ASIAMONEY Brokers Poll 2020 (India)

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	49,009	1.2	2.6
Nifty-50	14,507	1.3	3.8
Nifty-M 100	23,214	1.6	11.4
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	3,971	-0.1	5.7
Nasdaq	13,060	-0.6	1.3
FTSE 100	6,736	-0.1	4.3
DAX	14,818	0.5	8.0
Hang Seng	10,943	-0.2	1.9
Nikkei 225	29,385	0.7	7.1
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	64	4.4	24.5
Gold ($/OZ)	1,733	0.3	-8.7
Cu (US$/MT)	8,967	2.1	15.7
Almn (US$/MT)	2,276	2.5	15.3
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	72.5	-0.2	-0.8
USD/EUR	1.2	0.3	-3.5
USD/JPY	109.6	0.4	6.2
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.1	-0.01	0.3
10 Yrs AAA Corp	7.2	0.00	0.6
Flows (USD b)	**26-Mar**	**MTD**	**CY21**
FIIs	-0.01	2.57	7.57
DIIs	0.23	0.13	-3.99
Volumes (INRb)	**26-Mar**	**MTD***	**YTD***
Cash	626	722	796
F&O	21,449	45,721	41,492

Note: *Average

Today's top research idea

Varun Beverages: Sharp recovery paving way for growth

- During the latter part of CY20 and in 1QCY21, VBL witnessed a strong demand recovery driven by: a) pick-up in volumes in the newly acquired territory, b) strong demand for newly launched products, and c) re-working of the formulation of the PepsiCo brand concentrate.
- VBL's market share (in handling PepsiCo's India volumes) increased to ~85% in CY20 due to increasing penetration in the new territories as well as existing ones. In the NCB segment, the management aims to ramp-up operations at the new Pathankot facility and aggressively distribute its product; in line with its long-term strategy.
- VBL plans to rationalize operations and aims to dispatch products from large plants where the cost of production is lower.
- The shift from smaller plants is expected to boost margin, with economics of scale kicking-in.
- We expect revenue/EBITDA/PAT CAGR of 28%/36%/64% over CY20-22E. We value the stock at 31x CY22E EPS. Our TP of INR1,145 per share implies 15% upside. Maintain **Buy**.

Research covered

Cos/Sector	Key Highlights
Varun Beverages	Sharp recovery paving way for growth
4th Ideation Conference (Day 2)	Key insights from the virtual conference.
Automobiles	Supply-side issues impacting most segments

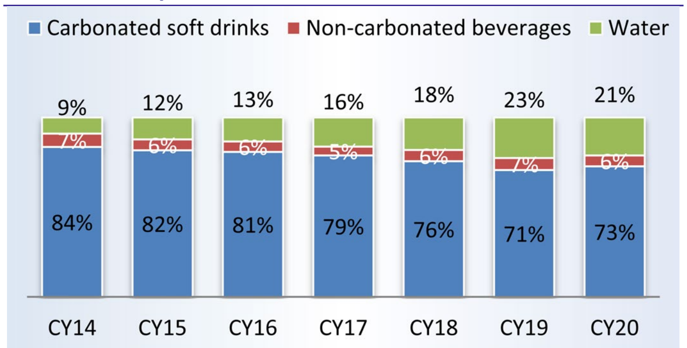
Piping hot news

Small SUVs see highest price hikes in 3 years

The strong demand for small sports utility vehicles (SUVs) has led to the sharpest price increases in the last three years in this segment. Data compiled by JATO, a global supplier of automotive business intelligence since March 2018, showed...

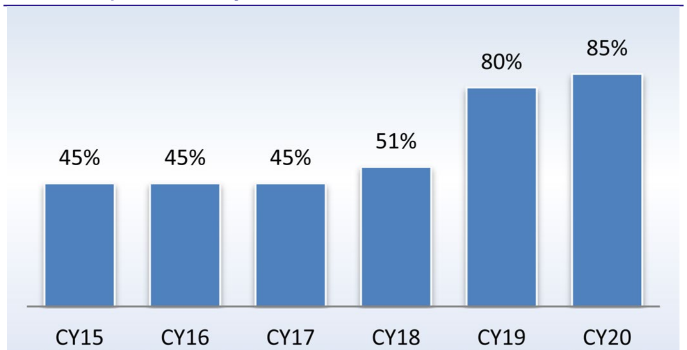
Chart of the Day: Varun Beverages | Sharp recovery paving way for growth

Volume composition of VBL



Source: Company, MOFSL

Increase in market share (handling PepsiCo domestic business) over the years



Source: Company, MOFSL

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In the news today

Kindly click on textbox for the detailed news link

1

HPCL to buy out Shapoorji Pallonji Group's share in Gujarat LNG terminal JV

State-owned Hindustan Petroleum Corporation Ltd (HPCL) will buy out the share of its joint venture partner SP Ports Pvt. Ltd (SPPPL) in the 5 million metric tonnes per annum LNG re-gasification terminal, that is being set up at Chhara in Gujarat.

2

Small SUVs see highest price hikes in 3 years

The strong demand for small sports utility vehicles (SUVs) has led to the sharpest price increases in the last three years in this segment. Data compiled by JATO, a global supplier of automotive business intelligence since March 2018, showed compact SUVs, the hottest segment at present, have seen the highest price increase of nearly 11%. Hatchbacks are up just over 4%, MPVs over 9%, premium hatchbacks 3.5%, premium sedans over 8% and the larger (more than four metre) SUVs have seen over 9% price.

3

Manappuram looks to take MFI arm Asirwad public

Manappuram Finance, the second largest gold loan company in the country, is toying with the idea of hiving off and taking its microfinance arm Asirwad Microfinance public within a year, a top company official said. With a loan portfolio of over Rs 5,360 crore and close to 25 lakh customers across 23 states, the Chennai-headquartered Asirvad is the fourth largest microfinance ...

4

Third Covid vaccine in India likely to be approved soon: Dr Reddy's official

Pharmaceutical firm Dr Reddy's Laboratories expects the Russian-made Covid-19 vaccine, Sputnik V, to get approval from the Indian regulator in the next few weeks. "We expect to get the approval in the next few weeks. It is a two-dose vaccine. You take the first dose on day zero and the second one on day 21. The peak immunity ...

5

Jio, Airtel and Vi Pay Rs 5,000 crore AGR dues for March quarter

The telecom department has received about Rs 5,000 crore from Reliance Jio , Bharti Airtel and Vodafone Idea (Vi) in license fee and spectrum usage charges for the January-March quarter. "The three telcos have made their payments and there has been no delay, which is a good sign. The January-March quarter dues need to come in by March 25....

