

ASIAMONEY Brokers Poll 2020 (India)

Best Local Brokerage

Market snapshot

Equities - India	Close	Chg. %	CYTD. %
Sensex	49,206	0.5	3.0
Nifty-50	14,823	0.7	6.0
Nifty-M 100	24,546	-0.4	17.8
Equities-Global	Close	Chg. %	CYTD. %
S&P 500	4,233	0.7	12.7
Nasdaq	13,752	0.9	6.7
FTSE 100	7,130	0.8	10.4
DAX	15,400	1.3	12.3
Hang Seng	10,699	-0.5	-0.4
Nikkei 225	29,358	0.1	7.0
Commodities	Close	Chg. %	CYTD. %
Brent (US\$/Bbl)	68	0.0	33.4
Gold (\$/OZ)	1,831	0.9	-3.5
Cu (US\$/MT)	10,420	3.2	34.5
Almn (US\$/MT)	2,530	1.6	28.2
Currency	Close	Chg. %	CYTD. %
USD/INR	73.5	-0.3	0.6
USD/EUR	1.2	0.8	-0.4
USD/JPY	108.6	-0.4	5.2
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.0	0.04	0.1
10 Yrs AAA Corp	6.8	0.04	0.2
Flows (USD b)	7-May	MTD	CY21
FII	-0.16	-1.64	5.46
DII	0.20	1.68	-1.60
Volumes (INRb)	7-May	MTD*	YTD*
Cash	851	795	782
F&O	20,490	42,523	42,475

Note: \*Average

Today's top research idea

UltraTech Cement: Market share gains continue

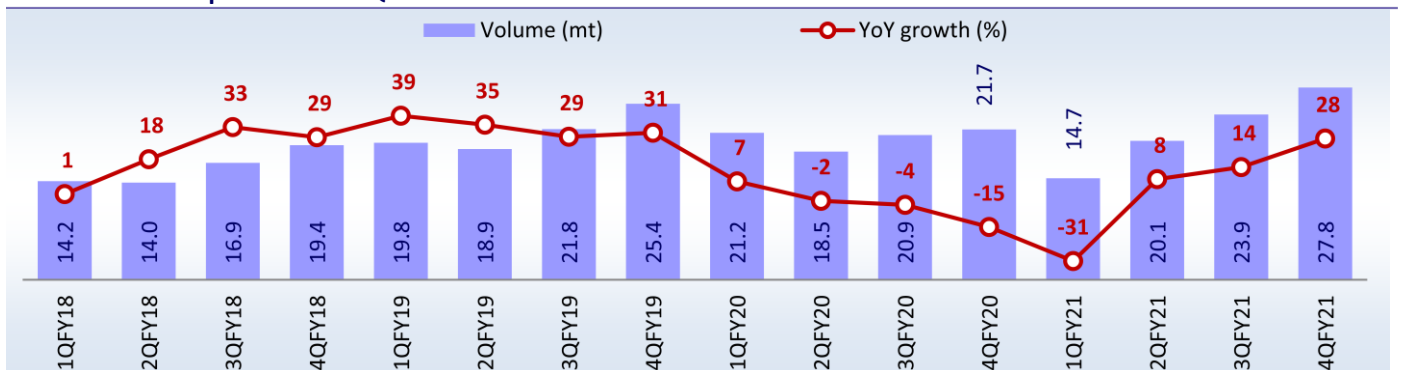
- ❖ UTCEM's 4QFY21 result was impressive on multiple counts. While volume growth remained above industry, EBITDA/unit was strong at INR1,328/t (+18% YoY), driving 51% YoY growth in EBITDA.
- ❖ The company has grown its market share further due to high clinker availability in 4QFY21. We expect market share gains to continue, aided by the ongoing 20mtpa expansion program, which should drive 11% volume CAGR over FY21-24E. While we expect industry volumes to decline by 25-30% in the near term due to COVID-related lockdowns, the same should be partly compensated by improved margins as prices have been strong.
- ❖ We value UTCEM at 16x FY23E EV/EBITDA to arrive at a TP of INR8,050. Reiterate **Buy**. The company remains our top largecap pick in the sector.

Research covered

Cos/Sector	Key Highlights
UltraTech Cement	Market share gains continue
India Strategy	May'21 – The Eagle Eye More states announce restrictions
H D F C	Strong operating performance across parameters
Avenue Supermarts	Steady growth, but outlook challenging
Dabur India	Big miss; estimates cut by 9%/7% for FY22/23E
Tata Consumer	High tea prices dent EBITDA margin
Other notes	Hero Motocorp   Bandhan Bank   Cholaman.Inv.&Fn.   Godrej Agrovet   Blue Star   DCB Bank   India Life Insurance   Healthcare Monthly

Chart of the Day: UltraTech Cement (Market share gains continue)

Cement volumes up 28% YoY in 4QFY21



Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

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

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



Kindly click on textbox for the detailed news link

1

**Exports rise 80% to \$7 bn during first week of May: Commerce Ministry**

Continuing a positive growth, India's exports grew by 80 per cent to \$ 7.04 billion during the first week of this month, according to preliminary data of the commerce ministry. Exports during May 1-7 last year stood at \$ 3.91 billion and \$ 6.48 billion in the same week of May 2019...

2

**Hero MotoCorp extends shutdown of plants across country till 16 May**

Two-wheeler manufacturer, Hero MotoCorp has announced an extension to the shutdown of its factories across the country. Due to the raging Covid-19 cases, the company has decided to extend the shutdown till 16 May. The decision to extend the shutdown was made in order to curb the spread of the virus amidst the second wave in the country...

3

**Lockdown in Delhi extended till May 17; curb on Metro services, weddings at public places**

The ongoing lockdown in Delhi due to surging COVID-19 was on Sunday extended up to May 17 morning with suspension of Metro train services and prohibition of wedding ceremonies at public places. Announcing the lockdown extension, Delhi Chief Minister Arvind Kejriwal said although COVID-19 cases and positivity...

4

**India's power consumption grows nearly 25% in first week of May**

Power consumption in the country grew 25 per cent in the first week of May to 26.24 billion units (BU) over the same period last year, showing consistent recovery in industrial and commercial demand of electricity, according to power ministry data. Power consumption in the first week of May 2020 was 21.05 BU...

5

**MSME seller count jumps nearly 5X in 12 months amid Covid on Modi govt's e-commerce marketplace**

The Modi government's e-commerce portal Government eMarketplace (GeM) for micro, small, and medium enterprises to sell goods and services online to government departments and organisations has recorded a 4.75X jump in its seller-count over the past 12 months. From around 3.76 lakh sellers listed on the platform in May 2020, the total number has increased to 17.86 lakh as of May 9, 2021, according to GeM statistics. In fact, it nearly doubled from 9.44 lakh as of January 12, 2021...

6

**Govt extends antidumping duty on seamless tubes, pipes till October**

The government has extended anti-dumping duty on certain types of seamless tubes, and pipes till October 31 this year with a view to guarding domestic manufacturers from cheap Chinese imports. The duty on 'seamless tubes, pipes and hollow profiles of iron...

7

**With most states under lockdown, jewellers expect low demand on Akshaya Tritiya**

For the jewellery trade, it will be a second year of low sales on the Akshaya Tritiya day, which falls on May 14 this year. With lockdowns and restrictions across most states due to the surge in Covid-19 cases,...



# UltraTech Cement

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR6,485      TP: INR8,050 (+24%)      Buy**

## Market share gains continue

### Expansions provide strong growth visibility

- UTCEM's 4QFY21 result was impressive on multiple counts. While volume growth remained above industry, EBITDA/unit was strong at INR1,328/t (+18% YoY), driving 51% YoY growth in EBITDA. Net debt fell INR27b QoQ to INR67.2b (0.55x TTM EBITDA).
- It has grown its market share further due to high clinker availability, which helped it meet strong demand for OPC cement in 4QFY21. Its India volumes grew 30%/5% YoY in 4Q/FY21, much higher than the 24%/24%/22% growth reported by DALBHARA/ACEM/ACC.
- Market share gains should continue, aided by the ongoing 20mtpa expansion program, which should drive 11% volume CAGR over FY21-24E.
- While we expect industry volumes to decline by 25-30% in the near term due to COVID-related lockdowns, the same should be partly compensated by improved margins as prices have been strong. Our earnings estimates for UTCEM for FY22-23E are therefore broadly unchanged. We estimate 19% EPS CAGR. The company remains our top largecap pick in the sector.

### Lower cost drives 10% beat on EBITDA (up 51% YoY)

- Consolidated revenue/EBITDA/adjusted PAT rose 33%/51%/57% YoY to INR144.1b/INR36.9b/INR18.1b, 4%/10%/4% higher than our estimate.
- Consolidated volumes rose 28% YoY to 27.78mt (v/s our expectation of 27mt), with India volumes up 30% YoY. EBITDA/t surprised positively at INR1,328/t (+18% YoY, +2% QoQ) v/s our estimate of INR1,241/t.
- While blended realization rose 4% YoY to INR5,186/t (+1% QoQ), cost surprised positively and was flat YoY at INR3,857/t (+1% QoQ). Freight and fuel cost were under control, despite the sharp rise in diesel and petcoke prices.
- Other income fell 70% YoY to INR603m due to a rise in bond yields in 4QFY21. Finance cost fell 25% YoY to INR3.8b on a sharp reduction in debt.
- Consolidated net debt fell further by INR27b QoQ to INR67.2b (implying 0.55x TTM EBITDA). Consolidated net debt declined INR102.6b in FY21.
- FY21 consolidated revenue/EBITDA/adjusted PAT rose 5%/23%/31% YoY to INR447.3b/INR115.7b/INR55b, while OCF/capex/FCF stood at INR125b/INR18.4b/INR106.7b (v/s INR89.7b/INR16.9b/INR72.9b in FY20).
- UTCEM has announced a higher dividend of INR37/share (20% payout).

### Growth at reasonable valuations – 19% EPS CAGR over FY21-23E

- UTCEM's strong pan-India distribution network and preferred supplier status for key Infrastructure projects makes its well suited to tap into expected growth in both Retail and Institutional (non-trade) Cement demand in India.
- While it is ramping up its under-utilized acquired capacities, it also has a strong pipeline of expansion projects that offers strong growth visibility.

Bloomberg	UTCEM IN
Equity Shares (m)	288
M.Cap.(INRb)/(USDb)	1871.9 / 25.5
52-Week Range (INR)	7050 / 3235
1, 6, 12 Rel. Per (%)	-3/25/43
12M Avg Val (INR M)	3438

### Financial Snapshot (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	447	509	582
EBITDA	116	122	142
Adj. PAT	55	63	79
EBITDA Margin (%)	26	24	24
Adj. EPS (INR)	190	220	274
EPS Gr. (%)	31	15	25
BV/Sh. (INR)	1,609	1,806	1,943

### Ratios

Net D:E	0.1	0.1	(0.1)
RoE (%)	13.2	13.5	15.0
RoCE (%)	10.3	11.0	12.5
Payout (%)	8.3	6.7	6.7

### Valuations

P/E (x)	34.1	29.5	23.6
P/BV (x)	4.0	3.6	3.3
EV/EBITDA(x)	16.7	15.7	12.9
EV/ton (USD)	238	226	192
Div. Yield (%)	0.6	0.6	0.8
FCF Yield (%)	5.7	3.2	4.7

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	60.0	60.0	59.7
DII	13.8	14.2	14.2
FII	17.4	16.9	16.6
Others	8.9	9.0	9.5

FII Includes depository receipts

- We estimate 11%/19% CAGR in consolidated EBITDA/PAT over FY21-23E, driven by 11% CAGR in volumes, lower operating costs, and lower interest costs.
- The valuation is reasonable at 12.9x FY23E EV/EBITDA – a 10% discount to its last five years' average. We value UTCEM at 16x FY23E EV/EBITDA to arrive at a TP of INR8,050. Reiterate **Buy**.

Consolidated quarterly performance

(INR m)

	FY20				FY21				FY20	FY21	FY21	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>114,603</b>	<b>96,758</b>	<b>104,393</b>	<b>108,545</b>	<b>76,711</b>	<b>103,871</b>	<b>122,620</b>	<b>144,056</b>	<b>424,299</b>	<b>447,258</b>	<b>138,713</b>	4
YoY Change (%)	20.1	4.6	0.0	-12.3	-33.1	7.4	17.5	32.7	2.0	5.4	29.1	
Total Expenditure	85,645	77,478	83,304	84,093	55,934	76,895	91,599	107,152	330,520	331,579	105,245	2
<b>EBITDA</b>	<b>28,958</b>	<b>19,280</b>	<b>21,089</b>	<b>24,452</b>	<b>20,777</b>	<b>26,977</b>	<b>31,022</b>	<b>36,904</b>	<b>93,779</b>	<b>115,679</b>	<b>33,469</b>	10
Margin (%)	25.3	19.9	20.2	22.5	27.1	26.0	25.3	25.6	22.1	25.9	24.1	
Depreciation	6,958	6,709	6,780	6,780	6,512	6,771	6,739	6,980	27,227	27,002	6,806	3
Interest	5,057	5,080	4,720	5,060	3,943	3,579	3,563	3,772	19,917	14,857	3,411	11
Other Income	1,345	1,479	1,690	1,997	2,788	1,350	2,600	603	6,511	7,342	1,736	-65
<b>PBT before EO expense</b>	<b>18,289</b>	<b>8,970</b>	<b>11,279</b>	<b>14,609</b>	<b>13,110</b>	<b>17,977</b>	<b>23,320</b>	<b>26,755</b>	<b>53,146</b>	<b>81,162</b>	<b>24,989</b>	7
Extra-Ord. expense	0	0	1,307	-21,095	-1,138	3,357	0	388	-19,788	2,607	0	
<b>PBT after EO Expense</b>	<b>18,289</b>	<b>8,970</b>	<b>9,972</b>	<b>35,703</b>	<b>14,248</b>	<b>14,620</b>	<b>23,320</b>	<b>26,367</b>	<b>72,934</b>	<b>78,555</b>	<b>24,989</b>	6
Tax	6,118	3,113	2,862	3,320	3,603	5,662	7,474	8,649	15,413	25,387	7,489	15
Rate (%)	33.5	34.7	28.7	9.3	25.3	38.7	32.0	32.8	21.1	32.3	30.0	
<b>Reported PAT</b>	<b>12,171</b>	<b>5,857</b>	<b>7,111</b>	<b>32,383</b>	<b>10,645</b>	<b>8,958</b>	<b>15,846</b>	<b>17,719</b>	<b>57,521</b>	<b>53,168</b>	<b>17,500</b>	1
Minority Interest	(3)	(1)	8	19	9	(6)	(3)	34	32	34	(7)	
<b>Adj. PAT</b>	<b>14,421</b>	<b>7,073</b>	<b>8,903</b>	<b>11,541</b>	<b>8,882</b>	<b>12,161</b>	<b>15,781</b>	<b>18,142</b>	<b>41,946</b>	<b>54,967</b>	<b>17,493</b>	4
YoY Change (%)	116.4	98.2	124.8	8.1	-38.4	71.9	77.2	57.2	69.0	31.0		

E: MOFSL estimates

Key operating parameters

Per tonne analysis (INR)	FY20				FY21				FY20	FY21	FY21	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Volume (mt)	21.23	18.50	20.90	21.70	14.65	20.06	23.88	27.78	82.33	86.42	26.96	-11
YoY change (%)	7.3	-2.0	-4.0	-14.7	-31.0	8.4	14.3	28.0	-3.9	5.0	25.8	
<b>Realization (incl. RMC)</b>	<b>5,399</b>	<b>5,230</b>	<b>4,995</b>	<b>5,001</b>	<b>5,236</b>	<b>5,178</b>	<b>5,135</b>	<b>5,186</b>	<b>5,154</b>	<b>5,175</b>	<b>5,145</b>	0
YoY change (%)	11.9	6.8	4.1	2.8	-3.0	-1.0	2.8	3.7	6.1	0.4	2.7	
RM Cost	766	820	884	704	822	835	751	868	792	820	792	10
Power and Fuel	1,110	1,065	983	984	942	920	1,006	973	1,034	964	1,072	-9
Staff Cost	283	346	298	303	384	282	256	221	306	272	230	-4
Freight and Forwarding	1,205	1,161	1,122	1,236	1,097	1,146	1,193	1,183	1,182	1,162	1,221	-3
Other Expenditure	670	796	699	648	572	649	630	611	700	618	588	4
<b>Total Expenditure</b>	<b>4,035</b>	<b>4,188</b>	<b>3,986</b>	<b>3,875</b>	<b>3,818</b>	<b>3,833</b>	<b>3,836</b>	<b>3,857</b>	<b>4,015</b>	<b>3,837</b>	<b>3,903</b>	-1
<b>EBITDA</b>	<b>1,364</b>	<b>1,042</b>	<b>1,009</b>	<b>1,127</b>	<b>1,418</b>	<b>1,345</b>	<b>1,299</b>	<b>1,328</b>	<b>1,139</b>	<b>1,339</b>	<b>1,241</b>	7



# India Strategy

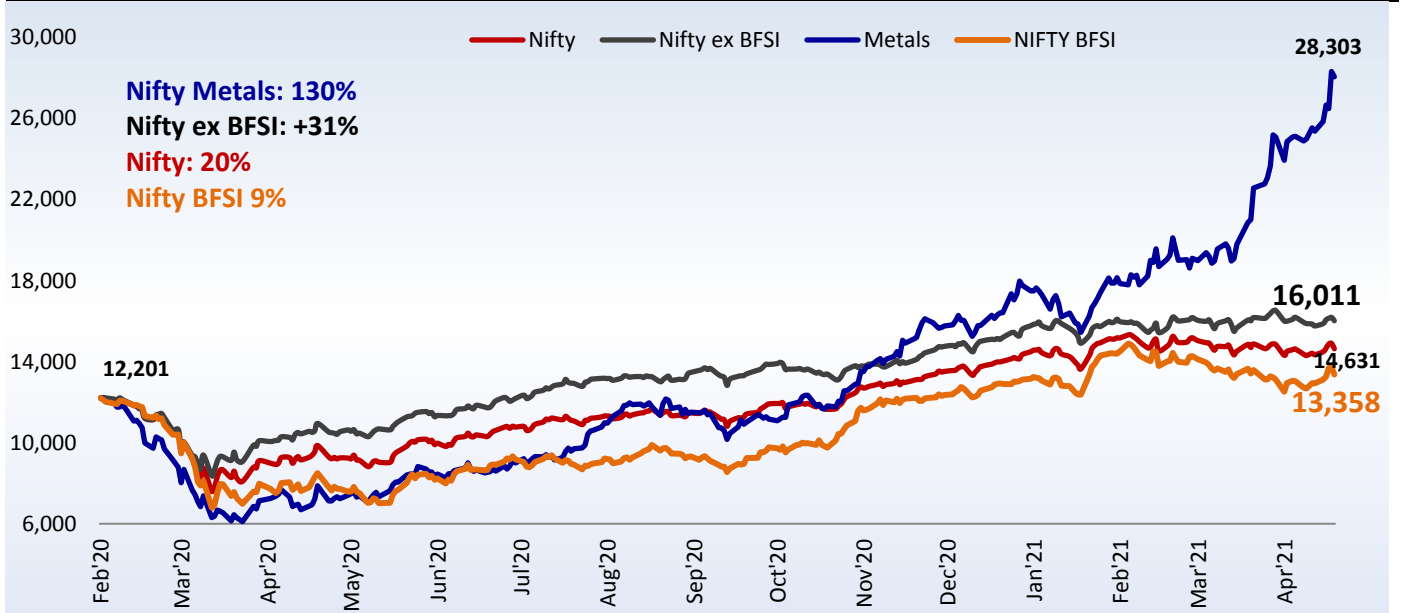


## Chart-book – The Eagle Eye

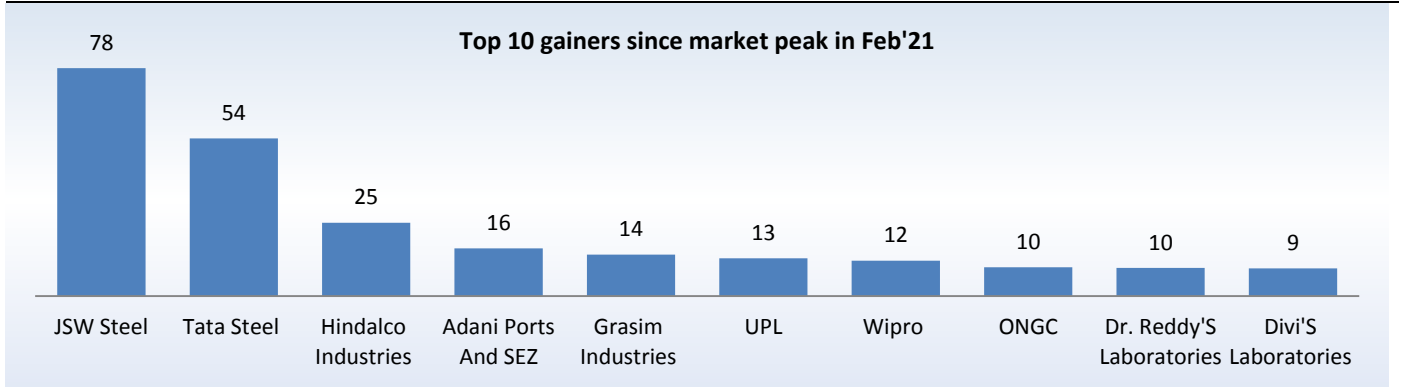
In this version of 'The Eagle Eye', we highlight the raging second wave of Covid-19, outperformance of mid/small-cap, spectacular bull-run in the commodities as well Metals sector and some snippets on earnings changes from the 4QFY21 earnings season.

- As Covid-19 rages on, we look at multiple parameters – Active cases, TPR, CFR, Vaccination progress. We also highlight the moderation in mobility indicators even as some high frequency data points remain robust.
- The commodity bull-run continues. April'21 has seen massive outperformance of Metals stocks, backed by rising underlying commodity prices and multiple rounds of earnings upgrades. BFSI and Auto has lagged given the concerns around impact of lockdown/restrictions on discretionary demand and collection efficiency/asset quality on financials. The value segment of Nifty, meanwhile, continued its outperformance.
- We have showcased few interesting charts on commodities with focus on both agro as well as base metals.
- 4QFY21 earnings season has been in-line so far but downgrades are now outnumbering upgrades. We highlight key upgrades and downgrades in FY22 estimates.
- Our research team has released several interesting thematic reports. We have highlighted some of them in this presentation.

