. forging would further improve margins. It is focusing on other segments, such as Metals & Mining and Renewables, to offset the impact of lower revenues from O&G.

Exhibit 26: Key operating indicators

	Volumes ('000 units)			EBITDA margin (%)			Adj. PAT (INR m)		
	2QFY21	YoY (%)	QoQ (%)	2QFY21	YoY (bp)	QoQ (bp)	2QFY21	YoY (%)	QoQ (%)
BJAUT	1,307	8.7	24.1	19.4	150	170	15,563	23.4	36.7
HMCL	1,845	19.8	1.7	14.5	-40	70	10,845	23.2	13.7
TVSL	990	20.4	14.0	9.5	70	10	2,656	46.9	35.3
MSIL	496	13.4	26.1	9.5	-70	-80	19,414	24.1	41.5
MM	224	3.3	20.9	16.4	170	-80	16,902	72.3	28.9
TTMT (S/A)	158	22.3	43.3	7.1	420	420	-6,286	-28.3	-46.0
TTMT (JLR) *	112	-23.9	22.8	15.8	560	480	385	3.5	228.9
TTMT (Cons.)				15.2	520	460	32,332	85.9	-1,122
AL	33	7.1	71.8	5.3	-30	240	147	-49.7	-110.1
EIM (RE)	200	9.2	32.7	23.5	-170	70	4,885	-0.1	35.4
EIM (VECV)	13	3.3	56.8	8.6	220	170	580	93.6	-890.2
EIM (Consol.)				23.5	-170	70	5,326	6.8	55.1
Agg. (ex. JLR)	**5,266**	**15.1**	**14.4**	**12.1**	**80**	**40**	**64,566**	**42.8**	**61.3**

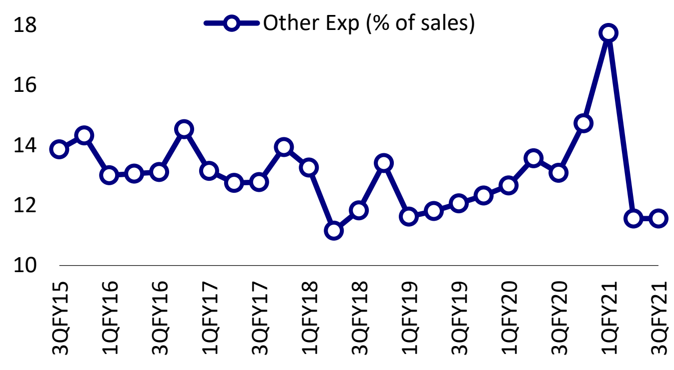
JLR in GBP m; Source: MOFSL, Company

Exhibit 27: Aggregate EBITDA margin recovered YoY…



Source: MOFSL, Company

Exhibit 28: …on a sharp reduction in other expenses



Source: MOFSL, Company

Exhibit 29: Revised EPS estimates

	FY21E			FY22E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
BJAUT	165.2	153.9	7.4	206.9	196.8	5.1
HMCL	147.8	140.5	5.2	188.9	176.0	7.3
TVSL	11.4	9.9	14.9	21.0	20.2	4.2
EIM*	51.0	50.7	0.6	97.6	83.5	16.8
MSIL*	164.5	174.7	-5.8	269.9	275.5	-2.0
MM (including MVML)	35.8	31.4	13.9	42.8	35.7	20.0
TTMT*	-7.7	-13.9	-44.7	20.4	14.9	36.5
AL	-0.6	0.0	NM	4.0	4.1	-1.9
ESC	85.7	81.8	4.8	91.8	90.4	1.6
AMRJ	37.4	37.4	-0.1	42.5	41.9	1.4
BHFC*	4.4	5.2	-15.4	16.3	17.1	-4.4
BOS	291.0	296.8	-2.0	469.7	448.1	4.8
CEAT	99.5	82.5	20.7	113.0	99.0	14.2
ENDU*	33.1	30.7	7.8	51.1	48.3	5.7
EXID	8.6	7.9	9.4	10.6	10.2	3.8
MSS*	2.8	2.0	40.3	7.1	6.8	5.1

* Consolidated estimates; Source: MOFSL, Company

CAPITAL GOODS: Execution on track; sequential recovery in order inflow augur well

- **Revenue growth in line with our estimates:** Revenue for our Capital Goods coverage universe was broadly in line with our estimates. Slight miss was largely on account of higher-than-expected decline in BHEL (-21% YoY v/s our estimate of flat revenues YoY). LT revenue stood flat YoY, with both core E&C and Services business reporting flat revenues. Short cycle businesses like ABB/SIEM/KKC reported revenue growth of -3%/15%/-2% YoY. However, KECI grew 7% YoY on the back of a strong order book and healthy execution. Within Infrastructure, KNRC reported a 23% rise in revenue, surprising on execution in a seasonally lean quarter, while that for ASBL stood flat YoY. Execution recovery has been gradual compared to other sectors as productivity was lower as labor management was challenging amid COVID-19 fears, especially in the early part of 3QFY21. Execution is likely to strengthen further as we enter the peak season for Construction in India.

- **Cost rationalization continues:** Aggregate operating profit decline stood at 2% YoY, with the dip largely attributed to BHEL. **Excluding BHEL, operating profit increased 7% YoY, indicating sustenance of cost rationalization measures across companies under our coverage.** For LT, EBITDA grew 4% YoY and was 9% ahead of our estimate owing to bulk sale of Commercial Real Estate. For core E&C, operating performance was soft as core EBITDA declined by 2% YoY. Cost containment measures in ABB/SIEM/TMX/KKC led to 41%/13%/30%/12% YoY increase in operating profit, despite the revenue decline in SIEM and flat revenue for TMX and KKC. We expect some moderation in margin as certain costs are expected to be incurred going ahead. Operating profit for KECI/ENGR declined owing to commodity-led cost escalation/adverse revenue mix.
- **Adjusted PAT above muted expectations:** Aggregate decline in PAT stood at 7% YoY v/s our estimate of a 20% decline. **LT consolidated adjusted PAT was 42% above our expectation (+5% YoY), with the surprise largely driven by bulky sales of Commercial Real Estate (INR3.4b profit) and higher other income (+127% YoY).** Excluding LT and BHEL, adjusted PAT was still up by 6% YoY. The cost-saving measures, aided by lower tax rates, helped profit, resulting in an earnings surprise across a number of companies under our coverage. Strong execution translated to higher profitability for KNRC as adjusted PAT increased by 65% YoY, while it stood flat for ASBL owing to loss of execution and adverse mix leading to a miss at the operating profit.
- **Order inflows witnessed a sharp uptick, largely led by LT:** Order inflows increased by 50% YoY owing to a 76% growth for LT. Excluding LT, order inflows declined by 14% YoY, but saw a 35% sequential recovery. Excluding BHEL and LT, order inflows remained flat, but increased by 51% QoQ. For KECI, decline in order inflows was limited at 59% YoY as the base quarter had large first-time orders in the Civil segment, led by the company's foray into metro projects (Kochi and Delhi metro orders). The management commentaries indicate a revival in ordering activity in most end-markets. Most businesses are expected to exercise caution when bidding and keep an eye on working capital requirements and a surge in commodity prices.
- **Working capital, liquidity, and escalation in commodity prices are key challenges ahead:** Most project sites are operating at 90-100% occupancy levels, with labor availability back to pre-COVID levels. However, execution is yet to go full throttle as various COVID-led precautions have impacted efficiency across project sites, even with full labor strength. While the situation on working capital has eased sequentially with rising credit availability, banks are still averse to finance leveraged companies and are exercising caution. The rise in commodity costs pose a challenge to margin for projects, which are fixed price contracts.
- **Top picks:** LT is our top pick in the Capital Goods sector. ABB is our preferred pick to play the Automation and Digitalization theme.
- **Positive surprises:** KECI, ENGR, and KNRC.
- **Negative surprises:** ABB, BHE, BHEL, and KKC.

Guidance and management commentary highlights:

- **LT:** The management aims is to reach FY20 working capital levels by FY21-end. This requires a bit higher collection ask rate, but should be achievable given higher execution.
- **ABB:** Data Centers, Renewables, and Electronics are some of the key end-markets expected to see healthy growth in CY21, followed by Food and Beverage and Pharmaceuticals.
- **KKC:** Hydrogen fuel cell technology-related opportunities can be exciting. Depending on the scale of demand, the listed entity is participating in many tenders in Rail, Construction, and Marine.
- **KECI:** Bid pipeline has been healthy in the international T&D segment across Africa, the Middle East, and SAARC. The company has bid for INR300b of orders in the last couple of months and will bid for another INR300b over the next few months. Final awarding is a bit slower than that anticipated by the management.
- **KNRC:** NHAI has upped its awarding target for FY21 to 4,800-5,000km (from 4,500km earlier).

- **ASBL:** On asset monetization, the management said substantial diligence is over and has received binding offers from potential investors. It expects negotiations to close in a couple of weeks and closure of documents by Mar'21 end. A large part of the monetization proceeds will be utilized to grow the EPC business.

Exhibit 30: Book-to-bill ratio largely stable ~2.8x

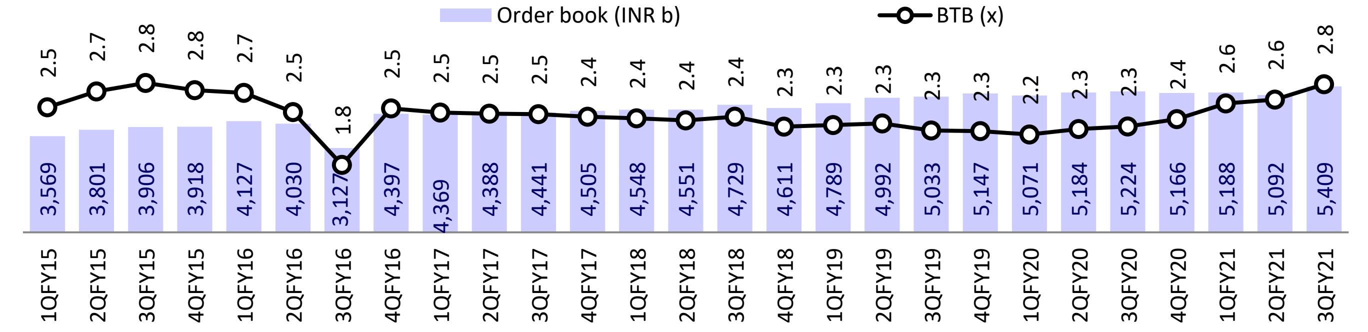


Exhibit 31: Aggregate revenue growth

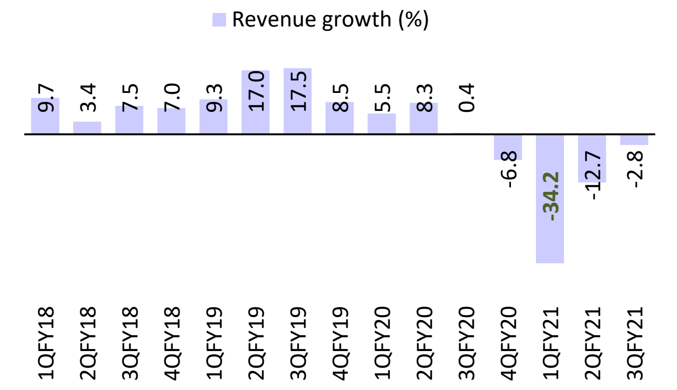


Exhibit 32: Aggregate EBITDA growth

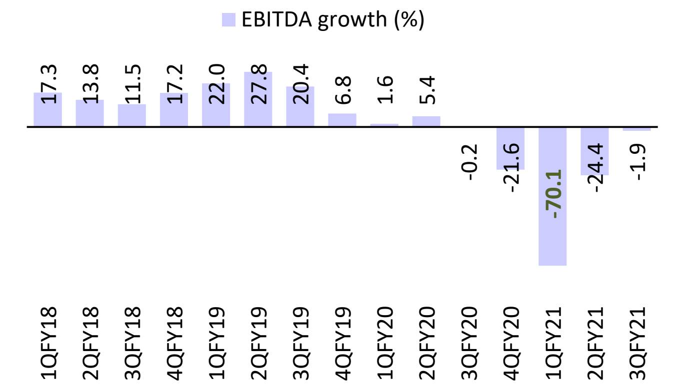


Exhibit 33: Aggregate EBITDA margin

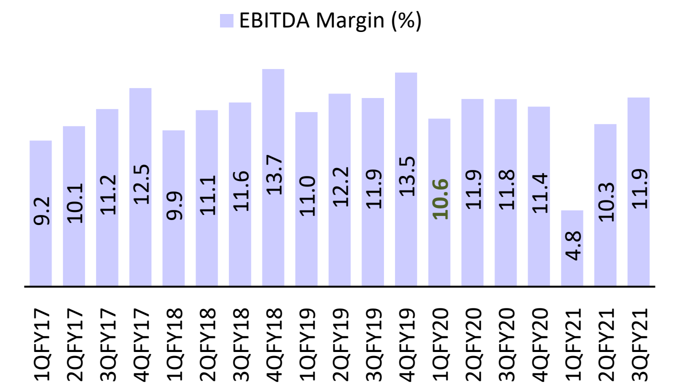
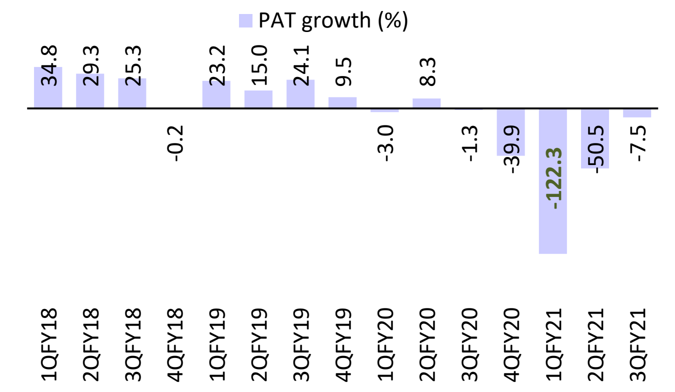


Exhibit 34: Aggregate PAT growth



CEMENT: Better fixed cost absorption cushioning the impact of higher freight and fuel costs

- **Volumes up 10% YoY:** Cement companies under our coverage (excl Ambuja) surprised with 10% YoY volume growth v/s our est. of a 7% led by strong demand in North, Central and East regions. This was attributable to strong rural and semi urban demand and an uptick in government infra and road projects. JKCE, JKLC, and SRCM fared better than others, with higher volume growth (15-25% YoY), driven by market share gains on account of a ramp-up of newly commissioned capacities. Demand in the South, however, remained weak, which is evident from the ~10% decline in cement volumes recorded by ICEM and TRCL. Owing to seasonal weakness, realization for our coverage universe declined 2% QoQ, but was still up 4% YoY, driven by strong pricing in the South. As a result, aggregate revenue for our coverage universe (excluding GRASIM) grew 13% YoY to INR297.9b.

- **Profitability driven by better fixed cost absorption:** Most companies in our coverage reported strong margins, supported by better fixed cost absorption (from higher volumes), but was partially offset by higher freight and fuel cost. EBITDA for stocks under coverage improved 31% YoY (-8% QoQ) to INR1,219/t (est. INR1,221/t) on the back of ~2% YoY reduction in cost/t to INR3,753 (+1% QoQ) led by lower employee cost/t (-8% YoY/ -8% QoQ) and lower other expenditure/t (-7% YoY/ -2% QoQ). Aggregate EBITDA/PAT was up 44%/102% YoY to INR71.9b/INR35.7b. Including GRASIM, EBITDA/PAT for our coverage universe was up 45%/100% YoY.
- **Deleveraging continues:** Deleveraging continued with UTCEM/DBEL/JKLC paring down net debt by INR27.0b/ INR5.9b/ INR1.4b to INR94.4b/INR14.0b/INR5.5b in 3QFY21 and we expect it to continue on the back of improvement in OCF led by robust demand. Although JKCE will be raising debt of INR18-20b for its Panna capex but has guided to keep net debt below INR25.0b over the course of expansion.
- **Capacity expansions announced:** During the quarter, cement companies announced capacity expansions with an aim to tap potential demand growth and improving market share. UTCEM announced capacity expansion of ~13mtpa in addition to ongoing expansion of 6mtpa with commissioning guided by FY23. DBEL's capacity is expected to rise by 26% to 36mtpa by FY22 end. DEBL is set to double its capacity to 56mtpa over next 3 years (plan not announced). JKCE's 4mtpa integrated plant at Panna is expected to commission in FY24.
- **Top picks:** Given the sustained recovery in demand across regions, the sustenance of production discipline and cost reduction initiatives would be critical to prices and margins. This, we believe, would be tougher to achieve for regions with higher capacity growth. Eastern India, with ~25% capacity growth over the next 18 months, is the worst placed and is thus our least preferred region. With robust demand outlook, we prefer companies that: a) are moving down the cost curve, b) have potential for market share gains, and c) provide valuation comfort. UTCEM and ACC are our top large-cap picks while DBEL is our top mid-cap pick.
- **Positive surprises:** DBEL, JKLC
- **Negative surprise:** ACC, TRCL, BCORP

Guidance highlights:

Most companies in the post-earnings management calls reported ~80% utilization for 3QFY21 driven by strong rural/semi-urban demand and pick up in government projects while the real estate sector continues to suffer due to muted demand. While demand in January was impacted by severe winters, but it has started picking up in February. Government's renewed push on road, rail and infra projects coupled with strong IHB demand would further drive demand. Here are the other guidance highlights:

- **UTCEM:** 1) The company has kept a tight leash on working capital (further INR7.8b released in 3QFY21), which has supported debt reduction. 2) The company has raised INR30.0b in debt to refinance long-term debt at a lower cost to capitalize on interest arbitrage opportunities.
- **DBEL:** 1) The new 3mtpa clinker in Odisha commercialized from Oct'20 is operating ~70% utilization, with clinker production cost lower by INR75/t. This commissioning has led to higher interest cost and depreciation.
- **JKLC:** 1) The management announced expansion in subsidiary UCWL. The latter is expected to achieve financial closure in 1QFY22 and it would take three years post that to complete the project. 2) Debottlenecking of clinker capacity to 1.5mt (from 1.2mt) and cement to 2.2mt (from 1.6mt) is expected to be completed in Mar'21.
- **TRCL:** 1) A 1.5mt clinker in Jayanthipuram is guided to be commissioned by Mar'21. A 2.25mt clinker in Kurnool would be commissioned by May'21. 2) TRCL plans to set up plants for wall putty, tile adhesives, and dry mortar mix in CY21, and expects to achieve revenue of INR1b p.a. from each of them.
- **JKCE:** 1) 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. 2) Mangrol expansion – While the budged capex was INR20b, actual spend would be lower at INR18.5b, of which INR16.5b is already complete.
- **ACC:** 1) Commercial production at 1.4mt grinding capacity in Sindri has commenced in Jan'21. Work has commenced on the integrated capacities in Ametha (2.7mt clinker and 1.0mt grinding) and Tikaria (1.6mt grinding), with commissioning guided in 2QCY22 (we expect it by 4QCY22). 2) 25MW waste heat recovery systems (WHRS) are expected to be commissioned in Kymore and Jamul within 10–12 months. A 15MW WHRS is also planned in Ametha.

Exhibit 35: Volumes up 10% YoY for our coverage universe

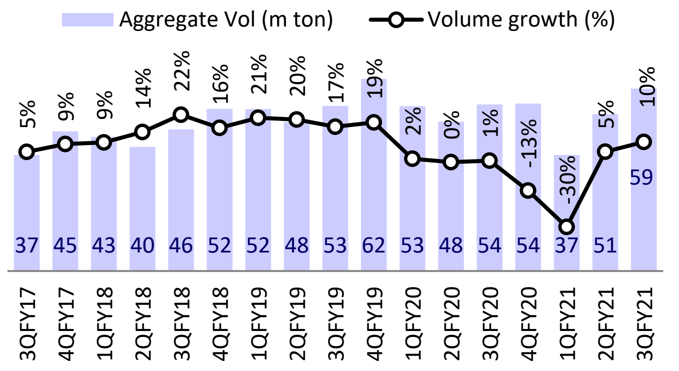


Exhibit 36: EBITDA/t increases 31% YoY

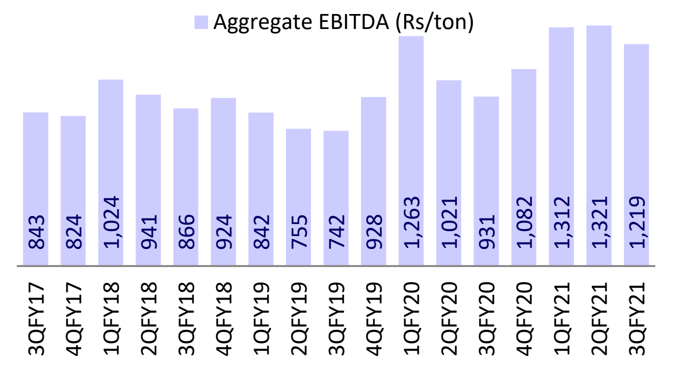
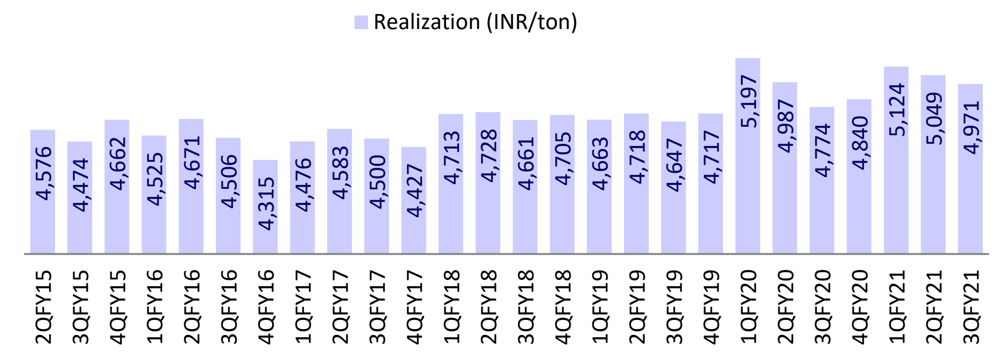


Exhibit 37: Trend in key operating parameters

	Volume (mt)			Realization (INR/t)			EBITDA (INR/t)		
	3QFY21	YoY (%)	QoQ (%)	3QFY21	YoY (INR)	QoQ (INR)	3QFY21	YoY (INR)	QoQ (INR)
ACC	7.7	-0.6	18.8	4,868	253	-172	908	211	-125
UTCEM	23.9	14.3	19.0	5,132	178	-46	1,296	288	-49
BCORP	3.6	3.5	8.9	4,770	27	-110	1,018	159	-156
ICEM	2.4	-10.8	12.8	4,881	414	-196	905	423	-208
SRCM	7.2	14.7	9.7	4,620	59	-9	1,520	160	7
DBEL	5.8	13.7	20.8	4,926	185	-95	1,191	295	-271
JKCE	3.2	23.9	12.7	5,556	66	38	1,417	331	-44
JKLC	2.7	15.8	13.0	4,426	107	45	712	59	-71
TRCL	2.6	-8.1	18.3	5,090	615	-467	1,508	794	-387
Sector agg.	**59.0**	**9.5**	**16.4**	**4,971**	**197**	**-78**	**1,219**	**288**	**-102**

