

ASIAMONEY Brokers Poll 2020 (India)

Best Local Brokerage

Market snapshot



Equities - India	Close	Chg .%	CYTD.%
Sensex	48,691	-1.0	2.0
Nifty-50	14,697	-1.0	5.1
Nifty-M 100	24,770	-0.8	18.8
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	4,113	1.2	9.5
Nasdaq	13,125	0.7	1.8
FTSE 100	6,963	-0.6	7.8
DAX	15,200	0.3	10.8
Hang Seng	10,340	-2.1	-3.7
Nikkei 225	27,448	-2.5	0.0
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	69	0.6	34.8
Gold (\$/OZ)	1,816	-1.2	-4.4
Cu (US\$/MT)	10,433	-0.1	34.6
Almn (US\$/MT)	2,464	-1.5	24.8
Currency	Close	Chg .%	CYTD.%
USD/INR	73.4	0.1	0.5
USD/EUR	1.2	-0.6	-1.2
USD/JPY	109.7	1.0	6.2
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.0	0.00	0.1
10 Yrs AAA Corp	6.8	0.00	0.2
Flows (USD b)	12-May	MTD	CY21
FII	-0.17	-1.66	5.55
DII	-0.10	1.39	-1.55
Volumes (INRb)	12-May	MTD*	YTD*
Cash	921	829	785
F&O	80,066	45,147	42,715

Note: \*Average



Today's top research idea

Hindalco: Novelis margins continue to improve

- ❖ The 4QFY21 result of Hindalco (HNDL)'s subsidiary Novelis highlights the inherent strength in the business as its margin continues to record new high every quarter. Adj. EBITDA grew 43% YoY to USD505m (7% above est.), driven by the highest ever margin of USD514/t (est. USD493/t).
- ❖ Novelis should see mix improvement in FY22 as share of auto volumes should increase on strong demand as well as capacity addition.
- ❖ While we expect aluminum prices to sustain on the back of improved demand recovery, high inventory at LME and the fear of production cuts in China pose risk to aluminum prices. We factor in LME of USD2,300/t in FY22E and USD2,100/t in FY23E. A USD100/t change in aluminum prices impacts HNDL's FY23E EPS by 6% and our TP by 5%.
- ❖ The stock trades at 5.6x EV/EBITDA and 8.8x P/E on FY22E. We value it at INR480/share on an SOTP basis. Reiterate Buy.



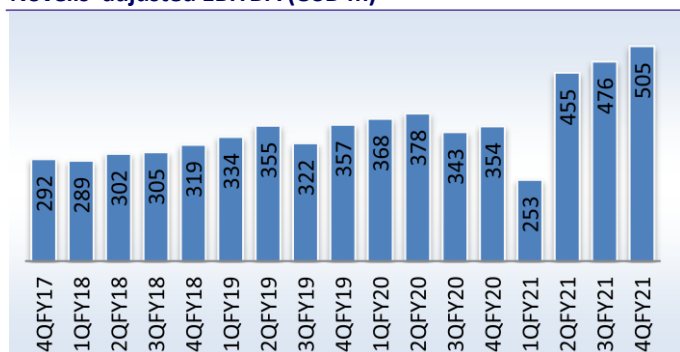
Research covered

Cos/Sector	Key Highlights
Hindalco	Novelis margins continue to improve
Asian Paints	Continued RM inflation leads to earnings cut
Pidilite Industries	Remarkable sales performance; severe pressure on margin ahead
Vedanta	Earnings outlook remains strong
Lupin	Medium term triggers adequately priced; Downgrade to Neutral
Other Notes	UPLL   JSP   PIEL   TPWR   MHPL   VOLT   IEX   KECI   BCORP   WLDL   ORIENTEL   BSE   FUND FOLIO (May 2021)   CDH   BLSTR   Airtel (Africa)   EcoScope (a. CPI/IIP; b. COVID-19)   Automobiles



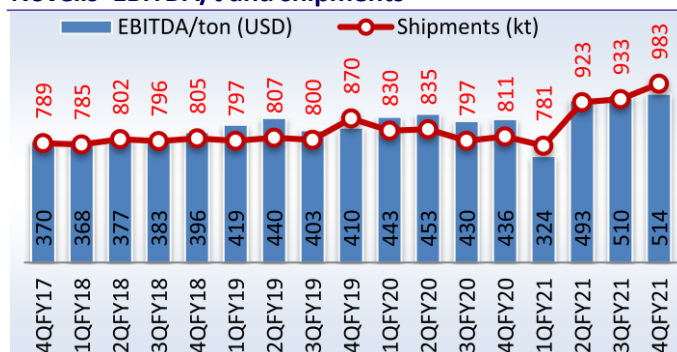
Chart of the Day: Hindalco (Novelis margins continue to improve)

Novelis' adjusted EBITDA (USD m)



Source: MOFSL, Company

Novelis' EBITDA/t and shipments



Source: MOFSL, Company

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

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



Kindly click on textbox for the detailed news link

1

**Sputnik V could be available in India from next week: NITI Aayog**

Amid reports of the shortage of COVID-19 vaccine in various states, Sputnik vaccine has arrived in India, and "hopefully" it will be available in the market from next week, said Dr VK Paul, member (health) of the NITI Aayog, on Thursday. "Sputnik vaccine has arrived in India. ...

2

**US delays implementing new H-1B wage levels to November 2022**

The United States will delay the implementation of a rule that calls for higher wages for H-1B workers to November 2022. The final rule will be published in the Federal Register on May 13. This will delay the effective date of the rule by 18 months - from May 14, 2021 to November 14, 2022.

3

**Maharashtra Extends Restrictions Till June 1 To Contain Covid**

Maharashtra's lockdown-like restrictions to contain the spread of coronavirus will remain in place for the rest of the month. The curbs have been extended till 7 am on June 1, according to the state government. The new restrictions include a mandatory negative RT-PCR test report for those entering the state and curbs on those arriving from...

4

**Tata Sons, Singapore Airlines invest Rs 465 crore in Vistara**

Vistara's owners Tata Sons and Singapore Airlines have together invested Rs 465 crore in the airline by issuing fresh shares into the airline, showed official documents collated by Tofler. Tata Sons which owns 51% of Vistara pumped in Rs 237.15 crore, while Singapore Airlines which owns the remainder put in Rs 227.85 crore. ...

5

**PM-KISAN scheme: Govt to transfer ₹19,000 crore to farmers' accounts on May 14**

The Centre will disburse the eighth instalment of Pradhan Mantri Kisan Samman Nidhi Yojana (PMKSNY) scheme on 14 May. This 14 May payouts, will be the first instalment of PM Kisan for the financial year 2021-22.

6

**Coal India arm CCL records 112% jump in production in April**

Coal India arm Central Coalfields Ltd on Thursday said it has recorded 112 per cent increase in production at 4.84 million tonne (mt) in April. The Jharkhand-based subsidiary had recorded 2.28 mt coal output in April 2020, it said in a statement.

7

**RBI cancels licence of West Bengal-based United Cooperative Bank**

The Reserve Bank of India on Thursday said it has cancelled the licence of United Co-operative Bank Ltd, Bagnan, West Bengal, as it does not have adequate capital and earning prospects. Consequently, the bank ceases to carry on banking business, with effect from the ...



Estimate change	↑
TP change	↑
Rating change	↔

**CMP: INR399      TP: INR480 (+20%)      Buy**

## Novelis margins continue to improve

**We raise HNDL's FY22/FY23 EBITDA estimate by 17%/10%**

- The 4QFY21 result of Hindalco (HNDL)'s subsidiary Novelis highlights the inherent strength in the business as its margin continues to record new high every quarter. Adj. EBITDA grew 43% YoY to USD505m (7% above est.), driven by the highest ever margin of USD514/t (est. USD493/t).
- Novelis should see mix improvement in FY22 as share of auto volumes should increase on strong demand as well as capacity addition.
- We raise our consolidated FY22E/FY23E EBITDA by 17%/10%, factoring in improved margin for Novelis, and higher aluminum price assumption (+15%/5% to USD2,250/2,100 per ton for FY22/FY23). Reiterate **Buy**.

Bloomberg	HNDL IN
Equity Shares (m)	2,229
M.Cap.(INRb)/(USDb)	895.8 / 12.2
52-Week Range (INR)	428 / 114
1, 6, 12 Rel. Per (%)	17/79/174
12M Avg Val (INR M)	4283

### Financial Snapshot (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	1,299	1,664	1,674
EBITDA	171.1	239.3	238.3
Adj. PAT	52.5	100.7	102.5
EBITDA Margin (%)	13.2	14.4	14.2
Cons. Adj. EPS (INR)	23.6	45.3	46.1
EPS Gr. (%)	34.9	91.9	1.8
BV/Sh. (INR)	182	223	265

### Ratios

Net D:E	1.3	0.9	0.6
RoE (%)	13.3	22.4	18.9
RoCE (%)	8.9	12.9	12.3
Payout (%)	8.4	10.3	10.2

### Valuations

P/E (x)	16.9	8.8	8.7
P/BV (x)	2.2	1.8	1.5
EV/EBITDA(x)	8.2	5.6	5.2
Div. Yield (%)	0.4	1.0	1.0
FCF Yield (%)	9.6	10.7	14.8

### Shareholding pattern (%)

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

FII Includes depository receipts

### Novelis' 4QFY21 EBITDA surprises on strong volumes and margin

- Revenue / adj. EBITDA / PAT was up 33%/43%/179% YoY to USD3,631m/USD505m/USD176m and came in 1%/7%/19% above our estimate – led by higher-than-expected volumes and margins.
- Volume grew 5% QoQ to 983kt (est 958kt) due to demand improvement. On a YoY basis, it grew ~21% YoY due to Aleris acquisition. The acquired Aleris business reported EBITDA of USD60m in 4QFY21 (USD200m in FY21).
- Adj. EBITDA/t at USD514/t (+3% QoQ / +19% YoY) is the highest ever and was 4% above our expectation of USD493/t. This includes a synergy run-rate of USD20/t (USD79m) from the Aleris integration.
- FCF post capex of USD152m stood at USD409m in 4Q. Over FY21, it generated FCF of USD740m (v/s USD384m in FY20) and incurred capex of USD485m (USD610m in FY20).
- The company has repaid debt of USD2.0b since 1QFY21 (peak gross debt of USD8.0b). Net debt declined by USD379m QoQ to USD4.96b.
- Net debt/EBITDA fell to 2.9x (from 3.8x post the Aleris acquisition in Apr'20).
- FY21 rev / adj EBITDA / adj PAT stood at USD12.3b/USD1.69b/USD0.65b, +9%/+17%/-1% YoY on the back of 9% volume growth to 3.58mt (due to the Aleris integration). Full-year adj EBITDA/t stood at USD471 (+17% YoY).

### Key highlights – deleveraging to accelerate going forward

- **EBITDA guidance raised:** The management guided for EBITDA of >USD500/t in 1QFY22. The same is likely to improve further in the coming quarters owing to an increase in the share of Auto in the mix. The sustainable EBITDA guidance earlier stood in the range of USD475–500/t.
- **Introduced cash repatriation policy:** Novelis would repatriate USD100m to Hindalco (parent company) in 2QFY22. Also, the Novelis board has decided to repatriate 8–10% of free cashflows before the growth capex annually.
- **Share of Auto to rise in mix:** Auto volume share in 4QFY21 stood at 19% (16% in FY21). The share of Auto is likely to go up in FY22 with the commissioning of 300kt automotive finishing capacity.

- **Capex guidance:** Novelis would spend ~USD1.5b towards organic growth. Maintenance capex is guided at USD300m per annum for the next five years. FY22 capex guidance is at USD600–700m (USD485m in FY21).
- Beverage Can demand is expected to grow 3–6% YoY in CY21. On the other hand, the Automotive market is expected to grow 25–30% YoY in CY21, with broad-based volume recovery across geographies.

#### Valuation and view




- HNDL is our preferred non-ferrous pick owing to its (a) robust volume recovery in both India and Novelis, (b) strong profitability in the primary Aluminum business – given its low-cost integrated aluminum operations in India (in the top quartile globally) and higher LME, (c) solid FCF generation, which should reduce leverage sharply, and (d) reasonable valuation.
- The outlook for Novelis is positive due to resilience in the Beverage Can business and recovery in Auto demand (a high-margin business). Moreover, with better cost control and accruing synergies from Aleris, we expect Novelis' business margins to remain strong at USD500+/t.
- With ~65% EBITDA contribution now coming from the non-LME business (Novelis), we also see relatively higher stability in HNDL's earnings.
- While we expect aluminum prices to sustain on the back of improved demand recovery, high inventory at LME and the fear of production cuts in China pose risk to aluminum prices. We factor in LME of USD2,300/t in FY22E and USD2,100/t in FY23E. A USD100/t change in aluminum prices impacts HNDL's FY23E EPS by 6% and our TP by 5%.
- The stock trades at 5.6x EV/EBITDA and 8.8x P/E on FY22E. We value it at INR480/share on an SOTP basis. Reiterate **Buy**.

#### Quarterly Performance (Novelis) – USD m

Y/E March	FY20				FY21E				FY20	FY21	vs Est	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				4QE
<b>Sales (000 tons)</b>	830	835	797	811	781	923	933	983	3,273	3,584	958	3
Change (YoY %)	4.1	3.5	-0.4	-6.8	-5.9	10.5	17.1	21.2	0.0	9.5	18.1	
<b>Net Sales</b>	2,925	2,851	2,715	2,726	2,426	2,978	3,241	3,631	11,217	12,276	3,585	1
Change (YoY %)	-5.6	-9.1	-9.8	-11.6	-17.1	4.5	19.4	33.2	-9.0	9.4	31.5	
<b>EBITDA (adjusted)</b>	368	378	343	354	253	455	476	505	1,443	1,689	472	7
Change (YoY %)	10.2	6.5	6.5	-0.8	-31.3	20.4	38.8	42.7	5.5	17.0	33.3	
<b>EBITDA per ton (USD)</b>	443	453	430	436	324	493	510	514	441	471	493	4
Interest	62	58	57	63	67	69	63	59	240	258	61	-2
Depreciation	88	88	91	94	118	141	137	147	361	543	149	-1
<b>PBT (before EO item)</b>	218	232	195	197	68	245	276	299	842	888	262	14
Extra-ordinary Income	(28)	(60)	(39)	(113)	(176)	(214)	(19)	(4)	(240)	(413)	(51)	-92
<b>PBT (after EO item)</b>	190	172	156	84	-108	31	257	295	602	475	211	39
Total Tax	63	49	49	21	-29	68	80	119	182	238	63	88
<b>Reported PAT</b>	127	123	107	63	-79	-37	178	176	420	237	148	19
Change (YoY %)	-7	6	37	-39	-162	-130	66	179	-3	-44	135	
<b>Adjusted PAT</b>	155	183	146	176	97	177	197	180	660	651	199	-10



# Asian Paints

Estimate change   
 TP change   
 Rating change 

**CMP: INR2,556 TP: INR2,620 (+2%) Neutral**

## Continued RM inflation leads to earnings cut

Bloomberg	APNT IN
Equity Shares (m)	959
M.Cap.(INRb)/(USD\$b)	2451.8 / 33.4
52-Week Range (INR)	2871 / 1483
1, 6, 12 Rel. Per (%)	-3/5/13
12M Avg Val (INR M)	5374

### Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	217.1	241.3	273.5
Sales Gr. (%)	7.4	11.1	13.4
EBITDA	48.6	52.6	61.2
EBIT Margin (%)	22.4	21.8	22.4
Adj. PAT	32.1	35.1	41.8
Adj. EPS (INR)	33.4	36.6	43.6
EPS Gr. (%)	15.4	9.5	19.1
BV/Sh.(INR)	133.5	145.1	158.7

### Ratios

RoE (%)	28.0	26.3	28.7
RoCE (%)	24.2	23.1	25.1
Payout (%)	53.4	68.3	68.8

### Valuation

P/E (x)	76.5	69.8	58.6
P/BV (x)	19.1	17.6	16.1
EV/EBITDA (x)	49.5	45.5	38.7
Div. Yield (%)	0.7	1.0	1.2

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	52.8	52.8	52.8
DII	7.4	7.1	10.0
FII	20.4	21.1	17.2
Others	19.5	19.0	20.0

FII Includes depository receipts

- APNT declared a stellar topline growth in 4QFY21, with 48% volume growth, led by pent-up demand, especially as demand in Tier I cities recovered sequentially; recovery in the Project business; and gain in market share from organized and unorganized peers. Growth was also aided by a soft base.
- The management said higher severity of the ongoing second wave of COVID-19 is creating a near term impact on demand, particularly due to lockdowns. It was also concerned about the impact spreading to rural India, which has been a major growth driver in recent years. However, it is confident of bouncing back once normalcy returns. In spite of the ~43% YoY sales decline in 1Q, the company achieved ~7% sales growth in FY21.
- While the company has taken a 2.8% price increase in Apr'21 and is considering another hike, the steep material cost inflation since Dec'20 will put pressure on gross and EBITDA margin as it did in 4QFY21, when EBITDA and PAT were below estimates. We expect a 60bp YoY dip on the EBITDA margin front in FY22E from record high levels of 22.4% in FY21, before returning to FY21 levels in FY23E. While sales growth has been strong and we expect the company to bounce back after the impact of the ongoing second COVID wave recedes, valuations at 58.6x FY23E EPS fully capture the upside from a one-year period. Maintain **Neutral**.

## Outstanding topline growth, higher RM inflation led to EBITDA/PAT miss

- **Consolidated net sales grew 43.5% YoY** to INR66.5b (est. INR58b) in **4QFY21**. Volume growth stood at 48% (est. 30%) in the domestic Decorative Paints business.
- Gross margin fell 270bp YoY to 43.2%. As a percentage of sales, lower employee costs (-100bp YoY) and lesser other expenses (-290bp) meant that EBITDA margin expanded by 130bp to 19.8% (est. 24.4%).
- EBITDA grew 53.4% YoY to INR13.2b (est. INR14.2b).
- PBT grew by 65.5% YoY to INR11.5b (est. INR12.7b).
- Adjusted PAT grew 81.1% YoY to INR8.7b (est. INR9.7b).
- Sales/EBITDA/PAT grew 7.4%/16.7%/15.4% YoY in FY21.
- **Balance Sheet highlights:** On an average basis, inventory/debtor/creditor days increased by one/three/five days to 60/37/46 days in FY21. Cash conversion cycle decreased by one day to 51 days in FY21.
- **Cash flows:** OCF/FCF grew 40%/51.4% to INR36.8b/INR34.3b in FY21.

## Highlights from the management commentary

- Near-term demand uncertainty is again on the rise as the second wave is far more widespread than the first, with COVID-19 cases spreading to the hinterland this time.
- Last year, there was a moratorium on loan repayments, which retained money in the hands of consumers even in a difficult environment. No such measures have been announced in CY21, and such a move would be welcome.

- The management said APNT gained share from other organized players in each of the quarters of FY21, and there were also gains from unorganized players as their supply chain was affected.
- The material cost environment is challenging and the company has taken a 2.8% price increase in Apr'21. Considering more increases, along with cost savings, it could lead to some improvements on a sequential basis over the disappointing 4QFY21 levels.

#### Valuation and view

- Changes to the model have resulted in a 7.4%/4.8% cut in FY22E/FY23E EPS on account of elevated crude oil-linked material cost pressures and because of the impact of the ensuing COVID lockdown on sales growth v/s earlier expectations.
- APNT has posted a much faster recovery than most peers, ending FY21 with ~7% topline growth post a decline of ~43% in 1Q. This is even more impressive considering the discretionary nature of the business, and gives us confidence of a bounce back in demand after the impact of the second COVID wave recedes.
- Valuations at 58.6x FY23E EPS prevent us from turning constructive on the stock. We maintain our target multiple of 60x FY23E EPS, which gives us a TP of INR2,620/share. Maintain **Neutral**.

#### Quarterly performance (consolidated)

Y/E March	(INR b)												
	FY20				FY21				FY20	FY21	4QFY21E		Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q					
<b>Est. dom. Deco. vol. growth (%)</b>	<b>16.0</b>	<b>14.0</b>	<b>11.0</b>	<b>2.5</b>	<b>-38.0</b>	<b>11.0</b>	<b>33.0</b>	<b>48.0</b>	<b>10.9</b>	<b>8.5</b>	<b>30.0</b>		
<b>Net Sales</b>	<b>51.0</b>	<b>50.5</b>	<b>54.2</b>	<b>46.4</b>	<b>29.2</b>	<b>53.5</b>	<b>67.9</b>	<b>66.5</b>	<b>202.1</b>	<b>217.1</b>	<b>58.0</b>	<b>14.7%</b>	
Change (%)	16.3	9.4	3.0	-7.1	-42.7	5.9	25.2	43.5	5.0	7.4	25.1		
<b>Gross Profit</b>	<b>22.3</b>	<b>21.4</b>	<b>23.3</b>	<b>21.3</b>	<b>13.1</b>	<b>23.8</b>	<b>30.6</b>	<b>28.7</b>	<b>88.3</b>	<b>96.2</b>	<b>25.6</b>		
Gross Margin (%)	43.6	42.4	43.0	45.8	44.7	44.4	45.1	43.2	43.7	44.3	44.1		
<b>EBITDA</b>	<b>11.6</b>	<b>9.5</b>	<b>11.9</b>	<b>8.6</b>	<b>4.8</b>	<b>12.7</b>	<b>17.9</b>	<b>13.2</b>	<b>41.6</b>	<b>48.6</b>	<b>14.2</b>	<b>-6.9%</b>	
Margin (%)	22.7	18.9	21.9	18.5	16.6	23.6	26.3	19.8	20.6	22.4	24.4		
Change (%)	24.5	13.0	7.7	-3.0	-58.2	32.5	50.3	53.4	10.5	16.7	64.7		
Interest	0.3	0.3	0.2	0.3	0.2	0.2	0.2	0.3	1.0	0.9	0.2		
Depreciation	1.9	2.0	2.0	1.9	1.9	1.9	1.9	2.1	7.8	7.9	2.0		
Other Income	0.7	1.1	0.7	0.6	0.5	0.8	1.0	0.8	3.0	3.0	0.8		
<b>PBT</b>	<b>10.1</b>	<b>8.4</b>	<b>10.4</b>	<b>7.0</b>	<b>3.2</b>	<b>11.3</b>	<b>16.7</b>	<b>11.5</b>	<b>35.8</b>	<b>42.8</b>	<b>12.7</b>	<b>-9.8%</b>	
Tax	3.5	0.1	2.8	2.2	0.9	2.9	4.3	2.9	8.5	11.0	3.0		
Effective Tax Rate (%)	34.7	0.9	26.7	31.5	26.9	25.9	25.8	24.9	23.9	25.7	23.3		
<b>Adjusted PAT</b>	<b>6.7</b>	<b>8.5</b>	<b>7.8</b>	<b>4.8</b>	<b>2.2</b>	<b>8.5</b>	<b>12.7</b>	<b>8.7</b>	<b>27.8</b>	<b>32.1</b>	<b>9.7</b>	<b>-10.2%</b>	
Change (%)	18.3	67.1	20.3	-1.8	-67.4	0.8	62.3	81.1	25.5	15.4	101.7		

E: MOFSL estimates



# Pidilite Industries

Estimate change	↓
TP change	↑
Rating change	↔

**CMP: INR1,879    TP: INR1,700 (-10%)    Neutral**

## Remarkable sales performance; severe pressure on margin ahead

Bloomberg	PIDI IN
Equity Shares (m)	513
M.Cap.(INRb)/(USDb)	954.8 / 13
52-Week Range (INR)	1928 / 1307
1, 6, 12 Rel. Per (%)	0/7/-17
12M Avg Val (INR M)	1391

### Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	72.9	80.2	91.3
Sales Gr. (%)	-0.6	10.0	13.8
EBITDA	16.8	17.7	21.1
EBITDA Margin (%)	23.0	22.0	23.1
Adj. PAT	11.3	11.8	14.5
Adj. EPS (INR)	22.2	23.3	28.5
EPS Gr. (%)	-7.3	5.2	22.2
BV/Sh.(INR)	110.1	126.4	145.7

### Ratios

RoE (%)	22.4	19.7	20.9
RoCE (%)	20.0	17.6	19.1
Payout (%)	33.6	32.2	26.3

### Valuations

P/E (x)	84.8	80.7	66.0
P/BV (x)	17.1	14.9	12.9
EV/EBITDA (x)	56.4	53.5	44.5

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	70.2	70.2	69.9
DII	7.6	8.2	8.0
FII	11.9	11.4	11.5
Others	10.4	10.2	10.6

FII includes depository receipts

- PIDI delivered a strong topline performance in 4QFY21. Even if we were to exclude the addition of the first full quarter of the Huntsman business (4.5% of sales in 4QFY21), which was acquired in Nov'20, sales grew by 37.6% YoY.
- Vinyl acetate monomer (VAM) prices have doubled in Apr-May'21 from consumption cost of USD970/mt in 3QFY21. The management guided that despite price increases and cost savings, margin will be impacted over the next 2-3 quarters until material cost stabilize some time in 2HFY22.
- On demand trends, management indicated that unlike the impact seen during the first COVID wave in 1QFY21, rural and small towns in India have also been affected in the ongoing second wave. It said that the B2B business (~15% of sales) has not been affected so far.
- We expect the company to bounce back strongly post the lifting of lockdowns and perform similar to what they did last year after a 56.5% decline in sales in 1QFY21. Full year sales for the Huntsman business and its higher operating margin (12-13 percentage points higher than PIDI's business) would limit sales and margin impact in FY22 to some extent. The structural story remains attractive, but valuations at 66x FY23E EPS are expensive. **Maintain Neutral.**

## Strong growth on all fronts; addition of Hunstman means performance v/s estimates are not comparable

- **Consolidated net sales grew 44.7% YoY to INR22.4b in 4QFY21.** EBITDA/PBT/adjusted PAT grew 53.1%/62.2%/63.6% YoY to INR4.6b/INR4.1b/INR3.1b.
- Standalone sales volume and mix growth stood at 39.7% YoY, with 45.3%/25.9% sales volume and mix growth in the C&B/B2B segment.
- Overall gross margin fell 460bp YoY to 50.8%. As a percentage of sales, lower employee expenses (down 200bp YoY to 11.8%) and lesser other expenses (down 360bp to 18.4%) led to 110bp EBITDA margin expansion to 20.6%.
- Revenue for the standalone **Consumer and Bazaar (C&B)** segment rose 46% YoY to INR14.5b. Segment EBIT grew 51.4% YoY to INR4.3b. Segmental EBIT margin expanded 110bp YoY to 29.6%.
- Standalone **Business-to-Business (B2B)** segment grew 26.3% YoY to INR4.2b. Segmental margin declined 780bp YoY to 14.4%.
- **Performance of subsidiaries in 4QFY21:** Revenue from overseas subsidiaries grew 29.2% YoY to INR1.8b. EBITDA came in at INR126m v/s a loss of INR2m YoY. Revenue from domestic subsidiaries grew 94.1% YoY to INR3b and EBITDA grew 512.1% to INR424m. Excluding Pidilite Adhesives Pvt (Huntsman acquisition), revenue from domestic subsidiaries grew 23.5% YoY to INR1.9b, while EBITDA grew 16.4% YoY to INR81m.
- PIDI's board of directors has recommended a dividend of INR8.5/share.