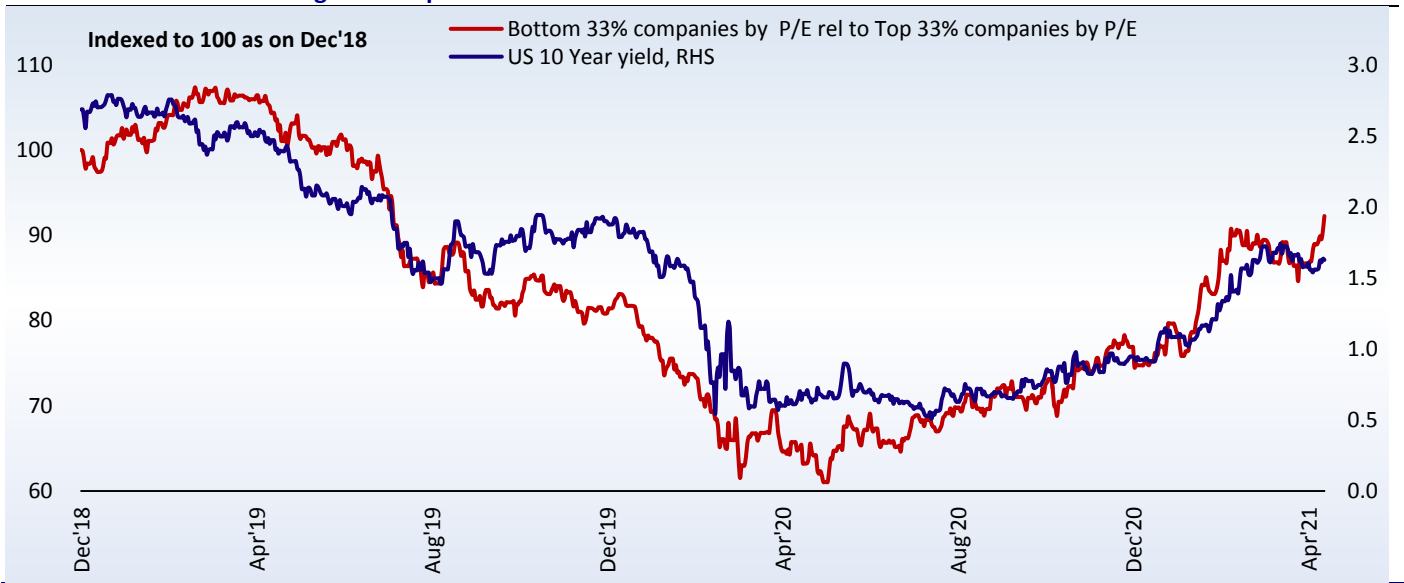
### Metals – distinct outperformer in Nifty; BFSI remains a laggard



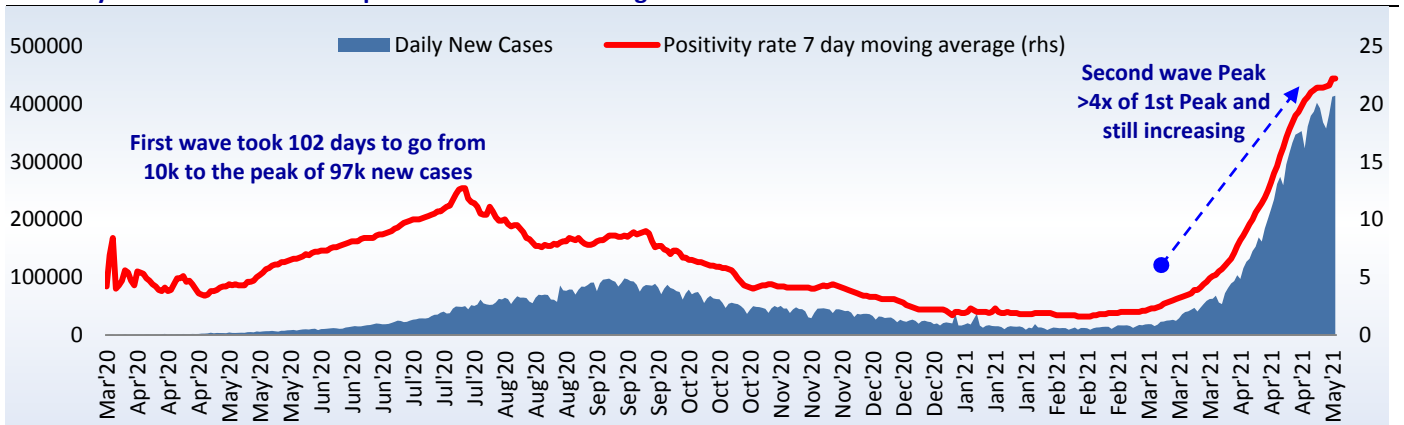
**Metals outperform, while Auto and Financials underperform**



**'Value' makes comeback as growth expectations is broad-based**

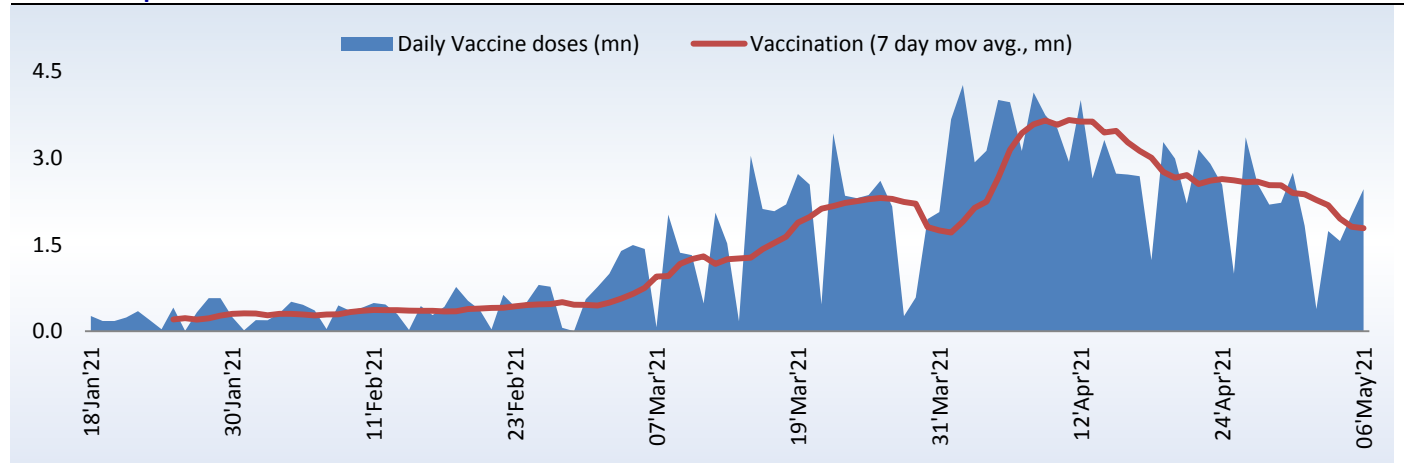


**Positivity rate and cases rise despite an increase in testing**





vaccination pace declines



Top Ideas

Company	M-cap (USD b)	EPS (INR)			EPS CAGR (%)	P/E (x)		P/B (x)		RoE (%)	
		FY21E	FY22E	FY23E	FY21-23	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
<b>Preferred largecap stocks</b>											
Infosys	84.7	45.6	53.2	63.5	18.1	25.4	21.3	6.9	6.3	28.3	30.9
Hind. Unilever	76.4	34.8	39.8	48.9	18.5	60.6	49.4	11.5	11.5	19.3	23.2
ICICI Bank	57.3	24.2	30.9	38.8	26.6	19.6	15.6	2.5	2.2	13.9	15.2
St Bk of India	43.2	30.9	45.2	54.7	33.1	7.9	6.5	1.1	0.9	13.8	14.6
HCL Technologies	33.8	43.8	50.3	59.7	16.7	18.2	15.4	3.7	3.5	21.2	23.3
UltraTech Cem.	25.1	190.8	229.4	287.0	22.6	28.3	22.6	3.5	3.2	14.0	15.3
Titan Company	17.4	11.0	20.2	29.7	64.2	71.6	48.7	15.3	13.6	22.6	29.6
Divi's Lab.	14.7	75.9	98.0	127.3	29.6	41.1	31.6	9.8	7.8	26.2	27.5
SBI Cards	12.5	10.5	18.6	26.9	60.2	52.7	36.5	11.7	9.1	24.7	28.0
M & M	12.3	34.0	39.7	50.0	21.2	19.3	15.4	2.2	2.1	12.4	14.0
Hindalco Inds.	11.7	23.5	35.9	41.0	31.9	11.2	9.8	1.9	1.6	18.1	17.5
<b>Preferred midcap stocks</b>											
SAIL	7.5	13.8	18.5	16.8	10.5	7.8	8.6	1.2	1.1	15.8	13.0
Cholaman.Inv.&Fn	6.5	22.1	28.7	32.6	21.6	19.8	17.5	3.9	3.2	21.7	20.3
Gland Pharma	5.8	57.7	72.6	92.3	26.4	36.5	28.7	6.2	5.1	18.5	19.4
Gujarat Gas	5.0	17.0	20.0	23.3	17.1	26.6	22.7	6.7	5.4	28.3	26.3
Varun Beverages	3.9	11.3	23.1	37.0	81.2	43.2	27.0	7.0	5.6	17.5	23.2
L&T Technology	3.7	62.8	84.4	104.3	28.8	29.9	24.2	6.6	5.6	23.7	25.0
Emami	3.0	17.2	17.0	18.7	4.2	28.5	25.8	10.0	10.0	35.3	38.8
Federal Bank	2.1	7.8	11.3	14.4	35.8	6.9	5.4	0.9	0.8	13.2	15.0
Indian Energy Exchange	1.6	7.1	8.3	9.8	17.5	46.8	39.6	22.0	18.9	50.6	51.2
Orient Electric	0.8	5.3	6.5	8.1	24.0	42.1	33.7	11.9	10.0	28.2	29.8

**India Strategy**  
15 April 2021  
S&P CNX: 14,505

**Second Covid-19 wave leads correction**

**Vaccinations accelerate. Correction an opportunity to add cyclical**

- Management's general view of Covid-19 has led to a measured market stability and correction. 48% and 50% respectively are down 1% and 10%, from the recent high, respectively. We expect the set of restrictive measures to impact near-term economic recovery till some extent. However, by government authorities and authorities have ruled out national lockdown.
- Meanwhile, vaccination is gradually beginning to accelerate. As vaccination pick up further with approvals for more vaccines now in place, we expect the focus to shift back to growth, volatility and inflation issues. We continue to be OW on the BFSI, IT, Metals, Consumer & Capital Goods, Retail on Consumer, Auto & Pharma while staying OW on Energy, 1000s and Infrastructure.
- This, we recommend the correction as a buying opportunity and advocate adding a balanced mix of growth, cyclical and defensive names. We continue to be OW on the BFSI, IT, Metals, Consumer & Capital Goods, Retail on Consumer, Auto & Pharma while staying OW on Energy, 1000s and Infrastructure.

**Positivity rate above 16%. Fatality rate below 2%. Fast tracking vaccine**

- India is going through a recurrent second wave of Covid-19 pandemic as the daily new confirmed cases has shot up from 10K-15K in first half of February to 75K in April 21. Active cases have crossed the previous peak of 70K and are now inching towards 75,000. Consequently, many states have imposed localized lockdowns and restrictions while Maharashtra has announced a 14 day lockdown with conditions to break the chain of transmission.
- Case positivity rate is in the range of 15%, much higher than 10% at the beginning of March. The pace of spread is 2x what is much more intense and only the Covid-19 cases are around 10% of the peak seen during the first wave. The cases have now spread beyond Maharashtra into other states like Chhattisgarh, Uttar Pradesh, Karnataka, Delhi etc. Maharashtra still accounts for 40% of active Covid-19 cases while Karnataka, Chhattisgarh account for 8-9% of total active cases each.
- To contain the spread of cases, the government has had tracked approval of vaccine on Emergency Use Authorization basis. It has recently approved Sputnik V vaccine. Also, it has announced that vaccine approval by drug regulators in the US, EU, European Union and Japan or those that have been cleared by the WHO will be eligible for use in India without having to conduct a local testing trial.

**Vaccination pace picks up: More than 1.3m fully vaccinated**

- Pace of vaccination has started picking up in April 21 as eligibility criteria was extended to those with 14+ years. Vaccination pace has increased from 24 per day in the beginning of Mar 21 to 8.5M per day in Apr 21. With the approval of new vaccines, there could be further increase in the supply of doses which could boost the vaccination pace in the near future.

Shantanu Duggal - Research Analyst (Shantanu.Duggal@motilal.com)  
Pratik Singh - Research Analyst (Pratik.Singh@motilal.com)  
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**Consumer Durables**  
Sector Update | 3 May 2021

**AC secondary sales slowed backdrop for electrical retail**

Secondary sales slowed (%)

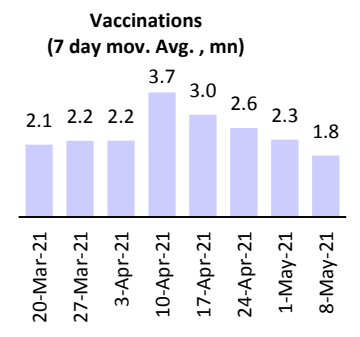
Month	2021	2020	2019
Mar	10%	10%	10%
Apr	10%	10%	10%

**Crisis in peak season poses risk to AC offtake**

The initial few days of the summer season were slow (Mar 21), with higher secondary sales reported in electrical retail. However, the recent announcement of state-wide lockdowns has limited consumer sentiment in a key season for AC. In this report, we delve into the key risks and outlook.

- Covid-19 disruption comes at the wrong time for AC industry. AC is a highly seasonal product, with 70% of consumer year primary sales in the category reported over January-June. In fact, the three-month period from March to May accounts for 50% of AC sales. Any disruption during this period results in a disproportionate impact on industry sales. Moreover, since AC require installation, disrupted supply chain and restrictions on the consumer may be difficult to purchase AC in the current situation. Although, we understand that installation can be delayed, but the demand for AC is still high.
- April sales adversely impacted, unable to FY20-4 QoQ vs movement. The onset of the summer season was strong, leading to observed 40% in Mar 21. This was also partly due to expected price hikes in April 21 on account of inflationary pressure in commodity prices. However, the second COVID wave ultimately led to the announcement of lockdown across various key geographies in April 21. This has been a dampener for secondary sales across key geographies in the country, with many being marginally better than other regions. The observed sales in April 21 is almost a half of last season.
- Current situation could be worsened in key summer season. Feedback from our channel was that the loss of 5-15 days does not pose a high risk for summer products (fans, air coolers, and AC) as sales could be recovered in May 21 based on the ongoing strong demand. However, the onset of the second COVID wave in India has led to states such as Maharashtra and other states imposing restrictions, with other states following suit (such as Delhi, Jharkhand, and Mysore). Also, as per channel feedback, the impact of the second COVID wave could potentially lead to demand postponement by the end consumer, thus further posing a risk to AC sales in the key season. However, AC was a leading product category well before demand postponement by a few months for non-seasonal/non-discretionary products, while zero-to-demand was expected to give out in AC this season.
- Commodity inflation and rising competitive intensity pose risks to margins. The content in commodity prices has continued, with various commodities such as copper/aluminum prices rising 10% (7% for Cu) and 10% (8% for Al) in April 21. While price hikes are relatively easier in Consumer Electronics, being sales in Consumer Durables is challenging. Also, based on channel feedback, demand has further lagged in the AC channel and related market share has been impacted. This poses a risk to the Top 5 players as deriving the established distribution network in the Durables segment. Also, almost all of the AC companies, except from leading price hikes in April 21 due to state-wide lockdowns and higher competitive pressure.

Nikhil Shrivastava - Research Analyst (Nikhil.Shrivastava@motilal.com)  
Pratik Singh - Research Analyst (Pratik.Singh@motilal.com)  
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## More states announce restrictions

### Corporate commentaries in 4Q turn cautious

- The COVID second wave has led to the imposition of restrictions across various states and union territories. Over the weekend, several states such as Uttar Pradesh, Tamil Nadu, Karnataka, and Kerala as well as Delhi imposed / extended restrictions to curb the spread of the virus.
- More than 15 states in India have a positivity rate of more than 20%, taking the overall India positivity rate to over 22%.
- Due to the widespread nature of the pandemic, India is likely to continue to face restrictions for some more time – until substantial decline is seen in the positivity rate and active cases.
- Management commentaries from the on-going 4QFY21 earnings season clearly indicate that demand would moderate, especially post the second half of April; this is expected to continue in May'21. It would clearly impact earnings in 1QFY22 and impair the visibility of FY22 earnings, in our view. Our research team has thus far in this earnings season cut estimates for more companies than the upgrades given for FY22. That said, the market is looking beyond this near-term weakness and has been resilient despite the severity of the second wave. We continue to recommend the addition of select cyclical and remain OW on BFSI, IT, Cement, and Metals. We maintain a NEUTRAL stance on Consumer, Auto, Healthcare, and Capital Goods.

## Positivity rate above 22%; states impose lockdown

- Despite the central government not having announced a lockdown, all the major states have imposed restrictions or total lockdown to prevent the spread of the virus. As shown in Exhibit 1, most states have imposed total lockdown, similar to that seen in Apr'20. More concerning, however, is that the states continue to extend the lockdowns as the number of cases increases.
- With positivity rates being above 20% in 15 states/UTs, it is unlikely the restrictions would be withdrawn soon. Hence, we are likely to see continued restrictions/lockdowns unless there is a substantial drop in active cases. The pace of vaccinations would be another key monitorable as states ramp up measures to curb the pandemic.
- More importantly, the focus of the central and state governments in this crucial time remains on supplying key essential items, such as drugs, beds, and oxygen, to keep the fatality rate as well as the absolute count of fatalities lower.

## Corporate commentaries indicate deceleration in demand

- With extended lockdowns and an elevated active case count, corporate commentaries from the on-going earnings season have expectedly turned more circumspect about the sustenance of underlying demand recovery. Discretionary demand is expected to take a major hit in 1QFY22. Some of the sectors/categories dependent on seasonality (Consumer Durables / ACs) and contact-intensive sectors (such as Retail/Airlines/Hotels) are expected to see demand dislocation for an extended period.



- Amid this challenging backdrop, the markets are looking beyond the near-term pain and have thus far remained fairly resilient – this is unlike the panic and volatility seen at the advent of the first COVID wave in 1QCY20. In fact, the mid-cap and small-cap indices have outperformed the Nifty in April'21. As vaccination drives gain momentum in the country and the active case count starts to recede (some states are showing early signs of peaking), we expect mobility parameters to normalize once again. We continue to recommend the addition of select cyclical. In our model portfolio, remain OW on BFSI, IT, Cement, and Metals, while we maintain a NEUTRAL stance on Consumer, Auto, Healthcare, and Capital Goods.

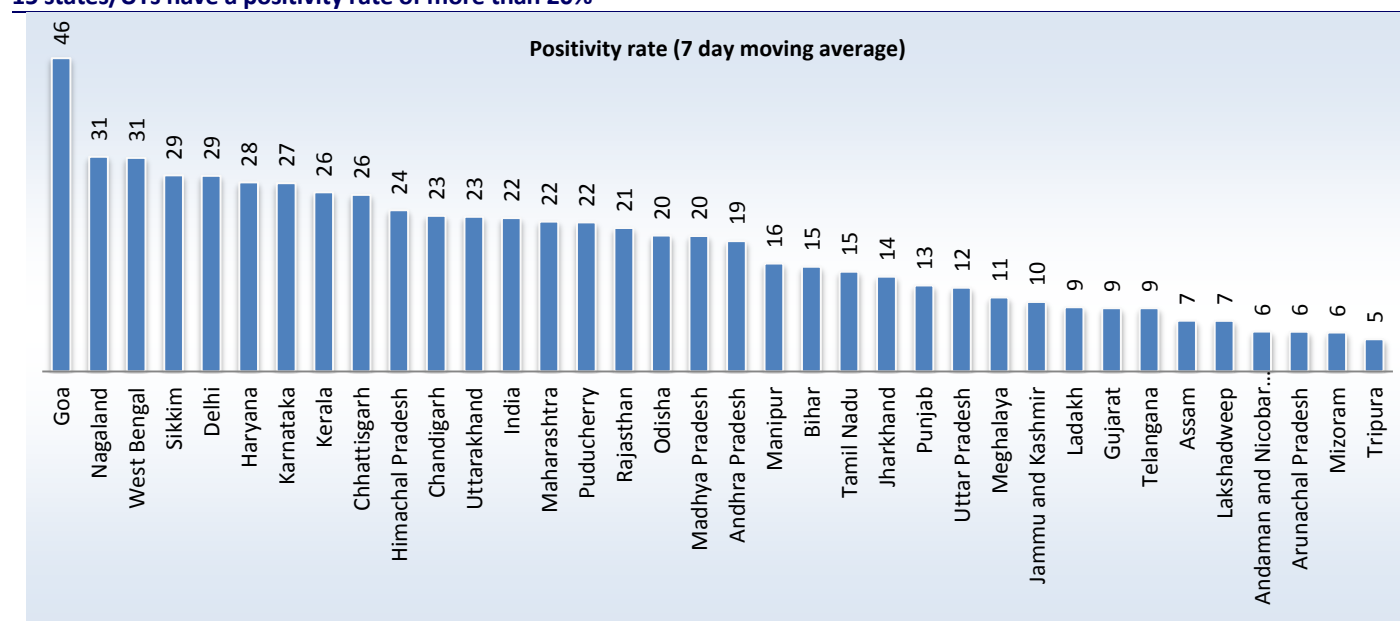
### State-wise lockdown measures

State Name	Dates	Severity
Andhra Pradesh	Till 18 May'21	❖ Partial lockdown from 12 pm to 6 am. Shops and other establishments would be allowed to remain open from 6 am to noon for the next 14 days. Only emergency services will be allowed thereafter.
Arunachal Pradesh	Till 31 May'21	❖ Partial lockdown: Night curfew imposed from 6:30 pm to 5 am. Restrictions on commercial activity timings and movement.
Assam	Till further orders	❖ Partial lockdown: Night curfew from 6 pm to 5 am. Shops to close at 2 pm. All offices, both private and government, shall close at 2 pm (1400 hrs) on all days. Essential services allowed. Restaurants, dhabas, and other eateries can entertain dine-in guests up to 2.00 pm only.
Bihar	Till 15 May'21	❖ Total lockdown imposed. Essential services allowed. Fruit and vegetable and meat/fish shops shall remain open between 6 am to 11 am. All offices of the state govt. will remain closed. E-pass carrying vehicles authorized by district admin.
Chhattisgarh	Till 15 May'21	❖ Total lockdown: Essential services allowed only. Malls, shops, hotels, restaurants will remain closed. Restrictions on movement imposed.
Delhi	Till 17 May'21	❖ Complete lockdown: Metro services suspended. Essential services will be available during the lockdown and those with medical emergencies will not be stopped. Private offices will remain shut. No restrictions on inter-state travel. Weekly markets and onsite construction will remain shut.
Goa	Till 24 May'21	❖ Complete lockdown: Most commercial establishments will remain closed. Hotels and Hospitality sectors have been allowed to remain open for in-house guests, residents, and their staff. Food delivery allowed. Negative test mandatory for tourists entering Goa. Essential services allowed.
Gujarat	Till 12 May'21	❖ Partial restrictions: Night curfew in all cities from 8 pm to 6 am. All industries, manufacturing units, factories, and construction activity will continue in these 29 cities. All medical and paramedical services will remain the same. Malls, shopping complexes, cinema halls, auditoriums, gyms, swimming pools, water parks, public gardens, salons, spas, and other amusement activities will remain closed in all 29 cities. Restaurants can do deliveries
Haryana	Till 10 May'21	❖ Complete lockdown: Restrictions on movement and commercial activity. Closure of commercial establishments. E-pass needed for movement.
Himachal Pradesh	Till 17 May'21	❖ Partial restrictions: Coronavirus curfew is already in force in the state from 7 <sup>th</sup> –17 <sup>th</sup> May. These strict restrictions of suspending public transport and opening essential commodities only for three hours a day will come into force on 10 <sup>th</sup> May from 6 am. Work will be allowed at civil work sites.
Jammu and Kashmir	Till May 17'21	❖ Complete lockdown: Only essential services will continue during the restriction. However, marriages and wedding ceremonies can take place with only 25 people.
Karnataka	Till 24 May'21	❖ Complete lockdown. Only essential services are allowed. Ban on public transport. Restrictions on delivery times for e-commerce firms. Small window for essential services to sell food items. Restrictions on travel and movement.
Kerala	Till 16 May'21	❖ Complete lockdown. Essential services allowed. Agri activity permitted during lockdown. Delivery through e-commerce allowed. Manufacturing units for exports to be allowed to work. Road and waterway services are suspended. Rail and air to be allowed.
Madhya Pradesh	Till 15 May'21	❖ Total lockdown imposed. Essential services allowed. All commercial establishments asked to close down.
Maharashtra	Till 15 May'21	❖ Complete lockdown: Restrictions in place since 5 <sup>th</sup> April. Inter-city and inter-district movement discouraged. Mumbai local trains, metros, and monorails will be accessible only to government employees (state, central, and local authorities) and medical personnel such as doctors, paramedics, lab technicians, and medical clinic staff.
Meghalaya	Till 10 May'21	❖ Weekend lockdown from 7 <sup>th</sup> –10 <sup>th</sup> May'21 in East Garo Hills.

State Name	Dates	Severity
Mizoram	Till 17 May'21	❖ Complete lockdown announced by Mizoram government. Only essential services are allowed.
Nagaland	Till 14 May'21	❖ Partial lockdown: All commercial establishments to remain closed.
Odisha	Till 19 May'21	❖ Complete lockdown: Except emergency services, movement of people has been restricted; grocery and vegetable vendors have been allowed to operate till noon every day. Public bus travel and intra-state movement of individuals have been prohibited.
Punjab	Till 15 May'21	❖ Partial lockdown: Punjab has imposed extensive curbs, in addition to measures such as weekend lockdown and night curfew. Restricted activity at commercial establishments.
Rajasthan	Till 24 May'21	❖ Complete lockdown imposed. Essential services allowed. Suspension of marriages up to 31 <sup>st</sup> May'21. Essential shops such as vegetable and fruit stores can operate as per earlier guidelines, while all religious places and MGNREGA work would stay closed amid the restrictions. Factories will be permitted to operate.
Sikkim	Till 16 May'21	❖ Night curfew: The government has categorically stated that there would be complete restrictions on the movement of vehicles and persons between 5 pm to 9 am. Notably, the vehicles carrying essential items will only be allowed to travel between 5 am to 8.30 am.
Tamil Nadu	Till 24 May'21	❖ Complete lockdown: Only essential services allowed. Restriction on delivery times for e-commerce firms. Requirement of E-pass for movement. Restrictions on people congregating at places.
Telangana	Till 15 May'21	❖ Night curfew: Imposition of night curfew from 9 pm to 6 am. Restrictions on number of persons gathering and movement. No other major restrictions apart from night curfew.
Tripura	Till further orders	❖ Night curfew is imposed on all municipal councils and Nagar panchayats from 6 pm to 5 am. Movies or multiplexes would run at 50% capacity.
Uttar Pradesh	Till 17 May'21	❖ Complete lockdown: All essential services will be allowed. Private and public offices will remain closed. All kinds of gatherings, including political, sports, entertainment, and religious are prohibited. Malls & cinema halls will remain shut. Restaurants, bars, sports complexes, and gyms will remain closed. E-pass needed to travel
Uttarakhand	Till 10 May'21	❖ Partial lockdown: Curfew has been extended in the three heavy caseload districts of Dehradun, Udham Singh Nagar, and Haridwar in Uttarakhand till 10 <sup>th</sup> May. All industries, goods, vehicles, construction work, and other essential services will be allowed to operate during the curfew.
West Bengal	Till further orders	❖ Complete lockdown: All shopping complexes, gyms, cinema halls, beauty parlors will be closed from 7 <sup>th</sup> May. Local train services have also been suspended in the state.

Source: Various news sources, MOFSL

**15 states/UTs have a positivity rate of more than 20%**



Source: covid19india.org, MOFHW, MOFSL. As of 06 May 2021



Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	HDFC IN
Equity Shares (m)	1,721
M.Cap.(INRb)/(USD\$)	4503.1 / 61.3
52-Week Range (INR)	2895 / 1486
1, 6, 12 Rel. Per (%)	1/-1/-10
12M Avg Val (INR M)	10881

**Financials & Valuations (INR b)**

Y/E March	2021	2022E	2023E
Core PPOp	146.5	167.4	191.8
Adj. PAT	106.9	126.6	146.1
Adj. EPS (INR)	54.5	63.1	72.7
EPS Gr. (%)	10.8	15.8	15.3
BV/Sh. (INR)	609.3	653.6	704.7
ABV/Sh. (INR)	475.9	520.2	571.3
Core RoA (%)	1.9	1.9	1.9
Core RoE (%)	12.7	12.7	13.3
Payout (%)	40.0	44.1	44.1

**Valuation**

AP/E (x)	24.1	18.1	12.8
P/BV (x)	4.1	3.8	3.5
AP/ABV (x)	2.8	2.2	1.6
Div. Yield (%)	0.9	1.1	1.3

**Shareholding pattern (%)**

As On	Mar-21	Dec-20	Mar-20
Promoter	0.0	0.0	0.0
DII	16.3	17.3	18.0
FII	72.8	72.0	70.9
Others	10.9	10.7	11.1

FII Includes depository receipts

**CMP: INR 2,496      TP: INR3,275 (+31%)      Buy**

**Strong operating performance across parameters**

- HDFC's core PBT grew 19% YoY to INR33.4b (estimate of INR34.2b) of). NII (ex-assignment income) at INR40.3b was 4% above our estimate. On the other hand, provisions at INR7.2b were much higher than our est. of INR3.8b. Better-than-expected MTM gains on investment led to a 12% beat on reported PAT (+9 QoQ /42% YoY).
- For FY21, core PBT / core operating profit grew a healthy 15%/17% YoY to INR126b/INR146b, despite an additional ESOP charge of INR3.4b.
- Strong disbursement growth (on a low base) of 60% YoY, stable QoQ spreads at 2.3%, GNPA at 1.98%, and a reduction of 74bp QoQ in stage 2 assets were the key positives for the quarter
- We largely maintain our estimates. We expect HDFC to report core RoA/RoE of 2%/13% over FY22–23E. Reiterate **Buy**, with SOTP-based TP of INR3,275 (FY23 SOTP-based).

