



## Earnings drought ending, finally!

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

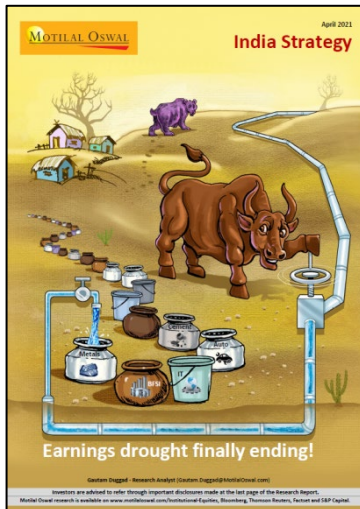
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BSE Sensex: 50,030

Nifty 50: 14,867

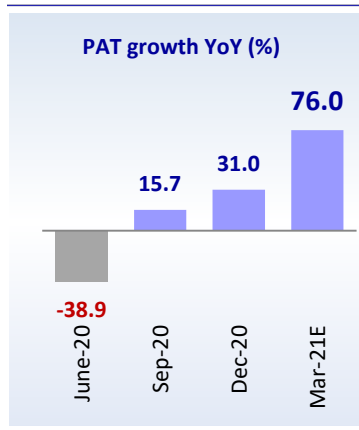


## Earnings drought ending, finally!

### Cyclicals to drive 4QFY21 earnings; rising COVID-19 cases a headwind

- FY21 has been a stellar year for the markets as all the mainstream indices have delivered solid returns on the back of sharper-than-expected economic and corporate earnings recovery. The Nifty is expected to end FY21 with healthy 13% earnings growth, the highest since FY11, despite the challenges posed by the COVID-19 pandemic. a) Broad market share shifts toward organized corporates across sectors and b) prudent cost optimization measures catalyzed this 13% earnings growth in a year when nominal GDP is expected to decline 4% YoY. 4QFY21 is likely to be another strong quarter as high-frequency data points indicate decent economic recovery. However, toward the end of 4QFY21, a spike in COVID-19 cases in the second wave has started somewhat muddying the outlook. The daily cases in the second wave have already exceeded the peak of the first wave and forced state governments to introduce various restrictions and localized lockdowns. The interplay of resurgence in COVID-19 cases and the pace of vaccination would decide the trajectory of economic recovery going ahead, in our view.
- After two consecutive quarters of solid earnings beats and upgrades, we expect another strong quarter, aided by a deflated base of 4QFY20 and healthy demand recovery for the large part of 4QFY21 – as attested by high-frequency indicators. Performance is expected to be healthy despite headwinds of commodity cost inflation in various sectors. The key drivers of the 4QFY21 performance include: a) Metals – on the back of a strong pricing environment and higher volumes; b) Private Banks and NBFCs – on moderation in slippages and improved disbursements / collection efficiency; c) a continued strong performance from IT – as deal wins translate into higher revenues; d) Autos – as operating leverage benefits offset commodity cost pressures; and e) Consumer Staples and Durables – on strong demand recovery despite commodity price inflation. MOFSL and the Nifty are expected to post a healthy two-year profit CAGR of 16% and 14%, respectively, over 4QFY19–4QFY21.
- 65%/76% YoY profit growth expected for Nifty/MOFSL Universe in 4QFY21:** We expect PBT/PAT to grow 98%/76% YoY for the MOFSL Universe in 4QFY21, aided by continued economic recovery and low base. 14 of the 20 sectors are expected to post >20% YoY earnings growth. Metals, Private Banks, and Automobiles are expected to drive ~60% of the incremental 4QFY21 PAT growth. Consumer Durables, Cement, Healthcare, Consumer Staples, and Technology are likely to post earnings growth of 62%, 59%, 43%, 19%, and 16% YoY, respectively. Nifty sales/EBITDA/PBT/PAT should grow 18%/26%/77%/65% YoY in 4QFY21E. Over 4QFY19–4QFY21, it should post a CAGR of 6%/10%/12%/14%. The MOFSL Universe, ex-OMCs and financials, is expected to post a 300bp YoY expansion in operating margins.
- Minor tweaks to FY21E/FY22E Nifty EPS:** FY21E/FY22E Nifty EPS estimates have seen minor tweaks. Nifty FY21 EPS has seen a marginal 1% cut to INR533 (prior: INR541), while Nifty FY22/FY23 EPS is stable at INR726/INR861 (prior:

### MOFSL Universe expected to deliver strong earnings growth





OW on IT, BFSI, Metals & Cement.  
 UW on Energy, Utilities.  
 Neutral on Consumer, Auto & Healthcare. Increased allocations again in cyclicals – SBI, L&T. Re-introduced Britannia. Added SBI Cards, Chola, Gland Pharma, LTTS, Whirlpool & Federal Bank

INR719/INR857). Overall, despite the unprecedented challenges of FY21, the Nifty should end the year with healthy 13% EPS growth. While the expectation for FY22 remains buoyant, resurgence in COVID-19 cases may pose a risk to estimates.

- **Key model portfolio changes:** Our model portfolio changes reflect our growing conviction in cyclical recovery and acceleration in earnings growth going ahead. We maintain our OW stance on **IT, Metals, and Cement**. **BFSI** is now marginally OW from Neutral. We **have added weight to Capital Goods** and made it **OW**. We have reduced our allocations in **Telecom** and **Healthcare** from **OW** to **Neutral**. We **have maintained our Neutral** stance in **Consumer** and **Autos**, while staying UW on **Energy** and **Utilities**. In BFSI, we have added **Chola** and **SBI Card** in the Diversified Financial space. We have further increased the weight in **SBI given the attractive valuations and improving operating performance**. In Consumer, we have re-introduced **Britannia** after the rating upgrade by our Consumer team. In Healthcare, we have introduced **Gland Pharma, while maintaining our allocation in Divi's Labs**. In Capital Goods, we have added weight in **L&T** to partake in the cyclical and capex recovery at reasonable valuations. In the Mid-caps space, we have introduced **Federal Bank, Whirlpool, Gujarat Gas, and LTTS**.

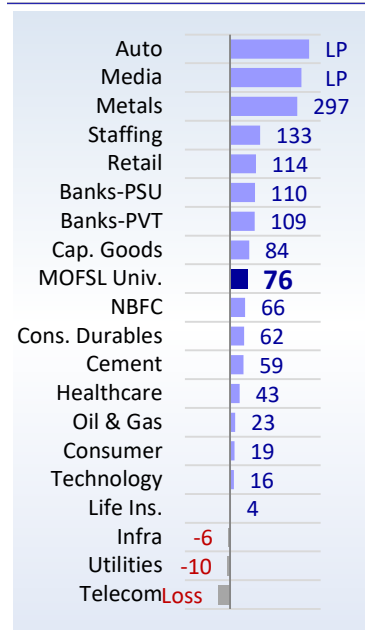
**Top picks**

- **Large-caps:** ICICI Bank, SBI, Infosys, HCL Technologies, UltraTech, M&M, HUVR, Titan, Divi's Labs, Hindalco, SBI Cards
- **Mid-caps:** SAIL, IEX, L&T Technology, Chola Finance, Gland Pharma, Emami, Gujarat Gas, Orient Electric, Varun Beverages, Federal Bank

**Key sectoral trends/highlights**

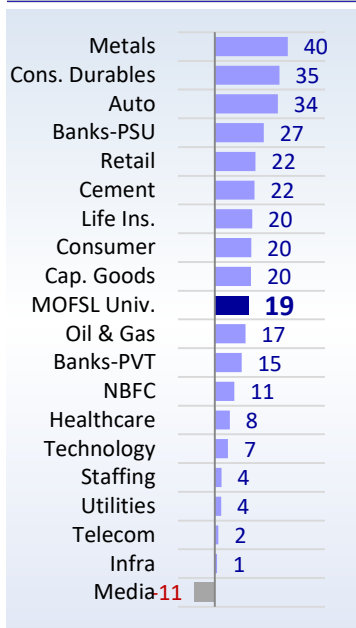
- The **Metals** Universe should post a ~4x YoY jump in PAT, aided by a demand surge for metals globally and a strong uptrend in realizations. The Metals Universe would post the highest absolute profits in 4QFY21. Profit for our Metals Universe would exceed that for our IT Universe for the first time since the Jun'12 quarter.
- The **Technology** Universe is likely to deliver revenue (USD) / adjusted EBIT / PAT growth of 8%/19.7%/16.2% YoY in 4QFY21. Growth in 4QFY21 continues to be driven by a supportive demand environment and large deal wins. In Tier I IT, we expect strong sequential growth trends across companies. We expect Tier I IT to grow at 3.6% QoQ in USD terms, aided by cross-currency tailwinds. In Tier II IT, we expect COFORGE and LTTS to lead the growth trends in the Midcap IT space.
- **Private Banks** Universe should report 18%/110%/109% YoY growth in PPOP/PBT/PAT. The two-year profit CAGR over 4QFY19–4QFY21 should stand at 30%. The improved earnings outlook is led by a continued uptick in economic recovery and abating concerns around asset quality.
- The **NBFCs** under our coverage are likely to post PBT/PAT growth of 60%/66% YoY. Across product segments, MoM improvement is expected in collection efficiency (CE). Companies are also witnessing movement to the lower DPD segment from the higher DPD segment, leading to a lower provisioning requirement. Capital market players have continued to witness strong traction, led by an uptick in transactions in 4QFY21.

**Sectoral PAT growth-quarter ended Mar-21 (% , YoY)**



Fourteen sectors within our Coverage Universe are expected to post more than 20% YoY profit growth

**Sectoral sales growth-quarter ended Mar-21 (% YoY)**



- **PSU Banks** would deliver NII/PPOP growth of 27%/15% YoY and PAT growth of ~110% YoY (on a low base). Within PSBs, we expect SBIN to report a healthy performance, supported by the resolution of stressed assets.
- The **Consumer** Universe is likely to report sales/EBITDA/PAT growth of 20%/27%/19% YoY (10% profit CAGR over 4QFY19–4QFY21). Ex-ITC, the Consumer Universe is expected to post 45%/41% PBT/PAT growth. Performance is expected to be led by strong buoyancy in the rural areas, good winter season demand, and continued momentum in healthcare products.
- 4QFY21 PBT for our **Auto** universe is expected to grow to INR147b, from INR6b in 4QFY20; PAT, on the other hand, is expected to come in at INR114b v/s loss of INR19b in 4QFY20. Tata Motors is expected to drive 80% incremental PAT for the sector. On a two-year CAGR basis (v/s 4QFY19), wholesale volumes grew strongly for Tractors (+20.3% CAGR, -10% QoQ), while PVs (+2.4% CAGR, +9.3% QoQ) and 2Ws (+0.3% CAGR, -7% QoQ) recovered to 4QFY19 levels.
- The **Healthcare** Universe is expected to continue its strong earnings momentum; it would grow 43% YoY, resulting in the 5<sup>th</sup> consecutive quarter of strong double-digit earnings growth YoY. 16 of the 20 companies in our Coverage Universe are expected to post YoY profit growth.
- The **Cement** Universe should report 34%/67%/59% YoY growth in EBITDA/PBT/PAT. EBITDA margins are likely to increase to 22.6% YoY from 20.2% YoY. On a two-year basis, the profit CAGR is expected to be 19%.
- The **Oil and Gas** Universe should report 23% YoY growth in PAT, led by gains from heavyweights such as ONGC and HPCL – which would post PAT growth of 207% and 78% YoY, respectively. Reliance Industries would post PAT growth of 18% YoY.
- The **Consumer Durables** Universe should report 62% YoY PAT growth. Revenue is likely to rise 35% YoY as demand recovery has been faster than expected. On a two-year basis, the profit CAGR is expected to be 17%.
- The **Telecom** Universe should report loss for the 15<sup>th</sup> straight quarter, largely due to Vodafone Idea. Sectoral EBITDA margins are likely to expand 590bps YoY to 45.5%.
- The **Capital Goods** Universe should report PAT growth of 84% YoY, largely on account of BHEL’s performance. Ex-BHEL, the Capital Goods Universe should post a tepid 7% profit growth in 4QFY21. Sectoral revenue is likely to grow 20% YoY. ABB/Siemens would post PAT growth of 442%/91% YoY on a low base. L&T is likely to post 2% growth in YoY profits. BHEL is expected to post profit of INR8.2b v/s loss of 15.3b in 4QFY20.
- The **Utilities** Universe should see 26%/10% YoY decline in PBT/PAT, largely dragged by Coal India.

## 4QFY21 PREVIEW

## Cyclicals to drive earnings growth in 4QFY21E

Expect Metals, Cement, Healthcare, and Consumer Durables to post over 20% YoY PAT growth

Revenue for MOFSL Universe to grow 19% YoY; PAT should grow 76% YoY

Sales for Nifty constituents should grow 18% YoY and PAT 65% YoY

Among Nifty constituents, 10 have seen FY22E earnings upgrades of more than 3%, while five have seen downgrades of over 3%

## Metals, Private Banks, and Autos stand out; FY21 ends with a bang!

- Corporate earnings numbers are likely to be strong in 4QFY21, aided by an uptick in global and domestic macroeconomic activity. The fiscal FY21 is expected to end with healthy 13% EPS growth for the Nifty, the highest in the last six years – commendable for a year ravaged by the pandemic. In 4QFY21, high-frequency data points such as GST collections, electricity consumption, auto sales, UPI transactions, railway freight, etc., point to an increase in economic activity.
- However, the recent uptick in COVID cases is unlikely to impact 4QFY21 estimates – even as it presents risks for FY22 earnings delivery. A prolonged pandemic spread and an increase in restrictions may curb economic activity in FY22, which may further defer revival in FY22.
- We expect PBT/PAT for the MOFSL Universe to grow 98%/76% YoY in 4QFY21. Earnings growth in 4QFY21E is expected to be driven by Metals, Autos, and Private Banks. These three sectors are likely to account for 62% of the incremental PAT in 4QFY21. Given the unprecedented base, we believe looking at numbers on a two-year CAGR basis makes more sense. MOFSL would post sales/EBITDA/PBT/PAT CAGR of 6%/13%/14%/16%.
- Fourteen sectors within our Coverage Universe are expected to post more than 20% YoY profit growth. Major sectors such as Metals / Private Banks / NBFCs / Consumer Durables / Cement/ Healthcare /O&G would post PAT growth of 297%/109%/66%/62%/59%/43%/25% YoY. Autos is expected to post profit of INR114b (v/s loss of INR19b in 4QFY20). Consumer Staples and Technology are expected to post profit growth 19% and 16% YoY, respectively. Ex-ITC, the Consumer Universe PAT is expected to increase 41% YoY.
- Utilities is expected to post decline of 10% YoY. The Telecom sector is expected to post loss of INR27b.
- We expect revenue for the MOFSL Universe to grow 19% YoY. On a sequential basis, revenue growth should be 15%.
- EBITDA for the MOFSL Universe is estimated to grow 34% YoY. Operating margins, ex-financials and OMCs, should expand 300bp YoY to 22.1%, from 19.1% in 4QFY20.
- Sales for Nifty constituents are estimated to grow 18% YoY; EBITDA/PBT/PAT should grow 26%/77%/65% YoY in 4QFY21E. Even on a two-year CAGR basis (v/s 4QFY19) Nifty sales/EBITDA/PBT/PAT would grow 6%/10%/12%/14%.
- **Minor tweaks in Nifty EPS for FY21E/FY22E:** FY21E/FY22E Nifty EPS estimates have witnessed minor tweaks. Nifty FY21 EPS saw a marginal 1% cut to INR533 (prior: INR541), while Nifty FY22/FY23 EPS is stable at INR726/INR861 (prior: INR719/INR857). Among the Nifty constituents, nine companies have seen upgrades of over 3%, while five have seen downgrades of more than 3%.
- Companies that have seen upgrades to their FY22E earnings estimates are: JSW Steel (42%), Tata Steel (20%), ONGC (17%), Tata Motors (16%), Hindalco (9%), SBI (8%), Axis Bank (7%), HDFC Life (6%) and Shree Cement (5%).
- Companies that have seen downgrades to their FY22E EPS estimates are: SBI Life (-30%), M&M (-7%), IndusInd Bank (-4%), Hero Moto (-4%), and Bajaj Auto (-3%).

## Exhibit 1: 14 of 20 sectors to post &gt;20% YoY profit growth

Sector	Sales (INR b)		Gr. (%)		EBIDTA (INR b)		Gr. (%)		PBT (INR b)		Gr. (%)		PAT (INR b)		Gr. (%)		Delta		EBIDTA Margin (%)	
	Mar21	YoY	CAGR 2Yrs	Mar21	YoY	CAGR 2Yrs	Mar21	YoY	CAGR 2Yrs	Mar21	YoY	CAGR 2Yrs	Mar21	YoY	CAGR 2Yrs	INRb	Sh. (%)	Chg bp YoY		
<b>High PAT gr. sectors</b>	<b>12,751</b>	<b>22</b>	<b>6</b>	<b>2,628</b>	<b>46</b>	<b>12</b>	<b>1,763</b>	<b>167</b>	<b>17</b>	<b>1,296</b>	<b>114</b>	<b>19</b>	<b>690</b>	<b>92</b>	<b>346</b>					
Automobiles (17)	1,888	34	1	233	109	7	147	2,235	5	114	LP	7	133	18	439					
Media (3)	30	-11	-11	10	288	-13	9	LP	-6	6	LP	-3	8	1	2642					
Metals (9)	1,897	40	8	563	137	34	422	300	52	304	297	60	227	30	1218					
Staffing (3)	68	4	12	3	0	11	2	-2	7	2	133	2	1	0	-17					
Retail (8)	193	22	14	21	33	31	12	112	11	9	114	16	5	1	89					
Banks-PSU (2)	375	27	16	272	15	14	113	248	LP	86	110	LP	45	6	-708					
Banks-Private (12)	505	15	18	434	18	20	263	110	23	201	109	30	104	14	250					
Capital Goods (9)	792	20	6	94	36	2	83	42	-2	59	84	4	27	4	140					
NBFC (17)	213	11	11	174	14	14	129	60	6	100	66	9	40	5	267					
Consumer Durables (6)	116	35	10	13	65	17	13	72	16	9	62	17	4	0	208					
Cement (11)	412	22	4	92	34	13	68	67	21	49	59	19	18	2	210					
Others (17)	340	0	4	61	28	-3	27	69	-15	17	51	-25	6	1	400					
Healthcare (20)	532	8	9	125	29	20	99	43	25	77	43	27	23	3	373					
Oil & Gas (15)	5,392	17	5	532	39	-5	377	228	-6	263	23	-7	49	6	160					
<b>Med/Low gr. sectors</b>	<b>2,333</b>	<b>13</b>	<b>8</b>	<b>502</b>	<b>22</b>	<b>13</b>	<b>461</b>	<b>22</b>	<b>9</b>	<b>352</b>	<b>16</b>	<b>9</b>	<b>49</b>	<b>7</b>	<b>161</b>					
Consumer (18)	581	20	7	144	27	9	137	28	7	102	19	10	16	2	146					
Technology (13)	1,287	7	8	335	19	14	312	20	10	237	16	9	33	4	255					
Life Insurance (4)	466	20	12	23	33	42	11	14	0	13	4	10	0	0	45					
<b>PAT de-gr. sectors</b>	<b>1,359</b>	<b>3</b>	<b>6</b>	<b>517</b>	<b>1</b>	<b>14</b>	<b>114</b>	<b>-21</b>	<b>-1</b>	<b>85</b>	<b>12</b>	<b>2</b>	<b>9</b>	<b>1</b>	<b>-56</b>					
Infrastructure (3)	36	1	-5	10	0	-3	4	-13	-17	3	-6	-13	0	0	-36					
Utilities (9)	853	4	6	292	-8	2	134	-26	-11	110	-10	-6	-12	-2	-414					
Telecom (4)	471	2	8	214	17	42	-25	Loss	-35	-27	Loss	-23	21	3	592					
<b>MOFSL Universe (200)</b>	<b>16,443</b>	<b>19</b>	<b>6</b>	<b>3,647</b>	<b>34</b>	<b>13</b>	<b>2,337</b>	<b>98</b>	<b>14</b>	<b>1,733</b>	<b>76</b>	<b>16</b>	<b>749</b>	<b>100</b>	<b>258</b>					
<b>Nifty (50)</b>	<b>11,359</b>	<b>18</b>	<b>6</b>	<b>2,671</b>	<b>26</b>	<b>10</b>	<b>1,698</b>	<b>77</b>	<b>12</b>	<b>1,269</b>	<b>65</b>	<b>14</b>	<b>501</b>		<b>154</b>					
<b>Sensex (30)</b>	<b>5,964</b>	<b>13</b>	<b>7</b>	<b>1,960</b>	<b>12</b>	<b>11</b>	<b>1,199</b>	<b>40</b>	<b>16</b>	<b>902</b>	<b>43</b>	<b>17</b>	<b>272</b>		<b>-19</b>					

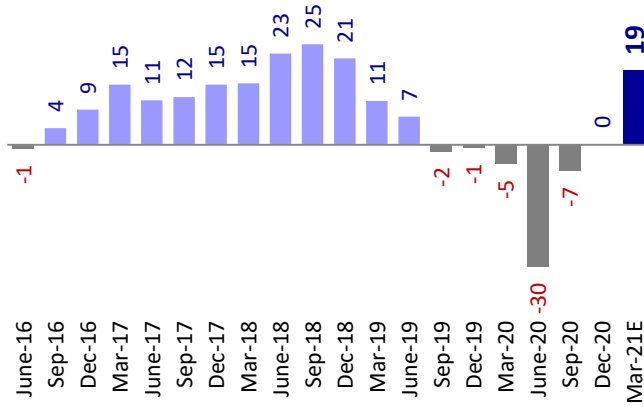
## Exhibit 2: MOFSL Universe – Expect two-year PBT/PAT CAGR at 14%/16%

Sector	PBT (INR b)				Gr. (%)			PAT (INR b)				Gr. (%)		
	Mar-19	Mar-20	Dec-20	Mar-21	YoY	CAGR 2Yr	QoQ	Mar-19	Mar-20	Dec-20	Mar-21	YoY	CAGR 2Yr	QoQ
Automobiles (17)	134	6	170	147	2,234.5	4.7	-13.5	101	-19	127	114	LP	6.7	-9.7
Capital Goods (9)	86	58	50	82	41.4	-2.2	64.5	55	32	32	59	83.5	3.7	84
Cement (11)	47	41	63	67	64.9	19.9	6.9	35	34	44	48	42.4	17.9	9
Consumer (18)	120	108	145	138	27.9	7.3	-5.2	84	85	110	101	18.4	9.5	-7.8
Consumer Dur. (6)	10	7	11	13	71.9	16	18.8	7	6	8	9	61.6	16.6	15.7
Financials (35)	289	248	461	516	107.9	33.7	11.9	212	210	348	401	91.2	37.4	15.1
Banks-Pvt. (12)	174	125	257	265	111.6	23.3	3.1	119	96	192	202	110	30.1	5.4
Banks-PSU (2)	-11	32	86	113	247.6	LP	30.8	-2	41	63	86	110.1	LP	37.2
Life Ins. (4)	11	10	8	11	14	0.4	34.8	11	13	10	13	3.8	9.6	27.1
NBFC (17)	115	81	110	128	57.6	5.4	16	84	60	84	100	66.6	9.3	19.1
Healthcare (20)	63	69	108	99	42.7	24.8	-8.6	47	54	83	77	42.7	27.3	-7.8
Infrastructure (3)	6	5	4	4	-12.6	-17.1	20.6	4	3	2	3	-5.9	-13	32.7
Media (3)	10	-4	10	9	LP	-6.1	-12.3	6	-3	8	6	LP	-2.9	-24.9
Metals (9)	182	105	305	416	294.8	51.2	36.4	119	77	210	300	292.3	58.8	43.1
Oil & Gas (15)	424	115	380	377	227.9	-5.7	-0.9	306	215	297	263	22.6	-7.2	-11.4
Oil Ex OMCs (12)	245	162	225	265	63.4	4	17.8	184	150	194	181	21	-0.8	-6.6
Retail (8)	10	6	17	12	112.4	11.5	-31.3	7	4	13	9	113.7	16.3	-27.5
Staffing (3)	2	2	2	2	3.3	10	-3.9	2	1	2	2	144.8	4.9	14
Technology (13)	260	260	314	312	20.1	9.6	-0.4	201	205	234	237	16	8.7	1.3
Telecom (4)	-59	-42	-36	-25	Loss	-34.7	Loss	-47	-49	-48	-27	Loss	-23.4	Loss
Utilities (9)	169	181	152	134	-26	-10.8	-11.9	125	122	112	110	-9.8	-6.2	-1.7
Others (17)	37	16	24	28	73.1	-13.8	13.8	31	11	19	18	55.5	-24.1	-5
<b>MOFSL Universe (200)</b>	<b>1,789</b>	<b>1,183</b>	<b>2,181</b>	<b>2,332</b>	<b>97.2</b>	<b>14.2</b>	<b>6.9</b>	<b>1,295</b>	<b>988</b>	<b>1,600</b>	<b>1,731</b>	<b>75.2</b>	<b>15.6</b>	<b>8.2</b>
<b>Nifty (50)</b>	<b>1,343</b>	<b>960</b>	<b>1,631</b>	<b>1,687</b>	<b>75.7</b>	<b>12.1</b>	<b>3.4</b>	<b>978</b>	<b>772</b>	<b>1,197</b>	<b>1,264</b>	<b>63.8</b>	<b>13.7</b>	<b>5.6</b>
<b>Sensex (30)</b>	<b>897</b>	<b>854</b>	<b>1,160</b>	<b>1,199</b>	<b>40.4</b>	<b>15.6</b>	<b>3.4</b>	<b>661</b>	<b>633</b>	<b>868</b>	<b>903</b>	<b>42.6</b>	<b>16.9</b>	<b>4.1</b>

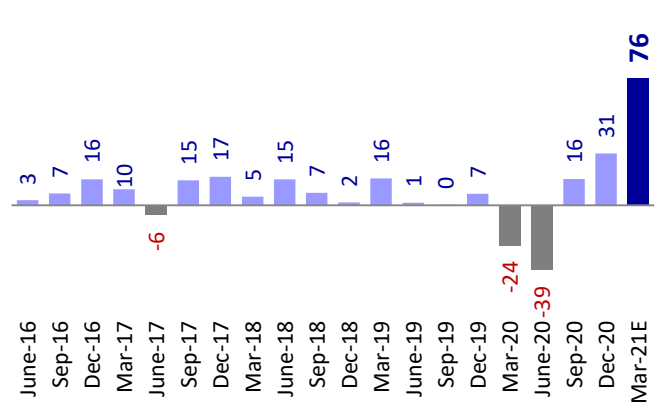
Source: MOFSL

**MOFSL Universe – Sales/PAT to grow 19%/76% YoY**

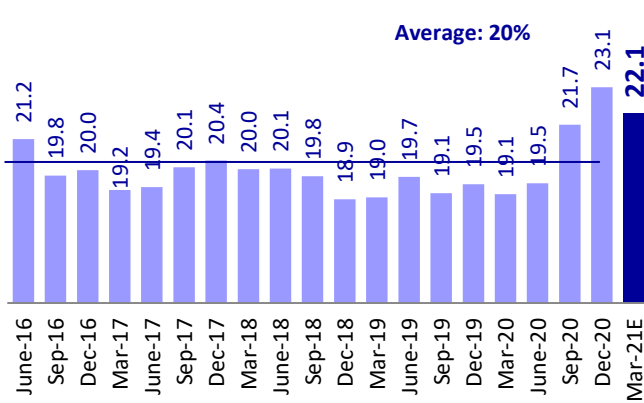
**Exhibit 3: Sales to post 19% growth on low base**



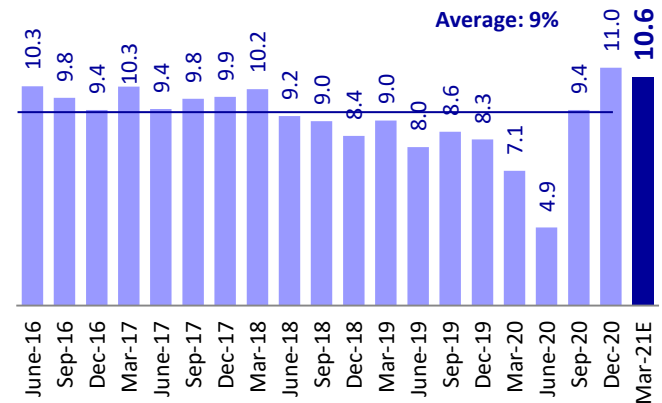
**Exhibit 4: PAT to grow at 76% YoY in 4QFY21**



**Exhibit 5: EBITDA margin to expand 300bp YoY to 22.1%**



**Exhibit 6: PAT margin to expand 350bp YoY to 10.6%**



Source: MOFSL, ex financials and ex OMC

Source: MOFSL, ex financials and ex OMC

**Exhibit 7: Key assumptions**

Macro	1QFY21	2QFY21	3QFY21	4QFY21E	FY20	FY21E	FY22E	FY23E
GDP Growth (%)	-24.4	-7.3	0.4	-0.1	4.0	-8.0	11.1	4.0
IIP Growth (%)	-35.5	-5.7	1.3	5.5	-0.8	-8.7	11.0	2.0
Inflation CPI-RU (%)	6.6	7.0	6.4	4.8	4.8	6.2	4.7	5.4
Currency: USD/INR	75.9	74.4	73.8	72.9	70.9	74.2	73.4	74.6
Repo Rate (%)	4.00	4.00	4.00	4.00	4.4	4.0	4.0	4.5
Interest Rate (%): 1Year CP Rate (Avg)	5.75	4.17	4.05	4.30	7.28	4.57	4.65	4.92
10Year G Sec (Avg)	5.98	5.93	5.89	6.07	6.69	5.97	6.33	6.45
Sectoral	1QFY21	2QFY21	3QFY21	4QFY21E	FY20	FY21E	FY22E	FY23E
Auto: CV Volume growth (%)	-89.8	-30.3	-0.9	62.6	-35.0	-21.5	42.1	22.5
Car Volume growth (%)	-81.0	16.2	13.4	28.2	-16.1	-6.7	29.9	7.3
Banking: Loan Growth (%)	6.1	5.1	6.6	6.8	6.1	6.8	10.8	13.1
Cement: Volume growth (%)	-32.0	5.0	9.0	18.0	-3.0	0.0	13.0	7.0
Capital Goods: L&T order Intake (INRb)	236	280	732	640	1,864	1,888	1,883	2,100
Capital Goods: L&T order Intake (% YoY)	-39.0	-42.0	76.0	10.8	9.1	1.3	-0.3	11.6
Metal: Steel (USD/Tonne)	485	520	630	750	537	596	640	610
Aluminium (USD/Tonne)	1,493	1,700	1,920	2,080	1,750	1,800	2,000	2,000
Zinc (USD/Tonne)	1,968	2,350	2,633	2,740	2,407	2,425	2,650	2,550
Oil: Brent (US\$/bbl)	31.4	42.7	44.6	61.5	60.9	45.1	55.0	55.0
Singapore GRM (USD/bbl)	-0.9	0.1	1.2	2.0	3.2	0.6	5.0	6.0
Technology: \$Revenue growth (%)	-6.1	6.1	4.9	3.7	6.9	1.7	15.8	12.5



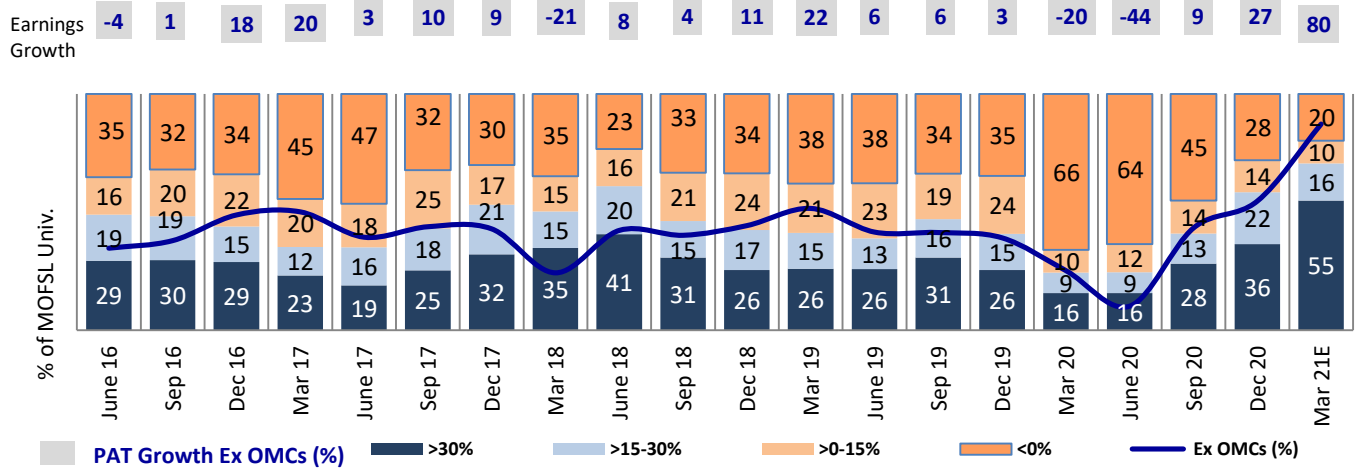
**Exhibit 8: Sectoral quarterly PAT trend (INR b) – MOSL Universe expected to report highest ever quarterly PAT in 4QFY21**

Sector	FY18				FY19				FY20				FY21			
	June-17	Sep-17	Dec-17	Mar-18	June-18	Sep-18	Dec-18	Mar-19	June-19	Sep-19	Dec-19	Mar-20	June-20	Sep-20	Dec-20	Mar-21E
Automobiles	72	111	84	119	64	84	62	101	30	74	85	-19	-95	66	127	114
Banks-Private	98	94	98	66	84	99	125	119	137	121	183	96	139	183	192	201
Banks-PSU	22	19	-23	-108	-43	14	44	-2	30	37	42	41	33	63	63	86
Life Insurance	11	10	10	13	11	8	8	11	11	8	11	13	13	10	10	13
NBFC	45	55	57	61	69	70	72	84	73	97	89	60	73	87	84	100
Capital Goods	17	29	27	50	21	33	34	55	21	36	34	32	-6	18	32	59
Cement	28	20	20	28	28	23	20	35	38	25	23	31	23	40	44	49
Consumer	67	72	74	77	80	82	82	84	90	105	102	85	70	102	110	102
Consumer Durables	6	4	4	7	8	5	4	7	8	6	5	6	2	7	8	9
Healthcare	32	51	49	45	44	52	53	47	56	62	56	54	70	82	83	77
Infrastructure	3	2	4	4	4	3	4	4	3	3	3	3	1	1	2	3
Media	6	6	7	4	8	8	9	6	9	10	8	-3	3	4	8	6
Metals	67	77	111	140	121	120	117	119	65	37	38	77	-27	90	210	304
Oil & Gas	202	248	307	287	302	275	242	306	246	250	238	215	162	284	297	263
Retail	5	6	7	6	7	6	10	7	9	8	12	4	-11	1	13	9
Staffing	1	2	1	1	1	1	1	2	2	2	2	1	1	2	2	2
Technology	154	164	167	173	177	190	195	201	187	198	207	205	189	215	234	237
Telecom	3	0	-3	-2	-12	-48	-66	-47	-47	-63	-55	-49	-46	-56	-48	-27
Utilities	87	75	92	122	106	108	101	125	116	123	107	122	99	127	112	110
Others	25	22	29	22	19	15	22	31	31	13	30	11	-12	11	19	17
<b>MOFSL Universe</b>	<b>952</b>	<b>1,068</b>	<b>1,123</b>	<b>1,116</b>	<b>1,099</b>	<b>1,148</b>	<b>1,143</b>	<b>1,295</b>	<b>1,115</b>	<b>1,153</b>	<b>1,221</b>	<b>985</b>	<b>681</b>	<b>1,334</b>	<b>1,600</b>	<b>1,733</b>

**Exhibit 9: Sectoral quarterly PAT growth trend (% YoY)**

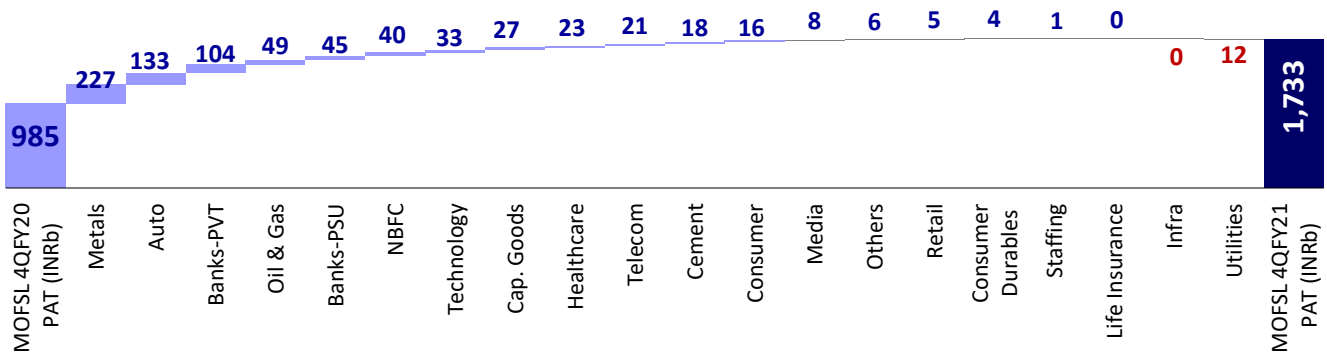
Sector	FY18				FY19				FY20				FY21			
	June-17	Sep-17	Dec-17	Mar-18	June-18	Sep-18	Dec-18	Mar-19	June-19	Sep-19	Dec-19	Mar-20	June-20	Sep-20	Dec-20	Mar-21E
Automobiles	-13.5	25.4	45.5	8.2	-10.8	-24.5	-26.1	-15.6	-53.3	-11.9	37.1	PL	PL	-11.2	48.5	LP
Banks-Private	9.6	5.9	9.0	-32.7	-14.9	6.0	27.2	80.8	63.8	22.3	46.0	-19.4	1.7	50.2	4.8	108.6
Banks-PSU	176.9	LP	PL	Loss	PL	-29.3	LP	Loss	LP	173.6	-5.6	LP	10.0	66.8	49.8	110.1
Life Insurance	13.8	-2.7	2.7	15.4	0.4	-17.4	-22.7	-16.3	0.3	-1.4	35.9	15.7	13.1	15.6	-6.7	3.8
NBFC	16.5	19.9	27.6	28.1	52.1	27.0	28.1	37.1	5.2	39.2	23.3	-28.2	0.5	-10.8	-6.0	66.2
Capital Goods	35.2	31.3	24.1	-2.5	25.4	14.8	27.1	10.6	-1.6	8.0	0.9	-41.4	PL	-50.2	-6.5	84.2
Cement	-2.6	-14.1	14.5	17.9	0.1	12.4	-0.7	21.5	34.7	8.4	11.6	-11.1	-39.8	61.3	94.3	59.3
Consumer	1.2	10.8	16.7	16.9	19.0	14.1	11.9	9.6	12.9	28.0	24.1	1.3	-22.6	-2.7	7.4	18.9
Consumer Durables	4.1	21.5	24.2	23.7	26.3	6.6	6.3	-2.6	3.9	22.5	12.2	-15.9	-75.9	17.9	58.4	61.6
Healthcare	-47.4	-19.8	-15.6	-8.8	36.7	2.4	9.7	5.7	25.6	19.3	5.4	13.6	25.5	31.5	48.0	42.7
Infrastructure	32.9	2.5	35.7	30.7	11.5	18.1	2.4	-4.0	-11.4	12.5	-21.7	-19.5	-75.3	-54.3	-20.4	-5.9
Media	20.7	15.6	35.2	-30.3	35.4	27.6	30.3	41.2	11.2	26.6	-10.2	PL	-68.5	-60.3	-5.5	LP
Metals	105.9	114.2	109.1	42.5	79.8	56.7	5.6	-14.9	-46.0	-69.1	-67.6	-35.7	PL	141.9	453.8	296.9
Oil & Gas	-26.4	22.4	34.9	19.7	49.6	11.0	-21.0	6.6	-18.6	-9.2	-1.6	-29.8	-34.1	13.6	24.5	22.6
Retail	37.4	LP	13.8	51.1	52.5	3.2	29.4	5.0	17.8	31.9	22.4	-36.7	PL	-92.8	8.0	113.7
Staffing	78.8	283.4	94.6	7.1	38.4	-36.0	18.5	29.6	31.3	23.8	19.6	-55.1	-43.1	6.6	-6.1	133.2
Technology	-0.3	3.3	1.1	10.7	14.9	15.8	16.6	15.9	5.8	4.0	6.3	1.9	1.3	9.1	13.3	16.0
Telecom	-90.2	PL	PL	PL	PL	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss
Utilities	1.1	2.2	12.3	44.4	22.2	43.5	10.1	2.6	8.9	14.8	5.5	-2.5	-14.6	3.0	4.3	-9.8
Others	19.3	39.4	40.9	-10.2	-24.8	-34.1	-23.5	41.6	69.1	-7.8	36.1	-63.0	PL	-19.5	-38.4	50.9
<b>MOFSL Universe</b>	<b>-6.0</b>	<b>14.9</b>	<b>17.0</b>	<b>5.1</b>	<b>15.5</b>	<b>7.5</b>	<b>1.8</b>	<b>16.0</b>	<b>1.4</b>	<b>0.5</b>	<b>6.8</b>	<b>-23.9</b>	<b>-38.9</b>	<b>15.7</b>	<b>31.0</b>	<b>76.0</b>

**Exhibit 10: 80% of companies in MOFSL Universe seen reporting PAT growth; 55% likely to post over 30% PAT growth**



Around 71% of companies would grow over 15% YoY and 55% of MOFSL Universe companies would report over 30% PAT growth. ~80% of MOFSL Universe companies would report growth in PAT.

**Exhibit 11: Metals, Autos, Private Banks to lead aggregate earnings growth; Utilities likely to trail**



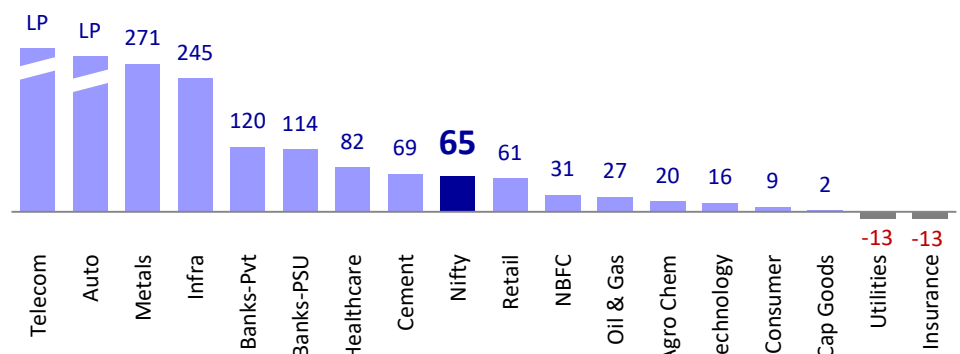
Source: MOFSL

**Nifty to post PBT/PAT growth of 77%/65% YoY**

- We expect Nifty EBITDA/PBT/PAT to grow 26%/77%/65% YoY. Earnings growth would be led by cyclicals such as Metals, BFSI, and Autos.
- Metals, Autos, and Private Banks are likely to contribute 62% to incremental PAT.
- Sales for Nifty constituents should grow 18% YoY – the highest in nine quarters.
- Among the Nifty companies, 43 should report YoY PAT growth.
- Even on a two-year CAGR basis (v/s 4QFY19) Nifty sales/EBITDA/PBT/PAT would grow 6%/10%/12%/14%.

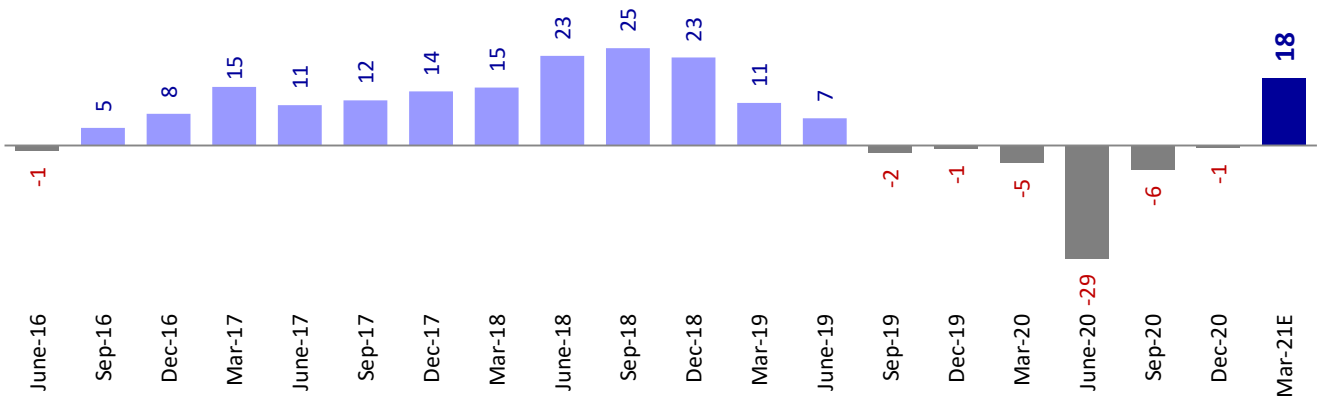
**Exhibit 12: Sector-wise breakup of Nifty 4QFY21 PAT change YoY (%)**

Telecom, Autos, Metals, Banks, Healthcare and Cement to lead earnings in 4QFY21.

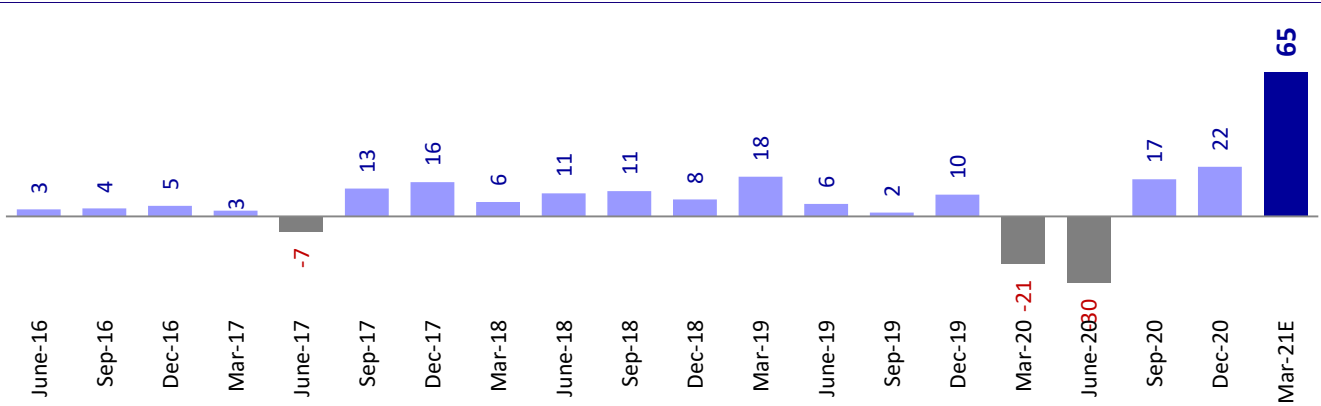


Source: MOFSL

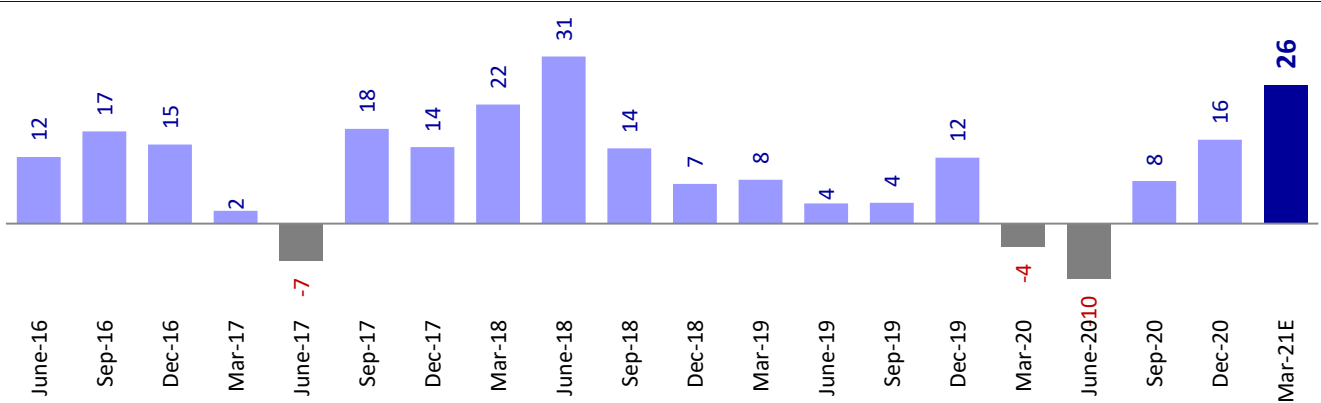
**Exhibit 13: Nifty revenues to post 18% YoY growth – highest in nine quarters**



**Exhibit 14: Expect Nifty PAT to grow 65% YoY in 4QFY21; 14% CAGR over 4QFY19–4QFY21E**



**Exhibit 15: Nifty EBITDA to grow 26% YoY**



**Exhibit 16: Nifty earnings snapshot in 4QFY21 (INR b)**

		Sales	Growth (%)	EBIDTA	Growth (%)	PBT	Growth (%)	PAT	Growth (%)
Sector	Sector	Mar-21	YoY	Mar-21	YoY	Mar-21	YoY	Mar-21	YoY
Bajaj Auto	Automobiles	82	19.9	15	16.3	17	-1.2	13	-0.9
Eicher Motors	Automobiles	29	31.7	6	48.9	6	36.3	6	83.2
Hero MotoCorp	Automobiles	84	34.8	10	57.0	10	53.4	8	24.6
Mahindra & Mahindra	Automobiles	129	43.4	18	45.4	13	48.3	10	214.7
Maruti Suzuki	Automobiles	239	31.1	23	48.9	22	36.9	18	35.8
Tata Motors	Automobiles	860	37.6	107	350.8	44	LP	36	LP
Axis Bank	Banks-Private	76	12.3	63	8.0	22	LP	16	LP
HDFC Bank	Banks-Private	174	14.3	156	20.0	117	27.3	87	25.4
ICICI Bank	Banks-Private	106	18.3	94	27.4	64	349.5	52	322.2
IndusInd Bank	Banks-Private	35	8.6	30	5.9	12	187.9	9	181.6
Kotak Mahindra Bank	Banks-Private	42	18.3	33	21.5	26	55.1	20	54.4
State Bank	Banks-PSU	296	29.9	216	16.9	103	107.7	77	114
HDFC Life Insur.	Life Insurance	121	15.9	5	262.9	4	41.4	4	13.5
SBI Life Insurance	Life Insurance	157	32.1	7	4.8	4	-24.8	4	-29.1
Bajaj Finance	NBFC	36	-4.7	30	-6.2	18	39.6	13	39.0
Bajaj Finserv	NBFC	124	-6.8	124	-6.7	12	57.4	3	57.3
HDFC	NBFC	39	9.8	38	7.7	34	21.8	28	25.7
Larsen & Toubro	Capital Goods	490	10.8	55	7.4	45	6.9	31	2.4
Grasim Industries	Cement	46	5.7	8	95.5	6	233.9	4	253.0
Shree Cement	Cement	38	16.6	12	8.9	9	41.5	8	33.3
Ultratech Cement	Cement	139	29.1	33	37.2	25	71.1	17	70.8
Asian Paints	Consumer	58	25.1	14	64.7	13	83.4	10	101.7
Britannia	Consumer	32	10.1	6	29.3	6	32.2	5	27.3
Hind. Unilever	Consumer	117	30.0	28	37.2	26	29.1	18	23.1
ITC	Consumer	119	9.9	44	5.1	47	3.9	34	-9.5
Nestle	Consumer	36	8.5	9	10.4	8	10.0	6	9.8
Tata Consumer	Consumer	29	18.7	3	10.2	3	12.7	2	3.1
Cipla	Healthcare	52	19.2	12	97.2	10	166.9	7	159.1
Divis Labs	Healthcare	18	28.1	7	68.5	7	64.5	5	61.2
Dr Reddy's Labs	Healthcare	49	10.5	11	13.5	8	52.5	6	11.8
Sun Pharma	Healthcare	88	8.8	21	50.3	19	89.9	16	116.3
Adani Ports	Infrastructure	38	30.1	20	217.5	15	490.4	12	244.9
Hindalco	Metals	384	29.2	48	29.4	26	64.5	18	50.0
JSW Steel	Metals	255	42.4	80	168.4	59	521.6	40	286.5
Tata Steel	Metals	496	47.0	147	215.5	109	500.6	77	455.6
BPCL	Oil & Gas	852	23.5	26	331.6	21	LP	14	LP
IOC	Oil & Gas	1,370	15.7	84	205.1	66	LP	50	-18.9
ONGC	Oil & Gas	220	2.6	94	9.5	37	266.5	25	207.1
Reliance Inds.	Oil & Gas	1,550	13.5	231	5.0	163	20.5	113	18.0
Titan Company	Retail	66	39.4	8	28.4	7	35.1	6	61.4
HCL Technologies	Technology	197	5.7	47	0.3	39	1.0	30	-3.5
Infosys	Technology	266	14.3	74	30.1	72	30.9	53	23.1
TCS	Technology	432	8.2	128	17.0	125	18.9	96	18.2
Tech Mahindra	Technology	98	3.2	19	40.7	17	42.1	13	26.2
Wipro	Technology	158	0.8	40	24.4	36	22.1	28	19.4
Bharti Airtel	Telecom	263	11.0	126	24.3	16	LP	19	LP
Coal India	Utilities	254	-7.9	58	-39.3	42	-43.2	32	-31.4
NTPC	Utilities	293	0.5	81	-11.5	38	-24.6	33	-1.1
Power Grid Corp.	Utilities	107	0.3	95	5.5	35	-18.0	31	3.0
UPL	Others	123	10.5	25	15.3	15	27.5	10	19.7
<b>Nifty Universe</b>		<b>11,359</b>	<b>17.6</b>	<b>2,671</b>	<b>25.9</b>	<b>1,698</b>	<b>76.9</b>	<b>1,269</b>	<b>65.2</b>

Note: For Financials, sales represents net interest income, and EBITDA represents operating profit; Consensus estimates are used for Adani Ports and Bajaj Finserv

**Exhibit 17: Expect 29% PAT CAGR for MOFSL Universe over FY20–22E on depressed base of previous five years**

Sector	Sales	EBIDTA	EBIDTA	PAT (INR b)			PAT Grw /				PAT Delta	PAT Delta
	CAGR (%)	CAGR (%)	Margin (%)				CAGR (%)				(INR b)	Share (%)
	(FY20-22)	(FY20-22)	FY21E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	(FY20-22)	(FY20-22)	(FY20-22)
<b>High PAT CAGR (&gt;15%)</b>	<b>6</b>	<b>18</b>	<b>21.5</b>	<b>4,756</b>	<b>6,578</b>	<b>7,726</b>	<b>25</b>	<b>38</b>	<b>17</b>	<b>32</b>	<b>2,777</b>	<b>91</b>
Metals (9)	13	36	23.1	574	780	740	173	36	-5	93	570	19
Auto (17)	10	23	12.1	214	447	564	24	110	26	61	276	9
Others (18)	6	19	18.1	62	173	226	-25	179	30	44	90	3
Financials (38)	15	14	60.5	1,453	2,021	2,512	28	39	24	33	884	29
Banks-PVT (13)	18	17	87.1	749	1,043	1,310	32	39	26	36	478	16
Banks-PSU (2)	12	8	66.0	303	448	563	49	48	26	48	245	8
Insurance (4)	16	12	5.0	46	58	74	6	27	27	16	15	0
NBFC (19)	11	13	83.5	355	472	565	9	33	20	21	147	5
Staffing (3)	11	12	4.9	6	9	12	7	55	28	29	4	0
Healthcare (20)	10	20	24.3	312	357	412	37	14	15	25	129	4
Oil & Gas (15)	0	14	11.5	1,011	1,395	1,626	9	38	17	23	466	15
Ex OMCs (12)	2	11	16.0	698	1,124	1,306	-7	61	16	23	375	12
Cons. Durables (6)	13	20	10.9	26	35	41	6	36	16	20	11	0
Retail (8)	12	11	7.9	11	45	63	-67	332	38	20	14	0
Cement (11)	8	13	23.2	200	230	276	24	15	20	19	69	2
Media (3)	3	11	31.2	21	34	37	-16	61	10	16	9	0
Technology (13)	10	18	25.6	867	1,050	1,217	9	21	16	15	256	8
<b>Medium PAT CAGR (0-15%)</b>	<b>7</b>	<b>7</b>	<b>25.2</b>	<b>950</b>	<b>1,165</b>	<b>1,333</b>	<b>-5</b>	<b>23</b>	<b>14</b>	<b>8</b>	<b>168</b>	<b>6</b>
Cap. Goods (9)	7	9	9.6	101	157	182	-19	55	16	12	31	1
Consumer (18)	10	12	24.5	386	471	545	1	22	16	11	89	3
Utilities (9)	6	5	36.2	463	537	607	-6	16	13	5	48	2
<b>Negative PAT CAGR</b>	<b>9</b>	<b>20</b>	<b>42.2</b>	<b>-170</b>	<b>-108</b>	<b>-66</b>	<b>Loss</b>	<b>Loss</b>	<b>Loss</b>	<b>-27</b>	<b>93</b>	<b>3</b>
Infrastructure (3)	0	-2	30.2	8	9	12	-39	16	32	-16	-4	0
Telecom (4)	9	21	43.0	-178	-117	-78	Loss	Loss	Loss	Loss	97	3
<b>MOFSL (204)</b>	<b>6</b>	<b>16</b>	<b>22.8</b>	<b>5,535</b>	<b>7,635</b>	<b>8,993</b>	<b>20</b>	<b>38</b>	<b>18</b>	<b>29</b>	<b>3,038</b>	<b>100</b>
<b>Nifty (50)</b>	<b>6</b>	<b>16</b>	<b>23.6</b>	<b>4,229</b>	<b>5,784</b>	<b>6,817</b>	<b>18</b>	<b>37</b>	<b>18</b>	<b>28</b>	<b>2,203</b>	<b>NA</b>
<b>Sensex (30)</b>	<b>7</b>	<b>13</b>	<b>31.2</b>	<b>3,285</b>	<b>4,484</b>	<b>5,319</b>	<b>12</b>	<b>36</b>	<b>19</b>	<b>24</b>	<b>1,555</b>	<b>NA</b>

Note: For Banks, sales represents net interest income, and EBITDA represents operating profit; Sensex and Nifty Numbers are free float

Source: MOFSL

**Exhibit 18: Top upgrades/downgrades for Nifty for FY22E**

	EPS UPGRADE / DOWNGRADE (%)	
	FY22E	
JSW Steel	41.6	
Tata Steel	20.2	
ONGC	16.7	
Tata Motors	16.2	
Hindalco	9.3	
State Bank	7.5	
Axis Bank	6.7	
HDFC Life Insur.	6.4	
Shree Cement	5.3	
Bajaj Auto	-3.1	
Hero MotoCorp	-3.8	
IndusInd Bank	-4.4	
Mahindra & Mahindra	-7.3	
SBI Life Insurance	-30.3	
<b>Nifty (50)</b>	<b>1.0</b>	

Source: MOFSL

Exhibit 19: Absolute FY21E PAT change (INR b) for Nifty constituents

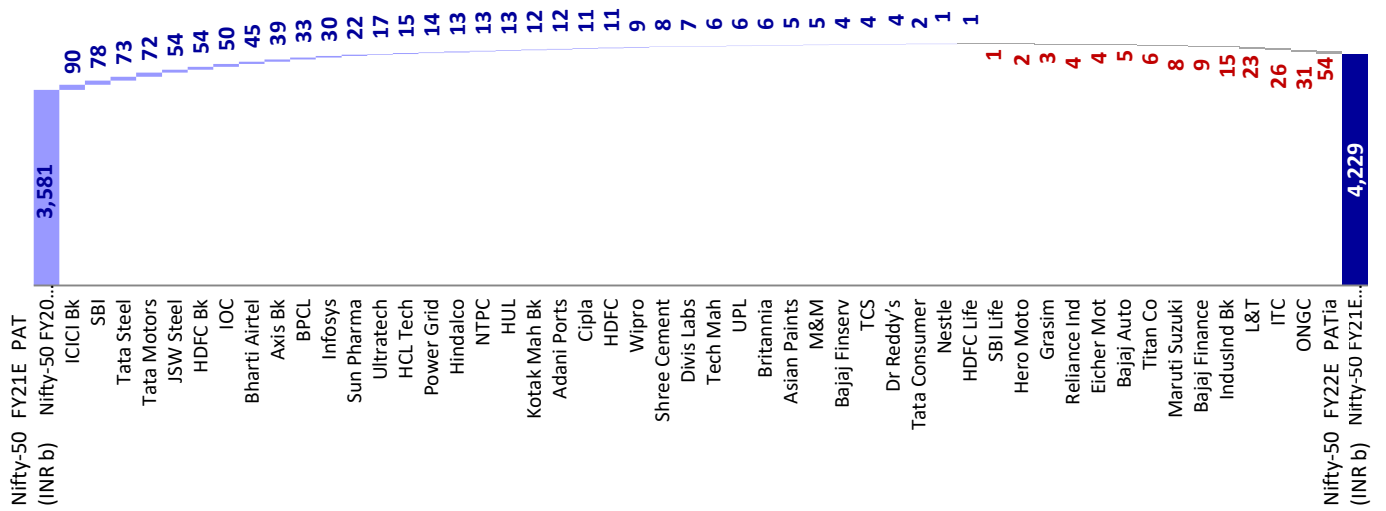
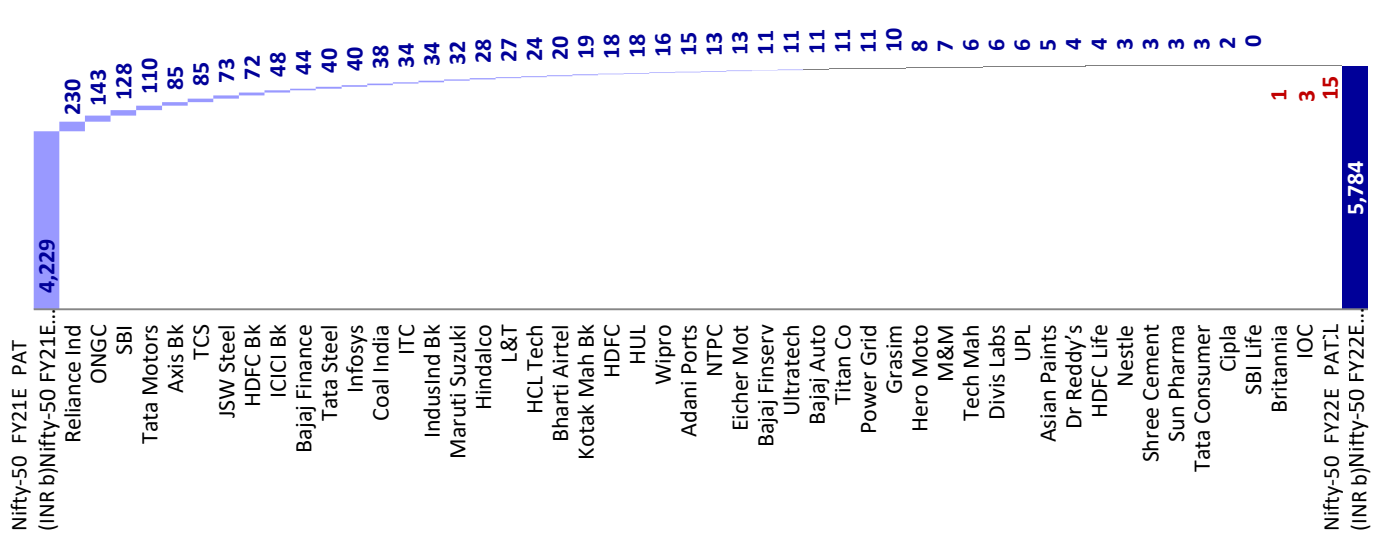


Exhibit 20: Absolute FY22E PAT change (INR b) for Nifty constituents



**Exhibit 21: Nifty performance – expect FF PAT CAGR (FY20–22E) of 28%**

Company	Sales (INR b)			Sales CAGR % 20-22	EBIDTA Margin (%)			EBIDTA CAGR % 20-22	PAT (INR b)			PAT CAGR % 20-22	Contbn to Delta %
	FY21E	FY22E	FY23E		FY21E	FY22E	FY23E		FY21E	FY22E	FY23E		
<b>High PAT Growth (20%+)</b>	<b>23,815</b>	<b>29,827</b>	<b>32,595</b>	<b>6</b>	<b>25</b>	<b>24</b>	<b>25</b>	<b>18</b>	<b>2,174</b>	<b>3,283</b>	<b>3,919</b>	<b>45</b>	<b>79</b>
Tata Motors	2,471	3,089	3,531	9	13	14	15	34	-19	91	127	LP	8
Bharti Airtel	1,019	1,144	1,272	15	45	49	50	24	5	25	43	LP	3
Tata Steel	1,507	1,630	1,598	8	20	19	18	34	83	123	112	245	5
Axis Bank	293	346	414	17	86	87	88	13	55	140	194	194	6
JSW Steel	782	1,056	1,095	21	25	28	26	64	76	149	143	162	6
ICICI Bank	391	463	550	18	95	84	87	18	169	218	275	66	6
Hindalco	1,295	1,547	1,606	14	13	13	14	20	52	80	91	43	2
State Bank	1,132	1,240	1,404	12	65	65	66	9	275	404	488	43	9
Divis Labs	70	87	109	27	42	43	43	42	20	26	34	42	1
Cipla	198	217	242	12	24	24	24	27	27	29	34	37	1
Ultratech Cement	442	525	589	12	25	23	24	14	55	66	83	31	1
Adani Ports	127	166	192	18	66	66	66	37	49	63	75	31	1
Shree Cement	124	147	168	11	32	31	32	11	23	27	31	30	0
Bajaj Finance	136	172	212	13	88	87	88	16	44	88	112	29	2
ONGC	3,012	3,878	3,963	-4	16	16	16	1	137	280	306	29	5
Tata Consumer	114	122	135	12	14	16	16	23	10	12	14	28	0
Sun Pharma	335	377	417	8	25	24	23	17	62	64	72	28	1
Reliance Inds.	4,723	6,841	7,497	7	17	18	19	17	425	655	792	24	10
IOC	3,895	4,730	5,217	-1	7	6	6	31	145	142	173	23	2
HDFC Bank	651	797	950	19	88	87	87	19	316	388	464	22	6
Bajaj Finserv	173	202	262	8	87	85	83	18	38	49	65	21	1
Hind. Unilever	456	508	576	14	25	27	27	18	80	98	115	20	1
Eicher Motors	86	129	148	19	21	25	27	22	14	26	33	20	0
UPL	382	415	447	8	22	23	23	12	32	38	45	20	1
<b>Medium PAT Growth (0-20%)</b>	<b>13,670</b>	<b>15,870</b>	<b>17,617</b>	<b>7</b>	<b>23</b>	<b>23</b>	<b>24</b>	<b>13</b>	<b>1,930</b>	<b>2,337</b>	<b>2,690</b>	<b>12</b>	<b>22</b>
Infosys	1,008	1,180	1,359	14	28	28	29	22	196	236	280	19	3
IndusInd Bank	135	153	178	12	87	85	84	10	29	63	78	19	1
Maruti Suzuki	702	924	1,004	10	8	11	12	15	49	81	98	19	1
HDFC Life Insur.	374	437	523	16	3	3	3	21	14	18	20	18	0
Kotak Mahindra Bank	159	182	210	16	78	76	75	18	98	118	138	17	1
Asian Paints	209	245	278	10	24	23	23	16	33	38	44	17	0
Dr Reddy's Labs	191	211	246	12	23	24	25	20	26	30	35	17	0
BPCL	2,410	2,609	2,697	-4	7	6	6	24	82	68	83	16	1
Britannia	132	142	163	11	20	18	18	18	20	19	22	16	0
Titan Company	207	256	316	10	8	12	12	11	10	20	27	16	0
HCL Technologies	754	856	982	10	26	27	27	18	125	149	174	16	2
Mahindra & Mahindra	440	544	623	10	15	14	15	9	41	47	60	15	1
HDFC	148	167	188	15	97	98	100	15	108	126	145	14	1
Tech Mahindra	379	424	482	7	18	19	19	18	46	53	60	14	1
TCS	1,637	1,893	2,148	10	28	29	29	15	328	413	475	13	4
Wipro	615	688	773	6	24	25	25	17	106	122	137	12	1
Nestle	134	150	173	10	24	24	24	11	21	24	28	11	0
Power Grid Corp.	411	442	461	6	89	89	89	7	125	136	142	11	1
NTPC	1,116	1,275	1,382	6	33	33	34	7	150	163	176	9	1
Hero MotoCorp	305	374	407	14	13	13	14	12	29	36	42	9	0
Grasim Industries	125	174	222	-3	12	17	18	14	55	65	74	6	0
Bajaj Auto	273	362	396	10	18	18	18	12	47	58	63	5	0
ITC	438	514	564	6	35	39	40	5	127	161	182	3	0
Larsen & Toubro	1,369	1,670	1,843	7	11	11	12	8	66	93	109	2	0
<b>PAT de-growth (&lt;0%)</b>	<b>1,386</b>	<b>1,635</b>	<b>1,807</b>	<b>9</b>	<b>13</b>	<b>15</b>	<b>16</b>	<b>1</b>	<b>126</b>	<b>165</b>	<b>208</b>	<b>-5</b>	<b>-1</b>
SBI Life Insurance	499	596	719	22	4	4	4	7	13	13	18	-3	0
Coal India	887	1,039	1,088	4	18	21	25	1	113	151	190	-5	-1
<b>Nifty (PAT free float)</b>	<b>38,870</b>	<b>47,333</b>	<b>52,019</b>	<b>6</b>	<b>24</b>	<b>23</b>	<b>24</b>	<b>16</b>	<b>2,313</b>	<b>3,150</b>	<b>3,732</b>	<b>28</b>	<b>100</b>

## MOFSL model portfolio

Sector weightage / portfolio picks	BSE 100	MOST weight	Weight relative to BSE 100	Effective sector stance
<b>Financials</b>	<b>33.8</b>	<b>35.0</b>	<b>1.2</b>	<b>Overweight</b>
<b>Private Banks</b>	<b>20.4</b>	<b>18.0</b>	<b>-2.4</b>	<b>Underweight</b>
HDFC Bank	8.1	7.0	-1.1	Buy
ICICI Bank	5.4	7.0	1.6	Buy
Axis Bank	2.5	4.0	1.5	Buy
<b>PSU Bank</b>	<b>1.9</b>	<b>5.0</b>	<b>3.1</b>	<b>Overweight</b>
SBI	1.9	5.0	3.1	Buy
<b>Diversified Financials</b>	<b>11.6</b>	<b>12.0</b>	<b>0.4</b>	<b>Neutral</b>
HDFC	6.0	6.0	0.0	Buy
Chola. Inv & Fin.	0.0	2.0	2.0	Buy
SBI Cards	0.0	2.0	2.0	Buy
SBI Life	0.5	2.0	1.5	Buy
<b>Technology</b>	<b>14.9</b>	<b>17.0</b>	<b>2.1</b>	<b>Overweight</b>
Infosys	7.1	8.0	0.9	Buy
TCS	4.6	6.0	1.4	Neutral
HCL Technologies	1.5	3.0	1.5	Buy
<b>Consumption / Retail</b>	<b>12.9</b>	<b>11.0</b>	<b>-1.9</b>	<b>Neutral</b>
HUL	2.9	4.0	1.1	Buy
Titan	0.9	4.0	3.1	Buy
Britannia	0.6	2.0	1.4	Buy
Tata Consumer	0.5	1.0	0.5	Buy
<b>Energy/Telecom</b>	<b>13.2</b>	<b>9.0</b>	<b>-4.2</b>	<b>Underweight</b>
Reliance Inds	8.8	7.0	-1.8	Buy
Bharti Airtel	1.7	2.0	0.3	Buy
<b>Cap Goods, Infra &amp; Cement</b>	<b>7.2</b>	<b>7.0</b>	<b>-0.2</b>	<b>Neutral</b>
Larsen & Toubro	2.3	4.0	1.7	Buy
Ultratech	1.1	3.0	1.9	Buy
<b>Auto</b>	<b>6.1</b>	<b>6.0</b>	<b>-0.1</b>	<b>Neutral</b>
M&M	1.0	4.0	3.0	Buy
Ashok Leyland	0.2	2.0	1.8	Buy
<b>Healthcare</b>	<b>4.6</b>	<b>4.0</b>	<b>-0.6</b>	<b>Neutral</b>
Gland Pharma	0.0	2.0	2.0	Buy
Divis Labs	0.6	2.0	1.4	Buy
<b>Metals / Utilities</b>	<b>5.4</b>	<b>4.0</b>	<b>-1.4</b>	<b>Neutral</b>
Hindalco	0.7	2.0	1.3	Buy
JSPL	0.0	2.0	2.0	Buy
<b>Midcaps</b>	<b>1.8</b>	<b>7.0</b>	<b>5.2</b>	<b>Overweight</b>
Federal Bank	0.2	1.0	0.8	Buy
Whirlpool India	0.0	1.0	1.0	Buy
Gujarat Gas	0.0	1.0	1.0	Buy
IEX	0.0	1.0	1.0	Buy
Varun Beverages	0.0	1.0	1.0	Buy
L&T Technology	0.0	1.0	1.0	Buy
JK Cements	0.0	1.0	1.0	Buy
<b>Cash</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>		



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# Sectors & Companies

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**BSE Sensex: 50,030**

**Nifty 50: 14,867**

**April 2021**

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## MOFSL Universe: 4QFY21 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 1 April 2021, unless otherwise stated.**

## MOFSL Universe: 4QFY21 aggregate performance highlights

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

Sector (Nos of Cos)	Sales			EBITDA			PAT		
	Mar-21	Var. % YoY	Var. % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
Automobiles (17)	1,888	34.4	4.9	233	108.9	-7.9	114	LP	-9.7
Capital Goods (9)	792	19.8	47.0	94	35.9	59.7	59	84.2	84.7
Cement (11)	412	21.7	11.4	92	34.3	6.9	49	59.3	11.0
Consumer (18)	581	19.9	-3.2	144	27.4	-3.9	102	18.9	-7.4
Consumer Durables (6)	116	35.3	18.9	13	64.8	17.7	9	61.6	15.7
Financials (35)	1,558	18.5	9.7	903	16.9	8.4	399	90.5	14.6
Banks-Private (12)	505	14.8	5.7	434	18.2	2.9	201	108.6	4.7
Banks-PSU (2)	375	26.7	2.4	272	15.5	18.8	86	110.1	37.2
Life Insurance (4)	466	20.5	26.4	23	32.7	130.8	13	3.8	27.1
NBFC (17)	213	10.7	1.9	174	14.5	1.0	100	66.2	18.8
Healthcare (20)	532	8.2	-2.2	125	28.7	-5.3	77	42.7	-7.8
Infrastructure (3)	36	1.3	10.8	10	0.1	7.4	3	-5.9	32.7
Media (3)	30	-10.9	-21.2	10	287.9	-15.7	6	LP	-24.9
Metals (9)	1,897	39.8	16.5	563	137.1	27.6	304	296.9	44.8
Oil & Gas (15)	5,392	16.7	29.2	532	39.4	1.1	263	22.6	-11.4
Oil Ex OMCs (12)	2,287	9.8	30.2	393	13.1	11.1	181	21.0	-6.6
Retail (8)	193	22.2	-5.9	21	33.0	-18.9	9	113.7	-27.5
Staffing (3)	68	3.7	5.2	3	0.2	3.5	2	133.2	8.6
Technology (13)	1,287	7.3	2.3	335	18.9	-0.9	237	16.0	1.3
Telecom (4)	471	2.0	-2.6	214	17.2	2.3	-27	Loss	Loss
Utilities (9)	853	3.5	14.3	292	-7.6	6.7	110	-9.8	-1.7
Others (17)	340	-0.3	12.6	61	28.2	1.8	17	50.9	-7.8
<b>MOFSL Universe (200)</b>	<b>16,443</b>	<b>18.5</b>	<b>15.0</b>	<b>3,647</b>	<b>34.1</b>	<b>6.5</b>	<b>1,733</b>	<b>76.0</b>	<b>8.3</b>
<b>MOFSL Ex OMCs (197)</b>	<b>13,339</b>	<b>17.7</b>	<b>12.2</b>	<b>3,508</b>	<b>30.6</b>	<b>7.9</b>	<b>1,651</b>	<b>79.5</b>	<b>10.3</b>
<b>Nifty (50)</b>	<b>11,359</b>	<b>17.6</b>	<b>14.7</b>	<b>2,671</b>	<b>25.9</b>	<b>3.6</b>	<b>1,269</b>	<b>65.2</b>	<b>6.0</b>
<b>Sensex (30)</b>	<b>5,964</b>	<b>13.0</b>	<b>11.2</b>	<b>1,960</b>	<b>12.3</b>	<b>3.3</b>	<b>902</b>	<b>43.1</b>	<b>4.0</b>

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

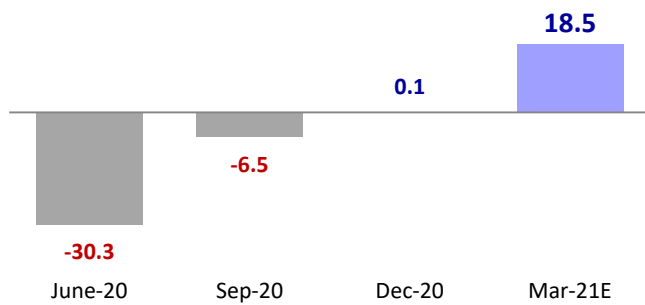


Exhibit 3: Quarter-wise net profit growth (% YoY)

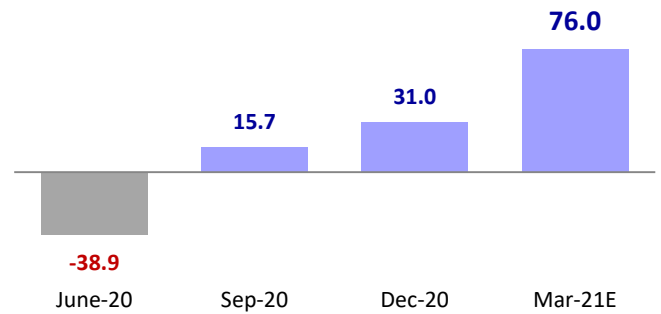


Exhibit 4: Sectoral sales growth - quarter ended Mar-21 (%)

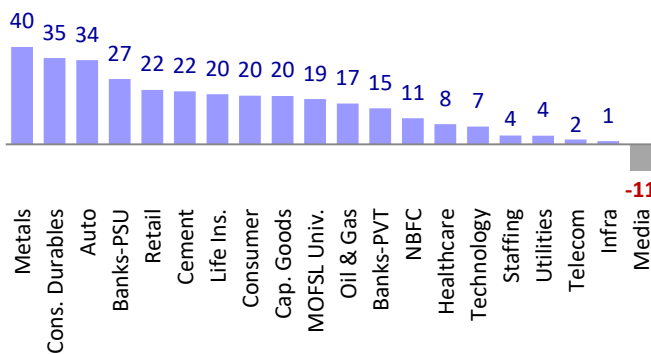
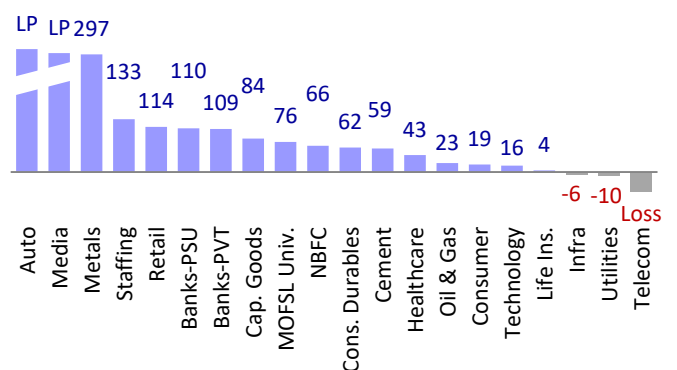


Exhibit 5: Sectoral PAT growth - quarter ended Mar-21 (%)



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 (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Auto (17)	5,794	7,351	8,295	-4.8	26.9	12.8	699	985	1,183	7.6	40.8	20.2	214	447	564	24.5	109.5	26.0
Cap. Goods (9)	2,118	2,581	2,827	-6.4	21.9	9.5	204	281	319	-13.5	38.3	13.2	101	157	182	-19.4	54.9	16.0
Cement (11)	1,318	1,586	1,801	-3.7	20.4	13.5	306	346	407	13.5	13.1	17.5	200	230	276	24.0	15.0	20.2
Consumer (18)	2,183	2,509	2,823	4.5	14.9	12.5	535	648	743	3.2	21.1	14.6	386	471	545	1.3	21.8	15.8
Cons. Dur. (6)	348	447	503	-0.6	28.5	12.5	38	49	56	10.6	29.6	13.3	26	35	41	6.4	36.1	16.0
Financials (38)	5,578	6,426	7,509	14.5	15.2	16.9	3,372	3,828	4,507	14.1	13.5	17.7	1,453	2,021	2,512	27.8	39.1	24.3
Banks-Pvt (13)	1,924	2,290	2,728	16.4	19.0	19.2	1,676	1,933	2,312	19.4	15.3	19.6	749	1,043	1,310	32.5	39.3	25.7
Banks-PSU (2)	1,432	1,566	1,768	14.1	9.4	12.9	945	1,034	1,188	7.7	9.3	14.9	303	448	563	49.3	47.6	25.7
Insurance (4)	1,407	1,638	1,949	15.9	16.4	19.0	71	79	106	11.1	12.5	33.1	46	58	74	5.8	26.8	27.0
NBFC (19)	814	932	1,064	8.6	14.5	14.2	680	782	901	11.6	15.0	15.2	355	472	565	9.2	33.1	19.6
Healthcare (20)	2,099	2,312	2,587	9.1	10.2	11.9	509	572	650	27.5	12.3	13.7	312	357	412	36.7	14.5	15.3
Infra. (3)	115	131	150	-12.0	14.5	14.3	35	39	44	-14.2	12.7	12.2	8	9	12	-39.1	15.6	31.9
Media (3)	112	159	180	-25.1	42.1	13.0	35	55	61	-21.3	57.7	9.8	21	34	37	-16.1	60.7	10.4
Metals (9)	5,974	6,999	7,063	8.4	17.2	0.9	1,383	1,636	1,568	57.2	18.3	-4.1	574	780	740	173.5	35.8	-5.1
Oil & Gas (15)	18,043	22,651	24,222	-20.2	25.5	6.9	2,082	2,669	2,992	2.1	28.2	12.1	1,011	1,395	1,626	8.8	38.0	16.5
Ex OMCs (12)	9,270	12,749	13,626	-24.3	37.5	6.9	1,484	2,111	2,354	-13.5	42.2	11.5	698	1,124	1,306	-6.8	61.1	16.2
Retail (8)	602	864	1,068	-12.4	43.5	23.5	48	101	128	-42.0	110.9	27.1	11	45	63	-66.5	332.1	38.2
Staffing (3)	248	304	364	0.6	22.3	19.7	12	16	19	-3.9	30.7	16.9	6	9	12	6.7	55.4	28.3
Technology (13)	4,914	5,640	6,438	5.5	14.8	14.1	1,260	1,487	1,712	17.0	18.1	15.1	867	1,050	1,217	9.1	21.2	15.8
Telecom (4)	1,872	2,017	2,218	10.7	7.8	10.0	804	936	1,063	25.4	16.4	13.6	-178	-117	-78	Loss	Loss	Loss
Utilities (9)	3,143	3,605	3,833	-2.4	14.7	6.3	1,138	1,279	1,412	-2.3	12.3	10.5	463	537	607	-5.5	16.1	12.9
Others (18)	1,278	1,652	1,886	-13.8	29.2	14.2	232	360	429	-8.2	55.1	19.2	62	173	226	-25.4	179.5	30.3
<b>MOFSL (204)</b>	<b>55738</b>	<b>67236</b>	<b>73766</b>	<b>-6.1</b>	<b>20.6</b>	<b>9.7</b>	<b>12692</b>	<b>15287</b>	<b>17293</b>	<b>12.4</b>	<b>20.4</b>	<b>13.1</b>	<b>5535</b>	<b>7635</b>	<b>8993</b>	<b>20.4</b>	<b>37.9</b>	<b>17.8</b>
<b>Ex OMCs (201)*</b>	<b>46965</b>	<b>57334</b>	<b>63170</b>	<b>-4.1</b>	<b>22.1</b>	<b>10.2</b>	<b>12094</b>	<b>14729</b>	<b>16655</b>	<b>10.2</b>	<b>21.8</b>	<b>13.1</b>	<b>5222</b>	<b>7364</b>	<b>8673</b>	<b>18.3</b>	<b>41.0</b>	<b>17.8</b>

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 %	EARN. CAGR (FY20-FY22)
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E		
Auto (17)	43.9	21.0	16.6	3.8	3.4	3.0	13.2	9.0	7.1	8.7	16.1	17.8	2.2	61.5
Cap. Goods (9)	39.8	25.7	22.2	2.9	2.7	2.5	24.0	17.6	15.7	7.2	10.4	11.1	2.2	11.7
Cement (11)	29.8	25.9	21.5	3.7	3.3	3.0	20.2	17.5	14.5	12.3	12.9	14.0	0.7	19.4
Consumer (18)	50.5	41.5	35.8	10.3	9.7	9.2	35.5	29.2	25.4	20.3	23.3	25.6	1.9	11.1
Cons. Durables (6)	65.0	47.8	41.2	10.9	9.4	8.2	42.5	32.4	28.2	16.7	19.8	19.9	1.2	20.3
Financials (38)	26.5	19.1	15.3	3.0	2.7	2.3	N.M	N.M	N.M	11.4	14.0	15.2	0.8	33.4
Banks-PVT (13)	28.1	20.2	16.1	3.4	3.0	2.6	N.M	N.M	N.M	12.1	14.7	15.9	0.8	35.8
Banks-PSU (2)	12.1	8.2	6.5	1.1	1.0	0.9	N.M	N.M	N.M	9.3	12.3	13.7	0.0	48.5
Insurance (4)	70.3	55.4	43.6	11.2	10.0	8.6	N.M	N.M	N.M	16.0	18.0	19.8	0.6	15.8
NBFC (19)	29.9	22.4	18.8	3.5	3.1	2.8	N.M	N.M	N.M	11.8	14.0	14.7	1.2	20.6
Healthcare (20)	26.7	23.4	20.3	4.2	3.6	3.2	16.5	14.5	12.5	15.6	15.6	15.6	1.0	25.1
Infrastructure (3)	16.7	14.5	11.0	1.1	1.0	1.0	5.9	5.1	4.2	6.6	7.2	8.8	1.4	-16.1
Media (3)	22.3	13.9	12.6	2.5	2.3	2.1	11.8	7.7	6.3	11.4	16.7	16.6	4.4	16.1
Metals (9)	11.0	8.1	8.5	1.6	1.4	1.3	6.8	5.5	5.4	14.5	17.3	14.8	2.6	92.7
Oil & Gas (15)	18.5	13.4	11.5	1.8	1.7	1.5	10.9	8.1	6.9	10.0	12.5	13.2	2.3	22.5
Ex OMCs (12)	23.7	14.7	12.7	2.0	1.8	1.6	12.4	8.2	6.9	8.3	12.1	12.6	1.9	22.5
Retail (8)	393.2	91.0	65.8	15.7	13.9	12.1	87.3	41.2	32.2	4.0	15.2	18.4	0.2	20.3
Staffing (3)	37.0	23.8	18.6	4.6	3.9	3.2	18.3	13.6	11.2	12.5	16.3	17.3	0.0	28.8
Technology (13)	30.4	25.1	21.7	8.2	7.7	7.2	20.1	17.0	14.7	26.9	30.5	33.1	3.1	15.0
Telecom (4)	-22.1	-33.7	-50.7	6.6	9.0	12.4	8.0	7.0	5.9	-29.8	-26.7	-24.5	0.7	-26.0
Utilities (9)	8.9	7.6	6.8	1.3	1.2	1.1	7.2	6.3	5.4	14.7	15.7	16.3	6.0	4.8
Others (18)	67.4	24.1	18.5	3.6	3.2	2.9	19.0	11.7	9.4	5.4	13.4	15.5	1.1	44.4
<b>MOFSL (204)</b>	<b>28.2</b>	<b>20.4</b>	<b>17.3</b>	<b>3.5</b>	<b>3.1</b>	<b>2.8</b>	<b>10.3</b>	<b>8.4</b>	<b>7.2</b>	<b>12.3</b>	<b>15.3</b>	<b>16.2</b>	<b>1.9</b>	<b>28.9</b>
<b>MOFSL Ex OMCs (201)</b>	<b>29.5</b>	<b>20.9</b>	<b>17.7</b>	<b>3.5</b>	<b>3.2</b>	<b>2.9</b>	<b>10.5</b>	<b>8.4</b>	<b>7.2</b>	<b>12.0</b>	<b>15.3</b>	<b>16.2</b>	<b>1.8</b>	<b>29.1</b>

N.M.: Not Meaningful

## Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
Amara Raja Batt.	860	Neutral	19,462	23.1	-0.7	3,040	25.0	-0.8	1,762	28.9	-8.8
Ashok Leyland	118	Buy	69,155	80.2	43.7	5,576	204.7	119.7	2,578	LP	1,643.8
Bajaj Auto	3747	Neutral	81,756	19.9	-8.2	14,575	16.3	-15.7	12,981	-0.9	-16.6
Bharat Forge	613	Buy	11,960	35.7	15.5	2,893	95.2	24.0	1,560	8,825.6	61.0
Bosch	14156	Neutral	29,557	32.1	-2.4	4,532	32.7	26.6	3,159	3.5	6.7
CEAT	1596	Buy	23,108	46.9	4.0	3,233	61.4	-1.3	1,156	63.3	-18.2
Eicher Motors	2631	Buy	29,089	31.7	2.9	6,436	48.9	-4	5,573	83.2	4.6
Endurance Tech.	1441	Buy	19,670	22.6	-3.6	3,037	24.0	-13.8	1,328	18.4	-33.1
Escorts	1274	Neutral	21,444	55.3	6.3	3,616	86.0	-0.7	2,734	94.7	-2.6
Exide Inds.	186	Buy	26,910	30.9	-3.9	3,687	36.4	-8.5	2,173	29.3	-10.0
Hero Motocorp	2958	Buy	84,115	34.8	-14.0	10,360	57.0	-26.7	7,736	24.6	-28.7
Mahindra & Mahindra	808	Buy	1,29,115	43.4	-7.6	17,846	45.4	-22.3	10,166	214.7	-39.9
Mahindra CIE	166	Buy	17,485	5.2	-10.7	2,164	18.8	-12.6	985	57.3	-11.9
Maruti Suzuki	6923	Buy	2,38,569	31.1	1.7	23,023	48.9	3.4	17,541	35.8	-9.6
Motherson Sumi	210	Buy	1,74,909	15.4	-3.0	17,149	23.2	-16.0	4,361	137.8	-45.3
Tata Motors	308	Buy	8,59,718	37.6	13.6	1,06,992	350.8	-7.0	36,393	LP	12.6
TVS Motor	589	Neutral	51,772	48.7	-4.0	4,443	81.5	-13.1	2,243	126.0	-15.6
<b>Automobiles</b>			<b>18,87,794</b>	<b>34.4</b>	<b>4.9</b>	<b>2,32,601</b>	<b>108.9</b>	<b>-7.9</b>	<b>1,14,427</b>	<b>LP</b>	<b>-9.7</b>
ABB	1397	Buy	18,050	18.6	6.1	1,298	795.0	-33.6	1,031	442.4	-21.8
Bharat Electronics	126	Buy	64,445	11.0	180.7	13,756	-7.2	212.4	9,741	-5.8	272.0
BHEL	51	Sell	1,01,126	100.3	127.2	11,386	LP	LP	8,198	LP	LP
Cummins India	896	Sell	13,038	23.8	-8.5	1,677	151.5	-30.6	1,559	28.6	-21.5
Engineers India	78	Buy	8,514	-0.3	1.8	1,124	1.2	49.7	1,280	-1.3	45.1
K E C International	419	Buy	42,730	16.4	29.9	3,858	4.1	29.2	2,071	7.4	42.7
Larsen & Toubro	1445	Buy	4,90,313	10.8	37.7	55,009	7.4	28.5	31,380	2.4	39.0
Siemens	1860	Neutral	35,770	36.4	23.3	4,029	85.0	11.6	3,047	91.3	16.2
Thermax	1326	Neutral	18,444	39.4	30.8	1,480	132.9	0.3	1,120	187.0	7.5
<b>Capital Goods</b>			<b>7,92,430</b>	<b>19.8</b>	<b>47.0</b>	<b>93,617</b>	<b>35.9</b>	<b>59.7</b>	<b>59,426</b>	<b>84.2</b>	<b>84.7</b>
ACC	1914	Buy	41,690	19.1	0.6	7,238	23.6	3.4	4,380	25.2	2.0
Ambuja Cements	310	Neutral	34,694	22.7	-1.3	7,537	24.9	-1.8	4,807	20.4	-3.3
Birla Corporation	973	Buy	19,266	14.0	8.4	3,720	7.9	3.0	1,826	-6.2	23.9
Dalmia Bharat	1562	Buy	32,265	29.9	12.9	7,490	47.4	8.4	2,362	808.5	29.8
Grasim Industries	1455	Neutral	45,603	5.7	24.2	7,706	95.5	19.4	3,807	253.0	14.6
India Cements	170	Neutral	13,013	13.0	12.2	2,083	208.9	-3.2	595	LP	-4.0
J K Cements	2924	Buy	20,306	37.4	15.4	4,633	33.8	3.2	2,593	45.4	8.8
JK Lakshmi Cem.	439	Buy	12,894	21.5	8.1	1,994	-1.3	4.0	754	-25.1	-26.3
Ramco Cements	1027	Neutral	15,936	14.7	19.0	4,344	55.6	9.4	2,397	63.9	19.0
Shree Cement	29978	Neutral	37,512	16.6	13.3	11,748	8.9	7.9	7,841	33.3	25.2
Ultratech Cement	6898	Buy	1,38,713	29.1	13.2	33,469	37.2	8.2	17,493	70.8	10.4
<b>Cement</b>			<b>4,11,892</b>	<b>21.7</b>	<b>11.4</b>	<b>91,963</b>	<b>34.3</b>	<b>6.9</b>	<b>48,856</b>	<b>59.3</b>	<b>11.0</b>
Asian Paints	2553	Neutral	57,983	25.1	-14.6	14,161	64.7	-20.8	9,687	101.7	-23.4
Britannia	3618	Buy	31,578	10.1	-0.2	5,874	29.3	-3.9	4,741	27.3	4.7
Colgate	1563	Buy	12,684	18.4	3.0	3,877	47.5	4.6	2,621	28.4	5.5
Dabur	539	Buy	24,585	31.8	-9.9	5,103	44.9	-11.1	4,141	39.3	-15.8
Emami	490	Buy	7,469	40.2	-20.0	2,366	140.1	-30.4	1,834	87.2	-32.3
Godrej Consumer	726	Neutral	26,755	24.2	-12.4	6,029	26.5	-15.2	4,603	61.5	-7.1
Hind. Unilever	2399	Buy	1,17,178	30.0	-1.2	28,334	37.2	-0.7	18,079	23.1	-7.3
ITC	220	Neutral	1,19,145	9.9	1.1	43,779	5.1	2.3	34,378	-9.5	-6.1
Jyothy Labs	144	Neutral	5,352	40.0	14.0	750	86.6	-6.1	480	84.5	-8.1
Marico	407	Buy	17,941	19.9	-15.5	3,136	11.2	-24.1	2,244	10.0	-26.9
Nestle	17102	Neutral	36,079	8.5	5.1	8,839	10.4	16.7	5,849	9.8	26.2
P&G Hygiene	12588	Buy	8,201	25.0	-19.5	1,980	43.1	-22.8	1,454	43.1	-20.2
Page Industries	30166	Neutral	7,597	40.4	-18.1	1,699	192.3	-24.9	1,117	260.0	-27.3
Pidilite Inds.	1823	Neutral	19,000	23.0	-17.4	4,620	53.5	-27.9	3,303	74.4	-25.8
Tata Consumer	650	Buy	28,559	18.7	-7.0	3,397	10.2	-6.0	1,938	3.1	-13.0
United Breweries	1242	Sell	16,639	16.8	29.0	3,167	139.5	61.2	1,977	380.0	93.0
United Spirits	558	Buy	22,345	12.1	-10.2	3,688	35.9	-3.9	1,963	80.6	-14.6

## Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
Varun Beverages	1010	Buy	21,504	28.3	61.6	3,598	32.7	108.9	1,234	1.6	LP
<b>Consumer</b>			<b>5,80,593</b>	<b>19.9</b>	<b>-3.2</b>	<b>1,44,398</b>	<b>27.4</b>	<b>-3.9</b>	<b>1,01,643</b>	<b>18.9</b>	<b>-7.4</b>
Blue Star	922	Sell	15,830	21.8	40.8	1,145	206.7	40.4	619	541.5	68.6
CG Consumer Elect.	393	Buy	14,353	41.0	8.5	2,179	57.4	11.7	1,663	66.6	12.8
Havells India	1059	Neutral	34,533	55.8	9.1	4,943	101.5	-2.7	3,367	90.0	-3.6
Orient Electric	317	Buy	7,691	36.6	24.4	867	32.9	3.0	552	54.3	6.3
Voltas	1005	Neutral	26,759	28.1	34.2	2,640	37.5	81.0	1,855	15.4	45.0
Whirlpool India	2226	Buy	16,383	21.0	9.7	1,661	21.2	30.8	1,165	33.3	38.5
<b>Consumer Durables</b>			<b>1,15,548</b>	<b>35.3</b>	<b>18.9</b>	<b>13,435</b>	<b>64.8</b>	<b>17.7</b>	<b>9,221</b>	<b>61.6</b>	<b>15.7</b>
Ajanta Pharma	1744	Buy	7,041	3.3	-6.0	2,056	23.6	-14.9	1,290	14.5	-27.0
Alembic Pharma	985	Neutral	13,300	10.2	1.2	3,526	7.7	-3.4	2,250	-3.6	-23.1
Alkem Lab	2776	Buy	19,679	-4.0	-15.1	3,041	0.4	-42.5	2,212	2.7	-47.5
Aurobindo Pharma	881	Buy	60,296	-2.1	-5.3	12,511	-6.8	-8.6	7,319	-15.0	-4.4
Biocon	411	Neutral	20,226	29.9	9.3	4,529	42.2	13.8	1,883	53.1	15.3
Cadila Health	442	Buy	37,329	-0.5	-1.7	7,818	-1.2	-3.1	4,827	11.4	-8.4
Cipla	818	Neutral	52,178	19.2	0.9	12,492	97.2	1.5	7,117	159.1	-4.9
Divis Labs	3615	Buy	17,808	28.1	4.7	7,490	68.5	3.3	5,069	61.2	2.7
Dr Reddy's Labs	4588	Neutral	48,987	10.5	1.2	10,679	13.5	3.0	6,388	11.8	7.4
Gland Pharma	2470	Buy	8,563	34.8	-0.4	2,676	11.6	1.3	2,059	26.4	0.9
Glenmark Pharma	483	Neutral	27,857	2.7	0.0	5,538	35.2	-5.0	2,459	36.5	-11.1
Granules India	312	Buy	8,520	42.0	0.9	2,029	66.4	-8.3	1,268	94.8	-11.9
GSK Pharma	1426	Neutral	8,070	4.0	-5.9	1,684	-3.0	-18.1	1,262	-0.6	-13.6
IPCA Labs.	1884	Buy	13,423	25.0	-4.8	3,224	46.7	-12.1	2,276	68.4	-14.3
Jubilant Pharmova	713	Buy	18,482	-22.7	-30.6	4,815	-10.3	-26.3	2,392	-8.2	-24.7
Laurus Labs	365	Buy	13,157	56.8	2.1	4,499	134.6	5.5	2,969	169.5	8.8
Lupin	1028	Buy	40,024	4.1	1.4	7,634	45.3	3.9	4,172	63.1	4.0
Strides Pharma	850	Buy	8,480	37.1	1.9	1,672	99.7	4.9	706	LP	54.1
Sun Pharma	611	Buy	87,886	8.8	0.1	21,008	50.3	-7.8	15,977	116.3	-10.3
Torrent Pharma	2549	Neutral	20,357	4.6	2.0	6,092	11.2	0.4	2,910	24.1	-2.0
<b>Healthcare</b>			<b>5,31,664</b>	<b>8.2</b>	<b>-2.2</b>	<b>1,25,013</b>	<b>28.7</b>	<b>-5.3</b>	<b>76,802</b>	<b>42.7</b>	<b>-7.8</b>
Ashoka Buildcon	101	Buy	13,483	7.5	37.5	1,753	-23.4	66.2	1,098	-33.1	28.2
IRB Infra	114	Neutral	14,295	-9.8	-7.6	7,125	8.8	-1.0	1,184	22.1	70.4
KNR Constructions	212	Buy	7,832	15.9	14.1	1,436	-2.2	6.2	807	20.1	4.0
<b>Infrastructure</b>			<b>35,609</b>	<b>1.3</b>	<b>10.8</b>	<b>10,315</b>	<b>0.1</b>	<b>7.4</b>	<b>3,089</b>	<b>-5.9</b>	<b>32.7</b>
PVR	1237	Neutral	1,845	-71.4	191.1	-695	PL	Loss	-1,675	Loss	Loss
Sun TV	478	Buy	8,122	10.5	-16.5	5,609	11.4	-6.6	4,252	70.1	-3.8
Zee Entertainment	209	Neutral	19,713	1.0	-27.8	5,267	LP	-26.4	3,334	LP	-30.9
<b>Media</b>			<b>29,681</b>	<b>-10.9</b>	<b>-21.2</b>	<b>10,181</b>	<b>287.9</b>	<b>-15.7</b>	<b>5,911</b>	<b>LP</b>	<b>-24.9</b>
Hindalco	350	Buy	3,84,252	29.2	8.1	47,791	29.4	-1.6	18,276	50.0	9.5
Hindustan Zinc	280	Neutral	63,211	44.0	4.8	34,546	75.9	5.7	24,265	81.2	10.3
JSPL	371	Buy	1,15,718	31.3	9.9	52,492	136.5	14.6	24,955	1,022.1	4.5
JSW Steel	509	Buy	2,54,733	42.4	16.5	79,836	168.4	34.3	40,045	286.5	49.4
Nalco	59	Buy	27,386	41.5	15.1	6,317	203.2	45.6	3,850	274.6	60.5
NMDC	138	Buy	64,059	101.0	47.1	40,127	159.2	44.9	29,930	134.7	41.9
SAIL	84	Buy	2,36,015	45.9	19.0	67,947	247.8	33.8	39,870	1,268.7	55.0
Tata Steel	863	Neutral	4,96,351	47.0	25.4	1,46,586	215.5	54.9	76,683	455.6	100.1
Vedanta	231	Neutral	2,55,114	29.1	12.2	87,641	92.5	13.0	45,979	480.9	39.4
<b>Metals</b>			<b>18,96,839</b>	<b>39.8</b>	<b>16.5</b>	<b>5,63,284</b>	<b>137.1</b>	<b>27.6</b>	<b>3,03,853</b>	<b>296.9</b>	<b>44.8</b>
Aegis Logistics	301	Buy	20,063	61.6	29.8	1,270	36.5	7.8	807	136.6	13.4
BPCL	438	Buy	8,51,702	23.5	27.6	25,561	331.6	-40.6	14,197	LP	-53.6
Castrol India	125	Buy	8,761	27.3	-6.3	2,061	19.2	-20.0	1,494	19.3	-20.4
GAIL	140	Buy	1,80,892	1.9	17.0	21,961	-11.3	14.4	16,479	-57.0	13.9
Gujarat Gas	547	Buy	32,032	20.1	13.2	4,283	0.4	-30.3	2,466	0.3	-37.1
Gujarat State Petronet	276	Buy	4,088	-6.8	-10.9	2,429	-31.7	-39.0	1,306	-42.1	-47.2
HPCL	237	Neutral	8,82,401	33.4	28.5	29,256	4,363.8	-11.4	18,316	77.9	-22.2
Indraprastha Gas	527	Neutral	14,959	-3.6	3.4	5,024	33.4	0.4	3,412	34.7	1.9
IOC	93	Buy	13,70,405	15.7	28.9	83,843	205.1	-12.9	49,625	-18.9	0.9

## Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
Mahanagar Gas	1181	Buy	6,999	1.9	5.0	3,215	31.9	1.5	2,192	31.6	0.9
MRPL	40	Neutral	1,38,741	-1.8	74.5	8,209	LP	768.9	3,844	LP	LP
Oil India	124	Buy	28,768	11.1	35.3	12,520	84.5	LP	7,483	-19.2	-29.1
ONGC	104	Buy	2,20,167	2.6	29.3	94,021	9.5	12.7	24,619	207.1	78.6
Petronet LNG	228	Buy	82,193	-4.1	12.2	6,601	-5.4	-50.6	3,725	3.8	-57.6
Reliance Inds.	2022	Buy	15,49,514	13.5	31.5	2,31,363	5.0	7.3	1,13,071	18.0	-14.5
<b>Oil &amp; Gas</b>			<b>53,91,686</b>	<b>16.7</b>	<b>29.2</b>	<b>5,31,619</b>	<b>39.4</b>	<b>1.1</b>	<b>2,63,035</b>	<b>22.6</b>	<b>-11.4</b>
<b>Oil Ex OMCs</b>			<b>22,87,178</b>	<b>9.8</b>	<b>30.2</b>	<b>3,92,958</b>	<b>13.1</b>	<b>11.1</b>	<b>1,80,898</b>	<b>21.0</b>	<b>-6.6</b>
Aditya Birla Fashion	199	Buy	17,094	-5.9	-17.0	1,484	-4.9	-59.7	-1,367	Loss	PL
Avenue Supermarts	2911	Neutral	77,678	24.2	3.0	6,291	50.7	-8.7	4,113	51.6	-8.0
Jubilant Foodworks	2953	Neutral	10,954	22.0	3.6	2,954	74.3	6.0	1,291	185.6	3.2
Shoppers Stop	215	Neutral	6,150	-13.3	-13.1	537	-29.9	-43.5	-555	Loss	Loss
Titan Company	1559	Buy	65,690	39.4	-13.8	7,864	28.4	-7.3	5,540	61.4	4.5
Trent	752	Neutral	8,343	15.4	15.0	1,304	40.3	-27.5	313	1,087.2	-60.7
V-Mart Retail	2803	Buy	3,269	-1.7	-30.4	168	-39.5	-83.8	-170	Loss	PL
Westlife Development	455	Neutral	3,776	12.3	16.2	536	47.6	22.5	55	LP	LP
<b>Retail</b>			<b>1,92,955</b>	<b>22.2</b>	<b>-5.9</b>	<b>21,139</b>	<b>33.0</b>	<b>-18.9</b>	<b>9,220</b>	<b>113.7</b>	<b>-27.5</b>
Qess Corp	691	Buy	30,109	0.5	7.2	1,596	-5.3	5.8	779	24.0	71.3
SIS	406	Buy	24,211	9.6	2.7	1,475	6.5	0.4	775	LP	-21.7
Team Lease Serv.	3768	Buy	13,417	0.9	5.2	268	2.6	8.2	266	38.9	15.2
<b>Staffing</b>			<b>67,737</b>	<b>3.7</b>	<b>5.2</b>	<b>3,339</b>	<b>0.2</b>	<b>3.5</b>	<b>1,821</b>	<b>133.2</b>	<b>8.6</b>
Coforge	2938	Neutral	12,362	11.4	3.8	2,114	7.3	5.2	1,274	0.8	4.4
Cyient	662	Buy	10,854	1.1	3.9	1,823	31.9	10.5	1,055	40.1	10.5
HCL Technologies	1003	Buy	1,96,547	5.7	1.8	47,337	0.3	-13.0	30,411	-3.5	-11.4
Infosys	1385	Buy	2,65,902	14.3	2.6	73,836	30.1	-0.4	53,172	23.1	2.3
L&T Infotech	4112	Neutral	32,535	8.0	3.2	6,944	20.1	-5.1	4,890	14.4	-5.8
L&T Technology	2722	Buy	14,630	1.1	4.4	3,016	12.4	9.4	2,041	-0.4	9.7
Mindtree	2075	Neutral	20,837	1.6	3.0	4,424	26.0	-5.5	2,823	36.9	-13.6
Mphasis	1746	Buy	24,713	5.3	0.5	4,623	4.3	-0.7	3,175	-9.9	-2.5
Persistent Systems	1955	Buy	11,042	19.2	2.7	1,844	44.4	1.1	1,165	39.0	-3.6
TCS	3166	Neutral	4,32,112	8.2	2.8	1,28,419	17.0	5.2	95,638	18.2	9.6
Tech Mahindra	992	Neutral	97,899	3.2	1.5	18,970	40.7	0.1	12,893	26.2	-1.6
Wipro	416	Neutral	1,58,384	0.8	1.1	40,042	24.4	-4.1	27,775	19.4	-6.4
Zensar Tech	275	Neutral	8,902	-8.8	-1.8	1,745	22.1	-6.4	954	34.4	-3.4
<b>Technology</b>			<b>12,86,719</b>	<b>7.3</b>	<b>2.3</b>	<b>3,35,138</b>	<b>18.9</b>	<b>-0.9</b>	<b>2,37,265</b>	<b>16.0</b>	<b>1.3</b>
Bharti Airtel	521	Buy	2,63,381	11.0	-0.7	1,26,354	24.3	4.8	19,395	LP	LP
Indus Towers	255	Neutral	67,725	7.4	0.5	34,381	20.5	-3.2	12,909	30.9	-5.1
Tata Comm	1124	Neutral	42,896	-2.5	1.6	11,070	27.4	5.8	3,440	233.7	7.3
Vodafone Idea	10	Neutral	96,905	-17.6	-11.0	42,325	-3.4	-1.3	-63,094	Loss	Loss
<b>Telecom</b>			<b>4,70,907</b>	<b>2.0</b>	<b>-2.6</b>	<b>2,14,131</b>	<b>17.2</b>	<b>2.3</b>	<b>-27,350</b>	<b>Loss</b>	<b>Loss</b>
CESC	607	Buy	22,637	43.0	36.4	10,324	311.3	245.3	2,995	19.8	64.6
Coal India	132	Buy	2,53,822	-7.9	7.2	57,821	-39.3	-1.2	31,753	-31.4	3.0
Indian Energy Exchange	347	Buy	952	37.2	11.9	787	45.3	9.1	625	32.3	4.0
JSW Energy	91	Neutral	22,562	25.8	40.2	5,321	-7.4	-12.0	969	-10.7	-21.6
NHPC	25	Neutral	27,751	45.0	82.9	13,756	145.9	77.1	3,808	-0.5	3.2
NTPC	108	Buy	2,92,523	0.5	15.0	81,147	-11.5	-2.1	32,598	-1.1	-3.2
Power Grid Corp.	219	Buy	1,07,106	0.3	6.5	95,436	5.5	8.0	30,633	3.0	-7.8
Tata Power	105	Buy	93,532	40.2	23.1	18,679	14.6	2.6	3,177	54.7	-15.2
Torrent Power	428	Buy	31,931	7.0	8.1	9,001	8.8	7.9	3,186	13.2	12.0
<b>Utilities</b>			<b>8,52,816</b>	<b>3.5</b>	<b>14.3</b>	<b>2,92,272</b>	<b>-7.6</b>	<b>6.7</b>	<b>1,09,744</b>	<b>-9.8</b>	<b>-1.7</b>
BSE	584	Buy	1,312	9.7	11.1	183	296.8	94.2	359	LP	58.5
Concor	597	Buy	19,850	26.5	13.2	4,380	-7.7	17.8	2,807	-8.3	18.0
Coromandel International	749	Buy	26,200	-8.7	-25.8	3,481	-10.9	-30.3	2,250	-3.9	-32.6
EPL	236	Buy	7,815	13.4	1.9	1,632	17.8	2.9	716	47.2	0.9
Godrej Agrovet	518	Buy	15,183	1.7	-0.5	1,086	125.3	-3.4	560	145.5	-9.1
Indiamart Inter.	7978	Buy	1,805	6.1	4.0	833	59.3	-5.1	781	73.6	-2.6
Indian Hotels	112	Buy	6,362	-40.2	13.6	168	-91.9	LP	-943	PL	Loss

## Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
Info Edge	4264	Neutral	2,950	-8.6	8.3	801	-17.1	17.4	744	-5.7	6.4
Interglobe Aviation	1618	Neutral	59,209	-28.7	20.6	7,402	LP	-18.0	-8,471	Loss	Loss
Kaveri Seed	529	Buy	567	9.2	-43.4	-91	Loss	PL	-49	PL	PL
Lemon Tree Hotel	38	Buy	889	-49.5	30.0	302	-52.7	50.5	-240	Loss	Loss
MCX	1517	Buy	923	-12.3	-8.5	354	-13.1	-27.4	413	-37.0	-42.4
P I Industries	2249	Buy	11,869	38.8	2.1	2,839	52.4	3.0	2,172	96.2	11.1
SRF	5743	Buy	23,249	25.1	8.3	5,873	51.2	7.8	3,399	53.7	12.3
Tata Chemicals	779	Buy	25,181	5.9	-3.4	4,271	6.7	-9.5	1,702	-7.8	5.8
Trident	14	Buy	13,789	39.2	6.9	2,620	95.1	11.3	1,260	218.6	22.7
UPL	654	Neutral	1,23,163	10.5	35.0	25,018	15.3	13.3	9,696	19.7	3.1
<b>Others</b>			<b>3,40,317</b>	<b>-0.3</b>	<b>12.6</b>	<b>61,150</b>	<b>28.2</b>	<b>1.8</b>	<b>17,154</b>	<b>50.9</b>	<b>-7.8</b>

PL: Profit to Loss; LP: Loss to Profit



## Ready reckoner: Quarterly performance

Sector	CMP		NII (INR M)			OP. PROFITS (INR M)			NET PROFIT (INR M)		
	(INR)	Rating	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
<b>Financials</b>											
AU Small Finance	1272	Buy	6,935	25.0	9.5	4,605	45.8	-47.2	2,644	130.5	357.1
Axis Bank	714	Buy	76,454	12.3	3.7	63,220	8.0	3.7	16,285	LP	45.8
Bandhan Bank	351	Neutral	21,377	27.2	3.2	19,585	28.8	2.3	4,447	-14.0	-29.7
DCB Bank	104	Neutral	3,394	4.8	1.4	2,365	11.5	-14.7	615	-10.5	-36.0
Equitas Holdings	88	Buy	5,293	16.0	9.4	2,692	22.1	-2.1	1,022	36.0	-7.7
Federal Bank	79	Buy	14,698	20.9	2.3	9,997	4.2	3.8	4,479	48.7	10.8
HDFC Bank	1487	Buy	1,73,847	14.3	6.5	1,55,566	20.0	2.4	86,888	25.4	-0.8
ICICI Bank	594	Buy	1,05,620	18.3	6.6	94,154	27.4	6.8	51,565	322.2	4.4
IndusInd Bank	993	Buy	35,085	8.6	3.0	30,256	5.9	2.1	8,874	181.6	6.9
Kotak Mahindra Bank	1804	Neutral	42,124	18.3	5.1	33,103	21.5	7.4	19,562	54.4	5.5
RBL Bank	216	Buy	9,429	-7.7	3.8	8,107	7.8	0.7	1,596	39.6	8.5
SBI Cards	975	Buy	10,723	5.8	18.2	10,349	8.9	11.1	2,625	214.3	25.2
<b>Banks-Private</b>			<b>5,04,979</b>	<b>14.8</b>	<b>5.7</b>	<b>4,33,999</b>	<b>18.2</b>	<b>2.9</b>	<b>2,00,605</b>	<b>108.6</b>	<b>4.7</b>
Bank of Baroda	76	Neutral	78,900	16.1	1.8	56,444	10.2	1.0	9,250	82.6	-12.8
State Bank	371	Buy	2,95,702	29.9	2.6	2,15,873	16.9	24.5	76,606	113.9	47.4
<b>Banks-PSU</b>			<b>3,74,602</b>	<b>26.7</b>	<b>2.4</b>	<b>2,72,318</b>	<b>15.5</b>	<b>18.8</b>	<b>85,856</b>	<b>110.1</b>	<b>37.2</b>
HDFC Life Insur.	691	Neutral	1,21,290	15.9	27.8	4,937	262.9	80.1	3,539	13.5	33.5
ICICI Pru Life	444	Buy	1,19,837	14.4	33.6	10,668	18.4	163.7	3,007	67.5	-1.6
Max Financial	880	Buy	68,123	16.0	47.2	NA	NA	NA	2,700	16.8	22.7
SBI Life Insurance	883	Buy	1,56,698	32.1	13.8	6,911	4.8	132.8	3,763	-29.1	61.6
<b>Life Insurance</b>			<b>4,65,948</b>	<b>20.5</b>	<b>26.4</b>	<b>22,516</b>	<b>32.7</b>	<b>130.8</b>	<b>13,008</b>	<b>3.8</b>	<b>27.1</b>
AAVAS Financiers	2421	Neutral	1,450	23.5	2.9	1,114	53.4	-12.1	753	25.6	-12.1
Bajaj Finance	5270	Neutral	35,770	-4.7	6.5	30,303	-6.2	4.3	13,177	39.0	15.0
Can Fin Homes	612	Buy	2,111	12.0	0.3	1,846	15.5	3.0	1,169	28.6	-11.4
Chola. Inv & Fin.	564	Buy	12,917	41.8	0.5	9,739	58.6	-2.2	5,367	1,158.1	31.3
HDFC	2531	Buy	38,888	9.8	-2.9	38,005	7.7	-3.7	28,282	25.7	5.1
ICICI Securities	395	Buy	5,957	23.6	-3.9	3,041	46.4	-15.0	2,267	45.5	-15.1
IIFL Wealth Mgt	1312	Buy	2,493	-3.0	3.9	1,014	7.9	16.6	955	LP	-1.1
L&T Fin.Holdings	100	Buy	18,854	21.5	5.9	15,062	37.2	7.0	3,840	-0.2	33.4
LIC Housing Fin	433	Buy	13,206	16.4	3.1	12,058	34.9	3.9	7,784	84.7	7.1
M & M Financial	204	Buy	14,036	4.2	1.5	10,175	5.3	2.0	6,245	182.7	LP
Manappuram Finance	157	Buy	10,421	16.9	0.7	7,413	12.9	0.5	4,924	23.6	1.9
MAS Financial	857	Buy	842	-18.9	7.8	667	-17.3	7.9	374	4.9	3.4
Muthoot Finance	1215	Buy	17,967	13.7	1.4	13,980	26.8	0.6	9,995	22.6	0.8
PNB Housing	394	Neutral	4,982	17.9	-2.6	5,469	27.9	-0.7	2,741	LP	18.0
Repco Home Fin	337	Buy	1,444	4.7	-6.5	1,266	15.9	-1.3	865	81.2	8.6
Shriram City Union	1427	Buy	9,274	9.2	5.8	6,048	17.6	8.0	3,028	97.8	8.3
Shriram Transport Fin.	1473	Buy	22,029	13.9	2.7	17,118	16.2	2.9	8,007	258.5	10.0
<b>NBFC</b>			<b>2,12,640</b>	<b>10.7</b>	<b>1.9</b>	<b>1,74,318</b>	<b>14.5</b>	<b>1.0</b>	<b>99,773</b>	<b>66.2</b>	<b>18.8</b>