6

Beer sales get boost from state excise policies

State excise policies aimed at recovering loss of revenue caused by Covid-19 are having a positive effect on India's beer industry that had gone flat last year. Helped by summer tailwinds, domestic breweries have not only been able to stem sliding sales but have started clawing back to pre-Covid ...

7

Government gets multiple EoIs for privatisation of NINL

The government has received multiple expressions of interest from bidders for privatisation of Neelachal Ispat Nigam Ltd (NINL), DIPAM Secretary Tuhin Kanta Pandey said on Monday. The Department of Investment and Public Asset Management (DIPAM) had in January invited preliminary bids for strategic...

Varun Beverages

BSE SENSEX	S&P CNX
49,009	14,507

CMP: INR994 **TP: INR1,145 (+15%)** **Buy**

Sharp recovery paving way for growth

VBL has multiple levers in place to drive its long-term growth strategy. We expect volumes to bounce back and support its overall growth led by: a) faster recovery of the business in the backdrop of the COVID-19 pandemic, b) strong demand traction across geographies and product segments, c) a gradual gain in market share, with increased penetration, and d) ramp-up of operations in new regions (South and West India). Key insights are highlighted below:

Demand drivers in place to drive near term growth

- During the latter part of CY20 and in 1QCY21, VBL witnessed a strong demand recovery. In the initial phase of COVID-19, demand was impacted. This recovery was primarily driven by: a) pick-up in volumes in the newly acquired territory of South and West India, b) strong demand for newly launched products (Mountain Dew – Ice), and c) re-working of the formulation of the PepsiCo brand concentrate, which resulted in higher retention of CO_2. Higher retention of carbon dioxide led to a reduction in sweetness. The product has seen higher acceptance and demand post that.
- HORECA segment (current revenue share at 6-7%) is another channel whose performance is expected to improve. Lower occupancy in theaters and travel restrictions due to COVID-19 are affecting HORECA volumes. Going forward, the management expects a strong recovery in this segment, with a gradual lifting of lockdown restrictions across India.
- New product launches (Mountain Dew – Ice), ambient temperature dairy beverages, etc., are some of the products gaining traction. With the lifting of lockdown restrictions, VBL aims to aggressive distribute and market these products.
- VBL's market share (in handling PepsiCo's India volumes) increased to ~85% in CY20 from 80% in CY19, which is primarily due to increasing penetration in the newly territories as well as existing ones. We expect a similar trajectory to lead to 28% volume CAGR over CY20-22E.

Initiatives across segments and regions to provide all round sustainable growth

- PepsiCo acquired 'Rockstar', who is the leader in the Energy Drink segment. VBL aims to launch this product in the domestic market in the next few years.
- In the NCB segment, the management aims to ramp-up operations at the new Pathankot facility and aggressively distribute its product. This is in line with its long-term strategy as the management was not able to ramp up the plant due to imposition of the COVID-led lockdown.
- At the time of acquisition (in CY19), the south and west region recorded volumes of 135m units. Two years prior to that, these regions did 205m units (when PepsiCo undertook bottling and distribution). VBL plans to achieve similar volume numbers in the next 1-2 years. Post that, its focus will be to increase penetration levels, which in-turn will support volume growth.

Stock Info

Bloomberg	VBL IN
Equity Shares (m)	289
M.Cap.(INRb)/(USDb)	287.1 / 4
52-Week Range (INR)	1096 / 502
1, 6, 12 Rel. Per (%)	-4/12/3
12M Avg Val (INR M)	280
Free float (%)	33.6

Financials Snapshot (INR b)

Y/E DEC	2020	2021E	2022E
Sales	64.5	91.5	105.7
EBITDA	12.0	19.3	22.4
Adj. PAT	4.0	8.0	10.7
EBITDA margin (%)	18.6	21.1	21.2
Adj. EPS (INR)*	13.7	27.5	37.0
EPS Gr. (%)	-15.7	101.0	34.4
BV/Sh. (INR)	122.1	147.0	181.2
Ratios			
Net D:E	0.9	0.4	0.2
RoE (%)	11.5	20.5	22.6
RoCE (%)	10.4	15.6	18.4
Payout (%)	21.9	9.4	7.6
Valuations			
P/E (x)	72.6	36.1	26.8
EV/EBITDA (x)	26.4	15.9	13.3
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	2.5	5.4	4.3

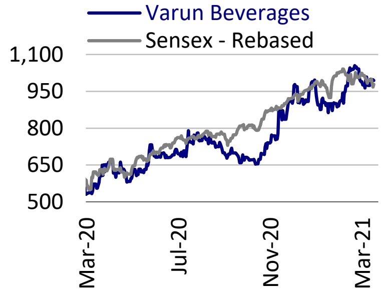
* Cons.

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	66.4	66.4	68.4
DII	5.9	6.0	6.3
FII	20.5	20.8	19.4
Others	7.3	6.9	5.9

FII Includes depository receipts

Stock Performance (1-year)



- VBL's market share increased to 13% from 6% in Morocco. On the back of increased demand, it plans to add a glass line in CY21, which is expected to further drive volume growth. It also plans to double water capacity in Morocco over the next 2-3 years.
- Zimbabwe volumes have doubled in the last couple of years on the back of market share gains, which is difficult from here on as the company has 50% market share in the region. Growth from here will be driven by expanding the market and launching new products. The management plans to backward integrate (setting-up preform/caps machinery) in Zimbabwe in CY21, which is expected to benefit margin in the near-to-medium term.

Major capex behind, focus is on cash generation; expect VBL to generate FCF of INR27.9b over the next two years

- Due to COVID-19 and subsequent lockdowns, the company reduced capex outflow with respect to expansion in new territories and spending on plant and machinery. In CY22, VBL plans to spend cash, which will be more or less equal to its depreciation outflow in CY21 and CY22. Organic capex in the last seven years was 0.9x consolidated depreciation (excluding inorganic capex).
- It sees inorganic acquisition opportunities in Asia and Africa. The management's current focus is to grow its market share in the newly acquired territories and drive efficiencies. It expects cash generation in CY21 to be used for debt repayment and intends to reduce debt by INR8b. Lower capex outflow is expected to increase free cash flow generation, which in turn would aid in debt reduction.
- VBL plans to rationalize operations and aims to dispatch products from large plants where the cost of production is lower. The shift from smaller plants is expected to boost margin, with economics of scale kicking-in.

Valuation and view

- We expect VBL to maintain its earnings momentum, led by: a) increased penetration in newly acquired territories of South and West India, b) higher acceptance of newly launched products, and c) ramping-up of operation in domestic as well as international territories on the back of growing demand.
- With a ramp-up in operations due to increased demand and impact of COVID-19 gradually subsiding, we expect operating leverage to kick-in and complement margin expansion. Lower capex intensity in coming years and higher profitability is expected to improve cash flows and reduce debt.
- We expect revenue/EBITDA/PAT CAGR of 28%/36%/64% over CY20-22E. We value the stock at 31x CY22E EPS. Our TP of INR1,145 per share implies 15% upside. Maintain **Buy**.

