

India Strategy



Tough battle on!

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Contents

India Strategy – Tough battle on!	3-23
4QFY20 Highlights & Ready Reckoner	24-36
Sectors & Companies	37-200

Automobiles 37-48

Amara Raja Batt.	41
Ashok Leyland	41
Bajaj Auto	42
Bharat Forge	42
Bosch	43
CEAT	43
Eicher Motors	44
Endurance Tech	44
Escorts	45
Exide Inds.	45
Hero Motocorp	46
Mahindra & Mahindra	46
Maruti Suzuki	47
Motherson Sumi	47
Tata Motors	48
TVS Motor	48

Capital Goods 49-57

ABB	52
Bharat Electronics	52
BHEL	53
Blue Star	53
CG Consumer Elect.	54
Cummins India	54
Engineers India	55
Havells India	55
Larsen & Toubro	56
Siemens	56
Thermax	57
Volta	57

Cement 58-66

ACC	62
Ambuja Cements	62
Birla Corporation	63
Dalmia Bharat	63
Grasim Industries	64
India Cements	64
J K Cements	65
Ramco Cements	65
Shree Cement	66
Ultratech Cement	66

Consumer 67-80

Asian Paints	72
Britannia	72
Colgate	73
Dabur	73
Emami	74
Godrej Consumer	74
GSK Consumer	75
Hind. Unilever	75
ITC	76
Jyothy Labs	76
Marico	77
Nestle	77
P&G Hygiene	78
Page Industries	78
Pidilite Inds.	79
Tata Consumer Products	79
United Breweries	80
United Spirits	80

Financials 81-96

AU Small Finance	89
Axis Bank	89
Bandhan Bank	90
Bank of Baroda	90
DCB Bank	91
Equitas Holdings	91
Federal Bank	92
HDFC Bank	92
ICICI Bank	93

IndusInd Bank	93
Kotak Mahindra Bank	94
Punjab National Bank	94
RBL Bank	95
State Bank	95
HDFC Life Insur.	96
ICICI Pru Life	96

NBFC 97-106

Bajaj Finance	101
Chola. Inv & Fin.	101
HDFC	102
L&T Fin.Holdings	102
LIC Housing Fin	103
M & M Financial	103
MAS Financial	104
Muthoot Finance	104
PNB Housing	105
Repco Home Fin	105
Shriram City Union	106
Shriram Transport Fin.	106

Healthcare 107-118

Ajanta Pharma	110
Alembic Pharma	110
Alkem Lab	111
Aurobindo Pharma	111
Biocon	112
Cadila Health	112
Cipla	113
Divis Labs	113
Dr Reddy' s Labs	114
Glenmark Pharma	114
GSK Pharma	115
IPCA Labs	115
Jubilant Life	116
Laurus Labs	116
Lupin	117
Strides Pharma	117
Sun Pharma	118
Torrent Pharma	118

Infrastructure 119-122

Ashoka Buildcon	121
IRB Infra	121
KNR Constructions	122

Media 123-128

PVR	127
Sun TV	127
Zee Entertainment	128

Metals 129-137

Hindalco	133
Hindustan Zinc	133
JSPL	134
JSW Steel	134
Nalco	135
NMDC	135
SAIL	136
Tata Steel	136
Vedanta	137

Oil & Gas 138-151

Aegis Logistics	144
BPCL	144
Castrol India	145
GAIL	145
Gujarat Gas	146
Gujarat State Petronet	146
HPCL	147
Indraprastha Gas	147
IOC	148
Mahanagar Gas	148

MRPL	149
Oil India	149
ONGC	150
Petronet LNG	150
Reliance Inds.	151

Retail - A 152-160

Avenue Supermarts	157
Aditya Birla Fashion	157
Future Lifestyle	158
Future Retail	158
Shoppers Stop	159
Trent	159
V-Mart Retail	160

Retail - B 161-164

Jubilant Foodworks	164
Titan Company	164

Technology 165-175

Cyient	169
HCL Technologies	169
Hexaware Tech.	170
Infosys	170
L&T Infotech	171
Mindtree	171
Mphasis	172
NIIT Tech.	172
Persistent Systems	173
TCS	173
Tech Mahindra	174
Wipro	174
Zensar Tech	175

Telecom 176-182

Bharti Airtel	181
Bharti Infratel	181
Tata Comm	182
Vodafone Idea	182

Utilities 183-189

CESC	186
Coal India	186
JSW Energy	187
NHPC	187
NTPC	188
Power Grid Corp.	188
Tata Power	189
Torrent Power	189

Others 190-200

Brigade Enterpr.	190
BSE	190
Concor	191
Coromandel International	191
Essel Propack	192
Godrej Agrovet	192
Indian Hotels	193
Info Edge	193
Interglobe Aviation	194
Kaveri Seed	194
Lemon Tree Hotel	195
MCX	195
Oberoi Realty	196
P I Industries	196
Phoenix Mills	197
Quess Corp	197
S H Kelkar	198
SRF	198
Tata Chemicals	199
Team Lease Serv.	199
Trident	200
UPL	200

BSE Sensex: 31,589

Nifty 50: 9,267



Covid halts earnings recovery; Slow grind ahead

20% earnings decline for Nifty in 4Q; FY21 sees sharp downward revision

- In throes of an unprecedented global pandemic, FY21 has begun on a lackluster note with India as well as several world economies in an extended lockdown. This has impacted the underlying demand/supply dynamics and is expected to have an adverse impact on economy and corporate earnings. While the government has already announced several relief measures to take care of the weaker sections, we expect the return to normalcy to be very gradual and calibrated. Even the RBI has unleashed a series of important initiatives to bolster the economy. However, MOFSL's in-house economist believes India would experience its first technical recession since the 1990s with GDP in 4QFY20/1QFY21 declining by 3%/12%. That said, we expect the government to announce more fiscal measures to revive the economy in the coming days.
- India's benchmark Nifty has corrected 24% since Feb'20 and underperformed the global markets despite having much lower cases of COVID-19 vis-à-vis other markets. This underperformance can be explained by the relatively smaller magnitude of fiscal package for India. In fact, India has seen FII outflows of USD10b in a short period of two months with an underlying 7% currency depreciation. We expect market volatility to remain elevated and near-term market direction to be a function of policy response, global market developments, spread and duration of the virus, and indeed corporate commentaries around the short/medium-term impact of the lockdown.
- 4QFY20 Nifty profits to decline 20%:** We estimate MOFSL Universe's 4QFY20 PBT/PAT to decline 22%/25% YoY, with the laggards being Autos/Oil and Gas/Metals. In fact, these three sectors are expected to account for the entire 25% YoY decline in MOFSL Universe's earnings in 4QFY20. Consumer/Private Banks (benefit of low base)/ Healthcare are expected to be the key outperformers this quarter. All the key matrices are expected to post multi-quarter low growth figures; demand should take a broad-based hit across sectors with almost double-digit top line decline for the Nifty and MOFSL Universe. Nifty sales are estimated to decline 10% YoY, while EBITDA/PBT/PAT should decrease 9%/21%/20% YoY in 4QFY20.
- Nifty EPS cut sharply; another flat year expected in FY21:** Our FY20/FY21 Nifty EPS estimates are revised downwards by 8%/27%. The earlier expectations of a sharp earnings revival in FY21 now stand belied. We now expect Nifty FY20 EPS to remain flat at INR485 while FY21 Nifty EPS is now projected at a muted 3% growth to INR499. Estimating earnings in such fluid global and local environment is fraught with risks, and to that extent, is expected to undergo more revisions as we move forward in FY21. Lower crude oil prices and cost reduction measures would provide cushion to the weak earnings, in our view.

Top Picks

- Large-Caps:** ICICI Bank, Axis Bank, HDFC Ltd, Bharti Airtel, Infosys, Hindustan Unilever, L&T, Eicher Motors, UltraTech, Lupin.
- Mid-Caps:** Tata Global, JK Cement, Alkem Labs, IPCA, ABFRL, L&T Infotech, Crompton Consumer, Trent, PI Industries, Gujarat Gas.

Sources of exhibits in this report include Bloomberg, SEBI, NSE, Capitaline, Companies, and MOFSL database



Key sectoral trends/highlights

- **Auto** Universe's PBT/PAT should decline 72%/85% YoY in 4QFY20. EBITDA margin for OEMs (ex-JLR) are expected to decline 190bp QoQ to 9.5%, the lowest in the last 6 years. Barring Bajaj Auto, we do not expect OEMs to post profit growth YoY for the quarter. For FY21 too, we expect volumes to decline across segments (2Ws/PVs/CVs to see drop of 8%/3%/9-10%), except in tractors (+2%).
- **Technology** Universe's revenue (USD) / EBIT (INR) / PAT is expected to grow 6%/4%/-2% YoY in 4QFY20. We expect sharp 25% profit decline for Tech Mahindra while Infosys should post flattish performance. We expect HCL Tech/Infosys to delay their FY21 growth/margin guidance as uncertainty around global macros is impacting visibility on near-term growth and profitability. On a sequential basis, Tier I revenue should move in the range of -0.5% - +1.3% (CC) and -1.7- +0.6% (USD) with HCLT leading and TechM lagging the pack.
- **Healthcare** Universe's earnings trajectory is set to revive aided by a low base as medicine stockpiling was witnessed in the chronic category in anticipation of the shortage due to the lockdown. Large-cap names like Dr Reddy/Sun/Divi's are expected to post 102%/48%/18% profit growth, while Lupin/Cipla's profits are likely to decline 33%/29% YoY.
- **Private Banks'** Universe is expected to report 14%/13%/21% growth in PPOP/PBT/PAT. Banks might look to create additional provisioning, and thus, suppressed credit growth, muted other income and elevated credit costs are all likely to put pressure on near-term earnings. Commentary on COVID-19 impact, asset quality, deposit build-up, margin trajectory and treasury performance would be keenly observed by investors. HDFC Bank and ICICI Bank should post strong results while IndusInd and RBL are likely to perform weakly. We expect Kotak Mahindra Bank to post ~9% profit growth.
- **NBFCs** under our coverage are likely to post PBT/PAT decline of 8%/3% YoY, with major laggards being MAS (-49%), M&M Financials (-37%), PNB Housing (-36%) and LIC Housing Finance (-24%). BAF is expected to post a multi-quarter low 11% profit growth while HDFC should report flattish profitability. We expect Muthoot Finance to post 59% YoY profit growth as gold finance should be the quickest to recover due to strong demand. Further, we have cut our FY21 EPS estimates for MMFS (-66%), SHTF (-47%), BAF (-42%) and MASFIN (-30%).
- **PSU Banks** are expected to post weak earnings on account of dampeners such as the dreadful impact of COVID-19, sluggish loan growth due to merger integration, higher slippages and delay in the resolution of NCLT accounts. PSBs are expected to post NII growth of 8% YoY and collective loss of INR14.6b. SBI should report strong INR40.9b profits on a lower base.
- **Telecom** Universe is expected to report a loss for the 11th straight quarter although recent price hikes should help ARPU gains drive incremental EBITDA margins. AGR issue remains an overhang on incumbents.
- **Consumer** Universe should post muted 3% PBT growth in 4QFY20 while PAT is expected to rise 12% YoY, led by tax cuts. Pidilite (21%), ITC (20%) and UL (14%) are expected to post strong YoY profit growth aided by tax cuts while United Breweries, Godrej Consumer and Emami are expected to post weak results. Consumer is one of the three sectors (apart from Pharma and Financials), which is expected to post double-digit YoY profit growth this quarter.

- **Metals** Universe should post a decline of 26%/54%/58% YoY in EBITDA/PBT/PAT for 4QFY20. None of our Metal coverage companies are expected to report YoY profit growth for the quarter.
- **Oil and Gas** Universe should report decline in PBT/PAT of 61%/58% YoY, dragged by expected losses in OMCs. Ex-OMCs, our Oil and Gas Universe's profitability is expected to stay flat. For OMCs, we expect refining and petchem businesses to remain weak although marketing margins may remain healthy. We are estimating huge inventory losses of USD6.7-7.5/bbl based on each company's inventory cycle. ONGC is expected to face steep decline in sales/PAT by 24%/6% YoY for 4QFY20. RIL should post GRM of USD7.5/ bbl (v/s USD8.2 in 4QFY19) with expectation of 15% profit growth in consol. business. We expect CGD companies to post strong quarter though.
- **Cement** Universe should post 0%/-6%/-11% growth in EBITDA/PBT/PAT. Lower costs would help expand operating margins by 210bp to 21% for our Cement Universe. UltraTech is expected to post 9% profit growth whereas ACC, Ambuja and Ramco should report YoY profit decline.
- **Capital Goods** Universe is expected to report 6% YoY decline in PBT with flattish PAT. L&T's PAT should remain flat YoY while Siemens, Thermax and ABB are expected to report YoY profit decline. In the Consumer Durables' segment, we expect Blue Star/Havells to post 6%/22% PBT decline while Voltas/Crompton should post 9%/3% PBT growth.
- **Utilities** Universe should see PBT/PAT decline of 43%/29% YoY, dragged by Coal India (-67% PBT YoY and -63% PAT YoY), as lower e-auction volumes would depress overall realization. The dip in power demand from 22nd- 31st Mar'20 by 21% v/s daily 3-year average volumes could be attributed to the impact of the lockdown on industrial and commercial consumers.

Story of Indian Equity markets in ten key charts

Indian markets have undergone sharp correction after the onset of Covid 19 pandemic in Feb'20. Before we delve deeper into 4QFY20 earnings expectations, we showcase the story of Indian markets through ten key charts. We look at several important investment parameters across cycles in the last two decades (Market movements, Absolute market-cap behavior, Polarization & Multiple Valuation metrics).

Exhibit 1: Market-cap to GDP: Market cap-to-GDP ratio has fallen swiftly from 79% as on FY19 to 54% (FY20E GDP) – much below long-term average of 75% and closer to levels last seen during FY09

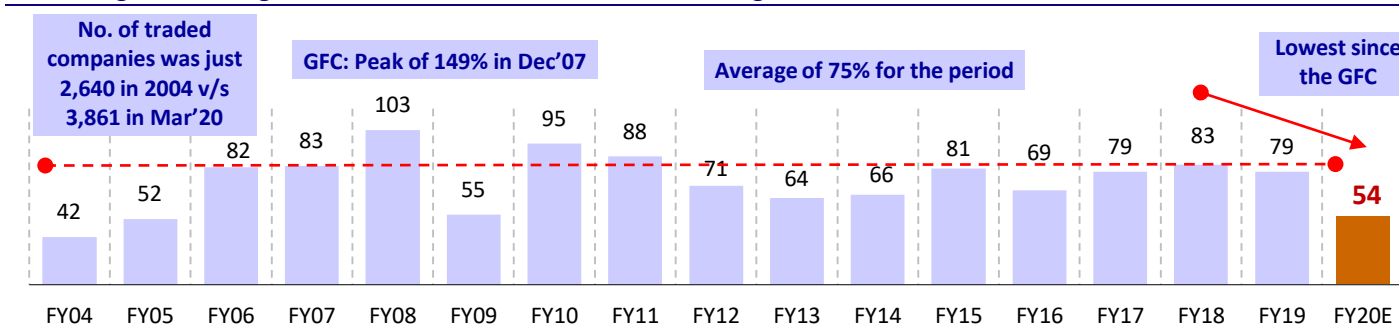


Exhibit 2: Returns in different phases in the two decades: Post the recent fall, the Nifty returns CAGR since Mar'13 stands at 6%, almost mirroring the earnings CAGR

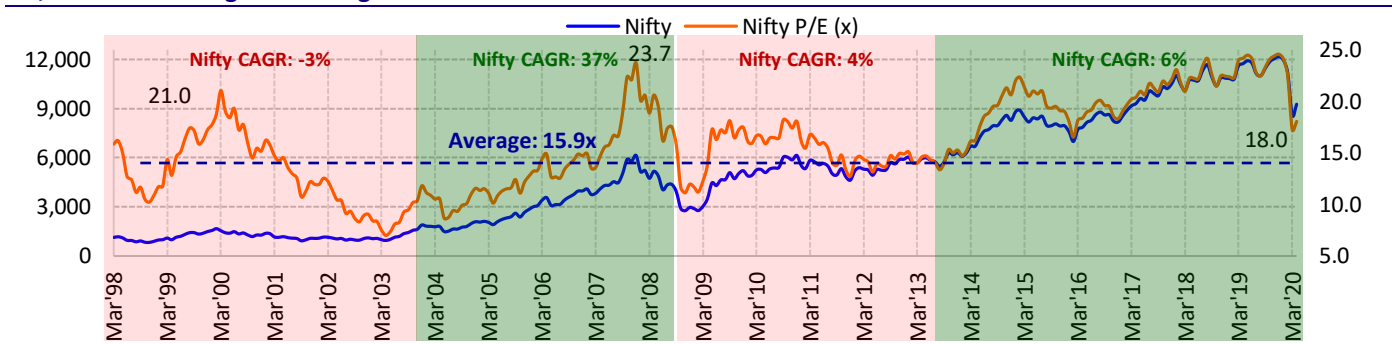


Exhibit 3: Nifty and Nifty-Midcap absolute M-cap: Nifty-50 market cap has corrected 21% from Dec'19 levels and has now slipped below the Dec'17 mark. Nifty Midcap-100 market cap is down 42% from peak and 24% below Dec'14 levels.

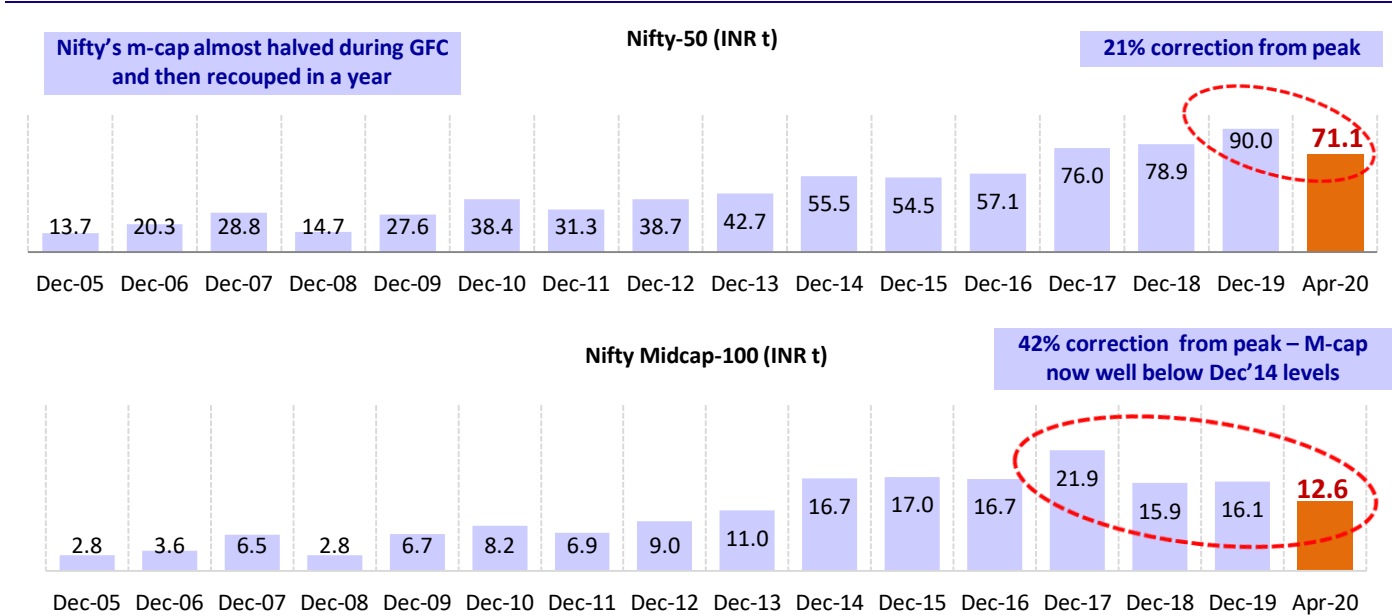


Exhibit 4: Polarization: Sharp Divide - Nifty-35 at 6,837 levels, 50% U-PF v/s Nifty-15 since Dec'17!

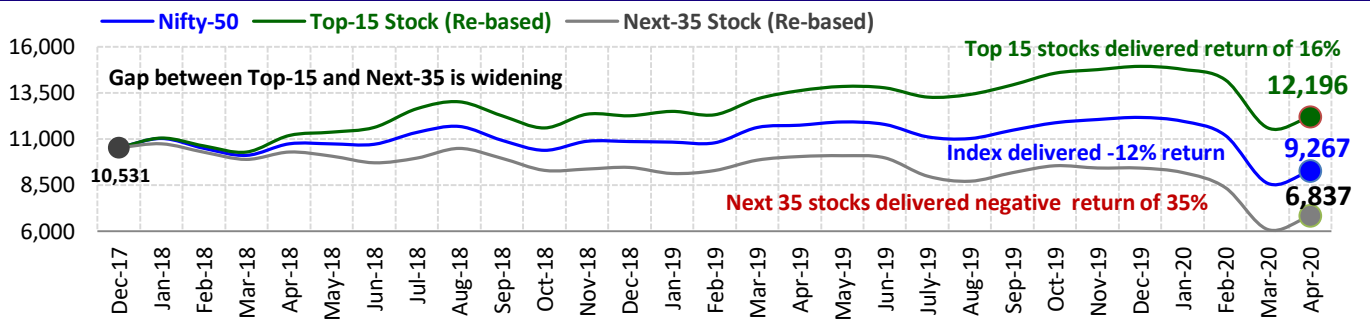


Exhibit 5: Nifty: Nearly half of the Nifty constituents are >40% down from two-year highs

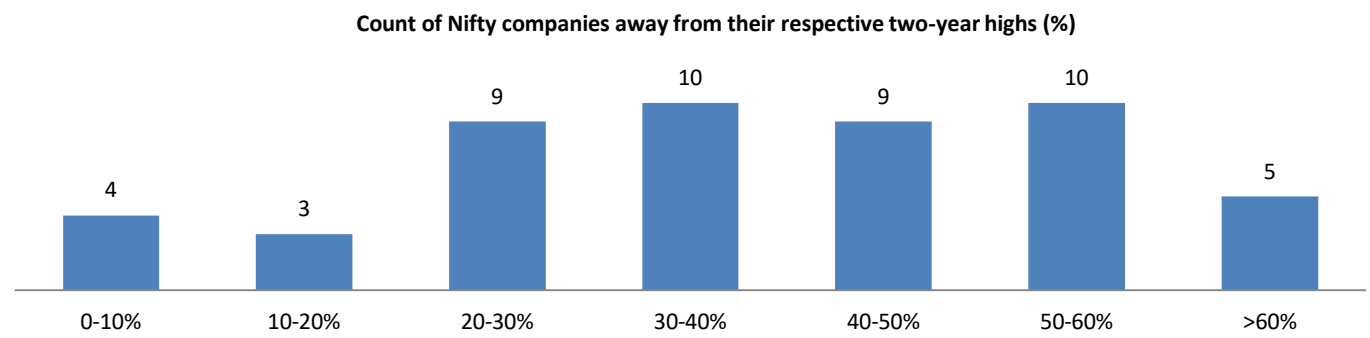


Exhibit 6: Nifty-50 Composition: Telecom and Consumer big gainer; Auto, Metals big loser

Sector	Weight in Nifty-50 (%)								
	Dec-04	Dec-06	Dec-08	Dec-10	Dec-12	Dec-14	Dec-16	Dec-18	Mar-20
Automobiles	6.7	6.4	2.5	7.5	8.8	9.3	11.8	7.3	5.1
Banks - Private	4.7	5.7	5.0	14.5	16.9	19.9	21.5	24.9	24.2
Banks - Public	5.8	4.4	5.4	4.9	4.7	4.8	3.1	2.6	1.9
NBFC	2.1	2.1	2.3	6.6	7.9	7.1	6.6	10.5	9.9
Capital Goods	4.0	8.6	7.7	8.7	5.9	5.2	4.0	4.1	3.0
Cement	2.8	3.3	1.7	1.9	4.2	2.8	3.0	1.7	2.3
Consumer	7.8	6.2	6.5	6.8	12.3	10.5	10.1	10.0	13.2
Healthcare	6.3	3.9	2.6	3.7	5.0	6.1	6.3	2.4	3.3
Metals	8.2	5.0	4.8	8.4	3.8	3.1	1.5	3.2	1.9
Oil & Gas	27.1	21.1	24.5	14.7	12.3	9.3	9.4	12.5	12.7
Telecom	6.3	12.0	11.6	2.9	2.0	1.7	2.3	1.5	3.3
Technology	14.5	19.4	9.0	14.3	11.4	15.7	14.4	13.5	13.7
Utilities	1.9	1.1	13.3	4.5	4.5	3.6	4.4	3.1	3.3
Miscellaneous	2.0	0.9	3.3	0.6	0.5	1.0	1.6	2.8	2.4
Nifty-50	100	100	100	100	100	100	100	100	100

Exhibit 7: No. of companies above USD1b market-cap shrunk by nearly thirty percent

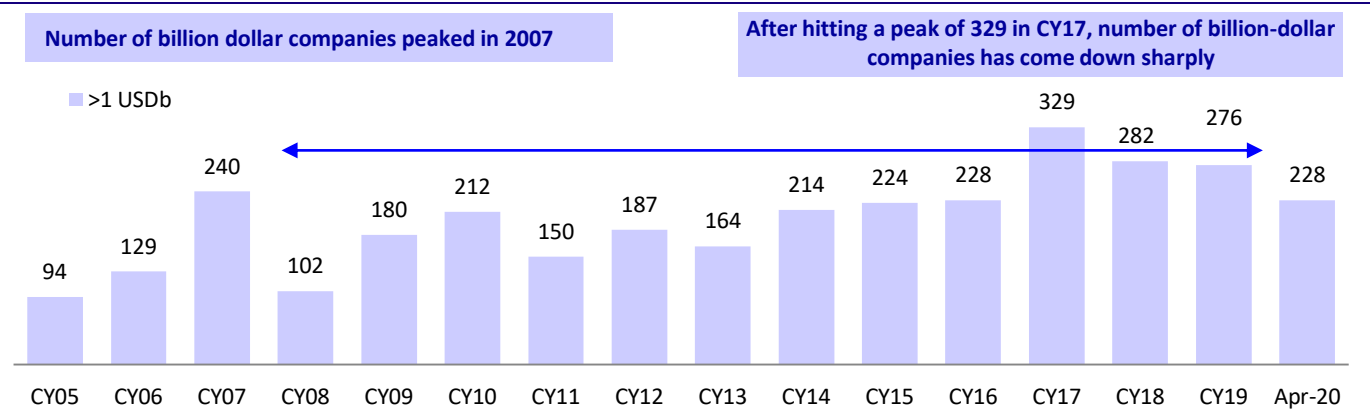


Exhibit 8: Earnings yield converges with Bond yields; EY/BY highest since demonetisation

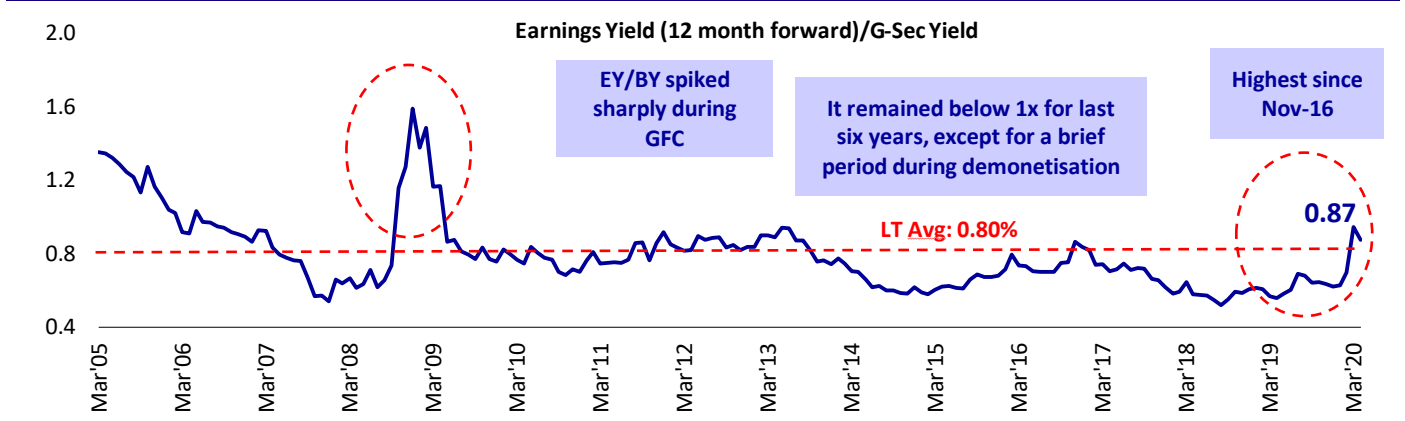


Exhibit 9: Valuations: Nifty trailing P/E at four-year lows

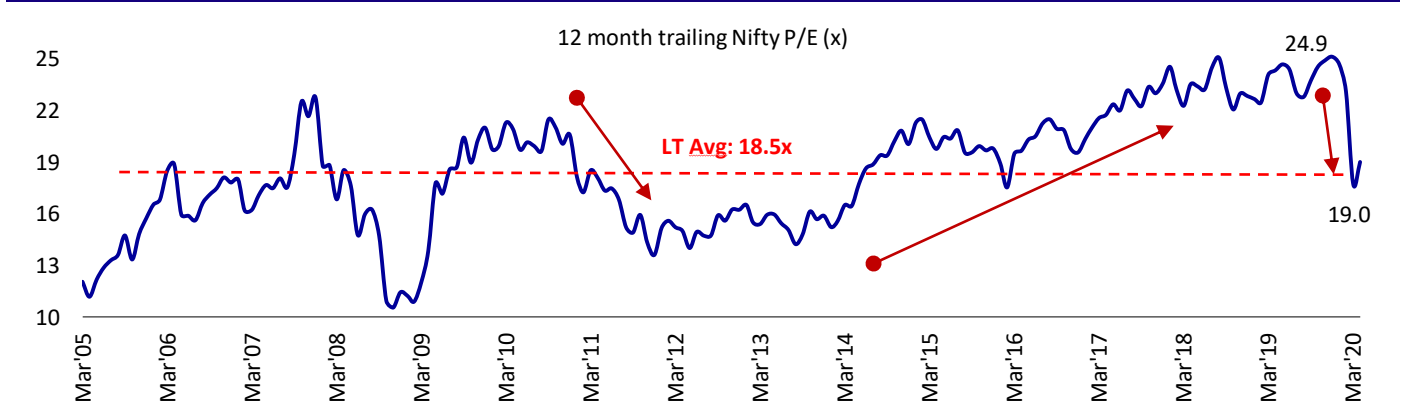
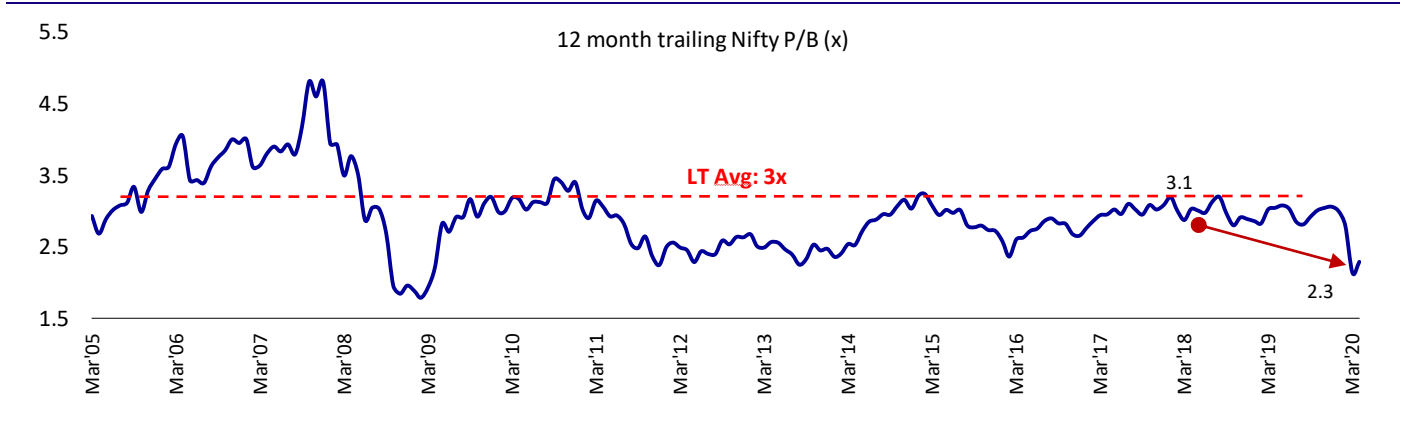


Exhibit 10: while trailing P/B is at a 23% discount to LPA



4QFY20 PREVIEW

Earnings story weakens; lockdown drags**Consumer and Healthcare to provide respite**

- Markets entered FY21 on an unprecedented negative note with a global pandemic ravaging the world economy. Post the COVID-19 outbreak, since Feb'20, the Nifty has corrected 24% underperforming global markets sharply with more than USD10b of FII outflows. The INR has depreciated to INR76-77 per USD band and bond yields have hardened again, reflecting the tightness in the debt markets. We believe the economy-wide lockdown and absence of a major fiscal relief package from the government has resulted in sharp underperformance. From 25th Mar'20, the government has announced a complete lockdown across India to control the spread of the COVID-19 pandemic. The economic fallout of the lockdown being extended to 3rd May'20 would be seen across different sectors in the 4QFY20 results as well as guidance/outlook for FY21.
- Both the central government and the RBI have come up with an initial round of relief measures to contain the impact of the lockdown imposed to fight the COVID-19 pandemic. While the FM has announced a relief package of INR1.7t (approximately 0.9% of GDP), it was focused on households at the bottom of the pyramid and is the lowest in comparison with relief packages of other countries. We expect a more comprehensive fiscal package to be announced in the next few weeks addressing more segments. The RBI, on the other hand, has introduced several important monetary policy stimulus measures by softening interest rates, improving liquidity and offering some immediate relief measures to borrowers.
- Overall, we expect the 4QFY20 earnings season to be driven by Healthcare and Consumer Staples while low base of some large banks like ICICI and SBI would make the contribution of Private Banks look optically better. More than the 4QFY20 earnings, we will be keen to hear the corporate commentary on the impact of COVID-19 on businesses models, supply chains as well as the demand outlook ahead. For certain sectors like Autos, Consumer Discretionary, Cement and Infrastructure that have faced complete shutdown of activity, it would be interesting to see how companies are managing their costs and dealing with the situation as they see complete loss of revenue. We believe that there would be no earnings recovery in FY21 as the country still remains in lockdown and potential second order impact plays out in the medium term (3-6 months).

**4QFY20 earnings to decline 25% YoY; Healthcare and Consumer to provide marginal respite; 3/5th of MOSL Universe expected to post YoY PAT decline**

- The impact of COVID-19 and the subsequent lockdown would be felt on corporate India's earnings across sectors. The decline in crude prices would also impact earnings as OMCs would be sitting on huge inventory losses. The reduction in corporate tax rates would result in several adjustments in the taxation charge in this quarter as well. Thus, we place more emphasis on analyzing PBT metrics for a more meaningful comparison.
- MOFSL Universe's PBT/PAT is expected to decline 22%/25% YoY in 4QFY20; impact would be seen across most sectors with global cyclicals like Oil and Gas

and Metals contributing maximum to the decline along with Automobiles. Autos are expected to post PBT/PAT decline of 72%/85% YoY followed by Oil and Gas with PBT/PAT decline of 61%/58%. Metal companies are expected to report PBT/PAT decline of 54%/58% YoY.

- On the flipside, Private Banks, Healthcare and Consumer sectors should provide some support to earnings growth. Private Banks are expected to post PBT/PAT growth of 13%/21% YoY in 4QFY20 (largely aided by low base of ICICI Bank; Ex-ICICI Bank, Private Banks should report PBT decline of 4%) while Healthcare is likely to post PBT/PAT growth of 14%/17%. Consumer Staples would benefit from tax cuts and post 12% profit growth. Losses reduction in Telecom/PSU banks will also be accretive at the aggregate level.
- Ex-OMCs, MOFSL Universe's PBT should decline 8% YoY, while PAT is expected to decline 13% YoY.
- Approximately 58% of MOFSL Universe is expected to post YoY decline in PAT, while 23% should deliver >15% growth.
- Domestic Cyclical are expected to contribute 39% of the profit pool, followed by Defensives at 38%. Share of Defensives in the profit pool would be the highest since Mar'18. The share of Global Cyclical ex-OMCs at 23% would be the lowest since Sep'16.
- We expect MOFSL Universe's revenue to decline 9% YoY (on the base of 11% growth in 4QFY19) – the worst in 20 quarters since Mar'15 and the third consecutive YoY decline – largely due to (a) the lockdown, which has led to closure of industrial activities, owing to which Autos/Utilities/ Cement would be posting top line declines of 26%/11%/10% YoY, (b) the correction in commodity prices, which would lead YoY top line decline of 18% for Metals (fourth consecutive quarter decline) and of 15% for Oil & Gas.
- **MOFSL Universe** EBITDA is estimated to decline by 9% YoY, the worst quarter in more than a decade (in fact, even worse than during GFC). The operating margin ex-Financials and OMCs are expected to expand by 10bp YoY to 19.1%.
- **Global Cyclical** are expected to post sixth consecutive quarter of PAT decline (-67% YoY) on a base of 2% YoY decline in Mar'19. The impact of COVID-19 on global growth and demand is weighing heavily on commodity prices.
- **Defensives** should post 6% YoY profit growth off a benign base (1% YoY decline in 4QFY19 PAT) as robust growth of 17%/12% is expected from Healthcare and Consumer universe in the current environment. Growth in the Consumer universe, however, is aided by tax cuts as PBT growth is likely at ~3% YoY.
- For 4QFY20, **Domestic Cyclical**' EBITDA/ PAT are expected to grow by just 2%/1%, off a high base, largely due to Private Banks. On the other hand, Automobiles are dragging Domestic Cyclical with an expected 85% YoY decline in PAT.

Earnings breadth weak; more than half of the universe to post YoY PAT decline

- Earnings breadth is likely to remain very weak with 58% of the MOFSL Universe expected to post YoY decline in PAT. The number of companies reporting >30% growth should decline from 24% in 3QFY20 to 14%, while that of companies reporting 15-30% growth is likely to decline to 9% from 19%.
- Oil and Gas, Automobiles and Metals should contribute 105% of the 25% YoY decline in 4QFY20 earnings. Among other sectors, Infrastructure/Utilities are expected to post 30%/29% YoY decline in profits while Retail/Cement/Life Insurance too should post double-digit profit decline at 26%/11%/10% YoY.
- Private Banks/Healthcare/Consumer, on the other hand, are expected to provide support to earnings, growing 21%/17%/12% YoY.
- Nifty sales are estimated to decline 10% YoY, while EBITDA/PBT/PAT should decrease 9%/21%/20% YoY in 4QFY20. Ex-OMCs, Nifty PBT and PAT should decline by 8% each YoY.
- **Nifty EPS estimates see sharp downward revision for FY20/FY21:** Our FY20 Nifty EPS estimates have been revised downwards by 8% to INR485 (prior: NR527) as a result of the economic fallout due to COVID-19 and imposition of the lockdown in India. Contribution/share of Oil and Gas, Automobiles and Metals in earnings decline (incrementally) is around 56%/27%/22% for 4QFY20. Further, we are now estimating flat FY20 EPS performance for the Nifty. Excluding Financials, Nifty profits are likely to decline 12% in FY20.
- For FY21, we have cut our estimates by 27% from INR679 to INR499. The sharp earnings cut reflect the current lockdown in India owing to the global pandemic. Remaining cognizant of the ever-changing underlying situation, we also note that making earnings estimates at this stage is fraught with tremendous risks. 15 out of 50 Nifty companies have seen >30% cut in FY21 estimates while 17 companies have seen 10-30% cut.
- Companies that have seen major downgrades for FY21 are Tata Motors (P to L), Tata Steel (P to L), JSW Steel (-91%), Vedanta (-64%), ONGC (-57%), Hindalco (-56%), Shree Cement (-46%) and IndusInd Bank (-44%). On the other hand, earnings estimates have been upgraded for Cipla (6.4%) and Dr. Reddy's Labs (4.5%).

Exhibit 11: Metals, Oil and Gas and Autos account for the entire earnings decline in 4QFY20

SECTOR (NO OF COMPANIES)	Sales			EBITDA			Net profit			PAT	Delta	EBITDA Margins	PAT Margins	
	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	PAT Delta	Share %	Share %	Chg bp YoY	Chg bp YoY
High growth sectors	888	11	1	435	14	-2	197	20	-15	33	21	-11	149	173
Banks-Private (11)	407	14	1	336	14	-3	142	21	-20	25	15	-8	23	218
Healthcare (18)	480	8	1	99	15	1	55	17	1	8	6	-3	116	85
Med/Low growth sectors	1,299	3	16	229	6	16	155	7	9	10	17	-3	40	43
Consumer (18)	529	4	-1	132	8	-2	97	12	-8	10	10	-3	94	136
Capital Goods (12)	770	3	31	97	3	55	59	0	58	0	6	0	1	-22
PAT de-growth sectors	10,889	-12	-10	1,974	-14	-11	571	-39	-31	-357	62	114	-44	-229
Technology (13)	1,195	8	0	278	8	-1	197	-2	-5	-4	21	1	10	-160
NBFC (12)	177	14	1	143	15	1	76	-3	-7	-2	8	1	75	-728
Media (3)	33	-12	-13	10	-22	-21	6	-7	-30	0	1	0	-398	93
Life Insurance (2)	203	0	27	2	-78	-65	6	-10	1	-1	1	0	-384	-32
Cement (10)	336	-10	2	71	0	22	30	-11	29	-4	3	1	211	-10
Retail (9)	207	-3	-22	16	0	-40	7	-26	-54	-2	1	1	23	-97
Utilities (8)	676	-11	-8	242	-13	-12	89	-29	-18	-36	10	11	-79	-328
Infrastructure (3)	37	-6	13	10	-8	3	3	-30	-2	-1	0	0	-61	-260
Others (22)	394	6	-4	58	-22	-25	18	-49	-47	-17	2	5	-520	-482
Metals (9)	1,336	-18	-4	232	-26	9	52	-58	35	-70	6	22	-178	-360
Oil & Gas (15)	4,153	-15	-17	368	-37	-30	129	-58	-46	-177	14	56	-306	-319
Automobiles (16)	1,366	-26	-14	118	-41	-33	15	-85	-82	-84	2	27	-220	-429
Telecom (4)	429	7	5	162	53	9	-40	Loss	Loss	6	-4	-2	1149	220
Banks-PSU (3)	348	8	-11	264	12	-2	-15	Loss	PL	34	-2	-11	247	1102
MOFSL Universe (188)	13,076	-9	-7	2,638	-9	-8	923	-25	-23	-314	100	100	11	-155
MOFSL Ex OMCs (185)	10,996	-6	-3	2,632	-2	-4	975	-13	-15	-140			92	-67
Nifty (50)	9,329	-10	-8	2,103	-9	-9	812	-20	-19	-204			28	-111
Sensex (30)	5,427	-2	-5	1,629	5	-2	738	8	-6	55			203	127

Exhibit 12: MOFSL Universe – PBT is expected to decline 22% YoY and PAT should decline 25% YoY

SECTOR (NO OF COMPANIES)	PBT (INR b)					Adjusted PAT (INR b)				
	Mar-19	Dec-19	Mar-20	Var % YoY	Var % QoQ	Mar-19	Dec-19	Mar-20	Var % YoY	Var % QoQ
Automobiles (16)	132	102	37	-72.1	-63.9	99	84	15	-84.7	-81.9
Capital Goods (12)	91	53	85	-6.2	60.4	59	37	59	0.3	58.2
Cement (10)	46	30	43	-6.5	41.5	34	24	30	-10.6	28.7
Consumer (18)	123	134	127	3.4	-5.4	86	105	97	11.8	-8.0
Financials (28)	199	430	362	82.1	-15.7	152	302	208	37.4	-31.0
Banks-Private (11)	170	235	192	12.5	-18.4	117	178	142	21.4	-20.5
Banks-PSU (3)	-83	84	67	LP	-19.8	-49	37	-15	Loss	PL
Life Insurance (2)	6	6	6	1.7	11.7	6	6	6	-10.3	1.5
NBFC (12)	106	105	97	-8.2	-8.0	78	81	76	-2.7	-7.1
Healthcare (18)	64	69	73	13.8	5.9	47	54	55	17.0	1.4
Infrastructure (3)	6	4	4	-31.8	-2.3	4	3	3	-30.0	-2.3
Media (3)	10	11	8	-19.0	-28.5	6	8	6	-7.0	-30.0
Metals (9)	182	68	84	-53.6	24.6	122	38	52	-57.6	34.6
Oil & Gas (15)	427	326	165	-61.4	-49.4	306	239	129	-58.0	-46.1
Oil Ex OMCs (12)	248	261	243	-2.1	-6.9	184	196	181	-1.8	-8.0
Retail (9)	12	19	8	-32.1	-58.2	9	14	7	-25.7	-54.2
Technology (13)	260	265	258	-0.6	-2.6	201	206	197	-1.9	-4.6
Telecom (4)	-59	-51	-50	Loss	Loss	-47	-61	-40	Loss	Loss
Utilities (8)	168	150	96	-42.6	-35.8	124	108	89	-28.8	-17.7
Others (22)	44	43	23	-46.9	-46.2	35	34	18	-48.7	-47.4
MOFSL Universe (188)	1,705	1,654	1,324	-22.3	-19.9	1,237	1,196	923	-25.4	-22.8
Nifty (50)	1,403	1,401	1,105	-21.3	-21.1	1,015	1,005	812	-20.1	-19.2
Sensex (30)	926	1,091	974	5.2	-10.7	683	784	738	8.1	-5.8

MOFSL Universe – Expect Sales decline of 9%, PBT decline of 22% and PAT decline of 25% YoY

Exhibit 13: Commodities and autos to drag top line

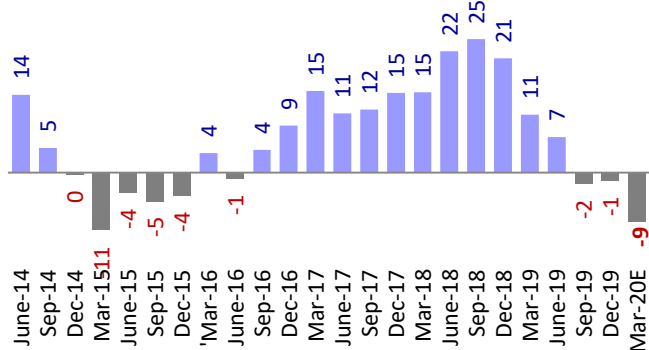


Exhibit 14: Earnings to decline 25% YoY; multi-quarter low

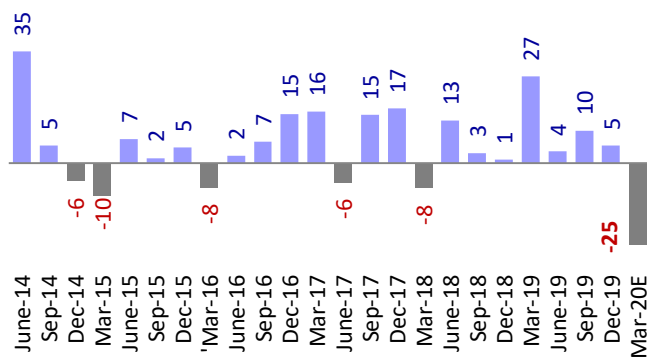
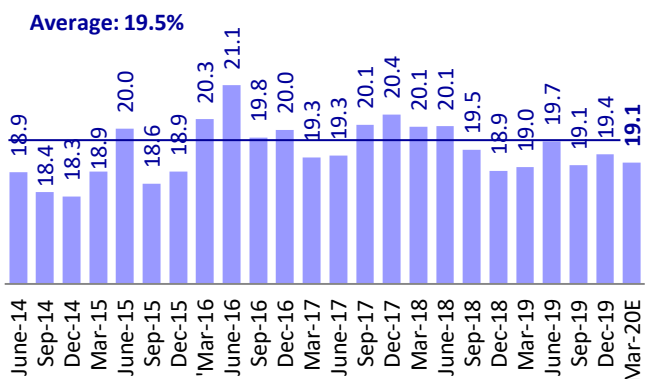
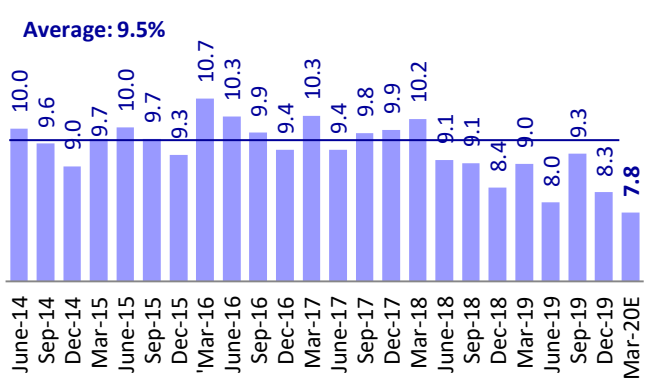


Exhibit 15: EBITDA margin to stay flat YoY in 4QFY20 YoY



Source: MOFSL, ex financials and ex OMC

Exhibit 16: MOFSL Universe’s PAT margin to decline 7.8% – lowest since Jun’12

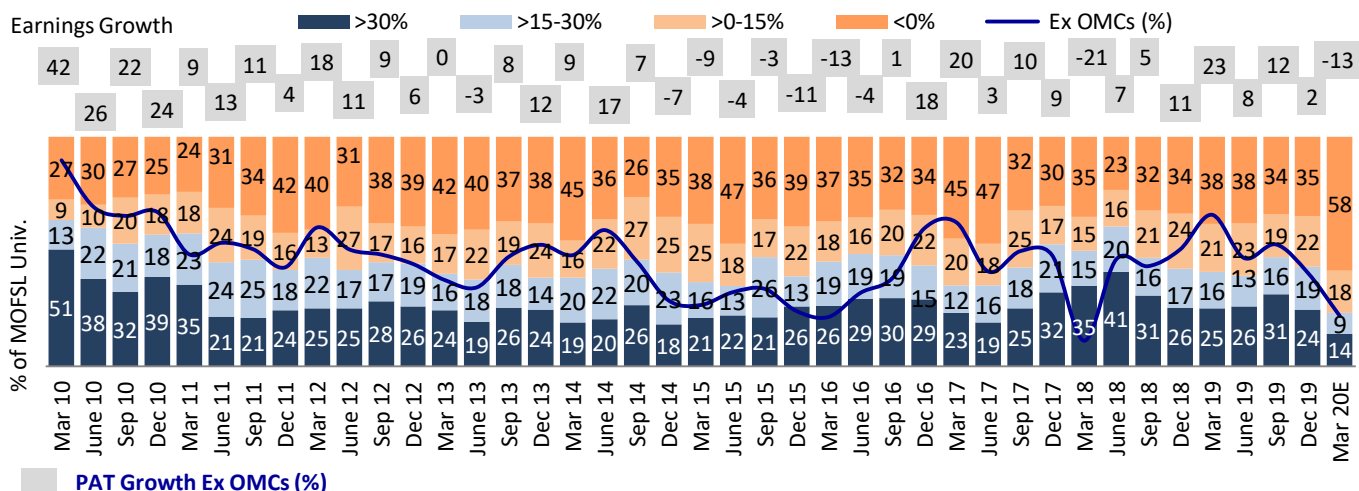


Source: MOFSL, ex financials and ex OMC

Exhibit 17: Key Assumptions

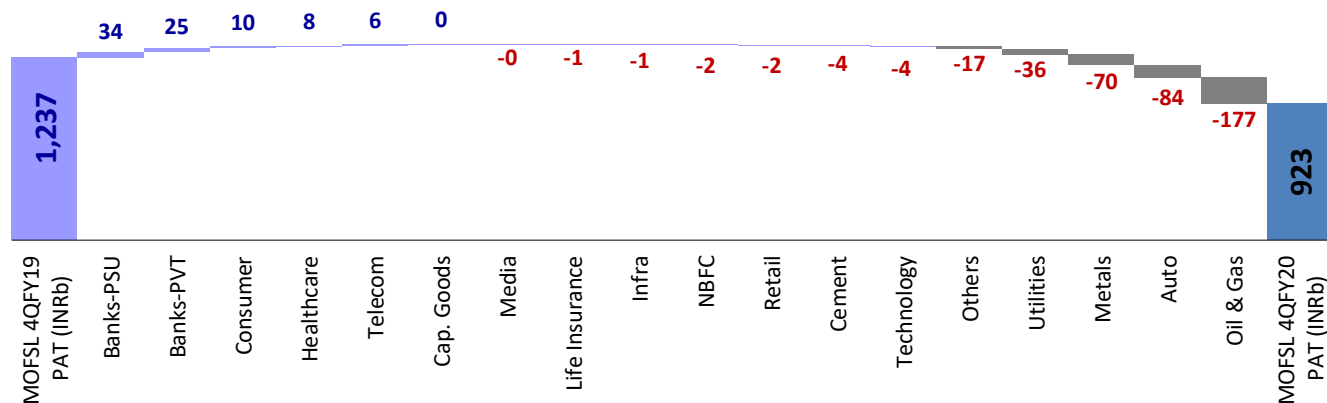
Macro	1QFY20	2QFY20	3QFY20	4QFY20E	FY20E	FY21E	FY22E
GDP Growth (%)	5.6	5.1	4.7	-2.9	3.1	-1.3	7.0
IIP Growth (%)	3.0	-0.4	-1.6	-1.0	0.0	-0.2	7.4
Inflation CPI-RU (%)	3.1	3.4	5.8	6.7	4.8	4.5	4.9
Currency: USD/INR	69.6	70.3	71.2	72.4	70.9	75.9	77.0
Repo Rate (%)	5.75	5.40	5.15	4.40	4.40	4.00	4.00
Interest Rate (%): 1Year CP Rate (Avg)	8.10	7.39	7.16	7.20	7.46	7.27	7.04
10Year G Sec (Avg)	7.21	6.56	6.56	6.42	6.69	6.17	6.04
Sectoral	1QFY20	2QFY20	3QFY20E	4QFY20E	FY20E	FY21E	FY22E
Auto: CV Volume growth (%)	-15.4	-42.8	-25.2	-50.7	-35.0	-10.7	15.8
Car Volume growth (%)	-14.4	-2.0	2.0	-16.0	-16.1	-3.3	14.3
Banking: Loan Growth (%)	12.0	10.5	7.5	4.9	4.9	8.7	12.4
Cement: Volume growth (%)	-3.0	-2.0	0.0	-8.0	-3.0	0.0	10.0
Capital Goods: L&T order Intake (INRb)	387	483	416	513	1,799	1,930	2,198
Capital Goods: L&T order Intake (% YoY)	11.0	19.9	2.5	-6.9	5.3	7.3	13.9
Metal: Steel (USD/Tonne)	582	524	496	545	537	510	515
Aluminium (USD/Tonne)	1,792	1,762	1,754	1,694	1,750	1,700	1,800
Zinc (USD/Tonne)	2,761	2,347	2,387	2,131	2,407	2,000	2,100
Oil: Brent (US\$/bbl)	68.5	61.9	62.6	50.6	60.9	45.0	60.0
Oil & Gas: Under Recoveries (INRb)	91.4	50.7	41.4	34.0	217	160	214
Singapore GRM (USD/bbl)	3.5	6.5	1.6	1.2	3.2	5.0	6.0
Technology: \$Revenue growth (%)	1.3	2.0	1.9	-0.2	7.3	2.9	9.3

Exhibit 18: 3/5th of the MOSL Universe is likely to report PAT decline, while 23% expected to post >15% PAT growth



23% of the companies would grow at >15% YoY, and 9% of the Universe would report >30% PAT growth. 58% of the Universe would report PAT decline.

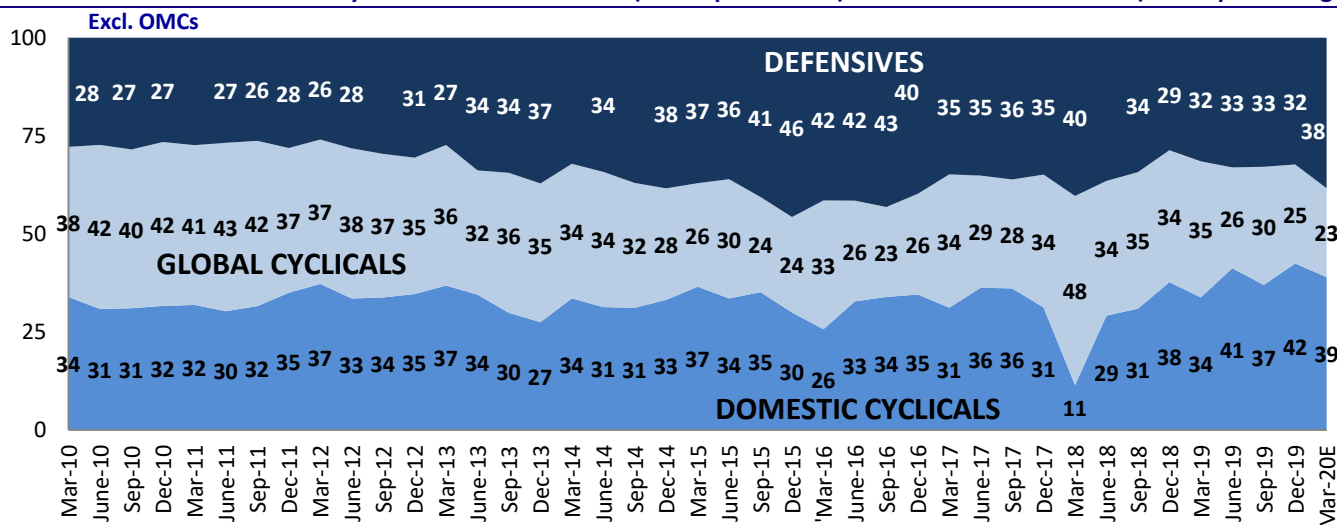
Exhibit 19: Financials, Consumer and Healthcare to drive aggregate earnings; Oil & Gas, Autos and Metals to drag



Source: MOFSL

Share of Defensives in MOFSL Universe earnings at 38%

Exhibit 20: PAT share of Global Cyclical estimated at 23% (multi-quarter low) and of Defensives at 38% (multi-quarter high)



Defensives include Consumer, Healthcare, Technology, Telecom and Utilities

Global cyclical include Metals, Oil & Gas and JLR

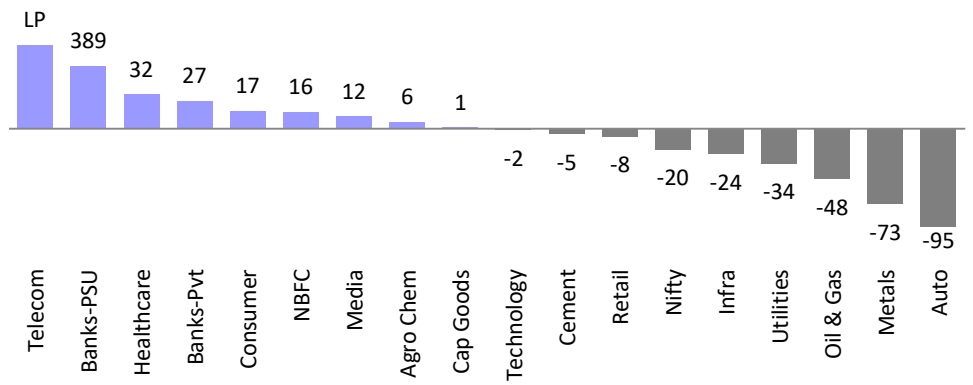
Domestic cyclical include Automobiles, Banks, Capital Goods, Infrastructure, Cement, Media, NBFCs, Real Estate and Retail

Nifty expected to post 21 % decline in PBT; PBT ex-OMCs to decline 8%

- Nifty PBT is expected to decline by 21% YoY, while PAT is likely to decline by 20% YoY despite a benign base (+2% growth in the base quarter).
- Ex-OMCs, Nifty PBT is likely to decline 8% YoY, while PAT is expected to be down 8% YoY.
- Nifty sales are expected to decline 10% YoY – the third consecutive quarter of sales decline.
- Nifty EBITDA is expected to decline by 9% YoY.
- 26 Nifty companies are expected to report YoY decline in PAT, while 5 are expected to post losses.

Exhibit 21: Nifty sectoral 4QFY20 PAT change YoY (%)

Auto, Metals, Oil and Gas, to drag Nifty; Banks, Healthcare and Consumer to support



Source: MOFSL

Exhibit 22: Nifty Universe PBT and PAT change

Company	Sector	PBT (INR M)			PBT		Adj. PAT (INR M)			PAT	
		Mar-19	Dec-19	Mar-20	YoY (%)	QoQ (%)	Mar-19	Dec-19	Mar-20	YoY (%)	QoQ (%)
Bajaj Auto	Automobiles	15,339	16,713	14,320	-6.6	-14.3	10,671	12,616	10,701	0.3	-15.2
Eicher Motors	Automobiles	7,441	6,275	5,455	-26.7	-13.1	5,448	4,987	3,950	-27.5	-20.8
Hero MotoCorp	Automobiles	10,811	10,115	8,203	-24.1	-18.9	7,303	8,804	6,304	-13.7	-28.4
Mahindra & Mahindra	Automobiles	15,151	13,826	5,957	-60.7	-56.9	10,459	8,305	4,104	-60.8	-50.6
Maruti Suzuki	Automobiles	23,121	20,064	15,945	-31.0	-20.5	17,956	15,648	12,403	-30.9	-20.7
Tata Motors	Automobiles	23,722	13,510	-29,628	PL	PL	21,387	17,744	-33,563	PL	PL
Axis Bank	Banks-Private	23,030	22,718	19,765	-14.2	-13.0	15,051	17,570	13,992	-7.0	-20.4
HDFC Bank	Banks-Private	89,544	99,019	95,655	6.8	-3.4	58,851	74,165	71,562	21.6	-3.5
ICICI Bank	Banks-Private	7,820	54,654	35,611	355.4	-34.8	9,691	41,465	26,723	175.8	-35.6
IndusInd Bank	Banks-Private	5,070	17,143	1,629	-67.9	-90.5	3,601	13,092	617	-82.9	-95.3
Kotak Mahindra Bank	Banks-Private	21,110	19,441	20,927	-0.9	7.6	14,078	15,959	15,336	8.9	-3.9
State Bank	Banks-PSU	4,312	1,09,697	48,494	1,024.6	-55.8	8,384	55,834	40,960	389	-26.6
Bajaj Finance	NBFC	18,116	21,701	17,692	-2.3	-18.5	11,761	16,141	13,152	11.8	-18.5
Bajaj Finserv	NBFC	21,301	26,270	26,314	23.5	0.2	8,387	11,253	14,702	75.3	30.6
HDFC	NBFC	28,058	27,745	30,062	7.1	8.4	24,784	22,273	24,196	-2.4	8.6
Larsen & Toubro	Capital Goods	49,481	32,232	49,500	0.0	53.6	32,158	21,608	32,541	1.2	50.6
Grasim Industries	Cement	7,557	2,150	2,028	-73.2	-5.7	5,359	1,949	1,715	-68.0	-12.0
Shree Cement	Cement	4,026	4,079	6,435	59.8	57.8	3,210	3,100	4,893	52.4	57.9
Ultratech Cement	Cement	15,318	11,306	17,115	11.7	51.4	10,679	8,069	11,628	8.9	44.1
Asian Paints	Consumer	7,344	10,381	8,263	12.5	-20.4	4,875	7,797	5,538	13.6	-29.0
Britannia	Consumer	4,502	4,969	4,409	-2.1	-11.3	2,946	3,696	3,425	16.3	-7.3
Hind. Unilever	Consumer	22,980	23,280	23,854	3.8	2.5	15,900	16,910	18,068	13.6	6.8
ITC	Consumer	49,539	51,676	52,694	6.4	2.0	34,819	42,740	41,730	19.8	-2.4
Nestle	Consumer	7,131	6,097	7,071	-0.8	16.0	4,750	4,681	5,289	11.3	13.0
Cipla	Healthcare	7,114	5,064	5,194	-27.0	2.6	5,120	3,510	3,619	-29.3	3.1
Dr Reddy's Labs	Healthcare	4,051	5,503	7,415	83.0	34.7	3,008	5,945	6,083	102.2	2.3
Sun Pharma	Healthcare	7,462	12,695	14,019	87.9	10.4	6,879	8,420	10,174	47.9	20.8
Adani Ports	Infrastructure	15,834	17,390	19,160	21.0	10.2	12,854	13,523	9,707	-24.5	-28.2
Zee Entertainment	Media	4,635	5,110	4,415	-4.7	-13.6	2,968	3,883	3,315	11.7	-14.6
Hindalco	Metals	18,911	15,540	15,389	-18.6	-1.0	13,385	10,562	10,685	-20.2	1.2
JSW Steel	Metals	23,530	2,130	9,964	-57.7	367.8	15,230	234	6,780	-55.5	2,793.6
Tata Steel	Metals	41,849	-2,366	2,852	-93.2	LP	24,194	-7,005	-400	PL	Loss
Vedanta	Metals	41,040	23,620	14,409	-64.9	-39.0	26,150	13,629	4,607	-82.4	-66.2
BPCL	Oil & Gas	45,951	16,371	-14,381	PL	PL	31,249	11,647	-9,588	PL	PL
GAIL	Oil & Gas	20,663	18,716	17,379	-15.9	-7.1	14,546	12,334	11,209	-22.9	-9.1
IOC	Oil & Gas	86,344	37,222	-45,379	PL	PL	60,993	23,390	-30,268	PL	PL
ONGC	Oil & Gas	55,793	59,986	56,927	2.0	-5.1	40,446	41,516	37,970	-6.1	-8.5
Reliance Inds.	Oil & Gas	1,37,900	1,50,820	1,55,135	12.5	2.9	1,04,270	119,809	120,206	15.3	0.3
Titan Company	Retail	4,515	6,739	3,746	-17.0	-44.4	3,482	4,931	3,218	-7.6	-34.7
HCL Technologies	Technology	31,910	37,370	37,544	17.7	0.5	25,680	30,380	29,285	14.0	-3.6
Infosys	Technology	52,830	58,490	56,809	7.5	-2.9	40,740	44,570	41,665	2.3	-6.5
TCS	Technology	1,09,301	1,05,690	1,04,732	-4.2	-0.9	83,541	81,180	79,870	-4.4	-1.6
Tech Mahindra	Technology	15,073	14,731	11,270	-25.2	-23.5	11,325	11,459	8,516	-24.8	-25.7
Wipro	Technology	32,018	30,759	29,595	-7.6	-3.8	24,937	24,629	23,562	-5.5	-4.3
Bharti Airtel	Telecom	-13,086	-4,528	3,140	LP	LP	-11,882	-10,805	-3,820	Loss	Loss
Bharti Infratel	Telecom	10,064	10,022	9,217	-8.4	-8.0	6,076	7,465	6,897	13.5	-7.6
Coal India	Utilities	88,927	53,347	29,750	-66.5	-44.2	60,268	39,208	22,326	-63.0	-43.1
NTPC	Utilities	35,995	49,244	24,745	-31.3	-49.8	31,735	28,993	29,366	-7.5	1.3
Power Grid Corp.	Utilities	33,510	34,668	30,439	-9.2	-12.2	26,717	26,537	27,123	1.5	2.2
UPL	Others	9,450	11,120	13,319	40.9	19.8	9,078	8,233	9,631	6.1	17.0
Nifty Universe		14,03,405	14,00,514	11,04,574	-21.3	-21.1	10,15,495	1004,583	8,11,701	-20.1	-19.2

Exhibit 23: Nifty sales to decline 10% in 4QFY20, dragged by Commodities and Auto

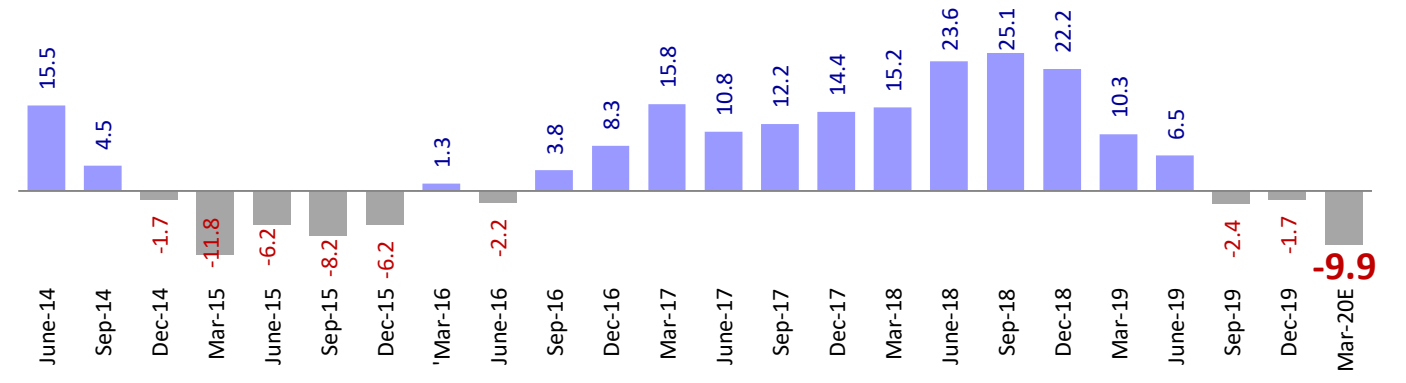


Exhibit 24: 4QFY20 Nifty PAT to decline by 20% YoY

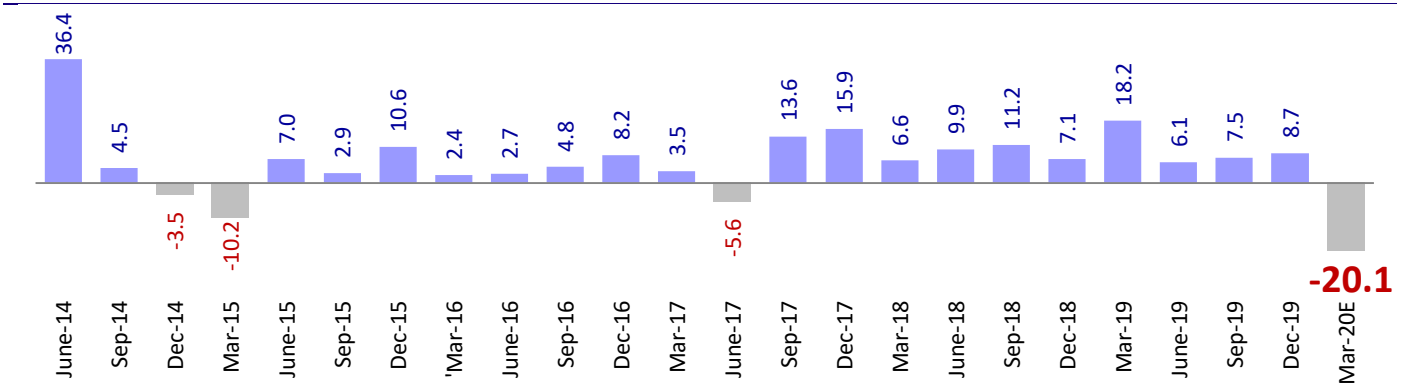


Exhibit 25: Nifty EBITDA to post 9% YoY decline – the worst in the last decade

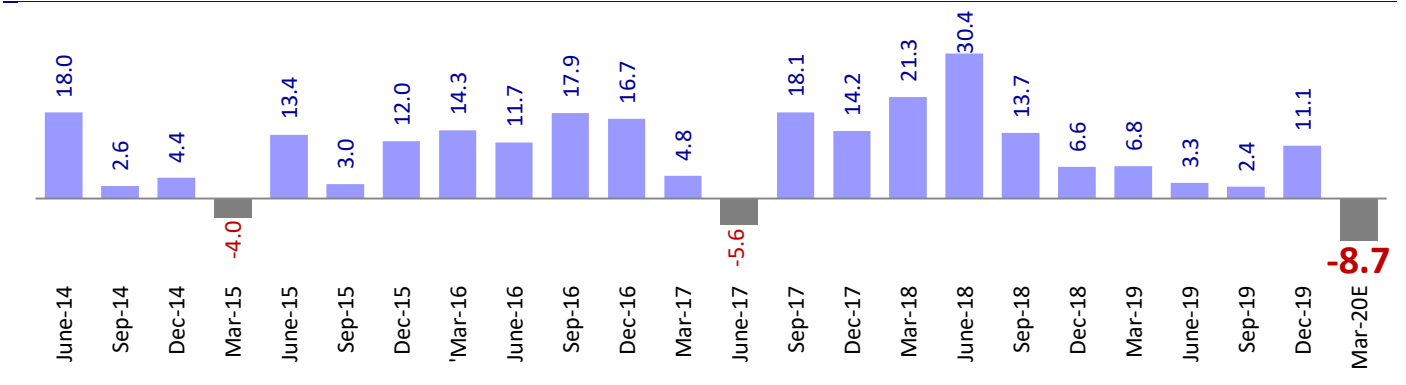


Exhibit 26: Nifty companies' 4QFY20 performance (INR b)

Company	Sales		EBITDA		PAT		Contribution to PAT		EBITDA margin	
	Mar-20	Var % YoY	Mar-20	Var % YoY	Mar-20	Var % YoY	(%)	Gr. (%)	Mar-20	Var (bp)
High PAT Gr.	2,310	3.0	807	7.2	340	41.6	41.9	-49.1	35	1
State Bank	237	3.4	183	8.3	41	388.5	5.0	-16.0	77	3
ICICI Bank	81	6.9	70	12.0	27	175.8	3.3	-8.4	86	4
Dr Reddy's Labs	45	16.4	10	55.7	6	102.2	0.7	-1.5	22	6
Bajaj Finserv	108	-16.6	108	-16.6	15	75.3	1.8	-3.1	100	0
Shree Cement	34	2.2	11	25.9	5	52.4	0.6	-0.8	32	6
Sun Pharma	81	15.7	17	80.0	10	47.9	1.3	-1.6	21	7
HDFC Bank	151	15.2	133	22.9	72	21.6	8.8	-6.2	88	6
ITC	127	5.7	51	11.3	42	19.8	5.1	-3.4	40	2
Britannia	29	2.2	5	4.1	3	16.3	0.4	-0.2	16	0
Reliance Inds.	1,417	2.2	219	5.1	120	15.3	14.8	-7.8	15	0
Med/Low PAT Gr.	1,558	5.1	429	11.7	230	6.5	28.4	-6.9	28	2
HCL Technologies	185	15.7	45	25.6	29	14.0	3.6	-1.8	24	2
Hind. Unilever	102	2.7	25	7.0	18	13.6	2.2	-1.1	24	1
Asian Paints	52	3.6	10	19.9	6	13.6	0.7	-0.3	19	3
Bharti Infratel	36	0.6	15	1.0	7	13.5	0.8	-0.4	42	0
Bajaj Finance	37	35.5	31	37.9	13	11.8	1.6	-0.7	83	1
Zee Entertainment	19	-6.1	5	-9.7	3	11.7	0.4	-0.2	27	-1
Nestle	32	6.2	8	3.8	5	11.3	0.7	-0.3	24	-1
Kotak Mah. Bank	35	14.1	25	11.1	15	8.9	1.9	-0.6	73	-2
Ultratech Cement	110	-10.7	28	8.3	12	8.9	1.4	-0.5	25	4
UPL	101	18.6	23	26.5	10	6.1	1.2	-0.3	23	1
Infosys	231	7.3	57	10.5	42	2.3	5.1	-0.5	25	1
Power Grid Corp.	92	-5.0	86	3.7	27	1.5	3.3	-0.2	93	8
Larsen & Toubro	459	6.0	60	13.5	33	1.2	4.0	-0.2	13	1
Bajaj Auto	65	-11.8	11	-8.7	11	0.3	1.3	0.0	17	1
Negative PAT Gr.	5,461	-17.6	867	-25.7	241	-56.9	29.7	156.0	16	-2
HDFC	34	6.8	33	8.9	24	-2.4	3.0	0.3	99	2
TCS	401	5.4	108	4.8	80	-4.4	9.8	1.8	27	-0
Wipro	154	2.5	31	0.7	24	-5.5	2.9	0.7	20	-0
ONGC	205	-23.5	99	-20.0	38	-6.1	4.7	1.2	48	2
Axis Bank	63	10.7	52	4.6	14	-7.0	1.7	0.5	83	-5
NTPC	178	-20.6	57	-2.9	29	-7.5	3.6	1.2	32	6
Titan Company	50	1.5	5	7.7	3	-7.6	0.4	0.1	10	1
Hero MotoCorp	62	-21.1	9	-19.4	6	-13.7	0.8	0.5	14	0
Hindalco	300	-12.0	36	-3.9	11	-20.2	1.3	1.3	12	1
GAIL	156	-16.8	20	18.0	11	-22.9	1.4	1.6	13	4
Adani Ports	33	6.5	24	20.6	10	-24.5	1.2	1.5	72	8
Tech Mahindra	96	7.7	15	-7.1	9	-24.8	1.0	1.4	16	-3
Eicher Motors	22	-12.3	5	-26.7	4	-27.5	0.5	0.7	23	-5
Cipla	43	-2.2	8	-19.7	4	-29.3	0.4	0.7	18	-4
Maruti Suzuki	187	-12.8	17	-23.6	12	-30.9	1.5	2.7	9	-1
JSW Steel	178	-20.5	30	-31.7	7	-55.5	0.8	4.1	17	-3
M&M.	86	-37.6	10	-47.3	4	-60.8	0.5	3.1	11	-2
Coal India	257	-10.0	57	-45.5	22	-63.0	2.8	18.6	22	-14
Grasim Industries	42	-21.3	4	-56.2	2	-68.0	0.2	1.8	9	-7
Vedanta	196	-16.6	46	-25.6	5	-82.4	0.6	10.6	23	-3
IndusInd Bank	29	31.9	23	12.9	1	-82.9	0.1	1.5	79	-13
Bharti Airtel	233	12.9	101	52.1	-4	Loss	-0.5	-4.0	43	11
Tata Motors	612	-29.2	35	-55.7	-34	PL	-4.1	27.0	6	-3
Tata Steel	306	-27.8	40	-46.2	0	PL	0.0	12.1	13	-5
IOC	937	-25.7	-2	PL	-30	PL	-3.7	44.8	-0	-8
BPCL	601	-18.7	3	-92.7	-10	PL	-1.2	20.0	1	-6
Nifty Universe	9,329	-9.9	2,103	-8.7	812	-20.1	100	100	23	0

Note: For Financials, Sales represents Net Interest Income, and EBITDA represents Operating Profit; Consensus estimates are used for Adani Ports and Bajaj Finserv

EARNINGS FY21

FY21: Another year of weak earnings

Earnings cut sharp as COVID-19 impacts economic activity

- MOFSL earnings growth estimated at -3% for FY20, 4% for FY21:** We estimate FY20 revenue for our MOFSL Universe to decline by 1% YoY while FY21 revenue is likely to stay flattish (v/s 14.5% CAGR over FY16-19) as the extraordinary impact from COVID-19 related lockdown causes both supply and demand-side concerns. Given the unprecedented situation confronting both global as well as the Indian economy, we expect the uncertainty to prevail, and therefore, corporate earnings estimates should remain volatile until we see a semblance of normalcy returning on the ground. We, therefore, remain conservative with our earnings estimates to factor in the uncertainty. We expect economic activity to remain subdued as the focus would remain on containing the virus and protecting livelihoods.
- What can change our outlook on the upside/downside?** We expect revenue decline for Metals, Auto, Oil & Gas and Cement in FY21. Sectors where we estimate double-digit growth in top line are Telecom/Financials/Healthcare at 18%/10%/10%. We expect EBITDA margins for our MOFSL Universe (ex-OMCs, Financials) to remain flat at 18.1% in FY21. However, major uptick is expected in the Telecom sector where we estimate EBITDA margins to increase to 40.9% from 36.7%. For FY21, we expect profits to grow 4% YoY with major contribution to incremental earnings coming from the Financials and Healthcare space along with reduction in losses in Telecom, which would benefit aggregate earnings. Despite the sharp earnings cut, Financials are still estimated to contribute more than 100% of incremental FY21 earnings. Metals and Autos would drag earnings and are expected to decline by 55%/25% YoY. We expect MOSL universe to report a 3% YoY decline in FY20 earnings. For FY21, we estimate MOFSL Universe's sales/EBITDA/PAT to post growth of 1%/5%/4%.
- Nifty profits to decline by 2% in FY20; to stay flattish in FY21:** Nifty sales growth is expected to decline by 2% YoY in FY20, while for FY21, we expect it to stay flat. Nifty EBITDA is likely to remain flat YoY in FY20 while PAT should decline 2% YoY. For FY21, we estimate EBITDA/PAT to grow 5%/2%.

Exhibit 27: Expect Nifty PAT CAGR to be flat over FY19-FY21

Sector	Sales CAGR (%)	EBIDTA CAGR (%)	EBIDTA Margin (%)	PAT (INR b)			PAT Gr./CAGR (%)			PAT Delta Share (%)	
	(FY19-21)	(FY19-21)	FY21E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	(FY19-21)	(FY19-21)
High PAT CAGR (>15%)	12	15	53.6	1,289	1,580	1,999	47	23	26	34	2,513
Financials (30)	13	15	67.5	1,069	1,316	1,696	57	23	29	39	2,266
Banks-PVT (11)	17	18	84.3	596	728	917	34	22	26	28	1,009
Banks-PSU (3)	10	14	70.4	122	252	368	LP	105	46	LP	1,158
Insurance (2)	10	-1	3.5	25	28	32	2	13	16	8	14
NBFC (14)	10	11	83.2	326	308	379	15	-5	23	4	85
Healthcare (18)	10	14	21.8	219	265	302	12	21	14	16	247
Medium PAT CAGR (0-15%)	5	4	23.5	1,215	1,225	1,425	7	1	16	4	306
Consumer (18)	5	7	25.3	395	409	464	17	3	13	10	260
Media (3)	3	-3	34.5	33	33	39	4	0	18	2	5
Technology (13)	5	3	22.3	787	783	922	2	0	18	1	42
Negative PAT CAGR	-2	-2	14.5	2,083	1,974	3,181	-24	-5	61	-15	-2,719
Retail (9)	5	8	8.7	41	38	60	7	-8	58	-1	-2
Utilities (8)	2	9	35.7	451	441	550	1	-2	25	-1	-29
Cap. Goods (13)	3	1	10.8	167	154	203	4	-8	32	-2	-24

Sector	Sales CAGR (%)	EBIDTA CAGR (%)	EBIDTA Margin (%)	PAT (INR b)			PAT Gr./CAGR (%)			PAT Delta Share (%)	
	(FY19-21)	(FY19-21)	FY21E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	(FY19-21)	(FY19-21)
Cement (11)	-5	0	19.3	126	109	163	8	-13	49	-3	-27
Oil & Gas (15)	-3	-6	10.4	897	957	1,421	-27	7	49	-12	-979
Ex OMCs (12)	0	-5	14.1	802	710	1,094	-11	-11	54	-11	-700
Others (22)	9	2	15.3	107	72	159	0	-32	120	-18	-123
Auto (17)	-6	-11	10.7	216	161	338	-31	-25	109	-28	-548
Infrastructure (3)	-7	-11	27.6	12	6	8	-15	-47	23	-33	-28
Metals (9)	-7	-18	15.3	276	124	350	-42	-55	181	-49	-1,251
Telecom (4)	14	43	40.9	-211	-90	-72	Loss	Loss	Loss	Loss	292
MOFSL (193)	0	3	20.1	4,586	4,779	6,604	-3	4	38	0	100
MOFSL Ex OMCs (190)	1	4	22.9	4,492	4,532	6,277	1	1	38	1	NA
Nifty (50)	0	3	20.8	3,751	3,821	5,253	-2	2	37	0	NA
Sensex (30)	3	6	26.3	3,042	3,111	4,117	9	2	32	6	NA

Note: For Banks: Sales = Net Interest Income, EBIDTA = Operating Profits; Note: Sensex & Nifty Numbers are Free Float

Exhibit 28: Nifty ex-corporate lenders to show bigger 7% profit decline for FY20

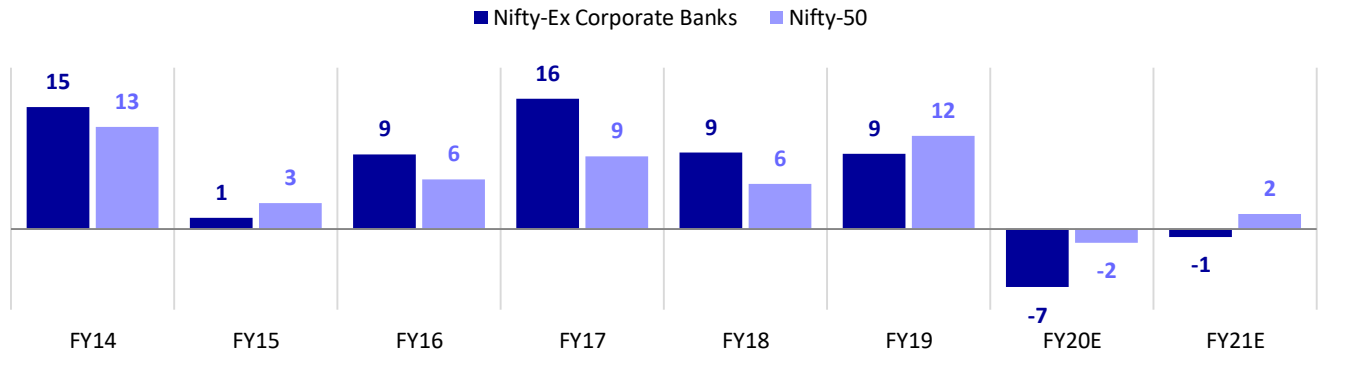


Exhibit 29: Nifty profits expected to decline by 2% in FY20

Profit (INR b)	FY17	FY18	FY19	FY20E	FY21E
Nifty (50)	3,243	3,424	3,819	3,751	3,821
Growth YoY (%)	9	6	12	-2	2
Financials	476	417	578	900	1,077
Growth YoY (%)	-18	-12	39	56	20
Nifty - Ex Financials	2,767	3,008	3,240	2,852	2,744
Growth YoY (%)	15	9	8	-12	-4
Corporate Banks	137	25	103	305	409
Growth YoY (%)	-55	-82	314	195	34
Nifty - Ex Corporate Banks	3,106	3,399	3,715	3,446	3,412
Growth YoY (%)	16	9	9	-7	-1
Incremental Nifty PAT	267	182	394	-67	70
Incremental Corp Banks PAT	-165	-112	78	202	104
Incremental Financials PAT	-104	-59	162	321	177
Incr. Financials PAT/ Incr. Nifty PAT (%)	-39	-33	41	-476	254
Incr. Corp Bank PAT/ Incr. Nifty PAT (%)	-62	-62	20	-299	149

MOFSL Universe earnings to grow 4% in FY21 aided by Banks, Healthcare

- For the MOFSL Universe, we estimate PAT growth of 4% for FY21 (off a base of 3% decline in FY20), supported mainly by Financials and Healthcare. Financials’ profits are expected to grow 23% YoY while Healthcare should see profit growth of 21% YoY. Consumer sector is expected to post 3% YoY profit growth in FY21.
- Sectors that would drag earnings are Metals and Autos, where earnings are expected to decline by 55% and 25% YoY in FY21. Cement/Oil (ex-OMCs) /Retail/Capital Goods earnings should decline by 13%/11%/8%/8% YoY.

Sharp cuts in Nifty EPS for FY20/FY21

- Our Nifty EPS estimates have been revised downwards by 8% to INR485 for FY20 (prior: INR527). IOC, ONGC, BPCL and Tata Motors accounted for the bulk of the downgrade.
- We are now building in EPS growth of just 3% for the Nifty in FY21. Ex-Financials, Nifty profits are expected to decline 4%.
- For FY21, major earnings upgrades are in Cipla (6.4%) and Dr. Reddy’s Labs (4.5%). The major downgrades are in Tata Motors (P to L), Tata Steel (P to L), JSW Steel (-91%), Vedanta (-64%), ONGC (-57%), Hindalco (-56%), Shree Cement (-46%) IndusInd Bank (-44%), Bajaj Finance (-42%) and SBI (-42%).

Exhibit 30: Top Nifty companies’ EPS upgrades/downgrades since 3QFY20 review (%)

Company	FY21E
Cipla	6.4
Dr Reddy’s Labs	4.5
State Bank	-41.8
Bajaj Finance	-42.2
IndusInd Bank	-43.9
Shree Cement	-46.4
Hindalco	-56.0
ONGC	-57.3
Vedanta	-64.0
JSW Steel	-91.1
Tata Steel	PL
Tata Motors	PL

Exhibit 31: Nifty stock absolute FY20E PAT change (INR b)

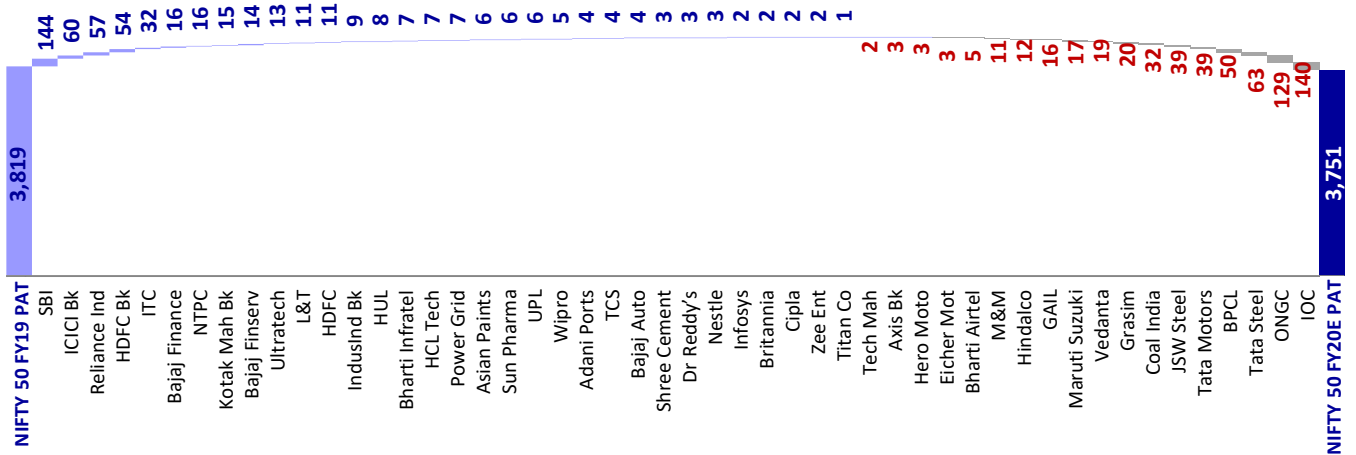


Exhibit 32: Nifty stock absolute FY21E PAT change (INR b)

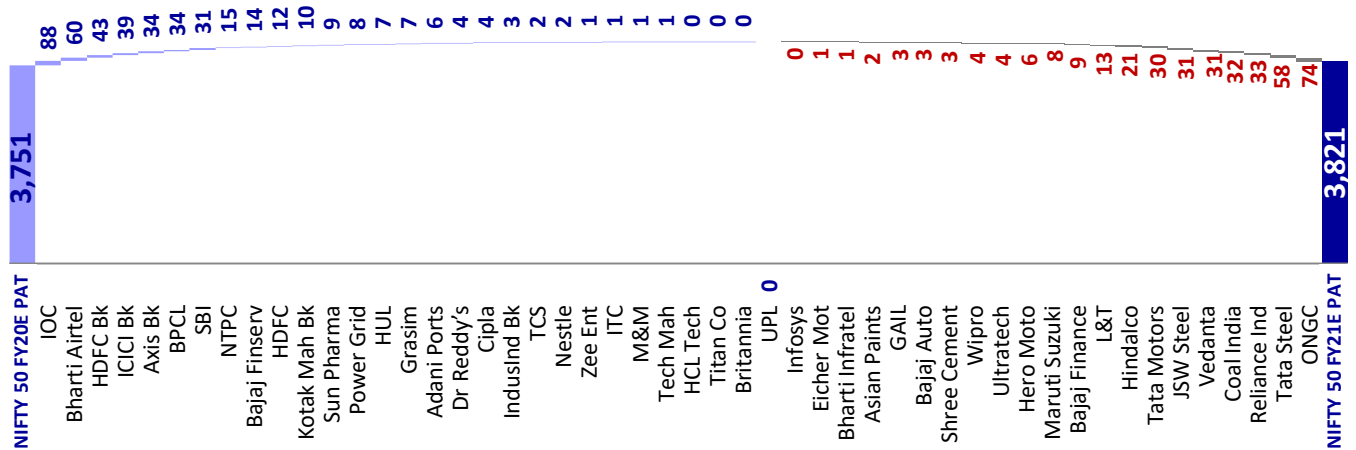


Exhibit 33: Nifty performance – Expect FF PAT CAGR (FY19-21) of 3%

Company	Sales (INR b)			Sales CAGR% 19-21	EBIDTA Margin (%)			EBITDA CAGR % 19-21	PAT (INR b)			PAT YoY (%)			PAT CAGR% 19-21	Contbn to Delta %
	FY20E	FY21E	FY22E		FY20	FY21	FY22		FY20E	FY21E	FY22E	FY20	FY21	FY22		
High PAT Gr. (15%+)	4,496	4,984	5,600	12	58	59	59	19	823	1,070	1,381	61	30	29	45	24,646
Bharti Airtel	871	1,021	1,116	12	42	45	46	33	-40	20	27	Loss	LP	32	LP	2,435
State Bank	991	1,052	1,134	9	69	68	68	14	167	198	286	627	18	44	193	7,697
ICICI Bank	325	357	405	15	85	84	85	13	94	133	169	179	42	27	99	4,379
Bajaj Finserv	163	206	254	30	77	74	71	25	46	60	75	44	29	24	37	1,225
Axis Bank	247	278	319	13	92	92	92	16	44	78	121	-6	77	55	29	1,383
HDFC Bank	561	658	763	17	88	88	88	21	265	308	367	26	16	19	21	4,282
Dr Reddy's Labs	168	196	211	13	21	23	22	23	21	25	26	17	22	5	20	332
Sun Pharma	324	357	395	12	21	22	22	17	42	51	58	17	20	13	19	646
Cipla	171	188	209	7	20	20	21	11	17	21	24	11	26	13	18	258
Indusind Bank	118	131	149	22	88	87	87	18	42	45	62	27	8	37	17	538
Ultratech Cement	424	388	472	-3	23	23	24	11	38	34	53	54	-11	56	17	399
Kotak Mahindra Bank	134	153	173	16	73	74	74	16	87	96	114	20	11	18	16	1,071
Medium PAT Gr. (10-15%)	2,832	3,049	3,402	9	34	35	35	17	595	637	708	17	7	11	12	5,738
Nestle	124	135	152	9	23	23	24	8	20	22	25	16	10	16	13	205
HDFC	126	135	151	9	98	98	98	9	98	110	123	12	13	11	13	1,021
NTPC	973	1,056	1,218	8	31	33	32	32	130	145	162	14	11	11	12	1,333
ITC	481	514	557	7	39	39	38	7	156	157	169	26	1	7	12	1,440
Bharti Infratel	144	149	155	1	41	42	43	2	32	31	34	29	-3	10	12	278
Adani Ports	122	141	155	14	62	63	64	17	44	50	58	10	13	17	12	439
UPL	347	373	398	31	22	22	22	35	30	30	31	24	0	4	11	257
Hind. Unilever	400	424	479	5	25	25	26	12	70	78	90	12	11	15	11	660
Britannia	116	121	136	5	16	16	16	5	14	14	16	19	1	15	10	105
Low PAT Growth (<10%)	35,415	35,319	41,554	-2	14	14	16	-6	2,333	2,113	3,165	-17	-9	50	-13	-30,284
Bajaj Finance	135	152	176	25	82	82	83	27	56	47	69	41	-16	47	9	328
Asian Paints	208	186	215	-2	21	22	22	8	29	26	31	29	-8	20	9	179
Zee Entertainment	81	89	98	6	30	30	30	2	17	19	21	10	8	13	9	124
Power Grid Corp.	382	410	436	12	90	90	90	15	107	115	127	7	8	10	7	662
Titan Company	213	226	275	7	11	11	12	12	15	15	21	7	1	41	4	53
HCL Technologies	706	732	805	10	23	23	24	10	108	109	126	7	0	16	4	332
Reliance Inds.	6,009	5,955	7,602	2	15	15	17	5	455	422	644	14	-7	53	3	1,046
Bajaj Auto	296	281	314	-4	17	17	17	-5	52	48	53	8	-6	10	1	23
TCS	1,571	1,579	1,746	4	27	26	27	1	323	325	385	1	1	19	1	274
Shree Cement	120	111	135	-3	30	28	30	6	15	11	19	30	-22	70	1	7
Wipro	607	593	616	1	20	20	21	1	97	93	103	6	-4	11	1	49
Infosys	906	922	1,015	6	25	24	25	4	164	164	191	1	0	16	1	78
Larsen & Toubro	1,471	1,498	1,790	5	12	12	12	7	92	79	110	14	-14	38	-1	-53
Tech Mahindra	370	384	418	5	16	15	17	-4	41	41	53	-5	2	27	-2	-68
Eicher Motors	91	92	108	-3	25	24	25	-13	19	19	24	-14	-3	29	-9	-161
Mahindra & Mahindra	991	1,032	1,124	-1	13	14	15	-4	40	40	53	-22	2	32	-11	-466
BPCL	2,749	2,580	2,930	-7	4	6	6	-4	35	69	90	-59	97	31	-10	-714
Hero MotoCorp	288	268	301	-11	14	13	14	-17	31	25	30	-9	-18	20	-14	-379
Grasim Industries	185	159	184	-12	12	10	12	-36	24	31	40	-46	30	29	-16	-564
Maruti Suzuki	770	752	901	-7	10	9	12	-21	58	50	76	-23	-13	50	-18	-1,074
IOC	4,605	4,685	6,177	-6	4	6	6	-8	33	121	169	-81	267	40	-16	-2,286
GAIL	697	789	878	2	11	10	12	-10	47	44	60	-26	-6	35	-17	-844
Coal India	942	880	1,030	-6	20	17	24	-22	143	111	184	-18	-23	66	-20	-2,809
ONGC	4,313	4,353	4,723	-2	16	13	15	-18	219	145	264	-37	-34	82	-35	-8,946
Hindalco	1,189	1,292	1,428	-1	12	11	12	-5	43	22	42	-22	-49	93	-37	-1,461
Vedanta	830	777	895	-8	19	18	21	-14	49	17	41	-28	-64	136	-49	-2,199
JSW Steel	725	693	888	-10	15	15	20	-26	38	6	66	-51	-83	928	-71	-3,081
Tata Steel	1,367	1,289	1,420	-10	12	11	16	-31	38	-19	59	-62	PL	LP	PL	-5,299
Tata Motors	2,598	2,561	2,926	-8	10	9	13	-11	-54	-84	12	Loss	Loss	LP	Loss	-3,034
Nifty (PAT free float)	42,743	43,351	50,556	0	20	21	22	3	2,030	2,088	2,833	4	3	36	3	100

**MOFSL model
portfolio**

SECTOR WEIGHT / PORTFOLIO PICKS	BSE 100	MOST WEIGHT	WEIGHT RELATIVE TO BSE100	EFFECTIVE SECTOR STANCE
Financials	33.8	35.0	1.2	Overweight
Private	20.9	21.0	0.1	Overweight
HDFC Bank	8.8	8.0	-0.8	Buy
ICICI Bank	5.5	7.0	1.5	Buy
Axis Bank	2.5	4.0	1.5	Buy
AU Small Finance Bank	0.0	2.0	2.0	Buy
PSU	1.9	4.0	2.1	Overweight
SBI	1.6	4.0	2.4	Buy
NBFCs	11.1	10.0	-1.1	Neutral
HDFC	6.6	7.0	0.4	Buy
ICICI Prudential Life	0.3	3.0	2.7	Buy
Technology / Telecom / Media	14.7	17.0	2.3	Overweight
Infosys	5.3	6.0	0.7	Buy
Bharti Airtel	2.3	5.0	2.7	Buy
TCS	4.3	4.0	-0.3	Neutral
L&T Infotech	0.0	2.0	2.0	Buy
Consumption / Retail	16.0	10.0	-6.0	Underweight
ITC	3.6	3.0	-0.6	Neutral
HUL	3.9	3.0	-0.9	Buy
Titan	0.9	2.0	1.1	Neutral
Tata Consumer	0.4	2.0	1.6	Buy
Energy	11.9	8.0	-3.9	Underweight
Reliance Inds	8.8	6.0	-2.8	Buy
Petronet LNG	0.4	2.0	1.6	Buy
Auto	5.9	8.0	2.1	Overweight
Maruti Suzuki	1.7	3.0	1.3	Buy
Eicher Motors	0.5	3.0	2.5	Buy
Ashok Leyland	0.2	2.0	1.8	Buy
Healthcare	5.2	7.0	1.8	Overweight
Sun Pharma	1.1	3.0	1.9	Buy
Lupin	0.4	2.0	1.6	Buy
Alkem Labs	0.0	2.0	2.0	Buy
Cap Goods, Infra & Cement	6.5	5.0	-1.5	Underweight
Larsen & Toubro	2.6	3.0	0.4	Buy
Ultratech	0.9	2.0	1.1	Buy
Utilities / Metals	4.4	4.0	-0.4	Neutral
NTPC	0.9	2.0	1.1	Buy
Hindalco	0.4	2.0	1.6	Buy
Midcaps	1.5	6.0	4.5	Overweight
ABFRL	0.0	1.0	1.0	Buy
CG Consumer Electrical	0.2	1.0	0.8	Buy
Voltas	0.3	1.0	0.7	Buy
IPCA	0.0	1.0	1.0	Buy
PI Industries	0.0	1.0	1.0	Buy
Trent	0.0	1.0	1.0	Buy
Cash	0.0	0.0	0.00	
TOTAL	100.0	100.0		

Sectors & Companies

BSE Sensex: 30,380

Nifty 50: 8,925

April 2020



MOFSL Universe: 4QFY20 Highlights & Ready Reckoner

Note: In our quarterly performance tables, our four-quarter numbers may not always add up to the full-year numbers. This is because of differences in classification of account heads in the company's quarterly and annual results or because of differences in the way we classify account heads as opposed to the company.

All stock prices and indices as on 15 April 2020, unless otherwise stated.