**PL: Profit to Loss; LP: Loss to Profit;** 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 (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Automobiles</b>						<b>43.9</b>	<b>21.0</b>	<b>16.6</b>	<b>3.8</b>	<b>3.4</b>	<b>3.0</b>	<b>8.7</b>	<b>16.1</b>	<b>17.8</b>
Amara Raja Batt.	860	Neutral	37.1	42.0	47.3	23.2	20.5	18.2	3.6	3.2	2.9	16.4	16.6	16.8
Ashok Leyland	118	Buy	-0.8	3.8	7.0	-140	31	16.9	5.0	4.4	3.7	-3.5	15.2	24.1
Bajaj Auto	3,747	Neutral	162.8	200.5	217.0	23.0	18.7	17.3	5.3	5.2	5.1	23.4	28.2	29.8
Bharat Forge	613	Buy	4.2	16.0	25.8	145.2	38.4	23.8	5.3	4.8	4.1	3.7	13.0	18.6
Bosch	14,156	Neutral	289.1	481.1	555.4	49.0	29.4	25.5	4.4	3.9	3.5	9.1	14.1	14.6
CEAT	1,596	Buy	103.8	118.7	140.7	15.4	13.4	11.3	2.0	1.7	1.5	13.6	13.8	14.4
Endurance Tech.	1,441	Buy	32.2	51.5	62.9	44.8	28.0	22.9	6.1	5.3	4.6	14.3	20.3	21.4
Eicher Motors	2,631	Buy	50.5	96.5	122.3	52.1	27.2	21.5	6.5	5.4	4.4	13.1	21.7	22.7
Escorts	1,274	Neutral	86.6	92.8	100.6	14.7	13.7	12.7	2.6	2.2	1.9	21.6	17.3	16.1
Exide Inds.	186	Buy	8.6	10.5	12.9	21.6	17.7	14.4	2.3	2.1	1.9	10.8	12.1	13.3
Hero Motocorp	2,958	Buy	143.5	181.8	209.0	20.6	16.3	14.2	3.9	3.7	3.4	19.7	23.4	24.9
Mahindra & Mahindra	808	Buy	34.0	39.7	50.0	23.8	20.4	16.2	2.5	2.3	2.2	11.3	12.4	14.0
Mahindra CIE	166	Buy	2.8	12.7	15.2	58.9	13.0	10.9	1.3	1.2	1.1	2.2	9.4	10.1
Maruti Suzuki	6,923	Buy	160.7	266.7	322.8	43.1	26.0	21.4	4.1	3.6	3.3	9.4	13.8	15.0
Motherson Sumi	210	Buy	2.5	7.5	9.8	83.5	28.1	21.5	5.6	4.9	4.3	6.9	18.7	21.3
Tata Motors	308	Buy	-4.9	23.7	33.1	-62.5	13.0	9.3	2.4	2.0	1.7	-3.4	17.1	19.9
TVS Motor	589	Neutral	11.5	19.4	26.5	51.2	30.3	22.2	7.0	5.9	4.9	14.4	21.2	24.2
<b>Capital Goods</b>						<b>39.8</b>	<b>25.7</b>	<b>22.2</b>	<b>2.9</b>	<b>2.7</b>	<b>2.5</b>	<b>7.2</b>	<b>10.4</b>	<b>11.1</b>
ABB	1,397	Buy	11.9	20.6	27.1	117.7	67.8	51.6	8.2	7.5	6.8	7.0	11.1	13.2
Bharat Electronics	126	Buy	6.9	8.5	9.4	18.2	14.8	13.5	2.8	2.5	2.3	15.4	17.1	16.8
BHEL	51	Sell	-2.5	1.3	1.9	-20.5	38.7	26.9	0.6	0.6	0.6	-3.1	1.6	2.3
Cummins India	896	Sell	19.0	22.5	25.8	47.1	39.8	34.8	5.6	5.4	5.2	11.9	13.5	14.8
Engineers India	78	Buy	5.6	7.5	7.6	13.9	10.5	10.3	2.2	2.2	2.1	14.9	19.3	19.1
K E C International	419	Buy	22.0	26.3	30.0	19.1	16.0	14.0	3.3	2.8	2.4	17.2	17.5	16.9
Larsen & Toubro	1,445	Buy	81.4	66.1	77.8	17.7	21.8	18.6	2.7	2.5	2.3	8.7	11.4	12.2
Siemens	1,860	Neutral	21.3	35.0	36.9	87.4	53.2	50.4	7.0	6.3	5.8	8.0	11.9	11.4
Thermax	1,326	Neutral	22.4	33.2	39.6	59.2	39.9	33.5	4.8	4.4	4.0	8.0	11.0	12.0
<b>Cement</b>						<b>29.8</b>	<b>25.9</b>	<b>21.5</b>	<b>3.7</b>	<b>3.3</b>	<b>3.0</b>	<b>12.3</b>	<b>12.9</b>	<b>14.0</b>
ACC	1,914	Buy	78.4	91.6	101.8	24.4	20.9	18.8	2.8	2.6	2.3	12.2	12.9	12.9
Ambuja Cements	310	Neutral	9.0	9.4	11.3	34.4	33.0	27.3	3.0	2.8	2.6	8.4	8.8	9.9
Birla Corporation	973	Buy	73.0	82.2	101.0	13.3	11.8	9.6	1.4	1.3	1.1	11.1	11.4	12.6
Dalmia Bharat	1,562	Buy	45.4	45.8	70.6	34.4	34.1	22.1	2.6	2.5	2.2	7.8	7.4	10.6
Grasim Industries	1,455	Neutral	83.9	99.0	113.0	17.4	14.7	12.9	2.5	2.4	2.3	2.1	4.1	5.0
India Cements	170	Neutral	6.5	5.0	6.5	26.1	34.2	25.9	0.9	0.9	0.9	3.6	2.7	3.5
J K Cements	2,924	Buy	86.2	105.0	123.4	33.9	27.9	23.7	6.4	5.4	4.4	20.2	20.9	20.4
JK Lakshmi Cem.	439	Buy	25.7	27.6	36.4	17.1	15.9	12.0	2.6	2.2	1.9	16.3	15.0	17.0
Ramco Cements	1,027	Neutral	33.4	34.9	41.4	30.8	29.5	24.8	4.3	3.8	3.4	14.9	13.8	14.5
Shree Cement	29,978	Neutral	645.3	740.3	861.1	46.5	40.5	34.8	7.2	6.2	5.3	16.6	16.4	16.5
Ultratech Cement	6,898	Buy	190.8	229.4	287.0	36.2	30.1	24.0	4.3	3.8	3.4	13.2	14.0	15.3
<b>Consumer</b>						<b>50.5</b>	<b>41.5</b>	<b>35.8</b>	<b>10.3</b>	<b>9.7</b>	<b>9.2</b>	<b>20.3</b>	<b>23.3</b>	<b>25.6</b>
Asian Paints	2,553	Neutral	34.5	39.5	45.8	74.1	64.6	55.7	21.3	19.0	17.0	30.6	31.1	32.2
Britannia	3,618	Buy	81.7	79.4	91.5	44.3	45.6	39.5	19.5	18.0	16.5	44.4	41.1	43.5
Colgate	1,563	Buy	36.1	40.0	45.3	43.2	39.1	34.5	25.6	25.6	25.6	60.4	65.6	74.3
Dabur	539	Buy	9.8	11.3	13.3	55.0	47.5	40.6	13.1	11.8	10.6	25.0	26.2	27.6
Emami	490	Buy	17.2	17.0	18.7	28.5	28.9	26.2	10.2	10.2	10.1	38.7	35.3	38.8
Godrej Consumer	726	Neutral	16.8	17.7	20.6	43.3	40.9	35.3	8.8	8.5	8.1	21.0	21.2	23.5
Hind. Unilever	2,399	Buy	34.1	41.7	48.9	70.3	57.6	49.1	11.5	11.1	11.1	28.2	19.7	22.6
ITC	220	Neutral	10.3	13.1	14.8	21.3	16.8	14.9	4.2	4.0	3.8	19.6	24.2	26.2
Jyothy Labs	144	Neutral	5.7	5.9	6.2	25.2	24.3	23.2	4.2	4.1	4.0	16.9	17.2	17.6
Marico	407	Buy	9.0	9.8	11.4	45.3	41.6	35.8	13.1	12.7	11.8	33.0	31.1	34.2
Nestle	17,102	Neutral	217.4	253.7	291.8	78.7	67.4	58.6	81.7	75.5	69.4	106.5	116.4	123.3
P&G Hygiene	12,588	Buy	180.8	232.9	280.4	69.6	54.0	44.9	34.7	30.8	27.1	50.3	60.3	64.1

## Ready reckoner: Full year valuations

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Page Industries	30,166	Neutral	301.9	457.3	523.0	99.9	66.0	57.7	39.4	37.2	36.0	39.4	56.4	62.5
Pidilite Inds.	1,823	Neutral	22.6	24.4	29.3	80.8	74.6	62.1	16.3	14.4	12.4	22.6	20.5	21.4
Tata Consumer	650	Buy	10.3	13.0	15.2	62.9	49.8	42.8	4.1	3.9	3.7	6.7	8.1	8.9
United Breweries	1,242	Sell	7.2	15.3	20.6	174	81	60.3	8.9	8.3	7.7	5.2	10.6	13.2
United Spirits	558	Buy	5.7	12.9	17.1	98	43	32.6	9.8	8.0	6.4	10.0	18.5	19.7
Varun Beverages	1,010	Buy	13.7	28.7	37.2	73.7	35.2	27.1	8.3	6.8	5.5	11.5	21.2	22.5
<b>Consumer Durables</b>						<b>65.0</b>	<b>47.8</b>	<b>41.2</b>	<b>10.9</b>	<b>9.4</b>	<b>8.2</b>	<b>16.7</b>	<b>19.8</b>	<b>19.9</b>
Blue Star	922	Sell	9.8	20.3	26.8	94.2	45.4	34.4	10.8	9.9	8.9	11.5	21.8	25.8
CG Consumer Elect.	393	Buy	8.4	10.6	12.1	47.0	37.0	32.6	13.8	11.3	9.4	29.4	30.5	28.7
Havells India	1,059	Neutral	16.5	19.6	22.0	64.2	54.1	48.2	13.2	11.4	9.9	20.6	21.2	20.6
Orient Electric	317	Buy	5.3	6.5	8.1	60.0	48.7	39.0	16.1	13.8	11.6	26.9	28.2	29.8
Voltas	1,005	Neutral	14.3	21.5	24.6	70.3	46.8	40.9	7.2	6.5	5.9	10.3	13.9	14.3
Whirlpool India	2,226	Buy	27.3	45.5	54.9	81.7	49.0	40.5	10.0	8.5	7.2	12.3	17.4	17.8
<b>Financials</b>														
<b>Banks-Private</b>						<b>28.1</b>	<b>20.2</b>	<b>16.1</b>	<b>3.4</b>	<b>3.0</b>	<b>2.6</b>	<b>12.1</b>	<b>14.7</b>	<b>15.9</b>
AU Small Finance	1,272	Buy	41.3	40.2	52.6	30.8	31.7	24.2	6.3	5.3	4.3	24.0	18.1	19.6
Axis Bank	714	Buy	18.8	45.9	63.4	37.9	15.5	11.3	2.2	1.9	1.7	6.0	13.2	15.9
Bandhan Bank	351	Neutral	15.8	24.8	36.5	22.2	14.1	9.6	3.3	2.8	2.3	15.8	21.6	26.3
DCB Bank	104	Neutral	10.3	13.0	17.1	10.2	8.1	6.1	0.9	0.8	0.7	9.6	10.9	12.8
Equitas Holdings	88	Buy	10.9	15.1	20.2	8.0	5.8	4.4	1.0	1.0	1.0	13.1	17.3	22.9
Federal Bank	79	Buy	7.8	11.3	14.4	10.1	7.0	5.5	1.0	0.9	0.8	10.2	13.2	15.0
HDFC Bank	1,487	Buy	57.7	70.7	84.6	25.8	21.0	17.6	4.1	3.5	3.0	17.2	18.1	18.5
ICICI Bank	594	Buy	25.4	31.6	39.8	23.4	18.8	14.9	2.8	2.5	2.1	13.2	14.1	15.5
IndusInd Bank	993	Buy	39.9	83.0	103.0	24.9	12.0	9.6	1.9	1.6	1.4	7.8	14.7	15.9
Kotak Mahindra Bank	1,804	Neutral	49.8	59.6	69.8	36.3	30.3	25.9	4.7	4.1	3.5	13.0	13.0	13.3
RBL Bank	216	Buy	9.9	17.5	24.7	21.8	12.3	8.8	1.0	1.0	0.9	5.1	8.0	10.4
SBI Cards	975	Buy	11.4	19.0	27.8	85.4	51.4	35.0	14.5	11.6	8.9	18.4	25.1	28.7
South Indian Bank	9	Buy	1.6	2.0	2.7	5.5	4.3	3.2	0.3	0.3	0.3	5.1	6.3	8.0
<b>Banks-PSU</b>						<b>12.1</b>	<b>8.2</b>	<b>6.5</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>	<b>9.3</b>	<b>12.3</b>	<b>13.7</b>
Bank of Baroda	76	Neutral	6.1	9.5	16.2	12.5	7.9	4.7	0.5	0.5	0.4	3.8	5.8	9.3
State Bank	371	Buy	30.9	45.2	54.7	12.0	8.2	6.8	1.3	1.1	1.0	9.9	13.8	14.6
<b>Insurance</b>						<b>70.3</b>	<b>55.4</b>	<b>43.6</b>	<b>11.2</b>	<b>10.0</b>	<b>8.6</b>	<b>16.0</b>	<b>18.0</b>	<b>19.8</b>
HDFC Life Insur.	691	Neutral	6.9	8.9	10.1	100.2	77.3	68.5	5.6	4.8	4.0	21.1	17.4	17.6
ICICI Pru Life	444	Buy	8.4	12.0	16.5	53.0	37.0	27.0	2.3	2.0	1.7	21.1	15.4	15.4
Max Financial	880	Buy	15.9	21.7	27.5	55.2	40.5	32.0	3.2	2.7	2.3	18.7	18.8	19.2
SBI Life Insurance	883	Buy	12.9	13.3	17.8	68.4	66.2	49.5	2.9	2.4	2.0	16.9	18.3	19.0
<b>NBFC</b>						<b>29.9</b>	<b>22.4</b>	<b>18.8</b>	<b>3.5</b>	<b>3.1</b>	<b>2.8</b>	<b>11.8</b>	<b>14.0</b>	<b>14.7</b>
AAVAS Financiers	2,421	Neutral	35.4	43.4	55.5	68.4	55.8	43.7	8.0	7.0	6.0	12.4	13.4	14.8
Aditya Birla Cap	122	Buy	4.5	6.1	7.6	27.3	20.0	16.0	2.1	1.9	1.7	8.2	10.2	11.4
Bajaj Finance	5,270	Neutral	73.2	147.0	186.7	72.0	35.9	28.2	8.7	7.1	5.8	12.8	21.9	22.7
Can Fin Homes	612	Buy	35.3	36.2	40.3	17.3	16.9	15.2	3.2	2.7	2.3	19.9	17.2	16.4
Chola. Inv & Fin.	564	Buy	22.1	28.7	32.6	25.5	19.6	17.3	4.7	3.9	3.2	20.1	21.7	20.3
HDFC	2,531	Buy	55.3	63.8	73.5	45.8	39.7	34.4	4.1	3.8	3.5	12.7	12.6	13.2
ICICI Securities	395	Buy	30.0	30.3	32.5	13.2	13.0	12.1	8.5	7.1	6.0	71.3	59.3	53.8
IIFL Wealth Mgt	1,312	Buy	41.5	49.4	61.7	31.6	26.6	21.3	4.6	5.7	5.2	13.2	19.1	25.6
Indostar Capital	317	Neutral	9.5	12.4	17.6	33.2	25.6	18.0	1.0	0.9	0.9	3.5	3.7	5.1
L&T Fin.Holdings	100	Buy	3.4	9.9	13.0	29.2	10.0	7.7	1.4	1.2	1.1	5.2	12.7	14.8
LIC Housing Fin	433	Buy	60.7	67.6	72.7	7.1	6.4	6.0	1.1	0.9	0.8	16.1	15.7	14.9
M & M Financial	204	Buy	6.5	9.5	14.6	31.3	21.4	14.0	1.7	1.6	1.4	6.0	7.5	10.7
Manappuram Finance	157	Buy	20.7	24.1	28.1	7.6	6.5	5.6	1.8	1.5	1.2	26.9	25.1	23.8
MAS Financial	857	Buy	26.4	32.4	38.0	32.4	26.5	22.6	4.3	3.8	3.4	13.8	15.2	15.8
Muthoot Finance	1,215	Buy	92.9	106.3	124.1	13.1	11.4	9.8	3.4	2.7	2.2	28.5	26.3	25.0
PNB Housing	394	Neutral	64.0	71.0	88.2	6.1	5.5	4.5	0.8	0.7	0.6	12.8	12.8	14.3

## Ready reckoner: Full year valuations

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Repco Home Fin	337	Buy	49.7	51.3	55.6	6.8	6.6	6.1	1.0	0.9	0.8	16.1	14.4	13.7
Shriram City Union	1,427	Buy	156.3	193.1	246.7	9.1	7.4	5.8	1.1	1.0	0.9	13.4	14.6	16.2
Shriram Transport Fin.	1,473	Buy	100.1	130.7	149.4	14.7	11.3	9.9	1.7	1.5	1.3	12.7	14.2	14.3
<b>Healthcare</b>						<b>26.7</b>	<b>23.4</b>	<b>20.3</b>	<b>4.2</b>	<b>3.6</b>	<b>3.2</b>	<b>15.6</b>	<b>15.6</b>	<b>15.6</b>
Alembic Pharma	985	Neutral	58.6	51.7	56.6	16.8	19.0	17.4	4.0	3.4	3.0	29.2	19.9	18.9
Alkem Lab	2,776	Buy	126.6	135.6	151.3	21.9	20.5	18.3	4.5	3.9	3.3	22.4	20.4	19.5
Ajanta Pharma	1,744	Buy	70.5	78.6	91.1	24.7	22.2	19.1	5.0	4.3	3.6	21.9	20.7	20.5
Aurobindo Pharma	881	Buy	53.0	60.7	68.1	16.6	14.5	12.9	2.4	2.0	1.8	16.0	15.1	14.7
Biocon	411	Neutral	6.0	8.9	11.8	68.2	46.0	34.9	6.9	6.2	5.5	9.9	14.2	16.7
Cadila Health	442	Buy	20.0	23.2	24.6	22.1	19.0	17.9	3.3	2.9	2.6	16.0	16.2	15.2
Cipla	818	Neutral	33.7	36.7	41.9	24.3	22.3	19.5	3.6	3.1	2.7	14.7	14.0	14.0
Divis Labs	3,615	Buy	75.9	98.0	127.3	47.7	36.9	28.4	10.8	8.8	7.0	24.9	26.2	27.5
Dr Reddy's Labs	4,588	Neutral	153.7	178.9	209.3	29.8	25.7	21.9	4.3	3.7	3.2	15.3	15.6	15.9
Gland Pharma	2,470	Buy	57.7	72.6	92.3	42.8	34.0	26.8	6.9	5.8	4.7	19.9	18.5	19.4
Glenmark Pharma	483	Neutral	35.4	36.1	41.1	13.7	13.4	11.8	2.0	1.7	1.5	15.3	13.7	13.8
Granules India	312	Buy	21.7	25.5	29.3	14.4	12.3	10.6	3.5	2.8	2.3	26.8	25.4	23.8
GSK Pharma	1,426	Neutral	29.0	35.3	40.1	49.1	40.4	35.5	12.7	11.4	10.1	25.9	28.4	28.3
IPCA Labs.	1,884	Buy	94.4	94.3	101.4	19.9	20.0	18.6	5.1	4.2	3.5	28.9	23.1	20.7
Jubilant Pharmova	713	Buy	56.6	60.3	69.1	12.6	11.8	10.3	2.9	2.3	1.9	18.6	21.7	20.6
Laurus Labs	365	Buy	18.4	22.5	27.4	19.9	16.2	13.3	7.5	5.4	4.0	45.0	38.7	34.4
Lupin	1,028	Buy	25.3	39.4	45.6	40.6	26.1	22.5	3.5	3.2	2.9	8.9	12.8	13.4
Sun Pharma	611	Buy	25.6	26.8	29.9	23.8	22.8	20.4	3.1	2.8	2.5	13.3	12.9	12.9
Strides Pharma	850	Buy	24.8	43.3	53.6	34.2	19.6	15.9	2.8	2.5	2.2	8.4	13.4	14.9
Torrent Pharma	2,549	Neutral	73.0	88.0	99.8	34.9	29.0	25.5	7.7	6.6	5.7	23.7	24.5	23.8
<b>Infrastructure</b>						<b>16.7</b>	<b>14.5</b>	<b>11.0</b>	<b>1.1</b>	<b>1.0</b>	<b>1.0</b>	<b>6.6</b>	<b>7.2</b>	<b>8.8</b>
Ashoka Buildcon	101	Buy	13.2	11.2	12.8	7.7	9.0	7.9	1.0	0.9	0.8	13.4	10.2	10.7
IRB Infra	114	Neutral	3.9	5.9	9.7	29.0	19.2	11.7	0.6	0.6	0.6	2.1	3.1	4.9
KNR Constructions	212	Buy	9.1	12.8	16.5	23.2	16.5	12.9	3.2	2.7	2.3	14.8	17.8	19.1
<b>Media</b>						<b>22.3</b>	<b>13.9</b>	<b>12.6</b>	<b>2.5</b>	<b>2.3</b>	<b>2.1</b>	<b>11.4</b>	<b>16.7</b>	<b>16.6</b>
PVR	1,237	Neutral	-92.2	17.1	36.7	-13.4	72.1	33.7	3.7	3.5	3.2	NM	5.0	10.0
Sun TV	478	Buy	38.6	40.0	40.0	12.4	12.0	11.9	3.0	2.8	2.6	25.4	24.0	22.5
Zee Entertainment	209	Neutral	8.9	17.4	19.8	23.5	12.0	10.6	2.0	1.8	1.6	11.7	15.9	15.9
<b>Metals</b>						<b>11.0</b>	<b>8.1</b>	<b>8.5</b>	<b>1.6</b>	<b>1.4</b>	<b>1.3</b>	<b>14.5</b>	<b>17.3</b>	<b>14.8</b>
Hindalco	350	Buy	23.5	35.9	41.0	14.9	9.7	8.5	1.9	1.6	1.4	13.3	18.1	17.5
Hindustan Zinc	280	Neutral	18.8	27.2	26.3	14.9	10.3	10.6	3.7	3.2	2.9	21.8	33.2	28.9
JSPL	371	Buy	57.1	42.7	40.2	6.5	8.7	9.2	1.2	1.1	1.0	18.5	13.1	11.0
JSW Steel	509	Buy	31.7	62.2	59.4	16.0	8.2	8.6	2.8	2.1	1.8	19.0	29.6	22.5
Nalco	59	Buy	4.1	6.9	6.6	14.4	8.6	8.9	1.1	1.1	1.0	7.6	12.5	11.7
NMDC	138	Buy	21.9	24.6	20.0	6.3	5.6	6.9	1.4	1.2	1.1	23.1	23.4	17.2
SAIL	84	Buy	13.8	18.5	16.8	6.1	4.5	5.0	0.8	0.7	0.6	13.1	15.8	13.0
Tata Steel	863	Neutral	69.3	103.0	93.3	12.4	8.4	9.3	1.3	1.2	1.1	11.3	14.9	12.0
Vedanta	231	Neutral	26.0	28.9	27.5	8.9	8.0	8.4	1.4	1.3	1.3	16.7	17.1	15.3
<b>Oil &amp; Gas</b>						<b>18.5</b>	<b>13.4</b>	<b>11.5</b>	<b>1.8</b>	<b>1.7</b>	<b>1.5</b>	<b>10.0</b>	<b>12.5</b>	<b>13.2</b>
Aegis Logistics	301	Buy	7.1	10.7	13.3	42.2	28.2	22.6	5.6	4.9	4.3	13.8	18.5	20.4
BPCL	438	Buy	41.9	34.4	42.0	10.4	12.7	10.4	2.1	1.9	1.8	21.4	16.0	17.8
Castrol India	125	Buy	5.9	8.5	8.5	21.2	14.7	14.7	8.7	7.8	7.1	41.9	56.2	50.3
GAIL	140	Buy	10.2	15.8	16.7	13.8	8.9	8.4	1.3	1.2	1.1	10.2	14.9	14.7
Gujarat Gas	547	Buy	17.0	20.0	23.3	32.2	27.4	23.5	8.8	6.9	5.6	31.0	28.3	26.3
Gujarat State Petronet	276	Buy	15.0	16.8	17.9	18.4	16.4	15.4	2.1	1.9	1.7	12.0	12.1	11.6
HPCL	237	Neutral	56.3	40.3	42.0	4.2	5.9	5.6	1.1	1.1	1.0	26.9	18.4	18.5
Indraprastha Gas	527	Neutral	14.5	18.1	18.8	36.3	29.1	28.0	6.3	5.4	4.7	18.6	19.9	17.9
IOC	93	Buy	15.8	15.5	18.9	5.9	6.0	4.9	0.8	0.8	0.8	14.7	13.7	15.8
Mahanagar Gas	1,181	Buy	63.4	78.4	80.6	18.6	15.1	14.6	3.5	3.1	2.8	20.0	22.0	20.1

## Ready reckoner: Full year valuations

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
MRPL	40	Neutral	-1.0	4.0	7.2	-41.1	10.0	5.5	0.9	0.9	0.8	-2.2	8.8	14.5
Oil India	124	Buy	17.9	19.7	22.0	6.9	6.3	5.6	0.6	0.5	0.5	6.6	8.7	9.3
ONGC	104	Buy	10.7	21.8	23.8	9.7	4.8	4.4	0.6	0.6	0.5	6.5	12.4	12.3
Petronet LNG	228	Buy	18.0	22.1	23.9	12.7	10.3	9.5	2.9	2.7	2.5	23.8	27.1	26.9
Reliance Inds.	2,022	Buy	65.9	101.6	122.8	30.7	19.9	16.5	2.6	2.3	2.0	8.8	12.1	13.1
<b>Retail</b>						<b>393.2</b>	<b>91.0</b>	<b>65.8</b>	<b>15.7</b>	<b>13.9</b>	<b>12.1</b>	<b>4.0</b>	<b>15.2</b>	<b>18.4</b>
Aditya Birla Fashion	199	Buy	-2.4	0.0	0.4	-82.9	11,271.8	526.7	23.1	22.7	21.8	-39.3	0.2	4.2
Avenue Supermarts	2,911	Neutral	16.9	28.8	37.8	171.9	101.1	77.0	14.9	12.9	11.0	9.4	14.2	16.0
Jubilant Foodworks	2,953	Neutral	18.0	38.2	53.0	163.6	77.2	55.8	30.6	24.8	19.6	18.7	32.1	35.2
Shoppers Stop	215	Neutral	-34.1	-13.9	-15.0	-6.3	-15.5	-14.3	17.6	-129.9	-12.9	-337.3	-262.6	163.8
Titan Company	1,559	Buy	10.9	23.1	30.0	143.4	67.5	51.9	20.0	17.4	15.4	14.2	27.6	31.5
Trent	752	Neutral	-3.5	4.7	8.4	-215	161	89.8	11.0	10.3	9.2	-5.3	7.1	11.5
V-Mart Retail	2,803	Buy	-12.0	22.6	40.9	-233	124	68.6	11.6	10.6	9.2	NM	9.0	14.4
Westlife Development	455	Neutral	-5.9	1.7	6.2	-77.3	260.9	73.2	14.5	13.7	11.5	-17.2	5.4	17.1
<b>Staffing</b>						<b>37.0</b>	<b>23.8</b>	<b>18.6</b>	<b>4.6</b>	<b>3.9</b>	<b>3.2</b>	<b>12.5</b>	<b>16.3</b>	<b>17.3</b>
Quess Corp	691	Buy	12.4	33.3	43.0	55.7	20.8	16.0	3.2	2.7	2.2	7.5	17.6	18.9
SIS	406	Buy	22.7	23.0	28.6	17.9	17.6	14.2	1.6	1.3	1.1	22.0	18.1	18.6
Team Lease Serv.	3,768	Buy	51.7	72.9	99.5	72.8	51.7	37.9	9.8	8.2	6.7	14.4	17.2	19.5
<b>Technology</b>						<b>30.4</b>	<b>25.1</b>	<b>21.7</b>	<b>8.2</b>	<b>7.7</b>	<b>7.2</b>	<b>26.9</b>	<b>30.5</b>	<b>33.1</b>
Coforge	2,938	Neutral	77.2	98.7	113.9	38.1	29.8	25.8	6.6	5.7	4.9	18.2	20.3	20.3
Cyient	662	Buy	33.3	43.2	48.5	19.9	15.3	13.6	2.6	2.3	2.1	13.6	15.9	16.0
HCL Technologies	1,003	Buy	46.2	55.0	64.2	21.7	18.2	15.6	4.7	4.2	3.9	22.8	24.2	25.9
Infosys	1,385	Buy	46.2	55.5	65.8	30.0	24.9	21.0	8.6	8.3	7.9	29.4	34.0	38.5
L&T Infotech	4,112	Neutral	107.0	121.1	142.8	38.4	34.0	28.8	10.8	9.0	7.5	31.3	29.1	28.4
L&T Technology	2,722	Buy	63.7	88.8	108.6	42.7	30.6	25.1	8.9	7.5	6.3	22.5	26.7	27.5
Mindtree	2,075	Neutral	65.3	75.4	86.9	31.8	27.5	23.9	8.9	7.4	6.1	30.8	29.4	28.1
Mphasis	1,746	Buy	64.4	75.7	91.4	27.1	23.1	19.1	5.1	4.6	4.1	19.8	21.0	22.8
Persistent Systems	1,955	Buy	56.2	73.7	85.8	34.8	26.5	22.8	5.8	5.0	4.4	17.3	20.4	20.5
TCS	3,166	Neutral	87.2	109.8	126.2	36.3	28.8	25.1	13.7	13.0	12.2	38.6	46.8	50.7
Tech Mahindra	992	Neutral	52.6	59.8	67.9	18.8	16.6	14.6	3.5	3.1	2.7	19.9	19.9	19.9
Wipro	416	Neutral	18.3	21.2	23.8	22.7	19.6	17.5	4.4	4.4	4.5	19.4	22.7	25.7
Zensar Tech	275	Neutral	15.5	17.9	20.7	17.7	15.3	13.2	2.6	2.3	2.0	15.7	16.3	16.6
<b>Telecom</b>						<b>-22</b>	<b>-34</b>	<b>-50.7</b>	<b>6.6</b>	<b>9.0</b>	<b>12.4</b>	<b>-29.8</b>	<b>-26.7</b>	<b>-24.5</b>
Bharti Airtel	521	Buy	0.8	4.5	7.9	616.9	115.1	66.2	4.5	4.3	4.1	0.7	3.8	6.3
Indus Towers	255	Neutral	18.2	20.8	20.0	14.0	12.3	12.7	4.6	4.2	4.0	29.9	35.8	32.1
Tata Comm	1,124	Neutral	48.1	58.7	68.8	23.4	19.1	16.3	1,864.9	19.0	8.8	-217.5	196.0	73
Vodafone Idea	10	Neutral	-8.5	-7.5	-6.8	-1.2	-1.3	-1.5	-1.5	-0.7	-0.5	390.4	73.2	39.1
<b>Utilities</b>						<b>8.9</b>	<b>7.6</b>	<b>6.8</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>	<b>14.7</b>	<b>15.7</b>	<b>16.3</b>
CESC	607	Buy	97.4	97.1	104.3	6.2	6.3	5.8	0.8	0.7	0.7	13.0	12.1	12.3
Coal India	132	Buy	18.3	24.5	30.9	7.2	5.4	4.3	2.3	1.8	1.5	31.3	34.3	35.1
Indian Energy Exchange	347	Buy	7.1	8.3	9.8	48.7	41.6	35.3	22.8	19.6	16.8	50.3	50.6	51.2
JSW Energy	91	Neutral	4.8	5.9	6.9	18.9	15.5	13.1	1.2	1.2	1.1	6.6	7.7	8.8
NHPC	25	Neutral	2.9	3.0	3.5	8.6	8.2	7.0	0.8	0.7	0.7	9.0	9.0	10.0
NTPC	108	Buy	15.5	16.8	18.1	7.0	6.4	5.9	0.8	0.8	0.8	12.4	12.8	13.1
Power Grid Corp.	219	Buy	23.9	25.9	27.2	9.2	8.4	8.0	1.7	1.5	1.4	18.7	18.7	18.2
Tata Power	105	Buy	3.8	5.4	5.5	27.5	19.5	18.9	1.6	1.5	1.4	5.8	7.9	7.7
Torrent Power	428	Buy	22.8	31.1	31.7	18.7	13.7	13.5	2.0	1.8	1.7	11.4	14.1	13.0
<b>Others</b>						<b>67.4</b>	<b>24.1</b>	<b>18.5</b>	<b>3.6</b>	<b>3.2</b>	<b>2.9</b>	<b>5.4</b>	<b>13.4</b>	<b>15.5</b>
BSE	584	Buy	33.0	47.5	53.9	17.7	12.3	10.8	1.1	1.0	1.0	6.1	8.5	9.1
Concor	597	Buy	12.6	16.0	19.9	47.4	37.2	30.0	3.5	3.4	3.2	7.5	9.2	11.0
Coromandel Int.	749	Buy	47.7	55.9	60.6	15.7	13.4	12.4	4.2	3.5	2.9	29.3	28.4	25.8
EPL	236	Buy	8.5	11.3	13.4	27.8	20.9	17.6	4.5	3.9	3.4	17.0	20.0	20.6
Godrej Agrovet	518	Buy	16.3	20.0	23.6	31.8	25.9	22.0	4.9	4.4	3.9	16.3	18.0	18.9

## Ready reckoner: Full year valuations

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Indiamart Inter.	7,978	Buy	104.4	118.3	143.1	76.4	67.4	55.7	26.6	17.0	11.8	73.6	49.0	39.8
Indian Hotels	112	Buy	-6.9	0.6	1.9	-16.2	176.3	59.2	3.7	3.7	3.5	-20.7	2.1	6.1
Info Edge	4,264	Neutral	21.9	30.2	41.0	194.5	141.3	104.0	12.3	11.8	11.0	8.1	8.5	10.9
Interglobe Aviation	1,618	Neutral	-143.5	45.1	95.6	-11.3	35.9	16.9	180.4	33.3	12.2	-177.8	156.5	105.4
Kaveri Seed	529	Buy	52.2	53.2	57.6	10.1	9.9	9.2	2.9	2.6	2.4	30.6	27.9	27.4
Lemon Tree Hotel	38	Buy	-1.7	0.0	0.6	-22.0	-1,123.2	66	4.3	4.3	4.0	-17.8	-0.4	6.3
MCX	1,517	Buy	44.7	45.3	61.7	33.9	33.5	24.6	5.9	5.4	4.9	17.1	16.9	20.9
P I Industries	2,249	Buy	51.1	65.6	79.2	44.0	34.3	28.4	6.5	5.5	4.7	19.6	17.4	17.9
Piramal Enterprises	1,776	Buy	119.6	129.5	159.6	14.9	13.7	11.1	1.2	1.1	1.0	8.6	8.6	9.7
SRF	5,743	Buy	194.8	233.3	282.3	29.5	24.6	20.3	5.0	4.2	3.6	19.5	18.6	19.0
Tata Chemicals	779	Buy	16.3	34.8	44.5	47.9	22.4	17.5	1.5	1.5	1.4	3.2	6.7	8.2
Trident	14	Buy	0.7	1.0	1.4	20.7	13.5	10.5	2.1	1.8	1.6	10.7	14.4	16.3
UPL	654	Neutral	42.1	49.8	58.3	15.5	13.1	11.2	2.7	1.5	1.3	18.5	19.0	19.1

# Sectors & Companies

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**BSE Sensex: 50,030**

**Nifty 50: 14,867**

**April 2021**

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## **MOFSL Universe: 4QFY21 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 1 April 2021, unless otherwise stated.**

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# Automobiles

## Company

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

## Commodity cost inflation keeps margins under pressure

### Price hikes, op lev. to dilute impact; 3<sup>rd</sup> straight quarter of margin increase

- The volume recovery witnessed in 3Q continued in 4QFY21. Strong momentum was seen in retail sales in Tractors, PVs, and CVs (QoQ growth in retail). On the other hand, 2W retail sales were marginally lower v/s last quarter.
- On a two-year CAGR basis (v/s 4QFY19), wholesale volumes grew strongly for Tractors (+20.3% CAGR, -10% QoQ), while PVs (+2.4% CAGR, +9.3% QoQ) and 2Ws (+0.3% CAGR, -7% QoQ) recovered to 4QFY19 levels. PVs maintained the strong growth momentum, while 2Ws witnessed some slowdown in demand. Among CVs, LCVs (-4.1% CAGR, +11% QoQ) posted good recovery on a 4QFY19 base and M&HCVs (-19% CAGR, +43% QoQ) saw strong sequential growth. 3Ws (-18% CAGR, +12.6% QoQ) is witnessing sequential recovery in volumes.
- We expect marginal decline in EBITDA margins (v/s 3QFY21), weighed by commodity cost inflation. The same for our OEM (ex-JLR) Universe would expand 280bp YoY to 11.4% (-23bp QoQ), led by price hikes, lower discounts, cost-cutting, and operating leverage benefits. This is 3<sup>rd</sup> straight quarter of margin expansion.
- We revise our FY22E EPS estimates to factor in commodity cost inflation and evolving demand environment. We upgrade MCIE (+12.2%), MSS (+5.2%), and CEAT (+5%), while we downgrade TVSL (7.5%).

### MHCV catches up with industry growth momentum, 2W slows down

Strong retail momentum was seen in Tractors and PVs, whereas 2W retail was marginally lower than last year. On a two-year CAGR basis (v/s 4QFY19), wholesale volumes grew strongly for Tractors (+20.3% CAGR, -10% QoQ), while PVs (+2.4% CAGR, +9.3% QoQ) and 2Ws (+0.3% CAGR, -7% QoQ) recovered to 4QFY19 levels. PVs maintained the strong growth momentum, while 2Ws witnessed some slowdown in demand. Among CVs, LCVs (-4.1% CAGR, +11% QoQ) saw good recovery on a 4QFY19 base and M&HCVs (-19% CAGR, +43% QoQ) saw strong sequential growth. 3Ws (-18% CAGR, +12.6% QoQ) is seeing sequential recovery in volumes. With a low starting inventory, PVs, CVs, and Tractors saw a waiting period owing to good retail momentum, whereas 2Ws reported slow demand in 4QFY21.

### EBITDA margins expands for 3<sup>rd</sup> straight quarter despite RM cost inflation

We expect recovery in EBITDA margins to sustain as price hikes, operating leverage, and cost-cutting measures offset the impact of commodity cost inflation. The EBITDA margin for our OEM (ex-JLR) Universe is likely to expand 280bp YoY to 11.4% (-70bp QoQ), led by price hikes, lower discounts, cost-cutting, and operating leverage benefits. All companies (ex-BJAUT) are expected to see YoY growth on a low base and marginal QoQ decline due to commodity cost pressure.

### Near-term uncertainties prevail due to supply-side constraints

Commodity inflation would keep margins under pressure, partially offset by price hikes, operating leverage, and cost-cutting. While the demand momentum sustained in PVs and Tractors, MHCVs reflected strong volume recovery. This is attributable to positive agri economics, a shift to private transport (from public), and the easing of credit policy by financiers. However, we do see near-term

uncertainties in the form of: a) supply-side disruption due to the global shortage of semi-conductors, b) sharp commodity cost inflation, offset by price increases, and c) risk to demand (such as from price hike and the fading benefit of COVID-19 to private transport). We expect volume recovery in all segments to sustain in FY22, with core demand growing 5–7% for 2Ws/PVs/Tractors, supported by the benefit of a low base over Apr–Aug'20. For 3Ws and CVs, we expect a sharp recovery in FY22.

#### Valuation and view

We revise our FY22E EPS estimates to factor in commodity cost inflation and the risk from EVs. We upgrade MCIE (+12.2%), MSS (+5.2%), and CEAT (+5%), whereas we downgrade TVSM (7.5%). Valuations reflect sustained demand in 4QFY21, leaving limited margin for safety from any negative surprises. Hence, we prefer companies with: a) higher visibility in terms of a demand recovery, b) a strong competitive positioning, c) margin drivers, and d) balance sheet strength. **MM** and **MSIL** are our top OEM picks. Among the auto component stocks, we prefer **ENDU** and **MSS**.

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

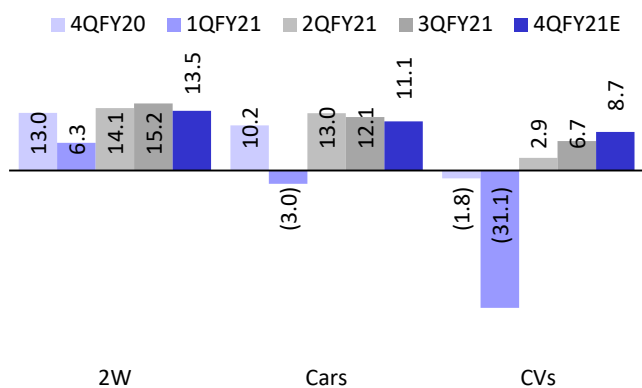
Sector	CMP		SALES (INR M)			EBIDTA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
Amara Raja Batt.	860	Neutral	19,462	23.1	-0.7	3,040	25.0	-0.8	1,762	28.9	-8.8
Ashok Leyland	118	Buy	69,155	80.2	43.7	5,576	204.7	119.7	2,578	LP	1,643.8
Bajaj Auto	3747	Neutral	81,756	19.9	-8.2	14,575	16.3	-15.7	12,981	-0.9	-16.6
Bharat Forge	613	Buy	11,960	35.7	15.5	2,893	95.2	24.0	1,560	8,825.6	61.0
Bosch	14156	Neutral	29,557	32.1	-2.4	4,532	32.7	26.6	3,159	3.5	6.7
CEAT	1596	Buy	23,108	46.9	4.0	3,233	61.4	-1.3	1,156	63.3	-18.2
Eicher Motors	2631	Buy	29,089	31.7	2.9	6,436	48.9	-4	5,573	83.2	4.6
Endurance Tech.	1441	Buy	19,670	22.6	-3.6	3,037	24.0	-13.8	1,328	18.4	-33.1
Escorts	1274	Neutral	21,444	55.3	6.3	3,616	86.0	-0.7	2,734	94.7	-2.6
Exide Inds.	186	Buy	26,910	30.9	-3.9	3,687	36.4	-8.5	2,173	29.3	-10.0
Hero Motocorp	2958	Buy	84,115	34.8	-14.0	10,360	57.0	-26.7	7,736	24.6	-28.7
Mahindra & Mahindra	808	Buy	1,29,115	43.4	-7.6	17,846	45.4	-22.3	10,166	214.7	-39.9
Mahindra CIE	166	Buy	17,485	5.2	-10.7	2,164	18.8	-12.6	985	57.3	-11.9
Maruti Suzuki	6923	Buy	2,38,569	31.1	1.7	23,023	48.9	3.4	17,541	35.8	-9.6
Motherson Sumi	210	Buy	1,74,909	15.4	-3.0	17,149	23.2	-16.0	4,361	137.8	-45.3
Tata Motors	308	Buy	8,59,718	37.6	13.6	1,06,992	350.8	-7.0	36,393	LP	12.6
TVS Motor	589	Neutral	51,772	48.7	-4.0	4,443	81.5	-13.1	2,243	126.0	-15.6
<b>Sector aggregate</b>			<b>18,87,794</b>	<b>34.4</b>	<b>4.9</b>	<b>2,32,601</b>	<b>108.9</b>	<b>-7.9</b>	<b>1,14,427</b>	<b>LP</b>	<b>-9.7</b>

Exhibit 2: Volume snapshot 4QFY21 ('000 units)

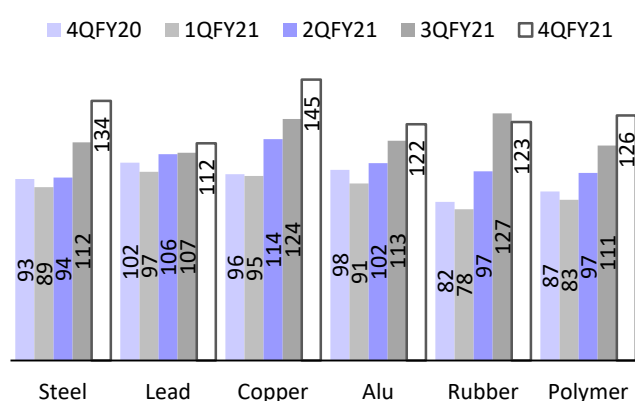
	4QFY21	4QFY20	YoY (%)	4QFY19	2 Year CAGR (%)	3QFY21	QoQ (%)	FY21	FY20	YoY (%)
Two wheelers	5,432	4,311	26.0	5,396	0.3	5,841	-7.0	18,355	20,878	-12.1
Three wheelers	215	241	-11.0	319	-18.0	191	12.6	616	1,138	-45.8
Passenger cars	668	491	36.0	656	0.9	611	9.3	1,886	2,184	-13.7
UVs & MPVs	391	301	30.0	354	5.1	421	-7.0	1,240	1,261	-1.7
<b>Total PVs</b>	<b>1,060</b>	<b>793</b>	<b>33.7</b>	<b>1,010</b>	<b>2.4</b>	<b>1,033</b>	<b>2.6</b>	<b>3,126</b>	<b>3,446</b>	<b>-9.3</b>
M&HCV	81	54	49.0	124	-19.0	57	42.8	171	248	-31.2
LCV	170	107	59.0	185	-4.1	153	11.0	468	532	-11.9
<b>Total CVs</b>	<b>251</b>	<b>161</b>	<b>55.6</b>	<b>308</b>	<b>-9.8</b>	<b>210</b>	<b>19.6</b>	<b>639</b>	<b>780</b>	<b>-18.0</b>
<b>Tractors</b>	<b>233</b>	<b>146</b>	<b>59.0</b>	<b>161</b>	<b>20.3</b>	<b>259</b>	<b>-10.1</b>	<b>873</b>	<b>711</b>	<b>22.8</b>
<b>Total (ex Tractor)</b>	<b>6,958</b>	<b>5,506</b>	<b>26.4</b>	<b>7,033</b>	<b>-0.5</b>	<b>7,274</b>	<b>-4.3</b>	<b>22,737</b>	<b>26,242</b>	<b>-13.4</b>

Source: Company, MOFSL

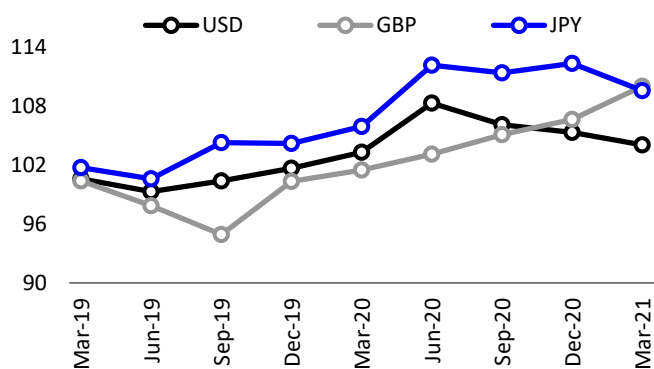
**Exhibit 3: Trend in segment-wise EBITDA margins (%)**



**Exhibit 4: Commodity prices reasonably stable**

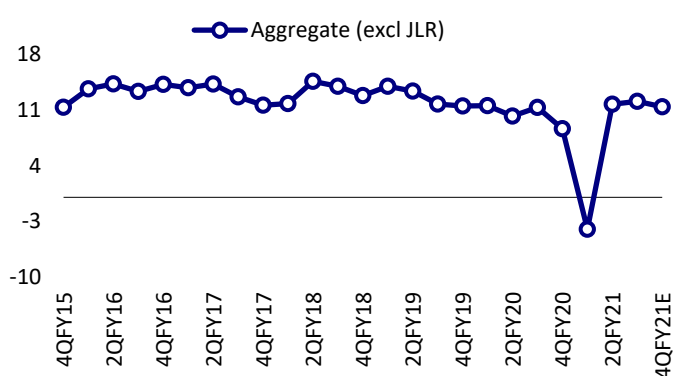


**Exhibit 5: Trend in key currencies v/s INR (average, indexed)**



Source: Bloomberg, MOFSL

**Exhibit 6: Margins to contract YoY/QoQ**



Source: Company, MOFSL

**Exhibit 7: Revised estimates**

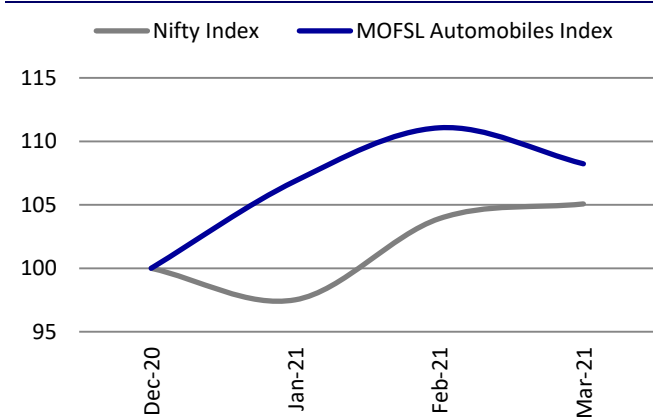
	FY22E			FY23E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Bajaj Auto	200.5	206.9	-3.1	217.0	223.6	-2.9
Hero MotoCorp	181.8	188.9	-3.8	209.0	213.1	-1.9
TVS Motor	19.4	21.0	-7.5	26.5	26.6	-0.6
Eicher Motors *	96.5	97.6	-1.0	122.3	122.4	-0.1
Maruti *	266.7	269.9	-1.2	322.8	333.4	-3.2
M&M (incl MVML)	39.7	42.8	-7.3	50.0	52.6	-5.1
Tata Motors *	23.7	23.4	1.3	33.1	32.8	1.0
Ashok Leyland	3.8	4.0	-4.7	7.0	7.1	-1.8
Escorts	92.8	91.8	1.0	100.6	98.1	2.6
Amara Raja	42.0	42.5	-1.2	47.3	47.9	-1.2
Bharat Forge *	16.0	16.3	-2.2	25.8	26.5	-2.8
BOSCH	481.1	469.7	2.4	555.4	558.7	-0.6
Ceat	118.7	113.0	5.0	140.7	131.3	7.2
Endurance Tech*	51.5	51.1	1.0	62.9	62.3	0.9
Exide Industries	10.5	10.6	-1.0	12.9	13.0	-0.9
Mahindra CIE *	12.7	11.4	12.2	15.2	14.4	5.7
Motherson Sumi *	7.5	7.1	5.2	9.8	9.3	4.6

Source: Company, MOFSL

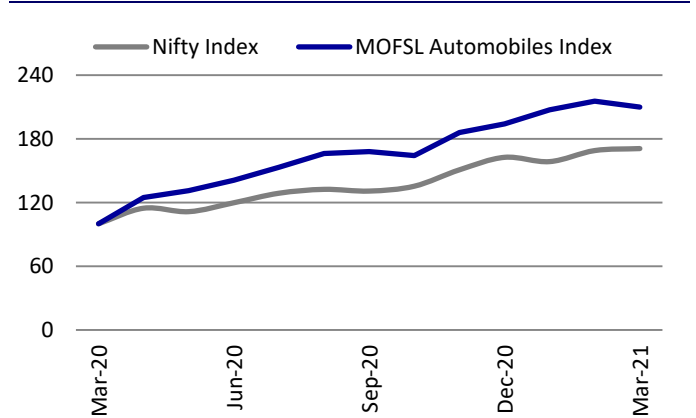
**Exhibit 8: Margin recovery to sustain in 4QFY21**

	Volumes ('000 units)					EBITDA Margins (%)					Adj PAT (INR M)				
	4Q FY21E	4Q FY20	YoY (%)	3Q FY21	QoQ (%)	4Q FY21E	4Q FY20	YoY (bp)	3Q FY21	QoQ (bp)	4Q FY21E	4Q FY20	YoY (%)	3Q FY21	QoQ (%)
Bajaj Auto	1,170	992	17.9	1,307	-10.5	17.8	18.4	-60	19.4	-160	12,981	13,103	-0.9	15,563	-16.6
Hero MotoCorp	1,568	1,335	17.5	1,845	-15.0	12.3	10.6	170	14.5	-210	7,736	6,207	24.6	10,845	-28.7
TVS Motor	928	633	46.5	990	-6.3	8.6	7.0	150	9.5	-90	2,243	993	126.0	2,656	-15.6
Maruti Suzuki	492	384	28.1	496	-0.7	9.7	8.5	120	9.5	20	17,541	12,917	35.8	19,414	-9.6
M&M	202	152	33.3	224	-9.7	13.8	13.6	20	16.4	-260	10,166	3,230	214.7	16,919	-39.9
Tata Motors (S/A)	192	101	88.9	158	21.2	8.9	-4.4	1330	7.1	180	491	-22,418	-102.2	-6,286	-107.8
Tata Motors (Cons)						12.4	3.8	860	15.2	-280	36,393	-69,890	-152.1	32,332	12.6
Ashok Leyland	44	25	72.8	33	31.8	8.1	4.8	330	5.3	280	2,578	-118	-2279.8	148	1643.8
JLR (GBP M)	125	125	-0.1	120	4.3	15.4	4.8	1070	15.8	-40	371	-531	-169.8	388	-4.5
Eicher – RE	205	163	25.8	200	2.6	23.2	20.8	240	23.5	-30	5,100	3,462	47.3	4,885	4.4
Eicher - VECV	18	12	56.2	13	41.9	10.0	1.6	840	8.6	140	1,730	-251	-790.4	580	198.1
<b>Agg. (ex JLR)</b>	<b>4,819</b>	<b>3,797</b>	<b>26.9</b>	<b>5,266</b>	<b>-8.5</b>	<b>11.4</b>	<b>8.6</b>	<b>280</b>	<b>12.1</b>	<b>-70</b>	<b>59,308</b>	<b>16,956</b>	<b>249.8</b>	<b>64,584</b>	<b>-8.2</b>

Source: Company, MOFSL

**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 (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Automobiles</b>						<b>43.9</b>	<b>21.0</b>	<b>16.6</b>	<b>3.8</b>	<b>3.4</b>	<b>3.0</b>	<b>8.7</b>	<b>16.1</b>	<b>17.8</b>
Amara Raja Batt.	860	Neutral	37.1	42.0	47.3	23.2	20.5	18.2	3.6	3.2	2.9	16.4	16.6	16.8
Ashok Leyland	118	Buy	-0.8	3.8	7.0	-140	31	16.9	5.0	4.4	3.7	-3.5	15.2	24.1
Bajaj Auto	3,747	Neutral	162.8	200.5	217.0	23.0	18.7	17.3	5.3	5.2	5.1	23.4	28.2	29.8
Bharat Forge	613	Buy	4.2	16.0	25.8	145.2	38.4	23.8	5.3	4.8	4.1	3.7	13.0	18.6
Bosch	14,156	Neutral	289.1	481.1	555.4	49.0	29.4	25.5	4.4	3.9	3.5	9.1	14.1	14.6
CEAT	1,596	Buy	103.8	118.7	140.7	15.4	13.4	11.3	2.0	1.7	1.5	13.6	13.8	14.4
Endurance Tech.	1,441	Buy	32.2	51.5	62.9	44.8	28.0	22.9	6.1	5.3	4.6	14.3	20.3	21.4
Eicher Motors	2,631	Buy	50.5	96.5	122.3	52.1	27.2	21.5	6.5	5.4	4.4	13.1	21.7	22.7
Escorts	1,274	Neutral	86.6	92.8	100.6	14.7	13.7	12.7	2.6	2.2	1.9	21.6	17.3	16.1
Exide Inds.	186	Buy	8.6	10.5	12.9	21.6	17.7	14.4	2.3	2.1	1.9	10.8	12.1	13.3
Hero Motocorp	2,958	Buy	143.5	181.8	209.0	20.6	16.3	14.2	3.9	3.7	3.4	19.7	23.4	24.9
Mahindra & Mahindra	808	Buy	34.0	39.7	50.0	23.8	20.4	16.2	2.5	2.3	2.2	11.3	12.4	14.0
Mahindra CIE	166	Buy	2.8	12.7	15.2	58.9	13.0	10.9	1.3	1.2	1.1	2.2	9.4	10.1
Maruti Suzuki	6,923	Buy	160.7	266.7	322.8	43.1	26.0	21.4	4.1	3.6	3.3	9.4	13.8	15.0
Motherson Sumi	210	Buy	2.5	7.5	9.8	83.5	28.1	21.5	5.6	4.9	4.3	6.9	18.7	21.3
Tata Motors	308	Buy	-4.9	23.7	33.1	-62.5	13.0	9.3	2.4	2.0	1.7	-3.4	17.1	19.9
TVS Motor	589	Neutral	11.5	19.4	26.5	51.2	30.3	22.2	7.0	5.9	4.9	14.4	21.2	24.2

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 Neutral

CMP: INR860 | TP: INR945 (+10%)

EPS CHANGE (%): FY22|23E: -1.2|-1.2

- Lead cost pressures to keep margin in check despite strong OEM/replacement demand
- Low impact seen in FY21 on 40–50% revenue accruing from B2C
- Lead prices up 5% QoQ in 4QFY21; impact to come with a quarter lag
- Margin to be impacted by QoQ increase in OEM contribution

### Quarterly Performance

(INR m)

Y/E March (INR m)	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>18,150</b>	<b>16,953</b>	<b>17,478</b>	<b>15,814</b>	<b>11,510</b>	<b>19,358</b>	<b>19,601</b>	<b>19,462</b>	<b>68,395</b>	<b>69,932</b>
YoY Change (%)	2.0	-3.3	3.1	0.9	-36.6	14.2	12.1	23.1	0.7	2.2
RM Cost (% of sales)	67.6	64.1	64.5	63.7	66.5	65.3	66.1	66.3	65.0	66.0
Staff Cost (% of sales)	5.4	5.8	5.4	5.9	7.3	6.0	6.0	5.7	5.6	6.2
Other Exp (% of sales)	11.6	12.8	13.9	15.0	13.0	11.1	12.2	12.3	13.3	12.1
<b>EBITDA</b>	<b>2,792</b>	<b>2,923</b>	<b>2,840</b>	<b>2,432</b>	<b>1,524</b>	<b>3,404</b>	<b>3,064</b>	<b>3,040</b>	<b>10,986</b>	<b>11,032</b>
Margins (%)	15.4	17.2	16.2	15.4	13.2	17.6	15.6	15.6	16.1	15.8
Depreciation	733	750	765	760	748	782	791	810	3,007	3,131
Interest	29	34	29	30	27	25	26	42	122	120
Other Income	102	180	128	141	88	113	352	147	551	700
<b>PBT after EO</b>	<b>2,132</b>	<b>2,319</b>	<b>2,174</b>	<b>1,783</b>	<b>837</b>	<b>2,710</b>	<b>2,599</b>	<b>2,335</b>	<b>8,407</b>	<b>8,480</b>
Tax	723	130	530	416	210	695	667	573	1,799	2,146
Tax Rate (%)	33.9	5.6	24.4	23.4	25.1	25.6	25.7	24.6	21.4	25.3
<b>Adj PAT</b>	<b>1,409</b>	<b>2,189</b>	<b>1,644</b>	<b>1,366</b>	<b>627</b>	<b>2,015</b>	<b>1,932</b>	<b>1,762</b>	<b>6,608</b>	<b>6,335</b>
YoY Change (%)	24.7	82.0	25.6	14.5	-55.5	-8.0	17.5	28.9	36.7	-4.1

E: MOFSL Estimates

## Ashok Leyland Buy

CMP: INR118 | TP: INR153 (+34%)

EPS CHANGE (%): FY22|23E: -4.7|-1.8

- M&HCV growth expected in FY22 on low base and demand recovery
- LCV growth driven by new launches (Bada Dost); would grow further with increased geographical reach
- Commodity cost inflation to keep margins under pressure, leading to EPS downgrade

### Quarterly Performance (S/A)

(INR m)

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Total Volumes (nos)</b>	<b>39,608</b>	<b>28,938</b>	<b>31,205</b>	<b>25,489</b>	<b>3,814</b>	<b>19,444</b>	<b>33,410</b>	<b>44,047</b>	<b>1,25,240</b>	<b>1,00,715</b>
Growth %	-6.0	-44.3	-28.7	-57.2	-90.4	-32.8	7.1	72.8	-36.5	-19.6
<b>Realizations (INR '000)</b>	<b>1,435</b>	<b>1,358</b>	<b>1,287</b>	<b>1,506</b>	<b>1,707</b>	<b>1,459</b>	<b>1,441</b>	<b>1,570</b>	<b>1,395</b>	<b>1,511</b>
Change (%)	-3.5	-7.4	-11.0	1.3	18.9	7.4	12.0	4.3	-5.3	8.3
<b>Net operating revenues</b>	<b>56,839</b>	<b>39,295</b>	<b>40,157</b>	<b>38,385</b>	<b>6,509</b>	<b>28,366</b>	<b>48,135</b>	<b>69,155</b>	<b>1,74,675</b>	<b>1,52,165</b>
Change (%)	-9.2	-48.4	-36.5	-56.6	-88.5	-27.8	19.9	80.2	-39.9	-12.9
RM/sales %	69.9	69.0	73.5	71.1	64.1	71.2	74.4	75.8	70.8	74.0
Staff/sales %	8.8	11.0	6.8	10.7	54.4	13.2	9.4	6.0	9.2	10.5
Other exp/sales %	11.8	14.1	14.1	13.5	32.6	12.8	10.9	10.1	13.2	11.8
<b>EBITDA</b>	<b>5,370</b>	<b>2,286</b>	<b>2,252</b>	<b>1,830</b>	<b>-3,332</b>	<b>804</b>	<b>2,538</b>	<b>5,576</b>	<b>11,737</b>	<b>5,585</b>
EBITDA Margins (%)	9.4	5.8	5.6	4.8	-51.2	2.8	5.3	8.1	6.7	3.7
Interest	126	301	337	331	768	872	656	641	1,095	2,938
Other Income	211	455	223	344	256	219	341	335	1,233	1,150
Depreciation	1,646	1,600	1,575	1,877	1,637	1,712	1,944	2,014	6,698	7,306
<b>PBT before EO Item</b>	<b>3,809</b>	<b>839</b>	<b>563</b>	<b>-34</b>	<b>-5,481</b>	<b>-1,561</b>	<b>278</b>	<b>3,255</b>	<b>5,177</b>	<b>-3,509</b>
EO Exp/(Inc)	201	648	22	687	17	17	460	0	1,558	494
<b>PBT after EO</b>	<b>3,607</b>	<b>191</b>	<b>542</b>	<b>-721</b>	<b>-5,498</b>	<b>-1,578</b>	<b>-182</b>	<b>3,255</b>	<b>3,619</b>	<b>-4,003</b>
Effective Tax Rate (%)	36.2	-103.5	48.8	20.5	29.3	7.1	-6.2	20.8	33.8	25.8
<b>Adj PAT</b>	<b>2,435</b>	<b>818</b>	<b>292</b>	<b>-118</b>	<b>-3,876</b>	<b>-1,454</b>	<b>148</b>	<b>2,578</b>	<b>3,426</b>	<b>-2,604</b>
Change (%)	-44.1	-84.9	-92.4	-101.8	-259.1	-277.9	-49.4	-2,279.8	-83.1	-176.0

E: MOFSL Estimates

**Bajaj Auto****Neutral****CMP: INR3,747 | TP: INR3,906 (+4%)****EPS CHANGE (%): FY22|23E: -3.1|-2.9**

- Strong 2W export growth offset by slow 3W growth
- Decline in export incentives and high commodity cost impacting YoY margins
- Focus on cost-cutting to drive margin improvement despite lower export incentives
- FY22E EPS downgrade driven by lower 3W volume estimates

**Quarterly Performance****(INR m)**

	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Volumes ('000 units)	1,247	1,174	1,202	992	443	1,053	1,307	1,170	4,615	3,973
Growth YoY (%)	1.7	-12.4	-4.6	-16.9	-64.5	-10.2	8.7	17.9	(8.1)	(13.9)
Realization (INR/unit)	62,187	65,673	63,532	68,711	69,493	67,935	68,180	69,897	64,826	68,767
Growth YoY (%)	2.2	9.5	7.6	10.5	11.7	3.4	7.3	1.7	7.2	6.1
<b>Net Sales</b>	<b>77,558</b>	<b>77,073</b>	<b>76,397</b>	<b>68,159</b>	<b>30,792</b>	<b>71,559</b>	<b>89,099</b>	<b>81,756</b>	<b>2,99,187</b>	<b>2,73,206</b>
Change (%)	3.9	-4.1	2.7	-8.1	-60.3	-7.2	16.6	19.9	(1.4)	(8.7)
RM/Sales %	71.7	70.5	69.9	68.4	67.1	70.7	70.8	71.8	70.2	70.7
Staff cost/Sales %	4.6	4.4	4.6	5.0	11.0	4.5	3.6	3.9	4.6	4.8
Oth. Exp./Sales %	8.2	8.6	7.8	8.2	8.7	7.1	6.2	6.7	8.2	6.9
<b>EBITDA</b>	<b>11,982</b>	<b>12,781</b>	<b>13,672</b>	<b>12,528</b>	<b>4,085</b>	<b>12,662</b>	<b>17,296</b>	<b>14,575</b>	<b>50,962</b>	<b>48,618</b>
EBITDA Margins (%)	15.4	16.6	17.9	18.4	13.3	17.7	19.4	17.8	17.0	17.8
Other Income	4,413	3,934	3,662	5,327	3,379	2,858	3,692	3,128	17,336	13,056
Interest	5	12	5	9	10	27	10	30	32	76
Depreciation	601	613	617	633	638	643	650	663	2,464	2,594
<b>PBT after EO</b>	<b>15,788</b>	<b>16,089</b>	<b>16,713</b>	<b>17,212</b>	<b>6,817</b>	<b>14,851</b>	<b>20,328</b>	<b>17,010</b>	<b>65,802</b>	<b>59,005</b>
Effective Tax Rate (%)	28.7	12.8	24.5	23.9	22.5	23.4	23.4	23.7	22.5	23.4
<b>Adj. PAT</b>	<b>11,257</b>	<b>14,024</b>	<b>12,616</b>	<b>13,103</b>	<b>5,280</b>	<b>11,382</b>	<b>15,563</b>	<b>12,981</b>	<b>51,000</b>	<b>45,206</b>
Change (%)	0.9	21.7	14.5	22.8	(53.1)	(18.8)	23.4	(0.9)	15.0	(11.4)

E: MOFSL Estimates

**Bharat Forge****Buy****CMP: INR613 | TP: INR721 (+18%)****EPS CHANGE (%): FY22|23E: -2.2|-2.8**

- Recovery in CVs to drive revenue and margin
- Improved realization and operating leverage to support margins
- Pickup in US Class 8 trucks' net ordering and recovery in crude oil to benefit Shale Oil business in FY22E
- EPS downgrade on commodity cost inflation

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

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Tonnage</b>	<b>60,874</b>	<b>53,541</b>	<b>46,998</b>	<b>40,173</b>	<b>17,840</b>	<b>40,775</b>	<b>50,943</b>	<b>55,743</b>	<b>2,01,586</b>	<b>1,65,301</b>
Change (%)	-8.9	-23.2	-29.6	-35.9	-70.7	-23.8	8.4	38.8	-24.2	-18.0
<b>Realization (INR '000/ton)</b>	<b>221.2</b>	<b>235.2</b>	<b>229.1</b>	<b>219.3</b>	<b>239.3</b>	<b>216.2</b>	<b>203.3</b>	<b>214.6</b>	<b>226.4</b>	<b>214.2</b>
Change (%)	-0.1	-2.4	-9.6	-17.6	8.2	-8.1	-11.3	-2.2	-7.7	-5.4
<b>Net operating income</b>	<b>13,466</b>	<b>12,595</b>	<b>10,767</b>	<b>8,812</b>	<b>4,270</b>	<b>8,815</b>	<b>10,357</b>	<b>11,960</b>	<b>45,639</b>	<b>35,401</b>
Change (%)	-9.0	-25.0	-36.4	-47.2	-68.3	-30.0	-3.8	35.7	-30.0	-22.4
<b>EBITDA</b>	<b>3,519</b>	<b>3,004</b>	<b>2,394</b>	<b>1,482</b>	<b>-74</b>	<b>1,660</b>	<b>2,333</b>	<b>2,893</b>	<b>10,399</b>	<b>6,812</b>
EBITDA Margins (%)	26.1	23.9	22.2	16.8	-1.7	18.8	22.5	24.2	22.8	19.2
Non-Operating Income	401	495	398	315	420	313	352	320	1,609	1,405
Interest	388	291	356	415	299	75	268	201	1,450	844
Depreciation	886	893	823	847	808	883	964	967	3,449	3,622
Fx loss/(gain)	24	-197	38	379	-46	94	185	0	244	233
<b>PBT after EO items</b>	<b>2,622</b>	<b>2,512</b>	<b>1,575</b>	<b>-783</b>	<b>-716</b>	<b>892</b>	<b>1,214</b>	<b>2,045</b>	<b>5,926</b>	<b>3,434</b>
Eff. Tax Rate (%)	33.6	2.5	18.8	6.4	21.4	21.2	23.6	23.7	20.1	23.5
<b>Rep. PAT</b>	<b>1,741</b>	<b>2,449</b>	<b>1,278</b>	<b>-733</b>	<b>-563</b>	<b>702</b>	<b>927</b>	<b>1,560</b>	<b>4,735</b>	<b>2,626</b>
Change (%)	-25.7	7.6	-58.7	-124.5	-132.3	-71.3	-27.5	-312.8	-55.8	-44.5
<b>Adj. PAT</b>	<b>1,741</b>	<b>2,449</b>	<b>1,278</b>	<b>17</b>	<b>-563</b>	<b>725</b>	<b>969</b>	<b>1,560</b>	<b>5,486</b>	<b>2,693</b>
Change (%)	-25.7	7.6	-58.7	-99.4	-132.3	-70.4	-24.2	8,825.6	-48.8	-50.9

E: MOFSL Estimates

**Bosch****Neutral****CMP: INR14.156 | TP: INR15,550 (+10%)****EPS CHANGE (%): FY22 | 23E: +2.4 | -0.6**

- Expect BOS to grow faster than underlying industry
- Stronger growth in CVs to drive revenues
- Revenue impacted by supply-side issues
- Restructuring exercise is completed and will drive margins.

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

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>27,554</b>	<b>23,127</b>	<b>25,366</b>	<b>22,369</b>	<b>9,915</b>	<b>24,792</b>	<b>30,296</b>	<b>29,557</b>	<b>98,416</b>	<b>94,561</b>
YoY Change (%)	-14.2	-26.9	-15.7	-18.6	-64.0	7.2	19.4	32.1	-18.6	-3.9
RM Cost (% of sales)	54.4	55.4	52.1	53.9	57.7	59.4	57.9	57.8	53.9	58.3
Staff Cost (% of sales)	12.8	14.5	12.0	12.4	24.5	12.4	8.1	8.7	12.9	11.1
Other Expenses (% of sales)	15.2	15.5	23.2	18.5	28.1	16.6	22.2	18.1	18.1	20.1
<b>EBITDA</b>	<b>4,848</b>	<b>3,369</b>	<b>3,203</b>	<b>3,414</b>	<b>-1,021</b>	<b>2,881</b>	<b>3,581</b>	<b>4,532</b>	<b>14,834</b>	<b>9,972</b>
Margins (%)	17.6	14.6	12.6	15.3	-10.3	11.6	11.8	15.3	15.1	10.5
Depreciation	749	827	1,098	1,158	728	796	969	1,080	3,833	3,574
Interest	18	6	29	49	18	13	68	31	102	130
Other Income	988	1,675	1,399	1,404	1,734	1,015	1,113	1,223	5,466	5,085
<b>PBT before EO expense</b>	<b>5,068</b>	<b>4,211</b>	<b>3,475</b>	<b>3,611</b>	<b>-34</b>	<b>3,086</b>	<b>3,657</b>	<b>4,643</b>	<b>16,365</b>	<b>11,353</b>
Extra-Ord expense	821	2,750	2,075	2,970	1,674	4,000	1,467	0	8,616	7,140
<b>PBT after EO Expense</b>	<b>4,247</b>	<b>1,461</b>	<b>1,400</b>	<b>641</b>	<b>-1,707</b>	<b>-914</b>	<b>2,190</b>	<b>4,643</b>	<b>7,749</b>	<b>4,212</b>
Tax Rate (%)	33.7	29.7	14.7	-26.6	29.4	29.1	15.2	32.0	24.5	24.9
<b>Adj PAT</b>	<b>3,435</b>	<b>3,103</b>	<b>2,760</b>	<b>3,053</b>	<b>52</b>	<b>2,356</b>	<b>2,959</b>	<b>3,159</b>	<b>12,351</b>	<b>8,526</b>
YoY Change (%)	-20.3	-26.3	-16.0	-25.8	-98.5	-24.1	7.2	3.5	-22.5	-31.0

**Ceat****Buy****CMP: INR1,596 | TP: INR1,970(+23%)****EPS CHANGE (%): FY22 | 23E: +5 | +7.2**

- Strong demand in aftermarket/OEM and high capacity utilization continue to boost 4QFY21 performance
- Impact of RM cost inflation to keep margins under pressure
- Ramp-up at new TBR/PCR plant to support recovery in demand
- EPS upgrade on strong demand momentum

**Consolidated - Quarterly Earnings Model****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>17,521</b>	<b>16,916</b>	<b>17,618</b>	<b>15,734</b>	<b>11,202</b>	<b>19,785</b>	<b>22,213</b>	<b>23,108</b>	<b>67,788</b>	<b>76,307</b>
YoY Change (%)	2.7	-4.6	1.8	-10.6	-36.1	17.0	26.1	46.9	-2.9	12.6
RM cost (%)	60.5	58.9	57.0	54.4	59.7	53.5	54.5	55.6	57.8	55.4
Employee cost (%)	7.7	7.2	8.2	9.0	13.5	8.1	8.1	7.9	8.0	8.9
Other expenses (%)	22.3	23.9	24.4	23.9	17.6	23.5	22.7	22.5	23.6	22.1
<b>EBITDA</b>	<b>1,671</b>	<b>1,704</b>	<b>1,832</b>	<b>2,004</b>	<b>1,020</b>	<b>2,925</b>	<b>3,277</b>	<b>3,233</b>	<b>7,238</b>	<b>10,454</b>
Margins (%)	9.5	10.1	10.4	12.7	9.1	14.8	14.8	14.0	10.7	13.7
Depreciation	644	671	705	745	785	839	873	886	2,765	3,384
Interest	349	374	380	407	488	450	419	401	1,509	1,757
Other Income	120	43	36	35	28	38	41	54	205	160
<b>PBT before EO expense</b>	<b>798</b>	<b>702</b>	<b>783</b>	<b>887</b>	<b>-225</b>	<b>1,674</b>	<b>2,025</b>	<b>1,999</b>	<b>3,169</b>	<b>5,473</b>
Exceptional item	-298	8	3	282	218	0	123	0	-5	341
<b>PBT</b>	<b>1,095</b>	<b>693</b>	<b>780</b>	<b>605</b>	<b>-443</b>	<b>1,674</b>	<b>1,903</b>	<b>1,999</b>	<b>3,174</b>	<b>5,133</b>
Tax	326	305	301	114	-56	-15	696	709	1,046	1,334
Tax Rate (%)	29.7	44.0	38.6	18.7	12.6	-0.9	36.6	35.5	33.0	26.0
Minority Int. & Profit of Asso. Cos.	-56	-52	-49	-27	-40	-130	-115	135	-184	-150
<b>Reported PAT</b>	<b>826</b>	<b>440</b>	<b>528</b>	<b>519</b>	<b>-348</b>	<b>1,819</b>	<b>1,321</b>	<b>1,156</b>	<b>2,312</b>	<b>3,948</b>
<b>Adj PAT</b>	<b>626</b>	<b>445</b>	<b>530</b>	<b>708</b>	<b>-186</b>	<b>1,819</b>	<b>1,412</b>	<b>1,156</b>	<b>2,309</b>	<b>4,200</b>
YoY Change (%)	-15	-31	0	-12	-130	308	167	63	-14.7	82

**Eicher Motors****Buy****CMP: INR2,631 | TP: INR3,284 (+25%)****EPS CHANGE (%): FY22|23E: -1.0|-0.1**

- New model launches in 1HFY22 – after initial success of Meteor – to support volumes recovery
- Earnings downgrade on RM cost inflation
- VECV YoY margin improvement led by operating leverage

**Quarterly performance (Consolidated)**

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Operating income</b>	<b>23,819</b>	<b>21,925</b>	<b>23,710</b>	<b>22,082</b>	<b>8,182</b>	<b>21,336</b>	<b>28,283</b>	<b>29,089</b>	<b>91,536</b>	<b>86,889</b>
Growth (%)	-6.5	-9.0	1.3	-11.7	-65.7	-2.7	19.3	31.7	-6.6	-5.1
<b>EBITDA</b>	<b>6,144</b>	<b>5,414</b>	<b>5,923</b>	<b>4,322</b>	<b>38</b>	<b>4,711</b>	<b>6,720</b>	<b>6,436</b>	<b>21,804</b>	<b>17,905</b>
EBITDA Margins (%)	25.8	24.7	25.0	19.6	0.5	22.1	23.8	22.1	23.8	20.6
<b>PAT</b>	<b>4,309</b>	<b>5,644</b>	<b>4,821</b>	<b>3,183</b>	<b>102</b>	<b>3,472</b>	<b>5,012</b>	<b>4,630</b>	17,957	<b>13,216</b>
Share of JV Loss/(PAT)/ Min. Int.	-209	-83	-166	140	654	39	-314	-943	-317.1	-564
<b>Recurring PAT</b>	<b>4,517</b>	<b>5,727</b>	<b>4,987</b>	<b>3,043</b>	<b>-552</b>	<b>3,433</b>	<b>5,326</b>	<b>5,573</b>	<b>18,274</b>	<b>13,780</b>
Growth (%)	-21.6	1.1	-6.4	-44.2	-112.2	-40.0	6.8	83.2	-17.7	-24.6

**Standalone (Royal Enfield)**

<b>Net operating income</b>	<b>23,526</b>	<b>21,819</b>	<b>23,635</b>	<b>21,795</b>	<b>7,692</b>	<b>21,233</b>	<b>28,041</b>	<b>29,923</b>	<b>90,775</b>	<b>86,889</b>
Growth (%)	-7.6	-9.2	0.8	-12.8	-67.3	-2.7	18.6	37.3	-7.3	-4.3
<b>EBITDA</b>	<b>6,093</b>	<b>5,460</b>	<b>5,952</b>	<b>4,533</b>	<b>12</b>	<b>4,838</b>	<b>6,580</b>	<b>6,935</b>	<b>22,038</b>	<b>18,365</b>
EBITDA Margins (%)	25.9	25.0	25.2	20.8	0.2	22.8	23.5	23.2	24.3	21.1
Depreciation	868	890	942	1,079	971	1,036	1,219	1,232	3,779	4,458
Other income	1,884	1,450	1,358	1,462	1,153	998	1,241	1,049	6,153	4,440
Interest cost	29	27	27	25	30	18	22	20	109	90
<b>PBT before EO item</b>	<b>7,079</b>	<b>5,993</b>	<b>6,341</b>	<b>4,891</b>	<b>163</b>	<b>4,782</b>	<b>6,580</b>	<b>6,731</b>	<b>24,303</b>	<b>18,256</b>
Tax	2,097	288	1,452	1,429	40	1,173	1,696	1,631	5,265	4,540
Effective tax rate (%)	29.6	4.8	22.9	29.2	24.7	24.5	25.8	24.2	21.7	24.9
<b>Recurring PAT</b>	<b>4,982</b>	<b>5,705</b>	<b>4,889</b>	<b>3,462</b>	<b>123</b>	<b>3,609</b>	<b>4,885</b>	<b>5,100</b>	<b>19,038</b>	<b>13,716</b>
Growth (%)	-15.7	15.8	-2.5	-27.9	-97.5	-36.7	-0.1	47.3	-7.8	-28.0

**Endurance Technologies****Buy****CMP: INR1441 | TP: INR1767 (+23%)****EPS CHANGE (%): FY22|23E: +1.0|+0.9**

- Slowdown in 2W industry leads to sequential decline in revenue
- Revenue from EU to decline in line with industry
- Lack of incentives in 4Q to impact margin by ~150bp QoQ

**Consolidated - Quarterly**

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>18,619</b>	<b>17,713</b>	<b>16,405</b>	<b>16,038</b>	<b>6,031</b>	<b>17,422</b>	<b>20,409</b>	<b>19,670</b>	<b>68,775</b>	<b>63,532</b>
YoY Change (%)	0.1	-8.5	-9.5	-14.3	-67.6	-1.6	24.4	22.6	-8.4	-7.6
RM Cost (% of sales)	55.6	54.0	53.4	54.0	47.9	54.9	54.1	55.0	54.3	54.0
Staff Cost (% of sales)	9.6	9.4	10.3	10.1	21.9	9.6	8.9	9.2	9.8	10.4
Other Exp. (% of sales)	19.0	20.2	20.4	20.6	23.1	19.1	19.8	20.4	20.0	20.1
<b>EBITDA</b>	<b>2,941</b>	<b>2,911</b>	<b>2,605</b>	<b>2,449</b>	<b>427</b>	<b>2,852</b>	<b>3,521</b>	<b>3,037</b>	<b>10,906</b>	<b>9,838</b>
Margins (%)	15.8	16.4	15.9	15.3	7.1	16.4	17.3	15.4	15.9	15.5
Depreciation	927	986	1,000	1,230	856	973	1,045	1,236	4,143	4,109
Interest	58	49	43	26	42	35	42	31	175	149
Other Income	68	114	119	174	109	71	58	80	476	318
<b>PBT before EO expense</b>	<b>2,024</b>	<b>1,990</b>	<b>1,681</b>	<b>1,368</b>	<b>-361</b>	<b>1,916</b>	<b>2,493</b>	<b>1,851</b>	<b>7,064</b>	<b>5,898</b>
Exceptional Item	-472	0	0	70	0	-279	112	0	-402	-167
<b>PBT after EO</b>	<b>2,496</b>	<b>1,990</b>	<b>1,681</b>	<b>1,298</b>	<b>-361</b>	<b>2,195</b>	<b>2,380</b>	<b>1,851</b>	<b>7,465</b>	<b>6,065</b>
Eff. Tax Rate (%)	33.7	15.1	26.2	17.7	31.0	23.9	20.2	28.2	24.2	23.3
<b>Adj. PAT</b>	<b>1,298</b>	<b>1,691</b>	<b>1,240</b>	<b>1,122</b>	<b>-249</b>	<b>1,457</b>	<b>1,987</b>	<b>1,328</b>	<b>5,351</b>	<b>4,523</b>
YoY Change (%)	4.2	35.0	11.9	-12.4	-119.2	-13.8	60.2	18.4	3.2	-15.5

E: MOFSL estimates



**Escorts****Neutral****CMP: INR1,274 | TP: INR1,509 (+18%)****EPS CHANGE (%): FY22|23E: +1.0|+2.6**

- Strong rural agri economics keep growth momentum
- Upgrade in earnings on increase in volumes in Tractors
- RM cost inflation and high other expense to keep margins in check
- Yet to factor in benefits from Kubota alliance

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

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>14,230</b>	<b>13,239</b>	<b>16,334</b>	<b>13,807</b>	<b>10,616</b>	<b>16,397</b>	<b>20,174</b>	<b>21,444</b>	<b>57,610</b>	<b>68,631</b>
YoY Change (%)	-5.8	-5.3	-1.3	-15.4	-25.4	23.9	23.5	55.3	-7.0	19.1
Total Expenditure	12,805	11,972	14,212	11,862	9,420	13,389	16,534	17,827	50,851	57,170
<b>EBITDA</b>	<b>1,424</b>	<b>1,267</b>	<b>2,123</b>	<b>1,944</b>	<b>1,196</b>	<b>3,009</b>	<b>3,641</b>	<b>3,616</b>	<b>6,759</b>	<b>11,461</b>
Margins (%)	10.0	9.6	13.0	14.1	11.3	18.3	18.0	16.9	11.7	16.7
Depreciation	241	260	267	278	264	274	315	315	1,046	1,167
Interest	59	39	29	28	19	32	33	21	155	105
Other Income	167	211	267	278	298	376	472	374	923	1,520
<b>PBT</b>	<b>1,292</b>	<b>1,087</b>	<b>2,094</b>	<b>1,916</b>	<b>1,211</b>	<b>3,078</b>	<b>3,765</b>	<b>3,654</b>	<b>6,389</b>	<b>11,709</b>
Rate (%)	32.2	3.8	26.9	26.7	23.9	25.3	25.5	25.2	24.0	25.2
<b>Adj PAT</b>	<b>875</b>	<b>1,135</b>	<b>1,531</b>	<b>1,404</b>	<b>922</b>	<b>2,299</b>	<b>2,807</b>	<b>2,734</b>	<b>4,798</b>	<b>8,761</b>
YoY Change (%)	-26.8	10.5	15.2	15.7	5.3	102.6	83.4	94.7	1.4	82.6

**Exide Industries****Buy****CMP: INR186 | TP: INR231 (+24%)****EPS CHANGE (%): FY22|23E: -1|-0.9**

- Strong demand from both OEM and replacement fronts
- Battery players to be less impacted in FY21 on 40–50% revenue coming in from B2C
- Commodity cost inflation to keep margins under pressure, leading to EPS downgrade

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

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>27,793</b>	<b>26,109</b>	<b>24,115</b>	<b>20,551</b>	<b>15,476</b>	<b>27,534</b>	<b>28,010</b>	<b>26,910</b>	<b>98,567</b>	<b>97,930</b>
Growth YoY (%)	0.2	-4.0	-3.4	-20.9	-44.3	5.5	16.2	30.9	-6.9	-0.6
RM (%)	64.5	63.8	63.8	61.8	68.8	65.0	64.1	64.7	63.6	65.3
Employee cost (%)	6.0	6.7	6.9	7.7	9.0	6.9	7.4	7.5	6.8	7.6
Other Exp(%)	14.9	15.5	16.0	17.3	12.6	13.9	14.1	14.1	15.8	13.8
<b>EBITDA</b>	<b>4,077</b>	<b>3,672</b>	<b>3,198</b>	<b>2,702</b>	<b>1,485</b>	<b>3,920</b>	<b>4,028</b>	<b>3,687</b>	<b>13,650</b>	<b>13,119</b>
EBITDA Margin(%)	14.7	14.1	13.3	13.1	9.6	14.2	14.4	13.7	13.8	13.4
Change (%)	4.3	10.4	2.3	-27.6	-63.6	6.8	25.9	36.4	-3.3	-3.9
Non-Operating Income	164	56	251	169	70	148	201	209	639	628
Interest	18	18	21	37	14	63	76	77	94	230
Depreciation	864	898	925	939	914	953	953	969	3,626	3,788
<b>PBT after EO Exp</b>	<b>3,359</b>	<b>2,812</b>	<b>2,286</b>	<b>1,895</b>	<b>627</b>	<b>3,052</b>	<b>3,200</b>	<b>2,850</b>	<b>10,352</b>	<b>9,729</b>
Effective Tax Rate (%)	33.2	15.6	14.3	11.4	29.9	25.0	24.6	23.7	20.3	24.8
<b>Adj. PAT</b>	<b>2,243</b>	<b>2,373</b>	<b>2,132</b>	<b>1,680</b>	<b>440</b>	<b>2,288</b>	<b>2,414</b>	<b>2,173</b>	<b>8,428</b>	<b>7,315</b>
Change (%)	2.2	30.8	32.1	-19.2	-80.4	-3.6	13.2	29.3	9.4	-13.2

E: MOFSL Estimates

**Hero MotoCorp****Buy****CMP: INR2,958 | TP: INR3,900 (+32%)****EPS CHANGE (%): FY22|23E: -3.8|-1.9**

- Momentum in demand recovery diluted post festive season
- RM cost inflation impact to get diluted by price increases taken in Oct'20 and Jan'21

Strong entry-level portfolio and robust rural recovery augur well for FY22 volumes

Downgrade EPS due to commodity cost inflation

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Total Volumes ('000 nos)	1,843	1,691	1,541	1,335	563	1,815	1,845	1,568	6,410	5,792
Growth YoY (%)	-12.4	-20.7	-14.4	-25.1	-69.4	7.3	19.8	17.5	-18.0	-9.6
Net Realization	43,574	44,759	45,408	46,747	52,741	51,620	52,977	53,640	44,988	52,708
Growth YoY (%)	4.1	5.1	4.0	5.6	21.0	15.3	16.7	14.7	4.6	17.2
<b>Net Op Revenues</b>	<b>80,303</b>	<b>75,707</b>	<b>69,967</b>	<b>62,384</b>	<b>29,715</b>	<b>93,673</b>	<b>97,758</b>	<b>84,115</b>	<b>2,88,360</b>	<b>3,05,262</b>
Growth YoY (%)	-8.8	-16.7	-11.0	-20.9	-63.0	23.7	39.7	34.8	-14.3	5.9
RM Cost (% sales)	69.6	67.7	66.6	69.2	70.5	71.1	70.5	72.0	68.3	71.1
Staff Cost (% sales)	5.8	6.2	6.7	7.0	12.9	5.5	5.3	6.0	6.4	6.3
Other Exp (% sales)	10.1	11.6	11.8	13.2	13.0	9.7	9.8	9.6	11.6	10.0
<b>EBITDA</b>	<b>11,580</b>	<b>11,011</b>	<b>10,390</b>	<b>6,599</b>	<b>1,081</b>	<b>12,864</b>	<b>14,136</b>	<b>10,360</b>	<b>39,579</b>	<b>38,441</b>
EBITDA Margins (%)	14.4	14.5	14.8	10.6	3.6	13.7	14.5	12.3	13.7	12.6
Other Income	1,688	2,078	1,822	1,695	1,485	1,413	2,027	1,403	7,283	6,328
Interest	44	77	59	41	63	46	47	45	220	200
Depreciation	2,361	2,034	2,037	1,747	1,708	1,732	1,698	1,741	8,180	6,878
<b>PBT before EO Exp/(Inc)</b>	<b>10,864</b>	<b>10,979</b>	<b>10,115</b>	<b>6,506</b>	<b>795</b>	<b>12,500</b>	<b>14,418</b>	<b>9,978</b>	<b>38,463</b>	<b>37,690</b>
Effective Tax Rate (%)	32.9	15.7	13.0	4.6	22.9	23.7	24.8	22.5	20.6	23.8
<b>Adj. PAT</b>	<b>6,318</b>	<b>9,226</b>	<b>8,804</b>	<b>6,207</b>	<b>613</b>	<b>9,535</b>	<b>10,845</b>	<b>7,736</b>	<b>30,554</b>	<b>28,729</b>
Growth (%)	-30.5	-5.5	14.5	-15.0	-90.3	3.3	23.2	24.6	-9.7	-6.0

**Mahindra & Mahindra****Buy****CMP: INR808 | TP: INR960 (+19%)****EPS CHANGE (%): FY22|23E: -7.3|-5.1**

- Margin impacted by high RM cost and negative op. lev.
- SUV business sees good demand, but restricted by supply-chain constraints
- Faster-than-expected recovery in LCV segment
- EPS downgrade to account for lower auto volumes (supply-side issues) and RM cost inflation

**Quarterly Perf. (incl MVML)****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Total Volumes (nos)</b>	<b>2,18,039</b>	<b>1,91,390</b>	<b>2,16,816</b>	<b>1,51,713</b>	<b>95,308</b>	<b>1,85,270</b>	<b>2,23,978</b>	<b>2,02,223</b>	<b>7,77,958</b>	<b>7,06,602</b>
Growth YoY (%)	-9.5	-16.3	-7.3	-35.6	-56.3	-3.2	3.3	33.3	-17.2	-9.2
<b>Net Realization</b>	<b>5,87,302</b>	<b>5,71,349</b>	<b>5,59,012</b>	<b>5,93,536</b>	<b>5,86,460</b>	<b>6,21,920</b>	<b>6,23,567</b>	<b>6,37,927</b>	<b>5,76,709</b>	<b>6,22,396</b>
Growth YoY (%)	5.9	2.1	1.5	1.3	-0.1	8.9	11.5	7.5	2.5	7.9
<b>Net Op. Income</b>	<b>1,28,055</b>	<b>1,09,351</b>	<b>1,21,203</b>	<b>90,047</b>	<b>55,894</b>	<b>1,15,223</b>	<b>1,39,665</b>	<b>1,29,004</b>	<b>4,48,655</b>	<b>4,39,786</b>
Growth YoY (%)	-4.1	-14.5	-6.0	-34.8	-56.4	5.4	15.2	43.3	-15.1	-2.0
RM Cost (% of sales)	67.9	66.0	67.3	64.3	64.8	66.8	68.9	70.2	66.6	68.2
Staff (% of sales)	6.8	7.4	6.8	7.9	13.8	6.9	6.3	6.6	7.2	7.5
Oth. Exp. (% of Sales)	11.3	12.4	11.1	14.2	11.1	9.1	8.3	9.3	12.1	9.2
<b>EBITDA</b>	<b>17,936</b>	<b>15,408</b>	<b>17,888</b>	<b>12,275</b>	<b>5,732</b>	<b>19,893</b>	<b>22,955</b>	<b>17,821</b>	<b>63,506</b>	<b>66,401</b>
EBITDA Margins (%)	14.0	14.1	14.8	13.6	10.3	17.3	16.4	13.8	14.2	15.1
Change (%)	-15.0	-16.7	5.0	-34.3	-68.0	29.1	28.3	45.2	-15.7	4.6
Other income	1,919	8,225	2,092	3,155	1,338	3,839	5,618	2,752	15,391	13,547
Interest	302	331	254	359	768	1,179	1,039	946	1,245	3,932
Depreciation	5,839	5,721	5,900	6,172	5,813	5,870	6,043	6,454	23,631	24,180
<b>EBIT</b>	<b>12,097</b>	<b>9,688</b>	<b>11,988</b>	<b>6,103</b>	<b>-81</b>	<b>14,023</b>	<b>16,913</b>	<b>11,367</b>	<b>39,875</b>	<b>42,222</b>
EO Income/(Exp)	13,671	0	-6,006	-35,776	288	-10,815	-11,240	0	-28,112	-21,766
<b>PBT after EO</b>	<b>27,384</b>	<b>17,582</b>	<b>7,821</b>	<b>-26,877</b>	<b>777</b>	<b>5,869</b>	<b>10,252</b>	<b>13,174</b>	<b>25,910</b>	<b>30,071</b>
Effective Tax Rate (%)	17.5	22.9	51.4	-21.1	12.7	72.4	48.2	22.9	71.5	41.0
<b>Reported PAT</b>	<b>22,597</b>	<b>13,548</b>	<b>3,802</b>	<b>-32,550</b>	<b>678</b>	<b>1,618</b>	<b>5,308</b>	<b>10,153</b>	<b>7,397</b>	<b>17,756</b>
<b>Adj PAT</b>	<b>9,180</b>	<b>13,548</b>	<b>9,810</b>	<b>3,230</b>	<b>390</b>	<b>13,110</b>	<b>16,919</b>	<b>10,153</b>	<b>35,770</b>	<b>40,571</b>
Change (%)	-25.9	-19.3	-15.8	-69.1	-95.8	-3.2	72.5	214.3	-30.3	13.4

E: MOFSL Estimates

**Mahindra CIE****Buy**

CMP: INR166 | TP: INR235 (+42%)

EPS CHANGE (%): CY21|22E: +12.2|+5.7

- Focus on increasing share of new orders to drive growth
- Cost cutting initiatives in both India and EU to support margins
- EU recovery slower than expected due to second wave of COVID-19
- Margins impacted by high RM cost and op leverage

**Quarterly performance (Consol.)**

(INR m)

(INR m)	CY20				CY21				CY20	CY21E
Y/E December	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	16,627	7,355	16,943	19,576	17,485	17,418	21,176	21,828	60,501	77,907
YoY Change (%)	-23.5	-65.7	-9.3	13.6	5.2	136.8	25.0	11.5	-23.5	28.8
EBITDA	1,822	-963	1,508	2,475	2,164	2,173	2,882	3,014	5,016	10,233
Margins (%)	11.0	-13.1	8.9	12.6	12.4	12.5	13.6	13.8	8.3	13.1
Depreciation	815	518	849	882	830	880	950	955	3,064	3,615
Interest	182	167	142	57	100	125	140	121	548	486
Other Income	49	179	420	74	130	130	130	153	549	543
PBT before EO expense	873	-1,468	937	1,611	1,364	1,298	1,922	2,090	1,953	6,674
EO Exp/(Inc)	-1	2	0	0	0	0	0	0	0	2
PBT after EO exp	874	-1,470	937	1,611	1,364	1,298	1,922	2,090	1,952	6,673
Tax Rate (%)	28.3	12.5	35.2	30.6	27.8	27.8	27.8	27.8	45.4	27.8
Adj. PAT	626	-1,286	607	1,119	985	937	1,388	1,510	1,067	4,821
YoY Change (%)	-59.1	-201.9	4.2	500.2	57.3	-172.9	128.5	35.0	-70.1	352.0
Margins (%)	3.8	-17.5	3.6	5.7	5.6	5.4	6.6	6.9	1.8	6.2

**Maruti Suzuki****Buy**

CMP: INR6,853 | TP: INR8,708 (+27%)

EPS CHANGE (%): FY22|23E:-1.2|-3.2

- Strong demand and supply-side constraints result in minimal channel inventory
- Mix normalizes with more customers going for premium models
- Jan-21 price hike, discount moderation and mix to drive QoQ margin improvement
- Product launches and competitors' diesel portfolio performance are key monitorables

**S/A Quarterly Perfor.**

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net operating revenues	1,97,198	1,69,853	2,07,068	1,81,987	41,065	1,87,445	2,34,578	2,38,569	7,56,106	7,01,657
Change (%)	-12.2	-23.6	5.3	-15.2	-79.2	10.4	13.3	31.1	-12.1	-7.2
EBITDA	20,478	16,063	21,021	15,464	-8,634	19,336	22,261	23,023	84,772	55,986
EBITDA Margins (%)	10.4	9.5	10.2	8.5	-21.0	10.3	9.5	9.7	11.2	8.0
Depreciation	9,186	9,261	8,580	8,230	7,833	7,659	7,413	7,568	35,257	30,473
EBIT	11,292	6,802	12,441	7,234	-16,467	11,677	14,848	15,455	49,515	25,513
EBIT Margins (%)	5.7	4.0	6.0	4.0	-40.1	6.2	6.3	6.5	6.5	3.6
Non-Operating Income	8,364	9,200	7,840	8,804	13,183	6,025	9,937	6,276	34,208	35,421
PBT	19,109	15,720	20,064	15,755	-3,457	17,478	24,498	21,565	82,394	60,084
Effective Tax Rate (%)	24.9	13.6	22.0	18.0	27.9	21.5	20.8	18.7	17.2	19.8
Adjusted PAT	14,355	13,586	15,648	12,917	-2,494	13,716	19,414	17,541	68,252	48,177
Change (%)	-27.3	-35.3	5.1	-28.1	-117.4	1.0	24.1	35.8	-15.1	-29.4

**Motherson Sumi****Buy****CMP: INR210 | TP: INR242 (+15%)****EPS CHANGE (%): FY22 | 23E: +5.2 | +4.6**

- Global business largely normalized; further improvement in efficiencies of greenfield plants a key monitorable
- India PV industry growth momentum sustained
- EPS upgrade reflects upgrades in improving business outlook for SMP and PKC

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

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>1,67,925</b>	<b>1,59,242</b>	<b>1,56,611</b>	<b>1,51,591</b>	<b>85,039</b>	<b>1,56,731</b>	<b>1,80,283</b>	<b>1,74,909</b>	<b>6,35,369</b>	<b>5,96,963</b>
YoY Change (%)	13.7	5.4	-4.9	-11.7	-49.4	-1.6	15.1	15.4	0.0	-6.0
<b>EBITDA</b>	<b>12,550</b>	<b>13,190</b>	<b>12,358</b>	<b>13,916</b>	<b>-6,300</b>	<b>15,530</b>	<b>20,410</b>	<b>17,149</b>	<b>52,014</b>	<b>46,789</b>
Margins (%)	7.5	8.3	7.9	9.2	-7.4	9.9	11.3	9.8	8.2	7.8
Depreciation	6,365	6,551	6,938	7,927	7,123	7,577	7,583	7,851	27,780	30,134
Interest	1,559	1,254	1,791	1,382	1,115	1,359	1,470	1,497	5,986	5,441
Other income	547	825	783	151	481	593	692	585	2,307	2,350
<b>PBT before EO expense</b>	<b>5,173</b>	<b>6,211</b>	<b>4,412</b>	<b>4,759</b>	<b>-14,058</b>	<b>7,187</b>	<b>12,049</b>	<b>8,385</b>	<b>20,554</b>	<b>13,564</b>
Extra-Ord expense	0	0	0	0	0	596	25	0	0	621
<b>PBT after EO Expense</b>	<b>5,173</b>	<b>6,211</b>	<b>4,412</b>	<b>4,759</b>	<b>-14,058</b>	<b>6,591</b>	<b>12,024</b>	<b>8,385</b>	<b>20,554</b>	<b>12,943</b>
Tax Rate (%)	34.3	30.1	27.8	69.7	15.2	26.4	-5.6	35.7	39.8	15.3
Min. Int & Share of profit	84	496	480	-390	-3,810	1,088	4,363	1,035	669	2,676
<b>Adj PAT</b>	<b>3,315</b>	<b>3,846</b>	<b>2,705</b>	<b>1,834</b>	<b>-8,104</b>	<b>3,720</b>	<b>7,980</b>	<b>4,361</b>	<b>11,700</b>	<b>7,957</b>
YoY Change (%)	-25.2	3.6	-30.5	-55.3	-344.4	-3.3	195.0	137.8	-27.5	-32.0

E: MOFSL Estimates

**Tata Motors****Buy****CMP: INR308 | TP: INR400 (+30%)****EPS CHANGE (%): FY22 | 23E: +1.3 | +1.0**

- India business to turn positive on demand recovery in CVs and strong PV demand
- JLR mix improvement to continue with higher share of LR and China; cost-cutting to aid performance
- India business to benefit from strong mix and op. leverage
- JLR QoQ decline in margins due to lack of certain one-offs of 3QFY21

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

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>JLR vols. (incl JV)</b>	<b>1,18,550</b>	<b>1,34,489</b>	<b>1,47,416</b>	<b>1,24,947</b>	<b>65,425</b>	<b>91,367</b>	<b>1,19,658</b>	<b>1,24,783</b>	<b>5,25,402</b>	<b>4,01,233</b>
JLR Realizations (GBP/unit)	48,698	50,246	48,477	45,729	58,452	59,250	58,315	58,719	48,291	58,673
JLR EBITDA (%)	4.2	13.4	10.2	4.8	3.6	11.1	15.8	15.4	8.7	12.9
<b>JLR PAT (GBP m)</b>	<b>-388</b>	<b>111</b>	<b>372</b>	<b>-531</b>	<b>-648</b>	<b>117</b>	<b>385</b>	<b>243</b>	<b>-377</b>	<b>636</b>
<b>S/A vol. (units)</b>	<b>1,37,475</b>	<b>1,05,031</b>	<b>1,29,381</b>	<b>1,01,490</b>	<b>25,047</b>	<b>1,10,379</b>	<b>1,58,208</b>	<b>1,91,720</b>	<b>4,73,377</b>	<b>4,85,354</b>
S/A Realizations (INR/unit)	9,71,225	9,52,146	8,31,438	9,58,998	1072,731	8,75,900	9,21,666	9,88,708	-35	3
S/A EBITDA (%)	6.4	-1.7	2.9	-4.4	-26.2	2.9	7.1	8.9	1.3	5.0
<b>S/A PAT (INR m)</b>	<b>-890</b>	<b>-13,553</b>	<b>-8,764</b>	<b>-22,418</b>	<b>-21,406</b>	<b>-11,650</b>	<b>-6,286</b>	<b>491</b>	<b>-45,682</b>	<b>-38,856</b>
<b>Net Op Income</b>	<b>6,14,670</b>	<b>6,54,320</b>	<b>7,16,761</b>	<b>6,24,930</b>	<b>3,19,831</b>	<b>5,35,300</b>	<b>7,56,538</b>	<b>8,59,718</b>	<b>26,10,680</b>	<b>24,71,386</b>
Growth (%)	-7.8	-9.1	-6.8	-27.7	-48.0	-18.2	5.5	37.6	-13.5	-5.3
<b>EBITDA</b>	<b>29,955</b>	<b>71,605</b>	<b>71,965</b>	<b>23,733</b>	<b>6,356</b>	<b>56,653</b>	<b>1,15,096</b>	<b>1,06,992</b>	<b>1,97,258</b>	<b>2,85,097</b>
EBITDA Margins (%)	4.9	10.9	10.0	3.8	2.0	10.6	15.2	12.4	7.6	11.5
Depreciation	51,117	52,996	51,993	58,149	55,994	56,015	61,288	65,953	2,14,254	2,39,249
Fx Loss/(Gain)	1,375	1,160	-1,972	16,824	-471	-4,330	-6,231	-15,796	17,387	-26,828
Other Income	8,360	6,726	9,001	5,645	6,065	6,332	7,120	7,307	29,732	26,825
Interest Expenses	17,116	18,354	17,436	19,528	18,768	19,496	21,259	20,549	72,433	80,073
<b>PBT before EO</b>	<b>-31,294</b>	<b>5,821</b>	<b>13,510</b>	<b>-65,123</b>	<b>-61,870</b>	<b>-8,196</b>	<b>45,900</b>	<b>43,593</b>	<b>-77,085</b>	<b>19,428</b>
EO Exp/(Inc)	1,088	-391	11	28,007	-32	-49	4,226	1,48,537	28,714	1,52,683
<b>PBT after EO Exp</b>	<b>-32,382</b>	<b>6,212</b>	<b>13,499</b>	<b>-93,130</b>	<b>-61,837</b>	<b>-8,147</b>	<b>41,674</b>	<b>-1,04,944</b>	<b>-1,05,800</b>	<b>-1,33,254</b>
Tax rate (%)	-6.1	71.7	-44.8	-3.8	-35.6	57.9	22.7	-4.3	-3.7	-23.5
<b>PAT</b>	<b>-34,343</b>	<b>1,758</b>	<b>19,545</b>	<b>-96,713</b>	<b>-83,842</b>	<b>-3,433</b>	<b>32,222</b>	<b>-1,09,508</b>	<b>-1,09,752</b>	<b>-1,64,561</b>
Minority Interest	-187	-289	-176	-305	60	-72	-350	-415	-956	-778
Share in profit of Associate	-2,454	-3,635	-1,986	-1,925	-598	360	-2,807	-2,221	-10,000	-5,266
<b>Adj PAT</b>	<b>-35,855</b>	<b>-2,571</b>	<b>17,394</b>	<b>-69,890</b>	<b>-84,420</b>	<b>-3,165</b>	<b>32,332</b>	<b>36,393</b>	<b>-90,921</b>	<b>-18,860</b>
Growth (%)	88.5	(54.1)	(250.6)	(426.8)	135.5	23.1	85.9	(152.1)	515.0	-79.3

**TVS Motor Company****Neutral**

CMP: INR589 | TP: INR582 (-1%)

EPS CHANGE (%): FY22|23E: -7.5|-0.6

- Strong volume growth led by exports
- High RM cost and no export incentives lead to margin decline and EPS downgrade
- Mix improvement led by strong export growth
- Price increases taken and lower discounts support realizations

**S/A Quarterly Perfor.****(INR m)**

Y/E March (INR m)	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Vols ('000 units)</b>	<b>923.2</b>	<b>885.8</b>	<b>821.5</b>	<b>632.9</b>	<b>266.9</b>	<b>867.8</b>	<b>989.5</b>	<b>927.6</b>	<b>3,263.5</b>	<b>3,051.8</b>
Growth (%)	(0.5)	(18.6)	(17.0)	(30.2)	(71.1)	(2.0)	20.4	46.5	(16.6)	(6.5)
<b>Realn (INR '000/unit)</b>	<b>48.4</b>	<b>49.1</b>	<b>50.2</b>	<b>55.0</b>	<b>53.6</b>	<b>53.1</b>	<b>54.5</b>	<b>55.8</b>	<b>50.3</b>	<b>54.4</b>
Growth (%)	7.7	7.0	6.6	13.7	10.8	8.1	8.5	1.5	8.2	8.1
Gross Sales	44,686	43,478	41,255	34,814	14,317	46,055	53,914	51,772	10,66,940	10,36,180
<b>Net Sales</b>	<b>44,686</b>	<b>43,478</b>	<b>41,255</b>	<b>34,814</b>	<b>14,317</b>	<b>46,055</b>	<b>53,914</b>	<b>51,772</b>	<b>1,64,233</b>	<b>1,66,058</b>
Growth (%)	7.1	(12.9)	(11.5)	(20.7)	(68.0)	5.9	30.7	48.7	(9.8)	1.1
RM (% of sales)	75.1	73.4	72.2	75.0	75.9	76.5	76.1	77.1	73.9	76.5
Emp cost (% of sales)	5.6	5.4	5.7	6.4	13.8	4.7	5.0	5.1	5.7	5.7
Other exp (% of sales)	11.3	12.5	13.3	11.6	13.8	9.5	9.4	9.2	12.2	9.8
<b>EBITDA</b>	<b>3,558</b>	<b>3,820</b>	<b>3,633</b>	<b>2,449</b>	<b>-488</b>	<b>4,301</b>	<b>5,111</b>	<b>4,443</b>	<b>13,459</b>	<b>13,368</b>
EBITDA Margin(%)	8.0	8.8	8.8	7.0	(3.4)	9.3	9.5	8.6	8.2	8.0
Interest	291	285	211	235	523	407	291	276	1,022	1,496
Depreciation	1,194	1,241	1,213	1,243	911	1,331	1,329	1,350	4,890	4,920
Other Income	12	49	9	251	26	111	124	103	321	363
<b>PBT before EO Exp</b>	<b>2,085</b>	<b>2,343</b>	<b>2,218</b>	<b>1,222</b>	<b>-1,896</b>	<b>2,674</b>	<b>3,615</b>	<b>2,921</b>	<b>7,867</b>	<b>7,314</b>
EO Exp	0	-760	760	323	0	0	0	0	323	
Tax rate (%)	31.8	17.8	16.9	17.8	26.7	26.6	26.5	23.2	21.5	25.2
<b>Adjusted PAT</b>	<b>1,423</b>	<b>1,953</b>	<b>1,808</b>	<b>993</b>	<b>-1,391</b>	<b>1,963</b>	<b>2,656</b>	<b>2,243</b>	<b>6,176</b>	<b>5,471</b>
Growth (%)	(4.6)	(7.6)	1.3	(27.8)	(197.7)	0.5	46.9	126.0	(7.8)	(11.4)

# Capital Goods

## Company name

ABB  
 Bharat Electronics  
 BHEL  
 Cummins India  
 Engineers India  
 KEC International  
 Larsen & Toubro  
 Siemens  
 Thermax

## Execution to gain momentum with recovery in order inflows

### Commodity price inflation may offset cost rationalization to some extent

- Overall 4QFY21 revenue for companies under our coverage is expected to grow at ~20% YoY, aided by higher execution in a seasonally strong quarter and a favorable base effect. Aggregate EBITDA should increase ~36% YoY – on higher operating leverage and the sustenance of some cost rationalization measures undertaken amid the COVID outbreak. However, the recent surge in commodity prices could act as a headwind to operating margins, impacting some of the cost rationalization gains. Adjusted PAT is pegged at being ~84% higher YoY, largely owing to a) higher operating leverage, b) lower interest cost tailwinds, and c) a soft base (some companies marginally achieved breakeven or reported losses due to the COVID-led disruption toward the latter half of Mar'20).
- With execution now on par with pre-COVID levels for all companies, the order inflow outlook and working capital levels are key monitorables and could set the tone for FY22. However, the recent surge in COVID cases could lead to a minor setback in a seasonally strong quarter. Most of the international orders and some of the domestic orders are fixed-price contracts, which may pose a risk to margins in a rising commodity environment. Hence, commentary on commodity price inflation and the ability to pass on the same to clients are the key monitorables.

### Normalcy and ramp-up in execution to lead to strong topline growth

- With revenue decline (34%/13%/3%) observed in 1Q/2Q/3QFY21 due to the COVID-19 lockdown, we expect strong double-digit growth (+20%) on an aggregate basis. L&T's consolidated revenue is expected to grow at ~11% YoY; the core business revenue is likely to grow ~13% YoY on higher execution and order inflows. Mid-teen revenue growth for L&T's core business, in spite of a higher order book, is attributable to the management's aim to keep working capital as a precedent over higher revenue growth. BHEL is expected to witness strong revenue growth (100% YoY) – as the company was disproportionately impacted by the COVID outbreak in Mar'20 and has witnessed a skewed 4Q in general. Ex-BHEL, revenue growth across our Coverage Universe is expected to be at ~13% YoY. Short-cycle businesses of ABB/Siemens/Cummins are expected to post a 19%/36%/24% YoY revenue increase. Revenue for KEC is expected to increase 16% YoY on the back of a strong order book, with strong domestic execution marginally offset by lower execution of international orders.

### EBITDA to increase on operating leverage

- Aggregate EBITDA is expected to increase 36% YoY. BHEL is expected to report operating profit (after four quarters of operating losses) on the back of higher execution and ongoing cost rationalization. Excluding BHEL, the EBITDA increase is likely to be limited to 10% YoY (v/s 13% topline growth). ABB, Siemens, Thermax, and Cummins are expected to post higher operating profits (a low base, sustained cost-cutting measures, and operating leverage). On the other hand, L&T and KEC are expected to post an EBITDA increase of 7% and 4% YoY,

respectively, on moderation in margins due to commodity price escalation. Commentary on the latest capacity utilization, efficiency levels across project sites, and passing on of commodity price increase would hereafter hold the key to the 1HFY22 outlook.

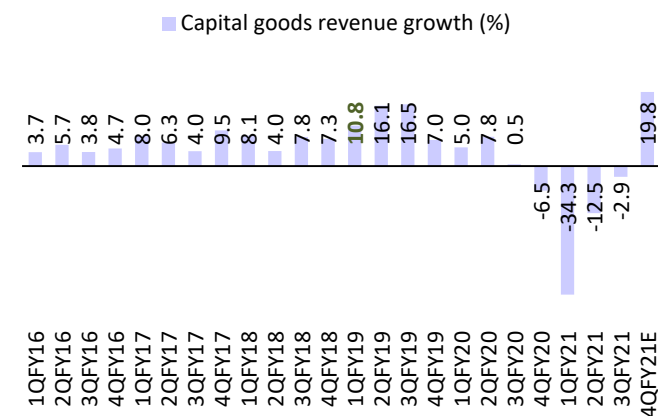
**Seek companies with robust cost structures and superior execution**

- Adjusted PAT is expected to increase ~84% YoY for our Coverage Universe on a low base of 4QFY20. Excluding BHEL, the increase should be lower at ~7% YoY. L&T is expected to post a 2% YoY increase in adjusted PAT on a higher interest expense and tax rate. Going forward, we seek companies with better cost structures and the ability to sustain the same during a lean execution phase. Our top picks are L&T and KEC. BHEL and Cummins are our top Sell ideas in the sector.

