

ASIAMONEY Brokers Poll 2020 (India)

Best Local Brokerage

Market snapshot

Equities - India	Close	Chg .%	CY20.%
Sensex	46,874	-1.1	13.5
Nifty-50	13,818	-1.1	13.4
Nifty-M 100	20,990	-0.6	22.4
Equities-Global	Close	Chg .%	CY20.%
S&P 500	3,787	1.0	16.3
Nasdaq	13,337	0.5	46.7
FTSE 100	6,526	-0.6	-14.2
DAX	13,666	0.3	2.1
Hang Seng	11,334	-2.7	0.1
Nikkei 225	28,197	-1.5	19.2
Commodities	Close	Chg .%	CY20.%
Brent (US\$/Bbl)	55	-0.3	-17.4
Gold (\$/OZ)	1,843	0.0	21.5
Cu (US\$/MT)	7,880	0.7	27.8
Almn (US\$/MT)	1,983	-0.2	11.7
Currency	Close	Chg .%	CY20.%
USD/INR	73.0	0.2	2.5
USD/EUR	1.2	0.1	8.1
USD/JPY	104.2	0.1	-4.2
YIELD (%)	Close	1MChg	CY20 chg
10 Yrs G-Sec	5.9	-0.02	-0.6
10 Yrs AAA Corp	6.6	-0.02	-1.0
Flows (USD b)	28-Jan	MTD	CY21
FII	-0.51	2.58	3.09
DII	0.24	-1.97	-2.21
Volumes (INRb)	28-Jan	MTD*	YTD*
Cash	768	771	771
F&O	77,232	36,661	36,661

Note: * Average

Today's top research idea

Maruti Suzuki: Below our estimate: Higher cost hurts margin; order backlog strong

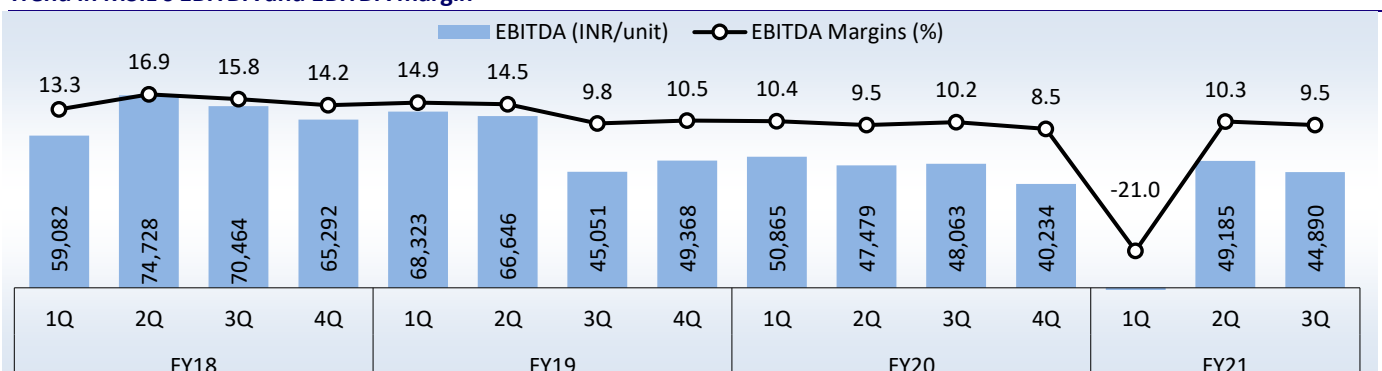
- ❖ MSIL's 3QFY21 operating performance was impacted by higher costs, which more than off-set operating leverage benefits. Gross margin declined 250bp QoQ (-160bp YoY) impacted by RM cost inflation (+3pp QoQ), poor mix, and higher discounts (+70bp QoQ). EBITDA margin fell 70bp YoY (-80bp QoQ) to 9.5% (v/s our estimate of 11.3%) due to weaker gross margin and higher staff cost.
- ❖ Fresh bookings have been positive. The current order backlog stands at 215k vehicles. Currently, there is no impact on part supplies.
- ❖ We lower our FY21E/FY22E EPS by 6%/2% to factor in higher cost, which is diluted by volume upgrades, lower depreciation, and higher other income.
- ❖ While MSIL has seen a strong demand recovery, commodity cost inflation has delayed margin recovery. We expect a gradual margin recovery as cost is absorbed over the next 2-3 quarters. Strong demand and stable competitive positioning would drive convergence of P/E towards its five-year average of ~30x. Maintain Buy.

Research covered

Cos/Sector	Key Highlights
Maruti Suzuki	Below our estimate: Higher cost hurts margin; order backlog strong
Bharti Airtel	Bharti successfully demonstrates 5G use case
Pidilite Inds.	Beat on all fronts
Indus Tower	EBITDA up 16% QoQ (8% beat on LTL comparison) on high exit penalty charges
Indigo	Concerns over demand growth and yield surface
Marico	Impressive topline growth, likely to sustain
Other Notes	Lupin United Spirits Colgate United Breweries Shriram Transport Finance AU Small Finance Bank TVS Motor Mahindra & Mahindra Finance Laurus Labs Cummins India Coforge ABFRL RBL Bank Tata Chemicals Granules India Qess Corp TeamLease Engineers India Equitas Holdings Telecom

Chart of the Day: Maruti Suzuki (Below our estimate: Higher cost hurts margin)

Trend in MSIL's EBITDA and EBITDA margin



Source: Company, MOFSL

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.



Kindly click on textbox for the detailed news link

1

Govt extends ban on international flights till Feb-end

The Indian government on Thursday extended the suspension of scheduled commercial international flights till 11.59 pm on February 28, 2021 in the wake of novel coronavirus pandemic. This restriction, however, will not apply to international...

2

US economy shrank 3.5% in 2020 after growing 4% last quarter

Stuck in the grip of a viral pandemic, the US economy grew at a 4% annual rate in the final three months of 2020 and shrank last year by the largest amount in 74 years. For 2020 as a whole, a year when the coronavirus inflicted the worst economic freeze since the end of World War II, the economy contracted 3.5% and clouded the outlook for the coming year. The economic damage followed the eruption of the pandemic 10 months ago and the deep recession it triggered, with tens of millions of Americans left jobless...

3

Biden administration to review rule proposing higher wages for H-1B workers

The United States will review a proposal that had sought increased wages for new H-1B visa applicants. The anti-immigrant measure -- Strengthening Wage Protections for the Temporary and Permanent Employment of Certain Aliens in the United States -- by the previous Donald Trump government would have increased H-1B wages by as much as 30%...

4

Airtel adds more subs than Jio for 4th straight month in Nov, Vodafone Idea loses more: Trai

Bharti Airtel added more mobile phone users than market leader Reliance Jio Infocomm for the fourth straight month in November 2020, signalling that it's still gaining bulk of the customers leaving Vodafone Idea (Vi), which continued to cede ground to its stronger rivals...

5

India could unveil plan to boost oilseeds output, cut veg oil imports in Budget 2021: Sources

India is likely to announce a five-year plan to cut expensive vegetable oil imports worth \$10 billion a year in next week's federal budget by providing farmers with financial incentives to switch to oilseeds from grains, said three senior government officials. Higher oilseed production in India, the world's biggest buyer of cooking oils, will cut palm oil imports from Malaysia and Indonesia and trim soybean and sunflower oil purchases from Brazil, Argentina, Russia and Ukraine...

6

NALCO to buy back Rs 749-cr shares




State-owned NALCO will buy back Rs 749 crore worth of shares, DIPAM Secretary Tuhin Kanta Pandey said on Thursday. The government currently holds 51.50 per cent stake in the company and would tender shares proportionate to its holding...

7

Sundaram AMC to take over Principal Mutual Fund in India

In a big development, Sundaram Asset Management Company Limited has announced the purchase of the asset management businesses of Principal Asset Management Pvt. Ltd. Sundaram will acquire the schemes managed by Principal Asset Management...

Maruti Suzuki

Estimate change	
TP change	
Rating change	

Bloomberg	MSIL IN
Equity Shares (m)	302
M.Cap.(INRb)/(USDb)	2291.7 / 32.5
52-Week Range (INR)	8400 / 4002
1, 6, 12 Rel. Per (%)	2/-1/-6
12M Avg Val (INR M)	8644

Financials & valuations (INR b)

Y/E MARCH	2020	2021E	2022E
Sales	756	708	932
EBITDA	73.0	57.5	98.4
Adj. PAT	56.5	49.3	80.5
EBIT Margin (%)	5.0	3.8	7.1
Cons. Adj. EPS (INR)	188.0	164.5	269.9
EPS Gr. (%)	-25.8	-12.5	64.1
BV/Sh. (INR)	1,603	1,694	1,901

Ratios

RoE (%)	11.7	9.6	14.0
RoCE (%)	14.6	12.0	17.9
Payout (%)	38	36	37

Valuations

P/E (x)	40.4	46.1	28.1
P/BV (x)	4.7	4.5	4.0
Div. Yield (%)	0.8	0.8	1.3
FCF Yield (%)	0.0	1.7	2.6

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	56.4	56.4	56.2
DII	15.7	16.8	15.6
FII	23.1	21.9	23.2
Others	4.9	5.0	5.0

FII Includes depository receipts

CMP: INR7,586 **TP: INR9,000 (+19%)** **Buy**

Below our estimate: Higher cost hurts margin; order backlog strong

Strong demand environment to enable cost absorption

- MSIL's 3QFY21 operating performance was impacted by higher costs, which more than off-set operating leverage benefits. While the demand environment is strong, cost absorption would be gradual keeping margin in check for FY22.
- We lower our FY21E/FY22E EPS by 6%/2% to factor in higher cost, which is diluted by volume upgrades, lower depreciation, and higher other income. Maintain **Buy** with a TP of INR9,000/share (27x Mar'23E consolidated EPS).

Higher cost impacts margin; greater other income supports PAT

- Revenue/EBITDA/PAT grew 13%/6%/24% YoY in 3QFY21 to ~INR234.5b/INR22.3b/INR19.4b. The same in 9MFY21 fell 19.3%/43%/30%.
- Net sales grew 13.3% to INR234.6b, with net realizations flat YoY (-0.8% QoQ) to INR473k (v/s our estimate of INR475.6k) due to higher discounts and adverse mix. Discounts increased QoQ to INR20.1k/unit (v/s INR17.3k/INR33k in 2QFY21/3QFY20).
- Gross margin declined 250bp QoQ (-160bp YoY) impacted by RM cost inflation (+3pp QoQ), poor mix, and higher discounts (+70bp QoQ).
- EBITDA margin fell 70bp YoY (-80bp QoQ) to 9.5% (v/s our estimate of 11.3%) due to weaker gross margin and higher staff cost. EBIT margin rose 30bp YoY (+10bp QoQ) to 6.3% (v/s our expectation of 8%) due to lower depreciation. Higher other income boosted PAT growth by 24% to INR19.4b (v/s our estimate of INR20.3b).

Highlights from the management commentary

- Post festive demand, better than expected and contrary to its expectation demand didn't decline. Fresh bookings have also been positive. Current order backlog stands at 215k vehicles, with low dealer inventory at 21k units at the beginning of Jan'21.
- Currently, there is no impact on part supplies. However, the management is monitoring the situation closely as some OEMs are impacted.
- Replacement demand (at 19% of sales v/s 26% last year) is yet to see an improvement. Rural markets (over 40% of volumes) and CNG (+18% YoY in 9MFY21) have done much better.
- Capacity utilization is near ~100%. 3QFY21 has already seen good operating leverage benefits. As it adds capacity, MSIL would have a negative impact in the interim. It expects marketing cost to increase from the lows of FY21.

Valuation and view

- While MSIL has seen a strong demand recovery, commodity cost inflation has delayed margin recovery. We expect a gradual margin recovery as cost is absorbed over the next 2-3 quarters. Strong demand and stable competitive positioning would drive convergence of P/E towards its 5-year avg. of ~30x.
- The stock trades at 28.1x/22.8x FY22/FY23E consol. EPS. We value the stock at 27x Mar'23E consol. EPS (at a 10% discount to its 5-year avg P/E v/s 25x earlier to factor in for strong demand & stable market share). Maintain **Buy**.

S/A quarterly perf.
(INR m)

Y/E March	FY20				FY21				FY20	FY21E	3QFY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Net operating revenue	1,97,198	1,69,853	2,07,068	1,81,987	41,065	1,87,445	2,34,578	2,44,834	7,56,106	7,07,922	2,35,853
Change (%)	-12.2	-23.6	5.3	-15.2	-79.2	10.4	13.3	34.5	-12.1	-6.4	13.9
EBITDA	20,478	16,063	21,021	15,464	-8,634	19,336	22,261	31,880	84,772	64,843	26,592
EBITDA margin (%)	10.4	9.5	10.2	8.5	-21.0	10.3	9.5	13.0	11.2	9.2	11.3
Depreciation	9,186	9,261	8,580	8,230	7,833	7,659	7,413	8,511	35,257	31,416	7,800
EBIT	11,292	6,802	12,441	7,234	-16,467	11,677	14,848	23,370	49,515	33,428	18,792
EBIT margin (%)	5.7	4.0	6.0	4.0	-40.1	6.2	6.3	9.5	6.5	4.7	8.0
Non-Operating Income	8,364	9,200	7,840	8,804	13,183	6,025	9,937	4,246	34,208	33,391	7,000
PBT	19,109	15,720	20,064	15,755	-3,457	17,478	24,498	27,450	82,394	65,969	25,562
Effective Tax Rate (%)	24.9	13.6	22.0	18.0	27.9	21.5	20.8	20.7	17.2	20.6	20.5
Adjusted PAT	14,355	13,586	15,648	12,917	-2,494	13,716	19,414	21,756	68,252	52,392	20,322
Change (%)	-27.3	-35.3	5.1	-28.1	-117.4	1.0	24.1	68.4	-15.1	-23.2	29.9

Key perf. indicators

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Dom. PV Market Share (%)	51.6	49.5	51.9	54.4	42.8	50.1	50.7		51.9	
Volumes ('000 units)	402.6	338.3	437.4	384.4	76.6	393.1	495.9	516.9	1,562.6	1,482.6
Change (%)	-17.9	-30.2	2.0	-16.2	-81.0	16.2	13.4	34.5	-16.1	-5.1
Discounts (INR '000/car)	16.9	25.8	33.0	19.1	25.0	17.3	20.2		23.9	
% of Net Realizations	3.5	5.1	7.0	4.0	4.7	3.6	4.3		4.9	
Net Realizations (INR '000/car)	489.8	502.1	473.4	473.5	536.1	476.8	473.0	473.6	483.9	477.5
Change (%)	7.0	9.5	3.2	1.2	9.4	-5.0	-0.1	0.0	4.8	-1.3
Cost Break-up										
RM Cost (% of sales)	70.1	71.2	70.9	70.3	71.5	70.0	72.5	70.7	70.3	71.1
Staff Cost (% of sales)	4.4	4.9	4.2	4.5	17.8	4.4	4.0	3.5	4.5	4.7
Other Cost (% of sales)	15.2	14.4	14.8	16.7	31.7	15.3	13.9	12.9	14.0	15.0
Gross Margin (%)	29.9	28.8	29.1	29.7	28.5	30.0	27.5	29.3	29.7	28.9
EBITDA Margin (%)	10.4	9.5	10.2	8.5	-21.0	10.3	9.5	13.0	11.2	9.2
EBIT Margin (%)	5.7	4.0	6.0	4.0	-40.1	6.2	6.3	9.5	6.5	4.7

E: MOFSL estimates

Bharti Airtel

BSE SENSEX
48,874

S&P CNX
13,818


Bloomberg	BHARTI IN
Equity Shares (m)	5,456
M.Cap.(INRb)/(USDb)	3114.6 / 42.6
52-Week Range (INR)	612 / 381
1, 6, 12 Rel. Per (%)	10/-21/2
12M Avg Val (INR M)	11275
Free float (%)	43.8

Financials & Valuations (INR b)

Y/E March	FY20E	FY21E	FY22E
Sales	875.4	1,022.4	1,097.2
EBITDA	366.1	464.4	544.0
Adj. PAT	-40.7	9.5	23.8
EBIT Margin (%)	41.8	45.4	49.6
Adj. EPS (INR)	-7.5	1.7	4.4
EPS Gr. (%)	-14.6	-123.2	152.1
BV/Sh. (INR)	141.4	114.7	119.1

Ratios

Net D:E	1.5	2.0	1.9
RoE (%)	-5.5	1.4	3.7
RoCE (%)	3.6	15.1	6.7
Payout (%)	0.0	0.0	0.0

Valuations

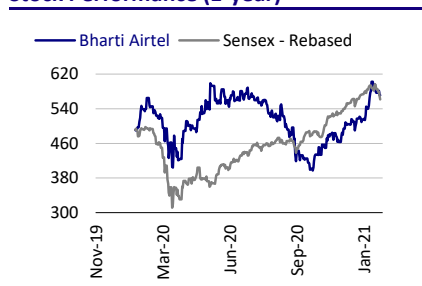
EV/EBITDA (x)	12.2	9.5	8.0
P/E (x)	-76.5	329.3	130.6
P/BV (x)	4.0	5.0	4.8
Div Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	56.2	56.2	62.7
DII	21.8	21.7	14.1
FII	17.8	17.6	16.5
Others	4.2	4.5	6.7

FII Includes depository receipts

Stock Performance (1-year)


CMP: INR 571
TP: INR 650(+14%)
Buy

Bharti successfully demonstrates 5G use case

Bharti Airtel on 28 Jan'21 launched 5G on a use case basis at one of its stores in Hyderabad on a non-standalone network basis (i.e. fall back on 4G network) on 1,800MHz. This makes Bharti ready to rollout 5G service. The idea is to showcase its capabilities in 5G and push the 5G ecosystem of app, content, and services. There is no incremental capex as it would over time offset 4G capex and part of the investment would be fungible. We think 5G deployment for commercial use is still more than a couple of years away as spectrum availability and ecosystem development would take much longer, while 4G still has a long way in fulfilling its true potential.

Key takeaways

- **Plan to tackle RJio and VIL:** Over the past one-year, Bharti has demonstrated its 5G capability in labs. Now, it has demonstrated the same over a commercial network. In Hyderabad, the service has gone live in Airtel stores. The company is fully 5G ready across all domains. Once government approval is received and there is adequate spectrum available, it can be rolled out to consumers.
- **Capex outlook:** The company has covered 400k villages with 4G. Now, the network is 5G ready. Incremental capex for 5G would be offset by 4G capex, so the same would be limited.
- **5G use case in Hyderabad:** So far, it is only available for testing at its own stores in Hyderabad. The company needs permission to provide the same to customers. In labs, latency and speed is 10x better than 4G, with 3Gbps speed achieved. During the live demonstration, it achieved a speed of 300Mbps.
- Currently, 5G has been launched on the 1,800MHz band.
- **Best band for 5G:** In the first phase, the company need a larger chunk of spectrum, which is available in 3.5GHz, to deploy on a non-standalone (NSA) network, which would be the best approach for deployment. Bharti can start 5G operations without 3.5GHz spectrum. But the latter would play an important part as the true power of 5G would be achieved only with good quantity of 3.5Ghz spectrum.
- **Additional mid-band spectrum requirement:** Bharti has a high presence in mid-band spectrum. It has a large chunk of spectrum between 1,800MHz and 2,100MHz. It also has sub-Giga band spectrum in almost all circles, except in 7-8 circles, which can be over time re-farmed for 5G.
- **Best deployment approach:** NSA deployment can be better as it would complement its existing 4G network. Standalone (SA) network rollout would require a new core. So, initial deployment would be on NSA and then for certain pockets it would be deployed on a SA network.

- **Equipment and device partner:** Ericsson is partnering with Bharti for 5G implementation. It is partnering with multiple handset OEMs for devices.
- **Official launch of 5G:** The launch of 5G would happen only when a true 5G experience can be delivered. This would be dependent on availability of reasonable quantities of spectrum in the 3.5GHz band. It can also be implemented by re-farming lower spectrum bands, but it would be premature to do so at this point of time given the readiness of 4G v/s 5G at present. If and when enough quantity of spectrum in the mid-band is available, then it can be rolled out in a matter of months.
- **Concerns about local standard:** 1) The ecosystem should be a common global system, so that device prices are lower and interoperable. 2) There is a need for an ecosystem of devices, content, and applications. 3) Bharti is working with partners to make India-specific solutions.
- **Focus on device pricing:** Bharti has 1m 5G ready phone customers on its network, with a handset cost of INR20k. However, prices should be in INR10-15k range for the masses to adopt this technology. The company would be working with all device partners to bring 5G devices to India at affordable prices.
- **Commercial application:** 5G would require an ecosystem of innovation. If it is only used for better speeds, then it won't be the best use of this technology. With 100x concurrency and higher speed/latency, there can be multiple alternative use of 5G like VR, AR, Airtel broadband, etc.
- **Role of O-RAN:** O-RAN is one of the ways for 5G deployment. Bharti is trying open RAN and is engaged with many strategic partners. It is happy to adopt other technologies that offer the best experience at lower cost. Over time, the open interface may become the new norm as most network equipment would be interoperable.
- **Competition with space technologies:** Space driven technology are mostly used in remote areas. It does not offer the capacity that wired 5G technology can offer. So, it would at best complement 5G technology instead of competing.
- **ARPU uplift with 5G:** ARPU in India is very low and needs to rise to INR200 and then to INR300.

BSE SENSEX 46,874
S&P CNX 13,818

Conference Call Details



Date: 29th Jan 2021

Time: 4:30pm IST

Dial-in details:

+91 22 6280 1259 /

+91 22 7115 8160

Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E	2023E
Sales	72.9	67.2	83.4	94.8
Sales Gr. (%)	3.1	-7.8	24.1	13.6
EBITDA	15.8	15.5	18.8	21.4
EBITDA Margin (%)	21.6	23.1	22.6	22.6
Adj. PAT	11.7	10.6	13.0	15.1
Adj. EPS (INR)	23.1	20.8	25.7	29.8
EPS Gr. (%)	24.5	-10.0	23.3	16.0
BV/Sh.(INR)	87.7	110.0	126.5	147.1

Ratios

RoE (%)	27.3	21.1	21.7	21.8
RoCE (%)	25.0	19.6	20.7	20.8
Payout (%)	30.4	36.0	29.2	25.2

Valuations

P/E (x)	74.3	82.5	66.9	57.7
P/BV (x)	19.6	15.6	13.6	11.7
EV/EBITDA (x)	54.3	54.4	44.5	38.7
Div. Yield (%)	0.4	0.4	0.4	0.4

CMP: INR1716

Neutral

Beat on all fronts

Consolidated performance

- Net sales grew 19.3% YoY to INR23b (est. INR21.8b).
- Revenues for the Consumer & Bazaar (C&B) segment were up 25.1% YoY to INR18.5b, with segmental EBIT growing 43.5% YoY to INR6.5b. Segmental EBIT margins expanded 450bp YoY to 34.9%.
- Revenues for the B2B segment grew 2.7% YoY to INR4.8b, with segment margins down 300bp YoY to 11.7%.
- Overall gross margins expanded 100bp YoY to 54.8%.
- Lower employee expenses as a percentage of sales (down 90bp YoY to 11.3%) and lower other expenses as a percentage of sales (down 190bp YoY to 15.6%) led to EBITDA margin expansion by 380bp YoY to 27.9% (est. 25.5%).
- EBITDA grew 38.4% YoY to INR6.4b (est. INR5.5b).
- PBT grew 32.4% YoY to INR6b (est. INR5.2b).
- Adj. PAT was up 29.1% YoY to INR4.4b (est. INR4b).
- 9MFY21 sales/EBITDA/PAT declined 12%/4.3%/17.1% YoY.

Standalone performance

- Overall sales volume and mix growth stood at 19% YoY, whereas C&B segment volume and mix grew by 22% YoY
- Net sales grew 17.6% YoY to INR19.6b.
- C&B segment revenues were up 20.4% YoY to INR16b. Segmental EBIT grew 33.5% YoY to INR5.9b. Segmental EBIT margins expanded 360bp YoY to 37%.
- B2B segment revenues grew 10% YoY to INR3.8b. Segment margins declined 130bp YoY to 15.2%.
- Overall gross margins expanded 110bp YoY to 55.1%, and EBITDA margins improved 350bp YoY to 29.3%.
- EBITDA grew 33.4% YoY to INR5.7b.
- PBT grew 26.6% YoY to INR5.5b.
- Adj. PAT grew 23.9% YoY to INR4.1b.

Consolidated – Quarterly Earnings Model

(INR m)

Y/E March	FY20				FY21				FY20	FY21E	FY21	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net Sales	20,166	18,066	19,266	15,447	8,778	18,803	22,990	16,666	72,945	67,238	21,770	5.6
YoY change (%)	10.0	2.8	4.2	-5.8	-56.5	4.1	19.3	7.9	3.1	-7.8	13.0	
Gross Profit	10,361	9,644	10,363	8,552	4,694	10,520	12,588	9,627	38,920	37,428	12,191	
Margin (%)	51.4	53.4	53.8	55.4	53.5	55.9	54.8	57.8	53.4	55.7	56.0	
EBITDA	4,437	3,682	4,632	3,009	664	5,126	6,408	3,315	15,760	15,513	5,541	15.6
YoY change (%)	16.3	0.5	37.5	7.9	-85.0	39.2	38.4	10.2	15.6	-1.6	19.6	
Margins (%)	22.0	20.4	24.0	19.5	7.6	27.3	27.9	19.9	21.6	23.1	25.5	
Depreciation	377	402	419	501	461	479	495	531	1,699	1,966	500	
Interest	73	83	82	98	91	87	121	39	336	337	85	
Other Income	399	558	398	140	200	217	204	297	1,494	918	250	
PBT	4,385	3,755	4,530	2,550	312	4,778	5,997	3,042	15,219	14,129	5,206	15.2
Tax	1,444	293	1,084	656	159	1,220	1,548	630	3,477	3,556	1,197	
Rate (%)	32.9	7.8	23.9	25.7	50.8	25.5	25.8	20.7	23.7	25.2	23.0	
Adj PAT	2,941	3,462	3,445	1,894	154	3,558	4,449	2,412	11,742	10,573	4,009	11.0
YoY change (%)	22.4	48.2	58.0	-23.1	-94.8	2.8	29.1	27.4	25.1	-10.0	16.4	
Margins (%)	14.6	19.2	17.9	12.3	1.7	18.9	19.3	14.5	16.1	15.7	18.4	

E: MOFSL Estimates

Standalone Quarterly Performance

(INR m)

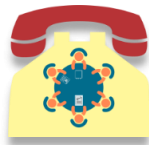
Y/E March	FY20				FY21		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales	17,789	15,717	16,634	13,186	7,724	16,302	19,567
Change (%)	10.6	3.6	4.6	-4.4	-56.6	3.7	17.6
Gross Profit	9,173	8,441	8,976	7,373	4,210	9,213	10,777
Gross Margin %	51.6	53.7	54.0	55.9	54.5	56.5	55.1
Operating Expenses	4,993	4,930	4,682	4,521	3,256	4,494	5,050
% of sales	28.1	31.4	28.1	34.3	42.2	27.6	25.8
EBITDA	4,180	3,510	4,294	2,852	954	4,719	5,727
EBITDA Margin %	23.5	22.3	25.8	21.6	12.4	28.9	29.3
Change (%)	16.9	1.3	31.8	8.9	-77.2	34.4	33.4
Depreciation	281	303	318	357	348	359	371
Interest	27	36	34	37	34	30	62
Other Income	390	572	391	165	197	225	195
PBT	4,262	3,743	4,334	2,623	769	4,554	5,489
Tax	1,387	280	1,030	657	202	1,162	1,394
Effective Tax Rate (%)	32.5	7.5	23.8	25.0	26.3	25.5	25.4
Adj PAT	2,876	3,463	3,304	1,966	567	3,392	4,094
Change (%)	7.7	41.6	47.0	-19.1	-80.3	-2.1	23.9

E: MOFSL Estimates

Indus Towers

BSE SENSEX
46,874S&P CNX
13,818

Conference Call Details

**Date:** 29th January 2021**Time:** 02:30pm IST**Dial-in details:**

+91-11-4444-9999

Financials & Valuations (INR b)

INR Billion	FY20	FY21E	FY22E
Net Sales	201.0	258.2	271.5
EBITDA	99.0	121.9	101.3
Adj. PAT	41.7	59.5	43.6
EBITDA Margin (%)	49.3	47.2	37.3
Adj. EPS (INR)	22.5	32.2	23.6
EPS Gr. (%)	65.7	42.8	-26.8
BV/Sh. (INR)	73.2	93.7	105.5
Ratios			
Net D:E	-0.1	-0.4	-0.6
RoE (%)	29.7	38.6	23.7
RoCE (%)	27.3	35.6	24.2
Payout (%)	52.0	36.4	49.7
Valuations			
EV/EBITDA (x)	4.4	3.1	3.4
P/E (x)	10.8	7.5	10.3
P/BV (x)	3.3	2.6	2.3
Div. Yield (%)	4.2	4.2	4.2

CMP: INR241**Neutral**

EBITDA up 16% QoQ (8% beat on LTL comparison) on high exit penalty charges

- Proforma consol. revenue increased 5.9% QoQ to INR67.4b (in-line on LTL comparison). Rental revenue increased 7.4% QoQ to INR43b (5.4% above LTL est.), led by high INR4b exit penalty charges and healthy 4.2k tenancy adds (1.3% QoQ). Energy revenue also improved 3.5% QoQ to INR24b (2.1% below our LTL estimate).
- Proforma consol. EBITDA increased 15.6% QoQ to INR35.5b (8% beat on LTL), led by 13% growth in rental EBITDA and reduction in losses in Energy EBITDA.
- Rental EBITDA grew 12.8% QoQ to INR36.1b on INR4b exit penalty charges and healthy margin improvement on 4.2k tenancy adds. Energy EBITDA loss also reduced to INR562m v/s INR1.3b in 2QFY21.
- The EBITDA margin improved 440bp QoQ to 52.7% on a 400bp improvement in the Rental EBITDA margin (83.7%) and reduction in loss in Energy EBITDA.
- PBT/PAT was up 21.2%/20.3% QoQ to INR18.4b/INR13.6b (8.7%/7.7% beat on LTL).
- Capex for 3QFY21 stood at INR10.9b (INR8.7b/INR7.2b in 2QFY21/3QFY20) – the QoQ increase was due to the nationwide lockdown; towers added in 3QFY21 stood at 3,416 to 175,510 (v/s 2,464 in 2QFY21).