The Indian economy has successfully navigated the **"Survive to Revive"** phase over the past few quarters. Robust corporate earnings, after the pandemic-led disruption, and improving macroeconomic data indicate positive near-term prospects and have led the broader indices to new heights. Furthermore, with economic growth being the focal point, the government has rightly focused on infrastructure development.

Thus, inspired by the success of our traditional conferences, we rolled out the **'Motilal Oswal 4th Ideation Conference' – Our Emerging Companies Platform from 23rd–25th March, 2021**.

The full-day virtual conference, with matching schedules across time zones, from Asia to the US, consists of interactive sessions with 60+ corporates – as they dwell on future challenges and opportunities in store in this disruptive world.

Our guests shed light on how their respective industries are coping with the dual challenge of the pandemic and slowdown, and the way forward hereafter.

We bring you key insights from the virtual conference.

Capital Goods

Amber Enterprises India | (AMBER IN, Mkt Cap USD1.5b, CMP INR3177)

A. **PLI scheme:** Some draft guidelines are expected to be out by Apr'21. Currently, imports are more skewed towards the component side (86% compressors, 76% motors, 66% PCBA, and 100% of aluminum and copper in raw form). The PLI scheme is expected to have a compounding effect on the component ecosystem more than on finished products.

B. **Commodity price inflation:** Product pricing has gone up by 5-7%. Based on earlier trends, such a steep price hike could be a deterrent to offtake. However, a very strong summer could negate this phenomenon.

C. **Inventory:** Current inventory in the channel is close to normal. So, strong secondary offtake should bode well for primary sales of brands.

D. **China+1 strategy:** Other countries are ready to outsource from AMBER even at a 2-3% price arbitrage. It just has to scale up its product offerings in terms of quality. Around 20% of finished goods (ACs) globally is catered by Thailand. The latter's own consumption is 2.5m units, whereas it exports almost 12m units annually. This has been the fulcrum around India's PLI scheme.

KEC International | (KECI IN, Mkt Cap USD1.5b, CMP INR427)

A. **Order inflows and book:** KECI is L1 in INR60b worth of orders, with ~50% being from the Railways segment. Domestic T&D is still weak. The management is unsure about orders from state discoms. It expects large overseas T&D orders and sees T&D forming 50% of the order book in FY22.

B. **Railways and Civil business:** Strong focus on the Civil business could lead to ~INR10b revenue by FY21-end, with the same likely to double in FY22. The Railways segment saw order inflows of INR35b in FY21, which could lead to strong growth in FY22.

C. **SAE business:** FY21 will be a loss-making year. The business is expected to break even by FY22. KECI has already executed a loss-making order, while another order will be executed by Jul'21.

KEI Industries | (KEII IN, Mkt Cap USD0.7b, CMP INR527)

A. **Execution:** While the retail segment had fully ramped up by 3QFY21, institutional sales and exports were lower. As of now, institutional sales have bounced back to pre-COVID levels, while exports are at 70-75% of pre-COVID levels owing to travel constraints.

B. **B2C wires:** INR80b is the size of B2C wires, with 30% of the market being unorganized. The management expects unorganized players to lose 3-4% market share owing to difficulty in scaling up the supply chain. KEII has 5% market share and aims to grow by over 70% in FY22.

C. **Working capital:** Current working capital cycle is 2.9 months due to an elongated cycle in the EPC segment (6.5 months). As current tenders have lower margins, the management has decided to scale down this business to INR5b (from INR10b). This will unlock INR1.4-1.5b in working capital. Scale up of the retail segment and gradual reduction of EPC sales will reduce the working capital cycle to 2.4 months.

Cement

Prism Johnson | (PRSMJ IN, Mkt Cap USD0.8b, CMP INR122)

A. Cement business

a) Cement demand remains strong in 4QFY21 and has supported a price hike of INR10-15/bag in Mar'21. The management expects cement demand to remain strong in the near term.

b) Planned commissioning of the remaining 12.5MW Solar Power capacity (of 25MW) and 12.5MW of WHRS capacity (10MW commissioned in Nov'20) in Mar'21 would generate potential savings of INR150/t, thereby offsetting increase in fuel cost on account of petcoke inflation.

c) The management plans to expand clinker capacity by 1mtpa to 5.2mtpa at Satna, via debottlenecking, at a capex of INR1.4b in FY22. Debottlenecking of the grinding unit (by 1mtpa) would be carried out in FY24.

B. H&R Johnson: Tiles and Bathroom products

a) During 3QFY21, the segment saw a volume growth of 23.4%, led by higher exports of Tiles and improved demand from Tier II and III cities. However, demand may be dampened by spike in a COVID-19 cases.

b) The management has guided at a sustainable EBITDA margin (11%-12% range) compared to 14.1% (+910bp YoY) achieved in 3QFY21 as some cost normalization would take place from 4Q onwards.

C. Balance Sheet

a) During 9MFY21, the company reduced its debt by INR3.8b to INR14.9b. It aims to become debt free over the next three years. Schedule debt repayment for FY22 is ~INR1.8b.

b) The management has guided at a capex of INR4b for FY22, which would be funded through internal accruals.

D. Others

a) Sale of the Insurance business is expected to be concluded in 1QFY22 and would lead to cash flows of INR3.6b, of which INR0.8b is on account of reimbursement towards capital infusion by the company over last year.

b) De-merger of Cement and HRJ business can take place once the Tiles business starts generating sustainable cash flows.

Consumer

Mrs Bectors Food Specialities | (BECTORS IN, Mkt Cap USD0.3b, CMP INR348)

A. **Demand outlook** to remain strong given the management's focus on premiumization of its existing product portfolio. 9MFY21 product mix | Biscuits: domestic 42%, exports 24%; Bakery: 21%; and Institutional Bakery: 8%. Total contribution for Biscuits increased to 64% in 9MFY21 from 50% in FY20.

B. **Distribution network** covers 23 states and includes 185 super-stockists, 737 distributors, and 557k retail outlets. Its direct reach in Biscuits/Bakery stood at 190k/17k outlets. The management is targeting to expand its direct reach in Biscuits to 260k outlets by FY22-end.

C. **Commodity cost:** Steep rise in RM cost like palm oil to be countered by necessary price hikes going forward.

D. **Working capital** is currently at 50-55 days due to higher receivable cycle for exports and CSD. The same is expected to remain high in the near term due to stocking of key inputs like milk, sugar, and packaging material.