MOFSL Universe: 4QFY20 aggregate performance highlights

Exhibit 1: Quarterly Performance - MOFSL Universe (INR b)

Sector (Nos of Cos)	Sales			EBITDA			PAT		
	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
Automobiles (16)	1,366	-25.7	-13.6	118	-40.7	-33.2	15	-84.7	-81.9
Capital Goods (12)	770	3.3	31.3	97	3.4	54.8	59	0.3	58.2
Cement (10)	336	-9.6	2.1	71	0.5	21.5	30	-10.6	28.7
Consumer (18)	529	3.5	-0.9	132	7.6	-2.4	97	11.8	-8.0
Financials (28)	1,135	9.3	0.3	745	12.0	-2.6	208	37.4	-31.0
Banks-Private (11)	407	13.8	0.6	336	14.1	-3.4	142	21.4	-20.5
Banks-PSU (3)	348	8.0	-11.4	264	11.6	-2.0	-15	Loss	PL
Life Insurance (2)	203	0.1	27.1	2	-77.7	-64.7	6	-10.3	1.5
NBFC (12)	177	13.8	1.4	143	14.9	1.1	76	-2.7	-7.1
Healthcare (18)	480	8.3	0.7	99	14.8	0.8	55	17.0	1.4
Infrastructure (3)	37	-6.4	13.2	10	-8.5	3.3	3	-30.0	-2.3
Media (3)	33	-11.9	-12.7	10	-21.7	-21.1	6	-7.0	-30.0
Metals (9)	1,336	-18.0	-3.6	232	-25.6	8.9	52	-57.6	34.6
Oil & Gas (15)	4,153	-14.6	-16.8	368	-36.5	-30.1	129	-58.0	-46.1
Oil Ex OMCs (12)	2,074	-5.0	-9.5	363	-6.5	-11.7	181	-1.8	-8.0
Retail (9)	207	-3.2	-21.7	16	-0.2	-40.0	7	-25.7	-54.2
Technology (13)	1,195	7.6	0.5	278	8.1	-0.6	197	-1.9	-4.6
Telecom (4)	429	6.5	4.9	162	53.0	8.6	-40	Loss	Loss
Utilities (8)	676	-11.0	-7.6	242	-12.9	-11.9	89	-28.8	-17.7
Others (22)	394	5.5	-3.8	58	-22.0	-24.9	18	-48.7	-47.4
MOFSL Universe (188)	13,076	-9.0	-7.2	2,638	-8.6	-8.0	923	-25.4	-22.8
MOFSL Ex OMCs (185)	10,996	-6.0	-3.5	2,632	-2.2	-4.3	975	-12.6	-15.5
Nifty (50)	9,329	-9.9	-8.3	2,103	-8.7	-8.9	812	-20.1	-19.2
Sensex (30)	5,427	-2.0	-4.6	1,629	5.1	-2.3	738	8.1	-5.8

Exhibit 2: Quarter-wise sales growth (% YoY)

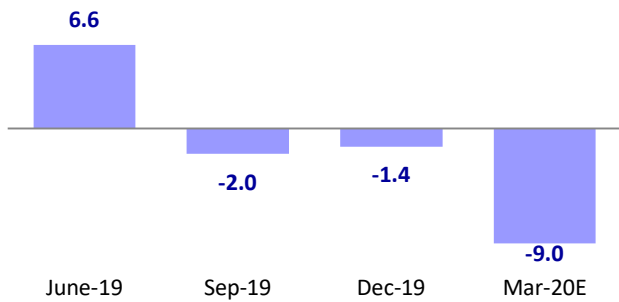


Exhibit 3: Quarter-wise net profit growth (% YoY)

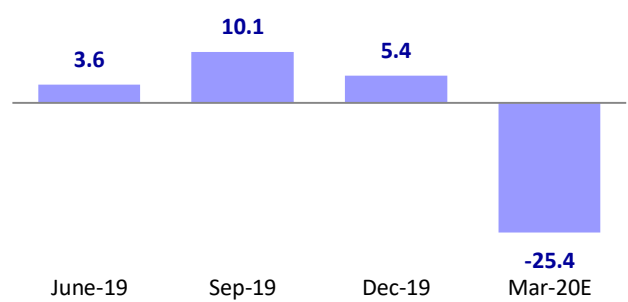


Exhibit 4: Sectoral sales growth - quarter ended Mar-20 (%)

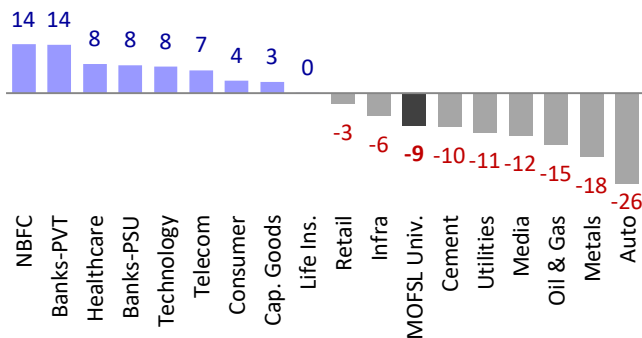
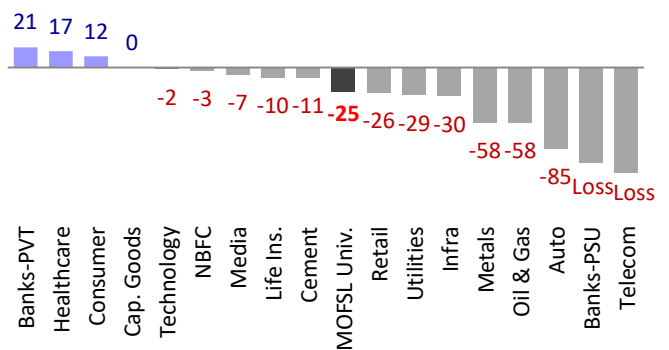


Exhibit 5: Sectoral PAT growth - quarter ended Mar-20 (%)



For Banks: Sales = Net Interest Income, EBITDA = Operating Profits
 For Life Insurance: Sales = Net Premium, EBITDA = Operating Profits

Annual performance - MOFSL universe (INR Billion)

Sector	Sales (INR b)			Chg. YoY (%)			EBIDTA (INR b)			Chg. YoY (%)			PAT (INR b)			Chg. YoY (%)		
	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Auto (17)	6,625	6,563	7,476	-11.3	-0.9	13.9	733	703	978	-17.6	-4.2	39.2	216	161	338	-31.4	-25.2	109.4
Cap. Goods (13)	2,617	2,625	3,096	5.1	0.3	17.9	288	284	351	3.9	-1.4	23.9	167	154	203	4.1	-7.9	31.8
Cement (11)	1,374	1,234	1,490	1.1	-10.2	20.7	275	238	305	14.8	-13.2	28.1	126	109	163	8.0	-13.4	49.1
Consumer (18)	2,104	2,203	2,469	5.0	4.7	12.1	531	558	630	9.9	5.1	13.0	395	409	464	17.5	3.5	13.4
Financials (30)	4,333	4,750	5,339	15.5	9.6	12.4	2,936	3,204	3,590	21.3	9.1	12.1	1,069	1,316	1,696	56.8	23.0	28.9
Banks-PVT (11)	1,573	1,797	2,067	19.2	14.2	15.1	1,329	1,515	1,742	22.2	14.0	15.0	596	728	917	33.8	22.1	25.9
Banks-PSU (3)	1,435	1,513	1,634	15.6	5.4	8.0	1,014	1,065	1,156	23.8	5.0	8.5	122	252	368	LP	105.4	46.4
Insurance (2)	645	721	844	8.3	11.9	17.1	24	26	30	-6.3	5.2	19.0	25	28	32	2.2	13.5	15.9
NBFC (14)	680	720	794	14.6	5.8	10.3	568	599	662	16.6	5.4	10.5	326	308	379	14.5	-5.4	22.9
Healthcare (18)	1,878	2,067	2,287	9.2	10.0	10.6	391	451	507	12.2	15.4	12.4	219	265	302	12.2	20.7	14.3
Infrastructure (3)	132	110	127	4.6	-16.6	14.9	40	30	34	3.6	-23.9	10.8	12	6	8	-14.8	-47.0	23.2
Media (3)	149	156	180	1.7	4.6	15.4	52	54	63	-8.5	3.2	17.6	33	33	39	4.0	0.2	18.4
Metals (9)	5,497	5,367	6,172	-10.8	-2.4	15.0	876	821	1,117	-28.0	-6.3	36.1	276	124	350	-41.9	-54.9	181.4
Oil & Gas (15)	22,223	22,029	26,623	-5.0	-0.9	20.9	2,152	2,292	3,043	-16.2	6.5	32.8	897	957	1,421	-27.2	6.7	48.5
Ex OMCs (12)	12,300	12,338	14,724	-0.6	0.3	19.3	1,780	1,744	2,373	-8.3	-2.0	36.1	802	710	1,094	-11.5	-11.5	54.1
Retail (9)	929	940	1,157	9.3	1.2	23.1	84	82	113	21.6	-3.2	38.6	41	38	60	7.2	-8.2	57.7
Technology (13)	4,652	4,715	5,153	8.9	1.4	9.3	1,068	1,053	1,217	6.8	-1.4	15.6	787	783	922	2.0	-0.5	17.8
Telecom (4)	1,633	1,935	2,069	9.6	18.4	7.0	599	790	902	55.2	31.9	14.2	-211	-90	-72	Loss	Loss	Loss
Utilities (8)	3,008	3,086	3,462	2.2	2.6	12.2	1,060	1,102	1,279	13.6	4.0	16.0	451	441	550	0.5	-2.3	24.7
Others (22)	1,578	1,593	1,924	16.8	1.0	20.8	271	244	370	14.9	-10.1	51.8	107	72	159	0.3	-32.4	120.4
MOFSL (193)	58,733	59,375	69,024	-1.3	1.1	16.3	11,356	11,906	14,502	1.7	4.8	21.8	4,586	4,779	6,604	-3.5	4.2	38.2
Ex OMCs (190)*	48,811	49,684	57,125	0.6	1.8	15.0	10,984	11,357	13,831	4.2	3.4	21.8	4,492	4,532	6,277	1.5	0.9	38.5

For Banks: Sales = Net Interest Income, EBIDTA = Operating Profits; *MOFSL Excl. OMCs (190)

Valuations - MOFSL universe

Sector	PE (x)			PB (x)			EV/EBIDTA (x)			ROE (%)			Div Yld % FY19	EARN. CAGR (FY19-FY21)
	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E		
Auto (17)	23.2	31.0	14.8	2.0	2.0	1.8	6.4	6.8	4.7	8.5	6.3	12.2	1.3	-28.4
Cap. Goods (13)	18.3	19.9	15.1	2.1	2.0	1.8	13.7	14.3	11.7	11.3	9.8	11.8	1.3	-2.1
Cement (11)	23.7	27.4	18.4	1.9	1.8	1.7	12.0	13.8	10.4	8.1	6.7	9.3	0.5	-3.3
Consumer (18)	42.3	40.8	36.0	12.3	11.1	10.5	30.6	29.0	25.6	29.1	27.3	29.2	1.2	10.3
Financials (30)	18.5	15.1	11.7	1.8	1.6	1.5	N.M	N.M	N.M	9.6	10.8	12.5	0.4	38.9
Banks-PVT (11)	18.7	15.3	12.2	2.2	2.0	1.7	N.M	N.M	N.M	11.8	12.9	14.4	0.4	27.8
Banks-PSU (3)	16.9	8.2	5.6	0.6	0.5	0.5	N.M	N.M	N.M	3.4	6.6	8.9	0.0	LP
Insurance (2)	57.5	50.7	43.7	10.0	8.9	7.8	N.M	N.M	N.M	17.4	17.6	17.9	0.0	7.7
NBFC (14)	15.9	16.8	13.7	2.2	2.0	1.8	N.M	N.M	N.M	14.0	12.1	13.4	0.9	4.1
Healthcare (18)	26.7	22.1	19.4	3.5	3.1	2.7	15.6	13.3	11.5	12.9	13.9	14.1	0.7	16.4
Infrastructure (3)	5.5	10.4	8.5	0.6	0.6	0.5	5.1	7.4	6.4	11.0	5.6	6.5	0.8	-32.8
Media (3)	9.7	9.6	8.1	1.8	1.5	1.4	5.3	4.8	4.1	18.2	16.1	16.6	0.9	2.0
Metals (9)	9.1	20.2	7.2	0.7	0.7	0.7	6.6	7.4	5.4	7.2	3.4	9.3	4.8	-48.8
Oil & Gas (15)	13.1	12.3	8.3	1.2	1.1	1.0	6.5	6.1	4.3	9.4	9.3	12.6	2.1	-11.8
Ex OMCs (12)	12.4	14.0	9.1	1.3	1.2	1.1	6.3	6.4	4.3	10.4	8.6	12.0	1.4	-11.5
Retail (9)	66.5	72.5	46.0	9.7	8.8	7.6	32.7	33.5	24.0	14.5	12.1	16.6	0.2	-0.8
Technology (13)	17.0	17.1	14.5	4.5	4.3	4.0	11.7	11.8	10.1	26.7	25.4	27.7	1.6	0.8
Telecom (4)	-15.8	-36.9	-46.1	2.9	3.2	3.6	10.3	7.6	6.4	-18.2	-8.7	-7.7	1.5	Loss
Utilities (8)	7.2	7.3	5.9	1.1	1.0	0.9	6.6	6.2	5.2	15.2	13.8	15.9	4.5	-0.9
Others (22)	22.4	33.1	15.0	2.5	2.4	2.1	10.2	11.4	7.1	11.1	7.2	14.2	0.8	-17.7
MOFSL (193)	20.3	19.5	14.1	2.2	2.1	1.9	7.6	7.2	5.8	11.0	10.8	13.7	1.4	0.3
MOFSL Ex OMCs (190)	20.4	20.2	14.6	2.3	2.2	2.0	7.6	7.3	5.8	11.3	10.7	13.7	1.3	1.2

N.M.: Not Meaningful

Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
Amara Raja Batt.	511	Buy	14,585	-6.9	-16.6	2,286	-5.6	-19.5	1,203	0.8	-26.8
Ashok Leyland	47	Buy	34,595	-60.9	-13.8	884	-91.0	-60.7	-379	PL	PL
Bajaj Auto	2334	Neutral	65,468	-11.8	-14.3	11,200	-8.7	-18.1	10,701	0.3	-15.2
Bharat Forge	237	Buy	9,616	-42.4	-10.7	1,954	-59.7	-18.4	904	-69.8	-29.2
Bosch	10530	Neutral	20,347	-26.0	-19.8	3,293	-36.3	2.8	2,767	-32.8	2.5
CEAT	782	Buy	15,806	-10.2	-10.3	1,511	-6.9	-17.5	312	-61.0	-41.1
Eicher Motors	13319	Buy	21,938	-12.3	-7.5	5,017	-26.7	-15.3	3,950	-27.5	-20.8
Endurance Tech.	594	Buy	17,066	-10.2	4.0	2,773	-14.6	6.4	1,353	-9.0	9.1
Escorts	714	Neutral	14,259	-12.6	-12.7	1,732	-8.7	-18.4	1,207	-0.6	-21.2
Exide Inds.	141	Buy	22,359	-14.0	-7.3	2,800	-25.0	-12.5	1,429	-32.2	-33.4
Hero Motocorp	1825	Neutral	62,234	-21.1	-11.1	8,624	-19.4	-17.0	6,304	-13.7	-28.4
Mahindra & Mahindra	353	Buy	86,103	-37.6	-29.0	9,847	-47.3	-44.9	4,104	-60.8	-50.6
Maruti Suzuki	5095	Buy	1,87,100	-12.8	-9.6	17,303	-23.6	-17.7	12,403	-30.9	-20.7
Motherson Sumi	71	Buy	1,49,523	-12.9	-4.5	11,044	-11.1	-10.6	1,624	-60.4	-45.6
Tata Motors	73	Buy	6,12,012	-29.2	-14.6	35,497	-55.7	-50.7	-33,563	PL	PL
TVS Motor	277	Neutral	32,987	-24.8	-20.0	2,632	-15.6	-27.5	900	-34.5	-50.0
Auto Aggregate			1365,999	-25.7	-13.6	1,18,397	-40.7	-33.2	15,219	-84.7	-81.9
ABB	919	Buy	16,350	-11.6	-16.3	1,148	-21.1	-17.1	832	-6.5	-26.6
Bharat Electronics	70	Buy	57,300	47.5	152.3	11,742	26.4	231.0	8,238	23.2	283.0
BHEL	21	Neutral	97,898	-4.9	72.4	10,067	-27.8	206.3	6,151	-9.9	287.3
Blue Star	478	Neutral	15,464	-3.1	25.1	997	-8.9	74.8	567	-31.2	168.1
CG Consumer Elect.	219	Buy	12,108	0.3	13.0	1,673	-0.7	22.2	1,300	14.8	25.4
Cummins India	376	Neutral	11,702	-12.7	-19.5	1,294	-24.7	-40.0	1,134	-19.5	-42.6
Engineers India	67	Buy	7,674	25.3	-13.8	1,053	12.9	23.1	1,232	29.6	13.3
Havells India	559	Neutral	25,547	-7.2	12.5	2,762	-14.5	3.3	2,120	2.5	5.8
Larsen & Toubro	880	Buy	4,59,187	6.0	26.7	59,935	13.5	45.6	32,541	1.2	50.6
Siemens	1195	Neutral	28,830	-18.8	8.0	2,990	-29.8	-11.2	2,390	-19.2	-9.0
Thermax	704	Neutral	17,117	-17.5	21.4	1,347	-21.1	19.0	1,067	-14.2	25.6
Voltas	516	Buy	20,657	0.1	38.4	1,738	20.4	78.2	1,172	-16.1	34.8
Capital Goods Aggregate			7,69,832	3.3	31.3	96,746	3.4	54.8	58,744	0.3	58.2
ACC	1138	Buy	36,914	-5.8	-9.1	5,947	12.0	10.0	3,167	-6.4	17.6
Ambuja Cements	169	Neutral	28,005	-4.3	-10.7	5,434	17.3	-0.7	4,250	-0.5	-6.6
Birla Corporation	429	Buy	18,213	-2.7	6.2	3,980	28.6	35.1	1,656	29.2	103.2
Dalmia Bharat	544	Buy	25,363	-10.8	4.9	5,660	-12.8	23.9	252	-89.0	4.9
Grasim Industries	535	Neutral	42,107	-21.3	-6.4	3,933	-56.2	-4.9	1,715	-68.0	-12.0
India Cements	107	Neutral	13,543	-13.4	13.7	1,912	-0.5	48.6	358	-18.5	LP
J K Cements	1078	Buy	14,621	-2.0	4.1	3,229	15.5	16.2	1,509	0.6	9.7
Ramco Cements	517	Neutral	12,986	-15.1	1.9	2,381	-26.1	19.4	1,053	-37.5	11.1
Shree Cement	18156	Neutral	33,568	2.2	17.9	10,677	25.9	25.7	4,893	52.4	57.9
Ultratech Cement	3598	Buy	1,10,481	-10.7	6.7	27,504	8.3	30.6	11,628	8.9	44.1
Cement Aggregate			3,35,803	-9.6	2.1	70,658	0.5	21.5	30,481	-10.6	28.7
Asian Paints	1718	Sell	51,971	3.6	-4.1	9,864	19.9	-17.1	5,538	13.6	-29.0
Britannia	2839	Neutral	28,609	2.2	-4.1	4,543	4.1	-9.5	3,425	16.3	-7.3
Colgate	1390	Buy	11,844	2.7	3.2	2,950	-5.0	-6.7	1,796	-10.2	-9.8
Dabur	503	Neutral	22,673	6.5	-3.6	4,663	2.0	-5.4	3,589	-16.7	-13.2
Emami	227	Buy	6,395	0.0	-21.3	1,521	-1.7	-42.4	887	-27.5	-58.6
Godrej Consumer	572	Neutral	21,667	-11.7	-22.0	5,038	-13.1	-20.2	2,860	-27.8	-36.4
GSK Consumer	10754	Neutral	13,207	2.7	14.0	3,171	-0.4	16.5	3,067	19.2	10.9
Hind. Unilever	2490	Buy	1,02,100	2.7	4.1	24,840	7.0	1.6	18,068	13.6	6.8

Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
ITC	189	Neutral	1,26,711	5.7	5.5	50,892	11.3	10.3	41,730	19.8	-2.4
Jyothy Labs	112	Neutral	4,740	-6.0	16.4	767	-7.1	17.8	481	-28.2	13.1
Marico	303	Buy	15,391	-4.3	-15.6	2,675	-5.5	-28.3	1,751	-17.8	-35.6
Nestle	17323	Neutral	31,891	6.2	1.3	7,781	3.8	15.6	5,289	11.3	13.0
P&G Hygiene	11128	Neutral	7,133	2.0	-17.0	1,357	-5.6	-27.3	990	9.8	-27.2
Page Industries	16818	Neutral	5,745	-5.5	-27.6	981	-18.1	-29.3	608	-18.9	-30.1
Pidilite Inds.	1474	Neutral	17,449	6.5	-9.4	3,967	42.3	-14.4	2,988	21.3	-13.3
Tata Consumer	316	Buy	24,454	37.7	24.6	2,975	70.7	24.1	1,732	1,086.9	44.6
United Breweries	914	Neutral	16,072	-1.4	10.5	1,372	-19.9	-38.1	348	-48.7	-67.5
United Spirits	562	Buy	21,272	-5.5	-17.6	2,539	-10.5	-40.1	1,491	14.0	-42.4
Consumer Aggregate			5,29,324	3.5	-0.9	1,31,895	7.6	-2.4	96,640	11.8	-8.0
Ajanta Pharma	1407	Buy	6,269	21.7	-3.7	1,569	23.5	-15.6	1,080	21.5	0.3
Alembic Pharma	642	Neutral	11,510	24.2	-4.8	2,920	64.0	-10.2	1,825	47.2	-22.1
Alkem Lab	2684	Buy	18,080	-2.5	-17.1	2,738	15.4	-39.6	1,674	12.0	-50.8
Aurobindo Pharma	515	Buy	58,239	10.0	-1.2	11,903	5.3	-1.5	6,950	4.7	-1.9
Biocon	337	Neutral	18,240	19.3	4.4	4,704	14.7	5.7	2,578	20.1	14.6
Cadila Health	339	Buy	37,832	1.4	4.0	7,646	-7.9	10.3	4,282	-11.4	14.1
Cipla	593	Neutral	43,062	-2.2	-1.5	7,717	-19.7	1.8	3,619	-29.3	3.1
Divis Labs	2393	Neutral	14,849	17.2	6.3	5,127	12.1	3.8	3,776	17.7	9.2
Dr Reddy's Labs	3804	Neutral	44,656	16.4	1.9	9,960	55.7	-2.2	6,083	102.2	2.3
Glenmark Pharma	320	Neutral	25,512	1.0	-3.3	3,383	-3.8	-1.4	1,519	-8.4	-14.9
GSK Pharma	1478	Neutral	8,047	7.1	3.3	1,408	-13.6	13.2	1,062	-16.3	14.5
IPCA Labs.	1519	Buy	11,604	31.9	-4.3	2,538	54.2	-7.2	1,764	79.6	-11.8
Jubilant Life	342	Buy	23,615	-1.0	2.0	4,916	6.7	-3.1	2,327	4.9	2.3
Laurus Labs	401	Buy	7,338	15.5	0.6	1,515	35.3	2.3	617	42.9	-16.0
Lupin	811	Buy	41,424	-6.0	9.9	6,403	-31.2	36.5	2,151	-33.3	17.3
Strides Pharma	337	Buy	7,469	58.0	2.0	1,739	306.3	-3.8	673	LP	-15.3
Sun Pharma	449	Buy	81,478	15.7	1.4	17,084	80.0	4.0	10,174	47.9	20.8
Torrent Pharma	2299	Neutral	20,877	12.5	6.2	5,679	20.1	5.2	2,690	62.4	7.2
Healthcare Aggregate			4,80,101	8.3	0.7	98,950	14.8	0.8	54,846	17.0	1.4
Ashoka Buildcon	52	Buy	12,758	-2.4	29.7	1,528	-15.8	22.9	807	-23.4	-5.7
IRB Infra	71	Neutral	16,309	-16.3	-6.4	6,798	-10.6	-4.7	1,262	-39.3	-21.0
KNR Constructions	195	Buy	8,121	13.5	45.6	1,612	11.8	29.6	786	-17.0	67.5
Infrastructure Aggregate			37,187	-6.4	13.2	9,938	-8.5	3.3	2,854	-30.0	-2.3
PVR	1081	Buy	6,610	-21.1	-27.8	108	-93.3	-94.0	-707	PL	PL
Sun TV	349	Buy	7,429	-16.4	-8.8	5,228	-14.1	-9.9	3,218	13.7	-13.8
Zee Entertainment	134	Neutral	18,955	-6.1	-7.5	5,130	-9.7	-9.3	3,315	11.7	-14.6
Media Aggregate			32,994	-11.9	-12.7	10,466	-21.7	-21.1	5,826	-7.0	-30.0
Hindalco	115	Buy	3,00,001	-12.0	1.5	35,505	-3.9	1.4	10,685	-20.2	1.2
Hindustan Zinc	170	Neutral	45,080	-17.9	-3.5	19,932	-28.5	-12.9	14,806	-26.4	-8.6
JSPL	88	Buy	89,226	-12.2	-4.1	19,630	6.4	7.9	-1,497	PL	Loss
JSW Steel	171	Buy	1,77,936	-20.5	-0.1	30,324	-31.7	37.8	6,780	-55.5	2,793.6
Nalco	30	Buy	21,741	-21.4	4.1	1,157	-77.6	236.9	216	-93.2	LP
NMDC	82	Buy	33,609	-7.8	11.8	18,500	-7.6	17.6	13,467	-0.9	16.0
SAIL	26	Neutral	1,66,487	-10.0	0.6	20,617	-6.9	106.7	2,962	-41.3	LP
Tata Steel	285	Neutral	3,06,467	-27.8	-13.7	40,395	-46.2	11.6	-400	PL	Loss
Vedanta	79	Neutral	1,95,793	-16.6	-2.5	45,641	-25.6	-12.9	4,607	-82.4	-66.2
Metals Aggregate			1336,340	-18.0	-3.6	2,31,700	-25.6	8.9	51,626	-57.6	34.6

Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
Aegis Logistics	161	Buy	21,881	18.1	0.9	1,319	27.9	20.3	749	21.4	50.1
BPCL	354	Neutral	6,01,215	-18.7	-19.6	3,322	-92.7	-87.7	-9,588	PL	PL
Castrol India	113	Buy	10,057	3.0	-0.6	3,269	15.5	-4.2	2,466	33.3	-9.1
GAIL	87	Buy	1,56,036	-16.8	-12.2	19,867	18.0	-4.1	11,209	-22.9	-9.1
Gujarat Gas	248	Buy	28,209	47.9	12.6	4,086	60.8	10.3	2,258	93.7	14.4
Gujarat State Petronet	201	Buy	4,782	10.2	5.7	3,883	17.9	2.2	2,238	46.0	0.7
HPCL	209	Buy	5,41,133	-20.3	-23.5	4,061	-91.3	-80.1	-12,089	PL	PL
Indraprastha Gas	453	Neutral	19,812	28.4	19.0	4,394	32.7	12.1	3,225	43.0	13.6
IOC	83	Buy	9,37,231	-25.7	-24.8	-1,981	PL	PL	-30,268	PL	PL
Mahanagar Gas	942	Neutral	6,489	-10.2	-12.8	2,687	25.6	3.8	1,870	40.1	0.5
MRPL	28	Neutral	1,02,057	-32.6	-29.1	-12,604	PL	PL	-12,199	PL	Loss
Oil India	89	Buy	21,682	-29.8	-26.6	7,111	-34.1	-35.1	3,189	-61.0	-21.5
ONGC	74	Buy	2,04,575	-23.5	-13.7	98,925	-20.0	-19.6	37,970	-6.1	-8.5
Petronet LNG	210	Buy	81,136	-3.2	-8.9	11,205	78.6	1.2	7,326	66.4	8.5
Reliance Inds.	1150	Buy	1417,163	2.2	-7.3	2,18,854	5.1	-2.2	1,20,206	15.3	0.3
Oil & Gas Aggregate			4153,458	-14.6	-16.8	3,68,397	-36.5	-30.1	1,28,561	-58.0	-46.1
Oil Ex OMCs Aggregate			2073,879	-5.0	-9.5	3,62,995	-6.5	-11.7	1,80,506	-1.8	-8.0
Aditya Birla Fashion	146	Buy	18,110	-5.4	-29.3	736	-40.9	-65.9	-308	PL	PL
Avenue Supermarts	2182	Sell	60,404	19.3	-11.3	4,974	33.6	-12.8	3,326	73.6	-14.4
Future Lifestyle	111	UR	12,591	-8.8	-27.9	950	-22.8	-48.2	-46	PL	PL
Future Retail	74	UR	39,531	-26.7	-22.9	1,198	-58.8	-61.4	-178	PL	PL
Jubilant Foodworks	1421	Buy	9,085	5.0	-14.3	2,004	35.8	-21.0	646	-18.5	-37.8
Shoppers Stop	198	Neutral	6,649	-16.0	-33.1	441	-25.3	-56.7	20	-93.3	LP
Titan Company	950	Neutral	49,625	1.5	-24.0	4,831	7.7	-38.4	3,218	-7.6	-34.7
Trent	454	Buy	7,529	8.4	-23.8	891	214.4	-46.8	-94	Loss	PL
V-Mart Retail	1635	Buy	3,119	-9.5	-44.5	57	-68.0	-94.0	-10	PL	PL
Retail Aggregate			2,06,643	-3.2	-21.7	16,083	-0.2	-40.0	6,573	-25.7	-54.2
Cyient	225	Neutral	10,820	-7.0	-2.2	1,366	-22.1	-10.9	982	-44.5	-9.3
HCL Technologies	479	Buy	1,84,954	15.7	2.0	45,193	25.6	1.1	29,285	14.0	-3.6
Hexaware Tech.	290	Neutral	15,040	19.0	-1.6	2,288	21.3	-4.5	1,553	12.1	-7.3
Infosys	639	Buy	2,31,164	7.3	0.1	56,885	10.5	-1.9	41,665	2.3	-6.5
L&T Infotech	1469	Buy	29,104	17.1	3.5	5,651	18.6	7.1	3,864	2.0	2.6
Mindtree	772	Buy	19,932	8.4	1.4	3,233	15.3	5.5	1,913	-3.6	-2.9
Mphasis	671	Neutral	23,211	14.6	2.0	4,206	23.6	-1.5	2,955	11.0	0.6
NIIT Tech.	1093	Neutral	11,125	19.4	3.6	2,043	24.5	5.3	1,235	11.2	0.2
Persistent Systems	503	Buy	9,041	8.7	-2.0	1,146	-9.4	-7.1	737	-12.7	-16.2
TCS	1734	Neutral	4,00,775	5.4	0.6	1,07,938	4.8	-0.7	79,870	-4.4	-1.6
Tech Mahindra	538	Buy	95,788	7.7	-0.8	15,226	-7.1	-2.6	8,516	-24.8	-25.7
Wipro	187	Neutral	1,53,756	2.5	-0.6	31,261	0.7	-1.7	23,562	-5.5	-4.3
Zensar Tech	94	Neutral	10,070	-3.9	-1.3	1,080	-21.7	55.2	634	-27.1	59.7
Technology Aggregate			1194,780	7.6	0.5	2,77,517	8.1	-0.6	1,96,769	-1.9	-4.6
Bharti Airtel	510	Buy	2,32,573	12.9	6.0	1,00,863	52.1	8.8	-3,820	Loss	Loss
Bharti Infratel	174	Neutral	36,203	0.6	0.5	15,059	1.0	2.0	6,897	13.5	-7.6
Tata Comm	356	Neutral	43,107	1.6	1.9	8,271	20.7	8.7	1,403	LP	138.4
Vodafone Idea	4	Buy	1,16,661	-0.9	5.2	37,925	112.4	10.9	-44,739	Loss	Loss
Telecom Aggregate			4,28,544	6.5	4.9	1,62,119	53.0	8.6	-40,259	Loss	Loss
CESC	505	Buy	16,770	0.9	1.8	7,457	397.2	169.2	3,125	1.1	77.6
Coal India	147	Buy	2,56,955	-10.0	10.8	56,832	-45.5	-8.1	22,326	-63.0	-43.1
JSW Energy	41	Buy	18,425	-4.3	-5.4	5,487	15.1	-14.0	152	293.9	-88.1

Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
NHPC	22	Neutral	17,400	19.0	-3.1	8,521	72.3	-8.2	3,549	9,690.6	-12.1
NTPC	90	Buy	1,78,299	-20.6	-28.9	57,121	-2.9	-33.4	29,366	-7.5	1.3
Power Grid Corp.	160	Buy	92,434	-5.0	-1.2	86,139	3.7	4.6	27,123	1.5	2.2
Tata Power	35	Neutral	67,051	-7.3	-5.2	13,088	-3.0	-27.5	2,203	-6.0	33.7
Torrent Power	297	Buy	28,593	-2.2	-7.1	7,364	3.7	-12.4	775	223.6	-81.5
Utilities Aggregate			6,75,926	-11.0	-7.6	2,42,010	-12.9	-11.9	88,619	-28.8	-17.7
Brigade Enterpr.	136	Buy	7,369	-3.0	33.4	1,967	-8.7	26.4	371	-37.8	-24.7
BSE	338	Buy	1,219	8.3	10.4	-3	Loss	Loss	211	-52.1	-47.3
Concor	383	Buy	17,556	0.3	14.9	4,170	8.9	12.2	2,615	-25.8	49.0
Coromandel International	529	Buy	26,039	-1.3	-20.6	3,345	29.1	-22.6	1,885	67.0	-28.7
Essel Propack	165	Buy	7,382	6.4	3.9	1,530	16.3	-3.1	604	22.2	0.6
Godrej Agrovet	387	Buy	13,358	-0.6	-25.1	251	-66.5	-75.1	-119	PL	PL
Indian Hotels	82	Buy	10,203	-18.0	-25.7	2,010	-29.3	-52.8	311	-69.0	-84.8
Info Edge	2365	Neutral	2,977	1.7	-7.1	925	1.4	-12.6	856	2.3	-5.9
Interglobe Aviation	1010	Neutral	78,765	-0.1	-20.7	-751	PL	PL	-8,352	PL	PL
Kaveri Seed	337	Buy	471	5.2	-52.2	-45	Loss	PL	-103	Loss	PL
Lemon Tree Hotel	18	Buy	1,837	22.0	-8.0	552	12.8	-32.0	-79	PL	PL
MCX	1026	Buy	1,140	44.1	27.7	553	119.8	41.2	673	10.8	21.6
Oberoi Realty	310	Buy	4,878	-14.9	-7.5	2,114	0.8	-8.1	1,416	-9.1	-4.5
P I Industries	1417	Buy	9,645	19.8	13.5	2,083	21.2	12.2	1,478	18.8	22.8
Phoenix Mills	533	Buy	4,971	-31.3	-2.9	2,538	-32.7	-2.1	644	-65.7	-29.9
Qess Corp	206	Neutral	29,002	26.4	-1.7	1,619	22.9	-9.8	642	-14.9	-14.2
S H Kelkar	77	Buy	2,869	6.4	-1.1	391	57.0	-9.2	146	-25.3	-42.9
SRF	3335	Buy	22,277	10.6	20.4	4,402	14.8	12.8	2,261	19.6	-32.0
Tata Chemicals	240	Buy	26,701	4.2	1.9	4,932	11.2	4.2	2,167	-3.0	25.7
Team Lease Serv.	1644	Buy	13,495	16.0	-0.1	265	2.9	-3.7	225	-13.7	-11.9
Trident	5	Buy	10,680	-24.0	-5.5	1,751	-31.1	-7.2	469	-49.3	-48.1
UPL	350	Neutral	1,01,119	18.6	13.7	23,421	26.5	13.1	9,631	6.1	17.0
Others Aggregate			3,93,953	5.5	-3.8	58,021	-22.0	-24.9	17,954	-48.7	-47.4

PL: Profit to Loss; LP: Loss to Profit; UR: Under Review

Ready reckoner: Quarterly performance

Sector	CMP		NII (INR M)			OP. PROFITS (INR M)			NET PROFIT (INR M)		
	(INR)	Rating	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
Financials											
AU Small Finance	501	Buy	5,061	30.8	-0.1	2,755	27.7	-11.9	1,814	53.4	-4.6
Axis Bank	417	Buy	63,165	10.7	-2.1	52,458	4.6	-8.7	13,992	-7.0	-20.4
Bandhan Bank	187	Buy	14,660	16.6	-4.8	11,349	-1.6	-10.2	6,234	-4.2	-14.7
DCB Bank	87	Neutral	3,023	0.5	-6.4	1,638	-11.6	-13.7	683	-29.1	-29.3
Equitas Holdings	39	Buy	3,765	13.0	-1.9	1,609	27.5	1.6	728	5.9	-22.6
Federal Bank	41	Buy	11,664	6.4	1.0	7,109	-5.8	-4.4	3,938	3.2	-10.6
HDFC Bank	863	Buy	1,50,854	15.2	6.4	1,33,318	22.9	3.0	71,562	21.6	-3.5
ICICI Bank	327	Buy	81,426	6.9	-4.7	69,833	12.0	-7.5	26,723	175.8	-35.6
Indusind Bank	424	Buy	29,453	31.9	-4.2	23,344	12.9	-15.4	617	-82.9	-95.3
Kotak Mahindra Bank	1173	Neutral	34,775	14.1	1.4	25,352	11.1	6.2	15,336	8.9	-3.9
RBL Bank	121	Buy	9,597	29.9	4.0	7,097	26.7	-3.1	280	-88.7	-60.0
Banks-Private			4,07,444	13.8	0.6	3,35,862	14.1	-3.4	1,41,908	21.4	-20.5
Bank of Baroda	49	Buy	68,205	34.6	-4.3	47,164	22.2	-4.9	-12,368	Loss	Loss
Punjab National Bank	31	Neutral	42,285	0.7	-2.9	33,562	17.3	-10.8	-43,175	Loss	Loss
State Bank	182	Buy	2,37,457	3.4	-14.5	1,83,307	8.3	0.6	40,960	388.5	-26.6
Banks-PSU			3,47,948	8.0	-11.4	2,64,032	11.6	-2.0	-14,583	Loss	PL
HDFC Life Insur.	471	Neutral	97,031	-5.3	23.5	1,263	-78.8	-48.6	3,307	-9.2	32.1
ICICI Pru Life	329	Buy	1,06,196	5.6	30.6	973	-76.1	-74.8	2,302	-11.9	-23.9
Life Insurance			2,03,226	0.1	27.1	2,237	-77.7	-64.7	5,608	-10.3	1.5
Bajaj Finance	2183	Neutral	37,096	35.5	2.6	30,637	37.9	2.1	13,152	11.8	-18.5
Chola. Inv & Fin.	153	Buy	10,776	19.9	-0.4	6,516	26.0	-1.0	3,679	26.0	-5.3
HDFC	1595	Buy	33,774	6.8	5.1	33,292	8.9	8.5	24,196	-2.4	8.6
L&T Fin.Holdings	54	Buy	16,745	13.8	-3.8	12,340	10.5	-6.3	4,896	-11.3	-17.2
LIC Housing Fin	248	Buy	12,477	3.9	1.6	11,475	5.1	0.4	5,283	-23.8	-11.6
M & M Financial	156	Buy	13,914	6.1	1.4	8,490	8.8	-4.4	3,685	-37.3	0.9
MAS Financial	592	Buy	1,115	13.0	-3.0	876	9.6	-5.3	211	-49.3	-61.7
Muthoot Finance	692	Neutral	16,372	34.1	3.2	11,848	45.4	3.5	8,128	58.9	1.2
PNB Housing	177	Neutral	3,972	-14.6	-7.5	4,455	-19.8	-7.0	2,429	-36.0	2.5
Repco Home Fin	110	Buy	1,233	13.1	0.1	1,051	18.1	0.3	735	42.6	5.4
Shriram City Union	758	Buy	8,856	-2.0	-1.1	5,557	-3.2	-3.0	2,649	5.4	-10.7
Shriram Transport Fin.	664	Buy	20,225	4.7	0.4	16,040	6.1	-1.6	6,458	-13.4	-26.5
NBFC			1,76,554	13.8	1.4	1,42,578	14.9	1.1	75,501	-2.7	-7.1

PL: Profit to Loss; LP: Loss to Profit; UR: Under Review; For Banks: Sales = Net Interest Income, EBITDA = Operating Profits; For Life Insurance: Sales = Net Premium, EBITDA = Operating Profits

Ready reckoner: Full year valuations

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Automobiles						23.2	31.0	14.8	2.0	2.0	1.8	8.5	6.3	12.2
Amara Raja Batt.	511	Buy	37.7	34.6	39.4	13.5	14.8	13.0	2.3	2.1	1.9	18.1	14.8	15.2
Ashok Leyland	47	Buy	1.1	0.9	2.7	42.9	52.3	17.1	1.6	1.6	1.6	3.8	3.1	9.5
Bajaj Auto	2,334	Neutral	178.2	167.2	183.9	13.1	14.0	12.7	3.0	2.8	2.5	23.3	20.6	20.9
Bharat Forge	237	Buy	15.2	12.8	17.1	15.6	18.6	13.9	1.9	1.8	1.7	12.7	10.2	12.8
Bosch	10,530	Neutral	403.1	350.6	424.3	26.1	30.0	24.8	4.1	3.7	3.4	14.3	13.0	14.2
CEAT	782	Buy	47.6	51.9	75.2	16.4	15.1	10.4	1.1	1.0	1.0	6.8	7.0	9.6
Endurance Tech.	594	Buy	39.7	32.7	40.5	15.0	18.2	14.7	2.8	2.6	2.3	20.3	14.7	16.4
Eicher Motors	13,319	Buy	703.1	679.9	878.0	18.9	19.6	15.2	3.5	3.1	2.6	19.8	16.6	18.6
Escorts	714	Neutral	53.5	50.1	62.6	13.4	14.3	11.4	2.0	1.6	1.4	16.4	13.1	12.9
Exide Inds.	141	Buy	9.6	9.2	10.4	14.7	15.2	13.5	1.8	1.7	1.6	12.6	11.3	11.8
Hero Motocorp	1,825	Neutral	154.1	126.0	151.8	11.8	14.5	12.0	2.7	2.6	2.5	23.2	18.2	21.3
Mahindra & Mahindra	353	Buy	33.2	33.8	44.7	10.6	10.4	7.9	1.1	1.1	1.0	10.1	8.0	9.0
Mahindra CIE	74	Buy	9.4	7.3	11.6	7.8	10.2	6.4	0.6	0.6	0.5	8.0	5.8	8.5
Maruti Suzuki	5,095	Buy	191.8	166.9	250.6	26.6	30.5	20.3	3.2	3.1	2.9	11.5	9.6	13.6
Motherson Sumi	71	Buy	3.7	3.1	5.7	19.1	23.1	12.4	1.9	1.8	1.6	10.1	7.8	13.5
Tata Motors	73	Buy	-14.9	-23.3	3.2	-4.9	-3.1	22.9	0.4	0.5	0.5	-9.0	-15.4	2.3
TVS Motor	277	Neutral	12.8	11.5	16.6	21.6	24.1	16.7	3.5	3.2	2.8	17.2	14.0	18.1
Capital Goods						18.3	19.9	15.1	2.1	2.0	1.8	11.3	9.8	11.8
ABB	919	Buy	16.6	15.7	26.8	55.5	58.6	34.3	5.5	5.2	4.6	10.0	8.8	13.5
Bharat Electronics	70	Buy	6.5	7.2	8.2	10.7	9.7	8.6	1.7	1.6	1.4	15.9	16.1	16.7
BHEL	21	Neutral	1.9	1.9	2.2	11.0	11.2	9.7	0.2	0.2	0.2	2.1	2.1	2.4
Blue Star	478	Neutral	20.2	15.2	26.2	23.7	31.3	18.2	4.9	4.6	4.2	20.5	14.6	22.8
CG Consumer Elect.	219	Buy	7.5	7.7	9.7	29.3	28.3	22.7	9.6	8.0	6.7	32.8	28.3	29.4
Cummins India	376	Neutral	22.9	17.3	22.4	16.4	21.7	16.7	2.4	2.3	2.2	14.5	10.5	12.9
Engineers India	67	Buy	6.7	7.6	8.2	10.0	8.9	8.2	1.9	1.8	1.7	17.9	19.3	19.9
Havells India	559	Neutral	12.3	11.0	14.7	45.6	51.0	37.9	7.4	6.8	6.1	16.2	13.3	16.0
K E C International	164	Buy	23.1	24.0	25.5	7.1	6.8	6.4	1.4	1.2	1.0	20.2	17.7	16.2
Larsen & Toubro	880	Buy	70.4	61.6	84.6	12.5	14.3	10.4	1.8	1.7	1.5	13.9	11.0	13.9
Siemens	1,195	Neutral	30.5	29.4	37.2	39.2	40.6	32.1	4.7	4.3	3.9	12.0	10.7	12.2
Thermax	704	Neutral	24.9	29.1	39.2	28.3	24.2	17.9	2.5	2.3	2.1	8.8	9.6	11.8
Voltas	516	Buy	15.4	14.8	21.0	33.4	34.7	24.5	3.8	3.6	3.2	11.5	10.3	13.2
Cement						23.7	27.4	18.4	1.9	1.8	1.7	8.1	6.7	9.3
ACC	1,138	Buy	72.3	51.7	65.1	15.7	22.0	17.5	1.9	1.7	1.6	12.3	8.2	9.6
Ambuja Cements	169	Neutral	7.6	5.3	6.6	22.3	31.5	25.7	1.5	1.5	1.4	6.9	4.7	5.5
Birla Corporation	429	Buy	61.8	51.0	75.2	6.9	8.4	5.7	0.7	0.6	0.6	10.2	7.8	10.7
Dalmia Bharat	544	Buy	11.4	-5.5	16.1	47.5	-99.0	33.8	1.0	1.0	1.0	2.1	-1.0	2.9
Grasim Industries	535	Neutral	35.8	46.6	60.2	14.9	11.5	8.9	0.8	0.8	0.8	3.2	1.4	1.8
India Cements	107	Neutral	3.6	2.1	6.8	29.4	50.5	15.7	0.6	0.6	0.6	2.1	1.2	3.8
J K Cements	1,078	Buy	59.0	48.1	79.7	18.3	22.4	13.5	2.7	2.5	2.2	15.9	11.7	17.4
JK Lakshmi Cem.	200	Buy	22.1	12.7	20.1	9.1	15.7	10.0	1.4	1.3	1.1	16.0	8.3	11.9
Ramco Cements	517	Neutral	23.8	17.3	25.0	21.7	30.0	20.7	2.5	2.3	2.1	11.9	8.0	10.7
Shree Cement	18,156	Neutral	407.7	317.5	540.1	44.5	57.2	33.6	5.0	4.7	4.2	12.9	8.4	13.2
Ultratech Cement	3,598	Buy	132.6	117.3	183.1	27.1	30.7	19.6	2.7	2.5	2.2	10.8	8.8	12.5
Consumer						42.3	40.8	36.0	12.3	11.1	10.5	29.1	27.3	29.2
Asian Paints	1,718	Sell	29.7	27.3	32.8	57.8	62.9	52.4	15.5	14.5	13.6	28.3	23.8	26.8
Britannia	2,839	Neutral	57.4	58.0	66.9	49.4	48.9	42.5	15.0	14.6	14.3	31.3	30.2	34.1
Colgate	1,390	Buy	29.1	30.7	36.0	47.7	45.3	38.5	27.3	29.4	35.9	55.9	62.4	83.8
Dabur	503	Neutral	9.0	9.5	10.8	56.0	52.7	46.6	13.9	12.9	11.6	26.4	25.4	26.2
Emami	227	Buy	12.5	12.4	14.1	18.1	18.3	16.1	4.5	4.5	4.5	25.9	24.5	27.9
Godrej Consumer	572	Neutral	14.3	14.8	16.4	40.1	38.6	34.9	7.8	7.9	8.0	19.7	20.2	22.7
GSK Consumer	10,754	Neutral	277.0	290.9	332.7	38.8	37.0	32.3	9.7	8.7	7.7	26.6	24.7	25.2
Hind. Unilever	2,490	Buy	32.5	35.9	41.3	76.7	69.4	60.2	69.1	74.3	84.2	90.9	103.1	131.1
ITC	189	Neutral	12.8	12.8	13.7	14.8	14.8	13.8	3.8	3.5	3.3	26.1	24.7	24.8
Jyothy Labs	112	Neutral	4.7	4.8	5.7	23.9	23.1	19.6	3.0	3.1	3.0	12.9	13.2	15.6
Marico	303	Buy	8.0	8.0	9.1	38.0	37.9	33.3	10.6	9.3	8.6	30.7	26.1	26.9

Ready reckoner: Full year valuations

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Nestle	17,323	Neutral	206.8	226.9	262.2	83.8	76.4	66.1	86.4	80.8	85.1	71.2	109.4	125.5
P&G Hygiene	11,128	Neutral	132.6	141.7	170.7	83.9	78.5	65.2	34.6	30.5	26.6	44.2	41.3	43.6
Page Industries	16,818	Neutral	334.5	326.8	390.3	50.3	51.5	43.1	21.6	19.9	18.7	42.9	38.7	43.3
Pidilite Inds.	1,474	Neutral	25.3	23.1	27.3	58.3	63.7	53.9	14.7	12.9	11.1	27.8	21.6	22.2
Tata Consumer	316	Buy	8.0	9.1	10.9	39.5	34.6	29.0	2.6	2.1	2.1	6.8	7.9	7.2
United Breweries	914	Neutral	16.3	17.4	25.6	56.0	52.5	35.7	6.8	6.1	5.5	12.8	12.3	16.2
United Spirits	562	Buy	11.4	12.0	17.1	49.1	47.0	32.8	10.8	8.8	6.9	21.9	18.6	21.1
Financials														
Banks-Private														
AU Small Finance	501	Buy	24.7	26.6	33.9	20.3	18.8	14.8	3.4	2.9	2.4	19.4	16.7	17.9
Axis Bank	417	Buy	16.4	27.8	43.1	25.5	15.0	9.7	1.4	1.3	1.1	5.8	8.8	12.4
Bandhan Bank	187	Buy	22.3	20.1	23.6	8.4	9.3	7.9	1.9	1.7	1.4	23.2	19.1	19.4
DCB Bank	87	Neutral	10.9	10.3	14.7	7.9	8.4	5.9	0.8	0.7	0.7	11.1	9.6	12.2
Equitas Holdings	39	Buy	8.0	8.6	12.2	4.9	4.5	3.2	0.5	0.4	0.4	10.6	10.4	13.2
Federal Bank	41	Buy	8.2	7.1	9.0	5.0	5.8	4.6	0.6	0.5	0.5	11.8	9.4	11.1
HDFC Bank	863	Buy	48.6	56.6	67.4	17.8	15.3	12.8	2.8	2.4	2.1	16.6	16.9	17.5
ICICI Bank	327	Buy	14.6	20.7	26.2	22.5	15.8	12.5	1.9	1.7	1.6	8.7	11.5	13.3
Indusind Bank	424	Buy	65.0	64.7	87.9	6.5	6.6	4.8	0.8	0.7	0.7	13.8	12.1	14.5
Kotak Mahindra Bank	1,173	Neutral	45.4	50.5	59.5	25.8	23.2	19.7	3.4	3.0	2.6	13.7	13.2	13.7
RBL Bank	121	Buy	8.3	11.9	17.5	14.5	10.1	6.9	0.6	0.5	0.5	4.6	5.5	7.7
Banks-PSU														
Bank of Baroda	49	Buy	-3.3	6.6	10.5	-14.8	7.4	4.7	0.3	0.3	0.3	-2.0	4.4	6.6
Punjab National Bank	31	Neutral	-5.8	3.4	5.1	-5.4	9.1	6.1	0.4	0.4	0.3	-6.4	4.0	5.6
State Bank	182	Buy	18.7	22.2	32.0	9.7	8.2	5.7	0.7	0.6	0.6	7.4	8.1	10.9
Insurance														
HDFC Life Insur.	471	Neutral	6.5	7.5	8.7	72.3	62.8	54.4	4.3	3.7	3.1	20.1	17.2	19.3
ICICI Pru Life	329	Buy	8.0	9.0	10.5	40.9	36.6	31.5	1.9	1.6	1.4	16.1	15.9	15.7
NBFC														
Bajaj Finance	2,183	Neutral	94.1	79.2	116.0	23.2	27.6	18.8	3.9	3.5	3.0	21.3	13.5	17.2
Chola. Inv & Fin.	153	Buy	16.8	15.6	18.7	10.5	11.3	9.5	1.7	1.5	1.3	18.9	14.1	14.9
HDFC	1,595	Buy	50.4	52.5	58.0	31.6	30.4	27.5	3.1	2.9	2.7	14.2	13.1	13.2
IIFL Wealth Mgt	978	Buy	32.2	42.8	54.4	30.4	22.9	18.0	2.7	2.7	2.6	9.3	11.9	14.8
L&T Fin.Holdings	54	Buy	11.4	10.3	12.7	4.7	5.2	4.3	0.7	0.6	0.6	16.1	13.1	14.3
LIC Housing Fin	248	Buy	49.7	45.6	54.4	5.0	5.5	4.6	0.7	0.6	0.6	14.6	12.0	13.0
M & M Financial	156	Buy	17.1	10.3	14.9	9.1	15.2	10.4	0.9	0.8	0.8	9.7	5.5	7.6
MAS Financial	592	Buy	29.9	30.8	37.2	19.8	19.2	15.9	3.3	2.9	2.6	18.1	16.2	17.2
Muthoot Finance	692	Neutral	75.0	80.0	90.2	9.2	8.6	7.7	2.4	2.0	1.7	29.3	25.8	24.4
PNB Housing	177	Neutral	67.5	50.9	66.3	2.6	3.5	2.7	0.3	0.3	0.3	14.1	9.6	11.5
Repco Home Fin	110	Buy	48.9	44.8	48.1	2.2	2.4	2.3	0.4	0.3	0.3	18.3	14.4	13.6
Shriram City Union	758	Buy	168.6	134.0	152.6	4.5	5.7	5.0	0.7	0.6	0.6	16.1	11.4	11.8
Shriram Transport Fin.	664	Buy	128.9	75.0	117.3	5.1	8.8	5.7	0.8	0.8	0.7	17.3	9.0	12.7
Healthcare														
Alembic Pharma	642	Neutral	43.2	33.7	38.7	14.9	19.0	16.6	3.6	3.1	2.7	26.4	17.3	17.2
Alkem Lab	2,684	Buy	92.3	109.9	131.2	29.1	24.4	20.5	5.1	4.4	3.8	18.8	19.3	19.8
Ajanta Pharma	1,407	Buy	50.6	60.6	69.3	27.8	23.2	20.3	4.8	4.1	3.5	18.4	18.9	18.7
Aurobindo Pharma	515	Buy	46.3	51.0	53.2	11.1	10.1	9.7	1.8	1.6	1.4	17.9	16.7	15.1
Biocon	337	Neutral	7.2	9.9	12.8	46.5	34.2	26.3	6.0	5.3	4.7	13.5	16.5	19.0
Cadila Health	339	Buy	14.6	17.6	19.6	23.2	19.3	17.3	3.1	2.8	2.5	11.4	15.1	15.0
Cipla	593	Neutral	20.7	26.0	29.5	28.6	22.8	20.1	2.8	2.6	2.3	9.9	11.2	11.4
Divis Labs	2,393	Neutral	51.3	65.7	78.8	46.6	36.4	30.4	7.9	6.7	5.7	18.2	20.0	20.4
Dr Reddy's Labs	3,804	Neutral	123.6	150.7	158.3	30.8	25.2	24.0	4.1	3.6	3.2	13.9	15.1	14.0
Glenmark Pharma	320	Neutral	23.6	26.4	29.8	13.6	12.1	10.7	1.5	1.3	1.2	11.3	11.4	11.6
GSK Pharma	1,478	Neutral	27.0	33.7	38.8	54.8	43.9	38.1	13.8	12.6	11.1	25.2	28.7	29.1
IPCA Labs.	1,519	Buy	54.5	70.7	79.6	27.9	21.5	19.1	5.2	4.3	3.6	20.1	21.8	20.5
Jubilant Life	342	Buy	58.0	57.4	66.1	5.9	5.9	5.2	1.0	0.8	0.7	17.4	14.9	15.0
Laurus Labs	401	Buy	19.6	26.0	34.3	20.5	15.4	11.7	2.4	2.1	1.8	12.5	14.7	16.8

Ready reckoner: Full year valuations

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Lupin	811	Buy	23.0	34.5	42.5	35.3	23.5	19.1	3.5	3.2	2.9	8.6	14.4	16.1
Sun Pharma	449	Buy	17.6	21.2	24.0	25.5	21.2	18.7	2.4	2.2	2.0	9.8	10.8	11.2
Strides Pharma	337	Buy	26.0	37.3	44.9	13.0	9.0	7.5	1.1	1.1	1.1	8.7	12.2	14.3
Torrent Pharma	2,299	Neutral	57.9	76.8	94.5	39.7	29.9	24.3	7.3	6.3	5.4	19.4	22.5	23.9
Infrastructure						5.5	10.4	8.5	0.6	0.6	0.5	11.0	5.6	6.5
Ashoka Buildcon	52	Buy	10.8	6.0	7.7	4.8	8.6	6.7	0.6	0.6	0.5	12.9	6.6	8.0
IRB Infra	71	Neutral	19.7	7.1	8.9	3.6	10.0	8.0	0.4	0.4	0.3	10.5	3.6	4.3
KNR Constructions	195	Buy	15.3	15.9	18.6	12.7	12.3	10.4	1.7	1.5	1.3	14.1	12.8	13.3
Media						9.7	9.6	8.1	1.8	1.5	1.4	18.2	16.1	16.6
PVR	1,081	Buy	21.9	10.2	45.5	49.4	106.1	23.8	3.3	3.3	2.9	7.6	3.1	12.9
Sun TV	349	Buy	36.6	34.9	39.6	9.5	10.0	8.8	2.2	1.9	1.7	24.6	20.5	20.5
Zee Entertainment	134	Neutral	16.9	19.4	22.0	7.9	6.9	6.1	1.3	1.1	1.0	18.1	17.0	16.7
Metals						9.1	20.2	7.2	0.7	0.7	0.7	7.2	3.4	9.3
Hindalco	115	Buy	19.2	9.8	18.9	6.0	11.8	6.1	0.6	0.7	0.6	10.6	5.4	10.3
Hindustan Zinc	170	Neutral	16.4	13.6	16.2	10.3	12.5	10.5	1.8	1.8	1.9	18.7	14.4	17.7
JSPL	88	Buy	-6.5	14.3	9.5	-13.5	6.2	9.3	0.3	0.3	0.3	-2.0	4.4	2.8
JSW Steel	171	Buy	15.7	2.7	27.3	10.9	64.5	6.3	1.1	1.1	0.9	10.3	1.7	16.1
Nalco	30	Buy	0.3	0.3	3.5	102.5	113.7	8.6	0.6	0.6	0.6	0.6	0.5	7.2
NMDC	82	Buy	15.6	14.2	15.3	5.3	5.8	5.4	0.9	0.8	0.7	17.5	14.6	14.5
SAIL	26	Neutral	-0.7	-4.4	2.6	-37.1	-5.9	10.0	0.3	0.3	0.3	-0.7	-4.8	2.9
Tata Steel	285	Neutral	33.6	-16.6	51.4	8.5	-17.2	5.6	0.5	0.5	0.5	6.0	-3.0	9.2
Vedanta	79	Neutral	13.1	4.7	11.1	6.0	16.7	7.1	0.5	0.5	0.6	7.7	3.0	8.2
Oil & Gas						13.1	12.3	8.3	1.2	1.1	1.0	9.4	9.3	12.6
Aegis Logistics	161	Buy	4.2	10.5	14.2	38.3	15.3	11.3	3.7	3.1	2.6	10.0	22.1	25.0
BPCL	354	Neutral	17.8	35.1	45.8	19.8	10.1	7.7	1.7	1.5	1.4	8.8	16.0	18.6
Castrol India	113	Buy	8.4	9.6	10.0	13.5	11.8	11.3	8.2	7.4	6.7	65.3	65.7	61.8
GAIL	87	Buy	10.4	9.8	13.2	8.3	8.9	6.5	0.9	0.8	0.7	10.6	9.5	12.0
Gujarat Gas	248	Buy	17.1	12.3	15.5	14.6	20.3	16.1	5.5	4.5	3.7	44.2	24.5	25.5
Gujarat State Petronet	201	Buy	19.6	17.1	19.3	10.2	11.7	10.4	1.7	1.5	1.3	17.7	13.5	13.5
HPCL	209	Buy	17.4	37.5	44.6	12.0	5.6	4.7	1.0	0.9	0.8	8.5	17.1	18.4
Indraprastha Gas	453	Neutral	17.2	16.4	19.7	26.3	27.6	23.0	6.2	5.3	4.5	26.2	20.7	21.2
IOC	83	Buy	3.6	13.2	18.5	23.2	6.3	4.5	0.7	0.6	0.6	2.9	10.3	13.6
Mahanagar Gas	942	Neutral	82.4	64.3	69.7	11.4	14.7	13.5	3.3	2.9	2.6	31.0	20.9	20.2
MRPL	28	Neutral	-13.3	5.5	7.9	-2.1	5.1	3.6	0.6	0.5	0.5	-24.4	10.9	14.3
Oil India	89	Buy	17.5	10.4	19.2	5.1	8.5	4.6	0.3	0.3	0.3	7.0	4.0	7.2
ONGC	74	Buy	17.1	11.3	20.5	4.3	6.6	3.6	0.4	0.4	0.4	9.8	6.2	10.6
Petronet LNG	210	Buy	21.0	19.1	22.4	10.0	11.0	9.4	2.9	2.7	2.5	29.9	25.1	27.3
Reliance Inds.	1,150	Buy	76.8	71.2	108.8	15.0	16.1	10.6	1.6	1.5	1.3	11.2	9.5	13.1
Retail						66.5	72.5	46.0	9.7	8.8	7.6	14.5	12.1	16.6
Aditya Birla Fashion	146	Buy	2.0	1.2	3.9	73.6	120.1	37.0	7.8	7.3	6.1	10.6	6.3	17.9
Avenue Supermarts	2,182	Sell	22.1	25.2	33.6	98.9	86.6	65.0	19.6	16.0	12.8	21.9	20.3	21.9
Future Lifestyle	111	UR	5.5	-1.5	3.5	20.0	-75.5	31.7	1.0	1.0	1.0	5.2	-1.3	3.1
Future Retail	74	UR	10.7	3.7	8.8	6.9	19.8	8.4	0.6	0.6	0.5	10.4	2.9	6.5
Jubilant Foodworks	1,421	Buy	24.8	24.2	38.1	57.3	58.6	37.3	13.0	11.8	10.1	22.7	20.1	27.2
Shoppers Stop	198	Neutral	-1.8	0.6	2.2	-108	325.1	90.8	1.8	1.8	1.8	-1.7	0.6	2.0
Titan Company	950	Neutral	16.8	17.0	24.1	56.5	55.8	39.5	14.0	12.3	10.6	24.7	23.4	28.9
Trent	454	Buy	2.6	2.4	9.3	173.0	185.5	48.6	5.6	5.4	4.9	4.3	3.2	11.3
V-Mart Retail	1,635	Buy	44.0	33.5	60.6	37.2	48.7	27.0	6.1	5.4	4.5	17.7	11.7	18.1
Technology						17.0	17.1	14.5	4.5	4.3	4.0	26.7	25.4	27.7
Cyient	225	Neutral	35.8	32.7	40.9	6.3	6.9	5.5	0.9	0.8	0.8	14.3	12.2	14.2
HCL Technologies	479	Buy	40.0	40.2	46.9	12.0	11.9	10.2	2.6	2.3	2.1	23.3	20.5	21.7
Hexaware Tech.	290	Neutral	21.2	20.4	25.8	13.7	14.2	11.3	3.2	2.8	2.5	24.8	21.0	23.6
Infosys	639	Buy	38.5	38.4	44.6	16.6	16.7	14.3	4.7	4.6	4.4	26.8	27.9	31.2
L&T Infotech	1,469	Buy	84.2	92.4	111.2	17.4	15.9	13.2	4.3	3.6	3.1	27.2	24.9	25.1
Mindtree	772	Buy	37.4	37.4	50.4	20.6	20.7	15.3	4.0	3.8	3.4	20.2	18.9	23.5
Mphasis	671	Neutral	58.5	52.2	62.0	11.5	12.9	10.8	2.4	2.2	1.9	21.7	18.9	20.7

Ready reckoner: Full year valuations

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
NIIT Tech.	1,093	Neutral	75.0	72.3	91.3	14.6	15.1	12.0	2.9	2.6	2.3	21.3	18.3	20.4
Persistent Systems	503	Buy	42.8	36.1	47.9	11.8	13.9	10.5	1.7	1.6	1.4	14.1	11.6	14.4
TCS	1,734	Neutral	86.0	86.6	102.7	20.2	20.0	16.9	7.6	7.6	7.1	36.5	38.0	43.3
Tech Mahindra	538	Buy	46.3	47.1	59.8	11.6	11.4	9.0	2.3	2.1	1.9	20.0	19.4	22.3
Zensar Tech	94	Neutral	11.5	8.8	13.1	8.1	10.6	7.1	1.0	0.9	0.8	12.7	8.9	12.2
Wipro	187	Neutral	17.2	16.3	18.1	10.9	11.5	10.3	2.0	1.9	1.8	17.6	16.9	17.9
Telecom						-16	-37	-46.1	2.9	3.2	3.6	-18.2	-8.7	-7.7
Bharti Airtel	510	Buy	-7.3	3.7	4.9	-69.8	136.3	103.2	3.3	3.3	3.2	-5.1	2.4	3.1
Bharti Infratel	174	Neutral	17.5	17.0	18.6	9.9	10.2	9.3	2.2	2.2	2.2	22.3	21.7	23.6
Tata Comm	356	Neutral	11.9	25.5	37.9	30.0	13.9	9.4	68.8	11.6	5.2	-1,974	142.3	76.4
Vodafone Idea	4	Buy	-7.2	-5.2	-5.0	-0.6	-0.8	-0.8	0.7	4.1	-1.1	-53.4	-143.0	340.0
Utilities						7.2	7.3	5.9	1.1	1.0	0.9	15.2	13.8	15.9
CESC	505	Buy	94.2	84.5	100.1	5.4	6.0	5.0	0.7	0.6	0.6	13.3	10.9	12.0
Coal India	147	Buy	23.2	18.0	29.9	6.3	8.2	4.9	2.8	2.5	2.1	44.5	30.3	42.8
JSW Energy	41	Buy	4.1	3.6	4.5	9.9	11.2	9.0	0.5	0.5	0.5	5.6	4.8	5.8
NHPC	22	Neutral	3.0	2.9	3.0	7.3	7.6	7.5	0.7	0.7	0.6	9.6	8.8	8.6
NTPC	90	Buy	13.2	14.6	16.3	6.8	6.1	5.5	0.8	0.7	0.7	11.4	11.9	12.3
Power Grid Corp.	160	Buy	20.4	22.1	24.3	7.8	7.2	6.6	1.3	1.2	1.1	17.3	17.0	17.3
Tata Power	35	Neutral	3.8	4.1	4.2	9.4	8.6	8.4	0.6	0.5	0.5	6.0	6.4	6.2
Torrent Power	297	Buy	23.8	25.8	30.0	12.5	11.5	9.9	1.5	1.3	1.2	12.1	12.0	12.7
Others						22.4	31.6	14.8	2.5	2.4	2.1	11.1	7.5	14.3
Brigade Enterpr.	136	Buy	8.1	6.0	10.0	16.8	22.7	13.5	1.2	1.2	1.1	7.4	5.2	8.3
BSE	338	Buy	24.9	30.4	36.3	13.6	11.1	9.3	0.7	0.8	0.8	5.4	6.8	8.4
Concor	383	Buy	16.4	14.4	19.3	23.3	26.7	19.9	2.2	2.1	2.0	9.6	8.1	10.4
Coromandel Inter.	529	Buy	34.9	38.3	42.3	15.2	13.8	12.5	3.7	3.1	2.6	27.2	24.5	22.5
Essel Propack	165	Buy	7.2	9.0	10.5	22.7	18.3	15.6	3.3	2.9	2.6	15.6	17.1	17.6
Godrej Agrovet	387	Buy	11.4	10.5	16.7	33.8	36.6	23.2	4.2	4.0	3.7	12.9	11.2	16.5
Indian Hotels	82	Buy	2.6	-3.3	1.7	31.5	-24.7	49.8	2.1	2.4	2.4	7.0	-9.1	4.8
Info Edge	2,365	Neutral	20.3	25.9	31.7	116.5	91.3	74.7	11.6	10.8	10.0	13.9	12.3	14.0
Interglobe Aviation	1,010	Neutral	-5.2	-75.1	81.2	-196.1	-13.4	12.4	5.7	8.4	5.6	-2.9	-50.7	54.0
Kaveri Seed	337	Buy	38.4	34.0	35.6	8.8	9.9	9.5	2.3	2.2	2.1	24.3	22.5	22.6
Lemon Tree Hotel	18	Buy	0.0	-2.0	-0.4	2,150.9	-8.8	-43.0	1.1	1.2	1.2	0.1	-12.8	-2.9
MCX	1,026	Buy	46.7	44.0	56.0	21.9	23.3	18.3	3.8	3.5	3.2	18.2	15.7	18.3
Oberoi Realty	310	Buy	16.0	16.2	21.3	19.4	19.2	14.5	1.3	1.2	1.2	7.0	6.7	8.2
P I Industries	1,417	Buy	35.7	48.0	60.0	39.7	29.5	23.6	7.3	6.1	5.0	19.9	22.5	23.1
Phoenix Mills	533	Buy	22.6	17.1	28.4	23.5	31.1	18.8	2.2	2.1	1.9	9.6	6.8	10.5
Qess Corp	206	Neutral	17.8	21.0	26.9	11.6	9.8	7.6	0.8	0.7	0.6	9.1	9.8	11.3
S H Kelkar	77	Buy	5.2	7.4	8.7	14.6	10.4	8.8	1.3	1.2	1.1	8.8	12.2	13.2
SRF	3,335	Buy	158.0	158.7	197.2	21.1	21.0	16.9	3.9	3.4	2.9	20.4	17.3	18.4
Tata Chemicals	240	Buy	32.4	35.1	39.2	7.4	6.8	6.1	0.5	0.5	0.4	8.5	9.0	9.8
Team Lease Serv.	1,644	Buy	50.8	47.1	72.0	32.4	34.9	22.9	4.5	4.0	3.4	14.9	12.1	16.0
Trident	5	Buy	0.8	0.7	0.7	7.0	8.4	7.9	0.9	0.8	0.8	12.7	10.0	10.0
UPL	350	Neutral	39.3	39.3	40.7	8.9	8.9	8.6	1.7	1.5	0.9	19.6	17.5	16.1

UR: Under Review

Sectors & Companies

BSE Sensex: 30,380

Nifty 50: 8,925

April 2020



MOFSL Universe: 4QFY20 Highlights & Ready Reckoner

Note: In our quarterly performance tables, our four-quarter numbers may not always add up to the full-year numbers. This is because of differences in classification of account heads in the company's quarterly and annual results or because of differences in the way we classify account heads as opposed to the company.

All stock prices and indices as on 15 April 2020, unless otherwise stated.

Automobiles

COVID-19 puts brakes on recovery

Margins to plummet further in 4QFY20

- The lockdown implemented from the last week of March has adversely affected wholesale as OEMs were in the process of meeting orders for Gudi Padwa/Ugadi/Navratras (25th March) as well as replenishing inventory with BS6 models. Furthermore, we do not foresee any near-term demand recovery due to economic slowdown.
- The EBITDA margin for our OEM (ex-JLR) universe is likely to decline further in 4QFY20 (after falling QoQ for six straight quarters). We estimate margins to decline ~190bp QoQ (-200bp YoY) to 9.5%, weighed by sales loss due to the COVID-19 lockdown and the impact of its resultant operating leverage. OEMs are likely to witness sequential margin erosion.
- We have lowered our FY21 EPS estimates for all companies under our coverage, with a double-digit cut of 10–60%. We expect a complete washout in the first quarter of FY21 and markets to stabilize only with the festive season (starting from Sept'20).

Volumes impacted due to lockdown

The lockdown implemented from 21st March has adversely affected wholesale as OEMs were in process of meeting orders for Gudi Padwa, Ugadi, and Navratras as well replenishing inventory with BS6 models. PV and CV OEMs had a low dealer inventory due to the BS6 transition. 2W OEMs still had some channel inventory for the BS4 model, the liquidation of which was impacted by the lockdown. Pre-lockdown, there were signs of demand picking up across segments (ex CVs) up to 20th March, partly driven by the pre-purchasing of the BS4 model. Volume decline is estimated to be lowest for tractors (-8% YoY), followed by 2Ws (-17%) and PVs (-23%); CVs would witness ~51% decline.

Margins to plummet to lowest in six years in 4QFY20

The EBITDA margin for our OEM (ex-JLR) universe is likely to plunge in 4QFY20 (after declining QoQ for six straight quarters). We estimate margins to slip ~190bp QoQ (-200bp YoY) to 9.5%, dragged down by the adverse impact of the COVID-19 lockdown on sales and operating leverage. While all OEMs would witness QoQ decline in margins, mainstream 2W OEMs would see YoY expansion, driven by cost-saving initiatives.

Outlook to worsen before recovery kicks in 2HFY21

Even after the lockdown is lifted (we assume toward April'20 end), we expect demand to remain weak for 4–5 months (1HFY21 volumes to decline up to 50%) as the twin impact of income loss and BS6-related cost inflation would hurt consumer sentiment. The earliest recovery would come with the onset of the festive season in Sept'20. As a result, we expect FY21 volumes to decline across segments (2Ws -8%, PVs -3%, and CVs 9–10%), except in tractors (+2%). Also, weakness in the INR would largely dilute the benefit of decline in key commodity prices.

Company name

Amara Raja Batteries
Ashok Leyland
Bajaj Auto
Bharat Forge
BOSCH
CEAT
Eicher Motors
Endurance technologies
Escorts
Exide Industries
Hero MotoCorp
Mahindra & Mahindra
Maruti Suzuki
Motherson Sumi
Tata Motors
TVS Motor Company

Valuation and view

We have lowered our FY21 EPS estimates for all companies under our coverage, with a double-digit cut of 10–60%, with the highest cut in EPS in companies with a high operating leverage and/or high global exposure (TTMT from profit to loss; 40–60% cut for AL, BHFC, MSS, and MACA). Valuations appear attractive, but given the uncertain macro environment and threat of the possible prolonged impact of COVID-19, we prefer stocks offering a higher visibility in terms of demand recovery, better competitive positioning, scope for a higher operating leverage, and a robust balance sheet. We prefer EIM and MSIL among the large caps and ENDU among the mid-caps.

Exhibit 1: Summary of expected quarterly performance (INR m)

Sector	CMP		Sales (INR M)			EBDITA (INR M)			Net Profit (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
Amara Raja Batt.	511	Buy	14,585	-6.9	-16.6	2,286	-5.6	-19.5	1,203	0.8	-26.8
Ashok Leyland	47	Buy	34,595	-60.9	-13.8	884	-91.0	-60.7	-379	PL	PL
Bajaj Auto	2334	Neutral	65,468	-11.8	-14.3	11,200	-8.7	-18.1	10,701	0.3	-15.2
Bharat Forge	237	Buy	9,616	-42.4	-10.7	1,954	-59.7	-18.4	904	-69.8	-29.2
Bosch	10530	Neutral	20,347	-26.0	-19.8	3,293	-36.3	2.8	2,767	-32.8	2.5
CEAT	782	Buy	15,806	-10.2	-10.3	1,511	-6.9	-17.5	312	-61.0	-41.1
Eicher Motors	13319	Buy	21,938	-12.3	-7.5	5,017	-26.7	-15.3	3,950	-27.5	-20.8
Endurance Tech.	594	Buy	17,066	-10.2	4.0	2,773	-14.6	6.4	1,353	-9.0	9.1
Escorts	714	Neutral	14,259	-12.6	-12.7	1,732	-8.7	-18.4	1,207	-0.6	-21.2
Exide Inds.	141	Buy	22,359	-14.0	-7.3	2,800	-25.0	-12.5	1,429	-32.2	-33.4
Hero Motocorp	1825	Neutral	62,234	-21.1	-11.1	8,624	-19.4	-17.0	6,304	-13.7	-28.4
Mahindra & Mahindra	353	Buy	86,103	-37.6	-29.0	9,847	-47.3	-44.9	4,104	-60.8	-50.6
Maruti Suzuki	5095	Buy	1,87,100	-12.8	-9.6	17,303	-23.6	-17.7	12,403	-30.9	-20.7
Motherson Sumi	71	Buy	1,49,523	-12.9	-4.5	11,044	-11.1	-10.6	1,624	-60.4	-45.6
Tata Motors	73	Buy	6,12,012	-29.2	-14.6	35,497	-55.7	-50.7	-33,563	PL	PL
TVS Motor	277	Neutral	32,987	-24.8	-20.0	2,632	-15.6	-27.5	900	-34.5	-50.0
Sector Aggregate			1365,999	-25.7	-13.6	1,18,397	-40.7	-33.2	15,219	-84.7	-81.9

Exhibit 2: Volume snapshot for 4QFY20 ('000 units)

	4QFY20	4QFY19	YoY (%)	3QFY20	QoQ (%)	FY20	FY19	YoY (%)
Two-wheelers	4,501	5,396	-16.6	5,100	-11.8	21,068	24,389	-13.6
Three-wheelers	254	319	-20.4	310	-18.1	1,151	1,268	-9.2
Passenger cars	572	656	-12.8	593	-3.6	2,265	2,736	-17.2
UVs & MPVs	209	354	-40.9	353	-40.7	1,157	1,316	-12.1
Total PVs	781	1,010	-22.7	946	-17.4	3,422	4,052	-15.6
M&HCV	55	124	-55.3	60	-7.6	249	439	-43.2
LCV	93	177	-47.3	144	-35.6	498	641	-22.3
Total CVs	148	300	-50.6	204	-27.4	747	1,080	-30.8
Tractors	144	156	-7.7	204	-29.3	706	775	-8.9
Total (ex Tractor)	5,684	7,025	-19.1	6,561	-13.4	26,387	30,790	-14.3

Exhibit 3: Trend in segment-wise EBITDA margins (%)

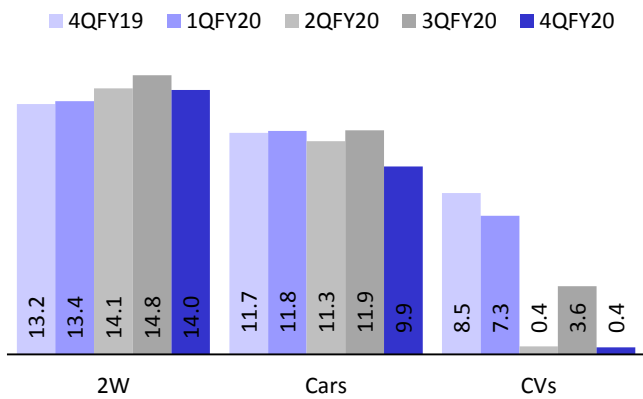


Exhibit 4: Commodity prices reasonably stable

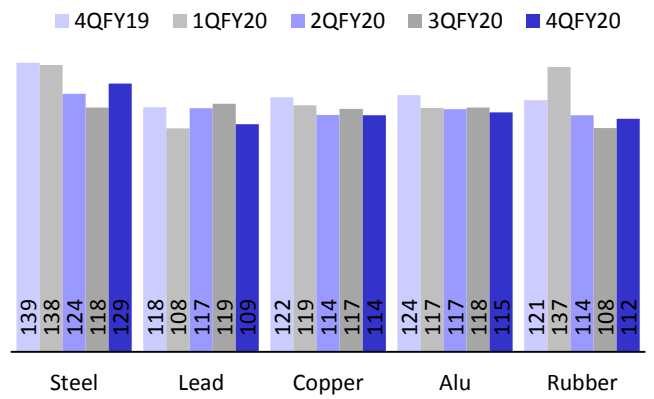
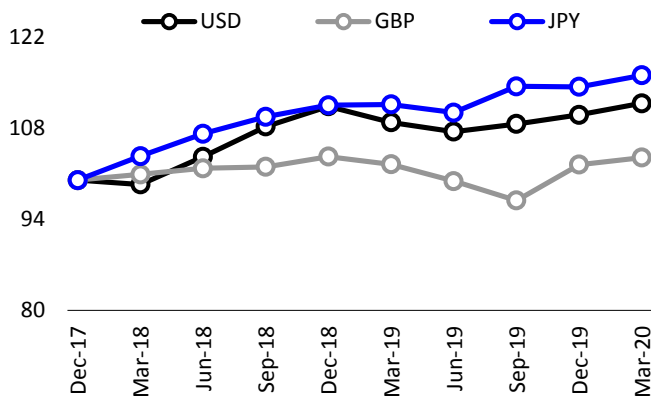
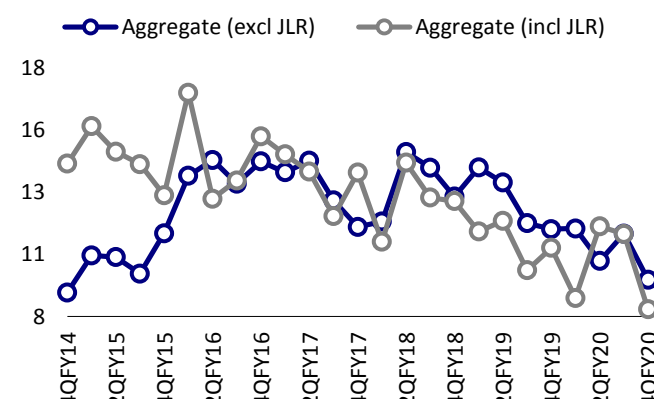


Exhibit 5: Trend in key currencies v/s INR (average, indexed)



Source: Bloomberg, MOFSL

Exhibit 6: Margins to contract YoY/QoQ



Source: Company, MOFSL

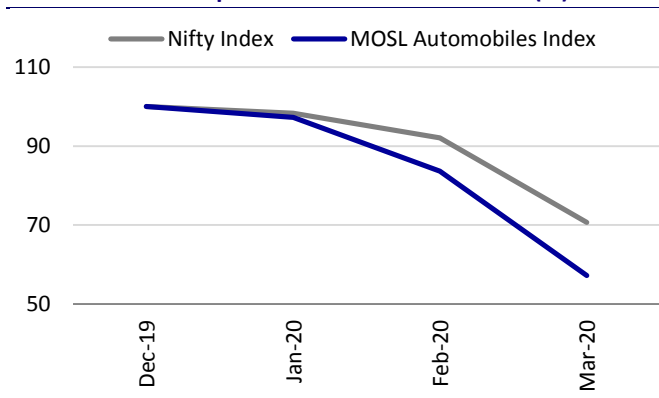
Exhibit 7: Revised estimates

	FY20E			FY21E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Bajaj Auto	178.2	179.5	-0.7	167.2	192.0	-12.9
Hero MotoCorp	154.1	150.2	2.6	126.0	167.7	-24.9
TVS Motor	12.8	13.3	-3.8	11.5	17.4	-34.0
Eicher Motors *	742.8	744.7	-0.3	679.9	880.0	-22.7
Maruti *	191.8	200.0	-4.1	166.9	261.7	-36.2
M&M (incl MVML)	29.5	33.0	-10.7	27.8	37.0	-24.8
Tata Motors *	-14.9	0.5	-3213.7	-23.3	10.9	-313.9
Ashok Leyland	1.1	1.3	-16.5	0.9	2.2	-59.9
Escorts	53.5	56.7	-5.8	50.1	57.2	-12.5
Amara Raja	37.7	39.0	-3.2	34.6	39.4	-12.2
Bharat Forge *	15.2	16.0	-5.0	12.8	20.4	-37.3
BOSCH	403.1	418.3	-3.6	350.6	469.7	-25.4
Ceat	47.6	55.7	-14.6	51.9	71.5	-27.4
Endurance Tech*	39.7	41.0	-3.0	32.7	42.4	-22.9
Exide Industries	9.6	10.1	-5.4	9.2	10.4	-11.0
Mahindra CIE *				7.3	13.4	-45.7
Motherson Sumi *	3.7	3.9	-3.6	3.1	5.2	-40.4

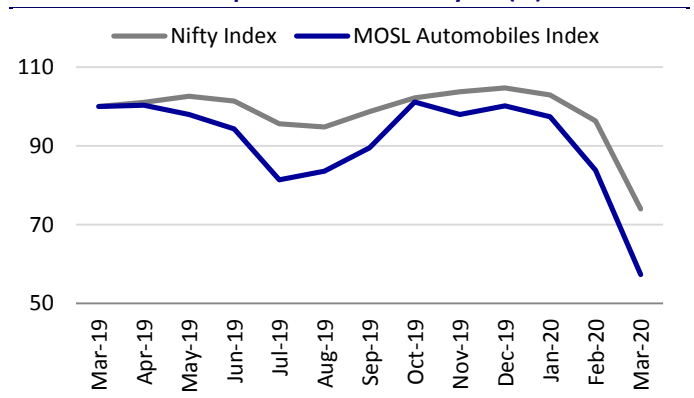
* Consolidated

Exhibit 8: EBITDA margin to shrink ~200bp YoY – sixth consecutive quarter of contraction

	Volumes ('000 units)			EBITDA margins (%)			Adj PAT (INR M)		
	4QFY20	YoY (%)	QoQ (%)	4QFY20	YoY (bp)	QoQ (bp)	4QFY20	YoY (%)	QoQ (%)
BJAUT	1,012	-15.2	-15.8	17.1	60	-80	10,701	0.3	-15.2
HMCL	1,335	-25.1	-13.4	13.9	30	-100	6,304	-13.7	-28.4
TVS Motor	633	-30.2	-23.0	8.0	90	-80	900	-34.5	-50.0
MSIL	385	-16.0	-12.0	9.2	-130	-90	12,403	-30.9	-20.7
MM	152	-35.6	-30.0	11.4	-210	-330	4,104	-60.8	-50.6
TTMT (S/A)	101	-47.4	-21.6	-0.4	-770	-330	-11,457	-754.8	31.0
TTMT (JLR)	110	-32.1	-25.6	6.2	-350	-450	-220	-186.1	-159.1
TTMT (Cons)				5.8	-350	-420	-33,563	-400.3	-289
Ashok Leyland	26	-57.2	-18.3	2.6	-860	-310	-379	-105.7	-229.5
Eicher (RE)	163	-17.0	-10.9	24.3	-340	-90	4,299	-10.5	-12.1
Eicher (VECV)	12	-44.7	-6.1	4.4	-410	-170	64	-95.4	-78.8
Eicher (Consol)				24.3	-340	-90	3,950	-27.5	-20.8
Agg. (ex JLR)	3,818	-24.3	-16.6	9.5	-200	-190	26,525	-56.9	-39.3

Exhibit 9: Relative performance – three-month (%)

Source: Bloomberg, MOFSL

Exhibit 10: Relative performance – one-year (%)

Source: Bloomberg, MOFSL

Exhibit 11: Comparative valuation

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Automobiles						23.2	31.0	14.8	2.0	2.0	1.8	8.5	6.3	12.2
Amara Raja Batt.	511	Buy	37.7	34.6	39.4	13.5	14.8	13.0	2.3	2.1	1.9	18.1	14.8	15.2
Ashok Leyland	47	Buy	1.1	0.9	2.7	42.9	52.3	17.1	1.6	1.6	1.6	3.8	3.1	9.5
Bajaj Auto	2,334	Neutral	178.2	167.2	183.9	13.1	14.0	12.7	3.0	2.8	2.5	23.3	20.6	20.9
Bharat Forge	237	Buy	15.2	12.8	17.1	15.6	18.6	13.9	1.9	1.8	1.7	12.7	10.2	12.8
Bosch	10,530	Neutral	403.1	350.6	424.3	26.1	30.0	24.8	4.1	3.7	3.4	14.3	13.0	14.2
CEAT	782	Buy	47.6	51.9	75.2	16.4	15.1	10.4	1.1	1.0	1.0	6.8	7.0	9.6
Endurance Tech.	594	Buy	39.7	32.7	40.5	15.0	18.2	14.7	2.8	2.6	2.3	20.3	14.7	16.4
Eicher Motors	13,319	Buy	703.1	679.9	878.0	18.9	19.6	15.2	3.5	3.1	2.6	19.8	16.6	18.6
Escorts	714	Neutral	53.5	50.1	62.6	13.4	14.3	11.4	2.0	1.6	1.4	16.4	13.1	12.9
Exide Inds.	141	Buy	9.6	9.2	10.4	14.7	15.2	13.5	1.8	1.7	1.6	12.6	11.3	11.8
Hero Motocorp	1,825	Neutral	154.1	126.0	151.8	11.8	14.5	12.0	2.7	2.6	2.5	23.2	18.2	21.3
Mahindra & Mahindra	353	Buy	33.2	33.8	44.7	10.6	10.4	7.9	1.1	1.1	1.0	10.1	8.0	9.0
Mahindra CIE	74	Buy	9.4	7.3	11.6	7.8	10.2	6.4	0.6	0.6	0.5	8.0	5.8	8.5
Maruti Suzuki	5,095	Buy	191.8	166.9	250.6	26.6	30.5	20.3	3.2	3.1	2.9	11.5	9.6	13.6
Motherson Sumi	71	Buy	3.7	3.1	5.7	19.1	23.1	12.4	1.9	1.8	1.6	10.1	7.8	13.5
Tata Motors	73	Buy	-14.9	-23.3	3.2	-4.9	-3.1	22.9	0.4	0.5	0.5	-9.0	-15.4	2.3
TVS Motor	277	Neutral	12.8	11.5	16.6	21.6	24.1	16.7	3.5	3.2	2.8	17.2	14.0	18.1

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Amara Raja Batteries

Buy

CMP INR511 | TP: INR630 (+23%)

EPS CHANGE (%): FY20|21: -3.2|-12.2

- Good replacement demand to offset weak OEM sales.
- Lead prices declined (-8% QoQ in 4Q); benefit is to be reflected in 1QFY21. 3QFY20 prices were slightly higher.
- Battery players to be less impacted in FY21 due to 40–50% revenues coming from the B2C segment.

Quarterly Perf.

Y/E March (INR m)	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	17,787	17,531	16,947	15,667	18,150	16,953	17,478	14,585	67,931	67,165
YoY Change (%)	18.8	22.8	9.1	-0.9	2.0	-3.3	3.1	-6.9	12.1	-1.1
RM Cost (% of sales)	71.5	69.1	67.2	65.2	67.6	64.1	64.5	64.7	67.6	65.3
Staff Cost (% of sales)	4.7	5.3	5.1	5.2	5.4	5.8	5.4	6.0	5.4	5.7
Other Exp (% of sales)	11.4	12.1	12.7	14.1	11.6	12.8	13.9	13.6	11.6	13.0
EBITDA	2,203	2,366	2,528	2,421	2,792	2,923	2,840	2,286	9,518	10,841
Margins (%)	12.4	13.5	14.9	15.5	15.4	17.2	16.2	15.7	14.0	16.1
Depreciation	630	643	657	683	733	750	765	785	2,612	3,033
Interest	15	18	18	19	29	34	29	23	70	115
Other Income	137	142	125	63	102	180	128	140	468	550
PBT after EO	1,695	1,848	1,978	1,783	2,132	2,319	2,174	1,618	7,304	8,242
Tax Rate (%)	33.3	34.9	33.8	33.0	33.9	5.6	24.4	25.6	33.8	21.8
Adj PAT	1,130	1,202	1,309	1,193	1,409	2,189	1,644	1,203	4,835	6,445
YoY Change (%)	13.2	-5.5	-2.6	8.7	24.7	82.0	25.6	0.8	2.6	33.3

Ashok Leyland

Buy

CMP INR47 | TP: INR61 (+30%)

EPS CHANGE (%): FY20|21: -16.5|-59.9

- BS6 transition & lockdown badly hurt volumes.
- Higher discounts & operating deleverage to hurt margins.
- However, inventory levels have declined considerably.
- Net debt to decline due to reduction in WC.

Quarterly Performance

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Total Volumes (nos)	42,127	51,958	43,755	59,526	39,608	28,938	31,205	25,502	197,366	125,253
Growth %	47.9	26.8	-6.2	1.3	-6.0	-44.3	-28.7	-57.2	12.9	-36.5
Realizations (INR '000)	1,487	1,467	1,446	1,486	1,435	1,358	1,287	1,357	1,472	1,364
% change	-0.5	-1.1	-6.3	-0.5	-3.5	-7.4	-11.0	-8.7	-2.3	-7.3
Net operating revenues	62,627	76,211	63,252	88,459	56,839	39,295	40,157	34,595	290,550	170,885
Change (%)	47.1	25.4	-12.0	0.7	-9.2	-48.4	-36.5	-60.9	10.2	-41.2
RM/sales %	68.9	72.1	70.1	72.7	69.9	69.0	73.5	73.0	71.2	71.2
Staff/sales %	8.0	6.9	7.9	6.5	8.8	11.0	6.8	10.1	7.2	9.1
Other exp/sales %	12.4	10.1	11.7	9.7	11.8	14.1	14.1	14.4	10.8	13.4
EBITDA	6,716	8,290	6,496	9,854	5,370	2,286	2,252	884	31,357	10,791
EBITDA Margin (%)	10.7	10.9	10.3	11.1	9.4	5.8	5.6	2.6	10.8	6.3
Other Income	525	276	208	91	211	455	223	236	1,099	1,125
Interest	142	204	192	166	126	301	337	96	704	860
Depreciation	1,525	1,481	1,607	1,598	1,646	1,600	1,575	1,666	6,210	6,487
PBT after EO	5,360	6,708	4,836	8,065	3,607	191	542	-641	24,968	3,699
Effective Tax Rate (%)	21.3	21.3	21.2	19.0	36.2	-103.5	48.8	40.9	20.6	30.0
Adj PAT	4,358	5,430	3,857	6,623	2,443	842	293	-379	20,268	3,199
Change (%)	262.2	62.5	-20.8	-11.3	-43.9	-84.5	-92.4	-105.7	16.4	-84.2

E: MOFSL Estimates

Bajaj Auto**Neutral****CMP INR2,334 | TP: INR2,382 (+2%)****EPS CHANGE (%): FY20|21: -0.7|-12.9**

- Dom. 2W vols declined, but exports grew ~9% YoY.
- Exports could come under threat due to volatile oil prices.
- The adverse mix would be diluted by a favorable INR.
- EPS cut is to be relatively lower due to the benefit of a weak INR.

Quarterly Performance**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Volumes ('000 units)	1,227	1,339	1,260	1,194	1,247	1,174	1,202	1,012	5,020	4,635
Growth YoY (%)	38.1	25.0	25.8	14.2	1.7	-12.4	-4.6	-15.2	25.3	(7.7)
Realization (INR/unit)	60,856	59,998	59,022	62,170	62,187	65,673	63,532	64,691	60,479	63,965
Growth YoY (%)	-0.7	-2.3	-7.5	-4.3	2.2	9.5	7.6	4.1	(3.7)	5.8
Net Sales	74,649	80,363	74,358	74,205	77,558	77,073	76,397	65,468	303,576	296,496
Change (%)	37.2	22.1	16.4	9.3	3.9	-4.1	2.7	-11.8	20.6	(2.3)
RM/Sales %	70.9	72.0	72.5	71.8	71.7	70.5	69.9	69.2	71.8	70.4
Staff cost/Sales %	4.2	3.9	4.3	4.2	4.6	4.4	4.6	5.1	4.1	4.7
Oth. Exp./Sales %	7.0	6.6	7.1	7.6	8.2	8.6	7.8	8.7	7.1	8.3
EBITDA	13,389	14,141	12,125	12,270	11,982	12,781	13,672	11,200	51,925	49,635
EBITDA Margins (%)	17.9	17.6	16.3	16.5	15.4	16.6	17.9	17.1	17.1	16.7
Other Income	3,469	3,104	4,135	3,680	4,413	3,934	3,662	3,809	14,389	15,818
Interest	3	3	36	3	5	12	5	3	45	25
Depreciation	700	715	634	608	601	613	617	687	2,657	2,519
PBT after EO	16,156	16,527	15,591	18,759	15,788	16,089	16,713	14,320	67,032	62,910
Effective Tax Rate (%)	31.0	30.3	29.3	30.4	28.7	12.8	24.5	25.3	30.3	22.8
Adj. PAT	11,152	11,525	11,019	10,671	11,257	14,024	12,616	10,701	44,366	48,598
Change (%)	17.8	3.7	15.7	(1.2)	0.9	21.7	14.5	0.3	9.9	9.5

E: MOFSL Estimates

Bharat Forge**Buy****CMP INR237 | TP: INR342 (+44%)****EPS CHANGE (%): FY20|21: -5|-37.3**

- A weak outlook was observed for CV & Shale Oil due to the COVID-19 impact.
- The PV segment and light weighting are to drive growth.
- The adverse mix and op. deleverage are to hurt margins.
- The FY21 margin would see support from a weak INR.

S/A Quarterly**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Tonnage	66,815	69,683	66,764	62,690	60,874	53,541	46,998	40,711	265,952	202,124
Change (%)	21.3	18.8	2.6	-3.6	-8.9	-23.2	-29.6	-35.1	9.9	-24.0
Realization (INR '000/ton)	221.5	241.0	253.5	266.2	221.2	235.2	229.1	236.2	245.2	229.8
Change (%)	1.6	12.4	18.6	18.1	-0.1	-2.4	-9.6	-11.3	11.7	-6.3
Net operating income	14,797	16,792	16,925	16,686	13,466	12,595	10,767	9,616	65,200	46,443
Change (%)	23.2	33.5	21.7	13.8	-9.0	-25.0	-36.4	-42.4	22.6	-28.8
RM/Sales (%)	36.1	39.1	36.8	37.3	37.0	40.1	39.0	37.9	37.4	17,881
Staff Cost (% of Sales)	8.3	7.3	7.2	7.1	9.2	9.7	11.0	11.3	7.5	4,717
Other Exp. (% of Sales)	26.6	25.4	27.2	26.5	27.7	26.3	27.8	30.6	26.4	12,975
EBITDA	4,288	4,754	4,869	4,849	3,519	3,004	2,394	1,954	18,761	10,871
EBITDA Margins (%)	29.0	28.3	28.8	29.1	26.1	23.9	22.2	20.3	28.8	23.4
Non-Operating Income	343	338	478	501	401	495	398	476	1,660	1,770
Interest	253	321	136	315	388	291	356	304	1,024	1,339
Depreciation	824	914	907	821	886	893	823	903	3,466	3,505
Fx loss/(gain)	2	410	-389	-323	24	-197	38	0	-300	-135
PBT after EO items	3,552	3,447	4,694	4,538	2,622	2,512	1,575	1,223	16,231	7,932
Eff. Tax Rate (%)	34.0	34.0	34.0	34.0	33.6	2.5	18.8	26.0	34.0	19.7
Adj. PAT	2,345	2,275	3,098	2,995	1,741	2,449	1,278	904	10,713	6,372
Change (%)	33.9	11.7	35.8	59.6	-25.7	7.6	-58.7	-69.8	19.7	-40.5

E: MOFSL Estimates

Bosch**Neutral****CMP INR10,530 | TP: INR10,607 (+1%)****EPS CHANGE (%): FY20|21: -3.6|-25.4**

- BOS relevant segment volumes declined ~27% YoY.
- Update on BS6 order wins in CVs and 2Ws.
- This would be partly impacted by BS4 production stoppage from mid-Feb.
- EPS cut seen due to the impact of a weak INR on import & -ve op. lev.

Quarterly performance (S/A)**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	32,122	31,647	30,078	27,492	27,554	23,127	25,366	20,347	122,579	96,394
YoY Change (%)	21.3	12.5	-2.1	-12.9	-14.2	-26.9	-15.7	-26.0	4.9	-21.4
RM Cost (% of sales)	54.4	56.7	55.2	54.3	54.4	55.4	52.1	53.0	55.3	53.8
Staff Cost (% of sales)	10.9	10.6	11.1	12.4	12.8	14.5	12.0	13.9	11.2	13.2
Other Expenses (% of sales)	15.1	13.9	20.0	14.5	15.2	15.5	23.2	17.0	15.9	17.8
EBITDA	6,282	5,972	4,116	5,165	4,848	3,369	3,203	3,293	21,635	14,712
Margins (%)	19.6	18.9	13.7	18.8	17.6	14.6	12.6	16.2	17.7	15.3
Depreciation	939	943	1,006	1,144	749	827	1,098	1,018	4,045	3,693
Interest	0	0	102	31	18	6	29	28	133	80
Other Income	1,147	1,395	1,786	1,625	988	1,675	1,399	1,371	5,953	5,433
PBT after EO Expense	6,489	6,413	4,795	5,615	4,231	1,418	1,400	3,619	23,364	10,667
Tax Rate (%)	33.6	34.5	31.5	26.7	33.8	30.6	14.7	23.5	31.8	27.4
Adj PAT	4,310	4,207	3,285	4,117	3,407	3,012	2,700	2,767	15,966	11,886
YoY Change (%)	42.4	19.1	16.9	-17.1	-20.9	-28.4	-17.8	-32.8	11.3	-25.6

E: MOFSL Estimates

Ceat**Buy****CMP INR782 | TP: INR903 (+16%)****EPS CHANGE (%): FY20|21: -14.6|-27.4**

- Ramp-up at new TBR/PCR plant is to dilute weak demand.
- Negative op. lev & new plants are to hurt margins.
- The full benefit of favorable RM cost is to reflect in 1HFY21.
- EPS downgrade is to reflect the COVID-19 impact.

Consol. - Quarterly Earning Model

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	17,063	17,723	17,299	17,605	17,521	16,916	17,618	15,806	69,845	67,860
YoY Change (%)	16.9	16.4	9.9	4.4	2.7	-4.6	1.8	-10.2	11.9	-2.8
RM cost (%)	60.7	60.1	58.5	60.7	60.5	58.9	57.0	57.6	59.9	58.5
Employee cost (%)	7.0	8.0	8.2	7.3	7.7	7.2	8.2	9.0	7.6	8.0
Other expenses (%)	22.1	22.9	25.0	22.8	22.3	23.9	24.4	23.8	23.3	23.6
EBITDA	1,758	1,592	1,426	1,623	1,671	1,704	1,832	1,511	6,425	6,718
Margins (%)	10.3	9.0	8.2	9.2	9.5	10.1	10.4	9.6	9.2	9.9
Depreciation	460	477	482	508	644	671	705	795	1,927	2,815
Interest	204	186	222	269	349	374	380	405	880	1,508
Other Income	37	33	40	306	120	43	36	42	390	240
PBT before EO expense	1,131	962	762	1,153	798	702	783	354	4,008	2,635
Exceptional item	23	20	0	255	-298	8	3	0	297	-287
PBT	1,108	943	762	898	1,095	693	780	354	3,711	2,922
Tax Rate (%)	442	370	302	287	326	305	301	134	1,402	1,067
MI. & Profit of Asso. Cos.	39.9	39.3	39.7	32.0	29.7	44.0	38.6	38.0	37.8	36.5
Reported PAT	720	632	528	642	826	440	528	312	2,522	2,106
Adj PAT	735	644	528	801	637	445	529	312	2,707	1,923
YoY Change (%)	5,576	-17	-37	-14	-13	-31	0	-61	5	-29

E: MOFSL Estimates

Eicher Motors**Buy****CMP INR13,319 | TP: INR17,200 (+29%)****EPS CHANGE (%): FY20|21: -0.3|-22.7**

- Strong exports and a better mix are to dilute decline in dom. vols.
- S/A QoQ margin decline is seen due to adverse op. leverage.
- RE's 4Q volumes are also impacted by supply-chain disruption.
- VECV QoQ margin decline is led by adverse op. leverage.

Quarterly performance (Consolidated)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Operating income	25,478	24,082	23,411	25,001	23,819	21,925	23,710	21,938	97,971	91,392
Growth (%)	27.3	11.1	3.2	-1.1	-6.5	-9.0	1.3	-12.3	9.3	-6.7
EBITDA	8,095	7,293	6,795	6,847	6,144	5,414	5,923	5,017	29,031	22,498
EBITDA Margins (%)	31.8	30.3	29.0	27.4	25.8	24.7	25.0	22.9	29.6	24.6
Recurring PAT	5,761	5,663	5,330	5,448	4,517	5,727	4,987	3,950	22,203	19,181
Growth (%)	22.4	7.0	0.4	-16.0	-21.6	1.1	-6.4	-27.5	1.9	-13.6
Standalone (Royal Enfield)										
Royal Enfield ('000 units)	225.4	210.1	194.5	196.2	183.6	166.6	182.8	162.9	826.1	695.9
Growth (%)	22.5	3.6	-5.9	-13.6	-18.5	-20.7	-6.0	-17.0	0.7	-15.8
Net Realn (INR '000/unit)	112.9	114.4	120.6	127.4	128.1	131.0	129.3	137.6	118.6	131.3
Change - YoY (%)	3.9	7.3	10.1	14.4	13.5	14.5	7.2	8.0	8.6	11
EBITDA Margins (%)	32.3	30.6	29.5	27.8	25.9	25.0	25.2	24.3	30.1	25.1
Recurring PAT	5,912	4,927	5,014	4,804	4,982	5,705	4,889	4,299	20,659	19,837
Growth (%)	19.6	1.3	6.2	15.9	-15.7	15.8	-2.5	-10.5	10.6	-4.0
VECV										
Total CV Volumes	16,327	18,696	16,936	21,010	13,331	11,370	12,391	11,629	72,969	48,721
Growth (%)	40.9	24.5	4.3	-9.0	-18.3	-39.2	-26.8	-44.7	10.7	-33.2
Net Realn (INR '000/unit)	1,598	1,586	1,664	1,527	1,692	1,763	1,746	1,736	1,590	1,733
Change - YoY (%)	2.7	1.9	4.3	6.4	5.9	11.1	5.0	13.6	4.3	9.0
EBITDA Margins (%)	9.2	9.0	6.6	8.5	5.5	5.2	6.1	4.4	8.4	5.4
Recurring PAT	1,180	1,421	760	1,394	380	150	300	64	4,751	893
Growth (%)	76.1	49.6	-42.7	-21.8	-67.8	-89.4	-60.5	-95.4	0.4	-81.2

E: MOFSL Estimates

Endurance Technologies**Buy****CMP INR594 | TP: INR810 (+36%)****EPS CHANGE (%): FY20|21: -3|-22.9**

- Ramp-up in new orders is to dilute weak India volumes.
- QoQ margin improvement is seen due to seasonality in the EU.
- EU revenues are to decline in line with industry.
- EPS could be at risk due to prolonged weakness in the EU.

Consolidated - Quarterly**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	18,604	19,367	18,130	19,004	18,619	17,713	16,405	17,066	75,105	69,803
YoY Change (%)	23.6	23.2	17.8	9.5	0.1	-8.5	-9.5	-10.2	18.2	-7.1
RM Cost (% of sales)	58.6	59.7	58.4	54.9	55.6	54.0	53.4	53.7	57.9	54.2
Staff Cost (% of sales)	8.9	8.0	9.2	8.6	9.6	9.4	10.3	10.0	8.7	9.8
Other Exp. (% of sales)	17.9	17.8	18.4	19.4	19.0	20.2	20.4	20.0	18.4	19.9
EBITDA	2,714	2,798	2,530	3,246	2,941	2,911	2,605	2,773	11,288	11,230
Margins (%)	14.6	14.4	14.0	17.1	15.8	16.4	15.9	16.2	15.0	16.1
Depreciation	820	921	936	1,085	927	986	1,000	1,011	3,762	3,924
Interest	59	55	75	68	58	49	43	42	257	191
Other Income	41	80	93	56	68	114	119	127	270	429
PBT before EO expense	1,876	1,902	1,612	2,149	2,024	1,990	1,681	1,848	7,539	7,543
Exceptional Item	0	0	208	0	-472	0	0	0	208	-472
PBT after EO	1,876	1,902	1,404	2,149	2,496	1,990	1,681	1,848	7,331	8,015
Tax	630	650	439	662	840	300	441	494	2,381	2,075
Eff. Tax Rate (%)	33.6	34.2	31.2	30.8	33.7	15.1	26.2	26.7	32.5	25.9
Adj PAT	1,246	1,252	1,109	1,486	1,343	1,691	1,240	1,353	5,091	5,590
YoY Change (%)	29.1	25.6	15.8	27.7	7.8	35.0	11.9	-9.0	24.5	9.8

E: MOFSL Estimates

Escorts**Neutral****CMP INR714 | TP: INR654 (-8%)****EPS CHANGE (%): FY20|21: -5.8|-12.5**

- Lockdown puts brakes on recovery seen in Jan/Feb.
- YoY expansion in margins is owing to cost-cutting initiatives.
- Tractor demand is least impacted by COVID-19.
- We are yet to factor in the benefit of the Kubota alliance.

Standalone Quarterly Perf. (INR m)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	15,113	13,984	16,551	16,317	14,230	13,239	16,334	14,259	62,620	58,062
YoY Change (%)	29.9	15.4	37.3	13.6	-5.8	-5.3	-1.3	-12.6	24.8	-7.3
Total Expenditure	13,257	12,409	14,546	14,419	12,805	11,972	14,212	12,527	55,375	51,516
EBITDA	1,855	1,575	2,005	1,898	1,424	1,267	2,123	1,732	7,245	6,547
Margins (%)	12.3	11.3	12.1	11.6	10.0	9.6	13.0	12.1	11.6	11.3
Depreciation	206	215	215	218	241	260	267	277	872	1,045
Interest	29	39	43	75	59	39	29	34	195	160
Other Income	170	221	244	173	167	211	267	225	924	870
PBT before EO expense	1,791	1,543	1,991	1,778	1,292	1,179	2,094	1,646	7,102	6,211
Extra-Ord expense	0	0	-109	0	0	92	0	0	-56	0
PBT	1,791	1,543	2,100	1,778	1,292	1,087	2,094	1,646	7,157	6,211
Tax	595	516	699	565	417	41	564	420	2,371	1,441
Rate (%)	33.2	33.5	33.3	31.8	32.2	3.8	26.9	25.5	33.1	23.2
Adj PAT	1,196	1,026	1,328	1,214	875	1,135	1,531	1,207	4,730	4,751
YoY Change (%)	90.9	24.9	44.6	7.8	-26.8	10.5	15.2	-0.6	34.7	0.4
Margins (%)	7.9	7.3	8.0	7.4	6.2	8.6	9.4	8.5	7.6	8.2

E: MOFSL Estimates

Exide Industries**Buy****CMP INR141 | TP: INR177 (+26%)****EPS CHANGE (%): FY20|21: -5.4|-11**

- Good replacement demand is to offset weak OEM sales.
- Lead prices declined (-8% QoQ in 4Q); benefit is to be reflected in 1QFY21. 3QFY20 prices were slightly higher.
- Battery players are to be less impacted in FY21 due to 40–50% revenues coming from the B2C segment.

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

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	27,725	27,204	24,968	25,987	27,793	26,109	24,115	22,359	105,883	100,375
Growth YoY (%)	31.8	15.3	9.6	5.7	0.2	-4.0	-3.4	-14.0	15.3	-5.2
RM(%)	66.4	66.9	64.9	64.9	64.5	63.8	63.8	63.9	65.8	64.0
Employee cost (%)	5.8	6.1	6.5	5.7	6.0	6.7	6.9	7.5	6.0	6.7
Other Exp(%)	13.6	14.8	16.1	15.0	14.9	15.5	16.0	16.1	14.8	15.6
EBITDA	3,909	3,327	3,125	3,733	4,077	3,672	3,198	2,800	14,113	13,747
EBITDA Margin(%)	14.1	12.2	12.5	14.4	14.7	14.1	13.3	12.5	13.3	13.7
Change (%)	20.6	12.4	10.6	10.4	4.3	10.4	2.3	-25.0	13.7	-2.6
Non-Operating Income	42	116	80	166	164	56	251	94	385	565
Interest	11	14	23	12	18	18	21	18	61	75
Depreciation	719	768	813	835	864	898	925	935	3,135	3,623
PBT after EO Exp	3,221	3,745	2,369	3,051	3,359	2,812	2,286	1,940	12,386	10,397
Effective Tax Rate (%)	34.8	28.3	34.5	31.0	33.2	15.6	14.3	26.3	31.9	23.0
Adj. PAT	2,099	1,908	1,550	2,107	2,243	2,373	2,145	1,429	7,703	8,171
Change (%)	11.1	17.0	0.5	11.1	6.8	24.4	38.4	-32.2	10.6	6.1

E: MOFSL Estimates

Hero MotoCorp

Neutral

CMP INR1,825 | TP: INR2,072 (+14%)

EPS CHANGE (%): FY20|21: +2.6|-24.9

- Market share loss continues with the lowest share in 15 years.
- Higher discounts & op. deleverage are to hurt margins.
- BS4 inventory is to be largely sold by offering higher incentives.
- Cut in EPS is to factor in weaker volumes.

Quarterly Performance (S/A)

(INR Million)

Y/E March	FY19				FY20				FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	
Total Volumes ('000 nos)	2,105	2,134	1,800	1,781	1,843	1,691	1,541	1,335	7,821
Growth YoY (%)	13.3	5.5	5.3	-10.8	-12.4	-20.7	-14.4	-25.1	3.1
Net Realization	41,853	42,600	43,682	44,264	43,574	44,759	45,408	46,634	43,027
Growth YoY (%)	-2.6	2.9	2.1	3.2	4.1	5.1	4.0	5.4	1.3
Net Op Revenues	88,098	90,909	78,648	78,850	80,303	75,707	69,967	62,234	336,505
Growth YoY (%)	10.4	8.6	7.5	-7.9	-8.8	-16.7	-11.0	-21.1	4.4
RM Cost (% sales)	70.0	69.3	68.8	69.0	69.6	67.7	66.6	67.4	69.3
Staff Cost (% sales)	4.7	4.8	5.5	5.7	5.8	6.2	6.7	6.9	5.1
Other Exp (% sales)	9.7	10.8	11.6	11.8	10.1	11.6	11.8	11.9	10.9
EBITDA	13,773	13,787	11,048	10,693	11,580	11,011	10,390	8,624	49,301
EBITDA Margins (%)	15.6	15.2	14.0	13.6	14.4	14.5	14.8	13.9	14.7
Other Income	1,157	2,237	1,876	1,642	1,688	2,078	1,822	1,738	6,913
Interest	21	21	22	22	44	77	59	60	86
Depreciation	1,482	1,518	1,518	1,502	2,361	2,034	2,037	2,097	6,020
PBT before EO Exp/(Inc)	13,427	14,485	11,384	10,811	10,864	10,979	10,115	8,203	50,107
Effective Tax Rate (%)	32.3	32.6	32.4	32.4	32.9	15.7	13.0	23.2	32.4
Adj. PAT	9,092	9,763	7,691	7,303	6,526	9,210	8,804	6,304	33,849
Growth (%)	-0.5	-3.4	-4.5	-24.5	-28.2	-5.7	14.5	-13.7	-8.5

E: MOFSL Estimates

Mahindra & Mahindra

Buy

CMP INR353 | TP: INR519 (+47%)

EPS CHANGE (%): FY20|21: -10.7|-24.8

- Tractors segment is least impacted by COVID-19.
- Dom. UV & PV market share continues to erode.
- Volume decline adversely affects margins.
- EPS downgrade is to account for COVID-19 impact.

Quarterly Performance (incl MVML)

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Total Volumes (nos)	240,884	228,590	234,001	235,557	218,039	191,390	216,816	151,713	939,032	777,958
Growth YoY (%)	19.1	3.7	10.9	-2.2	-9.5	-16.3	-7.3	-35.6	8.1	-17.2
Net Realization	554,527	559,524	550,959	586,180	587,302	571,349	559,012	567,540	562,795	571,639
Growth YoY (%)	3.1	2.6	1.2	5.7	5.9	2.1	1.5	-3.2	2.8	1.6
Net Op. Income	133,577	127,902	128,925	138,079	128,055	109,351	121,203	86,103	528,482	444,711
Growth YoY (%)	22.8	6.4	12.2	3.4	-4.1	-14.5	-6.0	-37.6	11.1	-15.9
RM Cost (% of sales)	67.4	67.6	69.2	68.3	67.9	66.0	67.3	67.4	68.1	67.2
Staff (% of sales)	6.3	6.5	6.6	5.5	6.8	7.4	6.8	8.6	6.2	7.3
Oth. Exp. (% of Sales)	10.5	11.4	11.0	12.7	11.3	12.4	11.1	12.6	11.4	11.8
EBITDA	21,101	18,493	17,029	18,678	17,936	15,408	17,888	9,847	75,301	61,079
EBITDA Margins (%)	15.8	14.5	13.2	13.5	14.0	14.1	14.8	11.4	14.2	13.7
Interest	431	379	353	304	302	331	254	350	1,467	1,236
EBIT	4,295	4,986	5,054	5,696	5,839	5,721	5,900	6,038	20,030	23,497
Depreciation	16,806	13,508	11,975	12,982	12,097	9,688	11,988	3,809	55,271	37,581
EO Income/(Exp)	245	1,375	3,150	-1,047	13,671	0	-6,006	0	3,723	7,665
PBT after EO	18,550	22,981	18,195	14,103	27,384	17,582	7,821	5,957	73,829	58,744
Effective Tax Rate (%)	32.2	22.6	23.3	31.3	17.5	22.9	51.4	31.1	26.8	25.0
Adj PAT	12,393	16,782	11,655	10,459	9,180	13,548	8,305	4,104	51,288	35,138
Change (%)	64.9	19.1	12.5	-15.6	-25.9	-19.3	-28.7	-60.8	18.7	-31.5

E: MOFSL Estimates

Maruti Suzuki**Buy**

CMP INR5,095 | TP: INR6,280 (+23%)

EPS CHANGE (%): FY20|21: -4.1|-36.2

- Diesel exit and lockdown hurt volumes.
- Lower discounts & price increase are to aid gross margins.
- Weaker INR & op. deleverage are to hurt margins.
- Update on localization plan and product launches.

S/A Quarterly Performance

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Volumes ('000 units)	490.5	484.8	428.6	458.5	402.6	338.3	437.4	385.0	1,862.4	1,563.3
Change (%)	24.3	-1.5	-0.6	-0.7	-17.9	-30.2	2.0	-16.0	4.7	-16.1
Realizations (,000 INR/car)	457.9	458.6	458.9	468.1	489.8	502.1	473.4	485.9	461.9	486.9
Change (%)	3.0	3.7	2.6	2.1	7.0	9.5	3.2	3.8	3.0	5.4
Net operating revenues	224,594	222,332	196,683	214,594	197,198	169,853	207,068	187,100	860,203	761,219
Change (%)	28.0	2.1	2.0	1.4	-12.2	-23.6	5.3	-12.8	7.8	-11.5
RM Cost (% of sales)	69.0	68.7	71.4	71.9	71.5	71.2	72.5	71.5	70.0	71.7
Staff Cost (% of sales)	3.4	3.6	4.5	3.8	4.4	4.9	4.2	4.8	3.8	4.5
Other Cost (% of sales)	12.6	13.2	14.3	13.8	13.8	14.4	13.2	14.5	13.6	13.9
EBITDA	33,511	32,313	19,311	22,634	20,478	16,063	21,021	17,303	107,993	74,865
Change (%)	43.8	-12.1	-36.4	-24.9	-38.9	-50.3	8.9	-23.6	-12.3	123.4
Depreciation	7,198	7,212	7,677	8,102	9,186	9,261	8,580	8,473	30,189	35,500
EBIT	26,313	25,101	11,634	14,532	11,292	6,802	12,441	8,829	77,804	39,364
EBIT Margins (%)	11.7	11.3	5.9	6.8	5.7	4.0	6.0	4.7	9.0	5.2
Non-Operating Income	2,718	5,266	9,173	8,677	8,364	9,200	7,840	7,370	25,610	32,774
PBT	28,824	32,110	20,601	23,121	19,109	15,720	20,064	15,945	104,656	70,838
Effective Tax Rate (%)	31.5	30.2	27.7	22.3	24.9	13.6	22.0	22.2	28.3	21.0
Adjusted PAT	19,753	21,009	14,893	17,956	14,355	13,586	15,648	12,403	73,573	55,992
Change (%)	26.9	-15.4	-17.2	-12.9	-27.3	-35.3	5.1	-30.9	-6.8	-23.9

E: MOFSL Estimates

Motherson Sumi**Buy**

CMP INR71 | TP: INR98 (+38%)

EPS CHANGE (%): FY20|21: -3.6|-40.4

- Exposure to developed markets is to hurt performance.
- India wiring harness is to see a content increase in BS6.
- The EU business was operational up to 20th March.
- A high operating leverage is to hurt, resulting in EPS cut.

Quarterly performance (Consol.)

