24 March 2021

MORNING INDIA

ASIAMONEY Brokers Poll 2020 (India)

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	50,051	0.6	4.8
Nifty-50	14,815	0.5	6.0
Nifty-M 100	23,808	0.9	14.2
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	3,911	-0.8	4.1
Nasdaq	13,228	-1.1	2.6
FTSE 100	6,699	-0.4	3.7
DAX	14,662	0.0	6.9
Hang Seng	11,111	-1.7	3.5
Nikkei 225	28,996	-0.6	5.7
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	60	-6.2	16.8
Gold ($/OZ)	1,727	-0.7	-9.0
Cu (US$/MT)	8,979	-1.5	15.9
Almn (US$/MT)	2,190	-2.4	10.9
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	72.4	0.1	-0.9
USD/EUR	1.2	-0.7	-3.0
USD/JPY	108.6	-0.2	5.2
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.1	-0.04	0.3
10 Yrs AAA Corp	7.2	-0.03	0.6
Flows (USD b)	**23-Mar**	**MTD**	**CY21**
FIIs	-0.01	3.18	8.19
DIIs	-0.07	-0.50	-4.31
Volumes (INRb)	**23-Mar**	**MTD***	**YTD***
Cash	662	735	804
F&O	36,982	44,230	40,840

Note: *Average

Today's top research idea

SAIL: Best play on higher steel prices

- We see Steel Authority of India (SAIL) as the best play on higher steel prices as it: 1) is backward integrated with captive iron ore, 2) has a higher operating leverage due to high conversion cost, and 3) has a higher financial leverage. With limited capex, higher pricing should drive significant deleveraging and boost equity value.
- Net debt is estimated to decline by INR232b (INR56/share, 76% of CMP) over FY20-23E to INR305b.
- At the CMP, the stock is trading at 4.2x FY22E EV/EBITDA, which is at a 25-30% discount to peers TATA and JSTL. Even on FY22E P/BV, it is trading at an attractive 0.6x, despite an expected strong RoE of 16%.
- We value the stock at 5x FY22E EV/EBITDA at INR104/share, implying a target P/B of 0.8x (historical average of 0.7x).

Research covered

Cos/Sector	Key Highlights
SAIL	Best play on higher steel prices
Bharti Airtel	Airtel Africa sells towers to Helios Towers for USD119m
Financials	SC extends waiver of interest on interest for all borrowers
Mindtree	The Corner Office: Following a focused approach

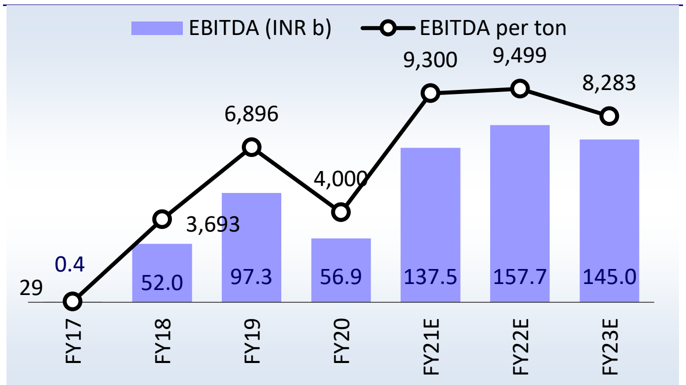
Piping hot news

SC rules out extension of moratorium, waives interest on interest

The Supreme Court on Tuesday refused to interfere with the government and the Reserve Bank of India's (RBI) decision on the loan moratorium scheme, declining to extend the six-month moratorium period.