### Highlights from the management commentary

- VAM costs have doubled over the last few months to USD2,000/mt at present, which is a steep rise even over 3Q/4QFY21 average consumption cost of USD970/USD1,200 per mt.
- While PIDI took a round of price increases in Mar'21 and another one in May'21 to offset the 75% cost increase, it expects margin to be under pressure over the next few quarters, despite pricing and cost actions.
- Despite the COVID-19 outbreak, PIDI continues to invest for long-term growth. It embarked on seven brownfield projects and one greenfield project in India during FY21. It will continue to have an annual capex of INR3-3.5b, with 8-9 smaller greenfield projects coming up.

### Valuation and view

- Despite the addition of the Huntsman business (4.5% of sales in 4QFY21 with 12-13% higher operating margin) to our FY22E forecasts, our FY22E/FY23E EPS has been cut by 4.7%/3%. The management is continuing on its high capex path with a long-term growth opportunity in mind, which will result in higher than expected depreciation compared to our earlier forecasts.
- Topline growth in 4QFY21 is a vindication of the latent growth opportunity in the core, pioneer, and growth categories. Once the near-term lockdown inflicted restrictions are lifted and material cost stabilize (their ongoing rise is not driven by structural factors), earnings growth could potentially be healthy post FY22.
- PIDI has been the most consistent and is among the highest wealth creators over a long period ([wealth creation note](#)). Transformative changes are underway in the business as highlighted in our [CEO track note](#), leading to continued strong topline growth in the medium term.
- While the structural investment case remains intact, valuations are very expensive at 66x FY23E EPS. We maintain our Neutral stance with a TP of INR1,700 per share (60x FY23E EPS).

### Consolidated quarterly earning model

Y/E March	(INR m)											
	FY20				FY21				FY20	FY21	FY21	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4QE	4QE	(%)	
<b>Net Sales</b>	<b>20,166</b>	<b>18,066</b>	<b>19,266</b>	<b>15,447</b>	<b>8,778</b>	<b>18,803</b>	<b>22,990</b>	<b>22,355</b>	<b>73,348</b>	<b>72,927</b>	<b>19,000</b>	<b>17.7</b>
YoY change (%)	10.0	2.8	4.2	-5.8	-56.5	4.1	19.3	44.7	3.6	-0.6	23.0	
<b>Gross Profit</b>	<b>10,361</b>	<b>9,644</b>	<b>10,363</b>	<b>8,552</b>	<b>4,694</b>	<b>10,520</b>	<b>12,588</b>	<b>11,359</b>	<b>39,323</b>	<b>39,160</b>	<b>10,100</b>	
Margin (%)	51.4	53.4	53.8	55.4	53.5	55.9	54.8	50.8	53.6	53.7	53.2	
<b>EBITDA</b>	<b>4,437</b>	<b>3,682</b>	<b>4,632</b>	<b>3,009</b>	<b>664</b>	<b>5,126</b>	<b>6,408</b>	<b>4,608</b>	<b>16,163</b>	<b>16,806</b>	<b>4,620</b>	<b>-0.3</b>
YoY change (%)	16.3	0.5	37.5	7.9	-85.0	39.2	38.4	53.1	18.5	4.0	53.5	
Margin (%)	22.0	20.4	24.0	19.5	7.6	27.3	27.9	20.6	22.0	23.0	24.3	
Depreciation	377	402	419	501	461	479	495	572	1,699	2,007	531	
Interest	73	83	82	98	91	87	121	74	336	372	91	
Other Income	399	558	398	140	200	217	204	173	1,494	794	235	
<b>PBT</b>	<b>4,385</b>	<b>3,755</b>	<b>4,530</b>	<b>2,550</b>	<b>312</b>	<b>4,778</b>	<b>5,997</b>	<b>4,135</b>	<b>15,622</b>	<b>15,221</b>	<b>4,233</b>	<b>-2.3</b>
Tax	1,444	293	1,084	656	159	1,220	1,548	1,038	3,477	3,964	930	
Rate (%)	32.9	7.8	23.9	25.7	50.8	25.5	25.8	25.1	23.1	26.1	22.0	
<b>Adj. PAT</b>	<b>2,941</b>	<b>3,462</b>	<b>3,445</b>	<b>1,894</b>	<b>154</b>	<b>3,558</b>	<b>4,449</b>	<b>3,097</b>	<b>11,742</b>	<b>11,258</b>	<b>3,303</b>	<b>-6.2</b>
YoY change (%)	22.4	48.2	58.0	-23.1	-94.8	2.8	29.1	63.6	25.1	-4.1	74.4	
Margin (%)	14.6	19.2	17.9	12.3	1.7	18.9	19.3	13.9	16.0	15.4	17.4	

E: MOFSL estimates





Estimate change



TP change



Rating change



**CMP: INR283**

**TP: INR300 (+6%)**

**Neutral**

## Earnings outlook remains strong

### Raising estimates on strong commodity prices

- Vedanta (VEDL) reported better-than-expected 4QFY21 results, with EBITDA up 17% QoQ to INR90.4b (est. INR87.6b), at the highest ever.
- With higher commodity prices in the near term, the earnings outlook remains strong. We raise VEDL's FY22E/FY23E EBITDA estimate by 17%/8%, factoring in higher commodity prices.
- Given the promoter's intent to increase the stake and loans given to the parent by VEDL, we believe potential corporate actions could be the key drivers of the stock price. Moreover, high leverage and scheduled debt repayments at the parent VRL remain an overhang. Maintain **Neutral**.

### High commodity prices boost EBITDA to all-time high

- 4Q EBITDA rose 17% QoQ (99% YoY) to INR90.4b (est. INR87.6b) and adj. PAT rose 15% QoQ to INR34.9b (est. INR37.4b), led by higher commodity prices. EBITDA (excl. Hindustan Zinc) improved 15% QoQ to INR51.5b.
- **Hindustan Zinc Ltd (HZ)** had earlier reported EBITDA of INR38.8b (up 19% QoQ; 97% YoY), driven by higher metal volumes and prices ([refer note](#)).
- **Aluminum** EBITDA improved 33% QoQ (141% YoY) to INR27.4b (+16% v/s est). This was attributable to a ~9% QoQ rise in LME Aluminum prices and 8% increase in volumes to 542kt (est 498kt), offset by a 3% QoQ increase in hot metal CoP to USD1,433/t.
- **Oil and Gas (O&G)** EBITDA improved 25% QoQ to INR10.7b (est. INR10.5b) on sequential recovery in crude prices to USD61.3/bbl (+35% QoQ). Volumes improved 3% QoQ to 165k bpd (est. 168k bpd).
- Consolidated net debt declined INR112b QoQ to INR244.1b (0.9x of EBITDA). Excluding net cash at HZ, net debt stood at INR395b (2.5x of EBITDA).
- FY21 rev / EBITDA / adj. PAT stood at INR880b/INR273b/INR96b (+6%/+41%/+195% YoY). Reported OCF/FCF for FY21 stood at INR240b/INR171b (+24%/+49% YoY).

### Highlights from management commentary

- VEDL's board has approved project capex of INR46.8b for the expansion of its alumina refinery from 2mtpa to 5mtpa by 1QFY23.
- Post the balance sheet date, of the USD966m loans given to VRL, VEDL has received its first installment of USD203m.
- Capex guidance for FY22 stands at USD1.1b (v/s spend of USD0.3b in FY21).
- The management expects a 10-year extension on the profit-sharing contract (PSC) for its O&G block RJ-ON-90/1 in Rajasthan on existing terms (i.e., at 40% profit-sharing). The government, however, demands an increase of 10% in the profit-sharing to 50% to grant an extension. The matter is under litigation and due for hearing on 20<sup>th</sup> May'21. Pending the outcome of the litigation, the existing PSC has been extended to 31<sup>st</sup> Jul'21.

Bloomberg	VEDL IN
Equity Shares (m)	3,717
M.Cap.(INRb)/(USDb)	1049 / 14.3
52-Week Range (INR)	296 / 79
1, 6, 12 Rel. Per (%)	31/161/161
12M Avg Val (INR M)	4121
Free float (%)	34.8

### Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	880.2	1,113.4	1,062.4
EBITDA	273.2	378.2	357.4
Adj. PAT	96.3	148.6	128.8
EBITDA Margin (%)	31.0	34.0	33.6
Cons. Adj. EPS (INR)	25.9	39.9	34.6
EPS Gr. (%)	195.3	54.3	-13.3
BV/Sh. (INR)	167.4	180.1	188.5

### Ratios

Net D:E	0.6	0.5	0.4
RoE (%)	16.5	23.0	18.8
RoCE (%)	16.2	22.5	19.8
Payout (%)	44.0	80.4	90.9

### Valuations

P/E (x)	10.9	7.1	8.2
P/BV (x)	1.7	1.6	1.5
EV/EBITDA(x)	6.7	4.7	4.8
Div. Yield (%)	3.4	9.4	9.3
FCF Yield (%)	20.6	18.3	20.4

\*Attributable EBITDA

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	55.1	55.1	50.1
DII	11.6	13.2	18.8
FII	16.6	16.4	15.6
Others	16.7	15.3	15.5

FII Includes depository receipts

**Valuation and view**

- Higher commodity prices and volume growth in zinc/aluminum should drive strong earnings growth. Over FY21–23E, we estimate a CAGR of 14% in EBITDA and 16% in EPS.
- A loan extension of USD956m to its parent group highlights the stretched balance sheet of the promoter. VRL had net debt of USD7.3b at end-FY20.
- Given the promoter’s intent to increase the stake and loans given to the parent by VEDL, we believe potential corporate actions could be the key drivers of the stock price. At CMP, the stock is trading at 4.8x FY22E EV/EBITDA. We value VEDL on an SOTP basis to arrive at TP of INR300. Maintain **Neutral**.

**Quarterly Performance (Consolidated)**

Y/E March	FY20				FY21				FY20	FY21E	INR b	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	vs Est. %
<b>Net Sales</b>	<b>213.7</b>	<b>219.6</b>	<b>200.8</b>	<b>197.6</b>	<b>159.7</b>	<b>211.1</b>	<b>227.4</b>	<b>282.1</b>	<b>831.7</b>	<b>880.2</b>	255.1	11
Change (YoY %)	-3.7	-3.3	-15.1	-15.8	-25.3	-3.9	13.2	42.8	-9.6	5.8	29.1	
Total Expenditure	162	175	148	152	120	146	150	192	638	607	167.5	14
<b>EBITDA</b>	<b>52.0</b>	<b>44.2</b>	<b>52.4</b>	<b>45.5</b>	<b>39.9</b>	<b>65.3</b>	<b>77.6</b>	<b>90.4</b>	<b>194.1</b>	<b>273.2</b>	87.6	3
Change (YoY %)	-15.0	-15.1	-7.2	-25.8	-23.2	47.7	48.1	98.5	-16.0	40.7	92.5	
As % of Net Sales	24.3	20.1	26.1	23.0	25.0	30.9	34.1	32.0	23.3	31.0	34.4	
Finance cost	13.4	13.4	12.3	10.6	12.5	13.1	13.2	13.3	49.8	52.1	13.1	1
DD&A	21.6	24.0	22.9	22.5	17.3	19.4	19.1	20.6	90.9	76.4	19.4	6
Other Income	3.8	8.6	6.5	6.3	10.3	6.5	8.9	8.6	25.1	34.2	4.7	84
<b>PBT (before EO item)</b>	<b>20.8</b>	<b>15.4</b>	<b>23.6</b>	<b>18.6</b>	<b>20.3</b>	<b>39.3</b>	<b>54.1</b>	<b>65.2</b>	<b>78.5</b>	<b>178.9</b>	59.8	9
EO exp. (income)	-4.2	3.7	-13.9	171.3	0.0	-1.0	0.0	0.0	156.9	-1.0	0.0	
<b>PBT (after EO item)</b>	<b>25.0</b>	<b>11.8</b>	<b>37.5</b>	<b>-152.7</b>	<b>20.3</b>	<b>40.3</b>	<b>54.1</b>	<b>65.2</b>	<b>-78.4</b>	<b>179.9</b>	59.8	9
Total Tax	5.6	-15.5	10.8	-31.9	5.1	23.7	11.9	-18.9	-31.0	21.8	13.1	-244
% Tax	22.3	-131.8	28.9	20.9	25.1	58.8	21.9	-28.9	39.5	12.1	21.9	
<b>Reported PAT</b>	<b>19.4</b>	<b>27.3</b>	<b>26.7</b>	<b>-120.8</b>	<b>15.2</b>	<b>16.6</b>	<b>42.2</b>	<b>84.0</b>	<b>-47.4</b>	<b>158.1</b>	46.7	80
Profit from Asso.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Minority interest	5.9	5.7	3.2	4.4	4.9	8.2	9.3	12.0	19.2	34.3	9.3	
<b>Adjusted PAT</b>	<b>7.8</b>	<b>4.5</b>	<b>12.4</b>	<b>7.9</b>	<b>10.3</b>	<b>7.4</b>	<b>30.2</b>	<b>34.9</b>	<b>-67</b>	<b>96.3</b>	37.4	-7
Change (YoY %)	-54.2	-59.3	-28.9	-66.3	32.2	66.2	143.5	341.1	-52.7	195.3	23.8	



Estimate change	↑
TP change	↑
Rating change	↓

**CMP: INR1,210 TP: INR1,320 (+9%) Downgrade to Neutral**

**Medium term triggers adequately priced**

**Downgrade to Neutral**

Bloomberg	LPC IN
Equity Shares (m)	453
M.Cap.(INRb)/(USD\$b)	549.4 / 7.5
52-Week Range (INR)	1246 / 827
1, 6, 12 Rel. Per (%)	14/23/-12
12M Avg Val (INR M)	3562

**Financials & Valuations (INR b)**

Y/E MARCH	2021	2022E	2023E
Sales	150.9	172.9	198.4
EBITDA	25.3	34.9	41.1
Adj. PAT	11.9	18.2	22.3
EBIT Margin (%)	10.9	14.7	15.7
Cons. Adj. EPS (INR)	26.3	40.2	49.5
EPS Gr. (%)	12.3	53.0	22.9
BV/Sh. (INR)	304.2	335.4	373.2

**Ratios**

Net D:E	0.1	0.1	0.1
RoE (%)	9.0	12.6	14.0
RoCE (%)	7.5	10.8	12.5
Payout (%)	30.4	26.2	23.7

**Valuations**

P/E (x)	46.2	30.1	24.5
EV/EBITDA (x)	22.4	16.3	13.6
Div. Yield (%)	0.6	0.7	0.8
FCF Yield (%)	1.4	0.9	3.2
EV/Sales (x)	3.8	3.3	2.8

**Shareholding pattern (%)**

As On	Mar-21	Dec-20	Mar-20
Promoter	46.9	46.9	46.9
DII	22.6	21.4	16.6
FII	17.9	19.0	22.7
Others	12.7	12.8	13.9

FII Includes depository receipts

- LPC's 4QFY21 operational performance was slightly below our estimates, led by a weak Flu season in the US and YoY decline in API sales. In addition to the ongoing exercise to control opex, it remains on track for the review process of limited competition products for developed markets.
- We have raised our FY22E/FY23E EPS by 2%/9% to factor in: a) outperformance in the domestic formulation (DF) segment, b) niche launches in the US and European market, c) extended benefit of cost savings in DF, and d) lower effective tax rate. We value LPC at 25x 12-month forward earnings to arrive at our TP of INR1,320/share. We believe that current valuation factors the potential upside from niche launches. We **downgrade to Neutral** on limited upside from current levels.

**Product mix, lower opex/tax drive earnings in 4QFY21**

- Sales were down 1.6% YoY to INR37.8b (est. INR40b) in 4QFY21.
- DF sales were up 7.9% YoY to INR12.9b (34% of sales). EMEA (Europe, Middle East, and Africa) sales were up 2.7% YoY to INR3.7b (10% of sales). Sales in growth markets grew 8.3% YoY to INR3b (8% of sales).
- A 5% YoY decline in US sales (-8% YoY in CC terms; 40% of sales) and 22% dip in API sales (7% of sales) dragged overall sales growth.
- Gross margin expanded 170bp YoY to 65.2%. This was largely due to a change in the product mix. EBITDA margin expanded at a higher rate (500bp YoY) to 18.7% (est. 19.1%) due to better operating leverage (employee expense/other expenses down 290bp/50bp YoY as a percentage of sales).
- EBITDA was up ~35% YoY to INR7.1b (est. INR7.6b).
- Adjusted PAT grew at a higher rate (~80% YoY) to INR4.6b (est. INR4.2b), aided by a better margin and a lower tax rate.
- Sales declined 1.8% YoY to INR151b while EBITDA/PAT grew 7.5%/12.3% YoY to INR25.3b/INR11.9b in FY21.

**Highlights from the management interaction**

- The management expects double-digit YoY growth in US sales in FY22.
- It indicated DF sales to be back to double-digit YoY growth in FY22.
- LPC expects EBITDA margin to remain on an uptrend with 19-20%/21-22% growth in FY22/FY23, led by niche launches and robust traction in the base business.
- The management guided at an effective tax rate of 27-28% in FY22.
- LPC has made significant progress on its g-Fostair application for the European market. It expects approval for the same soon.

### Valuation and view

- We have raised our FY22E/FY23E EPS by 2%/9% to factor in: a) niche launches in the US/European market, b) increasing market share in already commercialized products, c) better growth in DF, and d) extended benefit of operational cost savings.
- We expect 35% earnings CAGR over FY21-23E, led by 19%/14% sales CAGR in the US/DF market, supported by 400bp margin expansion.
- We expect RoE to improve to 14% by FY23E from 9% in FY21.
- We value LPC at 25x 12-month forward earnings to arrive at our TP of INR1,320/share. Downgrade to Neutral as current valuation adequately factors the potential upside in earnings over next 2 years.

### Consolidated quarterly performance

Y/E March	(INR m)											
	FY20				FY21				FY20	FY21	4Q	Var.
	1Q	2Q*	3Q	4Q	1Q	2Q	3Q	4Q			FY21E	(%)
<b>Net Sales</b>	<b>38,775</b>	<b>38,822</b>	<b>37,693</b>	<b>38,457</b>	<b>35,276</b>	<b>38,350</b>	<b>39,474</b>	<b>37,831</b>	<b>153,748</b>	<b>150,930</b>	<b>40,024</b>	-5.5
YoY Change (%)	0.6	-1.7	-4.5	-1.1	-9.0	-1.2	4.7	-1.6	4.8	-1.8	4.1	
Total Expenditure	31,578	32,416	33,002	33,204	30,194	32,538	32,126	30,756	130,200	125,614	32,390	
<b>EBITDA</b>	<b>7,198</b>	<b>6,406</b>	<b>4,691</b>	<b>5,253</b>	<b>5,082</b>	<b>5,812</b>	<b>7,347</b>	<b>7,076</b>	<b>23,548</b>	<b>25,316</b>	<b>7,634</b>	-7.3
YoY Change (%)	1.7	16.5	-31.2	-32.6	-29.4	-9.3	56.6	34.7	-8.0	7.5	45.3	
Margin (%)	18.6	16.5	12.4	13.7	14.4	15.2	18.6	18.7	15.3	16.8	19.1	
Depreciation	2,502	2,526	2,532	2,143	2,146	2,127	2,443	2,157	9,702	8,874	2,453	
<b>EBIT</b>	<b>4,696</b>	<b>3,880</b>	<b>2,159</b>	<b>3,111</b>	<b>2,935</b>	<b>3,684</b>	<b>4,904</b>	<b>4,918</b>	<b>13,846</b>	<b>16,442</b>	<b>5,181</b>	
YoY Change (%)	4.6	36.5	-53.3	-44.5	-37.5	-5.0	127.2	58.1	-6.2	18.8	66.6	
Margin (%)	12.1	10.0	5.7	8.1	8.3	9.6	12.4	13.0	9.0	10.9	12.9	
Interest	844	826	886	1,074	443	336	309	318	3,630	1,406	310	
Other Income	536	1,280	936	826	436	250	212	582	3,578	1,479	256	
EO Exp./(Inc.)	-400	5,465	3,287	-2,091	204	0	-440	0	6,261	-236	0	
<b>PBT</b>	<b>4,788</b>	<b>-1,131</b>	<b>-1,078</b>	<b>4,954</b>	<b>2,725</b>	<b>3,598</b>	<b>5,247</b>	<b>5,182</b>	<b>7,533</b>	<b>16,751</b>	<b>5,127</b>	1.1
Tax	2,155	695	7,670	1,051	1,643	1,467	835	540	11,571	4,485	932	
Rate (%)	45.0	-61.5	-711.4	21.2	60.3	40.8	15.9	10.4	153.6	26.8	18.2	
Minority Interest	-13	27	-64	7	-12	-21	-29	-38	-43	-101	-23	
<b>Reported PAT</b>	<b>2,646</b>	<b>-1,853</b>	<b>-8,685</b>	<b>3,896</b>	<b>1,069</b>	<b>2,110</b>	<b>4,383</b>	<b>4,604</b>	<b>-3,995</b>	<b>12,165</b>	<b>4,173</b>	10.3
<b>Adj. PAT</b>	<b>2,807</b>	<b>3,373</b>	<b>1,834</b>	<b>2,559</b>	<b>1,150</b>	<b>2,110</b>	<b>4,013</b>	<b>4,604</b>	<b>10,572</b>	<b>11,876</b>	<b>4,172</b>	10.3
YoY Change (%)	38.4	26.8	-36.2	-0.1	-59.0	-37.4	118.8	79.9	0.2	12.3	63.1	
Margin (%)	7.2	8.7	4.9	6.7	3.3	5.5	10.2	12.2	6.9	7.9	10.4	



Estimate change	↑
TP change	↑
Rating change	↔

**CMP: INR692      TP: INR750 (+8%)      Neutral**

**LatAm/Europe drive overall growth**

**Better-than-expected earnings**

Bloomberg	UPLL IN
Equity Shares (m)	765
M.Cap.(INRb)/(USDb)	528.4 / 7.2
52-Week Range (INR)	702 / 337
1, 6, 12 Rel. Per (%)	16/49/29
12M Avg Val (INR M)	4070

- UPLL reported robust all-round performance in 4QY21; revenue growth was led by Latin America (LatAm), India, and Europe. The EBITDA margin expanded 270bp YoY to 22.2% on the back of 200bp gross margin expansion, resulting in 31% EBITDA growth (13% above our est). Consequently, adj PAT grew 47% YoY.
- We maintain our revenue and EBITDA estimates for FY22/FY23, whereas we increase our PAT estimates (by 17% for FY22/FY23) owing to (i) a reduction in the tax rate, as guided by the management (17% v/s 21% earlier for FY22/FY23) and (ii) lower interest cost. Maintain **Neutral**.

**Financials & Valuations (INR b)**

Y/E Mar	2021	2022E	2023E
Sales	386.9	420.6	454.3
EBITDA	86.3	96.7	107.2
PAT	34.4	44.8	52.2
EBITDA (%)	22.3	23.0	23.6
EPS (INR)	45.0	58.5	68.2
EPS Gr. (%)	28.9	29.9	16.6
BV/Sh. (INR)	234	425	508

**Ratios**

Net D/E	1.2	0.9	0.6
RoE (%)	20.1	22.7	22.1
RoCE (%)	12.1	13.9	15.1
Payout (%)	26.6	20.0	20.0

**Valuations**

P/E (x)	15.4	11.8	10.1
EV/EBITDA (x)	8.7	7.4	6.4
Div Yield (%)	1.4	1.7	2.0
FCF Yield (%)	10.6	9.9	11.3

**Shareholding pattern (%)**

	Mar-21	Dec-20	Mar-20
Promoter	28.0	27.9	27.9
DII	16.0	16.7	12.6
FII	37.8	35.3	41.9
Others	18.3	20.2	17.6

Note: FII includes depository receipts

**Volumes up 18% in 4Q**

- UPL reported revenue growth of 15% YoY to INR128b (est INR123.2b) in 4QFY21 (volume growth: +18%, price: +1% and exchange: -4%). EBITDA was up 31% YoY to INR28.4b (est INR25b). The EBITDA margin expanded 270bp YoY to 22.2%, largely owing to gross margin expansion of 200bp. Adj PAT was up 47% YoY to INR11.9b (est INR9.7b).
- In 4QFY21, strong revenue growth was seen across regions (LatAm: 40%, India: +23% and Europe: +17%), barring North America (flat YoY) and RoW (-11% YoY).
- FY21 revenue / EBITDA / adjusted PAT grew 8%/16%/29% YoY. UPLL generated CFO of INR72.1b, down 18% YoY.
- FY21 **India** revenue grew 22%, led by (i) favorable weather conditions – normal monsoons drove higher acreages in both seasons and (ii) new product launches.
- **Europe** sales grew 12% in FY21 on i) an improved mix, driven by accelerated sales of differentiated products; (ii) strong growth in Benelux, Germany, Poland, Italy, and Iberia; and (iii) an excellent performance from *Argos* in its first launch year, in addition to *Fazor* in potatoes.
- Revenue was up 8% YoY in FY21 in **LatAm** (despite FX devaluation in Brazil) owing to (i) most LatAm countries delivering close to double-digit growth v/s FY20; (ii) Brazil reported growth ahead of the market despite significant currency devaluation; and (iii) sucking pest platforms (patented *Sperto* and *Perito*) and soybean resistance management platforms (*Unizeb Gold*, *Tridium*, and patented *Unizeb Glory*) expanding significantly in Brazil and other South American countries.
- **North America** revenue came in flat in FY21, impacted by supply constraints.
- **RoW** revenue was up 3% YoY in FY21, attributable to (i) double-digit growth in Southeast Asia, supported by the continued expansion of Glufosinate solutions; (ii) accelerated growth in China, driven by volume gains in UPLL's branded sales and the *Yoloo* acquisition; and (iii) flat growth in Africa, impacted by COVID-related challenges.

### Highlights from management commentary

- **Debt:** A sustainability loan has been raised by the company to replace the existing acquisition loan. The entire USD750m raised over Mar–Apr'21 has been used to repay the acquisition loan. As a result, the corresponding interest cost has declined by 30bp and maturity has been extended by two years.
- **Price hike:** There is room to increase price as RM cost has increased. The company did not take any price hike in FY21 due to currency devaluation. However, as crop prices are higher in FY22, farmers are likely to be less hesitant to take price hikes during the year.
- **Capex:** UPL plans to incur capex of USD300–320m in FY22 v/s USD275m in FY21.
- **FY22 guidance:** Revenue growth is guided at 7–10%, with EBITDA growth at 12–15% and net debt to EBITDA at <2x.

### Valuation and view

- The management commentary during the call sounded bullish on the global Agrochemicals market, led by better farm economics on account of rising global agri commodity prices – which would drive agrochemical consumption. This, coupled with lower channel inventory, is also expected to bode well for strong demand in the Agrochemicals sector in FY22. The company further expects to take price hikes in FY22 owing to an increase in RM prices. It remains confident that this would be absorbed by the farmers owing to their higher agri commodity prices.
- The stock has traded at average P/E of 13.2x over the last three years on a one-year forward basis. However, we have ascribed 11x P/E (~15% discount to its three-year average) on account of its debt. In FY21, UPL reduced net debt by INR31.4b and achieved 2.2x net debt to EBITDA v/s the 2x guidance for FY21. However, net debt to EBITDA (including perpetual bonds) stood at 2.5x as of FY21 v/s 3.4x as of FY20.
- We maintain our revenue and EBITDA estimates for FY22/FY23, whereas we increase our PAT estimates (by 17% for FY22/FY23) owing to (i) a reduction in the tax rate, as guided by the management (17% v/s 21% earlier for FY22/FY23) and (ii) lower interest cost.
- Maintain **Neutral**, with TP of INR750/share.