Key operating metrics

- Consol net tenancy stood at 4.2k in 3QFY21 v/s 3.5k in 2QFY21. Gross co-location exits were at 354. Thus, gross adds stood at 4,558. Average sharing factor remained flat at 1.82x in 3QFY21.
- Furthermore, notices were received for 4,474 co-location exits, but actual exits are yet to happen.
- Rentals per tenant (per month) increased 6.3% QoQ to INR44,845, primarily on the inclusion of exit charges. Excluding this, rental per tenant was in-line (+1% QoQ).

Others

- The board has declared interim dividend of INR17.82/share. Thus, the total outflow of dividends would be INR48b in FY21.
- The company had net debt of INR1.5b v/s INR33b on LTL in 2QFY21, and a net cash position of INR13b of the pre-merger entity.

Quarterly Performance

(INR m)

Y/E March	FY20				FY21				FY20	FY21E	3Q	
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			FY21E	Var (%)
Revenue from operations	37,119	36,376	64,432	63,063	60,859	63,591	67,361	66,407	2,00,990	2,58,218	38,173	76.5
YoY Change (%)	1.0	-0.8	77.0	75.2	64.0	74.8	4.5	5.3	37.8	1,625.7	-40.8	
Total Expenditure	18,164	17,593	31,708	34,527	30,279	32,854	31,837	41,341	1,01,992	1,36,311	18,778	69.5
EBITDA	18,955	18,783	32,724	28,536	30,580	30,737	35,524	25,066	98,998	1,21,907	19,396	83.2
YoY Change (%)	24.7	26.4	117.6	91.4	61.3	63.6	8.6	-12.2	65.0	1,669.3	-40.7	
Depreciation	7,425	7,453	12,470	13,453	12,681	13,088	14,302	-10,509	40,801	29,562	7,391	93.5
Interest	1,125	1,251	3,012	2,760	3,205	3,297	3,900	3,900	8,148	14,302	1,552	151.3
Other Income	651	349	562	840	339	816	1,056	-49	2,402	2,162	430	145.5
PBT	11,056	10,428	17,804	13,163	15,033	15,168	18,378	31,625	52,451	80,204	10,883	68.9
Tax	2,186	793	4,496	3,299	3,827	3,861	4,778	8,222	10,774	20,688	2,768	
Rate (%)	19.8	7.6	25.3	25.1	25.5	25.5	26.0	26.0	20.5	25.8	25.4	
Reported PAT	8,870	9,635	13,308	9,864	11,206	11,307	13,600	23,403	41,677	59,516	8,115	67.6
Adj PAT	8,870	9,635	13,308	9,864	11,206	11,307	13,600	23,403	41,677	59,516	8,115	67.6
YoY Change (%)	39.0	55.0	105.2	62.3	26.3	17.4	2.2	137.3	65.7	669.1	-39.0	

E: MOFSL Estimates

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	INDIGO IN
Equity Shares (m)	384
M.Cap.(INRb)/(USDb)	611.3 / 8.4
52-Week Range (INR)	1787 / 765
1, 6, 12 Rel. Per (%)	-5/52/-5
12M Avg Val (INR M)	3004
Free float (%)	25.2

Financials & Valuations (INR b)

Y/E March	2021E	2022E	2023E
Sales	151.3	345.5	422.3
EBITDAR	2.8	78.8	102.9
NP	-55.2	17.4	36.6
EPS (INR)	-144	45.2	95.3
BV/Sh (INR)	9	48.8	132.7
Ratios			
Net D:E	20.2	-3.1	-3.2
RoE (%)	-178	156.3	105
RoCE (%)	-17.7	19.7	36.3
Payout (%)	0	12	12
Valuations			
P/E (x)	-11	35	16.6
P/BV (x)	175.3	32.4	11.9
Adj.EV/EBITDAR(x)	249.3	7.3	4.6
Div. Yield (%)	0	0.3	0.6
FCF Yield (%)	-1.7	22.4	18.3

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	74.9	74.9	74.9
DII	5.6	7.7	5.7
FII	17.3	14.8	15.3
Others	2.2	2.7	4.2

FII Includes depository receipts

CMP: INR1,588 **TP: INR1,525 (-4%)** **Neutral**

Concerns over demand growth and yield surface

- INDIGO reported in-line ASK (15.3b), PLF (72%), and RPK (11b), while yield came in lower than est. at INR3.7, resulting in lower-than-expected revenue.
- The factors highlighted in our report ([12th Dec'20](#)) are at play – an increase in crude oil prices, along with decline in yield, and the slowing of domestic passenger growth going forward (compared with over the last seven months) would impact companies' profitability.
- Passenger demand and yield were stronger over Oct–Nov'20, but crashed in Dec'20 on reports of new COVID cases. Additional deployments of aircraft by competitors have also led to pressure on yields.
- **As per daily passenger data published by MoCA, domestic passenger demand has barely improved MoM in Jan'21 at ~59% of last year's levels (v/s ~57% in Dec'20). Also, airfares have further declined ~14% MoM in Jan'21 (Dec'20 saw a drop of ~21% in airfares since peaking in Oct'20).**
- Even INDIGO has highlighted concerns over yield. However, the company expects to maintain better yield with plans such as a) retiring older CEO aircrafts and replacing these with NEO aircrafts – which are 10–15% more fuel-efficient and b) adding more domestic routes ([added 7 new routes](#)) – improving regional connectivity, aiding yield on non-metro routes. **We build yield of ~INR3.9 for FY22–23E (~5% premium to the last five-year average).**
- We continue to believe in the various pre-emptive measures undertaken by INDIGO to come out stronger from the current crisis. Also, the company has decided not to raise funds through the approved QIP (current total cash of INR183.7b, with free cash at INR74.5b).

In-line ASK and RPK; yield lower than estimated

- In 2QFY21, ASK was in line with our est. at 15.3b (-41% YoY), with PLF at 72% (v/s our est. of 73% – up from 65% in 2QFY21); thus, RPK stood at 11.0b (-3% est.; -51% YoY).
- Yield came in below est. at INR3.7 v/s our est. of INR4 (-5% YoY). Thus, revenue came in at INR49.1b (-13% est.; -51% YoY) – RASK was at INR3.2.
- Employee cost was up 8% QoQ (but down 37% YoY) at INR7.4b (in line with est.) – CASK was at INR3.6. EBITDAR was in line with est. at INR9b.
- The company reported PAT loss of INR6.3b v/s our est. loss of INR5.4b.
- Capacity guidance (ASK) for 4QFY21 is 75-80% YoY.

Valuation and view

- **As demand growth remains constrained, on account of the aforementioned factors, and airlines deploy further capacity from the currently constrained 80% (by MoCA), we believe PLF would remain at ~80% in FY22. As a result, FY22 RPK is expected to be ~7% lower v/s FY20.**
- Despite the current state of uncertainty in the industry, INDIGO's stock performance over the past one year is up ~10%. We value the company at 16x (~33% premium to global peers) FY23E EPS to arrive at Target Price of INR1,525 – no significant upside to CMP. Maintain **Neutral**.

Quarterly performance

(INR m)

Y/E March	FY20				FY21				FY20	FY21E	FY21	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	vs est
Net Sales	94,201	81,052	99,317	82,991	7,667	27,410	49,100	67,146	3,57,560	1,51,323	56,226	-13%
YoY Change (%)	44.7	31.0	25.5	5.3	-91.9	-66.2	-50.6	-19.1	25.5	-57.7	-43.4	
EBITDAR	26,522	911	18,042	-127	-15,443	2,806	9,030	6,414	45,348	2,807	8,808	3%
Margins (%)	28.2	1.1	18.2	-0.2	-201.4	10.2	18.4	9.6	12.7	1.9	15.7	
Net Rentals	1,288	1,110	1,343	1,226	757	743	642	814	4,967	2,957	1,292	-43%
EBITDA	25,234	-199	16,699	-1,353	-16,200	2,063	8,388	5,600	40,382	-150	7,516	12%
Margins (%)	26.8	-0.2	16.8	-1.6	-211.3	7.5	17.1	8.3	11.3	-0.1	13.4	
Depreciation	9,009	10,287	10,377	10,063	10,964	11,264	11,565	11,906	39,736	45,699	11,264	3%
Interest	4,842	4,235	4,805	4,877	5,097	5,625	5,415	5,362	18,759	21,500	5,625	-4%
Other Income	3,670	4,347	3,986	3,359	3,768	2,878	2,326	3,226	15,362	12,197	3,986	-42%
PBT	15,053	-10,373	5,504	-12,934	-28,494	-11,948	-6,266	-8,443	-2,751	-55,151	-5,387	16%
Rate (%)	20.3	-2.7	10.9	32.5	0.0	0.0	0.0	0.0	9.8	0.0	0.0	
Reported PAT	12,005	-10,656	4,905	-8,735	-28,494	-11,948	-6,266	-8,443	-2,481	-55,151	-5,387	16%
EPS	31.2	-27.7	12.8	-22.7	-74.1	-31.1	-16.3	-22.0	-6.5	-143.5	-14.0	16%
YoY Change (%)	4,215.7	63.4	157.0	-248.2	-337.4	12.1	-227.8	-3.3	-259.1	2,122.5	-209.8	

E: MOFSL Estimates

Estimate changes	↑
TP change	↑
Rating change	↔

Bloomberg	MRCO IN
Equity Shares (m)	1,290
M.Cap.(INRb)/(USDb)	531.9 / 7.3
52-Week Range (INR)	435 / 234
1, 6, 12 Rel. Per (%)	2/-8/9
12M Avg Val (INR M)	1140

Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E	2023E
Sales	73.2	78.3	88.3	99.2
Sales Gr. (%)	-0.3	7.0	12.7	12.5
EBITDA	14.7	16.1	18.1	20.7
EBITDA Margin. %	20.1	20.6	20.6	20.9
Adj. PAT	10.5	11.2	12.6	14.7
Adj. EPS (INR)	8.1	8.7	9.8	11.4
EPS Gr. (%)	13.4	6.4	13.1	16.2
BV/Sh.(INR)	23.4	30.6	31.7	34.3

Ratios

RoE (%)	34.9	32.0	31.5	34.5
RoCE (%)	33.0	30.4	29.7	32.3
Payout (%)	98.1	88.5	89.5	77.1

Valuations

P/E (x)	50.6	47.5	42.0	36.2
P/BV (x)	17.6	13.4	13.0	12.0
EV/EBITDA (x)	35.7	32.1	28.5	24.9
Div. Yield (%)	1.9	1.9	2.1	2.1

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	59.6	59.6	59.6
DII	10.2	10.4	9.7
FII	24.3	23.7	23.9
Others	6.0	6.2	6.8

FII Includes depository receipts

CMP: INR412 TP: INR490 (+19%) Buy

Impressive topline growth, likely to sustain

Brief overview of 3QFY21 result and stock

- Led by domestic volume growth of 15% (its highest in 34 quarters), MRCO exceeded expectations on the sales front, a trend that is likely to continue for the next few quarters, with all key segments doing well and a weak base in the next couple of quarters.
- Strong momentum in key segments, increased confidence, and new launches in foods led us to forecast ~12% revenue CAGR between FY21-FY23E, much higher than the 5% CAGR witnessed over FY15-20. At the same time, judicious price increases and expected reduction in commodity costs from current elevated levels would result in an improvement in operating margin, which were below expectations in 3QFY21, going forward.
- While the stock has appreciated nearly 60% since our upgrade to Buy in Mar'20, valuations of 42x/36.2x FY22E/FY23E are inexpensive. The stock will re-rate further, if the company can elevate its EPS CAGR to 15-20% over the next few years. **Maintain BUY.**

Significant beat on estimates

- **MRCO's 3QFY21 consolidated net sales grew 16.3% YoY to INR21.2b** (v/s our estimate of INR20b). The domestic business grew 16.2% YoY. Consolidated EBITDA grew 10.7% YoY to INR4.1b (in line). PBT grew 10.1% YoY to INR3.9b (in line). Adjusted PAT grew 12.9% YoY to INR3.1b (v/s our estimate of INR2.7b).
- **Consolidated gross margin contracted 220bp YoY to 46.9%** (v/s our estimate of 48.5%). As a percentage of sales, A&P expenses fell 100bp YoY to 9.1% (absolute A&P spends up 4.3% YoY). Other expenses too declined 80bp to 11.4%. Staff cost marginally increased (60bp) to 7%. EBITDA margin contracted 90bp YoY to 19.5%.
- **Standalone business:** Net sales grew 16.2% YoY. EBITDA/adjusted PAT grew 5.9%/8.5% YoY. EBITDA margin contracted 180bp YoY to 18.2%. The domestic business reported volume growth of 15% (v/s our estimate of 10%). **This was the highest quarterly domestic volume growth in the last 34 quarters.**
- **9MFY21 sales/EBITDA/PAT grew 3.7%/6.9%/11.4% YoY.**

Highlights from the management commentary

- In 3QFY21, rural grew 24% YoY, well ahead of the 10% growth in urban. The management expects rural outperformance to sustain.
- Aided by strong momentum and weak base, the company is targeting ~20% sales growth, with mid-teen volume growth, over the next two quarters.
- MRCO has taken ~15% price increase in VAHO owing to higher material costs, which the management believes is transient.
- The management expects copra costs to be flat YoY in FY22. By Apr-May'21, it expects segmental margin to return to Oct-Nov'20 levels.

Valuation and view

- There is no material change in our EPS forecasts. Ongoing volume growth momentum in each of its core segments and significantly high growth targets in the Foods portfolio is encouraging. As highlighted in our [management meet note](#) in Jun'20, traction in both topline and margin growth is encouraging v/s earlier fears of an EPS decline in FY21.
- While the jury is still out on the likely success of new product development, which would elevate MRCO's medium-to-longer term earnings trajectory and valuation multiples, the stock at 42x/36.2x FY22E/FY23E EPS appears to still provide healthy upside over next year, with superior outlook than most peers and a far less volatile international business. We target 43x FY23E EPS, which gives us a TP of INR490/share, implying a 19% upside. **Maintain Buy.**

Quarterly performance

(INR m)

Y/E March	FY20				FY21				FY20	FY21E	3QFY21E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Domestic volume growth (%)	6.0	1.0	-1.0	-3.0	-14.0	11.0	15.0	15.4	0.8	6.8	10.0	
Net Sales	21,660	18,290	18,240	14,960	19,250	19,890	21,220	17,941	73,150	78,301	19,973	6.2%
YoY Change (%)	6.9	-0.4	-2.0	-7.0	-11.1	8.7	16.3	19.9	-0.3	7.0	9.5	
Gross Profit	10,290	9,080	8,960	7,370	9,410	9,550	9,950	8,313	35,470	37,223	9,691	
Gross margin (%)	47.5	49.6	49.1	49.3	48.9	48.0	46.9	46.3	48.5	47.5	48.5	
EBITDA	4,610	3,530	3,730	2,820	4,670	3,890	4,130	3,446	14,690	16,136	4,104	0.6%
Margin (%)	21.3	19.3	20.4	18.9	24.3	19.6	19.5	19.2	20.1	20.6	20.5	
YoY Change (%)	26.0	15.7	3.9	-4.1	1.3	10.2	10.7	22.2	10.9	9.8	10.0	
Depreciation	350	350	320	380	340	330	360	370	1,400	1,400	352	
Interest	120	130	120	130	90	80	70	46	500	286	102	
Other Income	280	350	290	320	190	270	240	252	1,240	952	299	
PBT	4,420	3,400	3,580	2,630	4,430	3,750	3,940	3,282	14,030	15,402	3,949	-0.2%
Tax	1,150	880	820	530	1,030	690	820	1,346	3,310	3,886	1,185	
Rate (%)	26.0	25.9	22.9	20.2	23.3	18.4	20.8	41.0	23.6	25.2	30.0	
Minority Interest	70	50	40	60	90	90	50	110	220	340	80	
Adjusted PAT	3,200	2,470	2,720	2,040	3,310	2,970	3,070	1,826	10,500	11,176	2,684	14.4%
YoY Change (%)	25.5	16.5	10.6	-3.3	3.4	20.2	12.9	-10.5	13.4	6.4	-1.3	

E: MOFSL estimates

BSE SENSEX
48,874

S&P CNX
13,818

Conference Call Details


Date: 29th Jan 2021

Time: 08:00 AM IST

Financials & Valuations (INR b)

Y/E Mar	2021E	2022E	2023E
Net Sales	158.3	179.0	194.0
EBITDA	26.0	33.5	37.4
Adj. PAT	10.5	16.6	20.1
Adj. EPS (INR)	23.3	36.8	44.5
EPS Gr. (%)	0.0	58.0	20.9
BV/Sh. (INR)	292.6	318.9	351.7
RoE (%)	6.6	10.1	11.5
RoCE (%)	35.4	28.6	26.3
P/E (x)	45.0	28.5	23.5
P/BV (x)	3.6	3.3	3.0

CMP: INR1,049
TP: INR1,135(+8%)
Buy

Product mix, lower R&D / tax led beat on earnings

Revenues in-line with estimates

- Lupin's 3QFY21 revenues were up 6.6% YoY to INR40.2b (in-line). Domestic Formulation (DF) sales were up 5.4% YoY to INR13.7b (35% of sales). RoW sales were up 28.5% YoY to INR1.1b (3% of sales). EMEA (Europe, Middle East, and Africa) sales were up 12.3% YoY to INR3.3b (8% of sales). API sales increased 8.4% YoY to INR3.4b (9% of sales). US sales were in-line YoY in CC terms at USD188m (37% of sales; up 4.4% QoQ).
- Growth Market sales declined 5.8% YoY to INR3.3b (8% of sales).
- The gross margin (GM) expanded 180bp YoY to 65.8%. This was largely owing to a change in the product mix.
- The EBITDA margin expanded at a higher rate of 700bp YoY to 19.4%, led by lower R&D/staff/other expenses (down 270bp/210bp/40bp YoY as a percentage of sales).
- R&D expense stood at INR3.5b, i.e., 8.7% of sales in 3Q.
- EBITDA was up 66% YoY to INR7.8b (v/s our estimate of INR7b).
- Adj. PAT was up 2.4x YoY to INR4.4b (our estimate: INR3.2b), aided by lower tax rate for the quarter (v/s 3QFY20).
- In 9MFY21, sales were in-line YoY at INR113.8b. EBITDA was almost flat YoY at INR18.7b. Adj. PAT was down 4.6% YoY to INR7.6b.

Other highlights

- LPC received five ANDA approvals in 3Q and launched three products. LPC filed one ANDA during the quarter.
- Capex was INR1.2b for the quarter.
- Net debt at the end of 3QFY21 stood at INR12.9b.

Quarterly Performance (Consolidated)

Y/E March									(INR m)		
	FY20				FY21E				FY20	FY21E	FY21E % Var 3QE
	1Q	2Q*	3Q	4Q	1Q	2Q	3Q	4QE			
Net Sales	38,777	38,822	37,693	38,457	35,279	38,350	40,174	44,485	153,748	158,287	40,873 -1.7
YoY Change (%)	0.6	-1.7	-4.5	-1.1	-9.0	-1.2	6.6	15.7	4.8	3.0	8.4
Total Expenditure	31,309	32,416	33,002	33,204	30,194	32,538	32,386	37,210	130,200	132,328	33,843
EBITDA	7,468	6,406	4,691	5,253	5,085	5,812	7,787	7,275	23,548	25,959	7,030 10.8
YoY Change (%)	5.5	16.5	-31.2	-32.6	-31.9	-9.3	66.0	38.5	-8.0	10.2	49.9
Margins (%)	19.3	16.5	12.4	13.7	14.4	15.2	19.4	16.4	15.3	16.4	17.2
Depreciation	2,502	2,526	2,532	2,143	2,146	2,127	2,443	2,199	9,702	8,916	2,200
EBIT	4,967	3,880	2,159	3,111	2,938	3,684	5,344	5,077	13,846	17,044	4,830
YoY Change (%)	10.6	36.5	-53.3	-44.5	-40.8	-5.0	147.6	63.2	-6.2	23.1	124
Margins (%)	12.8	10.0	5.7	8.1	8.3	9.6	13.3	11.4	9.0	10.8	12
Interest	844	826	886	1,074	443	336	309	474	3,630	1,562	400
Other Income	666	1,280	936	826	433	250	212	556	3,578	1,450	350
EO Exp/(Inc)	0	5,465	3,287	-2,091	204	0	0	0	6,261	204	0
PBT	4,789	-1,131	-1,078	4,954	2,725	3,598	5,247	5,158	7,533	16,727	4,780 9.8
Tax	2,155	695	7,670	1,051	1,643	1,467	835	2,244	11,571	6,189	1,577
Rate (%)	45.0	-61.5	-711.4	21.2	60.3	40.8	15.9	43.5	153.6	37.0	33.0
Minority Interest	-13	27	-64	7	-12	-21	-29	-23	-43	-85	-20
Reported PAT	2,647	-1,853	-8,685	3,896	1,069	2,110	4,383	2,892	-3,995	10,453	3,183 37.7
Adj PAT	2,807	3,373	1,834	2,559	1,150	2,110	4,383	2,891	10,572	10,534	3,183 37.7
YoY Change (%)	38.4	26.8	-36.2	-0.1	-59.0	-37.4	139.0	13.0	0.2	-0.4	73.5
Margins (%)	7.2	8.7	4.9	6.7	3.3	5.5	10.9	6.5	6.9	6.7	7.8

United Spirits

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	UNSP IN
Equity Shares (m)	727
M.Cap.(INRb)/(USD\$)	431.6 / 6.4
52-Week Range (INR)	743 / 443
1, 6, 12 Rel. Per (%)	3/-20/-24
12M Avg Val (INR M)	1883

Financials & Valuations (INR b)

Y/E March	2021E	2022E	2023E
Sales	79.0	95.4	105.2
Sales Gr. (%)	-13.1	20.8	10.3
EBITDA	9.4	15.8	19.8
Margin (%)	12.0	16.6	18.8
PAT	4.1	9.4	12.4
EPS (INR)	5.7	12.9	17.1
EPS Gr. (%)	-47.6	126.8	32.5
BV/Sh.(INR)	57.0	70.0	87.1

Ratios

RoE (%)	10.0	18.5	19.7
RoCE (%)	16.2	25.5	26.8
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	104.2	45.9	34.7
P/BV (x)	10.4	8.5	6.8
EV/EBITDA (x)	46.0	27.1	21.6

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	56.8	56.8	56.8
DII	9.8	9.2	7.7
FII	19.0	18.8	22.4
Others	14.5	15.2	13.1

FII Includes depository receipts

CMP: INR594 TP: INR725 (+22%) Buy

Recovery evident, albeit slower than expected

- In 3QFY21, United Spirits (UNSP) reported further sequential improvement in all parameters on the path to recovery to normalcy. While on-trade sales would take a few quarters to normalize, in-home consumption remains buoyant.
- Recovery in 3QFY21 was, nevertheless, slower than our expectation – leading to a ~15% cut in FY21 EPS. However, the reduction in FY22 and FY23 EPS forecasts is much lower at ~3% each.
- a) Gradual demand recovery, b) benign commodity costs, c) the resumption of premiumization, d) stagnant working capital (quashing earlier fears), and e) continued debt repayments augur well for continued healthy earnings growth beyond FY21. Earnings growth has been impressive in the past five years at an over 30% CAGR. Compared with other discretionary peers, valuations at 45.9x FY22 EPS and 34.7x FY23 EPS are relatively inexpensive. Maintain **Buy**.

Recovery trend continues

- Standalone net sales declined 3.6% YoY to INR24.9b (est. INR27.6b).
- Overall reported volumes declined 0.8% (est. +10%). Prestige & Above (P&A) volumes were flat YoY, whereas Popular volumes declined 2.3% YoY.
- Gross margin expanded 20bp YoY to 44.6%**, primarily driven by benign commodities and a continued focus on productivity in 3Q.
- The EBITDA margin contracted 100bp YoY to 15.4%** (est. 16.8%). As a % of sales, reported advertising costs were down 30bp YoY, while staff costs and other expenses were up 140bp YoY and 20bp YoY, respectively.
- Reported EBITDA declined 9.5% YoY to INR3.8b (est. INR4.6b).
- On an absolute basis, ad spends were down 6.6% YoY.
- Reported PBT declined 11.5% YoY to INR3b (est. INR3.7b).
- Adjusted PAT declined 11.2% YoY to INR2.3b (est. INR2.8b).
- 9MFY21 sales/EBITDA/PAT were down 20.2%/53.4%/68% YoY.

Highlights from management commentary

- Excluding the Andhra Pradesh route-to-market impact, 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.
- Benefits of the McDowell's No. 1 relaunch would be seen in the key state of Maharashtra from 4QFY21.
- The material cost outlook remains benign for the next few months.

Valuation and view

- Recovery in 3QFY21 was slower than we earlier expected, leading to a ~15% cut in FY21 EPS. However, the reduction in FY22 and FY23 EPS forecasts is much lower at ~3% each.

- Improving growth prospects, premiumization, benign commodity costs, balance sheet improvements, an impressive EBITDA and PAT growth track record, and relatively inexpensive valuations (45.9x FY22 EPS and 34.7x FY23 EPS) v/s peers led us to [upgrade the stock to Buy](#) earlier this month. We value the company at 45x FY23 EPS, arriving at TP of INR725 – a 22% upside. Maintain **Buy**.