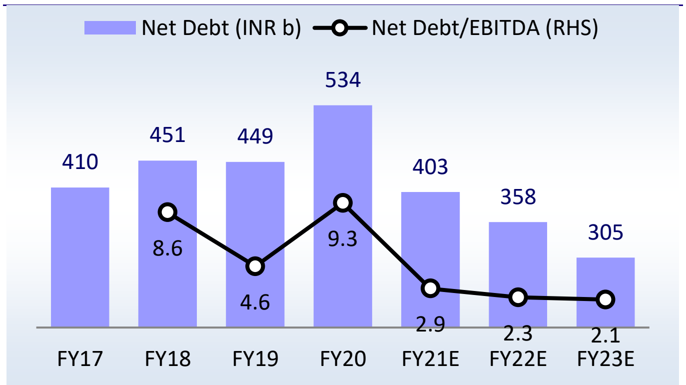
Chart of the Day: SAIL (Best play on higher steel prices)

EBITDA to grow ~36% CAGR over FY20-23E



Source: Company, MOFSL

Net debt to decline to comfortable levels



Source: Company, MOFSL

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Kindly click on textbox for the detailed news link

1

SC rules out extension of moratorium, waives interest on interest

The Supreme Court on Tuesday refused to interfere with the government and the Reserve Bank of India's (RBI) decision on the loan moratorium scheme, declining to extend the six-month moratorium period. The apex court also said additional reliefs such as total waiver of interest…

2

All those above 45 years can get Covid shot from April 1: Government

The government has announced that from April 1, all people above 45 years of age will be eligible to get COVID-19 vaccines and requested them to get registered for the inoculation. Briefing reporters on the decisions taken by the Cabinet after its meeting, Union minster Prakash Javadekar said now even people without comorbidities who are more that 45 years of age can get vaccinated…

3

Hero MotoCorp to raise vehicle prices from April

The country's largest two-wheeler Hero MotoCorp Tuesday said it will increase prices across its range of motorcycles and scooters next month to offset the impact of rising input costs. "Hero MotoCorp will make an upward revision in the ex-showroom prices of its motorcycles and scooters, with effect from April 1, 2021", the company said in a statement…

4

Suspension of international passenger flights extended till April 30

The coronavirus-induced suspension of scheduled international passenger flights has been extended till April 30, Indian aviation regulator Directorate General of Civil Aviation (DGCA) said on Tuesday. "However, international scheduled flights may be allowed on selected routes by the competent authority…

5

Govt garners Rs 30,369 cr as dividend from PSUs: DIPAM Secretary Tuhin Kanta Pandey

The government has collected Rs 30,369 crore as dividend from Central Public Sector Enterprises (CPSEs) so far in the current fiscal, according to a senior official. In the revised budget estimate, the government significantly lowered the dividend receipt from the CPSEs to Rs 34,717.25 crore from Rs 65,746.96 crore estimated earlier for this financial year…

6

India appeals against Cairn arbitration order; seek stay on $1.2 bn award

India on Monday night filed an appeal against Cairn Energy winning an international arbitration case against the country, challenging at The Hague the $1.2 billion award on grounds of sovereignty and tax avoidance by the UK oil major. New Delhi sought…

7

Saudi Aramco remains in discussion to pick stake in Reliance unit

Saudi Aramco remains in discussion with Reliance Industries Ltd for a potential deal to buy a 20 per cent stake in its oil-to-chemical (O2C) unit, Morgan Stanley said on Monday citing the Saudi firm's analyst call post announcing 2020 earnings. Richest Indian Mukesh Ambani…

SAIL

BSE SENSEX	S&P CNX
50,051	14,815

CMP: INR72 TP: INR104 (+44%) Buy

Best play on higher steel prices

Strong FCF to drive deleveraging and higher dividend yield

We see Steel Authority of India (SAIL) as the best play on higher steel prices as it: 1) is backward integrated with captive iron ore, 2) has a higher operating leverage due to high conversion cost, and 3) has a higher financial leverage. With limited capex, higher pricing should drive significant deleveraging and boost equity value. We estimate net debt to decline by INR232b (INR56/sh, 76% of CMP) over FY20-23E to INR305b. We also expect higher dividend payouts going forward (implying ~5% yield), supported by strong FCF of INR19/sh (25% yield). We are raising our FY22E/FY23E EBITDA estimate by 34%/37% and TP by 28% on expectation of higher realization and volumes. The stock trades at 4.2x FY22E EV/EBITDA, a 25-30% discount to peers TATA and JSTL.