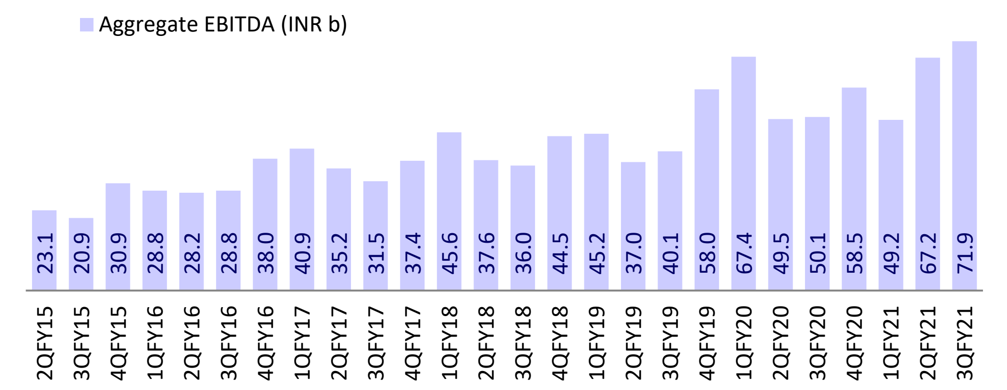
*Ambuja has not announced its quarterly results

Exhibit 38: Cement universe realization/t declines 2% QoQ in 3QFY21



Source: MOFSL

Exhibit 39: Aggregate EBITDA up 44% YoY in 3QFY21



Source: MOFSL

CONSUMER: Festive fervor and pent-up demand bring cheer

- **Strong rebound on topline:** After sailing through the challenges of the lockdown for three consecutive quarters, Consumer companies witnessed a strong rebound in sales performance in 3QFY21. Of the 17 companies under our coverage, 11 reported double-digit sales growth in the quarter. While sales growth was largely in line with expectations for most consumer companies (10 of 17 coverage companies that have reported earnings), there were some notable beats as well (APNT, DABUR, MRCO, PAGE, PIDI, and UBBL). The strong performance was enabled by continued buoyancy in rural sales growth and sharp recovery in urban. At the same time, pent-up demand and upbeat festive sentiment also played an important role in driving demand. Cumulative sales growth was up 11.5% v/s the expectation of 8.9% YoY growth. The alcobev companies (UBBL and UNSP) are the only two companies yet to recover to positive sales growth, with the latter being the only company to miss our forecasts.
- **Sharp EBITDA performance led by cost savings:** With strong sales growth, EBITDA performance was even sharper for most of the companies under our coverage. This was driven by a largely benign commodity environment, persisting cost savings (due to the COVID disruption), and operational leverage. EBITDA performance was above expectations and in-line for 8 and 6 stocks, respectively, out of the 17 stocks under our coverage. NEST, TCPL and UNSP were the only three companies to disappoint. Raw material inflation has started picking up now, especially in crude and its derivatives, which could impact the gross margins of several companies going forward. At the same time, cost savings due to COVID are also gradually normalizing, particularly ad spends. An increase in ad spends YoY (after a muted 1HFY21) on this front also indicates a rising confidence among companies on incremental growth prospects. Dabur continued to lead the pack with a 38% YoY increase in ad spends, which came after a 40% increase in 2QFY21. Sustained efforts on cost savings even after growth has returned and the significant rationalization of channel inventory vis-à-vis the pre-COVID period have also been encouraging. The cumulative EBITDA for our Coverage Universe grew 11.5% YoY v/s the expectation of 8.2% YoY growth.
- **Positive management commentaries:** Most companies continue to be optimistic going forward as rural performance continues to be buoyant, while the urban markets have witnessed a sharp recovery. Furthermore, the Union Budget adds to the optimism of economic recovery. The agri outlook also seems positive.
- **PBT/PAT growth exceeds expectations, led by EBITDA outperformance:** 9 of the 17 companies outperformed expectations on PBT, with cumulative PBT up 11.4% YoY (est. growth of 6.7%). 11 of the 17 coverage companies outperformed expectations on PAT, with cumulative growth of 7% YoY (est. growth of 1.1%).
- **Top picks – HUVR, DABUR, MRCO, PGHH: We continue to prefer HUVR as our large-cap pick.** With the resumption of growth in the high-margin categories (Discretionary and Detergents), coupled with best-of-breed analytics and execution capabilities, **HUVR**'s EPS growth trajectory is likely to return to the high teens from FY22. Moreover, after factoring in the GSKCH merger and synergies, its valuations still offer scope for a reasonable upside. We also like **DABUR** as it offers the best visibility given: (a) successful efforts by the new CEO to boost growth, (b) an attractive rural growth outlook (~48% of domestic sales from rural), and (c) strong traction in the profitable Healthcare business. We are bullish on **MRCO** as volume growth momentum in each of its core segments and significantly high growth targets in the Foods portfolio are encouraging. **PGHH**'s performance over the last three quarters has been highly impressive and far ahead of its earlier muted performance. Several initiatives in the past 2.5 years (distribution expansion, higher ad spends, increased intensity of category development efforts in schools, new launches, and price cuts) have boosted performance and are likely to continue to do so going ahead as well.
- **Positive surprises:** APNT, DABUR, HMN, PAGE, PGHH, PIDI, and UBBL
- **Negative surprises:** UNSP

Guidance highlights:

- **APNT:** 4Q demand is expected to be good, although pent-up demand and festive demand may not contribute as sharply as seen in 3Q. Continued strong growth is observed in the rural markets, while urban demand has rebounded and appears likely to sustain. Since Dec'20, raw material prices have seen an inflationary trend, which would impact costs by 6–9%. APNT would decide on price increases at a later time.
- **BRIT:** The diversification of the purchase basket of consumers has affected in-home consumption. Demand growth normalization in large cities would take some time. Commodity cost saw overall inflation of ~1% YoY in 3QFY21. Advertising costs were lower in 1HFY21, but would rise going forward. The management would accelerate the pace of innovation after having taken a step back in 9MFY21.
- **DABUR:** While the exponential growth would ease going forward, Healthcare would remain one of the largest contributors to incremental sales over the next few years. Some inflation in material costs can be seen, especially in herbal RMs and crude-based RMs, which would be passed on. Cost savings would be around INR500m in FY21, and INR1.5b is targeted in FY22. Ad spends of 11–11.5% of sales are targeted, from~10% currently.
- **HMN:** The management expects to close FY21 with high-single-digit sales growth. Some inflation has been seen in raw materials (particularly LLP) in the last month; HMN is considering taking price hikes to offset this impact. Key RMs, such as Mentha, are still benign. The management has guided for a ~30% EBITDA margin going forward. HMN is focusing on increasing its direct reach to villages and adding manpower to improve its reach in the top four states.
- **GCPL:** New categories introduced in FY21 would continue to see good growth – Hygiene in particular. GCPL would continue to prioritize growth over margins, which may be maintained at current levels. In Indonesia, it currently distributes from ~120,000 outlets (v/s 80,000 four years ago) – the management aims to increase this to ~200,000 outlets.
- **HUVR:** Rural continues to lead growth (double-digit sales growth); urban also achieved positive growth in 3Q. The company has a track record of margin expansion – this trend is expected to revive in FY22 once again. However, over the next two quarters, it would focus on driving up volume-led growth. Price increases have enabled gross margins to grow sequentially. A 2.5% price increase was taken in Soaps in 3Q and a similar increase has been taken now in 4QFY21.
- **MRCO:** In 3QFY21, rural grew 24% YoY, well ahead of the 10% growth seen in urban. The management expects rural outperformance to sustain. Over 20% domestic revenue growth is likely in 4QFY21, with mid-teen volume growth. The management expects copra costs to be flat YoY in FY22. By Apr–May'21, it expects segmental margins to return to Oct–Nov'20 levels. It expects structural cost savings of INR1.5b/INR500m in the India/international business.
- **PIDI:** Recovery was broad-based across businesses. VAM spot prices have surged to USD1300 currently v/s consumption cost of USD875 in 3QFY21. The company has taken some price increases in B2B products due to RM inflation, but it is yet to decide on price hikes in the C&B business. The management had previously guided for EBITDA margins of 21–24%. While 3QFY21 margins at 27.9% are much higher, the management believes margins may reverse to their guided range going forward.
- **PAG:** The management believes 14–15% topline growth is sustainable. Athleisure is doing well in the current year, and its contribution to sales is nearly equal to that of Men's Innerwear for the year. PAG added 7,000 outlets and 80 EBOs in the current fiscal (873 EBOs now). It targets 10,000 store additions in FY21 v/s the usual 5,000–7,000 stores. Medium-term margins would be in the 21–22% range as discretionary expenses would return to normal levels, unlike in 3QFY21.
- **UNSP:** Excluding the route-to-market impact in Andhra Pradesh, sales were flat vis-à-vis 3.6% decline in reported sales. The impact of these changes, which began in 4QFY20, would be much lower going forward. The benefit of the McDowell's No. 1 relaunch would be reflected in the key state of Maharashtra from 4QFY21. The material cost outlook remains benign for the next few months.

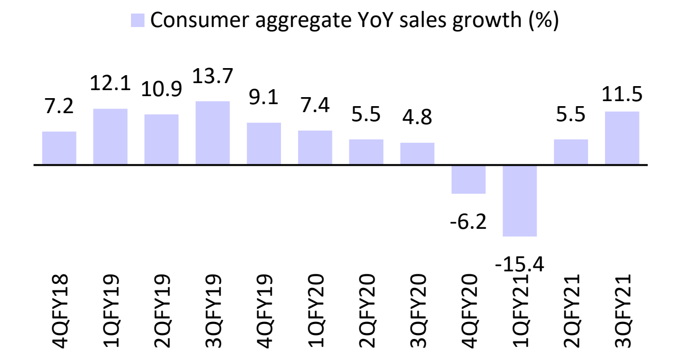
- **UBBL:** Volume decline was 15% YoY in 3QFY21 and 10% YoY in Dec'20. As per end-December reports, various states lifted a number of trade restrictions, expected to support further demand recovery. The opening up of on-trade sales contributed to slower volume decline v/s the earlier part of the year. On-trade is still recovering gradually though. Barley costs declined 10% YoY in 3QFY21. New crop is awaited in Apr'21. Glass bottle costs have also been stable.

Exhibit 40: Quarterly volume growth

Quarterly volume growth (%)	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Asian Paints (Domestic decorative)*	21.0	10.0	16.0	14.0	11.0	2.5	(35.0)	11.0	33.0
Britannia (Base business)	7.0	7.0	3.0	3.0	3.0	0.0	21.0	9.0	3.0
Colgate (Toothpaste)	7.0	5.0	4.0	4.0	2.3	(8.0)	0.0	4.0	6.0
Dabur (Domestic FMCG)	12.4	4.3	9.6	4.8	5.6	(14.6)	(9.7)	16.8	18.1
Emami (Domestic)	3.5	0.0	0.0	1.0	(2.0)	(20.0)	(28.0)	10.0	13.0
Hindustan Unilever (Domestic)	10.0	7.0	5.0	5.0	5.0	(7.0)	4.0	14.0	17.0
ITC (cigarette)*	7.0	8.0	3.0	2.5	2.5	(11.0)	(37.0)	(12.0)	(7.0)
Marico									
Domestic	5.0	8.0	6.0	1.0	(1.0)	(3.0)	(14.0)	11.0	15.0
Parachute	9.0	6.0	9.0	(1.0)	(2.0)	(8.0)	(11.0)	10.0	8.0
VAHO	7.0	1.0	7.0	0.0	(7.0)	(11.0)	(30.0)	4.0	21.0
Saffola	2.0	18.0	3.0	1.0	11.0	25.0	16.0	20.0	17.0
Pidilite (Consumer bazaar)	13.0	4.0	6.0	(1.0)	2.0	(3.1)	(58.6)	7.4	22.0

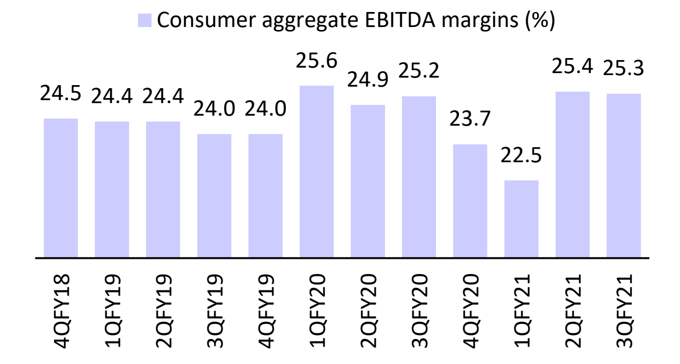
*Our estimate Source: Company, MOFSL

Exhibit 41: Strong sales growth driven by festive season, pent-up demand, buoyancy in rural, and recovery in urban



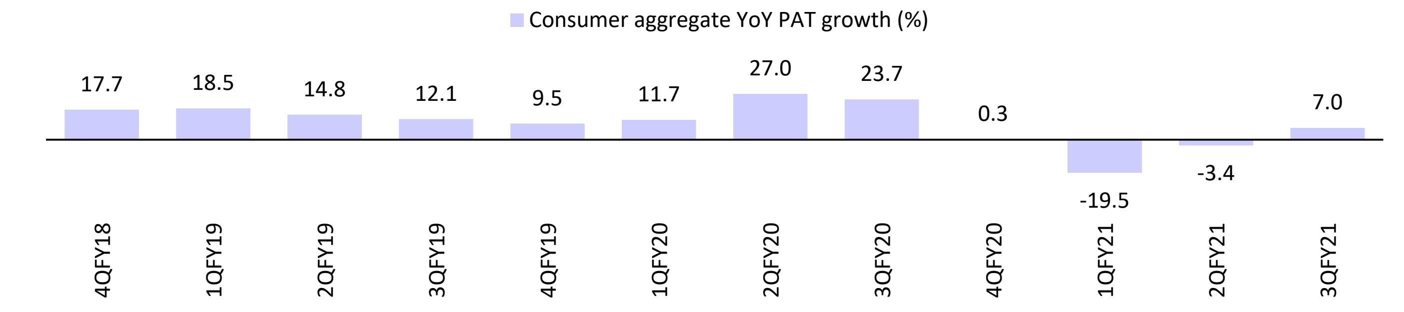
Source: Company, MOFSL

Exhibit 42: Consumer aggregate EBITDA margin expands 30bp YoY on benign RM and lower other expenses / ad spends



Source: Company, MOFSL

Exhibit 43: Aggregate adj. PAT up 7.4% YoY, driven by strong sales and EBITDA growth



Source: Company, MOFSL

CONSUMER DURABLES: Demand recovery robust; market share gains aid revenue

- **Strong revenue beat on our estimates:** Revenue for our Consumer Durables coverage universe rose 25% YoY as against our estimate of an 11% YoY increase. Revenue growth was strong in VOLT, HAVL, and CROMPTON, up 34%/40%/24% YoY, while the 9% decline in BLSTR's revenue was largely attributed to a 23% dip in the Projects business. Growth for Room Air Conditioners (RACs) was robust owing to channel filling and imminent hike in raw material prices, with revenue for Lloyds growing by 70% YoY, while VOLT and BLSTR saw 43%/35% volume growth. Within Electricals, HAVL and CROMPTON gained market share across key categories from unorganized/small players. Companies like BLSTR, HAVL, and CROMPTON have undertaken 5-10% price hikes across most categories from 1 Jan'21 owing to increase in commodity prices, which led to pre-buying in the channel, resulting in strong volume growth.
- **Operating leverage and cost rationalization measures aid operating profit:** Aggregate operating profit stood strong with a 66% YoY increase as compared to our estimate of 36%. EBITDA for BLSTR rose by 43% YoY despite a revenue decline, owing to 17%/30% reduction in employee costs/other expenses. While HAVL kept its advertising spend lower at 1.6% of sales (v/s 3.4% YoY), CROMPTON scaled it back to 1.9% of sales (v/s 2% YoY).
- **Adjusted PAT beat estimates handsomely:** Aggregate increase in PAT stood at 61% YoY v/s our estimate of a 30% rise. Strong operating leverage, led by cost-saving measures, aided profit, resulting in an earnings surprise across all companies under our coverage.
- **Channel inventory at normal levels; secondary sales key for 4QFY21 growth:** With strong pre-buying across the channel at the end of Dec'20, inventory levels are now at optimal levels as per the management commentary. A strong secondary offtake now holds key for growth across these companies in 4QFY21. With price hikes undertaken in Jan'21 across products, any softness in volume sales will now be adequately compensated.
- **Top picks: CROMPTON is our top pick** in the sector given its strong position in Fans, Pumps, and a gradual scale-up in the Appliances segment.
- **Positive surprises:** BLSTR, CROMPTON, HAVL, and VOLT.

Guidance and management commentary highlights:

- **HAVL:** Markets share gains have continued to accrue in 3QFY21 as well. HAVL is one of the top three players across products and is numero uno in Heating products.
- **VOLT:** RACs/Commercial Refrigeration Products/Air Cooler volumes grew 43%/100%/11% YoY.
- **CROMPTON:** LED Lighting witnessed volume/value growth of ~13% each. The LED B2C business has helped maintain double-digit margin.
- **BLSTR:** The real implication of the AC import ban (with refrigerant) would be seen in 4QFY21/1QFY22 as most players had old inventory that was sold in 3QFY21.

Exhibit 44: Aggregate revenue growth

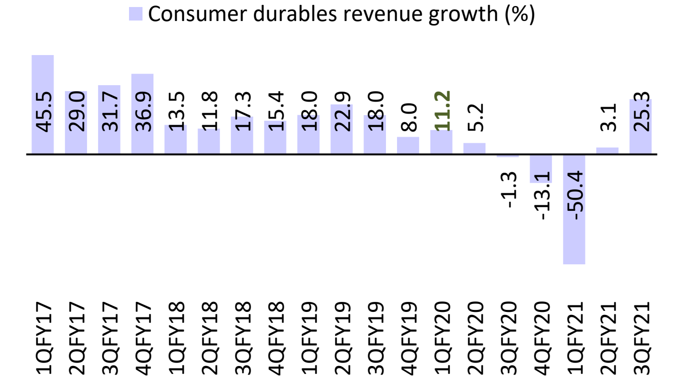


Exhibit 45: Aggregate EBITDA growth

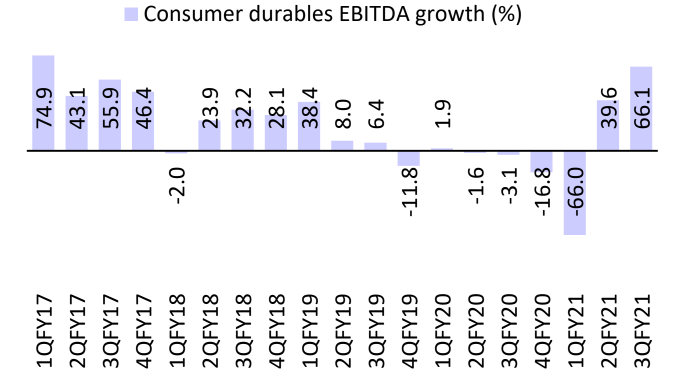


Exhibit 46: Aggregate EBITDA margin

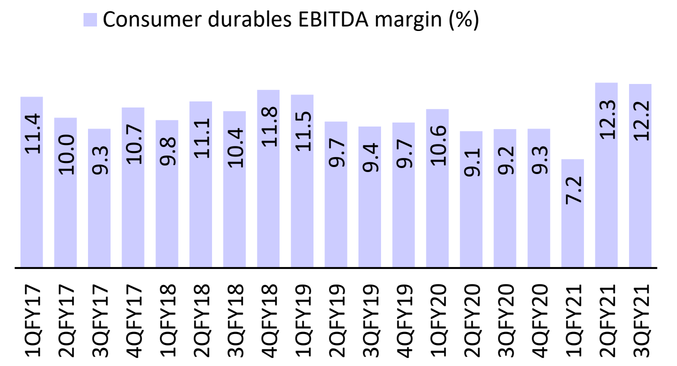
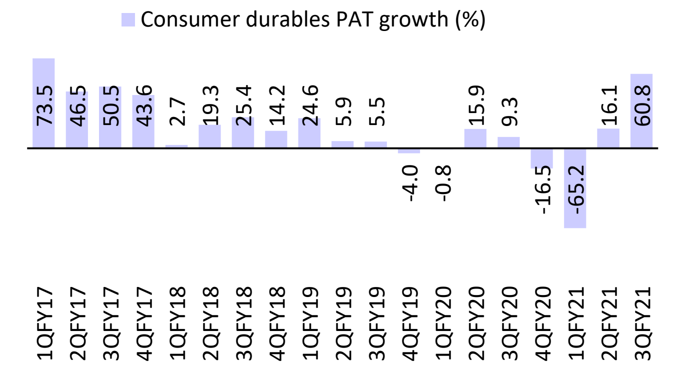


Exhibit 47: Aggregate PAT growth



FINANCIALS – BANKS: Asset quality outlook encouraging; strong sequential trends in business growth across banks

- Banks reported a strong 3QFY21 operating performance. The COVID-19 impact finally appeared to be under control during the quarter as collection efficiency reached near pre-COVID levels and most banks reported a restructuring book of sub 1%. We saw an uptick in NII growth as the business momentum improved across segments, with disbursements in many segments – such as Tractors, 2W, Housing, and Gold Loans – exceeding pre-COVID levels. Furthermore, demand for LCV and Corporate Loans is showing revival trends, while SME Lending was supported by the ECLGS scheme. Growth in deposits remains strong, with the CASA mix showing a positive bias.
- Margins witnessed mixed trends, impacted by interest reversal on proforma slippages, while lower funding cost supported margins. Fee income picked up sequentially, led by an improving lending environment. Also, some banks prudently used their treasury gains, which (along with controlled opex) supported operating performance.
- Asset quality has been much better than earlier expected, led by improved collection efficiency (97% for large banks), controlled slippages (proforma), and low restructuring (v/s earlier indicated). Large banks are better placed with high proforma provision coverage and lower restructuring, while mid-sized banks (such as RBL, DCB, and Bandhan) appear to be marginally more stressed and are expected to take higher provisions in the near term.
- **Most life insurers** reported growth in total APE (barring IPRU), led by Non-PAR, PAR, and Annuity. Protection growth moderated, while ULIP continued to be weak (although it witnessed sequential improvement). Furthermore, an uptick was seen in VNB margins for all (barring IPRU), while persistency reflected stable to improving trends.
- **Private banks – business growth improves QoQ; asset quality outlook improving:** Most private banks reported strong NII growth, supported by lower cost of funds and an improving lending environment. Moreover, margins improved for most (barring RBK, IIB, and KMB), impacted by interest reversals on proforma slippages (while some banks chose to provide for the same). Provisions were elevated as banks continued to increase their PCR and provided for the proforma slippages. Large banks such as AXSB, HDFCB, and ICICIBC saw a marginal increase in proforma GNPA/NNPA ratios, while IIB and KMB posted an increase of ~60bp. Mid-sized banks reported a much sharper increase of 108–166bp, while Bandhan saw the highest deterioration of ~560bp. The restructuring book remained controlled, with most banks reporting sub-1% – barring DCBB (2.7%) and BoB (1.4%). Overall, with an improving asset quality outlook and recovery in the business, massive earnings upgrade trends were seen in banks such as AXSB, IIB, and ICICIBC, led by moderation in credit cost and improved operating performances.
- **Public sector banks – strong performance from SBIN; BoB's collection trends remain lower v/s peers:** SBIN reported a strong quarter, with healthy NII growth (excluding one-time interest recovery in 3QFY20) and strong recovery in retail credit growth. On the asset quality front, controlled proforma slippages (INR20.7b) and low

restructuring requests (0.8% of loans) underscore an encouraging asset quality outlook. Loan growth improved for BoB, led by strong traction across business segments. However, collection efficiency stood at 92% – lower v/s other private peers. Total restructuring stood at 1.4% of loans, while SMA 1&2 stood at 3.6% of loans.

