

ASIAMONEY Brokers Poll 2020 (India)

Best Local Brokerage

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	50,540	2.0	5.8
Nifty-50	15,175	1.8	8.5
Nifty-M 100	25,413	0.8	21.9
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	4,156	-0.1	10.6
Nasdaq	13,471	-0.5	4.5
FTSE 100	7,018	0.0	8.6
DAX	15,438	0.4	12.5
Hang Seng	10,703	0.6	-0.3
Nikkei 225	28,318	0.8	3.2
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	66	2.9	29.7
Gold (\$/OZ)	1,881	0.2	-0.9
Cu (US\$/MT)	9,868	-1.6	27.3
Almn (US\$/MT)	2,340	-1.1	18.6
Currency	Close	Chg .%	CYTD.%
USD/INR	72.8	-0.4	-0.3
USD/EUR	1.2	-0.4	-0.3
USD/JPY	109.0	0.2	5.5
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.0	0.01	0.1
10 Yrs AAA Corp	6.8	0.01	0.2
Flows (USD b)	21-May	MTD	CY21
FII	0.07	-1.42	5.40
DII	0.09	1.57	-1.48
Volumes (INRb)	21-May	MTD*	YTD*
Cash	815	831	788
F&O	28,380	43,505	42,626

Note: \*Average



Today's top research idea

State Bank of India: Robust asset quality; earnings set to gain pace

- ❖ SBIN's 4QFY21 result has been nothing less than spectacular. The bank reported 4QFY21 slippages of just INR54.7b (a 20 quarter low; surprisingly comparable to other Private Banks), thus taking total slippages for FY21 to INR285b (1.2% of loans), while restructuring book stands controlled at 0.7% of loans.
- ❖ GNPA's fell 15% in FY21 (43% decline over the past three years), while the coverage ratio has increased to 71% at present from ~40% four years back.
- ❖ Its earnings in FY21 have been more than the sum of what it did in the last five years (FY16-20).
- ❖ Overall, the bank is making strong progress on earnings normalization (FY21 RoE of ~9.3%).
- ❖ We expect it to deliver FY22E/FY23E RoE of 13.9%/15%. We maintain our BUY rating with a revised TP of INR530/share (1.1x FY23E ABV+INR187/share from subsidiaries).
- ❖ SBIN continues to remain among our top Buys in the sector.



Research covered

Cos/Sector	Key Highlights
State Bank of India	Robust asset quality; earnings set to gain pace
JSW Steel	Focus on growth to keep capex elevated
Hindalco	Outlook strong on higher LME prices
Shree Cement	EBITDA in-line, volume growth lags peers
Havells India	Core portfolio delivers strongly; Lloyd fares below expectations
United Spirits	Sales in line; margin surprises positively
Other Notes	HPCL   CONCOR   CROMPTON   TPW   AMRJ   MCX   MASFIN   KNRC   JKCL   SHOP   ECOSCOPE



Chart of the Day: State Bank of India (Robust asset quality; earnings set to gain pace)

SoTP-based pricing

Name	Stake (%)	Value for SBIN (INR b)	Value per share (at our PT)	% of total value	Rationale
<b>SBIN</b>	<b>100</b>	<b>3,063</b>	<b>343</b>	<b>65</b>	❖ 1.1x FY23E ABV
Life insurance	56	645	72	14	❖ 2.5x FY23E EV
Cards	69	790	88	17	❖ 40x FY23E PAT
Asset Management	63	218	24	5	❖ 32x FY23E PAT
General Insurance	70	169	19	4	❖ 25x FY23E PAT
YES	30	122	13	2	
Capital Market/Others		153	17	3	
<b>Total value of subsidiaries</b>		<b>2,096</b>	<b>234</b>	<b>44</b>	
Less: 20% holding discount		419	47	9	
<b>Value of subsidiaries (post holding discount)</b>		<b>1,677</b>	<b>187</b>	<b>35</b>	
<b>Target price</b>		<b>4,740</b>	<b>530</b>		

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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.motilalosal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.



Kindly click on textbox for the detailed news link

1

**Curfew restrictions impact retail sales; health, hygiene, instant food products pick up**

Retailers are having continued growth in health and hygiene category products as well as in food, personal care and home care items, but discretionary categories like beauty and cosmetics, fashion and apparels have been affected adversely during the second wave of the...

2

**Manufacturing faces acute labour crunch**

Manufacturers are bracing for an acute shortage of blue-collar workers, as the devastating second wave of the pandemic spreads deeper into rural India. Industry executives said that the deadly second wave has instilled fear among people, and a large part of the workforce, which have left for their villages, may not return until the situation normalizes, a distant scenario given the shortage of vaccines.

3

**Birlas betting big on realty, lines up Rs 1,000-cr capex for Birla Estates this fiscal**

Century Textiles & Industries, which runs three business verticals -- paper & pulp, realty and paper tissues, and nets over 70 per cent of the income from the first -- is diverting its focus onto the real estate business and has lined up Rs 1,000 crore for capex this fiscal for its ongoing and upcoming projects, including the super premium ...

4

**Discoms' outstanding dues to gencos fall 3% to Rs 78,379 cr in March**

Total dues owed by electricity distribution companies to power producers fell 3.4 per cent to Rs 78,379 crore in March 2021 as compared to the year-ago period, showing a reversal of discoms' growing outstandings. Outstanding dues of discoms towards electricity producers have been increasing ...

5

**RBI to transfer Rs 99,122 cr as dividend to govt, changes accounting year**

The Reserve Bank of India (RBI) will transfer Rs 99,122 crore as surplus to the central government for the nine months ended March 31 (July 2020-March 2021), it said in a statement on Friday. This is much higher than what most had estimated and what the government itself had budgeted for. Finance Minister Nirmala Sitharaman had earmarked a transfer of Rs 53,511 crore.

6

**Cost savings project: Jaguar Land Rover cuts break-even volume by a third**

Tata Motors' British subsidiary Jaguar Land Rover has slashed by a third its break-even volume threshold -- the minimum it must sell to cover production costs -- to 400,000 units as part of its targeted cost savings projects Charge and its sequel Charge+. The company's break-even volume was 600,000 ...

7

**Drought hits Assam tea but all-India average auction prices up due to supply shortage**

Severe drought has hit tea production in Assam although all-India average auction prices are on the rise for short supplies. The state has also fetched a higher price during the April auctions compared to the March auctions this year though garden activities have dwindled down...



# State Bank of India

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	SBIN IN
Equity Shares (m)	8,925
M.Cap.(INRb)/(USDb)	3579.7 / 49.1
52-Week Range (INR)	426 / 150
1, 6, 12 Rel. Per (%)	16/50/101
12M Avg Val (INR M)	15614

### Financials & Valuations (INR b)

Y/E March	FY21	FY22E	FY23E
NII	1,107	1,219	1,356
OP	716	805	916
NP	204	342	426
NIM (%)	3.0	3.0	3.0
EPS (INR)	22.9	38.4	47.8
EPS Gr. (%)	40.9	67.8	24.5
ABV (INR)	223.9	264.3	312.6
Cons. BV (INR)	294.1	327.2	376.3

### Ratios

RoE (%)	9.3	13.9	15.0
RoA (%)	0.5	0.7	0.8

### Valuations

P/BV (x)	0.8	0.7	0.6
P/ABV (x)	1.0	0.8	0.7
P/E (x)	9.4	5.6	4.5

\*Adjusted for subsidiaries

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	56.9	56.9	56.9
DII	24.3	24.8	24.4
FII	11.1	10.9	10.7
Others	7.7	7.4	8.0

FII Includes depository receipts

**CMP: INR401 TP: INR530 (+32%) Buy**

## Robust asset quality; earnings set to gain pace

### Slippages at record low; credit cost guidance appears conservative

- SBIN reported a strong 4QFY21, with GNPA/NNPA ratio improving to 4.98%/1.5% (v/s pro forma GNPA/NNPA of 5.44%/1.81% in 3QFY21), aided by benign slippages (lowest in the past 20 quarters barring the period of moratorium/SC prohibition). Slippages stood at 1.2% of loans (much better than other large Banks) in FY21, with impeccable Retail asset quality (slippages at 0.5% of loans). Restructured book stands at 0.7% of loans, well within the management's guided range.
- The bank is making strong progress on earnings normalization (FY21 RoE of ~9.3%). We expect it to deliver FY22E/FY23E RoE of 13.9%/15%, even as we build in credit cost at 1.6%/1.1%. We maintain our BUY rating with a revised TP of INR530/share (1.1x FY23E ABV+INR187/share from subsidiaries).

### Slippages at a record low; PCR improved further to ~71% (~88% including TWO)

- SBIN reported a PAT of ~INR64.5b in 4QFY21 (up 80% YoY; 16% below our estimate), largely affected by higher interest reversal of ~INR21b and interest on interest refund of INR8.3b on account of the SC waiver order. This resulted in an 8% miss to our NII estimate. Domestic margin fell 23bp QoQ to 3.11%. **NII/PPOP/PAT grew 13%/5%/41% YoY in FY21.**
- Growth in other income was broadly muted (flat YoY), despite recovery of ~INR40b from Bhushan Power & Steel, affected by treasury loss of INR370m as the bank booked higher treasury gains of INR32.4b (including stake sale in SBICARD) in 4QFY20. Opex grew 16% YoY, led by INR15b of provisions towards wage arrears and provisions towards pension and gratuity. C/I ratio stood stable QoQ at 54.5%. PPOP grew 7% YoY.
- Net advances grew ~3% QoQ, with Retail loan growth (+5% QoQ) led by Home loans (4%QoQ), Xpress Credit (36% YoY), and Gold loans, while Corporate loans grew 4% QoQ. Deposit growth remains strong (~14% YoY), with domestic CASA growing ~16.7%. The CASA mix stood ~46.1% (v/s 45.2% in 3QFY21).
- Asset quality remains robust**, with GNPA/NNPA ratio improving to 4.98%/1.5% (v/s pro forma GNPA/NNPA of 5.44%/1.81% in 3QFY21). The same came in better than estimated as fresh slippages in 4QFY21 stood ~INR54.7b (0.9% of loans). Fresh slippages stood at INR286b (1.2% of loans) in FY21 v/s INR496b (2.3% of loans) YoY. This is a significantly better performance than our expectation. Retail asset quality remains impeccable, with total slippages of ~INR33b (0.5% of loans) in FY21. Total restructuring remains under control and stands at INR178.5b (0.7% of loans). Total slippages and restructuring stood at INR464b (1.9% of loans), well within the management's guided range of INR600b. SMA 1/2 portfolio declined to ~INR115b (v/s INR179.5b in 3QFY21).

- **Performance of its subsidiaries:** SBICARD reported a PAT of INR1.7b (below our estimate). The same for SBILIFE was muted YoY at INR5.3b. However, APE growth was robust at 46% YoY (7% above our estimate). AMC business reported strong (170% YoY) PAT growth at INR3.6b (FY21 PAT growth of 43%). PAT grew 31% for SBI General in FY21.

#### Highlights from the management commentary

- Disbursement under ECLGS stood ~INR250b (of which ECLGS 2.0 is INR22b).
- **Collection efficiency** in the domestic loan book stood at 95%/96% in Apr'21/May'21.
- Credit cost in FY22 will largely be towards MSME and Agri sector as the Retail book remains resilient. The bank already has 85% coverage on its Corporate portfolio. Its credit cost guidance of less than 2% appears conservative.

#### Valuation and view

- SBIN reported a strong 4QFY21 in a challenging environment. Deposit growth stood strong, led by healthy CASA trends, while loan growth is likely to recover gradually over FY22-23E. Asset quality outlook remains particularly encouraging, with record low slippages and controlled restructuring book. Slippages in FY21 stood at 1.2% v/s 2.3% during FY20. Retail asset quality was impeccable for SBIN, with slippages significantly lower v/s peers. The management has prudently improved PCR to ~71%. It holds unutilized COVID provisions of ~INR63b. The bank is well on track to keep credit cost under control. We maintain our FY22E/FY23E estimates and project RoA/RoE of 0.8%/15% by FY23E. **We maintain our BUY rating with a revised TP of INR530/share (1.1x FY23E ABV+INR187/share from subsidiaries).**

#### Quarterly performance

Y/E March	FY20				FY21				FY20	FY21	4Q	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		FY21E	(%)	
<b>Net Interest Income</b>	<b>229.4</b>	<b>246.0</b>	<b>277.8</b>	<b>227.7</b>	<b>266.4</b>	<b>281.8</b>	<b>288.2</b>	<b>270.7</b>	<b>980.8</b>	<b>1,107.1</b>	<b>295.7</b>	<b>-8</b>
% Change (YoY)	5.2	17.7	22.4	-0.8	16.1	14.6	3.7	18.9	11.0	12.9	29.9	
Other Income	80.2	120.2	91.1	160.8	95.0	85.3	92.5	162.3	452.2	435.0	138.8	17
<b>Total Income</b>	<b>309.5</b>	<b>366.2</b>	<b>368.8</b>	<b>388.4</b>	<b>361.4</b>	<b>367.1</b>	<b>380.7</b>	<b>432.9</b>	<b>1,433.1</b>	<b>1,542.1</b>	<b>434.5</b>	<b>0</b>
Operating Expenses	177.1	184.2	186.6	203.8	180.8	202.5	207.3	235.9	751.7	826.5	218.6	8
<b>Operating Profit</b>	<b>132.5</b>	<b>182.0</b>	<b>182.2</b>	<b>184.7</b>	<b>180.6</b>	<b>164.6</b>	<b>173.3</b>	<b>197.0</b>	<b>681.3</b>	<b>715.5</b>	<b>215.9</b>	<b>-9</b>
% Change (YoY)	10.6	30.9	44.3	9.0	36.3	-9.6	-4.9	6.7	22.9	5.0	16.9	
Other Provisions	91.8	131.4	72.5	135.0	125.0	101.2	103.4	110.5	430.7	440.1	112.6	-2
<b>Profit before Tax</b>	<b>40.6</b>	<b>50.6</b>	<b>109.7</b>	<b>49.7</b>	<b>55.6</b>	<b>63.4</b>	<b>69.9</b>	<b>86.5</b>	<b>250.6</b>	<b>275.4</b>	<b>103.2</b>	<b>-16</b>
Tax Provisions	17.5	20.5	53.9	13.9	13.7	17.7	17.9	22.0	105.7	71.3	26.6	-17
<b>Net Profit</b>	<b>23.1</b>	<b>30.1</b>	<b>55.8</b>	<b>35.8</b>	<b>41.9</b>	<b>45.7</b>	<b>52.0</b>	<b>64.5</b>	<b>144.9</b>	<b>204.1</b>	<b>76.6</b>	<b>-16</b>
% Change (YoY)	NM	218.7	41.2	327.1	81.2	51.9	-6.9	80.1	NM	40.9	113.9	
<b>Operating Parameters</b>												
Deposit Growth (%)	7.3	8.0	9.9	11.3	16.0	14.4	13.6	13.6	11.3	13.6	11.8	176
Loan Growth (%)	13.8	9.6	7.4	6.4	7.7	6.9	7.6	5.3	6.4	5.3	6.5	(116)
<b>Asset Quality</b>												
Gross NPA (%)	7.5	7.2	6.9	6.2	5.4	5.3	4.8	5.0	6.2	5.0	5.4	(46)
Net NPA (%)	3.1	2.8	2.7	2.2	1.9	1.6	1.2	1.5	2.2	1.5	1.9	(36)
PCR (%)	61.1	62.9	63.5	65.2	67.1	71.0	75.2	70.9	65.2	70.9	67.0	387

E: MOFSL estimates



# JSW Steel

Estimate change	↑
TP change	↑
Rating change	↔

**CMP: INR698 TP: INR816 (+17%) Buy**

## Focus on growth to keep capex elevated

### Remains the best play on volumes in the sector

- JSTL's 4QFY21 result was strong, with consolidated EBITDA/PAT growing by 42%/60% QoQ to INR84.4b/INR42.8b on higher steel prices. Standalone EBITDA/t was the highest ever at INR19,756.
- Given its strong growth focus, JSTL announced an expansion of 6mtpa (26%) at its Vijayanagar plant, which should be commissioned by FY24-end. The to be commissioned 5mtpa expansion at Dolvi would expand JSTL's capacity by ~60% over the next three years, thereby making it the best play on volumes in the Indian Steel sector.
- We raise our FY22E/FY23E EBITDA by 35%/28% to factor in strong pricing. Maintain **Buy**.

### Consolidated EBITDA up 42% QoQ led by strong steel spreads

- Led by strong spreads, JSTL reported a 42% QoQ growth in EBITDA to INR84.4b (highest ever) v/s our estimate of INR79.8b. Adjusted PAT was up 60% QoQ to INR42.8b (est. INR40b).
- **Standalone EBITDA** grew 42% QoQ to INR80.2b, led by ~22% growth in realization to INR60,094/t and 4% higher volumes at 4.06mt (est. 3.94mt), partly offset by higher iron ore prices, increase in power cost, and greater other expenses. EBITDA/t rose 37% QoQ to INR19,756/t (est. INR19,029/t).
- **EBITDA for subsidiaries** increased 34% QoQ to INR4.2b, led by 31% rise in JSW Coated's EBITDA to INR5.2b. JSTL's three key overseas subsidiaries reported a loss of INR2.4b in 4QFY21 v/s a loss of INR2.1b in 3Q.
- Reported net debt increased INR8.2b QoQ to INR526b. This was due to cash outgo of INR50.9b towards acquisition of Bhushan Power and Steel during 4QFY21. Reported net debt/EBITDA ratio stood at 2.61x v/s 4.5x in FY20.
- Consolidated revenue/EBITDA/PAT stood at INR796b/INR200b/INR78.9b in FY21, up 10%/79%/2.6x YoY. Consolidated OCF/FCF stood at INR188b/INR95.3b v/s INR128b/(INR0.3b) in FY20.
- Despite a strong OCF, debt reduced by just INR8.6b in FY21 due to higher capex spending (INR82.3b) and acquisitions (Asian Color Coated – INR15.5b and BPSL – INR50.9b).
- The company announced a dividend of INR6.5/share.

### Highlights from the management commentary

- JSTL announced a 5mtpa capacity expansion at Vijayanagar from the existing 12mtpa at a capex of INR150b (~USD400/t) by FY24-end. This includes capex for a blast furnace and a steel melting shop.
- The management guided at production and sales of 18.5mt/17.4mt in FY22, with new Dolvi capacity contributing 1.5mt/1.4mt.
- **Capex spend guidance** | FY22: INR182b, FY23: INR175b, and FY24: INR118b.
- Fully integrated operations at Dolvi is expected to commence in Sep'21.

Bloomberg	JSTL IN
Equity Shares (m)	2,400
M.Cap.(INRb)/(USD\$b)	1686.7 / 23.2
52-Week Range (INR)	773 / 164
1, 6, 12 Rel. Per (%)	7/93/248
12M Avg Val (INR M)	4463

### Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	796	1,226	1,239
EBITDA	199.8	405.1	368.6
Adj. PAT	78.9	224.3	198.2
EBITDA Margin (%)	25.1	33.1	29.7
Adj. EPS (INR)*	32.8	93.1	82.2
EPS Gr. (%)	262.5	184.2	-11.7
BV/Sh. (INR)	194.1	275.0	336.2

### Ratios

Net D:E	1.3	0.9	0.6
RoE (%)	18.9	39.7	26.9
RoCE (%)	8.9	18.2	14.0
Payout (%)	6.1	7.0	19.5

### Valuations

P/E (x)	21.3	7.5	8.5
P/BV (x)	3.6	2.5	2.1
EV/EBITDA(x)	11.5	5.6	6.0
Div. Yield (%)	0.9	2.3	2.3
FCF Yield (%)	5.2	8.8	11.7

\*Cons.

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	44.1	44.1	42.7
DII	7.6	6.8	4.9
FII	13.2	13.8	17.7
Others	35.2	35.3	34.7

FII Includes depository receipts



### Valuation and view – strong project pipeline to drive growth

- We like JSTL given its strong project pipeline and cost reduction initiatives, which should support margin. Over FY21-23E, we expect above industry 17% volume CAGR, driven by the Dolvi expansion.
- The announced 5mtpa expansion by FY24, at a competitive cost of ~USD400/t, should be RoCE attractive and improve growth outlook beyond FY24.
- Despite the high capex, we expect net debt to decline by ~17% over FY21-23E to INR514b.
- We value JSTL at 6x FY23E EV/EBITDA to arrive at our TP of INR816. **Buy.**

#### Consolidated quarterly performance – INR b

Y/E March	FY20				FY21E				FY20	FY21	4QFY21E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>198.1</b>	<b>171.1</b>	<b>178.1</b>	<b>178.9</b>	<b>117.8</b>	<b>190.4</b>	<b>218.6</b>	<b>269.3</b>	<b>726.1</b>	<b>796.1</b>	<b>254.7</b>	6
Change (YoY %)	-3.4	-20.6	-12.4	-20	-40.5	11.3	22.8	50.6	-14.3	9.6	42.4	
<b>EBITDA</b>	<b>37.2</b>	<b>22.7</b>	<b>22.0</b>	<b>29.8</b>	<b>13.4</b>	<b>42.5</b>	<b>59.5</b>	<b>84.4</b>	<b>111.6</b>	<b>199.8</b>	<b>79.8</b>	6
Change (YoY %)	-27.2	-53.8	-51.1	-33	-63.9	87.8	170.1	183.7	-41.1	79.1	168.4	
EBITDA (INR/t)	9,909	6,292	5,462	8,041	4,806	10,323	15,246	20,788	7,399	13,436	20,272	3
<b>EBITDA (USD/t)</b>	<b>142</b>	<b>89</b>	<b>77</b>	<b>111</b>	<b>64</b>	<b>139</b>	<b>207</b>	<b>256</b>	<b>104</b>	<b>174</b>	<b>184</b>	
Interest	10.4	11.3	10.6	10.4	10.2	9.6	9.8	10.1	42.7	39.6	9.6	5
Depreciation	10.3	10.6	10.6	11.1	10.5	11.5	12.3	12.5	42.5	46.8	12.6	-9
Other Income	1.4	1.6	1.3	1.2	1.3	1.5	1.5	1.6	5.5	5.9	1.6	1
<b>PBT (before EO Item)</b>	<b>17.9</b>	<b>2.4</b>	<b>2.1</b>	<b>9.5</b>	<b>-5.9</b>	<b>23.0</b>	<b>38.9</b>	<b>63.4</b>	<b>31.9</b>	<b>119.4</b>	<b>59.2</b>	7
EO Items	0.0	26.2	2.5	-8.1	0.0	1.6	0.0	0.0	20.6	1.6	0.0	
<b>PBT (after EO Item)</b>	<b>17.9</b>	<b>28.5</b>	<b>4.6</b>	<b>1.5</b>	<b>-5.9</b>	<b>24.6</b>	<b>38.9</b>	<b>63.4</b>	<b>52.5</b>	<b>121.0</b>	<b>59.2</b>	7
Total Tax	7.6	3.0	2.5	-0.7	-0.6	9.1	12.1	20.8	12.4	41.4	19.3	8
Tax (%)	42.6	10.6	53.8	-46.6	10.3	37	31.2	32.8	23.7	34.2	32.5	
<b>Reported PAT</b>	<b>10.3</b>	<b>25.5</b>	<b>2.1</b>	<b>2.2</b>	<b>-5.3</b>	<b>15.5</b>	<b>26.7</b>	<b>42.6</b>	<b>40.1</b>	<b>79.6</b>	<b>40.0</b>	7
MI (Profit)/Loss	0.2	0.2	0.2	0.4	0.2	0.0	0.1	0.1	1.1	0.4	0.2	
Share of P/(L) of Ass.	-0.2	-0.2	-0.3	-0.3	-0.5	0.5	-0.1	0.1	-0.9	0.0	-0.1	
<b>Adjusted PAT</b>	<b>10.3</b>	<b>0.8</b>	<b>0.2</b>	<b>10.4</b>	<b>-5.6</b>	<b>14.9</b>	<b>26.8</b>	<b>42.8</b>	<b>21.7</b>	<b>78.9</b>	<b>40.0</b>	7
Change (YoY %)	-57	-96	-99	-32	-155	1,744	11,342	313	-72	264	286.5	



Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR390      TP: INR475 (+22%)      Buy**

Bloomberg	HNDL IN
Equity Shares (m)	2,229
M.Cap.(INRb)/(USDb)	875.9 / 12
52-Week Range (INR)	428 / 121
1, 6, 12 Rel. Per (%)	3/66/138
12M Avg Val (INR M)	4508

### Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	1,318	1,658	1,670
EBITDA	173.5	232.7	235.4
Adj. PAT	54.7	95.2	99.2
EBITDA Margin (%)	13.2	14.0	14.1
Cons. Adj. EPS (INR)	24.6	42.8	44.6
EPS Gr. (%)	40.7	74.1	4.2
BV/Sh. (INR)	194	232	271

### Ratios

Net D:E	1.1	0.8	0.6
RoE (%)	13.4	20.1	17.7
RoCE (%)	9.1	12.7	12.6
Payout (%)	16.7	13.7	14.4

### Valuations

P/E (x)	15.9	9.1	8.7
P/BV (x)	2.0	1.7	1.4
EV/EBITDA(x)	7.8	5.6	5.1
Div. Yield (%)	0.9	1.3	1.4
FCF Yield (%)	13.4	9.2	13.5

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	34.7	34.7	34.7
DII	20.8	22.1	26.7
FII	25.3	23.1	18.9
Others	19.3	20.2	19.7

FII Includes depository receipts

## Outlook strong on higher LME prices

### Margin to remain strong despite rising cost

- HNDL's 4QFY21 earnings for the India business was strong, as expected, with EBITDA up 23% QoQ to INR18.8b on higher LME prices. Consolidated net debt declined INR64b QoQ to INR474b and net debt/EBITDA ratio declined to 2.6x (v/s a peak of 4x post the Aleris acquisition).
- We broadly maintain our estimates and reiterate HNDL as our top non-ferrous pick. Despite rising costs, we estimate India EBITDA/t in FY22E to be the highest ever in the last 10 years at USD865/t. We expect 35% EPS CAGR over FY21-23E, led by stronger LME prices and lower interest cost from deleveraging.