Quarterly Performance											(INR m)	
Y/E March (Standalone)	FY20				FY21				FY20	FY21E	FY21	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Volume growth %	6.0	1.0	-1.8	-13.3	-49.2	-3.9	-0.8	14.0	-1.2	-10.0	10.0	
Total revenues	22,184	22,962	25,825	19,938	10,302	21,459	24,887	22,345	90,909	78,993	27,633	-9.9%
YoY change (%)	10.4	3.2	3.4	-11.4	-53.6	-6.5	-3.6	12.1	1.2	-13.1	7.0	
Gross Profit	10,497	10,325	11,459	8,408	4,291	9,041	11,102	9,967	40,689	34,401	12,020	
Margin (%)	47.3	45.0	44.4	42.2	41.7	42.1	44.6	44.6	44.8	43.6	43.5	
EBITDA	3,971	4,156	4,240	2,714	-776	2,697	3,838	3,688	15,081	9,447	4,645	-17.4%
Margins (%)	17.9	18.1	16.4	13.6	-7.5	12.6	15.4	16.5	16.6	12.0	16.8	
EBITDA growth (%)	66.4	-6.2	18.4	-4.3	-119.5	-35.1	-9.5	35.9	17.1	-37.4	9.6	
Depreciation	500	573	524	678	638	571	614	625	2,275	2,448	590	
Interest	520	452	455	480	499	507	377	352	1,907	1,735	480	
PBT From operations	2,951	3,131	3,261	1,556	-1,913	1,619	2,847	2,711	10,899	5,264	3,575	
Other income	101	137	176	41	95	128	194	111	455	528	150	
PBT	3,052	3,268	3,437	1,597	-1,818	1,747	3,041	2,822	11,354	5,792	3,725	-18.4%
Tax	1,065	1,022	849	510	-415	463	742	859	3,445	1,649	939	
Rate (%)	34.9	31.3	24.7	31.9	22.8	26.5	24.4	30.4	30.3	28.5	25.2	
Adj. PAT	1,987	2,246	2,588	1,087	-1,403	1,284	2,299	1,963	7,909	4,143	2,786	-17.5%
YoY change (%)	88.5	-13.2	21.7	-16.9	-170.6	-42.8	-11.2	80.6	16.9	-47.6	7.7	
E: MOFSL Estimate												

E: MOFSL Estimate

Estimate changes

TP change

Rating change



Bloomberg	CLGT IN
Equity Shares (m)	272
M.Cap.(INRb)/(USD b)	425.3 / 5.8
52-Week Range (INR)	1676 / 1065
1, 6, 12 Rel. Per (%)	0/-9/-9
12M Avg Val (INR M)	1240

Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E	2023E
Sales	45.3	48.3	53.2	58.5
Sales Gr. (%)	1.4	6.7	10.3	9.9
EBITDA	12.0	14.8	16.1	17.9
EBITDA Mrg. (%)	26.6	30.6	30.3	30.6
Adj. PAT	8.2	9.8	10.9	12.3
Adj. EPS (INR)	30.0	36.1	40.0	45.3
EPS Gr. (%)	8.1	20.4	10.7	13.3
BV/Sh.(INR)	58.6	61.0	61.0	61.0
Ratios				
RoE (%)	53.7	60.4	65.6	74.3
RoCE (%)	52.2	60.6	65.8	74.5
Payout (%)	93.2	93.5	100.0	100.0
Valuation				
P/E (x)	52.1	43.3	39.1	34.5
P/BV (x)	26.7	25.7	25.7	25.7
EV/EBITDA (x)	35.0	28.4	25.9	23.4
Div. Yield (%)	1.8	2.2	2.6	2.9

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	51.0	51.0	51.0
DII	10.4	11.1	10.4
FII	16.6	15.7	16.5
Others	22.0	22.2	22.1

FII Includes depository receipts

CMP: INR1,564
TP: INR1,810 (+16%)
Buy

Gross margin expansion leads to beat on estimates

- Colgate's (CLGT) EBITDA and PAT growth for 3QFY21 was ahead of estimates – led by the highest quarterly gross margin in the last 10 years and lower-than-expected depreciation. Meanwhile, sales and volume growth, currently in the mid-single digits, is yet to show signs of approaching an elevated trajectory.
- As highlighted in our [note in December](#), new launches appear promising of late. However, traction on these launches or entry into new categories is needed for the company to grow the topline and earnings above the low- to mid-single-digit CAGRs seen in the past five years.
- In the meantime, a) healthy rural outlook for the next few quarters, especially in light of CLGT seeing 40% sales contribution from rural, b) the promise of traction in new products, and c) inexpensive valuations of 39.1x FY22E and 34.5x FY23E have led us to maintain our Buy rating on the stock.

Better-than-expected sales; significant beat on profitability

- Net sales grew 7.4% YoY to INR12.3b** (est. INR12.1b) in 3QFY21. EBITDA increased 17.3% YoY to INR3.7b (est. INR3.6b). PBT was up 24.5% YoY to INR3.3b (est. INR3.1b). Adj. PAT grew 24.7% YoY to INR2.5b (est. INR2.4b).
- Gross margins expanded 410bp YoY to 69.8%** (est. 67%) – the highest quarterly gross margin reported in the last 10 years.
- As a percentage of sales, higher staff costs (up 30bp YoY) and higher ad-spends (up 360bp YoY) were offset by lower other expenses (down 240bp YoY). Thus, EBITDA margins expanded 250bp YoY to 30.1% (est. 29.6%).
- Absolute ad spends were up 38.3% YoY in 3Q.

Highlights from management commentary

- Domestic net sales reported healthy 10.1% growth in 3Q.
- Through higher advertising spends, CLGT continues to invest in its brands and support new product launches.
- The company introduced new categories such as Mouth Spray and Oil Pulling under the Vedshakti franchise.
- CLGT recently launched Asia's first toothpaste for diabetics, which utilizes Ayurvedic ingredients to help diabetics maintain good oral health.
- The Naturals Toothbrush portfolio was also expanded with the launch of Super Flexi Salt and Zig Zag Turmeric.
- CLGT also launched Colgate Magik, a unique toothbrush that uses augmented reality to enhance children's experience.

Valuation and view

- Changes to the model have resulted in a 5.4%/5.8%/2.1% increase in FY21/FY22/FY23E EPS, largely led by a gross margin surprise and lower-than-expected depreciation.
- Inexpensive valuations and the potential benefits of a strong rural presence have led us to maintain our **Buy** rating on the stock. This is even as we await traction on new products, market share gains, and any announcement related to entry into newer categories – which would elevate topline growth above the 2.6% CAGR levels and earnings growth above the 7.9% CAGR levels of the last five years. With a target multiple of 40x FY23E, we arrive at TP of INR1,810 – a 16% upside to CMP.

Quarterly Performance

Y/E March	FY20				FY21				FY20		FY21E	FY21	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				3QE	
Toothpaste Volume Gr %	4.0	4.0	2.3	-8.0	0.0	4.0	6.0	17.0	0.6	6.8	4.5		
Net Sales (inclgd. OOI)	10,849	12,218	11,472	10,713	10,406	12,855	12,319	12,684	45,251	48,264	12,103	1.8%	
YoY change (%)	4.2	4.6	4.3	-7.1	-4.1	5.2	7.4	18.4	1.4	6.7	5.5		
Gross Profit	7,145	7,910	7,541	6,926	6,883	8,759	8,594	8,529	29,522	32,764	8,113	5.9%	
Gross margin (%)	65.9	64.7	65.7	64.7	66.1	68.1	69.8	67.2	65.2	67.9	67.0		
EBITDA	2,998	3,230	3,161	2,629	3,080	4,093	3,706	3,877	12,017	14,756	3,576	3.6%	
Margins (%)	27.6	26.4	27.6	24.5	29.6	31.8	30.1	30.6	26.6	30.6	29.6		
YoY growth (%)	6.5	-2.0	0.5	-15.3	2.7	26.7	17.3	47.5	-2.8	22.8	13.2		
Depreciation	499	504	515	462	454	461	456	489	1,979	1,860	520		
Interest	23	24	29	20	20	18	19	23	96	80	29		
Financial other Income	152	86	58	196	63	76	99	85	492	322	87		
PBT	2,628	2,788	2,674	2,344	2,669	3,689	3,330	3,449	10,434	13,138	3,114	7.0%	
Tax	937	347	683	302	687	947	847	828	2,269	3,310	747		
Rate (%)	35.7	12.4	25.6	12.9	25.7	25.7	25.4	24.0	21.7	25.2	24.0		
Adj PAT	1,691	2,441	1,991	2,042	1,982	2,742	2,484	2,621	8,165	9,828	2,366	5.0%	
YoY change (%)	1.3	24.3	3.6	2.1	17.2	12.3	24.7	28.4	8.1	20.4	18.9		

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY20				FY21		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Realization Gr %	0.2	0.6	2.0	0.9	-4.1	1.2	1.4
2Y average growth %							
Volumes	4.0	5.5	4.7	-1.5	2.0	4.0	4.2
Sales	5.3	6.1	5.4	-0.7	0.1	4.9	5.9
EBITDA	16.6	3.8	5.8	-7.2	4.6	12.4	8.9
PAT	11.9	17.4	8.1	1.9	9.2	18.3	14.2
% sales							
COGS	34.1	35.3	34.3	35.3	33.9	31.9	30.2
Others	38.2	38.3	38.2	40.1	36.5	36.3	39.7
Depreciation	4.6	4.1	4.5	4.3	4.4	3.6	3.7
YoY change %							
COGS	4.3	4.7	2.6	-7.4	-4.9	-4.9	-5.2
Others	2.5	9.6	9.1	-1.1	-8.3	-0.3	11.6
Other income	65.6	-0.1	-26.7	64.4	-58.6	-12.3	70.3
EBIT	3.2	-5.9	-3.4	-20.1	5.1	33.3	22.9

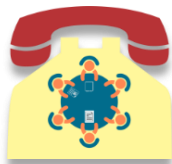
E: MOFSL Estimates

United Breweries

BSE SENSEX
46,874S&P CNX
13,818

CMP: INR1283

Conference Call Details

Date: 29th Jan 2021

Time: 2:00pm IST

Dial-in details:

+91 22 6280 1245 /

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Financials & Valuations (INR b)

Y/E MAR	FY20	FY21E	FY22E	FY23E
Net Sales	65.1	43.0	59.3	66.4
Sales Gr. (%)	0.5	-34.0	38.0	12.0
EBITDA	8.8	4.1	7.9	9.8
Margin (%)	13.5	9.5	13.4	14.8
Adj. PAT	4.3	1.3	3.1	4.2
Adj. EPS (INR)	16.2	4.9	11.6	15.7
EPS Gr. (%)	-24.0	-69.6	135.5	35.7
BV/Sh. (INR)	133.1	137.7	144.9	153.8

Ratios

RoE (%)	12.8	3.6	8.2	10.5
RoCE (%)	12.7	4.3	9.1	10.5

Valuations

P/E (x)	79.3	260.6	110.7	81.5
P/BV (x)	9.6	9.3	8.9	8.3
EV/EBITDA (x)	38.8	82.7	42.5	35.1

#Figures are inordinately high due to a very low FY21E Adj. EPS forecast

Performance better than our expectations

3QFY21 performance

- **Standalone net sales declined 11.3% YoY to INR12.9b** (v/s our estimate of INR12.2b). EBITDA fell 11.3% YoY to INR2b (v/s our expectation of INR1.7b). PBT declined 2.6% YoY to INR1.4b (v/s our estimate of INR987m). Adjusted PAT decreased 17.3% YoY to INR885m (v/s our expectation of INR770m).
- Gross margin expanded 100bp YoY to 53.9% due to positive State mix, faster recovery in higher contributing markets, and benign input costs.
- With higher employee costs/other expenses (up 90bp/10bp YoY) as a percentage of sales, standalone EBITDA margin in 3QFY21 stood flat at 15.2% (v/s our estimate of 14.1%).
- There was an exceptional income of INR550m due to the sale of leasehold land. The company also took a non-recurring provision of INR230m for potential expiry of stocks/doubtful debtors. Our EBITDA and PAT numbers are adjusted for these one-off items.
- 9MFY21 sales/EBITDA declined 46.9%/81% YoY. 9MFY21 net loss stood at INR218m as against a net profit of INR3.9b in 9MFY20.

Other key highlights

- Volumes in 3QFY21 recovered to 85% of 3QFY20 levels, aided by the doubling of volume in West Bengal and growth in Uttarakhand, Madhya Pradesh, Jharkhand, northeast, Karnataka, Haryana, and Himachal Pradesh. Tamil Nadu and rest of Maharashtra remained flat.
- All regions, barring the north, recorded strong growth v/s 2QFY21.
- The Strong segment registered a quicker recovery v/s Mild.
- Higher liquidity, resulting from cost control, working capital management, and recalibrated capex, resulted in net positive cash position of INR970m as of 3QFY21-end.
- Industry outlook continues to develop positively yet remains volatile depending on the future trajectory of the COVID-19 pandemic.

Standalone quarterly earning model
(INR m)

Y/E March	FY20				FY21				FY20	FY21E	3QFY21E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	20,485	15,786	14,548	14,242	5,069	9,006	12,897	15,988	65,092	42,961	12,221	5.5%
YoY Change (%)	9.8	3.4	0.3	-12.6	-75.3	-42.9	-11.3	12.3	0.5	-34.0	-16.0	
Gross Profit	10,314	8,225	7,692	7,248	2,365	4,707	6,948	8,459	33,581	22,479	6,477	
Margin (%)	50.3	52.1	52.9	50.9	46.7	52.3	53.9	52.9	51.6	52.3	53.0	
EBITDA	3,289	1,925	2,215	1,323	-957	404	1,965	2,669	8,758	4,081	1,727	13.8%
YoY Change (%)	-17.8	-39.5	-10.6	-22.8	-129.1	-79.0	-11.3	101.8	-23	-53.4	-22.0	
Margin (%)	16.1	12.2	15.2	9.3	-18.9	4.5	15.2	16.7	13.5	9.5	14.1	
Depreciation	692	689	736	734	505	612	578	899	2,851	2,594	700	
Interest	77	88	99	48	72	60	53	95	287	280	80	
Other Income	32	19	35	6	14	326	46	41	69	427	40	
PBT	2,552	1,167	1,416	547	-1,519	59	1,379	1,716	5,689	1,634	987	39.7%
Tax	907	16	346	135	-376	18	494	191	1,406	327	217	
Rate (%)	35.5	1.3	24.4	24.7	24.8	31.5	35.8	11.1	24.7	20.0	22.0	
Adjusted PAT	1,645	1,151	1,070	412	-1,143	40	885	1,525	4,279	1,307	770	14.9%
YoY Change (%)	-25.9	-29.7	-2.0	-39.4	-169.5	-96.5	-17.3	270.3	-24.0	-69.4	-28.1	
Margin (%)	8.0	7.3	7.4	2.9	-22.5	0.4	6.9	9.5	6.6	3.0	6.3	

E: MOFSL estimates
Note: Full year numbers won't be a summation of quarterlies because interim results are standalone.

Shriram Transport Finance

Bloomberg	SHTF IN
Equity Shares (m)	227
M.Cap.(INRb)/(USD\$)	281.2 / 4
52-Week Range (INR)	1332 / 429
1, 6, 12 Rel. Per (%)	10/37/-9
12M Avg Val (INR M)	3977

Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E
Net Inc.	83.1	83.1	91.6
PPP	62.3	63.3	70.0
PAT	25.0	25.7	31.2
EPS (INR)	110	101	123
EPS Gr. (%)	-2.4	-8.1	21.5
BV/Sh (INR)	794	869	980

Ratios

NIM (%)	8.0	7.7	7.9
C/I ratio (%)	25.0	23.8	23.5
RoA (%)	2.3	2.2	2.5
RoE (%)	14.9	12.9	13.4
Payout (%)	5.4	12.0	12.0

Valuations

P/E (x)	10.1	11.0	9.0
P/BV (x)	1.4	1.3	1.1
Div. Yield (%)	0.4	0.9	1.1

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	26.5	26.5	26.3
DII	5.4	4.4	3.1
FII	61.7	60.5	64.3
Others	6.4	8.6	6.4

FII Includes depository receipts

CMP: INR1,111
Buy

Steady quarter; asset quality performance healthy

- Shriram Transport (SHTF)'s 3QFY21 PAT declined 17% YoY to INR7.3b (8% miss). Operating profit beat our estimate by 3%; however, higher-than-expected provisions on the back of COVID-related provisioning of INR2.25b led to the PAT miss.
- In 9MFY21, SHTF's NII and PPOP were largely flat on a YoY basis, while PAT declined 24% YoY due to elevated credit costs.

Sharp improvement in disbursements; spreads up 35bp YoY

- **Disbursements improved to 110% of YoY levels to INR126b in 3QFY21 from 50% of YoY levels in 2QFY21.** ~97% of disbursements were in the Used Vehicle Financing segment.
- **As a result, AUM grew 1% QoQ / 5% YoY to INR1.15t.** Note that the drag on AUM growth stems from the New Vehicles and Business Loans segments – the Used Vehicle Financing segment grew 3% QoQ / 9% YoY to INR1.01t. **The share of used vehicle financing in total AUM has increased 500bp to 88% over the past two years.**
- Spreads (Cal) increased 35bp YoY to 7.4%, driven by higher yield. However, NIM on AUM was down 25bp due to the drag from higher liquidity. **SHTF has INR134b liquidity on the balance sheet (14% of borrowings). Reported margins on AUM increased 22bp QoQ to 6.88%.**

Healthy collection efficiency; GS3 ratio improves sequentially

- **In the three months post the moratorium (Sep–Nov'20), collection efficiency stood at 95–97%. This improved to 104% in Dec'20.**
- **Given healthy collection trends, the GS3 ratio improved 15bp to 7.1%.** Note that this excludes the dispensation provided by the SC. The company shored up its ECL provisions by INR2.2b, taking the total buffer to INR25b. **Interestingly, at 4.1%, SHTF carries the highest Stage 1 and 2 provisions in our Coverage Universe.**
- Additionally, the company looks to restructure around INR22.7b worth of loans (2% of the loan book).

Other highlights

- The company opened 15 branches last quarter and 85 branches last year.
- The C/I ratio was largely stable on a QoQ and YoY basis at 24.6%.

Valuation and view

Since the IL&FS crisis, the company has diversified into new borrowing sources such as retail NCDs and ECBs. The share of ECBs in total borrowings has increased meaningfully from 10% to 18% YoY. SHTF has also increased liquidity to 14% of borrowings. AUM growth has been weak for the past several quarters, but there are signs of reversal, especially in its core segment of Used Vehicle Financing. On the asset quality front, SHTF has done a good job of reducing the GNPL ratio over the past year. The restructured amount of 2% is moderately better than the initial mgmt. estimate of ~3%. We look to revise our estimates and TP post the concall on 29th Jan.

Quarterly Performance

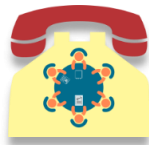
Y/E March	FY20				FY21			FY20	3QFY21E	(INR m) Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q			
Interest Income	39,721	41,099	41,337	40,922	41,026	42,997	43,815	162,675	43,212	1
Interest expenses	20,112	21,134	21,193	21,589	22,672	22,629	22,363	82,703	22,290	0
Net Interest Income	19,609	19,965	20,144	19,333	18,354	20,368	21,452	79,972	20,922	3
Change YoY (%)	6.1	-3.3	-0.8	0.1	-6.4	2.0	6.5	1.6	3.9	
Other Operating Income	502	1,077	1,524	762	383	480	569	2,949	500	14
Other Income	89	23	22	46	38	35	48	203	55	-14
Net Income	20,200	21,064	21,689	20,142	18,775	20,883	22,069	83,124	21,477	3
Change YoY (%)	7.6	0.4	4.5	1.1	-7.1	-0.9	1.7	3.5	-1.0	
Operating Expenses	4,772	5,189	5,382	5,416	3,823	5,125	5,432	20,788	5,307	2
Operating Profit	15,428	15,875	16,307	14,726	14,952	15,759	16,637	62,336	16,170	3
Change YoY (%)	9.8	-2.2	0.7	-2.6	-3.1	-0.7	2.0	1.2	-0.8	
Provisions	5,612	6,607	4,444	11,287	10,646	6,555	6,747	27,949	5,500	23
Profit before Tax	9,816	9,269	11,863	3,439	4,306	9,204	9,890	34,387	10,670	-7
Tax Provisions	3,473	1,618	3,072	1,205	1,105	2,359	2,613	9,360	2,732	-4
Net Profit	6,343	7,651	8,792	2,234	3,201	6,846	7,277	25,027	7,939	-8
Change YoY (%)	10.7	25.5	38.4	-70.1	-49.5	-10.5	-17.2	-2.4	-9.7	
Key Operating Parameters (%)										
Yield on loans (Cal)	16.2	16.5	16.3	16.0	16.0	16.6	16.7	16.0		
Cost of funds (Cal)	9.0	9.3	9.3	9.3	9.6	9.5	9.3	9.1		
Spreads (Cal)	7.2	7.1	7.0	6.8	6.4	7.1	7.4	6.9		
NIMs (Reported)	7.2	7.2	7.1	6.8	6.4	6.7	6.9			
Credit Cost	2.1	2.5	1.6	4.1	3.8	2.3	2.4	2.8		
Cost to Income Ratio	23.6	24.6	24.8	26.9	20.4	24.5	24.6	25.0		
Tax Rate	35.4	17.5	25.9	35.0	25.7	25.6	26.4	27.2		
Balance Sheet Parameters										
AUM (INR B)	1,063	1,081	1,089	1,097	1,118	1,133	1,149	1,097		
Change YoY (%)	5.8	3.6	4.9	5.0	5.1	4.8	5.5	5.0		
Loans (INR B)	988	1,007	1,018	1,022	1,034	1,043	1,059	1,022		
Change YoY (%)	4.0	2.1	5.7	5.7	4.6	3.6	4.0	5.7		
Disbursements (INR B)	123	133	114	109	10	65	126	479		
Change YoY (%)	-8.4	-3.7	19.2	-9.1	-92.0	-51.2	10.5	-1.3		
Borrowings (INR B)	906	906	915	944	953	959	963	944		
Change YoY (%)	6.3	2.7	2.2	7.3	5.1	5.9	5.2	7.3		
Loans/Borrowings (%)	109.1	111.1	111.2	108.3	108.5	108.8	110.0	108.3		
Debt/Equity (x)	5.6	5.3	5.1	5.2	5.3	4.7	4.6	5.2		
Asset Quality Parameters (%)										
GS 3 (INR B)	89.3	94.0	93.9	91.8	89.3	82.2	81.7			
Gross Stage 3 (% on Assets)	8.5	8.8	8.7	8.4	8.0	7.3	7.1			
NS 3 (INR B)	60.9	63.8	63.7	59.9	54.9	49.5	48.0			
Net Stage 3 (% on Assets)	6.1	6.3	6.2	5.8	5.2	4.7	4.5			
PCR (%)	31.8	32.1	32.1	34.7	38.6	39.7	41.2			
ECL (%)	5.3	5.4	5.3	5.8	6.5	6.6	6.7			
Return Ratios (%)										
ROAA (Rep)	2.3	2.7	3.1	0.8	1.1	2.2	2.3			
ROAE (Rep)	15.8	18.4	20.2	5.0	7.1	14.2	14.1			

E: MOFSL Estimates

AU Small Finance Bank

BSE SENSEX
48,874S&P CNX
13,818

Conference Call Details

Date: 29th Jan, 2021

Time: 9:30am IST

Dial-in details:

+91-22-7115 8379

Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E	FY23E
NII	19.1	23.0	27.5	34.2
PPoP	12.0	22.3	19.9	25.6
PAT	6.7	13.5	11.1	14.9
NIM (%)	5.1	5.1	5.2	5.2
EPS (INR)	22.6	44.4	36.4	49.2
EPS Gr. (%)	71.3	96.3	-18.1	35.2
BV/Sh. (INR)	142.2	186.6	223.0	272.1
ABV/Sh. (INR)	138.9	183.2	218.5	266.5

Ratios

RoE (%)	18.0	27.0	17.8	19.9
RoA (%)	1.8	3.0	2.1	2.3

Valuations

P/E(X)	38.4	19.6	23.9	17.7
P/BV (X)	6.1	4.7	3.9	3.2
P/ABV (X)	6.3	4.7	4.0	3.3

CMP: INR869

TP: INR1,100 (+27%)

Buy

Strong operating performance; business growth robust; collection efficiency normalizes

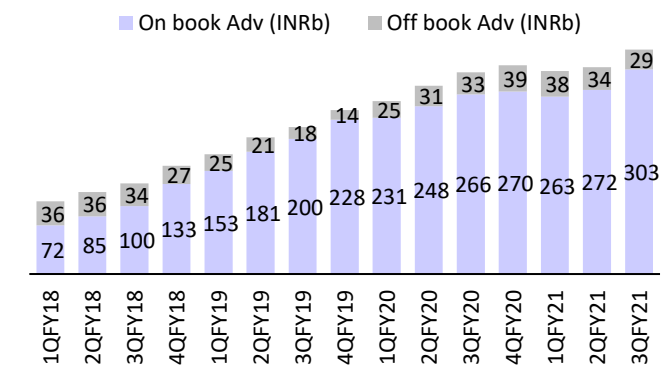
- AUBANK reported 3QFY21 PAT of INR4.79b (+49% QoQ; v/s our estimate of INR5.66b) aided by gains of INR4.79b from stake sale in AAVAS. The management prudently used these gains to create higher provisions. The latter grew 5x QoQ to INR2.8b.
- NII grew 25% YoY (+13% QoQ) to INR6.3b (11% beat on our estimate) as margin expanded 50bp QoQ to 5.6%. Other income grew ~311% YoY/132% QoQ to INR6.6b boosted by the AAVAS stake sale. Excluding AAVAS, other income grew 14% YoY.
- Operating expenses rose ~19% YoY (~12% QoQ) to ~INR4.2b. C/I ratio stood at 32.7% v/s 44.9% in 2QFY21. PPOP grew at 179% YoY (87% QoQ) to INR8.73b, while core PPOP growth stood ~20%.
- Total AUM grew 11% YoY (9% QoQ) to INR332b, with retail AUM forming 91% of total AUM. Net advances grew ~14% YoY (11% QoQ). Disbursements picked up and grew 34% YoY in 3QFY21, driven by growth across most segments.
- Total deposits grew ~25% YoY/~10% QoQ to INR297b. Retail deposits (CASA + Retail TD) mix increased sharply to 55% of deposits (v/s 43% in 3QFY20). CASA ratio (excluding CDs) increased to 22% v/s 21% in 2QFY21.
- On the asset quality front, GNPA/NNPA ratio improved 55bp/21bp QoQ to 1%/0.2%. PCR improved to 76% (v/s 71% in 2QFY21). Pro-forma GNPA/NNPA stood at INR10.2b/INR3.9b (3.29%/1.29%) with a PCR of ~62%. AUBANK made additional provisions of IN1.12b on pro forma slippages and additional contingent provisions of INR1.41b in 3QFY21.
- The management indicated that collection efficiency and customer activation rates have achieved normalcy across most segments and carries a total additional provision buffer of INR5.38b (~1.8% of loans). It guided at a total restructuring book of ~1.5% of total loans, having so far restructured INR2.51b worth of loans (0.8% of loans).
- **Other highlights:** 1) capital adequacy remains strong at 18.8% (22.9% including profits), 2) incremental spreads improved to 8.1%, with AUM spread stable at 7.6%.
- **Valuation and view:** AUBANK reported strong earnings, led by robust treasury performance. It prudently utilized these gains to create higher provisions. Collection efficiency has reached near normalcy, while controlled restructuring and provisions buffer provides comfort over asset quality. On the business front, retail deposit mix continues to improve, while AUM growth has shown healthy recovery. We will review our estimates and TP post its earnings call scheduled on 29 Jan'21.