E. **Return profile:** The management is targeting sustainable RoE and RoCE of over 20% in the next three years.

Financials – Diversified

Home First Finance Company India | (HOMEFIRS IN, Mkt Cap USD0.5b, CMP INR456)

A. The management said bounce rates have been faring well. Currently, ~88% of customers pay on time, while 2% slip into the dpd bucket. On an average, a 10% bounce in the run-rate is considered to be due course in the business

B. Credit cost should take a couple of quarters to return to normal levels. 1+dpd has increased to 7.5% from 3.5%.

C. Disbursements have picked up and crossed pre-COVID levels. The management is looking to grow the book by ~30% going forward.

D. It is targeting to halve liquidity on its books to improve NIMs. Opex-to-AUM stands at 3% and is targeted to be brought down by 200bp. It is hopeful of improving RoE by 2-3% annually over the next 2-3 years.

E. As per the management, branch optimization would result in operating leverage. It targets C/I ratio of 30-35% over the next 2-3 years. Margin is likely to be in the 4.50-4.75% range in the medium to long term. It targets to increase branch count to 100-120 from 70 over the next two years. Usually a branch takes 6-12m to break even.

IDFC | (IDFC IN, Mkt Cap USD1.1b, CMP INR50)

A. Internal working group recommendations are supportive of unlocking value for shareholders. The management said the recommendations suggest that the structure can be dismantled completely. The company would have to exit IDFC MF and then reverse merger with the bank. There is no borrowing at the parent level.

B. The indexed cost of the MF business and capital losses of other subsidiaries are close to INR25-26b. From the MF business, it expects sale proceeds of ~INR30b. Sale of MF proceeds can be transferred as: a) dividend or b) transfer to the bank, who in turn will issue more shares in the bank to IDFC's shareholders. Tax on capital gains of INR5b (post indexation) would be 20%.

C. The minimum shareholding requirement of 40% in the bank for a period of five years ended in Oct'20. Hence, the company will not participate in the current capital raise of IDFC First Bank.

MAS Financial Services | (MASFIN IN, Mkt Cap USD0.6b, CMP INR861)

A. The management expects RoA to be in the range of 2.75-3.15% (steady state RoA at 3%). Once the business stabilizes, it feels RoE could range between 17% and 20%.

B. It plans to double branch count (currently at 100) over the next two years. It targets direct business ratio between 50% and 60% going forward (currently at 40%).

C. The NBFC does not expect any negative surprises in the asset quality ahead. Overall, about 50bp of the book would need restructuring.

D. The end use of the Housing loan is closely monitored. As a policy there is only stage-based funding and deployment is done only in incremental Housing. The management sees potential to scale the book to INR10b (INR3b currently).

E. It does not see major elevations in customer leverage. Only 10-15% of customers would be without any credit history.

F. EMI-to-monthly income ratio stood between 25% and 35% even during the tough macro environment. MASFIN has restricted FOIR (Fixed Obligations-to-Income Ratio) to sub-35% levels.

G. The management will like to add Used Vehicle lending and Personal loans to its portfolio going forward. It will start the same on a small scale

Healthcare

Sun Pharma Advanced Research Company | (SPADV IN, Mkt Cap USD0.5b, CMP INR151)

A. **Focus on select high-potential therapeutic areas:** SPARC is focusing on Neurodegenerative diseases, and Onco, and certain opportunities in the Autoimmune space – with gaps in terms of needs, standard operating procedure, and/or efficacy. Neurodegenerative diseases (Parkinson's, Lewy Body, Alzheimer's) have no standard of care currently – this holds huge potential for the company if efforts prove successful. Interestingly, development work on Oncology sees good support from regulators and payors.

B. Vodobatinib: This is the lead candidate, with trials ongoing for three indications [Parkinson's Disease (PD), Lewy Body Dementia (LBD), and Chronic Myelogenous Leukemia (CML)]. SPARC has undertaken the largest phase 2b trial globally for PD indication and expects the completion of enrolment for phase 2b by 1QCY22 and the readout by 1QCY23. Peak sales for the PD indication are expected to be ~USD5b; sales would come in at ~USD10b if the company manages to get the 'disease modifying treatment label'. The readout for the LBD indication phase 2 trials are also expected by 1Q2023. The registration study is underway for the CML indication, and the US NDA filing is expected in 1QCY23.

C. Elepsia: This has been outlicensed to Tripoint for commercialization in the US and to CMS for commercialization in China. The US launch is expected in May'21. SPARC's contract with Tripoint would lead to the realization of royalties on sale. **Phenobarbital** has orphan drug designation, with 7.5 years' exclusivity, and is in the phase 3 trials currently.

D. SCD-044: SCD–044 is highly selective for S1P Receptor 1 (S1PR1); hence, it has a better safety profile v/s other S1PR1 drugs. The product has been outlicensed to Sun Pharma. It is currently in the phase 2 trials for three indications (Psoriasis, Atopic Dermatitis, and Alopecia Areata); trials for additional indications are expected later on. There are gaps in therapies such as Dermatology, and the company would explore more opportunities in this area. There are many S1PR1 inhibitors in trials for the Multiple Sclerosis indication; hence, SPARC is attempting to avoid the pack. Sun Pharma would be responsible for further clinical trials and SPARC would work closely with the company. The phase 2b trial readout is expected in late 2021 / early 2022.

E. SC0-120: This is a promising candidate for the treatment of Metastatic Breast Cancer as there is a high focus on safety in this category, and SPARC's candidate has done well on the safety front. US IND was filed in Jan 2020; phase 1a was commenced in 1QCY20 and is expected to end in 1QCY23.
PDP-716 and SDN-037: SDN-037 phase 3 trials are complete and SPARC awaits the completion of the PDP-716 trials. Both the molecules would be filed together.
Phenobarbetal: The phase 3 trials are ongoing currently. The molecule has an orphan drug designation, with 7.5 years' exclusivity.

F. The net cash requirement would be USD35–40m, which may be funded through an equity raise. Early monetization is an option to raise more money, but the company is not in favor of this given the promising data on its pipeline molecules.

G. Taclantis (Paclitaxel): The USFDA has asked for an additional clinical program; thus, this program is still under consideration for the US market. Given the limited commercial opportunity, with the generics settlement with Celgene, SPARC is re-thinking this product. SPARC has invested millions of dollars (in the single digits) on this to date. It has been approved and is marketed in India and has been outlicensed in China.

Infrastructure

KNR Constructions | (KNRC IN, Mkt Cap USD0.8b, CMP INR206)

A. Execution: Across projects, work is on in full swing, with **efficiency almost at 100% now.** On the outstanding two Irrigation projects, KNRC has appointed a supplier and started work on one project. On the other project, land clearance is pending, with work expected to start in FY22 only. Both these projects will take 24 months for execution.