- **Small finance banks – strong earnings performance; collection trends improving:** Both AUBANK and Equitas reported strong earnings (higher than estimated), led by higher NII growth and controlled opex. Earnings in AUBANK were further supported by the Aavas stake sale. Deposit traction remained healthy for both SFBs, while AUM trends improved – AUBANK reported ~9% QoQ growth and Equitas ~4% QoQ growth. On the asset quality front, collection trends normalized for both AUBANK and Equitas across most segments.
- **Life insurance – APE growth improves, led by Non-PAR; VNB margins expand:** MAXF reported strong APE growth of 21%, led by Non-PAR and recovery in ULIP. HDFC reported APE growth of 18%, led by PAR and Annuity. SBILIFE posted modest growth of ~4%, while IPRU reported 18% YoY decline in APE (affected by weak ULIP trends), but a strong sequential improvement. Although, protection trends, which declined from the peak of 1HFY21, remained healthy. Furthermore, VNB margins expanded for HDFCLIFE, SBILIFE, and MAXF, while the VBN margin declined for IPRU.
- **Our view:** Most banks have reported better asset quality trends, coupled with sharp recovery in certain retail segments, which surpassed pre-COVID levels. This addresses the key concerns around the business outlook and asset quality of the banks. Although slippages would increase over FY21, we expect normalizing trends from FY22. Overall, we expect a strong earnings rebound in large banks, led by moderation in credit cost and an improved operating performance – as business trends improve. We believe banks with a strong/granular liability franchise, higher liquidity, and strong capital levels would be able to tide over the current crisis efficiently and gain further market share. We increased our earnings estimate for AXSB by 21%/10% for FY22/FY23, IIB by 35%/14% for FY22/23, and ICICIBC by 20% for FY21. **We maintain our preference for ICICIBC, HDFCB, and SBIN. Among the Life Insurance players, we prefer MAXF and SBILIFE.**
- **Positive surprises:** IIB, ICICIBC, SBIN, HDFCB, MAXF
- **Rating change:** BANDHAN – Downgrade to Neutral

Guidance highlights:

- **HDFCB:** Overall, margins would remain at 4.1–4.5% in the medium term. The C/I ratio would reverse to 38–39% v/s the current level of 36%. However, this is likely to improve over the medium-to-long term. Restructuring would remain at 0.5%.
- **KMB:** Loan growth is recovering gradually, with the focus on secured lending and improving traction in lending toward better rated corporates. The management expects margins to remain stable / improve on reduced CoF.
- **ICICIBC**: It expects higher slippages in 4QFY21, but sees slippages and credit cost normalizing from FY22. The focus remains on growing its portfolio in a granular manner. Excess liquidity would gradually be deployed to improve NIMs.
- **AXSB:** The bank expects the restructuring book to remain at 0.42% of loans and slippages to moderate in 4Q. It further guided for FY22 to be a 'look-forward' year.
- **SBIN:** It expects to recover a significant portion of the SMA-2 book in 4QFY21. Moreover, it expects a total asset quality impact of INR600b (2.5% of loans) due to the pandemic and expects credit cost to remain below 2% for FY21.
- **IIB:** It expects restructuring to be ~1.8% of total loans and credit cost to normalize from FY22. NIMs are likely to be in the range of 4.15–4.25%, aided by a further reduction in cost of funds.
- **FB:** Credit cost would remain 65–80bp below normalized levels, but higher for FY21. It expects PCR to remain between 65% and 70%. Credit growth would be 8–10% for FY21, with margins coming in between 3.15–3.2%.
- **RBK:** It expects restructuring to be ~1.5% of total loans and expects credit cost for FY21E to remain at FY20 levels. Cost of funds is likely to improve further over the next 2–3 quarters; it plans to open 75 branches in FY22.
- **Bandhan:** Credit cost for FY21 is likely to be ~5% v/s the earlier guidance of 3%. The management indicated an uptick in the Mortgage / Commercial Banking business, with the aim to reach 30% each of total AUM by FY25.

Exhibit 48: Steady NII growth and controlled opex drive strong operating performance; margin trajectory remains mixed

	NII			PPoP			PAT			NIM (%)		
INR b	3QFY21	YoY	QoQ	3QFY21	YoY	QoQ	3QFY21	YoY	QoQ	3QFY21	YoY (bp)	QoQ (bp)
AXSB	73.7	14.3%	0.6%	61.0	6.1%	-11.6%	11.2	-36.4%	-33.6%	3.59	2	1
BANDHAN	20.7	34.5%	7.7%	19.1	51.4%	17.6%	6.3	-13.5%	-31.2%	8.30	39	30
DCBB	3.3	3.6%	0.3%	2.8	46.0%	23.4%	1.0	-0.5%	16.9%	3.75	4	1
HDFCB	163.2	15.1%	3.4%	151.9	17.3%	9.9%	87.6	18.1%	16.6%	4.20	-	10
ICICIBC	99.1	16.0%	5.8%	88.2	16.8%	6.8%	49.4	19.1%	16.2%	3.67	(10)	10
IIB	34.1	10.8%	3.9%	29.6	7.5%	3.9%	8.3	-36.6%	25.2%	4.12	(3)	(4)
KMB	40.1	16.8%	2.4%	30.8	29.1%	-6.5%	18.5	16.1%	-15.1%	4.51	(18)	(1)
FB	14.4	24.4%	4.1%	9.6	29.5%	-4.3%	4.0	-8.3%	31.4%	3.22	22	9
RBK	9.1	-1.6%	-2.6%	8.0	12.3%	11.8%	1.5	110.2%	2.0%	4.19	(38)	(15)
AUBANK	6.3	24.9%	12.9%	8.7	179.0%	87.2%	4.8	151.9%	48.8%	5.60	10	50
SBIN	288.2	3.7%	2.3%	173.3	-4.9%	5.3%	52.0	-6.9%	13.6%	3.12	7	-

Source: MOFSL, Company

Exhibit 49: Deposit traction across banks remains healthy, led by strong CASA deposits

	Loans			Deposits			CASA Deposits			CASA Ratio (%)		
INR b	3QFY21	YoY	QoQ	3QFY21	YoY	QoQ	3QFY21	YoY	QoQ	3QFY21	YoY (bp)	QoQ (bp)
AXSB	5,828	5.9%	1.1%	6,541	10.6%	2.9%	2,824	15.9%	0.6%	43.0	200	(100)
BANDHAN	768	26.7%	4.7%	712	29.6%	7.7%	305	62.0%	20.7%	42.9	856	464
DCBB	253	-0.5%	1.7%	289	-2.9%	0.3%	67	-3.6%	3.2%	23.1	(17)	64
HDFCB	10,823	15.6%	4.2%	12,711	19.1%	3.4%	5,467	29.6%	6.9%	43.0	350	140
ICICIBC	6,990	10.0%	7.1%	8,743	22.1%	5.0%	3,954	17.5%	8.5%	45.2	(180)	140
IIB	2,071	-0.1%	2.9%	2,391	10.3%	4.9%	966	5.2%	5.2%	40.5	(189)	20
KMB	2,141	-1.2%	4.5%	2,653	10.8%	1.4%	1,562	21.5%	4.5%	58.9	520	180
FB	1,255	5.3%	2.1%	1,617	11.8%	3.1%	557	22.5%	5.6%	34.5	302	80
RBK	564	-5.4%	0.5%	672	6.8%	4.2%	208	23.5%	3.8%	31.0	420	(10)
AUBANK	303	14.0%	11.2%	297	24.5%	10.1%	64	72.2%	20.8%	22.0	500	100
SBIN	23,681	7.6%	3.2%	35,358	13.6%	1.9%	15,464	15.3%	1.3%	45.2	43	(24)

Source: MOFSL, Company

Exhibit 50: Snapshot of change in proforma asset quality ratios as of 3QFY21

Pro-forma	As on 2QFY21		As on 3QFY21			Difference	
asset quality	GNPA	NNPA	GNPA	NNPA	PCR	GNPA	NNPA
AXSB	4.28	1.03	4.55	1.19	73.8	27	16
BANDHAN	1.54	0.72	7.12	2.36	66.9	558	164
DCBB	2.39	0.92	3.70	1.92	48.1	131	100
HDFCB	1.37	0.35	1.38	0.40	71.0	1	5
ICICIBC	5.36	1.12	5.42	1.26	77.7	6	14
IIB	2.32	0.61	2.93	0.70	77.0	61	9
KMB	2.70	0.74	3.27	1.24	62.1	57	50
FB	NA	NA	3.38	1.14	66.3	NA	NA
RBK	3.49	1.49	4.57	2.37	49.3	108	88
AUBANK	1.63	0.53	3.29	1.29	61.5	166	76
EQUITAS	2.86	1.45	4.16	1.71	57.3	130	26
BOB	9.33	2.67	9.63	3.36	65.1	30	69
SBIN	5.88	2.08	5.44	1.81	68.0	(44)	(27)

Source: MOFSL, Company

Restructuring book remains under control at sub 1% for large bank; mid-sized banks could see higher restructuring

Exhibit 51: Snapshot of restructuring book across banks

INR b	Absolute	Actual as of 'Dec'20	Potential as of Mar'21
AXSB	27.1	0.42%	0.42%
BANDHAN	NA	NA	NA
DCBB	6.9	2.70%	5.00%
HDFCB	NA	0.50%	Similar levels
ICICIBC	25.5	0.40%	0.40%
IIB	NA	0.60%	1.80%
KMB	NA	0.28%	Similar levels
FB	10.7	0.90%	1.30%
RBK	NA	1.00%	1.50%
AUBANK	2.5	0.80%	1.50%
BOB	95.0	1.40%	NA
SBIN	181.3	0.77%	NA

Source: MOFSL, Company

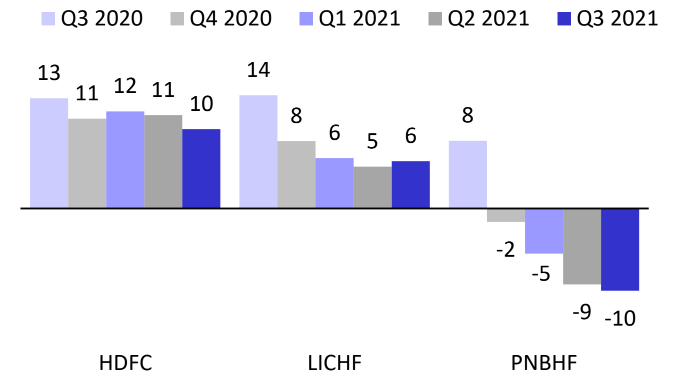
FINANCIALS – NBFCs: Collection efficiency back at pre-COVID levels; minimal restructuring

- **Continuing the trend of 2QFY21, NBFCs witnessed improvement across parameters in 3QFY21 – be it disbursements, collections, or margins.** With a healthy festive season, disbursements either reversed to or exceeded pre-COVID levels, in most cases. Given the broad-based macroeconomic recovery, this is likely to sustain in 4QFY21 as well.
- 3QFY21 was the first full quarter out of the moratorium period for the NBFC sector. While the slippage of some loans into Gross Stage 3 (GS 3) was expected, this was better than our expectations. **On average, the increase in proforma GS 3 was only 100–200bp.** Most companies continued to build their provision buffers – we believe overall provisions are largely adequate. **Collection efficiency (CE) reverted to the normal run-rate (100%+ in Vehicle Finance and ~98% in Housing Finance) in Dec'20. The only segment where CE recovery is pending is the MFI segment, especially in certain states such as West Bengal and Assam.** Additionally, the number of customers who have not paid even a single installment is sub-1% for most players. Overall restructuring was also minimal across the sector (sub-2%).
- **Liquidity remains abundant:** NBFCs with good parentage are able to raise long-term NCDs at 5–6% and CPs at ~4% from the capital markets. Other NBFCs are able to raise money at 100–300bp higher cost via NCDs. In 3QFY21, many NBFCs resumed sell-downs via PTC/direct assignment as well. **While some NBFCs such as HDFC and BAF reduced balance sheet liquidity sequentially, most NBFCs continue to carry excess liquidity on the balance sheet.** Our interactions with the managements suggest they would look to trim excess liquidity in FY22.
- **HFCs – sharp disbursement pickup for the Top 2 players: Retail loan disbursements continued to improve MoM, exceeding YoY levels in the quarter for both HDFC and LICHF (up 25–35% YoY).** However, corporate disbursements remained modest for both players. Cost of funds improved 50bp+ – this helped mitigate yield pressure on account of heightened competition. **While there was no significant asset quality deterioration for HDFC, LICHF's Stage 2 loans increased ~550bp QoQ**. Restructuring amounted to ~1% of loans for both players. In the Affordable Housing Finance segment, the disbursement trend was divergent – AAVAS' disbursements reverted to YoY levels, but CANF's disbursements remain muted (down 25% YoY).
- **Vehicle financiers – divergent trends:** We noted divergent trends across the three vehicle financiers under our coverage. **CIFC and SHTF's disbursements recovered to more than pre-COVID levels, while MMFS' disbursements were at 65% of YoY levels.** MMFS has been slow in Tractor Financing, especially in non-M&M tractors. Even asset quality trends were divergent – **SHTF reported 20bp proforma GS3 improvement, while CIFC/MMFS witnessed a ~100bp/300bp increase in GS3.** However, negligible restructuring was done by MMFS, while that by CIFC/SHTF stood at 1.6%/2%. Additionally, ECLGS disbursements by MMFS were significantly lower (INR2.4b v/s INR7.5b for SHTF and INR15b for CIFC). However, as provisions made over the past few quarters are largely adequate, we expect run-rate credit costs for all vehicle financiers in FY22.
- **Diversified financiers – largely back to normal:** Disbursements have reached 90–100% of YoY levels. BAF regained some lost market share in Consumer Durables Finance in the festive season. **While its GS3 loans increased ~150bp QoQ, this was more than offset by decline in Stage 2 loans. Hence, total overdue loans declined from ~INR130b to ~INR100b sequentially.** Similarly for SCUF, proforma GS 3 improved marginally on a sequential basis. While cost of funds continues to decline for BAF, this has been largely stable for SCUF. Notably, BAF reduced liquidity from ~INR250b to ~INR140b sequentially.
- **Gold financiers – healthy performance:** While growth has slowed from 10%+ QoQ in the prior quarter, it must be viewed in the context of flattish gold prices. **MGFL reported tepid sequential growth of 3%, while that for MUTH was healthy at 7%. MUTH even reported an uptick in tonnage and customer count**. Nevertheless, gold financiers lost market share to banks due to favorable LTV norms for banks (90% LTV for banks v/s 75% for NBFCs). CE in subsidiaries is improving, but growth remains tepid.
- **Capital market players – strong performance:** ISEC reported strong topline numbers, aided by a surge in industry trading volumes. **While market share in cash trading was largely stable, it lost 200bp+ share in derivatives trading, largely due to the new regulatory norms that came into effect in Dec'20.** The company also rolled out a new plan called 'NEO' to counter competitive pressure from discount brokers. Other product

segments delivered in-line performances. IIFLWAM reported largely in-line numbers. Net flows were marginally tepid; however, improvement was seen in IIFL One margins. Operating expenses, too, were higher than our estimates.

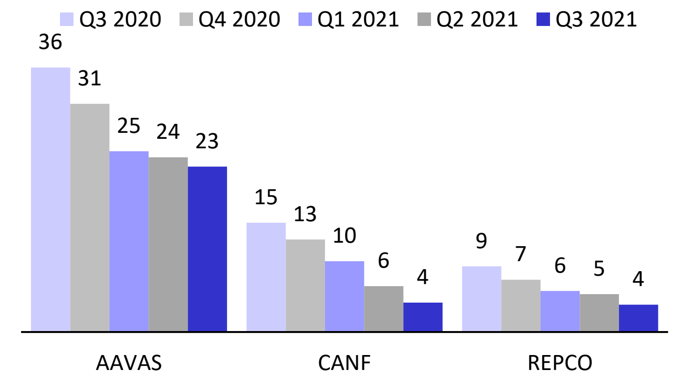
- **Our view:** We are incrementally more positive on the sector. The green shoots of recovery seen across the Auto and Real Estate sectors in Aug/Sep'20 sustained in 3QFY21. On the asset quality side, the 'stressed' book is much lower than our initial expectations – weighed by COVID-19. Moreover, restructuring is sub-2% of loans for most players. In our view, companies have made largely adequate provisions; hence, credit costs should normalize in FY22. In our view, margins could surprise positively in 2021 on account of a) continued reduction in cost of funds across borrowing sources and b) reduction in BS liquidity, resulting in a slower drag on margins. The lending NBFCs under our coverage are poised to deliver 10–27% RoE in FY22, with CIFC, BAF, and MUTH delivering 18%+ RoE. We remain bullish on HDFC, CIFC, MUTH, and ISEC.
- **Positive surprises:** HDFC, ISEC, MUTH
- **Negative surprises:** MMFS, IIFLWAM
- **Rating changes:** None
- **Guidance highlights:** a) SHTF's management guided for 6% AUM growth in FY21 and double-digit AUM growth in FY22; b) BAF lowered FY21 credit cost guidance to INR59–60b (from INR60–63b earlier); c) ISEC does not expect further market share loss from regulatory tightening in Mar'21.

Exhibit 52: HDFC has maintained steady AUM growth (%)



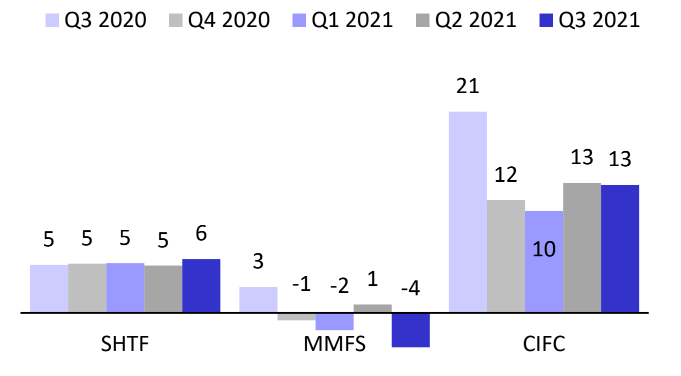
Source: MOFSL, Company

Exhibit 53: CANF's AUM growth is slowing (%)



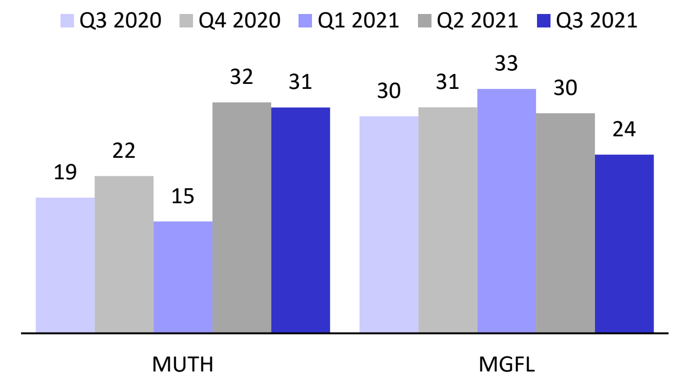
Source: MOFSL, Company

Exhibit 54: Negative AUM growth continues for MMFS (%)



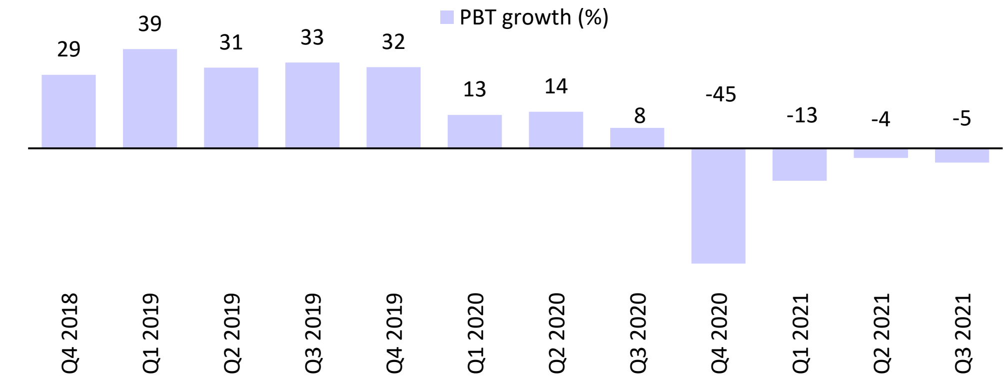
Source: MOFSL, Company

Exhibit 55: MUTH outperformed MGFL in AUM growth (%)



Source: MOFSL, Company

Exhibit 56: Core PBT close to YoY levels for the industry



Source: MOFSL, Company

HEALTHCARE: On a robust YoY earnings growth trajectory

- Aggregate sales of Pharma companies under coverage were up 11% YoY to INR535b (v/s our estimate of INR539b), with EBITDA on an aggregate basis coming in line with our expectations (+29% YoY to INR129b). Lower interest/tax outgo led to higher PAT growth of 48% YoY to INR80b (v/s our estimate of INR78.5b). Key themes during 3QFY21 were: a) continued improvement in Domestic Formulation (DF) sales, b) steady US sales, c) continued benefit of lower opex, and d) sustained favorable demand for APIs. Aggregate other expenses, as a percentage of sales, stood at 24.4%, down 230bp YoY, while aggregate staff cost came in at 17.3%, down 40bp in 3QFY21.
- Of the 19 companies in our coverage universe, nine have beaten our earnings estimates, while six missed our estimates. ALKEM, DRRD, BIOS, and STR missed our expectations by a large margin.
- **Largecaps –** LUPIN, SUNP, and CIPLA saw their earnings more than double YoY to 2.2x/2.1x/2.1x, led by an improvement in DF sales, niche products (Albuterol in the US for CIPLA and LUPIN and Specialty Pharma for SUN), operational cost savings, and due to the low base of last year. DIVI delivered 43% YoY earnings growth due to strong traction in: a) CRAMS/API, b) stable pricing environment, and c) better capacity utilization. CDH delivered 39% YoY earnings growth led by superior DF performance, despite weak flu season impacting US sales.
- **Midcaps –** Performance of midcaps were much stronger than largecaps. LAURUS continued to witness exponential earnings growth led by the ARV segment (API, FDF, and CRAMS). GRAN continued its outperformance, recording 65% YoY earnings growth, aided by strong performance in the PFI segment.
- Segment wise, **DF** recovered from the slump in 1QFY21, with 12% YoY growth on an aggregate basis for companies under our coverage. Chronic Therapies have continued to show growth. With more doctors opening up their clinics, hospitals seeing increased activity from non-COVID patients. With more patients now willing to visit doctors, Acute Therapies posted a healthy recovery in 3QFY21. Pharma companies are increasingly adapting to the digital way of marketing, which would save cost and increase the virtual reach of MRs to doctors.
- Aggregate **US sales** remained largely flat YoY in 3QFY21 (in USD terms) due to a second wave of the COVID- led sales disruption and a weaker flu season. Growth in US sales for SUNP/CIPLA was led by strong performance in the Specialty Pharma portfolio/market share gains in Albuterol. Growth for DRRD/ARBP was driven by new product launches/increase in volumes of already launched products. Price erosion remained stable for most Pharma companies again in 3QFY21. Ongoing regulatory issues at Indrad/Dahej and price erosion in the base business resulted in a 23% YoY decline for TRP. Continued sales execution in existing commercial products led to 4% YoY growth for ALKEM. SUNP posted 11% YoY growth in US sales, with strong growth in Specialty products. Despite a product recall-related headwind, CIPLA posted 10% YoY growth in US sales in 3QFY21. LUPIN's US sales largely remained flat despite a market share gain in Albuterol.
- Loss of business from the base portfolio was stabilized with a price erosion of 5-8%.
- On an aggregate basis, ~922 ANDAs are pending for approval in 3QFY21 (v/s 957 ANDAs at the end of 2Q). ARBP/LPC/CDH had maximum ANDAs pending for approval at the end of 3QFY21.