Higher realization and volume growth to drive earnings

- Given a strong steel cycle, we expect realization to remain high in the medium term, which, coupled with an inefficient cost structure (higher conversion cost), should provide disproportionate margin gains to SAIL. Every INR1,000/t of higher steel price improves SAIL's FY22E EBITDA by 11%.
- Supported by under-utilized capacities, volume growth is expected to be strong at 9% CAGR over FY21-23E. There is also a likelihood of product mix improvement (higher finished steel sales).
- We estimate 36% EBITDA CAGR over FY20-23E.

Strong FCF to drive deleveraging and higher dividend yield

- With robust EBITDA and limited capex, we estimate FCF to be strong at INR78b/INR86b in FY22E/FY23E, implying a FCF yield of 25-28%.
- Higher FCF should drive significant deleveraging, which should boost its equity value. We estimate net debt to decline by INR232b (INR56/share, 76% of CMP) over FY20-23E to INR305b (2.1x of FY23E EBITDA). Net debt has already declined by INR94b (INR23/share) to INR443b in 9MFY21.
- As SAIL swings to profit and has limited capex needs, we expect a higher dividend payout going forward. As against an inconsistent dividend of INR1-2/sh (nil in FY16-18), we expect a consistent higher payout of INR4-5/sh, implying a yield of 5-7%.

Valuation is attractive, lower steel price the key risk

- At the CMP, the stock is trading at 4.2x FY22E EV/EBITDA, which is at a 25-30% discount to peers TATA and JSTL. Even on FY22E P/BV, it is trading at an attractive 0.6x, despite an expected strong RoE of 16%.
- We value the stock at 5x FY22E EV/EBITDA at INR104/share, implying a target P/B of 0.8x (historical average of 0.7x).
- Key risks are lower steel price and higher capex.

Bloomberg	SAIL IN
Equity Shares (m)	4,130
M.Cap.(INRb)/(USDb)	298.4 / 4.1
52-Week Range (INR)	82 / 20
1, 6, 12 Rel. Per (%)	2/75/122
12M Avg Val (INR M)	2271

Financials & Valuations (INR b)

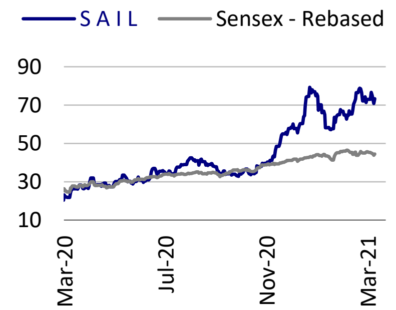
Y/E March	2021E	2022E	2023E
Sales	695.1	809.8	823.8
EBITDA	137.7	157.8	145.1
Adj. PAT	59.6	76.6	70.0
Adj. EPS (INR)	14.4	18.5	17.0
EPS Gr. (%)	-3,167.0	28.5	-8.6
BV/Sh. (INR)	110.7	124.8	136.2
RoE (%)	13.7	15.8	13.0
RoCE (%)	11.6	13.6	12.0
Payout (%)	10.5	25.9	35.5
Valuations			
P/E (x)	5.0	3.9	4.3
P/BV	0.7	0.6	0.5
EV/EBITDA (x)	5.1	4.2	4.2
Div. Yield (%)	4.2	5.5	6.9

Shareholding pattern (%)

As on	Dec-20	Sep-20	Dec-19
Promoter	75.0	75.0	75.0
DII	13.0	13.7	14.8
FII	4.2	3.2	3.6
Others	7.9	8.1	6.7

FII Includes depository receipts

Stock performance (one-year)