### EBITDA rises 23% QoQ on higher LME prices and volumes

- India (standalone + Utkal) EBITDA rose 23% QoQ to INR18.8b (+9% v/s our est.). Adjusted PAT grew 19% QoQ to INR6.4b.
- EBITDA for the Aluminum segment rose 22% QoQ to INR16.1b (est. INR15b) due to higher LME prices (+9% QoQ), larger volumes (329kt, +4% QoQ), and greater VAP sales (92kt, +15% QoQ). Integrated cost of production rose 1% QoQ. The entire benefit of higher LME prices did not flow through as the company had hedged 58% of Aluminum prices at USD1,715/t (v/s an average LME price of USD2,093/t during 4QFY21). EBITDA/t was strong at USD660 (+17% QoQ, est. USD623/t).
- Copper EBITDA rose 33% QoQ to INR2.7b (above our estimate of INR2.2b) due to higher sales volumes (103kt, +47% QoQ) as the company postponed its smelter maintenance shutdown to 1QFY22. EBITDA/t declined by 9% QoQ to USD339/t due to lower Tc-Rc spreads.
- Consolidated net debt fell INR64b QoQ to INR474b, with net debt/EBITDA ratio declining to 2.6x (v/s 3.1x as of 31<sup>st</sup> Dec'20).
- Consolidated revenue/EBITDA/PAT stood at INR405b/INR56.0b/INR19.3b (+16%/+11%/-12% QoQ) in 4QFY21.
- Consolidated revenue/EBITDA/PAT increased 12%/22%/41% YoY in FY21 to INR1,318b/INR108b/INR55b.
- OCF/FCF stood at INR172b/117b (+36%/99% YoY) in FY21.

### Cost of Aluminum production to rise

- The management expects demand for Aluminum and Copper to remain strong in CY21 on the back of a stimulus driven economic recovery. It expects aluminum prices to sustain at higher levels.
- Cost of Aluminum production is guided to increase by 4% QoQ in 1QFY22 due to rise in input commodity prices like CT Pitch, coke, etc.
- **Hedge Position:** 33%/5% of volumes at LME prices of USD1,915/USD2,500 per tonne in FY22/FY23.

- **Novelis EBITDA guidance raised:** The management has guided at an EBITDA of over USD500/t in 1QFY22. The same is likely to improve further in coming quarters owing to a higher share of Auto in the mix. Sustainable EBITDA guidance earlier stood in the USD475-500/t range.

#### Strong growth with reasonable valuation; maintain Buy

- HNDL is our preferred non-ferrous pick owing to: a) robust volume recovery in both India and Novelis, b) strong profitability in its primary Aluminum business, given its low-cost integrated operations in India (in the top quartile globally) and higher LME prices, c) solid FCF generation, which should reduce leverage sharply, and d) reasonable valuation.
- The outlook for Novelis is positive due to resilience in the Beverage Can business and recovery in Auto demand (a high margin business). With better cost control and accruing synergies from Aleris, we expect Novelis' business margin to remain strong over USD500/t.
- With ~65% EBITDA contribution now accruing from the non-LME business (Novelis), we see relatively higher stability in HNDL's earnings.
- Given the tight demand-supply, we expect aluminum prices to remain strong, though prevailing higher inventory could limit a further upside. We factor in LME prices of USD2,300/USD2100 per tonne in FY22E/FY23E. A USD100/t change in aluminum prices impacts HNDL's FY23E EPS by 6% and our TP by 5%.
- The stock trades at 5.6x EV/EBITDA and 9.1x P/E on FY22E. We value HNDL at INR475/share on a SoTP basis. Reiterate **Buy**.

#### Quarterly performance (SA + Utkal) – INR b

Y/E March	FY20				FY21				FY20	FY21	4QFY21E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>100.8</b>	<b>99.8</b>	<b>102.5</b>	<b>100.1</b>	<b>74.6</b>	<b>95.7</b>	<b>114.3</b>	<b>144.7</b>	<b>402.8</b>	<b>429.4</b>	<b>118.4</b>	22
<b>EBITDA</b>	<b>11.6</b>	<b>11.1</b>	<b>12.2</b>	<b>13.5</b>	<b>8.9</b>	<b>12.7</b>	<b>15.3</b>	<b>18.8</b>	<b>48.3</b>	<b>55.7</b>	<b>17.2</b>	9
Aluminum	8.5	8.1	9.6	10.4	8.6	10.7	13.2	16.1	36.6	48.6	15.0	7
USD/t	379	349	413	457	372	469	563	660	399	518	623	6
Copper	3.1	3.1	2.6	3.1	0.4	2.1	2.0	2.7	11.8	7.2	2.2	22
Interest	4.7	4.8	4.8	4.4	4.6	3.9	3.8	3.6	18.7	15.9	3.8	-6
Depreciation	5.0	5.0	5.1	5.2	5.1	5.1	5.0	5.3	20.4	20.4	5.1	4
Other Income	0.7	1.6	1.2	1.3	2.5	2.0	2.0	0.2	4.8	6.6	2.0	-89
<b>PBT (before EO item)</b>	<b>2.6</b>	<b>2.9</b>	<b>3.5</b>	<b>5.1</b>	<b>1.7</b>	<b>5.8</b>	<b>8.4</b>	<b>10.2</b>	<b>14.1</b>	<b>26.1</b>	<b>10.3</b>	-2
EO item	-0.22	-0.31	0.61	1	-0.39	-0.66	-0.68	0.23	1	-2	0.0	0
<b>PBT (after EO item)</b>	<b>2.4</b>	<b>2.6</b>	<b>4.1</b>	<b>6.1</b>	<b>1.3</b>	<b>5.1</b>	<b>7.8</b>	<b>10.4</b>	<b>15.2</b>	<b>24.6</b>	<b>10.3</b>	1
Total Tax	0.9	0.8	1.5	2.3	0.4	1.9	2.8	3.9	5.6	9.0	3.4	13
Tax (%)	40	32	36.3	38.2	34.4	36.8	36.1	37.2	36.9	36.6	33.0	
<b>Reported PAT</b>	<b>1.4</b>	<b>1.8</b>	<b>2.6</b>	<b>3.8</b>	<b>0.8</b>	<b>3.3</b>	<b>5.0</b>	<b>6.5</b>	<b>9.6</b>	<b>15.6</b>	<b>6.9</b>	-6
<b>Adjusted PAT</b>	<b>1.7</b>	<b>1.9</b>	<b>2.3</b>	<b>3.4</b>	<b>1.1</b>	<b>3.8</b>	<b>5.4</b>	<b>6.4</b>	<b>9.3</b>	<b>16.7</b>	<b>6.9</b>	-8

Source: Company, MOFSL





# Shree Cement

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR27,609      TP: INR27,275 (-1%)      Neutral**

## EBITDA in-line, volume growth lags peers

### Faster volume growth needed to improve ROE and drive upside

- Shree Cement (SRCM)'s 4QFY21 result was in-line, with EBITDA up just 9% YoY – as higher realization was offset by disappointment on cost, leading to weaker EBITDA/t of INR1,433 (-8% YoY). Volume growth at 19% YoY, weighed by lower clinker sales, was also weaker than peers.
- We broadly maintain our FY22/FY23E estimates and expect volumes/EBITDA to post a 12%/15% CAGR over FY21–23E. We maintain **Neutral** as the valuation (16.8x FY23E EV/EBITDA) prices in earnings growth.

### Cost disappointment offset by higher realization

- 4QFY21 rev / EBITDA / adj. PAT was up 22%/9%/31% YoY to INR39.3b/11.8b/7.7b, +5%/+3%/+1% v/s our est.
- Cement volumes grew 22% YoY to 8.08mt, while lower clinker sales (-48% YoY) led to overall volume growth of 19% YoY to 8.22mt (in-line). SRCM lags behind peers in terms of volume growth, with UltraTech/Ambuja/Dalmia delivering 30%/ 24%/ 24% (~30% adj. for trial run vols).
- Blended realization was up 3% YoY (and 4% QoQ) to INR4,785/t, while EBITDA/t declined 8% YoY (and 6% QoQ) to INR1,433/t on the back of higher-than-expected cost of INR3,352/t (+8%YoY/ +8%QoQ).
- Depreciation fell 31% YoY to INR3.0b (on lower capitalization in the past 18M), driving 31% YoY growth in PAT to INR7.7b (in line with our est).
- FY21 rev/EBITDA/PAT was up 6%/8%/47% YoY to INR125.9b/INR39.5b/INR23.1b. OCF/Capex/FCF stood at INR40.9b/INR10.0b/INR31.0b (v/s INR37.5b/INR12.9b/INR24.6b in FY20).
- Shree also announced dividend of INR60/share (lower than INR110/sh in FY20, including a special dividend of INR40/sh).

### Valuation and view

- The management had raised equity (QIP) at end-CY19 to double capacity to 80mtpa by FY27. However, the execution has been slower than anticipated, with only one expansion (of 4mtpa in East) having been announced to date. Coupled with low dividends (only 11% payout), we expect this to result in an increase in cash piles to INR134b in FY23 (from INR85b in FY21) – which would keep RoE subdued, in our view.
- While the outlook for the Cement market in North India remains strong, SRCM's increasing exposure to East (with new capacities) would likely keep margins in check – due to the muted pricing outlook in this region. East is likely to witness ~25% capacity expansion by various players over the next two years, likely to result in a fight for market share.
- We value SRCM at 16x FY23E EV/EBITDA and add the value of its UAE operations (USD70/t) to arrive at TP of INR27,275. We expect EBITDA to grow at a 15% CAGR over FY21–23E, in line with other large-cap peers, on a 12% CAGR for cement sales volumes. We assign a **Neutral** rating to the stock as it trades at 16.8x FY23E EV/EBITDA, limiting any upside.

Bloomberg	SRCM IN
Equity Shares (m)	36
M.Cap.(INRb)/(USDb)	996.2 / 13.7
52-Week Range (INR)	32050 / 18214
1, 6, 12 Rel. Per (%)	-12/0/-20
12M Avg Val (INR M)	1629

### Financial Snapshot (INR b)

Y/E Mar	2021	2022E	2023E
Sales	125.9	145.8	169.2
EBITDA	39.5	43.9	52.2
Adj. PAT	23.1	26.1	30.8
EBITDA Margin (%)	31.4	30.1	30.8
Cons. Adj. EPS (INR)	640.8	724.1	854.5
EPS Gr. (%)	47.2	13.0	18.0
BV/Sh. (INR)	4,226.7	4,870.8	5,635.3

### Ratios

Net D:E	-0.4	-0.5	-0.5
RoE (%)	16.4	15.9	16.3
RoCE (%)	14.9	14.8	15.2
Payout (%)	10.9	11.0	10.5

### Valuations

P/E (x)	43.1	38.1	32.3
P/BV (x)	6.5	5.7	4.9
EV/EBITDA(x)	23.3	20.5	16.8
EV/ton (USD)	296.9	270.1	242.5
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	3.1	2.3	3.0

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	62.6	62.6	62.6
DII	10.8	11.1	11.2
FII	12.5	12.2	11.9
Others	14.1	14.2	14.3

FII Includes depository receipts

Quarterly Performance (S/A)

(INR m)

Y/E March	FY20				FY21				FY20	FY21	FY21 4QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>30,364</b>	<b>28,017</b>	<b>28,483</b>	<b>32,175</b>	<b>23,258</b>	<b>30,224</b>	<b>33,094</b>	<b>39,308</b>	<b>119,040</b>	<b>125,884</b>	<b>37,512</b>	5
YoY Change (%)	-3.0	8.3	2.4	-2.0	-23.4	7.9	16.2	22.2	1.2	5.7	16.6	
Total Expenditure	21,342	19,576	19,990	21,387	16,252	20,344	22,205	27,537	82,295	86,337	26,035	6
<b>EBITDA</b>	<b>9,022</b>	<b>8,442</b>	<b>8,493</b>	<b>10,789</b>	<b>7,006</b>	<b>9,880</b>	<b>10,890</b>	<b>11,772</b>	<b>36,745</b>	<b>39,547</b>	<b>11,477</b>	3
Margins (%)	29.7	30.1	29.8	33.5	30.1	32.7	32.9	29.9	30.9	31.4	30.6	
Depreciation	4,027	4,283	4,322	4,362	2,714	2,786	2,906	2,993	16,994	11,399	2,908	3
Interest	680	717	741	726	706	627	585	553	2,865	2,471	553	0
Other Income	511	578	649	978	1,244	1,024	1,068	1,244	2,716	4,580	1,164	7
<b>PBT before EO Exp</b>	<b>4,826</b>	<b>4,018</b>	<b>4,079</b>	<b>6,678</b>	<b>4,831</b>	<b>7,490</b>	<b>8,466</b>	<b>9,469</b>	<b>19,602</b>	<b>30,257</b>	<b>9,180</b>	3
Extra-Ord Expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>4,826</b>	<b>4,018</b>	<b>4,079</b>	<b>6,678</b>	<b>4,831</b>	<b>7,490</b>	<b>8,466</b>	<b>9,469</b>	<b>19,602</b>	<b>30,257</b>	<b>9,180</b>	3
Tax	1,196	928	980	797	1,123	2,018	2,204	1,793	5,248	7,536	1,548	
Rate (%)	24.8	23.1	24.0	11.9	23.3	26.9	26.0	18.9	19.9	23.6	16.9	
<b>Reported PAT</b>	<b>3,630</b>	<b>3,091</b>	<b>3,100</b>	<b>5,882</b>	<b>3,708</b>	<b>5,473</b>	<b>6,262</b>	<b>7,677</b>	<b>15,702</b>	<b>23,119</b>	<b>7,632</b>	1
<b>Adj PAT</b>	<b>3,630</b>	<b>3,091</b>	<b>3,100</b>	<b>5,882</b>	<b>3,708</b>	<b>5,473</b>	<b>6,262</b>	<b>7,677</b>	<b>15,702</b>	<b>23,119</b>	<b>7,632</b>	1
YoY Change (%)	6.9	35.9	2.9	83.3	2.1	77.1	102.0	30.5	39.1	47.2	29.8	

E:MOFSL Estimates

Key operating summary

(INR/t)

Y/E March	FY20				FY21				FY20	FY21	FY21 4QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Sales volume (m ton)</b>	<b>6.06</b>	<b>5.72</b>	<b>6.25</b>	<b>6.91</b>	<b>4.93</b>	<b>6.53</b>	<b>7.16</b>	<b>8.22</b>	<b>24.92</b>	<b>26.84</b>	<b>8.19</b>	0
YoY Change (%)	-13.3	1.4	5.3	-5.4	-18.6	14.2	14.7	19.0	-3.6	7.7	18.6	
<b>Blended Realization</b>	<b>5,013</b>	<b>4,898</b>	<b>4,561</b>	<b>4,659</b>	<b>4,717</b>	<b>4,628</b>	<b>4,620</b>	<b>4,785</b>	<b>4,569</b>	<b>4,642</b>	<b>4,580</b>	4
YoY Change (%)	22.1	14.8	5.7	10.3	-5.9	-5.5	1.3	2.7	7.8	1.6	-1.7	
<b>Expenditure</b>												
RM Cost	306	264	401	263	327	303	263	399	308	326	341	17
Staff Cost	316	323	297	245	351	265	236	297	275	283	219	36
Power & Fuel	1,070	1,046	768	900	777	728	777	753	811	725	834	-10
Freight	1,103	1,013	1,031	1,034	1,136	1,087	1,137	1,160	1,046	1,132	1,152	1
Other Expenses	728	776	705	654	705	732	687	743	682	718	634	17
<b>Total Op cost</b>	<b>3,524</b>	<b>3,422</b>	<b>3,201</b>	<b>3,097</b>	<b>3,296</b>	<b>3,115</b>	<b>3,099</b>	<b>3,352</b>	<b>3,121</b>	<b>3,184</b>	<b>3,179</b>	5
<b>EBITDA</b>	<b>1,489</b>	<b>1,476</b>	<b>1,360</b>	<b>1,562</b>	<b>1,421</b>	<b>1,513</b>	<b>1,520</b>	<b>1,433</b>	<b>1,448</b>	<b>1,458</b>	<b>1,401</b>	2
YoY Change (%)	72.3	47.8	27.6	41.7	-4.6	2.5	11.8	-8.3	43.8	0.7	-10.3	



# Havells India

Estimate change

TP change

Rating change

**CMP: INR1,028**

**TP: INR1,030**

**Neutral**

## Core portfolio delivers strongly; Lloyd fares below expectations

### Revenue outlook strong, but margin normalization to limit EPS growth

Bloomberg	HAVL IN
Equity Shares (m)	625
M.Cap.(INRb)/(USDb)	643.4 / 8.8
52-Week Range (INR)	1238 / 454
1, 6, 12 Rel. Per (%)	-3/9/57
12M Avg Val (INR M)	2069

■ Havells (HAVL)'s 4QFY21 revenue grew a strong 50% YoY (two-year CAGR: 10%), with the recovery seen in 3QFY21 sustaining in 4QFY21 as well. The company continued to accrue market share gains in its core portfolio at the cost of the unorganized sector. The core portfolio reported a two-year CAGR of 11% and Lloyd posted a two-year CAGR of 5%.

■ Lloyd performed below our expectations, with sequential growth of just 15% QoQ v/s strong growth by peers such as Voltas and Blue Star going into the summer season. This was despite Lloyd's full-year performance being fairly strong in terms of market share gains. This suggests a very high level of pre-buying in the Lloyd brand in 3QFY21. Overall, the Lloyd business has improved from the lows of FY20, but is still in a transformational phase. Lloyd's success holds the key to HAVL's premium valuation and remains a key monitorable.

■ We reduce our FY22/FY23E by 5%/6%, factoring in the second COVID wave impact and commodity price inflation. While Havells ended FY21 on a high note – by utilizing all cost control levers – trend margins should normalize to 13% at the aggregate level over the next 2–3 years. Thus, our FY21–24E EPS CAGR stands at 12% (v/s revenue/EBITDA CAGR of 14%/9%). We maintain our **Neutral rating**, with lower TP of INR1,030 (earlier: INR1,100).

### Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	104.3	120.0	137.8
EBITDA	15.7	17.1	18.6
PAT	10.3	11.6	12.9
EBITDA (%)	15.0	14.3	13.5
EPS (INR)	16.5	18.5	20.6
EPS Gr. (%)	40.4	12.5	11.2
BV/Sh. (INR)	82.5	95.5	109.8

### Ratios

Net D/E	(0.2)	(0.3)	(0.4)
RoE (%)	19.9	19.4	18.7
RoCE (%)	18.1	17.7	17.1
Payout (%)	18.2	30.0	30.0

### Valuations

P/E (x)	62.5	55.6	50.0
P/BV (x)	12.5	10.8	9.4
EV/EBITDA (x)	40.4	36.4	33.3
Div Yield (%)	0.2	0.5	0.6
FCF Yield (%)	0.8	1.7	1.2

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	59.5	59.5	59.5
DII	8.1	8.6	8.5
FII	24.9	24.4	23.1
Others	7.5	7.6	8.9

FII Includes depository receipts

### Strong operating performance, in line with expectations

■ **4QFY21 snapshot:** Revenue was up 50% YoY to INR33.3b, in line with our estimate. On a two-year CAGR basis, the revenue CAGR stood at 10%. EBITDA more than doubled to INR5.1b, in line with our estimate. The EBITDA margin came in at 15.2% v/s our estimate of 14.3%. PBT grew 130% YoY to INR4.5b, in line with our estimate. Adj. PAT grew 89% to INR3.4b and was in line with our estimate.

■ **FY21 snapshot:** Revenue was up 10.6% YoY to INR 104b. EBITDA grew 52% to INR15.7b, with the EBITDA margin at 15% (+410bps YoY). Ad spends stood at 1.3% of sales v/s 3.4% of sales in FY20. Adj. PAT was up 41% YoY to INR10.3b.

■ **4QFY21 segmental highlights: (a) Havells (ex-Lloyd):** Revenue grew 56% to INR27.4b (two-year CAGR of 11.1%). **Cables and Wires:** Revenue grew 51% YoY to INR10.3b. The PBIT margin expanded 500bps to 14.8%. **Switchgear:** Revenue was up 53% to INR4.6b. The PBIT margin expanded 450bps to 26.6%. **Lighting:** Revenue grew 40% YoY to INR3.3b. The PBIT margin expanded 670bps to 20.7%. **ECD:** Revenue rose 71% YoY to INR9.2b. The PBIT margin expanded 330bps to 13.4%. **(b) Lloyd's** revenue grew 29% YoY to INR5.9b. The PBIT margin expanded 350bps to 5.4%, but came in weak sequentially.

### Key highlights from management commentary

■ **An overall price increase was seen in FY21 across various categories - Copper Wires: 40–45%, Fans: 10%, Switches: ~10%, Appliances: 8–12%, and Industrial Switchgears: 12–15%. Most of the price increases taken have covered for commodity inflation; however, in certain categories, minor price increases may be taken once the lockdown is lifted (post May'21).**

- Unlike the last time, the management believes demand recovery post lockdown would be led by Tier 1 towns, while Tier 2/3 towns would be slower to recover.
- Inventory was ramped up in seasonal products such as Fans and ACs owing to an improved demand outlook and the onset of a strong summer season. However, as April and May'21 have almost been a washout, this inventory may take some time to liquidate.
- Lloyd posted market share gains in FY21 despite April and May'20 being washout months.
- Every disruption has resulted in some of the market share gains shifting to organized players. However, once the supply chain is restored, unorganized players tend to take back some of the lost market share.