- **API sales** grew 17% YoY, but fell 4% QoQ for companies under our coverage. YoY growth was largely led by: a) continued momentum from reducing country-specific risk, and b) favorable pricing. There has been some QoQ deceleration due to stocking up of API by formulators, which is expected to ease in coming quarters.
- Despite an increase in travel and promotional activity, marketing expenditure was lower in 3QFY21 in DF YoY as there are some structural cost savings and savings from medical conference-related expenditures. Going forward, marketing spends in the DF segment is expected to increase QoQ. However, the cost increase would be calibrated and would be subject to improvement in the sales outlook. The digital initiatives would result in structural cost savings and increasing reach, leading to better profitability for Pharma companies having exposure to DF. Regulatory risk remains due to restrictions on international travel. Companies with facilities currently under USFDA regulatory constraints are awaiting inspections, which appear to still be some time away. We have seen a resumption of inspections by USFDA, particularly in products facing a shortage in the US (ALPM). We expect continued market share gains for API companies from de-risking led demand and revenue generation from newly commissioned plants.
- Based on earnings beat and promising outlook, we have upgraded our earnings estimates for seven out of 18 companies (excluding JLS) under our coverage universe. Maximum upgrade in estimates were for largecaps like SUNP/CIPLA (7%/10%) and midcaps like LAURUS/AJP (12%/7%). This follows significant upside revision in 2QFY21 earnings.

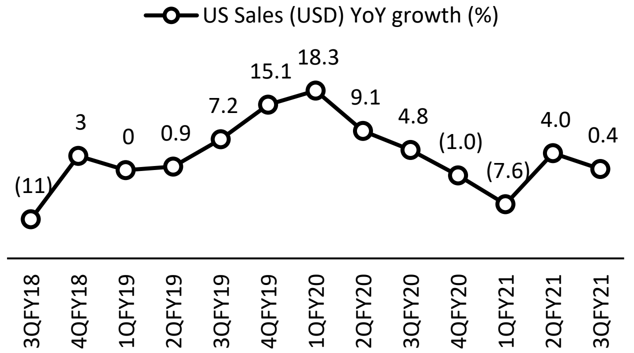
- **Top picks: DIVI, SUNP, and ARBP.**
- **Positive surprise:** SUNP, CIPLA, LPC, GLXO, LAURUS, and AJP.
- **Negative surprise:** BIOS, TRP, DRRD, STR, and ALKEM.

Guidance highlights

- **SUNP's** Specialty products have shown healthy growth YoY, with Ilumya 9MFY21 sales surpassing sales for the whole of FY20. It has started Phase III trials for Psoriatic Arthritis for Ilumya. Other expenses are expected to increase going forward due to increased MR activity. The management plans to launch 20-25 products in the DF segment every quarter.
- **DIVI** plans to add more molecules in the Generics API segment. The development and validation of these molecules have been completed, and some products have already been submitted. Contrast media API is emerging as another important area of growth. With regard to one of the CS projects announced in 2QFY21 (capex of INR4b), one line of manufacturing is commercialized and the other two would be completed shortly. Production is expected to commence ~1HFY22.
- With 22 launches in 9MFY21, **DRRD** is confident of launching over 30 ANDAs in North America in FY21. With Phase III trials underway for the Sputnik vaccine, DRRD expects to get approval under Emergency Use Authorization and subsequently launch the vaccine. The company will launch g-Vascepa shortly, but g-Remodulin launch is still some time away.
- **CIPLA** expects COVID-led cost savings to be higher than its previous guidance of INR4-5b for FY21. Its g-Advair is under review by the USFDA and is progressing well. CIPLA's partner in the inhaler asset has received queries from the USFDA. Its partner is addressing the same. The management has guided for one limited competition launch per quarter from 1QFY22 onwards.
- **ARBP's** Injectables sales are expected to touch USD650-700m over the next three years from the current annual run-rate of USD380m. It expects API sales to double in next 4-5 years. Its contract with COVAXX allows ARBP to use its facilities for contract manufacturing of the COVID vaccine. Capex spend on account of the PLI scheme would be above the planned capex and would happen over the next 30 months.
- **TRP** has reduced debt by INR8.3b in 9MFY21 and has guided for INR10b in repayments in FY21. It has restructured its domestic field force to increase efficiency by reducing its field force by ~400 MRs (to 3,600 MRs). The commercialization of approved ANDAs from the Levittown facility is expected from 1QFY22. It expects to grow at 10% YoY in Brazil going forward and at low single-digits in Germany.

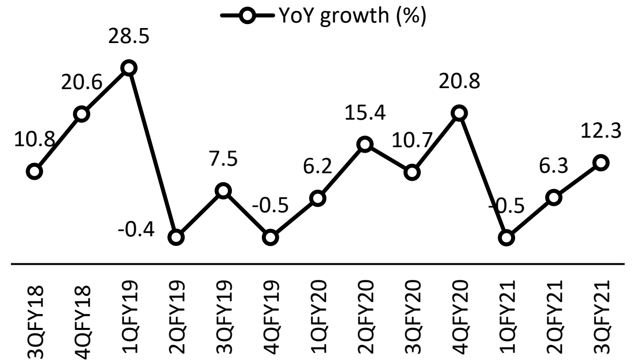
- **BIOS** expects a gradual ramp up in Insulin Glargin in US over the next 9-12 months, with favorable formulary coverage and award of contracts. The company is progressing well on the interchangeability aspect of insulin Glargine. Physical inspection is required for Bevacizumab and Insulin Aspart approval by USFDA. It is planning to respond to the Complete Response Letter (CRL) on g-Copaxone in a few months. The management aims to list Biocon Biologics (BB) over the next 18-24 months.
- **LPC** has guided at R&D spend to be 9% of sales and ETR to be lower than 30% for FY22. It maintained its guidance of launching g-Spiriva by mid-CY22. LPC expects a higher number of ANDA filings in 4QFY21 than in the previous three quarters. LPC plans to launch g-Fostair in the UK and subsequently expand to other geographies in Europe.
- **CDH's** Saroglitazar has been granted a fast-track designation as well as an orphan drug status for PBC treatment in the US. The management plans to commercialize this product on its own. Saroglitazar is expected to be approved for PBC by FY23. CDH hopes to file for NASH in FY24/FY25. The vaccine plant is expected to be ready in 1QFY22, with an annual capacity to produce 120m doses. Total investment for the vaccine program will be ~INR1.5-2b. The management indicated R&D spend of 8% of sales for FY22. It expects Saroglitazar annual India sales to touch over INR2.5b in 3-5 years.
- **ALKEM** plans to file 10-12 ANDAs and launch 8-10 products on an annual basis in the US over the next 2-3 years. The management has guided for low double-digit YoY growth in US Generics over the next 12-15 months. Post a favorable ruling for the g-Duexis litigation in a district court, ALKEM is contemplating whether to go ahead with an at-risk launch or wait for an outcome from a higher court.
- **IPCA** has guided for 10% YoY growth in Branded export sales for FY21, driven by healthy recovery in Russia and CIS in 4QFY21. The management has guided for 13-14% YoY growth in DF sales in FY22, adjusted for on-time Hydroxychloroquine (HCQS) sales in FY21. It aims to achieve 69% gross margin and an EBITDA margin of 25-26% over the next 12-15 months.
- **ALPM** remains confident of tracking USD400-500m US sales by FY24 on the back of new launches across different dosage forms. The management plans to launch over five products in the US market in 4QFY21. It plans to add two more injectable lines at F3. ALPM would spend INR4-5b on new capex investments over the next 1.5-2 years, including investments for API facilities.
- **AJP** expects EM Branded segment sales to grow by 9-10% YoY in FY21 and overall EBITDA margin of 31-32%. It expects to file 10-12 ANDAs over the next 12-15 months, including one in 4QFY21. AJP has guided for an effective tax rate of 27% in FY21.
- **GRAN** indicated FY21 earnings growth of 65-70% YoY and is confident of clocking 25-30% YoY growth in FY22. The management expects steady state GM to be ~52-53% and EBITDA margin of ~27%. It plans to launch ~10 ANDAs over the next 12-15 months (three in 4QFY21). R&D spend is expected to increase to INR1.5b in FY22 (compared to INR850m in FY21E). GRAN is on track to construct a MUPS block and expand API capacity in Visakhapatnam, which it expects to be completed by 4QFY22. Overall capex guidance was INR3.5-4b, spread over FY22-23.
- **LAURUS** has a strong order book in ARV as well as non-ARV segments. Brownfield FDF facility to begin operations in Aug'21 and would be fully operational in FY22. It validated two additional products for contract manufacturing partnerships and expects benefits to accrue in FY22. It is adding 1m liters capacity over the medium term to meet increased demand.

Exhibit 57: Growth in US sales slows down



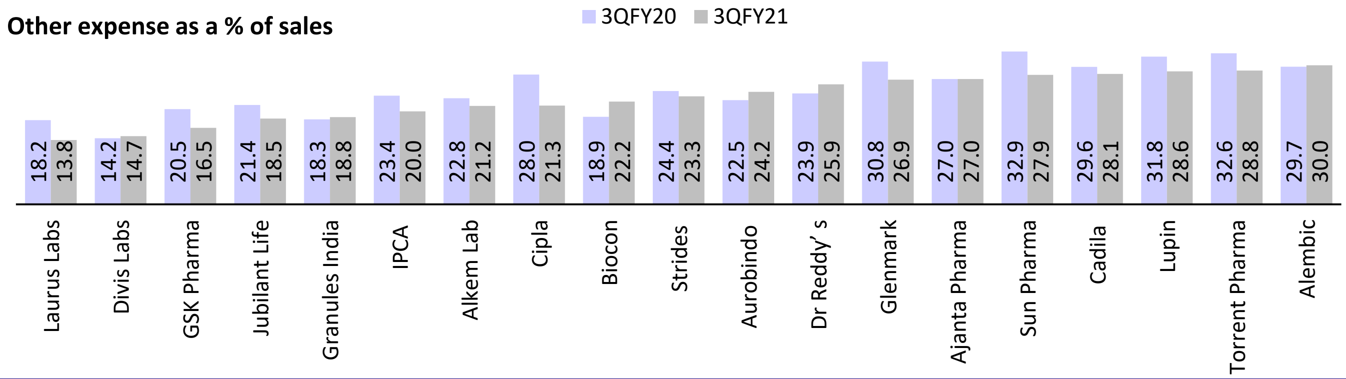
Source: MOFSL, Company

Exhibit 58: DF sales show a strong recovery



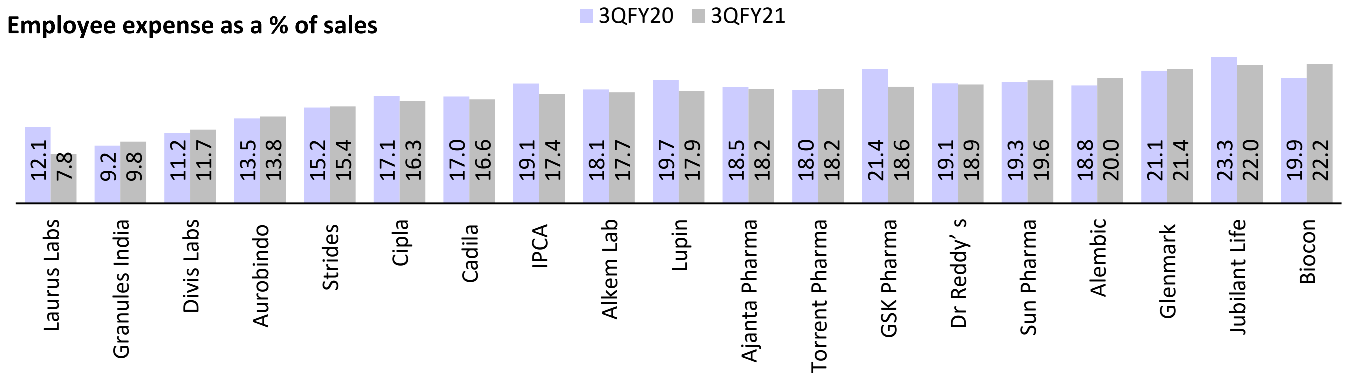
Source: MOFSL, Company

Exhibit 59: Aggregate other expense down 230bp YoY at 24.4% in 3QFY21



Source: MOFSL, Company

Exhibit 60: Aggregate employee cost declines 40bp YoY to 17.3% in 3QFY21



Source: MOFSL, Company

METALS: Best ever quarter for Ferrous

- **Ferrous:** Domestic steel companies achieved their highest ever quarterly EBITDA on the back of higher prices, improved product mix, and lower coking coal costs, partly offset by higher iron ore prices (for JSTL). Volumes declined 5% QoQ (1% YoY) due to inventory destocking in base periods. Average realization during 3QFY21 was up 19% QoQ (22% YoY), which led average industry EBITDA/t to rise by 67% QoQ (138% YoY). EBITDA and EBITDA/t for all companies under our coverage are near fresh highs during 3QFY21. TATASTL clocked a consolidated EBITDA of INR94.6b despite a dismal performance in the Europe business (loss of INR7.2b). JSTL recorded a consolidated EBITDA of INR59.5b, up 40% QoQ (170% YoY). JSP's EBITDA rose 63% QoQ to INR45.8b, supported by higher prices, improved product mix, and higher usage of free Sarda iron ore. SAIL saw a sharp rebound in its EBITDA, up 167% QoQ to INR50.8. Tata (S/A), JSTL, JSP, and SAIL recorded an EBITDA/t of INR20,035/INR14,444/INR21,929/INR12,241. For our steel coverage universe, EBITDA increased by 66% QoQ (190% YoY) to INR251b, whereas adjusted PAT stood at INR162b, up 138% QoQ/5.4x YoY. NMDC too recorded its highest ever EBITDA of INR27.7b, up 70% YoY, and PAT of INR21.1b (+53% YoY) on the back of high iron ore prices. With steel remaining higher by INR6,000-7,000/t QoQ, earnings outlook for 4QFY21 is even stronger.
- **Non-ferrous – Higher LME boosts profitability:** NSRs for non-ferrous metal companies (HNDL, VEDL including HZ, and NALCO) improved on the back of a recovery in LME prices. Aluminum/zinc prices increased 13% QoQ (~10% YoY) each. While LME prices recovered sharply during 3QFY21, commodity costs remained largely lower, thus improving profitability. HNDL's aluminum volumes declined 4% YoY to 315kt (+4% QoQ), whereas VEDL's aluminum volumes rose 3% YoY (7% QoQ) to 502kt. HZ's refined metal sales volumes improved 10% YoY to 235kt (-1% QoQ). LME recovery and lower input cost aided HNDL's India EBITDA to improve 20%/25% QoQ/YoY to INR15.2b. Novelis surprised with record high adjusted EBITDA of USD476m (+5% QoQ, +39% YoY) and EBITDA/t of USD510. VEDL's EBITDA increased 19%/48% QoQ/YoY to INR77.5b on the back of 11%/43% jump in zinc (HZ) EBITDA to INR32.7b and 24%/160% jump in aluminum EBITDA to INR20.6b. NALCO's EBITDA rose 53% QoQ (11x YoY) to INR4.3b on the back of a recovery in LME prices.
- **Deleveraging accelerates:** Higher EBITDA and limited capex led to strong free cash flow generation during 3QFY21, leading to accelerated deleveraging by steel companies. TATASTL reduced its net debt by INR103b QoQ (~10%) to INR884b, though INR60b was on account of export advance (INR60b). JSP lowered its debt by INR33b QoQ (~11%) to INR25.6b. JSTL reported a decline of INR11b to INR518b despite higher capex and infusion of ~INR15b in Asian color coated acquired during 3QFY21. SAIL also lowered its debt by ~12% QoQ to INR443b. HNDL too reduced its debt by INR42b QoQ to INR538b on the back of FCF generation and divestiture proceeds of the Lewisport facility during 3QFY21. We expect deleveraging to continue for steel companies in 4QFY21 on the back of expected strong earnings.

Top picks

- **HNDL:** Given HNDL's low-cost (top quartile globally) and integrated aluminum operations in India, it is well-placed to benefit from higher LME prices. The outlook for Novelis is positive, led by resilience in the Beverage Can business and strong demand recovery in Auto, a high-margin business. With ~73% EBITDA contribution now coming in from the non-LME business (Novelis), we see relatively higher stability in HNDL's earnings.
- **JSP:** We expect JSP to achieve ~10% EBITDA CAGR (excluding Oman) to INR105b over FY20-23E, led by an expected 11% volume CAGR. We expect the company to reduce its net debt by INR196b (INR194/share) to INR183b (including acceptances) over FY20-22E through strong FCF generation and Oman divestment.

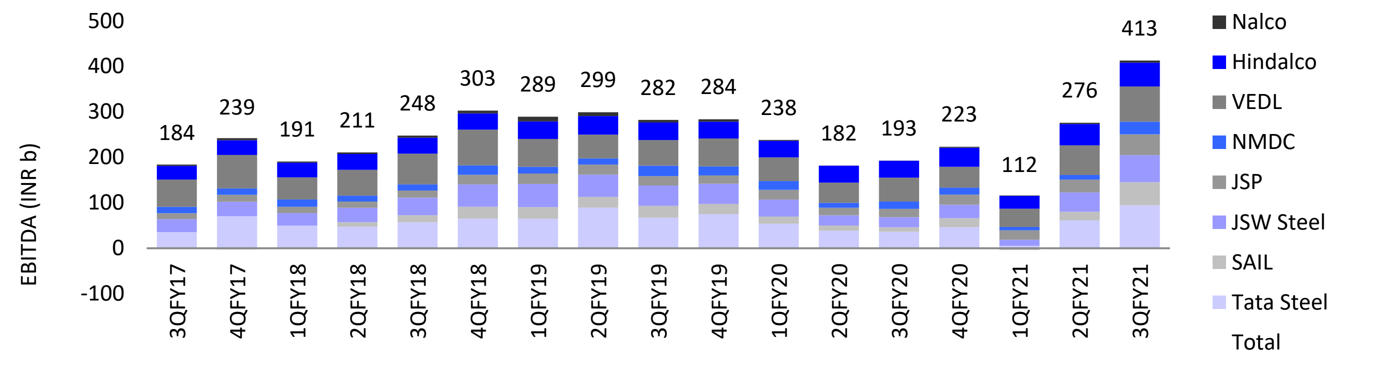
Rating Change: Upgraded SAIL to Buy

Guidance highlights:

The managements reiterated their focus on deleveraging the Balance Sheet and utilizing free cash flows to reduce debt further during 4QFY21. Margins in 4QFY21 should remain even stronger as the full benefit of higher pricing in 3QFY21 should flow in.

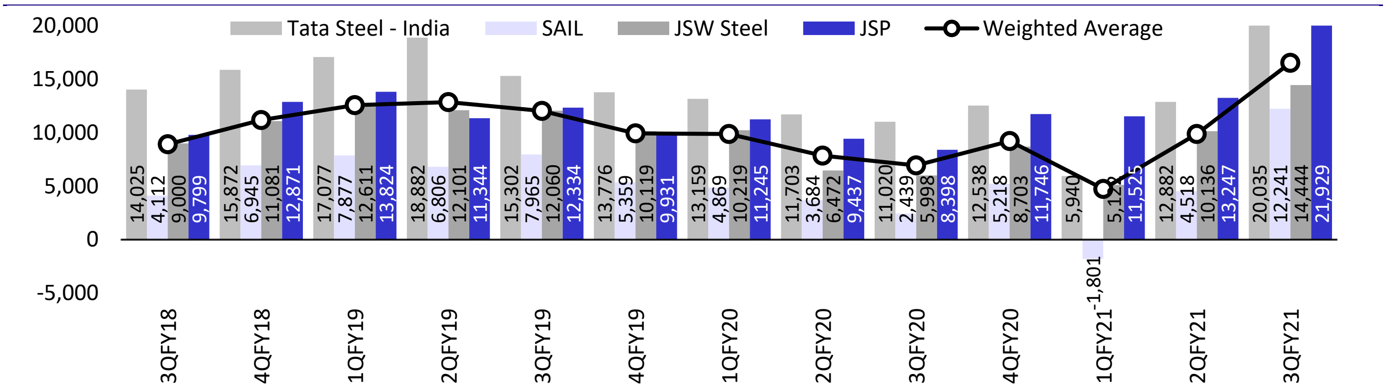
- **JSTL:** 1) The management expects India steel demand to grow 10-12% YoY in FY22. 2) The management lowered its production guidance to 15.2mt from 16mt earlier, but expects to meet its sales guidance of 15mt in FY21 (10.8mt in 9MFY21). 3) JSTL expects to complete the 5mtpa Dolvi capacity expansion by 4QFY21 end. However, complete integration of operations and stabilization would take place in 1QFY22. 4) The company may not see a debt reduction if Bhushan Power and Steel is acquired during 4QFY21.
- **TATASTL:** 1) Realization is guided to improve by INR6,000-7,000/t QoQ in 4QFY21. 2) The company plans to resume work on the pellet plant (40% completed) and cold rolling mill (CRM) complex at Kalinganagar – which, once completed, would be margin accretive. 3) Work on KPO-II expansion would likely begin in FY23. 4) TATASTL has called up INR465/share as a final call on partly paid shares (77.7m share outstanding). This would result in an inflow of INR35.8b. The record date has been fixed as 19 Feb'21.
- **JSP:** 1) The management guided at achieving net debt and EBITDA of INR150b each by FY23. 2) Sarda iron ore inventory stands at 4.5mt and would last till 1QFY22. 3) Gare Palma IV/1 coal block operations should start in 6-8 months. 4) Oman divestment is expected to complete in 4QFY21.
- **SAIL:** 1) Debt reduced by a further INR14b in Jan'21. Net debt is guided to fall below INR400b by Mar'21. 2) Revisions in employee wages would be done retrospectively from Apr'20. Provisions for the same would be made in 4QFY21. The impact of the wage revisions has been guided over 10% of employee cost (INR87.1b in FY20).
- **HNDL:** 1) Aluminum CoP is guided to increase 3% QoQ in 4QFY21 due to rise in input commodity prices like CT Pitch, coke, etc. 2) It maintained its guidance of USD475-500/t on a sustainable basis in the Novelis business. 3) The management announced downstream capex of INR7.3b for 34ktpa Aluminum extrusion capacity with a few more downstream capacities being planned at Renukoot and Hirakud. 4) Demand for Beverage Cans/Auto is expected to grow 3-6%/ 25-30% YoY (although on a lower base) in CY21.