**Cons.: Quarterly Earnings Model (Incl. Arysta)**

(INR m)

Y/E March	FY20				FY21				FY20	FY21	FY21	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	%
<b>Net Sales</b>	<b>79,060</b>	<b>78,170</b>	<b>88,920</b>	<b>1,11,410</b>	<b>78,330</b>	<b>89,390</b>	<b>91,260</b>	<b>1,27,960</b>	<b>3,57,560</b>	<b>3,86,940</b>	<b>1,23,163</b>	<b>4%</b>
YoY Change (%)	91.2	83.6	80.7	30.7	-0.9	14.4	2.6	14.9	63.7	8.2	10.5	
Total Expenditure	62,480	62,760	68,150	89,720	60,540	71,310	69,180	99,570	2,83,110	3,00,600	98,145	
<b>EBITDA</b>	<b>16,580</b>	<b>15,410</b>	<b>20,770</b>	<b>21,690</b>	<b>17,790</b>	<b>18,080</b>	<b>22,080</b>	<b>28,390</b>	<b>74,450</b>	<b>86,340</b>	<b>25,018</b>	<b>13%</b>
Margins (%)	21.0	19.7	23.4	19.5	22.7	20.2	24.2	22.2	20.8	22.3	20.3	
Depreciation	4,460	4,760	4,950	5,950	5,220	5,330	5,420	5,760	20,120	21,730	6,200	
Interest	3,980	3,810	5,150	1,870	5,510	3,430	7,450	4,210	14,810	20,600	4,500	
Other Income	390	240	200	210	670	750	670	490	1,040	2,580	250	
Exch. difference on trade rec./payable	60	920	-320	2,650	-1,280	1,410	60	1,880	3,310	2,070	0	
<b>PBT before EO expense</b>	<b>8,470</b>	<b>6,160</b>	<b>11,190</b>	<b>11,430</b>	<b>9,010</b>	<b>8,660</b>	<b>9,820</b>	<b>17,030</b>	<b>37,250</b>	<b>44,520</b>	<b>14,568</b>	
Extra-Ord expense	4,120	3,070	750	1,710	1,000	2,110	-780	800	9,650	3,130	0	
<b>PBT</b>	<b>4,350</b>	<b>3,090</b>	<b>10,440</b>	<b>9,720</b>	<b>8,010</b>	<b>6,550</b>	<b>10,600</b>	<b>16,230</b>	<b>27,600</b>	<b>41,390</b>	<b>14,568</b>	
Tax	770	990	1,990	2,110	1,430	1,120	1,090	3,220	5,860	6,860	3,205	
Rate (%)	17.7	32.0	19.1	21.7	17.9	17.1	10.3	19.8	21.2	16.6	22.0	
MI & P/L of Asso. Cos.	730	440	1,370	1,440	1,070	800	1,570	2,380	3,980	5,820	1,668	
<b>Reported PAT</b>	<b>2,850</b>	<b>1,660</b>	<b>7,080</b>	<b>6,170</b>	<b>5,510</b>	<b>4,630</b>	<b>7,940</b>	<b>10,630</b>	<b>17,760</b>	<b>28,710</b>	<b>9,696</b>	
<b>Adj PAT</b>	<b>5,880</b>	<b>4,433</b>	<b>8,303</b>	<b>8,103</b>	<b>6,490</b>	<b>6,653</b>	<b>9,405</b>	<b>11,900</b>	<b>26,718</b>	<b>34,448</b>	<b>9,696</b>	<b>23%</b>
YoY Change (%)	5.4	28.9	35.8	-15.0	10.4	50.1	13.3	46.9	8.4	28.9	19.7	
Margins (%)	7.4	5.7	9.3	7.3	8.3	7.4	10.3	9.3	7.5	8.9	7.9	

Note: Adjusted PAT = Reported PAT + forex adjustment + exceptional item



# Jindal Steel and Power

Estimate change	↑
TP change	↔
Rating change	↔

**CMP: INR457**      **TP: INR550 (+20%)**      **Buy**

## Deleveraging to continue on strong earnings

### Announced Steel capex improves the growth outlook

Bloomberg	JSP IN
Equity Shares (m)	1,020
M.Cap.(INRb)/(USDb)	465.8 / 6.3
52-Week Range (INR)	502 / 84
1, 6, 12 Rel. Per (%)	16/97/352
12M Avg Val (INR M)	3275

- JSP achieved its highest ever Steel EBITDA/PAT of INR48.8b/INR27.7b in 4QFY21, supported by a strong pricing environment. Consolidated net debt fell further by INR34.7b QoQ to INR224b, implying a net debt/EBITDA of 1.53x.
- It has announced an INR180b capex at Angul to expand its Steel capacity by 85% to 15.9mtpa by FY25, at a very competitive cost of ~USD390/t.
- With the proposed sale of Jindal Power (JPL), JSP would become a pure play Indian Steel company, which should also aid in better value discovery as the Steel business is still under-valued at 4.1x FY23E EV/EBITDA.
- We raise our FY22E/FY23E EBITDA by 15%/11% to factor in strong Steel prices. Despite the announced capex, we expect net debt to fall further to INR126b (excluding the ~INR50b net debt reduction from the Power divestment) by Mar'23E. Reiterate **Buy**.

### Financials & Valuations (INR b)

Y/E March	2021E	2022E	2023E
Sales	388.6	470.4	466.7
EBITDA	147.6	150.0	130.4
Adj. PAT	62.7	68.3	57.9
Adj. EPS (INR)	61.4	66.9	56.7
EPS Gr(%)	-1,246	9	-15
BV/Sh. (INR)	312	379	436
RoE (%)	19.6	19.4	13.9
RoCE (%)	16.7	17.2	14.0
Payout (%)	0.0	0.0	0.0

### Valuations

P/E (x)	7.3	6.7	7.9
P/BV	1.4	1.2	1.0
EV/EBITDA (x)	4.6	4.2	4.5
Div. Yield (%)	0.0	0.0	0.0

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	60.5	60.5	60.5
DII	16.9	15.4	12.4
FII	11.0	11.5	13.4
Others	11.6	12.6	13.8

FII Includes depository receipts

### Highest ever EBITDA/PAT on the back of strong Steel margin

- JSP reported strong 4QFY21 earnings, with consolidated revenue/adjusted EBITDA/PAT rising 13%/15%/23% QoQ to INR119b/INR52.9b/INR29.4b (est. +3%/+1%/+18%).
- **Steel (standalone)** revenue/EBITDA/PAT rose 19%/25%/16% QoQ to INR104.3b/INR48.8b/INR27.7b (est. +6%/+3%/+4%).
- Steel sales (excluding pig iron) rose 2% QoQ to 1.81mt (+36% YoY). Pellet sales declined 28% QoQ to 0.29mt due to higher internal consumption.
- Blended Steel realization improved by ~INR8,452 (17%) QoQ to INR57,481 (est. INR54,794/t) due to better than expected product mix. However, the increase in realization was partly offset by higher iron ore cost and other expenses. As a result, EBITDA/t improved by 23% QoQ to INR26,915 (est. INR26,318) – including ~INR6,000/t benefit from the utilization of Sarda iron ore inventory, which gets exhausted in 1QFY22.
- **Power (subsidiary JPL)** EBITDA increased 4% YoY to INR3.5b, even as revenue rose 50%, due to a likely write-off of surcharge receivable as reported in 3QFY21. Sales volume PLF declined to 53% (v/s 56% in 3QFY21). Realization improved 2% QoQ to INR3.8/kwh. EBITDA/kwh came in at INR1/kwh.
- Consolidated net debt (reported) declined further by INR34.7b QoQ to INR224b, implying a net debt/EBITDA of 1.53x.
- Standalone revenue/EBITDA/PAT grew 27%/123%/10x YoY in FY21 to INR332b/INR129b/INR66b on the back of greater (~21%) Steel sales (6.9mt), higher Steel prices, and benefit from free of cost Sarda iron ore inventory.
- Consolidated OCF/FCF stood at INR120b/INR111b in FY21, up 4%/13% YoY.

### Announced capacity expansion, deleveraging continues

- JSP has announced an expansion of its 6mtpa Angul plant to 13mtpa by FY25 – 1mtpa through debottlenecking in FY22 and a 6.3mtpa brownfield expansion in phases by FY25.



- This would entail a capex of INR180b spread over the next five years. Expansion capex for FY22/FY23/FY24 is likely to be INR24b/INR47b/INR43b.
- **Net debt reduced further in Apr'21:** JSP has further reduced its net debt by INR28.1b to INR193.2b as of 11<sup>th</sup> May'21. Net debt had fallen by INR138b in FY21 to INR221b.
- **Iron ore availability not a constraint for JSP:** The company is likely to exhaust its free Sarda iron ore inventory in 1QFY22. The management is confident of replacing the same with iron ore from NMDC, OMC (has LTA), and other Odisha miners, though it would of course increase raw material cost from 2QFY22.

#### Margin to stay strong, expansion improves the growth outlook

- Supported by higher prices, we expect Steel margin to be strong in the near term after exhaustion of Sarda iron ore inventory.
- The announced 85% expansion in Steel capacity to 15.9mtpa in phases by FY25, at a competitive cost of ~USD390/t, should be RoCE accretive and improves the growth outlook of the business.
- Our TP of INR550/share is based on 5x FY23E EV/EBITDA for the Steel business and announced deal valuation for the Power business. At the CMP, the stock trades at an attractive 4.2x FY23E EV/EBITDA for the Steel business.

#### Consolidated performance (INR b)

Y/E March	FY20				FY21				FY20	FY21	4QFY21E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net sales</b>	<b>99.5</b>	<b>89.4</b>	<b>93.0</b>	<b>88.1</b>	<b>74.6</b>	<b>89.8</b>	<b>105.3</b>	<b>118.8</b>	<b>370.0</b>	<b>388.6</b>	<b>115.7</b>	<b>3</b>
Change (YoY, %)	2.9	-10.4	-2.8	-13.3	-24.9	0.5	13.3	34.8	-6	5	31.3	
<b>EBITDA</b>	<b>21.7</b>	<b>16.4</b>	<b>18.2</b>	<b>22.2</b>	<b>20.8</b>	<b>28.1</b>	<b>45.8</b>	<b>52.9</b>	<b>78.5</b>	<b>147.6</b>	<b>52</b>	<b>1</b>
Change (YoY, %)	-4.5	-25.6	-12.4	20.3	-4.2	71.2	151.7	138.2	-6.6	87.9	136.5	
Interest	11.1	10.3	10.0	10.1	9.2	8.0	7.3	6.4	41.5	30.9	7	-6
Depreciation	10.5	10.4	10.2	10.5	8.6	8.7	8.7	8.5	41.6	34.5	9	-3
Other income	0.0	0.0	0.0	0.2	0.0	0.2	3.7	0.2	0.3	4.1	0	
<b>PBT (before EO item)</b>	<b>0.1</b>	<b>-4.3</b>	<b>-2.0</b>	<b>1.9</b>	<b>3.0</b>	<b>11.6</b>	<b>33.5</b>	<b>38.2</b>	<b>-4.3</b>	<b>86.3</b>	<b>37</b>	<b>3</b>
Extra-ordinary income	0.0	0.0	0.0	1.8	1.2	0.2	-5.0	-9.7	1.8	-13.3	0.0	
<b>PBT (after EO item)</b>	<b>0.1</b>	<b>-4.3</b>	<b>-2.0</b>	<b>3.7</b>	<b>4.2</b>	<b>11.8</b>	<b>28.5</b>	<b>28.5</b>	<b>-2.5</b>	<b>73.0</b>	<b>37.0</b>	<b>-23</b>
Total tax	1.0	-0.3	0.2	0.6	1.3	2.8	4.2	9.5	1.5	17.7	10.2	
<b>Reported PAT</b>	<b>-0.9</b>	<b>-4.0</b>	<b>-2.2</b>	<b>3.1</b>	<b>2.9</b>	<b>9.0</b>	<b>24.3</b>	<b>19.0</b>	<b>-4.0</b>	<b>55.3</b>	<b>26.7</b>	<b>-29</b>
MI - Loss/(Profit)	0.0	0.0	0.0	0.0	0.8	0.6	1.8	-0.7	-0.4	2.5	1.8	
<b>Adjusted PAT</b>	<b>0.1</b>	<b>-3.0</b>	<b>-2.2</b>	<b>2.2</b>	<b>1.2</b>	<b>8.3</b>	<b>23.9</b>	<b>29.4</b>	<b>-5.5</b>	<b>62.7</b>	<b>25.0</b>	<b>18</b>
Change (YoY, %)	-94.8	-440.7	767.6	198	1195.8	-374.7	-1164.9	1220.7	-272.4	-1245.3	1022.1	
<b>Cash profit (pre-tax and MI)</b>	<b>10.6</b>	<b>6.1</b>	<b>8.2</b>	<b>12.4</b>	<b>11.6</b>	<b>20.3</b>	<b>42.2</b>	<b>46.7</b>	<b>37.3</b>	<b>120.8</b>	<b>45.7</b>	<b>2</b>

Source : MOFSL estimates; FY20 includes Oman operations, hence not comparable



# Piramal Enterprises

Estimate change	↓
TP change	↔
Rating change	↔

**CMP: INR1,695      TP: INR2,150 (+27%)      Buy**

## FS consolidation continues; Pharma performance strong

Bloomberg	PIEL IN
Equity Shares (m)	212
M.Cap.(INRb)/(USDb)	382.2 / 5.2
52-Week Range (INR)	2008 / 839
1, 6, 12 Rel. Per (%)	2/8/33
12M Avg Val (INR M)	2555

### Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Revenues	128.1	138.7	154.5
EBITDA	36.8	38.3	43.0
PAT	14.1	28.4	32.2
EPS (INR)	62.6	119.7	136.0
EPS Gr. (%)	NA	91	14
BV/Sh. (INR)	1,427	1,508	1,597
Payout (%)	56	35	35
<b>Valuations</b>			
P/E (x)	27.1	14.2	12.5
P/BV (x)	1.2	1.1	1.1
Div. Yield (%)	2.1	2.5	2.8

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	46.1	46.1	46.1
DII	10.5	10.5	9.7
FII	29.8	29.3	30.2
Others	13.6	14.1	14.1

FII Includes depository receipts

- PIEL reported a consolidated loss of INR5.1b, led by a one-off tax adjustment of INR12.6b. Consolidated PBT was largely stable on a sequential basis at INR9.7b. In FY21, consolidated PBT jumped to INR34b from INR14b YoY due to a low base (it had incurred a one-time provision of INR19b in FY20).
- In 4QFY21, the Financial Services segment was characterized by continued moderation in the Wholesale lending book, gradual pick-up in Retail lending disbursements, and some increase in the GNPL ratio.
- PIEL delivered a strong performance in the Pharma segment, led by robust traction in CDMO and India Consumer Products. The Complex Hospital Generics segment also saw a recovery on a sequential basis.
- After a lackluster 1HFY21, the Real Estate segment witnessed a rebound in 2H across most large cities. We expect PIEL to remain cautious in Wholesale lending, with incremental disbursements to be largely driven by the Retail segment. **We forecast 13% loan book CAGR over FY21-24E. The company has a provision buffer of 6.3% of loans, which is largely adequate.** While the DHFL deal can significantly boost the retail book, we await final regulatory approvals before incorporating it in our estimates. Maintain Buy, with a TP of INR2,150/share (FY23E SoTP-based).

### Running down its Wholesale loans; expanding its Retail lending product suite

- As part of its diversification strategy in Retail lending, PIEL reduced its Wholesale book by 4% QoQ to INR394b, while the Retail lending book was stable at INR53b. It has now achieved its internal target set around two years ago to reduce all exposures to sub-15% of net worth.
- NIM declined 60bp QoQ to 5.6% led by a) INR750m interest reversal due to the 'interest on interest' refund, b) interest reversal on one particular exposure to Omkar Developers and c) lower share of wholesale loans.
- GNPL ratio rose 80bp QoQ to 4.5%. Total provisions on the Balance Sheet remained steady at 6.3%.** While PIEL restructured loans worth INR17.4b (3.8% of loans) in 3Q, it did not carry out any further restructuring in 4QFY21.
- The company received RBI and CCI approvals for the DHFL acquisition. There are two more approvals pending, post which the acquisition will be complete. Post this acquisition, the share of Retail loans will jump to ~50% from 11% at present.
- PIEL began Used Car financing in 4QFY21 with a tie-up with a fintech firm.** Its FY22 strategy on Retail lending is: a) to increase its product suite to 11 from seven at present, b) boost its geographic footprint (inorganically), and c) to partner more with fintech and consumer tech firms.

### Pharma – CDMO/ICP outshines; CHG on a revival path

- PIEL's Pharma sales grew 18% YoY in 4QFY21, led by 23%/53% growth in CDMO/India Consumer Products revenue (67%/7% of sales). The Complex Hospital Generics segment (27% of sales) remained flat on a YoY basis. Better operating leverage led to 28% EBITDA margin in 4QFY21. It delivered 7% YoY growth in sales and 22% EBITDA margin on an overall basis in FY21.
- There has been addition of 50 customers in the CDMO segment. Around 40% of the order book is from integrated projects, which implies increasing confidence of innovator Pharma companies in the service offerings of PIEL.
- New launches, strengthening distribution through consolidation/technology enablement, and better traction in existing products would sustain the YoY growth momentum in sales in the ICP segment.

### Highlights from the management commentary

- Exposure to Lodha declined to INR26.37b in FY21 from INR31b in FY20. Of this, INR15.93b is against an SPV, with ready inventory and 1.5x cover. The balance is with the developer. In Apr'21, Lodha repaid ~INR5b, bringing its total exposure down to INR21.5b.
- The management guided at 15% revenue CAGR in the Pharma segment over the next three years. Revenue growth can be better in FY22, led by a recovery in the Complex Hospital Generics segment, strong order book in the CDMO segment, and superior execution in India Consumer Products.
- PIEL intends to spend capex worth USD90-100m on an annual basis.

### Valuation and view

Over the past two years, PIEL has done a good job of strengthening its Balance Sheet by trimming its Wholesale loan book, reducing exposures to the top 10 clients, and increasing provisions. At 6.3% of loans, total outstanding provisions exceed GNPLs. Over the next five years, we expect the company to make meaningful inroads in the Retail lending segment. Its strategy of product diversification will help it deliver strong growth, while at the same time reduce concentration risk. We expect the Financial Services business to deliver 4% RoA/12% RoE over the medium term. We have raised our EV/EBITDA multiple for the Pharma business to 17x (from 16x earlier) considering the increasing number of projects on an integrated basis in the CDMO segment, better stance in the CHG segment, and new offerings/leveraging e-commerce in the ICP segment. Using SoTP, we arrive at our TP of **INR2,150/share** (FY23E-based). Maintain **Buy**.

Quarterly performance

INR m

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Financial Services business</b>										
Revenues (INR m)	20,144	19,540	19,626	17,184	18,995	18,608	17,945	14,787	76,494	70,334
Change QoQ (%)	4.2	-3.0	0.4	-12.4	10.5	-2.0	-3.6	-17.6		
Change YoY (%)	29.2	12.8	6.6	-11.1	-5.7	-4.8	-8.6	-14.0	8.3	-8.1
PBT (INR m)	7,344	7,355	5,904	-17,049	6,261	6,037	6,842	4,863	3,553	24,004
Change QoQ (%)	39.0	0.1	-19.7	-388.8	NA	-3.6	13.3	-28.9		
Change YoY (%)	19.6	13.9	-10.9	-422.7	-14.7	-17.9	15.9	NA	-85.5	575.6
AUM (INR b)	566	531	514	510	513	515	464	447	510	447
Change QoQ (%)	0.0	-6.3	-3.1	-0.9	0.6	0.5	-10.0	-3.7		
Change YoY (%)	20.4	0.5	-6.9	-10.0	-9.4	-2.9	-9.8	-12.4	-10.0	-12.4
RoAs (Cal. %)	5.2	5.4	4.5	-13.3	4.9	4.7	5.6	4.3	0.4	4.9
Reported Leverage (D/E x)	3.7	2.8	2.5	2.3	2.2	2.1	1.9	1.8	2.8	2.0
RoEs (Cal. %)	15.7	15.7	12.3	-35.1	12.6	11.6	11.6	7.5	2.2	10.8
NIMs (% Cum. Rep.)	5.7	5.4	5.5	5.2	6.5	6.3	6.2	5.6	5.2	5.6
Yield on loans (% Cum. Rep.)	14.0	14.0	14.3	14.3	15.2	14.8	14.6	14.1	14.3	14.1
Cost of funds (% Cum. Rep.)	10.3	11.0	11.1	11.2	10.8	10.8	10.8	10.8	11.2	10.8
GNPA (%)	0.9	0.9	1.8	2.4	2.5	2.5	3.7	4.5	2.4	4.5
ECL (%)	1.9	1.8	1.8	5.8	5.9	5.9	6.3	6.3	5.8	6.3
<b>Borrowing mix (%)</b>										
Term Loans	63.0	67.0	65.0	65.0	62.0	48.0	50.0	45.0	65.0	45.0
NCDs	19.0	18.0	18.0	19.0	19.0	38.0	39.0	46.0	19.0	46.0
Securitization	0.0	6.0	8.0	7.0	6.0	4.0	3.0	1.0	7.0	1.0
Others	18.0	9.0	9.0	9.0	13.0	10.0	8.0	8.0	9.0	8.0
<b>Pharma business</b>										
Revenues (INR m)	11,724	13,165	13,074	16,226	10,379	14,411	13,741	19,229	54,189	57,759
Change QoQ (%)	-20.6	12.3	-0.7	24.1	-36.0	38.9	-4.6	39.9		
Change YoY (%)	10.0	17.5	13.0	9.9	-11.5	9.5	5.1	18.5	13.2	6.6
EBITDA (INR m)	2,427	3,037	4,124	4,749	1,093	2,897	2,914	5,505	14,336	12,828
Change QoQ (%)	-30.9	25.1	35.8	15.2	-77.0	165.0	0.6	88.9		
Change YoY (%)	53.8	38.7	63.1	35.2	-55.0	-4.6	-29.3	15.9	46.2	-10.5
<b>Revenue Mix</b>										
Global	90.7	91.5	91.3	95.3	90.4	90.6	90.6	93.5	92.2	92.1
Domestic	9.3	8.5	8.7	4.7	9.6	9.4	9.4	6.5	7.8	7.9
<b>Global EBITDA margin</b>	<b>22.0</b>	<b>24.0</b>	<b>23.0</b>	<b>26.0</b>	<b>11.0</b>	<b>16.0</b>	<b>18.0</b>	<b>22.0</b>	<b>26.0</b>	<b>22.0</b>



# Tata Power

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR107      TP: INR123 (+15%)      Buy**

## Beat on strong EPC performance

### EPC business picking up; maintain Buy

- TPWR's 4QFY21 result reflects strong numbers, led by higher execution for its solar EPC business and interest cost reduction. Adjusted PAT stood at INR3.5b, and was 11% higher v/s our estimate of INR3.2b.
- Divestment-related measures and infusion from the promoter has aided debt reduction. The EPC businesses have picked up pace, led by the healthy order book at Tata Power Solar. Possible benefits from the merger of CGPL and Tata Power Solar with boost profitability. **Maintain Buy with a TP of INR123/share.**

### Profits jump on strong EPC performance

- Adjusted PAT at INR3.5b (4QFY20: INR2.1b) in 4QFY21 was 11% ahead of our estimate of INR3.2b. The beat on our expectations was led by: a) strong solar EPC performance, and b) reduction in interest cost.
- EBITDA for Solar EPC saw an over 2x YoY jump to INR1.85b (v/s our estimate of INR0.7b). Interest costs fell sharply (8% QoQ) to INR8.9b (v/s our expectation of INR9.5b).
- Performance of Mundra-Coal JV hedge though was impacted with Mundra (EBITDA) and coal JVs (PAT) coming in at INR3b v/s INR3.8b in 4QFY20. This was led by lag impact of index setting.
- RE EBITDA (TPREL + Walwhan) was steady YoY at INR4.8b, while Odisha DISCOMs reported a loss of INR0.1b in 4QFY21.
- Net debt reduced to INR381b (v/s INR471b at FY20), led by monetization efforts (Shipping companies, Cennergi and SED) and infusion of INR26b from the promoter. Adjusted profits were up 23% YoY at INR12.5b in FY21.

### Highlights from the management commentary

- The management noted that the monetization plan for its Renewable assets are still in the works, with TPWR looking at a bigger opportunity for monetization.
- It expects commissioning of 900MW of its RE projects over the next 6-9 months.
- The management expects to incur a capex of INR70-80b in FY22. Around 50% of this would be for its Renewables portfolio, while another INR10b is related to Odisha DISCOMs.
- AT&C losses at CESU for Jun'20-Mar'21 stood at 25.5%. The company has earned incentives of INR180m for past recoveries.

### EPC and Renewable business to drive growth; maintain Buy

- We expect Solar EPC to give a leg up to earnings for the next two years. Recent award wins, particularly from NTPC, have seen its EPC order book swell up to ~INR90b, thereby providing strong visibility. We expect EBITDA from Solar EPC to rise at 16% CAGR over FY21-23E to INR4.4b.
- This, combined with: a) commissioning of Renewable projects, b) takeover of Odisha DISCOMs and c) lower interest costs should lead to 24% PAT CAGR over FY21-23E. Benefits from the merger of CGPL and Tata Power Solar with itself provide boost profitability. We maintain our Buy rating on TPWR with a SoTP based TP to INR123.