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	147,755	151,050	164,730	171,695	167,925	159,242	156,611	149,523	635,229	633,302
YoY Change (%)	13.0	12.6	14.5	11.4	13.7	5.4	-4.9	-12.9	12.8	-0.3
RM Cost (% of sales)	57.6	57.9	57.7	58.1	57.5	57.3	57.7	43.5	57.8	54.2
Staff Cost (% of sales)	21.9	21.7	22.5	23.0	23.3	22.8	23.8	33.6	22.3	25.7
Other Exp (% of sales)	11.0	11.8	11.3	11.6	11.7	11.6	10.6	15.5	11.4	12.3
EBITDA	14,121	13,001	13,934	12,428	12,550	13,190	12,358	11,044	53,484	49,142
Margins (%)	9.6	8.6	8.5	7.2	7.5	8.3	7.9	7.4	8.4	7.8
Depreciation	4,471	4,879	5,714	5,518	6,365	6,551	6,548	6,660	20,582	26,123
Interest	1,005	1,315	882	1,030	1,559	1,254	1,791	643	4,232	5,247
Other income	447	463	610	682	547	825	783	145	2,202	2,300
PBT after EO Expense	9,093	7,269	7,948	6,562	5,173	6,211	4,412	4,276	30,872	20,071
Tax Rate (%)	36.0	35.4	33.9	37.8	34.3	30.1	25.5	34.8	35.7	31.0
Min. Int & Share of profit	1,389	982	1,365	-17	84	496	480	1,033	3,719	2,092
Adj PAT	4,431	3,711	3,891	4,100	3,315	3,846	2,987	1,624	16,132	11,757
YoY Change (%)	21.8	-15.6	6.3	-23.1	-25.2	3.6	-23.2	-60.4	-5.2	-27.1

E: MOFSL Estimates

Tata Motors**Buy****CMP INR73 | TP: INR90 (+23%)****EPS CHANGE (%): FY20|21: PTL**

- COVID-19 has put the brakes on JLR product/market mix improvement.
- India business is also to be hurt by operating deleverage.
- High uncertainty for JLR volumes, particularly in EU, UK, & US in 1HFY21, although China is making a comeback.
- EPS cut reflects volume cut & op. deleverage.

Quarterly Performance [Consol]**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Op Income	667,011	719,811	769,159	864,220	614,670	654,320	716,761	612,012	3019,384	2597,762
Growth (%)	14.0	2.3	4.8	-3.9	-7.8	-9.1	-6.8	-29.2	3.6	-14.0
EBITDA	50,504	66,266	59,557	80,193	29,955	71,605	71,965	35,497	255,702	209,022
EBITDA Margins (%)	7.6	9.2	7.7	9.3	4.9	10.9	10.0	5.8	8.5	8.0
JLR EBITDA Margins (%)	6.2	9.1	7.3	9.8	4.2	13.8	10.8	6.2	8.2	9.1
S/A EBITDA (%)	8.6	8.5	8.8	7.3	6.4	-1.7	2.9	-0.4	8.3	2.2
Depreciation	58,571	59,412	64,393	53,531	51,117	52,996	51,993	53,622	235,906	209,728
Other Income	6,050	7,482	6,668	8,636	8,360	6,726	9,001	1,691	29,653	25,778
PBT before EO Exp	-25,842	-2,932	-12,144	23,722	-31,294	5,821	13,510	-29,628	-17,196	-38,047
EO Exp/(Inc)	0	5,303	280,140	11,072	1,088	-391	11	0	296,516	708
PBT after EO Exp	-25,842	-8,234	-292,284	12,649	-32,382	6,212	13,499	-29,628	-313,712	-38,755
Tax rate (%)	16.1	-33.0	8.2	8.8	-6.1	71.7	-44.8	-2.4	7.8	-2.8
PAT	-21,686	-10,953	-268,232	11,535	-34,343	1,758	19,545	-30,351	-289,337	-39,847
Minority Interest	-398	-393	-317	88	-187	289	176	-640	-1,020	-362
Share in profit of Associate	3,060	859	-1,376	-448	-2,454	-3,635	-1,986	-2,573	2,095	-10,648
Adj PAT	-19,024	-5,597	-11,551	21,387	-35,980	-1,949	17,744	-33,563	-14,785	-53,674
Growth (%)	(295.9)	(122.5)	(196.1)	(31.6)	89.1	(65.2)	(253.6)	NA	-119.0	NA

TVS Motor Company**Neutral****CMP INR277 | TP: IN297 (+7%)****EPS CHANGE (%): FY20|21: -3.8|-34**

- Dom. market share is moderating from FY19 levels.
- Op. deleverage is to hurt margins on a QoQ basis.
- Export growth continues to be good for both 2Ws & 3Ws.
- EPS cut is to reflect the COVID-19 impact and a weak INR.

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

Y/E March (INR m)	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Volumes ('000 units)	928.3	1,088.4	989.8	907.3	923.2	885.8	821.5	632.9	3,915.0	3,263.5
Growth (%)	15.7	14.7	19.8	2.0	(0.5)	(18.6)	(17.0)	(30.2)	13.0	(16.6)
Realization (INR '000/unit)	44.9	45.9	47.1	48.4	48.4	49.1	50.2	52.1	46.5	49.8
Growth (%)	6.0	7.1	5.3	7.3	7.7	7.0	6.6	7.8	6.2	7.0
Net Sales	41,710	49,935	46,640	43,876	44,686	43,478	41,255	32,987	182,099	162,406
Growth (%)	22.7	22.8	26.1	9.5	7.1	(12.9)	(11.5)	(24.8)	20.0	(10.8)
EBITDA	3,238	4,282	3,757	3,117	3,558	3,820	3,633	2,632	14,333	13,642
EBITDA Margin(%)	7.8	8.6	8.1	7.1	8.0	8.8	8.8	8.0	7.9	8.4
Interest	180	212	167	247	291	285	211	228	806	1,015
Depreciation	933	1,016	1,012	1,031	1,194	1,241	1,213	1,265	3,993	4,912
Other Income	26	7	7	36	12	49	9	32	75	102
PBT before EO Exp	2,150	3,062	2,585	1,875	2,085	2,343	2,218	1,172	9,610	7,817
EO Exp	0	0	0	0	0	-760	760	0	0	0
Tax rate (%)	30.6	31.0	31.0	26.7	31.8	17.8	16.9	23.1	30.3	22.2
Adjusted PAT	1,492	2,113	1,784	1,374	1,423	1,958	1,803	900	6,701	6,084
Growth (%)	15.2	(0.9)	15.6	(17.0)	(4.6)	(7.3)	1.0	(34.5)	1.1	(9.2)

E: MOFSL Estimates

Capital Goods

Company name

ABB
Bharat Electronics
BHEL
Blue Star
CG Consumer Elect.
Cummins India
Engineers India
Havells India
Larsen & Toubro
Siemens
Thermax
Voltas

Lockdown in peak season to weigh on earnings

Muted expectation despite favorable base; commentary on working capital management to watch out for

- While we expect overall 4QFY20 revenue growth in the low single digits at 3.3%, excluding L&T, the sector is expected to be flat YoY.
- The operating profit margin at the aggregate level is estimated at 12.6% (flat YoY), as companies seek to rationalize their cost structure amid slowdown in capex and allied industrial activities.
- Working capital management is the priority over the next six months, and we would look out for management commentary and the steps being undertaken for the same. In such turbulent times, L&T, ABB, and Siemens are better placed compared to peers in the industrials space, while Havells and Voltas can weather off risks better in the consumer durables segment.

Excluding L&T, revenue growth to remain flat YoY

We expect companies under our coverage universe to deliver low single-digit revenue growth at the aggregate level. However, excluding L&T, revenue growth is estimated to be flat YoY. L&T's core segment is expected to remain flat YoY due to slowdown in the economy, coupled with lockdown implemented toward the end of March. The Mindtree acquisition is expected to drive growth in L&T. Bharat Electronics should outperform the sectoral revenue growth trend owing to its strong execution of orders in hand in 4QFY20. We expect the company to report revenue growth of 47.5% on account of its execution of large ticket size orders, with the LRSAM order aiding execution. For ABB and Siemens, we expect de-growth of 11.6%/18.8% YoY due to the short-cycle nature of business being affected by lockdown. For companies in the electrical consumer durables space, Voltas' UCP segment is expected to grow owing to strong primary sales reported prior to lockdown. However, other segment categories across companies such as cables, switchgears, and lighting are expected to witness tepid growth due to loss of sales toward the end of March. With dealers pre-buying AC stock on account of uncertainty surrounding inventory availability into the summer season, a delayed summer in the north, and lockdown witnessed toward the end of March, we expect higher channel inventories of seasonal products such as RACs and fans.

Absence of operating leverage to weigh on margins and profitability

Operating margins are expected to be flat YoY, with a number of companies losing out on sales towards the end of March; hence, we do not foresee any benefit of operating leverage in the peak season. We believe cost rationalization measures undertaken by companies would largely support margins. Operating profit margins at the aggregate level are estimated at 12.6%. On the other hand, EBITDA at the aggregate level is expected to rise 3.4% YoY, with aggregate net profit likely to come in flat YoY, in spite of lower corporate tax rates. **PBT is expected to decline 6.2% YoY in the absence of operating leverage.**

INR depreciation to affect imports once demand resumes

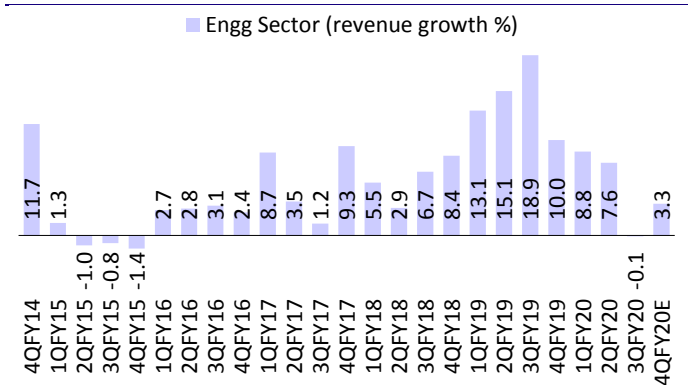
INR depreciation of 6.6% YoY in 4QFY20 against the USD could potentially have a negative impact on the earnings of companies such as Voltas and Blue Star due to their reliance on imports of compressor and indoor units from China. Import duty was also raised on their key products. Engineering companies such as Siemens and ABB are net importers, but they largely hedge. On the other hand, while Cummins generally benefits from INR depreciation, the scenario is different this time as exports are likely to shrink and no benefit would accrue from exports as a consequence.

Mitigating risk from lockdown and understanding FY21 outlook key monitorables

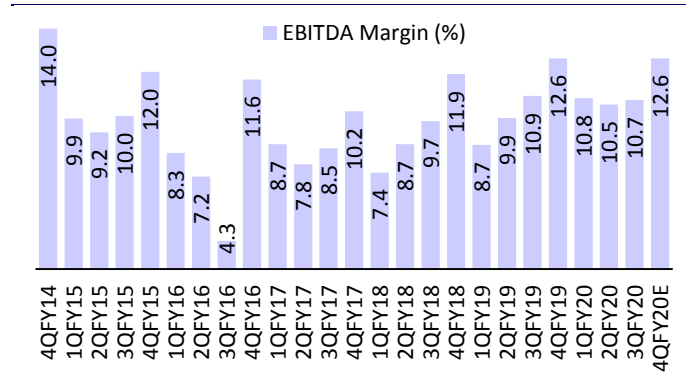
With the lockdown being extended up to the end of April, companies will have lost out on a whole month of sales in 1QFY21 after missing the critical last 1-2 weeks in March. Hence, key monitorables for capital goods companies would be to understand their risk mitigation strategy amid this lockdown as well as the outlook for FY21. For companies in the consumer durables segment, such as Voltas, Blue Star, and Havells (Lloyd), the summer season stands to be a complete washout, resulting in a huge inventory buildup in the channel due to the absence of secondary sales. The key monitorable for these companies would be the level of inventory in the channel. We expect Havells to be better off than highly seasonal companies such as Voltas and Blue Star.

Exhibit 1: Summary of expected quarterly performance

Sector	CMP		Sales (INR M)			EBDITA (INR M)			Net Profit (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
ABB	919	Buy	16,350	-11.6	-16.3	1,148	-21.1	-17.1	832	-6.5	-26.6
Bharat Electronics	70	Buy	57,300	47.5	152.3	11,742	26.4	231.0	8,238	23.2	283.0
BHEL	21	Neutral	97,898	-4.9	72.4	10,067	-27.8	206.3	6,151	-9.9	287.3
Blue Star	478	Neutral	15,464	-3.1	25.1	997	-8.9	74.8	567	-31.2	168.1
CG Consumer Elect.	219	Buy	12,108	0.3	13.0	1,673	-0.7	22.2	1,300	14.8	25.4
Cummins India	376	Neutral	11,702	-12.7	-19.5	1,294	-24.7	-40.0	1,134	-19.5	-42.6
Engineers India	67	Buy	7,674	25.3	-13.8	1,053	12.9	23.1	1,232	29.6	13.3
Havells India	559	Neutral	25,547	-7.2	12.5	2,762	-14.5	3.3	2,120	2.5	5.8
Larsen & Toubro	880	Buy	4,59,187	6.0	26.7	59,935	13.5	45.6	32,541	1.2	50.6
Siemens	1195	Neutral	28,830	-18.8	8.0	2,990	-29.8	-11.2	2,390	-19.2	-9.0
Thermax	704	Neutral	17,117	-17.5	21.4	1,347	-21.1	19.0	1,067	-14.2	25.6
Voltas	516	Buy	20,657	0.1	38.4	1,738	20.4	78.2	1,172	-16.1	34.8
Aggregate			7,69,832	3.3	31.3	96,746	3.4	54.8	58,744	0.3	58.2

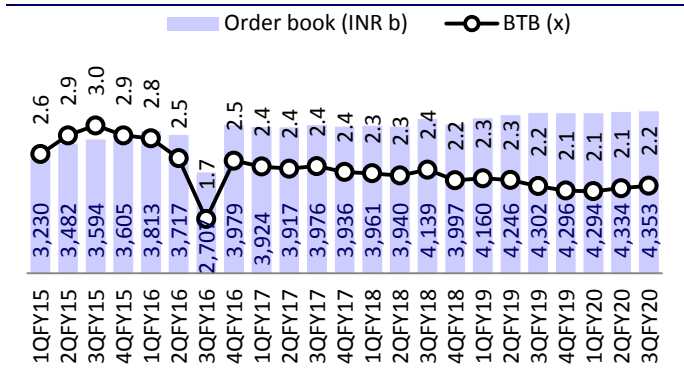
Exhibit 2: Revenue growth to remain muted

Source: MOFSL, Company

Exhibit 3: EBITDA margin to remain flat YoY

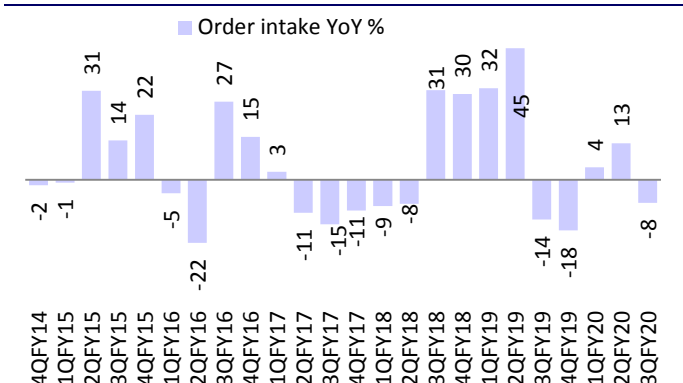
Source: MOFSL, Company

Exhibit 4: Book-to-bill stable at 2.2x



Source: MOFSL, Company

Exhibit 5: Order inflow trend

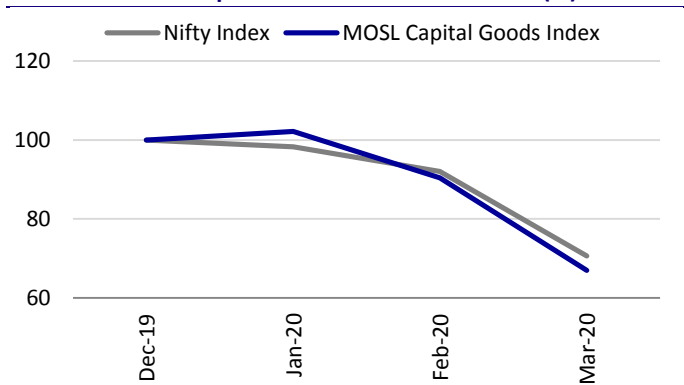


Source: MOFSL, Company

Exhibit 6: Summary of comparative full-year valuation

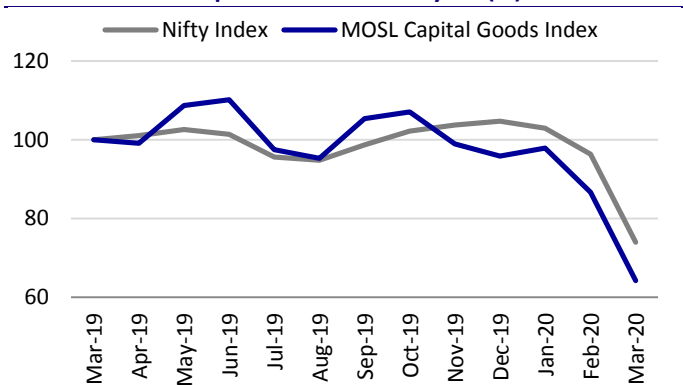
Company Name	CMP		EPS (INR)			PE (x)			PB (x)			RoE (%)		
	INR	Reco	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Capital Goods						18.3	19.9	15.1	2.1	2.0	1.8	11.3	9.8	11.8
ABB	919	Buy	16.6	15.7	26.8	55.5	58.6	34.3	5.5	5.2	4.6	10.0	8.8	13.5
Bharat Electronics	70	Buy	6.5	7.2	8.2	10.7	9.7	8.6	1.7	1.6	1.4	15.9	16.1	16.7
BHEL	21	Neutral	1.9	1.9	2.2	11.0	11.2	9.7	0.2	0.2	0.2	2.1	2.1	2.4
Blue Star	478	Neutral	20.2	15.2	26.2	23.7	31.3	18.2	4.9	4.6	4.2	20.5	14.6	22.8
CG Consumer Elect.	219	Buy	7.5	7.7	9.7	29.3	28.3	22.7	9.6	8.0	6.7	32.8	28.3	29.4
Cummins India	376	Neutral	22.9	17.3	22.4	16.4	21.7	16.7	2.4	2.3	2.2	14.5	10.5	12.9
Engineers India	67	Buy	6.7	7.6	8.2	10.0	8.9	8.2	1.9	1.8	1.7	17.9	19.3	19.9
Havells India	559	Neutral	12.3	11.0	14.7	45.6	51.0	37.9	7.4	6.8	6.1	16.2	13.3	16.0
K E C International	164	Buy	23.1	24.0	25.5	7.1	6.8	6.4	1.4	1.2	1.0	20.2	17.7	16.2
Larsen & Toubro	880	Buy	70.4	61.6	84.6	12.5	14.3	10.4	1.8	1.7	1.5	13.9	11.0	13.9
Siemens	1,195	Neutral	30.5	29.4	37.2	39.2	40.6	32.1	4.7	4.3	3.9	12.0	10.7	12.2
Thermax	704	Neutral	24.9	29.1	39.2	28.3	24.2	17.9	2.5	2.3	2.1	8.8	9.6	11.8
Voltas	516	Buy	15.4	14.8	21.0	33.4	34.7	24.5	3.8	3.6	3.2	11.5	10.3	13.2

Exhibit 7: Relative performance – three months (%)



Source: Bloomberg, MOFSL

Exhibit 8: Relative performance – one year (%)



Source: Bloomberg, MOFSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

ABB**Buy****CMP INR919 | TP: INR1,255 (+37%)****EPS CHANGE (%): CY20|21: -|-**

- Revenue decline partly ascribed to high base effect and loss of sales due to lockdown towards the end of March.
- New corporate tax rate to partly offset weak operating performance (PAT -6.5% YoY).
- The EBITDA margin is to decline 90bp YoY and EBITDA 21.1% YoY in the absence of operating leverage.
- Watch out for commentary on reopening of production facilities and possible impact on CY20.

Quarterly Performance**(INR m)**

Y/E December	CY19				CY20E				CY19	CY20E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales	18,503	17,258	17,456	19,533	16,350	10,900	16,700	23,425	73,151	67,375
Change (%)	18.1	3.6	17.0	(0.7)	(11.6)	(36.8)	(4.3)	19.9	9.3	(7.9)
EBITDA	1,455	1,239	1,234	1,384	1,148	344	1,105	1,744	5,312	4,341
Change (%)	62.6	41.5	88.7	-35.8	-21.1	-72.2	-10.4	26.0	16.0	-18.3
As % of Sales	7.9	7.2	7.1	7.1	7.0	3.2	6.6	7.4	7.3	6.4
Depreciation	233	220	227	224	225	225	225	225	904	900
Interest	26	96	44	47	50	50	50	50	214	200
Other Income	191	204	164	384	240	220	250	488	943	1,198
Extra-ordinary Income	272	-	-	(748)	-	-	-	-	(476)	-
PBT (Before Exceptionals)	1,387	1,127	1,127	1,497	1,113	289	1,080	1,958	5,137	4,440
Tax	497	429	339	362	280	73	272	492	1,627	1,118
Effective Tax Rate (%)	35.8	38.1	30.1	24.2	25.2	25.2	25.2	25.1	31.7	25.2
Reported PAT	1,162	697	788	387	832	216	808	1,466	3,034	3,322
Adj. PAT	890	697	788	1,135	832	216	808	1,466	3,510	3,322
Change (%)	95.2	58.9	118.6	-11.8	-6.5	-69.0	2.5	29.2	38.1	-5.4

Bharat Electronics**Buy****CMP INR70 | TP: INR86 (+23%)****EPS CHANGE (%): FY20|21: -|-**

- Base quarter saw INR1.5b in sales from EVM/VVPAT.
- Robust OB of INR518b, OB/revenue at 4x.
- Adjusted for EVM/VVPAT, sales growth is to be 51.4% YoY.
- Commentary on FY21 revenue and margin outlook, and likely revenue accretion from ventilator orders.

Quarterly Performance**(INR m)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	21,021	33,814	27,165	38,846	21,015	27,427	22,710	57,300	1,20,846	1,28,453
Change (%)	22.1	36.7	8.4	7.7	0.0	-18.9	-16.4	47.5	17.1	6.3
EBITDA	3,105	8,544	7,681	9,290	3,481	5,447	3,547	11,742	28,621	24,218
Change (%)	87.5	44.1	72.5	16.7	12.1	-36.2	-53.8	26.4	43.1	-15.4
As of % Sales	14.8	25.3	28.3	23.9	16.6	19.9	15.6	20.5	23.7	18.9
Depreciation	689	743	797	933	828	857	861	913	3,162	3,459
Interest	3	0	0	119	3	12	1	106	122	122
Other Income	89	143	176	1,288	254	150	332	464	1,695	1,200
PBT	2,502	7,944	7,060	9,526	2,904	4,729	3,017	11,187	27,032	21,836
Tax	705	2,230	1,984	2,840	856	1,334	866	2,949	7,759	6,005
Effective Tax Rate (%)	28.2	28.1	28.1	29.8	29.5	28.2	28.7	26.4	28.7	27.5
Reported PAT	1,797	5,713	5,076	6,686	2,048	3,395	2,151	8,238	19,273	15,831
Change (%)	43.4	38.5	67.6	19.7	13.9	-40.6	-57.6	23.2	37.7	-17.9
Adj PAT	1,797	5,713	5,076	6,686	2,048	3,395	2,151	8,238	19,273	15,831
Change (%)	43.4	38.5	67.6	19.7	13.9	-40.6	-57.6	23.2	37.7	-17.9

BHEL**Neutral****CMP INR21 | TP: INR22 (+3%)****EPS CHANGE (%): FY20|21: -|-**

- Revenue to decline in the absence of a seasonal push at the end of the year.
- Operating profit is to decline 28% YoY, margin -320bp YoY.
- Expect 200bp YoY decline in gross margins at 41% (9MFY20: 38.4%).
- Watch out for any movement in receivables position and the impact of lockdown on operations.

Quarterly Performance**(INR m)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales (Net)	59,355	67,799	73,364	1,02,972	45,317	62,257	56,794	97,898	3,03,490	2,62,265
Change (%)	6.3	7.7	10.1	1.5	-23.7	-8.2	-22.6	-4.9	4.9	-13.6
EBITDA	2,872	2,408	2,187	13,952	-2,667	2,669	3,287	10,067	21,420	13,355
Change (%)	41.6	NA	-17.5	13.3	NA	10.8	50.3	-27.8	10.8	-37.6
As a % Sales	4.8	3.6	3.0	13.5	-5.9	4.3	5.8	10.3	7.1	5.1
Interest	639	689	577	964	1,080	1,187	1,391	1,342	2,869	5,000
Depreciation	1,761	521	1,124	1,342	1,148	1,193	1,145	1,276	4,748	4,761
Other Income	1,786	1,517	2,265	1,209	1,455	1,356	1,512	1,119	6,776	5,443
Net Extra-ordinary Expenses										
PBT	2,259	2,715	2,751	12,854	-3,440	1,645	2,263	8,569	20,579	9,037
Tax	703	863	831	6,027	-1,277	459	675	2,418	8,425	2,275
Effective Tax Rate (%)	31.1	31.8	30.2	46.9	37.1	27.9	29.8	28.2	40.9	25.2
Reported PAT	1,556	1,852	1,920	6,827	-2,162	1,186	1,588	6,151	12,154	6,762
Change (%)	92.5	60.4	25.3	49.3	NA	-36.0	-17.3	-9.9	50.7	-44.4
Adj. PAT	1,556	1,852	1,920	6,827	-2,162	1,186	1,588	6,151	12,154	6,762
Change (%)	92.5	60.4	25.3	49.3	NA	-36.0	-17.3	-9.9	50.7	-44.4

Blue Star**Neutral****CMP INR478 | TP: INR515 (+8%)****EPS CHANGE (%): FY20|21: - 12|-54.0**

- UCP/MEP revenue to grow/decline +3%/-9% YoY.
- Adj. PAT is to decline 31% YoY to INR567m.
- Op. margin is flat in UCP YoY, MEP (+150bp) YoY.
- Inventory in the channel and outlook for ACs in 2HFY20.

Quarterly Performance**(INR m)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	15,078	10,322	10,990	15,958	15,755	12,495	12,359	15,464	52,348	56,072
Change (%)	-0.2	21.5	17.9	18.5	4.5	21.0	12.5	-3.1	12.8	7.1
EBITDA	1,367	581	423	1,094	1,149	736	570	997	3,465	3,452
Change (%)	23.6	18.7	-7.9	81.3	-16.0	26.7	34.7	-8.9	30.3	-0.4
As of % Sales	9.1	5.6	3.9	6.9	7.3	5.9	4.6	6.4	6.6	6.2
Depreciation	161	169	183	237	203	216	223	227	749	870
Interest	121	117	131	110	82	68	76	74	479	300
Other Income	33	49	104	61	217	106	61	67	247	450
Extra-ordinary Items	152	-27	-72	-26	0	-17	-16	0	27	-33
PBT	1,118	344	214	808	1,080	558	332	762	2,484	2,731
Tax	325	78	10	7	325	169	120	221	420	834
Effective Tax Rate (%)	29	23	5	1	30	30	36	29	17	31
MI/Share of profit from JV	(29)	(43)	(141)	23	14	8	(1)	26	(191)	47
Reported PAT	916	195	-9	798	768	379	196	567	1,900	1,911
Change (%)	20.3	-14.0	-107.0	151.9	-16.1	94.1	NM	-29.0	32.0	0.5
Adj PAT	764	223	62	825	768	397	212	567	1,874	1,943
Change (%)	0.3	-2.0	-53.5	212.1	0.6	78.0	239.5	-31.2	35.1	3.7

CG Consumer Elect.**Buy****CMP INR219 | TP: INR270 (+23%)****EPS CHANGE (%): FY20|21: -4|-21**

- ECD is to grow +6.2% YoY, while lighting is to decline 14.5% YoY.
- Lower tax rate to arrest PAT decline (+8.2% YoY).
- EBITDA margin (-20bp YoY), EBITDA flat YoY.
- Watch out for consumer demand across products post lockdown.

Quarterly Estimates**(INR m)**

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	12,039	10,378	10,303	12,069	13,468	10,758	10,713	12,108	44,789	47,048
Change (%)	20.2	8.1	9.8	7.2	11.9	3.7	4.0	0.3	9.8	5.0
EBITDA	1,673	1,239	1,261	1,685	1,919	1,295	1,369	1,673	5,858	6,256
Change (%)	29.3	2.7	8.2	2.5	14.7	4.5	8.6	-0.7	10.3	6.8
As of % Sales	13.9	11.9	12.2	14.0	14.2	12.0	12.8	13.8	13.1	13.3
Depreciation	31	32	33	33	58	64	64	64	129	250
Interest	152	150	150	143	150	87	87	76	596	400
Other Income	88	98	124	172	173	122	174	206	483	675
PBT	1,578	1,155	1,202	1,681	1,885	1,267	1,391	1,739	5,616	6,281
Tax	535	386	405	549	660	154	355	439	1,875	1,608
Effective Tax Rate (%)	33.9	33.4	33.7	32.7	35.0	12.1	25.5	25.3	33.4	25.6
Adjusted PAT	1,043	769	797	1,132	1,224	1,113	1,036	1,300	3,741	4,673
Change (%)	29.9	8.6	14.6	9.7	17.4	44.7	30.1	14.8	15.5	24.9
Extra-ordinary Income (net)	-	-	-	285	-	-	574	-	285	574
Reported PAT	1,043	769	797	1,417	1,224	1,113	1,610	1,300	4,025	5,247
Change (%)	29.9	8.6	14.6	37.3	17.4	44.7	102.1	(8.2)	24.3	30.4

Cummins India**Neutral****CMP INR376 | TP: INR360 (-4%)****EPS CHANGE (%): FY20|21: -|-**

- Revenue expectation: Domestic (-9%), Exports (-26%) YoY.
- Op. margins are to contract (170bp YoY) due to an adverse mix.
- Demand in ME and Europe is expected to remain weak.
- Watch out for FY21 guidance and outlook on demand once lockdown is lifted.

Quarterly Performance**(INR M)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	13,280	14,869	15,038	13,404	13,430	13,084	14,534	11,702	56,590	52,750
Change (%)	-1.0	28.9	11.0	8.7	1.1	-12.0	-3.3	-12.7	11.3	-6.8
EBITDA	2,147	2,509	2,267	1,718	1,514	1,525	2,158	1,294	8,641	6,490
Change (%)	9.9	49.8	15.3	-0.7	-29.5	-39.2	-4.8	-24.7	24.0	-11.7
As of % Sales	16.2	16.9	15.1	12.8	11.3	11.7	14.8	11.1	15.3	12.3
Depreciation	271	274	279	280	291	293	296	296	1,103	1,175
Interest	36	40	41	45	52	55	47	46	162	200
Other Income	696	785	755	692	769	926	723	617	2,928	3,035
PBT	2,536	2,980	2,702	2,085	1,940	2,102	2,538	1,569	10,304	8,150
Tax	706	865	831	676	525	269	564	435	3,078	1,793
Effective Tax Rate (%)	27.8	29.0	30.8	32.4	27.1	12.8	22.2	27.7	29.9	22.0
Adjusted PAT	1,830	2,116	1,871	1,409	1,415	1,833	1,975	1,134	7,226	6,357
Change (%)	10.2	38.4	8.7	(12.6)	(22.7)	(13.4)	5.6	(19.5)	10.8	(12.0)
Extra-ordinary Income (net)	-	-	-	-	-	-	-112	-	-	-112
Reported PAT	1,830	2,116	1,871	1,409	1,415	1,833	1,862	1,134	7,226	6,244
Change (%)	(17.6)	38.4	8.7	(12.6)	(22.7)	(13.4)	(0.5)	(19.5)	2.0	(13.6)

Engineers India**Buy****CMP INR67 | TP: INR100 (+49%)****EPS CHANGE (%): FY20|21: -|-10**

- Turnkey segment is expected to drive growth (+51% YoY).
- The operating margin is to decline by 150bp YoY.
- Adj. PAT is to grow 30% owing to lower tax rates.
- Watch out for update on execution across various sites.

Quarterly Performance**(INR M)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	5,733	6,814	5,770	6,126	7,349	7,237	8,906	7,674	24,443	31,166
YoY Change (%)	52.7	58.8	21.9	20.2	28.2	6.2	54.4	25.3	36.7	27.5
Total Expenditure	4,870	5,899	4,821	5,193	5,954	6,168	8,050	6,620	20,783	26,793
EBITDA	864	915	949	933	1,395	1,069	856	1,053	3,660	4,374
Margins (%)	15.1	13.4	16.4	15.2	19.0	14.8	9.6	13.7	15.0	14.0
Depreciation	55	57	53	58	57	58	56	63	224	234
Interest	2	4	3	4	3	4	4	1	12	12
Other Income	522	614	519	596	583	655	657	653	2,251	2,548
Extraordinary expense/income	0	0	0	0	0	0	0	0	0	0
PBT	1,328	1,468	1,411	1,467	1,917	1,663	1,453	1,642	5,675	6,675
Tax	462	491	504	517	676	986	366	410	1,974	2,438
Rate (%)	34.8	33.4	35.7	35.2	35.3	59.3	25.2	25.0	34.8	36.5
Reported PAT	866	978	908	950	1,241	678	1,087	1,232	3,701	4,237
Adj PAT	866	978	908	950	1,241	678	1,087	1,232	3,701	4,237
YoY Change (%)	6.3	-18.0	-16.3	0.1	43.3	-30.7	19.7	29.6	-8.4	14.5
Margins (%)	15.1	14.3	15.7	15.5	16.9	9.4	12.2	16.1	15.1	13.6

Havells India**Neutral****CMP INR 559 | TP: INR 590 (+5%)****EPS CHANGE (%): FY20|21: -8.0|-27.0**

- Revenue: Havells' core (-9%) / Lloyd (+1%) YoY.
- EBITDA margin (-90bp) YoY, EBITDA (-14.5%) YoY.
- Commentary on the demand scenario for key segments.
- Lloyd's strategy for 2HFY20 and the upcoming summer season.

Quarterly Performance**(INR m)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	25,963	21,910	25,184	27,519	27,120	22,303	22,699	25,547	1,00,576	97,668
Change (%)	39.5	23.3	28.1	8.6	4.5	1.8	-9.9	-7.2	23.6	-2.9
Adj EBITDA	3,123	2,625	2,946	3,229	2,757	2,341	2,673	2,762	11,922	10,532
Change (%)	81.1	2.2	12.3	-9.7	-11.7	-10.8	-9.2	-14.5	13.6	-11.7
Adj EBITDA margin (%)	12.0	12.0	11.7	11.7	10.2	10.5	11.8	10.8	11.9	10.8
Depreciation	350	391	353	391	469	531	552	582	1,486	2,134
Interest	26	37	36	61	47	51	53	49	159	200
Other Income	292	343	331	310	397	292	240	291	1,276	1,221
Extra-ordinary Items	-	-	-	-	-	-	-	-	-	-
PBT	3,039	2,540	2,888	3,086	2,637	2,051	2,309	2,422	11,553	9,419
Tax	935	754	931	1,018	898	237	305	302	3,637	1,742
Effective Tax Rate (%)	30.8	29.7	32.2	33.0	34.1	11.6	13.2	12.5	31.5	18.5
Reported PAT	2,104	1,786	1,957	2,068	1,739	1,814	2,004	2,120	7,915	7,676
Change (%)	73.3	4.4	0.7	-8.4	-17.3	1.5	2.4	2.5	11.1	-3.0
Adj PAT	2,104	1,786	1,957	2,068	1,739	1,814	2,004	2,120	7,915	7,676
Change (%)	73.3	4.4	12.9	-11.9	-17.3	1.5	2.4	2.5	13.0	-3.0

Larsen & Toubro**Buy****CMP INR880 | TP: INR1,200 (+36%)****EPS CHANGE (%): FY20|21: -|-19**

- Expect order inflows in the core business to decline 13% YoY (INR410b) (YoY decline in infrastructure and hydrocarbons orders).
- Watch out for the execution trend and outlook on some big ticket size orders.
- Consol. revenue driven by services revenue, core E&C: flat YoY (INR350b).
- Outlook on FY21 and commentary on risk management amid lockdown.

Quarterly Performance**(INR M)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	2,70,048	3,06,781	3,42,340	4,33,034	2,96,360	3,53,285	3,62,427	4,59,187	13,52,203	14,71,258
Change (%)	13.4	16.0	19.1	6.5	9.7	15.2	5.9	6.0	13.0	8.8
EBITDA	27,577	35,415	37,514	52,791	33,189	40,219	41,177	59,935	1,53,296	1,74,521
Change (%)	32.9	19.6	19.4	-2.1	20.4	13.6	9.8	13.5	13.0	13.8
Margin (%)	10.2	11.5	11.0	12.2	11.2	11.4	11.4	13.1	11.3	11.9
Depreciation	6,047	4,776	4,053	4,354	4,615	6,297	6,602	6,604	19,230	24,118
Interest	3,637	3,984	5,340	5,065	5,867	6,859	7,092	6,812	18,026	26,629
Other Income	2,280	4,085	5,891	6,110	3,844	5,964	4,749	2,981	18,365	17,538
PBT	20,173	30,740	34,012	49,481	26,552	33,028	32,232	49,500	1,34,406	1,41,312
Tax	8,896	8,171	11,261	12,344	7,948	7,911	7,110	13,031	40,671	36,000
Effective Tax Rate (%)	44.1	26.6	33.1	24.9	29.9	24.0	22.1	26.3	30.3	25.5
Adjusted PAT (Before MI & AI)	11,277	22,569	22,751	37,137	18,604	25,116	25,122	36,468	93,735	1,05,312
Reported PAT	12,148	22,305	20,416	34,182	14,726	25,273	23,521	35,290	89,051	98,810
Change (%)	36.1	22.6	37.0	7.9	21.2	13.3	15.2	3.2	20.8	11.0
Extraordinary Inc/(Exp) - incl. discontinued operations	854	4,327	1,436	2,024	185	2,188	1,913	2,749	8,641	7,035
Adjusted PAT	11,294	17,978	18,980	32,158	14,541	23,085	21,608	32,541	80,410	91,775
Change (%)	26.5	6.8	26.2	1.5	28.7	28.4	13.8	1.2	11.0	14.1

Siemens**Neutral****CMP INR1,195 | TP: INR1,450 (+21%)****EPS CHANGE (%): FY20|21: -|-**

- Revenue is expected to decline 19% YoY overall and across segments.
- Lower tax rate is expected to arrest PAT decline (-19% YoY).
- EBITDA margin is expected to contract 160bp YoY in the absence of operating leverage.
- Watch out for outlook on FY21 and the effects of lockdown on operations.

Quarterly Performance**(INR M)**

Y/E September	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Total Revenues	28,071	35,496	31,984	41,288	26,686	28,830	21,500	42,619	1,36,839	1,19,635
Change (%)	15.5	8.1	4.1	4.8	-4.9	-18.8	-32.8	3.2	7.5	-12.6
EBITDA	3,065	4,257	3,537	4,056	3,365	2,990	2,197	4,401	14,915	12,952
Change (%)	12.5	31.9	17.0	-3.1	9.8	-29.8	-37.9	8.5	13.3	-13.2
As % of Revenues	10.9	12.0	11.1	9.8	12.6	10.4	10.2	10.3	10.9	10.8
Depreciation	532	571	512	558	611	620	620	614	2,173	2,465
Interest	2	24	2	86	77	25	25	23	114	150
Other Income	877	830	825	1,414	855	850	850	1,113	3,946	3,668
Extra-ordinary Items	0	-157	0	0	0	0	0	0	-157	0
PBT	3,408	4,492	3,848	4,826	3,532	3,195	2,402	4,878	16,574	14,006
Tax	1,128	1,532	1,367	1,520	905	804	605	1,212	5,547	3,525
Effective Tax Rate (%)	33.1	34.1	35.5	31.5	25.6	25.2	25.2	24.8	33.5	25.2
Reported PAT	2,280	2,803	2,481	3,306	2,627	2,390	1,797	3,666	10,870	10,481
Adjusted PAT	2,280	2,960	2,481	3,306	2,627	2,390	1,797	3,666	11,027	10,481
Change (%)	19.7	34.7	21.4	18.4	15.2	-19.2	-27.6	10.9	23.4	-5.0

Thermax**Neutral****CMP INR 704 | TP: INR865 (+23%)****EPS CHANGE (%): FY20|21: -|-**

- Revenue: Energy / Environment / Chemical segment is to decline 14%/41%/7% YoY.
- Adj. PAT is expected to decline 14.2% YoY on a lower tax rate YoY.
- Revenue decline is partly due to higher base effect and lockdown towards the end of March.
- Demand outlook across segments and various markets once economic activity resumes.

Quarterly Performance**(INR M)**

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	10,353	14,276	14,366	20,737	13,925	16,059	14,101	17,117	59,732	61,200
Change (%)	18.7	38.2	28.6	43.7	34.5	12.5	-1.8	-17.5	33.8	2.5
EBITDA	693	1,100	1,073	1,708	991	1,303	1,132	1,347	4,574	4,774
Change (%)	-3.9	15.6	12.4	23.6	42.9	18.4	5.5	-21.1	14.1	4.4
As of % Sales	6.7	7.7	7.5	8.2	7.1	8.1	8.0	7.9	7.7	7.8
Depreciation	210	235	230	247	262	281	316	319	920	1,178
Interest	33	39	36	35	44	38	19	53	143	154
Other Income	310	356	313	520	216	220	258	328	1,499	1,021
Extra-ordinary Items	6	64	99	26	0	0	0	0	195	0
PBT	761	1,183	1,121	1,946	901	1,204	1,054	1,304	5,010	4,463
Tax	280	498	463	699	273	947	205	226	1,940	1,651
Effective Tax Rate (%)	36.8	42.1	41.3	35.9	30.3	78.7	19.4	17.4	38.7	37.0
Share of Profit /Loss from JV/Minority	3	-3	-7	-4	0	0	0	-11	(11)	(11)
Reported PAT	490	745	750	1,269	628	257	850	1,067	3,254	2,801
Change (%)	20.6	31.1	28.1	67.7	28.2	(65.5)	13.2	(15.9)	40.8	(13.9)
Adj PAT	483	682	651	1,243	628	257	850	1,067	3,059	2,801
Change (%)	19.0	19.9	11.2	64.2	29.8	(62.3)	30.4	(14.2)	32.4	(8.4)

Voltas**Buy****CMP INR516 | TP: INR620 (+20%)****EPS CHANGE (%): FY20|21: -|-21**

- Revenue: UCP (+10% YoY) owing to strong primary sales / EMP (-11% YoY).
- Adj. PAT is to decline 16% YoY on higher loss from Beko JV, lower other income and higher tax rate YoY.
- Op. profit (+20% YoY owing to favorable base), op margins +140bp YoY.
- Watch out for UCP segment outlook for 2HFY20, inventory level in channel, and outlook on execution in the EMPS segment.

Quarterly Performance**(INR M)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	21,481	14,214	14,918	20,628	26,540	14,219	14,925	20,657	71,241	76,342
Change (%)	10.5	37.1	8.5	0.7	23.6	0.0	0.0	0.1	11.2	7.2
EBITDA	2,432	1,085	1,157	1,443	2,912	1,059	976	1,738	6,117	6,684
Change (%)	16.7	26.7	-2.5	-43.0	19.7	-2.5	-15.7	20.4	-7.7	9.3
As of % Sales	11.3	7.6	7.8	7.0	11.0	7.4	6.5	8.4	8.6	8.8
Depreciation	59	60	62	59	77	80	80	79	240	317
Interest	27	64	132	106	44	49	57	50	330	200
Other Income	282	461	548	572	433	726	543	399	1,863	2,100
Extra-ordinary Items	0	0	-118	0	-301	-43			-118	-344
PBT	2,627	1,423	1,393	1,849	2,923	1,612	1,381	2,008	7,292	7,923
Tax	762	331	304	239	1,046	448	314	499	1,635	2,307
Effective Tax Rate (%)	29.0	23.2	20.1	12.9	32.4	27.1	22.7	24.8	22.1	27.9
Share of profit of associates/JV's	(26)	(58)	(279)	(215)	(225)	(100)	(198)	(337)	(578)	(860)
Reported PAT	1,839	1,035	809	1,396	1,652	1,064	869	1,172	5,079	4,757
Change (%)	-0.9	8.5	-19.4	-27.5	-10.2	2.9	7.4	-16.1	-11.3	-6.3
Adj PAT	1,839	1,035	927	1,396	1,953	1,107	869	1,172	5,197	5,101
Change (%)	0.2	8.5	-7.7	-28.1	6.2	7.0	-6.2	-16.1	-9.1	-1.8

Cement

Company name

ACC
Ambuja Cements
Birla Corporation
Dalmia Bharat
Grasim Industries
India Cements
J K Cement
Ramco Cement
Shree Cement
UltraTech Cement

Operating profits to remain strong despite lower volumes

Sharp price hikes in Jan'20 to drive margin expansion; North/Central outperform while South remains weak

In 4QFY20, we expect aggregate EBITDA for cement companies under our coverage to rise 10% YoY/24% QoQ, driven by 5% YoY/3.5% QoQ improvement in realization. This should result in 23% YoY/QoQ improvement in EBITDA per ton to INR1,113/t. Aggregate PAT should also rise 2% YoY/34% QoQ despite an expected 12% YoY volume decline due to plant shutdowns from 23rd Mar'20 owing to the COVID-19 outbreak.

EBITDA growth is, however, not uniform across India. It should be higher for companies in the North/Central-India where price growth is the strongest on a YoY basis. Thus, companies with higher exposure to these regions (like Shree, JK Lakshmi, Birla Corp, JK Cement and Ambuja) should report stronger EBITDA growth. On the other hand, companies with higher exposure to the South (like Ramco, India Cement and Dalmia Bharat) should witness YoY decline in EBITDA due to weak pricing trends in the region.

COVID-19 shutdown plays spoilsport for 4QFY20 volumes

Cement demand has been picking up well since Dec'19 with growth improving to 2-3% YoY as against 2% YoY decline seen in 9MFY20. However, the outbreak of COVID-19 has caused demand deterioration from mid-Mar'20. This has led to a complete shutdown of cement plants in compliance with the guidelines of the state/central governments from 23rd Mar'20. Further, this disruption has come at a time of seasonally peak demand period for cement causing higher volume loss, and resulting in an estimated overall 10-12% volume decline for the industry.

We expect volumes to decline 16% YoY for UTCM, 11% YoY for Ambuja, 10% for ACC and 6% YoY for SRCM. Amongst mid-caps, we expect volumes to decline 13% YoY for Ramco Cement, 8% for Dalmia Bharat, 13% for JK Lakshmi and 7% for JK Cement.

Price hikes in North/Central/East/West, marginal in South

All-India cement prices were up ~3% QoQ in 4QFY20, led by the East (up ~6% QoQ) with a hike of ~7% in Bihar/Jharkhand/West Bengal. Prices in the North were up ~4% QoQ (up ~16% YoY) due to a hike of 5% in Punjab.

Prices in the West were up ~4% QoQ in the quarter, led by Maharashtra (up ~6% QoQ). Prices in the Central region rose ~3% QoQ (up ~10% YoY). Prices in the South were up ~1% QoQ (down ~4% YoY), led by ~9% QoQ hike in AP/Telangana (down ~11% YoY) while Tamil Nadu saw a decline of ~3% QoQ (down ~6% YoY).

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Expect decline in fuel costs, operating leverage benefits

Cost tailwinds continued in 4QFY20 as domestic petcoke prices declined 15% YoY to INR7,597/t. Cost of imported coal was also lower in the quarter. Companies typically hold fuel inventory for 2-3 months, and we expect them to report savings in power and fuel costs even in subsequent quarters due to the correction in fuel prices. Diesel prices declined a marginal 1% QoQ, implying a flattish trend in freight costs. We expected overall costs for our cement coverage universe to decline ~1% QoQ to INR3,780/t (+0.6% YoY), largely led by lower power and fuel costs.

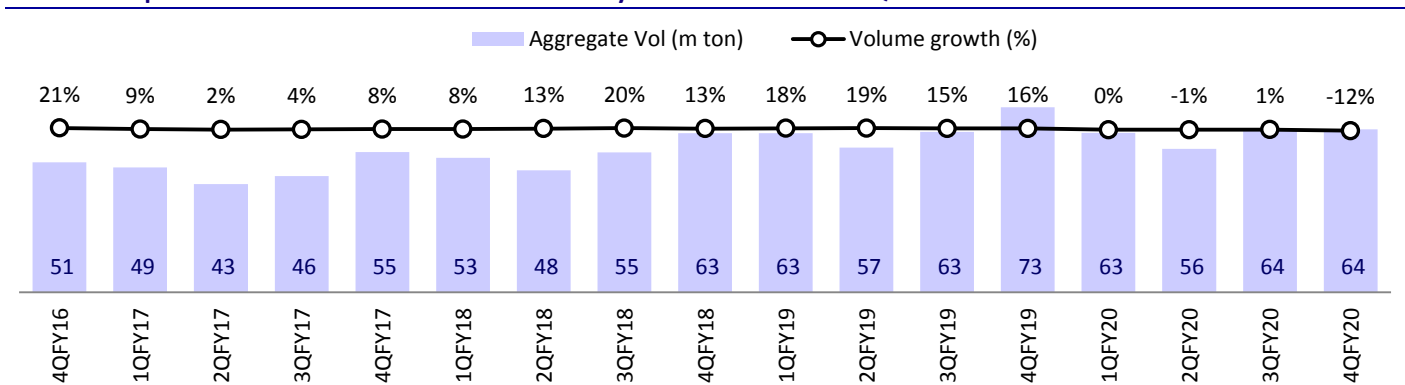
Top picks: ACC, UTCEM

We prefer companies, which (1) have a stronger balance sheet, (2) are moving down the cost curve, (3) are capable of gaining market share over the next three years, and 4) are trading at reasonable valuations. Thus, ACC and UltraTech are our preferred picks in the sector.

ACC's cash to market cap ratio stands at 23% and it is trading at only 5.5x CY21 EV/EBITDA, which is at historical lows. UltraTech also has a relatively healthy balance sheet and is trading at 10x FY22E EV/EBITDA, which is a 20% discount to its 10-year average.

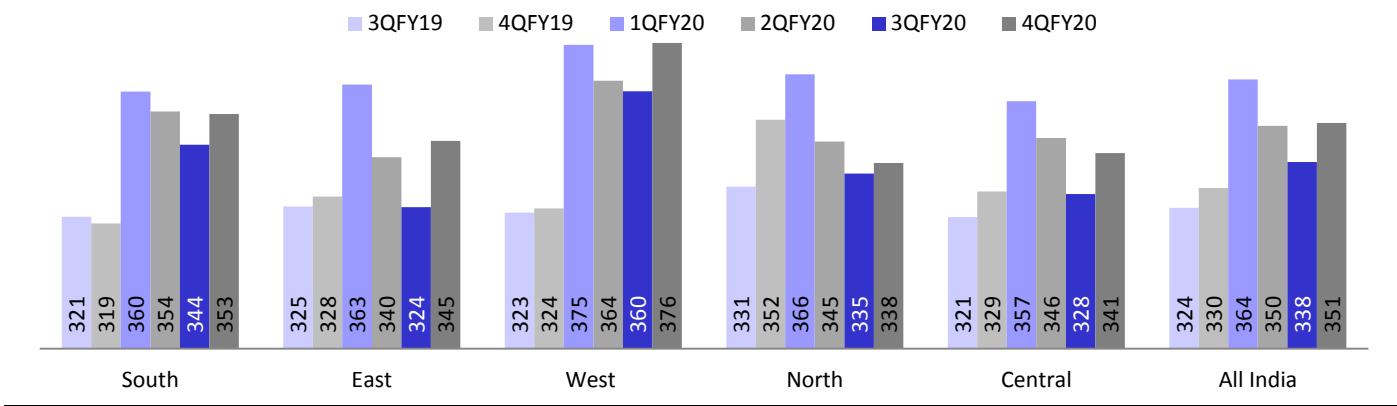
Exhibit 1: Summary of expected quarterly performance

Sector	CMP		Sales (INR M)			EBDITA (INR M)			Net Profit (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
ACC	1138	Buy	36,914	-5.8	-9.1	5,947	12.0	10.0	3,167	-6.4	17.6
Ambuja Cements	169	Neutral	28,005	-4.3	-10.7	5,434	17.3	-0.7	4,250	-0.5	-6.6
Birla Corporation	429	Buy	18,213	-2.7	6.2	3,980	28.6	35.1	1,656	29.2	103.2
Dalmia Bharat	544	Buy	25,363	-10.8	4.9	5,660	-12.8	23.9	252	-89.0	4.9
Grasim Industries	535	Neutral	42,107	-21.3	-6.4	3,933	-56.2	-4.9	1,715	-68.0	-12.0
India Cements	107	Neutral	13,543	-13.4	13.7	1,912	-0.5	48.6	358	-18.5	LP
J K Cements	1078	Buy	14,621	-2.0	4.1	3,229	15.5	16.2	1,509	0.6	9.7
Ramco Cements	517	Neutral	12,986	-15.1	1.9	2,381	-26.1	19.4	1,053	-37.5	11.1
Shree Cement	18156	Neutral	33,568	2.2	17.9	10,677	25.9	25.7	4,893	52.4	57.9
Ultratech Cement	3598	Buy	1,10,481	-10.7	6.7	27,504	8.3	30.6	11,628	8.9	44.1
Sector Aggregate			3,35,803	-9.6	2.1	70,658	0.5	21.5	30,481	-10.6	28.7

Exhibit 2: Expect MOFSL Universe volumes to decline by 12% YoY to 64mt in 4QFY20

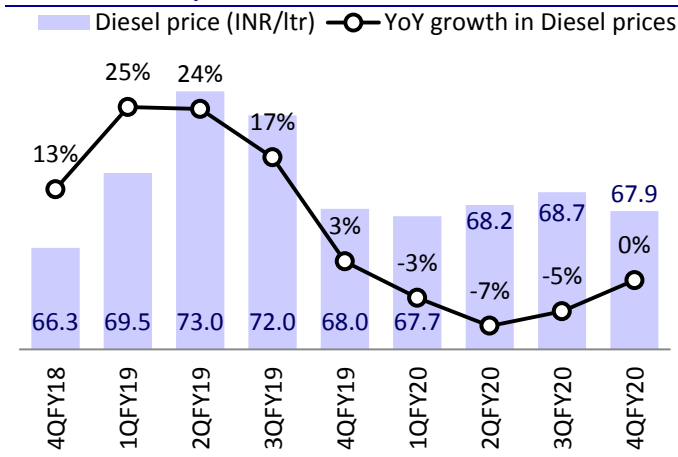
Source: Company, MOFSL

Exhibit 3: Pan-India 4QFY20 average cement prices (INR/bag) up 3-6% QoQ (except South)



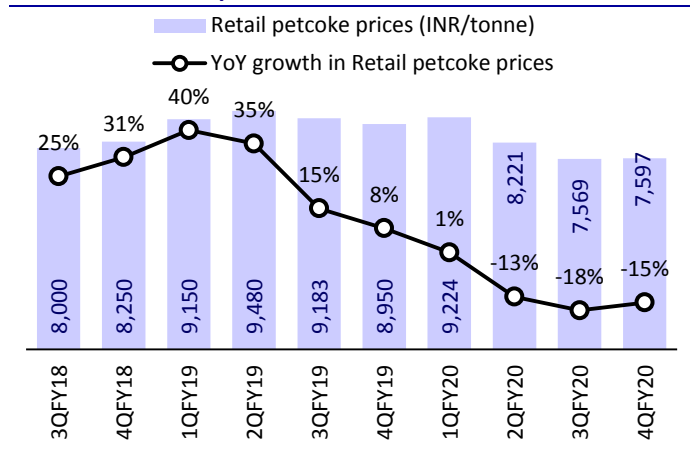
Source: Company, MOFSL

Exhibit 4: Diesel prices flat YoY in 4QFY20



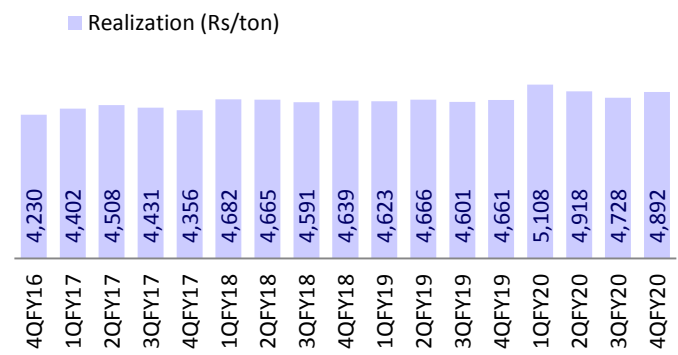
Source: Company, MOFSL

Exhibit 5: Petcoke prices down 15% YoY in 4QFY20



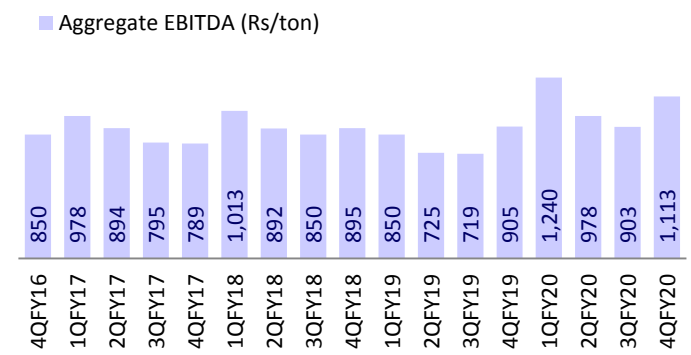
Source: Company, MOFSL

Exhibit 6: MOFSL coverage realization to increase 3.5% QoQ in 4QFY20



Source: Company, MOFSL

Exhibit 7: Profitability to increase by ~INR210/t QoQ in 4QFY20 led by higher realizations and lower cost



Source: Company, MOFSL

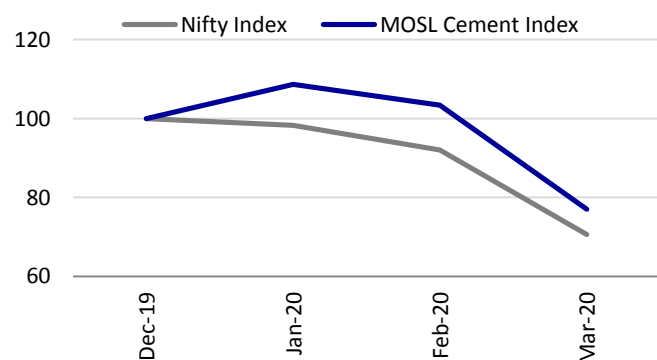
Exhibit 8: Key operating parameters

	Volume (m ton)			Realization (INR/ton)			EBITDA (INR/ton)		
	4QFY20	YoY (%)	QoQ (%)	4QFY20	YoY (INR)	QoQ (INR)	4QFY20	YoY (INR)	QoQ (INR)
ACC	6.8	-10.0	-13.0	4,815	206	200	881	173	185
Ambuja	5.7	-11.0	-13.0	4,845	390	200	956	231	119
UltraTech Cement	21.5	-15.8	2.8	5,144	297	191	1,281	286	273
Birla Corporation	3.5	-8.7	2.5	4,901	276	158	1,132	328	273
India Cements	2.9	-12.1	4.1	4,591	(106)	112	641	64	160
Shree Cement	6.9	-5.8	10.1	4,697	472	186	1,544	441	179
Dalmia Bharat	5.1	-8.2	0.2	4,962	(140)	221	1,107	(58)	211
J K Cements	2.7	-6.6	5.1	5,438	255	(52)	1,201	230	115
JK Lakshmi Cement	2.6	-13.1	9.9	4,455	468	136	845	399	192
The Ramco Cements	2.9	-13.3	0.3	4,541	(98)	66	845	(142)	131
Orient Cement	1.7	-5.7	27.1	4,033	(67)	83	508	(327)	197
Prism Johnson	1.6	-11.3	12.0	4,605	60	151	794	(177)	41
Sanghi Industries	0.5	-30.9	12.4	4,449	546	142	1,040	389	147
Sector Agg.	64	(11.9)	0.8	4,892	231	164	1,113	208	210

Exhibit 9: Cement: Valuation summary

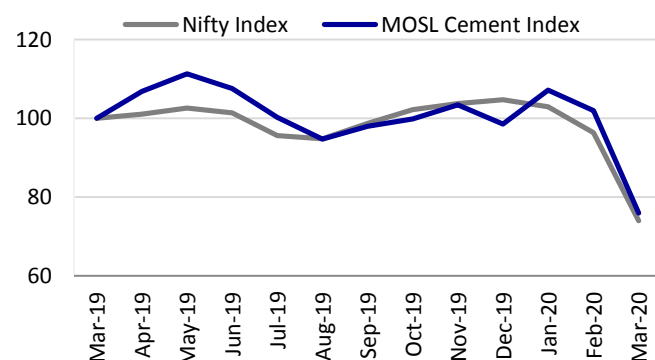
Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Cement						23.7	27.4	18.4	1.9	1.8	1.7	8.1	6.7	9.3
ACC	1,138	Buy	72.3	51.7	65.1	15.7	22.0	17.5	1.9	1.7	1.6	12.3	8.2	9.6
Ambuja Cements	169	Neutral	7.6	5.3	6.6	22.3	31.5	25.7	1.5	1.5	1.4	6.9	4.7	5.5
Birla Corporation	429	Buy	61.8	51.0	75.2	6.9	8.4	5.7	0.7	0.6	0.6	10.2	7.8	10.7
Dalmia Bharat	544	Buy	11.4	-5.5	16.1	47.5	-99.0	33.8	1.0	1.0	1.0	2.1	-1.0	2.9
Grasim Industries	535	Neutral	35.8	46.6	60.2	14.9	11.5	8.9	0.8	0.8	0.8	3.2	1.4	1.8
India Cements	107	Neutral	3.6	2.1	6.8	29.4	50.5	15.7	0.6	0.6	0.6	2.1	1.2	3.8
J K Cements	1,078	Buy	59.0	48.1	79.7	18.3	22.4	13.5	2.7	2.5	2.2	15.9	11.7	17.4
JK Lakshmi Cem.	200	Buy	22.1	12.7	20.1	9.1	15.7	10.0	1.4	1.3	1.1	16.0	8.3	11.9
Ramco Cements	517	Neutral	23.8	17.3	25.0	21.7	30.0	20.7	2.5	2.3	2.1	11.9	8.0	10.7
Shree Cement	18,156	Neutral	407.7	317.5	540.1	44.5	57.2	33.6	5.0	4.7	4.2	12.9	8.4	13.2
Ultratech Cement	3,598	Buy	132.6	117.3	183.1	27.1	30.7	19.6	2.7	2.5	2.2	10.8	8.8	12.5

Exhibit 10: Relative performance – 3 months (%)



Source: Bloomberg, MOFSL

Exhibit 11: Relative performance – 1 year (%)



Source: Bloomberg, MOFSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

ACC**Buy****CMP INR1000 | TP: INR1325 (+32%)****EPS CHANGE (%): CY20|21: -35|-26**

- Dispatches decline 10% YoY to 6.75mt in 1QCY20.
- Better realizations and lower cost to offset volume drop.
- EBITDA/t estimated at INR887 (+INR196 QoQ).
- Update on capacity expansion a key monitorable.

Quarterly Performance (Standalone)**(INR Million)**

Y/E December	CY19				CY20E				CY19	CY20E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Cement Sales (m ton)	7.50	7.20	6.44	7.76	6.75	3.96	6.63	7.79	28.9	25.1
YoY Change (%)	5.5	-0.6	-1.5	3.9	-10.0	-45.0	3.0	0.4	1.8	-13.0
Cement Realization	4,609	5,130	4,860	4,615	4,815	4,915	4,835	4,703	4,801	4,801
YoY Change (%)	1.6	7.7	3.8	0.5	4.5	-4.2	-0.5	1.9	3.4	0.0
QoQ Change (%)	0.4	11.3	-5.3	-5.0	4.3	2.1	-1.6	-2.7		
Net Sales	39,191	41,497	35,276	40,603	36,914	21,782	36,259	40,656	1,56,567	1,35,610
YoY Change (%)	8.1	7.8	2.7	4.2	-5.8	-47.5	2.8	0.1	5.8	-13.4
Total Expenditure	33,882	33,680	29,713	35,197	30,966	20,472	30,514	34,342	1,32,472	1,16,294
EBITDA	5,309	7,817	5,563	5,406	5,947	1,310	5,745	6,314	24,095	19,316
Margins (%)	13.5	18.8	15.8	13.3	16.1	6.0	15.8	15.5	15.4	14.2
Depreciation	1,467	1,460	1,504	1,600	1,610	1,485	1,485	1,562	6,030	6,142
Interest	209	199	163	292	200	180	200	167	862	747
Other Income	1,525	519	508	560	520	520	520	540	3,112	2,100
PBT before EO Item	5,159	6,677	4,405	4,074	4,657	165	4,580	5,125	20,315	14,527
EO Income/(Expense)	0	0	0	0	0	0	0	0	0	0
PBT after EO Item	5,159	6,677	4,405	4,074	4,657	165	4,580	5,125	20,315	14,527
Tax	1,774	2,164	1,406	1,381	1,490	55	1,511	1,753	6,726	4,809
Rate (%)	34.4	32.4	31.9	33.9	32.0	33.0	33.0	34.2	33.1	33.1
Reported PAT	3,384	4,513	3,000	2,692	3,167	111	3,068	3,371	13,589	9,718
Adjusted PAT	3,384	4,513	3,000	2,692	3,167	111	3,068	3,371	13,589	9,718
Margins (%)	8.6	10.9	8.5	6.6	8.6	0.5	8.5	8.3	8.7	7.2
YoY Change (%)	38.1	38.6	45.9	17.1	-6.4	-97.5	2.3	25.2	35.1	-28.5

Ambuja Cements**Neutral****CMP INR159 | TP: INR186 (+17%)****EPS CHANGE (%): CY20|21: -20|-19**

- Dispatches to decline by 11% YoY to 5.69mt in 1QCY20.
- EBITDA/t at INR956 (+ INR119/t QoQ).
- Lower fuel costs and higher pricing to improve margins.
- Update on capacity expansion a key monitorable.

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

Y/E December	CY19				CY20E				CY19	CY20E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales Volume (m ton)	6.39	5.87	5.26	6.54	5.69	2.94	5.00	6.82	24.06	20.44
YoY Change (%)	2.2	-8.1	-4.2	6.7	-11.0	-50.0	-5.0	4.2	-0.8	-15.1
Realization (INR/ton)	4,455	4,961	4,859	4,645	4,845	4,895	4,795	4,705	4,719	4,794
YoY Change (%)	0.8	8.3	5.8	3.0	8.8	-1.3	-1.3	1.3	4.3	1.6
QoQ Change (%)	-1.2	11.3	-2.0	-4.4	4.3	1.0	-1.0	-3.9		
Net Sales	29,276	29,783	26,261	31,359	28,005	14,568	24,212	32,363	1,16,679	99,148
YoY Change (%)	2.3	-1.3	0.5	9.5	-4.3	-51.1	-7.8	3.2	2.7	-15.0
EBITDA	4,633	6,984	4,398	5,474	5,434	1,439	3,975	6,255	21,489	17,103
Margins (%)	15.8	23.4	16.7	17.5	19.4	9.9	16.4	19.3	18.4	17.3
Depreciation	1,314	1,309	1,329	1,487	1,450	1,457	1,465	1,459	5,438	5,830
Interest	175	208	216	237	180	125	200	205	835	710
Other Income	2,402	580	628	656	1,900	550	600	639	3,990	3,689
PBT before EO Item	5,546	6,047	3,481	4,407	5,704	407	2,910	5,231	19,205	14,252
Extraordinary Inc/(Exp)	0	0	0	0	0	0	0	0	275	0
PBT after EO Exp/(Inc)	5,546	6,047	3,481	4,407	5,704	407	2,910	5,231	19,480	14,252
Tax Rate (%)	23.0	31.9	32.6	-3.2	25.5	25.5	25.5	25.5	4,195	3,634
Reported Profit	4,270	4,121	2,346	4,549	4,250	303	2,168	3,897	21.5	25.5
Adj PAT	4,270	4,121	2,346	4,549	4,250	303	2,168	3,897	15,285	10,618
YoY Change (%)	57.1	-17.5	31.4	75.3	-0.5	-92.6	-7.6	-14.3	15,010	10,618

E: MOFSL Estimates

Birla Corporation**Buy****CMP INR420 | TP: INR770 (+83%)****EPS CHANGE (%): FY20|21: -2|-29**

- Consol. cement volumes to decline 9% YoY to 3.52mt.
- Expect blended EBITDA/t at INR1,132 (+INR273/t QoQ).
- Better prices in North, Central and East to drive margins.
- Watch out for update on capacity expansion/timelines.

Consolidated Performance**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Cement Sales (m ton)	3.52	3.07	3.21	3.85	3.64	3.20	3.43	3.52	13.65	13.79
YoY Change (%)	7.3	15.7	5.9	13.2	3.5	4.3	7.2	-8.7	10.1	1.0
Cement Realization	4,499	4,538	4,553	4,625	4,954	4,810	4,743	4,901	4,554	4,854
YoY Change (%)	-7.4	3.8	4.3	1.3	10.1	6.0	3.8	6.0	0.3	6.6
QoQ Change (%)	-1.5	0.9	0.3	1.6	7.1	-2.9	-1.4	3.3		
Net Sales	16,545	14,646	15,569	18,728	18,838	16,269	17,151	18,213	65,487	70,471
YoY Change (%)	13.4	18.5	12.1	13.4	13.9	11.1	10.2	-2.7	14.2	7.6
Total Expenditure	14,081	12,790	13,498	15,632	14,992	13,148	14,205	14,233	56,001	56,577
EBITDA	2,464	1,856	2,071	3,095	3,847	3,121	2,946	3,980	9,486	13,894
Margins (%)	14.9	12.7	13.3	16.5	20.4	19.2	17.2	21.9	14.5	19.7
Depreciation	857	870	836	829	862	879	884	893	3,391	3,518
Interest	952	935	922	896	960	1,030	977	971	3,705	3,938
Other Income	232	203	106	244	169	199	203	204	785	775
Profit before Tax	887	253	419	1,615	2,192	1,411	1,289	2,321	3,174	7,212
EO Income/(Expense)	0	0	0	0	0	0	0	0	0	0
Profit before Tax after EO	887	253	419	1,615	2,192	1,411	1,289	2,321	3,174	7,212
Tax	49	91	146	333	786	527	474	665	617	2,452
Rate (%)	5.5	35.7	34.7	20.6	35.9	37.4	36.8	28.7	19.4	34.0
Reported PAT	838	163	274	1,282	1,406	883	815	1,656	2,557	4,760
Adj. PAT	838	163	274	1,282	1,406	883	815	1,656	2,557	4,760
YoY Change (%)	50.5	1,015.8	-225.3	-2.2	67.7	442.3	197.8	29.2	53.6	86.2

E: MOFSL Estimates

Dalmia Bharat**Buy****CMP INR481 | TP: INR710 (+48%)****EPS CHANGE (%): FY20|21: -122|-63**

- Estimate volumes at 5.11mt (-8% YoY).
- Expect EBITDA/t at INR1,107 (+INR211 QoQ).
- Realization improvement drives QoQ EBITDA growth.
- Watch out for South market update/capacity expansion.

Quarterly Performance (Consolidated)**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales Dispatches (m ton)	4.51	4.13	4.47	5.57	4.55	4.47	5.10	5.11	18.68	19.23
YoY Change (%)	13.0	13.5	7.7	7.5	0.9	8.2	14.1	-8.2	10.1	3.0
Realization (INR/ton)	5,251	5,082	4,841	5,102	5,576	5,002	4,741	4,962	5,077	5,058
YoY Change (%)	2.5	0.8	-2.9	0.6	6.2	-1.6	-2.1	-2.7	0.3	-0.4
QoQ Change (%)	3.5	-3.2	-4.7	5.4	9.3	-10.3	-5.2	4.7		
Net Sales	23,680	20,990	21,640	28,420	25,370	22,360	24,180	25,363	94,840	97,273
YoY Change (%)	15.9	14.3	4.6	8.1	7.1	6.5	11.7	-10.8	10.5	2.6
EBITDA	5,240	3,900	3,800	6,490	6,660	4,750	4,570	5,660	19,420	21,640
Margins (%)	22.1	18.6	17.6	22.8	26.3	21.2	18.9	22.3	20.5	22.2
Depreciation	3,050	3,030	3,320	3,560	3,420	4,060	4,050	4,422	12,960	15,952
Interest	1,620	2,250	720	920	1,160	1,030	950	1,125	5,510	4,265
Other Income	430	740	640	630	440	490	680	490	2,440	2,100
PBT after EO Expense	1,000	-640	400	2,640	2,520	150	250	602	3,390	3,522
Tax Rate (%)	46.0	104.7	22.5	0.4	39.7	-140.0	0	0	-2.9	25.0
Reported PAT (pre minority)	540	30	310	2,630	1,520	360	260	502	3,490	2,642
Minority + associate	0	40	30	350	50	90	20	250	410	410
PAT Adj for EO items	540	-10	280	2,280	1,470	270	240	252	3,080	2,232
YoY Change (%)	-25.0	-105.4	-47.2	78.1	172.1	-2,883.5	-14.3	-89.0	5.5	-27.5

E: MOSL Estimates

Grasim Industries

Neutral

CMP INR530 | TP: INR575 (+8%)

EPS CHANGE (%): FY20|21: -4|-50

- Weak realization in both VSF and chemicals.
- Expect EBITDA margin at 9.3% (-7.5pp YoY, flat QoQ).
- VSF and Chemicals biz to witness volume decline.
- Watch out for outlook on VSF business/ future capacities.

Quarterly Perf. (S/A)

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	47,892	51,185	52,929	53,523	50,006	47,974	44,989	42,107	205,504	1,85,076
YoY Change (%)	74.8	26.8	20.9	16.2	4.4	-6.3	-15.0	-21.3	30.2	-9.9
EBITDA	10,542	10,705	10,526	8,986	8,437	6,593	4,134	3,933	40,712	23,097
Margins (%)	22.0	20.9	19.9	16.8	16.9	13.7	9.2	9.3	19.8	12.5
Depreciation	1,827	1,874	1,928	1,974	2,032	2,085	2,123	2,124	7,604	8,365
Interest	588	522	413	468	780	861	673	793	1,991	3,107
Other Income	1,217	2,818	585	1,013	847	2,862	813	1,012	5,680	5,534
PBT before EO Items	9,343	11,127	8,770	7,557	6,471	6,510	2,150	2,028	36,797	17,159
Extraordinary Inc/(Exp)	0	-20,034	0	-847	-2,902	0	-102	0	-23,680	-3,004
PBT after EO Items	9,343	-8,906	8,770	6,710	3,570	6,510	2,048	2,028	13,117	14,155
Tax	2,918	2,960	2,689	2,198	1,553	1,245	202	312	7,964	3,311
Rate (%)	31.2	-33.2	30.7	32.8	43.5	19.1	9.8	15.4	60.7	23.4
Reported PAT	6,426	-11,867	6,082	4,512	2,017	5,265	1,847	1,715	5,153	10,844
Adj. PAT	6,426	8,167	6,082	5,359	4,919	5,265	1,949	1,715	28,833	13,848
Margins (%)	13.4	16.0	11.5	10.0	9.8	11.0	4.3	4.1	14.0	7.5
YoY Change (%)	85.1	30.0	28.3	-9.4	-23.5	-35.5	-68.0	-68.0	41.9	-52.0

E: MOFSL Estimates

India Cement

Neutral

CMP INR102 | TP: INR97 (-5%)

EPS CHANGE (%): FY20|21: -3|-75

- Expect volumes to decline 12% YoY to 2.93mt.
- Estimate blended EBITDA/t at INR641 (+INR160 QoQ).
- 39% QoQ EBITDA growth on better realization/fuel cost.
- Demand visibility and pricing outlook in South India.

Quarterly Performance (Standalone)

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales Dispatches (m ton)	3.08	3.08	2.96	3.33	3.04	2.67	2.81	2.93	12.44	11.44
YoY Change (%)	16	14	9	8	-1	-13	-5	-12	11.4	-8.0
Realization (INR/ton)	4,425	4,508	4,450	4,697	4,828	4,671	4,478	4,591	4,524	4,645
YoY Change (%)	-8.9	-4.0	0.0	3.8	9.1	3.6	0.6	-2.3	-2.2	2.7
QoQ Change (%)	-2.2	1.9	-1.3	5.5	2.8	-3.3	-4.1	2.5		
Net Sales	13,607	13,871	13,163	15,640	14,688	12,457	12,585	13,431	56,280	53,161
YoY Change (%)	5.5	9.4	8.5	11.9	7.9	-10.2	-4.4	-14.1	8.9	-5.5
EBITDA	1,561	1,548	1,349	1,922	2,420	1,472	1,351	1,876	6,379	7,117
Margins (%)	11.5	11.2	10.2	12.3	16.5	11.8	10.7	14.0	11.3	13.4
Depreciation	616	617	632	648	599	613	620	641	2,513	2,473
Interest	733	954	728	827	799	816	820	858	3,242	3,294
Other Income	55	38	43	174	32	32	35	110	310	210
PBT before EO expense	267	14	31	622	1,054	75	-54	486	934	1,560
Extra-Ord expense	0	0	0	0	0	0	0	0		
PBT	267	14	31	622	1,054	75	-54	486	934	1,560
Tax	57	0	0	183	331	-13	-17	120	240	421
Rate (%)	21.2	0.0	0.0	29.5	31.5	-16.7	32.0	24.6	25.7	27.0
Reported PAT	210	14	31	439	722	87	-37	367	694	1,139
Adj PAT	210	14	31	439	722	87	-37	367	694	1,139
YoY Change (%)	-20.5	-94.0	-79.5	24.3	243.5	509.8	-218.3	-16.4	-31.0	64.0
Margins (%)	1.5	0.1	0.2	2.8	4.9	0.7	-0.3	2.7	1.2	2.1

E: MOSL Estimates

JK Cement**Buy****CMP INR970 | TP: INR1,355 (+40%)****EPS CHANGE (%): FY20|21: -8|-30**

- Estimate volumes (grey + white) to grow 6.6% YoY.
- Expect EBITDA/t at INR1,201 (+INR115 QoQ).
- Estimate decline in realizations at 0.9% QoQ to higher mix of grey cement in the quarter.
- Watch out for update on capacity expansion.

Quarterly Performance (Standalone)**(INR M)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales Dispatches (m ton)	2.32	2.16	2.50	2.88	2.31	2.24	2.56	2.69	9.88	9.79
YoY Change (%)	8.9	-2.9	7.5	5.8	-0.3	3.6	2.4	-6.6	5.1	-0.8
Realization (INR/ton)	4,819	5,096	5,098	5,182	5,753	5,604	5,490	5,438	5,044	5,564
YoY Change (%)	-1.7	2.3	5.2	7.1	19.4	10.0	7.7	4.9	3.2	10.3
QoQ Change (%)	-0.4	5.8	0.0	1.7	11.0	-2.6	-2.0	-0.9		
Net Sales	11,156	11,006	12,732	14,919	13,280	12,542	14,042	14,621	49,813	54,484
YoY Change (%)	7.1	-0.6	13.1	13.4	19.0	14.0	10.3	-2.0	8.5	9.4
Total Expenditure	9,652	9,309	10,627	12,124	10,245	10,002	11,264	11,392	41,712	42,903
EBITDA	1,504	1,698	2,105	2,795	3,035	2,540	2,777	3,229	8,101	11,581
Margins (%)	13.5	15.4	16.5	18.7	22.9	20.3	19.8	22.1	16.3	21.3
Depreciation	474	487	486	497	494	518	556	600	1,944	2,167
Interest	547	583	564	533	534	561	561	575	2,221	2,232
Other Income	158	180	118	349	172	180	237	217	799	805
PBT before EO expense	640	808	1,173	2,114	2,179	1,641	1,897	2,270	4,736	7,987
PBT	640	808	1,173	2,114	2,179	1,641	1,897	2,270	4,736	7,987
Tax	147	161	564	614	641	553	521	761	1,487	2,476
Rate (%)	22.9	20.0	48.1	29.1	29.4	33.7	27.5	33.5	31.4	31.0
Reported PAT	493	647	609	1,500	1,538	1,088	1,376	1,509	3,249	5,511
Adj PAT	493	647	609	1,500	1,538	1,088	1,376	1,509	3,249	5,511
YoY Change (%)	-37.8	-25.9	-16.6	42.5	211.8	68.2	125.8	0.6	-5.8	69.6

E: MOFSL Estimates

The Ramco Cements**Neutral****CMP INR495 | TP: INR570 (+15%)****EPS CHANGE (%): FY20|21: -7|-34**

- Estimate volumes to decline 13% YoY to 2.85mt.
- Expect EBITDA/t at INR845 (+INR131 QoQ).
- Better pricing and lower fuel cost improves margins.
- Watch out for cement pricing in South/expansion update.

Quarterly Performance**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales Dispatches (m ton)	2.61	2.47	2.75	3.29	2.70	2.72	2.84	2.85	11.12	11.12
YoY Change (%)	21.6	14.7	20.8	20.2	3.4	10.3	3.5	-13.3	19.5	0.0
Realization (INR/ton)	4,537	4,622	4,392	4,640	4,989	4,708	4,475	4,541	4,549	4,674
YoY Change (%)	-1.5	-3.4	-4.7	1.5	10.0	1.8	1.9	-2.1	-1.9	2.7
QoQ Change (%)	-0.8	1.9	-5.0	5.6	7.5	-5.6	-4.9	1.5		
Net Sales	12,046	11,806	12,074	15,293	13,698	13,129	12,746	12,986	51,220	52,560
YoY Change (%)	18.5	11.0	14.6	22.2	13.7	11.2	5.6	-15.1	16.8	2.6
EBITDA	2,350	2,442	2,110	3,220	3,452	2,915	1,995	2,381	10,123	10,743
Margins (%)	19.5	20.7	17.5	21.1	25.2	22.2	15.6	18.3	19.8	20.4
Depreciation	735	728	756	767	758	765	797	816	2,985	3,136
Interest	114	131	135	128	135	147	215	210	509	707
Other Income	202	88	96	142	223	129	119	100	527	570
PBT before EO expense	1,703	1,671	1,315	2,467	2,782	2,132	1,101	1,455	7,156	7,470
Extra-Ord expense	0	0	0	30	0	0	0	0	30	0
PBT	1,703	1,671	1,315	2,437	2,782	2,132	1,101	1,455	7,126	7,470
Tax	453	527	304	783	862	450	153	402	2,004	1,867
Rate (%)	26.6	31.5	23.1	32.1	31.0	21.1	13.9	27.6	28.1	25.0
Reported PAT	1,250	1,145	1,011	1,654	1,920	1,682	948	1,053	5,122	5,602
Adj PAT	1,250	1,145	1,011	1,684	1,920	1,682	948	1,053	5,152	5,602
YoY Change (%)	-19.8	-28.8	-8.4	22.5	53.6	46.9	-6.2	-37.5	-8.7	8.7
Margins (%)	10.4	9.7	8.4	11.0	14.0	12.8	7.4	8.1	10.1	10.7

Shree Cement**Neutral**

CMP INR16,912 | TP: INR19,300 (+14%)

EPS CHANGE (%): FY20|21: -10|-44

- Estimate cements volumes to decline 5.8% YoY.
- Expect power EBITDA at ~INR60m (-30INRm in 3Q).
- EBITDA/t at INR1,544 (+INR179 QoQ) due to higher prices.
- Watch out for update on various project expansions.

Quarterly Performance (S/A)

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales Dispat. (m ton)	6.99	5.64	5.93	7.30	6.06	5.72	6.25	6.88	25.86	24.90
YoY Change (%)	18.7	15.6	11.4	13.3	-13.3	1.4	5.3	-5.8	14.8	-3.7
Cement Realization (INR/Ton)	4,107	4,267	4,315	4,225	4,703	4,654	4,512	4,697	4,237	4,642
YoY Change (%)	-0.9	2.3	4.7	1.6	14.5	9.1	4.6	11.2	1.0	9.6
QoQ Change (%)	-1.2	3.9	1.1	-2.1	11.3	-1.0	-3.1	4.1		
Net Sales	30,699	25,866	27,806	32,849	30,364	28,017	28,483	33,568	117,599	1,20,433
YoY Change (%)	21.0	21.0	21.1	16.9	-1.1	8.3	2.4	2.2	18.9	2.4
Total Expenditure	24,247	19,829	20,906	24,370	21,342	19,576	19,990	22,891	89,731	83,799
EBITDA	6,452	6,037	6,901	8,478	9,022	8,442	8,493	10,677	27,868	36,634
Margins (%)	21.0	23.3	24.8	25.8	29.7	30.1	29.8	31.8	23.7	30.4
Depreciation	3,055	3,295	3,361	4,206	4,027	4,283	4,322	4,409	13,917	17,041
Interest	1,262	1,458	393	697	680	717	741	732	3,810	2,871
Other Income	936	514	553	451	511	578	649	900	2,454	2,638
PBT before EO Exp	3,071	1,798	3,700	4,026	4,826	4,018	4,079	6,435	12,596	19,359
Extra-Ord Expense	0	1,781	0	0	0	0	0	0	1,781	0
PBT	3,071	17	3,700	4,026	4,826	4,018	4,079	6,435	10,814	19,359
Tax	276	-476	687	817	1,196	928	980	1,543	2,177	4,646
Rate (%)	9.0	-2,784.8	18.6	20.3	24.8	23.1	24.0	24.0	12.1	24.0
Reported PAT	2,795	493	3,013	3,210	3,630	3,091	3,100	4,893	9,510	14,713
Adj PAT	2,795	2,275	3,013	3,210	3,630	3,091	3,100	4,893	11,292	14,713
YoY Change (%)	-36.5	7.5	-9.6	-19.6	29.9	35.9	2.9	52.4	-18.4	30.3

E:MOFSL Estimates

UltraTech Cement**Buy**

CMP INR3,367 | TP: INR4,160 (+23%)

EPS CHANGE (%): FY20|21: -4|-35

- Estimate cements volumes to decline 16% YoY.
- EBITDA/t at INR1,281 (+273 QoQ)
- Realizations expected to increase 3.8% QoQ.
- Watch out for update on acquisitions and expansion.

Quarterly Performance (Consol.)

(INR million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales (m ton)	19.78	18.88	21.85	25.52	21.42	18.69	20.90	21.48	86.03	82.49
YoY Change (%)	39.0	34.6	29.4	31.2	8.3	-1.0	-4.0	-15.8	33.2	-4.1
Blended Realn. (INR/ton) *	4,826	4,899	4,780	4,848	5,324	5,147	4,954	5,144	4,837	5,144
YoY Change (%)	-3.1	-1.7	-4.0	-2.7	10.3	5.1	3.2	6.1	0.9	6.3
QoQ Change (%)	-3.1	1.5	-2.4	1.4	10.1	-3.3	-3.8	3.8		
Net Sales	95,449	92,493	1,04,439	1,23,712	1,14,049	96,204	1,03,538	1,10,481	4,16,090	4,24,273
YoY Change (%)	32.6	33.3	30.2	33.2	19.5	4.0	-0.9	-10.7	34.3	2.0
EBITDA	17,887	14,212	15,945	25,395	29,499	19,180	21,062	27,504	73,437	97,246
Margins (%)	18.7	15.4	15.3	20.5	25.9	19.9	20.3	24.9	17.6	22.9
Depreciation	5,477	6,240	6,379	6,365	6,884	6,684	6,730	7,073	24,468	27,371
Interest	3,786	4,164	4,779	5,043	5,029	5,071	4,708	4,677	17,779	19,485
Other Income	793	1,428	1,125	1,331	1,342	1,537	1,682	1,360	4,678	5,859
PBT before EO expense	9,417	5,236	5,912	15,318	18,928	8,962	11,306	17,115	35,869	56,249
Extra-Ord expense	1,139	0	0	0	0	62	1,332	0	1,139	1,332
PBT after EO Expense	8,278	5,236	5,912	15,318	18,928	8,900	9,973	17,115	34,731	54,916
Tax	2,430	1,678	1,862	4,625	6,118	3,113	2,862	5,485	10,754	17,578
Rate (%)	29.4	32.0	31.5	30.2	32.3	35.0	28.7	32.0	31.0	32.0
Reported PAT	5,848	3,558	4,050	10,693	12,810	5,787	7,112	11,630	23,976	37,338
Minority Interest	10	11	26	-14	1	3	8	-2	37	10
Adj PAT	5,859	3,569	4,076	10,679	12,811	5,790	8,069	11,628	24,013	38,254
YoY Change (%)	-34.8	-15.8	-10.7	40.3	118.7	62.2	103.7	8.9	8.1	54.3

E: MOFSL Estimates

Consumer

Asian Paints

Britannia Industries

Colgate

Dabur

Emami

Godrej Consumer

GSK Consumer

Hindustan Unilever

ITC

Jyothy Laboratories

Marico

Nestle India

Page Industries

Pidilite Industries

P&GHH

United Breweries

United Spirits

Tata Consumer

Weak earnings continue, exacerbated by COVID-19 situation

Weakest sales growth for any quarter since GST implementation

Excluding Tata Consumer, second weakest EBITDA growth since GST

The extremely weak trend in sector topline and earnings that began from 2QFY20 onward is likely to continue, with ~4% YoY sales growth and ~8% YoY EBITDA growth in 4QFY20. Sales and EBITDA growth (adjusted for unusually high 38% sales growth and 71% EBITDA growth in Tata Consumer) is the weakest / second weakest, respectively, for any quarter since June 2017 (which was affected by down stocking ahead of the GST implementation). The impact of COVID-19 and consequent Janta Curfew and lockdown has been witnessed on both supply chain and manufacturing of consumer companies. The outlook for FY21 is also weak with likely GDP decline for the year, resulting in sharp EPS cuts (ranging from 4–11% for staples and 15–33% for discretionary). The benefit of low material cost is now not expected to be as high as it would have been in a more favorable operating environment as promotions and price discounts were in evidence. On the other hand, ad spends and new launches are expected to remain lower than usual as companies await signs of revival. PAT growth is expected to be higher at 13.9%, largely on the assumption of lower rates post the corporate tax cuts announced in Sept'19.

HUVR's sales growth is expected at ~3% YoY (with 4% volume growth) in 4QFY20, and EBITDA growth at ~7% YoY. Boosted by low other income in the base quarter, HUVR's PAT growth is expected to be up ~14% YoY. We expect ITC to report 1% decline in cigarette volumes, with sales growth of ~6% YoY and EBITDA growth of 11% YoY. A tepid operating performance is expected from most others during the quarter, barring APNT and PIDI, both of which are likely to report over 20% EBITDA growth despite mid-single digit sales growth on account of decline in RM cost. While Tata Consumer's reported numbers are likely to be unusually high due to the addition of the Tata Chemicals consumer business, like-for-like sales and EBITDA would remain healthy at 7% and 25%, respectively. On the other hand, double-digit EBITDA decline is likely for UNSP, UBBL, GCPL, and PAG.

Commodity costs largely benign

PFAD prices grew 49.5% YoY in 4QFY20 (26.8% sequential growth), while Mentha prices were down 21.8% YoY. Wheat costs increased modestly 7.5% YoY and declined 3.1% sequentially, while sugar costs declined 2–3% both YoY and sequentially. Barley costs were up 10.8% YoY for the quarter. TiO2 costs declined 5.6% YoY, while YTD costs of VAM plummeted 18.2% YoY. Copra costs came in flattish YoY, while HDPE costs declined 15.2% YoY. LLP costs were down 2.1% YoY.

Preference for quality and longevity of growth

Our framework for earnings visibility, longevity of growth, and quality management drives our choices in the consumer universe. We continue to prefer **HUVR as our large-cap pick**. Particularly in volatile times such as this, HUVR stands out like a beacon in terms of superior visibility on near- and medium-term earnings, and is thus deserving of premium valuations. **We upgraded MRCO to BUY a month ago, which remains our top mid-cap pick**, with valuations close to 10-year average P/E. **UNSP remains our top discretionary pick**. Despite the likely sharp impact on near-term earnings due to the COVID-19 situation, valuations at 32x FY22 EPS are at a substantial discount to other discretionary peers.

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Exhibit 1: Muted overall performance likely in 4QFY20

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
Asian Paints	1718	Sell	51,971	3.6	-4.1	9,864	19.9	-17.1	5,538	13.6	-29.0
Britannia	2839	Neutral	28,609	2.2	-4.1	4,543	4.1	-9.5	3,425	16.3	-7.3
Colgate	1390	Buy	11,844	2.7	3.2	2,950	-5.0	-6.7	1,796	-10.2	-9.8
Dabur	503	Neutral	22,673	6.5	-3.6	4,663	2.0	-5.4	3,589	-16.7	-13.2
Emami	227	Buy	6,395	0.0	-21.3	1,521	-1.7	-42.4	887	-27.5	-58.6
Godrej Consumer	572	Neutral	21,667	-11.7	-22.0	5,038	-13.1	-20.2	2,860	-27.8	-36.4
GSK Consumer	10754	Neutral	13,207	2.7	14.0	3,171	-0.4	16.5	3,067	19.2	10.9
Hind. Unilever	2490	Buy	1,02,100	2.7	4.1	24,840	7.0	1.6	18,068	13.6	6.8
ITC	189	Neutral	1,26,711	5.7	5.5	50,892	11.3	10.3	41,730	19.8	-2.4
Jyothy Labs	112	Neutral	4,740	-6.0	16.4	767	-7.1	17.8	481	-28.2	13.1
Marico	303	Buy	15,391	-4.3	-15.6	2,675	-5.5	-28.3	1,751	-17.8	-35.6
Nestle	17323	Neutral	31,891	6.2	1.3	7,781	3.8	15.6	5,289	11.3	13.0
P&G Hygiene	11128	Neutral	7,133	2.0	-17.0	1,357	-5.6	-27.3	990	9.8	-27.2
Page Industries	16818	Neutral	5,745	-5.5	-27.6	981	-18.1	-29.3	608	-18.9	-30.1
Pidilite Inds.	1474	Neutral	17,449	6.5	-9.4	3,967	42.3	-14.4	2,988	21.3	-13.3
Tata Consumer	316	Buy	24,454	37.7	24.6	2,975	70.7	24.1	1,732	1,086.9	44.6
United Breweries	914	Neutral	16,072	-1.4	10.5	1,372	-19.9	-38.1	348	-48.7	-67.5
United Spirits	562	Buy	21,272	-5.5	-17.6	2,539	-10.5	-40.1	1,491	14.0	-42.4
Consumer Aggregate			5,29,324	3.5	-0.9	1,31,895	7.6	-2.4	96,640	11.8	-8.0

Exhibit 2: COVID-19 led disruption has led to a cut in most of our estimates

Change in estimates (%)	Sales			EBITDA			PAT		
	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Asian Paints	-0.7	-19.3	-16.8	0.1	-13.7	-9.3	0.2	-16.2	-10.9
Britannia	-0.9	-7.9	-9.0	-1.1	-10.9	-10.1	-1.1	-10.8	-9.9
Colgate	-0.6	-4.5	-4.5	-0.2	-6.2	-5.9	-0.7	-7.2	-6.4
Dabur	-1.1	-5.4	-5.4	-2.3	-6.9	-9.5	-2.2	-7.6	-9.4
Emami	-0.6	-8.5	-8.6	-1.1	-8.7	-9	0	-9.4	-10.1
Godrej Consumer	-4.8	-11	-11.7	-5	-10.5	-12	-5.6	-12.5	-14.6
GSK Consumer	-0.9	-7.5	-6.9	-1.1	-9.3	-8.7	-0.9	-7.1	-6.9
Hind. Unilever	-0.2	-3.6	-3.6	-0.3	-4.1	-5.1	-0.4	-4.4	-5.8
ITC	-0.1	-1.8	-1.8	0.7	-2	-1.6	0.6	-1.8	-1.5
Jyothy Labs	-0.5	-6.1	-6.1	-2	-9.8	-10.2	-2.8	-12.8	-12.7
Marico	-0.7	-4.6	-4.6	-1.4	3.2	2.8	-1.8	2.5	1.7
Nestle	-	-3.3	-4.7	-	-4.5	-6.2	-	-5.0	-7.2
P&G Hygiene	-1.6	-11.0	-11.9	-3.6	-21.0	-22.5	-3.7	-21.3	-22.7
Page Industries	-3.0	-12.5	-12.6	-4.3	-19.9	-18.7	-5.0	-22.6	-21.1
Pidilite Inds.	-0.8	-14.7	-13.4	-0.3	-16.7	-14.1	-0.3	-16.7	-14.1
Tata Consumer	0.3	-1.7	-1.8	-0.2	-2.1	-2.7	-0.8	-4.2	-4.9
United Breweries	-2.1	-13.9	-12.4	-8.0	-26.7	-13.4	-9.5	-32.8	-16.8
United Spirits	-2.6	-13.4	-11.0	-2.6	-19.1	-12.4	-4.3	-23.3	-14.6

Source: MOFSL, Company

Exhibit 3: Expect subdued 4QFY20 volume growth

Quarter Ending	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20E
Asian Paints (Dom Deco)	10.0	4.0	9.0	6.0	10.0	10.0	11.0	21.0	10.0	16.0	14.0	11.0	10.0
Britannia (Biscuits)	2.0	2.0	5.0	11.0	11.0	11.0	11.0	7.0	7.0	3.0	3.0	3.0	0.0
Colgate (Toothpaste)	(3.0)	(5.0)	(0.9)	12.0	4.0	4.0	7.0	7.0	5.0	4.0	4.0	2.3	1.0
Dabur	2.4	(4.4)	7.2	13.0	7.7	21.0	8.1	12.4	4.3	9.6	4.8	5.6	5.0
Emami	(1.5)	(18.0)	10.0	6.0	8.0	18.0	(4.0)	3.5	0.0	0.0	1.0	(2.0)	(4.0)
GSK Consumer	(1.0)	0.0	2.5	15.0	8.0	12.0	10.0	8.0	6.5	4.0	3.6	3.0	2.0
Hindustan Unilever	4.0	0.0	4.0	11.0	11.0	12.0	10.0	10.0	7.0	5.0	5.0	5.0	4.0
ITC (cigarette)	0.0	1.0	(6.0)	(3.0)	(2.0)	1.0	6.0	7.0	8.0	3.0	2.5	2.5	(1.0)
Marico													
Domestic	10.0	(9.0)	8.0	9.4	1.0	12.4	6.0	5.0	8.0	6.0	1.0	(1.0)	(3.0)
Pidilite	7.0	0.0	15.0	23.0	13.0	20.2	11.0	13.0	4.0	6.0	(1.0)	2.0	4.0

Source: Company, MOFSL

Exhibit 4: Relative performance – 3m (%)

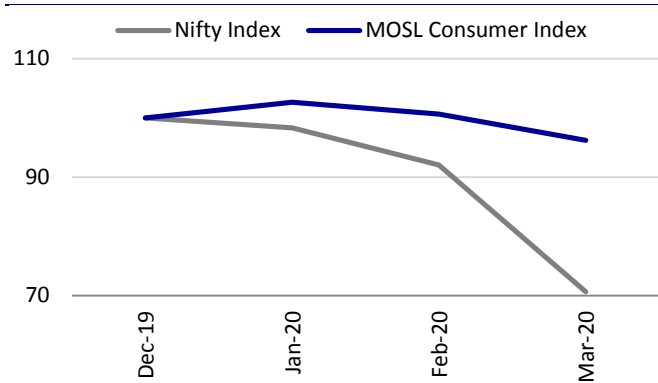
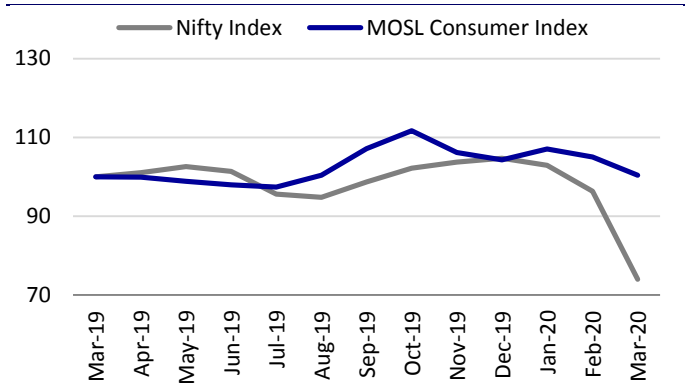


Exhibit 5: Relative performance – 1Yr (%)



Source: Bloomberg, MOFSL

Exhibit 6: Crude down 19.3% YoY, 18.5% QoQ in 4QFY20

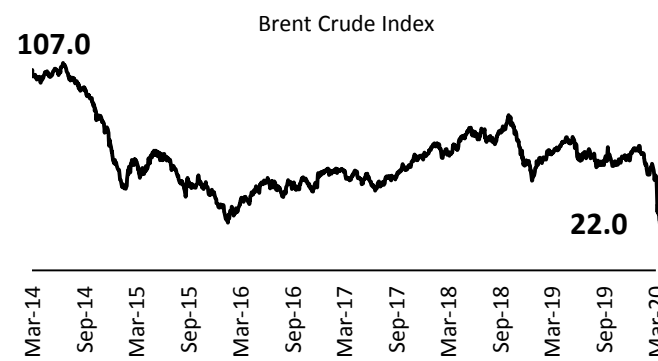
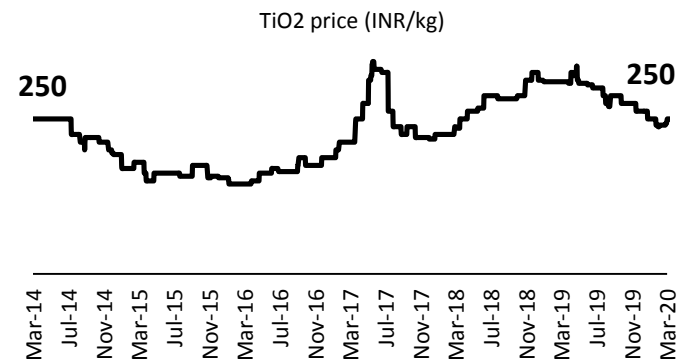


Exhibit 7: TiO2 down 9.5% YoY, 3.5% QoQ



Source: Bloomberg, MOFSL

Exhibit 8: VAM prices down 18.2% YoY/0.8% QoQ till Jan'20

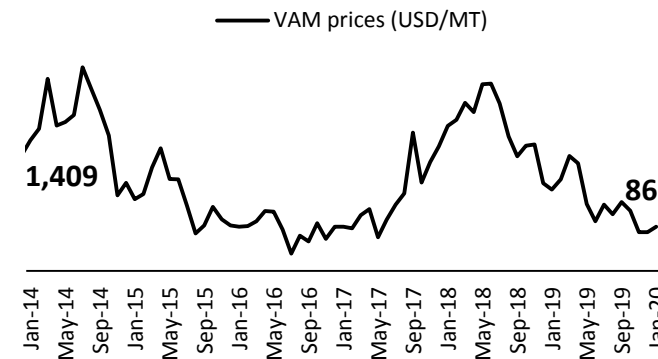
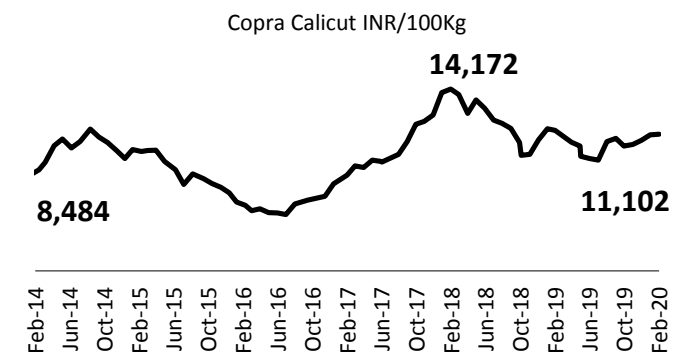
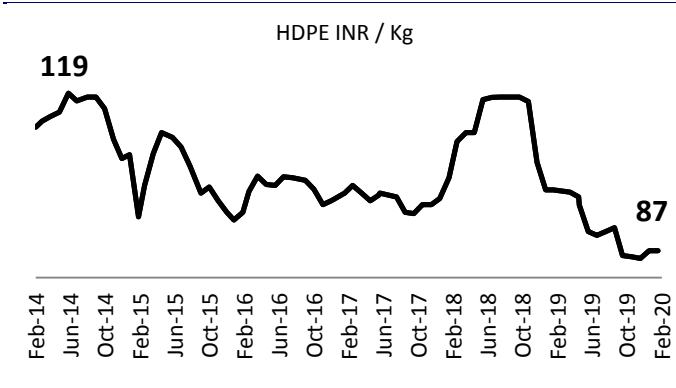


Exhibit 9: Copra (till Feb'20) down 0.4% YoY, up 6.5% QoQ



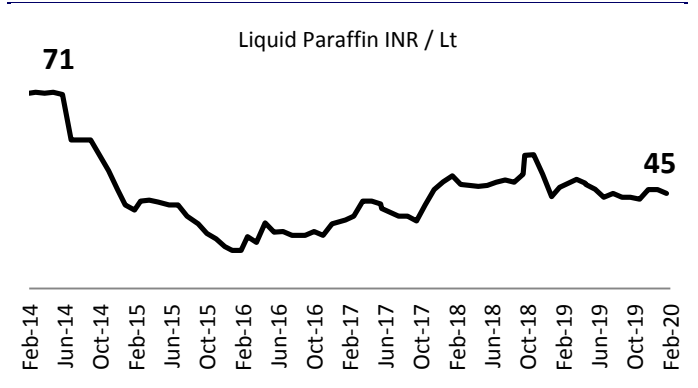
Source: Bloomberg, MOFSL

Exhibit 10: HDPE (till Feb'20) prices down 15.2% YoY, up 1.9% QoQ



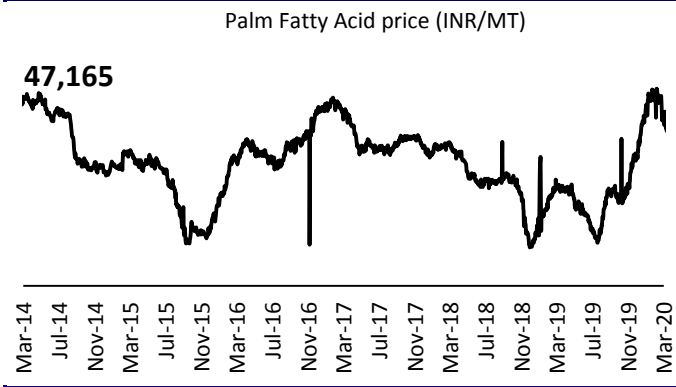
Source: Bloomberg, MOFSL

Exhibit 11: LLP (till Feb'20) prices down 2.1% YoY, up 2.2% QoQ



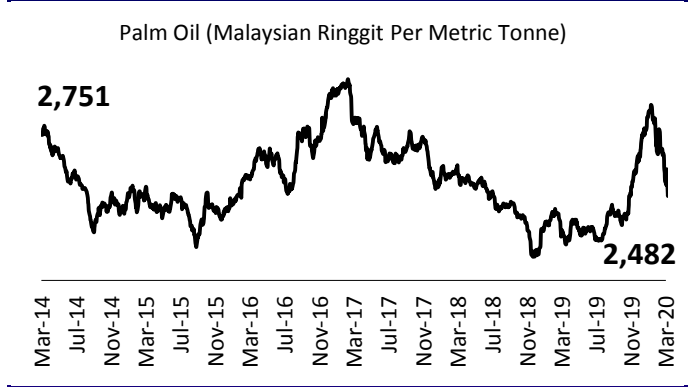
Source: Bloomberg, MOFSL

Exhibit 12: PFAD prices up 49.5% YoY, 26.8% QoQ



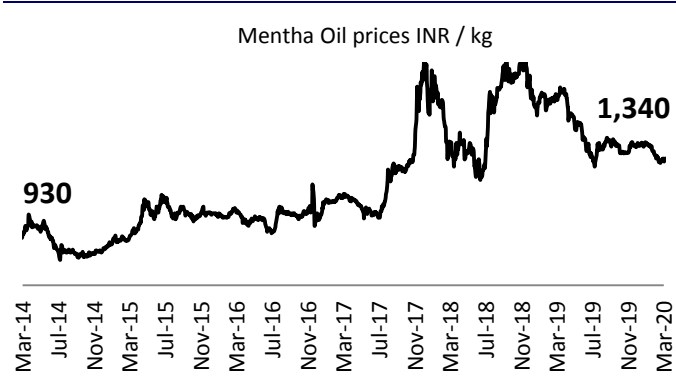
Source: Bloomberg, MOFSL

Exhibit 13: Palm oil prices up 33.4% YoY, 7.5% QoQ



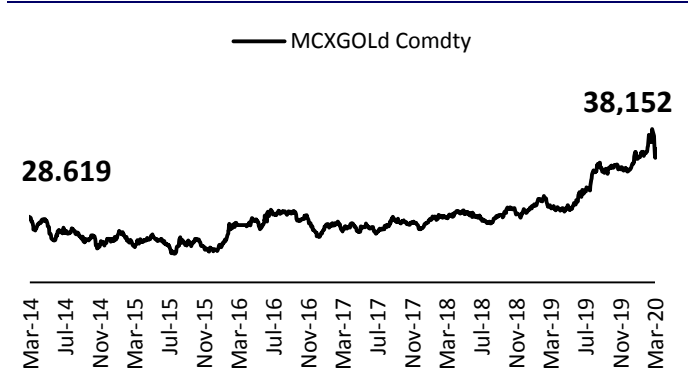
Source: Bloomberg, MOFSL

Exhibit 14: Mentha prices down 21.8% YoY, 3.4% QoQ



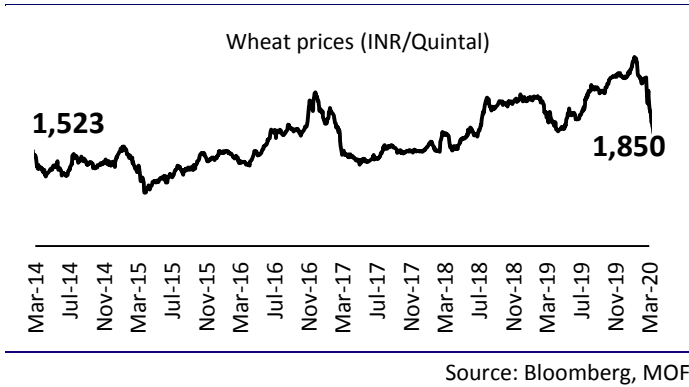
Source: Bloomberg, MOFSL

Exhibit 15: MCX gold commodity up 26.1% YoY, 7.3% QoQ



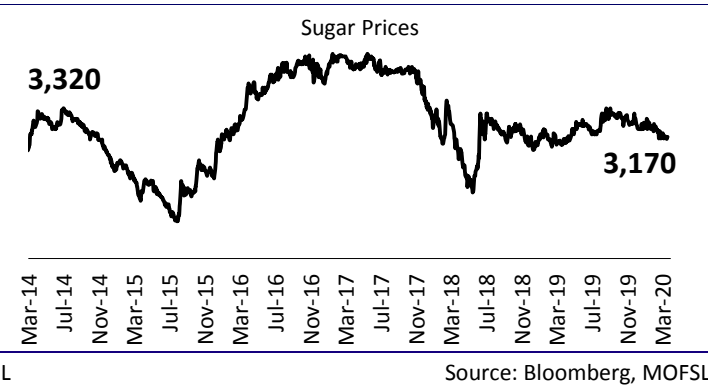
Source: Bloomberg, MOFSL

Exhibit 16: Wheat prices up 7.5% YoY, down 3.1% QoQ



Source: Bloomberg, MOFSL

Exhibit 17: Sugar prices down 2.6% YoY, 2.4% QoQ



Source: Bloomberg, MOFSL

Exhibit 18: Comparative valuation

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Consumer						42.3	40.8	36.0	12.3	11.1	10.5	29.1	27.3	29.2
Asian Paints	1,718	Sell	29.7	27.3	32.8	57.8	62.9	52.4	15.5	14.5	13.6	28.3	23.8	26.8
Britannia	2,839	Neutral	57.4	58.0	66.9	49.4	48.9	42.5	15.0	14.6	14.3	31.3	30.2	34.1
Colgate	1,390	Buy	29.1	30.7	36.0	47.7	45.3	38.5	27.3	29.4	35.9	55.9	62.4	83.8
Dabur	503	Neutral	9.0	9.5	10.8	56.0	52.7	46.6	13.9	12.9	11.6	26.4	25.4	26.2
Emami	227	Buy	12.5	12.4	14.1	18.1	18.3	16.1	4.5	4.5	4.5	25.9	24.5	27.9
Godrej Consumer	572	Neutral	14.3	14.8	16.4	40.1	38.6	34.9	7.8	7.9	8.0	19.7	20.2	22.7
GSK Consumer	10,754	Neutral	277.0	290.9	332.7	38.8	37.0	32.3	9.7	8.7	7.7	26.6	24.7	25.2
Hind. Unilever	2,490	Buy	32.5	35.9	41.3	76.7	69.4	60.2	69.1	74.3	84.2	90.9	103.1	131.1
ITC	189	Neutral	12.8	12.8	13.7	14.8	14.8	13.8	3.8	3.5	3.3	26.1	24.7	24.8
Jyothy Labs	112	Neutral	4.7	4.8	5.7	23.9	23.1	19.6	3.0	3.1	3.0	12.9	13.2	15.6
Marico	303	Buy	8.0	8.0	9.1	38.0	37.9	33.3	10.6	9.3	8.6	30.7	26.1	26.9
Nestle	17,323	Neutral	206.8	226.9	262.2	83.8	76.4	66.1	86.4	80.8	85.1	71.2	109.4	125.5
P&G Hygiene	11,128	Neutral	132.6	141.7	170.7	83.9	78.5	65.2	34.6	30.5	26.6	44.2	41.3	43.6
Page Industries	16,818	Neutral	334.5	326.8	390.3	50.3	51.5	43.1	21.6	19.9	18.7	42.9	38.7	43.3
Pidilite Inds.	1,474	Neutral	25.3	23.1	27.3	58.3	63.7	53.9	14.7	12.9	11.1	27.8	21.6	22.2
Tata Consumer	316	Buy	8.0	9.1	10.9	39.5	34.6	29.0	2.6	2.1	2.1	6.8	7.9	7.2
United Breweries	914	Neutral	16.3	17.4	25.6	56.0	52.5	35.7	6.8	6.1	5.5	12.8	12.3	16.2
United Spirits	562	Buy	11.4	12.0	17.1	49.1	47.0	32.8	10.8	8.8	6.9	21.9	18.6	21.1

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Asian Paints

Sell

CMP INR 1,718 | TP: INR 1,380 (-20%)

EPS CHANGE (%): FY20|21: +0.2|-16.2

- Expect 10% YoY volume growth, led by low-value products.
- GM expansion was on account of sharp decline in crude price.
- Tio2 prices were down 9.5% YoY in 4QFY20.
- Watch out for the commentary on the COVID-19-led disruption.