Exhibit 61: Metals aggregate EBITDA rose 50% QoQ/114% YoY in 3QFY21



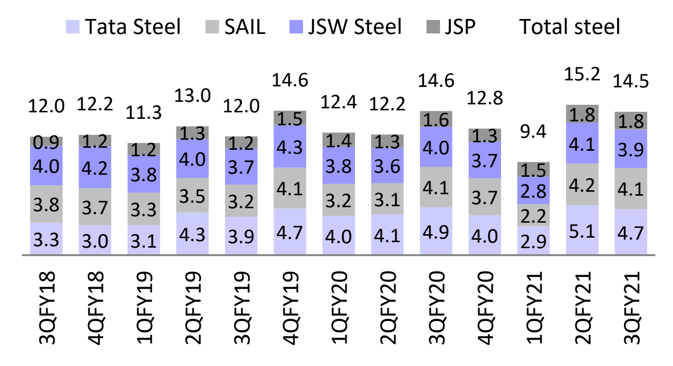
Source: Company, MOFSL

Exhibit 62: Steel EBITDA (INR/t) at record high



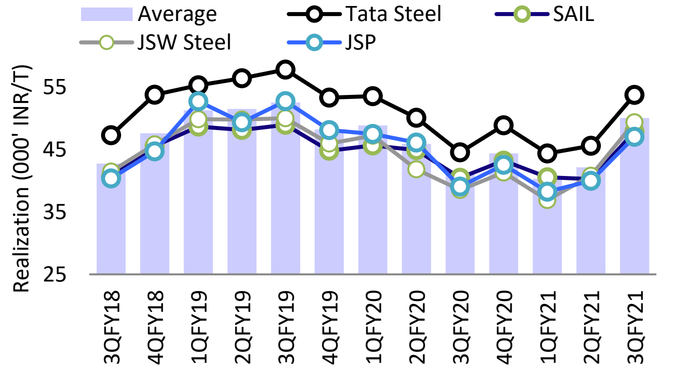
Source: MOFSL, Company

Exhibit 63: Steel sales down 5% QoQ/1% YoY



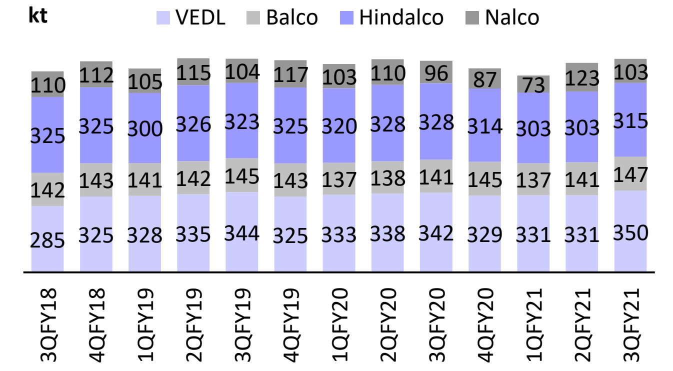
Source: Company, MOFSL

Exhibit 64: Steel realization up 19% QoQ in 3QFY21



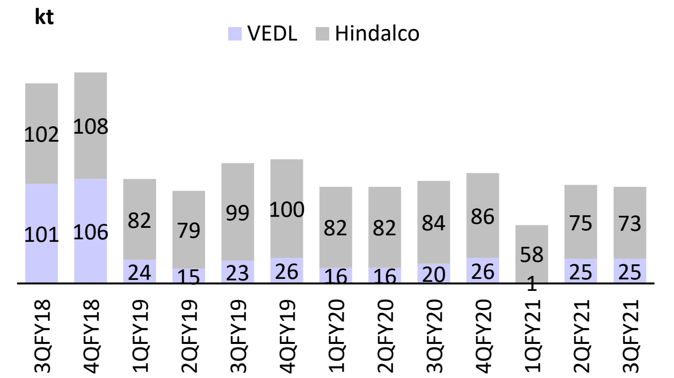
Source: Company, MOFSL

Exhibit 65: Aluminum sales (kt) up 2% QoQ/1% YoY



Source: MOFSL, Company

Exhibit 66: HNDL's copper sales (kt) down 3%/13% QoQ/YoY



Source: MOFSL, Company

OIL & GAS: OMCs & CGDs outshine

- **Aggregates:** Revenue/EBITDA were in line with our estimates (down 16.5%/1% YoY; ex-OMCs it was down 23.5%/14.7%). PBT for our Universe was up 16.1% YoY (v/s our estimate of 10.5% YoY increase); while ex-OMCs it was down 14% YoY - primarily due to upstream companies. PAT for our Universe was up 24.5% YoY (v/s our estimate of 4% YoY increase); ex-OMCs, it was flat YoY (v/s our estimated decline of 20% YoY).
- **Marketing margins remain saving grace…:** Implied gross marketing margins were stronger for OMCs – IOCL and BPCL's margins were above expectations at INR6.1–6.5/lit, while HPCL reported below estimates at INR5.2. Marketing volumes reached last year's levels (in line with estimates) as domestic demand for petroleum products revived in the latter half of the quarter.
- **…amid weak GRMs:** For 3QFY21, Singapore GRM averaged USD1/bbl (up sequentially from USD0.1), primarily led by improvement in ATF cracks. On the other hand, no QoQ improvement was seen in the other two transportation fuels (gasoline and gasoil). Indian refiners reported GRMs below our estimates at USD1.9–2.5/bbl, clocking inventory gains of USD1–2.8/bbl (v/s our estimates of USD2–2.5/bbl). Thus, core GRMs were at USD1.2–1.3/bbl for IOCL–BPCL and –USD1/bbl for HPCL. MRPL's core GRM stood at USD0.4/bbl for 3QFY21, with inventory gains of USD2.8/bbl.
- **RIL (O2C) EBITDA in-line:** The management reorganized the Refining and Petrochemical businesses into Oil-to-Chemicals (O2C) to a) facilitate holistic and agile decision-making, b) pursue attractive opportunities for growth with strategic partnerships, and c) drive the move further downstream. The company no longer provides key operational parameters such as refining and petchem margins. As per our calculations, based on production for sale, RIL reported EBITDA/mt of USD71.5 in 3QFY21 (up from USD68.4 in 2QFY21). Standalone EBITDA at INR86.9b was below our est. (-33% YoY). Reported PAT stood at INR86.3b, while adj. (for exceptional) PAT stood at INR87.7b (-8% YoY). For the second consecutive quarter, RIL realized a huge tax credit (on account of E&P

asset write-back in 3QFY21). RJio's EBITDA was in-line (up 45% YoY), while Retail EBITDA surprisingly reported 13% YoY growth (10% beat) despite revenue decline.

- **CGDs – Industrial segment continues to outperform expectations; CNG demand revival gets delayed further:** GUJGA's total volumes were up 23% YoY / 16% QoQ, driven by strong industrial demand. Morbi volumes stood at ~7mmscmd (owing to strong export orders for ceramic units), while non-Morbi demand grew 31% YoY. CNG volumes recovered to 85–90% (below est.) for IGL and MAHGL, while for GUJGA, they recovered to pre-COVID levels. EBITDA/scm was highest ever, led by lower gas cost for IGL and MGL, and agile pricing action by GUJGA to counter the increase in spot LNG prices in Dec'20. However, OMCs are pushing for increased rentals for selling CNG at their ROs. This, along with an increase in APM prices – expected from 1st April'21, should challenge IGL and MAHGL's capabilities in passing on the entire cost increase to end consumers. We have built in a normalized margin scenario for all the CGDs going into FY22–23.
- **Ratings and earnings change:** We have not changed any of our ratings during the quarter. In 3QFY21, we revised up our FY21 estimates by 10–11% for GUJGA and MAHGL, factoring in higher volumes and higher margins respectively. GAIL was revised up 6% considering better performance expectations from the Trading and Petchem segments in 4QFY21. Our EPS assumptions for FY22/FY23E remain largely unchanged, except for GUJGA (EPS has been upgraded by 7–8% on the back of continued strong volume performance).
- **Top picks:** GAIL, Petronet, and GUJGA are our top picks in the sector – with GAIL and GUJGA being probable candidates of re-ratings/upgrades.
- **RIL**: After receiving the rest of the rights issue proceeds, RIL is expected to turn net cash positive. The move to merge the Refining and Petchem businesses, coupled with the net cash status, would attract investments in the standalone business as well (a perfect replica of RJio's deals). Although, there may be challenges due to current subdued refining margins. Furthermore, the stake sale in Jio and retail platforms to globally renowned brands has opened up a plethora of opportunities.
- **GAIL:** The Trading segment is expected to turn profitable in 4QFY21, while petchem margins remain at multi-year highs. GAIL has started supplying ~2.3mmscmd of gas (0.8 to MCFL, 1 to the Ramagundam fertilizer plant, and 0.5 to the Gorakhpur fertilizer plant). The company expects this to reach 6–7msmcmd by end-1QFY22 with the full commissioning of the Ramagundam, Gorakhpur, and Matix plants. This along with favorable macros for LPG & Liquid HC petchem business should aid better profitability in next couple of quarters. Reiterate Buy.
- **Petronet:** It has announced the expansion of the Dahej terminal to 22.5mmtpa over the next 4–5 years (on a current capacity of 17.5mmtpa). This should result in a volume CAGR of ~7% over this period. With the addition of 5% tariff escalations each year, the resultant EBITDA CAGR should be 12–13% over the next 4–5 years. With dividend payout of more than 70%, we reiterate Buy on the stock.
- **GUJGA:** The company has been the biggest beneficiary of the current China+1 strategies and the imposition of ADD by the US on China – resulting in increased ceramic exports from India. This – along with increased demand from GCC and the US – has also led to the emergence of a new ceramic cluster at Aniyari (potential of ~0.5mmscmd). The Ceramic Association expects growth of 25–30% in FY22 as 60 new units are likely to be commissioned by end-CY21 and various existing units undergo expansion. Assuming a similar volume CAGR of 10–12% over the next two years, the company trades at a ~40% discount to IGL. Reiterate Buy.
- **Positive surprises:** GAIL, GUJGA, IOCL, BPCL
- **Negative surprises:** HPCL, MRPL

Guidance highlights:

- **RIL:** The company believes demand for PVC, PP, and polyester would remain firm on account of improving end markets. Although, we believe the spike in petchem margins is led by pent-up demand post COVID. Moreover, huge capacity additions in China would further lead to pressure on petchem margins in the coming months. RIL recently commissioned gas production from its R-series cluster. The KG Basin is expected to achieve peak production of ~30mmscmd over the next two years.
- **OMCs:** In Jan'21, MS saw growth of 6.3% YoY, while HSD was down just 2% YoY. ATF demand was down 42% YoY. Companies believe the current weak refining margins should see an uptick, with improved product (HSD,

ATF) demand across the globe – on an increase in economic activity, led by the distribution of vaccines. IOCL continues to have strong capex of INR260b annually, while HPCL/BPCL has guided for capex of INR115b/INR90b (up from INR80b earlier) in FY21. Debt reduced for OMCs. IOCL and BPCL announced interim dividend of INR7.5–16/share, while HPCL is continuing with its buyback program.

- **GAIL:** GAIL expects incremental trading volumes of ~11mmscmd to be sold in India within another year (i.e., entire volumes that were sold abroad up to 2QFY21) – with the commissioning and ramp-up of various other fertilizer plants. Also, strong tailwinds such as the boost in transmission volumes from increased domestic gas production, c) upcoming LNG terminals, and d) NGT's increasing impetus on curbing air pollution are factors likely to drive the re-rating of the stock.
- **Petronet:** Long-term LNG prices were lower than spot prices in Jan'21, resulting in increased long-term offtake and decline in spot volumes. However, spot LNG prices have fallen to ~USD6/mmbtu for Apr'21 delivery. It expects a decision on the Kochi re-gas charges by Mar'21-end and thereafter expects to enjoy the continued benefit of 5% tariff escalations each year. Dahej is being expanded to 22.5mmtpa instead of 19.5mmtpa. PLNG is in talks with various stakeholders to set up an LNG terminal in Sri Lanka and has been conducting feasibility studies for a terminal at Gopalpur – which should take care of growth beyond the next five years. Around 90% of PLNG's Dahej capacity is tied up (15.75mmtpa of 17.5mmtpa). In line with the management guidance, we do not see utilization at the Dahej terminal falling below 100%.
- **CGDs:** GUJGA stated that its current volumes are trending above ~11.5mmscmd. IGL and MAHGL mentioned that CNG volumes in Jan'21 were down 6–9% YoY and are expected to reach pre-COVID levels by the end of 4QFY21.

Exhibit 67: Implied gross marketing margins (INR/lit)

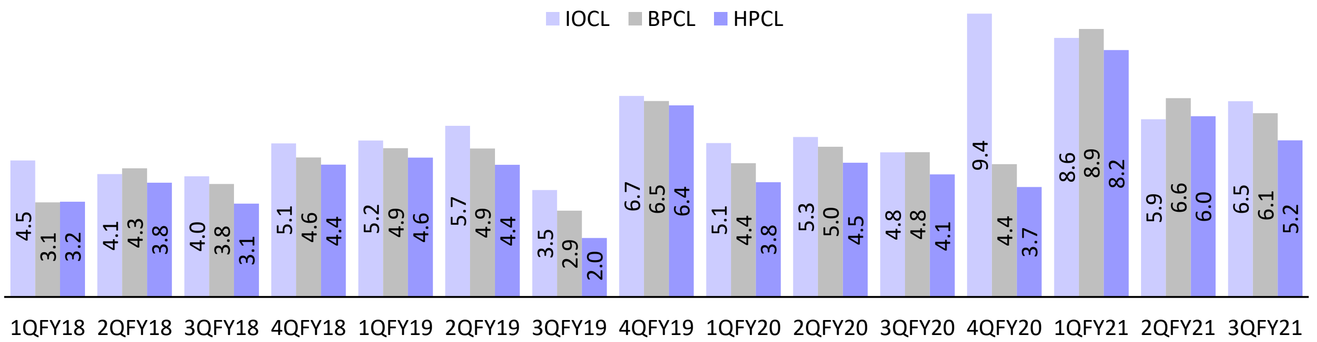


Exhibit 68: Core refining margins (USD/bbl)

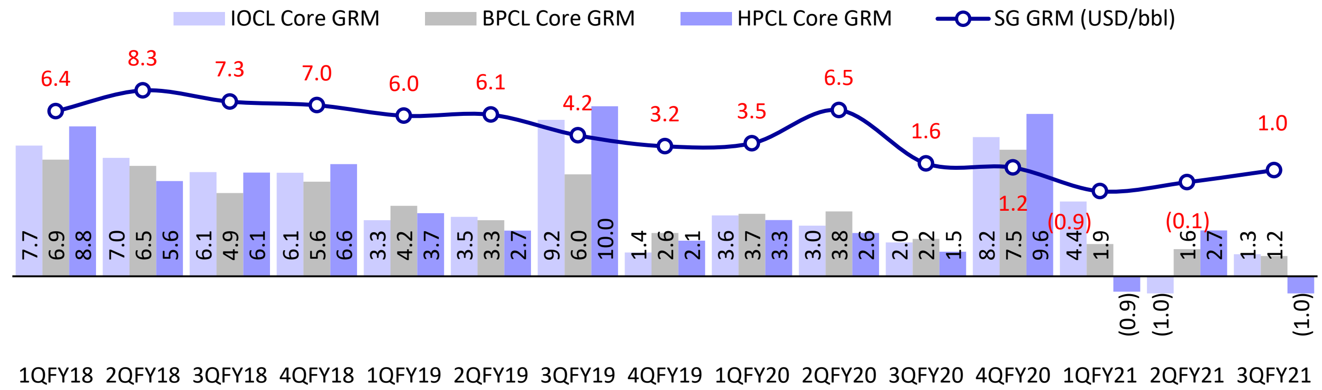


Exhibit 69: Sales volume of CGDs (mmscmd)

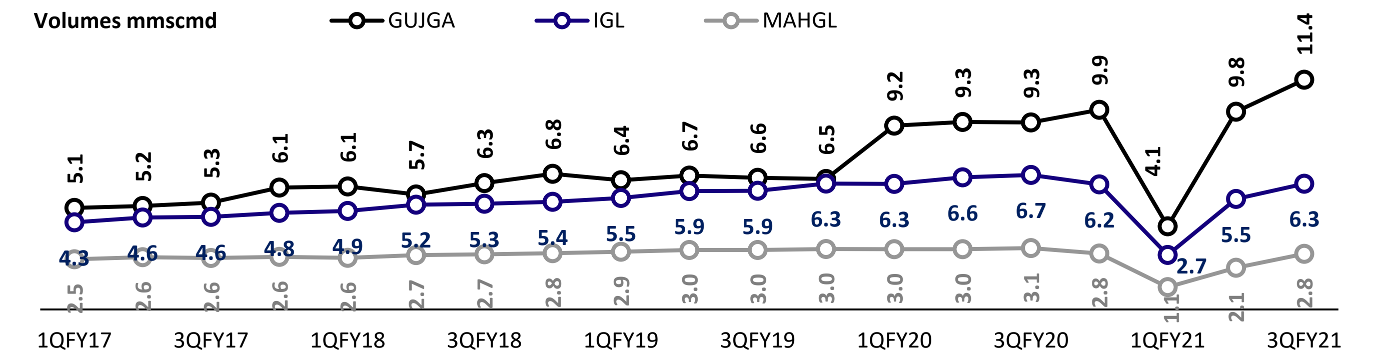
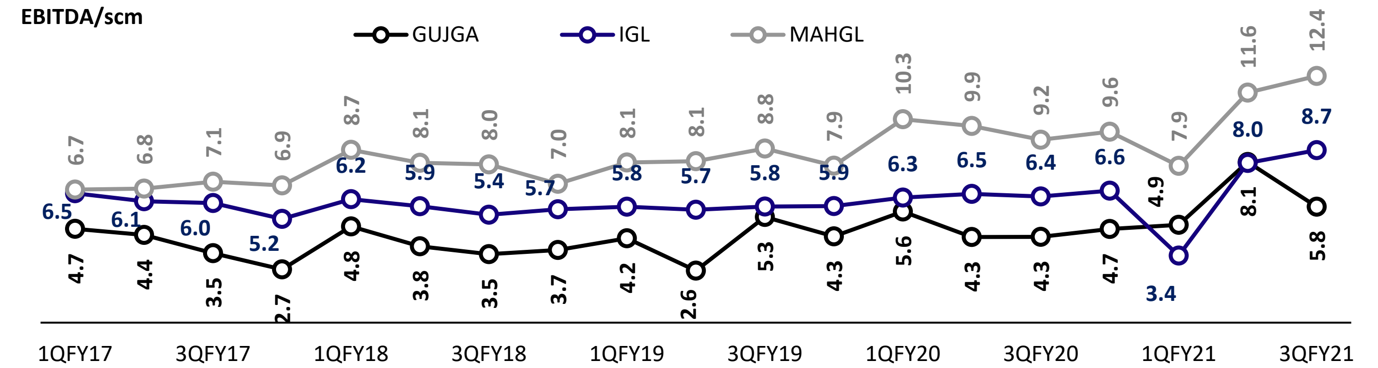


Exhibit 70: EBITDA/scm trend for CGDs (INR)



RETAIL: Recovery taking longer than expected

Revenue recovering, but still below pre-COVID levels: Apparel was one of the most severely impacted by COVID-19 among the Discretionary categories. Yet, compared with the last two quarters, apparel retailers have started to see revenue recovery, led by the gradual opening up of the economy, lifting of operational restrictions, and resumption of offices. Furthermore, sales in 3QFY21 were driven by a strong festive season (Oct–Nov'20), wedding season, and winters in North India. Retailers witnessed improved footfall on a MoM basis, and the conversion and average basket sizes remained higher than normal (similar to the previous quarter) – as store visitors comprised only those consumers that were interested in making purchases. Categories such as Casual Wear, Comfort Home Wear, Athleisure Wear, and Innerwear witnessed higher demand. Grocery retailer DMart witnessed 11% YoY revenue growth as the majority of the revenue was generated from Non-Discretionary, which rebounded quickly. Apparel retailers, on the other hand, witnessed YoY revenue decline in the range of 15–30%. In 3QFY21, revenues of ABFRL/SHOP/Trent/VMART were down 20%/29%/17%/16% YoY.

Revenue trends better in select products, formats: Growth is yet to turn broad-based; specific categories such as Athleisure, Sportswear, Casual Wear, Innerwear are garnering better sales. Furthermore, high-street stores are performing better than malls, smaller stores are seeing higher traction than larger stores, and stores in smaller cities are recovering faster than stores in metro/tier-1 cities. The online channel is gaining traction and growing at a significant pace; however, it still contributes single-digit revenues for retailers. Players are now disproportionately shifting their capex and opex allocation toward improving online efficiency and customer reach.

Resumption of operations; accelerated new store openings: With the lifting of restrictions, stores have started to operate at full capacity; >95% of existing stores were operational at the time of the reporting of the results. Furthermore, retailers have commenced their expansion spree through new store openings. ABFRL's Madura opened 127 new stores and DMart/Pantaloons/Westside/V-Mart opened 1/5/3/10 new stores, while Shoppers Stop closed 1 store. Store additions should be accelerated further in the coming quarters.