### Valuation and view

While the pace of recovery was swift in 2HFY21, the second wave has impacted offtake since the second week of April'21, which has further decelerated in May'21. Havells rightly utilized all of the cost levers (ad spends, employee costs, travel costs, etc.) in FY21, thereby leading to EBITDA margin expansion to 15% (+410bps YoY) and EPS growth of 40%+. While near-term ad spends may remain low due to the second COVID wave, other levers (such as employee costs) may be difficult to utilize going forward. We expect margins to settle at 13% by FY24, closer to the trend margin, as ad spends return. Thus, our FY21–24E EPS CAGR stands at 12% (v/s revenue/EBITDA CAGR of 14%/9%). We maintain our **Neutral rating**, with lower TP of INR1,030 (earlier: INR1,100) – on 50x FY23E EPS.

### Quarterly performance

Y/E March	FY20				FY21				FY20	FY21	MOSL	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		4QE		
<b>Sales</b>	<b>27,127</b>	<b>22,305</b>	<b>22,699</b>	<b>22,161</b>	<b>14,791</b>	<b>24,518</b>	<b>31,659</b>	<b>33,312</b>	<b>94,292</b>	<b>1,04,279</b>	<b>34,533</b>	<b>-3.5%</b>
Change (%)	4.5	1.8	-10.2	-19.5	-45.5	9.9	39.5	50.3	-6.3	10.6	55.8	
<b>Adj EBITDA</b>	<b>2,781</b>	<b>2,350</b>	<b>2,690</b>	<b>2,453</b>	<b>1,309</b>	<b>4,207</b>	<b>5,081</b>	<b>5,057</b>	<b>10,274</b>	<b>15,653</b>	<b>4,943</b>	<b>2.3%</b>
Change (%)	-10.9	-10.5	-8.6	-22.1	-52.9	79.0	88.9	106.1	-13.2	52.4	101.5	
Adj EBITDA margin (%)	10.3	10.5	11.8	11.1	8.8	17.2	16.0	15.2	10.9	15.0	14.3	
Depreciation	470	532	553	625	604	591	644	650	2,179	2,489	623	
Interest	47	51	53	46	167	173	152	235	197	726	109	
Other Income	395	290	239	195	322	364	392	372	1,120	1,450	306	
Extra-ordinary items	-	-	-	-	-	428	-	(330)	-	98	-	
<b>PBT</b>	<b>2,659</b>	<b>2,058</b>	<b>2,324</b>	<b>1,977</b>	<b>860</b>	<b>3,808</b>	<b>4,677</b>	<b>4,544</b>	<b>9,017</b>	<b>13,888</b>	<b>4,517</b>	<b>0.6%</b>
Tax	898	255	329	205	226	987	1,186	1,191	1,687	3,590	1,150	
Effective Tax Rate (%)	33.8	12.4	14.2	10.4	26.3	25.9	25.4	26.2	18.7	25.8	25.5	
<b>Reported PAT</b>	<b>1,761</b>	<b>1,803</b>	<b>1,995</b>	<b>1,772</b>	<b>633</b>	<b>3,249</b>	<b>3,491</b>	<b>3,023</b>	<b>7,330</b>	<b>10,396</b>	<b>3,367</b>	<b>-10.2%</b>
Change (%)	-16.3	0.9	0.9	-11.7	-64.0	80.2	75.0	70.6	-6.9	41.8	90.0	
<b>Adj PAT</b>	<b>1,761</b>	<b>1,803</b>	<b>1,995</b>	<b>1,772</b>	<b>633</b>	<b>2,821</b>	<b>3,491</b>	<b>3,352</b>	<b>7,330</b>	<b>10,298</b>	<b>3,367</b>	<b>-0.4%</b>
Change (%)	-16.3	0.9	0.9	-11.7	-64.0	56.5	75.0	89.2	-6.9	40.5	90.0	

# United Spirits

BSE SENSEX 50,540 S&P CNX 15,175

**CMP: INR572**

**Buy**

## Conference Call Details



**Date:** 24<sup>th</sup> May 2021

**Time:** 11:00am IST

**Dial-in details:**

+91 22 7115 8151 /

+91 22 6280 1250

## Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	78.9	95.4	105.2
Sales Gr. (%)	-13.2	20.9	10.3
EBITDA	9.9	15.8	19.8
Margin (%)	12.5	16.6	18.8
PAT	4.6	9.4	12.4
EPS (INR)	6.4	12.9	17.1
EPS Gr. (%)	-41.6	103.6	32.5
BV/Sh.(INR)	56.8	70.0	87.1
<b>Ratios</b>			
RoE (%)	11.2	18.5	19.7
RoCE (%)	16.8	25.5	26.8
Payout (%)	0.0	0.0	0.0
<b>Valuations</b>			
P/E (x)	90.0	44.2	33.4
P/BV (x)	10.1	8.2	6.6
EV/EBITDA (x)	42.5	26.1	20.8

## Sales in line; margin surprises positively

- **United Spirits' (UNSP) reported standalone net sales grew 11.6% YoY to INR22.2b** (in line). Underlying net sales, excluding prior year one-off sale of bulk Scotch, increased 16.1% YoY.
- **Reported volumes grew 8.1% (est. 14%).**
- Reported gross margin expanded 180bp YoY to 43.9%, led by benign commodities, superior mix, and continued management focus on productivity.
- **Reported EBITDA grew 51.7% YoY to INR4.1b (est. INR3.7b).**
- **Reported EBITDA margin expanded 490bp YoY to 18.5%** (est. 16.5%). As a percentage of sales, reported advertising costs/other expenses fell 140bp/170bp YoY, while staff costs were flat YoY.
- On an absolute basis, ad spends were down 15.3% YoY.
- PBT grew 102.5% YoY to INR3.2b (est. INR2.8b).
- **Adjusted PAT grew 124.1% YoY to INR2.4b (est. INR2b).**
- Net sales/EBITDA/adjusted PAT fell 13.2%/34.5%/41.6% YoY in FY21.

## Segmental commentary

- **Prestige and above (P&A) volumes rose 19.4% YoY, whereas Popular volumes fell 1.5%.**
- Net sales of P&A were up 25.8% YoY, benefitting from strong demand for Scotch and weak comparatives in 4QFY21.
- Net sales of Popular fell 3.1% YoY, with a 4.3% decline in priority states in 4QFY21.

## Quarterly performance

Y/E March (Standalone)	FY20				FY21				FY20	FY21	Var. (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4QFY21E			
<b>Volume growth (%)</b>	6.0	1.0	-1.8	-13.3	-49.2	-3.9	-0.8	8.1	-1.2	-11.3	14.0	
<b>Total revenue</b>	22,184	22,962	25,825	19,938	10,302	21,459	24,887	22,244	90,909	78,892	22,345	-0.5%
YoY change (%)	10.4	3.2	3.4	-11.4	-53.6	-6.5	-3.6	11.6	1.2	-13.2	12.1	
<b>Gross Profit</b>	10,497	10,325	11,459	8,408	4,291	9,041	11,102	9,776	40,689	34,210	9,967	
Margin (%)	47.3	45.0	44.4	42.2	41.7	42.1	44.6	43.9	44.8	43.4	44.6	
<b>EBITDA</b>	3,971	4,156	4,240	2,714	-776	2,697	3,838	4,118	15,081	9,877	3,688	11.6%
Margin (%)	17.9	18.1	16.4	13.6	-7.5	12.6	15.4	18.5	16.6	12.5	16.5	
EBITDA growth (%)	66.4	-6.2	18.4	-4.3	-119.5	-35.1	-9.5	51.7	17.1	-34.5	35.9	
Depreciation	500	573	524	678	638	571	614	670	2,275	2,493	625	
Interest	520	452	455	480	499	507	377	275	1,907	1,658	352	
<b>PBT From operations</b>	2,951	3,131	3,261	1,556	-1,913	1,619	2,847	3,173	10,899	5,726	2,711	
Other income	101	137	176	41	95	128	194	61	455	478	111	
<b>PBT</b>	3,052	3,268	3,437	1,597	-1,818	1,747	3,041	3,234	11,354	6,204	2,822	14.6%
Tax	1,065	1,022	849	510	-415	463	742	797	3,445	1,587	859	
Rate (%)	34.9	31.3	24.7	31.9	22.8	26.5	24.4	24.6	30.3	25.6	30.4	
<b>Adj. PAT</b>	1,987	2,246	2,588	1,087	-1,403	1,284	2,299	2,437	7,909	4,617	1,963	24.1%
YoY change (%)	88.5	-13.2	21.7	-16.9	-170.6	-42.8	-11.2	124.1	16.9	-41.6	80.6	

E: MOFSL estimate





Estimate change	↓
TP change	↔
Rating change	↔

**CMP: INR276      TP: INR310 (+12%)      Neutral**

**Rising debt levels a concern; maintain Neutral**

Bloomberg	HPCL IN
Equity Shares (m)	1,524
M.Cap.(INRb)/(USDb)	391.7 / 5.4
52-Week Range (INR)	288 / 163
1, 6, 12 Rel. Per (%)	13/14/-11
12M Avg Val (INR M)	1747

**Financials & Valuations (INR b)**

Y/E March	2021	2022E	2023E
Sales	2,332	2,691	2,675
EBITDA	160.0	93.7	119.3
Adj. PAT	106.6	49.0	66.9
Adj. EPS (INR)	70.0	32.2	43.9
EPS Gr. (%)	192.8	(54.0)	36.6
BV/Sh.(INR)	249.8	263.0	281.6

**Ratios**

Net D:E	1.1	1.3	1.4
RoE (%)	30.9	12.5	16.1
RoCE (%)	14.9	5.6	6.6
Payout (%)	31.0	59.1	57.5

**Valuations**

P/E (x)	4.0	8.6	6.3
P/BV (x)	1.1	1.1	1.0
EV/EBITDA (x)	5.3	10.1	8.7
Div. Yield (%)	7.8	6.8	9.1
FCF Yield (%)	14.7	(24.4)	(12.7)

**Shareholding pattern (%)**

As On	Mar-21	Dec-20	Mar-20
Promoter	53.5	51.6	51.1
DII	18.9	20.8	21.7
FII	16.3	15.9	17.7
Others	11.3	11.7	9.5

FII Includes depository receipts

- HPCL reported a beat on EBITDA led by better-than-estimated marketing sales volumes (+9% est., at 10.1mmt), refining (at USD8.1/bbl) and marketing margin (at INR6/lit). Marketing volumes de-growth for HPCL was at 6.6% v/s ~9% for the industry in FY21, resulting in a gain in market share.
- Since Apr'21, there is contraction in demand for petroleum products due to localized lockdowns (with petrol/diesel consumption down 30% in May'21 v/s May'19). As per our calculations, gross marketing margin for petrol/diesel stands at -INR0.3/+INR3/liter currently. Refineries at Visakhapatnam and HMEI are currently operating at 100% utilization, while the Mumbai refinery is undergoing a planned maintenance shutdown owing to ongoing expansion. Factoring the above, we revise down our FY22E EPS by ~20%.
- HPCL expects demand to improve with a rapid pace in vaccinations and the lifting of lockdowns globally, which would improve GRMs. It foresees Brent prices remaining under USD70/bbl (our est. at USD60/bbl for FY22-23E) in the medium term, aiding marketing margin as well.
- The management said expansion of the Mumbai/Visakhapatnam refinery is likely to be completed in 1QFY22/end-of-FY22 respectively, driving refinery throughput growth (of ~5mmt as per our assumptions) in FY23.
- Debt rose 9% YoY to INR419b/INR427b on a standalone/consolidated basis. Capex incurred stood at INR140b in FY21. It guided a capex of INR145b in FY22. With the majority of the capex being back ended for Visakhapatnam and Barmer refinery, the debt burden would increase further.
- HPCL generated a positive FCF of INR62b in FY21 (after a negative FCF of INR110b over FY19-20) owing to best ever profit. However, our estimates suggest negative FCF of INR157b over FY22-23E. Maintain Neutral.

**Profit for the year steered by forex gains and inventory gains**

- EBITDA came in at INR46.7b (est. INR29.3b). Other expenditure includes INR8.4b toward impairment on re-measurement of PMUY loans. Staff cost declined in 4QFY21 as HPCL utilized provisions made in FY20. It reported forex gains of INR1.4b (est. INR2.5b). PAT stood at INR30.2b (est. INR18.3b).
- In FY21, EBITDA/adj. PAT stood at INR159b/INR107b (v/s INR62b/INR36b in FY20). It reported forex gains of INR10b in FY21 (v/s a loss of INR9b in FY20).

**Marketing volumes and margin drive growth in FY21**

- Marketing sales volumes came in 9% above our estimate at 10.1mmt (+6% YoY). Refining throughput was in-line at 4.4mmt (-3% YoY) in 4QFY21. In FY21, Refining throughput/marketing sales fell 4%/8% YoY to 16.4/36.6mmt.
- Marketing margin stood at INR6/liter (est. INR5.2, +64% YoY and +15% QoQ) in 4QFY21. It stood higher YoY at INR6.3/liter in FY21 (v/s INR4 in FY20).
- Reported GRM stood at USD8.1/bbl (v/s our est. of USD4.5) in 4QFY21. Reported GRM came in at USD3.9/bbl (v/s USD1 in FY20) against Singapore GRM of USD0.5/bbl in FY21.
- The company added 2,158 new fuel ROs in FY21 (highest ever yearly addition); totaling 18,634 ROs. HPCL plans to add 2,000 fuel ROs in FY22.

**Valuation and view**

- HPCL announced a final dividend of INR22.75/share, which translates to a dividend yield of 8% in FY21. It also completed its share buyback program on 20<sup>th</sup> Apr'21 (amounting to INR24b pre-tax).
  - Government receivables stands at INR3b (down from INR63b in FY20).
  - Completion of various ongoing projects will drive growth over the next 3-4 years. These projects are bottom upgradation unit at Visakhapatnam (3QFY23), HMEL's petchem project (CY21), Charra LNG terminal (CY22), Rajasthan (Barmer) refinery (CY23), and development of 20 CGD GAs in nine states.
  - The company is working on petchem integration projects totaling ~6.2mmt (~15% of total refining capacity) over the next 3-4 years:
    - Additional cracker at HMEL would have a capacity of ~2.7mmt.
    - The Rajasthan refinery would have 2.2mmt of petchem capacity.
    - OMPL and MRPL combined should have an additional 1.2-1.4mmt capacity.
- Given the company's potential as highlighted above, and risks such as project execution at Visakhapatnam and rising debt levels, we maintain our **Neutral** rating. HPCL trades at par with its one-year forward long-term P/BV average. We value it at 1.1x FY23E P/BV to arrive at our TP of INR310/share.

**Standalone quarterly earnings model**

(INR b)

Y/E March	FY20				FY21				FY20	FY21	4Q FY21E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>709.9</b>	<b>608.7</b>	<b>707.5</b>	<b>661.5</b>	<b>377.2</b>	<b>517.7</b>	<b>686.6</b>	<b>748.4</b>	<b>2,687.6</b>	<b>2,330.0</b>	<b>882.4</b>	<b>-15</b>
YoY Change (%)	5.0	-9.8	-1.9	-2.6	-46.9	-14.9	-3.0	13.1	-2.3	-13.3	33.4	
<b>EBITDA</b>	<b>16.4</b>	<b>24.5</b>	<b>20.4</b>	<b>0.7</b>	<b>43.5</b>	<b>36.0</b>	<b>33.0</b>	<b>46.7</b>	<b>61.9</b>	<b>159.3</b>	<b>29.3</b>	<b>60</b>
Margin (%)	2.3	4.0	2.9	0.1	11.5	7.0	4.8	6.2	2.3	6.8	3.3	
Depreciation	8.2	8.1	8.7	8.1	8.7	8.7	8.8	9.4	33.0	35.5	8.9	5
Forex loss	-1.9	1.2	1.7	7.7	0.0	-5.7	-3.0	-1.4	8.7	-10.1	-2.5	
Interest	2.1	2.9	2.5	3.4	3.2	2.6	1.3	2.1	10.8	9.1	2.1	-4
Other Income	4.2	3.9	4.1	4.2	5.6	2.4	5.7	4.0	16.4	17.8	3.8	7
<b>PBT before EO expense</b>	<b>12.4</b>	<b>16.2</b>	<b>11.5</b>	<b>-14.3</b>	<b>37.3</b>	<b>32.9</b>	<b>31.6</b>	<b>40.7</b>	<b>25.8</b>	<b>142.5</b>	<b>24.5</b>	<b>66</b>
Extra-Ord. expense	0.0	0.0	0.0	10.0	0.0	0.0	0.0	0.0	10.0	0.0	0.0	
<b>PBT</b>	<b>12.4</b>	<b>16.2</b>	<b>11.5</b>	<b>-24.3</b>	<b>37.3</b>	<b>32.9</b>	<b>31.6</b>	<b>40.7</b>	<b>15.7</b>	<b>142.5</b>	<b>24.5</b>	<b>66</b>
Tax	4.3	5.6	4.0	-24.6	9.1	8.1	8.0	10.5	-10.6	35.8	6.2	71
Rate (%)	34.6	34.9	35.1	101.1	24.5	24.7	25.4	25.8	-67.7	25.1	25.2	
<b>Adj. PAT</b>	<b>8.1</b>	<b>10.5</b>	<b>7.5</b>	<b>10.3</b>	<b>28.1</b>	<b>24.8</b>	<b>23.5</b>	<b>30.2</b>	<b>36.4</b>	<b>106.6</b>	<b>18.3</b>	<b>65</b>
YoY Change (%)	-52.8	-3.6	201.8	-65.3	247.0	135.4	215.1	193.1	-39.6	192.9	77.9	
<b>Key Assumptions</b>												
Refining throughput (mmt)	3.9	4.6	4.2	4.5	4.0	4.1	4.0	4.4	17.2	16.4	4.3	2
Marketing sales incl. exports (mmt)	10.1	9.4	10.6	9.6	7.6	8.4	10.4	10.1	39.6	36.6	9.3	9
Marketing GM incl. inv. (INR/liter)	3.8	4.5	4.1	3.6	8.2	6.0	5.2	6.0	4.0	6.3	5.2	15

E: MOFSL estimates

# Container Corp

**BSE SENSEX** 50,540  
**S&P CNX** 15,175

**CMP: INR586**

**Buy**

## Conference Call Details



**Date:** 24th May 2021  
**Time:** 11:00 AM IST  
**Dial-in details:**  
+91-22 6280 1384

### Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	63.8	76.5	93.4
EBITDA	10.3	15.8	19.6
Adj. PAT	5.9	9.8	12.3
EBITDA Margin (%)	16.2	20.7	20.9
Adj. EPS (INR)	9.6	16.0	20.2
EPS Gr. (%)	(42.0)	66.5	26.3
BV/Sh. (INR)	169	175	183
<b>Ratios</b>			
Net D:E	(0.4)	(0.4)	(0.4)
RoE (%)	5.8	9.3	11.3
RoCE (%)	5.8	9.5	11.5
Payout (%)	55.0	60.0	60.0
<b>Valuations</b>			
P/E (x)	60.9	36.6	29.0
P/BV (x)	3.5	3.3	3.2
EV/EBITDA(x)	30.9	19.8	15.7
Div. Yield (%)	0.8	1.6	2.1
FCF Yield (%)	0.6	2.3	2.9

## Miss to our estimates due to higher cost

- Revenue/EBITDA/PAT grew 24%/-60%/-68% YoY to INR19.4b/INR1.9b/INR1b and was 2%/57%/65% below our estimate. Blended realization improved 10% YoY to INR18,313/TEU, while EXIM/domestic realization stood at INR16,117/INR27,722 per TEU, up 11%/5% YoY.
- Total volumes rose 13% YoY to 1,058,931 TEUs (in line), with EXIM/domestic volumes at 858,544/200,387 TEUs (+11%/+21% YoY).
- EBITDA declined 49% QoQ to INR1.9b (est. INR4.4b) due to: 1) greater (80% QoQ) other expenses at INR5.7b (est. INR4.4b), and 2) higher employee cost at INR1.3b (60% higher v/s our estimate) on account of a one-time provision of INR0.7b towards post-retirement medical expenses of retired employees.
- Revenue/EBITDA/PAT stood at INR63.8b/INR10.3b/INR5.9b in FY21, down 1%/38%/42% YoY due to a volume decline of ~3% and an increase in land licensing fees (INR5.2b v/s INR1.4b in FY20). OCF/capex/FCF stood at INR10.2b/INR4.6b/INR5.7b v/s INR42.7b/INR9.9b/INR32.8b in FY20.
- It also announced a dividend of INR2/share.

### Quarterly performance

Y/E March	FY20				FY21				FY20	FY21	4QFY21E	Variance (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>16,389</b>	<b>17,387</b>	<b>15,276</b>	<b>15,686</b>	<b>11,891</b>	<b>15,027</b>	<b>17,538</b>	<b>19,393</b>	<b>64,738</b>	<b>63,850</b>	<b>19,850</b>	<b>(2)</b>
YoY Change (%)	9.4	1.0	-2.9	-10.4	-27.4	-13.6	14.8	23.6	-1.1	-1.4	26.5	
<b>EBITDA</b>	<b>4,033</b>	<b>4,255</b>	<b>3,717</b>	<b>4,744</b>	<b>1,590</b>	<b>3,129</b>	<b>3,719</b>	<b>1,890</b>	<b>16,749</b>	<b>10,329</b>	<b>4,380</b>	<b>(57)</b>
Margin (%)	24.6	24.5	24.3	30.2	13.4	20.8	21.2	9.7	25.9	16.2	22.1	
YoY Change (%)	25.9	5.3	11.3	23.9	-60.6	-26.5	0.0	-60.2	16.3	-38.3	-7.7	
Depreciation	1,253	1,278	1,263	1,336	1,260	1,272	1,364	1,324	5,130	5,219	1,345	
Interest	112	81	60	108	85	85	84	86	361	340	86	
Other Income	583	637	626	952	588	713	822	732	2,797	2,855	877	
<b>PBT before EO expense</b>	<b>3,250</b>	<b>3,532</b>	<b>3,021</b>	<b>4,253</b>	<b>833</b>	<b>2,486</b>	<b>3,092</b>	<b>1,212</b>	<b>14,056</b>	<b>7,625</b>	<b>3,826</b>	<b>(68)</b>
Extra-Ord. expense	0	8,611	0	206	0	0	0	834	8,816	834	0	
<b>PBT</b>	<b>3,250</b>	<b>-5,079</b>	<b>3,021</b>	<b>4,047</b>	<b>833</b>	<b>2,486</b>	<b>3,092</b>	<b>379</b>	<b>5,240</b>	<b>6,791</b>	<b>3,826</b>	<b>(90)</b>
Tax	971	-1,858	1,266	1,102	217	610	714	217	1,482	1,758	1,019	
Rate (%)	29.9	36.6	41.9	27.2	26.0	24.5	23.1	57.4	28.3	25.9	26.6	
<b>Reported PAT</b>	<b>2,278</b>	<b>-3,220</b>	<b>1,755</b>	<b>2,945</b>	<b>616</b>	<b>1,876</b>	<b>2,379</b>	<b>162</b>	<b>3,758</b>	<b>5,033</b>	<b>2,807</b>	<b>(94)</b>
<b>Adj. PAT</b>	<b>2,340</b>	<b>2,543</b>	<b>2,175</b>	<b>3,062</b>	<b>616</b>	<b>1,876</b>	<b>2,379</b>	<b>995</b>	<b>10,120</b>	<b>5,867</b>	<b>2,807</b>	<b>(65)</b>
YoY change (%)	-7.3	-24.3	-20.8	-13.1	-73.7	-26.2	9.4	-67.5	-16.7	-42.0	-8.3	
Margin (%)	14.3	14.6	14.2	19.5	5.2	12.5	13.6	5.1	15.6	9.2	14.1	

E: MOFSL estimates

## Crompton Greaves Consumer Electricals

BSE SENSEX  
50,540S&P CNX  
15,175

CMP:INR389

Buy

## Conference Call Details

Date: 24<sup>th</sup> May 2021

Time: 12:00pm IST

Dial-in details:

+91-22-6280 1222

## Financials &amp; Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	47.5	58.7	64.4
EBITDA	7.0	8.6	9.5
PAT	5.3	6.7	7.6
EBITDA (%)	14.8	14.7	14.7
EPS (INR)	8.4	10.6	12.1
EPS Gr. (%)	20.7	27.1	13.7
BV/Sh. (INR)	30.6	34.8	42.0
<b>Ratios</b>			
Net D/E	(0.2)	(0.4)	(0.5)
RoE (%)	27.5	30.5	28.7
RoCE (%)	28.7	31.2	28.7
Payout (%)	35.5	40.0	40.0
<b>Valuations</b>			
P/E (x)	46.2	36.6	32.2
P/BV (x)	12.7	11.2	9.2
EV/EBITDA (x)	34.2	27.2	24.3
Div Yield (%)	0.8	1.1	1.2
FCF Yield (%)	3.3	2.6	2.5

Strong operating performance as expected, Lighting segment margin surprises positively

## 4QFY21 earnings snapshot

- Revenue grew 49% YoY to INR15.2b and **was 5.6% ahead of our estimate. Two-year revenue CAGR stood strong at 12%.**
- EBITDA grew 62% to INR2.2b and **was in line with our estimate.**
- EBITDA margin expanded 120bp YoY to 14.8%.
- Adjusted PAT grew 70% to INR1.7b and **was in line with our estimate.**
- The company had a tax write-back of INR767m. Thus, reported PAT grew 147% YoY to INR2.5b and was 48% ahead of our expectation.