Quarterly performance

	FY20				FY21				FY20	FY21E	3Q FY21E	v/s est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Interest Income	3,956	4,516	5,068	5,549	5,159	5,606	6,331	6,334	19,089	22,955	5,720	10.7
% Change (YoY)	38.1	40.7	45.7	43.4	30.4	24.1	24.9	14.1	42.2	20.3	12.9	
Other Income	2,109	1,508	1,612	1,831	2,258	2,857	6,634	3,128	7,061	14,877	7,427	-10.7
Total Income	6,065	6,024	6,681	7,381	7,416	8,463	12,965	9,462	26,150	37,832	13,146	-1.4
Operating Expenses	3,157	3,247	3,552	4,223	2,961	3,800	4,237	4,542	14,179	15,540	4,196	1.0
Operating Profit	2,908	2,777	3,128	3,158	4,456	4,663	8,728	4,920	11,972	22,293	8,951	-2.5
% Change (YoY)	90.7	58.5	75.1	46.4	53.2	67.9	179.0	55.8	65.8	86.2	186.1	
Provisions	315	610	401	1,506	1,813	574	2,836	373	2,832	5,596	2,294	23.6
Profit before Tax	2,593	2,167	2,727	1,652	2,643	4,089	5,892	4,547	9,140	16,696	6,656	-11.5
Tax Provisions	690	447	825	429	635	870	1,102	584	2,392	3,192	998	10.4
Net Profit	1,903	1,719	1,902	1,223	2,008	3,219	4,790	3,962	6,748	13,504	5,658	-15.3
% Change (YoY)	147.3	88.1	99.5	3.5	5.5	87.2	151.9	223.9	76.7	100.1	197.5	
Operating Parameters												
Deposit (INR b)	198.5	221.5	238.7	261.6	267.3	269.8	297.1	300.9	261.6	300.9	280	6
Loan (INR b)	231.0	248.1	265.7	269.9	262.5	272.3	302.9	307.3	269.9	307.3	289	5
Deposit Growth (%)	98.5	72.1	62.5	34.7	34.7	21.8	24.5	15.0	34.7	15.0	17.4	712
Loan Growth (%)	51.3	36.9	32.9	18.3	13.6	9.8	14.0	13.9	18.3	13.9	8.6	538
Asset Quality												
GNPA (%)	2.1	2.0	1.9	1.7	1.7	1.5	1.0	2.4	1.7	2.4	2.2	-123
NNPA (%)	1.3	1.1	1.0	0.8	0.6	0.5	0.2	0.7	0.8	0.7	0.7	-48
PCR (%)	40.5	43.9	46.8	52.5	63.5	71.0	76.0	70.6	52.5	70.6	68.0	799

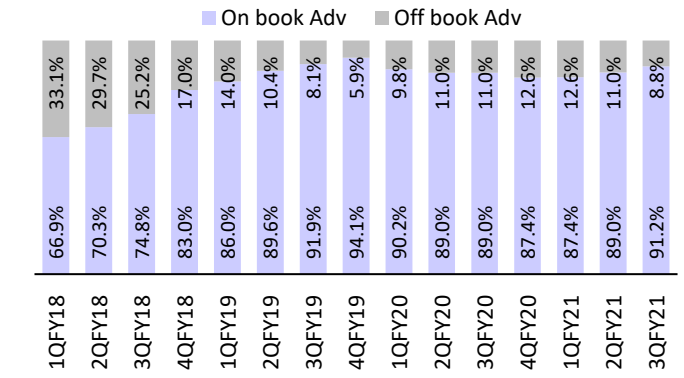
Source: MOSL, Company

Exhibit 1: Overall AUM grew 11% YoY (+9% QoQ)



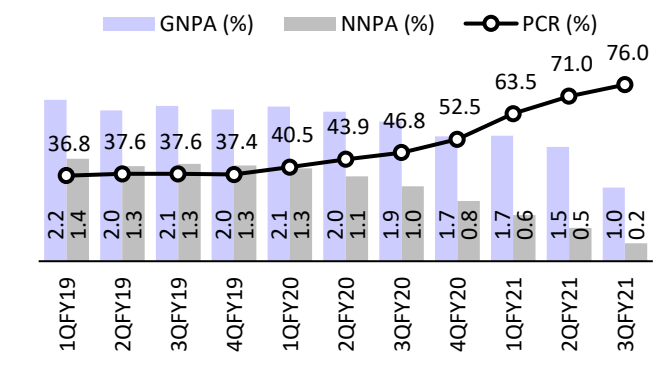
Source: Company, MOFSL

Exhibit 2: Mix of on-book advances ~91%



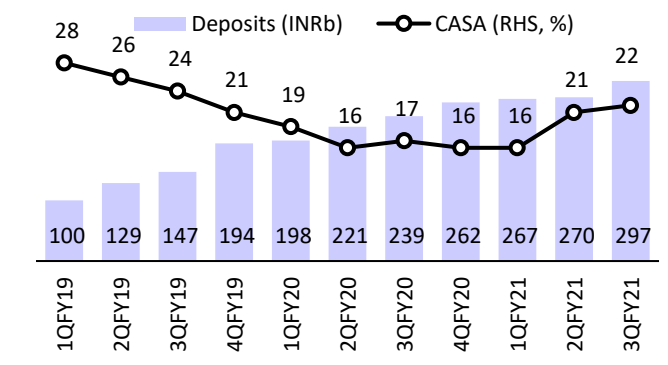
Source: Company, MOFSL

Exhibit 3: PCR improves to ~76%; pro forma PCR ~62% with GNPA/NNPA of 3.29%/1.29%



Source: Company, MOFSL

Exhibit 4: Strong traction in deposit mobilization (~24% YoY); CASA ratio stands ~22%



Source: Company, MOFSL

TVS Motor Company

Estimate changes	↑
TP change	↑
Rating change	↔

Bloomberg	TVSL IN
Equity Shares (m)	475
M.Cap.(INRb)/(USDb)	251.2 / 3.5
52-Week Range (INR)	555 / 240
1, 6, 12 Rel. Per (%)	11/8/0
12M Avg Val (INR M)	1271

Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	164.2	161.9	199.3
EBITDA	13.5	13.3	18.9
Adj. PAT	6.2	5.4	10.0
EPS (INR)	13.0	11.4	21.0
EPS Gr. (%)	-7.8	-12.5	84.7
BV/Sh (INR)	76.2	83.3	99.5

Ratios

RoE (%)	17.7	14.3	23.0
RoCE (%)	17.1	15.0	23.0
Payout (%)	33.8	37.0	22.9

Valuations

P/E (x)	40.7	46.5	25.2
P/BV (x)	6.9	6.3	5.3
Div. Yield (%)	0.7	0.7	0.8
FCF Yield (%)	2.7	3.8	4.2

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	57.4	57.4	57.4
DII	21.5	21.9	20.4
FII	11.2	10.6	12.2
Others	10.0	10.1	10.0

FII Includes depository receipts

CMP: INR 529 TP: INR585 (+11%) Neutral

Above est.; beat driven by price hike, mix & better cost mgmt.

Inching toward double-digit margins; deleveraging balance sheet

- TVS Motor Company (TVSL)'s operating performance was driven by price hikes, a favorable mix, and lower other expenses. Good volume recovery, price hikes, and a continued focus on cost management would support profitability.
- We upgrade our FY21/FY22E EPS by 14.5%/4.2% to reflect for price hikes and astute cost management. Maintain **Neutral**, with TP of INR585.

Credible cost control leads to best EBITDA margins in over 15 years

- 3QFY21 revenue / EBITDA / adj. PAT grew 31%/41%/47% to INR53.9b/INR5.1b/INR2.6b. 9MFY21 revenue / EBITDA / adj. PAT contracted 11.7%/18.9%/3.8% to INR114b/INR8.9b/INR3.2b.
- Net sales grew 31% YoY to INR53.9b as volumes increased 20.4% YoY, and realizations grew 8.5% YoY (+2.7% QoQ) to INR54.5k (v/s est. INR53.4k).
- Gross margins expanded 40bp QoQ (-390bp YoY) to 23.9% (v/s est. 23.7%) as raw material cost inflation was offset by price hikes and an improved mix.
- It reported an EBITDA margin of 9.5% (v/s est. 9%; expansion of +70bp YoY and +20bp QoQ), supported by higher gross margins and lower other expenses, partially offset by high employee cost.
- Higher other income and lower interest cost boosted adj. profit by 47% to ~INR2.6b (v/s est. INR2.3b).
- It has announced interim dividend of INR2.1/sh (FY21E DPS of INR3.5).
- In 9MFY21, it generated FCF of ~INR16.2b, resulting in substantial balance sheet deleveraging. Excluding sales tax loans, it is now a net cash company.

Highlights from management commentary

- Urban retails are returning to pre-COVID levels, supporting the gradual uptick in the Scooter segment. Rural demand is buoyant with the highest rabi sowing.
- **Export demand:** Stability in the major export regions is driving demand, supported by stable oil prices and currency availability. Core demand for Indian brands is increasing in these markets. However, container-related issues continue to affect exports.
- **RM cost:** It has taken 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.
- **Other expense:** Decline is largely sustainable as it is shifting toward digital marketing v/s BTL activity.

Valuation and view

- TVSL's volume growth is now falling in line with the market as a large portion of the portfolio gaps has been filled. However, it is reaping the benefits of operating leverage, resulting in EBITDA margins trending toward double-digit levels.
- Valuations at 25.2x/19.8x FY22E/FY23E EPS are already reflecting massive earnings recovery. Maintain **Neutral**, with TP of ~INR585 (~20x Mar'23 EPS + INR52 for NBFC).

S/A Quarterly Performance

Y/E March (INR m)	FY20				FY21E				(INR m)		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY20	FY21E	FY21E
Vols ('000 units)	923.2	885.8	821.5	632.9	266.9	867.8	989.5	857.6	3,263.5	2,981.8	989.5
Growth (%)	(0.5)	(18.6)	(17.0)	(30.2)	(71.1)	(2.0)	20.4	35.5	(16.6)	(8.6)	20.4
Realn (INR '000/unit)	48.4	49.1	50.2	55.0	53.6	53.1	54.5	55.5	50.3	54.3	53.4
Growth (%)	7.7	7.0	6.6	13.7	10.8	8.1	8.5	0.9	8.2	7.9	6.4
Net Sales	44,686	43,478	41,255	34,814	14,317	46,055	53,914	47,615	1,64,233	1,61,901	52,880
Growth (%)	7.1	(12.9)	(11.5)	(20.7)	(68.0)	5.9	30.7	36.8	(9.8)	(1.4)	28.2
RM (% of sales)	75.1	73.4	72.2	75.0	75.9	76.5	76.1	76.6	73.9	76.4	76.3
Emp cost (% of sales)	5.6	5.4	5.7	6.4	13.8	4.7	5.0	5.1	5.7	5.7	4.4
Other exp (% of sales)	11.3	12.5	13.3	11.6	13.8	9.5	9.4	9.2	12.2	9.8	10.3
EBITDA	3,558	3,820	3,633	2,449	-488	4,301	5,111	4,351	13,459	13,276	4,752
EBITDA Margin(%)	8.0	8.8	8.8	7.0	(3.4)	9.3	9.5	9.1	8.2	8.2	9.0
Interest	291	285	211	235	523	407	291	276	1,022	1,496	350
Depreciation	1,194	1,241	1,213	1,243	911	1,331	1,329	1,350	4,890	4,920	1,340
Other Income	12	49	9	251	26	111	124	103	321	363	50
PBT before EO Exp	2,085	2,343	2,218	1,222	-1,896	2,674	3,615	2,829	7,867	7,222	3,112
EO Exp	0	-760	760	323	0	0	0	0	323		0
PBT after EO Exp	2,085	3,103	1,457	898	(1,896)	2,674	3,615	2,829	7,544	7,222	3,112
Tax rate (%)	31.8	17.8	16.9	17.8	26.7	26.6	26.5	23.1	21.5	25.2	25.2
Reported PAT	1,423	2,550	1,211	739	-1,391	1,963	2,656	2,174	5,922	5,402	2,328
Adjusted PAT	1,423	1,953	1,808	993	-1,391	1,963	2,656	2,174	6,176	5,402	2,328
Growth (%)	(4.6)	(7.6)	1.3	(27.8)	(197.7)	0.5	46.9	119.1	(7.8)	(12.5)	28.8

Key performance indicator

Y/E March (INR m)	FY20				FY21E				(INR m)		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY20	FY21E	FY21E
Volumes ('000 units)	923.2	885.8	821.5	632.9	266.9	867.8	989.5	857.6	3,263.5	2,981.8	989.5
Growth (%)	-0.5	-18.6	-17.0	-30.2	-71.1	-2.0	20.4	35.5	-16.6	11.3	20.4
Dom. 2W Mkt Sh (%)	14.2	14.3	14.3	12.2	14.4	14.3	14.3	4.5	13.8	0.0	11.8
Net Realization	48.4	49.1	50.2	55.0	53.6	53.1	54.5	55.5	50.3	54.3	53.4
Growth YoY (%)	7.7	7.0	6.6	13.7	10.8	8.1	8.5	0.9	8.2	7.9	6.4
Cost Break-up											
RM Cost (% of sales)	75.1	73.4	72.2	75.0	75.9	76.5	76.1	76.6	73.9	76.4	76.3
Staff Cost (% of sales)	5.6	5.4	5.7	6.4	13.8	4.7	5.0	5.1	5.7	5.7	4.4
Other Cost (% of sales)	11.3	12.5	13.3	11.6	13.8	9.5	9.4	9.2	12.2	9.8	10.3
Gross Margins (%)	24.9	26.6	27.8	25.0	24.1	23.5	23.9	23.4	26.1	23.7	23.8
EBITDA Margins (%)	8.0	8.8	8.8	7.0	-3.4	9.3	9.5	9.1	8.2	8.2	9.0
EBIT Margins (%)	5.3	5.9	5.9	3.5	-9.8	6.4	7.0	6.3	5.2	5.2	6.5

E:MOFSL Estimates

Mahindra & Mahindra Finance

Conference Call Details

Date: 29th Jan 2021

Time: 11:30am- 12:30pm IST

Dial-in details:

[Link for conference call](#)

Financials & valuations (INR b)

Y/E March	2020	2021E	2022E
NII	51.1	56.2	62.3
PPP	34.0	41.5	45.5
PAT	9.1	8.9	11.4
EPS (INR)	14.7	7.3	9.3
EPS Gr. (%)	-41.8	-50.7	27.9
BV/Sh.(INR)	185	124	132

Ratios

NIM (%)	8.3	8.7	9.1
C/I ratio (%)	37.3	29.9	30.6
RoA (%)	1.3	1.2	1.4
RoE (%)	8.3	6.7	7.2
Payout (%)	0.0	23.4	23.4

Valuations

P/E (x)	11.1	22.6	17.7
P/BV (x)	0.9	1.3	1.2
Div. Yield (%)	0.0	0.0	1.1

CMP: INR164

Buy

Elevated provisioning leads to net loss

- **MMFS reported a net loss of INR2.7b v/s our PAT estimate of INR2.3b.** While operating profit grew 12% YoY to INR10b (in line), elevated provisions of INR13.7 v/s our expectation of INR7.3b drove net loss. **Total provisions on the Balance Sheet increased INR10.2b to INR44b (6.6% of loans).** This rise in provisions drove elevated provisioning in 3QFY21.

GS 3 ratio up 300bp QoQ; restructuring negligible

- **GS 2/3 loan ratio increased ~650bp/300bp QoQ to 14.1%/10%.** PCR on Stage 3 was largely stable at 37%. **Of the 274k customers who had not made a single payment till Sep'20, 16% (i.e. 44k customers) did not pay in 3QFY21 either. Another 45k customers did not pay a single EMI during 3QFY21.** These ~90k clients account for 4-5% of MMFS' total customer base. **Some of these customers are already part of reported NPAs.**
- Collection efficiency (CE) improved to 96% in Dec'20 from 82-84% in Oct-Nov'20. While CE was 600-1,100bp below YoY levels in Oct-Nov'20, the same in Dec'20 was at YoY levels. The company restructured loans worth only INR68m. ECLGS disbursements amounted to INR2.4b.

Disbursements still ~35% below YoY levels; loan book declines QoQ

- **Contrary to our expectations of near normal disbursements, the same was ~65% of YoY levels in 3QFY21. As a result, loan book declined 4% QoQ to INR621b.**
- Spreads were largely stable sequentially and improved 80bp YoY to 8.1%. Cost of funds during 3QFY21 was 7.75%. MMFS maintains 15% liquidity on its Balance Sheet.

Other highlights

- C/I ratio increased 170bp QoQ to 29.5%.
- The share of MM's auto vehicles rose to 30% from 28% QoQ. For other products, the mix was largely stable QoQ.
- The HFC subsidiary delivered a PAT of INR1.2b v/s INR1.5b YoY.

Valuation and view

The company's performance in 3QFY21 still reflects the pain of COVID-19. Disbursements are yet to recover to YoY levels. Asset quality has seen significant deterioration across Stage 2/3 loans. We look to revise our estimates and TP post the concall on 29 Jan'21.

Quarterly performance

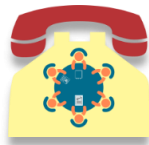
(INR m)

Y/E March	FY20				FY21			FY20	3QFY21E	v/s estimates
	1Q	2Q	3Q	4Q	1Q	2Q	3Q			
Operating Income	23,940	24,864	25,806	26,369	26,405	26,129	25,418	100,979	26,967	-6
Other Income	185	545	354	389	144	366	331	1,473	375	
Total income	24,125	25,409	26,160	26,758	26,549	26,495	25,749	102,451	27,342	-6
YoY Growth (%)	24.4	18.4	16.5	7.9	10.0	4.3	-1.6	16.3	4.5	
Interest Expenses	11,282	12,022	12,089	12,895	12,646	12,216	11,583	48,287	12,094	-4
Net Income	12,843	13,387	14,072	13,863	13,903	14,279	14,165	54,164	15,249	-7
YoY Growth (%)	17.7	10.2	14.8	3.8	8.3	6.7	0.7	11.3	8.4	
Operating Expenses	5,600	5,196	5,189	4,197	3,457	3,968	4,185	20,182	4,882	-14
Operating Profit	7,243	8,190	8,883	9,666	10,447	10,311	9,980	33,982	10,366	-4
YoY Growth (%)	2.6	4.1	19.3	23.9	44.2	25.9	12.4	12.6	16.7	
Provisions	6,196	3,606	4,001	6,741	8,427	6,194	13,667	20,545	7,250	89
Profit before Tax	1,047	4,584	4,882	2,925	2,020	4,117	-3,687	13,438	3,116	-218
Tax Provisions	363	2,066	1,229	716	523	1,082	-946	4,374	820	-215
Net Profit	684	2,518	3,653	2,209	1,497	3,035	-2,741	9,064	2,297	-219
YoY Growth (%)	-74.6	-34.0	14.6	-62.4	118.7	20.6	-175.0	-41.8	-37.1	
Key Operating Parameters (%)										
Yield on loans (Cal.)	15.3	15.5	15.7	15.9	16.2	16.1	15.9	15.8		
Cost of funds (Cal.)	8.4	8.6	8.4	8.7	8.2	7.9	7.8	8.6		
Spreads (Cal.)	6.9	6.8	7.3	7.2	8.0	8.2	8.1	7.2		
Credit Cost (Cal.)	4.0	2.3	2.5	4.1	5.2	3.9	8.6	3.3		
Cost-to-Income Ratio	43.6	38.8	36.9	30.3	24.9	27.8	29.5	37.3		
Tax Rate	34.6	45.1	25.2	24.5	25.9	26.3	25.6	32.5		
Balance Sheet Parameters										
Loans (INR b)	624	638	655	650	638	644	621	650		
Change YoY (%)	20.9	15.0	12.4	6.1	2.3	0.9	-5.1	6.1		
Value of Asset Fin. (INR b)	106	97	128	93	35	54	41	424		
Change YoY (%)	2.5	-10.2	-3.8	-21.0	-67.1	-44.6	-67.6	-8.3		
Borrowings (INR b)	548	565	587	595	634	604	592	595		
Change YoY (%)	28.4	18.0	17.9	12.5	15.7	6.9	0.7	12.5		
Loans/Borrowings (%)	113.9	112.9	111.5	109.3	100.8	106.7	105.0	109.3		
Debt/Equity (x)	5.0	5.3	5.3	5.2	5.5	4.1	4.0	5.2		
Asset Quality Parameters (%)										
GS 3 (INR b)	53.0	52.0	57.7	57.5	62.2	47.7		57.5		
Gross Stage 3 (% on Assets)	8.2	7.9	8.5	8.4	9.2	7.0		9.0		
NS 3 (INR b)	39.8	41.9	44.5	39.7	37.3	30.9		39.7		
Net Stage 3 (% on Assets)	6.3	6.4	6.7	6.0	5.7	4.7		6.4		
PCR (%)	24.9	19.5	22.9	31.0	40.1	35.1		31.0		
ECL (%)	3.6	3.3	3.6	4.4	5.5	4.9		4.9		
Return Ratios (%)										
ROAA	0.4	1.4	2.0	1.2	0.8	1.6		1.3		
ROAE	2.5	9.3	13.4	7.9	5.4	9.2		8.3		

Laurus Labs

BSE SENSEX 46,874
S&P CNX 13,818

Conference Call Details



Date: 29th Jan 2021
Time: 11:00am IST
Dial-in details:
+91-22-6280 1148

Financials & Valuations (INR b)

Y/E MARCH	2021E	2022E	2023E
Sales	45.7	56.0	66.0
EBITDA	14.6	17.6	20.4
Adj. PAT	9.4	11.1	13.1
EBIT Margin (%)	27.4	26.6	26.1
Cons. Adj. EPS (INR)	17.7	20.8	24.5
EPS Gr. (%)	269.7	17.6	18.2
BV/Sh. (INR)	48.1	65.7	86.6
Ratios			
Net D:E	0.4	0.3	0.1
RoE (%)	43.5	36.5	32.2
RoCE (%)	31.1	28.9	27.9
Payout (%)	15.1	15.1	15.1
Valuations			
P/E (x)	20.3	17.3	14.6
EV/EBITDA (x)	13.8	11.4	9.7
Div. Yield (%)	0.6	0.7	0.9
FCF Yield (%)	1.2	1.3	3.1
EV/Sales (x)	4.4	3.6	3.0

CMP: INR358

Buy

Strong performance in API/Synthesis drives earnings

Well supported by strong operating leverage

- Laurus Labs' (LAURUS) 3QFY21 revenue grew 76% YoY to INR12.8b (v/s our estimate of INR11.8b).
- In 3QFY21, YoY growth was backed by: a) doubling of API revenue to INR7.3b (57% of sales). The ARV-API segment grew 166% YoY to INR5.7b and Oncology API grew 37% YoY to INR640m. b) 63% YoY growth in Synthesis (CDMO division) to INR1.2b (10% of sales), and c) 47% YoY growth in Formulation sales to INR4.3b (33% of sales) due to new launches in LMIC countries, better volume offtake in the US, and contract manufacturing opportunities from European customers.
- Gross margin (GM) rose 420bp YoY to 54.7% due to superior product mix.
- EBITDA margin expanded 1,280bp YoY to 33.1% (v/s our estimate of 32.6%) on better GMs and better operating leverage (employee cost/other expenses fell 430bp each YoY as a percentage of sales).
- EBITDA increased 3x to INR4.3b (v/s our estimate of INR3.8b).
- PAT rose ~4x YoY to INR2.7b on strong sales growth and superior margin.
- In 9MFY21, revenue/EBITDA/PAT grew 71%/192%/373% YoY to INR34b/INR10.8b/INR6.9b.

Key highlights for the quarter

- R&D spent was INR1.3b, constituting ~4% of 9MFY21 sales.
- Till date, the company has received final/tentative ANDA approvals of nine/eight. It has filed 26 ANDAs.

Consolidated quarterly earnings model

Y/E March	FY20				FY21				(INR m)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY20	FY21E	3QFY21E	v/s est. (%)
Net Sales	5,506	7,124	7,296	8,391	9,743	11,388	12,884	11,700	28,317	45,716	11,804	9.1
YoY Change (%)	2.1	21.1	37.8	32.1	77.0	59.9	76.6	39.4	23.6	61.4	61.8	
Total Expenditure	4,673	5,746	5,814	6,474	6,960	7,650	8,621	7,856	22,672	31,087	7,956	
EBITDA	833	1,378	1,482	1,918	2,783	3,739	4,263	3,844	5,645	14,629	3,848	10.8
YoY Change (%)	-2.7	51.2	68.9	71.2	234.3	171.3	187.7	100.5	50.0	159.1	159.7	
Margin (%)	15.1	19.3	20.3	22.9	28.6	32.8	33.1	32.9	19.9	32.0	32.6	
Depreciation	458	478	476	461	488	510	516	589	1,873	2,103	525	
EBIT	374	900	1,006	1,457	2,295	3,229	3,747	3,255	3,773	12,526	3,323	12.7
YoY Change (%)	-21.0	75.4	123.6	112.7	513.3	258.9	272.3	123.4	77.8	232.0	230.3	
Interest	225	256	208	207	151	137	174	145	896	608	150	
Other Income	45	14	19	17	71	51	69	-9	59	183	65	
PBT before EO expense	194	658	817	1,267	2,215	3,143	3,642	3,101	2,936	12,101	3,238	12.5
Extra-Ordinary expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	194	658	817	1,267	2,215	3,143	3,642	3,101	2,936	12,101	3,238	12.5
Tax	43	92	82	166	497	720	913	532	383	2,662	745	
Rate (%)	22.1	14.0	10.1	13.1	22.4	22.9	25.1	17.1	13.1	22.0	23.0	
Reported PAT	151	566	735	1,102	1,718	2,423	2,729	2,570	2,553	9,439	2,493	9.4
Adjusted PAT	151	566	735	1,102	1,718	2,423	2,729	2,570	2,553	9,439	2,493	9.4
YoY Change (%)	-25.2	104.4	312.4	155.1	1,038.0	328.4	271.4	133.3	132.6	269.7	239.4	
Margin (%)	2.7	7.9	10.1	13.1	17.6	21.3	21.2	22.0	9.0	20.6	21.1	

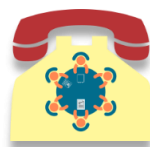
Cummins India

BSE SENSEX
46,874

S&P CNX
13,818

CMP: INR637
Sell

Conference Call Details


Date: 29th January 2021

Time: 10:00am IST

Dial-in details:

18001029810

(PIN: 54411827#)

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	51.6	43.9	52.9
EBITDA	5.9	5.4	6.8
PAT	6.4	5.1	6.2
EBITDA (%)	11.4	12.3	12.9
EPS (INR)	23.3	18.3	22.4
EPS Gr. (%)	(10.8)	(21.3)	22.3
BV/Sh. (INR)	150.6	160.1	166.4

Ratios

Net D/E	0.0	(0.1)	(0.0)
RoE (%)	15.4	11.4	13.5
RoCE (%)	14.0	10.5	12.3
Payout (%)	90.3	53.6	72.0

Valuations

P/E (x)	27.4	34.8	28.5
P/BV (x)	4.2	4.0	3.8
EV/EBITDA (x)	30.2	32.2	25.7
Div Yield (%)	2.6	1.4	2.0
FCF Yield (%)	2.1	1.9	0.6

Revenues in-line; lower other expenses lead to strong surprise on EBITDA margins

3QFY21 snapshot

- Revenue edged down 2% YoY to INR14.2b and was in-line with our expectation.
- Gross profit was flat YoY at INR5.1b, a miss of just 3% v/s our expectation.
- EBITDA increased 12% YoY to INR2.4b and was 13% ahead of our expectation.
- The EBITDA margin came in at 17.0% (+220bp YoY) v/s our expectation of 14.7%. **This is attributable to 11.6% YoY decline in employee cost and 6% decline YoY in other expenses.**
- Other income included an income tax refund of INR356m. Adjusted for the same, other income declined 13% YoY to INR629m.
- Adj. PAT was flat at INR2.0b and 8% ahead of our expectation.
- **Domestic sales declined 3% YoY to INR10.3b. Exports grew 1% to INR3.7b.**

Quarterly Performance

Y/E March	FY20				FY21E				FY20	FY21E	3QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sales	13,430	13,084	14,534	10,528	4,982	11,602	14,243	13,038	51,577	43,865	14,534	-2.0%
Change (%)	1.1	-12.0	-3.3	-21.5	-62.9	-11.3	-2.0	23.8	-8.9	-15.0	0.0	
EBITDA	1,514	1,525	2,158	667	29	1,674	2,417	1,294	5,863	5,415	2,138	13.1%
Change (%)	-29.5	-39.2	-4.8	-61.2	-98.1	9.8	12.0	94.1	-20.2	-30.1	-0.9	
As of % Sales	11.3	11.7	14.8	6.3	0.6	14.4	17.0	9.9	11.4	12.3	14.7	
Depreciation	291	293	296	308	303	327	320	329	1,187	1,278	325	
Interest	52	55	47	49	43	40	46	71	203	200	50	
Other Income	769	926	723	898	666	580	629	697	3,315	2,571	600	
PBT	1,940	2,102	2,538	1,208	349	1,887	2,681	1,592	7,789	6,508	2,363	13.4%
Tax	525	269	551	-5	72	431	695	233	1,341	1,432	520	
Effective Tax Rate (%)	27.1	12.8	21.7	(0.4)	20.7	22.9	25.9	14.6	17.2	22.0	22.0	
Adjusted PAT	1,415	1,833	1,988	1,213	277	1,456	1,985	1,359	6,448	5,076	1,843	7.7%
Change (%)	(22.7)	(13.4)	6.2	(13.9)	(80.4)	(20.6)	(0.1)	12.0	(10.8)	(21.3)	(7.3)	
Extra-ordinary Income (net)	-	-	(125)	(30)	249	-	356	-	(155)	605	-	
Reported PAT	1,415	1,833	1,862	1,183	526	1,456	2,341	1,359	6,293	5,681	1,843	27.0%
Change (%)	(22.7)	(13.4)	(0.5)	(16.0)	(62.9)	(20.6)	25.7	14.9	(12.9)	(9.7)	(1.0)	

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	COFORGE IN
Equity Shares (m)	61
M.Cap.(INRb)/(USDb)	146.6 / 2
52-Week Range (INR)	2908 / 739
1, 6, 12 Rel. Per (%)	-9/15/6
12M Avg Val (INR M)	1292

Financials & Valuations (INR b)

Y/E Mar	2021E	2022E	2023E
Sales	47.0	56.8	65.0
EBIT Margin (%)	17.1	17.8	17.8
PAT	4.8	6.2	7.1
EPS (INR)	78.9	102.1	116.9
EPS Gr. (%)	4.4	29.4	14.5
BV/Sh. (INR)	448.9	520.3	604.8

Ratios

RoE (%)	21.1	18.6	20.9
RoCE (%)	18.6	17.1	18.9

Valuations

P/E (x)	30.7	23.7	20.7
P/BV (x)	5.4	4.7	4.0
EV/EBITDA (x)	16.8	12.9	10.8
Div Yield (%)	0.9	1.3	1.4

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	64.0	70.3	70.1
DII	12.2	7.6	7.7
FII	14.4	13.2	13.4
Others	9.4	9.0	8.8

FII Includes depository receipts

CMP: INR2,422 **TP: INR2,690 (+11%)** **Neutral**

In line performance and guidance

Valuation factoring in robust FY22 growth

- Coforge's reported an in line 3QFY21 USD revenue growth of 3.3% QoQ CC, with strong growth in BFS, Travel, and Others. However, the same was tempered by weakness in Insurance on account of project completions. It reiterated its FY21 USD CC revenue growth guidance of 6% YoY and indicated strong growth in FY22.
- EBITDA margin (pre-RSU) fell 80bp QoQ to 18% due to select wage hikes to keep attrition low (10.4%). It reported a healthy order intake of USD192m and would execute USD501m over the next 12 months (+18% YoY).
- The management's FY21 revenue growth guidance indicates a strong exit to FY21 (+7% QoQ in CC). Moreover, it expects growth in the Travel vertical to continue as spends at major clients recover. This, coupled with continued delivery in BFSI, should help it deliver over 20% USD revenue growth in FY22.
- It also expects to deliver FY22 EBITDA margin (pre-RSU) of at least 18%, despite increasing salaries due to elevated demand. With the impact of RSU moderating from FY22, we are factoring in EBIT improvement of 80bp YoY and PAT growth of 29% YoY.
- The stock is currently trading at 20.7x FY23E EPS, a 30% premium to its five-year P/E of 16x. This fairly factors in strong growth delivery from Coforge.
- We upgrade our FY21-23E EPS estimates by 2-7%. Our TP of INR2,690/share implies 23x FY23E EPS. Maintain Neutral on fair valuations.