Bloomberg	TPWR IN
Equity Shares (m)	2,705
M.Cap.(INRb)/(USD\$b)	340.5 / 4.6
52-Week Range (INR)	115 / 27
1, 6, 12 Rel. Per (%)	14/80/219
12M Avg Val (INR M)	3053

### Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	324.7	433.3	454.9
EBITDA	70.0	78.8	84.4
Adj. PAT	12.5	17.1	19.3
EBITDA Margin (%)	21.6	18.2	18.6
Cons. Adj. EPS (INR)	3.9	5.4	6.0
EPS Gr. (%)	4.3	23.6	12.8
BV/Sh. (INR)	65.2	68.4	72.4

### Ratios

Net D:E	1.8	1.8	1.6
RoE (%)	6.4	8.0	8.6
RoCE (%)	5.8	6.8	7.0
Payout (%)	39.5	28.9	25.6

### Valuations

P/E (x)	27.2	19.9	17.6
P/BV (x)	1.6	1.6	1.5
EV/EBITDA(x)	10.7	9.6	8.9
Div. Yield (%)	1.5	1.5	1.5
FCF Yield (%)	17.8	7.6	14.8

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	46.9	46.9	37.2
DII	20.9	24.5	27.8
FII	12.2	12.4	18.6
Others	20.1	16.2	16.3

FII Includes depository receipts

**Consolidated quarterly performance (INR m)**

Y/E March	FY20				FY21E				FY20	FY21	FY21 4QE	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>76,317</b>	<b>76,778</b>	<b>70,710</b>	<b>66,708</b>	<b>64,530</b>	<b>82,898</b>	<b>75,979</b>	<b>101,274</b>	<b>291,364</b>	<b>324,681</b>	<b>93,532</b>	<b>8</b>
YoY Change (%)	4.4	2.2	-8.2	-7.7	-15.4	8.0	7.5	51.8	-1.4	11.4	40.2	
Total Expenditure	54,647	54,218	52,661	50,410	47,217	62,886	57,773	86,818	211,936	254,694	74,853	
<b>EBITDA</b>	<b>21,671</b>	<b>22,560</b>	<b>18,050</b>	<b>16,298</b>	<b>17,313</b>	<b>20,012</b>	<b>18,206</b>	<b>14,456</b>	<b>79,428</b>	<b>69,987</b>	<b>18,679</b>	<b>-23</b>
Margins (%)	28.4	29.4	25.5	24.4	26.8	24.1	24.0	14.3	27.3	21.6	20.0	
Depreciation	6,200	6,544	6,719	6,583	6,445	6,989	7,383	6,633	26,336	27,449	6,820	-3
Interest	11,439	11,300	11,292	10,907	10,894	10,650	9,656	8,905	44,937	40,104	9,498	-6
Other Income	1,079	1,072	650	672	874	1,518	1,049	951	5,626	4,392	640	49
Rate regulated activity	-2,000	-3,490	1,002	2,601	2,185	1,228	1,423	1,275	-1,887	6,110	0	
<b>PBT before EO expense</b>	<b>3,111</b>	<b>2,299</b>	<b>1,691</b>	<b>2,080</b>	<b>3,034</b>	<b>5,119</b>	<b>3,639</b>	<b>1,144</b>	<b>11,895</b>	<b>12,936</b>	<b>3,001</b>	<b>-62</b>
Extra-Ord expense	-1,095	-747	279	5,690	0	0	-2,113	1,310	4,099	-803	0	
<b>PBT</b>	<b>2,017</b>	<b>1,552</b>	<b>1,970</b>	<b>7,770</b>	<b>3,034</b>	<b>5,119</b>	<b>1,526</b>	<b>2,454</b>	<b>15,994</b>	<b>12,133</b>	<b>3,001</b>	<b>-18</b>
Tax	1,924	520	1,176	1,491	1,894	3,176	1,027	232	8,253	6,329	819	
Rate (%)	95	33	60	19	62	62	67	9	51.6	52.2	27	
MI & P/L of Asso. Cos.	1,612	1,725	1,132	1,465	1,154	1,045	1,132	2,600	6,535	5,931	995	
<b>Reported PAT</b>	<b>1,704</b>	<b>2,757</b>	<b>1,927</b>	<b>7,744</b>	<b>2,294</b>	<b>2,988</b>	<b>1,632</b>	<b>4,822</b>	<b>14,276</b>	<b>11,736</b>	<b>3,177</b>	<b>52</b>
<b>Adj PAT</b>	<b>2,799</b>	<b>3,504</b>	<b>1,647</b>	<b>2,054</b>	<b>2,294</b>	<b>2,988</b>	<b>3,745</b>	<b>3,512</b>	<b>10,177</b>	<b>12,539</b>	<b>3,177</b>	<b>11</b>

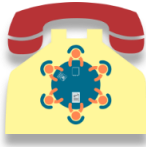
\*Note: Sum of four quarters for FY20 does not match due to restatements

BSE SENSEX  
48,691S&P CNX  
14,697

CMP: INR1,798

Buy

## Conference Call Details

Date: 14<sup>th</sup> May 2021

Time: 08:30 IST

Dial-in details:

+91-22 6280 1165

## Financials &amp; Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	97.2	108.3	123.9
EBIT Margin (%)	16.1	16.9	17.9
PAT	12.2	14.5	17.6
EPS (INR)	64.2	76.4	92.7
EPS Gr. (%)	1.7	19.0	21.3
BV/Sh. (INR)	349.3	349.4	349.6

## Ratios

RoE (%)	19.7	22.2	26.9
RoCE (%)	16.8	18.9	23.2
Payout (%)	101.2	101.2	101.2

## Valuations

P/E (x)	28.0	23.5	19.4
P/BV (x)	5.2	5.1	5.1
EV/EBITDA (x)	17.5	15.2	12.6
Div yld (%)	3.6	4.3	5.2

## Topline above estimates, led by lower-than-expected DXC de-growth

4QFY21 USD revenue grew 7% YoY to USD342m (above our estimate of USD 339m), EBIT grew 6% YoY to INR4,054m (est. 5% growth), and PAT declined 10% YoY to INR3,169m (in line with our estimate). For FY21, revenue (USD) / EBIT / PAT grew 6%/10%/3% YoY.

## P&amp;L highlights

- MPHL's revenues grew 2.5% QoQ to USD342m, above our estimates. In CC terms, revenue growth stood at 2.0% QoQ and 4.9% YoY.
- The EBIT margin fell 30bp QoQ to 16.1%, in line with our estimate of 16.2%.
- PAT declined 2.6% QoQ to INR3,169m, in line with our estimate.

## Direct biz momentum dragged down by DXC (but lower than exp.)

- The stellar growth seen in Direct (+3.5% QoQ CC; +19.9% YoY CC) is encouraging; the strong momentum was partially offset by 7.7% sequential decline (and 46.2% YoY decline) in the DXC business (above exp. decline of 15% QoQ). DXC now contributes only 12% to overall revenues (v/s 23% a year ago).
- Vertical-wise Banking declined (-3.6% QoQ); Insurance continued its growth momentum at 6.4% QoQ; IT, Comm & Entmt grew 15.9% QoQ; and Logistics and Transportation was up 8.7% QoQ; other emerging technologies grew 5.8% QoQ.
- Among the services, growth was driven by Application services (9.3% QoQ), while BPO (-8.3% QoQ) and Infrastructure services (-1.9% QoQ) declined.
- Among the geographies, EMEA/India/RoW reported sequential growth of 14.9%/9.5%/18.4%, while America came in largely flat.

## Other highlights

- MPHL won USD245m worth of deal wins in the direct channel, of which 69% was in new-gen services. This does not include renewals. This takes FY21 TCW to USD1.1b (+51% YoY).
- MPHL announced a landmark deal win of USD250m in 1QFY22, the highest ever single deal for the company.
- OCF grew 10% YoY and OCF/EBITDA stood at 81% for FY21; FCF grew 11% and FCF/PAT stood at 109%.

## Valuation and view

We would revisit our estimates post the earnings call. We await further clarity on the near-term outlook, DXC channel, and margins. Maintain **Buy**.

**Quarterly Performance**

(INR m)

Y/E March	FY20				FY21				FY20	FY21	Est. 4QFY21	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m)	297	305	318	320	305	327	334	342	1,240	1,309	339	1.0
QoQ (%)	1.8	2.6	4.4	0.6	-4.5	7.2	2.0	2.5	10.8	5.6	1.5	97bp
Revenue (INR m)	20,607	21,462	22,694	23,476	23,037	24,238	24,601	25,044	88,239	96,920	24,713	1.3
YoY (%)	13.1	10.2	13.3	14.7	11.8	12.9	8.4	6.7	12.8	9.8	5.3	141bp
GPM (%)	30.2	30.4	30.4	31.3	28.9	30.3	31.0	31.0	30.6	30.3	30.3	71bp
SGA (%)	12.0	11.6	11.6	12.4	10.7	11.7	12.2	12.5	11.9	11.8	11.7	81bp
EBITDA	3,747	4,057	4,269	4,434	4,178	4,524	4,654	4,671	16,524	18,027	4,623	1.0
EBITDA Margin (%)	18.2	18.8	18.8	18.9	18.3	18.6	18.8	18.5	18.7	18.5	18.6	-10bp
EBIT	3,197	3,475	3,694	3,824	3,583	3,924	4,048	4,054	14,207	15,609	4,014	1.0
EBIT Margin (%)	15.5	16.1	16.2	16.3	15.7	16.1	16.4	16.1	16.1	16.1	16.2	-9bp
Other income	342	134	172	319	182	114	218	182	967	696	219	-16.9
ETR (%)	25.1	24.1	24.0	14.9	27.0	25.9	23.7	25.2	21.8	25.4	25.0	19bp
PAT	2,651	2,738	2,937	3,525	2,750	2,992	3,255	3,169	11,868	12,166	3,175	-0.2
QoQ (%)	-0.4	3.3	7.3	20.0	-22.0	8.8	8.8	-2.6			-2.5	
YoY (%)	2.6	1.1	5.6	32.4	3.7	9.3	10.8	-10.1	10.6	2.5	-9.9	
EPS (INR)	14.1	14.6	15.6	18.8	14.6	15.9	17.2	16.7	63.1	64.2	16.8	-0.4



BSE SENSEX 48,691 S&P CNX 14,618

**CMP: INR971**

**Neutral**

**Conference Call Details**



**Date:** 14<sup>th</sup> May 2021

**Time:** TBC

**Dial-in details:** TBC

**Financials & valuations (INR b)**

Y/E Mar	2021P	2022E	2023E
Sales	75.6	94.8	109.5
EBITDA	6.4	8.0	9.6
PAT	5.3	6.5	7.9
EBITDA (%)	8.5	8.4	8.7
EPS (INR)	15.9	19.8	23.9
EPS Gr. (%)	(5.1)	24.5	20.7
BV/Sh. (INR)	150.9	153.2	170.0

**Ratios**

Net D/E	(0.0)	(0.1)	(0.1)
RoE (%)	10.5	12.9	14.1
RoCE (%)	11.6	14.2	15.2
Payout (%)	25.9	30.0	30.0

**Valuations**

P/E (x)	61.1	49.0	40.6
P/BV (x)	6.4	6.3	5.7
EV/EBITDA (x)	49.7	39.6	32.9
Div Yield (%)	0.4	0.5	0.6
FCF Yield (%)	2.2	1.9	1.7

**EMP margin surprise led earnings beat; UCP in line with our expectation**

**4QFY21 snapshot**

- Consolidated revenue grew 27% YoY and **was in line with our expectation.**
- EBITDA grew 72% and **was 25% ahead of our estimate.**
- EBITDA margin came in at 12.5% v/s our expectation of 9.9%.
- Adjusted PAT grew 48% YoY to INR2.4b and **was 28% ahead of our estimate.**

**FY21 snapshot**

- Consolidated revenue stood flat YoY at INR75.6b.
- EBITDA fell 7% YoY to INR6b, with EBITDA margin declining 50bp to 8.5%.
- Adjusted PAT stood at INR5.2b (-5% YoY).
- Net debt stood at -0.04x (v/s -0.02x in FY20) (net cash stood at INR2b v/s INR900m in FY20). CFO stood at INR5.6b in FY21 (v/s INR4.6b in FY20), up 22% YoY, aided by efficient working capital management.

**Segmental performance (4QFY21 and FY21)**

- EMP | 4QFY21:** Revenue grew 37% YoY to INR11b and was in line with our estimate. PBIT margin surprised positively at 8.4% v/s our expectation of 3.7%. **FY21:** Revenue grew 10% YoY to INR35.7b, with PBIT margin at 3% (v/s 5.2% in FY20).
- UCP | 4QFY21:** Revenue grew 20% YoY to INR14.4b and was in line with our estimate. PBIT margin stood at 15.6% v/s our expectation of 14.9%. VOLT continues to be the market leader and is numero uno in ACs with a market share of 25.6% in Feb'21 YTD. **FY21:** Revenue declined by 13% YoY to INR35.6b, with PBIT margin at 14.1% (v/s 12.6% in FY20).

**Quarterly performance**

(INR m)

Y/E March	FY20				FY21				FY20	FY21P	FY21	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Sales</b>	<b>26,540</b>	<b>14,219</b>	<b>14,925</b>	<b>20,896</b>	<b>12,969</b>	<b>16,125</b>	<b>19,946</b>	<b>26,517</b>	<b>76,581</b>	<b>75,558</b>	<b>26,759</b>	<b>-1%</b>
Change (%)	23.6	0.0	0.0	1.3	-51.1	13.4	33.6	26.9	7.5	-1.3	28.1	
<b>EBITDA</b>	<b>2,912</b>	<b>1,059</b>	<b>976</b>	<b>1,920</b>	<b>668</b>	<b>980</b>	<b>1,459</b>	<b>3,307</b>	<b>6,867</b>	<b>6,414</b>	<b>2,640</b>	<b>25%</b>
Change (%)	19.7	-2.5	-15.7	33.1	-77.1	-7.5	49.6	72.2	12.3	-6.6	37.5	
As a percentage of sales	11.0	7.4	6.5	9.2	5.1	6.1	7.3	12.5	9.0	8.5	9.9	
Depreciation	77	80	80	82	82	84	84	89	320	339	83	
Interest	44	49	57	61	67	58	32	104	211	262	43	
Other Income	433	726	543	605	674	383	516	316	2,306	1,889	527	
Extra-ordinary Items	-301	-43	0	-20	0	0	0	0	-364	0	0	
<b>PBT</b>	<b>2,923</b>	<b>1,612</b>	<b>1,381</b>	<b>2,362</b>	<b>1,192</b>	<b>1,221</b>	<b>1,859</b>	<b>3,430</b>	<b>8,278</b>	<b>7,702</b>	<b>3,042</b>	<b>13%</b>
Tax	1,046	448	314	572	258	353	372	821	2,380	1,804	858	
Effective Tax Rate (%)	32.4	27.1	22.7	24.0	21.6	28.9	20.0	23.9	27.5	23.4	28.2	
Share of profit of associates/JVs	(225)	(100)	(198)	(203)	(123)	(84)	(208)	(232)	(726)	(646)	(329)	
<b>Reported PAT</b>	<b>1,652</b>	<b>1,064</b>	<b>869</b>	<b>1,587</b>	<b>812</b>	<b>784</b>	<b>1,279</b>	<b>2,377</b>	<b>5,172</b>	<b>5,251</b>	<b>1,855</b>	<b>28%</b>
Change (%)	-10.2	2.9	7.4	13.6	-50.9	-26.4	47.2	49.8	1.8	1.5	16.9	
<b>Adj. PAT</b>	<b>1,953</b>	<b>1,107</b>	<b>869</b>	<b>1,607</b>	<b>812</b>	<b>784</b>	<b>1,279</b>	<b>2,377</b>	<b>5,536</b>	<b>5,251</b>	<b>1,855</b>	<b>28%</b>
Change (%)	6.2	7.0	-6.2	15.1	-58.4	-29.2	47.2	48.0	6.5	-5.1	15.4	

BSE SENSEX  
48,691

S&P CNX  
14,697

CMP: INR398

Buy

### Conference Call Details



Date: 14<sup>th</sup> May 2021

Time: 14.30 IST

Dial-in details: +91 22 6280  
1145

### Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E
Net Sales	2,570	3,172	3,747
EBITDA	2,045	2,573	3,089
NP	1,779	2,121	2,513
EPS (INR)	6.0	7.1	8.4
EPS Gr. (%)	7.8	19.2	18.5
BV/Sh. (INR)	13.1	15.2	17.7
RoE (%)	46.8	50.3	51.1
RoCE (%)	44.3	47.9	48.7
Payout (%)	41.9	70.0	70.0
Div. Yield	1.9	1.3	1.5

### Standalone EBITDA up 49% YoY on strong electricity volumes

- IEX's standalone EBITDA grew 49% YoY to INR808m (in line) on robust electricity volumes.
- Electricity volumes (DAM+ TAM+ RTM) are expected to be up 61% YoY at 22.4BU. However, lack of REC trading held back a similar growth in revenue. Standalone revenue was up 37% YoY to INR950m (in line).
- Standalone PAT stood up 35% YoY to INR638m (in line).

### Standalone quarterly performance (INR m)

Y/E March	FY20				FY21				FY20	FY21	FY21 4QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>606</b>	<b>675</b>	<b>597</b>	<b>693</b>	<b>663</b>	<b>708</b>	<b>850</b>	<b>950</b>	<b>2,570</b>	<b>3,171</b>	<b>952</b>	<b>0</b>
YoY Change (%)	-9.6	0.9	-6.5	22.8	9.5	4.9	42.4	37.0	1.2	23.4	37.2	
Total Expenditure	112	142	120	152	174	132	129	142	526	577	164	-14
<b>EBITDA</b>	<b>494</b>	<b>533</b>	<b>477</b>	<b>542</b>	<b>489</b>	<b>575</b>	<b>721</b>	<b>808</b>	<b>2,045</b>	<b>2,594</b>	<b>787</b>	<b>3</b>
Margin (%)	81.6	79.0	79.9	78.1	73.8	81.3	84.8	85.1	79.6	81.8	82.7	
Depreciation	33	33	41	45	44	41	40	34	152	159	42	-19
Interest	5	5	0	5	5	5	5	5	16	21	0	
Other Income	91	113	97	100	142	86	107	68	401	403	84	-19
<b>PBT before EO expense</b>	<b>547</b>	<b>607</b>	<b>533</b>	<b>591</b>	<b>582</b>	<b>616</b>	<b>783</b>	<b>837</b>	<b>2,278</b>	<b>2,818</b>	<b>829</b>	<b>1</b>
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>547</b>	<b>607</b>	<b>533</b>	<b>591</b>	<b>582</b>	<b>616</b>	<b>783</b>	<b>837</b>	<b>2,278</b>	<b>2,818</b>	<b>829</b>	<b>1</b>
Tax	151	118	110	119	153	149	182	199	499	683	204	
Rate (%)	27.6	19.5	20.6	20.2	26.3	24.1	23.3	23.8	21.9	24.2	24.7	
<b>Reported PAT</b>	<b>396</b>	<b>488</b>	<b>423</b>	<b>472</b>	<b>429</b>	<b>467</b>	<b>601</b>	<b>638</b>	<b>1,779</b>	<b>2,135</b>	<b>625</b>	<b>2</b>
<b>Adj. PAT</b>	<b>396</b>	<b>488</b>	<b>423</b>	<b>472</b>	<b>429</b>	<b>467</b>	<b>601</b>	<b>638</b>	<b>1,779</b>	<b>2,135</b>	<b>625</b>	<b>2</b>
YoY Change (%)	-5.5	14.4	-0.7	24.7	8.3	-4.4	42.0	35.2	7.8	20.0	32.3	



Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR382      TP: INR450 (+18%)      Buy**

Bloomberg	KECI IN
Equity Shares (m)	257
M.Cap.(INRb)/(USDb)	98 / 1.3
52-Week Range (INR)	486 / 189
1, 6, 12 Rel. Per (%)	-10/1/37
12M Avg Val (INR M)	153

**Financials & Valuations (INR b)**

Y/E Mar	2021	2022E	2023E
Sales	131.1	141.2	152.1
EBITDA	11.4	12.7	14.2
PAT	5.5	6.5	7.7
EBITDA (%)	8.7	9.0	9.3
EPS (INR)	21.5	25.5	30.0
EPS Gr. (%)	(2.3)	18.5	17.9
BV/Sh. (INR)	130.7	152.9	179.7

**Ratios**

Net D/E	0.5	0.4	0.2
RoE (%)	16.5	16.7	16.7
RoCE (%)	14.2	14.9	15.5
Payout (%)	12.6	10.6	9.0

**Valuations**

P/E (x)	17.8	15.0	12.7
P/BV (x)	2.9	2.5	2.1
EV/EBITDA (x)	10.1	8.9	7.7
Div Yield (%)	0.7	0.7	0.7
FCF Yield (%)	7.7	5.4	6.4

**Shareholding pattern (%)**

As On	Mar-21	Dec-20	Mar-20
Promoter	51.8	51.8	51.7
DII	25.6	26.0	27.5
FII	10.8	9.8	8.7
Others	11.9	12.3	12.2

FII Includes depository receipts

**Execution in line; commodity inflation weighs in on margin**

- KECI's 4QFY21 revenue was in line with our estimate, with the miss on operating margin largely attributable to commodity-led cost escalation and weaker execution in the SAE business. It continued its impressive performance in the Ex-T&D segment, with revenue growing 68% YoY, led by strong growth in the Railways and Civil segments.
- Interest cost reduction continued in 4Q (-3% YoY), while the decline for FY21 stood at 15% YoY. This was largely on account of a favorable mix between domestic and overseas debt levels and is primarily a function of a decline in interest rates.
- KECI is steadily diversifying the business to avoid concentration risk from the Power T&D business, with the Railways and Civil segments emerging as strong growth avenues and growing by 34% YoY and 3x, respectively, in FY21. Excluding the T&D business, revenue share stood at 48% in 4QFY21 (v/s 34% YoY). The same for FY21 stood at 44% (v/s 34% in FY20). It is on course to reach 50% of total sales by FY22-end. The company's performance over the past few years has been commendable, given that not many have been able to sustain growth with a topline of over INR100b in the EPC space in India.
- The company has all the ingredients in place for growth over the next 3-5 years. A strong promoter parentage and focus on the Balance Sheet should help KECI emerge stronger post the COVID-19 crisis v/s peers. Maintain **Buy**, with an unchanged TP of INR450/share (15x FY23E EPS). Key risks include continuously rising commodity prices and delay in new awarding.

**Improvement in Balance Sheet commendable**

- **4QFY21 snapshot:** Revenue grew 19% YoY to INR43.6b and was in line with our estimate. EBITDA declined 4.4% YoY to INR3.5b and was 8% below our estimate. EBITDA margin came in at 8.1% v/s our expectation of 9%, suggesting impact of commodity prices in the international business. Adjusted PAT was flat at INR1.9b and was 6% below our expectation.
- **FY21 snapshot:** Revenue grew 9% YoY to INR131b – a commendable performance in a pandemic impacted year. EBITDA fell 7.5% YoY to INR11.4b as EBITDA margin contracted 130bp to 9%. Interest expense declined to INR2.6b from INR3b – a function of lower interest rates and favorable debt mix between the international and domestic market. Adjusted PAT was largely flat at INR5.5b.
- **Order book/inflow update:** Order inflow grew 5% to INR119b. Order book declined 7% to INR191b (order book/revenue ratio: 1.5x). The company is L1 in orders worth ~INR60b.
- **Net debt reduced to INR16.8b from INR22.2b in FY20. Net debt/equity ratio improved to 0.5x from 0.8x in FY20.**

### Key highlights from the management commentary

- Around 10% of the total order book is exposed to base metals (unhedged for steel). The management expects cost pressures in the SAE business in 1QFY22, post which the situation should normalize.
- The impact on margin is due to cost inflation and weaker execution in Brazil, with currency depreciation weighing on topline. On a standalone basis, margin is in double-digits for KECI (10.7% in FY21).
- About 50% of order book in the Railways segment is geared towards non-conventional supplies (technological related areas like Metro, DFCC, and high speed rails).

### Valuation and view

- We maintain our **Buy** rating, with a TP of INR450/share (15x FY23E EPS), given: a) the company's strong execution track record, b) declining business concentration risk due to its foray into Railways, Civil, etc., and c) reasonable valuations.

### Quarterly performance

	(INR m)											
	FY20				FY21				FY20	FY21P	MOSL	Var.
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
<b>Sales</b>	<b>24,125</b>	<b>28,088</b>	<b>30,731</b>	<b>36,710</b>	<b>22,068</b>	<b>32,577</b>	<b>32,892</b>	<b>43,605</b>	<b>1,19,654</b>	<b>1,31,142</b>	<b>42,730</b>	<b>2%</b>
Change (%)	14.6	16.6	16.1	-4.4	-8.5	16.0	7.0	18.8	8.8	8.9	16.4	
<b>EBITDA</b>	<b>2,513</b>	<b>2,938</b>	<b>3,185</b>	<b>3,707</b>	<b>1,949</b>	<b>2,931</b>	<b>2,987</b>	<b>3,546</b>	<b>12,343</b>	<b>11,412</b>	<b>3,858</b>	<b>-8%</b>
Change (%)	16.2	16.1	13.2	-7.1	-22.5	-0.2	-6.2	-4.4	7.3	-7.5	4.1	
As a percentage of sales	10.4	10.5	10.4	10.1	8.8	9.0	9.1	8.1	10.3	9.0	9.0	
Depreciation	366	347	367	392	391	374	380	380	1,472	1,525	384	
Interest	795	822	811	652	663	674	658	632	3,080	2,627	676	
Other Income	27	36	21	27	69	68	39	123	111	299	46	
<b>PBT</b>	<b>1,379</b>	<b>1,805</b>	<b>2,028</b>	<b>2,691</b>	<b>965</b>	<b>1,950</b>	<b>1,988</b>	<b>2,657</b>	<b>7,903</b>	<b>7,559</b>	<b>2,844</b>	<b>-7%</b>
Tax	493	414	579	762	257	525	537	714	2,247	2,032	773	
Effective Tax Rate (%)	35.7	22.9	28.5	28.3	26.6	26.9	27.0	26.9	28.4	26.9	27.2	
<b>Reported PAT</b>	<b>886</b>	<b>1,391</b>	<b>1,449</b>	<b>1,929</b>	<b>708</b>	<b>1,426</b>	<b>1,451</b>	<b>1,943</b>	<b>5,655</b>	<b>5,527</b>	<b>2,071</b>	<b>-6%</b>
Change (%)	2.0	42.2	29.0	-3.0	-20.1	2.5	0.1	0.7	18.5	-2.3	7.4	
<b>Recurring PAT</b>	<b>886</b>	<b>1,391</b>	<b>1,449</b>	<b>1,929</b>	<b>708</b>	<b>1,426</b>	<b>1,451</b>	<b>1,943</b>	<b>5,655</b>	<b>5,527</b>	<b>2,071</b>	<b>-6%</b>
Change (%)	2.0	44.4	30.7	-0.5	-20.1	2.5	0.1	0.7	16.3	-2.3	7.4	



# Birla Corporation

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR1,044**      **TP: INR1,330 (+27%)**      **Buy**

## Expansion plans provide growth visibility

### Reiterate Buy on attractive valuations

- Birla Corporation (BCORP)'s 4QFY21 result was in line, with EBITDA growing 14% YoY to INR3.9b, led by 24% growth in volumes. However, EBITDA/t at INR940 (-9% YoY) came in below our estimate, weighed by higher raw material and freight cost.
- Ongoing expansion at the 3.9mtpa greenfield integrated plant at Mukutban was delayed by a quarter, to the end of 3QFY22, due to the pandemic.
- We broadly maintain our FY22E/FY23E estimates and expect a 15% EBITDA CAGR over FY21–23E, led by a strong 14% volume CAGR – as it plans to expand capacity by ~30% over the next 15 months. The valuation is also attractive at 5.8x FY23E EV/EBITDA. Reiterate **Buy**.

### EBITDA up 14% YoY on 24% YoY volume growth

- Revenue/EBITDA/PAT stood at INR21.3b/INR3.9b/INR1.8b (up 26%/14%/28% YoY) and was 11%/ 5%/ 0% above our estimate.
- While cement volumes grew 24% YoY to 4.17mt, EBITDA/t at INR940 (-9% YoY; -8% QoQ) was 3% below estimate on account of higher cost.
- Blended realization was largely in-line at INR5,114/t (+1% YoY; +2% QoQ). But total cost rose 4% YoY to INR4,174 (+5% QoQ) on cost inflation in raw materials and freight, partially neutralized by better fixed cost absorption.
- FY21 revenue/EBITDA/PAT stood at INR67.9b/INR13.7b/INR5.6b (-2%/+2%/+11% YoY), and volumes were down 2% YoY to 13.39mt. Lower finance cost due to a reduction in debt / interest rate has helped PAT growth of 11% YoY. Finance cost stood at 7.83% p.a. v/s 9.26% in FY20.
- OCF/capex/FCF stood at INR13.3b/INR8.0b/INR5.3b in FY21 v/s INR13.4b/INR9.9b/INR3.6b in FY20.
- Gross debt declined to INR40.5b (from INR42.8b in Mar'20) despite ongoing capex. Net debt/EBITDA declined to 2.26x v/s 2.36x in Mar'20.
- The company announced dividend of INR10/sh (14% payout).