**Robust disbursement performance; loan mix largely stable**

- The recovery in disbursements was much stronger than expected at the start of FY21. During the fiscal, HDFC reported 3% YoY growth in individual disbursements, with 4Q/2H coming in at 60%/42% YoY. Overall individual AUM grew 5% QoQ / 12% YoY to INR4.4t. **The share of individual loans was up ~120bp QoQ to 77% (the highest ever).**
- Non-Individual segment AUM declined ~2% QoQ and grew just 4% YoY. Growth in this segment was partially impacted by pre-payments (INR94b) in LRD due to the listing of REITs, leading to a run-off of AUM. An uncertain environment also led to higher risk aversion. Overall AUM grew +3% QoQ / 10% YoY to INR5.7t.
- The company assigned loans worth INR75b during the quarter v/s INR55b YoY. The corresponding assignment income stood at INR4.3b (v/s INR4.1b QoQ and INR2.4b YoY).

**GNPLs at 1.98% | stage 2 loans up YoY | restructuring at 80bp of AUM**

- The overall GNPL ratio increased 7bp YoY to 1.98%. However, the corporate book witnessed a 42bp increase in the GNPL ratio to 4.77%.
- Stage 2 loans decreased 74bp QoQ to 6.3% due to some downgrades and resolutions in the accounts. On a YoY basis stage 2 is up 84bp due to 1) select stage 1 accounts opting for ECLGS and 2) the classification of all restructured accounts as stage 2 loans.
- **During the quarter, the company restructured loans worth INR44.8b (80bp of AUM). ~73% of these loans are from the Non-Individual segment, of which one account forms ~50bp of AUM.**
- The company continues to maintain elevated provisions. **The total buffer stands at ~2.6% of loans – the highest in our HFC Coverage Universe.**
- In Mar'21, for the Individual Lending business, collection efficiency (CE) stood at 98.0% on an overall basis (97.6% in Dec'20) – similar to pre-COVID levels.

**Margins largely stable; lower liquidity on balance sheet**

- Overall spreads were sequentially stable at 2.3%; NIMs improved 10bp QoQ to 3.5%. The average daily balance in liquid funds was INR157b in 4Q v/s INR168b QoQ.
- While individual spreads were stable at 1.93% for FY21 v/s 9M, non-individual spreads improved to 3.22% (v/s 3.14% for 9M).
- Total borrowings increased ~2% QoQ to INR4.4t. The share of deposits in total borrowings inched up 92bp QoQ to ~34%. Total deposits edged up ~5% QoQ to INR1.5t.

**Highlights from management commentary**

- INR9.36b ECLGS has been disbursed to date. Many of these loans are classified as Stage 2.
- There seem to be fewer bottlenecks amid the second wave. Disbursements in Apr'21 were more than in 1QFY21.

**Other highlights**

- The average size of individual loans disbursed for FY21 stood at INR2.95m (INR2.70m in FY20). An uptick was seen in the average ticket size to INR3.14m in 4Q, attributable to demand for higher end properties, especially in metro cities.
- In FY21, ~33%/16% of home loans approved in volume/value terms were to customers from the Economically Weaker Sections (EWS) and Low Income Groups (LIG). Average home loans to the EWS/LIG segment stood at INR1.08m/INR1.86m
- ~0.23m customers have availed benefits under the Credit Linked Subsidy Scheme (CLSS). Cumulative loans disbursed under CLSS stood at INR393b. The subsidy amounted to INR52.1b.
- The final dividend stood at INR23/share v/s INR21/share a year ago.
- CAR remains healthy at 22.2%, with Tier I of 21.5%. RWA assets were flat YoY at INR3.98t.

**Valuation and view**

4QFY21 was a strong quarter on all fronts. Disbursements have been picking up MoM and have exceeded YoY levels over the past quarter. With declining cost of funds and a reduction in excess liquidity on the balance sheet, margins should be stable despite pressure on retail lending yield. CE trends are encouraging. With provisions >GNPLs, we believe the company has made more-than-adequate provisions for any potential asset quality slippages in the ensuing quarters. Our core PBT/PAT estimate for FY22/FY23E remains largely unchanged. We expect HDFC to report core RoA/RoE of 2%/13% over FY22–23E. Reiterate Buy, with SOTP-based TP of INR3,275 (FY23 SOTP-based).

**HDFC: Quarterly Performance**

INR b

Y/E March	FY20				FY21				FY20	FY21	4QFY21E	Act V/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	107.8	107.8	109.8	112.0	111.5	110.0	108.4	105.9	437.5	435.8	107.3	-1
Interest Expense	77.4	78.3	77.7	76.6	78.2	74.0	68.3	65.7	310.0	286.1	68.4	-4
<b>Net Interest Income</b>	<b>30.4</b>	<b>29.5</b>	<b>32.1</b>	<b>35.4</b>	<b>33.4</b>	<b>36.0</b>	<b>40.0</b>	<b>40.3</b>	<b>127.5</b>	<b>149.7</b>	<b>38.9</b>	<b>4</b>
YoY Change (%)	10.9	12.7	11.0	12.1	9.7	22.1	24.6	13.7	11.4	17.4	9.8	
Assignment Income	3.0	2.6	1.7	2.4	1.8	1.6	4.1	4.4	9.7	11.9	3.6	21
<b>NII (including assignment income)</b>	<b>33.4</b>	<b>32.1</b>	<b>33.8</b>	<b>37.8</b>	<b>35.2</b>	<b>37.6</b>	<b>44.2</b>	<b>44.6</b>	<b>137.2</b>	<b>161.6</b>	<b>42.5</b>	<b>5</b>
YoY Change (%)	15.7	6.6	7.4	17.1	5.4	17.0	30.5	18.1	11.5	17.8	12.5	
Other Operating Income	0.6	0.6	0.7	1.0	0.5	0.8	0.7	0.9	3.0	2.9	0.8	14
<b>Core Income</b>	<b>34.0</b>	<b>32.8</b>	<b>34.5</b>	<b>38.8</b>	<b>35.7</b>	<b>38.4</b>	<b>44.8</b>	<b>45.5</b>	<b>140.1</b>	<b>164.5</b>	<b>43.3</b>	<b>5</b>
YoY Change (%)	15.4	6.1	7.7	15.1	4.9	17.1	29.9	17.3	11.1	17.4	11.6	
Operating Expenses	3.8	3.8	3.8	3.5	4.0	3.7	5.4	5.0	15.0	18.0	5.3	-6
YoY Change (%)	(25.1)	17.7	13.2	11.9	3.8	(3.5)	39.9	41.1	0.8	20.0	50.1	
<b>Core Operating profits</b>	<b>30.2</b>	<b>29.0</b>	<b>30.7</b>	<b>35.3</b>	<b>31.7</b>	<b>34.7</b>	<b>39.5</b>	<b>40.6</b>	<b>125.2</b>	<b>146.5</b>	<b>38.0</b>	<b>7</b>
YoY Change (%)	23.9	4.7	7.1	15.4	5.0	19.8	28.6	14.9	12.5	17.0	7.7	
Provisions	3.2	2.5	3.0	7.2	3.0	4.4	5.9	7.2	15.9	20.5	3.9	87
<b>Core PBT</b>	<b>27.0</b>	<b>26.5</b>	<b>27.7</b>	<b>28.0</b>	<b>28.7</b>	<b>30.4</b>	<b>33.5</b>	<b>33.4</b>	<b>109.2</b>	<b>126.0</b>	<b>34.1</b>	<b>-2</b>
YoY Change (%)	11.6	0.3	0.9	(0.0)	6.4	14.9	20.9	19.0	2.9	15.4	21.8	
Profit on Sale of Inv./MTM on Inv.	18.5	13.0	90.6	4.3	13.4	1.7	3.9	4.7	126.4	23.5	0.1	
Dividend income	0.0	10.7	0.0	0.0	3.0	3.2	0.0	1.1	10.8	7.3	1.1	
One off expense/Prov	(5.7)	(5.0)	(27.0)	(5.5)	(9.0)	-	-	-	(43.2)	(9.0)	-	
Other Income	0.1	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.2	0.3	0.1	
<b>PBT</b>	<b>39.9</b>	<b>45.3</b>	<b>91.4</b>	<b>26.9</b>	<b>36.1</b>	<b>35.3</b>	<b>37.5</b>	<b>39.2</b>	<b>203.5</b>	<b>148.2</b>	<b>35.5</b>	<b>11</b>
YoY Change (%)	29.8	29.8	218.7	(27.1)	(9.5)	(22.0)	(59.0)	45.7	55.1	(27.2)	31.7	
Provision for Tax	7.8	5.7	7.7	4.6	5.6	6.6	8.3	7.4	25.8	27.9	7.0	6
<b>PAT</b>	<b>32.0</b>	<b>39.6</b>	<b>83.7</b>	<b>22.3</b>	<b>30.5</b>	<b>28.7</b>	<b>29.3</b>	<b>31.8</b>	<b>177.7</b>	<b>120.3</b>	<b>28.5</b>	<b>12</b>
YoY Change (%)	46.3	60.6	296.1	(22.0)	(4.7)	(27.6)	(65.1)	42.4	84.5	(32.3)	27.5	0.0

E: MOFSL Estimates; FY19 estimates are under Ind-AS



# Avenue Supermarts

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR2,890      TP: INR2,850 (-1%)      Neutral**

## Steady growth, but outlook challenging

- Avenue Supermarts (DMART) posted steady 18% YoY revenue growth, coupled with 160bp YoY margin improvement to 8.2%, translating to robust 53% PAT growth YoY (in-line).
- The EBITDA margin was 80bp higher v/s pre-COVID levels, highlighting sustainable cost optimization during the pandemic period.
- Given the return of COVID-led lockdown, we cut our revenue/PAT estimates by 17%/21% for FY22, but largely maintain our FY23E estimates, factoring in a 23% revenue/PAT CAGR over FY20–23E. Maintain Neutral.

Bloomberg	DMART IN
Equity Shares (m)	624
M.Cap.(INRb)/(USD\$)	1871.3 / 25.5
52-Week Range (INR)	3328 / 1900
1, 6, 12 Rel. Per (%)	1/9/-25
12M Avg Val (INR M)	1666

### Financials & Valuations (INR b)

Y/E March	FY21	FY22E	FY23E
Sales	241.4	302.8	457.5
EBITDA	17.4	23.2	38.1
Adj. PAT	11.0	14.8	24.2
EBITDA Margin (%)	7.2	7.7	8.3
Adj. EPS (INR)	17.0	22.8	37.4
EPS Gr. (%)	-15.5	34.5	63.8
BV/Sh. (INR)	195.2	218.9	257.7

### Ratios

Net D:E	-0.3	-0.2	-0.2
RoE (%)	9.5	11.4	16.3
RoCE (%)	9.4	11.3	16.0
Payout (%)	0	0	0

### Valuations

P/E (x)	169.7	126.2	77.0
EV/EBITDA (x)	106.4	80.1	48.9
EV/Sales (X)	7.7	6.1	4.1
Div. Yield (%)	0	0	0
FCF Yield (%)	-0.3	-0.3	-0.3

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	75.0	75.0	75.0
DII	6.6	6.7	6.6
FII	10.2	10.1	9.6
Others	8.3	8.2	8.8

FII Includes depository receipts

### Strong earnings growth backed by healthy recovery, margins

- DMART's consol. revenue grew 18% YoY (5% above est) to INR74b. Standalone revenue came in at INR73b. SSSG declined to -13.1% in FY21 v/s 11% in FY20.
- Gross margins recovered to 14.8% (+120bps YoY), 10bp above pre-COVID levels (14.7% in 4QFY19). However, as restrictions have once again been imposed on non-essentials in 1QFY22, gross margins may decline.
- Thus, EBITDA came in at INR6.1b (up 47% YoY; in-line), with margins recovering to 8.2% (+160bps YoY), attributed to SG&A costs leverage. The EBITDA margin is now significantly higher (80bp) than even pre-COVID levels of 7.4% (in FY19) – indicating the weak demand scenario in FY21 has helped optimize fixed costs.
- Therefore, PAT came in at INR4.1b (up 53% YoY; in-line), with PAT margins at 5.6% (+130bps YoY) – 180bp higher v/s pre-COVID levels (in 4QFY19) at 3.8%.
- DMART added 13 stores in 4Q and ~22 stores in FY21, of which two have been shifted to fulfillment centers. This is a good performance despite the disruption in construction work and demand weakness.
- FY21 revenue/EBITDA/PAT declined 3%/18%/15% to INR241b/INR17b/INR11b (-13% SSSG).

### Repeat of lockdowns to impact operations in FY22

- More than 80% of stores are operating for significantly fewer hours during the day or even closed for multiple days in the week.
- Witnessing restriction in construction activity but expect things to restart soon due to limited migration of workers and vaccination drive.
- DMART could see problem of carrying excess inventory (bigger than the first wave of COVID) as it aggressively ordered stock given the healthy business outlook but the business got suddenly hit by lockdown.
- Subsidiary revenue (DMart Ready) was up 74% YoY to INR1.1b (flat QoQ; forming just 1% of consol revenues), with EBITDA loss of INR39m, diluting 10bp margin on a consol basis.

### Valuation and view

- We expect DMART to deliver an FY20–23E revenue/PAT CAGR of 23%, factoring in -5%/50% SSSG and 30/40 store adds over FY22/FY23E. Unlike other retailers, grocery retailers such as DMart have seen swift earnings recovery from COVID-19.



- Given the return of COVID-led lockdowns, we cut our revenue/PAT estimates by 17%/21% for FY22, but largely maintain our FY23E estimates, factoring in a 23% revenue/PAT CAGR over FY20–23E.
- The stock is trading at rich valuations of 49x/77x FY23E EV-to-EBITDA/FY23E P/E.
- The expensive valuations, coupled with a) the risk of growth moderation due to strong traction in online retailers in a post-COVID world and b) the prominence of deep-pocket players (such as Amazon and Reliance Retail) restrict the near-term upside, in our view.
- We value DMART at FY23E EV-to-EBITDA of 47x (at a ~20% discount to its three-year average multiple of ~55x). We retain our Neutral recommendation and TP of INR2,850 per share.

**Consolidated - Quarterly Earnings**

(INR m)

Y/E March	FY20				FY21				FY20	FY21E	FY21E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Revenue</b>	<b>58,146</b>	<b>59,908</b>	<b>68,089</b>	<b>62,559</b>	<b>38,832</b>	<b>53,062</b>	<b>75,420</b>	<b>74,117</b>	<b>2,48,702</b>	<b>2,41,431</b>	<b>77,678</b>	<b>-4.6</b>
YoY Change (%)	27.1	22.4	24.4	23.6	-33.2	-11.4	10.8	18.5	24.3	-2.9	24.0	
Total Expenditure	52,178	54,733	62,122	58,386	37,714	49,767	68,529	67,990	2,27,419	2,24,000	71,387	-4.8
<b>EBITDA</b>	<b>5,968</b>	<b>5,175</b>	<b>5,967</b>	<b>4,173</b>	<b>1,118</b>	<b>3,295</b>	<b>6,891</b>	<b>6,127</b>	<b>21,283</b>	<b>17,431</b>	<b>6,291</b>	<b>-2.6</b>
Change YoY (%)	41.0	-87.6	32.7	12.1	-81.3	-36.3	15.5	46.8	30.3	-18.1	51.0	
Depreciation	827	919	952	1,046	948	1,007	1,137	1,050	3,744	4,142	1,227	-14.5
Interest	182	190	176	144	88	93	113	123	691	417	50	145.2
Other Income	110	81	61	349	506	522	453	481	600	1,962	634	-24.1
<b>PBT</b>	<b>5,069</b>	<b>4,147</b>	<b>4,900</b>	<b>3,333</b>	<b>588</b>	<b>2,717</b>	<b>6,094</b>	<b>5,436</b>	<b>17,448</b>	<b>14,835</b>	<b>5,647</b>	<b>-3.7</b>
Tax	1,838	921	1,060	620	187	732	1,625	1,297	4,438	3,840	1,534	-15.5
Rate (%)	36.3	22.2	21.6	18.6	31.8	26.9	26.7	23.9	25.4	25.9	27.2	
<b>Reported PAT</b>	<b>3,230</b>	<b>3,226</b>	<b>3,840</b>	<b>2,713</b>	<b>401</b>	<b>1,985</b>	<b>4,470</b>	<b>4,139</b>	<b>13,009</b>	<b>10,994</b>	<b>4,113</b>	<b>0.6</b>
<b>Adj PAT</b>	<b>3,230</b>	<b>3,226</b>	<b>3,840</b>	<b>2,713</b>	<b>401</b>	<b>1,985</b>	<b>4,470</b>	<b>4,139</b>	<b>13,009</b>	<b>10,994</b>	<b>4,113</b>	<b>0.6</b>
YoY Change (%)	32	185	55	42	-88	-38	16	53	44	-15	52.0	

E: MOFSL Estimates

**Key Performance Indicators**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Store Adds	8	5	7	18	2	4	1	13	38	20
Total Stores	184	189	196	214	216	220	221	234	214	234
Area Addition (m sq ft)	0.3	0.3	0.5	0.8	0.2	0.2	-0.0	0.6	1.9	1.0
Gross Margins (%)	16.4	15.4	15.3	13.6	14.2	14.5	15.5	14.8	15.1	14.9
EBITDA Margins (%)	10.3	8.6	8.8	6.7	2.9	6.2	9.1	8.3	8.6	7.2
PAT Margins (%)	5.6	5.4	5.6	4.3	1.0	3.7	5.9	5.6	5.2	4.6

E:MOFSL Estimates



Estimate changes	↓
TP change	
Rating change	↔

**CMP: INR535 TP: INR620 (+16%) Buy**

## Big miss; estimates cut by 9%/7% for FY22/23E

### A brief view on its 4QFY21 result and stock

Bloomberg	DABUR IN
Equity Shares (m)	1,762
M.Cap.(INRb)/(USD\$)	945 / 12.9
52-Week Range (INR)	581 / 421
1, 6, 12 Rel. Per (%)	-2/-16/-36
12M Avg Val (INR M)	1798

### Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	95.6	104.2	118.5
Sales Gr. (%)	10.1	8.9	13.8
EBITDA	20.0	22.1	26.5
EBITDA mrg. (%)	20.9	21.2	22.4
Adj. PAT	16.9	18.2	21.9
Adj. EPS (INR)	9.6	10.3	12.4
EPS Gr. (%)	11.0	7.2	20.4
BV/Sh.(INR)	43.4	46.0	50.9
<b>Ratios</b>			
RoE (%)	23.7	23.0	25.5
RoCE (%)	22.4	21.5	23.6
Payout (%)	49.6	60.0	60.0
<b>Valuation</b>			
P/E (x)	55.8	52.0	43.2
P/BV (x)	12.3	11.6	10.5
EV/EBITDA (x)	44.7	40.6	33.6
Div. Yield (%)	0.9	1.2	1.4

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	67.4	67.9	67.9
DII	5.3	5.9	7.6
FII	19.8	18.5	17.4
Others	7.5	7.7	7.1

FII Includes depository receipts

- While Dabur reported consolidated sales growth of 25.3% YoY in 4QFY21, it was on a low base. Thus, the average sales growth momentum in the last two-years dipped to a more modest 6.5% in 4QFY21 from 8.9%/11.5% in 2Q/3Q. There will also be some impact from the slower-than-expected recovery in the Beverages business (15% of sales in FY21) due to the lockdowns impacting sales in the key summer season. Along with higher than anticipated tax rates, these factors have led to a 9.4%/6.9% cut in our FY22E/FY23E EPS.
- We maintain that the management's initiatives in the last two years in the form of: a) a spate of new launches, b) sharp increase in advertisements, c) continued expansion in distribution, d) investment in technology and analytics, and e) cost saving efforts plowed back into the business for growth would set Dabur on the right path towards a much stronger topline and earnings growth, commensurate with the inherent potential in its Healthcare, F&B, and HPC business.
- Dabur has delivered double-digit topline growth in two of the past three years unlike most peers. New products now contribute 5% of sales. Earnings growth, after the ongoing investment in these initiatives, will be even stronger than topline growth. **Maintain BUY.**

### Growth strong, though lower than our expectations

- Consolidated sales grew 25.3% YoY to INR23.4b** (est. INR24.6b) in 4QFY21. EBITDA was up 25.6% YoY to INR4.4b (est. INR5.1b). PBT grew 25.4% YoY to INR4.5b (est. INR5.2b). Adjusted PAT rose 27.1% to INR3.8b (est. INR4.1b).
- India FMCG volumes grew 25.4% YoY in 4QFY21.**
- Gross margin contracted 40bp YoY to 48.7%** (est. 49.8%). As a percentage of sales, lower staff cost (down 80bp YoY to 11.5%), higher ad spends (up 120bp to 6.6%), and lesser other expenses (down 80bp to 11.7%) resulted in a flat EBITDA margin at 18.9% (est. 20.8%).
- Ad spends rose 53.8% YoY to INR1.5b in 4QFY21.
- Sales/EBITDA/PAT grew 5.7%/8.3%/7.1% YoY in FY21.
- Standalone sales/EBITDA/adjusted PAT grew 9.9%/11.7%/11% YoY.** EBITDA margin expanded 40bp YoY to 20.9%. The domestic FMCG business grew 28.3% YoY.
- The **international business** registered constant-currency growth of 21% YoY.
- Receivable days saw a considerable improvement of 9 days taking them to an average of 26 days in FY21. Thus, average net working capital days also improved to 20 days from 29 days on a YoY basis.
- CFO/FCF also grew 31.1%/49.1% in FY21, well ahead of EBITDA/PAT growth.
- The company has recommended a final dividend of INR3/share.

**Highlights from the management commentary**

- Localized restrictions are leading to some last-mile disruptions, but the management is much better prepared than last year to ensure lower supply chain disruptions. Factories continue to operate at a near normal basis.
- The Healthcare portfolio is witnessing an uptick since the second half of Apr'21 and should make up for any loss in the discretionary business in 1QFY22.
- Secondary sales growth in 4QFY21 was broadly in line with that in preceding quarters.
- The outlook for the international business (25% of sales) is strong, and the management expects an improvement in operating margin as well.
- There has been 5-6% inflation in the commodity basket, and despite a 3% price increase in 4QFY21 and another price increase in 1QFY22, gross margin will be under pressure in the current quarter.
- The management reiterated that they don't expect any YoY dip in EBITDA margin in FY22 over FY21 levels.

**Valuation and view**

- Changes to the model have resulted in a 9.4%/6.9% cut to our FY22E/FY23E EPS estimate as a result: of a) some slowdown in the impressive sales momentum in the preceding quarter, b) some near term gross margin pressure, c) delayed recovery in the Beverage business, and d) higher than expected guidance on tax rates in FY22 and FY23.
- As indicated in our [upgrade note](#) in Jul'20, despite the blip in 4QFY21 (two-year average sales growth was still 6.5%), the structural and medium-term narrative on topline growth is highly attractive – led by strong traction in the profitable Healthcare business and an attractive rural growth outlook (~48% of domestic sales from rural). The investment case is being strengthened further, supported by: a) a focus on the core business, b) power brand strategy, c) a spate of new launches, d) an increasing direct distribution reach, e) narrowing gap on analytics v/s domestic peers, and f) cost savings, which are being plowed back into the business in the form of higher advertisements.
- Given the long term earnings growth potential of the business, valuations at 43.2x FY23E do not appear expensive. We maintain our Buy rating, with a TP of INR620 per share (50x FY23 EPS).