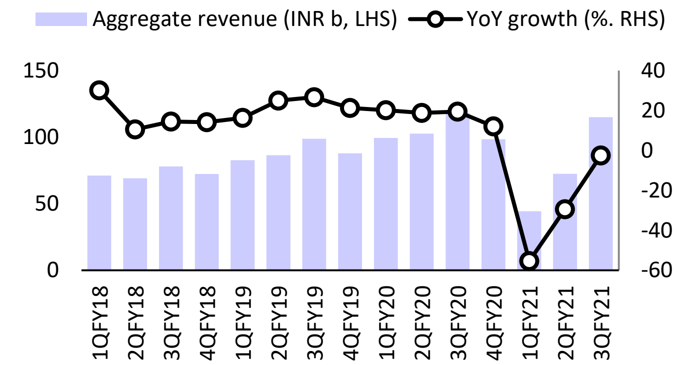
Stricter inventory control leads to gross margin expansion: Retailers' gross margins expanded in 3QFY21, led by lower discounts, inventory write-backs, and stricter inventory management. ABFRL/DMart/Trent/V-Mart witnessed YoY gross margin improvement of 30bps/20bps/570bps/40bps, while SHOP reported decline of 400bps.

Sharp cost measures cushion EBITDA impact: Retailers have taken sharp cost rationalization measures to cushion the impact of the pandemic, which has reduced their overall operating expenses. Although cost is increasing on a QoQ basis, it is significantly lower v/s last year's levels. These measures include rental renegotiations for a rent reduction up to FY21 as sales are expected to return to normal levels in FY22. 3QFY21 employee/SG&A costs were down 15–25%/10–30% YoY for apparel retailers, but increased for grocery retailer DMart by 18%/4%. These cost measures, adopted by ABFRL/SHOP/V-Mart, cushioned the EBITDA decline to 4% YoY to INR14.4b. Margins expanded on the back of better-than-expected cost measures and revenue recovery – ABFRL/DMart/Trent/V-Mart saw margin expansion of 190bps/40bps/490bps/130bps YoY, while SHOP's margin declined 650bps.

Retailers turn profitable: The aggregate net profit for our coverage companies stood at INR6.2b. Only SHOP reported loss of INR0.2b, while ABFRL/DMART/TRENT/VMART reported net profit of INR0.7b/INR4.5b/INR0.8b/INR0.5b.
Top picks: ABFRL, VMART
Positive surprises: ABFRL

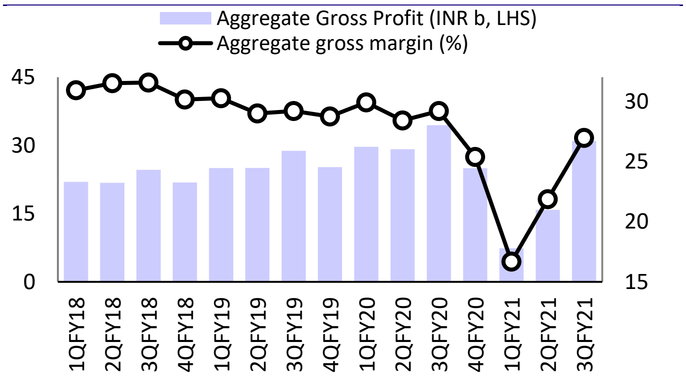
Guidance highlights:
- **ABFRL:** (1) Expect some portion of cost efficiencies to continue. (2) It aims to bring net debt to INR2.5b by Mar'21 (excluding the investment in the Sabyasachi acquisition). (3) ABFRL looks to add 100 more stores in FY21 and plans to open more stores in tier 2/3/4 towns. It plans to open 20–25 Pantaloons stores in FY21.
- **SHOP**: (1) Expect revenue to reach pre-COVID levels by 2Q/3Q FY22. (2) The management expects to open 10–12 departmental stores annually from FY22, primarily in tier-2 cities, and close 5–7 non-profitable stores. (3) The management targets omni-channel share in total sales to rise to 15–25% over the next 2–3 years.
- **VMART:** (1) The management maintains the long-term target of 25–30% new store adds/year. (2) It plans to refurbish stores in the 'Value' dial-up and 'Fashion' dial-up formats; capex would remain at similar levels for the refurbishment of the new format stores. (3) The company would increase investments in stores as the market recovers; anticipate cost pressure and an increase in employee expenses.

Exhibit 71: Revenue decline at 2.5% YoY



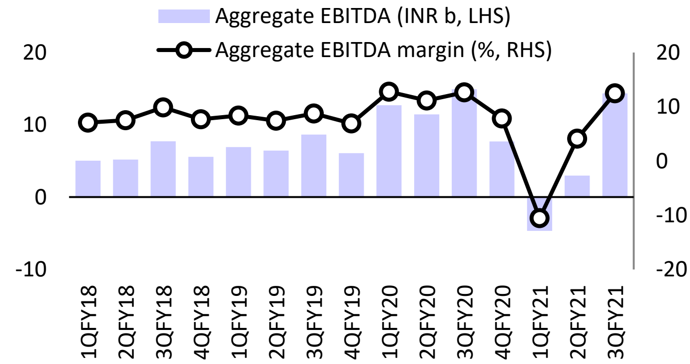
Source: Company, MOFSL

Exhibit 72: …along with decline in gross profits



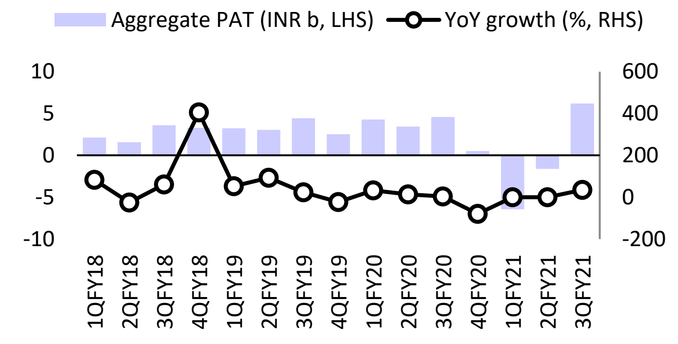
Source: Company, MOFSL

Exhibit 73: Sector EBITDA down 4 % YoY



Source: Company, MOFSL

Exhibit 74: Retailers turn profitable with PAT of INR6.2b



Source: Company, MOFSL

Exhibit 75: Retail store adds snapshot

	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21
Total Store count															
Madura EBO's	2049	2103	2156	2190	2229	2288	2369	2406	2506	2544	2656	2699	2662	2686	2813
Pantaloons	213	243	256	275	282	288	302	308	314	331	343	342	342	339	344
DMART	132	136	141	155	157	160	164	176	184	189	196	214	216	220	221
Shoppers Stop	80	80	82	83	83	83	83	83	83	84	89	84	84	85	84
Westside	0	0	0	125	130	135	142	150	155	161	167	165	166	166	169
V-Mart	149	157	167	171	179	190	200	214	227	239	257	266	266	264	274
Store adds															
Madura EBO's		54	53	34	39	59	81	37	100	38	112	43	-37	24	127
Pantaloons		30	13	19	7	6	14	6	6	17	12	-1	0	-3	5
DMART		4	5	14	2	3	4	12	8	5	7	18	2	4	1
Shoppers Stop		0	2	1	0	0	0	0	0	1	5	-5	0	1	-1
Westside		0	0	125	5	5	7	8	5	6	6	-2	1	0	3
V-Mart		8	10	4	8	11	10	14	13	12	18	9	0	-2	10
Total Store Adds		**96**	**83**	**197**	**61**	**84**	**116**	**77**	**132**	**79**	**160**	**62**	**-34**	**24**	**145**

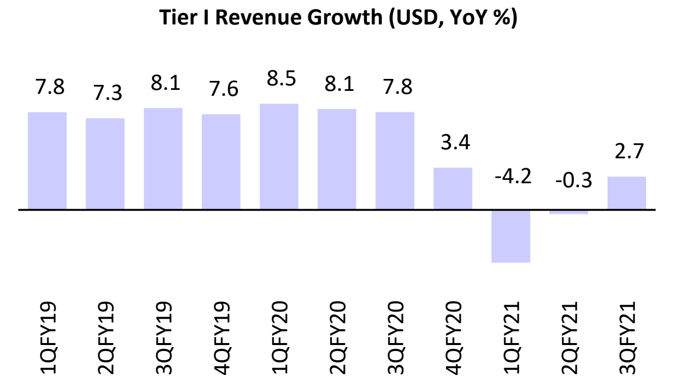
Source: Company, MOFSL

TECHNOLOGY: Optimistic outlook and margin expansion are key positives

- **Aggregate performance:** 3QFY21 aggregate sales grew by ~3% YoY to USD17b. While Tier I revenue grew ~5% sequentially, the same for Tier II IT players grew ~4% in USD terms. EBIT margin expanded by 90bp QoQ/280bp YoY in 3QFY21. EBIT margin for Tier I/II companies expanded by 90bp/80bp QoQ to 24.1%/16.9%, which is a key positive. Aggregate EBIT/PAT grew ~21%/14% YoY on the back of robust revenue growth and margin expansion.
- **Strong revenue growth in 3QFY21:** IT services companies delivered sequential growth of (2)-7% (USD) in 3QFY21 aided by broad-based growth across geographies and verticals, despite it being a seasonally weak quarter. This was meaningfully ahead of our expectation, indicating an uptick in technology spends by corporates. In terms of verticals, BFSI, Retail, Healthcare, Technology, and Telecom have seen a good recovery. Energy and Utilities, Manufacturing (Aero and Defense), and Travel and Hospitality are expected to take longer to recover.
- **Robust deal pipeline and healthy deal wins indicate an improved demand outlook:** Companies' deal pipelines have improved further v/s 2QFY21 and is now at pre-COVID levels, indicating a demand uptick. Strong deal TCV, coupled with mega-deal wins in TCS/INFO/WPRO, suggests resilience to macroeconomic concerns – as corporates respond to the COVID-led disruption. INFO reported the highest ever deal win signed in the IT industry (we estimate it over USD3b).
- **Next leg of growth to come from Digitalization:** Companies talked about customers accelerating technology investments to power their recovery, revival, and transformational journeys. This has accelerated Cloud adoption significantly, which otherwise was a 3-5 year cycle. Cloud migration, Cyber Security, and IoT are frequently coming up in client discussions. However, this opportunity is not limited to just Cloud migration, but also extends to 'usage of Cloud applications,' which would benefit Indian IT companies in the long run.

- **Continued margin expansion in 3QFY21:** Companies witnessed a sequential expansion in EBIT margin in 3QFY21 (10-290bp QoQ), better than estimated in most cases. Sharp improvement in operational efficiency parameters, such as an increase in utilization/offshoring/automation, was the key lever for margin growth in 3QFY21. Lower travel costs, coupled with operating leverage, more than compensated for the INR appreciation v/s the USD and wage hikes in some cases. We see the continued confidence in margin sustainability at current levels as encouraging, despite the upcoming wage hike and resumption of discretionary and travel spends.
- **Utilization and attrition on the right track:** Utilization has improved across companies, led by a demand recovery. This has further aided margin improvement. We expect a moderation in utilization in FY22 as companies build up their bench strength on a better demand outlook for FY22. Attrition across companies remains low, but is expected to increase over the next few quarters.
- **High-payout policy to continue:** With low capex requirements, Tier I IT firms have increased their payouts in the past five years. Companies have continued with high payouts in FY21, despite the challenging environment – a key positive. TCS and WPRO have announced large buybacks (INR160b/INR116b). INFO and HCLT have raised their dividends v/s earlier periods.
- **Top picks:** The IT sector has seen multiple earnings upgrades, owing to better-than-expected recovery, and a jump in operating margin. We expect tech spends to remain a critical enabler for enterprises to transform in preparation for the new normal. Some of this has been factored in the valuations as stocks trade at 2-3x standard deviation to P/E multiples. We feel the re-rating is justified given the sector's resiliency and better-than-expected recovery. We continue to like INFO/HCLT among Tier I and LTTS/PSYS among Tier II IT players. This is attributable to their robust business models, high return ratios, and strong management teams.
- **Positive surprises:** TCS, INFO, TECHM, and CYL.
- **Upgrade earnings for majority of companies:** We have seen a 1-15% EPS upgrade for FY22E despite double-digit earnings upgrade for majority of companies in 2QFY21. Most management teams' left unchanged their outlook, despite a stronger 3QFY21, which suggests room for further upside to growth in FY21.
- **CYL upgraded to Buy:** We were surprised by the massive increase in DLM margin (up 2.2x QoQ), which the management expects to sustain on account of project mix and supply chain optimization. A double-digit margin profile in a segment contributing 20% to revenue would be welcomed by investors and help move the FY22E consolidated EBIT margin to 12.2% (+230bp YoY). We see increasing spends in the ER&D industry and CYL's strategy to digest these spends as support in the near to medium term. Supported by a better-than-expected revenue and margin outlook, we upgrade our FY21E/FY22E/FY23E EPS estimate by 5%/14%/7%. We also upgrade our rating to Buy on attractive valuation, assigning a target multiple of 14x to FY23E EPS (~10% premium to its five-year median multiple).

Exhibit 76: Revenue was largely flat for Tier I IT players

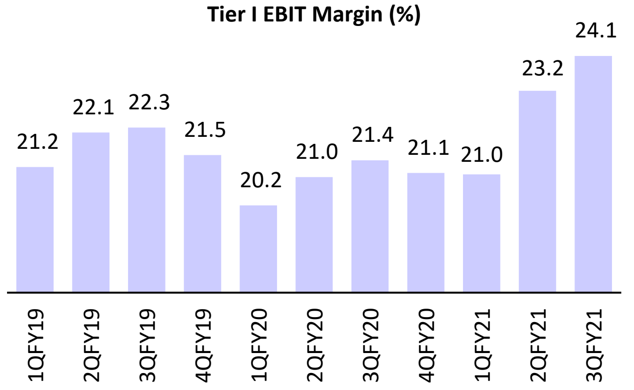


Source: Company, MOFSL

Exhibit 77: Revenue growth accelerated for Tier II IT players

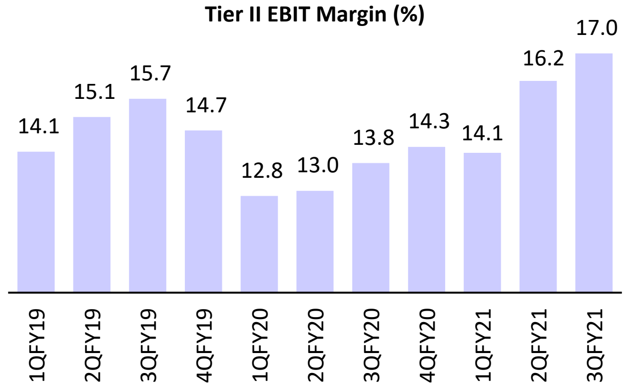
Figures exclude ZENT. Source: Company, MOFSL

Exhibit 78: EBIT margin expansion in Tier I…



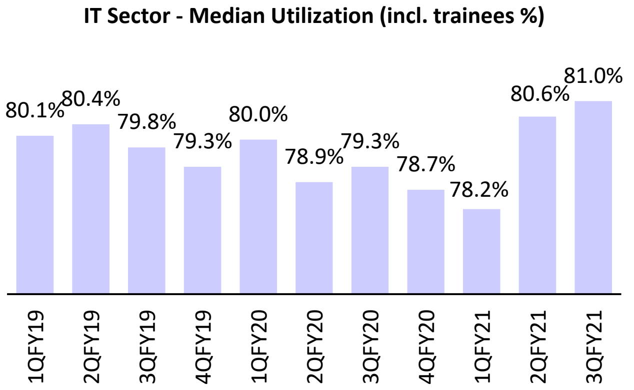
Source: Company, MOFSL

Exhibit 79: …and Tier II IT players is a key positive



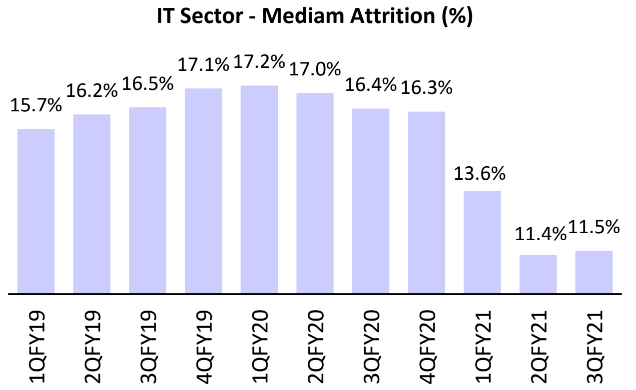
Figures exclude ZENT. Source: Company, MOFSL

Exhibit 80: Expansion in median utilization



Figures exclude TCS, HCL, MPHL; Source: Company, MOFSL

Exhibit 81: Median attrition moderates further



Figures exclude INFO, MPHL. Source: Company, MOFSL

Exhibit 82: Upgrade/downgrade in our EPS estimates shows the resilience of the sector despite COVID-related disruptions

Company	1Q		2Q		3Q	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
TCS	1%	NA	6%	NA	4%	6%
Infosys	12%	NA	12%	NA	3%	7%
Wipro	6%	NA	2%	NA	15%	16%
HCLT	12%	NA	2%	NA	4%	7%
TechM	17%	NA	-11%	NA	7%	10%
LTI	3%	NA	11%	NA	1%	2%
Mindtree	13%	NA	3%	NA	10%	11%
Mphasis	1%	NA	7%	NA	1%	0%
Coforge	-1%	NA	3%	NA	6%	8%
Persistent	17%	NA	-4%	NA	9%	8%
Cyient	25%	NA	8%	NA	14%	7%
Zensar	0%	NA	5%	NA	-2%	1%

Source: MOFSL

TELECOM: Growth in ARPU/subscribers led to an improvement in earnings

- **Telecom sector shows healthy growth amid COVID-19 pandemic:** With the unlocking of economy and resumption of businesses, migrant workers started returning to work. This led to improved earnings for telcos as these workers resumed recharges. The industry witnessed a growth in overall subscriber base, with Bharti/RJio witnessing 14m/5m subscriber additions while VIL subscriber loss reduced to 25% of 2QFY21 levels. Bharti maintained its capex intensity at INR68.6b (INR65.b in 2QFY21) to support high data growth, whereas the same for VIL reduced to INR9.7b (v/s INR10.4b in 2QFY21) due to liquidity concerns. The industry witnessed decent data growth after seeing moderation in 2QFY21 as Bharti/RJio's data traffic grew 10.7%/11.7% QoQ, while VIL's modest traffic growth of 3.4% could be attributed to its subscriber churn.

- **Subscriber shift between operators benefiting Bharti; VIL's pace of subscriber churn has reduced:** The unlocking of the economy has partly benefitted subscriber growth as inactive subscribers resumed their mobile usage. For the second quarter in a row, Bharti led with healthy total/4G subscriber additions, adding 14m/12.9m. RJio's subscriber additions has significantly slowed down at 5m. VIL's loss seems to be bottoming out, with net 2m subscriber decline v/s 8m in 2QFY21, while 4G additions too improved.
- **ARPU growth was broad based:** Despite no tariff hike, telcos witnessed ARPU improvement due to multiple reasons: a) favorable mix from the shift of 2G subscribers to higher ARPU 4G services, b) lingering benefits of price hike, and c) resumption of inactive/low ARPU per minute recharge subscribers. VIL saw the lowest ARPU improvement of 1.7% QoQ to INR121 due to improved 4G additions in 3QFY21. Bharti's industry leading ARPU of INR166 saw a further 2.5% QoQ growth (owing to strong 4G additions) on a base of a stellar 27% ARPU hike over 2QFY20-2QFY21. RJio saw leading ARPU growth of 4.1% to INR151 on the back of lingering benefits of price hike taken in Dec'19. Bharti/RJio/VIL's revenue increased by 5.8%/5.8%/1% QoQ to INR265b/INR185b/INR109b and EBITDA increased by 8.9%/8.1%/3.2% to INR121b/INR81b/INR43b.
- **Operating leverage leads to margin improvement:** Given the inherent fixed cost structure of the business, telcos witnessed healthy operating leverage benefit due to ARPU improvement. Bharti/RJio witnessed 130bp/100bp EBITDA margin improvement to 45.5%/43.9%, with incremental EBITDA margin of 60% for both players. VIL, on the other hand, saw a margin improvement of 90bp to 39.3% on the back of ARPU growth and sharp cost rationalization measures.
- **Incumbents continue to have high leverage:** Incumbents continue to struggle with high leverage, with an increase in the net debt for Bharti and VIL. Bharti's core net debt (including AGR) increased by INR45b to INR1,1245b primarily due to impact from the Indus deconsolidation (net cash company), investment in Indus merger, and increase in deferred spectrum liability (for additional AGR). VIL's core net debt increased by INR26b to INR1,171b, which would be INR1,675b including outstanding AGR liabilities of INR504b.
- **Top picks:** Bharti Airtel
- **Positive surprise:** Bharti Airtel

Guidance highlights:

- **Bharti**: 1) The management said it would be prudent about making incremental investments in 5G until the ecosystem/spectrum is available. The investments would be offset against a reduction in 4G capex. 2) FCF should be the key driver of deleveraging, along with asset monetization (at some stage), and dividends from Indus Towers and Airtel Africa. 3) Bharti would look to have sub-GHz spectrum in all circles.
- **VIL**: 1) IUC's 10% revenue and INR800m EBITDA will go away from 4QFY21. 2) Of the current debt of INR128b, only INR30b is due for payment in the next 12 months, while the remaining is due to a reclassification of debt owing to breach of covenants. VIL is unlikely to face any action of forced maturity. 3) It is focusing on re-farming its 3G network to 4G and is looking to end its 3G services by FY22.
- **Indus Towers**: 1) The company is revalidating its growth strategy and believes future growth is hinged on small cells, smart cities, fiber, WiFi, data centers, and the macro tower business. 2) Indus has received a large portion of the exit penalty from VIL. It should receive INR1.8b quarterly up to 3QFY23, following which the penalty should be less than INR1b annually for another year.
- **Tata Communications:** 1) Costs should increase from 3QFY21 levels as the unwinding of some portion of costs – which had been saved earlier due to the COVID-led lockdown – is remaining. 2) Capex should increase in 4QFY21. However, the management would remain watchful of the situation. 3) The company would start using accumulated loss as the international business starts delivering profit. Tax rate should be in the 22-25% range.