### Highlights from management commentary

- In terms of sales volumes, blended cement accounted for 91%/92% in 4QFY21/FY21 and trade sales accounted for 78%/80%. Premium cement accounted for 53%/50% of trade sales volumes.
- The share of WHRS/solar in power consumption improved to 17.2%/2.8% in FY21 (v/s 14%/0.9% in FY20), which should control power inflation.
- The Mukutban 3.9mtpa greenfield integrated plant commissioning has been delayed further to end-3QFY22 due to labor availability concerns.

### Valuation and view

- BCORP plans to increase capacity by ~30% over the next 15 months, which should support volume growth. Around 55% of its capacity is in central India (a preferred market), which bodes well for the margin outlook.
- The valuation is attractive at 5.8x FY23E EV/EBITDA (~15% discount to its 10-year average) and USD68/t of capacity (~30% discount to replacement cost). We value BCORP at 7x FY23E EV/EBITDA to arrive at TP of INR1,330. **Buy**.

Bloomberg	BCORP IN
Equity Shares (m)	77
M.Cap.(INRb)/(USDb)	80.4 / 1.1
52-Week Range (INR)	1049 / 384
1, 6, 12 Rel. Per (%)	12/29/108
12M Avg Val (INR M)	228

### Financial Snapshot (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	67.9	78.1	92.2
EBITDA	13.7	14.5	18.1
Adj. PAT	5.6	6.1	7.7
EBITDA Margin (%)	20.2	18.6	19.6
Adj. EPS (INR)	73.0	79.2	100.2
EPS Gr. (%)	11.3	8.5	26.6
BV/Sh. (INR)	712	780	867

### Ratios

Net D:E	0.6	0.7	0.5
RoE (%)	10.9	10.6	12.2
RoCE (%)	9.5	7.8	9.3
Payout (%)	14.2	14.7	12.8

### Valuations

P/E (x)	14.3	13.2	10.4
P/BV (x)	1.5	1.3	1.2
EV/EBITDA(x)	7.8	7.8	5.8
EV/ton (USD)	93	78	68
Div. Yield (%)	1.0	1.0	1.1

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	62.9	62.9	62.9
DII	13.8	13.6	15.3
FII	3.6	3.8	4.2
Others	19.7	19.7	17.6

FII Includes depository receipts

**Consolidated performance**

(INR m)

Y/E March	FY20				FY21				FY20	FY21	FY21	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net sales</b>	<b>18,838</b>	<b>16,269</b>	<b>17,151</b>	<b>16,900</b>	<b>12,220</b>	<b>16,543</b>	<b>17,766</b>	<b>21,326</b>	<b>69,157</b>	<b>67,855</b>	<b>19,266</b>	<b>11</b>
YoY change (%)	13.9	11.1	10.2	-9.8	-35.1	1.7	3.6	26.2	5.6	-1.9	14.0	
Total expenditure	14,992	13,148	14,205	13,453	9,889	12,716	14,153	17,406	55,797	54,163	15,546	
<b>EBITDA</b>	<b>3,847</b>	<b>3,121</b>	<b>2,946</b>	<b>3,446</b>	<b>2,331</b>	<b>3,827</b>	<b>3,613</b>	<b>3,920</b>	<b>13,360</b>	<b>13,691</b>	<b>3,720</b>	<b>5</b>
Margin (%)	20.4	19.2	17.2	20.4	19.1	23.1	20.3	18.4	19.3	20.2	19.3	0.9
Depreciation	862	879	884	894	877	918	908	1,005	3,519	3,708	934	8
Interest	960	1,030	977	909	800	760	730	674	3,877	2,963	776	-13
Other Income	169	199	203	281	190	212	136	135	851	673	271	-50
<b>Profit before tax</b>	<b>2,192</b>	<b>1,411</b>	<b>1,289</b>	<b>1,924</b>	<b>845</b>	<b>2,361</b>	<b>2,112</b>	<b>2,376</b>	<b>6,815</b>	<b>7,694</b>	<b>2,282</b>	<b>4</b>
EO (income)/expense	0	0	0	0	0	0	-11	579	0	568	0	
<b>Profit before Tax after EO</b>	<b>2,192</b>	<b>1,411</b>	<b>1,289</b>	<b>1,924</b>	<b>845</b>	<b>2,361</b>	<b>2,122</b>	<b>1,798</b>	<b>6,815</b>	<b>7,126</b>	<b>2,282</b>	<b>-21</b>
Tax	786	527	474	-24	188	694	638	-696	1,763	825	456	-253
Rate (%)	35.9	37.4	36.8	-1.2	22.2	29.4	30.1	-38.7	25.9	11.6	20.0	
<b>Reported PAT</b>	<b>1,406</b>	<b>883</b>	<b>815</b>	<b>1,947</b>	<b>657</b>	<b>1,666</b>	<b>1,484</b>	<b>2,493</b>	<b>5,052</b>	<b>6,301</b>	<b>1,826</b>	<b>37</b>
<b>Adjusted PAT</b>	<b>1,625</b>	<b>1,046</b>	<b>955</b>	<b>1,426</b>	<b>657</b>	<b>1,666</b>	<b>1,474</b>	<b>1,823</b>	<b>5,052</b>	<b>5,620</b>	<b>1,826</b>	<b>0</b>
YoY change (%)	93.8	541.8	249.1	11.2	-59.5	59.4	54.3	27.8	97.6	11.2	-6.2	

E: MOFSL estimates



# Westlife Development

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	WLDL IN
Equity Shares (m)	156
M.Cap.(INRb)/(USDb)	65.7 / 0.9
52-Week Range (INR)	535 / 271
1, 6, 12 Rel. Per (%)	3/2/-10
12M Avg Val (INR M)	118

## Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	9.9	12.3	18.5
Sales Gr. (%)	-36.3	25.0	50.0
EBITDA	0.5	1.6	3.0
Margins (%)	4.8	13.0	16.0
Adj. PAT	-1.0	-0.3	0.6
Adj. EPS (INR)	-6.7	-1.8	4.2
EPS Gr. (%)	P/L	-	L/P
BV/Sh.(INR)	30.9	29.1	33.3

## Ratios

RoE (%)	-19.6	-6.0	13.3
RoCE (%)	-5.1	5.7	20.5

## Valuation

P/E (x)	N/M	N/M	101.3
P/BV (x)	13.6	14.5	12.7
EV/EBITDA (x)	144.2	42.1	22.7

## Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	58.0	59.1	59.1
DII	20.8	20.4	16.1
FII	10.8	9.6	12.7
Others	10.4	10.9	12.2

FII Includes depository receipts

**CMP: INR422 TP: INR400 (-5%) Neutral**

## Second COVID wave dampens near-term outlook

- Westlife Development (WLDL) delivered in-line SSSG, but lower-than-expected sales growth, with just one new store addition in 4QFY21 and only five in FY21. Furthermore, the dine-in channel (45% of sales in 4QFY21) was still below normal levels. However, strong performance from the convenience channel is a positive.
- Gross margin (GM) expansion through volume recovery, channel optimization, and supply chain initiatives is encouraging. The recovery in McCafé would further support the GM. EBITDA margins were below expectations, with a one-time employee bonus and salary reversals putting pressure. Nevertheless, the company's efforts on fixed cost reduction should aid margins going forward.
- While we like the structural outlook for WLDL, the near-term challenges due to the second COVID wave would lead to an overhang on the stock. The higher salience of the dine-in channel would delay normalcy. Valuations of 22.7x FY23E EV/EBITDA are at a ~9% discount to JUBI and do not leave scope for an upside. Maintain **Neutral**.

## Weaker-than-expected performance

- In 4QFY21, WLDL's net sales grew 6.3% YoY to INR3.6b (est. INR3.8b).
- SSSG was reported at 10.5% YoY (in line with estimates).
- WLDL opened one new McDonald's store in 4QFY21.
- Gross margins were up 90bp YoY to 66.5%.
- Restaurant operating margins (ROM) were up 560bp YoY to 16.4%.
- EBITDA grew 28.8% YoY to INR468m (est. INR536m).
- The EBITDA margin expanded 230bp YoY to 13.1% (est. 14.2%).
- Adj. PAT loss stood at INR65m (est. profit of INR55m).
- FY21 sales/EBITDA declined 36.3%/78.1% YoY. Adj. PAT loss for FY21 stood at INR1b vis-à-vis profit of INR93m in FY20.

## Highlights from management commentary

- A 90% recovery was seen in dine-ins and an accelerated performance from the convenience channel (which grew 42% YoY). WLDL did not see any drop in convenience channel sales even as dine-in sales recovered in 4QFY21.
- The convenience/dine-in channel accounted for 55%/45% share in the quarter. In-store sales were only 70% of pre-COVID sales (Jan'20).
- WLDL lowered its fixed costs significantly in FY21. Its new cost structure is now more resilient to volatility.

## Valuation and view

- While the ongoing second COVID wave is affecting the retail business across the sector, the higher salience of WLDL's dine-in channel would delay recovery. We cut our sales estimates for FY22/FY23E by 20%/12.5% and EBITDA estimates by 25.9%/10%.
- Although we like the structural opportunity for WLDL, near-term challenges would prove an overhang. Valuations of 22.7x FY23 are at a ~9% discount to JUBI and do not leave scope for an upside. Valuing the stock at 21x FY23 EV/EBITDA (~15% discount to JUBI), we achieve TP of INR400. Maintain **Neutral**.

**Consol. - Quarterly Perf.**

(INR m)

Y/E March	FY20				FY21				FY20	FY21	FY21	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
SSSG %	6.7	7.0	9.2	(6.9)	(54.0)	(40.7)	(24.0)	10.5	4.0	(27.1)	10.7	
No. of McDonald's restaurants	300	304	315	319	320	311	304	305	319	305	310.0	
<b>Net Sales</b>	<b>3,820</b>	<b>3,965</b>	<b>4,329</b>	<b>3,364</b>	<b>939</b>	<b>2,095</b>	<b>3,251</b>	<b>3,576</b>	<b>15,478</b>	<b>9,860</b>	<b>3,776</b>	<b>-5.3</b>
YoY Change (%)	11.8	13.3	16.8	-0.9	-75.4	-47.2	-24.9	6.3	10.4	-36.3	12.3	
<b>Gross profit</b>	<b>2,444</b>	<b>2,589</b>	<b>2,857</b>	<b>2,206</b>	<b>533</b>	<b>1,331</b>	<b>2,136</b>	<b>2,378</b>	<b>10,095</b>	<b>6,377</b>	<b>2,467</b>	
Margin (%)	64.0	65.3	66.0	65.6	56.8	63.5	65.7	66.5	65.2	64.7	65.3	
<b>EBITDA</b>	<b>489</b>	<b>580</b>	<b>709</b>	<b>363</b>	<b>-423</b>	<b>-13</b>	<b>437</b>	<b>468</b>	<b>2,140</b>	<b>469</b>	<b>536</b>	<b>-12.8</b>
YoY Change (%)	48.1	108.1	112.9	42.1	-186.5	-102.2	-38.3	28.8	78.8	-78.1	47.6	
Margins (%)	12.8	14.6	16.4	10.8	-45.0	-0.6	13.5	13.1	13.8	4.8	14.2	
Depreciation	332	344	355	354	353	351	350	342	1,384	1,396	356	
Interest	203	200	202	203	215	217	210	204	808	845	219	
Other Income	29	38	46	17	182	146	82	33	130	443	113	
<b>PBT</b>	<b>-17</b>	<b>74</b>	<b>198</b>	<b>-177</b>	<b>-809</b>	<b>-435</b>	<b>-40</b>	<b>-45</b>	<b>79</b>	<b>-1,329</b>	<b>74</b>	<b>-</b>
Tax	-5	27	54	-91	-203	-109	0	19	-14	-293	19	
Rate (%)	31.9	36.9	27.4	51.2	25.1	25.1	-0.9	-42.0	-18.1	22.1	25.2	
<b>Adj PAT</b>	<b>-11</b>	<b>47</b>	<b>144</b>	<b>-86</b>	<b>-605</b>	<b>-325</b>	<b>-41</b>	<b>-65</b>	<b>93</b>	<b>-1,036</b>	<b>55</b>	<b>-</b>
YoY Change (%)	-112.5	-40.6	107.7	-774.7	P/L	P/L	P/L	L/P	-63.0	-1,216.1	L/P	
Margins (%)	-0.3	1.2	3.3	-2.6	-64.5	-15.5	-1.3	-1.8	0.6	-10.5	1.5	

E: MOFSL Estimates





# Orient Electric

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR281 TP: INR365 (+30%) Buy**

Bloomberg	ORIENTEL IN
Equity Shares (m)	212
M.Cap.(INRb)/(USD\$b)	59.5 / 0.8
52-Week Range (INR)	345 / 153
1, 6, 12 Rel. Per (%)	-5/18/11
12M Avg Val (INR M)	108

### Financials & Valuations (INR b)

Y/E Mar	2021P	2022E	2023E
Sales	20.3	24.0	28.4
EBITDA	2.2	2.4	3.0
PAT	1.2	1.4	1.7
EBITDA (%)	10.8	10.2	10.5
EPS (INR)	5.6	6.5	8.2
EPS Gr. (%)	52.3	14.8	25.8
BV/Sh. (INR)	21.5	26.0	31.7

### Ratios

Net D/E	(0.5)	(0.2)	(0.3)
RoE (%)	26.3	24.9	25.7
RoCE (%)	30.4	28.2	28.4
Payout (%)	22.1	30.0	30.0

### Valuations

P/E (x)	49.7	43.3	34.4
P/BV (x)	13.1	10.8	8.8
EV/EBITDA (x)	26.0	23.9	19.4
Div Yield (%)	0.4	0.7	0.9
FCF Yield (%)	6.6	(1.0)	2.7

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	38.5	38.5	38.5
DII	22.6	23.0	19.9
FII	9.2	7.5	5.1
Others	29.7	30.9	36.5

FII Includes depository receipts

## All-round performance; balance sheet turns net cash

### Cost rationalization offsets gross margin pressure

- Orient Electric (OEL)'s 4QFY21 revenue was up 42%, in line with our estimate, with the **two-year CAGR at 12%**. Despite pressure on gross margins, a strong focus on cost led to EBITDA margin expansion of 50bps YoY to 12.1%.
- In FY21, strong pent-up demand post the first lockdown led to flat revenue on a YoY basis. Lower employee cost (-10% YoY) and other expenses (-23% YoY) aided margin expansion to 10.8% (+220bps). The sustainability of these cost rationalizations in FY22 remains to be seen – we have built in a 60bps cushion.
- With strong cash generation, OEL has now almost entirely repaid ~INR1.0b worth of debt, leading to net cash of INR2.4b (v/s net debt of INR0.9b in FY20). CFO stood at INR4.3b (FY20: INR1.3b) and FCF at INR3.9b (FY20: INR0.8b).
- The recent surge in COVID cases and resultant lockdowns pose near-term risk to revenues. However, once the situation normalizes, we believe OEL is best placed to capture the pent-up demand with its strong manufacturing and distribution capabilities. We maintain our FY22/FY23E EPS estimates. We value OEL at 45x FY23E EPS, with unchanged TP of INR365.

## Strong earnings performance; balance sheet turns net cash

- **4QFY21 snapshot:** Revenue was up 42% YoY to INR8b (two-year CAGR: 12%), **in line with our expectation**. EBITDA grew a strong 49% YoY to INR968m, **12% ahead of our expectation**. The EBITDA margin expanded 50bps YoY to 12.1%. Strong cost management helped mitigate gross margin pressure. Adj. PAT grew 75% YoY to INR627m, **14% ahead of our expectation**.
- **FY21 snapshot:** Revenue was almost flat at INR20.3b. EBITDA grew 24.4% YoY to INR2.2b. The EBITDA margin expanded 220bps YoY to 10.8%. Adj. PAT grew 52% YoY to INR1.2b.
- **Key segmental highlights: a) Electrical Consumer Durables (ECD)** – 4QFY21 revenue increase 42% YoY to INR6.5b, with PBIT margins contracting 150bp YoY to 14.3%. FY21 revenue stood flat at INR15.1b, with PBIT margins expanding 140bp YoY at 13.6%. **b) Lighting and Switchgear** – 4QFY21 revenue increase 44% YoY to INR1.6b, with PBIT margins expanding 310bp YoY to 14.4%. FY21 revenue declined 9% YoY at INR5.2b, with PBIT margins expanding 280bp YoY to 13.3%.
- **Turns net cash:** OEL has now almost entirely repaid ~INR1.0b worth of debt, leading to net cash of INR2.4b (v/s net debt of INR0.9b in FY20). CFO stood at INR4.3b (FY20: INR1.3b) and FCF at INR3.9b (FY20: INR0.8b).

## Other key takeaways

- Due to various disruptions, including the farmers' agitation, some critical components of premium fans were in shortage.
- Higher trade inventory and rising raw material prices led to margin compression in Air Coolers.

- In Water Heaters, proactive planning and strong vendor engagement helped in the localization of components, thus significantly reducing import dependence on China.
- Growth in Lighting was driven by consumer luminaries, with higher demand from tier 2 / tier 3 cities. A portion of the growth was also aided by market share gains from unorganized players. The B2B business has remained subdued due to muted construction activity.
- The Switchgears business faced headwinds – as the channel preferred to sell established brands with quick sales conversion.

### Valuation and view

The recent surge in COVID cases and resultant lockdowns pose near-term risk to revenues. However, once the situation normalizes, we believe OEL is best placed to capture the pent-up demand with its strong manufacturing and distribution capabilities. We maintain our FY22/FY23E EPS estimates. We forecast a revenue / EBITDA / adj. PAT CAGR of 18%/16%/20% over FY21–23E. We value OEL at 45x FY23E EPS, with unchanged TP of INR365. At CMP, the stock trades at FY22/FY23E PE of 43x/34x. Our longer term thesis indicates a reduction in the margin differential between Orient Electric and leading FMEG peers ([refer to our initiation report](#)). Note that while Orient Electric trades at a 14% premium to Crompton on an FY23E PE basis, it trades at a 15% discount on an EV/EBITDA basis.

### Quarterly Performance

	(INR m)											
	FY20				FY21				FY20	FY21P	MOSL	Var.
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
<b>Sales</b>	<b>5,683</b>	<b>4,347</b>	<b>4,957</b>	<b>5,631</b>	<b>1,788</b>	<b>4,338</b>	<b>6,183</b>	<b>8,017</b>	<b>20,618</b>	<b>20,326</b>	<b>7,691</b>	4.2%
Change (%)	31.2	16.5	17.9	-11.7	-68.5	-0.2	24.7	42.4	10.6	-1.4	36.6	
<b>Adj EBITDA</b>	<b>441</b>	<b>219</b>	<b>453</b>	<b>652</b>	<b>-193</b>	<b>578</b>	<b>842</b>	<b>968</b>	<b>1,764</b>	<b>2,195</b>	<b>867</b>	11.7%
Change (%)	66.2	27.8	67.7	-7.7	-143.6	164.2	86.0	48.5	24.9	24.4	32.9	
Adj EBITDA margin (%)	7.8	5.0	9.1	11.6	-10.8	13.3	13.6	12.1	8.6	10.8	11.3	
Depreciation	92	99	104	106	107	107	108	109	401	432	111	
Interest	68	51	66	77	63	45	46	54	261	207	47	
Other Income	5	9	12	15	9	7	7	40	41	63	17	
Extra-ordinary Items	-	-	-	-	-	-	-	-	-	-	-	
<b>PBT</b>	<b>286</b>	<b>78</b>	<b>295</b>	<b>484</b>	<b>-353</b>	<b>433</b>	<b>694</b>	<b>845</b>	<b>1,143</b>	<b>1,619</b>	<b>726</b>	16.3%
Tax	97	29	104	126	-80	109	175	218	357	422	174	
Effective Tax Rate (%)	34.0	36.7	35.4	26.1	22.7	25.1	25.2	25.8	31.2	26.0	24.0	
<b>Reported PAT</b>	<b>189</b>	<b>49</b>	<b>191</b>	<b>358</b>	<b>-273</b>	<b>324</b>	<b>519</b>	<b>627</b>	<b>786</b>	<b>1,198</b>	<b>552</b>	13.5%
Change (%)	56.7	-28.5	61.9	-7.4	-244.6	558.9	172.7	75.2	13.4	52.3	54.3	
<b>Adj PAT</b>	<b>189</b>	<b>49</b>	<b>191</b>	<b>358</b>	<b>-273</b>	<b>324</b>	<b>519</b>	<b>627</b>	<b>786</b>	<b>1,198</b>	<b>552</b>	13.5%
Change (%)	56.7	-28.5	61.9	-7.4	-244.6	558.9	172.7	75.2	13.4	52.3	54.3	



Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR735      TP: INR970 (+32%)      Buy**

Bloomberg	BSE IN
Equity Shares (m)	47
M.Cap.(INRb)/(USDb)	33.1 / 0.5
52-Week Range (INR)	748 / 373
1, 6, 12 Rel. Per (%)	26/36/38
12M Avg Val (INR M)	246

**Financials & Valuations (INR b)**

Y/E Mar	2021	2022E	2023E
Net Sales	5.0	5.7	6.4
EBIT	0.2	0.6	0.8
PAT	1.4	2.4	2.9
EPS (INR)	30.9	51.3	63.6
EPS Gr (%)	24.1	65.9	23.9
BV / Sh (INR)	538	547	556

**Ratios**

RoE (%)	5.8	9.4	11.4
RoCE (%)	9.5	12.1	14.0

**Valuations**

P/E (x)	23.8	14.3	11.6
P/BV (x)	1.4	1.3	1.3

**Shareholding pattern (%)**

As On	Mar-21	Dec-20	Mar-20
Promoter	0.0	0.0	0.0
DII	3.8	4.6	10.5
FII	37.5	41.4	42.5
Others	58.7	54.0	47.0

FII Includes depository receipts

**Strong operations led by increased market activity**

- BSE reported operational revenue growth of 24% YoY in 4QFY21. Growth was led by a 117% YoY increase in equity transaction charges; this was partially offset by revenue decline in Star MF on moderation in realization on the platform. Overall strong market activity led to an 86%/17% YoY increase in transaction charges / services to corporates. A robust increase in margins was the function of operating leverage in the business.
- The management's decision to explore options to unlock value from its Star MF segment is encouraging; however, no bids have been accepted thus far.
- Cross-subsidization by the competition presents limited monetization opportunities for BSE in the INX and Commodity Derivatives segments in the near term. While the announced additional income streams may be small currently, some of these have the potential to present meaningful opportunity over the long term.
- We continue to see BSE as a tactical play of a combination of the core business and the potential value from revenue scale-up in new segments (Star MF, Commodities, and INX). Increased margins would further add to the bottom line on account of high operating leverage. Reiterate **Buy**.

**Operations above estimates**

- BSE reported revenue growth of 23.8% YoY (above expectations). The EBITDA margin stood at 28.4% v/s +3.8% in 4QFY20.
- FY21 revenue increased 11.1% YoY and EBITDA margins were up to 15% vis-à-vis breakeven in FY20. PAT stood at INR1.4b (up 26% YoY).
- Income from transactions stood at INR465m (up 86% YoY), within which equity traction income increased 117% YoY. However, income from star MF declined on account of price negotiation with AMFI.
- Services to corporates also rose 17% YoY to INR665m, led by increased market activity.
- The higher EBITDA margin was largely attributable to positive operating leverage in the business.
- PAT stood at INR326m, implying a PAT margin of 18%.

**Key highlights from management commentary**

- In FY21, transactions grew 63% and market share at the year-end stood at ~82%. The BSE Star platform had net equity inflow v/s net outflow in the industry in FY21. BSE has given ICICI Securities the mandate to search for a buyer for Star MF.
- BSE has been using open source architecture for its systems/network, which has led to a reduction in its technology cost. As a result, the management is confident of advancing into newer areas and continues to expand in the traditional areas.
- Most brokers had earlier not diversified to other exchanges. Since the occurrence in February 2021 (halt in NSE trading), brokers have realized the importance of diversifying, which has benefitted BSE.

### Valuation and view – play on optionality, yield, and valuations

- Our 'Buy' stance on BSE is centered on option value from new segments (Star MF, Commodities, and INX) over and above the SOTP value of its businesses. A consistently high payout by the company remains a positive for the stock.
- Our SOTP fair valuation of BSE ascribes value to (i) core operations, excl. cash income (INR138/share), (ii) BSE operations, including cash and margin money income (INR301/share), (iii) the floating of encumbered cash (INR270/share), and (iv) the implied value from CDSL's market price at a Holdco discount (INR266/share). Our TP of INR970 implies a 32% upside.