## FY21 earnings snapshot

- Revenue grew 5% YoY to INR47.5b.
- EBITDA came in at INR7.1b, up 18% YoY.
- EBITDA margin stood at 14.8%, up 160bp YoY.
- Adjusted PAT stood at INR5.2b, up 21% YoY.
- OCF almost doubled to INR8.2b (INR4.2b in FY20). Net cash stood ~INR3b (v/s INR2.4b in FY20).

## Segmental snapshot

- ECD** | 4QFY21: Revenue grew 61% YoY to INR11.9b. ECD margin came in at 18.1%. FY21: Revenue stood at INR37.6b (+11% YoY), with margin at 19.7% (-20bp YoY).
- Lighting** | 4QFY21: Revenue grew 16% YoY to INR3.2b. Lighting margin came in at 15.4%. FY21: Revenue stood at INR9.9b (-12% YoY), with margin at 11.7% (v/s 6.1% in FY20).

## Quarterly Performance

Y/E March	FY20				FY21				FY20	FY21	4Q FY21E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Sales</b>	<b>13,468</b>	<b>10,758</b>	<b>10,713</b>	<b>10,181</b>	<b>7,132</b>	<b>11,984</b>	<b>13,231</b>	<b>15,153</b>	<b>45,120</b>	<b>47,500</b>	<b>14,353</b>	<b>5.6%</b>
Change (%)	11.9	3.7	4.0	-15.6	-47.0	11.4	23.5	48.8	0.7	5.3	41.0	
<b>EBITDA</b>	<b>1,919</b>	<b>1,295</b>	<b>1,369</b>	<b>1,384</b>	<b>988</b>	<b>1,859</b>	<b>1,952</b>	<b>2,248</b>	<b>5,969</b>	<b>7,047</b>	<b>2,179</b>	<b>3.2%</b>
Change (%)	14.7	4.5	8.6	-17.9	-48.5	43.5	42.6	62.4	1.9	18.1	57.4	
As a percentage of sales	14.2	12.0	12.8	13.6	13.9	15.5	14.8	14.8	13.2	14.8	15.2	
Depreciation	58	64	64	82	80	77	69	72	268	297	74	
Interest	150	87	87	83	108	111	106	104	407	429	95	
Other Income	173	122	174	119	188	167	199	203	589	756	197	
<b>PBT</b>	<b>1,885</b>	<b>1,267</b>	<b>1,391</b>	<b>1,339</b>	<b>988</b>	<b>1,837</b>	<b>1,976</b>	<b>2,276</b>	<b>5,883</b>	<b>7,077</b>	<b>2,208</b>	<b>3.1%</b>
Tax	660	154	355	341	251	467	502	577	1,510	1,797	545	
Effective Tax Rate (%)	35.0	12.1	25.5	25.5	25.4	25.4	25.4	25.4	25.7	25.4	24.7	
<b>Adjusted PAT</b>	<b>1,224</b>	<b>1,113</b>	<b>1,036</b>	<b>998</b>	<b>737</b>	<b>1,371</b>	<b>1,475</b>	<b>1,698</b>	<b>4,373</b>	<b>5,281</b>	<b>1,663</b>	<b>2.1%</b>
Change (%)	17.4	44.7	30.1	(11.8)	(39.8)	23.2	42.3	70.2	16.9	20.8	66.6	
Extra-ordinary Income (net)	0	-	574	-	0	-	0	766.8	574	767	-	
<b>Reported PAT</b>	<b>1,224</b>	<b>1,113</b>	<b>1,610</b>	<b>998</b>	<b>737</b>	<b>1,371</b>	<b>1,475</b>	<b>2,465</b>	<b>4,947</b>	<b>6,048</b>	<b>1,663</b>	<b>48.3%</b>
Change (%)	17.4	44.7	102.1	(29.5)	(39.8)	23.2	(8.4)	147.0	22.9	22.2	66.6	



# Torrent Power

Estimate change	↔
TP change	↔
Rating change	↓

**CMP: INR451 TP: INR480 (+7%) Downgrade to Neutral**

## Distribution business normalizes

### Price captures demand recovery; downgrade to Neutral

- Torrent Power (TPW)'s result highlights the benefit of normalizing demand in its Distribution Franchise (DF) business, offset by lower renewable generation. Reported EBITDA was up 11% YoY.
- While a fresh set of lockdowns could affect the performance of DFs, power demand and collections in DFs have not been significantly impacted thus far. We expect the co.'s DF business to improve over FY22–23. However, with the recent run-up in the stock (+45% in the last six months), this improvement is well baked in. Accordingly, we downgrade to Neutral, with TP of INR480/sh.

### Distribution biz normalizes; lower interest costs kick in

- TPW's 4QFY21 reported EBITDA was up 11% YoY to INR9.1b. However, one-offs such as 1) an INR130m benefit from the reversal of provisions for doubtful debts and 2) INR380m in fuel cost recoveries in UnoSugen were observed. Adjusted for these, EBITDA would be at INR 8.6b (est. INR9.0b).
- The quarter also saw INR0.5b income related to RLNG trading, offset by lower renewable generation.
- Renewable generation declined 11% YoY at 372Mus, weighed by lower wind plant load factors (PLFs) – wind PLFs stood at 20.8% for the quarter v/s 22.7% in 4QFY20.
- Power purchase at Bhiwandi/Agra was up 7%/8% YoY and has now largely normalized. FY21 T&D loss at Bhiwandi came in lower at 16.2% (19.1% in 9MFY21). T&D loss at Agra was 13.5% v/s 13.2% in 9M.
- Interest costs were down 14% QoQ / 26% YoY to INR1.6b (est. INR1.9b) on the back of lower debt and borrowing costs (150 bps lower YoY). Adj. PAT was up 27% YoY to INR3.6b (est. INR3.2b). Reported PAT stood at INR4.0b v/s loss of INR2.8b in the previous year. The previous year saw an impairment of INR10b for DGEN. FY21 adjusted profits were down 18% YoY to INR11b.

### Management commentary highlights

- Demand from end consumers has recovered, with demand in Distribution License (DL) and DF up just 14% and 7% YoY, respectively, in 4Q. The co. noted some reduction in demand at Bhiwandi in April and May due to the lockdown in Maharashtra – however, this is insignificant.
- Collections in its DFs circles remain good at >100%. The co expects to recover most of the balance of INR1b provisions made in the coming quarters.
- Capex within the DL and DF circles would continue at INR12b p.a. and INR2.5b p.a., respectively. Capex for under-construction renewable projects stands at INR16b. 50–60% of renewables-related capex is expected in FY22.

Bloomberg	TPW IN
Equity Shares (m)	481
M.Cap.(INRb)/(USDb)	216.5 / 3
52-Week Range (INR)	465 / 293
1, 6, 12 Rel. Per (%)	13/32/-14
12M Avg Val (INR M)	539

### Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	118.3	140.5	144.8
EBITDA	32.3	37.6	40.9
Adj. PAT	11.0	15.0	16.8
EBITDA Margin (%)	27.3	26.8	28.3
Cons. Adj. EPS (INR)	22.9	31.1	35.0
EPS Gr. (%)	-18.2	35.8	12.4
BV/Sh. (INR)	211.9	234.0	260.0

### Ratios

Net D:E	0.7	0.7	0.5
RoE (%)	11.4	14.0	14.2
RoCE (%)	8.6	10.2	10.6
Payout (%)	48.0	28.9	25.7

### Valuations

P/E (x)	19.7	14.5	12.9
P/BV (x)	2.1	1.9	1.7
EV/EBITDA(x)	8.9	7.7	6.9
Div. Yield (%)	2.4	2.0	2.0
FCF Yield (%)	7.8	2.7	8.4

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	53.6	53.6	53.6
DII	20.2	19.5	19.6
FII	8.5	9.1	8.8
Others	17.8	17.9	18.1

FII Includes depository receipts



**Current price bakes in demand recovery; downgrade to Neutral**

- A fresh set of lockdowns could affect the performance of DFs. However, power demand and collections in DFs have not been significantly impacted thus far (as per company announcements). Besides, collections in these circles remain strong. We expect the co.'s DF business to improve over FY22–23. This, coupled with continued capex in the regulated Distribution business and lower interest costs, should result in a 24% PAT CAGR over FY21–23. However, with the recent run-up in the stock (+45% in the past six months), this is well-captured.
- With a healthy balance sheet, TPW is still well-placed to capitalize on opportunities arising from distribution privatization. However, we await clarity on successful wins. Accordingly, we downgrade to Neutral, with SOTP-based TP of INR480/sh.

**Quarterly Performance (consolidated) – INR b**

Y/E March	FY20				FY21				FY20	FY21	FY21 4QE	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>37,361</b>	<b>38,420</b>	<b>30,790</b>	<b>29,835</b>	<b>26,631</b>	<b>31,287</b>	<b>29,528</b>	<b>30,841</b>	<b>136,406</b>	<b>118,287</b>	<b>31,931</b>	<b>-3</b>
YoY Change (%)	5.9	11.5	-5.4	2.0	-28.7	-18.6	-4.1	3.4			7.0	
Total Expenditure	29,025	27,870	22,386	21,565	19,647	22,966	21,185	22,207	100,846	86,004	22,930	-3
<b>EBITDA</b>	<b>8,337</b>	<b>10,550</b>	<b>8,404</b>	<b>8,270</b>	<b>6,984</b>	<b>8,321</b>	<b>8,343</b>	<b>8,635</b>	<b>35,561</b>	<b>32,282</b>	<b>9,001</b>	<b>-4</b>
Margins (%)	22.3	27.5	27.3	27.7	26.2	26.6	28.3	28.0			28.2	
Depreciation	3,206	3,219	3,268	3,350	3,159	3,165	3,193	3,278	13,043	12,796	3,254	1
Interest	2,477	2,495	2,349	2,224	2,203	2,020	1,897	1,637	9,546	7,757	1,881	-13
Other Income	545	493	365	373	347	374	374	324	1,776	1,418	389	-17
<b>PBT before EO expense</b>	<b>3,199</b>	<b>5,329</b>	<b>3,152</b>	<b>3,069</b>	<b>1,968</b>	<b>3,510</b>	<b>3,627</b>	<b>4,043</b>	<b>14,748</b>	<b>13,148</b>	<b>4,255</b>	<b>-5</b>
Extra-Ord expense	0	0	0	10,000	-2,710	1,210	-360	-510	10,000	-2,370	0	
<b>PBT</b>	<b>3,199</b>	<b>5,329</b>	<b>3,152</b>	<b>-6,931</b>	<b>4,678</b>	<b>2,300</b>	<b>3,987</b>	<b>4,553</b>	<b>4,748</b>	<b>15,518</b>	<b>4,255</b>	<b>7</b>
Tax	433	-2,227	-1,055	-4,191	940	278	770	572	-7,040	2,559	1,057	
Rate (%)	13.5	-41.8	-33.5	60.5	20.1	12.1	19.3	12.6	-148.3	16.5	24.8	
MI and Associates	13	12	12	10	12	13	12	12	47	49	12	
<b>Reported PAT</b>	<b>2,753</b>	<b>7,544</b>	<b>4,194</b>	<b>-2,749</b>	<b>3,727</b>	<b>2,008</b>	<b>3,205</b>	<b>3,969</b>	<b>11,742</b>	<b>12,909</b>	<b>3,186</b>	<b>25</b>
<b>PAT</b>	<b>2,753</b>	<b>4,742</b>	<b>3,148</b>	<b>2,815</b>	<b>1,559</b>	<b>2,976</b>	<b>2,917</b>	<b>3,561</b>	<b>13,458</b>	<b>11,013</b>	<b>3,186</b>	<b>12</b>
YoY Change (%)	21.9	15.1	32.8	NA	-43.4	-37.2	-7.3	26.5	49.7	-18.2	13.2	

Source: MOFSL, Company



# Amara Raja

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR792      TP: INR870 (+10%)      Neutral**

**In line op. performance; slower price hikes to hurt margin**  
**Plant fully operational now, no material impact from 4-5 days closure**

Bloomberg	AMRJ IN
Equity Shares (m)	171
M.Cap.(INRb)/(USDb)	135.2 / 1.9
52-Week Range (INR)	1025 / 567
1, 6, 12 Rel. Per (%)	-7/-23/-31
12M Avg Val (INR M)	876

- AMRJ's 4QFY21 operating performance was in line with our estimates as strong revenue growth led operating leverage diluted the impact of higher RM cost. Weak demand visibility and lead price inflation will impact near term performance. Its strategy to meet the upcoming challenge from new chemistries would be an important driver for the stock.
- We have left our FY22E/FY23E EPS estimate largely unchanged. We maintain our **Neutral** rating with a TP of INR870/share (18x Mar'23E EPS).

**Financials & Valuations (INR b)**

Y/E March	2021	2022E	2023E
Sales	71.5	83.1	92.4
EBITDA	11.2	12.5	14.5
Adj. PAT	6.5	7.1	8.2
EPS (INR)	37.9	41.3	48.3
EPS Gr. (%)	-2.1	9.1	16.8
BV/Sh. (INR)	247	270	303

**Ratios**

RoE (%)	16.4	16.0	16.9
RoCE (%)	16.3	16.0	16.9
Payout (%)	29.0	30.3	31.1

**Valuations**

P/E (x)	20.9	19.2	16.4
P/BV (x)	3.2	2.9	2.6
Div. Yield (%)	1.4	1.6	1.9
FCF yield (%)	2.6	2.3	4.0

**Shareholding pattern (%)**

As On	Mar-21	Dec-20	Mar-20
Promoter	28.1	28.1	28.1
DII	12.6	14.5	11.6
FII	21.3	20.9	20.9
Others	38.0	36.5	39.4

FII Includes depository receipts

**Strong growth across segments**

- Revenue/EBITDA/PAT grew 33%/30%/39% YoY in 4QFY21 to INR21b/INR3.16b/INR1.89b. For FY21 Revenue/EBITDA grew 5%/2% YoY, while adjusted PAT fell 2%.
- Revenue growth was driven by 35-40%/20% growth in Auto/Industrial segment volumes in 4QFY21.
- Gross margin, at 32.6% (est. 33.7%), declined 130bp QoQ (+378bp YoY). Lead prices rose 4-5% QoQ in 4QFY21. This, coupled with higher trading mix, resulted in lower gross margin.
- EBITDA margin declined 60bp QoQ (-30bp YoY) to 15.1% (est. 15.6%) supported by lower staff cost. EBITDA grew 30% YoY to INR3.16b (est. INR3.04b).
- Higher other income boosted adjusted PAT to INR1.89b (est. INR1.76b), a growth to 39% YoY.
- Announced a dividend of INR11/share (including a final dividend of INR6/share; similar to FY20).

**Highlights from the management interaction**

- Growth in Auto segment volumes in 4QFY21 was driven by: a) 2Ws (50% YoY growth) as volumes from OEMs doubled and Aftermarket grew 20-25%; b) 4Ws (20% growth) led by Aftermarket (+17% YoY), OEMs, and exports (20-25% YoY growth); and c) Inverters (+100% YoY).
- Growth (20%) in the Industrial segment was driven by UPS (20-25% growth) and Telecom (10-15%).
- There was no price increase in the Replacement market in 4QFY21, however, it hiked prices by 1-1.5% in 1QFY22.
- It lost 4-5 days as its factory was shut due to a closure notice from the Andhra Pradesh Pollution Control Board (APPCB). Post stay on this order by the court, the plant is now fully operational, and AMRJ is working towards correcting the observations made by APPCB.
- AMRJ has completed expansion of capacities in 4Ws/2Ws (by 1.5m/3m units to 14m/20m units). Capex in FY22 is estimated at INR4-4.5b (v/s ~INR5b in FY21).
- It is working on PLI for advanced chemistry cell batteries and awaiting detailed guidelines from the government.

**Valuation and view**

The stock trades at valuations of 19.2x/16.4x FY22E/FY23E EPS. We maintain our Neutral rating with a TP of INR870/share (18x Mar'23E EPS, in line with its 10-year LPA) as expectations of good earnings growth balances out the increasing threat posed by lithium technology to its Auto and Industrial business.

**Quarterly performance**

(INR m)	FY20				FY21				FY20	FY21	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
<b>Net Sales</b>	<b>18,150</b>	<b>16,953</b>	<b>17,478</b>	<b>15,814</b>	<b>11,510</b>	<b>19,358</b>	<b>19,601</b>	<b>21,027</b>	<b>68,395</b>	<b>71,497</b>	<b>19,462</b>
YoY Change (%)	2.0	-3.3	3.1	0.9	-36.6	14.2	12.1	33.0	0.7	4.5	23.1
<b>EBITDA</b>	<b>2,792</b>	<b>2,923</b>	<b>2,840</b>	<b>2,432</b>	<b>1,524</b>	<b>3,404</b>	<b>3,064</b>	<b>3,165</b>	<b>10,986</b>	<b>11,157</b>	<b>3,040</b>
Margin (%)	15.4	17.2	16.2	15.4	13.2	17.6	15.6	15.1	16.1	15.6	15.6
Depreciation	733	750	765	760	748	782	791	871	3,007	3,192	810
Interest	29	34	29	30	27	25	26	28	122	105	42
Other Income	102	180	128	141	88	113	352	321	551	874	147
<b>PBT after EO</b>	<b>2,132</b>	<b>2,319</b>	<b>2,174</b>	<b>1,783</b>	<b>837</b>	<b>2,710</b>	<b>2,599</b>	<b>2,588</b>	<b>8,407</b>	<b>8,733</b>	<b>2,335</b>
Tax Rate (%)	33.9	5.6	24.4	23.4	25.1	25.6	25.7	26.8	21.4	25.9	24.6
<b>Adj. PAT</b>	<b>1,409</b>	<b>2,189</b>	<b>1,644</b>	<b>1,366</b>	<b>627</b>	<b>2,015</b>	<b>1,932</b>	<b>1,895</b>	<b>6,608</b>	<b>6,468</b>	<b>1,762</b>
YoY Change (%)	24.7	82.0	25.6	14.5	-55.5	-8.0	17.5	38.7	36.7	-2.1	28.9

**Key performance indicators**

RM Cost (% of sales)	67.6	64.1	64.5	63.7	66.5	65.3	66.1	67.4	65.0	66.4	66.3
Staff Cost (% of sales)	5.4	5.8	5.4	5.9	7.3	6.0	6.0	5.1	5.6	6.0	5.7
Other Exp. (% of sales)	11.6	12.8	13.9	15.0	13.0	11.1	12.2	12.4	13.3	12.1	12.3
Gross Margin (%)	32.4	35.9	35.5	36.3	33.5	34.7	33.9	32.6	35.0	33.6	33.7
EBITDA Margin (%)	15.4	17.2	16.2	15.4	13.2	17.6	15.6	15.1	16.1	15.6	15.6
<b>Lead price (INR/kg)</b>	<b>131.1</b>	<b>142.8</b>	<b>145.5</b>	<b>133.5</b>	<b>127.4</b>	<b>139.2</b>	<b>140.3</b>	<b>147.2</b>	<b>138.2</b>	<b>138.6</b>	<b>147</b>
Change (%)	-18.0	-2.4	2.7	-6.9	-2.8	-2.5	-3.6	10.3	-6.5	0.2	10

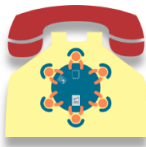
E: MOFSL estimates

BSE SENSEX 50,540  
S&P CNX 15,1755

CMP: INR1,620

Buy

### Conference Call Details



Date: 24<sup>th</sup> May 2021  
Time: 16:00 IST  
Dial-in details:  
+91-22 6280 1385

#### Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	3.9	5.0	6.5
EBIT Margin (%)	41.8	43.3	48.4
PAT	2.3	2.4	3.2
EPS (INR)	44.2	46.2	62.0
EPS Gr. (%)	-4.8	4.7	34.0
BV/Sh. (INR)	278.1	301.7	333.2
<b>Ratios</b>			
RoE (%)	16.2	16.0	19.5
RoCE (%)	15.6	15.4	18.8
<b>Valuations</b>			
P/E (x)	36.7	35.0	26.1
P/BV (x)	5.8	5.4	4.9
EV/EBITDA (x)	39.4	31.3	21.5
Div yld (%)	2.1	1.9	1.9

## Beat on operations; PAT miss led by lower other income

Revenue declined 8% YoY (est. 12% decline), EBIT grew 8% YoY (exp. 13% decline), and PAT fell 41% YoY (est. 37% decline) in 4QFY21. Revenue/EBIT/PAT increased 4%/19%/5% in FY21.

#### Beat on operations

- Revenue stood at INR970m (-8% YoY), 5% beat on our estimate of INR923m.
- EBIT margin, at 39.3%, was ahead of our estimate of 33.1%, led by higher revenue and lower employee expense.
- PAT in 4QFY21 stood at INR384m (-20% YoY), a 7% miss owing to lower other income.

#### Other highlights

- Volumes in 4QFY21 stood at INR20.3t, down 5.5% QoQ/20.2% YoY.
- Crude volumes declined 78% YoY. However, the same improved 56% QoQ on the back of a reversal in margin.
- Bullion volumes declined 2% YoY and 14% QoQ.
- MCX's market share in commodities rose to 96% in FY21 from 94% in FY20.
- The company declared a dividend of INR27.7/share, implying a payout of 76%

#### Key monitorables

- New initiatives on Institutional participation.
- Outlook on crude volumes and margin requirements.
- Update on the change in software vendor and timelines for the new software implementation.

**Valuation and view:** We would revisit our estimates post the earnings call. The outlook on growth momentum and cost structure would be keenly watched.