B. Order inflows: KNRC bagged one EPC project (INR11b) in 4QFY21 and is L1 in two HAM projects in Kerala (INR45b in total, not yet received a letter of intent). It bagged almost INR70b worth of orders in FY21, while the target for FY22 stands at INR30-40b.

C. Diversification: Though KNRC is looking positively at Jal Jeevan Mission projects, the recent L1 order from Kerala would be a priority. It is looking at projects in the Urban and Water Infrastructure space.

NCC Limited| (NJCC IN, Mkt Cap USD0.6b, CMP INR77)

A. Monetization: The monetization process of NCC Vizag will conclude in the next six months. Proceeds of over INR3.5b will be utilized for debt reduction.

B. Receivables: Payments by PSUs and other Central government authorities has improved significantly, while for state government it continues to be delayed (especially in the case of Uttar Pradesh).

C. Commodity inflation: Rising steel prices has not impacted much as NCC has passed on the increase with the help of a pass-through clause in contracts. It doesn't foresee any sharp increase in steel prices in the medium term.

Metals

Jindal Stainless | (BSOFT IN, Mkt Cap USD1b, CMP INR252)

A. **Demand outlook** for stainless steel remains strong, supported by ~10% CAGR in demand from segments like Automobile, Railways, and Building Construction.

B. **Margin outlook:** While the company achieved EBITDA/t of INR17,745 in 3QFY21, it has guided at a sustainable EBITDA/t between INR14,000 and INR16,000 as quarterly margin is impacted by fluctuations in raw material prices. The latter is pass-through with a lag effect. The company doesn't see a material impact on its margin due to revocation of duties on Indonesian imports as imports compete with only 20% of its product mix.

C. **Capacity expansion**: The company plans to expand capacity to 1.6mtpa from 1.1mtpa. The same would entail a capex of just INR25b (v/s INR70b for greenfield capacity) and is likely to be announced in FY22. The expansion would take 24 months for completion.

D. **Deleveraging**: The company has reduced net debt by INR9b in 9MFY21 to INR28.2b and has prepaid part debt for FY22 and FY23. Scheduled repayments for FY22/FY23 is INR0.4b/INR1.5b. Of this, INR9b is on account of an inter-corporate loan, which it owes to Jindal Stainless HIsar.

E. **Merger with JSHL**: Merger of JSL into JSHL remains on track. The company has received approvals from SEBI and the exchanges and is awaiting approval from NCLT. The merger is expected to be completed by 2HFY22. The merged entity would have a combined net worth of INR58b (as on 31st Mar'21), net debt of INR45b, and EBITDA of over INR20b. With a combined capacity of 1.9mtpa, the merged entity would be among the top 10 stainless steel players in the world. The swap ratio for the merger is 1:1.95. The merged entity would have ~8.2b shares.

Technology

Firstsource Solutions | (FSOL IN, Mkt Cap USD1.1b, CMP INR114)

A. **Industry outlook:** Total outsourced volumes are only 20-25% of IT budgets currently. With a lot of clients just starting to increase their outsourcing volumes, the management expects the industry to continue to grow. The consolidation of vendors taking place in the industry is expected to benefit a few large players like FirstSource.

B. **Trends in BFSI**: The company did not face any material impact from rising yields in the BFSI space. However, if they keep rising, there may be some impact and re-finance volumes would reduce. This, however, will largely be absorbed by purchase volumes and hence there would not be a steep decline.

C. **Company strategy and target**: After the change of guard in CY19, it now has a largely stable management, whose focus is entirely on the core of the business and how to it can carry it forward. The target has been to achieve double-digit growth compared to mid-single digit growth in the past 5-10 years.

D. **Capital allocation policy**: There is no immediate thought on dividend payout. However, the company will invest significantly in organic capabilities. In the case of acquisitions, FirstSource is not looking to buy growth by acquiring large companies, but would look for tuck in acquisitions which would make it structurally stronger.

Happiest Minds Technologies | (HAPPSTMN IN, Mkt Cap USD1.1b, CMP INR540)

A. **DEMAND Outlook:** The management said it is seeing a scale up in Digital transformation in the industry. With no legacy backlog, Happiest Minds will see a lot of traction from a positive demand environment. It expects 20% revenue CAGR in the near to medium term.

B. **Wage hike**: The company has advanced salary increase because of increasing attrition in the industry. The scale of the wage hikes is 1-2% more than what it was initially expecting.

C. **Pricing**: With increasing demand for Digital skills, the management expects some increase in billing rates (in some cases).

D. **Geographical expansion**: It will focus on further expansion into Europe to de-risk from the US. It expects to invest in Europe to gain traction as contribution has fallen below 10%.

Intellect Design Arena | (INDA IN, Mkt Cap USD1.2b, CMP INR656)

A. **Market opportunity:** The US market provides an USD1b opportunity in the Corporate Banking space, with the company winning deals with Tier I banks. It also has a strong pipeline in the Data and Underwriting business. In the Europe geography, it sees opportunities in Digital Lending and Underwriting.

B. **Competitive edge**: Intellect Design has a competitive edge over peers in terms of its products and servicing. It services over 90 countries with the best practices available. It has consistently provided agility to customer systems and its products are differentiated on length and breadth.

C. **Levers for revenue growth**: The management intends to have more products per customer by leveraging its existing customer assets. It is also looking at expanding into newer countries and thereby win more customers per product. These levers position the company for double-digit growth ahead.

D. **Provisioning for bad debts**: In light of the current situation, the management has had to provide more for bad debts in the case of Indian and Asian markets, where delays have been more than 12 months. However, there have been no write-offs in advanced markets.

KPIT Technologies | (KPITTECH IN, Mkt Cap USD0.6b, CMP INR172)

A. **Industry outlook:** The Auto industry has been going through a disruptive phase with a clear separation between hardware and software. The management is confident that Automotive software and Electric will grow over the next 7-10 years, with KPIT well-positioned for aligned growth. The deal pipeline is already at 80-85% of pre-COVID levels and has a good mix of large deals. The rate of growth in the next 10 years will definitely surpass that of the previous decade.

B. **Increase in addressable market**: Software-led features have been the key differentiator for OEMs and would be the main driver of the addressable market, increasing it phenomenally. Software component, which was earlier 15-20%, is now expected to comprise 35-40% per car. An increase in spending from the company's T25 clients has also been a lead indicator.

C. **On track to achieve target margin**: The management has been targeting 16-18% EBITDA margin over a period of time. It is confident of reaching the lower end of the band in FY21. The increased margin would be on the back of robust revenue growth and higher offshoring and utilization levels.

D. **Outlook on practices**: While Powertrain and Autonomous will continue to be the key growth drivers of the company over coming quarters, the management sees a healthy deal pipeline in its Connected business as well. This would result in robust growth in this segment going forward.