Cons. Quarterly perf.											(INR m)	
Y/E March	FY20				FY21E				FY20	FY21	Est. 4Q	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Revenue from operations</b>	<b>1,095</b>	<b>1,088</b>	<b>1,104</b>	<b>1,196</b>	<b>1,032</b>	<b>1,284</b>	<b>1,182</b>	<b>1,481</b>	<b>4,483</b>	<b>4,979</b>	<b>1,312</b>	<b>12.9</b>
YoY Change (%)	-7.6	-2.9	8.7	6.2	-5.7	18.0	7.1	23.8	0.8	11.1	10	1414bp
Total Expenditure	1,066	1,146	1,154	1,150	1,049	1,031	1,087	1,061	4,516	4,228	1,129	-6.1
<b>EBITDA</b>	<b>29</b>	<b>-58</b>	<b>-50</b>	<b>46</b>	<b>-17</b>	<b>253</b>	<b>95</b>	<b>420</b>	<b>-33</b>	<b>751</b>	<b>183</b>	<b>130.1</b>
Margins (%)	2.6	-5.3	-4.5	3.8	-1.6	19.7	8.0	28.4	-0.7	15.1	14	1444bp
Depreciation	120	125	132	134	132	145	149	153	511	579	138	10.7
Interest	5	4	5	10	22	24	29	28	24	103	29	-3.8
Investment income	565	507	383	362	589	350	440	219	1,817	1,598	440	-50.2
<b>PBT before EO expense</b>	<b>470</b>	<b>320</b>	<b>196</b>	<b>264</b>	<b>418</b>	<b>434</b>	<b>357</b>	<b>458</b>	<b>1,249</b>	<b>1,667</b>	<b>456</b>	<b>0.6</b>
Extra-Ord expense	38	66	-211	267	121	267	97	88	160	573	0	
<b>PBT</b>	<b>432</b>	<b>254</b>	<b>407</b>	<b>-3</b>	<b>297</b>	<b>167</b>	<b>260</b>	<b>370</b>	<b>1,089</b>	<b>1,094</b>	<b>456</b>	<b>-18.8</b>
Tax	88	-40	8	82	73	-192	62	165	138	109	114	45.0
Rate (%)	20.4	-15.7	2.0	-2,562.5	24.7	-114.8	24.0	44.6	12.7	9.9	25	1961bp
MI & P/L of Asso. Cos.	70	73	57	72	101	101	126	121	272	449	69	74.6
<b>Reported PAT</b>	<b>414</b>	<b>367</b>	<b>456</b>	<b>-13</b>	<b>325</b>	<b>460</b>	<b>324</b>	<b>326</b>	<b>1,223</b>	<b>1,434</b>	<b>411</b>	<b>-20.7</b>
YoY Change (%)	-19.7	-20.0	1.6	-102.5	-21.5	25.4	-29.0	NA	-33.5	25.8	-3,211	NA
Margins (%)	32.7	26.0	36.2	-161.4	24.1	19.0	19.3	17.5	32.6	36.9	27	NA

E: MOFSL Estimates

### FUND FOLIO (May 2021): AUM scales new highs to surpass INR32t+; equities see inflows for second consecutive month

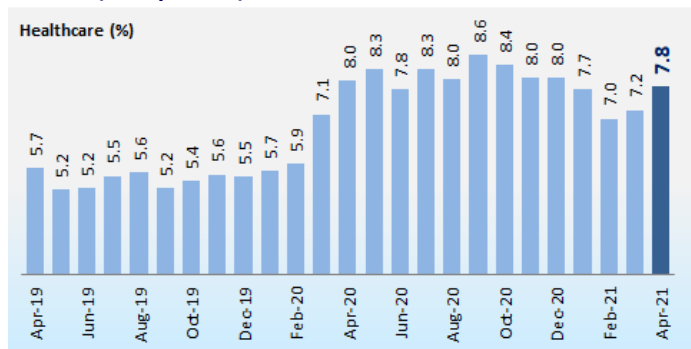
#### Key observations

- The Nifty ended its two-month winning streak in Apr'21, as the market witnessed elevated volatility due to the second COVID wave. The index oscillated ~900 points before closing 60 points, or 0.4%, lower MoM at 14,631. FII outflows of USD1.5b were seen after six consecutive months of inflows. DIIs posted inflows (of USD1.5b) for the second consecutive month. Mid-caps/Small-caps outperformed large-caps by 2.5%/6% in Apr'21.
- Another month, another trillion AUM – The MF industry's AUM scaled new heights to reach INR32.4t in Apr'21 (+3%; INR1t MoM), primarily led by liquid, equity, arbitrage, and income funds. Notably, AUM was up MoM across categories, except infrastructure debt funds.
- Equity AUM in domestic MFs (including ELSS and index funds) increased a marginal 1.2% MoM to INR10.3t in Apr'21 despite bleak market sentiment. Redemptions declined a marginal 1.4% MoM to INR211b; however, an even higher fall in equity scheme sales (-22.2% MoM to INR240b) led to decline in net inflows to INR30b in Apr'21 (from INR95b in Mar'21), marking the second consecutive month of inflows.

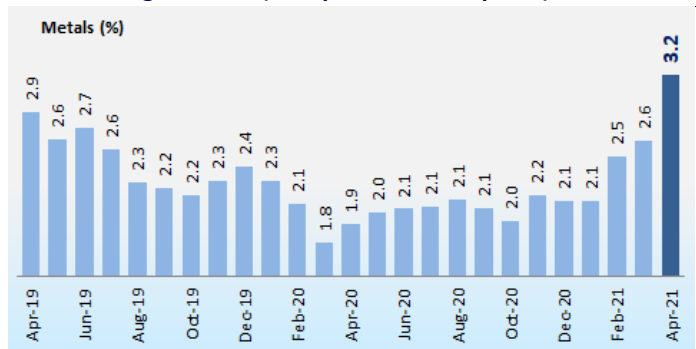
#### Some interesting facts

- The month saw notable changes in the sector and stock allocation of funds. On a MoM basis, weights of Healthcare, Metals, Chemicals, and Textiles increased, while weights of Consumer, Technology, Cement, Autos, Consumer Durables, Capital Goods, Banks (Private and PSU), Retail, Utilities, and Real Estate moderated.
- Healthcare weight increased for the second consecutive month to 7.8% (+60bp MoM). The sector now ranks third in the allocation of mutual funds – it was in fifth position a year ago.
- Metals' weight increased for the third consecutive month to a 29-month high of 3.2% (+60bp MoM; +130bp YoY).
- Consumer weight reached 38-month lows of 6.8% (-40bp MoM; -170 YoY). As a result, the sector, which was in third position a year back, slipped to the sixth position in the allocation of mutual funds.
- In terms of value increase MoM, three each stocks in the top 10 were from Healthcare and Private Financials: ICICI Bank (+INR30.2b), Axis Bank (+INR24.8b), Sun Pharma (+INR17.7b), Bajaj Finance (+INR16.8b), Divi's Labs (+INR15b), and Dr Reddy's Labs (+INR10.2b).
- Stocks that exhibited a maximum decline in value MoM: HDFC Bank (-INR41.2b), ITC (-INR24.9b), Infosys (-INR19.9b), TCS (-INR14b), and L&T (-INR11.5b)..

Healthcare weight increased for the second consecutive month to 7.8% (+60bp MoM)



Metals' weight increased for the third consecutive month to a 29-month high of 3.2% (+60bp MoM, +130bp YoY)





# Cadila Healthcare

**BSE SENSEX** 48,691 **S&P CNX** 14,697

**CMP: INR650** **TP: INR750 (+15%)** **Buy**



Bloomberg	CDH IN
Equity Shares (m)	1,024
M.Cap.(INRb)/(USDb)	662.3 / 9
52-Week Range (INR)	674 / 321
1, 6, 12 Rel. Per (%)	28/40/45
12M Avg Val (INR M)	2469

**Financials & Valuations (INR b)**

Y/E MARCH	2021E	2022E	2023E
Sales	149.9	162.1	175.8
EBITDA	32.7	39.3	41.9
Adj. PAT	20.5	26.3	27.8
EBIT Margin (%)	17.0	19.4	19.2
Cons. Adj. EPS (INR)	20.0	25.7	27.1
EPS Gr. (%)	36.1	28.3	5.7
BV/Sh. (INR)	125.2	166.2	187.7

**Ratios**

Net D:E	0.4	0.1	0.0
RoE (%)	17.7	17.6	15.3
RoCE (%)	12.0	13.1	13.1
Payout (%)	18.0	17.9	17.0

**Valuations**

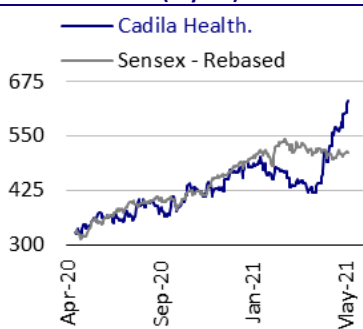
P/E (x)	32.5	25.3	24.0
EV/EBITDA (x)	21.6	17.1	15.6
Div. Yield (%)	0.6	0.7	0.7
FCF Yield (%)	2.0	6.0	3.5
EV/Sales (x)	4.7	4.1	3.7

**Shareholding pattern (%)**

As On	Mar-21	Dec-20	Mar-20
Promoter	74.9	74.9	74.9
DII	11.5	11.9	13.0
FII	5.2	5.2	4.4
Others	8.4	8.0	7.7

FII Includes depository receipts

**Stock Performance (1-year)**



## Strategic reprioritizing led to the divestment of the Animal Health business

- CDH has entered into an agreement to divest its Animal Healthcare Established Markets business for INR29.2b (USD398m) on a slump sale basis.
- As part of its strategic re-evaluation, it has decided to focus on scaling up its India human health/consumer health, US generics, specialty segment comprising new chemical entity (NCE)/biological/vaccines, and emerging market business.
- While the deal is expected to be EPS neutral, we raise our FY22E/FY23E earnings estimate by 4% each to factor in its recent strong performance in the Domestic Formulations (DF) business, partly aided by COVID-19 products such as Remdesivir.
- We value CDH at 25x 12-month forward earnings to arrive at our TP of INR750. The vaccine opportunity and traction in the recently approved COVID-19 treatment drug (Virafin) are near term triggers and are yet to be factored into our model. Maintain Buy.

## Deal to reduce debt over the near term, enable it to build a war chest for strategic opportunities

- CDH's sale of its Animal Healthcare Established Market business would fetch INR29.2b on a slump sale basis. This business had FY21 sales of INR6b (+17% YoY) and EBITDA margin of 25% (+800bp YoY). This implies EV/sales of 5x and EV/EBITDA of ~19x. The valuation is decent considering its leadership positions across various therapies covering most animal species of livestock and poultry.
- CDH had built its Animal Healthcare business through organic as well as inorganic means. It had acquired Zoetus' Animal Healthcare business with a turnover of INR1.7b in FY16 and acquired its Haridwar manufacturing unit. The deal does not include the Animal Healthcare Regulated Market business, which will focus on the Companion Animal segment in the US and Europe. This business is in the investment stage and will take 5-6 years to fully develop. The management intends to continue to file ANDAs in the Animal Healthcare Regulated Market business.
- As a result of the deal, CDH's net debt will reduce to less than INR10b over the short term. It will use the deal proceeds to make investments in its focus business segments.

## DF on a strong footing buoyed by COVID-19 drugs/vaccines to some extent

- CDH delivered ~20% growth in the quarter-ending Apr'21, with 45% YoY growth in Apr'21, driven by chronic/COVID-19 drugs. Gastrointestinal/Pain Management therapies (14%/9% of sales) exhibited robust (21%/18%) growth in the quarter-ending Apr-21. Its Remdac brand (Remdesivir) has become the top brand in the DF segment. Priced at INR899/dose, its Remdesivir is 60-70% cheaper than any other Remdesivir brands in India, ensuring maximum accessibility during a national healthcare emergency.

- Last month, DCGI granted emergency use authorization to 'Virafin', technically referred to as Pegylated Interferon alpha-2b (PegIFN), used in the treatment of moderate COVID-19 infections. CDH is expected to initially supply 50,000 doses in the near term. By Jul'21, it would be able to scale-up monthly supplies to 1m doses. Considering the potential of the drug to reduce the need of supplemental oxygen and better efficacy against other viral infection, we expect sales of INR2.5-3b on an annualized basis.
- Its three-dose DNA vaccine candidate for COVID-19 is in Phase III trials and the company expected to seek emergency use authorization in India shortly. It has a capacity to produce 250m doses annually and may undertake further expansion if the need arises.

#### **Valuation and view:**

- We raise our FY22E/FY23E EPS estimate by 4% each to factor in strong traction in the DF segment, better operating leverage due to restriction on travelling, and lower financial cost on account of a reduction in debt. We value CDH at 25x 12-month forward earnings to arrive at our TP of INR750.
- We remain positive on CDH on the back of superior growth in the Specialty segment of DF, strong ANDA pipeline, its NCE portfolio, building of the Biosimilars business, its complex generic portfolio, and better outlook in the Consumer Wellness segment.
- The vaccine and Virafin drug prospects may be additional triggers over the medium term. Maintain Buy.



# Blue Star

BSE SENSEX 48,691 S&P CNX 14,697



Bloomberg	BLSTR IN
Equity Shares (m)	96
M.Cap.(INRb)/(USDb)	79.1 / 1.1
52-Week Range (INR)	1025 / 452
1, 6, 12 Rel. Per (%)	-7/11/17
12M Avg Val (INR M)	110

### 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

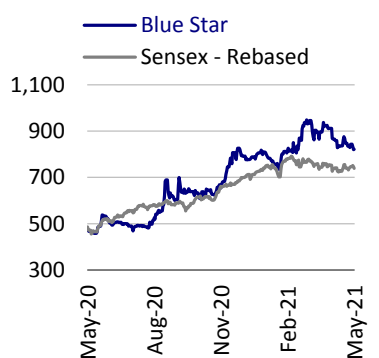
P/E (x)	78.8	48.5	32.6
P/BV (x)	8.9	8.2	7.3
EV/EBITDA (x)	33.5	25.7	20.0
Div Yield (%)	0.0	1.0	1.5
FCF Yield (%)	4.6	0.2	1.9

### 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

### Stock Performance (1-year)



CMP: INR821 TP: INR700 (-15%) Sell

## Re-strategizing to combat competition

We attended the analyst meet organized by the management of BLSTR. The key takeaways are as follows:

- Expect growth in the RAC industry to slow down:** While the ongoing commodity cost inflation has led to price increases across products, the upcoming BEE rating change in Jan'22 is expected to result in further increase prices by 7-8%. Hence, the BLSTR management views this to be a headwind for growth of the RAC industry. The government does have an option to reduce GST rates, but the management believes it won't happen in the next two years looking at government finances. It expects growth to moderate to 10% CAGR v/s its earlier expectation of 15%. This implies that penetration levels may remain lower going forward. Price inflation could lead to lower-end products like two-star and three-star RACs gaining market share, while the offtake of five-star ACs could be limited.
- Opportunity healthy in Commercial Refrigeration:** With BLSTR being the market leader in this segment, it sees further growth opportunities in Hospitals and the Food Delivery market. Competition is lower in the Commercial Refrigeration segment.
- Evaluating international markets, need to address business seasonality:** BLSTR is looking to explore the international market in the room AC as well as Commercial Refrigeration segment. The aim is to mitigate any slowdown in the Indian AC industry due to continuous price increases and to address business seasonality. The other option is to enter the wider White Goods space. The industry has a higher competitive intensity and may not be a viable option. In the international market, the management will like to explore the Middle East and African nations.
- Summer sales expected to be bleak as the lockdowns get extended:** Room ACs saw robust sales until 15<sup>th</sup> Apr'21, before the statewide lockdowns started coming into force. Most of the key consumption states like Maharashtra, Delhi, Rajasthan, Madhya Pradesh, and Karnataka have extended lockdowns until the end of May'21, while some like Uttar Pradesh are also mulling an extension. States like Punjab and Haryana have classified ACs as an essential category, which has led to sales across these regions. **The RAC industry is expected to have declined by ~20% in Apr'21 as compared to Apr'19.** Like last year, there is some expectation of an extension of the summer season in Jun-Jul'21, which could prove to be a respite for RACs.
- Cautious approach towards the Projects business:** The competitive intensity in this segment is not intense at present, with current bids having an attractive margin. The strategy in this segment for BLSTR is to execute Projects, which provide cash flow visibility rather than only topline growth. The management expects to clock ~6.5% margin in this segment. Within sectors, the Healthcare segment is offering a healthy opportunity. Going forward, the management will be extremely cautious in the Projects business and focus more on cash flows rather than chasing growth.



- **Expect to defend margin in the UCP segment with a focus on cost:** With the ongoing lockdown and subdued demand, the company has paused ad spends and will resume the same once demand picks up. BLSTR has undertaken a 3-5% price increase across various SKU categories in Apr'21. This is expected to cover up for commodity price inflation in recent months. The management will review decision for further price hikes in Sep'21 as the current price hike will adequately shield existing inventory until then. It believes that the RAC industry will have to look into the value engineering process to mitigate effects of price hikes. BLSTR is targeting 8-8.5% margin in the UCP segment in FY22 (v/s 7.9% in 4QFY21).
- **Valuation and view:** The commentary on RAC industry trends suggest 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 FY22 earnings. 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.



# Airtel Africa

BSE SENSEX

48,691

S&amp;P CNX

14,697



## Strong performance in Nigeria; growth in Data revenue remains robust across geographies

- **Operating profit remains flat; lower finance/tax charges boost PAT growth:** Airtel Africa's revenue/EBITDA fell 2% each QoQ to USD1,038m/USD492m in 4QFY21, with a 20bp decline in margin to 47.4%. On a constant currency (CC) basis, revenue/EBITDA rose 2%/4% QoQ to USD1,058m/USD506m (in line). EBITDA margin improved 90bp QoQ to 47.8%. Performance remained flattish QoQ as ARPU increased by 1% to USD3, while net subscriber base declined by 0.6% to 118.1m. Reported PAT rose 69% QoQ to USD154m due to lower (down 19%/27% QoQ) finance/tax charges, leading to PAT benefits. Monthly churn fell to 3.9%, which is the lowest in the past four years (v/s 5% in 3QFY21). Net debt/EBITDA for FY21 stood at 2x (v/s 2.1x in FY20). FCF rose 42.8% YoY to USD647m in FY21.
- **Nigeria drove growth, but was offset by East/Francophone Africa:** Geography-wise, Nigeria revenue/EBITDA grew 7%/9% QoQ (in CC terms) to USD441m/USD242m. This was mainly led by a 6%/16% improvement in Voice/Data ARPU, while its subscriber base declined by 6%. East Africa's performance remained flat QoQ, with revenue/EBITDA at USD373m/USD171m (in CC terms) due to a 5% QoQ decline in revenue from the Voice segment (as ARPU fell 4% QoQ, while its subscriber base stood flat QoQ), offset by 7% growth in Data revenue. In CC terms, Francophone Africa's revenue/EBITDA grew 0.4%/1% QoQ to USD250m/USD105m as the 6% growth in subscriber base was offset by a 5% decline in ARPU. Voice revenue declined 2% QoQ, while Data revenue grew by 8%.
- **Data revenue shows the highest growth:** Across segments, Data revenue showed the highest (9% QoQ) growth at USD322m (in CC terms) on the back of strong ARPU growth (+13% to USD2.7), while its Data subscriber base stood flat at 41m. Revenue for the Voice segment fell 2% QoQ to USD557m, driven by a 1% decline in subscriber growth to 118m, while ARPU was flat at USD1.6. Revenue for Mobile Money segment remained flat QoQ as ARPU declined 5% QoQ to USD1.7, offset by marginal growth in its subscriber base to 22m.
- **Highlights from the management commentary:** a) **Growth engines:** Data and mobile money remain the growth engines, with annual growth in excess of 30%. The cost of traditional banking remains high in Africa, providing an opportunity for Airtel Mobile Money. b) **Francophone:** The region is turning a key growth contributor in Africa. Data services grew 32% in FY21 led by expansion of 4G networks (65% sties on 4G network). Mobile Money grew 48% YoY, with strong growth in the DRC region. c) **Capex and deleveraging:** Capex target stands at USD650-700m annually and will be utilized mostly towards modernization of its network, growth of cell sites and fiber footprint for towers, and increase in 4G coverage. FCF has been strong at USD647m. Leverage reduced to 2x in FY21 from 9x in FY17. d) **Growth opportunities:** Voice ARPU can grow further as customer voice service utilization still remains low (v/s global average).

**Valuation and view:** Airtel Africa has a market capitalization of USD3.5b and EV (including lease obligation) of USD7b, with an implied EV/EBITDA multiple of 3.2x/2.7x (including lease obligation) on FY22E/FY23E EBITDA. The company's capability to generate strong FCF (USD647m during FY21) will aid in further deleveraging. Our SoTP-based TP for BHARTI stands at INR720/share, including INR125/share for Airtel Africa.

## CPI inflation at 3-month low in Apr'21; IIP grew ~22% in Mar'21 on low base

### RBI likely to remain accommodative this year

- CPI-based retail inflation came in at a three-month low of 4.3% YoY in Apr'21 (v/s 5.5% in Mar'21 and 7.2% in Apr'20). This number is lower than our forecast of 4.6% YoY and higher than Bloomberg consensus of 4.1% YoY.
- Food inflation (CPI weight: 39.1%) came in at a three-month low of 2% YoY in Apr'21 as against 11.7% YoY a year ago and 4.9% in Mar'21. While items such as 'vegetable', 'sugar and confectionary', 'milk and products' and 'cereals and products' registered deflation last month, inflation in other food items like 'pulses and products' and 'spices' came in lower in Apr'21 compared to Mar'21. These items account for ~29% weight in CPI basket.
- Inflation in core items (Housing, Clothing and Footwear, and Miscellaneous Items – CPI weight: 44.9%) came in at a 10-month low of 5.2% YoY last month (v/s 5.8% YoY in Mar'21). Of the three items mentioned above, the latter two came in at four-month and 10-month lows, respectively. 'Housing' inflation rose to a 12-month high of 3.7% YoY in Apr'21.
- Additionally, IIP grew 22.4% YoY in Mar'21 supported by a low base. The number is in line with our expectations and higher than Bloomberg consensus of 20% YoY. With this, IIP in 4QFY21 stood at 12-quarter high of 5.3% YoY.
- While manufacturing activity and power generation grew in the range of 22-26% YoY in Mar'21, mining activity increased 6.1% YoY during the month. However, production of certain manufactured items such as food products, tobacco, print and record media and Coke & Refined Petroleum Products continued declining, albeit slower.
- According to use-based classification, production in Capital Goods, and infrastructure/construction and consumer goods production grew >30% YoY in Mar'21.
- We expect CPI inflation to inch higher to ~5% by Jun'21 before its eases to 3.5% by Nov'21. If so, it could average 4.5% YoY in FY22, following 6.2% in FY21. Additionally, although IIP growth could be ~35-40% in 1QFY22 as against a decline of 35.5% YoY in 1QFY21, it could grow 8-9% YoY in FY22, following a fall of 8.7% YoY in FY21.
- Overall, the data releases are unlikely to have any impact on the monetary policy. Considering the far worse second wave of COVID-19 cases, the RBI is likely to remain accommodative this year.

### I. Retail inflation at 3-month low in Apr'21

- **CPI inflation moderated in Apr'21...:** CPI-based retail inflation came in at a three-month low of 4.3% YoY in Apr'21 (v/s 5.5% in Mar'21 and 7.2% in Apr'20). This number is lower than our forecast of 4.6% YoY and higher than Bloomberg consensus of 4.1% YoY (*Exhibit 1*).
- **...due to lower food inflation:** Food inflation (CPI weight: 39.1%) came in at a three-month low of 2% YoY in Apr'21 as against 11.7% YoY a year ago and 4.9% in Mar'21 (*Exhibit 2*). While items such as 'vegetable', 'sugar and confectionary', 'milk and products' and 'cereals and products' registered deflation last month, inflation in other food items like 'pulses and products' and 'spices' came in lower in Apr'21 compared to Mar'21. These items account for ~29% weight in CPI basket. The remaining items ('oil and fats', 'meat and fish and 'fruits') exhibited higher inflation last month compared to Mar'21. Consequently, CPI inflation excluding food came in marginally lower at 5.8% YoY in Apr'21 from 5.9% YoY in Mar'21 and similar to 5.8% in Feb'21.
- **Core inflation at 10-month low in Apr'21...:** Inflation in core items (Housing, Clothing and Footwear, and Miscellaneous Items – CPI weight: 44.9%) came in at a 10-month low of 5.2% YoY last month as against 5.8% YoY in Mar'21 and 4.8% YoY in Apr'20 (*Exhibit 3*). Of the three items within core, 'miscellaneous' items and 'clothing and footwear' came in at 10-month and four-month low, respectively, while 'housing' inflation rose to a 12-month high in Apr'21.



## Who bore the burden of income losses in CY20...

### ...and what does it mean for a rebound?

- The COVID-19 led economic crisis seen in CY20 was very different from other economic/financial crisis. The ‘sudden stop’ forced authorities to react with a quick, massive, and unconditional fiscal/monetary support last year. As in other crisis, however, these measures did not prevent losses, though they definitely helped mitigate them. In this note, we attempt to distribute the income losses by sectors – household, corporate, and government – in India and compare it with other major nations<sup>1,2</sup>.
- This exercise holds importance because it helps us understand: a) if, and how, the situation is different in India vis-à-vis other major nations, b) how different fiscal responses led to varied implications for the private sector, and c) implications on the strength of recovery, as and when it happens. Lastly, we talk about the key lessons that must be remembered during the second wave.
- Our calculations suggest that almost four-fifth of all income losses<sup>3</sup> in CY20 were incurred by the private sector in India (IN), and the government sector bore only about a fifth of the losses. This is in stark contrast to Australia (AU), Canada (CA), and the US, where the government sector incurred all the losses and eventually ended up transferring net resources to the private sector last year. The private sector faced losses between 20% and 60% in large European nations – France (FR), Germany (DE), Italy (IT), Spain (ES), and the UK – covered in this study.
- The income losses incurred by the government in IN were, by far, the least (only ~20%), while it was over 200% (100%) in AU (CA/the US). Even in South Africa (SAf), the only other emerging nation included in our study, the government suffered all income losses, while private sector income was broadly unchanged.
- Within the private sector, while the fiscal support made up for more than lost household (disposable) income in AU, CA, and the US, households in IN/SAf incurred 61%/68% of economic losses in CY20. Household losses were restricted between 16% and 28% in five European nations covered in our study.
- Effectively, it implies that the corporate sector suffered higher income losses in FR and ES (30-35%) and gained massively in AU and SAf due to the fiscal support. The corporate sector in other nations, including IN, in our study witnessed moderate losses (12-16%), while it was broadly balanced in DE.
- This study clearly reveals that due to extremely low fiscal support in IN, the income losses for the private sector (especially households) were much higher compared to other major nations in our study. Going forward, as the government sector in all countries, including IN, will be taking a step back (only gradually) as COVID-19 subsides, the burden of stronger growth will fall entirely on the private sector. With IN’s private sector bearing such a large share of income losses in CY20, we are skeptical of a strong rebound in growth, as and when it happens.
- With IN witnessing a much ferocious second COVID wave, the major lesson for the government is to loosen its purse strings and support the household sector directly via income transfer/employment guarantee. Without a strong household sector, the Indian economy may find it difficult to achieve a strong revival on a durable basis in a post-COVID era.

<sup>1</sup> We have covered 10 nations in this study: Australia (AU), Canada (CA), France (FR), Germany (DE), India (IN), Italy (IT), South Africa (SAf), Spain (ES), The United Kingdom (UK), and the United States of America (US). Data for gross disposable income (GDI) by sectors is collected from their official sources in most cases. With no official data available for IN on a quarterly basis (and since FY21 data will be available at the end of Jan’22), all IN data used in this study is MOFSL estimates. Kindly refer to the [Appendix](#) section for the methodology used.

<sup>2</sup> GDI for each sector is used wherever available in this study. If it is not directly available (in some cases like SAf and IN), we have estimated GDI for a sector as the sum of final consumption expenditure and gross savings (including that for IN). Since the corporate sector does not consume, we have used gross savings for the corporate sector as their GDI, in case it is not directly available.

<sup>3</sup> We have used a ‘NO-COVID CY20’ scenario to calculate the likely income loss. In the absence of COVID-19, we have assumed GDI growth in CY20 to have been equal to that in CY19. In reality, GDI growth was similar in the previous two years (CY18 and CY19) in CA, FR, SAf, and ES. It grew faster in CY19 in AU and the UK. It grew slowly in CY19 in DE, IN, IT, and the US. For IN, we have assumed 7% GDI growth in CY20, similar to that in CY19.