Quarterly Performance (Consol.)

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Est. Dom. Deco. Vol. growth (%)	10.0	11.0	21.0	10.0	16.0	14.0	11.0	10.0	13.0	12.8
Net Sales	43,903	46,155	52,630	50,182	51,047	50,507	54,203	51,971	193,415	207,728
Change (%)	15.1	8.2	23.5	11.9	16.3	9.4	3.0	3.6	15.0	7.4
Gross Profit	18,980	18,403	21,623	20,856	22,280	21,435	23,313	22,550	79,992	89,578
Gross Margin (%)	43.2	39.9	41.1	41.6	43.6	42.4	43.0	43.4	41.4	43.1
EBITDA	9,297	8,447	11,044	8,230	11,579	9,548	11,894	9,864	35,245	42,885
Margin (%)	21.2	18.3	21.0	16.4	22.7	18.9	21.9	19.0	18.2	20.6
Change (%)	39.7	5.4	23.9	-2.0	24.5	13.0	7.7	19.9	10.2	21.7
Interest	210	257	291	153	267	259	241	240	510	1,006
Depreciation	1,358	1,436	1,650	1,301	1,918	1,972	1,971	2,007	4,307	7,867
Other Income	617	649	493	569	735	1,052	698	646	2,271	3,131
PBT	8,346	7,402	9,597	7,344	10,131	8,369	10,381	8,263	32,699	37,143
Tax	2,761	2,425	3,269	2,529	3,511	72	2,776	2,555	10,988	8,914
Effective Tax Rate (%)	33.1	32.8	34.1	34.4	34.7	0.9	26.7	30.9	33.6	24.0
Adjusted PAT	5,700	5,057	6,473	4,875	6,742	8,421	7,797	5,538	22,119	28,527
Change (%)	30.1	-3.9	14.1	-1.7	18.3	66.5	20.5	13.6	9.1	29.0

E: MOFSL Estimates; 2Q of both FY19 and FY20 adjusted for IND AS 116

Britannia Industries

Neutral

CMP INR 2,839 | TP: INR 3,010 (+6%)

EPS CHANGE (%): FY20|21: -1.1|-10.8

- Expect flat volume growth in base business in 4Q.
- Commentary on disruption in manufacturing and logistics.
- GM contraction due to agri. commodity inflation.
- RM cost outlook and comment on NCD.

Consol. Quarterly Performance

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Base business volume growth (%)	11.0	11.0	7.0	7.0	3.0	3.0	3.0	0.0	9.0	2.3
Net Sales	25,438	28,696	28,424	27,990	27,004	30,488	29,827	28,609	110,547	115,927
YoY change (%)	12.4	12.7	10.7	10.3	6.2	6.2	4.9	2.2	11.5	4.9
Gross Profit	10,175	11,491	11,737	11,531	10,912	12,247	12,185	11,519	44,932	46,863
Margins (%)	40.0	40.0	41.3	41.2	40.4	40.2	40.9	40.3	40.6	40.4
EBITDA	3,894	4,544	4,518	4,366	3,947	4,922	5,020	4,543	17,334	18,432
Margins (%)	15.3	15.8	15.9	15.6	14.6	16.1	16.8	15.9	15.7	15.9
YoY growth (%)	18.5	20.3	13.4	9.9	1.4	8.3	11.1	4.1	15.4	6.3
Depreciation	356	369	424	469	448	449	467	517	1,619	1,880
Interest	24	24	30	13	101	161	237	253	91	753
Other Income	420	440	600	618	675	682	652	637	2,065	2,644
PBT	3,933	4,590	4,664	4,502	4,072	4,994	4,969	4,409	17,689	18,443
Tax	1,352	1,559	1,658	1,557	1,430	955	1,273	984	6,125	4,642
Rate (%)	34.4	34.0	35.5	34.6	35.1	19.1	25.6	22.3	34.6	25.2
Adjusted PAT	2,581	3,031	3,007	2,946	2,642	4,038	3,696	3,425	11,564	13,801
YoY change (%)	19.5	16.2	14.1	11.7	2.4	33.2	22.9	16.3	15.2	19.3

E: MOFSL Estimates

Colgate**Buy****CMP INR 1,390 | TP: INR 1,620 (+17%)****EPS CHANGE (%): FY20|21: -0.7|-7.2**

- Expect 1% YoY vol. gr. given the COVID-19 lockdown.
- Watch out for A&P intensity in toothpaste category.
- EBITDA decline due to weak sales and high ad spends.
- Market share movement to watch out for, if disclosed.

Quarterly Performance**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Toothpaste Volume Gr %	4.0	7.0	7.0	5.0	4.0	4.0	2.3	1.0	5.0	2.8
Net Sales (inclgd. OOI)	10,413	11,680	10,994	11,538	10,849	12,218	11,472	11,844	44,624	46,383
YoY change (%)	6.5	7.7	6.4	5.7	4.2	4.6	4.3	2.7	6.6	3.9
Gross Profit	6,863	7,565	7,161	7,449	7,145	7,910	7,541	7,721	29,038	30,317
Gross margin (%)	65.9	64.8	65.1	64.6	65.9	64.7	65.7	65.2	65.1	65.4
EBITDA	2,815	3,296	3,145	3,104	2,998	3,230	3,161	2,950	12,360	12,338
Margins (%)	27.0	28.2	28.6	26.9	27.6	26.4	27.6	24.9	27.7	26.6
YoY growth (%)	26.7	9.5	11.2	0.9	6.5	-2.0	0.5	-5.0	11.0	-0.2
Depreciation	394	398	406	394	499	504	515	492	1,592	2,010
Financial other Income	92	86	79	120	152	86	58	39	377	335
PBT	2,513	2,984	2,818	2,805	2,674	2,836	2,733	2,493	11,120	10,584
Tax	844	1,020	897	805	937	347	683	697	3,566	2,664
Rate (%)	33.6	34.2	31.8	28.7	35.0	12.2	25.0	28.0	32.1	25.2
Adj PAT	1,669	1,964	1,921	2,000	1,691	2,441	1,991	1,796	7,554	7,920
YoY change (%)	22.4	10.6	12.6	1.7	1.3	24.3	3.6	-10.2	10.9	4.8

E: MOFSL Estimates

Dabur**Neutral****CMP INR 503 | TP: INR 450 (-11%)****EPS CHANGE (%): FY20|21: -2.2|-7.6**

- Expect 5% YoY volume growth given the COVID-19 impact.
- Outlook on domestic volume growth and rural demand.
- Expect GM/EM change of -90bp/+90bp YoY.
- Outlook on margin performance in international business.

Quarterly Performance (Consolidated)**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic FMCG vol. growth (%)	21.0	8.1	12.4	4.3	9.6	4.8	5.6	5.0	11.5	6.5
Net sales	20,807	21,250	21,992	21,282	22,733	22,120	23,530	22,673	85,150	91,055
YoY change (%)	16.2	8.5	11.8	4.7	9.3	4.1	7.0	6.5	9.9	6.9
Gross profit	10,321	10,491	10,839	10,589	11,256	11,235	11,785	11,484	42,240	45,760
Margin (%)	49.6	49.4	49.3	49.8	49.5	50.8	50.1	50.7	49.6	50.3
EBITDA	3,861	4,508	4,454	4,572	4,576	4,895	4,929	4,663	17,396	19,064
Margins (%)	18.6	21.2	20.3	21.5	20.1	22.1	20.9	20.6	20.4	20.9
YoY growth (%)	25.0	7.4	10.4	-5.8	18.5	8.6	10.7	2.0	7.6	9.6
Depreciation	427	431	449	462	528	545	544	501	1,769	2,117
Interest	149	156	167	124	153	152	105	163	596	573
Other income	737	812	753	661	733	818	745	844	2,962	3,139
PBT	4,022	4,734	4,591	4,647	4,629	5,016	5,025	4,843	17,993	19,513
Tax	724	961	924	328	834	662	875	1,239	2,937	3,610
Rate (%)	18.0	20.3	20.1	7.1	18.0	13.2	17.4	25.6	16.3	18.5
Adjusted PAT	3,292	3,766	3,661	4,307	3,791	4,350	4,137	3,589	15,026	15,867
YoY change (%)	18.1	4.1	10.2	8.7	15.2	15.5	13.0	-16.7	9.8	5.6

E: MOFSL Estimates

Emami**Buy****CMP INR 227 | TP: INR 270 (+18%)****EPS CHANGE (%): FY20|21: 0.0|-9.4**

- Expect 4% decline in domestic volumes despite low base.
- High promotion despite low RM leads to EM contraction.
- Vol. growth and broad consumer demand outlook.
- Update on extent of pledge currently.

Consol. Quarterly performance**(INR Million)**

Y/E MARCH	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic volume growth (%)	18.0	-4.0	3.5	0.0	0.0	1.0	-2.0	-4.0	4.4	-1.3
Net Sales	6,144	6,282	8,111	6,396	6,495	6,601	8,126	6,395	26,929	27,617
YoY change (%)	16.2	0.0	7.2	3.7	5.7	5.1	0.2	0.0	6.4	2.6
Gross Profit	4,071	4,310	5,434	3,889	4,171	4,602	5,545	3,965	17,699	18,282
Gross margin (%)	66.3	68.6	67.0	60.8	64.2	69.7	68.2	62.0	65.7	66.2
EBITDA	1,204	1,873	2,634	1,547	1,350	1,930	2,640	1,521	7,255	7,441
Margins (%)	19.6	29.8	32.5	24.2	20.8	29.2	32.5	23.8	26.9	26.9
YoY change	50.2	-7.0	-0.5	-10.7	12.1	3.0	0.2	-1.7	0.8	2.6
Depreciation	230	202	178	160	163	178	214	211	768	766
Interest	46	44	62	62	44	93	49	73	214	259
Other Income	50	52	87	173	106	164	156	113	366	539
PBT	980	1,680	2,482	1,498	1,250	1,822	2,533	1,350	6,639	6,955
Tax	103	240	401	280	177	211	403	461	1,060	1,252
Rate (%)	10.5	14.3	16.2	18.7	14.2	11.6	15.9	34.1	16.0	18.0
PAT before Amortization	879	1,440	2,086	1,225	1,080	1,621	2,146	887	5,517	5,718
YoY change (%)	45.3	-8.8	-0.9	1.3	22.8	12.6	2.8	-27.5	0.2	3.6
Reported PAT	267	827	1,378	562	393	960	1,444	475	3,032	3,288

E: MOFSL Estimates

Godrej Consumer**Neutral****CMP INR 572 | TP: INR 622 (+9%)****EPS CHANGE (%): FY20|21: -5.6|-12.5**

- Expect high-teens revenue decline in domestic business.
- MSD sales decline expected in international business.
- Outlook on HI business recovery.
- Dmd. outlook in Indonesia; margin improvement in Africa.

Quarterly Performance (Consolidated)**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales (including OOI)	24,771	26,607	27,240	24,526	23,488	26,302	27,781	21,667	1,03,143	99,237
YoY change (%)	13.8	6.1	3.6	-3.1	-5.2	-1.1	2.0	-11.7	4.7	-3.8
Gross Profit	13,825	14,566	15,331	14,395	13,417	14,884	15,757	12,203	57,600	56,261
Margin (%)	55.8	54.7	56.3	58.7	57.1	56.6	56.7	56.3	55.8	56.7
EBITDA	4,491	5,382	6,162	5,796	4,589	5,765	6,313	5,038	21,176	21,705
Margins (%)	18.1	20.2	22.6	23.6	19.5	21.9	22.7	23.3	20.5	21.9
YoY growth (%)	28.4	-0.8	2.9	-4.2	2.2	7.1	2.4	-13.1	2.4	2.5
Depreciation	421	426	427	426	473	477	490	503	1,700	1,944
Interest	477	612	578	575	551	531	477	599	2,243	2,158
Other Income	310	263	227	291	214	266	235	266	1,088	980
PBT	3,853	4,607	5,309	5,070	3,746	4,976	5,574	4,201	18,321	18,583
Tax	678	1,015	1,133	1,112	785	805	1,084	1,331	5,461	4,005
Rate (%)	17.6	22.0	21.3	21.9	21.0	16.2	19.5	31.7	29.8	21.6
Adj PAT	3,177	3,594	4,176	3,960	2,963	4,174	4,496	2,860	15,431	14,578
YoY change (%)	36.5	-1.9	-3.4	-6.5	-6.7	16.2	7.7	-27.8	7.3	-5.5

E: MOFSL Estimate

GSK Consumer**Neutral**

CMP INR 10,754 | TP: INR 10,874 (+1%)

EPS CHANGE (%): FY20|21: -0.9|-7.1

- 2% YoY vol. growth in domestic HFD business.
- Expect GM/EM contraction of 60bp/80bp YoY.
- Outlook on HFD vol. growth, market sh., and material cost.
- Watch out for performance of new brands/extensions.

Quarterly Performance

(INR Million)

Y/E Mar	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic HFD volume gr. (%)	12.8	10.8	8.0	6.5	5.4	3.6	3.0	2.0	8.4	3.5
Net Sales	11,071	12,720	11,168	12,861	11,943	13,451	11,589	13,207	47,820	50,190
YoY Change (%)	12.3	14.4	7.5	9.0	7.9	5.7	3.8	2.7	10.8	5.0
Gross profit	7,703	8,861	7,897	8,998	8,355	9,505	8,048	9,167	33,458	35,075
Margin (%)	69.6	69.7	70.7	70.0	70.0	70.7	69.4	69.4	70.0	69.9
EBITDA	2,303	3,537	2,385	3,185	2,804	3,958	2,721	3,171	11,410	12,653
Margins (%)	20.8	27.8	21.4	24.8	23.5	29.4	23.5	24.0	23.9	25.2
YoY Change (%)	38.0	36.6	14.9	27.4	21.8	11.9	14.1	-0.4	29.2	10.9
Depreciation	147	151	158	149	196	203	192	197	605	788
Interest	2	2	2	2	17	18	15	18	8	68
Other Income	607	890	1,051	789	1,109	781	1,160	719	3,186	3,770
PBT	2,761	4,274	3,276	3,823	3,700	4,518	3,675	3,674	13,983	15,567
Tax	1,025	1,467	1,190	1,250	1,337	1,065	908	607	4,896	3,918
Rate (%)	37.1	34.3	36.3	32.7	36.1	23.6	24.7	16.5	35.0	25.2
Adj PAT	1,736	2,807	2,086	2,572	2,363	3,453	2,766	3,067	9,087	11,650
YoY Change (%)	31.3	45.9	27.4	21.4	36.1	23.0	32.6	19.2	29.8	28.2

E: MOFSL Estimates

Hindustan Unilever**Buy**

CMP INR 2,490 | TP: INR 2,645 (+6%)

EPS CHANGE (%): FY20|21: -0.4|-4.4

- Dom. vol. growth of 4% YoY despite COVID-19 impact.
- Cost-saving initiatives and premiumization to support GM.
- Outlook on pace of rural growth and demand turnaround.
- Outlook on competitive intensity in soaps, RM cost.

Quarterly performance (Standalone)

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic volume growth (%)	12.0	10.0	10.0	7.0	5.0	5.0	5.0	4.0	10.0	4.8
Net sales	94,870	92,340	95,580	99,450	1,01,140	98,520	98,080	1,02,100	3,82,240	3,99,840
YoY change (%)	11.2	11.1	11.3	9.3	6.6	6.7	2.6	2.7	10.7	4.6
Gross Profit	51,230	47,990	51,400	52,020	54,660	53,670	53,180	54,698	2,02,640	2,16,208
Margin %	54.0	52.0	53.8	52.3	54.0	54.5	54.2	53.6	53.0	54.1
EBITDA	22,510	20,190	20,460	23,210	26,470	24,430	24,450	24,840	86,370	1,00,190
YoY change (%)	20.6	20.0	21.8	13.3	17.6	21.0	19.5	7.0	18.7	16.0
Margins (%)	23.7	21.9	21.4	23.3	26.2	24.8	24.9	24.3	22.6	25.1
Depreciation	1,270	1,300	1,330	1,340	2,140	2,370	2,320	2,465	5,240	9,295
Interest	70	70	70	70	240	310	250	160	280	960
Other income	1,350	3,050	1,060	1,180	1,470	1,800	1,400	1,639	6,640	6,309
PBT	22,520	21,870	20,120	22,980	25,560	23,550	23,280	23,854	87,490	96,244
Tax	6,640	6,270	5,060	6,890	8,080	4,600	6,130	7,176	24,860	25,986
Rate (%)	29.5	28.7	25.1	30.0	31.6	19.5	26.3	30.1	28.4	27.0
PAT bei	15,670	15,220	14,010	15,900	17,510	18,320	16,910	18,068	62,630	70,258
YoY change (%)	21.3	23.1	16.9	12.8	11.7	20.4	20.7	13.6	18.2	12.2
Reported Profit	15,290	15,250	14,440	15,380	17,550	18,480	16,160	18,068	60,360	70,258

E: MOFSL Estimates

ITC Neutral

CMP INR 189 | TP: INR 192 (+2%)

EPS CHANGE (%): FY20|21: +0.6|-1.8

- Expect cig. vol. de-growth of 1% & EBIT grow 4.8% YoY.
- Update on any further share loss in capsule cigarettes.
- Update on COVID-19 lockdown & further price hike in cig.
- Demand outlook for 'Other-FMCG' business.

Quarterly Performance

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Est. cigarette vol. gr. (%)	1.0	6.0	7.0	8.0	3.0	2.5	2.5	-1.0	5.5	1.8
Net Sales	1,08,746	1,12,725	1,14,313	1,19,921	1,15,028	1,18,715	1,20,130	1,26,711	4,49,957	4,80,584
YoY change (%)	9.2	9.3	17.0	13.3	5.8	5.3	5.1	5.7	10.8	6.8
Gross Profit	67,652	69,928	71,308	73,765	73,630	73,898	74,665	77,055	2,68,260	2,92,319
Margin (%)	62.2	62.0	62.4	61.5	64.0	62.2	62.2	60.8	59.6	60.8
EBITDA	42,021	42,060	43,258	45,717	45,657	45,624	46,127	50,892	1,73,294	1,88,299
Growth (%)	12.2	11.8	11.2	10.3	8.7	8.5	6.6	11.3	11.3	8.7
Margins (%)	38.6	37.3	37.8	38.1	39.7	38.4	38.4	40.2	38.5	39.2
Depreciation	2,987	3,275	3,354	3,502	3,589	3,957	4,162	4,238	13,117	15,946
Interest	73	135	56	77	152	133	124	112	580	522
Other Income	4,039	5,041	8,364	7,402	6,202	6,543	9,836	6,153	24,845	28,734
PBT	42,999	43,691	48,212	49,539	48,117	48,077	51,676	52,694	1,84,442	2,00,565
Tax	14,813	14,145	16,121	14,720	16,378	7,846	8,936	10,964	59,798	44,124
Rate (%)	34.4	32.4	33.4	29.7	34.0	16.3	17.3	20.8	32.4	22.0
Adj PAT	28,187	29,547	32,091	34,819	31,739	40,231	42,740	41,730	1,24,643	1,56,440
YoY change (%)	10.1	11.9	14.4	18.7	12.6	36.2	33.2	19.8	15.3	25.5

E: MOFSL estimate; Full year COGS also includes contract processing charges (included in other op. exps. in quarterly)

Jyothy Labs Neutral

CMP INR 112 | TP: INR 122 (+9%)

EPS CHANGE (%): FY20|21: -2.8|-12.8

- S/A net sales to de-grow 6% given COVID-19 lockdown.
- Soft RM prices to lead to GM expansion.
- Outlook on demand, especially in south India.
- Update on launches and performance of HI portfolio.

Standalone Quarterly Performance

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	4,026	4,277	4,343	5,043	4,116	4,642	4,073	4,740	17,689	17,571
YoY change (%)	17.1	7.1	6.3	6.3	2.3	8.5	-6.2	-6.0	8.8	-0.7
Gross Profit	1,892	1,965	1,971	2,243	1,965	2,119	1,941	2,227	8,071	8,251
Margins (%)	47.0	45.9	45.4	44.5	47.7	45.6	47.7	47.0	45.6	47.0
Total Exp	1,310	1,233	1,253	1,417	1,309	1,328	1,290	1,460	5,213	5,387
EBITDA	583	732	718	826	655	791	651	767	2,858	2,864
EBITDA growth %	34.2	13.3	5.2	-6.0	12.4	8.1	-9.3	-7.1	8.2	0.2
Margins (%)	14.5	17.1	16.5	16.4	15.9	17.0	16.0	16.2	16.2	16.3
Depreciation	138	139	140	167	185	188	193	195	583	761
Interest	77	71	67	64	61	59	69	61	278	250
Other Income	49	47	69	114	48	55	53	91	278	247
PBT	417	569	581	709	458	598	441	602	2,275	2,099
Tax	93	116	97	38	61	66	16	120	343	263
Rate (%)	22.3	20.3	16.7	5.4	13.4	11.0	3.6	20.0	15.1	12.5
Adjusted PAT	324	453	484	670	359	532	425	481	1,932	1,798
YoY change (%)	57.5	7.2	29.9	11.1	10.9	17.4	-12.1	-28.2	20.4	-6.9

E: MOFSL Estimates

Marico**Buy****CMP INR 303 | TP: INR 346 (+14%)****EPS CHANGE (%): FY20|21: -1.8|+2.5**

- Weak management commentary leads to low expectation.
- Benign RM cost with moderate copra cost to support GM.
- Comments on vol. growth trends across key categories.
- Outlook on RM, margin guidance for international seg.

Quarterly Performance**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic volume growth (%)	12.4	6.0	5.0	8.0	6.0	1.0	-1.0	-3.0	8.0	0.8
Net Sales	20,270	18,370	18,610	16,090	21,660	18,290	18,240	15,391	73,340	73,581
YoY Change (%)	20.5	19.6	14.6	8.7	6.9	-0.4	-2.0	-4.3	16.0	0.3
Gross Profit	8,570	8,090	8,616	7,890	10,290	9,080	8,960	7,396	32,940	35,726
Gross margin (%)	42.3	44.0	46.3	49.0	47.5	49.6	49.1	48.1	44.9	48.6
EBITDA	3,660	3,050	3,489	2,830	4,610	3,530	3,730	2,675	12,810	14,545
Margins (%)	18.1	16.6	18.8	17.6	21.3	19.3	20.4	17.4	17.5	19.8
YoY Change (%)	12.6	17.7	15.8	12.2	26.0	15.7	6.9	-5.5	12.6	13.5
Depreciation	310	310	226	290	350	350	320	312	960	1,332
Interest	90	100	48	80	120	130	120	102	240	472
Other Income	240	290	216	280	280	350	290	306	1,030	1,226
PBT	3,500	2,930	3,431	2,740	4,420	3,400	3,580	2,567	12,640	13,967
Tax	910	780	914	560	1,080	880	820	735	3,160	3,515
Rate (%)	26.0	26.6	26.6	20.4	24.4	25.9	22.9	28.7	25.0	25.2
Adjusted PAT	2,550	2,160	2,473	2,130	3,270	2,530	2,720	1,751	9,300	10,271
YoY Change (%)	9.9	19.1	12.1	18.0	28.2	17.1	10.0	-17.8	14.2	10.4

E: MOFSL Estimates

Nestle India**Neutral****CMP INR 17,323 | TP: INR 15,115 (-13%)****EPS CHANGE (%): FY20|21: -5.0|-7.2**

- Expect moderate sales growth due to COVID-19 lockdown.
- GM contraction of 40bp YoY due to RM cost inflation.
- Commentary on manufacturing and logistics status.
- Commentary on demand environment due to COVID-19.

Quarterly performance**(INR Million)**

Y/E December	CY19				CY20				CY19	CY20
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	30,030	30,009	32,158	31,493	31,891	31,809	35,631	35,905	123,690	135,236
YoY Change (%)	8.9	11.2	9.4	8.7	6.2	6.0	10.8	14.0	9.5	9.3
COGS	12,453	12,522	13,650	13,614	13,362	13,273	15,124	15,478	52,240	57,238
Gross Profit	17,576	17,487	18,508	17,879	18,529	18,536	20,507	20,427	71,450	77,998
Margin (%)	58.5	58.3	57.6	56.8	58.1	58.3	57.6	56.9	57.8	57.7
EBITDA	7,495	7,073	7,595	6,730	7,781	7,571	8,480	7,783	28,892	31,615
Margins (%)	25.0	23.6	23.6	21.4	24.4	23.8	23.8	21.7	23.4	23.4
YoY Growth (%)	5.3	6.4	2.4	9.6	3.8	7.0	11.7	15.7	5.7	9.4
Depreciation	780	808	780	796	935	938	897	938	3,164	3,708
Interest	316	299	299	284	360	335	329	330	1,231	1,355
Other income	732	726	564	447	586	726	677	706	2,469	2,694
PBT	7,131	6,691	7,080	6,097	7,071	7,024	7,931	7,221	26,966	29,247
Tax	2,381	2,213	1,045	1,416	1,782	1,770	1,999	1,820	7,022	7,370
Rate (%)	33.4	33.1	14.8	23.2	25.2	25.2	25.2	25.2	26.0	25.2
Adjusted PAT	4,750	4,478	6,035	4,681	5,289	5,254	5,932	5,401	19,944	21,877
YoY Change (%)	8.2	8.0	30.4	15.6	11.3	17.3	-1.7	15.4	15.8	9.7

E: MOFSL Estimates

Page Industries

Neutral

CMP INR 16,818 | TP: INR 17,565 (+4%)

EPS CHANGE (%): FY20|21: +5.0|-22.6

- Expect decline in volume growth in 4Q due to lockdown.
- Competition largely in men and women's innerwear.
- EBITDA margin contraction due to lower sales & GM.
- Traction in kids wear and overall demand environment.

Quarterly Performance

(INR Million)

Y/E MARCH	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	8,153	6,908	7,383	6,079	8,350	7,754	7,938	5,745	28,522	29,787
YoY change (%)	17.0	10.4	18.9	-0.1	2.4	12.3	7.5	-5.5	11.8	4.4
Gross Profit	4,481	3,994	4,215	3,866	4,598	4,344	4,220	3,072	16,555	16,234
Gross margin (%)	55.0	57.8	57.1	63.6	55.1	56.0	53.2	53.5	58.0	54.5
Other Expenditure	2,588	2,566	2,562	2,669	2,731	2,853	2,832	2,092	10,385	10,509
% to sales	31.7	37.1	34.7	43.9	32.7	36.8	35.7	36.4	36.4	35.3
EBITDA	1,893	1,428	1,653	1,197	1,866	1,490	1,388	981	6,170	5,725
Margins (%)	23.2	20.7	22.4	19.7	22.4	19.2	17.5	17.1	21.6	19.2
YoY change	38.0	11.4	28.3	-18.5	-1.4	4.4	-16.0	-18.1	14.0	-7.2
Depreciation	72	76	82	80	140	147	164	149	311	600
Interest	40	40	41	41	83	81	90	96	161	349
Other Income	72	108	95	87	55	57	35	61	362	209
PBT	1,852	1,420	1,625	1,163	1,699	1,321	1,169	797	6,060	4,985
Tax	608	494	606	413	592	175	299	189	2,121	1,255
Rate (%)	32.8	34.8	37.3	35.5	34.8	13.3	25.6	23.7	35.0	25.2
PAT	1,244	926	1,019	750	1,107	1,145	870	608	3,939	3,730
YoY change (%)	44.8	10.5	22.2	-20.4	-11.1	23.6	-14.6	-18.9	13.4	-5.3

E: MOFSL Estimates

P&G Hygiene

Neutral

CMP INR 11,128 | TP: INR 9,808 (-12%)

EPS CHANGE (%): FY20|21: -3.7|-21.3

- Expect muted sales growth of 2% YoY due to lockdown.
- COVID-19-led lockdown to affect future performance.
- EBITDA margin to contract 150bp YoY.
- A&P spends a key monitorable.

Standalone - Quarterly Earning Model

(INR Million)

Y/E June	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	7,918	8,181	6,993	6,373	8,521	8,593	7,133	6,389	29,465	30,636
YoY Change (%)	20.4	16.2	22.9	21.5	7.6	5.0	2.0	0.2	20.0	4.0
Gross profit	4,766	4,542	4,032	3,776	5,146	5,381	4,280	3,574	17,116	18,382
Margin (%)	60.2	55.5	57.7	59.3	60.4	62.6	60.0	55.9	58.1	60.0
EBITDA	2,096	1,912	1,437	648	1,822	1,867	1,357	837	6,093	5,882
Growth	11.8	-9.0	-1.9	-22.8	-13.1	-2.4	-5.6	29.1	-3.0	-3.5
Margins (%)	26.5	23.4	20.5	10.2	21.4	21.7	19.0	13.1	20.7	19.2
Depreciation	121	123	126	128	115	115	141	143	525	513
Interest	4	5	5	40	4	22	7	22	55	55
Other Income	96	117	84	97	110	90	114	131	402	446
PBT	2,066	1,901	1,390	577	1,814	1,820	1,323	804	5,830	5,760
Tax	716	660	489	-31	445	461	333	210	1,831	1,450
Rate (%)	34.7	34.7	35.2	-5.4	24.6	25.3	25.2	26.2	31.4	25.2
Reported PAT									3,999	4,310
Adj PAT	1,350	1,241	901	608	1,368	1,359	990	593	4,214	4,310
YoY Change (%)	16.8	-5.4	8.3	36.5	1.4	9.5	9.8	-2.4	12.5	2.3
Margins (%)	17.1	15.2	12.9	9.5	16.1	15.8	13.9	9.3	14.3	14.1

E: MOFSL Estimates

Pidilite Industries**Neutral**

CMP INR 1,474 | TP: INR 1,365 (-7%)

EPS CHANGE (%): FY20|21: -0.3|-16.7

- Expect 4% vol. growth in the dom. Consumer Bazaar seg.
- Expect GM expansion on tepid VAM prices.
- Outlook on near-term vol. growth in dom. C&B & RM cost.
- Outlook for Industrial and Construction Chemical seg.

Consolidated - Quarterly Earning Model

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	18,341	17,572	18,483	16,389	20,166	18,066	19,266	17,449	70,785	74,947
YoY change (%)	20.0	14.9	19.8	10.3	10.0	2.8	4.2	6.5	16.5	5.9
Gross Profit	9,267	8,680	8,731	8,241	10,361	9,644	10,363	9,438	34,919	39,805
Margin (%)	50.5	49.4	47.2	50.3	51.4	53.4	53.8	54.1	49.3	53.1
EBITDA	3,817	3,666	3,368	2,788	4,437	3,682	4,632	3,967	13,638	16,718
YoY change (%)	18.9	-2.5	-9.0	1.8	16.3	0.5	37.5	42.3	1.7	22.6
Margins (%)	20.8	20.9	18.2	17.0	22.0	20.4	24.0	22.7	19.3	22.3
Depreciation	301	316	321	390	377	402	419	434	1,327	1,632
Interest	73	60	62	66	73	83	82	34	261	272
Other Income	321	276	307	562	399	558	398	386	1,466	1,741
PBT	3,764	3,566	3,291	2,895	4,385	3,755	4,530	3,885	13,336	16,555
Tax	1,361	1,230	1,110	431	1,444	293	1,084	897	4,132	3,718
Rate (%)	36.1	34.5	33.7	14.9	32.9	7.8	23.9	23.1	31.0	22.5
Adj PAT	2,404	2,336	2,181	2,464	2,941	3,462	3,445	2,988	9,384	12,837
YoY change (%)	6.4	-7.2	-8.0	-0.1	22.4	48.2	58.0	21.3	-2.4	36.8
Margins (%)	13.1	13.3	11.8	15.0	14.6	19.2	17.9	17.1	13.3	17.1

E: MOFSL Estimates

Tata Consumer Products**Buy**

CMP INR316 | TP: INR417 (+32%)

EPS CHANGE (%): FY21|22: +14|+19

- TGB standalone and Tata Coffee consol to drive revenue
- Ramp-up in newly commenced coffee processing plant
- Expect EBITDA margins across businesses to improve

Quarterly performance (Consolidated)

(INRm)

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	18,026	17,609	19,126	17,755	18,971	18,341	19,619	24,454	72,515	81,384
YoY Change (%)	5.8	4.1	10.5	5.2	5.2	4.2	2.6	37.7	6.4	12.2
Total Expenditure	15,538	15,942	17,164	16,012	16,323	15,994	17,223	21,479	64,656	71,019
EBITDA	2,488	1,667	1,962	1,743	2,648	2,347	2,396	2,975	7,859	10,366
Margins (%)	13.8	9.5	10.3	9.8	14.0	12.8	12.2	12.2	10.8	12.7
Depreciation	295	305	296	329	460	468	492	472	1,225	1,892
Interest	126	115	130	155	182	201	192	170	525	745
Other Income	285	708	226	352	305	253	260	400	1,571	1,218
PBT before EO expense	2,352	1,955	1,762	1,611	2,311	1,931	1,972	2,733	7,681	8,947
Extra-Ord expense	-182	-67	0	-84	-81	-15	-8	0	-333	-104
PBT	2,171	1,888	1,762	1,527	2,230	1,916	1,964	2,733	7,348	8,843
Tax	835	637	549	588	739	483	559	676	2,609	2,457
Rate (%)	38.4	33.7	31.2	38.5	33.1	25.2	28.5	24.7	35.5	27.8
Minority Interest	119	142	96	131	164	147	153	109	488	573
Profit/Loss of Asso. Cos.	-55	589	-124	-578	-74	92	-46	-217	-169	-245
Reported PAT	1,162	1,697	993	230	1,253	1,377	1,206	1,732	4,083	5,568
Adj PAT	981	1,630	993	146	1,173	1,362	1,198	1,732	3,750	5,464
YoY Change (%)	NA	NA	-22.0	-76.1	19.6	-16.4	20.6	1,086.9	-31.3	45.7
Margins (%)	5.4	9.3	5.2	0.8	6.2	7.4	6.1	7.1	5.2	6.7

4QFY20 performance includes Tata Chemical's consumer business numbers

United Breweries

Neutral

CMP INR 914 | TP: INR 1,003 (+10%)

EPS CHANGE (%): FY20|21: -9.5|-32.8

- Expect 1% YoY revenue decline due to lockdown.
- Watch out for trends in volume and market share.
- Expect EBITDA margin contraction due to lower sales.
- Commentary on cost trend and outlook for RM.

Standalone - Quarterly Earning Model

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	18,659	15,260	14,512	16,294	20,485	15,786	14,548	16,072	64,754	66,891
YoY Change (%)	11.2	19.3	21.0	10.7	9.8	3.4	0.3	-1.4	15.2	3.3
Gross Profit	10,095	8,485	7,739	8,230	10,314	8,225	7,692	8,328	34,678	34,559
Margin (%)	54.1	55.6	53.3	50.5	50.3	52.1	52.9	51.8	53.6	51.7
EBITDA	4,004	3,182	2,479	1,712	3,289	1,925	2,215	1,372	11,384	8,803
YoY Change (%)	25.8	43.4	62.4	-17.8	-17.8	-39.5	-10.6	-19.9	26	-22.7
Margins (%)	21.5	20.9	17.1	10.5	16.1	12.2	15.2	8.5	17.6	13.2
Depreciation	637	656	665	639	692	689	736	779	2,599	2,895
Interest	92	40	62	118	77	88	99	141	312	249
Other Income	153	37	21	106	32	19	35	25	320	111
PBT	3,428	2,523	1,772	1,062	2,552	1,167	1,416	478	8,793	5,770
Tax	1,208	885	681	383	907	16	346	129	3,160	1,452
Rate (%)	35.3	35.1	38.4	36.0	35.5	1.3	24.4	27.1	36	25.2
MI & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	-4	-4
Adj PAT	2,219	1,638	1,092	679	1,645	1,151	1,070	348	5,629	4,314
YoY Change (%)	37.1	74.5	130.4	-25.3	-25.9	-29.7	-2.0	-48.7	42.8	-23.4
Margins (%)	11.9	10.7	7.5	4.2	8.0	7.3	7.4	2.2	8.7	6.4

E: MOFSL Estimates

United Spirits

Buy

CMP INR 562 | TP: INR 663 (+18%)

EPS CHANGE (%): FY20|21: -4.3|-23.3

- Expect 10% YoY volume decline in 4QFY20.
- Trend in volume growth, premiumization, and margins.
- Expect GM contraction due to high RM cost.
- Outlook for ENA/molasses, price inc. granted by states.

Quarterly Performance

(INR Million)

Y/E March (Standalone)	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Volume growth %	1.1	10.3	3.8	1.0	6.0	1.0	-1.8	-10.0	3.9	-1.2
Total revenues	20,088	22,249	24,969	22,500	22,184	22,962	25,825	21,272	89,806	92,243
YoY change (%)	12.7	14.0	10.3	3.5	10.4	3.2	3.4	-5.5	9.9	2.7
Gross Profit	10,090	11,175	12,130	10,462	10,497	10,325	11,459	9,690	43,857	41,971
Margin (%)	50.2	50.2	48.6	46.5	47.3	45.0	44.4	45.6	48.8	45.5
EBITDA	2,387	4,429	3,582	2,836	3,971	4,156	4,240	2,539	12,874	14,906
Margins (%)	11.9	19.9	14.3	12.6	17.9	18.1	16.4	11.9	14.3	16.2
EBITDA growth (%)	38.8	61.6	30.7	2.9	66.4	-6.2	18.4	-10.5	25.2	15.8
Depreciation	339	350	355	401	500	573	524	513	1,445	2,110
Interest	582	438	575	605	520	452	455	443	2,200	1,870
PBT From operations	1,466	3,641	2,652	1,830	2,951	3,131	3,261	1,584	9,229	10,927
Other income	133	167	533	119	101	137	176	205	952	619
PBT	1,599	3,808	3,185	1,949	3,052	3,268	3,437	1,789	10,181	11,546
Tax	545	1,221	1,059	641	1,065	1,022	849	297	3,416	3,233
Rate (%)	34.1	32.1	33.2	32.9	34.9	31.3	24.7	16.6	33.6	28.0
Adj. PAT	1,054	2,587	2,126	1,308	1,987	2,246	2,588	1,491	6,765	8,313
YoY change (%)	45.6	89.8	43.5	-29.3	88.5	-13.2	21.7	14.0	38.1	22.9

E: MOFSL Estimates; quarterly numbers for FY19 are adjusted for re-grouping impact

Financials – Banks and Insurance

4QFY20 earnings estimate (INR b)

PAT (INR b)	4Q FY20E	YoY (%)	QoQ (%)
Pvt Banks			
AUBANK	1.81	53.4	-4.6
AXSB	13.99	-7.0	-20.4
BANDHAN	6.23	-4.2	-14.7
DCBB	0.68	-29.1	-29.3
EQUITAS	0.73	5.9	-22.6
FB	3.94	3.2	-10.6
HDFCB	71.56	21.6	-3.5
ICICIBC	26.72	175.8	-35.6
IIB	0.62	-82.9	-95.3
KMB	15.34	8.9	-3.9
RBK	0.28	-88.7	-60.0
Pvt Total	141.91	21.4	-20.5
PSU Banks			
BOB	-12.37	NM	NM
PNB	-43.18	NM	NM
SBIN	40.96	388.5	-26.6
PSU Total	-14.58	NM	NM
Banks Total	127.33	87.6	-40.9
Life Insurance			
HDFCLIFE	3.31	-9.2	32.1
IPRU	2.30	-11.9	-23.9
Life Total	5.61	-10.3	1.5

COVID-19 batters hope of long anticipated earnings revival

Growth outlook uncertain; Credit cost set to spike

- **Private Banks – Business performance to get affected by COVID-19; Expect PAT growth of 21% YoY:** Banking sector earnings are likely to see a significant dent due to the outbreak of Coronavirus (COVID-19) and its subsequent economic impact across all sectors of the economy. The nation-wide lockdown would test the resilience of all industries/companies, and thus, poses significant risk to the survival/profitability, which can exert pressure of varying degree across most lenders. While the impact would be more severe in FY21/FY22E, 4QFY20 is likely to have modest impact as the pandemic escalated only during the last few days of Mar'20. We estimate Private Banks to report operating profit growth of ~14% YoY (-3.4% QoQ), while PAT should grow 21% YoY on a benign base (-20% QoQ). Banks might look to create additional provisioning, and thus, suppressed credit growth, muted other income and elevated credit costs are all likely to put pressure on near-term earnings. We have cut our FY21/FY22E estimates by 22%/21%.

 - **Loan growth** in retail should moderate due to the COVID-19 outbreak as discretionary consumer spending declines with muted wholesale lending trends. **For FY21/FY22E, we expect Private Bank's overall loan growth to decline by 520bp/410bp to 13%/15%**, reflecting the slowdown in systemic loan growth. We estimate AXSB/ICICIBC to deliver 14.5%/11.5% YoY loan growth, while HDFCB should report higher growth of ~21% YoY. IIB/KMB should exhibit moderation in loan growth of ~13%/7%.
 - **Margin trajectory** is likely to decline affected by the sharp cut in repo rate/MCLR across banks while softening loan growth and higher interest reversals should put further pressure on margins. We, thus, expect private banks to deliver **NII growth of 14% YoY**, led by IIB (32% YoY), RBK (30% YoY), BANDHAN (17% YoY) and HDFCB/KMB (15%/14% YoY).
 - **Asset quality** trends are likely to stay volatile as various segments like SMEs/MSMEs, MFIs and unsecured retail witnesses pressure. While bulk of the impact would be seen in FY21, 4QFY20 could see a tiny effect on asset quality ratios. We expect large banks like HDFCB, ICICIBC and KMB to navigate relatively well; however, we remain watchful of other banks like IIB and RBL given their high rating downgrades and slowing macros.
- **PSBs' earnings to witness significant pressure:** We estimate weakness in earnings of PSU banks. Besides the dreadful impact of COVID-19, sluggish loan growth due to merger integration, higher slippages and delay in the resolution of NCLT accounts are all further earning dampeners. PSBs are expected to deliver **NII growth of 8% YoY and a collective loss of INR14.6b**, affected by losses at BoB and PNB while SBIN is likely to report higher profitability on a benign base. We expect PSBs' PPOP to grow ~11.6% YoY.

- **Mid-sized private banks – fighting battle on both asset and liability franchise:**
We expect performance of mid-sized Private Banks to remain under pressure as they face challenges on both asset and liability side. We estimate DCB to report decline of 29% YoY in net earnings while RBK's earnings should be impacted by higher credit cost due to its exposure to unsecured/stressed groups. Thus, RBK's PAT is expected to decline 89% YoY though PPOP growth may remain healthy at 27% YoY. FB is best placed on liability franchise; however, it is likely to report modest earnings growth of ~3% YoY as we factor in the higher credit cost.
- **Small finance banks – earnings to remain mixed:** We expect AUBANK to report PPOP/PAT growth of 28%/53% YoY, led by loan growth of 22% YoY. However, EQUITAS is expected to report tepid earnings growth of 6% YoY.
- **Life Insurers to witness modest earnings decline:** While IPRU is estimated to report net premium income growth of 6% YoY, HDFCLIFE is likely to report decline in net premium income of 5% YoY. With continued focus on protection business and slowdown in low-margin ULIPs, the margin trajectory should remain stable for these players. Overall, we expect PAT decline of 9% for HDFCLIFE and 12% YoY for IPRU.
- **Other monitorables:**
 - **COVID-19 impact** – Management commentary on how COVID-19 would impact the overall economy, the segments affected and the specific effect on banks portfolio including the proportion of customers availing moratorium across segments. Comments on MSME stress and any stress foreseen in the retail segment, especially unsecured retail.
 - **Asset quality** – Guidance on asset quality ratios and credit cost for FY21 as the system goes through the negative impact of COVID-19 while the expected resolution too gets delayed.
 - **Liquidity management/Deposit build-up** – Many banks have witnessed withdrawal of deposits while CD/CP rates have also increased sharply. Thus, liquidity being maintained by banks would be a key monitorable amongst investors, especially considering the RBI's moratorium, which could lead to ALM mismatch as liabilities would have to be honored while collection would be impacted.
 - **Margin trajectory** – Particularly as mid-sized private banks have witnessed some drawdown on their deposit balance. Further, the trajectory of cost of funds would be important as many banks have lowered their interest rates.
 - **Treasury performance** – Treasury performance during the quarter and the outlook as bond-yields have been quite volatile and witnessed some moderation, helped by the RBI's liquidity measures.

Our top picks – AXSB, ICICIBC, KMB, SBIN and IPRU

AXSB: Financial Snapshot (INR b)

Y/E March	FY20E	FY21E	FY22E
NII	247.1	278.0	319.4
OP	228.3	256.5	294.3
NP	44.1	78.2	121.4
NIM (%)	3.2	3.2	3.3
EPS (INR)	16.4	27.8	43.1
EPS Gr. (%)	-10.0	69.5	55.3
BV/Sh. (INR)	302.9	327.2	366.3
ABV/Sh. (INR)	264.1	279.4	323.4
Ratios			
RoE (%)	5.8	8.8	12.4
RoA (%)	0.5	0.8	1.2
Payout (%)	14.0	12.4	9.3
Valuations			
P/E(X)	23.1	13.6	8.8
P/BV (X)	1.2	1.2	1.0
P/ABV (X)	1.4	1.4	1.2
Div. Yield (%)	0.5	0.8	1.0

ICICIBC: Financial Snapshot (INR b)

Y/E March	FY20E	FY21E	FY22E
NII	324.8	356.6	405.0
OP	276.9	299.6	344.3
NP	93.8	133.2	168.7
NIM (%)	3.7	3.7	3.7
EPS (INR)	14.6	20.7	26.2
EPS Gr (%)	178.6	41.9	26.7
ABV/Sh (INR)	148.1	156.2	177.2
Cons. BV/Sh (INR)	201.7	234.0	272.3
Ratios			
RoE (%)	8.7	11.5	13.3
RoA (%)	0.9	1.2	1.4
Valuations			
P/BV (x) (Cons)	1.6	1.4	1.2
P/ABV (x)	1.4	1.3	1.2
P/E (x)	14.3	10.1	7.9
Div. Yield (%)	1.7	2.0	2.0

*Adjusted for Investment in subs

KMB: Financial Snapshot (INR b)

Y/E MARCH	FY20E	FY21E	FY22E
NII	134	153	173
OP	98	113	128
NP	62	68	81
Cons. NP	87	96	114
NIM (%)	4.3	4.4	4.3
EPS (INR)	33	36	42
EPS Gr. (%)	28	10	18
ABV. (INR)	228	256	295
Cons. BV. (INR)	347	397	456
Ratios			
Cons. RoE (%)	13.0	12.7	13.0
RoE (%)	13.7	13.2	13.7
RoA (%)	1.9	1.8	1.9
Valuations			
P/BV (X) (Cons.)	3.4	3.0	2.6
P/ABV (X) (Adj)	3.3	2.9	2.5
P/E(X) (Adj)	22.8	20.8	17.6

*Adjusted for Investment in subs

AXSB (BUY)

- Retail business franchise has strengthened, with the share of retail loans improving to ~53% of total loans led by personal loans, credit cards, vehicle loans, etc. On the liability side, the share of CASA + retail term deposits remains at ~82%, which ensures relatively stable funding costs
- Retail and transaction banking fees now form ~85% of the bank's fees, signifying the granularity in fee income. This is driven by cards/third party distribution. We expect fee income to average assets to improve to ~1.4% by FY21.
- AXSB has been reporting a healthy decline in net stressed loans as BB and below assets has reduced to INR97.8b (1.8% of loans). However, we expect NPL formation rate to stay elevated due to the slump in economic growth and recent downgrades and estimate near-term credit cost to stay elevated as AXSB shores up its coverage ratio before reaching normalized levels. We thus estimate AXSB to deliver RoA/RoE of 0.8%/8.8% in FY21. The stock trades at 1.4x FY21E ABV.

ICICIBC (BUY)

- ICICIBC has been following rigorous underwriting in growing unsecured loans (9% of total loans) while on the wholesale front, proportion of A- and above in incremental sanctions have been at 90%. Further, it has one of the highest PCR while the BB & below book has declined to 2.7%, which along with lowest exposure to the SME segment (~4%) would keep credit cost under control.
- Retail loan mix has increased to 63% (840bp increase over the past two years), which along with one of the strongest deposit franchises amongst private banks with CASA of 47%, would aid margins.
- Overall, we have lowered our loan assumptions and increased our credit cost estimates. We, thus, expect ICICIBC to deliver RoA/RoE of 1.2%/11.5% by FY21E. Adjusted for subsidiaries, the standalone bank trades at 1.3x FY21E ABV.

KMB (Neutral)

- KMB has exhibited strong performance across cycles with its calibrated growth strategy while maintaining strong control on asset quality. Strong presence across products and healthy capitalization (Tier 1 of 17.7%) places the bank in a sweet spot to capitalize amidst current turbulent environment.
- KMB continues to report steady progress in building its liability franchise with CASA ratio of ~56% while strong credibility has enabled it to gain further share in an environment where the depositors' faith is already fragile.
- KMB has also maintained steady coverage ratio while the recent reduction in SA rate (savings mix of 40%) should enable steep reduction in funding cost and support margins.
- We continue believing in KMB's capability to deliver in a challenging environment and appreciate the progress it is making in building a diversified banking franchise. We estimate KMB to deliver 10%/18% loan/PAT CAGR over FY19-22E, led by stable margins and controlled rise in credit cost. Adjusted for subsidiaries, the standalone bank trades at 2.9x FY21E ABV.

SBIN: Financial Snapshot (INR b)

Y/E March	FY20E	FY21E	FY22E
NII	990.6	1,052.4	1,133.7
OP	680.0	716.3	773.8
NP	150.0	177.2	260.9
NIM (%)	3.0	3.0	3.0
EPS (INR)	16.8	19.9	29.2
EPS Gr. (%)	NM	18.1	47.2
ABV (INR)	191.8	197.2	234.9
Cons. BV (INR)	263.3	282.6	311.6

Ratios

RoE (%)	7.4	8.1	10.9
RoA (%)	0.4	0.4	0.6

Valuations

P/BV (x) (Cons.)	0.7	0.6	0.6
P/ABV (x)	0.4	0.4	0.3
P/E (x)	4.3	3.6	2.4

*Adjusted for Investment in subs

IPRU: Financial Snapshot (INR b)

Y/E MARCH	FY20E	FY21E	FY22E
Net Premiums	330.0	356.0	396.1
Surplus / Deficit	13.8	13.9	15.5
Sh. holder's PAT	11.6	12.9	15.0
NBP growth			
Unwtd (%)	15.0	9.0	15.0
APE growth - (%)	-2.3	9.8	16.7
Tot. Premium			
Growth (%)	8.0	7.9	11.3
VNB margin (%)	20.9	21.2	21.2
RoE (%)	15.8	16.1	16.9
RoEV (%)	16.1	15.9	15.7
Total AUMs (INRb)	1,989	2,360	2,789
VNB (INRb)	14.9	16.6	19.4
EV per share	175	203	234

Valuations

P/EV (x)	1.9	1.6	1.4
P/EPS (x)	40.9	36.6	31.5

SBIN (BUY)

- We believe the outbreak of COVID-19 could disrupt global supply chains, which along with the stress in the telecom sector, could keep SBIN's asset quality under pressure. However, the bank's net stressed loans (ex. NNPA) stand at ~0.7% of total loans, which provides comfort. We, nevertheless, cut our earnings estimate as we expect (a) slippages to stay elevated in 1HFY21, and (b) elevated credit cost.
- SBIN inarguably has one of the best liability franchise (CASA mix: 45.1%), which puts it in a better position to manage yield pressure while reduction in interest rate on deposits should further support margins.
- Subs – SBI MF, SBI Life Insurance, SBI Cards and SBI Cap – have exhibited robust performance over the last few years and could result in value unlocking.
- Overall, we estimate FY21 RoA/RoE of 0.4%/8.1% for the bank. Subs account for ~37% of total valuation. Adj. for subs, the standalone bank trades at 0.4x FY21E ABV.

IPRU (BUY)

- IPRU Life has taken a strategic call to diversify its business mix and improve premium granularity.
- The company is well positioned to capture a greater pie of the protection business. This should drive incremental profitability with the share of protection in total APE improving to 13.1% in 3QFY20 (v/s 9.9% in 3QFY19).
- Management has guided for continued investments in the protection business, which would be a drag on earnings; however, we expect margins to remain steady despite the potential decline in operating leverage and persistency ratios.
- We estimate VNB CAGR of ~14% over FY19-22E and operating RoEV to sustain at ~18%.
- We, thus, estimate VNB margins to remain stable at ~21% by FY22E on the back of an improved protection mix. The stock trades at 1.6x FY21E EV.

Exhibit 1: 4QFY20 earnings estimates (INR m)

Private Banks	NII (INR m)			PPoP (INR m)			PAT (INR m)		
	Mar-20	YoY (%)	QoQ (%)	Mar-20	YoY (%)	QoQ (%)	Mar-20	YoY (%)	QoQ (%)
AU Bank	5,061	30.8	-0.1	2,755	27.7	-11.9	1,814	53.4	-4.6
Axis Bank	63,165	10.7	-2.1	52,458	4.6	-8.7	13,992	-7.0	-20.4
Bandhan Bank	14,660	16.6	-4.8	11,349	-1.6	-10.2	6,234	-4.2	-14.7
DCB Bank	3,023	0.5	-6.4	1,638	-11.6	-13.7	683	-29.1	-29.3
Equitas Holdings	3,765	13.0	-1.9	1,609	27.5	1.6	728	5.9	-22.6
Federal Bank	11,664	6.4	1.0	7,109	-5.8	-4.4	3,938	3.2	-10.6
HDFC Bank	150,854	15.2	6.4	133,318	22.9	3.0	71,562	21.6	-3.5
ICICI Bank	81,426	6.9	-4.7	69,833	12.0	-7.5	26,723	175.8	-35.6
IndusInd Bank	29,453	31.9	-4.2	23,344	12.9	-15.4	617	-82.9	-95.3
Kotak Mahindra Bank	34,775	14.1	1.4	25,352	11.1	6.2	15,336	8.9	-3.9
RBL Bank	9,597	29.9	4.0	7,097	26.7	-3.1	280	-88.7	-60.0
Pvt Banking Sector	407,444	13.8	0.6	335,862	14.1	-3.4	141,909	21.4	-20.5
PSU Banks									
Bank of Baroda	68,205	34.6	-4.3	47,164	22.2	-4.9	(12,368)	NM	NM
PNB	42,285	0.7	-2.9	33,562	17.3	-10.8	(43,175)	NM	NM
State Bank	237,457	3.4	-14.5	183,307	8.3	0.6	40,960	388.5	-26.6
PSU Banking Sector	347,948	8.0	-11.4	264,032	11.6	-2.0	-14,583	NM	NM
Banking Sector	755,392	11.0	-5.3	599,894	13.0	-2.8	127,325	87.6	-40.9
Life Insurance									
HDFC Standard life	97,031	-5.3	23.5	3,634	5.3	37.9	3,307	-9.2	32.1
ICICI Prudential life	106,196	5.6	30.6	2,705	-2.8	-10.9	2,302	-11.9	-23.9
Life Insurance	203,226	0.1	27.1	6,339	1.7	11.7	5,608	-10.3	1.5

Note: For HDFC Life and IPRU Life, NII represents net premium income, PPoP represents shareholder's PBT and PAT represents shareholder's profits

Exhibit 2: Loan growth moderates to 6.1%

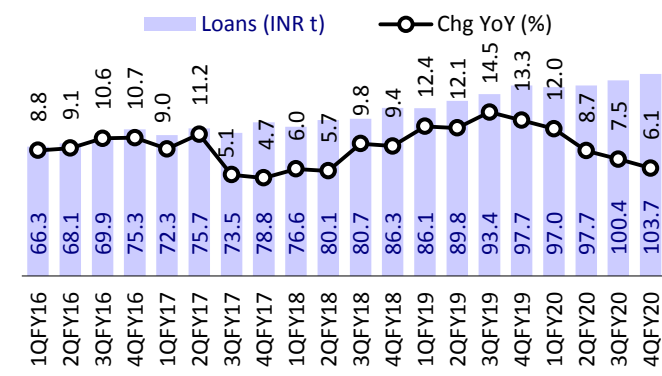
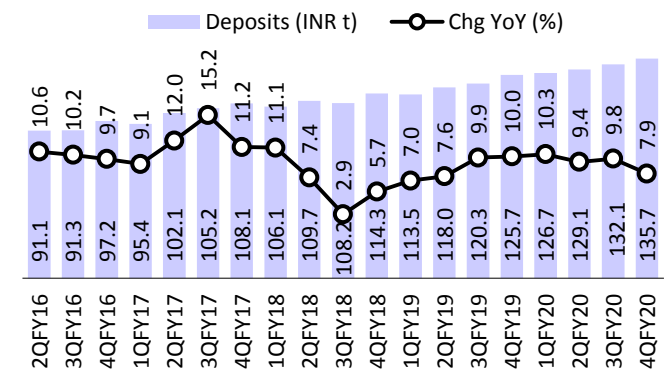


Exhibit 3: Deposit growth moderates to 7.9%



We cut our FY21/22E earnings of Private Banks by 22%/21%.

Exhibit 4: Change in estimates post COVID-19 across key parameters – Loan growth to moderate by ~520bp/410bp over FY21/FY22E

Private banks under coverage	Pre COVID-19 Estimates		Post COVID-19 Estimates		Change in %/bps	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Loan growth YoY (%)	18%	20%	13%	15%	(516)	(407)
Credit Cost (%)	1.2%	1.0%	1.8%	1.5%	62	49
PAT (INRb)	890	1,119	697	880	-22%	-21%
GNPA ratio (%)	3.2%	2.9%	4.3%	3.7%	115	85

We expect RoA of Private Banks under our coverage to decline by ~20-60bp over FY21/FY22E.

Exhibit 5: Change in key valuation metrics – BVs to get impacted by 2-8%/3-13% for FY21/FY22E

Private banks under coverage	Decline in %/bps	
	FY21E	FY22E
BV decline	2%-8%	3%-13%
ABV decline	3%-11%	5%-14%
ROA impact	22bp-58bp	20bp-54bp

Exhibit 6: Change in estimates across our coverage universe – mid-sized banks to witness higher cut in earnings

PAT (INRm)	Pre COVID-19 Estimates			Post COVID-19 Estimates			% Change		
	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Private Banks									
AXSB	48,754	121,917	174,462	44,142	78,201	121,420	-9.5%	-35.9%	-30.4%
BANDHAN	32,287	40,252	49,318	31,299	32,354	38,044	-3.1%	-19.6%	-22.9%
DCBB	3,765	5,082	6,542	3,375	3,203	4,542	-10.4%	-37.0%	-30.6%
HDFCB	269,542	342,545	415,679	264,859	308,108	367,025	-1.7%	-10.1%	-11.7%
ICICIBC	108,345	189,137	229,587	93,818	133,165	168,742	-13.4%	-29.6%	-26.5%
IIB	52,561	70,780	93,560	42,043	45,245	62,156	-20.0%	-36.1%	-33.6%
KMB	65,052	76,449	91,994	62,142	68,263	80,757	-4.5%	-10.7%	-12.2%
FB	17,125	21,747	26,809	16,354	14,114	17,814	-4.5%	-35.1%	-33.6%
RBK	4,887	11,268	16,639	4,193	6,022	8,821	-14.2%	-46.6%	-47.0%
AUBANK	7,543	10,411	14,687	7,339	8,045	10,261	-2.7%	-22.7%	-30.1%
EQUITAS	2,950	4,410	6,614	2,734	2,946	4,154	-7.3%	-33.2%	-37.2%
PSU Banks									
BOB	-7,216	63,452	92,819	-11,972	30,407	48,058	NM	-52.1%	-48.2%
PNB	-29,806	48,257	68,460	-32,841	23,199	34,470	NM	-51.9%	-49.6%
SBIN	189,136	319,473	417,636	150,033	177,246	260,940	-20.7%	-44.5%	-37.5%
Life Insurance									
HDFCLIFE	13,808	16,270	19,099	13,142	15,134	17,460	-4.8%	-7.0%	-8.6%
ICICIPRULIFE	11,823	13,492	16,203	11,552	12,889	15,013	-2.3%	-4.5%	-7.3%

Source: MOFSL, Company

Exhibit 7: Change in loan growth across private banks – mid-sized banks to witness sharper moderation in loan growth

Advances (INRb)	Old Estimates			Revised Estimates			Change in %/bps		
	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY21E
AXSB	5,715	6,686	7,890	5,665	6,289	7,200	-1%	-6%	-9%
HDFCB	9,710	11,555	13,866	9,931	11,421	13,362	2%	-1%	-4%
ICICIBC	6,717	7,859	9,274	6,541	7,359	8,389	-3%	-6%	-10%
IIB	2,215	2,614	3,189	2,104	2,335	2,662	-5%	-11%	-17%
KMB	2,273	2,614	3,084	2,195	2,414	2,752	-3%	-8%	-11%
AUBANK	293	380	495	278	331	423	-5%	-13%	-15%
FEDERAL	1,262	1,477	1,742	1,234	1,358	1,534	-2%	-8%	-12%
DCB	266	314	377	253	276	312	-5%	-12%	-17%
RBL	641	788	1,001	603	681	780	-6%	-14%	-22%
Bandhan	686	850	1,087	638	757	947	-7%	-11%	-13%
Overall Impact	NA	18%	20%	NA	13%	15%	NA	(516)	(407)

Source: MOFSL, Company

Credit cost to increase by
~60bp/50bp for
FY21//FY22E.

Exhibit 8: Change in credit cost assumption – ICICIBC to witness lowest increase

Credit Cost (%)	Old Estimates		Revised Estimates		Change in bps	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
AXSB	1.7%	1.2%	2.5%	1.9%	81	68
HDFCB	1.0%	1.0%	1.5%	1.4%	50	40
ICICIBC	1.3%	1.1%	1.7%	1.5%	44	40
IIB	1.3%	1.0%	2.3%	1.8%	94	75
KMB	0.6%	0.5%	0.9%	0.7%	35	20
AUBANK	0.8%	0.8%	1.3%	1.3%	50	45
FEDERAL	0.6%	0.6%	1.1%	0.9%	46	33
DCB	0.8%	0.8%	1.4%	1.0%	53	20
RBL	2.7%	2.5%	3.5%	3.3%	84	84
Bandhan	1.4%	1.3%	2.2%	1.9%	80	60
Overall Impact	1.2%	1.0%	1.8%	1.5%	62	49

Source: MOFSL, Company

IIB to witness highest decline while HDFCB should witness lowest decline.

Exhibit 9: Change in ABV – ABV to decline in the range of 3-14% over FY21/FY22E

ABV (INR)	Old Estimates		Revised Estimates		% Change	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
AXSB	306	365	279	323	-9%	-11%
HDFCB	349	414	339	395	-3%	-5%
ICICIBC	175	203	156	177	-11%	-13%
IIB	601	722	538	618	-11%	-14%
KMB	268	310	256	295	-4%	-5%
AUBANK	174	222	165	198	-5%	-11%
FEDERAL	72	81	65	70	-10%	-14%
DCB	117	138	108	123	-7%	-10%
RBL	213	243	197	214	-8%	-12%
Bandhan	116	140	109	126	-6%	-10%

Source: MOFSL, Company

IIB to witness highest impact on RoA.

Exhibit 10: Change in RoA – RoA to decline in the range of 20-60bp over FY21/FY22E

ROA (%)	Old Estimates		Revised Estimates		Change in bps	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
AXSB	1.3%	1.6%	0.8%	1.2%	(44)	(43)
HDFCB	2.1%	2.2%	1.9%	2.0%	(23)	(22)
ICICIBC	1.7%	1.7%	1.2%	1.4%	(46)	(37)
IIB	2.0%	2.2%	1.4%	1.7%	(58)	(48)
KMB	2.0%	2.1%	1.8%	1.9%	(22)	(20)
AUBANK	2.2%	2.4%	1.8%	1.8%	(43)	(54)
FEDERAL	1.1%	1.2%	0.8%	0.9%	(35)	(31)
DCB	1.2%	1.3%	0.8%	1.0%	(39)	(30)
RBL	1.1%	1.3%	0.6%	0.8%	(42)	(44)
Bandhan	3.9%	3.7%	3.4%	3.3%	(47)	(42)

Source: MOFSL, Company

Exhibit 11: NIMs to be suppressed due to lower business growth, slowing macro and higher interest reversal

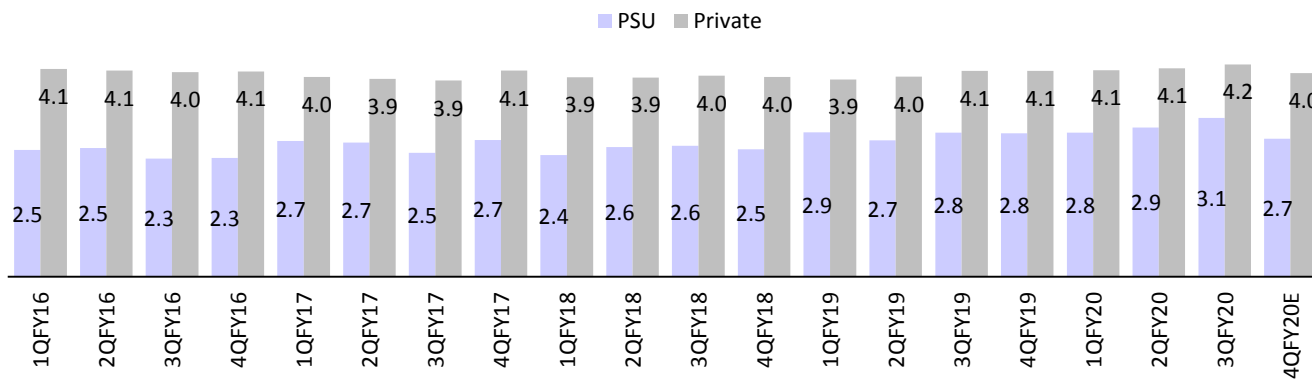
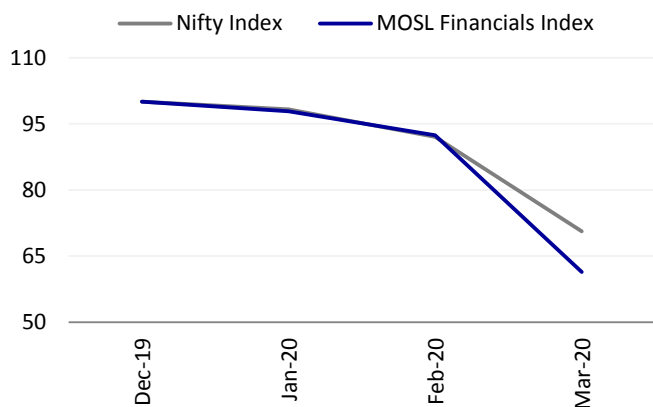
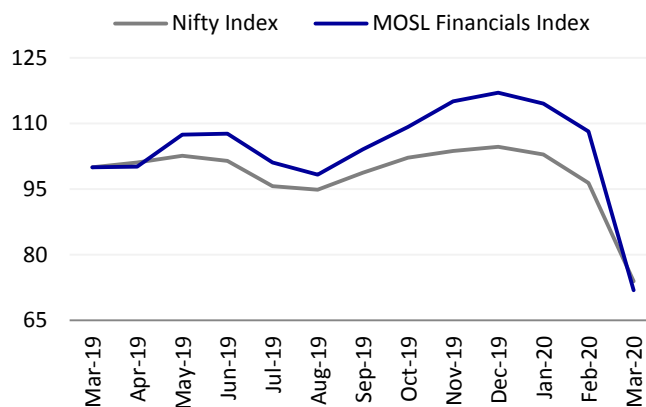


Exhibit 12: Relative performance—3 months (%)



Source: MOFSL, Company

Exhibit 13: Relative performance—1 year (%)



Source: MOFSL, Company

Exhibit 14: Valuation summary – to be updated by production team

Sector / Companies	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Banks-Private														
AU Small Finance	501	Buy	24.7	26.6	33.9	20.3	18.8	14.8	3.4	2.9	2.4	19.4	16.7	17.9
Axis Bank	417	Buy	16.4	27.8	43.1	25.5	15.0	9.7	1.4	1.3	1.1	5.8	8.8	12.4
Bandhan Bank	187	Buy	22.3	20.1	23.6	8.4	9.3	7.9	1.9	1.7	1.4	23.2	19.1	19.4
DCB Bank	87	Neutral	10.9	10.3	14.7	7.9	8.4	5.9	0.8	0.7	0.7	11.1	9.6	12.2
Equitas Holdings	39	Buy	8.0	8.6	12.2	4.9	4.5	3.2	0.5	0.4	0.4	10.6	10.4	13.2
Federal Bank	41	Buy	8.2	7.1	9.0	5.0	5.8	4.6	0.6	0.5	0.5	11.8	9.4	11.1
HDFC Bank	863	Buy	48.6	56.6	67.4	17.8	15.3	12.8	2.8	2.4	2.1	16.6	16.9	17.5
ICICI Bank	327	Buy	14.6	20.7	26.2	22.5	15.8	12.5	1.9	1.7	1.6	8.7	11.5	13.3
IndusInd Bank	424	Buy	65.0	64.7	87.9	6.5	6.6	4.8	0.8	0.7	0.7	13.8	12.1	14.5
Kotak Mahindra Bank	1,173	Neutral	45.4	50.5	59.5	25.8	23.2	19.7	3.4	3.0	2.6	13.7	13.2	13.7
RBL Bank	121	Buy	8.3	11.9	17.5	14.5	10.1	6.9	0.6	0.5	0.5	4.6	5.5	7.7
Private Bank Aggregate						18.7	15.3	12.2	2.2	2.0	1.7	11.8	12.9	14.4
Banks-PSU														
Bank of Baroda	49	Buy	-3.3	6.6	10.5	-14.8	7.4	4.7	0.3	0.3	0.3	-2.0	4.4	6.6
Punjab National Bank	31	Neutral	-5.8	3.4	5.1	-5.4	9.1	6.1	0.4	0.4	0.3	-6.4	4.0	5.6
State Bank	182	Buy	18.7	22.2	32.0	9.7	8.2	5.7	0.7	0.6	0.6	7.4	8.1	10.9
PSU Bank Aggregate						16.9	8.2	5.6	0.6	0.5	0.5	3.4	6.6	8.9
Life Insurance														
HDFC Life Insur.	471	Neutral	6.5	7.5	8.7	72.3	62.8	54.4	4.3	3.7	3.1	20.1	17.2	19.3
ICICI Pru Life	329	Buy	8.0	9.0	10.5	40.9	36.6	31.5	1.9	1.6	1.4	16.1	15.9	15.7
Life Insurance Aggregate						57.5	50.7	43.7	10.0	8.9	7.8	17.4	17.6	17.9

(*) Multiples adj. for value of key ventures/Investments; **ABV represents EV, RoE represents ROEV and P/BV represents P/EV

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

AU Small Finance Bank

Buy

CMP INR501 | TP: INR800 (+60%)

EPS CHANGE (%): FY20|21: -2.7|-22.7

- Margins to decline by 10bp QoQ.
- Loan growth to moderate due to COVID-19 pandemic.
- GNPA is expected to remain stable at 1.9%.
- Liquidity, CoF and C/I ratio remains the key monitorable.

Quarterly Performance

(INR m)

	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	2,865	3,210	3,480	3,869	3,956	4,516	5,068	5,061	13,425	18,601
% Change (Y-o-Y)	56.2	46.1	39.0	34.9	38.1	40.7	45.7	30.8	42.7	38.6
Other Income	1,031	1,225	1,059	1,306	2,109	1,508	1,612	1,455	4,620	6,685
Total Income	3,896	4,435	4,539	5,174	6,065	6,024	6,681	6,517	18,045	25,286
Operating Expenses	2,370	2,683	2,752	3,018	3,157	3,247	3,552	3,761	10,826	13,717
Operating Profit	1,525	1,752	1,787	2,157	2,908	2,777	3,128	2,755	7,219	11,569
% Change (Y-o-Y)	22.5	22.2	16.8	39.6	90.7	58.5	75.1	27.7	25.3	60.3
Provisions	351	350	325	392	315	610	401	567	1,418	1,894
Profit before Tax	1,174	1,402	1,462	1,764	2,593	2,167	2,727	2,188	5,801	9,675
Tax Provisions	404	488	509	582	690	447	825	374	1,983	2,337
Net Profit	770	914	953	1,182	1,903	1,719	1,902	1,814	3,818	7,339
% Change (Y-o-Y)	24.5	34.0	20.8	42.4	147.3	88.1	99.5	53.4	30.7	92.2
Operating Parameters										
Deposit (INR b)	100.0	128.7	146.9	194.2	198.5	221.5	238.7	261.6	194.2	261.6
Loan (INR b)	152.7	181.2	200.0	228.2	231.0	248.1	265.7	277.6	228.2	277.6
Deposit Growth (%)	1,126.9	550.5	295.2	145.1	98.5	72.1	62.5	34.7	145.1	34.7
Loan Growth (%)	112.1	112.3	99.4	71.4	51.3	36.9	32.9	21.6	71.4	21.6
Asset Quality										
GNPA (%)	2.2	2.0	2.1	2.0	2.1	2.0	1.9	1.9	2.1	1.9
NNPA (%)	1.4	1.3	1.3	1.3	1.3	1.1	1.0	1.0	1.3	1.0
PCR (%)	36.8	37.6	37.6	37.4	40.5	43.9	46.8	48.1	37.4	48.1

Axis Bank

Buy

CMP INR417 | TP: INR600 (+44%)

EPS CHANGE (%): FY20|21: -9.5|-35.9

- Credit cost to stay elevated led by higher slippages.
- Asset quality to witness some pressure.
- Margins to remain stable at ~3.5% QoQ.
- Loan growth to see modest impact.

Quarterly Performance

(INR b)

	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	51.7	52.3	56.0	57.1	58.4	61.0	64.5	63.2	217.1	247.1
% Change (Y-o-Y)	11.9	15.3	18.4	20.6	13.1	16.6	15.2	10.7	16.6	13.9
Other Income	29.2	26.8	40.0	35.3	38.7	39.0	37.9	35.5	131.3	151.0
Total Income	80.9	79.1	96.0	92.3	97.1	100.0	102.4	98.7	348.4	398.1
Operating Expenses	37.2	38.2	40.8	42.2	38.2	40.5	45.0	46.2	158.3	169.8
Operating Profit	43.7	40.9	55.2	50.1	58.9	59.5	57.4	52.5	190.1	228.3
% Change (Y-o-Y)	1.9	8.4	43.4	36.6	34.8	45.4	3.9	4.6	21.9	20.1
Provisions	33.4	29.3	30.5	27.1	38.1	35.2	34.7	32.7	120.3	140.7
Profit before Tax	10.3	11.7	24.7	23.0	20.8	24.3	22.7	19.8	69.7	87.6
Tax	3.3	3.8	7.9	8.0	7.1	25.5	5.1	5.8	23.0	43.5
Net Profit	7.0	7.9	16.8	15.1	13.7	-1.1	17.6	14.0	46.8	44.1
% Change (Y-o-Y)	-46.3	82.6	131.4	NM	95.4	NM	4.5	-7.0	NM	-5.6
Operating Parameters										
Deposit (INR t)	4.5	4.8	5.1	5.5	5.4	5.8	5.9	6.2	5.5	6.2
Loan (INR t)	4.4	4.6	4.8	4.9	5.0	5.2	5.5	5.7	4.9	5.7
Deposit Growth (%)	13.5	15.2	25.7	20.9	20.9	21.7	15.1	13.0	20.9	13.0
Loan Growth (%)	14.4	11.2	12.9	12.5	12.7	14.4	15.8	14.5	12.5	14.5
Asset Quality										
Gross NPA (%)	6.5	6.0	5.8	5.3	5.3	5.0	5.0	5.2	5.3	5.2
Net NPA (%)	3.1	2.5	2.4	2.1	2.0	2.0	2.1	2.2	2.1	2.2
PCR (%)	54.4	58.9	60.4	62.1	62.5	61.7	59.6	58.9	62.1	58.9

Bandhan Bank**Buy****CMP INR187 | TP: INR350 (+87%)****EPS CHANGE (%): FY20|21: -3.1|-19.6**

- NIMs expected to moderate to ~7.6%
- Business growth to moderate.
- Slippages could elevate while collections get hampered.
- Commentary on impact of COVID-19 on MFI.

Quarterly Performance**(INR m)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	10,372	10,775	11,240	12,575	15,746	15,290	15,403	14,660	44,961	61,099
% Change (YoY)	39.4	55.4	53.6	45.6	51.8	41.9	37.0	16.6	48.3	35.9
Other Income	2,107	2,304	2,341	3,878	3,310	3,603	3,577	3,648	10,630	14,139
Total Income	12,479	13,079	13,581	16,453	19,056	18,893	18,980	18,308	55,591	75,237
Operating Expenses	4,273	4,339	4,576	4,921	5,505	5,824	6,341	6,959	18,110	24,629
Operating Profit	8,205	8,740	9,005	11,532	13,551	13,069	12,639	11,349	37,482	50,608
% Change (YoY)	47.3	46.9	56.7	63.9	65.1	49.5	40.4	-1.6	54.2	35.0
Other Provisions	800	1,242	3,776	1,533	1,254	1,455	2,949	3,107	7,351	8,765
Profit Before Tax	7,405	7,498	5,228	9,999	12,297	11,614	9,690	8,242	30,131	41,843
Tax	2,588	2,622	1,916	3,491	4,261	1,896	2,380	2,008	10,616	10,544
Net Profit	4,817	4,877	3,313	6,509	8,036	9,718	7,310	6,234	19,515	31,299
% Change (YoY)	47.4	47.3	10.4	67.8	66.8	99.3	120.7	-4.2	45.0	60.4
Operating Parameters										
Deposits (INR b)	307	330	346	432	437	492	549	571	432	571
Loans (INR b)	305	317	339	396	415	598	606	638	396	638
Deposit Growth (%)	36.8	29.5	36.9	27.6	42.3	49.3	58.5	32.0	27.6	32.0
Loan Growth (%)	62.9	64.0	47.7	33.4	35.9	88.4	78.9	60.9	33.4	60.9
Asset Quality										
Gross NPA (%)	1.3	1.3	2.4	2.0	1.7	1.8	1.9	1.9	2.1	1.9
Net NPA (%)	0.6	0.7	0.7	0.6	0.6	0.6	0.8	0.9	0.6	0.9
PCR (%)	50.4	46.7	71.5	72.1	65.9	68.3	58.4	53.3	72.1	53.3

Bank of Baroda**Buy****CMP INR49 | TP: INR70 (+43%)****EPS CHANGE (%): FY20|21: NM|-52.1**

- Elevated credit cost to impact earnings.
- Slippage trajectory to remain elevated.
- Rundown in international book to continue.
- Movement in watch-list/stress addition key monitorables.

Quarterly Performance**(INRm)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	43,811	44,925	47,432	50,670	64,981	70,279	71,291	68,205	186,838	274,756
% Change (YoY)	28.7	20.7	7.9	26.6	48.3	56.4	50.3	34.6	20.4	47.1
Other Income	11,478	13,516	16,211	19,704	19,156	28,239	27,412	28,740	60,910	103,547
Total Income	55,289	58,441	63,644	70,374	84,137	98,519	98,702	96,945	247,748	378,303
Operating Expenses	25,233	27,622	28,258	31,766	41,375	45,160	49,118	49,782	112,880	185,433
Operating Profit	30,056	30,819	35,385	38,608	42,762	53,359	49,585	47,164	134,868	192,870
% Change (YoY)	13.5	1.3	-3.1	44.8	42.3	73.1	40.1	22.2	12.3	43.0
Provisions	21,656	24,295	27,942	53,993	32,849	42,092	71,554	34,686	127,887	181,180
Profit before Tax	8,400	6,524	7,443	-15,385	9,913	11,268	-21,970	12,478	6,982	11,689
Tax	3,120	2,270	2,731	-5,471	2,815	3,901	-7,900	24,846	2,646	23,661
Net Profit	5,280	4,254	4,712	-9,914	7,099	7,367	-14,070	-12,368	4,335	-11,972
% Change (YoY)	159.6	19.7	321.6	NM	34.5	73.2	NM	NM	NM	NM
Operating Parameters										
Deposit (INR b)	5,815	6,070	6,106	6,387	8,955	8,941	8,962	9,152	6,387	9,152
Loan (INR b)	4,145	4,335	4,487	4,688	6,332	6,373	6,545	6,644	4,688	6,644
Deposit Growth (%)	1.9	4.1	6.5	8.0	54.0	47.3	46.8	43.3	8.0	43.3
Loan Growth (%)	9.8	11.9	12.3	9.7	52.8	47.0	45.9	41.7	9.7	41.7
Asset Quality										
Gross NPA (%)	12.5	11.8	11.0	9.6	10.3	10.3	10.4	10.7	9.6	10.7
Net NPA (%)	5.4	4.9	4.3	3.3	4.0	3.9	4.1	4.2	3.3	4.2
PCR (%)	59.9	61.8	64.0	67.6	64.1	64.4	63.8	63.2	67.6	63.2

DCB Bank**Neutral**

CMP INR87 | TP: INR105 (+21%)

EPS CHANGE (%): FY20|21: -10.4|-37.0

- Credit cost to remain high on potential stress in SME/LAP.
- C/I ratio may remain under pressure and see an increase.
- Expect slippage ratio to remain elevated at ~3%.
- Watch out for NIM compression and loan growth.

Quarterly Performance

(INR m)

	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	2,730	2,818	2,936	3,009	3,048	3,134	3,231	3,023	11,493	12,436
% Change (Y-o-Y)	17.1	13.6	17.2	14.1	11.6	11.2	10.0	0.5	15.5	8.2
Other Income	828	735	945	994	868	1,014	931	970	3,502	3,782
Total Income	3,558	3,553	3,881	4,002	3,915	4,148	4,162	3,993	14,994	16,217
Operating Expenses	2,144	2,092	2,143	2,150	2,250	2,302	2,263	2,355	8,529	9,169
Operating Profit	1,414	1,461	1,738	1,853	1,665	1,845	1,899	1,638	6,466	7,048
% Change (Y-o-Y)	3.7	17.4	41.8	30.9	17.8	26.3	9.3	-11.6	23.2	9.0
Provisions	332	319	401	348	406	433	590	776	1,401	2,205
Profit before Tax	1,082	1,142	1,336	1,505	1,259	1,413	1,309	863	5,065	4,844
Tax	387	408	475	542	448	499	342	179	1,812	1,468
Net Profit	695	734	861	963	811	914	967	683	3,254	3,375
% Change (Y-o-Y)	6.6	24.7	51.0	50.0	16.6	24.5	12.3	-29.1	32.7	3.7
Operating Parameters										
Deposit (INR b)	250.3	261.7	275.1	284.4	287.9	293.6	297.3	303.7	284.4	303.7
Loan (INR b)	212.4	220.7	228.9	235.7	240.4	248.0	254.4	253.4	235.7	253.4
Deposit Growth (%)	30.7	27.2	29.2	18.4	15.0	12.2	8.1	6.8	18.4	6.8
Loan Growth (%)	30.6	26.9	23.1	15.9	13.2	12.4	11.1	7.5	15.9	7.5
Asset Quality										
Gross NPA (%)	1.9	1.8	1.9	1.8	2.0	2.1	2.2	2.2	1.8	2.2
Net NPA (%)	0.7	0.7	0.7	0.7	0.8	1.0	1.0	1.1	0.7	1.1
PCR (%)	61.6	62.1	63.3	65.0	58.9	54.5	52.8	51.7	65.0	51.7

Equitas Holdings**Buy**

CMP INR39 | TP: INR85 (+118%)

EPS CHANGE (%): FY20|21: -7.3|-33.2

- NIMs expected to moderate to ~8.9% QoQ.
- PCR is expected to improve.
- Watch out for asset quality in MSME book.
- Progress in the timeline on listing of SFBs.

Quarterly Performance

(INR m)

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	2,544	2,716	3,111	3,331	3,372	3,505	3,836	3,765	12,357	14,478
% Change (YoY)	17.8	11.0	33.1	34.0	32.6	29.1	23.3	13.0	31.1	17.2
Other Income	612	717	709	683	592	639	857	781	1,639	2,868
Total Income	3,156	3,433	3,820	4,014	3,964	4,145	4,693	4,545	13,996	17,346
Operating Expenses	2,395	2,372	2,605	2,751	2,738	2,862	3,108	2,936	10,270	11,645
Operating Profit	761	1,061	1,215	1,263	1,225	1,282	1,584	1,609	3,726	5,701
% Change (YoY)	6.1	1,392.3	195.6	87.3	61.1	20.9	30.4	27.5	105.9	53.0
Provisions	209	308	245	249	308	454	405	419	1,013	1,586
Profit before Tax	552	753	970	1,014	917	829	1,180	1,190	2,713	4,116
Tax	198	265	348	327	327	353	239	462	947	1,381
Net Profit	354	487	622	687	590	476	941	728	1,766	2,734
% Change (YoY)	96.2	NM	NM	97.3	66.7	-2.4	51.2	5.9	1,193.6	54.9
Operating Parameters										
AUM (INR b)	93	100	107	118	123	132	146	150	118	150
Deposits (INR b)	57	70	79	88	91	100	105	111	88	111
Loans (INR b)	84	94	106	116	120	130	137	147	116	147
AUM Growth (%)	32	36	38	44	32	33	37	27	44	27
Deposit Growth (%)	154	125	114	87	60	44	33	26	59	26
Asset Quality										
Gross NPA (%)	2.8	3.4	3.1	2.5	2.8	2.9	2.9	2.8	2.5	2.8
Net NPA (%)	1.5	2.0	1.8	1.4	1.6	1.6	1.7	1.5	1.4	1.5
PCR (%)	46.9	40.9	44.2	43.4	44.1	43.8	43.5	45.4	43.4	45.4

Federal Bank**Buy****CMP INR41 | TP: INR75 (+81%)****EPS CHANGE (%): FY20|21: -4.5|-35.1**

- Loan growth to witness some moderation while commentary for FY21 to be key monitorable.
- Expect NIMs to moderate ~2.9% QoQ.
- Credit cost to stay elevated while asset quality could deteriorate slightly due to exposure toward SMEs.
- Slippages to remain elevated at ~2.6% annualized.

Quarterly Performance**(INR m)**

	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	9,801	10,225	10,773	10,965	11,542	11,238	11,549	11,664	41,763	45,993
% Change (YoY)	22.4	13.7	13.4	17.5	17.8	9.9	7.2	6.4	16.6	10.1
Other Income	2,709	3,229	3,456	4,117	3,915	4,209	4,079	3,739	13,510	15,942
Total Income	12,509	13,454	14,228	15,083	15,457	15,447	15,628	15,403	55,274	61,935
Operating Expenses	6,480	6,478	7,150	7,535	7,629	8,259	8,190	8,295	27,643	32,373
Operating Profit	6,029	6,976	7,078	7,548	7,828	7,188	7,438	7,109	27,631	29,562
% Change (YoY)	8.1	19.6	26.1	28.2	29.8	3.0	5.1	-5.8	20.6	7.0
Provisions	1,992	2,888	1,901	1,778	1,920	2,518	1,609	2,034	8,559	8,081
Profit before Tax	4,038	4,088	5,177	5,770	5,907	4,670	5,830	5,075	19,073	21,482
Tax	1,411	1,427	1,841	1,955	2,065	503	1,423	1,136	6,634	5,128
Net Profit	2,627	2,660	3,336	3,815	3,842	4,167	4,406	3,938	12,439	16,354
% Change (YoY)	25.0	0.9	28.3	163.1	46.2	56.6	32.1	3.2	41.5	31.5
Operating Parameters										
Deposit (INR b)	1,112	1,182	1,235	1,350	1,325	1,395	1,446	1,511	1,350	1,511
Loan (INR b)	943	1,009	1,056	1,102	1,120	1,159	1,192	1,234	1,102	1,234
Deposit Growth (%)	16.1	21.6	22.8	20.5	19.1	18.1	17.1	12.0	20.5	12.0
Loan Growth (%)	23.6	25.2	24.2	19.9	18.8	14.8	13.0	12.0	19.9	12.0
Asset Quality										
Gross NPA (%)	3.0	3.1	3.1	2.9	3.0	3.1	3.0	3.2	2.9	3.2
Net NPA (%)	1.7	1.8	1.7	1.5	1.5	1.6	1.6	1.8	1.5	1.8
PCR (%)	43.5	43.6	45.9	50.1	50.7	49.0	46.4	44.4	50.1	44.4

HDFC Bank**Buy****CMP INR863 | TP: INR1,150 (+33%)****EPS CHANGE (%): FY20|21: -1.7|-10.1**

- Loan growth robust, probably led by corporate loans.
- Watch out for asset quality in the Agri and retail portfolio.
- Margins expected to remain stable at ~4.3%.
- Commentary on the development of succession planning.

Quarterly Performance**(INR b)**

	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	108.1	117.6	125.8	130.9	132.9	135.2	141.7	150.9	482.4	560.7
% Change (Y-o-Y)	15.4	20.6	21.9	22.8	22.9	14.9	12.7	15.2	20.3	16.2
Other Income	38.2	40.2	49.2	48.7	49.7	55.9	66.7	62.1	176.3	234.4
Total Income	146.3	157.8	175.0	179.6	182.6	191.0	208.4	213.0	658.7	795.1
Operating Expenses	59.8	63.0	67.2	71.2	71.2	74.1	79.0	79.7	261.2	303.9
Operating Profit	86.5	94.8	107.8	108.4	111.5	117.0	129.5	133.3	397.5	491.2
% Change (Y-o-Y)	15.0	21.3	27.5	22.7	28.9	23.4	20.1	22.9	21.8	23.6
Provisions	16.3	18.2	22.1	18.9	26.1	27.0	30.4	37.7	75.5	121.2
Profit before Tax	70.2	76.6	85.7	89.5	85.3	90.0	99.0	95.7	322.0	370.0
Tax	24.2	26.5	29.8	30.7	29.7	26.5	24.9	24.1	111.2	105.1
Net Profit	46.0	50.1	55.9	58.9	55.7	63.4	74.2	71.6	210.8	264.9
% Change (Y-o-Y)	18.2	20.6	20.3	22.6	21.0	26.8	32.8	21.6	20.5	25.7
Operating Parameters										
Deposit Growth (%)	20.0	20.9	22.0	17.0	18.5	22.6	25.2	24.2	17.0	24.2
Loan Growth (%)	22.0	24.1	23.7	24.5	17.1	19.5	19.9	21.2	24.5	21.2
Deposit	8,058	8,334	8,525	9,231	9,546	10,216	10,674	11,465	9,231	11,465
Loan	7,086	7,508	7,810	8,194	8,297	8,970	9,360	9,931	8,194	9,931
Asset Quality										
Gross NPA (%)	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.6	1.4	1.6
Net NPA (%)	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.4	0.5
PCR (%)	69.5	70.0	69.7	71.4	69.7	69.7	66.7	70.1	71.4	70.1

ICICI Bank

Buy

CMP INR327 | TP: INR540 (+65%)

EPS CHANGE (%): FY20|21: -13.4|-29.6

- Loan growth to moderate reflecting weak credit scenario.
- Slippages to stay high at 3.2% leading to higher credit cost.
- Margins to remain stable at ~3.7%
- Movement in stressed loans to remain a key monitorable.

Quarterly Performance

(INR b)

	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	61.0	64.2	68.8	76.2	77.4	80.6	85.5	81.4	270.1	324.8
% Change (YoY)	9.2	12.4	20.5	26.5	26.8	25.6	24.3	6.9	17.3	20.2
Other Income	38.5	31.6	38.8	36.2	34.3	41.9	45.7	42.1	145.1	164.0
Total Income	99.5	95.7	107.6	112.4	111.6	122.5	131.2	123.5	415.3	488.8
Operating Expenses	41.5	43.2	46.1	50.1	48.7	53.8	55.7	53.6	180.9	211.9
Operating Profit	58.1	52.5	61.5	62.3	62.9	68.7	75.5	69.8	234.4	276.9
% Change (YoY)	12.1	-24.9	21.5	-17.0	8.3	30.9	22.8	12.0	-5.3	18.2
Provisions	59.7	39.9	42.4	54.5	35.0	25.1	20.8	34.2	196.6	115.1
Profit before Tax	-1.6	12.6	19.0	7.8	27.9	43.7	54.7	35.6	37.8	161.9
Tax	-0.4	3.5	3.0	-1.9	8.8	37.1	13.2	8.9	4.1	68.0
Net Profit	-1.2	9.1	16.0	9.7	19.1	6.5	41.5	26.7	33.6	93.8
% Change (YoY)	NM	-55.8	-2.7	-5.0	NM	-27.9	158.4	175.8	-50.4	178.9
Operating Parameters										
Deposit	5,469	5,587	6,068	6,529	6,607	6,963	7,163	7,378	6,529	7,378
Loan	5,163	5,445	5,643	5,866	5,924	6,134	6,357	6,541	5,866	6,541
Deposit Growth (%)	12.5	12.0	17.3	16.4	20.8	24.6	18.1	13.0	16.4	13.0
Loan Growth (%)	11.3	12.8	11.7	14.5	14.7	12.6	12.6	11.5	14.5	11.5
Asset Quality										
Gross NPA (%)	8.8	8.5	7.8	6.7	6.5	6.4	6.0	6.3	7.5	6.3
Net NPA (%)	4.2	3.7	2.6	2.1	1.8	1.6	1.5	1.7	2.3	1.7
PCR (%)	54.8	59.5	68.5	70.7	74.1	76.1	76.1	74.2	70.7	74.2

IndusInd Bank

Buy

CMP INR424 | TP: INR700 (+65%)

EPS CHANGE (%): FY20|21: -20.0|-36.1

- Loan growth moderates sharply led by overall slowdown while deposits also witness reduction on QoQ basis.
- Asset quality to deteriorate led by higher slippages and strain on MFI and auto business.
- Margins are expected to moderate to ~4%.
- Credit cost to remain elevated as bank shores up its PCR.

Quarterly Performance

(INR m)

	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	21,224	22,033	22,881	22,324	28,440	29,094	30,742	29,453	88,462	117,729
% Change (YoY)	19.6	21.0	20.8	11.2	34.0	32.0	34.4	31.9	18.0	33.1
Other Income	13,016	13,173	14,689	15,590	16,633	17,272	17,900	15,956	56,467	67,761
Total Income	34,240	35,206	37,569	37,914	45,072	46,365	48,642	45,409	144,929	185,489
Operating Expenses	15,129	15,281	16,400	17,237	19,163	20,131	21,065	22,065	64,047	82,424
Operating Profit	19,111	19,924	21,170	20,677	25,910	26,234	27,577	23,344	80,882	103,065
% Change (YoY)	20.3	22.0	27.2	16.9	35.6	31.7	30.3	12.9	21.5	27.4
Provisions	3,500	5,903	6,067	15,607	4,306	7,377	10,435	21,715	31,077	43,833
Profit before Tax	15,611	14,022	15,103	5,070	21,603	18,857	17,143	1,629	49,806	59,232
Tax	5,254	4,819	5,253	1,469	7,278	4,848	4,050	1,012	16,795	17,189
Net Profit	10,357	9,203	9,850	3,601	14,325	14,010	13,092	617	33,011	42,043
% Change (YoY)	23.8	4.6	5.2	-62.2	38.3	52.2	32.9	-82.9	-8.5	27.4
Operating Parameters										
Deposit Growth (%)	18.8	18.9	20.3	28.5	26.3	23.2	23.3	3.8	28.5	3.8
Loan Growth (%)	29.4	32.4	34.7	28.6	28.4	20.8	19.8	12.9	28.6	12.9
Deposit (INR b)	1,589	1,682	1,757	1,949	2,006	2,072	2,167	2,023	1,949	2,023
Loan (INR b)	1,507	1,631	1,732	1,864	1,935	1,971	2,074	2,104	1,864	2,104
Asset Quality										
Gross NPA (%)	1.2	1.1	1.1	2.1	2.2	2.2	2.2	2.6	2.1	2.6
Net NPA (%)	0.5	0.5	0.6	1.2	1.2	1.1	1.1	1.1	1.2	1.1
PCR (%)	56.2	55.8	47.7	43.0	43.3	49.6	52.5	60.0	43.0	60.0

*FY20 numbers incorporates merger with BHAFIN and hence not comparable with previous year

Kotak Mahindra Bank**Neutral**

CMP INR1,173 | TP: INR1,450 (+24%)

EPS CHANGE (%): FY20|21: -4.5|-10.7

- Loan growth moderates sharply to ~7%.
- Margins likely to remain stable at ~4.6%.
- Liability franchise stays strong with QoQ growth in CASA.
- Asset quality to remain stable with GNPA at ~2.5%.

Quarterly Performance

(INRM)

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	25,829	26,891	29,391	30,479	31,730	33,496	34,295	34,775	112,590	134,297
% Change (Y-o-Y)	15.0	16.3	22.8	18.1	22.8	24.6	16.7	14.1	18.1	19.3
Other Income	11,646	12,053	9,639	12,703	13,047	12,244	13,414	11,939	46,040	50,644
Total Income	37,475	38,944	39,030	43,182	44,778	45,740	47,710	46,714	158,630	184,941
Operating Expenses	17,150	17,994	19,646	20,359	20,789	20,654	23,829	21,361	75,148	86,633
Operating Profit	20,325	20,950	19,384	22,823	23,989	25,086	23,881	25,352	83,482	98,308
% Change (Y-o-Y)	27.4	21.5	6.5	13.1	18.0	19.7	23.2	11.1	16.6	17.8
Other Provisions	4,696	3,538	-323	1,713	3,168	4,079	4,440	4,425	9,624	16,112
Profit before Tax	15,629	17,412	19,707	21,110	20,822	21,006	19,441	20,927	73,858	82,196
Tax Provisions	5,380	5,995	6,798	7,032	7,220	3,762	3,482	5,591	25,205	20,054
Net Profit	10,249	11,417	12,909	14,078	13,602	17,245	15,959	15,336	48,653	62,142
% Change (Y-o-Y)	12.3	14.8	22.6	25.2	32.7	51.1	23.6	8.9	19.1	27.7
Deposits (INRb)	1,897	2,058	2,138	2,259	2,329	2,331	2,394	2,629	2,259	2,629
Loans (INRb)	1,769	1,849	1,964	2,057	2,080	2,133	2,168	2,195	2,057	2,195
Deposit growth (%)	16.0	24.2	18.2	17.3	22.8	13.2	12.0	16.4	17.3	16.4
Loan growth (%)	24.3	21.2	23.5	21.2	17.6	15.3	10.4	6.7	21.2	6.7
Asset Quality										
Gross NPA (%)	2.2	2.2	2.1	2.1	2.2	2.3	2.5	2.5	2.1	2.5
Net NPA (%)	0.9	0.8	0.7	0.8	0.7	0.9	0.9	0.9	0.8	0.9
PCR (%)	60.8	62.8	66.2	65.4	67.0	64.0	64.4	63.9	65.4	63.9

Punjab National Bank**Neutral**

CMP INR31 | TP: INR35 (+12%)

EPS CHANGE (%): FY20|21: NM|-51.9

- Business growth to remain subdued.
- Recoveries to remain muted as resolutions are delayed.
- Slippages to remain elevated at ~6.2%.
- Margins to moderate to ~2.15%.

Quarterly Performance

(INR b)

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	46.9	39.7	42.9	42.0	41.4	42.6	43.6	42.3	171.6	169.9
% Change (YoY)	21.7	-1.0	7.6	37.1	-11.7	7.3	1.5	0.7	15.0	-1.0
Other Income	19.6	17.1	18.2	18.9	20.8	22.6	24.0	24.0	73.8	91.5
Total Income	66.5	56.8	61.1	60.9	62.2	65.3	67.6	66.3	245.3	261.4
Operating Expenses	24.6	28.4	30.1	32.3	27.4	29.7	30.0	32.8	115.4	119.7
Operating Profit	41.9	28.4	31.0	28.6	34.8	35.6	37.6	33.6	130.0	141.6
% Change (YoY)	30.4	-13.4	-27.0	NM	-17.0	25.4	21.4	17.3	26.2	9.0
Other Provisions	57.6	97.6	27.5	100.7	20.2	29.3	41.5	27.2	283.4	118.2
Profit before Tax	-15.6	-69.2	3.5	-72.1	14.6	6.3	-3.8	6.3	-153.5	23.4
Tax	-6.2	-23.9	1.0	-24.6	4.4	1.3	1.1	49.5	-53.7	56.2
Net Profit	-9.4	-45.3	2.5	-47.5	10.2	5.1	-4.9	-43.2	-99.8	-32.8
% Change (YoY)	NM	NM	7.1	NM	NM	NM	NM	NM	NM	NM
Operating Parameters										
Deposits	6,303	6,497	6,504	6,760	6,725	6,958	7,085	7,200	6,760	7,200
Loans	4,153	4,310	4,344	4,582	4,218	4,279	4,255	4,308	4,582	4,308
Deposit Growth (%)	0.8	2.1	0.4	5.3	6.7	7.1	8.9	6.5	5.3	6.5
Loan Growth (%)	3.9	5.0	-3.9	5.7	1.6	-0.7	-2.0	-6.0	5.7	-6.0
Asset Quality										
Gross NPA (%)	18.3	17.2	16.3	15.5	16.5	16.8	16.3	16.3	15.5	16.3
Net NPA (%)	10.6	8.9	8.2	6.6	7.2	7.7	7.2	7.2	6.6	7.2
PCR (%)	47.1	52.9	54.1	61.7	60.9	58.9	60.3	60.0	61.3	60.0

RBL Bank**Buy****CMP INR121 | TP: INR180 (+49%)****EPS CHANGE (%): FY20|21: -14.2|-46.6**

- Loan growth to moderate led by weak environment.
- Asset quality to deteriorate due to exposure toward MFI/credit cards and few other stressed accounts.
- Credit cost to remain elevated in the near term.
- As the bank witnessed withdrawal of deposits, liquidity positioning would be a key monitorable.

Quarterly Performance**(INRm)**

	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	5,527	5,930	6,551	7,387	8,173	8,687	9,227	9,597	25,395	35,684
% Change (Y-o-Y)	46.1	41.1	40.2	47.6	47.9	46.5	40.8	29.9	43.8	40.5
Other Income	3,260	3,331	3,741	4,092	4,812	4,415	4,870	4,654	14,424	18,751
Total Income	8,787	9,261	10,291	11,480	12,985	13,102	14,096	14,251	39,818	54,435
Operating Expenses	4,464	4,770	5,307	5,880	6,797	6,744	6,775	7,154	20,420	27,470
Operating Profit	4,323	4,491	4,985	5,600	6,188	6,358	7,322	7,097	19,398	26,965
% Change (Y-o-Y)	38.8	48.1	49.5	46.2	43.1	41.6	46.9	26.7	45.7	39.0
Other Provisions	1,404	1,397	1,607	2,000	2,132	5,333	6,383	6,731	6,407	20,579
Profit before Tax	2,920	3,094	3,378	3,600	4,056	1,025	939	366	12,992	6,386
Tax Provisions	1,019	1,048	1,126	1,128	1,386	482	239	86	4,322	2,193
Net Profit	1,900	2,045	2,252	2,472	2,671	543	700	280	8,670	4,193
% Change (Y-o-Y)	34.8	35.8	36.2	38.8	40.5	-73.4	-68.9	-88.7	36.5	-51.6
Operating Parameters										
Deposit (INR b)	449.5	477.9	521.9	583.9	608.1	628.3	629.1	581.0	583.9	581.0
Loan (INR b)	422.0	458.7	498.9	543.1	568.4	584.8	596.4	602.8	543.1	602.8
Deposit Growth (%)	26.9	30.7	35.1	33.0	35.3	31.5	20.5	-0.5	33.0	-0.5
Loan Growth (%)	35.7	36.6	35.2	34.9	34.7	27.5	19.5	11.0	34.9	11.0
Asset Quality										
Gross NPA (%)	1.4	1.4	1.4	1.4	1.4	2.6	3.3	4.1	1.4	4.1
Net NPA (%)	0.8	0.7	0.7	0.7	0.7	1.6	2.1	2.4	0.7	2.4
PCR (%)	47.0	47.5	48.5	50.6	52.9	40.7	38.5	42.6	50.6	42.6

State Bank of India**Buy****CMP INR182 | TP: INR300 (+65%)****EPS CHANGE (%): FY20|21: -20.7|-44.5**

- Delay in resolution would result in higher credit cost.
- Business growth to moderate led by weak environment.
- Slippages to remain elevated at ~2.6%.
- Margins to remain flat at ~3%.

Quarterly Performance**(INR b)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	218.0	209.1	226.9	229.5	229.4	246.0	277.8	237.5	883.5	990.6
% Change (YoY)	23.8	12.5	21.4	14.9	5.2	17.7	22.4	3.4	18.0	12.1
Other Income	66.8	93.8	80.4	126.9	80.2	120.2	91.1	135.1	367.7	426.6
Total Income	284.8	302.8	307.3	356.4	309.5	366.2	368.8	372.6	1,251.2	1,417.2
Operating Expenses	165.0	163.8	181.0	187.1	177.1	184.2	186.6	189.3	696.9	737.2
Operating Profit	119.7	139.0	126.2	169.3	132.5	182.0	182.2	183.3	554.4	680.0
% Change (YoY)	0.8	-30.5	7.4	6.6	10.6	30.9	44.3	8.3	-6.8	22.7
Other Provisions	192.3	120.9	60.1	165.0	91.8	131.4	72.5	134.8	531.3	430.6
Profit before Tax	-72.6	18.1	66.2	4.3	40.6	50.6	109.7	48.5	23.1	249.4
Tax Provisions	-23.8	8.7	26.6	-4.1	17.5	20.5	53.9	7.5	14.5	99.4
Net Profit	-48.8	9.4	39.5	8.4	23.1	30.1	55.8	41.0	8.6	150.0
% Change (YoY)	NM	-40.3	NM	NM	NM	218.7	41.2	388.5	NM	NM
Operating Parameters										
Deposits (INR t)	27.5	28.1	28.3	29.1	29.5	30.3	31.1	32.0	29.1	32.0
Loans (INR t)	18.8	19.6	20.5	21.9	21.3	21.5	22.0	22.7	21.9	22.7
Deposit Growth (%)	5.6	7.0	6.8	7.6	7.3	8.0	9.9	10.0	7.6	10.0
Loan Growth (%)	4.0	8.6	12.1	13.0	13.8	9.6	7.4	4.0	13.0	4.0
Asset Quality										
Gross NPA (%)	10.7	10.0	8.7	7.5	7.5	7.2	6.9	6.7	7.5	6.7
Net NPA (%)	5.3	4.8	4.0	3.0	3.1	2.8	2.7	2.6	3.0	2.6
PCR (%)	53.4	53.9	56.9	61.9	61.1	62.9	63.5	63.3	61.9	63.3

HDFC Standard Life Insurance**Neutral****CMP INR471 | TP: INR525 (+12%)****EPS CHANGE (%): FY20|21: -4.8|-7.0**

- New business premium to be mild due to COVID-19.
- VNB margins to moderate though will remain healthy.
- Opex to stay stable resulting in stable expense ratio.
- Protection mix to improve; RoEV to stay healthy.

Policy holder's A/c (INR m)

	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net premium income	49,947	67,776	68,977	102,475	64,512	74,537	78,543	97,031	289,240	314,622
Growth (%)	36.4%	25.8%	27.3%	15.1%	29.2%	10.0%	13.9%	-5.3%	23.8%	8.8%
Commission paid	1,982	2,637	2,623	3,935	3,222	3,655	3,520	4,496	11,177	14,098
Operating expense	7,246	9,458	9,243	12,189	8,808	10,955	10,600	9,124	38,136	39,487
Surplus/(Deficit)	3,388	1,946	2,217	5,956	3,765	2,130	2,460	1,263	13,507	10,412
Shareholder's A/c										
Total income	4,081	3,073	2,604	6,605	4,491	3,603	2,821	4,579	16,364	15,494
PBT	3,918	2,963	2,565	3,453	4,369	3,268	2,636	3,634	12,899	13,907
PAT	3,802	2,869	2,456	3,640	4,246	3,087	2,502	3,307	12,768	13,142
Growth (%)	20.2%	20.3%	18.5%	5.0%	11.7%	7.6%	1.9%	-9.2%	15.1%	2.9%
Key metrics										
VNB (INR b)	2.5	3.6	3.6	5.7	5.1	4.5	4.5	5.1	15.4	19.2
AUM (INR b)	1,096	1,132	1,177	1,256	1,296	1,310	1,365	1,538	1,256	1,538
EV (INR b)	157	164	174	183	192	201	208	219	183	219
VNB Margins (%)	24.2	24.3	23.4	25.7	29.8	25.4	24.7	26.8	24.6	26.6
Solvency ratio (%)	197.0	193.0	191.0	188.0	193.0	192.0	195.0	175.1	188.0	175.1

ICICI Prudential Life Insurance**Buy****CMP INR329 | TP: INR475 (+44%)****EPS CHANGE (%): FY20|21: -2.3|-4.5**

- New business premium to moderate affecting earnings.
- VNB margins to moderate though will remain healthy.
- Expense ratio to remain stable.
- Mix of protection business to continue improving.