**Consolidated quarterly performance**

(INR m)

Y/E March	FY20				FY21				FY20	FY21	FY21	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Domestic FMCG vol. growth (%)</b>	9.6	4.8	5.6	-14.6	-9.7	16.8	18.1	25.4	1.4	12.7	35.0	
<b>Net sales</b>	22,733	22,120	23,530	18,654	19,800	25,160	27,288	23,368	86,846	95,617	24,585	-4.9
YoY change (%)	9.3	4.1	7.0	-12.3	-12.9	13.7	16.0	25.3	1.8	10.1	31.8	
<b>Gross profit</b>	11,256	11,235	11,785	9,158	9,784	12,802	13,751	11,390	43,434	47,727	12,244	
Margin (%)	49.5	50.8	50.1	49.1	49.4	50.9	50.4	48.7	50.0	49.9	49.8	
<b>EBITDA</b>	4,576	4,895	4,929	3,523	4,166	5,694	5,742	4,425	17,924	20,027	5,103	-13.3
Margin (%)	20.1	22.1	20.9	18.9	21.0	22.6	21.0	18.9	20.6	20.9	20.8	
YoY growth (%)	18.5	8.6	10.7	-23.0	-9.0	16.3	16.5	25.6	3.0	11.7	44.9	
Depreciation	528	545	544	588	567	596	572	666	2,205	2,401	623	
Interest	153	152	105	86	78	75	69	86	495	308	72	
Other income	733	818	745	758	718	876	809	850	3,053	3,253	813	
<b>PBT</b>	4,629	5,016	5,025	3,606	4,238	5,899	5,911	4,522	18,277	20,570	5,222	-13.4
Tax	834	662	875	627	825	1,067	975	744	2,997	3,611	1,068	
Rate (%)	18.0	13.2	17.4	17.4	19.5	18.1	16.5	16.4	16.4	17.6	20.4	
<b>Adjusted PAT</b>	3,791	4,350	4,137	2,972	3,418	4,817	4,920	3,778	15,250	16,933	4,141	-8.8
YoY change (%)	15.2	15.5	13.0	-31.0	-9.8	10.7	18.9	27.1	1.5	11.0	39.3	

E: MOFSL estimates

**Key performance indicators**

Y/E March	FY20				FY21			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Realization growth (%)</b>	0.9	0.1	-0.6	-2.7	1.3	1.1	0.4	4.9
<b>Average growth in the last two years (%)</b>								
Volumes	15.3	6.5	9.0	-5.2	0.0	10.8	11.9	5.4
Sales	12.7	6.3	9.4	-3.8	-1.8	8.9	11.5	6.5
EBITDA	21.8	8.0	10.5	-14.4	4.8	12.5	13.6	1.3
PAT	16.6	9.8	11.6	-11.1	2.7	13.1	16.0	-1.9
<b>Sales (%)</b>								
COGS	50.5	49.2	49.9	50.9	50.6	49.1	49.6	51.3
Other expenditure	29.4	28.7	29.1	30.2	28.4	28.2	29.4	29.8
Depreciation	2.3	2.5	2.3	3.2	2.9	2.4	2.1	2.8
<b>YoY change (%)</b>								
COGS	9.5	1.2	5.3	-11.2	-12.7	13.5	15.3	26.1
Other expenditure	3.4	6.0	7.4	-6.3	-15.9	12.1	16.8	23.6
Other income	-0.5	0.7	-1.0	14.7	-2.0	7.1	8.7	12.2
EBIT	17.8	19.7	18.6	15.7	18.2	20.3	18.9	16.1



# Tata Consumer Products

Estimate change	↓
TP change	↔
Rating change	↔

**CMP: INR629      TP: INR725 (+15%)      Buy**

## High tea prices dent EBITDA margin; performance below expectation

Bloomberg	TATACONS IN
Equity Shares (m)	922
M.Cap.(INRb)/(USDb)	579.7 / 7.9
52-Week Range (INR)	698 / 326
1, 6, 12 Rel. Per (%)	-5/7/27
12M Avg Val (INR M)	2504
Free float (%)	65.3

### Scale-up of Tata Sampann remains critical

- Higher tea prices impacted standalone gross margins by 10.1pp YoY to 30.9%, and higher A&P consequently impacted the consolidated EBITDA margin by 290bps YoY to 9.9%. Consolidated EBITDA de-grew 3% YoY on the back of 13% EBITDA de-growth in standalone. The Tata Sampann portfolio grew 2% during the quarter, impacted by volatility in the Pulses market; portfolio grew 26% during FY21. The scale-up of the Sampann portfolio remains a key monitorable.
- We lower our earnings estimates for FY22 by 7% on the back of near-term margin pressure in Tea. We maintain our earnings estimates for FY23 and arrive at an FY23 SOTP-based TP of INR725/share. Maintain **Buy**.

### Financials & valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	116.0	122.5	138.4
EBITDA	15.4	18.5	22.5
PAT	8.7	11.2	14.0
EBITDA (%)	13.3	15.1	16.3
EPS (INR)	9.5	12.2	15.2
EPS Gr. (%)	20.8	28.5	25.4
BV/Sh. (INR)	158	165	176

### Ratios

Net D/E	(0.2)	(0.2)	(0.3)
RoE (%)	6.1	7.5	8.9
RoCE (%)	8.3	10.2	12.1
Payout (%)	43.6	37.0	30.5

### Valuations

P/E (x)	66.5	51.8	41.3
EV/EBITDA (x)	35.8	29.9	24.5
Div Yield (%)	1.9	2.1	2.4
FCF Yield (%)	7.5	5.7	6.6

### Shareholding pattern (%)

	Mar-21	Dec-20	Mar-20
Promoter	34.7	34.7	34.7
DII	12.6	13.6	21.8
FII	25.3	25.8	17.1
Others	27.5	26.0	26.4

Note: FII includes depository receipts

### Higher distribution reach drives volume growth in India biz.

- Tata Consumer Products (TCP) reported consolidated revenue growth of 26% YoY to INR30.4b (est. INR28.6b). The EBITDA margin contracted 290bp YoY to 9.9% (est. 11.9%) on a 620bp gross margin contraction to 39.2%. EBITDA de-grew 3% YoY to INR3,002m (est. INR3,397m). Adj. PAT was down 36% YoY to INR1.1b (est. INR1.9b), largely due to higher tax rate and MI.
- India Branded Beverages/Foods revenue was up 60%/22% YoY to INR12b/INR6.4b. India Beverages EBIT de-grew 40% YoY to INR524m, while India Foods EBIT grew 52% YoY to INR868m. International Branded Beverages revenue remained flat YoY to INR8.8b, with EBIT de-growth of 14% YoY to INR1,101m.
- India Branded Beverages/Foods volumes grew 23%/21% YoY, benefitting from a low base effect and expansion in the distribution reach. Salt revenue grew 26% during the quarter. The Tata Sampann portfolio was up 2% in 4Q, impacted by volatility in the Pulses market.
- Standalone revenue grew 39% YoY to INR18.5b and EBITDA was down 11% YoY to INR1.4b. The gross margin contracted 1,010bp YoY (+80bp QoQ) to 30.9% on the back of higher tea prices.
- Tata Coffee consol:** Revenue grew 14% YoY to INR5.9b, with EBITDA growth of 22% YoY to INR944m. **Tata Coffee standl:** Revenue grew 30% to INR2,177m and EBITDA was INR241m v/s INR7m last year. **Tata Coffee Overseas** (Tata Coffee consol less Tata Coffee standl): Revenue grew 7% YoY to INR3,736m, with EBITDA de-growth of 8% YoY to INR703m.
- TCP Overseas Tea:** Revenue grew 8% to INR6b, with EBITDA declining 10% YoY to INR637m.
- In FY21, consolidated revenue/EBITDA/adj. PAT grew 20%/19%/21%. In FY21, TCP generated CFO of INR16.6b, up 53% YoY, on the back of lower trade receivables and higher payables; this was offset by higher inventory.

### Highlights from management commentary

- TCP has increased its reach to 2.4m outlets – a 15%/11% increase for Tea/Salt. This is in line with TCP's long-term strategy to double direct reach within 12M and double numeric reach within 36M. Numeric reach / direct coverage was up 30%/20% YoY in FY21; TCP is on track to achieve its 1m target by Sep'21.
- At the time of acquisition of the Salt business from Tata Chemicals, TCP targeted synergies of INR1–1.5b at the EBIT level over 18M. Of this, INR50–70m of monthly cost synergies has started to be realized.
- **Tata Starbucks:** Revenue growth of 14% was seen in 4Q, albeit on a low base (impacted by COVID in Mar'20). FY21 revenue declined 33%, driven by the adverse impact of COVID on out-of-home consumption. The business was EBITDA+ for the year – it added 39 new stores and gained a presence in seven new cities during the year.

### Valuation and view

- The unlocking of sales and distribution synergies is among the key reasons the merger of the group companies has started to yield results – this is evident from the market share increase in Tea (+190bp YoY) and Salt (+160bp YoY) in FY21 on the back of an increase in numeric distribution (+15% in Tea and +11% in Salt). Direct coverage increased 30% in FY21, and the management aims to reach 1m by Sep'21. Thus, in our view, the company is taking a step in the right direction to establish a strong S&D channel, which would act as key growth driver.
- TCP has two strong legs in the India business – Tata Tea and Tata Salt – wherein it is targeting lower double-digit growth, driven by a) cross-selling between the Foods biz and TCP's Tea distribution channel and b) expansion into new geographies.
- TCP is building its third leg, Tata Sampann, which deals in pulses and spices – which should grow in the high double digits. The market size of Pulses/Spices in India currently stands at INR1,500b/INR600b, with unorganized players forming 99%/70% of the market. Thus, growth is expected through capturing market share from unorganized players via increasing distribution reach and new product launches.
- Over FY21–23E, sales/EBITDA/PAT is expected to post a CAGR of 9%/21%/27%.
- We lower our earnings estimates for FY22 by 7% on the back of near-term margin pressure in Tea. We maintain our earnings estimates for FY23 and arrive at an FY23 SOTP-based TP of INR725/share. Maintain **Buy**.



**Consolidated - Quarterly Earnings Model**

(INR m)

Y/E March	FY20				FY21				FY20	FY21	FY21 4QE	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Gross Sales</b>	<b>23,924</b>	<b>23,471</b>	<b>24,930</b>	<b>24,050</b>	<b>27,139</b>	<b>27,813</b>	<b>30,696</b>	<b>30,372</b>	<b>96,374</b>	<b>1,16,020</b>	<b>28,559</b>	<b>6</b>
YoY Change (%)	32.7	33.3	30.3	35.5	13.4	18.5	23.1	26.3	32.9	20.4	18.7	
Total Expenditure	20,415	20,323	21,748	20,967	22,313	23,818	27,082	27,370	83,453	1,00,583	25,162	
<b>EBITDA</b>	<b>3,509</b>	<b>3,148</b>	<b>3,181</b>	<b>3,084</b>	<b>4,827</b>	<b>3,996</b>	<b>3,613</b>	<b>3,002</b>	<b>12,922</b>	<b>15,438</b>	<b>3,397</b>	<b>-12</b>
Margins (%)	14.7	13.4	12.8	12.8	17.8	14.4	11.8	9.9	13.4	13.3	11.9	
Depreciation	576	587	614	640	619	626	644	659	2,417	2,547	650	
Interest	186	204	201	187	173	179	181	155	779	687	178	
Other Income	331	280	285	219	327	262	195	430	1,116	1,214	220	
<b>PBT before EO expense</b>	<b>3,078</b>	<b>2,637</b>	<b>2,651</b>	<b>2,476</b>	<b>4,362</b>	<b>3,454</b>	<b>2,983</b>	<b>2,618</b>	<b>10,842</b>	<b>13,417</b>	<b>2,789</b>	
Extra-Ord expense	-81	-15	-8	-2,644	633	-239	-61	-639	-2,748	-307	0	
<b>PBT</b>	<b>2,997</b>	<b>2,622</b>	<b>2,643</b>	<b>-168</b>	<b>4,995</b>	<b>3,215</b>	<b>2,922</b>	<b>1,979</b>	<b>8,094</b>	<b>13,111</b>	<b>2,789</b>	<b>-29</b>
Tax	1,022	636	750	334	1,104	871	552	646	2,742	3,173	781	
Rate (%)	33.2	24.1	28.3	13.5	25.3	25.2	18.5	24.7	25.3	23.6	28.0	
Minority Interest	164	147	153	-460	180	161	192	205	4	738	-180.0	
Profit/Loss of Asso. Cos.	-74	92	-46	-723	-435	389	4	-590	-751	-633	-250	
<b>Reported PAT</b>	<b>1,737</b>	<b>1,932</b>	<b>1,694</b>	<b>-765</b>	<b>3,276</b>	<b>2,571</b>	<b>2,182</b>	<b>539</b>	<b>4,598</b>	<b>8,567</b>	<b>1,938</b>	
<b>Adj PAT</b>	<b>1,798</b>	<b>1,943</b>	<b>1,700</b>	<b>1,776</b>	<b>2,643</b>	<b>2,712</b>	<b>2,228</b>	<b>1,133</b>	<b>7,216</b>	<b>8,716</b>	<b>1,938</b>	<b>-42</b>
YoY Change (%)	33.7	10.1	71.1	466.0	47.0	39.6	31.1	-36.2	63.4	20.8	3.1	
Margins (%)	7.5	8.3	6.8	7.4	9.7	9.8	7.3	3.7	7.5	7.5	6.8	

Nos. include Tata Chemicals' Consumer biz nos.

**Key Performance Indicators**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Consolidated</b>										
<b>Revenue Growth (%)</b>										
Standalone	61.1	68.5	64.5	70.3	9.7	21.6	34.1	38.5	<b>65.9</b>	<b>25.7</b>
Overseas Tea Biz	-2.2	-4.2	-5.3	4.2	12.8	14.5	8.7	7.8	<b>10.7</b>	<b>10.7</b>
Tata Coffee Ltd (TCL) Consol	10.5	5.5	7.7	12.2	25.9	12.9	6.3	14.4	<b>9.0</b>	<b>14.7</b>
TCL Standalone	25.9	4.7	0.6	-16.9	-12.3	0.0	-5.0	30.1	<b>2.4</b>	<b>2.4</b>
Coffee Overseas	1.3	6.1	11.7	34.8	54.6	21.1	11.8	6.9	<b>13.2</b>	<b>21.8</b>
<b>EBITDA Margin (%)</b>										
Standalone	15.9	14.3	14.1	12.0	20.3	14.6	10.0	7.7	<b>14.1</b>	<b>12.8</b>
Overseas Tea Biz	8.5	7.2	4.9	12.8	8.9	11.4	11.8	10.7	<b>8.5</b>	<b>10.7</b>
TCL Consol	16.9	16.5	17.0	14.9	18.8	16.3	18.1	16.0	<b>16.3</b>	<b>17.3</b>
TCL Standalone	11.4	9.4	8.9	0.4	8.7	6.2	12.1	11.1	<b>7.8</b>	<b>9.5</b>
Coffee Overseas	21.0	20.9	21.0	21.9	23.2	21.6	20.6	18.8	<b>21.2</b>	<b>21.1</b>
<b>Cost Break-up</b>										
RM Cost (% of sales)	57.1	56.5	56.5	54.5	55.3	59.2	62.2	60.8	<b>56.1</b>	<b>60.8</b>
Staff Cost (% of sales)	8.9	9.4	8.8	9.6	8.4	8.3	7.9	8.9	<b>9.2</b>	<b>8.4</b>
Adv. and Sales (% of sales)	5.5	6.9	8.1	7.5	4.9	6.0	6.8	7.1	<b>7.0</b>	<b>6.3</b>
Other Cost (% of sales)	13.9	13.8	13.9	15.5	13.6	12.2	11.3	13.3	<b>14.2</b>	<b>12.6</b>
Gross Margins (%)	42.9	43.5	43.5	45.5	44.7	40.8	37.8	39.2	<b>43.9</b>	<b>40.5</b>
EBITDA Margins (%)	14.7	13.4	12.8	12.8	17.8	14.4	11.8	9.9	<b>13.4</b>	<b>13.3</b>
EBIT Margins (%)	12.3	10.9	10.3	10.2	15.5	12.1	9.7	7.7	<b>10.9</b>	<b>11.1</b>



# Hero Motocorp

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	HMCL IN
Equity Shares (m)	200
M.Cap.(INRb)/(USD\$)	570.6 / 7.8
52-Week Range (INR)	3629 / 1932
1, 6, 12 Rel. Per (%)	-2/-20/-14
12M Avg Val (INR M)	4521

## Financials & Valuations (INR b)

Y/E March	FY21	FY22E	FY23E
Sales	308.2	369.8	408.2
EBITDA	40.4	49.1	57.5
Adj. PAT	29.8	35.8	41.9
EPS (INR)	149.4	179.0	209.3
EPS Gr. (%)	-2.3	19.8	16.9
BV/Sh. (INR)	760.7	818.2	892.5

## Ratios

RoE (%)	20.3	22.7	24.5
RoCE (%)	19.9	22.2	24.0
Payout (%)	70.3	67.0	64.5

## Valuations

P/E (x)	19.1	16.0	13.6
P/BV (x)	3.8	3.5	3.2
Div. Yield (%)	3.7	4.2	4.7
FCF Yield (%)	6.4	6.3	7.2

## Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	34.8	34.8	34.6
DII	18.7	20.0	19.9
FII	37.2	35.9	34.3
Others	9.4	9.4	11.2

FII Includes depository receipts

**CMP: INR2,856**      **TP: INR3,500 (+23%)**      **Buy**

**Above est.; price increases, cost savings drive beat**

## RM cost inflation remains a key challenge

- HMCL's performance was driven by efficient cost management under the Leap-2 program. Ongoing cost inflation will be managed by cost saving initiatives and price hikes.
- We maintain our FY22E/FY23E EPS estimate. However, we cut our P/E multiple to 16x Mar'23 EPS (v/s 18x earlier) owing to volume uncertainty and risk of electrification. We maintain our Buy rating with a TP of INR3,500/share (~16x Mar'23E standalone EPS + INR154/share for Hero FinCorp).

## Cost inflation more than offset by price increase and cost-cutting

- Revenue/EBITDA/PAT grew 39%/83.5%/39% YoY in 4QFY21 to INR86.9b/INR12.1b/INR8.6b. The same grew 6.8%/1.5%/-3% YoY in FY21 to INR308b/INR40.2b/INR29.6b.
- Volumes grew 17.5% YoY and realizations grew 18.5% YoY (+4.6% QoQ) to INR55.4k (est. INR53.6k), led by price hikes taken by the company.
- Gross margin declined 120bp YoY (+10bp QoQ) to 29.6% (est. 28%) as the impact of commodity price inflation of ~500bp was offset by ~300bp savings under the Leap-2 program and balance through price increases and mix.
- EBITDA margin expanded by 340bp YoY (-50bp QoQ) to 13.9% (est. 12.3%). Lower other income restricted adjusted PAT growth (39.4% YoY) to INR8.65b (est. INR7.7b).
- Total dividend for FY21 stood at INR105/share. It includes a special dividend of INR15/share. The proposed final dividend is INR25/share + INR10/share of special dividend.

## Highlights from the management interaction

- The management said the **demand outlook** for 1QFY22 would be challenging. It expects normalcy to return from 2QFY22 onwards and its outlook remains positive as the underlying demand drivers are intact.
- **RM cost:** It expects another 4% inflation in commodity cost (on top of the 6-7% in FY21) in FY22, which would be diluted through 2% savings in cost and the balance from price hikes (already raised prices by ~2% in Apr'21).
- **Cost reduction** has happened on a rebased cost after the transition to BS-VI. The 60-70% reduction in cost was driven by reducing the content of precious metals in its catalytic converter.
- **EV strategy:** With its recent JV with Gogoro, it now has a three-pronged strategy for EVs: a) stake in Ather, b) development (led by a German R&D center) of a fixed battery system, and c) JV with Gogoro on a battery swapping system. It plans for product launches under the Gogoro JV and its own development in CY22.

## Valuation and view

- The stock currently trades ~16x/13.6x FY22E/FY23E EPS. We value HMCL at 16x Mar'23E EPS owing to volume uncertainty due to the second COVID wave and risk of electrification. We maintain our **Buy** rating with a TP of INR3,500 per share.

**Quarterly Performance (S/A)**
**(INR B)**

Y/E March	FY20				FY21				FY20	FY21	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Total Volumes ('000 nos)	1,843	1,691	1,541	1,335	563	1,815	1,845	1,568	6,410	5,792	1,568
Growth YoY (%)	-12.4	-20.7	-14.4	-25.1	-69.4	7.3	19.8	17.5	-18.0	-9.6	17.5
Net Realization	43,574	44,759	45,408	46,747	52,741	51,620	52,977	55,390	44,988	53,182	53,640
Growth YoY (%)	4.1	5.1	4.0	5.6	21.0	15.3	16.7	18.5	4.6	18.2	14.7
<b>Net Op Revenues</b>	80.3	75.7	70.0	62.4	29.7	93.7	97.8	86.9	288.4	308.0	<b>84.1</b>
Growth YoY (%)	-8.8	-16.7	-11.0	-20.9	-63.0	23.7	39.7	39.2	-14.3	6.8	34.8
RM Cost (% sales)	69.6	67.7	66.6	69.2	70.5	71.1	70.5	70.4	68.3	70.7	72.0
Staff Cost (% sales)	5.8	6.2	6.7	7.0	12.9	5.5	5.3	5.6	6.4	6.2	6.0
Other Exp (% sales)	10.1	11.6	11.8	13.2	13.0	9.7	9.8	10.0	11.6	10.1	9.6
<b>EBITDA</b>	11.6	11.0	10.4	6.6	1.1	12.9	14.1	12.1	39.6	40.2	<b>10.4</b>
Growth YoY (%)	-15.9	-20.1	-6.0	-38.3	-90.7	16.8	36.1	83.5	-19.7	1.5	<b>57.0</b>
EBITDA Margins (%)	14.4	14.5	14.8	10.6	3.6	13.7	14.5	13.9	13.7	13.0	12.3
Other Income	1.7	2.1	1.8	1.7	1.5	1.4	2.0	0.9	7.3	5.8	1
Interest	0.0	0.1	0.1	0.0	0.1	0.0	0.0	0.1	0.2	0.2	0
Depreciation	2.4	2.0	2.0	1.7	1.7	1.7	1.7	1.6	8.2	6.8	2
<b>PBT before EO Exp/(Inc)</b>	10.9	11.0	10.1	6.5	0.8	12.5	14.4	11.3	38.5	39.0	<b>10.0</b>
Effective Tax Rate (%)	32.9	15.7	13.0	4.6	22.9	23.7	24.8	23.4	20.6	24.0	22.5
<b>Adj. PAT</b>	6.3	9.2	8.8	6.2	0.6	9.5	10.8	8.6	30.6	29.6	<b>7.7</b>
Growth (%)	-30.5	-5.5	14.5	-15.0	-90.3	3.3	23.2	39.4	-9.7	-3.0	24.6

**Key Performance Indicators**

Y/E March	FY20				FY21				FY20	FY21	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Volumes ('000 units)	1,842.9	1,691.4	1,540.9	1,334.5	563.4	1,814.7	1,845.3	1,568.2	6,409.7	5,791.5	1,568
Growth (%)	-12.4	-20.7	-14.4	-25.1	-69.4	7.3	19.8	17.5	1.2	1.2	17.5
Dom. 2W Mkt Sh (%)	36.1	35.0	35.8	36.7	41.7	37.8	37.5	34.4	35.9	37.1	34.1
<b>Net Realization</b>	43,574	44,759	45,408	46,747	52,741	51,620	52,977	55,390	44,988	53,182	53,640
Growth YoY (%)	4.1	5.1	4.0	5.6	21.0	15.3	16.7	18.5	4.6	18.2	14.7
<b>Cost Break-up</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
RM Cost (% of sales)	69.6	67.7	66.6	69.2	70.5	71.1	70.5	70.4	68.3	70.7	72.0
Staff Cost (% of sales)	5.8	6.2	6.7	7.0	12.9	5.5	5.3	5.6	6.4	6.2	6.0
Other Cost (% of sales)	10.1	11.6	11.8	13.2	13.0	9.7	9.8	10.0	11.6	10.1	9.6
Gross Margins (%)	30.4	32.3	33.4	30.8	29.5	28.9	29.5	29.6	31.7	29.3	28.0
EBITDA Margins (%)	14.4	14.5	14.8	10.6	3.6	13.7	14.5	13.9	13.7	13.0	12.3
EBIT Margins (%)	11.5	11.9	11.9	7.8	-2.1	11.9	12.7	12.1	10.9	10.9	10.2

E:MOFSL Estimates



# Bandhan Bank

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	BANDHAN IN
Equity Shares (m)	1,610
M.Cap.(INRb)/(USD\$b)	478.4 / 6.5
52-Week Range (INR)	430 / 195
1, 6, 12 Rel. Per (%)	-14/-28/-39
12M Avg Val (INR M)	4899

## Financials & Valuations (INR b)

Y/E March	FY21	FY22E	FY23E
NII	75.6	94.2	115.3
OP	68.6	84.7	104.0
NP	22.1	35.7	55.3
NIM (%)	7.6	7.7	7.7
EPS (INR)	13.7	22.2	34.3
BV/Sh. (INR)	108.1	124.4	151.6
ABV/Sh. (INR)	95.7	111.6	141.1

## Ratios

RoE (%)	13.5	19.1	24.9
RoA (%)	2.1	2.8	3.5

## Valuations

P/E(X)	21.7	13.4	8.6
P/BV (X)	2.7	2.4	2.0
P/ABV (X)	3.1	2.7	2.1

## Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	40.0	40.0	61.0
DII	4.4	5.8	8.2
FII	35.2	32.2	13.9
Others	20.4	21.9	17.0

FII Includes depository receipts

**CMP: INR297 TP:INR335 (+13%) Neutral**

## Elevated provisions and reversals sharply dent earnings

### CE recovers but not out of the woods yet; Maintain Neutral

- Bandhan Bank (BANDHAN) reported a weak quarter, with net earnings sharply trailing estimates, affected by higher interest reversals of ~INR5.4b. Thus, NIMs declined 150bp QoQ, while elevated provisions of INR15.9b further impacted earnings. Total COVID-led provisions for FY21 comprise INR19.3b toward write-offs and another ~INR29b toward loan loss provisions.
  - On the business front, AUM grew 8% QoQ, led by strong disbursements in the MFI portfolio. Liability traction was robust at ~37% YoY, with the CASA ratio improving 50bp QoQ.
  - The GNPA ratio improved despite elevated slippages, primarily on account of higher write-offs during the quarter. However, PCR fell sharply to ~50% (v/s 67% proforma in 3QFY21). Collection trends improved to ~98% in Mar'21, but declined 3–4% in Apr'21 due to the advent of the second COVID wave. We cut our FY22/FY23E earnings by 11%/6% and estimate credit cost to remain elevated at 4% over FY22.
- We maintain a 'Neutral' rating on the stock.**

### Higher interest reversal, elevated provisions cause earnings miss

- Bandhan Bank reported a weak quarter, with PAT of INR1.03b (significantly below estimates). It was impacted by higher interest reversal and elevated provisions of INR15.9b (93% YoY increase). FY21 NII/PPoP grew ~20%/26%, while PAT declined 27% YoY.
- NII was weak at ~INR17.6b (15% QoQ decline; below estimates), affected by interest reversal of INR5.4b due to higher slippages and interest-on-interest refunds. Thus, NIMs declined 150bp QoQ to 6.8%. Other income trends were strong and grew at 57% YoY, and opex grew ~24% YoY to INR8.1b. Therefore, PPOP was up ~14% YoY to INR17.3b (~10% QoQ decline; below estimates).
- Advances grew ~21% YoY (~8% QoQ), led by ~26% growth in the MFI book, while the Housing portfolio grew ~9% YoY. The share of the MFI portfolio stood at 67% of total AUM (v/s ~64% in FY20). Disbursements in the MFI portfolio grew 33.5% YoY (~61% QoQ), and Housing portfolio disbursements grew at 77% YoY. The total number of active borrowers in the MFI portfolio reached 12.3m (~11% YoY).
- Deposits were up 36.6% YoY to ~INR780b, led by ~61% YoY growth in CASA deposits to ~INR338b. The CASA ratio improved to 43.4% (v/s 42.9% in 3QFY21). The proportion of retail deposits stood at ~79%.
- On the asset quality front**, the GNPA ratio improved to 6.81% (7.12% proforma in 3QFY21) and NNPA to 3.51% (2.36% proforma in 3QFY21). Thus, PCR plunged to ~50% (~67% proforma in 3QFY21). Slippages were elevated at ~INR22b; improvement in the GNPA ratio was aided by higher write-offs of INR19.3b. **Collection efficiency (excluding arrears)** improved to 98% in Mar'21 – collection trends are excluding NPAs and write-offs.