**Exhibit 1: Summary of expected quarterly performance**

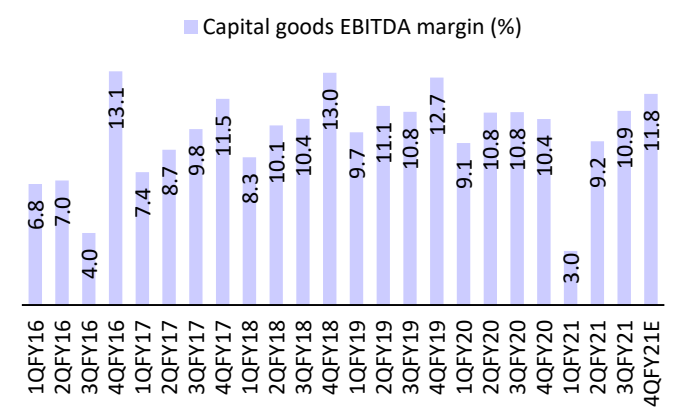
Sector	CMP		SALES (INR M)			EBIDTA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
ABB	1397	Buy	18,050	18.6	6.1	1,298	795.0	-33.6	1,031	442.4	-21.8
Bharat Electronics	126	Buy	64,445	11.0	180.7	13,756	-7.2	212.4	9,741	-5.8	272.0
BHEL	51	Sell	1,01,126	100.3	127.2	11,386	LP	LP	8,198	LP	LP
Cummins India	896	Sell	13,038	23.8	-8.5	1,677	151.5	-30.6	1,559	28.6	-21.5
Engineers India	78	Buy	8,514	-0.3	1.8	1,124	1.2	49.7	1,280	-1.3	45.1
K E C International	419	Buy	42,730	16.4	29.9	3,858	4.1	29.2	2,071	7.4	42.7
Larsen & Toubro	1445	Buy	4,90,313	10.8	37.7	55,009	7.4	28.5	31,380	2.4	39.0
Siemens	1860	Neutral	35,770	36.4	23.3	4,029	85.0	11.6	3,047	91.3	16.2
Thermax	1326	Neutral	18,444	39.4	30.8	1,480	132.9	0.3	1,120	187.0	7.5
<b>Sector Aggregate</b>			<b>7,92,430</b>	<b>19.8</b>	<b>47.0</b>	<b>93,617</b>	<b>35.9</b>	<b>59.7</b>	<b>59,426</b>	<b>84.2</b>	<b>84.7</b>

**Exhibit 2: Aggregate revenue to grow ~20% YoY**



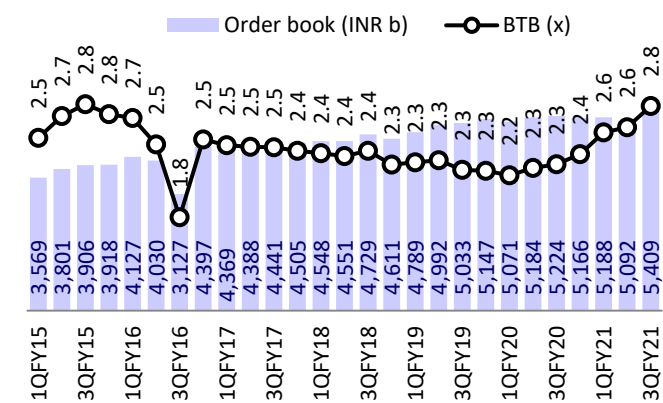
Source: MOFSL, Company

**Exhibit 3: EBITDA margin to rise 140bp YoY**



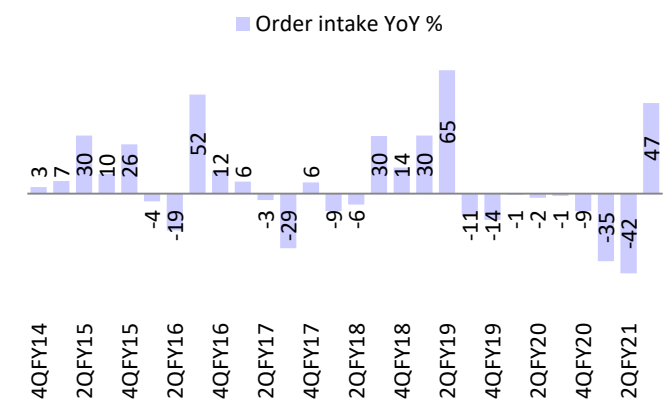
Source: MOFSL, Company

**Exhibit 4: Book-to-bill stable at 2.8x**



Source: MOFSL, Company

**Exhibit 5: Order inflow trend**

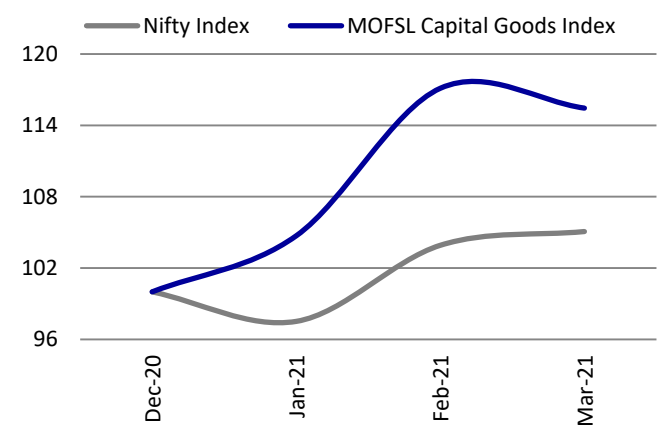


Source: MOFSL, Company

**Exhibit 6: Summary of comparative full-year valuation**

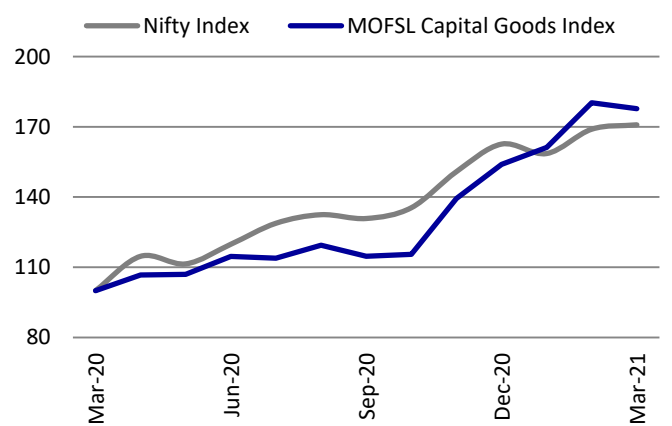
Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Capital Goods</b>						<b>39.8</b>	<b>25.7</b>	<b>22.2</b>	<b>2.9</b>	<b>2.7</b>	<b>2.5</b>	<b>7.2</b>	<b>10.4</b>	<b>11.1</b>
ABB	1,397	Buy	11.9	20.6	27.1	117.7	67.8	51.6	8.2	7.5	6.8	7.0	11.1	13.2
Bharat Electronics	126	Buy	6.9	8.5	9.4	18.2	14.8	13.5	2.8	2.5	2.3	15.4	17.1	16.8
BHEL	51	Sell	-2.5	1.3	1.9	-20.5	38.7	26.9	0.6	0.6	0.6	-3.1	1.6	2.3
Cummins India	896	Sell	19.0	22.5	25.8	47.1	39.8	34.8	5.6	5.4	5.2	11.9	13.5	14.8
Engineers India	78	Buy	5.6	7.5	7.6	13.9	10.5	10.3	2.2	2.2	2.1	14.9	19.3	19.1
K E C International	419	Buy	22.0	26.3	30.0	19.1	16.0	14.0	3.3	2.8	2.4	17.2	17.5	16.9
Larsen & Toubro	1,445	Buy	81.4	66.1	77.8	17.7	21.8	18.6	2.7	2.5	2.3	8.7	11.4	12.2
Siemens	1,860	Neutral	21.3	35.0	36.9	87.4	53.2	50.4	7.0	6.3	5.8	8.0	11.9	11.4
Thermax	1,326	Neutral	22.4	33.2	39.6	59.2	39.9	33.5	4.8	4.4	4.0	8.0	11.0	12.0

**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: INR1397 | TP: INR1565 (+12%)****EPS CHANGE (%): CY20|21: -|-**

- Revenue to increase ~19% YoY on complete normalcy in operations and a low base effect
- Adjusted PAT to be at INR1b on operating leverage and lower tax rate YoY
- EBITDA at INR1.3b / EBITDA margin at 7.2%; barely achieved breakeven in 1QCY20 due to COVID impact
- Watch out for commentary on ramp-up in production facilities and order inflow outlook for 2021

**Quarterly Performance****(INR m)**

Y/E December	CY20				CY21E				CY20	CY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Sales</b>	<b>15,222</b>	<b>9,858</b>	<b>16,122</b>	<b>17,008</b>	<b>18,050</b>	<b>17,250</b>	<b>18,700</b>	<b>20,368</b>	<b>58,210</b>	<b>74,368</b>
Change (%)	-17.7	-42.9	-7.6	-12.9	18.6	75.0	16.0	19.8	-20.4	27.8
<b>EBITDA</b>	<b>145</b>	<b>234</b>	<b>1,214</b>	<b>1,956</b>	<b>1,298</b>	<b>1,274</b>	<b>1,399</b>	<b>1,630</b>	<b>3,689</b>	<b>5,600</b>
Change (%)	-90.0	-81.1	-1.6	41.3	795.0	443.4	15.2	-16.6	-30.5	51.8
As % of Sales	1.0	2.4	7.5	11.5	7.2	7.4	7.5	8.0	6.3	7.5
Depreciation	271	249	247	297	270	270	270	277	1,204	1,087
Interest	34	38	28	69	50	40	30	30	169	150
Other Income	458	266	201	144	400	350	350	376	1,069	1,476
Extra-ordinary Income	456	10	(48)	(742)	-	-	-	-	(323)	-
<b>PBT (Before Exceptionals)</b>	<b>298</b>	<b>214</b>	<b>1,140</b>	<b>1,733</b>	<b>1,378</b>	<b>1,314</b>	<b>1,449</b>	<b>1,699</b>	<b>3,385</b>	<b>5,839</b>
Tax	108	62	285	416	347	331	365	426	870	1,470
Effective Tax Rate (%)	36.3	28.8	25.0	24.0	25.2	25.2	25.2	25.1	25.7	25.2
<b>Reported PAT</b>	<b>646</b>	<b>163</b>	<b>807</b>	<b>576</b>	<b>1,031</b>	<b>983</b>	<b>1,083</b>	<b>1,273</b>	<b>2,192</b>	<b>4,370</b>
<b>Adj. PAT</b>	<b>190</b>	<b>153</b>	<b>855</b>	<b>1,317</b>	<b>1,031</b>	<b>983</b>	<b>1,083</b>	<b>1,273</b>	<b>2,515</b>	<b>4,370</b>
Change (%)	-78.7	-78.1	8.5	16.1	442.4	544.2	26.7	-3.4	-28.4	73.7

**Bharat Electronics****Buy****CMP: INR126 | TP: INR150 (+19%)****EPS CHANGE (%): FY21|22: -|-**

- Expect revenue to grow 11% YoY to INR64.4b
- Robust order book of INR530b, with order book-to-revenue at 3.9x
- EBITDA margin to normalize at 21.3%; base quarter had higher-than-normal margins owing to favorable mix
- Commentary on FY22 revenue, margin, and order inflow outlook (incremental ventilator orders)

**Quarterly Performance****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Sales</b>	<b>21,015</b>	<b>27,427</b>	<b>22,710</b>	<b>58,058</b>	<b>16,706</b>	<b>31,887</b>	<b>22,962</b>	<b>64,445</b>	<b>1,29,211</b>	<b>1,36,000</b>
Change (%)	(0.0)	(18.9)	(16.4)	49.5	(20.5)	16.3	1.1	11.0	6.9	5.3
<b>EBITDA</b>	<b>3,481</b>	<b>5,447</b>	<b>3,547</b>	<b>14,826</b>	<b>1,467</b>	<b>6,235</b>	<b>4,404</b>	<b>13,756</b>	<b>27,301</b>	<b>25,862</b>
Change (%)	12.1	(36.2)	(53.8)	59.6	(57.9)	14.5	24.1	(7.2)	(4.6)	(5.3)
As of % Sales	16.6	19.9	15.6	25.5	8.8	19.6	19.2	21.3	21.1	19.0
Depreciation	828	857	861	950	888	914	945	1,021	3,496	3,768
Interest	3	12	1	16	1	3	2	27	33	33
Other Income	254	150	332	283	184	274	231	361	1,019	1,050
<b>PBT</b>	<b>2,904</b>	<b>4,729</b>	<b>3,017</b>	<b>14,142</b>	<b>762</b>	<b>5,592</b>	<b>3,688</b>	<b>13,068</b>	<b>24,792</b>	<b>23,111</b>
Tax	857	1,334	866	3,797	221	1,622	1,070	3,328	6,853	6,240
Effective Tax Rate (%)	29.5	28.2	28.7	26.8	29.0	29.0	29.0	25.5	27.6	27.0
<b>Reported PAT</b>	<b>2,047</b>	<b>3,395</b>	<b>2,151</b>	<b>10,345</b>	<b>541</b>	<b>3,971</b>	<b>2,619</b>	<b>9,741</b>	<b>17,938</b>	<b>16,871</b>
Change (%)	13.9	(40.6)	(57.6)	54.7	(73.6)	17.0	21.7	(5.8)	(6.9)	(5.9)
<b>Adj PAT</b>	<b>2,047</b>	<b>3,395</b>	<b>2,151</b>	<b>10,345</b>	<b>541</b>	<b>3,971</b>	<b>2,619</b>	<b>9,741</b>	<b>17,938</b>	<b>16,871</b>
Change (%)	<b>13.9</b>	<b>(40.6)</b>	<b>(57.6)</b>	<b>54.7</b>	<b>(73.6)</b>	<b>17.0</b>	<b>21.7</b>	<b>(5.8)</b>	<b>(6.9)</b>	<b>(5.9)</b>

**BHEL****Sell****CMP: INR51 | TP: INR26 (-48%)****EPS CHANGE (%): FY21|22: -|-**

- Revenue to come in at INR101b, led by higher execution
- PAT to come in at INR8.2b, aided by higher operating leverage and lower interest cost
- EBITDA to come in at INR11.4b, with sequential and YoY improvements, on higher operating leverage
- Watch out for any movement in receivables, ramp-up in operations, and order inflows

**Quarterly Performance****(INR b)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Sales (Net)</b>	<b>45.3</b>	<b>62.3</b>	<b>56.8</b>	<b>50.5</b>	<b>19.9</b>	<b>37.0</b>	<b>44.5</b>	<b>101.1</b>	<b>215</b>	<b>203</b>
Change (%)	-23.7	-8.2	-22.6	-51.0	-56.1	-40.6	-21.6	100.3	-29.4	-5.8
<b>EBITDA</b>	<b>-2.7</b>	<b>2.7</b>	<b>3.3</b>	<b>-5.6</b>	<b>-10.6</b>	<b>-6.3</b>	<b>-1.8</b>	<b>11.4</b>	<b>-2.3</b>	<b>-7.3</b>
Change (%)	NA	10.8	50.3	-140.3	NA	-337.0	-154.6	NA	-110.9	NA
As a % Sales	-5.9	4.3	5.8	-11.1	-53.2	-17.1	-4.0	11.3	-1.1	-3.6
Interest	1.1	1.2	1.4	1.4	1.1	0.9	0.9	0.9	5.1	3.8
Depreciation	1.1	1.2	1.1	1.5	1.2	1.2	1.1	1.1	5.0	4.6
Other Income	1.5	1.4	1.5	1.5	1.0	1.0	0.9	1.3	5.8	4.2
<b>PBT</b>	<b>-3.4</b>	<b>1.6</b>	<b>2.3</b>	<b>-7.1</b>	<b>-12.0</b>	<b>-7.4</b>	<b>-2.9</b>	<b>10.7</b>	<b>-6.6</b>	<b>-11.6</b>
Tax	-1.3	0.5	0.7	8.3	-3.0	-1.8	-0.6	2.5	8.1	-2.9
Effective Tax Rate (%)	37.1	27.9	29.8	-116.4	25.0	24.6	21.1	23.5	-122.5	25.2
<b>Reported PAT</b>	<b>-2.2</b>	<b>1.2</b>	<b>1.6</b>	<b>-15.3</b>	<b>-9.0</b>	<b>-5.6</b>	<b>-2.3</b>	<b>8.2</b>	<b>-14.7</b>	<b>-8.6</b>
Change (%)	NA	-36.0	-17.3	-324.7	NA	-569.0	-245.4	NA	NA	NA
<b>Adj. PAT</b>	<b>-2.2</b>	<b>1.2</b>	<b>1.6</b>	<b>-15.3</b>	<b>-9.0</b>	<b>-5.6</b>	<b>-2.3</b>	<b>8.2</b>	<b>-14.7</b>	<b>-8.6</b>
Change (%)	NA	-36.0	-17.3	-324.7	NA	-569.0	-245.4	NA	NA	NA

**Cummins India****Sell****CMP: INR895 | TP: INR515 (-42%)****EPS CHANGE (%): FY21|22: -|-**

- Expect revenue to come in at INR13b, up 24% YoY
- Management commentary on execution ramp-up and demand across various end markets
- Expect EBITDA at INR1.7b and margins at 12.9%, with some sequential moderation
- Watch out for FY22 guidance and outlook on demand in domestic and export markets

**Quarterly Performance****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Sales</b>	<b>13,430</b>	<b>13,084</b>	<b>14,534</b>	<b>10,528</b>	<b>4,982</b>	<b>11,602</b>	<b>14,243</b>	<b>13,038</b>	<b>51,577</b>	<b>43,865</b>
Change (%)	1.1	-12.0	-3.3	-21.5	-62.9	-11.3	-2.0	23.8	-8.9	-15.0
<b>EBITDA</b>	<b>1,514</b>	<b>1,525</b>	<b>2,158</b>	<b>667</b>	<b>29</b>	<b>1,674</b>	<b>2,417</b>	<b>1,677</b>	<b>5,863</b>	<b>5,797</b>
Change (%)	-29.5	-39.2	-4.8	-61.2	-98.1	9.8	12.0	151.5	-20.2	-25.2
As of % Sales	11.3	11.7	14.8	6.3	0.6	14.4	17.0	12.9	11.4	13.2
Depreciation	291	293	296	308	303	327	320	329	1,187	1,278
Interest	52	55	47	49	43	40	46	46	203	175
Other Income	769	926	723	898	666	580	629	697	3,315	2,571
<b>PBT</b>	<b>1,940</b>	<b>2,102</b>	<b>2,538</b>	<b>1,208</b>	<b>349</b>	<b>1,887</b>	<b>2,681</b>	<b>1,999</b>	<b>7,789</b>	<b>6,915</b>
Tax	525	269	551	-5	72	431	695	440	1,341	1,639
Effective Tax Rate (%)	27.1	12.8	21.7	(0.4)	20.7	22.9	25.9	22.0	17.2	23.7
<b>Adjusted PAT</b>	<b>1,415</b>	<b>1,833</b>	<b>1,988</b>	<b>1,213</b>	<b>277</b>	<b>1,456</b>	<b>1,985</b>	<b>1,559</b>	<b>6,448</b>	<b>5,276</b>
Change (%)	(22.7)	(13.4)	6.2	(13.9)	(80.4)	(20.6)	(0.1)	28.6	(10.8)	(18.2)
Extra-ordinary Income (net)	-	-	(125)	(30)	249	-	356	-	(155)	605
<b>Reported PAT</b>	<b>1,415</b>	<b>1,833</b>	<b>1,862</b>	<b>1,183</b>	<b>526</b>	<b>1,456</b>	<b>2,341</b>	<b>1,559</b>	<b>6,293</b>	<b>5,881</b>
Change (%)	(22.7)	(13.4)	(0.5)	(16.0)	(62.9)	(20.6)	25.7	31.8	(12.9)	(6.6)

**Engineers India****Buy****CMP: INR79 | TP: INR85 (+8%)****EPS CHANGE (%): FY21|22: -|-**

- Expect Turnkey segment revenue to decline 11% YoY and Consultancy revenue to increase 12% YoY
- Adjusted PAT to come in at INR1.3b (flat YoY)
- Expect EBITDA to come in at INR1.1b (flat YoY), with EBITDA margin at 13.2%
- Watch out for update on execution across various sites and ongoing buyback

**Quarterly Performance****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	7,349	7,237	8,906	8,538	4,678	6,834	8,367	8,514	32,031	28,394
YoY Change (%)	28.2	6.2	54.4	39.4	-36.3	-5.6	-6.1	-0.3	31.0	-11.4
Total Expenditure	5,954	6,168	8,050	7,428	4,464	6,062	7,617	7,391	27,600	25,533
EBITDA	1,395	1,069	856	1,110	214	773	751	1,124	4,430	2,861
Margins (%)	19.0	14.8	9.6	13.0	4.6	11.3	9.0	13.2	13.8	10.1
Depreciation	57	58	56	67	53	60	51	71	238	234
Interest	3	4	4	6	4	5	4	4	17	17
Other Income	583	655	657	685	497	533	480	652	2,580	2,161
PBT	1,917	1,663	1,453	1,722	653	1,241	1,176	1,701	6,755	4,770
Tax	676	986	366	425	172	314	294	421	2,453	1,201
Rate (%)	35.3	59.3	25.2	24.7	26.4	25.3	25.0	24.7	36.3	25.2
Reported PAT	1,241	678	1,087	1,297	481	927	882	1,280	4,302	3,570
Adj PAT	1,241	678	1,087	1,297	481	927	882	1,280	4,302	3,570
YoY Change (%)	43.3	-30.7	19.7	36.7	-61.3	36.8	-18.8	-1.3	16.3	-17.0
Margins (%)	16.9	9.4	12.2	15.2	10.3	13.6	10.5	15.0	13.4	12.6

**KEC International****Buy****CMP: INR420 | TP: INR450 (+7%)****EPS CHANGE (%): FY21|22: -|-**

- Revenue to grow 16% YoY
- Watch out for commentary on ongoing ramp-up in execution across domestic/international project sites
- Expect EBITDA margin at 9% (-110bp YoY) due to commodity cost pressure
- Outlook on order inflows across various segments a key monitorable

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	24,125	28,088	30,731	36,710	22,068	32,577	32,892	42,730	1,19,654	1,30,267
Change (%)	14.6	16.6	16.1	-4.4	-8.5	16.0	7.0	16.4	8.8	8.9
EBITDA	2,513	2,938	3,185	3,707	1,949	2,931	2,987	3,858	12,343	11,725
Change (%)	16.2	16.1	13.2	-7.1	-22.5	-0.2	-6.2	4.1	7.3	-5.0
As of % Sales	10.4	10.5	10.4	10.1	8.8	9.0	9.1	9.0	10.3	9.0
Depreciation	366	347	367	392	391	374	380	384	1,472	1,529
Interest	795	822	811	652	663	674	658	676	3,080	2,671
Other Income	27	36	21	27	69	68	39	46	111	221
PBT	1,379	1,805	2,028	2,691	965	1,950	1,988	2,844	7,903	7,746
Tax	493	414	579	762	257	525	537	773	2,247	2,092
Effective Tax Rate (%)	35.7	22.9	28.5	28.3	26.6	26.9	27.0	27.2	28.4	27.0
Reported PAT	886	1,391	1,449	1,929	708	1,426	1,451	2,071	5,655	5,655
Change (%)	2.0	42.2	29.0	-3.0	-20.1	2.5	0.1	7.4	18.5	0.0
Recurring PAT	886	1,391	1,449	1,929	708	1,426	1,451	2,071	5,655	5,655
Change (%)	2.0	44.4	30.7	-0.5	-20.1	2.5	0.1	7.4	16.3	0.0

**Larsen & Toubro****Buy****CMP: INR1,445 | TP: INR1,685 (+17%)****EPS CHANGE (%): FY21|22: -|-**

- Expect order inflows in core business to increase 10% YoY (INR530b)
- Watch out for ramp-up in execution trend and outlook across various segments
- Expect consolidated revenue at INR490b (+11% YoY), with core E&C revenue at IN378b (+13% YoY)
- Outlook for 1HFY22 and commentary on working capital management are key monitorables

**Quarterly Performance****(INR b)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Sales</b>	<b>296</b>	<b>353</b>	<b>362</b>	<b>442</b>	<b>213</b>	<b>310</b>	<b>356</b>	<b>490</b>	<b>1,455</b>	<b>1,369</b>
Change (%)	9.7	15.2	5.9	2.2	-28.3	-12.2	-1.8	10.8	7.6	-5.9
<b>EBITDA</b>	<b>30.7</b>	<b>40.2</b>	<b>41.2</b>	<b>51.2</b>	<b>16.2</b>	<b>33.3</b>	<b>42.8</b>	<b>55.0</b>	<b>163.3</b>	<b>147.4</b>
Change (%)	11.3	13.6	9.8	-3.0	-47.2	-17.1	3.9	7.4	6.5	-9.8
Margin (%)	10.4	11.4	11.4	11.6	7.6	10.7	12.0	11.2	11.2	10.8
Depreciation	4.6	6.3	6.6	7.1	6.7	7.1	7.0	7.0	24.6	27.9
Interest	5.9	6.9	7.0	8.2	10.6	10.4	9.6	9.0	28.0	39.6
Other Income	6.3	6.0	4.7	6.6	7.8	5.6	10.6	6.5	23.6	30.5
<b>PBT</b>	<b>26.6</b>	<b>33.0</b>	<b>32.2</b>	<b>42.5</b>	<b>6.7</b>	<b>21.4</b>	<b>36.8</b>	<b>45.4</b>	<b>134.3</b>	<b>110.3</b>
Tax	7.9	7.9	7.1	9.7	2.6	6.8	10.4	11.8	32.6	31.6
Effective Tax Rate (%)	29.9	24.0	22.1	22.7	38.3	31.6	28.3	26.0	24.3	28.6
<b>Adjusted PAT (Before MI &amp; AI)</b>	<b>18.6</b>	<b>25.1</b>	<b>25.1</b>	<b>32.8</b>	<b>4.1</b>	<b>14.6</b>	<b>26.4</b>	<b>33.6</b>	<b>101.7</b>	<b>78.8</b>
<b>Reported PAT</b>	<b>14.7</b>	<b>25.3</b>	<b>23.5</b>	<b>32.0</b>	<b>3.0</b>	<b>55.2</b>	<b>24.7</b>	<b>31.4</b>	95.5	114.3
Change (%)	21.2	13.3	15.2	-6.5	-79.4	118.4	4.9	-1.8	7.2	19.7
Extraordinary Inc/(Exp) - incl. discontinued operations	1.1	2.2	1.9	1.3	2.3	44.1	2.1	0.0	6.5	48.5
<b>Adjusted PAT</b>	<b>13.6</b>	<b>23.1</b>	<b>21.6</b>	<b>30.6</b>	<b>0.7</b>	<b>11.1</b>	<b>22.6</b>	<b>31.4</b>	<b>88.9</b>	<b>65.7</b>
Change (%)	20.5	28.4	13.8	-4.7	-94.8	-52.1	4.5	2.4	10.6	-26.1

**Siemens****Neutral****CMP: INR1,860 | TP: INR1,640 (-12%)****EPS CHANGE (%): FY20|21: -|-**

- Revenue to increase 36% YoY, with growth across segments
- Adj PAT to come in at INR3b on strong operating leverage
- EBITDA expected at INR4b (+85% YoY) on strong operating leverage; EBITDA margin at 11.3% (+300bp YoY)
- Watch out for commentary across segments, updates on execution rate, and order inflows and outlook for FY21E

**Quarterly Performance****(INR b)**

Y/E September	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Total Revenues</b>	<b>25.2</b>	<b>26.2</b>	<b>12.1</b>	<b>35.2</b>	<b>29.0</b>	<b>35.8</b>	<b>32.8</b>	<b>41.1</b>	<b>98.7</b>	<b>138.7</b>
Change (%)	-10.2	-26.1	-62.2	-9.2	15.1	36.4	171.9	16.8	-24.1	40.5
<b>EBITDA</b>	<b>3.2</b>	<b>2.2</b>	<b>0.0</b>	<b>4.5</b>	<b>3.6</b>	<b>4.0</b>	<b>3.8</b>	<b>4.8</b>	<b>9.9</b>	<b>16.2</b>
Change (%)	4.6	-48.8	-100.3	5.7	12.7	85.0	NM	6.8	-34.5	64.1
As % of Revenues	12.7	8.3	-0.1	12.9	12.4	11.3	11.5	11.8	10.0	11.7
Depreciation	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6	2.5	2.5
Interest	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.3	0.2
Other Income	0.9	0.8	0.8	0.6	0.6	0.7	0.8	1.0	3.1	3.1
Extra-ordinary Items	0.1	0.1	-0.1	-0.1	0.3	0.3	0.0	0.0	0.0	0.6
<b>PBT</b>	<b>3.4</b>	<b>2.2</b>	<b>0.1</b>	<b>4.5</b>	<b>3.5</b>	<b>4.1</b>	<b>3.9</b>	<b>5.1</b>	<b>10.2</b>	<b>16.6</b>
Tax	0.9	0.6	0.0	1.1	0.9	1.0	1.0	1.3	2.6	4.2
Effective Tax Rate (%)	25.6	28.4	-1.0	25.2	25.7	25.2	25.2	24.7	25.8	25.2
<b>Reported PAT</b>	<b>2.6</b>	<b>1.7</b>	<b>0.0</b>	<b>3.3</b>	<b>2.9</b>	<b>3.4</b>	<b>2.9</b>	<b>3.9</b>	<b>7.6</b>	<b>13.1</b>
<b>Adjusted PAT</b>	<b>2.5</b>	<b>1.6</b>	<b>0.1</b>	<b>3.3</b>	<b>2.6</b>	<b>3.0</b>	<b>2.9</b>	<b>3.9</b>	<b>7.6</b>	<b>12.5</b>
Change (%)	11.8	-46.2	-95.9	-4.7	2.9	91.3	NM	15.9	-32.6	64.5

**Thermax****Neutral****CMP: INR1,327 | TP: INR1,190 (-11%)****EPS CHANGE (%): FY21|22: -|-**

- Revenue: Energy/Environment/Chemical segment to grow at 47%/4%/45% YoY
- PAT to come in at INR1.1b (significantly higher YoY owing to strong operating leverage and favorable base)
- EBITDA to come in at INR1.5b, with EBITDA margin at 8% (+320bp YoY)
- Watch out for demand outlook across segments and various end markets, and update on execution ramp-up

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Sales</b>	<b>13,925</b>	<b>16,059</b>	<b>14,101</b>	<b>13,230</b>	<b>6,649</b>	<b>11,412</b>	<b>14,106</b>	<b>18,444</b>	<b>57,313</b>	<b>50,611</b>
Change (%)	34.5	12.5	-1.8	-36.2	-52.2	-28.9	0.0	39.4	-4.0	-11.7
<b>EBITDA</b>	<b>991</b>	<b>1,303</b>	<b>1,132</b>	<b>636</b>	<b>-114</b>	<b>793</b>	<b>1,476</b>	<b>1,480</b>	<b>4,062</b>	<b>3,636</b>
Change (%)	42.9	18.4	5.5	-62.8	-111.5	-39.1	30.4	132.9	-11.2	-10.5
As of % Sales	7.1	8.1	8.0	4.8	-1.7	7.0	10.5	8.0	7.1	7.2
Depreciation	262	281	316	308	280	287	291	299	1,166	1,156
Interest	44	38	19	49	40	47	57	26	150	169
Other Income	216	220	258	307	209	228	282	340	1,000	1,059
Extra-ordinary Items	-	-	-	-	-	(200)	(209)	-	-	(409)
<b>PBT</b>	<b>901</b>	<b>1,204</b>	<b>1,054</b>	<b>586</b>	<b>-225</b>	<b>687</b>	<b>1,411</b>	<b>1,496</b>	<b>3,745</b>	<b>3,369</b>
Tax	273	947	205	196	-72	175	369	376	1,621	848
Effective Tax Rate (%)	30.3	78.7	19.4	33.4	32.1	25.5	26.2	25.1	43.3	25.2
<b>Reported PAT</b>	<b>628</b>	<b>257</b>	<b>850</b>	<b>390</b>	<b>-153</b>	<b>312</b>	<b>833</b>	<b>1,120</b>	<b>2,125</b>	<b>2,113</b>
Change (%)	28.2	(65.5)	13.2	(69.2)	(124.3)	21.6	(2.0)	187.0	(34.7)	(0.6)
<b>Adj PAT</b>	<b>628</b>	<b>257</b>	<b>850</b>	<b>390</b>	<b>-153</b>	<b>512</b>	<b>1,042</b>	<b>1,120</b>	<b>2,125</b>	<b>2,521</b>
Change (%)	29.8	(62.3)	30.4	(68.6)	(124.3)	99.2	22.6	187.0	(30.6)	18.7

# Cement

## Company

ACC
Ambuja Cements
Birla Corporation
Dalmia Bharat
Grasim Industries
India Cements
JK Cement
JK Lakshmi Cement
The Ramco Cement
Shree Cement
UltraTech Cement

## Strong volumes to drive earnings

### Cost inflation to be largely offset by operating leverage gains

- We estimate our Coverage Universe to post 24%/31%/52% YoY growth in revenue/EBITDA/PAT, led by strong volumes (73mt, +22% YoY) on a low base.
- While pan-India average cement price in 4QFY21 was flat QoQ, it is still up 3% YoY, led by price hikes across regions in March. We estimate our coverage realization to rise by 2% YoY (flat QoQ) to INR4,950/t.
- On a YoY basis, operating leverage benefit (from higher volumes), coupled with higher realization, should offset the rise in fuel costs resulting in 7% YoY increase in estimated EBITDA per ton to INR1,156/t. EBITDA/t is, however, expected to drop marginally by 4% QoQ due to higher fuel and freight costs.

### Volumes up 22% YoY (on low base), led by East, North, and Central

- Cement industry volumes have continued to recover, led by a strong uptick in urban real estate and infrastructure activity. A lower base, due to lockdown in Mar'20, has also contributed to higher growth.
- As per our channel checks, demand remained strong in East, North, and Central, while it showed signs of revival in West. South, however, remained weak with ~10% YoY decline.
- In 4QFY21, we expect volumes to grow 22% YoY / 10% QoQ (supported by the low base of 4QFY20 – volumes declined 13% YoY on government-mandated lockdown in Mar'20).
- JK Cement, particularly, is expected to report very strong volume growth (+44% YoY), supported by a ramp-up in new capacities. Improved capacity utilization should aid volume growth of 26–28% in UTCEM/DBEL. We expect volume growth of 17–20% for other players under our coverage – except India Cements (1% YoY) and Ramco (7% YoY), due to their high exposure in South.

### Prices rise in South/West, but decline in East

- Pan-India average cement price has been 3% YoY higher in 4QFY21, led by a 13%/5% increase in South/West and 2% in North and Central, while East was down 6%.
- Pan-India average price, however, has been flat QoQ – Central/East/South posted decline of 1%/1%/2%, North remained flat, while West was up 2%.
- In East, Bihar/Jharkhand posted decline of 5%/2% QoQ, while West Bengal was up 5% QoQ. Prices in Central came in flat (down 1% QoQ) on account of marginal decline (1% QoQ) in Madhya Pradesh.
- Prices in South were down 2% QoQ on 6%/2%/2% QoQ decline in Kerala / Tamil Nadu / AP & Telangana. Prices in West were up 2% QoQ on account of a 4% QoQ increase in Gujarat. We expect average realization for our Coverage Universe to be up 2% YoY to INR4,950 (flat QoQ).

**Operating leverage to offset fuel cost inflation; EBITDA/t up 7% YoY**

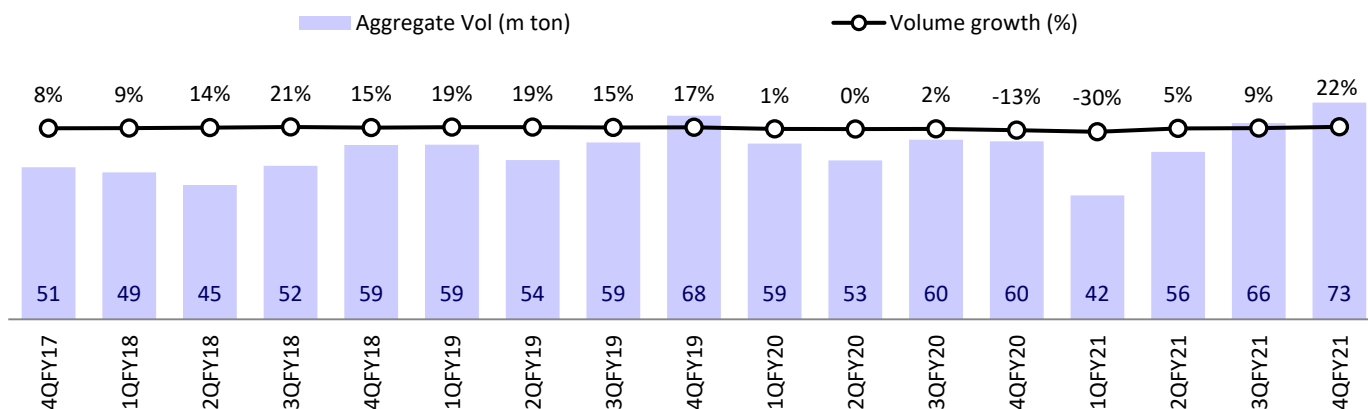
- Lower energy price had been a tailwind for the Cement sector up to 2QFY21. However, this has now reversed as energy prices have risen substantially. During the 4QFY21, domestic pet-coke and diesel prices stood higher by 15%/9% QoQ. We estimate INR70-100/t QoQ inflation in power & fuel and freight costs in 4QFY21. This would be partially offset by operating leverage gains from higher volumes as fixed cost absorption should be better.
- We expect total cost per tonne for our Coverage Universe to edge up 1% YoY (+1% QoQ) to INR3,794 on higher fuel costs (+6% YoY / +8% QoQ).
- EBITDA/t for our Coverage Universe should increase 7% YoY to INR1,156 due to better realization YoY, but should be down 4% QoQ on higher cost.

**Top picks – UltraTech, Dalmia Bharat and JK Cement**

- While we are structurally positive on the industry outlook, we prefer North and Central as these markets have a higher clinker utilization of over 80%.
- We adopt a bottom-up stock-picking approach and prefer companies that: a) are moving down the cost curve, b) have the potential to gain market share, and c) provide valuation comfort.
- UltraTech is our top large-cap pick and DBEL and JK Cement are our top mid-cap pick. We also like ACC as a value pick, but do not see much upside in Shree, Ramco, and Ambuja, whose potential market share gains are already priced in.

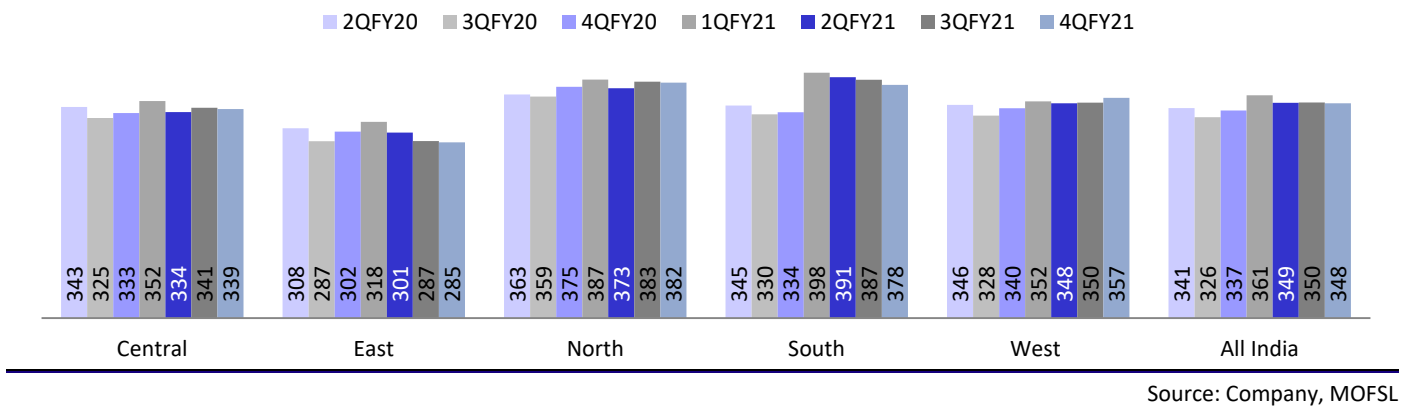
**Exhibit 1: Summary of expected quarterly performance**

Sector	CMP		SALES (INR M)			EBITDA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
ACC	1914	Buy	41,690	19.1	0.6	7,238	23.6	3.4	4,380	25.2	2.0
Ambuja Cements	310	Neutral	34,694	22.7	-1.3	7,537	24.9	-1.8	4,807	20.4	-3.3
Birla Corporation	973	Buy	19,266	14.0	8.4	3,720	7.9	3.0	1,826	-6.2	23.9
Dalmia Bharat	1562	Buy	32,265	29.9	12.9	7,490	47.4	8.4	2,362	808.5	29.8
Grasim Industries	1455	Neutral	45,603	5.7	24.2	7,706	95.5	19.4	3,807	253.0	14.6
India Cements	170	Neutral	13,013	13.0	12.2	2,083	208.9	-3.2	595	LP	-4.0
J K Cements	2924	Buy	20,306	37.4	15.4	4,633	33.8	3.2	2,593	45.4	8.8
JK Lakshmi Cem.	439	Buy	12,894	21.5	8.1	1,994	-1.3	4.0	754	-25.1	-26.3
Ramco Cements	1027	Neutral	15,936	14.7	19.0	4,344	55.6	9.4	2,397	63.9	19.0
Shree Cement	29978	Neutral	37,512	16.6	13.3	11,748	8.9	7.9	7,841	33.3	25.2
Ultratech Cement	6898	Buy	1,38,713	29.1	13.2	33,469	37.2	8.2	17,493	70.8	10.4
<b>Sector aggregates</b>			<b>4,11,892</b>	<b>21.7</b>	<b>11.4</b>	<b>91,963</b>	<b>34.3</b>	<b>6.9</b>	<b>48,856</b>	<b>59.3</b>	<b>11.0</b>

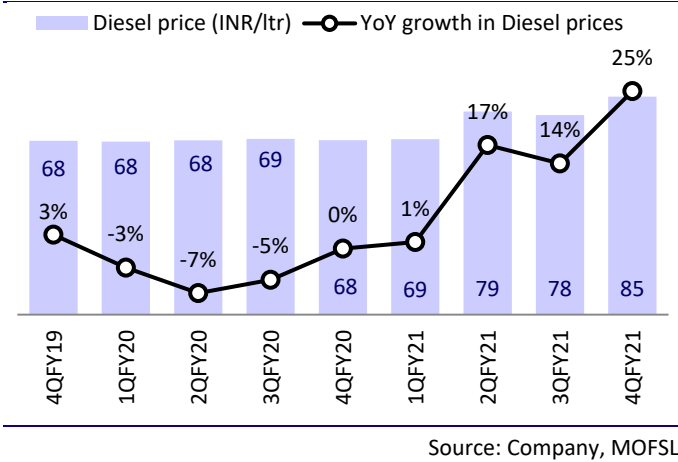
**Exhibit 2: Expect volumes for MOFSL Universe to rise 22% YoY to 73mt in 4QFY21E**

Source: Company, MOFSL

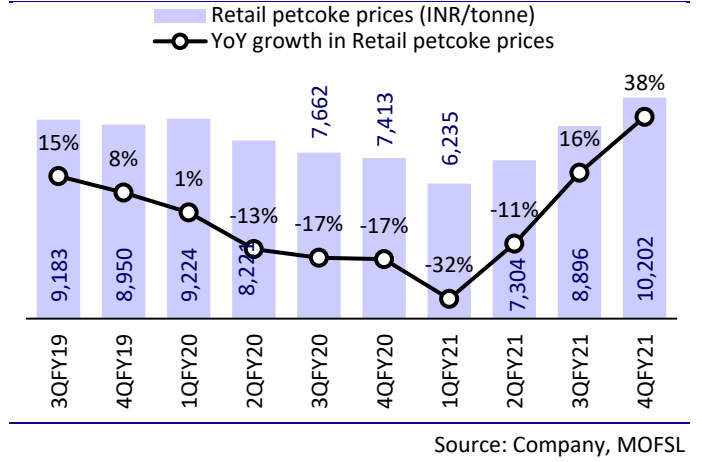
**Exhibit 3: Pan-India 4QFY21 average prices (INR/bag) up 3% YoY and flat QoQ**



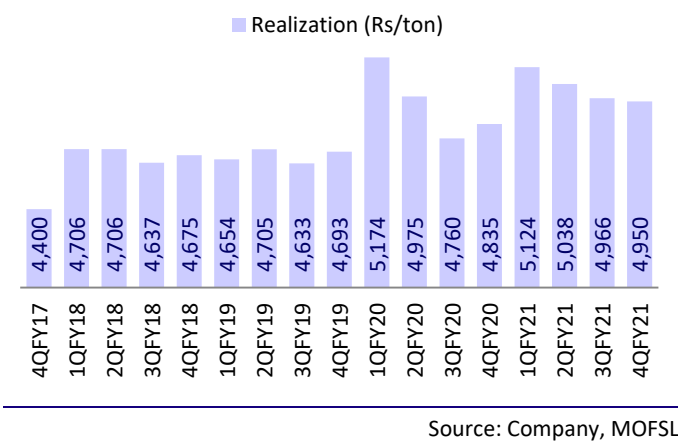
**Exhibit 4: Diesel prices up 25% YoY in 4QFY21**



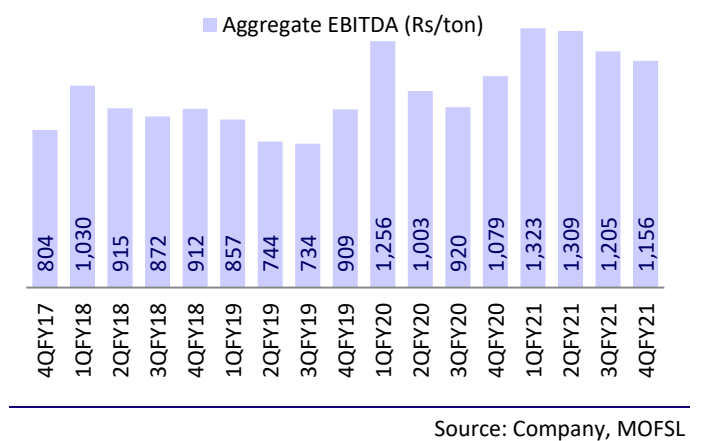
**Exhibit 5: Petcoke prices up 38% YoY in 4QFY21**



**Exhibit 6: Realization for MOFSL Universe up 2% YoY in 4QFY21**



**Exhibit 7: EBITDA/t up 7% YoY in 4QFY21**





**Exhibit 8: Key operating parameters**

	Volume (mt)			Realization (INR/t)			EBITDA (INR/t)		
	4QFY21	YoY (%)	QoQ (%)	4QFY21	YoY (INR)	QoQ (INR)	4QFY21	YoY (INR)	QoQ (INR)
ACC	7.7	17.8	0.2	4,848	209	-20	937	44	29
Ambuja Cements	6.9	20.3	-1.6	4,939	156	20	1,082	36	-7
UltraTech Cement	27.0	25.8	12.9	5,145	133	13	1,241	103	-54
Birla Corporation	3.8	16.5	8.3	4,768	-121	-2	967	-77	-50
India Cements	2.7	1.4	12.9	4,849	497	-32	776	522	-129
Shree Cement	8.2	18.6	14.3	4,580	-79	-39	1,434	-128	-86
Dalmia Bharat	6.6	27.8	13.9	4,884	81	-42	1,134	151	-58
JK Cement	3.8	43.7	21.0	5,298	-240	-257	1,209	-89	-208
JK Lakshmi Cement	2.9	18.9	8.8	4,398	93	-28	680	-139	-32
The Ramco Cements	3.2	7.5	20.5	5,044	319	-46	1,381	426	-127
<b>Sector aggregate</b>	<b>72.9</b>	<b>21.7</b>	<b>10.4</b>	<b>4,950</b>	<b>115</b>	<b>-16</b>	<b>1,156</b>	<b>77</b>	<b>-49</b>

**Exhibit 9: Valuation summary**

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Cement</b>						<b>29.8</b>	<b>25.9</b>	<b>21.5</b>	<b>3.7</b>	<b>3.3</b>	<b>3.0</b>	<b>12.3</b>	<b>12.9</b>	<b>14.0</b>
ACC	1,914	Buy	78.4	91.6	101.8	24.4	20.9	18.8	2.8	2.6	2.3	12.2	12.9	12.9
Ambuja Cements	310	Neutral	9.0	9.4	11.3	34.4	33.0	27.3	3.0	2.8	2.6	8.4	8.8	9.9
Birla Corporation	973	Buy	73.0	82.2	101.0	13.3	11.8	9.6	1.4	1.3	1.1	11.1	11.4	12.6
Dalmia Bharat	1,562	Buy	45.4	45.8	70.6	34.4	34.1	22.1	2.6	2.5	2.2	7.8	7.4	10.6
Grasim Industries	1,455	Neutral	83.9	99.0	113.0	17.4	14.7	12.9	2.5	2.4	2.3	2.1	4.1	5.0
India Cements	170	Neutral	6.5	5.0	6.5	26.1	34.2	25.9	0.9	0.9	0.9	3.6	2.7	3.5
J K Cements	2,924	Buy	86.2	105.0	123.4	33.9	27.9	23.7	6.4	5.4	4.4	20.2	20.9	20.4
JK Lakshmi Cem.	439	Buy	25.7	27.6	36.4	17.1	15.9	12.0	2.6	2.2	1.9	16.3	15.0	17.0
Ramco Cements	1,027	Neutral	33.4	34.9	41.4	30.8	29.5	24.8	4.3	3.8	3.4	14.9	13.8	14.5
Shree Cement	29,978	Neutral	645.3	740.3	861.1	46.5	40.5	34.8	7.2	6.2	5.3	16.6	16.4	16.5
Ultratech Cement	6,898	Buy	190.8	229.4	287.0	36.2	30.1	24.0	4.3	3.8	3.4	13.2	14.0	15.3

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.

**ACC****Buy****CMP: INR1,894 | TP: INR2,230 (+18%)****EPS CHANGE (%): CY21|22: -1.5|+3.5**

- Dispatches to increase 18% YoY to 7.73mt in 1QCY21E
- Realizations to remain flat QoQ at INR4,848/t
- EBITDA/t estimated at INR937 (+INR29 QoQ)

**Quarterly performance (standalone)****(INR m)**

Y/E December	CY20				CY21E				CY20	CY21E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Cement Sales (mt)	6.56	4.76	6.49	7.71	7.73	7.42	6.76	7.85	25.52	29.76
YoY Change (%)	-12.5	-33.9	0.8	-0.6	17.8	55.8	4.2	1.9	-11.7	16.6
Cement Realization	4,639	5,164	5,040	4,868	4,848	5,028	4,928	4,837	4,908	4,908
YoY Change (%)	0.7	0.7	3.7	5.5	4.5	-2.6	-2.2	-0.6	2.2	0.0
QoQ Change (%)	0.5	11.3	-2.4	-3.4	-0.4	3.7	-2.0	-1.8		
<b>Net Sales</b>	<b>35,017</b>	<b>26,008</b>	<b>35,373</b>	<b>41,447</b>	<b>41,690</b>	<b>41,494</b>	<b>37,461</b>	<b>42,936</b>	<b>137,845</b>	<b>163,580</b>
YoY Change (%)	-10.6	-37.3	0.3	2.1	19.1	59.5	5.9	3.6	-12.0	18.7
Total Expenditure	29,159	20,764	28,666	34,446	34,452	33,901	31,542	35,693	113,035	135,587
<b>EBITDA</b>	<b>5,859</b>	<b>5,244</b>	<b>6,707</b>	<b>7,001</b>	<b>7,238</b>	<b>7,593</b>	<b>5,919</b>	<b>7,243</b>	<b>24,811</b>	<b>27,993</b>
Margin (%)	16.7	20.2	19.0	16.9	17.4	18.3	15.8	16.9	18.0	17.1
Depreciation	1,571	1,618	1,600	1,565	1,650	1,660	1,670	1,673	6,353	6,653
Interest	106	131	160	174	170	170	170	168	570	678
Other Income	547	502	449	542	500	650	700	750	2,040	2,600
<b>PBT before EO Item</b>	<b>4,728</b>	<b>3,998</b>	<b>5,397</b>	<b>5,804</b>	<b>5,918</b>	<b>6,413</b>	<b>4,779</b>	<b>6,152</b>	<b>19,927</b>	<b>23,262</b>
EO Income/(Expense)	0	0	0	-3,049	0	0	0	0	-3,049	0
<b>PBT after EO Item</b>	<b>4,728</b>	<b>3,998</b>	<b>5,397</b>	<b>2,755</b>	<b>5,918</b>	<b>6,413</b>	<b>4,779</b>	<b>6,152</b>	<b>16,878</b>	<b>23,262</b>
Tax	1,529	1,318	1,766	-1,885	1,539	1,667	1,243	1,599	2,728	6,048
Rate (%)	32.3	33.0	32.7	-68.4	26.0	26.0	26.0	26.0	16.2	26.0
<b>Reported PAT</b>	<b>3,199</b>	<b>2,680</b>	<b>3,631</b>	<b>4,639</b>	<b>4,380</b>	<b>4,745</b>	<b>3,537</b>	<b>4,552</b>	<b>14,149</b>	<b>17,214</b>
<b>Adjusted PAT</b>	<b>3,499</b>	<b>2,959</b>	<b>3,994</b>	<b>4,295</b>	<b>4,380</b>	<b>4,745</b>	<b>3,537</b>	<b>4,552</b>	<b>14,746</b>	<b>17,214</b>
Margin (%)	10.0	11.4	11.3	10.4	10.5	11.4	9.4	10.6	10.7	10.5
YoY Change (%)	3.4	-34.4	33.1	59.5	25.2	60.4	-11.4	6.0	8.5	16.7

**Ambuja Cements****Neutral****CMP: INR306 | TP: INR310 (+1%)****EPS CHANGE (%): CY21|22: +3.4|+7.1**

- Dispatches to increase 20% YoY to 6.94mt in 1QCY21E
- EBITDA/t estimated at INR1,082 (-INR7/t QoQ)
- Realizations to rise 0.4% QoQ to INR4,939/t

**Quarterly performance (standalone)****(INR m)**

Y/E December	CY20				CY21E				CY20	CY21E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales Volume (mt)*	5.77	4.19	5.67	7.05	6.94	6.25	6.10	7.57	22.67	26.76
YoY Change (%)	-9.7	-28.6	7.8	7.8	20.3	49.1	7.5	7.4	-5.8	18.0
Cement Realization (INR/ton)	4,783	5,119	4,942	4,919	4,939	5,139	5,019	4,928	4,929	5,019
YoY Change (%)	7.4	3.2	1.7	5.9	3.3	0.4	1.6	0.2	4.5	1.8
QoQ Change (%)	3.0	7.0	-3.5	-0.5	0.4	4.0	-2.3	-1.8		
<b>Net Sales</b>	<b>28,275</b>	<b>21,768</b>	<b>28,525</b>	<b>35,151</b>	<b>34,694</b>	<b>32,473</b>	<b>31,089</b>	<b>37,943</b>	<b>113,719</b>	<b>136,199</b>
YoY Change (%)	-3.4	-26.9	8.6	12.1	22.7	49.2	9.0	7.9	-2.5	19.8
Total Expenditure	-22,243	-15,815	-21,721	-27,473	-27,157	-25,292	-25,283	-30,038	-87,253	-107,770
<b>EBITDA</b>	<b>6,033</b>	<b>5,952</b>	<b>6,803</b>	<b>7,678</b>	<b>7,537</b>	<b>7,181</b>	<b>5,806</b>	<b>7,905</b>	<b>26,466</b>	<b>28,429</b>
Margin (%)	21.3	27.3	23.9	21.8	21.7	22.1	18.7	20.8	23.3	20.9
Depreciation	1,379	1,289	1,287	1,257	1,280	1,400	1,550	1,569	5,212	5,799
Interest	231	183	185	233	210	230	230	225	831	895
Other Income	881	1,922	523	394	450	1,750	550	633	3,720	3,383
<b>PBT before EO Item</b>	<b>5,304</b>	<b>6,402</b>	<b>5,855</b>	<b>6,583</b>	<b>6,497</b>	<b>7,301</b>	<b>4,576</b>	<b>6,744</b>	<b>24,144</b>	<b>25,118</b>
Extraordinary Inc./ (Exp.)	0	0	0	0	0	0	0	0	0	0
<b>PBT after EO Exp./ (Inc.)</b>	<b>5,304</b>	<b>6,402</b>	<b>5,855</b>	<b>6,583</b>	<b>6,497</b>	<b>7,301</b>	<b>4,576</b>	<b>6,744</b>	<b>24,144</b>	<b>25,118</b>
Tax	1,313	1,868	1,450	1,612	1,689	1,898	1,190	1,718	6,243	6,495
Rate (%)	24.8	29.2	24.8	24.5	26.0	26.0	26.0	25.5	25.9	25.9
<b>Reported Profit</b>	<b>3,991</b>	<b>4,534</b>	<b>4,405</b>	<b>4,971</b>	<b>4,807</b>	<b>5,403</b>	<b>3,387</b>	<b>5,027</b>	<b>17,901</b>	<b>18,623</b>
<b>Adjusted PAT</b>	<b>3,991</b>	<b>4,534</b>	<b>4,405</b>	<b>4,971</b>	<b>4,807</b>	<b>5,403</b>	<b>3,387</b>	<b>5,027</b>	<b>17,901</b>	<b>18,623</b>
YoY Change (%)	-2.7	1.3	71.0	52.4	20.4	19.2	-23.1	1.1	24.2	4.0

**Birla Corporation****Buy****CMP: INR964 | TP: INR1,305 (+35%)****EPS CHANGE (%): FY21|22: +1.9|+3.2**

- Consolidated cement volumes to increase 17% YoY to 3.85mt
- Expect blended EBITDA/t at INR967 (-INR51/t QoQ)
- Realizations to be flat QoQ at INR4,768/t

**Consolidated performance****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Cement Sales (mt)	3.64	3.20	3.43	3.30	2.41	3.26	3.55	3.85	13.40	13.07
YoY Change (%)	3.5	4.3	7.2	-14.3	-33.8	1.9	3.5	16.5	-1.8	-2.5
Cement Realization	4,954	4,810	4,743	4,889	4,935	4,880	4,770	4,768	4,912	4,827
YoY Change (%)	10.1	6.0	3.8	5.7	-0.4	1.5	0.6	-2.5	7.9	-1.7
QoQ Change (%)	7.1	-2.9	-1.4	3.1	1.0	-1.1	-2.2	-0.1		
<b>Net Sales</b>	<b>18,838</b>	<b>16,269</b>	<b>17,151</b>	<b>16,900</b>	<b>12,220</b>	<b>16,543</b>	<b>17,766</b>	<b>19,266</b>	<b>69,157</b>	<b>65,794</b>
YoY Change (%)	13.9	11.1	10.2	-9.8	-35.1	1.7	3.6	14.0	5.6	-4.9
Total Expenditure	14,992	13,148	14,205	13,453	9,889	12,716	14,153	15,546	55,797	52,303
<b>EBITDA</b>	<b>3,847</b>	<b>3,121</b>	<b>2,946</b>	<b>3,446</b>	<b>2,331</b>	<b>3,827</b>	<b>3,613</b>	<b>3,720</b>	<b>13,360</b>	<b>13,491</b>
Margin (%)	20.4	19.2	17.2	20.4	19.1	23.1	20.3	19.3	19.3	20.5
Depreciation	862	879	884	894	877	918	908	934	3,519	3,636
Interest	960	1,030	977	909	800	760	730	776	3,877	3,065
Other Income	169	199	203	281	190	212	136	271	851	809
<b>Profit before Tax</b>	<b>2,192</b>	<b>1,411</b>	<b>1,289</b>	<b>1,924</b>	<b>845</b>	<b>2,361</b>	<b>2,112</b>	<b>2,282</b>	<b>6,815</b>	<b>7,599</b>
EO Income/(Expense)	0	0	0	0	0	0	11	0	0	11
<b>Profit before Tax after EO</b>	<b>2,192</b>	<b>1,411</b>	<b>1,289</b>	<b>1,924</b>	<b>845</b>	<b>2,361</b>	<b>2,101</b>	<b>2,282</b>	<b>6,815</b>	<b>7,589</b>
Tax	786	527	474	-24	188	694	638	456	1,763	1,976
Rate (%)	35.9	37.4	36.8	-1.2	22.2	29.4	30.4	20.0	25.9	26.0
<b>Reported PAT</b>	<b>1,406</b>	<b>883</b>	<b>815</b>	<b>1,947</b>	<b>657</b>	<b>1,666</b>	<b>1,463</b>	<b>1,826</b>	<b>5,052</b>	<b>5,613</b>
<b>Adjusted. PAT</b>	<b>1,406</b>	<b>883</b>	<b>815</b>	<b>1,947</b>	<b>657</b>	<b>1,666</b>	<b>1,474</b>	<b>1,826</b>	<b>5,052</b>	<b>5,624</b>
YoY Change (%)	67.7	442.3	197.8	51.9	-53.2	88.6	80.8	-6.2	97.6	11.3

E: MOFSL estimates

**Dalmia Bharat****Buy****CMP: INR1,537 | TP: INR1,860 (+21%)****EPS CHANGE (%): FY21|22: +1.8|+1.5**

- Estimate volumes at 6.61mt (+28% YoY)
- Expect EBITDA/t at INR1,134 (-INR57 QoQ)
- Realizations to decline 0.8% QoQ

**Quarterly performance (consolidated)****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales Dispatches (mt)	4.55	4.47	5.10	5.17	3.66	4.80	5.80	6.61	19.29	20.87
YoY Change (%)	0.9	8.2	14.1	-7.2	-19.6	7.4	13.7	27.8	3.3	8.2
Realization (INR/ton)	5,576	5,002	4,741	4,803	5,393	5,021	4,926	4,884	5,015	5,017
YoY Change (%)	6.2	-1.6	-2.1	-5.9	-3.3	0.4	3.9	1.7	-1.2	0.0
QoQ Change (%)	9.3	-10.3	-5.2	1.3	12.3	-6.9	-1.9	-0.8		
<b>Net Sales</b>	<b>25,370</b>	<b>22,360</b>	<b>24,180</b>	<b>24,830</b>	<b>19,740</b>	<b>24,100</b>	<b>28,570</b>	<b>32,265</b>	<b>96,740</b>	<b>104,675</b>
YoY Change (%)	7.1	6.5	11.7	-12.6	-22.2	7.8	18.2	29.9	2.0	8.2
<b>EBITDA</b>	<b>6,660</b>	<b>4,750</b>	<b>4,570</b>	<b>5,080</b>	<b>6,140</b>	<b>7,020</b>	<b>6,910</b>	<b>7,490</b>	<b>21,060</b>	<b>27,560</b>
Margin (%)	26.3	21.2	18.9	20.5	31.1	29.1	24.2	23.2	21.8	26.3
Depreciation	3,420	4,060	4,050	3,750	3,010	3,020	3,290	3,363	15,280	12,683
Interest	1,160	1,030	950	1,240	730	730	910	836	4,380	3,206
Other Income	440	490	680	560	550	410	460	460	2,170	1,880
<b>PBT after EO Expense</b>	<b>2,520</b>	<b>150</b>	<b>250</b>	<b>650</b>	<b>2,950</b>	<b>3,680</b>	<b>3,170</b>	<b>3,752</b>	<b>3,570</b>	<b>13,552</b>
Tax Rate (%)	39.7	-140.0	-4.0	63.1	36.3	37.0	42.3	36.8	33.3	38.0
<b>Reported PAT (pre-minority)</b>	<b>1,520</b>	<b>360</b>	<b>260</b>	<b>240</b>	<b>1,880</b>	<b>2,320</b>	<b>1,830</b>	<b>2,372</b>	<b>2,380</b>	<b>8,402</b>
Minority + associate	50	90	20	-20	-20	0	10	10	140	0
<b>PAT Adjusted for EO items</b>	<b>1,470</b>	<b>270</b>	<b>240</b>	<b>260</b>	<b>1,900</b>	<b>2,320</b>	<b>1,820</b>	<b>2,362</b>	<b>2,240</b>	<b>8,402</b>
YoY Change (%)	172.1	-2,883.5	-14.3	-88.6	29.3	759.3	658.3	808.5	-27.3	275.1

E: MOFSL estimates

## Grasim Industries

Neutral

CMP: INR1,445 | TP: INR1,510 (+5%)

EPS CHANGE (%): FY21|22: +13.9|+5.7

- Realizations recovering from 2QFY21 lows for both VSF and Chemicals
- Expect EBITDA margin of 16.9% (+7.7pp YoY, -0.7pp QoQ)
- VSF/Chemicals business to see 1.0%/3.5% YoY volume growth

## Quarterly performance (standalone)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	50,006	47,974	44,989	43,125	13,351	29,486	36,718	45,603	186,094	125,158
YoY Change (%)	4.4	-6.3	-15.0	-19.4	-73.3	-38.5	-18.4	5.7	-9.4	-32.7
EBITDA	8,437	6,593	4,134	3,941	-2,170	3,394	6,456	7,706	23,106	15,386
Margin (%)	16.9	13.7	9.2	9.1	-16.3	11.5	17.6	16.9	12.4	12.3
Depreciation	2,032	2,085	2,123	2,227	1,981	2,008	2,002	2,046	8,468	8,037
Interest	780	861	673	724	653	640	507	638	3,039	2,438
Other Income	847	2,862	813	733	992	2,814	638	729	5,254	5,172
PBT before EO Items	6,471	6,510	2,150	1,723	-3,813	3,559	4,585	5,752	16,854	10,083
Extraordinary Inc./(Exp.)	-2,902	0	-102	63	-577	0	0	0	-2,941	-577
PBT after EO Items	3,570	6,510	2,048	1,786	-4,390	3,559	4,585	5,752	13,913	9,506
Tax	1,553	1,245	202	-1,785	-1,414	175	1,262	1,944	1,214	1,967
Rate (%)	43.5	19.1	9.8	-100.0	32.2	4.9	27.5	33.8	8.7	20.7
Reported PAT	2,017	5,265	1,847	3,571	-2,976	3,385	3,323	3,807	12,700	7,539
Adjusted. PAT	4,395	5,265	1,887	1,079	-2,399	3,385	3,323	3,807	12,625	8,116
Margin (%)	8.8	11.0	4.2	2.5	-18.0	11.5	9.0	8.3	6.8	6.5
YoY Change (%)	-31.6	-52.0	-69.0	-79.9	-154.6	-35.7	76.1	253.0	-56.2	-35.7

E: MOFSL estimates

## India Cement

Neutral

CMP: INR165 | TP: INR167 (+1%)

EPS CHANGE (%): FY21|22: +7|-3.3

- Expect volumes to be in-line at 2.68mt (+1% YoY)
- Estimate blended EBITDA/t at INR776 (-INR129 QoQ)
- Realizations to be flat at INR4,849/t (-1% QoQ)

## Quarterly performance (standalone)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales Dispatches (mt)	3.04	2.67	2.67	2.65	1.43	2.11	2.38	2.68	11.02	8.60
YoY Change (%)	-1	-13	-10	-21	-53	-21	-11	1	-11.4	-22.0
Realization (INR/ton)	4,828	4,671	4,468	4,352	5,301	5,077	4,881	4,849	4,589	4,989
YoY Change (%)	9.1	3.6	0.4	-7.3	9.8	8.7	9.3	11.4	1.4	8.7
QoQ Change (%)	2.8	-3.3	-4.3	-2.6	21.8	-4.2	-3.9	-0.7		
Net Sales	14,688	12,457	11,911	11,519	7,570	10,697	11,603	13,013	50,575	42,884
YoY Change (%)	7.9	-10.2	-9.5	-26.3	-48.5	-14.1	-2.6	13.0	-10.1	-15.2
EBITDA	2,420	1,472	1,287	675	1,557	2,347	2,152	2,083	5,852	8,139
Margin (%)	16.5	11.8	10.8	5.9	20.6	21.9	18.5	16.0	11.6	19.0
Depreciation	599	613	615	642	600	601	605	643	2,469	2,449
Interest	799	816	806	924	730	705	685	778	3,345	2,897
Other Income	32	32	33	180	33	57	26	131	277	247
PBT before EO expense	1,054	75	-101	-711	261	1,098	889	794	316	3,041
Extra-Ord expense	0	0	0	1,000	0	0	0	0	1,000	
PBT	1,054	75	-101	-1,711	261	1,098	889	794	-684	3,041
Tax	331	34	-48	-600	91	384	268	199	(329)	1,034
Rate (%)	31.5	44.8	46.9	35.1	34.9	34.9	30.2	25.0	48.1	34.0
Reported PAT	722	41	-54	-1,111	170	714	620	595	-355	2,007
Adjusted PAT	706	50	-68	-476	170	714	620	595	212	2,007
YoY Change (%)	235.8	250.0	-316.6	-208.6	-76.0	1,327.2	-1,014.7	-225.0	-69.5	847.1
Margin (%)	4.8	0.4	-0.6	-4.1	2.2	6.7	5.3	4.6	0.4	4.7

E: MOFSL estimates

**JK Cement****Buy****CMP: INR2,810 | TP: INR3,360 (+20%)****EPS CHANGE (%): FY21|22: +5.9|+4.3**

- Estimate volumes (Grey + White) to increase 44% YoY
- Estimate 4.6% QoQ decline in realizations
- Expect EBITDA/t at INR1,209 (-INR208 QoQ)

**Quarterly performance (Standalone)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales Dispatches (mt)	2.31	2.24	2.56	2.67	1.77	2.81	3.17	3.83	9.77	11.58
YoY Change (%)	-0.2	3.7	2.4	-7.3	-23.5	25.5	23.9	43.7	-1.0	18.4
Realization (INR/t)	5,750	5,600	5,490	5,538	5,464	5,517	5,556	5,298	5,590	5,447
YoY Change (%)	19.3	9.9	7.7	6.9	-5.0	-1.5	1.2	-4.3	10.8	-2.6
QoQ Change (%)	11.0	-2.6	-2.0	0.9	-1.3	1.0	0.7	-4.6		
<b>Net Sales</b>	<b>13,280</b>	<b>12,542</b>	<b>14,042</b>	<b>14,774</b>	<b>9,650</b>	<b>15,507</b>	<b>17,601</b>	<b>20,306</b>	<b>54,638</b>	<b>63,064</b>
YoY Change (%)	19.0	14.0	10.3	-1.0	-27.3	23.6	25.3	37.4	9.7	15.4
Total Expenditure	10,245	10,002	11,264	11,312	7,497	11,400	13,113	15,673	42,822	47,683
<b>EBITDA</b>	<b>3,035</b>	<b>2,540</b>	<b>2,777</b>	<b>3,463</b>	<b>2,153</b>	<b>4,107</b>	<b>4,488</b>	<b>4,633</b>	<b>11,815</b>	<b>15,381</b>
Margin (%)	22.9	20.3	19.8	23.4	22.3	26.5	25.5	22.8	21.6	24.4
Depreciation	494	518	556	577	580	597	622	657	2,144	2,455
Interest	534	561	561	572	572	537	593	568	2,229	2,270
Other Income	172	180	237	271	203	287	303	298	859	1,091
<b>PBT before EO expense</b>	<b>2,179</b>	<b>1,641</b>	<b>1,897</b>	<b>2,585</b>	<b>1,204</b>	<b>3,260</b>	<b>3,576</b>	<b>3,706</b>	<b>8,302</b>	<b>11,747</b>
<b>PBT</b>	<b>2,179</b>	<b>1,641</b>	<b>1,897</b>	<b>803</b>	<b>1,204</b>	<b>3,260</b>	<b>3,576</b>	<b>3,706</b>	<b>6,520</b>	<b>11,747</b>
Tax	641	553	521	801	427	1,025	1,194	1,113	2,516	3,759
Rate (%)	29.4	33.7	27.5	99.7	35.5	31.4	33.4	30.0	38.6	32.0
<b>Reported PAT</b>	<b>1,538</b>	<b>1,088</b>	<b>1,376</b>	<b>2</b>	<b>777</b>	<b>2,235</b>	<b>2,383</b>	<b>2,593</b>	<b>4,004</b>	<b>7,988</b>
<b>Adjusted PAT</b>	<b>1,538</b>	<b>1,088</b>	<b>1,376</b>	<b>1,784</b>	<b>777</b>	<b>2,235</b>	<b>2,383</b>	<b>2,593</b>	<b>5,785</b>	<b>7,988</b>
YoY Change (%)	211.8	68.2	125.8	18.9	-49.5	105.5	73.2	45.4	78.1	38.1

**JK Lakshmi****Buy****CMP: INR425 | TP: INR550 (+30%)****EPS CHANGE (%): FY21|22: +1.2|+5.5**

- Cement volumes to increase 19% YoY
- EBITDA/t estimated at INR680 (-INR32 QoQ)
- Expect realizations to be flat (-1% QoQ)

**Quarterly performance**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales Dispatches (mt)	2.33	2.06	2.33	2.47	1.91	2.39	2.70	2.93	9.18	9.92
YoY Change (%)	1.9	(3.1)	1.0	(16.2)	(18.2)	15.8	15.8	18.9	-4.9	8.0
Realization (INR/t)	4,472	4,541	4,319	4,305	4,331	4,381	4,426	4,398	4,404	4,389
YoY Change (%)	10.7	13.4	6.5	8.0	(3.1)	(3.5)	2.5	2.2	9.6	(0.3)
QoQ Change (%)	12.2	1.6	(4.9)	(0.3)	0.6	1.1	1.0	(0.6)		
<b>Net Sales</b>	<b>10,419</b>	<b>9,355</b>	<b>10,050</b>	<b>10,612</b>	<b>8,252</b>	<b>10,448</b>	<b>11,928</b>	<b>12,894</b>	<b>40,435</b>	<b>43,521</b>
YoY Change (%)	12.8	9.9	7.5	-9.5	-20.8	11.7	18.7	21.5	4.2	7.6
<b>EBITDA</b>	<b>1,698</b>	<b>1,487</b>	<b>1,519</b>	<b>2,020</b>	<b>1,433</b>	<b>1,867</b>	<b>1,918</b>	<b>1,994</b>	<b>6,724</b>	<b>7,213</b>
Margin (%)	16.3	15.9	15.1	19.0	17.4	17.9	16.1	15.5	16.6	16.6
Depreciation	453	437	485	510	484	493	487	502	1,884	1,966
Interest	399	390	428	425	378	381	367	337	1,644	1,463
Other Income	59	68	147	225	82	183	207	197	501	669
<b>PBT before EO expense</b>	<b>905</b>	<b>728</b>	<b>754</b>	<b>1,311</b>	<b>653</b>	<b>1,176</b>	<b>1,272</b>	<b>1,352</b>	<b>3,697</b>	<b>4,452</b>
Extra-Ordinary expense	302	0	0	0	0	0	0	0	302	0
<b>PBT</b>	<b>603</b>	<b>728</b>	<b>754</b>	<b>1,311</b>	<b>653</b>	<b>1,176</b>	<b>1,272</b>	<b>1,352</b>	<b>3,394</b>	<b>4,452</b>
Tax	209	268	262	303	209	370	248	597	1,042	1,425
Rate (%)	34.6	36.9	34.7	23.1	32.0	31.5	19.5	44.2	30.7	32.0
<b>Reported PAT</b>	<b>394</b>	<b>459</b>	<b>492</b>	<b>1,008</b>	<b>444</b>	<b>806</b>	<b>1,023</b>	<b>754</b>	<b>2,352</b>	<b>3,027</b>
<b>Adjusted PAT</b>	<b>696</b>	<b>459</b>	<b>492</b>	<b>1,008</b>	<b>444</b>	<b>806</b>	<b>1,023</b>	<b>754</b>	<b>2,654</b>	<b>3,027</b>
YoY Change (%)	406	488	233	133	-36	76	108	-25	234	14

E: MOFSL estimates

**The Ramco Cements****Neutral****CMP: INR1,010 | TP: INR970 (-4%)****EPS CHANGE (%): FY21|22: +0.3|-1.4**

- Estimate volumes to increase 7% YoY to 3.15mt
- Expect EBITDA/t at INR1,379 (-INR140 QoQ)

- Realizations to be in-line at INR5,044 (-0.9% QoQ)

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales Dispatches (mt)	2.70	2.72	2.84	2.93	1.94	2.21	2.61	3.15	11.20	9.91
YoY Change (%)	3.4	10.3	3.5	-10.9	-28.2	-18.9	-8.1	7.5	0.7	-11.5
Realization (INR/ton)	4,989	4,708	4,475	4,725	5,284	5,558	5,090	5,044	4,718	5,218
YoY Change (%)	10.0	1.8	1.9	1.8	5.9	18.1	13.7	6.8	3.7	10.6
QoQ Change (%)	7.5	-5.6	-4.9	5.6	11.8	5.2	-8.4	-0.9		
<b>Net Sales</b>	<b>13,698</b>	<b>13,129</b>	<b>12,746</b>	<b>13,899</b>	<b>10,418</b>	<b>12,570</b>	<b>13,391</b>	<b>15,936</b>	<b>53,435</b>	<b>52,315</b>
YoY Change (%)	13.7	11.2	5.6	-9.1	-23.9	-4.3	5.1	14.7	4.3	-2.1
<b>EBITDA</b>	<b>3,452</b>	<b>2,915</b>	<b>1,995</b>	<b>2,793</b>	<b>2,600</b>	<b>4,420</b>	<b>3,970</b>	<b>4,344</b>	<b>11,117</b>	<b>15,334</b>
Margin (%)	25.2	22.2	15.6	20.1	25.0	35.2	29.6	27.3	20.8	29.3
Depreciation	758	765	797	833	844	855	896	924	3,153	3,519
Interest	135	147	215	216	299	265	160	192	714	916
Other Income	223	129	119	114	101	83	64	88	622	335
<b>PBT before EO expense</b>	<b>2,782</b>	<b>2,132</b>	<b>1,101</b>	<b>1,858</b>	<b>1,557</b>	<b>3,383</b>	<b>2,977</b>	<b>3,316</b>	<b>7,872</b>	<b>11,234</b>
Extra-Ordinary expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>2,782</b>	<b>2,132</b>	<b>1,101</b>	<b>1,858</b>	<b>1,557</b>	<b>3,383</b>	<b>2,977</b>	<b>3,316</b>	<b>7,872</b>	<b>11,234</b>
Tax	862	450	153	396	461	1,026	964	920	1,861	3,370
Rate (%)	31.0	21.1	13.9	21.3	29.6	30.3	32.4	27.7	23.6	30.0
<b>Reported PAT</b>	<b>1,920</b>	<b>1,682</b>	<b>948</b>	<b>1,462</b>	<b>1,096</b>	<b>2,358</b>	<b>2,014</b>	<b>2,397</b>	<b>6,011</b>	<b>7,864</b>
<b>Adjusted PAT</b>	<b>1,920</b>	<b>1,682</b>	<b>948</b>	<b>1,462</b>	<b>1,096</b>	<b>2,358</b>	<b>2,014</b>	<b>2,397</b>	<b>6,011</b>	<b>7,864</b>
YoY Change (%)	53.6	46.9	-6.2	-13.2	-42.9	40.2	112.4	63.9	18.1	30.8
Margin (%)	14.0	12.8	7.4	10.5	10.5	18.8	15.0	15.0	11.2	15.0

**Shree Cement****Neutral****CMP: INR30,358 | TP: INR27,500 (-9%)****EPS CHANGE (%): FY21|22: -2.5|+4.9**

- Cement volumes to increase 19% YoY
- Expect realizations to be in-line (-0.9% QoQ)

- Expect EBITDA/t at INR1,434 (-INR86 QoQ)

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

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales Dispatches (mt)	6.06	5.72	6.25	6.91	4.93	6.53	7.16	8.19	24.92	26.82
YoY Change (%)	-13.3	1.4	5.3	-5.4	-18.6	14.2	14.7	18.6	-3.6	7.6
Cement Realization (INR/Ton)	5,013	4,898	4,561	4,659	4,717	4,628	4,620	4,580	4,569	4,579
YoY Change (%)	22.1	14.8	5.7	10.3	-5.9	-5.5	1.3	-1.7	7.8	0.2
QoQ Change (%)	18.7	-2.3	-6.9	2.1	1.2	-1.9	-0.2	-0.9		
<b>Net Sales</b>	<b>30,364</b>	<b>28,017</b>	<b>28,483</b>	<b>32,175</b>	<b>23,258</b>	<b>30,224</b>	<b>33,094</b>	<b>37,512</b>	<b>119,040</b>	<b>124,088</b>
YoY Change (%)	-3.0	8.3	2.4	-2.0	-23.4	7.9	16.2	16.6	1.2	4.2
Total Expenditure	21,342	19,576	19,990	21,387	16,252	20,344	22,205	25,765	82,295	84,565
<b>EBITDA</b>	<b>9,022</b>	<b>8,442</b>	<b>8,493</b>	<b>10,789</b>	<b>7,006</b>	<b>9,880</b>	<b>10,890</b>	<b>11,748</b>	<b>36,745</b>	<b>39,523</b>
Margin (%)	29.7	30.1	29.8	33.5	30.1	32.7	32.9	31.3	30.9	31.9
Depreciation	4,027	4,283	4,322	4,362	2,714	2,786	2,906	2,908	16,994	11,314
Interest	680	717	741	726	706	627	585	553	2,865	2,471
Other Income	511	578	649	978	1,244	1,024	1,068	1,164	2,716	4,500
<b>PBT before EO Expense</b>	<b>4,826</b>	<b>4,018</b>	<b>4,079</b>	<b>6,678</b>	<b>4,831</b>	<b>7,490</b>	<b>8,466</b>	<b>9,450</b>	<b>19,602</b>	<b>30,238</b>
Extra-Ordinary Expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>4,826</b>	<b>4,018</b>	<b>4,079</b>	<b>6,678</b>	<b>4,831</b>	<b>7,490</b>	<b>8,466</b>	<b>9,450</b>	<b>19,602</b>	<b>30,238</b>
Tax	1,196	928	980	797	1,123	2,018	2,204	1,610	5,248	6,955
Rate (%)	24.8	23.1	24.0	11.9	23.3	26.9	26.0	17.0	19.9	23.0
<b>Reported PAT</b>	<b>3,630</b>	<b>3,091</b>	<b>3,100</b>	<b>5,882</b>	<b>3,708</b>	<b>5,473</b>	<b>6,262</b>	<b>7,841</b>	<b>15,702</b>	<b>23,283</b>
<b>Adjusted PAT</b>	<b>3,630</b>	<b>3,091</b>	<b>3,100</b>	<b>5,882</b>	<b>3,708</b>	<b>5,473</b>	<b>6,262</b>	<b>7,841</b>	<b>15,702</b>	<b>23,283</b>
YoY Change (%)	6.9	35.9	2.9	83.3	2.1	77.1	102.0	33.3	39.1	48.3

E:MOFSL estimates

## UltraTech Cement

Buy

CMP: INR6,796 | TP: INR8,110 (+19%)

EPS CHANGE (%): FY21|22: +1.0|+1.7

■ Cement volumes to increase 26% YoY

■ Realizations to remain flat QoQ

■ EBITDA/t reportedly at INR1,241 (-INR55 QoQ)

## Quarterly performance (Consol.)

(INR m)

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales (mt)	21.42	18.69	20.90	21.44	14.65	20.06	23.88	26.96	82.33	85.44
YoY Change (%)	8.3	-1.0	-4.0	-15.7	-31.6	7.3	14.3	25.8	-3.9	3.8
Blended Realization (INR/t)*	5,331	5,147	4,954	5,012	5,236	5,178	5,132	5,145	5,117	5,171
YoY Change (%)	10.5	5.1	3.2	3.0	-1.8	0.6	3.6	2.7	5.3	1.1
QoQ Change (%)	9.8	-3.5	-3.8	1.2	4.5	-1.1	-0.9	0.3		
<b>Net Sales</b>	<b>114,197</b>	<b>96,204</b>	<b>103,538</b>	<b>107,456</b>	<b>76,711</b>	<b>103,871</b>	<b>122,541</b>	<b>138,713</b>	<b>421,248</b>	<b>441,837</b>
YoY Change (%)	19.6	4.0	-0.9	-13.1	-32.8	8.0	18.4	29.1	1.2	4.9
<b>EBITDA</b>	<b>29,493</b>	<b>19,180</b>	<b>21,062</b>	<b>24,401</b>	<b>20,777</b>	<b>26,977</b>	<b>30,943</b>	<b>33,469</b>	<b>94,142</b>	<b>112,567</b>
Margin (%)	25.8	19.9	20.3	22.7	27.1	26.0	25.3	24.1	22.3	25.5
Depreciation	6,884	6,684	6,730	6,724	6,512	6,771	6,739	6,806	27,022	26,828
Interest	5,029	5,071	4,708	5,048	3,943	3,579	3,563	3,411	19,857	14,495
Other Income	1,347	1,475	1,682	1,979	2,788	1,350	2,679	1,736	6,478	8,554
<b>PBT before EO expense</b>	<b>18,928</b>	<b>8,900</b>	<b>11,306</b>	<b>14,608</b>	<b>13,110</b>	<b>17,977</b>	<b>23,320</b>	<b>24,989</b>	<b>53,742</b>	<b>79,797</b>
Extra-Ordinary expense	0	0	1,332	-21,120	1,574	3,357	0	0	-19,788	
<b>PBT after EO Expense</b>	<b>18,928</b>	<b>8,900</b>	<b>9,973</b>	<b>35,728</b>	<b>11,536</b>	<b>14,620</b>	<b>23,320</b>	<b>24,989</b>	<b>73,530</b>	<b>79,797</b>
Tax	6,118	3,113	2,862	3,320	3,603	5,662	7,474	7,489	15,413	24,227
Rate (%)	32.3	35.0	28.7	9.3	31.2	38.7	32.0	30.0	21.0	30.4
<b>Reported PAT</b>	<b>12,810</b>	<b>5,787</b>	<b>7,112</b>	<b>32,408</b>	<b>7,933</b>	<b>8,958</b>	<b>15,846</b>	<b>17,500</b>	<b>58,117</b>	<b>55,570</b>
<b>Adjusted PAT</b>	<b>13,251</b>	<b>6,233</b>	<b>7,922</b>	<b>10,240</b>	<b>9,024</b>	<b>12,310</b>	<b>15,843</b>	<b>17,493</b>	<b>37,645</b>	<b>54,671</b>
YoY Change (%)	98.9	74.6	100.0	-4.1	-31.9	97.5	100.0	70.8	51.7	45.2

E: MOFSL estimates

# Consumer

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 Asian Paints
 

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 Britannia Industries
 

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 Colgate
 

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 Dabur
 

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 Emami
 

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 Godrej Consumer
 

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 Hindustan Unilever
 

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 ITC
 

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 Jyothy Laboratories
 

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 Marico
 

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 Nestle India
 

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 Page Industries
 

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 Pidilite Industries
 

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 P&GHH
 

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 Tata Consumer
 

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 United Breweries
 

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 United Spirits
 

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 Varun Beverages
 

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## Low base, rural buoyancy, and strong season aid all-round strong growth

4QFY21 is likely to report stellar numbers on all fronts, with 20% cumulative sales growth, cumulative EBITDA growth of ~27%, and cumulative PAT growth of ~19% for the 18 companies under our coverage. This performance has been aided by (a) a low base in 4QFY20 – due to the sudden lockdown imposed in the last eight days of Mar'20, which led to massive supply chain disruption and a huge impact on discretionary demand, (b) continued strong buoyancy in rural growth, after a record-high rabi sowing season, (c) good winter season demand and early summer demand, and (d) continued momentum in healthcare products. The continued normalization of urban and modern trade is also expected to result in good sequential growth for most companies. This would further aid profitability as the sales mix turns increasingly favorable. While the impact of the ongoing (likely) second wave needs to be closely monitored going forward, it is unlikely to have affected 4QFY21 numbers materially for consumer companies.

## Discretionaries to outperform

All companies under our coverage are expected to report at least 9% YoY sales growth. Among the large companies, we expect HUVR to report 30% YoY sales growth and 37% EBITDA growth, led by 28% domestic volume growth (15% growth ex-GSKCH). ITC is expected to post ~10% overall sales growth, with 7% volume growth in Cigarettes (on 11% volume decline in 4QFY20). However, profitability pressures are likely to persist due to downtrading in cigarettes and continued impact on the Hotel business. This would lead to mid-single-digit EBITDA growth, with PAT decline due to a low tax rate in the base. Barring Nestle, for which demand was relatively less affected in 4QFY21, all companies (except ITC, as indicated above) are likely to post over 20% EBITDA growth. Standout results are expected from APNT, DABUR, HMN, JYL, PGHH, PAG, PIDI (despite steep RM inflation), and VBL.

## Material costs increasing, especially for non-agri commodities

The divergence in inflation is evident in the case of agri and non-agri commodities, with the former continuing to be benign and the latter seeing a steep increase (in most cases). Crude has risen sharply by 21% YoY /37% sequentially. HDPE/LLP costs – which affect packaging and hair oil companies, respectively – have also seen a sharp increase of over 25% YoY. VAM costs have also seen very sharp increases thus far and are likely to affect PIDI's gross margins – even as EBITDA growth is likely to be healthy on a low base. Rising cost of palm and tea is likely to impact HUVR, GCPL, and TCPL to some extent. On the other hand, almost all agri commodities, including wheat, sugar, barley, molasses, mentha, and SMP reported benign inflation or deflation; only copra posted a 29% YoY / 11% sequential increase in cost. Most companies would post YoY EBITDA margin expansion on a) a low base, b) strong sales growth recovery in high-margin metropolitan and modern trade sales, c) price increases, and d) continued cost-saving benefits. Healthy demand is also fueling an increase in confidence in ad spends across companies.



**We have added BRIT to our top picks**

**HUVR, DABUR, and BRIT** – which we had [upgraded](#) toward the end of Feb'21 – are our preferred picks. The consistently improving outlook for rural consumption is likely to benefit both HUVR and DABUR. Gradual recovery in HUVR's high-margin Discretionary portfolio and synergies from GSKCH would likely be the key drivers of HUVR's medium-term earnings growth. In addition to rural tailwinds, DABUR is also likely to benefit from strong growth in its core Herbal portfolio. Moreover, it would see benefit from the pace of new launches, distribution technology upgrades, power brand focus, and direct reach expansion. The structural outlook for BRIT remains immensely attractive. The company posted continued impressive market share gains in 9MFY21; direct reach expansion has been also commendable during this period. On the other hand, valuations are at a significant discount to historical averages.

**Exhibit 1: Improved overall performance – APNT, DABUR, HMN, JYL, PGHH, PAG, PIDI, VBL to outperform**

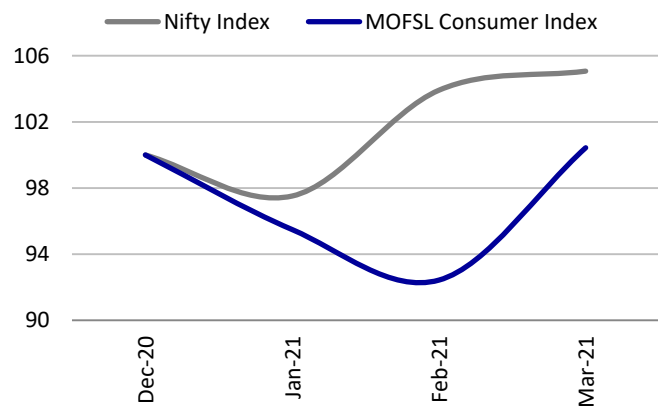
Sector	CMP		Sales (INR M)			EBITDA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
Asian Paints	2,553	Neutral	57,983	25.1	-14.6	14,161	64.7	-20.8	9,687	101.7	-23.4
Britannia	3,618	Buy	31,578	10.1	-0.2	5,874	29.3	-3.9	4,741	27.3	4.7
Colgate	1,563	Buy	12,684	18.4	3.0	3,877	47.5	4.6	2,621	28.4	5.5
Dabur	539	Buy	24,585	31.8	-9.9	5,103	44.9	-11.1	4,141	39.3	-15.8
Emami	490	Buy	7,469	40.2	-20.0	2,366	140.1	-30.4	1,834	87.2	-32.3
Godrej Consumer	726	Neutral	26,755	24.2	-12.4	6,029	26.5	-15.2	4,603	61.5	-7.1
Hind. Unilever	2,399	Buy	1,17,178	30.0	-1.2	28,334	37.2	-0.7	18,079	23.1	-7.3
ITC	220	Neutral	1,19,145	9.9	1.1	43,779	5.1	2.3	34,378	-9.5	-6.1
Jyothy Labs	144	Neutral	5,352	40.0	14.0	750	86.6	-6.1	480	84.5	-8.1
Marico	407	Buy	17,941	19.9	-15.5	3,136	11.2	-24.1	2,244	10.0	-26.9
Nestle	17,102	Neutral	36,079	8.5	5.1	8,839	10.4	16.7	5,849	9.8	26.2
P&G Hygiene	12,588	Buy	8,201	25.0	-19.5	1,980	43.1	-22.8	1,454	43.1	-20.2
Page Industries	30,166	Neutral	7,597	40.4	-18.1	1,699	192.3	-24.9	1,117	260.0	-27.3
Pidilite Inds.	1,823	Neutral	19,000	23.0	-17.4	4,620	53.5	-27.9	3,303	74.4	-25.8
Tata Consumer	650	Buy	28,559	18.7	-7.0	3,397	10.2	-6.0	1,938	3.1	-13.0
United Breweries	1,242	Sell	16,639	16.8	29.0	3,167	139.5	61.2	1,977	380.0	93.0
United Spirits	558	Buy	22,345	12.1	-10.2	3,688	35.9	-3.9	1,963	80.6	-14.6
Varun Beverages	1,010	Buy	21,504	28.3	61.6	3,598	32.7	108.9	1,234	1.6	LP
<b>Consumer aggregates</b>			<b>5,80,593</b>	<b>19.9</b>	<b>-3.2</b>	<b>1,44,398</b>	<b>27.4</b>	<b>-3.9</b>	<b>1,01,643</b>	<b>18.9</b>	<b>-7.4</b>

**Exhibit 2: Expect improved volume growth for most companies in 4QFY21**

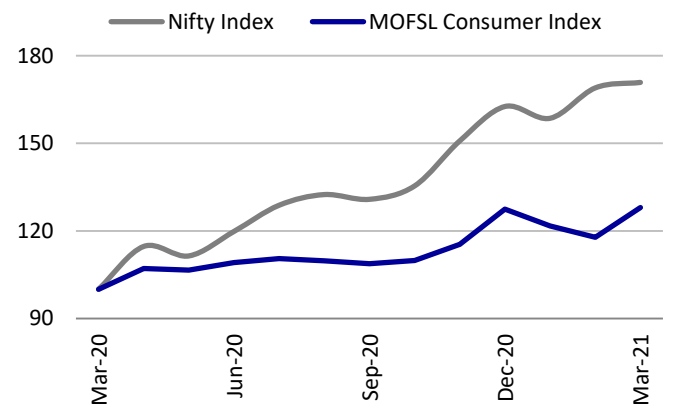
Quarter Ending (gr. %)	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21E
Asian Paints (Dom Deco)	10.0	10.0	11.0	21.0	10.0	16.0	14.0	11.0	2.5	(38.0)	11.0	19.0	30.0
Britannia (Biscuits)	11.0	11.0	11.0	7.0	7.0	3.0	3.0	3.0	0.0	21.0	9.0	7.0	7.0
Colgate (Toothpaste)	4.0	4.0	7.0	7.0	5.0	4.0	4.0	2.3	(8.0)	0.0	4.0	4.5	17.0
Dabur	7.7	21.0	8.1	12.4	4.3	9.6	4.8	5.6	(14.6)	(9.7)	16.8	12.0	35.0
Emami	8.0	18.0	(4.0)	3.5	0.0	0.0	1.0	(2.0)	(20.0)	(28.0)	10.0	18.0	38.0
Hindustan Unilever	11.0	12.0	10.0	10.0	7.0	5.0	5.0	5.0	(7.0)	4.0	14.0	17.0	28.0
ITC (cigarette)	(2.0)	1.0	6.0	7.0	8.0	3.0	2.5	2.5	(11.0)	(37.0)	(12.0)	(7.0)	7.0
Marico (Dom.)	1.0	12.4	6.0	5.0	8.0	6.0	1.0	(1.0)	(3.0)	(14.0)	11.0	8.6	15.4
Pidilite	13.0	20.2	11.0	13.0	4.0	6.0	(1.0)	2.0	(3.1)	(58.6)	7.4	16.0	26.0

Source: Company, MOFSL

**Exhibit 3: Relative performance – 3M (%)**



**Exhibit 4: Relative performance – 1yr (%)**



Source: Bloomberg, MOFSL

**Exhibit 5: Crude up 21.1% YoY / 37.3% QoQ**

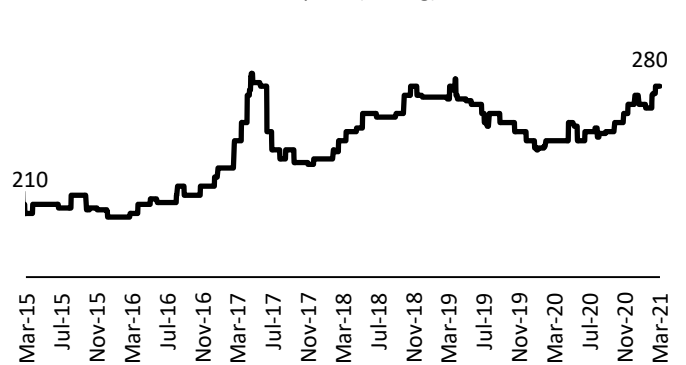
Brent Crude Index



Source: Bloomberg, MOFSL

**Exhibit 6: TiO2 up 9.8% YoY / 4% QoQ**

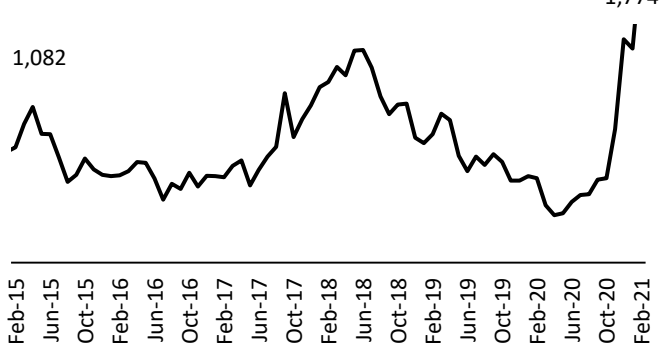
TiO2 price (INR/kg)



Source: Bloomberg, MOFSL

**Exhibit 7: VAM prices (up to Feb'21) up 93.6% YoY / 42% QoQ**

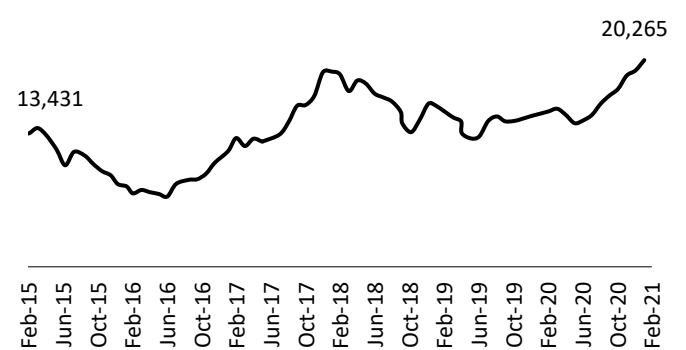
VAM prices (USD/MT)



Source: Bloomberg, MOFSL

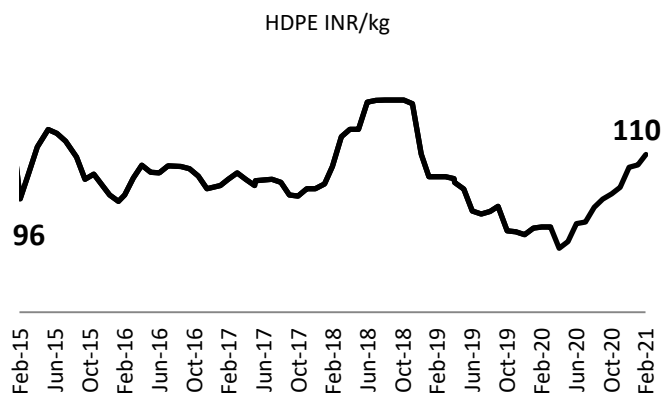
**Exhibit 8: Copra (up to Feb'21) up 29.5% YoY / 11.2% QoQ**

Cochin CN Oil INR/100kg



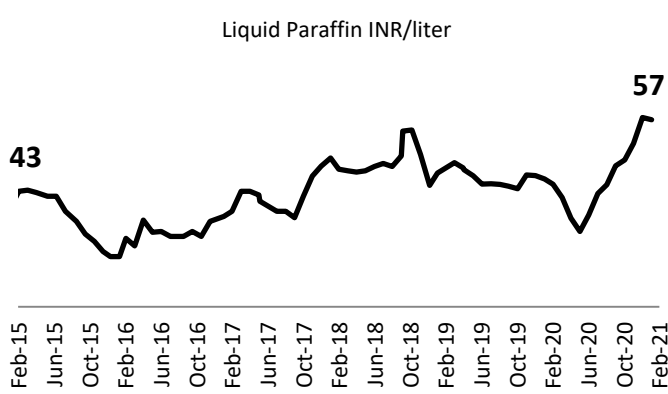
Source: Company, MOFSL

**Exhibit 9: HDPE prices (up to Feb'21) up 24.6% YoY / 7.2% QoQ**



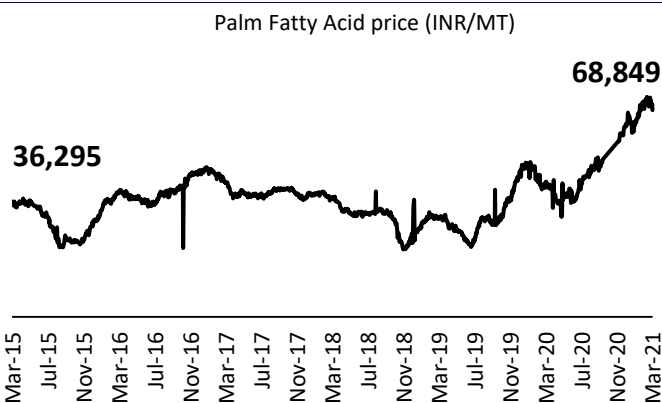
Source: Company, MOFSL

**Exhibit 10: LLP prices (up to Feb'21) up 26.8% YoY / 15.1% QoQ**



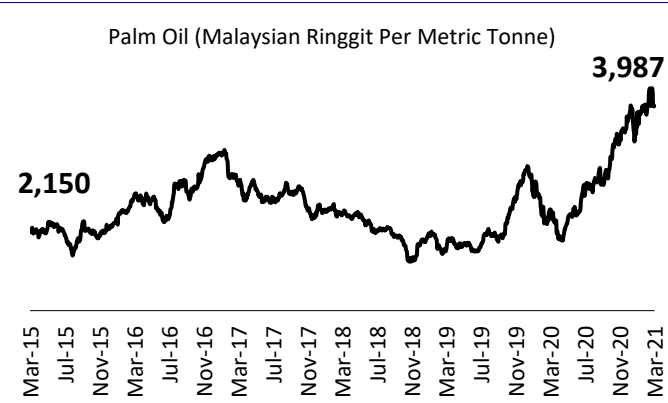
Source: Company, MOFSL

**Exhibit 11: PFAD prices up 42.6% YoY / 17.3% QoQ**



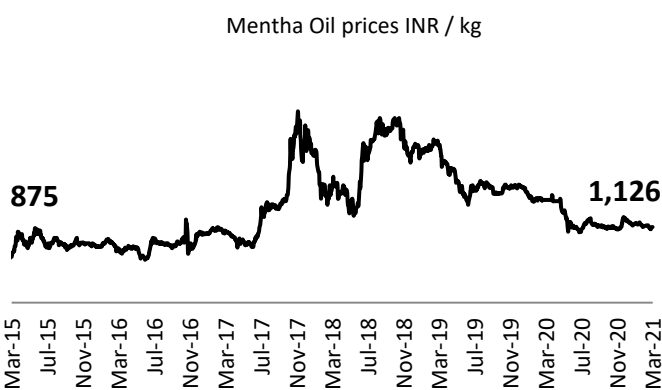
Source: Bloomberg, MOFSL

**Exhibit 12: Palm oil up 46.9% YoY / 16.3% QoQ**



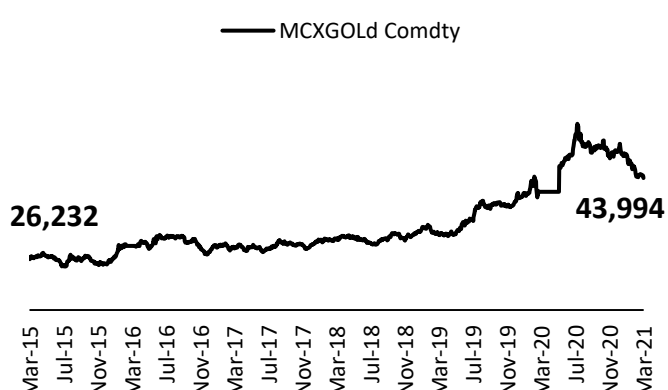
Source: Bloomberg, MOFSL

**Exhibit 13: Mentha prices down 17.3% YoY, but up 0.9% QoQ**



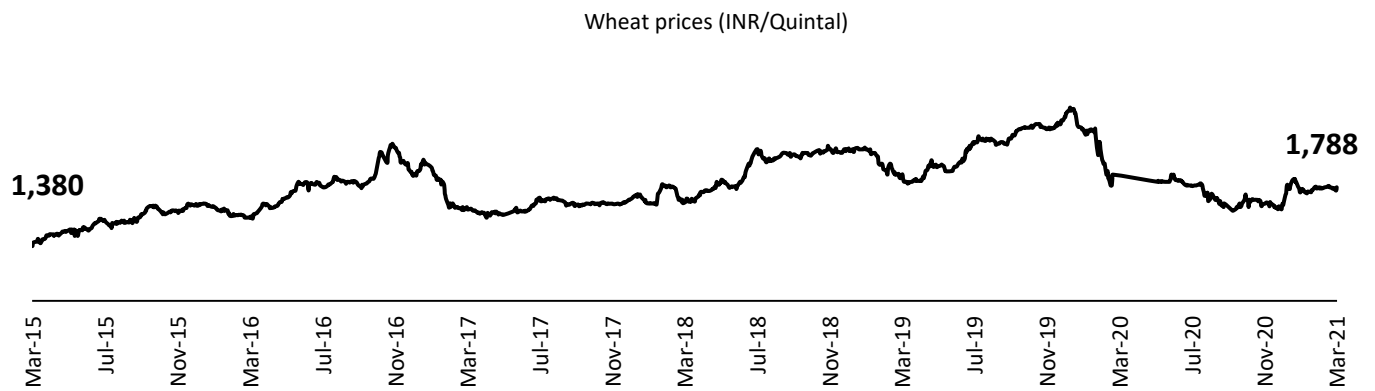
Source: Bloomberg, MOFSL

**Exhibit 14: MCX gold commodity up 14.8% YoY, but down 6.4% QoQ**



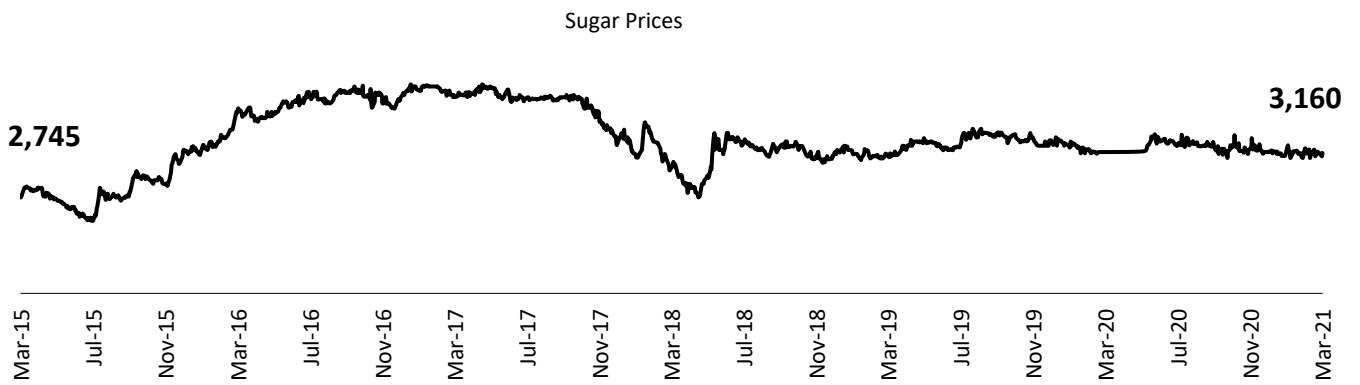
Source: Bloomberg, MOFSL

**Exhibit 15: Wheat down 16.2% YoY, but up 6.6% QoQ**



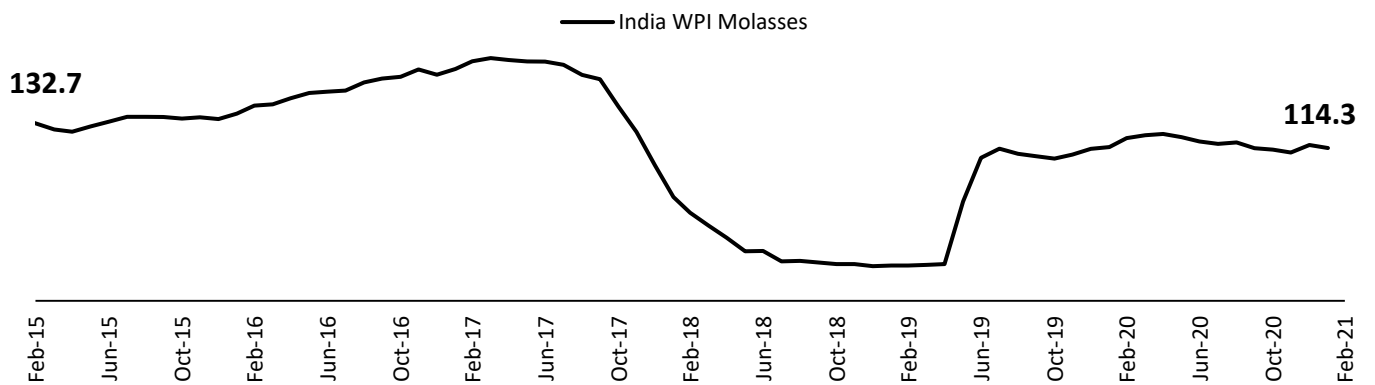
Source: Bloomberg, MOFSL

**Exhibit 16: Sugar prices down 2.2% YoY / 1.2% QoQ**



Source: Bloomberg, MOFSL

**Exhibit 17: WPI Molasses (up to Feb'21) down 4.7% YoY, but up 2% QoQ**



Source: Bloomberg, MOFSL

**Exhibit 18: Comparative valuation**

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Consumer</b>						<b>50.5</b>	<b>41.5</b>	<b>35.8</b>	<b>10.3</b>	<b>9.7</b>	<b>9.2</b>	<b>20.3</b>	<b>23.3</b>	<b>25.6</b>
Asian Paints	2,553	Neutral	34.5	39.5	45.8	74.1	64.6	55.7	21.3	19.0	17.0	30.6	31.1	32.2
Britannia	3,618	Buy	81.7	79.4	91.5	44.3	45.6	39.5	19.5	18.0	16.5	44.4	41.1	43.5
Colgate	1,563	Buy	36.1	40.0	45.3	43.2	39.1	34.5	25.6	25.6	25.6	60.4	65.6	74.3
Dabur	539	Buy	9.8	11.3	13.3	55.0	47.5	40.6	13.1	11.8	10.6	25.0	26.2	27.6
Emami	490	Buy	17.2	17.0	18.7	28.5	28.9	26.2	10.2	10.2	10.1	38.7	35.3	38.8
Godrej Consumer	726	Neutral	16.8	17.7	20.6	43.3	40.9	35.3	8.8	8.5	8.1	21.0	21.2	23.5
Hind. Unilever	2,399	Buy	34.1	41.7	48.9	70.3	57.6	49.1	11.5	11.1	11.1	28.2	19.7	22.6
ITC	220	Neutral	10.3	13.1	14.8	21.3	16.8	14.9	4.2	4.0	3.8	19.6	24.2	26.2
Jyothy Labs	144	Neutral	5.7	5.9	6.2	25.2	24.3	23.2	4.2	4.1	4.0	16.9	17.2	17.6
Marico	407	Buy	9.0	9.8	11.4	45.3	41.6	35.8	13.1	12.7	11.8	33.0	31.1	34.2
Nestle	17,102	Neutral	217.4	253.7	291.8	78.7	67.4	58.6	81.7	75.5	69.4	106.5	116.4	123.3
P&G Hygiene	12,588	Buy	180.8	232.9	280.4	69.6	54.0	44.9	34.7	30.8	27.1	50.3	60.3	64.1
Page Industries	30,166	Neutral	301.9	457.3	523.0	99.9	66.0	57.7	39.4	37.2	36.0	39.4	56.4	62.5
Pidilite Inds.	1,823	Neutral	22.6	24.4	29.3	80.8	74.6	62.1	16.3	14.4	12.4	22.6	20.5	21.4
Tata Consumer	650	Buy	10.3	13.0	15.2	62.9	49.8	42.8	4.1	3.9	3.7	6.7	8.1	8.9
United Breweries	1,242	Sell	7.2	15.3	20.6	174	81	60.3	8.9	8.3	7.7	5.2	10.6	13.2
United Spirits	558	Buy	5.7	12.9	17.1	98	43	32.6	9.8	8.0	6.4	10.0	18.5	19.7
Varun Beverages	1,010	Buy	13.7	28.7	37.2	73.7	35.2	27.1	8.3	6.8	5.5	11.5	21.2	22.5

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.

## Asian Paints Neutral

CMP: INR2,553 | TP: INR2,750 (8%)

EPS CHANGE (%): FY21 | 22: -1.0 | -1.4

- Expect 30% YoY volume growth on soft base
- GM contraction due to inflation in crude and TiO2 prices
- Tio2 prices up 1.8% YoY in 4QFY21
- Watch out for commentary on demand outlook

### Quarterly Performance (Consol.)

Y/E March	FY20				FY21				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY20	FY21E
Est. Dom. Deco. Vol. growth (%)	16.0	14.0	11.0	2.5	-38.0	11.0	33.0	30.0	10.9	8.5
Net Sales	51,047	50,507	54,203	46,356	29,227	53,502	67,885	57,983	2,02,113	2,08,597
Change (%)	16.3	9.4	3.0	-7.1	-42.7	5.9	25.2	25.1	5.0	3.2
Gross Profit	22,280	21,435	23,313	21,250	13,077	23,758	30,600	25,565	88,278	92,999
Gross Margin (%)	43.6	42.4	43.0	45.8	44.7	44.4	45.1	44.1	43.7	44.6
EBITDA	11,579	9,548	11,894	8,596	4,843	12,652	17,879	14,161	41,618	49,534
Margin (%)	22.7	18.9	21.9	18.5	16.6	23.6	26.3	24.4	20.6	23.7
Change (%)	24.5	13.0	7.7	-3.0	-58.2	32.5	50.3	64.7	10.5	19.0
Interest	267	259	241	257	201	205	211	223	1,023	840
Depreciation	1,918	1,972	1,971	1,945	1,912	1,936	1,932	1,992	7,805	7,771
Other Income	735	1,052	698	558	471	826	979	803	3,043	3,079
PBT	10,131	8,369	10,381	6,953	3,200	11,337	16,715	12,749	35,833	44,002
Tax	3,511	72	2,776	2,190	862	2,936	4,314	2,977	8,549	11,088
Effective Tax Rate (%)	34.7	0.9	26.7	31.5	26.9	25.9	25.8	23.3	23.9	25.2
Adjusted PAT	6,742	8,450	7,797	4,803	2,196	8,519	12,654	9,687	27,791	33,055
Change (%)	18.3	67.1	20.3	-1.8	-67.4	0.8	62.3	101.7	25.5	18.9

E: MOFSL Estimates

## Britannia Industries Buy

CMP: INR3,618 | TP: INR4,575 (26%)

EPS CHANGE (%): FY21 | 22: -0.5 | 0.0

- Expect 7% volume growth in base business for 4QFY21
- Cost-saving initiatives to sustain EM in high teens
- GM up 280bp YoY on benign agri commodity prices
- RM cost outlook/commentary on NCD – key monitorables

### Consol. Quarterly Performance

Y/E March	FY20				FY21				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY20	FY21E
Base business volume growth (%)	3.0	3.0	3.0	0.0	21.0	9.0	3.0	7.0	2.3	10.0
Net Sales	27,004	30,488	29,827	28,677	34,207	34,191	31,656	31,578	1,15,996	1,31,632
YoY change (%)	6.2	6.2	4.9	2.5	26.7	12.1	6.1	10.1	4.9	13.5
Gross Profit	10,912	12,247	12,185	11,377	14,248	14,540	13,642	13,414	46,721	55,843
Margins (%)	40.4	40.2	40.9	39.7	41.7	42.5	43.1	42.5	40.3	42.4
EBITDA	3,947	4,922	5,020	4,543	7,169	6,754	6,115	5,874	18,432	25,912
Margins (%)	14.6	16.1	16.8	15.8	21.0	19.8	19.3	18.6	15.9	19.7
YoY growth (%)	1.4	8.3	11.1	4.1	81.7	37.2	21.8	29.3	6.3	40.6
Depreciation	448	449	467	485	480	485	486	493	1,848	1,943
Interest	101	161	237	270	256	298	318	309	769	1,181
Other Income	675	682	652	786	937	735	826	974	2,794	3,471
PBT	4,072	4,994	4,969	4,574	7,370	6,706	6,137	6,046	18,609	26,259
Tax	1,430	955	1,273	849	1,944	1,750	1,611	1,305	4,507	6,609
Rate (%)	35.1	19.1	25.6	18.6	26.4	26.1	26.2	21.6	24.2	25.2
Adjusted PAT	2,642	4,038	3,696	3,725	5,427	4,956	4,526	4,741	14,102	19,650
YoY change (%)	2.4	33.2	22.9	26.5	105.4	22.7	22.5	27.3	21.9	39.3

E: MOFSL Estimates

**Colgate****Buy****CMP: INR1,563 | TP: INR1,810 (+16%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect 17% YoY volume growth in 4QFY21
- Expect 30%+ EM to continue in 4QFY21, led by sharp sales growth and cost savings
- YoY GM expansion due to lower material costs
- Monitorables: A&P spends and performance of new launches and naturals

**Quarterly Performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Toothpaste Volume Gr %</b>	<b>4.0</b>	<b>4.0</b>	<b>2.3</b>	<b>-8.0</b>	<b>0.0</b>	<b>4.0</b>	<b>6.0</b>	<b>17.0</b>	<b>0.6</b>	<b>6.8</b>
<b>Net Sales (inclgd. OOI)</b>	<b>10,849</b>	<b>12,218</b>	<b>11,472</b>	<b>10,713</b>	<b>10,406</b>	<b>12,855</b>	<b>12,319</b>	<b>12,684</b>	<b>45,251</b>	<b>48,264</b>
YoY change (%)	4.2	4.6	4.3	-7.1	-4.1	5.2	7.4	18.4	1.4	6.7
<b>Gross Profit</b>	<b>7,145</b>	<b>7,910</b>	<b>7,541</b>	<b>6,926</b>	<b>6,883</b>	<b>8,759</b>	<b>8,594</b>	<b>8,529</b>	<b>29,522</b>	<b>32,764</b>
Gross margin (%)	65.9	64.7	65.7	64.7	66.1	68.1	69.8	67.2	65.2	67.9
<b>EBITDA</b>	<b>2,998</b>	<b>3,230</b>	<b>3,161</b>	<b>2,629</b>	<b>3,080</b>	<b>4,093</b>	<b>3,706</b>	<b>3,877</b>	<b>12,017</b>	<b>14,756</b>
Margins (%)	27.6	26.4	27.6	24.5	29.6	31.8	30.1	30.6	26.6	30.6
YoY growth (%)	6.5	-2.0	0.5	-15.3	2.7	26.7	17.3	47.5	-2.8	22.8
Depreciation	499	504	515	462	454	461	456	489	1,979	1,860
Interest	23	24	29	20	20	18	19	23	96	80
Financial other Income	152	86	58	196	63	76	99	85	492	322
<b>PBT</b>	<b>2,628</b>	<b>2,788</b>	<b>2,674</b>	<b>2,344</b>	<b>2,669</b>	<b>3,689</b>	<b>3,330</b>	<b>3,449</b>	<b>10,434</b>	<b>13,138</b>
Tax	937	347	683	302	687	947	847	828	2,269	3,310
Rate (%)	35.7	12.4	25.6	12.9	25.7	25.7	25.4	24.0	21.7	25.2
<b>Adj PAT</b>	<b>1,691</b>	<b>2,441</b>	<b>1,991</b>	<b>2,042</b>	<b>1,982</b>	<b>2,742</b>	<b>2,484</b>	<b>2,621</b>	<b>8,165</b>	<b>9,828</b>
YoY change (%)	1.3	24.3	3.6	2.1	17.2	12.3	24.7	28.4	8.1	20.4

E: MOFSL Estimates

**Dabur****Buy****CMP: INR539 | TP: INR665 (+23%)****EPS CHANGE (%): FY21|22: -1.4|0.0**

- Expect 35% YoY volume growth in 4QFY21
- Aggression on new launches and distribution expansion to continue
- Expect GM/EM change of +70bp/+190bp YoY
- Outlook on domestic demand and performance in international business – key monitorables

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Domestic FMCG vol. growth (%)</b>	<b>9.6</b>	<b>4.8</b>	<b>5.6</b>	<b>-14.6</b>	<b>-9.7</b>	<b>16.8</b>	<b>18.1</b>	<b>35.0</b>	<b>1.4</b>	<b>15.1</b>
<b>Net sales</b>	<b>22,733</b>	<b>22,120</b>	<b>23,530</b>	<b>18,654</b>	<b>19,800</b>	<b>25,160</b>	<b>27,288</b>	<b>24,585</b>	<b>86,846</b>	<b>96,833</b>
YoY change (%)	9.3	4.1	7.0	-12.3	-12.9	13.7	16.0	31.8	1.8	11.5
<b>Gross profit</b>	<b>11,256</b>	<b>11,235</b>	<b>11,785</b>	<b>9,158</b>	<b>9,784</b>	<b>12,802</b>	<b>13,751</b>	<b>12,244</b>	<b>43,434</b>	<b>48,581</b>
Margin (%)	49.5	50.8	50.1	49.1	49.4	50.9	50.4	49.8	50.0	50.2
<b>EBITDA</b>	<b>4,576</b>	<b>4,895</b>	<b>4,929</b>	<b>3,523</b>	<b>4,166</b>	<b>5,694</b>	<b>5,742</b>	<b>5,103</b>	<b>17,924</b>	<b>20,706</b>
Margins (%)	20.1	22.1	20.9	18.9	21.0	22.6	21.0	20.8	20.6	21.4
YoY growth (%)	18.5	8.6	10.7	-23.0	-9.0	16.3	16.5	44.9	3.0	15.5
Depreciation	528	545	544	588	567	596	572	623	2,205	2,358
Interest	153	152	105	86	78	75	69	72	495	294
Other income	733	818	745	758	718	876	809	813	3,053	3,216
<b>PBT</b>	<b>4,629</b>	<b>5,016</b>	<b>5,025</b>	<b>3,606</b>	<b>4,238</b>	<b>5,899</b>	<b>5,911</b>	<b>5,222</b>	<b>18,277</b>	<b>21,270</b>
Tax	834	662	875	627	825	1,067	975	1,068	2,997	3,935
Rate (%)	18.0	13.2	17.4	17.4	19.5	18.1	16.5	20.4	16.4	18.5
<b>Adjusted PAT</b>	<b>3,791</b>	<b>4,350</b>	<b>4,137</b>	<b>2,972</b>	<b>3,418</b>	<b>4,817</b>	<b>4,920</b>	<b>4,141</b>	<b>15,250</b>	<b>17,296</b>
YoY change (%)	15.2	15.5	13.0	-31.0	-9.8	10.7	18.9	39.3	1.5	13.4

E: MOFSL Estimates

**Emami****Buy****CMP: INR490 | TP: INR580 (+18%)****EPS CHANGE (%): FY21|22: +1.7|0.0**

- Expect 38% YoY growth in domestic volumes in 4QFY21
- EM to expand YoY on strong growth, GM expansion, and soft base
- Expect GM expansion on soft base and low mentha costs
- Watch out for outlook on volume growth, summer demand, and rural

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

Y/E MARCH	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic volume growth (%)	0.0	1.0	-2.0	-20.0	-28.0	10.0	13.0	38.0	-5.3	8.3
<b>Net Sales</b>	<b>6,486</b>	<b>6,601</b>	<b>8,126</b>	<b>5,327</b>	<b>4,813</b>	<b>7,348</b>	<b>9,336</b>	<b>7,469</b>	<b>26,549</b>	<b>28,966</b>
YoY change (%)	5.6	5.1	0.2	-16.8	-25.8	11.3	14.9	40.2	-1.5	9.1
<b>Gross Profit</b>	<b>4,162</b>	<b>4,602</b>	<b>5,545</b>	<b>3,471</b>	<b>3,200</b>	<b>5,163</b>	<b>6,570</b>	<b>5,172</b>	<b>17,788</b>	<b>20,106</b>
Gross margin (%)	64.2	69.7	68.2	65.2	66.5	70.3	70.4	69.3	67.0	69.4
<b>EBITDA</b>	<b>1,341</b>	<b>1,930</b>	<b>2,640</b>	<b>985</b>	<b>1,230</b>	<b>2,571</b>	<b>3,402</b>	<b>2,366</b>	<b>6,906</b>	<b>9,569</b>
Margins (%)	20.7	29.2	32.5	18.5	25.5	35.0	36.4	31.7	26.0	33.0
YoY change	11.4	3.0	0.2	-36.6	-8.3	33.2	28.9	140.1	-5.0	38.6
Depreciation	204	178	214	219	194	216	341	291	774	1,042
Interest	44	93	49	24	47	25	14	16	210	102
Other Income	115	164	156	145	67	79	92	110	571	348
<b>PBT</b>	<b>1,209</b>	<b>1,822</b>	<b>2,533</b>	<b>887</b>	<b>1,056</b>	<b>2,409</b>	<b>3,139</b>	<b>2,169</b>	<b>6,492</b>	<b>8,773</b>
Tax	177	211	403	-74	95	284	438	306	713	1,123
Rate (%)	14.6	11.6	15.9	-8.3	9.0	11.8	13.9	14.1	11.0	12.8
<b>PAT before Amortization</b>	<b>1,039</b>	<b>1,621</b>	<b>2,146</b>	<b>980</b>	<b>973</b>	<b>2,133</b>	<b>2,710</b>	<b>1,834</b>	<b>5,833</b>	<b>7,650</b>
YoY change (%)	18.1	12.6	2.8	-20.0	-6.4	31.6	26.3	87.2	5.7	31.2

E: MOFSL Estimates

**Godrej Consumer****Neutral****CMP: INR726 | TP: INR720 (-1%)****EPS CHANGE (%): FY21|22: -0.2|-0.1**

- Strong sales growth on tailwinds in Hygiene segment and soft base
- EM likely to expand YoY, but decelerate sequentially on RM inflation and record high levels in previous quarters
- Despite price hikes, GM likely to contract on sharp RM inflation
- Watch out for demand outlook in Indonesia / margin improvement in Africa

**Quarterly Performance (Consolidated)****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales (including OOI)</b>	<b>23,488</b>	<b>26,302</b>	<b>27,781</b>	<b>21,538</b>	<b>23,273</b>	<b>29,151</b>	<b>30,554</b>	<b>26,755</b>	<b>99,108</b>	<b>1,09,733</b>
YoY change (%)	-5.2	-1.1	2.0	-12.2	-0.9	10.8	10.0	24.2	-3.9	10.7
<b>Gross Profit</b>	<b>13,417</b>	<b>14,884</b>	<b>15,757</b>	<b>12,433</b>	<b>12,629</b>	<b>16,318</b>	<b>16,822</b>	<b>14,827</b>	<b>56,491</b>	<b>60,595</b>
Margin (%)	57.1	56.6	56.7	57.7	54.3	56.0	55.1	55.4	57.0	55.2
<b>EBITDA</b>	<b>4,589</b>	<b>5,765</b>	<b>6,313</b>	<b>4,765</b>	<b>4,727</b>	<b>6,844</b>	<b>7,112</b>	<b>6,029</b>	<b>21,430</b>	<b>24,713</b>
Margins (%)	19.5	21.9	22.7	22.1	20.3	23.5	23.3	22.5	21.6	22.5
YoY growth (%)	2.2	7.1	2.4	-17.8	3.0	18.7	12.6	26.5	-1.2	15.3
Depreciation	473	477	490	532	493	509	491	542	1,973	2,036
Interest	551	531	477	615	483	313	241	266	2,174	1,303
Other Income	214	266	235	492	218	139	150	154	1,123	662
<b>PBT</b>	<b>3,746</b>	<b>4,976</b>	<b>5,574</b>	<b>4,110</b>	<b>3,968</b>	<b>6,045</b>	<b>6,353</b>	<b>5,669</b>	<b>18,406</b>	<b>22,036</b>
Tax	843	805	1,084	1,258	963	1,463	1,400	1,066	3,932	4,892
Rate (%)	22.5	16.2	19.5	30.6	24.3	24.2	22.0	18.8	21.4	22.2
<b>Adj PAT</b>	<b>2,904</b>	<b>4,174</b>	<b>4,496</b>	<b>2,850</b>	<b>3,001</b>	<b>4,584</b>	<b>4,956</b>	<b>4,603</b>	<b>14,482</b>	<b>17,144</b>
YoY change (%)	-8.6	16.2	7.7	-28.0	3.3	9.8	10.2	61.5	-2.8	18.4

E: MOFSL Estimate



**Hindustan Unilever****Buy**

CMP: INR2,399 | TP: INR2,690 (+12%)

EPS CHANGE (%): FY21|22: -0.1|-1.7

- Expect domestic volume growth (incl. GSKCH) of 28% YoY
- GM contraction YoY due to higher material costs; EM expansion due to margin-accretive GSKCH biz inclusion
- Revival of metro demand and MT to aid both sales growth and margins
- Outlook for competitive intensity, RM cost, discretionary, and out-of-home demand

**Quarterly performance (Standalone)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Domestic volume growth (%)</b>	5.0	5.0	5.0	-7.0	4.0	14.0	17.0	28.0	2.0	15.8
<b>Net sales</b>	101.1	98.5	98.1	90.1	105.6	114.4	118.6	117.2	387.9	455.8
YoY change (%)	6.6	6.7	2.6	-9.4	4.4	16.1	20.9	30.0	1.5	17.5
<b>Gross Profit</b>	54.7	53.7	53.2	48.4	54.7	60.7	64.0	63.0	209.9	237.4
Margin %	54.0	54.5	54.2	53.7	51.8	53.0	54.0	53.8	54.1	52.1
<b>EBITDA</b>	26.5	24.4	24.5	20.7	26.4	28.7	28.5	28.3	96.0	113.4
YoY change (%)	17.6	21.0	19.5	-11.0	-0.1	17.4	16.7	37.2	11.1	18.2
Margins (%)	26.2	24.8	24.9	22.9	25.0	25.1	24.1	24.2	24.8	24.9
Depreciation	2.1	2.4	2.3	2.6	2.4	2.5	2.7	2.7	9.4	10.4
Interest	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	1.1	1.4
Other income	1.5	1.8	1.4	2.7	1.6	1.5	1.0	1.3	7.3	5.4
<b>PBT</b>	25.6	23.6	23.3	20.5	25.3	27.4	26.4	26.5	92.9	107.0
Tax	8.1	5.2	6.4	5.8	5.3	6.5	6.8	8.4	25.5	27.0
Rate (%)	31.5	22.2	27.4	28.3	21.0	23.8	25.6	31.7	27.4	25.2
<b>PAT bei</b>	17.5	18.3	16.9	14.7	18.7	20.4	19.5	18.1	67.4	80.0
YoY change (%)	11.7	20.4	20.7	-7.6	7.0	11.1	15.4	6.9	10.9	18.7
<b>Reported Profit</b>	17.6	18.5	16.2	15.2	18.8	20.1	19.2	18.1	67.4	77.6

E: MOFSL Estimates

**ITC****Neutral**

CMP: INR220 | TP: INR220 (0%)

EPS CHANGE (%): FY21|22: 0.0|0.0

- Expect cigarette volume growth of 7%
- Other-FMCG sales to grow on soft base despite in-home consumption losing salience
- GM/EM to contract 290bp/170bp YoY
- Outlook for 'Other-FMCG' and Hotel businesses – key monitorables

**Quarterly Performance**

(INR b)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Est. cigarette vol. gr. (%)</b>	3.0	2.5	2.5	-11.0	-37.0	-12.0	-7.0	7.0	-0.8	-12.3
<b>Net Sales</b>	113.1	116.6	118.1	108.4	89.1	111.8	117.9	119.1	456.2	438.0
YoY change (%)	4.0	3.4	3.3	-9.6	-21.2	-4.1	-0.2	9.9	1.4	-4.0
<b>Gross Profit</b>	71.7	71.8	72.6	67.8	49.6	64.5	67.7	71.0	275.5	252.9
Margin (%)	63.4	61.6	61.5	62.5	55.7	57.6	57.5	59.6	60.4	57.7
<b>EBITDA</b>	45.7	45.6	46.1	41.6	26.5	40.6	42.8	43.8	179.3	153.7
Growth (%)	8.7	8.5	6.6	-8.9	-42.0	-11.0	-7.2	5.1	3.5	-14.3
Margins (%)	40.4	39.1	39.1	38.4	29.7	36.3	36.3	36.7	39.3	35.1
Depreciation	3.6	4.0	4.2	3.9	4.0	3.8	3.9	4.2	15.6	15.9
Interest	0.2	0.1	0.1	0.1	0.2	0.1	0.1	0.2	0.8	0.6
Other Income	6.2	6.5	9.8	7.6	9.0	6.1	9.7	7.5	30.1	32.3
<b>PBT</b>	48.1	48.1	51.7	45.1	31.3	42.7	48.5	46.9	193.0	169.4
Tax	16.4	7.8	8.9	7.1	7.9	10.4	11.8	12.5	40.3	42.6
Rate (%)	34.0	16.3	17.3	15.8	25.1	24.4	24.4	26.7	20.9	25.2
<b>Adj PAT</b>	31.7	40.2	42.7	38.0	23.4	32.3	36.6	34.4	152.7	126.8
YoY change (%)	12.6	36.2	33.2	9.1	-26.2	-19.7	-14.3	-9.5	22.5	-17.0

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

**Jyothy Labs****Neutral****CMP: INR144 | TP: INR158 (+10%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- S/A net sales to grow 40% YoY on soft base
- GM to expand 130bp YoY, but likely to compress sequentially on RM inflation
- EM to expand 350bp YoY on low base
- Update on launches/performance of HI portfolio

**Standalone Quarterly Performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>4,116</b>	<b>4,642</b>	<b>4,073</b>	<b>3,823</b>	<b>4,287</b>	<b>4,996</b>	<b>4,694</b>	<b>5,352</b>	<b>16,654</b>	<b>19,329</b>
YoY change (%)	2.3	8.5	-6.2	-24.2	4.1	7.6	15.3	40.0	-5.9	16.1
<b>Gross Profit</b>	<b>1,965</b>	<b>2,119</b>	<b>1,941</b>	<b>1,709</b>	<b>1,968</b>	<b>2,373</b>	<b>2,269</b>	<b>2,463</b>	<b>7,734</b>	<b>9,072</b>
Margins (%)	47.7	45.6	47.7	44.7	45.9	47.5	48.3	46.0	46.4	46.9
<b>EBITDA</b>	<b>655</b>	<b>791</b>	<b>651</b>	<b>402</b>	<b>782</b>	<b>889</b>	<b>798</b>	<b>750</b>	<b>2,499</b>	<b>3,219</b>
EBITDA growth %	12.4	8.1	-9.3	-51.4	19.4	12.4	22.6	86.6	-12.6	28.8
Margins (%)	15.9	17.0	16.0	10.5	18.3	17.8	17.0	14.0	15.0	16.7
Depreciation	185	188	193	191	187	193	198	191	757	770
Interest	61	59	69	58	51	29	20	29	248	128
Other Income	48	55	53	45	42	39	63	60	201	205
<b>PBT</b>	<b>458</b>	<b>598</b>	<b>441</b>	<b>196</b>	<b>587</b>	<b>706</b>	<b>643</b>	<b>589</b>	<b>1,694</b>	<b>2,525</b>
Tax	61	66	16	-64	83	100	121	109	79	412
Rate (%)	13.4	11.0	3.6	-32.5	14.1	14.1	18.8	18.5	4.7	16.3
<b>Adjusted PAT</b>	<b>359</b>	<b>532</b>	<b>425</b>	<b>260</b>	<b>504</b>	<b>607</b>	<b>522</b>	<b>480</b>	<b>1,577</b>	<b>2,113</b>
YoY change (%)	10.9	17.4	-12.1	-61.2	40.4	14.0	22.8	84.5	-18.4	34.0