E. **Capital Allocation policy**: Over time, KPIT wants to increase its dividend payout ratio to 30%. In case of acquisitions, it is looking at tuck in opportunities.

Route Mobile | (ROUTE IN, Mkt Cap USD1.2b, CMP INR1489)

A. **Demand outlook:** Route operates in CPaaS industries, which has been growing at 33% CAGR. Regional players are becoming stronger. The company is now considered among the established leaders in the industry. Most companies in this space have capabilities around SMS or voice, while it provides a comprehensive platform for all messaging/call-related requests, which is helping it gain traction.

B. **Wide presence**: The company has connections with over 250 mobile operators and has eight out of the top 20 global giants as its clients. Route has become the go to player for companies expanding their presence in emerging markets.

C. **Revenue breakup:** Majority of the revenue (95%) comes from A2P messaging and through telecom providers, while only 5% comes from next generation messaging. Margin in next generation messaging is much higher than A2P messaging.

D. **Competition**: Recently Twillio (global leader in CPaaS industry) has made an entry into India by acquiring India-based ValueFirst. Further expansion by Twillio can increase competition in the industry.

Others

Delta Corp | (DELTA IN, Mkt Cap USD0.6b, CMP INR165)

A. **Replacement of the Deltin Caravela ship**: The management intends to replace Deltin Caravela with a new ship, which will increase existing capacity by 2.5x. The new ship, whose manufacturing cost is INR1,500-2,000m, should be ready in 12-18 months. The payback period of the said investment is 12 months.

B. **Approval for the Daman casino**: The court heard the writ petition on 22nd Mar'21. A second hearing is scheduled on 30th Mar'21. The management feels there are higher chances of receiving an approval for the casino. It is planning a 70,000sq ft Casino, with gaming positions of 1,500-2,000.

C. **Land-based casino project in Goa**: The company has close to 100 acres of land near the upcoming airport, where it plans to develop a casino, hotel, theme/water park (exact plans are not yet finalized) by incurring a capex of INR10-15b spread over five years. It is planning an electronic casino spread over 100k sq ft.

D. **Business recovery:** The company is currently operating at 50% capacity utilization as per the government's guidelines. Despite that, it expects revenue in 4QFY21 to cross 4QFY20 levels.

Himatsingka Seide | (HSS IN, Mkt Cap USD0.2b, CMP INR150)

A. **Surge in cotton prices:** The ban imposed by the US on products made from cotton from China's Xinjiang region has led to an increase in global prices. The resumption in business activity across the globe, especially in countries like Vietnam, Bangladesh, etc. (large consumers of cotton), has led to an increase in the demand for cotton, further complementing the surge in cotton prices.

B. **Capacity utilization:** HSS witnessed increased demand in the Bath and Bed Linen segment due to the higher time spent by people at home and the growing relevance of personal hygiene. Sheeting capacity stands at 61m meters and is operating at 71% utilization levels. Terry Towel capacity stands at 25,000MTPA, with utilization levels rising to 45%. With room for further expansion of capacity, the management's primary focus is on higher sweating of assets.

C. **Increasing RM cost:** HSS' captive spinning units account for 30-40% of overall yarn requirement. In-house spinning units account for 50-60% of Sheeting requirements. The Terry Towel segment is majorly exposed to sharp changes in yarn prices. However, in-house spinners slightly mitigate the exposure to severe price fluctuations.

D. **Freight cost:** Majority of India's exporters are facing container shortages. HSS too is facing a shortage of containers at ports. Increase in freight cost is majorly passed-on by the company to its customers. However, it did not face any order cancellation or delay due to the shortage of containers.

E. Duty rates are yet to be announced by the government. An announcement is expected shortly.

Mold-Tek Packaging | (MTEP IN, Mkt Cap USD0.1b, CMP INR392)

A. **Strong relations with big brands:** The management has good working relations with Mondelez, HUL, etc. When brands identify fillers in different geographies, MTEP is the preferred supplier to execute packaging operations. The company has set up plants in Visakhapatnam and other regions where Asian Paints and other customers have shifted to.

B. **Addition of new capacity:** Majority of MTEP's capacity is fungible. Current cumulative capacity stands at 41,500MT. The management plans to add another 3,000-4,000MT in the next two months. Current utilization levels stand at 70-75% and peak optimum utilization achievable is 77-80%.

C. **Capex**: The management plans to spend INR350-400m on both plants (Kanpur and Sultanpur unit) and expects to complete the set-up by FY22.

D. **New initiatives**: The company is working on a new IML (in-mold labeling) technique in the Lubricant segment, where unique codes are to be installed on every pack. This initiative will help track products and trace back the unit they have been manufactured along with other details. This new initiative is expected to drive sales.

E. **Revenue concentration:** Revenue from top five/10 clients is 50%/80%. In the last three years, the major clients lost by MTEP are IOCL, BPCL, and an edible oil company (based in Ahmedabad).

Neogen Chemicals | (NEOGEN IN, Mkt Cap USD0.3b, CMP INR798)

A. **Focus area**: The promoters are focusing on R&D, and operational activities are being handled by a professional team. This would release promoter bandwidth for scaling up R&D. To sustain or grow margins, the company has to focus on: i) innovative products or processes, and ii) environment friendly processes.

B. **Working capital management**: The management is working towards matching debtor and creditor days. Thus, investments would only be in terms of inventory days. It is targeting a reduction in WC days to 120 from 160 days.

C. **Product pipeline**: The company currently has 30-35 molecules under trails. Another 30-35 molecules are in the pre-development R&D stage. The size of the molecules once commercialized is INR100m/molecule.

Stove Kraft | (STOVEKRA IN, Mkt Cap USD0.2b, CMP INR457)

A. **Guidance**: The management is targeting a revenue of INR11,500-12,000m in FY22 v/s INR6,235m/INR6,699m in 9MFY21/FY20. In FY22, it intends to be working capital neutral v/s 47 days of net working capital as of Dec'20.

B. **Outsourcing**: Over the years, the company has consciously reduced the share of traded products in revenue (as a percentage of sales) to 16% at present from 30% a few years ago. In the initial phase of a product launch, it typically outsources manufacturing of the product. Once it has achieved scale, it manufactures the same at its own factory.

C. The management has hiked prices by 5% to account for an increase in input cost (aluminum, plastic, and other key RMs).

D. Since it prices its products on an FOB basis, the recent increase in container cost does not impact it.

Welspun India | (WLSI IN, Mkt Cap USD1.1b, CMP INR79)

A. **Strategy:** The Brands business, which comprises domestic, licensed, and international brands, is expected to grow at a steady pace. The management aims to achieve INR10b revenue from the domestic brand segment by CY25 (current revenue from this segment stands at INR2b).