#### Quarterly performance

	FY20				FY21				FY20		FY21		4QFY21E Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q					
<b>Sales</b>	<b>795</b>	<b>1,002</b>	<b>893</b>	<b>1,053</b>	<b>730</b>	<b>1,197</b>	<b>1,009</b>	<b>970</b>	3,742	3,906	923	5.1	
QoQ Gr. (%)	0.4	26.1	-10.9	17.9	-30.7	63.9	-15.7	-3.9	24.7	4.4	-8.5	465bp	
Staff Costs	188	195	178	213	178	202	195	177	773	752	217	(18.6)	
Other expenses	330	334	323	433	287	338	327	351	1,420	1,303	352	(0.4)	
Depreciation	40	42	43	56	48	52	59	61	182	221	48	27.2	
<b>EBIT</b>	<b>237</b>	<b>430</b>	<b>349</b>	<b>351</b>	<b>217</b>	<b>605</b>	<b>428</b>	<b>381</b>	<b>1,367</b>	<b>1,631</b>	305	24.8	
Margin (%)	29.8	43.0	39.1	33.4	29.7	50.5	42.4	39.3	36.5	41.8	33.1	621bp	
Interest Costs	0	0	0	2	1	1	1	1	2	2	1		
Other Income	314	444	235	297	497	178	248	115	1,289	1,038	232	(50.4)	
<b>PBT bef. Exceptional items</b>	<b>551</b>	<b>874</b>	<b>584</b>	<b>646</b>	<b>714</b>	<b>783</b>	<b>675</b>	<b>495</b>	<b>2,654</b>	<b>2,667</b>	<b>536</b>	<b>(7.6)</b>	
Tax	114	154	130	-9	150	197	-42	110	389	415	123	(10.7)	
Rate (%)	20.7	17.6	22.3	-1.4	21.1	25.2	-6.2	22.3	14.6	15.6	23.0	-76bp	
<b>PAT</b>	<b>437</b>	<b>720</b>	<b>454</b>	<b>755</b>	<b>564</b>	<b>586</b>	<b>718</b>	<b>384</b>	<b>2,365</b>	<b>2,252</b>	<b>413</b>	<b>(6.9)</b>	
QoQ Gr. (%)	-25.7	64.9	-37.0	66.3	-25.2	3.8	22.6	-46.5	61.7	-4.8	-42.4		
<b>EPS (INR)</b>	<b>8.6</b>	<b>14.1</b>	<b>8.9</b>	<b>14.8</b>	<b>11.1</b>	<b>11.5</b>	<b>14.1</b>	<b>7.5</b>	<b>46.4</b>	<b>44.2</b>	<b>8.1</b>	<b>(6.9)</b>	



# MAS Financial Services

Estimate change	
TP change	
Rating change	

**CMP: INR876 TP: INR1,010 (+ 15%) Buy**

Bloomberg	MASFIN IN
Equity Shares (m)	55
M.Cap.(INRb)/(USDb)	47.9 / 0.7
52-Week Range (INR)	1108 / 532
1, 6, 12 Rel. Per (%)	8/-33/-3
12M Avg Val (INR M)	27

## Collection efficiency at 95%; cautious on growth

### Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Total income	3.3	3.7	4.3
PPP	2.7	2.9	3.3
PAT	1.4	1.6	1.9
EPS (INR)	26.3	29.5	34.7
EPS Gr. (%)	-13.8	12.5	17.4
BVPS (INR)	206	233	264

### Ratios (%)

NIM	6.1	6.0	6.3
C/I ratio	18.7	21.3	23.4
RoA on AUM	2.5	2.9	3.1
RoE	13.9	13.5	14.0
Payout	5.7	10.0	10.0

### Valuations

P/E (x)	33.4	29.7	25.3
P/BV (x)	4.2	3.8	3.3
Div. yield (%)	0.2	0.3	0.4

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	73.6	73.6	73.6
DII	10.6	11.0	10.7
FII	1.6	1.5	1.5
Others	14.2	13.9	14.2

FII Includes depository receipts

- MAS Financial Services (MASFIN) reported 6% YoY higher PAT to INR365m (est. INR374m) in 4QFY21. The 14% miss on operating profit to INR575m was due to higher-than-estimated financing costs, coupled with higher operating expenses (est. 18%). Lower-than-estimated provisioning of INR75m (55% below our estimate) led to in-line PAT. It posted 20%/16%/20% decline in total income / PPOP / PAT in FY21.
- Overall earnings and balance sheet growth are muted due to the cautious approach adopted by the management. We cut our estimates for FY22/FY23E by ~9% and expect RoA/RoE at ~3.3%/14%. We maintain Buy at INR1, 010 (3.8x FY23BVPS).

## AUM picks up sequentially; on-book spreads contract

- Disbursements improved QoQ. As a result, consolidated AUM increased 6% QoQ (down 10% YoY) to INR57b. In the loan mix, the share of Micro Enterprises declined 500bp to 55%, offset by similar gains in SME loans to 35%. The share of Balance Sheet loans fell sharply to 25% from 33% QoQ. However, the company has DA sanctions worth INR10b.
- Yield on loans (calculated) fell ~112bp QoQ to 12.3%. While this was offset by an 88bp decline in CoF, overall spreads contracted 24bp to 4.9%.**
- As of Mar'21, liquidity stood at INR10b (excl. CC line sanctions of INR3.3b). Furthermore, the company has INR10b worth of term loans, NCDs, and direct assignment sanctions in hand.

## Collection efficiency near pre-COVID levels; GNPL ratio at 1.9%

- Collection efficiency (CE) was maintained sequentially at 95% in 4QFY21. The GS3 ratio now stands at 1.9% v/s 1.7% in 3QFY21 (proforma). CE stood at 92% in April, with the management expecting a further drop in May.
- MASFIN's total COVID provisions now stand at INR562m (1.4% of loans).
- Over 0dpd loans increased 5bp QoQ to 6.28% in 4QFY21.

## Other highlights

- The average ticket size of SME loans fell to INR3.47m from INR5.6m QoQ.
- HFC subsidiary** – AUM has been flat (~INR2.8b) for the past nine quarters; the GS3 ratio (proforma) stood at 36bp (stable QoQ).
- The tier I ratio stands at 24.81%. 4QFY21RoTA is stable QoQ at 3%.

## Key highlights from management commentary

- Once the pandemic situation normalizes, it would return to the 20–25%/30–35% AUM growth guidance for standalone/HFC. Disbursements for April/May stand at 25% of the normal run-rate.

## Valuation and view

MASFIN operates in a tough operating environment, with large exposure to micro loans / the MSME sector. Thus, asset quality and business growth are key monitorables. Historically, the company has managed liquidity well, with higher sell-downs. We like MASFIN's focus on profitability over growth. In this environment, growth is likely to remain muted. We cut our estimates by ~9% for FY22/FY23E. We maintain Buy, with TP of INR1,010 (3.8x FY23E BV).



Quarterly Performance												(INR m)
Y/E March	FY20				FY21				FY20	FY21	4QFY21E	Act. v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Revenue from Operations</b>	<b>1,592</b>	<b>1,675</b>	<b>1,734</b>	<b>1,699</b>	<b>1,604</b>	<b>1,523</b>	<b>1,421</b>	<b>1,391</b>	<b>6,727</b>	<b>5,939</b>	<b>1,426</b>	<b>-2</b>
Interest Income	1,357	1,394	1,435	1,380	1,412	1,199	1,080	1,139	5,551	4,831	1,104	
Gain on assignments	200	242	253	273	157	245	229	174	1,012	806	243	
Other operating Income	35	38	45	46	34	79	111	78	165	302	79	
Interest expenses	640	718	672	688	694	701	639	611	2,722	2,645	583	5
<b>Total income</b>	<b>953</b>	<b>957</b>	<b>1,061</b>	<b>1,011</b>	<b>910</b>	<b>821</b>	<b>782</b>	<b>781</b>	<b>4,005</b>	<b>3,294</b>	<b>842</b>	<b>-7</b>
Growth Y-o-Y (%)	21.1	11.5	3.2	2.4	-4.4	-14.2	-26.4	-22.8	9.5	-17.8	-18.9	
Operating Expenses	196	231	239	234	122	125	163	206	899	616	175	18
<b>Operating Profits</b>	<b>756</b>	<b>725</b>	<b>823</b>	<b>777</b>	<b>788</b>	<b>696</b>	<b>619</b>	<b>575</b>	<b>3,106</b>	<b>2,678</b>	<b>667</b>	<b>-14</b>
Growth Y-o-Y (%)	25.5	10.4	-0.3	-2.9	4.2	-4.0	-24.8	-26.0	7.7	-13.8	-17.3	
Provisions	130	226	174	313	299	240	135	75	825	749	169	-55
<b>Profit before tax</b>	<b>627</b>	<b>500</b>	<b>649</b>	<b>464</b>	<b>489</b>	<b>456</b>	<b>484</b>	<b>500</b>	<b>2,282</b>	<b>1,929</b>	<b>499</b>	<b>0</b>
Growth Y-o-Y (%)	33.8	-6.8	-6.5	-27.6	-21.9	-8.7	-25.4	7.8	-2.5	-15.5	4.0	
Tax Provisions	219	98	165	119	123	114	122	134	616	494	124	8
<b>Net Profit</b>	<b>407</b>	<b>402</b>	<b>483</b>	<b>345</b>	<b>366</b>	<b>342</b>	<b>362</b>	<b>365</b>	<b>1,666</b>	<b>1,435</b>	<b>374</b>	<b>-2</b>
Growth Y-o-Y (%)	33.7	16.2	6.4	-17.1	-10.2	-14.9	-25.2	5.9	9.5	-13.8	4.9	
<b>Key Operating Parameters (%)</b>												
Yield on loans (Cal)	16.0	15.4	16.1	16.3	17.6	15.5	13.4	12.3	16.9			
Cost of funds (Cal)	9.3	9.7	8.9	8.9	9.1	9.0	8.2	7.3	8.7			
Spreads (Cal)	6.8	5.8	7.1	7.4	8.5	6.5	5.2	4.9	8.2			
NIM on AUM (Cal)	7.0	6.7	7.2	6.8	6.3	6.0	6.0	6.0	7.1			
Credit Cost (%)	1.0	1.6	1.2	2.1	2.1	1.8	1.0	0.6	1.5			
Cost to Income Ratio	20.6	24.2	22.5	23.1	13.5	15.2	20.8	26.4	22.4			
Tax Rate	35.0	19.6	25.5	25.6	25.2	25.0	25.2	26.9	27.0			
<b>Balance Sheet Parameters</b>												
<b>Standalone AUM (INR B)</b>	<b>55.8</b>	<b>58.9</b>	<b>59.6</b>	<b>59.7</b>	<b>56.6</b>	<b>53.0</b>	<b>50.5</b>	<b>53.7</b>	<b>59.7</b>			
Change YoY (%)	29.2	26.4	20.3	11.8	1.4	-10.1	-15.2	-10.0	11.8			
<b>Disbursements (INR B)</b>	<b>12.0</b>	<b>13.6</b>	<b>13.2</b>	<b>12.9</b>	<b>1.1</b>	<b>8.2</b>	<b>10.3</b>	<b>12.9</b>	<b>51.7</b>			
Change YoY (%)	20.6	16.9	6.5	-6.0	-91.0	-39.7	-22.0	-75.0	8.4			
<b>Borrowings (INR B)</b>	<b>29.6</b>	<b>29.8</b>	<b>30.5</b>	<b>31.2</b>	<b>30.0</b>	<b>32.3</b>	<b>29.9</b>	<b>36.6</b>				
Change YoY (%)	56.0	34.7	22.4	21.6	1.4	8.3	-2.0	17.2				
Debt/Equity (x)	3.1	3.2	3.2	3.2	2.7	3.0	2.6	3.1				
<b>Asset liability Mix</b>												
<b>AUM Mix (%)</b>												
Micro Enterprises	64.5	61.3	61.6	61.0	60.5	59.4	60.0	55.3				
SME loans	24.7	28.5	28.2	29.7	29.6	31.0	30.5	34.9				
2W loans	8.2	7.9	7.6	6.7	7.1	6.8	6.4	6.1				
CV loans	2.7	2.4	2.7	2.6	2.8	2.8	3.1	3.8				
<b>Borrowings Mix (%)</b>												
Direct Assignment	47.0	48.0	50.0	50.0	50.0	44.0	39.0	29.0				
Cash Credit	34.0	31.0	26.0	24.0	24.0	26.0	31.0	32.0				
Term Loan	18.0	20.0	23.0	24.0	25.0	24.0	23.0	31.0				
Sub Debt	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0				
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR m)	668	623	652	629	597	632	490	644	629			
GS 3 (%)	1.39	1.27	1.29	1.42	1.41	1.56	1.32	1.94	1.05			
NS 3 (INR m)	528	503	513	464	441	417	327	418	464			
NS 3 (%)	1.14	1.06	1.06	1.14	1.14	1.16	1.00	1.52	0.78			
PCR (%)	20.8	19.3	21.4	26.2	26.1	34.0	33.3	35.0	26.2			
<b>Return Ratios (%)</b>												
ROA	4.1	3.8	4.5	3.2	3.2	2.9	3.1	3.0				
Tier I ratio	26.5	25.5	28.8	28.9	32.2	32.7	30.4	24.8				

E: MOFSL estimates



# KNR Construction

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR228**      **TP: INR265 (+16%)**      **Buy**

## Another strong quarter; order book remains robust

### Further strengthens its net cash position

Bloomberg	KNRC IN
Equity Shares (m)	281
M.Cap.(INRb)/(USD\$)	64 / 0.9
52-Week Range (INR)	242 / 94
1, 6, 12 Rel. Per (%)	7/40/74
12M Avg Val (INR M)	119

- KNR Construction (KNRC) continued its steady performance with revenue growth of 39% YoY, surpassing our expectations by 19%. The company ended FY21 with revenue growth of 22% (despite the lockdowns). The order book (OB) was strong at INR71.2b, and including L1 orders worth INR43b, the OB-to-revenue ratio stood at 4.2x.
- The pending receivables from the Telangana government now stand at INR5b (including unbilled revenue), with some amount of delay attributable to the ongoing pandemic. Gross debt was negligible at INR7m at the end of 4QFY21 (v/s INR160m/INR2.5b in 3QFY21/FY20). The company has turned debt-free, with a net cash position of INR1.2b in FY21 (v/s net debt of INR2b in FY20).
- We largely maintain our EPS estimates and TP of INR265 on **a)** 15x Mar'23E EPS for the EPC business and **b)** P/Inv of 1x for assets. We maintain **Buy**.

### Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	27.0	33.5	42.1
EBITDA	5.4	6.2	7.6
PAT	2.5	3.7	4.7
EBITDA (%)	19.8	18.5	18.0
EPS (INR)	9.0	13.3	16.6
EPS Gr. (%)	24.1	47.8	24.7
BV/Sh. (INR)	66.4	79.2	95.3

### Ratios

Net D/E	-0.1	-0.2	-0.2
RoE (%)	14.5	18.3	19.0
RoCE (%)	15.1	18.8	19.4
Payout (%)	0.0	3.8	3.0

### Valuations

P/E (x)	25.3	17.1	13.7
P/BV (x)	3.4	2.9	2.4
EV/EBITDA (x)	11.7	9.7	7.6
Div Yield (%)	0.0	0.2	0.2
FCF Yield (%)	3.2	4.3	3.5

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	55.0	55.0	55.2
DII	32.4	34.3	32.6
FII	2.1	1.5	1.9
Others	10.6	9.2	10.4

FII Includes depository receipts

### Execution momentum continues; higher tax expense dents profit

- **4QFY21 snapshot:** Revenue came in at INR9.4b, up 39% YoY and 19% above our estimate. Strong operating leverage led to EBITDA of INR1.8b, up 24% YoY and 27% above our estimate. The EBITDA margin fell to 19.5% (-220bp) YoY due to an adverse revenue mix (lower share of irrigation projects). PBT stood at INR1.5b (up 73% YoY), aided by lower depreciation and interest expense. The tax rate was higher at 48.2% (v/s 21.8% YoY) as the company provided INR193m additional provisions on tax related to previous years. Thus, PAT growth was limited to 15% to INR770m.
- **FY21 snapshot:** Revenue was up 22% YoY to INR27b. EBITDA increased 14% YoY to INR5.4b. The EBITDA margin declined 130bp YoY to 19.8%. PBT came in at INR3.9b (+48% YoY), aided by lower depreciation and higher other income. Adjusted PAT was up 24% YoY to INR2.5b.

### Key takeaways from management commentary

- Average operational efficiency stood at 95% in 4QFY21. However, the company is currently at 60–65% efficiency due to lockdowns amid the second COVID wave. States such as Tamil Nadu are more affected, with efficiency at 40–45%.
- Execution was primarily driven by HAM projects in 4QFY21, with irrigation revenues forming ~20% of the total revenue.
- The management targets INR30–40b worth of order inflows in FY22. The company aims to bid for state highway projects (in Tamil Nadu and Telangana) as the competitive intensity for NHAI-led EPC and HAM projects has gone up significantly.

**Valuation and view**

- KNR's OB stands at ~INR114b (incl. L1 position of INR43b), implying an OB/Rev ratio of 4.2x. On the back of such a strong order book, we expect KNR to post a revenue CAGR of 25% over FY21–23E. Additionally, the company would migrate to a 25% tax rate from next year. Thus, we expect an EPS CAGR of 36% over FY21–23E. We maintain a **Buy** rating, with unchanged TP of INR265 on **a)** 15x Mar'23E EPS for the EPC business and **b)** the book value of road assets.

**Quarterly performance**

(INR m)

Y/E March	FY20				FY21				FY20	FY21	MOSL 4QE	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>4,646</b>	<b>5,232</b>	<b>5,579</b>	<b>6,756</b>	<b>4,794</b>	<b>6,012</b>	<b>6,863</b>	<b>9,358</b>	<b>22,212</b>	<b>27,026</b>	<b>7,832</b>	<b>19</b>
YoY Change (%)	-13.9	25.7	24.3	-5.6	3.2	14.9	23.0	38.5	4.8	21.7	15.9	
Total Expenditure	3,746	4,154	4,335	5,287	3,850	4,772	5,510	7,536	17,522	21,668	6,396	
<b>EBITDA</b>	<b>900</b>	<b>1,078</b>	<b>1,244</b>	<b>1,469</b>	<b>943</b>	<b>1,240</b>	<b>1,353</b>	<b>1,822</b>	<b>4,691</b>	<b>5,358</b>	<b>1,436</b>	<b>27</b>
Margins (%)	19.4	20.6	22.3	21.7	19.7	20.6	19.7	19.5	21.1	19.8	18.3	
Depreciation	389	475	517	538	331	352	373	388	1,918	1,444	389	
Interest	90	98	142	145	102	158	184	43	474	487	49	
Other Income	168	36	70	73	61	76	266	94	346	496	82	
Extra-Ord expense	0	280	-67	0	0	-90	0	0	213	-90	0	
<b>PBT</b>	<b>589</b>	<b>541</b>	<b>655</b>	<b>859</b>	<b>571</b>	<b>807</b>	<b>1,061</b>	<b>1,485</b>	<b>2,644</b>	<b>3,924</b>	<b>1,080</b>	<b>37</b>
Tax	112	120	186	187	173	218	285	715	605	1,392	273	
Rate (%)	19.0	22.1	28.4	21.8	30.3	27.1	26.9	48.2	22.9	35.5	25.3	
<b>Reported PAT</b>	<b>477</b>	<b>701</b>	<b>402</b>	<b>672</b>	<b>398</b>	<b>498</b>	<b>776</b>	<b>770</b>	<b>2,252</b>	<b>2,442</b>	<b>807</b>	<b>-5</b>
<b>Adj PAT</b>	<b>477</b>	<b>421</b>	<b>469</b>	<b>672</b>	<b>398</b>	<b>588</b>	<b>776</b>	<b>770</b>	<b>2,039</b>	<b>2,532</b>	<b>807</b>	<b>-5</b>
YoY Change (%)	-16.6	-6.5	-10.0	-29.0	-16.6	39.7	65.3	14.5	-18.3	24.1	20.1	
Margins (%)	10.3	8.0	8.4	9.9	8.3	9.8	11.3	8.2	9.2	9.4	10.3	



# J K Lakshmi Cement

Estimate change	↑
TP change	↑
Rating change	↔

**CMP: INR493** **TP: INR650 (+32%)** **Buy**

## Realization surprises positively

### Deleveraging to drive 15% EPS CAGR over FY21-23E

- EBITDA grew 33% YoY to INR2.7b in 4QFY21 (34% above our estimate), led by 3% QoQ increase in realization and 2% QoQ decline in cost per tonne.
- We have raised our FY22E/FY23E EPS estimate by 23%/22% to factor in accelerated deleveraging, which should drive 15% EPS CAGR over FY21-23E. We reiterate our **Buy** rating on attractive valuations (6.5x FY22E EV/EBITDA) as well as growth optionality from the announced 2.5mtpa expansion in North India through its subsidiary Udaipur Cement Works (UCWL).

Bloomberg	JKLC IN
Equity Shares (m)	118
M.Cap.(INRb)/(USDb)	58.1 / 0.8
52-Week Range (INR)	514 / 201
1, 6, 12 Rel. Per (%)	17/29/76
12M Avg Val (INR M)	145

### Financial Snapshot (INR bn)

Y/E Mar	2021	2022E	2023E
Sales	43.8	48.2	52.6
EBITDA	7.9	7.8	9.0
Adj. PAT	3.9	4.0	5.2
EBITDA Margin (%)	18.0	16.3	17.1
Cons. Adj. EPS (INR)	33.5	34.0	44.6
EPS Gr. (%)	48.7	1.3	31.2
BV/Sh. (INR)	177	206	245

### Ratios

Net D:E	0.2	0.0	-0.2
RoE (%)	20.8	17.8	19.8
RoCE (%)	15.4	14.9	18.1
Payout (%)	12.1	13.2	12.3

### Valuations

P/E (x)	14.7	14.5	11.1
P/BV (x)	2.8	2.4	2.0
EV/EBITDA(x)	6.8	6.5	4.9
EV/ton (USD)	56	53	47
Div. Yield (%)	0.8	0.9	1.1
FCF Yield (%)	12.4	9.2	12.2

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	46.2	46.2	46.2
DII	27.2	24.7	19.8
FII	10.6	10.7	10.6
Others	16.0	18.4	23.4

FII Includes depository receipts

### Lower costs, higher realization drives 34% beat on EBITDA (up 33% YoY)

- Revenue/EBITDA/adjusted PAT rose 25%/33%/66% YoY in 4QFY21 to INR13.2b/INR2.7b/INR1.7b (3%/34%/122% above our estimate), led by higher realization and lower power and fuel cost.
- Volumes grew 18% YoY to 2.9mt (in line) and EBITDA/t was 36% above our estimate at INR922 (+30% QoQ, +13% YoY).
- While realization was 4% above our estimate at INR4,552/t (+3% QoQ, +6% YoY), per tonne cost was 2% below our expectation at INR3,630/t (+4% YoY, -2% QoQ) on account of lower-than-expected power and fuel cost at INR782/t (-4% YoY). However, a sharp increase (14%/8% YoY) was seen in raw material/freight costs due to higher diesel prices.
- The company booked an exceptional loss of INR309m on account of the impairment of the conveyor belt project at the Durg plant.
- Revenue/EBITDA/adjusted PAT rose 8%/17%/49% YoY in FY21 to INR43.8b/INR7.9b/INR3.9b. Volumes grew 8% YoY to 9.89mt in FY21, despite COVID-19, and EBITDA/t improved 9% to INR799. OCF/capex/FCF stood at INR8.6b/INR0.5b/INR8.1b in FY21 (v/s INR5.4b/1.2b/4.2b in FY20).
- It also announced a higher dividend of INR3.75/share.

### Highlights from the management commentary

- Cement demand has declined by 30% MoM in Apr'21 and by a further 5% MoM in May'21. The management expects demand to recover by Jun'21.
- The company has exhausted its low-cost fuel inventory. 1QFY22 will witness the full impact of higher fuel prices. The incentive of INR40-50/t to UCWL for volumes sold in Rajasthan has expired in Mar'21.
- FY22 capex guidance stands at INR1.4b for JKLC (including INR1b for the Sirohi WHRS project), while another INR2b will be spent on the announced capacity expansion at UCWL.
- Debottlenecking of clinker capacity to 1.5mt (from 1.2mt) and cement to 2.2mt (from 1.6mt) at UCWL is expected to be completed in Jun'21.
- Standalone gross/net debt stands at INR11.3b/INR4b, while consolidated gross/net debt stands at INR16.5b/INR8.2b.