**Marico****Buy****CMP: INR407 | TP: INR490 (+20%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect 15% domestic volume growth
- Saffola portfolio to do well owing to COVID tailwinds and focused launches
- Expect GM contraction on downtrading and a high base
- Outlook for RM and margin guidance for international segment – key monitorables

**Quarterly Performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic volume growth (%)	6.0	1.0	-1.0	-3.0	-14.0	11.0	15.0	15.4	0.8	6.8
<b>Net Sales</b>	<b>21,660</b>	<b>18,290</b>	<b>18,240</b>	<b>14,960</b>	<b>19,250</b>	<b>19,890</b>	<b>21,220</b>	<b>17,941</b>	<b>73,150</b>	<b>78,301</b>
YoY Change (%)	6.9	-0.4	-2.0	-7.0	-11.1	8.7	16.3	19.9	-0.3	7.0
COGS	11,370	9,210	9,280	7,590	9,840	10,340	11,270	9,690	37,680	41,140
<b>Gross Profit</b>	<b>10,290</b>	<b>9,080</b>	<b>8,960</b>	<b>7,370</b>	<b>9,410</b>	<b>9,550</b>	<b>9,950</b>	<b>8,251</b>	<b>35,470</b>	<b>37,161</b>
Gross margin (%)	47.5	49.6	49.1	49.3	48.9	48.0	46.9	46.0	48.5	47.5
<b>EBITDA</b>	<b>4,610</b>	<b>3,530</b>	<b>3,730</b>	<b>2,820</b>	<b>4,670</b>	<b>3,890</b>	<b>4,130</b>	<b>3,136</b>	<b>14,690</b>	<b>15,826</b>
Margins (%)	21.3	19.3	20.4	18.9	24.3	19.6	19.5	17.5	20.1	20.2
YoY Change (%)	26.0	15.7	3.9	-4.1	1.3	10.2	10.7	11.2	10.9	7.7
Depreciation	350	350	320	380	340	330	360	370	1,400	1,400
Interest	120	130	120	130	90	80	70	46	500	286
Other Income	280	350	290	320	190	270	240	252	1,240	952
<b>PBT</b>	<b>4,420</b>	<b>3,400</b>	<b>3,580</b>	<b>2,630</b>	<b>4,430</b>	<b>3,750</b>	<b>3,940</b>	<b>2,972</b>	<b>14,030</b>	<b>15,092</b>
Tax	1,150	880	820	530	1,030	690	820	618	3,310	3,158
Rate (%)	26.0	25.9	22.9	20.2	23.3	18.4	20.8	20.8	23.6	20.9
Minority Interest	70	50	40	60	90	90	50	110	220	340
<b>Adjusted PAT</b>	<b>3,200</b>	<b>2,470</b>	<b>2,720</b>	<b>2,040</b>	<b>3,310</b>	<b>2,970</b>	<b>3,070</b>	<b>2,244</b>	<b>10,500</b>	<b>11,594</b>
YoY Change (%)	25.5	16.5	10.6	-3.3	3.4	20.2	12.9	10.0	13.4	10.4

E: MOFSL Estimates

**Nestlé India****Neutral****CMP: INR17,102 | TP: INR18,150 (+6%)****EPS CHANGE (%): CY21|22: 0.0|0.0**

- Sales growth momentum to continue
- GM expansion of 220bp YoY on soft commodity prices; EM to expand 40bp YoY
- Expect focus on new launches to resume
- Watch out for commentary on in-home consumption and material costs

**Quarterly performance****(INR m)**

Y/E December	CY20				CY21				CY20	CY21E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Sales</b>	<b>33,253</b>	<b>30,505</b>	<b>35,417</b>	<b>34,326</b>	<b>36,079</b>	<b>35,386</b>	<b>39,242</b>	<b>39,400</b>	<b>1,33,500</b>	<b>1,50,107</b>
YoY Change (%)	10.7	1.7	10.1	9.0	8.5	16.0	10.8	14.8	7.9	12.4
COGS	14,533	13,319	14,843	14,045	14,973	14,862	16,442	16,743	56,739	63,020
<b>Gross Profit</b>	<b>18,720</b>	<b>17,186</b>	<b>20,574</b>	<b>20,281</b>	<b>21,106</b>	<b>20,524</b>	<b>22,800</b>	<b>22,657</b>	<b>76,761</b>	<b>87,086</b>
Margin (%)	56.3	56.3	58.1	59.1	58.5	58.0	58.1	57.5	57.5	58.0
<b>EBITDA</b>	<b>8,006</b>	<b>7,584</b>	<b>8,991</b>	<b>7,574</b>	<b>8,839</b>	<b>8,953</b>	<b>9,967</b>	<b>8,889</b>	<b>32,155</b>	<b>36,648</b>
Margins (%)	24.1	24.9	25.4	22.1	24.5	25.3	25.4	22.6	24.1	24.4
YoY Growth (%)	4.7	5.0	16.1	9.9	10.4	18.0	10.9	17.4	9.0	14.0
Depreciation	914	924	911	955	977	989	975	1,005	3,704	3,946
Interest	410	408	405	420	422	420	421	438	1,642	1,701
Other income	429	379	345	306	380	452	455	415	1,459	1,702
<b>PBT</b>	<b>7,111</b>	<b>6,631</b>	<b>8,020</b>	<b>6,505</b>	<b>7,820</b>	<b>7,995</b>	<b>9,027</b>	<b>7,860</b>	<b>28,268</b>	<b>32,703</b>
Tax	1,784	1,657	1,994	1,869	1,971	2,015	2,275	1,981	7,304	8,241
Rate (%)	25.1	25.0	24.9	28.7	25.2	25.2	25.2	25.2	25.8	25.2
<b>Adjusted PAT</b>	<b>5,327</b>	<b>4,975</b>	<b>6,026</b>	<b>4,637</b>	<b>5,849</b>	<b>5,981</b>	<b>6,752</b>	<b>5,880</b>	<b>20,964</b>	<b>24,462</b>
YoY Change (%)	12.3	11.1	-0.1	-0.9	9.8	20.2	12.1	26.8	5.2	16.7

E: MOFSL Estimates

**Page Industries****Neutral****CMP: INR30,166 | TP: INR28,800 (-5%)****EPS CHANGE (%): FY21|22: -0.6|0.0**

- Expect 32% volume growth on soft base
- GM to contract due to higher yarn costs and EM to expand due to base effect
- Elevated athleisure demand due to higher in-home stays YoY to improve realization growth
- Commentary on traction in Kids Wear and athleisure

**Quarterly Performance****(INR m)**

Y/E MARCH	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>8,350</b>	<b>7,754</b>	<b>7,938</b>	<b>5,413</b>	<b>2,848</b>	<b>7,403</b>	<b>9,271</b>	<b>7,597</b>	<b>29,454</b>	<b>27,119</b>
YoY change (%)	2.4	12.3	7.5	-11.0	-65.9	-4.5	16.8	40.4	3.3	-7.9
<b>Gross Profit</b>	<b>4,598</b>	<b>4,344</b>	<b>4,220</b>	<b>3,185</b>	<b>1,370</b>	<b>4,106</b>	<b>5,139</b>	<b>4,164</b>	<b>16,346</b>	<b>14,780</b>
Gross margin (%)	55.1	56.0	53.2	58.8	48.1	55.5	55.4	54.8	55.5	54.5
Other Expenditure	2,731	2,854	2,832	2,603	1,717	2,452	2,878	2,465	11,021	9,513
% to sales	32.7	36.8	35.7	48.1	60.3	33.1	31.0	32.4	37.4	35.1
<b>EBITDA</b>	<b>1,866</b>	<b>1,490</b>	<b>1,388</b>	<b>581</b>	<b>-347</b>	<b>1,654</b>	<b>2,261</b>	<b>1,699</b>	<b>5,326</b>	<b>5,267</b>
Margins (%)	22.4	19.2	17.5	10.7	-12.2	22.3	24.4	22.4	18.1	19.4
YoY change	-1.4	4.4	-16.0	-51.4	P/L	10.9	62.9	192.3	-13.7	-1.1
Depreciation	140	147	164	163	160	157	156	168	614	641
Interest	83	81	90	85	77	75	74	89	339	314
Other Income	55	57	35	99	61	37	42	51	246	190
<b>PBT</b>	<b>1,699</b>	<b>1,321</b>	<b>1,169</b>	<b>432</b>	<b>-524</b>	<b>1,459</b>	<b>2,073</b>	<b>1,493</b>	<b>4,620</b>	<b>4,501</b>
Tax	592	175	299	122	-128	350	536	377	1,188	1,134
Rate (%)	34.8	13.3	25.6	28.2	24.5	24.0	25.8	25.2	25.7	25.2
<b>PAT</b>	<b>1,107</b>	<b>1,145</b>	<b>870</b>	<b>310</b>	<b>-396</b>	<b>1,109</b>	<b>1,537</b>	<b>1,117</b>	<b>3,432</b>	<b>3,367</b>
YoY change (%)	-11.1	23.6	-14.6	-58.6	P/L	-3.2	76.6	260.0	-12.9	-1.9

E: MOFSL Estimates

**P&G Hygiene****Buy****CMP: INR12,588 | TP: INR14,580 (+16%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect sales growth of 25% YoY in 4QFY21 on soft base
- GM to contract 160bp YoY, while EM to expand 300bp YoY
- Whisper and Vicks to benefit from consumer focus on health and hygiene amid COVID impact
- A&P spends a key monitorable

**Standalone – Quarterly Earnings****(INR m)**

Y/E June	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>8,521</b>	<b>8,593</b>	<b>6,561</b>	<b>6,345</b>	<b>10,095</b>	<b>10,184</b>	<b>8,201</b>	<b>7,554</b>	<b>30,020</b>	<b>36,034</b>
YoY Change (%)	7.6	5.0	-6.2	-0.5	18.5	18.5	25.0	19.1	1.9	20.0
<b>Gross profit</b>	<b>5,146</b>	<b>5,381</b>	<b>4,371</b>	<b>4,013</b>	<b>6,663</b>	<b>7,056</b>	<b>5,330</b>	<b>4,733</b>	<b>18,912</b>	<b>23,782</b>
Margin (%)	60.4	62.6	66.6	63.2	66.0	69.3	65.0	62.7	63.0	66.0
<b>EBITDA</b>	<b>1,822</b>	<b>1,867</b>	<b>1,384</b>	<b>1,103</b>	<b>2,293</b>	<b>2,567</b>	<b>1,980</b>	<b>1,160</b>	<b>6,176</b>	<b>7,999</b>
Growth	-13.1	-2.4	-3.6	70.2	25.8	37.5	43.1	5.1	1.4	29.5
Margins (%)	21.4	21.7	21.1	17.4	22.7	25.2	24.1	15.4	20.6	22.2
Depreciation	115	115	118	132	118	120	142	161	479	540
Interest	4	22	24	10	4	21	15	16	61	55
Other Income	110	90	145	96	96	94	120	130	441	439
<b>PBT</b>	<b>1,814</b>	<b>1,820</b>	<b>1,388</b>	<b>1,056</b>	<b>2,267</b>	<b>2,520</b>	<b>1,943</b>	<b>1,113</b>	<b>6,078</b>	<b>7,843</b>
Tax	445	461	371	364	552	698	490	234	1,642	1,644
Rate (%)	24.6	25.3	29.0	34.5	19.1	21.8	25.2	21.0	27.5	25.2
<b>Reported PAT</b>	<b>1,368</b>	<b>1,359</b>	<b>911</b>	<b>692</b>	<b>2,341</b>	<b>2,506</b>	<b>1,454</b>	<b>879</b>	<b>4,331</b>	<b>4,888</b>
<b>Adj PAT</b>	<b>1,368</b>	<b>1,359</b>	<b>1,016</b>	<b>692</b>	<b>1,715</b>	<b>1,822</b>	<b>1,454</b>	<b>879</b>	<b>4,436</b>	<b>5,869</b>
YoY Change (%)	0.9	9.5	12.8	13.9	25.3	34.0	43.1	27.1	5.8	32.3
Margins (%)	16.1	15.8	15.5	10.9	17.0	17.9	17.7	11.6	14.8	16.3

E: MOFSL Estimates

**Pidilite Industries****Neutral****CMP: INR1,823 | TP: INR1,675 (-8%)****EPS CHANGE (%): FY21|22: -0.8|-4.3**

- Expect 26% volume growth in domestic C&B segment
- Expect GM contraction on sharp RM inflation
- Revival in Real Estate sector a further positive for demand
- Outlook for raw material prices, especially VAM prices – a key monitorable

**Consolidated – Quarterly Earnings Model****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>20,166</b>	<b>18,066</b>	<b>19,266</b>	<b>15,447</b>	<b>8,778</b>	<b>18,803</b>	<b>22,990</b>	<b>19,000</b>	<b>72,945</b>	<b>69,572</b>
YoY change (%)	10.0	2.8	4.2	-5.8	-56.5	4.1	19.3	23.0	3.1	-4.6
<b>Gross Profit</b>	<b>10,361</b>	<b>9,644</b>	<b>10,363</b>	<b>8,552</b>	<b>4,694</b>	<b>10,520</b>	<b>12,588</b>	<b>10,100</b>	<b>38,920</b>	<b>37,901</b>
Margin (%)	51.4	53.4	53.8	55.4	53.5	55.9	54.8	53.2	53.4	54.5
<b>EBITDA</b>	<b>4,437</b>	<b>3,682</b>	<b>4,632</b>	<b>3,009</b>	<b>664</b>	<b>5,126</b>	<b>6,408</b>	<b>4,620</b>	<b>15,760</b>	<b>16,818</b>
YoY change (%)	16.3	0.5	37.5	7.9	-85.0	39.2	38.4	53.5	15.6	6.7
Margins (%)	22.0	20.4	24.0	19.5	7.6	27.3	27.9	24.3	21.6	24.2
Depreciation	377	402	419	501	461	479	495	531	1,699	1,966
Interest	73	83	82	98	91	87	121	91	336	389
Other Income	399	558	398	140	200	217	204	235	1,494	856
<b>PBT</b>	<b>4,385</b>	<b>3,755</b>	<b>4,530</b>	<b>2,550</b>	<b>312</b>	<b>4,778</b>	<b>5,997</b>	<b>4,233</b>	<b>15,219</b>	<b>15,319</b>
Tax	1,444	293	1,084	656	159	1,220	1,548	930	3,477	3,856
Rate (%)	32.9	7.8	23.9	25.7	50.8	25.5	25.8	22.0	23.7	25.2
<b>Adj PAT</b>	<b>2,941</b>	<b>3,462</b>	<b>3,445</b>	<b>1,894</b>	<b>154</b>	<b>3,558</b>	<b>4,449</b>	<b>3,303</b>	<b>11,742</b>	<b>11,463</b>
YoY change (%)	22.4	48.2	58.0	-23.1	-94.8	2.8	29.1	74.4	25.1	-2.4
Margins (%)	14.6	19.2	17.9	12.3	1.7	18.9	19.3	17.4	16.1	16.5

E: MOFSL Estimates

**Tata Consumer Products****Buy****CMP: INR650 | TP: INR680 (+5%)****EPS CHANGE (%): FY22|23: +26|+16**

- India Foods biz revenue to grow 22% YoY
- Update on integration of Foods business and synergy benefits
- Cost trend and outlook for RM – key monitorables
- Update on new product launches in India Foods business

**Consolidated – Quarterly Earnings Model****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Gross Sales</b>	<b>23,924</b>	<b>23,471</b>	<b>24,930</b>	<b>24,050</b>	<b>27,139</b>	<b>27,813</b>	<b>30,696</b>	<b>28,559</b>	<b>96,374</b>	<b>1,14,207</b>
YoY Change (%)	32.7	33.3	30.3	35.5	13.4	18.5	23.1	18.7	32.9	18.5
Total Expenditure	20,415	20,323	21,748	20,967	22,313	23,818	27,082	25,162	83,453	98,374
<b>EBITDA</b>	<b>3,509</b>	<b>3,148</b>	<b>3,181</b>	<b>3,084</b>	<b>4,827</b>	<b>3,996</b>	<b>3,613</b>	<b>3,397</b>	<b>12,922</b>	<b>15,833</b>
Margins (%)	14.7	13.4	12.8	12.8	17.8	14.4	11.8	11.9	13.4	13.9
Depreciation	576	587	614	640	619	626	644	650	2,417	2,539
Interest	186	204	201	187	173	179	181	178	779	710
Other Income	331	280	285	219	327	262	195	220	1,116	1,004
<b>PBT before EO expense</b>	<b>3,078</b>	<b>2,637</b>	<b>2,651</b>	<b>2,476</b>	<b>4,362</b>	<b>3,454</b>	<b>2,983</b>	<b>2,789</b>	<b>10,842</b>	<b>13,588</b>
Extra-Ord expense	-81	-15	-8	-2,644	633	-239	-61	0	-2,748	333
<b>PBT</b>	<b>2,997</b>	<b>2,622</b>	<b>2,643</b>	<b>-168</b>	<b>4,995</b>	<b>3,215</b>	<b>2,922</b>	<b>2,789</b>	<b>8,094</b>	<b>13,921</b>
Tax	1,022	636	750	334	1,104	871	552	781	2,742	3,308
Rate (%)	34.1	24.3	28.4	-198.2	22.1	27.1	18.9	28.0	33.9	23.8
Minority Interest	164	147	153	-460	180	161	192	-180	4	353
Profit/Loss of Asso. Cos.	-74	92	-46	-723	-435	389	4	-250	-751	-293
<b>Reported PAT</b>	<b>1,737</b>	<b>1,932</b>	<b>1,694</b>	<b>-765</b>	<b>3,276</b>	<b>2,571</b>	<b>2,182</b>	<b>1,938</b>	<b>4,598</b>	<b>9,966</b>
<b>Adj PAT</b>	<b>1,818</b>	<b>1,947</b>	<b>1,702</b>	<b>1,879</b>	<b>2,643</b>	<b>2,712</b>	<b>2,228</b>	<b>1,938</b>	<b>7,346</b>	<b>9,521</b>
YoY Change (%)	35.2	10.3	71.4	499.0	45.4	39.3	30.9	3.1	66.4	29.6
Margins (%)	7.6	8.3	6.8	7.8	9.7	9.8	7.3	6.8	7.6	8.3

**United Breweries****Sell****CMP: INR1,242 | TP: INR972 (-22%)****EPS CHANGE (%): FY21|22: +45.4|+32.1**

- Expect 16% YoY revenue growth on soft base
- Expect EM expansion on soft base
- Delays in trade normalization to affect recovery
- Cost trend and outlook for RM – key monitorables

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>20,485</b>	<b>15,786</b>	<b>14,548</b>	<b>14,242</b>	<b>5,069</b>	<b>9,006</b>	<b>12,897</b>	<b>16,639</b>	<b>65,092</b>	<b>43,612</b>
YoY Change (%)	9.8	3.4	0.3	-12.6	-75.3	-42.9	-11.3	16.8	0.5	-33.0
<b>Gross Profit</b>	<b>10,314</b>	<b>8,225</b>	<b>7,692</b>	<b>7,248</b>	<b>2,365</b>	<b>4,707</b>	<b>6,948</b>	<b>8,952</b>	<b>33,581</b>	<b>22,972</b>
Margin (%)	50.3	52.1	52.9	50.9	46.7	52.3	53.9	53.8	51.6	52.7
<b>EBITDA</b>	<b>3,289</b>	<b>1,925</b>	<b>2,215</b>	<b>1,323</b>	<b>-957</b>	<b>404</b>	<b>1,965</b>	<b>3,167</b>	<b>8,758</b>	<b>4,579</b>
YoY Change (%)	-17.8	-39.5	-10.6	-22.8	-129.1	-79.0	-11.3	139.5	-23	-47.7
Margins (%)	16.1	12.2	15.2	9.3	-18.9	4.5	15.2	19.0	13.5	10.5
Depreciation	692	689	736	734	505	612	578	679	2,851	2,375
Interest	77	88	99	48	72	60	53	74	287	258
Other Income	32	19	35	6	14	326	46	41	69	427
<b>PBT</b>	<b>2,552</b>	<b>1,167</b>	<b>1,416</b>	<b>547</b>	<b>-1,519</b>	<b>59</b>	<b>1,379</b>	<b>2,455</b>	<b>5,689</b>	<b>2,373</b>
Tax	907	16	346	135	-376	18	355	478	1,406	475
Rate (%)	35.5	1.3	24.4	24.7	24.8	31.5	25.7	19.5	24.7	20.0
<b>Adj PAT</b>	<b>1,645</b>	<b>1,151</b>	<b>1,070</b>	<b>412</b>	<b>-1,143</b>	<b>40</b>	<b>1,024</b>	<b>1,977</b>	<b>4,279</b>	<b>1,898</b>
YoY Change (%)	-25.9	-29.7	-2.0	-39.4	-169.5	-96.5	-4.3	380.0	-24.0	-55.6
Margins (%)	8.0	7.3	7.4	2.9	-22.5	0.4	7.9	11.9	6.6	4.4

E: MOFSL Estimates

## United Spirits

**Buy**
**CMP: INR558 | TP: INR725 (+30%)**
**EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect 14% YoY volume growth in 4QFY21 on soft base
- In-home consumption to dominate and benefit spirits consumption over beer
- Expect EM expansion on sales growth and soft base
- Outlook for ENA/molasses and price increase granted by states – key monitorables

### Quarterly Performance

**(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
(Standalone)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Volume growth %	6.0	1.0	-1.8	-13.3	-49.2	-3.9	-0.8	14.0	-1.2	-10.0
Total revenues	22,184	22,962	25,825	19,938	10,302	21,459	24,887	22,345	90,909	78,993
YoY change (%)	10.4	3.2	3.4	-11.4	-53.6	-6.5	-3.6	12.1	1.2	-13.1
Gross Profit	10,497	10,325	11,459	8,408	4,291	9,041	11,102	9,967	40,689	34,401
Margin (%)	47.3	45.0	44.4	42.2	41.7	42.1	44.6	44.6	44.8	43.6
EBITDA	3,971	4,156	4,240	2,714	-776	2,697	3,838	3,688	15,081	9,447
Margins (%)	17.9	18.1	16.4	13.6	-7.5	12.6	15.4	16.5	16.6	12.0
EBITDA growth (%)	66.4	-6.2	18.4	-4.3	-119.5	-35.1	-9.5	35.9	17.1	-37.4
Depreciation	500	573	524	678	638	571	614	625	2,275	2,448
Interest	520	452	455	480	499	507	377	352	1,907	1,735
PBT From operations	2,951	3,131	3,261	1,556	-1,913	1,619	2,847	2,711	10,899	5,264
Other income	101	137	176	41	95	128	194	111	455	528
PBT	3,052	3,268	3,437	1,597	-1,818	1,747	3,041	2,822	11,354	5,792
Tax	1,065	1,022	849	510	-415	463	742	859	3,445	1,649
Rate (%)	34.9	31.3	24.7	31.9	22.8	26.5	24.4	30.4	30.3	28.5
Adj. PAT	1,987	2,246	2,588	1,087	-1,403	1,284	2,299	1,963	7,909	4,143
YoY change (%)	88.5	-13.2	21.7	-16.9	-170.6	-42.8	-11.2	80.6	16.9	-47.6

E: MOFSL Estimate

## Varun Beverages

**Buy**
**CMP: INR1,010 | TP: INR1,150 (+14%)**
**EPS CHANGE (%): CY21|22: +30 |+21**

- CSD volumes to bounce back and grow by 22% YoY; NCB volumes to grow by 27% YoY
- Outlook for ramp-up in operations at new Tropicana plant
- Watch out for debt reduction, lower capex, and increased cash flows
- Improving penetration in newly acquired territories of south and west to support volume growth

### Consolidated – Quarterly Earnings Model

**(INR m)**

Y/E March	CY20				CY21				CY20	CY21
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	16,764	16,402	18,026	13,309	21,504	33,627	22,082	14,608	64,501	91,821
YoY Change (%)	23.3	-41.6	3.6	9.1	28.3	105.0	22.5	9.8	-9.5	42.4
Total Expenditure	14,053	12,625	14,218	11,587	17,906	24,182	17,877	12,627	52,483	72,591
EBITDA	2,712	3,777	3,808	1,722	3,598	9,445	4,205	1,981	12,019	19,229
Margins (%)	16.2	23.0	21.1	12.9	16.7	28.1	19.0	13.6	18.6	20.9
Depreciation	1,351	1,243	1,346	1,347	1,400	1,425	1,450	1,500	5,287	5,775
Interest	870	742	580	620	630	610	600	580	2,811	2,420
Other Income	253	27	35	56	126	28	37	58	370	249
PBT before EO expense	743	1,819	1,917	-189	1,694	7,438	2,192	-41	4,290	11,284
Extra-Ord expense	665	0	0	0	0	0	0	0	665	0
PBT	78	1,819	1,917	-189	1,694	7,438	2,192	-41	3,625	11,284
Tax	-523	389	302	-116	407	1,785	526	-10	52	2,708
Rate (%)	-670.1	21.4	15.8	61.6	24.0	24.0	24.0	24.0	1.4	24.0
Minority Interest & P/L of Asso. Cos.	51	22	84	125	54	23	89	131	283	297
Reported PAT	549	1,408	1,530	-197	1,234	5,630	1,577	-162	3,290	8,279
Adj PAT	1,214	1,408	1,530	-197	1,234	5,630	1,577	-162	3,955	8,279
YoY Change (%)	198.9	-65.4	89.6	-66.7	1.6	299.9	3.1	-17.9	-15.7	109.3
Margins (%)	7.2	8.6	8.5	-1.5	5.7	16.7	7.1	-1.1	6.1	9.0

# Consumer Durables

## Company name

Blue Star

CG Consumer Elect.

Havells India

Orient Electric

Voltas

Whirlpool of India

## Expect another quarter of strong earnings

### Demand revival, cost rationalization efforts to drive earnings

- For the Consumer Durables companies under our coverage, we expect 4QFY21 revenue to increase 35% YoY (**two-yr CAGR: 10%**). Demand recovery across the sector has been faster than expected, with revenue in 1Q/2Q/3QFY21 coming in at -51%/+5%/+24% YoY. Aggregate EBITDA is expected to increase 65% YoY, with companies across the board expected to pass on the recent uptick in commodity prices and sustain ongoing cost rationalization measures. Adjusted PAT is expected to increase 62% YoY.
- Channel-level inventory and secondary sales for air conditioners need to be watched closely as these hold the key for primary sales going into the important summer season. Margins in the Projects business for Blue Star and Voltas are expected to remain under pressure as COVID-led provisions may continue for some more time.
- The sustainability of cost reduction initiatives undertaken by companies during the COVID shutdown is another key area. Although certain costs, such as advertising and promotional expenses, are expected to return, any fixed cost reduction, if sustainable, could emerge as a key future catalyst.

### Revenue to increase 35% YoY on sustained demand across categories

With sharp revenue decline seen in 1QFY21 due to the lockdown, revenue recovery across companies has been swift. Categories such as Lighting, Water Heaters, and other small appliances are expected to perform better owing to the seasonality factor and higher wear-and-tear of appliances across households. Demand for ACs, fans, and air coolers is also expected to remain buoyant owing to strong upcoming summer season demand. Categories such as Dishwashers, Laptops, Mobile Phones, Kitchen Appliances, and Microwaves have witnessed robust growth (exponential in certain cases). However, our Coverage Universe is not materially exposed to such product categories. Havells India is expected to outperform with 56% YoY revenue growth, followed by Crompton and Orient (41%/37% YoY) – owing to a benign base and higher off-take for electrical products, pricing action, and market share gains to the Top 3 players. Sales in the UCP segment for Voltas and Blue Star are expected to grow at 15%/20% YoY (\*moderate base quarter revenue for Blue Star). Whirlpool is expected to benefit from steady demand for refrigerators and washing machines with 21% YoY growth.

### Price hikes and sustained cost rationalization measures to aid EBITDA

Of late, commodity prices have surged, with copper, steel, and aluminum up 5–15% sequentially (and 30–50% YoY). This is not necessarily a negative catalyst as we expect companies under our coverage to undertake another round of price increases in April'21 (earlier price increase was taken in Jan'21). Also, cost rationalization measures – such as the cutting of advertising spends, promotional exp, and travel exp – are expected to continue for some more time. As a result, this would provide a significant boost to margins (with rising demand levels). We expect aggregate EBITDA to increase 65% YoY, aided by strong operating leverage.

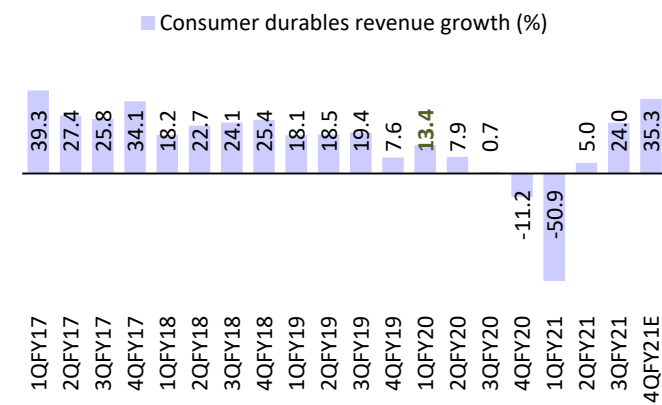
### Orient and Whirlpool are our top picks; await better entry point for Havells and Voltas

Adjusted PAT is expected to increase 62% YoY for our Coverage Universe. Going forward, we seek companies with better cost structures and the ability to sustain price increases. Orient Electric is our top pick in the Consumer Electricals sector, and Whirlpool is our top bet in Consumer Durables sector. We also like Havells and Voltas for their superior business models, but due to valuation constraints, we have Neutral ratings on both. Blue Star is our Sell idea in the sector.

**Exhibit 1: Summary of expected quarterly performance**

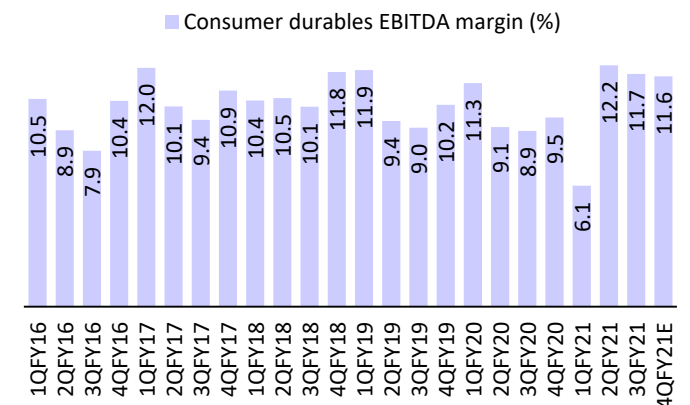
Sector	CMP		SALES (INR M)			EBIDTA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
Blue Star	922	Sell	15,830	21.8	40.8	1,145	206.7	40.4	619	541.5	68.6
CG Consumer Elect.	393	Buy	14,353	41.0	8.5	2,179	57.4	11.7	1,663	66.6	12.8
Havells India	1059	Neutral	34,533	55.8	9.1	4,943	101.5	-2.7	3,367	90.0	-3.6
Orient Electric	317	Buy	7,691	36.6	24.4	867	32.9	3.0	552	54.3	6.3
Voltas	1005	Neutral	26,759	28.1	34.2	2,640	37.5	81.0	1,855	15.4	45.0
Whirlpool India	2226	Buy	16,383	21.0	9.7	1,661	21.2	30.8	1,165	33.3	38.5
<b>Sector Aggregates</b>			<b>1,15,548</b>	<b>35.3</b>	<b>18.9</b>	<b>13,435</b>	<b>64.8</b>	<b>17.7</b>	<b>9,221</b>	<b>61.6</b>	<b>15.7</b>

**Exhibit 2: Aggregate revenue to increase 35% YoY**



Source: MOFSL, Company

**Exhibit 3: EBITDA margin to rise YoY on strong operating leverage and sustenance of cost-cutting measures**



Source: MOFSL, Company

**Exhibit 4: Summary of comparative full-year valuation**

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Consumer Durables</b>						<b>65.0</b>	<b>47.8</b>	<b>41.2</b>	<b>10.9</b>	<b>9.4</b>	<b>8.2</b>	<b>16.7</b>	<b>19.8</b>	<b>19.9</b>
Blue Star	922	Sell	9.8	20.3	26.8	94.2	45.4	34.4	10.8	9.9	8.9	11.5	21.8	25.8
CG Consumer Elect.	393	Buy	8.4	10.6	12.1	47.0	37.0	32.6	13.8	11.3	9.4	29.4	30.5	28.7
Havells India	1,059	Neutral	16.5	19.6	22.0	64.2	54.1	48.2	13.2	11.4	9.9	20.6	21.2	20.6
Orient Electric	317	Buy	5.3	6.5	8.1	60.0	48.7	39.0	16.1	13.8	11.6	26.9	28.2	29.8
Voltas	1,005	Neutral	14.3	21.5	24.6	70.3	46.8	40.9	7.2	6.5	5.9	10.3	13.9	14.3
Whirlpool India	2,226	Buy	27.3	45.5	54.9	81.7	49.0	40.5	10.0	8.5	7.2	12.3	17.4	17.8



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.

**Blue Star****Sell****CMP: INR922 | TP: INR740 (-20%)****EPS CHANGE (%): FY21 | 22: - | -**

- UCP revenue to increase 20% YoY; EMP revenue to increase 23% YoY
- Expect adjusted PAT at INR619m, aided by strong operating leverage and reduced tax rate
- EBITDA to come in at INR1.1b, with EBITDA margin stable sequentially
- Watch out for inventory in the channel and outlook for ACs in 1QFY22

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Sales</b>	<b>15,755</b>	<b>12,495</b>	<b>12,359</b>	<b>12,994</b>	<b>6,260</b>	<b>9,021</b>	<b>11,239</b>	<b>15,830</b>	<b>53,602</b>	<b>42,350</b>
Change (%)	4.5	21.0	12.5	-18.6	-60.3	-27.8	-9.1	21.8	2.4	-21.0
<b>EBITDA</b>	<b>1,149</b>	<b>736</b>	<b>570</b>	<b>373</b>	<b>14</b>	<b>551</b>	<b>816</b>	<b>1,145</b>	<b>2,828</b>	<b>2,525</b>
Change (%)	-16.0	26.7	34.7	-65.9	-98.8	-25.1	43.0	206.7	-18.4	-10.7
As of % Sales	7.3	5.9	4.6	2.9	0.2	6.1	7.3	7.2	5.3	6.0
Depreciation	203	216	223	237	209	206	259	275	880	949
Interest	82	68	76	69	185	179	149	137	295	650
Other Income	217	106	61	64	86	59	81	74	447	300
Extra-ordinary Items	0	-17	-16	-8	0	0	0	0	-40	0
<b>PBT</b>	<b>1,080</b>	<b>558</b>	<b>332</b>	<b>131</b>	<b>(295)</b>	<b>225</b>	<b>488</b>	<b>807</b>	<b>2,100</b>	<b>1,226</b>
Tax	325	169	120	40	-95	74	130	200	653	308
Effective Tax Rate (%)	30	30	36	30	32	33	27	25	31	25
MI/Share of profit from JV	14	8	(1)	5	3	3	9	12	26	26
<b>Reported PAT</b>	<b>768</b>	<b>379</b>	<b>196</b>	<b>89</b>	<b>(197)</b>	<b>153</b>	<b>367</b>	<b>619</b>	<b>1,433</b>	<b>943</b>
Change (%)	-16.1	94.1	NM	-88.9	-125.6	-59.6	87.5	595.6	-24.6	-34.2
<b>Adj PAT</b>	<b>768</b>	<b>397</b>	<b>212</b>	<b>96</b>	<b>(197)</b>	<b>153</b>	<b>367</b>	<b>619</b>	<b>1,473</b>	<b>943</b>
Change (%)	0.6	78.0	239.5	-88.3	-125.6	-61.4	73.6	541.5	-21.4	-36.0

**CG Consumer Elect.****Buy****CMP: INR393 | TP: INR485 (+23%)****EPS CHANGE (%): FY21 | 22: - | -**

- ECD/Lighting revenue to increase 47%/26% YoY
- Expect PAT at INR1.7b (+67% YoY)
- EBITDA margin to improve by 140bp on operating leverage and sustained cost control measures
- Watch out for ramp-up in consumer demand, price increases across products, and market share gains (if any)

**Quarterly Performance****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Sales</b>	<b>13,468</b>	<b>10,758</b>	<b>10,713</b>	<b>10,181</b>	<b>7,132</b>	<b>11,984</b>	<b>13,231</b>	<b>14,353</b>	<b>45,120</b>	<b>46,700</b>
Change (%)	11.9	3.7	4.0	-15.6	-47.0	11.4	23.5	41.0	0.7	3.5
<b>EBITDA</b>	<b>1,919</b>	<b>1,295</b>	<b>1,369</b>	<b>1,384</b>	<b>988</b>	<b>1,859</b>	<b>1,952</b>	<b>2,179</b>	<b>5,969</b>	<b>6,978</b>
Change (%)	14.7	4.5	8.6	-17.9	-48.5	43.5	42.6	57.4	1.9	16.9
As of % Sales	14.2	12.0	12.8	13.6	13.9	15.5	14.8	15.2	13.2	14.9
Depreciation	58	64	64	82	80	77	69	74	268	299
Interest	150	87	87	83	108	111	106	95	407	420
Other Income	173	122	174	119	188	167	199	197	589	750
<b>PBT</b>	<b>1,885</b>	<b>1,267</b>	<b>1,391</b>	<b>1,339</b>	<b>988</b>	<b>1,837</b>	<b>1,976</b>	<b>2,208</b>	<b>5,883</b>	<b>7,009</b>
Tax	660	154	355	341	251	467	502	545	1,510	1,764
Effective Tax Rate (%)	35.0	12.1	25.5	25.5	25.4	25.4	25.4	24.7	25.7	25.2
<b>Adjusted PAT</b>	<b>1,224</b>	<b>1,113</b>	<b>1,036</b>	<b>998</b>	<b>737</b>	<b>1,371</b>	<b>1,475</b>	<b>1,663</b>	<b>4,373</b>	<b>5,245</b>
Change (%)	17.4	44.7	30.1	(11.8)	(39.8)	23.2	42.3	66.6	16.9	19.9
Extra-ordinary Income (net)	0	-	574	-	0	-	0	-	574	-
<b>Reported PAT</b>	<b>1,224</b>	<b>1,113</b>	<b>1,610</b>	<b>998</b>	<b>737</b>	<b>1,371</b>	<b>1,475</b>	<b>1,663</b>	<b>4,947</b>	<b>5,245</b>
Change (%)	17.4	44.7	102.1	(29.5)	(39.8)	23.2	(8.4)	66.6	22.9	6.0

**Havells India****Neutral**

CMP: INR1,058 | TP: INR1,100 (+4%)

EPS CHANGE (%): FY21|22: - | -

- Revenue: Havells' core (+57% YoY)/Lloyd (+53% YoY)
- Watch out for commentary on demand scenario for Havells' core segments
- Expect EBITDA margin to moderate sequentially to 14.3%; EBITDA to come in at INR4.9b
- Lloyd's strategy for summer season and current inventory level in the channel are key monitorables

**Quarterly Performance**

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Sales</b>	<b>27,127</b>	<b>22,305</b>	<b>22,699</b>	<b>22,161</b>	<b>14,791</b>	<b>24,518</b>	<b>31,659</b>	<b>34,533</b>	<b>94,292</b>	<b>1,05,500</b>
Change (%)	4.5	1.8	-10.2	-19.5	-45.5	9.9	39.5	55.8	-6.3	11.9
<b>Adj EBITDA</b>	<b>2,781</b>	<b>2,350</b>	<b>2,690</b>	<b>2,453</b>	<b>1,309</b>	<b>4,207</b>	<b>5,081</b>	<b>4,943</b>	<b>10,274</b>	<b>15,539</b>
Change (%)	-10.9	-10.5	-8.6	-22.1	-52.9	79.0	88.9	101.5	-13.2	51.2
Adj EBITDA margin (%)	10.3	10.5	11.8	11.1	8.8	17.2	16.0	14.3	10.9	14.7
Depreciation	470	532	553	625	604	591	644	623	2,179	2,462
Interest	47	51	53	46	167	173	152	109	197	600
Other Income	395	290	239	195	322	364	392	306	1,120	1,384
Extra-ordinary items	-	-	-	-	-	428	-	-	-	428
<b>PBT</b>	<b>2,659</b>	<b>2,058</b>	<b>2,324</b>	<b>1,977</b>	<b>860</b>	<b>3,808</b>	<b>4,677</b>	<b>4,517</b>	<b>9,017</b>	<b>13,861</b>
Tax	898	255	329	205	226	987	1,186	1,150	1,687	3,548
Effective Tax Rate (%)	33.8	12.4	14.2	10.4	26.3	25.9	25.4	25.5	18.7	25.6
<b>Reported PAT</b>	<b>1,761</b>	<b>1,803</b>	<b>1,995</b>	<b>1,772</b>	<b>633</b>	<b>3,249</b>	<b>3,491</b>	<b>3,367</b>	<b>7,330</b>	<b>10,740</b>
Change (%)	-16.3	0.9	0.9	-11.7	-64.0	80.2	75.0	90.0	-6.9	46.5
<b>Adj PAT</b>	<b>1,761</b>	<b>1,803</b>	<b>1,995</b>	<b>1,772</b>	<b>633</b>	<b>2,821</b>	<b>3,491</b>	<b>3,367</b>	<b>7,330</b>	<b>10,312</b>
Change (%)	-16.3	0.9	0.9	-11.7	-64.0	56.5	75.0	90.0	-6.9	40.7

**Orient Electric****Buy**

CMP: INR317 | TP: INR365 (+15%)

EPS CHANGE (%): FY21|22: - | -

- Expect revenue to grow 37% YoY, led by Fans, Air Coolers, and Lighting
- Watch out for commentary on demand scenario across key categories
- Expect EBITDA margin to moderate sequentially to 11.3%; EBITDA to come in at INR867m
- Current inventory level in the channel and price increases across products are key monitorables

**Quarterly Performance**

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Sales</b>	<b>5,683</b>	<b>4,347</b>	<b>4,957</b>	<b>5,631</b>	<b>1,788</b>	<b>4,338</b>	<b>6,183</b>	<b>7,691</b>	<b>20,618</b>	<b>20,000</b>
Change (%)	31.2	16.5	17.9	-11.7	-68.5	-0.2	24.7	36.6	10.6	-3.0
<b>Adj EBITDA</b>	<b>441</b>	<b>219</b>	<b>453</b>	<b>652</b>	<b>-193</b>	<b>578</b>	<b>842</b>	<b>867</b>	<b>1,764</b>	<b>2,094</b>
Change (%)	66.2	27.8	67.7	-7.7	-143.6	164.2	86.0	32.9	24.9	18.7
Adj EBITDA margin (%)	7.8	5.0	9.1	11.6	-10.8	13.3	13.6	11.3	8.6	10.5
Depreciation	92	99	104	106	107	107	108	111	401	433
Interest	68	51	66	77	63	45	46	47	261	200
Other Income	5	9	12	15	9	7	7	17	41	40
Extra-ordinary Items	-	-	-	-	-	-	-	-	-	-
<b>PBT</b>	<b>286</b>	<b>78</b>	<b>295</b>	<b>484</b>	<b>-353</b>	<b>433</b>	<b>694</b>	<b>726</b>	<b>1,143</b>	<b>1,501</b>
Tax	97	29	104	126	-80	109	175	174	357	378
Effective Tax Rate (%)	34.0	36.7	35.4	26.1	22.7	25.1	25.2	24.0	31.2	25.2
<b>Reported PAT</b>	<b>189</b>	<b>49</b>	<b>191</b>	<b>358</b>	<b>-273</b>	<b>324</b>	<b>519</b>	<b>552</b>	<b>786</b>	<b>1,123</b>
Change (%)	56.7	-28.5	61.9	-7.4	-244.6	558.9	172.7	54.3	13.4	42.8
<b>Adj PAT</b>	<b>189</b>	<b>49</b>	<b>191</b>	<b>358</b>	<b>-273</b>	<b>324</b>	<b>519</b>	<b>552</b>	<b>786</b>	<b>1,123</b>
Change (%)	56.7	-28.5	61.9	-7.4	-244.6	558.9	172.7	54.3	13.4	42.8

**Voltas****Neutral****CMP: INR1,006 | TP: INR1,170 (+16%)****EPS CHANGE (%): FY21|22: -|-**

- UCP/EMP revenue to increase 15%/41% YoY
- Adjusted PAT to increase 17% YoY to INR1.9b
- Operating profit to increase 38% YoY; operating margin to increase 70bp YoY
- UCP segment's 1QFY22 outlook, inventory level in channel, and execution outlook in EMPS key monitorables

**Quarterly Performance****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Sales</b>	<b>26,540</b>	<b>14,219</b>	<b>14,925</b>	<b>20,896</b>	<b>12,969</b>	<b>16,125</b>	<b>19,946</b>	<b>26,759</b>	<b>76,581</b>	<b>75,800</b>
Change (%)	23.6	0.0	0.0	1.3	-51.1	13.4	33.6	28.1	7.5	-1.0
<b>EBITDA</b>	<b>2,912</b>	<b>1,059</b>	<b>976</b>	<b>1,920</b>	<b>668</b>	<b>980</b>	<b>1,459</b>	<b>2,640</b>	<b>6,867</b>	<b>5,747</b>
Change (%)	19.7	-2.5	-15.7	33.1	-77.1	-7.5	49.6	37.5	12.3	-16.3
As of % Sales	11.0	7.4	6.5	9.2	5.1	6.1	7.3	9.9	9.0	7.6
Depreciation	77	80	80	82	82	84	84	83	320	333
Interest	44	49	57	61	67	58	32	43	211	200
Other Income	433	726	543	605	674	383	516	527	2,306	2,100
Extra-ordinary Items	-301	-43	0	-20	0	0	0	0	-364	0
<b>PBT</b>	<b>2,923</b>	<b>1,612</b>	<b>1,381</b>	<b>2,362</b>	<b>1,192</b>	<b>1,221</b>	<b>1,859</b>	<b>3,042</b>	<b>8,278</b>	<b>7,314</b>
Tax	1,046	448	314	572	258	353	372	858	2,380	1,841
Effective Tax Rate (%)	32.4	27.1	22.7	24.0	21.6	28.9	20.0	28.2	27.5	25.2
Share of profit of associates/JV's	(225)	(100)	(198)	(203)	(123)	(84)	(208)	(329)	(726)	(744)
<b>Reported PAT</b>	<b>1,652</b>	<b>1,064</b>	<b>869</b>	<b>1,587</b>	<b>812</b>	<b>784</b>	<b>1,279</b>	<b>1,855</b>	<b>5,172</b>	<b>4,729</b>
Change (%)	-10.2	2.9	7.4	13.6	-50.9	-26.4	47.2	16.9	1.8	-8.6
<b>Adj PAT</b>	<b>1,953</b>	<b>1,107</b>	<b>869</b>	<b>1,607</b>	<b>812</b>	<b>784</b>	<b>1,279</b>	<b>1,855</b>	<b>5,536</b>	<b>4,729</b>
Change (%)	6.2	7.0	-6.2	15.1	-58.4	-29.2	47.2	15.4	6.5	-14.6

**Whirlpool of India****Buy****CMP: INR2,224 | TP: INR3,020 (+36%)****EPS CHANGE (%): FY21|22: -|-**

- Revenue to increase 21% YoY to INR16.4b
- Adjusted PAT to increase 33% YoY to INR1.2b
- Operating profit to increase 21% YoY; operating margin to remain flat YoY at 10.1%
- Operating margins and sustainability of cost structure are key monitorables

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Sales</b>	<b>19,742</b>	<b>13,935</b>	<b>12,712</b>	<b>13,536</b>	<b>10,271</b>	<b>15,995</b>	<b>14,940</b>	<b>16,383</b>	<b>59,925</b>	<b>57,588</b>
Change (%)	18.9	17.9	4.9	-0.1	-48.0	14.8	17.5	21.0	11.0	-3.9
<b>EBITDA</b>	<b>3,025</b>	<b>1,417</b>	<b>897</b>	<b>1,370</b>	<b>466</b>	<b>1,812</b>	<b>1,270</b>	<b>1,661</b>	<b>6,733</b>	<b>5,209</b>
Change (%)	19.1	31.5	-8.1	-20.1	-84.6	27.8	41.6	21.2	4.9	-22.6
As of % Sales	15.3	10.2	7.1	10.1	4.5	11.3	8.5	10.1	11.2	9.0
Depreciation	305	337	294	357	284	424	351	369	1,293	1,428
Interest	45	43	31	80	74	10	68	49	199	200
Other Income	274	387	395	257	142	348	284	318	1,287	1,091
<b>PBT</b>	<b>2,949</b>	<b>1,424</b>	<b>967</b>	<b>1,189</b>	<b>251</b>	<b>1,726</b>	<b>1,135</b>	<b>1,560</b>	<b>6,529</b>	<b>4,672</b>
Tax	1,041	176	235	315	87	440	293	395	1,766	1,215
Effective Tax Rate (%)	35.3	12.3	24.3	26.5	34.4	25.5	25.9	25.3	27.0	26.0
Extra-ordinary Items	0	0	0	0	0	0	-197	0	0	-197
<b>Reported PAT</b>	<b>1,908</b>	<b>1,248</b>	<b>732</b>	<b>874</b>	<b>165</b>	<b>1,286</b>	<b>644</b>	<b>1,165</b>	<b>4,763</b>	<b>3,260</b>
Change (%)	16.5	58.9	20.8	-16.0	-91.4	3.0	-12.1	33.3	17.0	-31.6
<b>Adj PAT</b>	<b>1,908</b>	<b>1,248</b>	<b>732</b>	<b>874</b>	<b>165</b>	<b>1,286</b>	<b>841</b>	<b>1,165</b>	<b>4,763</b>	<b>3,457</b>
Change (%)	16.5	58.9	20.8	-16.0	-91.4	3.0	14.9	33.3	17.0	-27.4

# Financials: Banks and Insurance

## 4QFY21 earnings estimate (INR b)

PAT (INR b)	4Q FY21E	YoY (%)	QoQ (%)
<b>Private Banks</b>			
AUBANK	2.64	116.2	-44.8
AXSB	16.29	NM	45.8
BANDHAN	4.45	-14.0	-29.7
DCBB	0.62	-10.5	-36.0
EQUITAS	1.02	36.0	-7.7
FB	4.48	48.7	10.9
HDFCB	86.89	25.4	-0.8
ICICIBC	51.57	322.2	4.4
IIB	8.87	181.6	6.9
KMB	19.56	54.4	5.5
RBK	1.60	39.6	8.6
<b>Private Total</b>	<b>197.98</b>	<b>107.5</b>	<b>2.2</b>
<b>PSU Banks</b>			
BOB	9.25	82.6	-12.8
SBIN	76.61	113.9	47.4
<b>PSU Total</b>	<b>85.86</b>	<b>110.1</b>	<b>37.2</b>
<b>Banks Total</b>	<b>283.84</b>	<b>108.3</b>	<b>10.8</b>
<b>Other Financials</b>			
SBICARD	2.63	214.3	25.2
<b>Life Insurance</b>			
HDFCLIFE	3.54	13.5	33.5
IPRULIFE	3.01	67.5	-1.6
SBILIFE	3.76	-29.1	61.6
MAXF	2.70	16.8	22.7
<b>Life Total</b>	<b>13.01</b>	<b>3.8</b>	<b>27.1</b>

## Earnings outlook steady; will optimism turn into reality in FY22E?

### Asset quality under watch, resumption of AQ classification to aid clarity

- **The improvement in earnings outlook** is led by a continued uptick in economic recovery and abating concerns around asset quality. Systemic loan growth is showing signs of a revival, with disbursement across various retail products – such as 2W, Home, Auto, LAP, and Gold loans – surpassing pre-COVID levels, while Banks remain cautious on the unsecured book. Even growth in the corporate segment is showing revival signs, with a focus on lending to highly rated corporates mainly for working capital needs. We expect growth to pick up and estimate systemic loan growth at 6.8%/11% for FY21E/FY22E. Private Banks under our coverage are likely to grow relatively higher by ~11%/17% YoY.
- **AQ classification to resume, expect a slight uptick in GNPL ratios (over pro forma levels):** The focus is likely to shift towards actively pursuing recovery efforts as the SC stay on NPA recognition stands withdrawn. Thus, lenders would recognize actual NPAs, which would keep slippages/asset quality elevated, though the pace of formation is likely to moderate. Although overall trends in asset quality have fared better than expectations, led by a sharp improvement in collection efficiency and a lower restructuring book, the recent surge in COVID-19 cases and the fear of a lockdown in key districts keep us watchful on asset quality. While many Banks have already provided for this likely increase and carry additional provision buffers, which should limit the impact on profitability, we expect them to continue to strengthen their balance sheets and credit cost to remain elevated. We estimate our Banking coverage universe to deliver ~17%/108% PPOP/PAT growth in 4QFY21E (on a low base).
- **Private Banks: Operating profitability to improve while provisions would remain elevated.** We estimate Private Banks to report PPOP growth of ~19% YoY (+2.7% QoQ) and PAT growth of ~108% YoY (+2.2% QoQ) due to a low base in 4QFY20. Although credit cost is likely to remain higher, a pick-up in loan growth along with healthy traction in fee income and modest opex would support earnings.
  - **Loan growth is likely to pick up**, led by rising consumer demand, particularly in the Retail segment. Even growth in the Corporate segment is recovering, with the focus on lending to highly-rated corporates. Banks, however, remain cautious about growing their unsecured portfolio. **We expect loans of Private Banks to grow by 11%/17% over FY21E/FY22E**, and estimate AXSB/ICICIBC to deliver 7.1%/13.5% YoY loan growth over 4QFY21E. HDFCB reported a growth of 14% YoY (+4.6% QoQ) while FB/IIB reported sequential growth of ~5%/3%. KMB is likely to report strong sequential growth (~5%) while RBK is likely to report flattish growth.
  - **Margin to exhibit stable/improving trends** - While continued monetary easing has resulted in low lending rates, cost of funds is likely to remain low, given the excess liquidity in the system. Although negative carry on slippages could impact margins, gradual deployment of excess liquidity and repricing of deposit base would support margins. Large Banks, with a strong liability franchise, are better placed to tackle margin pressure. **We expect NII growth of 15% YoY**, with BANDHAN ~27% and ICICIBC/KMB at 18% each.

- **Deposit traction would remain strong**, reflecting 12% YoY growth for the system, while many Banks have increased focus on ramping up retail deposits. Most Banks indicated that the deposit rates have bottomed out and cost of funds is likely to remain low.
- **Asset quality would remain under watch** as lenders would recognize actual NPAs as the stay on NPA recognition has ended. Though slippages would remain higher, it is likely to moderate on a sequential basis. We remain watchful of commentary given the rising COVID-19 cases and fear of a lockdown in key districts. Within MFIs, elections, and rising COVID-19 cases in key states could impact recovery trends. We remain watchful on BANDHAN, IIB, and RBK.
- **PSBs earnings to show a healthy pick up.** We estimate operating metric for PSBs to improve led by an improving overall environment. Within PSBs, we expect SBIN to report healthy performance supported by the resolution of Bhushan Power & Steel, which would result in healthy recoveries and a seasonally strong quarter on fee income. **PSBs are expected to deliver NII/PPOP growth of 27%/16% YoY and PAT growth of ~110% YoY (on a low base).**
- **Asset quality challenges in mid-sized Private Banks remain a monitorable:** We expect the performances of mid-sized Private Banks to remain mixed as they face challenges on asset quality, given their high restructuring book and low collection efficiency as compared to larger peers. We estimate DCB to report a decline of ~11% YoY in net earnings, while RBK would report an increase of ~40% YoY (on a low base), despite higher credit cost. FB is best placed in terms of liability franchise and would reflect a stable margin trajectory, led by an improving CASA mix. It is likely to report earnings growth of ~49% YoY (+11% QoQ) aided by healthy asset quality trends.
- **Small Finance Banks:** We expect AUBANK to report strong PPOP/PAT growth led by an uptick in loan growth, while provisions are likely to moderate on a sequential basis. EQUITAS is expected to report PPOP growth of 22% and PAT growth of 36% YoY (-8% QoQ).
- **Life Insurers – premium growth to pick up while operating metrics remain resilient.** Most Life Insurers are witnessing a gradual recovery in their new business premium (NBP), with SBILIFE/HDFCLIFE/MAXF to reflect APE growth of 38%/31%/27% YoY. IPRU would continue to reflect tepid trends as FY21E is likely to be a base reset period, reflecting a slowdown in ULIPs. We expect VNB growth of 45%/42%/36% for MAXF/SBILIFE/HDFCLIFE, while IPRU would report VNB growth of 17% YoY over 4QFY21E.
- **Other monitorables:**
  - **Asset quality outlook and restructuring trends** – The management commentary on slippage/restructuring trends and provisioning would be an **important** metric given the rising COVID-19 cases and fear of lockdown in key districts. More clarity would emerge in the restructuring pool.
  - **Outlook on loan growth and margins** – The management commentary on the growth outlook would be key to assess a recovery in the overall **environment**. Outlook on margins, given a pick-up in loan growth (as excess liquidity gets deployed), lower lending rates, and lower cost of funds.
  - **Treasury performance** – Bonds yield have increased during 4QFY21 which could impact the treasury book and the gains which Banks were sitting on. We expect the quantum of treasury gains to decline on a sequential basis.

## Our top picks – ICICIB, HDFCB, SBIN, FB, and MAXF

### ICICIB: Financial Snapshot (INR b)

Y/E March	FY21E	FY22E	FY23E
NII	391.2	463.4	549.9
OP	372.7	390.9	479.1
NP	169.5	217.7	274.5
NIM (%)	3.7	3.9	4.0
EPS (INR)	25.4	31.6	39.8
EPS Gr. (%)	106.6	24.5	26.1
ABV/Sh. (INR)	188.9	217.4	253.6
Cons. BV/Sh. INR	196.9	219.0	245.8
<b>Ratios</b>			
RoE (%)	13.2	14.1	15.5
RoA (%)	1.4	1.6	1.8
<b>Valuations</b>			
P/BV (x) (Cons.)	3.0	2.7	2.4
P/ABV (x)	2.3	2.0	1.7
P/E (x)	17.3	13.9	11.0

\*Adjusted for Investment in subsidiaries

### HDFCB: Financial Snapshot (INR b)

Y/E March	FY21E	FY22E	FY23E
NII	651.4	797.4	950.1
OP	573.9	695.8	825.4
NP	316.2	387.8	464.2
NIM (%)	4.1	4.4	4.4
EPS (INR)	57.7	70.7	84.6
EPS Gr. (%)	20.0	22.7	19.7
BV/Sh. (INR)	359.9	420.4	494.2
ABV/Sh. (INR)	345.1	403.6	474.0
<b>Ratios</b>			
RoE (%)	17.2	18.1	18.5
RoA (%)	1.9	2.0	2.1
<b>Valuations</b>			
P/E(X)	25.7	21.0	17.6
P/BV (X)	4.1	3.5	3.0
P/ABV (X)	4.3	3.7	3.1

### SBIN: Financial Snapshot (INR b)

Y/E March	FY21E	FY22E	FY23E
NII	1132.1	1240.0	1404.5
OP	734.4	805.5	930.2
NP	216.2	337.6	411.9
NIM (%)	3.1	3.1	3.1
EPS (INR)	24.2	37.8	46.2
EPS Gr. (%)	49.2	56.1	22.0
ABV (INR)	215.4	253.7	293.7
Cons. BV. INR	294.6	336.8	388.6
<b>Ratios</b>			
RoE (%)	9.9	13.8	14.6
RoA (%)	0.5	0.7	0.8
<b>Valuations</b>			
P/BV (x) Cons.	1.3	1.1	1.0
P/ABV (x)*	0.9	0.8	0.7
P/E (x)*	8.2	5.3	4.3

\*Adjusted for investment in subsidiaries

### ICICIB (Buy)

- ICICIB has substantially increased its PCR to ~86% (pro forma PCR ~78% – highest in the industry) and carries unutilized COVID-related provisions of INR64.7b (~1% of loans). Slippages have been controlled, while restructuring book stood lower ~0.4% of loans. It is well-cushioned with higher provisions on its Balance Sheet and has guided for normalization of credit cost from FY22.
- The bank continues to see strong growth in Retail deposits and has succeeded in building a robust liability franchise over the past few years. It has one of the lowest funding costs (with cost of deposits declining to 4%) among Private Banks, enabling it to underwrite a profitable business without taking undue Balance Sheet risks, thus supporting margin further.
- The retail mix remains healthy with: a) CASA ratio of 45.2%, b) retail contribution-to-fees ~78%, and c) increase in loan mix to ~66%.
- ICICIB appears firmly positioned to deliver healthy sustainable growth, led by focus on core operating performance. We estimate RoA/RoE of 1.8%/15.5% for FY23E. Adjusted for subsidiaries, the standalone bank trades at 1.7x FY22E ABV.

### HDFCB (Buy)

- HDFCB has shown robust traction in its Corporate portfolio, which is compensating for the softness in Retail lending. Loan growth over FY21 YTD has been largely led by the Corporate segment (53% of total loans). The management continues to focus on lending to highly rated corporates, which has enabled a sharp decline in RWA-to-total assets ratio to ~66% (v/s 75% in FY19). Even the retail book witnessed revival trends, with disbursements crossing pre-COVID levels.
- Stress in the MSME segment declined to 2.3% v/s 9% as anticipated earlier, while the impact on total asset quality due to COVID-19 remains under control, with total restructuring at 0.5% of loans and pro forma slippages at INR49b. The bank holds sufficient additional contingency provisions to manage residual stress as business trends normalize fully. We estimate credit cost to sustain at 1.5% for FY21E and moderate to 1.3% by FY23E.
- A strong liability franchise would support margin. The bank is, thus, well-placed to gain incremental market share on both the asset and liability fronts. We expect RoA/RoE of 2.1%/18.5% for FY23E. The bank trades at 3.1x FY22E ABV.

### SBIN (Buy)

- SBIN appears well-positioned to report a strong uptick in earnings as the uncertainty ushered by the COVID-19 pandemic has receded significantly. Over the years, SBIN has strengthened its Balance Sheet and increased its PCR (including TWO) to 86%. It further holds a PCR of ~89% on Corporate NPAs.
- It expects total COVID-19 impact on asset quality to be limited, with total slippages + restructuring expected to remain ~2.5% for FY21E. It reported a moderation in its pro forma GNPA/NNPA ratio, while the restructuring book was controlled at 0.8% of loans. Domestic collection efficiency is in line with other large Banks ~97%.

**FB: Financial Snapshot (INR b)**

Y/E March	FY21E	FY22E	FY23E
NII	55.8	64.7	76.8
OP	39.0	46.1	55.7
NP	15.6	22.4	28.8
NIM (%)	3.3	3.4	3.5
EPS (INR)	7.8	11.3	14.4
EPS Gr. (%)	1.0	43.8	28.2
BV/Sh. (INR)	80.1	90.1	102.8
ABV/Sh. (INR)	71.9	80.5	92.6
<b>Ratios</b>			
RoE (%)	10.2	13.2	15.0
RoA (%)	0.8	1.1	1.2
<b>Valuations</b>			
P/E(X)	10.1	7.0	5.5
P/BV (X)	1.0	0.9	0.8
P/ABV (X)	1.1	1.0	0.9

**MAXF: Financial snapshot (INR b)**

Y/E March	FY21E	FY22E	FY23E
Net Premiums	187.2	219.8	263.6
Surplus/Deficit	12.7	13.9	20.3
Sh. PAT	6.9	9.4	11.8
NBP gr- unwtd. %	17.0	20.0	22.0
NBP gr. – APE %	13.9	21.2	23.0
Premium gr. %	15.7	17.4	20.0
VNB margin. %	26.0	24.9	24.5
RoE. %	26.0	24.9	24.5
RoEV. %	21.6	21.2	21.1
Total AUM	904.7	916.9	1,042.4
VNB	12.5	14.6	17.6
EV per share	274.6	326.2	388.9
<b>Valuations</b>			
P/EV (x)	4.0	3.4	2.8
P/EVOP (x)	22.0	18.9	16.0

- SBIN has one of the best liability franchises (CASA mix: ~45%). This puts it in a better position to manage yield pressure, while a reduction in the interest rate on deposits would continue to support margin to a large extent.
- Subsidiaries – SBI MF, SBILIFE, and SBICARD – exhibited robust performances over the last few years, which could result in value unlocking.
- We estimate FY23E RoA/RoE of 0.8%/14.6%. Subsidiaries account for ~34% of total valuation. Adjusted for subsidiaries, the standalone bank trades at 0.7x FY22E ABV.

**FB (Buy)**

- On the asset quality front, the impact from COVID-19 remains under control as FB has no big ticket (>INR1b) accounts in its watch list. The management has guided at a restructuring book of INR15-16b (1.3% of loans), while CE stood ~95%. We expect slippages to increase and credit cost to stay elevated for FY21E as the focus remains on strengthening PCR. We expect the same to moderate from FY22E.
- CASA + retail TD constitutes ~90% of total deposits. FB saw a reduction in its cost of deposits and has a lower cost of funds advantage as compared to other mid-size Banks. This, along with a focus on cross-selling liability products to corporate clients to garner salary accounts, would support margin.
- FB has been taking a cautious approach in lending to high-rated corporates. The mix of retail loans has improved to ~33% in 3QFY21 from 28.4% in FY19. Though business growth remains subdued, we expect a gradual pick up in loan growth, resulting in an improvement in overall operating performance.
- We expect RoA/RoE of 1.2%/15% by FY23E. The stock currently trades at 0.9x FY22E ABV.

**MAXF (Buy)**

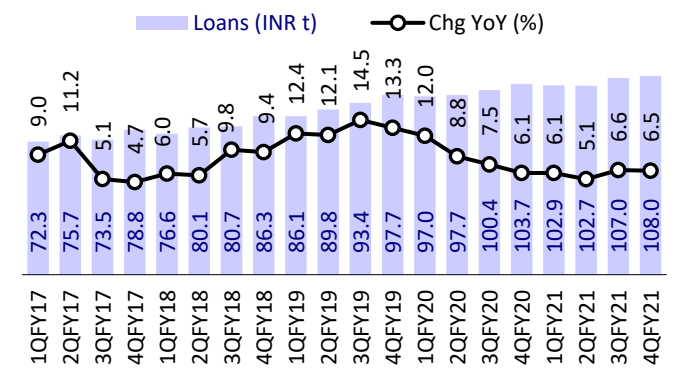
- MAXLIFE delivered a resilient performance amid a difficult macro environment, reporting ~14% growth in individual APE in FY21 YTD v/s a decline of ~2% for private players. Also, the market share in individual APE improved to ~6.4% in FY21 YTD (~90bp increase over FY21 YTD).
- The management increased its focus on the Protection and Non-PAR segments, with their share increasing to ~31% in FY20 from ~16% in FY17. In the current low business volumes, the share of Non-PAR and Protection increased sharply to ~49% as on 9MFY21. We believe MAXLIFE will continue to deliver better than industry trends in both these segments.
- The management has been making significant investments in growing its proprietary channels – branch/employee count has increased by ~190/~5,600 over FY17-20 – which enabled it to steadily gain market share. Overall, these contribute ~30% of total APE. The partnership with AXSB increases the long-term growth visibility/cross-sell opportunity for MAXLIFE.
- Distribution mix has started reflecting productivity gains, and increased focus towards high margin products has enabled healthy expansion in VNB margin. We expect margin to remain steady between 24% and 25%. This would enable 25% VNB CAGR over FY20-23E, while operating RoEV sustains ~21%. The stock currently trades at 2.8x FY23E EV after considering 80% MFS stake and 20% holding company discount.

## Exhibit 1: 4QFY21E earnings estimates

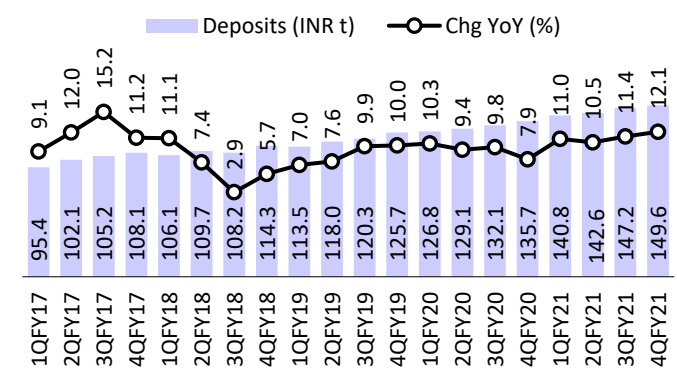
Private Banks	NII (INR m)			PPOP (INR m)			PAT (INR m)		
	Mar'21	YoY (%)	QoQ (%)	Mar'21	YoY (%)	QoQ (%)	Mar'21	YoY (%)	QoQ (%)
AU Bank	6,935	25.0	9.5	4,605	45.8	-47.2	2,644	116.2	-44.8
Axis Bank	76,454	12.3	3.7	63,220	8.0	3.7	16,285	NM	45.8
Bandhan Bank	21,377	27.2	3.2	19,585	28.8	2.3	4,447	-14.0	-29.7
DCB Bank	3,394	4.8	1.4	2,365	11.5	-14.7	615	-10.5	-36.0
Equitas Holdings	5,293	16.0	9.4	2,692	22.1	-2.1	1,022	36.0	-7.7
Federal Bank	14,698	20.9	2.3	9,997	4.2	3.8	4,480	48.7	10.9
HDFC Bank	173,847	14.3	6.5	155,566	20.0	2.4	86,888	25.4	-0.8
ICICI Bank	105,620	18.3	6.6	94,154	27.4	6.8	51,566	322.2	4.4
IndusInd Bank	35,085	8.6	3.0	30,256	5.9	2.1	8,874	181.6	6.9
Kotak Mahindra Bank	42,124	18.3	5.1	33,103	21.5	7.4	19,562	54.4	5.5
RBL Bank	9,429	-7.7	3.8	8,107	7.8	0.7	1,596	39.6	8.6
<b>Pvt Banking Sector</b>	<b>494,256</b>	<b>15.0</b>	<b>5.4</b>	<b>423,651</b>	<b>18.5</b>	<b>2.7</b>	<b>197,981</b>	<b>107.5</b>	<b>2.2</b>
<b>PSU Banks</b>									
Bank of Baroda	78,900	16.1	1.8	56,444	10.2	1.0	9,250	82.6	-12.8
State Bank	295,702	29.9	2.6	215,873	16.9	24.5	76,606	113.9	47.4
<b>PSU Banking Sector</b>	<b>374,602</b>	<b>26.7</b>	<b>2.4</b>	<b>272,318</b>	<b>15.5</b>	<b>18.8</b>	<b>85,857</b>	<b>110.1</b>	<b>37.2</b>
<b>Banking Sector</b>	<b>868,858</b>	<b>19.8</b>	<b>4.1</b>	<b>695,968</b>	<b>17.3</b>	<b>8.4</b>	<b>283,837</b>	<b>108.3</b>	<b>10.8</b>
<b>Other Financials</b>									
SBI Cards & Payment	10,723	5.8	18.2	10,349	8.9	11.1	2,625	214.3	25.2
<b>Life Insurance</b>									
HDFC Standard life	121,290	15.9	27.8	4,023	41.4	50.7	3,539	13.5	33.5
ICICI Prudential life	119,837	14.4	33.6	3,198	86.3	-2.1	3,007	67.5	-1.6
SBI life	156,698	32.1	13.8	3,925	-24.8	68.4	3,763	-29.1	61.6
Max Financial Services	68,123	16.0	47.2	NA	NA	NA	2,700	16.8	22.7
<b>Life Insurance</b>	<b>465,948</b>	<b>20.5</b>	<b>26.4</b>	<b>11,145</b>	<b>14.0</b>	<b>34.8</b>	<b>13,008</b>	<b>3.8</b>	<b>27.1</b>

Note: For Life Insurance - NII represents net premium income, PPOP represents shareholder's PBT, and PAT represents shareholder's profits

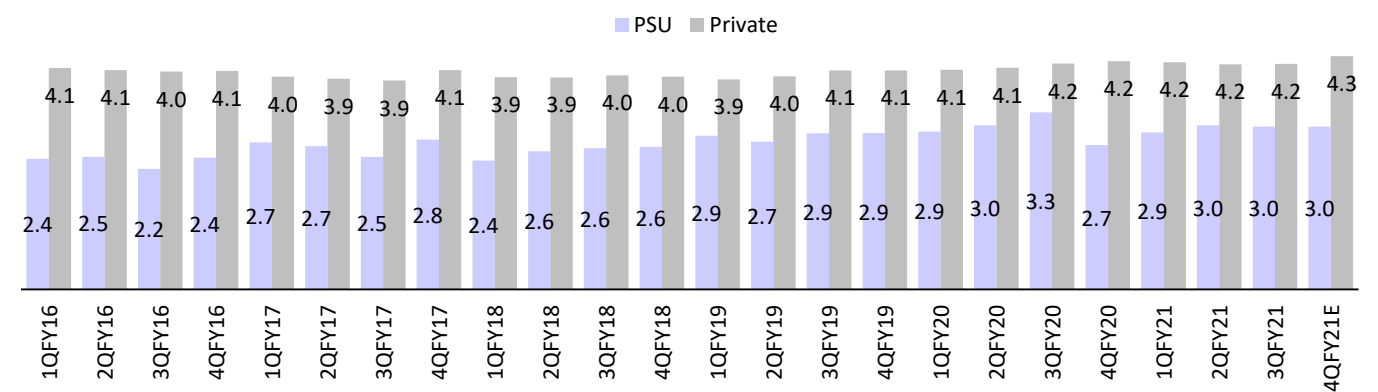
## Exhibit 2: Loan growth improves to 6.5%



## Exhibit 3: Deposit growth remains healthy at 12.1%



## Exhibit 4: NIMs to exhibit stable/improving trends as loan growth picks up supported by lower cost of funds





**Exhibit 5: Change in estimates across our Universe – modest cut in aggregate earnings with upgrades seen in FY22E**

PAT (INR b)	Old estimates			Revised estimates			Change (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Private Banks</b>									
AXSB	68.5	134.6	188.1	55.4	140.4	194.0	-19.1	4.3	3.1
BANDHAN	27.9	45.9	61.4	25.5	40.0	58.8	-8.7	-12.9	-4.2
DCBB	3.2	3.8	5.1	3.2	4.0	5.3	1.0	5.6	4.1
HDFCB	313.1	379.0	452.5	316.2	387.8	464.2	1.0	2.3	2.6
ICICIBC	172.2	213.7	268.6	169.5	217.7	274.5	-1.6	1.8	2.2
IIB	31.5	65.7	81.9	28.9	62.8	77.9	-8.1	-4.4	-4.8
KMB	72.5	85.1	100.5	72.4	87.1	101.6	-0.1	2.3	1.1
FB	16.0	22.3	28.6	15.6	22.4	28.8	-2.3	0.4	0.8
RBK	5.7	10.1	15.1	5.9	10.5	14.7	4.8	4.1	-2.3
AUBANK	12.9	11.8	15.6	12.7	12.4	16.2	-2.0	5.1	4.2
EQUITAS	3.5	4.7	6.0	3.7	5.1	6.9	6.5	8.9	13.9
<b>Total Private Banks</b>	<b>726.9</b>	<b>976.9</b>	<b>1,223.3</b>	<b>708.9</b>	<b>990.4</b>	<b>1,242.9</b>	<b>-2.5</b>	<b>1.4</b>	<b>1.6</b>
<b>YoY growth</b>	<b>38.4%</b>	<b>34.4%</b>	<b>25.2%</b>	<b>35.0%</b>	<b>39.7%</b>	<b>25.5%</b>			
<b>PSU Banks</b>									
BOB	27.2	47.7	79.9	28.0	44.1	74.8	3.0	-7.7	-6.4
SBIN	221.1	309.3	404.5	216.2	337.6	411.9	-2.2	9.1	1.8
<b>Total PSU Bank</b>	<b>248.3</b>	<b>357.0</b>	<b>484.4</b>	<b>244.2</b>	<b>381.6</b>	<b>486.7</b>	<b>-1.6</b>	<b>6.9</b>	<b>0.5</b>
<b>YoY growth</b>	<b>65.1%</b>	<b>43.8%</b>	<b>35.7%</b>	<b>62.4%</b>	<b>56.3%</b>	<b>27.5%</b>			
<b>Total for Banks</b>	<b>975.1</b>	<b>1,333.9</b>	<b>1,707.8</b>	<b>953.1</b>	<b>1,372.0</b>	<b>1,729.6</b>	<b>-2.3</b>	<b>2.9</b>	<b>1.3</b>
<b>YoY growth</b>	<b>44.4%</b>	<b>36.8%</b>	<b>28.0%</b>	<b>41.1%</b>	<b>43.9%</b>	<b>26.1%</b>			
<b>Other Financials</b>									
SBICARD	12.2	18.0	26.4	10.7	17.8	26.1	-12.0	-0.9	-0.9

Source: MOFSL, Company

Slippages to remain elevated over FY21, impacted by the COVID-19 outbreak

**Exhibit 6: Slippage ratio across Banks to normalize from FY22E**

Slippage ratio (%)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
AXSB	6.1	8.2	3.0	3.7	3.0	2.4	2.2
DCBB	1.8	1.9	1.9	2.7	4.0	3.3	2.5
HDFCB	1.4	2.1	1.9	1.9	2.1	2.0	1.9
ICICIBC	7.5	6.1	2.0	2.2	2.9	2.5	2.2
IIB	1.4	2.6	3.3	3.0	3.4	2.5	2.2
KMB	1.2	1.0	0.9	1.4	2.6	1.6	1.2
FB	1.6	2.7	1.6	1.7	2.5	2.0	1.7
RBK	2.5	1.9	1.8	6.2	5.5	4.1	3.2
AUBANK	1.7	2.1	2.5	2.5	3.2	2.3	1.8
BoB	3.5	6.0	3.0	3.4	4.4	3.8	3.0
SBIN	7.0	8.4	1.6	2.2	2.1	2.2	1.9

Source: MOFSL, Company

Credit cost to stay elevated over FY21 as Banks would look to provide for COVID-related provisions

**Exhibit 7: Credit cost across Banks to normalize from FY22E**

Credit cost (%)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
AXSB	3.4	3.8	2.6	3.5	2.9	1.6	1.3
BANDHAN	0.6	1.6	2.1	2.1	4.9	3.3	1.9
DCBB	0.8	0.8	0.6	1.1	1.9	1.8	1.4
HDFCB	0.7	1.0	1.0	1.3	1.3	1.4	1.3
ICICIBC	3.4	3.5	3.6	2.3	2.3	1.3	1.2
IIB	1.1	0.9	1.9	2.4	3.6	1.8	1.6
KMB	0.7	0.6	0.5	1.0	1.2	0.9	0.7
FB	0.9	1.1	0.8	1.0	1.4	1.1	1.0
RBK	0.9	1.0	1.4	3.6	3.9	3.3	3.0
AUBANK	1.7	1.3	0.8	1.1	2.2	1.3	1.1
BoB	2.2	3.7	2.9	3.1	2.3	2.2	1.9
SBIN	3.2	3.9	2.6	1.9	1.9	1.6	1.2

Source: MOFSL, Company

**Exhibit 8: Pro forma asset quality ratios over 2Q and 3QFY21**

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

Source: MOFSL, Company

Banks carry higher provision buffers to tackle COVID-related stress

**Exhibit 9: Snapshot of additional provision buffers (excluding that on pro forma slippages) as of 3QFY21**

As of 3QFY21	Loans (INR b)	Additional provisions*	As a percentage of loans	As a percentage of pro forma GNPA	As a percentage of pro forma NNPA
AXSB	5,828	79.6	1.4	27.4	108.2
DCBB	253	2.2	0.9	23.6	45.5
HDFCB	10,823	77.1	0.7	51.6	178.0
ICICIBC	6,990	78.7	1.1	18.2	81.7
IIB	2,071	17.3	0.8	28.4	119.0
KMB	2,141	4.7	0.2	6.6	17.5
FB	1,255	5.4	0.4	12.7	37.6
RBK	564	2.7	0.5	10.2	20.1
AUBANK	303	4.3	1.4	41.9	108.7
EQUITAS	168	0.6	0.3	7.9	18.4
SBIN	23,681	77.1	0.3	5.8	18.0

\*Additional provisions include COVID-related, excludes provisions on pro forma slippages

Source: MOFSL, Company

**Exhibit 10: Snapshot of the restructuring book across Banks**

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

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

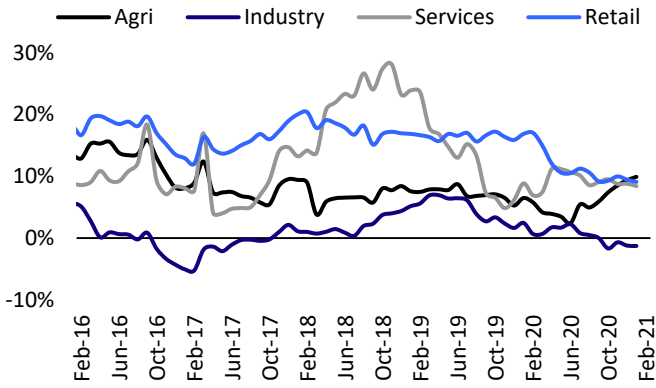
Source: MOFSL, Company

**Exhibit 11: Snapshot of collection efficiency across Banks as of 3QFY21**

Collection efficiency	(%)	Comments
AXSB	98	❖ Demand resolution stood at 98% as of Dec'20 (97% prior to the COVID-19 outbreak)
HDFCB	97	❖ Collection trends at 97% (98% prior to the COVID-19 outbreak)
IIB	97	❖ For Vehicles, CE stands at 96.9%. For MFIs, it stands at 94.4% (v/s 95.5% in Jan'21)
KMB	NA	❖ CE touched pre-COVID levels in the secured book. The same is slightly below the unsecured book
DCBB	NA	❖ CE at 94%/90%/80% for Home/Business/CV loans
FB	95	❖ Collections have touched pre-COVID levels
RBL	NA	❖ a) MFIs at 92%, b) Credit Cards at pre-COVID levels
AUBANK	97	❖ The customer activation rate in Dec'20 improved to 84% (normalized levels)
BANDHAN	92	❖ Around 80% customers made full payments, while 12-13% made partial payments. For MFIs, it stands at 90% as on 16th Jan'21 (92% in Dec'20)
BOB	93	❖ About 95% of Corporate book
SBIN	96.5	❖ Represents CE in the domestic loan book (excluding the Agri segment)

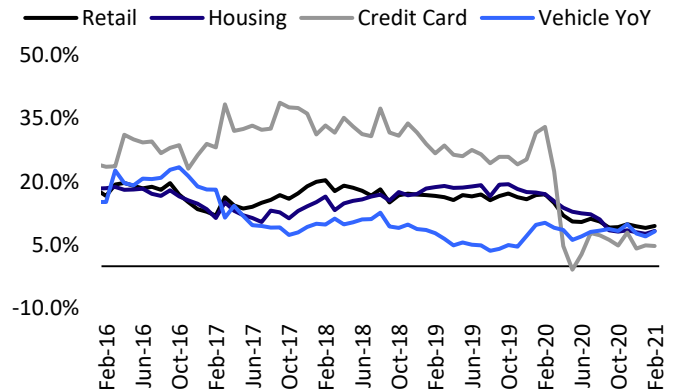
Source: MOFSL, Company

**Exhibit 12: Retail loan growth improves to 9.6%; retail mix rises ~930bp to 29.2% from 19% in FY15**



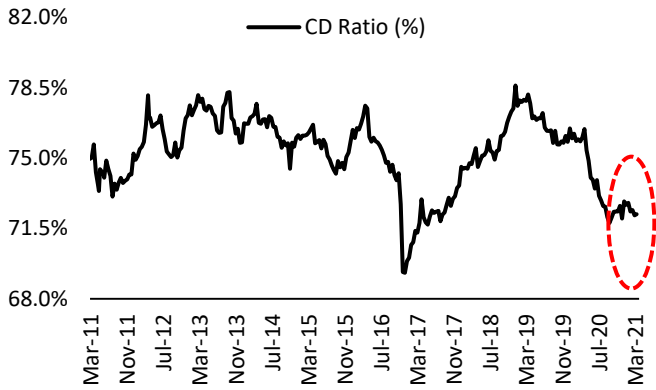
Source: MOFSL, RBI

**Exhibit 13: Housing/Vehicle growth rises to ~8% YoY; Credit Card growth modest ~5%**



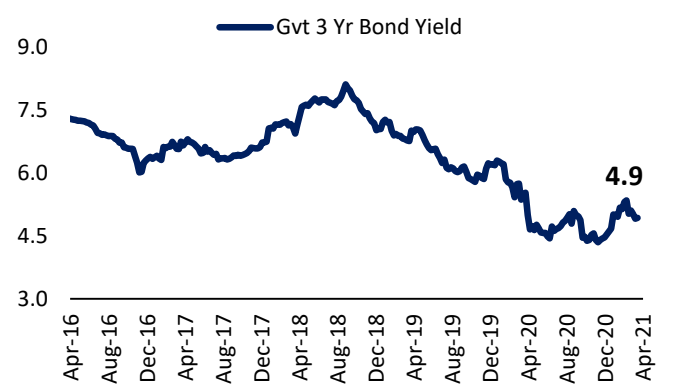
Source: MOFSL, RBI

**Exhibit 14: CD ratio at decade lows of ~72% (barring demonetization)**



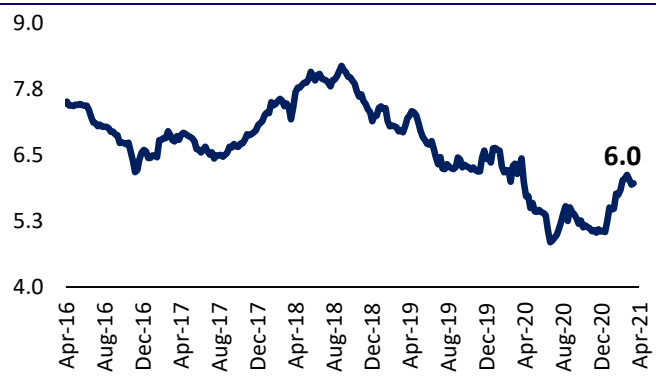
Source: MOFSL, BBG

**Exhibit 15: Three-year G-Sec yield increased 50bp over 4QFY21; currently stands at 4.9%**



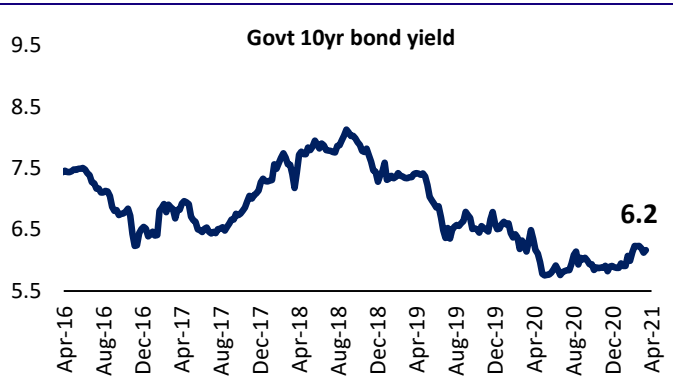
Source: MOFSL, BBG

**Exhibit 16: Five-year G-Sec yield increased 90bp over 4QFY21; currently stands at 6.0%**



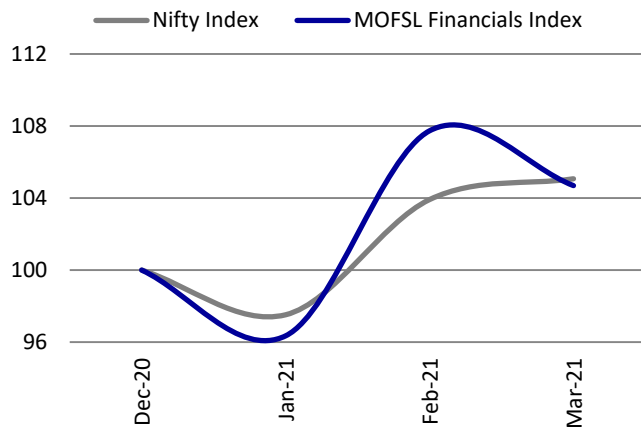
Source: MOFSL, BBG

**Exhibit 17: 10-year G-Sec yield increased 30bp over 4QFY21; currently stands at 6.2%**



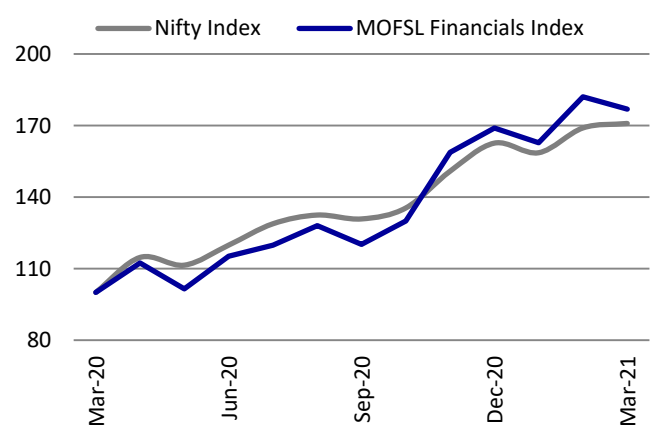
Source: MOFSL, BBG

Exhibit 18: Relative performance – three-months (%)



Source: MOFSL, Company

Exhibit 19: One-year relative performance (%)



Source: MOFSL, Company

Exhibit 20: Valuation summary

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Financials</b>														
<b>Banks-Private</b>														
AU Small Finance	1,272	Buy	41.3	40.2	52.6	30.8	31.7	24.2	6.3	5.3	4.3	24.0	18.1	19.6
Axis Bank	714	Buy	18.8	45.9	63.4	37.9	15.5	11.3	2.2	1.9	1.7	6.0	13.2	15.9
Bandhan Bank	351	Neutral	15.8	24.8	36.5	22.2	14.1	9.6	3.3	2.8	2.3	15.8	21.6	26.3
DCB Bank	104	Neutral	10.3	13.0	17.1	10.2	8.1	6.1	0.9	0.8	0.7	9.6	10.9	12.8
Equitas Holdings	88	Buy	10.9	15.1	20.2	8.0	5.8	4.4	1.0	1.0	1.0	13.1	17.3	22.9
Federal Bank	79	Buy	7.8	11.3	14.4	10.1	7.0	5.5	1.0	0.9	0.8	10.2	13.2	15.0
HDFC Bank	1,487	Buy	57.7	70.7	84.6	25.8	21.0	17.6	4.1	3.5	3.0	17.2	18.1	18.5
ICICI Bank	594	Buy	25.4	31.6	39.8	23.4	18.8	14.9	2.8	2.5	2.1	13.2	14.1	15.5
IndusInd Bank	993	Buy	39.9	83.0	103.0	24.9	12.0	9.6	1.9	1.6	1.4	7.8	14.7	15.9
Kotak Mahindra Bank	1,804	Neutral	49.8	59.6	69.8	36.3	30.3	25.9	4.7	4.1	3.5	13.0	13.0	13.3
RBL Bank	216	Buy	9.9	17.5	24.7	21.8	12.3	8.8	1.0	1.0	0.9	5.1	8.0	10.4
SBI Cards	975	Buy	11.4	19.0	27.8	85.4	51.4	35.0	14.5	11.6	8.9	18.4	25.1	28.7
South Indian Bank	9	Buy	1.6	2.0	2.7	5.5	4.3	3.2	0.3	0.3	0.3	5.1	6.3	8.0
<b>Banks-PSU</b>														
Bank of Baroda	76	Neutral	6.1	9.5	16.2	12.5	7.9	4.7	0.5	0.5	0.4	3.8	5.8	9.3
State Bank	371	Buy	30.9	45.2	54.7	12.0	8.2	6.8	1.3	1.1	1.0	9.9	13.8	14.6
<b>Insurance</b>														
HDFC Life Insur.	691	Neutral	6.9	8.9	10.1	100.2	77.3	68.5	5.6	4.8	4.0	21.1	17.4	17.6
ICICI Pru Life	444	Buy	8.4	12.0	16.5	53.0	37.0	27.0	2.3	2.0	1.7	21.1	15.4	15.4
Max Financial	880	Buy	15.9	21.7	27.5	55.2	40.5	32.0	3.2	2.7	2.3	18.7	18.8	19.2
SBI Life Insurance	883	Buy	12.9	13.3	17.8	68.4	66.2	49.5	2.9	2.4	2.0	16.9	18.3	19.0

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: INR1,272 | TP: INR1,350 (+6%)

EPS CHANGE (%): FY21|22: -2.0|+5.1

- Margin to witness a positive bias.
- Asset quality and collection efficiency key monitorables.
- Loan growth to pick up QoQ, while deposit growth will witness a healthy traction.
- CoF and C/I ratio are other key monitorables.

### Quarterly performance

(INR m)

	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	3,956	4,516	5,068	5,549	5,159	5,606	6,331	6,935	19,089	24,031
% Change (YoY)	38.1	40.7	45.7	43.4	30.4	24.1	24.9	25.0	42.2	25.9
Other Income	2,109	1,508	1,612	1,831	2,258	2,857	6,634	2,210	7,061	13,959
Total Income	6,065	6,024	6,681	7,381	7,416	8,463	12,965	9,145	26,150	37,990
Operating Expenses	3,157	3,247	3,552	4,223	2,961	3,800	4,237	4,540	14,179	15,538
Operating Profit	2,908	2,777	3,128	3,158	4,456	4,663	8,728	4,605	11,972	22,453
% Change (YoY)	90.7	58.5	75.1	46.4	53.2	67.9	179.0	45.8	65.8	87.5
Provisions	315	610	401	1,506	1,813	574	2,836	1,614	2,832	6,837
Profit before Tax	2,593	2,167	2,727	1,652	2,643	4,089	5,892	2,991	9,140	15,616
Tax Provisions	690	447	825	429	635	870	1,102	347	2,392	2,954
Net Profit	1,903	1,719	1,902	1,223	2,008	3,219	4,790	2,644	6,748	12,661
% Change (YoY)	147.3	88.1	99.5	3.5	5.5	87.2	151.9	116.2	76.7	87.6
<b>Operating Parameters</b>										
Deposits (INR b)	198.5	221.5	238.7	261.6	267.3	269.8	297.1	329.7	261.6	329.7
Loans (INR b)	231.0	248.1	265.7	269.9	262.5	272.3	302.9	334.1	269.9	334.1
Deposit Growth (%)	98.5	72.1	62.5	34.7	34.7	21.8	24.5	26.0	34.7	26.0
Loan Growth (%)	51.3	36.9	32.9	18.3	13.6	9.8	14.0	23.8	18.3	23.8
<b>Asset Quality</b>										
GNPA (%)	2.1	2.0	1.9	1.7	1.7	1.5	1.0	3.2	1.7	3.2
NNPA (%)	1.3	1.1	1.0	0.8	0.6	0.5	0.2	1.2	0.8	1.2
PCR (%)	40.5	43.9	46.8	52.5	63.5	71.0	76.0	64.2	52.5	64.2

## Axis Bank

Buy

CMP: INR714 | TP: INR900 (+26%)

EPS CHANGE (%): FY21|22: -19.1|+4.3

- Credit cost to remain high YoY, but moderate QoQ. Slippages a key monitorable given the rising COVID cases.
- Margin to expand to ~3.6%.
- Restructuring/BB & below pool to remain under watch.
- Loan growth to pick up QoQ; deposits to remain healthy.

### Quarterly performance

(INR b)

	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	58.4	61.0	64.5	68.1	69.9	73.3	73.7	76.5	252.1	293.3
% Change (YoY)	13.1	16.6	15.2	19.3	19.5	20.1	14.3	12.3	16.1	16.4
Other Income	38.7	39.0	37.9	39.9	25.9	38.1	37.8	40.6	155.4	142.3
Total Income	97.1	100.0	102.4	107.9	95.7	111.3	111.5	117.1	407.4	435.6
Operating Expenses	38.2	40.5	45.0	49.4	37.3	42.4	50.5	53.9	173.0	184.0
Operating Profit	58.9	59.5	57.4	58.5	58.4	69.0	61.0	63.2	234.4	251.6
% Change (YoY)	34.8	45.4	3.9	16.7	-0.8	15.9	6.1	8.0	23.3	7.3
Provisions	38.1	35.2	34.7	77.3	44.2	45.8	46.0	41.5	185.3	177.5
Profit before Tax	20.8	24.3	22.7	-18.8	14.3	23.2	14.9	21.7	49.0	74.1
Tax	7.1	25.5	5.1	-4.9	3.2	6.3	3.7	5.4	32.8	18.7
Net Profit	13.7	-1.1	17.6	-13.9	11.1	16.8	11.2	16.3	16.3	55.4
% Change (YoY)	95.4	NM	4.5	NM	-18.8	NM	-36.4	NM	-65.2	240.5
<b>Operating Parameters</b>										
Deposits (INR t)	5.4	5.8	5.9	6.4	6.3	6.4	6.5	6.9	6.4	6.9
Loans (INR t)	5.0	5.2	5.5	5.7	5.6	5.8	5.8	6.1	5.7	6.1
Deposit Growth (%)	20.9	21.7	15.1	16.7	16.2	8.8	10.6	8.0	16.7	8.0
Loan Growth (%)	12.7	14.4	15.8	15.5	12.9	10.5	5.9	7.1	15.5	7.1
<b>Asset Quality</b>										
Gross NPA (%)	5.3	5.0	5.0	4.9	4.7	4.2	3.4	4.7	4.9	4.7
Net NPA (%)	2.0	2.0	2.1	1.6	1.2	1.0	0.7	1.2	1.6	1.2
PCR (%)	62.5	61.7	59.6	69.0	74.8	77.2	79.0	76.2	69.0	76.2

**Bandhan Bank****Neutral**

CMP: INR351 | TP: INR370 (+5%)

EPS CHANGE (%): FY21|22: -8.7|-12.9

- NIMs to remain stable ~8.3%
- Business growth to remain modest.
- Credit cost to remain elevated; slippages to remain high.
- Commentary around collection efficiency a key metric.

**Quarterly performance**

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>15,746</b>	<b>15,290</b>	<b>15,403</b>	<b>16,800</b>	<b>18,115</b>	<b>19,231</b>	<b>20,717</b>	<b>21,377</b>	<b>63,239</b>	<b>79,441</b>
% Change (YoY)	51.8	41.9	37.0	33.6	15.0	25.8	34.5	27.2	40.7	25.6
Other Income	3,310	3,603	3,577	5,002	3,868	3,818	5,533	5,682	15,492	18,900
<b>Total Income</b>	<b>19,056</b>	<b>18,893</b>	<b>18,980</b>	<b>21,802</b>	<b>21,983</b>	<b>23,049</b>	<b>26,250</b>	<b>27,059</b>	<b>78,731</b>	<b>98,341</b>
Operating Expenses	5,505	5,824	6,341	6,595	6,141	6,773	7,109	7,475	24,265	27,499
<b>Operating Profit</b>	<b>13,551</b>	<b>13,069</b>	<b>12,639</b>	<b>15,207</b>	<b>15,842</b>	<b>16,275</b>	<b>19,141</b>	<b>19,585</b>	<b>54,466</b>	<b>70,843</b>
% Change (YoY)	65.1	49.5	40.4	31.9	16.9	24.5	51.4	28.8	45.3	30.1
Other Provisions	1,254	1,455	2,949	8,274	8,491	3,945	10,687	13,667	13,932	36,790
<b>Profit Before Tax</b>	<b>12,297</b>	<b>11,614</b>	<b>9,690</b>	<b>6,933</b>	<b>7,351</b>	<b>12,330</b>	<b>8,454</b>	<b>5,918</b>	<b>40,534</b>	<b>34,052</b>
Tax	4,261	1,896	2,380	1,760	1,853	3,130	2,128	1,471	10,297	8,581
<b>Net Profit</b>	<b>8,036</b>	<b>9,718</b>	<b>7,310</b>	<b>5,173</b>	<b>5,498</b>	<b>9,200</b>	<b>6,326</b>	<b>4,447</b>	<b>30,237</b>	<b>25,471</b>
% Change (YoY)	66.8	99.3	120.7	-20.5	-31.6	-5.3	-13.5	-14.0	54.9	-15.8
<b>Operating Parameters</b>										
Deposits (INR b)	437	492	549	571	606	661	712	748	571	748
Loans (INR b)	415	598	606	666	697	733	768	805	666	805
Deposit Growth (%)	42.3	49.3	58.5	32.0	38.7	34.4	29.6	31.0	32.0	31.0
Loan Growth (%)	35.9	88.4	78.9	68.1	68.1	22.6	26.7	20.9	68.1	20.9
<b>Asset Quality</b>										
Gross NPA (%)	1.7	1.8	1.9	1.5	1.4	1.2	1.1	7.9	1.5	7.9
Net NPA (%)	0.6	0.6	0.8	0.6	0.5	0.4	0.3	3.0	0.6	3.0
PCR (%)	65.9	68.3	58.4	60.8	66.6	70.0	76.6	62.1	60.8	62.1

**Bank of Baroda****Neutral**

CMP: INR76 | TP: INR75 (-1%)

EPS CHANGE (%): FY21|22: +3.0|-7.7

- Elevated credit cost and modest NII to dent earnings.
- Asset quality to remain under pressure.
- Rundown in international book to continue.
- Movement in watch list/stress pool to be a key monitorable.

**Quarterly performance**

(INR m)

	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>64,981</b>	<b>70,279</b>	<b>71,291</b>	<b>67,982</b>	<b>68,161</b>	<b>75,075</b>	<b>77,487</b>	<b>78,900</b>	<b>274,513</b>	<b>299,623</b>
% Change (YoY)	48.3	56.4	50.3	34.2	4.9	6.8	8.7	16.1	48.5	9.1
Other Income	19,156	28,239	27,412	28,347	18,183	28,023	28,955	30,076	103,173	105,237
<b>Total Income</b>	<b>84,137</b>	<b>98,519</b>	<b>98,702</b>	<b>96,328</b>	<b>86,344</b>	<b>103,098</b>	<b>106,442</b>	<b>108,976</b>	<b>377,686</b>	<b>404,860</b>
Operating Expenses	41,375	45,160	49,118	45,120	43,144	47,580	50,536	52,532	180,772	193,792
<b>Operating Profit</b>	<b>42,762</b>	<b>53,359</b>	<b>49,585</b>	<b>51,208</b>	<b>43,199</b>	<b>55,518</b>	<b>55,906</b>	<b>56,444</b>	<b>196,914</b>	<b>211,068</b>
% Change (YoY)	42.3	73.1	40.1	32.6	1.0	4.0	12.7	10.2	46.0	7.2
Provisions	32,849	42,092	71,554	68,441	56,277	30,016	39,567	46,846	214,935	172,705
<b>Profit before Tax</b>	<b>9,913</b>	<b>11,268</b>	<b>-21,970</b>	<b>-17,233</b>	<b>-13,078</b>	<b>25,502</b>	<b>16,340</b>	<b>9,599</b>	<b>-18,021</b>	<b>38,363</b>
Tax	2,815	3,901	-7,900	-22,299	-4,435	8,716	5,729	348	-23,483	10,358
<b>Net Profit</b>	<b>7,099</b>	<b>7,367</b>	<b>-14,070</b>	<b>5,066</b>	<b>-8,643</b>	<b>16,786</b>	<b>10,611</b>	<b>9,250</b>	<b>5,462</b>	<b>28,005</b>
% Change (YoY)	34.5	73.2	-398.6	-151.1	-221.8	127.9	NM	82.6	26.0	412.7
<b>Operating Parameters</b>										
Deposits (INR b)	8,955	8,941	8,962	9,460	9,345	9,543	9,546	9,980	9,460	9,980
Loans (INR b)	6,332	6,373	6,545	6,901	6,867	6,699	6,987	7,295	6,901	7,295
Deposit Growth (%)	54.0	47.3	46.8	48.1	4.3	6.7	6.5	5.5	48.1	5.5
Loan Growth (%)	52.8	47.0	45.9	47.2	8.4	5.1	6.8	5.7	47.2	5.7
<b>Asset Quality</b>										
Gross NPA (%)	10.3	10.3	10.4	9.4	9.4	9.1	8.5	9.9	9.4	9.9
Net NPA (%)	4.0	3.9	4.1	3.1	2.8	2.5	2.4	3.8	3.1	3.8
PCR (%)	64.1	64.4	63.8	68.9	71.9	74.4	73.6	63.7	68.9	63.7

**DCB Bank****Neutral****CMP: INR104 | TP: INR110 (+5%)****EPS CHANGE (%): FY21|22: +1.0|+5.6**

- Credit cost to remain high on potential stress in SME/LAP.
- Expect slippages to rise, which could keep asset quality under pressure. Loans under restructuring to be a key monitorable.
- C/I ratio may remain under pressure and could rise.
- NIM compression/loan growth to remain a key monitorable.

**Quarterly performance****(INR m)**

	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>3,048</b>	<b>3,134</b>	<b>3,231</b>	<b>3,237</b>	<b>3,067</b>	<b>3,339</b>	<b>3,348</b>	<b>3,394</b>	<b>12,649</b>	<b>13,148</b>
% Change (YoY)	11.6	11.2	10.0	7.6	0.6	6.6	3.6	4.8	10.1	3.9
Other Income	868	1,014	931	1,099	776	925	1,545	1,212	3,911	4,458
<b>Total Income</b>	<b>3,915</b>	<b>4,148</b>	<b>4,162</b>	<b>4,336</b>	<b>3,843</b>	<b>4,264</b>	<b>4,893</b>	<b>4,606</b>	<b>16,560</b>	<b>17,606</b>
Operating Expenses	2,250	2,302	2,263	2,215	1,932	2,016	2,119	2,241	9,029	8,309
<b>Operating Profit</b>	<b>1,665</b>	<b>1,845</b>	<b>1,899</b>	<b>2,121</b>	<b>1,911</b>	<b>2,248</b>	<b>2,773</b>	<b>2,365</b>	<b>7,531</b>	<b>9,298</b>
% Change (YoY)	17.8	26.3	9.3	14.5	14.8	21.8	46.0	11.5	16.5	23.5
Provisions	406	433	590	1,182	837	1,131	1,477	1,536	2,611	4,981
<b>Profit before Tax</b>	<b>1,259</b>	<b>1,413</b>	<b>1,309</b>	<b>938</b>	<b>1,075</b>	<b>1,117</b>	<b>1,296</b>	<b>829</b>	<b>4,919</b>	<b>4,316</b>
Tax	448	499	342	251	281	294	334	213	1,540	1,122
<b>Net Profit</b>	<b>811</b>	<b>914</b>	<b>967</b>	<b>688</b>	<b>794</b>	<b>823</b>	<b>962</b>	<b>615</b>	<b>3,379</b>	<b>3,194</b>
% Change (YoY)	16.6	24.5	12.3	-28.6	-2.1	-10.0	-0.5	-10.5	3.9	-5.5
<b>Operating Parameters</b>										
Deposits (INR b)	287.9	293.6	297.3	303.7	294.3	287.7	288.6	297.6	303.7	297.6
Loans (INR b)	240.4	248.0	254.4	253.5	250.6	248.8	253.0	258.5	253.5	258.5
Deposit Growth (%)	15.0	12.2	8.1	6.8	2.2	-2.0	-2.9	-2.0	6.8	-2.0
Loan Growth (%)	13.2	12.4	11.1	7.5	4.2	0.3	-0.5	2.0	7.5	2.0
<b>Asset Quality</b>										
Gross NPA (%)	2.0	2.1	2.2	2.5	2.4	2.3	2.0	4.4	2.5	4.4
Net NPA (%)	0.8	1.0	1.0	1.2	1.0	0.8	0.6	2.4	1.2	2.4
PCR (%)	58.9	54.5	52.8	53.5	60.0	64.1	70.2	47.0	53.5	47.0

**Equitas Holdings****Buy****CMP: INR88 | TP: INR105 (+20%)****EPS CHANGE (%): FY21|22: +6.5|+8.9**

- NIMs to expand slightly to ~8.6%.
- Watchful of asset quality in the MSME book. The management's focus will remain on collection efficiency.
- Elevated credit cost to impact earnings.
- Loans under restructuring to be a key monitorable.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>3,372</b>	<b>3,505</b>	<b>3,836</b>	<b>4,561</b>	<b>4,043</b>	<b>4,613</b>	<b>4,839</b>	<b>5,293</b>	<b>14,953</b>	<b>18,787</b>
% Change (YoY)	32.5	29.1	23.3	44.9	19.9	31.6	26.1	16.0	29.8	25.6
Other Income	592	639	857	736	297	637	1,463	907	2,824	3,304
<b>Total Income</b>	<b>3,963</b>	<b>4,145</b>	<b>4,693</b>	<b>5,297</b>	<b>4,339</b>	<b>5,249</b>	<b>6,302</b>	<b>6,200</b>	<b>17,777</b>	<b>22,090</b>
Operating Expenses	2,768	2,833	3,108	3,092	2,919	3,053	3,551	3,507	11,801	13,031
<b>Operating Profit</b>	<b>1,196</b>	<b>1,312</b>	<b>1,584</b>	<b>2,205</b>	<b>1,420</b>	<b>2,197</b>	<b>2,750</b>	<b>2,692</b>	<b>5,976</b>	<b>9,060</b>
% Change (YoY)	57.2	23.6	30.4	80.1	18.8	67.5	73.6	22.1	40.2	51.6
Provisions	308	454	405	1,300	683	839	1,261	1,284	2,466	4,068
<b>Profit before Tax</b>	<b>888</b>	<b>858</b>	<b>1,180</b>	<b>906</b>	<b>737</b>	<b>1,358</b>	<b>1,490</b>	<b>1,408</b>	<b>3,509</b>	<b>4,992</b>
Tax	317	363	239	154	160	328	383	386	1,073	1,256
<b>Net Profit</b>	<b>571</b>	<b>495</b>	<b>941</b>	<b>752</b>	<b>577</b>	<b>1,030</b>	<b>1,107</b>	<b>1,022</b>	<b>2,436</b>	<b>3,736</b>
% Change (YoY)	61.2	1.5	51.2	17.0	1.1	108.1	17.6	36.0	15.7	53.3
<b>Operating Parameters</b>										
AUM (INR b)	123	133	146	154	156	167	174	180	154	180
Deposits (INR b)	91	100	105	108	118	129	159	168	108	168
Loans (INR b)	120	130	137	137	144	159	168	175	137	175
AUM Growth (%)	35	33	37	31	27	26	19	17	31	17
Deposit Growth (%)	60	44	33	20	29	29	51	56	20	56
Loan Growth (%)	43	38	30	19	20	23	23	27	19	27
<b>Asset Quality</b>										
Gross NPA (%)	2.7	2.9	3.0	2.7	2.9	2.5	2.3	4.3	1.8	2.0
Net NPA (%)	1.5	1.6	1.7	1.5	1.5	1.0	0.7	2.0	3.2	4.0
PCR (%)	44.0	38.8	38.9	45.2	44.2	50.2	66.2	54.4	-	0.0



**Federal Bank****Buy****CMP: INR79 | TP: INR110 (+40%)****EPS CHANGE (%): FY21|22: -2.3|+0.4**

- Business growth to show a healthy pick up.
- Asset quality ratio and loans under restructuring to be a key monitorable.
- Credit cost to remain high due to exposure to SMEs.
- NIMs to expand to ~3.3%.

**Quarterly performance****(INR m)**

	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>11,542</b>	<b>11,238</b>	<b>11,549</b>	<b>12,160</b>	<b>12,964</b>	<b>13,799</b>	<b>14,370</b>	<b>14,698</b>	<b>46,489</b>	<b>55,832</b>
% Change (YoY)	17.8	9.9	7.2	10.9	12.3	22.8	24.4	20.9	11.3	20.1
Other Income	3,915	4,209	4,079	7,111	4,884	5,093	4,818	5,388	19,314	20,183
<b>Total Income</b>	<b>15,457</b>	<b>15,447</b>	<b>15,628</b>	<b>19,271</b>	<b>17,848</b>	<b>18,892</b>	<b>19,189</b>	<b>20,086</b>	<b>65,803</b>	<b>76,015</b>
Operating Expenses	7,629	8,259	8,190	9,678	8,524	8,827	9,560	10,089	33,756	36,999
<b>Operating Profit</b>	<b>7,828</b>	<b>7,188</b>	<b>7,438</b>	<b>9,593</b>	<b>9,324</b>	<b>10,065</b>	<b>9,629</b>	<b>9,997</b>	<b>32,047</b>	<b>39,015</b>
% Change (YoY)	29.8	3.0	5.1	27.1	19.1	40.0	29.5	4.2	16.0	21.7
Provisions	1,920	2,518	1,609	5,675	3,946	5,921	4,206	4,274	11,722	18,347
<b>Profit before Tax</b>	<b>5,907</b>	<b>4,670</b>	<b>5,830</b>	<b>3,918</b>	<b>5,378</b>	<b>4,145</b>	<b>5,423</b>	<b>5,723</b>	<b>20,325</b>	<b>20,668</b>
Tax	2,065	503	1,423	906	1,370	1,069	1,382	1,244	4,898	5,064
<b>Net Profit</b>	<b>3,842</b>	<b>4,167</b>	<b>4,406</b>	<b>3,012</b>	<b>4,008</b>	<b>3,076</b>	<b>4,041</b>	<b>4,480</b>	<b>15,428</b>	<b>15,604</b>
% Change (YoY)	46.2	56.6	32.1	-21.0	4.3	-26.2	-8.3	48.7	24.0	1.1
<b>Operating Parameters</b>										
Deposits (INR b)	1,325	1,395	1,446	1,523	1,549	1,567	1,617	1,727	1,523	1,727
Loan (INR b)	1,120	1,159	1,192	1,223	1,213	1,229	1,255	1,318	1,223	1,318
Deposit Growth (%)	19.1	18.1	17.1	12.8	16.9	12.3	11.8	13.4	12.8	13.4
Loan Growth (%)	18.8	14.8	13.0	10.9	8.3	6.1	5.3	7.8	10.9	7.8
<b>Asset Quality</b>										
Gross NPA (%)	3.0	3.1	3.0	2.8	3.0	2.8	2.7	3.6	2.8	3.6
Net NPA (%)	1.5	1.6	1.6	1.3	1.2	1.0	0.6	1.2	1.3	1.2
PCR (%)	50.7	49.0	46.4	54.5	59.6	65.7	78.2	67.3	54.5	67.3

**HDFC Bank****Buy****CMP: INR1,487 | TP: INR1,800 (+21%)****EPS CHANGE (%): FY21|22: +1.0|+2.3**

- Business growth to remain healthy.
- Watchful of asset quality in Agri and unsecured book.
- Margin broadly stable ~4.2%.
- Commentary around credit cards and fee income traction a key monitorable.

**Quarterly performance****(INR b)**

	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>132.9</b>	<b>135.2</b>	<b>141.7</b>	<b>152.0</b>	<b>156.7</b>	<b>157.8</b>	<b>163.2</b>	<b>173.8</b>	<b>561.9</b>	<b>651.4</b>
% Change (YoY)	22.9	14.9	12.7	16.2	17.8	16.7	15.1	14.3	16.5	15.9
Other Income	49.7	55.9	66.7	60.3	40.8	60.9	74.4	73.9	232.6	250.1
<b>Total Income</b>	<b>182.6</b>	<b>191.0</b>	<b>208.4</b>	<b>212.4</b>	<b>197.4</b>	<b>218.7</b>	<b>237.6</b>	<b>247.8</b>	<b>794.5</b>	<b>901.5</b>
Operating Expenses	71.2	74.1	79.0	82.8	69.1	80.6	85.7	92.2	307.0	327.6
<b>Operating Profit</b>	<b>111.5</b>	<b>117.0</b>	<b>129.5</b>	<b>129.6</b>	<b>128.3</b>	<b>138.1</b>	<b>151.9</b>	<b>155.6</b>	<b>487.5</b>	<b>573.9</b>
% Change (YoY)	28.9	23.4	20.1	19.5	15.1	18.1	17.3	20.0	22.6	17.7
Provisions	26.1	27.0	30.4	37.8	38.9	37.0	34.1	38.8	121.4	148.9
<b>Profit before Tax</b>	<b>85.3</b>	<b>90.0</b>	<b>99.0</b>	<b>91.7</b>	<b>89.4</b>	<b>101.1</b>	<b>117.7</b>	<b>116.8</b>	<b>366.1</b>	<b>425.0</b>
Tax	29.7	26.5	24.9	22.5	22.8	26.0	30.1	29.9	103.5	108.8
<b>Net Profit</b>	<b>55.7</b>	<b>63.4</b>	<b>74.2</b>	<b>69.3</b>	<b>66.6</b>	<b>75.1</b>	<b>87.6</b>	<b>86.9</b>	<b>262.6</b>	<b>316.2</b>
% Change (YoY)	21.0	26.8	32.8	17.7	19.6	18.4	18.1	25.4	24.6	20.4
<b>Operating Parameters</b>										
Deposit Growth (%)	18.5	22.6	25.2	24.3	24.6	20.3	19.1	16.3	24.3	16.3
Loan Growth (%)	17.1	19.5	19.9	21.3	20.9	15.8	15.6	13.9	21.3	13.9
Deposits	9,546	10,216	10,674	11,475	11,894	12,293	12,711	13,350	11,475	13,350
Loan	8,297	8,970	9,360	9,937	10,033	10,383	10,823	11,320	9,937	11,320
<b>Asset Quality</b>										
Gross NPA (%)	1.4	1.4	1.4	1.3	1.4	1.1	0.8	1.5	1.3	1.5
Net NPA (%)	0.4	0.4	0.5	0.4	0.3	0.2	0.1	0.5	0.4	0.5
PCR (%)	69.7	69.7	66.7	72.0	76.2	84.5	88.5	67.1	72.0	67.1

**ICICI Bank****Buy****CMP: INR594 | TP: INR770 (+30%)****EPS CHANGE (%): FY21|22: -1.6|+1.8**

- Loan growth to pick up; margin to remain stable ~3.7%.
- Credit cost to remain high; slippages would be key.
- Commentary on asset quality a key monitorable given rising COVID-19 cases.
- Movement in stressed loans to remain a key monitorable.

**Quarterly performance****(INR b)**

	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>77.4</b>	<b>80.6</b>	<b>85.5</b>	<b>89.3</b>	<b>92.8</b>	<b>93.7</b>	<b>99.1</b>	<b>105.6</b>	<b>332.7</b>	<b>391.2</b>
% Change (YoY)	26.8	25.6	24.3	17.1	19.9	16.2	16.0	18.3	23.1	17.6
Other Income	34.3	41.9	45.7	42.5	61.4	40.3	46.9	50.5	164.5	199.0
<b>Total Income</b>	<b>111.6</b>	<b>122.5</b>	<b>131.2</b>	<b>131.8</b>	<b>154.2</b>	<b>133.9</b>	<b>146.0</b>	<b>156.1</b>	<b>497.2</b>	<b>590.2</b>
Operating Expenses	48.7	53.8	55.7	57.9	46.5	51.3	57.8	61.9	216.1	217.5
<b>Operating Profit</b>	<b>62.9</b>	<b>68.7</b>	<b>75.5</b>	<b>73.9</b>	<b>107.8</b>	<b>82.6</b>	<b>88.2</b>	<b>94.2</b>	<b>281.0</b>	<b>372.7</b>
% Change (YoY)	8.3	30.9	22.8	18.6	71.4	20.2	16.8	27.4	19.9	32.6
Provisions	35.0	25.1	20.8	59.7	75.9	30.0	27.4	30.2	140.5	163.5
<b>Profit before Tax</b>	<b>27.9</b>	<b>43.7</b>	<b>54.7</b>	<b>14.2</b>	<b>31.8</b>	<b>52.7</b>	<b>60.8</b>	<b>64.0</b>	<b>140.5</b>	<b>209.2</b>
Tax	8.8	37.1	13.2	2.0	5.8	10.1	11.4	12.4	61.2	39.8
<b>Net Profit</b>	<b>19.1</b>	<b>6.5</b>	<b>41.5</b>	<b>12.2</b>	<b>26.0</b>	<b>42.5</b>	<b>49.4</b>	<b>51.6</b>	<b>79.3</b>	<b>169.5</b>
% Change (YoY)	NM	-27.9	158.4	26.0	36.2	549.1	19.1	322.2	135.8	113.7
<b>Operating Parameters</b>										
Deposits	6,607	6,963	7,163	7,710	8,016	8,329	8,743	9,175	7,710	9,175
Loans	5,924	6,134	6,357	6,453	6,312	6,526	6,990	7,324	6,453	7,324
Deposit Growth (%)	20.8	24.6	18.1	18.1	21.3	19.6	22.1	19.0	18.1	19.0
Loan Growth (%)	14.7	12.6	12.6	10.0	6.5	6.4	10.0	13.5	10.0	13.5
<b>Asset Quality</b>										
Gross NPA (%)	7.3	7.0	6.5	6.1	6.1	5.2	4.4	5.5	6.1	5.5
Net NPA (%)	1.8	1.6	1.5	1.4	1.2	1.0	0.6	1.2	1.4	1.2
PCR (%)	74.1	76.1	76.1	75.6	78.5	81.6	86.1	79.4	75.7	79.4

**IndusInd Bank****Buy****CMP: INR993 | TP: INR1,300 (+31%)****EPS CHANGE (%): FY21|22: -8.1|-4.4**

- Loan/deposit growth to witness healthy/strong traction QoQ.
- Asset quality to remain under watch, led by higher strain on the MFI business. Restructuring book to be key.
- Margin to remain stable ~4.1%.
- Credit cost to remain elevated as the focus remains on higher PCR.