Revenue and margin in line with our estimates

- Revenue grew 3.8% QoQ to USD160m, in line with our estimate of USD161m. CC revenue growth for 3QFY21 was 3.3%.
- EBIT margin contracted 80bp QoQ to 13% (in line) as a result of selective wage hikes for employees with niche skills.
- PAT was flat YoY at INR1,220m due to lower other income.
- Utilization declined by 210bp QoQ. The company added 262 employees. Attrition improved marginally in 3QFY21.
- Strong growth was seen in BFS, Travel and Others, but remained muted in Insurance (down 3.9% QoQ).
- New TCV stood at USD192m (-4% QoQ/-12% YoY).
- Capex during 3QFY21 stood at INR149m.
- Cash and Bank Balances rose INR1,218m over 2QFY21 and stood at INR5,365m. DSO stood at 75 days.

Key highlights from the management commentary

- Order book stood at USD501m, an increase of 18% YoY. This offers strong revenue growth visibility in FY22. The management is on track to deliver 6% revenue growth in FY21. Around 51% of its portfolio comprises new age services, which is helping it win additional deals.
- Margin is expected to remain range bound as Coforge needs to hire more people. There is a talent crunch in the market for highly skilled employees, therefore supply would only come at higher salaries. Utilization is at a record high and there would be some normalization from current levels.
- Within Travel, a meaningful pickup is expected post Nov-Dec'21 when volumes for Airlines are expected to pick up. The company has gained a lot of wallet share in Travel, which has diluted the negative impact in the vertical.

Valuation and view – Execution is the key monitorable

- Strong deal wins, a robust deal pipeline, and good consistency in large deal wins (2-3 large deals every quarter), despite the COVID-led disruption, is encouraging.
- The recent rally in the stock price indicates industry-leading growth and stable margin have already been priced into current valuations. Execution on the guidance would be key to sustaining current multiples.
- The company's cash conversion has been on a decline over the last five years (FY20 OCF-to-EBITDA of 41%). While the management has guided for an improvement on this, it needs to be closely monitored.
- The stock is currently trading at 21x FY22E earnings. We value the company at 23x FY23E EPS. Maintain Neutral on fair valuations.

Consolidated quarterly performance (Ind AS)

Y/E March									(INR m)			
	FY20				FY21				FY20	FY21E	Variance	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QFY21 E	(%/bp)
Rev. (USD m)	138	149	151	155	140	155	160	173	593	628	161	-0.3
QoQ (%)	4.4	7.7	1.7	2.3	-9.4	10.2	3.8	7.9	14.3	6.0	4.1	-29bp
Revenue (INR m)	9,597	10,385	10,734	11,093	10,570	11,537	11,906	12,980	41,809	46,993	11,870	0.3
YoY (%)	19.9	14.4	10.5	19.0	10.1	11.1	10.9	17.0	15.8	12.4	10.6	33bp
GPM (%)	33.9	34.6	34.1	34.3	31.5	32.6	32.0	33.5	34.2	32.4	32.5	-50bp
SGA (%)	16.8	16.3	16.1	16.4	14.4	13.8	14.0	15.0	16.4	14.3	14.5	-52bp
EBITDA (INR m)	1,641	1,898	1,940	1,971	1,686	2,048	2,009	2,272	7,450	8,015	2,018	-0.4
EBITDA Margin (%)	17.1	18.3	18.1	17.8	16.0	17.8	16.9	17.5	17.8	17.1	17.0	-0.7
EBIT (INR m)	1,240	1,451	1,491	1,538	1,221	1,588	1,547	1,752	5,720	6,108	1,543	0.2
EBIT Margin (%)	12.9	14.0	13.9	13.9	11.6	13.8	13.0	13.5	13.7	13.0	13.0	-1bp
Other income	75	76	130	180	48	-63	19	52	461	56	83	-77.1
ETR (%)	20.5	18.1	20.7	20.3	20.5	19.9	21.1	21.5	19.9	20.8	22.5	-6.1
Minority Interest	-24.0	-56.0	-52.0	-106.0	-30.0	-15.0	-15.0	-37.5	-238.0	-97.5	-49.6	
PAT	1,022	1,195	1,233	1,264	979	1,207	1,220	1,379	4,714	4,785	1,211	0.8
QoQ (%)	-8.0	16.9	3.2	2.5	-22.5	23.3	1.1	13.0			0.3	77bp
YoY (%)	21.5	6.9	23.1	13.8	-4.2	1.0	-1.1	9.1	55.3	1.5	-1.8	75bp
EPS (INR)	16.6	19.2	19.7	20.3	15.7	19.9	20.1	22.7	75.5	78.9	20.0	0.8

E: MOFSL estimates



Aditya Birla Fashion

BSE SENSEX
46,874

S&P CNX
13,818

CMP: INR153

TP: INR200 (+31%)

Buy



Stock Info

Bloomberg	ABFRL IN
Equity Shares (m)	772
M.Cap.(INRb)/(USDb)	129.7 / 1.9
52-Week Range (INR)	281 / 96
1, 6, 12 Rel. Per (%)	-6/2/-47
12M Avg Val (INR M)	358
Free float (%)	40.2

Financials Snapshot (INR b)

Y/E March	FY21	FY22E	FY23E
Sales	54.5	78.9	92.6
EBITDA	3.3	11.0	12.9
Adj. PAT	-6.0	-1.3	0.2
EBITDA Margin (%)	6.0	14.0	13.9
Adj. EPS (INR)	-3.9	-0.7	0.1
EPS Gr. (%)	NM	NM	NM
BV/Sh. (INR)	8.1	7.7	7.8

Ratios

Net D:E	3.3	2.6	0.0
RoE (%)	NM	NM	1.4
RoCE (%)	NM	3.2	5.6
Payout (%)	0.0	0.0	0.0

Valuations

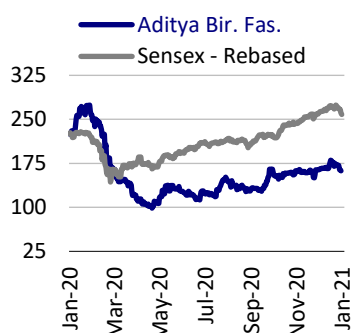
P/E (x)	NM	NM	NM
EV/EBITDA (x)	84.2	27.8	23.2
EV/Sales (x)	5.0	3.9	3.2
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	0.5	2.3	3.7

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	70.4	70.5	73.6
DII	12.3	12.5	8.7
FII	2.6	2.1	2.4
Others	14.6	14.9	15.3

FII Includes depository receipts

Stock Performance (1-year)



Acquires 51% stake in Sabyasachi

Contours of the deal

- ABFRL acquired 51% stake in Sabyasachi Couture for INR4b. Of this, about INR1b would be through the primary route, while the rest would be via the secondary market.
- The deal values Sabyasachi at an EV of INR7.8b, with FY20 EV/Sales of 2.8x and EV/EBITDA of 15x.
- The 'Sabyasachi' brand is engaged in Luxury Designer Apparel and accessories. With a revenue of INR2.7b (9% CAGR over FY18-20) and 20% EBITDA margin, it constitutes a mere 3% of ABFRL's overall revenue.

Ambitious plans for the Ethnic wear market

- The management highlighted that the Ethnic wear is the largest segment in the Apparels space and offers huge long-term growth.
- It eyes growth in the Mass market through Pantaloons and other avenues in the Men's Ethnic wear space.
- But given the small scale of acquisitions and long gestation period for the returns to fructify, these deals may show limited returns in the interim and turn cash guzzlers.

Key highlights from ABFRL's management concall

- Ambitions in the Ethnic wear market:** The management has a huge long-term ambition to grow in the Ethnic wear market, which is the largest segment in the overall Apparels space with a market size of USD17b.
- More action may follow:** It may carve out its Mass Ethnic brands from Pantaloons and explore the Mass Men's category.
- Sabyasachi can grow at 20-25% annually through store expansion as well as new products/brand extensions, including accessories.
- Deleveraged Balance Sheet:** Core net debt reduced to INR4b (excluding lease liability and Sabyasachi investment) after factoring in INR7.5b (out of the INR10b rights issue) and INR15b from stake sale to Flipkart.

Valuation and view: Strong parentage, but leverage remains a concern

- As highlighted in our earlier note, '[ABFRL – On a Steady Ground](#)', despite strong parentage and execution capabilities, high debt had overshadowed the stock valuation. However, the issue now appears to be subsiding.
- ABFRL has consistently improved its earnings graph, with a revenue/EBITDA CAGR of 37%/75% over FY14-19. If dented FY20 growth is taken into consideration, revenue/EBITDA CAGR would stand at 32%/55% over FY14-20 (FY20 pre-Ind AS 116 EBITDA of INR4.5b).

- Pantaloon (31% EBITDA CAGR over FY16-20) and Innerwear (~INR2.7b sales within three years of launch) presents a healthy growth opportunity.
- However, investment in new ventures and acquisition has partly tapered its optimum operating performance and Balance Sheet health as investments in Ethnic wear may take 4-5 years to show a meaningful contribution.
- We value ABFRL on FY22E SoTP basis and assign an EV/EBITDA multiple of 17x/16x to Lifestyle/Pantaloon, and EV/Sales of 1x to other businesses. We arrive at TP of INR200 per share. **Maintain Buy.**

Exhibit 5: ABFRL-Sabyasachi deal details

Particulars	INR m
Acquisition amount	3,980
Stake acquired	51%
EV of Sabyasachi	7,803.9
Target entity's FY20 sales	2740
Target firm's EV/Sales (x)	2.8

Source: MOFSL, Company

Exhibit 6: ABFRL's debt profile

Particulars	INR m
Core net debt as on 2QFY21	29,788
Amount to generate from WC	2,500
Funds to flow from rights issue	5,000
Flipkart investment	15,000
Net debt post fund flow	7,288
Lease liabilities	22,606
Total net debt post fund flow	29,894
Investment in Sabyasachi	3,980
Total net debt post acquisition	33,874
EBITDA as of FY22E	11,040
Leverage (x)	3.1

Source: MOFSL, Company

Exhibit 7: Shantanu & Nikhil business snapshot

Particulars	FY19 (INR m)
Revenue from operations	345
Gross margin (%)	87%
EBITDA margin (%)	4%
Net working capital	39
Net WC days	221
RoE (%)	8.6%
RoCE (%)	13.4%

Source: MOFSL, Company

RBL Bank

Estimate change	↑
TP change	↔
Rating change	↔

Bloomberg	RBK IN
Equity Shares (m)	509
M.Cap.(INRb)/(USD\$)	128.5 / 1.8
52-Week Range (INR)	347 / 102
1, 6, 12 Rel. Per (%)	-5/-4/-51
12M Avg Val (INR M)	4767

Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E	FY23E
NII	36.3	38.5	44.9	55.7
OP	27.5	29.7	34.5	42.6
NP	5.1	5.7	10.1	15.1
NIM (%)	4.5	4.3	4.5	4.8
EPS (INR)	9.9	9.5	16.8	25.3
EPS Gr. (%)	-51.1	-4.8	77.8	50.1
BV/Sh. (INR)	208.0	211.6	225.6	246.2
ABV/Sh. (INR)	189.8	191.8	206.1	228.1

Ratios

RoE (%)	5.6	4.9	7.7	10.7
RoA (%)	0.6	0.6	0.9	1.2

Valuations

P/E(X)	21.6	22.7	12.8	8.5
P/BV (X)	1.0	1.0	1.0	0.9
P/ABV (X)	1.1	1.1	1.0	0.9

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	0.0	0.0	0.0
DII	24.7	22.0	30.2
FII	35.2	27.8	24.3
Others	40.2	50.3	45.5

FII Includes depository receipts

CMP: INR215

TP: INR270 (+26%)

Buy

Asset quality under pressure; deposit franchise stabilizing

Credit Card growth picks up, while Wholesale continues to decline

- RBL Bank (RBK) reported a modest quarter on weak NII growth – as margins declined 15bp QoQ, impacted by higher interest reversal. However, a sharp improvement in core fees, led by Credit Card, resulted in a PAT beat. On the business front, deposit growth picked up sequentially, led by CASA, while loan growth was affected by continued decline in the Wholesale portfolio. The Credit Card business, however, picked up sharply QoQ.
- Asset quality witnessed sharp deterioration, with the proforma GNPA/NNPA ratio up to 4.57%/2.37%, led by elevated slippages from the Retail portfolio, predominantly from the unsecured portfolio. On the other hand, corporate slippages were contained. Total restructuring is expected at 1.5% of total loans.
- Overall, we expect the slippage trend to remain elevated and estimate credit cost to remain high in the near term at 3.8%/3.3% for FY21/FY22. However, we increase our estimates by 6%/11% for FY22/FY23, factoring in higher other income. **Maintain Buy.**

Interest reversal drags down NII; proforma PCR plunges to ~49%

- 3QFY21 PAT stood at ~INR1.5b (110% YoY; MOSLe: INR1.05b), led by higher other income, as core fees were above pre-COVID levels (37% growth QoQ). However, NII declined 2% YoY (4% miss), with NIM declining 15bp QoQ to 4.19%, affected by higher interest reversal on potential slippages.
- Other income reflected improving trends and grew at 27% QoQ to INR5.8b, supported by core fee income (37% QoQ) to ~INR5b. This was led by improvement in card fees (63% QoQ) – as card spends crossed pre-COVID levels. Retail contributes 86% to total fees.
- Operating expenses were flat YoY; thus, the C/I ratio stood at 45.9% (~320bp YoY improvement). Thus, PPOP grew 12% YoY (11% beat).
- Loan growth declined 5% YoY, with the Wholesale portfolio declining 25% YoY, while the Retail book increased 16% YoY. Among the retail segments, the MFI / Credit Card portfolio grew 22%/30% YoY. Thus, the Wholesale to Retail mix stood at 42:58. Also, the share of both the Credit Card and MFI book increased to 32%.
- Deposits increased 4.2% QoQ to INR672b, led by CASA growth of 4% QoQ. Overall, the CASA ratio stood flat QoQ at 31.1% (avg. CASA ratio improved to 29.5% v/s 28.7% in 2QFY21).
- On the asset quality front, GNPA/NNPA ratio improved 150bp/67bp QoQ to 1.84%/0.71%. However, the proforma GNPA/NNPA ratio increased to 4.57%/2.37% (v/s 3.49%/1.49% in 2QFY21) as proforma slippages increased to INR14.7b in 3QFY21. Thus, PCR (including proforma GNPA) declined to 49.3% v/s 58.2% in 2QFY21.

Highlights from management commentary

- Overall, the bank expects restructuring at 1.5% of total loans.
- Credit Card:** Expect total delinquency of ~10% of the total portfolio, of which ~70% is already part of current proforma slippages. Also, 4% of the portfolio is restructured; therefore, expect to reach normalized asset quality trends in another two quarters.
- MFI:** It remains cautious in lending to certain states – such as West Bengal, Assam, Maharashtra, and Punjab which had a collection efficiency of 88–90%, while it declined to 60% in Assam. Overall, collection efficiency stood at 92%; expect the GNPA ratio to increase to 5.0–5.5% v/s 2.6% currently.

Valuation and view

- Overall, we expect loan growth to remain weak as the bank remains cautious in wholesale lending; expect improving trends in the Credit Card portfolio. A higher focus in the near term would be on garnering deposits and improving collections. On the asset quality front, the proforma GNPA/NNPA ratio increased sharply, while provision coverage dropped to ~49%. Also, expect restructuring at around 1.5% of total loans. We expect further deterioration in asset quality as the slippage trajectory would remain elevated in Retail, particularly from the unsecured portfolio. Thus, we expect credit cost to remain elevated at 3.8%/3.3% for FY21/FY22. However, we increase our earnings estimates for FY22/FY23 by 6%/11% on the back of improvement in core operating performance. The stock currently trades at cheap valuations of 1x FY22E ABV; **Maintain BUY**, with TP of INR270 (1.2x Sep'22E ABV).

Quarterly performance

(INR m)

	FY20				FY21E				FY20	FY21E	FY21E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3Q	Est
Net Interest Income	8,173	8,687	9,227	10,210	10,413	9,321	9,082	9,677	36,296	38,492	9,434	-4%
% Change (Y-o-Y)	47.9	46.5	40.8	38.2	27.4	7.3	-1.6	-5.2	42.9	6.0	2.2	
Other Income	4,812	4,415	4,870	5,005	3,333	4,562	5,799	5,217	19,102	18,911	4,745	22%
Total Income	12,985	13,102	14,096	15,215	13,746	13,883	14,880	14,894	55,399	57,404	14,179	5%
Operating Expenses	6,960	6,744	6,929	7,696	6,849	6,685	6,832	7,303	27,883	27,670	6,924	-1%
Operating Profit	6,026	6,358	7,167	7,519	6,897	7,198	8,048	7,591	27,516	29,734	7,255	11%
% Change (Y-o-Y)	39.4	41.6	43.8	34.3	14.5	13.2	12.3	1.0	41.8	8.1	-0.9	
Other Provisions	1,970	5,333	6,228	6,012	5,002	5,256	6,098	5,826	19,989	22,181	5,852	4%
Profit before Tax	4,056	1,025	939	1,508	1,896	1,942	1,951	1,765	7,528	7,553	1,403	39%
Tax Provisions	1,386	482	239	364	483	500	480	438	2,471	1,901	354	36%
Net Profit	2,671	543	700	1,144	1,412	1,442	1,471	1,328	5,057	5,652	1,049	40%
% Change (Y-o-Y)	40.5	-73.4	-68.9	-53.7	-47.1	165.4	110.2	16.1	-41.7	11.8	50.0	
Operating Parameters												
Deposit (INR b)	608.1	628.3	629.1	578.1	617.4	645.1	671.8	688.0	578.1	688.0	659.3	2%
Loan (INR b)	568.4	584.8	596.4	580.2	566.8	561.6	564.4	586.0	580.2	586.0	583.7	-3%
Deposit Growth (%)	35.3	31.5	20.5	-1.0	1.5	2.7	6.8	19.0	-1.0	19.0	4.8	199
Loan Growth (%)	34.7	27.5	19.5	6.8	-0.3	-4.0	-5.4	1.0	6.8	1.0	-2.1	-322
Asset Quality												
Gross NPA (%)	1.4	2.6	3.3	3.6	3.5	3.3	1.8	5.5	3.6	5.5	4.5	-266
Net NPA (%)	0.7	1.6	2.1	2.1	1.7	1.4	0.7	2.9	2.0	2.9	2.2	-150
PCR (%)	52.9	40.7	38.5	44.3	53.2	59.4	61.7	48.9	44.3	48.9	52.0	968

E:MOFSL Estimates

Tata Chemicals

BSE SENSEX
46,874

S&P CNX
13,818

Conference Call Details



Date: 29th January 2021
Time: 2:00pm IST
Dial-in details:
+91-22 6280 1141

CMP: INR490
Buy

Better-than-expected EBITDA and PAT

Consolidated

- Tata Chemicals (TTCH) reported in-line overall revenue of INR26.1b (est. INR25.2b) in 3QFY21.
- **The reported EBITDA margin** expanded 10bp YoY to 18.1% (est. 15.7%). **Reported EBITDA** came in flat YoY at INR4.7b (est. INR4b).
- **Reported EBITDA includes a one-time insurance claim of INR272m** due to business interruption in Tata Chemicals Soda Ash Partners (a step-down subsidiary of the company). Adjusted for the same, EBITDA declined 6% YoY to INR4.4b (12% above our est.); EBITDA margins contracted 100bp YoY to 17.1%.
- **PAT** declined 4% YoY to INR1,609m (est. INR1,009m).
- The Basic Chemistry Products business was in-line at INR19.9b. EBIT margins contracted 130bp YoY to 15%.
- The Specialty Products business was largely flat (+2% YoY) at INR6.2b. EBIT margins contracted 40bp YoY to 6.2%.

Standalone

- Standalone revenue was up 7% YoY to INR8.1b.
- The EBITDA margin contracted 410bp YoY to 21.5% and EBITDA de-grew 10% YoY to INR1.7b.
- PAT de-grew 16% YoY to INR1.2b.
- The Basic Chemistry Products business was up 5% YoY to INR7.6b. EBIT margins contracted 560bp to 23.5%.
- The Specialty Products business reported 2.2x YoY revenue growth to INR474m. EBIT margins stood at -29.3% v/s -38.2% last year.

Consolidated – Quarterly Earnings Model

(INR m)

Y/E March	FY20				FY21				FY20	FY21	FY21	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	
Net Sales	25,840	27,713	26,234	23,781	23,482	26,094	26,061	24,449	1,03,535	1,00,085	25,162	4
YoY Change (%)	-5.8	-6.4	2.1	-7.2	-9.1	-5.8	-0.7	2.8	-4.5	-3.3	-4.1	
Total Expenditure	20,691	22,106	21,499	19,779	19,884	22,231	21,342	20,345	84,076	83,802	21,207	
EBITDA	5,149	5,607	4,735	4,002	3,598	3,863	4,719	4,104	19,492	16,283	3,954	19
Margins (%)	19.9	20.2	18.0	16.8	15.3	14.8	18.1	16.8	18.8	16.3	15.7	
Depreciation	1,627	1,658	1,641	1,739	1,899	1,924	1,854	1,930	6,665	7,608	1,925	
Interest	941	869	755	855	1,179	836	809	780	3,419	3,603	810	
Other Income	869	901	586	756	587	686	427	756	3,111	2,455	586	
PBT before EO expense	3,450	3,981	2,925	2,163	1,107	1,787	2,483	2,149	12,519	7,526	1,806	
Extra-Ord expense	44	0	208	-62,367	0	0	0	0	-62,115	0	0	
PBT	3,406	3,981	2,717	64,531	1,107	1,787	2,483	2,149	74,634	7,526	1,806	
Tax	1,116	212	676	193	358	571	538	473	2,197	1,939	415	
Rate (%)	32.8	5.3	24.9	0.3	32.3	31.9	21.7	22.0	2.9	25.8	23.0	
MI & Profit/Loss of Asso. Cos.	756	916	580	123	616	512	337	104	2,375	1,569	381	
Reported PAT	1,535	2,853	1,462	64,215	133	705	1,609	1,572	70,063	4,018	1,009	
Adj PAT	1,579	2,853	1,670	1,847	133	705	1,609	1,572	7,948	4,018	1,009	59
YoY Change (%)	-26.2	-11.3	-19.6	-24.3	-91.6	-75.3	-3.7	-14.9	-7.7	-49.4	-39.6	
Margins (%)	6.1	10.3	6.4	7.8	0.6	2.7	6.2	6.4	7.7	4.0	4.0	

Granules India

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	GRAN IN
Equity Shares (m)	229
M.Cap.(INRb)/(USDb)	87.6 / 1.2
52-Week Range (INR)	438 / 115
1, 6, 12 Rel. Per (%)	-4/-1/118
12M Avg Val (INR M)	851

Financials & Valuations (INR b)

Y/E MARCH	2021E	2022E	2023E
Sales	33.0	38.3	41.9
EBITDA	9.0	10.6	12.0
Adj. PAT	5.7	6.7	7.7
EBIT Margin (%)	22.8	23.0	24.1
Cons. Adj. EPS (INR)	22.5	26.3	30.3
EPS Gr. (%)	72.5	17.1	15.1
BV/Sh. (INR)	90.3	112.4	138.5

Ratios

Net D:E	0.3	0.2	0.2
RoE (%)	27.7	26.0	24.2
RoCE (%)	20.6	20.8	20.5
Payout (%)	18.9	16.0	13.9

Valuations

P/E (x)	15.7	13.4	11.6
EV/EBITDA (x)	9.6	7.9	6.6
Div. Yield (%)	1.0	1.0	1.0
FCF Yield (%)	2.7	4.6	7.4
EV/Sales (x)	2.6	2.2	1.9

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	42.0	42.0	42.9
DII	0.3	0.2	3.2
FII	26.4	26.3	17.7
Others	31.3	31.5	36.1

FII Includes depository receipts

CMP: INR354 TP: INR460 (+30%) Buy

Superior product mix drives profitability

Expect healthy ANDA launches over the next 12-15 months

- GRAN delivered an in line performance in 3QFY21. It sustained its strong earnings momentum led by Intermediates (PFI) and API segments. The delay in ANDA launches impacted the YoY growth rate for the Formulations segment. The company remains on track for capacity expansion at its Visakhapatnam and US sites to cater to growth in FY23-24.
- We have tweaked our FY21E/FY22E/FY23E EPS estimate to factor in: a) delay in ANDA launches, b) higher raw material prices, and c) withdrawal of export incentive benefits. We continue to value GRAN at 16x 12 months forward earnings to arrive at our TP of INR460/share. We remain positive on the back of niche product pipeline and healthy base business. Reiterate **Buy**.

YoY earnings growth trajectory strengthens further in 3QFY21

- Sales grew 20% YoY to INR8.4b (v/s our estimate of INR8.2b), led by: a) 51% YoY growth in Intermediates (INR1.7b; 20% of sales), and b) 19% YoY growth in the API segment (INR2.5b; 30% of sales). The Formulations segment (INR4.2b; 50% of sales) grew at moderate rate (11% YoY).
- There was one-time product related loss of INR97.7m in 3QFY21.
- Adjusting for the same, gross margin (GM) expanded 410bp YoY to 54.9%, led by a superior product mix.
- EBITDA margin expanded at a lower rate (300bp YoY) to 26.2% (v/s our estimate of 27%) due to higher opex (employee cost/other expenses up 60bp/48bp YoY as a percentage of sales). EBITDA grew 35.6% YoY to INR2.2b in 3QFY21.
- GRAN's US subsidiary received a one-time stimulus (INR133m) under the CARES Act. Adjusting for the same, PAT grew 65% YoY to INR1.4b (v/s our estimate of INR1.4b) due to better profitability and lower tax rate.
- For 9MFY21, revenue/EBITDA/adjusted PAT grew by 22%/57%/60% YoY to INR24.4b/INR6.7b/INR4.2b.

Highlights from the management commentary

- The management indicated FY21 earnings growth of 65-70% YoY and is confident of clocking 25-30% YoY growth in FY22.
- It expects steady state GM to be ~52-53% and EBITDA margin of ~27%.
- The company plans to launch ~10 ANDAs over the next 12-15 months (three in 4QFY21).
- R&D spend is expected at be INR850m in FY21. The same is expected to increase to INR1.5b in FY22.

Valuation and view

- We expect 33% earnings CAGR over FY20-23E, led by a 16%/28%/14% sales CAGR in Formulations/PFIs/APIs and 760bp EBITDA margin expansion (in addition to niche products and better capacity utilization).
- The steady off-take of base molecules, coupled with increase in ANDA led business, is expected to improve overall return ratios for GRAN. We continue to value GRAN at 16x 12 months forward earnings to arrive at our TP of INR460/share. Maintain **Buy**.