# PLI-Autos

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48,691

14,697

“The INR18,100 crore PLI for setting up battery storage manufacturing is a step in the right direction. The Government has already announced its agenda to increase manufacturing of Electric Vehicles by 2030 and setting up local battery manufacturing will be key to its success. This will also help bring down the oil import bill and help in earning green energy credentials. Besides powering Electric Vehicles, it will also generate clean energy for domestic consumption”

**Mr Manish Sharma,  
CEO, Panasonic India**

## PLI for advanced battery approved by Cabinet

### ...55GWh battery capacity target, with total investment of INR450b

- The PLI scheme aims to achieve manufacturing capacity of 50GWh of advanced chemistry cell (ACC) and 5GWh of “niche” ACC, with a total outlay of ~INR181b for incentives. The direct investment from this program is estimated at ~INR450b.
- These batteries would be used across EVs, consumer durables, electricity grids, power storage, etc. The total requirement of such cells is currently imported.
- ACC battery storage manufacturers would be selected through a bidding process. The manufacturing facility would have to be commissioned within two years, and the incentive would be disbursed thereafter over five years.
- Each shortlisted manufacturer would have to commit to set up a capacity of minimum 5GWh and ensure a minimum 60% domestic value addition at the project level within five years.
- It would have to achieve a domestic value addition of at least 25% and incur a mandatory investment of INR2.25b/GWh within two years (at the Mother Unit level). It would have to raise this to a 60% domestic value addition within five years, either at the Mother Unit (in the case of an Integrated Unit) or at the Project Level (in the case of a "Hub & Spoke" structure).
- The incentive amount would increase with increased specific energy density and cycles and increased local value addition. Details are awaited regarding the level of incentive at varied localization levels.
- As per govt estimates, this would lead to the import substitution of ~INR200b p. a. on the battery side. Furthermore, the adoption of EVs based on these batteries would drive net savings of INR2–2.5t – on account of a reduction in the oil import bill for the duration of this program.

### Our view

- Assuming the entire 55GWh is used for EVs, this capacity could support volumes of 20–22m e-2Ws p. a. or 1.5–1.8m e-PVs p.a. This capacity is adequate for the expected level of electrification over the next 5–7 years.
- An INR181b incentive for 55GWh over five years implies an average incentive of ~INR658m/GWh/p.a. The govt. estimate of INR450b in investments for the 55GWh capacity implies capex of INR8.2b/GWh – for which the govt. would provide an incentive of ~INR3.3b/GWh over five years.
- In addition to the PLI benefit, lithium battery manufacturers were offered investment-linked income tax exemptions u/s 35AD and other indirect tax benefits in the July 2019 Budget.
- Lastly, the timeline for local value add at 25% within two years and 60% within five years appears reasonable – as it budgets for the lack of local sources for key commodities such as lithium, cobalt, nickel, etc.
- We await details on the quantum of benefit at various localization levels as well as any technical requirements for potential bidders.



### **Godrej Consumer: Expect growth in double digits after Sitapati's appointment; Nisaba Godrej, Chairperson & MD**

- Sudhir Sitapati can be both strategic, operational and is a strong cultural fit
- Expect Sitapati to do wonderful things with the company as CEO
- FY21 has been a good year, but it comes on a low base
- Expect growth rate to be in a double digits hereon
- Focus is on growth, we shouldn't have had single-digit growth in the last 5 years

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### **HDFC Life: Claims within assumptions; may enhance reserves if required; Vibha Padalkar, MD & CEO**

- Claims so far are within our assumptions. Claims are coming off in proportion to overall book
- Watching the space closely and may enhance reserves if required
- COVID claims in January were about 200 which dipped to 120 in March
- There could be some delay in notifications of deaths
- Growth may be impacted until vaccination picks up; customers may be distracted due to COVID now
- Credit life is doing very well, piggy-backing on growth. MFI & small finance bank channels have grown well
- We still need to solve for medical underwriting for 45+ years customers
- See normalised growth in the range of 15-20%

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### **Granules: Expects 18-22% profit growth in next quarters; Krishna Prasad Chigurupati, CMD**

- Operating at around 40% of capacity for paracetamol. Don't see any impact from rise in raw material costs except for paracetamol
- Expect 100% capacity utilisation and complete normalcy by Q4. Expect to operate at 60% capacity by Q2
- Est profit growth of 18-22% going ahead. New launches expected to be the main contributor
- Will invest Rs. 400 crore this year and Rs. 300 crore each for the subsequent 2 years
- Part of this and next year's capex will be for greenfield and API expansion

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### **Intellect Design: See FY22 revenue growth in mid-higher teens growth; Arun Jain, CMD**

- Higher contribution of licence-linked revenue driving margin and PAT jump in FY21
- Looking at EBITDA margin and EPS of 30% going ahead
- Company has spent Rs. 1200 crore on R&D so far
- See FY22 revenue growth in mid-higher teens growth. Target is 20% revenue growth but looking at mid-high teens growth in FY22
- We have 900 APIs currently. Not looking at acquisitions right now

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**Kalpataru Power: Able to maintain double-digit margin despite rise in commodity prices; Amit Uplenchwar, Director**

- Company is able to maintain double-digit margin despite rise in commodity price
- have managed to reduce costs at both standalone and consolidated level
- Will be able to book same amount of order as we did in last fiscal
- Target to reduce net debt by over Rs. 800 crore going ahead

[➔ Read More](#)**JSW Energy: Renewable currently is about a third of our capacity; Prashant Jain, Joint MD & CEO**

- Power demand is robust on a low base YoY
- Merchant power prices are in the range of Rs. 3.10/ unit at the moment
- Merchant power prices have come off from over Rs. 4 / unit in March-April
- Renewable currently is about a third of our capacity
- Solar panel prices have gone up by 50% in the last six months
- Expect solar power to become more expensive with the rise in costs of solar panels

[➔ Read More](#)**Nitin Spinners: Impact of second wave is not as severe as the first wave; Dinesh Nolkha, MD**

- Started a new capacity that aided the topline this quarter
- New products like blended yarn contributed to our revenue
- Value added products helped drive strong performance in FY21
- Production facilities are still running
- Exporting to 60 countries which are not impacted by COVID
- Impact of second wave is not as severe as the first wave
- Don't see any major capex coming in as capacity expansion is on hold
- Will be able to pass on prices based on demand supply situation

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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	803	945	18	37.1	42.0	47.3	-4.1	13.2	12.6	19.1	17.0	3.0	2.7	16.6	16.8
Ashok Ley.	Buy	113	160	41	-0.8	3.8	7.0	-172.3	LP	82.7	29.6	16.2	4.3	3.6	15.2	24.1
Bajaj Auto	Neutral	3879	4150	7	167.8	202.6	231.2	-6.8	20.7	14.1	19.1	16.8	4.4	4.3	23.1	25.8
Bharat Forge	Buy	664	721	9	4.2	16.0	25.8	-54.2	278.2	61.3	41.6	25.8	5.2	4.5	13.0	18.6
Bosch	Neutral	14301	15550	9	289.1	481.1	555.4	-31.0	66.4	15.4	29.7	25.7	4.0	3.6	14.1	14.6
CEAT	Buy	1290	1700	32	114.3	81.9	132.0	100.2	-28.3	61.2	15.7	9.8	1.4	1.3	9.6	13.9
Eicher Mot.	Buy	2457	3284	34	50.5	96.5	122.3	-24.6	91.3	26.6	25.4	20.1	5.1	4.1	21.7	22.7
Endurance Tech.	Buy	1311	1767	35	32.2	51.5	62.9	-15.5	60.3	22.0	25.4	20.8	4.8	4.1	20.3	21.4
Escorts	Neutral	1169	1509	29	86.6	92.8	100.6	60.5	7.1	8.4	12.6	11.6	2.0	1.7	17.3	16.1
Exide Ind	Buy	186	220	18	8.9	10.2	13.1	-10.0	14.3	28.6	18.3	14.2	2.1	1.9	11.6	13.4
Hero Moto	Buy	2842	3500	23	149.4	179.0	209.3	-2.3	19.8	16.9	15.9	13.6	3.5	3.2	22.7	24.5
M&M	Buy	760	960	26	34.0	39.7	50.0	13.5	16.6	25.9	19.2	15.2	2.2	2.1	12.4	14.0
Mahindra CIE	Buy	179	234	30	2.8	15.4	16.3	-70.1	447.4	5.6	11.6	11.0	1.3	1.1	11.4	10.9
Maruti Suzuki	Buy	6820	8450	24	145.3	236.2	312.5	-22.7	62.5	32.3	28.9	21.8	3.6	3.3	12.3	14.7
Motherson Sumi	Buy	236	242	3	2.5	7.5	9.8	-32.0	197.5	30.4	31.5	24.1	5.5	4.8	18.7	21.3
Tata Motors	Buy	326	415	27	-1.0	28.6	38.5	-95.9	LP	34.7	11.4	8.5	2.0	1.7	19.7	21.6
TVS Motor	Neutral	614	636	4	12.9	22.2	30.4	-0.9	72.2	36.9	27.7	20.2	5.8	4.7	23.0	25.8
<b>Aggregate</b>								<b>32.7</b>	<b>101.0</b>	<b>28.4</b>	<b>20.4</b>	<b>15.9</b>	<b>3.3</b>	<b>2.9</b>	<b>16.0</b>	<b>18.0</b>
<b>Banks - Private</b>																
AU Small Finance	Buy	956	1175	23	38.0	31.9	43.3	67.9	-16	35.8	30.0	22.1	4.2	3.5	14.9	17.2
Axis Bank	Buy	691	925	34	22.4	51.5	67.3	271.0	130	30.7	13.4	10.3	1.8	1.6	14.5	16.4
Bandhan Bank	Neutral	288	335	16	13.7	22.2	34.3	-36.5	62	54.9	13.0	8.4	2.3	1.9	19.1	24.9
DCB Bank	Neutral	100	100	0	10.8	11.7	15.9	-0.7	8.1	36.4	8.6	6.3	0.8	0.7	9.8	12.0
Equitas Hold.	Buy	82	105	28	11.2	15.8	20.8	57.6	40.7	31.5	5.2	3.9	0.8	0.7	15.3	18.8
Federal Bank	Buy	82	110	35	7.8	11.3	14.4	1.0	43.8	28.2	7.3	5.7	0.9	0.8	13.2	15.0
HDFC Bank	Buy	1400	1800	29	56.6	67.6	82.6	17.8	19.4	22.2	20.7	17.0	3.3	2.8	17.0	17.8
ICICI Bank	Buy	595	750	26	24.2	30.9	38.8	97.0	27.9	25.4	19.2	15.3	2.5	2.2	13.9	15.2
IndusInd	Buy	917	1200	31	39.9	69.4	95.1	-41.4	73.7	37.1	13.2	9.6	1.5	1.3	11.8	14.4
Kotak Mah. Bk	Neutral	1719	1900	11	50.4	61.3	74.1	12.2	21.6	20.8	28.0	23.2	3.5	3.1	12.9	13.7
RBL Bank	Buy	187	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	975	1200	23	10.5	18.6	26.9	-25.3	77.9	44.2	52.3	36.3	11.6	9.0	24.7	28.0
<b>Aggregate</b>								<b>31.1</b>	<b>38.4</b>	<b>26.8</b>	<b>19.9</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	77	75	-3	6.1	9.5	16.2	412.7	57.3	69.7	8.1	4.8	0.5	0.4	5.8	9.3
SBI	Buy	368	500	36	30.9	45.2	54.7	39.3	47	20.9	8.1	6.7	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>6.4</b>	<b>1.0</b>	<b>0.9</b>	<b>12.3</b>	<b>13.7</b>
<b>NBFCs</b>																
AAVAS Financiers	Neutral	2283	2400	5	36.9	48.0	58.4	15.9	30.1	21.6	47.6	39.1	6.5	5.5	14.5	15.2
Aditya Birla Cap	Buy	119	140	17	4.5	6.1	7.6	17.3	36.4	24.6	19.6	15.7	1.9	1.7	10.2	11.4
Bajaj Fin.	Buy	5357	5865	9	73.5	148.2	182.6	-16.3	101.7	23.2	36.1	29.3	7.3	5.9	22.1	22.2
Can Fin Homes	Buy	508	660	30	34.2	34.1	38.2	21.3	-0.3	11.8	14.9	13.3	2.2	1.9	16.1	15.5
Cholaman. Inv.&F n	Buy	524	650	24	18.5	23.4	30.4	44.0	26.7	30.0	22.4	17.2	3.8	3.2	18.4	20.0
H D F C	Buy	2439	3275	34	54.5	63.1	72.7	10.8	15.8	15.3	38.7	33.5	3.7	3.5	12.7	13.3
HDFC Life Insur.	Neutral	669	730	9	6.7	7.7	9.1	4.7	15.2	17.2	86.4	73.7	4.3	3.7	17.5	17.7
ICICI Pru Life	Buy	556	600	8	6.7	8.7	9.4	-10.1	30.2	7.8	63.8	59.2	2.4	2.1	14.7	14.6
IIFL Wealth Mgt	Buy	1150	1540	34	41.5	49.4	61.7	79.6	19.1	25.0	23.3	18.6	5.0	4.6	19.1	25.6
IndoStar	Neutral	301	355	18	9.5	12.4	17.6	-127.1	29.7	42.6	24.4	17.1	0.9	0.8	3.7	5.1
L&T Fin Holdings	Buy	87	115	32	3.8	10.2	13.1	-54.7	165.9	27.8	8.5	6.7	1.0	0.9	12.7	14.4
LIC Hsg Fin	Buy	429	520	21	60.7	67.6	72.7	27.5	11.4	7.5	6.3	5.9	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	836	1020	22	26.4	32.4	38.0	-20.3	22.5	17.4	25.8	22.0	3.7	3.3	15.2	15.8
Max Financial	Buy	891	1000	12	15.9	21.7	27.5	9.8	36.3	26.5	41.0	32.4	2.7	2.3	18.8	19.2
M&M Fin.	Buy	152	215	41	2.7	15.3	17.7	-81.5	460.8	15.9	10.0	8.6	1.2	1.1	12.2	12.8



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Muthoot Fin	Buy	1170	1500	28	92.9	106.3	124.1	23.4	14.4	16.7	11.0	9.4	2.6	2.1	26.3	25.0
Piramal Enterp.	Buy	1695	2145	27	63.0	120.0	136.0	-356.8	90.5	13.3	14.2	12.5	1.1	1.1	8.4	8.8
PNB Housing	Neutral	388	400	3	55.3	83.0	89.2	43.8	50.1	7.6	4.7	4.4	0.6	0.6	14.7	14.1
Repco Home Fin	Buy	343	430	25	49.7	51.3	55.6	10.9	3.2	8.4	6.7	6.2	0.9	0.8	14.4	13.7
SBI Life Insurance	Buy	973	1150	18	14.6	16.7	20.3	2.4	14.9	21.3	58.1	47.9	2.3	2.0	16.3	16.9
Shriram City Union	Buy	1630	1900	17	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	1346	1700	26	98.3	128.4	153.9	-10.9	30.7	19.9	10.5	8.7	1.4	1.3	14.3	15.3
<b>Aggregate</b>								<b>20.3</b>	<b>34.6</b>	<b>18.7</b>	<b>21.2</b>	<b>17.9</b>	<b>2.9</b>	<b>2.6</b>	<b>13.6</b>	<b>14.3</b>
<b>Capital Goods</b>																
ABB	Buy	1404	1565	12	11.9	20.1	27.0	-28.4	69.3	34.6	69.9	51.9	7.5	6.8	10.8	13.2
Bharat Elec.	Buy	147	150	2	6.9	8.5	9.4	-5.9	23.3	9.6	17.2	15.7	2.9	2.6	17.1	16.8
BHEL	Sell	71	26	-64	-2.5	1.3	1.9	-41.3	LP	43.5	54.1	37.7	0.9	0.9	1.6	2.3
Cummins	Sell	834	515	-38	19.0	22.5	25.8	-18.2	18.3	14.4	37.0	32.4	5.0	4.8	13.5	14.8
Engineers India	Buy	79	85	8	5.6	7.5	7.6	-17.0	32.6	1.2	10.5	10.4	2.2	2.1	19.3	19.1
K E C Intl.	Buy	382	450	18	21.5	25.5	30.0	-2.3	18.5	17.9	15.0	12.7	2.5	2.1	16.7	16.7
Larsen & Toubro	Buy	1385	1685	22	81.4	66.1	77.8	19.7	-18.8	17.6	20.9	17.8	2.4	2.2	11.4	12.2
Siemens	Neutral	2004	1700	-15	21.3	31.8	36.4	-32.6	49.3	14.6	63.1	55.0	6.9	6.3	10.9	11.4
Thermax	Neutral	1409	1190	-16	22.4	33.2	39.6	18.7	48.3	19.1	42.4	35.6	4.7	4.3	11.0	12.0
<b>Aggregate</b>								<b>-19.5</b>	<b>53.6</b>	<b>17.0</b>	<b>26.4</b>	<b>22.6</b>	<b>2.7</b>	<b>2.5</b>	<b>10.3</b>	<b>11.1</b>
<b>Consumer Durables</b>																
Blue Star	Sell	821	700	-15	10.4	16.9	25.2	-31.9	62.4	48.6	48.5	32.6	8.2	7.3	16.9	22.3
CG Cons. Elec.	Buy	365	485	33	8.4	10.6	12.1	19.9	27.1	13.7	34.3	30.2	10.5	8.7	30.5	28.7
Havells	Neutral	1008	1100	9	16.5	19.6	22.0	40.7	18.8	12.2	51.5	45.9	10.9	9.5	21.2	20.6
Orient Electric	Buy	281	365	30	5.3	6.5	8.2	42.8	23.1	25.9	43.3	34.4	10.8	8.8	24.9	25.7
Voltas	Neutral	971	-		15.9	19.8	23.9	-5.0	24.5	20.7	49.0	40.6	6.3	5.7	12.9	14.1
Whirlpool India	Buy	2096	3020	44	27.3	45.5	54.9	-27.4	66.8	20.8	46.1	38.2	8.0	6.8	17.4	17.8
<b>Aggregate</b>								<b>6.6</b>	<b>34.5</b>	<b>16.6</b>	<b>46.6</b>	<b>40.0</b>	<b>9.1</b>	<b>7.9</b>	<b>19.5</b>	<b>19.7</b>
<b>Cement</b>																
Ambuja Cem.	Neutral	309	320	4	9.0	10.6	12.1	24.2	18.0	13.7	29.0	25.5	2.8	2.6	10.0	10.5
ACC	Buy	1883	2205	17	78.4	101.1	106.4	8.5	28.9	5.2	18.6	17.7	2.5	2.2	14.1	13.3
Birla Corp.	Buy	1044	1330	27	73.0	79.2	100.2	11.3	8.5	26.5	13.2	10.4	1.3	1.2	10.6	12.2
Dalmia Bhar.	Buy	1700	1905	12	54.8	51.8	70.5	377.1	-5.5	36.2	32.8	24.1	2.3	2.1	7.2	9.0
Grasim Inds.	Neutral	1412	1510	7	83.9	99.0	113.0	-5.0	18.1	14.1	14.3	12.5	2.4	2.2	4.1	5.0
India Cem	Neutral	172	167	-3	6.5	5.0	6.5	847.1	-23.8	31.9	34.7	26.3	0.9	0.9	2.7	3.5
J K Cements	Buy	2773	3360	21	86.2	105.0	123.4	37.7	21.8	17.6	26.4	22.5	5.1	4.2	20.9	20.4
JK Lakshmi Ce	Buy	415	550	33	25.7	27.6	36.4	14.1	7.1	32.2	15.1	11.4	2.1	1.8	15.0	17.0
Ramco Cem	Neutral	938	970	3	33.4	34.9	41.4	30.8	4.4	18.7	26.9	22.7	3.5	3.1	13.8	14.5
Shree Cem	Neutral	26843	27500	2	645.3	740.3	861.1	48.3	14.7	16.3	36.3	31.2	5.5	4.8	16.4	16.5
Ultratech	Buy	6392	8050	26	190.4	219.7	274.4	31.0	15.4	24.9	29.1	23.3	3.5	3.3	13.5	15.0
<b>Aggregate</b>								<b>22.3</b>	<b>15.4</b>	<b>18.4</b>	<b>23.9</b>	<b>20.2</b>	<b>3.1</b>	<b>2.8</b>	<b>12.9</b>	<b>13.9</b>
<b>Consumer</b>																
Asian Paints	Neutral	2556	2620	2	33.4	36.6	43.6	15.3	9.6	19.1	69.8	58.6	17.6	16.1	26.3	28.7
Britannia	Buy	3439	4450	29	76.8	77.2	88.9	31.0	0.5	15.1	44.5	38.7	17.2	15.8	44.5	42.7
Colgate	Buy	1529	1810	18	36.1	40.0	45.3	20.4	10.7	13.3	38.2	33.7	25.1	25.1	65.6	74.3
Dabur	Buy	529	620	17	9.6	10.3	12.4	11.0	7.2	20.4	51.5	42.8	11.5	10.4	23.0	25.5
Emami	Buy	488	580	19	17.2	17.0	18.7	38.8	-1.5	10.3	28.8	26.1	10.1	10.1	35.3	38.8
Godrej Cons.	Buy	875	870	-1	17.3	18.7	21.7	21.9	8.2	15.9	46.8	40.4	9.1	8.6	19.8	21.9
HUL	Buy	2329	2780	19	34.8	39.8	48.9	11.5	14.4	22.7	58.5	47.7	11.1	11.1	19.3	23.2
ITC	Neutral	203	220	8	10.3	13.1	14.8	-17.0	27.1	12.6	15.5	13.8	3.7	3.5	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	469	490	5	9.0	9.8	11.3	10.4	8.9	15.8	47.9	41.4	13.3	12.7	32.5	31.5
Nestle	Neutral	16714	18300	9	217.4	249.2	291.9	7.6	14.6	17.1	67.1	57.3	75.3	69.0	115.5	125.8
Page Inds	Neutral	28243	28800	2	301.9	457.3	523.0	-1.9	51.5	14.4	61.8	54.0	34.8	33.7	56.4	62.5



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
Pidilite Ind.	Neutral	1879	1700	-10	22.2	23.3	28.5	-3.9	5.0	22.3	80.7	66.0	14.9	12.9	19.7	20.9
P&G Hygiene	Buy	13628	15900	17	166.8	225.8	288.3	22.2	35.3	27.7	60.4	47.3	44.7	37.6	80.0	86.4
Tata Consumer	Buy	640	725	13	9.5	12.2	15.2	20.8	28.5	25.4	52.6	42.0	3.9	3.6	7.5	8.9
United Brew	Sell	1207	960	-20	4.6	12.3	19.2	-71.8	169.2	55.9	98.2	63.0	8.4	7.8	8.8	12.9
United Spirits	Buy	559	725	30	5.7	12.9	17.1	-47.6	126.8	32.5	43.2	32.6	8.0	6.4	18.5	19.7
Varun Beverages	Buy	981	1150	17	11.3	23.1	37.0	-30.7	105.3	59.9	42.4	26.5	6.9	5.6	17.5	23.2
<b>Aggregate</b>								<b>1.3</b>	<b>19.2</b>	<b>17.3</b>	<b>41.9</b>	<b>35.8</b>	<b>9.7</b>	<b>9.2</b>	<b>23.0</b>	<b>25.7</b>
<b>Healthcare</b>																
Alembic Phar	Neutral	951	1070	13	59.9	52.8	56.2	36.3	-11.8	6.4	18.0	16.9	3.2	2.7	19.3	17.9
Alkem Lab	Buy	2995	3400	14	126.6	135.6	151.3	32.7	7.1	11.6	22.1	19.8	4.2	3.6	20.4	19.5
Ajanta Pharma	Buy	2003	2150	7	73.9	80.6	95.3	44.6	9.1	18.2	24.8	21.0	5.0	4.3	21.9	21.9
Aurobindo	Buy	1016	1100	8	53.0	60.7	68.1	7.9	14.4	12.3	16.8	14.9	2.4	2.1	15.1	14.7
Biocon	Neutral	385	390	1	5.5	7.7	11.2	-10.6	39.2	45.2	50.2	34.5	5.6	5.0	11.6	15.3
Cadila	Buy	647	750	16	20.0	25.7	27.1	36.1	28.5	5.4	25.3	24.0	3.9	3.5	17.6	15.3
Cipla	Neutral	899	900	0	33.7	36.7	41.9	71.6	9.0	14.2	24.5	21.4	3.4	3.0	14.0	14.0
Divis Lab	Buy	4061	4450	10	75.9	98.0	127.3	55.0	29.2	29.9	41.4	31.9	9.8	7.9	26.2	27.5
Dr Reddy's	Neutral	5302	5410	2	153.7	188.2	213.8	17.0	22.4	13.6	28.2	24.8	4.3	3.7	16.3	16.1
Gland Pharma	Buy	2859	2900	1	57.7	72.6	92.3	15.9	25.7	27.1	39.4	31.0	6.7	5.5	18.5	19.4
Glenmark	Neutral	624	525	-16	35.4	36.1	41.1	44.0	1.9	14.0	17.3	15.2	2.2	2.0	13.7	13.8
GSK Pharma	Neutral	1479	1480	0	29.0	35.3	40.1	2.9	21.8	13.5	41.9	36.9	11.9	10.4	28.4	28.3
Granules India	Buy	337	420	25	22.3	23.1	27.2	71.2	3.7	17.4	14.5	12.4	3.1	2.5	23.4	22.1
IPCA Labs	Buy	2137	2480	16	94.4	94.3	101.4	83.8	-0.1	7.6	22.7	21.1	4.8	4.0	23.1	20.7
Jubilant Pharmova	Buy	850	910	7	56.6	60.3	69.1	-5.3	6.5	14.6	14.1	12.3	2.8	2.3	21.7	20.6
Laurus Labs	Buy	484	550	14	18.3	23.8	29.1	-65.6	30.1	21.8	20.3	16.7	7.0	5.2	40.7	35.8
Lupin	Neutral	1211	1320	9	26.2	40.2	49.5	12.3	53.4	23.1	30.1	24.5	3.6	3.2	12.6	14.0
Solara Pharma	Active Buy	1743	2000	15	45.0	78.4	96.3	93.2	74.3	22.8	22.2	18.1	3.3	2.8	22.1	22.7
Strides Pharma	Buy	810	970	20	24.8	43.3	53.6	63.6	74.3	23.7	18.7	15.1	2.4	2.1	13.4	14.9
Sun Pharma	Buy	703	740	5	25.6	26.8	29.9	56.2	4.4	11.6	26.3	23.5	3.2	2.9	12.9	12.9
Torrent Pharma	Neutral	2726	2510	-8	73.0	88.0	99.8	30.1	20.6	13.4	31.0	27.3	7.0	6.0	24.5	23.8
<b>Aggregate</b>								<b>36.2</b>	<b>15.4</b>	<b>15.3</b>	<b>26.4</b>	<b>22.9</b>	<b>4.1</b>	<b>3.6</b>	<b>15.6</b>	<b>15.7</b>
<b>Infrastructure</b>																
Ashoka Buildcon	Buy	88	145	66	13.2	11.2	12.8	-4.6	-15.0	14.6	7.8	6.8	0.8	0.7	10.2	10.7
IRB Infra	Neutral	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	213	265	24	9.1	12.8	16.5	26.0	40.4	28.4	16.6	13.0	2.7	2.3	17.8	19.1
<b>Aggregate</b>											<b>13.5</b>	<b>10.2</b>	<b>1.0</b>	<b>0.9</b>	<b>7.2</b>	<b>8.8</b>
<b>Media</b>																
PVR	Neutral	1183	1300	10	-92.2	17.1	36.7	-386.6	LP	113.8	69.0	32.3	3.4	3.1	5.0	10.0
Sun TV	Buy	527	565	7	38.6	40.0	40.0	10.9	3.6	0.1	13.2	13.2	3.1	2.9	24.0	22.5
Zee Ent.	Neutral	193	220	14	8.9	17.4	19.8	62.1	95.7	13.6	11.1	9.8	1.7	1.5	15.9	15.9
<b>Aggregate</b>								<b>-16.1</b>	<b>60.7</b>	<b>10.4</b>	<b>13.6</b>	<b>12.3</b>	<b>2.3</b>	<b>2.0</b>	<b>16.7</b>	<b>16.6</b>
<b>Metals</b>																
Hindalco	Buy	399	480	20	23.6	45.3	46.0	35.0	91.9	1.5	8.8	8.7	1.8	1.5	22.4	18.9
Hind. Zinc	Neutral	317	290	-9	18.9	25.8	27.4	17.3	36.3	6.3	12.3	11.6	3.9	3.6	32.5	32.3
JSPL	Buy	457	550	20	61.4	66.9	56.7	-890.6	9.0	-15.2	6.7	7.9	1.2	1.0	19.4	13.9
JSW Steel	Buy	708	610	-14	31.7	62.2	59.4	251.0	96.1	-4.5	11.4	11.9	3.0	2.4	29.6	22.5
Nalco	Buy	75	71	-5	4.1	6.9	6.6	450.3	68.5	-4.4	10.9	11.4	1.3	1.3	12.5	11.7
NMDC	Buy	203	170	-16	21.9	24.6	20.0	42.8	12.5	-18.6	8.2	10.1	1.8	1.7	23.4	17.2
SAIL	Buy	132	106	-20	13.8	18.5	16.8	#####	35	-9.3	7.1	7.9	1.1	1.0	15.8	13.0
Tata Steel	Neutral	1179	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	282	300	6	25.9	39.9	34.6	195.4	54	-13.3	7.1	8.2	1.6	1.5	23.0	18.8
<b>Aggregate</b>								<b>174.7</b>	<b>66.9</b>	<b>-13.5</b>	<b>8.7</b>	<b>10.0</b>	<b>1.8</b>	<b>1.7</b>	<b>21.3</b>	<b>16.6</b>
<b>Oil &amp; Gas</b>																