Policy holder's A/c (INR m)

	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net premium income	54,378	76,012	74,830	100,563	62,081	80,647	81,310	106,196	305,783	330,009
Growth (%)	12.8%	16.2%	10.1%	16.2%	14.2%	6.1%	8.7%	5.6%	14.1%	7.9%
Commission paid	2,795	3,951	3,671	5,095	2,648	3,945	4,277	8,936	15,513	19,806
Operating expense	5,952	6,585	5,785	7,732	6,458	7,542	7,662	10,419	26,053	32,081
Surplus/(Deficit)	3,009	2,003	3,254	4,067	4,221	4,768	3,870	973	12,362	13,832
Shareholder A/c										
Total income	3,864	2,910	4,046	6,459	5,122	6,015	5,482	866	17,307	17,485
PBT	2,840	3,032	2,975	2,782	2,870	3,063	3,038	2,705	11,612	12,034
PAT	2,816	3,009	2,968	2,614	2,849	3,019	3,025	2,302	11,389	11,552
Growth (%)	-30.6%	-28.6%	-34.4%	-23.3%	1.2%	0.3%	1.9%	-11.9%	-29.7%	1.4%
Key metrics										
VNB (INRb)	2.4	3.5	3.2	4.2	3.1	4.0	4.3	3.6	13.3	14.9
EV (INRb)	-	192	-	216	-	227	239	251	216	251
VNB Margins (%)	17.5	17.5	17.0	17.0	21.0	21.0	21.0	20.9	17.0	20.9
Solvency ratio (%)	235	234	224	215	217	211	207	200	215	200

Financials - NBFCs

Company name

Bajaj Finance
Chola. Inv & Fin.
HDFC Ltd.
L&T Finance
LIC Housing Fin
M & M Financial
MAS Financial
Muthoot Finance
PNB Housing Finance
Repcos Home Finance
Shriram City Union
Shriram Transport Finance

Another period of uncertainty

Sharp cut in FY21 estimates

Uncertain times – Liquidity and Asset quality to take priority

- 4QFY20 started out on a positive note – growth momentum continued to pick up with liquidity access available for even mid-sized players. However, credit related issues like the AT1 default of YES Bank and continued uncertainty over the DHFL resolution has led to liquidity tightening for the sector yet again.
- The COVID-19 crisis has further fuelled uncertainty over funding, growth and asset quality. Despite the RBI's measures of infusing targeted liquidity for the sector (TLTRO) and aggressive rate cuts, the cost of debt capital for even AAA-rated players is yet to see a meaningful decline. Further, confusion over banks extending RBI moratorium to NBFCs is adding to the latter's problems.
- In our view, companies catering to the more affluent segment or the white-collared salaried segment would witness lesser proportion (less than one-fifth) of customers availing moratorium. However, in case of the lower strata of the economic scale, the share of customers availing moratorium could be as high as more than three-fourth.

Quarter unlikely to see major dent; Prudent provisioning to rise

- While collections/disbursements for most NBFCs were in line with the trend till mid-Mar'20, the ensuing lockdown has brought collections to a standstill. The impact of shortfall in collections will not be felt during the quarter or in 1QFY21 due to the moratorium granted to customers.
- Growth in all segments, barring vehicle finance, was in line during Jan-Feb'20. In the vehicle finance segment, there were two issues that impacted growth: (a) lack of vehicle availability at dealer level, and (b) most financiers stopping funding 10-12 days before 31st Mar'20 (the last day for registration of BS4 vehicles). Hence, it was a truncated quarter for vehicle financiers, even without the lockdown.
- Normally March is amongst the strongest months in terms of collections for vehicle financiers, but with the sudden lockdown, we expect marginal dip in recovery. However, downgrading of assets will be arrested with the RBI moratorium. We expect companies across the board to make prudent provisioning for COVID-19 in 4QFY20 earnings, and accordingly, we have cut FY20 earnings by up to 21%.

Sharp earnings cut; Recovery dependent on lockdown period

- In the near-to-medium term, we expect NBFCs/HFCs to yet again focus on liquidity and risk management as key priorities with growth likely taking a back seat (partially also led by tight funding).
- Post the lockdown, growth recovery would be divergent across business segments. In our view, gold finance would be the quickest to recover as demand will be strong (this customer segment's cash flows would be the most impacted) along with elevated gold prices. In vehicle finance, recovery is expected to be faster in tractors as compared to cars or commercial vehicles (CVs). Housing sales are also likely to have delayed recovery.

- Given the slowing business momentum and increasing credit costs, we have cut FY21E estimates sharply for companies across the sector. Recovery in earnings would be a function of the lockdown period and Regulator/GOI measures to support the sector. In this uncertain environment, we believe salaried housing and gold financiers are the best plays in the sector. **Our top pick in the sector is HDFC.**

Housing finance – Divergent performance across companies

We expect HFCs to report divergent performance in 4QFY20. In our view, HDFC and LICHF are better off compared to other HFCs in the current tight liquidity environment. AUM growth for HDFC/LICHF should be ~14%/9% YoY in this quarter, and thereafter, slow down to 5-10% in FY21E. While margins should sustain in 4QFY20, we expect pressure in FY21E due to (a) sharp home loan rate cuts by some large banks, (b) tight liquidity conditions for NBFCs leading to higher cost of funds and requirement of excess liquidity on BS leading to negative carry, and (c) expected asset quality stress and resultant interest reversals. Asset quality performance will be a key monitorable. PNBHF had a tough quarter with sluggish disbursements, similar to 3QFY20. There could be incremental slippages from its watchlist in the quarter. On account of high leverage (~9x), we expect the PNBHF to have a muted FY21E unless it is able to raise adequate capital.

Vehicle finance – Near-term outlook gloomy

Contrary to expectations, there was no 'pre-buying' ahead of the BS6 deadline in Mar'20. While demand remained weak, there were supply-side disruptions too. As OEMs toned down production in 4QFY20, there was shortage of vehicles at the dealer level in several categories, especially CVs. Our interaction with industry experts suggests that demand recovery would be slow and divergent – tractors are likely to recover the fastest due to healthy Rabi crop harvest and expectations of a good monsoon. Next would be the LCV segment, which transports largely essential goods. The last to recover would be the M&HCV segment, wherein recovery is expected in CY21E. In terms of asset quality, all vehicle financiers under our coverage experienced healthy collection efficiency till mid-Mar'20. Post the lockdown, we expect 70-80% customers to avail the moratorium, which should keep asset quality under check in 4QFY20. A clearer picture of asset quality would emerge a few weeks after the lockdown is lifted. In our view, we do foresee the pain to last for another 2-3 quarters. Hence, we have increased credit cost estimates across our vehicle finance coverage universe by ~50-80% for FY21E.

Diversified financiers to witness sharp growth slowdown; MUTH to be relatively more stable

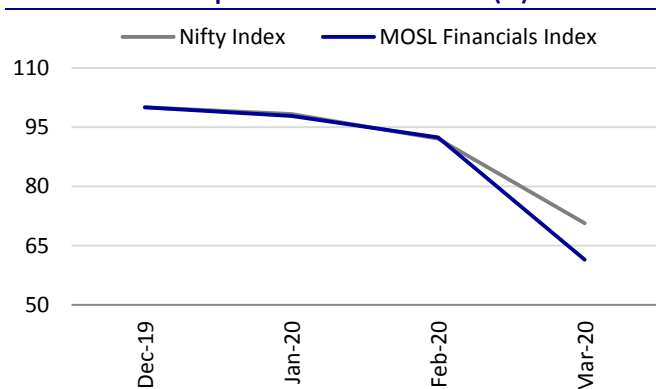
After several years of delivering 30%+ AUM growth, BAF's growth slowed down to 27% YoY in FY20. With a large proportion of the loan book coming from short-term loans, we expect AUM to run down fast in FY21E, hence, growth is projected at 8% YoY in FY21E. A similar slowdown in growth is likely to be experienced by LTFH, and thus, we have cut FY21E loan growth estimates for the company from ~10% earlier to 2% now. Note that for LTFH, 40% of the loan book comes from infrastructure finance, which should be the least impacted by recent events. In our view, MUTH would witness the least moderation in growth as demand would be high once the lockdown ends along with robust gold prices.

Exhibit 1: Quarterly Performance

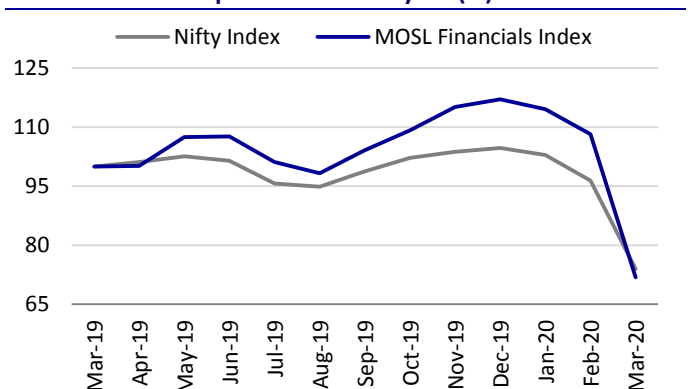
Sector	CMP		NII (INR M)			OP. PROFITS (INR M)			NET PROFIT (INR M)		
	(INR)	Rating	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
Bajaj Finance	2183	Neutral	37,096	35.5	2.6	30,637	37.9	2.1	13,152	11.8	-18.5
Chola. Inv & Fin.	153	Buy	10,909	21.4	0.8	6,649	28.6	1.0	3,675	25.9	-5.4
HDFC	1595	Buy	33,774	6.8	5.1	33,292	8.9	8.5	24,196	-2.4	8.6
L&T Fin.Holdings	54	Buy	16,745	13.8	-3.8	12,340	10.5	-6.3	4,896	-11.3	-17.2
LIC Housing Fin	248	Buy	12,477	3.9	1.6	11,475	5.1	0.4	5,283	-23.8	-11.6
M & M Financial	156	Buy	13,914	6.1	1.4	8,490	8.8	-4.4	3,685	-37.3	0.9
MAS Financial	592	Buy	1,115	13.0	-3.0	876	9.6	-5.3	211	-49.3	-61.7
Muthoot Finance	692	Neutral	16,372	34.1	3.2	11,848	45.4	3.5	8,128	58.9	1.2
PNB Housing	177	Neutral	3,972	-14.6	-7.5	4,455	-19.8	-7.0	2,429	-36.0	2.5
Repco Home Fin	110	Buy	1,233	13.1	0.1	1,051	18.1	0.3	735	42.6	5.4
Shriram City Union	758	Buy	8,856	-2.0	-1.1	5,557	-3.2	-3.0	2,649	5.4	-10.7
Shriram Transport Fin.	664	Buy	20,225	4.7	0.4	16,040	6.1	-1.6	6,458	-13.4	-26.5
NBFC			1,76,554	13.8	1.4	1,42,578	14.9	1.1	75,501	-2.7	-7.1

Exhibit 2: Valuation summary

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			RoE (%)		
	INR	Reco	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
NBFC						15.9	16.8	13.7	2.2	2.0	1.8	14.0	12.1	13.4
Bajaj Finance	2,183	Neutral	94.1	79.2	116.0	23.2	27.6	18.8	3.9	3.5	3.0	21.3	13.5	17.2
Chola. Inv & Fin.	153	Buy	16.8	15.6	18.7	10.5	11.3	9.5	1.7	1.5	1.3	18.9	14.1	14.9
HDFC	1,595	Buy	50.4	52.5	58.0	31.6	30.4	27.5	3.1	2.9	2.7	14.2	13.1	13.2
L&T Fin. Holdings	54	Buy	11.4	10.3	12.7	4.7	5.2	4.3	0.7	0.6	0.6	16.1	13.1	14.3
LIC Housing Fin	248	Buy	49.7	45.6	54.4	5.0	5.5	4.6	0.7	0.6	0.6	14.6	12.0	13.0
M & M Financial	156	Buy	17.1	10.3	14.9	9.1	15.2	10.4	0.9	0.8	0.8	9.7	5.5	7.6
MAS Financial	592	Buy	29.9	30.8	37.2	19.8	19.2	15.9	3.3	2.9	2.6	18.1	16.2	17.2
Muthoot Finance	692	Neutral	75.0	80.0	90.2	9.2	8.6	7.7	2.4	2.0	1.7	29.3	25.8	24.4
PNB Housing	177	Neutral	67.5	50.9	66.3	2.6	3.5	2.7	0.3	0.3	0.3	14.1	9.6	11.5
Repco Home Fin	110	Buy	48.9	44.8	48.1	2.2	2.4	2.3	0.4	0.3	0.3	18.3	14.4	13.6
Shriram City Union	758	Buy	168.6	134.0	152.6	4.5	5.7	5.0	0.7	0.6	0.6	16.1	11.4	11.8
Shriram Transport Fin.	664	Buy	128.9	75.0	117.3	5.1	8.8	5.7	0.8	0.8	0.7	17.3	9.0	12.7

Exhibit 3: Relative performance—3 months (%)

Source: Bloomberg, MOFSL

Exhibit 4: Relative performance—1 year (%)

Source: Bloomberg, MOFSL

Exhibit 5: Sharp cut in EPS estimates for FY20-22

Company	Old Estimates (INR)			New Estimates (INR)			Change (%)		
	FY20	FY21	FY22	FY20	FY21	FY22	FY20	FY21	FY22
BAF	101.0	136.9	169.2	94.1	79.2	116.0	-6.9	-42.2	-31.4
CIFC	17.5	21.5	24.5	16.8	15.6	18.7	-4.0	-27.4	-23.7
HDFC	51.0	57.0	63.5	50.4	52.5	58.0	-1.2	-7.9	-8.7
LTFH	12.0	13.9	15.7	11.4	10.3	12.7	-5.0	-25.6	-19.1
LICHF	52.3	58.9	67.1	49.7	45.6	54.4	-5.0	-22.6	-19.0
MMFS	21.7	29.8	34.3	17.1	10.3	14.9	-21.0	-65.6	-56.4
MASFIN	36.6	43.7	52.2	29.9	30.8	37.2	-18.2	-29.6	-28.7
MUTH	73.3	80.8	94.2	75.0	80.0	90.2	2.3	-1.0	-4.2
PNBHF	71.4	74.1	89.8	67.5	50.9	66.3	-5.4	-31.3	-26.1
REPCO	49.5	52.0	58.2	48.9	44.8	48.1	-1.1	-13.9	-17.3
SCUF	173.0	185.0	207.0	168.6	134.0	152.6	-2.6	-27.6	-26.3
SHTF	134.0	141.0	158.0	128.9	75.0	117.3	-3.8	-46.8	-25.8

Source: MOSL, Company, Note: HDFC's numbers are for the core mortgage business only

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Bajaj Finance

Neutral

CMP INR2183 | TP: INR2625 (+20%)

EPS CHANGE (%): FY20|21: -6.9|-42.2

- Customer addition flat YoY at 1.9m.
- Capital raise in 3QFY20 to support margins.
- AUM growth of 27% YoY healthy.
- Commentary on growth and credit cost key monitorables.

BAF: Quarterly Performance

Y/E March	FY19				FY20				INR m	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY19	FY20E
Interest Income	35,100	37,950	43,873	46,514	51,013	54,620	61,048	60,613	163,488	227,294
Interest expenses	13,591	15,654	17,857	19,132	21,134	23,234	24,890	23,517	66,236	92,775
Net Interest Income	21,509	22,296	26,016	27,382	29,879	31,386	36,158	37,096	97,252	134,519
YoY Growth (%)	22.2	16.8	18.7	21.1	38.9	40.8	39.0	35.5	19.6	38.3
Other Operating Income	4,278	4,783	6,049	6,571	7,070	8,605	9,211	8,767	21,530	33,653
Net Income	25,787	27,079	32,066	33,953	36,949	39,991	45,369	45,862	118,782	168,172
YoY Growth (%)	46.4	40.7	46.1	49.9	43.3	47.7	41.5	35.1	27.7	41.6
Operating Expenses	9,546	9,588	11,199	11,744	12,928	13,825	15,361	15,226	41,977	57,339
Operating Profit	16,241	17,491	20,866	22,209	24,022	26,167	30,008	30,637	76,805	110,833
YoY Growth (%)	59.6	53.0	55.5	61.9	47.9	49.6	43.8	37.9	27.3	44.3
Provisions and Cont.	3,268	3,146	4,508	4,093	5,507	5,942	8,308	12,944	15,014	32,702
Profit before Tax	12,973	14,345	16,359	18,116	18,514	20,224	21,701	17,692	61,792	78,132
Tax Provisions	4,615	5,110	5,761	6,356	6,562	5,161	5,560	4,541	21,842	21,824
Net Profit	8,359	9,235	10,598	11,761	11,953	15,063	16,141	13,152	39,950	56,308
YoY Growth (%)	81.3	54.5	53.6	57.3	43.0	63.1	52.3	11.8	60.0	40.9
Key Operating Parameters (%)										
Fees to Net Income Ratio	16.6	17.7	18.9	19.4	19.1	21.5	20.3	19.1	18.1	20.0
Credit Cost	1.55	1.36	1.82	1.51	1.85	1.86	2.46	3.64	1.55	2.53
Cost to Income Ratio	37.0	35.4	34.9	34.6	35.0	34.6	33.9	33.2	35.3	34.1
Tax Rate	35.6	35.6	35.2	35.1	35.4	25.5	25.6	25.7	35.3	27.9

Cholamandalam Inv & Fin

Buy

CMP INR153 | TP: INR225 (+47%)

EPS CHANGE (%): FY20|21: -4.0|-27.4

- Disbursements declined 23% QoQ due to muted demand.
- Expect INR1.8b provisions v/s INR1.4b QoQ.
- May witness benefit of lower bank MCLR on cost of funds.
- Watch out for commentary on asset quality in VF.

CIFC: Quarterly Performance

Y/E March	FY19				FY20				(INR M)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY19	FY20E
Income from Operations	16,057	16,751	18,261	18,851	20,295	21,970	22,749	22,581	69,920	87,594
Interest Expenses	7,950	8,565	9,508	9,864	10,870	11,769	11,924	11,671	35,887	46,235
Net Interest Income	8,107	8,185	8,753	8,987	9,425	10,200	10,825	10,909	34,032	41,359
YoY Growth (%)	22.2	17.9	22.2	20.9	16.3	24.6	23.7	21.4	22.8	21.5
Total Income	8,109	8,186	8,754	8,989	9,425	10,201	10,825	10,911	34,039	41,362
YoY Growth (%)	22.2	17.9	22.2	20.9	16.2	24.6	23.7	21.4	22.9	21.5
Operating Expenses	2,816	2,901	3,158	3,820	3,500	4,016	4,244	4,262	12,696	16,022
Operating Profit	5,293	5,285	5,596	5,169	5,925	6,185	6,581	6,649	21,344	25,340
YoY Growth (%)	22.5	24.8	28.8	20.5	11.9	17.0	17.6	28.6	28.9	18.7
Provisions & Loan Losses	905	690	961	556	1,095	952	1,360	1,764	3,112	5,171
Profit before Tax	4,388	4,595	4,635	4,614	4,830	5,233	5,221	4,885	18,232	20,169
Tax Provisions	1,535	1,549	1,591	1,695	1,688	2,163	1,336	1,210	6,370	6,397
Net Profit	2,852	3,047	3,044	2,919	3,142	3,070	3,885	3,675	11,862	13,772
YoY Growth (%)	36.0	49.4	38.7	2.3	10.2	0.8	27.6	25.9	36.5	16.1
Key Parameters (%)										
Yield on loans	14.7	14.0	14.3	13.9	14.1	14.6	15.0	14.9	13.7	14.4
Cost of funds	8.0	7.8	8.1	8.1	8.2	8.5	8.6	8.6	8.1	8.9
Spread	6.7	6.3	6.3	5.9	5.9	6.1	6.4	6.3	5.6	5.6
C/I ratio	34.7	35.4	36.1	42.5	37.1	39.4	39.2	39.1	37.3	38.7
Credit cost	0.8	0.6	0.8	0.4	0.8	0.7	0.9	1.2	0.6	0.9
Tax rate	35.0	33.7	34.3	36.7	34.9	41.3	25.6	24.8	34.9	28.0

HDFC**Buy****CMP INR1595 | TP: INR2050 (+29%)****EPS CHANGE (%): FY20|21: -1.2|-7.9**

- Expect 14% YoY AUM growth.
- Expect margins to be largely stable; no dividend income.
- INR55b sell-downs during the quarter (~2x YoY).
- Core PBT to grow 7% YoY to INR30b.

HDFC: Quarterly Performance

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	90,957	96,627	101,524	103,430	107,811	107,809	109,827	112,512	392,402	437,959
Interest Expense	63,527	70,445	72,586	71,819	77,393	78,307	77,696	78,737	278,377	312,132
Net Interest Income	27,430	26,182	28,938	31,611	30,418	29,502	32,132	33,774	114,026	125,827
YoY Change (%)	20.8	16.0	17.8	19.3	10.9	12.7	11.0	6.8	18.3	10.3
Assignment Income	1,415	3,973	2,551	662	2,962	2,639	1,703	2,157	8,600	9,460
NII (including assignment income)	28,845	30,155	31,489	32,273	33,380	32,141	33,834	35,931	122,625	135,286
YoY Change (%)	19.7	21.4	23.1	18.7	15.7	6.6	7.4	11.3	20.6	10.3
Other Operating Income	624	745	564	1,459	628	641	699	1,224	3,527	3,192
Core Income	29,469	30,900	32,052	33,732	34,008	32,782	34,534	37,155	126,152	138,479
YoY Change (%)	20.3	22.0	23.0	20.2	15.4	6.1	7.7	10.2	21.4	9.8
Operating Expenses	5,096	3,221	3,391	3,158	3,817	3,789	3,839	3,863	14,866	15,309
YoY Change (%)	45.7	-36.8	-35.9	-38.9	-25.1	17.7	13.2	22.3	-22.0	3.0
Core Operating profits	24,373	27,679	28,662	30,573	30,191	28,992	30,695	33,292	111,287	123,170
YoY Change (%)	16.1	36.8	38.0	33.5	23.9	4.7	7.1	8.9	31.1	10.7
Provisions	197	1,313	1,160	2,515	3,200	2,541	2,950	3,230	5,185	11,921
Core PBT	24,176	26,366	27,502	28,058	26,991	26,451	27,745	30,062	106,102	111,248
YoY Change (%)	24.9	26.5	45.8	32.2	11.6	0.3	0.9	7.1	32.2	4.9
Profit on Sale of Inv./MTM on Inv.	619	11,054	1,090	4,882	18,492	13,048	90,588	-1,628	17,645	120,500
Dividend income	5,859	58	21	5,369	11	10,738	38	68	11,306	10,854
One off expense/Prov	0	-2,700	0	-1,465	-5,700	-5,000	-27,000	0	-4,165	-37,700
Other Income	46	114	75	65	58	67	60	115	300	300
PBT	30,700	34,891	28,688	36,909	39,851	45,304	91,430	28,617	131,187	205,202
YoY Change (%)	51.8	28.5	-51.0	41.8	29.8	29.8	218.7	-22.5	-0.5	56.4
Provision for Tax	8,800	10,220	7,550	8,293	7,820	5,689	7,705	3,411	34,863	24,624
PAT	21,900	24,671	21,138	28,616	32,031	39,615	83,725	25,207	96,324	180,578
YoY Change (%)	53.7	24.7	-60.1	26.8	46.3	60.6	296.1	-11.9	-12.1	87.5
PAT (Excl exceptional)	22,260	19,638	20,422	24,784	21,648	29,805	22,273	24,196	87,104	97,922
YoY Change (%)	56.3	-0.7	13.3	19.7	-2.8	51.8	9.1	-2.4	19.7	12.4

L&T Finance**Buy****CMP INR54 | TP: INR75 (+39%)****EPS CHANGE (%): FY20|21: -5.0|-25.6**

- Focused loan book growth to decline to 6% YoY.
- Credit costs at INR6.4b v/s INR5.9b QoQ.
- Expect PPOp to grow 11% YoY to INR12.3b.
- Commentary on rural and housing finance important.

LTFFH: Quarterly performance**(INR M)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Income from Operations	31,061	32,199	33,598	33,040	35,945	36,113	36,306	35,752	129,897	144,117
Interest Expenses	15,122	16,495	18,659	18,325	19,229	18,980	18,896	19,007	68,600	76,112
Net Interest Income	15,939	15,704	14,939	14,715	16,716	17,134	17,411	16,745	61,297	68,005
Change YoY (%)	54.6	22.4	30.9	15.2	4.9	9.1	16.5	13.8	29.5	10.9
Other income	643	825	852	798	950	1,005	1,052	891	3,118	3,898
Total Income	16,582	16,529	15,791	15,513	17,666	18,139	18,462	17,636	64,415	71,903
Change YoY (%)	43.3	27.5	32.4	19.4	6.5	9.7	16.9	13.7	30.3	11.6
Operating Expenses	5,048	5,236	4,609	4,343	4,435	4,791	5,299	5,296	19,235	19,820
Change YoY (%)	41.6	21.4	28.0	-16.5	-12.1	-8.5	15.0	21.9	15.3	3.0
Operating Profits	11,535	11,293	11,183	11,170	13,231	13,349	13,163	12,340	45,180	52,083
Change YoY (%)	44.1	30.6	34.3	43.3	14.7	18.2	17.7	10.5	37.9	15.3
Provisions	4,243	3,317	3,425	3,677	5,804	5,786	5,911	6,366	14,661	23,867
Profit before Tax	7,292	7,976	7,758	7,493	7,426	7,563	7,252	5,974	30,520	28,215
Tax Provisions	1,894	2,385	1,949	1,972	1,932	1,084	1,338	1,078	8,200	5,432
Profit after tax	5,398	5,591	5,810	5,521	5,494	6,479	5,915	4,896	22,320	22,783
Change YoY (%)	71.8	62.2	77.8	104.5	1.8	15.9	1.8	-11.3	74.7	2.1
Key Operating Parameters (%)										
Rep. Net Income (% of Avg Assets)	6.57	6.86	6.79	6.77	7.10	7.33	7.29			
Rep. Cost of funds (%)	8.29	8.33	8.50	8.53	8.59	8.61	8.54			
Cost to Income Ratio	30.4	31.7	29.2	28.0	25.1	26.4	28.7	30.0	29.9	27.6
Rep Credit Cost	1.66	1.66	1.79	1.91	2.39	2.49	2.39			
Tax Rate	26.0	29.9	25.1	26.3	26.0	14.3	18.4	18.1	26.9	19.3

LIC Housing Finance

Buy

CMP INR248 | TP: INR350 (+42%)

EPS CHANGE (%): FY20|21: -5.0|-22.6

- Expect loan growth at 9% YoY with largely stable mix.
- Estimate provisions of INR4.8b v/s INR4.0b QoQ.
- Spreads to remain stable at 1.5%; C/I ratio at 11.9%.
- Watch out for commentary on growth/asset quality.

Quarterly Performance

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	40,050	41,859	43,724	45,986	47,565	49,100	49,432	49,932	171,610	196,029
Interest Expenses	30,253	31,382	33,299	33,981	36,026	37,018	37,152	37,455	128,916	147,652
Net Interest Income	9,797	10,477	10,425	12,005	11,539	12,082	12,279	12,477	42,694	48,377
YoY Growth (%)	5.8	20.5	41.4	21.4	17.8	15.3	17.8	3.9	21.2	13.3
Fees and other income	543	220	668	593	507	691	533	547	2,008	2,277
Net Income	10,339	10,696	11,093	12,598	12,046	12,772	12,812	13,023	44,702	50,654
YoY Growth (%)	11.2	11.5	38.2	21.4	16.5	19.4	15.5	3.4	20.9	13.3
Operating Expenses	846	1,049	1,173	1,683	1,064	1,431	1,383	1,549	4,726	5,427
Operating Profit	9,494	9,647	9,921	10,915	10,982	11,341	11,430	11,475	39,976	45,227
YoY Growth (%)	14.1	11.5	39.7	23.7	15.7	17.6	15.2	5.1	22.7	13.1
Provisions and Cont.	1,610	2,194	1,325	1,052	2,573	2,780	3,977	4,827	6,181	14,157
Profit before Tax	7,884	7,453	8,596	9,862	8,409	8,561	7,453	6,648	33,796	31,070
Tax Provisions	2,205	1,722	2,633	2,927	2,302	837	1,478	1,364	9,486	5,981
Net Profit	5,679	5,732	5,963	6,936	6,107	7,724	5,975	5,283	24,310	25,089
YoY Growth (%)	25.7	11.5	25.5	16.7	7.5	34.8	0.2	-23.8	21.4	3.2
Key Operating Parameters (%)										
Yield on loans (Cal)	9.53	9.72	9.74	9.74	9.70	9.85	9.73	9.58		
Cost of funds (Cal)	8.26	8.31	8.46	8.21	8.39	8.42	8.17	8.05		
Spreads (Cal)	1.27	1.41	1.28	1.52	1.31	1.44	1.56	1.52		
Margins (Cal)	2.33	2.43	2.32	2.54	2.35	2.42	2.42	2.39		
Credit Cost (Cal)	0.38	0.51	0.30	0.22	0.52	0.56	0.78	0.93		
Cost to Income Ratio	8.2	9.8	10.6	13.4	8.8	11.2	10.8	11.9	10.6	10.7
Tax Rate	28.0	23.1	30.6	29.7	27.4	9.8	19.8	20.5	28.1	19.3

Mahindra Financial Services

Buy

CMP INR156 | TP: INR200 (+28%)

EPS CHANGE (%): FY20|21: -21.0|-65.6

- Loan growth to slow down to 8% YoY.
- Expect flat QoQ provisions (INR4b including floating prov).
- Margins to be largely stable at 8.7%.
- Watch out for commentary on asset quality and demand.

Quarterly Performance

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Operating Income	19,285	21,097	22,304	24,552	23,940	24,864	25,806	26,526	87,229	101,135
Other Income	111	357	157	243	185	545	354	350	869	1,434
Total income	19,397	21,455	22,461	24,795	24,125	25,409	26,160	26,876	88,098	102,569
YoY Growth (%)	28.6	39.4	22.7	37.2	24.4	18.4	16.5	8.4	31.8	16.4
Interest Expenses	8,488	9,310	10,205	11,443	11,282	12,022	12,089	12,612	39,446	48,005
Net Income	10,909	12,145	12,256	13,352	12,843	13,387	14,072	14,264	48,653	54,565
YoY Growth (%)	44.8	50.8	20.7	29.7	17.7	10.2	14.8	6.8	35.0	12.2
Operating Expenses	3,849	4,276	4,812	5,549	5,600	5,196	5,189	5,774	18,476	21,758
Operating Profit	7,060	7,869	7,444	7,803	7,243	8,190	8,883	8,490	30,177	32,806
YoY Growth (%)	65.8	65.9	12.4	28.4	2.6	4.1	19.3	8.8	39.1	8.7
Provisions	2,938	2,311	2,247	-1,145	6,196	3,606	4,001	3,946	6,352	17,749
Profit before Tax	4,122	5,558	5,197	8,947	1,047	4,584	4,882	4,544	23,824	15,057
Tax Provisions	1,432	1,744	2,010	3,068	363	2,066	1,229	859	8,254	4,517
Net Profit	2,691	3,814	3,187	5,880	684	2,518	3,653	3,685	15,571	10,540
YoY Growth (%)	33.6	132.5	-3.8	87.0	-74.6	-34.0	14.6	-37.3	54.0	-32.3
Key Operating Parameters (%)										
Yield on loans (Cal)	15.3	15.6	15.5	16.1	15.3	15.5	15.7	15.9		
Cost of funds (Cal)	8.2	8.2	8.4	8.9	8.4	8.6	8.4	8.6		
Spreads (Cal)	7.1	7.4	7.2	7.2	6.9	6.8	7.3	7.3		
Rep Spreads (Cum)	7.6	8.2	8.1	8.1	7.6	7.6	7.7	0.0		
Credit Cost (Cal)	2.3	1.7	1.6	-0.8	4.0	2.3	2.5	2.4		
Cost to Income Ratio	35.3	35.2	39.3	41.6	43.6	38.8	36.9	40.5	38.0	39.9
Tax Rate	34.7	31.4	38.7	34.3	34.6	45.1	25.2	18.9	34.6	30.0

MAS Financial**Buy****CMP INR592 | TP: INR690 (+17%)****EPS CHANGE (%): FY20|21: -18.2|-29.6**

- Expect AUM growth to slow down to 12% YoY.
- Provisions to jump 3x QoQ to INR590m.

- NII to grow in line with AUM at 13% YoY.
- Watch out for commentary on funding and asset quality.

Quarterly Performance**(INR M)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue from Operations	1,196	1,359	1,615	1,556	1,592	1,674	1,836	1,805	5,726	6,907
Interest Income	998	1,134	1,272	1,241	1,357	1,394	1,447	1,436	4,645	5,634
Gain on assignments	156	200	303	282	200	242	344	325	941	1,111
Other operating Income	43	25	39	32	35	38	45	44	139	162
Interest expenses	410	501	587	569	644	727	686	690	2,067	2,747
Total income	786	858	1,028	987	949	947	1,150	1,115	3,659	4,161
Growth Y-o-Y (%)	49.5	23.1	33.6	20.1	20.7	10.4	11.8	13.0	30.5	13.7
Operating Expenses	184	201	203	187	192	222	225	239	775	878
Operating Profits	602	657	825	800	756	725	925	876	2,885	3,283
Growth Y-o-Y (%)	64.2	26.6	51.3	20.6	25.5	10.3	12.1	9.6	38.7	13.8
Provisions	134	121	132	159	130	226	186	591	545	1,132
Profit before tax	468	537	694	641	627	499	739	285	2,339	2,150
Growth Y-o-Y (%)	60.7	33.9	50.3	28.7	33.8	-6.9	6.6	-55.5	41.6	-8.1
Tax Provisions	164	191	239	224	219	33	188	74	818	514
Net Profit	305	346	455	416	407	467	551	211	1,521	1,636
Growth Y-o-Y (%)	81.6	42.2	50.9	29.1	33.7	35.0	21.3	-49.3	47.1	7.6
Key Operating Parameters (%)										
Yield on loans (Cal)	15.0	15.7	17.0	15.9	16.0	15.4	16.2	16.7	16.1	16.6
Cost of funds (Cal)	9.0	9.8	10.0	9.0	9.3	9.8	9.1	9.0	8.9	9.9
Spreads (Cal)	6.0	5.9	7.0	6.9	6.7	5.6	7.1	7.6	7.2	6.7
NIM on AUM (Cal)	7.4	7.6	8.6	7.7	7.0	6.6	7.8	7.5	7.7	7.3
Credit Cost (%)	1.3	1.1	1.1	1.2	1.0	1.6	1.3	4.0	1.1	2.0
Cost to Income Ratio	23.4	23.4	19.8	18.9	20.3	23.5	19.6	21.4	21.2	21.1
Tax Rate	35.0	35.6	34.5	35.0	35.0	6.5	25.4	25.9	35.0	23.9

Muthoot Finance**Neutral****CMP INR692 | TP: INR765 (+11%)****EPS CHANGE (%): FY20|21: +2.3|-1.0**

- High gold prices to keep loan growth stable at 17% YoY.
- Credit costs to remain subdued.

- Spreads expected at ~15%.
- Watch out for commentary on gold loan demand.

Quarterly Performance**(INR M)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Income from operations	16,108	16,316	16,827	18,319	18,274	21,057	22,806	23,483	67,570	85,621
Other operating income	215	181	338	478	294	312	294	252	1,212	1,151
Total Operating income	16,323	16,496	17,165	18,797	18,568	21,369	23,100	23,735	68,782	86,772
YoY Growth (%)	18.5	-0.7	8.6	14.1	13.8	29.5	34.6	26.3	9.8	26.2
Total Income	16,330	16,501	17,171	18,804	18,587	21,405	23,132	23,768	68,806	86,892
YoY Growth (%)	18.6	-0.7	7.9	10.4	13.8	29.7	34.7	26.4	8.6	26.3
Interest Expenses	5,016	5,354	5,889	6,111	6,416	6,699	6,938	7,111	22,368	27,164
Net Income	11,314	11,148	11,282	12,694	12,171	14,707	16,194	16,657	46,438	59,728
Operating Expenses	3,738	3,669	3,440	4,547	3,972	3,969	4,751	4,809	15,394	17,500
Operating Profit	7,577	7,478	7,842	8,147	8,199	10,738	11,443	11,848	31,044	42,228
YoY Growth (%)	36.5	-12.7	-1.2	-7.3	8.2	43.6	45.9	45.4	0.6	36.0
Provisions	27	25	19	205	33	265	640	1,128	275	2,065
Profit before Tax	7,550	7,453	7,823	7,942	8,166	10,473	10,803	10,720	30,769	40,162
Tax Provisions	2,634	2,615	2,971	2,827	2,866	1,894	2,769	2,592	11,047	10,121
Net Profit	4,916	4,838	4,852	5,115	5,300	8,579	8,034	8,128	19,722	30,042
YoY Growth (%)	42.5	8.6	1.4	0.6	7.8	77.3	65.6	58.9	10.9	52.3
Key Operating Parameters (%)										
Yield on loans (Cal)	21.7	20.8	21.2	22.5	21.2	23.9	24.9	24.1	21.0	22.8
Cost of funds (Cal)	9.0	9.0	9.5	9.4	9.3	9.5	9.1	9.1	9.3	9.6
Spreads (Cal)	12.7	11.8	11.7	13.2	11.9	14.4	15.8	15.0	11.7	13.2
NIMs (Cal)	15.1	14.1	13.9	15.2	13.9	16.4	17.5	16.9	14.0	15.6
Credit Cost	0.0	0.0	0.0	0.2	0.0	0.3	0.7	1.1	0.1	0.6
Cost to Income Ratio	33.0	32.9	30.5	35.8	32.6	27.0	29.3	28.9	33.2	29.3
Tax Rate	34.9	35.1	38.0	35.6	35.1	18.1	25.6	24.2	35.9	25.2

PNB Housing Finance**Neutral****CMP INR177 | TP: INR190 (+7%)****EPS CHANGE (%): FY20|21: -5.4|-31.3**

- Being a muted quarter, AUM declined 3% QoQ.
- Expect provisions at INR1.4b v/s INR1.8b QoQ.
- However, spreads should remain largely stable.
- Watch out for commentary on asset quality/capital raise.

PNBH: Quarterly performance**(INR M)**

	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	15,238	16,121	17,641	18,929	19,794	20,159	18,904	18,407	67,929	77,264
Interest Expenses	10,998	12,289	14,103	14,275	15,127	15,213	14,610	14,435	51,664	59,385
Net Interest Income	4,241	3,832	3,538	4,654	4,667	4,946	4,293	3,972	16,265	17,879
YoY Growth (%)	25.0	5.8	-13.7	16.8	10.1	29.1	21.3	-14.6	7.7	9.9
Other income	1,245	1,962	3,144	2,553	2,532	2,145	1,844	1,881	8,904	8,402
Total Income	5,486	5,794	6,682	7,207	7,199	7,091	6,138	5,853	25,169	26,280
YoY Growth (%)	33.9	31.8	36.2	17.6	31.2	22.4	-8.1	-18.8	28.9	4.4
Operating Expenses	1,293	1,422	1,565	1,655	1,417	1,315	1,347	1,398	5,935	5,478
YoY Growth (%)	34.4	61.5	46.8	9.8	9.6	-7.5	-13.9	-15.5	34.4	-7.7
Operating Profits	4,193	4,372	5,117	5,552	5,782	5,776	4,790	4,455	19,233	20,803
YoY Growth (%)	33.7	24.4	33.3	20.1	37.9	32.1	-6.4	-19.8	27.3	8.2
Provisions	440	647	701	101	1,642	1,516	1,808	1,408	1,890	6,374
Profit before Tax	3,753	3,725	4,416	5,451	4,140	4,260	2,983	3,047	17,344	14,429
Tax Provisions	1,195	1,195	1,386	1,653	1,296	592	612	617	5,429	3,117
Profit after tax	2,558	2,530	3,030	3,798	2,845	3,668	2,370	2,429	11,915	11,312
YoY Growth (%)	50.4	33.1	32.0	51.0	11.2	45.0	-21.8	-36.0	41.7	-5.1
Key Operating Parameters (%)										
Rep. Yield on loans	9.84	10.03	10.77	10.65	10.84	10.95	10.74			
Rep. Cost of funds	7.73	7.81	8.21	8.06	8.31	8.34	8.21			
Spreads	2.11	2.22	2.56	2.59	2.53	2.61	2.53			
Net Interest Margins	2.74	2.72	3.06	3.18	3.14	3.19	2.98			
Cost to Income Ratio	23.6	24.5	23.4	23.0	19.7	18.5	21.9	23.9	23.6	20.8
Credit Cost	0.29	0.40	0.41	0.06	0.88	0.81	1.01	0.83	0.29	0.90
Tax Rate	31.8	32.1	31.4	30.3	31.3	13.9	20.5	20.3	31.3	21.6

Repc Home Finance**Buy****CMP INR110 | TP: INR150 (+37%)****EPS CHANGE (%): FY20|21: -1.1|-13.9**

- The on-the-ground situation in Tamil Nadu remains bleak.
- Expect loan growth of 6% YoY.
- Expect INR72m credit costs v/s INR115m QoQ.
- Watch out for commentary on liquidity and asset quality.

Quarterly performance**(INR M)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	2,827	2,870	2,982	3,004	3,231	3,245	3,320	3,287	11,682	13,082
Interest Expenses	1,684	1,755	1,848	1,914	2,015	2,085	2,088	2,054	7,200	8,241
Net Income	1,143	1,115	1,134	1,090	1,216	1,160	1,232	1,233	4,482	4,841
YoY Growth (%)	8.2	-8.4	6.5	1.2	6.4	4.0	8.6	13.1	1.5	8.0
Other income	45	90	58	77	54	111	91	111	270	366
Total Income	1,188	1,205	1,192	1,167	1,270	1,270	1,322	1,344	4,752	5,206
YoY Growth (%)	6.9	-2.7	5.9	2.4	6.8	5.4	11.0	15.2	3.0	9.6
Operating Expenses	219	236	253	277	235	249	274	293	984	1,051
YoY Growth (%)	30.3	25.7	16.0	26.5	7.3	5.7	8.5	5.8	24.2	6.8
Operating Profits	969	970	939	890	1,035	1,021	1,048	1,051	3,768	4,155
YoY Growth (%)	2.8	-7.7	3.5	-3.4	6.7	5.3	11.6	18.1	-1.4	10.3
Provisions	47	-35	182	-24	75	1	115	72	170	263
Profit before Tax	923	1,004	757	915	960	1,020	933	980	3,598	3,892
Tax Provisions	314	338	201	399	336	14	236	245	1,252	831
Profit after tax	609	666	556	515	624	1,006	697	735	2,346	3,061
YoY Growth (%)	8.8	-4.9	31.2	58.1	2.4	51.1	25.3	42.6	16.7	30.5
Loan growth (%)	11.9	11.4	12.4	12.0	12.6	10.7	9.0	6.0	12.3	6.3
Cost to Income Ratio (%)	18.4	19.6	21.2	23.7	18.5	19.6	20.7	21.8	20.7	20.2
Tax Rate (%)	34.0	33.7	26.5	43.7	35.0	1.3	25.3	25.0	34.8	21.3
Key Parameters (%)										
Yield on loans (Cal)	11.3	11.2	11.3	11.1	11.5	11.4	11.5	11.3		
Cost of funds (Cal)	8.2	8.2	8.4	8.4	8.6	8.5	8.4	8.3		
Spreads (Cal)	3.2	3.0	3.0	2.7	3.0	2.9	3.1	2.9		
NIMs (Reported)	4.8	4.5	4.5	4.3	4.5	4.3	4.6			
Credit Cost	0.2	-0.1	0.7	-0.1	0.3	0.0	0.4	0.2		
Cost to Income Ratio	18.4	19.6	21.2	23.7	18.5	19.6	20.7	21.8		
Tax Rate	34.0	33.7	26.5	43.7	35.0	1.3	25.3	25.0		

Shriram City Union Finance**Buy****CMP INR758 | TP: INR950 (+25%)****EPS CHANGE (%): FY20|21: -2.6|-27.6**

- 2W and MSME finance remain subdued.
- INR1.9b credit costs v/s INR1.8b QoQ.

- Expect 2% QoQ decline in AUM.
- Watch out for commentary on asset quality.

Quarterly Performance**INR m**

Y/E MARCH	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	13,893	14,721	14,197	14,029	14,503	14,312	14,174	13,865	56,840	56,853
Interest expenses	4,640	4,952	5,270	4,993	5,316	5,384	5,222	5,009	19,856	20,931
Net Interest Income	9,253	9,769	8,927	9,035	9,187	8,928	8,952	8,856	36,984	35,923
Y-o-Y Growth (%)	12.4	13.1	-2.4	8.1	-0.7	-8.6	0.3	-2.0	9.8	-2.9
Fees and Other Income	109	437	319	351	441	590	525	479	1,216	2,035
Net Operating Income	9,362	10,206	9,246	9,386	9,628	9,518	9,477	9,336	38,200	37,958
Y-o-Y Growth (%)	13.5	16.6	-3.1	9.2	2.8	-6.7	2.5	-0.5	11.2	-0.6
Operating Expenses	3,677	3,963	3,647	3,647	3,853	3,774	3,750	3,778	14,933	15,156
Operating Profit	5,685	6,243	5,599	5,740	5,774	5,744	5,727	5,557	23,267	22,803
Y-o-Y Growth (%)	12.8	17.4	-1.1	8.3	1.6	-8.0	2.3	-3.2	12.3	-2.0
Provisions	2,154	2,506	1,574	1,830	1,933	1,969	1,822	2,046	8,063	7,770
Profit before Tax	3,532	3,737	4,025	3,909	3,841	3,775	3,905	3,511	15,203	15,032
Tax Provisions	1,236	1,244	1,438	1,397	1,309	800	937	862	5,315	3,908
Net Profit	2,296	2,493	2,588	2,513	2,532	2,975	2,968	2,649	9,889	11,124
Y-o-Y Growth (%)	14.8	6.1	1.9	1,041.1	10.3	19.3	14.7	5.4	48.8	12.5
Key Operating Parameters (%)										
Yield on loans (calc., %)	19.6	20.1	19.5	19.3	19.4	19.1	19.1	18.9	20.5	20.2
Cost of funds (calc., %)	8.6	8.9	9.4	8.9	9.5	9.9	9.6	9.2	9.0	9.5
Spreads (%)	11.0	11.2	10.2	10.4	9.9	9.2	9.5	9.8	11.5	10.8
Cost to Income Ratio (%)	39.3	38.8	39.4	38.9	40.0	39.7	39.6	40.5	39.4	39.9
Credit cost (calc., %)	3.0	3.4	2.2	2.5	2.6	2.6	2.5	2.8	2.7	2.7
Tax Rate (%)	35.0	33.3	35.7	35.7	34.1	21.2	24.0	24.5	35.0	26.0

Shriram Transport Finance**Buy****CMP INR664 | TP: INR975 (+47%)****EPS CHANGE (%): FY20|21: -3.8|-46.8**

- AUM growth to be modest at 5% YoY.
- INR7.3b credit costs (incl. floating prov.) v/s INR4.4b QoQ.

- Margins to decline 20bp QoQ to 7.8%.
- Watch out for commentary on liquidity and asset quality.

Quarterly Performance**(INR m)**

Y/E March	FY19				FY20			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE
Interest Income	37,021	39,140	39,484	38,197	39,868	41,099	41,337	41,562
Interest expenses	18,537	18,504	19,187	18,885	20,431	21,134	21,193	21,337
Net Interest Income	18,484	20,636	20,297	19,313	19,436	19,965	20,144	20,225
Change YoY (%)	20.5	25.1	16.3	5.0	5.2	-3.3	-0.8	4.7
Other Operating Income	271	240	427	516	671	1,077	1,524	1,012
Other Income	21	98	23	91	78	23	22	40
Net Income	18,776	20,974	20,747	19,920	20,185	21,064	21,689	21,277
Change YoY (%)	21.2	25.1	17.7	2.9	7.5	0.4	4.5	6.8
Operating Expenses	4,719	4,748	4,546	4,799	4,758	5,189	5,382	5,237
Operating Profit	14,057	16,226	16,202	15,120	15,428	15,875	16,307	16,040
Change YoY (%)	15.7	22.7	17.3	3.2	9.8	-2.2	0.7	6.1
Provisions	5,227	6,836	6,362	5,398	5,612	6,607	4,444	7,337
Profit before Tax	8,830	9,390	9,840	9,722	9,816	9,269	11,863	8,704
Tax Provisions	3,101	3,295	3,485	2,262	3,473	1,618	3,072	2,245
Net Profit	5,729	6,096	6,355	7,460	6,343	7,651	8,792	6,458
Change YoY (%)	24.6	22.6	17.3	-9.2	10.7	25.5	38.4	-13.4
Key Operating Parameters (%)								
Yield on loans (Cal)	15.9	16.2	16.2	15.8	16.3	16.5	16.3	16.3
Cost of funds (Cal)	8.9	8.5	8.6	8.5	9.2	9.3	9.3	9.4
Spreads (Cal)	7.1	7.6	7.6	7.3	7.2	7.1	7.0	7.0
NIMs (Reported)	7.4	7.5	7.4	7.2	7.2	7.2	7.1	7.1
Credit Cost	2.1	2.7	2.4	2.1	2.1	2.5	1.6	2.7
Cost to Income Ratio	25.1	22.6	21.9	24.1	23.6	24.6	24.8	24.6
Tax Rate	35.1	35.1	35.4	23.3	35.4	17.5	25.9	25.8

Healthcare

Company name

Alembic Pharma

Ajanta Pharma

Alkem Lab

Aurobindo Pharma

Biocon

Cadila Health

Cipla

Divis Labs

Dr Reddy's Labs

Glenmark Pharma

GSK Pharma

Ipca Labs.

Jubilant Life

Laurus Labs.

Lupin

Strides Pharma

Sun Pharma

Torrent Pharma

Earnings growth trajectory to revive, partly aided by low base

ANDA approval pace yet to pick up

We expect companies under coverage to reverse their downward trajectory in YoY earnings growth, partly supported by a low base in the past year. We expect aggregate revenues to grow 8.3% YoY in 4QFY20. EBITDA growth is expected to be higher at 15% YoY and PAT growth higher at 17% YoY. Medicine stockpiling has been witnessed in the chronic category in anticipation of shortage due to lockdown. In addition, SUNP's considerably low base in terms of domestic formulation revenue is expected to drive superior growth in 4QFY20 earnings on an aggregate basis.

Stable price erosion in US; yet to see revival in ANDA approval pace

After five quarters of consistent YoY sales growth, we expect US sales to decline 6.3% YoY on an aggregate basis. Even on a QoQ basis, we expect sales to drop 2.4% in 4QFY20, largely weighed by a reducing rate of approvals (~41 in 4QFY20 v/s 46 in 3QFY20, and an average of 73 quarterly approvals in FY19). Additionally, 4QFY19 presented opportunities for SUNP, LPC, and Cipla, thereby intensifying decline YoY. Accordingly, we expect a 20% YoY / 16.5% YoY / 32% YoY reduction in the US sales of SUNP/LPC/Cipla in 4QFY20. Healthy growth expected in ARBP/DRRD (+8% YoY/+12% YoY) is likely to partially offset this adverse impact. Better traction in existing products and new approvals are expected to drive the US sales of ARBP/DRRD. We expect ALPM to continue to enjoy the Valsartan-led business opportunity, driving 55% YoY growth in 4QFY20. Regulatory constraints are expected to result in moderate 9% YoY growth in TRP's US sales. The abbreviated new drug application (ANDA) pipeline that is pending approval remains healthy for most of the companies under coverage. We believe slowdown in the pace of approvals is partly a result of COVID-19-led disruption in administration activities as well as product-specific queries. Interestingly, there have been faster approvals/exemptions for products recommended or witnessing higher usage particularly in the treatment of COVID-19 or respiratory diseases.

DF segment growth on gradual uptrend

We expect the domestic formulation (DF) segment to expand 24% YoY on an aggregate basis in 4QFY20, partly led by the low base of SUNP's DF revenue in 4QFY19. Excluding SUNP, YoY growth is expected to come in at 11.2% in 4QFY20. Superior execution and new launches are expected to drive 17% YoY growth in DRRD/LPC. A price hike in key products is expected to drive 12.5% YoY growth in TRP. Renewed strategy is expected to improve CDH's growth (+8.7% YoY). Lower discounts to trade channels are expected to have an ongoing impact on ALPM's DF business; thus, we expect modest growth of 3.8% YoY in 4QFY20.

IPCA/LAURUS/BIOS/AJP to deliver better-than-coverage average earnings growth

IPCA, LAURUS, BIOS, and AJP are expected to report robust YoY growth, led by superior execution, whereas SUNP, TRP, and DRRD are likely to benefit from a low base in the past year. The Valsartan-led opportunity is expected to drive strong YoY growth in ALPM. We expect stable YoY earnings for JLS; also, a high base in the past year should result in earnings decline for Cipla, CDH, and GLXO. Our top picks are **IPCA** and **ALKEM**.

Exhibit 1: Summary of quarterly performance (INR m)

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
Ajanta Pharma	1407	Buy	6,269	21.7	-3.7	1,569	23.5	-15.6	1,080	21.5	0.3
Alembic Pharma	642	Neutral	11,510	24.2	-4.8	2,920	64.0	-10.2	1,825	47.2	-22.1
Alkem Lab	2684	Buy	18,080	-2.5	-17.1	2,738	15.4	-39.6	1,674	12.0	-50.8
Aurobindo Pharma	515	Buy	58,239	10.0	-1.2	11,903	5.3	-1.5	6,950	4.7	-1.9
Biocon	337	Neutral	18,240	19.3	4.4	4,704	14.7	5.7	2,578	20.1	14.6
Cadila Health	339	Buy	37,832	1.4	4.0	7,646	-7.9	10.3	4,282	-11.4	14.1
Cipla	593	Neutral	43,062	-2.2	-1.5	7,717	-19.7	1.8	3,619	-29.3	3.1
Divis Labs	2393	Neutral	14,849	17.2	6.3	5,127	12.1	3.8	3,776	17.7	9.2
Dr Reddy's Labs	3804	Neutral	44,656	16.4	1.9	9,960	55.7	-2.2	6,083	102.2	2.3
Glenmark Pharma	320	Neutral	25,512	1.0	-3.3	3,383	-3.8	-1.4	1,519	-8.4	-14.9
GSK Pharma	1478	Neutral	8,047	7.1	3.3	1,408	-13.6	13.2	1,062	-16.3	14.5
IPCA Labs.	1519	Buy	11,604	31.9	-4.3	2,538	54.2	-7.2	1,764	79.6	-11.8
Jubilant Life	342	Buy	23,615	-1.0	2.0	4,916	6.7	-3.1	2,327	4.9	2.3
Laurus Labs	401	Buy	7,338	15.5	0.6	1,515	35.3	2.3	617	42.9	-16.0
Lupin	811	Buy	41,424	-6.0	9.9	6,403	-31.2	36.5	2,151	-33.3	17.3
Strides Pharma	337	Buy	7,469	58.0	2.0	1,739	306.3	-3.8	673	LP	-15.3
Sun Pharma	449	Buy	81,478	15.7	1.4	17,084	80.0	4.0	10,174	47.9	20.8
Torrent Pharma	2299	Neutral	20,877	12.5	6.2	5,679	20.1	5.2	2,690	62.4	7.2
Healthcare Aggregate			4,80,101	8.3	0.7	98,950	14.8	0.8	54,846	17.0	1.4

Source: Company, MOFSL

Exhibit 2: Healthcare universe

	YoY Growth (%)			EBITDA Margin (%)			PAT margin (%)		
	Sales	EBITDA	Adj PAT	Mar-20	Mar-19	CHG (BPS)	Mar-20	Mar-19	CHG (BPS)
MNC Pharma	7.1	-13.6	-16.3	17.5	21.7	(420)	13.2	16.9	(370)
Big 5 Generics	8.4	18.3	20.6	20.1	18.4	170	11.2	10.1	115
CRAMS	18.5	18.3	22.7	32.7	32.8	(5)	23.8	23.0	80
Second Tier generics	7.3	12.0	14.4	20.4	19.6	80	10.5	9.9	60
Sector Aggregate	8.3	15.1	17.4	20.8	21	170	11.5	10.6	90

Source: MOFSL, Company

INR depreciates YoY/QoQ

The INR depreciated against the USD (to INR73 on average in 4QFY20), against INR71 in 3QFY20 and INR70 in 4QFY19. As a result, we expect currency-led benefits in 4QFY20. However, companies' individual hedging policies would lead to a varying impact across companies under our coverage universe.

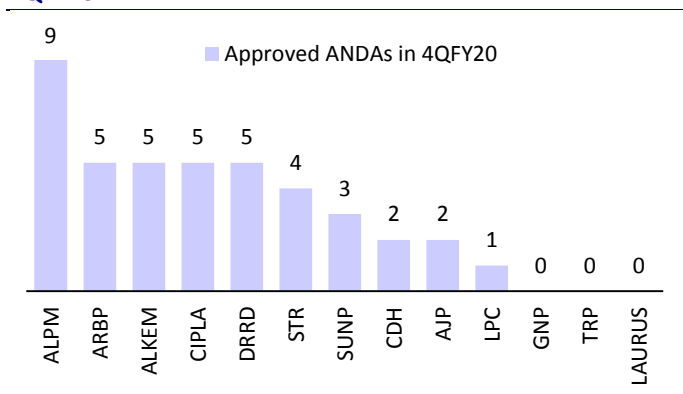
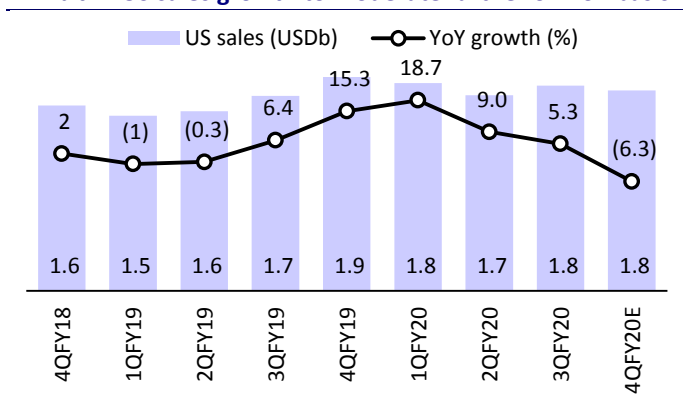
Exhibit 3: 41 ANDAs approved on aggregate basis for 4QFY20**Exhibit 4: US sales growth to moderate further on YoY basis**

Exhibit 5: Relative performance – three months (%)

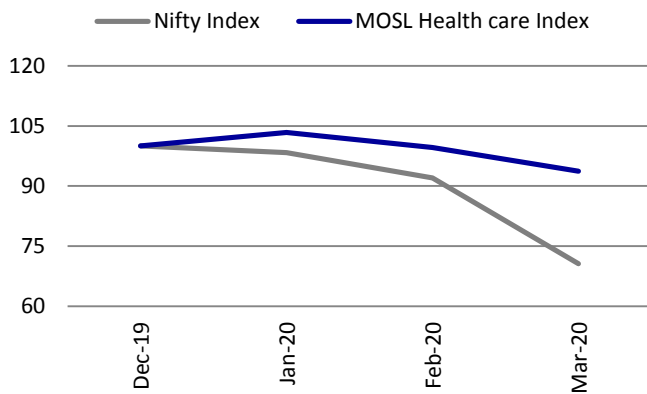
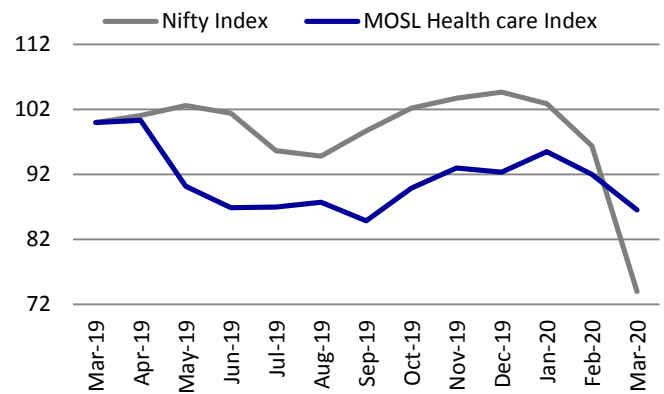


Exhibit 6: Relative performance – one year (%)



Source: Bloomberg, MOFSL

Exhibit 7: Comparative valuation

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Healthcare						26.7	22.1	19.4	3.5	3.1	2.7	12.9	13.9	14.1
Alembic Pharma	642	Neutral	43.2	33.7	38.7	14.9	19.0	16.6	3.6	3.1	2.7	26.4	17.3	17.2
Alkem Lab	2,684	Buy	92.3	109.9	131.2	29.1	24.4	20.5	5.1	4.4	3.8	18.8	19.3	19.8
Ajanta Pharma	1,407	Buy	50.6	60.6	69.3	27.8	23.2	20.3	4.8	4.1	3.5	18.4	18.9	18.7
Aurobindo Pharma	515	Buy	46.3	51.0	53.2	11.1	10.1	9.7	1.8	1.6	1.4	17.9	16.7	15.1
Biocon	337	Neutral	7.2	9.9	12.8	46.5	34.2	26.3	6.0	5.3	4.7	13.5	16.5	19.0
Cadila Health	339	Buy	14.6	17.6	19.6	23.2	19.3	17.3	3.1	2.8	2.5	11.4	15.1	15.0
Cipla	593	Neutral	20.7	26.0	29.5	28.6	22.8	20.1	2.8	2.6	2.3	9.9	11.2	11.4
Divis Labs	2,393	Neutral	51.3	65.7	78.8	46.6	36.4	30.4	7.9	6.7	5.7	18.2	20.0	20.4
Dr Reddy's Labs	3,804	Neutral	123.6	150.7	158.3	30.8	25.2	24.0	4.1	3.6	3.2	13.9	15.1	14.0
Glenmark Pharma	320	Neutral	23.6	26.4	29.8	13.6	12.1	10.7	1.5	1.3	1.2	11.3	11.4	11.6
GSK Pharma	1,478	Neutral	27.0	33.7	38.8	54.8	43.9	38.1	13.8	12.6	11.1	25.2	28.7	29.1
IPCA Labs.	1,519	Buy	54.5	70.7	79.6	27.9	21.5	19.1	5.2	4.3	3.6	20.1	21.8	20.5
Jubilant Life	342	Buy	58.0	57.4	66.1	5.9	5.9	5.2	1.0	0.8	0.7	17.4	14.9	15.0
Laurus Labs	401	Buy	19.6	26.0	34.3	20.5	15.4	11.7	2.4	2.1	1.8	12.5	14.7	16.8
Lupin	811	Buy	23.0	34.5	42.5	35.3	23.5	19.1	3.5	3.2	2.9	8.6	14.4	16.1
Sun Pharma	449	Buy	17.6	21.2	24.0	25.5	21.2	18.7	2.4	2.2	2.0	9.8	10.8	11.2
Strides Pharma	337	Buy	26.0	37.3	44.9	13.0	9.0	7.5	1.1	1.1	1.1	8.7	12.2	14.3
Torrent Pharma	2,299	Neutral	57.9	76.8	94.5	39.7	29.9	24.3	7.3	6.3	5.4	19.4	22.5	23.9

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Ajanta Pharma**Buy****CMP INR1,407 | TP: INR1,635 (+16%)****EPS CHANGE (%): FY20|21: (1.7)|(0.3)**

- Expect Ranitidine recall to have impact on US business
- Increased capacity utilization to drive operating leverage
- Watch out for outlook on Branded business in Asia/Africa
- Look out for ANDA approvals/launches over next 12–15M

Consol. – Quarterly perf.**(INR M)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	5,110	5,441	4,851	5,152	6,119	6,428	6,512	6,269	20,554	25,328
YoY Change (%)	8.0	0.7	-17.4	-2.9	19.8	18.1	34.2	21.7	-3.5	23.2
Total Expenditure	3,535	3,779	3,698	3,881	4,436	4,651	4,652	4,699	14,809	18,439
EBITDA	1,575	1,662	1,153	1,271	1,684	1,776	1,860	1,569	5,744	6,889
YoY Change (%)	20.5	-9.5	-41.6	-8.9	6.9	6.9	61.3	23.5	-11.8	19.9
Depreciation	172	175	187	188	228	233	236	245	721	942
EBIT	1,403	1,487	966	1,083	1,456	1,543	1,624	1,324	5,024	5,947
YoY Change (%)	19.7	-12.1	-47.0	-11.8	3.8	3.8	68.0	22.2	-15.1	18.4
Interest	2	0	1	8	18	49	16	16	12	99
Other Income	81	152	44	16	76	132	146	101	211	456
PBT before EO expense	1,483	1,640	1,010	1,092	1,515	1,626	1,754	1,409	5,223	6,304
Extra-Ord expense	0	0	80	0	0	11	3	0	80	14
PBT	1,483	1,640	930	1,092	1,515	1,616	1,751	1,409	5,143	6,289
Tax	425	385	261	203	368	452	676	328	1,273	1,824
Rate (%)	28.7	23.5	28.0	18.6	24.3	28.0	38.6	23.3	24.8	29.0
Reported PAT	1,058	1,255	669	889	1,146	1,164	1,076	1,080	3,870	4,465
Adj PAT	1,058	1,255	727	889	1,146	1,171	1,078	1,080	3,930	4,476
YoY Change (%)	11.6	-4.8	-50.7	-5.9	8.4	-6.7	48.3	21.5	-16.1	13.9
Margins (%)	20.7	23.1	15.0	17.3	18.7	18.2	16.5	17.2	19.1	17.7

Alembic Pharma**Neutral****CMP INR642 | TP: INR635 (-1%)****EPS CHANGE (%): FY20|21: (0.7)|(0.8)**

- Expect Generics business to witness robust growth
- Expect niche opportunity in the US to drive margins
- Progress on ANDA filings from new dosages
- Commentary on DF business, update on manufacturing sites' capacity utilization

Quarterly perf. (Consol.)**(INR m)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	8,625	11,271	10,182	9,270	9,489	12,409	12,091	11,510	39,347	45,499
YoY Change (%)	33.1	42.8	21.2	8.6	10.0	10.1	18.8	24.2	25.7	15.6
Total Expenditure	7,115	8,247	7,759	7,489	7,240	8,954	8,841	8,590	30,611	33,624
EBITDA	1,510	3,023	2,422	1,780	2,249	3,455	3,251	2,920	8,736	11,875
YoY Change (%)	48.8	68.8	29.2	2.8	49.0	14.3	34.2	64.0	35.8	35.9
Depreciation	276	286	291	300	354	360	418	442	1,152	1,573
EBIT	1,786	3,310	2,713	2,080	2,603	3,815	3,669	3,362	9,888	13,449
YoY Change (%)	26.4	11.6	10.0	-5.1	28.3	25.6	44.0	47.5	32.1	36.0
Interest	16	58	60	51	50	71	74	77	184	271
Other Income	1	24	35	34	33	4	4	9	94	50
PBT before EO expense	1,219	2,703	2,108	1,464	1,878	3,029	2,763	2,411	7,494	10,081
Extra-Ord expense	0	0.0	0.0	0	328	0.0	0.0	0	0	328
PBT	1,219	2,703	2,108	1,464	1,550	3,029	2,763	2,411	7,494	9,753
Tax	315	703	400	149	360	525	486	434	1,568	1,804
Rate (%)	25.9	26.0	19.0	10.2	23.2	17.3	17.6	18.0	20.9	18.5
Reported PAT	905	2,001	1,698	1,240	1,237	2,463	2,342	1,825	5,845	7,867
Adj PAT	905	2,001	1,698	1,240	1,504	2,463	2,342	1,825	5,845	8,134
YoY Change (%)	35.7	64.6	30.0	32.2	66.2	23.1	37.9	47.2	41.6	39.2
Margins (%)	10.5	17.8	16.7	13.4	15.9	19.8	19.4	15.9	14.9	17.9

Alkem Labs**Buy****CMP INR2684 | TP: INR3135 (+17%)****EPS CHANGE (%): FY20|21: (1.3)|(0.4)**

- Expect moderate YoY growth in the US as recently approved products yet to be launched
- Outlook on COVID-19 impact on API prices
- Expect moderate growth in India business on high base
- Outlook for acute category of India business

Quarterly perf. (Consolidated)**(INR m)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues	16,695	19,189	19,263	18,542	18,495	22,640	21,818	18,080	73,572	81,034
YoY Change (%)	28.9	2.9	10.7	24.3	10.8	18.0	13.3	-2.5	14.4	26.0
EBITDA	2,142	3,637	3,131	2,373	2,645	4,752	4,533	2,738	11,171	14,667
YoY Change (%)	127.0	-21.0	-13.0	80.7	23.5	30.7	44.8	15.4	5.7	38.8
Depreciation	425	458	477	573	558	564	595	582	1,932	2,299
EBIT	1,718	3,179	2,654	1,800	2,087	4,188	3,938	2,156	9,239	12,369
YoY Change (%)	169.5	-25.4	-17.7	97.9	21.5	31.7	48.4	19.8	1.1	35.4
Interest	163	164	154	66	161	178	170	168	546	677
Other Income	163	240	245	76	175	314	279	218	877	985
PBT before EO Exp	1,718	3,255	2,745	1,810	2,100	4,325	4,046	2,206	9,570	12,677
EO Exp/(Inc)				-23		226			23	226
PBT	1,718	3,255	2,745	1,833	2,100	4,098	4,046	2,206	9,547	12,450
Tax	345	656	526	283	227	293	147	578	1,810	1,245
Rate (%)	20.1	20.2	19.2	15.6	10.8	6.8	3.6	26.2	18.9	9.8
PAT (pre Minority Interest)	1,373	2,599	2,219	1,550	1,873	3,805	3,900	1,628	7,737	11,205
Minority Interest	11	60	29	31	18	97	80	-46	131	148
Reported PAT	1,362	2,540	2,190	1,518	1,855	3,708	3,820	1,674	7,606	11,057
YoY Change (%)										
Adj Net Profit	1,362	2,540	2,190	1,495	1,855	3,918	3,400	1,674	7,587	11,171
YoY Change (%)	130.8	-16.1	8.4	76.1	36.2	54.3	55.3	12.0	31.8	47.2

Aurobindo Pharma**Buy****CMP INR515 | TP: INR595 (+16%)****EPS CHANGE (%): FY20|21: (3.5)| 0.0**

- High base in the past year, fewer ANDA approvals may reduce YoY growth trajectory in US business
- Outlook on alternate strategies to resolve regulatory issues
- Expect ARV/Europe sales to drive overall growth in 4QFY20
- Inorganic growth opportunities post the Sandoz deal falling through

Quarterly perf. (Consolidated)**(INR M)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	42,503	47,514	52,697	52,922	54,446	56,005	58,950	58,239	195,636	227,640
YoY Change (%)	15.5	7.1	21.5	30.7	28.1	17.9	11.9	10.0	18.6	16.4
EBITDA	7,792	10,260	10,864	11,303	11,464	11,675	12,080	11,903	40,219	47,121
YoY Change (%)	-7.4	-8.2	5.9	40.6	47.1	13.8	11.2	5.3	6.2	17.2
Depreciation	1,545	1,637	1,631	1,866	2,409	2,433	2,501	2,536	6,680	9,879
EBIT	6,247	8,623	9,233	9,437	9,055	9,241	9,579	9,367	33,540	37,243
YoY Change (%)	-12.1	-12.5	4.0	45.8	45.0	7.2	3.8	-0.7	3.8	11.0
Interest	295	354	477	501	499	409	371	316	1,627	1,596
Other Income	437	263	134	323	110	206	220	214	1,157	750
PBT before EO expense	6,389	8,532	8,890	9,259	8,666	9,038	9,428	9,264	33,070	36,397
Forex loss/(gain)	682	397	-505	28	-48	272	-89	0	603	135
Exceptional (expenses)/income	0	-268	-250	(1,062)	-127	-128	-129	0	(1,581)	(384)
PBT	5,707	7,866	9,144	8,169	8,587	8,638	9,517	9,264	30,887	35,878
Tax	1,155	1,754	2,048	2,311	2,278	2,244	2,329	2,327	7,269	9,177
Rate (%)	20.2	22.3	22.4	28.3	26.5	26.0	24.5	25.1	23.5	25.6
Minority Interest	-3	-2	-26	4	-47	-1	6	-13	-29	-54
Reported PAT	4,555	5,846	6,872	4,792	6,230	6,268	7,053	6,950	23,647	26,755
Adj PAT	5,095	6,632	6,925	6,636	6,415	6,691	7,083	6,950	25,288	27,141
YoY Change (%)	-2.8	-15.1	5.5	22.6	25.9	0.9	2.3	4.7	1.1	7.3
Margins (%)	12.0	14.0	13.1	12.5	11.8	11.9	12.0	11.9	12.9	11.9

Biocon**Neutral****CMP INR337 | TP: INR320 (-5%)****EPS CHANGE (%): FY20|21: (4.0)| (1.7)**

- New launches, improved market share to drive Biologics segment and in turn, overall revenue
- Commercialization plan for Insulin glargine in the US
- Outlook on building ANDA pipeline in Small Molecules segment
- Outlook on increasing market share in key geographies for biosimilars

Quarterly perf. (Consolidated)**(INR m)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	11,238	13,210	15,480	15,288	14,659	15,720	17,480	18,240	55,144	66,099
YoY Change (%)	20.4	36.4	46.3	30.7	30.4	19.0	12.9	19.3	33.5	19.9
Total Expenditure	8,860	9,820	11,320	11,188	10,284	11,690	13,030	13,536	41,207	48,540
EBITDA	2,378	3,390	4,160	4,100	4,375	4,030	4,450	4,704	13,937	17,559
YoY Change (%)	23.8	86.1	87.6	76.0	84.0	18.9	7.0	14.7	68.1	26.0
Depreciation	991	1,120	1,170	1,198	1,242	1,320	1,440	1,464	4,478	5,466
EBIT	1,387	2,270	2,990	2,902	3,133	2,710	3,010	3,240	9,459	12,093
YoY Change (%)	48.7	156.2	140.5	110.3	125.9	19.4	0.7	11.6	113.0	27.8
Interest	176	190	190	159	166	140	180	136	709	622
Other Income	688	540	250	282	241	380	360	369	1,444	1,350
Extraordinary income	5	1,888	-220	-70	-79	590	0	0	1,946	511
PBT	1,904	4,508	2,830	2,955	3,129	3,540	3,190	3,473	12,140	13,332
Tax	521	730	460	409	852	1,000	850	631	2,123	3,333
Rate (%)	27.4	16.2	16.3	13.8	27.2	28.2	26.6	18.2	17.5	25.0
Minority Interest	186	240	130	409	214	380	310	264	964	1,168
PAT	1,197	3,538	2,240	2,137	2,063	2,160	2,030	2,578	9,053	8,831
Adj PAT	1,193	1,830	2,332	2,147	2,120	1,737	2,250	2,578	7,432	8,685
YoY Change (%)	46.5	157.1	128.3	88.1	77.7	-5.1	-3.5	20.1	101.4	16.9
Margins (%)	10.7	26.8	14.5	14.0	14.1	13.7	11.6	14.1	16.4	13.4

Cadila Healthcare**Buy****CMP INR339 | TP: INR410 (+21%)****EPS CHANGE (%): FY20|21: (0.2)| 0.7**

- Expect marginal 2% YoY revenue growth as in India business growth would be offset by decline in US business
- Update on HCQS opportunity for exports
- Higher opex associated with consumer businesses to affect profitability
- Update on key ANDA filings/approvals for US

Quarterly perf. (Consolidated)**(INR m)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues	28,937	29,612	35,779	37,328	34,963	33,666	36,381	37,832	131,656	142,842
YoY Change (%)	31.7	-8.4	10.2	14.8	20.8	13.7	1.7	1.4	10.3	8.5
EBITDA	6,450	6,878	8,399	8,304	7,020	6,256	6,932	7,646	30,031	27,854
YoY Change (%)	132.6	-19.8	-0.4	-4.6	8.8	-9.0	-17.5	-7.9	5.5	-7.2
Depreciation	1,418	1,475	1,537	1,556	1,716	1,723	1,741	1,758	5,986	6,938
EBIT	5,032	5,403	6,862	6,748	5,304	4,533	5,191	5,888	24,045	20,916
YoY Change (%)	224.0	-26.0	-1.5	-7.1	5.4	-16.1	-24.4	-12.7	4.1	-13.0
Interest	350	357	455	773	891	897	805	844	1,935	3,437
Other Income	1,013	304	310	384	226	269	201	162	2,011	858
PBQ before EO Income	5,695	5,350	6,717	6,359	4,639	3,905	4,587	5,206	24,121	18,337
EO Exp/(Inc)	0	0	0	300	700	2,681	16	0	300	3,397
PBT after EO Income	5,695	5,350	6,717	6,059	3,939	1,224	4,571	5,206	23,821	14,940
Tax	1,203	1,247	1,586	1,267	791	395	927	1,129	5,303	3,242
Rate (%)	21.1	23.3	23.6	20.9	20.1	32.3	20.3	21.7	22.3	21.7
Min. Int/Adj on Consol	113	72	-24	-191	-112	243	95	205	-30	431
Reported PAT	4,605	4,175	5,107	4,601	3,036	1,072	3,739	4,282	18,488	12,129
Adj PAT	4,605	4,175	5,107	4,834	3,587	3,328	3,752	4,282	18,721	14,949
YoY Change (%)	232.7	-17.0	-6.4	-20.3	-22.1	-20.3	-26.5	-11.4	4.3	-20.2
Margins (%)	15.9	14.1	14.3	13.0	10.3	9.9	10.3	11.3	14.2	10.5

Cipla**Neutral****CMP INR593 | TP: INR550 (-7%)****EPS CHANGE (%): FY20|21: (-1.8)|6.4**

- High base and delayed potential approval to moderate the US YoY growth rate for the quarter
- Update on domestic business growth
- Increased competition in gSensipar to affect overall profitability
- Update on gAdvair filing timeline and Albuterol launch in the US

Quarterly Performance (Consol.)**(INR m)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues	39,390	40,119	40,075	44,040	39,890	43,958	43,710	43,062	1,63,624	1,70,620
YoY Change (%)	11.7	-1.7	2.4	19.1	1.3	9.6	9.1	-2.2	7.5	4.3
EBITDA	7,264	7,022	7,077	9,611	9,046	9,095	7,583	7,717	30,973	33,442
YoY Change (%)	12.2	-12.7	-13.6	72.6	24.5	29.5	7.2	-19.7	9.6	8.0
Depreciation	2,410	2,819	2,931	3,003	2,680	2,830	2,779	2,840	11,163	11,128
EBIT	4,854	4,203	4,145	6,608	6,366	6,265	4,804	4,877	19,810	22,314
YoY Change (%)	11.9	-16.3	-11.8	142.9	31.2	49.1	15.9	-26.2	18.1	12.6
Interest	351	444	442	448	521	461	462	473	1,684	1,917
Other Income	551	506	785	954	784	1,005	721	790	2,796	3,300
Profit before Tax	5,056	4,265	4,489	7,114	6,629	6,810	5,064	5,194	20,922	23,697
One-time (expense)/income	1,150	820	0	-2,100	0	-	0	0	-130	0
PBT after EO expense	6,206	5,085	4,489	5,014	6,629	6,810	5,064	5,194	20,792	23,697
Tax	1,737	1,424	1,257	1,278	1,922	2,006	1,528	1,416	5,695	6,872
Rate (%)	34.4	33.4	28.0	18.0	29.0	29.4	30.2	27.3	27.2	29.0
Minority Interest	-45.7	-109.2	-90.0	64.0	-75.4	90.9	25.5	159.0	-181.6	200.0
Reported PAT	4,515	3,770	3,322	3,672	4,782	4,714	3,510	3,619	15,278	16,625
Adj PAT	3,640	2,950	3,322	5,120	4,782	4,714	3,510	3,619	15,032	16,625
YoY Change (%)	-11.1	-30.2	-13.8	53.5	31.4	59.8	5.7	-29.3	-3.1	10.6

Divi's Laboratories**Neutral****CMP INR 2,393 | TP: INR2,215 (-7%)****EPS CHANGE (%): FY20|21: (1.2)|(0.1)**

- Expect better traction in contract manufacturing to drive sales for the quarter
- Update on reduction in raw material cost on account of building captive sourcing capacity
- High raw material cost to put pressure on margins
- Outlook on new business from new capacities

Quarterly performance**(INR m)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Op Revenue	9,953	13,239	13,600	12,671	11,628	14,456	13,963	14,849	49,463	54,895
YoY Change (%)	21.2	48.7	31.0	16.5	16.8	9.2	2.7	17.2	26.4	11.0
EBITDA	3,711	5,215	5,329	4,575	3,932	5,106	4,939	5,127	18,718	19,103
YoY Change (%)	51.6	88.1	55.8	18.4	6.0	-2.1	-7.3	12.1	48.4	2.1
Depreciation	416	424	425	424	438	459	467	491	1,689	1,855
EBIT	3,295	4,791	4,904	4,152	3,494	4,646	4,472	4,636	17,029	17,248
YoY Change (%)	55.0	96.9	60.9	19.4	6.0	-3.0	-8.8	11.7	52.2	1.3
Interest	6	2	25	1	3	38	16	48	35	104
Other Income	221	277	344	408	303	338	237	384	1,248	1,263
PBT before EO Income	3,510	5,065	5,223	4,559	3,794	4,947	4,694	4,972	18,242	18,407
Forex gain /(Loss)	267	528	0	-411	-61	-68	180	0	234	51
PBT	3,776	5,593	5,223	4,148	3,733	4,879	4,873	4,973	18,477	18,457
Tax	911	1,556	1,329	1,228	1,009	1,311	1,282	1,197	5,023	4,799
Rate (%)	24.1	27.8	25.4	29.6	27.0	26.9	26.3	24.1	26.8	25.9
PAT	2,866	4,037	3,894	2,920	2,724	3,568	3,591	3,778	13,453	13,658
Adj. PAT	2,663	3,656	3,894	3,209	2,768	3,618	3,459	3,776	13,283	13,621
YoY Change (%)	55.4	72.6	64.7	30.2	4.0	-1.1	-11.2	17.7	55.0	2.5
Margins (%)	28.8	30.5	28.6	23.0	23.4	24.7	25.7	25.4	27.2	24.9

Dr Reddy's Labs**Neutral****CMP INR3,804 | TP: INR3,490 (-8%)****EPS CHANGE (%): FY20|21: 3.7|4.5**

- US business to witness growth uptrend, led by new launches
- EU/India/Russia expected to report robust growth
- Outlook on DF, including Wockhardt's acquired business
- Update on ANDA filings/launches over next 12–15M

Quarterly perf – IFRS**(INR m)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	37,207	37,978	38,500	38,366	38,435	40,809	43,838	44,656	152,051	167,738
YoY Change (%)	12.2	7.1	1.2	8.5	3.3	7.5	13.9	16.4	7.1	10.3
Total Expenditure	29,632	30,575	30,344	31,968	31,168	32,328	33,650	34,696	122,518	131,842
EBITDA	7,575	7,403	8,156	6,398	7,267	8,481	10,188	9,960	29,533	35,896
YoY Change (%)	147.7	11.6	6.4	16.1	-4.1	14.6	24.9	55.7	29.0	21.5
Amortization	3,110	2,998	3,108	3,183	3,082	3,339	3,085	3,074	12,400	12,580
EBIT	4,465	4,405	5,048	3,215	4,185	5,142	7,103	6,886	17,133	23,316
YoY Change (%)	1,623.9	19.2	7.5	29.6	-6.3	16.7	40.7	114.2	53.9	36.1
One-off income/(expense)						2,039	-13,200			-11,161
Profit before Tax	5,007	5,780	5,805	5,851	8,500	7,663	-5,276	7,415	22,442	18,302
Tax	446	742	953	1,507	1,872	-3,261	423	1,332	3,648	366
Rate (%)	8.9	12.8	16.4	25.8	22.0	-42.6	-8.0	18.0	16.3	2.0
Reported PAT	4,561	5,038	4,852	4,344	6,628	10,924	-5,699	6,083	18,794	17,936
Minority Interest	0	0	0	0	0	0	0	0	0	0
Adjusted PAT	4,561	5,038	4,852	3,008	4,444	4,042	5,945	6,083	17,459	20,513
YoY Change (%)	671.7	76.8	13.5	-0.5	-2.6	-19.8	22.5	102.2	62.6	17.5
Margins (%)	12.3	13.3	12.6	7.8	11.6	9.9	13.6	13.6	11.5	12.2

Glenmark Pharma**Neutral****CMP INR320 | TP: INR295 (-8%)****EPS CHANGE (%): FY20|21: (5.0)|(6.9)**

- Lack of ANDA approvals, lockdown impact on DF may affect 4QFY20 performance
- Increased employee cost / Elevated R&D spend to impact EBITDA margin on a YoY basis
- Update on out-licensing opportunities
- Update on free cash generation/debt repayment

Quarterly perf. (Consol.)**(INR m)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues (Core)	21,294	25,399	25,098	25,261	22,836	27,637	26,386	25,512	97,051	1,02,372
YoY Change (%)	-8.6	14.2	15.6	12.4	7.2	8.8	5.1	1.0	8.2	5.5
EBITDA	3,106	3,986	3,894	3,517	3,276	3,991	3,431	3,383	14,504	14,082
YoY Change (%)	-42.9	12.2	34.0	19.2	5.5	0.1	-11.9	-3.8	-2.3	-2.9
Depreciation	794	825	831	810	907	942	1,060	1,065	3,259	3,974
EBIT	2,312	3,162	3,063	2,707	2,369	3,049	2,371	2,318	11,245	10,108
YoY Change (%)	-50.4	12.9	42.4	22.3	2.4	-3.6	-22.6	-14.4	-4.9	-10.1
Interest	790	851	885	819	930	898	961	910	3,346	3,698
Other Income	495	563	663	384	409	541	1,019	530	2,105	2,500
PBT before EO Expense	2,017	2,874	2,840	2,272	1,848	2,693	2,430	1,939	10,004	8,910
One-off loss/(gain)	-1,250	-2,922	1,300	-130	250	-780	-280	0	-3,002	-810
PBT after EO Expense	3,267	5,796	1,540	2,402	1,598	3,473	2,710	1,939	13,006	9,720
Tax	937	1,656	377	786	506	918	801	419	3,756	2,644
Rate (%)	28.7	28.6	24.5	32.7	31.6	26.4	29.6	21.6	28.9	27.2
Reported PAT	2,330	4,140	1,163	1,616	1,093	2,555	1,908	1,519	9,250	7,076
Adj PAT (excl one-offs)	1,442	2,065	2,145	1,659	1,359	1,993	1,786	1,519	7,312	6,651
YoY Change (%)	-56.7	-3.5	104.8	9.4	-5.8	-3.5	-16.8	-8.4	-9.0	-9.0
Margins (%)	6.8	8.1	8.5	6.6	5.9	7.2	6.8	6.0	7.5	6.5

GSK Pharma**Neutral****CMP INR1,478 | TP: INR1,320 (-11%)****EPS CHANGE (%): FY20|21: (4.6)| (1.6)**

- Lower base of 4QFY19 to positively impact YoY revenue growth despite Zantac recalls
- Update on outsourcing in the lockdown situation
- Increased raw material prices to impact margins
- Growth avenues post Zantac recall and asset impairment

Quarterly perf. (Consolidated)**(INR m)**

Y/E March (Standalone)	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	7,357	8,163	8,254	7,511	7,880	8,820	7,786	8,047	31,281	32,532
YoY Change (%)	21.2	-2.4	17.3	0.3	7.1	8.0	-5.7	7.1	8.0	4.0
Total Expenditure	6,000	6,512	6,882	5,881	6,169	6,880	6,542	6,638	25,273	26,229
EBITDA	1,356	1,652	1,372	1,631	1,711	1,940	1,244	1,408	6,008	6,303
YoY Change (%)	589.2	-14.0	-3.3	5.3	26.2	17.5	-9.3	-13.6	18.8	4.9
Depreciation	114	115	120	137	191	227	183	149	486	750
EBIT	1,243	1,537	1,251	1,494	1,520	1,713	1,061	1,260	5,522	5,554
YoY Change (%)	922.0	-16.7	-2.6	2.7	22.3	11.5	-15.2	-15.7	18.0	0.6
Interest	2	2	1	1	9	9	30	27	6	75
Other Income	180	148	166	527	308	159	165	168	1,023	800
PBT before EO Expense	1,421	1,683	1,416	2,020	1,819	1,863	1,196	1,401	6,540	6,279
Tax	497	557	568	751	626	457	268	340	1,928	1,711
Rate (%)	35.0	33.1	40.1	37.2	34.4	24.5	22.4	24.3	36.3	27.2
Adjusted PAT	924	1,126	848	1,270	1,173	1,406	927	1,062	4,167	4,568
YoY Change (%)	570.2	-10.1	-5.4	20.3	27.0	24.9	9.3	-16.3	25.2	9.6
Margins (%)	12.6	13.8	10.3	16.9	14.9	15.9	11.9	13.2	13.3	14.0
One-off Expense/(Income)	83	118	-288	32	38	-3,622	7,539	0	-56	3,956
Reported PAT	841	1,008	1,137	1,238	1,135	5,028	-6,612	1,062	4,454	612

Ipsca Laboratories**Buy****CMP INR1,519 | TP: INR1,855 (+22%)****EPS CHANGE (%): FY20|21: 5.7|11.9**

- Domestic/International segment to drive revenue growth
- Outlook on HCQS exports
- Superior product mix to expand EBITDA margin
- Growth outlook in API segment, particularly for antibiotics

Quarterly performance**(INR M)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues (Core)	8,754	10,120	10,061	8,796	10,782	12,839	12,129	11,604	37,732	47,354
YoY Change (%)	22.8	17.1	17.1	12.4	23.2	26.9	20.5	31.9	14.9	25.5
EBITDA	1,416	2,048	2,060	1,646	1,987	2,659	2,737	2,538	7,170	9,921
YoY Change (%)	723.4	33.3	20.3	40.4	40.4	29.8	32.8	54.2	57.7	38.4
Depreciation	466	454	457	448	461	496	508	528	1,824	1,993
EBIT	950	1,595	1,603	1,198	1,526	2,162	2,228	2,011	5,346	7,927
YoY Change (%)	-463.2	45.4	25.8	61.8	60.7	35.6	39.0	67.8	93.0	48.3
Interest	49	24	51	64	46	42	40	48	189	176
Other Income	143	148	133	59	112	148	181	159	483	600
PBT before EO Expense	1,044	1,719	1,685	1,193	1,592	2,268	2,369	2,122	5,640	8,352
One-off (gain)/ Expense	228	312	-281	-84	-91	0	25	0	-157	-91
PBT after EO Expense	816	1,407	1,965	1,277	1,683	2,268	2,344	2,122	5,483	8,443
Tax	131	221	374	317	374	319	369	358	1,042	1,420
Rate (%)	12.5	12.9	22.2	26.5	23.5	14.1	15.6	16.9	18.5	17.0
Reported PAT	685	1,186	1,591	960	1,294	1,936	1,975	1,764	4,423	6,968
Minority Interest					-16	-14			18	-55
Adj PAT	848	1,407	1,342	982	1,203	1,936	2,001	1,764	4,580	6,877
YoY Change (%)	-445.0	39.0	16.1	67.5	41.8	37.5	49.1	79.6	91.3	50.2
Margins (%)	9.7	13.9	13.3	11.2	11.2	15.1	16.5	15.2	12.1	14.5

Jubilant Life Sciences**Buy****CMP INR342 | TP: INR415 (+21%)****EPS CHANGE (%): FY20|21: (2.2)|(13.5)**

- Expect muted quarter on LSI and Drug Discovery business slowdown
- Business outlook for 1HFY21 based on COVID-19 impact
- Supply-demand scenario in life science chemicals
- Update on remediation measures at Nanjangud site

Consol. – Quarterly Perf.**(INR M)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	20,787	22,695	23,771	23,856	21,819	22,659	23,152	23,615	91,108	91,245
YoY Change (%)	30.2	38.2	15.0	5.9	5.0	-0.2	-2.6	-1.0	20.5	0.2
Total Expenditure	16,411	18,193	18,838	19,246	17,332	17,975	18,078	18,699	72,688	72,084
EBITDA	4,376	4,502	4,933	4,610	4,486	4,685	5,074	4,916	18,420	19,161
YoY Change (%)	29.6	47.1	18.3	0.7	2.5	4.1	2.9	6.7	21.3	4.0
Depreciation	880	895	984	950	1,027	1,168	1,135	1,147	3,709	4,477
EBIT	3,496	3,607	3,949	3,660	3,460	3,516	3,940	3,770	14,711	14,685
YoY Change (%)	31.9	58.8	17.9	-0.3	-1.0	-2.5	-0.2	3.0	23.1	-0.2
Interest	727	627	683	616	726	716	720	716	2,198	2,879
Other Income	95	38	290	-66	97	123	60	85	357	365
PBT before EO expense	2,864	3,018	3,556	2,978	2,831	2,922	3,280	3,139	12,870	12,171
Extra-Ord expense	0	0	151	3,378	140	0	346	0	3,529	486
PBT	2,864	3,018	3,405	-400	2,691	2,922	2,933	3,139	9,341	11,685
Tax	860	920	881	607	841	428	899	811	3,268	2,980
Rate (%)	30.0	30.5	25.9	-151.8	31.2	14.7	30.7	25.9	35.0	25.5
Reported PAT	2,004	2,098	2,524	-1,007	1,850	2,494	2,034	2,327	5,619	8,705
Adj PAT	2,004	2,098	2,636	2,218	1,947	2,494	2,274	2,327	8,955	9,042
YoY Change (%)	36.2	63.6	24.0	-0.1	-2.9	18.9	-13.7	4.9	26.1	1.0
Margins (%)	9.6	9.2	11.1	9.3	8.9	11.0	9.8	9.9	9.8	9.9

Laurus Labs**Buy****CMP INR401 | TP: INR520 (+30%)****EPS CHANGE (%): FY20|21: (1.1)|0.0**

- Robust order book in formulation to drive revenue
- Change in regimen and in-house API consumption to affect ARV API segment growth
- Update on pickup in Lamivudine API sales
- Outlook on ANDA filings for US Generics segment

Consolidated – Quarterly Perf.**(INRm)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	5,390	5,883	5,295	6,352	5,506	7,124	7,296	7,338	22,919	27,264
YoY Change (%)	9.7	9.2	10.5	13.4	2.1	21.1	37.8	15.5	10.8	19.0
Total Expenditure	4,535	4,972	4,417	5,232	4,673	5,746	5,814	5,823	19,155	22,057
EBITDA	856	911	877	1,120	833	1,378	1,482	1,515	3,764	5,207
YoY Change (%)	-11.4	-19.0	0.4	-4.2	-2.7	51.2	68.9	35.3	-8.9	38.4
Depreciation	382	398	427	435	458	478	476	484	1,642	1,896
EBIT	474	513	450	685	374	900	1,006	1,032	2,122	3,312
YoY Change (%)	-29.0	-37.8	-20.2	-16.7	-21.0	75.4	123.6	50.6	-26.3	56.1
Interest	223	246	237	176	225	256	208	264	882	953
Other Income	26	105	14	16	45	14	19	26	162	104
PBT before EO expense	276	372	228	526	194	658	817	794	1,402	2,462
Extra-Ord expense	50	154	0	0	0	0	0	0	204	0
PBT	226	218	228	526	194	658	817	794	1,198	2,462
Tax	61	56	50	94	43	92	82	177	260	394
Rate (%)	27.0	25.6	21.7	17.9	22.1	14.0	10.1	22.2	21.7	16.0
Reported PAT	165	162	178	432	151	566	735	617	938	2,068
Adj PAT	202	277	178	432	151	566	735	617	1,097	2,068
YoY Change (%)	-48.1	-38.8	-48.9	-4.2	-25.2	104.4	312.4	42.9	-33.1	88.5
Margins (%)	3.7	4.7	3.4	6.8	2.7	7.9	10.1	8.4	4.8	7.6

Lupin**Buy****CMP INR811 | TP: INR940 (+16%)****EPS CHANGE (%): FY20|21: 1.6| (3.0)**

- DF business to drive revenue growth
- US sales to decline 10% YoY to USD205m
- Update on remediation measures at sites under issue
- Update on marketing efforts for Solosec

Quarterly Perf.(Consolidated)**(INR m)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	38,559	39,511	39,473	44,063	44,184	38,822	37,693	41,424	1,65,079	1,62,123
YoY Change (%)	-0.4	0.0	-0.7	9.2	14.6	-1.7	-4.5	-6.0	4.5	-1.8
EBITDA	7,079	5,496	6,816	9,303	8,602	6,406	4,691	6,403	28,800	26,102
YoY Change (%)	-7.9	-35.6	-1.0	31.3	21.5	16.5	-31.2	-31.2	-8.5	-9.4
Depreciation	2,590	2,655	2,190	2,808	3,171	2,526	2,532	2,600	10,850	10,829
EBIT	4,489	2,842	4,627	6,495	5,431	3,880	2,159	3,802	17,950	15,272
YoY Change (%)	-11.6	-51.1	13.4	49.0	21.0	36.5	-53.3	-41.5	-12.9	-14.9
Interest	687	738	785	855	856	826	886	920	3,078	3,488
Other Income	34	2,307	402	865	722	1,280	936	762	3,640	3,700
EO Exp/(Inc)	0	0	3,422	558	0	5,465	3,287	0	3,377	8,752
PBT	3,836	4,410	822	5,947	5,297	-1,131	-1,078	3,644	15,135	6,732
Tax	1,811	1,729	2,454	2,998	2,280	695	7,670	1,405	9,017	12,050
Rate (%)	47.2	39.2	298.6	50.4	43.0	-61.5	-711.4	38.5	59.6	179.0
Minority Interest	-4	21	-115	53	-13	-556	-398	-13	52	-980
Reported PAT	2,028	2,660	-1,518	2,896	3,031	-1,271	-8,350	2,252	6,066	-4,338
Adj PAT	2,028	2,660	2,873	3,225	3,031	3,373	1,834	2,151	10,546	10,389
YoY Change (%)	-43.4	-41.5	11.5	-13.9	49.4	26.8	-36.2	-33.3	-27.0	-1.5
Margins (%)	5.3	6.7	7.3	7.3	6.9	8.7	4.9	5.2	6.4	6.4

Strides Pharma**Buy****CMP INR337 | TP: INR405 (+20%)****EPS CHANGE (%): FY20|21: (2.3)| (2.6)**

- Expect STR to maintain momentum in the US and other regulated markets
- Ranitidine recall may affect margins
- COVID-19 impact on the coming quarters
- Update on the upcoming ANDA approval pipeline

Consolidated – Quarterly Perf.**(INR m)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	4,727	5,196	5,699	6,162	6,858	7,151	7,324	7,469	30,117	28,802
YoY Change (%)	-28.2	-32.4	-23.9	-8.0	3.4	37.6	28.5	-11.0	6.1	-4.4
Total Expenditure	4,299	4,713	4,977	5,238	5,621	5,685	5,516	5,730	25,455	22,552
EBITDA	428	484	722	924	1,237	1,466	1,808	1,739	4,662	6,250
YoY Change (%)	-32.0	-55.1	-44.9	0.1	188.9	203.2	150.6	88.3	17.7	34.2
Depreciation	290	309	279	297	429	420	435	459	1,719	1,742
EBIT	138	175	443	627	808	1,046	1,374	1,280	2,944	4,508
YoY Change (%)	-49.5	-75.2	-52.4	30.9	485.8	498.0	210.2	104.2	21.5	53.2
Interest	168	173	219	234	353	404	396	409	2,053	1,563
Other Income	48	99	97	166	103	130	122	100	340	454
PBT before EO expense	18	57	320	559	557	772	1,100	971	1,230	3,399
Extra-Ord expense	12	50	-136	-164	93	-834	-171	0	26	-912
PBT	6	7	456	723	464	1,606	1,270	972	1,204	4,311
Tax	-135	-55	95	-76	31	74	81	73	131	259
Rate (%)	-2,416.1	-826.9	20.8	-10.4	6.7	4.6	6.4	7.5	10.9	6.0
MI & (P)/L of Asso. Cos.	70	115	70	203	178	213	235	226	483	850
Reported PAT from Continuing Ops.	71	-53	262	595	254	1,320	954	674	589	3,202
Adj. PAT from Continuing Ops.	-38	-64	184	302	341	524	794	673	613	2,333
YoY Change (%)	-179.3	-120.6	-65.6	187.2	-995.6	NA	331.9	NA	-39.0	280.6
Margins (%)	-0.8	-1.2	3.2	4.9	5.0	7.3	10.8	9.0	2.0	8.1

Sun Pharma**Buy****CMP INR449 | TP: INR535 (+19%)****EPS CHANGE (%): FY20|21: 0.0 | 0.0**

- Low base in DF, healthy growth in ROW/API to drive overall revenue growth
- Watch out for prescription trends in the specialty portfolio
- High base in the past year, gradual pickup in sales from new launches to result in 20% YoY decline in US sales
- Outlook on potential ANDA opportunities in US Generics

Quarterly Perf. (Consolidated)**(INR m)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues	71,388	68,465	76,567	70,443	82,593	79,492	80,387	81,478	2,86,863	3,23,949
YoY Change (%)	15.8	3.9	16.0	5.0	15.7	16.1	5.0	15.7	10.1	12.9
Total Expenditure	56,175	54,064	58,873	60,951	64,461	63,421	63,953	64,393	2,30,063	2,56,228
EBITDA	15,214	14,401	17,694	9,491	18,132	16,071	16,434	17,084	56,800	67,721
YoY Change (%)	44.4	9.5	26.5	-33.0	19.2	11.6	-7.1	80.0	9.6	19.2
Depreciation	4,016	4,265	4,711	4,541	4,571	4,733	5,470	5,180	17,533	19,954
EBIT	11,197	10,136	12,984	4,951	13,560	11,338	10,964	11,904	39,267	47,767
YoY Change (%)	58.4	5.9	22.6	-48.5	21.1	11.9	-15.6	140.4	6.6	21.6
Interest	1,309	1,295	1,448	1,500	1,041	839	630	593	5,553	3,103
Net Other Income	2,851	4,423	2,765	4,012	3,281	3,750	2,361	2,708	14,051	12,100
PBT before EO Exp	12,739	13,263	14,301	7,462	15,801	14,249	12,695	14,019	47,766	56,764
Less: EO Exp/(Inc)	0	12,144	-3,000	520	-674	-85	-818	0	9,664	-759
PBT	12,739	1,119	17,301	6,942	16,474	14,334	13,513	14,019	38,102	57,523
Tax	1,639	2,189	2,709	-288	1,461	2,660	3,276	2,764	6,009	10,161
Rate (%)	12.9	16.5	18.9	-3.9	9.2	18.7	25.8	19.7	12.6	17.9
PAT (pre Minority Interest)	11,101	-1,070	14,832	7,231	15,014	11,674	10,237	11,256	32,093	47,362
Reported PAT	9,825	-1,949	12,419	6,359	13,875	10,641	9,135	10,174	26,654	43,007
Adj Net Profit*	9,825	10,196	9,419	6,879	13,208	10,556	8,420	10,174	36,318	42,358
YoY Change (%)	86.9	11.8	7.2	-25.2	34.4	3.5	-10.6	47.9	12.2	16.6
Margins (%)	13.8	-2.8	16.2	9.0	16.8	13.4	11.4	12.5	9.3	13.3

Torrent Pharmaceuticals**Neutral****CMP INR2,299 | TP: 2,215 (-4%)****EPS CHANGE (%): FY20|21: 1.0 | 4.1**

- Lack of approvals to moderate US sales growth in the quarter
- Update on remediation measures at sites under issue
- Price hike in domestic formulation and superior product mix to improve margins
- Growth outlook for DF and US businesses

Quarterly Perf. (Consolidated)**(INR M)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues	18,720	18,940	19,880	18,560	20,220	20,050	19,660	20,877	76,100	80,807
YoY Change (%)	36.2	32.5	34.6	7.8	8.0	5.9	-1.1	12.5	26.8	6.2
EBITDA	4,770	4,730	5,260	4,730	5,410	5,410	5,400	5,679	19,490	21,899
YoY Change (%)	60.6	43.8	46.5	14.3	13.4	14.4	2.7	20.1	39.3	12.4
Depreciation	1,500	1,520	1,560	1,600	1,600	1,630	1,630	1,635	6,180	6,495
EBIT	3,270	3,210	3,700	3,130	3,810	3,780	3,770	4,043	13,310	15,403
YoY Change (%)	50.7	31.0	39.6	19.0	16.5	17.8	1.9	29.2	34.4	15.7
Interest	1,220	1,260	1,330	1,230	1,220	1,160	1,110	1,040	5,040	4,530
Other Income	270	100	30	170	200	340	530	230	570	1,300
PBT before EO Expense	2,320	2,050	2,400	2,070	2,790	2,960	3,190	3,234	8,840	12,174
Extra-Ord Expense	0	0	-350	3,570	0	0	0	0	3,220	0
PBT after EO Expense	2,320	2,050	2,750	-1,500	2,790	2,960	3,190	3,234	5,620	12,174
Tax	690	260	290	20	630	520	680	544	1,260	2,374
Rate (%)	29.7	12.7	12.1	1.0	22.6	17.6	21.3	16.8	14.3	19.5
Reported PAT	1,630	1,790	2,460	-1,520	2,160	2,440	2,510	2,690	4,360	9,800
Adj PAT	1,630	1,790	2,152	1,656	2,160	2,440	2,510	2,690	7,228	9,800
YoY Change (%)	-13.3	-12.3	-9.9	12.5	32.5	36.3	16.6	62.4	-7.1	35.6
Margins (%)	8.7	9.5	10.8	8.9	10.7	12.2	12.8	12.9	9.5	12.1

Infrastructure

Company name

Ashoka Buildcon

IRB Infra

KNR Constructions

Tough times ahead as road construction to peak out

Shutdown acts as double whammy

- Road sector awarding peaked out in FY18 with NHAI awarding at 7,397km. Since then, ordering activity has remained subdued (FY19: 2,222km) owing to land acquisition delays faced by NHAI and cautiousness of banks toward lending to infrastructure projects. NHAI ordering was also tepid until Dec'19 with 1,095km orders awarded. Usually, NHAI ordering activity peaks toward the year end. However, with complete lockdown in the country starting from the last week of Mar'20, ordering activity may fall short of our expectation of 4,000km for FY20.
- Also, during the lockdown, the government had suspended toll collections, which should impact toll collection revenues for most infrastructure road companies. With construction activity also currently suspended, this has acted as a double whammy for road companies.

Road construction at record high in FY20, but outlook has worsened

- While HAM projects awarded in FY18 saw delays owing to land acquisition and financial closures, most projects had received appointed date by 2HFY20. While a few projects were cancelled, the outlook was improving prior to the lockdown. Execution was in top gear with highway construction at an all-time high at 3,979km (+19% YoY) under NHAI.
- However, the lockdown has altered the sector's fortunes for the worse as (a) order inflows are expected to fall short in the near term and new ordering is likely to get delayed, (b) working capital may escalate leading to hurdles in execution ramp-up post lifting of the lockdown, (c) getting migrant workers back to construction sites and ramping up execution would be a key challenge, and (d) leverage was already on the rise due to increasing exposure toward HAM projects, thus, increasing balance sheet risk for road companies.
- Also, unlike general perception, declining interest rates are turning out to be negative for road players. This is due to the fact that they are carrying negative spread on the debt of HAM projects. Note that NHAI pays at bank rate + 3%, which is currently 7.65% on the capital. However, the cost of debt is higher at present along with risk of an increase in the cost of equity (due to COVID-19 lockdown), thus, wiping out the valuation of HAM projects.

Execution for coverage universe to decline 6% YoY

- We expect execution for our coverage universe to decline 6.4% YoY as the last week of Mar'20 was a complete washout. The shutdown has impacted toll collection as well. KNR Construction is expected to outperform with 13.5% YoY growth owing to strong execution of irrigation projects, as summer sets in early in South India and execution picks up in 4Q. Ashoka Buildcon and IRB Infrastructure are expected to post revenue decline of 2.4% and 16.3% respectively.

Operating margin to decline owing to adverse revenue mix

We expect operating margins for our coverage universe to decline at the aggregate level, given the adverse revenue mix. Net profit is likely to decline 30% YoY for our

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coverage universe with KNR Construction also reporting 17% YoY decline owing to higher tax rate as it continues to be in the earlier tax regime due to unutilized 80IA benefits.

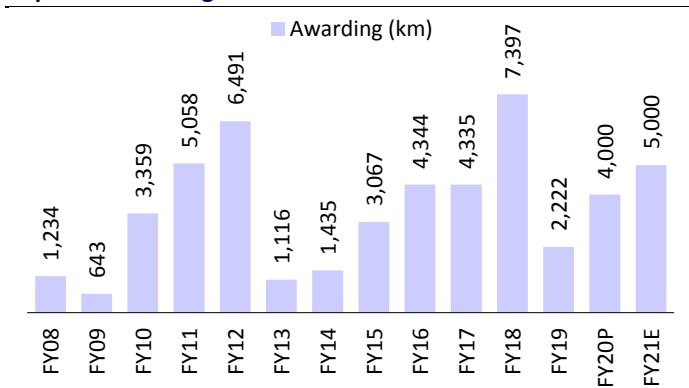
Look for strong balance sheets and proven discipline

KNR Construction is our top pick in the sector owing to its net cash balance sheet due to already monetized HAM projects, superior focus on working capital management over growth, and superior execution capability.