Exhibit 83: Operator-wise active subscriber market share (%)

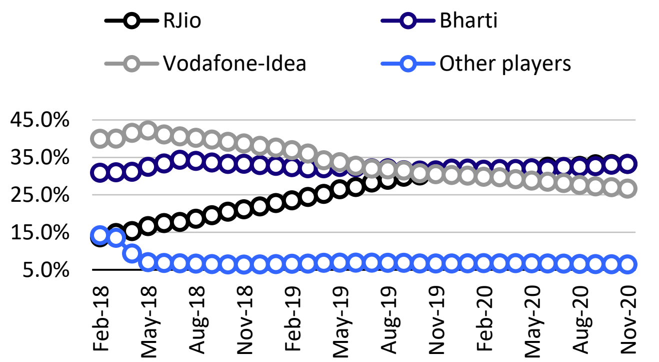
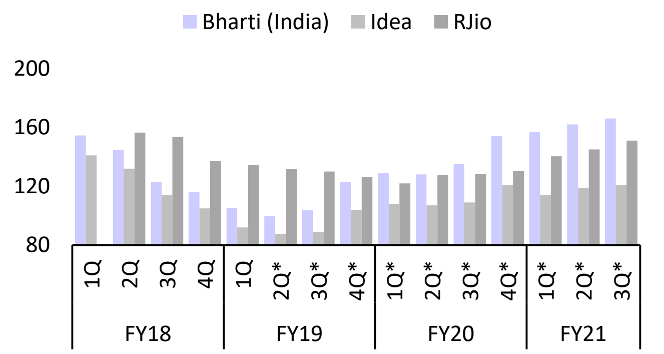


Exhibit 84: Operator-wise ARPU (INR)



*Vodafone Idea merged company performance

Exhibit 85: Wireless KPI comparison

	FY18				FY19				FY20				FY21			YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	(%)	(%)
EOP Wireless subscribers (m)																	
Bharti (India)	281	282	290	304	345	333	284	283	277	279	283	284	280	294	308	8.8	4.8
Idea	189	182	189	195	188	422	387	334	320	311	304	291	280	272	270	-11.3	-0.7
RJio	123	139	160	187	215	252	280	307	331	355	370	388	398	406	411	11.0	1.3
Average wireless subscribers (m)																	
Bharti (India)	277	281	286	297	324	339	308	283	280	278	281	283	282	287	301	7.0	4.9
Idea	189	186	185	192	191	305	405	361	327	316	308	298	285	276	271	-11.9	-1.8
RJio	116	131	149	173	201	234	266	293	319	343	363	379	393	402	408	12.6	1.6
ARPU (INR/month)																	
Bharti (India)	154	145	123	116	105	100	104	123	129	128	135	154	157	162	166	23.0	2.5
Idea	141	132	114	105	92	88	89	104	108	107	109	121	114	119	121	11.0	1.7
RJio		156	154	137	135	132	130	126	122	128	128	131	140	145	151	17.6	4.1
MOU/subscriber (minutes)																	
Bharti (India)	507	518	575	670	701	694	726	858	888	848	898	965	994	1,005	1,027	14.4	2.2
Idea	441	459	509	577	609	568	580	662	690	669	674	688	678	673	673	-0.1	0.0
RJio		625	694	716	744	761	794	823	821	789	760	771	756	773	796	4.8	3.0
Wireless traffic (b minutes)																	
Bharti (India)	422	437	495	593	684	693	703	731	737	717	759	822	820	861	925	21.9	7.4
Idea	251	255	283	330	350	731	712	703	676	631	624	616	579	555	547	-12.4	-1.4
RJio		246	311	372	449	534	634	724	786	813	826	876	891	932	975	18.0	4.6
Data usage/subscriber (GB)																	
Bharti (India)	2.6	4.1	5.3	6.6	7.9	9.2	10.5	11.0	11.9	13.1	13.9	15.0	16.7	16.4	16.8	20.4	2.2
Idea	2.2	3.8	4.7	6.1	7.3	5.7	6.3	6.7	7.4	8.2	9.0	9.7	11.0	10.6	10.9	21.5	2.7
RJio	0.0	9.6	9.6	9.7	10.6	11.0	10.8	10.9	11.4	11.7	11.1	11.3	12.0	11.8	13.0	16.6	10.0
Data traffic (b GB)																	
Bharti (India)	0.5	0.8	1.1	1.5	2.2	2.7	3.2	3.7	4.2	4.8	5.5	6.5	7.2	7.6	8.5	52.4	10.7
Idea	0.3	0.4	0.6	0.8	1.0	2.4	2.7	2.9	3.2	3.5	3.8	4.1	4.5	4.3	4.5	18.4	3.4
RJio	0.0	3.8	4.3	5.0	6.4	7.7	8.6	9.6	10.9	12.0	12.1	12.8	14.2	14.2	15.9	31.3	11.7

*Represents Vodafone Idea merged company performance

Source: Company, MOFSL

UTILITIES: Power demand recovering; normalization of receivables key

Power demand increased ~6% on a YoY basis in 3QFY21, thereby showing continued improvement (demand declined ~16% YoY in 1QFY21). Generation from coal-based plants improved to ~9% YoY. Accordingly, while inventory at both coal mines and power plants remained high, it has fallen from the buildup during the lockdown. At the system level, coal inventory stands at ~96mt (1.4 months of consumption) v/s ~122mt (1.8 months of consumption) at Jun'20-end. India's power demand continues to recover in 4Q as well. Based on initial data from Power System Operation Corporation (POSOCO), power demand is growing at an avg. of 5% YoY in the first half of 4QFY21.

In terms of earnings, the central public sector enterprises (CSPEs) under our coverage – NTPC and PWGR – reported steady growth, partly aided by strong other income. Receivables, while having improved sequentially, have been stretched for players across our Coverage Universe. Money from the PFC-REC led Atmanirabhar scheme would be critical in normalizing receivables, to some extent. While higher coal availability amid lower demand has generally led to better plant availability factors (PAFs), availability issues at Kahalgaon resulted in continued fixed charge under-recoveries (FC u/r) for NTPC in 3Q.

Major highlights

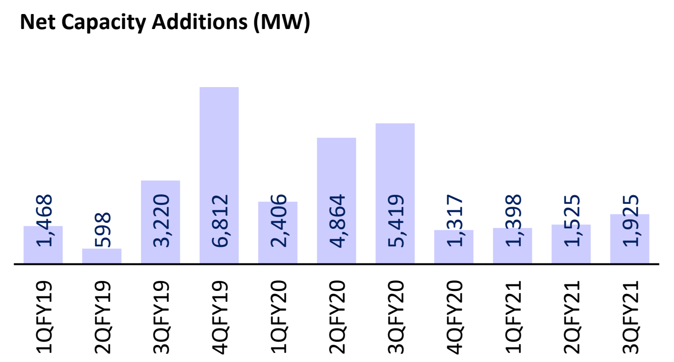
- **NTPC:** S/A PAT (excl. FC u/r) was up 16% YoY to INR33.7b, adjusted for one-offs. This was largely attributable to an increase in other income – up 44% YoY on high late payment surcharge income.
- **Power Grid**: S/A PAT was up 25.4% YoY to INR33b. This was aided by growth in higher other income and strong transmission numbers. Other income was up 25.7% YoY; the Transmission segment grew at ~18% YoY.
- **Coal India**: Results reflected broad recovery in power demand (albeit aided by the low base of last year). Operationally, though, EBITDA (excl. OBR) declined 5% YoY on higher provisions of INR5b. Offtake rose 9% YoY to 154mt in 3Q, led by demand revival and the low base of last year. PAT was down 21% YoY to INR30.8b. It is largely attributable to a higher tax rate of ~35%.
- **JSW Energy:** 3QFY21 EBITDA was down 5% YoY to INR6b on lower merchant volumes, partly offset by operational efficiencies. Short-term sales volumes declined 42%YoY to 312MUs. Adj. PAT stood at INR1.2b (decline of 4% YoY).
- **Torrent Power:** 3QFY21 adj. EBITDA declined 1% YoY to INR8.3b despite a normalizing DF business and higher contribution from Renewable. Renewable generation was up 32% YoY to 317MUs.
- **IEX:** 3QFY21 S/A EBITDA grew 51% YoY to INR721m on the back of higher volumes. Electricity volumes (DAM + TAM + RTM) rose 62% YoY to 20.18BU, but the lack of any Renewable Energy Certificate (REC) volumes impacted revenue. S/A revenue was up 42% YoY to INR850m. S/A PAT was up 42% YoY to INR601m.
- **Tata Power:** Adj. PAT was up 117% YoY to INR3.7b. Decline in interest costs, profitability at CESU, and good performance from the Mundra-Coal JV hedge largely led growth.

Guidance highlights: PWGR expects FY21 capitalization to be INR210b. It further expects capex to be INR75b, with capitalization of INR100b for FY22. NTPC expects to incur capex of INR210b at the parent level in FY21. The company has set its FY21 commercialization target at 5.1GW, with a further 6GW in FY22. The FY22 target includes the commissioning of 1.8GW of Solar.

Top picks

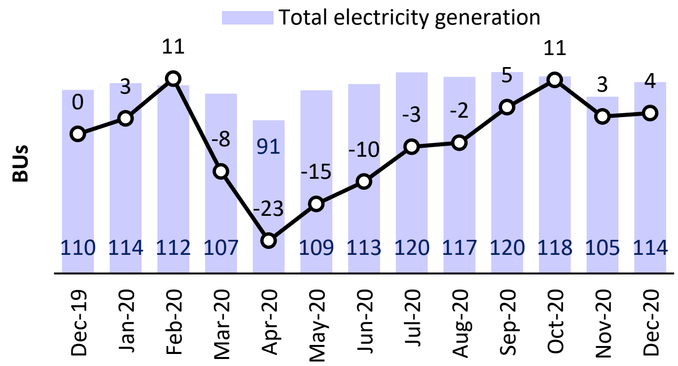
- **NTPC:** ~13GW of thermal projects are under execution, which provides growth visibility in regulated equity for the next three years. Capitalization has picked up pace, and we expect this to drive a regulated equity CAGR of 11% over FY20–23E and boost RoE (+100bp accretion). Receivables would remain the key monitorable; we expect the situation to improve as power demand recovers and money from the PFC-REC scheme flows through. The stock trades attractively at FY22E P/BV of 0.7x and dividend yield of ~7%. We assign a Buy rating, with DCF-based Target Price of INR139/share.
- **Torrent Power:** The Distribution Franchise (DF) business remains intact in the medium term. Continued capitalization within regulated distribution, a reduction in T&D losses for DFs, and debt repayment would aid earnings. Moreover, the recent offtake of UnoSugen PPA has improved the outlook for the co.'s gas plants. TPW remains well-placed to capitalize on opportunities from distribution privatization. We assign a Buy rating, with SOTP-based TP of INR388/sh.

Exhibit 86: Net capacity additions (MW)



Source: MOFSL, CEA

Exhibit 87: India's power demand on the recovery path



Source: MOFSL, CEA

ANNEXURE: MOFSL UNIVERSE (ACTUAL VS EXPECTATION)

Company	Sales (INR M)				EBIDTA (INR M)				PAT (INR M)			
	Dec-20 (actual)	Gr (%) actual YoY	Gr (%) QoQ	Var. over Exp. (%)	Dec-20 (actual)	Gr. (%) actual YoY	Gr. (%) QoQ	Var. over Exp. (%)	Dec-20 (actual)	Gr. (%) actual YoY	Gr. (%) QoQ	Var. over Exp. (%)
Automobiles	**1779,125**	**12.5**	**28.0**	**3.1**	**249,968**	**41.0**	**49.3**	**23.7**	**125,644**	**47.5**	**92.7**	**50.4**
Amara Raja Batt.	19,601	12.1	1.3	-2.5	3,064	7.9	-10.0	-7.4	1,932	17.5	-4.1	-1.0
Ashok Leyland	48,135	19.9	69.7	-4.3	2,538	12.7	215.5	-25.0	147	-49.7	LP	-83.2
Bajaj Auto	89,099	16.6	24.5	-0.6	17,296	26.5	36.6	10.5	15,563	23.4	36.7	12.0
Bharat Forge	10,357	-3.8	17.5	-6.9	2,333	-2.5	40.5	-9.6	969	-24.2	33.7	-31.9
Bosch	30,296	19.4	22.2	3.9	3,581	11.8	24.3	1.8	2,959	7.2	25.6	5.4
CEAT	22,213	26.1	12.3	9.6	3,277	78.8	12.0	28.8	1,412	166.7	-22.4	37.1
Eicher Motors	28,094	18.5	33.0	0.0	6,720	13.5	42.7	1.2	5,326	6.8	55.1	0.2
Endurance Tech.	20,409	24.4	17.1	8.1	3,521	35.2	23.5	14.6	1,987	60.2	36.4	24.4
Escorts	20,174	23.5	23.0	-1.8	3,641	71.5	21.0	0.6	2,807	83.4	22.1	2.1
Exide Inds.	28,010	16.2	1.7	2.8	4,028	25.9	2.7	9.1	2,414	13.2	5.5	12.4
Hero Motocorp	97,758	39.7	4.4	1.6	14,136	36.1	9.9	10.0	10,845	23.2	13.7	13.9
Mahindra & Mahindra	1,39,665	15.2	21.2	1.7	22,955	28.3	15.4	4.2	16,902	72.3	28.9	32.2
Maruti Suzuki	2,34,578	13.3	25.1	-0.5	22,261	5.9	15.1	-16.3	19,414	24.1	41.5	-4.5
Motherson Sumi	1,80,283	15.1	15.0	3.8	20,410	65.2	31.4	14.2	7,980	195.0	114.5	98.0
Tata Motors	7,56,538	5.5	41.3	5.9	1,15,096	59.9	103.2	64.5	32,332	85.9	LP	4,108
TVS Motor	53,914	30.7	17.1	2.0	5,111	40.7	18.8	7.6	2,656	46.9	35.3	14.1
Capital Goods	**539,068**	**-2.9**	**9.4**	**-4.5**	**58,604**	**-2.2**	**29.7**	**4.0**	**32,181**	**-6.5**	**79.0**	**17.3**
ABB	17,008	-12.9	5.5	-10.2	1,956	41.3	61.1	80.2	1,317	16.1	54.1	57.6
Bharat Electronics	22,962	1.1	-28.0	-12.7	4,404	24.1	-29.4	-13.5	2,619	21.7	-34.0	-21.0
BHEL	44,514	-21.6	20.5	-21.3	-1,796	PL	Loss	PL	-2,310	PL	Loss	Loss
Cummins India	14,243	-2.0	22.8	-2.0	2,417	12.0	44.4	13.1	1,985	-0.1	36.4	7.7
Engineers India	8,367	-6.1	22.4	12.6	751	-12.3	-2.8	-24.3	882	-18.8	-4.8	-26.4
K E C International	32,892	7.0	1.0	1.9	2,987	-6.2	1.9	-7.4	1,451	0.1	1.8	-8.5
Larsen & Toubro	3,55,964	-1.8	14.7	-3.6	42,800	3.9	28.3	9.3	22,574	4.5	104.0	41.9
Siemens	29,011	15.1	-17.6	18.6	3,611	12.7	-20.3	21.3	2,622	2.9	-21.3	17.0
Thermax	14,106	0.0	23.6	-3.5	1,476	30.4	86.0	34.2	1,042	22.6	103.4	33.3
Cement	**334,659**	**8.8**	**15.9**	**0.0**	**78,341**	**44.6**	**11.1**	**2.6**	**39,056**	**99.8**	**10.8**	**5.5**
ACC	41,447	2.1	17.2	-3.1	7,001	29.5	4.4	-15.0	4,295	59.5	7.5	-5.6
Birla Corporation	17,766	3.6	7.4	-2.9	3,613	22.6	-5.6	-7.7	1,474	80.8	-11.6	-16.1
Dalmia Bharat	28,570	18.2	18.5	6.2	6,910	51.2	-1.6	12.9	1,820	658.3	-21.6	8.8
Grasim Industries	36,718	-18.4	24.5	-13.3	6,456	56.2	90.2	17.8	3,323	76.1	-1.8	38.4
India Cements	11,603	-2.6	8.5	-1.6	2,152	67.3	-8.3	-9.5	620	LP	-13.2	-15.9
J K Cements	17,601	25.3	13.5	1.0	4,488	61.6	9.3	5.7	2,383	73.2	6.6	3.2
JK Lakshmi Cem.	11,928	18.7	14.2	8.3	1,918	26.3	2.7	7.9	1,023	108.1	27.0	33.9
Ramco Cements	13,391	5.1	6.5	-8.0	3,970	99.0	-10.2	-11.5	2,014	112.4	-14.6	-21.8
Shree Cement	33,094	16.2	9.5	0.7	10,890	28.2	10.2	2.5	6,262	102.0	14.4	-1.6
Ultratech Cement	1,22,541	18.4	18.0	5.1	30,943	46.9	14.7	6.4	15,843	96.3	28.7	13.9
Consumer	**5,86,698**	**11.5**	**8.0**	**2.4**	**1,48,464**	**11.5**	**7.7**	**3.1**	**1,09,975**	**7.0**	**9.5**	**5.8**
Asian Paints	67,885	25.2	26.9	9.9	17,879	50.3	41.3	19.1	12,654	62.3	48.5	26.4
Britannia	31,656	6.1	-7.4	-3.5	6,115	21.8	-9.5	0.6	4,526	22.5	-8.7	-0.6
Colgate	12,319	7.4	-4.2	1.8	3,706	17.3	-9.5	3.6	2,484	24.7	-9.4	5.0
Dabur	27,288	16.0	8.5	6.4	5,742	16.5	0.8	5.4	4,920	18.9	2.1	9.5
Emami	9,336	14.9	27.1	-3.5	3,402	28.9	32.3	8.3	2,710	26.3	27.0	13.7
Godrej Consumer	30,554	10.0	4.8	0.9	7,112	12.6	3.9	5.7	4,956	10.2	8.1	4.5
Hind. Unilever	1,18,620	20.9	3.7	0.8	28,540	16.7	-0.5	-0.8	19,510	15.4	-4.1	-1.4
ITC	1,17,874	-0.2	5.4	4.4	42,814	-7.2	5.4	1.6	36,629	-14.3	13.3	6.1

Company	Sales (INR M)				EBIDTA (INR M)				PAT (INR M)			
		Gr (%)				Gr. (%)				Gr. (%)		
	Dec-20 (actual)	actual YoY	QoQ	Var. over Exp. (%)	Dec-20 (actual)	actual YoY	QoQ	Var. over Exp. (%)	Dec-20 (actual)	actual YoY	QoQ	Var. over Exp. (%)
Jyothy Labs	4,694	15.3	-6.1	-4.7	798	22.6	-10.2	1.3	522	22.8	-13.9	7.4
Marico	21,220	16.3	6.7	6.2	4,130	10.7	6.2	0.6	3,070	12.9	3.4	14.4
Nestle	34,326	9.0	-3.1	-1.9	7,574	12.6	-15.8	-9.9	4,637	-0.9	-23.0	-15.8
P&G Hygiene	10,184	18.5	0.9	2.2	2,567	37.5	12.0	20.5	1,822	34.0	6.2	15.8
Page Industries	9,271	16.8	25.2	6.2	2,261	62.9	36.8	20.5	1,537	76.6	38.6	24.0
Pidilite Inds.	22,990	19.3	22.3	5.6	6,408	38.4	25.0	15.6	4,449	29.1	25.0	11.0
Tata Consumer	30,696	23.1	10.4	2.7	3,613	13.6	-9.6	-7.1	2,228	30.9	-17.9	9.5
United Breweries	12,897	-11.3	43.2	5.5	1,965	-11.3	385.9	13.8	1,024	-4.3	2,454.4	33.1
United Spirits	24,887	-3.6	16.0	-9.9	3,838	-9.5	42.3	-17.4	2,299	-11.2	79.0	-17.5
Consumer Durables	**76,075**	**25.3**	**23.4**	**12.8**	**9,307**	**66.1**	**22.5**	**22.5**	**6,612**	**60.8**	**28.9**	**24.1**
Blue Star	11,239	-9.1	24.6	-7.1	816	43.0	48.1	9.7	367	73.6	139.7	10.9
CG Consumer Elect.	13,231	23.5	10.4	10.3	1,952	42.6	5.0	10.9	1,475	42.3	7.6	12.3
Havells India	31,659	39.5	29.1	17.7	5,081	88.9	20.8	26.3	3,491	75.0	23.8	28.8
Voltas	19,946	33.6	23.7	21.5	1,459	49.6	48.9	36.2	1,279	47.2	63.3	31.4
Financials	**1362,037**	**11.8**	**3.2**	**1.5**	**821,060**	**10.7**	**4.8**	**-0.2**	**341,889**	**7.8**	**1.5**	**5.4**
Banks-Private	**468,844**	**15.7**	**3.6**	**1.3**	**412,552**	**18.7**	**4.7**	**0.3**	**189,469**	**6.2**	**5.0**	**6.0**
AU Small Finance	6,331	24.9	12.9	10.7	8,728	179.0	87.2	-2.5	578	-69.6	-70.5	-89.8
Axis Bank	73,728	14.3	0.6	-0.4	60,955	6.1	-11.6	-10.7	11,166	-36.4	-33.6	-25.6
Bandhan Bank	20,717	34.5	7.7	5.6	19,141	51.4	17.6	14.9	6,326	-13.5	-31.2	-32.1
DCB Bank	3,348	3.6	0.3	8.4	2,773	46.0	23.4	49.0	962	-0.5	16.9	69.2
Equitas Holdings	4,839	26.1	4.9	3.5	2,750	73.6	25.2	19.8	1,107	17.6	7.5	82.1
Federal Bank	14,370	24.4	4.1	4.0	9,629	29.5	-4.3	-2.9	4,041	-8.3	31.4	14.5
HDFC Bank	1,63,176	15.1	3.4	0.2	1,51,860	17.3	9.9	1.1	87,583	18.1	16.6	6.4
ICICI Bank	99,125	16.0	5.8	2.5	88,198	16.8	6.8	2.7	49,396	19.1	16.2	38.2
IndusInd Bank	34,061	10.8	3.9	3.2	29,636	7.5	3.9	5.4	8,304	-36.6	25.2	45.4
Kotak Mahindra Bank	40,068	16.8	2.4	0.9	30,833	29.1	-6.5	-3.3	18,535	16.1	-15.1	-3.5
RBL Bank	9,082	-1.6	-2.6	-3.7	8,048	12.3	11.8	10.9	1,471	110.2	2.0	40.2
Banks-PSU	**365,687**	**4.8**	**2.5**	**1.9**	**229,238**	**-1.1**	**4.1**	**-2.8**	**62,573**	**49.8**	**0.1**	**26.8**
Bank of Baroda	77,487	8.7	3.2	8.3	55,906	12.7	0.7	4.6	10,611	LP	-36.8	402.2
State Bank	2,88,199	3.7	2.3	0.4	1,73,332	-4.9	5.3	-5.0	51,962	-6.9	13.6	10.1
Life Insurance	**322,243**	**16.4**	**2.4**	**2.2**	**9,756**	**-21.4**	**-8.9**	**-12.2**	**8,034**	**-14.8**	**-13.5**	**-27.0**
HDFC Life Insur.	94,870	20.8	-5.6	0.0	2,742	11.5	98.0	-21.3	2,650	5.9	-18.7	-21.5
ICICI Pru Life	89,708	10.3	4.7	0.1	4,046	4.5	-25.0	107.9	3,056	1.0	0.8	-2.1
SBI Life Insurance	1,37,665	17.7	7.1	5.1	2,968	-51.2	-24.5	-47.7	2,329	-40.3	-22.3	-48.4
NBFC	**205,263**	**9.3**	**5.2**	**0.0**	**169,514**	**13.2**	**6.6**	**3.3**	**81,813**	**-6.6**	**-3.4**	**-4.3**
Bajaj Finance	33,598	-7.1	-1.3	-15.1	29,062	-3.2	-3.3	-14.7	11,460	-29.0	18.8	-18.6
Chola. Inv & Fin.	12,859	38.6	9.6	0.8	9,956	51.3	10.7	11.2	4,089	5.2	-5.3	-0.6
HDFC	40,047	24.6	11.2	5.1	39,476	28.6	13.6	10.3	26,921	20.9	0.0	5.5
ICICI Securities	6,200	46.7	-8.9	5.6	3,578	93.3	-3.9	25.9	2,670	94.6	-4.0	26.5
IIFL Wealth Mgt	2,400	8.6	13.7	7.4	870	14.5	11.5	-9.1	966	32.0	10.6	21.3
L&T Fin.Holdings	17,796	2.3	17.1	12.6	14,070	7.0	21.1	21.1	2,878	-51.4	16.2	-10.4
LIC Housing Fin	12,810	2.2	3.5	0.3	11,603	1.5	3.6	-0.6	7,270	21.7	-8.1	3.4
M & M Financial	13,835	0.9	-0.6	-7.0	9,980	12.4	-3.2	-3.7	-2,741	PL	PL	PL
Manappuram Finance	10,347	16.2	6.0	2.8	7,375	21.2	13.0	9.1	4,832	15.5	19.2	12.7
MAS Financial	782	-26.4	-4.9	-12.5	619	-24.8	-11.2	-15.6	362	-25.2	5.8	-9.3
Muthoot Finance	17,713	12.7	11.9	6.2	13,900	20.1	14.8	10.3	9,914	21.6	10.8	10.6
PNB Housing	5,116	19.2	-17.6	5.7	5,505	14.9	-4.3	12.5	2,324	-2.0	-25.8	12.8
Repco Home Fin	1,544	17.1	10.6	12.4	1,282	22.3	11.0	10.7	796	14.2	-1.5	7.9
Shriram City Union	8,765	-1.3	3.0	3.8	5,602	-2.2	-0.3	0.4	2,797	-5.7	8.9	45.1
Shriram Transport Fin.	21,452	7.5	5.3	2.5	16,637	2.0	5.6	2.9	7,277	-17.2	6.3	-8.3