**Valuation and view**

- The company has been focusing on deleveraging. With improved profitability and lack of capex in the standalone business, we expect FCF generation to continue, which should reduce standalone net debt to almost nil in FY22E (from INR10.2b/INR4b in FY20/FY21).
- The announced 2.5mtpa expansion in North India through its subsidiary UCWL provides growth visibility beyond FY24E.
- JKLC trades at 5x FY23E EV/EBITDA and at USD47/t on an EV/capacity basis, which is at a discount of ~30% to its 10-year average. We value the stock at 7x FY23E EV/EBITDA to arrive at our TP of INR650. Maintain **Buy**.

**Quarterly performance**

Y/E March	FY20				FY21				FY20	FY21	(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	Var. (%)
Sales Dispatches (mt)	2.33	2.06	2.33	2.47	1.91	2.39	2.70	2.90	9.18	9.89	2.93	-1
YoY Change (%)	1.9	(3.1)	1.0	(16.2)	(18.2)	15.8	15.8	17.8	-4.9	7.7	18.9	
Realization (INR/t)	4,472	4,541	4,319	4,305	4,331	4,381	4,426	4,552	4,404	4,434	4,398	4
YoY Change (%)	10.7	13.4	6.5	8.0	(3.1)	(3.5)	2.5	5.7	9.6	0.7	2.2	
QoQ Change (%)	12.2	1.6	(4.9)	(0.3)	0.6	1.1	1.0	2.9			-0.6	
<b>Net Sales</b>	<b>10,419</b>	<b>9,355</b>	<b>10,050</b>	<b>10,612</b>	<b>8,252</b>	<b>10,448</b>	<b>11,928</b>	<b>13,220</b>	<b>40,435</b>	<b>43,847</b>	<b>12,894</b>	3
YoY Change (%)	12.8	9.9	7.5	-9.5	-20.8	11.7	18.7	24.6	4.2	8.4	21.5	
<b>EBITDA</b>	<b>1,698</b>	<b>1,487</b>	<b>1,519</b>	<b>2,020</b>	<b>1,433</b>	<b>1,867</b>	<b>1,918</b>	<b>2,679</b>	<b>6,724</b>	<b>7,898</b>	<b>1,994</b>	34
Margin (%)	16.3	15.9	15.1	19.0	17.4	17.9	16.1	20.3	16.6	18.0	15.5	
Depreciation	453	437	485	510	484	493	487	478	1,884	1,942	502	
Interest	399	390	428	425	378	381	367	299	1,644	1,425	337	
Other Income	59	68	147	225	82	183	207	273	501	745	197	
<b>PBT before EO expense</b>	<b>905</b>	<b>728</b>	<b>754</b>	<b>1,311</b>	<b>653</b>	<b>1,176</b>	<b>1,272</b>	<b>2,175</b>	<b>3,697</b>	<b>5,275</b>	<b>1,352</b>	61
Extra-Ord. expense	302	0	0	0	0	0	0	309	302	309	0	
<b>PBT</b>	<b>603</b>	<b>728</b>	<b>754</b>	<b>1,311</b>	<b>653</b>	<b>1,176</b>	<b>1,272</b>	<b>1,865</b>	<b>3,394</b>	<b>4,966</b>	<b>1,352</b>	38
Tax	209	268	262	303	209	370	248	500	1,042	1,328	597	
Rate (%)	34.6	36.9	34.7	23.1	32.0	31.5	19.5	26.8	30.7	26.7	44.2	
<b>Reported PAT</b>	<b>394</b>	<b>459</b>	<b>492</b>	<b>1,008</b>	<b>444</b>	<b>806</b>	<b>1,023</b>	<b>1,365</b>	<b>2,352</b>	<b>3,638</b>	<b>754</b>	81
<b>Adj. PAT</b>	<b>696</b>	<b>459</b>	<b>492</b>	<b>1,008</b>	<b>444</b>	<b>806</b>	<b>1,023</b>	<b>1,674</b>	<b>2,654</b>	<b>3,947</b>	<b>754</b>	122
YoY Change (%)	406	488	233	133	-36	76	108	66	234	49	(25)	
Margin (%)	6.7	4.9	4.9	9.5	5.4	7.7	8.6	12.7	6.6	9.0	5.9	

**Per tonne analysis (INR/t)**

<b>Net realization</b>	<b>4,472</b>	<b>4,541</b>	<b>4,319</b>	<b>4,305</b>	<b>4,331</b>	<b>4,381</b>	<b>4,426</b>	<b>4,552</b>	<b>4,404</b>	<b>4,434</b>	<b>4,398</b>	4
RM cost	1,016	1,072	968	958	1,121	1,050	1,120	1,095	927	1,096	1,108	-1
Employee expenses	332	360	338	308	424	335	323	273	340	331	283	-4
Power, oil, and fuel	958	1,014	907	813	690	863	799	782	919	789	882	-11
Freight and handling outward	914	895	886	868	870	852	901	935	890	893	907	3
Other expenses	523	478	566	538	473	498	571	545	595	527	538	1
<b>Total expenses</b>	<b>3,743</b>	<b>3,820</b>	<b>3,666</b>	<b>3,485</b>	<b>3,579</b>	<b>3,598</b>	<b>3,714</b>	<b>3,630</b>	<b>3,671</b>	<b>3,635</b>	<b>3,718</b>	-2
<b>EBITDA</b>	<b>729</b>	<b>722</b>	<b>653</b>	<b>820</b>	<b>752</b>	<b>783</b>	<b>712</b>	<b>922</b>	<b>732</b>	<b>799</b>	<b>680</b>	36

E: MOFSL estimates



# Shoppers Stop

**BSE SENSEX** 50,540  
**S&P CNX** 15,175

**CMP: INR209**

**Neutral**

## Conference Call Details



**Date:** 24<sup>th</sup> May 2021  
**Time:** 12:00am IST  
**Dial-in details:**  
+91 22 6280 1145

## Financials & Valuations (INR b)

INRb	FY20	FY22E	FY23E
Sales	18.2	31.7	34.2
EBITDA	0.2	4.8	5.2
Adj. PAT	-2.9	-1.2	-1.3
EBITDA Margin (%)	0.9	15.2	15.1
Adj. EPS (INR)	-34.9	-13.9	-15.0
EPS Gr. (%)	NM	NM	8.1
BV/Sh. (INR)	11.4	-2.5	-17.5
<b>Ratios</b>			
Net D:E	38.4	-162.7	-22.2
RoE (%)	NM	NM	NM
RoCE (%)	NM	1.4	1.2
Payout (%)	0.0	0.0	0.0
<b>Valuations</b>			
P/E (x)	NM	NM	NM
EV/EBITDA (x)	NM	7.9	7.2
EV/Sales (x)	2.3	1.2	1.1
Div. Yield (%)	0.0	0.0	0.0

## Large miss on EBITDA due to lower footfall at malls

- Shoppers Stop (SHOP)'s standalone revenue fell 5% YoY to INR6.7b (18% miss) due to decline in footfall at malls.
- The gross margin expanded 100bp YoY to 41%, with an improving private label mix.
- EBITDA fell 25% YoY to INR956m (40% miss) on higher-than-expected SG&A; EBITDA margins contracted 350bp YoY to 14.2%. The miss is attributable to higher-than-estimated operational costs, with employee/SG&A cost at INR660m/INR1.1b (v/s est. INR605m/INR869m).
- Other income stood at INR207m (3x YoY), including INR96m adjusted for rent concessions.
- The company posted an exceptional expense of INR124m toward the impairment of equity investment and financial assistance to loss-making Crossword stores in 4QFY21 (total impairment of INR224m in FY21).
- Subsequently, reported net loss stood at INR371m and adj. net loss at INR247m (v/s est. profit of INR270m).
- FY21 revenue/EBITDA was down 49%/90% YoY to INR17b/INR534m.

## Other business highlights

- The company closed 4/3 Crossword / Beauty stores taking the total count of SHOP/Beauty/Crossword stores to 84/127/25. Overall, it had 273 stores v/s 280 in 3QFY21.
- SHOP's net cash stands at INR1b; inventory declined 31% YoY to INR12b.
- Cash from operations stood at INR99m in FY21 (v/s INR5.6b in FY20).

## Standalone - Quarterly Earnings Model

Y/E March	FY20				FY21				FY20	FY21	FY21E	Est. Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Total Revenue from Operations</b>	<b>8,324</b>	<b>8,453</b>	<b>9,941</b>	<b>7,092</b>	<b>539</b>	<b>2,924</b>	<b>7,076</b>	<b>6,712</b>	<b>33,810</b>	<b>17,251</b>	<b>6,150</b>	<b>9</b>
YoY Change (%)	NA	2.3	-0.5	-29.0	-93.5	-65.4	-28.8	-5.4	-2.9	-49.0	-13.3	
Total Expenditure	6,942	7,081	7,966	6,326	1,563	3,271	6,127	5,756	28,315	16,717	5,614	3
<b>EBITDA</b>	<b>1,382</b>	<b>1,372</b>	<b>1,975</b>	<b>766</b>	<b>-1,024</b>	<b>-347</b>	<b>949</b>	<b>956</b>	<b>5,495</b>	<b>534</b>	<b>537</b>	<b>78</b>
EBITDA Margin (%)	16.6	16.2	19.9	10.8	-189.9	-11.9	13.4	14.2	16.3	3.1	8.7	
Depreciation	884	878	934	1,696	997	941	1,003	906	4,392	3,847	1,021	-11
Interest	484	474	478	508	552	607	535	505	1,944	2,200	555	-9
Other Income	24	181	66	64	1,040	631	310	207	335	2,188	300	-31
<b>PBT before EO expense</b>	<b>38</b>	<b>201</b>	<b>629</b>	<b>-1,375</b>	<b>-1,533</b>	<b>-1,265</b>	<b>-279</b>	<b>-248</b>	<b>-506</b>	<b>-3,325</b>	<b>-739</b>	<b>NM</b>
<b>PBT</b>	<b>38</b>	<b>201</b>	<b>629</b>	<b>-1,575</b>	<b>-1,533</b>	<b>-1,365</b>	<b>-279</b>	<b>-372</b>	<b>-706</b>	<b>-3,549</b>	<b>-739</b>	<b>NM</b>
Tax	14	255	681	-247	-382	-342	-72	-1	703	-797	-185	
Rate (%)	35.8	126.7	108.3	15.7	24.9	25.1	25.9	0.4	-99.5	22.5	25.0	
<b>Reported PAT</b>	<b>24</b>	<b>-54</b>	<b>-52</b>	<b>-1,328</b>	<b>-1,151</b>	<b>-1,023</b>	<b>-207</b>	<b>-371</b>	<b>-1,409</b>	<b>-2,752</b>	<b>-555</b>	<b>NM</b>
<b>Adj PAT</b>	<b>81</b>	<b>-54</b>	<b>-52</b>	<b>-734</b>	<b>-1,112</b>	<b>-1,123</b>	<b>-207</b>	<b>-247</b>	<b>-759</b>	<b>-2,688</b>	<b>-555</b>	<b>NM</b>
YoY Change (%)	-17.4	-140.7	-111.1	-343.3	-1,476.6	NM	296.7	-66.4	-175.9	254.1	-24.5	

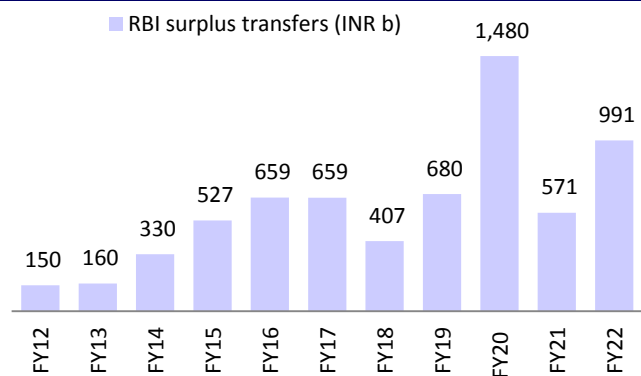
E: MOFSL Estimates

## RBI approves surplus transfer of INR991b to government in FY22...

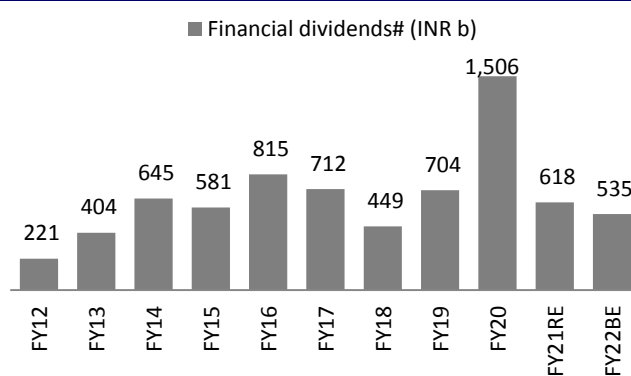
...leading to excess transfer of INR456b over budget expectations

- On 21<sup>st</sup> May'21, the Reserve Bank of India (RBI) announced a surplus transfer of INR991b to the government in FY22, much higher than the general market expectation and higher than the budget estimate of INR535b in FY22BE (*Exhibits 1, 2*). (Note that INR535b accounts for the total of RBI surplus transfers and dividends from other financial institutions / banks for FY22BE).
- Barring the transfer in FY20 (which included a [special](#) dividend of INR1.23t), this is by far the highest ever surplus transfer by the RBI to the central government. It is important to note that the RBI [changed](#) its financial year from July–June to April–March in Dec'20, implying the surplus transfer is for profits generated only in nine months, i.e., Jul'20–Mar'21.
- We believe this excess surplus transfer was possible either because a) the RBI may have sold a portion of its dated securities or forex reserves last year or b) it has shifted a part of its Contingency Risk Buffer (CRB) of 5.5% – which is likely to have increased due to a weak INR and the large accumulation of forex reserves last year. Nevertheless, this would be clarified only once the RBI Annual Report is published.
- Additionally, the government expects a total dividend (financial and non-financial) of INR1t in FY22BE, indicating the surplus transfer by the RBI has fulfilled this objective (*Exhibit 3*).
- The excess transfer is likely to support the government with its finances in FY22 – amid a far worse second COVID wave. A case in point is the government [increasing](#) the DAP subsidy (di-ammonium phosphate is a chemical fertilizer), which has led to additional fertilizer subsidy allocation of INR148b (*Exhibit 4*).

RBI-approved surplus transfer of INR991b in FY22...



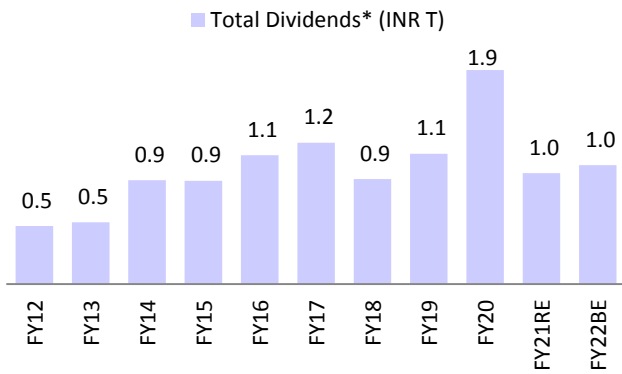
...v/s expected financial dividend of INR535b in FY22BE



# Dividend/Surplus of Reserve Bank of India, Nationalized Banks & Financial Institutions

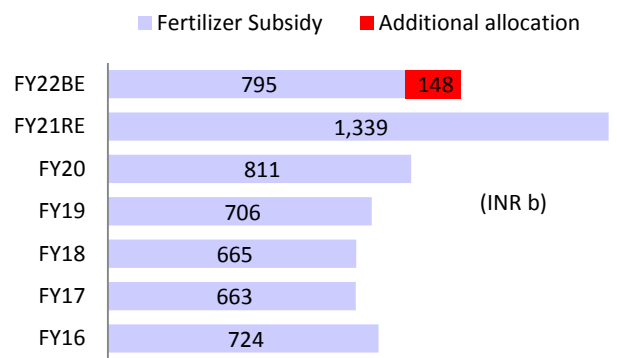
Source: Union Budget Documents, RBI, MOFSL

**Government expects INR1t in total dividends in FY22BE**



\*Dividends from PSUs (non-financial) + Dividend/Surplus of Reserve Bank of India, Nationalized Banks & Financial Institutions

**It increased its fertilizer subsidy allocation by INR148b in FY22**



Source: Union Budget Documents, MOFSL

**HPCL: Seeing a 20% decline in demand in May; MK Surana, CMD**

- There is a 20% decline in demand in May vs April
- There is still a 30% decline in demand from normalised levels
- Diesel and petrol cracks were really low last year
- Singapore GRMs are at \$2.3/bbl vs \$1.70/bbl in Q4
- Projections indicate Singapore GRMs should improve hereon
- We are not considering a buyback immediately
- Have cash in books to the tune of Rs. 2500 crore

[→ Read More](#)**Havells: Expect margin to start coming back to normal levels H2 onwards; Anil Rai Gupta, CMD**

- Lockdowns not that severe this time like last year
- Q1Y22 started off very well but took a hit from mid of April
- Expect things to start picking up June onwards
- Increase in raw material price is generally passed on to the customers
- Expect margin to start coming back to normal levels H2 onwards
- Consumer and residential part of business saw strong growth in Q3 and Q4
- Extended our rural presence in the last few years
- Growth in ECD was the highest across all segments
- Market share gains will continue after 2nd COVID wave as well
- Will be able to sustain margin. In fact, company will be able to improve going ahead

[→ Read More](#)**Zee Entertainment: Don't expect much impact on ad revenues if lockdowns restricted to Q1FY22; Rohit Gupta, CFO**

- Advertisers have started pulling back some of the deals due to the lockdown
- Q1FY22 will see some impact but it will be restricted
- Broadcast subscription revenue largely remained flat in Q4
- Don't expect much impact in Ad revenues if lockdowns restricted to only Q1
- Will see drop in margin for 2 years to around 25% from historical levels of 30%
- Have collected large amount of dues from Dish this year
- Will continue to have cash and carry for collections from SITI network

[→ Read More](#)**Bosch: Supply chain disruption big challenge; PV demand uncertain; Soumitra Bhattacharya, President**

- Biggest challenge is disruption of supply chain; expect disruption of supply chain to continue in June
- State-wise lockdown creating a huge challenge
- Retail sales at an all-time low; expect disruption of supply chain to continue to June
- Passenger car demand continues to be uncertain; very hard to give guidance for the full year
- Running all plants except in Nashik

- Content per vehicle will continue to improve; doing well in aftermarket and power tool division
- Challenge is to conquer COVID 2nd wave
- Expect India to continue with 80% of internal combustion engine vehicles till 2030; expect electric vehicles to only be 20% of total vehicles till 2030

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### **Cosmo Films: Eyes 15-18% revenue growth in FY23 as specialty polyester line comes on stream; Pankaj Poddar, CEO**

- There are some sectors like textiles where demand is still low
- April was one of the best months for us
- Packaging demand is strong due to home consumption
- Labelling films demand has gone up due to higher use of sanitiser
- We were able to pass on raw materials price hikes to consumers
- Raw material prices have coming down now
- Our orders are fully booked till mid-June
- Q1 so far has been strong for the company; focus is to increase the specialty chemicals portfolio
- Specialty sales should contribute 70% to overall portfolio

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### **Relaxo Footwear: Demand was suppressed in May, likely to improve in June; Ramesh Kumar Dua, MD**

- There is lot of uncertainty in the market
- Demand in May is very suppressed; Q1FY22 will continue be under pressure
- Things might improve in June
- e-commerce contribution to the revenue is only around 10%
- Shoe consumption has been low since schools and offices are shut
- Demand will come back once the things start opening up

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### **JK Lakshmi Cement: Aim to take EBITDA/t to a four-digit figure; Shailendra Chouksey, Wholetime Director**

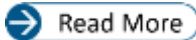
- Q1FY22 might not be as bad as Q1FY21
- Expect 6-7% growth YoY volume growth presuming COVID doesn't intensify like last year
- Will work on improving EBITDA/t from current levels
- Aim to take EBITDA/t to a four-digit figure
- Debt level is no more an issue for us now with reductions

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### **EPL: Looking at cost efficiency projects; cosmetics and pharma growth drivers; Sudhanshu Vats, MD & CEO**

- Seen an unprecedented rise in material prices by 25%
- Looking at extracting long-term cost benefits
- Pushing for a better mix with higher beauty and pharma
- Company is looking for cost efficiency projects
- There will be a QoQ improvement in margin hereon
- Will continue with market leading revenue growth
- COVID has brought in opportunities for pharma segment
- Cosmetics and pharma are the growth drivers for the company
- Demand is steady in India business
- Working with global and domestic pharma companies to convert aluminium tubes to laminated tubes