Exhibit 1: Summary of expected quarterly performance

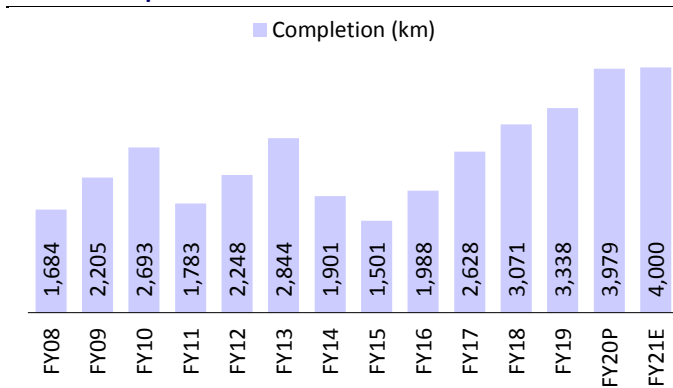
Sector	CMP		Sales (INR M)			EBDITA (INR M)			Net Profit (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
Ashoka Buildcon	52	Buy	12,758	-2.4	29.7	1,528	-15.8	22.9	807	-23.4	-5.7
IRB Infra	71	Neutral	16,309	-16.3	-6.4	6,798	-10.6	-4.7	1,262	-39.3	-21.0
KNR Constructions	195	Buy	8,121	13.5	45.6	1,612	11.8	29.6	786	-17.0	67.5
Infrastructure			37,187	-6.4	13.2	9,938	-8.5	3.3	2,854	-30.0	-2.3

Exhibit 2: Ordering activity in FY20E may fall short of expectation owing to shutdown



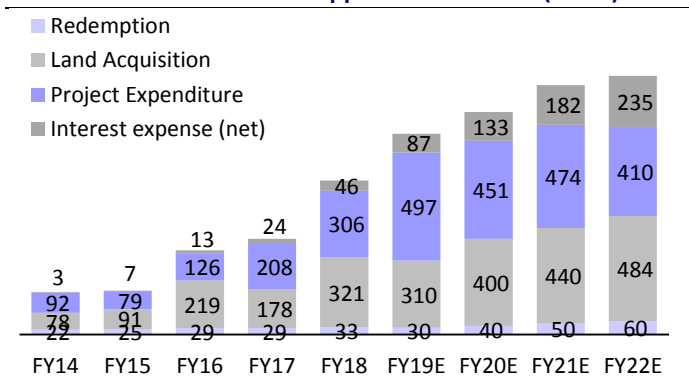
Source: NHA, MOFSL

Exhibit 3: Expect road construction to be muted in FY21E



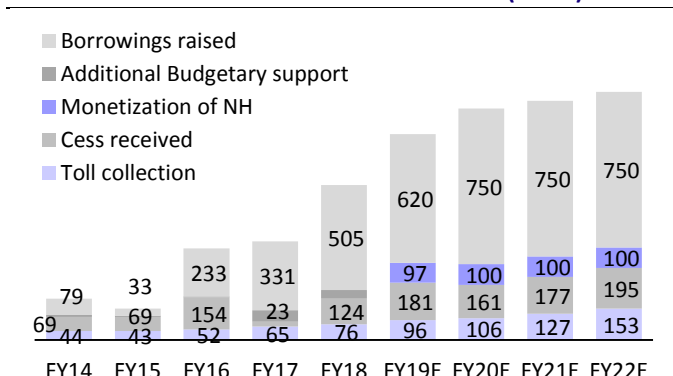
Source: NHA, MOFSL

Exhibit 4: NHA financials – Application of funds (INR b)



Source: NHA, MOFSL estimates from FY19 onwards

Exhibit 5: NHA Financials – Sources of funds (INR b)



Source: NHA, MOFSL estimates from FY19 onwards

Exhibit 6: Comparative valuation

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			RoE (%)		
	INR	Reco	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Infrastructure			5.5	10.4	8.5	0.6	0.6	0.5	11.0	5.6	6.5			
Ashoka Buildcon	52	Buy	10.8	6.0	7.7	4.8	8.6	6.7	0.6	0.6	0.5	12.9	6.6	8.0
IRB Infra	71	Neutral	19.7	7.1	8.9	3.6	10.0	8.0	0.4	0.4	0.3	10.5	3.6	4.3
KNR Constructions	195	Buy	15.3	15.9	18.6	12.7	12.3	10.4	1.7	1.5	1.3	14.1	12.8	13.3

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Ashoka Buildcon**Buy****CMP INR 52 | TP: INR92 (+77%)****EPS CHANGE (%): FY20|21: -7|-51**

- Revenue decline of 2.4% YoY mainly on high base.
- New order wins as superior execution has led to depletion of existing OB (OB/rev 2.2x in 3QFY20 v/s 3.7x YoY).
- Adj. PAT to decline 23% YoY on lower other income.
- Commentary on new order appointment and resumption of construction activity.

Quarterly Performance**(INR m)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	6,725	7,644	10,651	13,074	8,768	8,223	9,836	12,758	38,094	39,584
YoY Change (%)	-4.8	101.9	61.6	86.2	30.4	7.6	-7.7	-2.4	55.7	3.9
EBITDA	701	1,037	1,487	1,815	1,095	1,229	1,243	1,528	5,040	5,095
Margins (%)	10.4	13.6	14.0	13.9	12.5	14.9	12.6	12.0	13.2	12.9
Depreciation	136	166	202	260	266	271	283	282	763	1,103
Interest	171	130	239	367	214	231	200	332	907	977
Other Income	366	157	254	380	342	392	369	163	1,157	1,267
Extra-Ord expense	112	0	-398	-73	0	0	0	0	-358	0
PBT	759	899	1,301	1,568	957	1,118	1,129	1,077	4,527	4,282
Tax	232	278	281	516	310	391	274	271	1,307	1,246
Rate (%)	30.6	30.9	21.6	32.9	32.4	35.0	24.2	25.1	28.9	29.1
Reported PAT	639	621	622	980	647	727	855	807	2,862	3,036
Adj PAT	527	621	1,019	1,053	647	727	855	807	3,220	3,036
YoY Change (%)	-7.5	124.4	116.8	-0.1	22.8	17.1	-16.1	-23.4	35.8	-5.7
Margins (%)	7.8	8.1	9.6	8.1	7.4	8.8	8.7	6.3	8.5	7.7

IRB**Neutral****CMP INR 71 | TP: INR80 (+12%)****EPS CHANGE (%): FY20|21: -|-**

- Revenue: Construction (-11.6% YoY) / BOT (-29% YoY).
- Op margin to expand 270bp YoY on favorable mix; op profit to decline 10.6% YoY.
- OB expected to deplete further, leading to construction revenue decline next year.
- Watch out for any possible reimbursement of lost toll revenues.

Quarterly performance**(INR m)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	15,380	14,323	17,885	19,483	17,730	17,521	17,426	16,309	67,070	68,986
YoY Change (%)	-18.8	27.6	38.0	41.0	15.3	22.3	-2.6	-16.3	17.8	2.9
EBITDA	7,467	6,701	7,604	7,601	8,554	7,474	7,137	6,798	29,373	29,963
Margins (%)	48.5	46.8	42.5	39.0	48.2	42.7	41.0	41.7	43.8	43.4
Depreciation	1,345	1,372	1,321	1,357	1,535	1,139	955	1,138	5,395	4,767
Interest	2,477	2,719	2,866	3,138	3,628	3,813	4,099	4,136	11,201	15,676
Other Income	453	532	465	506	481	490	475	554	1,956	2,000
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	4,098	3,141	3,882	3,612	3,872	3,012	2,558	2,079	14,733	11,520
Tax	1,597	1,412	1,693	1,532	1,805	1,010	961	817	6,234	4,593
Rate (%)	39.0	44.9	43.6	42.4	46.6	33.5	37.6	39.3	42.3	39.9
Min Int & P/Lof Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	2,501	1,729	2,189	2,080	2,066	2,002	1,597	1,262	8,500	6,927
Adj PAT	2,501	1,729	2,189	2,080	2,066	2,002	1,597	1,262	8,500	6,927
YoY Change (%)	26.2	15.0	-13.0	-13.2	-17.4	15.7	-27.0	-39.3	1.2	-18.5
Margins (%)	16.3	12.1	12.2	10.7	11.7	11.4	9.2	7.7	12.7	10.0

KNR**Buy****CMP INR 195 | TP: INR270 (+39%)****EPS CHANGE (%): FY20|21: -10|-21**

- Revenue: +13.5% YoY (strong execution of irrigation projects).
- Op profit: +11.8% YoY owing to strong operating leverage.
- Adj. PAT to decline 17% YoY (YoY rise in tax rate due to pending 80IA benefits).
- Watch out for impact of shutdown on ongoing projects and receivables position from irrigation projects.

Quarterly performance**(INR m)**

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	5,395	4,163	4,489	7,157	4,646	5,232	5,579	8,121	21,204	23,578
YoY Change (%)	12.2	5.8	3.6	14.6	-13.9	25.7	24.3	13.5	9.8	11.2
Total Expenditure	4,465	3,331	3,588	5,716	3,746	4,154	4,335	6,510	17,103	18,745
EBITDA	930	831	901	1,441	900	1,078	1,244	1,612	4,101	4,833
Margins (%)	17.2	20.0	20.1	20.1	19.4	20.6	22.3	19.8	19.3	20.5
Depreciation	360	393	450	478	389	475	517	523	1,681	1,904
Interest	72	74	73	75	90	98	142	106	291	436
Other Income	178	88	217	151	168	36	70	104	634	377
Extra-Ord expense	168	0	0	-25	0	280	-67	0	138	213
PBT	676	453	595	1,039	589	541	655	1,086	2,763	2,871
Tax	104	3	74	92	112	120	186	300	268	718
Rate (%)	15.4	0.6	12.5	8.9	19.0	22.1	28.4	27.7	9.7	25.0
Reported PAT	740	450	521	922	477	701	402	786	2,633	2,366
Adj PAT	572	450	521	947	477	421	469	786	2,495	2,153
YoY Change (%)	-15.4	-23.8	-20.7	18.7	-16.6	-6.5	-10.0	-17.0	-8.3	-13.7
Margins (%)	10.6	10.8	11.6	13.2	10.3	8.0	8.4	9.7	11.8	9.1

Company name

PVR

Sun TV

Zee Entertainment

Ad revenues to remain weak**Subscription revenue to support performance****Lockdown hurts weak ad environment further**

The economic slowdown has already led to a deceleration in the pace of advertisement revenues in early-FY20. Due to the COVID-19 outbreak and subsequent lockdown, majority of companies have slashed their spending budget on marketing and advertisements (apart from FMCG and essential category) to almost nil. This would lead to advertisement revenues (forming ~40-50% of total revenues) for broadcasters getting hit coupled with declining prices of advertisement slots. We expect the impact on 4QFY20 to be soft due to short duration of the lockdown (~12 days) in Mar'20 and execution of existing contracts with advertisers. However, the impact could get accentuated in the coming quarters.

In a move to combat exorbitant pricing of channels under the NTO's bouquet offerings, TRAI has guided for the NTO 2.0 regime (in Jan'20) to regulate prices and channel offerings, which could lead to a loss of subscription revenues for broadcasters. However, amidst the ongoing nationwide shutdown, there has been no final outcome and broadcasters continue with offerings on a suo- motu basis. However, subscription revenue isn't expected to witness any major impact as more Indians are currently latched on to their TV screens (as witnessed in the BARC data with viewership shooting across genres). Also, the situation is beneficial for OTT players (ZEE5, SUN-NXT, etc.), which may support their subscription revenues further.

Expect muted quarter for ZEE/SUNTV

In 3QFY20, ZEE launched 4 new regional GEC channels in Punjabi, Bihari, Tamil and Kannada, which should provide ZEE with a foothold in these language-speaking regions. We expect ZEE's total revenue decline 6% YoY in 4QFY20 while advertisement revenues should drop ~12% YoY; however, this would be cushioned by 13% YoY growth in subscription revenues. EBITDA margin is expected to decline by ~100bp YoY to 27%, leading to 10% YoY drop in EBITDA. Content cost should decline on account of shooting and programming activities coming to a halt.

SUNTV is expected to report total revenue decline of 16% YoY. Advertisement revenues should decline ~13% YoY, which would be supported by 21% YoY growth in subscription revenues. EBITDA margin should decline ~190bp YoY to 70% leading to 14% YoY drop in EBITDA.

PVR: On the sharp end of COVID-19

PVR should post 21% YoY drop in revenues due to closure of movie theatres since the second week of Mar'20. EBITDA too is expected to decrease 93% YoY on account of fixed rentals and employee cost. Multiplexes would remain closed until the COVID-19 situation subsides in India. Owing to the pandemic, people are bound to postpone their movie plans. Further, delay of movie releases would further have an

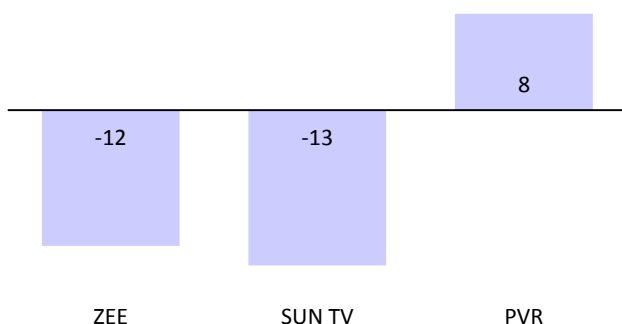
adverse impact on theatres over the next few months. Though PVR has indicated intentions of invoking force-majeur clause with mall owners to skip rent payments during shutdown, the final outcome would have a major impact on PVR as rentals form just 20% of its total costs.

Exhibit 1: Media coverage — Quarterly snapshot

	FY18				FY19				FY20				YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Advertisement Revenue (INR b)														
ZEE Entertainment	9.7	9.9	12.0	10.5	11.5	12.1	14.6	12.2	11.9	12.2	12.3	10.8	-12	-13
SUN TV	3.0	3.3	3.4	3.4	3.6	3.4	3.8	3.4	3.7	3.4	3.4	2.9	-13	-14
PVR	0.7	0.7	0.9	0.7	0.7	0.8	1.1	0.9	0.9	0.9	1.2	1.0	8	-22
Aggregate MOFSL universe	13.4	13.9	16.3	14.6	15.8	16.3	19.6	16.5	16.5	16.6	16.9	14.7	-11	-13
Growth (YoY %)	4%	4%	24%	25%	18%	18%	20%	13%	4%	1%	-13%	-11%		
Subs./Circulation Rev. (INR b)														
ZEE Entertainment	4.8	5.0	5.0	5.5	5.2	6.1	6.2	5.7	7.1	7.2	7.1	6.4	13	-10
SUN TV	3.1	3.2	3.2	3.5	3.5	3.9	4.0	3.6	4.4	4.4	4.5	4.4	21	-4
Aggregate MOFSL universe	7.9	8.2	8.2	9.0	8.7	10.0	10.1	9.3	11.5	11.6	11.7	10.8	16	-8
Growth (YoY %)	-1%	-4%	-6%	7%	10%	21%	23%	3%	31%	17%	15%	16%		
Total Revenue (INR b)														
ZEE Entertainment	15.4	15.8	18.4	17.3	17.7	19.8	21.7	20.2	20.1	21.2	20.5	19.0	-6	-7
SUN TV	7.9	6.8	6.8	7.2	11.2	7.5	9.0	8.9	11.0	7.7	8.1	7.4	-16	-9
PVR	6.4	5.6	5.6	5.8	7.0	7.1	8.4	8.4	8.8	9.7	9.2	6.6	-21	-28
Aggregate MOFSL universe	29.6	28.1	30.8	30.3	35.9	34.3	39.1	37.5	39.9	38.7	37.8	33.0	-12	-13
Growth (YoY %)	2%	-2%	12%	17%	21%	22%	27%	24%	11%	13%	-3%	-12%		
EBITDA (INR b)														
ZEE Entertainment	4.8	4.9	5.9	5.1	5.7	6.8	7.5	5.7	6.6	6.9	5.7	5.1	-10	-9
SUN TV	4.5	5.0	4.9	5.2	7.3	5.5	6.7	6.1	6.8	4.7	5.8	5.2	-14	-10
PVR	1.1	0.9	1.0	0.9	1.4	1.2	1.6	1.6	1.6	1.9	1.8	0.1	-93	-94
Aggregate MOFSL universe	10.4	10.8	11.9	11.2	14.4	13.5	15.9	13.4	15.0	13.6	13.3	10.5	-22	-21
Growth (YoY %)	5%	4%	15%	24%	38%	26%	33%	19%	4%	0%	-16%	-22%		
EBITDA Margin (%)														
ZEE Entertainment	31.4	31.0	32.3	29.3	31.9	34.2	34.8	28.1	32.9	32.7	27.6	27.1	-110bps	-60bps
SUN TV	57.0	73.4	72.0	72.9	65.6	73.9	73.8	68.4	62.0	60.6	71.2	70.4	190bps	-80bps
PVR	17.6	16.3	18.2	16.1	19.7	17.5	19.5	19.2	18.0	20.0	19.7	1.6	-1760bps	-1800bps
Margins MOFSL universe	35.3	38.3	38.6	37.1	40.1	39.4	40.5	35.7	37.6	35.0	35.1	31.7	-400bps	-340bps
Growth (YoY, bp)	84	215	106	204	480	111	192	-139	-243	-437	-542	-398		
PAT (INR b)														
ZEE Entertainment	2.5	3.1	3.7	2.3	3.5	4.1	5.2	3.0	4.6	5.6	3.9	3.3	12	-15
SUN TV	2.5	2.8	2.7	2.9	4.1	3.5	3.5	2.8	3.8	3.7	3.7	3.2	14	-14
PVR	0.4	0.3	0.3	0.3	0.5	0.3	0.5	0.5	0.4	0.7	0.7	-0.7	-251	-200
Aggregate MOFSL universe	5.4	6.2	6.7	5.5	8.1	7.9	9.3	6.3	8.9	9.9	8.3	5.8	-7	-30
Growth (YoY %)	10%	16%	30%	4%	49%	28%	38%	15%	10%	25%	-10%	-7%		

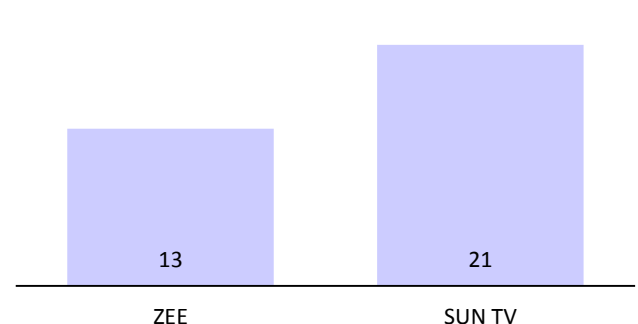
Source: Company, MOFSL

Exhibit 2: 4QFY20E ad revenue growth (YoY, %)



Source: Company, MOFSL

Exhibit 3: 4QFY20E subscription revenue growth (YoY, %)



Source: Company, MOFSL

Exhibit 4: 4QFY20E total revenue growth (YoY, %)

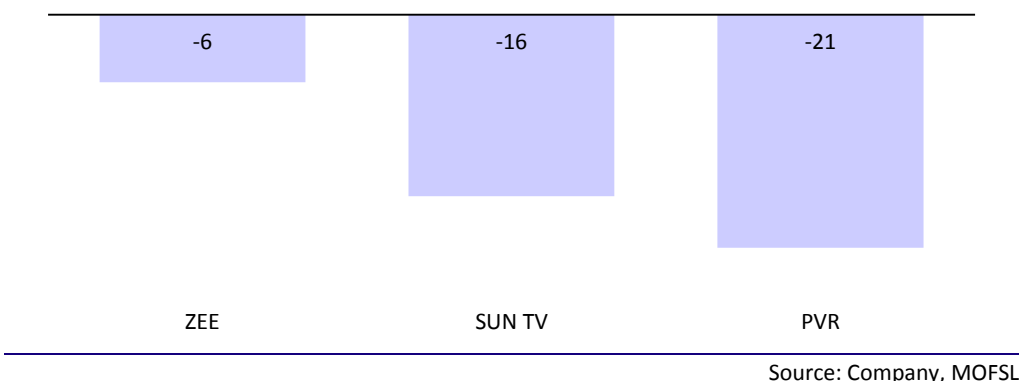


Exhibit 5: MOFSL Media universe quarterly aggregate revenue and EBITDA margin trend

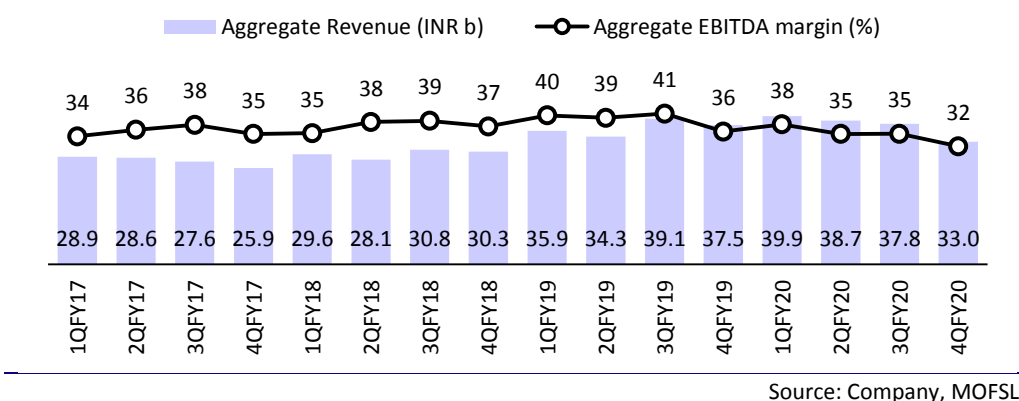


Exhibit 6: MOFSL Media universe quarterly aggregate PAT growth trend

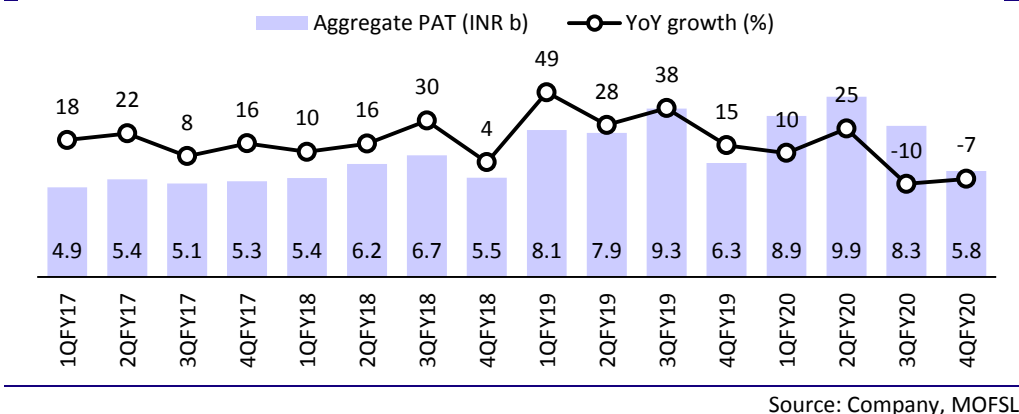
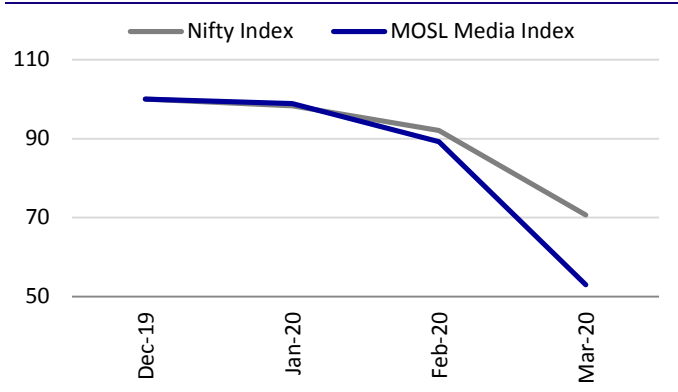


Exhibit 7: Expected quarterly performance summary (INR m)

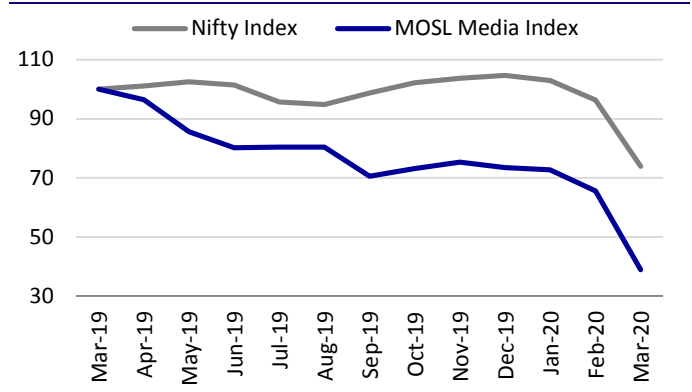
Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
PVR	1081	Buy	6,610	-21.1	-27.8	108	-93.3	-94.0	-707	PL	PL
Sun TV	349	Buy	7,429	-16.4	-8.8	5,228	-14.1	-9.9	3,218	13.7	-13.8
Zee Entertainment	134	Neutral	18,955	-6.1	-7.5	5,130	-9.7	-9.3	3,315	11.7	-14.6
Media Aggregate			32,994	-11.9	-12.7	10,466	-21.7	-21.1	5,826	-7.0	-30.0

Exhibit 8: Relative performance – 3 months (%)



Source: Bloomberg, MOFSL

Exhibit 9: Relative performance – 1 year (%)



Source: Bloomberg, MOFSL

Exhibit 10: Comparative valuation

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Media						9.7	9.6	8.1	1.8	1.5	1.4	18.2	16.1	16.6
PVR	1,081	Buy	21.9	10.2	45.5	49.4	106.1	23.8	3.3	3.3	2.9	7.6	3.1	12.9
Sun TV	349	Buy	36.6	34.9	39.6	9.5	10.0	8.8	2.2	1.9	1.7	24.6	20.5	20.5
Zee Entertainment	134	Neutral	16.9	19.4	22.0	7.9	6.9	6.1	1.3	1.1	1.0	18.1	17.0	16.7

PVR**Buy****CMP INR1,081 | TP: INR1,605 (+49%)****EPS CHANGE (%): FY21|22: -84|-37**

- Loss in footfalls due to closures.
- Rent cost exemption to be favorable.
- Guidance over movie release to have key impact.
- Capacity utilization to remain weak over FY21.

Quarterly Performance**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	6,963	7,086	8,431	8,376	8,804	9,732	9,157	6,610	30,856	34,303
YoY Change (%)	9.4	27.6	51.3	43.2	26.4	37.3	8.6	-21.1	32.2	11.2
Total Expenditure	5,591	5,845	6,788	6,768	7,217	7,788	7,355	6,501	24,992	28,861
EBITDA	1,372	1,240	1,643	1,608	1,587	1,944	1,802	108	5,863	5,442
YoY Change (%)	22.5	37.0	61.9	70.4	15.6	56.8	9.7	-93.3	45.9	-7.2
Depreciation	401	448	514	549	549	598	563	565	1,913	2,276
Interest	208	298	379	395	414	390	392	570	1,280	1,766
Other Income	43	61	143	85	68	62	82	82	331	293
PBT before EO expense	805	555	893	749	691	1,018	929	-945	3,002	1,692
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	805	555	893	749	691	1,018	929	-945	3,002	1,692
Tax	283	212	337	265	246	357	221	(238)	1096.6	585.6
Rate (%)	35.2	38.1	37.8	35.3	35.7	35.0	23.8	25.2	36.5	34.6
MI & Profit/Loss of Asso. Cos.	-1	13	38	17	-26	1	1	0	68	25
Reported PAT	523	330	518	467	470	661	708	-707	1,838	1,082
Adj PAT	523	330	518	467	470	661	708	-707	1,838	1,082
YoY Change (%)	17.6	29.3	79.3	78.6	-10.0	100.1	36.7	-251.5	47.0	-41.1

Sun TV**Buy****CMP INR349 | TP: INR436 (+25%)****EPS CHANGE (%): FY21|22: -13|-5**

- Production and movie release to remain weak.
- Outlook over NTO 2.0 to be looked upon.
- Ad revenue outlook remains a concern.
- Foray into Bangla market to remain key monitorable.

Standalone - Quarterly Earning Model**(INR m)**

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2QE	3Q	4QE		
Revenue	11,204	7,496	9,045	8,889	11,014	7,739	8,150	7,429	36,633	34,331
YoY Change (%)	42.5	10.9	32.4	24.0	-1.7	3.3	-9.9	-16.4	28.0	-6.3
Total Expenditure	3,857	1,956	2,373	2,805	4,185	3,052	2,346	2,201	10,990	11,784
EBITDA	7,347	5,540	6,672	6,084	6,829	4,687	5,804	5,228	25,643	22,548
YoY Change (%)	63.9	11.7	35.6	16.5	-7.1	-15.4	-13.0	-14.1	30.9	-12.1
Depreciation	1,468	819	1,761	2,419	1,585	1,444	1,436	1,447	6,467	5,912
Interest	3	6	7	1	21	20	19	19	17	78
Other Income	390	621	516	673	567	721	636	645	2,200	2,570
PBT	6,267	5,336	5,420	4,336	5,791	3,945	4,985	4,408	21,359	19,128
Tax	2,175	1,823	1,907	1,506	1,972	280	1,250	1,190	7,411	4,692
Rate (%)	34.7	34.2	35.2	34.7	34.1	7.1	25.1	27.0	34.7	24.5
Reported PAT	4,091	3,513	3,513	2,831	3,819	3,665	3,735	3,218	13,949	14,436
YoY Change (%)	62.6	23.4	31.6	-2.3	-6.7	4.3	6.3	13.7	27.6	3.5

E: MOFSL Estimates

Zee Entertainment**Neutral****CMP INR134 | TP: INR165 (+23%)****EPS CHANGE (%): FY21|22: 0|0**

- Ad revenue to remain weak, as curb on ad spends.
- Content costs to decline as production stops.
- Outlook over NTO 2.0 to be looked upon
- Expect OTT platform to show strong subscription.

Consolidated - Quarterly Earning Model

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue	17,720	19,759	21,668	20,193	20,081	21,220	20,487	18,955	79,339	80,743
YoY Change (%)	15.0	24.9	17.9	17.0	13.3	7.4	-5.5	-6.1	23.3	1.8
Total Expenditure	12,064	13,001	14,125	14,510	13,484	14,291	14,829	13,825	53,700	56,428
EBITDA	5,657	6,757	7,543	5,683	6,598	6,929	5,658	5,130	25,640	24,315
EBITDA Margin (%)	31.9%	34.2%	34.8%	28.1%	32.9%	32.7%	27.6%	27.1%	32.3%	30.1%
Depreciation	576	588	615	568	690	583	656	668	2,347	2,597
Interest	53	55	55	1,142	205	180	200	218	1,304	803
Other Income	498	589	860	568	1,039	681	710	170	2,515	2,600
Fair Value through P&L gain/(loss)	-213	-220	376	93	679	-88	-401	0	36	190
PBT before EO expense	5,312	6,483	8,109	4,635	7,420	6,760	5,110	4,415	24,539	23,705
Extra-Ord expense	0	0	0	-218	0	1,706	0	0	-218	1,706
PBT	5,312	6,483	8,109	4,417	7,420	8,466	5,110	4,415	24,757	25,412
Tax	2,071	2,624	2,484	1,494	2,146	921	1,622	1,111	8,673	5,800
Rate (%)	39.0	40.5	30.6	33.8	28.9	10.9	31.7	25.2	35.0	22.8
MI & P/L of Asso. Cos.	-23	-8	1	6	-31	12	6	-12	-23	-25
Reported PAT	3,264	3,867	5,624	2,917	5,306	7,533	3,482	3,315	16,107	19,636
Adj PAT	3,477	4,087	5,247	2,968	4,627	5,604	3,883	3,315	15,779	17,429
YoY Change (%)	15.3	31.3	26.1	132.2	33.1	37.1	-26.0	11.7	4.8	10.5

E: MOFSL Estimates

Metals

Company name

Hindalco

Hindustan Zinc

Jindal Steel & Power

JSW Steel

Nalco

NMDC

SAIL

Tata Steel

Vedanta

Increase in steel realizations to offset volume loss

Our top picks: HNDL and JSP

Higher steel realizations offset lower volumes due to COVID-19

The national lockdown from 25th Mar'20 to combat the COVID-19 outbreak has impacted volume off-take in 4QFY20. Thus, we expect average steel volumes to decline 9% QoQ for our coverage universe (TATA, JSTL, SAIL and JSP). The quarter, however, has benefitted from higher steel prices, which have increased consistently. We estimate steel prices to have increased INR4,500-5,500/t since Nov'19. While Mumbai HRC prices rose 10% QoQ on an average in 4QFY20 to INR38,700/t, primary rebar prices increased 13% QoQ on an average to INR39,261/t. As a result, we expect realizations to increase by INR2,500-3,000/t QoQ across the steel sector in 4QFY20.

Revenue for steel companies under our coverage (TATA, JSTL, SAIL and JSP) is expected to decline 2% QoQ on the back of lower volumes (-9% QoQ), partly offset by higher realization (+7% QoQ). In line with domestic steel prices, iron ore prices too increased INR500-700/t QoQ (nearly 20%). However, we expect iron ore cost increase for steel companies to be offset by lower coking coal prices as well as lower cost opening inventory. As a result, we expect EBITDA for steel companies to increase in the range of INR2,450-2,900/t QoQ.

Lower LME and Brent crude hits profitability in non-ferrous segment

LME base metal prices declined sharply in 4QFY20 – on an average Zinc was down ~11% QoQ to USD2,131/t, Lead by 9% QoQ to USD1,851/t and Aluminum by ~3% QoQ to USD1,694/t. Silver prices declined a tad 1% QoQ to INR44,670/kg. INR also depreciated ~2% against the USD, which should partly offset the fall in LME.

We expect marginal decline in adj. EBITDA of Hindalco's India operations to INR12.1b as adverse impact of lower volumes and LME was offset by cost reduction in aluminum operations as well as hedging of ~39% volumes at higher LME of USD1,964/t. We expect EBITDA from Novelis' operations to remain flattish QoQ as higher volumes would be offset by lower margins due to weaker mix on account of lower volumes in the higher margin automotive segment. We expect VEDL's EBITDA to decline by a higher 13% QoQ to INR45.6b due to (1) 13% QoQ decline in Hindustan Zinc's (HZL) EBITDA to INR19.9b, and (2) 36% QoQ decline in Oil and Gas EBITDA to INR9.5b owing to the sharp plunge in oil prices and lower volumes.

Outlook

Most metal plants remain operational – steel comes under essential goods and aluminum under continuous production – and hence, are allowed to operate. Since most economic activities remain suspended locally and demand is weak, companies are operating blast furnaces and smelters at <50% capacity. Part of this output is catering to the export market while the balance is being piled up as semi-finished inventories. Downstream operations remain suspended for all companies.

Hindustan Zinc had shut its operations on 23rd Mar'20 in line with the Rajasthan state government's guidelines. While steel prices in China and export markets like Vietnam have declined substantially, sharp depreciation in the INR against the USD may arrest the quantum of price decline in India. Nevertheless, realization drop could be substantial for companies due a weak product mix as a result of higher exports.

We expect base metal prices to remain weak in the near term on lack of demand due to the continued impact from the COVID-19 outbreak. We expect recovery in base metal prices only once the rising spread of COVID-19 subsides.

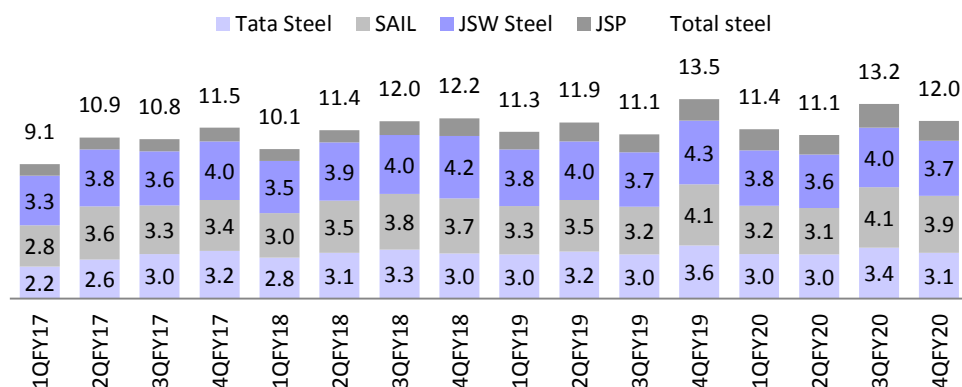
Top picks – HNDL and JSP

We continue to prefer structurally efficient companies like Hindalco due to its (a) low capital and operating costs, (b) non-LME linked margins in Novelis' operations, and (c) a strong balance sheet. Our top pick is HNDL. We also like JSP, which should benefit from usage of iron ore lying at Sarda mines leading to faster deleveraging in FY21.

Exhibit 1: Expected quarterly performance summary

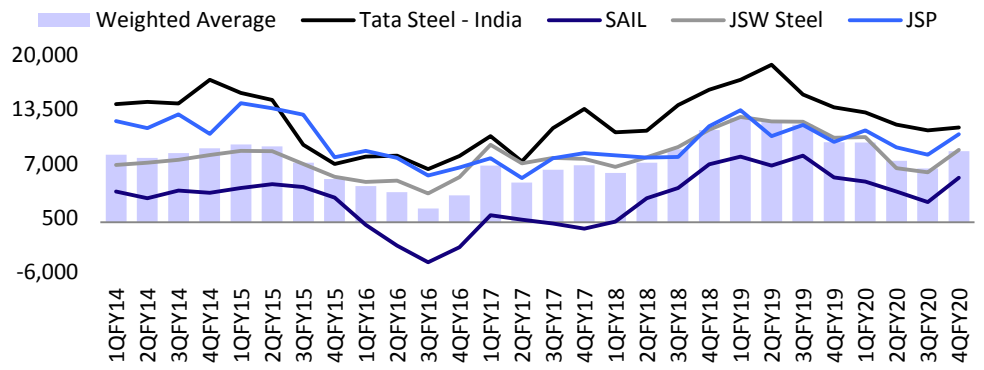
Sector	CMP		Sales (INR M)			EBDITA (INR M)			Net Profit (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
Hindalco	115	Buy	3,00,001	-12.0	1.5	35,505	-3.9	1.4	10,685	-20.2	1.2
Hindustan Zinc	170	Neutral	45,080	-17.9	-3.5	19,932	-28.5	-12.9	14,806	-26.4	-8.6
JSPL	88	Buy	89,226	-12.2	-4.1	19,630	6.4	7.9	-1,497	PL	Loss
JSW Steel	171	Buy	1,77,936	-20.5	-0.1	30,324	-31.7	37.8	6,780	-55.5	2,793.6
Nalco	30	Buy	21,741	-21.4	4.1	1,157	-77.6	236.9	216	-93.2	LP
NMDC	82	Buy	33,609	-7.8	11.8	18,500	-7.6	17.6	13,467	-0.9	16.0
SAIL	26	Neutral	1,66,487	-10.0	0.6	20,617	-6.9	106.7	2,962	-41.3	LP
Tata Steel	285	Neutral	3,06,467	-27.8	-13.7	40,395	-46.2	11.6	-400	PL	Loss
Vedanta	79	Neutral	1,95,793	-16.6	-2.5	45,641	-25.6	-12.9	4,607	-82.4	-66.2
Sector Aggregate			1336,340	-18.0	-3.6	2,31,700	-25.6	8.9	51,626	-57.6	34.6

Exhibit 2: India steel – sales volumes (mt)



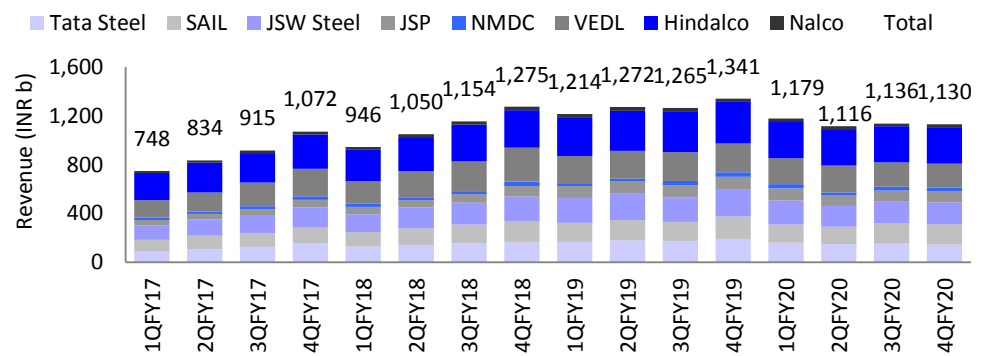
Source: MOFSL, Company

Exhibit 3: India steel – EBITDA/ton (INR)



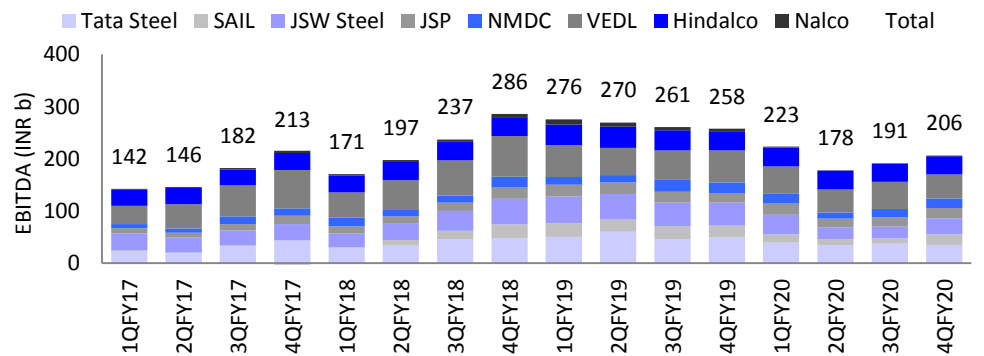
Source: MOFSL, Company

Exhibit 4: Revenue of coverage universe



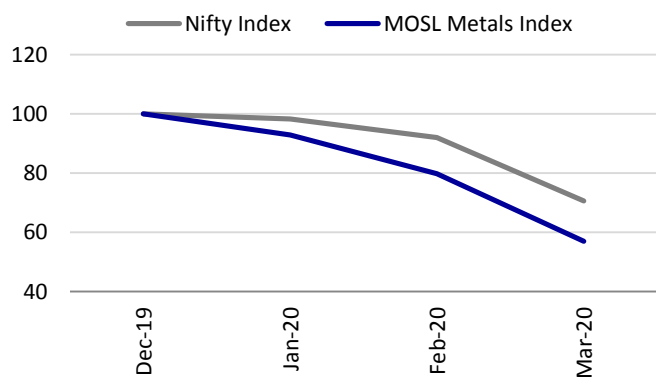
Source: MOFSL, Company

Exhibit 5: EBITDA of coverage universe



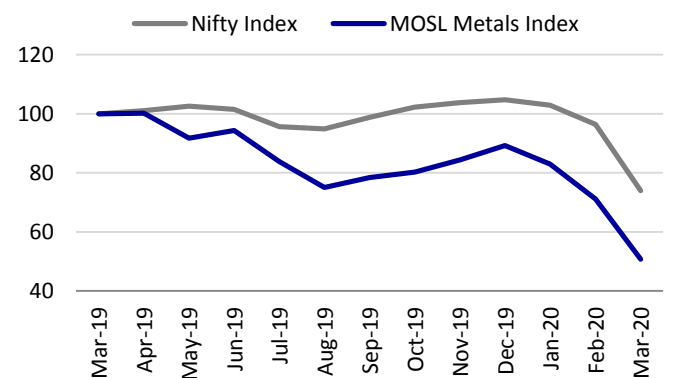
Source: MOFSL, Company

Exhibit 6: Relative performance – three months (%)



Source: Bloomberg, MOFSL

Exhibit 7: Relative performance – one year (%)



Source: Bloomberg, MOFSL

Exhibit 8: Other base metals quarterly average prices – USD/ton

Quarter	Zinc			Copper			Lead			Silver (Rs/kg)		
	Avg.	QoQ	YoY	Avg.	QoQ	YoY	Avg.	QoQ	YoY	Avg.	QoQ	YoY
4QFY20	2,131	-11%	-21%	5,657	-4%	-9%	1,851	-9%	-9%	44,670	-1%	14%
3QFY20	2,392	2%	-9%	5,874	1%	-4%	2,050	1%	4%	44,926	5%	20%
2QFY20	2,347	-15%	-8%	5,803	-5%	-5%	2,031	8%	-3%	42,960	16%	14%
1QFY20	2,761	2%	-11%	6,114	-2%	-11%	1,882	-8%	-21%	37,021	-5%	-6%
4QFY19	2,709	3%	-21%	6,215	1%	-11%	2,038	4%	-19%	39,018	4%	1%
3QFY19	2,627	3%	-19%	6,164	1%	-10%	1,967	-6%	-21%	37,465	0%	-3%
2QFY19	2,545	-18%	-14%	6,106	-11%	-4%	2,103	-12%	-10%	37,529	-5%	-3%
1QFY19	3,112	-9%	20%	6,868	-1%	21%	2,385	-5%	10%	39,423	2%	-1%
4QFY18	3,410	5%	23%	6,959	2%	20%	2,521	1%	11%	38,509	0%	-7%
3QFY18	3,235	9%	29%	6,819	7%	29%	2,491	7%	16%	38,571	0%	-7%
2QFY18	2,955	14%	31%	6,345	12%	33%	2,332	8%	25%	38,659	-3%	-16%
1QFY18	2,596	-6%	35%	5,662	0	20%	2,166	0	26%	39,766	-4%	0%
4QFY17	2,774	11%	65%	5,818	10%	24%	2,269	6%	30%	41,378	0%	16%
3QFY17	2,509	11%	55%	5,281	11%	8%	2,144	15%	27%	41,376	-10%	19%
2QFY17	2,251	17%	22%	4,769	1%	-9%	1,870	9%	9%	45,793	15%	32%
1QFY17	1,918	14%	-12%	4,735	0	-22%	1,720	0	-12%	39,661	11%	7%
4QFY16	1,682	4%	-19%	4,680	-4%	-20%	1,747	4%	-3%	35,608	2%	-4%
3QFY16	1,615	-13%	-28%	4,893	-7%	-26%	1,683	-2%	-16%	34,778	0%	-5%
2QFY16	1,847	-16%	-20%	5,263	-13%	-25%	1,715	-12%	-21%	34,690	-7%	-19%
1QFY16	2,187	5%	6%	6,052	0	-11%	1,944	0	-7%	37,177	0%	-11%

Source: MOFSL, Company

Exhibit 9: Comparative valuation

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Metals						9.1	20.2	7.2	0.7	0.7	0.7	7.2	3.4	9.3
Hindalco	115	Buy	19.2	9.8	18.9	6.0	11.8	6.1	0.6	0.7	0.6	10.6	5.4	10.3
Hindustan Zinc	170	Neutral	16.4	13.6	16.2	10.3	12.5	10.5	1.8	1.8	1.9	18.7	14.4	17.7
JSPL	88	Buy	-6.5	14.3	9.5	-13.5	6.2	9.3	0.3	0.3	0.3	-2.0	4.4	2.8
JSW Steel	171	Buy	15.7	2.7	27.3	10.9	64.5	6.3	1.1	1.1	0.9	10.3	1.7	16.1
Nalco	30	Buy	0.3	0.3	3.5	102.5	113.7	8.6	0.6	0.6	0.6	0.6	0.5	7.2
NMDC	82	Buy	15.6	14.2	15.3	5.3	5.8	5.4	0.9	0.8	0.7	17.5	14.6	14.5
SAIL	26	Neutral	-0.7	-4.4	2.6	-37.1	-5.9	10.0	0.3	0.3	0.3	-0.7	-4.8	2.9
Tata Steel	285	Neutral	33.6	-16.6	51.4	8.5	-17.2	5.6	0.5	0.5	0.5	6.0	-3.0	9.2
Vedanta	79	Neutral	13.1	4.7	11.1	6.0	16.7	7.1	0.5	0.5	0.6	7.7	3.0	8.2

The tables below provides snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Hindalco**Buy****CMP INR115 | TP: INR218 (+89%)****EPS CHANGE (%): FY20 | 21: -4 | -18**

- EBITDA to decline on lower aluminum volumes and prices offset by lower costs.
- Watch out for cost reduction in aluminum segment.
- Novelis' volumes expected to increase.

Quarterly Performance (Standalone + Utkal)**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Aluminium (sales, kt)	300	326	323	325	320	328	328	315	1,274	1,291
Copper (sales, kt)	82	79	99	100	82	82	84	80	360	328
Net Sales	106,700	108,330	119,380	124,550	100,550	99,660	1,02,540	98,849	457,592	4,01,655
EBITDA	18,590	17,370	17,170	13,580	11,420	10,950	12,200	12,038	66,710	46,608
Aluminium	15,240	13,490	12,860	10,430	8,890	8,490	9,640	9,753	52,020	36,773
USD/t	758	590	553	456	398	368	413	427	584	401
Copper	3,350	3,880	4,310	3,150	2,530	2,460	2,560	2,285	14,690	9,835
Interest	4,640	4,790	4,770	4,580	4,930	4,780	4,780	4,730	18,780	19,220
Depreciation	4,800	4,750	5,050	5,350	4,940	4,960	5,110	5,149	19,950	20,159
Other Income	920	1,850	2,090	3,750	1,320	1,560	1,190	1,190	8,610	5,260
PBT (before EO item)	10,070	9,680	9,440	7,400	2,870	2,770	3,500	3,349	36,590	12,489
EO item					-220	-310	610			80
PBT (after EO item)	10,070	9,680	9,440	7,400	2,650	2,460	4,110	3,349	36,590	12,569
Total Tax	2,730	2,430	2,310	2,340	980	790	1,490	1,105	9,810	4,365
% Tax	27.1	25.1	24.5	31.6	37.0	32.1	36.3	33.0	26.8	34.7
Reported PAT	7,340	7,250	7,130	5,060	1,670	1,670	2,620	2,244	26,780	8,204
Adjusted PAT	7,340	7,250	7,130	5,060	1,890	1,980	2,010	2,244	26,780	8,124

Hindustan Zinc**Neutral****CMP INR170 | TP: INR190 (+12%)****EPS CHANGE (%): FY20 | 21: -3 | -19**

- EBITDA expected to decline in lower LME.
- Production guidance a key monitorable.
- Watch out for dividend declaration.
- LME Zinc has declined sharply over 4Q average.

Quarterly performance**INR million**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Mine prodn. (kt)	212	232	247	245	213	219	235	240	936	907
Sales										
Zinc refined (kt)	170	160	187	177	168	168	172	181	694	688
Lead refined (kt)	42	49	54	52	48	44	42	47	197	180
Silver (tonnes)	141	161	178	199	155	135	153	149	679	592
Zinc LME (USD/t)	3,108	2,541	2,631	2,709	2,761	2,347	2,392	2,131	2,751	2,408
Net Sales	53,100	47,770	55,400	54,910	49,870	45,110	46,720	45,080	211,180	1,86,780
Change (YoY %)	16.0	-10.0	-6.5	-12.5	-6.1	-5.6	-15.7	-17.9	-4.4	-11.6
EBITDA	27,130	23,340	28,380	27,890	24,770	21,170	22,890	19,932	106,740	88,762
Change (YoY %)	13.8	-22.8	-12.5	-23.0	-8.7	-9.3	-19.3	-28.5	-13.0	-16.8
As % of Net Sales	51.1	48.9	51.2	50.8	49.7	46.9	49.0	44.2	50.5	47.5
Finance cost	150	0	510	510	290	250	420	420	1,170	1,380
DD&A	3,870	4,540	4,890	5,530	5,340	5,950	5,970	6,030	18,830	23,290
Other Income	2,990	3,940	5,500	5,390	4,290	5,900	4,450	5,500	17,820	20,140
PBT	26,100	22,740	28,480	27,240	23,430	20,870	20,950	18,982	104,560	84,232
Total Tax	6,920	4,590	6,370	7,120	5,780	60	4,750	4,176	25,000	14,766
% Tax	26.5	20.2	22.4	26.1	24.7	0.3	22.7	22.0	23.9	17.5
Reported PAT	19,180	18,150	22,110	20,120	17,650	20,810	16,200	14,806	79,560	69,466
Adjusted PAT	19,180	18,150	22,110	20,120	17,650	20,810	16,200	14,806	79,560	69,466
Change (YoY %)	2.2	-19.5	-0.9	-21.3	-8.0	14.7	-26.7	-26.4	-10.8	-12.7

Source: MOFSL, Company

Jindal Steel & Power**Buy****CMP INR88 | TP: INR188 (+114%)****EPS CHANGE (%): FY20|21: +22|+47**

- COVID-19 outbreak lowers volumes in 4QFY20.
- Standalone EBITDA expected to rise on improved pricing.
- Jindal Power's EBITDA to rise 10% QoQ.
- Consolidated EBITDA to increase.

Quarterly Performance (Consolidated)**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	96,654	99,823	95,656	101,590	99,456	89,395	92,998	89,226	393,721	3,71,074
Change (YoY %)	63.6	63.0	36.8	18.1	2.9	-10.4	-2.8	-12.2	42.5	-5.8
EBITDA	22,766	22,074	20,769	18,447	21,731	16,415	18,195	19,630	84,056	75,972
Change (YoY %)	68.3	60.7	29.3	-13.7	-4.5	-25.6	-12.4	6.4	29.9	-9.6
Interest	9,729	10,858	10,424	11,631	11,090	10,301	10,024	9,885	42,642	41,300
Depreciation	10,399	10,314	10,357	10,867	10,536	10,390	10,179	10,179	41,938	41,284
Other Income	0	9	148	0	8	8	0	8	157	25
PBT (before EO item)	2,637	911	136	-4,051	113	-4,266	-2,008	-426	-367	-6,588
Extra-ordinary Income	0	2,555	0	-30,204	0	0	0	0	-27,650	0
PBT (after EO item)	2,637	3,466	136	-34,255	113	-4,266	-2,008	-426	-28,017	-6,588
Total Tax	1,538	674	1,008	-7,122	987	-273	178	1,101	-3,902	1,993
Reported PAT	1,099	2,792	-872	-27,133	-874	-3,993	-2,186	-1,527	-24,115	-8,580
MI - Loss/(Profit)	-709	-645	-614	-5,676	-968	-988	57	-30	-7,644	-2,049
Adjusted PAT	1,808	882	-258	746	95	-3,005	-2,243	-1,497	3,178	-6,531

JSW Steel**Buy****CMP INR171 | TP: INR213 (+24%)****EPS CHANGE (%): FY20|21: -14|-90**

- Standalone steel sales decline due to COVID-19 outbreak.
- Standalone EBITDA/t to improve on higher steel prices.
- Overseas subsidiaries continue to disappoint.
- Consolidated EBITDA expected to rise 37% QoQ.

Quarterly Performance (Consolidated)**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	205,190	215,520	203,180	223,680	1,98,120	1,71,060	1,78,050	1,77,936	847,570	7,25,166
Change (YoY %)	38.4	27.2	13.8	9.4	-3.4	-20.6	-12.4	-20.5	20.9	-14.4
EBITDA	51,050	49,060	45,010	44,400	37,160	22,650	22,010	30,324	189,520	1,12,144
Change (YoY %)	85.9	55.0	16.9	-9.8	-27.2	-53.8	-51.1	-31.7	29.0	-40.8
EBITDA (INR per ton)	13,329	12,389	12,231	10,350	9,909	6,292	5,462	8,125	12,025	7,421
EBITDA (USD per ton)	199	177	170	147	142	89	77	112	172	105
Interest	8,870	9,630	10,210	10,460	10,420	11,270	10,600	11,035	39,170	43,325
Depreciation	9,050	9,740	10,780	10,840	10,260	10,570	10,550	10,455	40,410	41,835
Other Income	580	560	370	530	1,410	1,560	1,270	1,130	2,040	5,370
PBT (after EO Item)	33,710	30,250	24,390	23,630	17,890	7,030	4,630	9,964	111,980	39,514
Total Tax	10,530	9,360	8,200	8,350	7,620	-18,480	2,490	3,189	36,440	-5,181
% Tax	31.2	30.9	33.6	35.3	42.6	-262.9	53.8	32.0	32.5	-13.1
Reported PAT	23,180	20,890	16,190	15,280	10,270	25,510	2,140	6,775	75,540	44,695
MI (Profit)/Loss	270	390	210	280	200	240	240	240	1,150	920
Share of P/(L) of Ass.	210	-20	-160	-330	-190	-150	-270	-235	-300	-845
Adjusted PAT	23,660	21,260	16,240	15,230	10,280	22,104	234	6,780	76,390	39,398
Change (YoY %)	229.4	127.8	-16.5	-30.7	-56.6	4.0	-98.6	-55.5	31.8	-48.4

Nalco**Buy****CMP INR30 | TP: INR41 (+37%)****EPS CHANGE (%): FY20|21: +26| -90**

- Rise in EBITDA expected on lower costs.
- Watch out for cost reduction.
- Aluminum LME has declined QoQ.
- Adjusted PAT to turn positive in 4QFY20.

Quarterly Performance**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Alumina Prodn. (kt)	583	471	538	561	583	477	516	585	2,153	2,161
CoP (USD/t)	249	273	284	273	263	244	222	215	270	233
Aluminium Prodn. (kt)	110	111	108	111	111	110	96	102	440	418
CoP (USD/t)	2,030	1,949	2,059	1,842	2,017	2,190	2,145	1,965	1,966	2,072
Aluminium Sales (kt)	105	115	104	117	103	110	96	102	441	411
Alumina Sales (kt)	320	324	293	380	231	386	374	392	1,317	1,383
Avg LME Aluminium (USD/ton)	2,250	2,050	1,973	1,859	1,792	1,765	1,752	1,694	2,033	1,750
NSR premiums (USD/ton)	308	216	315	216	257	232	207	207	263	220
Alumina NSR (USD/ton)	547	535	476	394	369	302	273	273	488	303
Net Sales	29,733	30,409	27,189	27,662	20,841	23,636	20,884	21,741	114,993	87,100
Change (YoY %)	64.9	23.9	13.8	-3.4	-29.9	-22.3	-23.2	-21.4	20.9	-24.3
EBITDA	10,111	8,509	5,766	5,176	2,144	322	343	1,157	29,561	3,965
Alumina-EBITDA (USD/t)	299	263	192	122	106	57	51	57	214	63
Aluminium - EBITDA (USD/t)	527	316	229	233	62	-159	-148	-64	321	-77
As % of Net Sales	34.0	28.0	21.2	18.7	10.3	1.4	1.6	5.3	25.7	4.6
Interest	6	6	6	6	16	16	17	16		66
Depreciation	1,217	1,160	1,181	1,203	1,264	1,343	1,341	1,342	4,761	5,290
Other Income	621	903	758	977	614	566	482	524	3,259	2,186
PBT (before EO Item)	9,509	8,246	5,337	4,943	1,477	-472	-532	322	28,059	796
Extra-ordinary Income	910	0	-636	-910	0	0	0	0		
PBT (after EO Item)	10,419	8,246	4,701	4,033	1,477	-472	-532	322	28,059	796
Total Tax	3,549	3,146	1,683	1,697	499	-188	-193	106	10,075	225
% Tax	34.1	38.2	35.8	42.1	33.8	39.9	36.2	33.0	35.9	28.3
Reported PAT	6,871	5,100	3,018	2,336	978	-284	-340	216	17,984	571
Adjusted PAT	6,095	5,285	3,420	3,168	978	-284	-340	216	17,984	571

NMDC**Buy****CMP INR82 | TP: INR140 (+70%)****EPS CHANGE (%): FY20|21: -3| -17**

- EBITDA expected to increase on higher prices.
- Watch out for iron ore production and steel plant status.
- Iron ore sales volumes to increase 2% QoQ.
- Iron ore demand in FY21 a key monitorable.

Quarterly Performance**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	24,220	24,379	36,494	36,433	32,637	22,418	30,064	33,609	121,527	1,18,728
EBITDA	14,788	13,824	22,788	20,015	19,265	11,723	15,737	18,500	71,416	65,225
Change (YoY %)	-8.7	7.6	71.2	-3.9	30.3	-15.2	-30.9	-7.6	13.0	-8.7
Interest	108	97	96	102	117	97	98	98	403	410
Depreciation	616	675	694	804	648	976	646	804	2,789	3,073
Other Income	1,251	1,310	1,361	1,961	1,228	1,275	1,302	1,302	5,883	5,107
PBT (before EO Item)	15,316	14,362	23,360	21,070	19,728	11,925	16,296	18,901	74,107	66,849
Extra-ordinary item	-550	-1,232	-1,245	906	-596	-1,121	177	-688	-2,120	-2,228
PBT (after EO Item)	14,766	13,131	22,115	21,976	19,132	10,805	16,473	18,213	71,987	64,622
Total Tax	5,013	6,767	6,347	7,438	7,337	3,771	2,707	4,763	25,565	18,578
% Tax	34.0	51.5	28.7	33.8	38.4	34.9	16.4	26.2	35.5	28.7
Reported PAT	9,753	6,364	15,768	14,538	11,794	7,034	13,766	13,450	46,422	46,044
Adjusted PAT	9,877	9,262	15,064	13,587	14,056	8,497	11,611	13,467	47,789	47,631

SAIL**Neutral****CMP INR26 | TP: INR29 (+10%)****EPS CHANGE (%): FY20|21: 46|-247**

- See EBITDA/t at INR5,355 in 4QFY20 on higher realization.
- Volumes to decline 7% QoQ.
- Watch out for impact of lower steel prices.
- Expect loss of INR3.7b.

Quarterly Performance**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales (m tons)	3.3	3.5	3.2	4.1	3.2	3.1	4.1	3.9	14.1	14.3
Change (YoY %)	8.0	-1.8	-14.1	10.4	-0.7	-9.4	26.4	-6.8	0.2	1.6
Realization (INR per ton)	48,631	48,109	48,921	44,788	45,614	44,878	40,443	43,243	47,444	43,341
Change (YoY %)	27.2	25.1	20.4	-1.6	-6.2	-6.7	-17.3	-3.4	16.1	-8.6
Net Sales	159,072	167,180	158,358	185,063	148,200	141,274	1,65,413	1,66,487	669,673	6,21,374
Change (%)	37.4	22.8	3.3	8.6	-6.8	-15.5	4.5	-10.0	16.3	-7.2
NSR to RM Spread (INR/t)	28,993	26,401	29,602	22,151	24,841	24,712	18,495	23,231	26,492	22,570
EBITDA	25,764	23,650	25,782	22,145	15,819	11,597	9,976	20,617	97,341	58,009
EBITDA per ton (INR)	7,877	6,806	7,965	5,359	4,869	3,684	2,439	5,355	6,896	4,046
Interest	7,554	7,711	8,251	8,034	7,884	9,404	8,494	8,704	31,549	34,485
Depreciation	8,136	8,261	8,547	8,903	8,725	9,011	9,263	9,460	33,847	36,458
Other Income	978	1,143	747	2,461	1,828	1,587	1,866	1,550	5,328	6,833
PBT (after EO Inc.)	8,278	8,480	9,498	7,123	1,039	-5,230	-5,914	4,003	33,379	-6,102
Total Tax	2,874	2,943	3,334	2,439	351	-1,802	-1,618	-1,041	11,591	-2,423
% Tax	34.7	34.7	35.1	34.2	33.8	34.5	27.4	27.0	34.7	39.7
Reported PAT	5,404	5,537	6,163	4,684	688	-3,428	-4,296	2,962	21,789	-3,679
Adjusted PAT	7,215	5,760	6,314	5,043	688	-3,428	-4,296	2,962	24,330	-3,679
Change (YoY %)	na	na	322.4	-25.1	-90.5	-159.5	-168.0	-41.3	na	-115.1

Tata Steel**Neutral****CMP INR285 | TP: INR322 (+13%)****EPS CHANGE (%): FY20|21: -30|-128**

- Standalone adj. EBITDA to increase already high prices.
- Volumes to be impacted due to COVID-19 outbreak.
- Watch out for margins of Tata Steel Europe and Tata BSL.
- Consolidated EBITDA expected to increase.

Quarterly Performance (Consolidated)**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	378,328	435,441	412,199	424,239	359,471	345,792	3,55,204	3,06,467	1,576,688	13,66,934
Change (YoY %)	28.0	34.1	23.2	17.4	-5.0	-20.6	-13.8	-27.8	19.8	-13.3
EBITDA	64,677	89,195	67,233	75,133	53,769	38,196	36,197	40,395	293,833	1,68,557
Change (YoY %)	30.0	88.9	18.0	15.6	-16.9	-57.2	-46.2	-46.2	34.2	-42.6
(% of Net Sales)	17.1	20.5	16.3	17.7	15.0	11.0	10.2	13.2	18.6	12.3
EBITDA(USD/tss)	147	171	134	142	121	83	70	102	148	93
Interest	16,701	21,531	19,400	19,378	18,064	18,714	19,306	18,786	76,601	74,870
Depreciation	18,056	19,079	19,255	18,805	20,828	21,272	20,187	20,139	73,418	82,426
Other Income	3,473	3,544	2,115	4,899	2,511	1,836	929	1,382	14,206	6,658
PBT (before EO Inc.)	33,392	52,130	30,693	41,849	17,387	46	-2,366	2,852	158,020	17,919
EO Income(exp)	-3,465	1,583	324	115	160	-336	-3,286	3,462	-1,210	
PBT (after EO Inc.)	29,926	53,713	31,018	41,964	17,547	-290	-5,652	6,314	156,810	17,919
Total Tax	11,037	23,264	14,006	18,991	11,238	-40,500	6,210	4,818	67,184	-18,233
% Tax	33.1	44.6	45.6	45.4	64.6	-88,428	-263	169.0	42.5	-101.8
Reported PAT	18,890	30,449	17,012	22,973	6,309	40,210	-11,863	1,495	89,626	36,152
Adj. PAT (after MI & asso)	22,976	34,404	22,517	24,194	6,771	41,783	-7,005	-400	101,390	38,491

Note: Quarterly nos. do not account for div. on pref shares

Vedanta**Neutral****CMP INR79 | TP: INR85 (+8%)****EPS CHANGE (%): FY20|21: -10|-64**

- EBITDA to decrease on lower Zinc and O&G EBITDA.
- Watch out for cost reduction in aluminum.
- Watch out for O&G and zinc volume ramp-up in 4QFY20.
- FY21 capex and volume guidance key monitorables.

Quarterly Performance (Consolidated)**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
EBITDA	61,150	52,080	56,450	61,350	51,980	44,230	52,380	45,641	231,030	1,94,231
Copper	-870	20	-750	-690	-1,058	-1,097	-599	-668	-2,290	-2,896
Aluminum	12,590	3,990	-880	3,970	1,790	-1,140	7,960	7,843	19,670	16,453
Iron ore	1,630	980	1,010	2,400	1,140	2,010	2,140	3,827	6,020	9,117
Power	4,250	3,780	3,640	3,600	3,920	4,190	3,790	3,669	15,270	15,569
Zinc-India	27,130	23,340	28,380	27,890	24,770	21,170	22,890	19,932	106,740	88,762
Zinc-Int	850	160	2,060	3,910	1,280	2,070	1,060	514	6,980	4,924
Oil&Gas	18,520	20,260	19,730	18,050	18,250	18,170	14,850	9,492	76,560	60,762
Steel		1,680	2,490	3,370	1,970	180	1,070	2,121	7,540	5,341
Others	-2,950	-2,130	770	-1,150	-82	-1,323	-781	-1,088	-5,460	-3,800
Change (YoY %)	25.5	-8.1	-16.5	-21.7	-15.0	-15.1	-7.2	-25.6	-8.1	-15.9
As % of Net Sales	27.5	22.9	23.8	26.1	24.3	20.1	26.1	23.3	25.1	23.4
Finance cost	13,590	15,710	13,580	14,010	13,410	13,400	12,320	13,820	56,890	52,950
DD&A	17,960	19,310	22,070	22,580	21,550	23,950	22,910	23,335	81,920	91,745
Other Income	4,000	5,920	13,980	16,280	3,800	8,560	6,470	5,923	40,180	24,753
PBT (before EO item)	33,600	22,980	34,780	41,040	20,820	15,440	23,620	14,409	132,400	74,289
EO exp. (income)	0	-3,200	0	0	-4,190	3,660	-13,850	0	-3,200	-14,380
PBT (after EO item)	33,600	26,180	34,780	41,040	25,010	11,780	37,470	14,409	135,600	88,669
Total Tax	11,120	7,180	11,460	8,860	5,570	-15,530	10,820	4,323	38,620	5,183
% Tax	33.1	27.4	32.9	21.6	22.3	-131.8	28.9	30.0	28.5	5.8
Reported PAT	22,480	19,000	23,320	32,180	19,440	27,310	26,650	10,086	96,980	83,486
Profit from Asso.	0	0	0	0	0	-10	0	1	0	-9
Minority interest	7,150	5,570	7,580	6,030	5,930	5,720	3,170	5,480	26,330	20,300
Adjusted PAT	15,330	10,230	15,740	26,150	9,320	6,330	13,629	4,607	67,450	33,887
Change (YoY %)	0.5	-46.3	-28.8	14.9	-39.2	-38.1	-13.4	-82.4	-14.8	-49.8

Oil & Gas

Company name

Aegis Logistics
BPCL
Castrol India
GAIL
Gujarat Gas
Gujarat State Petronet
HPCL
Indraprastha Gas
IOC
Mahanagar Gas
MRPL
Oil India
ONGC
Petronet LNG
Reliance Industries

COVID-19: The cynosure

Refining hits bottom, Petchem remains weak, but Marketing strengthens

- During the final quarter of FY20, the impact of global pandemic (COVID-19) led to huge volatility in crude prices, while owing to lack of product side demand, the SG GRM quarterly average stood the lowest in last 17 years.
- We expect our coverage universe to report a YoY/QoQ decline of 15%/16% (ex. OMC at -5%/-10%) in sales, EBITDA 37%/31% (ex. OMC 7%/12%) and 58%/46% (ex. OMC at -2%/-8%) in PAT, led by ~20% decrease YoY and QoQ in crude oil price realizations, along with ~60%/~25% decline in YoY/QoQ SG GRM to USD1.2/bbl.
- **Mixed quarter for RIL:** RIL is expected to report GRM of USD7.5/bbl (v/s USD8.2 in 4QFY19 and USD9.2 in 3QFY20). Petchem is expected to be flattish QoQ as margins improve to some extent. We expect EBITDA of INR219b (+5% YoY, -2% QoQ) on consol. and INR117b (-15% YoY, -10% QoQ) on standalone basis.
- **Expect marketing margin to offset poor GRMs in OMCs:** The quarter has seen disappointing GRMs among refiners, but marketing margins remained healthy which is likely to provide some relief from pain in GRMs. We have built in core GRM for OMCs at USD2.0/bbl, with huge inventory loss of USD6.5-7.5/bbl. Lower crude prices have helped OMCs maintain same retail prices since 16th Mar'20, resulting in higher marketing margins.
- IOCL remains our preferred pick due to strong FCFF and high dividend yield, while HPCL is an attractive marketing margins play with lower refining leverage.
- **ONGC** is likely to face wrath of steep fall in crude oil prices further led by fall in oil and gas production during the quarter. We estimate a YoY/QoQ decline of 24%/14% in sales, 20%/20% in EBITDA and 6%/9% in PAT respectively.
- **CGDs are expected to report healthy EBITDA/scm margin** with minuscule loss in its volumes owing to nationwide lockdown in March.

Exhibit 1: Expected quarterly performance summary

Sector	CMP		Sales (INR M)			EBDITA (INR M)			Net Profit (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
Aegis Logistics	161	Buy	21,881	18.1	0.9	1,319	27.9	20.3	749	21.4	50.1
BPCL	354	Neutral	6,01,215	-18.7	-19.6	3,322	-92.7	-87.7	-9,588	PL	PL
Castrol India	113	Buy	10,057	3.0	-0.6	3,269	15.5	-4.2	2,466	33.3	-9.1
GAIL	87	Buy	1,56,036	-16.8	-12.2	19,867	18.0	-4.1	11,209	-22.9	-9.1
Gujarat Gas	248	Buy	28,209	47.9	12.6	4,086	60.8	10.3	2,258	93.7	14.4
Gujarat State Petronet	201	Buy	4,782	10.2	5.7	3,883	17.9	2.2	2,238	46.0	0.7
HPCL	209	Buy	5,41,133	-20.3	-23.5	4,061	-91.3	-80.1	-12,089	PL	PL
Indraprastha Gas	453	Neutral	19,812	28.4	19.0	4,394	32.7	12.1	3,225	43.0	13.6
IOC	83	Buy	9,37,231	-25.7	-24.8	-1,981	PL	PL	-30,268	PL	PL
Mahanagar Gas	942	Neutral	6,489	-10.2	-12.8	2,687	25.6	3.8	1,870	40.1	0.5
MRPL	28	Neutral	1,02,057	-32.6	-29.1	-12,604	PL	PL	-12,199	PL	Loss
Oil India	89	Buy	21,682	-29.8	-26.6	7,111	-34.1	-35.1	3,189	-61.0	-21.5
ONGC	74	Buy	2,04,575	-23.5	-13.7	98,925	-20.0	-19.6	37,970	-6.1	-8.5
Petronet LNG	210	Buy	81,136	-3.2	-8.9	11,205	78.6	1.2	7,326	66.4	8.5
Reliance Inds.	1150	Buy	1417,163	2.2	-7.3	2,18,854	5.1	-2.2	1,20,206	15.3	0.3
Aggregate			4153,458	-14.6	-16.8	3,68,397	-36.5	-30.1	1,28,561	-58.0	-46.1
Oil Ex OMCs Aggregate			2073,879	-5.0	-9.5	3,62,995	-6.5	-11.7	1,80,506	-1.8	-8.0

Source: MOFSL

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OPEC+ agreement failure + rising demand concerns = oil prices reaching trough

- In 4QFY20, the oil market witnessed certain significant events, from the lockdown in China boosting global oil supply (in Feb) to the OPEC+ agreement (of total cuts of ~2.1mn bopd) failing in March; later, demand concerns led by global lockdown plunged the prices to <USD25/bbl. Brent prices averaged at USD50.6/bbl in 4QFY20 (with the March average at ~USD32.3/bbl), resulting in huge inventory losses for refiners based on their different inventory cycles.
- Global oil demand is expected to have been impacted by ~6.8mn bopd for 2020 (by OPEC), and the effect is intensifying due to the lack of clarity pertaining to the revival of the global economy from the impact of COVID-19; thus, we have revised down our Brent oil price forecast for FY21–22 to USD52.5–60/bbl from USD65/bbl (1HFY20 at USD50/bbl and 2HFY20 at USD55/bbl) despite the recent announcement by OPEC+ for production cuts of 10mn bopd starting May'20.
- Furthermore, we expect no subsidy burden on oil marketing companies (OMCs) or upstream companies (ONGC/Oil India) in the quarter.

SG GRM at USD1.2/bbl (v/s USD3.2/bbl in 4QFY19, USD1.6/bbl in 3QFY20)

- The Singapore GRM for the quarter declined primarily due to Gasoline and ATF cracks worsening during the quarter; diesel cracks remained subdued.
- Gasoline cracks turned negative in the latter half of the quarter (from ~USD15/bbl in the previous quarter), averaging at USD4.9/bbl in 4QFY20 (v/s USD8.1/bbl in 3QFY20), as gasoline demand continues to suffer due to lockdown.
- Also, ATF cracks tumbled to an average of USD8.6/bbl (from ~USD13.9/bbl in 3QFY20), dragged down by various air travel ban advisories.
- Diesel cracks also faced demand issues, averaging lower at USD9.7/bbl (v/s USD11.7/bbl in 4QFY19 and USD12.0/bbl in 3QFY20).
- FO cracks turned positive at ~USD3/bbl in the latter part of March, averaging at -USD7.1/bbl for the quarter (up from -USD18.3/bbl in 3QFY20).
- However, Indian refiners are likely to witness a negative impact on their GRMs as they have accounted for higher yield of 36–48% for diesel in their slate (v/s 16% in SG GRM) and lower yield of 2–13% for FO (v/s 23% in SG GRM).
- PE / PP / PVC Delta improved 16%/4%/26% QoQ despite a fall in absolute prices as Naphtha prices plummeted (~15% v/s 3–5% for products).

Domestic oil and gas production growth continues to decline

- Total domestic oil production declined ~6% YoY and ~5% QoQ over Jan–Feb'20, and domestic gas production decreased ~8% YoY and ~5% QoQ (Mar'20 data yet to be released).
- LNG consumption was up ~25% YoY and 11% QoQ over Jan–Feb'20, with strong consumption from city gas distributors (CGDs), while Power consumption moderated.

Exhibit 2: O&G product prices, cracks & margins (USD/bbl)

(USD/bbl)	4QFY19	1QFY19	2QFY20	3QFY20	4QFY20	YoY (%)	QoQ (%)
Oil							
WTI	54.9	67.9	56.4	56.9	46.0	(16.2)	(19.3)
Brent	63.3	74.6	61.9	63.4	50.6	(20.1)	(20.2)
Dubai	63.5	72.1	61.2	62.1	50.7	(20.1)	(18.3)
Arab Light-Heavy	1.4	3.1	1.5	2.3	3.1	NM	34.5
Gas							
Henry Hub (USD/mmbtu)	2.9	2.8	2.4	2.4	1.9	(34.3)	(20.6)
Oil to Gas	21.8	26.4	26.0	26.5	26.2	19.9	(1.2)
Exchange Rate (INR/USD)	70.5	67.0	70.4	71.2	72.4	2.7	1.6
Product Cracks (v/s Dubai)							
LPG	(22.0)	(23.9)	(27.5)	(19.0)	(16.8)	23.8	11.9
Gasoline	1.9	9.7	7.9	8.1	4.9	NM	(39.4)
Diesel	11.7	13.2	13.9	12.0	9.7	(16.6)	(18.6)
Jet/Kero	13.0	15.3	15.8	13.9	8.6	(33.8)	(38.2)
Naphtha	(7.6)	(1.6)	(7.9)	(2.5)	(3.2)	58.6	(24.4)
Fuel Oil	0.9	(4.1)	1.2	(18.3)	(7.1)	NM	61.2
SGRM	3.2	6.0	6.5	1.6	1.2	(61.3)	(23.5)

Source: MOFSL, Company

Other ideas (ex. OMCs and RIL): Valuation and view

- PLNG – Accumulate for the long term:** Visibility for PLNG's medium-term/long-term earnings is high, given (a) the huge gas demand-supply gap in India, (b) volume growth driven by gradual capacity addition, and (c) earnings growth boosted by annual re-gas charge escalation. **It is the biggest beneficiary of huge LNG imports seen during the quarter as well.**
- GAIL – Concerns regarding US HH contracts to subside soon:** The main concern on the stock is low spot LNG prices which may result in losses in the US LNG contracts. **However, with start of new fertilizer plants on JHBDPL, the company expects all US contracts to be sold in India profitably.** The company guides incremental 2mmscmd from Ramagundam, ~4mmscmd from Kochi-Mangalore pipeline and ~2.5mmscmd from Matix from 1QFY21. **The increase in domestic gas availability could boost gas transmission of GAIL by ~30% by FY23.** Focus on industrial pollution (by NGT) bodes extremely well for transmission/sales volumes. We believe that gas would have a central role to play in reducing air pollution in such industrial clusters and that strict enforcement may result in a significant jump in gas volumes.
- CGDs retain lucrative bite of lower PMT prices:** CGDs (IGL and MAHGL) did not take any CNG and PNG price cuts during the quarter, in lieu of PMT gas price revision to APM gas price levels. **Despite depreciation in the INR, we expect an increase in EBITDA/scm margins** for both the aforementioned companies. Also, GUJGA is expected to earn higher margins, led by lower spot prices, which are expected to keep gas economies lucrative despite a fall in the prices of alternative fuels. We maintain our Buy on GUJGA among the CGDs.
- ONGC appears attractive, led by potential upside from current trough in Brent prices:** ONGC currently has 13 field development projects and three IOR-EOR projects underway. These new additions would significantly help offset depletion from old fields and help the company maintain stable oil production. But, we believe a production ramp-up at KG-DWN-98/2 would result in significant gas production growth.

Exhibit 3: Relative performance – 3M (%)

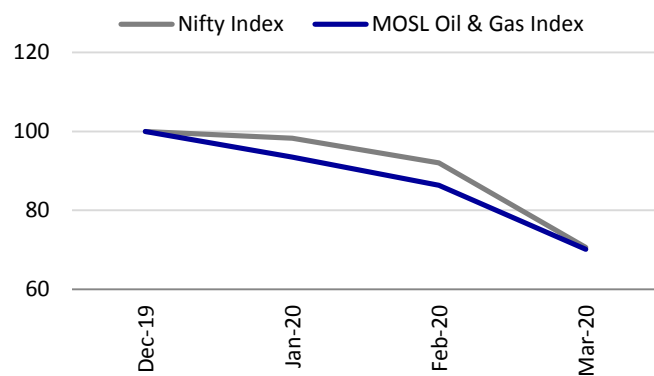
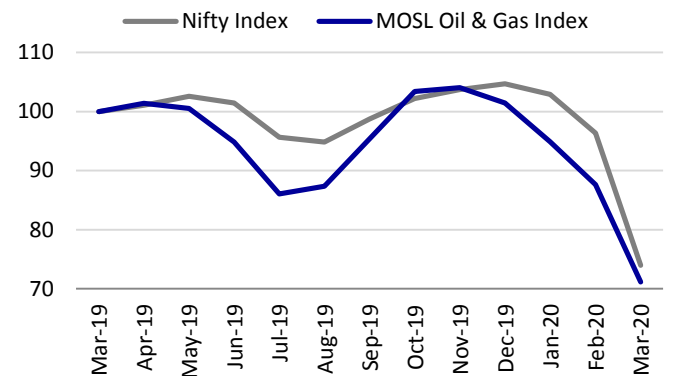


Exhibit 4: Relative performance – 1Yr (%)



Source: Bloomberg, MOFSL

Exhibit 5: Comparative valuations

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Oil & Gas						13.1	12.3	8.3	1.2	1.1	1.0	9.4	9.3	12.6
Aegis Logistics	161	Buy	4.2	10.5	14.2	38.3	15.3	11.3	3.7	3.1	2.6	10.0	22.1	25.0
BPCL	354	Neutral	17.8	35.1	45.8	19.8	10.1	7.7	1.7	1.5	1.4	8.8	16.0	18.6
Castrol India	113	Buy	8.4	9.6	10.0	13.5	11.8	11.3	8.2	7.4	6.7	65.3	65.7	61.8
GAIL	87	Buy	10.4	9.8	13.2	8.3	8.9	6.5	0.9	0.8	0.7	10.6	9.5	12.0
Gujarat Gas	248	Buy	17.1	12.3	15.5	14.6	20.3	16.1	5.5	4.5	3.7	44.2	24.5	25.5
Gujarat State Petronet	201	Buy	19.6	17.1	19.3	10.2	11.7	10.4	1.7	1.5	1.3	17.7	13.5	13.5
HPCL	209	Buy	17.4	37.5	44.6	12.0	5.6	4.7	1.0	0.9	0.8	8.5	17.1	18.4
Indraprastha Gas	453	Neutral	17.2	16.4	19.7	26.3	27.6	23.0	6.2	5.3	4.5	26.2	20.7	21.2
IOC	83	Buy	3.6	13.2	18.5	23.2	6.3	4.5	0.7	0.6	0.6	2.9	10.3	13.6
Mahanagar Gas	942	Neutral	82.4	64.3	69.7	11.4	14.7	13.5	3.3	2.9	2.6	31.0	20.9	20.2
MRPL	28	Neutral	-13.3	5.5	7.9	-2.1	5.1	3.6	0.6	0.5	0.5	-24.4	10.9	14.3
Oil India	89	Buy	17.5	10.4	19.2	5.1	8.5	4.6	0.3	0.3	0.3	7.0	4.0	7.2
ONGC	74	Buy	17.1	11.3	20.5	4.3	6.6	3.6	0.4	0.4	0.4	9.8	6.2	10.6
Petronet LNG	210	Buy	21.0	19.1	22.4	10.0	11.0	9.4	2.9	2.7	2.5	29.9	25.1	27.3
Reliance Inds.	1,150	Buy	76.8	71.2	108.8	15.0	16.1	10.6	1.6	1.5	1.3	11.2	9.5	13.1

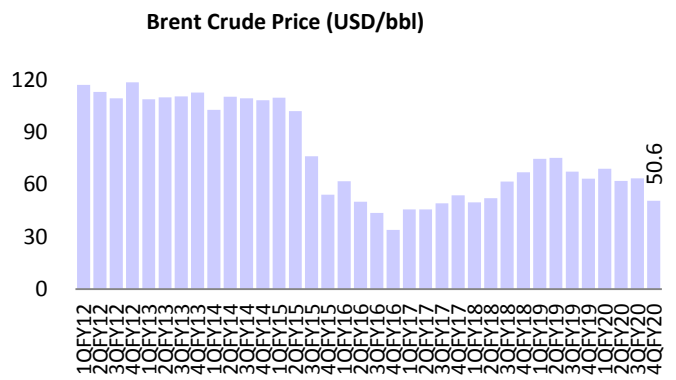
Source: MOFSL

Our key assumptions

- Our crude price assumptions are USD52.5/bbl / USD60/bbl for FY21/FY22 (1HFY21 at USD50/bbl and 2HFY21 at USD55/bbl).
- We expect the regional benchmark Singapore Reuters GRM to recover to USD5–6/bbl over the medium-to-long term.
- For FY21, we have modelled in shutdown for refinery throughput & marketing of products (for OMCs) and petrochemical sales (for IOC and RIL), while we have taken an impact on the volumes of CNG and PNG-Industrials for CGDs (IGL, MAHGL, and GUJGA). Similarly, we have lowered transmission (GSPL, GAIL) and import (PLNG) volumes.

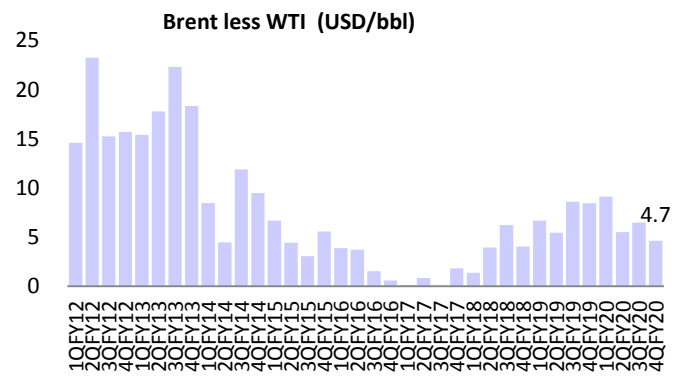
Brent down 20% YoY and QoQ

Exhibit 6: Brent down 20% YoY and QoQ



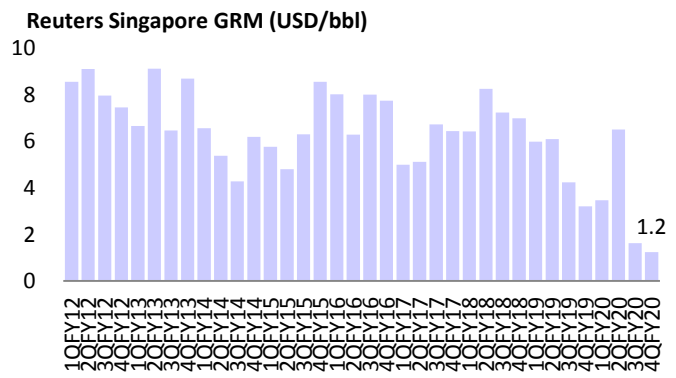
Source: Bloomberg, MOFSL

Exhibit 7: Brent Premium to WTI shrinks to USD4.7/bbl



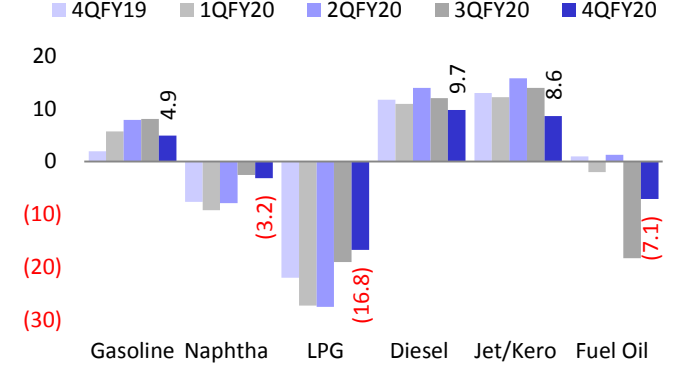
Source: Bloomberg, MOFSL

Exhibit 8: Reuters Singapore GRM (average) lowest in 17 years at USD1.2/bbl, down from USD1.6/bbl in 3QFY20



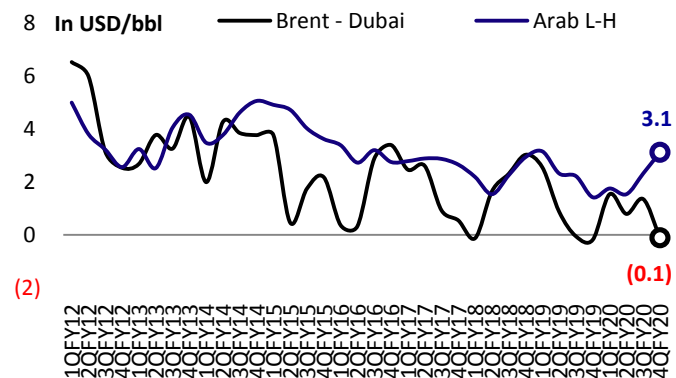
Source: Bloomberg, MOFSL

Exhibit 9: Gasoline, Jet/Kero, and Diesel cracks decline, while FO and LPG cracks improve (USD/bbl)



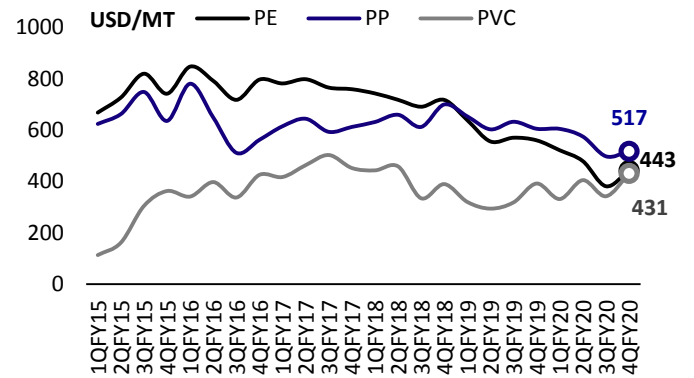
Source: Reuters, MOFSL

Exhibit 10: Crude differentials widen QoQ for Arab L-H at USD3.1/bbl, and shrank for Brent-Dubai at USD0.1/bbl



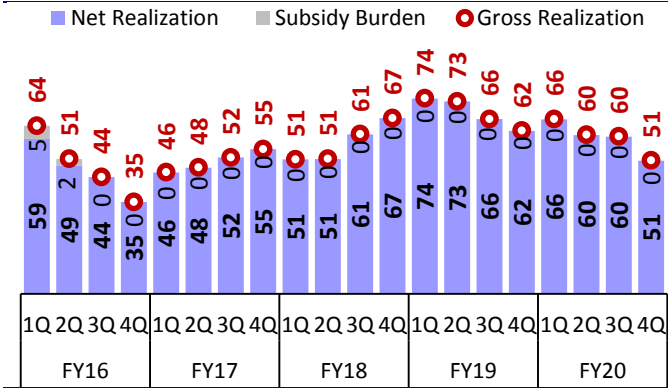
Source: Bloomberg, MOFSL

Exhibit 11: Spreads over Naphtha for PE,PP, and PVC improve QoQ, but decline YoY



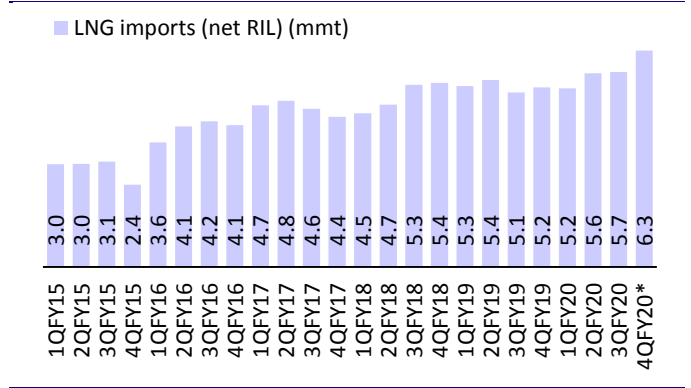
Source: Bloomberg, MOFSL

Exhibit 12: With almost nil subsidy, model ONGC's net realization for 4QFY20E stands at USD51/bbl



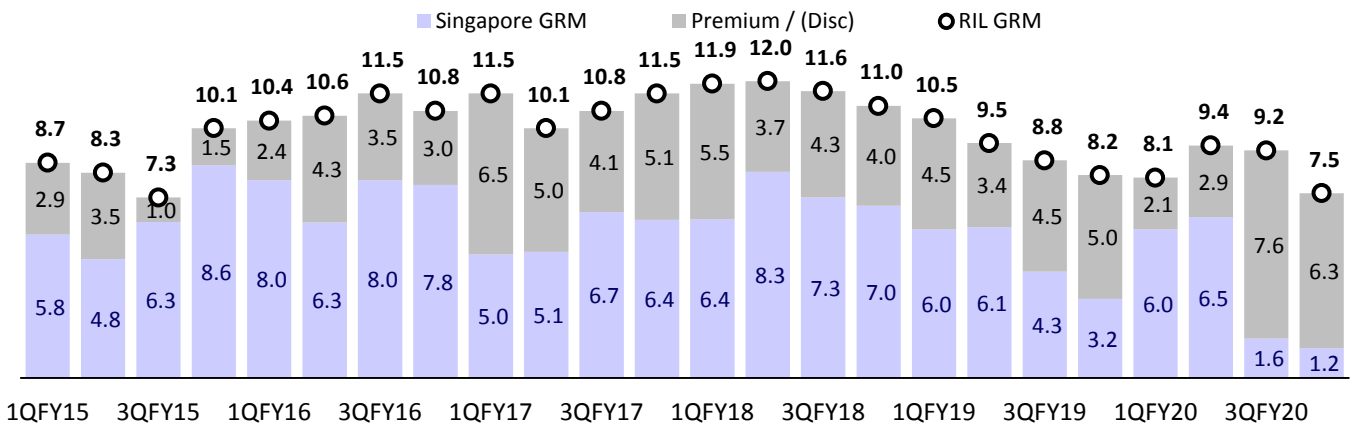
Source: Company, MOFSL

Exhibit 13: LNG imports (mmt) to increase 20% YoY and 11% QoQ in 4QFY20



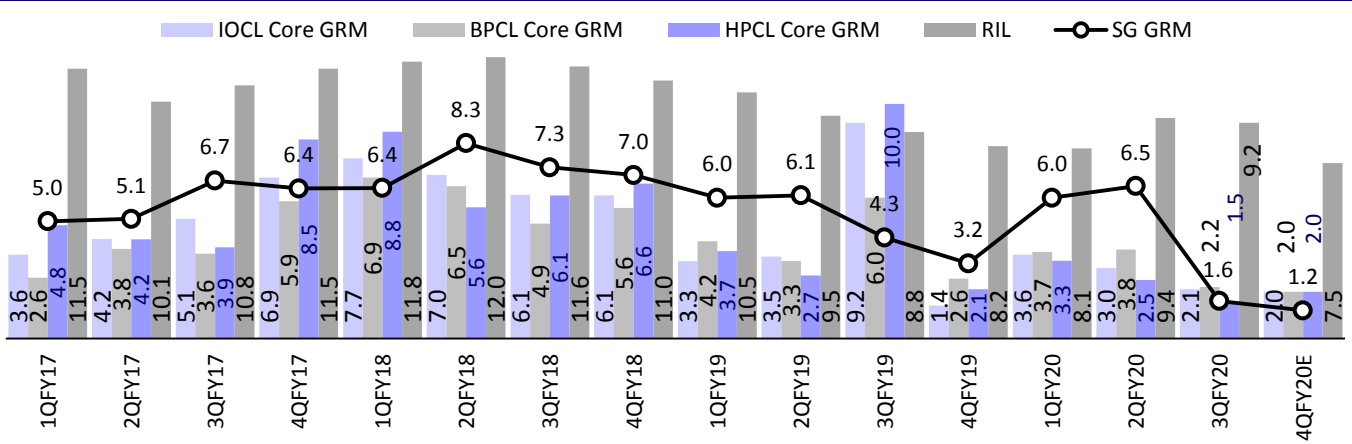
*Mar'20 data extrapolated for 4QFY20 expectation Source: PPAC, MOFSL

Exhibit 14: Expect RIL's GRM at USD7.5/bbl (USD/bbl) in 4QFY20



Source: MOFSL, Company

Exhibit 15: GRMs for OMCs (USD/bbl)



Source: MOFSL, Company

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Aegis Logistics

Buy

CMP INR161 | TP: INR237 (+47%)

EPS CHANGE (%): FY20|21: -9|-11

- India's LPG consumption was strong at +19% YoY, +4% QoQ over Jan–Feb'20.
- Watch out for utilization of Uran–Chakkan pipeline and development of Pipavav railway gantry.
- LPG throughput is expected to be affected by logistical constraints due to lockdown in the latter part of March.
- Additional granting of shares in the current year under a three-year ESOP plan.

Consolidated – Quarterly Earnings Model

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	10,169	14,259	13,205	18,526	19,553	18,177	21,686	21,881	56,158	81,297
YoY Change (%)	18.8	14.9	-8.4	48.0	92.3	27.5	64.2	18.1	17.2	44.8
EBITDA	864	887	926	1,031	1,020	-281	1,096	1,319	3,709	3,154
Margins (%)	8.5	6.2	7.0	5.6	5.2	-1.5	5.1	6.0	6.6	3.9
Depreciation	121	125	129	131	159	170	172	175	505	676
Interest	65	73	51	72	85	74	94	94	262	347
Other Income	12	21	12	37	62	26	46	70	82	203
PBT	690	710	758	865	839	-499	876	1,119	3,023	2,335
Rate (%)	14.2	19.0	14.0	18.9	25.7	31.5	32.4	25.1	16.6	26.7
MI & P/L of Asso. Cos.	75	86	61	85	54	72	93	88	307	307
Reported PAT	516	489	591	617	570	-414	499	749	2,214	1,404
YoY Change (%)	17.5	-6.1	10.5	27.9	10.3	-184.6	-15.6	21.4	11.9	-36.6

BPCL

Neutral

CMP INR354 | TP: INR494 (+40%)

EPS CHANGE (%): FY20|21: -42|-23

- Refinery throughput is estimated at 8.6mmt, up 2% QoQ, led by stable production at NRL during the quarter.
- Healthy marketing margins (estimated at INR5.3/litre), expected to partially offset poor GRMs.
- Expect negative reported GRMs (with core at USD2.0/bbl, benefitted by lower fuel and loss expense).
- We model nil-subsidy sharing for OMCs on lower crude prices; expect inventory loss (of USD6.5/bbl).

Standalone – Quarterly Earnings Model

(INR Billion)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	717.0	722.9	791.7	739.9	763.2	643.4	747.3	601.2	2,971.5	2,755.1
YoY Change (%)	25.5	35.6	30.6	13.4	6.4	-11.0	-5.6	-18.7	25.7	-7.3
EBITDA	45.8	33.5	0.8	45.3	21.5	27.6	27.0	3.3	125.4	79.5
Margins (%)	6.4	4.6	0.1	6.1	2.8	4.3	3.6	0.6	4.2	2.9
Depreciation	7.4	7.6	7.8	9.1	9.1	9.5	9.7	10.7	31.9	39.0
Interest	3.0	3.3	3.4	3.5	4.5	6.4	5.1	5.4	13.2	21.5
Other Income	5.5	5.4	9.7	10.6	5.4	8.7	5.1	6.2	31.1	25.4
PBT	33.8	18.7	5.9	46.0	13.5	16.6	16.4	-14.4	104.4	32.1
Rate (%)	32.2	34.9	16.0	32.0	20.5	-3.2	28.9	33.3	31.7	6.7
Adj PAT	22.9	12.2	5.0	31.2	10.8	17.1	11.6	-9.6	71.3	29.9
YoY Change (%)	208.0	-48.3	-76.9	16.9	-53.1	40.2	135.2	-130.7	-9.9	-58.1
Key Assumptions										
Refining throughput (mmt)	7.7	7.6	7.5	8.2	7.5	7.7	8.4	8.6	31.1	32.1
Core GRM (USD/bbl)	4.2	3.3	6.0	2.6	3.7	3.8	2.2	2.0	4.0	2.9
Marketing sales volume exclud exports (mmt)	11.0	10.1	10.7	11.4	11.1	10.3	11.0	11.1	43.1	43.5
Marketing GM incld inv (INR/litre)	4.9	4.9	2.9	6.5	4.4	5.0	4.8	5.3	4.8	5.0

E: MOFSL Estimates

Castrol (India)**Buy****CMP INR113 | TP: INR200 (+77%)****EPS CHANGE (%): FY20|21: 0|+10**

- Volumes forecast at 51.4m liters (+2% YoY, -5% QoQ).
- EBITDA margin to be moderately lower, led by volatility in Brent oil prices during the quarter.
- Expected realization at ~INR196/liter (+1% YoY, +4% QoQ).
- Operating margin expansion and launch of new products/tie-ups outlook remains key.

Quarterly Performance**(INR Million)**

Y/E December	CY19				CY20				CY19	CY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	9,762	10,396	8,492	10,118	10,057	10,816	8,835	10,626	38,768	40,334
YoY Change (%)	5.3	2.2	-8.4	-2.1	3.0	4.0	4.0	5.0	-0.7	4.0
EBITDA	2,830	2,843	2,445	3,412	3,269	3,290	2,730	3,533	11,530	12,823
YoY Change (%)	3.2	13.0	7.5	7.5	15.5	15.7	11.7	3.5	7.7	11.2
Margins (%)	29.0	27.3	28.8	33.7	32.5	30.4	30.9	33.2	29.7	31.8
Depreciation	162	166	186	183	186	191	213	210	697	800
Interest	3	3	3	3	3	3	3	3	12	10
Other Income	211	159	116	162	216	163	119	166	648	662
PBT	2,876	2,833	2,372	3,388	3,297	3,260	2,633	3,486	11,469	12,675
Rate (%)	35.7	35.5	20.6	19.9	25.2	25.2	25.2	25.2	27.9	25.2
PAT	1,850	1,827	1,884	2,713	2,466	2,438	1,969	2,607	8,274	9,481
YoY Change (%)	1.8	11.3	25.3	28.0	33.3	33.5	4.5	-3.9	16.8	14.6

E: MOFSL Estimates

GAIL**Buy****CMP INR87 | TP: INR140 (+62%)****EPS CHANGE (%): FY20|21: 0|-22**

- Expect ~3%/2% YoY/QoQ increase in transmission volumes to 112mmcmd.
- Gas offtake at fertilizer plants was strong over Jan–Feb'20; however, it was marginally lower in the latter part of March due to lockdown.
- Selling US HH contracted volumes in the current low-spot-price environment would have been a concern.
- Key to watch: Volumes for Kochi–Mangalore pipeline from the current quarter.

Quarterly Performance**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	1,72,986	1,92,753	1,97,890	1,87,639	1,83,115	1,80,411	1,77,688	1,56,036	7,51,268	6,97,249
Change (%)	51.7	55.3	37.3	21.6	5.9	-6.4	-10.2	-16.8	40.0	-7.2
EBITDA	22,436	29,276	26,735	16,841	22,590	15,627	20,724	19,867	95,287	78,807
% of Net Sales	13.0	15.2	13.5	9.0	12.3	8.7	11.7	12.7	12.7	11.3
Depreciation	3,789	3,506	3,634	4,574	4,057	4,398	4,890	5,706	15,502	19,050
Interest	441	455	227	263	239	275	242	315	1,385	1,070
Other Income	1,196	3,656	2,201	8,659	1,512	4,401	3,124	3,533	15,712	12,569
Extraordinary item*	0	0	0	-3,263	0	0	0	0	-3,263	0
PBT	19,403	28,972	25,075	20,663	19,805	15,355	18,716	17,379	90,848	71,256
Rate (%)	35.1	32.2	33.0	29.9	35.0	30.7	33.2	35.5	33.7	33.7
PAT	12,593	19,630	16,812	14,486	12,875	10,643	12,507	11,209	60,256	47,233
Change (%)	22.8	49.9	33.2	41.9	2.2	-45.8	-25.6	-22.6	30.5	-21.6
Extraord.: Tax Prov. Write Back	0	0	317	-61	0	0	173	0	256	173
Adj PAT	12,593	19,630	16,496	14,546	12,875	10,643	12,334	11,209	63,264	47,061
Change (%)	22.8	49.9	30.7	44.6	2.2	-45.8	-25.2	-22.9	37.4	-25.6

E: MOFSL Estimates

Gujarat Gas

Buy

CMP INR248 | TP: INR340 (+37%)

EPS CHANGE (%): FY20|21: +4|-9

- Expect volumes at 9.2mmscmd as demand at Morbi was marginally affected, led by nationwide shutdown in the last week of March.
- Competition from cheaper alternative fuels such as Propane (at Morbi) and FO (at other GAs) would be minimal as gas prices were lower and economies remained competitive.
- We expect the EBITDA margin to improve ~INR5.0/scm as the company enjoys the full benefit (without any price cut) of lower PMT and spot prices during the quarter.
- Industrial volumes were the last to be affected by lockdown as production was shut gradually; we also expect them to resume first once the lockdown is lifted.

Standalone – Quarterly Earnings Model

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	17,651	19,643	21,174	19,076	26,146	25,129	25,062	28,209	77,544	1,04,547
YoY Change (%)	19.4	41.2	34.8	10.0	48.1	27.9	18.4	47.9	25.6	34.8
Total Expenditure	15,166	18,036	17,962	16,534	21,481	21,423	21,357	24,124	67,698	88,385
EBITDA	2,486	1,607	3,212	2,541	4,665	3,706	3,705	4,086	9,846	16,162
Margins (%)	14.1	8.2	15.2	13.3	17.8	14.7	14.8	14.5	12.7	15.5
Depreciation	707	724	728	722	779	802	795	803	2,880	3,178
Interest	486	494	485	497	510	528	465	496	1,962	1,997
Other Income	584	188	155	187	225	238	187	232	1,116	881
PBT	1,878	578	1,976	1,508	3,602	2,614	2,633	3,018	5,941	11,867
Rate (%)	35.3	28.9	30.2	22.7	35.1	-97.9	25.4	25.2	29.8	1.1
Minority Interest & P/L of Asso. Cos.	0	0	-8	0	-4	3	-9	0	0	-9
Reported PAT	1,214	411	1,388	1,165	2,341	5,170	1,973	2,258	4,170	11,742
Adj PAT	1,214	411	1,512	1,165	2,341	5,170	1,973	2,258	4,295	11,742
YoY Change (%)	16.3	-32.8	152.1	76.7	92.8	1,158.9	30.5	93.7	46.9	173.4
Total volume (mmscmd)	6.4	6.7	6.6	6.4	9.2	9.3	9.3	9.2	6.5	9.2
EBITDA (INR/scm)	4.2	2.6	5.3	4.3	5.6	4.3	4.3	5.0	4.1	4.8

E: MOFSL Estimates

Gujarat State Petronet

Buy

CMP INR201 | TP: INR290 (+45%)

EPS CHANGE (%): FY20|21: -3|-7

- Transmission volumes are expected to be strong QoQ, led by healthy LNG imports during the quarter.
- It is vulnerable to further volume loss to RIL's petcoke gasifier as it gets commissioned.
- The development of three pipeline projects remains key.
- However, the NGT order to curb industrial pollution can lead to boost in volumes for the company (as at Morbi).

Standalone – Quarterly Earnings Model

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	3,912	5,983	4,538	4,339	5,126	5,411	4,524	4,782	18,773	19,843
YoY Change (%)	32.0	78.7	29.6	23.8	31.0	-9.6	-0.3	10.2	41.0	5.7
EBITDA	3,438	5,163	3,532	3,293	4,020	4,371	3,800	3,883	15,426	16,075
YoY Change (%)	24.6	80.8	18.9	13.9	16.9	-15.3	7.6	17.9	34.4	4.2
Margins (%)	87.9	86.3	77.8	75.9	78.4	80.8	84.0	81.2	82.2	81.0
Depreciation	448	436	440	475	489	498	497	526	1,800	2,010
Interest	579	557	551	505	479	438	383	436	2,192	1,736
Other Income	54	384	76	79	77	454	52	71	594	653
PBT	2,466	4,553	2,618	2,392	3,129	3,890	2,972	2,992	12,028	12,982
Tax	1,021	1,319	882	859	1,068	-659	751	754	4,081	1,913
Rate (%)	41.4	29.0	33.7	35.9	34.1	-16.9	25.3	25.2	33.9	14.7
Reported PAT	1,444	3,233	1,736	1,533	2,061	4,549	2,221	2,238	7,947	11,069
YoY Change (%)	-5.3	82.7	-4.4	-2.6	42.7	40.7	28.0	46.0	18.9	39.3
Margins (%)	36.9	54.0	38.2	35.3	40.2	84.1	49.1	46.8	42.3	55.8
Key Operating Parameters										
Transmission Volume (mmscmd)	36.5	35.0	34.5	32.4	38.2	39.2	36.9	39.3	34.6	38.4
Implied Tariff (INR/mscm)	1,141	1,810	1,420	1,545	1,418	1,461	1,331	1,389	1,475	1,400

E: MOFSL Estimates

HPCL**Buy****CMP INR209 | TP: INR330 (+58%)****EPS CHANGE (%): FY20|21: -33 |-15**

- We model core GRM to ~USD2.0/bbl owing to benefits from lower fuel and loss.
- We model nil-subsidy sharing for OMCs; however, inventory loss is expected to be considerable at ~6.5/bbl.
- However, the marketing margin for the quarter was healthy and is expected at INR4.4/liter.
- Concerns of huge capex and execution risk at Vizag prevail, but it is attractive for its lower refining leverage.

Standalone – Quarterly Earnings Model**(INR Billion)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	676.3	675.2	721.1	679.4	709.9	608.7	707.5	541.1	2,752.0	2,567.2
YoY Change (%)	26.5	42.1	25.5	11.7	5.0	-9.8	-1.9	-20.3	25.5	-6.7
EBITDA	37.3	30.1	3.7	46.6	14.5	24.5	20.4	4.1	117.6	63.4
Margins (%)	5.5	4.5	0.5	6.9	2.0	4.0	2.9	0.8	4.3	2.5
Depreciation	7.1	7.4	7.4	8.3	8.2	8.1	8.7	9.0	30.1	33.9
Forex loss	5.4	8.9	-6.0	-5.0	-1.9	1.2	1.7	14.1	3.2	15.1
Interest	1.9	2.0	1.5	1.9	2.1	2.9	2.5	2.8	7.3	10.2
Other Income	3.1	4.1	3.9	5.2	6.2	3.9	4.0	3.8	16.4	17.8
PBT	26.0	16.0	4.7	46.7	12.4	16.2	11.5	-18.1	93.4	21.9
Tax	8.8	5.0	2.2	17.0	4.3	5.6	4.0	-6.0	33.1	7.9
Rate (%)	33.9	31.6	47.4	36.4	34.6	34.9	35.1	33.3	35.4	36.1
Adj PAT	17.2	10.9	2.5	29.7	8.1	10.5	7.5	-12.1	60.3	14.0
YoY Change (%)	85.9	-37.1	-87.3	69.9	-52.8	-3.6	201.8	-140.7	-5.2	-76.8
Key Assumptions										
Refining throughput (mmt)	4.5	4.8	4.6	4.6	3.9	4.6	4.2	4.4	18.4	17.0
Core GRM (USD/bbl)	3.2	2.7	10.0	2.1	3.3	2.5	1.5	2.0	4.5	2.3
Marketing sales volume incl exports (mmt)	9.7	9.1	9.7	10.1	10.1	9.4	10.6	9.9	38.7	40.0
Marketing GM incld inv (INR/litre)	4.6	4.4	2.0	6.4	3.8	4.5	4.1	4.4	4.3	4.2

E: MOFSL Estimates

Indraprastha Gas**Neutral****CMP INR453 | TP: INR515 (+14%)****EPS CHANGE (%): FY20|21: +3 |-7**

- IGL has enjoyed the benefit of lower PMT prices without taking a price cut during the quarter.
- We expect volumes growth at 10% YoY and 3% QoQ, with a strong boost from PNG volumes.
- Despite INR depreciation, we expect the EBITDA/scm margin to be strong at INR7/scm.
- CNG volume growth from new GAs remains a key driver as IGL has a limited role to play in terms of Industrials.

Quarterly performance**(INR Million)**

Y/E MARCH	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	12,874	14,215	15,084	15,426	15,761	16,925	16,642	19,812	57,600	69,139
Change (%)	22.7	26.2	27.4	25.1	22.4	19.1	10.3	28.4	25.4	20.0
EBITDA	2,951	3,080	3,179	3,312	3,585	3,926	3,918	4,394	12,521	15,823
EBITDA (Rs/scm)	5.8	5.7	5.8	5.9	6.3	6.5	6.4	7.0	5.8	6.5
% Change	6.4	9.4	20.8	20.3	21.5	27.5	23.3	32.7	14.1	26.4
Depreciation	473	503	513	522	605	621	641	660	2,011	2,528
Interest	6	6	9	0	16	18	20	20	21	75
Other Income	262	332	403	513	354	390	508	596	1,510.2	1,847.0
PBT before EO	2,735	2,903	3,060	3,303	3,318	3,677	3,764	4,309	12,000	15,068
PBT after EO	2,735	2,903	3,060	3,303	3,318	3,677	3,764	4,309	12,000	15,068
Rate (%)	35.7	35.5	35.3	31.7	34.2	-3.6	24.6	25.2	34.4	20.0
Adj. PAT	1,759	1,873	1,980	2,255	2,184	3,810	2,839	3,225	7,867	12,057
PAT (Rs/scm)	3.5	3.5	3.6	4.0	3.8	6.3	4.6	5.2	3.6	5.0
Change (%)	9.1	10.9	19.3	29.1	24.1	103.4	43.4	43.0	17.3	53.3
Gas Volumes (mmscmd)										
CNG	4.13	4.41	4.40	4.61	4.66	4.92	4.91	4.99	4.39	4.87
PNG	1.42	1.48	1.50	1.66	1.59	1.65	1.78	1.88	1.51	1.73
Total	5.55	5.89	5.91	6.27	6.25	6.58	6.70	6.87	5.90	6.60

E: MOFSL Estimates

IOC

Buy

CMP INR83 | TP: INR169 (+103%)

EPS CHANGE (%): FY20|21: -59| -29

- IOC is going to report the highest inventory loss (among OMCs) due to its inventory cycle.
- We expect refinery throughput to stand at ~16.8mmt on lower refinery utilization in the latter part of March.
- Expect core GRM at US2.0/bbl, with inventory loss of USD7.5/bbl; however, marketing margins remain strong.
- We model in nil subsidy for the quarter. IOCL remains our top pick among the pack.