### Highlights from management commentary

- Collection efficiency declined 3–4% in Apr'21. However, the collections decline in West Bengal was less than 3%.
- Nearly ~78% of customers were able to pay some installments in Mar'21 among the NPAs in the MFI portfolio.
- Total loans restructured stood at ~INR6.2b, predominantly in the Housing Finance portfolio, while 'Nil' restructuring was seen in the MFI portfolio.

### Valuation and view

BANDHAN reported a weak performance, affected by elevated provisions and higher interest reversal. Although, business growth remained robust, with AUM growth of ~21%, and liability traction also held strong. On the asset quality front, slippages stood elevated, while higher write-offs resulted in sequential improvement in the GNPA ratio. Total delinquencies for FY21 stood at ~9% of loans. Collection efficiency improved to ~98% in Mar'21, but declined 3–4% in Apr'21 on account of the second COVID wave and lockdowns in various states. Overall, we expect asset quality trends to remain under pressure; thus, we estimate credit cost at 4.0% of loans for FY22. We cut our earnings estimate by ~11%/6.0% for FY22/FY23. We maintain a 'Neutral' rating on the stock and revise TP to INR335/share (2.2x FY23E BV).

### Quarterly performance

Y/E March	FY20				FY21				FY20	FY21	FY21E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Est (%)
<b>Net Interest Income</b>	15,746	15,290	15,403	16,800	18,115	19,231	20,717	17,570	63,239	75,634	21,377	-18
% Change (YoY)	51.8	41.9	37.0	33.6	15.0	25.8	34.5	4.6	40.7	19.6	27.2	
Other Income	3,310	3,603	3,577	5,002	3,868	3,818	5,533	7,873	15,492	21,091	5,682	39
<b>Total Income</b>	19,056	18,893	18,980	21,802	21,983	23,049	26,250	25,443	78,731	96,724	27,059	-6
Operating Expenses	5,505	5,824	6,341	6,595	6,141	6,773	7,109	8,148	24,265	28,172	7,475	9
<b>Operating Profit</b>	13,551	13,069	12,639	15,207	15,842	16,275	19,141	17,295	54,466	68,553	19,585	-12
% Change (YoY)	65.1	49.5	40.4	31.9	16.9	24.5	51.4	13.7	45.3	25.9	28.8	
Other Provisions	1,254	1,455	2,949	8,274	8,491	3,945	10,687	15,943	13,932	39,066	13,667	17
<b>Profit Before Tax</b>	12,297	11,614	9,690	6,933	7,351	12,330	8,454	1,352	40,534	29,487	5,918	-77
Tax	4,261	1,896	2,380	1,760	1,853	3,130	2,128	321	10,297	7,432	1,471	-78
<b>Net Profit</b>	8,036	9,718	7,310	5,173	5,498	9,200	6,326	1,030	30,237	22,055	4,447	-77
% Change (YoY)	66.8	99.3	120.7	-20.5	-31.6	-5.3	-13.5	-80.1	54.9	-27.1	-14.0	
<b>Operating Parameters</b>												
Deposits (INR b)	437	492	549	571	606	661	712	780	571	780	748	4
Loans (INR b)	415	598	606	666	697	733	768	816	666	816	805	1
Deposit Growth (%)	42.3	49.3	58.5	32.0	38.7	34.4	29.6	36.6	32.0	36.6	31.0	-560
Loan Growth (%)	35.9	88.4	78.9	68.1	68.1	22.6	26.7	22.5	68.1	22.5	20.9	-163
<b>Asset Quality</b>												
Gross NPA (%)	1.7	1.8	1.9	1.5	1.4	1.2	1.1	6.8	1.5	6.8	7.9	112
Net NPA (%)	0.6	0.6	0.8	0.6	0.5	0.4	0.3	3.5	0.6	3.5	3.0	-51
PCR (%)	65.9	68.3	58.4	60.8	66.6	70.0	76.6	50.3	60.8	50.3	62.1	1,183

E: MOFSL estimates



## Cholamandalam Inv. &amp; Finance

Bloomberg	CIFC IN
Equity Shares (m)	820
M.Cap.(INRb)/(USDb)	466.6 / 6.3
52-Week Range (INR)	601 / 120
1, 6, 12 Rel. Per (%)	-1/70/226
12M Avg Val (INR M)	2465

## Financials &amp; Valuations (INR b)

Y/E March	2021	2022E	2023E
Total Income	49.4	57.8	64.8
PPP	33.6	39.0	43.1
PAT	15.1	22.8	25.3
EPS (INR)	18.5	27.8	30.9
EPS Gr. (%)	44.0	50.4	11.1
BV (INR)	117	142	171

## Valuations

NIM (%)	7.1	7.5	7.6
C/I ratio (%)	32.0	32.6	33.5
RoAA (%)	2.2	3.1	3.2
RoE (%)	17.1	21.5	19.7
Payout (%)	10.8	7.2	8.1

## Valuations

P/E (x)	30.8	20.5	18.4
P/BV (x)	4.9	4.0	3.3
Div. Yield (%)	0.4	0.4	0.4

## Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	51.6	51.6	51.7
DII	24.4	27.4	27.0
FII	16.5	13.2	12.2
Others	7.5	7.8	9.1

FII Includes depository receipts

CMP: INR569

Buy

## One-offs led to a PAT miss; disbursements/asset quality healthy

- CIFC reported a 4QFY21 PAT of INR2.4b, 55% below our estimates on account of higher-than-expected employee expenses and credit costs.
- The PAT miss, however, belies the healthy on-the-ground operating performance. **Disbursements were up 43% YoY (although off a low base) and asset quality was largely stable too.**
- The company has weathered the COVID-19 pandemic pretty well in FY21. AUM growth was healthy at 16%, while NII/PPOP/PAT grew 32-44% YoY. The GNPL ratio was largely stable. (isn't it a bit premature to draw such a conclusion)

## Growth momentum picks up across the board

- **Disbursements grew 43% YoY to INR81b led by all product segments.** The same was flattish QoQ due to lower levels of ECLGS (in our view) compared to the preceding quarter (~INR15b).
- The repayment rate increased to 45% from 42% QoQ, giving us comfort that collection efficiency was healthy in 4QFY21. As a result, AUM grew 2% QoQ/16% YoY to INR700b.
- Over the past year or so, the management has floored the pedal on Home loans. This book grew ~40% YoY, albeit off a low base. Within Vehicle Finance, while the AUM mix was largely stable, the company witnessed improved traction in HCV and CE disbursements.

## Spreads down 50bp QoQ from record highs, yet healthy

- **Yield on loans fell 80bp QoQ to 15.1%.** We await clarity from management on whether there were one-offs like 'interest on interest refund' reversals.
- CIFC continues to benefit from a declining interest rate environment. Over the past year, the cost of funds has fallen 120bp to 7.1%. Going forward, we think the scope for significant further reduction is limited.
- As a result, spreads rose 90bp YoY, but fell 50bp QoQ to 8% in 4QFY21.
- **Total opex jumped ~40% QoQ to INR5.1b, 25% above our estimate, led by a 68% rise in employee expenses. We await management clarity on the same.**

## Pro forma GNPL ratio stable; building a provision buffer

- The pro forma GNPL ratio increased 20bp QoQ to 4%. On the other hand, Stage 2 loans declined 20bp to 6.2%.
- **CIFC created INR3.5b management overlay provisions in 4QFY21, resulting in higher-than-expected credit costs. Stage 1, 2 PCR rose 40bp QoQ to 1.9%, while Stage 3 PCR was largely stable at 44%.**

## Valuation and view

The recovery in disbursements in 2HFY21 is encouraging. The company has been gaining market share across product segments. It has maintained its asset quality without any significant write-offs in FY21. We look to revise our estimates and TP post the concall on 10<sup>th</sup> May'21.



Quarterly performance												(INR m)
Y/E March	FY20				FY21				FY20	FY21	4QFY21E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	19,110	20,439	21,204	20,465	20,710	23,580	24,263	23,690	81,242	92,242	24,543	-3
Interest Expenses	10,870	11,769	11,924	11,359	11,307	11,852	11,404	11,197	45,922	45,759	11,626	-4
<b>Net Interest Income</b>	<b>8,240</b>	<b>8,670</b>	<b>9,280</b>	<b>9,107</b>	<b>9,403</b>	<b>11,728</b>	<b>12,859</b>	<b>12,493</b>	<b>35,319</b>	<b>46,483</b>	<b>12,917</b>	<b>-3</b>
YoY Growth (%)	19.3	17.2	21.6	15.9	14.1	35.3	38.6	37.2	3.8	31.6	41.8	
Other Income	1,185	1,531	1,545	1,049	427	818	786	924	5,287	2,955	946	
<b>Total Income</b>	<b>9,425</b>	<b>10,201</b>	<b>10,825</b>	<b>10,156</b>	<b>9,830</b>	<b>12,546</b>	<b>13,644</b>	<b>13,417</b>	<b>40,607</b>	<b>49,437</b>	<b>13,863</b>	<b>-3</b>
YoY Growth (%)	16.2	24.6	23.7	13.0	4.3	23.0	26.0	32.1	19.3	21.7	36.5	
Operating Expenses	3,500	4,016	4,244	4,016	3,458	3,551	3,688	5,138	15,776	15,834	4,124	25
<b>Operating Profit</b>	<b>5,925</b>	<b>6,185</b>	<b>6,581</b>	<b>6,140</b>	<b>6,372</b>	<b>8,996</b>	<b>9,956</b>	<b>8,279</b>	<b>24,831</b>	<b>33,603</b>	<b>9,739</b>	<b>-15</b>
YoY Growth (%)	11.9	17.0	17.6	18.8	7.5	45.5	51.3	34.8	16.3	35.3	58.6	
Provisions and Loan Losses	1,095	952	1,360	5,567	562	3,176	4,446	5,035	8,973	13,218	2,507	101
<b>Profit Before Tax</b>	<b>4,830</b>	<b>5,233</b>	<b>5,221</b>	<b>573</b>	<b>5,810</b>	<b>5,820</b>	<b>5,511</b>	<b>3,244</b>	<b>15,857</b>	<b>20,384</b>	<b>7,232</b>	<b>-55</b>
Tax Provisions	1,688	2,163	1,336	147	1,501	1,501	1,422	812	5,334	5,235	1,865	-56
<b>Net Profit</b>	<b>3,142</b>	<b>3,070</b>	<b>3,885</b>	<b>427</b>	<b>4,309</b>	<b>4,319</b>	<b>4,089</b>	<b>2,432</b>	<b>10,524</b>	<b>15,149</b>	<b>5,367</b>	<b>-55</b>
YoY Growth (%)	10.2	0.8	27.6	-85.4	37.1	40.7	5.2	470.1	-11.3	44.0	1,158.1	
<b>Key Parameters (Calculated, %)</b>												
Yield on loans	14.2	14.7	15.0	14.6	14.6	15.7	15.4	14.6	14.5	14.6		
Cost of funds	8.2	8.5	8.6	8.3	8.0	8.0	7.4	7.1	8.7	7.7		
Spread	6.0	6.2	6.4	6.4	6.7	7.8	8.0	7.5	5.8	6.9		
NIM	6.1	6.2	6.6	6.5	6.6	7.8	8.2	0.0	6.0	7.1		
C/I ratio	37.1	39.4	39.2	39.5	35.2	28.3	27.0	38.3	38.9	32.0		
Credit cost	0.8	0.7	0.9	3.7	0.4	1.9	2.6	2.9	1.6	2.0		
Tax rate	34.9	41.3	25.6	25.6	25.8	25.8	25.8	25.0	33.6	25.7		
<b>Balance Sheet Parameters</b>												
<b>Disbursements (INR b)</b>	<b>86</b>	<b>74</b>	<b>75</b>	<b>57</b>	<b>36</b>	<b>65</b>	<b>79</b>	<b>81</b>	<b>291</b>	<b>260</b>		
Growth (%)	22.2	7.0	-0.7	-36.3	-58.1	-12.5	6.0	42.5	-4.5	-10.8		
<b>AUM (INR b)</b>	<b>575</b>	<b>593</b>	<b>608</b>	<b>605</b>	<b>635</b>	<b>672</b>	<b>687</b>	<b>700</b>	<b>607</b>	<b>702</b>		
Growth (%)	26.8	24.2	20.6	11.6	10.4	13.3	13.1	15.6	11.7	15.7		
<b>AUM mix (%)</b>												
Vehicle Finance	74.8	74.0	73.4	73.0	73.7	73.3	72.6	72.0	72.9	71.8		
Home equity	21.1	21.3	21.4	21.4	20.6	20.6	21.0	21.1	21.5	21.4		
Home loans and Others	4.2	4.7	5.2	5.6	5.6	6.0	6.3	6.9	5.6	6.8		
<b>Borrowings (INR b)</b>	<b>551</b>	<b>559</b>	<b>549</b>	<b>550</b>	<b>585</b>	<b>606</b>	<b>620</b>	<b>637</b>	<b>550</b>	<b>637</b>		
Growth (%)	33.5	18.8	16.3	8.8	6.2	8.4	12.9	15.9	8.8	15.9		
<b>Asset Quality Parameters</b>												
GS 3 (INR b)	16.7	18.0	20.2	21.6	20.0	19.0	24.9	27.1	21.6	31.9		
GS 3 (%)	3.0	3.2	3.5	3.8	3.3	2.8	3.8	4.0	3.9	4.8		
NS 3 (INR b)	10.7	11.8	13.6	12.7	11.7	10.9	14.0	15.1	12.7	22.3		
NS 3 (%)	1.9	2.1	2.4	2.3	2.0	1.7	2.2	2.3	2.2	3.4		
PCR (%)	36.1	34.4	33.0	41.5	41.6	43.0	43.5	44.3	45.2	30.0		
Total ECL (%)	1.7	1.8	1.9	2.7	2.4	2.6	3.1	3.6	2.7	2.4		
<b>Vehicle Finance AUM mix (%)</b>												
LCV	21.6	21.3	21.1	21.3	21.2	20.9	20.4	20.8				
Cars and MUV	16.3	16.5	17.0	17.2	17.1	17.0	17.0	17.0				
3W and SCV	5.8	6.1	6.3	6.4	6.2	6.2	5.9	5.7				
Used CV	25.0	25.5	26.0	26.0	25.7	25.9	26.9	26.7				
Tractor	7.4	7.4	7.6	7.7	8.7	9.2	9.6	9.8				
HCV	16.4	15.3	13.6	12.7	11.9	11.1	10.1	9.7				
CE	4.9	4.9	4.9	5.0	5.3	5.5	5.8	6.1				
Two-Wheeler	2.6	3.1	3.5	3.7	3.9	4.2	4.3	4.3				

E: MOFSL estimates

# Godrej Agrovet

BSE SENSEX 49,206  
S&P CNX 14,823

CMP: INR515

Buy

## Conference Call Details



Date: 10<sup>th</sup> May 2021

Time: 3:30pm IST

Dial-in details:

+91-22 6280 1141

## In line performance

### 4QFY21 performance

- Consolidated revenue declined 2% YoY to INR14.6b (v/s our estimate of INR15.2b).
- EBITDA margin expanded 440bp YoY to 7.7% (v/s our expectation of 7.2%). EBITDA stood at INR1,122m, up 2.3x YoY (v/s our estimate of INR1,086m).
- Adjusted PAT increased 2.5x YoY to INR566m (v/s our expectation of INR560m).

### Segment performance (4QFY21)

- Revenue from the Animal Feed business declined 9% YoY to INR7,995m. EBIT margin expanded 330bp YoY to 7.1%. EBIT stood at INR568m, up 71% YoY.
- The Palm Oil business grew 8% YoY to INR717m. EBIT margin expanded 90bp YoY to 7.4%. EBIT stood at INR53m, up 23% YoY.
- The Crop Protection business grew 6% YoY to INR2,656m. EBIT margin expanded by 100bp YoY to 20.3%. EBIT stood at INR539m, up 12% YoY.
- Revenue from the Dairy business was flat YoY at INR2,801m. EBIT loss stood at INR36m in 4QFY21 v/s an EBIT loss of INR58m in 4QFY20.

## Consolidated quarterly earning model

(INR m)

Y/E March	FY20				FY21				FY20	FY21	4Q FY21E	Variance (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Gross Sales	17,026	18,511	17,827	14,930	15,542	17,239	15,262	14,625	68,294	62,667	15,183	-4
YoY Change (%)	14.7	16.5	22.6	7.3	-8.7	-6.9	-14.4	-2.0	15.4	-8.2	1.7	
Total Expenditure	15,607	17,314	16,821	14,448	13,882	15,508	14,137	13,502	64,189	57,029	14,098	
EBITDA	1,419	1,197	1,006	482	1,659	1,732	1,124	1,122	4,104	5,638	1,086	3
Margin (%)	8.3	6.5	5.6	3.2	10.7	10.0	7.4	7.7	6.0	9.0	7.2	
Depreciation	351	375	371	384	366	391	390	393	1,481	1,540	405	
Interest	102	125	108	82	128	96	63	178	416	465	60	
Other Income	102	113	93	159	83	83	131	99	468	396	128	
PBT before EO expense	1,068	811	621	175	1,248	1,328	802	651	2,675	4,029	748	
Extra-Ord. expense	0	0	0	-681	0	0	0	0	-681	0	0	
PBT	1,068	811	621	856	1,248	1,328	802	651	3,357	4,029	748	
Tax	356	-213	168	169	338	345	220	152	480	1,055	188	
Rate (%)	33.3	-26.2	27.1	19.7	27.1	26.0	27.4	23.3	14.3	26.2	25.2	
MI and P/L of Asso. Cos.	-48	-16	-63	-58	25	-88	-34	-67	-185	-164	0	
Reported PAT	760	1,040	516	746	885	1,070	616	566	3,062	3,137	560	
Adj. PAT	760	1,040	516	228	885	1,070	616	566	2,544	3,137	560	1
YoY Change (%)	-5.3	10.4	26.1	-10.2	16.5	2.9	19.4	148.2	5.7	23.3	145.5	
Margin (%)	4.5	5.6	2.9	1.5	5.7	6.2	4.0	3.9	3.7	5.0	3.7	



Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR843 TP: INR700 (-17%) Sell**

## Muted operating performance; risks increase in FY22

### Washout summer season likely in case lockdown is extended in May'21

- As expected, BLSTR posted a weak 4QFY21 revenue, with a flat two-year revenue CAGR. EBITDA came in below our estimate as rising commodity costs, coupled with an increase in competitive intensity, weighed on margin.
- The commentary on RAC industry trends suggests that events like a lockdown in Apr'21 (and the ongoing extension into May'21), rising commodity costs, and higher competitive intensity poses a risk to earnings in FY22. We cut our FY22E/FY23E EPS estimate by 17%/6%. At the CMP, the UCP business of BLSTR is trading at 50x FY23E EPS, thus indicating an unfavorable risk reward. Maintain **Sell** with a TP of INR700 per share.

### Commodity cost inflation weighs in on margin

- 4QFY21 snapshot:** Revenue grew 24% YoY (flat two-year CAGR) to INR16.1b and was in line with our estimate. EBITDA came in 11% below our expectation at INR1.02b, indicating weak operating performance. EBITDA margin stood at 6.3% v/s our estimate of 7.2%. Other income jumped to INR398m on account of sale of property worth INR320m. Reported PAT came in at INR680m and was 10% above our expectation.
- FY21 snapshot:** Revenue declined 21% YoY to INR42.6b. EBITDA fell 15% to INR2.4b. EBITDA margin stood at 5.6% (down 30bp YoY). Adjusted PAT declined 32% YoY to INR1b.
- Key segmental highlights: a) EMP** – Revenue increased 18% YoY to INR7.8b, in line with our expectation. PBIT margin stood at 6.2% v/s our estimate of 4.8%. EMP revenue declined 22% YoY to INR22.2b in FY21. PBIT margin stood at 4.8% v/s 4.3% last year. Order book stood at INR29.5b (flat YoY). **b) UCP (Unitary Cooling Products)** – Revenue increased 31% YoY to INR7.8b, 10% ahead of our estimate. On account of the poor PBIT margin of just 7.9%, absolute PBT was 12% below our expectation. Revenue declined 19% YoY to INR18.7b in FY21. PBIT margin stood at 5.8% v/s 7.1% last year.

### Key takeaways from the management interaction

- Unprecedented increase in raw material and freight costs led to a 5-8% price increase across various Room AC SKUs from Jan-Mar'21. Another 3-5% price rise was taken in Apr'21, which is expected to be rolled out once the market reopens post lifting of COVID-related lockdown restrictions.
- RAC market grew by 27% YoY in 4QFY21, while BLSTR grew by 33% and increased its market share to 13.2% (v/s 13% in 9MFY21).
- State lockdowns impacted demand for Room ACs in Apr'21, with sales for Blue Star down 20% YoY v/s Apr'19 sales. The management said demand in 1QFY22 will be impacted, irrespective of how many states decide on a lockdown in May'21.
- Owing to higher focus on working capital, the company ended FY21 with a net cash of INR1.5b (v/s a net debt of INR1.3b in 9MFY21 and INR1.6b in FY20) – the only silver lining in an otherwise struggling year on account of COVID-19.

Bloomberg	BLSTR IN
Equity Shares (m)	96
M.Cap.(INRb)/(USDb)	81.2 / 1.1
52-Week Range (INR)	1025 / 452
1, 6, 12 Rel. Per (%)	-6/11/14
12M Avg Val (INR M)	108

### Financials & Valuations (INR b)

Y/E Mar	2021P	2022E	2023E
Sales	42.6	55.2	66.9
EBITDA	2.4	3.1	4.0
PAT	1.0	1.6	2.4
EBITDA (%)	5.6	5.7	6.0
EPS (INR)	10.4	16.9	25.2
EPS Gr. (%)	-31.9	62.4	48.6
BV/Sh. (INR)	91.9	100.4	113.0

### Ratios

Net D/E	0.1	0.2	0.1
RoE (%)	11.3	16.9	22.3
RoCE (%)	10.8	14.1	17.9
Payout (%)	1.2	50.0	50.0

### Valuations

P/E (x)	80.9	49.8	33.5
P/BV (x)	9.2	8.4	7.5
EV/EBITDA (x)	34.3	26.4	20.5
Div Yield (%)	0.0	1.0	1.5
FCF Yield (%)	4.5	0.2	1.8

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	38.8	38.8	38.8
DII	21.6	22.5	22.8
FII	11.1	10.4	8.8
Others	28.6	28.4	29.6

FII Includes depository receipts

**Valuation and view**

Incorporating existing risks on topline and margin, we cut our FY22E/FY23E EPS estimate by 17%/6%. The commentary on RAC industry trends suggests that events like a lockdown in Apr'21 (and the ongoing extension into May'21), rising commodity costs, and higher competitive intensity poses a risk to earnings in FY22. At the CMP, the UCP business of BLSTR is trading at 50x FY23E EPS, thus indicating an unfavorable risk reward. Maintain Sell with a TP of INR700 per share.