**Quarterly performance****(INR m)**

	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>28,440</b>	<b>29,094</b>	<b>30,742</b>	<b>32,312</b>	<b>33,092</b>	<b>32,780</b>	<b>34,061</b>	<b>35,085</b>	<b>120,587</b>	<b>135,018</b>
% Change (YoY)	34.0	32.0	34.4	44.7	16.4	12.7	10.8	8.6	36.3	12.0
Other Income	16,633	17,272	17,900	17,722	15,204	15,543	16,458	17,455	69,527	64,660
<b>Total Income</b>	<b>45,072</b>	<b>46,365</b>	<b>48,642</b>	<b>50,034</b>	<b>48,296</b>	<b>48,323</b>	<b>50,519</b>	<b>52,539</b>	<b>190,114</b>	<b>199,677</b>
Operating Expenses	19,163	20,131	21,065	21,467	19,019	19,803	20,883	22,283	82,373	81,988
<b>Operating Profit</b>	<b>25,910</b>	<b>26,234</b>	<b>27,577</b>	<b>28,567</b>	<b>29,277</b>	<b>28,520</b>	<b>29,636</b>	<b>30,256</b>	<b>107,741</b>	<b>117,689</b>
% Change (YoY)	35.6	31.7	30.3	38.2	13.0	8.7	7.5	5.9	33.2	9.2
Provisions	4,306	7,377	10,435	24,403	22,589	19,644	18,535	18,268	46,521	79,036
<b>Profit before Tax</b>	<b>21,603</b>	<b>18,857</b>	<b>17,143</b>	<b>4,164</b>	<b>6,689</b>	<b>8,875</b>	<b>11,100</b>	<b>11,989</b>	<b>61,220</b>	<b>38,653</b>
Tax	7,278	4,848	4,050	1,012	1,585	2,245	2,797	3,114	17,027	9,741
<b>Net Profit</b>	<b>14,325</b>	<b>14,010</b>	<b>13,092</b>	<b>3,152</b>	<b>5,103</b>	<b>6,631</b>	<b>8,304</b>	<b>8,874</b>	<b>44,193</b>	<b>28,912</b>
% Change (YoY)	38.3	52.2	32.9	-12.5	-64.4	-52.7	-36.6	181.6	33.9	-34.6
<b>Operating Parameters</b>										
Deposit Growth (%)	26.3	23.2	23.3	3.7	5.3	10.0	10.3	26.8	3.7	26.8
Loan Growth (%)	28.4	20.8	19.8	10.9	2.4	2.1	-0.1	3.0	10.9	3.0
Deposit (INR b)	2,006	2,072	2,167	2,020	2,113	2,279	2,391	2,562	2,020	2,562
Loan (INR b)	1,935	1,971	2,074	2,068	1,981	2,012	2,071	2,130	2,068	2,130
<b>Asset Quality</b>										
Gross NPA (%)	2.2	2.2	2.2	2.5	2.5	2.2	1.7	3.5	2.5	3.5
Net NPA (%)	1.2	1.1	1.1	0.9	0.9	0.5	0.2	0.9	0.9	0.9
PCR (%)	43.3	49.6	52.5	63.3	66.6	76.7	87.3	73.8	63.3	73.8

**Kotak Mahindra Bank****Neutral****CMP: INR1,804 | TP: INR2,000 (+11%)****EPS CHANGE (%): FY21|22: -0.1|+2.3**

- Loan growth to witness a healthy pick up on a sequential basis.
- Liability franchise to remain strong. Lower cost of funds to result in stable margin (~4.5%).
- Commentary around stress in the SME book and other unsecured loans could keep credit cost elevated.
- Asset quality to remain largely stable, with GNPA ~3.4% v/s pro forma GNPA of ~3.3% in 3QFY21.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>31,730</b>	<b>33,496</b>	<b>34,295</b>	<b>35,597</b>	<b>37,239</b>	<b>39,132</b>	<b>40,068</b>	<b>42,124</b>	<b>134,997</b>	<b>158,563</b>
% Change (YoY)	22.8	24.6	16.7	16.8	17.4	16.8	16.8	18.3	20.5	17.5
Other Income	13,047	12,244	13,414	14,894	7,735	14,520	13,344	15,059	53,721	50,659
<b>Total Income</b>	<b>44,778</b>	<b>45,740</b>	<b>47,710</b>	<b>50,490</b>	<b>44,974</b>	<b>53,652</b>	<b>53,412</b>	<b>57,183</b>	<b>188,718</b>	<b>209,222</b>
Operating Expenses	20,789	20,654	23,829	23,238	18,737	20,678	22,579	24,081	88,509	86,073
<b>Operating Profit</b>	<b>23,989</b>	<b>25,086</b>	<b>23,881</b>	<b>27,253</b>	<b>26,237</b>	<b>32,975</b>	<b>30,833</b>	<b>33,103</b>	<b>100,208</b>	<b>123,148</b>
% Change (YoY)	18.0	19.7	23.2	19.4	9.4	31.4	29.1	21.5	20.0	22.9
Other Provisions	3,168	4,079	4,440	10,475	9,620	3,686	5,990	7,078	22,162	26,374
<b>Profit before Tax</b>	<b>20,822</b>	<b>21,006</b>	<b>19,441</b>	<b>16,778</b>	<b>16,617</b>	<b>29,289</b>	<b>24,843</b>	<b>26,025</b>	<b>78,047</b>	<b>96,774</b>
Tax Provisions	7,220	3,762	3,482	4,112	4,173	7,444	6,308	6,463	18,575	24,387
<b>Net Profit</b>	<b>13,602</b>	<b>17,245</b>	<b>15,959</b>	<b>12,666</b>	<b>12,445</b>	<b>21,845</b>	<b>18,535</b>	<b>19,562</b>	<b>59,472</b>	<b>72,387</b>
% Change (YoY)	32.7	51.1	23.6	-10.0	-8.5	26.7	16.1	54.4	22.2	21.7
Deposits (INR b)	2,329	2,331	2,394	2,628	2,615	2,616	2,653	2,733	2,628	2,733
Loans (INR b)	2,080	2,133	2,168	2,197	2,040	2,048	2,141	2,241	2,197	2,241
Deposit growth (%)	22.8	13.2	12.0	16.4	12.3	12.2	10.8	4.0	16.4	4.0
Loan growth (%)	17.6	15.3	10.4	6.8	-1.9	-4.0	-1.2	2.0	6.8	2.0
<b>Asset Quality</b>										
Gross NPA (%)	2.2	2.3	2.5	2.3	2.7	2.6	2.3	3.4	2.3	3.4
Net NPA (%)	0.7	0.9	0.9	0.7	0.9	0.6	0.5	1.3	0.7	1.3
PCR (%)	67.0	64.0	64.4	69.0	68.4	75.6	78.4	61.6	69.0	61.6

**RBL Bank****Buy****CMP: INR216 | TP: INR300 (+39%)****EPS CHANGE (%): FY21|22: +4.8|+4.1**

- Loan growth to remain modest.
- Credit cost to remain elevated in the near term.
- Asset quality to remain under pressure due to exposure to MFI/Credit Cards; collection efficiency remains key.
- Growth in deposits and liquidity positioning to be key monitorables.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>8,173</b>	<b>8,687</b>	<b>9,227</b>	<b>10,210</b>	<b>10,413</b>	<b>9,321</b>	<b>9,082</b>	<b>9,429</b>	<b>36,296</b>	<b>38,244</b>
% Change (YoY)	47.9	46.5	40.8	38.2	27.4	7.3	-1.6	-7.7	42.9	5.4
Other Income	4,812	4,415	4,870	5,005	3,333	4,562	5,799	5,981	19,102	19,676
<b>Total Income</b>	<b>12,985</b>	<b>13,102</b>	<b>14,096</b>	<b>15,215</b>	<b>13,746</b>	<b>13,883</b>	<b>14,880</b>	<b>15,410</b>	<b>55,399</b>	<b>57,919</b>
Operating Expenses	6,960	6,744	6,929	7,696	6,849	6,685	6,832	7,303	27,883	27,670
<b>Operating Profit</b>	<b>6,026</b>	<b>6,358</b>	<b>7,167</b>	<b>7,519</b>	<b>6,897</b>	<b>7,198</b>	<b>8,048</b>	<b>8,107</b>	<b>27,516</b>	<b>30,250</b>
% Change (YoY)	39.4	41.6	43.8	34.3	14.5	13.2	12.3	7.8	41.8	9.9
Other Provisions	1,970	5,333	6,228	6,012	5,002	5,256	6,098	5,982	19,989	22,337
<b>Profit before Tax</b>	<b>4,056</b>	<b>1,025</b>	<b>939</b>	<b>1,508</b>	<b>1,896</b>	<b>1,942</b>	<b>1,951</b>	<b>2,124</b>	<b>7,528</b>	<b>7,912</b>
Tax Provisions	1,386	482	239	364	483	500	480	528	2,471	1,992
<b>Net Profit</b>	<b>2,671</b>	<b>543</b>	<b>700</b>	<b>1,144</b>	<b>1,412</b>	<b>1,442</b>	<b>1,471</b>	<b>1,596</b>	<b>5,057</b>	<b>5,921</b>
% Change (YoY)	40.5	-73.4	-68.9	-53.7	-47.1	165.4	110.2	39.6	-41.7	17.1
<b>Operating Parameters</b>										
Deposits (INR b)	608.1	628.3	629.1	578.1	617.4	645.1	671.8	693.7	578.1	693.7
Loans (INR b)	568.4	584.8	596.4	580.2	566.8	561.6	564.4	580.2	580.2	580.2
Deposit Growth (%)	35.3	31.5	20.5	-1.0	1.5	2.7	6.8	20.0	-1.0	20.0
Loan Growth (%)	34.7	27.5	19.5	6.8	-0.3	-4.0	-5.4	0.0	6.8	0.0
<b>Asset Quality</b>										
Gross NPA (%)	1.4	2.6	3.3	3.6	3.5	3.3	1.8	5.2	3.6	5.2
Net NPA (%)	0.7	1.6	2.1	2.1	1.7	1.4	0.7	2.6	2.0	2.6
PCR (%)	52.9	40.7	38.5	44.3	53.2	59.4	61.7	50.7	44.3	50.7

## State Bank of India

Buy

CMP: INR371 | TP: INR500 (+35%)

EPS CHANGE (%): FY21|22: -2.2|+9.1

- Credit cost to remain high as the management continues to strengthen its Balance Sheet.
- Business growth to show a healthy pickup on a QoQ basis.
- Restructuring book and impact on asset quality to be key given the rising COVID-19 cases.
- Margin to remain stable ~3.1%; traction in fee income to be key.

## Quarterly performance

(INR b)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	229.4	246.0	277.8	227.7	266.4	281.8	288.2	295.7	980.8	1,132.1
% Change (YoY)	5.2	17.7	22.4	-0.8	16.1	14.6	3.7	29.9	11.0	15.4
Other Income	80.2	120.2	91.1	160.8	95.0	85.3	92.5	138.8	452.2	411.5
Total Income	309.5	366.2	368.8	388.4	361.4	367.1	380.7	434.5	1,433.1	1,543.6
Operating Expenses	177.1	184.2	186.6	203.8	180.8	202.5	207.3	218.6	751.7	809.2
Operating Profit	132.5	182.0	182.2	184.7	180.6	164.6	173.3	215.9	681.3	734.4
% Change (YoY)	10.6	30.9	44.3	9.0	36.3	-9.6	-4.9	16.9	22.9	7.8
Other Provisions	91.8	131.4	72.5	135.0	125.0	101.2	103.4	112.6	430.7	442.2
Profit before Tax	40.6	50.6	109.7	49.7	55.6	63.4	69.9	103.2	250.6	292.2
Tax Provisions	17.5	20.5	53.9	13.9	13.7	17.7	17.9	26.6	105.7	76.0
Net Profit	23.1	30.1	55.8	35.8	41.9	45.7	52.0	76.6	144.9	216.2
% Change (YoY)	NM	218.7	41.2	327.1	81.2	51.9	-6.9	113.9	NM	49.2
<b>Operating Parameters</b>										
Deposits (INR t)	29.5	30.3	31.1	32.4	34.2	34.7	35.4	36.2	32.4	36.2
Loans (INR t)	21.3	21.5	22.0	23.3	23.0	22.9	23.7	24.8	23.3	24.8
Deposit Growth (%)	7.3	8.0	9.9	11.3	16.0	14.4	13.6	11.8	11.3	11.8
Loan Growth (%)	13.8	9.6	7.4	6.4	7.7	6.9	7.6	6.5	6.4	6.5
<b>Asset Quality</b>										
Gross NPA (%)	7.5	7.2	6.9	6.2	5.4	5.3	4.8	5.4	6.2	5.4
Net NPA (%)	3.1	2.8	2.7	2.2	1.9	1.6	1.2	1.9	2.2	1.9
PCR (%)	61.1	62.9	63.5	65.2	67.1	71.0	75.2	67.0	65.2	67.0

## SBI Cards and Payment Services

Buy

CMP: INR975 | TP: INR1,200 (+23%)

EPS CHANGE (%): FY21|22: -12.0|-0.9

- Credit cost to remain high given the unsecured nature of the book.
- Traction in credit card spends to be a key metric to assess.
- Restructuring book and impact on asset quality to be key.
- Impact of restructuring on margin a key monitorable.

## Quarterly performance

(INR b)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	7,473	8,430	9,363	10,138	11,375	10,112	9,071	10,723	35,404	41,281
% Change (YoY)	NA	NA	NA	NA	52.2	20.0	-3.1	5.8	38.0	16.6
Other Income	12,535	12,139	12,817	11,622	7,808	12,373	13,717	15,276	49,110	49,175
Total Income	20,008	20,569	22,180	21,760	19,183	22,486	22,788	25,998	84,514	90,456
Operating Expenses	10,716	12,259	12,585	12,257	9,047	11,086	13,477	15,650	47,815	49,260
Operating Profit	9,292	8,310	9,595	9,503	10,136	11,399	9,311	10,349	36,699	41,195
% Change (YoY)	NA	NA	NA	NA	9.1	37.2	-3.0	8.9	47.8	12.3
Provisions	3,966	3,292	3,763	8,382	4,853	8,617	6,483	6,915	19,402	26,868
Profit before Tax	5,325	5,018	5,832	1,121	5,283	2,782	2,829	3,433	17,296	14,327
Tax	1,869	1,208	1,485	285	1,350	720	732	808	4,848	3,610
Net Profit	3,456	3,810	4,347	835	3,933	2,061	2,097	2,625	12,448	10,716
% Change (YoY)	NA	NA	NA	NA	13.8	-45.9	-51.8	214.3	43.9	-13.9
<b>Operating Parameters</b>										
Spends Growth (%)	NA	NA	NA	15.5	-36.8	-10.8	7.6	20.5	26.9	-4.5
Loan Growth (%)	NA	42.2	38.8	27.4	7.2	-1.6	-1.0	12.0	27.4	12.0
Spends (INR b)	301.7	331.8	351.4	324.3	190.9	295.9	378.0	390.6	1,314.5	1,255.4
Loan (INR b)	204.6	222.8	239.3	228.1	219.2	219.3	237.0	255.5	228.1	255.5
<b>Asset Quality</b>										
Gross NPA (%)	2.7	2.3	2.5	2.0	1.4	4.3	1.6	5.1	2.0	5.1
Net NPA (%)	0.8	0.8	0.8	0.7	0.4	1.5	0.6	1.7	0.7	1.7
PCR (%)	72.0	67.0	67.0	67.2	68.3	65.6	65.6	68.4	67.2	68.4

**HDFC Life Insurance****Neutral**

CMP: INR691 | TP: INR650 (-6%)

EPS CHANGE (%): FY21|22: -1.3|+6.4

- New business premium to show a healthy pickup led by robust trends in Annuity/PAR segments.
- Expense ratio to remain stable; RoEV to stay modest.
- VNB growth to remain healthy while margin will witness a slight moderation.
- Rise in COVID-related claims a key monitorable.

## Quarterly performance (INR m)

Policy holder's A/c	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net premium income	64,512	74,537	78,543	104,645	57,218	100,454	94,870	121,290	322,236	373,833
Growth (%)	29.2%	10.0%	13.9%	2.1%	-11.3%	34.8%	20.8%	15.9%	11.4%	16.0%
PAT	4,246	3,087	2,502	3,117	4,511	3,261	2,650	3,539	12,953	13,960
Growth (%)	11.7%	7.6%	1.9%	-14.4%	6.2%	5.6%	5.9%	13.5%	1.4%	7.8%
<b>Key metrics (INR b)</b>										
New business APE	17.1	17.6	18.2	18.7	12.0	20.9	21.0	26.9	71.6	80.6
VNB	5.1	4.5	4.5	5.1	2.9	5.5	5.7	6.9	19.2	21.0
AUM	1,296	1,310	1,365	1,272	1,400	1,506	1,656	1,818	1,272	1,818
<b>Key Ratios (%)</b>										
VNB Margin	29.8	25.4	24.7	27.4	24.3	25.6	26.4	25.8	25.9	26.1
Solvency ratio	193.0	192.0	195.0	184.1	190.0	203.0	202.0	200.1	184.1	200.1

**ICICI Prudential Life Insurance****Buy**

CMP: INR444 | TP: INR575 (+29%)

EPS CHANGE (%): FY21|22: +0.7|+26.4

- New business premium to witness an increase, but will remain under pressure.
- VNB margin to witness a healthy traction.
- Expense ratio to remain stable.
- Growth in non-linked savings business to remain healthy.

## Quarterly performance (INR m)

Policy holder's A/c	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net premium income	62,081	80,647	81,310	104,751	55,511	85,722	89,708	119,837	328,790	350,778
Growth (%)	14.2%	6.1%	8.7%	4.2%	-10.6%	6.3%	10.3%	14.4%	7.5%	6.7%
PAT	2,849	3,019	3,025	1,795	2,876	3,032	3,056	3,007	10,687	12,023
Growth (%)	1.2%	0.3%	1.9%	-31.3%	0.9%	0.5%	1.0%	67.5%	-6.3%	12.5%
<b>Key metrics (INR b)</b>										
New Business APE	14.7	19.0	20.4	17.0	8.2	14.7	16.7	20.6	71.1	60.1
VNB	3.1	4.0	4.3	4.7	2.0	4.0	4.3	5.5	16.0	15.8
AUM	1,640	1,655	1,720	1,530	1,700	1,815	2,049	2,120	1,530	2,120
<b>Key Ratios (%)</b>										
VNB Margin	21.0	21.1	20.9	23.8	24.4	27.4	25.7	26.8	21.7	26.3
Solvency ratio	217	211	207	194	205	206	226	220	194	220

**SBI Life Insurance****Buy**

CMP: INR883 | TP: INR1,050 (+19%)

EPS CHANGE (%): FY21|22: -4.1|-30.3

- New business premium to witness a healthy uptick.
- Margin to see an improvement, thereby improving VNB.
- Continues to maintain cost leadership.
- Protection mix to improve; Non-PAR to remain healthy.

## Quarterly performance (INR b)

Policy holder's A/c	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net premium income	66.6	101.1	116.9	118.6	75.9	128.6	137.7	156.7	403.2	498.8
Growth (%)	40%	32%	28%	5%	14%	27%	18%	32%	23%	24%
PAT	3.7	1.3	3.9	5.3	3.9	3.0	2.3	3.8	14.2	12.9
Growth (%)	5%	-48%	47%	16%	5%	131%	-40%	-29%	7%	-9%
<b>Key metrics (INR b)</b>										
New Business APE	18.6	28.1	33.8	26.9	12.7	27.1	35.0	37.1	105.1	111.9
VNB	3.3	5.2	6.2	5.4	2.4	5.1	7.0	7.7	20.1	22.2
AUM	1,470	1,548	1,642	1,604	1,754	1,864	2,095	2,166	1,604	2,166
<b>Key Ratios (%)</b>										
VNB margin	17.7	18.5	18.3	20.1	18.9	18.8	20.0	20.7	18.7	19.8
Solvency ratio	217.0	220.0	230.0	195.0	239.0	245.0	234.0	228.7	195.0	228.7

**Max Financial Services****Buy****CMP: INR880 | TP: INR1,000 (+14%)****EPS CHANGE (%): FY21|22: +9.1|+31.0**

- New business premium to witness a healthy uptick.
- VNB margin to moderate as the protection business moderates, though VNB growth will remain healthy.
- Proprietary channel to show a healthy recovery.
- Non-PAR growth to remain healthy, while ULIP will see a gradual recovery.

**Quarterly performance (INR m)**

Policy holder's A/c	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross premium income	26,510	37,810	38,800	58,710	27,510	45,330	46,280	68,123	161,830	187,243
Growth (%)	14.3%	14.6%	12.8%	6.4%	3.8%	19.9%	19.3%	16.0%	11.0%	15.7%
<b>PAT</b>	<b>680</b>	<b>860</b>	<b>1,540</b>	<b>2,314</b>	<b>1,710</b>	<b>260</b>	<b>2,200</b>	<b>2,700</b>	<b>5,394</b>	<b>6,870</b>
Growth (%)	NA	NA	NA	NA	151.5%	-69.8%	42.9%	16.7%	-3.1%	27.4%
<b>Key metrics (INR m)</b>										
New Business APE	6,850	10,450	10,100	14,090	6,610	11,540	12,250	17,876	41,490	48,276
VNB	1,340	2,300	2,120	3,210	1,130	3,250	3,500	4,667	8,970	12,547
AUM (INR b)	640	650	686	685	730	780	850	905	685	905
<b>Key Ratios (%)</b>										
VNB Margin	19.6	22.0	21.0	22.8	17.1	28.2	28.6	26.1	21.6	26.0
Solvency ratio	225.0	224.0	220.0	207.0	212.0	207.0	208.0	208.7	207.0	208.7

# Financials - NBFCs

## Company name

Aavas Financiers
Bajaj Finance
Can Fin Homes
Chola Inv. & Fin.
HDFC
ICICI Securities
IIFL Wealth Management
LIC Housing Finance
L&T Finance Holdings
M&M Financial Services
Manappuram Finance
MAS Financial Services
Muthoot Finance
PNB Housing Finance
Repco Home Finance
Shriram City Union
Shriram Transport Finance

## Recovery gathers momentum

### Disbursement and collection efficiencies at pre-COVID levels

- **Macro recovery, coupled with a stable liquidity scenario, is leading to a strong recovery in growth and collection efficiency. Across product segments, disbursements for 4QFY21 are likely to be at pre-COVID levels.**
- **Across product segments, there continues to be a MoM improvement in collection efficiency (CE). Companies are also witnessing movement to the lower DPD segment from the higher DPD segment, leading to a lower provisioning requirement. We continue to build in higher PCR/write-offs to clean the books. We expect credit cost to revert to normal levels over the next 1-2 quarters.**
- **Stable liquidity scenario, coupled with a lag in the impact of a fall in the marginal cost of funds, led to an improvement in spreads. Assignment-related transactions have also increased during 4QFY21 for PSL purposes. In a few cases (like HDFC, LTFH, MMFS, etc.), the capital raise will continue to help margins.**
- **Capital market players continued to witness strong traction led by a pick-up in transactions during 4QFY21. Equity and derivative trading volumes for the industry remained healthy despite changes in margin regulations. Within the wealth management space, inflows remain healthy.**
- **Over the past few months, steady improvement across all important parameters has been encouraging. We continue to favor players with strong balance sheets and those least impacted by the ensuing COVID-19 lockdown. Our top picks are HDFC, MUTH, CIFIC, SHTF, and ISEC.**

### HFCs: Growth momentum picking up

Home sales across geographies witnessed a sharp recovery in the past few months. Good schemes/discounts by builders, record low interest rates, and stamp duty cuts in certain states were the key drivers. The Home loan segment continues to witness heightened competitive intensity, especially from Banks. HDFC would see healthy Home loan growth (~12% YoY), while other large HFCs are likely to deliver muted growth. Most players, including PNBHOUSI, have nearly stopped fresh corporate sanctions and are undertaking 'retailization of Balance Sheet' as the primary business strategy now. The Affordable Housing segment is seeing strong traction, with growth at AAVAS and CANF expected to pick up further. The Retail lending segment remains resilient on the CE side. The non-Retail segment remains a key monitorable.

### Vehicle Financiers – Healthy performance all around

Auto sales remained healthy across most products. Tractors and PVs witnessed a healthy traction on the back of good monsoon expectations and pick-up in economic activity. 2W volumes were a bit tepid compared to expectations. Though M&HCV volumes have seen a QoQ recovery, sales remain much below pre-COVID levels. Used CV sales remain healthy on the back of unaffordability of new M&HCVs due to the recent price hikes and anticipation of a good monsoon. Disbursements of Vehicle Financiers under our coverage are likely to be divergent. CIFIC and SHTF would deliver a YoY growth in disbursements, while that for MMFS would be lower

due to higher risk aversion for products like HCV, SME and non-M&M Tractors. Margins could be a key positive surprise for all Vehicle Financiers given the sharp decline in incremental cost of funds in 4QFY21. On the asset quality front, CE has been on an uptrend. Also, restructuring has been minimal (less than 1-2% of loans).

**Gold financiers – Moderation expected**

Gold prices have seen a 12-15% correction QoQ, which is likely to have an impact on disbursements and AUM growth. While we expect a decline in prices to be partially compensated by LTV and higher tonnage, AUM is still likely to decline QoQ. Growth is also likely to be impacted marginally due to higher LTV (90%) offered by Banks. With portfolio LTV ~65%, there is unlikely to be any asset quality risk. In the non-Gold portfolio, MGFL witnessed a healthy performance in disbursements and asset quality in the Housing Finance segment. However, the MFI segment still faces some collection headwinds, but the disbursement momentum is picking up.

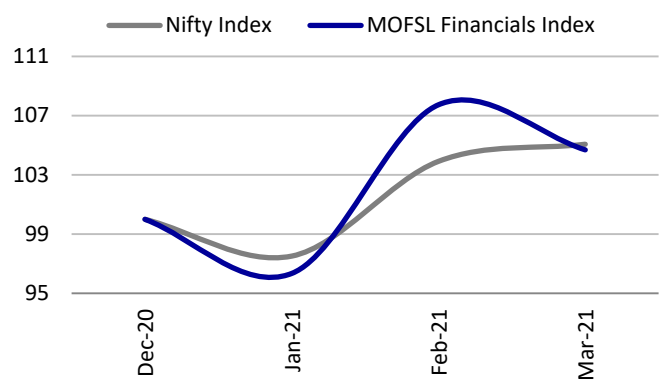
**Wholesale lending still muted; diversified financiers better off**

Pick up in macro-economic activity and stable liquidity scenario are leading to healthy growth in wholesale financiers. Companies are also focusing on certain retail products, which is leading to healthy growth. In the wholesale book, lenders are largely focusing on existing projects and are not looking much at new projects. Diversified financiers are better off. For BAF, we expect a growth uptick across product categories. Further decline in cost of funds and a reduction in excess liquidity on the books are likely to drive margins. LTFH and SCUF, too, are likely to see a sequential improvement in disbursements and asset quality.

**Capital market players on a healthy growth trajectory**

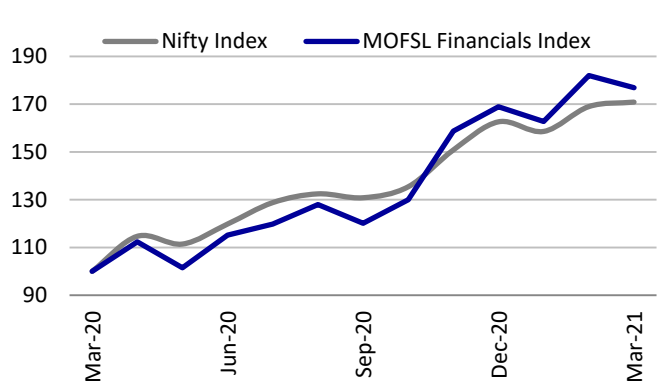
4QFY21 remained a healthy quarter in terms of cash and derivatives trading volumes despite a change in margin trading norms. While we expect a further moderation in market share for ISEC, revenues are likely to remain healthy due to strong cash delivery volumes. Recovery in client additions remains healthy for ISEC, backed by its open architecture and increasing share of non-ICICIBC channels. IIFL Wealth had a stable quarter in terms of flows. TBR revenue would remain lumpy as it is dependent on deal syndication opportunities. Traction in IIFL ONE and expense ratio reduction are key monitorables.

**Exhibit 1: Relative performance — three-months (%)**



Source: Bloomberg, MOFSL

**Exhibit 2: Relative performance — one-year (%)**



Source: Bloomberg, MOFSL



## Exhibit 3: Quarterly performance

Sector	CMP (INR)	Rating	NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
			Mar'21	Variance YoY (%)	Variance QoQ (%)	Mar'21	Variance YoY (%)	Variance QoQ (%)	Mar'21	Variance YoY (%)	Variance QoQ (%)
AAVAS Financiers	2421	Neutral	1,450	23.5	2.9	1,114	53.4	-12.1	753	25.6	-12.1
Bajaj Finance	5270	Neutral	35,770	-4.7	6.5	30,303	-6.2	4.3	13,177	39.0	15.0
Can Fin Homes	612	Buy	2,111	12.0	0.3	1,846	15.5	3.0	1,169	28.6	-11.4
Chola. Inv & Fin.	564	Buy	12,917	41.8	0.5	9,739	58.6	-2.2	5,367	1,158.1	31.3
HDFC	2531	Buy	38,888	9.8	-2.9	38,005	7.7	-3.7	28,282	25.7	5.1
ICICI Securities	395	Buy	5,957	23.6	-3.9	3,041	46.4	-15.0	2,267	45.5	-15.1
IIFL Wealth Mgt	1312	Buy	2,493	-3.0	3.9	1,014	7.9	16.6	955	LP	-1.1
L&T Fin.Holdings	100	Buy	18,854	21.5	5.9	15,062	37.2	7.0	3,840	-0.2	33.4
LIC Housing Fin	433	Buy	13,206	16.4	3.1	12,058	34.9	3.9	7,784	84.7	7.1
M & M Financial	204	Buy	14,036	4.2	1.5	10,175	5.3	2.0	6,245	182.7	LP
Manappuram Finance	157	Buy	10,421	16.9	0.7	7,413	12.9	0.5	4,924	23.6	1.9
MAS Financial	857	Buy	842	-18.9	7.8	667	-17.3	7.9	374	4.9	3.4
Muthoot Finance	1215	Buy	17,967	13.7	1.4	13,980	26.8	0.6	9,995	22.6	0.8
PNB Housing	394	Neutral	4,982	17.9	-2.6	5,469	27.9	-0.7	2,741	LP	18.0
Repco Home Fin	337	Buy	1,444	4.7	-6.5	1,266	15.9	-1.3	865	81.2	8.6
Shriram City Union	1427	Buy	9,274	9.2	5.8	6,048	17.6	8.0	3,028	97.8	8.3
Shriram Transport Fin.	1473	Buy	22,029	13.9	2.7	17,118	16.2	2.9	8,007	258.5	10.0
<b>NBFC</b>			<b>2,12,640</b>	<b>10.7</b>	<b>1.9</b>	<b>1,74,318</b>	<b>14.5</b>	<b>1.0</b>	<b>99,773</b>	<b>66.2</b>	<b>18.8</b>

## Exhibit 4: EPS estimates largely unchanged for FY21-22E

Company	Old estimates (INR)		New estimates (INR)		Change (%)	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
AAVAS	35.4	43.4	35.4	43.4	-	-
BAF	73.9	147.0	73.9	147.0	-	-
CANF	35.3	36.2	35.3	36.2	-	-
CIFC	22.1	28.7	22.1	28.7	-	-
HDFC	55.0	63.2	55.0	63.2	-	-
ISEC	30.0	30.3	30.0	30.3	-	-
IIFL Wealth	41.5	49.4	41.5	49.4	-	-
LTFH	4.7	10.8	4.7	10.8	-	-
LICHF	60.7	67.6	60.7	67.6	-	-
MMFS	6.5	9.5	6.5	9.5	-	-
MASFIN	26.4	32.4	26.4	32.4	-	-
MUTH	93.4	111.9	92.9	106.3	-0.5	-5.0
MGFL	19.6	23.8	20.7	24.1	5.6	1.2
PNBHOUSI	63.0	70.5	64.0	71.0	1.6	0.7
REPCO	49.7	51.3	49.7	51.3	-	-
SCUF	146.0	182.0	156.3	193.1	7.1	6.1
SHTF	103.7	131.3	103.7	131.3	-	-

Source: MOFSL, 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.

## Aavas Financiers

Neutral

CMP INR2,421 | TP: INR2,400 (0%)

EPS CHANGE (%): FY21|22: 0.0|0.0

- Expect AUM to grow by 22-23% YoY.
- We model in largely stable margin QoQ.
- We bake in ~20% QoQ growth in disbursement.
- Watch out performance on 1+dpd.

### Quarterly performance

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	1,816	1,881	2,020	2,148	2,286	2,430	2,577	2,669	7,864	9,963
Interest Expenses	804	833	949	974	1,118	1,144	1,169	1,219	3,561	4,650
<b>Net Income</b>	<b>1,012</b>	<b>1,047</b>	<b>1,070</b>	<b>1,174</b>	<b>1,168</b>	<b>1,287</b>	<b>1,408</b>	<b>1,450</b>	<b>4,304</b>	<b>5,313</b>
YoY Growth (%)	37	38	16	23	15	23	32	23	27	23
Other income	159	432	374	202	49	274	523	373	1,167	1,219
<b>Total Income</b>	<b>1,171</b>	<b>1,479</b>	<b>1,444</b>	<b>1,376</b>	<b>1,218</b>	<b>1,560</b>	<b>1,932</b>	<b>1,822</b>	<b>5,470</b>	<b>6,532</b>
YoY Growth (%)	32	45	9	4	4	6	34	32	20	19
Operating Expenses	495	524	627	650	526	634	665	708	2,296	2,533
YoY Growth (%)	13	19	29	23	6	21	6	9	21	10
<b>Operating Profit</b>	<b>676</b>	<b>955</b>	<b>817</b>	<b>726</b>	<b>692</b>	<b>927</b>	<b>1,267</b>	<b>1,114</b>	<b>3,174</b>	<b>3,999</b>
YoY Growth (%)	50	65	-2	-9	2	-3	55	53	19.1	26.0
Provisions	32	45	13	63	60	81	162	144	153	446
<b>Profit before Tax</b>	<b>643</b>	<b>910</b>	<b>804</b>	<b>664</b>	<b>632</b>	<b>846</b>	<b>1,105</b>	<b>970</b>	<b>3,020</b>	<b>3,553</b>
Tax Provisions	190	150	125	64	131	184	249	217	529	782
<b>Profit after tax</b>	<b>453</b>	<b>760</b>	<b>679</b>	<b>599</b>	<b>501</b>	<b>662</b>	<b>856</b>	<b>753</b>	<b>2,491</b>	<b>2,772</b>
YoY Growth (%)	51	115	21	10	11	-13	26	26		

## Bajaj Finance

Neutral

CMP INR5,270 | TP: INR5,000 (-5%)

EPS CHANGE (%): FY21|22: 0.0|0.0

- AUM growth picked up to 6.5% QoQ with the strong improvement witnessed in the customer addition
- Liquidity remains comfortable at INR160b (10.5% of AUM)
- Reduction in COF to drive NIM improvement
- Watch out for commentary on growth and asset quality

### Quarterly performance

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	51,010	54,635	61,037	63,023	57,932	57,631	57,225	58,721	2,29,704	2,31,508
Interest expenses	21,134	23,234	24,890	25,474	24,976	23,581	23,627	22,951	94,732	95,135
<b>Net Interest Income</b>	<b>29,876</b>	<b>31,400</b>	<b>36,147</b>	<b>37,549</b>	<b>32,956</b>	<b>34,050</b>	<b>33,598</b>	<b>35,770</b>	<b>1,34,972</b>	<b>1,36,373</b>
YoY Growth (%)	38.9	40.8	38.9	36.9	10.3	8.4	-7.1	-4.7	38.8	1.0
Other Operating Income	7,068	8,596	9,202	9,286	8,565	7,568	9,360	8,918	34,152	34,412
<b>Net Income</b>	<b>36,944</b>	<b>39,997</b>	<b>45,349</b>	<b>46,834</b>	<b>41,521</b>	<b>41,618</b>	<b>42,958</b>	<b>44,688</b>	<b>1,69,124</b>	<b>1,70,785</b>
YoY Growth (%)	43.3	47.7	41.4	38.4	12.4	4.1	-5.3	-4.6	42.4	1.0
Operating Expenses	12,922	13,830	15,341	14,515	11,567	11,559	13,896	14,386	56,608	51,408
<b>Operating Profit</b>	<b>24,022</b>	<b>26,167</b>	<b>30,008</b>	<b>32,320</b>	<b>29,954</b>	<b>30,059</b>	<b>29,062</b>	<b>30,303</b>	<b>1,12,516</b>	<b>1,19,377</b>
YoY Growth (%)	47.9	49.6	43.8	45.5	24.7	14.9	-3.2	-6.2	46.5	6.1
Provisions and Cont.	5,507	5,942	8,308	19,538	16,857	17,004	13,517	12,462	39,295	59,840
<b>Profit before Tax</b>	<b>18,514</b>	<b>20,224</b>	<b>21,701</b>	<b>12,782</b>	<b>13,097</b>	<b>13,055</b>	<b>15,545</b>	<b>17,841</b>	<b>73,221</b>	<b>59,538</b>
Tax Provisions	6,562	5,161	5,560	3,301	3,474	3,406	4,085	4,664	20,584	15,629
<b>Net Profit</b>	<b>11,953</b>	<b>15,063</b>	<b>16,141</b>	<b>9,481</b>	<b>9,623</b>	<b>9,649</b>	<b>11,460</b>	<b>13,177</b>	<b>52,638</b>	<b>43,909</b>
YoY Growth (%)	43.0	63.1	52.3	-19.4	-19.5	-35.9	-29.0	39.0	31.8	-16.6

**Can Fin Homes****Buy****CMP INR612 | TP: INR 730 (+19%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Disbursements to pick QoQ, but likely to be 75-80% of YoY levels.
- We bake in credit costs of INR330m v/s INR16m in 3QFY21.
- Expect repayment rate to pick up QoQ.
- Watch out for commentary on margin and capital raise.

**Quarterly performance****INR m**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	4,820	4,940	5,135	5,251	5,221	5,240	4,996	5,020	20,189	20,513
Interest Expenses	3,294	3,385	3,398	3,366	3,308	3,135	2,892	2,909	13,442	12,244
<b>Net Interest Income</b>	<b>1,526</b>	<b>1,555</b>	<b>1,737</b>	<b>1,885</b>	<b>1,913</b>	<b>2,106</b>	<b>2,104</b>	<b>2,111</b>	<b>6,747</b>	<b>8,269</b>
YoY Growth (%)	20.9	19.2	27.6	36.9	25.3	35.4	21.1	12.0	24.0	22.6
Other income	21	67	33	38	4	18	31	62	115	80
<b>Total Income</b>	<b>1,548</b>	<b>1,622</b>	<b>1,770</b>	<b>1,923</b>	<b>1,917</b>	<b>2,124</b>	<b>2,135</b>	<b>2,173</b>	<b>6,862</b>	<b>8,349</b>
YoY Growth (%)	15.4	17.4	24.3	28.1	23.8	30.9	20.6	13.0	22.1	21.7
Operating Expenses	232	250	269	325	215	252	344	327	1,076	1,138
YoY Growth (%)	16.4	41.0	24.7	0.0	-7.4	0.7	28.1	0.6	17.7	5.7
<b>Operating Profit</b>	<b>1,316</b>	<b>1,372</b>	<b>1,501</b>	<b>1,598</b>	<b>1,702</b>	<b>1,872</b>	<b>1,791</b>	<b>1,846</b>	<b>5,786</b>	<b>7,210</b>
YoY Growth (%)	15.3	13.9	24.2	35.9	29.4	36.4	19.3	15.5	23.0	24.6
Provisions	87	63	45	408	441	151	16	330	603	938
<b>Profit before Tax</b>	<b>1,229</b>	<b>1,309</b>	<b>1,456</b>	<b>1,189</b>	<b>1,260</b>	<b>1,720</b>	<b>1,775</b>	<b>1,516</b>	<b>5,183</b>	<b>6,272</b>
Tax Provisions	419	333	390	280	329	436	456	347	1,422	1,568
<b>Profit after tax</b>	<b>810</b>	<b>976</b>	<b>1,066</b>	<b>909</b>	<b>932</b>	<b>1,284</b>	<b>1,319</b>	<b>1,169</b>	<b>3,761</b>	<b>4,704</b>
YoY Growth (%)	7.6	19.7	40.7	35.7	15.0	31.5	23.8	28.6	26.8	25.1

**Cholamandalam Inv. & Fin.****Buy****CMP INR564 | TP: INR650 (+15%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- We continue to factor in higher credit cost and expect a positive surprise.
- On a higher base, we factor in largely stable margin QoQ.
- Expect 15-16% YoY AUM growth – best among all Vehicle Financiers.
- Watch out for commentary on growth and margin.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	19,110	20,439	21,204	20,465	20,710	23,580	24,263	24,543	81,242	93,095
Interest Expenses	10,870	11,769	11,924	11,359	11,307	11,852	11,404	11,626	45,922	46,188
<b>Net Interest Income</b>	<b>8,240</b>	<b>8,670</b>	<b>9,280</b>	<b>9,107</b>	<b>9,403</b>	<b>11,728</b>	<b>12,859</b>	<b>12,917</b>	<b>35,319</b>	<b>46,906</b>
YoY Growth (%)	19.3	17.2	21.6	15.9	14.1	35.3	38.6	41.8	3.8	32.8
Other Income	1,185	1,531	1,545	1,049	427	818	786	946	5,287	2,977
<b>Total Income</b>	<b>9,425</b>	<b>10,201</b>	<b>10,825</b>	<b>10,156</b>	<b>9,830</b>	<b>12,546</b>	<b>13,644</b>	<b>13,863</b>	<b>40,607</b>	<b>49,883</b>
YoY Growth (%)	16.2	24.6	23.7	13.0	4.3	23.0	26.0	36.5	19.3	22.8
Operating Expenses	3,500	4,016	4,244	4,016	3,458	3,551	3,688	4,124	15,776	14,821
<b>Operating Profit</b>	<b>5,925</b>	<b>6,185</b>	<b>6,581</b>	<b>6,140</b>	<b>6,372</b>	<b>8,996</b>	<b>9,956</b>	<b>9,739</b>	<b>24,831</b>	<b>35,062</b>
YoY Growth (%)	11.9	17.0	17.6	18.8	7.5	45.5	51.3	58.6	16.3	41.2
Provisions & Loan Losses	1,095	952	1,360	5,567	562	3,176	4,446	2,507	8,973	10,690
<b>Profit before Tax</b>	<b>4,830</b>	<b>5,233</b>	<b>5,221</b>	<b>573</b>	<b>5,810</b>	<b>5,820</b>	<b>5,511</b>	<b>7,232</b>	<b>15,857</b>	<b>24,372</b>
Tax Provisions	1,688	2,163	1,336	147	1,501	1,501	1,422	1,865	5,334	6,288
<b>Net Profit</b>	<b>3,142</b>	<b>3,070</b>	<b>3,885</b>	<b>427</b>	<b>4,309</b>	<b>4,319</b>	<b>4,089</b>	<b>5,367</b>	<b>10,524</b>	<b>18,084</b>
YoY Growth (%)	10.2	0.8	27.6	-85.4	37.1	40.7	5.2	1,158.1	-11.3	71.8

**HDFC****Buy****CMP INR2,531 | TP: INR3,300 (+30%)****EPS CHANGE (%): FY21|22: -0.2|-0.9**

- AUM growth likely to be healthy ~12%. Improvement in disbursements likely to continue.
- Margin to expand YoY due to lower CoF and capital raise in 2QFY21.
- Core PPOP likely to grow ~8% YoY, partially impacted by higher ESOP provisions of INR1.44b vs INR26m a year ago.
- Watch out for asset quality in the non-Retail segment.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	1,07,811	1,07,809	1,09,827	1,12,046	1,11,524	1,10,020	1,08,374	1,07,275	4,37,493	4,37,193
Interest Expense	77,393	78,307	77,696	76,618	78,171	73,991	68,327	68,388	3,10,014	2,88,876
<b>Net Interest Income</b>	<b>30,418</b>	<b>29,502</b>	<b>32,132</b>	<b>35,428</b>	<b>33,353</b>	<b>36,028</b>	<b>40,047</b>	<b>38,888</b>	<b>1,27,480</b>	<b>1,48,317</b>
YoY Change (%)	10.9	12.7	11.0	12.1	9.7	22.1	24.6	9.8	11.4	16.3
Assignment Income	2,962	2,639	1,703	2,376	1,834	1,590	4,103	3,629	9,679	11,157
<b>NII (including assignment income)</b>	<b>33,380</b>	<b>32,141</b>	<b>33,834</b>	<b>37,803</b>	<b>35,188</b>	<b>37,619</b>	<b>44,150</b>	<b>42,517</b>	<b>1,37,158</b>	<b>1,59,474</b>
YoY Change (%)	15.7	6.6	7.4	17.1	5.4	17.0	30.5	12.5	11.5	16.3
Other Operating Income	628	641	699	1,014	484	780	697	792	2,983	2,753
<b>Core Income</b>	<b>34,008</b>	<b>32,782</b>	<b>34,534</b>	<b>38,818</b>	<b>35,672</b>	<b>38,399</b>	<b>44,847</b>	<b>43,309</b>	<b>1,40,141</b>	<b>1,62,226</b>
YoY Change (%)	15.4	6.1	7.7	15.1	4.9	17.1	29.9	11.6	11.1	15.8
Operating Expenses	3,817	3,789	3,839	3,534	3,964	3,658	5,372	5,304	14,980	18,298
YoY Change (%)	-25.1	17.7	13.2	11.9	3.8	-3.5	39.9	50.1	0.8	22.2
<b>Core Operating profit</b>	<b>30,191</b>	<b>28,992</b>	<b>30,695</b>	<b>35,284</b>	<b>31,708</b>	<b>34,741</b>	<b>39,476</b>	<b>38,005</b>	<b>1,25,161</b>	<b>1,43,929</b>
YoY Change (%)	23.9	4.7	7.1	15.4	5.0	19.8	28.6	7.7	12.5	15.0
Provisions	3,200	2,541	2,950	7,240	2,990	4,360	5,940	3,855	15,931	17,145
<b>Core PBT</b>	<b>26,991</b>	<b>26,451</b>	<b>27,745</b>	<b>28,044</b>	<b>28,718</b>	<b>30,381</b>	<b>33,536</b>	<b>34,150</b>	<b>1,09,230</b>	<b>1,26,784</b>
YoY Change (%)	11.6	0.3	0.9	0.0	6.4	14.9	20.9	21.8	2.9	16.1
Profit on Sale of Inv./MTM on Inv.	18,492	13,048	90,588	4,300	13,352	1,660	3,874	99	1,26,428	18,985
Dividend income	11	10,738	38	21	2,982	3,230	22	1,116	10,807	7,350
One-off expenses/prov.	-5,700	-5,000	-27,000	-5,500	-9,000				-43,200	-9,000
Other Income	58	67	60	59	16	47	93	87	244	244
<b>PBT</b>	<b>39,851</b>	<b>45,304</b>	<b>91,430</b>	<b>26,924</b>	<b>36,068</b>	<b>35,318</b>	<b>37,525</b>	<b>35,451</b>	<b>2,03,509</b>	<b>1,44,363</b>
YoY Change (%)	29.8	29.8	218.7	-27.1	-9.5	-22.0	-59.0	31.7	55.1	-29.1
Provision for Tax	7,820	5,689	7,705	4,599	5,553	6,617	8,267	6,992	25,813	27,429
<b>PAT</b>	<b>32,031</b>	<b>39,615</b>	<b>83,725</b>	<b>22,325</b>	<b>30,515</b>	<b>28,701</b>	<b>29,258</b>	<b>28,459</b>	<b>1,77,697</b>	<b>1,16,934</b>
YoY Change (%)	46.3	60.6	296.1	-22.0	-4.7	-27.6	-65.1	27.5	84.5	-34.2

E: MOFSL estimates

**ICICI Securities****Buy****CMP INR395 | TP: INR650 (+65%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Overall industry volumes remain healthy. Expect drop in market share due to change in margin norms.
- Led by strong revenue growth, we expect over 700bp YoY improvement in C/I ratio.
- Expect pick up in customer acquisition, led by digital initiatives and non-ICICIBC channels.
- Distribution income to witness a sequential pick-up.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue from Operations	3,865	4,170	4,222	4,804	5,460	6,807	6,201	5,957	17,062	24,425
Other Income	156	12	4	15	4	-2	-1	0	187	0
<b>Total Income</b>	<b>4,021</b>	<b>4,182</b>	<b>4,227</b>	<b>4,819</b>	<b>5,464</b>	<b>6,805</b>	<b>6,200</b>	<b>5,957</b>	<b>17,249</b>	<b>24,425</b>
Change YoY (%)	-7.7	-8.7	4.4	12.5	35.9	62.7	46.7	23.6	-0.1	41.6
Operating Expenses	2,261	2,341	2,376	2,742	2,870	3,082	2,622	2,916	9,720	11,490
Change YoY (%)	-3.1	-6.5	-3.7	14.5	26.9	31.6	10.4	6.3	0.2	18.2
<b>PBT</b>	<b>1,760</b>	<b>1,841</b>	<b>1,851</b>	<b>2,077</b>	<b>2,594</b>	<b>3,723</b>	<b>3,578</b>	<b>3,041</b>	<b>7,529</b>	<b>12,936</b>
Change YoY (%)	-13.1	-11.4	17.1	10.0	47.4	102.2	93.3	46.4	-0.6	71.8
Tax Provisions	622	490	479	519	663	942	908	773	2,109	3,286
<b>Net Profit</b>	<b>1,138</b>	<b>1,351</b>	<b>1,372</b>	<b>1,559</b>	<b>1,931</b>	<b>2,782</b>	<b>2,670</b>	<b>2,267</b>	<b>5,420</b>	<b>9,650</b>
Change YoY (%)	-15.0	0.7	35.6	28.3	69.7	105.9	94.6	45.5	10.4	78.0

**IIFL Wealth Management****Buy****CMP INR1,312 | TP: INR1,540 (+17%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- We bake in 3% QoQ growth in net AUM to INR1.83t.
- Expect a pick-up in ARR led by IIFL ONE assets.
- ESOP provisioning to keep employee cost elevated.
- Commentary on trends in new flows and margin important.

**Quarterly performance**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Revenues</b>	<b>2,108</b>	<b>2,316</b>	<b>2,210</b>	<b>2,570</b>	<b>1,990</b>	<b>2,110</b>	<b>2,400</b>	<b>2,493</b>	<b>9,204</b>	<b>8,993</b>
Change (%)	-27.5	-13.7	1.0	5.0	-5.6	-8.9	8.6	-3.0	-10.0	-2.3
ARR Assets Income	1,286	1,249	1,390	1,420	1,280	1,390	1,550	1,721	5,345	5,941
TBR Assets Income	823	1,067	820	1,150	710	720	850	772	3,860	3,052
<b>Operating Expenses</b>	<b>1,269</b>	<b>1,304</b>	<b>1,450</b>	<b>1,630</b>	<b>1,300</b>	<b>1,330</b>	<b>1,530</b>	<b>1,479</b>	<b>5,650</b>	<b>5,639</b>
Change (%)	-11.0	-7.2	12.4	38.6	2.4	2.0	5.5	-9.3	6.7	-0.2
Cost to Income Ratio (%)	60.2	56.3	65.6	63.4	65.3	63.0	63.8	59.3	61.4	62.7
<b>Operating Profit</b>	<b>839</b>	<b>1,011</b>	<b>760</b>	<b>940</b>	<b>690</b>	<b>780</b>	<b>870</b>	<b>1,014</b>	<b>3,554</b>	<b>3,354</b>
Change (%)	-43.4	-20.9	-15.4	-26.1	-17.8	-22.9	14.5	7.9	-28.0	-5.6
Other Income	62	-191	230	-790	400	350	410	240	-690	1,400
<b>Profit Before Tax</b>	<b>901</b>	<b>820</b>	<b>990</b>	<b>150</b>	<b>1,090</b>	<b>1,130</b>	<b>1,280</b>	<b>1,254</b>	<b>2,865</b>	<b>4,754</b>
Change (%)	-40.3	-47.1	-4.1	-88.3	20.9	37.8	29.3	736.0	-46.7	66.0
Tax	287	136	258	171	271	257	314	299	853	1,141
Tax Rate (%)	31.8	16.6	26.1	114.2	24.8	22.7	24.6	23.8	29.8	24.0
<b>PAT</b>	<b>615</b>	<b>684</b>	<b>732</b>	<b>-21</b>	<b>819</b>	<b>873</b>	<b>966</b>	<b>955</b>	<b>2,012</b>	<b>3,613</b>
Change (%)	-43.8	-31.9	-8.6	-102.5	33.3	27.6	32.0	NM	-46.1	79.6
PAT Margin (%)	29.2	29.5	33.1	-0.8	41.2	41.4	40.2	38.3	21.9	40.2

**L&T Finance Holdings****Buy****CMP INR100 | TP: INR125 (+25%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect MFIs, Tractors, Home loans, and Infra segment to be the key growth drivers.
- Expect company to make higher prudent provisioning.
- Lower CoF and benefit of a capital raise to aid margin QoQ.
- Watch out for commentary on restructuring.

**Quarterly performance**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Income from Operations	35,945	36,113	36,289	33,552	33,871	34,081	35,034	35,816	1,41,755	1,38,801
Interest Expenses	19,229	18,980	18,896	18,031	19,782	18,888	17,238	16,962	75,136	72,870
<b>Net Interest Income</b>	<b>16,716</b>	<b>17,134</b>	<b>17,393</b>	<b>15,521</b>	<b>14,089</b>	<b>15,193</b>	<b>17,796</b>	<b>18,854</b>	<b>66,619</b>	<b>65,932</b>
Change YoY (%)	4.9	9.1	16.4	5.5	-15.7	-11.3	2.3	21.5	8.7	-1.0
Other income	950	1,005	1,052	720	105	1,008	1,187	1,333	3,726	3,633
<b>Total Income</b>	<b>17,666</b>	<b>18,139</b>	<b>18,445</b>	<b>16,241</b>	<b>14,193</b>	<b>16,201</b>	<b>18,983</b>	<b>20,187</b>	<b>70,345</b>	<b>69,565</b>
Change YoY (%)	6.5	9.7	16.8	4.7	-19.7	-10.7	2.9	24.3	9.2	-1.1
Operating Expenses	4,435	4,791	5,299	5,261	4,175	4,583	4,913	5,125	19,785	18,796
Change YoY (%)	-12.1	-8.5	15.0	21.7	-5.9	-4.3	-7.3	-2.6	3.0	-5.0
<b>Operating Profit</b>	<b>13,231</b>	<b>13,349</b>	<b>13,146</b>	<b>10,980</b>	<b>10,019</b>	<b>11,618</b>	<b>14,070</b>	<b>15,062</b>	<b>50,560</b>	<b>50,769</b>
Change YoY (%)	14.7	18.2	17.6	-1.9	-24.3	-13.0	7.0	37.2	11.9	0.4
Provisions	5,804	5,786	5,894	6,421	11,282	8,328	10,583	10,316	23,759	40,509
<b>Profit before Tax</b>	<b>7,426</b>	<b>7,563</b>	<b>7,252</b>	<b>4,559</b>	<b>-1,264</b>	<b>3,290</b>	<b>3,487</b>	<b>4,746</b>	<b>26,801</b>	<b>10,260</b>
Tax Provisions	1,932	1,084	1,338	711	-482	813	609	906	5,064	1,847
<b>Profit after tax</b>	<b>5,494</b>	<b>6,479</b>	<b>5,915</b>	<b>3,849</b>	<b>-782</b>	<b>2,477</b>	<b>2,878</b>	<b>3,840</b>	<b>21,736</b>	<b>8,413</b>
Change YoY (%)	1.8	15.9	1.8	-30.3	-114.2	-61.8	-51.4	-0.2	-2.6	-61.3

**LIC Housing Finance****Buy****CMP INR433 | TP: INR520 (+20%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect loan growth at 8% YoY with a largely stable mix.
- Estimate provisions of INR2.2b v/s INR1.9b QoQ.
- Lower CoF to offset yield pressure. We bake in ~10bp QoQ improvement in spreads.
- Watch out for commentary on restructuring and growth.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	47,845	49,535	49,689	48,985	49,851	49,382	48,761	48,177	1,94,620	1,95,661
Interest Expenses	36,026	37,018	37,152	37,642	37,645	37,002	35,951	34,971	1,47,839	1,45,569
<b>Net Interest Income</b>	<b>11,819</b>	<b>12,517</b>	<b>12,537</b>	<b>11,342</b>	<b>12,206</b>	<b>12,380</b>	<b>12,810</b>	<b>13,206</b>	<b>46,781</b>	<b>50,093</b>
YoY Growth (%)	17.2	19.3	15.6	-7.2	3.3	-1.1	2.2	16.4	9.5	7.1
Fees and other income	228	256	276	-115	-76	437	479	610	2,078	1,450
<b>Net Income</b>	<b>12,046</b>	<b>12,773</b>	<b>12,812</b>	<b>11,227</b>	<b>12,130</b>	<b>12,817</b>	<b>13,289</b>	<b>13,816</b>	<b>48,859</b>	<b>51,543</b>
YoY Growth (%)	16.5	19.4	15.5	-10.9	0.7	0.3	3.7	23.1	9.2	5.5
Operating Expenses	1,064	1,432	1,383	2,288	1,367	1,615	1,686	1,758	6,167	6,426
<b>Operating Profit</b>	<b>10,982</b>	<b>11,341</b>	<b>11,430</b>	<b>8,940</b>	<b>10,763</b>	<b>11,202</b>	<b>11,603</b>	<b>12,058</b>	<b>42,692</b>	<b>45,117</b>
YoY Growth (%)	15.7	17.6	15.2	-18.1	-2.0	-1.2	1.5	34.9	6.8	5.7
Provisions and Cont.	2,573	2,780	3,977	672	587	1,109	1,907	2,247	10,002	5,849
<b>Profit before Tax</b>	<b>8,409</b>	<b>8,561</b>	<b>7,453</b>	<b>8,267</b>	<b>10,177</b>	<b>10,093</b>	<b>9,696</b>	<b>9,811</b>	<b>32,690</b>	<b>39,268</b>
Tax Provisions	2,302	839	1,478	4,053	2,002	2,184	2,426	2,027	8,672	8,639
<b>Net Profit</b>	<b>6,107</b>	<b>7,722</b>	<b>5,975</b>	<b>4,214</b>	<b>8,175</b>	<b>7,909</b>	<b>7,270</b>	<b>7,784</b>	<b>24,018</b>	<b>30,629</b>
YoY Growth (%)	7.5	34.7	0.2	-39.2	33.9	2.4	21.7	84.7	-1.2	27.5

**Mahindra Financial Services****Buy****CMP INR204 | TP: INR230 (+13%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Disbursements likely to be ~80% of YoY levels.
- Margin likely to improve marginally QoQ.
- HCV, SME, and non M&M Tractors to be a drag on growth.
- CE is improving. Total stress pool likely to decline.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Operating Income	23,940	24,864	25,806	26,369	26,405	26,129	25,418	25,134	1,00,979	1,03,086
Other Income	185	545	354	389	144	366	331	411	1,473	1,252
<b>Total income</b>	<b>24,125</b>	<b>25,409</b>	<b>26,160</b>	<b>26,758</b>	<b>26,549</b>	<b>26,495</b>	<b>25,749</b>	<b>25,545</b>	<b>1,02,451</b>	<b>1,04,337</b>
YoY Growth (%)	24.4	18.4	16.5	7.9	10.0	4.3	-1.6	-4.5	16.3	1.8
Interest Expenses	11,282	12,022	12,089	12,895	12,646	12,216	11,583	11,097	48,287	47,542
<b>Net Income</b>	<b>12,843</b>	<b>13,387</b>	<b>14,072</b>	<b>13,863</b>	<b>13,903</b>	<b>14,279</b>	<b>14,165</b>	<b>14,447</b>	<b>54,164</b>	<b>56,795</b>
YoY Growth (%)	17.7	10.2	14.8	3.8	8.3	6.7	0.7	4.2	11.3	4.9
Operating Expenses	5,600	5,196	5,189	4,197	3,457	3,968	4,185	4,272	20,182	15,882
<b>Operating Profit</b>	<b>7,243</b>	<b>8,190</b>	<b>8,883</b>	<b>9,666</b>	<b>10,447</b>	<b>10,311</b>	<b>9,980</b>	<b>10,175</b>	<b>33,982</b>	<b>40,913</b>
YoY Growth (%)	2.6	4.1	19.3	23.9	44.2	25.9	12.4	5.3	12.6	20.4
Provisions	6,196	3,606	4,001	6,741	8,427	6,194	13,667	1,736	20,545	30,024
<b>Profit before Tax</b>	<b>1,047</b>	<b>4,584</b>	<b>4,882</b>	<b>2,925</b>	<b>2,020</b>	<b>4,117</b>	<b>-3,687</b>	<b>8,439</b>	<b>13,438</b>	<b>10,889</b>
Tax Provisions	363	2,066	1,229	716	523	1,082	-946	2,194	4,374	2,853
<b>Net Profit</b>	<b>684</b>	<b>2,518</b>	<b>3,653</b>	<b>2,209</b>	<b>1,497</b>	<b>3,035</b>	<b>-2,741</b>	<b>6,245</b>	<b>9,064</b>	<b>8,036</b>
YoY Growth (%)	-74.6	-34.0	14.6	-62.4	118.7	20.6	-175.0	182.7	-41.8	-11.3

**MAS Financial****Buy****CMP INR857 | TP: INR1,020 (+19%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect AUM to be largely stable QoQ, but decline 16% YoY.
- Watch out for commentary on asset quality in partnered NBFCs.
- Net income is likely to improve QoQ on higher assignment transactions and lag in the impact of a fall in CoF.
- We bake in provisions of INR170m v/s INR135m in 3QFY21.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Revenue from Operations</b>	<b>1,592</b>	<b>1,675</b>	<b>1,734</b>	<b>1,729</b>	<b>1,604</b>	<b>1,523</b>	<b>1,421</b>	<b>1,426</b>	<b>7,224</b>	<b>5,973</b>
Interest Income	1,357	1,394	1,435	1,393	1,412	1,199	1,080	1,104	5,969	4,795
Gain on assignments	200	242	253	289	157	245	229	243	1,093	874
Other operating Income	35	38	45	46	34	79	111	79	162	303
Interest expenses	640	718	672	690	694	701	639	583	2,961	2,617
<b>Total income</b>	<b>953</b>	<b>957</b>	<b>1,061</b>	<b>1,039</b>	<b>910</b>	<b>821</b>	<b>782</b>	<b>842</b>	<b>4,263</b>	<b>3,356</b>
Growth YoY (%)	21.1	11.5	3.2	5.3	-4.4	-14.2	-26.4	-18.9	16.5	-21.3
Operating Expenses	196	231	239	232	122	125	163	175	988	585
<b>Operating Profit</b>	<b>756</b>	<b>725</b>	<b>823</b>	<b>807</b>	<b>788</b>	<b>696</b>	<b>619</b>	<b>667</b>	<b>3,275</b>	<b>2,770</b>
Growth YoY (%)	25.5	10.4	-0.3	0.8	4.2	-4.0	-24.8	-17.3	13.6	-15.4
Provisions	130	226	174	327	299	240	135	169	889	842
<b>Profit before tax</b>	<b>627</b>	<b>500</b>	<b>649</b>	<b>479</b>	<b>489</b>	<b>456</b>	<b>484</b>	<b>499</b>	<b>2,386</b>	<b>1,928</b>
Growth YoY (%)	33.8	-6.8	-6.5	-25.1	-21.9	-8.7	-25.4	4.0	2.0	-19.2
Tax Provisions	219	98	165	123	123	114	122	124	573	484
<b>Net Profit</b>	<b>407</b>	<b>402</b>	<b>483</b>	<b>357</b>	<b>366</b>	<b>342</b>	<b>362</b>	<b>374</b>	<b>1,813</b>	<b>1,444</b>
Growth YoY (%)	33.7	16.2	6.4	-14.2	-10.2	-14.9	-25.2	4.9	19.2	-20.3

**Muthoot Finance****Buy****CMP INR 1,215 | TP: INR1,500 (+24%)****EPS CHANGE (%): FY21|22: -0.5|-5.0**

- Fall in gold prices to moderate AUM growth QoQ. We bake in a 3% QoQ decline.
- CoF likely to decline. Expect stable margin QoQ.
- AUM likely to grow 18% YoY v/s over 30% in 2HCY20.
- Watch out for commentary on demand for Gold loans and asset quality.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Income from operations	18,274	21,057	22,806	23,506	23,160	25,066	27,168	27,654	85,644	1,03,049
Other operating income	294	312	399	497	691	768	480	690	1,502	2,629
<b>Total Operating income</b>	<b>18,568</b>	<b>21,369</b>	<b>23,206</b>	<b>24,004</b>	<b>23,851</b>	<b>25,834</b>	<b>27,649</b>	<b>28,344</b>	<b>87,146</b>	<b>1,05,678</b>
YoY Growth (%)	13.8	29.5	35.2	27.7	28.4	20.9	19.1	18.1	26.7	21.3
Other income	19	37	4	23	3	11	116	21	81	150
<b>Total Income</b>	<b>18,587</b>	<b>21,405</b>	<b>23,209</b>	<b>24,026</b>	<b>23,854</b>	<b>25,845</b>	<b>27,765</b>	<b>28,365</b>	<b>87,228</b>	<b>1,05,828</b>
YoY Growth (%)	13.8	29.7	35.2	27.8	28.3	20.7	19.6	18.1	26.8	21.3
Interest Expenses	6,416	6,699	7,094	7,700	8,715	9,241	9,455	9,688	27,909	37,099
<b>Net Income</b>	<b>12,171</b>	<b>14,707</b>	<b>16,115</b>	<b>16,326</b>	<b>15,139</b>	<b>16,603</b>	<b>18,309</b>	<b>18,678</b>	<b>59,319</b>	<b>68,729</b>
Operating Expenses	3,972	3,969	4,542	5,304	3,738	4,496	4,410	4,698	17,787	17,342
<b>Operating Profit</b>	<b>8,199</b>	<b>10,738</b>	<b>11,573</b>	<b>11,021</b>	<b>11,400</b>	<b>12,107</b>	<b>13,900</b>	<b>13,980</b>	<b>41,531</b>	<b>51,387</b>
YoY Growth (%)	8.2	43.6	47.6	35.3	39.0	12.7	20.1	26.8	33.8	23.7
Provisions	33	265	612	48	146	107	585	536	957	1,374
<b>Profit before Tax</b>	<b>8,166</b>	<b>10,473</b>	<b>10,961</b>	<b>10,974</b>	<b>11,255</b>	<b>12,000</b>	<b>13,314</b>	<b>13,444</b>	<b>40,574</b>	<b>50,013</b>
Tax Provisions	2,866	1,894	2,809	2,822	2,847	3,056	3,401	3,450	10,391	12,753
<b>Net Profit</b>	<b>5,300</b>	<b>8,579</b>	<b>8,152</b>	<b>8,151</b>	<b>8,408</b>	<b>8,944</b>	<b>9,914</b>	<b>9,995</b>	<b>30,183</b>	<b>37,260</b>
YoY Growth (%)	7.8	77.3	68.0	59.4	58.6	4.2	21.6	22.6	53.0	23.4

**Manappuram Finance****Buy****CMP INR167 | TP: INR205 (+31%)****EPS CHANGE (%): FY21|22: 5.6|1.2**

- Expect 9% YoY growth in AUM. Gold loan growth to dip to 16% YoY v/s 24% in 2HCY20 led by a fall in prices.
- Factor in largely stable margin QoQ.
- MFI disbursements likely to see QoQ improvement. Watch out for commentary on asset quality in this segment.
- Credit costs to remain largely stable QoQ.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	11,613	12,795	13,589	14,719	14,758	15,473	15,919	15,804	52,171	61,954
Interest Expenses	4,058	4,480	4,687	5,808	5,668	5,710	5,573	5,383	18,322	22,333
<b>Net Interest Income</b>	<b>7,555</b>	<b>8,316</b>	<b>8,902</b>	<b>8,911</b>	<b>9,089</b>	<b>9,763</b>	<b>10,347</b>	<b>10,421</b>	<b>33,848</b>	<b>39,621</b>
YoY Growth (%)	22.0	23.4	26.9	26.1	20.3	17.4	16.2	16.9	25.3	17.1
Other income	395	1,108	923	1,462	407	307	581	596	3,341	1,890
<b>Total Income</b>	<b>7,950</b>	<b>9,424</b>	<b>9,826</b>	<b>10,374</b>	<b>9,496</b>	<b>10,070</b>	<b>10,928</b>	<b>11,017</b>	<b>37,190</b>	<b>41,511</b>
Operating Expenses	3,537	3,647	3,741	3,807	3,121	3,545	3,553	3,604	14,741	13,823
<b>Operating Profit</b>	<b>4,413</b>	<b>5,777</b>	<b>6,085</b>	<b>6,567</b>	<b>6,376</b>	<b>6,524</b>	<b>7,375</b>	<b>7,413</b>	<b>22,449</b>	<b>27,688</b>
YoY Growth (%)	35.8	57.8	53.4	55.0	44.5	12.9	21.2	12.9	48.5	23.3
Provisions	341	292	480	1,226	1,453	1,080	802	795	2,376	4,130
<b>Profit before Tax</b>	<b>4,071</b>	<b>5,485</b>	<b>5,604</b>	<b>5,341</b>	<b>4,923</b>	<b>5,444</b>	<b>6,573</b>	<b>6,618</b>	<b>20,073</b>	<b>23,557</b>
Tax Provisions	1,404	1,068	1,421	1,359	1,249	1,390	1,741	1,694	5,270	6,073
<b>Net Profit</b>	<b>2,668</b>	<b>4,417</b>	<b>4,183</b>	<b>3,982</b>	<b>3,674</b>	<b>4,054</b>	<b>4,832</b>	<b>4,924</b>	<b>14,803</b>	<b>17,484</b>
YoY Growth (%)	33.4	97.2	69.3	43.6	37.7	-8.2	15.5	23.6	56.1	18.1

**PNB Housing Finance****Neutral****CMP INR394 | TP: INR400 (+2%)****EPS CHANGE (%): FY21|22: 1.6|0.7**

- Rebalancing portfolio towards retail to result in moderate AUM growth (-8% YoY).
- Expect provisions at INR2b v/s INR2.6b QoQ.
- Higher assignment transaction to lead to healthy net income growth of ~14% YoY.
- Commentary around one-time restructuring of loans remains key.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	19,794	20,159	18,904	18,026	18,015	19,603	17,579	16,862	76,882	72,059
Interest Expenses	15,127	15,213	14,610	13,800	13,635	13,397	12,462	11,880	58,750	51,375
<b>Net Interest Income</b>	<b>4,667</b>	<b>4,946</b>	<b>4,293</b>	<b>4,226</b>	<b>4,380</b>	<b>6,206</b>	<b>5,116</b>	<b>4,982</b>	<b>18,133</b>	<b>20,685</b>
YoY Growth (%)	10.1	29.1	21.3	-9.2	-6.2	25.5	19.2	17.9	11.5	14.1
Other income	2,532	2,145	1,844	1,493	708	612	1,385	1,533	8,013	4,238
<b>Total Income</b>	<b>7,199</b>	<b>7,091</b>	<b>6,138</b>	<b>5,719</b>	<b>5,088</b>	<b>6,818</b>	<b>6,501</b>	<b>6,515</b>	<b>26,146</b>	<b>24,923</b>
YoY Growth (%)	31.2	22.4	-8.1	-20.6	-29.3	-3.8	5.9	13.9	3.9	-4.7
Operating Expenses	1,417	1,315	1,347	1,443	1,042	1,067	996	1,046	5,522	4,152
YoY Growth (%)	9.6	-7.5	-13.9	-12.8	-26.4	-18.9	-26.0	-27.5	-7.0	-24.8
<b>Operating Profit</b>	<b>5,782</b>	<b>5,776</b>	<b>4,790</b>	<b>4,276</b>	<b>4,046</b>	<b>5,751</b>	<b>5,505</b>	<b>5,469</b>	<b>20,624</b>	<b>20,771</b>
YoY Growth (%)	37.9	32.1	-6.4	-23.0	-30.0	-0.4	14.9	27.9	7.2	0.7
Provisions	1,642	1,516	1,808	7,548	751	1,796	2,567	2,025	12,514	7,138
<b>Profit before Tax</b>	<b>4,140</b>	<b>4,260</b>	<b>2,983</b>	<b>-3,272</b>	<b>3,295</b>	<b>3,956</b>	<b>2,938</b>	<b>3,444</b>	<b>8,110</b>	<b>13,633</b>
Tax Provisions	1,296	592	612	-852	723	823	614	703	1,648	2,863
<b>Profit after tax</b>	<b>2,845</b>	<b>3,668</b>	<b>2,370</b>	<b>-2,421</b>	<b>2,572</b>	<b>3,133</b>	<b>2,324</b>	<b>2,741</b>	<b>6,462</b>	<b>10,770</b>
YoY Growth (%)	11.2	45.0	-21.8	-163.7	-9.6	-14.6	-2.0	-213.3	-45.8	66.7



## Repro Home Finance

**Buy**
**CMP INR337 | TP: INR430 (+28%)**
**EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect disbursements to pick up to pre-COVID levels.
- Calculated NIM likely to be stable QoQ on a higher base.
- AUM growth to moderate to under 5% YoY.
- Watch out for commentary around restructuring of loans.

### Quarterly performance

**INR m**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	3,286	3,322	3,406	3,441	3,384	3,486	3,568	3,451	13,174	13,889
Interest Expenses	2,015	2,085	2,088	2,062	2,104	2,090	2,024	2,007	8,250	8,225
<b>Net Income</b>	<b>1,271</b>	<b>1,237</b>	<b>1,318</b>	<b>1,379</b>	<b>1,280</b>	<b>1,396</b>	<b>1,544</b>	<b>1,444</b>	<b>4,924</b>	<b>5,664</b>
YoY Growth (%)	11.2	3.4	10.8	18.5	0.7	12.9	17.1	4.7	4.9	15.0
Other income	-2	33	4	20	35	16	30	121	337	202
<b>Total Income</b>	<b>1,270</b>	<b>1,270</b>	<b>1,322</b>	<b>1,399</b>	<b>1,315</b>	<b>1,412</b>	<b>1,574</b>	<b>1,566</b>	<b>5,261</b>	<b>5,867</b>
YoY Growth (%)	6.8	5.4	11.0	19.9	3.6	11.2	19.0	11.9	10.7	11.5
Operating Expenses	235	249	274	307	235	257	292	299	1,065	1,083
YoY Growth (%)	7.3	5.7	8.5	10.8	0.1	3.2	6.3	-2.4	8.2	1.7
<b>Operating Profit</b>	<b>1,035</b>	<b>1,021</b>	<b>1,048</b>	<b>1,093</b>	<b>1,080</b>	<b>1,155</b>	<b>1,282</b>	<b>1,266</b>	<b>4,196</b>	<b>4,784</b>
YoY Growth (%)	6.7	5.3	11.6	22.7	4.4	13.1	22.3	15.9	11.4	14.0
Provisions	75	1	115	403	221	72	222	113	594	628
<b>Profit before Tax</b>	<b>960</b>	<b>1,020</b>	<b>933</b>	<b>690</b>	<b>859</b>	<b>1,083</b>	<b>1,061</b>	<b>1,153</b>	<b>3,602</b>	<b>4,156</b>
Tax Provisions	336	14	236	213	219	275	265	289	798	1,047
<b>Profit after tax</b>	<b>624</b>	<b>1,006</b>	<b>697</b>	<b>477</b>	<b>640</b>	<b>808</b>	<b>796</b>	<b>865</b>	<b>2,804</b>	<b>3,109</b>
YoY Growth (%)	2.4	51.1	25.3	-7.4	2.6	-19.7	14.2	81.2	19.5	10.9

## Shriram City Union Finance

**Buy**
**CMP INR1,427 | TP: INR1,650 (+16%)**
**EPS CHANGE (%): FY21|22: 7.1|6.1**

- Disbursements of ~INR61b driven by MSME and Gold Finance. 2W to see some moderation during 4QFY21.
- Expect ~4% QoQ AUM growth (+2% YoY).
- Margin is likely to be stable YoY, but improve QoQ.
- Watch out for commentary on growth and asset quality.

### Quarterly performance

**INR m**

Y/E MARCH	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	14,449	14,361	14,174	13,988	13,899	13,698	13,980	14,470	56,972	56,047
Interest expenses	5,316	5,359	5,296	5,497	5,375	5,190	5,215	5,196	21,402	20,975
<b>Net Interest Income</b>	<b>9,134</b>	<b>9,002</b>	<b>8,877</b>	<b>8,490</b>	<b>8,525</b>	<b>8,508</b>	<b>8,765</b>	<b>9,274</b>	<b>35,570</b>	<b>35,071</b>
YoY Growth (%)	-1.3	-7.8	-0.6	-5.3	-6.7	-5.5	-1.3	9.2	-3.6	-1.4
Fees and Other Income	423	541	525	514	246	293	414	568	1,901	1,521
<b>Net Operating Income</b>	<b>9,557</b>	<b>9,543</b>	<b>9,402</b>	<b>9,004</b>	<b>8,771</b>	<b>8,801</b>	<b>9,179</b>	<b>9,841</b>	<b>37,471</b>	<b>36,593</b>
YoY Growth (%)	2.1	-6.5	1.7	-3.9	-8.2	-7.8	-2.4	9.3	-1.9	-2.3
Operating Expenses	3,783	3,799	3,675	3,861	3,105	3,182	3,577	3,793	15,084	13,657
<b>Operating Profit</b>	<b>5,774</b>	<b>5,744</b>	<b>5,727</b>	<b>5,143</b>	<b>5,666</b>	<b>5,619</b>	<b>5,602</b>	<b>6,048</b>	<b>22,387</b>	<b>22,935</b>
YoY Growth (%)	1.6	-8.0	2.3	-10.4	-1.9	-2.2	-2.2	17.6	-3.8	2.4
Provisions	1,933	1,969	1,822	3,114	3,102	2,015	1,755	1,932	8,837	8,803
<b>Profit before Tax</b>	<b>3,841</b>	<b>3,775</b>	<b>3,905</b>	<b>2,029</b>	<b>2,564</b>	<b>3,604</b>	<b>3,847</b>	<b>4,116</b>	<b>13,550</b>	<b>14,132</b>
Tax Provisions	1,309	800	937	498	642	1,035	1,050	1,088	3,545	3,816
<b>Net Profit</b>	<b>2,532</b>	<b>2,975</b>	<b>2,968</b>	<b>1,531</b>	<b>1,923</b>	<b>2,569</b>	<b>2,797</b>	<b>3,028</b>	<b>10,005</b>	<b>10,316</b>
YoY Growth (%)	10.3	19.3	14.7	-39.1	-24.1	-13.7	-5.7	97.8	1.2	3.1

## Shriram Transport Finance

Buy

CMP INR1,473 | TP: INR1,700(+15%)

EPS CHANGE (%): FY21|22: 0.0|0.0

- Expect healthy traction in disbursements to continue to ~INR134b (up 24% YoY on a lower base).
- CE improving; bake in provisions of INR6.3b (INR6.7b QoQ) including prudential provisions.
- Expect NIM on loans to improve QoQ led by a fall in the cost of funds.
- Watch out for commentary around growth and asset quality.

## Quarterly performance

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	39,721	41,099	41,154	40,922	41,026	42,997	43,815	44,115	1,62,675	1,71,952
Interest expenses	20,112	21,134	21,193	21,589	22,672	22,629	22,363	22,086	82,703	89,750
<b>Net Interest Income</b>	<b>19,609</b>	<b>19,965</b>	<b>19,961</b>	<b>19,333</b>	<b>18,354</b>	<b>20,368</b>	<b>21,452</b>	<b>22,029</b>	<b>79,972</b>	<b>82,203</b>
Change YoY (%)	6.1	-3.3	-1.7	0.1	-6.4	2.0	7.5	13.9	1.6	2.8
Other Operating Income	502	1,077	1,035	762	383	480	569	631	2,949	1,445
Other Income	89	23	33	46	38	35	48	82	203	2,267
<b>Net Income</b>	<b>20,200</b>	<b>21,064</b>	<b>21,029</b>	<b>20,142</b>	<b>18,775</b>	<b>20,883</b>	<b>22,069</b>	<b>22,743</b>	<b>83,124</b>	<b>85,915</b>
Change YoY (%)	7.6	0.4	1.4	1.1	-7.1	-0.9	4.9	12.9	3.5	3.4
Operating Expenses	4,772	5,189	4,722	5,416	3,823	5,125	5,432	5,625	20,788	20,004
<b>Operating Profit</b>	<b>15,428</b>	<b>15,875</b>	<b>16,307</b>	<b>14,726</b>	<b>14,952</b>	<b>15,759</b>	<b>16,637</b>	<b>17,118</b>	<b>62,336</b>	<b>65,911</b>
Change YoY (%)	9.8	-2.2	0.7	-2.6	-3.1	-0.7	2.0	16.2	1.2	5.7
Provisions	5,612	6,607	4,444	11,287	10,646	6,555	6,747	6,334	27,949	30,281
<b>Profit before Tax</b>	<b>9,816</b>	<b>9,269</b>	<b>11,863</b>	<b>3,439</b>	<b>4,306</b>	<b>9,204</b>	<b>9,890</b>	<b>10,784</b>	<b>34,387</b>	<b>35,630</b>
Tax Provisions	3,473	1,618	3,072	1,205	1,105	2,359	2,613	2,777	9,360	8,854
<b>Net Profit</b>	<b>6,343</b>	<b>7,651</b>	<b>8,792</b>	<b>2,234</b>	<b>3,201</b>	<b>6,846</b>	<b>7,277</b>	<b>8,007</b>	<b>25,027</b>	<b>26,776</b>
Change YoY (%)	10.7	25.5	38.4	-70.1	-49.5	-10.5	-17.2	258.5	-2.4	7.0

# Healthcare

## Company

Alembic Pharma.

Ajanta Pharma

Alkem Lab.

Aurobindo Pharma

Biocon

Cadila Health.

Cipla

Divi's Lab.

Dr. Reddy's Lab.

Gland Pharma

Glenmark Pharma.

Granules India

GSK Pharma.

Ipsa Lab.

Jubilant Pharmova

Laurus Labs

Lupin

Strides Pharma.

Sun Pharma.

Torrent Pharma.

## 4QFY21 to be a mixed bag with improving DF sales/flat US sales

### Superior product mix/controlled opex to drive better growth in profitability

Aggregate sales growth trajectory for companies under our coverage is expected to moderate to 8% YoY at INR531b for 4QFY21E. Superior product mix, niche launches, and low base effect of the past year, partially offset by reduced export incentives, is expected to drive 29%/42% YoY growth in EBITDA/PAT to INR125b/INR77b for the quarter gone by. While YoY growth is expected to be robust, on a sequential basis, EBITDA/PAT is likely to be marginally impacted by rising cost of solvents/intermediates.

### DF: Healthy YoY growth in Jan-Feb'21 may pause due to rising COVID-19 cases in Mar'21

We expect the YoY growth trajectory in the Domestic Formulations (DF) to further improve in 4QFY21 to 13.3% YoY at the aggregate level for companies under our coverage. Growth is expected to be driven by: a) better doctor-patient connect as a number of doctors resume in-person consultations post vaccinations, b) enhanced digital tools used by medical representatives (MR), which has enabled better knowledge-based marketing to doctors and cost savings on the operational front, and c) partly due to a lower base effect on addition of the Wockhardt business to DRRD's portfolio. While there has been a recovery in the DF segment in Jan-Feb'21, the same may get impacted by rising COVID-19 cases in Mar-21. The gradual increase in operating costs in DF in Jan-Feb'21 is expected to reduce to some extent with rising COVID-19 cases in the second half of Mar'21. Company-wise, the renewed strategy for CIPLA and CDH is expected to drive 15% YoY growth in 4QFY21. Higher offtake of Pain-related medicine and subsequent market share gains is expected to drive industry beating 11% YoY growth for IPCA. Superior execution is expected to drive 9.4% YoY growth for AJP. The addition of the Wockhardt portfolio and better traction in the Chronic segment are expected to drive 36% YoY growth for DRRD.

### US sales to remain stable on a YoY basis

4QFY21 is expected to be the third quarter where moderation in YoY growth would continue to USD1.9b. Company-specific regulatory issues, increased competition in certain products, and reduced offtake of Injectables due to lower surgeries on account of COVID-19 may impact overall growth for companies at the aggregate level. Delay in USFDA inspection may lead to a 20% YoY decline in TRP US sales, while lower prices of Sartans on increased competition may lead to 11% YoY decline in ALPM's US sales. Higher base of the past may lead to flat YoY US sales for LPC despite increased traction expected in niche products like Albuterol sulfate. Superior execution in the Specialty portfolio of SUNP and Albuterol sulfate in the case of CIPLA is expected to drive 6% and 24% YoY growth, respectively, for 4QFY21E. While some slowdown is expected in 4QFY21E, robust ANDA pipeline, and continued efforts towards developing complex generics provides enough confidence for better growth over the medium-to-long term.

**SUNP/DIVI/CIPLA/LAURUS to outperform the Healthcare pack**

Continued demand in generic APIs, better traction in CRAMS, and increased capacity utilization are expected to drive strong earnings growth for DIVI. Superior execution in the Specialty portfolio and low base of the past year is expected to double the earnings for SUNP on a YoY basis. Earnings growth momentum in CIPLA is likely to sustain in 4QFY21E as well, led by a ramp up in Albuterol sales. LAURUS would also see growth due to superior execution. Prolonged weakness in Anti-Infective Therapy may lead to flat YoY PAT for GLXO, while lower offtake in Injectables and sale of the Natrol business may lead to 15% YoY decline in earnings for ARBP.

**INR appreciates marginally v/s the USD on a YoY basis**

The INR has remained stable against the USD on a QoQ basis (to INR73 on an average in 4QFY21E v/s INR74 in 2Q). However, the benefit of a favorable currency may be visible on a YoY basis as the INR has depreciated against the USD by ~3% from INR71.5 in 4QFY20. Individual hedging policies would lead to a varying impact across companies under our coverage universe.

**Tweaked estimates for ARBP/BIOS/DRRD**

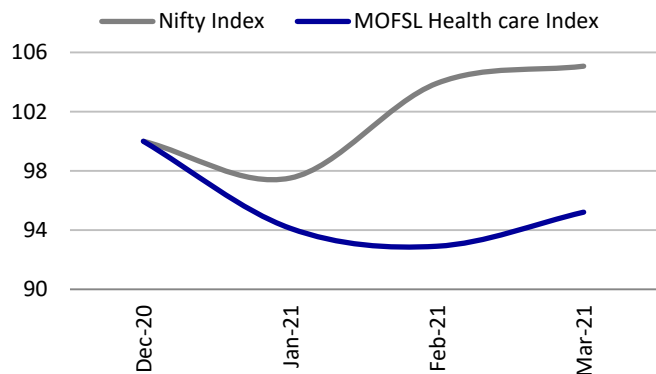
We have reduced EPS estimates of ARBP/BIOS by 2.7%/4% to factor in the ongoing slowdown in Hospital sales. We have also reduced the FY21E EPS estimates of DRRD by 2.7% to factor delay in potential launches and reduced the FY21E/FY22E/FY23E EPS estimates of GRAN by 3.5%/3%/3% to factor in increased raw material cost and a gradual recovery in certain core products. We have raised our FY21E EPS estimates of GNP by 3% to factor outperformance in the DF market and few limited competition launches in the US.

**Exhibit 1: Summary of quarterly performance**

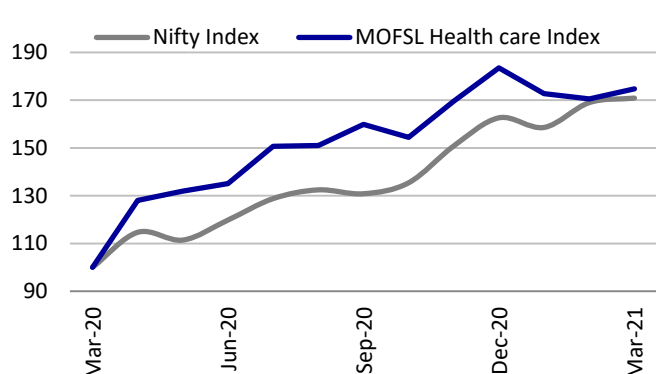
Sector	CMP		Sales (INR M)			EBITDA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
Ajanta Pharma	1,744	Buy	7,041	3.3	-6.0	2,056	23.6	-14.9	1,290	14.5	-27.0
Alembic Pharma	985	Neutral	13,300	10.2	1.2	3,526	7.7	-3.4	2,250	-3.6	-23.1
Alkem Lab	2,776	Buy	19,679	-4.0	-15.1	3,041	0.4	-42.5	2,212	2.7	-47.5
Aurobindo Pharma	881	Buy	60,296	-2.1	-5.3	12,511	-6.8	-8.6	7,319	-15.0	-4.4
Biocon	411	Neutral	20,226	29.9	9.3	4,529	42.2	13.8	1,883	53.1	15.3
Cadila Health	442	Buy	37,329	-0.5	-1.7	7,818	-1.2	-3.1	4,827	11.4	-8.4
Cipla	818	Neutral	52,178	19.2	0.9	12,492	97.2	1.5	7,117	159.1	-4.9
Divis Labs	3,615	Buy	17,808	28.1	4.7	7,490	68.5	3.3	5,069	61.2	2.7
Dr Reddy's Labs	4,588	Neutral	48,987	10.5	1.2	10,679	13.5	3.0	6,388	11.8	7.4
Gland Pharma	2,470	Buy	8,563	34.8	-0.4	2,676	11.6	1.3	2,059	26.4	0.9
Glenmark Pharma	483	Neutral	27,857	2.7	0.0	5,538	35.2	-5.0	2,459	36.5	-11.1
Granules India	312	Buy	8,520	42.0	0.9	2,029	66.4	-8.3	1,268	94.8	-11.9
GSK Pharma	1,426	Neutral	8,070	4.0	-5.9	1,684	-3.0	-18.1	1,262	-0.6	-13.6
IPCA Labs.	1,884	Buy	13,423	25.0	-4.8	3,224	46.7	-12.1	2,276	68.4	-14.3
Jubilant Pharmova	713	Buy	18,482	-22.7	-30.6	4,815	-10.3	-26.3	2,392	-8.2	-24.7
Laurus Labs	365	Buy	13,157	56.8	2.1	4,499	134.6	5.5	2,969	169.5	8.8
Lupin	1,028	Buy	40,024	4.1	1.4	7,634	45.3	3.9	4,172	63.1	4.0
Strides Pharma	850	Buy	8,480	37.1	1.9	1,672	99.7	4.9	706	LP	54.1
Sun Pharma	611	Buy	87,886	8.8	0.1	21,008	50.3	-7.8	15,977	116.3	-10.3
Torrent Pharma	2,549	Neutral	20,357	4.6	2.0	6,092	11.2	0.4	2,910	24.1	-2.0
<b>Healthcare</b>			<b>5,31,664</b>	<b>8.2</b>	<b>-2.2</b>	<b>1,25,013</b>	<b>28.7</b>	<b>-5.3</b>	<b>76,802</b>	<b>42.7</b>	<b>-7.8</b>

Source: Company, MOFSL

**Exhibit 2: Relative performance – three months (%)**

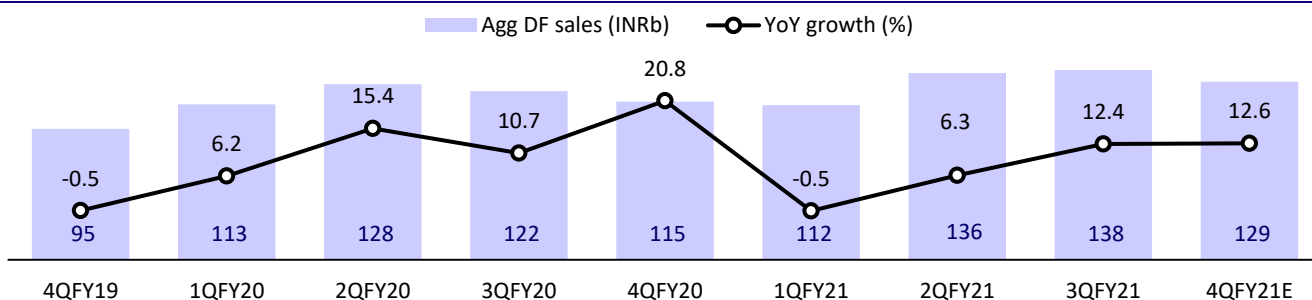


**Exhibit 3: Relative performance – one-year (%)**



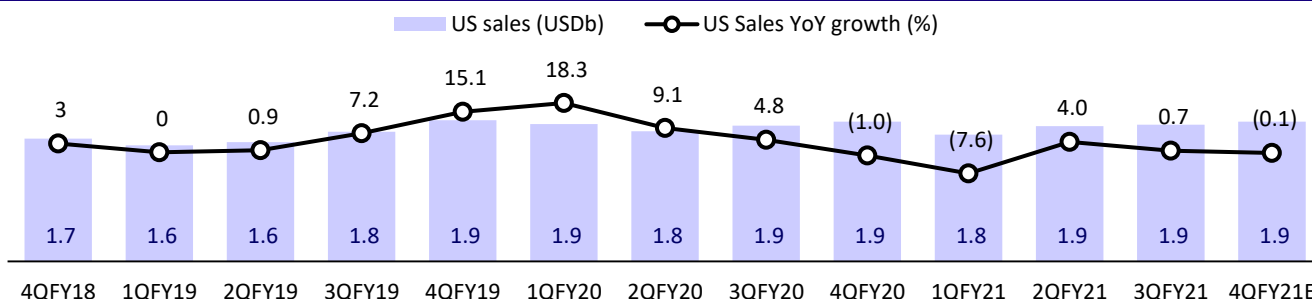
Source: Bloomberg, MOFSL

**Exhibit 4: DF sales growth to sustain in 4QFY21E**



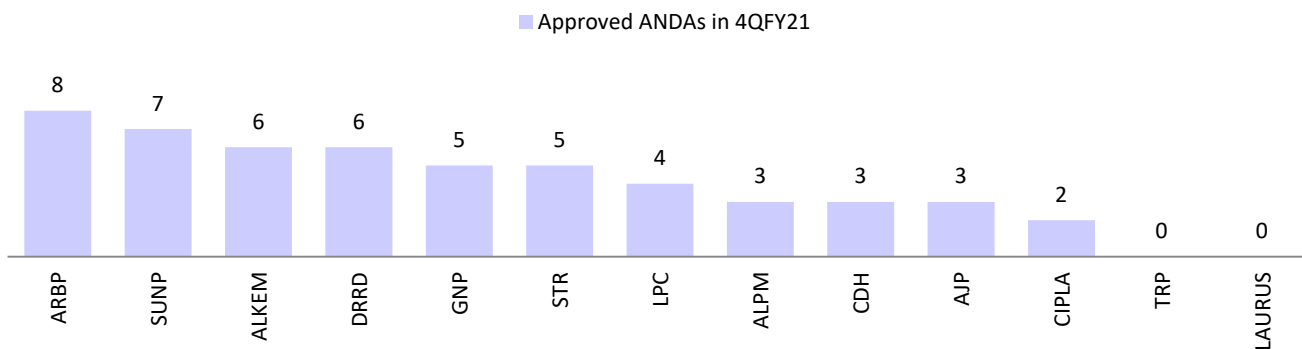
Source: MOFSL, Company

**Exhibit 5: Expect US sales to be flat on a YoY basis**



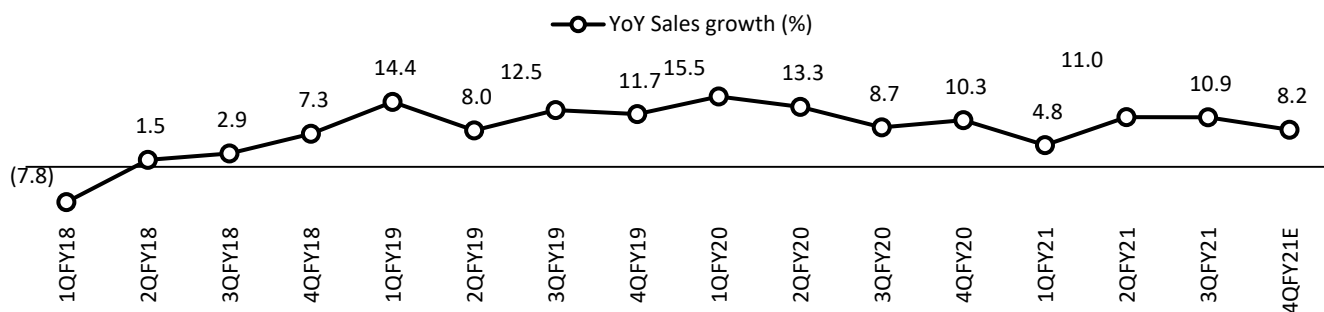
Source: MOFSL, Company

**Exhibit 6: 52 ANDAs approved on an aggregate basis in 4QFY21**

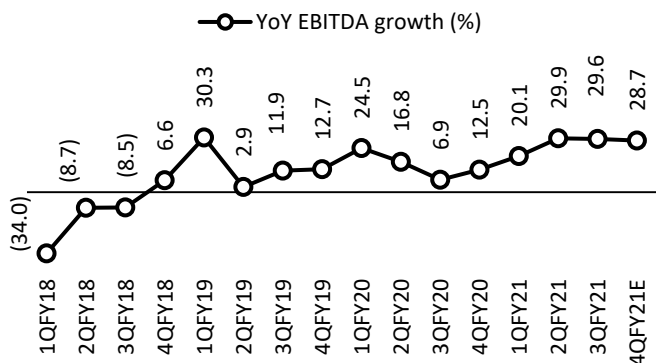


Source: MOFSL, Company

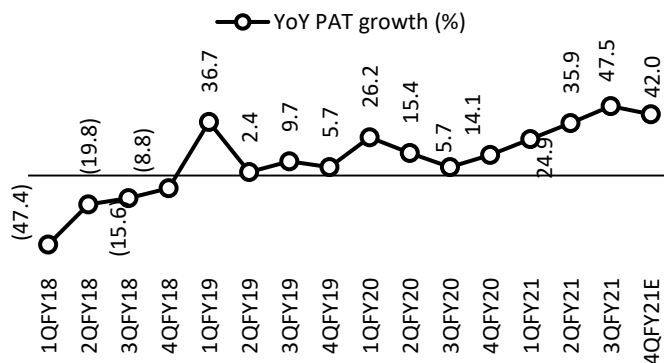
**Exhibit 7: YoY sales growth for 4QFY21E to slightly taper off v/s 3Q**



**Exhibit 8: Controlled cost to drive better EBITDA growth...**



**Exhibit 9: ...as well as PAT growth in 4QFY21E**



Source: MOFSL; Company

Source: MOFSL; Company

**Exhibit 10: Comparative valuation**

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Healthcare</b>						<b>26.7</b>	<b>23.4</b>	<b>20.3</b>	<b>4.2</b>	<b>3.6</b>	<b>3.2</b>	<b>15.6</b>	<b>15.6</b>	<b>15.6</b>
Alembic Pharma	985	Neutral	58.6	51.7	56.6	16.8	19.0	17.4	4.0	3.4	3.0	29.2	19.9	18.9
Alkem Lab	2,776	Buy	126.6	135.6	151.3	21.9	20.5	18.3	4.5	3.9	3.3	22.4	20.4	19.5
Ajanta Pharma	1,744	Buy	70.5	78.6	91.1	24.7	22.2	19.1	5.0	4.3	3.6	21.9	20.7	20.5
Aurobindo Pharma	881	Buy	53.0	60.7	68.1	16.6	14.5	12.9	2.4	2.0	1.8	16.0	15.1	14.7
Biocon	411	Neutral	6.0	8.9	11.8	68.2	46.0	34.9	6.9	6.2	5.5	9.9	14.2	16.7
Cadila Health	442	Buy	20.0	23.2	24.6	22.1	19.0	17.9	3.3	2.9	2.6	16.0	16.2	15.2
Cipla	818	Neutral	33.7	36.7	41.9	24.3	22.3	19.5	3.6	3.1	2.7	14.7	14.0	14.0
Divis Labs	3,615	Buy	75.9	98.0	127.3	47.7	36.9	28.4	10.8	8.8	7.0	24.9	26.2	27.5
Dr Reddy's Labs	4,588	Neutral	153.7	178.9	209.3	29.8	25.7	21.9	4.3	3.7	3.2	15.3	15.6	15.9
Gland Pharma	2,470	Buy	57.7	72.6	92.3	42.8	34.0	26.8	6.9	5.8	4.7	19.9	18.5	19.4
Glenmark Pharma	483	Neutral	35.4	36.1	41.1	13.7	13.4	11.8	2.0	1.7	1.5	15.3	13.7	13.8
Granules India	312	Buy	21.7	25.5	29.3	14.4	12.3	10.6	3.5	2.8	2.3	26.8	25.4	23.8
GSK Pharma	1,426	Neutral	29.0	35.3	40.1	49.1	40.4	35.5	12.7	11.4	10.1	25.9	28.4	28.3
IPCA Labs	1,884	Buy	94.4	94.3	101.4	19.9	20.0	18.6	5.1	4.2	3.5	28.9	23.1	20.7
Jubilant Pharmova	713	Buy	56.6	60.3	69.1	12.6	11.8	10.3	2.9	2.3	1.9	18.6	21.7	20.6
Laurus Labs	365	Buy	18.4	22.5	27.4	19.9	16.2	13.3	7.5	5.4	4.0	45.0	38.7	34.4
Lupin	1,028	Buy	25.3	39.4	45.6	40.6	26.1	22.5	3.5	3.2	2.9	8.9	12.8	13.4
Sun Pharma	611	Buy	25.6	26.8	29.9	23.8	22.8	20.4	3.1	2.8	2.5	13.3	12.9	12.9
Strides Pharma	850	Buy	24.8	43.3	53.6	34.2	19.6	15.9	2.8	2.5	2.2	8.4	13.4	14.9
Torrent Pharma	2,549	Neutral	73.0	88.0	99.8	34.9	29.0	25.5	7.7	6.6	5.7	23.7	24.5	23.8

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: INR1,765 | TP: INR2,060, (+17%)

EPS CHANGE (%): FY21|22|23: 1.3|0.6|0.6

- Expect US and India to drive overall performance in 4QFY21E.
- Watch out for growth in Ophthalmic/Dermatology Therapies.
- Expect traction in the DF business to further improve to 12.5% YoY in 4QFY21E v/s 8% in 3Q.
- The outlook for ANDA approvals/launches over the next 12 months.

### Consolidated quarterly performance

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	6,119	6,428	6,512	6,820	6,682	7,159	7,487	7,041	25,879	28,370
YoY Change (%)	19.8	18.1	34.2	32.4	9.2	11.4	15.0	3.3	25.9	9.6
Total Expenditure	4,436	4,651	4,652	5,156	4,450	4,417	5,071	4,986	18,895	18,923
EBITDA	1,684	1,776	1,860	1,663	2,232	2,743	2,417	2,056	6,983	9,447
YoY Change (%)	1.6	6.9	61.3	30.9	32.6	54.4	30.0	23.6	21.6	35.3
Margin (%)	27.5	27.6	28.6	24.4	33.4	38.3	32.3	29.2	27.0	33.3
Depreciation	228	233	236	260	280	283	291	295	957	1,150
EBIT	1,456	1,543	1,624	1,403	1,952	2,459	2,125	1,760	6,026	8,297
YoY Change (%)	-2.0	3.8	68.0	29.5	34.1	59.3	30.9	25.5	20.0	37.7
Interest	18	49	16	36	16	15	26	39	119	96
Other Income	76	132	146	167	131	49	55	49	522	284
PBT before EO expense	1,515	1,626	1,754	1,534	2,067	2,492	2,155	1,771	6,429	8,485
Extra-Ord. expense	0	11	3	-225	0	0	0	0	-211	0
PBT	1,515	1,616	1,751	1,759	2,067	2,492	2,155	1,771	6,640	8,485
Tax	368	452	676	467	589	790	388	481	1,963	2,248
Effective Rate (%)	24.3	28.0	38.6	26.6	28.5	31.7	18.0	27.1	29.6	26.5
Reported PAT	1,146	1,164	1,076	1,292	1,478	1,702	1,766	1,290	4,677	6,236
Adj. PAT	1,146	1,171	1,078	1,126	1,478	1,702	1,766	1,290	4,522	6,236
YoY Change (%)	8.4	-6.6	48.3	26.7	28.9	45.3	63.9	14.5	15.1	37.9
Margin (%)	18.7	18.2	16.5	16.5	22.1	23.8	23.6	18.3	17.5	22.0

## Alembic Pharma

Neutral

CMP: INR981 | TP: INR1,050 (+7%)

EPS CHANGE (%): FY21|22|23: (1.3)|(1.2)|(1.2)

- Expect US sales to decline by 11% YoY to USD70m due to increased competition in Sartans.
- The outlook for ANDA filings/approvals from new dosages.
- Domestic business to grow by 7% YoY with some revival in Acute Therapies.
- Update on potential sales and regulatory progress on Umbrasilib.

### Quarterly performance (consolidated)

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	9,489	12,409	12,091	12,068	13,413	14,571	13,143	13,300	46,060	54,427
YoY Change (%)	10.0	10.1	18.8	30.2	41.4	17.4	8.7	10.2	17.0	18.2
Total Expenditure	7,240	8,954	8,841	8,793	9,340	10,137	9,493	9,774	33,827	38,742
EBITDA	2,249	3,455	3,251	3,275	4,074	4,434	3,651	3,526	12,233	15,685
YoY Change (%)	49.0	14.3	34.2	84.0	81.1	28.3	12.3	7.7	39.9	28.2
Margin (%)	23.7	27.8	26.9	27.1	30.4	30.4	27.8	26.5	26.6	28.8
Depreciation	354	360	418	441	415	438	470	497	1,573	1,820
EBIT	2,603	3,815	3,669	3,717	4,489	4,872	4,121	4,023	13,806	17,504
YoY Change (%)	28.3	25.6	44.0	47.4	72.4	27.7	12.3	8.2	39.5	26.8
Interest	50	71	74	78	67	45	23	24	272	158
Other Income	33	4	4	9	3	32	25	21	49	82
PBT before EO expense	1,878	3,029	2,763	2,765	3,595	3,984	3,183	3,026	10,437	13,788
Extra-Ord. expense	328	0	0	109	0	0	0	0	436	0
PBT	1,550	3,029	2,763	2,660	3,595	3,984	3,183	3,026	10,001	13,788
Tax	360	525	486	621	668	730	591	576	1,992	2,565
Rate (%)	23.2	17.3	17.6	23.4	18.6	18.3	18.6	19.0	19.9	18.6
Reported PAT	1,237	2,463	2,342	2,252	3,015	3,334	2,926	2,250	8,294	11,524
Adj. PAT	1,504	2,463	2,342	2,334	3,015	3,334	2,926	2,250	8,643	11,524
YoY Change (%)	66.2	23.1	37.9	88.2	100.4	35.4	24.9	-3.6	47.7	33.3

**Alkem Labs****Buy****CMP: INR2,780 | TP: INR3,400 (+22%)****EPS CHANGE (%): FY21|22|23: (2.0)|(1.0)|(1.0)**

- Expect India business (66% of sales) to grow by 6% YoY due to slowdown in Anti-Infective Therapy.
- Outlook for Trade Generics in the DF business.
- Expect recent launches to ramp-up US sales to US\$6m.
- Outlook for Hospital Injectables/Acute Therapies in the DF business.

**Quarterly performance (consolidated)****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Revenue</b>	<b>18,495</b>	<b>22,640</b>	<b>21,818</b>	<b>20,490</b>	<b>19,775</b>	<b>23,628</b>	<b>23,181</b>	<b>19,679</b>	<b>83,444</b>	<b>86,262</b>
YoY Change (%)	10.8	18.0	13.3	10.6	6.9	4.4	6.2	-4.0	29.7	17.2
<b>EBITDA</b>	<b>2,645</b>	<b>4,752</b>	<b>4,533</b>	<b>3,030</b>	<b>5,072</b>	<b>6,005</b>	<b>5,291</b>	<b>3,041</b>	<b>14,960</b>	<b>19,409</b>
YoY Change (%)	23.5	30.7	44.8	28.4	91.8	26.4	16.7	0.4	41.6	73.7
Margin (%)	14.3	21.0	20.8	14.8	25.6	25.4	22.8	15.5	17.9	22.5
Depreciation	558	564	595	631	668	702	690	717	2,348	2,778
<b>EBIT</b>	<b>2,087</b>	<b>4,188</b>	<b>3,938</b>	<b>2,400</b>	<b>4,404</b>	<b>5,303</b>	<b>4,601</b>	<b>2,324</b>	<b>12,612</b>	<b>16,631</b>
YoY Change (%)	21.5	31.7	48.4	34.2	111.0	26.6	16.8	-3.2	38.0	80.0
Margin (%)	11.3	18.5	18.0	11.7	22.3	22.4	19.8	11.8	15.1	19.3
Interest	161	178	170	142	171	180	131	150	651	632
Other Income	175	314	279	275	435	355	614	491	1,042	1,895
<b>PBT before EO Exp.</b>	<b>2,100</b>	<b>4,325</b>	<b>4,046</b>	<b>2,533</b>	<b>4,668</b>	<b>5,478</b>	<b>5,084</b>	<b>2,665</b>	<b>13,004</b>	<b>17,894</b>
EO Exp./(Inc.)		226		180	-260	0	-350		406	-610
<b>PBT after EO Exp.</b>	<b>2,100</b>	<b>4,098</b>	<b>4,046</b>	<b>2,353</b>	<b>4,928</b>	<b>5,478</b>	<b>5,434</b>	<b>2,665</b>	<b>12,598</b>	<b>18,504</b>
Tax	227	293	147	438	696	662	796	437	1,105	2,591
Rate (%)	10.8	6.8	3.6	17.3	14.1	12.1	14.6	16.4	8.5	14.5
<b>PAT (pre Minority Interest)</b>	<b>1,873</b>	<b>3,805</b>	<b>3,900</b>	<b>1,915</b>	<b>4,232</b>	<b>4,815</b>	<b>4,639</b>	<b>2,228</b>	<b>11,493</b>	<b>15,914</b>
Minority Interest	18	97	80	28	12	95	129	16	222	251
<b>Reported PAT</b>	<b>1,855</b>	<b>3,708</b>	<b>3,820</b>	<b>1,888</b>	<b>4,220</b>	<b>4,721</b>	<b>4,510</b>	<b>2,212</b>	<b>11,271</b>	<b>15,662</b>
<b>Adj. Net Profit</b>	<b>1,855</b>	<b>3,918</b>	<b>3,481</b>	<b>2,153</b>	<b>3,997</b>	<b>4,721</b>	<b>4,211</b>	<b>2,212</b>	<b>11,407</b>	<b>15,138</b>
YoY Change (%)	36.2	54.3	58.9	45.1	115.5	20.5	21.0	2.7	49.5	32.7

**Aurobindo Pharma****Buy****CMP: INR881 | TP: INR1,100 (+25%)****EPS CHANGE (%): FY21|22|23: (2.7)|(0.7)|(0.6)**

- Expect US sales to decline YoY to USD394m led by weak Injectables offtake and sale of the Natrol business.
- Update on vaccine contracts and supplies.
- New product additions and tenders to drive ARV business.
- Progress on Biosimilars and niche product development.

**Quarterly performance (consolidated)****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>54,446</b>	<b>56,005</b>	<b>58,950</b>	<b>61,584</b>	<b>59,248</b>	<b>64,834</b>	<b>63,649</b>	<b>60,296</b>	<b>2,30,985</b>	<b>2,48,028</b>
YoY Change (%)	28.1	17.9	11.9	16.4	8.8	15.8	8.0	-2.1	18.1	7.4
<b>EBITDA</b>	<b>11,464</b>	<b>11,675</b>	<b>12,080</b>	<b>13,424</b>	<b>13,174</b>	<b>14,328</b>	<b>13,686</b>	<b>12,511</b>	<b>48,643</b>	<b>53,698</b>
YoY Change (%)	47.1	13.8	11.2	18.8	14.9	22.7	13.3	-6.8	20.9	10.4
Margin (%)	21.1	20.8	20.5	21.8	22.2	22.1	21.5	20.7	21.1	21.7
Depreciation	2,409	2,433	2,501	2,324	2,555	2,573	2,765	2,786	9,667	10,679
<b>EBIT</b>	<b>9,055</b>	<b>9,241</b>	<b>9,579</b>	<b>11,100</b>	<b>10,618</b>	<b>11,755</b>	<b>10,921</b>	<b>9,725</b>	<b>38,976</b>	<b>43,019</b>
YoY Change (%)	45.0	7.2	3.8	17.6	17.3	27.2	14.0	-12.4	16.2	10.4
Interest	499	409	371	318	211	157	195	184	1,598	747
Other Income	110	206	220	326	934	472	328	466	862	2,200
<b>PBT before EO expense</b>	<b>8,666</b>	<b>9,038</b>	<b>9,428</b>	<b>11,108</b>	<b>11,341</b>	<b>12,069</b>	<b>11,054</b>	<b>10,007</b>	<b>38,240</b>	<b>44,472</b>
Forex loss/(gain)	-48	272	-89	262	378	-66	-606	0	397	-294
Exceptional (expenses)/income	-127	-128	-129	123	0	0	28,539	0	-261	28,539
<b>PBT</b>	<b>8,587</b>	<b>8,638</b>	<b>9,388</b>	<b>10,969</b>	<b>10,964</b>	<b>12,135</b>	<b>40,199</b>	<b>10,007</b>	<b>37,582</b>	<b>73,305</b>
Tax	2,278	2,244	2,329	2,285	3,037	3,873	10,591	2,658	9,135	20,159
Rate (%)	26.5	26.0	24.8	20.8	27.7	31.9	26.3	26.6	24.3	27.5
Minority Interest	-47	-1	6	185	120	205	145	30	143	500
<b>Reported PAT</b>	<b>6,357</b>	<b>6,395</b>	<b>7,053</b>	<b>8,499</b>	<b>7,807</b>	<b>8,057</b>	<b>29,463</b>	<b>7,319</b>	<b>28,304</b>	<b>52,646</b>
<b>Adj. PAT</b>	<b>6,415</b>	<b>6,691</b>	<b>7,083</b>	<b>8,609</b>	<b>8,080</b>	<b>8,012</b>	<b>7,660</b>	<b>7,319</b>	<b>28,798</b>	<b>31,070</b>
YoY Change (%)	25.9	0.9	2.3	29.7	26.0	19.7	8.1	-15.0	13.9	7.9



**Biocon****Neutral****CMP: INR410 | TP: INR400 (0%)****EPS CHANGE (%): FY21|22|23: (4.1)|(3.9)|(2.2)**

- Expect 66% YoY growth in Biologics sales on new launches and business from newer markets.
- Rx trends and strategy for Insulin Glargine.
- Expect Syngene sales to grow by 16% YoY in 4QFY21E.
- Regulatory update on key upcoming products.

**Quarterly performance (consolidated)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>14,589</b>	<b>15,720</b>	<b>17,170</b>	<b>15,575</b>	<b>16,713</b>	<b>17,448</b>	<b>18,510</b>	<b>20,226</b>	<b>63,005</b>	<b>72,897</b>
YoY Change (%)	29.8	19.0	11.4	1.9	14.6	11.0	7.8	29.9	14.3	15.7
Total Expenditure	10,220	11,690	12,720	12,390	12,590	13,354	14,530	15,697	46,974	56,171
<b>EBITDA</b>	<b>4,369</b>	<b>4,030</b>	<b>4,450</b>	<b>3,185</b>	<b>4,123</b>	<b>4,094</b>	<b>3,980</b>	<b>4,529</b>	<b>16,031</b>	<b>16,726</b>
YoY Change (%)	83.7	18.9	9.5	-22.3	-5.6	1.6	-10.6	42.2	15.1	4.3
Margin (%)	29.9	25.6	25.9	20.4	24.7	23.5	21.5	22.4	25.4	22.9
Depreciation	1,242	1,320	1,440	1,524	1,668	1,777	1,860	1,888	5,522	7,193
<b>EBIT</b>	<b>3,127</b>	<b>2,710</b>	<b>3,010</b>	<b>1,661</b>	<b>2,455</b>	<b>2,317</b>	<b>2,120</b>	<b>2,641</b>	<b>10,509</b>	<b>9,533</b>
YoY Change (%)	125.5	19.4	4.0	-42.8	-21.5	-14.5	-29.6	59.0	11.1	-9.3
Interest	166	140	180	168	125	65	50	75	649	315
Other Income	241	380	360	631	183	155	220	317	1,614	875
Extraordinary income	0	675	0	0	0	-180	60	0	675	-120
<b>PBT</b>	<b>3,202</b>	<b>3,625</b>	<b>3,190</b>	<b>2,124</b>	<b>2,513</b>	<b>2,227</b>	<b>2,350</b>	<b>2,883</b>	<b>12,149</b>	<b>9,973</b>
Tax	852	1,000	850	450	809	223	490	702	3,151	2,224
Rate (%)	26.6	27.6	26.6	21.2	32.2	10.0	20.9	24.3	25.9	22.3
Minority Interest	210	347	310	360	180	261	180	298	1,227	919
<b>PAT</b>	<b>2,061</b>	<b>2,448</b>	<b>2,030</b>	<b>1,230</b>	<b>1,488</b>	<b>1,743</b>	<b>1,680</b>	<b>1,883</b>	<b>7,769</b>	<b>6,794</b>
<b>Adj. PAT</b>	<b>2,061</b>	<b>2,089</b>	<b>2,030</b>	<b>1,230</b>	<b>1,488</b>	<b>1,905</b>	<b>1,633</b>	<b>1,883</b>	<b>7,410</b>	<b>6,908</b>
YoY Change (%)	72.7	14.2	-10.6	-42.7	-27.8	-8.8	-19.6	53.1	-0.4	-6.8
Margin (%)	14.1	15.6	11.8	7.9	8.9	10.0	9.1	9.3	12.3	9.3

**Cadila Healthcare****Buy****CMP: INR442 | TP: INR550 (+24%)****EPS CHANGE (%): FY21|22|23: 0.0|0.0|0.0**

- Expect US sales to decline by 8% YoY to USD226m in 4QFY21E.
- Update on clinical trials related to the COVID-19 vaccine.
- Expect DF sales to grow by 15% YoY in 4QFY21E.
- Update on Injectable ANDA filings/approvals for the US in FY21E.

**Quarterly performance (consolidated)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Revenue</b>	<b>34,963</b>	<b>33,666</b>	<b>36,381</b>	<b>37,521</b>	<b>36,399</b>	<b>38,200</b>	<b>37,956</b>	<b>37,329</b>	<b>1,42,531</b>	<b>1,49,884</b>
YoY Change (%)	20.8	13.7	1.7	0.5	4.1	13.5	4.3	-0.5	8.3	5.2
Total Expenditure	27,943	27,410	29,403	29,609	28,245	29,566	29,887	29,511	1,14,365	1,17,209
<b>EBITDA</b>	<b>7,020</b>	<b>6,256</b>	<b>6,978</b>	<b>7,912</b>	<b>8,154</b>	<b>8,634</b>	<b>8,069</b>	<b>7,818</b>	<b>28,166</b>	<b>32,675</b>
YoY Change (%)	8.8	-9.0	-16.9	-5.9	16.2	38.0	15.6	-1.2	-6.5	16.0
Margin (%)	20.1	18.6	19.2	21.1	22.4	22.6	21.3	20.9	19.8	21.8
Depreciation	1,716	1,723	1,741	1,785	1,768	1,790	1,804	1,866	6,965	7,228
<b>EBIT</b>	<b>5,304</b>	<b>4,533</b>	<b>5,237</b>	<b>6,127</b>	<b>6,386</b>	<b>6,844</b>	<b>6,265</b>	<b>5,952</b>	<b>21,201</b>	<b>25,447</b>
YoY Change (%)	5.4	-16.1	-23.7	-10.6	20.4	51.0	19.6	-2.9	-12.2	20.0
Margin (%)	15.2	13.5	14.4	16.3	17.5	17.9	16.5	15.9	14.9	17.0
Interest	891	897	805	825	677	457	268	231	3,418	1,633
Other Income	226	269	201	443	225	275	275	279	1,139	1,054
<b>PBT before EO Income</b>	<b>4,639</b>	<b>3,905</b>	<b>4,633</b>	<b>5,745</b>	<b>5,934</b>	<b>6,662</b>	<b>6,272</b>	<b>6,000</b>	<b>18,922</b>	<b>24,868</b>
EO Exp./(Inc.)	700	2,681	62	525	0	1,320	0	0	3,968	1,320
<b>PBT after EO Income</b>	<b>3,939</b>	<b>1,224</b>	<b>4,571</b>	<b>5,220</b>	<b>5,934</b>	<b>5,342</b>	<b>6,272</b>	<b>6,000</b>	<b>14,954</b>	<b>23,548</b>
Tax	791	395	927	1,085	1,235	1,106	1,147	1,187	3,198	4,675
Rate (%)	20.1	32.3	20.3	20.8	20.8	20.7	18.3	19.8	21.4	19.9
Min. Int./Adj. on Consol.	-112	243	95	-216	-159	498	147	14	10	500
<b>Reported PAT</b>	<b>3,036</b>	<b>1,072</b>	<b>3,739</b>	<b>3,919</b>	<b>4,540</b>	<b>4,734</b>	<b>5,272</b>	<b>4,827</b>	<b>11,766</b>	<b>19,373</b>
<b>Adj. PAT</b>	<b>3,595</b>	<b>3,328</b>	<b>3,788</b>	<b>4,335</b>	<b>4,540</b>	<b>5,781</b>	<b>5,272</b>	<b>4,827</b>	<b>15,047</b>	<b>20,481</b>
YoY Change (%)	-21.9	-20.3	-25.8	-11.8	26.3	73.7	39.2	11.4	-20.0	36.1

**Cipla****Neutral****CMP: INR818 | TP: INR900 (+10%)****EPS CHANGE (%): FY21|22|23: 0.0|0.0|0.0**

- Albuterol ramp-up to drive 24% YoY growth in US sales to USD147m on a lower base.
- Outlook on limited competition pipeline in the US and IV Tramadol CRL.
- Expect DF sales to grow by 16% YoY in 4QFY21E aided by One India strategy and trade generics.
- Update on Albuterol market share and other Inhaler products under development for the US.