Bharti Airtel

BSE SENSEX	S&P CNX
50,051	14,815

airtel

Bloomberg	BHARTI IN
Equity Shares (m)	5,456
M.Cap.(INRb)/(USDb)	2887.4 / 39.9
52-Week Range (INR)	623 / 394
1, 6, 12 Rel. Per (%)	-7/-11/-62
12M Avg Val (INR M)	12264
Free float (%)	43.8

Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	869.4	1,019.9	1,149.6
EBITDA	360.2	461.2	555.5
Adj. PAT	-40.7	4.3	24.2
EBIT Margin (%)	41.4	45.2	48.3
Adj. EPS (INR)	-7.5	0.8	4.4
EPS Gr. (%)	-14.6	-110.6	459.2
BV/Sh. (INR)	141.4	115.9	120.3
Ratios			
Net D:E	1.5	2.0	1.9
RoE (%)	-5.5	0.6	3.8
RoCE (%)	3.7	13.5	6.8
Payout (%)	0.0	0.0	0.0
Valuations			
EV/EBITDA (x)	11.8	9.0	7.5
P/E (x)	NM	NM	119.3
P/BV (x)	3.7	4.6	4.4
Div Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

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

FII Includes depository receipts

CMP: INR529 TP: INR720 (+36%) Buy

Airtel Africa sells towers to Helios Towers for USD119m

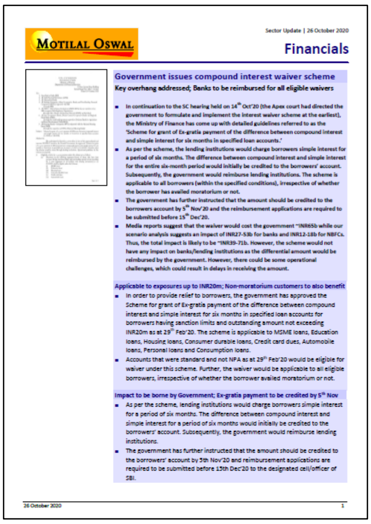
- **Bharti's subsidiary Airtel Africa announced the sale of 1,424 towers in Madagascar and Malawi to Helios Towers for USD119.**
- **Airtel Africa's Tower portfolio in these two regions consists of 1,229 towers – it is entering into two separate agreements for the different jurisdictions. Total proceeds from the sale of these towers would be USD108m. The transaction is expected to be completed in 4QCY21.**
- **Airtel Africa would continue to develop, maintain, and operate its equipment on the towers under lease with Helios.**
- **Furthermore, it has agreed to build 195 sites with Helios for USD11m across these regions over three years.**
- **Additionally, it has entered into an exclusive MOU with Helios for the potential sale of its tower assets (~1000) in Chad and Gabon. This deal should also incorporate lease agreements and the sites in these regions. This transaction is expected to be completed by end-FY22.**
- **This is the second asset monetization decision by the company in less than a week. Previously, on 18th Mar'21, it sold a 7% stake in its Mobile Money business to The Rise Fund for a sum of USD200m. Additionally, the management is in talks with potential investors for an additional stake sale up to 25% in its Mobile Money business.**
- **Both of these decisions are in line with the management's intention to achieve strategic asset monetization.**
- **Proceeds from these transactions would be utilized for debt reduction and as investments in network and sales infrastructure.**
- **We value BHARTI on an SOTP basis. We assign 10x EV/EBITDA to the India business and 6x to the Africa business in FY23E to reach INR720/share. Our higher multiple captures the opportunity for an EBITDA increase from a potential price hike or market share gains.**

BHARTI – SOTP on FY23E

Particulars	EBITDA (INR b)	Ownership	Proportionate EBITDA (INR b)	EV/EBITDA	Fair Value (INR b)	Value/Share
India SA business (excl. towers)	446	100%	446	10	4,676	857
Tower business (15% discount to fair value)		41.0%			230	42
Africa business	192	55.2%	106	6	683	125
Less net debt					1661	305
Total Value					**3927**	**720**
Shares o/s (b)	5.5					
CMP						**529**
Upside (%)						**36**