Standalone – Quarterly Earnings Model

(INR Billion)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	1,294.8	1,320.3	1,399.7	1,262.1	1,315.1	1,116.9	1,246.2	937.2	5,276.9	4,615.4
YoY Change (%)	22.8	45.8	26.5	7.5	1.6	-15.4	-11.0	-25.7	24.4	-12.5
EBITDA	143.8	93.8	15.3	100.4	82.6	47.1	68.3	-2.0	353.3	196.0
Margins (%)	11.1	7.1	1.1	8.0	6.3	4.2	5.5	-0.2	6.7	4.2
Depreciation	17.9	18.1	18.6	20.6	20.9	21.0	21.9	22.2	75.1	85.9
Forex loss	18.1	26.2	-20.8	-8.4	-0.9	11.4	1.8	14.8	15.0	27.1
Interest	10.3	11.9	8.5	12.4	15.1	13.1	13.1	13.8	43.1	55.0
Other Income	5.9	10.4	4.4	10.6	6.3	6.5	5.7	7.3	31.3	25.8
PBT before EO expense	103.4	48.1	13.4	86.3	53.8	8.1	37.2	-45.4	251.3	53.8
PBT	103.4	48.1	13.4	86.3	53.8	8.1	37.2	-45.4	251.3	53.8
Rate (%)	33.9	32.4	46.7	29.4	33.2	30.8	37.2	33.3	32.8	35.4
Adj PAT	68.3	32.5	7.2	61.0	36.0	5.6	23.4	-30.3	168.9	34.7
YoY Change (%)	155.2	-12.2	-90.9	16.9	-47.4	-82.6	226.3	-149.6	-13.4	-79.5
Margins (%)	5.3	2.5	0.5	4.8	2.7	0.5	1.9	-3.2	3.2	0.8
Key Assumptions										
Refining throughput (mmt)	17.7	17.8	19.0	17.4	17.3	17.5	17.5	16.8	71.8	69.1
Core GRM (USD/bbl)	3.4	3.5	9.2	1.4	3.6	3.0	2.0	2.0	4.4	2.6
Domestic sale of refined products (mmt)	20.5	18.6	20.3	20.5	20.5	19.0	20.4	20.1	80.0	80.0
Marketing GM incld inv (INR/litre)	5.2	5.7	3.5	6.7	5.1	5.3	4.8	5.4	5.3	5.1

E: MOFSL Estimates

Mahanagar Gas

Neutral

CMP INR942 | TP: INR1,115 (+18%)

EPS CHANGE (%): FY20|21: +1| -8

- MGL has not taken any price cut despite reduction in PMT prices, boosting its margins during the quarter.
- We expect volumes growth of -2%/-3% YoY/QoQ.
- Despite INR depreciation, we expect EBITDA/scm to be strong at INR10/scm, also aided by lower spot prices.
- Volume growth remains a key challenge for MGL.

Standalone – Quarterly Earnings Model

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	6,193	6,965	7,527	7,225	7,575	7,836	7,445	6,489	27,911	29,345
YoY Change (%)	16.7	30.5	29.5	23.1	22.3	12.5	-1.1	-10.2	25.0	5.1
EBITDA	2,109	2,215	2,391	2,140	2,768	2,734	2,589	2,687	8,855	10,780
EBITDA/SCM	8.1	8.1	8.8	7.9	10.3	9.9	9.2	10.0	8.2	9.8
Margins (%)	34.1	31.8	31.8	29.6	36.5	34.9	34.8	41.4	31.7	36.7
Depreciation	295	308	328	329	372	391	415	458	1,259	1,635
Interest	1	1	1	1	14	15	16	18	3	62
Other Income	153	182	204	238	203	230	286	289	777	1,007
PBT	1,967	2,087	2,266	2,049	2,586	2,558	2,444	2,500	8,369	10,090
Rate (%)	34.8	34.7	34.6	34.9	34.2	-5.8	23.9	25.2	34.7	19.3
Reported PAT	1,283	1,363	1,483	1,335	1,702	2,706	1,861	1,870	5,464	8,141
Adj PAT	1,283	1,363	1,483	1,335	1,702	2,706	1,861	1,870	5,464	8,141
YoY Change (%)	3.2	9.2	19.6	27.4	32.7	98.6	25.4	40.1	14.3	49.0
Margins (%)	20.7	19.6	19.7	18.5	22.5	34.5	25.0	28.8	19.6	27.7
Sales Volumes (mmscmd)										
CNG	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.1	2.2	2.2
PNG - Total	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Total Volumes	2.9	3.0	3.0	3.0	3.0	3.0	3.1	2.9	2.9	3.0

E: MOFSL Estimates

MRPL**Neutral****CMP INR28 | TP: INR49 (+75%)****EPS CHANGE (%): FY20|21: -96|-4**

- MRPL production was hit during the quarter, dragged down by lower demand and piling inventories owing to lockdown.
- Currently, the company lacks significant tailwinds in a subdued refining margin environment.
- Expect core GRM at USD2.7/bbl, with inventory loss of USD7.2/bbl.
- Progress on the desalination plant is likely to reduce dependence on the Nethravathi River.

Standalone – Quarterly Earnings Model**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	1,35,578	1,54,913	1,78,606	1,51,525	92,805	1,32,027	1,43,864	1,02,057	6,20,621	4,70,753
YoY Change (%)	32.1	70.3	26.7	1.1	-31.5	-2.6	-7.1	-42.9	28.1	-24.1
EBITDA	11,987	5,460	-4,896	7,056	-4,748	-2,395	2,801	-12,604	19,607	-16,947
Margins (%)	8.8	3.5	-2.7	4.7	-5.1	-1.8	1.9	-12.4	3.2	-3.6
Depreciation	1,704	1,824	1,791	2,249	1,906	2,009	1,958	2,377	7,568	8,249
Forex loss	3,856	4,017	-3,849	-1,105	-262	2,240	-196	1,595	2,919	3,378
Interest	1,106	1,173	999	1,440	1,441	2,287	1,835	2,034	4,718	7,596
Other Income	558	381	368	246	204	194	346	312	1,553	1,055
PBT before EO expense	5,879	-1,172	-3,469	4,718	-7,630	-8,737	-450	-18,298	5,956	-35,114
PBT	5,617	-921	-3,572	4,684	-7,630	-8,737	-450	-18,298	5,808	-35,114
Tax	1,998	-110	-895	1,495	-2,628	-2,992	-83	-6,099	2,488	-11,803
Rate (%)	35.6	11.9	25.0	31.9	34.5	34.2	18.5	33.3	42.8	33.6
Reported PAT	3,620	-812	-2,677	3,189	-5,001	-5,745	-366	-12,199	3,320	-23,312
Adj PAT	3,788	-1,033	-2,600	3,212	-5,001	-5,745	-366	-12,199	3,404	-23,312
YoY Change (%)	61.9	-120.8	-126.8	-40.7	-232.0	-251.6	-64.5	369.1	-84.8	-784.8
Margins (%)	2.8	-0.7	-1.5	2.1	-5.4	-4.4	-0.3	-12.0	0.5	-5.0
Key Assumptions										
Refining throughput (mmt)	3.85	3.91	4.38	4.29	2.56	3.68	4.10	3.80	16.43	14.14
Reported GRM (USD/bbl)	7.78	4.41	-0.63	5.01	-0.42	0.68	3.19	-4.50	8.40	8.31

E: MOFSL Estimates

Oil India**Buy****CMP INR89 | TP: INR127 (+44%)****EPS CHANGE (%): FY20|21: -17|-56**

- Net realization to decline 18% YoY and 20% QoQ, in line with a plunge in crude prices.
- Oil volumes are expected at 0.74mmt (-4% YoY, +2% QoQ) as oil production was not much affected by lockdown.
- We assume no subsidy burden for the company in 4QFY20.
- Gas sales volumes are expected at 0.51bcm (-18% YoY, -15% QoQ), which were hit due to lower offtake by units.

Quarterly Performance**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	33,905	37,436	35,140	30,869	33,734	32,136	29,520	21,682	1,37,350	1,17,071
Change (%)	45.4	51.3	23.2	2.9	-0.5	-14.2	-16.0	-29.8	28.9	-14.8
EBITDA	14,084	14,746	15,215	10,793	13,532	12,429	10,960	7,111	54,838	44,031
% of Net Sales	41.5	39.4	43.3	35.0	40.1	38.7	37.1	32.8	39.9	37.6
Change (%)	61.1	45.7	24.3	34.8	-3.9	-15.7	-28.0	-34.1	40.2	-19.7
D,D&A	3,372	3,656	3,694	4,241	3,994	4,154	4,243	4,471	14,963	16,861
Interest	1,124	1,257	1,216	1,198	1,235	1,208	1,218	1,088	4,795	4,748
OI (incl. Oper. other inc)	1,268	2,878	6,012	4,192	1,227	2,679	1,354	3,214	14,350	8,474
PBT after exceptionals	10,855	12,712	16,317	-722	9,530	9,746	6,853	4,766	39,162	30,895
Tax	3,823	4,092	3,983	1,363	3,282	3,473	2,789	1,578	13,261	11,122
Rate (%)	35.2	32.2	24.4	14.3	34.4	35.6	40.7	33.1	26.8	36.0
PAT	7,032	8,620	12,335	-2,085	6,248	6,272	4,064	3,189	25,901	19,773
Adj. PAT	7,032	8,620	12,335	8,183	6,248	6,272	4,064	3,189	36,169	19,773
Key Assumptions (USD/bbl)										
Oil sales (mmt)	0.81	0.83	0.81	0.78	0.80	0.79	0.73	0.74	3.23	3.06
Gas sales (bcm)	0.60	0.65	0.65	0.62	0.61	0.66	0.60	0.51	2.51	2.38
Net Oil Realization	72.0	73.4	66.7	61.8	66.3	61.3	63.3	50.6	68.5	60.4

E: MOFSL Estimates

ONGC**Buy****CMP INR74 | TP: INR105 (+41%)****EPS CHANGE (%): FY20|21: -19|-57**

- Net realization is expected to be down by 18%/15% YoY/QoQ, similar to the movement in crude oil prices.
- We expect no subsidy for the company during the quarter.
- Oil sales are expected to be lower by 10% YoY and flat QoQ, and gas sales are to decline 17% YoY and 10% QoQ.
- Outlook on various field developments and their status remains key for volume growth going forward.

Standalone – Quarterly Earnings Model**(INR Billion)**

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	272.1	279.9	276.9	267.6	265.5	244.9	237.1	204.6	1,096.5	952.1
YoY Change (%)	42.7	47.6	20.4	11.6	-2.4	-12.5	-14.4	-23.5	29.0	-13.2
EBITDA	147.3	157.9	165.7	123.7	151.1	132.9	123.0	98.9	594.6	505.9
Margins (%)	54.1	56.4	59.8	46.2	56.9	54.3	51.9	48.4	54.2	53.1
Depreciation	50.3	48.5	61.5	85.1	61.6	62.6	70.8	64.0	245.4	258.8
Interest	7.5	6.3	5.8	5.3	6.5	6.8	6.3	6.1	24.9	25.7
Other Income	6.5	23.9	22.2	22.5	7.5	26.9	14.0	28.1	75.2	76.4
PBT	96.1	127.1	120.6	55.8	90.6	90.4	60.0	56.9	399.5	297.9
Rate (%)	36.0	35.0	31.5	27.5	34.8	30.7	30.8	33.3	33.1	32.5
Reported PAT	61.4	82.6	82.6	40.4	59.0	62.6	41.5	38.0	267.2	201.2
YoY Change (%)	58.2	61.1	64.8	-31.6	-3.9	-24.2	-49.8	-6.1	33.9	-24.7
Margins (%)	22.6	29.5	29.8	15.1	22.2	25.6	17.5	18.6	24.4	21.1
Key Assumptions (USD/bbl)										
Net Oil Realization	74.2	73.1	66.4	61.9	66.3	60.3	59.7	50.6	64.1	59.2
Crude oil sold (mmt)	5.8	5.4	5.4	5.9	5.3	5.4	5.2	5.3	22.4	21.2
Gas sold (bcm)	4.9	5.0	5.3	5.2	5.0	4.9	4.8	4.3	20.5	19.1
VAP sold (tmt)	856.0	914.0	920.0	884.0	952.0	850.0	890.0	858.1	3,574.0	3,550.1

E: MOFSL Estimates

Petronet LNG**Buy****CMP INR210 | TP: INR333 (+59%)****EPS CHANGE (%): FY20|21: 0|-10**

- India's LNG consumption was up 25% YoY and 11% QoQ over Jan–Feb'20, led by higher import of distressed cargo.
- We model utilization for Dahej at 103% and Kochi at 19%.
- Total volumes are expected to be up 18% YoY and 4% QoQ.
- Status on volume offtake for Kochi–Mangalore pipeline remains key.

Standalone – Quarterly Earnings Model**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	91,692	1,07,453	1,00,977	83,832	86,134	93,612	89,102	81,136	3,83,954	3,49,985
YoY Change (%)	42.5	38.3	30.2	-2.9	-6.1	-12.9	-11.8	-3.2	25.5	-8.8
EBITDA	9,344	8,837	8,481	6,272	10,239	11,605	11,076	11,205	32,935	44,125
Margins (%)	10.2	8.2	8.4	7.5	11.9	12.4	12.4	13.8	8.6	12.6
Depreciation	1,022	1,037	1,037	1,016	1,899	1,960	1,960	2,122	4,112	7,941
Interest	300	249	215	225	1,005	1,051	940	1,014	989	4,011
Other Income	990	1,115	884	1,514	1,044	975	842	1,691	4,503	4,552
PBT before EO expense	9,012	8,666	8,113	6,545	8,379	9,568	9,017	9,760	32,336	36,725
PBT	9,012	8,666	8,113	6,545	8,379	8,848	9,017	9,760	32,336	36,004
Tax	3,142	3,037	2,460	2,143	2,777	-2,184	2,265	2,434	10,782	5,293
Rate (%)	34.9	35.0	30.3	32.7	33.1	-24.7	25.1	24.9	33.3	14.7
Reported PAT	5,870	5,629	5,653	4,402	5,603	11,031	6,752	7,326	21,554	30,712
Adj PAT	5,870	5,629	5,653	4,402	5,603	11,752	6,752	7,326	21,554	31,432
YoY Change (%)	34.1	-4.4	6.9	-15.8	-4.5	108.8	19.4	66.4	3.7	45.8
Margins (%)	6.4	5.2	5.6	5.3	6.5	12.6	7.6	9.0	5.6	9.0
Key Assumptions										
Total Volumes (Tbtu)	220.2	217.0	202.0	205.1	226.0	250.0	233.0	241.2	844.3	950.2

E: MOFSL Estimates

Reliance Industries

Buy
CMP INR1,150 | TP: INR1,521 (+32%)
EPS CHANGE (%): FY20|21: -2|-32

- RIL is expected to report GRM at USD7.5/bbl. Its premium to benchmark is likely to shrink due to weaker product cracks.
- However, company's margins will improve due to flexible feedstock utilization.
- Petchem margins improved QoQ, with PE +16%, PP +4% and PVC +26%; PE and PP were down YoY at -21%/-15%, respectively, but PVC was up 10% YoY
- Outlook on full economic utilization of petcoke gasifier.

Consolidated – Quarterly Earnings Model

(INR Billion)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	1,287.6	1,433.2	1,569.0	1,386.6	1,569.8	1,493.0	1,529.4	1,417.2	5,671.4	6,009.3
YoY Change (%)	54.3	56.7	57.2	18.6	21.9	4.2	-2.5	2.2	44.8	6.0
EBITDA	206.6	211.1	213.2	208.3	213.2	221.5	223.9	218.9	839.2	877.4
Margins (%)	16.0	14.7	13.6	15.0	13.6	14.8	14.6	15.4	14.8	14.6
Depreciation	51.7	52.3	52.4	53.0	50.1	53.2	55.5	53.5	209.3	212.2
Interest	35.5	39.3	41.2	48.9	51.1	54.5	54.0	51.3	165.0	211.0
Other Income	17.8	12.5	24.6	31.5	31.5	36.1	36.5	41.1	86.4	145.1
PBT before EO expense	137.2	132.0	144.2	137.9	143.4	150.0	150.8	155.1	551.2	599.4
Extra-Ord expense	0.0	0.0	0.0	0.0	0.0	0.0	1.8	0.0	0.0	1.8
PBT	137.2	132.0	144.2	137.9	143.4	150.0	149.1	155.1	551.2	597.6
Tax	42.4	36.5	40.7	34.3	42.3	37.0	31.2	35.4	153.9	145.9
Rate (%)	30.9	27.7	28.2	24.9	29.5	24.7	20.9	22.8	27.9	24.4
Minority Interest & Profit/Loss of Asso. Cos.	-0.1	0.0	-0.2	-0.7	-0.3	-0.5	-0.6	-0.5	-1.0	-1.8
Reported PAT	94.8	95.5	103.8	104.3	101.4	113.5	118.4	120.2	398.4	453.5
Adj PAT	94.8	95.5	103.8	104.3	101.4	113.5	119.8	120.2	398.4	454.9
YoY Change (%)	4.5	17.9	9.9	10.2	6.9	18.9	15.5	15.3	10.4	14.2
Margins (%)	7.4	6.7	6.6	7.5	6.5	7.6	7.8	8.5	7.0	7.6

E: MOFSL Estimates

Departmental Retail

Company name

Aditya Birla Fashion

Avenue Supermarts

Future Lifestyle

Future Retail

Jubilant Foodworks

Shoppers Stop

Titan Company

Trent

V-Mart Retail

Shopper traffic comes to a screeching halt

A bad end to the fiscal year

4QFY20 began on a glamorous note, with stabilized demand around end-of-season sales (EOSS) and retailers expecting robust sales in the pre-wedding season and for the Summer-Spring collection. However, the COVID-19 outbreak led to a partial lockdown in India from the second week of March, eventually resulting in a complete lockdown. Thus, retailers recorded nil sales for the last 15–20 days of the month. As a result, 4QFY20 sales for our coverage universe are now expected to be ~5% lower YoY.

Retailer's associations across India have demanded rent waivers, GST and tax benefits, and loan moratoriums for the tenure of the lockdown; rent expenses are the biggest pain point, accounting for 20–30% of retailers' operating costs. Rental waivers would prove a key factor for retailers to support profitability / cash balances. On the other hand, the continuation of grocery and essential services is a positive for brands such as DMart, Big Bazaar, and Reliance Retail, which witnessed a major challenge in the form of exhausted supply of groceries & FMCG essentials due to panic buying prior to the lockdown. However, the apparel and general merchandise section remains closed. Apparel and general merchandise account for ~30% of the sales of DMart and Future Retail Ltd (FRL), which were closed during the 15-day period in March (loss of ~17% days in 4QFY20).

SSSG & new store openings to take a hit due to lockdown

Declining SSSG due to shutdown witnessed in 15–20% of lockdown period

We expect retail companies to post a YoY average revenue drop of 5%. DMart and Trent are likely to report the highest YoY revenue growth of 19% and 8%, respectively. Partial operations at DMart stores and major store additions by Trent are likely to result in higher revenues. ABFRL, SHOP, FLFL, FRL, and V-Mart are expected to post YoY revenue decline of 5%, 16%, 9%, 27%, and 10%, respectively. At an industry level, average same-store sales growth (SSSG) is expected to drop 15–20% for most retailers.

Rentals and inventory impact to be a key pain point for retailers

Stretched working capital could increase discounting

Declining SSSG in 4QFY20 is expected to hurt balance sheets. Retailers had built up a huge inventory position in anticipation of strong pre-wedding/summer sales. This is likely to lead to a rise in discounts offered, inventory write-offs, and stretched working capital once retailers are allowed to commence operations, resulting in teething troubles for brand owners. The pace of store addition has been good across retailers in 4QFY20 as the average annual footprint addition of 10–15% remains intact. Various stores are pressed for urgent completion at the conclusion of the fiscal, which may lead to some impact on the pace of store addition in 4QFY20.

Low expectation from profits

The average gross margin for the sector is likely to shrink 30bp YoY. Average EBITDA for our coverage universe is expected to decline 9% YoY; however, DMart is expected to report strong EBITDA growth of 34% YoY. EBITDA for ABFRL, FRL, and V-Mart is expected to plummet 41%, 59%, and 68%, respectively, YoY due to the effect of the lockdown. At the PAT level, retail companies are expected to report 59% YoY decline.

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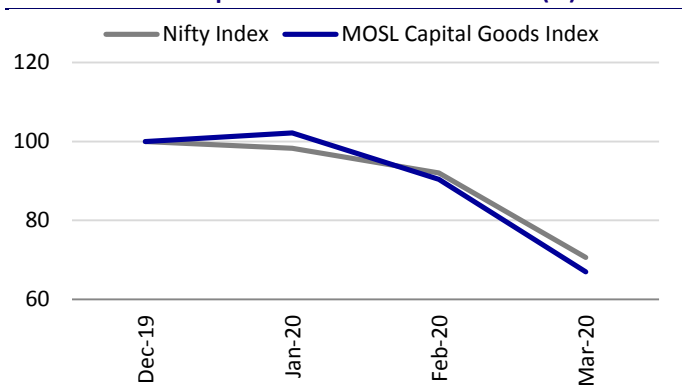
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Maintain our stance – ABFRL/Trent/V-Mart

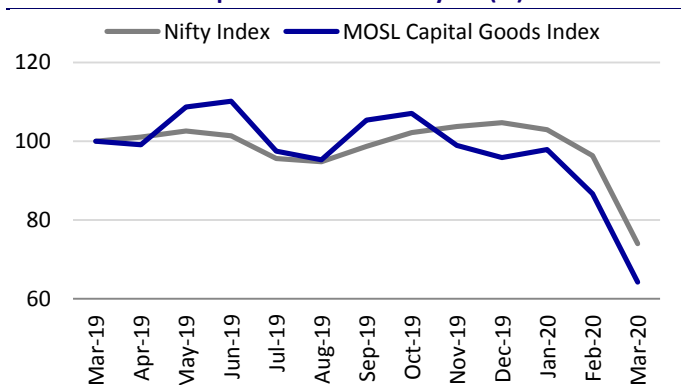
We continue to prefer ABFRL and Trent in the retail mid-cap space on account of their long-term growth plans in the affordable and bridge-to-luxury apparel spaces; ABFRL's major focus is on lifestyle brands and the innerwear business, whereas Trent has strategy to expand with Zudio stores and has a strong cash position. In the small-cap space, we prefer V-Mart on account of its robust working capital management and strong brand value in tier-2 and tier-3 towns.

Exhibit 1: Expected quarterly performance summary (INR m)

Sector	CMP		Sales (INR M)			EBDITA (INR M)			Net Profit (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
Aditya Birla Fashion	146	Buy	18,110	-5.4	-29.3	736	-40.9	-65.9	-308	PL	PL
Avenue Supermarts	2182	Sell	60,404	19.3	-11.3	4,974	33.6	-12.8	3,326	73.6	-14.4
Future Lifestyle	111	Buy	12,591	-8.8	-27.9	950	-22.8	-48.2	-46	PL	PL
Future Retail	74	Buy	39,531	-26.7	-22.9	1,198	-58.8	-61.4	-178	PL	PL
Jubilant Foodworks	1421	Buy	9,085	5.0	-14.3	2,004	35.8	-21.0	646	-18.5	-37.8
Shoppers Stop	198	Neutral	6,649	-16.0	-33.1	441	-25.3	-56.7	20	-93.3	LP
Titan Company	950	Neutral	49,625	1.5	-24.0	4,831	7.7	-38.4	3,218	-7.6	-34.7
Trent	454	Buy	7,529	8.4	-23.8	891	214.4	-46.8	-94	Loss	PL
V-Mart Retail	1635	Buy	3,119	-9.5	-44.5	57	-68.0	-94.0	-10	PL	PL
Retail Aggregate			2,06,643	-3.2	-21.7	16,083	-0.2	-40.0	6,573	-25.7	-54.2

Exhibit 2: Relative performance – three months (%)

Source: Bloomberg, MOFSL

Exhibit 3: Relative performance – one year (%)

Source: Bloomberg, MOFSL

Exhibit 4: Comparative valuation

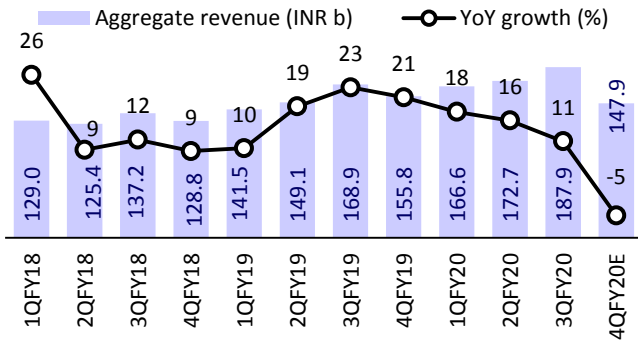
Company Name	CMP		EPS (INR)			PE (x)			PB (x)			RoE (%)		
	INR	Reco	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Retail			66.5	72.5	46.0	9.7	8.8	7.6	14.5	12.1	16.6			
Aditya Birla Fashion	146	Buy	2.0	1.2	3.9	73.6	120.1	37.0	7.8	7.3	6.1	10.6	6.3	17.9
Avenue Supermarts	2,182	Sell	22.1	25.2	33.6	98.9	86.6	65.0	19.6	16.0	12.8	21.9	20.3	21.9
Future Lifestyle	111	Buy	5.5	-1.5	3.5	20.0	-75.5	31.7	1.0	1.0	1.0	5.2	-1.3	3.1
Future Retail	74	Buy	10.7	3.7	8.8	6.9	19.8	8.4	0.6	0.6	0.5	10.4	2.9	6.5
Jubilant Foodworks	1,421	Buy	24.8	24.2	38.1	57.3	58.6	37.3	13.0	11.8	10.1	22.7	20.1	27.2
Shoppers Stop	198	Neutral	-1.8	0.6	2.2	-108	325.1	90.8	1.8	1.8	1.8	-1.7	0.6	2.0
Titan Company	950	Neutral	16.8	17.0	24.1	56.5	55.8	39.5	14.0	12.3	10.6	24.7	23.4	28.9
Trent	454	Buy	2.6	2.4	9.3	173.0	185.5	48.6	5.6	5.4	4.9	4.3	3.2	11.3
V-Mart Retail	1,635	Buy	44.0	33.5	60.6	37.2	48.7	27.0	6.1	5.4	4.5	17.7	11.7	18.1

Exhibit 5: Retail coverage financial snapshot

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20E	4QFY20E	YoY gr. (%)	QoQ (%)
Total revenue (INR b)										
ABFRL	19.1	20.1	22.8	19.2	20.7	23.0	25.6	18.1	-5.4	-29.3
DMART	45.8	48.7	54.7	50.6	58.1	59.9	68.1	60.4	19.3	-11.3
FLFL	13.2	13.4	16.9	13.8	15.4	15.8	17.5	12.6	-8.8	-27.9
FRETAIL	45.4	49.3	53.0	54.0	51.5	53.9	51.3	39.5	-26.7	-22.9
SHOP	8.3	8.6	10.0	7.9	8.3	8.5	9.9	6.6	-16.0	-33.1
TRENT	6.1	6.4	6.8	6.9	8.0	8.5	9.9	7.5	8.4	-23.8
VMART	3.6	2.6	4.7	3.4	4.5	3.1	5.6	3.1	-9.5	-44.5
Aggregate MOFSL universe	141.5	149.1	168.9	155.8	166.6	172.7	187.9	147.9	-5.1	-21.3
Growth (YoY)	10	19	23	21	18	16	11	-5		
Gross Profit (INR b)										
ABFRL	9.9	10.5	11.4	10.2	11.2	11.6	13.3	9.69	-4.6	-27.3
DMART	7.3	7.0	8.2	7.4	9.5	9.2	10.4	9.09	22.5	-12.8
FLFL	4.6	4.8	5.7	5.2	5.8	5.4	6.1	4.73	-8.6	-22.6
FRETAIL	12.4	13.1	13.8	14.4	14.2	14.6	14.7	11.35	-21.4	-23.0
SHOP	3.4	3.6	4.1	3.5	3.5	3.5	4.2	2.99	-14.3	-29.1
TRENT	3.3	3.2	3.0	3.2	4.1	4.0	4.5	3.48	8.2	-22.7
VMART	1.2	0.8	1.7	1.0	1.4	1.0	2.0	0.90	-9.5	-55.8
Aggregate MOFSL universe	42.1	42.9	47.9	44.9	49.7	49.3	55.4	42.24	-5.9	-23.7
Growth (YoY)	11.7	14.7	17.2	17.4	18.1	14.8	15.5	-6		
Gross margin (%)										
ABFRL	51.9	52.1	49.9	53.0	54.1	50.3	52.0	53.5	50bps	150bps
DMART	15.9	14.3	15.0	14.7	16.4	15.4	15.3	15.1	40bps	-30bps
FLFL	35.0	36.2	33.9	37.5	37.3	34.5	35.1	37.6	10bps	250bps
FRETAIL	27.4	26.7	26.0	26.8	27.6	27.1	28.7	28.7	190bps	0bps
SHOP	41.0	41.1	41.2	44.1	42.5	41.2	42.4	45.0	90bps	260bps
TRENT	53.1	49.5	44.6	46.4	51.6	46.4	45.6	46.3	-10bps	70bps
VMART	33.6	29.2	35.6	29.0	30.7	31.2	36.3	29.0	0bps	-740bps
Aggregate gross margin (%)	29.8	28.8	28.4	28.8	29.9	28.5	29.5	28.6	-30bps	-90bps
EBITDA (INR b)										
ABFRL	1.14	1.43	1.73	1.25	1.42	1.64	2.16	0.74	-40.9	-65.9
DMART	4.23	3.90	4.50	3.72	5.78	4.92	5.70	4.97	33.6	-12.8
FLFL	1.19	1.23	1.66	1.23	1.35	1.25	1.83	0.95	-22.8	-48.2
FRETAIL	2.21	2.48	2.78	2.91	2.65	2.90	3.10	1.20	-58.8	-61.4
SHOP	0.41	0.54	0.97	0.59	0.49	0.47	1.02	0.44	-25.3	-56.7
TRENT	0.70	0.58	0.71	0.28	1.63	1.29	1.68	0.89	214.4	-46.8
VMART	0.43	-0.01	0.73	0.18	0.39	-0.08	0.94	0.06	-68.0	-94.0
Aggregate MOFSL universe	10.32	10.14	13.08	10.16	13.72	12.40	16.44	9.25	-9.0	-43.7
Growth (YoY)	27.0	21.4	18.8	18.8	32.9	22.3	25.7	-9.0		
EBITDA margin (%)										
ABFRL	5.9	7.1	7.6	6.5	6.9	7.1	8.4	4.1	-240bps	-440bps
DMART	9.2	8.0	8.2	7.4	9.9	8.2	8.4	8.2	90bps	-10bps
FLFL	9.0	9.2	9.8	8.9	8.7	8.0	10.5	7.5	-140bps	-300bps
FRETAIL	4.9	5.0	5.2	5.4	5.1	5.4	6.0	3.0	-240bps	-300bps
SHOP	5.0	6.3	9.7	7.5	5.9	5.5	10.2	6.6	-80bps	-360bps
TRENT	11.5	9.0	10.4	4.1	20.4	15.1	17.0	11.8	780bps	-510bps
VMART	12.0	-0.5	15.7	5.2	8.7	-2.5	16.8	1.8	-330bps	-1500bps
Margins MOFSL universe	7.3	6.8	7.7	6.5	8.2	7.2	8.7	6.3	-30bps	-250bps
PAT (INR b)										
ABFRL	0.06	0.43	0.70	2.03	0.43	0.30	-0.21	-0.31	-115.2	48.9
DMART	2.45	2.26	2.47	1.92	3.27	3.30	3.88	3.33	73.6	-14.4
FLFL	0.37	0.38	0.68	0.56	0.29	0.22	0.59	-0.05	-108.2	-107.7
FRETAIL	1.53	1.75	2.01	2.03	1.70	1.87	1.95	-0.18	-108.8	-109.1
SHOP	0.10	0.13	0.44	0.11	0.03	-0.06	-0.06	0.02	-82.4	-133.8
TRENT	0.36	0.22	0.43	-0.04	0.36	0.17	0.49	-0.09	158.4	-119.1
VMART	0.25	-0.04	0.42	-0.01	0.25	-0.11	0.66	-0.01	9.4	-101.5
Aggregate MOFSL universe	5.12	5.12	7.15	6.60	6.34	5.70	7.32	2.71	-59.0	-63.0
Growth (YoY)	30.5	36.9	18.3	34.8	23.8	11.2	2.3	-59.0		

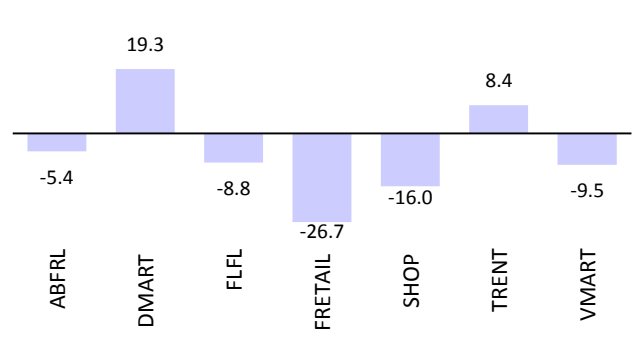
Source: Company, MOFSL

Exhibit 6: Aggregate revenue growth (YoY, %)



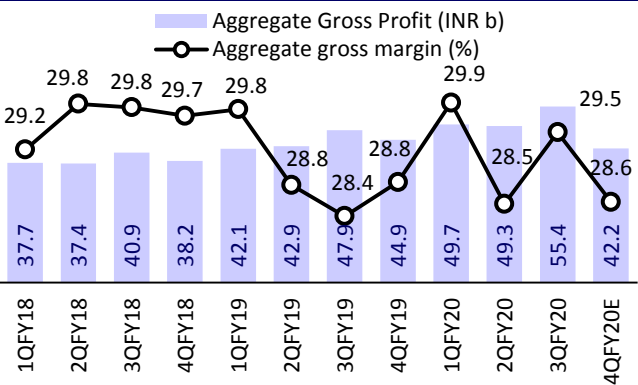
Source: Company, MOFSL

Exhibit 7: Revenue growth (YoY, %)



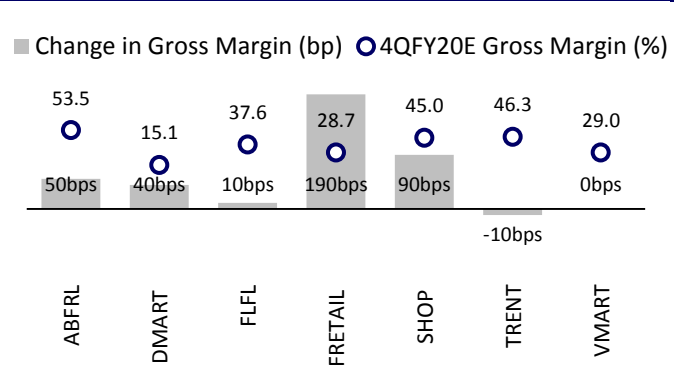
Source: Company, MOFSL

Exhibit 8: Aggregate gross profit growth (YoY, %)



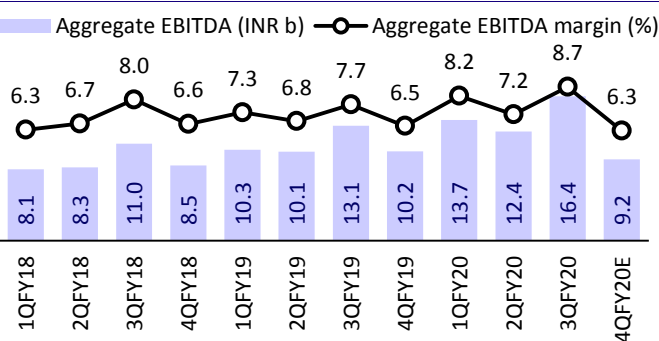
Source: Company, MOFSL

Exhibit 9: Change in gross margins (YoY, %)



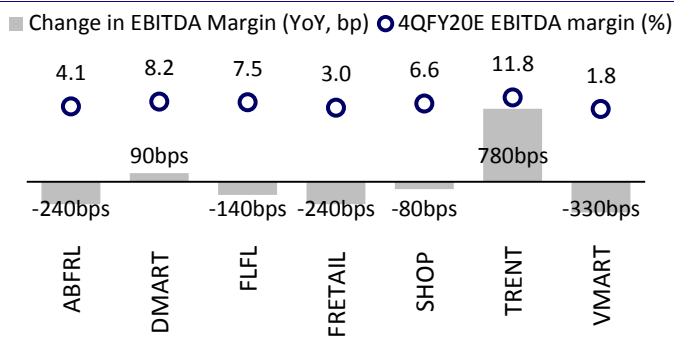
Source: Company, MOFSL

Exhibit 10: Aggregate EBITDA growth (YoY, %)



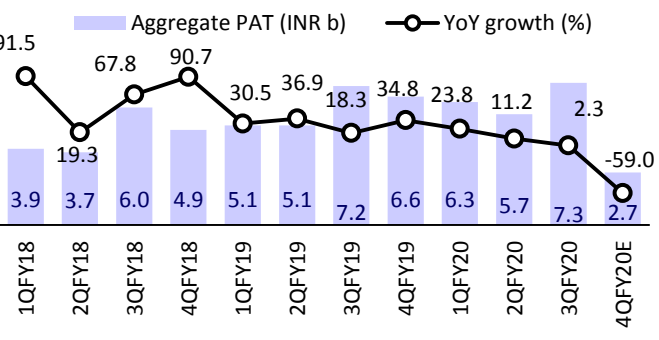
Source: Company, MOFSL

Exhibit 11: 4QFY20E change in EBITDA margins (YoY, %)



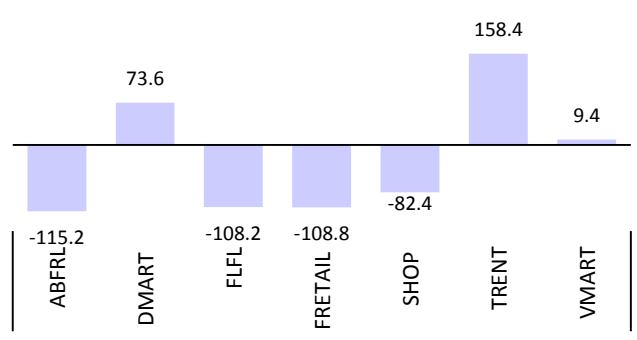
Source: Company, MOFSL

Exhibit 12: Aggregate PAT growth (YoY, %)



Source: Company, MOFSL

Exhibit 13: PAT growth (YoY, %)



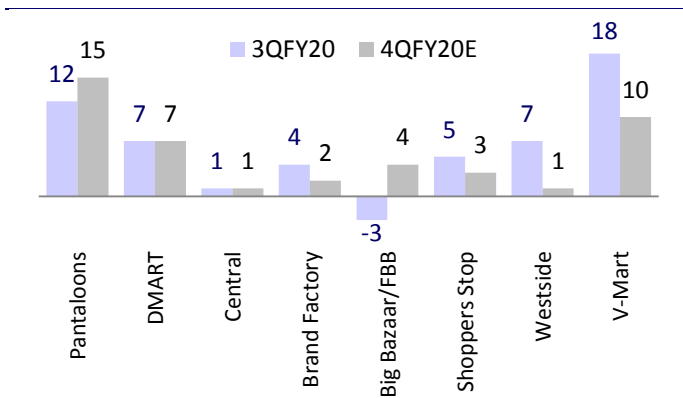
Source: Company, MOFSL

Exhibit 14: Retail coverage KPI snapshot

	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20E
Total Store count												
Madura EBO's	2049	2103	2156	2190	2229	2288	2369	2406	2506	2544	2656	2705
Pantaloons	213	243	256	275	282	288	302	308	314	331	343	358
DMART	132	136	141	155	157	160	164	176	184	189	196	203
Central	36	37	39	40	42	43	44	44	47	48	49	50
Brand Factory	54	57	60	63	69	76	89	93	97	100	104	106
Big Bazaar/FBB	307	314	318	327	352	358	375	386	389	388	385	389
Easyday	0	0	0	0	0	0	0	0	0	0	0	0
Shoppers Stop	80	80	82	83	83	83	83	83	83	84	89	92
Westside	0	0	0	125	130	135	142	150	155	160	167	168
V-Mart	149	157	167	171	179	190	200	214	227	239	257	267
Store adds												
Madura EBO's		54	53	34	39	59	81	37	100	38	112	49
Pantaloons		30	13	19	7	6	14	6	6	17	12	15
DMART		4	5	14	2	3	4	12	8	5	7	7
Central		1	2	1	2	1	1	0	3	1	1	1
Brand Factory		3	3	3	6	7	13	4	4	3	4	2
Big Bazaar/FBB		7	4	9	25	6	17	11	3	-1	-3	4
Shoppers Stop		0	2	1	0	0	0	0	0	1	5	3
Westside		0	0	125	5	5	7	8	5	5	7	1
V-Mart		8	10	4	8	11	10	14	13	12	18	10
Total Store Adds		107	92	210	94	98	147	92	142	81	163	92
SSSG (%)												
Pantaloons	-6.0	0.0	-6.0	-2.5	-2.0	-2.0	17.0	-4.4	4.1	10.4	4.9	-13.0
Madhura EBOs	21.0	1.0	4.0	7.7	0.0	8.0	8.0	6.0	3.2	7.0	15.0	-13.8
Central	3.0	11.8	1.0	10.0	3.7	6.7	11.0	6.5	7.0	10.3	2.0	-14.4
Brand Factory	17.3	6.6	13.7	15.8	15.4	12.3	21	13.1	2.5	6.1	-9	-17.8
Big Bazaar	13.8	13.1	11	13.4	10.1	9.4	10.1	13.6	8.1	5	1.6	-22.7
Shoppers Stop	-5.5	1.4	-4.1	2.1	-1.2	3.6	8.9	3.7	5.2	-2	1	-17.3
Westside	12.0	10.0	9.0	9.0	8.0	9.0	12.0	12.0	12.0	14.0	10.2	-14.1
V-Mart	8.0	10.0	7.0	9.0	1.2	0.0	11.0	3.5	5.2	1.0	2.0	-21.5

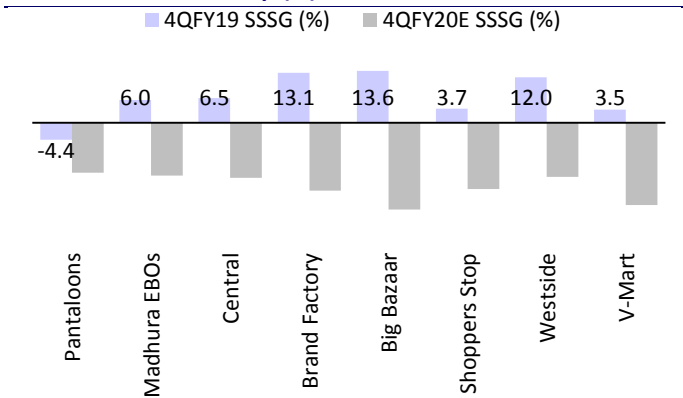
Source: Company, MOFSL

Exhibit 15: Store adds across formats



Source: Bloomberg, MOFSL

Exhibit 16: SSSG to drop (%)



Source: Bloomberg, MOFSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Avenue Supermarts

Sell
CMP INR2,188 | TP: INR1,750 (-20%)
EPS CHANGE (%): FY21|22: -22| -15

- Sales of essential services are to support revenues.
- Estimate the addition of seven new stores.
- 50% stores are closed during lockdown.
- Expect DMart's revenue recovery to outperform that of peers.

Consolidated – Quarterly Earnings

(INR m)

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	45,758	48,725	54,743	50,617	58,146	59,908	68,089	60,404	199,163	2,44,781
YoY Change (%)	27.2	38.9	33.7	32.9	27.1	23.0	24.4	19.3	32.7	22.9
Total Expenditure	41,527	44,829	50,246	46,893	52,369	54,984	62,386	55,430	182,741	2,24,463
EBITDA	4,231	3,896	4,497	3,723	5,777	4,924	5,703	4,974	16,422	20,318
Change YoY (%)	39.5	22.6	6.6	26.4	36.5	26.4	26.8	33.6	22.8	23.7
Depreciation	434	444	557	659	647	664	718	673	1,988	2,701
Interest	100	101	150	120	134	124	101	113	472	473
Other Income	136	139	78	132	110	81	61	49	514	300
PBT	3,832	3,491	3,869	3,077	5,105	4,217	4,945	4,237	14,476	17,444
Tax	1,382	1,233	1,397	1,161	1,838	921	1,060	911	5,113	4,561
Rate (%)	36.1	35.3	36.1	37.7	36.0	21.8	21.4	21.5	35.3	26.1
Reported PAT	2,450	2,257	2,472	1,916	3,267	3,297	3,885	3,326	9,363	12,883
Adj PAT	2,450	2,257	2,472	1,916	3,267	3,297	3,885	3,326	9,363	12,883
YoY Change (%)	40	18	-2	15	33	46	57	74	19	38

E: MOFSL Estimates

ABFRL

Buy
CMP INR145 | TP: INR240 (+65%)
EPS CHANGE (%): FY21|22: -70| -33

- Lifestyle brands are driving revenue growth.
- Innerwear segment is to gain robustly.
- Estimate the Fast Fashion segment's losses to reduce.
- Expect moderate guidance on store additions in FY21–22.

Standalone – Quarterly Earnings Model

(INR m)

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	19,135	20,073	22,816	19,153	20,655	22,972	25,625	18,110	81,177	87,361
YoY Change (%)	8.8	11.2	23.0	9.2	7.9	14.4	12.3	-5.4	13.2	7.6
Total Expenditure	17,997	18,645	21,086	17,908	19,231	21,329	23,466	17,373	75,637	81,400
EBITDA	1,138	1,428	1,729	1,245	1,424	1,642	2,158	736	5,541	5,961
Change, YoY (%)	52.3	53.4	25.6	-23.7	25.1	15.0	24.8	-40.9	18.3	7.6
Depreciation	723	691	680	729	596	660	639	671	2,823	2,567
Interest	444	497	480	453	437	519	523	567	1,874	2,047
Other Income	85	187	134	242	315	131	112	90	648	648
PBT	56	427	703	305	705	594	1,108	-411	1,492	1,995
Tax	0	0	0	-1,721	275	289	1,315	-103	-1,721	1,776
Rate (%)	0.0	0.0	0.0	-564.0	39.0	48.7	118.7	25.0	-115.4	89.0
Reported PAT	56	427	703	2,026	430	305	-207	-308	3,213	219
Adj PAT	56	427	703	87	430	551	856	-308	1,273	1,529
YoY Change (%)	NM	NM	105.3	-80.4	667.8	29.0	21.8	-455.5	157.7	20.1

E: MOFSL Estimates

Future Lifestyle Fashions

Under Review

CMP INR111

EPS CHANGE (%): FY21|22: -117|-68

- Full-price channel discounts are to affect Brand Factory sales.
- Brand Factory is to report -18% SSSGs.
- Deployment of funds raised in investee brands is to be monitored.
- Impact of promoter-level debt and pledge is a key concern.

Consol. – Quarterly Earnings Model

(INR m)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	13,190	13,360	16,920	13,810	15,438	17,753	17,458	12,591	57,281	61,241
YoY Change (%)	21.7	19.5	38.1	28.9	17.0	17.9	3.2	-8.8	27.3	6.9
Total Expenditure	12,000	12,130	15,260	12,580	14,090	14,500	15,626	11,641	52,022	55,857
EBITDA	1,190	1,230	1,660	1,230	1,349	1,253	1,833	950	5,259	5,384
YoY Change (%)	19.5	18.3	44.5	28.1	13.3	1.9	10.4	-22.8	27.1	2.4
Depreciation	450	470	510	640	627	688	741	787	2,071	2,843
Interest	270	280	280	340	338	367	306	312	1,168	1,322
Other Income	90	80	130	80	102	107	106	84	383	398
PBT	560	560	1,000	330	486	305	891	-66	2,403	1,617
Tax	190	180	320	-230	157	90	279	-20	465	506
Rate (%)	33.9	32.1	32.0	-69.7	32.2	29.6	31.3	30.0	19.4	31.3
MI & Profit/Loss of Asso. Cos.	0	0	0	0	39	-2	18	0	48	55
Reported PAT	370	380	680	560	290	217	594	-46	1,890	1,056
Adj PAT	370	380	680	210	290	217	594	-46	1,640	1,056
YoY Change (%)	15.6	25.5	53.0	0.0	-21.5	-42.9	-12.6	-121.9	30.1	-35.6

E: MOFSL Estimates

Future Retail

Under Review

CMP INR73

EPS CHANGE (%): FY21|22: -77|-48

- Expect the company to curb store additions.
- FEL's asset buyback is to save INR6.5b/INR7b annually.
- Deployment of funds raised via bond issuances is to be monitored.
- Impact of promoter-level debt and pledge is a key concern over stock.

Standalone – Quarterly Earnings Model

(INR m)

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	45,387	49,285	53,011	53,966	51,494	53,939	51,297	39,531	201,649	196,261
YoY Change (%)	-3.5	9.4	12.9	18.0	13.5	9.4	-3.2	-26.7	9.1	-2.7
Total Expenditure	43,179	46,809	50,232	51,059	48,844	51,042	48,196	38,334	191,280	186,415
EBITDA	2,208	2,476	2,778	2,907	2,650	2,897	3,101	1,198	10,369	9,846
EBITDA Margin (%)	4.9	5.0	5.2	5.4	5.1	5.4	6.0	3.0	5.1	5.0
Depreciation	199	230	253	324	355	385	417	426	1,006	1,583
Interest	511	554	562	612	683	843	881	1,257	2,240	3,663
Other Income	32	59	50	62	88	205	148	307	205	748
PBT before EO expense	1,531	1,751	2,013	2,032	1,700	1,875	1,951	-178	7,328	5,347
PBT	1,531	1,751	2,013	2,032	1,700	1,875	1,951	-178	7,328	5,347
Tax	0	0	0	0	0	0	0	0	0	0
Rate (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reported PAT	1,531	1,751	2,013	2,032	1,700	1,875	1,951	-178	7,328	5,347
Adj PAT	1,531	1,751	2,013	2,032	1,700	1,875	1,951	-178	7,328	5,347
YoY Change (%)	3.6	14.3	9.9	44.9	11.0	7.1	-3.1	-108.8	19.1	-27.0

E: MOFSL Estimates

Shoppers Stop**Neutral****CMP INR198 | TP: INR259 (+31%)****EPS CHANGE (%): FY21|22: -90|-73**

- Economic slowdown is to result in moderate sales growth.
- Shoppers Stop stores are expected to see a 17% fall in SSSG.
- Gross margin is to fall 1%.
- Rental waivers would be a key relief during the lockdown.

Standalone – Quarterly Earnings Model**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Total Revenue from Operations	8,266	8,645	9,991	7,911	8,324	8,453	9,941	6,649	34,813	33,367
YoY Change (%)	NA	-8.1	19.3	-17.9	NA	2.3	-0.5	-33.5	-3.1	-4.2
Total Expenditure	7,851	8,105	9,020	7,320	7,833	7,986	8,922	6,207	32,280	30,948
EBITDA	415	540	972	591	491	468	1,019	441	2,533	2,419
EBITDA Margin (%)	5.0	6.3	9.7	7.5	5.9	5.5	10.2	6.6	7.3	7.2
Depreciation	306	311	278	455	448	433	451	447	1,351	1,780
Interest	28	27	30	25	20	20	12	12	124	64
Other Income	72	26	29	53	24	181	66	44	179	316
PBT before EO expense	152	229	692	164	47	196	622	27	1,237	891
PBT	152	229	692	164	47	196	622	27	1,237	891
Tax	54	96	249	50	14	255	681	7	449	956
Rate (%)	35.8	42.2	35.9	30.1	29.2	130.0	109.6	25.2	36.3	107.3
Reported PAT	98	132	443	115	33	-59	-60	20	788	-65
Adj PAT	98	132	469	302	33	-59	-60	20	1,001	-65
YoY Change (%)	-363.0	-55.6	77.6	25.4	-66.2	-144.5	-112.7	-93.3	30.8	-106.5

E: MOFSL Estimates

Trent**Buy****CMP INR455 | TP: INR550 (+21%)****EPS CHANGE (%): FY21|22: -61|-78**

- Westside is to witness healthy SSSG in Jan/Feb.
- Low-margin Zudio stores are to drag down company gross margin.
- Expect store additions to moderate.
- Zudio's revenue estimated is to jump 1.5x.

Consolidated – Quarterly Earnings Model**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	6,148	6,408	6,803	6,943	7,999	8,549	9,883	7,529	26,302	33,960
YoY Change (%)	24.4	22.7	30.5	31.3	30.1	33.4	45.3	8.4	27.3	29.1
Total Expenditure	5,443	5,829	6,093	6,660	6,366	7,256	8,206	6,638	24,025	28,465
EBITDA	705	579	710	284	1,633	1,293	1,677	891	2,277	5,495
EBITDA Margin (%)	11.5	9.0	10.4	4.1	20.4	15.1	17.0	11.8	8.7	16.2
Depreciation	118	118	127	154	561	610	633	665	517	2,469
Interest	75	102	88	103	613	615	614	630	368	2,472
Other Income	79	126	107	96	240	435	394	278	408	1,347
PBT	591	485	602	123	699	503	824	-126	1,801	1,901
Tax	241	194	258	42	330	211	447	-32	736	957
Rate (%)	40.8	40.1	42.9	34.1	47.3	42.0	54.3	25.2	40.9	50.4
MI & Profit/Loss of Asso. Cos.	-14	74	-82	118	5	119	-115	0	95	10
Reported PAT	364	217	425	-36	363	173	492	-94	970	933
Adj PAT	364	217	425	-36	363	173	492	-94	970	933
YoY Change (%)	-4.5	-25.2	12.2	-131.2	-0.3	-20.4	15.6	158.4	-16.9	-3.8

E: MOFSL Estimates

V-Mart Retail**Buy****CMP INR1634 | TP: INR2056 (+26%)****EPS CHANGE (%): FY21 | 22: -46 | -21**

- New stores are to support sales growth in fashion segment.
- Higher rent / employee cost to drag profitability.
- Cash positions remains strong.
- Expect tier 2 and 3 to recover from the COVID-19 impact faster than urban cities.

Standalone – Quarterly Earnings Model**(INR m)**

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	3,612	2,622	4,658	3,445	4,534	3,144	5,624	3,119	14,337	16,421
YoY Change (%)	14.6	8.4	26.6	15.9	25.5	19.9	20.7	-9.5	17.3	14.5
Total Expenditure	3,180	2,636	3,925	3,267	4,139	3,222	4,680	3,062	13,008	15,104
EBITDA	432	-14	734	178	395	-79	944	57	1,330	1,317
EBITDA Margin (%)	12.0	-0.5	15.7	5.2	8.7	-2.5	16.8	1.8	9.3	8.0
Depreciation	65	67	72	72	80	78	84	88	276	330
Interest	2	2	9	3	2	9	17	10	16	37
Other Income	9	10	17	23	21	12	4	28	59	65
PBT	374	-97	670	51	334	-155	848	-13	998	1,015
Tax	125	-57	253	60	83	-48	188	-4	382	218
Rate (%)	33.5	58.5	37.8	117.3	24.8	31.3	22.1	27.0	38.2	21.5
Reported PAT	249	-40	417	-9	252	-106	661	-10	617	796
Adj PAT	249	-16	417	65	252	-106	661	-10	715	796
YoY Change (%)	11.2	-157.2	13.8	-59.4	1.2	576.0	58.4	-115.0	-8.0	11.4

E: MOFSL Estimates

Retail (Consumer Discretionary)

Company name

Jubilant FoodWorks

Titan Company

COVID-19 led disruption to deal severe blow to performance

JUBI and TTAN's PAT growth to be negative despite lower taxes

We expect revenue growth of 2% YoY for the two retail companies Titan Company Ltd and (TTAN) and Jubilant FoodWorks (JUBI) under our coverage in 4QFY20. EBITDA is expected to increase 14.7% YoY (JUBI's EBITDA would be boosted by Ind-AS 116 accounting), while adj. PAT is expected to decline 9.6% YoY. The muted performance was attributed to the COVID-19 situation resulting in stores being shut down across India in the last nine days of the quarter. Although both TTAN and JUBI are beneficiaries from the corporate tax cut, the severe blow dealt by the lockdown would more than offset gains from the tax cuts.

TTAN's overall sales are expected to grow by 1.5%, but PAT is likely to decline by 7.6% YoY. The EBITDA margin is expected to expand by 50bp YoY to 9.7%. In the quarterly update, the company highlighted the jewelry division's revenue growth for the quarter stood at -5% due to lockdown. Despite the jewelry business registering robust growth of 16.5% in Jan and Feb, stores remaining shut in the last few days of March led to overall decline for the quarter. The Watches & Wearables and Eyewear segments were also drastically impacted. The Watches & Wearables division grew just 1% in 4QFY20, while the already struggling Eyewear division plummeted 20%.

We expect JUBI's sales to increase 5% YoY in the quarter, with same-store sales (SSS) declining 3% YoY. Excluding the impact of lockdown, SSSG is likely to have been strong as it would also benefit from a soft base (4QFY19) of 6%, way below the 15–20%+ levels in previous quarters. With dine-in being a complete washout during lockdown, delivery would be the only driver to rely on. While JUBI has displayed agility in launching 'contactless delivery' to allay consumer concerns, this alone is unlikely to be at full capacity levels, let alone offset the lost dine-in business. There are multiple reasons for this: (a) number of operational stores is likely to be much lower than normal, (b) there is a lower availability of manpower, and (c) consumers are expected to avoid outside food as a precautionary measure. JUBI's adj. PAT is likely to decline 18.5% YoY, while EBITDA would appear optically high due to the Ind-AS 116 effect.

Road to recovery to be full of challenges

Retail businesses are in for a multifold challenge as lockdown has given rise to numerous concerns. On the demand side, discretionary consumption is likely to take a beating as consumers would have lower capacity and willingness to spend on discretionary items. Furthermore, assuming that the lockdown is fully withdrawn on May 3, social distancing measures thereafter could impact footfall across stores. On the other hand, companies shall also have to grapple with issues such as manpower availability, high rents, and negotiations on force majeure clauses, as well as the write-down of perishable inventory (in the case of JUBI). Overall revival could take 6–12 months; we will watch out for further developments.

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Despite significant near-term concerns and an uncertain outlook over the next six months, JUBI’s mid- to long-term earnings outlook is attractive. Furthermore, valuations are well below the long-term average of over 60x despite the sharp earnings cut. We continue to be bullish on the stock and maintain our **Buy** rating on JUBI.

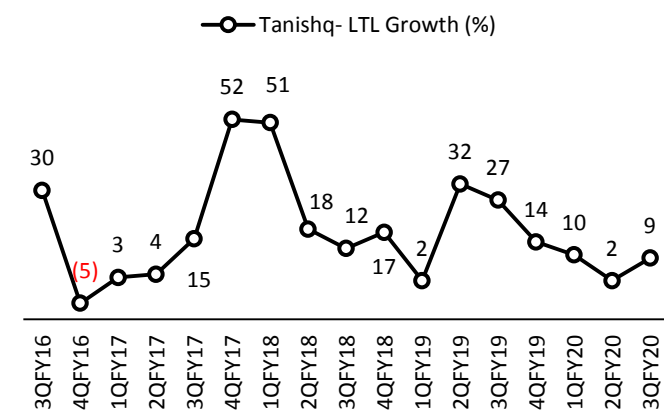
On the other hand, we maintain our **Neutral** rating on TTAN due to its uncertain near-term outlook, the recent increase in gold prices, and the fair valuation on FY22 forecasts.

Exhibit 1: Summary of expected quarterly performance

Sector	CMP		Sales (INR M)			EBDITA (INR M)			Net Profit (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
Jubilant Foodworks	1421	Buy	9,085	5.0	-14.3	2,004	35.8	-21.0	646	-18.5	-37.8
Titan Company	950	Neutral	49,625	1.5	-24.0	4,831	7.7	-38.4	3,218	-7.6	-34.7

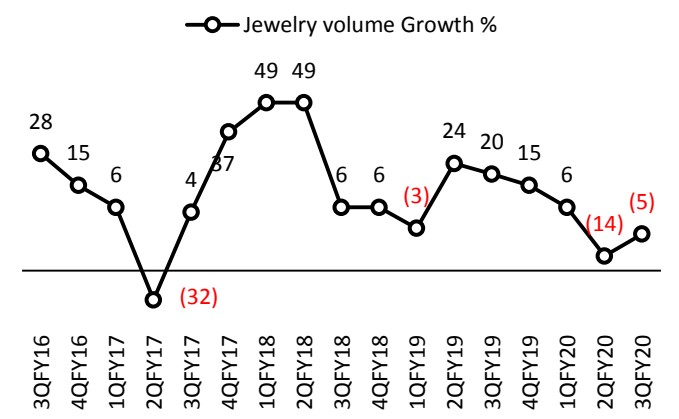
Source: Company, MOFSL

Exhibit 2: Tanishq’s LTL sales growth in 3QFY20 improved...



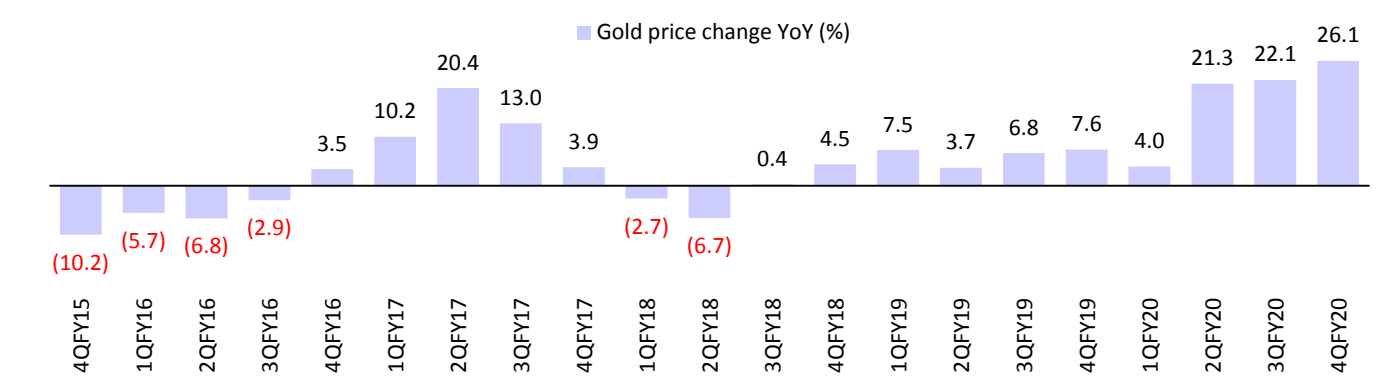
Source: Company, MOFSL

Exhibit 3: ...largely due to improvement in volumes...



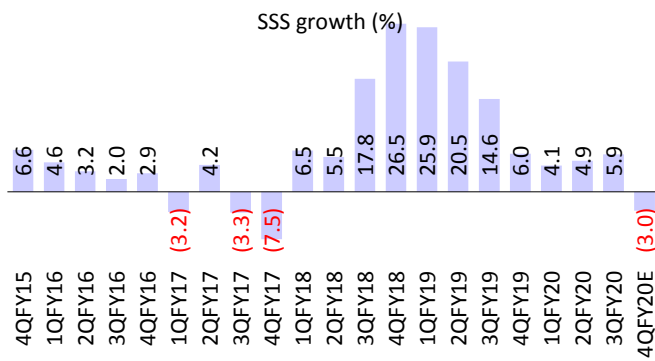
Source: Company, MOFSL

Exhibit 4: Average gold prices are, however, up 26.1% YoY (7.3% QoQ) in 4QFY20



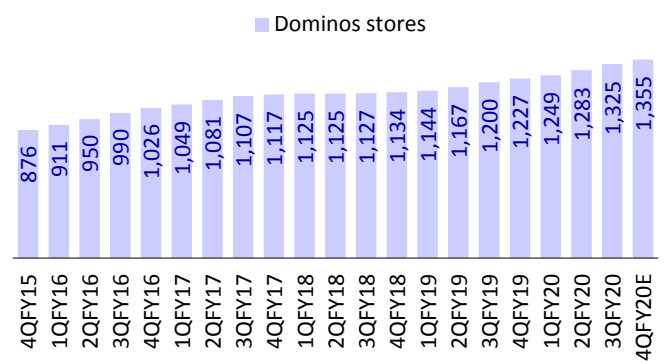
Source: Company, MOFSL

Exhibit 5: JUBI's SSSG is expected to be -3% in 4QFY20



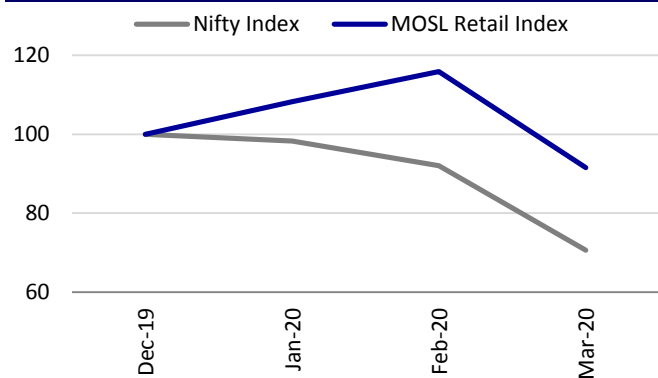
Source: Company, MOFSL

Exhibit 6: Dominos is expected to add ~30 stores in 4QFY20



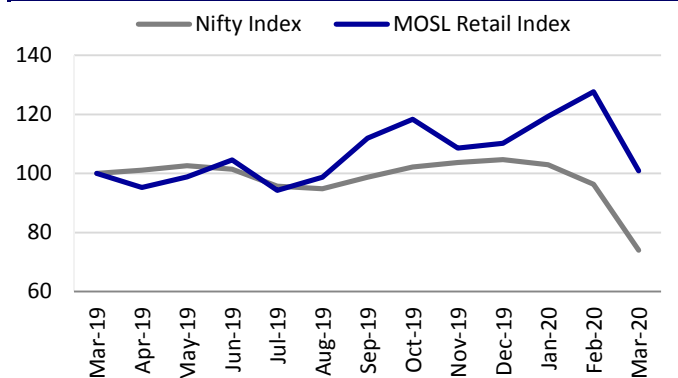
Source: Company, MOFSL

Exhibit 7: Relative performance – three months (%)



Source: Bloomberg, MOFSL

Exhibit 8: Relative performance – one-year (%)



Source: Bloomberg, MOFSL

Exhibit 9: Comparative valuation

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Retail						66.5	72.5	46.0	9.7	8.8	7.6	14.5	12.1	16.6
Jubilant Foodworks	1,421	Buy	24.8	24.2	38.1	57.3	58.6	37.3	13.0	11.8	10.1	22.7	20.1	27.2
Titan Company	950	Neutral	16.8	17.0	24.1	56.5	55.8	39.5	14.0	12.3	10.6	24.7	23.4	28.9

Source: Company, MOFSL

Exhibit 10: COVID-19-led lockdown has led us to cut our estimates for retail companies

Change in estimates (%)	Sales			EBITDA			PAT		
	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Jubilant FoodWorks	-2.5	-9.9	-2.9	-4.4	-15.9	-7.7	-8.9	-31.1	-14.9
Titan	-2.5	-12.0	-10.8	-4.9	-19.0	-13.2	-7.9	-25.2	-18.0

Source: Company, MOFSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Jubilant FoodWorks

Buy
CMP INR1,421 | TP: INR1,715 (+21%)
EPS CHANGE (%): FY20|21: -8.9|-31.1

- RM inflation could hurt margins.
- Expect addition of 30 Dominos' stores in 4QFY20.
- Commentary on demand outlook amid lockdown.
- Launches/Hong's Kitchen/Promotions are key monitorables.

Quarterly Standalone Perf.

(INR Million)

Y/E March	FY19				FY20				Std. FY19	Consol. FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
No of stores (Dominos)	1,144	1,167	1,200	1,227	1,249	1,283	1,325	1,355	1,227	1,355
SSG (%)	25.9	20.5	14.6	6.0	4.1	4.9	5.9	-3.0	16.4	3.0
Net Sales	8,551	8,814	9,291	8,652	9,401	9,882	10,596	9,085	35,307	39,303
YoY change (%)	26.0	21.3	16.8	10.9	9.9	12.1	14.1	5.0	18.5	11.3
Gross Profit	6,373	6,575	7,019	6,581	7,093	7,439	7,937	6,819	26,548	29,482
Gross margin (%)	74.5	74.6	75.6	76.1	75.5	75.3	74.9	75.1	75.2	75.0
EBITDA	1,421	1,475	1,706	1,476	2,191	2,350	2,536	2,004	6,078	9,080
EBITDA growth %	78.5	44.4	24.6	15.5	54.2	59.3	48.6	35.8	36.2	49.4
Margins (%)	16.6	16.7	18.4	17.1	23.3	23.8	23.9	22.1	17.2	23.1
Depreciation	366	385	373	400	808	838	880	912	1,523	3,494
Interest					395	404	426	426		1,651
Other Income	71	108	138	151	153	172	159	197	469	673
PBT	1,126	1,199	1,471	1,227	1,141	1,281	1,389	863	5,024	4,609
Tax	380	422	506	436	393	396	352	217	1,744	1,337
Rate (%)	33.7	35.2	34.4	35.5	34.4	30.9	25.4	25.2	34.7	29.0
Adjusted PAT	747	777	965	792	748	884	1,037	646	3,280	3,272
YoY change (%)	213.2	60.2	46.2	16.3	0.1	13.9	7.4	-18.5	58.9	-0.2

E: MOFSL Estimates; Interim nos. are standalone while annual nos. are on consol. basis

Titan Company

Neutral
CMP INR950 | TP: INR1,085 (+14%)
EPS CHANGE (%): FY20|21: -7.5|-25.2

- Expect muted topline on disruption due to lockdown.
- Commentary on impact of lockdown and recovery.
- Watch out for commentary on inflating gold prices.
- Demand outlook/guidance for FY21 are key monitorables.

Consolidated Quarterly Performance

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	44,510	45,672	58,715	48,888	51,511	46,616	65,274	49,625	197,785	213,026
YoY change (%)	9.4	27.5	34.6	19.0	15.7	2.1	11.2	1.5	22.7	7.7
Gross Profit	12,177	12,980	15,055	13,631	14,107	13,867	16,655	13,224	53,843	57,853
Margin (%)	27.4	28.4	25.6	27.9	27.4	29.7	25.5	26.6	27.2	27.2
EBITDA	4,829	4,689	5,912	4,485	5,734	5,223	7,837	4,831	19,915	23,625
EBITDA growth %	32.3	11.2	40.0	3.0	18.8	11.4	32.6	7.7	21.1	18.6
Margin (%)	10.8	10.3	10.1	9.2	11.1	11.2	12.0	9.7	10.1	11.1
Depreciation	407	428	385	408	760	822	877	848	1,628	3,307
Interest	109	135	157	125	339	449	447	485	525	1,719
Other Income	361	279	626	563	571	318	227	248	1,829	1,363
PBT	4,674	4,405	5,997	4,515	5,207	4,270	6,739	3,746	19,591	19,962
Tax	1,388	1,377	1,885	1,032	1,560	1,127	1,808	527	5,682	5,023
Rate (%)	29.7	31.3	31.4	22.9	30.0	26.4	26.8	14.1	29.0	25.2
Adjusted PAT	3,286	3,028	4,111	3,482	3,647	3,143	4,931	3,218	13,908	14,938
YoY change (%)	31.9	8.8	45.8	11.6	11.0	3.8	19.9	-7.6	24.0	7.4

E: MOFSL Estimates

Technology

Cyient
HCL Tech
Hexaware
Infosys
L&T Infotech
Mindtree
Mphasis
NIIT Tech
Persistent
TCS
Tech Mahindra
Wipro
Zensar

Expect COVID-19 uncertainty to overshadow 4Q results

Low expectations due to partial disruption during the quarter

Growth/margins to be impacted across most companies

- We expect MOFSL coverage universe to post revenue (USD) / EBIT (INR) / PAT to grow 6%/4%/-2% YoY in 4Q.
- On a sequential basis, Tier I revenue should move in the range of (0.5)%-1.3% (CC) and (1.7)%-0.6% (USD) with HCLT/TechM leading/lagging the pack.
- Across Tier II, revenue should move in the range of (2.5)%-3% (CC) and (3.2)%-2.5% (USD) with LTI/Cyient leading/lagging the group.
- While we expect EBIT margins of Tier I to contract to the tune of 20-40bp (QoQ), margins of our Tier II coverage should move in the range of (80)-420bp.
- Second half of 4QFY20 witnessed varying levels of COVID-19 disruption across most of the core markets of IT companies like the US, Europe and even India.
- Most of our coverage companies did a reasonable job in controlling the damage by resorting to options like 'work from home'.
- However, it should be noted that not all service offerings are amenable to be delivered from home for a variety of reasons. In conjunction with lower productivity, both billing and utilizations in 4Q should witness an impact.

Expect guidance on FY21 growth/margins to be delayed

- Given the unprecedented level of uncertainty around the global macro and the multiple moving parts, visibility on near-term growth/profitability is challenged.
- Accordingly, we expect companies like Infosys/HCLT to delay their FY21 growth/margin guidance to the subsequent quarters.
- Even if they were to guide, these guidance bands will likely be wider than usual and subject to sharp revisions later on as clients relook at their IT budgets.
- In that context, deal signings during 4Q (especially in the second half) will likely be a key area of investor focus as it is the latest available proxy for demand.
- In addition, qualitative cues around the adaptability of different companies to the new work paradigm will be the key thing to watch out for.
- This may include their ability for end-to-end digitization of key processes like deal signings, employee onboarding and deal ramp ups.
- Commentary around expected pressure on pricing, INR depreciation benefit and receivables will be another important area of investor focus.

Expect near-term uncertainty due to COVID-19; prefer INFO, HCLT and LTI

- Given the continuously evolving nature of COVID-19, demand, supply, pricing and receivable uncertainties should remain in the near term.
- Negative news flow around the sector may likely continue given the seriousness of COVID-19 situation in the core geographies like the US, UK and EU.
- In that backdrop, we expect the stocks to trade below their long-time cross cycle average P/E multiples until the time this uncertainty is behind.
- Despite the near-term uncertainty, we continue to prefer Infosys and HCLT among large caps, and LTI among Tier II. This is attributable to their historical track record in adapting to business challenges/technology change cycles.
- Besides, we find the P/E multiples of these stocks to be meaningfully lower than their historical averages, offering adequate margin of safety.

Exhibit 1: Estimates

Company	Revenue (USD m)					Revenue (INR b)				
	4QFY20E	3QFY20	QoQ (%)	4QFY19	YoY (%)	4QFY20E	3QFY20	QoQ (%)	4QFY19	YoY (%)
TCS	5,566	5,586	-0.4	5,250	6.0	401	399	0.6	380	5.4
Infosys	3,211	3,243	-1.0	3,060	4.9	231	231	0.1	215	7.3
Wipro	2,075	2,095	-1.0	2,076	0.0	154	155	-0.6	150	2.5
HCLT	2,558	2,543	0.6	2,278	12.3	185	181	2.0	160	15.7
TECHM	1,330	1,353	-1.7	1,268	5.0	96	97	-0.8	89	7.7
Aggregate	14,740	14,820	-0.5	13,931	5.8	1,066	1,062	0.4	994	7.2
Company	EBIT Margin (%)					PAT (INR b)				
	4QFY20E	3QFY20	QoQ (bp)	4QFY19	YoY (bp)	4QFY20E	3QFY20	QoQ (%)	4QFY19	YoY (%)
TCS	24.7	25.0	-29	25.7	-96	80	81	-1.6	84	-4.4
Infosys	21.6	21.9	-32	21.4	17	42	45	-5.7	41	3.2
Wipro	16.9	17.1	-22	17.0	-6	24	25	-4.3	25	-5.5
HCLT	19.9	20.2	-30	19.0	93	29	30	-3.9	26	13.7
TECHM	11.8	12.2	-38	15.4	-356	9	11	-25.7	11	-24.8
Aggregate	20.9	21.2	-28	21.5	-52	183	192	-4.7	186	-1.6

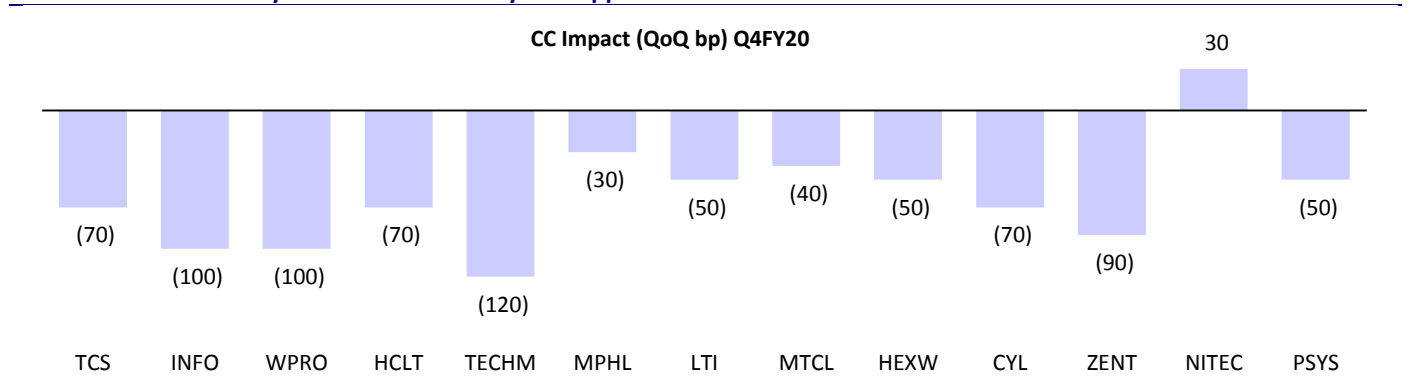
Source: Company, MOFSL

Exhibit 2: Mid-caps should report slightly better performance than Tier I

Company	Revenue (USD m)					Revenue (INR b)				
	4QFY20E	3QFY20	QoQ (%)	4QFY19	YoY (%)	4QFY20E	3QFY20	QoQ (%)	4QFY19	YoY (%)
LTI	404	394	2.5	354	14.3	29	28	3.5	25	17.1
Mindtree	277	275	0.6	262	5.7	20	20	1.4	18	8.4
Mphasis	324	318	2.0	292	11.2	23	23	2.0	20	14.6
NIIT Tech	154	151	2.3	132	16.4	11	11	3.6	9	19.4
Hexaware	210	214	-2.0	180	16.7	15	15	-1.1	13	19.6
Persistent	126	129	-3.0	118	6.1	9	9	-2.0	8	8.7
Zensar	140	143	-2.4	149	-5.9	10	10	-1.3	10	-3.9
Cyient	150	155	-3.2	165	-9.0	11	11	-2.2	12	-7.0
Aggregate	1785	1780	0.3	1652	8.1	128	127	1.1	116	10.8
Company	EBIT Margin (%)					PAT (INR b)				
	4QFY20E	3QFY20	QoQ (bp)	4QFY19	YoY (bp)	4QFY20E	3QFY20	QoQ (%)	4QFY19	YoY (%)
LTI	16.6	16.2	38	17.7	-106	4	4	2.6	4	2.0
Mindtree	12.6	12.0	60	12.9	-28	2	2	-2.9	2	-3.6
Mphasis	15.7	16.2	-51	15.8	-10	3	3	0.8	3	11.2
NIIT Tech	14.3	13.9	38	14.4	-14	1	1	0.2	1	11.2
Hexaware	13.1	13.4	-30	13.8	-70	2	2	-6.3	1	13.3
Persistent	8.0	8.7	-77	10.7	-271	1	1	-16.2	1	-12.7
Zensar	7.0	2.8	425	10.8	-375	1	0	59.7	1	-27.1
Cyient	8.9	9.6	-71	12.8	-392	1	1	-9.2	2	-46.8
Aggregate	13.2	12.8	37	14.3	-109	14	14	-0.3	15	-4.2

Source: Company, MOFSL

Exhibit 3: Cross-currency headwinds driven by USD appreciation



Source: Company, MOFSL

Exhibit 4: 4QFY20 currency highlights (INR)

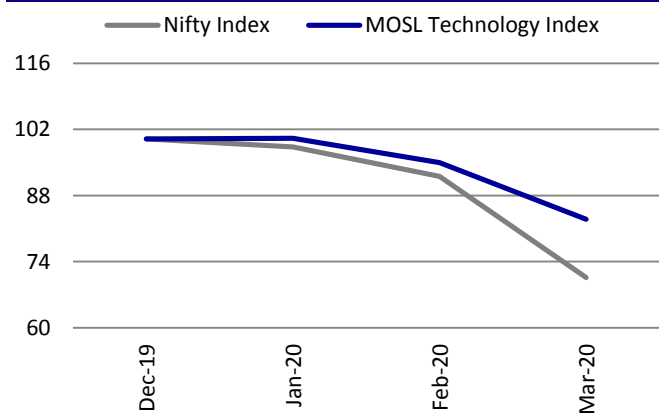
	Rates (INR)				Change (QoQ)			
	USD	EUR	GBP	AUD	USD	EUR	GBP	AUD
Average	72.43	79.9	92.7	46.7	4.1%	2.2%	3.6%	-4.2%
Closing	75.30	83.2	93.6	46.5	9.1%	5.9%	6.9%	-3.8%

Source: Company, MOFSL

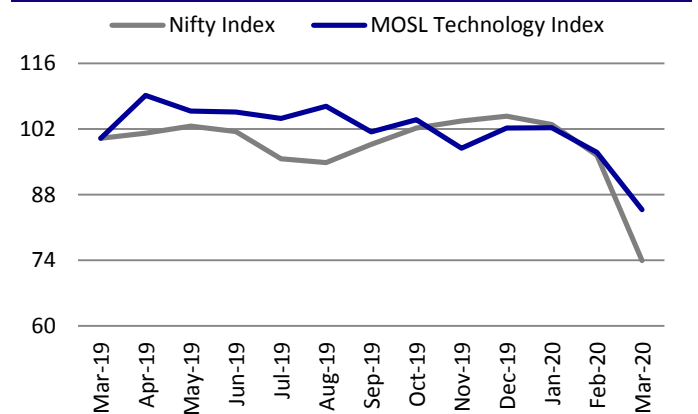
Exhibit 5: 4QFY20 currency highlights (in USD)

	Rates (USD)			Change (QoQ)		
	EUR	GBP	AUD	EUR	GBP	AUD
Average	1.10	1.28	0.66	-2.1%	-0.4%	-5.7%
Closing	1.10	1.23	0.62	-3.3%	-3.1%	-11.7%

Source: Company, MOFSL

Exhibit 6: Relative performance—3m (%)

Source: Bloomberg, MOFSL

Exhibit 7: Relative performance—1Yr (%)

Source: Bloomberg, MOFSL

Exhibit 8: Change in estimates

Sector	Revised EPS (INR)		Current EPS (INR)		Change (%)	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
TCS	87	103	91	105	-5	-2
Infosys	38	45	43	48	-10	-7
Wipro	16	18	18	19	-11	-7
HCL Tech	40	47	45	52	-11	-9
TechM	47	60	55	64	-14	-6
Mphasis	52	62	64	69	-18	-10
LTI	93	111	107	123	-13	-9
Mindtree	37	50	49	61	-23	-17
Cyient	33	41	41	43	-20	-6
Hexaware	20	26	24	29	-16	-10
NIIT Tech	72	91	88	101	-18	-10
Persistent	36	48	48	58	-25	-17
Zensar	9	13	10	15	-11	-11

Source: Company, MOFSL

Exhibit 9: Expected quarterly performance summary

Sector	CMP		SALES (INR M)			EBIT (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
TCS	1,734	Neutral	4,00,775	5.4	0.6	99,118	1.5	-0.6	79,870	-4.4	-1.6
Infosys	639	Buy	2,31,164	7.3	0.1	49,965	8.2	-1.3	42,031	3.2	-5.7
Wipro	187	Neutral	1,53,756	2.5	-0.6	26,000	2.1	-1.9	23,562	-5.5	-4.3
HCL	479	Buy	1,84,954	15.7	2.0	36,870	21.3	0.5	29,285	13.7	-3.9
TechM	538	Buy	95,788	7.7	-0.8	11,326	-17.2	-3.9	8,516	-24.8	-25.7
LTI	1,469	Buy	29,104	17.1	3.5	4,836	10.1	5.9	3,864	2.0	2.6
Mindtree	772	Buy	19,932	8.4	1.4	2,518	6.0	6.5	1,913	-3.6	-2.9
Mphasis	671	Neutral	23,211	14.6	2.0	3,648	13.9	-1.2	2,959	11.2	0.8
NIIT Tech	1,093	Neutral	11,125	19.4	3.6	1,588	18.2	6.5	1,235	11.2	0.2
Hexaware	290	Neutral	15,122	19.6	-1.1	1,974	13.5	-3.3	1,569	13.3	-6.3
Persistent	503	Buy	9,041	8.7	-2.0	720	-18.9	-10.7	737	-27.1	59.7
Zensar	94	Neutral	10,070	-3.9	-1.3	708	-37.3	149.2	634	-46.8	-9.2
Cyient	225	Neutral	10,820	-7.0	-2.2	963	-35.4	-9.4	998	-4.2	-0.3
Sector Aggregate			11,94,863	7.6	0.5	2,40,234	4.5	-0.6	1,97,172	-1.8	-4.4

Exhibit 10: Comparative valuation

Company Name	CMP (INR)	MCap (INR b)	EPS (INR)			EPS CAGR %	Div. Yield (%)	PE (x)			ROE (%)		
			FY20E	FY21E	FY22E			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Cyient	225	25	35.8	32.7	40.9	6.9	6.6	6.3	6.9	5.5	14.3	12.6	14.6
HCL Tech.	479	1324	40	42.2	49.2	10.9	1.9	12.0	11.3	9.7	23.3	21.2	22.1
Hexaware Tech.	290	84	21.2	20.4	25.8	10.3	2.9	13.7	14.2	11.2	24.8	20.8	22.8
Infosys	639	2731	38.6	38.4	44.6	7.5	3.5	16.6	16.6	14.3	26.8	27.2	29
L&T Infotech	1,469	255	84.2	92.5	111.4	15.0	1.5	17.4	15.9	13.2	27	24.4	24.5
Mindtree	772	127	37.4	37.4	50.4	16.1	1.3	20.6	20.6	15.3	20.2	18.5	22.2
Mphasis	671	124	59	52.1	62	2.5	4.2	11.4	12.9	10.8	21.7	18.9	20.7
NIIT Tech.	1,093	69	75	72.2	91.3	10.3	3.9	14.6	15.1	12.0	21.3	18.3	20.4
Persistent Sys.	503	39	42.8	36.1	47.9	5.8	3.3	11.7	13.9	10.5	14.1	11.6	14.3
TCS	1,734	6512	86	86.6	102.7	9.3	4.2	20.2	20.0	16.9	35.8	35.1	38.1
Tech Mahindra	538	527	46.8	47.1	59.8	13.0	4.1	11.5	11.4	9.0	20	19.3	22.4
Wipro	187	1057	17.2	16.2	18	2.3	2.7	10.8	11.5	10.4	17.7	16.9	17.3
Zensar Tech	94	21	11.5	8.8	13.1	6.7	2.9	8.1	10.6	7.1	12.7	11.4	14.0

The tables below provide a snapshot of actual and estimated numbers for IT companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Cyient**Neutral****CMP INR 225 | TP: INR327 (+45%)****EPS CHANGE (%): FY21|22: -19.6|-5.9**

- Expect a sharp hit in A&D and Energy verticals
- Anticipate both revenue and margin impact
- Progress on cost cutting is a key thing to watch out for
- Potential pressure on receivables is another concern

Quarterly Performance

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	161	169	165	165	157	164	155	150	660	626
QoQ (%)	-2.3	5.0	-2.2	0.1	-5.2	4.9	-5.5	-3.2	8.6	-5.1
Revenue (INR m)	10,800	11,870	11,876	11,629	10,890	11,589	11,060	10,820	46,175	44,359
YoY (%)	19.1	23.0	20.8	9.5	0.8	-2.4	-6.9	-7.0	17.9	-3.9
GPM (%)	34.3	34.5	35.0	35.3	34.4	34.4	36.0	34.5	34.8	34.8
SGA (%)	22.1	20.8	20.3	20.2	21.2	20.6	22.1	21.8	20.8	21.4
EBITDA	1,316	1,627	1,749	1,752	1,445	1,599	1,533	1,366	6,444	5,943
EBITDA Margin (%)	12.2	13.7	14.7	15.1	13.3	13.8	13.9	12.6	14.0	13.4
EBIT Margin (%)	9.5	11.3	12.4	12.8	9.2	9.6	9.6	8.9	11.5	9.3
Other income	170	568	-187	789	283	264	498	461	1,340	1,506
ETR (%)	27.2	29.8	22.4	14.5	22.0	22.4	23.3	23.0	22.6	22.7
PAT	825	1,272	921	1,770	904	986	1,083	982	4,788	3,955
QoQ (%)	-30.1	54.2	-27.6	92.2	-48.9	9.1	9.8	-9.3		
YoY (%)	-5.8	14.0	-15.2	49.9	9.6	-22.5	17.6	-44.5	11.6	-17.4
EPS (INR)	7.4	11.4	8.2	16.0	8.2	8.9	9.8	8.9	43.4	35.8
Headcount	13,851	13,845	14,002	13,916	13,912	13,800	13,405	12,905	13,916	12,905
Util incl. trainees (%)	75.0	78.0	78.1	77.8	78.0	78.0	78.0	76.4		
Attrition (%)	16.9	16.9	18.4	19.9	17.4	18.0				
Offshore rev. (%)	41.9	42.8	42.4	42.7	43.5	44.7	45.2	45.2		

E: MOFSL Estimates

HCL Technologies**Buy****CMP INR 479 | TP: INR590 (+23%)****EPS CHANGE (%): FY21|22: -6.9|-4.9**

- Indication of no material COVID-19 impact in 4QFY20
- We expect both FY21 growth and margins to be impacted
- Expect a delay in FY21 growth/margin guidance
- Renewals in Mode-3 is a key thing to watch out for

Quarterly Performance

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	2,055	2,099	2,202	2,278	2,364	2,486	2,543	2,558	8,633	9,951
QoQ (%)	0.8	2.1	4.9	3.5	3.8	5.2	2.3	0.6	10.1	15.3
Revenue (INR m)	1,38,780	1,48,610	1,56,990	1,59,900	1,64,250	1,75,280	1,81,350	1,84,954	6,04,280	7,05,834
YoY (%)	14.2	19.5	22.6	21.3	18.4	17.9	15.5	15.7	19.5	16.8
GPM (%)	34.4	35.5	35.3	34.8	33.5	35.0	36.5	36.3	35.0	35.4
SGA (%)	11.1	11.9	12.1	12.3	12.8	11.6	11.9	11.9	11.9	12.0
EBIT	27,300	29,660	30,860	30,390	28,050	34,970	36,700	36,870	1,18,210	1,36,590
EBIT Margin (%)	19.7	20.0	19.7	19.0	17.1	20.0	20.2	19.9	19.6	19.4
Other income	2,960	2,520	1,050	1,520	1,280	-30	670	674	8,050	2,594
ETR (%)	20.6	21.1	17.7	19.3	24.0	23.9	18.5	22.0	19.6	22.0
Adjusted PAT	24,040	25,400	26,110	25,680	22,200	26,510	30,380	29,285	1,01,230	1,08,375
YoY (%)	10.7	16.1	19.0	15.2	-7.7	4.4	16.4	14.0	15.3	7.1
EPS	8.6	9.1	9.6	9.5	8.2	9.8	11.2	10.8	36.8	40.0
Headcount	1,24,121	1,27,875	1,32,328	1,37,965	1,43,900	1,47,123	1,49,173	1,53,223	1,37,965	1,53,223
Attrition (%)	16.3	17.1	17.8	17.7	17.3	16.9	16.8			
Fixed Price (%)	62.0	61.8	63.3	63.7	63.5	66.5	67.8			

E: MOFSL Estimates

Hexaware Technologies**Neutral****CMP INR 290 | TP: INR309 (+7%)****EPS CHANGE (%): CY20|21: -16.4|-9.9**

- COVID-19 impact in verticals like Travel & Transportation
- Expect sharp cut to CY20 guidance
- Impact in service offerings like IMS and BPO
- Commentary around US operations is a key monitorable

Quarterly Performance (Indian GAAP)

Y/E Dec	CY19				CY20E				CY19	CY20E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	180.0	188.5	210.5	214.3	210.0	207.7	215.1	223.9	793	857
QoQ (%)	2.2	4.7	11.7	1.8	-2.0	-1.1	3.6	4.1	17.1	8.0
Revenue (INR m)	12,640	13,083	14,814	15,288	15,122	15,262	15,808	16,455	55,825	62,648
YoY (%)	20.5	15.1	22.5	22.1	19.6	16.7	6.7	7.6	20.1	12.2
GPM (%)	30.2	32.4	33.8	33.8	33.2	32.2	31.8	32.0	32.6	32.3
SGA (%)	15.3	16.2	17.7	18.2	17.9	17.8	17.6	17.5	16.9	17.7
EBIT	1,739	1,912	2,053	2,041	1,974	1,863	1,907	2,045	7,745	7,790
EBIT Margin (%)	13.8	14.6	13.9	13.4	13.1	12.2	12.1	12.4	13.9	12.4
Other income	-42	99	171	-16	-38	97	11	13	212	83
ETR (%)	18.4	16.4	17.4	17.3	19.0	19.5	19.5	19.5	17.3	19.4
PAT	1,385	1,682	1,837	1,675	1,569	1,577	1,544	1,657	6,578	6,347
QoQ (%)	12.2	21.4	9.2	-8.8	-6.3	0.5	-2.1	7.3		
YoY (%)	3.1	9.6	6.6	35.7	13.3	-6.2	-15.9	-1.1	12.8	-3.5
EPS (INR)	4.6	5.0	6.1	5.5	5.2	5.2	5.1	5.5	21.2	21.0
Headcount	16,492	18,257	19,043	19,999	19,693	19,510	20,045	19,999	19,979	20,993
Utilization (%)	79.0	80.7	79.0	78.5					79.3	79.5
Attrition (%)	18.2	18.2	17.3	15.8						
Offshore rev. (%)	36.6	37.0	37.3	39.6					37.7	40.1

E: MOFSL Estimates

Infosys**Buy****CMP INR 639 | TP: INR 758 (+19%)****EPS CHANGE (%): FY21|22: -10.3|-6.6**

- Expect growth to be impacted due to lockdowns
- Large deal TCV is a key thing to watch out for
- Expect margins to be impacted due to utilization drop
- Expect FY21 growth and margin guidance to be delayed

Quarterly Performance (IFRS)

Y/E March	FY19E				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	2,831	2,921	2,987	3,060	3,131	3,210	3,243	3,211	11,799	12,795
QoQ (%)	0.9	3.2	2.3	2.4	2.3	2.5	1.0	-1.0	7.9	8.4
Revenue (INR m)	1,91,280	2,06,090	2,14,000	2,15,390	2,18,030	2,26,290	2,30,920	2,31,164	8,26,760	9,06,404
YoY (%)	12.0	17.3	20.3	19.1	14.0	9.8	7.9	7.3	17.2	9.6
GPM (%)	38.0	37.8	37.2	36.2	35.3	36.6	36.6	36.2	37.3	36.2
SGA (%)	12.0	11.8	11.9	12.2	11.7	11.7	11.5	11.6	12.0	11.6
EBITDA	49,730	53,580	54,100	51,490	51,520	56,390	58,000	56,885	2,08,890	2,22,805
EBITDA Margin (%)	26.0	26.0	25.3	23.9	23.6	24.9	25.1	24.6	25.3	24.6
EBIT Margin (%)	23.7	23.7	23.0	21.4	20.5	21.7	21.9	21.6	22.9	21.5
Other income	7,260	7,390	7,530	6,650	6,960	5,840	7,850	7,342	28,830	27,992
ETR (%)	26.2	27.0	26.8	22.8	26.4	26.5	23.6	26.5	25.8	25.7
PAT	36,120	41,100	36,100	40,740	37,980	40,190	44,570	42,031	1,54,050	1,64,781
QoQ (%)	-2.1	13.8	-12.2	12.9	-6.8	5.8	10.9	-5.7		
YoY (%)	3.6	10.3	-2.4	10.4	5.1	-2.2	23.5	3.2	-3.9	7.0
EPS (INR)	8.3	9.4	8.3	9.4	8.8	9.4	10.5	9.8	35.4	38.6
Headcount	2,09,905	2,17,739	2,25,501	2,28,123	2,29,029	2,36,486	2,43,454	2,30,238	2,28,123	2,30,238
Util excl. trainees (%)	86.1	86.0	84.2	82.7	83.5	84.9	84.8	84.9	85.4	85.3
Attrition (%)	23.0	22.2	19.9	20.4	23.4	21.7	19.6		21.5	

E: MOFSL Estimates

LTI **Buy****CMP INR 1,469 | TP: INR 1,783 (+21%)****EPS CHANGE (%): FY21|22: -13.3|-9.3**

- Expect good performance despite COVID-19 disruption
- No exposure to troubled segments is a key positive
- Given the good exit rate, FY21 should also be decent
- Commentary around deal ramp ups is a monitorable

Quarterly Performance

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	320	329	347	354	357	364	394	404	1,349	1,519
QoQ (%)	3.5	2.7	5.6	2.0	0.8	2.0	8.4	2.5	19.1	12.6
Revenue (INR m)	21,557	23,312	24,729	24,860	24,849	25,707	28,111	29,104	94,458	1,07,767
YoY (%)	29.0	33.1	31.3	24.2	15.3	10.3	13.7	17.1	29.3	14.1
GPM (%)	35.2	35.1	34.8	34.0	33.1	31.8	31.7	33.1	34.7	32.4
SGA (%)	15.7	14.6	14.2	14.8	14.7	13.7	13.0	13.7	14.8	13.7
EBITDA	4,190	4,790	5,090	4,765	4,579	4,658	5,274	5,651	18,835	20,108
EBITDA Margin (%)	19.4	20.5	20.6	19.2	18.4	18.1	18.8	19.4	19.9	18.7
EBIT Margin (%)	17.7	19.0	19.1	17.7	16.0	15.5	16.2	16.6	18.4	16.1
Other income	1,036	943	288	648	812	739	433	282	2,915	2,266
ETR (%)	25.5	25.4	25.2	24.9	25.6	23.9	24.6	24.5	25.3	24.7
Adj PAT	3,612	4,003	3,755	3,787	3,555	3,603	3,767	3,864	15,157	14,789
QoQ (%)	6.9	10.8	-6.2	0.9	-6.1	1.4	4.6	2.6		
YoY (%)	35.1	46.6	32.7	12.0	-1.6	-10.0	0.3	2.0	30.5	-2.4
EPS (INR)	20.6	22.9	21.5	21.6	20.3	20.6	21.5	22.1	86.6	84.2
Headcount	25,150	26,414	27,513	28,169	29,347	30,979	31,419	32,029	28,169	32,029
Util incl. trainees (%)	79.7	80.4	82.1	80.1	80.5	78.9	79.2			
Attrition (%)	15.1	15.3	16.5	17.5	18.3	18.4	17.7			
Offshore rev. (%)	53.2	52.4	52.2	52.2	50.5	51.4	51.0		52.5	51.3

E: MOFSL Estimates

MindTree **Buy****CMP INR 772 | TP: INR 827 (+7%)****EPS CHANGE (%): FY21|22: -23.4|-16.9**

- Expect decent performance despite COVID-19 disruption
- Outlook on TTH is a key thing to watch out for
- Outlook on top client is a key thing to watch out for
- Outlook on margin expansion is a key monitorable

Quarterly Performance

Y/E March	FY19				FY20E				(INR M)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY19	FY20E
Revenue (USD m)	242	246	252	262	264	271	275	277	1,001	1,087
QoQ (%)	6.8	2.0	2.1	4.2	0.8	2.6	1.5	0.6	18.3	8.6
Revenue (INR m)	16,395	17,554	17,872	18,394	18,342	19,143	19,653	19,932	70,215	77,070
YoY (%)	27.1	31.8	29.7	25.6	11.9	9.1	10.0	8.4	28.5	9.8
GPM (%)	36.6	36.4	37.7	37.5	34.3	33.9	36.2	36.4	37.0	35.2
SGA (%)	22.5	21.0	21.8	22.2	21.6	21.0	20.6	20.2	21.9	20.8
EBIT (INR M)	1,882	2,295	2,423	2,375	1,649	1,775	2,364	2,518	8,975	8,306
EBIT Margin (%)	11.5	13.1	13.6	12.9	9.0	9.3	12.0	12.6	12.8	10.8
Other income	279	524	-200	290	220	197	348	188	893	953
ETR (%)	26.8	26.8	22.5	25.6	26.5	26.4	23.6	25.6	25.5	25.4
Adj. PAT	1,582	2,063	1,722	1,984	1,278	1,350	1,970	1,913	7,351	6,511
YoY (%)	70.0	102.8	54.5	17.0	-19.2	-34.6	14.4	-3.6	54.5	-11.4
EPS (INR)	9.6	12.6	10.5	12.1	5.6	8.2	12.0	11.6	44.7	37.4
Headcount	18,990	19,402	19,908	20,204	20,935	21,267	21,561	21,691	20,204	21,691
Util incl. trainees (%)	75.4	74.5	74.6	75.3	77.2	77.0	75.9	75.3	74.9	76.3
Attrition (%)	12.2	13.0	13.4	14.2	15.1	16.5	17.2			
Fixed Price (%)	56.4	56.1	56.0	55.9	55.3	55.9	58.7			

E: MOFSL Estimates

Mphasis**Neutral****CMP INR 671 | TP: INR682 (+2%)****EPS CHANGE (%): FY21|22: -18.4|-9.5**

- Operations are largely stable except for challenges in BPO
- Outlook on DXC is a key thing to watch out for
- Inability of remote onboarding impacting deal ramp ups
- Outlook on FY21 growth and margins is a key monitorable

Quarterly Performance

Y/E March	FY19				FY20E				FY19	FY20E
	Jun 18	Sep 18	Dec 18	Mar 19	Jun 19	Sep 19	Dec 19	Mar 20		
Revenue (USD m)	269	276	283	292	297	305	318	324	1,119	1,244
QoQ (%)	1.7	2.6	2.6	3.2	1.8	2.6	4.3	2.0	13.1	11.2
Revenue (INR m)	18,202	19,149	19,710	20,250	20,626	21,581	22,767	23,211	77,310	88,186
YoY (%)	18.5	19.3	18.7	16.1	13.3	12.7	15.5	14.6	18.1	14.1
GPM (%)	28.9	28.1	27.9	26.8	28.4	28.8	28.7	28.6	27.9	28.6
SGA (%)	11.2	10.7	11.2	10.0	10.2	10.0	10.0	10.5	10.8	10.2
EBITDA	3,201	3,329	3,306	3,404	3,743	4,052	4,269	4,212	13,239	16,276
EBITDA Margin (%)	17.6	17.4	16.8	16.8	18.1	18.8	18.8	18.1	17.1	18.5
EBIT Margin (%)	16.6	16.4	15.8	15.8	15.5	16.1	16.2	15.7	16.1	15.9
Other income	449	467	499	332	541	351	362	344	1,747	1,598
ETR (%)	24.7	24.5	22.4	23.4	25.1	24.2	24.0	25.0	23.7	24.6
PAT	2,583	2,709	2,780	2,662	2,647	2,733	2,937	2,959	10,733	11,276
QoQ (%)	3.0	4.9	2.6	-4.2	-0.5	3.3	7.5	0.8		
YoY (%)	38.0	37.0	29.3	6.2	2.5	0.9	5.7	11.2	26.2	5.1
EPS (INR)	13.4	14.0	14.4	14.3	14.2	14.2	15.2	15.4	56.1	59.0
Headcount	22,566	23,478	24,215	24,485	25,500	26,964	27,289	27,577	24,485	27,577
Net Additions	302	912	737	270	1015	1464	325	288	2221	3092
HP Channel rev. (%)	27	28	29	28	28	28	27		28	
Fixed Price (%)	27	25	24	23	24	26	27		24	

E: MOFSL Estimates

NIIT Technologies**Neutral****CMP INR 1,093 | TP: INR1,095 (+0%)****EPS CHANGE (%): FY21|22: -18.3|-9.9**

- No material impact due to COVID-19 on growth/margins
- Outlook on Travel & Transportation is a key monitorable
- New deal wins is a key thing to watch out for
- Outlook on FY21 growth/margins should be a key focus

Quarterly Performance (IND-AS)

Y/E March (Consolidated)	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Rev. (USD m) Ex. forex & bought outs	121	131	135	132	138	149	151	154	519	591
QoQ (%)	-1.3	8.5	3.0	-1.9	4.4	7.7	1.3	2.3	11.9	14.0
Revenue (INR m)	8,005	9,074	9,717	9,319	9,597	10,385	10,734	11,125	36,115	41,841
YoY (%)	12.9	23.1	28.4	18.1	19.9	14.4	10.5	19.4	20.7	15.9
GPM (%)	33.8	35.0	35.4	34.7	33.9	34.6	34.1	34.3	34.8	34.2
SGA (%)	17.7	17.0	16.8	17.1	16.8	16.3	16.1	15.9	17.1	16.2
EBITDA (INRM)	1,287	1,634	1,805	1,641	1,641	1,898	1,940	2,043	6,367	7,522
EBITDA Margin (%)	16.1	18.0	18.6	17.6	17.1	18.3	18.1	18.4	17.6	18.0
EBIT Margin (%)	12.2	14.5	15.3	14.4	12.9	14.0	13.9	14.3	14.2	13.8
Other income	206	215	5	45	75	76	130	60	471	341
ETR (%)	25.3	23.7	29.7	17.5	20.5	18.1	20.7	22.5	24.1	20.5
Minority Interest	45.0	49.0	49.0	34.0	24.0	56.0	52.0	41.5	177.0	173.5
PAT	841	1,118	1,002	1,111	1,022	1,195	1,233	1,235	4,072	4,685
QoQ (%)	-2.3	32.9	-10.4	10.9	-8.0	16.9	3.2	0.2	45.3	15.1
YoY (%)	63.9	66.6	32.4	29.0	21.5	6.9	23.1	11.2		
EPS (INR)	13.7	18.2	16.3	18.1	16.6	19.2	19.7	19.8	66.2	75.3
Headcount	9,764	10,025	10,144	10,263	10,297	10,800	10,849	11,249	10,263	
Util excl. trainees (%)	80.1	80.4	79.0	79.3	80.5	79.0	79.3		79.7	
Attrition (%)	10.1	10.8	11.7	11.7	12.9	12.3	11.9			
Offshore rev. (%)	36.0	36.0	35.0	35.0	34.0	34.0	36.0		35.2	
Fixed Price (%)	47.0	45.0	47.0	47.0	48.0	46.0	46.0			

E: MOFSL Estimates

Persistent Systems**Buy****CMP INR 503 | TP: INR 594 (+18%)****EPS CHANGE (%): FY21|22: -24.9|-16.8**

- Expect COVID-19 impact on Alliances segment
- Outlook on discretionary spending is a key monitorable
- On a sequential basis, expect TSU revenue to be flat
- Outlook for FY21 growth/margins should be of focus

Quarterly Performance (IFRS)

Y/E March (Consolidated)	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	123.6	118.2	120.8	118.3	119.6	125.5	129.4	125.6	481	500
QoQ (%)	5.7	-4.3	2.2	-2.1	1.1	4.9	3.1	-3.0	2.2	4.0
Revenue (INR m)	8,343	8,356	8,642	8,318	8,321	8,846	9,227	9,041	33,659	35,436
QoQ (%)	10.9	0.2	3.4	-3.8	0.0	6.3	4.3	-2.0		
YoY (%)	14.6	9.8	9.1	10.5	-0.3	5.9	6.8	8.7	11.0	5.3
GPM (%)	35.6	35.3	38.2	36.8	34.7	34.7	33.3	32.7	36.5	33.8
SGA (%)	18.8	18.0	18.3	21.6	20.2	20.7	19.7	20.0	19.2	20.3
EBITDA	1,400	1,436	1,703	1,265	1,202	1,216	1,234	1,146	5,805	4,799
EBITDA Margin (%)	16.8	17.2	19.7	15.2	14.4	13.8	13.4	12.7	17.2	13.5
EBIT Margin (%)	12.0	12.4	15.1	10.7	9.8	8.9	8.7	8.0	12.6	8.8
Other income	187	231	-12	224	282	364	334	262	631	1,242
ETR (%)	26.4	30.5	29.2	24.1	24.9	25.5	22.9	25.0	27.7	24.5
PAT	873	881	917	844	825	861	879	737	3,516	3,302
QoQ (%)	18.5	0.9	4.1	-7.9	-2.3	4.4	2.2	-16.2		
YoY (%)	16.3	6.7	0.1	14.6	-5.6	-2.3	-4.1	-12.7	8.8	-6.1
EPS (INR)	10.9	11.0	11.5	10.6	10.7	11.2	11.4	9.5	44.0	42.8
Headcount	8,902	9,302	9,530	9,962	10,167	10,543	10,532	10,816	9,962	10,816
Util excl. trainees (%)	80.7	81.9	82.1	79.7	77.9	77.6	79.8	78.5	81.1	78.2
Attrition (%)	14.8	15.4	16.4	16.7	17.2	15.7	14.9		16.7	
IP rev. proportion (%)	27.4	25.6	25.0	21.6	21.5	22.5	21.2	18.5	24.9	20.9

E: MOFSL Estimates

TCS**Neutral****CMP INR 1,734 | TP: INR 1,849 (+7%)****EPS CHANGE (%): FY21|22: -4.8|-2.4**

- Expect some impact on 4QFY20 due to lockdowns
- Order booking/order backlog are the key monitorables
- Outlook on deal ramp up is the key thing to watch out for
- Outlook on FY21 growth/margins should be the focus

TCS Quarterly Performance (IFRS)

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	5,051	5,215	5,250	5,397	5,485	5,517	5,586	5,566	20,913	22,154
QoQ (%)	1.6	3.2	0.7	2.8	1.6	0.6	1.3	-0.4	9.6	5.9
Revenue (INR m)	3,42,610	3,68,540	3,73,380	3,80,100	3,81,720	3,89,770	3,98,540	4,00,775	14,64,630	15,70,805
YoY (%)	15.8	20.7	20.8	18.5	11.4	5.8	6.7	5.4	19.0	7.2
GPM (%)	42.5	43.6	42.9	42.9	42.1	42.5	43.1	42.8	43.0	42.6
SGA (%)	16.1	15.7	15.9	15.8	15.8	16.3	15.8	15.9	15.9	15.9
EBITDA	90,710	1,02,780	1,00,830	1,03,011	1,00,370	1,02,260	1,08,710	1,07,938	3,97,331	4,19,278
EBITDA Margin (%)	26.5	27.9	27.0	27.1	26.3	26.2	27.3	26.9	27.1	26.7
EBIT Margin (%)	25.0	26.5	25.6	25.7	24.2	24.0	25.0	24.7	25.7	24.5
Other income	12,250	7,300	11,630	11,650	14,180	11,680	5,950	5,614	42,830	37,424
ETR (%)	24.7	23.2	24.1	23.3	23.4	23.5	23.0	23.5	23.8	23.3
PAT	73,570	80,380	81,210	83,541	81,310	80,420	81,180	79,870	3,18,701	3,22,780
QoQ (%)	6.6	9.3	1.0	2.9	-2.7	-1.1	0.9	-1.6		
YoY (%)	23.8	24.7	24.3	21.0	10.5	0.0	0.0	-4.4	23.4	1.3
EPS (INR)	19.2	21.0	21.6	21.7	21.7	21.4	21.6	21.3	83.5	86.0
Headcount	4,00,875	4,11,102	4,17,929	4,24,285	4,36,641	4,50,738	4,46,675	4,40,008	4,24,285	4,40,008
CC QoQ rev gr (%)	4.1	3.7	1.8	2.4	2.3	1.7	0.3	0.3	11.4	7.5

E: MOFSL Estimates

Tech Mahindra**Buy****CMP INR 538 | TP: INR 718 (+33%)****EPS CHANGE (%): FY21|22: -13.9|-6.0**

- COVID-19 impact on 4Q due to lockdowns
- Progress on deal ramp ups is an area of investor focus
- Margin commentary is a key thing to watch out for
- Outlook on telecom vertical is a key monitorable

Quarterly Performance

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	1,224	1,218	1,261	1,268	1,247	1,287	1,353	1,330	4,971	5,218
QoQ (%)	-1.6	-0.5	3.5	0.5	-1.6	3.2	5.1	-1.7	4.2	5.0
Revenue (INR m)	82,763	86,298	89,437	88,923	86,530	90,699	96,546	95,788	3,47,421	3,69,563
YoY (%)	12.8	13.5	15.0	10.4	4.6	5.1	7.9	7.7	12.9	6.4
GPM (%)	30.7	34.0	33.1	33.1	28.8	29.6	30.3	29.8	32.8	29.6
SGA (%)	14.3	15.3	13.8	14.7	13.6	13.0	14.1	13.9	14.5	13.7
EBITDA	13,569	16,186	17,226	16,387	13,141	15,009	15,633	15,226	63,368	59,009
EBITDA Margin (%)	16.4	18.8	19.3	18.4	15.2	16.5	16.2	15.9	18.2	16.0
EBIT Margin (%)	13.0	15.3	16.1	15.4	11.5	12.8	12.2	11.8	15.0	12.1
Other income	1,114	1,751	806	1,671	3,413	2,163	3,496	814	5,342	9,886
Interest expense	305	388	358	281	454	383	550	869	1,332	2,256
ETR (%)	21.2	26.8	17.8	23.5	25.7	16.9	24.6	25.5	22.4	23.1
PAT excl. BT amort & EOI	8,979	10,642	12,029	11,325	9,593	11,239	11,459	8,516	42,975	40,807
QoQ (%)	-26.5	18.5	13.0	-5.9	-15.3	17.2	2.0	-25.7		
YoY (%)	12.4	27.3	27.7	-7.3	6.8	5.6	-4.7	-24.8	13.1	-5.0
EPS (INR)	10.1	11.9	13.5	12.6	10.9	12.8	13.0	9.7	47.7	52.0
Headcount	1,13,552	1,18,391	1,21,842	1,21,082	1,25,773	1,31,522	1,30,839	1,30,309	1,21,082	1,30,309
Util excl. trainees (%)	81.0	81.0	82.0	82.0	80.0	82.0	84.0	82.0	81.5	82.0
Attrition (%)	19.0	20.0	21.0	21.0	21.0	21.0	20.0	0.0		
Offshore rev. (%)	33.4	35.5	34.5	34.8	34.7	34.6	34.7	34.4	34.5	34.6

E: MOFSL Estimates

Wipro**Neutral****CMP INR 187 | TP: INR 198 (+6%)****EPS CHANGE (%): FY21|22: -11.4|-6.7**

- Expect 4QFY20 to be impacted by lockdowns
- Outlook on energy vertical is a key monitorable
- Margin commentary should be a key area of focus
- Progress on CEO hiring is a key thing to watch out for

Quarterly Performance (IFRS)

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
IT Services Revenue (USD m)	1,989	2,010	2,047	2,076	2,039	2,049	2,095	2,075	8,120	8,257
QoQ (%)	-1.5	1.0	1.8	1.4	-1.8	0.5	2.2	-1.0	2.9	1.7
Overall Revenue (INR m)	1,39,777	1,45,410	1,50,595	1,50,063	1,47,161	1,51,256	1,54,705	1,53,756	5,85,845	6,06,878
QoQ (%)	1.5	4.0	3.6	-0.4	-1.9	2.8	2.3	-0.6		
YoY (%)	2.6	8.3	10.2	9.0	5.3	4.0	2.7	2.5	7.5	3.6
GPM (%)	28.2	30.0	31.0	28.7	29.1	28.6	29.1	28.9	29.5	28.9
SGA (%)	13.9	13.3	12.5	11.8	13.0	11.3	12.0	12.0	12.9	12.1
EBITDA	24,343	28,641	32,929	31,053	28,771	30,908	31,800	31,261	1,16,966	1,22,740
EBITDA Margin (%)	17.4	19.7	21.9	20.7	19.6	20.4	20.6	20.3	20.0	20.2
IT Serv. EBIT (%)	17.2	15.0	19.8	19.0	18.4	18.1	18.4	18.2	17.8	18.3
EBIT Margin (%)	14.3	16.7	18.4	17.0	16.2	17.3	17.1	16.9	16.6	16.9
Other income	4,319	5,053	4,646	6,560	6,221	5,251	4,253	3,595	20,578	19,320
ETR (%)	24.1	22.1	21.5	22.1	22.3	18.3	20.0	20.5	22.3	20.3
PAT	18,407	22,860	25,444	24,937	23,322	25,612	24,629	23,562	91,648	97,125
QoQ (%)	-8.4	24.2	11.3	-2.0	-6.5	9.8	-3.8	-4.3		
YoY (%)	-11.6	4.4	12.9	24.2	26.7	12.0	-3.2	-5.5	7.4	6.0
EPS (INR)	3.5	2.9	4.2	4.1	4.0	4.3	4.3	4.1	14.8	17.2
Headcount	1,60,846	1,71,451	1,72,379	1,71,425	1,74,850	1,81,453	1,87,318	1,71,425	1,71,425	1,89,703
Util excl. trainees (%)	85.2	85.5	83.2	85.4	85.0	82.1	79.6		79.6	
Attrition (%)	17.1	17.5	17.9	17.6	17.6	17.0	15.7		17.6	

E: MOFSL Estimates

Zensar Technologies**Neutral****CMP INR 94 | TP: INR 99 (+6%)****EPS CHANGE (%): FY21|22: -10.7|-11.1**

- Impact on 4QFY20 due to COVID-19 lockdowns
- Expected receivable impact is a key thing to watch out for
- Expect a sharp hit on the retail vertical
- FY21 growth/margins should be the key focus areas

Quarterly Performance

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	132	135	142	149	153	152	143	140	557	589
QoQ (%)	4.1	2.4	5.1	4.9	3.1	-0.7	-5.9	-2.4	15.6	5.7
Revenue (INR m)	8,827	9,465	10,220	10,476	10,661	10,723	10,206	10,070	38,988	41,660
YoY (%)	19.8	24.1	28.8	28.6	20.8	13.3	-0.1	-3.9	29.7	6.9
GPM (%)	31.1	29.4	27.5	28.9	29.4	29.1	23.6	25.7	29.1	27.0
SGA (%)	16.5	16.5	16.0	15.7	15.2	15.1	16.8	15.0	16.1	15.5
EBITDA	1,252	1,275	1,171	1,381	1,515	1,500	696	1,080	5,079	4,792
EBITDA Margin (%)	14.2	13.5	11.5	13.2	14.2	14.0	6.8	10.7	13.0	11.5
EBIT Margin (%)	12.1	11.1	9.1	10.8	10.7	10.4	2.8	7.0	10.7	7.8
Other income	169	391	5	228	146	181	397	295	793	1,019
ETR (%)	27.8	28.1	28.0	29.9	28.4	28.5	25.5	28.5	28.5	28.0
PAT	836	951	587	870	787	799	397	634	3,244	2,617
QoQ (%)	15.1	13.8	-38.3	48.3	-9.6	1.5	-50.3	59.7		
YoY (%)	77.1	52.1	-0.7	19.9	-5.8	-16.0	-32.3	-27.1	40.6	-19.3
EPS (INR)	3.7	4.2	2.6	3.9	3.5	3.5	1.8	2.8	14.4	11.5
Headcount	8,790	9,138	9,456	9,748	10,166	10,219	9,951	9,741	9,748	9,741
Utilization (%)	85.8	82.6	81.7	83.4	82.4	84.1	81.0		83.4	81.9
Offshore rev. (%)	35.4	33.6	32.6	32.6	31.9	33.3	32.4		33.5	32.4

E: MOFSL Estimates

Telecom

Company Name

Bharti Airtel

Bharti Infratel

Tata Communications

Vodafone Idea

COVID-19 to have minimal impact

At a time when most sectors are bearing the brunt of nationwide lockdown due to the COVID-19 outbreak, telecommunications companies (telcos) appear to be witnessing a limited impact, especially in 4QFY20. We believe there could be some revenue loss from low average revenue per user (ARPU) feature phone subscribers as they rely on the physical mode of recharge. Telcos have also extended the validity period for low ARPU subscribers, which may reflect in 1QFY21 with a merely ~2% revenue impact. Recharge upgrades from smartphone subscribers, owing to increased data usage on account of organizations' work-from-home policies, are likely to offset the impact on physical recharges for low ARPU subscribers. This growing data usage could increase the burden on telcos' already over-utilized network capacity. Although capacity could increase via various means, such as sector re-farming and the use of massive MIMO, increased data demand, along with market share gains from VIL, could increase BHARTI's capex by INR10–20b in 4QFY20.