**Quarterly performance (consolidated)****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Revenue</b>	<b>39,890</b>	<b>43,958</b>	<b>43,710</b>	<b>43,762</b>	<b>43,462</b>	<b>50,383</b>	<b>51,687</b>	<b>52,178</b>	<b>1,71,320</b>	<b>1,97,709</b>
YoY Change (%)	1.3	9.6	9.1	-0.6	9.0	14.6	18.2	19.2	4.7	15.4
Total Expenditure	30,844	34,863	36,127	37,427	32,973	38,617	39,378	39,686	1,39,260	1,50,654
<b>EBITDA</b>	<b>9,046</b>	<b>9,095</b>	<b>7,583</b>	<b>6,335</b>	<b>10,488</b>	<b>11,766</b>	<b>12,309</b>	<b>12,492</b>	<b>32,060</b>	<b>47,055</b>
YoY Change (%)	24.5	29.5	7.2	-34.1	15.9	29.4	62.3	97.2	3.5	46.8
Margin (%)	22.7	20.7	17.3	14.5	24.1	23.4	23.8	23.9	18.7	23.8
Depreciation	2,680	2,830	2,779	3,134	2,690	2,651	2,484	2,886	11,423	10,711
<b>EBIT</b>	<b>6,366</b>	<b>6,265</b>	<b>4,804</b>	<b>3,201</b>	<b>7,799</b>	<b>9,115</b>	<b>9,825</b>	<b>9,606</b>	<b>20,637</b>	<b>36,344</b>
YoY Change (%)	31.2	49.1	15.9	-51.6	22.5	45.5	104.5	200.1	4.2	76.1
Interest	521	461	462	530	460	393	479	431	1,974	1,764
Other Income	784	1,005	721	932	655	535	869	441	3,442	2,500
<b>Profit before Tax</b>	<b>6,629</b>	<b>6,810</b>	<b>5,064</b>	<b>3,603</b>	<b>7,993</b>	<b>9,257</b>	<b>10,215</b>	<b>9,615</b>	<b>22,105</b>	<b>37,080</b>
One-time (expense)/income	0	0	-	-324	0	0	-	0	-324	0
<b>PBT after EO expense</b>	<b>6,629</b>	<b>6,810</b>	<b>5,064</b>	<b>3,279</b>	<b>7,993</b>	<b>9,257</b>	<b>10,215</b>	<b>9,615</b>	<b>21,782</b>	<b>37,080</b>
Tax	1,922	2,006	1,528	856	2,278	2,638	2,690	2,592	6,312	10,197
Rate (%)	29.0	29.4	30.2	23.8	28.5	28.5	26.3	27.0	28.6	27.5
Minority Interest	-75.4	90.9	25.5	-36.4	-64.8	-35.8	43.6	-93.0	4.6	-150.0
<b>Reported PAT</b>	<b>4,782</b>	<b>4,714</b>	<b>3,510</b>	<b>2,460</b>	<b>5,780</b>	<b>6,654</b>	<b>7,481</b>	<b>7,117</b>	<b>15,465</b>	<b>27,033</b>
<b>Adj. PAT</b>	<b>4,782</b>	<b>4,714</b>	<b>3,510</b>	<b>2,747</b>	<b>5,780</b>	<b>6,654</b>	<b>7,481</b>	<b>7,117</b>	<b>15,752</b>	<b>27,033</b>
YoY Change (%)	31.4	59.8	5.7	-46.4	20.9	41.2	113.1	159.1	4.8	71.6

**Divi's Laboratories****BUY****CMP: INR3,610 | TP: INR4,450 (+23%)****EPS CHANGE (%): FY21|22|23: (0.8)|(1.5)|(1.5)**

- Expect better traction in contract manufacturing to drive sales in 4QFY21E.
- Progress on capacity utilization of new facilities.
- Superior product mix and operating leverage to drive margin on a YoY basis.
- Update on progress of new products under development and outlook on their commercialization.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Op. Revenue</b>	<b>11,628</b>	<b>14,456</b>	<b>13,963</b>	<b>13,897</b>	<b>17,305</b>	<b>17,493</b>	<b>17,014</b>	<b>17,808</b>	<b>53,944</b>	<b>69,621</b>
YoY Change (%)	16.8	9.2	2.7	9.7	48.8	21.0	21.9	28.1	9.1	29.1
<b>EBITDA</b>	<b>3,932</b>	<b>5,106</b>	<b>4,939</b>	<b>4,445</b>	<b>7,001</b>	<b>7,568</b>	<b>7,252</b>	<b>7,490</b>	<b>18,422</b>	<b>29,310</b>
YoY Change (%)	11.5	-2.1	-7.3	-4.4	78.0	48.2	46.8	68.5	-1.6	59.1
Margin (%)	33.8	35.3	35.4	32.0	40.5	43.3	42.6	42.1	34.1	42.1
Depreciation	438	459	467	498	562	611	682	832	1,862	2,688
<b>EBIT</b>	<b>3,494</b>	<b>4,646</b>	<b>4,472</b>	<b>3,947</b>	<b>6,439</b>	<b>6,956</b>	<b>6,570</b>	<b>6,657</b>	<b>16,559</b>	<b>26,623</b>
YoY Change (%)	12.4	-3.0	-8.8	-6.6	84.3	49.7	46.9	68.7	-2.8	60.8
Margin (%)	30.0	32.1	32.0	28.4	37.2	39.8	38.6	37.4	30.7	38.2
Interest	3	38	16	4	2	2	3	12	61	18
Other Income	303	338	237	196	125	136	168	161	1,075	590
<b>PBT before EO Income</b>	<b>3,794</b>	<b>4,947</b>	<b>4,694</b>	<b>4,139</b>	<b>6,562</b>	<b>7,091</b>	<b>6,736</b>	<b>6,806</b>	<b>17,574</b>	<b>27,194</b>
Forex gain/(Loss)	-61	-68	180	571	48	-156	-315	0	621	-423
<b>PBT</b>	<b>3,733</b>	<b>4,879</b>	<b>4,873</b>	<b>4,710</b>	<b>6,610</b>	<b>6,935</b>	<b>6,421</b>	<b>6,806</b>	<b>18,195</b>	<b>26,771</b>
Tax	1,009	1,311	1,282	827	1,689	1,739	1,715	1,737	4,429	6,880
Rate (%)	27.0	26.9	26.3	17.6	25.6	25.1	26.7	25.5	23.5	26.1
<b>PAT</b>	<b>2,724</b>	<b>3,568</b>	<b>3,591</b>	<b>3,884</b>	<b>4,921</b>	<b>5,196</b>	<b>4,706</b>	<b>5,068</b>	<b>13,765</b>	<b>19,891</b>
<b>Adj. PAT</b>	<b>2,768</b>	<b>3,618</b>	<b>3,459</b>	<b>3,145</b>	<b>4,818</b>	<b>5,313</b>	<b>4,937</b>	<b>5,069</b>	<b>12,990</b>	<b>20,137</b>
YoY Change (%)	11.6	-1.1	-11.2	-3.6	74.0	46.9	42.7	61.2	-2.3	55.0

**Dr Reddy's Labs****Neutral****CMP: INR4,585 | TP: INR5,000 (+9%)****EPS CHANGE (%): FY21 | 22 | 23: (2.7) | (0.6) | (0.6)**

- Expect US sales to decline 2% YoY to USD246m due to delay in potential launches.
- Update on g-Vascepa and other niche launches.
- India revenue to grow by 36% YoY on better traction in the Chronic segment and addition of the Wockhardt portfolio.
- Update on niche ANDA filings/launches over the next 12-15 months.

**Quarterly performance (IFRS)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Sales</b>	<b>38,435</b>	<b>40,809</b>	<b>43,838</b>	<b>44,318</b>	<b>44,175</b>	<b>48,967</b>	<b>48,408</b>	<b>48,987</b>	<b>1,67,400</b>	<b>1,90,537</b>
YoY Change (%)	3.3	7.5	13.9	15.5	14.9	20.0	10.4	10.5	10.1	13.8
Total Expenditure	31,168	32,328	33,650	34,912	33,046	36,752	38,036	38,308	1,32,058	1,46,142
<b>EBITDA</b>	<b>7,267</b>	<b>8,481</b>	<b>10,188</b>	<b>9,406</b>	<b>11,129</b>	<b>12,215</b>	<b>10,372</b>	<b>10,679</b>	<b>35,342</b>	<b>44,395</b>
YoY Change (%)	-4.1	14.6	24.9	47.0	53.1	44.0	1.8	13.5	21.4	25.6
Margin (%)	18.9	20.8	23.2	21.2	25.2	24.9	21.4	21.8	21.1	23.3
Amortization	3,082	3,339	3,085	2,965	3,140	3,272	3,217	3,328	12,472	12,957
<b>EBIT</b>	<b>4,185</b>	<b>5,142</b>	<b>7,103</b>	<b>6,441</b>	<b>7,989</b>	<b>8,943</b>	<b>7,155</b>	<b>7,352</b>	<b>22,870</b>	<b>31,439</b>
YoY Change (%)	-6.3	16.7	40.7	100.3	90.9	73.9	0.7	14.1	33.5	37.5
Margin (%)	10.9	12.6	16.2	14.5	18.1	18.3	14.8	15.0	13.7	16.5
Other Income	865	483	823	708	800	459	772	791	2,879	2,822
<b>PBT before EO expenses</b>	<b>5,050</b>	<b>5,625</b>	<b>7,926</b>	<b>7,149</b>	<b>8,789</b>	<b>9,402</b>	<b>7,927</b>	<b>8,142</b>	<b>25,749</b>	<b>34,260</b>
One-off income/(expense)	3,450	2,039	-13,200			-781	-5,084		-7,718	-5,865
<b>Profit before Tax</b>	<b>8,500</b>	<b>7,663</b>	<b>-5,276</b>	<b>7,146</b>	<b>8,789</b>	<b>8,620</b>	<b>2,841</b>	<b>8,139</b>	<b>18,033</b>	<b>28,388</b>
Tax	1,872	-3,261	423	-500	2,996	998	2,645	1,755	-1,466	8,394
Rate (%)	22.0	-42.6	-8.0	-7.0	34.1	11.6	93.1	21.6	-8.1	29.6
<b>Reported Profit</b>	<b>6,628</b>	<b>10,924</b>	<b>-5,699</b>	<b>7,646</b>	<b>5,793</b>	<b>7,623</b>	<b>198</b>	<b>6,388</b>	<b>19,499</b>	<b>20,002</b>
<b>Adjusted PAT</b>	<b>4,444</b>	<b>5,705</b>	<b>5,945</b>	<b>5,714</b>	<b>5,793</b>	<b>7,392</b>	<b>5,945</b>	<b>6,388</b>	<b>21,807</b>	<b>25,518</b>
YoY Change (%)	-2.6	13.2	22.5	90.0	30.4	29.6	0.0	11.8	24.9	17.0

**GSK Pharma****Neutral****CMP: INR1,431 | TP: INR1,480 (+3%)****EPS CHANGE (%): FY21 | 22 | 23: (2.7) | (1.8) | (1.7)**

- Expect 4% YoY growth in 4QFY21E on a prolonged slowdown in the Anti-Infective segment.
- Update on long-term cost savings from digital marketing.
- Lower operating leverage to drag margin on a QoQ basis.
- Update on potential new launches over the next 12-15 months.

**Quarterly performance (consolidated)****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>7,880</b>	<b>8,820</b>	<b>7,786</b>	<b>7,758</b>	<b>6,486</b>	<b>8,793</b>	<b>8,572</b>	<b>8,070</b>	<b>32,244</b>	<b>31,921</b>
YoY Change (%)	7.1	8.0	-5.7	3.3	-17.7	-0.3	10.1	4.0	3.1	-1.0
Total Expenditure	6,227	6,880	6,542	6,022	5,345	6,745	6,517	6,387	25,671	24,993
<b>EBITDA</b>	<b>1,653</b>	<b>1,940</b>	<b>1,244</b>	<b>1,736</b>	<b>1,141</b>	<b>2,049</b>	<b>2,055</b>	<b>1,684</b>	<b>6,573</b>	<b>6,928</b>
YoY Change (%)	21.9	17.5	-9.3	6.5	-31.0	5.6	65.2	-3.0	9.4	5.4
Margin (%)	21.0	22.0	16.0	22.4	17.6	23.3	24.0	20.9	20.4	21.7
Depreciation	191	227	183	226	218	220	177	187	827	802
<b>EBIT</b>	<b>1,462</b>	<b>1,713</b>	<b>1,061</b>	<b>1,510</b>	<b>923</b>	<b>1,829</b>	<b>1,878</b>	<b>1,496</b>	<b>5,746</b>	<b>6,126</b>
YoY Change (%)	17.7	11.5	-15.2	1.2	-36.9	6.8	77.1	-0.9	4.1	6.6
Margin (%)	18.6	19.4	13.6	19.5	14.2	20.8	21.9	18.5	17.8	19.2
Interest	9	9	30	15	11	9	9	11	63	40
Other Income	308	159	165	158	152	90	140	190	790	573
<b>PBT before EO Expense</b>	<b>1,761</b>	<b>1,863</b>	<b>1,196</b>	<b>1,653</b>	<b>1,065</b>	<b>1,911</b>	<b>2,009</b>	<b>1,675</b>	<b>6,472</b>	<b>6,659</b>
Tax	626	457	268	385	278	505	549	413	1,698	1,745
Rate (%)	35.5	24.5	22.4	23.3	26.1	26.4	27.3	24.7	18.9	26.2
<b>Adjusted PAT</b>	<b>1,173</b>	<b>1,406</b>	<b>927</b>	<b>1,269</b>	<b>787</b>	<b>1,406</b>	<b>1,460</b>	<b>1,262</b>	<b>4,775</b>	<b>4,915</b>
YoY Change (%)	27.0	24.9	9.3	0.1	-32.9	0.0	57.4	-0.6	14.6	2.9
One-off Expense/(Income)	38	-3,622	7,539	-113	-320	641	-105	0	3,843	216
<b>Reported PAT</b>	<b>1,135</b>	<b>5,028</b>	<b>-6,612</b>	<b>1,382</b>	<b>1,107</b>	<b>765</b>	<b>1,565</b>	<b>1,262</b>	<b>932</b>	<b>4,699</b>

**Gland Pharma****Buy****CMP: INR2,455 | TP: INR2,900 (18%)****EPS CHANGE (%): FY21|22|23:0.0|0.0|0.0**

- Expect sales momentum to sustain on the back of market share gains in already commercialized products.
- Update on incremental opportunities like Ertapenem and Meropenem launches.
- Update on progress with respect to tech-transfer and subsequent scale-up in the vaccine business.
- Outlook on RoW/US market growth potential for FY22E/FY23E.

**Consolidated quarterly performance**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	6,745	6,776	6,459	6,352	8,842	8,315	8,594	8,563	26,332	34,315
YoY Change (%)					31.1	22.7	33.1	34.8	28.8	30.3
Total Expenditure	4,113	4,369	4,342	3,954	4,716	5,338	5,952	5,887	16,778	21,893
<b>EBITDA</b>	2,632	2,407	2,118	2,398	4,126	2,977	2,642	2,676	9,554	12,422
Margin (%)	39.0	35.5	32.8	37.8	46.7	35.8	30.7	31.3	36.3	36.2
Depreciation	224	239	242	241	242	247	250	253	946	992
Interest	3	7	57	5	5	8	12	41	72	64
Other Income	338	339	253	462	321	204	351	325	1392	1,201
<b>PBT before EO expense</b>	2,743	2,499	2,072	2,615	4,200	2,926	2,732	2,708	9,928	12,566
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	2,743	2,499	2,072	2,615	4,200	2,926	2,732	2,708	9,928	12,566
Tax	906	97	531	985	1,064	738	691	648	2,200	3,142
Rate (%)	33.0	3.9	25.6	37.7	25.3	25.2	25.3	23.9	22.2	25.0
MI and P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	1,838	2,402	1,541	1,629	3,136	2,189	2,041	2,059	7,728	9,425
<b>Adj. PAT</b>	1,838	2,402	1,541	1,629	3,136	2,189	2,041	2,059	7,728	9,425
YoY Change (%)					70.7	-8.9	32.5	26.4	65.9	22.0
Margin (%)	27.2	35.4	23.9	25.6	35.5	26.3	23.7	24.0	29.3	27.5

**Glenmark Pharma****Neutral****CMP: INR483 | TP: INR525 (+9%)****EPS CHANGE (%): FY21|22|23: 3.3|1.3|1.1**

- Expect 10% YoY growth in DF sales led by COVID-related drugs and better offtake in Acute Therapies.
- Niche launches to provide an uptick in US sales to USD113m.
- A 29% YoY decline in LatAm sales to drag overall performance to some extent.
- Update on the listing of API business and NCE product monetization.

**Quarterly performance (consolidated)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Revenue (Core)</b>	22,836	27,637	26,386	27,113	23,448	29,525	27,868	27,857	1,03,972	1,08,697
YoY Change (%)	7.2	8.8	5.1	7.3	2.7	6.8	5.6	2.7	7.1	4.5
<b>EBITDA</b>	3,276	3,991	3,431	4,095	4,781	5,699	5,831	5,538	14,793	21,848
YoY Change (%)	5.5	0.1	-11.9	16.4	45.9	42.8	69.9	35.2	2.0	47.7
Margin (%)	14.3	14.4	13.0	15.1	20.4	19.3	20.9	19.9	14.2	20.1
Depreciation	907	942	1,060	1,263	1,132	1,041	1,152	1,264	4,172	4,589
<b>EBIT</b>	2,369	3,049	2,371	2,832	3,648	4,658	4,679	4,274	10,622	17,259
YoY Change (%)	2.4	-3.6	-22.6	4.6	54.0	52.8	97.3	50.9	-5.5	62.5
Margin (%)	10.4	11.0	9.0	10.4	15.6	15.8	16.8	15.3	10.2	15.9
Interest	930	898	961	985	937	806	954	823	3,773	3,521
Other Income	409	541	1,019	654	185	80	151	134	2,623	550
<b>PBT before EO Expense</b>	1,848	2,693	2,430	2,501	2,896	3,932	3,876	3,585	9,472	14,288
One-off loss/(gain)	250	-780	-280	-679	-680	539	396	0	-1,489	255
<b>PBT after EO Expense</b>	1,598	3,473	2,710	3,180	3,576	3,393	3,480	3,584	10,961	14,033
Tax	506	918	801	977	1,036	1,054	998	1,123	3,201	4,210
Rate (%)	31.6	26.4	29.6	30.7	29.0	31.1	28.7	31.3	29.2	30.0
<b>Reported PAT</b>	1,093	2,555	1,908	2,203	2,540	2,339	2,482	2,462	7,760	9,823
<b>Adj. PAT (excl. one-offs)</b>	1,359	1,993	1,786	1,801	2,057	2,711	2,764	2,459	6,938	9,991
YoY Change (%)	-5.8	-3.5	-16.8	8.6	51.4	36.0	54.8	36.5	-5.1	44.0

**Granules India****Buy**

CMP: INR312 | TP: INR430 (38%)

EPS CHANGE (%): FY21|22|23: (3.5)|(3.3)|(3.2)

- Improved traction in PFI/API to drive YoY sales growth in 4QFY21E.
- Superior product mix to drive profitability on a YoY basis.
- Update on recent raw material price hikes on profitability.
- Update on upcoming launches for the US market.

**Quarterly performance**

(INR m)

Y/E March (Consolidated)	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>5,953</b>	<b>6,995</b>	<b>7,040</b>	<b>5,999</b>	<b>7,356</b>	<b>8,581</b>	<b>8,445</b>	<b>8,520</b>	<b>25,986</b>	<b>32,902</b>
YoY Change (%)	31.3	20.4	11.4	-2.2	23.6	22.7	20.0	42.0	14.0	26.6
<b>EBITDA</b>	<b>1,186</b>	<b>1,436</b>	<b>1,632</b>	<b>1,219</b>	<b>1,987</b>	<b>2,489</b>	<b>2,213</b>	<b>2,029</b>	<b>5,473</b>	<b>8,719</b>
YoY Change (%)	63.4	42.9	44.0	15.5	67.5	73.3	35.6	66.4	39.6	59.3
Margin (%)	19.9	20.5	23.2	20.3	27.0	29.0	26.2	23.8	21.1	26.5
Depreciation	287	303	390	390	341	361	368	384	1,370	1,454
<b>EBIT</b>	<b>900</b>	<b>1,133</b>	<b>1,242</b>	<b>830</b>	<b>1,647</b>	<b>2,128</b>	<b>1,845</b>	<b>1,645</b>	<b>4,104</b>	<b>7,265</b>
YoY Change (%)	87.1	53.1	43.9	6.1	83.1	87.8	48.6	98.3	43.2	77.0
Margin (%)	15.1	16.2	17.6	13.8	22.4	24.8	21.8	19.3	15.8	22.1
Interest	69	69	67	66	60	63	72	68	270	263
Other Income	19	87	35	225	56	32	31	45	366	165
<b>PBT before EO expense</b>	<b>849</b>	<b>1,151</b>	<b>1,210</b>	<b>989</b>	<b>1,643</b>	<b>2,098</b>	<b>1,803</b>	<b>1,622</b>	<b>4,199</b>	<b>7,167</b>
Extra-Ord. expense	0	0	320	-378	151	-75	-36	0	-57	40
<b>PBT</b>	<b>849</b>	<b>1,151</b>	<b>889</b>	<b>1,367</b>	<b>1,492</b>	<b>2,173</b>	<b>1,839</b>	<b>1,622</b>	<b>4,257</b>	<b>7,126</b>
Tax	272	193	249	444	377	537	371	354	1,157	1,639
Rate (%)	32.0	16.8	28.0	32.5	25.3	24.7	20.2	21.8	27.2	23.0
(Profit)/Loss of JV/Asso. Cos.	-255	0	0	0	0	0	0	0	-255	0
<b>Reported PAT</b>	<b>832</b>	<b>958</b>	<b>641</b>	<b>923</b>	<b>1,115</b>	<b>1,637</b>	<b>1,468</b>	<b>1,268</b>	<b>3,354</b>	<b>5,487</b>
<b>Adjusted PAT</b>	<b>832</b>	<b>958</b>	<b>871</b>	<b>651</b>	<b>1,228</b>	<b>1,580</b>	<b>1,439</b>	<b>1,268</b>	<b>3,313</b>	<b>5,515</b>
YoY Change (%)	60.7	59.0	44.4	4.6	47.5	64.9	65.2	94.8	41.3	66.5
Margin (%)	14.0	13.7	12.4	10.8	16.7	18.4	17.0	14.9	12.7	16.8

**Ipsca Laboratories****Buy**

CMP: INR1,886 | TP: INR2,400 (+27%)

EPS CHANGE (%): FY21|22|23: (0.8)|(1.2)|(1.2)

- Expect exports/API to drive sales growth in 4QFY21E.
- Expect IPCA to outperform in the DF market.
- The impact of rising COVID-19 cases in India/globally on sales and opex.
- Update on product addition to the API portfolio and traction in existing products.

**Quarterly performance**

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Revenue (Core)</b>	<b>10,782</b>	<b>12,839</b>	<b>12,129</b>	<b>10,738</b>	<b>15,344</b>	<b>13,611</b>	<b>14,098</b>	<b>13,423</b>	<b>46,487</b>	<b>56,476</b>
YoY Change (%)	23.2	26.9	20.5	22.1	42.3	6.0	16.2	25.0	23.2	21.5
<b>EBITDA</b>	<b>1,987</b>	<b>2,659</b>	<b>2,737</b>	<b>2,197</b>	<b>5,883</b>	<b>3,602</b>	<b>3,669</b>	<b>3,224</b>	<b>9,580</b>	<b>16,378</b>
YoY Change (%)	40.4	29.8	32.8	33.5	196.1	35.5	34.1	46.7	33.6	71.0
Margin (%)	18.4	20.7	22.6	20.5	38.3	26.5	26.0	24.0	20.6	29.0
Depreciation	461	496	508	639	510	521	535	565	2,105	2,132
<b>EBIT</b>	<b>1,526</b>	<b>2,162</b>	<b>2,228</b>	<b>1,558</b>	<b>5,373</b>	<b>3,081</b>	<b>3,134</b>	<b>2,659</b>	<b>7,475</b>	<b>14,246</b>
YoY Change (%)	60.7	35.6	39.0	30.0	252.0	42.5	40.7	70.7	39.8	90.6
Margin (%)	14.2	16.8	18.4	14.5	35.0	22.6	22.2	19.8	16.1	25.2
Interest	46	42	40	37	27	23	23	55	165	128
Other Income	112	148	181	137	121	-16	154	122	578	380
<b>PBT before EO Expense</b>	<b>1,592</b>	<b>2,268</b>	<b>2,369</b>	<b>1,658</b>	<b>5,466</b>	<b>3,041</b>	<b>3,265</b>	<b>2,725</b>	<b>7,888</b>	<b>14,498</b>
One-off (gain)/Expense	-91	0	0	536	0	-171	0	0	445	-171
<b>PBT after EO Expense</b>	<b>1,683</b>	<b>2,268</b>	<b>2,369</b>	<b>1,123</b>	<b>5,466</b>	<b>3,212</b>	<b>3,265</b>	<b>2,726</b>	<b>7,442</b>	<b>14,669</b>
Tax	374	319	369	292	999	526	567	445	1,353	2,537
Rate (%)	23.5	14.1	15.6	17.6	18.3	17.3	17.4	16.3	17.2	17.5
<b>Reported PAT</b>	<b>1,310</b>	<b>1,949</b>	<b>2,001</b>	<b>830</b>	<b>4,468</b>	<b>2,686</b>	<b>2,698</b>	<b>2,281</b>	<b>6,090</b>	<b>12,132</b>
Minority Interest	-16	-18	-25	-23	-7	-16	-43	-5	-78	-70
<b>Adj. PAT after Minority Int.</b>	<b>1,223</b>	<b>1,931</b>	<b>1,975</b>	<b>1,352</b>	<b>4,461</b>	<b>2,528</b>	<b>2,655</b>	<b>2,276</b>	<b>6,485</b>	<b>11,919</b>
YoY Change (%)	44.2	37.2	47.2	37.6	264.7	30.9	34.4	68.4	41.6	83.8

**Jubilant Pharmova****Buy****CMP: INR718 | TP: INR910 (+27%)****EPS CHANGE (%): FY21|22|23: (3.5)|0.0|0.0**

- Demerger of the Life Science Ingredient business makes YoY numbers incomparable.
- Update on the CDMO segment, particularly drug/vaccine contracts related to COVID-19.
- Outlook on the Radiopharma business considering slowing growth due to COVID-19 in the US and increasing vaccination.
- Update on USFDA inspection at the plant facing regulatory issues.

**Consolidated quarterly earnings model****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>21,819</b>	<b>22,659</b>	<b>23,152</b>	<b>23,914</b>	<b>18,929</b>	<b>23,749</b>	<b>26,643</b>	<b>21,317</b>	<b>91,544</b>	<b>90,638</b>
YoY Change (%)	5.0	-0.2	-2.6	0.2	-13.2	4.8	15.1	-10.9	0.5	-1.0
<b>EBITDA</b>	<b>4,486</b>	<b>4,685</b>	<b>5,074</b>	<b>5,366</b>	<b>3,022</b>	<b>4,862</b>	<b>6,530</b>	<b>5,255</b>	<b>19,611</b>	<b>19,668</b>
YoY Change (%)	2.5	4.1	2.9	16.4	-32.6	3.8	28.7	-2.1	6.5	0.3
Margin (%)	20.6	20.7	21.9	22.4	16.0	20.5	24.5	24.7	21.4	21.7
Depreciation	1,027	1,168	1,135	1,289	1,123	1,158	1,270	1,048	4,619	4,599
<b>EBIT</b>	<b>3,460</b>	<b>3,516</b>	<b>3,940</b>	<b>4,077</b>	<b>1,899</b>	<b>3,703</b>	<b>5,260</b>	<b>4,208</b>	<b>14,992</b>	<b>15,070</b>
YoY Change (%)	-1.0	-2.5	-0.2	11.4	-45.1	5.3	33.5	3.2	1.9	0.5
Margin (%)	15.9	15.5	17.0	17.0	10.0	15.6	19.7	19.7	16.4	16.6
Interest	726	716	720	712	760	640	590	475	2,874	2,464
Other Income	97	123	60	194	81	73	73	45	474	272
<b>PBT before EO expense</b>	<b>2,831</b>	<b>2,922</b>	<b>3,280</b>	<b>3,559</b>	<b>1,221</b>	<b>3,137</b>	<b>4,670</b>	<b>3,778</b>	<b>12,592</b>	<b>12,878</b>
Extra-Ord. expense	140	0	346	0	0	0	110	0	486	0
<b>PBT</b>	<b>2,691</b>	<b>2,922</b>	<b>2,933</b>	<b>3,559</b>	<b>1,221</b>	<b>3,137</b>	<b>4,560</b>	<b>3,778</b>	<b>12,105</b>	<b>12,878</b>
Tax	841	428	899	955	341	896	1,430	1,068	3,123	3,735
Rate (%)	31.2	14.7	30.7	26.8	27.9	28.5	31.4	28.3	25.8	29.0
<b>Reported PAT</b>	<b>1,850</b>	<b>2,494</b>	<b>2,034</b>	<b>2,605</b>	<b>880</b>	<b>2,240</b>	<b>3,100</b>	<b>2,710</b>	<b>8,982</b>	<b>9,143</b>
<b>Adj. PAT</b>	<b>1,947</b>	<b>2,494</b>	<b>2,274</b>	<b>2,605</b>	<b>880</b>	<b>2,240</b>	<b>3,176</b>	<b>2,710</b>	<b>9,319</b>	<b>9,143</b>
YoY Change (%)	-2.9	18.9	-13.7	17.4	-54.8	-10.2	39.6	4.0	4.1	-1.9

**Laurus Labs****Buy****CMP: INR365 | TP: INR470 (+29%)****EPS CHANGE (%): FY21|22|23: 0.0|0.0|0.0**

- Expect Formulations/API/Synthesis segment to grow by 77%/90%/37% YoY growth in 4QFY21E.
- Outlook on ANDA-led Formulations business for the next 12-24 months.
- Expect Synthesis segment to grow by 37% YoY in 4QFY21E.
- Update on ramp-up in the Richcore business.

**Consolidated quarterly earnings model****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>5,506</b>	<b>7,124</b>	<b>7,296</b>	<b>8,391</b>	<b>9,743</b>	<b>11,388</b>	<b>12,884</b>	<b>13,157</b>	<b>28,317</b>	<b>47,173</b>
YoY Change (%)	2.1	21.1	37.8	32.1	77.0	59.9	76.6	56.8	23.6	66.6
Total Expenditure	4,673	5,746	5,814	6,474	6,960	7,650	8,621	8,658	22,672	31,889
<b>EBITDA</b>	<b>833</b>	<b>1,378</b>	<b>1,482</b>	<b>1,918</b>	<b>2,783</b>	<b>3,739</b>	<b>4,263</b>	<b>4,499</b>	<b>5,645</b>	<b>15,284</b>
YoY Change (%)	-2.7	51.2	68.9	71.2	234.3	171.3	187.7	134.6	50.0	170.7
Margin (%)	15.1	19.3	20.3	22.9	28.6	32.8	33.1	34.2	19.9	32.4
Depreciation	458	478	476	461	488	510	516	538	1,873	2,053
<b>EBIT</b>	<b>374</b>	<b>900</b>	<b>1,006</b>	<b>1,457</b>	<b>2,295</b>	<b>3,229</b>	<b>3,747</b>	<b>3,961</b>	<b>3,773</b>	<b>13,232</b>
YoY Change (%)	-21.0	75.4	123.6	112.7	513.3	258.9	272.3	171.8	77.8	250.7
Margin (%)	6.8	12.6	13.8	17.4	23.6	28.4	29.1	30.1	13.3	28.0
Interest	225	256	208	207	151	137	174	145	896	608
Other Income	45	14	19	17	71	51	69	44	59	236
<b>PBT before EO expense</b>	<b>194</b>	<b>658</b>	<b>817</b>	<b>1,267</b>	<b>2,215</b>	<b>3,143</b>	<b>3,642</b>	<b>3,860</b>	<b>2,936</b>	<b>12,859</b>
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>194</b>	<b>658</b>	<b>817</b>	<b>1,267</b>	<b>2,215</b>	<b>3,143</b>	<b>3,642</b>	<b>3,860</b>	<b>2,936</b>	<b>12,859</b>
Tax	43	92	82	166	497	720	913	892	383	3,022
Rate (%)	22.1	14.0	10.1	13.1	22.4	22.9	25.1	23.1	13.1	23.5
<b>Reported PAT</b>	<b>151</b>	<b>566</b>	<b>735</b>	<b>1,102</b>	<b>1,718</b>	<b>2,423</b>	<b>2,729</b>	<b>2,969</b>	<b>2,553</b>	<b>9,838</b>
<b>Adj. PAT</b>	<b>151</b>	<b>566</b>	<b>735</b>	<b>1,102</b>	<b>1,718</b>	<b>2,423</b>	<b>2,729</b>	<b>2,969</b>	<b>2,553</b>	<b>9,838</b>
YoY Change (%)	-25.2	104.4	312.4	155.1	1,038.0	328.4	271.4	169.5	132.6	285.4

**Lupin****Buy****CMP: INR1,024 | TP: INR1,200 (+17%)****EPS CHANGE (%): FY21|22|23: 0.0|0.0|0.0**

- Expect ramp up in niche launches to drive US sales to USD210m.
- Update on Albuterol/Levothyroxine market share gain in the US market.
- Outlook on g-Etanercept and g-Fostair traction in the EU market a key monitorable.
- DF business to grow 10% YoY in 4QFY21.

**Quarterly performance (consolidated)****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>38,777</b>	<b>38,822</b>	<b>37,693</b>	<b>38,457</b>	<b>35,279</b>	<b>38,350</b>	<b>39,474</b>	<b>40,024</b>	<b>1,53,748</b>	<b>1,53,126</b>
YoY Change (%)	0.6	-1.7	-4.5	-1.1	-9.0	-1.2	4.7	4.1	4.8	-0.4
Total Expenditure	31,309	32,416	33,002	33,204	30,194	32,538	32,126	32,390	1,30,200	1,27,248
<b>EBITDA</b>	<b>7,468</b>	<b>6,406</b>	<b>4,691</b>	<b>5,253</b>	<b>5,085</b>	<b>5,812</b>	<b>7,347</b>	<b>7,634</b>	<b>23,548</b>	<b>25,878</b>
YoY Change (%)	5.5	16.5	-31.2	-32.6	-31.9	-9.3	56.6	45.3	-8.0	9.9
Margin (%)	19.3	16.5	12.4	13.7	14.4	15.2	18.6	19.1	15.3	16.9
Depreciation	2,502	2,526	2,532	2,143	2,146	2,127	2,443	2,453	9,702	9,170
<b>EBIT</b>	<b>4,967</b>	<b>3,880</b>	<b>2,159</b>	<b>3,111</b>	<b>2,938</b>	<b>3,684</b>	<b>4,904</b>	<b>5,181</b>	<b>13,846</b>	<b>16,708</b>
YoY Change (%)	10.6	36.5	-53.3	-44.5	-40.8	-5.0	127.2	66.6	-6.2	20.7
Margin (%)	12.8	10.0	5.7	8.1	8.3	9.6	12.4	12.9	9.0	10.9
Interest	844	826	886	1,074	443	336	309	310	3,630	1,398
Other Income	666	1,280	936	826	433	250	212	256	3,578	1,150
EO Exp./(Inc.)	0	5,465	3,287	-2,091	204	0	-440	0	6,261	644
<b>PBT</b>	<b>4,789</b>	<b>-1,131</b>	<b>-1,078</b>	<b>4,954</b>	<b>2,725</b>	<b>3,598</b>	<b>5,247</b>	<b>5,127</b>	<b>7,533</b>	<b>15,816</b>
Tax	2,155	695	7,670	1,051	1,643	1,467	835	932	11,571	4,877
Rate (%)	45.0	-61.5	-711.4	21.2	60.3	40.8	15.9	18.2	153.6	30.8
Minority Interest	-13	27	-64	7	-12	-21	-29	-23	-43	-85
<b>Reported PAT</b>	<b>2,647</b>	<b>-1,853</b>	<b>-8,685</b>	<b>3,896</b>	<b>1,069</b>	<b>2,110</b>	<b>4,383</b>	<b>4,173</b>	<b>-3,995</b>	<b>10,854</b>
<b>Adj. PAT</b>	<b>2,807</b>	<b>3,373</b>	<b>1,834</b>	<b>2,559</b>	<b>1,150</b>	<b>2,110</b>	<b>4,013</b>	<b>4,172</b>	<b>10,572</b>	<b>11,445</b>
YoY Change (%)	38.4	26.8	-36.2	-0.1	-59.0	-37.4	118.8	63.1	0.2	8.3

**Strides Pharma****Buy****CMP: INR847 | TP: INR970 (18%)****EPS CHANGE (%): FY21|22|23: (3.8)|(1.8)|(1.4)**

- Expect US sales to decline to USD48m.
- Expect other regulated markets to grow by 43% YoY on new launches and better penetration.
- Update on strategy related to Injectables and Vaccine contracts.
- Update on upcoming ANDA pipeline and launch pace.

**Consolidated quarterly earnings model****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>6,858</b>	<b>7,151</b>	<b>7,324</b>	<b>6,186</b>	<b>7,818</b>	<b>7,936</b>	<b>8,320</b>	<b>8,480</b>	<b>27,520</b>	<b>32,554</b>
YoY Change (%)	3.4	37.6	28.5	0.4	14.0	11.0	13.6	37.1	26.3	18.3
Total Expenditure	5,621	5,685	5,516	5,350	6,308	6,363	6,726	6,809	22,172	26,206
<b>EBITDA</b>	<b>1,237</b>	<b>1,466</b>	<b>1,808</b>	<b>837</b>	<b>1,510</b>	<b>1,572</b>	<b>1,594</b>	<b>1,672</b>	<b>5,347</b>	<b>6,348</b>
YoY Change (%)	188.9	203.2	150.6	-9.4	22.1	7.2	-11.8	99.7	109.3	18.8
Margin (%)	18.0	20.5	24.7	13.5	19.3	19.8	19.2	19.7	19.4	19.5
Depreciation	429	420	435	453	491	528	525	537	1,737	2,081
<b>EBIT</b>	<b>808</b>	<b>1,046</b>	<b>1,374</b>	<b>384</b>	<b>1,019</b>	<b>1,044</b>	<b>1,069</b>	<b>1,135</b>	<b>3,610</b>	<b>4,267</b>
YoY Change (%)	485.8	498.0	210.2	-38.8	26.1	-0.2	-22.2	195.8	161.2	18.3
Interest	353	404	396	403	369	369	347	360	1,557	1,445
Other Income	103	130	122	177	123	129	132	137	531	521
<b>PBT before EO expense</b>	<b>557</b>	<b>772</b>	<b>1,100</b>	<b>157</b>	<b>773</b>	<b>804</b>	<b>854</b>	<b>911</b>	<b>2,584</b>	<b>3,343</b>
Extra-Ord. expense	93	-845	-171	1,888	-488	-180	126	0	965	-542
<b>PBT</b>	<b>464</b>	<b>1,617</b>	<b>1,270</b>	<b>-1,731</b>	<b>1,261</b>	<b>984</b>	<b>729</b>	<b>911</b>	<b>1,619</b>	<b>3,885</b>
Tax	31	74	113	-105	33	61	108	129	113	330
Rate (%)	6.7	4.6	8.9	6.0	2.6	6.2	14.8	14.1	7.0	8.5
MI and (P)/L of Asso. Cos.	178	213	235	421	192	262	270	77	1,046	800
<b>Reported PAT from Continuing Ops.</b>	<b>254</b>	<b>1,331</b>	<b>922</b>	<b>-2,048</b>	<b>1,036</b>	<b>662</b>	<b>351</b>	<b>705</b>	<b>460</b>	<b>2,755</b>
<b>Adj. PAT from Continuing Ops.</b>	<b>341</b>	<b>524</b>	<b>767</b>	<b>-274</b>	<b>560</b>	<b>493</b>	<b>458</b>	<b>706</b>	<b>1,358</b>	<b>2,217</b>
YoY Change (%)	-995.6	NA	203.3	NA	64.1	-5.9	-40.3	NA	72.1	63.1

**Sun Pharma****Buy****CMP: INR610 | TP: INR740 (+21%)****EPS CHANGE (%): FY21|22|23: (0.0) |(0.0)| (0.0)**

- Decline in Taro sales would be offset by better Specialty sales (up 6% YoY) driving overall growth in US sales (USD397m).
- Updates on prescription trends for Ilumya, other Specialty products, and trend in shift to Absorica LD from Absorica.
- DF sales to outperform IPM with 11% YoY growth in 4QFY21.
- Outlook on US generics sales and drivers for growth in this segment for FY22E/FY23E are key monitorables.

**Quarterly performance (consolidated)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Revenue</b>	<b>82,593</b>	<b>79,492</b>	<b>80,387</b>	<b>80,780</b>	<b>74,672</b>	<b>84,588</b>	<b>87,818</b>	<b>87,886</b>	<b>3,23,252</b>	<b>3,34,964</b>
YoY Change (%)	15.7	16.1	5.0	14.7	-9.6	6.4	9.2	8.8	12.7	3.6
Total Expenditure	64,461	63,421	63,953	66,799	58,209	62,435	65,023	66,878	2,58,634	2,52,544
<b>EBITDA</b>	<b>18,132</b>	<b>16,071</b>	<b>16,434</b>	<b>13,982</b>	<b>16,463</b>	<b>22,153</b>	<b>22,796</b>	<b>21,008</b>	<b>64,618</b>	<b>82,420</b>
YoY Change (%)	19.2	11.6	-7.1	47.3	-9.2	37.8	38.7	50.3	13.8	27.5
Margin (%)	22.0	20.2	20.4	17.3	22.0	26.2	26.0	23.9	20.0	24.6
Depreciation	4,571	4,733	5,470	5,754	4,959	4,986	5,319	5,410	20,528	20,675
<b>EBIT</b>	<b>13,560</b>	<b>11,338</b>	<b>10,964</b>	<b>8,228</b>	<b>11,504</b>	<b>17,167</b>	<b>17,476</b>	<b>15,598</b>	<b>44,090</b>	<b>61,745</b>
YoY Change (%)	21.1	11.9	-15.6	66.2	-15.2	51.4	59.4	89.6	12.3	40.0
Interest	1,041	839	630	518	520	333	261	264	3,027	1,377
Net Other Income	3,281	3,750	2,361	2,091	2,719	3,501	3,699	3,281	11,483	13,200
<b>PBT before EO Exp.</b>	<b>15,801</b>	<b>14,249</b>	<b>12,695</b>	<b>9,802</b>	<b>13,703</b>	<b>20,335</b>	<b>20,914</b>	<b>18,615</b>	<b>52,546</b>	<b>73,568</b>
Less: EO Exp./((Inc.)	-674	-85	-818	4,027	35,542	1,164	-716	0	2,450	35,989
<b>PBT</b>	<b>16,474</b>	<b>14,334</b>	<b>13,513</b>	<b>5,774</b>	<b>-21,839</b>	<b>19,172</b>	<b>21,631</b>	<b>18,615</b>	<b>50,096</b>	<b>37,579</b>
Tax	1,461	2,660	3,276	831	2,459	-312	2,533	2,309	8,228	6,989
Rate (%)	9.2	18.7	25.8	8.5	17.9	-1.5	12.1	12.4	15.7	9.5
<b>PAT (before Minority Interest)</b>	<b>15,014</b>	<b>11,674</b>	<b>10,237</b>	<b>4,944</b>	<b>-24,298</b>	<b>19,484</b>	<b>19,097</b>	<b>16,307</b>	<b>41,868</b>	<b>30,590</b>
Minority Interest	1,139	1,033	1,102	946	-7,742	1,356	656	330	4,219	-5,400
<b>Reported PAT</b>	<b>13,875</b>	<b>10,641</b>	<b>9,135</b>	<b>3,998</b>	<b>-16,556</b>	<b>18,128</b>	<b>18,441</b>	<b>15,977</b>	<b>37,649</b>	<b>35,990</b>
<b>Adj. Net Profit</b>	<b>13,208</b>	<b>10,556</b>	<b>8,317</b>	<b>7,385</b>	<b>11,460</b>	<b>16,409</b>	<b>17,809</b>	<b>15,977</b>	<b>39,466</b>	<b>61,654</b>
YoY Change (%)	34.4	3.5	-11.7	7.4	-13.2	55.4	114.1	116.3	8.7	56.2

**Torrent Pharmaceuticals****Neutral****CMP: INR2,510 | TP: INR2,510 (0%)****EPS CHANGE (%): FY21|22|23: (1.2)|(0.6)| (0.6)**

- Lack of new approvals due to regulatory constraints to keep US sales (USD38m) under check.
- Update on inspection of sites facing regulatory issues by the USFDA a key monitorable.
- Expect DF sales to grow ~13% YoY led by strong chronic portfolio and partly on a low base of last year.
- Outlook on new launches in Brazil and business prospects in Germany a key focus area.

**Consolidated quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Revenue</b>	<b>20,220</b>	<b>20,050</b>	<b>19,660</b>	<b>19,460</b>	<b>20,560</b>	<b>20,170</b>	<b>19,950</b>	<b>20,357</b>	<b>79,390</b>	<b>81,037</b>
YoY Change (%)	8.0	5.9	-1.1	4.8	1.7	0.6	1.5	4.6	4.3	2.1
<b>EBITDA</b>	<b>5,410</b>	<b>5,410</b>	<b>5,400</b>	<b>5,480</b>	<b>6,770</b>	<b>6,350</b>	<b>6,070</b>	<b>6,092</b>	<b>21,700</b>	<b>25,282</b>
YoY Change (%)	13.4	14.4	2.7	15.9	25.1	17.4	12.4	11.2	11.3	16.5
Margin (%)	26.8	27.0	27.5	28.2	32.9	31.5	30.4	29.9	27.3	31.2
Depreciation	1,600	1,630	1,630	1,680	1,610	1,650	1,670	1,707	6,540	6,637
<b>EBIT</b>	<b>3,810</b>	<b>3,780</b>	<b>3,770</b>	<b>3,800</b>	<b>5,160</b>	<b>4,700</b>	<b>4,400</b>	<b>4,384</b>	<b>15,160</b>	<b>18,644</b>
YoY Change (%)	16.5	17.8	1.9	21.4	35.4	24.3	16.7	15.4	13.9	23.0
Margin (%)	18.8	18.9	19.2	19.5	25.1	23.3	22.1	21.5	19.1	23.0
Interest	1,220	1,160	1,110	1,020	1,020	920	910	808	4,510	3,658
Other Income	200	340	530	150	40	60	80	80	1,220	260
<b>PBT before EO Expense</b>	<b>2,790</b>	<b>2,960</b>	<b>3,190</b>	<b>2,930</b>	<b>4,180</b>	<b>3,840</b>	<b>3,570</b>	<b>3,656</b>	<b>11,870</b>	<b>15,246</b>
<b>PBT after EO Expense</b>	<b>2,790</b>	<b>2,960</b>	<b>3,190</b>	<b>2,930</b>	<b>4,020</b>	<b>3,840</b>	<b>3,570</b>	<b>3,656</b>	<b>11,870</b>	<b>15,086</b>
Tax	630	520	680	-210	810	740	600	747	1,620	2,897
Rate (%)	22.6	17.6	21.3	-7.2	19.4	19.3	16.8	20.4	13.6	19.0
<b>Reported PAT</b>	<b>2,160</b>	<b>2,440</b>	<b>2,510</b>	<b>3,140</b>	<b>3,210</b>	<b>3,100</b>	<b>2,970</b>	<b>2,910</b>	<b>10,250</b>	<b>12,190</b>
<b>Adj. PAT</b>	<b>2,160</b>	<b>2,440</b>	<b>2,552</b>	<b>2,344</b>	<b>3,370</b>	<b>3,100</b>	<b>2,970</b>	<b>2,910</b>	<b>9,496</b>	<b>12,350</b>
YoY Change (%)	32.5	36.3	18.6	41.5	56.0	27.0	16.4	24.1	31.4	30.1



# Infrastructure

## Company name

Ashoka Buildcon

IRB Infra

KNR Constructions

## Strong ordering from NHAI improves outlook for FY22

### Construction activity and road traffic on par with pre-COVID levels

- Awarding in the Roads sector had peaked in FY18, with the National Highways Authority of India (NHAI) granting 7,397km in orders. Ordering activity has since remained subdued (FY19: 2,222km) due to delays faced by the NHAI in land acquisitions and banks' cautiousness in lending to infrastructure projects. After the lifting of lockdown restrictions from mid-May'20, NHAI resumed its ordering activity, with 1,330km of orders awarded in 1HFY21 (higher by 60% YoY). **Ordering activity further increased towards the end of the year, with NHAI poised to far exceed its full-year target of 4500kms of awarding.**
- Across sites, labor availability is more than 90%, with project efficiency near pre-COVID levels. Traffic across the major routes has improved sequentially, with toll collections rising on a MoM basis. Order book positions are a key monitorable to ascertain the likely upside in growth momentum over the next 2–3 years.

### Sequential improvement in execution across project sites

- Construction activity is expected to post an uptick in 4QFY21 – after a muted 1HFY21, weighed by COVID-led shutdowns and the monsoon season.
- Ordering has been better than expected in the Roads sector, with a strong bid pipeline in place. Note that ordering has been weak for the past two years now. The strong ordering momentum is expected to continue into FY22, given the land acquisition work done by NHAI. However, funding constraints continue to impact the sector's fundamentals, especially the interest in HAM projects.
- Unlike the general perception, declining interest rates have turned out to be a negative for road players. This is because they carry a negative spread on the debt of HAM projects. Notably, NHAI pays at the bank rate of +3%, which is currently 7.25% on capital. However, cost of debt is currently higher. This, along with the risk of an increase in cost of equity (due to the COVID-led lockdown), has wiped out the valuations of HAM projects. On a positive note, returns would now be linked to the MCLR rate rather than the bank rate, thereby addressing the negative spread concern. However, this is applicable only for future projects.

### Execution for our Coverage Universe to remain flat YoY

- We expect execution for our Coverage Universe to remain flat YoY, with IRB posting 10% YoY revenue decline. However, IRB's revenue is not comparable YoY due to the monetization of nine assets through the InvIT route and consolidation of the Mumbai-Pune Phase II project. Excluding IRB, revenue is expected to rise 10% YoY, with KNRC outperforming with 16% growth.

### Adverse revenue mix to affect profitability

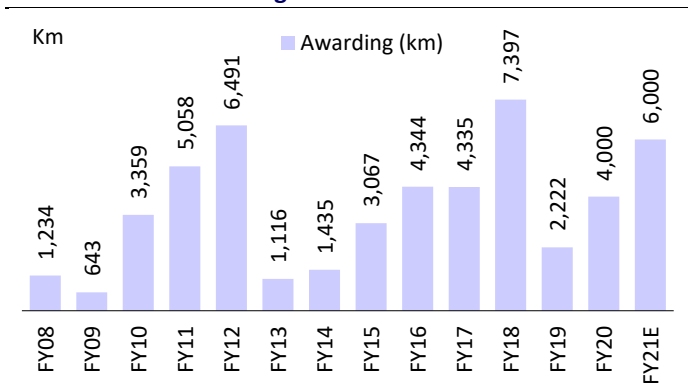
- We expect operating profit to remain flat YoY for our Coverage Universe, with higher profitability in IRB on a favorable revenue mix. Operating profit for KNRC is expected to remain flat, in spite of higher revenue growth, due to an adverse revenue mix (lower revenue from irrigation projects). Net profit for our Coverage Universe is likely to decline 6% YoY, with the 22% YoY increase for KNRC largely attributed to lower depreciation and interest cost.

**Look for strong balance sheets and proven discipline**

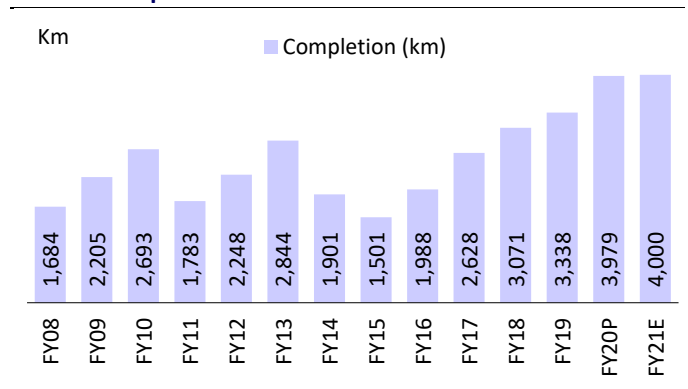
- KNRC and ASBL are our top picks in the sector. We like KNRC owing to its net cash balance sheet on account of its a) already monetized HAM projects, b) superior focus on working capital management over growth, and c) superior execution capabilities. ASBL's a) improved working capital management, b) debt reduction in FY20, and c) ability to execute projects in a timely manner are key positives.

**Exhibit 1: Summary of expected quarterly performance**

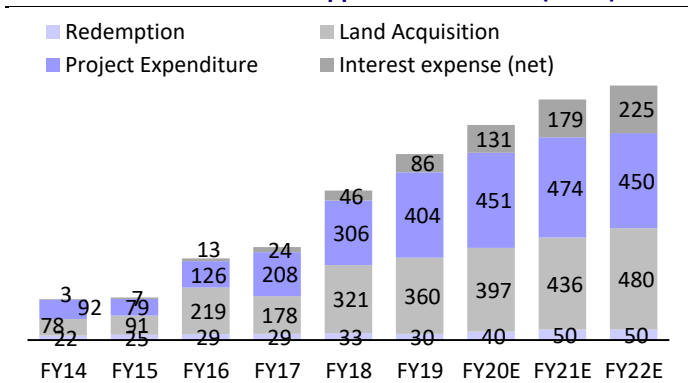
Sector	CMP		SALES (INR M)			EBIDTA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
Ashoka Buildcon	101	Buy	13,483	7.5	37.5	1,753	-23.4	66.2	1,098	-33.1	28.2
IRB Infra	114	Neutral	14,295	-9.8	-7.6	7,125	8.8	-1.0	1,184	22.1	70.4
KNR Constructions	212	Buy	7,832	15.9	14.1	1,436	-2.2	6.2	807	20.1	4.0
<b>Sector Aggregate</b>			<b>35,609</b>	<b>1.3</b>	<b>10.8</b>	<b>10,315</b>	<b>0.1</b>	<b>7.4</b>	<b>3,089</b>	<b>-5.9</b>	<b>32.7</b>

**Exhibit 2: NHAI awarding trend**

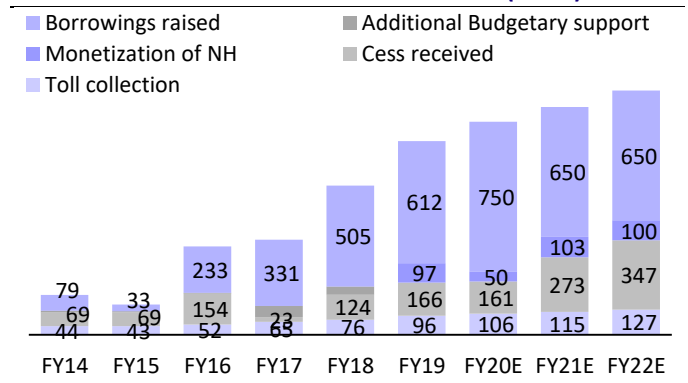
Source: NHAI, MOFSL

**Exhibit 3: Expect road construction to be muted in FY21E**

Source: NHAI, MOFSL

**Exhibit 4: NHAI financials – application of funds (INR b)**

Source: NHAI, MOFSL estimates from FY19 onwards

**Exhibit 5: NHAI financials – sources of funds (INR b)**

Source: NHAI, MOFSL estimates from FY19 onwards

**Exhibit 6: Comparative valuation**

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Infrastructure</b>						<b>16.7</b>	<b>14.5</b>	<b>11.0</b>	<b>1.1</b>	<b>1.0</b>	<b>1.0</b>	<b>6.6</b>	<b>7.2</b>	<b>8.8</b>
Ashoka Buildcon	101	Buy	13.2	11.2	12.8	7.7	9.0	7.9	1.0	0.9	0.8	13.4	10.2	10.7
IRB Infra	114	Neutral	3.9	5.9	9.7	29.0	19.2	11.7	0.6	0.6	0.6	2.1	3.1	4.9
KNR Constructions	212	Buy	9.1	12.8	16.5	23.2	16.5	12.9	3.2	2.7	2.3	14.8	17.8	19.1

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.

**Ashoka Buildcon****Buy****CMP: INR101 | TP: INR145 (+43%)****EPS CHANGE (%): FY21|22: -|-**

- Revenue to increase 7% YoY to INR13.5b
- Adjusted PAT to decline 33% YoY on lower operating profit and lower other income
- EBITDA to come in at INR1.8b, with EBITDA margin at 13%
- Watch out for commentary on new order inflows, ramp-up in construction activity, and asset monetization

**Quarterly Performance****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>8,768</b>	<b>8,223</b>	<b>9,836</b>	<b>12,548</b>	<b>5,724</b>	<b>8,775</b>	<b>9,807</b>	<b>13,483</b>	<b>39,374</b>	<b>37,789</b>
YoY Change (%)	30.4	7.6	-7.7	-4.0	-34.7	6.7	-0.3	7.5	3.4	-4.0
<b>EBITDA</b>	<b>1,095</b>	<b>1,229</b>	<b>1,243</b>	<b>2,289</b>	<b>819</b>	<b>1,309</b>	<b>1,055</b>	<b>1,753</b>	<b>5,856</b>	<b>4,936</b>
Margins (%)	12.5	14.9	12.6	18.2	14.3	14.9	10.8	13.0	14.9	13.1
Depreciation	266	271	283	290	223	218	216	252	1,111	908
Interest	214	231	200	209	166	197	183	248	855	794
Other Income	342	392	369	346	483	498	473	246	1,449	1,701
<b>PBT</b>	<b>957</b>	<b>1,118</b>	<b>1,129</b>	<b>2,136</b>	<b>913</b>	<b>1,393</b>	<b>1,129</b>	<b>1,499</b>	<b>5,340</b>	<b>4,934</b>
Tax	310	391	274	493	222	346	272	401	1,468	1,242
Rate (%)	32.4	35.0	24.2	23.1	24.4	24.8	24.1	26.8	27.5	25.2
<b>Reported PAT</b>	<b>647</b>	<b>727</b>	<b>855</b>	<b>1,642</b>	<b>691</b>	<b>1,047</b>	<b>856</b>	<b>1,098</b>	<b>3,871</b>	<b>3,692</b>
<b>Adj PAT</b>	<b>647</b>	<b>727</b>	<b>855</b>	<b>1,642</b>	<b>691</b>	<b>1,047</b>	<b>856</b>	<b>1,098</b>	<b>3,871</b>	<b>3,692</b>
YoY Change (%)	22.8	17.1	-16.1	56.0	6.8	44.0	0.1	-33.1	20.2	-4.6
Margins (%)	7.4	8.8	8.7	13.1	12.1	11.9	8.7	8.1	9.8	9.8

**IRB****Neutral****CMP: INR114 | TP: INR122 (+7%)****EPS CHANGE (%): FY21|22: -|-**

- Revenue: Construction (-24% YoY)/BOT (+38% YoY)
- Operating margin to increase on favorable sales mix
- Construction revenue seeing steep decline in FY21 on depleting order book
- Watch out for new order wins in Construction and overall toll collection activity

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>17,730</b>	<b>17,521</b>	<b>17,426</b>	<b>15,845</b>	<b>10,223</b>	<b>11,233</b>	<b>15,472</b>	<b>14,295</b>	<b>68,522</b>	<b>51,222</b>
YoY Change (%)	15.3	22.3	-2.6	-18.7	-42.3	-35.9	-11.2	-9.8	2.2	-25.2
<b>EBITDA</b>	<b>8,554</b>	<b>7,474</b>	<b>7,137</b>	<b>6,549</b>	<b>4,776</b>	<b>5,550</b>	<b>7,200</b>	<b>7,125</b>	<b>29,714</b>	<b>24,651</b>
Margins (%)	48.2	42.7	41.0	41.3	46.7	49.4	46.5	49.8	43.4	48.1
Depreciation	1,535	1,139	955	1,054	844	1,285	1,914	1,929	4,683	5,972
Interest	3,628	3,813	4,099	4,104	3,656	4,350	4,407	4,189	15,644	16,602
Other Income	481	490	475	504	512	455	477	687	1,950	2,130
Extra-Ord expense	0	0	0	574	0	0	0	0	574	0
<b>PBT</b>	<b>3,872</b>	<b>3,012</b>	<b>2,558</b>	<b>1,895</b>	<b>788</b>	<b>370</b>	<b>1,355</b>	<b>1,695</b>	<b>11,337</b>	<b>4,208</b>
Tax	1,805	1,010	961	767	331	150	468	379	4,544	1,327
Rate (%)	46.6	33.5	37.6	40.5	42.0	40.5	34.5	22.3	40.1	31.5
Share of profit in Associates	0	0	0	-158	-759	-417	-192	-132	-158	-1,500
<b>Reported PAT</b>	<b>2,066</b>	<b>2,002</b>	<b>1,597</b>	<b>1,543</b>	<b>-301</b>	<b>-197</b>	<b>695</b>	<b>1,184</b>	<b>7,209</b>	<b>1,381</b>
<b>Adj PAT</b>	<b>2,066</b>	<b>2,002</b>	<b>1,597</b>	<b>969</b>	<b>-301</b>	<b>-197</b>	<b>695</b>	<b>1,184</b>	<b>6,635</b>	<b>1,381</b>
YoY Change (%)	-17.4	15.7	-27.0	-53.4	-114.6	-109.8	-56.5	22.1	-21.9	-79.2
Margins (%)	11.7	11.4	9.2	6.1	-2.9	-1.8	4.5	8.3	9.7	2.7

**KNR Constructions****Buy****CMP: INR212 | TP: INR265 (+25%)****EPS CHANGE (%): FY21|22: -|-**

- Revenue to come in at INR7.8b, up 16% YoY
- Expect adjusted PAT of INR807m (+20% YoY) on lower depreciation and interest cost
- Expect flat operating profit YoY; operating margin to decline 340bp YoY on adverse revenue mix
- Watch out for update on remaining receivables from ongoing irrigation projects and outlook for FY22

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>4,646</b>	<b>5,232</b>	<b>5,579</b>	<b>6,756</b>	<b>4,794</b>	<b>6,012</b>	<b>6,863</b>	<b>7,832</b>	<b>22,212</b>	<b>25,500</b>
YoY Change (%)	-13.9	25.7	24.3	-5.6	3.2	14.9	23.0	15.9	4.8	14.8
Total Expenditure	3,746	4,154	4,335	5,287	3,850	4,772	5,510	6,396	17,522	20,528
<b>EBITDA</b>	<b>900</b>	<b>1,078</b>	<b>1,244</b>	<b>1,469</b>	<b>943</b>	<b>1,240</b>	<b>1,353</b>	<b>1,436</b>	<b>4,691</b>	<b>4,973</b>
Margins (%)	19.4	20.6	22.3	21.7	19.7	20.6	19.7	18.3	21.1	19.5
Depreciation	389	475	517	538	331	352	373	389	1,918	1,445
Interest	90	98	142	145	102	158	184	49	474	493
Other Income	168	36	70	73	61	76	266	82	346	485
Extra-Ord expense	0	280	-67	0	0	-90	0	0	213	-90
<b>PBT</b>	<b>589</b>	<b>541</b>	<b>655</b>	<b>859</b>	<b>571</b>	<b>807</b>	<b>1,061</b>	<b>1,080</b>	<b>2,644</b>	<b>3,519</b>
Tax	112	120	186	187	173	218	285	273	605	950
Rate (%)	19.0	22.1	28.4	21.8	30.3	27.1	26.9	25.3	22.9	27.0
<b>Reported PAT</b>	<b>477</b>	<b>701</b>	<b>402</b>	<b>672</b>	<b>398</b>	<b>498</b>	<b>776</b>	<b>807</b>	<b>2,252</b>	<b>2,479</b>
<b>Adj PAT</b>	<b>477</b>	<b>421</b>	<b>469</b>	<b>672</b>	<b>398</b>	<b>588</b>	<b>776</b>	<b>807</b>	<b>2,039</b>	<b>2,569</b>
YoY Change (%)	-16.6	-6.5	-10.0	-29.0	-16.6	39.7	65.3	20.1	-18.3	26.0
Margins (%)	10.3	8.0	8.4	9.9	8.3	9.8	11.3	10.3	9.2	10.1

**Company name**

PVR

Sun TV

Zee Entertainment

**Quarter to remain muted post festive season****Ad revenues to decline post festive season**

Ad revenues are expected to be muted in 4QFY21 – after a decent festive season in the previous quarter that resulted in increased consumer spending and thereby drove ad revenues for broadcasters. Major advertisement categories such as FMCG, Consumer Durables, Autos, and E-Commerce have witnessed recovery in sales and ad spends. However, the sudden rise in COVID-19 cases and strict lockdown restrictions in some cities could play a dampener, impacting ad revenues, if advertisement budgets are slashed by corporates. The favorable low base from last year would reflect some growth in ad revenues. Our media companies are expected to report a 2% YoY rise in ad revenue growth. ZEEL/SUNTV should see a 5%/1% YoY increase in ad revenues. We expect other media channels such as radio and print to take longer to recover as the uptick in circulation copies and radio volumes/prices is still fairly lower than pre-COVID levels.

**Subscription revenue run-rate to continue**

Subscription revenues are expected to grow 12% YoY/3% QoQ as entertainment from home continues to be the preferred leisure activity for households. ZEEL/SunTV would report 13%/11% YoY growth in subscription revenues. Channels have gradually reached their full production limits and the airing of daily soaps and reality shows has resumed, leading to the return of subscribers and a steady rise in viewership. While the recent rise in COVID cases in the major metro cities would lead to challenges in setting shooting schedules and producing content – due to lockdown restrictions – the content flow is expected to be steady, with 14%/8% decline expected on a YoY/QoQ basis.

**Profit margins inching back to pre-pandemic levels**

ZEEL's EBITDA is expected to be at INR5.3b (loss of INR2.8b in 4QFY20), with margins at 26.7%, although much below the earlier >30% – this may be now difficult to achieve over the next 1–2 years. SUNTV's EBITDA is expected to increase 11% YoY, with margins at 69.4% (+60bps YoY). Overall, we expect the broadcaster's performance and margins to return to pre-pandemic levels as ad revenues have seen an uptick sequentially, driven by rising economic sentiment. ZEEL is expected to post flattish YoY revenue (1% growth YoY), as ad revenues are yet to reach pre-pandemic levels. SUNTV's revenues would grow 11% YoY, driven by an increase in subscription revenues. Production cost has increased QoQ, offsetting any savings from previous quarters. Subsequently, ZEEL PAT is expected to be at INR3.3b (loss of INR4.7b in 4QFY20) and SUNTV's PAT is expected to grow 70% YoY on account of a low base in 4QFY20.

**PVR sees relief over operational limit**

Cinemas, despite being allowed to operate at full capacity from Feb'21 (on decline in COVID-19 cases), were yet to achieve reasonable occupancies. This is attributable to fresh content coming on stream and COVID concerns easing gradually. High box office collections for the south starrer 'Master' revived the confidence among cinema companies. Other released films also started seeing some traction and

occupancies at cinemas. Despite the rising expectation of increased occupancies with a growing content pipeline, the industry has once again hit a roadblock due to the country witnessing a second wave of COVID. This has also hit ticket prices and the F&B/ad biz. We expect PVR to post sales of INR1.8b (71% lower YoY), with EBITDA loss / net loss of INR0.7b/INR1.7b. This second wave of COVID cases from Mar'21 seems likely to extend into 1QFY22 and hurt operations going ahead, further delaying PVR's business recovery.

Exhibit 1: Expected quarterly performance summary (INR m)

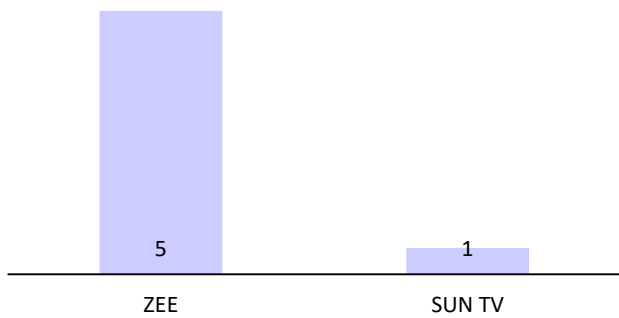
Sector	CMP		SALES (INR M)			EBIDTA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
PVR	1300	Neutral	1,845	-71.4	191.1	-695	PL	Loss	-1,675	Loss	Loss
Sun TV	478	Buy	8,122	10.5	-16.5	5,609	11.4	-6.6	4,252	70.1	-3.8
Zee Entertainment	209	Neutral	19,713	1.0	-27.8	5,267	LP	-26.4	3,334	LP	-30.9
<b>Sector Aggregate</b>			<b>29,681</b>	<b>-10.9</b>	<b>-21.2</b>	<b>10,181</b>	<b>287.9</b>	<b>-15.7</b>	<b>5,911</b>	<b>LP</b>	<b>-24.9</b>

Exhibit 2: Media coverage – quarterly snapshot

	FY19				FY20				FY21				YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Advertisement Revenue (INR b)</b>														
ZEE Ent.	11.5	12.1	14.6	12.2	11.9	12.2	12.3	10.4	4.2	9.0	13.0	11.0	5	-16
SUN TV	3.6	3.4	3.8	3.4	3.7	3.4	3.4	2.9	1.2	2.4	3.1	2.9	1	-5
PVR	0.7	0.8	1.1	0.9	0.9	0.9	1.2	0.7	0.0	0.0	0.0	0.4	-45	NM
<b>Aggregate MOFSL universe</b>	<b>15.8</b>	<b>16.3</b>	<b>19.6</b>	<b>16.5</b>	<b>16.5</b>	<b>16.6</b>	<b>16.9</b>	<b>14.0</b>	<b>5.4</b>	<b>11.4</b>	<b>16.2</b>	<b>14.3</b>	<b>2</b>	<b>-12</b>
<b>Growth (YoY %)</b>	<b>18%</b>	<b>18%</b>	<b>20%</b>	<b>13%</b>	<b>4%</b>	<b>1%</b>	<b>-13%</b>	<b>-15%</b>	<b>-67%</b>	<b>-31%</b>	<b>-5%</b>	<b>2%</b>		
<b>Total Revenue (INR b)</b>														
ZEE Ent.	17.7	19.8	21.7	20.2	20.1	21.2	20.5	19.5	13.1	17.2	27.3	19.7	1	-28
SUN TV	11.2	7.5	9.0	8.9	10.8	7.7	8.1	7.4	6.1	7.6	9.7	8.1	10	-16
PVR	7.0	7.1	8.4	8.4	8.8	9.7	9.2	6.5	0.0	0.4	0.6	1.8	-71	191
<b>Aggregate MOFSL universe</b>	<b>35.9</b>	<b>34.3</b>	<b>39.1</b>	<b>37.5</b>	<b>39.7</b>	<b>38.7</b>	<b>37.8</b>	<b>33.3</b>	<b>19.2</b>	<b>25.2</b>	<b>37.7</b>	<b>29.7</b>	<b>-11</b>	<b>-21</b>
<b>Growth (YoY %)</b>	<b>21%</b>	<b>22%</b>	<b>27%</b>	<b>24%</b>	<b>11%</b>	<b>13%</b>	<b>-3%</b>	<b>-11%</b>	<b>-52%</b>	<b>-35%</b>	<b>0%</b>	<b>-11%</b>		
<b>EBITDA (INR b)</b>														
ZEE Ent.	5.7	6.8	7.5	5.7	6.6	6.9	5.7	-2.8	2.2	3.1	7.2	5.3	NM	-26
SUN TV	7.3	5.5	6.7	6.1	6.8	4.7	5.8	5.0	4.2	5.0	6.0	5.6	11	-7
PVR	1.4	1.2	1.6	1.6	1.6	1.9	1.8	0.4	-1.2	-0.8	-1.1	-0.7	NM	NM
<b>Aggregate MOFSL universe</b>	<b>14.4</b>	<b>13.5</b>	<b>15.9</b>	<b>13.4</b>	<b>15.0</b>	<b>13.6</b>	<b>13.3</b>	<b>2.6</b>	<b>5.1</b>	<b>7.3</b>	<b>12.1</b>	<b>10.2</b>	<b>288</b>	<b>-16</b>
<b>Growth (YoY %)</b>	<b>38%</b>	<b>26%</b>	<b>33%</b>	<b>19%</b>	<b>4%</b>	<b>0%</b>	<b>-16%</b>	<b>-80%</b>	<b>-66%</b>	<b>-46%</b>	<b>-9%</b>	<b>288%</b>		
<b>EBITDA Margin (%)</b>														
ZEE Ent.	31.9	34.2	34.8	28.1	32.9	32.7	27.6	-14.5	16.8	18.2	26.2	26.7	4130bps	50bps
SUN TV	65.6	73.9	73.8	68.4	62.0	60.6	71.2	68.5	52.1	66.4	61.8	69.1	60bps	730bps
PVR	19.7	17.5	19.5	19.2	18.0	20.0	19.7	6.6	NM	NM	NM	-37.6	NM	NM
<b>Margins MOFSL universe</b>	<b>40.1</b>	<b>39.4</b>	<b>40.5</b>	<b>35.7</b>	<b>37.6</b>	<b>35.0</b>	<b>35.1</b>	<b>7.9</b>	<b>16.7</b>	<b>29.1</b>	<b>32.1</b>	<b>34.3</b>	<b>2640bps</b>	<b>220bps</b>
<b>Growth (YoY, bp)</b>	<b>480</b>	<b>111</b>	<b>192</b>	<b>-139</b>	<b>-243</b>	<b>-437</b>	<b>-542</b>	<b>-2,783</b>	<b>-2,089</b>	<b>-592</b>	<b>-302</b>	<b>2,642</b>		
<b>PAT (INR b)</b>														
ZEE Ent.	3.5	4.1	5.2	3.0	4.6	5.6	3.9	-4.7	1.4	1.7	4.8	3.3	NM	-31
SUN TV	4.1	3.5	3.5	2.8	3.8	3.7	3.7	2.5	1.9	3.5	4.4	4.3	70	-4
PVR	0.5	0.3	0.5	0.5	0.6	0.8	0.7	-0.4	-1.4	-1.2	-1.4	-1.7	NM	NM
<b>Aggregate MOFSL universe</b>	<b>8.1</b>	<b>7.9</b>	<b>9.3</b>	<b>6.3</b>	<b>9.0</b>	<b>10.0</b>	<b>8.3</b>	<b>-2.6</b>	<b>2.8</b>	<b>4.0</b>	<b>7.9</b>	<b>5.9</b>	<b>NM</b>	<b>-25</b>
<b>Growth (YoY %)</b>	<b>35%</b>	<b>-2%</b>	<b>30%</b>	<b>42%</b>	<b>12%</b>	<b>27%</b>	<b>-10%</b>	<b>NM</b>	<b>-69%</b>	<b>-60%</b>	<b>-5%</b>	<b>NM</b>		

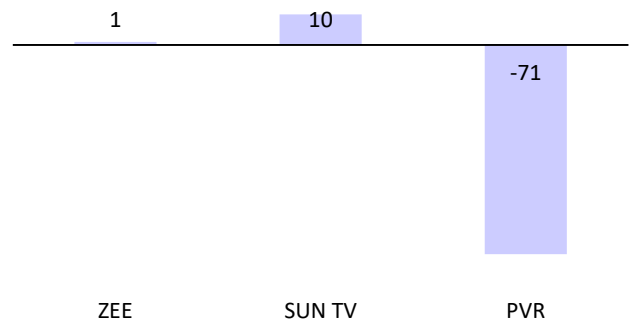
Source: Company, MOFSL

**Exhibit 3: 4QFY21E ad revenue growth (YoY, %)**



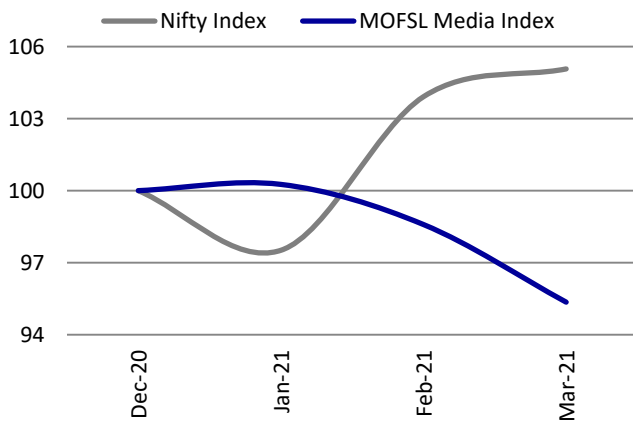
Source: Company, MOFSL

**Exhibit 4: 4QFY21E total revenue growth (YoY, %)**



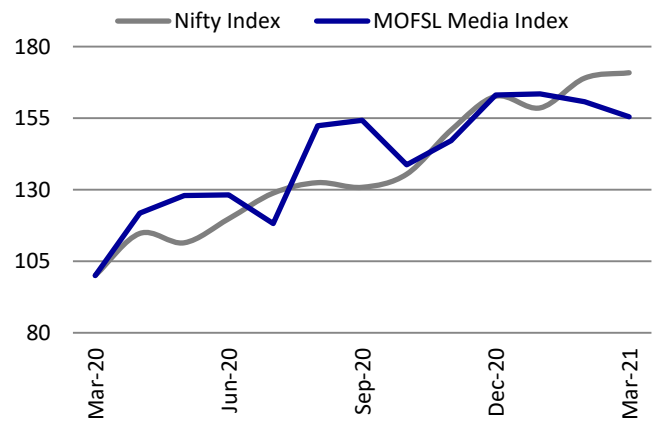
Source: Company, MOFSL

**Exhibit 5: Relative performance – three months (%)**



Source: Bloomberg, MOFSL

**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 (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Media</b>						<b>22.3</b>	<b>13.9</b>	<b>12.6</b>	<b>2.5</b>	<b>2.3</b>	<b>2.1</b>	<b>11.4</b>	<b>16.7</b>	<b>16.6</b>
PVR	1,300	Neutral	-92.2	17.1	36.7	-13.4	72.1	33.7	3.7	3.5	3.2	NM	5.0	10.0
Sun TV	478	Buy	38.6	40.0	40.0	12.4	12.0	11.9	3.0	2.8	2.6	25.4	24.0	22.5
Zee Entertainment	209	Neutral	8.9	17.4	19.8	23.5	12.0	10.6	2.0	1.8	1.6	11.7	15.9	15.9

**PVR****Neutral****CMP: INR1,300 | TP: INR1,360 (+5%)****EPS CHANGE (%): FY21|22: NM|NM**

- Occupancy constraints relaxed
- Huge success of 'Master' movie
- Content pipeline remains buoyant
- Second wave of COVID-19 could hurt cinemas

**Quarterly Performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>8,804</b>	<b>9,732</b>	<b>9,157</b>	<b>6,451</b>	<b>43</b>	<b>436</b>	<b>634</b>	<b>1,845</b>	<b>34,144</b>	<b>2,959</b>
YoY Change (%)	26.4	37.3	8.6	-23.0	-99.5	-95.5	-93.1	-71.4	10.7	-91.3
Total Expenditure	7,217	7,788	7,355	6,023	1,286	1,246	1,722	2,540	28,382	6,794
<b>EBITDA</b>	<b>1,587</b>	<b>1,944</b>	<b>1,802</b>	<b>428</b>	<b>-1,243</b>	<b>-810</b>	<b>-1,088</b>	<b>-695</b>	<b>5,762</b>	<b>-3,834</b>
YoY Change (%)	15.6	56.8	9.7	-73.4	-178.4	-141.7	-160.4	-262.3	-1.7	-166.5
Depreciation	549	598	563	614	603	583	585	661	2,324	2,432
Interest	414	390	392	325	353	351	402	312	1,521	1,418
Other Income	68	62	82	167	83	0	0	106	378	189
<b>PBT before EO expense</b>	<b>691</b>	<b>1,018</b>	<b>929</b>	<b>-344</b>	<b>-2,116</b>	<b>-1,744</b>	<b>-2,075</b>	<b>-1,562</b>	<b>2,294</b>	<b>-7,496</b>
Extra-Ord expense	1	2	2	1	2	4	0	0	5	0
<b>PBT</b>	<b>690</b>	<b>1,016</b>	<b>928</b>	<b>-345</b>	<b>-2,118</b>	<b>-1,749</b>	<b>-2,075</b>	<b>-1,562</b>	<b>2,289</b>	<b>-7,496</b>
Tax	104	258	221	44	(707)	(587)	(707)	113	627.4	-1888.1
Rate (%)	15.1	25.4	23.8	-12.8	33.4	33.6	34.1	-7.2	27.4	25.2
MI & Profit/Loss of Asso. Cos.	0	2	1	1	1	1	1	0	5	3
<b>Reported PAT</b>	<b>586</b>	<b>760</b>	<b>708</b>	<b>-388</b>	<b>-1,410</b>	<b>-1,161</b>	<b>-1,366</b>	<b>-1,675</b>	<b>1,666</b>	<b>-5,611</b>
<b>Adj PAT</b>	<b>586</b>	<b>760</b>	<b>708</b>	<b>-346</b>	<b>-1,410</b>	<b>-1,161</b>	<b>-1,366</b>	<b>-1,675</b>	<b>1,708</b>	<b>-5,611</b>
YoY Change (%)	12.0	130.2	36.7	-174.0	-340.6	-252.7	-293.1	NM	-7.1	NM

E: MOFSL Estimates

**Sun TV****Buy****CMP: INR478 | TP: INR565 (+18%)****EPS CHANGE (%): FY21|22: 0|0**

- Ad revenues to remain flat YoY
- Revenue from new movie releases expected to be muted
- Subscription revenues to increase 11% YoY
- Recovery of viewership across channels

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Standalone</b>										
<b>Revenue</b>	<b>10,804</b>	<b>7,739</b>	<b>8,150</b>	<b>7,352</b>	<b>6,061</b>	<b>7,562</b>	<b>9,723</b>	<b>8,122</b>	<b>34,044</b>	<b>31,468</b>
YoY Change (%)	-3.6	3.3	-9.9	-17.3	-43.9	-2.3	19.3	10.5	-7.1	-7.6
Total Expenditure	3,975	3,052	2,346	2,317	1,896	2,541	3,717	2,514	11,684	10,668
<b>EBITDA</b>	<b>6,829</b>	<b>4,687</b>	<b>5,804</b>	<b>5,035</b>	<b>4,165</b>	<b>5,020</b>	<b>6,007</b>	<b>5,609</b>	<b>22,361</b>	<b>20,801</b>
YoY Change (%)	-7.1	-15.4	-13.0	-17.2	-39.0	7.1	3.5	11.4	-12.8	-7.0
Depreciation	1,585	1,444	1,436	2,328	1,455	913	687	475	6,793	3,529
Interest	21	20	19	19	18	16	15	30	78	78
Other Income	567	721	636	570	1,086	516	621	577	2,489	2,800
<b>PBT</b>	<b>5,791</b>	<b>3,945</b>	<b>4,985</b>	<b>3,259</b>	<b>3,779</b>	<b>4,607</b>	<b>5,926</b>	<b>5,681</b>	<b>17,979</b>	<b>19,994</b>
Tax	1,972	280	1,250	759	951	1,148	1,508	1,429	4,261	5,036
Rate (%)	34.1	7.1	25.1	23.3	25.2	24.9	25.4	25.2	23.7	25.2
<b>Reported PAT</b>	<b>3,819</b>	<b>3,665</b>	<b>3,735</b>	<b>2,500</b>	<b>2,828</b>	<b>3,459</b>	<b>4,418</b>	<b>4,252</b>	<b>13,718</b>	<b>14,957</b>
YoY Change (%)	-6.7	4.3	6.3	-11.7	-25.9	-5.6	18.3	70.1	-1.7	9.0

E: MOFSL Estimates



**ZEE Entertainment****Neutral****CMP: INR209 | TP: INR220 (5%)****EPS CHANGE (%): FY21|22: 22|2**

- Ad revenues to increase 5% YoY
- Production of content to remain steady
- Subscription revenue to grow 13% YoY
- Healthy viewership across channels

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

Y/E March Consolidated	FY20				FY21E				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Revenue</b>	<b>20,081</b>	<b>21,220</b>	<b>20,487</b>	<b>19,511</b>	<b>13,120</b>	<b>17,227</b>	<b>27,294</b>	<b>19,713</b>	<b>81,299</b>	<b>77,354</b>
YoY Change (%)	13.3	7.4	-5.5	-3.4	-34.7	-18.8	33.2	1.0	2.5	-4.9
Total Expenditure	13,484	14,291	14,829	22,349	10,921	14,090	20,137	14,446	64,953	59,594
<b>EBITDA</b>	<b>6,598</b>	<b>6,929</b>	<b>5,658</b>	<b>-2,839</b>	<b>2,199</b>	<b>3,137</b>	<b>7,157</b>	<b>5,267</b>	<b>16,346</b>	<b>17,760</b>
EBITDA Margin (%)	32.9%	32.7%	27.6%	-14.5%	16.8%	18.2%	26.2%	26.7%	20.1%	23.0%
Depreciation	690	583	656	778	719	651	652	662	2,706	2,684
Interest	205	180	200	864	45	13	21	402	1,449	481
Other Income	1,039	681	710	407	264	379	276	251	2,836	1,170
Fair Value through P&L gain/(loss)	679	-88	-401	-2,787	-1,123	-207	-839	0	-2,597	-2,170
<b>PBT before EO expense</b>	<b>7,420</b>	<b>6,760</b>	<b>5,110</b>	<b>-6,860</b>	<b>576</b>	<b>2,644</b>	<b>5,920</b>	<b>4,455</b>	<b>12,430</b>	<b>13,595</b>
Extra-Ord expense	0	1,706	0	1,137	0	970	0	0	2,843	970
<b>PBT</b>	<b>7,420</b>	<b>5,054</b>	<b>5,110</b>	<b>-7,997</b>	<b>576</b>	<b>1,674</b>	<b>5,920</b>	<b>4,455</b>	<b>9,587</b>	<b>12,625</b>
Tax	2,146	921	1,622	-372	284	740	1,937	1,121	4,317	4,082
Rate (%)	28.9	18.2	31.7	4.7	49.2	44.2	32.7	25.2	45.0	32.3
MI & P/L of Asso. Cos.	-31	1	-6	42	-11	-7	-16	42	5	7
<b>Reported PAT</b>	<b>5,306</b>	<b>4,132</b>	<b>3,494</b>	<b>-7,667</b>	<b>304</b>	<b>942</b>	<b>3,999</b>	<b>3,292</b>	<b>5,265</b>	<b>8,536</b>
<b>Adj PAT</b>	<b>4,596</b>	<b>5,616</b>	<b>3,889</b>	<b>-4,671</b>	<b>1,416</b>	<b>1,683</b>	<b>4,822</b>	<b>3,334</b>	<b>9,429</b>	<b>11,254</b>
YoY Change (%)	32.2	37.4	-25.9	-257.4	-69.2	-70.0	24.0	LP	-40.2	19.4

E: MOFSL Estimates

# Metals

## Company

Hindalco Industries

Hindustan Zinc

Jindal Steel & Power

JSW Steel

National Aluminum Co

NMDC

Steel Authority of India

Tata Steel

Vedanta

## FY21 ends on a high note

### Our top picks: SAIL, JSP, and HNDL

#### Pricing at fresh highs leads to record high EBITDA

Strong demand surge for metals globally further boosted prices during the quarter gone by. In 4QFY21, average aluminum/zinc prices rose 9%/4% QoQ, whereas India rebar/HRC prices rose by 17%/19%. Steel volumes for our coverage universe are expected to rise by 14% YoY (1% QoQ) on strong demand and low base in 4QFY20.

Higher regional steel prices and robust domestic demand helped local mills to raise HRC prices during Jan'21 by INR5,000/t to INR56,000/t. Primary rebar prices too increased by a similar quantum to INR55,000/t in early Jan'21. However, improved supply from the secondary rebar market put pressure on primary rebar prices, thereby leading to some roll back in prices. On an average, HRC/rebar prices (ex-Mumbai) rose by 19%/17% QoQ at INR55,250/INR51,700 per tonne. With improved domestic prices and product mix, we expect blended realization for steel companies to improve by INR5,500-8,200/t QoQ in 4QFY21E.

Revenue for steel companies under our coverage (TATA, JSTL, SAIL, and JSP) is expected to improve 20% QoQ (44% YoY) to INR1,102b due to higher realization and volumes. On the cost front, coking coal prices rose by 21% QoQ to USD143/t CNF India. However, the full impact in cost would not be realized during 4QFY21 due to a lag effect. NMDC average iron ore fines/lumps rose by 23-34% QoQ to INR4,430-5,330/t. As a result, spot steel spreads were higher by 16-18% QoQ to INR35,100-38,700/t for rebar HRC. We expect margin for TATA to rise by a higher amount given their integrated operations. SAIL's margin would be affected due to retrospective revision in salaries, which could impact EBITDA/t by ~INR2,900. We expect EBITDA/t for TATA/SAIL/JSP/JSTL to rise by INR6,281/INR3,672/INR4,909/INR4,389. We expect EBITDA for steel companies to increase 38% QoQ (194% YoY) to a record high of INR347b. We expect record high consolidated EBITDA for TATA/SAIL/JSP/JSTL at INR146.6/68.0/79.8/52.5, up 215%/248%/168%/136% YoY. For NMDC, we expect EBITDA to rise 45% QoQ to INR40.1b on the back of higher realization (INR6,060/t, +29% QoQ) and higher volumes (10.6mt, +14% QoQ).

#### Higher LME prices to improve profitability in the Non-Ferrous segment

Strong rebound seen in LME base in earlier quarters continued in 4QFY21 as well. LME Aluminum averaged 9% higher QoQ (+24% YoY) at USD2,093/t. LME zinc/lead prices averaged 4-6% higher QoQ (+29%/9% YoY) at USD2,749/USD2,016 per tonne. Silver prices too averaged 7% higher QoQ to INR67,020/kg. Brent Crude rose 36% QoQ to USD61/bbl.

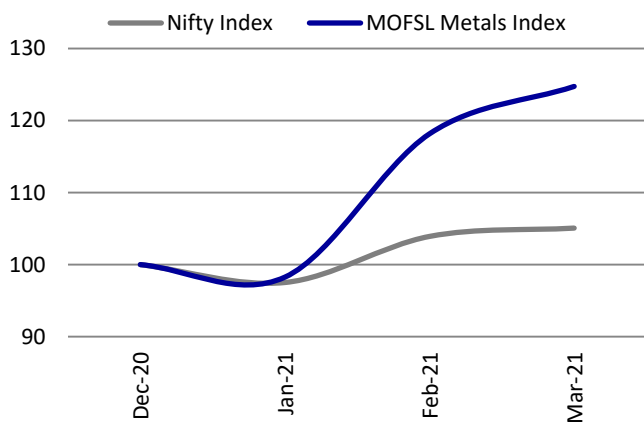
We expect EBITDA for HNDL's India operations to increase 4% QoQ to INR17.2b on the back of higher LME prices. However, the full benefit of higher LME prices would not be realized due to hedging of 58% of LME volumes at USD1,716/t. We expect adjusted EBITDA from Novelis' operations to remain strong at USD472m (down 1%

QoQ) due to normalization in margin (USD493/t, -3% QoQ) on softening of spreads during 4QFY21, offset by 3% higher volumes QoQ at 958kt. We expect EBITDA for HZ to increase by 6% QoQ to INR34.5b (+76% YoY) due to improved volumes and prices. VedL's EBITDA (excluding HZ) is expected to improve by 13% QoQ to INR53.1b on the back of higher EBITDA from aluminum (INR23.6b, +15% QoQ), iron ore (INR7.3b, +28% QoQ), and oil and gas (INR10.5b, +23% QoQ) business segments.

**Exhibit 1: Expected quarterly performance summary**

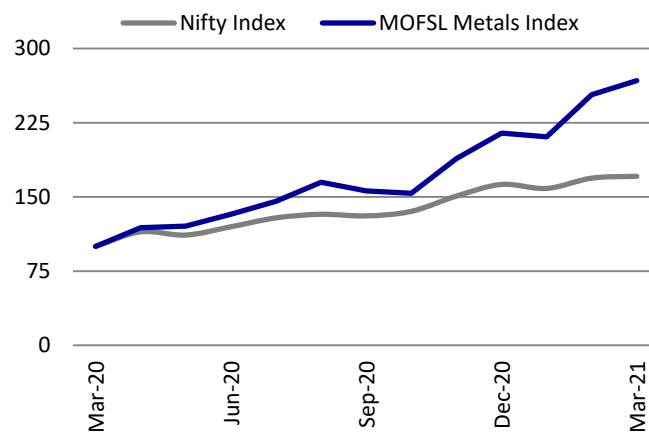
Sector	CMP		SALES (INR M)			EBIDTA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
Hindalco	350	Buy	3,84,252	29.2	8.1	47,791	29.4	-1.6	18,276	50.0	9.5
Hindustan Zinc	280	Neutral	63,211	44.0	4.8	34,546	75.9	5.7	24,265	81.2	10.3
JSPL	371	Buy	1,15,718	31.3	9.9	52,492	136.5	14.6	24,955	1,022.1	4.5
JSW Steel	509	Buy	2,54,733	42.4	16.5	79,836	168.4	34.3	40,045	286.5	49.4
Nalco	59	Buy	27,386	41.5	15.1	6,317	203.2	45.6	3,850	274.6	60.5
NMDC	138	Buy	64,059	101.0	47.1	40,127	159.2	44.9	29,930	134.7	41.9
SAIL	84	Buy	2,36,015	45.9	19.0	67,947	247.8	33.8	39,870	1,268.7	55.0
Tata Steel	863	Neutral	4,96,351	47.0	25.4	1,46,586	215.5	54.9	76,683	455.6	100.1
Vedanta	231	Neutral	2,55,114	29.1	12.2	87,641	92.5	13.0	45,979	480.9	39.4
<b>Sector Aggregate</b>			<b>18,96,839</b>	<b>39.8</b>	<b>16.5</b>	<b>5,63,284</b>	<b>137.1</b>	<b>27.6</b>	<b>3,03,853</b>	<b>296.9</b>	<b>44.8</b>

**Exhibit 2: Relative performance – three-months (%)**



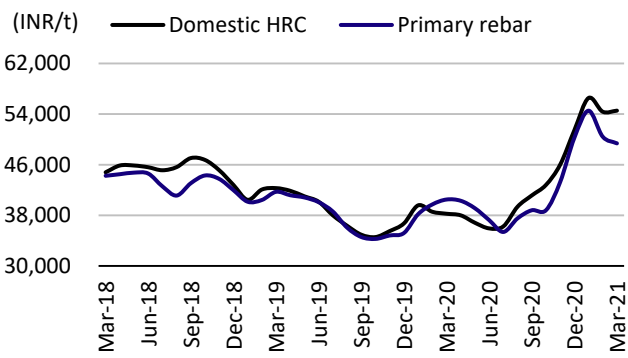
Source: Bloomberg, MOFSL

**Exhibit 3: Relative performance – one-year (%)**



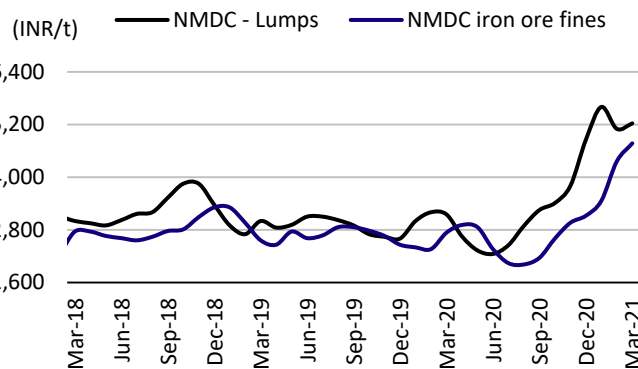
Source: Bloomberg, MOFSL

**Exhibit 4: Average domestic HRC/rebar prices up 19%/17% QoQ**

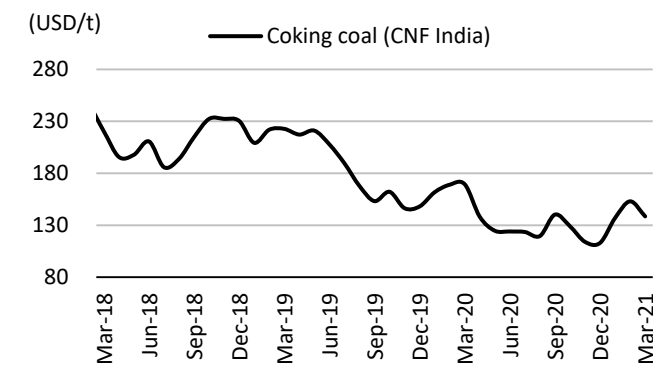


Source: Steelmint

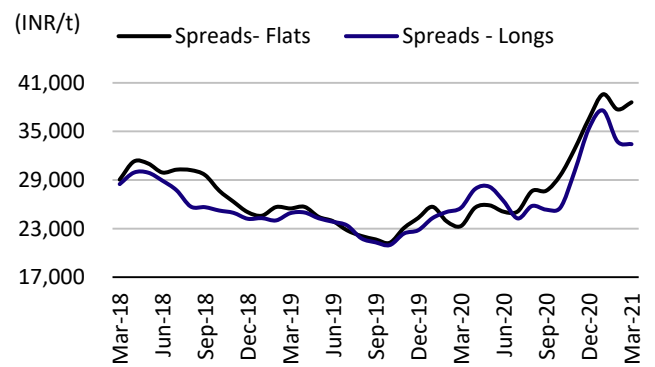
**Exhibit 5: Average NMDC fines/lumps prices up 23%/34% QoQ**



Source: Steelmint

**Exhibit 6: Average coking coal prices up 21% QoQ**

Source: Steelmint

**Exhibit 7: Average spreads up INR5,600/4,600 per tonne for flats/longs**

Source: Steelmint

**Exhibit 8: Key prices of commodities during the quarter**

		4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	QoQ (%)	YoY (%)
USD:INR		72.5	75.8	74.4	73.8	72.9	-1.2	0.6
<b>Ferrous</b>								
Domestic HRC (excluding Mumbai)	INR/t	38,795	36,381	38,916	46,500	55,250	18.8	42.4
Primary rebar (excluding Mumbai)	INR/t	39,465	38,185	37,232	44,033	51,685	17.4	31.0
Secondary rebar (excluding Mumbai)	INR/t	35,150	33,395	32,612	39,033	45,154	15.7	28.5
India export HRC FOB	USD/t	500	415	492	576	751	30.4	50.2
Europe HRC	USD/t	514	482	490	633	877	38.5	70.6
NMDC iron ore fines	INR/t	2,816	2,046	2,537	3,606	4,431	22.9	57.4
NMDC iron ore lumps	INR/t	3,094	2,336	2,822	3,973	5,332	34.2	72.3
Coking coal CNF India	USD/t	167	129	125	119	143	20.5	-14.4
Iron ore fines - 62% CNF China	USD/t	84	89	116	124	160	29.0	90.5
Spot spreads - flats	INR/t	24,324	25,155	27,036	32,830	38,691	17.9	59.1
Spot spreads - rebar	INR/t	24,994	26,959	25,352	30,363	35,126	15.7	40.5
<b>Non-Ferrous</b>								
LME aluminum	USD/t	1,694	1,493	1,703	1,920	2,093	9.0	23.6
Physical premium	USD/t	80	74	77	100	132	32.0	65.0
LME aluminum + premium	USD/t	1,774	1,567	1,780	2,020	2,225	10.2	25.4
Alumina	USD/t	286	242	273	280	300	7.1	4.9
LME zinc	USD/t	2,131	1,968	2,338	2,633	2,749	4.4	29.0
LME copper	USD/t	1,851	1,670	1,876	1,903	2,016	6.0	8.9
LME lead	USD/t	1,851	1,670	1,876	1,903	2,016	6.0	8.9
Silver	INR/kg	44,670	45,823	61,494	62,543	67,026	7.2	50.0
<b>Others</b>								
Brent	USD/bbl	50.8	33.4	43.3	45.2	61.3	35.6	20.7

Note: Spot spreads (HRC/rebar-1.7x iron ore fines post royalty -0.7x coking coal);

Source: Steelmint, Bloomberg, MOFSL

**Exhibit 9: Key assumptions for 4QFY21E**

Key assumptions	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21E	QoQ (%)	YoY (%)
<b>JSW Steel</b>							
Sales (mt)	3.7	2.79	4.12	3.90	3.94	1.0	6.4
Realization/t	41,289	36,892	40,769	49,331	57,581	16.7	39.5
EBITDA/t	8,703	5,122	10,136	14,444	19,029	31.7	118.7
<b>Tata Steel</b>							
<b>Standalone</b>							
Sales (mt)	2.91	2.11	3.59	3.35	3.30	-1.3	13.4
Realization/t	48,837	44,344	45,577	53,709	61,116	13.8	25.1
EBITDA/t	12,538	5,940	12,882	20,035	26,317	31.4	109.9
<b>Tata Steel BSL</b>							
Sales (mt)	0.98	0.69	1.28	1.15	1.10	-4.3	12.2

Key assumptions	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21E	QoQ (%)	YoY (%)
Realization/t	43,609	38,862	43,120	51,185	58,630	14.5	34.4
EBITDA/t	7,908	2,190	8,643	14,153	18,678	32.0	136.2
<b>TSE</b>							
Sales (mt)	2.39	1.94	2.26	2.11	2.49	18.0	4.2
EBITDA/t (USD)	4	-43	-27	-46	172	-470.8	4,416.0
<b>SAIL</b>							
Sales (mt)	3.74	2.24	4.21	4.15	4.27	2.9	14.0
Realization/t	43,194	40,534	40,237	47,813	55,273	15.6	28.0
EBITDA/t	5,218	-1,801	4,518	12,241	15,913	30.0	204.9
<b>JSPL</b>							
Standalone sales	1.33	1.48	1.83	1.78	1.80	1.1	35.5
Realization/t	42,514	38,209	39,966	47,009	52,431	11.5	23.3
EBITDA/t	11,746	11,525	13,247	21,929	26,318	20.0	124.1
JPL Power volumes (MUs)	1,905	2,435	2,184	2,750	4,188	52.3	119.9
<b>NMDC</b>							
Sales (mt)	8.6	6.3	6.6	9.3	10.6	13.9	22.6
Realization/t	3,698	3,088	3,378	4,691	6,060	29.2	63.9
EBITDA/t	1,796	1,203	1,560	2,982	3,796	27.3	111.4
<b>HNDL</b>							
Aluminum sales (kt)	314	303	303	315	324	2.9	3.2
Copper sales (kt)	86	58	75	73	76	4.3	-11.5
Al (including Utkal) EBITDA (USD/t)	457	372	469	563	623	10.8	36.6
Copper EBITDA (USD/t)	491	84	370	371	389	5.0	-20.7
Novelis volumes (kt)	811	781	923	933	958	2.6	18.1
Novelis adjusted EBITDA (USD/t)	436	324	493	510	493	-3.4	12.9
<b>VEDL</b>							
Refined zinc volumes (India) - kt	173	163	181	182	190	4.5	9.9
Refined lead volumes (India) - kt	48	45	57	53	55	3.3	14.1
Silver volumes (t)	144	146	203	183	167	-8.5	16.3
Aluminum sales (kt)	473	479	469	502	498	-0.8	5.3
Oil and Gas (kbpoed)	161	159	165	160	168	5.1	4.3
Aluminum EBITDA (USD/t)	331	367	473	562	646	15.0	95.3
<b>NACL</b>							
Aluminum sales (kt)	87	73	123	103	110	6.8	26.9
Alumina sales (kt)	357	220	285	344	380	10.4	6.4

**Exhibit 10: Valuation summary**

	M-cap (USD m)	CMP (INR)	Rating	P/E (x)			EV/EBITDA (x)			P/B (x)		
				FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Steel</b>												
JSW Steel	16,959	509	Buy	16.0	8.2	8.6	9.6	6.0	5.9	2.8	2.1	1.8
Tata Steel	11,555	863	Neutral	12.4	8.4	9.3	6.2	5.8	5.9	1.3	1.2	1.1
JSPL	4,679	371	Buy	6.5	8.7	9.2	4.2	4.4	4.4	1.2	1.1	1.0
SAIL	4,782	84	Buy	6.1	4.5	5.0	5.4	4.4	4.5	0.8	0.7	0.6
<b>Non-Ferrous</b>												
Vedanta	6,236	231	Neutral	8.9	8.0	8.4	6.3	5.1	4.9	1.4	1.3	1.3
Hindalco	9,963	350	Buy	14.9	9.7	8.5	7.8	6.0	5.2	1.9	1.6	1.4
Nalco	2,096	59	Buy	14.5	8.6	9.0	5.9	4.7	5.4	1.1	1.1	1.0
<b>Mining</b>												
Hindustan Zinc	16,307	280	Neutral	14.9	10.3	10.6	9.3	6.3	6.0	3.7	3.2	2.9
NMDC	7,541	138	Buy	6.3	5.6	6.9	4.5	4.0	4.8	1.4	1.2	1.1

Source: MOFSL

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 Industries

**Buy**
**CMP INR350 | TP: INR430 (+23%)**
**EPS CHANGE (%): FY21|22:+2|+10**

- EBITDA to increase on improved LME aluminum prices, though the full benefit would not flow in due to hedging of 58% of LME volumes at USD1,716/t.
- Copper volumes to remain low due to maintenance shutdown during quarter.
- Novelis' EBITDA to increase by 33% YoY on higher volumes and margin. Expect adjusted EBITDA/t of USD493, up 13% YoY (-3% QoQ).

### Quarterly performance (standalone + Utkal)

**(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Aluminum (sales, kt)	320	328	328	314	303	303	315	324	1,290	1,245
Copper (sales, kt)	82	82	84	86	58	75	73	76	334	282
<b>Net Sales</b>	<b>1,00,790</b>	<b>99,770</b>	<b>1,02,540</b>	<b>1,00,140</b>	<b>74,640</b>	<b>95,650</b>	<b>1,14,250</b>	<b>1,18,416</b>	<b>4,02,815</b>	<b>4,03,056</b>
<b>EBITDA</b>	<b>11,560</b>	<b>11,120</b>	<b>12,200</b>	<b>13,450</b>	<b>8,930</b>	<b>12,740</b>	<b>15,230</b>	<b>17,178</b>	<b>48,330</b>	<b>54,098</b>
Aluminum (incl. Utkal)	8,480	8,060	9,640	10,390	8,560	10,660	13,230	14,980	36,570	47,430
USD/t	379	349	413	457	372	469	563	623	399	508
Copper	3,080	3,060	2,560	3,060	370	2,080	2,000	2,197	11,760	6,667
Interest	4,710	4,790	4,780	4,380	4,570	3,890	3,800	3,800	18,660	16,060
Depreciation	5,000	5,010	5,110	5,230	5,140	5,060	4,970	5,057	20,350	20,227
Other Income	720	1,580	1,190	1,290	2,450	2,010	1,970	1,998	4,780	8,428
<b>PBT (before EO item)</b>	<b>2,570</b>	<b>2,900</b>	<b>3,500</b>	<b>5,130</b>	<b>1,670</b>	<b>5,800</b>	<b>8,430</b>	<b>10,318</b>	<b>14,100</b>	<b>26,238</b>
EO item	-220	-310	610	1,000	-390	-660	-680		1,080	-1,730
<b>PBT (after EO item)</b>	<b>2,350</b>	<b>2,590</b>	<b>4,110</b>	<b>6,130</b>	<b>1,280</b>	<b>5,140</b>	<b>7,750</b>	<b>10,318</b>	<b>15,180</b>	<b>24,508</b>
Total Tax	940	830	1,490	2,340	440	1,890	2,800	3,405	5,600	8,535
% Tax	40.0	32.0	36.3	38.2	34.4	36.8	36.1	33.0	36.9	34.8
<b>Reported PAT</b>	<b>1,410</b>	<b>1,760</b>	<b>2,620</b>	<b>3,790</b>	<b>840</b>	<b>3,250</b>	<b>4,950</b>	<b>6,913</b>	<b>9,580</b>	<b>15,973</b>
<b>Adjusted PAT</b>	<b>1,696</b>	<b>1,914</b>	<b>2,310</b>	<b>3,386</b>	<b>1,096</b>	<b>3,828</b>	<b>5,384</b>	<b>6,913</b>	<b>9,306</b>	<b>17,222</b>
Novelis' shipments (kt)	830	835	797	811	781	923	933	958	3,273	3,584
Novelis' adjusted EBITDA (USD m)	368	378	343	354	253	455	476	472	1,443	1,635

## Hindustan Zinc

**Neutral**
**CMP INR280 | TP: INR268 (-4%)**
**EPS CHANGE (%): FY21|22: +0|+1**

- EBITDA to grow by 76% YoY on higher zinc, lead, and silver volumes.
- Refined metal sales to increase by ~4% QoQ to 245kt.
- Silver volumes to decline sequentially.
- EBITDA to improve by 6% QoQ.

### Quarterly performance

**(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Mine production. (kt)	213	219	235	249	202	238	244	257	916	945
<b>Sales</b>										
Zinc refined (kt)	168	168	172	173	163	181	182	190	680	718
Lead refined (kt)	48	44	42	48	45	57	53	55	181	210
Silver (t)	155	135	153	144	146	203	183	167	587	678
Zinc LME (USD/t)	2,761	2,347	2,392	2,131	1,968	2,340	2,630	2,749	2,408	2,422
<b>Net Sales</b>	<b>49,870</b>	<b>45,110</b>	<b>46,720</b>	<b>43,910</b>	<b>39,890</b>	<b>56,600</b>	<b>60,330</b>	<b>63,211</b>	<b>1,85,610</b>	<b>2,17,505</b>
Change (YoY %)	-6.1	-5.6	-15.7	-20.0	-20.0	25.5	29.1	44.0	-12.1	17.2
<b>EBITDA</b>	<b>24,770</b>	<b>21,170</b>	<b>22,890</b>	<b>19,640</b>	<b>15,760</b>	<b>29,520</b>	<b>32,690</b>	<b>34,546</b>	<b>88,470</b>	<b>1,10,447</b>
Change (YoY %)	-8.7	-9.3	-19.3	-29.6	-36.4	39.4	42.8	75.9	-17.1	24.8
Finance cost	290	250	420	160	39.5	52.2	54.2	54.7	1,120	3,813
DD&A	5,340	5,950	5,970	5,530	520	680	1,350	1,306	22,790	25,394
Other Income	4,290	5,900	4,450	4,700	5,440	6,520	6,390	6,518	19,340	18,949
<b>PBT</b>	<b>23,430</b>	<b>20,870</b>	<b>20,950</b>	<b>18,650</b>	<b>6,840</b>	<b>3,900</b>	<b>4,500</b>	<b>4,587</b>	<b>83,900</b>	<b>1,00,190</b>
Total Tax	5,780	60	4,750	5,260	16,640	26,220	29,450	31,309	15,850	22,769
% Tax	24.7	0.3	22.7	28.2	3,050	6,820	7,450	7,045	18.9	22.7
<b>Reported PAT</b>	<b>17,650</b>	<b>20,810</b>	<b>16,200</b>	<b>13,390</b>	<b>18.3</b>	<b>26.0</b>	<b>25.3</b>	<b>22.5</b>	<b>68,050</b>	<b>77,421</b>
<b>Adjusted PAT</b>	<b>17,650</b>	<b>20,810</b>	<b>16,200</b>	<b>13,390</b>	<b>13,590</b>	<b>19,400</b>	<b>22,000</b>	<b>24,265</b>	<b>68,050</b>	<b>77,421</b>
Change (YoY %)	-8.0	14.7	-26.7	-33.4	13,590	19,400	22,000	24,265	-14.5	13.8

**Jindal Steel & Power****Buy****CMP INR370 | TP: INR452 (+22%)****EPS CHANGE (%): FY21|22: +2|+24**

- Standalone sales volumes (excluding pig iron) to increase by 1% QoQ to 1.8mt. EBITDA to grow by 21% QoQ to INR47.5b.
- Standalone EBITDA/t to increase by 20% QoQ to INR26,318.
- Jindal Power's EBITDA to increase by 60% YoY (-15% QoQ) to INR5.3b on the back 62% YoY (-6% QoQ) higher Power generation.
- Consolidated EBITDA to increase by 15% QoQ to INR52.5b, the highest ever quarterly EBITDA.

**Quarterly performance (consolidated)****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>99,456</b>	<b>89,395</b>	<b>92,998</b>	<b>88,107</b>	<b>74,645</b>	<b>89,839</b>	<b>1,05,335</b>	<b>1,15,718</b>	<b>3,69,955</b>	<b>3,85,537</b>
Change (YoY %)	2.9	-10.4	-2.8	-13.3	-24.9	0.5	13.3	31.3	-6.0	4.2
<b>EBITDA</b>	<b>21,731</b>	<b>16,415</b>	<b>18,195</b>	<b>22,198</b>	<b>20,819</b>	<b>28,104</b>	<b>45,794</b>	<b>52,492</b>	<b>78,539</b>	<b>1,47,209</b>
Change (YoY %)	-4.5	-25.6	-12.4	20.3	-4.2	71.2	151.7	136.5	-6.6	87.4
Interest	11,090	10,301	10,024	10,078	9,240	7,981	7,283	6,833	41,493	31,337
Depreciation	10,536	10,390	10,179	10,500	8,641	8,729	8,695	8,700	41,604	34,765
Other Income	8	8	0	246	31	224	3,652	0	262	3,907
<b>PBT (before EO item)</b>	<b>113</b>	<b>-4,266</b>	<b>-2,008</b>	<b>1,865</b>	<b>2,969</b>	<b>11,618</b>	<b>33,468</b>	<b>36,960</b>	<b>-4,296</b>	<b>85,015</b>
Extra-ordinary Income	0	0	0	1,838	1,203	171	-4,988	0	1,838	-3,615
<b>PBT (after EO item)</b>	<b>113</b>	<b>-4,266</b>	<b>-2,008</b>	<b>3,704</b>	<b>4,171</b>	<b>11,789</b>	<b>28,480</b>	<b>36,960</b>	<b>-2,458</b>	<b>81,400</b>
Total Tax	987	-273	178	647	1,262	2,756	4,158	10,229	1,539	18,405
<b>Reported PAT</b>	<b>-874</b>	<b>-3,993</b>	<b>-2,186</b>	<b>3,056</b>	<b>2,909</b>	<b>9,033</b>	<b>24,322</b>	<b>26,731</b>	<b>-3,997</b>	<b>62,995</b>
<b>Adjusted PAT</b>	<b>95</b>	<b>-3,005</b>	<b>-2,243</b>	<b>2,224</b>	<b>1,226</b>	<b>8,257</b>	<b>1,775</b>	<b>1,775</b>	<b>-5,580</b>	<b>5,001</b>

**JSW Steel****Buy****CMP INR509 | TP: INR610 (+20%)****EPS CHANGE (%): FY21|22: +0|+0**

- Standalone sales to rise by 6% YoY/1% QoQ to 3.94mt.
- Standalone EBITDA/t to increase by 32% QoQ to INR19,029 on the back of a 17% rise in realization/t to INR57,581.
- Expect consolidated EBITDA to increase 34% QoQ to INR79.8b, the highest ever quarterly EBITDA.

**Quarterly performance (consolidated)****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>1,98,120</b>	<b>1,71,060</b>	<b>1,78,050</b>	<b>1,78,870</b>	<b>1,17,820</b>	<b>1,90,360</b>	<b>2,18,590</b>	<b>2,54,733</b>	<b>7,26,100</b>	<b>7,81,503</b>
Change (YoY %)	-3.4	-20.6	-12.4	-20.0	-40.5	11.3	22.8	42.4	-14.3	7.6
<b>EBITDA</b>	<b>37,160</b>	<b>22,650</b>	<b>22,010</b>	<b>29,750</b>	<b>13,410</b>	<b>42,530</b>	<b>59,460</b>	<b>79,836</b>	<b>1,11,570</b>	<b>1,95,236</b>
Change (YoY %)	-27.2	-53.8	-51.1	-33.0	-63.9	87.8	170.1	168.4	-41.1	75.0
EBITDA (INR/t)	9,909	6,292	5,462	8,041	4,806	10,323	15,246	20,272	7,399	13,238
<b>EBITDA (USD/t)</b>	<b>142</b>	<b>89</b>	<b>77</b>	<b>111</b>	<b>64</b>	<b>139</b>	<b>207</b>	<b>274</b>	<b>104</b>	<b>178</b>
Interest	10,420	11,270	10,600	10,360	10,160	9,590	9,770	9,594	42,650	39,114
Depreciation	10,260	10,570	10,550	11,080	10,470	11,490	12,300	12,600	42,460	46,860
Other Income	1,410	1,560	1,270	1,220	1,320	1,520	1,470	1,593	5,460	5,903
<b>PBT (before EO Item)</b>	<b>17,890</b>	<b>2,370</b>	<b>2,130</b>	<b>9,530</b>	<b>-5,900</b>	<b>22,970</b>	<b>38,860</b>	<b>59,234</b>	<b>31,920</b>	<b>1,15,164</b>
EO Items		26,160	2,500	-8,050		1,610			20,610	1,610
<b>PBT (after EO Item)</b>	<b>17,890</b>	<b>28,530</b>	<b>4,630</b>	<b>1,480</b>	<b>-5,900</b>	<b>24,580</b>	<b>38,860</b>	<b>59,234</b>	<b>52,530</b>	<b>1,16,774</b>
Total Tax	7,620	3,020	2,490	-690	-610	9,100	12,120	19,274	12,440	39,884
Tax (%)	42.6	10.6	53.8	-46.6	10.3	37.0	31.2	32.5	23.7	34.2
<b>Reported PAT</b>	<b>10,270</b>	<b>25,510</b>	<b>2,140</b>	<b>2,170</b>	<b>-5,290</b>	<b>15,480</b>	<b>26,740</b>	<b>39,960</b>	<b>40,090</b>	<b>76,890</b>
MI (Profit)/Loss	200	240	240	430	210	-20	120	185	1,110	495
Share of P/(L) of Ass.	-190	-150	-270	-290	-530	470	-50	-100	-900	-210
<b>Adjusted PAT</b>	<b>10,280</b>	<b>809</b>	<b>234</b>	<b>10,360</b>	<b>-5,610</b>	<b>14,916</b>	<b>26,810</b>	<b>40,045</b>	<b>21,683</b>	<b>76,161</b>
Change (YoY %)	-57	-96	-99	-32	-155	1,744	11,342	287	-72	251

**Nalco****Buy****CMP INR59 | TP: INR71 (+20%)****EPS CHANGE (%): FY21|22: +19|+33**

- EBITDA to rise 46% QoQ on higher LME prices.

- Expect aluminum EBITDA of USD450/t in 3QFY21.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Alumina production (kt)	583	477	516	585	466	487	555	585	2,161	2,093
CoP (USD/t)	263	241	222	208	224	217	203	213	248	213
Aluminum production (kt)	111	110	96	102	98	106	102	108	418	414
CoP (USD/t)	2,017	2,164	2,145	1,864	1,611	1,791	1,879	1,872	2,026	1,801
Aluminum Sales (kt)	103	110	96	82	73	123	103	110	396	409
Alumina Sales (kt)	231	386	374	412	220	285	344	380	1,307	1,229
Average LME aluminum prices (USD/t)	1,792	1,762	1,752	1,694	1,493	1,703	1,925	2,093	1,750	1,804
NSR premiums (USD/t)	257	212	207	211	207	212	228	272	196	230
Alumina NSR (USD/t)	369	298	273	279	262	286	289	309	324	286
<b>Net Sales</b>	<b>20,841</b>	<b>23,636</b>	<b>20,884</b>	<b>19,359</b>	<b>13,806</b>	<b>23,749</b>	<b>23,788</b>	<b>27,386</b>	<b>84,718</b>	<b>88,729</b>
Change (YoY %)	-29.9	-22.3	-23.2	-30.0	-33.8	0.5	13.9	41.5	-26.3	4.7
<b>EBITDA</b>	<b>2,144</b>	<b>322</b>	<b>343</b>	<b>2,084</b>	<b>1,291</b>	<b>2,759</b>	<b>4,339</b>	<b>6,317</b>	<b>4,892</b>	<b>14,706</b>
Alumina - EBITDA (USD/t)	106	57	51	72	38	69	85	96	72	76
Aluminum - EBITDA (USD/t)	62	-157	-148	-10	120	141	287	450	-62	256
As a % of Net Sales	10.3	1.4	1.6	10.8	9.3	11.6	18.2	23.1	5.8	16.6
Interest	16	16	17	8	18	18	17	18	57	72
Depreciation	1,264	1,343	1,341	1,351	1,359	1,432	1,697	1,496	5,298	5,983
Other Income	614	566	482	1,064	333	242	362	372	2,726	1,309
<b>PBT (before EO Item)</b>	<b>1,477</b>	<b>-472</b>	<b>-532</b>	<b>1,789</b>	<b>247</b>	<b>1,550</b>	<b>2,986</b>	<b>5,176</b>	<b>2,262</b>	<b>9,959</b>
Extra-ordinary Income	0	0	0	0	0	0	0	0	0	0
<b>PBT (after EO Item)</b>	<b>1,477</b>	<b>-472</b>	<b>-532</b>	<b>1,789</b>	<b>247</b>	<b>1,550</b>	<b>2,986</b>	<b>5,176</b>	<b>2,262</b>	<b>9,959</b>
Total Tax	499	-188	-193	762	80	476	588	1,326	880	2,471
% Tax	33.8	39.9	36.2	42.6	32.6	30.7	19.7	25.6	38.9	24.8
<b>Reported PAT</b>	<b>978</b>	<b>-284</b>	<b>-340</b>	<b>1,028</b>	<b>166</b>	<b>1,075</b>	<b>2,398</b>	<b>3,850</b>	<b>1,382</b>	<b>7,489</b>
<b>Adjusted PAT</b>	<b>978</b>	<b>-284</b>	<b>-340</b>	<b>1,028</b>	<b>166</b>	<b>1,075</b>	<b>2,398</b>	<b>3,850</b>	<b>1,382</b>	<b>7,489</b>

**NMDC****Buy****CMP INR139 | TP: INR170 (+23%)****EPS CHANGE (%): FY21|22: +4|+12**

- Expect EBITDA to increase by 45% QoQ (+159% YoY) to INR40.1b, the highest ever quarterly EBITDA.

- Iron ore sales volumes to increase by 23% YoY to 10.6mt.

- Iron ore realization to increase by 29% QoQ to INR6,060/t due to sharp price hikes.

- Expect EBITDA/t of INR3,796, up 27% QoQ (+111% YoY).

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>32,637</b>	<b>22,418</b>	<b>30,064</b>	<b>31,873</b>	<b>19,375</b>	<b>22,299</b>	<b>43,551</b>	<b>64,059</b>	<b>1,16,992</b>	<b>1,49,284</b>
<b>EBITDA</b>	<b>19,265</b>	<b>11,126</b>	<b>16,334</b>	<b>15,478</b>	<b>7,549</b>	<b>10,302</b>	<b>27,686</b>	<b>40,127</b>	<b>62,203</b>	<b>85,663</b>
Change (QoQ %)	30	-20	-28	-23	-61	-7	70	159	-13	38
<b>EBITDA/t (INR)</b>	<b>2,222</b>	<b>1,913</b>	<b>1,942</b>	<b>1,796</b>	<b>1,203</b>	<b>1,560</b>	<b>2,982</b>	<b>3,796</b>	<b>1,974</b>	<b>2,605</b>
Interest	117	97	98	-213	93	17	16	23	99	150
Depreciation	648	976	646	675	573	534	605	657	2,869	2,369
Other Income	1,228	1,275	1,302	1,333	717	884	1,048	999	5,138	3,648
<b>PBT (before EO Item)</b>	<b>19,728</b>	<b>11,329</b>	<b>16,892</b>	<b>16,350</b>	<b>7,600</b>	<b>10,634</b>	<b>28,113</b>	<b>40,446</b>	<b>64,373</b>	<b>86,793</b>
Extra-ordinary items	-596	-524	-419	-9,238	0	0	0	0	-10,778	0
<b>PBT (after EO Item)</b>	<b>19,132</b>	<b>10,805</b>	<b>16,473</b>	<b>7,112</b>	<b>7,600</b>	<b>10,634</b>	<b>28,113</b>	<b>40,446</b>	<b>53,596</b>	<b>86,793</b>
Total Tax	7,337	3,771	2,707	3,598	2,267	2,892	7,020	10,516	17,413	22,695
% Tax	38.4	34.9	16.4	50.6	29.8	27.2	25.0	26.0	32.5	26.1
<b>Reported PAT</b>	<b>11,794</b>	<b>7,034</b>	<b>13,766</b>	<b>3,514</b>	<b>5,333</b>	<b>7,742</b>	<b>21,093</b>	<b>29,930</b>	<b>36,183</b>	<b>64,098</b>
<b>Adjusted PAT</b>	<b>12,390</b>	<b>7,558</b>	<b>14,185</b>	<b>12,752</b>	<b>5,333</b>	<b>7,742</b>	<b>21,093</b>	<b>29,930</b>	<b>46,886</b>	<b>64,098</b>



**SAIL****Buy****CMP INR84 | TP: INR106 (+27%)****EPS CHANGE (%): FY20|21: -5|+0**

- Expect the highest quarterly EBITDA of INR68b. Expect EBITDA/t at INR15,931, +30% QoQ, despite factoring in retrospective wage revision for FY21 (est. INR12.3b).
- Expect volumes to rise by 14% YoY to 4.27mt.
- Realization/t to improve by 16% QoQ to INR55,273/t on higher pricing.
- Watch out for wage revision and realization from debtors.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales (mt)	3.2	3.1	4.1	3.7	2.2	4.2	4.1	4.3	14.2	14.9
Change (YoY %)	-0.7	-9.4	26.4	-9.4	-31.1	33.6	1.4	14.0	0.8	4.4
Realization (INR/t)	45,614	44,878	40,443	43,194	40,534	40,237	47,813	55,273	43,328	46,717
Change (YoY %)	-6.2	-6.7	-17.3	-3.6	-11.1	-10.3	18.2	28.0	-8.7	7.8
<b>Net Sales</b>	<b>1,48,200</b>	<b>1,41,274</b>	<b>1,65,413</b>	<b>1,61,718</b>	<b>90,675</b>	<b>1,69,236</b>	<b>1,98,329</b>	<b>2,36,015</b>	<b>6,16,606</b>	<b>6,94,255</b>
Change (%)	-6.8	-15.5	4.5	-12.6	-38.8	19.8	19.9	45.9	-7.9	12.6
NSR to RM Spread (INR/t)	24,841	24,712	18,495	26,930	22,562	19,483	29,694	37,427	23,538	27,952
<b>EBITDA</b>	<b>15,819</b>	<b>11,597</b>	<b>9,976</b>	<b>19,538</b>	<b>-4,028</b>	<b>19,005</b>	<b>50,775</b>	<b>67,947</b>	<b>56,930</b>	<b>1,33,699</b>
EBITDA/t (INR)	4,869	3,684	2,439	5,218	-1,801	4,518	12,241	15,913	4,000	8,997
Interest	7,884	9,404	8,494	9,086	8,863	7,204	6,701	6,373	34,868	29,140
Depreciation	8,725	9,011	9,263	10,552	9,733	9,898	9,813	9,859	37,551	39,303
Other Income	1,828	1,587	1,866	4,570	2,777	1,976	2,163	2,163	9,852	9,079
<b>PBT (before EO Inc.)</b>	<b>1,039</b>	<b>-5,230</b>	<b>-5,914</b>	<b>4,469</b>	<b>-19,847</b>	<b>3,879</b>	<b>36,424</b>	<b>53,878</b>	<b>-5,636</b>	<b>74,335</b>
<b>PBT (after EO Inc.)</b>	<b>1,039</b>	<b>-5,230</b>	<b>-5,914</b>	<b>41,812</b>	<b>-19,847</b>	<b>6,103</b>	<b>36,449</b>	<b>53,878</b>	<b>31,707</b>	<b>76,584</b>
Total Tax	351	-1,802	-1,618	14,560	-7,144	2,170	23,617	14,008	11,491	32,652
% Tax	33.8	34.5	27.4	34.8	36.0	35.6	64.8	26.0	36.2	42.6
<b>Reported PAT</b>	<b>688</b>	<b>-3,428</b>	<b>-4,296</b>	<b>27,252</b>	<b>-12,703</b>	<b>3,933</b>	<b>12,832</b>	<b>39,870</b>	<b>20,216</b>	<b>43,932</b>
<b>Adjusted PAT</b>	<b>688</b>	<b>-3,428</b>	<b>-4,296</b>	<b>2,913</b>	<b>-12,703</b>	<b>2,500</b>	<b>25,721</b>	<b>39,870</b>	<b>-4,123</b>	<b>55,388</b>
Change (YoY %)	-90.5	-159.5	-168.0	-42.2	-1,945.2	-172.9	-698.7	1,268.7	NA	NA

**Tata Steel****Neutral****CMP INR863 | TP: INR891 (+3%)****EPS CHANGE (%): FY21|22: +12|+25**

- Standalone EBITDA to increase by 30% QoQ to INR86.8b; EBITDA/t to rise by 31% QoQ to INR26,317.
- Expect EBITDA in Europe to turn positive at USD170/t.
- EBITDA for Tata Steel BSL to increase by ~26% QoQ to INR20.5b. EBITDA/t to rise by 32% QoQ to INR18,678.
- Expect consolidated EBITDA at INR146.6b, up 55%/215% QoQ/YoY, the highest ever quarterly EBITDA.