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
<b>Automobiles</b>																
Amara Raja	Neutral	792	870	10	37.9	41.3	48.3	-2.1	9.1	16.8	19.2	16.4	2.9	2.6	16.0	16.9
Ashok Ley.	Buy	125	160	28	-0.8	3.8	7.0	-172.3	LP	82.7	32.7	17.9	4.7	4.0	15.2	24.1
Bajaj Auto	Neutral	4124	4150	1	167.8	202.6	231.2	-6.8	20.7	14.1	20.4	17.8	4.7	4.5	23.1	25.8
Bharat Forge	Buy	644	721	12	4.2	16.0	25.8	-54.2	278.2	61.3	40.3	25.0	5.0	4.4	13.0	18.6
Bosch	Neutral	15280	15850	4	335.4	463.0	565.9	-20.6	38.1	22.2	33.0	27.0	4.2	3.7	13.2	14.6
CEAT	Buy	1286	1700	32	114.3	81.9	132.0	100.2	-28.3	61.2	15.7	9.7	1.4	1.3	9.6	13.9
Eicher Mot.	Buy	2522	3284	30	50.5	96.5	122.3	-24.6	91.3	26.6	26.1	20.6	5.2	4.3	21.7	22.7
Endurance Tech.	Buy	1397	1750	25	36.0	49.8	62.3	-5.4	38.2	25.1	28.1	22.4	4.8	4.2	18.4	20.1
Escorts	Neutral	1159	1300	12	86.3	84.1	93.4	59.8	-2.4	10.9	13.8	12.4	2.0	1.8	15.7	15.1
Exide Ind	Buy	187	220	18	8.9	10.2	13.1	-10.0	14.3	28.6	18.4	14.3	2.1	1.9	11.6	13.4
Hero Moto	Buy	2886	3500	21	149.4	179.0	209.3	-2.3	19.8	16.9	16.1	13.8	3.5	3.2	22.7	24.5
M&M	Buy	819	960	17	34.0	39.7	50.0	13.5	16.6	25.9	20.7	16.4	2.3	2.3	12.4	14.0
Mahindra CIE	Buy	188	234	25	2.8	15.4	16.3	-70.1	447.4	5.6	12.2	11.5	1.3	1.2	11.4	10.9
Maruti Suzuki	Buy	6812	8450	24	145.3	236.2	312.5	-22.7	62.5	32.3	28.8	21.8	3.6	3.2	12.3	14.7
Motherson Sumi	Buy	246	242	-1	2.5	7.5	9.8	-32.0	197.5	30.4	32.8	25.1	5.8	5.0	18.7	21.3
Tata Motors	Buy	313	400	28	0.6	23.0	33.1	-102.2	#####	44.0	13.6	9.5	1.9	1.6	14.8	18.0
TVS Motor	Neutral	625	636	2	12.9	22.2	30.4	-0.9	72.2	36.9	28.2	20.6	5.9	4.8	23.0	25.8
<b>Aggregate</b>								<b>37.4</b>	<b>84.2</b>	<b>30.4</b>	<b>22.1</b>	<b>17.0</b>	<b>3.3</b>	<b>2.9</b>	<b>15.0</b>	<b>17.3</b>
<b>Banks - Private</b>																
AU Small Finance	Buy	980	1175	20	38.0	31.9	43.3	67.9	-16	35.8	30.8	22.7	4.3	3.6	14.9	17.2
Axis Bank	Buy	731	925	27	22.4	51.5	67.3	271.0	130	30.7	14.2	10.9	1.9	1.7	14.5	16.4
Bandhan Bank	Neutral	300	335	12	13.7	22.2	34.3	-36.5	62	54.9	13.5	8.7	2.4	2.0	19.1	24.9
DCB Bank	Neutral	103	100	-3	10.8	11.7	15.9	-0.7	8.1	36.4	8.8	6.5	0.8	0.7	9.8	12.0
Equitas Hold.	Buy	88	105	19	11.2	15.8	20.8	57.6	40.7	31.5	5.6	4.2	0.8	0.8	15.3	18.8
Federal Bank	Buy	85	110	29	8.0	10.6	13.7	2.8	33.5	28.8	8.0	6.2	0.9	0.8	12.5	14.3
HDFC Bank	Buy	1497	1800	20	56.6	67.6	82.6	17.8	19.4	22.2	22.2	18.1	3.5	3.0	17.0	17.8
ICICI Bank	Buy	642	750	17	24.2	30.9	38.8	97.0	27.9	25.4	20.8	16.6	2.7	2.3	13.9	15.2
IndusInd	Buy	1016	1200	18	39.9	69.4	95.1	-41.4	73.7	37.1	14.6	10.7	1.6	1.4	11.8	14.4
Kotak Mah. Bk	Neutral	1758	1900	8	50.4	61.3	74.1	12.2	21.6	20.8	28.7	23.7	3.6	3.1	12.9	13.7
RBL Bank	Buy	208	250	20	8.5	16.2	22.4	-14.6	91.2	38.1	12.8	9.3	0.9	0.9	7.4	9.6
SBI Cards	Buy	1064	1200	13	10.5	18.6	26.9	-25.3	77.9	44.2	57.1	39.6	12.7	9.8	24.7	28.0
<b>Aggregate</b>								<b>31.2</b>	<b>38.2</b>	<b>26.8</b>	<b>20.9</b>	<b>16.5</b>	<b>3.0</b>	<b>2.6</b>	<b>14.3</b>	<b>15.7</b>
<b>Banks - PSU</b>																
BOB	Neutral	81	75	-7	6.1	9.5	16.2	412.7	57.3	69.7	8.5	5.0	0.5	0.5	5.8	9.3
SBI	Buy	401	530	32	25.1	41.4	52.0	13.3	65	25.6	9.7	7.7	1.2	1.1	13.9	15.0
<b>Aggregate</b>								<b>24.1</b>	<b>64</b>	<b>30</b>	<b>10</b>	<b>7.3</b>	<b>1.1</b>	<b>1.0</b>	<b>11.3</b>	<b>13.1</b>
<b>NBFCs</b>																
AAVAS Financiers	Neutral	2315	2400	4	36.9	48.0	58.4	15.9	30.1	21.6	48.2	39.7	6.5	5.6	14.5	15.2
Aditya Birla Cap	Buy	125	140	12	4.5	6.1	7.6	17.3	36.4	24.6	20.6	16.5	2.0	1.8	10.2	11.4
Bajaj Fin.	Buy	5631	5865	4	73.5	148.2	182.6	-16.3	101.7	23.2	38.0	30.8	7.6	6.2	22.1	22.2
Can Fin Homes	Buy	511	660	29	34.2	34.1	38.2	21.3	-0.3	11.8	15.0	13.4	2.2	1.9	16.1	15.5
Cholaman. Inv.&Fn	Buy	583	650	12	18.5	23.4	30.4	44.0	26.7	30.0	24.9	19.1	4.2	3.5	18.4	20.0
H D F C	Buy	2516	3275	30	54.5	63.1	72.7	10.8	15.8	15.3	39.9	34.6	3.8	3.6	12.7	13.3
HDFC Life Insur.	Neutral	671	730	9	6.7	7.7	9.1	4.7	15.2	17.2	86.6	73.9	4.3	3.7	17.5	17.7
ICICI Pru Life	Buy	545	600	10	6.7	8.7	9.4	-10.1	30.2	7.8	62.6	58.0	2.3	2.0	14.7	14.6
IIFL Wealth Mgt	Buy	1117	1500	34	42.0	50.2	60.2	82.0	19.6	19.9	22.2	18.5	3.8	3.6	16.3	19.9
IndoStar	Neutral	303	355	17	9.5	12.4	17.6	-127.1	29.7	42.6	24.5	17.2	0.9	0.9	3.7	5.1
L&T Fin Holdings	Buy	91	115	26	3.8	10.2	13.1	-54.7	165.9	27.8	8.9	7.0	1.1	0.9	12.7	14.4
LIC Hsg Fin	Buy	457	520	14	60.7	67.6	72.7	27.5	11.4	7.5	6.8	6.3	1.0	0.9	15.7	14.9
Manappuram Fin.	Buy	160	205	28	20.7	24.1	28.1	18.1	16.4	16.9	6.6	5.7	1.5	1.2	25.1	23.8
MAS Financial	Buy	876	1020	16	26.3	29.5	34.7	-13.8	12.5	17.4	29.7	25.3	3.8	3.3	13.5	14.0
Max Financial	Buy	903	1000	11	15.9	21.7	27.5	9.8	36.3	26.5	41.6	32.9	2.8	2.3	18.8	19.2
M&M Fin.	Buy	160	215	34	2.7	15.3	17.7	-81.5	460.8	15.9	10.5	9.1	1.2	1.1	12.2	12.8



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Muthoot Fin	Buy	1265	1500	19	92.9	106.3	124.1	23.4	14.4	16.7	11.9	10.2	2.8	2.3	26.3	25.0
Piramal Enterp.	Buy	1728	2150	24	62.6	119.7	136.0	-355.3	91.0	13.6	14.4	12.7	1.1	1.1	8.4	8.8
PNB Housing	Neutral	416	400	-4	55.3	83.0	89.2	43.8	50.1	7.6	5.0	4.7	0.7	0.6	14.7	14.1
Repco Home Fin	Buy	344	430	25	49.7	51.3	55.6	10.9	3.2	8.4	6.7	6.2	0.9	0.8	14.4	13.7
SBI Life Insurance	Buy	969	1150	19	14.6	16.7	20.3	2.4	14.9	21.3	57.9	47.8	2.3	2.0	16.3	16.9
Shriram City Union	Buy	1864	1900	2	153.1	179.6	232.9	1.0	17.2	29.7	10.4	8.0	1.4	1.2	13.8	15.7
Shriram Trans.	Buy	1479	1700	15	98.3	128.4	153.9	-10.9	30.7	19.9	11.5	9.6	1.6	1.4	14.3	15.3
<b>Aggregate</b>								<b>16.3</b>	<b>38.7</b>	<b>18.1</b>	<b>22.1</b>	<b>18.7</b>	<b>3.0</b>	<b>2.7</b>	<b>13.6</b>	<b>14.3</b>
<b>Capital Goods</b>																
ABB	Buy	1434	1565	9	11.9	20.1	27.0	-28.4	69.3	34.6	71.4	53.0	7.7	7.0	10.8	13.2
Bharat Elec.	Buy	158	150	-5	6.9	8.5	9.4	-5.9	23.3	9.6	18.5	16.8	3.1	2.8	17.1	16.8
BHEL	Sell	72	26	-64	-2.5	1.3	1.9	-41.3	LP	43.5	54.8	38.2	0.9	0.9	1.6	2.3
Cummins	Sell	832	515	-38	19.0	22.5	25.8	-18.2	18.3	14.4	37.0	32.3	5.0	4.8	13.5	14.8
Engineers India	Buy	81	85	5	5.6	7.5	7.6	-17.0	32.6	1.2	10.8	10.7	2.2	2.2	19.3	19.1
K E C Intl.	Buy	408	450	10	21.5	25.5	30.0	-2.3	18.5	17.9	16.0	13.6	2.7	2.3	16.7	16.7
Larsen & Toubro	Buy	1419	1700	20	82.5	64.9	80.4	21.2	-21.3	24.0	21.9	17.6	2.5	2.3	11.4	12.8
Siemens	Neutral	1989	1700	-15	21.3	31.8	36.4	-32.6	49.3	14.6	62.6	54.6	6.8	6.2	10.9	11.4
Thermax	Neutral	1418	1190	-16	22.4	33.2	39.6	18.7	48.3	19.1	42.7	35.9	4.7	4.3	11.0	12.0
<b>Aggregate</b>								<b>-16.9</b>	<b>47.1</b>	<b>20.8</b>	<b>27.3</b>	<b>22.6</b>	<b>2.8</b>	<b>2.6</b>	<b>10.3</b>	<b>11.4</b>
<b>Consumer Durables</b>																
Blue Star	Sell	808	700	-13	10.4	16.9	25.2	-31.9	62.4	48.6	47.7	32.1	8.0	7.2	16.9	22.3
CG Cons. Elec.	Buy	389	485	25	8.4	10.6	12.1	19.9	27.1	13.7	36.6	32.2	11.2	9.2	30.5	28.7
Havells	Neutral	1028	1030	0	16.5	18.5	20.6	40.4	12.5	11.2	55.6	50.0	10.8	9.4	19.4	18.7
Orient Electric	Buy	299	365	22	5.6	6.5	8.2	52.3	14.8	25.8	46.1	36.7	11.5	9.4	24.9	25.7
Voltas	Neutral	1000	1060	6	15.9	18.8	22.9	-5.1	18.4	21.7	53.2	43.7	6.1	5.5	11.4	12.6
Whirlpool India	Buy	2121	3020	42	27.3	45.5	54.9	-27.4	66.8	20.8	46.7	38.6	8.1	6.9	17.4	17.8
<b>Aggregate</b>								<b>9.0</b>	<b>25.6</b>	<b>17.8</b>	<b>48.9</b>	<b>41.6</b>	<b>8.8</b>	<b>7.7</b>	<b>18.0</b>	<b>18.5</b>
<b>Cement</b>																
Ambuja Cem.	Neutral	321	320	0	9.0	10.6	12.1	24.2	18.0	13.7	30.2	26.5	2.9	2.7	10.0	10.5
ACC	Buy	1965	2205	12	78.4	101.1	106.4	8.5	28.9	5.2	19.4	18.5	2.6	2.3	14.1	13.3
Birla Corp.	Buy	1260	1330	6	73.0	79.2	100.2	11.3	8.5	26.6	15.9	12.6	1.6	1.5	10.6	12.2
Dalmia Bhar.	Buy	1830	1905	4	54.8	51.8	70.5	377.1	-5.5	36.2	35.3	26.0	2.4	2.2	7.2	9.0
Grasim Inds.	Neutral	1372	1510	10	83.9	99.0	113.0	-5.0	18.1	14.1	13.9	12.1	2.3	2.2	4.1	5.0
India Cem	Neutral	203	167	-18	6.5	5.0	6.5	847.1	-23.8	31.9	40.8	31.0	1.1	1.1	2.7	3.5
J K Cements	Buy	2921	3360	15	86.2	105.0	123.4	37.7	21.8	17.6	27.8	23.7	5.3	4.4	20.9	20.4
JK Lakshmi Ce	Buy	493	650	32	33.5	34.0	44.6	48.7	1.3	31.2	14.5	11.1	2.4	2.0	17.8	19.8
Ramco Cem	Neutral	991	970	-2	33.4	34.9	41.4	30.8	4.4	18.7	28.4	24.0	3.7	3.3	13.8	14.5
Shree Cem	Neutral	27609	27275	-1	640.8	724.1	854.5	47.2	13.0	18.0	38.1	32.3	5.7	4.9	15.9	16.3
Ultratech	Buy	6638	8050	21	190.4	219.7	274.4	31.0	15.4	24.9	30.2	24.2	3.7	3.4	13.5	15.0
<b>Aggregate</b>								<b>22.8</b>	<b>15.1</b>	<b>18.5</b>	<b>24.3</b>	<b>20.5</b>	<b>3.1</b>	<b>2.8</b>	<b>12.9</b>	<b>13.9</b>
<b>Consumer</b>																
Asian Paints	Neutral	2832	2620	-7	33.4	36.6	43.6	15.4	9.5	19.1	77.4	65.0	19.5	17.8	26.3	28.7
Britannia	Buy	3437	4450	29	76.8	77.2	88.9	31.0	0.5	15.1	44.5	38.7	17.2	15.8	44.5	42.7
Colgate	Neutral	1633	1700	4	38.1	40.3	42.5	26.8	5.8	5.5	40.6	38.4	38.1	38.1	94.0	99.1
Dabur	Buy	537	620	16	9.6	10.3	12.4	11.0	7.2	20.4	52.2	43.4	11.7	10.5	23.0	25.5
Emami	Buy	505	580	15	17.2	17.0	18.7	38.8	-1.5	10.3	29.8	27.0	10.5	10.4	35.3	38.8
Godrej Cons.	Buy	818	870	6	17.3	18.7	21.7	21.9	8.2	15.9	43.8	37.8	8.5	8.1	19.8	21.9
HUL	Buy	2361	2780	18	34.8	39.8	48.9	11.5	14.4	22.7	59.3	48.3	11.2	11.2	19.3	23.2
ITC	Neutral	209	220	5	10.3	13.1	14.8	-17.0	27.1	12.6	15.9	14.2	3.8	3.6	24.2	26.2
Jyothy Lab	Neutral	147	160	9	5.8	5.7	6.4	28.7	-3.1	13.1	26.0	23.0	3.7	3.6	14.4	16.0
Marico	Buy	460	490	7	9.0	9.8	11.3	10.4	8.9	15.8	47.0	40.6	13.1	12.5	32.5	31.5
Nestle	Neutral	17492	18300	5	217.4	249.2	291.9	7.6	14.6	17.1	70.2	59.9	78.8	72.2	115.5	125.8
Page Inds	Neutral	29283	28800	-2	301.9	457.3	523.0	-1.9	51.5	14.4	64.0	56.0	36.1	35.0	56.4	62.5
Pidilite Ind.	Neutral	1977	1700	-14	22.2	23.3	28.5	-7.3	5.2	22.2	84.9	69.5	15.6	13.6	19.7	20.9



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
P&G Hygiene	Buy	13288	15900	20	166.8	225.8	288.3	22.2	35.3	27.7	58.9	46.1	43.6	36.6	80.0	86.4
Tata Consumer	Buy	649	725	12	9.5	12.2	15.2	20.8	28.5	25.4	53.4	42.6	3.9	3.7	7.5	8.9
United Brew	Sell	1279	960	-25	4.6	12.3	19.2	-71.8	169.2	55.9	104.1	66.7	8.9	8.3	8.8	12.9
United Spirits	Buy	572	725	27	5.7	12.9	17.1	-47.6	126.8	32.5	44.2	33.4	8.2	6.6	18.5	19.7
Varun Beverages	Buy	991	1150	16	11.3	23.1	37.0	-30.7	105.3	59.9	42.9	26.8	7.0	5.6	17.5	23.2
<b>Aggregate</b>								<b>1.0</b>	<b>18.5</b>	<b>17.5</b>	<b>43.4</b>	<b>36.9</b>	<b>9.9</b>	<b>9.4</b>	<b>22.8</b>	<b>25.5</b>
<b>Healthcare</b>																
Alembic Phar	Neutral	957	1070	12	59.9	52.8	56.2	36.3	-11.8	6.4	18.1	17.0	3.2	2.8	19.3	17.9
Alkem Lab	Buy	3001	3400	13	126.6	135.6	151.3	32.7	7.1	11.6	22.1	19.8	4.2	3.6	20.4	19.5
Ajanta Pharma	Buy	1933	2150	11	73.9	80.6	95.3	44.6	9.1	18.2	24.0	20.3	4.8	4.1	21.9	21.9
Aurobindo	Buy	1013	1100	9	53.0	60.7	68.1	7.9	14.4	12.3	16.7	14.9	2.3	2.0	15.1	14.7
Biocon	Neutral	382	390	2	5.5	7.7	11.2	-10.6	39.2	45.2	49.8	34.3	5.5	5.0	11.6	15.3
Cadila	Buy	613	750	22	20.0	24.8	26.0	36.1	23.9	4.9	24.7	23.6	4.0	3.5	17.1	15.8
Cipla	Neutral	927	840	-9	30.0	32.2	37.2	52.7	7.6	15.4	28.8	24.9	3.7	3.2	12.7	12.9
Divis Lab	Buy	4080	4450	9	75.9	98.0	127.3	55.0	29.2	29.9	41.6	32.0	9.9	7.9	26.2	27.5
Dr Reddy's	Neutral	5217	5670	9	151.8	198.4	226.5	15.5	30.7	14.2	26.3	23.0	4.3	3.7	17.3	17.1
Gland Pharma	Buy	3175	3280	3	60.9	76.4	96.4	29.0	25.4	26.1	41.5	32.9	7.3	5.9	19.2	19.9
Glenmark	Neutral	607	525	-14	35.4	36.1	41.1	44.0	1.9	14.0	16.8	14.8	2.2	1.9	13.7	13.8
GSK Pharma	Neutral	1462	1580	8	29.4	37.4	43.0	4.4	27.2	14.8	39.1	34.0	14.2	11.9	36.4	35.0
Granules India	Buy	323	420	30	22.3	23.1	27.2	71.2	3.7	17.4	14.0	11.9	2.9	2.4	23.4	22.1
IPCA Labs	Buy	2226	2480	11	94.4	94.3	101.4	83.8	-0.1	7.6	23.6	21.9	5.0	4.2	23.1	20.7
Jubilant Pharmova	Buy	846	910	8	56.6	60.3	69.1	-5.3	6.5	14.6	14.0	12.2	2.8	2.3	21.7	20.6
Laurus Labs	Buy	488	550	13	18.3	23.8	29.1	-65.6	30.1	21.8	20.5	16.8	7.1	5.2	40.7	35.8
Lupin	Neutral	1215	1400	15	26.2	40.2	49.5	12.2	53.7	22.9	30.2	24.6	3.6	3.3	12.6	14.0
Solara Active Pharma	Buy	1741	2000	15	45.0	78.4	96.3	93.2	74.3	22.8	22.2	18.1	3.3	2.8	22.1	22.7
Strides Pharma	Buy	795	970	22	24.8	43.3	53.6	63.6	74.3	23.7	18.4	14.8	2.3	2.1	13.4	14.9
Sun Pharma	Buy	690	740	7	25.6	26.8	29.9	56.2	4.4	11.6	25.8	23.1	3.2	2.8	12.9	12.9
Torrent Pharma	Neutral	2717	2530	-7	74.9	86.1	96.8	33.5	14.9	12.5	31.6	28.1	7.0	6.0	23.5	23.1
<b>Aggregate</b>								<b>35.4</b>	<b>15.9</b>	<b>15.7</b>	<b>26.4</b>	<b>22.8</b>	<b>4.1</b>	<b>3.6</b>	<b>15.6</b>	<b>15.7</b>
<b>Infrastructure</b>																
Ashoka Buildcon	Buy	87	145	66	13.2	11.2	12.8	-4.6	-15.0	14.6	7.8	6.8	0.8	0.7	10.2	10.7
IRB Infra	Neutral	109	122	12	3.9	5.9	9.7	-79.2	51.2	64.0	18.4	11.2	0.6	0.5	3.1	4.9
KNR Constructions	Buy	228	265	16	9.0	13.3	16.6	24.1	47.8	24.7	17.1	13.7	2.9	2.4	18.3	19.0
<b>Aggregate</b>											<b>14.1</b>	<b>10.9</b>	<b>1.0</b>	<b>1.0</b>	<b>7.3</b>	<b>8.8</b>
<b>Media</b>																
PVR	Neutral	1247	1300	4	-92.2	17.1	36.7	-386.6	LP	113.8	72.8	34.0	3.6	3.2	5.0	10.0
Sun TV	Buy	524	565	8	38.6	40.0	40.0	10.9	3.6	0.1	13.1	13.1	3.0	2.9	24.0	22.5
Zee Ent.	Neutral	191	210	10	8.3	16.5	18.9	52.0	98.3	14.4	11.5	10.1	1.6	1.4	14.8	15.0
<b>Aggregate</b>								<b>-18.7</b>	<b>61.6</b>	<b>10.7</b>	<b>14.3</b>	<b>12.9</b>	<b>2.3</b>	<b>2.1</b>	<b>16.1</b>	<b>16.2</b>
<b>Metals</b>																
Hindalco	Buy	390	480	23	24.6	42.8	44.6	40.7	74.1	4.2	9.1	8.7	1.7	1.4	20.1	17.7
Hind. Zinc	Neutral	344	290	-16	18.9	25.8	27.4	17.3	36.3	6.3	13.4	12.6	4.2	3.9	32.5	32.3
JSPL	Buy	403	550	36	61.4	66.9	56.7	#####	8.9	-15.3	6.0	7.1	1.1	0.9	19.4	13.9
JSW Steel	Buy	698	816	17	32.8	93.1	82.2	263.0	183.8	-11.7	7.5	8.5	2.5	2.1	39.7	26.9
Nalco	Buy	71	71	0	4.1	6.9	6.6	450.3	68.5	-4.4	10.3	10.8	1.3	1.2	12.5	11.7
NMDC	Buy	176	170	-3	21.9	24.6	20.0	42.8	12.5	-18.6	7.2	8.8	1.6	1.4	23.4	17.2
SAIL	Buy	122	106	-13	13.8	18.5	16.8	#####	35	-9.3	6.6	7.3	1.0	0.9	15.8	13.0
Tata Steel	Neutral	1113	1205	8	69.0	254.5	159.5	661.2	269	-37.3	4.4	7.0	1.5	1.3	38.1	19.7
Vedanta	Neutral	274	300	10	25.9	39.9	34.6	195.3	54	-13.3	6.9	7.9	1.5	1.5	23.0	18.8
<b>Aggregate</b>								<b>173.3</b>	<b>78.4</b>	<b>-15.5</b>	<b>7.6</b>	<b>9.0</b>	<b>1.7</b>	<b>1.5</b>	<b>22.4</b>	<b>17.0</b>
<b>Oil &amp; Gas</b>																
Aegis Logistics	Buy	332	350	5	7.1	10.7	13.3	139.6	49.3	25.1	31.2	24.9	5.4	4.8	18.5	20.4