Price hike benefits should continue to accrue

In Dec'19 telcos took a price hike of ~25%. The partial benefit of the move was reflected in the earnings growth in 3QFY20. Given the longer three-month validity of the recharge, we expect the major benefit of the price hike to accrue in 4QFY20 as most subscribers on bundled plans had validities lasting beyond Dec'19. This, coupled with the improving mix of MBB subscribers, is estimated to improve BHARTI/VIL's ARPU by ~9% to INR147/INR131. Rjio's ARPU is likely to improve 7% to INR138, led by a higher mix of low ARPU Jiophone subscribers and the company's aggressive strategy to push for old plans before the price hike. This surge in ARPU is expected to drive a strong incremental EBITDA margin of 60%/65%/50% for BHARTI/VIL/Rjio (Rjio's lower margin could be due to higher network expenses).

Subscriber market share shifts to BHARTI/Rjio from VIL

Following Rjio's move to pass IUC charges to customers in Oct'19, a shift in subscribers was witnessed from Rjio to BHARTI/VIL. However, this is expected to have stabilized by Dec'19, with BHARTI/Rjio resuming the previous pace of 1m/7m monthly net subscriber additions during Jan–Feb'20 at VIL's expense as subscribers turned wary of VIL's survival risk and poor network quality. Net subscribers' transition to BHARTI/Rjio is expected to have come to a standstill in Mar'20 due to the COVID-19 outbreak and subsequent lockdown. Thus, BHARTI/Rjio should add 0.4%/1.9% net subscribers in 4QFY20, while VIL should witness a subscriber churn of 5%. Also, BHARTI's 4g subscriber additions are expected to remain steady at a monthly rate of 2.5–3m.

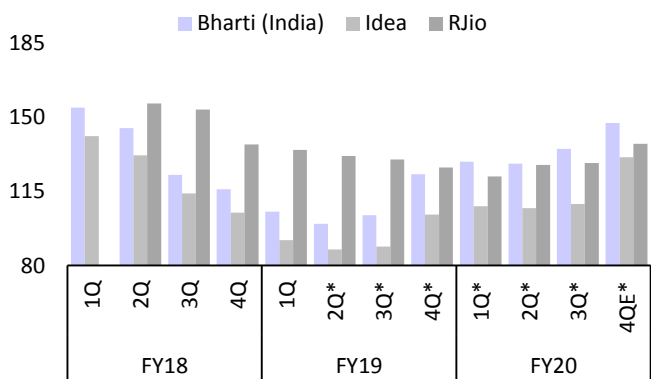
AGR overhang remains on incumbents

Lastly, repayment of adjusted gross revenue (AGR) remains an overhang for incumbents. In its last hearing, the Supreme Court (SC) ruled out any possibility of reassessment or self-assessment of AGR dues, thus significantly increasing incumbents' AGR liability. In a little relief, the SC has not entirely ruled out the possibility of a moratorium and would hear the DoT's plea to allow staggered payments by telcos in the next hearing, initially to be scheduled within two weeks of the previous hearing, but uncertain in the ongoing lockdown.

Exhibit 1: Expected quarterly performance summary

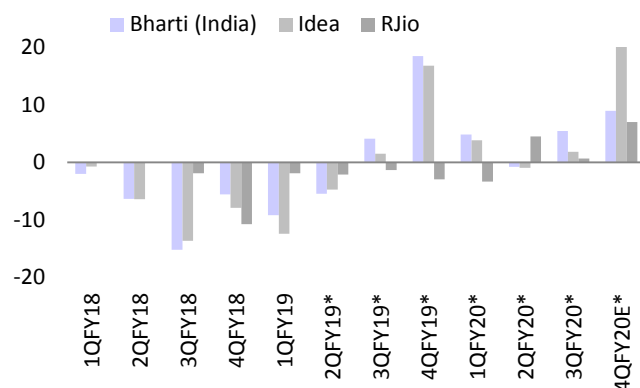
Sector	CMP		Sales (INR M)			EBDITA (INR M)			Net Profit (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
Bharti Airtel	510	Buy	2,32,573	12.9	6.0	1,00,863	52.1	8.8	-3,820	Loss	Loss
Bharti Infratel	174	Neutral	36,203	0.6	0.5	15,059	1.0	2.0	6,897	13.5	-7.6
Tata Comm	356	Neutral	43,107	1.6	1.9	8,271	20.7	8.7	1,403	LP	138.4
Vodafone Idea	4	Buy	1,16,661	-0.9	5.2	37,925	112.4	10.9	-44,739	Loss	Loss
Sector Aggregate			4,28,544	6.5	4.9	1,62,119	53.0	8.6	-40,259	Loss	Loss

Exhibit 2: Player-wise QoQ ARPU trend (INR)



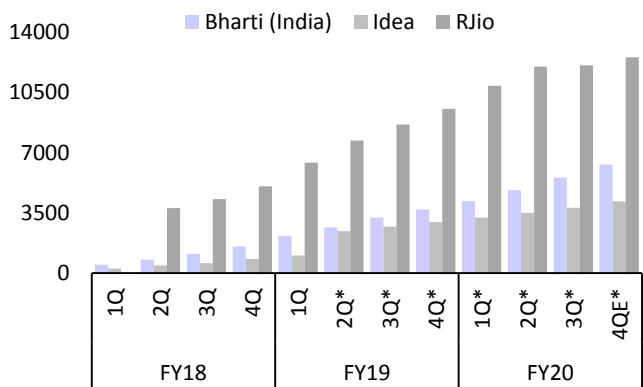
*Represents Vodafone Idea merged co-performance
Source: Company, MOFSL

Exhibit 3: Player-wise QoQ ARPU growth trend (%)



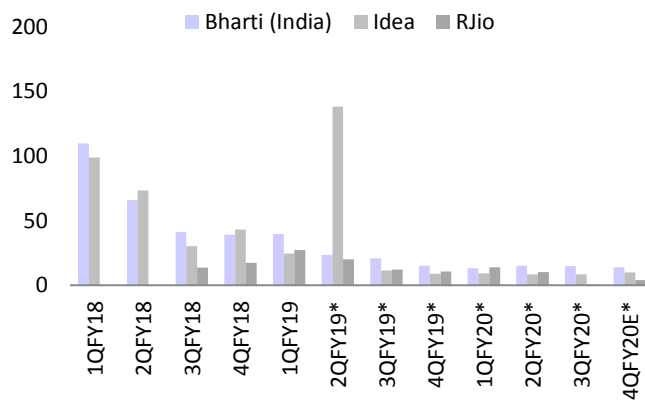
*Represents Vodafone Idea merged co-performance
Source: Company, MOFSL

Exhibit 4: Player-wise QoQ data traffic trend (b Mb)



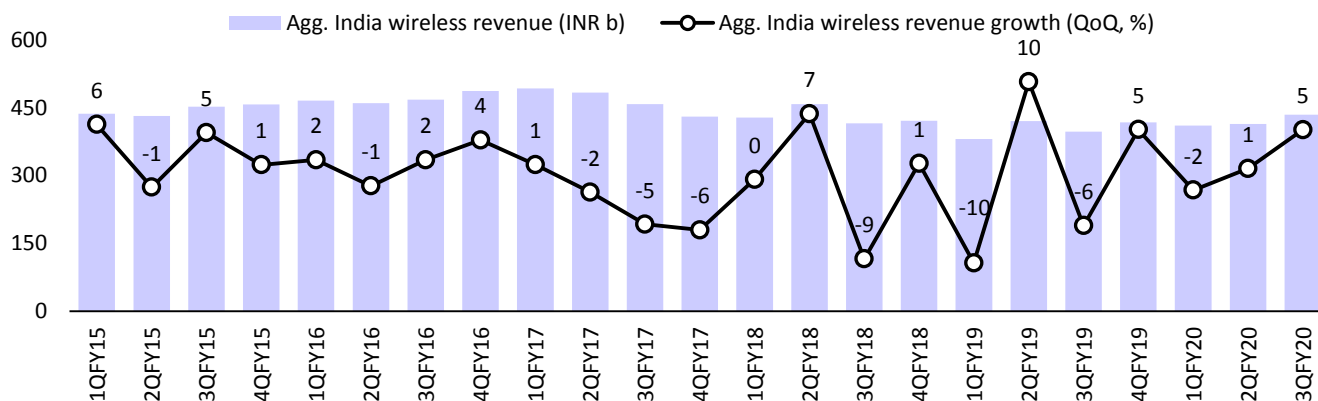
*Represents Vodafone Idea merged co-performance
Source: Company, MOFSL

Exhibit 5: Player-wise QoQ data traffic growth trend (%)



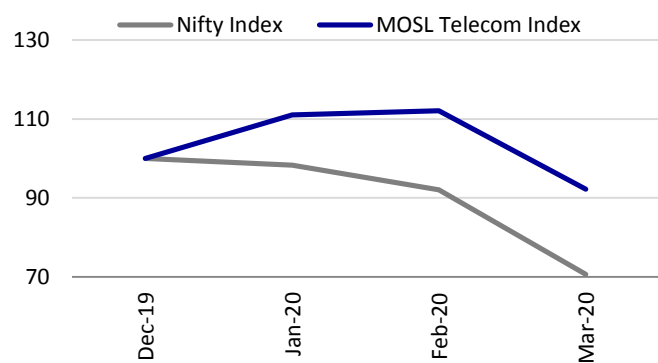
*Represents Vodafone Idea merged co-performance
Source: Company, MOFSL

Exhibit 6: Aggregate India wireless revenue and growth trend (QoQ, %)



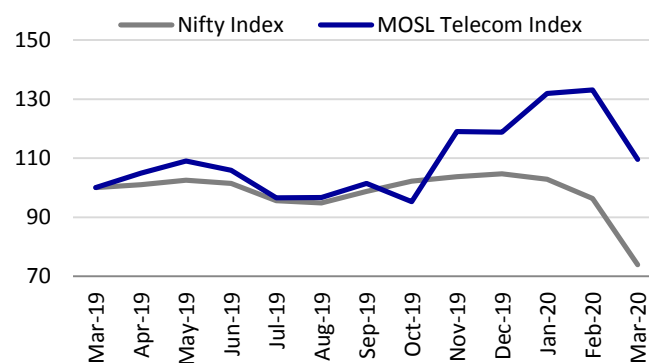
Source: TRAI, MOFSL

Exhibit 7: Relative performance – 3M (%)



Source: Bloomberg, MOFSL

Exhibit 8: Relative performance – 1Y (%)



Source: Bloomberg, MOFSL

Exhibit 9: Comparative valuation

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Telecom						-16	-37	-46.1	2.9	3.2	3.6	-18.2	-8.7	-7.7
Bharti Airtel	510	Buy	-7.3	3.7	4.9	-69.8	136.3	103.2	3.3	3.3	3.2	-5.1	2.4	3.1
Bharti Infratel	174	Neutral	17.5	17.0	18.6	9.9	10.2	9.3	2.2	2.2	2.2	22.3	21.7	23.6
Tata Comm	356	Neutral	11.9	25.5	37.9	30.0	13.9	9.4	68.8	11.6	5.2	-1,974	142.3	76.4
Vodafone Idea	4	Buy	-7.2	-5.2	-5.0	-0.6	-0.8	-0.8	0.7	4.1	-1.1	-53.4	-143.0	340.0

Source: Company, MOFSL

Exhibit 10: Wireless KPI comparison

	FY18				FY19				FY20				YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4QE*		
EOP Wireless SUBS (m)														
Bharti (India)	281	282	290	304	345	333	284	283	277	279	283	284	0.5	0.4
Idea	189	182	189	195	188	422	387	334	320	311	304	288	-13.9	-5.4
RJio	123	139	160	187	215	252	280	307	331	355	370	384	25.2	3.8
Avg. Wireless Subs (m)														
Bharti (India)	277	281	286	297	324	339	308	283	280	278	281	284	0.0	0.8
Idea	189	186	185	192	191	305	405	361	327	316	308	296	-18.0	-3.8
RJio	116	131	149	173	201	234	266	293	319	343	363	377	28.5	4.0
ARPU (INR/month)														
Bharti (India)	154	145	123	116	105	100	104	123	129	128	135	147	19.6	9.0
Idea	141	132	114	105	92	88	89	104	108	107	109	131	26.0	20.2
RJio		156	154	137	135	132	130	126	122	128	128	137	8.9	7.1
MOU/Sub (min)														
Bharti (India)	507	518	575	670	701	694	726	858	888	848	898	907	5.7	1.0
Idea	441	459	509	577	609	568	580	662	690	669	674	681	2.8	1.0
RJio		625	694	716	744	761	794	823	821	789	760	760	-7.7	0.0
Wireless traffic (B min)														
Bharti (India)	422	437	495	593	684	693	703	731	737	717	759	771	5.5	1.7
Idea	251	255	283	330	350	731	712	703	676	631	624	604	-14.1	-3.3
RJio		246	311	372	449	534	634	724	786	813	826	859	18.7	4.0
Data usage/Sub (Mb)														
Bharti (India)	2,611	4,087	5,349	6,585	7,864	9,221	10,528	11,048	11,930	13,116	13,928	14,627	32.4	5.0
Idea	2,204	3,805	4,742	6,065	7,309	5,740	6,324	6,716	7,417	8,209	8,951	9,399	40.0	5.0
RJio		9,620	9,600	9,700	10,649	10,992	10,819	10,861	11,390	11,673	11,105	11,105	2.2	0.0
Data traffic (B mb)														
Bharti (India)	472	784	1,106	1,540	2,151	2,660	3,217	3,705	4,192	4,829	5,547	6,318	70.5	13.9
Idea	253	439	571	818	1,018	2,426	2,705	2,947	3,222	3,492	3,790	4,164	41.3	9.9
RJio		3,780	4,301	5,044	6,420	7,710	8,640	9,560	10,900	12,020	12,080	12,560	31.4	4.0

*Represents Vodafone Idea merged co-performance

Source: Company, MOFSL

Exhibit 11: Quarterly financials

	FY18				FY19				FY20				YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4QE*		
Revenue (INR b)														
Bharti (India wireless)	129	122	108	104	105	103	102	106	109	110	112	123	15.6	10.1
Bharti (consolidated)	220	218	203	194	201	204	202	206	207	211	219	233	12.9	6.0
Idea	82	75	65	61	59	77	118	118	113	108	111	117	-0.9	5.2
RJio		61	69	71	81	92	109	111	117	131	140	155	40.0	11.3
EBITDA (INR b)														
Bharti (India wireless)	44	42	35	29	28	21	19	26	39	40	40	51	96.9	25.9
Bharti (consolidated)	78	79	75	69	67	62	62	66	83	89	93	101	52.1	8.8
Idea	19	15	12	14	7	5	11	18	37	33	34	38	112.4	10.9
RJio		14	26	27	31	36	41	43	47	51	56	63	46.4	13.4
EBITDA Margin (%)														
Bharti (India wireless)	34.3	34.4	32.6	28.4	26.3	20.9	19.1	24.1	35.7	36.3	35.9	41.1	1696bps	517bps
Bharti (consolidated)	35.3	36.4	36.8	35.7	33.5	30.6	30.7	32.2	39.9	41.9	42.2	43.4	1118bps	114bps
Idea	23.0	20.1	18.8	23.6	11.2	6.0	9.7	15.2	32.4	30.9	30.8	32.5	1735bps	166bps
RJio		23.5	38.2	37.8	38.8	38.7	37.2	39.0	40.0	39.1	40.0	40.7	178bps	76bps
PAT (INR b)														
Bharti (consolidated)	4	3	3	1	1	1	1	1	(28.7)	(230.4)	(10.4)	(3.8)	NM	NM
Idea	(8.1)	(11.1)	(12.8)	(9.6)	3	(49.7)	(50.0)	(48.8)	(48.7)	(509.2)	(64.4)	(44.7)	NM	NM
RJio		(2.7)	5	5	6	7	8	8	9	10	14	18	109.5	30.4
EPS (INR)														
Bharti	0.9	0.9	0.8	0.2	0.2	0.3	0.2	0.3	(5.6)	(44.9)	(2.0)	(0.7)	NM	NM
Idea	(2.3)	(3.1)	(3.6)	(2.5)	0.6	(5.7)	(5.7)	(5.6)	(5.6)	(58.3)	(7.4)	(5.1)	NM	NM
RJio	0.0	(0.1)	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.4	109.5	30.4

*Represents Vodafone Idea merged co performance Source: Company, MOFSL

The tables below provide a snapshot of the actual and estimated numbers of companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Bharti Airtel**Buy**

CMP INR 510 | TP: INR620 (+22%)

EPS CHANGE (%): FY21 | 22: -3.6 | -0.8

- Incremental India wireless capex to increase by INR10b/INR20b due to the COVID-19 outbreak.
- Estimate 60% EBITDA margin on incremental revenue.
- Expect healthy subscriber additions over Jan–Feb'20, with flat subscribers in Mar'20 (due to COVID-19).
- Major price increase benefits are to accrue in 4QFY20.

Consol. - Quarterly Earnings Model

(INR b)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	201	204	202	206	207	211	219	233	808	871
YoY Change (%)	-8.6	-6.2	-0.4	6.2	3.3	3.5	8.5	12.9	-2.2	7.8
Total Expenditure	134	142	140	140	125	123	127	132	550	506
EBITDA	67	62	62	66	83	89	93	101	258	365
YoY Change (%)	-13.3	-21.2	-16.7	-4.3	23.1	41.9	49.0	52.1	-14.2	41.3
Depreciation	51	52	55	55	68	69	69	70	213	277
Net Finance cost	21	30	19	25	32	29	30	29	96	120
Other Income	3	1	0	1	1	4	2	2	5	9
PBT before EO expense	-3	-19	-12	-13	-15	-6	-5	3	-47	-23
PBT	-6	-20	2	7	-30	-313	-15	3	-17	-355
Tax	-11	-22	-2	1	-6	-85	-10	1	-34	-100
Rate (%)	174.1	112.5	-91.1	19.3	20.2	27.1	69.1	40.0	197.4	28.2
Minority Interest & P/L of Asso. Cos.	4	1	3	5	5	2	6	6	13	18
Reported PAT	1	1	1	1	-29	-230	-10	-4	4	-273
Adj PAT	-3	-10	-10	-12	-14	-11	-11	-4	-35	-40
YoY Change (%)	-174.0	-304.3	-339.7	-1,524.1	366.1	16.4	3.8	-67.9	-350.3	14.1

E: MOFSL Estimates

Bharti Infratel**Neutral**

CMP INR 174 | TP: INR189 (+8%)

EPS CHANGE (%): FY21 | 22: 0.0 | 0.0

- Expect tenancy/rental rates to remain flat QoQ.
- Estimate average sharing factor to remain flat.
- Estimate energy EBITDA to grow at 35% on a lower base.
- Watch out for updates on the merger completion.

Quarterly Performance

(INR m)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
(Consolidated)										
Revenue from operations	36,735	36,683	36,402	36,003	36,297	35,612	36,028	36,203	1,45,823	1,44,138
YoY Change (%)	4.2	0.6	-0.4	-1.7	-1.2	-2.9	-1.0	0.6	8.6	-1.2
Total Expenditure	21,539	21,819	21,361	21,092	21,298	20,817	21,264	21,143	85,811	84,522
EBITDA	15,196	14,864	15,041	14,911	14,999	14,795	14,764	15,059	60,012	59,615
YoY Change (%)	-3.5	-7.9	-5.9	-6.4	-1.3	-0.5	-1.8	1.0	1.8	-0.7
Depreciation	5,389	5,625	5,727	5,498	5,390	5,284	4,908	6,005	22,239	21,587
Interest	-285	-442	-601	-243	-118	58	170	170	-1,571	280
Other Income	609	557	460	408	651	349	336	332	2,034	1,668
PBT	10,701	9,881	10,375	10,064	10,378	9,802	10,022	9,217	41,021	39,417
Tax	4,321	3,883	3,891	3,988	1,946	140	2,557	2,320	16,083	6,963
Rate (%)	40.4	39.3	37.5	39.6	18.8	1.4	25.5	25.2	39.2	17.7
Reported PAT	6,380	5,998	6,484	6,076	8,432	9,662	7,465	6,897	24,938	32,454
Adj PAT	6,380	6,215	6,484	6,076	8,432	9,662	7,465	6,897	25,155	32,454
YoY Change (%)	-3.9	-2.7	10.8	-4.3	32.2	55.5	15.1	13.5	-8.4	29.0

E: MOFSL Estimates

Tata Communications**Neutral**

CMP INR 356 | TP: INR375 (+5%)

EPS CHANGE (%): FY21|22: 0|0

- Expect voice revenue to continue declining.
- The transformation business is to turn profitable.
- COVID-19 has marginally impacted some businesses.
- Watch out for the outlook for the innovation segment.

Cons. Quarterly Earning Model

(INR m)

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	39,438	40,682	42,695	42,435	41,686	42,728	42,287	43,107	1,65,250	1,69,811
YoY Change (%)	-8.5	-4.2	3.8	5.0	5.7	5.0	-1.0	1.6	-1.5	2.8
Total Expenditure	33,569	34,381	34,269	35,583	33,430	34,391	34,679	34,836	1,37,801	1,37,336
EBITDA	5,869	6,302	8,426	6,853	8,256	8,337	7,608	8,271	27,449	32,475
YoY Change (%)	5.1	6.0	37.5	16.7	40.7	32.3	-9.7	20.7	13.8	18.3
Depreciation	4,849	5,006	5,235	5,587	5,522	5,583	5,605	5,683	20,676	22,393
Interest	909	979	1,040	1,039	1,157	1,157	1,161	1,159	3,966	4,635
Other Income	-70	86	192	395	88	95	140	420	603	743
PBT before EO expense	41	404	2,343	622	1,666	1,692	981	1,849	3,410	6,191
Exceptional (gain)/loss	0	-16	0	-7	65	59	0	0	-22	124
PBT	41	419	2,343	629	1,601	1,632	981	1,849	3,432	6,067
Tax	641	418	667	1,007	852	1,107	406	610	2,733	2,975
Rate (%)	1,560.6	99.6	28.5	160.1	53.2	67.8	41.3	33.0	79.6	49.0
MI & P/L of Asso. Cos.	-15	-15	-58	1,610	-18	-14	-13	-164	1,523	-202
Reported PAT	-585	16	1,733	-1,988	766	539	588	1,403	-824	3,293
Adj PAT	-585	1	231	-271	796	598	588	1,403	-624	3,386
YoY Change (%)	NM	NM	NM	-166.0	NM	74,687.5	154.7	NM	NM	NM

E: MOFSL Estimates

Vodafone Idea**Buy**

CMP INR 4

EPS CHANGE (%): FY21|22: NM|NM

- Major price increase benefits to accrue in 4QFY20.
- Estimate 65% EBITDA margin on incremental revenue.
- Expect subscriber churn of 5% over Jan–Feb'20, with flat subscribers in Mar'20.
- Watch out for the commentary on AGR liability.

Consol. - Quarterly Earnings Model

(INR b)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	59	77	118	118	113	108	111	117	371	449
YoY Change (%)	-27.9	2.7	80.7	91.9	91.4	41.5	-5.7	-0.9	31.2	21.0
Total Expenditure	52	72	106	100	76	75	77	79	330	307
EBITDA	7	5	11	18	37	33	34	38	40	142
YoY Change (%)	-64.8	-69.3	-7.1	23.4	453.5	625.4	200.9	112.4	-33.1	251.4
Depreciation	21	30	48	47	61	63	59	70	145	253
Share in Profits from Associates	1	0	0	1	1	1	1	1	2	4
Net Finance Costs	14	20	26	28	34	34	34	34	87	136
PBT before EO expense	-28	-45	-62	-56	-59	-62	-58	-64	-190	-243
Extra-Ord expense	-34	6	8	11	8	308	6	0	-9	322
PBT	6	-50	-70	-68	-67	-370	-64	-64	-182	-565
Tax	4	0	-20	-19	-18	140	0	-19	-36	102
Rate (%)	57.7	0.9	28.5	27.8	27.0	-37.8	-0.3	30.3	19.7	-18.1
Reported PAT	3	-50	-50	-49	-49	-509	-64	-45	-146	-667
Adj PAT	-14	-45	-62	-41	-42	-62	-58	-45	-161	-207
YoY Change (%)	75.9	302.4	383.1	321.6	195.4	38.9	-6.4	10.3	287.4	28.2

E: MOFSL Estimates

Utilities

Company name

CESC
Coal India
JSW Energy
NHPC
NTPC
Power Grid Corp.
Tata Power
Torrent Power

Power demand impacted post lockdown

Regulated entities relatively insulated; Prefer NTPC and Power Grid

After a fairly muted 3QFY20, power demand showed signs of recovery in the first two months of 4QFY20. Both Electricity/Coal-based generation increased 6.8%/5.3% YoY in Jan-Feb'20. However, a country-wide lockdown imposed in the latter half of Mar'20 changed the scenario, resulting in generation plummeting.

For the first 21 days of Mar'20, demand was up 2.5%. In contrast, data over 22nd - 31st Mar'20 indicates that demand has declined ~21% v/s daily 3-year averages (2017-19). The dip could be largely attributed to the lockdown's impact on a large section of Industrial and Commercial consumers, which account for ~50% of India's power demand. Furthermore, given the must-run status for renewables in the country, the brunt of the demand decline is being borne by Coal-based plants. While generation from Coal-based plants has declined ~33% YoY (over 22nd -31st Mar'20), its implications are being felt on short-term prices and volumes as well, which have declined.

Coal India's production has recovered post the heavy monsoon season. However, off-take has been muted given the reduced power demand situation. Accordingly, inventory at both coal mines and power plants has risen (a general trend at the onset of the summer season), but remains higher than usual. This though has meant a continued recovery in coal availability for NTPC's plants, particularly within the Korba coalfield (Sipat, Korba Stg.-III). With improving coal availability, we expect INR1.5b of fixed cost recoveries in this quarter for NTPC. However, we expect NTPC's adj. PAT (excluding FC u/r) to decline ~9% YoY to ~INR28.8b on the back of lower late payment surcharge recognition YoY. Coal India's EBITDA (ex-OBR) is expected to decrease ~45% YoY to INR56.8b due to lower e-auction volumes and overall realizations. PAT should decline ~63% YoY to INR22.3b.

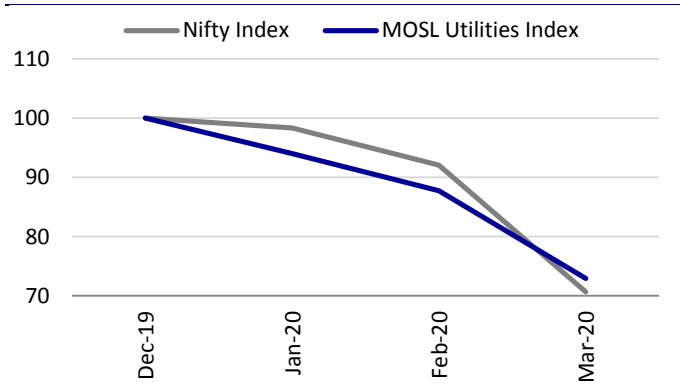
Power Grid's Adj. PAT is expected to remain muted at ~2% YoY to INR27.1b on account of the previous year's high base. NHPC's adj. PAT should see a sharp YoY rise to INR3.5b (v/s 4QFY19's INR36m) on a low base as the previous year included non-pass through of Lower Subansiri costs and higher operating expense. CESC's standalone PAT growth should remain muted as the Regulator has not approved the tariff hike. Tata Power's adj. PAT is expected to come in at INR2.2b (v/s 4QFY19's INR2.3b) on better working of the Mundra-Coal JV hedge offset by lower standalone and Solar EPC performance. Torrent Power's adj. PAT is expected at INR0.8b.

Top picks – NTPC and Power Grid

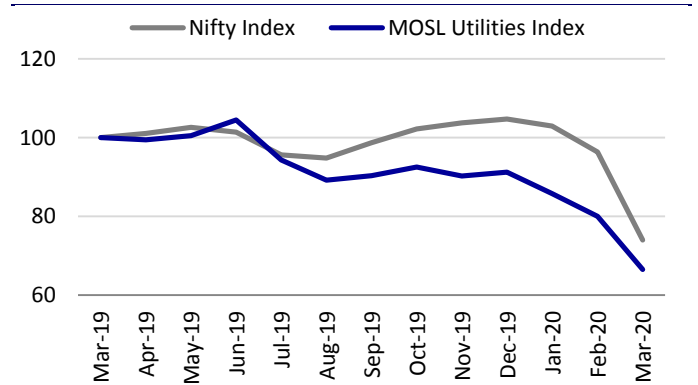
Given the plunge in power demand, we expect WC/cash issues to materialize within the power sector's value chain. However, regulated entities remain relatively insulated to external demand. Further, CERC's recent order provides compensation to CERC regulated entities (NTPC, Power Grid and NHPC) for such a stretch in receivables. Amid the recent decline in stock prices of NTPC and PWGR, 1-year forward valuations (NTPC P/BV: 0.6x and PWGR P/BV: 1.2x) are near all-time lows. Accordingly, NTPC and Power Grid are our top picks within the sector. Given the relative stable and regulated nature of such businesses, we see little impact on their existing earnings base during such times.

Exhibit 1: Expected quarterly performance summary

Sector	CMP		Sales (INR M)			EBDITA (INR M)			Net Profit (INR M)		
	(INR)	RECO	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ	Mar-20	Var % YoY	Var % QoQ
Utilities											
CESC	505	Buy	16,770	0.9	1.8	7,457	397.2	169.2	3,125	1.1	77.6
Coal India	147	Buy	2,56,955	-10.0	10.8	56,832	-45.5	-8.1	22,326	-63.0	-43.1
JSW Energy	41	Buy	18,425	-4.3	-5.4	5,487	15.1	-14.0	152	293.9	-88.1
NHPC	22	Neutral	17,400	19.0	-3.1	8,521	72.3	-8.2	3,549	9,690.6	-12.1
NTPC	90	Buy	1,78,299	-20.6	-28.9	57,121	-2.9	-33.4	29,366	-7.5	1.3
Power Grid Corp.	160	Buy	92,434	-5.0	-1.2	86,139	3.7	4.6	27,123	1.5	2.2
Tata Power	35	Neutral	67,051	-7.3	-5.2	13,088	-3.0	-27.5	2,203	-6.0	33.7
Torrent Power	297	Buy	28,593	-2.2	-7.1	7,364	3.7	-12.4	775	223.6	-81.5
Sector Aggregate			6,75,926	-11.0	-7.6	2,42,010	-12.9	-11.9	88,619	-28.8	-17.7

Exhibit 2: Relative performance—3m (%)

Source: Bloomberg, MOFSL

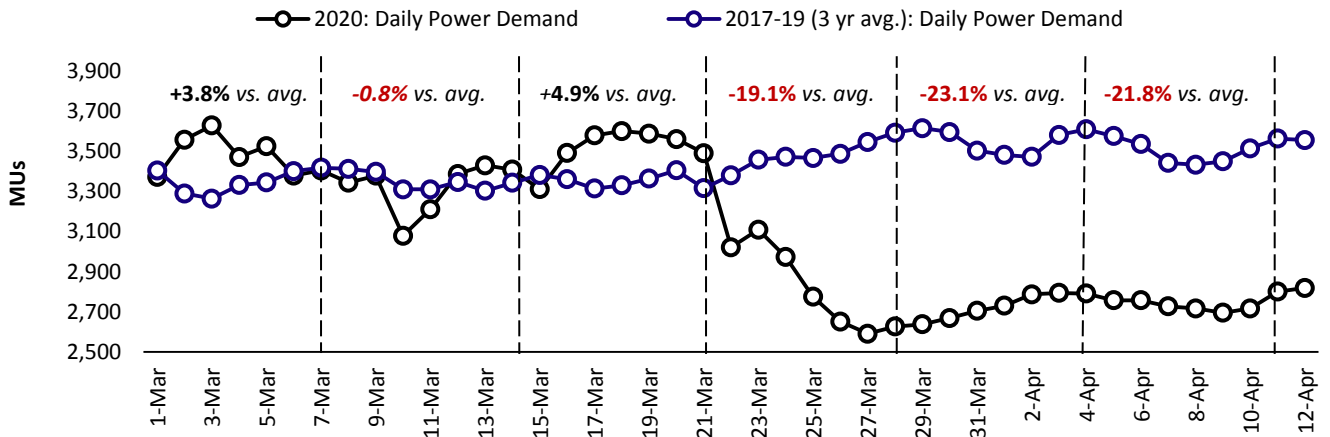
Exhibit 3: Relative performance—1Yr (%)

Source: Bloomberg, MOFSL

Exhibit 4: Comparative valuation

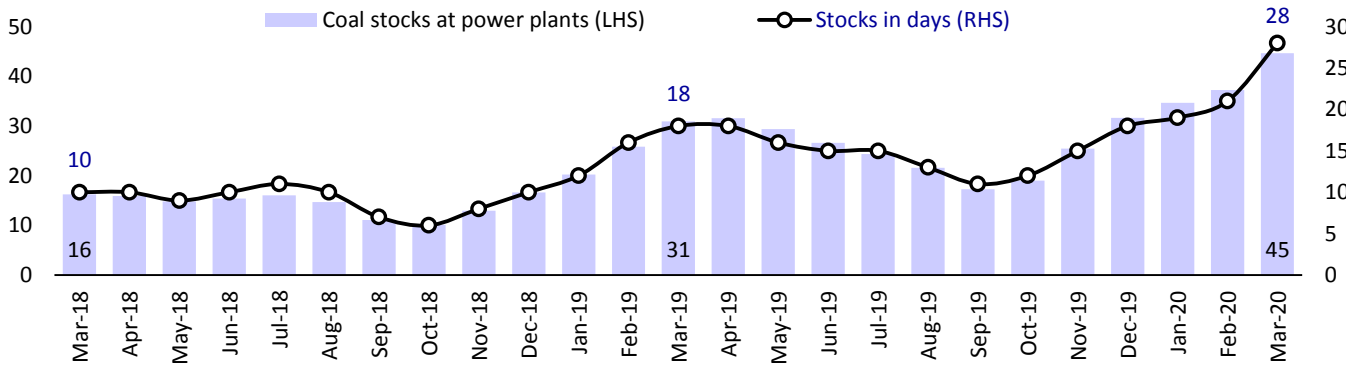
Company Name	CMP		EPS (INR)			PE (x)			PB (x)			RoE (%)		
	INR	Reco	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Utilities						7.2	7.3	5.9	1.1	1.0	0.9	15.2	13.8	15.9
CESC	505	Buy	94.2	84.5	100.1	5.4	6.0	5.0	0.7	0.6	0.6	13.3	10.9	12.0
Coal India	147	Buy	23.2	18.0	29.9	6.3	8.2	4.9	2.8	2.5	2.1	44.5	30.3	42.8
JSW Energy	41	Buy	4.1	3.6	4.5	9.9	11.2	9.0	0.5	0.5	0.5	5.6	4.8	5.8
NHPC	22	Neutral	3.0	2.9	3.0	7.3	7.6	7.5	0.7	0.7	0.6	9.6	8.8	8.6
NTPC	90	Buy	13.2	14.6	16.3	6.8	6.1	5.5	0.8	0.7	0.7	11.4	11.9	12.3
Power Grid Corp.	160	Buy	20.4	22.1	24.3	7.8	7.2	6.6	1.3	1.2	1.1	17.3	17.0	17.3
Tata Power	35	Neutral	3.8	4.1	4.2	9.4	8.6	8.4	0.6	0.5	0.5	6.0	6.4	6.2
Torrent Power	297	Buy	23.8	25.8	30.0	12.5	11.5	9.9	1.5	1.3	1.2	12.1	12.0	12.7

Exhibit 5: India's power demand has declined sharply post the nation-wide lockdown



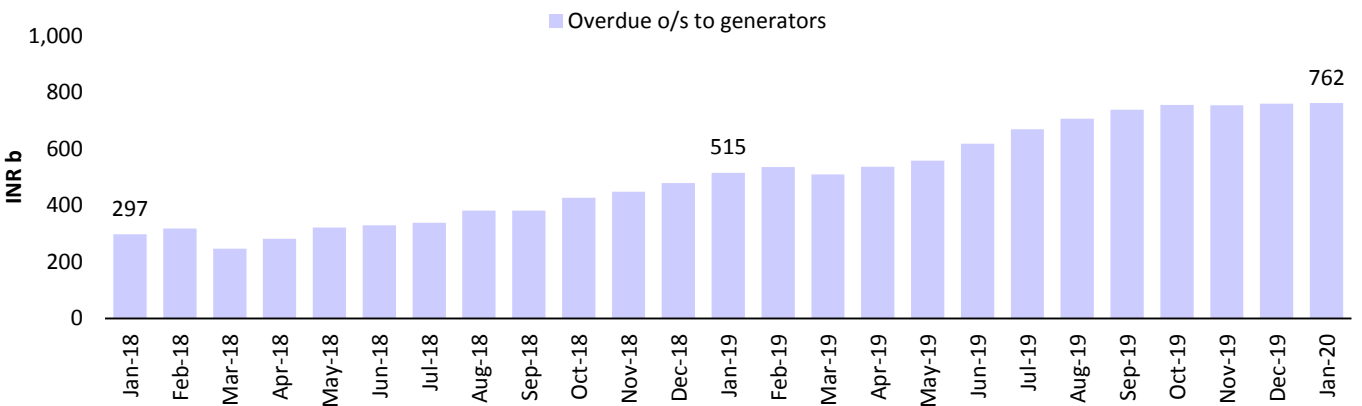
Source: MOFSL, NLDC

Exhibit 6: Coal stocks at power plants remain high; with sharp decline in demand, Coal India's off-take would be impacted



Source: MOFSL, Ministry of Power

Exhibit 7: DISCOM's over-dues to generators have risen; Lower demand to impact cash position of DISCOMs and further stretch receivables for generators



Source: MOFSL, Ministry of Power

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

CESC**Buy****CMP INR 505 | TP: INR 761 (+51%)****EPS CHANGE (%): FY20|21: No Change/-12.3**

- PAT growth to be muted on delay in tariff hike approval.
- Watch out for performance of DFs.
- Watch out for sales in distribution circles.
- Off-take from Dhariwal's PPA key monitorable.

Quarterly performance**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	21,650	22,200	17,070	16,620	23,590	22,460	16,480	16,770	77,540	79,300
EBITDA	4,960	5,110	2,010	1,500	4,420	4,630	2,770	7,457	13,576	19,277
Change (%)	-18.3	1.2	-36.0	-28.2	-10.9	-9.4	37.1	397.2	-17.5	42.0
As of % Sales	22.9	23.0	11.8	9.0	18.7	20.6	16.8	44.5	17.5	24.3
Depreciation	1,100	1,110	1,090	1,030	1,090	1,080	1,100	1,218	4,326	4,488
Interest	1,200	1,200	1,170	1,090	1,300	1,270	1,170	861	4,664	4,601
Other Income	200	280	450	720	230	450	290	799	1,649	1,769
Regulatory (inc)/exp	500	-370	-2,000	-3,830	-500	-480	-1,350	2,330	-5,700	0
PBT	2,360	3,450	2,200	3,930	2,760	3,210	2,140	3,848	11,935	11,958
Tax	520	740	480	840	590	460	380	722	2,574	2,152
Effective Tax Rate (%)	22.0	21.4	21.8	21.4	21.4	14.3	17.8	18.8	21.6	18.0
Reported PAT	1,840	2,710	1,720	3,090	2,170	2,750	1,760	3,125	9,361	9,805
Adjusted PAT	1,840	2,710	1,720	3,090	2,170	2,750	1,760	3,125	9,361	9,805
Change (%)	3.4	9.7	11.7	9.2	17.9	1.5	1.7	1.1	6.5	4.7

Coal India**Buy****CMP INR 147 | TP: INR 202 (+38%)****EPS CHANGE (%): FY20|21: No Change**

- Muted thermal demand to impact dispatches.
- Watch out for e-auction volumes and realizations.
- Conservative on FSA realization.
- Muted demand from non-power customers

Quarterly performance**(INR Million)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	240,708	218,840	250,458	285,463	249,390	203,826	231,905	256,955	995,469	942,076
Change (%)	25.6	20.6	15.7	6.1	3.6	-6.9	-7.4	-10.0	15.9	-5.4
Adj. EBITDA	65,435	51,194	79,655	104,199	75,115	42,493	61,828	56,832	300,483	236,268
As of % Sales	27.2	23.4	31.8	36.5	30.1	20.8	26.7	22.1	30.2	25.1
Depreciation	7,452	8,069	8,611	10,372	7,343	7,930	8,942	11,489	34,504	35,704
OBR	8,835	8,023	11,777	22,077	8,991	6,381	12,144	25,006	50,712	52,522
Interest	1,103	8	620	1,019	166	1,700	1,513	748	2,750	4,126
Other Income	12,824	16,084	11,633	18,196	11,495	16,303	14,117	10,161	58,737	52,076
EO Inc/(Exp)	0	0	0	0	0	0	0	0	0	0
PBT	60,869	51,178	70,281	88,927	70,110	42,785	53,347	29,750	271,255	195,993
Tax	23,025	20,317	24,623	28,659	23,811	7,543	14,140	7,425	96,625	52,918
Tax Rate (%)	37.8	39.7	35.0	32.2	34.0	17.6	26.5	25.0	35.6	27.0
Reported PAT	37,843	30,861	45,657	60,268	46,299	35,243	39,208	22,326	174,630	143,075
Adjusted PAT	37,843	30,861	45,657	60,268	46,299	35,243	39,208	22,326	174,630	143,075
Change (%)	60.9	736.7	51.9	-2.3	22.3	14.2	-14.1	-63.0	46.8	-18.1

JSW Energy**Buy****CMP INR 41 | TP: INR 65 (+60%)****EPS CHANGE (%): FY20|21: -1|-41**

- Expect muted merchant volumes.
- Watch out for possible recovery of back down charges.
- Expect higher hydro gen but CERC norms to offset benefit.
- Update on acquisitions key monitorable.

Quarterly Performance

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	23,606	24,308	24,217	19,246	24,122	21,186	19,486	18,425	91,376	83,218
YoY Change (%)	5.8	18.6	21.5	8.4	2.2	-12.8	-19.5	-4.3		
Total Expenditure	15,843	15,694	16,830	14,478	16,029	11,838	13,106	12,937	62,845	53,910
EBITDA	7,762	8,613	7,387	4,768	8,093	9,348	6,380	5,487	28,531	29,308
Margins (%)	32.9	35.4	30.5	24.8	33.5	44.1	32.7	29.8	31.2	35.2
Depreciation	2,899	2,933	2,933	2,872	2,913	2,943	2,932	2,922	11,637	11,709
Interest	3,130	3,083	2,948	2,764	2,698	2,722	2,611	2,773	11,924	10,804
Other Income	673	1,370	701	936	518	1,133	676	473	3,680	2,800
PBT before EO expense	2,407	3,967	2,208	68	3,000	4,816	1,513	266	8,650	9,595
Extra-Ord expense	0	0	0	0	0	0	-2,656	0	0	-2,656
PBT	2,407	3,967	2,208	68	3,000	4,816	4,170	266	8,650	12,252
Tax	236	1,125	638	126	883	1,338	125	53	2,124	2,399
Rate (%)	9.8	28.3	28.9	185.6	29.4	27.8	3.0	19.8	24.6	19.6
MI and Associates	-121	-317	109	-97	-327	-51	103	60	-426	-214
Reported PAT	2,292	3,160	1,461	39	2,444	3,530	3,941	152	6,951	10,067
Adj PAT	2,292	3,160	1,461	39	2,444	3,530	1,285	152	6,951	7,411
YoY Change (%)	5.5	6.4	211.8	-106.1	6.6	11.7	-12.1	293.9	40.2	6.6

NHPC**Neutral****CMP INR 22 | TP: INR 23 (+4%)****EPS CHANGE (%): FY20|21: +2 | No change**

- Expect generation to increase ~10% YoY.
- PAT to rise sharply on low base of previous year.
- Update on Subsairi project.
- Watch out for progress on new projects.

Standalone performance

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1QE	2Q	3Q	4QE		
Net Sales	21,290	24,950	15,714	14,617	24,213	26,054	17,951	17,400	76,725	86,977
YoY Change (%)	-8.5	26.5	4.9	28.6	13.7	4.4	14.2	19.0	10.7	6.6
EBITDA	12,904	15,966	5,958	4,945	15,040	15,780	9,278	8,521	39,928	48,204
Depreciation	3,726	4,044	4,016	4,115	3,866	3,857	3,873	3,949	15,900	14,804
Interest	2,212	2,283	2,226	2,228	2,366	2,521	1,556	1,773	8,949	11,886
Other Income	1,129	4,716	1,199	2,359	872	4,992	649	1,692	9,248	8,324
Rate regulated activity	1,431	575	1,775	917	1,989	1,024	17	19	8,234	6,724
PBT before EO expense	9,527	14,930	2,690	1,878	11,668	15,418	4,515	4,510	32,561	36,562
Extra-Ord expense	0	0	0	4,887	0	0	0	0	4,887	0
PBT	9,527	14,930	2,690	6,765	11,668	15,418	4,515	4,510	37,448	36,562
Tax	2,151	2,745	868	1,842	2,857	2,023	478	961	11,142	6,764
Rate (%)	23	18	32	27	24	13	11	21	29.8	18.5
Reported PAT	7,376	12,185	1,822	4,923	8,811	13,395	4,037	3,549	26,306	29,798
Adj PAT	7,376	12,185	1,822	36	8,811	13,395	4,037	3,549	21,419	29,798
YoY Change (%)	-14.5	19.6	-73.5	-98.1	19.5	9.9	121.6		-22.4	13.3

NTPC**Buy****CMP INR 90 | TP: INR 148 (+65%)****EPS CHANGE (%): FY20|21: +1.1|-1.0**

- Lower late payment surcharge income on YoY basis.
- Expect fixed cost recoveries due to improved PAF.
- Capitalization of new plants to aid earnings.
- Watch out for update on commercialization guidance.

Quarterly Performance (Standalone) – INR million

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	228,637	226,310	238,104	224,616	247,032	236,323	250,945	176,070	940,812	912,846
Change (%)	13.7	14.0	14.9	-4.0	8.0	4.4	5.4	-21.6		
EBITDA	61,149	59,623	62,699	58,836	69,630	72,139	85,746	55,167	265,453	285,158
Other income	1,364	2,249	1,877	13,232	3,262	8,937	5,263	4,658	18,721	22,120
PBT	31,712	30,046	31,795	47,763	36,730	43,655	50,202	26,269	164,463	159,332
Tax	5,831	5,786	7,941	4,260	10,702	11,030	20,251	-4,805	46,964	37,178
PAT	25,881	24,260	23,854	43,503	26,028	32,624	29,951	31,075	117,499	122,154
Change (%)	-1.1	-0.5	1.0	48.7	0.6	34.5	25.6	-28.6	13.6	4.0
Adj. PAT (excl. FC u/r)	29,598	27,885	25,526	31,735	26,840	34,716	28,993	28,781	114,743	119,330
Change (%)	16.6	3.2	-2.9	13.3	-9.3	24.5	13.6	-9.3	6.0	4.0
A. Core PAT	28,492	25,997	24,095	24,204	24,507	27,934	25,896	24,181	105,587	105,318
Core RoE (%)	22.4	20.2	18.5	18.3	18.3	21.0	18.9	16.4	20.1	18.3
a. Base RoE @15.5%	19,732	19,940	20,169	20,556	20,752	20,610	21,279	22,006	80,397	83,980
b. PLF incentive	1,270	340	970	125	1,130	420	68	-106	2,705	1,140
c. Others	7,490	5,718	2,956	3,522	2,625	6,904	4,548	2,282	19,685	17,398
B. Other income	1,106	1,888	1,431	7,531	2,332	6,782	3,098	4,599	11,956	16,811
Key metrics										
Regulated Equity	509,207	519,934	521,059	539,890	531,189	532,566	565,708	611,263	539,890	611,263
Commercial cap.(MW)	44,500	45,300	44,815	45,725	46,525	46,525	47,985	49,445	45,725	49,445

Power Grid Corporation**Buy****CMP INR 160 | TP: INR 225 (+41%)****EPS CHANGE (%): FY20|21: -0.2|-2.5**

- Conservative on capitalization given the lockdown.
- Adj. PAT to come in at INR27.1b.
- Outlook on TBCB projects key monitorable.
- Watch out for progress on Raigarh-Pugalur project.

Standalone quarterly summary

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	83,365	86,880	83,116	97,287	87,978	90,369	93,541	93,707	315,923	365,594
Change (%)	15.0	19.8	12.2	22.1	5.5	4.0	12.5	-3.7	5.4	15.7
EBITDA	71,365	73,774	74,098	83,041	78,901	79,088	82,383	87,412	267,553	327,785
Change (%)	13.8	12.5	11.7	24.3	10.6	7.2	11.2	5.3	2.3	22.5
As of % Sales	85.6	84.9	89.2	85.4	89.7	87.5	88.1	93.3	84.7	89.7
Depreciation	24,506	25,483	26,047	25,970	26,591	27,482	28,024	34,575	102,007	116,671
Interest	21,406	23,095	22,753	23,660	23,591	23,761	24,740	21,029	90,914	93,122
Other Income	3,006	4,069	4,190	3,922	4,243	4,982	5,049	-1,369	14,990	12,905
PBT	28,458	29,265	29,488	37,332	32,962	32,827	34,668	30,439	89,621	130,896
Tax	6,053	6,170	6,177	6,792	8,684	7,555	7,933	3,316	-9,764	27,488
Effective Tax Rate (%)	21.3	21.1	20.9	18.2	26.3	23.0	22.9	10.9	-10.9	21.0
Reported PAT	22,405	23,095	23,312	30,540	24,279	25,271	26,735	27,123	99,386	103,408
Change (%)	9.2	7.9	14.2	52.3	8.4	9.4	14.7	-11.2	20.6	4.0
Adjusted PAT	22,505	23,455	23,581	26,717	23,106	25,097	26,537	27,123	96,292	101,862
Change (%)	8.0	10.3	9.3	17.5	2.7	7.0	12.5	1.5	11.4	5.8

Tata Power**Neutral****CMP INR 35 | TP: INR 58 (+60%)****EPS CHANGE (%): FY20|21: +6.0|-13.0**

- Expect better working from Mundra-Coal JV hedge.
- Update on CESU project key monitorable.
- Mundra losses to reduce on lower coal prices.
- Watch out for update on Mundra tariff approval.

Quarterly performance

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	73,134	75,146	77,067	72,302	77,667	76,778	70,710	67,051	295,586	290,857
YoY Change (%)	4.9	-1.9	10.9	-8.4	6.2	2.2	-8.2	-7.3	0.8	-1.6
Total Expenditure	55,426	56,067	61,050	58,816	54,647	54,218	52,661	53,963	231,359	215,488
EBITDA	17,708	19,079	16,017	13,487	23,021	22,560	18,050	13,088	64,227	75,369
Margins (%)	24.2	25.4	20.8	18.7	29.6	29.4	25.5	19.5	21.7	25.9
Depreciation	6,006	6,106	6,027	6,035	6,200	6,544	6,719	6,838	23,931	26,301
Interest	10,130	10,344	10,140	11,087	11,439	11,300	11,292	10,828	41,700	44,859
Other Income	898	1,046	148	1,867	1,079	1,072	650	749	3,958	3,550
Rate regulated activity	-1,748	-3,727	-1,360	3,433	-2,000	-3,490	1,002	4,488	-659	0
PBT before EO expense	722	-53	-1,362	1,665	4,461	2,299	1,691	657	1,895	7,759
Extra-Ord expense	14,496	593	2,380	-1,767	-1,131	-747	279	0	16,200	-1,754
PBT	15,218	540	1,018	-102	3,330	1,552	1,970	657	18,095	6,005
Tax	1,556	935	1,498	1,152	3,429	520	1,176	-60	6,561	3,559
Rate (%)	10		147	-1,135	103	33	60	-9	36.3	59.3
MI & P/L of Asso. Cos.	3,047	3,752	1,747	1,830	1,612	1,725	1,132	1,485	10,376	5,953
Reported PAT	16,709	3,358	1,267	576	1,513	2,757	1,927	2,203	21,909	8,399
Adj PAT	2,213	2,764	-1,113	2,342	2,644	3,504	1,647	2,203	5,710	10,152
EBITDA+R.Reg.+JVs	19,649	19,679	17,183	19,247	23,428	21,602	20,852	19,558	73,696	84,089

Torrent Power**Buy****CMP INR 297 | TP: INR 342 (+15%)****EPS CHANGE (%): FY20|21: No change|-5.1**

- EBITDA increase led by commencement of UnoSugen PPA.
- Watch out for update on impact of lower power demand.
- New CERC norms to have adverse impact on Sugem.
- Progress of renewable projects key monitorable.

Quarterly performance

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	35,281	34,445	32,535	29,248	37,361	38,420	30,790	28,593	131,510	135,164
YoY Change (%)	15.3	18.2	18.1	4.1	5.9	11.5	-5.4	-2.2		
Total Expenditure	27,617	24,577	25,171	22,150	29,025	27,870	22,386	21,229	99,515	100,510
EBITDA	7,664	9,869	7,364	7,098	8,337	10,550	8,404	7,364	31,995	34,654
Margins (%)	21.7	28.6	22.6	24.3	22.3	27.5	27.3	25.8	24.3	
Depreciation	3,018	3,044	3,074	3,130	3,206	3,219	3,268	3,280	12,265	12,973
Interest	2,292	2,247	2,287	2,163	2,477	2,495	2,349	2,294	8,989	9,615
Other Income	523	441	533	399	545	493	365	466	1,896	1,868
PBT before EO expense	2,877	5,019	2,537	2,204	3,199	5,329	3,152	2,256	12,636	13,935
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	2,877	5,019	2,537	2,204	3,199	5,329	3,152	2,256	12,636	13,935
Tax	604	884	155	1,956	433	-2,227	-1,055	1,510	3,598	-1,339
Rate (%)	21.0	17.6	6.1	88.7	13.5	-41.8	-33.5	66.9	28.5	-9.6
MI and Associates	15	13	12	9	13	12	12	-29	49	8
Reported PAT	2,259	4,122	2,370	240	2,753	7,544	4,194	775	8,989	15,266
PAT	2,259	4,122	2,370	240	2,753	7,544	4,194	775	8,989	15,266
YoY Change (%)	-17.2	27.7	15.6	-89.0	21.9	83.0	77.0	223.6	-11.6	69.8

Others | Various Sectors

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Brigade Enterprises

Buy

CMP INR136 | TP: INR231 (+70%)

EPS CHANGE (%): FY20|21: --19.7%|-31.4%

- Pre-sales at 0.77msf, driven by AFH & MIG projects
- Watch out for new project launches / stake sales in Hotels biz.
- Rev. to decline 3% YoY due to impact on Hotels biz.
- Commentary around leasing at WTC/BTG a key monitorable

Quarterly performance (Consolidated)

(INRm)

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Gross Sales	6,991	8,259	6,877	7,600	7,087	7,353	5,523	7,369	29,728	27,332
YoY Change (%)	26.0	70.4	62.2	75.3	1.4	-11.0	-19.7	-3.0	56.7	-8.1
Total Expenditure	5,196	6,071	5,118	5,446	5,264	5,451	3,967	5,403	21,831	20,085
EBITDA	1,795	2,188	1,759	2,154	1,823	1,902	1,556	1,967	7,897	7,247
Margins (%)	25.7	26.5	25.6	28.3	25.7	25.9	28.2	26.7	26.6	26.5
Depreciation	317	339	320	425	383	473	501	557	1,400	1,914
Interest	628	697	697	763	796	940	863	896	2,785	3,494
Other Income	88	177	103	178	83	163	164	189	545	599
PBT before EO expense	938	1,329	845	1,144	727	653	356	703	4,257	2,438
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	938	1,329	845	1,144	727	653	356	703	4,257	2,438
Tax	313	464	251	428	269	281	-49	181	1,455	682
Rate (%)	33.4	34.9	29.7	37.4	37.0	43.1	-13.7	25.8	34.2	28.0
Reported PAT	631	683	489	597	412	374	493	371	2,399	1,650
Adj PAT	631	683	489	597	412	374	493	371	2,399	1,650
YoY Change (%)	100.6	67.1	0.1	138.8	-34.7	-45.3	0.9	-37.8	63.2	-31.2
Margins (%)	9.0	8.3	7.1	7.8	5.8	5.1	8.9	5.0	8.1	6.0

E: MOFSL Estimates

BSE

Buy

CMP INR 337 | TP: INR647 (+92%)

EPS CHANGE (%): FY21|22: 0.0|+0.0

- Transaction volume from small-cap
- Commentary on margin recovery
- Look out for revenues from Star MF platform
- Outlook for commodity derivatives

Quarterly performance (Consolidated)

(INRm)

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue from operations	1,185	1,121	1,016	1,126	1,095	1,088	1,150	1,246	4,448	4,580
YoY Change (%)	7.8	1.2	-21.9	-18.8	-7.6	-2.9	13.2	10.7	-9.1	3.0
Total Expenditure	992	1,028	1,110	1,132	1,066	1,146	1,180	1,222	4,262	4,614
EBITDA	193	93	-94	-6	29	-58	-30	25	186	-34
Margins (%)	16.3	8.3	-9.3	-0.5	2.6	-5.3	-2.6	2.0	4.2	-0.8
Depreciation	115	120	129	147	120	125	132	150	511	527
Interest	2	3	2	2	5	1	1	1	9	9
Investment income	479	497	756	695	565	507	408	409	2,427	1,889
PBT before EO expense	555	468	530	540	470	323	245	282	2,093	1,320
Extra-Ord expense	28	-15	133	64	38	68	7	7	210	120
PBT	527	483	397	476	432	255	238	275	1,883	1,200
Tax	70	101	18	44	88	-40	48	55	233	151
Rate (%)	13.3	20.9	4.6	9.2	20.4	-15.7	20.0	20.0	12.4	12.6
MI & P/L of Asso. Cos.	58	77	70	87	70	73	81	100	292	324
Reported PAT	515	459	449	519	414	368	271	320	1,942	1,372
YoY Change (%)	3.5	-31.3	-23.2	-16.6	-19.7	-19.9	-39.7	-38.3	-13.1	-24.7
Margins (%)	39.2	35.5	37.6	39.1	32.7	26.0	17.9	19.3	49.4	36.1

E: MOFSL Estimates

Container Corp. of India (CONCOR)**Buy**

CMP INR 383 | TP: INR518 (+35%)

EPS CHANGE (%): FY20|21: -1|-25

- Expect EXIM volumes to decline 5% YoY
- Estimate EBITDA at INR4.1b (+7% YoY, +10% QoQ)
- Domestic volumes to increase 2% YoY
- Commentary on COVID-19 impact a key monitorable

Quarterly performance

(INRm)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	14,983	17,223	15,726	17,499	16,389	17,387	15,276	17,290	65,427	66,341
YoY Change (%)	2.8	19.2	10.8	12.3	9.4	1.0	-2.9	-1.2	11.1	1.4
EBITDA	3,202	4,042	3,339	3,828	4,033	4,255	3,717	4,090	14,408	16,095
Margins (%)	21.4	23.5	21.2	21.9	24.6	24.5	24.3	23.7	22.0	24.3
YoY Change (%)	-2.0	29.9	37.7	10.5	25.9	5.3	11.3	6.8	19.3	11.7
Depreciation	1,022	1,048	1,059	1,117	1,253	1,278	1,263	1,260	4,246	5,054
Interest	0	0	0	7	112	81	60	40	7	293
Other Income	1,321	1,692	1,586	2,132	583	637	626	626	6,735	2,472
PBT before EO expense	3,500	4,686	3,866	4,836	3,250	3,532	3,021	3,417	16,889	13,219
Extra-Ord expense	0	0	0	0	0	8,611	0	0	0	8,611
PBT	3,500	4,686	3,866	4,836	3,250	-5,079	3,021	3,417	16,889	4,609
Tax	977	1,326	1,119	1,313	971	-1,858	1,266	861	4,735	1,241
Rate (%)	27.9	28.3	29.0	27.2	29.9	36.6	41.9	25.2	28.0	26.9
Reported PAT	2,524	3,360	2,747	3,523	2,278	-3,220	1,755	2,556	12,154	3,368
Adj PAT	2,524	3,360	2,747	3,523	2,278	5,390	1,755	2,556	12,154	11,979
YoY Change (%)	3.7	46.8	-0.9	14.9	-9.7	60.4	-36.1	-27.5	14.9	-1.4
Margins (%)	16.8	19.5	17.5	20.1	13.9	31.0	11.5	14.8	18.6	18.1

E: MOFSL Estimates

Coromandel International**Buy**

CMP INR529 | TP: INR719 (+36%)

EPS CHANGE (%): FY21|22: +9.8|+10.6

- Expect manufacturing fertilizer volumes to grow 12% YoY
- Ramp-up in recently commenced phosphoric acid plant
- Impact of lockdown in 1QFY21
- Outlook for kharif acreage

Quarterly performance

(INRm)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Consolidated										
Net Sales	25,285	50,083	30,495	26,383	21,307	48,580	32,787	26,039	1,32,246	1,28,713
YoY Change (%)	11.8	36.3	11.5	9.4	-15.7	-3.0	7.5	-1.3	19.3	-2.7
Total Expenditure	23,146	43,420	27,456	23,794	19,354	41,450	28,467	22,694	1,17,815	1,11,965
EBITDA	2,139	6,663	3,039	2,590	1,953	7,130	4,320	3,345	14,431	16,748
Margins (%)	8.5	13.3	10.0	9.8	9.2	14.7	13.2	12.8	10.9	13.0
Depreciation	256	263	269	351	305	417	408	450	1,138	1,580
Interest	644	696	514	653	796	664	459	500	2,507	2,419
Other Income	88	98	98	86	100	95	91	93	371	378
PBT before EO expense	1,328	5,802	2,354	1,672	952	6,145	3,544	2,487	11,156	13,128
Extra-Ord expense	0	197	4	37	0	0	0	0	239	0
PBT	1,328	5,605	2,350	1,635	952	6,145	3,544	2,487	10,917	13,128
Tax	423	1,944	821	533	326	1,110	899	602	3,721	2,937
Rate (%)	31.8	34.7	34.9	32.6	34.3	18.1	25.4	24.2	34.1	22.4
Minority Interest & P/L of Asso. Cos.	3	5	-14	-2	2	-4	-1	0	-8	-4
Reported PAT	902	3,656	1,543	1,104	624	5,039	2,645	1,885	7,205	10,194
Adj PAT	902	3,785	1,546	1,129	624	5,039	2,645	1,885	7,362	10,194
YoY Change (%)	24.2	8.6	-14.3	26.0	-30.8	33.1	71.1	67.0	6.5	38.5
Margins (%)	3.6	7.6	5.1	4.3	2.9	10.4	8.1	7.2	5.6	7.9

Esсел Propack**Buy****CMP INR165 | TP: INR210 (+28%)****EPS CHANGE (%): FY21 | 22: +24 | +17**

- Expect Europe business to continue double-digit growth trajectory
- Expect EBITDA margin to expand 175bps YoY
- Low impact of lockdown as oral care and pharma goods are classified as essential items

Quarterly performance (Consolidated)**(INRm)**

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Gross Sales	6,354	6,835	6,944	6,937	6,298	7,305	7,108	7,382	27,069	28,094
YoY Change (%)	8.9	6.8	16.7	10.4	-0.9	6.9	2.4	6.4	10.6	3.8
Total Expenditure	5,238	5,588	5,632	5,621	5,213	5,780	5,530	5,853	22,078	22,375
EBITDA	1,116	1,247	1,313	1,316	1,086	1,525	1,579	1,530	4,991	5,719
Margins (%)	17.6	18.2	18.9	19.0	17.2	20.9	22.2	20.7	18.4	20.4
Depreciation	445	450	470	496	568	576	580	580	1,861	2,304
Interest	136	160	161	156	137	156	134	135	613	561
Other Income	175	57	39	93	66	19	42	95	364	221
PBT before EO expense	710	694	720	756	447	812	907	910	2,881	3,075
Extra-Ord expense	0	0	0	31	-109	203	0	0	31	94
PBT	710	694	720	725	556	609	907	910	2,850	2,982
Tax	218	205	256	253	153	-1	289	327	932	768
Rate (%)	30.7	29.5	35.6	34.8	27.5	-0.2	31.8	36.0	32.7	25.8
Minority Interest & Profit/Loss of Asso. Cos.	7	4	9	9	-11	-17	-17	22	29	-22
Reported PAT	486	485	455	464	392	593	601	604	1,890	2,191
Adj PAT	486	485	455	495	283	796	601	604	1,920	2,285
YoY Change (%)	26.6	-16.1	23.4	2.5	-41.7	63.9	32.3	22.2	5.9	19.0
Margins (%)	7.6	7.1	6.5	7.1	4.5	10.9	8.5	8.2	7.1	8.1

Godrej Agrovet**Buy****CMP INR387 | TP: INR423 (+9%)****EPS CHANGE (%): FY21 | 22: -8 | +58**

- Animal feed (AF) biz. volumes to decline on de-growth in broiler feed volumes
- EBITDA loss in Godrej Tyson Foods
- Benefit of decline in RM prices of maize, soya; outlook for the same

Quarterly performance (Consolidated)**(INRm)**

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	14,844	15,884	14,541	13,439	17,026	18,511	17,827	13,358	58,707	66,722
YoY Change (%)	8.8	11.4	19.1	12.5	14.7	16.5	22.6	-0.6	12.8	13.7
Total Expenditure	13,451	14,477	13,531	12,691	15,607	17,314	16,821	13,107	54,149	62,849
EBITDA	1,393	1,407	1,010	749	1,419	1,197	1,006	251	4,558	3,873
Margins (%)	9.4	8.9	6.9	5.6	8.3	6.5	5.6	1.9	7.8	5.8
Depreciation	224	237	264	257	351	375	371	380	982	1,476
Interest	81	85	98	75	102	125	108	90	339	424
Other Income	39	338	49	107	102	113	93	143	531	452
PBT before EO expense	1,126	1,423	696	524	1,068	811	621	-76	3,769	2,425
Extra-Ord expense	0	0	0	-883	0	0	0	0	-883	0
PBT	1,126	1,423	696	1,407	1,068	811	621	-76	4,652	2,425
Tax	393	452	244	191	356	-213	168	20	1,280	332
Rate (%)	34.9	31.8	35.0	13.6	33.3	-26.2	27.1	-26.5	27.5	13.7
Minority Interest & Profit/Loss of Asso. Cos.	-69	29	43	79	-48	-16	-63	23	82	-104
Reported PAT	802	942	409	1,137	760	1,040	516	-119	3,290	2,197
Adj PAT	802	942	409	254	760	1,040	516	-119	2,407	2,197
YoY Change (%)	8.7	16.7	9.1	1.4	-5.3	10.4	26.1	-146.8	10.9	-8.7
Margins (%)	5.4	5.9	2.8	1.9	4.5	5.6	2.9	-0.9	4.1	3.3

Indian Hotels

Buy

CMP INR82 | TP: INR106 (+29%)

EPS CHANGE (%): FY21|22: NA|NA

- RevPAR growth witnessed on a YoY basis for Jan and Feb
- RevPAR guidance for FY21
- Cancellations witnessed for 1Q/2QFY21
- Fixed cost already reduced; plans to reduce further in FY21

Quarterly performance (Consolidated)

(INRm)

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	9,797	9,645	13,235	12,443	10,200	10,074	13,727	10,203	45,120	44,205
YoY Change (%)	8.0	13.3	10.5	8.8	4.1	4.4	3.7	-18.0	10.1	-2.0
Total Expenditure	8,690	8,653	9,879	9,600	8,466	8,470	9,470	8,193	36,823	34,599
EBITDA	1,107	992	3,355	2,843	1,734	1,605	4,257	2,010	8,297	9,606
Margins (%)	11.3	10.3	25.4	22.8	17.0	15.9	31.0	19.7	18.4	21.7
Depreciation	785	812	833	849	1,004	999	1,008	1,010	3,279	4,021
Interest	469	467	491	474	847	868	849	850	1,901	3,414
Other Income	150	166	145	372	371	211	362	360	834	1,304
PBT before EO expense	3	-120	2,177	1,893	255	-52	2,762	510	3,951	3,475
Extra-Ord expense	39	453	-410	-148	-23	3	12	0	-66	-8
PBT	-36	-573	2,587	2,040	277	-54	2,750	510	4,017	3,484
Tax	-98	-193	990	871	176	-855	813	189	1,571	323
Rate (%)	NA	33.6	38.3	42.7	63.5	NA	29.6	37.0	39.1	9.3
Minority Interest & Profit/Loss of Asso. Cos.	-92	-328	-22	19	45	88	-94	10	-422	49
Reported PAT	153	-52	1,618	1,150	57	713	2,031	311	2,868	3,112
Adj PAT	192	401	1,208	1,002	34	716	2,043	311	2,802	3,104
YoY Change (%)	NA	NA	35.5	11.4	-82.4	78.6	69.2	-69.0	318.9	10.7
Margins (%)	2.0	4.2	9.1	8.1	0.3	7.1	14.9	3.0	6.2	7.0

Info Edge

Neutral

CMP INR 2352 | TP: INR2400 (+2%)

EPS CHANGE (%): FY20|21: -6.8|-31

- Expect billing to decline in Recruitment and Real Estate
- Outlook for 1H to remain muted; negative operating leverage to play out
- Expect steep cuts in ad and promotion costs
- Outlook for investee companies to watch out for

Quarterly performance (Standalone)

(INRm)

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenues	2,595	2,650	2,811	2,927	3,128	3,166	3,205	2,977	10,983	12,476
YoY (%)	16.7	17.7	23.7	21.6	20.5	19.5	14.0	1.7	20.0	13.6
Salary costs	1,106	1,118	1,151	1,212	1,298	1,349	1,357	1,329	4,586	5,333
Ad and Promotion costs	376	404	503	474	549	514	498	387	1,757	1,947
Other Expenses	270	304	324	328	272	310	291	335	1,226	1,208
EBITDA	843	825	833	913	1,010	993	1,059	925	3,413	3,988
EBITDA Margin (%)	32.5	31.1	29.6	31.2	32.3	31.4	33.0	31.1	31.1	32.0
Depreciation	53	52	50	49	99	101	104	106	204	410
EBIT Margin (%)	30.4	29.2	27.9	29.5	29.1	28.2	29.8	27.5	29.2	28.7
Other Income	236	275	296	304	245	232	204	339	1,112	1,021
PBT bef. Extra-ordinary	1,026	1,048	1,079	1,168	1,139	1,107	1,143	1,142	4,320	4,531
Provision for Tax	236	267	335	331	390	266	232	285	1,169	1,173
ETR (%)	23.0	25.5	31.1	28.3	34.2	24.0	20.3	25.0	27.1	25.9
PAT bef. Minority	630	781	744	663	667	93	880	856	2,818	2,497
EOI	-160	0	0	-174	-82	-749	-30	0	-334	-861
Adjusted PAT	790	781	744	838	749	842	911	856	3,152	3,358
QoQ (%)	39.5	-1.1	-4.8	12.6	-10.6	12.4	8.2	-5.9		
YoY (%)	22.9	-5.5	5.8	48.0	-5.1	7.8	22.5	2.3	15.1	6.5
EPS (INR)	5.1	6.4	6.1	5.4	5.4	0.8	7.2	7.0	23.0	20.3

E: MOFSL Estimates

InterGlobe Aviation**Neutral****CMP INR1,010 | TP: INR1,300 (+29%)****EPS CHANGE (%): FY20|21: PL|PL**

- Expect RPK growth of -2.5% YoY, 18% QoQ at 18.5b due to lockdown & travel ban advisories on international routes
- Outlook on new aircraft deliveries from Airbus and guidance on maintenance and employee (pilot) cost
- Expect flat YoY and ~4% QoQ decline in yield growth at INR3.7 as demand for air travel worsens amid COVID-19
- Various new initiatives to control cost and formulating a new strategy for the business remain key

Quarterly performance**(INRm)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	65,120	61,853	79,162	78,833	94,201	81,052	99,317	78,765	2,84,968	3,53,335
YoY Change (%)	13.2	16.9	28.1	35.9	44.7	31.0	25.5	-0.1	23.8	24.0
EBITDAR	10,313	1,111	15,953	20,563	26,564	968	18,105	-751	47,940	44,886
Margins (%)	15.8	1.8	20.2	26.1	28.2	1.2	18.2	-1.0	16.8	12.7
EBITDA	-110	-10,050	2,192	5,914	25,276	-142	16,763	-1,911	-2,055	39,986
Margins (%)	-0.2	-16.2	2.8	7.5	26.8	-0.2	16.9	-2.4	-0.7	11.3
Depreciation	1,553	1,820	2,038	2,185	9,009	10,287	10,377	10,488	7,596	40,161
Interest	1,087	1,300	1,377	1,326	4,842	4,235	4,805	4,692	5,090	18,574
Other Income	3,064	3,289	3,131	3,764	3,669	4,346	3,985	3,880	13,248	15,879
PBT	314	-9,881	1,908	6,167	15,094	-10,318	5,565	-13,211	-1,492	-2,870
Rate (%)	11.3	34.0	0.0	4.4	20.3	-2.9	10.9	36.8	204.5	31.0
Reported PAT	278	-6,521	1,908	5,895	12,031	-10,620	4,960	-8,352	1,560	-1,980
EPS	0.7	-17.0	5.0	15.3	31.3	-27.6	12.9	-21.7	4.1	-5.2
YoY Change (%)	-96.6	-218.2	-75.0	401.1	4,225.4	62.8	159.9	-241.7	-93.0	-227.0

E: MOFSL Estimates

Kaveri Seed**Buy****CMP INR337 | TP: INR427 (+27%)****EPS CHANGE (%): FY21|22: -11|+5**

- Maize to drive revenue growth
- Market share movement in major markets of Gujarat and Maharashtra
- Expect EBITDA loss in quarter to decrease v/s last year

Quarterly performance (Standalone)**(INRm)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	5,819	752	672	447	6,555	774	984	471	7,690	8,784
YoY Change (%)	-1.5	8.0	-4.9	7.5	12.6	3.0	46.5	5.2	-0.4	14.2
Total Expenditure	3,784	673	671	507	4,222	661	917	515	5,634	6,316
EBITDA	2,035	79	1	-59	2,333	113	67	-45	2,056	2,468
Margins (%)	35.0	10.5	0.2	-13.3	35.6	14.6	6.8	-9.5	26.7	28.1
Depreciation	53	47	53	59	59	59	62	67	212	246
Interest	0	0	1	0	0	0	1	1	1	2
Other Income	168	131	106	24	43	30	77	27	429	178
PBT before EO expense	2,150	162	54	-95	2,317	84	82	-86	2,271	2,397
PBT	2,150	162	54	-95	2,317	84	82	-86	2,271	2,397
Tax	44	43	18	20	28	15	22	17	124	81
Rate (%)	2.0	26.4	32.5	-20.9	1.2	17.5	26.2	-20.0	5.5	3.4
Reported PAT	2,106	119	36	-114	2,289	69	60	-103	2,147	2,316
Adj PAT	2,106	119	36	-114	2,289	69	60	-103	2,147	2,316
YoY Change (%)	4.1	-42.9	-32.9	NA	8.7	-42.0	65.8	NA	2.1	7.9
Margins (%)	36.2	15.9	5.4	-25.6	34.9	8.9	6.1	-21.9	27.9	26.4

Lemon Tree Hotels**Buy****CMP INR18 | TP: INR23 (+25%)****EPS CHANGE (%): FY21|22: NA|NA**

- RevPAR growth witnessed on YoY basis for Jan and Feb
- Fixed cost saving measures already deployed; room for further reduction
- Expect EBITDA margin to contract as hotels, incl. those in stabilization phase, closed down due to lockdown

Quarterly performance (Consolidated)**(INRm)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	1,269	1,287	1,434	1,505	1,409	1,528	1,996	1,837	5,495	6,770
YoY Change (%)	17.2	15.3	8.3	14.0	11.0	18.7	39.2	22.0	13.5	23.2
Total Expenditure	921	927	943	1,016	962	1,043	1,184	1,285	3,807	4,474
EBITDA	348	360	490	489	448	484	812	552	1,688	2,296
Margins (%)	27.4	28.0	34.2	32.5	31.8	31.7	40.7	30.1	30.7	33.9
Depreciation	131	132	135	143	172	196	227	250	541	844
Interest	197	198	214	238	309	325	452	450	847	1,536
Other Income	19	59	27	40	21	9	32	39	145	101
PBT before EO expense	40	89	168	148	-12	-27	165	-109	445	17
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	40	89	168	148	-12	-27	165	-109	445	17
Tax	20	28	34	-194	7	1	46	-31	-111	23
Rate (%)	51.4	31.8	20.5	-131.0	-59.7	-2.2	27.6	28.0	-25.0	133.0
MI & P/L of Asso. Cos.	-4	4	9	18	-2	-6	-3	1	27	-10
Reported PAT	23	57	125	325	-17	-22	122	-79	529	4
Adj PAT	23	57	125	325	-17	-22	122	-79	529	4
YoY Change (%)	-196.7	-228.3	38.1	185.5	NA	NA	-2.1	-124.5	272.6	-99.2
Margins (%)	1.8	4.4	8.7	21.6	-1.2	-1.4	6.1	-4.3	9.6	0.1

MCX**Buy****CMP INR 1026 | TP: INR 1400 (+36%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Gold/Silver traded value up by 120% YoY / 133% YoY in 4Q
- Outlook on pickup in options, pricing yields
- Crude traded value up 60% YoY
- Outlook on impact from truncated operations

Quarterly performance**(INRm)**

	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	729	711	769	791	795	1,002	893	1,140	3,000	3,829
Q-o-Q Gr. (%)	3.2	-2.4	8.2	2.9	0.4	26.1	-10.9	27.7	16.3	27.6
Staff Costs	186	174	177	188	188	195	178	194	725	754
Other expenses	294	312	383	352	330	334	323	393	1,336	1,380
Depreciation	37	38	38	41	40	42	43	43	154	168
EBIT	213	187	171	211	237	430	349	511	785	1,527
Margins (%)	29.2	26.3	22.2	26.6	29.8	43.0	39.1	44.8	26.2	39.9
Interest Costs	0	0	0	0	1	0	0	0	0	1
Other Income	126	222	322	317	314	444	235	290	986	1,283
PBT bef. Exceptional items	338	408	493	527	550	874	584	801	1,771	2,808
Tax	27	53	75	-80	114	154	31	128	75	426
Rate (%)	7.9	13.1	15.3	-15.2	20.7	17.6	5.2	16.0	4.2	15.2
PAT	73	359	418	607	436	720	553	673	1,458	2,382
Q-o-Q Gr. (%)	-78.4	390.2	16.3	45.4	-28.2	65.3	-23.2	21.6	34.8	62.9
EPS (INR)	1.4	7.0	8.2	12.0	8.6	14.1	10.9	13.2	28.6	46.7
Total volumes (INR t)	16.2	16.6	17.4	17.6	17.7	23.2	20.6	24.8	67.7	86.3
Q-o-Q Gr. (%)	7.6	2.2	5.1	1.2	0.7	31.0	-11.2	20.3		
Y-o-Y Gr. (%)	34.7	17.7	35.7	17.0	9.4	40.2	18.5	40.9	25.6	27.4

E: MOFSL Estimates

Oberoi Realty**Buy****CMP INR310 | TP: INR535 (+72%)****EPS CHANGE (%): FY20|21: -3.5|-31.0**

- Expect revenue to decline 15% YoY in 4Q
- Watch out for outlook on pre-leasing at Commerze III
- Outlook for Hospitality business a key monitorable
- Launch of Thane project and Exquisite III, Goregaon

Quarterly performance (Consolidated)**(INRm)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	8,883	5,921	5,286	5,735	6,033	4,915	5,274	4,878	25,825	21,099
YoY Change (%)	240.7	95.1	48.4	66.2	-32.1	-17.0	-0.2	-14.9	104.1	-18.3
Total Expenditure	4,266	2,963	3,405	3,638	3,680	2,786	2,975	2,764	14,271	12,206
EBITDA	4,617	2,958	1,881	2,097	2,352	2,129	2,299	2,114	11,554	8,893
Margins (%)	52.0	50.0	35.6	36.6	39.0	43.3	43.6	43.3	44.7	42.2
Depreciation	106	110	114	110	111	113	113	123	440	460
Interest	49	58	49	38	239	246	199	208	194	892
Other Income	71	277	202	238	149	136	91	88	788	464
PBT before EO expense	4,533	3,067	1,920	2,187	2,151	1,906	2,078	1,871	11,707	8,006
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	4,533	3,067	1,920	2,187	2,151	1,906	2,078	1,871	11,707	8,006
Tax	1,450	940	573	644	643	540	615	484	3,607	2,282
Rate (%)	32.0	30.7	29.8	29.4	29.9	28.3	29.6	25.9	30.8	28.5
Adj PAT	3,094	2,138	1,379	1,558	1,521	1,381	1,482	1,416	8,169	5,800
YoY Change (%)	238.6	105.0	14.8	9.0	-50.9	-35.4	7.5	-9.1	78.1	-29.0
Margins (%)	34.8	36.1	26.1	27.2	25.2	28.1	28.1	29.0	31.6	27.5

E: MOFSL Estimates

PI Industries**Buy****CMP INR1,417 | TP: INR1,680 (+19%)****EPS CHANGE (%): FY21|22: +34|+25**

- CSM biz. to drive revenue for another quarter
- Isagro to start contributing to revenue from the current quarter
- Expect domestic biz. to grow 5% during the quarter

Quarterly performance (Standalone)**(INRm)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	6,056	7,230	7,075	8,048	7,541	9,074	8,498	9,645	28,409	34,758
YoY Change (%)	9.5	28.9	31.6	28.7	24.5	25.5	20.1	19.8	24.8	22.3
Total Expenditure	4,875	5,884	5,589	6,329	6,027	7,155	6,642	7,561	22,677	27,385
EBITDA	1,181	1,346	1,486	1,719	1,514	1,919	1,856	2,083	5,732	7,372
Margins (%)	19.5	18.6	21.0	21.4	20.1	21.1	21.8	21.6	20.2	21.2
Depreciation	220	228	234	244	294	315	318	320	926	1,247
Interest	17	14	15	13	26	22	45	45	59	138
Other Income	102	124	152	222	123	106	197	200	600	626
PBT before EO expense	1,046	1,228	1,389	1,684	1,317	1,688	1,690	1,918	5,347	6,613
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	1,046	1,228	1,389	1,684	1,317	1,688	1,690	1,918	5,347	6,613
Tax	229	284	316	440	309	460	486	440	1,269	1,695
Rate (%)	21.9	23.1	22.8	26.1	23.5	27.3	28.8	22.9	23.7	25.6
Reported PAT	817	944	1,073	1,244	1,008	1,228	1,204	1,478	4,078	4,918
Adj PAT	817	944	1,073	1,244	1,008	1,228	1,204	1,478	4,078	4,918
YoY Change (%)	-18.4	17.7	33.1	18.0	23.4	30.1	12.2	18.8	11.3	20.6
Margins (%)	13.5	13.1	15.2	15.5	13.4	13.5	14.2	15.3	14.4	14.1

Phoenix Mills

Buy

CMP INR554 | TP: INR808 (+52%)

EPS CHANGE (%): FY20|21: -4.7%|-32.8%

- Revenue to decline 31%YoY in 4Q on higher base quarter on rev. recognition in Residential. biz.
- EBITDA margins to contract 110bp to 51.1% in 4Q
- Watch out for launch timeline for Lucknow mall
- Construction progress at new malls a key monitorable

Quarterly performance (Consolidated)

(INRm)

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	4,132	4,047	4,404	7,232	6,150	4,151	5,118	4,971	19,816	20,390
YoY Change (%)	4.4	9.2	5.7	65.6	48.9	2.6	16.2	-31.3	22.3	2.9
Total Expenditure	2,178	2,065	2,180	3,461	3,223	2,043	2,525	2,433	9,884	10,223
EBITDA	1,953	1,982	2,225	3,771	2,927	2,108	2,593	2,538	9,931	10,166
Margins (%)	47.3	49.0	50.5	52.1	47.6	50.8	50.7	51.1	50.1	49.9
Depreciation	499	506	523	514	507	509	514	503	2,042	2,034
Interest	846	917	917	826	871	878	889	950	3,506	3,588
Other Income	170	183	170	329	154	195	133	179	851	660
PBT before EO expense	778	741	955	2,761	1,703	915	1,323	1,264	5,235	5,205
Extra-Ord expense	0	0	0	-481	0	-78	0	0	-481	-78
PBT	778	741	955	3,242	1,703	993	1,323	1,264	5,716	5,282
Tax	235	179	175	510	234	350	358	389	1,099	1,331
Rate (%)	30.2	24.1	18.3	15.7	13.8	35.3	27.0	30.8	19.2	25.2
Reported PAT	597	620	708	2,284	1,304	658	919	644	4,210	3,524
Adj PAT	597	620	708	1,879	1,304	608	919	644	3,821	3,466
YoY Change (%)	40.3	48.6	8.5	103.0	118.3	-2.1	29.8	-65.7	57.8	-9.3
Margins (%)	14.5	15.3	16.1	26.0	21.2	14.6	17.9	13.0	19.3	17.0

E: MOFSL Estimates

Quess Corp

Neutral

CMP INR 206 | TP: INR 410 (+99%)

EPS CHANGE (%): FY21|22: -0.1|0.3

- COVID-19 impact limited on topline growth in 4Q
- Expect margin contraction by 60bp QoQ
- Outlook on reduction in related-party loans
- Outlook on COVID-19 impact on business going forward

Quarterly performance (Consolidated)

(INRm)

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	19,684	20,917	21,722	22,948	23,947	26,503	29,500	29,002	85,270	1,08,952
YoY Change (%)	51.7	49.9	37.1	21.4	21.7	26.7	35.8	26.4	38.3	27.8
Total Expenditure	18,659	19,797	20,538	21,630	22,474	24,889	27,706	27,383	80,624	1,02,452
EBITDA	1,025	1,120	1,183	1,318	1,473	1,614	1,794	1,619	4,646	6,500
Margins (%)	5.21	5.36	5.4	5.7	6.2	6.1	6.1	5.6	5.4	6.0
Depreciation	299	291	317	325	579	652	658	655	1,232	2,544
EBIT Margin(%)	3.7	4.0	4.0	4.3	3.7	3.6	3.9	3.3	4.0	3.6
Interest	261	282	280	321	396	461	423	400	1,144	1,680
Other Income	156	143	123	290	169	159	97	160	712	585
PBT	621	690	710	962	666	660	810	725	2,983	2,861
Tax	93	105	11	121	106	-29	51	72	329	200
Rate (%)	14.9	15.1	1.5	12.6	15.9	-4.5	6.3	10.0	11.0	7.0
MI & P/L of Asso. Cos.	-16	-31	49	86	-2	39	10	10	88	57
Reported PAT	544	616	650	755	563	650	749	642	2,565	2,604
Adj PAT	544	616	650	755	563	650	749	642	2,565	2,604
YoY Change (%)	19.2	-51.6	6.5	-0.3	3.4	5.5	15.2	-14.9	-17.2	1.5
Margins (%)	2.8	2.9	3.0	3.3	2.3	2.5	2.5	2.2	3.0	2.4

E: MOFSL Estimates

S H Kelkar**Buy****CMP INR77 | TP: INR119 (+55%)****EPS CHANGE (%): FY20|21: -3.8|-14.1**

- Sales/PAT to see 6.4% growth / 25.3% decline YoY in 4Q
- Watch out for raw material pricing outlook
- EBITDA margin to expand 440bp YoY to 13.6%
- Commentary around CFF biz a key monitorable

Quarterly performance (Consolidated)**(INRm)**

Y/E March	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	2,374	2,845	2,565	2,697	2,744	2,787	2,900	2,869	10,481	11,300
YoY Change (%)	1.3	28.2	-9.4	-5.4	15.6	-2.0	13.1	6.4	2.3	7.8
Total Expenditure	2,035	2,468	2,165	2,448	2,280	2,417	2,469	2,478	9,115	9,644
EBITDA	340	377	400	249	464	369	431	391	1,366	1,655
Margins (%)	14.3	13.3	15.6	9.2	16.9	13.3	14.9	13.6	13.0	14.7
Depreciation	68	76	89	79	121	131	137	132	312	522
Interest	15	19	45	61	70	71	71	78	140	290
Other Income	23	50	50	111	14	19	21	29	234	84
PBT before EO expense	280	333	316	220	286	186	245	210	1,149	928
Extra-Ord expense	0	0	0	0	0	0	365	0	0	-365
PBT	280	333	316	220	286	186	-119	210	1,149	563
Tax	100	49	103	19	96	36	-7	52	270	178
Rate (%)	35.8	14.7	32.5	8.45	33.7	19.5	0.0	24.80	23.5	78
MI & Profit/Loss of Asso. Cos.	-1	-4	-1	6	5	-5	-4	12	-6	9
Reported PAT	181	288	214	196	185	154	-109	146	885	376
Adj PAT	181	288	214	196	185	154	256	146	885	741
YoY Change (%)	-32.6	52.8	-36.7	-15.2	2.3	-46.5	19.6	-25.3	-13.7	-16.2
Margins (%)	7.6	10.1	8.3	7.3	6.7	5.5	8.8	5.1	8.4	6.6

SRF**Buy****CMP INR3,335 | TP: INR4,236 (+27%)****EPS CHANGE (%): FY21|22: +0|+24**

- Chemical biz. to drive revenue growth
- Expect margin contraction in Packaging Film biz. QoQ
- Expect Technical Textile and Packaging Film revenue to decline 25% and 8%, respectively
- Outlook for Specialty Chemicals business

Quarterly performance (Consolidated)**(INR m)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	16,762	17,550	18,088	20,142	17,633	17,378	18,505	22,277	72,542	75,792
YoY Change (%)	29.6	36.4	29.5	24.9	5.2	-1.0	2.3	10.6	29.8	4.5
Total Expenditure	13,576	14,375	14,968	16,306	14,186	14,026	14,603	17,874	59,225	60,690
EBITDA	3,186	3,175	3,120	3,836	3,447	3,352	3,902	4,402	13,317	15,103
Margins (%)	19.0	18.1	17.2	19.0	19.5	19.3	21.1	19.8	18.4	19.9
Depreciation	879	877	909	964	925	929	1,019	1,030	3,629	3,902
Interest	442	491	534	527	515	550	475	500	1,993	2,041
Other Income	38	29	65	163	152	220	56	149	296	576
PBT before EO expense	1,904	1,836	1,741	2,509	2,159	2,093	2,463	3,021	7,990	9,736
Extra-Ord expense	103	-52	-105	-19	-289	42	-127	0	-73	-375
PBT	1,801	1,889	1,846	2,528	2,448	2,051	2,591	3,021	8,063	10,110
Tax	462	377	310	619	554	41	-864	760	1,768	491
Rate (%)	24.3	20.5	17.8	24.7	25.7	2.0	-35.1	25.2	22.1	5.0
Reported PAT	1,338	1,512	1,536	1,909	1,894	2,009	3,455	2,261	6,295	9,619
Adj PAT	1,441	1,460	1,431	1,890	1,605	2,051	3,327	2,261	6,222	9,244
YoY Change (%)	56.0	53.1	29.9	60.9	11.3	40.5	132.5	19.6	49.8	48.6
Margins (%)	8.6	8.3	7.9	9.4	9.1	11.8	18.0	10.1	8.6	12.2

Tata Chemicals**Buy****CMP INR240 | TP: INR296 (+23%)****EPS CHANGE (%): FY21 | 22: +8 | +12**

- Rallis and TCAHL to drive revenue growth
- Rallis and TCEHL to drive EBITDA margin expansion
- Update on capex plan

Quarterly performance (Consolidated)**(INRm)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	27,444	29,607	25,698	27,594	28,969	27,670	26,204	26,701	1,10,343	1,09,544
YoY Change (%)	11.9	10.1	-0.2	8.0	5.6	-6.5	2.0	-3.2	7.4	-0.7
Total Expenditure	22,535	23,586	21,581	22,285	23,046	22,063	21,469	21,769	89,988	88,347
EBITDA	4,910	6,020	4,117	5,309	5,923	5,607	4,735	4,932	20,355	21,197
Margins (%)	17.9	20.3	16.0	19.2	20.4	20.3	18.1	18.5	18.4	19.3
Depreciation	1,351	1,417	1,428	1,505	1,635	1,658	1,641	1,660	5,701	6,593
Interest	887	921	948	851	944	861	747	744	3,607	3,297
Other Income	1,064	1,233	953	859	879	923	619	650	4,109	3,070
PBT before EO expense	3,735	4,916	2,695	3,811	4,223	4,011	2,966	3,178	15,156	14,377
Extra-Ord expense	0	0	275	-979	80	0	0	0	-703	80
PBT	3,735	4,916	2,419	4,790	4,143	4,011	2,966	3,178	15,860	14,297
Tax	1,258	1,199	544	296	1,301	255	662	826	3,297	3,044
Rate (%)	33.7	24.4	22.5	6.2	31.4	6.4	22.3	26.0	20.8	21.3
MI & Profit/Loss of Asso. Cos.	338	499	74	407	756	799	580	185	1,317	2,318
Reported PAT	2,140	3,217	1,801	4,087	2,086	2,957	1,724	2,167	11,245	8,934
Adj PAT	2,140	3,217	2,076	3,108	2,166	2,957	1,724	2,167	10,542	9,014
YoY Change (%)	23.9	24.6	-57.3	0.4	1.2	-8.1	-16.9	-30.3	-14.0	-14.5
Margins (%)	7.8	10.9	8.1	11.3	7.5	10.7	6.6	8.1	9.6	8.2

Note: 3QFY19, 2QFY20, 3QFY20, and 4QFY20 numbers exclude Consumer business performance

Team Lease Serv.**Buy****CMP INR1,644 | TP: INR2300 (+40%)****EPS CHANGE (%): FY21 | 22: -32.2 | -24.6**

- IMSI to contribute revenue for the full quarter
- Update on provisions for DHFL exposure
- Outlook on margins from E-Centric, IMSI integration
- Outlook on COVID-19 impact on business in FY21

Quarterly performance**(INR m)**

	FY19				FY20E				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Total income from operations	10,213	10,907	11,722	11,634	12,512	12,678	13,514	13,495	44,476	52,199
YoY Change (%)	19.7%	24.6%	27.7%	19.0%	22.5%	16.2%	15.3%	16.0%	22.7%	17.4%
Total Expenditure	10,012	10,666	11,477	11,377	12,281	12,433	13,239	13,230	43,531	51,183
EBITDA	202	240	245	257	232	245	275	265	945	1,016
Margins (%)	2.0%	2.2%	2.1%	2.2%	1.9%	1.9%	2.0%	2.0%	2.1%	1.9%
EBIT Margin (%)	1.7%	1.9%	1.9%	2.0%	1.4%	1.4%	1.5%	1.4%	1.9%	1.4%
PBT	216	237	244	268	173	195	238	225	968	854
Tax	-3	-12	-9	8	-15	-6	-16	0	-16	-38
Rate (%)	-1%	-5%	-4%	3%	-9%	-3%	-7%	0%	-2%	-4%
Adj PAT	218	249	253	260	188	202	255	225	980	870
YoY Change (%)	33%	43%	37%	22%	-14%	-19%	1%	-14%	33%	-11%
Margins (%)	2.1%	2.3%	2.2%	2.2%	1.5%	1.6%	1.9%	1.7%	2.2%	1.7%
Reported PAT	218	249	253	260	188	202	242	225	980	857
Headcount	1,99,935	2,11,335	2,16,211	2,24,764	2,22,919	2,27,848	2,50,144	2,50,144	2,16,211	2,50,144

Trident**Buy****CMP INR5.4 | TP: INR5.5 (+1%)****EPS CHANGE (%): FY21|22: -17|+5**

- Textile segment revenue to de-grow 25% YoY; Paper segment to de-grow 20% YoY
- Outlook on paper prices
- Sale in Textiles segment impacted on delay in customer orders
- Update on capex plan

Quarterly performance (Standalone)**(INRm)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	11,312	13,915	12,914	14,054	13,053	13,219	11,303	10,680	52,195	48,255
YoY Change (%)	-3.0	24.2	18.0	18.5	15.4	-5.0	-12.5	-24.0	14.3	-7.5
Total Expenditure	8,954	10,768	10,502	11,514	10,143	10,692	9,416	8,928	41,737	39,179
EBITDA	2,358	3,147	2,412	2,541	2,911	2,527	1,887	1,751	10,458	9,076
Margins (%)	20.8	22.6	18.7	18.1	22.3	19.1	16.7	16.4	20.0	18.8
Depreciation	944	917	892	886	846	849	822	900	3,639	3,418
Interest	271	249	280	343	325	271	234	297	1,142	1,128
Other Income	88	108	150	111	78	37	97	73	457	285
PBT before EO expense	1,232	2,090	1,391	1,422	1,817	1,445	927	628	6,135	4,816
Extra-Ord expense	0	0	0	0	0	0	487	0	0	487
Forex (gain)/loss	416	558	-260	-48	-18	-26	-39	0	666	-83
PBT	816	1,532	1,650	1,471	1,835	1,470	479	628	5,469	4,412
Tax	231	448	536	545	603	99	61	158	1,760	921
Rate (%)	28.3	29.2	32.5	37.1	32.8	6.8	12.8	25.2	32.2	20.9
MI & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	585	1,084	1,114	926	1,232	1,371	418	469	3,709	3,491
Adj PAT	585	1,084	1,114	926	1,232	1,371	905	469	3,709	3,978
YoY Change (%)	-28.7	114.4	106.1	69.9	110.6	26.5	-18.8	-49.3	53.8	7.2
Margins (%)	5.2	7.8	8.6	6.6	9.4	10.4	8.0	4.4	7.1	8.2

UPL**Neutral****CMP INR350 | TP: INR366 (+4%)****EPS CHANGE (%): FY21|22: +0 |+4**

- LatAm to drive revenue growth
- Look out for debt reduction and capex plan
- Expect EBITDA margin to expand 140bp YoY
- Playing out of synergies post the Arysta acquisition

Quarterly performance (Consolidated; Incl-Arysta)**(INRm)**

Y/E March	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	41,340	42,570	49,210	85,250	79,060	78,170	88,920	1,01,119	2,18,370	1,01,119
YoY Change (%)	11.0	12.9	17.3	49.8	91.2	83.6	80.7	18.6	25.7	18.6
Total Expenditure	32,870	34,180	39,050	66,730	62,480	62,780	68,220	77,698	1,72,830	77,711
EBITDA	8,470	8,390	10,160	18,520	16,580	15,390	20,700	23,421	45,540	23,408
Margins (%)	20.5	19.7	20.6	21.7	21.0	19.7	23.3	23.2	20.9	23.1
Depreciation	1,750	1,810	1,820	4,310	5,770	4,760	4,950	5,300	9,690	5,300
Interest	1,750	1,810	2,020	4,050	3,980	3,810	5,150	5,100	9,630	5,100
Other Income	1,230	320	370	480	390	240	200	298	2,400	300
Exch. difference on trade rec./payable	500	520	780	1,190	60	920	-320	0	2,990	0
PBT before EO expense	5,700	4,570	5,910	9,450	7,160	6,140	11,120	13,319	25,630	13,308
Extra-Ord expense	40	570	910	7,410	4,840	3,050	750	700	8,930	700
PBT	5,660	4,000	5,000	2,040	2,320	3,090	10,370	12,619	16,700	12,608
Tax	520	1,160	280	-310	120	990	1,990	2,171	1,650	2,169
Rate (%)	9.2	29.0	5.6	-15.2	5.2	32.0	19.2	17.2	9.9	17.2
MI & P/L of Asso. Cos.	40	140	110	290	420	440	1,370	1,342	580	1,342
Reported PAT	5,100	2,700	4,610	2,060	1,780	1,660	7,010	9,106	14,470	9,097
Adj PAT	5,580	3,438	6,113	9,078	7,790	4,408	8,233	9,631	24,208	9,622
YoY Change (%)	12.4	6.0	-3.0	18.9	39.6	28.2	34.7	6.1	9.3	6.0
Margins (%)	13.5	8.1	12.4	10.6	9.9	5.6	9.3	9.5	11.1	9.5

Motilal Oswal India Strategy Gallery

MOTILAL OSWAL India Strategy January 2020

Bull market, really?

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MOTILAL OSWAL India Strategy October 2019

Corporate Earnings Revival

Divergent Market Performance

The Wait Gets Longer!

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MOTILAL OSWAL India Strategy July 2019

Nifty Sectorwise 1QFY20 growth	2019
Auto	11.1%
IT	10.1%
Bank	10.0%
Pharma	9.9%
FMCG	9.8%
Energy	9.7%
Metals	9.6%
Telecom	9.5%
Others	9.4%
Nifty 50	9.3%

Last Man Standing!

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MOTILAL OSWAL India Strategy April 2019

1QFY20 ↑

2QFY20 Beyond ↓

₹ V/S \$

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New Year, New Forces

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Correction everywhere

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MOTILAL OSWAL India Strategy June 2018

'Recovery' ball starts rolling

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FTIS earnings growth 25%

Political flux

Monsoon boost

Trade war / oil price shocks

Improving macros

Rebound of corporate lenders

Industrial capex revival

FTIS earnings growth 11%

More ladders than snakes

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Rural consumption revival

Favorable commodity cycle

GDP growth bottoming

End of a long drought

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Macro Pick-up

Demand uptick

Demonetisation

GST

RERA

IBC

Turbulence behind, clear skies ahead

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MOTILAL OSWAL India Strategy July 2017

Democratization

Inflation controlled

Asset quality review

Still in the works

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Flows

NPAs

Demon impact

Dry private capex

Markets at record high

GST Currency Monsoon

3 years of flat earnings

The Great Divide

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CIN No.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000. Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: IN2000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH00000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579; PMS: INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.: 022-71881085.* MOFSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Ben