**Quarterly performance (consolidated)****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>3,59,471</b>	<b>3,45,792</b>	<b>3,55,204</b>	<b>3,37,700</b>	<b>2,42,885</b>	<b>3,71,540</b>	<b>3,95,941</b>	<b>4,96,351</b>	<b>13,98,167</b>	<b>15,06,717</b>
Change (YoY %)	-5.0	-20.6	-13.8	-20.4	-32.4	7.4	11.5	47.0	-11.3	7.8
<b>EBITDA</b>	<b>53,769</b>	<b>38,196</b>	<b>36,197</b>	<b>46,469</b>	<b>5,055</b>	<b>61,108</b>	<b>94,635</b>	<b>1,46,586</b>	<b>1,74,631</b>	<b>3,07,384</b>
Change (YoY %)	-16.9	-57.2	-46.2	-38.2	-90.6	60.0	161.4	215.5	-40.6	76.0
(% of Net Sales)	15.0	11.0	10.2	13.8	2.1	16.4	23.9	29.5	12.5	20.4
<b>EBITDA (USD/t)</b>	<b>122</b>	<b>83</b>	<b>70</b>	<b>100</b>	<b>14</b>	<b>111</b>	<b>189</b>	<b>279</b>	<b>93</b>	<b>164</b>
Interest	18,064	18,714	19,306	19,251	19,983	19,402	17,779	16,794	75,335	73,958
Depreciation	20,828	21,272	20,187	22,241	21,108	22,611	22,748	23,127	84,470	89,594
Other Income	2,511	1,836	929	13,159	1,926	2,221	2,150	2,261	18,435	8,558
<b>PBT (before EO Inc.)</b>	<b>17,387</b>	<b>46</b>	<b>-2,366</b>	<b>18,136</b>	<b>-34,110</b>	<b>21,315</b>	<b>56,259</b>	<b>1,08,925</b>	<b>33,261</b>	<b>1,52,389</b>
EO Income/(expenses)	160	-336	-3,286	-34,059	584	432	-1,536		-35,021	-520
<b>PBT (after EO Inc.)</b>	<b>17,547</b>	<b>-290</b>	<b>-5,652</b>	<b>-15,923</b>	<b>-33,526</b>	<b>21,747</b>	<b>54,723</b>	<b>1,08,925</b>	<b>-1,760</b>	<b>1,51,869</b>
Total Tax	11,238	-40,500	6,210	-2,633	12,715	6,129	15,717	31,051	-25,684	65,611
% Tax	64.6	-88,428	-263	-14.5	-37.3	28.8	27.9	28.5	-77.2	43
<b>Reported PAT</b>	<b>6,309</b>	<b>40,210</b>	<b>-11,863</b>	<b>-13,290</b>	<b>-46,242</b>	<b>15,619</b>	<b>39,007</b>	<b>77,874</b>	<b>23,924</b>	<b>86,258</b>
Minority Interest	-100	-1,013	-1,367	-1,405	-2,356	891	3,110	2,000	-3,829	3,646
Share of asso. PAT	522	224	205	928	150	736	884	810	1,880	2,579
<b>Adj. PAT (after MI and asso.)</b>	<b>6,771</b>	<b>-537</b>	<b>-7,005</b>	<b>13,802</b>	<b>-44,320</b>	<b>15,031</b>	<b>38,316</b>	<b>76,683</b>	<b>10,373</b>	<b>83,054</b>
Change (YoY %)	-70.5	NA	NA	NA	NA	NA	-647.0	455.6	-89.8	700.7

Note: Quarterly no. do not account for dividend on preference shares

**Vedanta****Neutral****CMP INR231 | TP: INR221 (-4%)****EPS CHANGE (%): FY21|22: +7|+19**

- Consolidated EBITDA to rise by 13% QoQ/93% YoY on higher commodity prices.
- Watch out for volume ramp-up in oil and gas.
- Expect aluminum/iron ore/oil and gas EBITDA to rise by 15%/28%/23% QoQ.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>2,13,740</b>	<b>2,19,580</b>	<b>2,00,840</b>	<b>1,97,550</b>	<b>1,59,730</b>	<b>2,11,070</b>	<b>2,27,350</b>	<b>2,55,114</b>	<b>8,31,710</b>	<b>8,52,720</b>
Change (YoY %)	-3.7	-3.3	-15.1	-15.8	-25.3	-3.9	13.2	29.1	-9.6	2.5
Total Expenditure	1,61,760	1,75,350	1,48,460	1,52,030	1,19,800	1,45,760	1,49,780	1,67,473	6,37,600	5,82,269
<b>EBITDA</b>	<b>51,980</b>	<b>44,230</b>	<b>52,380</b>	<b>45,520</b>	<b>39,930</b>	<b>65,310</b>	<b>77,570</b>	<b>87,641</b>	<b>1,94,110</b>	<b>2,70,451</b>
Change (YoY %)	-15.0	-15.1	-7.2	-25.8	-23.2	47.7	48.1	92.5	-16.0	39.3
As a % of Net Sales	24.3	20.1	26.1	23.0	25.0	30.9	34.1	34.4	23.3	31.7
Finance cost	13,410	13,400	12,320	10,640	12,520	13,120	13,210	13,073	49,770	51,923
DD&A	21,550	23,950	22,910	22,520	17,330	19,380	19,120	19,427	90,930	75,257
Other Income	3,800	8,560	6,470	6,270	10,250	6,510	8,860	4,659	25,100	30,279
<b>PBT (before EO item)</b>	<b>20,820</b>	<b>15,440</b>	<b>23,620</b>	<b>18,630</b>	<b>20,330</b>	<b>39,320</b>	<b>54,100</b>	<b>59,800</b>	<b>78,510</b>	<b>1,73,550</b>
EO exp. (income)	-4,190	3,660	-13,850	1,71,320	0	-950	0	0	1,56,940	-950
<b>PBT (after EO item)</b>	<b>25,010</b>	<b>11,780</b>	<b>37,470</b>	<b>-1,52,690</b>	<b>20,330</b>	<b>40,270</b>	<b>54,100</b>	<b>59,800</b>	<b>-78,430</b>	<b>1,74,500</b>
Total Tax	5,570	-15,530	10,820	-31,860	5,110	23,690	11,860	6,199	-31,000	46,859
Tax (%)	22.3	-131.8	28.9	20.9	25.1	58.8	21.9	10.4	39.5	26.9
<b>Reported PAT</b>	<b>19,440</b>	<b>27,310</b>	<b>26,650</b>	<b>-1,20,830</b>	<b>15,220</b>	<b>16,580</b>	<b>42,240</b>	<b>53,602</b>	<b>-47,430</b>	<b>1,27,642</b>
Profit from Asso.	0	-10	0	0	0	0	0	0	-9	-3
Minority interest	5,930	5,720	3,170	4,380	4,890	8,200	9,250	7,622	19,200	29,962
<b>Adjusted PAT</b>	<b>7,811</b>	<b>4,470</b>	<b>12,419</b>	<b>7,916</b>	<b>10,330</b>	<b>7,430</b>	<b>32,990</b>	<b>45,979</b>	<b>32,617</b>	<b>96,726</b>
Change (YoY %)	-54.2	-59.3	-28.9	-66.3	32.2	66.2	165.6	480.9	-52.7	196.6

## Oil &amp; 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

## 4QFY21: a mixed quarter

## ...extended lockdowns weigh on Oil &amp; Gas

- **Distribution of the COVID-19 vaccine across the globe began with the start of the quarter, which supported prices and margin recovery (to all-time highs since the start of the pandemic). However, a second wave of COVID has magnified concerns over demand and tanked prices and margins at the end of the quarter.**
- **We expect our Coverage Universe to report sales at +17% YoY/+29% QoQ primarily led by higher oil prices (ex-OMCs at +10% YoY/+31% QoQ), EBITDA at +39% YoY/+1% QoQ (ex-OMCs at +13% YoY/+11% QoQ), and PAT at +22% YoY/-11% QoQ (ex-OMCs at +21% YoY/-7% QoQ). This would be weighed by lower gross marketing margins for OMCs and EBITDA/scm for CGDs.**
- **Quarterly improvement for RIL continues:** For RIL (consol.), we expect EBITDA of INR231b (+5% YoY, +7% QoQ) and INR86.8b (-25% YoY, flat QoQ) on a standalone basis (aided by multi-year high petchem margins).
- **OMCs – GRMs to improve; marketing margins normalize:** SG GRM improved QoQ to USD1.8/bbl, primarily led by improvement across transportation fuel cracks (gasoline, gasoil, and ATF). On the back of higher crude oil prices, retail auto fuel prices reached all-time highs in Mar'21 – suppressing gross marketing margins. Implied marketing margins were ~INR4–5/lit in 4QFY21, moderately lower YoY and QoQ. We have built in core GRM for OMCs at USD1.5/bbl, with inventory gains of USD3/bbl for BPCL and HPCL and USD6/bbl for IOCL. IOCL remains our preferred pick on account of its strong FCF and high dividend yield.
- **GAIL – strong macros to drive re-rating:** GAIL expects the Trading segment to turn profitable in 4QFY21, benefitting from high spot LNG prices. Also, petchem margins have further improved QoQ; we believe the uptrend in petchem margins is likely to continue for the next couple of months as refineries across the globe undergo planned maintenance (from Mar'21).

## Exhibit 1: Expected quarterly performance summary

Sector	CMP		SALES (INR M)			EBIDTA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
Aegis Logistics	301	Buy	20,063	61.6	29.8	1,270	36.5	7.8	807	136.6	13.4
BPCL	438	Buy	8,51,702	23.5	27.6	25,561	331.6	-40.6	14,197	LP	-53.6
Castrol India	125	Buy	8,761	27.3	-6.3	2,061	19.2	-20.0	1,494	19.3	-20.4
GAIL	140	Buy	1,80,892	1.9	17.0	21,961	-11.3	14.4	16,479	-57.0	13.9
Gujarat Gas	547	Buy	32,032	20.1	13.2	4,283	0.4	-30.3	2,466	0.3	-37.1
Gujarat State Petronet	276	Buy	4,088	-6.8	-10.9	2,429	-31.7	-39.0	1,306	-42.1	-47.2
HPCL	237	Neutral	8,82,401	33.4	28.5	29,256	4,363.8	-11.4	18,316	77.9	-22.2
Indraprastha Gas	527	Neutral	14,959	-3.6	3.4	5,024	33.4	0.4	3,412	34.7	1.9
IOC	93	Buy	13,70,405	15.7	28.9	83,843	205.1	-12.9	49,625	-18.9	0.9
Mahanagar Gas	1181	Buy	6,999	1.9	5.0	3,215	31.9	1.5	2,192	31.6	0.9
MRPL	40	Neutral	1,38,741	-1.8	74.5	8,209	LP	768.9	3,844	LP	LP
Oil India	124	Buy	28,768	11.1	35.3	12,520	84.5	LP	7,483	-19.2	-29.1
ONGC	104	Buy	2,20,167	2.6	29.3	94,021	9.5	12.7	24,619	207.1	78.6
Petronet LNG	228	Buy	82,193	-4.1	12.2	6,601	-5.4	-50.6	3,725	3.8	-57.6
Reliance Inds.	2022	Buy	15,49,514	13.5	31.5	2,31,363	5.0	7.3	1,13,071	18.0	-14.5
<b>Aggregate Oil &amp; Gas</b>			<b>53,91,686</b>	<b>16.7</b>	<b>29.2</b>	<b>5,31,619</b>	<b>39.4</b>	<b>1.1</b>	<b>2,63,035</b>	<b>22.6</b>	<b>-11.4</b>
<b>Oil Ex OMCs</b>			<b>22,87,178</b>	<b>9.8</b>	<b>30.2</b>	<b>3,92,958</b>	<b>13.1</b>	<b>11.1</b>	<b>1,80,898</b>	<b>21.0</b>	<b>-6.6</b>

Source: MOFSL

### Brent surges – as OPEC+ continues with stricter production cuts

- Brent prices averaged higher YoY at USD61/bbl in 4QFY21, recording a jump of ~38% QoQ – as OPEC+ continued with higher production cuts of ~7mnbpod during the quarter, with Saudi offering an additional 1mnbpod of voluntary cuts. The cuts were extended to balance the global oil market, which was still sitting on a huge pile of global oil inventory.
- The resultant prices spiked to ~USD70/bbl in March'21. However, they cooled off to USD60–63/bbl in the latter half of the month as COVID cases across the globe increased, calling for extended lockdowns.
- OPEC+, in its meeting on 1<sup>st</sup> April 2021, announced the easing of oil production cuts to ~5.8mnbpod by July (from ~8mnbpod currently). We forecast oil prices to hover in the range of USD55–60/bbl as:
  - OPEC+ normalizes its production cuts to pre-COVID levels
  - US shale production increases (still down ~1.8mnbpod YoY in Jan'21) – notably, Brent Premium to WTI has expanded to USD2.9/bbl in 4QFY21.

### SG GRM at USD1.8/bbl (improves QoQ – from USD1.2/bbl)

- Singapore GRM for the quarter improved with improvement across gasoline, gasoil, and ATF cracks.
- Gasoline cracks averaged at USD5.5/bbl in 4QFY21 (v/s USD2.9/bbl in 3QFY21).
- Gasoil cracks averaged at USD4.5/bbl in 4QFY21 (v/s USD3.1/bbl in 3QFY21). Although, gasoil cracks fell once again in the latter half of March'21 as the second wave of COVID gets more intense worldwide. This also resulted in ATF falling to sub USD2/bbl, after recording a high (since the start of the pandemic) of USD5.2/bbl at the end of Feb'21. That said, ATF cracks averaged higher at USD3.4/bbl in 4QFY21 (v/s USD2.4 in 3QFY21).
- LPG and FO cracks declined QoQ. FO cracks averaged at –USD3.1/bbl in 4QFY21 (down from –USD0.3/bbl in 3QFY21); LPG cracks averaged at –USD10.1/bbl in 4QFY21 (down from –USD2.7/bbl in 3QFY21).
- Naphtha cracks improved QoQ and turned positive for the first time in 13 quarters, averaging USD0.6/bbl during the quarter (v/s –USD1.2/bbl in 3QFY21).
- PE / PP / PVC Delta improved 5%/13%/6% QoQ, although lower than the improvement seen in product prices (of 17–22%). The QoQ jump in petchem deltas was seen primarily in Mar'21 (with deltas up 18–28% MoM). This was driven by strong demand from downstream manufacturers. Moreover, refineries entered the annual plant maintenance season in Mar'21.
- Indian refiners (IOCL and RIL) also underwent maintenance in Feb'21 – resulting in lower throughput in 4QFY21.
- They are likely to report huge inventory gains during the quarter as per their inventory carrying cycles.

### Domestic O&G production growth continues to decline YoY

- Total domestic oil production declined ~4% YoY and ~3% QoQ over Jan–Feb'21. Domestic gas production fell ~2% YoY and was up ~2% QoQ over Jan–Feb'21. (*Mar'21 data is yet to be released.*)
- LPG consumption was up ~3% YoY and flat QoQ over Jan–Feb'21; while imports were up 5% YoY and 2% QoQ during this period.

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

(USD/bbl)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	YoY (%)	QoQ (%)
<b>Oil</b>							
WTI	46.0	27.8	40.9	42.6	58.0	26.2	36.4
Brent	50.6	29.5	43.0	44.3	61.0	20.5	37.8
Dubai	50.7	30.6	42.9	44.6	60.2	18.6	34.8
Arab Light-Heavy	3.1	0.4	0.3	(0.2)	0.5	NM	NM
<b>Gas</b>							
Henry Hub (USD/mmbtu)	1.9	1.7	2.0	2.5	3.4	80.7	38.0
Oil to Gas	26.4	17.5	21.9	17.8	19.4	(26.3)	9.3
<b>Exchange Rate (INR/USD)</b>	72.4	75.9	74.4	73.8	72.9	0.7	(1.2)
<b>Product Cracks (v/s Dubai)</b>							
LPG	(15.9)	(3.2)	(12.7)	(2.7)	(10.1)	36.9	(273.1)
Gasoline	4.9	0.4	2.9	2.9	5.5	NM	89.5
Diesel	9.7	4.6	3.4	3.1	4.5	(54.3)	42.9
Jet/Kero	8.6	(0.1)	(0.7)	2.4	3.4	(60.4)	NM
Naphtha	(3.2)	(3.2)	0.0	(1.2)	0.6	NM	NM
Fuel Oil	(7.1)	(1.5)	(2.3)	(0.3)	(3.1)	56.2	(856.3)
<b>SGRM</b>	1.2	(0.9)	0.1	1.2	1.8	45.5	NM

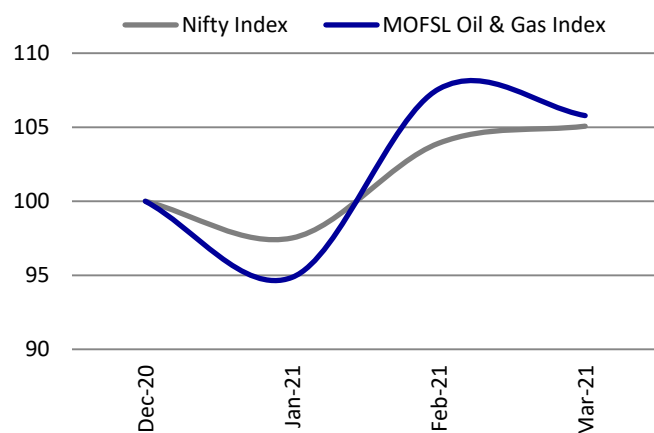
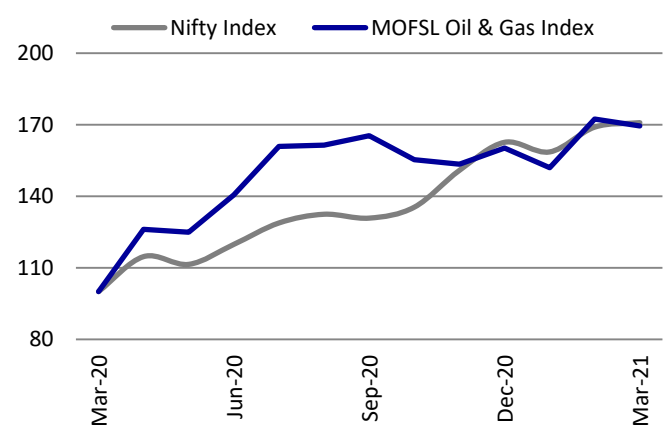
Source: MOFSL, Company

**Other ideas (ex-OMCs and RIL) – valuation and view**

- GAIL – strong macros to drive re-rating:** Petchem margins have further improved QoQ; we believe the uptrend in petchem margins is likely to continue for the next couple of months as refineries across the globe undergo planned maintenance (from Mar'21). **Furthermore, GAIL expects the Trading segment to turn profitable in 4QFY21, benefitting from high spot LNG prices. GAIL had already started supplying gas to various fertilizer plants (~2.3mmscmd totally) at the end of 3QFY21; it expects supply to reach ~6mmscmd by the end of 1QFY22.** The company expects incremental trading volumes of ~11mmscmd to be sold in India within another year (i.e., entire volumes that were sold abroad up to 2QFY21) with the commissioning and ramp-up of various fertilizer plants, thereby de-risking the total US HH volumes.
- PLNG remains our top pick:** It offers a structural story amid huge potential demand for gas in India, an improving pipeline infrastructure, and increasingly emphasizes the use of cleaner fuel by industry – despite the recent spurt of domestic gas production. **PLNG has long-term tied-up contracts of ~15.75mmtpa, and an additional ~0.75mmtpa of Kochi's Gorgon volumes come to Dahej (translating to ~94% utilization at Dahej).** Dahej is expanding further by 5mmtpa. We believe the company would be able to achieve optimal utilization rates even at a higher capacity. This is attributable to its location and infrastructural leverage, along with the marketing abilities of its promoters. Also, PLNG is setting up ~50ssLNG stations (MoU signed with GUJGA and IGL for 10ssLNG stations on the Mumbai-Delhi highway), which could have a potential gas offtake of 1-2mmtpa in the near term.
- CGDs – margins to further normalize during the quarter:** MAHGL and IGL have increased CNG retail prices by INR0.7–1.5/kg during the quarter. However, we expect the EBITDA/scm for the companies to be marginally lower QoQ due to an increase in global commodity prices, resulting in higher input cost. That said,

volumes for the two companies are likely to have reached pre-COVID levels in 4QFY21. **GUJGA's margins are likely to have faced similar impact (down YoY and QoQ), but the volumes continue to post YoY and QoQ growth.**

- ONGC appears attractive despite delay in gas production:** COVID has caused further delay in KG-DWN-98/2, with the peak production target to be achieved over 2023–24. **Production is likely to rise to 2.5–3mmscmd in 1QFY22 (current production at ~0.3mmscmd) and reach ~3.5mmscmd/8.5mmscmd in FY22/FY23.** ONGC is also expected to arrest the decline in oil production from age-old fields (accounting for 60–70% of the total oil production). ONGC made a total of 12 discoveries in FY20 (seven onshore and five offshore) and has made 8 discoveries (five pools and three prospects) in FY21 thus far.

**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 (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Oil &amp; Gas</b>						<b>18.5</b>	<b>13.4</b>	<b>11.5</b>	<b>1.8</b>	<b>1.7</b>	<b>1.5</b>	<b>10.0</b>	<b>12.5</b>	<b>13.2</b>
Aegis Logistics	301	Buy	7.1	10.7	13.3	42.2	28.2	22.6	5.6	4.9	4.3	13.8	18.5	20.4
BPCL	438	Buy	41.9	34.4	42.0	10.4	12.7	10.4	2.1	1.9	1.8	21.4	16.0	17.8
Castrol India	125	Buy	5.9	8.5	8.5	21.2	14.7	14.7	8.7	7.8	7.1	41.9	56.2	50.3
GAIL	140	Buy	10.2	15.8	16.7	13.8	8.9	8.4	1.3	1.2	1.1	10.2	14.9	14.7
Gujarat Gas	547	Buy	17.0	20.0	23.3	32.2	27.4	23.5	8.8	6.9	5.6	31.0	28.3	26.3
Gujarat State Petronet	276	Buy	15.0	16.8	17.9	18.4	16.4	15.4	2.1	1.9	1.7	12.0	12.1	11.6
HPCL	237	Neutral	56.3	40.3	42.0	4.2	5.9	5.6	1.1	1.1	1.0	26.9	18.4	18.5
Indraprastha Gas	527	Neutral	14.5	18.1	18.8	36.3	29.1	28.0	6.3	5.4	4.7	18.6	19.9	17.9
IOC	93	Buy	15.8	15.5	18.9	5.9	6.0	4.9	0.8	0.8	0.8	14.7	13.7	15.8
Mahanagar Gas	1,181	Buy	63.4	78.4	80.6	18.6	15.1	14.6	3.5	3.1	2.8	20.0	22.0	20.1
MRPL	40	Neutral	-1.0	4.0	7.2	-41.1	10.0	5.5	0.9	0.9	0.8	-2.2	8.8	14.5
Oil India	124	Buy	17.9	19.7	22.0	6.9	6.3	5.6	0.6	0.5	0.5	6.6	8.7	9.3
ONGC	104	Buy	10.7	21.8	23.8	9.7	4.8	4.4	0.6	0.6	0.5	6.5	12.4	12.3
Petronet LNG	228	Buy	18.0	22.1	23.9	12.7	10.3	9.5	2.9	2.7	2.5	23.8	27.1	26.9
Reliance Inds.	2,022	Buy	65.9	101.6	122.8	30.7	19.9	16.5	2.6	2.3	2.0	8.8	12.1	13.1

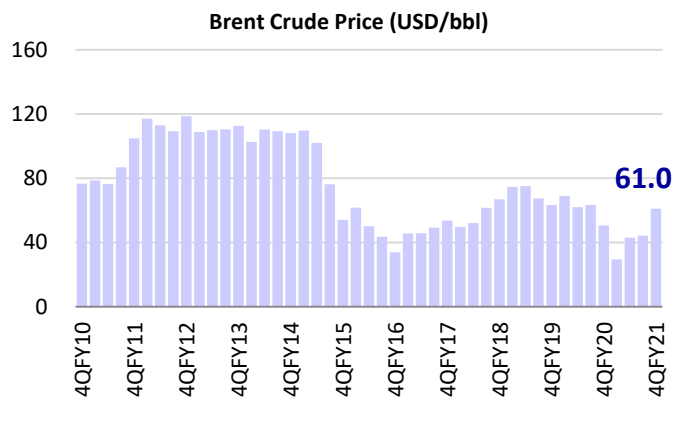
Source: MOFSL

**Our key assumptions**

- Our crude price assumptions are USD55/bbl for FY22/FY23E.
- We expect the regional benchmark Singapore GRM to recover to USD5–6/bbl over the medium-to-long term.

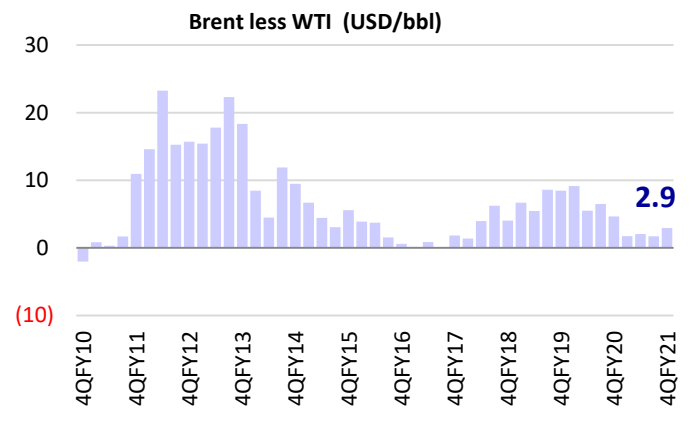
## Brent up 21% YoY and 38% QoQ

Exhibit 6: Brent up 21% YoY and 38% QoQ



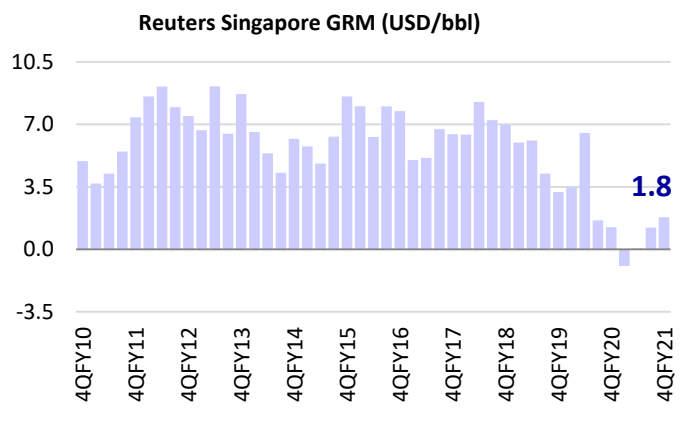
Source: Bloomberg, MOFSL

Exhibit 7: Brent Premium to WTI up to USD2.9/bbl



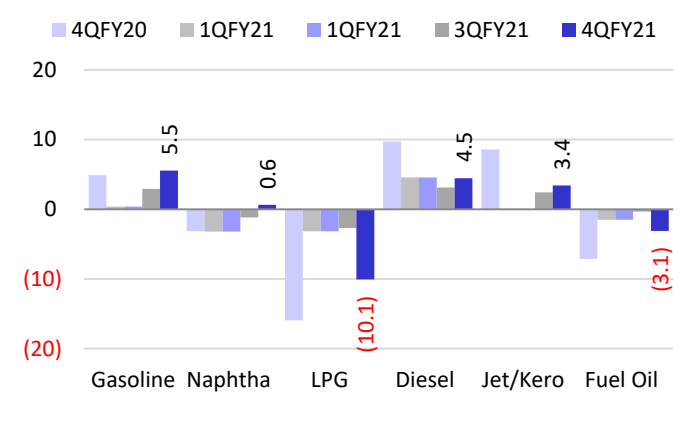
Source: Bloomberg, MOFSL

Exhibit 8: Reuters Singapore GRM (average) improves QoQ and stands at USD1.8/bbl (v/s USD1.2/bbl in 3QFY21)



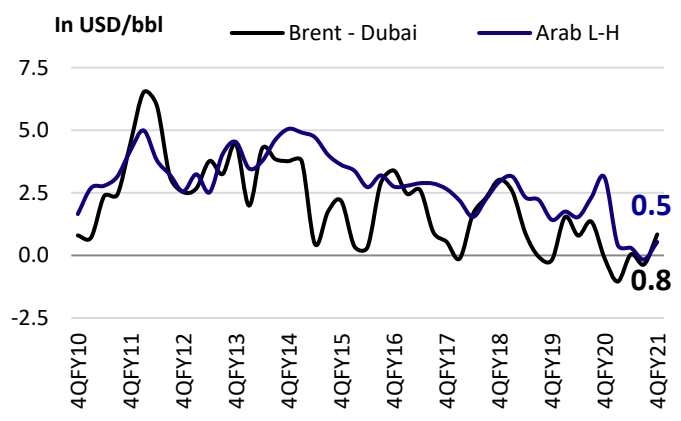
Source: Bloomberg, MOFSL

Exhibit 9: Gasoline, diesel, and ATF cracks up QoQ, while LPG and FO cracks down QoQ (USD/bbl)



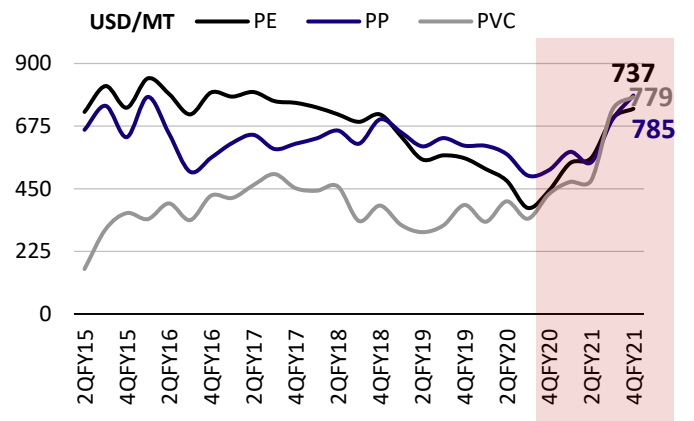
Source: Reuters, MOFSL

Exhibit 10: Crude differentials widen QoQ for Arab L-H at -USD0.5/bbl and for Brent-Dubai at USD0.8/bbl



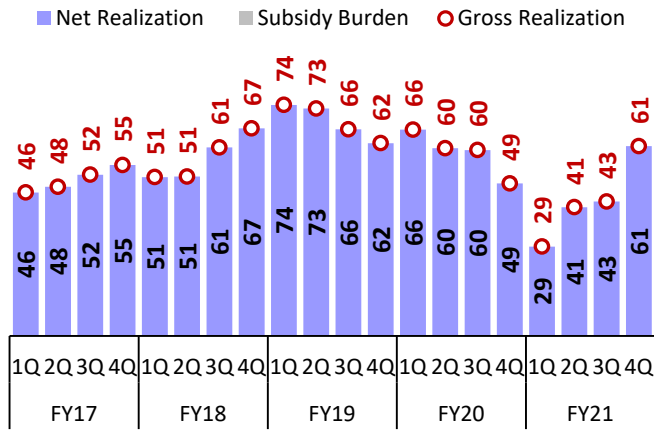
Source: Bloomberg, MOFSL

Exhibit 11: Spreads over Naphtha for PE, PP, and PVC improve on QoQ and YoY basis



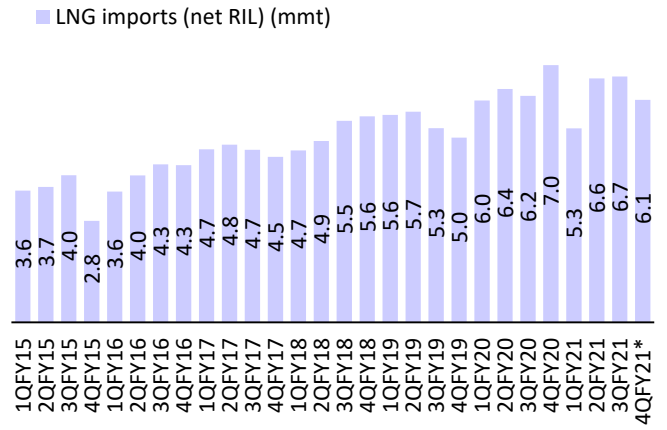
Source: Bloomberg, MOFSL

**Exhibit 12: We model ONGC's net realization for 4QFY21E at USD61/bbl**



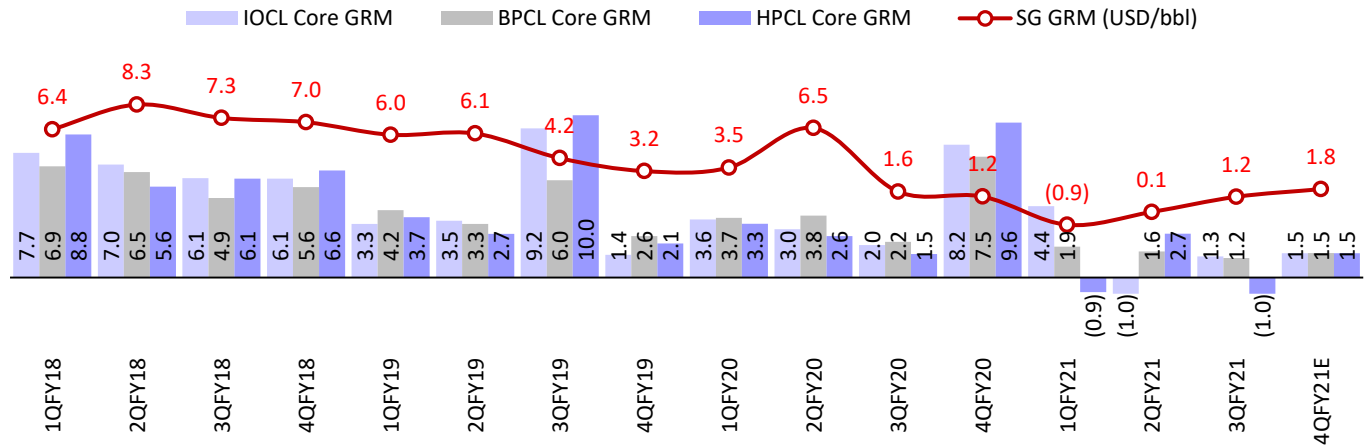
Source: Company, MOFSL

**Exhibit 13: LNG imports (mmt) to decrease 6% QoQ and 10% YoY in 4QFY21E**



\*Dec'20 data extrapolated for 3QFY21e Source: PPAC, MOFSL

**Exhibit 14: GRM snapshot 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: INR301 | TP: INR330 (+9%)

EPS CHANGE (%): FY21|22|23: +15|0|0

- India's LPG consumption +4% YoY and flat QoQ in Jan-Feb'21; imports +5% YoY and +2% QoQ
- Watch out for volume growth at Uran-Chakkan pipeline (at Mumbai) and from Pipavav Railway Gantry
- Guided for normalization of logistics volumes in 4QFY21 – could get delayed due to extended lockdown
- Announcement for any new projects and completion of ESOP scheme remain key monitorables

### Consolidated: Quarterly Perf.

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>19,553</b>	<b>18,177</b>	<b>21,686</b>	<b>12,417</b>	<b>6,364</b>	<b>6,504</b>	<b>15,455</b>	<b>20,063</b>	<b>71,833</b>	<b>48,386</b>
YoY Change (%)	92.3	27.5	64.2	-33.0	-67.5	-64.2	-28.7	61.6	27.9	-32.6
<b>EBITDA</b>	<b>1,020</b>	<b>-281</b>	<b>1,096</b>	<b>930</b>	<b>674</b>	<b>1,023</b>	<b>1,179</b>	<b>1,270</b>	<b>2,765</b>	<b>4,145</b>
Margins (%)	5.2	-1.5	5.1	7.5	10.6	15.7	7.6	6.3	3.8	8.6
Depreciation	159	170	172	187	176	180	179	184	687	718
Interest	85	74	94	79	47	41	41	44	331	173
Other Income	62	26	46	195	50	66	104	216	328	435
<b>PBT before EO expense</b>	<b>839</b>	<b>-499</b>	<b>876</b>	<b>860</b>	<b>501</b>	<b>868</b>	<b>1,062</b>	<b>1,258</b>	<b>2,076</b>	<b>3,690</b>
<b>PBT</b>	<b>839</b>	<b>-499</b>	<b>876</b>	<b>860</b>	<b>501</b>	<b>868</b>	<b>1,062</b>	<b>1,258</b>	<b>2,076</b>	<b>3,690</b>
Rate (%)	25.7	31.5	32.4	45.8	26.5	26.1	26.4	25.4	35.5	26.0
MI & P/L of Asso. Cos.	54	72	93	125	70	72	71	131	344	344
<b>Reported PAT</b>	<b>570</b>	<b>-414</b>	<b>499</b>	<b>341</b>	<b>298</b>	<b>570</b>	<b>712</b>	<b>807</b>	<b>996</b>	<b>2,387</b>
YoY Change (%)	10.3	-184.6	-15.6	-44.7	-47.6	-237.7	42.6	136.6	-55.0	139.6

E: MOFSL Estimates

## BPCL

Buy

CMP: INR438 | TP: INR520 (+19%)

EPS CHANGE (%): FY21|22|23: -2|+1|+1

- Refinery throughput estimated at 8.3mmt (-1% YoY, +15% QoQ) on production ramp-up post COVID lockdowns
- Gross marketing margins estimated at INR4.0/liter; lower YoY and QoQ – as retail fuel prices reached all-time highs
- Expect reported GRM at US\$4.5/bbl (with inventory gains of ~USD3.0) on sharp increase in crude prices
- Watch out for further details on EoI submitted by various parties for BPCL privatization

### Standalone - Quarterly Perf.

(INR b)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>763.2</b>	<b>643.4</b>	<b>747.3</b>	<b>689.9</b>	<b>387.9</b>	<b>501.5</b>	<b>667.3</b>	<b>851.7</b>	<b>2,843.8</b>	<b>2,408.3</b>
YoY Change (%)	6.4	-11.0	-5.6	-6.8	-49.2	-22.1	-10.7	23.5	-4.3	-15.3
<b>EBITDA</b>	<b>21.8</b>	<b>27.6</b>	<b>28.0</b>	<b>5.9</b>	<b>39.7</b>	<b>38.5</b>	<b>43.1</b>	<b>25.6</b>	<b>83.3</b>	<b>146.9</b>
Margins (%)	2.9	4.3	3.7	0.9	10.2	7.7	6.5	3.0	2.9	6.1
Depreciation	9.1	9.5	9.7	9.5	10.0	9.9	9.9	10.6	37.9	40.4
Interest	4.5	6.4	5.1	5.8	5.9	0.1	2.5	2.8	21.8	11.3
Other Income	5.1	8.7	5.1	11.6	5.9	4.2	14.4	8.5	30.5	33.0
<b>PBT</b>	<b>13.5</b>	<b>16.6</b>	<b>17.3</b>	<b>-20.7</b>	<b>29.3</b>	<b>33.0</b>	<b>41.6</b>	<b>21.3</b>	<b>26.7</b>	<b>125.1</b>
Rate (%)	20.5	-3.2	27.3	34.2	29.0	31.8	33.2	33.3	-0.5	31.9
<b>Adj PAT</b>	<b>10.8</b>	<b>17.1</b>	<b>12.6</b>	<b>-6.5</b>	<b>20.8</b>	<b>23.3</b>	<b>30.6</b>	<b>14.2</b>	<b>37.7</b>	<b>88.9</b>
YoY Change (%)	-53.1	40.2	154.6	-120.8	93.1	36.5	142.6	-318.4	-47.2	135.9
<b>Key Assumptions</b>										
Refining throughput (mmt)	7.5	7.7	8.4	8.4	5.1	5.6	7.2	8.3	31.9	26.3
Marketing sales volume excld exports (mmt)	11.1	10.3	11.0	10.7	7.5	8.9	11.1	10.4	43.1	38.0
Marketing GM incld inv (INR/litre)	4.4	5.0	4.8	4.4	8.9	6.6	6.1	4.0	5.0	5.6

E: MOFSL Estimates

**Castrol (India)****Buy****CMP: INR125 | TP: INR170 (+36%)****EPS CHANGE (%): CY21 | 22: +4 | 0**

- Volume forecast of 47m liters (+25% YoY, -10% QoQ)
- EBITDA margin to be lower due to increase in base oil prices, with continued QoQ increase in oil prices
- Expected realization ~INR186/liter (+2% YoY, +4% QoQ)
- Operating margin expansion, launch of new products, and OEM tie-ups remain key monitorables

**Quarterly Performance****(INR m)**

Y/E December	CY20				CY21				CY20	CY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>6,880</b>	<b>4,906</b>	<b>8,831</b>	<b>9,352</b>	<b>8,761</b>	<b>9,190</b>	<b>8,761</b>	<b>10,330</b>	<b>29,969</b>	<b>37,042</b>
YoY Change (%)	-29.5	-52.8	4.0	-7.6	27.3	87.3	-0.8	10.5	-22.7	23.6
<b>EBITDA</b>	<b>1,730</b>	<b>953</b>	<b>2,882</b>	<b>2,576</b>	<b>2,061</b>	<b>2,857</b>	<b>2,974</b>	<b>3,641</b>	<b>8,141</b>	<b>11,534</b>
YoY Change (%)	-38.9	-66.5	17.9	-24.5	19.2	199.8	3.2	41.4	-29.4	41.7
Margins (%)	25.1	19.4	32.6	27.5	23.5	31.1	33.9	35.2	27.2	31.1
Depreciation	222	206	215	223	249	231	241	250	866	973
Interest	11	14	9	8	6	7	5	4	42	21
Other Income	198	152	117	153	190	174	134	213	620	712
<b>PBT</b>	<b>1,695</b>	<b>885</b>	<b>2,775</b>	<b>2,498</b>	<b>1,997</b>	<b>2,793</b>	<b>2,862</b>	<b>3,600</b>	<b>7,853</b>	<b>11,252</b>
Rate (%)	26.1	26.1	26.3	24.9	25.2	25.2	25.2	25.2	25.8	25.2
<b>PAT</b>	<b>1,252</b>	<b>654</b>	<b>2,046</b>	<b>1,877</b>	<b>1,494</b>	<b>2,089</b>	<b>2,141</b>	<b>2,693</b>	<b>5,829</b>	<b>8,417</b>
YoY Change (%)	-32.3	-64.2	8.6	-30.8	19.3	219.5	4.6	43.5	-29.6	44.4

**GAIL****Buy****CMP: INR140 | TP: INR170 (+21%)****EPS CHANGE (%): FY21 | 22 | 23: +3 | +1 | +1**

- Expect transmission volumes at 112mmcmd (flat YoY, +4% QoQ) as demand from CGD sector normalizes
- Petchem volumes expected at ~234kmt (+9% YoY and +3% QoQ), with further improvement in petchem margins
- Increased gas consumption by fertilizer units and recovery in demand from refining/petchem to drive growth
- Key monitorables: Pre-commissioning status of various fertilizer plants and additional increase in gas offtake

**Quarterly Performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>1,83,115</b>	<b>1,80,411</b>	<b>1,77,688</b>	<b>1,77,550</b>	<b>1,20,875</b>	<b>1,36,445</b>	<b>1,54,568</b>	<b>1,80,892</b>	<b>7,18,764</b>	<b>5,92,779</b>
Change (%)	5.9	-6.4	-10.2	-5.4	-34.0	-24.4	-13.0	1.9	-4.3	-17.5
<b>EBITDA</b>	<b>22,590</b>	<b>15,627</b>	<b>20,724</b>	<b>24,754</b>	<b>6,226</b>	<b>13,381</b>	<b>19,195</b>	<b>21,961</b>	<b>83,694</b>	<b>60,764</b>
% of Net Sales	12.3	8.7	11.7	13.9	5.2	9.8	12.4	12.1	11.6	10.3
Depreciation	4,057	4,398	4,890	5,016	4,583	4,843	4,895	4,548	18,360	18,869
Interest	239	275	242	329	495	274	331	313	1,085	1,414
Other Income	1,512	4,401	3,124	5,132	2,413	7,239	4,708	4,767	14,168	19,127
Extraordinary item*	0	0	0	1,016	0	0	0	0	1,016	0
<b>PBT</b>	<b>19,805</b>	<b>15,355</b>	<b>18,716</b>	<b>25,557</b>	<b>3,562</b>	<b>15,503</b>	<b>18,677</b>	<b>21,867</b>	<b>79,434</b>	<b>59,609</b>
Rate (%)	35.0	30.7	33.2	-18.1	28.3	20.0	20.4	24.6	16.7	22.3
<b>PAT</b>	<b>12,875</b>	<b>10,643</b>	<b>12,507</b>	<b>30,182</b>	<b>2,555</b>	<b>12,397</b>	<b>14,873</b>	<b>16,479</b>	<b>66,206</b>	<b>46,304</b>
Change (%)	2.2	-45.8	-25.6	168.9	-80.2	16.5	18.9	-45.4	9.9	-30.1
Extraord.: Tax Prov. Write Back	0	0	173	-9,176	0	0	405	0	-9,003	405
<b>Adj PAT</b>	<b>12,875</b>	<b>10,643</b>	<b>12,334</b>	<b>38,341</b>	<b>2,555</b>	<b>12,397</b>	<b>14,469</b>	<b>16,479</b>	<b>74,193</b>	<b>45,899</b>
Change (%)	2.2	-45.8	-25.2	163.6	-80.2	16.5	17.3	-57.0	17.3	-38.1
<b>Key Assumptions</b>										
Gas Trans. volume (mmcmd)	105	109	110	109	90	106	110	112	108	105
Petchem sales ('000MT)	136	217	211	174	183	224	231	234	738	872

E: MOFSL Estimates

**Gujarat Gas****Buy****CMP: INR547 | TP: INR560 (+2%)****EPS CHANGE (%): FY21|22|23: +4|0|0**

- Expect volumes at 10.6mmscmd (+17% YoY, +1% QoQ), primarily led by recovery in CNG volumes
- GUJGA took a (industrial) price hike of INR5/scm in Jan'21 (in addition to rolling back a discount of INR4 in Dec'20)
- EBITDA margin to be lower QoQ at INR4.1/scm (v/s INR4.7 in 4QFY20) due to spurt in spot LNG prices in Jan'21
- Non-Morbi industrial volumes and expansion of CNG network key for volume growth outlook

**Standalone - Quarterly Perf.****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>26,146</b>	<b>25,129</b>	<b>25,062</b>	<b>26,666</b>	<b>10,829</b>	<b>25,130</b>	<b>28,294</b>	<b>32,032</b>	<b>1,03,003</b>	<b>96,286</b>
YoY Change (%)	48.1	27.9	18.4	39.8	-58.6	0.0	12.9	20.1	32.8	-6.5
<b>EBITDA</b>	<b>4,665</b>	<b>3,706</b>	<b>3,705</b>	<b>4,267</b>	<b>1,857</b>	<b>7,330</b>	<b>6,148</b>	<b>4,283</b>	<b>16,343</b>	<b>19,619</b>
Margins (%)	17.8	14.7	14.8	16.0	17.2	29.2	21.7	13.4	15.9	20.4
Depreciation	779	802	795	805	823	856	862	891	3,180	3,432
Interest	510	528	465	420	401	339	243	280	1,922	1,263
Other Income	225	237	186	189	149	208	196	188	837	741
<b>PBT</b>	<b>3,602</b>	<b>2,614</b>	<b>2,632</b>	<b>3,230</b>	<b>783</b>	<b>6,343</b>	<b>5,239</b>	<b>3,299</b>	<b>12,078</b>	<b>15,664</b>
Rate (%)	35.1	-97.9	25.3	23.9	25.1	25.1	25.2	25.3	1.2	25.2
<b>Reported PAT</b>	<b>2,337</b>	<b>5,173</b>	<b>1,965</b>	<b>2,458</b>	<b>587</b>	<b>4,748</b>	<b>3,922</b>	<b>2,466</b>	<b>11,933</b>	<b>11,722</b>
<b>Adj PAT</b>	<b>2,337</b>	<b>5,173</b>	<b>1,965</b>	<b>2,458</b>	<b>587</b>	<b>4,748</b>	<b>3,922</b>	<b>2,466</b>	<b>11,933</b>	<b>11,722</b>
YoY Change (%)	92.5	1,159.4	30.6	111.0	-74.9	-8.2	99.5	0.3	177.8	-1.8
<b>Total volume (mmscmd)</b>	<b>9.2</b>	<b>9.3</b>	<b>9.3</b>	<b>9.9</b>	<b>4.1</b>	<b>9.8</b>	<b>11.4</b>	<b>11.6</b>	<b>9.4</b>	<b>9.3</b>
<b>EBITDA (INR/scm)</b>	<b>5.6</b>	<b>4.3</b>	<b>4.3</b>	<b>4.7</b>	<b>4.9</b>	<b>8.1</b>	<b>5.8</b>	<b>4.1</b>	<b>4.7</b>	<b>5.7</b>

E: MOFSL Estimates

**Gujarat State Petronet****Buy****CMP: INR276 | TP: INR390 (+41%)****EPS CHANGE (%): FY21|22|23: +2|0|0**

- Transmission volumes to be at ~35mmscmd (-5% YoY, -11% QoQ) on lower gas offtake by consumers (in Jan-Feb'21) – owing to increase in spot LNG prices
- Concerns over tariff reduction in line with revised new tax rate; however, increase in capex (for capacity expansion) to ensure lower impact on tariffs
- Volumes from refining/petchem sector recover to normal levels in latter part of Feb'21; further recovery from Power sector in Mar'21
- Commissioning of Phase-II of Mehsana-Bhatinda pipeline and further expansion/debottlenecking of three pipelines connecting three LNG terminals (in Gujarat) remain key

**Standalone - Quarterly Earnings Perf.****(INR m)**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>5,126</b>	<b>5,411</b>	<b>4,524</b>	<b>4,388</b>	<b>4,028</b>	<b>4,634</b>	<b>4,590</b>	<b>4,088</b>	<b>19,449</b>	<b>17,340</b>
YoY Change (%)	31.0	-9.6	-0.3	1.1	-21.4	-14.4	1.5	-6.8	3.6	-10.8
<b>EBITDA</b>	<b>4,020</b>	<b>4,371</b>	<b>3,800</b>	<b>3,557</b>	<b>3,462</b>	<b>3,807</b>	<b>3,984</b>	<b>2,429</b>	<b>15,749</b>	<b>13,681</b>
YoY Change (%)	16.9	-15.3	7.6	8.0	-13.9	-12.9	4.8	-31.7	2.1	-13.1
Margins (%)	78.4	80.8	84.0	81.1	85.9	82.2	86.8	59.4	81.0	78.9
Depreciation	489	498	497	483	488	554	511	528	1,966	2,081
Interest	479	438	383	346	290	249	220	220	1,645	979
Other Income	77	454	52	67	43	515	74	61	649	694
<b>PBT</b>	<b>3,129</b>	<b>3,890</b>	<b>2,972</b>	<b>2,795</b>	<b>2,727</b>	<b>3,519</b>	<b>3,328</b>	<b>1,742</b>	<b>12,786</b>	<b>11,315</b>
Tax	1,068	-659	751	539	733	808	853	435	1,699	2,829
Rate (%)	34.1	-16.9	25.3	19.3	26.9	23.0	25.6	25.0	13.3	25.0
<b>Reported PAT</b>	<b>2,061</b>	<b>4,549</b>	<b>2,221</b>	<b>2,256</b>	<b>1,994</b>	<b>2,711</b>	<b>2,475</b>	<b>1,306</b>	<b>11,087</b>	<b>8,486</b>
YoY Change (%)	42.7	40.7	28.0	47.1	-3.3	-40.4	11.4	-42.1	39.5	-23.5
Margins (%)	40.2	84.1	49.1	51.4	49.5	58.5	53.9	32.0	57.0	48.9
<b>Key Operating Parameters</b>										
Transmission Volume (mmscmd)	38.2	39.2	36.9	36.8	33.3	39.8	39.4	35.0	37.8	36.9
Implied Tariff (INR/mscm)	1,434	1,461	1,311	1,284	1,297	1,239	1,243	1,245	1,374	1,256

E: MOFSL Estimates

**HPCL****Neutral****CMP: INR237 | TP: INR277 (+17%)****EPS CHANGE (%): FY21|22|23: -14 |+3|+3**

- Model in refining throughput at 4.3mmt (-5% YoY and +8% QoQ), with reported GRM of USD4.5/bbl
- We estimate inventory gains of USD3.0/bbl for HPCL in 4Q
- Gross marketing margin for quarter expected at INR5.2/liter (up YoY, flat QoQ)
- Concerns of huge capex and execution risk prevail at Vizag, but HPCL attractive for its marketing leverage

**Standalone – Quarterly Perf.****(INR b)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>709.9</b>	<b>608.7</b>	<b>707.5</b>	<b>661.5</b>	<b>377.2</b>	<b>517.7</b>	<b>686.6</b>	<b>882.4</b>	<b>2,687.6</b>	<b>2,463.9</b>
YoY Change (%)	5.0	-9.8	-1.9	-2.6	-46.9	-14.9	-3.0	33.4	-2.3	-8.3
<b>EBITDA</b>	<b>16.4</b>	<b>24.5</b>	<b>20.4</b>	<b>0.7</b>	<b>43.5</b>	<b>36.0</b>	<b>33.0</b>	<b>29.3</b>	<b>61.9</b>	<b>141.8</b>
Margins (%)	2.3	4.0	2.9	0.1	11.5	7.0	4.8	3.3	2.3	5.8
Depreciation	8.2	8.1	8.7	8.1	8.7	8.7	8.8	8.9	33.0	35.1
Forex loss	-1.9	1.2	1.7	7.7	0.0	-5.7	-3.0	-2.5	8.7	-11.2
Interest	2.1	2.9	2.5	3.4	3.2	2.6	1.3	2.1	10.8	9.2
Other Income	4.2	3.9	4.1	4.2	5.6	2.4	5.7	3.8	16.4	17.5
<b>PBT before EO expense</b>	<b>12.4</b>	<b>16.2</b>	<b>11.5</b>	<b>-14.3</b>	<b>37.3</b>	<b>32.9</b>	<b>31.6</b>	<b>24.5</b>	<b>25.8</b>	<b>126.3</b>
Extra-Ord expense	0.0	0.0	0.0	10.0	0.0	0.0	0.0	0.0	10.0	0.0
<b>PBT</b>	<b>12.4</b>	<b>16.2</b>	<b>11.5</b>	<b>-24.3</b>	<b>37.3</b>	<b>32.9</b>	<b>31.6</b>	<b>24.5</b>	<b>15.7</b>	<b>126.3</b>
Tax	4.3	5.6	4.0	-24.6	9.1	8.1	8.0	6.2	-10.6	31.5
Rate (%)	34.6	34.9	35.1	101.1	24.5	24.7	25.4	25.2	-67.7	24.9
<b>Adj PAT</b>	<b>8.1</b>	<b>10.5</b>	<b>7.5</b>	<b>10.3</b>	<b>28.1</b>	<b>24.8</b>	<b>23.5</b>	<b>18.3</b>	<b>36.4</b>	<b>94.8</b>
YoY Change (%)	-52.8	-3.6	201.8	-65.3	247.0	135.4	215.1	77.9	-39.6	160.4
<b>Key Assumptions</b>										
Refining throughput (mmt)	3.9	4.6	4.2	4.5	4.0	4.1	4.0	4.3	17.2	16.3
Core GRM (USD/bbl)	3.3	2.5	1.5	9.5	-0.9	2.7	-1.0	1.5	4.2	0.6
Marketing sales volume incl exports (mmt)	10.1	9.4	10.6	9.6	7.6	8.4	10.4	9.3	39.6	35.7
Marketing GM incld inv (INR/litre)	3.8	4.5	4.1	3.6	8.2	6.0	5.2	5.2	4.0	6.1

E: MOFSL Estimates

**Indraprastha Gas****Neutral****CMP: INR526 | TP: INR520 (-1%)****EPS CHANGE (%): FY21|22|23: -3|-3|+3|0**

- Took CNG price hike of INR0.7/kg (in 4Q) to compensate for increase in operating cost
- CNG volumes assumed to have recovered to pre-COVID level in 4Q
- Despite price hike, EBITDA/scm margin to be slightly lower QoQ on increase in Brent prices
- Recovery in PNG commercial (malls, restaurants, etc.) volumes to pre-COVID levels remains a laggard

**Quarterly performance****(INR m)**

Y/E MARCH	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>15,761</b>	<b>16,925</b>	<b>16,642</b>	<b>15,525</b>	<b>6,386</b>	<b>13,054</b>	<b>14,462</b>	<b>14,959</b>	<b>64,853</b>	<b>48,861</b>
Change (%)	22.4	19.1	10.3	0.6	-59.5	-22.9	-13.1	-3.6	12.6	-24.7
<b>EBITDA</b>	<b>3,585</b>	<b>3,926</b>	<b>3,918</b>	<b>3,767</b>	<b>834</b>	<b>4,071</b>	<b>5,007</b>	<b>5,024</b>	<b>15,196</b>	<b>14,937</b>
EBITDA (Rs/scm)	6.3	6.5	6.4	6.6	3.4	8.0	8.7	8.5	6.4	7.8
% Change	21.5	27.5	23.3	13.7	-76.7	3.7	27.8	33.4	21.4	-1.7
Depreciation	605	621	641	655	682	711	750	792	2,523	2,935
Interest	16	18	20	27	24	23	31	37	81	114
Other Income	354	390	508	313	306	657	259	363	1,564	1,586
<b>PBT before EO</b>	<b>3,318</b>	<b>3,677</b>	<b>3,764</b>	<b>3,398</b>	<b>435</b>	<b>3,994</b>	<b>4,485</b>	<b>4,559</b>	<b>14,157</b>	<b>13,474</b>
Rate (%)	34.2	-3.6	24.6	25.4	26.9	22.9	25.3	25.2	19.7	24.6
<b>PAT</b>	<b>2,184</b>	<b>3,810</b>	<b>2,839</b>	<b>2,534</b>	<b>318</b>	<b>3,079</b>	<b>3,349</b>	<b>3,412</b>	<b>11,365</b>	<b>10,158</b>
<b>Adj. PAT</b>	<b>2,184</b>	<b>3,810</b>	<b>2,839</b>	<b>2,534</b>	<b>318</b>	<b>3,079</b>	<b>3,349</b>	<b>3,412</b>	<b>11,365</b>	<b>10,158</b>
PAT (Rs/scm)	3.8	6.3	4.6	4.5	1.3	6.1	5.8	5.8	4.8	4.7
Change (%)	24.1	103.4	43.4	12.4	-85.4	-19.2	18.0	34.7	44.5	-10.6
<b>Gas Volumes (mmscmd)</b>										
CNG	4.66	4.92	4.91	4.49	1.60	3.91	4.48	4.64	4.75	3.66
PNG	1.59	1.65	1.78	1.74	1.11	1.59	1.78	1.89	1.69	1.59
<b>Total</b>	<b>6.25</b>	<b>6.58</b>	<b>6.70</b>	<b>6.23</b>	<b>2.71</b>	<b>5.50</b>	<b>6.26</b>	<b>6.53</b>	<b>6.44</b>	<b>5.25</b>

E: MOFSL Estimates

## IOC

Buy

CMP: INR93 | TP: INR142 (+53%)

EPS CHANGE (%): FY21|22|23: 0|-1|-1

- Expect refinery throughput at 17.5mmt (+2% YoY, -2% QoQ) as refineries undergo planned maintenance
- Likely to see benefits from further sequential increase in multi-year high petchem margins
- Expect core GRM at US1.5/bbl (inventory gains of ~USD6.0/bbl), with gross marketing margins at INR4.1/lit
- IOCL remains our preferred pick based on its strong FCF yield and dividend yield

## Standalone - Quarterly Perf.

(INR b)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>1,315.1</b>	<b>1,116.9</b>	<b>1,246.2</b>	<b>1,184.4</b>	<b>624.0</b>	<b>856.1</b>	<b>1,063.4</b>	<b>1,370.4</b>	<b>4,862.6</b>	<b>3,913.8</b>
YoY Change (%)	1.6	-15.4	-11.0	-6.2	-52.6	-23.3	-14.7	15.7	-7.9	-19.5
<b>EBITDA</b>	<b>83.5</b>	<b>47.1</b>	<b>68.3</b>	<b>27.5</b>	<b>55.1</b>	<b>94.3</b>	<b>96.2</b>	<b>83.8</b>	<b>226.4</b>	<b>329.5</b>
Margins (%)	6.3	4.2	5.5	2.3	8.8	11.0	9.0	6.1	4.7	8.4
Depreciation	20.9	21.0	21.9	23.9	23.5	24.0	24.7	25.2	87.7	97.5
Forex loss	-0.9	11.4	1.8	25.4	0.0	-7.5	-3.7	-3.1	37.6	-14.3
Interest	15.1	13.1	13.1	18.5	11.7	2.2	6.3	8.0	59.8	28.2
Other Income	5.4	6.5	5.7	17.2	6.4	7.8	9.0	12.6	34.8	35.8
<b>PBT before EO expense</b>	<b>53.8</b>	<b>8.1</b>	<b>37.2</b>	<b>-23.1</b>	<b>26.3</b>	<b>83.4</b>	<b>78.0</b>	<b>66.3</b>	<b>76.1</b>	<b>254.0</b>
<b>PBT</b>	<b>53.8</b>	<b>8.1</b>	<b>37.2</b>	<b>-136.1</b>	<b>26.3</b>	<b>83.4</b>	<b>78.0</b>	<b>66.3</b>	<b>-36.9</b>	<b>254.0</b>
Rate (%)	33.2	30.8	37.2	61.9	27.3	25.3	36.9	25.2	135.5	29.1
<b>Reported PAT</b>	<b>36.0</b>	<b>5.6</b>	<b>23.4</b>	<b>-51.9</b>	<b>19.1</b>	<b>62.3</b>	<b>49.2</b>	<b>49.6</b>	<b>13.1</b>	<b>180.2</b>
<b>Adj PAT</b>	<b>36.0</b>	<b>5.6</b>	<b>23.4</b>	<b>61.2</b>	<b>19.1</b>	<b>62.3</b>	<b>49.2</b>	<b>49.6</b>	<b>126.2</b>	<b>180.2</b>
YoY Change (%)	-47.4	-82.6	226.3	0.3	-46.9	1,005.3	110.2	-18.9	-25.3	42.8
Margins (%)	2.7	0.5	1.9	5.2	3.1	7.3	4.6	3.6	2.6	4.6
<b>Key Assumptions</b>										
Refining throughput (mmt)	17.3	17.5	17.5	17.1	12.9	14.0	17.9	17.5	69.4	62.3
Core GRM (USD/bbl)	3.6	3.0	2.0	8.2	4.4	-1.0	1.3	1.5	4.2	1.5
Domestic sale of refined products (mmt)	20.5	19.0	20.4	19.2	14.2	16.0	19.7	18.6	79.0	68.5
Marketing GM incld inv per litre (INR/litre)	5.1	5.3	4.8	9.4	8.6	5.9	6.5	4.1	6.2	6.3

## Mahanagar Gas

Buy

CMP: INR1,181 | TP: INR1,290 (+9%)

EPS CHANGE (%): FY21|22|23: -6|0|0

- Took CNG price hike of ~INR1.5/kg on increase in operating cost – as volumes continue to recover
- Expect volumes at 3.0mmscmd (+7% YoY, +8% QoQ) as CNG/PNG commercial volumes recover
- Expect EBITDA/scm margin to be ~INR12 as spot LNG prices were up QoQ
- OMCs demanding higher commissions to sell CNG, raising sustainability concerns on current high margins

## Standalone – Quarterly Perf.

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>7,575</b>	<b>7,836</b>	<b>7,445</b>	<b>6,866</b>	<b>2,618</b>	<b>5,067</b>	<b>6,664</b>	<b>6,999</b>	<b>29,721</b>	<b>21,348</b>
YoY Change (%)	22.3	12.5	-1.1	-5.0	-65.4	-35.3	-10.5	1.9	6.5	-28.2
<b>EBITDA</b>	<b>2,768</b>	<b>2,734</b>	<b>2,588</b>	<b>2,438</b>	<b>800</b>	<b>2,211</b>	<b>3,167</b>	<b>3,215</b>	<b>10,528</b>	<b>9,393</b>
EBITDA/SCM	10.3	9.9	9.2	9.6	7.9	11.6	12.4	12.0	9.7	11.5
Margins (%)	36.5	34.9	34.8	35.5	30.6	43.6	47.5	45.9	35.4	44.0
Depreciation	372	391	415	440	423	425	441	470	1,617	1,758
Interest	14	15	16	21	15	20	17	26	65	79
Other Income	203	230	287	270	245	184	204	214	990	847
<b>PBT</b>	<b>2,586</b>	<b>2,558</b>	<b>2,444</b>	<b>2,247</b>	<b>607</b>	<b>1,950</b>	<b>2,913</b>	<b>2,933</b>	<b>9,835</b>	<b>8,403</b>
Rate (%)	34.2	-5.8	23.9	25.9	25.5	26.0	25.4	25.3	19.3	25.5
<b>Reported PAT</b>	<b>1,702</b>	<b>2,706</b>	<b>1,861</b>	<b>1,666</b>	<b>453</b>	<b>1,443</b>	<b>2,172</b>	<b>2,192</b>	<b>7,935</b>	<b>6,260</b>
<b>Adj PAT</b>	<b>1,702</b>	<b>2,706</b>	<b>1,861</b>	<b>1,666</b>	<b>453</b>	<b>1,443</b>	<b>2,172</b>	<b>2,192</b>	<b>7,935</b>	<b>6,260</b>
YoY Change (%)	32.7	98.6	25.4	24.8	-73.4	-46.7	16.7	31.6	45.2	-21.1
Margins (%)	22.5	34.5	25.0	24.3	17.3	28.5	32.6	31.3	26.7	29.3
<b>Sales Volumes (mmscmd)</b>										
CNG	2.2	2.2	2.2	2.0	0.5	1.3	1.9	2.0	2.1	1.4
PNG - Domestic	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.4	0.5
PNG - Industry/ Commercial	0.4	0.4	0.4	0.4	0.2	0.3	0.4	0.4	0.4	0.3
PNG - Total	0.8	0.8	0.8	0.8	0.6	0.8	0.9	1.0	0.8	0.8
<b>Total Volumes</b>	<b>3.0</b>	<b>3.0</b>	<b>3.1</b>	<b>2.8</b>	<b>1.1</b>	<b>2.1</b>	<b>2.8</b>	<b>3.0</b>	<b>3.0</b>	<b>2.2</b>

E: MOFSL Estimates

**MRPL****Neutral****CMP: INR40 | TP: INR39 (-2%)****EPS CHANGE (%): FY21|22|23: NM|0|0**

- Production at ~4mmt (+6% YoY and +31% QoQ) as it normalizes to pre-COVID levels
- Lacks significant tailwinds in subdued refining margin environment
- Expect reported GRM at USD5.5/bbl, with inventory gains of USD4/bbl in 4Q
- Progress on desalination plant to reduce dependence on the Nethravathi River

**Standalone - Quarterly Perf.****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>92,805</b>	<b>1,32,027</b>	<b>1,43,864</b>	<b>1,41,323</b>	<b>44,726</b>	<b>61,823</b>	<b>79,515</b>	<b>1,38,741</b>	<b>5,10,019</b>	<b>3,24,806</b>
YoY Change (%)	-31.5	-2.6	-7.1	-20.9	-51.8	-53.2	-44.7	-1.8	-17.8	-36.3
<b>EBITDA</b>	<b>-4,748</b>	<b>-2,395</b>	<b>2,801</b>	<b>-14,132</b>	<b>-4,777</b>	<b>1,636</b>	<b>945</b>	<b>8,209</b>	<b>-18,475</b>	<b>6,014</b>
Margins (%)	-5.1	-1.8	1.9	-10.0	-10.7	2.6	1.2	5.9	-3.6	1.9
Depreciation	1,906	2,009	1,958	1,960	2,001	2,098	2,251	2,307	7,832	8,657
Forex loss	-262	2,240	-196	5,089	100	-730	-522	-436	6,872	-1,587
Interest	1,441	2,287	1,835	1,864	1,345	-27	624	1,091	7,426	3,033
Other Income	204	194	346	307	254	288	366	515	1,050	1,423
<b>PBT before EO expense</b>	<b>-7,630</b>	<b>-8,737</b>	<b>-450</b>	<b>-22,738</b>	<b>-7,969</b>	<b>582</b>	<b>-1,042</b>	<b>5,763</b>	<b>-39,554</b>	<b>-2,666</b>
<b>PBT</b>	<b>-7,630</b>	<b>-8,737</b>	<b>-450</b>	<b>-22,738</b>	<b>-7,969</b>	<b>582</b>	<b>-1,042</b>	<b>5,763</b>	<b>-39,554</b>	<b>-2,666</b>
Rate (%)	34.5	34.2	18.5	29.8	34.8	38.4	31.9	33.3	31.5	36.0
<b>Reported PAT</b>	<b>-5,001</b>	<b>-5,745</b>	<b>-366</b>	<b>-15,964</b>	<b>-5,199</b>	<b>358</b>	<b>-710</b>	<b>3,844</b>	<b>-27,076</b>	<b>-1,706</b>
YoY Change (%)	-232.0	-251.6	-64.5	513.9	3.9	-106.2	93.8	-124.1	-895.4	-93.7
Margins (%)	-5.4	-4.4	-0.3	-11.3	-11.6	0.6	-0.9	2.8	-5.3	-0.5
<b>Key Assumptions</b>										
Refining throughput (mmt)	2.56	3.68	4.10	3.83	1.85	2.52	3.08	4.05	14.17	11.50
Reported GRM (USD/bbl)	-0.42	0.68	3.19	-4.52	-1.49	3.85	3.26	5.50	-0.27	2.78

E: MOFSL Estimates

**Oil India****Buy****CMP: INR124 | TP: INR155 (+25%)****EPS CHANGE (%): FY21|22|23: -36|-8|-9**

- Net realization to increase ~17% YoY and ~38% QoQ, in line with movement in crude oil prices
- Oil volumes to be at 0.7mmt (-7% YoY, -3% QoQ) as production decline from existing fields continues
- Gas sales to be at 0.56bcm (+5% YoY, -5% QoQ)
- Outlook on increase in gas production from Baghjan field is the key near term monitorable

**Quarterly Performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>33,734</b>	<b>32,136</b>	<b>29,520</b>	<b>25,896</b>	<b>17,439</b>	<b>21,690</b>	<b>21,260</b>	<b>28,768</b>	<b>1,21,285</b>	<b>89,157</b>
Change (%)	-0.5	-14.2	-16.0	-16.1	-48.3	-32.5	-28.0	11.1	-11.7	-26.5
<b>EBITDA</b>	<b>13,532</b>	<b>12,429</b>	<b>10,960</b>	<b>6,785</b>	<b>1,972</b>	<b>7,373</b>	<b>-938</b>	<b>12,520</b>	<b>43,705</b>	<b>20,927</b>
% of Net Sales	40.1	38.7	37.1	26.2	11.3	34.0	-4.4	43.5	36.0	23.5
Change (%)	-3.9	-15.7	-28.0	-37.1	-85.4	-40.7	-108.6	84.5	-20.3	-52.1
D,D&A	3,994	4,154	4,243	20,327	3,585	3,737	3,879	4,106	32,718	15,307
Interest	1,235	1,208	1,218	1,327	1,278	1,217	1,223	1,392	4,988	5,109
OI (incl. Oper. other inc)	1,227	2,679	1,354	9,942	1,306	1,112	3,712	9,734	15,202	15,864
<b>PBT before exceptionals</b>	<b>9,530</b>	<b>9,746</b>	<b>6,853</b>	<b>-4,928</b>	<b>-1,585</b>	<b>3,531</b>	<b>-2,328</b>	<b>16,756</b>	<b>21,201</b>	<b>16,374</b>
Exceptional item	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>934</b>	<b>1,341</b>	<b>1,514</b>	<b>0.0</b>	<b>0.0</b>	<b>3,789</b>
<b>PBT after exceptionals</b>	<b>9,530</b>	<b>9,746</b>	<b>6,853</b>	<b>-4,928</b>	<b>-2,519</b>	<b>2,190</b>	<b>-3,842</b>	<b>16,756</b>	<b>21,201</b>	<b>12,585</b>
Tax	3,282	3,473	2,789	-14,184	-33	-200	-12,879	9,273	-4,640	-3,838
Rate (%)	34.4	35.6	40.7	287.8	2.1	-5.7	553.3	55.3	-21.9	-23.4
<b>PAT</b>	<b>6,248</b>	<b>6,272</b>	<b>4,064</b>	<b>9,256</b>	<b>-2,486</b>	<b>2,390</b>	<b>9,037</b>	<b>7,483</b>	<b>25,841</b>	<b>16,423</b>
Change (%)	-11.2	-27.2	-67.1	-543.9	-139.8	-61.9	122.4	-19.2	-0.2	-36.4
<b>Adj. PAT</b>	<b>6,248</b>	<b>6,272</b>	<b>4,064</b>	<b>9,256</b>	<b>-1,552</b>	<b>3,731</b>	<b>10,551</b>	<b>7,483</b>	<b>25,841</b>	<b>20,212</b>
<b>Key Assumptions (USD/bbl)</b>										
Oil sales (mmt)	0.80	0.79	0.73	0.75	0.73	0.72	0.72	0.70	3.06	2.88
Gas sales (bcm)	0.61	0.66	0.60	0.53	0.58	0.55	0.59	0.56	2.40	2.27
<b>Net Oil Realization</b>	<b>66.3</b>	<b>61.3</b>	<b>63.3</b>	<b>52.2</b>	<b>30.4</b>	<b>42.7</b>	<b>44.1</b>	<b>60.8</b>	<b>60.8</b>	<b>44.5</b>

E: MOFSL Estimates

**ONGC****Buy****CMP: INR104 | TP: INR125 (+20%)****EPS CHANGE (%): FY21|22|23: +13|+3|+1**

- Net realization to be up ~24% YoY and ~41% QoQ, led by increase in crude oil prices
- Gas sales to be +1% YoY and +4% QoQ at 4.7bcm; Guidance on gas production from KG basin remains key
- Oil sales to be -5% YoY and -2% QoQ at 5.2mmt
- Outlook on various field developments and their status for volume growth going forward

**Standalone - Quarterly Perf.****(INR b)**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>265.5</b>	<b>244.9</b>	<b>237.1</b>	<b>214.6</b>	<b>130.1</b>	<b>169.2</b>	<b>170.2</b>	<b>220.2</b>	<b>962.1</b>	<b>689.7</b>
YoY Change (%)	-2.4	-12.5	-14.4	-19.8	-51.0	-30.9	-28.2	2.6	-12.3	-28.3
<b>EBITDA</b>	<b>151.1</b>	<b>132.9</b>	<b>123.0</b>	<b>85.9</b>	<b>59.1</b>	<b>84.4</b>	<b>83.5</b>	<b>94.0</b>	<b>492.9</b>	<b>320.9</b>
Margins (%)	56.9	54.3	51.9	40.0	45.4	49.9	49.0	42.7	51.2	46.5
Depreciation	61.6	62.6	70.2	80.4	49.5	51.3	62.7	64.9	274.7	228.3
Interest	6.5	6.8	6.3	8.7	4.9	3.2	4.8	5.7	28.2	18.5
Other Income	7.5	26.9	14.0	13.3	4.4	22.4	12.2	13.5	61.6	52.4
<b>PBT before EO expense</b>	<b>90.6</b>	<b>90.4</b>	<b>60.5</b>	<b>10.1</b>	<b>9.0</b>	<b>52.3</b>	<b>28.2</b>	<b>36.9</b>	<b>251.6</b>	<b>126.4</b>
Extra-Ord expense	0.0	0.0	0.0	49.0	0.0	12.4	0.0	0.0	49.0	12.4
<b>PBT</b>	<b>90.6</b>	<b>90.4</b>	<b>60.5</b>	<b>-38.9</b>	<b>9.0</b>	<b>39.9</b>	<b>28.2</b>	<b>36.9</b>	<b>202.6</b>	<b>114.1</b>
Rate (%)	34.8	30.7	30.2	20.4	45.1	27.9	51.1	33.3	34.4	36.8
<b>Reported PAT</b>	<b>59.0</b>	<b>62.6</b>	<b>42.3</b>	<b>-31.0</b>	<b>5.0</b>	<b>28.8</b>	<b>13.8</b>	<b>24.6</b>	<b>133.0</b>	<b>72.1</b>
<b>Adj PAT</b>	<b>59.0</b>	<b>62.6</b>	<b>42.3</b>	<b>8.0</b>	<b>5.0</b>	<b>37.7</b>	<b>13.8</b>	<b>24.6</b>	<b>172.0</b>	<b>81.1</b>
YoY Change (%)	-3.9	-24.2	-48.8	-80.2	-91.6	-39.8	-67.4	207.1	-35.6	-52.9
Margins (%)	22.2	25.6	17.8	3.7	3.8	22.3	8.1	11.2	17.9	11.8
<b>Key Assumptions (USD/bbl)</b>										
Fx rate (INR/USD)	69.6	70.3	71.2	72.4	75.9	74.4	73.8	72.9	70.9	74.3
Net Oil Realization	66.3	60.3	59.7	49.0	28.7	41.4	43.2	61.0	58.8	43.6
Crude oil sold (mmt)	5.3	5.4	5.2	5.4	5.2	5.1	5.3	5.2	21.3	20.7
Gas sold (bcm)	5.0	4.9	4.8	4.7	4.2	4.6	4.5	4.7	19.4	18.0
VAP sold (tmt)	952	850	890	866	680	836	784	825	3,558	3,125

E: MOFSL Estimates

**Petronet LNG****Buy****CMP: INR228 | TP: INR325 (+43%)****EPS CHANGE (%): FY21|22|23: -1|-1|0**

- India's LNG consumption up +3% YoY and +1% QoQ in Jan-Feb'21, primarily driven by gas demand from fertilizers
- Model utilization for Dahej at 98% and for Kochi at 24%
- For PLNG, total volumes to be up 6% YoY, marginally lower at 1% QoQ
- Ramp-up at Kochi terminal and total volume guidance remain key (given spike in domestic gas production)

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>86,134</b>	<b>93,612</b>	<b>89,102</b>	<b>85,672</b>	<b>48,836</b>	<b>62,358</b>	<b>73,282</b>	<b>82,193</b>	<b>3,54,520</b>	<b>2,66,669</b>
YoY Change (%)	-6.1	-12.9	-11.8	2.2	-43.3	-33.4	-17.8	-4.1	-7.7	-24.8
<b>EBITDA</b>	<b>10,239</b>	<b>11,605</b>	<b>11,076</b>	<b>6,975</b>	<b>9,099</b>	<b>13,632</b>	<b>13,353</b>	<b>6,601</b>	<b>39,895</b>	<b>42,686</b>
Margins (%)	11.9	12.4	12.4	8.1	18.6	21.9	18.2	8.0	11.3	16.0
Depreciation	1,899	1,960	1,960	1,942	1,936	1,952	1,925	1,986	7,761	7,799
Interest	1,005	1,051	940	1,035	881	850	815	823	4,032	3,369
Other Income	1,044	975	842	865	684	1,596	1,111	1,193	3,726	4,583
Extra-Ord expense	0	721	0	0	0	0	0	0	721	0
<b>PBT</b>	<b>8,379</b>	<b>8,848</b>	<b>9,017</b>	<b>4,863</b>	<b>6,966</b>	<b>12,426</b>	<b>11,724</b>	<b>4,985</b>	<b>31,107</b>	<b>36,101</b>
Rate (%)	33.1	-24.7	25.1	26.2	25.3	25.4	25.1	25.3	13.3	25.3
<b>Reported PAT</b>	<b>5,603</b>	<b>11,031</b>	<b>6,752</b>	<b>3,590</b>	<b>5,202</b>	<b>9,273</b>	<b>8,785</b>	<b>3,725</b>	<b>26,976</b>	<b>26,985</b>
<b>Adj PAT</b>	<b>5,603</b>	<b>11,752</b>	<b>6,752</b>	<b>3,590</b>	<b>5,202</b>	<b>9,273</b>	<b>8,785</b>	<b>3,725</b>	<b>27,697</b>	<b>26,985</b>
YoY Change (%)	-4.5	108.8	19.4	-18.4	-7.1	-21.1	30.1	3.8	28.5	-2.6
Margins (%)	6.5	12.6	7.6	4.2	10.7	14.9	12.0	4.5	7.8	10.1
<b>Key Assumptions</b>										
Total Volumes (Tbtu)	226.0	250.0	233.0	219.0	190.0	254.0	235.0	231.5	928.0	910.5

## Reliance Industries

**Buy**
**CMP: INR2,022 | TP: INR2,330 (+15%)**
**EPS CHANGE (%): FY21 | 22 | 23: +1 | +1 | +1**

- RIL refineries' planned maintenance in 4Q likely to impact refinery throughput; Petchem margins up QoQ; likely to result in better integrated margin
- Creditor and stakeholders recently approved spinoff of O2C segment; we remain optimistic on prospects of huge value unlocking in the segment
- O2C to report EBITDA of INR86.8b (-25% YoY, flat QoQ) – primarily led by subdued refinery margins
- RJio to report EBITDA of INR86.6b (+40% YoY, +7% QoQ); Reliance Retail to report EBITDA of INR36.7b (+61% YoY, +27% QoQ)

### Consolidated - Quarterly Perf.

**(INR b)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>1,570</b>	<b>1,493</b>	<b>1,533</b>	<b>1,365</b>	<b>883</b>	<b>1,112</b>	<b>1,179</b>	<b>1,550</b>	<b>5,961</b>	<b>4,723</b>
YoY Change (%)	21.9	4.2	-2.3	-1.6	-43.8	-25.5	-23.1	13.5	4.7	-20.8
<b>EBITDA</b>	<b>213</b>	<b>222</b>	<b>227</b>	<b>220</b>	<b>169</b>	<b>189</b>	<b>216</b>	<b>231</b>	<b>883</b>	<b>805</b>
Margins (%)	13.6	14.8	14.8	16.1	19.1	17.0	18.3	14.9	14.8	17.0
Depreciation	50	53	55	63	63	66	67	68	222	264
Interest	51	55	54	61	67	61	43	45	220	216
Other Income	31	36	33	39	44	42	45	45	139	175
<b>PBT before EO expense</b>	<b>143</b>	<b>150</b>	<b>151</b>	<b>135</b>	<b>82</b>	<b>105</b>	<b>150</b>	<b>163</b>	<b>579</b>	<b>500</b>
Extra-Ord expense	0	0	2	43	-50	0	1	0	44	-48
<b>PBT</b>	<b>143</b>	<b>150</b>	<b>149</b>	<b>93</b>	<b>132</b>	<b>105</b>	<b>149</b>	<b>163</b>	<b>535</b>	<b>549</b>
Rate (%)	29.5	24.7	20.9	28.9	2.0	-0.1	0.6	21.8	25.7	7.1
MI & Profit/Loss of Asso. Cos.	-0.3	-0.5	1.4	0.3	-3.1	9.3	17.2	14.3	0.9	37.7
<b>Reported PAT</b>	<b>101</b>	<b>114</b>	<b>116</b>	<b>65</b>	<b>132</b>	<b>96</b>	<b>131</b>	<b>113</b>	<b>397</b>	<b>472</b>
<b>Adj PAT</b>	<b>101</b>	<b>114</b>	<b>118</b>	<b>96</b>	<b>84</b>	<b>96</b>	<b>132</b>	<b>113</b>	<b>429</b>	<b>425</b>
YoY Change (%)	6.9	18.9	13.5	-8.1	-17.5	-15.7	12.2	18.0	7.6	-0.9
Margins (%)	6.5	7.6	7.7	7.0	9.5	8.6	11.2	7.3	7.2	9.0

E: MOFSL Estimates



# Retail

## Company name

Aditya Birla Fashion

Avenue Supermarts

Jubilant Foodworks

Shoppers Stop

Titan Company

Trent

V-Mart Retail

## Biz still below pre-pandemic levels; rising RM costs pose concern

### Recovery remains steady, but rise in COVID cases could hurt operations

The Retail industry has been among the most impacted, led by nationwide COVID-led lockdown. Recovery has been gradual with the opening up of the economy and a sentimental boost from the festive season, with nearly all stores operating at full capacity. The Apparel Retail industry is seeing positive trends – such as the resumption of store adds and improving working capital and leverage positions – with Jan'21/Feb'21 sales at 80–85% of last year's sales. Mar'21 has seen strong traction on account of an early summer and the Holi festival. Recovery in Apparel Retail has been the slowest v/s other retail categories such as Consumer Durables, QSR, Jewelry, and Grocery – which have seen LTL sales of 90–115% in Jan'21/Feb'21. In 4QFY21, we expect our Retail Universe to post 14% YoY revenue growth (on a lower base of 4QFY20, with 15–20 days of business closure); however, on a QoQ basis, we expect a 2% drop in sales on account of slowdown in sales post the festive boost in the previous quarter. However, the possibility of some softness in recovery trends – with a rise in COVID cases and the possibility of lockdowns and strict store timings – could hurt retailers going ahead.

### Expect DMart/Trent to lead recovery

We expect healthy growth for grocery retailer DMart – with revenue expected to increase 24% YoY – as it caters to the Essentials category. Sales of non-essential apparel and general merchandise are expected to pick up with an increase in demand for these categories. Apparel retailers with a higher presence in malls such as Shoppers Stop and Pantaloons are expected to lag behind other retailers. Trent is expected to post strong 15% YoY revenue growth, led by strong traction in Zudio stores in the Value Retail category and 35 store adds up to mid-Mar'21 (44% YoY). Revenue recovery has been strong in tier 2/3/4 cities, along with a lower impact from lockdown restrictions, which would help Value Retailers such as Zudio and V-Mart. Subsequently, we expect ABFRL/SHOP/V-Mart to post 6%/13%/2% YoY decline in revenues.

### Rising raw material costs could impact margins

Cotton yarn and crude-based fabric prices have rallied 30–35% in the last six months. Fabric costs contribute 25–35% to the total raw material cost, which could result in an 8–10% increase in overall RM cost. Old inventory is expected to have cushioned the impact up to Feb'21; however, the impact of rising RM cost should start reflecting from Mar'21. However, given the weak demand scenario in Retail, it may take a couple of quarters to fully pass on the increase in cost, potentially impacting gross margins by 150–400bps. We expect our Retail Universe to post a 27% YoY increase in EBITDA, led by DMart/Trent with 51%/40% YoY growth. ABFRL/SHOP/Trent, on the other hand, would post 5%/30%/40% decline. Retailers resumed their new store additions from 3QFY21 (refer to Exhibit 9), and the trend is likely to gain momentum from 1QFY22.

**Maintain our stance – ABFRL/V-Mart**

We continue to prefer ABFRL and V-Mart in the Retail space, encouraged by their superior execution capabilities and strong working capability management to navigate the current economic turmoil. ABFRL has significantly reduced its debt via a) a rights issue of INR10b, b) INR15b cash from the equity stake sale to Flipkart, and c) the liquidation of inventory in FY21 – which should reduce leverage and strengthen its balance sheet. Trent's strong balance sheet position and strong moat in its Westside stores, and huge opportunities in the Zudio format should drive growth; however, the sharp run-up in stock price has led us to maintain a Neutral rating on the stock (with a strong positive view on its business capabilities).

**Exhibit 1: Expected quarterly performance summary (INR m)**

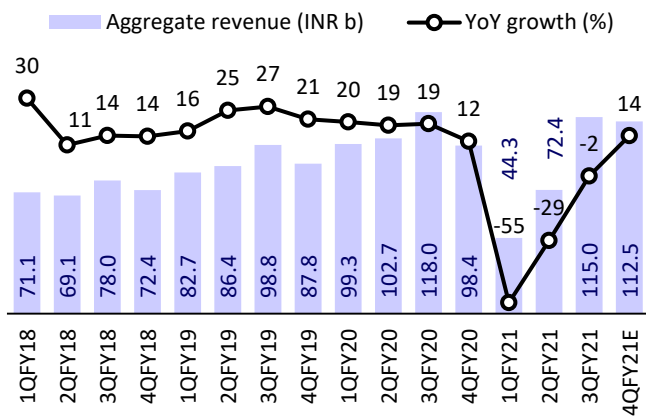
Sector	CMP (INR)	RECO	SALES (INR M)			EBIDTA (INR M)			NET PROFIT (INR M)		
			Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
Aditya Birla Fashion	199	Buy	17,094	-5.9	-17.0	1,484	-4.9	-59.7	-1,367	Loss	PL
Avenue Supermarts	2900	Neutral	77,678	24.2	3.0	6,291	50.7	-8.7	4,113	51.6	-8.0
Jubilant Foodworks	2953	Neutral	10,954	22.0	3.6	2,954	74.3	6.0	1,291	185.6	3.2
Shoppers Stop	215	Neutral	6,150	-13.3	-13.1	537	-29.9	-43.5	-555	Loss	Loss
Titan Company	1559	Buy	65,690	39.4	-13.8	7,864	28.4	-7.3	5,540	61.4	4.5
Trent	752	Neutral	8,343	15.4	15.0	1,304	40.3	-27.5	313	1,087.2	-60.7
V-Mart Retail	2803	Buy	3,269	-1.7	-30.4	168	-39.5	-83.8	-170	Loss	PL
Westlife Development	455	Neutral	3,776	12.3	16.2	536	47.6	22.5	55	LP	LP

## Exhibit 2: Retail Coverage financial snapshot

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21E	YoY gr.%	QoQ %
<b>Total revenue (INR b)</b>														
ABFRL	19.1	20.1	22.8	19.2	20.7	23.0	25.6	18.2	3.2	10.2	20.6	17.1	-5.9	-17.0
DMART	45.8	48.9	54.7	50.6	58.1	59.9	68.1	62.6	38.8	54.2	75.4	77.7	24.2	3.0
SHOP	8.3	8.6	10.0	7.9	8.3	8.5	9.9	7.1	0.5	2.7	7.1	6.2	-13.3	-13.1
TRENT	5.9	6.2	6.6	6.7	7.7	8.2	8.7	7.2	1.0	3.7	7.3	8.3	15.4	15.0
VMART	3.6	2.6	4.7	3.4	4.5	3.1	5.6	3.3	0.8	1.6	4.7	3.3	-1.7	-30.4
<b>Aggregate universe</b>	<b>82.7</b>	<b>86.4</b>	<b>98.8</b>	<b>87.8</b>	<b>99.3</b>	<b>102.7</b>	<b>118.0</b>	<b>98.4</b>	<b>44.3</b>	<b>72.3</b>	<b>115.0</b>	<b>112.5</b>	<b>14.4</b>	<b>-2.2</b>
<b>Growth (YoY)</b>	<b>16</b>	<b>25</b>	<b>27</b>	<b>21</b>	<b>20</b>	<b>19</b>	<b>19</b>	<b>12</b>	<b>-55</b>	<b>-30</b>	<b>-2</b>	<b>14</b>		
<b>Gross Profit (INR b)</b>														
ABFRL	9.92	10.46	11.39	10.16	11.17	11.55	13.32	9.32	1.33	4.83	10.77	9.06	-2.7	-15.8
DMART	7.27	7.16	8.19	7.42	9.52	9.22	10.43	8.50	5.52	8.12	11.69	11.15	31.1	-4.7
SHOP	3.39	3.55	4.11	3.49	3.56	3.50	4.24	2.84	0.17	0.98	2.73	2.32	-18.1	-14.9
TRENT	3.21	3.13	3.48	3.17	4.07	3.91	4.40	3.36	0.13	1.28	4.09	3.86	14.9	-5.6
VMART	1.21	0.77	1.66	1.00	1.39	0.98	2.04	0.95	0.24	0.47	1.72	0.91	-3.9	-47.1
<b>Aggregate universe*</b>	<b>25.01</b>	<b>25.06</b>	<b>28.83</b>	<b>25.24</b>	<b>29.71</b>	<b>29.16</b>	<b>34.44</b>	<b>24.96</b>	<b>7.39</b>	<b>15.68</b>	<b>31.00</b>	<b>27.30</b>	<b>9.4</b>	<b>-11.9</b>
<b>Growth (YoY)</b>	<b>14</b>	<b>15</b>	<b>17</b>	<b>16</b>	<b>19</b>	<b>16</b>	<b>19</b>	<b>-1</b>	<b>-75</b>	<b>-46</b>	<b>-10</b>	<b>9</b>		
<b>Gross margin (%)</b>														
ABFRL	51.9	52.1	49.9	53.0	54.1	50.3	52.0	51.3	41.4	47.4	52.3	53.0	170bp	70bp
DMART	15.9	14.6	15.0	14.7	16.4	15.4	15.3	13.6	14.2	15.0	15.5	14.3	80bp	-120bp
SHOP	41.0	41.1	41.2	44.1	42.8	41.4	42.6	40.0	32.1	36.0	38.6	37.8	-220bp	-80bp
TRENT	54.4	50.8	53.0	47.4	53.0	47.8	50.6	46.5	13.3	35.0	56.4	46.3	-20bp	-1010bp
VMART	33.6	29.2	35.6	29.0	30.6	31.2	36.3	28.5	30.8	30.0	36.7	27.9	-60bp	-880bp
<b>Aggregate gr. margin%</b>	<b>30.2</b>	<b>29.0</b>	<b>29.2</b>	<b>28.7</b>	<b>29.9</b>	<b>28.4</b>	<b>29.2</b>	<b>25.4</b>	<b>16.7</b>	<b>21.7</b>	<b>27.0</b>	<b>24.3</b>	<b>-110bp</b>	<b>-270bp</b>
<b>EBITDA (INR b)</b>														
ABFRL	1.14	1.43	1.73	1.25	3.14	3.46	4.09	1.56	-3.51	-0.02	3.68	1.48	-4.9	-59.7
DMART	4.23	3.88	4.50	3.72	5.97	5.17	5.97	4.17	1.12	3.24	6.89	6.29	50.7	-8.7
SHOP	0.41	0.54	0.97	0.59	1.38	1.37	1.97	0.77	-1.02	-0.60	0.95	0.54	-29.9	-43.5
TRENT	0.71	0.59	0.73	0.34	1.64	1.33	1.74	0.93	-1.19	-0.44	1.80	1.30	40.3	-27.5
VMART	0.43	-0.01	0.73	0.18	0.58	0.11	1.17	0.28	-0.06	-0.03	1.04	0.17	-39.5	-83.8
<b>Aggregate universe</b>	<b>6.93</b>	<b>6.43</b>	<b>8.66</b>	<b>6.07</b>	<b>12.71</b>	<b>11.45</b>	<b>14.94</b>	<b>7.71</b>	<b>-4.67</b>	<b>2.15</b>	<b>14.36</b>	<b>9.78</b>	<b>26.9</b>	<b>-31.9</b>
<b>Growth (YoY)</b>	<b>37.5</b>	<b>23.7</b>	<b>12.3</b>	<b>9.0</b>	<b>83.5</b>	<b>78.1</b>	<b>72.5</b>	<b>26.9</b>	<b>-136.7</b>	<b>-81.2</b>	<b>-3.8</b>	<b>26.9</b>		
<b>EBITDA margin (%)</b>														
ABFRL	5.9	7.1	7.6	6.5	15.2	15.1	16.0	8.6	-109.8	-0.2	17.9	8.7	10bp	-920bp
DMART	9.2	7.9	8.2	7.4	10.3	8.6	8.8	6.7	2.9	6.2	9.1	8.1	140bp	-100bp
SHOP	5.0	6.3	9.7	7.5	16.6	16.2	19.9	10.8	-189.9	-11.9	13.4	8.7	-210bp	-470bp
TRENT	12.0	9.6	11.1	5.0	21.4	16.2	20.0	12.9	-123.7	1.4	24.8	15.6	280bp	-920bp
VMART	12.0	-0.5	15.7	5.2	12.8	3.6	20.8	8.4	-7.5	-0.2	22.1	5.2	-320bp	-1690bp
<b>Margins universe*</b>	<b>8.4</b>	<b>7.4</b>	<b>8.8</b>	<b>6.9</b>	<b>12.8</b>	<b>11.2</b>	<b>12.7</b>	<b>7.8</b>	<b>-10.5</b>	<b>4.1</b>	<b>12.5</b>	<b>8.7</b>	<b>90bp</b>	<b>-380bp</b>
<b>PAT (INR b)</b>														
ABFRL	0.06	0.43	0.70	2.03	0.22	0.07	-0.33	-1.40	-4.00	-1.81	0.66	-1.37	-2.5	-305.9
DMART	2.45	2.19	2.47	1.92	3.23	3.23	3.84	2.71	0.40	1.73	4.47	4.11	51.6	-8.0
SHOP	0.10	0.13	0.44	0.11	0.02	-0.05	-0.05	-1.33	-1.15	-1.49	-0.21	-0.55	-58.2	167.8
TRENT	0.38	0.33	0.40	0.16	0.58	0.38	0.56	0.03	-1.39	-0.97	0.80	0.31	1091.8	-60.7
VMART	0.25	-0.04	0.42	-0.01	0.18	-0.18	0.58	-0.08	-0.34	-0.43	0.48	-0.17	101.5	-135.5
<b>Aggregate universe*</b>	<b>3.24</b>	<b>3.03</b>	<b>4.44</b>	<b>4.21</b>	<b>4.23</b>	<b>3.44</b>	<b>4.59</b>	<b>-0.08</b>	<b>-6.48</b>	<b>-2.98</b>	<b>6.20</b>	<b>2.33</b>	<b>-3163.7</b>	<b>-62.4</b>
<b>Growth (YoY)</b>	<b>51.4</b>	<b>53.0</b>	<b>18.4</b>	<b>22.1</b>	<b>24.7</b>	<b>10.6</b>	<b>1.5</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>35.0</b>	<b>NM</b>		

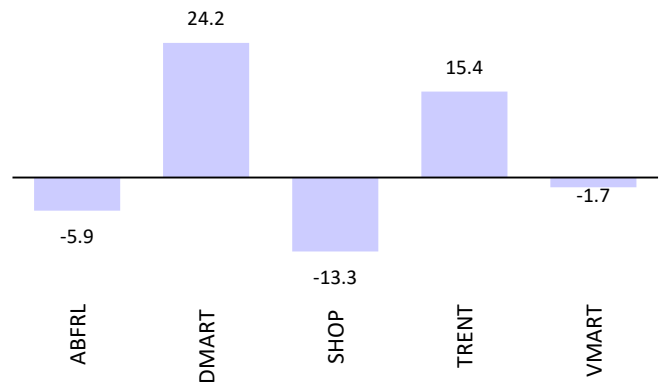
Source: Company, MOFSL

**Exhibit 3: Aggregate revenue growth (YoY, %)**



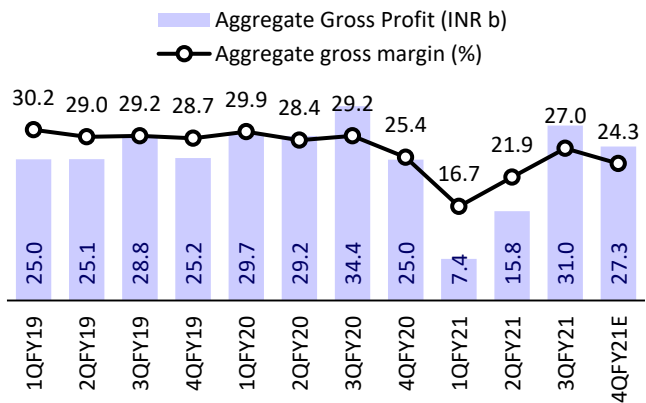
Source: Company, MOFSL

**Exhibit 4: Revenue growth (YoY, %)**



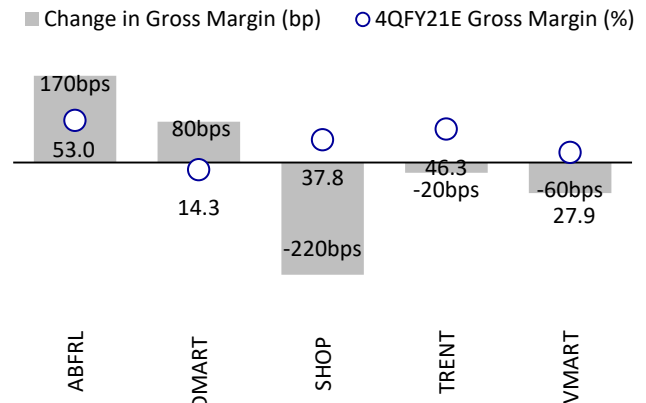
Source: Company, MOFSL

**Exhibit 5: Aggregate gross profit growth (YoY, %)**



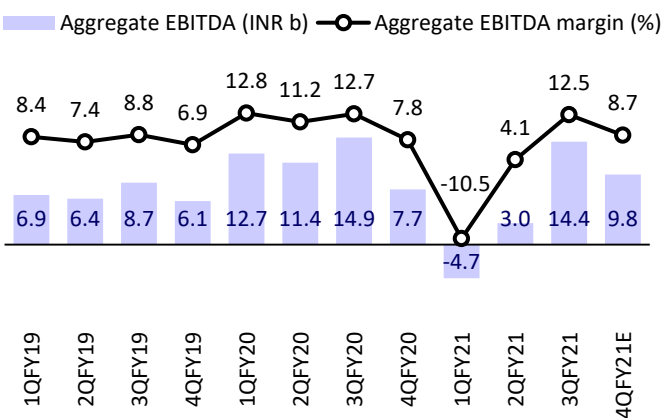
Source: Company, MOFSL

**Exhibit 6: Change in gross margins (YoY, %)**



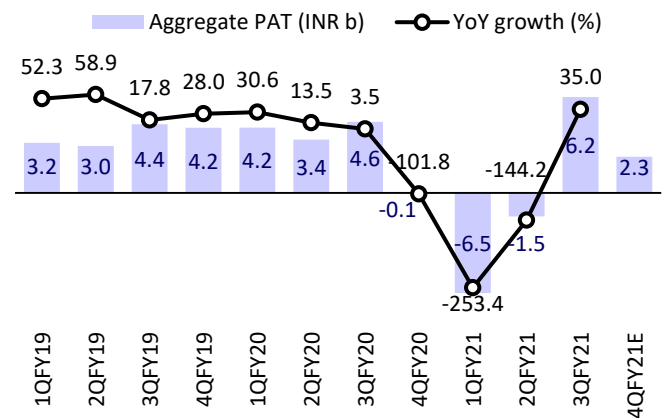
Source: Company, MOFSL

**Exhibit 7: Aggregate EBITDA growth (YoY, %)**



Source: Company, MOFSL

**Exhibit 8: Aggregate PAT growth (YoY, %)**



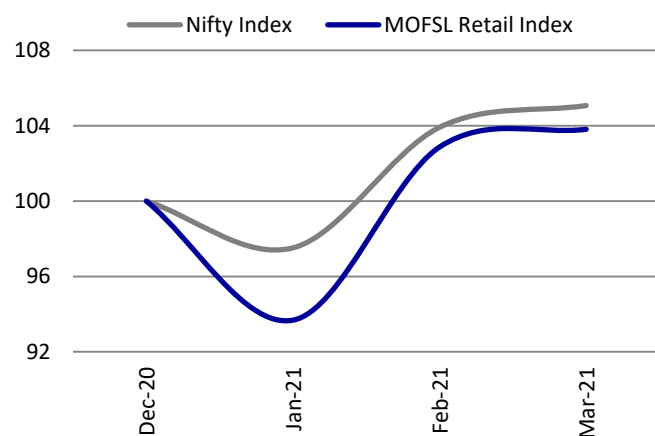
Source: Company, MOFSL

## Exhibit 9: Retail coverage KPI snapshot

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
<b>Total store count</b>												
Madura EBO's	2229	2288	2369	2406	2506	2544	2656	2699	2662	2679	2813	2899
Pantaloons	282	288	302	308	314	331	343	342	342	342	344	357
DMART	157	160	164	176	184	189	196	214	216	218	221	229
Shoppers Stop	83	83	83	83	83	84	89	84	84	84	84	85
Westside	130	135	142	150	155	161	167	165	166	161	169	175
Zudio					50	62	74	80	84	88	101	115
V-Mart	179	190	200	214	227	239	257	266	266	266	274	281
<b>Store adds</b>												
Madura EBO's	39	59	81	37	100	38	112	43	-37	17	127	86
Pantaloons	7	6	14	6	6	17	12	-1	0	0	5	13
DMART	2	3	4	12	8	5	7	18	2	2	1	8
Shoppers Stop	0	0	0	0	0	1	5	-5	0	0	-1	1
Westside	5	5	7	8	5	6	6	-2	1	-5	3	6
Zudio						12	12	6	4	4	13	14
V-Mart	8	11	10	14	13	12	18	9	0	0	10	7
<b>Total Store Adds</b>	<b>61</b>	<b>84</b>	<b>116</b>	<b>77</b>	<b>132</b>	<b>91</b>	<b>172</b>	<b>68</b>	<b>-30</b>	<b>28</b>	<b>158</b>	<b>135</b>
<b>SSSG (%)</b>												
Pantaloons	-2.0	-2.0	17.0	-4.4	4.1	10.4	4.9	-11.7	-92.0	-56.5	-27.0	-17.8
Madhura EBOs	0.0	8.0	8.0	6.0	3.2	7.0	15.0	-6.0	-86.0	-50.0	-20.0	17.1
Shoppers Stop	-1.2	3.6	8.9	3.7	5.2	-2	1	-16.0	-95.0	-70.0	-33.0	-9.2
Westside	8.0	9.0	12.0	12.0	12.0	14.0	10.2	-7.3	-90.0	-58.0	-26.0	5.6
V-Mart	1.2	0.0	11.0	3.5	5.2	1.0	2.0	-18.6	-84.7	-56.0	-81.0	66.6

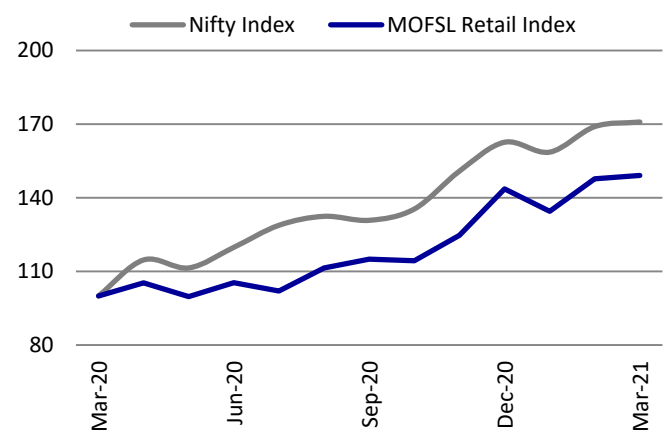
Source: Company, MOFSL

## Exhibit 10: Relative performance – three months (%)



Source: Bloomberg, MOFSL

## Exhibit 11: Relative performance – one year (%)



Source: Bloomberg, MOFSL

## Exhibit 12: Comparative valuation

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Retail</b>						<b>393.2</b>	<b>91.0</b>	<b>65.8</b>	<b>15.7</b>	<b>13.9</b>	<b>12.1</b>	<b>4.0</b>	<b>15.2</b>	<b>18.4</b>
Aditya Birla Fashion	199	Buy	-2.4	0.0	0.4	-82.9	11,271.8	526.7	23.1	22.7	21.8	-39.3	0.2	4.2
Avenue Supermarts	2,900	Neutral	16.9	28.8	37.8	171.9	101.1	77.0	14.9	12.9	11.0	9.4	14.2	16.0
Jubilant Foodworks	2,953	Neutral	18.0	38.2	53.0	163.6	77.2	55.8	30.6	24.8	19.6	18.7	32.1	35.2
Shoppers Stop	215	Neutral	-34.1	-13.9	-15.0	-6.3	-15.5	-14.3	17.6	-129.9	-12.9	-337.3	-262.6	163.8
Titan Company	1,559	Buy	10.9	23.1	30.0	143.4	67.5	51.9	20.0	17.4	15.4	14.2	27.6	31.5
Trent	752	Neutral	-3.5	4.7	8.4	-215	161	89.8	11.0	10.3	9.2	-5.3	7.1	11.5
V-Mart Retail	2,803	Buy	-12.0	22.6	40.9	-233	124	68.6	11.6	10.6	9.2	NM	9.0	14.4
Westlife Development	455	Neutral	-5.9	1.7	6.2	-77.3	260.9	73.2	14.5	13.7	11.5	-17.2	5.4	17.1

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.

## Avenue Supermarts

**Neutral**

CMP: INR2,900 | TP: INR2,850 (-2%)

EPS CHANGE (%): FY21|22: 0|0

- Expect sales to increase 24% YoY
- EBITDA margin to normalize at 8.1%
- Expect to add eight new stores
- Expect DMart's revenue recovery to outperform that of peers

### Consolidated – Quarterly Earnings

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	58,146	59,908	68,089	62,559	38,832	53,062	75,420	77,678	248,702	244,992
YoY Change (%)	27.1	22.4	24.4	23.6	-33.2	-11.4	10.8	24.2	24.3	-1.5
Total Expenditure	52,178	54,733	62,122	58,386	37,714	49,767	68,529	71,387	227,419	227,397
EBITDA	5,968	5,175	5,967	4,173	1,118	3,295	6,891	6,291	21,283	17,595
Change YoY (%)	41.0	-87.6	32.7	12.1	-81.3	-36.3	15.5	50.7	30.3	-17.3
Depreciation	827	919	952	1,046	948	1,007	1,137	1,227	3,744	4,319
Interest	182	190	176	144	88	93	113	50	691	344
Other Income	110	81	61	349	506	522	453	634	600	2,114
PBT	5,069	4,147	4,900	3,333	588	2,717	6,094	5,647	17,448	15,046
Tax	1,838	921	1,060	620	187	732	1,625	1,534	4,438	4,078
Rate (%)	36.3	22.2	21.6	18.6	31.8	26.9	26.7	27.2	25.4	27.1
Reported PAT	3,230	3,226	3,840	2,713	401	1,985	4,470	4,113	13,009	10,969
Adj PAT	3,230	3,226	3,840	2,713	401	1,985	4,470	4,113	13,009	10,969
YoY Change (%)	32	185	55	42	-88	-38	16	52	44	-16

E: MOFSL Estimates

## ABFRL

**Buy**

CMP: INR199 | TP: INR230 (+15%)

EPS CHANGE (%): FY21|22: NM|NM

- Revenue to be at ~94% of 4QFY20 revenues
- Expect employee expense / SG&A / rent to decline YoY
- 86/13 EBO/Pantaloon store adds expected in 4QFY21
- Innerwear sales to reach pre-COVID levels

### Standalone – Quarterly Earnings

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	20,655	22,972	25,625	18,174	3,200	10,186	20,590	17,094	87,425	51,070
YoY Change (%)	7.9	14.4	12.3	-5.1	-84.5	-55.7	-19.6	-5.9	7.7	-41.6
Total Expenditure	17,514	19,510	21,534	16,614	6,713	10,203	16,906	15,610	75,172	49,432
EBITDA	3,141	3,462	4,091	1,561	-3,513	-17	3,685	1,484	12,254	1,638
Change, YoY (%)	175.9	142.4	136.6	25.3	-211.9	-100.5	-9.9	-4.9	121.2	-86.6
Depreciation	2,022	2,213	2,208	2,325	2,334	2,375	2,271	2,421	8,768	9,402
Interest	942	1,052	1,047	1,186	1,253	1,440	1,095	1,455	4,227	5,243
Other Income	175	162	145	169	1,765	1,408	570	570	651	4,313
PBT	351	358	981	-1,782	-5,335	-2,424	888	-1,823	-91	-8,694
Tax	136	289	1,315	-379	-1,336	-611	224	-456	1,361	-2,179
Rate (%)	38.6	80.7	134.0	21.3	25.0	25.2	25.2	25.0	-1497.2	25.1
Reported PAT	216	69	-334	-1,403	-3,999	-1,813	664	-1,367	-1,452	-6,515
Adj PAT	216	315	730	-1,403	-3,999	-1,813	664	-1,367	-142	-6,515
YoY Change (%)	285.0	-26.2	3.8	-1,716.8	-1,954.9	-674.6	-9.0	NM	-111.2	NM

E: MOSL Estimates

**Shoppers Stop****Neutral**

CMP: INR215 | TP: INR220 (2%)

EPS CHANGE (%): FY21|22: NM|NM

- Delayed recovery due to high presence in malls
- All stores operational thus far
- Expect one store addition
- Successful rental negotiations to offer key relief

**Standalone – Quarterly Earnings**

(INR m)

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Total Revenue from Operations	8,324	8,453	9,941	7,092	539	2,924	7,076	6,150	33,810	16,690
YoY Change (%)	NA	2.3	-0.5	-29.0	-93.5	-65.4	-28.8	-13.3	-2.9	-50.6
Total Expenditure	6,942	7,081	7,966	6,326	1,563	3,271	6,127	5,614	28,315	16,575
EBITDA	1,382	1,372	1,975	766	-1,024	-347	949	537	5,495	115
EBITDA Margin (%)	16.6	16.2	19.9	10.8	-189.9	-11.9	13.4	8.7	16.3	0.7
Depreciation	884	878	934	1,696	997	941	1,003	1,021	4,392	3,962
Interest	484	474	478	508	552	607	535	555	1,944	2,250
Other Income	24	181	66	64	1,040	631	310	300	335	2,281
PBT before EO expense	38	201	629	-1,375	-1,533	-1,265	-279	-739	-506	-3,816
PBT	38	201	629	-1,575	-1,533	-1,365	-279	-739	-706	-3,916
Tax	14	255	681	-247	-382	-342	-72	-185	703	-981
Rate (%)	35.8	126.7	108.3	15.7	24.9	25.1	25.9	25.0	-99.5	25.0
Reported PAT	24	-54	-52	-1,328	-1,151	-1,023	-207	-555	-1,409	-2,936
Adj PAT	81	-54	-52	-734	-1,112	-1,123	-207	-555	-759	-2,996
YoY Change (%)	-17.4	-140.7	-111.1	-343.3	-1,476.6	NM	296.7	NM	-175.9	NM

E: MOSL Estimates

**Trent****Neutral**

CMP: INR752 | TP: INR660 (-12%)

EPS CHANGE (%): FY21|22: NM|0

- Westside to witness SSSG of 6%
- Expect standalone gross margin at 46%
- Expect Westside/Zudio to add 6/14 new stores
- Lower mall presence to benefit sales recovery

**Standalone – Quarterly Earnings**

(INR m)

Y/E March	FY20				FY21E				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	7,672	8,180	8,697	7,228	963	4,521	7,254	8,343	31,777	21,081
YoY Change (%)	29.9	32.8	32.5	8.1	-87.4	-44.7	-16.6	15.4	132.9	40.6
Total Expenditure	6,033	6,852	6,962	6,298	2,155	4,457	5,454	7,039	26,145	19,105
EBITDA	1,639	1,328	1,735	929	-1,191	64	1,800	1,304	5,632	1,977
EBITDA Margin (%)	21.4	16.2	20.0	12.9	-123.7	1.4	24.8	15.6	17.7	9.4
Depreciation	536	585	579	612	585	578	578	585	2,311	2,327
Interest	597	598	593	595	574	583	606	624	2,383	2,386
Other Income	359	433	382	344	529	364	426	322	1,518	1,641
PBT	865	578	946	67	-1,822	-733	1,042	418	2,455	-1,095
Tax	286	195	389	40	-428	-252	245	105	909	-329
Rate (%)	33.0	33.7	41.1	60.6	23.5	34.4	23.5	25.2	37.0	30.1
Reported PAT	579	383	557	26	-1,395	-481	797	313	1,546	-766
Adj PAT	579	383	557	26	-1,395	-481	797	313	1,546	-766
YoY Change (%)	51.1	16.3	38.0	-83.9	-340.7	-225.6	42.9	1,087.2	160.3	NM

E: MOSL Estimates

**V-Mart Retail****Buy****CMP: INR2,803 | TP: INR3,500 (+25%)****EPS CHANGE (%): FY21|22: NM|-9**

- Seven store additions expected in 4QFY21
- Expect EBITDA profit in 4QFY21

- Expect revenues to be flat YoY
- Expect rental waiver and other cost-saving measures to reduce impact on operating losses

**Standalone – Quarterly Earnings****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Revenue</b>	<b>4,530</b>	<b>3,142</b>	<b>5,622</b>	<b>3,327</b>	<b>781</b>	<b>1,755</b>	<b>4,700</b>	<b>3,269</b>	<b>16,620</b>	<b>10,505</b>
YoY Change (%)	25.4	19.8	20.7	-3.4	-82.8	-44.1	-16.4	-1.7	15.9	-36.8
Total Expenditure	3,953	3,028	4,454	3,048	839	1,758	3,662	3,101	14,483	9,360
<b>EBITDA</b>	<b>578</b>	<b>113</b>	<b>1,168</b>	<b>278</b>	<b>-58</b>	<b>-3</b>	<b>1,038</b>	<b>168</b>	<b>2,137</b>	<b>1,145</b>
EBITDA Margin (%)	12.8	3.6	20.8	8.4	-7.5	-0.2	22.1	5.2	12.9	10.9
Depreciation	220	223	245	252	263	257	254	255	939	1,030
Interest	120	131	158	139	146	147	150	159	548	603
Other Income	21	12	4	8	14	150	3	20	45	187
<b>PBT</b>	<b>259</b>	<b>-229</b>	<b>770</b>	<b>-105</b>	<b>-454</b>	<b>-257</b>	<b>637</b>	<b>-226</b>	<b>695</b>	<b>-300</b>
Tax	83	-48	188	-20	-117	-68	158	-56	202	-83
Rate (%)	32.0	21.1	24.4	19.2	25.8	26.3	24.9	24.9	29.0	27.6
<b>Reported PAT</b>	<b>176</b>	<b>-180</b>	<b>582</b>	<b>-84</b>	<b>-336</b>	<b>-190</b>	<b>479</b>	<b>-170</b>	<b>493</b>	<b>-217</b>
<b>Adj PAT</b>	<b>176</b>	<b>-180</b>	<b>582</b>	<b>-84</b>	<b>-336</b>	<b>-190</b>	<b>479</b>	<b>-170</b>	<b>493</b>	<b>-217</b>
YoY Change (%)	-29.2	1,047.7	39.6	-230.6	-291.1	5.1	-17.8	NM	-31.0	NM

E: MOFSL Estimates



# Retail (Consumer Discretionary)

## Company name

Jubilant FoodWorks

Titan Company

Westlife Development

## Post festive season momentum to continue

### Soft base to further aid growth in sales and profitability

We expect 51.6% YoY revenue growth for Titan Company (TTAN), Jubilant FoodWorks (JUBI), and Westlife Development (WLDL) combined in 4QFY21E. This is driven by a sharp recovery and a soft base due to the lockdown in 4QFY20. These reasons would also lead to a sharper combined EBITDA/PAT growth of 44.4%/90.1% YoY. The upbeat festive demand in 3QFY21 paved the way for faster than expected recovery and the momentum has continued in 4Q as well. Retail players have also resumed store openings now.

In its pre-quarter update, TTAN indicated that its sales for 4QFY21 grew 60% YoY, with 36% YoY growth in Jan-Feb'21. Quarterly sales growth was also aided by a large B2B gold coin order, which contributed ~8% of growth. Jewelry segment already achieved normalization in 3QFY21, ahead of the management guidance, and continued its momentum in 4QFY21 as well, with strong wedding demand. Sales for the segment grew ~70% YoY in 4QFY21 supported by a soft base of Mar'20. Retail sales (excluding B2B sales) grew ~32% YoY in Jan-Feb'21. With this strong performance, we expect TTAN's 4QFY21 EBITDA/PAT to grow by 35.9%/71.1% YoY. EBITDA margin is expected to be under pressure due to the impact on Jewelry segment margins on account of lower studded ratio, higher share of gold coins, and one-off impact of reduction in customs duty. Sales growth in Watches/Eyewear business is expected to be flat/~20% YoY in 4QFY21E.

We expect JUBI's sales to grow by 22% YoY in 4QFY21E, with 19% same-store sales growth (SSSG), aided by a soft base. JUBI's recovery is being driven by delivery and takeaway channels (70% of FY20 sales). Dine-in (30% of FY20 sales) is gradually inching towards normalization. Operating margin is expected to be 810bp YoY higher, led by: a) benign material costs, b) cost savings, c) introduction of delivery charges, d) faster growth YoY in higher ticket size delivery/takeaway channel, and e) lower sales of 4QFY20 disrupting margins in the base quarter. While the company closed 90 stores in 2QFY21 in order to optimize its network, 4Q is likely to see normalization to 1Q levels. EBITDA/PAT is expected to grow in double-digits (74.3%/186% YoY).

WLDL, with half of its sales accruing from the dine-in channel, is expected to post a more gradual recovery, with ~11%/~12% SSSG/sales growth in 4QFY21E. WLDL's sales in 4QFY20 declined by 0.9%, with Jan-Feb'20 sales growth at 20.3%. This implies a 40-45% sales decline in Mar'20. With this soft base and sequentially improving recovery trends, a low double-digit SSSG and sales growth seems achievable. EBITDA margin is expected to improve further with topline growth, leading to a reversion in net profit after four consecutive quarters of net loss.

**Large brands gain from shifting consumption patterns**

While we were earlier cautious on a retail recovery due to social distancing concerns and muted consumer incomes, large retail players have been unaffected by them. Recovery seen in TTAN, JUBI, and WLDL is better than what we had previously expected due to several underlying shifts: a) higher trust in brands, leading to consumers shifting from unorganized and smaller players, b) limited opportunities for indulgence in other categories (outdoor movies, travel, etc.), resulting in a shift toward food and jewelry, and c) closure of smaller players with weaker balance sheets, leading to market share gains for large incumbents.

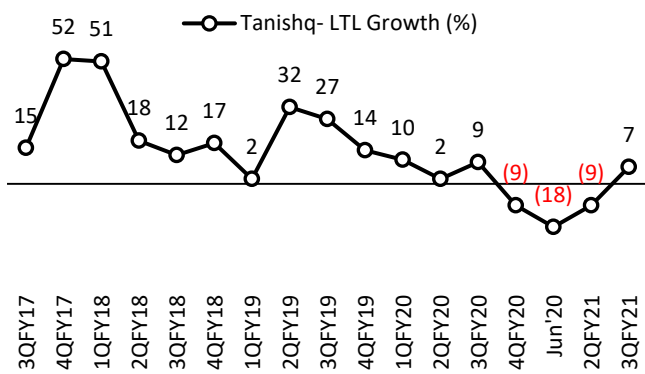
We believe in JUBI, WLDL, and TTAN’s long-term potential and the structural opportunity they present. We are bullish on TTAN due to expected gains from the unorganized sector and continued momentum after a faster than expected recovery in 3QFY21, amid the festive season. We have a **Neutral** rating on JUBI and WLDL due to elevated near term valuations.