**Quarterly performance**

	(INR m)												
	FY20				FY21				FY20	FY21	4QFY21E		Variance
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q					
<b>Sales</b>	<b>15,755</b>	<b>12,495</b>	<b>12,359</b>	<b>12,994</b>	<b>6,260</b>	<b>9,021</b>	<b>11,239</b>	<b>16,116</b>	<b>53,602</b>	<b>42,636</b>	<b>15,830</b>	<b>2%</b>	
Change (%)	4.5	21.0	12.5	-18.6	-60.3	-27.8	-9.1	24.0	2.4	-20.5	21.8		
<b>EBITDA</b>	<b>1,149</b>	<b>736</b>	<b>570</b>	<b>373</b>	<b>14</b>	<b>551</b>	<b>816</b>	<b>1,018</b>	<b>2,828</b>	<b>2,398</b>	<b>1,145</b>	<b>-11%</b>	
Change (%)	-16.0	26.7	34.7	-65.9	-98.8	-25.1	43.0	172.7	-18.4	-15.2	206.7		
As a percentage of sales	7.3	5.9	4.6	2.9	0.2	6.1	7.3	6.3	5.3	5.6	7.2		
Depreciation	203	216	223	237	209	206	259	249	880	923	275		
Interest	82	68	76	69	185	179	149	134	295	647	137		
Other Income	217	106	61	64	86	59	81	398	447	624	74		
Extra-ordinary Items	0	-17	-16	-8	0	0	0	0	-40	0	0		
<b>PBT</b>	<b>1,080</b>	<b>558</b>	<b>332</b>	<b>131</b>	<b>(295)</b>	<b>225</b>	<b>488</b>	<b>1,033</b>	<b>2,100</b>	<b>1,452</b>	<b>807</b>	<b>28%</b>	
Tax	325	169	120	40	-95	74	130	362	653	471	200		
Effective Tax Rate (%)	30.1	30.3	36.0	30.2	32.3	33.0	26.5	35.1	31.1	32.4	24.8		
MI/Share of profit from JV	14	8	(1)	5	3	3	9	9	26	23	12		
<b>Reported PAT</b>	<b>768</b>	<b>379</b>	<b>196</b>	<b>89</b>	<b>(197)</b>	<b>153</b>	<b>367</b>	<b>680</b>	<b>1,433</b>	<b>1,004</b>	<b>619</b>	<b>10%</b>	
Change (%)	-16.1	94.1	NM	-88.9	-125.6	-59.6	87.5	663.7	-24.6	-30.0	595.6		
<b>Adjusted PAT</b>	<b>768</b>	<b>397</b>	<b>212</b>	<b>96</b>	<b>(197)</b>	<b>153</b>	<b>367</b>	<b>680</b>	<b>1,473</b>	<b>1,004</b>	<b>619</b>	<b>10%</b>	
Change (%)	0.6	78.0	239.5	-88.3	-125.6	-61.4	73.6	604.4	-21.4	-31.9	541.5		

**Segment-wise details**

	(INR m)											
Description	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
EMP and CAS	6,194	6,310	6,555	8,423	6,239	7,835	7,588	6,604	3,124	5,408	5,855	7,800
PE and IS	577	582	520	499	446	887	569	427	387	426	454	498
UCP	8,308	3,431	3,915	7,036	9,069	3,772	4,202	5,963	2,749	3,187	4,930	7,818
<b>Total</b>	<b>15,078</b>	<b>10,322</b>	<b>10,990</b>	<b>15,958</b>	<b>15,755</b>	<b>12,495</b>	<b>12,359</b>	<b>12,994</b>	<b>6,260</b>	<b>9,021</b>	<b>11,239</b>	<b>16,116</b>
<b>PBIT</b>												
EMP and CAS	397	448	301	363	335	446	390	32	-105	344	341	485
PE and IS	83	126	69	161	44	244	180	75	102	82	83	72
UCP	950	82	94	733	989	120	77	438	-38	117	388	621
<b>Total PBIT</b>	<b>1,430</b>	<b>655</b>	<b>464</b>	<b>1,257</b>	<b>1,369</b>	<b>810</b>	<b>646</b>	<b>544</b>	<b>-41</b>	<b>543</b>	<b>812</b>	<b>1,178</b>
<b>Segment PBIT (%)</b>												
EMP and CAS (%)	6.4	7.1	4.6	4.3	5.4	5.7	5.1	0.5	-3.4	6.4	5.8	6.2
PE and IS (%)	14.3	21.6	13.2	32.2	9.9	27.5	31.6	17.6	26.3	19.1	18.2	14.5
UCP (%)	11.4	2.4	2.4	10.4	10.9	3.2	1.8	7.3	-1.4	3.7	7.9	7.9
<b>Total PBIT (%)</b>	<b>9.5</b>	<b>6.3</b>	<b>4.2</b>	<b>7.9</b>	<b>8.7</b>	<b>6.5</b>	<b>5.2</b>	<b>4.2</b>	<b>(0.7)</b>	<b>6.0</b>	<b>7.2</b>	<b>7.3</b>



# DCB Bank

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	DCBB IN
Equity Shares (m)	310
M.Cap.(INRb)/(USD\$b)	28.2 / 0.4
52-Week Range (INR)	127 / 58
1, 6, 12 Rel. Per (%)	-8/-10/-25
12M Avg Val (INR M)	251

### Financials & Valuations (INR b)

Y/E MARCH	FY21	FY22E	FY23E
NII	12.9	14.5	16.3
OP	9.0	9.9	11.2
NP	3.4	3.6	4.9
NIM (%)	3.6	3.9	4.0
EPS (INR)	10.8	11.7	15.9
EPS Gr. (%)	-0.7	8.1	36.4
BV/Sh. (INR)	116.8	128.0	143.5
ABV/Sh. (INR)	103.4	112.0	128.2

### Ratios

RoE (%)	10.0	9.8	12.0
RoA (%)	0.9	0.9	1.1

### Valuations

P/E (x)	8.4	7.8	5.7
P/BV (x)	0.8	0.7	0.6
P/ABV (X)	0.9	0.8	0.7

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	14.9	14.9	14.9
DII	40.5	39.0	35.3
FII	13.0	13.8	22.8
Others	31.5	32.4	27.0

FII Includes depository receipts

**CMP: INR91**      **TP: INR100 (+10%)**      **Neutral**

## Asset quality deteriorates; business growth under pressure

### Credit cost to remain high; restructuring book high ~4.3%

- DCBB reported a weak operating performance, impacted by higher interest reversals, even as provisions fell sequentially, which supported earnings. Business growth continues to remain under pressure. The management guided for loan growth to remain subdued over the next few quarters due to the surge in COVID-19 cases and lockdowns in key states.
- Asset quality deteriorated further, with a rise in GNPA/NNPA ratio from pro forma levels in Dec'20. The gross restructuring book stood at 4.3% of loans (higher than peers). Collection efficiency, which improved in Mar'21, has again got impacted in Apr'21. We thus remain watchful on asset quality.
- We cut our FY22E/FY23E earnings estimate by 10%/7% to factor in lower other income, higher opex, and elevated credit cost of 1.9%/1.5% in FY22E/FY23E. Maintain **Neutral**.

### Higher interest reversal impacts operating performance; PCR moderates to 45%

- DCBB reported a PAT of INR779m (-19% QoQ; higher than our estimate), impacted by higher interest reversal of INR370m on NPAs and INR100m for interest-on-interest waiver, though supported by lower provisions. For FY21, NII/PPOP grew 2%/19% YoY, while PAT stood flat at INR3.36b.
- NII declined 3.9% YoY (-7% QoQ) to INR3.1b (8% miss), with margin contracting 29bp QoQ to 3.46%, impacted by higher interest reversals. Other income grew 22% YoY to INR1.34b, led by improved fee income, which grew 28% QoQ to INR702m. Overall, net revenue grew by 3% YoY.
- Opex grew 8% YoY to INR2.4b, resulting in an increase in core C/I ratio by 300bp QoQ to 54.1%. C/I ratio stood at 53.9% v/s 43.3% in 3QFY21. PPOP declined 3% YoY to INR2.05b (MOFSL: INR2.37b).
- Loan book grew 2.4% YoY (2.6% QoQ), led by Home/Gold loans, which grew 15%/172% YoY. AIB book grew 7% YoY. CV book declined 27% YoY, while Corporate loans grew 2.6% QoQ. Deposits declined 2% YoY to INR297b, even as CASA deposits grew 4%, while TD fell 4%. Retail TD grew 4% YoY and forms 60% of total deposits.
- On the asset quality front, GNPA/NNPA ratio deteriorated further to 4.09%/2.29% v/s pro forma GNPA/NNPA of 3.70%/1.92 as of Dec'20. PCR moderated sharply to 45.2%. Gross restructuring book stood at 4.3%, while net restructured book stood at INR9.68b (3.7% of loans). The bank carries additional contingent provisions of INR1.24b as on Mar'21.
- Collection efficiency update:** Home loans (96.8%), Business loans (95.2%), CV (88%). Customers who have not paid any installment in FY21 is 0.9% of Business loans, 1.43% of Home loans, and 2.74% of the CV portfolio as of 31st Mar'21.



### Highlights from the management commentary

- Collection efficiency in Apr'21 declined v/s Mar'21. The management remains cautious given the current environment as it could impact asset quality.
- It said the recent surge and lockdown has impacted the growth momentum. The management is targeting to maintain NIM in the 3.65-3.8% range.
- Cost could increase over the next few quarters due to a higher headcount. The management is targeting to bring cost-to-assets ratio to ~2.2%.

### Valuation and view

- DCBB reported a weak operating performance, impacted by higher interest reversals, while business growth continues to remain under pressure. The management guided for muted trends due to a surge in COVID-19 cases and lockdowns in key states, with the near term focus on preservation of the Balance Sheet and controlling risk. On the asset quality front, collection efficiency, which improved in Mar'21, was impacted again in Apr'21, while the restructuring book remains high at 4.3%. We remain watchful on asset quality as the same deteriorated further and expect credit cost trends to remain elevated at 1.9%/1.5% in FY22E/FY23E. We expect DCBB to deliver FY23E RoA/RoE at 1.1%/12%. We maintain our **Neutral** stance on the stock with a TP of INR100 (0.8x FY23E ABV).

### Quarterly performance

(INR m)

	FY20				FY21				FY20	FY21	4Q FY21E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Interest Income</b>	<b>3,048</b>	<b>3,134</b>	<b>3,231</b>	<b>3,237</b>	<b>3,067</b>	<b>3,339</b>	<b>3,348</b>	<b>3,112</b>	<b>12,649</b>	<b>12,866</b>	<b>3,394</b>	<b>-8.3</b>
Change (YoY, %)	11.6	11.2	10.0	7.6	0.6	6.6	3.6	-3.9	10.1	1.7	4.8	
Other Income	868	1,014	931	1,099	776	925	1,545	1,339	3,911	4,585	1,212	10.4
<b>Total Income</b>	<b>3,915</b>	<b>4,148</b>	<b>4,162</b>	<b>4,336</b>	<b>3,843</b>	<b>4,264</b>	<b>4,893</b>	<b>4,451</b>	<b>16,560</b>	<b>17,451</b>	<b>4,606</b>	<b>-3.4</b>
Operating Expenses	2,250	2,302	2,263	2,215	1,932	2,016	2,119	2,399	9,029	8,466	2,241	7.0
<b>Operating Profit</b>	<b>1,665</b>	<b>1,845</b>	<b>1,899</b>	<b>2,121</b>	<b>1,911</b>	<b>2,248</b>	<b>2,773</b>	<b>2,052</b>	<b>7,531</b>	<b>8,985</b>	<b>2,365</b>	<b>-13.2</b>
Change (YoY, %)	17.8	26.3	9.3	14.5	14.8	21.8	46.0	-3.2	16.5	19.3	11.5	
Provisions	406	433	590	1,182	837	1,131	1,477	1,012	2,611	4,457	1,536	-34.1
<b>Profit before Tax</b>	<b>1,259</b>	<b>1,413</b>	<b>1,309</b>	<b>938</b>	<b>1,075</b>	<b>1,117</b>	<b>1,296</b>	<b>1,040</b>	<b>4,919</b>	<b>4,528</b>	<b>829</b>	<b>25.5</b>
Tax	448	499	342	251	281	294	334	261	1,540	1,170	213	22.5
<b>Net Profit</b>	<b>811</b>	<b>914</b>	<b>967</b>	<b>688</b>	<b>794</b>	<b>823</b>	<b>962</b>	<b>779</b>	<b>3,379</b>	<b>3,358</b>	<b>615</b>	<b>26.6</b>
Change (YoY, %)	16.6	24.5	12.3	-28.6	-2.1	-10.0	-0.5	13.3	3.9	-0.6	-10.5	
<b>Operating parameters</b>												
Deposit (INR b)	287.9	293.6	297.3	303.7	294.3	287.7	288.6	297.0	303.7	297.0	297.6	-0.2
Loan (INR b)	240.4	248.0	254.4	253.5	250.6	248.8	253.0	259.6	253.5	259.6	258.5	0.4
Deposit Growth (%)	15.0	12.2	8.1	6.8	2.2	-2.0	-2.9	-2.2	6.8	-2.2	-2.0	-0.2
Loan Growth (%)	13.2	12.4	11.1	7.5	4.2	0.3	-0.5	2.4	7.5	2.4	2.0	0.4
<b>Asset quality</b>												
Gross NPA (%)	2.0	2.1	2.2	2.5	2.4	2.3	2.0	4.1	2.5	4.1	4.4	-0.3
Net NPA (%)	0.8	1.0	1.0	1.2	1.0	0.8	0.6	2.3	1.2	2.3	2.4	-0.1
PCR (%)	58.9	54.5	52.8	53.5	60.0	64.1	70.2	45.2	53.5	45.2	47.0	-1.9

E: MOFSL estimates





# India Life Insurance

## Insurance Tracker

### Private players' individual WRP grows ~90% YoY (two-year CAGR of 6%) in Apr'21

LIC grew ~74% YoY (two-year CAGR of -4.7%), market share for Private Insurers stands ~60%

- Private Insurers' Individual weighted received premium (WRP) grew 89.6% YoY in Apr'21 (two-year CAGR of 6.4%), while the industry grew 83.2% (two-year CAGR of 1.5%). This was primarily on account of a low base as Individual WRP declined ~32%/20% in Apr'20 for Private Insurers/industry due to the outbreak of COVID-19 and lockdowns. However, Insurers continue to witness a healthy pickup in Apr'21, led by a focus on Non-PAR, with ULIP showing recovery trends.
- Among listed players, SBI Life grew ~263% YoY (two-year CAGR of -1%) in Apr'21 v/s -73% in Apr'20. HDFC Life witnessed a growth of ~96% YoY (two-year CAGR of 18%) v/s -29% in Apr'20. IPRU Life grew ~65% YoY (two-year CAGR of -14%) v/s -55% in Apr'20, while MAX Life continues to deliver a resilient performance (~121% YoY, two-year CAGR of 34%) v/s -20% in Apr'20.
- Mid-sized players reported healthy growth, with Bajaj Allianz/Kotak Life/Birla Sun Life growing 92%/53%/30% YoY (two-year CAGR of 39%/13%/-1%) v/s a decline of 16-25% for Kotak Life and Birla Sun Life, while the same for Bajaj Allianz was flat in Apr'20. Tata AIA grew ~6% (two-year CAGR of 21%) v/s a growth of 37% YoY in Apr'20.
- LIC grew ~74% YoY (two-year CAGR of -4.7%) v/s a decline of 48% in Apr'20 in Individual WRP.
- Although rising COVID-19 cases and a lockdown in key states could impact overall growth in the near term, we see strong traction in premium growth over FY22E, with a continued focus on Non-PAR/Annuity and Protection segments, while ULIP is also witnessing a gradual recovery. MAXLIFE and SBILIFE are our preferred picks.

### Private players' individual WRP market share stands ~60% in Apr'21

Private players' individual WRP market share stood ~60% in Apr'21 (flat MoM), while the same for LIC stood at 40%. In Apr'21, SBI Life (11.5%) remained the largest Private Insurer in terms of Individual WRP, followed by HDFC Life (11.2%), and IPRU Life (7.7%). On a un-weighted basis, HDFC Life was the largest Private Insurer with a market share of 12.3%, followed by SBI Life (9.5%) and IPRU Life (6.6%).

### Performance of key Private Insurers

The combined market share of listed players – SBI Life, ICICI Prudential Life, HDFC Life, and Max Life – on an individual WRP basis stood ~62.4% in Apr'21 (v/s ~61% in FY21). Tata AIA, Bajaj Allianz, and Birla Sun Life are getting firmly positioned in the 5-7th rank among the largest Private Insurers on an Individual WRP basis. Among key listed players, on an Individual WRP basis –

- **HDFC Life** grew 95.8% YoY (two-year CAGR of 18.2% in Apr'21); total un-weighted premium rose 78.5% (two-year CAGR of -8.4% in Apr'21).
- **SBI Life** grew 263.1% YoY (two-year CAGR of -1.0% in Apr'21); total un-weighted premium rose 1.2% (two-year CAGR of 0.8% in Apr'21).
- **IPRU Life** grew 65% YoY (two-year CAGR of -13.9% in Apr'21); total un-weighted premium rose 151.1% (two-year CAGR of 0.8% in Apr'21).
- **Max Life** grew 121.4% YoY (two-year CAGR of 33.5% in Apr'21); total un-weighted premium rose 102.2% (two-year CAGR of 31.3% in Apr'21)

### Individual WRP and YoY growth (%)

Individual WRP, INR m	Apr'21	YoY growth
<b>Grand Total</b>	<b>33,319</b>	<b>83.2</b>
<b>Total Public</b>	<b>13,345</b>	<b>74.3</b>
<b>Total Private</b>	<b>19,974</b>	<b>89.6</b>
SBI Life	3,819	263.1%
HDFC life	3,743	95.8%
ICICI Prudential	2,562	65.0%
Max Life	2,347	121.4%
Tata AIA	1,435	6.4%
Bajaj Allianz	1,395	91.7%
Kotak Life	684	53.0%
Birla Sun life	651	30.0%
Reliance Life	621	100.1%

Source: IRDAI, LIC Council, MOFSL

### Growth in Protection picks up in Apr'21 amid rising COVID-19 cases

After reporting robust growth in the Protection business over 1HFY21, the pace of growth has moderated over the past few months. However, trends still remain healthy and picked up in Apr'21 amid rising Covid-19 cases as highlighted by few insurers as well. **For Private Insurers/industry, Individual un-weighted non-Single premium grew ~88%/80% YoY (two-year CAGR of 5.8%/1.3%) in Apr'21. On the contrary, Individual sum assured grew ~-5.8%/12% YoY (two-year CAGR of 9%/4%). For LIC, Individual un-weighted non-Single premium grew ~69% YoY (two-year CAGR of -4.6%) in Apr'21, while Individual sum assured grew ~327% (two-year -10.7%).**

### Among listed players –

- **HDFC Life** reported a decline of 7% (two-year CAGR of +11%) in sum assured as against a growth of 95.2% (two-year CAGR of +19.1%) in total un-weighted Individual non-Single premium.
- **IPRU Life** reported a growth of 7% (two-year CAGR of -5.7%) in sum assured as against a growth of 58.4% (two-year CAGR of -16.1%) in total un-weighted Individual non-Single premium.
- **SBI Life** reported a growth of 299% (two-year CAGR of -7.7%) in sum assured as against a growth of 262.3% (two-year CAGR of -2.2%) in total un-weighted Individual non-Single premium.
- **Max Life** reported a growth of 17% (two-year CAGR of +14.9%) in sum assured as against a growth of 127.6% (two-year CAGR of +33.9%) in total un-weighted Individual non-Single premium.

### Operating metrics to remain resilient; premium growth to gain traction

Premium growth is likely to see strong traction over FY22E, while a low base (due to the COVID-led lockdown) will provide a likely boost. We expect HDFC Life/SBI Life to witness a gradual recovery in new business premium (NBP) and deliver an APE growth of 22%/25% in FY22E. IPRU Life is likely to report strong (~29%) APE growth in FY22E, supported by a low base, while MAX Life would continue to see healthy trends, with an APE growth of 21%.

### Un-weighted new business premium and growth

INR m	Apr'21	YoY Growth	Two-year CAGR	FY21	YoY growth
<b>Grand Total</b>	<b>97,388</b>	<b>44.8%</b>	<b>-1.2%</b>	<b>2,782,779</b>	<b>7.5%</b>
<b>Total Public</b>	<b>48,568</b>	<b>35.6%</b>	<b>-4.0%</b>	<b>1,841,745</b>	<b>3.5%</b>
<b>Total Private</b>	<b>48,820</b>	<b>55.2%</b>	<b>1.8%</b>	<b>941,034</b>	<b>16.3%</b>
HDFC life	11,939	78.5%	-8.4%	202,424	16.4%
SBI Life	9,284	1.2%	0.8%	206,255	24.3%
ICICI Prudential	6,433	151.1%	0.8%	130,322	5.5%
Bajaj Allianz	4,246	35.2%	39.4%	63,129	21.9%
Max Life	3,475	102.2%	31.3%	68,269	22.3%
Kotak Life	2,553	110.4%	-10.7%	52,565	3.0%
Canara HSBC OBC	2,143	692.1%	8.0%	23,034	50.8%
Tata AIA	1,645	6.6%	16.0%	41,440	27.9%
IndiaFirst Life	1,322	304.5%	-5.8%	19,305	8.9%

Source: IRDAI, LIC Council, MOFSL



# Healthcare

## Performance of top companies: Apr'21

Company	MAT growth (%)	Apr'21 (%)
IPM	6.6	51.5
Glenmark	29.1	181.0
Emcure	15.9	94.2
FDC	5.9	91.3
Indoco	1.2	76.4
Cipla	13.6	73.5
Wockhardt	-2.6	67.6
Alkem	7.0	63.7
Dr. Reddy's	5.1	60.3
Ipca	15.3	57.2
Pfizer	8.7	52.1
Biocon	2.9	51.6
Alembic	2.7	46.5
GSK	-0.8	46.2
Ajanta	14.1	45.2
Intas	8.2	45.1
Zydus	7.8	45.0
Merck	21.2	42.2
Eris LS	9.9	40.0
Sanofi India	6.4	39.7
Mankind	6.2	38.9
Lupin	5.5	38.3
Sun Pharma	5.3	32.8
Abbott	7.7	31.0
Torrent	6.3	27.4
USV	7.9	20.5
JB Chemicals	12.9	17.3
MSD	-2.8	9.7
Natco	-23.0	-0.6
Astrazeneca	-3.8	-4.1

## COVID-related drugs, low base skyrockets YoY growth in Apr'21

- IPM growth was 51.5% YoY in Apr'21 v/s 10.3% YoY in Mar'21. Strict lockdowns in Apr'20 had impacted sales last year (11% YoY decline in Apr'20). This, coupled with strong COVID-19 drug sales, led to a sharp spike in YoY growth for Apr'21.
- Anti-Infectives/VMNs/Pain Therapies exhibited a growth of 134%/76%/64% YoY. Anti-Infectives therapies grew sharply (~2.3x) in Apr'21 YoY v/s an 8.5% YoY growth in Mar'21.
- Respiratory sales recovered with a 50% YoY growth in Apr'21 as against a 15.1% YoY decline in Mar'21.
- NLEM/non-NLEM (~18%/~82% of IPM) grew 56.1%/50.5% YoY.
- On a MAT basis, industry growth stood at 6.6% YoY.

## Volume/price/NP drive IPM growth in the quarter-ending Apr'21

- For the quarter ending Apr'21, YoY growth was 19.4%. Price/NP growth of 5.6%/5.1% YoY was further boosted by an 8.8% volume increase.
- For the quarter-ending Apr'21, NLEM/non-NLEM (~17%/~83% of IPM) grew 17.4%/20% YoY.

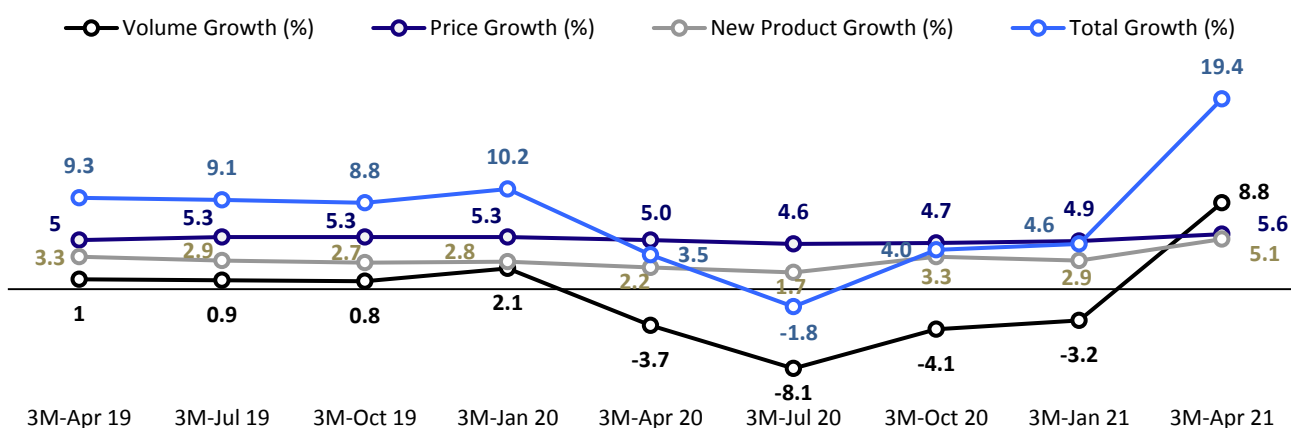
## Glenmark, Emcure, Hetero, Cipla, and Alkem outperform

- In Apr'21, Glenmark Pharmaceuticals (181% YoY), Emcure Pharmaceuticals (+94%), Cipla (73.5%), and Alkem Laboratories (63.7%) delivered robust growth.
- Glenmark grew on the back of strong offtake in Anti-Infectives (~29% of sales), which grew 16x YoY, driven by FabiFlu that became the numero uno IPM drug in Apr'21.
- Cipla's growth was driven by Anti-Infectives, which grew 1.5x YoY due to the use of Cipremi (Remdesivir) in the treatment of COVID-19.
- Alkem saw good traction in VMN (+88% YoY) and Anti-Infectives (+70%).
- Torrent Pharmaceuticals, Sun Pharmaceutical Industries, Lupin, and Alembic Pharmaceuticals also showed better traction, albeit lower than the industry in Apr'21 (+27.4%/+32.8%/+38.3% YoY/46.5% YoY).
- On a MAT basis, JB Chemicals & Pharmaceuticals/Merck India/GlaxoSmithKline Pharmaceuticals reported the highest price growth (+9.3%/7.9%/6.9% YoY). Glenmark saw the highest growth in new launches (+27.3% YoY) on a MAT basis.

## VMN, Cardiac, and Gastrointestinal drove sales growth on a MAT basis

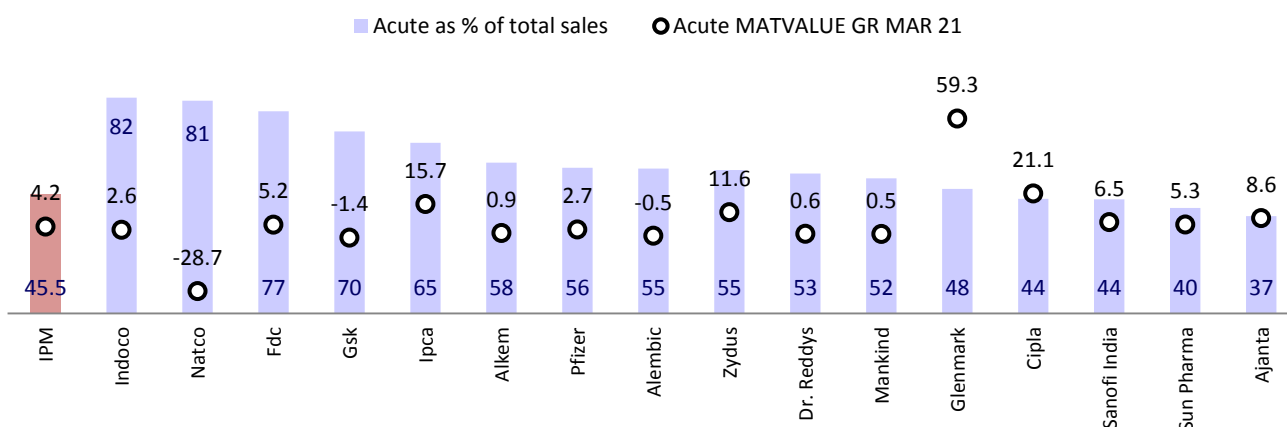
- Chronic therapies and immunity boosters drove growth on a MAT basis in Apr'21, with VMN/Cardiac/Gastrointestinal growing 14.7%/12.8%/10% YoY.
- Respiratory/Ophthalmic therapy sales declined 5.2%/3.2% YoY, impacting overall growth.