Source: MOFSL, Company

Financials


Sector Update | 26 October 2020

Financials

Government issues compound interest waiver scheme

Key overhang addressed; Banks to be reimbursed for all eligible waivers

SC extends waiver of interest on interest for all borrowers; NPA classification standstill stands withdrawn

Rules out complete interest waiver and further extension of the moratorium period

- **Putting an end to a series of uncertainties, the SC has extended the waiver of interest on interest to all borrowers while ruling out: i) a complete interest waiver, ii) extension of the moratorium period, and iii) extension of restructuring period – thus removing a key overhang from Banks. The stay on NPA recognition now stands withdrawn, which will allow lenders to recognize actual NPAs and actively pursue recovery efforts.**
- **Media reports suggest that the waiver would cost INR135-140b, of which INR65b has already been provided. The additional impact is likely to be INR75-80b across all lenders. Our scenario analysis suggests an impact of INR68-106b for Banks and INR30-45b for NBFCs, thus the total impact is likely to be INR98-152b.**
- **While the earlier impact of INR65b was borne by the government, we await further clarification on who would bear this additional impact. In the unlikely event of Banks being made to absorb this additional burden, the impact on profitability is likely to be in low single-digits, which appears manageable.**

SC extends interest on interest waiver for all loans, rules out complete waiver

- To provide relief to all borrowers, the SC has asked lenders not to charge any interest on the interest portion of the loan amount for all borrowers. The earlier scheme, as approved by the government, was only applicable for Retail and MSME loans having sanction limits and outstanding amount not exceeding INR20m as on 29th Feb'20. The SC has now extended this benefit to all borrowers.
- It has instructed lenders to refund the amount of such a waiver by adjusting the same against subsequent installments.
- The apex court ruled out a complete interest waiver, citing limited scope of judicial review and refrained from commenting on policy decisions, which removes a long-drawn overhang from Banks.

SC dismisses extension of the moratorium period; stay on NPA recognition stands withdrawn

- The SC has ruled out the possibility of further extension of: a) the moratorium period, and b) the time period for restructuring. Its stay order on asset classification now stands withdrawn. This clarifies the air on asset classification, and lenders, who so far have been reporting pro forma asset quality, would now be able to recognize NPA and show their exact position.

Media reports peg additional impact at INR80b, our scenario analysis suggests a total impact of INR98-152b

- Some media reports estimate the interest waiver benefit at INR135-140b, of which INR65b has already been provided. This waiver is likely to have an additional impact of INR75-80b across all lenders.
- We have analyzed the amount of interest waiver under different interest rate scenarios (8-10%). For NBFC loans, we have considered the interest rate in the 9-11% range. Our scenario analysis suggests an impact of INR68-106b for Banks and INR30b-45b for NBFCs, thus the total impact is likely to be INR98-152b.

MOFSL view

The judgment has put an end to the interest waiver issue and thus removed an important overhang on lenders ever since the plea was filed in Mar'20. Withdrawal of the stay on NPA recognition will allow lenders to recognize actual NPAs and actively pursue recovery efforts. We await further clarification on who would bear this additional burden. In the unlikely event of Banks being made to absorb this additional burden, the impact on profitability is likely to be in low single-digits, which appears manageable. Media reports suggest that the waiver would cost INR135-140b, of which INR65b has already been provided. The additional impact is likely to be INR75-80b across all lenders. Our scenario analysis suggests an impact of INR68b-106b for Banks and INR30b-45b for NBFCs, thus the total impact is likely to be INR98b-152b. **We maintain our preference for ICICIBC, HDFCB, and SBIN.**