Consolidated quarterly performance

(INR m)

Y/E March	FY20				FY21				FY20	FY21E	3QFY21 E	Variance v/s our estimate
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	5,953	6,995	7,040	5,999	7,356	8,581	8,445	8,612	25,986	32,994	8,242	2.5%
YoY Change (%)	31.3	20.4	11.4	-2.2	23.6	22.7	20.0	43.6	14.0	27.0	17.1	
EBITDA	1,186	1,436	1,632	1,219	1,987	2,489	2,213	2,285	5,473	8,974	2,225	-0.5%
YoY Change (%)	63.4	42.9	44.0	15.5	67.5	73.3	35.6	87.4	39.6	64.0	36.4	
Margin (%)	19.9	20.5	23.2	20.3	27.0	29.0	26.2	26.5	21.1	27.2	27.0	
Depreciation	287	303	390	390	341	361	368	384	1,370	1,454	380	
EBIT	900	1,133	1,242	830	1,647	2,128	1,845	1,901	4,104	7,520	1,845	0.0%
YoY Change (%)	87.1	53.1	43.9	6.1	83.1	87.8	48.6	129.0	43.2	83.2	48.6	
Margin (%)	15.1	16.2	17.6	13.8	22.4	24.8	21.8	22.1	15.8	22.8	22.4	-2.5%
Interest	69	69	67	66	60	63	72	68	270	263	60	
Other Income	19	87	35	225	56	32	31	46	366	165	52	
PBT before EO expense	849	1,151	1,210	989	1,643	2,098	1,803	1,878	4,199	7,423	1,837	-1.9%
Extra-Ordinary expense	0	0	320	-378	151	-75	-36	0	-57	40	0	
PBT	849	1,151	889	1,367	1,492	2,173	1,839	1,878	4,257	7,382	1,837	
Tax	272	193	249	444	377	537	371	413	1,157	1,698	474	
Rate (%)	32.0	16.8	28.0	32.5	25.3	24.7	20.2	22.0	27.2	23.0	25.8	
(Profit)/Loss of JV/Asso. Cos.	-255	0	0	0	0	0	0	0	-255	0	0	
Reported PAT	832	958	641	923	1,115	1,637	1,468	1,465	3,354	5,684	1,363	7.7%
Adjusted PAT	832	958	871	651	1,228	1,580	1,439	1,468	3,313	5,715	1,363	5.6%
YoY Change (%)	60.7	59.0	44.4	4.6	47.5	64.9	65.2	125.6	41.3	72.5	56.5	
Margin (%)	14.0	13.7	12.4	10.8	16.7	18.4	17.0	17.0	12.7	17.3	16.5	

Quess Corp

Estimate change	↑
TP change	↔
Rating change	↔

CMP: INR550 TP: INR745 (+35%) Buy

Improving demand outlook to drive strong FY22 growth

Company-level improvements continue

- QUESS' 3QFY21 result witnessed a marginal miss on operations. Adjusted for lockdown impact in the IFM Food Services and Excelus businesses, underlying revenue and EBITDA were resilient. It is now a net cash company (INR260m), helped by healthy cash conversion (OCF-to-EBITDA of 80%).
- As the economy opens up gradually, we expect a pick-up in General Staffing across companies. Continued demand for IT staffing should further aid growth and margin. The CLM/BPM business saw healthy revenue growth, with a rapid recovery in activity.
- We expect QUESS to deliver 30% revenue growth in FY22E after a flat FY21 due to the COVID-19 impact. A gradual increase in margin (80bp YoY in FY22E on improving efficiency and shift towards higher margin IT Staffing business) and lower net interest expense should help it deliver 34% EPS CAGR over FY20-23E.
- Over the medium term, we expect QUESS to be the biggest beneficiary of the recent labor law reforms. Our target price of INR745 per share implies a multiple of 17x FY23E EPS. Reiterate **Buy**.

Debt reduction and healthy cash generation are key positives

- Revenue declined 4.8% YoY, but grew 7.4% QoQ to INR28b (in line).
- EBIT margin increased 30bp QoQ, but declined 50bp YoY, to 3.4% (v/s our expectation of 3.5%).
- PAT fell 39% YoY to INR455m (v/s our expectation of -22%) on lower operating income and higher ETR (43% v/s our estimate of 30%). This was due to additional tax of INR54m in FY20.
- Revenue from Work Force Management rose 9% QoQ, but fell 6% YoY. EBITDA from WFM stood at 3.7% (flat QoQ), despite a 9% improvement in core-to-associate ratio.
- Revenue from Operating Asset Management was flat sequentially, but fell 4% YoY. EBITDA from OAM stood at 6.8% (flat QoQ).
- GTS revenue rose 6.7% QoQ, but fell 1.4% YoY. EBITDA for GTS stood at 13.8% (50bp QoQ increase).
- General Staffing headcount grew 5% QoQ. Total headcount ended ~333k.
- The company achieved a net cash position of INR260m from a net debt of INR450m (reduction of INR710m).
- Gross debt reduced by INR1,030m QoQ to INR 5,210m.
- DSO improved by three days QoQ to 62 days, while OCF-to-EBITDA stood at a healthy 80% v/s 51% in 3QFY20.
- Tata Sons has exercised a put option for sale of their 30% stake in Conneqt. The latter is expected to become a 100% subsidiary of QUESS in 4QFY21.

Bloomberg	QUESS IN
Equity Shares (m)	147
M.Cap.(INRb)/(USDb)	81.6 / 1.1
52-Week Range (INR)	664 / 165
1, 6, 12 Rel. Per (%)	12/37/-22
12M Avg Val (INR M)	119

Financials & Valuations (INR b)

Y/E Mar	2021E	2022E	2023E
Sales	109.0	141.5	174.3
EBIT Margin (%)	3.3	4.1	3.8
Adj. PAT	1.9	4.9	6.3
EPS (INR)	13.3	34.1	43.9
EPS Gr. (%)	-27.0	156.3	28.7
BV/Sh. (INR)	218.5	261.5	316.9
Ratios			
RoE (%)	8.0	17.9	19.2
RoCE (%)	8.9	15.6	17.0
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	41.2	16.1	12.5
P/BV (x)	2.5	2.1	1.7
EV/EBITDA (x)	13.3	9.3	8.0
EV/Sales (x)	0.7	0.5	0.4

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	55.3	55.3	54.7
DII	15.9	15.7	13.2
FII	15.7	15.6	16.6
Others	13.2	13.5	15.5

FII Includes depository receipts

Key highlights from the management commentary

- QUESS has shown a sequential rise in revenue (+7%), led by a 9%/12% increase in General Staffing/Conneqt revenue. However, revenue fell 4.8% YoY. Increase in margin was due to better efficiency. This was partially offset by discounts in the General Staffing business. EBITDA margin increased 10bp sequentially. EBITDA was negatively impacted by INR290m from the Excelus and IFM Food business.
- The management has identified three key strategies: 1] growing EBITDA with rapid topline growth, 2] increasing EBITDA to PBT conversion, and 3] judicious capital management. Current cash reserves would be utilized to reduce debt. If there are any acquisitions it would be related to its ongoing business. QUESS may opt for an international acquisition to use All Sec's (INR1,200-1,500m) cash that is sitting outside India.
- The management expects over 20% RoE by FY23. Each business should see over 20% growth in FY22. During 3QFY21, the headcount increase has been sustainable (and less due to festive seasonality), which portends a good outlook.

Valuation and view – Company-level improvement to drive re-rating

- Given some level of uncertainty in the economy (due to back-and-forth lockdowns), some of the otherwise permanent roles are likely to be filled through flexi-staffing as employers attempt to keep cost variable. We noticed similar trends in the immediate aftermath of the GFC/demonetization, when staffing companies benefitted due to positive hiring trends in some verticals. Such a trend would likely play out in the near term, benefitting business services firms such as QUESS.
- Over the medium term, as both the Centre and state governments look forward to liberalizing and formalizing labor markets, QUESS should be among the biggest direct beneficiaries.
- We welcome corrective steps undertaken by the new management to address some investor concerns. The improvement in cash conversion/RoE should drive a re-rating. Our TP implies 17x FY23E EPS.

Consol. quarterly earnings

Y/E March	FY20				FY21				FY20	FY21E	3Q FY21E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				(%/bp)
Net Sales	23,966	26,503	29,500	29,946	24,094	26,151	28,079	30,651	1,09,915	1,08,975	28,700	-2.2
YoY Change (%)	21.8	26.7	35.8	30.5	0.5	-1.3	-4.8	2.4	28.9	-0.9	-2.7	-211
Total Expenditure	22,474	24,889	27,706	28,260	22,797	24,753	26,571	28,904	1,03,329	1,03,025	27,093	-1.9
EBITDA	1,492	1,614	1,794	1,686	1,297	1,397	1,508	1,747	6,586	5,950	1,607	-6.2
Margin (%)	6.2	6.1	6.1	5.6	5.4	5.3	5.4	5.7	6.0	5.5	5.6	-22.8
Depreciation	579	652	658	596	594	578	562	600	2,486	2,334	603	-6.7
EBIT	913	962	1,136	1,089	703	820	946	1,147	4,100	3,616	1,005	-5.8
Margin (%)	3.8	3.6	3.9	3.6	2.9	3.1	3.4	3.7	3.7	3.3	3.5	-13
Interest	396	461	423	387	379	323	245	250	1,668	1,197	260	-5.9
Other Income	169	159	97	86	76	243	99	150	511	567	90	9.5
PBT before EO expense	685	660	810	788	399	740	800	1,047	2,943	2,986	835	-4.1
Recurring Tax	106	-29	51	69	178	318	345	136	196	977	250	
Rate (%)	15.4	-4.5	6.3	8.7	44.6	42.9	43.1	13.0	6.6	32.7	30.0	
Adjusted PAT	582	650	749	628	114	423	455	911	2,609	1,903	584	-22.1
Extraordinary items	0	0	0	6,928	-250	-77	0	0	6,928	-327	0	
Reported PAT	582	650	749	-6,299	365	499	455	911	-4,318	2,230	584	-22.1
YoY Change (%)	6.9	5.5	15.2	-934.3	-37.3	-23.2	-39.2	-114.5	-268.3	-151.6	-22.0	-1,725
Margin (%)	2.4	2.5	2.5	-21.0	1.5	1.9	1.6	3.0	-3.9	2.0	2.0	-41

TeamLease

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR2,823 TP: INR3,090 (+9%) Buy

Strong rebound in General Staffing

Optimistic outlook

- TeamLease (TEAM) delivered strong recovery in 3QFY21 – after three quarters of contraction – with total revenues increasing 13% QoQ, in-line with our expectation. Improvement was led by the General Staffing business (+14% QoQ) – the general staffing and NETAP trainee headcount increased by 16k (+8% QoQ). 3Q margins were stable despite impressive improvement in FTE productivity (334 v/s 300 in 2QFY21), driven by continued customer discounts. It reported PAT of INR231m in 3Q (down 9% YoY).
- With the management optimistic on the prospect of growth recovery, we expect a good rebound in the General Staffing headcount in FY22/FY23. This should lead to a 15% revenue CAGR over FY20–23E.
- Moreover, the normalization of discounts, along with high-margin replacements in the IT Staffing business, should help improve margins by 50bp from FY21 levels in FY23. This, in turn, should result in an adj. PAT CAGR of 32% over FY20–23E.
- Over the medium term, as both the central and state governments look forward to liberalizing and formalizing the labor markets, TeamLease should be among the biggest direct beneficiaries.
- Our estimates remain largely unchanged. Our TP of INR3,090 implies 34x FY23E EPS. Reiterate **Buy**.

Revenue miss on margins

- TeamLease reported revenue / EBITDA / adj. PAT decline of -5.6%/-9.8%/-9.2% YoY v/s our estimate of -3.9%/+3.9%/-7.4%.
- Overall revenue was marginally below our estimates. General Staffing revenues inched up 14% QoQ and were in line with headcount movement.
- Revenue in Specialized Staffing was resilient (~+3% QoQ growth), while revenue from other HR services increased (~30% QoQ) on a lower base.
- Overall EBITDA margins declined ~10bp QoQ and YoY.
- Within segments, General Staffing margins remained range-bound at 2%. Margins for Specialized Staffing saw another quarter of strong improvement to 10.6% (v/s 9.1% in 2QFY21).
- Average realization per associate in General Staffing has remained flat; FTE productivity has improved to 334.
- PAT at 231m (-9% YoY) was in line with our expectations.

Bloomberg	TEAM IN
Equity Shares (m)	17
M.Cap.(INRb)/(USDb)	48.3 / 0.6
52-Week Range (INR)	2896 / 1421
1, 6, 12 Rel. Per (%)	10/31/-5
12M Avg Val (INR M)	67

Financials & Valuations (INR b)

Y/E Mar	2021E	2022E	2023E
Sales	49.4	64.0	79.3
EBIT Margin (%)	1.4	1.8	2.1
PAT	0.9	1.4	1.9
EPS (INR)	52.6	84.0	113.6
EPS Gr. (%)	7.6	59.7	35.3
BV/Sh. (INR)	387.2	471.2	584.8

Ratios

RoE (%)	14.6	19.6	21.5
RoCE (%)	12.6	17.5	19.5
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	53.8	33.7	24.9
P/BV (x)	7.3	6.0	4.8
EV/EBITDA (x)	45.3	30.0	20.7
Div Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	34.0	40.0	40.0
DII	17.1	14.5	9.3
FII	38.4	40.0	43.1
Others	10.5	5.5	7.6

FII Includes depository receipts

Key highlights from management commentary

- The demand trajectory has seen improvement across sectors, with Manufacturing leading the pack. Within Services, Sales and Technology saw the highest uptick. Within Specialized Staffing, the headcount remained flat due to decline in the Telecom business. IT Staffing net additions were lower due to high attrition in associates. For replacement positions, TeamLease is looking toward high-margin positions.
- Considerable push back has been seen from unions related to labor laws. On the corporate front too, a push-back has been seen related to the Wage Code. By mid-Feb, we should see the final draft of the labor reform rules.
- Margins going forward should benefit from a further increase in productivity (in both General Staffing and IT Staffing); companies aim to reduce cost of hiring to INR750–1000 from INR2000–2500.

Valuation and view – key beneficiary of formalization

- Given some level of uncertainty in the economy (due to the back and forth on lockdowns), some of the otherwise permanent roles are likely to be fulfilled through flexi-staffing – as employers attempt to maintain variable costs. We noticed similar trends in the immediate aftermath of GFC and the demonetization, when staffing companies benefitted due to positive hiring trends in some verticals. Such a trend should likely play out in the near term, benefitting staffing firms such as TeamLease.
- Over the medium term, as both the central and state governments look to liberalize and formalize the labor markets, TeamLease should be among the biggest direct beneficiaries.
- We keep our estimates largely stable. Our TP of INR3,090 implies 34x FY23E EPS. Reiterate **Buy**.

Consol. Quarterly Performance

									(INR m)		
	FY20				FY21E				FY20	FY21E	Est. Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QFY21 / bp
Revenue	12,512	12,678	13,514	13,303	11,364	11,291	12,754	14,030	52,007	49,439	12,984 -2%
YoY Change (%)	23%	16%	15.3%	14%	-9%	-11%	-5.6%	5%	17%	-4.9%	-3.9%
Total Expenditure	12,281	12,433	13,239	13,104	11,119	11,061	12,506	13,707	51,056	48,392	12,699 -2%
Reported EBITDA	232	245	275	199	246	230	248	323	951	1,047	286 -13%
Margins (%)	1.9%	1.9%	2.0%	1.5%	2.2%	2.0%	1.9%	2.3%	1.8%	2.1%	2.2% -25bQ
Depreciation	61	66	76	83	82	83	84	82	286	332	82
Reported EBIT	171	179	199	116	164	146	164	241	665	714	204 -20%
Margins (%)	1.4%	1.4%	1.5%	0.9%	1.4%	1.3%	1.3%	1.7%	1.3%	1.4%	1.6% -28bQ
Interest	28	29	29	37	26	19	12	25	123	82	25 -50%
Other Income	35	54	73	147	41	115	98	70	308	324	60 64%
PBT before EO expense	178	204	243	227	179	243	250	286	851	957	239 2%
Extra-Ord expense	0	0	0	0	0	30	0	0	0	30	0
Share of profit from associate	-5	-9	-4	-3	-3	-3	-4	-5	-21	-15	-3 0
Reported PBT	173	195	238	224	176	210	246	281	830	912	236 4%
Tax	-15	-6	-16	518	5	24	15	0	480	43	0
Rate (%)	-9%	-3%	-7%	232%	3%	11%	6%	0%	58%	5%	0% 598bQ
Reported PAT	188	202	255	-294	171	186	231	281	350	869	236 -2%
YoY Change (%)	-14%	-19%	1%	-213%	-9%	-8%	-9%	-195%	-64%	148%	-7% -177bQ
Margins (%)	1.5%	1.6%	1.9%	-2.2%	1.5%	1.6%	1.8%	2.0%	0.7%	1.8%	1.8% 0bQ
Adjusted PAT	188	202	255	192	171	216	231	281	836	899	236 -2%
YoY Change (%)	-14%	-19%	1%	-26%	-9%	7%	-9%	46%	-15%	8%	-7% -177bQ
Margins (%)	1.5%	1.6%	1.9%	1.4%	1.5%	1.9%	1.8%	2.0%	1.6%	1.8%	1.8% 0bQ

Engineers India

BSE SENSEX

46,874

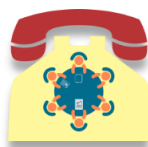
S&P CNX

13,818

CMP:INR75

Buy

Conference Call Details

Date: 01st February 2021

Time: 4:00pm IST

Dial-in details:

+91-22-6280 1384

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	32.0	22.4	29.6
EBITDA	4.4	2.5	4.5
PAT	4.3	3.6	5.0
EBITDA (%)	13.8	11.0	15.3
EPS (INR)	6.8	5.7	7.9
EPS Gr. (%)	16.3	(16.3)	38.2
BV/Sh. (INR)	34.8	35.5	36.4

Ratios

Net D/E	(1.4)	(1.3)	(1.3)
RoE (%)	18.3	15.1	20.3
RoCE (%)	20.8	17.0	22.9
Payout (%)	87.7	87.7	87.7

Valuations

P/E (x)	11.0	13.1	9.5
P/BV (x)	2.2	2.1	2.1
EV/EBITDA (x)	4.5	9.6	5.0
Div Yield (%)	6.9	5.8	8.0
FCF Yield (%)	7.5	2.5	14.2

Revenue above our estimate; adverse mix affects profitability

3QFY21 snapshot:

- Revenue came in at INR8.4b, down 6% YoY and **13% above our estimate**.
- The beat on revenue was owing to higher revenue in the Turnkey segment (**57% of total revenue**).
- EBITDA stood at INR751m, down 12% YoY (24% below our estimate).
- EBITDA margin declined 60bp YoY to 9%, owing to adverse revenue mix.
- PBT stood at INR1.2b, down 19% YoY (largely due to lower other income).
- Adjusted PAT stood at INR882m, down 19% YoY (26% below our estimate).
- 9MFY21 revenue/EBITDA/PAT stood lower by 15%/48%/24% YoY.
- Order inflows stood at **INR1.9b (-48% YoY)**, with entire order inflow coming in the Consultancy segment.
- Order book stood at **INR83b (-18% YoY)**, with OB-to-revenue at 2.9x.

Segmental snapshot:

- **Consultancy: 3QFY21** revenue stood at INR3.5b, down 2% YoY (11% below our estimate). EBIT margin stood at 25.4% (+70bp YoY).
- **Turnkey: 3QFY21** revenue stood at INR4.8b, down 9% YoY (40% above our estimate). EBIT margin stood at 1.4% (-160bp YoY).

Quarterly performance

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E	MOSLe	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Variance
Net Sales	7,349	7,237	8,906	8,538	4,678	6,834	8,367	2,488	32,031	22,367	7,432	13
YoY Change (%)	28.2	6.2	54.4	39.4	-36.3	-5.6	-6.1	-70.9	31.0	-30.2	-16.6	
Total Expenditure	5,954	6,168	8,050	7,428	4,464	6,062	7,617	1,765	27,600	19,908	6,440	
EBITDA	1,395	1,069	856	1,110	214	773	751	722	4,430	2,460	992	-24
Margin (%)	19.0	14.8	9.6	13.0	4.6	11.3	9.0	29.0	13.8	11.0	13.3	
Depreciation	57	58	56	67	53	60	51	91	238	254	65	
Interest	3	4	4	6	4	5	4	4	17	17	4	
Other Income	583	655	657	685	497	533	480	1,113	2,580	2,622	680	
PBT	1,917	1,663	1,453	1,722	653	1,241	1,176	1,740	6,755	4,810	1,603	-27
Tax	676	986	366	425	172	314	294	431	2,453	1,211	404	
Rate (%)	35.3	59.3	25.2	24.7	26.4	25.3	25.0	24.7	36.3	25.2	25.2	
Reported PAT	1,241	678	1,087	1,297	481	927	882	1,310	4,302	3,599	1,199	-26
Adjusted PAT	1,241	678	1,087	1,297	481	927	882	1,310	4,302	3,599	1,199	-26
YoY Change (%)	43.3	-30.7	19.7	36.7	-61.3	36.8	-18.8	1.0	16.3	-16.3	10.3	
Margin (%)	16.9	9.4	12.2	15.2	10.3	13.6	10.5	52.7	13.4	16.1	16.1	

Equitas Holdings

BSE SENSEX
48,874

S&P CNX
13,818

Conference Call Details


Date: 29th January 2021

Time: 11.30am IST

Dial-in details:

+91-22-7115 8003

Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
NII	15.0	18.6	22.2
OP	6.0	9.0	10.7
NP	2.4	3.5	4.7
NIM (%)	8.8	9.0	8.7
EPS (INR)	7.1	10.3	13.8
BV/Sh. (INR)	80.3	86.8	89.0
ABV/Sh. (INR)	75.2	78.9	79.5
Ratios			
RoE (%)	9.7	12.3	15.7
RoA (%)	1.4	1.6	1.7
Valuations			
P/E(X)	9.7	6.7	5.0
P/BV (X)	0.9	0.8	0.8
P/ABV (X)	0.9	0.9	0.9

CMP: INR69

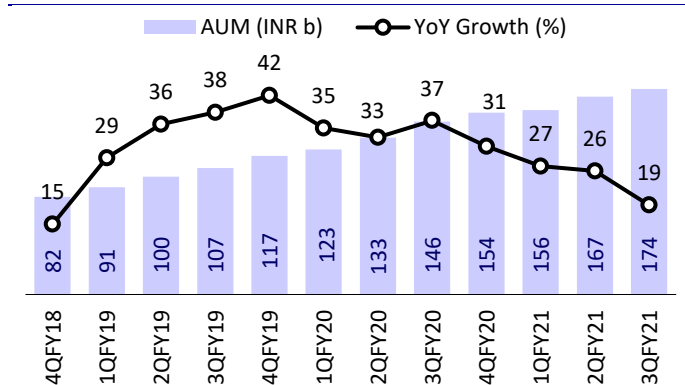
TP: INR65 (-6%)

Buy

Business growth robust; collection efficiency achieves normalcy

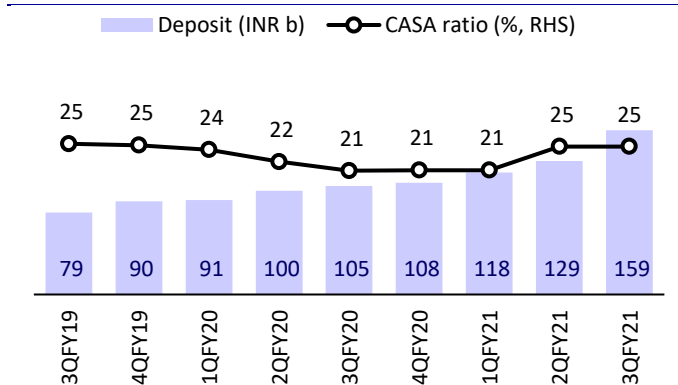
- 3QFY21 PAT stood at ~INR1.1b (18% YoY, above estimate), led by higher other income, while provisions remained elevated at INR1.3b. NII also grew at a healthy rate of 26% YoY, led by gross AUM growth of 19% YoY, despite NIM moderating 55bp QoQ to 8.47%.
- On the other hand, other income picked up ~130% QoQ to INR1.5b, led by improving fee income, as disbursement levels improved in 3Q.
- Opex growth came in at 14% YoY, resulting in decline in the C/I ratio to 56.4% (v/s 66.2% in 3QFY20). Overall, PPOP growth was strong at 74% YoY.
- Total AUM grew 19% YoY to INR174b, led by 26% YoY growth in small business loans and 75% YoY growth in MSE Finance. Micro Finance growth, however, was flat YoY (4% QoQ decline); thus, the share of MFI AUM declined to 20.1% (v/s 21.8% in 2QFY21). Disbursements in 3QFY21 stood at INR24.6b (80% of pre-COVID levels).
- Deposit growth was very robust at 51% YoY to ~INR159b, led by 81% YoY growth in CASA; TD grew 43% YoY. The overall CASA ratio stood at 25% of total deposits.
- On the asset quality front, GNPA/NNPA ratio improved 16bp/35bp QoQ to 2.23%/0.65%. **However, the proforma GNPA/NNPA ratio increased sharply to 4.16%/1.71%.** Thus, proforma PCR stands at 57.3% currently. Furthermore, total restructuring under the resolution framework for COVID-19 stands at 1.97% of loans.
- **Collection efficiency:** Collection efficiency for Dec'20 reached pre-COVID levels of 105.4% (v/s 94% in Oct'20), while billing efficiency improved to ~89% (v/s 87% earlier).
- **Valuation and view:** Equitas reported steady AUM growth, while deposit growth came in strong, led by healthy traction in SA deposits. Operating performance also came in strong, led by higher other income and stable NII trends (despite margin contraction). However, on the asset quality front, the proforma GNPA/NNPA ratio increased sharply, and restructuring stood at ~2% of loans. We would review our estimates and TP post the earnings call scheduled tomorrow.