Volumes, Prices and New Products grow in the quarter ending Apr'21



Source: AIOCD, MOFSL

Acute as a percentage of total sales, and growth rate on a MAT Apr'21 basis



Source: MOFSL, AIOCD



### **Coforge: Growth guidance based on healthy deal pipeline, order book; Sudhir Singh, CEO**

- FY22 organic revenue outlook is for 17% growth at least
- Exit momentum, deal pipeline and existing order book gives confidence
- Discounts in travel business have reversed
- Company has three \$50 m deals in the pipeline which have high offshoring ratios
- Reversal of travel discounts, higher offshoring are margin tailwinds
- War for talent has been going for the last 4-5 months
- Growth is not demand constraint, but ability to manage supply chain
- Company needs only 3% revenue growth every quarter to achieve FY22 organic revenue guidance

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### **Dabur: Difficult to anticipate impact of the second wave in the near term; Mohit Malhotra, CEO**

- Company fired on all cylinders for the third quarter
- All segments reported double digit volume and value growth
- Growth in Chyawanprash and Honey moderated due to high base
- Barring CSD and HoReCa which is sub 20% of revenues, COVID didn't impact Q4
- Have seen demand momentum continue into April
- Situation not as bad as last year despite the impact
- Discretionary portfolio is impacted in the last 15 days
- There are some supply chain issues faced by company
- Difficult to anticipate impact of the second wave in the near term
- Ad spends at 8% of sales in FY21, will inch it higher

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### **Blue Star: Company is 20% lower compared to summer season of April 2019; B Thiagarajan, MD**

- Secondary sales were good till mid-April
- Seeing slowdown in AC sales amid the current restrictions
- Expect market to start opening up from the 3rd week of May
- Pressure on margin will continue due to commodity price inflation
- Company is 20% lower compared to summer season of April 2019
- Expect unitary products margin to be in the range of 8% going ahead

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### **IIFL Finance: Cautious on MFI unsecured business segment; gold loan, home finance will provide cushion; Nirmal Jain, Chairman & CEO**

- Expect the economy to get back on its feet soon
- Taking cautious view on micro finance and unsecured business segment
- Our gold loan and home finance portfolio will provide some cushion
- One-third of our business loans are unsecured
- Provisions last year in COVID wave were 3 times that of normal provisions

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### **Credit Access Grameen: COVID lockdowns won't impact MFIs significantly; Udaya Kumar, MD & CEO**

- Write-offs will help reduce risks going ahead
- Have been conservative in making write-offs to improve B/s in FY22
- Repayment holiday has been given for 1-2 weeks
- Repayment will get delayed further by 3-4 weeks
- Lockdowns will not impact MFIs significantly

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### **Praj Industries: Shift to producing ethanol helping sugar companies; Shishir Joshipura, MD & CEO**

- Producing ethanol is a +ve for sugar companies to improve cash flows
- Witnessing double of enquiry levels
- Company currently at 7% of ethanol blending
- Have strong balance sheet; don't need to raise any debt

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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	776	945	22	37.1	42.0	47.3	-4.1	13.2	12.6	18.5	16.4	2.9	2.6	16.6	16.8
Ashok Ley.	Buy	114	160	40	-0.8	3.8	7.0	-172.3	LP	82.7	29.8	16.3	4.3	3.6	15.2	24.1
Bajaj Auto	Neutral	3867	4150	7	167.8	202.6	231.2	-6.8	20.7	14.1	19.1	16.7	4.4	4.2	23.1	25.8
Bharat Forge	Buy	637	721	13	4.2	16.0	25.8	-54.2	278.2	61.3	39.9	24.7	5.0	4.3	13.0	18.6
Bosch	Neutral	13617	15550	14	289.1	481.1	555.4	-31.0	66.4	15.4	28.3	24.5	3.8	3.4	14.1	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	2417	3284	36	50.5	96.5	122.3	-24.6	91.3	26.6	25.0	19.8	5.0	4.1	21.7	22.7
Endurance Tech.	Buy	1339	1767	32	32.2	51.5	62.9	-15.5	60.3	22.0	26.0	21.3	4.9	4.2	20.3	21.4
Escorts	Neutral	1162	1509	30	86.6	92.8	100.6	60.5	7.1	8.4	12.5	11.6	2.0	1.7	17.3	16.1
Exide Ind	Buy	183	220	20	8.9	10.2	13.1	-10.0	14.3	28.6	18.0	14.0	2.1	1.9	11.6	13.4
Hero Moto	Buy	2856	3500	23	149.4	179.0	209.3	-2.3	19.8	16.9	16.0	13.6	3.5	3.2	22.7	24.5
M&M	Buy	767	960	25	34.0	39.7	50.0	13.5	16.6	25.9	19.3	15.4	2.2	2.1	12.4	14.0
Mahindra CIE	Buy	181	234	29	2.8	15.4	16.3	-70.1	447.4	5.6	11.7	11.1	1.3	1.1	11.4	10.9
Maruti Suzuki	Buy	6703	8450	26	145.3	236.2	312.5	-22.7	62.5	32.3	28.4	21.4	3.6	3.2	12.3	14.7
Motherson Sumi	Buy	221	242	10	2.5	7.5	9.8	-32.0	197.5	30.4	29.5	22.6	5.2	4.5	18.7	21.3
Tata Motors	Buy	303	415	37	-1.0	28.6	38.5	-95.9	LP	34.7	10.6	7.9	1.9	1.5	19.7	21.6
TVS Motor	Neutral	618	636	3	12.9	22.2	30.4	-0.9	72.2	36.9	27.9	20.3	5.9	4.7	23.0	25.8
<b>Aggregate</b>								<b>32.7</b>	<b>101.0</b>	<b>28.4</b>	<b>20.1</b>	<b>15.6</b>	<b>3.2</b>	<b>2.8</b>	<b>16.0</b>	<b>18.0</b>
<b>Banks - Private</b>																
AU Small Finance	Buy	930	1175	26	38.0	31.9	43.3	67.9	-16	35.8	29.2	21.5	4.1	3.4	14.9	17.2
Axis Bank	Buy	717	925	29	22.4	51.5	67.3	271.0	130	30.7	13.9	10.7	1.9	1.6	14.5	16.4
Bandhan Bank	Neutral	297	335	13	13.7	22.2	34.3	-36.5	62	54.9	13.4	8.6	2.4	2.0	19.1	24.9
DCB Bank	Neutral	91	100	10	10.8	11.7	15.9	-0.7	8.1	36.4	7.8	5.7	0.7	0.6	9.8	12.0
Equitas Hold.	Buy	84	105	24	11.2	15.8	20.8	57.6	40.7	31.5	5.3	4.1	0.8	0.7	15.3	18.8
Federal Bank	Buy	78	110	42	7.8	11.3	14.4	1.0	43.8	28.2	6.9	5.4	0.9	0.8	13.2	15.0
HDFC Bank	Buy	1415	1800	27	56.6	67.6	82.6	17.8	19.4	22.2	20.9	17.1	3.3	2.8	17.0	17.8
ICICI Bank	Buy	607	750	24	24.2	30.9	38.8	97.0	27.9	25.4	19.6	15.6	2.5	2.2	13.9	15.2
IndusInd	Buy	926	1200	30	39.9	69.4	95.1	-41.4	73.7	37.1	13.3	9.7	1.5	1.3	11.8	14.4
Kotak Mah. Bk	Neutral	1780	1900	7	50.4	61.3	74.1	12.2	21.6	20.8	29.0	24.0	3.7	3.2	12.9	13.7
RBL Bank	Buy	186	250	34	8.5	16.2	22.4	-14.6	91.2	38.1	11.5	8.3	0.8	0.8	7.4	9.6
SBI Cards	Buy	982	1200	22	10.5	18.6	26.9	-25.3	77.9	44.2	52.7	36.5	11.7	9.1	24.7	28.0
<b>Aggregate</b>								<b>31.1</b>	<b>38.4</b>	<b>26.8</b>	<b>20.0</b>	<b>15.7</b>	<b>2.9</b>	<b>2.5</b>	<b>14.3</b>	<b>15.7</b>
<b>Banks - PSU</b>																
BOB	Neutral	71	75	6	6.1	9.5	16.2	412.7	57.3	69.7	7.4	4.4	0.4	0.4	5.8	9.3
SBI	Buy	358	500	40	30.9	45.2	54.7	39.3	47	20.9	7.9	6.5	1.1	0.9	13.8	14.6
<b>Aggregate</b>								<b>49.3</b>	<b>48</b>	<b>26</b>	<b>8</b>	<b>6.3</b>	<b>1.0</b>	<b>0.9</b>	<b>12.3</b>	<b>13.7</b>
<b>NBFCs</b>																
AAVAS Financiers	Neutral	2207	2400	9	36.9	48.0	58.4	15.9	30.1	21.6	46.0	37.8	6.2	5.4	14.5	15.2
Aditya Birla Cap	Buy	116	140	21	4.5	6.1	7.6	17.3	36.4	24.6	19.1	15.3	1.9	1.7	10.2	11.4
Bajaj Fin.	Buy	5491	5865	7	73.5	148.2	182.6	-16.3	101.7	23.2	37.0	30.1	7.4	6.1	22.1	22.2
Can Fin Homes	Buy	523	660	26	34.2	34.1	38.2	21.3	-0.3	11.8	15.3	13.7	2.3	2.0	16.1	15.5
Cholaman.Inv.&FnBuy		569	-		18.5	27.8	30.9	44.0	50.4	11.1	20.5	18.4	4.0	3.3	21.5	19.7
H D F C	Buy	2496	3275	31	54.5	63.1	72.7	10.8	15.8	15.3	39.6	34.3	3.8	3.5	12.7	13.3
HDFC Life Insur.	Neutral	673	730	8	6.7	7.7	9.1	4.7	15.2	17.2	86.9	74.2	4.3	3.7	17.5	17.7
ICICI Pru Life	Buy	562	600	7	6.7	8.7	9.4	-10.1	30.2	7.8	64.5	59.8	2.4	2.1	14.7	14.6
IIFL Wealth Mgt	Buy	1194	1540	29	41.5	49.4	61.7	79.6	19.1	25.0	24.2	19.3	5.1	4.8	19.1	25.6
IndoStar	Neutral	304	355	17	9.5	12.4	17.6	-127.1	29.7	42.6	24.6	17.2	0.9	0.9	3.7	5.1
L&T Fin Holdings	Buy	87	115	33	3.8	10.2	13.1	-54.7	165.9	27.8	8.5	6.6	1.0	0.9	12.7	14.4
LIC Hsg Fin	Buy	423	520	23	60.7	67.6	72.7	27.5	11.4	7.5	6.3	5.8	0.9	0.8	15.7	14.9
Manappuram Fin.	Buy	153	205	34	20.7	24.1	28.1	18.1	16.4	16.9	6.3	5.4	1.4	1.2	25.1	23.8
MAS Financial	Buy	827	1020	23	26.4	32.4	38.0	-20.3	22.5	17.4	25.6	21.8	3.7	3.2	15.2	15.8
Max Financial	Buy	917	1000	9	15.9	21.7	27.5	9.8	36.3	26.5	42.2	33.4	2.8	2.4	18.8	19.2
M&M Fin.	Buy	155	215	39	2.7	15.3	17.7	-81.5	460.8	15.9	10.1	8.7	1.2	1.1	12.2	12.8
Muthoot Fin	Buy	1212	1500	24	92.9	106.3	124.1	23.4	14.4	16.7	11.4	9.8	2.7	2.2	26.3	25.0



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
Piramal Enterp.	Buy	1670	2210	32	119.6	129.5	159.6	-587.6	8.3	23.3	12.9	10.5	1.0	1.0	8.6	9.7
PNB Housing	Neutral	368	400	9	55.3	83.0	89.2	43.8	50.1	7.6	4.4	4.1	0.6	0.5	14.7	14.1
Repco Home Fin	Buy	332	430	30	49.7	51.3	55.6	10.9	3.2	8.4	6.5	6.0	0.9	0.8	14.4	13.7
SBI Life Insurance	Buy	1001	1150	15	14.6	16.7	20.3	2.4	14.9	21.3	59.8	49.3	2.4	2.0	16.3	16.9
Shriram City Union	Buy	1637	1900	16	153.1	179.6	232.9	1.0	17.2	29.7	9.1	7.0	1.2	1.0	13.8	15.7
Shriram Trans.	Buy	1297	1700	31	98.3	128.4	153.9	-10.9	30.7	19.9	10.1	8.4	1.4	1.2	14.3	15.3
<b>Aggregate</b>								<b>20.3</b>	<b>35.6</b>	<b>17.9</b>	<b>21.2</b>	<b>18.0</b>	<b>2.9</b>	<b>2.6</b>	<b>13.7</b>	<b>14.3</b>
<b>Capital Goods</b>																
ABB	Buy	1371	1565	14	11.9	20.1	27.0	-28.4	69.3	34.6	68.3	50.7	7.4	6.7	10.8	13.2
Bharat Elec.	Buy	138	150	9	6.9	8.5	9.4	-5.9	23.3	9.6	16.1	14.7	2.8	2.5	17.1	16.8
BHEL	Sell	58	26	-55	-2.5	1.3	1.9	-41.3	LP	43.5	43.9	30.6	0.7	0.7	1.6	2.3
Cummins	Sell	838	515	-39	19.0	22.5	25.8	-18.2	18.3	14.4	37.2	32.5	5.0	4.8	13.5	14.8
Engineers India	Buy	75	85	13	5.6	7.5	7.6	-17.0	32.6	1.2	10.0	9.9	2.1	2.0	19.3	19.1
K E C Intl.	Buy	378	450	19	22.0	26.3	30.0	0.0	19.5	14.2	14.4	12.6	2.5	2.1	17.5	16.9
Larsen & Toubro	Buy	1343	1685	25	81.4	66.1	77.8	19.7	-18.8	17.6	20.3	17.3	2.3	2.1	11.4	12.2
Siemens	Neutral	1858	1640	-12	21.3	35.0	36.9	-32.6	64.5	5.5	53.1	50.3	6.3	5.8	11.9	11.4
Thermax	Neutral	1504	1190	-21	22.4	33.2	39.6	18.7	48.3	19.1	45.3	38.0	5.0	4.6	11.0	12.0
<b>Aggregate</b>								<b>-19.4</b>	<b>54.8</b>	<b>16.1</b>	<b>25.1</b>	<b>21.6</b>	<b>2.6</b>	<b>2.4</b>	<b>10.4</b>	<b>11.1</b>
<b>Consumer Durables</b>																
Blue Star	Sell	843	700	-17	10.4	16.9	25.2	-31.9	62.4	48.6	49.8	33.5	8.4	7.5	16.9	22.3
CG Cons. Elec.	Buy	379	485	28	8.4	10.6	12.1	19.9	27.1	13.7	35.7	31.4	10.9	9.0	30.5	28.7
Havells	Neutral	1001	1100	10	16.5	19.6	22.0	40.7	18.8	12.2	51.1	45.6	10.8	9.4	21.2	20.6
Orient Electric	Buy	274	365	33	5.3	6.5	8.1	42.8	23.1	25.0	42.1	33.7	11.9	10.0	28.2	29.8
Voltas	Neutral	969	1060	9	14.3	21.5	24.6	-14.6	50.3	14.5	45.1	39.4	6.3	5.6	13.9	14.3
Whirlpool India	Buy	2151	3020	40	27.3	45.5	54.9	-27.4	66.8	20.8	47.3	39.2	8.2	7.0	17.4	17.8
<b>Aggregate</b>								<b>6.6</b>	<b>34.5</b>	<b>16.6</b>	<b>45.8</b>	<b>39.3</b>	<b>8.9</b>	<b>7.8</b>	<b>19.5</b>	<b>19.7</b>
<b>Cement</b>																
Ambuja Cem.	Neutral	312	320	2	9.0	10.6	12.1	24.2	18.0	13.7	29.4	25.8	2.8	2.6	10.0	10.5
ACC	Buy	1903	2205	16	78.4	101.1	106.4	8.5	28.9	5.2	18.8	17.9	2.5	2.2	14.1	13.3
Birla Corp.	Buy	937	1305	39	73.0	82.2	101.0	11.3	12.6	22.9	11.4	9.3	1.2	1.1	11.4	12.6
Dalmia Bhar.	Buy	1633	1905	17	54.8	51.8	70.5	377.1	-5.5	36.2	31.5	23.2	2.2	2.0	7.2	9.0
Grasim Inds.	Neutral	1450	1510	4	83.9	99.0	113.0	-5.0	18.1	14.1	14.6	12.8	2.4	2.3	4.1	5.0
India Cem	Neutral	167	167	0	6.5	5.0	6.5	847.1	-23.8	31.9	33.6	25.4	0.9	0.9	2.7	3.5
J K Cements	Buy	2781	3360	21	86.2	105.0	123.4	37.7	21.8	17.6	26.5	22.5	5.1	4.2	20.9	20.4
JK Lakshmi Ce	Buy	418	550	32	25.7	27.6	36.4	14.1	7.1	32.2	15.2	11.5	2.1	1.8	15.0	17.0
Ramco Cem	Neutral	964	970	1	33.4	34.9	41.4	30.8	4.4	18.7	27.7	23.3	3.6	3.2	13.8	14.5
Shree Cem	Neutral	27874	27500	-1	645.3	740.3	861.1	48.3	14.7	16.3	37.7	32.4	5.8	5.0	16.4	16.5
Ultratech	Buy	6485	8050	24	190.4	177.7	227.1	31.0	-6.7	27.8	36.5	28.6	3.6	3.4	11.0	12.6
<b>Aggregate</b>								<b>22.3</b>	<b>9.4</b>	<b>18.7</b>	<b>25.2</b>	<b>21.2</b>	<b>3.1</b>	<b>2.8</b>	<b>12.3</b>	<b>13.2</b>
<b>Consumer</b>																
Asian Paints	Neutral	2552	2750	8	34.5	39.5	45.8	18.9	14.7	16.0	64.6	55.7	19.0	17.0	31.1	32.2
Britannia	Buy	3461	4450	29	76.8	77.2	88.9	31.0	0.5	15.1	44.8	38.9	17.3	15.9	44.5	42.7
Colgate	Buy	1510	1810	20	36.1	40.0	45.3	20.4	10.7	13.3	37.7	33.3	24.8	24.8	65.6	74.3
Dabur	Buy	535	620	16	9.6	10.3	12.4	11.0	7.2	20.4	52.0	43.2	11.6	10.5	23.0	25.5
Emami	Buy	483	580	20	17.2	17.0	18.7	38.8	-1.5	10.3	28.5	25.8	10.0	10.0	35.3	38.8
Godrej Cons.	Neutral	702	720	3	16.8	17.7	20.6	18.4	5.8	15.9	39.6	34.1	8.2	7.9	21.2	23.5
HUL	Buy	2413	2780	15	34.8	39.8	48.9	11.5	14.4	22.7	60.6	49.4	11.5	11.5	19.3	23.2
ITC	Neutral	205	220	7	10.3	13.1	14.8	-17.0	27.1	12.6	15.7	13.9	3.7	3.6	24.2	26.2
Jyothy Lab	Neutral	147	158	7	5.7	5.9	6.2	25.7	3.8	4.9	24.9	23.7	4.2	4.1	17.2	17.6
Marico	Buy	473	490	4	9.0	9.8	11.3	10.4	8.9	15.8	48.3	41.7	13.5	12.8	32.5	31.5
Nestle	Neutral	16754	18300	9	217.4	249.2	291.9	7.6	14.6	17.1	67.2	57.4	75.5	69.2	115.5	125.8
Page Inds	Neutral	29631	28800	-3	301.9	457.3	523.0	-1.9	51.5	14.4	64.8	56.7	36.5	35.4	56.4	62.5
Pidilite Ind.	Neutral	1815	1675	-8	22.6	24.4	29.3	-2.4	8.3	20.1	74.3	61.9	14.3	12.3	20.5	21.4



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
P&G Hygiene	Buy	13480	15900	18	166.8	225.8	288.3	22.2	35.3	27.7	59.7	46.8	44.2	37.2	80.0	86.4
Tata Consumer	Buy	629	725	15	9.5	12.2	15.2	20.8	28.5	25.4	51.8	41.3	3.8	3.6	7.5	8.9
United Brew	Sell	1217	960	-21	4.6	12.3	19.2	-71.8	169.2	55.9	99.0	63.5	8.5	7.9	8.8	12.9
United Spirits	Buy	548	725	32	5.7	12.9	17.1	-47.6	126.8	32.5	42.4	32.0	7.8	6.3	18.5	19.7
Varun Beverages	Buy	998	1150	15	11.3	23.1	37.0	-30.7	105.3	59.9	43.2	27.0	7.0	5.6	17.5	23.2
<b>Aggregate</b>								<b>1.2</b>	<b>19.1</b>	<b>17.3</b>	<b>42.0</b>	<b>35.8</b>	<b>9.7</b>	<b>9.2</b>	<b>23.1</b>	<b>25.8</b>
<b>Healthcare</b>																
Alembic Phar	Neutral	941	1070	14	59.9	52.8	56.2	36.3	-11.8	6.4	17.8	16.7	3.1	2.7	19.3	17.9
Alkem Lab	Buy	2908	3400	17	126.6	135.6	151.3	32.7	7.1	11.6	21.5	19.2	4.1	3.5	20.4	19.5
Ajanta Pharma	Buy	2019	2150	7	73.9	80.6	95.3	44.6	9.1	18.2	25.0	21.2	5.1	4.3	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	381	390	2	5.5	7.7	11.2	-10.6	39.2	45.2	49.6	34.1	5.5	5.0	11.6	15.3
Cadila	Buy	603	670	11	20.0	24.8	26.0	36.1	23.9	4.9	24.3	23.2	3.9	3.5	17.1	15.8
Cipla	Neutral	883	900	2	33.7	36.7	41.9	71.6	9.0	14.2	24.1	21.1	3.4	2.9	14.0	14.0
Divis Lab	Buy	4030	4450	10	75.9	98.0	127.3	55.0	29.2	29.9	41.1	31.6	9.8	7.8	26.2	27.5
Dr Reddy's	Neutral	5174	5410	5	153.7	188.2	213.8	17.0	22.4	13.6	27.5	24.2	4.2	3.6	16.3	16.1
Gland Pharma	Buy	2648	2900	10	57.7	72.6	92.3	15.9	25.7	27.1	36.5	28.7	6.2	5.1	18.5	19.4
Glenmark	Neutral	592	525	-11	35.4	36.1	41.1	44.0	1.9	14.0	16.4	14.4	2.1	1.9	13.7	13.8
GSK Pharma	Neutral	1467	1480	1	29.0	35.3	40.1	2.9	21.8	13.5	41.5	36.6	11.8	10.4	28.4	28.3
Granules India	Buy	347	430	24	21.7	25.5	29.3	66.5	17.3	15.3	13.6	11.8	3.1	2.6	25.4	23.8
IPCA Labs	Buy	2057	2480	21	94.4	94.3	101.4	83.8	-0.1	7.6	21.8	20.3	4.6	3.9	23.1	20.7
Jubilant Pharmova	Buy	836	910	9	56.6	60.3	69.1	-5.3	6.5	14.6	13.9	12.1	2.7	2.3	21.7	20.6
Laurus Labs	Buy	487	550	13	18.3	23.8	29.1	-65.6	30.1	21.8	20.4	16.8	7.1	5.2	40.7	35.8
Lupin	Buy	1196	1200	0	25.3	39.4	45.6	8.6	55.4	15.7	30.3	26.2	3.7	3.4	12.8	13.4
Strides Pharma	Buy	833	970	17	24.8	43.3	53.6	63.6	74.3	23.7	19.2	15.5	2.5	2.2	13.4	14.9
Sun Pharma	Buy	680	740	9	25.6	26.8	29.9	56.2	4.4	11.6	25.4	22.7	3.1	2.8	12.9	12.9
Torrent Pharma	Neutral	2616	2510	-4	73.0	88.0	99.8	30.1	20.6	13.4	29.7	26.2	6.8	5.8	24.5	23.8
<b>Aggregate</b>								<b>35.9</b>	<b>15.3</b>	<b>15.2</b>	<b>25.8</b>	<b>22.4</b>	<b>4.0</b>	<b>3.5</b>	<b>15.6</b>	<b>15.6</b>
<b>Infrastructure</b>																
Ashoka Buildcon	Buy	79	145	84	13.2	11.2	12.8	-4.6	-15.0	14.6	7.1	6.2	0.7	0.6	10.2	10.7
IRB Infra	Neutral	107	122	14	3.9	5.9	9.7	-79.2	51.2	64.0	18.0	11.0	0.5	0.5	3.1	4.9
KNR Constructions	Buy	200	265	33	9.1	12.8	16.5	26.0	40.4	28.4	15.6	12.1	2.6	2.1	17.8	19.1
<b>Aggregate</b>											<b>13.1</b>	<b>9.9</b>	<b>0.9</b>	<b>0.9</b>	<b>7.2</b>	<b>8.8</b>
<b>Media</b>																
PVR	Neutral	1155	1300	13	-92.2	17.1	36.7	-386.6	LP	113.8	67.4	31.5	3.3	3.0	5.0	10.0
Sun TV	Buy	495	565	14	38.6	40.0	40.0	10.9	3.6	0.1	12.4	12.4	2.9	2.7	24.0	22.5
Zee Ent.	Neutral	186	220	18	8.9	17.4	19.8	62.1	95.7	13.6	10.7	9.4	1.6	1.4	15.9	15.9
<b>Aggregate</b>								<b>-16.1</b>	<b>60.7</b>	<b>10.4</b>	<b>13.3</b>	<b>12.0</b>	<b>2.2</b>	<b>2.0</b>	<b>16.7</b>	<b>16.6</b>
<b>Metals</b>																
Hindalco	Buy	401	430	7	23.5	35.9	41.0	34.6	52.7	14.0	11.2	9.8	1.9	1.6	18.1	17.5
Hind. Zinc	Neutral	310	290	-6	18.9	25.8	27.4	17.3	36.3	6.3	12.0	11.3	3.8	3.5	32.5	32.3
JSPL	Buy	480	539	12	57.1	47.1	43.2	-835.5	-17.6	-8.2	10.2	11.1	1.4	1.2	14.4	11.6
JSW Steel	Buy	757	610	-19	31.7	62.2	59.4	251.0	96.1	-4.5	12.2	12.7	3.2	2.6	29.6	22.5
Nalco	Buy	76	71	-7	4.1	6.9	6.6	450.3	68.5	-4.4	11.1	11.6	1.4	1.3	12.5	11.7
NMDC	Buy	185	170	-8	21.9	24.6	20.0	42.8	12.5	-18.6	7.5	9.2	1.7	1.5	23.4	17.2
SAIL	Buy	144	106	-27	13.8	18.5	16.8	#####	35	-9.3	7.8	8.6	1.2	1.1	15.8	13.0
Tata Steel	Neutral	1182	1205	2	69.0	254.5	159.5	661.2	269	-37.3	4.6	7.4	1.6	1.4	38.1	19.7
Vedanta	Neutral	283	221	-22	26.7	29.9	29.1	204.4	12	-2.6	9.5	9.7	1.6	1.6	17.7	16.4
<b>Aggregate</b>								<b>174.7</b>	<b>66.9</b>	<b>-13.5</b>	<b>8.6</b>	<b>9.9</b>	<b>1.8</b>	<b>1.6</b>	<b>21.3</b>	<b>16.6</b>
<b>Oil &amp; Gas</b>																
Aegis Logistics	Buy	328	350	7	7.1	10.7	13.3	139.6	49.3	25.1	30.8	24.6	5.4	4.7	18.5	20.4
BPCL	Buy	444	520	17	41.9	34.4	42.0	65.5	-18.0	22.1	12.9	10.6	2.0	1.8	16.0	17.8
Castrol India	Buy	126	170	35	5.9	8.5	8.5	-29.6	44.8	-0.2	14.7	14.8	7.9	7.1	56.3	50.5