Chronology of events on the interest waiver plea

Date	Events
27th Mar'20	❖ Plea filed by Mr. Gajendra Sharma for interest forgo during the moratorium period
26th May'20	❖ The court sought RBI's response on the plea seeking an interest waiver on term loans
3rd Jun'20	❖ RBI filed a counter affidavit against the interest waiver
4th Jun'20	❖ SC asked the Finance Ministry to intervene and submit a joint response with RBI; next hearing scheduled for 12th Jun'20
12th Jun'20	❖ The SC ruled out a complete waiver of interest. The question remains on waiver of interest charged on accrued interest ❖ The government to hold a meeting with the Finance Ministry and RBI; next hearing scheduled for 17th Jun'20
17th Jun'20	❖ SC argued that the benefit or moratorium should be available to people and sees no merit in charging interest on accrued interest on loans under moratorium. It said people are not availing the moratorium as they are not getting any benefit ❖ Banks association/SBI argued that a blanket waiver could dent credit culture and should be seen on a case-to-case basis ❖ SC asked the government to intervene and review the matter; next hearing scheduled for the first week of Aug'20
Aug'20	❖ SC deferred the hearing to 10th Sep'20
10th Sep'20	❖ SC extends the loan moratorium till next hearing, asked banks not to declare any loans as NPA for non-payment during the moratorium period ❖ Asks government, RBI, and lenders to come out with a concrete plan; adjourned the hearing to 28th Sep'20
28th Sep'20	❖ The Center filed an affidavit highlighting benefit to be provided to small borrowers for loans up to INR20m; hearing adjourned to 5th Oct'20
5th Oct'20	❖ SC granted additional time to RBI and the government to file additional affidavits; adjourned hearing to 14th Oct'20
14th Oct'20	❖ The government sought time till 15th Nov'20 to implement the interest waiver scheme ❖ SC asked the government to implement the scheme at the earliest and adjourned the hearing to 2nd Nov'20 to review its status
23rd Oct'20	❖ The government announced a scheme for grant of ex gratia payment for difference between compound and simple interest for six months in specified loan accounts
23rd Mar'21	❖ The SC allowed waiver of interest on interest on loans for all borrowers ❖ SC ruled out: i) complete interest waiver, ii) extension of the moratorium, and iii) extension of restructuring period ❖ Withdrew stay on NPA recognition

Source: Media articles, MOFSL

Our scenario analysis suggests an impact of INR68-106b for Banks; total impact for lenders to be INR98-152b

	Banks			NBFC			Total		
Banks	**8%**	**9%**	**10%**	**9%**	**10%**	**11%**			
Total system loans as on 29th Feb'20 (INR t)		101.0			35.6				
Loans eligible for waiver (INR t)	101.0	101.0	101.0	35.6	35.6	35.6			
Calculation of Interest (INR b)									
- On a Compounded Interest Basis	4,110	4,633	5,159	1,631	1,816	2,002			
- On a Simple Interest Basis	4,042	4,547	5,052	1,601	1,779	1,957			
Differential - Interest Waiver (INR b)	**68.0**	**86.1**	**106.4**	**30.3**	**37.5**	**45.4**	**98.3**	**123.6**	**151.8**

Source: Company, MOFSL

Pro forma asset quality ratios over 2Q and 3QFY21

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

Source: MOFSL, Company

Restructuring book remains under control (sub-1%) for large Banks. Mid-size Banks such as CUBK and DCBB could see higher restructuring