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
Aegis Logistics	Buy	335	350	4	7.1	10.7	13.3	139.6	49.3	25.1	31.4	25.1	5.5	4.8	18.5	20.4
BPCL	Buy	449	520	16	41.9	34.4	42.0	65.5	-18.0	22.1	13.1	10.7	2.0	1.8	16.0	17.8
Castrol India	Buy	131	170	30	5.9	8.5	8.5	-29.6	44.8	-0.2	15.3	15.3	8.2	7.4	56.3	50.5
GAIL	Buy	161	170	6	10.2	15.8	16.7	-38.1	55.0	6.1	10.2	9.6	1.4	1.3	14.9	14.7
Gujarat Gas	Buy	518	560	8	17.0	20.0	23.3	-1.8	17.2	17.0	26.0	22.2	6.6	5.3	28.3	26.3
Gujarat St. Pet.	Buy	275	390	42	15.0	16.8	17.9	-23.5	11.9	6.3	16.3	15.3	1.9	1.7	12.1	11.6
HPCL	Neutral	262	277	6	56.3	40.3	42.0	135.5	-28.3	4.2	6.5	6.2	1.2	1.1	18.4	18.5
IOC	Buy	103	142	38	15.8	15.5	18.9	53.5	-1.8	22.1	6.6	5.4	0.9	0.8	13.7	15.8
IGL	Neutral	517	520	1	14.5	18.1	18.8	-10.6	24.6	4.1	28.6	27.5	5.3	4.6	19.9	17.9
Mahanagar Gas	Buy	1133	1290	14	63.4	78.4	80.6	-21.1	23.8	2.8	14.4	14.1	3.0	2.7	22.0	20.1
MRPL	Neutral	48	39	-19	-1.0	4.0	7.2	-93.7	LP	81.1	12.0	6.6	1.0	0.9	8.8	14.5
Oil India	Buy	130	165	27	17.9	19.7	22.0	-21.8	10.4	11.6	6.6	5.9	0.6	0.5	8.7	9.3
ONGC	Buy	115	150	30	10.7	21.8	23.8	-18.4	104.3	9.0	5.3	4.8	0.6	0.6	12.4	12.3
PLNG	Buy	248	325	31	18.0	22.1	23.9	-2.6	22.9	8.0	11.2	10.4	2.9	2.7	27.1	26.9
Reliance Ind.	Buy	1914	2195	15	67.7	92.7	111.4	1.9	36.8	20.3	20.7	17.2	1.6	1.5	8.2	9.1
<b>Aggregate</b>								<b>10.4</b>	<b>30.7</b>	<b>16.2</b>	<b>13.9</b>	<b>12.0</b>	<b>1.4</b>	<b>1.3</b>	<b>10.2</b>	<b>10.9</b>
<b>Retail</b>																
Avenue Supermarts	Neutral	2856	2850	0	17.0	22.8	37.4	-15.5	34.5	63.8	125.1	76.4	13.0	11.1	11.4	16.3
Aditya Fashion	Birla Buy	186	230	24	-2.4	0.0	0.4	1,208.1	LP	2,039.9	#####	491.1	21.2	20.3	0.2	4.2
Jubilant Food.	Neutral	2821	2915	3	18.0	38.2	53.0	-19.9	111.9	38.5	73.8	53.3	23.7	18.8	32.1	35.2
Shoppers Stop	Neutral	201	220	9	-34.1	-13.9	-15.0	131.8	Loss	Loss	NM	NM	-121.2	-12.1	-262.6	163.8
Titan Company	Buy	1455	1785	23	11.0	20.2	29.7	-35.4	83.4	47.1	71.9	48.9	15.4	13.7	22.6	29.6
Trent	Neutral	769	710	-8	-5.1	-3.0	7.0	-270.1	Loss	LP	NM	110.5	11.6	10.4	-4.8	10.6
V-Mart Retail	Buy	2682	3500	31	-12.0	22.6	40.9	-144.1	LP	80.5	118.5	65.6	10.2	8.8	9.0	14.4
Westlife Develop	Neutral	422	400	-5	-6.7	-1.8	4.2	PL	Loss	LP	NM	101.3	14.5	12.7	-6.0	13.3
<b>Aggregate</b>								<b>-67.8</b>	<b>258.4</b>	<b>70.3</b>	<b>108.9</b>	<b>64.0</b>	<b>13.3</b>	<b>11.6</b>	<b>12.2</b>	<b>18.2</b>
<b>Technology</b>																
Cyient	Buy	764	810	6	33.8	42.6	50.6	0.1	26.1	18.7	17.9	15.1	2.9	2.6	16.0	18.2
HCL Tech.	Buy	906	1190	31	43.8	50.3	59.7	7.5	14.9	18.6	18.0	15.2	3.7	3.4	21.2	23.3
Infosys	Buy	1327	1600	21	45.6	53.2	63.5	17.1	16.8	19.4	24.9	20.9	6.8	6.1	28.3	30.9
L & T Infotech	Neutral	3661	3680	1	107.0	118.6	141.4	23.6	10.9	19.1	30.9	25.9	7.5	6.4	26.3	26.7
L&T Technology	Buy	2538	3130	23	62.8	84.4	104.3	-19.0	34.4	23.5	30.0	24.3	6.6	5.6	23.7	25.0
Mindtree	Neutral	2163	2180	1	67.4	77.7	90.6	75.7	15.3	16.7	27.9	23.9	7.1	6.1	27.4	27.5
Mphasis	Buy	1798	-		64.2	76.4	92.7	1.7	19.0	21.3	23.5	19.4	5.1	5.1	22.2	26.9
Coforge	Neutral	3395	3240	-5	78.8	105.0	129.5	4.4	33.2	23.4	32.3	26.2	7.1	5.9	23.7	24.7
Persistent Sys	Buy	2224	2340	5	59.0	79.1	93.5	32.4	34.0	18.3	28.1	23.8	5.3	4.6	20.1	20.6
TCS	Neutral	3089	3250	5	86.7	109.0	124.9	0.6	25.7	14.6	28.3	24.7	12.4	11.7	45.4	49.1
Tech Mah	Neutral	962	1050	9	51.7	59.1	66.0	6.9	14.3	11.7	16.3	14.6	3.1	2.8	19.9	20.1
Wipro	Neutral	508	455	-10	18.8	20.0	23.9	14.3	6.5	19.9	25.4	21.2	5.1	5.1	20.2	24.0
Zensar Tech	Buy	272	320	17	15.3	15.7	19.9	31.0	2.8	26.6	17.3	13.7	2.4	2.1	14.5	16.6
<b>Aggregate</b>								<b>7.5</b>	<b>17.7</b>	<b>16.9</b>	<b>26.0</b>	<b>22.3</b>	<b>7.3</b>	<b>6.8</b>	<b>27.9</b>	<b>30.3</b>
<b>Telecom</b>																
Bharti Airtel	Buy	562	720	28	0.8	4.5	7.9	-111.3	435.8	73.8	124.2	71.4	4.7	4.4	3.8	6.3
Indus Towers	Neutral	252	260	3	18.5	21.6	21.5	-1.0	16.8	-0.5	11.7	11.7	3.9	3.6	35.0	32.0
Vodafone Idea		9			-8.5	-7.5	-6.8	12.9	Loss	Loss	NM	NM	-0.6	-0.4	73.2	39.1
Tata Comm	Neutral	1085	1045	-4	46.5	50.6	66.7	340.2	8.8	31.9	21.4	16.3	19.8	8.9	172	75.8
<b>Aggregate</b>								<b>Loss</b>	<b>Loss</b>	<b>Loss</b>	<b>-35</b>	<b>-55.6</b>	<b>9.2</b>	<b>12.6</b>	<b>-26.2</b>	<b>-22.6</b>
<b>Utilites</b>																
Coal India	Buy	154	178	16	18.3	24.5	30.9	-32.4	34.0	25.7	6.3	5.0	2.1	1.7	34.3	35.1
CESC	Buy	669	777	16	97.4	97.1	104.3	-0.4	-0.3	7.4	6.9	6.4	0.8	0.8	12.1	12.3
Indian Energy Exchange	Buy	398	-		7.1	8.4	9.8	19.2	18.1	16.9	47.7	40.5	22.4	19.2	50.6	51.2
JSW Energy	Neutral	118	85	-28	4.8	5.9	6.9	-5.8	22.2	18.4	20.1	17.0	1.5	1.5	7.7	8.8



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
NHPC	Neutral	27	26	-2	2.9	3.0	3.5	0.5	4.1	17.9	8.9	7.5	0.8	0.7	9.0	10.0
NTPC	Buy	113	141	25	15.5	16.8	18.1	12.0	9.0	7.7	6.7	6.2	0.8	0.8	12.8	13.1
Power Grid	Buy	226	255	13	23.8	25.8	27.1	12.7	8.4	5.0	8.7	8.3	1.6	1.5	18.7	18.2
Torrent Power	Buy	435	463	6	22.8	31.1	31.7	-18.5	36.4	1.9	14.0	13.7	1.9	1.7	14.1	13.0
Tata Power	Buy	107	123	15	3.9	5.4	6.0	3.7	37.8	11.6	19.9	17.6	1.6	1.5	8.0	8.6
<b>Aggregate</b>								<b>-5.8</b>	<b>14.9</b>	<b>13.2</b>	<b>7.8</b>	<b>6.9</b>	<b>1.3</b>	<b>1.2</b>	<b>16.3</b>	<b>17.0</b>
<b>Others</b>																
BSE	Buy	736	970	32	30.9	51.3	63.6	24.0	66.0	24.0	14.3	11.6	1.3	1.3	9.4	11.4
Concor	Buy	598	662	11	12.6	16.0	19.9	-24.1	27.2	24.0	37.3	30.1	3.4	3.2	9.2	11.0
Coromandel Intl	Buy	771	983	28	45.3	50.4	57.8	24.6	11.3	14.7	15.3	13.3	3.6	3.0	26.0	24.8
EPL	Buy	239	334	40	8.5	11.3	13.4	24.6	33.0	18.3	21.2	17.9	3.9	3.5	20.0	20.6
Indiamart Inter.	Buy	6683	9320	39	96.6	110.9	133.7	86.5	14.8	20.6	60.3	50.0	10.5	8.8	18.8	19.2
Indian Hotels	Buy	116	139	20	-7.1	-3.3	1.5	-359.5	Loss	LP	NM	75.1	4.3	4.2	-11.6	5.7
Interglobe	Neutral	1681	1530	-9	-143.5	45.1	95.6	2,123.6	LP	112	37	17.6	34.6	12.7	156.5	105.4
Info Edge	Neutral	4356	4600	6	21.9	30.2	41.0	31.0	37.7	35.9	144.4	106.2	12.0	11.2	8.5	10.9
Godrej Agrovet	Buy	531	615	16	16.3	19.3	22.4	25.0	18.0	15.9	27.5	23.7	4.5	4.1	17.2	18.0
Kaveri Seed	Buy	752	633	-16	52.2	53.2	57.6	21.1	2.1	8.1	14.1	13.1	3.8	3.4	27.9	27.4
Lemon Tree Hotel	Buy	38	49	29	-1.7	0.0	0.6	1,308.3	Loss	LP	NM	66.9	4.3	4.1	-0.4	6.3
MCX	Buy	1554	1970	27	44.7	45.3	61.7	-3.6	1.3	36.1	34.3	25.2	5.6	5.0	16.9	20.9
Qess Corp	Buy	644	745	16	12.4	33.3	43.0	-32.1	168.3	29.4	19.4	15.0	2.5	2.1	17.6	18.9
PI Inds.	Buy	2679	2612	-3	51.1	65.6	79.2	69.9	28.3	20.7	40.8	33.8	6.6	5.6	17.4	17.9
SIS	Buy	387	540	40	23.7	20.7	26.1	-1.7	-12.9	26.6	18.7	14.8	1.2	1.0	15.6	16.7
SRF	Neutral	6281	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	722	628	-13	10.1	26.1	41.8	-68.2	159.7	59.8	27.6	17.3	1.3	1.2	4.6	7.1
Team Lease Serv.	Buy	3195	3980	25	51.7	72.9	99.5	5.8	40.9	36.5	43.8	32.1	7.0	5.7	17.2	19.5
Trident	Buy	18	19	9	0.7	1.0	1.4	6.8	52.5	29.1	16.7	13.0	2.3	2.0	14.4	16.3
UPL	Neutral	692	750	8	45.0	58.5	68.2	29.2	30.0	16.6	11.8	10.1	1.6	1.4	22.7	22.1



Index	1 Day (%)	1M (%)	12M (%)
<b>Sensex</b>	<b>-1.0</b>	<b>1.7</b>	<b>55.2</b>
<b>Nifty-50</b>	<b>-1.0</b>	<b>2.7</b>	<b>59.8</b>
<b>Nifty Next 50</b>	<b>0.1</b>	<b>7.7</b>	<b>56.7</b>
<b>Nifty 100</b>	<b>-0.9</b>	<b>3.4</b>	<b>59.4</b>
<b>Nifty 200</b>	<b>-0.9</b>	<b>3.9</b>	<b>63.1</b>
Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>	<b>0.2</b>	<b>6.4</b>	<b>75.4</b>
Amara Raja Batt.	2.1	0.4	43.9
Ashok Leyland	-2.0	1.1	133.7
Bajaj Auto	-0.1	9.5	47.4
Bharat Forge	-0.6	14.3	133.8
Bosch	0.7	4.5	46.4
CEAT	0.9	-10.9	75.6
Eicher Motors	-0.5	1.2	73.5
Endurance Tech.	-1.1	1.3	109.7
Escorts	-0.6	-3.8	52.9
Exide Inds.	-0.1	5.7	22.3
Hero Motocorp	0.2	1.9	34.5
M & M	-2.0	1.2	93.5
Mahindra CIE	-1.9	13.4	92.3
Maruti Suzuki	1.2	4.6	37.8
Motherson Sumi	1.3	17.7	187.6
Tata Motors	3.2	13.7	278.2
TVS Motor Co.	-1.7	13.7	80.9
<b>Banks-Private</b>	<b>-1.6</b>	<b>4.5</b>	<b>67.0</b>
AU Small Fin. Bank	-1.3	-11.2	151.8
Axis Bank	-2.2	8.8	78.8
Bandhan Bank	-1.1	-12.1	23.0
DCB Bank	1.7	8.7	51.4
Equitas Holdings	0.6	6.5	67.8
Federal Bank	-0.1	14.6	97.0
HDFC Bank	-0.3	2.4	55.3
ICICI Bank	-2.4	10.5	85.1
IndusInd Bank	-3.4	8.6	105.5
Kotak Mah. Bank	-2.1	-1.4	48.2
RBL Bank	0.5	-0.8	60.0
SBI Cards	0.4	9.3	79.5
<b>Banks-PSU</b>	<b>3.2</b>	<b>12.6</b>	<b>92.0</b>
BOB	4.6	17.3	88.7
SBI	0.9	11.9	120.7
Company	1 Day (%)	1M (%)	12M (%)
<b>NBFCs</b>	<b>-1.2</b>	<b>5.4</b>	<b>65.6</b>
Aditya Birla Cap	-0.4	5.2	180.5
Bajaj Fin.	-1.3	18.7	158.7
Cholaman.Inv.&Fn	-4.8	2.5	247.9
Can Fin Homes	-1.0	-0.7	71.3
HDFC	-1.0	0.7	45.6
HDFC Life Insur.	-0.4	-2.7	27.0
Indostar Capital	-0.8	-4.5	9.0
L&T Fin.Holdings	-2.4	-1.8	63.4
LIC Hsg Fin	0.0	12.1	62.6
M&M Fin.	-1.7	-10.9	53.8
Muthoot Fin	-2.4	0.9	43.3
Manappuram Fin.	-0.7	5.2	29.9
MAS Financial Serv.	3.9	6.3	48.7
Max Financial	-3.0	4.9	99.3
ICICI Pru Life	-2.9	25.2	39.1
ICICI Sec	1.2	27.1	37.1

Note: Sectoral performance are of NSE/BSE Indices

Index	1 Day (%)	1M (%)	12M (%)
<b>Nifty 500</b>	<b>-0.8</b>	<b>4.3</b>	<b>66.7</b>
<b>Nifty Midcap 100</b>	<b>-0.8</b>	<b>7.2</b>	<b>94.0</b>
<b>Nifty Smallcap 100</b>	<b>-0.6</b>	<b>10.0</b>	<b>129.2</b>
<b>Nifty Midcap 150</b>	<b>-0.6</b>	<b>6.4</b>	<b>90.7</b>
<b>Nifty Smallcap 250</b>	<b>-0.7</b>	<b>10.6</b>	<b>122.6</b>
Company	1 Day (%)	1M (%)	12M (%)
IIFL Wealth Mgt	-3.8	-2.4	35.9
PNB Housing	4.3	6.3	121.5
Reeco Home	0.8	19.7	188.4
SBI Life Insuran	-2.8	11.5	30.8
Shriram City Union	1.0	16.7	135.9
Shriram Trans.	0.3	3.2	106.3
<b>Capital Goods</b>	<b>-0.3</b>	<b>5.5</b>	<b>90.5</b>
ABB	2.6	7.0	64.4
Bharat Elec.	-1.3	20.3	142.1
BHEL	-2.7	58.4	231.1
Cummins	0.5	1.8	135.4
Engineers India	-3.8	10.3	31.4
K E C Intl	0.2	-4.3	94.9
L&T	0.1	3.0	70.0
Siemens	2.8	15.8	97.4
Thermax	-5.6	5.1	101.2
<b>Consumer Durables</b>	<b>-0.5</b>	<b>-0.9</b>	<b>71.3</b>
Blue Star	0.1	-5.4	72.5
CG Cons. Elec.	-1.9	-4.5	68.2
Havells	-2.1	1.4	109.8
Voltas	-3.9	2.0	110.9
Whirlpool India	-2.3	-2.8	13.1
Orient Electric	-2.9	-3.7	66.6
<b>Cement</b>	<b>-1.6</b>	<b>14.1</b>	<b>142.8</b>
Ambuja Cem.	-1.9	1.3	76.4
ACC	-1.4	-0.3	61.3
Birla Corp.	4.9	13.4	163.6
Dalmia Bhar.	-1.5	14.8	235.6
Grasim Inds.	-2.6	2.6	172.6
India Cem	2.2	1.3	73.5
J K Cements	-0.4	-1.4	162.6
JK Lakshmi Ce	0.6	1.8	117.3
Ramco Cem	0.0	-10.7	79.9
Shree Cem	-2.4	-10.2	40.4
Ultratech	-1.5	-1.7	91.0
<b>Consumer</b>	<b>-0.2</b>	<b>-1.5</b>	<b>26.8</b>
Asian Paints	0.0	-1.7	67.8
Britannia	0.6	-9.8	10.6
Colgate	0.0	-2.0	14.1
Dabur	0.7	-4.8	19.5
Emami	1.0	-3.2	166.7
Godrej Cons.	22.2	22.2	69.0
HUL	-3.1	-5.3	15.8
ITC	-0.4	-1.0	23.2
Jyothy Lab	0.6	4.7	41.7
Marico	-2.2	15.1	56.6
Nestle	-0.9	-4.5	-4.3
Page Inds	-2.5	0.2	66.0
Pidilite Ind.	0.2	1.6	38.6
P&G Hygiene	-0.5	3.5	33.8
Tata Consumer	-0.3	-2.5	78.3
United Brew	0.1	11.1	35.6



Company	1 Day (%)	1M (%)	12M (%)
United Spirits	0.8	8.3	10.7
Varun Beverages	-1.2	-0.8	57.1
<b>Healthcare</b>	<b>0.0</b>	<b>8.5</b>	<b>52.1</b>
Alembic Phar	-0.2	-0.7	18.1
Alkem Lab	-1.2	9.1	16.3
Ajanta Pharma	3.1	17.0	39.3
Aurobindo	-1.4	10.9	47.0
Biocon	-0.6	-4.6	12.2
Cadila	2.7	29.4	99.8
Cipla	0.9	-0.5	57.7
Divis Lab	-0.3	7.3	71.8
Dr Reddy's	0.2	6.3	40.6
Gland Pharma	-0.3	10.1	
Glenmark	-0.1	25.2	87.8
GSK Pharma	0.3	1.7	7.3
Granules	-6.5	6.3	115.4
IPCA Labs	-1.1	-0.8	38.5
Jubilant Pharmo	0.4	16.6	134.6
Laurus Labs	-1.4	16.4	446.8
Lupin	1.1	15.8	42.7
Solara Active	2.8	20.9	271.3
Strides Pharma	-3.3	-7.4	97.7
Sun Pharma	-0.7	13.5	51.5
Torrent Pharma	0.4	6.7	11.5
<b>Infrastructure</b>	<b>-1.0</b>	<b>4.8</b>	<b>53.5</b>
Ashoka Buildcon	4.0	0.2	55.6
IRB Infra.Devl.	-0.9	2.7	74.9
KNR Construct.	4.4	7.0	131.6
<b>Media</b>	<b>0.7</b>	<b>13.9</b>	<b>41.2</b>
PVR	1.6	8.9	32.4
Sun TV	1.5	16.2	28.9
Zee Ent.	3.3	6.9	24.7
<b>Metals</b>	<b>-3.0</b>	<b>26.1</b>	<b>208.0</b>
Hindalco	-3.4	18.3	229.0
Hind. Zinc	1.2	7.5	76.3
JSPL	-4.2	17.5	407.4
JSW Steel	-3.6	17.1	297.4
Nalco	-5.6	39.8	175.7
NMDC	3.0	51.2	185.8
SAIL	-5.9	56.0	379.0
Tata Steel	-4.5	38.4	330.4
Vedanta	-2.2	32.6	216.0
<b>Oil &amp; Gas</b>	<b>-1.2</b>	<b>11.1</b>	<b>40.3</b>
Aegis Logistics	-0.7	16.3	96.9
BPCL	-2.8	11.2	43.7
Castrol India	3.1	6.5	7.5
GAIL	-0.5	21.3	81.6
Gujarat Gas	-0.9	-3.2	109.9
Gujarat St. Pet.	1.5	7.7	45.5
HPCL	-1.3	16.3	38.2
IOC	-0.9	18.0	37.2
IGL	-1.5	0.1	7.4
Mahanagar Gas	-2.9	5.1	24.8
MRPL	2.9	32.9	72.3
Oil India	0.5	15.5	52.8
ONGC	-2.5	17.3	50.9
PLNG	0.8	11.8	7.3
Reliance Ind.	-1.0	0.1	30.5

Company	1 Day (%)	1M (%)	12M (%)
<b>Retail</b>			
Aditya Bir. Fas.	2.6	7.5	80.9
Avenue Super.	0.2	1.4	24.2
Jubilant Food	0.1	3.4	77.1
Shoppers St.	-1.9	6.8	31.5
Titan Co.	1.3	-3.6	71.7
Trent	0.7	6.9	71.5
V-Mart Retail	-1.1	-2.5	63.7
Westlife Develop	-1.0	4.4	45.1
<b>Technology</b>	<b>-1.0</b>	<b>-3.3</b>	<b>88.9</b>
Cyient	-0.9	15.4	269.0
HCL Tech.	-0.1	-10.2	72.3
Infosys	-0.3	-6.9	92.9
L&T Infotech	1.2	-13.8	122.5
L&T Technology	0.2	-10.6	124.7
Mindtree	-1.7	1.0	143.8
Mphasis	-2.7	3.3	122.9
Coforge	-0.8	9.0	137.2
Persistent Sys	-3.8	10.0	326.0
TCS	-1.1	-4.7	58.5
Tech Mah	-1.4	-7.3	80.5
Wipro	-2.0	17.4	171.6
Zensar Tech	1.7	1.1	239.7
<b>Telecom</b>	<b>-0.8</b>	<b>6.7</b>	<b>12.9</b>
Bharti Airtel	-1.1	7.6	0.4
Indus Towers	-1.9	3.7	32.6
Idea Cellular	8.5	0.3	77.9
Tata Comm	0.4	1.2	158.2
<b>Utilities</b>	<b>-0.1</b>	<b>13.0</b>	<b>86.5</b>
Coal India	-1.3	23.1	21.1
CESC	2.8	13.4	12.0
Indian Energy Ex	-1.0	17.8	175.2
JSW Energy	-2.7	26.5	194.5
NHPC Ltd	0.4	13.4	36.4
NTPC	0.5	14.5	23.6
Power Grid	1.1	12.3	38.2
Tata Power	-2.5	15.6	274.5
Torrent Power	-0.9	8.6	45.3
<b>Others</b>			
BSE	4.1	27.9	93.1
Coromandel Intl	1.5	2.2	27.5
Concor	-2.5	5.7	65.0
EPL Ltd	1.1	12.3	40.7
Indiamart Inter.	-4.0	-15.3	204.9
Godrej Agrovet	-0.2	5.4	37.4
Indian Hotels	-1.3	10.9	78.6
Interglobe	0.3	5.8	66.9
Info Edge	-3.0	-8.2	72.4
Kaveri Seed	0.0	40.5	108.9
Lemon Tree Hotel	-0.1	18.9	129.2
MCX	-0.9	4.2	40.0
Piramal Enterp.	0.2	4.0	88.1
PI Inds.	-0.6	9.8	77.2
Quess Corp	0.8	6.3	275.3
SIS	3.2	4.3	2.0
SRF	-0.5	2.7	77.7
Tata Chemicals	3.7	-3.8	153.0
Team Lease Serv.	-1.2	-4.4	112.4
Trident	-5.0	30.8	276.2
UPL	1.1	17.2	84.7

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