AUM growth stood at 19% YoY



Source: MOSL, Company

Deposit growth came in strong, led by CASA



Source: MOSL, Company

Quarterly performance

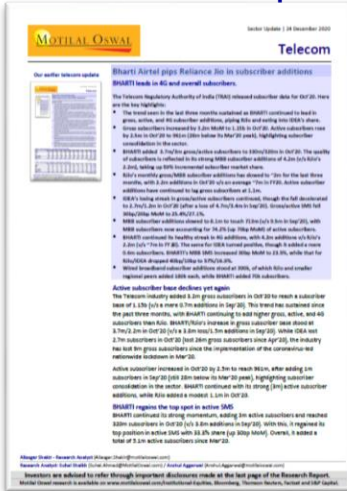
(INR m)

Y/E March	FY20				FY21E				FY20	FY21E	FY21E 3QE	v/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Interest Income	3,372	3,505	3,836	4,561	4,043	4,613	4,839	5,126	14,953	18,620	4,673	4
% Change (YoY)	32.5	29.1	23.3	44.9	19.9	31.6	26.1	12.4	29.8	24.5	21.8	
Other Income	592	639	857	736	297	637	1,463	850	2,824	3,247	822	78
Total Income	3,963	4,145	4,693	5,297	4,339	5,249	6,302	5,977	17,777	21,867	5,495	15
Operating Expenses	2,768	2,833	3,108	3,092	2,919	3,053	3,551	3,365	11,801	12,889	3,199	11
Operating Profit	1,196	1,312	1,584	2,205	1,420	2,197	2,750	2,611	5,976	8,978	2,297	20
% Change (YoY)	57.2	23.6	30.4	80.1	18.8	67.5	73.6	18.4	40.2	50.2	44.9	
Provisions	308	454	405	1,300	683	839	1,261	1,510	2,466	4,293	1,464	-14
Profit before Tax	888	858	1,180	906	737	1,358	1,490	1,101	3,509	4,685	833	79
Tax	317	363	239	154	160	328	383	309	1,073	1,179	225	70
Net Profit	571	495	941	752	577	1,030	1,107	792	2,436	3,506	608	82
% Change (YoY)	61.2	1.5	51.2	17.0	1.1	108.1	17.6	5.4	15.7	43.9	-35.4	
Operating Parameters												
AUM (INR b)	123	133	146	154	156	167	174	184	154	184	177	-2
Deposits (INR b)	91	100	105	108	118	129	159	156	108	156	134	19
Loans (INR b)	120	130	137	137	144	159	168	170	137	170	164	3
AUM Growth (%)	35	33	37	31	27	26	19	20	31	20	21	-210
Deposit Growth (%)	60	44	33	20	29	29	51	45	20	45	27	2,368
Loan Growth (%)	43	38	30	19	20	23	23	24	19	24	20	313
Asset Quality												
Gross NPA (%)	2.7	2.9	3.0	2.7	2.9	2.5	2.3	4.3	3.0	4.3	3.6	-137
Net NPA (%)	1.5	1.6	1.7	1.5	1.5	1.0	0.7	2.3	1.8	2.3	1.9	-126
PCR (%)	44.0	38.8	38.9	45.2	44.2	50.2	66.2	48.2	40.7	48.2	48.0	1,824



Telecom

Our earlier telecom update



RJio and Bharti's active subscribers climb

Bharti continues to forge ahead in 4G space

The Telecom Regulatory Authority of India (TRAI) released data for Nov'20. Here are the key highlights:

- Active subscribers saw strong growth as both RJio and Bharti added strong nos, even as VIL continued to lose subscribers.
- Industry gross subscribers increased by 3.4m MoM to 1.15b in Nov'20. Active subscribers increased by a strong 7.4m to 968m in Nov'20 (the strongest subscriber adds in the past 13 months) – as economic activity potentially picks up.
- Bharti added strong 4.4m/3.9m gross and active subscribers to 335m/323m in Nov'20. The quality of Bharti's subscribers is reflected in its strong 4G subscriber adds of 4.2m (v/s RJio's adds of 1.9m) – it accounts for 63% incremental subscriber market share.
- RJio's monthly gross/4G subscriber adds have slowed to 1.9m over the past four months – 2.2m adds in Oct'20 v/s an average ~7m in the last fiscal. However, its active subscriber adds have rebounded sharply to 5.4m, far ahead of gross adds.
- VIL's losing streak in gross/active subscribers continued, with 2.9m/1.9m subscriber losses in Nov'20 (v/s loss of 2.2m/1.2m in Oct'20).
- Industry 4G subscriber adds slowed to 6.9m to reach 720m (v/s 8.1m in Oct'20), with MBB subscribers now accounting for 74.3% (+10bp MoM) of active subscribers.
- Bharti continued its healthy streak – of outpacing peers for the past six months – with 4.2m adds (65% incremental share) v/s RJio's 4G adds that slowed to 1.9m (v/s ~7m in the last fiscal). VIL added merely 0.5m subscribers. Bharti's 4G market share increased 40bp MoM to 23.9%, while 4G share for VIL/RJio dropped 10bps/30bps MoM to 16.8%/56.7%.
- Industry Wired Broadband subscriber adds stood at 380k, of which RJio added 170k, while Bharti added 60k subscribers.

Active subscriber base sees sharp jump

The Telecom industry added 3.4m gross subscribers in Nov'20 to reach a subscriber base of 1.15b (v/s just 3.2m adds in Oct'20). Continuing the trend, Bharti has added higher gross and 4G subscribers v/s RJio in the past four months. An increase in the gross subscriber base for Bharti/RJio stood at 4.4m/1.9m in Nov'20 (v/s 3.7m/ 2.2m adds in Oct'20). VIL, on the other hand, lost 2.9m subscribers in Nov'20 (loss of 29m gross subscribers since April'20). The industry has cumulatively lost 5.5m gross subscribers since the implementation of the nationwide lockdown in Mar'20.

The active subscriber base saw a sharp increase of 7.5m to 968m in Nov'20 – the highest in 13 months – after adding 2.5m subscribers in Oct'20 (still 21m below the peak since March'20). This was largely attributable to the uptick seen in economic activity. However, Bharti continued to report strong active subscriber adds with 3.9m, and RJio added a modest 5.4m subs in Nov'20.

Bharti adds strong active subs, but slips to second spot

Bharti continued the momentum with a strong 3.9m active subscriber adds (v/s 3m adds in Oct'20), reaching 323m subs in Nov'20. With this, Bharti slipped from its top position to having 33.4% share (+10bps MoM) in active SMS. Overall, Bharti has added a total of 8.1m active subscribers since Mar'20.

Bharti has added 4.4m gross subscribers (v/s 3.7m additions in Oct'20 and 6.8m cumulative adds since Mar'20) to reach 335m. The quality of Bharti's subscribers is reflected in its strong MBB subscriber adds of 4.2m (v/s RJio's adds of 1.9m) – it accounts for 64% incremental subscriber market share.

RJio regains top spot in active SMS

RJio added 1.9m gross subscribers (v/s 2.2m adds in Oct'20), reaching 408m in Nov'20. Subsequently, gross SMS stood at 35.3% (flat MoM); it continues to retain the top spot with 35.3% market share. RJio's monthly gross/MBB subscriber adds have slowed to a run-rate of ~2m over the past four months, with 1.9m adds in Nov'20 (v/s an average ~7m in the last fiscal). However, active subscriber adds were much stronger than gross subscribers at 5.4m (after gaining 1.1m in Oct'20) – they reached 325m in Nov'20. With this, RJio gained the top spot with 33.5% share in active SMS (marginally leading Bharti by 10bps).

VIL continues to witness subscriber churn

VIL continued to lose subscribers – decline of 2.9m/1.9m in gross/active subscribers to 290m/258m in Nov'20 (v/s 2.7m/1.2m loss in Oct'20). Its market share fell 30bp/50bp MoM to 25.1%/26.6% in both gross/active subscribers in Nov'20. In our view, VIL's continued loss of subscribers is attributable to its weak network capabilities and declining quality of network as well as speculation around business continuity. This has led to subscribers switching to other networks.

Broadband subs data – MBB subscriber adds remain slow

- **No. of industry MBB subscribers grew by 7m:** Industry MBB subscriber additions slowed to 7m (v/s 8.1m adds in Oct'20), reaching 720m in Nov'20. MBB subscribers – whose count has been rising continuously from 64% since Oct'19 – now account for 74.3% (+10bp MoM) of the total number of active subscribers in the market. Subscriber adds were led by Bharti/RJio's gains of 4.2m/1.9m; VIL added a meager 0.5m in Nov'20.
- **Bharti – market share inched up 40bp:** Bharti continued its trend of healthy additions, outpacing peers with 4.2m adds – v/s RJio's slowing 4G adds of 1.9m. Bharti's MBB SMS increased 40bp MoM to 23.9%, with incremental MBB market share of 64% in Nov'20.
- **RJio – market share fell marginally:** RJio clocked 1.9m MBB subscribers (v/s ~7m in the last fiscal), reaching a subscriber base of 408m. Its market share slipped marginally by 30bp to 56.7% (continuously declining from 59% in April'20).
- **VIL's subscriber base remained steady:** VIL added just 0.5m MBB subscribers in Nov'20, taking the total subscriber base to 121m (it has added 3.5m MBB subscribers since Mar'20). Its market share edged down further by 10bp to 16.8%.
- **Wired Broadband market remained steady at 21.9m subscribers:** Industry Wired Broadband subscriber adds stood at 380k, of which RJio and smaller regional peers added 170k each, and Bharti added 60k subscribers. BSNL's total wired broadband subscribers stood at 7.7m, and Bharti/RJio's wired broadband subscribers stood at 2.7m/1.9m in Nov'20. BSNL remained the leader with market share of 35.3%, while Bharti/RJio ranked in the second/third position with market share of 12.5%/8.5% in Nov'20.

**Bank of Baroda: To launch QIP of Rs. 2000-4000 crore later in the year; Sanjiv Chaddha, CEO**

- CASA growth has been good
- Domestic advances have grown 8%
- Deposit growth has been in sync with our business strategy
- Have increased the share of retail advances
- Large portion of advances from retail secured loans
- Calibrated deposits to advances
- Secured retail loans giving better yield than high rated corporates
- Liquidity should start tightening
- Credit cost of corporate book should start looking better
- Very small percentage of borrowers opted for restructuring
- Some increase in retail credit cost likely

[➔ Read More](#)**Marico: Looking at Rs. 850-1000 crore revenue in food by 2024; Saugata Gupta, MD & CEO**

- Comfortable with margins between 19-20%
- Copra prices have corrected about 10% from the peak
- Expect copra price pressure to ease further
- Have taken 5% price hike in Parachute towards the end of Q3
- Confident that Valued Added Hair Oils will continuously grow double digits going forward
- Looking at Rs. 850-1000 crore revenue in food by 2024


[➔ Read More](#)**Cyient: Revenue decline could be closer to 10% in FY21; Karthikeyan Natarajan, President & COO**

- We have been making steady progress in our financials post the dip in Q1
- Operational efficiencies bought in via offshoring, higher utilisation & employee pyramid
- Softness in aerospace, defence contributed to revenue decline over the last few quarters
- We could be closer to a 10% revenue decline in FY21
- Q3 order intake is a sign of pent-up demand
- Medical, Healthcare vertical grew 40% YoY
- Added 2 large Healthcare R&D spenders as clients in last six months
- Closed 5 big deals worth \$106 m in Q3
- Commercial aerospace is weak, hope to stabilise it at Q3 levels

[➔ Read More](#)


India Cements: Target to reduce debt by Rs. 500 crore by FY21 end; N Srinivasan, VC & MD

- Focussing more on profitability than volumes
- Fixed costs per quarter cut to Rs. 140 crore from Rs. 195 crore
- Sold 23.7 lakh tonnes in Q3FY21 against 26 lakh tonnes in Q3FY20
- Q3FY21 capacity utilisation level at 62%
- Demand pick-up is strong and it will aid Q4FY21
- Have reduced debt to Rs. 3200 crore from Rs. 3500 crore at the start of the year
- Target to reduce debt by a total of Rs. 500 crore by FY21 end

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Shree Digvijay Cement: Expect margins to improve to more than 20%; Anil Singhvi, Executive Chairman

- Margin will improve hereon as we are focussing on reducing power costs
- Margin will move to 20%+ hereon
- Commissioning of WHRS will save us a large part of power costs
- Clinker production has gone up substantially in the last couple of months
- Going forward, plan to have almost 1 million tonne of clinker
- By March 2021, should have a very health cash on balance sheet and will look at organic or inorganic growth

 [Read More](#)


Welspun India: Raw material prices going higher on China factor; Sanjeev Sancheti, CFO

- Advance textile business doing well, running at full capacity
- Branded textile revenue at Rs. 82 crore this quarter, highest ever quarterly
- Advance textile contributes 5% to revenue
- Input costs have been under pressure
- Raw material prices are going higher on China factor and shortages
- Expect margin to remain under pressure

 [Read More](#)

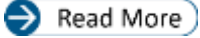
Jyothy Labs: Looking at Rs. 50 crore a quarter revenue for personal care vertical; K Ullas Kamath, Joint MD

- Fabric care was impacted by modern trade and CSD disruption
- Get 60% of revenue from urban, 40% from rural
- Rural growth is now 1.3x urban
- Ad spends should gradually increase to 10% from 7% now
- Will maintain EBITDA margin around 17%
- Health & hygiene has seen strong demand
- Growth in dishwashing will continue
- Looking at Rs. 50 crore/ quarter revenue for personal care vertical

 [Read More](#)

JK paper: Price reduction across categories due to low or no demand; AS Mehta, President & Director

- There was decline in prices this quarter
- Pulp prices are \$570-600/ tonne
- Demand wasn't there for printed coated paper as school colleges were shut
- Most of the Indian companies are backwardly integrated

 Read More



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Automobiles																
Amara Raja	Neutral	966	869	-10	37.4	41.9	48.3	-3.3	12.0	15.1	23.0	20.0	3.6	3.2	16.6	17.1
Ashok Ley.	Buy	113	115	2	0.0	4.1	6.4	-99.5	73,551.4	57.4	27.5	17.5	4.1	3.6	15.6	21.7
Bajaj Auto	Neutral	4132	4000	-3	165.2	206.9	223.6	-8.3	25.2	8.0	20.0	18.5	4.8	4.3	25.7	24.6
Bharat Forge	Buy	583	622	7	5.2	17.1	23.7	-43.4	227.3	38.9	34.1	24.6	4.5	4.0	13.8	17.1
Bosch	Neutral	15763	14550	-8	296.8	448.1	519.6	-29.1	51.0	16.0	35.2	30.3	4.4	4.0	13.1	13.7
CEAT	Buy	1547	1575	2	99.5	113.0	131.3	74.4	13.5	16.2	13.7	11.8	1.7	1.5	13.3	13.7
Eicher Mot.	Buy	2797	2787	0	50.7	83.5	105.7	-24.2	64.6	26.6	33.5	26.5	6.0	5.0	19.2	20.6
Endurance Tech.	Buy	1390	1606	16	30.7	48.3	57.3	-19.4	57.5	18.8	28.8	24.2	5.2	4.5	19.2	19.8
Escorts	Neutral	1225	1417	16	81.8	90.4	99.1	51.6	10.5	9.6	13.5	12.4	2.1	1.8	17.0	15.9
Exide Ind	Buy	198	222	12	7.9	10.2	12.3	-20.4	29.2	20.4	19.4	16.1	2.3	2.1	12.1	13.2
Hero Moto	Buy	3396	3620	7	140.5	176.0	199.8	-8.2	25.3	13.5	19.3	17.0	4.4	4.1	23.4	24.9
M&M	Buy	766	841	10	30.5	37.6	41.3	103.7	23.2	9.8	20.4	18.6	2.2	2.1	10.4	11.1
Mahindra CIE	Buy	165	204	24	2.4	10.8	13.2	-74.6	350.7	22.3	15.3	12.5	1.2	1.1	8.3	9.3
Maruti Suzuki	Buy	7586	9000	19	164.5	269.9	333.4	-12.5	64.1	23.5	28.1	22.8	4.0	3.6	14.0	15.5
Motherson Sumi	Buy	149	189	27	2.0	6.8	8.7	-46.8	244.1	27.9	21.9	17.1	3.6	3.1	17.2	19.4
Tata Motors	Buy	267	252	-6	-13.9	14.9	26.4	-45.1	LP	77.0	17.9	10.1	1.5	1.3	9.2	14.2
TVS Motor	Neutral	529	585	11	11.4	21.0	26.6	-12.3	84.2	26.7	25.2	19.8	5.3	4.4	23.0	24.2
Aggregate								18.3	124.4	27.7	23.4	18.3	3.3	2.9	14.1	15.9
Banks - Private																
AU Small Finance	Buy	869	1100	27	44.4	36.4	49.2	96.3	-18	35.2	23.9	17.7	3.9	3.2	17.8	19.9
Axis Bank	Buy	671	750	12	23.3	43.0	61.5	285.9	85	42.9	15.6	10.9	1.8	1.6	12.3	15.4
Bandhan Bank	Neutral	311	370	19	17.3	29.6	39.7	-19.7	70	34.3	10.5	7.8	2.4	1.9	24.9	27.0
DCB Bank	Neutral	104	110	6	10.2	12.1	16.4	-6.4	18.5	35.9	8.6	6.3	0.8	0.7	10.2	12.5
Equitas Hold.	Buy	69	65	-6	10.3	13.8	16.3	44.4	34.0	17.8	5.0	4.2	0.8	0.7	15.7	17.7
Federal Bank	Buy	72	100	39	8.0	11.2	14.3	3.3	39.9	27.8	6.4	5.0	0.8	0.7	13.2	14.8
HDFC Bank	Buy	1370	1720	26	57.1	69.1	82.5	18.8	21.1	19.4	19.8	16.6	3.3	2.8	17.8	18.2
ICICI Bank	Buy	528	630	19	21.4	30.0	38.7	74.4	40.2	29.0	17.6	13.6	2.2	1.9	13.7	15.4
IndusInd	Buy	803	850	6	32.8	64.1	94.9	-51.8	95.3	48.0	12.5	8.5	1.4	1.2	11.7	15.4
Kotak Mah. Bk	Neutral	1723	1800	4	49.8	59.6	71.3	10.8	19.6	19.7	28.9	24.2	3.9	3.3	13.0	13.7
RBL Bank	Buy	215	270	26	9.5	16.8	25.3	-4.4	76.8	50.6	12.8	8.5	1.0	1.0	7.7	10.7
Aggregate								29.7	37.3	27.5	18.5	14.5	2.6	2.3	14.3	15.7
Banks - PSU																
BOB	Neutral	67	75	12	5.9	10.3	17.3	397.7	75.5	67.5	6.5	3.9	0.4	0.4	6.3	9.8
SBI	Buy	282	330	17	30.6	41.9	53.6	38.2	37	28.1	6.7	5.3	0.8	0.7	12.6	14.5
Aggregate								47.9	40	33	7	5.0	0.8	0.7	11.7	13.8
NBFCs																
AAVAS Financiers	Neutral	1830	2000	9	35.4	43.4	55.5	11.3	22.7	27.8	42.2	33.0	5.3	4.6	13.4	14.8
Aditya Birla Cap	Buy	81	100	23	4.5	5.1	5.9	17.9	14.6	15.2	15.8	13.7	1.3	1.2	8.7	9.1
Bajaj Fin.	Neutral	4813	5000	4	73.2	147.0	186.7	-16.6	100.8	27.0	32.7	25.8	6.5	5.3	21.9	22.7
Can Fin Homes	Buy	480	650	36	35.3	36.2	40.3	25.1	2.6	11.3	13.2	11.9	2.1	1.8	17.2	16.4
Cholaman.Inv.&F n	Buy	405	475	17	20.3	24.3	30.2	58.1	19.8	24.4	16.7	13.4	2.9	2.4	18.8	19.6
H D F C	Buy	2426	3250	34	54.4	63.8	71.6	10.6	17.3	12.3	38.0	33.9	3.6	3.4	12.6	12.9
HDFC Life Insur.	Neutral	671	650	-3	7.0	8.4	9.7	8.9	20.2	15.1	79.9	69.5	4.6	3.9	17.5	17.4
ICICI Pru Life	Buy	491	575	17	8.3	9.5	11.0	11.8	14.2	16.1	51.6	44.5	2.2	1.9	14.8	14.6
IIFL Wealth Mgt	Buy	1004	1240	23	39.1	49.9	61.8	69.4	27.5	23.8	20.1	16.3	2.7	2.6	13.8	16.3
IndoStar	Neutral	319	306	-4	3.4	12.2	18.3	-109.6	264.7	50.0	26.0	17.4	1.0	0.9	3.8	5.4
L&T Fin Holdings	Buy	86	90	5	4.7	10.8	15.2	-57.0	130.7	40.8	7.9	5.6	1.0	0.9	13.5	16.5
LIC Hsg Fin	Buy	395	510	29	59.6	64.8	68.1	25.3	8.8	5.0	6.1	5.8	0.9	0.8	15.1	14.1
Manappuram Fin.	Buy	153	205	34	19.4	23.9	28.1	10.9	23.2	17.5	6.4	5.5	1.5	1.2	25.3	24.1
MAS Financial	Buy	897	1040	16	28.6	34.4	40.9	-13.7	20.1	19.1	26.1	21.9	3.9	3.4	15.9	16.7
Max Financial	Buy	674	830	23	12.4	14.5	17.7	-14.8	16.9	22.7	46.6	38.0	2.1	1.8	17.2	17.5
M&M Fin.	Buy	164	-		7.3	9.3	14.4	-50.7	27.9	55.2	17.7	11.4	1.2	1.1	7.2	10.5
Muthoot Fin	Buy	1116	1500	34	88.4	104.7	122.6	17.4	18.5	17.1	10.7	9.1	2.5	2.1	26.2	25.0



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Piramal Enterp.	Buy	1372	1960	43	109.8	128.1	147.9	-547.7	16.7	15.4	10.7	9.3	1.0	0.9	9.4	10.0
PNB Housing	Neutral	343	400	17	63.0	70.5	87.7	64.0	11.9	24.3	4.9	3.9	0.6	0.5	12.8	14.2
Repco Home Fin	Buy	242	340	41	46.6	49.4	54.7	3.9	6.0	10.8	4.9	4.4	0.6	0.6	14.0	13.7
SBI Life Insurance	Buy	872	1050	20	13.5	19.2	24.2	-5.3	42.2	26.4	45.5	36.0	2.4	2.0	18.0	18.7
Shriram City Union	Buy	984	1250	27	129.1	166.6	210.8	-14.9	29.1	26.6	5.9	4.7	0.7	0.6	12.9	14.5
Shriram Trans.	Buy	1111	-		101.4	123.2	143.1	-8.1	21.5	16.2	9.0	7.8	1.1	1.0	13.4	13.8
Aggregate								17.1	31.0	19.3	20.3	17.1	2.7	2.4	13.3	14.1
Capital Goods																
ABB	Buy	1357	1370	1	9.7	21.6	27.3	-41.3	121.7	26.6	63.0	49.7	7.1	6.4	11.2	12.8
Bharat Elec.	Buy	131	150	14	7.1	8.5	9.4	-3.3	19.8	10.0	15.4	14.0	2.7	2.4	17.3	17.3
BHEL	Sell	37	27	-26	-1.0	1.4	2.2	-75.3	LP	55.0	25.3	16.4	0.4	0.4	1.7	2.7
Blue Star	Sell	736	680	-8	7.7	18.5	25.2	-49.9	141.9	35.8	39.7	29.2	8.0	7.2	20.2	24.7
CG Cons. Elec.	Buy	422	485	15	8.4	10.6	12.1	19.9	27.1	13.7	39.7	35.0	12.1	10.0	30.5	28.7
Cummins	Sell	637	-		18.3	22.4	25.7	-21.3	22.3	14.6	28.5	24.8	3.9	3.7	13.6	14.9
Engineers India	Buy	75	-		5.7	7.9	8.0	-16.3	38.2	1.0	9.5	9.4	2.1	2.0	20.3	20.0
Havells	Neutral	1183	1100	-7	16.5	19.6	22.0	40.7	18.8	12.2	60.4	53.9	12.8	11.1	21.2	20.6
K E C Intl	Buy	358	450	26	22.6	26.6	30.0	2.7	17.7	13.0	13.5	11.9	2.4	2.0	17.5	16.8
L&T	Buy	1345	1625	21	81.2	66.0	77.7	19.4	-18.7	17.7	20.4	17.3	2.3	2.1	11.4	12.2
Siemens	Neutral	1637	1515	-7	21.3	33.9	35.8	-32.6	59.1	5.7	48.3	45.7	5.5	5.1	11.5	11.1
Thermax	Neutral	963	790	-18	19.2	32.2	35.8	1.9	67.3	11.4	29.9	26.9	3.2	3.0	10.7	11.0
Voltas	Neutral	934	820	-12	13.5	18.7	21.0	-19.1	38.3	12.1	49.9	44.5	6.1	5.6	12.3	12.6
Aggregate								-12.4	45.5	15.9	27.2	23.4	3.0	2.8	11.1	11.9
Cement																
Ambuja Cem.	Neutral	248	250	1	9.2	8.8	10.6	19.0	-4.4	20.8	28.3	23.5	2.2	2.1	8.2	9.2
ACC	Buy	1634	1980	21	74.8	84.2	92.3	3.5	12.6	9.7	19.4	17.7	2.2	2.0	12.0	11.9
Birla Corp.	Buy	711	900	27	71.7	79.6	93.3	9.2	11.1	17.2	8.9	7.6	0.9	0.9	11.0	11.7
Dalmia Bhar.	Buy	1139	1310	15	43.1	43.6	66.5	275.1	1.1	52.6	26.2	17.1	1.8	1.6	7.1	10.0
Grasim Inds.	Neutral	1067	1110	4	78.9	92.2	107.8	-10.7	16.9	17.0	11.6	9.9	1.8	1.7	3.2	4.5
India Cem	Neutral	158	160	2	6.1	5.1	7.2	785.5	-15.7	39.7	30.7	22.0	0.9	0.8	2.8	3.8
J K Cements	Buy	2112	2250	7	81.0	102.9	119.5	29.5	27.0	16.1	20.5	17.7	3.9	3.2	20.6	19.9
JK Lakshmi Ce	Buy	319	445	40	26.1	26.3	32.8	15.5	0.8	24.8	12.1	9.7	1.6	1.4	14.3	15.5
Ramco Cem	Neutral	785	805	3	37.0	35.0	42.2	45.1	-5.6	20.8	22.5	18.6	2.9	2.5	13.6	14.5
Shree Cem	Neutral	23102	24900	8	692.2	687.2	765.8	59.1	-0.7	11.4	33.6	30.2	4.8	4.2	15.2	14.8
Ultratech	Buy	5444	6650	22	189.0	225.6	277.8	42.2	19.4	23.2	24.1	19.6	3.0	2.7	13.8	14.9
Aggregate								21.6	11.0	19.7	20.3	17.0	2.5	2.3	12.3	13.4
Consumer																
Asian Paints	Neutral	2443	2790	14	34.8	40.1	46.4	20.2	15.1	15.9	61.0	52.6	18.1	16.1	31.4	32.4
Britannia	Neutral	3605	3890	8	81.3	79.6	90.8	38.7	-2.2	14.1	45.3	39.7	17.9	16.4	41.2	43.2
Colgate	Buy	1564	1810	16	36.1	40.0	45.3	20.3	10.8	13.3	39.1	34.5	25.7	25.7	65.6	74.3
Dabur	Buy	528	620	18	9.4	10.9	12.8	8.8	16.0	17.2	48.4	41.3	11.7	10.5	25.3	26.7
Emami	Buy	475	560	18	16.9	17.0	18.7	36.5	0.2	10.1	28.0	25.4	9.9	9.9	35.5	39.0
Godrej Cons.	Neutral	777	790	2	16.3	18.1	20.4	15.4	10.9	12.5	42.8	38.1	10.0	10.0	23.3	26.3
HUL	Buy	2304	2690	17	34.1	41.7	48.9	9.3	22.1	17.3	55.3	47.1	10.7	10.7	19.7	22.6
ITC	Neutral	207	200	-3	10.2	13.0	14.5	-17.6	27.2	11.5	15.9	14.2	3.5	3.3	22.9	24.0
Jyothy Lab	Neutral	158	151	-4	5.7	5.9	6.2	25.7	3.8	4.9	26.6	25.4	4.5	4.4	17.2	17.6
Marico	Buy	412	490	19	8.7	9.8	11.4	6.9	12.6	16.3	42.0	36.2	13.0	12.0	31.5	34.5
Nestle	Neutral	17375	16440	-5	226.4	249.6	288.8	9.5	10.2	15.7	69.6	60.2	63.3	57.0	96.5	99.7
Page Inds	Neutral	28911	24400	-16	259.1	433.4	487.9	-15.8	67.3	12.6	66.7	59.3	31.6	28.8	47.4	48.5
Pidilite Ind.	Neutral	1716	-		20.8	25.7	29.8	-10.0	23.3	16.0	66.9	57.7	13.6	11.7	21.7	21.8
P&G Hygiene	Neutral	11255	12000	7	174.7	217.6	262.1	28.0	24.5	20.5	51.7	42.9	25.7	22.9	52.3	56.5
Tata Consumer	Buy	565	623	10	10.7	12.9	15.1	34.7	20.4	16.7	43.7	37.5	3.4	3.2	8.0	8.8
United Brew	Sell	1283	-		4.9	11.6	15.7	-69.6	135.5	35.7	110.7	81.6	8.9	8.3	8.2	10.5
United Spirits	Buy	594	725	22	5.7	12.9	17.1	-47.6	126.3	32.6	45.0	34.7	8.5	6.8	18.5	19.7
Varun Beverages	Buy	863	1100	27	13.2	23.8	36.2	-18.8	80.4	52.2	36.3	23.8	6.0	4.9	17.8	22.5



		CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
Company	Reco	(INR)	(INR)	Downside	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Aggregate								0.6	21.2	14.9	41.2	35.9	9.4	8.9	22.8	24.8
Healthcare																
Alembic Phar	Neutral	948	1070	13	59.4	52.4	57.3	35.1	-11.8	9.4	18.1	16.6	3.3	2.8	20.1	19.0
Alkem Lab	Buy	3055	3570	17	133.2	144.1	155.6	39.6	8.2	7.9	21.2	19.6	4.2	3.6	21.3	19.6
Ajanta Pharma	Buy	1754	1990	13	64.8	72.9	85.0	26.8	12.5	16.5	24.1	20.6	4.4	3.8	19.5	19.6
Aurobindo	Buy	944	1100	16	56.3	61.5	68.7	14.6	9.1	11.8	15.4	13.7	2.4	2.0	16.6	16.0
Biocon	Neutral	380	385	1	6.0	9.3	12.0	-2.5	54.4	29.2	40.9	31.6	5.7	5.1	14.7	16.9
Cadila	Buy	462	565	22	20.4	23.4	25.0	38.5	15.1	6.8	19.7	18.5	3.0	2.7	16.2	15.5
Cipla	Neutral	842	850	1	31.3	33.9	38.0	59.7	8.1	12.2	24.9	22.2	3.3	2.9	13.2	13.0
Divis Lab	Buy	3428	4450	30	77.7	99.6	127.6	58.8	28.1	28.1	34.4	26.9	8.2	6.6	26.4	27.3
Dr Reddy's	Neutral	4876	5450	12	171.9	190.1	221.6	30.8	10.6	16.6	25.7	22.0	3.9	3.3	16.2	16.3
Glenmark	Neutral	481	495	3	33.1	33.1	38.4	34.4	0.1	16.0	14.5	12.5	1.8	1.6	12.8	13.2
GSK Pharma	Neutral	1461	1480	1	27.6	35.0	40.1	-2.1	26.8	14.7	41.7	36.4	12.0	10.5	28.6	28.8
Granules India	Buy	354	460	30	22.5	26.3	30.3	72.7	16.9	15.2	13.4	11.6	3.1	2.5	26.0	24.2
IPCA Labs	Buy	1896	2650	40	92.2	94.0	110.0	79.4	1.9	17.1	20.2	17.2	4.3	3.5	23.2	22.4
Jubilant Life	Buy	898	1020	14	50.3	65.8	81.4	-15.9	30.7	23.7	13.7	11.0	1.9	1.7	15.1	16.3
Laurus Labs	Buy	358	-		17.7	20.8	24.5	269.7	17.6	18.2	17.2	14.6	5.4	4.1	36.5	32.2
Lupin	Buy	1050	1135	8	23.3	36.8	44.5	0.0	58.0	20.9	28.5	23.6	3.3	3.0	12.1	13.3
Strides Pharma	Buy	818	920	12	31.7	47.3	57.1	108.8	49.2	20.7	17.3	14.3	2.4	2.1	14.3	15.5
Sun Pharma	Buy	564	700	24	23.6	25.0	28.0	43.7	5.9	12.2	22.6	20.2	2.6	2.4	12.3	12.4
Torrent Pharma	Neutral	2665	2675	0	76.6	96.2	106.3	36.4	25.6	10.5	27.7	25.1	6.8	5.8	26.4	24.8
Aggregate								36.2	14.1	15.1	23.4	20.4	3.6	3.2	15.4	15.5
Infrastructure																
Ashoka Buildcon	Buy	88	125	42	12.2	11.1	12.7	-11.3	-9.4	14.8	7.9	6.9	0.8	0.7	10.0	10.4
IRB Infra	Neutral	110	122	11	3.9	5.9	9.7	-79.2	51.2	64.0	18.5	11.3	0.6	0.5	3.1	4.9
KNR Constructions	Buy	363	390	7	17.4	25.0	29.7	20.0	43.8	18.6	14.5	12.2	2.3	2.0	17.5	17.6
Aggregate											13.4	10.4	0.9	0.9	7.1	8.4
Media																
PVR	Neutral	1450	1620	12	-98.0	18.9	40.3	-404.6	LP	113.8	76.8	35.9	6.0	5.1	8.1	15.3
Sun TV	Buy	493	550	12	35.5	41.1	40.5	2.0	15.8	-1.4	12.0	12.2	3.1	2.8	26.4	24.2
Zee Ent.	Neutral	220	250	14	7.4	16.1	18.3	35.7	117.0	13.7	13.6	12.0	1.9	1.7	15.0	15.2
Aggregate								-29.2	86.0	9.4	14.5	13.2	2.5	2.3	17.6	17.3
Metals																
Hindalco	Buy	229	305	33	21.2	30.2	33.4	21.5	42.4	10.4	7.6	6.9	1.1	1.0	15.6	15.0
Hind. Zinc	Neutral	264	268	1	18.9	27.2	25.6	17.3	43.9	-5.8	9.7	10.3	3.0	2.8	33.2	28.1
JSPL	Buy	271	385	42	54.5	33.8	35.3	-801.9	-38.1	4.7	8.0	7.7	0.8	0.7	10.6	10.0
JSW Steel	Buy	376	435	16	30.7	43.9	40.2	239.7	43.1	-8.6	8.6	9.4	1.7	1.5	21.8	16.7
Nalco	Buy	47	51	8	3.0	4.3	5.0	317.9	45.3	14.4	10.8	9.5	0.9	0.9	8.3	9.2
NMDC	Buy	107	145	36	19.5	20.7	15.4	27.1	6.3	-25.5	5.2	6.9	0.9	0.8	18.7	12.6
SAIL	Neutral	57	81	42	9.2	10.5	8.1	- 2,061.3	14	-22.7	5.4	7.0	0.5	0.4	9.1	6.6
Tata Steel	Neutral	624	687	10	46.9	82.9	83.0	417.7	77	0.1	7.5	7.5	0.9	0.8	12.6	11.4
Vedanta	Neutral	163	187	15	23.1	24.3	24.3	163.0	5	-0.2	6.7	6.7	1.1	1.0	16.5	15.6
Aggregate								137.8	24.7	-5.2	7.7	8.1	1.1	1.0	14.5	12.6
Oil & Gas																
Aegis Logistics	Buy	283	300	6	7.2	12.0	14.5	140.4	67.9	20.6	23.5	19.5	4.4	3.7	20.0	20.5
BPCL	Neutral	384	415	8	42.7	35.2	42.7	68.7	-17.7	21.4	10.9	9.0	1.7	1.5	16.0	17.5
Castrol India	Buy	126	170	35	6.4	8.2	8.5	-23.3	27.7	3.6	15.4	14.8	7.5	6.8	51.5	48.2
GAIL	Buy	129	160	25	9.3	15.7	16.6	-43.7	69.1	6.2	8.2	7.7	1.1	1.0	14.4	14.0
Gujarat Gas	Buy	373	440	18	16.1	17.5	20.0	-7.0	8.8	14.0	21.3	18.7	4.9	4.0	25.5	23.7
Gujarat St. Pet.	Buy	196	320	63	17.2	17.8	18.9	-12.4	3.4	6.4	11.0	10.4	1.3	1.2	12.5	11.9
HPCL	Buy	222	295	33	63.2	36.5	37.8	164.5	-42.3	3.5	6.1	5.9	1.0	1.0	16.6	16.6
IOC	Buy	93	150	62	15.6	15.6	19.0	51.7	-0.1	21.9	6.0	4.9	0.8	0.7	13.3	15.0
IGL	Neutral	533	510	-4	15.6	17.8	19.0	-4.2	14.6	6.5	29.9	28.1	5.4	4.7	19.4	17.9



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Mahanagar Gas	Buy	1057	1200	14	61.3	78.4	71.7	-23.7	27.9	-8.6	13.5	14.7	2.8	2.5	22.0	18.0
MRPL	Neutral	38	30	-20	-3.9	3.9	7.1	-74.6	LP	82.8	9.7	5.3	0.9	0.8	9.2	15.3
Oil India	Buy	111	130	18	12.4	16.3	19.4	-45.7	31.3	18.9	6.8	5.7	0.5	0.5	7.3	8.4
ONGC	Buy	91	110	21	11.1	18.1	19.6	-15.4	63.7	8.0	5.0	4.6	0.5	0.5	10.4	10.4
PLNG	Buy	243	340	40	18.0	21.4	23.7	-2.5	19.0	10.5	11.3	10.3	2.9	2.6	26.2	26.8
Reliance Ind.	Buy	1877	2325	24	68.2	100.7	121.9	2.5	47.8	21.0	18.6	15.4	2.1	1.9	12.0	13.0
Aggregate								10.8	29.7	16.9	12.9	11.1	1.5	1.4	11.8	12.5
Retail																
Avenue Supermarts	Neutral	2791	2850	2	17.6	30.5	38.4	-12.4	73.5	25.8	91.5	72.7	12.3	10.4	15.0	16.1
Aditya Birla Fashion	Buy	153	200	31	-3.9	-0.7	0.1	2,040.2	Loss	LP	NM	1,447.9	19.9	19.6	-9.9	1.4
Jubilant Food.	Neutral	2710	2700	0	15.5	38.1	52.3	-31.2	146.1	37.0	71.0	51.9	23.3	18.4	32.8	35.5
Shoppers Stop	Neutral	195	220	13	-34.1	-15.4	-15.0	131.8	Loss	Loss	NM	NM	-62.1	-10.7	-338.3	141.0
Titan Company	Buy	1450	1750	21	9.0	22.5	29.2	-47.1	149.0	29.9	64.5	49.6	16.5	14.5	27.3	31.1
Trent	Neutral	650	710	9	-3.3	4.0	6.2	-211.9	LP	56.1	163.6	104.9	9.0	8.2	6.0	8.7
V-Mart Retail	Buy	2417	2870	19	-10.6	25.0	43.4	-139.0	LP	73.8	96.9	55.7	9.0	7.8	9.8	15.0
Westlife Develop	Neutral	447	480	7	-6.3	1.6	6.1	-	LP	274.8	272.8	72.8	13.7	11.5	5.1	17.2
Aggregate								-67.3	331.7	36.7	87.2	63.7	13.7	11.9	15.7	18.6
Technology																
Cyient	Buy	635	660	4	33.2	43.7	47.3	-1.5	31.5	8.3	14.5	13.4	2.2	2.0	16.1	15.6
HCL Tech.	Buy	935	1300	39	48.0	56.5	65.0	18.0	17.5	15.1	16.6	14.4	3.9	3.6	24.6	25.9
Infosys	Buy	1276	1600	25	46.4	56.9	67.2	19.3	22.6	18.0	22.4	19.0	7.6	7.3	34.8	39.2
L & T Infotech	Neutral	3970	3780	-5	107.3	128.2	151.1	23.9	19.5	17.8	31.0	26.3	8.6	7.1	30.6	29.7
L&T Technology	Buy	2424	2830	17	64.3	91.0	109.0	-17.0	41.5	19.7	26.6	22.2	6.6	5.6	27.3	27.4
Mindtree	Neutral	1665	1765	6	65.9	75.3	84.1	71.9	14.2	11.7	22.1	19.8	5.9	4.9	29.3	27.2
Mphasis	Buy	1556	1950	25	65.1	79.5	91.8	3.1	22.1	15.4	19.6	17.0	4.0	3.6	22.0	22.7
Coforge	Neutral	2420	2690	11	78.9	102.1	116.9	4.4	29.4	14.5	23.7	20.7	4.7	4.0	18.6	20.9
Persistent Sys	Buy	1499	1695	13	53.3	64.3	75.8	19.7	20.6	17.9	23.3	19.8	4.0	3.5	18.0	18.7
TCS	Neutral	3199	3175	-1	87.9	111.9	127.0	2.0	27.3	13.5	28.6	25.2	13.1	12.3	47.6	50.8
Tech Mah	Neutral	983	1090	11	47.3	56.5	62.5	-2.2	19.5	10.6	17.4	15.7	3.1	2.7	19.0	18.6
Wipro	Neutral	432	450	4	18.5	21.6	23.9	12.5	17.1	10.6	20.0	18.1	4.6	4.6	23.2	25.8
Zensar Tech	Neutral	238	265	12	15.6	17.9	20.3	33.6	14.7	13.4	13.3	11.7	2.0	1.8	16.3	16.3
Aggregate								9.7	22.6	14.4	24.5	21.4	7.6	7.1	31.0	33.2
Telecom																
Bharti Airtel	Buy	571	650	14	1.7	4.4	6.9	-123.2	152.1	58.8	130.6	82.2	4.8	4.5	3.7	5.7
Indus Towers	Neutral	241	-		16.5	18.2	18.9	-7.6	10.7	3.5	13.2	12.8	2.9	2.6	22.5	21.4
Vodafone Idea		12			-8.1	-7.5	-8.6	7.5	Loss	Loss	NM	NM	-0.9	-0.5	76.6	48.4
Tata Comm	Neutral	973	950	-2	48.1	58.7	68.8	355.4	22.0	17.2	16.6	14.1	16.4	7.6	196	73.4
Aggregate								Loss	Loss	Loss	-30	-26.8	9.6	16.4	-32.6	-61.1
Utilites																
Coal India	Buy	128	192	50	20.2	25.7	30.7	-25.6	27.2	19.8	5.0	4.2	1.8	1.4	35.2	34.5
CESC	Buy	624	873	40	97.3	96.9	103.9	-0.5	-0.4	7.2	6.4	6.0	0.8	0.7	12.1	12.2
Indian Energy Exchange	Buy	248	280	13	6.6	7.8	8.8	10.4	19.0	12.9	31.7	28.1	14.3	12.4	48.3	47.2
JSW Energy	Under Review	74	-		4.6	5.6	7.0	-10.3	23.5	23.7	13.1	10.6	1.0	0.9	7.6	8.9
NHPC	Neutral	23	22	-5	2.9	2.9	3.4	1.2	-0.3	19.0	8.0	6.7	0.7	0.6	8.5	9.6
NTPC	Buy	92	140	53	15.1	16.6	18.0	9.1	10.3	8.3	5.5	5.1	0.7	0.6	12.7	13.0
Power Grid	Buy	187	222	19	23.1	24.5	25.9	9.1	6.4	5.7	7.6	7.2	1.3	1.2	17.9	17.6
Torrent Power	Buy	306	380	24	20.2	29.2	30.3	-27.8	44.4	3.6	10.5	10.1	1.3	1.2	13.4	12.6
Tata Power	Under Review	77	-		3.4	5.1	5.1	-9.5	49.1	1.5	15.2	15.0	1.1	1.0	7.3	7.0
Aggregate								-4.4	13.2	12.1	6.4	5.7	1.0	1.0	16.2	16.8
Others																



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Brigade Enterpr.	Buy	226	267	18	0.0	7.3	4.3	-100.3	LP	-41.5	30.9	52.9	1.9	1.9	6.4	3.6
BSE	Buy	595	780	31	38.1	47.6	53.4	52.9	25.0	12.1	12.5	11.1	1.1	1.0	8.4	9.0
Concor	Buy	437	453	4	10.2	12.8	15.6	-38.4	25.2	21.6	34.1	28.1	2.5	2.3	7.3	8.5
Coromandel Intl	Buy	827	1090	32	50.3	54.7	60.5	38.3	8.8	10.7	15.1	13.7	3.8	3.2	27.5	25.7
EPL	Buy	248	333	34	9.3	11.5	13.3	35.9	23.7	16.1	21.6	18.6	4.0	3.5	20.0	20.2
Indiamart Inter.	Buy	7959	9000	13	105.1	120.4	145.3	104.9	14.5	20.7	66.1	54.8	17.0	11.8	49.8	40.4
Indian Hotels	Buy	122	144	18	-6.2	0.8	2.1	-329.4	LP	161.4	154.6	59.2	3.9	3.8	2.5	6.5
Interglobe	Neutral	1588	1525	-4	-144.0	45.2	95.3	PL	LP	111	35	16.6	32.4	11.9	156.3	105.0
Info Edge	Neutral	4537	5040	11	20.4	27.4	40.9	21.9	34.6	49.2	165.4	110.8	12.7	11.8	7.8	11.0
Godrej Agrovet	Buy	531	689	30	17.6	20.7	24.2	32.7	17.7	17.1	25.6	21.9	4.5	3.9	18.4	19.1
Kaveri Seed	Buy	546	631	16	52.6	53.0	57.3	22.1	0.8	8.1	10.3	9.5	2.7	2.5	27.7	27.2
Lemon Tree Hotel	Buy	41	46	13	-1.6	0.0	0.4	1,216.5	Loss	LP	NM	106.5	4.6	4.4	0.0	4.2
MCX	Buy	1672	2050	23	46.6	48.3	64.2	0.4	3.8	32.8	34.6	26.0	5.9	5.3	17.9	21.5
Oberoi Realty	Buy	517	648	25	20.0	32.2	40.0	5.3	61.2	24.4	16.1	12.9	1.8	1.6	11.9	13.2
Phoenix Mills	Buy	723	828	14	2.9	19.4	32.9	-86.6	577.4	69.1	37.2	22.0	2.2	2.0	6.1	9.6
Qness Corp	Buy	553	745	35	13.3	34.1	43.9	-27.2	156.4	28.7	16.1	12.5	2.1	1.7	17.9	19.2
PI Inds.	Buy	2070	2658	28	52.1	66.9	80.5	73.2	28.4	20.4	30.9	25.7	5.1	4.3	17.6	18.1
Security & Intel	Buy	398	600	51	21.5	20.3	25.9	33.3	-5.7	27.8	19.6	15.3	1.3	1.1	16.3	17.6
SRF	Buy	5373	6315	18	193.0	233.3	282.3	24.4	20.9	21.0	23.0	19.0	4.0	3.3	18.6	19.0
S H Kelkar	Buy	122	146	20	8.5	10.4	12.6	101.5	23.2	20.5	11.7	9.7	1.7	1.6	15.5	17.0
Tata Chemicals	Buy	490	-		13.4	31.1	39.7	-57.6	131.5	27.8	15.8	12.3	0.9	0.9	6.0	7.4
Team Lease Serv.	Buy	2823	3090	9	52.6	84.0	11.6	7.6	59.7	-86.2	33.7	24.9	6.0	4.8	19.6	21.5
Trident	Buy	15	19	30	0.7	1.0	1.3	5.6	52.0	22.0	14.1	11.6	1.9	1.7	14.2	15.3
UPL	Neutral	566	473	-16	42.4	47.3	56.3	21.7	11.7	18.9	12.0	10.1	1.3	1.1	18.1	18.5



Index	1 Day (%)	1M (%)	12M (%)
Sensex	-1.1	-1.0	14.4
Nifty-50	-1.1	-0.4	14.6
Nifty Next 50	-0.4	0.5	12.5
Nifty 100	-1.0	-0.3	14.3
Nifty 200	-0.9	-0.1	14.4
Company	1 Day (%)	1M (%)	12M (%)
Automobiles	-1.0	11.5	23.9
Amara Raja Batt.	1.0	4.1	22.2
Ashok Leyland	-2.0	18.5	33.4
Bajaj Auto	-0.5	21.0	35.0
Bharat Forge	-3.2	10.4	16.7
Bosch	1.4	22.7	7.3
CEAT	3.7	45.4	54.8
Eicher Motors	0.5	14.2	32.7
Endurance Tech.	0.0	9.7	20.1
Escorts	-1.8	-1.4	68.3
Exide Inds.	0.7	6.3	-2.4
Hero Motocorp	1.2	10.2	37.6
M & M	-0.5	7.6	33.7
Mahindra CIE	-2.0	-2.4	-5.6
Maruti Suzuki	-3.6	1.4	8.4
Motherson Sumi	-1.7	-7.7	6.9
Tata Motors	-0.2	43.2	51.5
TVS Motor Co.	-0.5	9.5	14.5
Banks-Private	0.2	-2.8	-2.4
AU Small Fin. Bank	1.2	1.6	-16.7
Axis Bank	6.2	8.6	-9.0
Bandhan Bank	2.4	-23.4	-32.8
DCB Bank	-4.4	-12.6	-41.4
Equitas Holdings	-4.1	3.9	-38.4
Federal Bank	2.7	6.5	-24.7
HDFC Bank	-2.8	-3.0	12.0
ICICI Bank	1.1	1.5	0.0
IndusInd Bank	-2.2	-7.4	-36.1
Kotak Mah. Bank	-2.3	-13.3	5.9
RBL Bank	-1.6	-6.2	-36.7
Banks-PSU	-1.8	2.0	-24.8
BOB	-9.6	7.0	-28.5
SBI	2.5	2.6	-10.3
Company	1 Day (%)	1M (%)	12M (%)
NBFCs	-0.8	-2.4	2.3
Aditya Birla Cap	0.9	-5.4	-21.1
Bajaj Fin.	-0.7	-7.5	14.2
Cholaman.Inv.&Fn	-1.3	4.7	24.3
Can Fin Homes	0.1	-1.5	1.2
HDFC	-1.7	-1.9	-0.3
HDFC Life Insur.	-1.6	-1.0	11.2
Indostar Capital	2.0	-0.2	16.2
L&T Fin.Holdings	-2.1	-1.7	-22.8
LIC Hsg Fin	0.1	7.6	-13.7
M&M Fin.	-4.4	-6.6	-23.5
Muthoot Fin	-1.5	-8.5	47.4
Manappuram Fin.	-0.8	-8.4	-18.7
MAS Financial Serv.	1.6	-3.6	-1.8
Max Financial	-0.9	-3.2	31.6
ICICI Pru Life	-1.6	-2.0	-6.8
ICICI Sec	-1.6	-10.8	-12.4

Index	1 Day (%)	1M (%)
Nifty 500	-0.9	0.1
Nifty Midcap 100	-0.6	1.3
Nifty Smallcap 100	-0.7	2.9
Nifty Midcap 150	-0.6	1.1
Nifty Smallcap 250	-0.4	2.2
Company	1 Day (%)	1M (%)
IIFL Wealth Mgt	-1.2	-0.6
PNB Housing	-3.0	-3.9
Repco Home	-2.6	1.9
SBI Life Insuran	-1.1	-3.2
Shriram City Union	-1.9	-7.7
Shriram Trans.	-3.4	9.3
Capital Goods	-0.3	6.2
ABB	-2.5	11.3
Bharat Elec.	-0.8	14.5
BHEL	2.5	4.0
Blue Star	-3.2	-5.5
CG Cons. Elec.	-1.5	18.3
Cummins	2.1	12.0
Engineers India	1.3	-4.0
Havells	6.0	30.9
K E C Intl	0.0	-3.1
L&T	-1.1	4.3
Siemens	1.0	4.0
Thermax	0.0	5.7
Voltas	2.2	14.4
Cement	-0.1	1.9
Ambuja Cem.	-1.9	0.3
ACC	-0.4	0.8
Birla Corp.	-0.7	1.0
Dalmia Bhar.	-1.5	7.9
Grasim Inds.	0.5	17.5
India Cem	-5.3	6.8
J K Cements	-0.9	10.9
JK Lakshmi Ce	-0.3	-5.3
Ramco Cem	1.3	0.7
Shree Cem	1.3	-2.6
Ultratech	0.7	5.9
Consumer	-1.9	-1.6
Asian Paints	0.3	-9.0
Britannia	-0.1	0.0
Colgate	1.2	-1.2
Dabur	0.0	0.4
Emami	-1.6	12.6
Godrej Cons.	0.3	6.9
HUL	-3.6	-3.6
ITC	-2.0	-1.4
Jyothy Lab	3.9	4.5
Marico	-0.1	1.4
Nestle	-1.0	-6.6
Page Inds	0.2	5.0
Pidilite Ind.	0.4	-2.2
P&G Hygiene	0.1	2.6
Tata Consumer	-1.4	-6.3
United Brew	-1.4	10.2
United Spirits	-7.9	2.4
Varun Beverages	-4.1	-3.8

Note: Sectoral performance are of NSE/BSE Indices



Company	1 Day (%)	1M (%)	12M (%)
Healthcare	-0.8	-3.7	47.2
Alembic Phar	-0.4	-11.1	50.1
Alkem Lab	-0.2	4.9	31.5
Ajanta Pharma	1.1	4.0	51.0
Aurobindo	-1.6	4.0	87.4
Biocon	0.6	-18.4	31.6
Cadila	0.0	-5.2	69.8
Cipla	-0.1	1.4	81.1
Divis Lab	-1.6	-8.9	76.2
Dr Reddy's	-0.7	-6.3	52.9
Glenmark	-1.0	-3.6	39.4
GSK Pharma	-0.5	-9.6	-13.4
Granules	-0.5	-5.1	132.4
IPCA Labs	-2.5	-12.4	52.6
Jubilant Life	-3.2	5.4	49.9
Laurus Labs	-2.3	2.9	319.9
Lupin	-2.2	6.7	40.6
Strides Pharma	0.3	-9.2	80.8
Sun Pharma	-0.9	-3.9	24.7
Torrent Pharma	0.7	-4.5	39.3
Infrastructure	-0.1	2.4	12.8
Ashoka Buildcon	0.1	-4.6	-22.6
IRB Infra.Devl.	-2.9	-2.1	-2.5
KNR Construct.	-1.8	8.9	24.4
Media	-0.1	0.9	-10.3
PVR	-2.0	10.7	-23.7
Sun TV	1.1	0.4	0.0
Zee Ent.	-0.5	0.0	-19.2
Metals	-0.5	-2.7	18.8
Hindalco	-0.9	-4.5	16.9
Hind. Zinc	0.1	9.2	32.9
JSPL	-0.2	1.3	54.4
JSW Steel	0.0	-2.6	47.4
Nalco	-1.8	10.6	4.7
NMDC	0.0	-7.7	-13.6
SAIL	-0.3	-10.7	21.4
Tata Steel	-0.3	-1.4	39.8
Vedanta	-0.1	-0.6	14.5
Oil & Gas	0.8	-0.7	-3.5
Aegis Logistics	-0.1	10.6	35.9
BPCL	1.0	0.4	-20.1
Castrol India	1.7	3.2	-5.2
GAIL	0.5	4.8	1.9
Gujarat Gas	-0.3	-0.6	28.1
Gujarat St. Pet.	0.4	-11.7	-25.2
HPCL	2.5	3.2	-8.3
IOC	1.4	1.1	-21.4
IGL	-0.1	8.8	3.5
Mahanagar Gas	1.2	0.4	-14.1
MRPL	7.1	9.6	-18.7
Oil India	-1.3	-0.4	-20.0
ONGC	1.2	-3.3	-22.3
PLNG	2.3	-3.3	-11.2
Reliance Ind.	-1.0	-6.3	28.8
Aditya Bir. Fas.	-6.0	-6.9	-32.4
Retail			
Avenue Super.	-0.9	4.3	44.7
Jubilant Food	2.7	-0.6	54.5

Company	1 Day (%)	1M (%)	12M (%)
Shoppers St.	-1.2	-3.6	-51.0
Titan Co.	0.6	-6.0	21.4
Trent	-1.4	-4.9	10.3
V-Mart Retail	0.7	-5.2	24.8
Westlife Develop	-2.8	0.6	2.5
Technology	-2.2	5.0	54.0
Cyient	-0.5	22.9	29.0
HCL Tech.	-2.2	1.4	55.3
Infosys	-2.0	2.9	64.1
L&T Infotech	-1.4	9.1	104.0
L&T Technology	-2.0	1.4	43.4
Mindtree	-2.3	3.3	90.1
Mphasis	-1.8	-0.3	68.2
Coforge	-1.1	-10.0	20.5
Persistent Sys	-1.0	1.7	108.0
TCS	-1.9	9.3	46.5
Tech Mah	-1.5	3.7	23.7
Wipro	-3.2	12.8	76.9
Zensar Tech	-1.1	-0.3	36.7
Telecom	0.3	7.7	19.6
Bharti Airtel	0.0	9.5	16.3
Indus Towers	1.1	1.9	1.8
Idea Cellular	1.4	13.3	119.0
Tata Comm	-1.0	-8.6	122.6
Utilities	-0.5	-1.7	5.7
Coal India	-0.7	-6.7	-32.2
CESC	1.5	3.2	-14.9
Indian Energy Ex	2.0	15.6	45.3
JSW Energy	-0.5	6.9	10.1
NHPC Ltd	-1.7	0.0	-15.7
NTPC	0.2	-8.9	-18.3
Power Grid	-2.8	-2.3	-1.7
Tata Power	1.6	0.0	27.2
Torrent Power	0.1	-4.4	-5.8
Others			
Brigade Enterpr.	-4.3	-8.9	-2.0
BSE	2.2	-3.6	10.1
Coromandel Intl	0.6	-2.7	34.5
Concor	0.8	11.4	-23.5
EPL Ltd	-0.8	-5.5	38.4
Indiamart Inter.	0.2	27.0	240.7
Godrej Agrovet	-0.4	0.1	-7.4
Indian Hotels	-2.2	-0.9	-13.0
Interglobe	-0.1	-5.9	9.3
Info Edge	-3.6	-1.9	64.0
Kaveri Seed	1.0	5.6	14.7
Lemon Tree Hotel	1.8	1.4	-23.9
MCX	1.1	-4.0	21.1
Oberoi Realty	-3.6	-3.7	-6.4
Piramal Enterp.	-3.4	-5.2	-18.3
Phoenix Mills	-1.4	-2.2	-13.5
PI Inds.	-1.0	-6.9	31.5
Quess Corp	0.8	10.6	-7.4
Security & Intel	0.8	-9.1	-23.5
SRF	0.3	-2.4	42.7
S H Kelkar	0.8	-2.5	8.9
Tata Chemicals	-0.6	2.4	48.3
Team Lease Serv.	1.9	9.3	9.3
Trident	10.0	51.0	106.8
UPL	-1.6	24.6	5.4

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