Snapshot of the restructuring book across Banks

INR b	Absolute	Actual as of Dec'20	Outlook for Mar'21
KMB	6.0	0.28%	Similar levels
ICICIBC	25.5	0.40%	0.40%
AXSB	27.1	0.42%	0.42%
HDFCB	54.1	0.50%	Similar levels
IIB	12.4	0.60%	1.80%
CSBBANK	0.9	0.72%	Similar levels
SBIN	181.3	0.77%	
AUBANK	2.5	0.80%	1.50%
IDFCB	8.8	0.80%	2.00%
FB	10.7	0.90%	1.30%
RBK	5.6	1.00%	1.50%
KBL	6.9	1.28%	
KVB	6.8	1.31%	
BOB	95.0	1.40%	
INBK	55.8	1.62%	
CBK	108.4	1.62%	3.32%
PNB	120.0	1.82%	
EQUITAS	3.4	1.97%	
CUBK	8.1	2.21%	
BOI	93.6	2.54%	
DCBB	6.9	2.70%	5.00%
YES	80.6	4.75%	
UJJIVAN	8.5	6.25%	

Source: MOFSL, Company

Following a focused approach

We hosted an interaction with Mr Debashis Chatterjee – MD and CEO of Mindtree Ltd (MTCL) – for an update on the business and sectoral trends in the IT Services space. Here are the key insights from our discussion:

4X4X4 strategy working well

- MTCL's strategy to focus on four geographies, industry groups, and service lines has been working well. While focusing on select areas, the company has been bundling its services and increasing partnerships with hyperscalers to enhance its GTM strategy.
- Additionally, MTCL has filled all the recent gaps in leadership (post major attrition since the management change), largely from Tier 1 IT. This has made the company ready to compete for larger deals in the market.

Successfully transitioning from project- to annuity-based approach

- Mr Chatterjee has changed the company's focus from more of discretionary work to a healthy mix of "discretionary" and "lights on" services. This further translates to extended deal tenures and hence offers higher visibility in terms of revenues.
- MTCL's four key service lines are also structured in a way that targets multiple clusters within the client organization. Cloud and Enterprise IT focus on CIOs as buyers, while Customer Success and Data & Management target other leaders (such as CMOs, SBU heads, etc.) as key buyers. This gives the company multiple nodes within the same client.

Mindtree

Mr Debashis Chatterjee, Chief Executive Officer and Managing Director

Mr. Debashis Chatterjee has over 30 years of experience in the field of IT, spanning customer relationship management, building and managing large business units, strategic alliances, M & A, change management and delivery management across multiple industries, business domains, technologies & geographies.

Attrition increasing, but manageable

- MTCL recognizes that there is a lot of pressure associated with sourcing talent in the market. This is the result of a higher demand environment leading to the competition turning aggressive to attract the right talent.
- MTCL expects higher attrition, but is confident that supply is manageable – on account of increased campus hiring and industry-standard wage hikes.
- Additionally, MTCL's approach toward increasing training, reskilling employees, and modeling the company as a learning organization is also helping it to curb attrition and attract external talent.

Cloud to be key growth vector

- Mr Chatterjee believes cloud is the key growth vector across verticals in the IT Services industry and also for the company. MTCL has decided to work with only five major hyperscalers. As the company's top client is one of the largest hyperscalers, the client is aiding the company in its growth strategy.
- MTCL is also changing its approach from "Sell to hyperscalers" to "Sell with hyperscalers" to take the key offering of "Lift and Shift" as well as cloud applications to its clients.

Big M&A plans

- M&A would be among the key focus areas for Mr Chatterjee going forward. The company plans to undertake tuck-in acquisitions, which would help it enter the white spaces within the key operating geographies. This would be the key focus of the Chief Strategy Officer of the company.

Valuation and view

- Since Jul'19, post the disruption brought on by the ownership change, Mindtree has been undertaking encouraging measures toward achieving stability in both its client and employee counts.
- The strategy change to increase focus on annuity revenue and tail account rationalization is already reflected in the revenue and client mixes.
- Consistent margin expansion and a positive outlook for the same are key positives. High exposure to Travel, Transport, and Hospitality remains a drag on overall recovery.
- The stock is currently trading at 24x FY23E EPS. We believe the key positives are already captured, and we see limited upside hereafter. Our TP of INR1,930 implies 23x FY23 EPS (near a 10% discount to LTI). Maintain Neutral.