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
BPCL	Buy	461	520	13	41.9	34.4	42.0	65.5	-18.0	22.1	13.4	11.0	2.1	1.9	16.0	17.8
Castrol India	Buy	130	170	31	5.9	8.5	8.5	-29.6	44.8	-0.2	15.2	15.2	8.1	7.3	56.3	50.5
GAIL	Buy	146	170	17	10.2	15.8	16.7	-38.1	55.0	6.1	9.2	8.7	1.2	1.2	14.9	14.7
Gujarat Gas	Buy	512	560	9	17.0	20.0	23.3	-1.8	17.2	17.0	25.7	21.9	6.5	5.2	28.3	26.3
Gujarat St. Pet.	Buy	272	390	44	15.0	16.8	17.9	-23.5	11.9	6.3	16.1	15.2	1.8	1.7	12.1	11.6
HPCL	Neutral	276	310	12	70.0	32.2	43.9	192.8	-54.0	36.6	8.6	6.3	1.1	1.0	12.5	16.1
IOC	Buy	104	152	46	23.7	13.8	18.3	130.8	-41.6	32.6	7.5	5.7	0.8	0.8	11.0	13.8
IGL	Neutral	502	520	3	14.5	18.1	18.8	-10.6	24.6	4.1	27.8	26.7	5.1	4.5	19.9	17.9
Mahanagar Gas	Buy	1131	1290	14	63.4	78.4	80.6	-21.1	23.8	2.8	14.4	14.0	3.0	2.7	22.0	20.1
MRPL	Neutral	52	43	-17	-1.4	4.1	7.2	-91.2	LP	76.3	12.6	7.1	1.1	1.0	9.2	14.7
Oil India	Buy	132	165	25	17.9	23.5	26.1	-21.8	31.1	11.2	5.6	5.0	0.6	0.5	10.3	10.9
ONGC	Buy	113	150	33	10.7	26.2	29.8	-18.4	144.6	14.0	4.3	3.8	0.6	0.5	14.7	15.0
PLNG	Buy	237	325	37	18.0	22.1	23.9	-2.6	22.9	8.0	10.7	9.9	2.8	2.6	27.1	26.9
Reliance Ind.	Buy	2001	2195	10	67.7	92.7	111.4	1.9	36.8	20.3	21.6	18.0	1.7	1.6	8.2	9.1
<b>Aggregate</b>								<b>20.5</b>	<b>22.7</b>	<b>19.3</b>	<b>13.8</b>	<b>11.5</b>	<b>1.4</b>	<b>1.3</b>	<b>10.3</b>	<b>11.3</b>
<b>Retail</b>																
Avenue Supermarts	Neutral	3032	2850	-6	17.0	22.8	37.4	-15.5	34.5	63.8	132.8	81.1	13.9	11.8	11.4	16.3
Aditya Birla Fashion	Buy	189	230	22	-2.4	0.0	0.4	1,208.1	LP	2,039.9	#####	499.2	21.5	20.7	0.2	4.2
Jubilant Food.	Neutral	3020	2915	-3	18.0	38.2	53.0	-19.9	111.9	38.5	79.0	57.0	25.4	20.1	32.1	35.2
Shoppers Stop	Neutral	209	-		-34.1	-13.9	-15.0	131.8	Loss	Loss	NM	NM	-126.0	-12.5	NM	NM
Titan Company	Buy	1539	1785	16	11.0	20.2	29.7	-35.4	83.4	47.1	76.1	51.7	16.3	14.5	22.6	29.6
Trent	Neutral	828	710	-14	-5.1	-3.0	7.0	-270.1	Loss	LP	NM	118.9	12.5	11.2	-4.8	10.6
V-Mart Retail	Buy	2705	3500	29	-12.0	22.6	40.9	-144.1	LP	80.5	119.5	66.2	10.2	8.9	9.0	14.4
Westlife Develop	Neutral	480	400	-17	-6.7	-1.8	4.2	#####	Loss	LP	NM	115.4	16.5	14.4	-6.0	13.3
<b>Aggregate</b>								<b>-68.2</b>	<b>257.2</b>	<b>72.0</b>	<b>118.1</b>	<b>68.7</b>	<b>14.2</b>	<b>12.5</b>	<b>12.1</b>	<b>18.1</b>
<b>Technology</b>																
Cyient	Buy	806	810	1	33.8	42.6	50.6	0.1	26.1	18.7	18.9	15.9	3.0	2.8	16.0	18.2
HCL Tech.	Buy	931	1190	28	43.8	50.3	59.7	7.5	14.9	18.6	18.5	15.6	3.8	3.5	21.2	23.3
Infosys	Buy	1355	1600	18	45.6	53.2	63.5	17.1	16.8	19.4	25.5	21.3	6.9	6.3	28.3	30.9
L & T Infotech	Neutral	3659	3680	1	107.0	118.6	141.4	23.6	10.9	19.1	30.8	25.9	7.5	6.4	26.3	26.7
L&T Technology	Buy	2625	3130	19	62.8	84.4	104.3	-19.0	34.4	23.5	31.1	25.2	6.8	5.8	23.7	25.0
Mindtree	Neutral	2123	2180	3	67.4	77.7	90.6	75.7	15.3	16.7	27.3	23.4	7.0	6.0	27.4	27.5
Mphasis	Buy	1789	2030	13	64.2	74.9	91.7	1.7	16.6	22.5	23.9	19.5	4.7	4.3	20.8	23.3
Coforge	Neutral	3330	3240	-3	78.8	105.0	129.5	4.4	33.2	23.4	31.7	25.7	6.9	5.8	23.7	24.7
Persistent Sys	Buy	2391	2340	-2	59.0	79.1	93.5	32.4	34.0	18.3	30.2	25.6	5.7	4.9	20.1	20.6
TCS	Neutral	3080	3250	6	86.7	109.0	124.9	0.6	25.7	14.6	28.3	24.7	12.3	11.6	45.4	49.1
Tech Mah	Neutral	981	1050	7	51.7	59.1	66.0	6.9	14.3	11.7	16.6	14.9	3.1	2.8	19.9	20.1
Wipro	Neutral	513	455	-11	18.8	20.0	23.9	14.3	6.5	19.9	25.7	21.4	5.1	5.1	20.2	24.0
Zensar Tech	Buy	276	320	16	15.3	15.7	19.9	31.0	2.8	26.6	17.5	13.8	2.4	2.2	14.5	16.6
<b>Aggregate</b>								<b>7.5</b>	<b>17.7</b>	<b>16.9</b>	<b>26.0</b>	<b>22.2</b>	<b>7.3</b>	<b>6.8</b>	<b>27.9</b>	<b>30.3</b>
<b>Telecom</b>																
Bharti Airtel	Buy	531	720	36	-1.3	5.8	9.3	-82.5	LP	60.3	91.3	57.0	4.7	4.3	5.3	7.9
Indus Towers	Neutral	245	260	6	18.5	21.6	21.5	-1.0	16.8	-0.5	11.4	11.4	3.8	3.5	35.0	32.0
Vodafone Idea		9			-8.5	-7.5	-6.8	12.9	Loss	Loss	NM	NM	-0.6	-0.4	73.2	39.1
Tata Comm	Neutral	1068	1045	-2	46.5	50.6	66.7	340.2	8.8	31.9	21.1	16.0	19.5	8.8	172	75.8
<b>Aggregate</b>								<b>Loss</b>	<b>Loss</b>	<b>Loss</b>	<b>-36</b>	<b>-59.3</b>	<b>9.5</b>	<b>13.0</b>	<b>-26.7</b>	<b>-21.9</b>
<b>Utilites</b>																
Coal India	Buy	147	178	21	18.3	24.5	30.9	-32.4	34.0	25.7	6.0	4.8	2.1	1.7	34.3	35.1
CESC	Buy	689	777	13	97.4	97.1	104.3	-0.4	-0.3	7.4	7.1	6.6	0.8	0.8	12.1	12.3
Indian Energy Exchange	Neutral	372	375	1	7.2	8.9	10.3	19.9	24.9	15.2	41.6	36.2	18.2	15.8	46.7	46.7
JSW Energy	Neutral	117	85	-27	4.8	5.9	6.9	-5.8	22.2	18.4	20.0	16.9	1.5	1.4	7.7	8.8
NHPC	Neutral	26	26	2	2.9	3.0	3.5	0.5	4.1	17.9	8.5	7.2	0.7	0.7	9.0	10.0





Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
NTPC	Buy	113	141	25	15.5	16.8	18.1	12.0	9.0	7.7	6.7	6.2	0.8	0.8	12.8	13.1
Power Grid	Buy	228	255	12	23.8	25.8	27.1	12.7	8.4	5.0	8.8	8.4	1.6	1.5	18.7	18.2
Torrent Power	Neutral	451	480	7	22.9	31.1	35.0	-18.2	35.8	12.4	14.5	12.9	1.9	1.7	14.0	14.2
Tata Power	Buy	105	123	17	3.9	5.4	5.6	4.3	36.5	4.2	19.6	18.8	1.5	1.4	8.0	7.9
<b>Aggregate</b>								<b>-5.8</b>	<b>15.0</b>	<b>13.2</b>	<b>7.7</b>	<b>6.8</b>	<b>1.3</b>	<b>1.2</b>	<b>16.3</b>	<b>17.0</b>
<b>Others</b>																
BSE	Buy	747	970	30	30.9	51.3	63.6	24.1	65.9	23.9	14.6	11.8	1.4	1.3	9.4	11.4
Concor	Buy	586	-		9.6	16.0	20.2	-42.2	66.7	26.3	36.6	29.0	3.3	3.2	9.3	11.3
Coromandel Intl	Buy	835	983	18	45.3	50.4	57.8	24.6	11.3	14.7	16.6	14.4	3.9	3.3	26.0	24.8
EPL	Buy	245	315	28	8.0	10.6	12.6	17.8	32.2	18.7	23.1	19.5	4.0	3.6	18.5	19.3
Indiamart Inter.	Buy	7672	9320	21	96.6	110.9	133.7	86.5	14.8	20.6	69.2	57.4	12.0	10.2	18.8	19.2
Indian Hotels	Buy	130	139	7	-7.1	-3.3	1.5	-359.5	Loss	LP	NM	84.3	4.9	4.7	-11.6	5.7
Interglobe	Neutral	1692	1530	-10	-143.5	45.1	95.6	2,123.6	LP	112	38	17.7	34.8	12.7	156.5	105.4
Info Edge	Neutral	4336	4600	6	21.9	30.2	41.0	31.0	37.7	35.9	143.7	105.8	12.0	11.2	8.5	10.9
Godrej Agrovet	Buy	549	615	12	16.3	19.3	22.4	25.0	18.0	15.9	28.5	24.6	4.7	4.2	17.2	18.0
Kaveri Seed	Buy	777	633	-19	52.2	53.2	57.6	21.1	2.1	8.1	14.6	13.5	3.9	3.5	27.9	27.4
Lemon Tree Hotel	Buy	40	49	22	-1.7	0.0	0.6	1,308.3	Loss	LP	NM	70.8	4.6	4.3	-0.4	6.3
MCX	Buy	1625	1970	21	44.7	45.3	61.7	-3.6	1.3	36.1	35.9	26.4	5.8	5.2	16.9	20.9
Qess Corp	Buy	663	745	12	12.4	33.3	43.0	-32.1	168.3	29.4	19.9	15.4	2.6	2.1	17.6	18.9
PI Inds.	Buy	2570	2945	15	48.6	66.3	83.2	61.7	36.5	25.5	38.8	30.9	6.2	5.3	17.4	18.5
SIS	Buy	415	540	30	23.7	20.7	26.1	-1.7	-12.9	26.6	20.1	15.9	1.3	1.1	15.6	16.7
SRF	Neutral	6454	6336	-2	196.9	229.3	290.2	29.0	16.5	26.5	28.1	22.2	4.8	4.0	18.5	19.7
Tata Chemicals	Neutral	708	628	-11	10.1	26.1	41.8	-68.2	159.7	59.8	27.1	17.0	1.2	1.2	4.6	7.1
Team Lease Serv.	Buy	3286	3980	21	51.7	72.9	99.5	5.8	40.9	36.5	45.1	33.0	7.2	5.9	17.2	19.5
Trident	Buy	17	18	10	0.7	1.1	1.3	3.2	60.9	23.3	15.6	12.7	2.2	1.9	14.9	16.0
UPL	Neutral	780	750	-4	45.0	58.5	68.2	28.9	29.9	16.6	13.3	11.4	1.8	1.5	22.7	22.1



Index	1 Day (%)	1M (%)	12M (%)
<b>Sensex</b>	<b>2.0</b>	<b>5.9</b>	<b>63.4</b>
<b>Nifty-50</b>	<b>1.8</b>	<b>6.1</b>	<b>66.6</b>
<b>Nifty Next 50</b>	<b>0.4</b>	<b>8.5</b>	<b>59.4</b>
<b>Nifty 100</b>	<b>1.6</b>	<b>6.5</b>	<b>65.7</b>
<b>Nifty 200</b>	<b>1.5</b>	<b>6.8</b>	<b>69.3</b>
Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>	<b>0.8</b>	<b>7.1</b>	<b>79.3</b>
Amara Raja Batt.	0.1	-1.1	32.8
Ashok Leyland	-0.3	11.1	172.1
Bajaj Auto	1.3	14.6	56.3
Bharat Forge	-1.9	12.0	120.9
Bosch	-3.5	13.8	63.5
CEAT	-0.9	-8.2	73.3
Eicher Motors	-0.3	7.7	79.2
Endurance Tech.	-0.2	8.5	122.0
Escorts	-0.2	-4.1	31.5
Exide Inds.	0.2	7.9	20.7
Hero Motocorp	0.7	2.2	36.2
M & M	2.0	1.1	100.6
Mahindra CIE	-0.8	23.8	117.9
Maruti Suzuki	1.1	2.5	34.9
Motherson Sumi	3.2	20.2	200.3
Tata Motors	1.7	5.1	272.5
TVS Motor Co.	-0.4	16.5	97.8
<b>Banks-Private</b>	<b>3.6</b>	<b>10.2</b>	<b>88.8</b>
AU Small Fin. Bank	2.0	-5.9	132.9
Axis Bank	3.5	12.2	104.5
Bandhan Bank	1.8	-3.2	42.1
DCB Bank	0.1	11.2	61.6
Equitas Holdings	-0.3	15.2	97.6
Federal Bank	1.9	18.0	116.3
HDFC Bank	4.5	7.6	74.1
ICICI Bank	3.9	14.9	111.1
IndusInd Bank	4.2	20.3	192.9
Kotak Mah. Bank	2.9	3.5	52.9
RBL Bank	2.0	19.2	85.8
SBI Cards	2.8	10.3	96.0
<b>Banks-PSU</b>	<b>3.8</b>	<b>20.6</b>	<b>113.5</b>
BOB	5.6	27.8	115.5
SBI	4.3	21.7	164.0
Company	1 Day (%)	1M (%)	12M (%)
<b>NBFCs</b>	<b>3.2</b>	<b>9.5</b>	<b>83.1</b>
Aditya Birla Cap	-1.1	6.7	189.4
Bajaj Fin.	0.7	22.1	183.1
Cholaman.Inv.&Fn	2.2	8.0	348.5
Can Fin Homes	-1.0	-0.1	79.4
HDFC	2.9	4.2	57.6
HDFC Life Insur.	0.5	-2.1	35.7
Indostar Capital	-0.1	1.1	8.9
L&T Fin.Holdings	0.9	0.3	84.1
LIC Hsg Fin	1.2	19.4	84.7
M&M Fin.	0.1	-6.1	93.0
Muthoot Fin	0.2	10.8	53.1
Manappuram Fin.	-0.1	12.6	34.0
MAS Financial Serv.	2.1	14.3	60.3
Max Financial	2.2	6.6	105.4
ICICI Pru Life	0.6	14.0	50.5
ICICI Sec	1.9	38.8	57.9

Index	1 Day (%)	1M (%)	12M (%)
<b>Nifty 500</b>	<b>1.4</b>	<b>7.2</b>	<b>72.9</b>
<b>Nifty Midcap 100</b>	<b>0.8</b>	<b>8.9</b>	<b>99.1</b>
<b>Nifty Smallcap 100</b>	<b>0.6</b>	<b>11.6</b>	<b>134.5</b>
<b>Nifty Midcap 150</b>	<b>0.7</b>	<b>8.2</b>	<b>96.0</b>
<b>Nifty Smallcap 250</b>	<b>0.8</b>	<b>12.9</b>	<b>129.3</b>
Company	1 Day (%)	1M (%)	12M (%)
IIFL Wealth Mgt	1.7	1.3	35.4
PNB Housing	6.0	15.8	141.5
Repco Home	0.7	11.0	248.8
SBI Life Insuran	0.0	7.9	32.8
Shriram City Union	7.9	30.3	182.9
Shriram Trans.	4.4	10.0	164.2
<b>Capital Goods</b>	<b>0.3</b>	<b>10.5</b>	<b>97.4</b>
ABB	0.6	2.9	91.0
Bharat Elec.	0.5	26.8	150.1
BHEL	-0.4	63.3	183.1
Cummins	-1.9	-0.1	146.7
Engineers India	-0.1	14.2	29.6
K E C Intl	2.3	-2.5	106.1
L&T	0.6	6.5	72.9
Siemens	-0.6	10.8	94.7
Thermax	0.1	7.2	100.8
<b>Consumer Durables</b>	<b>0.5</b>	<b>2.1</b>	<b>78.6</b>
Blue Star	0.6	-2.9	73.9
CG Cons. Elec.	1.4	5.7	83.7
Havells	-4.2	2.5	120.8
Voltas	-0.9	6.3	117.0
Whirlpool India	1.0	-1.4	12.7
Orient Electric	2.5	6.6	77.6
<b>Cement</b>	<b>0.5</b>	<b>13.5</b>	<b>138.3</b>
Ambuja Cem.	0.4	8.6	77.4
ACC	0.4	7.7	64.9
Birla Corp.	0.4	33.8	206.2
Dalmia Bhar.	0.8	26.4	278.1
Grasim Inds.	-0.3	6.3	160.4
India Cem	3.1	23.0	60.3
J K Cements	0.6	2.1	164.5
JK Lakshmi Ce	5.6	23.3	139.5
Ramco Cem	-0.7	2.5	76.6
Shree Cem	0.3	-5.8	43.3
Ultratech	1.0	7.0	85.9
<b>Consumer</b>	<b>0.6</b>	<b>1.1</b>	<b>24.4</b>
Asian Paints	1.3	10.8	79.8
Britannia	0.4	-7.9	10.5
Colgate	0.8	7.3	22.4
Dabur	0.2	-5.6	21.9
Emami	1.2	-2.1	140.3
Godrej Cons.	0.4	12.8	42.2
HUL	0.7	-1.4	19.8
ITC	1.0	2.7	10.7
Jyothy Lab	0.9	3.6	44.0
Marico	-1.9	12.6	45.2
Nestle	1.2	2.4	7.4
Page Inds	-1.2	-3.1	59.5
Pidilite Ind.	2.2	11.7	39.3
P&G Hygiene	0.0	-2.5	33.2
Tata Consumer	0.7	-4.4	80.3
United Brew	-0.6	13.1	38.1

Note: Sectoral performance are of NSE/BSE Indices



Company	1 Day (%)	1M (%)	12M (%)
United Spirits	-0.1	9.5	-6.2
Varun Beverages	-1.5	6.8	70.8
<b>Healthcare</b>	<b>0.2</b>	<b>4.2</b>	<b>47.0</b>
Alembic Phar	-0.1	-3.9	6.6
Alkem Lab	0.3	9.6	21.4
Ajanta Pharma	-0.5	7.4	29.8
Aurobindo	-1.2	2.6	39.8
Biocon	-0.3	-4.6	7.6
Cadila	-0.4	10.2	77.9
Cipla	0.2	-2.4	50.4
Divis Lab	0.9	7.8	73.1
Dr Reddy's	-0.4	1.2	35.6
Gland Pharma	0.3	20.2	
Glenmark	0.0	6.3	73.6
GSK Pharma	0.1	2.1	6.8
Granules	-0.2	-3.4	91.9
IPCA Labs	0.8	3.2	38.5
Jubilant Pharmo	-0.2	5.5	102.6
Laurus Labs	1.4	10.1	434.1
Lupin	0.8	11.4	37.2
Solara Active	-0.5	19.9	267.9
Strides Pharma	0.7	-11.7	88.7
Sun Pharma	0.5	7.0	48.1
Torrent Pharma	-0.3	4.3	3.8
<b>Infrastructure</b>	<b>0.7</b>	<b>6.5</b>	<b>53.9</b>
Ashoka Buildcon	1.0	3.8	67.6
IRB Infra.Devl.	0.2	5.0	78.8
KNR Construct.	4.7	12.6	137.0
<b>Media</b>	<b>1.0</b>	<b>12.7</b>	<b>47.9</b>
PVR	3.6	15.5	44.5
Sun TV	0.1	12.4	35.8
Zee Ent.	-0.5	-3.3	24.1
<b>Metals</b>	<b>0.4</b>	<b>16.3</b>	<b>192.6</b>
Hindalco	1.2	8.5	200.9
Hind. Zinc	-0.1	21.4	103.3
JSPL	0.4	-6.6	311.3
JSW Steel	0.5	12.5	311.0
Nalco	-1.0	25.2	153.0
NMDC	-1.6	27.9	137.3
SAIL	0.5	37.3	335.1
Tata Steel	0.7	24.4	292.3
Vedanta	-0.9	21.1	203.3
<b>Oil &amp; Gas</b>	<b>0.7</b>	<b>9.7</b>	<b>42.0</b>
Aegis Logistics	1.5	15.8	95.4
BPCL	1.4	13.0	47.3
Castrol India	1.5	7.1	17.8
GAIL	-1.1	8.5	65.7
Gujarat Gas	0.1	-5.9	105.1
Gujarat St. Pet.	0.8	8.9	44.0
HPCL	3.6	18.7	52.8
IOC	-0.4	18.7	40.1
IGL	0.0	-0.4	11.5
Mahanagar Gas	1.3	5.0	24.8
MRPL	3.0	39.6	90.2
Oil India	-1.1	12.7	56.1
ONGC	0.8	9.6	46.4
PLNG	0.2	7.6	0.7
Reliance Ind.	0.8	5.2	38.9

Company	1 Day (%)	1M (%)	12M (%)
<b>Retail</b>			
Aditya Bir. Fas.	2.6	8.4	70.6
Avenue Super.	0.2	9.1	22.7
Jubilant Food	1.3	6.8	92.3
Shoppers St.	0.4	8.5	66.0
Titan Co.	0.5	1.1	81.1
Trent	1.9	12.5	83.3
V-Mart Retail	0.0	3.0	70.9
Westlife Develop	1.5	13.4	68.8
<b>Technology</b>	<b>0.8</b>	<b>0.9</b>	<b>91.3</b>
Cyient	-2.8	17.9	327.3
HCL Tech.	0.7	-3.2	74.0
Infosys	1.1	0.3	101.6
L&T Infotech	-0.4	-7.8	104.9
L&T Technology	0.5	0.6	133.1
Mindtree	1.4	3.9	140.7
Mphasis	1.4	7.7	113.4
Coforge	0.1	10.5	130.9
Persistent Sys	2.6	25.4	357.4
TCS	0.7	-2.0	54.7
Tech Mah	0.8	-0.4	88.6
Wipro	0.8	9.1	171.1
Zensar Tech	-1.4	3.7	218.0
<b>Telecom</b>	<b>1.7</b>	<b>0.6</b>	<b>2.0</b>
Bharti Airtel	2.0	0.1	-10.7
Indus Towers	0.6	-4.3	19.1
Idea Cellular	2.0	1.7	55.3
Tata Comm	-1.3	-5.5	119.1
<b>Utilities</b>	<b>1.4</b>	<b>18.5</b>	<b>98.1</b>
Coal India	0.3	18.2	18.1
CESC	0.6	18.2	21.4
Indian Energy Ex	3.1	5.4	126.7
JSW Energy	-0.3	16.0	191.0
NHPC Ltd	0.2	8.2	28.3
NTPC	1.0	14.1	24.9
Power Grid	-0.3	12.0	43.6
Tata Power	1.9	12.2	218.8
Torrent Power	4.6	19.3	49.1
<b>Others</b>			
BSE	-0.6	26.3	72.4
Coromandel Intl	3.6	13.1	35.6
Concor	-0.9	6.7	63.1
EPL Ltd	-1.1	16.5	44.2
Indiamart Inter.	1.9	-1.2	206.3
Godrej Agrovet	1.6	13.3	48.2
Indian Hotels	1.5	35.4	86.7
Interglobe	1.4	8.9	73.0
Info Edge	-1.4	-9.1	76.9
Kaveri Seed	1.2	32.7	100.5
Lemon Tree Hotel	0.4	33.2	166.0
MCX	0.1	10.7	43.8
Piramal Enterp.	2.8	1.3	84.9
PI Inds.	-0.7	0.8	72.2
Quess Corp	4.2	22.4	262.2
SIS	2.6	15.0	12.6
SRF	0.3	4.9	91.6
Tata Chemicals	0.2	-2.3	149.9
Team Lease Serv.	1.0	3.5	117.2
Trident	-0.9	23.1	264.0
UPL	1.6	31.8	112.7

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