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
GAIL	Buy	150	170	13	10.2	15.8	16.7	-38.1	55.0	6.1	9.5	9.0	1.3	1.2	14.9	14.7
Gujarat Gas	Buy	531	560	5	17.0	20.0	23.3	-1.8	17.2	17.0	26.6	22.7	6.7	5.4	28.3	26.3
Gujarat St. Pet.	Buy	269	390	45	15.0	16.8	17.9	-23.5	11.9	6.3	16.0	15.0	1.8	1.6	12.1	11.6
HPCL	Neutral	252	277	10	56.3	40.3	42.0	135.5	-28.3	4.2	6.2	6.0	1.1	1.1	18.4	18.5
IOC	Buy	95	142	50	15.8	15.5	18.9	53.5	-1.8	22.1	6.1	5.0	0.8	0.8	13.7	15.8
IGL	Neutral	515	520	1	14.5	18.1	18.8	-10.6	24.6	4.1	28.5	27.4	5.3	4.6	19.9	17.9
Mahanagar Gas	Buy	1158	1290	11	63.4	78.4	80.6	-21.1	23.8	2.8	14.8	14.4	3.1	2.7	22.0	20.1
MRPL	Neutral	44	39	-11	-1.0	4.0	7.2	-93.7	LP	81.1	11.0	6.1	0.9	0.8	8.8	14.5
Oil India	Buy	123	155	26	17.9	19.7	22.0	-21.8	10.4	11.6	6.2	5.6	0.5	0.5	8.7	9.3
ONGC	Buy	112	125	12	10.7	21.8	23.8	-18.4	104.3	9.0	5.1	4.7	0.6	0.6	12.4	12.3
PLNG	Buy	243	325	34	18.0	22.1	23.9	-2.6	22.9	8.0	11.0	10.2	2.9	2.6	27.1	26.9
Reliance Ind.	Buy	1931	2195	14	67.7	92.7	111.4	1.9	36.8	20.3	20.8	17.3	1.6	1.5	8.2	9.1
<b>Aggregate</b>								<b>10.4</b>	<b>30.7</b>	<b>16.2</b>	<b>13.7</b>	<b>11.8</b>	<b>1.4</b>	<b>1.3</b>	<b>10.2</b>	<b>10.9</b>
<b>Retail</b>																
Avenue Supermarts	Neutral	2889	2850	-1	17.0	22.8	37.4	-15.5	34.5	63.8	126.5	77.2	13.2	11.2	11.4	16.3
Aditya Birla Fashion	Buy	176	230	31	-2.4	0.0	0.4	1,208.1	LP	2,039.9	9,974.7	466.1	20.1	19.3	0.2	4.2
Jubilant Food.	Neutral	2741	2915	6	18.0	38.2	53.0	-19.9	111.9	38.5	71.7	51.8	23.0	18.2	32.1	35.2
Shoppers Stop	Neutral	194	220	13	-34.1	-13.9	-15.0	131.8	Loss	Loss	NM	NM	-117.0	-11.6	-262.6	163.8
Titan Company	Buy	1449	1785	23	11.0	20.2	29.7	-35.4	83.4	47.1	71.6	48.7	15.3	13.6	22.6	29.6
Trent	Neutral	754	710	-6	-5.1	-3.0	7.0	-270.1	Loss	LP	NM	108.3	11.4	10.2	-4.8	10.6
V-Mart Retail	Buy	2730	3500	28	-12.0	22.6	40.9	-144.1	LP	80.5	120.6	66.8	10.3	8.9	9.0	14.4
Westlife Develop	Neutral	426	455	7	-5.9	1.7	6.2	#####	LP	256.5	244.1	68.5	12.8	10.8	5.4	17.1
<b>Aggregate</b>								<b>-67.8</b>	<b>258.4</b>	<b>70.3</b>	<b>109.4</b>	<b>64.3</b>	<b>13.4</b>	<b>11.7</b>	<b>12.2</b>	<b>18.2</b>
<b>Technology</b>																
Cyient	Buy	761	810	7	33.8	42.6	50.6	0.1	26.1	18.7	17.8	15.0	2.9	2.6	16.0	18.2
HCL Tech.	Buy	916	1190	30	43.8	50.3	59.7	7.5	14.9	18.6	18.2	15.4	3.7	3.5	21.2	23.3
Infosys	Buy	1352	1600	18	45.6	53.2	63.5	17.1	16.8	19.4	25.4	21.3	6.9	6.3	28.3	30.9
L & T Infotech	Neutral	3768	3680	-2	107.0	118.6	141.4	23.6	10.9	19.1	31.8	26.7	7.7	6.6	26.3	26.7
L&T Technology	Buy	2523	3130	24	62.8	84.4	104.3	-19.0	34.4	23.5	29.9	24.2	6.6	5.6	23.7	25.0
Mindtree	Neutral	2221	2180	-2	67.4	77.7	90.6	75.7	15.3	16.7	28.6	24.5	7.3	6.3	27.4	27.5
Mphasis	Buy	1846	2020	9	64.4	75.7	91.4	2.0	17.5	20.8	24.4	20.2	4.8	4.3	21.0	22.8
Coforge	Neutral	3377	3240	-4	78.8	105.0	129.5	4.4	33.2	23.4	32.2	26.1	7.0	5.9	23.7	24.7
Persistent Sys	Buy	2259	2340	4	59.0	79.1	93.5	32.4	34.0	18.3	28.6	24.2	5.4	4.6	20.1	20.6
TCS	Neutral	3132	3250	4	86.7	109.0	124.9	0.6	25.7	14.6	28.7	25.1	12.6	11.8	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	515	455	-12	18.8	20.0	23.9	14.3	6.5	19.9	25.8	21.5	5.1	5.2	20.2	24.0
Zensar Tech	Buy	269	320	19	15.3	15.7	19.9	31.0	2.8	26.6	17.1	13.5	2.4	2.1	14.5	16.6
<b>Aggregate</b>								<b>7.5</b>	<b>17.7</b>	<b>16.9</b>	<b>26.2</b>	<b>22.4</b>	<b>7.3</b>	<b>6.8</b>	<b>27.9</b>	<b>30.3</b>
<b>Telecom</b>																
Bharti Airtel	Buy	569	720	27	0.8	4.5	7.9	-111.3	435.8	73.8	125.7	72.3	4.7	4.4	3.8	6.3
Indus Towers	Neutral	255	260	2	18.5	21.6	21.5	-1.0	16.8	-0.5	11.8	11.9	4.0	3.7	35.0	32.0
Vodafone Idea		8			-8.5	-7.5	-6.8	12.9	Loss	Loss	NM	NM	-0.6	-0.4	73.2	39.1
Tata Comm	Neutral	1089	1045	-4	46.5	50.6	66.7	340.2	8.8	31.9	21.5	16.3	19.9	9.0	172	75.8
<b>Aggregate</b>								<b>Loss</b>	<b>Loss</b>	<b>Loss</b>	<b>-35</b>	<b>-55.6</b>	<b>9.3</b>	<b>12.6</b>	<b>-26.2</b>	<b>-22.6</b>
<b>Utilities</b>																
Coal India	Buy	137	178	30	18.3	24.5	30.9	-32.4	34.0	25.7	5.6	4.4	1.9	1.6	34.3	35.1
CESC	Buy	653	777	19	97.4	97.1	104.3	-0.4	-0.3	7.4	6.7	6.3	0.8	0.7	12.1	12.3
Indian Energy Exchange	Buy	389	355	-9	7.1	8.3	9.8	19.2	17.1	17.9	46.8	39.6	22.0	18.9	50.6	51.2
JSW Energy	Neutral	117	85	-27	4.8	5.9	6.9	-5.8	22.2	18.4	19.9	16.9	1.5	1.4	7.7	8.8
NHPC	Neutral	24	26	7	2.9	3.0	3.5	0.5	4.1	17.9	8.1	6.9	0.7	0.7	9.0	10.0
NTPC	Buy	105	141	34	15.5	16.8	18.1	12.0	9.0	7.7	6.2	5.8	0.8	0.7	12.8	13.1
Power Grid	Buy	215	255	19	23.8	25.8	27.1	12.7	8.4	5.0	8.3	7.9	1.5	1.4	18.7	18.2



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
Torrent Power	Buy	416	463	11	22.8	31.1	31.7	-18.5	36.4	1.9	13.4	13.1	1.8	1.6	14.1	13.0
Tata Power	Buy	103	120	17	3.8	5.4	5.5	1.5	40.7	3.2	19.1	18.5	1.5	1.4	7.9	7.7
<b>Aggregate</b>								<b>-5.8</b>	<b>14.9</b>	<b>13.2</b>	<b>7.2</b>	<b>6.4</b>	<b>1.2</b>	<b>1.1</b>	<b>16.3</b>	<b>17.0</b>
<b>Others</b>																
BSE	Buy	702	770	10	33.0	47.5	53.9	32.4	43.9	13.5	14.8	13.0	1.2	1.2	8.5	9.1
Concor	Buy	574	662	15	12.6	16.0	19.9	-24.1	27.2	24.0	35.8	28.9	3.2	3.1	9.2	11.0
Coromandel Intl	Buy	730	983	35	45.3	50.4	57.8	24.6	11.3	14.7	14.5	12.6	3.4	2.9	26.0	24.8
EPL	Buy	233	334	44	8.5	11.3	13.4	24.6	33.0	18.3	20.6	17.4	3.8	3.4	20.0	20.6
Indiamart Inter.	Buy	7455	9320	25	96.6	110.9	133.7	86.5	14.8	20.6	67.2	55.8	11.7	9.9	18.8	19.2
Indian Hotels	Buy	113	139	24	-7.1	-3.3	1.5	-359.5	Loss	LP	NM	72.8	4.2	4.0	-11.6	5.7
Interglobe	Neutral	1640	1530	-7	-143.5	45.1	95.6	2,123.6	LP	112	36	17.1	33.7	12.4	156.5	105.4
Info Edge	Neutral	4677	4600	-2	21.9	30.2	41.0	31.0	37.7	35.9	155.0	114.1	12.9	12.0	8.5	10.9
Godrej Agrovet	Buy	515	-		16.5	20.2	23.7	24.7	22.2	17.5	25.5	21.7	4.4	3.9	18.2	19.0
Kaveri Seed	Buy	640	633	-1	52.2	53.2	57.6	21.1	2.1	8.1	12.0	11.1	3.2	2.9	27.9	27.4
Lemon Tree Hotel	Buy	35	49	39	-1.7	0.0	0.6	1,308.3	Loss	LP	NM	62.1	4.0	3.8	-0.4	6.3
MCX	Buy	1499	1970	31	44.7	45.3	61.7	-3.6	1.3	36.1	33.1	24.3	5.4	4.8	16.9	20.9
Qess Corp	Buy	638	745	17	12.4	33.3	43.0	-32.1	168.3	29.4	19.2	14.8	2.5	2.0	17.6	18.9
PI Inds.	Buy	2561	2612	2	51.1	65.6	79.2	69.9	28.3	20.7	39.0	32.3	6.3	5.3	17.4	17.9
SIS	Buy	373	540	45	23.7	20.7	26.1	-1.7	-12.9	26.6	18.0	14.3	1.2	1.0	15.6	16.7
SRF	Neutral	6276	6336	1	196.9	229.3	290.2	29.0	16.5	26.5	27.4	21.6	4.7	3.9	18.5	19.7
Tata Chemicals	Neutral	680	628	-8	10.1	26.1	41.8	-68.2	159.7	59.8	26.0	16.3	1.2	1.1	4.6	7.1
Team Lease Serv.	Buy	3285	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	15	19	25	0.7	1.0	1.4	6.8	52.5	29.1	14.6	11.3	2.0	1.7	14.4	16.3
UPL	Neutral	629	583	-7	42.1	49.8	58.3	21.0	18.2	17.0	12.6	10.8	1.5	1.3	19.0	19.1



Index	1 Day (%)	1M (%)	12M (%)
<b>Sensex</b>	<b>0.5</b>	<b>-0.9</b>	<b>56.5</b>
<b>Nifty-50</b>	<b>0.7</b>	<b>0.0</b>	<b>61.1</b>
<b>Nifty Next 50</b>	<b>0.3</b>	<b>2.2</b>	<b>57.4</b>
<b>Nifty 100</b>	<b>0.6</b>	<b>0.3</b>	<b>60.6</b>
<b>Nifty 200</b>	<b>0.5</b>	<b>0.4</b>	<b>63.9</b>
Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>	<b>0.0</b>	<b>-1.2</b>	<b>77.9</b>
Amara Raja Batt.	-0.6	-7.2	39.3
Ashok Leyland	0.4	-2.1	147.6
Bajaj Auto	-1.9	4.9	60.7
Bharat Forge	-0.9	4.1	129.1
Bosch	0.0	-6.5	37.8
CEAT	-4.1	-17.3	71.9
Eicher Motors	-1.0	-4.8	72.6
Endurance Tech.	-0.8	-2.7	120.5
Escorts	2.6	-6.2	54.9
Exide Inds.	0.3	-1.2	24.7
Hero Motocorp	-1.9	-2.9	43.0
M & M	2.7	-3.7	91.4
Mahindra CIE	0.3	9.1	74.7
Maruti Suzuki	0.6	-2.4	41.1
Motherson Sumi	-0.7	3.1	193.9
Tata Motors	0.5	-1.6	267.0
TVS Motor Co.	-1.3	8.5	92.6
<b>Banks-Private</b>	<b>0.1</b>	<b>-0.6</b>	<b>64.2</b>
AU Small Fin. Bank	-2.8	-24.5	110.0
Axis Bank	0.1	4.2	80.4
Bandhan Bank	0.8	-15.1	17.8
DCB Bank	0.6	-9.0	31.9
Equitas Holdings	-0.4	2.6	67.4
Federal Bank	-1.2	-1.7	79.7
HDFC Bank	0.9	-2.3	52.9
ICICI Bank	-0.3	5.1	80.2
IndusInd Bank	0.1	-2.1	104.0
Kotak Mah. Bank	-0.4	-0.6	48.4
RBL Bank	0.7	-13.9	44.5
SBI Cards	0.7	0.5	71.2
<b>Banks-PSU</b>	<b>-0.1</b>	<b>-2.2</b>	<b>77.0</b>
BOB	-0.1	-4.8	66.0
SBI	0.8	-0.1	109.8
Company	1 Day (%)	1M (%)	12M (%)
<b>NBFCs</b>	<b>0.7</b>	<b>1.2</b>	<b>64.7</b>
Aditya Birla Cap	-0.1	-9.2	164.4
Bajaj Fin.	-0.7	8.2	166.4
Cholaman.Inv.&Fn	-1.9	-1.5	282.7
Can Fin Homes	-0.3	-7.8	73.1
HDFC	2.7	0.6	46.5
HDFC Life Insur.	0.2	-3.8	36.2
Indostar Capital	0.5	-6.9	11.4
L&T Fin.Holdings	1.9	-11.7	59.7
LIC Hsg Fin	2.5	0.9	62.7
M&M Fin.	-0.7	-21.8	48.6
Muthoot Fin	3.6	0.6	47.8
Manappuram Fin.	2.2	-2.7	24.4
MAS Financial Serv.	1.5	2.6	47.1
Max Financial	-1.6	3.1	107.3
ICICI Pru Life	-0.5	23.2	41.1
ICICI Sec	-1.8	21.8	26.6

Note: Sectoral performance are of NSE/BSE Indices

Index	1 Day (%)	1M (%)	12M (%)
<b>Nifty 500</b>	<b>0.5</b>	<b>0.7</b>	<b>67.0</b>
<b>Nifty Midcap 100</b>	<b>-0.4</b>	<b>0.9</b>	<b>91.3</b>
<b>Nifty Smallcap 100</b>	<b>0.7</b>	<b>3.8</b>	<b>121.5</b>
<b>Nifty Midcap 150</b>	<b>-0.3</b>	<b>0.8</b>	<b>88.0</b>
<b>Nifty Smallcap 250</b>	<b>0.7</b>	<b>4.5</b>	<b>114.8</b>
Company	1 Day (%)	1M (%)	12M (%)
IIFL Wealth Mgt	2.5	-5.9	34.2
PNB Housing	1.1	-4.2	106.3
Reeco Home	-0.4	3.3	168.7
SBI Life Insuran	3.2	9.0	36.1
Shriram City Union	1.1	13.1	128.6
Shriram Trans.	-1.1	-12.7	76.4
<b>Capital Goods</b>	<b>-0.1</b>	<b>-2.5</b>	<b>83.5</b>
ABB	-0.7	-0.2	59.6
Bharat Elec.	-3.2	5.0	119.9
BHEL	-0.3	15.7	150.4
Cummins	-0.2	-5.7	132.8
Engineers India	1.9	-1.9	18.0
K E C Intl	-0.4	-12.7	90.8
L&T	0.2	-4.3	63.2
Siemens	-0.2	3.7	76.1
Thermax	-0.9	7.2	114.4
<b>Consumer Durables</b>	<b>-0.4</b>	<b>-2.0</b>	<b>72.3</b>
Blue Star	1.8	-7.3	70.3
CG Cons. Elec.	0.1	-2.5	82.8
Havells	-0.6	-5.4	105.5
Voltas	-1.5	-3.0	119.4
Whirlpool India	0.1	-1.7	11.5
Orient Electric	-0.7	-8.6	55.5
<b>Cement</b>	<b>2.0</b>	<b>10.6</b>	<b>146.2</b>
Ambuja Cem.	-0.7	1.2	85.3
ACC	0.4	-0.7	65.3
Birla Corp.	0.6	-3.0	150.7
Dalmia Bhar.	4.3	5.5	221.0
Grasim Inds.	0.2	0.8	198.8
India Cem	1.2	-2.7	67.9
J K Cements	0.1	-4.6	155.4
JK Lakshmi Ce	2.7	-1.7	115.1
Ramco Cem	-1.3	-7.4	82.3
Shree Cem	0.5	-7.9	51.6
Ultratech	1.2	-4.0	99.4
<b>Consumer</b>	<b>0.2</b>	<b>-2.0</b>	<b>30.0</b>
Asian Paints	0.1	-2.9	60.1
Britannia	0.3	-9.1	18.7
Colgate	0.4	-2.7	16.0
Dabur	-2.0	-3.3	21.0
Emami	-0.6	-4.8	172.9
Godrej Cons.	-1.1	-5.1	44.3
HUL	1.0	0.4	21.1
ITC	1.3	-4.0	27.5
Jyothy Lab	2.9	3.2	35.4
Marico	-0.6	15.9	58.1
Nestle	0.2	-3.8	-2.2
Page Inds	0.4	-0.7	73.9
Pidilite Ind.	0.9	-3.9	34.2
P&G Hygiene	0.4	4.7	32.6
Tata Consumer	-3.7	-5.4	83.9
United Brew	0.9	7.5	39.2





Company	1 Day (%)	1M (%)	12M (%)
United Spirits	0.8	0.8	8.5
Varun Beverages	0.5	-0.8	66.3
<b>Healthcare</b>	<b>0.0</b>	<b>9.0</b>	<b>50.3</b>
Alembic Phar	0.0	-3.3	17.5
Alkem Lab	1.6	6.5	13.6
Ajanta Pharma	1.0	17.3	37.8
Aurobindo	0.4	11.8	56.2
Biocon	0.4	-8.0	9.0
Cadila	0.2	30.8	87.5
Cipla	-0.1	5.0	49.8
Divis Lab	-0.8	8.9	78.5
Dr Reddy's	0.2	10.3	34.9
Gland Pharma	0.6	5.6	
Glenmark	3.8	17.5	76.1
GSK Pharma	0.3	3.0	1.1
Granules	-1.2	4.9	118.2
IPCA Labs	-1.9	1.5	32.8
Jubilant Pharmo	-0.2	20.9	146.1
Laurus Labs	1.2	16.1	398.6
Lupin	-0.1	15.5	47.0
Strides Pharma	-2.6	0.5	95.6
Sun Pharma	0.0	9.5	50.2
Torrent Pharma	0.3	1.5	11.1
<b>Infrastructure</b>	<b>0.6</b>	<b>-0.8</b>	<b>53.4</b>
Ashoka Buildcon	0.4	-18.1	32.5
IRB Infra.Devl.	3.5	-2.3	65.4
KNR Construct.	0.2	-7.3	104.8
<b>Media</b>	<b>0.9</b>	<b>1.8</b>	<b>42.7</b>
PVR	1.4	1.2	29.2
Sun TV	1.0	3.8	29.3
Zee Ent.	2.1	-7.2	26.2
<b>Metals</b>	<b>4.7</b>	<b>23.4</b>	<b>214.7</b>
Hindalco	3.9	13.9	241.3
Hind. Zinc	4.5	0.7	75.7
JSPL	4.6	23.6	429.4
JSW Steel	3.8	34.6	339.5
Nalco	10.8	28.5	163.3
NMDC	8.6	32.5	153.1
SAIL	7.9	60.6	407.9
Tata Steel	7.4	35.2	328.6
Vedanta	5.3	19.5	260.5
<b>Oil &amp; Gas</b>	<b>0.8</b>	<b>3.0</b>	<b>34.1</b>
Aegis Logistics	0.9	12.6	93.8
BPCL	2.3	3.6	34.6
Castrol India	0.2	1.7	1.9
GAIL	-0.6	8.3	64.2
Gujarat Gas	-0.8	-1.5	126.9
Gujarat St. Pet.	-1.0	-2.1	36.9
HPCL	2.4	6.6	25.1
IOC	2.2	2.2	24.9
IGL	-0.9	2.0	10.0
Mahanagar Gas	0.8	3.1	32.6
MRPL	-0.5	12.0	44.2
Oil India	1.2	-1.0	34.7
ONGC	1.3	6.5	47.4
PLNG	-0.4	5.1	6.7
Reliance Ind.	0.1	-3.6	29.3
Aditya Bir. Fas.	0.7	-8.1	61.1

Company	1 Day (%)	1M (%)	12M (%)
<b>Retail</b>			
Avenue Super.	0.4	0.0	31.4
Jubilant Food	-2.9	-4.4	77.5
Shoppers St.	0.2	-3.8	24.6
Titan Co.	0.4	-4.3	70.6
Trent	-3.2	4.4	61.9
V-Mart Retail	2.0	-2.1	65.4
Westlife Develop	-1.6	1.5	48.8
<b>Technology</b>	<b>0.0</b>	<b>-2.1</b>	<b>97.6</b>
Cyient	0.3	10.2	228.2
HCL Tech.	0.1	-11.7	79.0
Infosys	-0.6	-5.4	103.4
L&T Infotech	-1.2	-12.3	136.5
L&T Technology	-1.0	-11.3	112.2
Mindtree	-1.2	2.2	153.0
Mphasis	0.0	6.7	144.3
Coforge	-0.6	8.7	145.8
Persistent Sys	2.5	15.2	327.7
TCS	0.7	-4.2	65.6
Tech Mah	0.3	-2.2	90.1
Wipro	0.5	17.6	179.8
Zensar Tech	0.1	-1.6	222.3
<b>Telecom</b>	<b>1.0</b>	<b>3.2</b>	<b>21.2</b>
Bharti Airtel	1.8	5.0	7.7
Indus Towers	-1.7	1.1	47.5
Idea Cellular	-0.4	-15.3	99.0
Tata Comm	-1.4	-2.6	169.5
<b>Utilities</b>	<b>0.9</b>	<b>0.9</b>	<b>78.1</b>
Coal India	1.6	4.2	4.6
CESC	4.3	4.9	2.6
Indian Energy Ex	-1.4	9.8	169.2
JSW Energy	0.0	30.7	189.0
NHPC Ltd	0.4	0.0	20.2
NTPC	2.0	-0.4	16.1
Power Grid	-0.4	1.8	32.8
Tata Power	-0.2	-1.4	254.0
Torrent Power	0.8	-1.3	28.8
<b>Others</b>			
BSE	2.8	15.7	81.8
Coromandel Intl	0.0	-2.1	19.8
Concor	-0.7	-1.5	59.7
EPL Ltd	3.3	3.4	32.6
Indiamart Inter.	-3.0	-7.3	217.2
Godrej Agrovet	0.6	1.6	28.4
Indian Hotels	0.0	1.2	60.9
Interglobe	-1.4	2.5	79.3
Info Edge	-1.7	-0.4	80.4
Kaveri Seed	4.9	18.5	73.7
Lemon Tree Hotel	-0.8	-0.3	109.2
MCX	1.3	0.9	35.4
Piramal Enterp.	-1.7	-6.3	82.9
PI Inds.	-3.9	5.7	67.2
Qess Corp	0.6	-2.9	242.9
SIS	0.3	-7.4	8.1
SRF	-8.5	1.4	74.6
Tata Chemicals	0.5	-16.2	137.6
Team Lease Serv.	-2.0	-10.8	109.9
Trident	9.9	10.0	224.0
UPL	-0.7	-3.8	70.9

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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website [www.motilaloswal.com](http://www.motilaloswal.com).  
CIN No.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

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