Maruti Suzuki: Not passing entire rise in cost to customers; Shashank Srivastava, ED-Marketing & Sales

- Price hike will be across the board; price hike in January was 1.3% across the board
- Input cost pressure will lead to a 'substantial' price hike in April
- Market conditions in 2019-20 were not favourable to pass on price increases
- Couldn't take entire BS-VI related price hike in FY21 due to demand structure
- Will not pass entire cost to consumer in April price hike but only a part of the increase in cost of inputs
- Lower end of auto market is quite sensitive to rise in fuel prices
- Will have to walk the fine line b/w price increases and impact on demand
- Seeing good growth in CNG segment due to high petrol prices; higher contribution from CNG segment will not hurt margin
- Expect cost of steel, palladium to remain high
- Operating at peak capacity; no supply disruption as of now
- Have been getting good enquiries and sales in March
- Auto demand will depend on the COVID wave

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Sundaram Finance: Real growth likely in FY22; early shoots are visible; TT Srinivasaraghavan, MD

- Demand for tippers has come back in the last 3-4 months
- Have hit bottom in terms of commercial vehicles cycle; seen revival in Infra sector
- We are at the beginning of commercial vehicles cycle, hopefully
- Real growth will start in FY22; early shoots are visible
- Most businesses have got back on feet
- Have not seen serious concerns w.r.t recoveries yet
- Things can only improve from here for the CV sector, ex-second wave of COVID-19
- Becoming a bank is not a choice for all NBFCs; there is a case for co-existence of banks, NBFCs and MFIs

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Granules India: See high paracetamol prices to be a blip over a quarter or two; Priyanka Chigurupati, ED

- Have seen significant increase in prices of Paracetamol
- Chinese have also increased consumption of PAP
- Have always believed in dual sourcing
- See high paracetamol prices to be a blip over a quarter or two
- See PAP capacity coming up over the next couple of quarters
- Expect prices to stabilise over time
- Have always focused on few molecules and have been mostly backward integrated
- Sticking to guidance of 25% of profit growth

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KEC International: No slowdown in business, will bid for order worth Rs. 50000 crore; Vimal Kejriwal, MD & CEO

- Not seeing any signs of slowdown in business execution
- Company will be bidding for orders worth Rs. 50000 crore
- Barring T&D, all other business prospects are looking up
- Total order book is around Rs. 20000 crore and another Rs. 6000 crore of L1

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Fear of 2nd wave, rising commodity prices may dampen consumer sentiment; Kamal Nandi (Business Head and Executive VP, Godrej Appliances) and Nilesh Gupta (Managing Partner, Vijay Sales)

- Fear of 2nd wave can dampen wave may dampen consumer sentiments (Godrej Appliances)
- Commodity price rise leading to rise in prices of final product and that is impacting demand (Godrej Appliances)
- Market is more or less flat, can say that the demand is same as it was in 2019 (Godrej Appliances)
- Prices of final products have gone up; price rise is anywhere between 8-10% (Godrej Appliances)
- Expect a bumper season if COVID doesn't lead to fresh lockdowns (Vijay Sales)
- Demand for air conditioners and air coolers is picking up (Vijay Sales)
- Further price rise expected by around 4-5% next month onwards (Vijay Sales)

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Happiest Minds: To give double-digit hike to employees this year as competition for better talent pushing up wages; Venktataraman Narayanan, MD & CFO and Joseph Ananthaaraju (Exec VC & CEO-PES)

- Will be giving double-digit hikes to employees this year
- Seeing a pick-up in demand
- Better outlook for IT companies and competition for better talent is pushing up wage
- Have advanced appraisal cycle from July to April
- Hiring in FY22 will be much higher than last year
- Should start getting an increase in SG&A costs going ahead
- Looking at consistent EBITDA margin in range of 21-24%
- Europe has been growing between 8-11% for the last few years; want to increase our growth rates in Europe to 12-13%

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