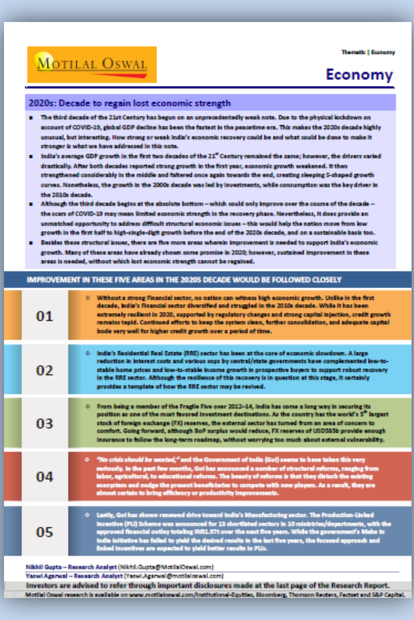
Company	Sales (INR M) Dec-20 (actual)	Sales Gr (%) actual YoY	Sales Gr (%) QoQ	Sales Var. over Exp. (%)	EBIDTA (INR M) Dec-20 (actual)	EBIDTA Gr. (%) actual YoY	EBIDTA Gr. (%) QoQ	EBIDTA Var. over Exp. (%)	PAT (INR M) Dec-20 (actual)	PAT Gr. (%) actual YoY	PAT Gr. (%) QoQ	PAT Var. over Exp. (%)
Healthcare	**535,108**	**10.7**	**1.1**	**-0.7**	**129,395**	**29.7**	**-0.6**	**0.4**	**81,301**	**48.5**	**1.9**	**5.2**
Ajanta Pharma	7,487	15.0	4.6	5.8	2,417	30.0	-11.9	11.3	1,766	63.9	3.8	28.1
Alembic Pharma	13,143	8.7	-9.8	-11.4	3,651	12.3	-17.7	-14.8	2,926	24.9	-12.2	-3.2
Alkem Lab	23,181	6.2	-1.9	-1.8	5,291	16.7	-11.9	-12.6	4,211	21.0	-10.8	-10.1
Aurobindo Pharma	63,649	8.0	-1.8	1.3	13,686	13.3	-4.5	-0.1	7,660	8.1	-4.4	-5.8
Biocon	18,510	7.8	6.1	-7.7	3,980	-10.6	-2.8	-22.8	1,633	-19.6	-14.3	-30.8
Cadila Health	37,956	4.3	-0.6	-1.0	8,069	15.6	-6.5	-2.5	5,272	39.2	-8.8	2.9
Cipla	51,687	18.2	2.6	1.7	12,309	62.3	4.6	6.6	7,481	113.1	12.4	16.1
Divis Labs	17,014	21.9	-2.7	-4.0	7,252	46.8	-4.2	0.2	4,937	42.7	-7.1	-4.1
Dr Reddy' s Labs	48,408	10.4	-1.1	-5.3	10,372	1.8	-15.1	-16.8	5,945	0.0	-19.6	-22.6
Glenmark Pharma	27,868	5.6	-5.6	-1.2	5,831	69.9	2.3	11.1	2,764	54.8	2.0	14.3
Granules India	8,445	20.0	-1.6	2.5	2,213	35.6	-11.1	-0.5	1,439	65.2	-8.9	5.6
GSK Pharma	8,572	10.1	-2.5	3.9	2,055	65.2	0.3	15.8	1,460	57.4	3.8	17.1
Ipca Labs.	14,098	16.2	3.6	2.2	3,669	34.1	1.9	5.9	2,655	34.4	5.0	6.5
Jubilant Life	26,643	15.1	12.2	7.5	6,530	28.7	34.3	33.1	3,176	39.6	41.7	38.5
Laurus Labs	12,884	76.6	13.1	9.1	4,263	187.7	14.0	10.8	2,729	271.4	12.6	9.4
Lupin	39,474	4.7	2.9	-3.4	7,347	56.6	26.4	4.5	4,013	118.8	90.1	26.1
Strides Pharma	8,320	13.6	4.8	-4.5	1,594	-11.8	1.4	-12.9	458	-40.3	-7.1	-41.7
Sun Pharma	87,818	9.2	3.8	1.8	22,796	38.7	2.9	8.8	17,809	114.1	8.5	29.2
Torrent Pharma	19,950	1.5	-1.1	-6.2	6,070	12.4	-4.4	-8.8	2,970	16.4	-4.2	-9.2
Infrastructure	**32,141**	**-2.1**	**23.5**	**8.2**	**9,607**	**-0.2**	**18.6**	**4.3**	**2,327**	**-20.4**	**61.7**	**-0.9**
Ashoka Buildcon	9,807	-0.3	11.8	-1.9	1,055	-15.1	-19.4	-12.1	856	0.1	-18.2	19.3
IRB Infra	15,472	-11.2	37.7	17.2	7,200	0.9	29.7	6.2	695	-56.5	LP	-29.3
KNR Constructions	6,863	23.0	14.2	5.6	1,353	8.7	9.0	9.5	776	65.3	31.9	19.8
Media	**37,651**	**-0.4**	**49.3**	**20.7**	**12,076**	**-9.0**	**64.4**	**11.3**	**7,874**	**-5.5**	**97.8**	**20.8**
PVR	634	-93.1	45.4	-48.6	-1,088	PL	Loss	Loss	-1,366	PL	Loss	Loss
Sun TV	9,723	19.3	28.6	-1.7	6,007	3.5	19.7	-4.2	4,418	18.3	27.7	10.2
Zee Entertainment	27,294	33.2	58.4	36.1	7,157	26.5	128.2	39.8	4,822	24.0	186.5	38.8
Metals	**1628,681**	**17.5**	**12.1**	**3.3**	**441,538**	**107.5**	**45.6**	**11.8**	**209,904**	**453.8**	**105.3**	**23.2**
Hindalco	3,55,467	20.2	11.6	4.2	48,590	41.1	8.7	5.7	16,693	91	21.8	16.3
Hindustan Zinc	60,330	29.1	6.6	4.5	32,690	42.8	10.7	6.4	22,000	35.8	13.4	6.0
JSPL	1,05,335	13.3	17.2	5.1	45,794	151.7	62.9	30.2	23,883	LP	189.2	84.6
JSW Steel	2,18,590	22.8	14.8	7.5	59,460	170.1	39.8	12.3	26,810	11,342	79.7	19.4
Nalco	23,788	13.9	0.2	4.3	4,339	1,163	57.3	6.8	2,398	LP	123.2	21.5
NMDC	43,551	44.9	95.3	-6.8	27,686	69.5	168.8	-4.1	21,093	49	172.4	-2.3
SAIL	1,98,329	19.9	17.2	-2.9	50,775	409.0	167.2	14.3	25,721	LP	928.8	28.9
Tata Steel	3,95,941	11.5	6.6	5.0	94,635	161.4	54.9	19.3	38,316	LP	154.9	22.6
Vedanta	2,27,350	13.2	7.7	1.8	77,570	48.1	18.8	5.6	32,990	166	68.1	31.1
Oil & Gas	**4173,552**	**-16.5**	**19.2**	**2.1**	**526,028**	**-1.0**	**5.2**	**-3.0**	**296,887**	**24.5**	**4.5**	**19.7**
Oil Ex OMCs	**1756,281**	**-23.5**	**7.9**	**-3.9**	**353,736**	**-14.7**	**6.8**	**-4.2**	**193,595**	**-0.7**	**11.4**	**24.2**
Aegis Logistics	15,455	-28.7	137.6	63.0	1,179	7.5	15.2	3.1	712	42.6	24.9	6.7
BPCL	6,67,314	-10.7	33.1	10.6	43,058	53.8	11.8	22.4	30,580	142.6	31.1	75.9
Castrol India	9,352	-7.6	5.9	-9.0	2,576	-24.5	-10.6	-21.5	1,877	-30.8	-8.3	-21.6
GAIL	1,54,568	-13.0	13.3	4.6	19,195	-7.4	43.4	-2.4	14,469	17.3	16.7	11.7
Gujarat Gas	28,294	12.9	12.6	-6.1	6,148	65.9	-16.1	27.9	3,922	99.5	-17.4	32.6
Gujarat State Petronet	4,590	1.5	-0.9	-1.8	3,984	4.8	4.6	4.6	2,475	11.4	-8.7	7.7
HPCL	6,86,592	-3.0	32.6	9.0	33,015	62.1	-8.4	-43.3	23,546	215.1	-5.0	-36.3
Indraprastha Gas	14,462	-13.1	10.8	0.2	5,007	27.8	23.0	-7.0	3,349	18.0	8.7	-12.1
IOC	1063,365	-14.7	24.2	3.4	96,219	40.8	2.1	21.0	49,166	110.2	-21.0	29.9
Mahanagar Gas	6,664	-10.5	31.5	15.6	3,167	22.4	43.3	6.4	2,172	16.7	50.5	4.5

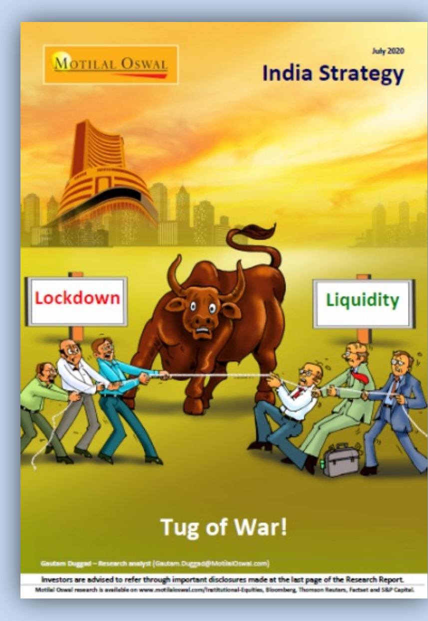
Company	Sales (INR M)				EBIDTA (INR M)				PAT (INR M)			
		Gr (%)				Gr. (%)				Gr. (%)		
	Dec-20 (actual)	actual YoY	QoQ	Var. over Exp. (%)	Dec-20 (actual)	actual YoY	QoQ	Var. over Exp. (%)	Dec-20 (actual)	actual YoY	QoQ	Var. over Exp. (%)
MRPL	79,515	-44.7	28.6	8.9	945	-66.3	-42.2	-54.6	-710	Loss	PL	Loss
Oil India	21,260	-28.0	-2.0	4.3	-938	PL	PL	PL	10,551	159.6	182.8	146.6
ONGC	1,70,238	-28.2	0.6	1.8	83,461	-32.1	-1.1	5.8	13,782	-67.4	-63.5	-46.9
Petronet LNG	73,282	-17.8	17.5	11.2	13,353	20.6	-2.0	20.2	8,785	30.1	-5.3	30.3
Reliance Inds.	1178,600	-23.1	6.0	-7.8	2,15,660	-5.2	13.8	-5.7	1,32,213	12.2	38.2	42.3
Retail	**205,053**	**3.5**	**60.0**	**-1.2**	**26,067**	**0.2**	**215.8**	**6.1**	**12,712**	**8.0**	**2,158.6**	**12.6**
Aditya Birla Fashion	20,590	-19.6	102.1	4.8	3,685	-9.9	LP	20.9	664	-9.0	LP	LP
Avenue Supermarts	75,420	10.8	42.1	-3.7	6,891	15.5	109.1	-0.3	4,470	16.4	125.1	-3.6
Jubilant Foodworks	10,572	-0.2	31.2	-2.2	2,786	9.9	29.8	-2.5	1,251	20.6	62.7	8.0
Shoppers Stop	7,076	-28.8	142.0	-2.3	949	-51.9	LP	-16.2	-207	Loss	Loss	Loss
Titan Company	76,190	16.7	67.3	0.8	8,480	8.2	170.9	4.2	5,300	7.5	204.6	-2.3
Trent	7,254	-16.6	60.4	-5.3	1,800	3.7	2,718.8	26.3	797	42.9	LP	51.4
V-Mart Retail	4,700	-16.4	167.8	-6.2	1,038	-11.1	LP	17.1	479	-17.8	LP	32.2
Westlife Development	3,251	-24.9	55.2	-1.2	437	-38.3	LP	153.7	-41	PL	Loss	Loss
Staffing	**64,408**	**-0.6**	**9.1**	**0.7**	**3,225**	**-5.3**	**10.3**	**-1.5**	**1,676**	**-6.1**	**-2.5**	**-1.2**
Quess Corp	28,079	-4.8	7.4	-2.2	1,508	-15.9	7.9	-6.2	455	-39.2	7.6	-22.1
SIS	23,575	8.2	9.2	5.9	1,469	10.0	13.2	6.3	990	26.5	-8.4	12.8
Team Lease Serv.	12,754	-5.6	13.0	-1.8	248	-9.8	7.9	-13.2	231	-9.2	7.0	-1.9
Technology	**1244,145**	**6.0**	**4.3**	**1.7**	**335,345**	**20.8**	**8.4**	**7.2**	**232,411**	**13.6**	**8.7**	**6.1**
Coforge	11,906	10.9	3.2	0.3	2,009	3.6	-1.9	-0.4	1,220	-1.1	1.1	0.8
Cyient	10,443	-5.6	4.1	1.8	1,650	7.6	3.8	20.0	954	-11.9	13.7	7.0
HCL Technologies	1,93,020	6.4	3.8	1.6	54,420	21.7	9.9	10.3	34,324	13.0	9.2	8.6
Infosys	2,59,270	12.3	5.5	2.3	74,150	27.8	4.7	0.9	51,970	16.6	7.3	0.5
L&T Infotech	31,528	12.2	5.1	1.1	7,320	38.8	6.8	3.8	5,192	37.8	13.7	7.2
Mindtree	20,237	3.0	5.1	1.4	4,679	52.8	23.7	19.6	3,265	65.7	28.7	29.6
Mphasis	24,601	8.4	1.5	0.0	4,654	9.0	2.9	1.1	3,255	10.8	8.8	2.3
Persistent Systems	10,754	16.5	6.7	1.6	1,825	47.8	10.1	9.4	1,209	37.5	18.6	14.8
TCS	4,20,150	5.4	4.7	2.0	1,22,080	12.3	6.0	5.4	87,270	7.2	3.1	1.4
Tech Mahindra	96,471	-0.1	2.9	1.0	18,955	21.2	11.3	9.7	13,098	14.3	23.0	20.2
Wipro	1,56,700	1.3	3.7	1.9	41,740	28.3	20.2	21.4	29,667	20.8	20.3	22.7
Zensar Tech	9,065	-7.7	-3.2	-7.1	1,863	177.1	2.5	2.6	987	157.9	12.3	4.2
Telecom	**483,708**	**12.2**	**3.8**	**5.7**	**209,377**	**29.5**	**7.6**	**9.6**	**-48,462**	**Loss**	**Loss**	**Loss**
Bharti Airtel	2,65,178	24.2	5.8	-0.5	1,20,530	38.3	8.9	-0.1	-2,982	Loss	Loss	PL
Indus Towers	67,361	4.5	5.9	76.5	35,524	8.6	15.6	83.2	13,600	2.2	20.3	67.6
Tata Comm	42,228	-0.1	-4.1	-5.6	10,461	37.5	-9.6	-9.5	3,206	447.6	-26.9	-12.9
Vodafone Idea	1,08,941	-1.8	1.0	0.7	42,862	25.3	3.2	8.6	-62,286	Loss	Loss	Loss
Utilities	**745,944**	**1.8**	**1.9**	**-1.9**	**273,872**	**-0.5**	**11.2**	**-2.8**	**111,684**	**4.3**	**-12.2**	**-1.0**
CESC	16,590	0.7	-16.6	4.2	2,990	7.9	-11.5	-27.1	1,820	3.4	-20.2	6.1
Coal India	2,36,860	2.1	12.0	-1.2	58,505	-5.4	72.1	-5.1	30,840	-21.3	4.5	-24.3
Indian Energy Exch.	850	42.4	20.1	-1.5	721	51.3	25.3	2.0	601	42.0	28.6	8.1
JSW Energy	16,089	-17.4	-17.0	-14.6	6,044	-5.3	-34.6	0.0	1,235	-3.9	-64.9	3.2
NHPC	15,171	-15.5	-40.6	-14.6	7,767	-16.3	-50.6	-13.4	3,689	-8.6	-71.6	10.3
NTPC	2,54,317	1.3	1.6	-1.0	82,895	-3.3	10.1	-2.9	33,671	16.1	-19.0	5.2
Power Grid Corp.	1,00,561	7.5	11.1	2.0	88,400	7.3	11.0	0.5	33,239	25.3	8.5	15.7
Tata Power	75,979	7.5	-8.3	-6.1	18,206	0.9	-9.0	-3.6	3,745	127.3	25.3	69.5
Torrent Power	29,528	-4.1	-5.6	-3.6	8,343	-0.7	0.3	4.0	2,845	-9.6	-11.6	25.0
Others	**324,026**	**-11.9**	**9.5**	**-4.2**	**67,613**	**-10.0**	**21.0**	**1.0**	**22,643**	**-31.8**	**87.7**	**6.1**
Brigade Enterpr.	6,446	16.7	107.4	11.5	1,484	-4.6	69.9	-3.4	162	-67.1	LP	-29.9
BSE	1,181	7.0	-8.0	-10.6	94	LP	-62.8	-64.7	226	-43.4	-7.0	-45.4
Concor	17,538	14.8	16.7	11.0	3,719	0.0	18.8	17.0	2,379	9.4	26.8	31.6

Company	Sales (INR M)				EBIDTA (INR M)				PAT (INR M)			
		Gr (%)				Gr. (%)				Gr. (%)		
	Dec-20 (actual)	actual YoY	QoQ	Var. over Exp. (%)	Dec-20 (actual)	actual YoY	QoQ	Var. over Exp. (%)	Dec-20 (actual)	actual YoY	QoQ	Var. over Exp. (%)
Coromandel Int.	35,330	7.8	-23.4	-6.4	4,993	15.6	-40.8	-0.9	3,338	26.2	-43.3	-2.4
EPL	7,671	7.9	-0.4	0.7	1,585	0.4	-4.6	-8.1	709	18.0	5.8	-11.7
Godrej Agrovet	15,262	-14.4	-11.5	-12.7	1,124	11.7	-35.1	-22.7	616	19.4	-42.5	-22.6
Indiamart Inter.	1,736	5.3	6.4	2.9	878	101.4	7.5	22.4	802	101.5	14.6	25.5
Indian Hotels	5,599	-59.2	118.1	-4.0	-167	PL	Loss	PL	-1,399	PL	Loss	Loss
Info Edge	2,723	-15.0	6.3	-2.6	682	-35.6	32.2	5.6	699	-23.3	36.6	19.2
Interglobe Aviation	49,100	-50.6	79.1	-12.7	9,030	-49.9	221.8	2.5	-6,266	PL	Loss	Loss
Kaveri Seed	1,001	1.7	20.0	-11.2	69	3.1	-46.9	-52.7	75	23.2	-64.9	-42.9
Lemon Tree Hotel	684	-65.7	43.7	7.2	201	-75.3	141.7	64.0	-312	PL	Loss	Loss
MCX	1,009	13.0	-15.7	2.9	487	24.2	-25.9	22.1	717	29.7	22.5	40.9
Oberoi Realty	8,284	57.1	162.1	98.2	3,825	66.3	105.1	81.2	2,867	93.4	108.1	91.8
P I Industries	11,621	36.7	0.4	3.4	2,755	47.7	-1.6	1.7	1,954	61.4	-10.2	-5.0
Phoenix Mills	3,378	-34.0	57.2	-8.6	1,588	-38.8	73.2	-14.1	654	-28.8	LP	25.8
S H Kelkar	3,780	30.3	6.6	3.8	667	54.8	-6.2	10.1	354	176.0	-20.2	19.1
SRF	21,464	16.0	2.2	-7.8	5,446	39.6	-6.4	-5.4	3,027	-9.0	-6.9	-10.1
Tata Chemicals	26,061	-0.7	-0.1	3.6	4,719	-0.3	22.2	19.3	1,609	-3.7	128.3	59.4
Trident	12,899	19.3	10.1	3.1	2,355	68.1	4.8	1.8	1,027	145.3	2.5	0.5
UPL	91,260	2.6	2.1	-8.3	22,080	6.7	22.1	-6.4	9,405	14.2	41.4	3.4

Note : Actual Vs Expectation is taken In Line for +/- 5% Variance. PL: Profit to Loss; LP: Loss to Profit

THEMATIC/STRATEGY RESEARCH GALLERY





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