B. **Demand outlook:** Demand from global retailers remains robust and is expected to be strong going forward as well. The management has maintained margin in the 18-20% range in the last four years and expects a similar run-rate ahead. It has hiked prices and may undertake more price hikes in the future as well.

C. **e-commerce:** Current revenue contribution from the e-commerce channel stands at 5%. The same is expected to increase to 7-8% by FY22E. International and license brands account for a sizable chunk of e-commerce sales. The management aims to achieve over USD100m in revenue from this channel by FY23. It is looking to record 70% of online sales in the US market, followed by 15-20% in the UK, and 7-8% in India.

D. **Raw materials:** Around 40-50%/70% of yarn/fabric segment demand is met through backward integration. About 90% of premium cotton used by the company is imported.

Automobiles

Supply-side issues impacting most segments

Price hikes to worsen situation of 2Ws

“If there is a second wave or if sentiment comes down a little for discretionary purchases like Cars, it will have a disproportionate effect on sales, both on the positive and negative side.” – **Shashank Srivastava, ED-Marketing and Sales, MSIL**.

- **The demand momentum largely sustained across segments (excluding 2W) in Mar’21. However, the recent price hike announced by OEMs to cover rising commodity prices may have had some impact on demand. Inventory is much lower than normal for PVs and Tractors due to strong demand, leaving headroom to fill inventory in the coming months. PVs and Tractor wholesales are expected to grow for replenishing abnormally low inventory.**
- **Our interaction with leading industry channel partners reflects optimism (excluding 2Ws). Weak 2W demand continued in Mar’21, with OEMs maintaining inventory of 30-45 days at the dealers end. Demand momentum for PVs has sustained, resulting in below normal inventory (less than 10 days), with a waiting period of 4-6 weeks in fast selling models. M&HCV demand has grown sequentially, but not to the extent that it was expected to reach at the end of FY21, due to supply-side constraints. Demand from the Infrastructure/Construction segment remains strong, while the Cargo segment is catching up with an increase in capacity utilization. Demand for Tractors remains strong, with inventory at 10-30 days.**
- **Considering the impact of COVID-19 from Mar’20, a YoY comparison doesn’t make sense. In Mar’21, wholesale volumes are estimated to grow by ~3.6% MoM for 2Ws. PV and CV wholesales were restricted by supply-side constraints. PVs/CVs are expected to grow by ~6.3%/~8.8% MoM (LCV/M&HCV growth of ~10.5%/~7% MoM). Wholesale volumes for Tractors are expected to grow by ~14.3% MoM on robust demand.**
- **2Ws: Slowness in demand was further impacted by fuel price inflation. We expect some recovery in demand in Apr’21 due to expected cash flow from the sale of rabi crop and beginning of the marriage season. OEMs – BJAUT (CT100, CT110, and Platina – INR2.5k) and HMCL (INR1k) – are offering discounts to push sales. Dealers are holding 1-1.5 months of inventory. The waiting period for RE’s Meteor is 12-16 weeks, while Classic/Bullet is readily available. We expect sequentially flat wholesales for BJAUT 2Ws (8.4% MoM growth in domestic 2Ws), ~5.8% MoM growth for TVSL, ~4.5% for HMCL, and ~2% for RE.**
- **PVs: Strong demand for PVs sustained in Mar’21. The waiting period is still high across OEMs. TTMT is benefiting from its existing range of vehicles (Nexon and Altroz). Customers prefer CNG models over petrol given its lower running cost, with MSIL benefitting from the same. Volumes are expected to grow by ~4.3%/~22.8%/8% MoM for MSIL/MM/TTMT.**
- **CVs: Demand for M&HCVs from the Infrastructure segment remains strong, even as the Cargo segment is catching up. Discounts have fallen by 4-5% to 10-13% from Dec’20 levels due to improving demand and supply-side issues. M&HCVs now have a waiting period of 30 days due to supply-side constraints (for most parts including semiconductors), which was not there two months back. LTV is stable (85-90%), leading to an increase in inquiries and conversions. Post lifting of the moratorium on term loan EMIs, there has been exit of some transporters, but this has led to the entry of new ones, indicating demand. Higher tonnage segments continue to dominate due to higher demand from the Infrastructure segment. Demand for LCVs/SCVs continue to remain strong. We expect AL’s wholesales to grow by ~6.8% MoM (~8% MoM for M&HCVs) and that for TTMT to grow by ~6% MoM for both M&HCVs and LCVs.**

- **Tractors: Demand for Tractors has sustained due to good rabi sowing and preference for farm mechanization. Both MM and ESC are operating at full capacity. Sales remain skewed towards greater HP Tractors due to higher demand from the Agriculture segment and low base. Commercial use of Tractors is also picking up. Dealers are also holding lower inventory (10-30 days). We expect Tractor volumes to grow by ~16%/9% MoM for MM/ESC due to higher demand.**
- **Valuation and view: Mar'21 saw sustained demand across segments (excluding 2Ws). Current valuations largely factor in sustained recovery (our Base case), leaving a limited margin of safety for any negative surprises. We prefer companies with: a) higher visibility in terms of a demand recovery, b) a strong competitive positioning, c) margin drivers, and d) balance sheet strength. MSIL and MM are our top OEM picks. Among Auto Component stocks, we prefer ENDU. We prefer TTMT as a play on global PVs.**

Snapshot of volumes for Mar'21

	YoY			MoM						
Company sales	**Mar'21**	**Mar'20**	**Change (%)**	**Feb'21**	**Change (%)**	**FY21 YTD**	**FY20 YTD**	**Change (%)**	**FY21E**	**Growth (%)**
Maruti Suzuki	**1,71,512**	**83,120**	**106.3**	**1,64,469**	**4.3**	**14,62,359**	**15,62,625**	**-6.4**	**14,62,359**	**-6.4**
Domestic	1,61,666	78,414	106.2	1,52,983	5.7	13,67,971	14,60,460	-6.3	13,67,971	-6.3
Export	9,846	4,706	109.2	11,486	-14.3	94,389	1,02,165	-7.6	94,389	-7.6
Mahindra & Mahindra	**67,991**	**21,014**	**223.6**	**56,923**	**19.4**	**7,03,397**	**7,77,958**	**-9.6**	**7,03,397**	**-9.6**
UV (incl. pick-ups)	31,741	6,889	360.7	25,839	22.8	3,24,077	4,02,580	-19.5	3,24,077	-19.5
LCV and M&HCV	615	91	576.1	581	5.9	4,093	11,276	-63.7	4,093	-63.7
Three-Wheelers	2,903	421	589.6	2,357	23.2	18,967	62,187	-69.5	18,967	-69.5
Tractors	32,732	13,613	140.4	28,146	16.3	3,56,260	3,01,915	18.0	3,56,260	18.0
Tata Motors	**65,596**	**12,924**	**407.6**	**61,365**	**6.9**	**4,80,554**	**4,73,307**	**1.5**	**4,80,554**	**1.5**
HCVs	14,718	3,710	296.7	13,890	6.0	86,857	1,24,476	-30.2	86,857	-30.2
LCVs	21,296	3,413	524.0	20,076	6.1	1,71,318	2,16,154	-20.7	1,71,318	-20.8
CVs	**36,014**	**7,123**	**405.6**	**33,966**	**6.0**	**2,58,175**	**3,40,630**	**-24.2**	**2,58,175**	**-24.2**
Cars	16,649	2,422	587.4	15,733	5.8	1,36,880	72,222	89.5	1,36,880	89.5
UVs	12,933	3,379	282.7	11,666	10.9	85,499	60,455	41.4	85,499	41.4
Hero MotoCorp	**5,28,291**	**3,34,647**	**57.9**	**5,05,647**	**4.5**	**57,43,210**	**64,09,719**	**-10.4**	**57,43,210**	**-10.4**
Bajaj Auto	**3,76,916**	**2,42,575**	**55.4**	**3,75,017**	**0.5**	**39,80,382**	**46,15,212**	**-13.8**	**39,80,382**	**-13.8**
Two-Wheelers	3,36,187	2,10,976	59.3	3,32,563	1.1	36,11,947	39,47,568	-8.5	36,11,947	-8.5
Three-Wheelers	40,728	31,599	28.9	42,454	-4.1	3,68,434	6,67,644	-44.8	3,68,434	-44.8
Ashok Leyland	**14,640**	**2,179**	**571.9**	**13,703**	**6.8**	**98,137**	**1,25,255**	**-21.7**	**98,137**	**-21.6**
CV (excluding LCV)	8,435	1,831	360.7	7,802	8.1	49,154	78,609	-37.5	49,154	-37.5
LCV	6,205	348	1683.2	5,901	5.2	48,983	46,646	5	48,983	5.0
TVS Motor	**3,14,911**	**1,44,763**	**117.5**	**2,97,747**	**5.8**	**30,44,091**	**32,63,492**	**-6.7**	**30,44,091**	**-6.7**
Eicher Motors										
Royal Enfield	**71,147**	**35,814**	**98.7**	**69,659**	**2.1**	**6,17,149**	**6,95,839**	**-11.3**	**6,17,149**	**-11.3**
VECV	**5,898**	**1,499**	**293.4**	**5,457**	**8.1**	**40,126**	**48,721**	**-17.6**	**40,126**	**-17.6**
Escorts	**12,258**	**5,444**	**125.2**	**11,230**	**9.2**	**1,06,662**	**86,018**	**24.0**	**1,06,662**	**24.0**
Domestic	11,758	5,228	124.9	10,690	10.0	1,01,876	82,252	23.9	1,01,876	23.9
Exports	500	216	131.5	540	-7.4	4,786	3,766	27	4,786	27

HDFC Life: Seeing resurgence in COVID-19 claims; Vibha Padalkar, MD & CEO

- Seeing a resurgence in COVID-19 claims MoM; we are watching this space very closely, not out of the woods yet
- Reinsurance rate increase in March was not related to COVID-19
- Being more cautious on underwriting
- Tax change is not having a major impact on businessx
- Rate increase will likely depend on mortality rates in coming quarters
- Protection will slowly grow as a share, but over the next 5 years
- VNB is seen at about 20% now
- Looking at health as possible game changer for VNB uplift
- LIC has been selling annuities, despite which we have made market share inroads

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Cadila: Cuts Remdesivir prices by 65%; want to make it an affordable COVID drug; Shravil Patel, MD

- Moved to Phase-III after completing Phase-II for the COVID-19 vaccine
- On Track to file the vaccine in Q1FY22; COVID-19 vaccine ZyCOV-D is a 3-dose vaccine
- No efficacy data that can be shared; no issues related to safety
- Finished the first dose enrolment of 30000 volunteers for Phase-III
- We are not manufacturing COVID vaccine Sputnik V
- Built a brand new facility to manufacture the COVID-19 vaccine
- Company is the largest seller of Remdesivir in India, have large institutional orders
- Wanted to make Remdesivir affordable; offtake of remdesivir has been excellent

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Shriram City Union: Demand for SME loans to drive AUM growth YS Chakravarti, MD & CEO

- We are not part of companies that complained to court w.r.t RBI's withdrawal limits
- 2-wheeler demand was slow in Q4; February was very slow
- Will end Q4 with similar or slightly better numbers YoY
- Good demand for working capital loans seen in small enterprise finance
- Demand is coming back for SME loans which will drive AUM growth ahead
- Collections are at comfortable levels for SMEs
- Don't intend to make additional COVID-19 related provisions
- Cost of funds has come down by 20-30 bps

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SKF: Intent of scrappage policy excellent; wrinkles need to be ironed out; Manish Bhatnagar, MD

- See a lot of Government capex funding with infra leading the pack
- Have not seen too much on capex plans from the private sector yet
- There are number of wrinkles in the scrappage policy that need to be ironed out
- We do not have scrapyards or testing sites to determine the fitness of vehicles
- Seeing a pick-up in the passenger vehicles segment

- Cement and steel are doing well; seeing investments being announced
- Our diversification has helped us and we will see a good FY22; expecting a significant double-digit growth in FY22

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Dixon Tech: Maintaining FY22 guidance of topline of over Rs. 10000 crore; Atul Lall, MD

- Have still not heard from Government on PLI
- Extension of PLI timeline is difficult
- Have met eligibility criteria on investment and revenue threshold
- Hadn't factored in increase in profitability in FY21 due to PLI
- Demand is normal; order book forecast remains very strong
- Still sticking to the guidance for this year
- Will end FY21 with revenue of around Rs. 6200-6300 crore
- Commodity price rise is impacting consumer durable companies
- Order book under mobile phones is very strong in domestic and international markets
- Margin to remain in the range of 4.4-4.5% on back of product mix
- Sticking to guidance for FY22 of topline of over Rs. 10000 crore
- Expect 25-30% CAGR run-rate post FY22

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RailTel Corp: Expects FY22 to be better than FY21; Puneet Chawla, CMD

- Order book at Rs. 4400 crore vs Rs. 4000 crore at the time of filing DRHP
- Our pace of execution has improved
- Expect FY22 to be better than FY21
- In talks with Centre & State Governments for important projects
- We offer WiFi at around 5900 railway stations
- Expect broadband to see strong growth
- Railways has given a hospital management order

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NOTES

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