**Exhibit 1: Summary of expected quarterly performance**

Sector	CMP		SALES (INR M)			EBIDTA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
Jubilant Foodworks	2,953	Neutral	10,954	22.0	3.6	2,954	74.3	6.0	1,291	185.6	3.2
Titan Company	1,559	Buy	75,378	60.0	-1.1	8,324	35.9	-1.8	5,873	71.1	10.8
Westlife Development	455	Neutral	3,776	12.3	16.2	536	47.6	22.5	55	LP	LP

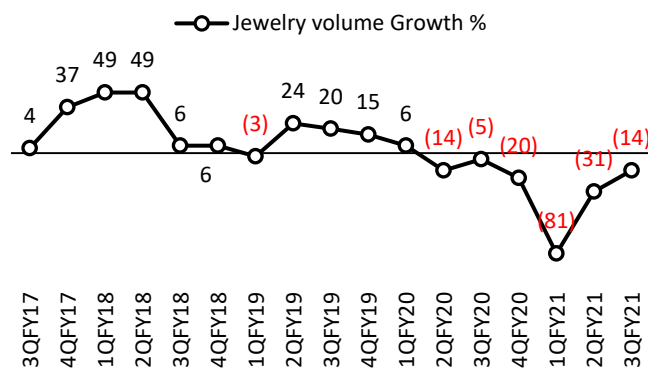
Source: Company, MOFSL

**Exhibit 2: LTL sales growth for Tanishq in 3QFY21 stood at 7% due to strong festive and wedding demand...**



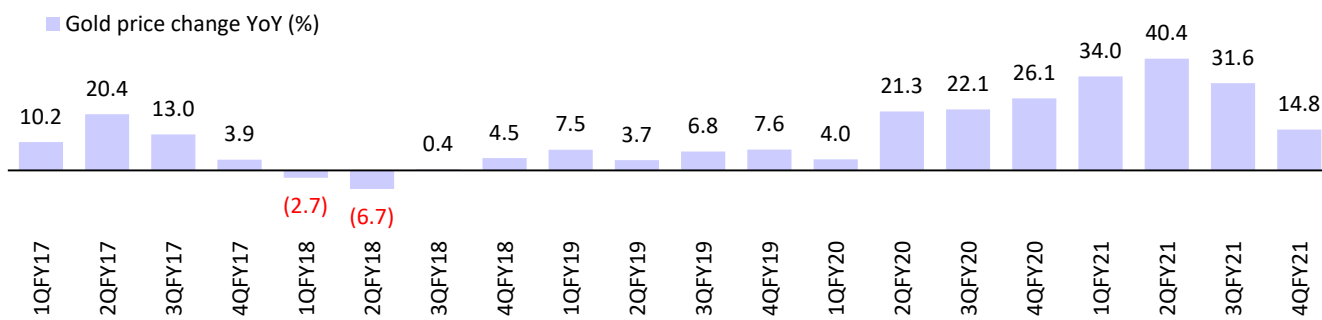
Source: Company, MOFSL

**Exhibit 3: ...but volumes continued to be lower due to a sharp increase in gold prices**



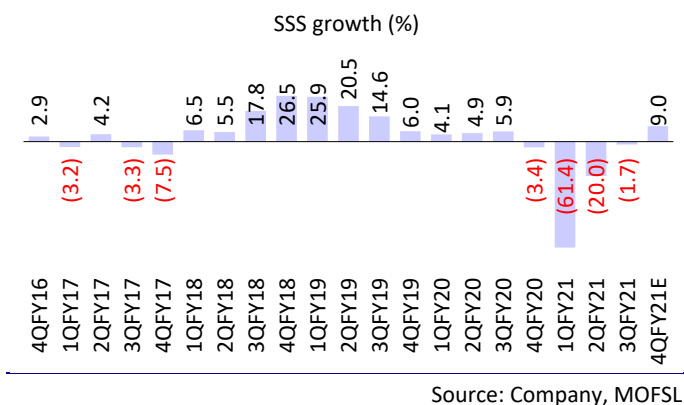
Source: Company, MOFSL

**Exhibit 4: Average gold prices rose 14.8% YoY but fell 6.4% QoQ in 4QFY21**

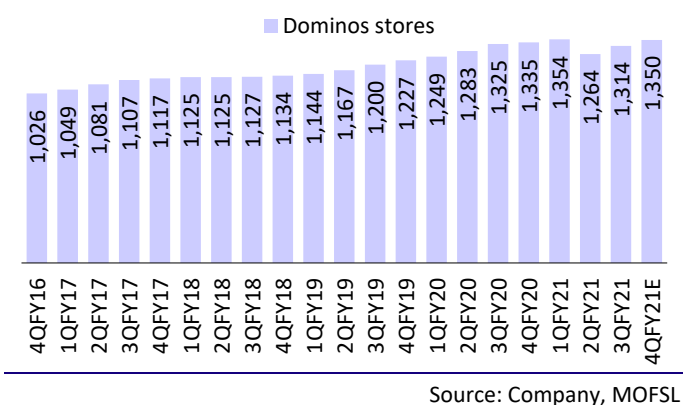


Source: Company, MOFSL

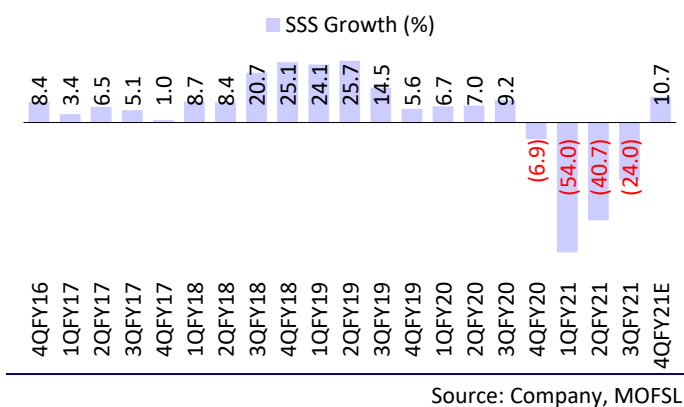
**Exhibit 5: Expect JUBI's SSSG to be 9% in 4QFY21E**



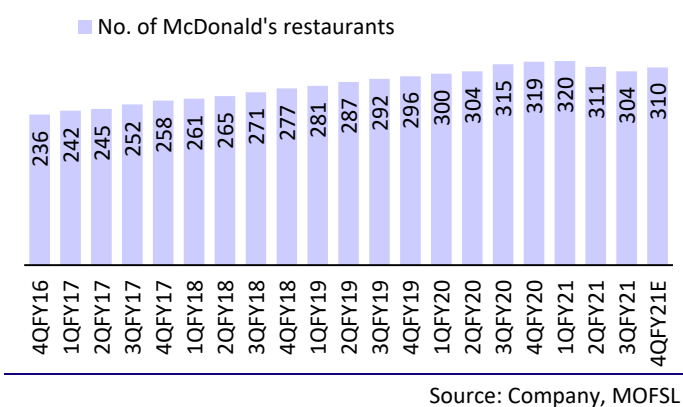
**Exhibit 6: Expect 36 net store additions for Domino's**



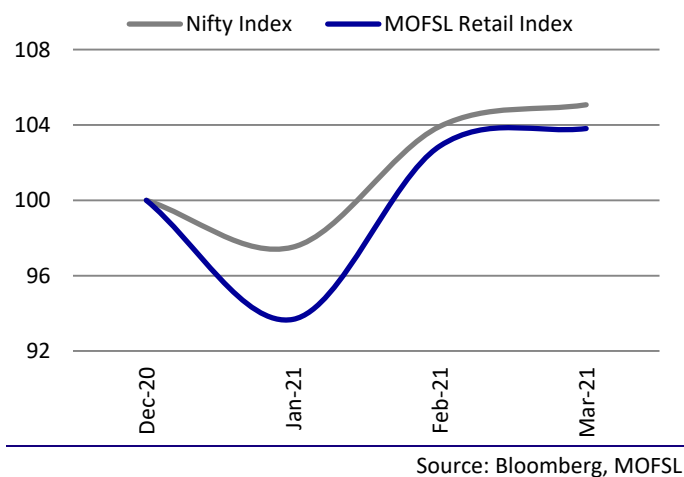
**Exhibit 7: Expect WLDL's SSSG to be ~11% in 4QFY21E**



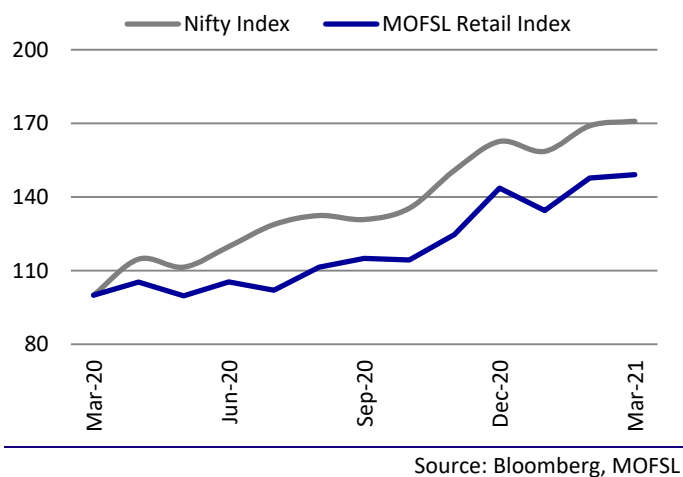
**Exhibit 8: Expect six net store additions for McDonald's**



**Exhibit 9: Relative performance – three months (%)**



**Exhibit 10: One-year relative performance (%)**



**Exhibit 11: Comparative valuation**

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Retail</b>						<b>393.2</b>	<b>91.0</b>	<b>65.8</b>	<b>15.7</b>	<b>13.9</b>	<b>12.1</b>	<b>4.0</b>	<b>15.2</b>	<b>18.4</b>
Jubilant Foodworks	2,953	Neutral	18.0	38.2	53.0	163.6	77.2	55.8	30.6	24.8	19.6	18.7	32.1	35.2
Titan Company	1,559	Buy	11.2	23.0	30.0	138.6	67.7	52.0	20.0	17.4	15.4	14.7	27.5	31.4
Westlife Development	455	Neutral	-5.9	1.4	6.3	-	315.5	72.2	14.5	13.8	11.6	-17.2	4.5	17.5

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

**Neutral**

**CMP INR2,953 | TP: INR2,915 (-1%)**

**EPS CHANGE (%): FY21|22: +14.5|-0.2**

- Expect SSSG to be 19% in 4QFY21E.
- Expect net addition of 36 Domino's stores in 4QFY21E.
- Delivery and Takeaway channels to drive recovery.
- Watch out for commentary on new ventures.

### Quarterly standalone performance

Y/E March	FY20				FY21				Consol.	Consol.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY20	FY21E
No. of stores (Domino's)	1,249	1,283	1,325	1,335	1,354	1,264	1,314	1,350	1,335	1,350
SSG (%)	4.1	4.9	5.9	-3.4	-61.4	-20.0	-1.7	19.0	3.2	-16.0
Net Sales	9,401	9,882	10,596	8,979	3,803	8,055	10,572	10,954	39,273	33,899
YoY change (%)	9.9	12.1	14.1	3.8	-59.5	-18.5	-0.2	22.0	10.2	-13.7
Gross Profit	7,093	7,439	7,937	6,682	2,967	6,346	8,278	8,544	29,438	26,275
Gross margin (%)	75.5	75.3	74.9	74.4	78.0	78.8	78.3	78.0	75.0	77.5
EBITDA	2,191	2,350	2,536	1,695	241	2,147	2,786	2,954	8,756	8,071
EBITDA growth (%)	54.2	59.3	48.6	14.8	-89.0	-8.7	9.9	74.3	44.1	-7.8
Margin (%)	23.3	23.8	23.9	18.9	6.3	26.7	26.4	27.0	22.3	23.8
Depreciation	808	838	880	916	908	1,030	876	1,000	3,523	3,951
Interest	395	404	426	410	419	412	405	410	1,652	1,680
Other Income	153	172	159	204	127	311	156	180	696	743
PBT	1,141	1,281	1,389	573	-959	1,016	1,661	1,724	4,277	3,184
Tax	393	396	352	121	-233	247	410	433	1,303	802
Rate (%)	34.4	30.9	25.4	21.1	24.3	24.3	24.7	25.1	30.5	25.2
Adjusted PAT	748	884	1,037	452	-726	769	1,251	1,291	2,974	2,381
YoY change (%)	0.1	13.9	7.4	-42.9	P/L	-13.0	20.6	185.6	-9.3	-19.9

E: MOFSL estimates; Interim nos. are standalone while annual nos. are on a consol. basis

## Titan Company

**Buy**

**CMP INR1,559 | TP: INR1,800 (+15%)**

**EPS CHANGE (%): FY21|22: 15.5|0**

- Expect sharp sales growth in 4QFY21E due to good demand momentum and soft base.
- Jewelry demand momentum to continue in 4QFY21E led by good traction in wedding demand.
- Correction in gold prices a further positive for Jewelry demand.
- Commentary on recovery in Watches and Eyewear are key monitorables.

### Consolidated Quarterly Perf.

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	51,511	46,616	65,274	47,115	19,790	45,530	76,190	75,378	210,515	216,888
YoY change (%)	15.7	2.1	11.2	-3.6	-61.6	-2.3	16.7	60.0	6.4	3.0
Gross Profit	14,107	13,867	16,655	14,336	4,340	14,210	17,190	21,241	58,965	56,981
Margin (%)	27.4	29.7	25.5	30.4	21.9	31.2	22.6	28.2	28.0	26.3
EBITDA	5,734	5,223	7,837	6,125	-2,530	3,130	8,480	8,324	24,919	17,404
EBITDA growth %	18.8	11.4	32.6	36.6	-144.1	-40.1	8.2	35.9	25.1	-30.2
Margin (%)	11.1	11.2	12.0	13.0	-12.8	6.9	11.1	11.0	11.8	8.0
Depreciation	760	822	877	1,021	930	940	960	974	3,480	3,804
Interest	339	449	447	427	520	490	510	575	1,662	2,095
Other Income	571	318	227	417	410	480	400	552	1,532	1,842
PBT	5,207	4,270	6,739	5,093	-3,570	2,180	7,410	7,326	21,310	13,346
Tax	1,560	1,127	1,808	1,662	-640	440	2,110	1,453	6,158	3,363
Rate (%)	30.0	26.4	26.8	32.6	17.9	20.2	28.5	19.8	28.9	25.2
Adjusted PAT	3,647	3,143	4,931	3,432	-2,930	1,740	5,300	5,873	15,152	9,983
YoY change (%)	11.0	3.8	19.9	-1.5	-180.3	-44.6	7.5	71.1	8.9	-34.1

E: MOFSL Estimates

**Westlife Development****Neutral****CMP INR455 | TP: INR455 (0%)****EPS CHANGE (%): FY21 | 22: -|6.6**

- Expect 11% SSSG in 4QFY21E due to soft base and improving recovery.
- EMs to improve with sales growth and sustained cost savings.
- Convenience channels to drive recovery. Performance of Dine-in to improve with the easing of COVID-19 norms.
- Watch out for commentary on the second wave of COVID-related restrictions and its impact.

**Consolidated quarterly earning model****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
SSSG (%)	6.7	7.0	9.2	(6.9)	(54.0)	(40.7)	(24.0)	10.7	4.0	(27.0)
No. of McDonald's restaurants	300	304	315	319	320	311	304	310	319	310
<b>Net Sales</b>	<b>3,820</b>	<b>3,965</b>	<b>4,329</b>	<b>3,364</b>	<b>939</b>	<b>2,095</b>	<b>3,251</b>	<b>3,776</b>	<b>15,478</b>	<b>10,061</b>
YoY Change (%)	11.8	13.3	16.8	-0.9	-75.4	-47.2	-24.9	12.3	10.4	-35.0
<b>Gross profit</b>	<b>2,444</b>	<b>2,589</b>	<b>2,857</b>	<b>2,206</b>	<b>533</b>	<b>1,331</b>	<b>2,136</b>	<b>2,467</b>	<b>10,095</b>	<b>6,467</b>
Margin (%)	64.0	65.3	66.0	65.6	56.8	63.5	65.7	65.3	65.2	64.3
<b>EBITDA</b>	<b>489</b>	<b>580</b>	<b>709</b>	<b>363</b>	<b>-423</b>	<b>-13</b>	<b>437</b>	<b>536</b>	<b>2,140</b>	<b>538</b>
YoY Change (%)	48.1	108.1	112.9	42.1	-186.5	-102.2	-38.3	47.6	78.8	-74.9
Margin (%)	12.8	14.6	16.4	10.8	-45.0	-0.6	13.5	14.2	13.8	5.3
Depreciation	332	344	355	354	353	351	350	356	1,384	1,410
Interest	203	200	202	203	215	217	210	219	808	860
Other Income	29	38	46	17	182	146	82	113	130	523
<b>PBT</b>	<b>-17</b>	<b>74</b>	<b>198</b>	<b>-177</b>	<b>-809</b>	<b>-435</b>	<b>-40</b>	<b>74</b>	<b>79</b>	<b>-1,210</b>
Tax	-5	27	54	-91	-203	-109	0	19	-14	-294
Rate (%)	31.9	36.9	27.4	51.2	25.1	25.1	-0.9	25.2	-18.1	24.3
<b>Adj. PAT</b>	<b>-11</b>	<b>47</b>	<b>144</b>	<b>-86</b>	<b>-605</b>	<b>-325</b>	<b>-41</b>	<b>55</b>	<b>93</b>	<b>-916</b>
YoY Change (%)	-112.5	-40.6	107.7	-774.7	P/L	P/L	P/L	L/P	-63.0	-1,086.9
Margin (%)	-0.3	1.2	3.3	-2.6	-64.5	-15.5	-1.3	1.5	0.6	-9.1

E: MOFSL estimates

# Technology

Coforge

Cyient

HCL Tech

Infosys

L&amp;T Infotech

LTTS

Mindtree

Mphasis

Persistent

TCS

Tech Mahindra

Wipro

Zensar

## Expect strong 4QFY21 and FY22 outlook despite cost pressures

### Revenue growth to stay at multi-year highs in 4QFY21

- We expect Tier I IT companies to report growth between 2.5% and 3.4% QoQ CC (barring TECHM), their strongest 4QFY21 performance in the last five years. Tier II IT should deliver 3.3-5.2% QoQ CC growth (except MPHL and ZENT).
- Growth in 4QFY21 continues to be driven by a supportive demand environment and large deal wins. We expect our coverage universe to deliver revenue (USD)/adjusted EBIT/PAT growth of 8%/19.7%/16.2% YoY in 4QFY21.
- Early indicators like fresh high order bookings from industry peer Accenture in its Feb'21 earnings ([link to the report](#)) also point to an unprecedented demand for tech services, which we expect to reflect in the deal momentum in 4QFY21.

### Expect double-digit FY22E guidance for the sector

- The strong topline growth in 2Q/3QFY21 sets up the industry for robust double-digit growth in FY22E.
- We expect INFO and HCLT to guide at early to mid-teen revenue growth in FY22E among Tier I IT. Among Tier II IT, managements should indicate mid-teen revenue growth, driven by a strong exit in FY21 and good deal pipeline.
- FY22E should continue to see large deal wins, aided by continued spends on Cloud and acceleration in decision making as COVID-19 vaccination ramps up. We also expect more captive deals to be available to Tier I IT companies.
- We expect managements to highlight plans to add to their workforce as higher demand and elevated utilization should lead to the strongest employee addition in recent past (our estimates suggest Tier I IT is adding ~2x of FY21 net additions).

### TCS to lead sequential revenue growth across Tier I, COFORGE in Tier II

- In Tier I IT, we expect strong sequential growth trends across all companies barring TECHM, which will have a soft quarter on account of lower deal wins. Growth in TCS/INFO will be driven by a ramp up in large deal wins such as Postbank, Prudential, etc. We expect Tier I IT to grow at 3.6% QoQ in USD terms, helped by cross currency tailwinds.
- Upbeat traction in Tier II IT will continue. We expect COFORGE and LTTS to lead the growth trends in the Midcap IT space. Most companies should report upward of 4% QoQ USD growth during 4QFY21. Exceptions will be MPHL – led by the expectation of double-digit sequential decline in the DXC business, and ZENT – led by weakness in a top account and project closures in the DFS business.
- We expect Tier I IT companies to be a key beneficiary of rising Cloud spend and Digital transformation initiatives by corporates. Rising deal sizes and central level transformations should provide a thrust to larger IT Services companies.

### Wage hike and attrition to take a toll on margins

- We expect a dip in margins for most IT Services companies led by partial wage hikes and increase in attrition levels. We expect wage hikes to be in the 100-200bp/200-300bp range for Tier I/II companies.
- We also expect gradual normalization in utilization levels as we expect a pick-up in fresher hiring by IT Services companies.

- Increasing attrition levels in the industry can be verified by: 1) announcement of a second wage hike by TCS, 2) 300bp sequential increase in Accenture attrition levels, and 3) a staggering 33% increase in hiring activity (driven by IT Services companies) on Naukri.com for Feb'21.
- Sequential EBIT margins of Tier I players should decline by 80bp, largely driven by expectations of a 400bp decline in HCLT's margin on a wage hike and one-time bonus payment. Tier II companies should see an aggregate decline in margins by 60bp QoQ.
- Normalization of utilization and increase in attrition levels poses a near to medium term risks to our margin estimates.

#### Valuation and view: Prefer INFO/HCLT/LTTS/CYL

- While the sector trades at a 39% premium to its 10-year average multiple, we remain positive as we expect the sector to sustain double-digit topline growth in the medium term, led by: 1) larger deals on a full-scale Digital transformation, 2) tail of projects steered by increased focus on workplace management, and 3) higher spend on Cloud migration by large corporates.
- Strong QoQ growth (4% on an average) and expectation of lucrative guidance for FY22 should help sustain the rally in IT stocks despite their premium valuations.
- We continue with our bottom-up stance for sectorial picks. Among Tier I players, we like **INFO and HCLT**. We expect INFO to deliver a top quartile growth backed by strong deal wins (USD12b in 9MFY21, up 63% YoY), justifying its premium valuation. HCLT will receive the dual benefit from massive Cloud adoption, given its resilient expertise in IMS and strong pickup in P&P, led by its ability to transform and renovate legacy products. From the Tier II pack, we prefer **LTTS and CYL**. We expect LTTS to deliver strong growth (on lower base) for FY22E, led by a recovery in the ER&D industry. We expect a recovery in CYL on stabilization in the Aerospace vertical and increasing ER&D spends.

#### Exhibit 1: Expect Tier I revenue (USD) to grow by ~4% QoQ

Company	Revenue (USD m)					Revenue (INR b)				
	4QFY21E	3QFY21	QoQ (%)	4QFY20	YoY (%)	4QFY21E	3QFY21	QoQ (%)	4QFY20	YoY (%)
TCS	5,927	5,702	4.0	5,444	8.9	432	420	2.8	399	8.2
INFO	3,647	3,516	3.7	3,197	14.1	266	259	2.6	233	14.3
WPRO	2,150	2,071	3.8	2,074	3.7	158	157	1.1	157	0.8
HCLT	2,696	2,617	3.0	2,543	6.0	197	193	1.8	186	5.7
TECHM	1,343	1,309	2.6	1,295	3.7	98	96	1.5	95	3.2
<b>Aggregate</b>	<b>15,764</b>	<b>15,214</b>	<b>3.6</b>	<b>14,553</b>	<b>8.3</b>	<b>1,151</b>	<b>1,126</b>	<b>2.2</b>	<b>1,070</b>	<b>7.6</b>
Company	EBIT margin (%)					Adjusted PAT (INR b)				
	4QFY21E	3QFY21	QoQ (bp)	4QFY20	YoY (bp)	4QFY21E	3QFY21	QoQ (%)	4QFY20	YoY (%)
TCS	27.2	26.6	60	25.1	210	96	87	9.6	81	18.2
INFO	24.9	25.4	-60	21.2	370	53	52	2.1	43	22.8
WPRO	20.3	21.6	-120	16.8	350	28	30	-6.3	23	19.7
HCLT	18.9	22.9	-400	20.9	-200	30	34	-11.6	32	-3.6
TECHM	15.7	15.9	-30	10.0	570	13	13	-1.6	9	34.5
<b>Aggregate</b>	<b>23.3</b>	<b>24.1</b>	<b>-80</b>	<b>21.0</b>	<b>240</b>	<b>220</b>	<b>217</b>	<b>1.6</b>	<b>189</b>	<b>16.6</b>

Source: Company, MOFSL

**Exhibit 2: Expect Tier II revenue (USD) to grow by ~4% QoQ**

Company	Revenue (USD m)					Revenue (INR b)				
	4QFY21E	3QFY21	QoQ (%)	4QFY20	YoY (%)	4QFY21E	3QFY21	QoQ (%)	4QFY20	YoY (%)
LTI	446	428	4.3	410	8.9	33	32	3.2	30	8.0
LTTS	201	190	5.6	195	2.7	15	14	4.4	14	1.1
MTCL	286	274	4.3	278	2.7	21	20	3.0	21	1.6
MPHL	339	334	1.5	320	6.0	25	25	0.5	23	5.3
COFORGE	169	160	5.6	155	9.5	12	12	3.8	11	11.4
PSYS	151	146	3.6	127	19.2	11	11	2.7	9	19.2
ZENT	122	123	-0.6	135	-9.5	9	9	-1.8	10	-8.8
CYL	149	141	5.3	149	-0.2	11	10	3.9	11	1.1
<b>Aggregate</b>	<b>1,864</b>	<b>1,797</b>	<b>3.7</b>	<b>1,769</b>	<b>5.3</b>	<b>136</b>	<b>133</b>	<b>2.5</b>	<b>129</b>	<b>5.0</b>
Company	EBIT margin (%)					Adjusted PAT (INR b)				
	4QFY21E	3QFY21	QoQ (bp)	4QFY20	YoY (bp)	4QFY21E	3QFY21	QoQ (%)	4QFY20	YoY (%)
LTI	18.7	20.6	-190	16.7	200	4.9	5.2	-5.8	4.3	14.4
LTTS	16.6	15.2	140	15.2	140	2.0	1.9	9.7	2.0	-0.4
MTCL	17.7	19.6	-180	13.8	390	2.8	3.3	-13.6	2.1	36.9
MPHL	16.2	16.5	-20	16.3	-10	3.2	3.3	-2.5	3.5	-9.9
COFORGE	13.1	13.0	10	13.9	-80	1.3	1.2	6.1	1.4	-4.4
PSYS	12.3	12.7	-30	9.2	310	1.2	1.2	-3.6	0.8	39.0
ZENT	15.0	15.9	-90	10.5	450	1.0	1.0	-3.1	0.7	31.9
CYL	12.2	11.2	100	8.4	380	1.1	1.0	10.5	0.8	37.3
<b>Aggregate</b>	<b>16.1</b>	<b>16.7</b>	<b>-60</b>	<b>14.1</b>	<b>200</b>	<b>17.4</b>	<b>18.0</b>	<b>-3.0</b>	<b>15.6</b>	<b>11.6</b>

Source: Company, MOFSL

**Exhibit 3: Cross-currency growth and impact on expectations for 4QFY21 (%)**

Company	CC USD growth QoQ	USD growth QoQ	Cross currency impact (bp)
TCS	3.4	4.0	60
INFO	3.1	3.7	60
WPRO	2.8	3.8	100
HCLT	2.5	3.0	50
TECHM	1.6	2.6	100
LTI	3.9	4.3	40
LTTS	5.3	5.6	30
MTCL	3.7	4.3	60
MPHL	1.1	1.5	40
COFORGE	4.4	5.6	120
PSYS	3.3	3.6	30
ZENT	-1.8	-0.6	120
CYL	4.6	5.3	70

Source: MOSL, Company

**Exhibit 4: 4QFY21 currency highlights (INR)**

	Rates (INR)				Change (QoQ)			
	USD	EUR	GBP	AUD	USD	EUR	GBP	AUD
Average	72.9	87.9	100.6	56.3	-1.9%	1.0%	4.9%	5.3%
Closing	73.1	85.8	100.6	55.7	-0.3%	-4.9%	1.6%	-1.5%

Source: Bloomberg, MOFSL

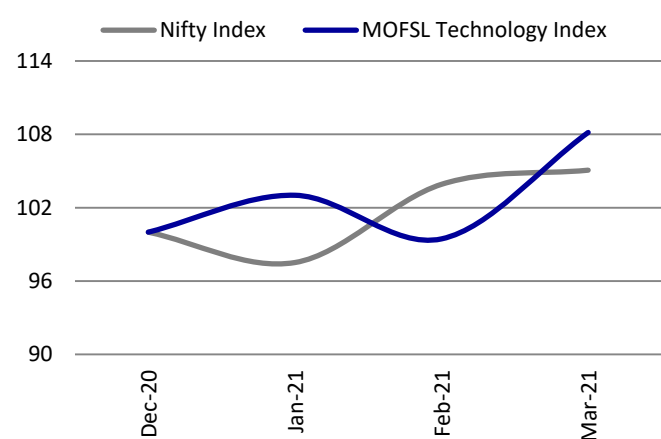
**Exhibit 5: 4QFY21 currency highlights (USD)**

	Rates (USD)			Change (QoQ)		
	EUR	GBP	AUD	EUR	GBP	AUD
Average	1.21	1.38	0.77	3.0%	6.9%	7.3%
Closing	1.17	1.38	0.76	-4.6%	2.0%	-1.1%

Source: Bloomberg, MOFSL

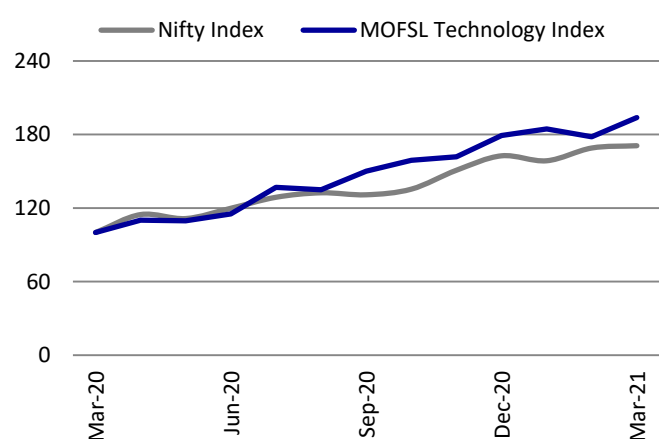


Exhibit 6: Three months relative performance (%)



Source: Bloomberg, MOFSL

Exhibit 7: One-year relative performance (%)



Source: Bloomberg, MOFSL

Exhibit 8: Change in estimates

	Revised EPS (INR)			Earlier EPS (INR)			Change (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
TCS	87	110	126	88	112	127	-1	-2	-1
INFO	46	56	66	46	57	67	-1	-2	-2
WPRO	18	21	24	18	22	24	-1	-2	-1
HCLT	46	55	64	48	56	65	-4	-3	-1
TECHM	53	60	68	53	60	69	0	-1	-1
LTI	107	121	143	107	128	151	0	-6	-6
LTTS	64	89	109	64	91	109	-1	-2	0
MTCL	65	75	87	66	75	84	-1	0	3
MPHL	64	76	91	65	80	92	-1	-5	0
COFORGE	77	99	114	79	102	117	-2	-3	-3
PSYS	56	74	86	56	70	82	-1	5	5
ZENT	16	18	21	16	18	20	0	0	2
CYL	33	43	49	33	44	47	0	-1	3

Source: Company, MOFSL

Exhibit 9: Expected quarterly performance summary

Sector	CMP		Sales (INR b)			EBIT (INR b)			Adjusted net profit (INR b)		
	(INR)	Rating	Mar'21	Variance YoY (%)	Variance QoQ (%)	Mar'21	Variance YoY (%)	Variance QoQ (%)	Mar'21	Variance YoY (%)	Variance QoQ (%)
TCS	3,163	Neutral	432.1	8.2	2.8	117.5	17.2	5.1	95.6	18.2	9.6
INFO	1,374	Buy	265.9	14.3	2.6	66.1	34.2	0.3	53.2	22.8	2.1
WPRO	416	Neutral	158.4	0.8	1.1	32.2	22.1	-4.7	28.1	19.7	-6.3
HCLT	999	Buy	196.5	5.7	1.8	37.1	-4.4	-15.9	30.5	-3.6	-11.6
TECHM	993	Neutral	97.9	3.2	1.5	15.3	61.6	-0.2	12.7	34.5	-1.6
LTI	4,098	Neutral	32.5	8.0	3.2	6.1	21.1	-6.2	4.9	14.4	-5.8
LTTS	2,694	Buy	14.6	1.1	4.4	2.4	10.6	14.0	2.0	-0.4	9.7
MTCL	2,066	Neutral	20.8	1.6	3.0	3.7	30.4	-6.8	2.8	36.9	-13.6
MPHL	1,777	Buy	24.7	5.3	0.5	4.0	5.0	-0.8	3.2	-9.9	-2.5
COFORGE	2,940	Neutral	12.4	11.4	3.8	1.6	5.3	4.7	1.3	-4.4	6.1
PSYS	1,952	Buy	11.0	19.2	2.7	1.4	59.0	-0.1	1.2	39.0	-3.6
ZENT	275	Neutral	8.9	-8.8	-1.8	1.3	30.8	-7.4	1.0	31.9	-3.1
CYL	669	Buy	10.9	1.1	3.9	1.3	46.5	13.7	1.1	37.3	10.5
<b>Sector aggregate</b>			<b>1,287</b>	<b>7.3</b>	<b>2.3</b>	<b>290</b>	<b>19.7</b>	<b>-1.0</b>	<b>238</b>	<b>16.2</b>	<b>1.2</b>

Source: Company, MOFSL

## Exhibit 10: Comparative valuation

Company	CMP (INR)	M-cap (INR b)	EPS (INR)			EPS CAGR (%)	Div. yield (%)	P/E (x)			RoE (%)		
			FY21E	FY22E	FY23E	FY20-23E	FY21E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
CYL	669	70	33.3	43.2	48.5	12.9	1.4	20.1	15.5	13.8	13.6	15.9	16.0
HCLT	999	2600	46.2	55.0	64.2	16.4	1.8	21.6	18.2	15.6	22.8	24.2	25.9
INFO	1,374	5500	46.1	55.5	65.8	19.6	2.5	29.8	24.7	20.9	29.4	34.0	38.5
LTI	4,098	699	107.0	121.1	142.8	18.1	0.9	38.3	33.8	28.7	31.3	29.1	28.4
LTTS	2,694	275	63.7	88.8	108.6	11.9	0.7	42.3	30.3	24.8	22.5	26.7	27.5
MTCL	2,066	285	65.3	75.4	86.9	31.4	1.2	31.7	27.4	23.8	30.8	29.4	28.1
MPHL	1,777	305	64.4	75.7	91.4	13.1	1.8	27.6	23.5	19.4	19.8	21.0	22.8
COFORGE	2,940	159	77.2	98.7	113.9	14.7	0.7	38.1	29.8	25.8	18.2	20.3	20.3
PSYS	1,952	132	56.2	73.7	85.8	24.4	0.8	34.8	26.5	22.7	17.3	20.4	20.5
TCS	3,163	11870	87.2	109.8	126.2	13.6	1.1	36.3	28.8	25.1	38.6	46.8	50.7
TECHM	993	944	52.6	59.8	67.9	12.0	1.9	18.9	16.6	14.6	19.9	19.9	19.9
WPRO	416	2400	18.3	21.2	23.8	13.2	4.4	22.7	19.6	17.5	19.4	22.7	25.7
ZENT	275	52	15.5	17.9	20.7	21.1	1.1	17.7	15.3	13.3	15.7	16.3	16.6

Source: Company, MOFSL

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.

<b>Coforge</b>		<b>Neutral</b>
<b>CMP INR2940   TP: INR2735 (-7%)</b>		<b>EPS CHANGE (%): FY21   22: -2.2   -3.3</b>
<ul style="list-style-type: none"> <li>Revenue growth to be driven by BFSI and large deal wins in Healthcare.</li> <li>Margin to remain flattish, company to offer a one-time bonus to employees.</li> </ul>	<ul style="list-style-type: none"> <li>Expect full-year growth to be in the top quartile, ~6% YoY in CC terms.</li> <li>Wage hikes to be dispersed in Apr'21. Despite that, the company aims to increase margin in FY22.</li> </ul>	

Quarterly performance (Ind AS)									(INR m)	
Y/E March	FY20				FY21				FY20	FY21E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Rev. (USD m)	138	149	151	155	140	155	160	169	593	625
QoQ (%)	4.4	7.7	1.7	2.3	-9.4	10.2	3.8	5.6	14.3	5.4
Revenue (INR m)	9,597	10,385	10,734	11,093	10,570	11,537	11,906	12,362	41,809	46,375
YoY (%)	19.9	14.4	10.5	19.0	10.1	11.1	10.9	11.4	15.8	10.9
GPM (%)	33.9	34.6	34.1	34.3	31.5	32.6	32.0	33.1	34.2	32.3
SGA (%)	16.8	16.3	16.1	16.4	14.4	13.8	14.0	15.0	16.4	14.3
EBITDA (INR m)	1,641	1,898	1,940	1,971	1,686	2,048	2,009	2,114	7,450	7,857
EBITDA Margin (%)	17.1	18.3	18.1	17.8	16.0	17.8	16.9	17.1	17.8	16.9
EBIT (INR m)	1,240	1,451	1,491	1,538	1,221	1,588	1,547	1,619	5,720	5,975
EBIT Margin (%)	12.9	14.0	13.9	13.9	11.6	13.8	13.0	13.1	13.7	12.9
Other income	75	76	130	180	48	-63	19	49	461	53
ETR (%)	20.5	18.1	20.7	20.3	20.5	19.9	21.1	21.5	19.9	20.8
Minority Interest	-24.0	-56.0	-52.0	-106.0	-30.0	-15.0	-15.0	-36.5	-238.0	-96.5
PAT	1,022	1,195	1,233	1,264	979	1,207	1,220	1,274	4,714	4,680
QoQ (%)	-8.0	16.9	3.2	2.5	-22.5	23.3	1.1	4.4		
YoY (%)	21.5	6.9	23.1	13.8	-4.2	1.0	-1.1	0.8	55.3	-0.7
EPS (INR)	16.6	19.2	19.7	20.3	15.7	19.9	20.1	21.0	75.5	77.2

<b>Cyient</b>		<b>Buy</b>
<b>CMP INR669   TP: INR780 (+17%)</b>		<b>EPS CHANGE (%): FY21   22: 0.1   -1.3</b>
<ul style="list-style-type: none"> <li>Expect relatively strong growth led by 2-3% growth in Services and 15% QoQ growth in DLM.</li> <li>Expect increase in hiring over the next couple of quarters. Utilizations to taper down.</li> </ul>	<ul style="list-style-type: none"> <li>Expect sequential recovery in margin, next wage hike to take place in 2QFY22.</li> <li>New deal wins and A&amp;D recovery would be a key monitorable.</li> </ul>	

Quarterly performance									(INR m)	
Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	157	164	155	149	131	135	141	149	625	556
QoQ (%)	-5.2	4.9	-5.5	-3.9	-12.5	3.4	4.7	5.3	-5.3	-11.1
Revenue (INR m)	10,890	11,589	11,060	10,736	9,917	10,033	10,443	10,854	44,275	41,247
YoY (%)	0.8	-2.4	-6.9	-7.7	-8.9	-13.4	-5.6	1.1	-4.1	-6.8
GPM (%)	34.4	34.4	36.0	33.5	30.5	35.7	34.6	35.5	34.6	34.1
SGA (%)	21.2	20.6	22.1	20.6	20.5	19.9	18.8	18.7	21.1	19.5
EBITDA	1,445	1,599	1,533	1,382	995	1,589	1,650	1,823	5,959	6,057
EBITDA Margin (%)	13.3	13.8	13.9	12.9	10.0	15.8	15.8	16.8	13.5	14.7
EBIT	1,003	1,111	1,063	904	511	1,105	1,165	1,324	4,081	4,105
EBIT Margin (%)	9.2	9.6	9.6	8.4	5.2	11.0	11.2	12.2	9.2	10.0
Other income	149	144	369	72	575	-14	83	54	734	698
ETR (%)	22.0	22.4	23.3	21.3	25.0	23.1	23.6	23.5	22.3	23.8
PAT	904	986	1,083	753	814	839	954	1,055	3,726	3,662
QoQ (%)	-52.0	9.1	9.8	-30.5	8.1	3.1	13.7	10.5		
YoY (%)	9.6	-22.5	17.6	-60.0	-9.9	-14.9	-11.9	40.1	12.7	-1.7
EPS (INR)	8.2	8.9	9.8	6.8	7.4	7.6	8.7	9.6	33.8	33.3

**HCL Technologies****Buy****CMP INR999 | TP: INR1285 (+29%)****EPS CHANGE (%): FY21|22: -3.9|-2.6**

- Expect HCLT to report growth at the midpoint of its guidance (2.5% QoQ CC).
- Revenue momentum on deal wins to continue.
- Margin to be significantly below 3QFY21 on one-time bonus, wage hike, and investment in S&M.
- Renewals in Mode-3 a key monitorable.

**Quarterly performance****(INR b)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	2,364	2,486	2,543	2,543	2,356	2,507	2,617	2,696	9,936	10,175
QoQ (%)	3.8	5.2	2.3	0.0	-7.4	6.4	4.4	3.0	15.1	2.4
Revenue (INR b)	164	175	181	186	178	186	193	197	707	754
YoY (%)	18.4	17.9	15.5	16.3	8.6	6.1	6.4	5.7	17.0	6.7
GPM (%)	35.3	36.9	38.4	40.0	39.9	41.2	42.0	37.8	37.7	40.2
SGA (%)	12.8	11.6	11.9	12.9	12.4	12.7	12.0	11.9	12.3	12.2
EBITDA	34	41	45	47	46	50	54	47	167	197
EBITDA Margin (%)	20.7	23.4	24.6	25.4	25.6	26.6	28.2	24.1	23.6	26.1
EBIT	28	35	37	39	37	40	44	37	139	158
EBIT Margin (%)	17.1	20.0	20.2	20.9	20.5	21.6	22.9	18.9	19.6	21.0
Other income	1	0	1	0	2	1	1	2	2	7
ETR (%)	24.0	23.9	18.5	18.3	24.0	24.1	24.1	22.0	20.9	23.6
Adjusted PAT	22	27	30	32	29	31	34	30	111	125
QoQ (%)	-13.6	19.4	14.6	3.8	-7.3	7.5	9.2	-11.4		
YoY (%)	-7.7	4.4	16.4	22.8	31.7	18.5	13.0	-3.5	9.3	13.3
EPS	8.2	9.8	11.2	11.6	10.7	11.6	12.6	11.2	40.7	46.2

**Infosys****Buy****CMP INR1374 | TP: INR1580 (+15%)****EPS CHANGE (%): FY21|22: -0.5|-2.4**

- Expect INFO to report 3.1% QoQ CC growth led by ramp up in deals in 3QFY21.
- Revenue growth to be in the top quartile among peer companies.
- Expect a dip in margin due to wage hike and an increase in attrition.
- We expect FY22 revenue growth guidance to be in mid-teens.

**Quarterly performance (IFRS)****(INR b)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	3,131	3,210	3,243	3,197	3,121	3,312	3,516	3,647	12,781	13,596
QoQ (%)	2.3	2.5	1.0	-1.4	-2.4	6.1	6.2	3.7	8.3	6.4
Revenue (INR b)	218	226	231	233	237	246	259	266	908	1,008
YoY (%)	14.0	9.8	7.9	8.0	8.5	8.6	12.3	14.3	9.8	11.0
GPM (%)	32.2	33.4	33.4	33.4	33.6	35.8	35.3	35.5	33.1	35.1
SGA (%)	11.7	11.7	11.5	12.2	10.9	10.5	9.9	10.7	11.8	10.5
EBITDA	52	56	58	57	61	71	74	74	223	280
EBITDA Margin (%)	23.6	24.9	25.1	24.4	25.9	28.8	28.6	27.8	24.5	27.8
EBIT	45	49	51	49	54	62	66	66	194	248
EBIT Margin (%)	20.5	21.7	21.9	21.2	22.7	25.3	25.4	24.9	21.3	24.6
Other income	7	6	8	6	4	5	6	6	26	21
ETR (%)	26.4	26.5	23.6	21.1	26.2	28.0	27.1	26.0	24.4	26.8
PAT	38	40	45	43	42	48	52	53	166	196
QoQ (%)	-6.8	5.8	10.9	-3.1	-1.7	14.0	7.3	2.3		
YoY (%)	-2.2	-2.2	9.8	6.1	11.9	20.6	16.6	23.1	2.9	18.2
EPS (INR)	8.8	9.4	10.5	10.2	10.0	11.4	12.2	12.5	38.5	46.1

**LTI** **Neutral****CMP INR4098 | TP: INR3715 (-9%)****EPS CHANGE (%): FY21 | 22: -0.2 | -5.6**

- Expect 4% QoQ CC growth led by broad based performance in BFS and some recovery in Insurance.
- Expect an increase in attrition. Next wage hike to be given in Jul'21.
- Expect margin to fall by 210bp led by 150-160bp/40-50bp impact from wage hike/utilization.
- Commentary around deal pipeline and wins remains a key monitorable.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	357	364	394	410	390	405	428	446	1,525	1,669
QoQ (%)	0.8	2.0	8.4	3.9	-4.8	3.6	5.8	4.3	13.1	9.5
Revenue (INR m)	24,849	25,707	28,111	30,119	29,492	29,984	31,528	32,535	1,08,786	1,23,539
YoY (%)	15.3	10.3	13.7	21.2	18.7	16.6	12.2	8.0	15.2	13.6
GPM (%)	33.1	31.8	31.7	32.8	32.5	34.8	35.0	33.0	32.4	33.8
SGA (%)	14.7	13.7	13.0	13.6	12.4	12.0	11.7	11.7	13.7	11.9
EBITDA	4,579	4,658	5,274	5,781	5,920	6,856	7,320	6,944	20,292	27,040
EBITDA Margin (%)	18.4	18.1	18.8	19.2	20.1	22.9	23.2	21.3	18.7	21.9
EBIT	3,968	3,994	4,565	5,034	5,139	5,957	6,501	6,098	17,561	23,695
EBIT Margin (%)	16.0	15.5	16.2	16.7	17.4	19.9	20.6	18.7	16.1	19.2
Other income	812	739	433	479	450	174	492	488	2,463	1,604
ETR (%)	25.6	23.9	24.6	22.5	25.5	25.5	25.8	25.8	24.1	25.6
Adj. PAT	3,557	3,603	3,767	4,274	4,164	4,568	5,192	4,890	15,201	18,814
QoQ (%)	-6.1	1.3	4.6	13.5	-2.6	9.7	13.7	-5.8		
YoY (%)	-1.5	-10.0	0.3	12.9	17.1	26.8	37.8	14.4	0.3	23.8
EPS (INR)	20.3	20.5	21.5	24.3	23.7	26.0	29.5	27.8	86.6	107.0

**LTTS** **Buy****CMP INR2694 | TP: INR3040 (+13%)****EPS CHANGE (%): FY21 | 22: -0.9 | -2.4**

- Expect strong sequential growth led by traction in Digital Engineering.
- Commentary around a recovery in ER&D across stressed sectors will be keenly observed.
- Expect margin to increase on account of strong revenue growth.
- Commentary around deal pipeline and wins remains a key monitorable.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	194	198	199	195	171	178	190	201	786	740
QoQ (%)	1.4	2.0	0.8	-2.0	-12.5	4.1	6.8	5.6	8.7	-5.9
Revenue (INR m)	13,475	14,021	14,230	14,466	12,947	13,138	14,007	14,630	56,192	54,722
YoY (%)	17.0	-28.0	-28.9	-29.3	-3.9	-6.3	-1.6	1.1	10.7	-2.6
GPM (%)	32.9	32.3	32.8	33.5	26.8	30.1	30.8	31.8	32.9	29.9
SGA (%)	12.7	12.1	12.7	15.0	10.9	12.4	11.1	11.2	13.1	11.4
EBITDA	2,727	2,832	2,863	2,683	2,059	2,328	2,756	3,016	11,105	18,181
EBITDA Margin (%)	20.2	20.2	20.1	18.5	15.9	17.7	19.7	20.6	19.8	33.2
EBIT	2,299	2,388	2,391	2,198	1,567	1,801	2,132	2,431	9,276	7,931
EBIT Margin (%)	17.1	17.0	16.8	15.2	12.1	13.7	15.2	16.6	16.5	14.5
Other income	474	378	354	521	30	457	374	293	1,727	1,154
ETR (%)	26.4	25.5	25.0	24.1	26.0	26.4	25.4	25.0	25.3	25.6
PAT	2,038	2,059	2,041	2,048	1,173	1,655	1,861	2,041	8,186	6,730
QoQ (%)	6.4	1.0	-0.9	0.3	-42.7	41.1	12.4	9.7		
YoY (%)	3.2	7.7	10.0	6.9	-42.4	-19.6	-8.8	-0.4	6.9	-17.8
EPS (INR)	19.3	19.5	19.3	19.4	11.1	15.7	17.6	19.3	77.5	63.8

**Mindtree****Neutral****CMP INR2066 | TP: INR2000 (-3%)****EPS CHANGE (%): FY21|22: -1.0|0.2**

- Broad based growth across top clients, except a few clients in the Travel vertical.
- Expect 250bp impact from wage hike, EBITDA margin to be maintained ~20%.
- Expect accelerated hiring activity.
- Outlook on top client performance and deal wins a key monitorable.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	264	271	275	278	253	261	274	286	1,089	1,074
QoQ (%)	0.8	2.6	1.5	1.2	-9.1	3.1	5.0	4.3	8.7	-1.3
Revenue (INR m)	18,342	19,143	19,653	20,505	19,088	19,260	20,237	20,837	77,643	79,422
YoY (%)	11.9	9.1	10.0	11.5	4.1	0.6	3.0	1.6	10.6	2.3
GPM (%)	26.6	26.9	29.1	30.4	26.3	27.5	30.6	28.6	28.3	28.3
SGA (%)	14.0	13.9	13.5	13.2	8.1	7.9	7.5	7.4	13.6	7.7
EBITDA (INR m)	2,318	2,482	3,063	3,512	3,478	3,784	4,679	4,424	11,375	16,365
EBITDA Margin (%)	12.6	13.0	15.6	17.1	18.2	19.6	23.1	21.2	14.7	20.6
EBIT (INR m)	1,649	1,775	2,364	2,833	2,881	3,215	3,962	3,694	8,621	13,752
EBIT Margin (%)	9.0	9.3	12.0	13.8	15.1	16.7	19.6	17.7	10.5	16.4
Other income	-387	59	215	-220	17	232	489	146	-333	884
ETR (%)	26.5	26.4	23.6	21.1	26.5	26.4	26.6	26.5	23.9	26.5
PAT	927	1,350	1,970	2,062	2,130	2,537	3,265	2,823	6,309	10,755
QoQ (%)	-53.3	45.6	45.9	4.7	3.3	19.1	28.7	-13.6		
YoY (%)	-41.4	-34.6	3.0	3.9	129.8	87.9	65.7	36.9	-16.3	70.5
EPS (INR)	5.6	8.2	12.0	12.5	12.9	15.4	19.8	17.1	38.3	65.3

**Mphasis****Buy****CMP INR1777 | TP: INR2020 (+14%)****EPS CHANGE (%): FY21|22: -1.1|-4.9**

- Expect 3-4% QoQ CC growth in the Direct business, with double-digit sequential decline in the DXC business.
- Margin to remain rangebound as the wage hike is spread across the year.
- Expect mid-teen growth guidance in the Direct business for next year.
- Outlook on DXC is a key monitorable.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	297	305	318	320	305	327	334	339	1,240	1,306
QoQ (%)	1.8	2.6	4.4	0.6	-4.5	7.2	2.0	1.5	10.8	5.3
Revenue (INR m)	20,607	21,462	22,694	23,476	23,037	24,238	24,601	24,713	88,239	96,589
YoY (%)	13.1	10.2	13.3	14.7	11.8	12.9	8.4	5.3	12.8	9.5
GPM (%)	30.2	30.4	30.4	31.3	28.9	30.3	31.0	30.3	30.6	30.2
SGA (%)	12.0	11.6	11.6	12.4	10.7	11.7	12.2	11.7	11.9	11.6
EBITDA	3,747	4,057	4,269	4,434	4,178	4,524	4,654	4,623	16,524	17,979
EBITDA Margin (%)	18.2	18.8	18.8	18.9	18.3	18.6	18.8	18.6	18.7	18.6
EBIT	3,197	3,475	3,694	3,824	3,583	3,924	4,048	4,014	14,207	15,569
EBIT Margin (%)	15.5	16.1	16.2	16.3	15.7	16.1	16.4	16.2	16.1	16.1
Other income	342	134	172	319	182	114	218	219	967	733
ETR (%)	25.1	24.1	24.0	14.9	27.0	25.9	23.7	25.0	21.8	25.3
PAT	2,651	2,738	2,937	3,525	2,750	2,992	3,255	3,175	11,868	12,172
QoQ (%)	-0.4	3.3	7.3	20.0	-22.0	8.8	8.8	-2.5		
YoY (%)	2.6	1.1	5.6	32.4	3.7	9.3	10.8	-9.9	10.6	2.6
EPS (INR)	14.1	14.6	15.6	18.8	14.6	15.9	17.2	16.8	63.1	64.4

## Persistent Systems

**Buy**
**CMP INR1952 | TP: INR2150 (+10%)**
**EPS CHANGE (%): FY21|22: -0.5|5.3**

- Expect TSU to grow at 6% sequentially, while the Alliance business is expected to show a revenue decline.
- Expect some correction in margin led by one-month wage hike impact.
- Deal pipeline is healthy and order book is strong for the next couple of quarters.
- Outlook for FY21 growth/margin should be a key monitorable.

### Quarterly performance (IFRS)

Y/E March (Consolidated)	FY20				FY21				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY20	FY21E
Revenue (USD m)	119.6	125.5	129.4	127.1	131.0	136.1	146.2	151.5	502	565
QoQ (%)	1.1	4.9	3.1	-1.8	3.1	3.9	7.4	3.6	4.3	12.6
Revenue (INR m)	8,321	8,846	9,227	9,264	9,914	10,077	10,754	11,042	35,658	41,787
QoQ (%)	0.0	6.3	4.3	0.4	7.0	1.7	6.7	2.7		
YoY (%)	-0.3	5.9	6.8	11.4	19.1	13.9	16.5	19.2	5.9	17.2
GPM (%)	34.7	34.7	33.3	33.8	33.0	34.7	34.3	34.2	34.1	34.1
SGA (%)	20.3	21.0	19.9	20.0	18.2	18.3	17.3	17.5	20.3	17.8
Reported EBITDA	1,202	1,216	1,234	1,277	1,464	1,658	1,825	1,844	4,930	6,791
Reported EBITDA Margin (%)	14.4	13.8	13.4	13.8	14.8	16.4	17.0	16.7	13.8	16.3
Adj. EBITDA	1,202	1,216	1,234	1,277	1,560	1,729	1,860	1,844	4,930	6,993
Adj. EBITDA Margin (%)	14.4	13.8	13.4	13.8	15.7	17.2	17.3	16.7	13.8	16.7
Reported EBIT	816	792	806	857	1,029	1,218	1,364	1,362	3,270	4,973
Reported EBIT Margin (%)	9.8	8.9	8.7	9.2	10.4	12.1	12.7	12.3	9.2	11.9
Adj. EBIT	816	792	806	857	1,124	1,290	1,399	1,362	3,270	5,175
Adj. EBIT Margin (%)	9.8	8.9	8.7	9.2	11.3	12.8	13.0	12.3	9.2	12.4
Other income	282	364	334	274	192	157	286	212	1,254	848
ETR (%)	24.9	25.5	22.9	25.9	26.2	25.8	26.7	26.0	24.8	26.2
PAT	825	861	879	838	900	1,020	1,209	1,165	3,403	4,294
QoQ (%)	-2.4	4.4	2.2	-4.7	7.4	13.3	18.6	-3.6		
YoY (%)	-5.6	-2.3	-4.1	-0.8	9.1	18.5	37.5	39.0	28.4	26.2
EPS (INR)	10.7	11.3	11.5	11.0	11.8	13.3	15.8	15.2	44.5	56.2

## TCS

**Neutral**
**CMP INR3163 | TP: INR3280 (+4%)**
**EPS CHANGE (%): FY21|22: -0.8|-1.8**

- Expect strong sequential revenue growth led by Postbank and Prudential deal wins.
- Expect the company to further ramp up its hiring during the quarter.
- Expect increase in margin led by revenue growth and the absence of a wage hike during 4QFY21.
- Sector demand outlook and margin impact from large captive deals would be in focus.

### Quarterly performance (IFRS)

Y/E March	FY20				FY21				(INR b)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY20	FY21E
IT Services Revenue (USD m)	5,485	5,517	5,586	5,444	5,059	5,424	5,702	5,927	22,032	22,112
QoQ (%)	1.6	0.6	1.3	-2.5	-7.1	7.2	5.1	4.0	5.4	0.4
Overall Revenue (INR b)	382	390	399	399	383	401	420	432	1,569	1,637
QoQ (%)	0.4	2.1	2.3	0.2	-4.1	4.7	4.7	2.8		
YoY (%)	11.4	5.8	6.7	5.1	0.4	3.0	5.4	8.2	7.2	4.3
GPM (%)	40.5	40.8	41.4	42.0	39.4	40.9	41.6	42.3	41.2	41.1
SGA (%)	16.3	16.8	16.3	16.9	15.8	14.7	15.0	15.1	16.6	15.1
EBITDA	100	102	109	110	100	115	122	128	421	466
EBITDA Margin (%)	26.3	26.2	27.3	27.5	26.2	28.7	29.1	29.7	26.8	28.5
EBIT	92	94	100	100	90	105	112	118	386	425
EBIT Margin (%)	24.2	24.0	25.0	25.1	23.6	26.2	26.6	27.2	24.6	26.0
Other income	14	12	6	5	5	7	5	7	37	25
PBT	106	105	106	105	95	113	117	125	422	450
ETR (%)	23.4	23.5	23.0	23.0	25.8	24.8	25.4	23.5	23.2	24.8
Adj. PAT	82	81	81	81	70	85	87	96	324	338
Exceptional items	0	0	0	0	0	-10	0	0	0	-10
Reported PAT	82	81	81	81	70	75	87	96	324	328
QoQ (%)	0.0	-1.2	1.1	-0.6	-12.9	6.5	16.3	9.6		
YoY (%)	10.7	1.7	0.3	-0.7	-13.5	-6.9	7.2	18.2	2.8	1.2
EPS (INR)	21.7	21.4	21.7	21.5	18.7	19.9	23.2	25.4	86.2	87.2

**Tech Mahindra****Neutral****CMP INR993 | TP: INR1085 (+9%)****EPS CHANGE (%): FY21 | 22: 0.1 | -0.9**

- Expect growth to be modest due to the absence of large deal wins.
- Expect margin to be rangebound, wage hike in Apr'21.
- Expect deal wins to accelerate going forward.
- Outlook on Telecom vertical recovery a key monitorable.

**Quarterly performance****(INR b)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	1,247	1,287	1,353	1,295	1,208	1,265	1,309	1,343	5,182	5,125
QoQ (%)	-1.6	3.2	5.1	-4.3	-6.7	4.8	3.4	2.6	4.3	-1.1
Revenue (INR b)	87	91	97	95	91	94	96	98	369	379
YoY (%)	4.6	5.1	7.9	6.7	5.2	3.3	-0.1	3.2	6.1	2.8
GPM (%)	28.8	29.6	30.3	29.5	28.5	31.4	32.9	32.4	29.5	31.4
SGA (%)	13.6	13.0	14.1	15.3	14.2	13.3	13.3	13.0	14.0	13.4
EBITDA	13	15	16	13	13	17	19	19	57	68
EBITDA Margin (%)	15.2	16.5	16.2	14.2	14.3	18.2	19.6	19.4	15.5	17.9
EBIT	10	12	12	9	9	13	15	15	43	53
EBIT Margin (%)	11.5	12.8	12.2	10.0	10.1	14.2	15.9	15.7	11.6	14.0
Other income	3	2	3	2	4	1	2	1	10	8
ETR (%)	25.9	16.9	24.6	20.2	25.5	24.6	24.8	24.5	22.0	24.8
PAT	10	11	11	10	10	11	13	13	43	46
QoQ (%)	-15.3	17.2	2.0	-10.9	-4.8	9.5	23.0	-1.6		
YoY (%)	6.8	5.6	-4.7	-9.8	1.3	-5.3	14.3	26.2	-1.1	9.1
EPS (INR)	10.9	12.8	13.0	11.6	11.1	12.1	14.9	14.6	48.3	52.6

**Wipro****Neutral****CMP INR416 | TP: INR450 (8%)****EPS CHANGE (%): FY21 | 22: -0.7 | -1.8**

- Expect WPRO's growth within the stated guidance range.
- Expect 120bp dip in margin led by a two-month impact from a wage hike.
- Expect strong deal wins during 4QFY21.
- 4QFY21 guidance and outlook on the recently acquired companies will be a key monitorable.

**Quarterly performance (IFRS)****(INR b)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
IT Services Revenue (USD m)	2,039	2,048	2,095	2,074	1,922	1,992	2,071	2,150	8,255	8,135
QoQ (%)	-1.8	0.5	2.3	-1.0	-7.3	3.7	3.9	3.8	1.7	-1.5
Overall Revenue (INR b)	147	151	155	157	149	151	157	158	610	615
QoQ (%)	-1.9	2.8	2.3	1.6	-5.1	1.4	3.7	1.1		
YoY (%)	5.3	4.0	2.7	4.7	1.3	-0.1	1.3	0.8	4.2	0.8
GPM (%)	29.1	28.6	29.1	27.4	30.5	30.3	33.4	31.5	28.5	31.4
SGA (%)	13.0	11.3	12.0	11.4	13.3	11.8	12.2	11.5	11.9	12.2
EBITDA	29	32	33	32	33	35	42	40	125	149
EBITDA Margin (%)	19.6	20.9	21.0	20.5	22.1	23.0	26.6	25.3	20.5	24.3
IT Serv. EBIT (%)	18.4	18.1	18.4	17.6	19.1	19.2	21.7	20.4	18.1	20.1
EBIT Margin (%)	16.2	17.7	17.6	16.8	18.0	18.6	21.6	20.3	17.2	19.7
Other income	6	5	4	3	4	4	5	4	17	17
ETR (%)	22.4	18.3	20.0	20.9	22.1	22.5	22.1	22.5	20.2	22.3
PAT	23	26	25	23	24	25	30	28	97	106
QoQ (%)	-7.0	10.5	-3.8	-5.3	2.8	3.2	20.3	-6.4		
YoY (%)	8.9	35.1	-2.2	-6.3	3.5	-3.4	20.8	19.4	8.0	9.0
EPS (INR)	3.8	4.3	4.3	4.1	4.2	4.3	5.2	4.8	16.4	18.3



**Zensar Technologies****Neutral****CMP INR275 | TP: INR290 (+5%)****EPS CHANGE (%): FY21 | 22: -0.5 | 0.2**

- Expect decline in revenue led by continued weakness in its top client.
- Margin to remain in a narrowband despite negative growth as the company has managed its cost well.
- Expect DFS business to show muted performance on project closures.
- Any change in management strategy under the new CEO would be in focus.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	147	146	138	135	125	126	123	122	566	496
QoQ (%)	-0.9	-0.9	-5.5	-2.2	-7.2	0.5	-2.4	-0.6	1.6	-12.4
Revenue (INR m)	10,244	10,277	9,819	9,763	9,485	9,364	9,065	8,902	40,102	36,816
YoY (%)	16.0	8.6	-3.9	-6.8	-7.4	-8.9	-7.7	-8.8	2.9	-8.2
GPM (%)	29.8	29.3	23.9	30.0	29.6	34.8	34.6	33.8	28.3	33.2
SGA (%)	15.2	15.4	17.1	15.4	14.6	15.4	14.1	14.2	15.7	14.6
EBITDA	1,500	1,435	672	1,429	1,418	1,818	1,863	1,745	5,037	6,843
EBITDA Margin (%)	14.6	14.0	6.8	14.6	14.9	19.4	20.6	19.6	12.6	18.6
EBIT	1,127	1,056	266	1,020	979	1,390	1,442	1,335	3,470	5,146
EBIT Margin (%)	11.0	10.3	2.7	10.5	10.3	14.8	15.9	15.0	8.7	14.0
Other income	-20	41	269	-11	28	-171	-82	-18	279	-243
ETR (%)	28.4	28.5	25.5	27.3	26.2	26.5	26.5	26.5	27.7	26.4
Adj. PAT	780	757	383	709	727	878	987	954	2,629	3,546
QoQ (%)	-10.2	-3.0	-49.4	85.4	2.6	20.7	12.3	-3.4		
YoY (%)	-6.6	-20.5	-34.8	-18.4	-6.8	16.1	157.9	34.4	-18.9	34.9
EPS (INR)	3.3	3.5	1.7	3.0	3.2	3.9	4.3	4.1	11.7	15.5

# Telecom

## Company Name

Bharti Airtel

Bharti Infratel

Tata Communications

Vodafone Idea

## Expect steady EBITDA growth across telcos despite IUC impact; capex to increase on spectrum auction

The quarter should see interplay of three or four key factors. On the ARPU front, the end of IUC charges as per the TRAI order should reduce ARPU, although the impact on EBITDA would be limited. This would be partly offset by improvement in ARPU, led by a favorable mix of 4G subscribers for Bharti, VIL, and even RJio. Furthermore, the launch of JioPhone could lead to some increase in churn among peers (Bharti/VIL's low ARPU subscribers for Mar'21). Capex intensity would increase sharply given the participation in the spectrum auction in Mar'21 – upfront payments would be made for 25–30% of the fresh spectrum, while the rest would be added to the net debt.

## Bharti subscriber trends remain strong; RJio's JioPhone launch could see churn in peers' low ARPU subscribers

The Telecom industry should continue to see an increase in its subscriber base – as seen in 2Q/3QFY21, following decline in 1QFY21 due to nationwide lockdown. Bharti would continue to witness strong 4G subscriber additions (as witnessed in the last two quarters); on the other hand, RJio's pace of subscriber additions should remain moderate. Nevertheless, the launch of new JioPhone plans in Mar'21 could result in the churn impacting the low feature phone subscriber base of incumbents – however, the major impact would reflect from the next quarter. VIL maintains its subscriber base. Nevertheless, it has increased market action to activate second SIM, minimum recharge customers. Overall, we expect Bharti/RJio's subscriber base to increase 2%/2.4% to 314m/421m. VIL, after losing 21m subscribers in 9MFY21, is estimated to see flattish subscriber additions, with 270m subscribers in 4QFY21.

## Telcos to see ARPU decline on IUC impact being partly offset by 4G addition

In 4QFY21, ARPU would be a factor of a) an improved subscriber mix from 4G additions, b) the return of inactive users, and c) the impact from the elimination of the IUC charge. We estimate an IUC impact on ARPU of INR12–14 for Bharti and INR12 (10%) for VIL, while RJio may see an impact of INR6-8. This would be offset against RJio's estimated INR2–3 ARPU increase due to the mix benefit. Subsequently, its ARPU would reduce ~4% to INR145. Bharti's INR14 impact (estimated) on ARPU due to the IUC charge, should be partially offset by a ~2% improvement in its ARPU, owing to the mix benefit from steady 4G subscriber additions. Thus, its ARPU would decline 6.9% QoQ to INR155. Similarly, VIL's ARPU would be impacted 10% from IUC, partially offset by a 2% ARPU improvement (owing to the return of inactive subscribers). As a result, its ARPU would decline 8% to INR107.

## Improving EBITDA trends

We expect Bharti's India Wireless revenue to decline 3.8% QoQ to INR142b on a reduction in ARPU (IUC impact), partially offset by healthy subscriber additions.

However, India Wireless EBITDA would grow 6% as the reduction in IUC revenue would be largely EBITDA-neutral due to the corresponding decline in access cost. Thus the ~5% revenue increase from subscriber and ARPU growth would garner a 65% incremental EBITDA margin. Subsequently, Bharti's India Wireless EBITDA would increase 6.4% QoQ to INR69b. Similarly, VIL would witness 11% revenue decline to INR96.9b, while its EBITDA would decline 5.7% to INR20.5b on pre IND-AS 116, (1.6% organic ARPU increase). On the other hand, Rjio is expected to see a revenue/EBITDA growth of -2%/6.8% to INR181b/INR87b – on the back of 4% ARPU decline and an increase in the subscriber base (4%/6% organic revenue / EBITDA increase with 50% incremental margin).

On a consolidated basis, Bharti's revenue is likely to decrease 0.7% to INR263b, while its EBITDA would increase 4.8% to INR126b. This is attributable to healthy growth in the Home Broadband, DTH, Enterprise, and Africa businesses, in addition to growth in India Wireless. Consequently, the EBITDA margin should increase 250bps to 48%.

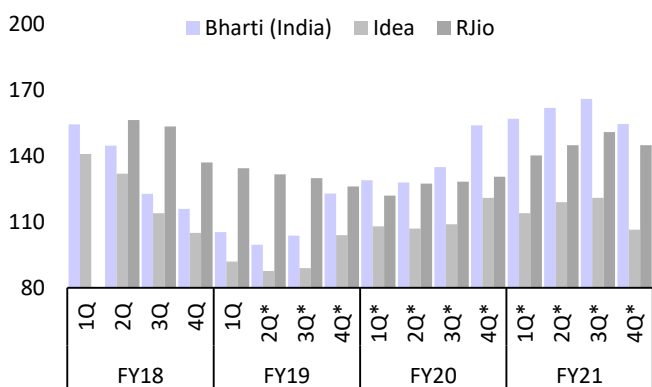
**Capex to increase on spectrum auction**

The much anticipated spectrum auction was completed in Mar'21, which would increase the capex and leverage position for all the three telcos in 4QFY21. An upfront payment of 25–30% toward the spectrum acquisition would increase the cash outgo during the quarter. On the other hand, the rest of the amount would be added to the leverage position. However, part of the capex/leverage toward the spectrum renewal investment in the auction would be reflected in 2QFY22.

**Exhibit 1: Expected quarterly performance summary**

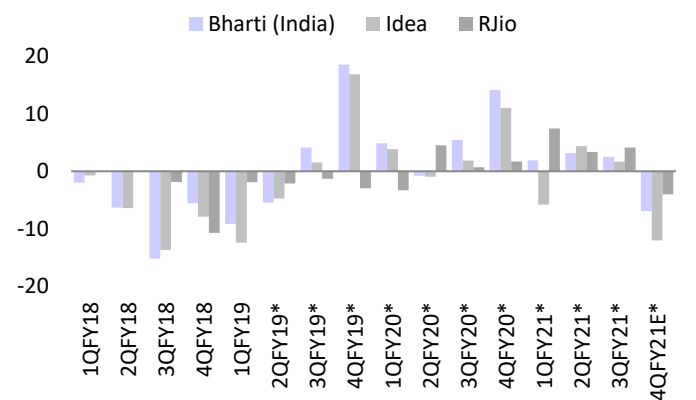
Sector	CMP		SALES (INR M)			EBIDTA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
Bharti Airtel	521	Buy	2,63,381	11.0	-0.7	1,26,354	24.3	4.8	19,395	LP	LP
Indus Towers	255	Neutral	67,725	7.4	0.5	34,381	20.5	-3.2	12,909	30.9	-5.1
Tata Comm	1124	Neutral	42,896	-2.5	1.6	11,070	27.4	5.8	3,440	233.7	7.3
Vodafone Idea	10	Neutral	96,905	-17.6	-11.0	42,325	-3.4	-1.3	-63,094	Loss	Loss
<b>Sector aggregates</b>			<b>4,70,907</b>	<b>2.0</b>	<b>-2.6</b>	<b>2,14,131</b>	<b>17.2</b>	<b>2.3</b>	<b>-27,350</b>	<b>Loss</b>	<b>Loss</b>

**Exhibit 2: Player-wise QoQ ARPU trend (INR)**



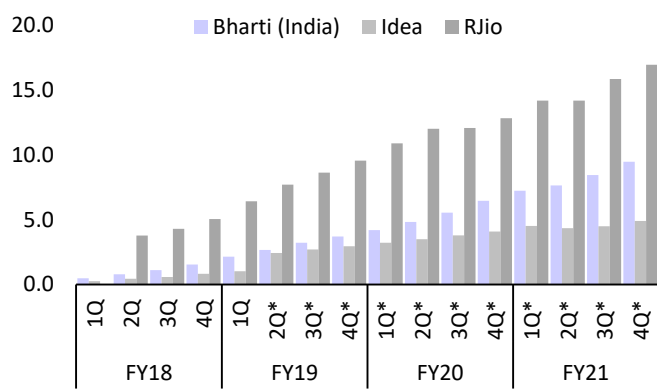
\*Represents Vodafone Idea merged co-performance  
Source: Company, MOFSL

**Exhibit 3: Player-wise QoQ ARPU growth trend (%)**



\*Represents Vodafone Idea merged co-performance  
Source: Company, MOFSL

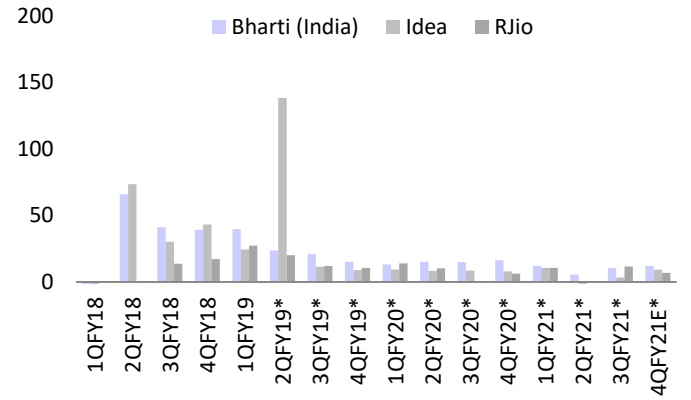
**Exhibit 4: Player-wise QoQ data traffic trend (b Mb)**



\*Represents Vodafone Idea merged co-performance

Source: Company, MOFSL

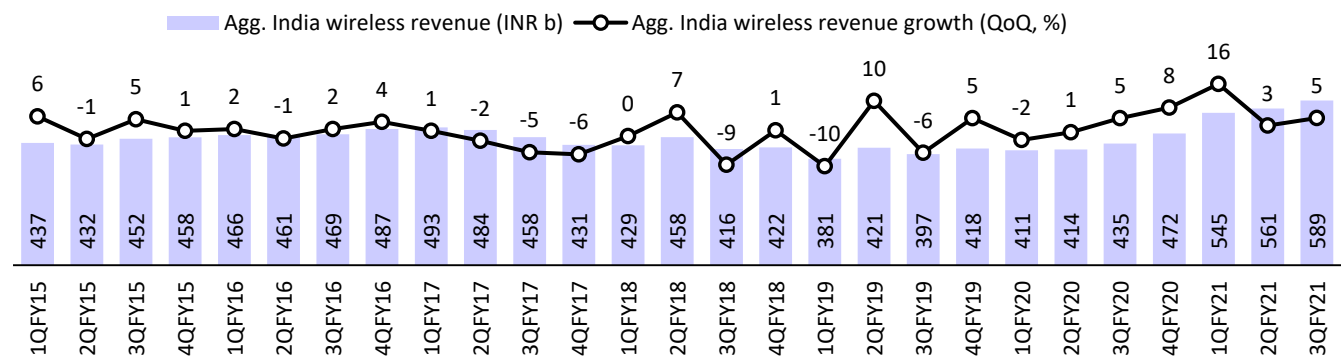
**Exhibit 5: Player-wise QoQ data traffic growth trend (%)**



\*Represents Vodafone Idea merged co-performance

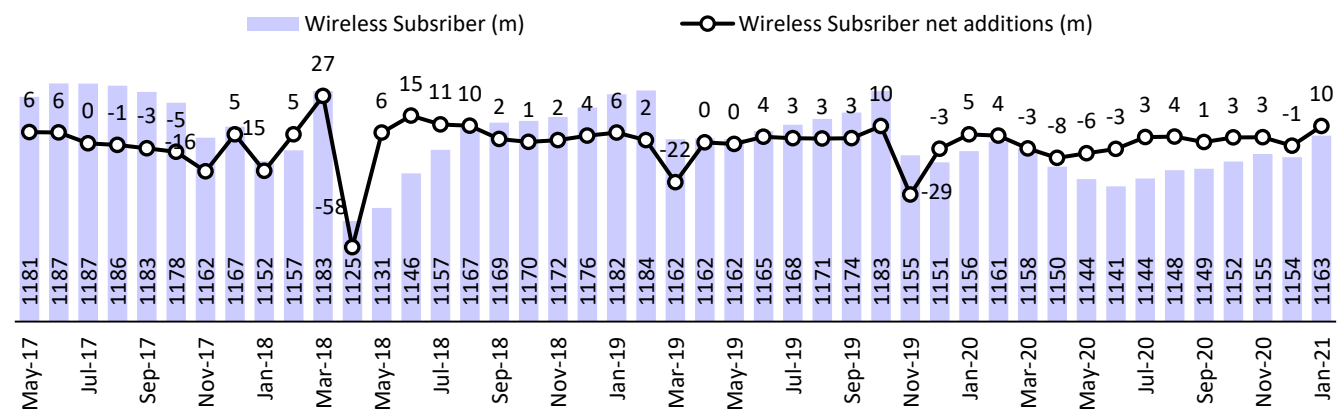
Source: Company, MOFSL

**Exhibit 6: Aggregate India Wireless revenue and growth trend (QoQ, %)**



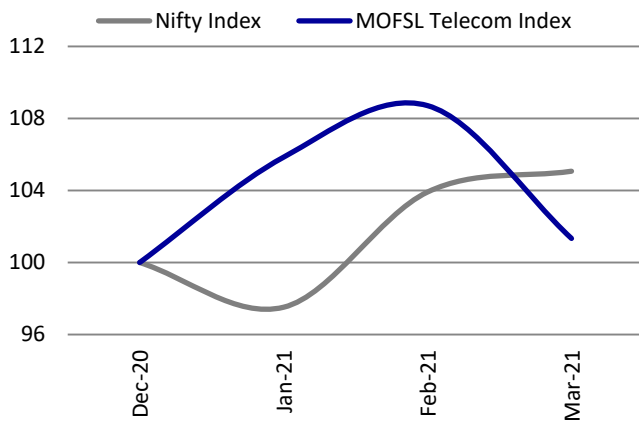
Source: TRAI, MOFSL

**Exhibit 7: Aggregate India Wireless subscriber and growth trend (MoM, %)**



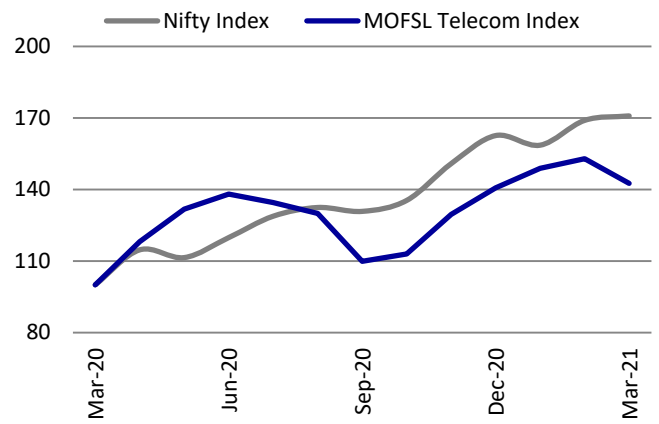
Source: TRAI, MOFSL

**Exhibit 8: Relative performance – 3M (%)**



Source: Bloomberg, MOFSL

**Exhibit 9: Relative performance – 1Y (%)**



Source: Bloomberg, MOFSL

**Exhibit 10: Comparative valuation**

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Telecom</b>						<b>-22</b>	<b>-34</b>	<b>-50.7</b>	<b>6.6</b>	<b>9.0</b>	<b>12.4</b>	<b>-29.8</b>	<b>-26.7</b>	<b>-24.5</b>
Bharti Airtel	521	Buy	0.8	4.5	7.9	616.9	115.1	66.2	4.5	4.3	4.1	0.7	3.8	6.3
Indus Towers	255	Neutral	18.2	20.8	20.0	14.0	12.3	12.7	4.6	4.2	4.0	29.9	35.8	32.1
Tata Comm	1,124	Neutral	48.1	58.7	68.8	23.4	19.1	16.3	1,864.9	19.0	8.8	-217.5	196.0	73
Vodafone Idea	10	Neutral	-8.5	-7.5	-6.8	-1.2	-1.3	-1.5	-1.5	-0.7	-0.5	390.4	73.2	39.1

## Exhibit 11: Wireless KPI comparison

	FY19				FY20				FY21				YoY (%)	QoQ (%)
	1Q	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4QE*		
<b>EOP Wireless SUBS (m)</b>														
Bharti (India)	345	333	284	283	277	279	283	284	280	294	308	314	10.7	2.0
Idea	188	422	387	334	320	311	304	291	280	272	270	270	-7.1	0.2
RJio	215	252	280	307	331	355	370	388	398	406	411	421	8.5	2.4
<b>Avg. Wireless Subs (m)</b>														
Bharti (India)	324	339	308	283	280	278	281	283	282	287	301	311	9.8	3.4
Idea	191	305	405	361	327	316	308	298	285	276	271	270	-9.2	-0.3
RJio	201	234	266	293	319	343	363	379	393	402	408	416	9.7	1.8
<b>ARPU (INR/month)</b>														
Bharti (India)	105	100	104	123	129	128	135	154	157	162	166	155	0.4	-6.9
Idea	92	88	89	104	108	107	109	121	114	119	121	106	-12.0	-12.0
RJio	135	132	130	126	122	128	128	131	140	145	151	145	11.0	-4.0
<b>MOU/Sub (min)</b>														
Bharti (India)	701	694	726	858	888	848	898	965	994	1,005	1,027	1,037	7.5	1.0
Idea	609	568	580	662	690	669	674	688	678	673	673	680	-1.2	1.0
RJio	744	761	794	823	821	789	760	771	756	773	796	796	3.2	0.0
<b>Wireless traffic (B min)</b>														
Bharti (India)	684	693	703	731	737	717	759	822	820	861	925	968	17.8	4.6
Idea	350	731	712	703	676	631	624	616	579	555	547	551	-10.6	0.7
RJio	449	534	634	724	786	813	826	876	891	932	975	993	13.3	1.8
<b>Data usage/Sub (Mb)</b>														
Bharti (India)	7.9	9.2	10.5	11.0	11.9	13.1	13.9	15.0	16.7	16.4	16.8	17.4	16.1	3.7
Idea	7.3	5.7	6.3	6.7	7.4	8.2	9.0	9.7	11.0	10.6	10.9	11.4	17.9	5.0
RJio	10.6	11.0	10.8	10.9	11.4	11.7	11.1	11.3	12.0	11.8	13.0	13.6	20.3	5.0
<b>Data traffic (B mb)</b>														
Bharti (India)	2.2	2.7	3.2	3.7	4.2	4.8	5.5	6.5	7.2	7.6	8.5	9.5	46.8	12.1
Idea	1.0	2.4	2.7	2.9	3.2	3.5	3.8	4.1	4.5	4.3	4.5	4.9	19.9	9.2
RJio	6.4	7.7	8.6	9.6	10.9	12.0	12.1	12.8	14.2	14.2	15.9	17.0	32.1	6.9

\*Represents Vodafone Idea merged co-performance

Source: Company, MOFSL

## Exhibit 12: Quarterly financials

	FY19				FY20				FY21				YoY (%)	QoQ (%)
	1Q	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4QE*		
<b>Revenue (INR b)</b>														
Bharti (India wireless)	105	103	102	106	109	110	112	130	129	138	148	142	9.8	-3.8
Bharti (consolidated)	201	204	202	206	207	211	213	237	239	251	265	263	11.0	-0.7
Idea	59	77	118	118	113	108	111	118	107	108	109	97	-17.6	-11.0
RJio	81	92	109	111	117	131	140	148	166	175	185	181	21.8	-2.3
<b>EBITDA (INR b)</b>														
Bharti (India wireless)	28	21	19	26	39	40	40	51	52	59	65	69	35.3	6.4
Bharti (consolidated)	67	62	62	66	83	89	87	102	104	111	121	126	24.3	4.8
Idea	7	5	11	18	37	33	34	44	41	42	43	42	-3.4	-1.3
RJio	31	36	41	43	47	51	56	62	70	75	81	87	40.3	6.8
<b>EBITDA Margin (%)</b>														
Bharti (India wireless)	26.3	20.9	19.1	24.1	35.7	36.3	35.9	39.2	40.6	42.6	43.7	48.3	912bps	462bps
Bharti (consolidated)	33.5	30.6	30.7	32.2	39.9	41.9	40.8	42.9	43.5	44.2	45.5	48.0	512bps	252bps
Idea	11.2	6.0	9.7	15.2	32.4	30.9	30.8	37.3	38.4	38.5	39.3	43.7	641bps	433bps
RJio	38.8	38.7	37.2	39.0	40.0	39.1	40.0	41.6	42.3	42.9	43.9	47.9	631bps	405bps
<b>PAT (INR b)</b>														
Bharti (consolidated)	1	1	1	1	(28.7)	(230.4)	(10.4)	(52.4)	(159.3)	(7.6)	8.5	19.4	NM	127.2
Idea	3	(49.7)	(50.0)	(48.8)	(48.7)	(509.2)	(64.4)	(116.4)	(254.6)	(72.2)	(45.3)	(63.1)	NM	NM
RJio	6	7	8	8	9	10	14	23	25	28	33	36	56.6	10.9
<b>EPS (INR)</b>														
Bharti	0.2	0.3	0.2	0.3	(5.6)	(44.9)	(2.0)	(9.7)	(29.2)	(1.4)	1.6	3.6	NM	126.6
Idea	0.6	(5.7)	(5.7)	(5.6)	(5.6)	(58.3)	(2.2)	(4.1)	(8.9)	(2.5)	(1.6)	(2.2)	NM	NM
RJio	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.5	0.6	0.6	0.7	0.8	56.6	10.9

\*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: INR521 | TP: INR720 (+38%)

EPS CHANGE (%): FY21|22: 6.4|2.0

- Estimate India Wireless organic ARPU to improve 1.5%
- Expect 5% subscriber growth in Home Broadband
- Estimate INR14 IUC impact on ARPU
- Expect 2% revenue growth in Enterprise business

**Quarterly Performance**

(INR b)

Y/E March (Consolidated)	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	207	211	213	237	239	251	265	263	869	1,019
YoY Change (%)	3.3	3.5	5.5	15.1	15.4	18.6	24.2	11.0	7.6	17.2
Total Expenditure	125	123	126	136	135	140	145	137	509	557
EBITDA	83	89	87	102	104	111	121	126	360	462
YoY Change (%)	23.1	41.9	40.2	53.3	25.7	24.9	38.3	24.3	39.8	28.2
Depreciation	68	69	68	71	72	73	75	84	276	305
Net Finance cost	32	29	33	41	35	38	40	29	135	142
Other Income	1	4	1	10	6	-2	-2	4	16	6
PBT before EO expense	-15	-6	-13	0	4	-2	4	16	-34	22
Extra-Ord expense	15	307	11	70	117	0	46	0	402	164
PBT	-30	-313	-23	-70	-114	-2	-42	16	-437	-142
Tax	-6	-85	-12	-20	38	4	43	6	-123	92
Rate (%)	20.2	27.1	49.8	29.0	-33.6	-167.6	-103.7	40.0	28.2	-64.8
MI & P/L of Asso. Cos.	5	2	6	3	7	7	5	-10	15	10
Reported PAT	-29	-230	-10	-52	-159	-8	9	19	-322	-139
Adj PAT	-14	-11	-11	-5	-4	-7	-3	19	-41	5
YoY Change (%)	366.1	16.4	3.8	-60.4	-68.8	-33.7	-72.4	-511.9	16.6	-111.3

E: MOFSL Estimates

**Indus Towers****Neutral**

CMP: INR255 | TP: INR245 (-4%)

EPS CHANGE (%): FY21|22: 0.0|0.0

- Expect tenancy/rental rates to decline 1% QoQ
- Estimate energy EBITDA at zero
- Estimate average sharing factor to remain flat
- Consol EBITDA margin to decline

**Quarterly Performance**

(INR m)

Y/E March (Consolidated)	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue from operations	37,119	36,376	64,432	63,063	60,859	63,591	67,361	67,725	2,00,990	2,59,536
YoY Change (%)	1.0	-0.8	77.0	75.2	64.0	74.8	4.5	7.4	37.8	1,634.5
Total Expenditure	18,164	17,593	31,708	34,527	30,279	32,854	31,837	33,343	1,01,992	1,28,313
EBITDA	18,955	18,783	32,724	28,536	30,580	30,737	35,524	34,381	98,998	1,31,222
YoY Change (%)	24.7	26.4	117.6	91.4	61.3	63.6	8.6	20.5	65.0	1,804.5
Depreciation	7,425	7,453	12,470	13,453	12,681	13,088	14,302	14,189	40,801	54,260
Interest	1,125	1,251	3,012	2,760	3,205	3,297	3,900	3,900	8,148	14,302
Other Income	651	349	562	840	339	816	1,056	1,152	2,402	3,363
PBT	11,056	10,428	17,804	13,163	15,033	15,168	18,378	17,444	52,451	66,023
Tax	2,186	793	4,496	3,299	3,827	3,861	4,778	4,535	10,774	17,001
Rate (%)	19.8	7.6	25.3	25.1	25.5	25.5	26.0	26.0	20.5	25.8
Reported PAT	8,870	9,635	13,308	9,864	11,206	11,307	13,600	12,909	41,677	49,022
Adj PAT	8,870	9,635	13,308	9,864	11,206	11,307	13,600	12,909	41,677	49,022
YoY Change (%)	39.0	55.0	105.2	62.3	26.3	17.4	2.2	30.9	65.7	533.5

E: MOFSL Estimates



**Tata Communications****Neutral**

CMP: INR1,124 | TP: INR975 (-13%)

EPS CHANGE (%): FY21|22: 0.0|0.0

- Expect Voice revenue to continue to decline
- Innovation Services to continue to run into loss
- Growth services EBITDA margin to increase 40bps QoQ
- EBITDA margin to expand 100bps

**Quarterly Performance**

(INR m)

Y/E March (Consolidated)	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	41,686	42,728	42,287	43,979	44,029	44,011	42,228	42,896	1,70,680	1,73,166
YoY Change (%)	5.7	5.0	-1.0	3.6	5.6	3.0	-0.1	-2.5	3.3	1.5
Total Expenditure	33,430	34,391	34,679	35,291	33,612	32,436	31,767	31,825	1,37,790	1,29,640
EBITDA	8,256	8,337	7,608	8,688	10,418	11,575	10,461	11,070	32,890	43,526
YoY Change (%)	40.7	32.3	-9.7	26.8	26.2	38.8	37.5	27.4	19.8	32.3
Depreciation	5,522	5,583	5,605	6,867	5,899	5,719	5,570	5,833	23,577	23,021
Interest	1,157	1,157	1,161	1,232	1,163	1,064	1,044	1,007	4,707	4,279
Other Income	88	95	140	373	147	761	82	357	697	1,347
PBT before EO expense	1,666	1,692	981	963	3,503	5,553	3,929	4,587	5,302	17,573
Exceptional (gain)/loss	65	59	0	3,781	105	540	114	0	3,905	759
PBT	1,601	1,632	981	-2,818	3,398	5,013	3,815	4,587	1,397	16,814
Tax	852	1,107	406	-98	812	1,153	711	1,193	2,267	3,869
Rate (%)	53.2	67.8	41.3	3.5	23.9	23.0	18.6	26.0	162.3	23.0
MI & P/L of Asso. Cos.	-18	-14	-9	30	8	15	12	-46	-11	-11
Reported PAT	766	539	585	-2,750	2,578	3,845	3,092	3,440	-860	12,954
Adj PAT	796	598	585	1,031	2,683	4,384	3,206	3,440	3,011	13,713
YoY Change (%)	NM	NM	NM	-479.8	236.9	632.8	447.6	233.7	-582.2	355.4

E: MOFSL Estimates

**Vodafone Idea****Neutral**

CMP: INR10 | TP: INR11 (+12%)

EPS CHANGE (%): FY21|22: NM|NM

- Expect organic ARPU to improve 2%
- Estimate 10% IUC impact on ARPU
- Expect VIL to add 0.5m subscribers
- Watch out for commentary on fundraising

**Consol. Quarterly Earnings Model**

(INR b)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	113	108	111	118	107	108	109	97	450	420
YoY Change (%)	91.4	41.5	-5.7	-0.2	-5.4	-0.5	-1.8	-17.6	21.2	-6.5
Total Expenditure	76	75	77	74	66	66	66	55	300	253
EBITDA	37	33	34	44	41	42	43	42	149	168
YoY Change (%)	453.5	625.4	200.9	145.3	12.3	24.1	25.3	-3.4	268.8	12.5
Depreciation	61	63	59	60	60	60	58	59	244	237
Share in Profits from Associates	1	1	1	1	1	1	1	1	4	3
Net Finance Costs	34	34	34	40	37	47	47	47	144	179
PBT before EO expense	-59	-62	-58	-56	-55	-65	-62	-63	-234	-245
Extra-Ord expense	8	308	6	61	199	8	-17	0	384	190
PBT	-67	-370	-64	-117	-255	-72	-45	-63	-618	-435
Tax	-18	140	0	-1	0	0	0	0	121	0
Rate (%)	27.0	-37.8	-0.3	0.8	0.0	0.0	0.0	0.0	-19.5	0.0
Reported PAT	-49	-509	-64	-116	-255	-72	-45	-63	-739	-435
Adj PAT	-42	-62	-58	-55	-55	-65	-62	-63	-217	-245
YoY Change (%)	195.4	38.9	-6.4	35.6	30.8	4.3	7.3	14.7	34.5	12.9

E: MOFSL Estimates

## Utilities

## Company name

CESC
Coal India
Indian Energy Exchange
JSW Energy
NHPC
NTPC
Power Grid Corp.
Tata Power

## Demand for power recovering

## Receivables from DISCOMs to be keenly watched

Power demand in the first two months of 4QFY21 rose 2.6% YoY, highlighting the continued recovery in economic activity. Initial data from POSOCO indicates that this trend is continuing with overall Power demand up 23% YoY for Mar'21. While the base of the last year is low, against Mar'19 levels as well, demand in Mar'21 is up 12%. Generation from coal-based plants have increased by 6.1% YoY (over Jan-Feb'21). While the inventory of coal at Power plants has declined, inventory at mines remains high. At a system level, coal inventory stands ~127mt (~1.9 months of consumption).

**COAL's** offtake is expected to remain flat YoY (~164mt). However, EBITDA (excluding OBR) is expected to remain at INR57.8b, a decline of ~39% YoY. This would be led by lower realizations (FSA and e-auction). e-auction realizations would be lower by ~24% YoY. We build in lower OBR provisions and other income on a YoY basis. We expect PAT to decline by ~31% YoY to INR31.8b.

We expect **NTPC's** adjusted PAT (excluding FC u/r) to be largely stable ~INR33b. At the sector level, receivables from DISCOMs continue to remain elevated for Generators. However, disbursement of money from the Atmanirbhar scheme has picked up. Management commentary on the receivables front would be keenly watched. For **PWGR**, we expect adjusted PAT to rise by ~3% YoY at INR30.6b.

We expect **CESC's** standalone PAT to rise by ~20% YoY to INR3b on a low base of last year. **TPWR's** adjusted PAT is expected to rise by ~55% YoY at INR3.2b due to lower interest expense, better performance of the EPC business, and profitability of CESU. **TPW's** adjusted PAT is expected to rise by 13% YoY at INR3.2b on lower interest expense. **NHPC's** adjusted PAT is expected to remain flat YoY at INR3.8b amid lower generation. For **IEX**, we expect 61% YoY growth in electricity volumes (DAM+TAM+RTM). Standalone revenues would rise by ~37% YoY despite lack of RECs. This would result in ~45% YoY growth in EBITDA. We expect PAT to grow by ~32% YoY as we build in conservative expectations in other income.

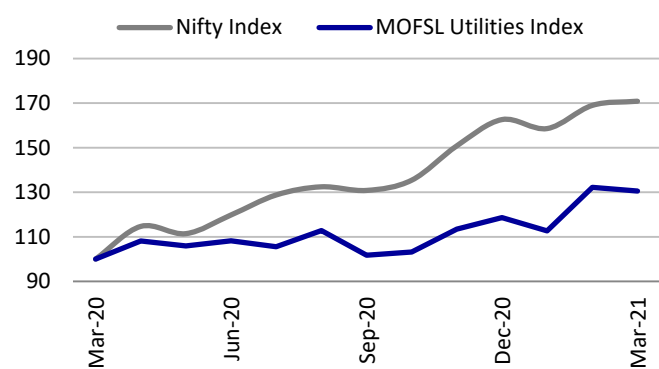
## Top pick – NTPC

NTPC has ~13GW of thermal projects under execution, providing visibility towards growth in regulated equity over the next three years. Capitalization has picked up pace, and we expect it to drive ~11% regulated equity CAGR over FY20-23E. Receivables would remain the key monitorable. We expect the situation to improve as Power demand recovers and money from the PFC-REC scheme flows through. NTPC remains our top pick within the regulated space given its attractive valuations and a robust capacity pipeline.

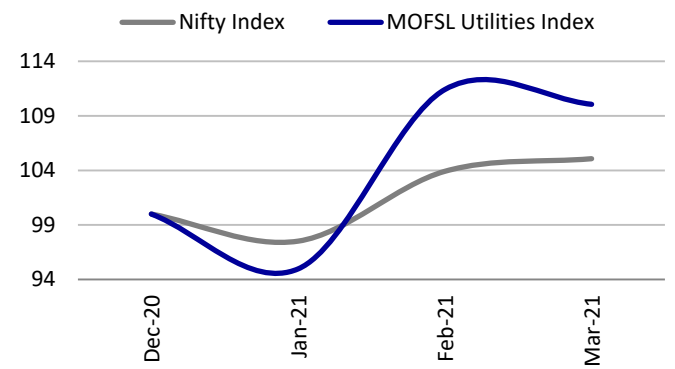
We also like **TPW** as its Distribution franchise business remains intact in the medium term. Continued capitalization within regulated Distribution, reduction in T&D losses for the Distribution franchise, and debt repayment would aid earnings. TPW remains well poised to capitalize on opportunities from privatization of Distribution players.

**Exhibit 1: Summary of expected quarterly performance**

Sector	CMP		Sales (INR M)			EBDITA (INR M)			Net Profit (INR M)		
	(INR)	RECO	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ	Mar-21	Var % YoY	Var % QoQ
CESC	607	Buy	22,637	43.0	36.4	10,324	311.3	245.3	2,995	19.8	64.6
Coal India	132	Buy	2,53,822	-7.9	7.2	57,821	-39.3	-1.2	31,753	-31.4	3.0
Indian Energy Exchange	347	Buy	952	37.2	11.9	787	45.3	9.1	625	32.3	4.0
JSW Energy	91	Neutral	22,562	25.8	40.2	5,321	-7.4	-12.0	969	-10.7	-21.6
NHPC	25	Neutral	27,751	45.0	82.9	13,756	145.9	77.1	3,808	-0.5	3.2
NTPC	108	Buy	2,92,523	0.5	15.0	81,147	-11.5	-2.1	32,598	-1.1	-3.2
Power Grid Corp.	219	Buy	1,07,106	0.3	6.5	95,436	5.5	8.0	30,633	3.0	-7.8
Tata Power	105	Buy	93,532	40.2	23.1	18,679	14.6	2.6	3,177	54.7	-15.2
Torrent Power	428	Buy	31,931	7.0	8.1	9,001	8.8	7.9	3,186	13.2	12.0
<b>Sector aggregates</b>			<b>8,52,816</b>	<b>3.5</b>	<b>14.3</b>	<b>2,92,272</b>	<b>-7.6</b>	<b>6.7</b>	<b>1,09,744</b>	<b>-9.8</b>	<b>-1.7</b>

**Exhibit 2: Relative performance — three months (%)**

Source: Bloomberg, MOFSL

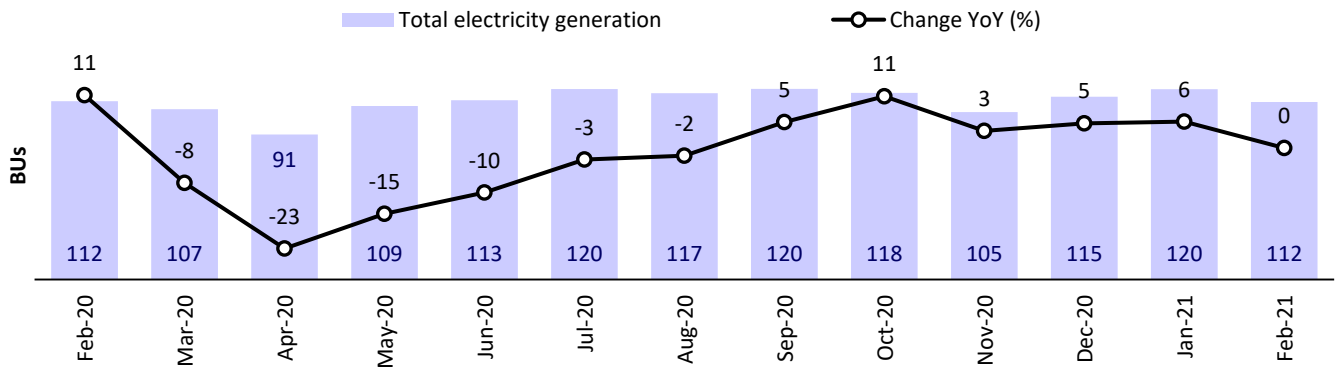
**Exhibit 3: Relative performance — one-year (%)**

Source: Bloomberg, MOFSL

**Exhibit 4: Comparative valuation**

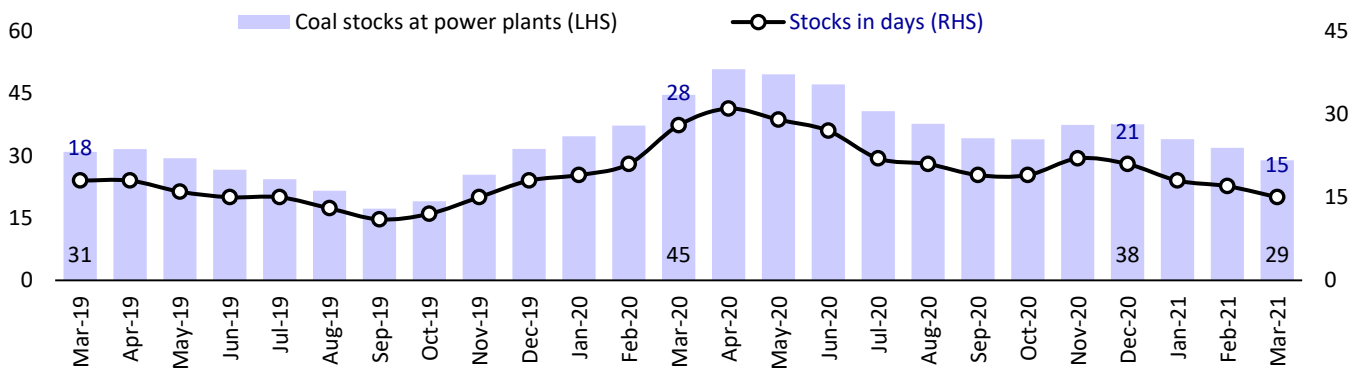
Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Utilities</b>						<b>8.9</b>	<b>7.6</b>	<b>6.8</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>	<b>14.7</b>	<b>15.7</b>	<b>16.3</b>
CESC	607	Buy	97.4	97.1	104.3	6.2	6.3	5.8	0.8	0.7	0.7	13.0	12.1	12.3
Coal India	132	Buy	18.3	24.5	30.9	7.2	5.4	4.3	2.3	1.8	1.5	31.3	34.3	35.1
Indian Energy Exchange	347	Buy	7.1	8.3	9.8	48.7	41.6	35.3	22.8	19.6	16.8	50.3	50.6	51.2
JSW Energy	91	Neutral	4.8	5.9	6.9	18.9	15.5	13.1	1.2	1.2	1.1	6.6	7.7	8.8
NHPC	25	Neutral	2.9	3.0	3.5	8.6	8.2	7.0	0.8	0.7	0.7	9.0	9.0	10.0
NTPC	108	Buy	15.5	16.8	18.1	7.0	6.4	5.9	0.8	0.8	0.8	12.4	12.8	13.1
Power Grid Corp.	219	Buy	23.9	25.9	27.2	9.2	8.4	8.0	1.7	1.5	1.4	18.7	18.7	18.2
Tata Power	105	Buy	3.8	5.4	5.5	27.5	19.5	18.9	1.6	1.5	1.4	5.8	7.9	7.7
Torrent Power	428	Buy	22.8	31.1	31.7	18.7	13.7	13.5	2.0	1.8	1.7	11.4	14.1	13.0

**Exhibit 5: Power demand in India has been recovering**



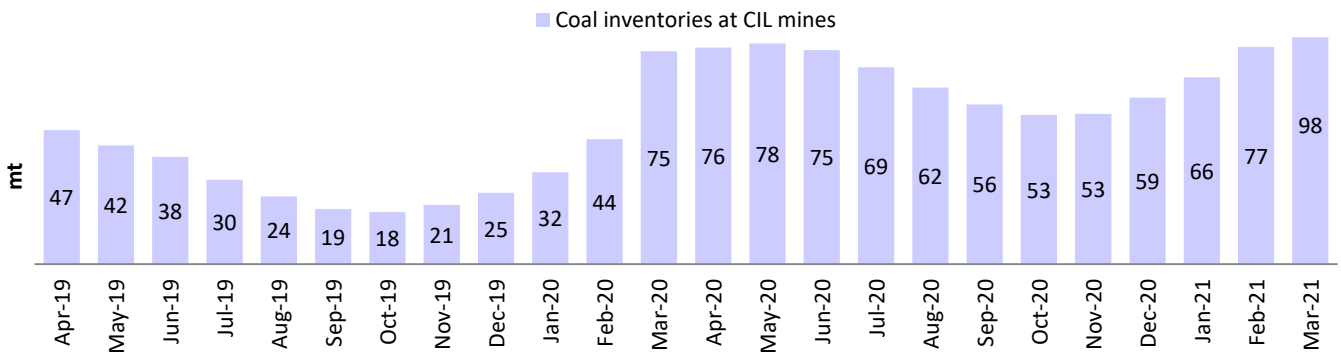
Source: MOFSL, CEA

**Exhibit 6: Coal stocks at Power plants have declined recently**



Source: MOFSL, Ministry of Power

**Exhibit 7: Inventory at COAL's mines though remain high**



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.

**CESC****Buy****CMP INR 607 | TP: INR 777 (+28%)****EPS CHANGE (%): FY21 | 22: No Change | No Change**

- Performance to improve as demand recovers.
- Watch out for sales in Distribution circles.
- Watch out for performance of DFs.
- Watch out for performance of Dhariwal.

**Standalone quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Sales</b>	<b>23,590</b>	<b>22,460</b>	<b>16,480</b>	<b>15,830</b>	<b>15,850</b>	<b>19,890</b>	<b>16,590</b>	<b>22,637</b>	<b>78,359</b>	<b>74,967</b>
<b>EBITDA</b>	<b>4,420</b>	<b>4,630</b>	<b>2,770</b>	<b>2,510</b>	<b>2,280</b>	<b>3,380</b>	<b>2,990</b>	<b>10,324</b>	<b>14,328</b>	<b>18,974</b>
Change (%)	-10.9	-9.4	37.1	67.3	-48.4	-27.0	7.9	311.3	5.5	32.4
As a % of Sales	18.7	20.6	16.8	15.9	14.4	17.0	18.0	45.6	18.3	25.3
Depreciation	1,090	1,080	1,100	1,210	1,170	1,130	1,160	1,223	4,477	4,683
Interest	1,300	1,270	1,170	1,700	1,360	1,210	1,170	1,608	5,442	5,348
Other Income	230	450	290	490	340	140	280	584	1,459	1,344
Regulatory (inc.)/exp.	-500	-480	-1,350	-2,970	-1,450	-810	-1,140	3,400	-5,319	0
<b>PBT</b>	<b>2,760</b>	<b>3,210</b>	<b>2,140</b>	<b>3,060</b>	<b>1,540</b>	<b>1,990</b>	<b>2,080</b>	<b>4,677</b>	<b>11,186</b>	<b>10,287</b>
Tax	590	460	380	560	200	-290	260	1,682	2,009	1,852
Effective Tax Rate (%)	21.4	14.3	17.8	18.3	13.0	-14.6	12.5	36.0	18.0	18.0
<b>Reported PAT</b>	<b>2,170</b>	<b>2,750</b>	<b>1,760</b>	<b>2,500</b>	<b>1,340</b>	<b>2,280</b>	<b>1,820</b>	<b>2,995</b>	<b>9,178</b>	<b>8,435</b>
<b>Adjusted PAT</b>	<b>2,170</b>	<b>2,750</b>	<b>1,760</b>	<b>2,500</b>	<b>1,340</b>	<b>2,280</b>	<b>1,820</b>	<b>2,995</b>	<b>9,178</b>	<b>8,435</b>
Change (%)	17.9	1.5	1.7	-19.1	-38.2	-17.1	3.4	19.8	-2.0	-8.1

**Coal India****Buy****CMP INR 132 | TP: INR 178 (+35%)****EPS CHANGE (%): FY21 | 22: +2% | No Change**

- Lower realization to result in lower profits on a YoY basis.
- Watch out for a movement in receivables.
- Watch out for e-auction volumes.
- Watch out for demand from non-Power customers.

**Quarterly performance****(INR b)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Sales</b>	<b>249.4</b>	<b>203.8</b>	<b>231.9</b>	<b>275.7</b>	<b>184.9</b>	<b>211.5</b>	<b>236.9</b>	<b>253.8</b>	<b>960.8</b>	<b>887.1</b>
Change (%)	3.6	-6.9	-7.4	-3.4	-25.9	3.8	2.1	-7.9	-3.5	-7.7
<b>Adj. EBITDA</b>	<b>75.1</b>	<b>42.5</b>	<b>61.8</b>	<b>95.2</b>	<b>28.0</b>	<b>34.0</b>	<b>58.5</b>	<b>57.8</b>	<b>274.6</b>	<b>178.3</b>
As a % of Sales	30.1	20.8	26.7	34.5	15.1	16.1	24.7	22.8	28.6	20.1
Depreciation	7.3	7.9	8.9	10.3	8.5	8.5	9.2	9.7	34.5	35.9
OBR	9.0	6.4	12.1	27.9	-2.5	-5.8	6.9	15.7	55.4	14.2
Interest	0.2	1.7	1.5	1.7	1.8	1.5	1.6	0.4	5.0	5.3
Other Income	11.5	16.3	14.1	19.1	7.9	10.8	6.5	10.3	61.1	35.5
EO Inc./(Exp.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>PBT</b>	<b>70.1</b>	<b>42.8</b>	<b>53.3</b>	<b>74.5</b>	<b>28.0</b>	<b>40.6</b>	<b>47.4</b>	<b>42.3</b>	<b>240.7</b>	<b>158.3</b>
Tax	23.8	7.5	14.1	28.2	7.2	11.1	16.6	10.5	73.7	45.4
Tax Rate (%)	34.0	17.6	26.5	37.9	25.8	27.3	35.0	24.9	30.6	28.7
<b>Reported PAT</b>	<b>46.3</b>	<b>35.2</b>	<b>39.2</b>	<b>46.3</b>	<b>20.8</b>	<b>29.5</b>	<b>30.8</b>	<b>31.8</b>	<b>167.0</b>	<b>112.9</b>
<b>Adjusted PAT</b>	<b>46.3</b>	<b>35.2</b>	<b>39.2</b>	<b>46.3</b>	<b>20.8</b>	<b>29.5</b>	<b>30.8</b>	<b>31.8</b>	<b>167.0</b>	<b>112.9</b>
Change (%)	22.4	14.2	-14.1	-23.2	-55.1	-16.3	-21.3	-31.4	-4.4	-32.4

## Indian Energy Exchange

**Buy**
**CMP INR 347 | TP: INR 355 (+2%)**
**EPS CHANGE (%): FY21 | 22: +4% | No Change**

- Watch out for contribution of Real Time market volumes.
- Watch out for an update on the launch of new products.
- Watch out for an update on the gas exchange.
- Watch out for commentary on RECs.

### Standalone quarterly performance (INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>606</b>	<b>675</b>	<b>597</b>	<b>693</b>	<b>663</b>	<b>708</b>	<b>850</b>	<b>952</b>	<b>2,570</b>	<b>3,172</b>
YoY Change (%)	-9.6	0.9	-6.5	22.8	9.5	4.9	42.4	37.2	1.2	23.4
Total Expenditure	112	142	120	152	174	132	129	164	526	599
<b>EBITDA</b>	<b>494</b>	<b>533</b>	<b>477</b>	<b>542</b>	<b>489</b>	<b>575</b>	<b>721</b>	<b>787</b>	<b>2,045</b>	<b>2,573</b>
Margin (%)	81.6	79.0	79.9	78.1	73.8	81.3	84.8	82.7	79.6	81.1
Depreciation	33	33	41	45	44	41	40	42	152	167
Interest	5	5	0	5	5	5	5	0	16	16
Other Income	91	113	97	100	142	86	107	84	401	419
<b>PBT before EO expense</b>	<b>547</b>	<b>607</b>	<b>533</b>	<b>591</b>	<b>582</b>	<b>616</b>	<b>783</b>	<b>829</b>	<b>2,278</b>	<b>2,810</b>
Extra-Ordinary expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>547</b>	<b>607</b>	<b>533</b>	<b>591</b>	<b>582</b>	<b>616</b>	<b>783</b>	<b>829</b>	<b>2,278</b>	<b>2,810</b>
Tax	151	118	110	119	153	149	182	204	499	688
Rate (%)	27.6	19.5	20.6	20.2	26.3	24.1	23.3	24.7	21.9	24.5
<b>Reported PAT</b>	<b>396</b>	<b>488</b>	<b>423</b>	<b>472</b>	<b>429</b>	<b>467</b>	<b>601</b>	<b>625</b>	<b>1,779</b>	<b>2,121</b>
<b>Adjusted PAT</b>	<b>396</b>	<b>488</b>	<b>423</b>	<b>472</b>	<b>429</b>	<b>467</b>	<b>601</b>	<b>625</b>	<b>1,779</b>	<b>2,121</b>
YoY Change (%)	-5.5	14.4	-0.7	24.7	8.3	-4.4	42.0	32.3	7.8	19.2

## JSW Energy

**Neutral**
**CMP INR 91 | TP: INR 85 (-6%)**
**EPS CHANGE (%): FY21 | 22: No Change**

- Expect interest cost reduction to continue on a YoY basis.
- Watch out for an update on renewable projects.
- Watch out for an update on receivables.
- Watch out for Dolvi PPA tie up.

### Quarterly performance (INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>24,122</b>	<b>21,186</b>	<b>19,486</b>	<b>17,934</b>	<b>18,052</b>	<b>19,386</b>	<b>16,089</b>	<b>22,562</b>	<b>82,727</b>	<b>76,088</b>
YoY Change (%)	2.2	-12.8	-19.5	-6.8	-25.2	-8.5	-17.4	25.8		
Total Expenditure	16,029	11,838	13,106	12,186	10,596	10,148	10,044	17,241	53,159	48,029
<b>EBITDA</b>	<b>8,093</b>	<b>9,348</b>	<b>6,380</b>	<b>5,748</b>	<b>7,455</b>	<b>9,238</b>	<b>6,044</b>	<b>5,321</b>	<b>29,569</b>	<b>28,059</b>
Margin (%)	33.5	44.1	32.7	32.1	41.3	47.7	37.6	23.6	35.7	36.9
Depreciation	2,913	2,943	2,932	2,893	2,895	2,916	2,916	3,026	11,681	11,753
Interest	2,698	2,722	2,611	2,480	2,404	2,072	1,912	1,990	10,511	8,377
Other Income	518	1,133	676	542	816	610	504	618	2,870	2,548
<b>PBT before EO expense</b>	<b>3,000</b>	<b>4,816</b>	<b>1,513</b>	<b>917</b>	<b>2,973</b>	<b>4,860</b>	<b>1,720</b>	<b>923</b>	<b>10,247</b>	<b>10,476</b>
Extra-Ord. expense	0	0	-2,656	0	0	0	0	0	-2,656	0
<b>PBT</b>	<b>3,000</b>	<b>4,816</b>	<b>4,170</b>	<b>917</b>	<b>2,973</b>	<b>4,860</b>	<b>1,720</b>	<b>923</b>	<b>12,904</b>	<b>10,476</b>
Tax	883	1,338	125	26	787	1,364	338	130	2,372	2,619
Rate (%)	29.4	27.8	3.0	2.8	26.5	28.1	19.7	14.0	18.4	25.0
MI and Associates	-327	-51	103	-193	53	-25	147	-175	-468	0
<b>Reported PAT</b>	<b>2,444</b>	<b>3,530</b>	<b>3,941</b>	<b>1,084</b>	<b>2,132</b>	<b>3,521</b>	<b>1,235</b>	<b>969</b>	<b>10,999</b>	<b>7,857</b>
<b>Adj. PAT</b>	<b>2,444</b>	<b>3,530</b>	<b>1,285</b>	<b>1,084</b>	<b>2,132</b>	<b>3,521</b>	<b>1,235</b>	<b>969</b>	<b>8,343</b>	<b>7,857</b>
YoY Change (%)	6.6	12	-12	2,702	-13	0	-4	-11	20	-6

**NHPC****Neutral****CMP INR 25 | TP: INR 26 (+5%)****EPS CHANGE (%): FY21 | 22: No change**

- Expect generation to fall by ~19% YoY.
- Watch out for the company's capex plans.
- Update on Subansiri project a key monitorable.
- Watch out for progress on new projects.

**Standalone performance (INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>24,213</b>	<b>26,054</b>	<b>17,951</b>	<b>19,136</b>	<b>25,189</b>	<b>25,540</b>	<b>15,171</b>	<b>27,751</b>	<b>87,354</b>	<b>93,651</b>
YoY Change (%)	13.7	4.4	14.2	30.9	4.0	-2.0	-15.5	45.0	13.9	
<b>EBITDA</b>	<b>15,040</b>	<b>15,780</b>	<b>9,278</b>	<b>5,594</b>	<b>14,207</b>	<b>15,728</b>	<b>7,767</b>	<b>13,756</b>	<b>45,691</b>	<b>51,458</b>
Depreciation	3,866	3,857	3,873	3,858	3,303	3,332	3,349	5,936	15,453	15,919
Interest	2,366	2,521	1,556	1,512	1,467	1,462	1,417	4,943	7,954	9,289
Other Income	872	4,992	649	3,850	860	4,261	1,643	2,474	10,362	9,238
Rate regulated activity	1,989	1,024	17	407	352	361	417	227	3,436	1,356
<b>PBT before EO expense</b>	<b>11,668</b>	<b>15,418</b>	<b>4,515</b>	<b>4,481</b>	<b>10,649</b>	<b>15,556</b>	<b>5,060</b>	<b>5,578</b>	<b>36,082</b>	<b>36,844</b>
Extra-Ord. expense	0	0	0	0	-1,850	0	4,392	0	0	2,542
<b>PBT</b>	<b>11,668</b>	<b>15,418</b>	<b>4,515</b>	<b>4,481</b>	<b>8,799</b>	<b>15,556</b>	<b>9,453</b>	<b>5,578</b>	<b>36,082</b>	<b>39,386</b>
Tax	2,857	2,023	478	652	1,574	2,571	1,372	1,770	6,010	7,286
Rate (%)	24	13	11	15	18	17	15	32	17	19
<b>Reported PAT</b>	<b>8,811</b>	<b>13,395</b>	<b>4,037</b>	<b>3,829</b>	<b>7,225</b>	<b>12,985</b>	<b>8,081</b>	<b>3,808</b>	<b>30,072</b>	<b>32,100</b>
<b>Adj. PAT</b>	<b>8,811</b>	<b>13,395</b>	<b>4,037</b>	<b>3,829</b>	<b>9,075</b>	<b>12,985</b>	<b>3,689</b>	<b>3,808</b>	<b>30,072</b>	<b>29,557</b>
YoY Change (%)	19.5	9.9	121.6	na	3.0	-3.1	-8.6	-0.5	40.4	-1.7

**NTPC****Buy****CMP INR 108 | TP: INR 141 (+30%)****EPS CHANGE (%): FY21 | 22: +1%|No Change**

- Watch out for an update on commercialization.
- Watch out for trend in receivables.
- Watch out for a movement in fixed cost under recoveries.
- Update on the company's renewable plans.

**Standalone quarterly performance – INR b**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Sales</b>	<b>247.0</b>	<b>236.3</b>	<b>250.9</b>	<b>291.0</b>	<b>242.6</b>	<b>250.2</b>	<b>254.3</b>	<b>292.5</b>	<b>1,025</b>	<b>1,040</b>
Change (%)	8.0	4.4	5.4	29.6	-1.8	5.9	1.3	0.5	9.0	1.4
<b>EBITDA</b>	<b>69.6</b>	<b>72.1</b>	<b>85.7</b>	<b>91.7</b>	<b>85.5</b>	<b>75.3</b>	<b>82.9</b>	<b>81.1</b>	<b>319.2</b>	<b>324.8</b>
Depreciation	20.5	21.2	23.2	21.3	25.3	25.3	25.6	26.7	86.2	102.9
Interest	15.7	16.2	17.6	18.4	20.8	17.7	20.1	22.5	67.8	81.1
Other income	3.3	8.9	5.3	10.3	5.7	13.5	7.6	5.7	27.8	32.4
Exceptional	0.0	0.0	0.0	0.0	-8.0	-5.6	0.0	0.0	0.0	-13.6
<b>PBT</b>	<b>36.7</b>	<b>43.7</b>	<b>50.2</b>	<b>62.4</b>	<b>37.0</b>	<b>40.1</b>	<b>44.8</b>	<b>37.6</b>	<b>192.9</b>	<b>159.6</b>
Tax	10.7	11.0	20.3	49.8	12.3	5.1	11.7	4.4	91.8	33.5
<b>PAT</b>	<b>26.0</b>	<b>32.6</b>	<b>30.0</b>	<b>12.5</b>	<b>24.7</b>	<b>35.0</b>	<b>33.2</b>	<b>33.2</b>	<b>101.1</b>	<b>126.1</b>
Change (%)	0.6	34.5	25.6	-71.2	-5.1	7.4	10.7	164.7	-13.9	24.7
<b>Adj. PAT (excl. FC u/r)</b>	<b>27.1</b>	<b>34.7</b>	<b>29.0</b>	<b>33.0</b>	<b>33.2</b>	<b>41.6</b>	<b>33.7</b>	<b>32.6</b>	<b>123.7</b>	<b>141.0</b>
Change (%)	-8.6	24.5	13.6	3.9	22.7	19.7	16.1	-1.1	7.8	14.0

**Power Grid Corporation****Buy**

CMP INR 219 | TP: INR 248 (+13%)

EPS CHANGE (%): FY21 | 22: No Change

- Outlook on new awarding.
- Outlook on TBCB projects is a key monitorable.
- Progress on InvIT of assets.
- Watch out for progress on capitalization.

**Standalone quarterly summary (INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Sales</b>	<b>87,978</b>	<b>90,369</b>	<b>93,541</b>	<b>1,06,802</b>	<b>93,828</b>	<b>90,497</b>	<b>1,00,561</b>	<b>1,07,106</b>	<b>3,78,689</b>	<b>3,91,991</b>
Change (%)	5.5	4.0	12.5	9.8	6.6	0.1	7.5	0.3	8.0	3.5
<b>EBITDA</b>	<b>78,901</b>	<b>79,088</b>	<b>82,383</b>	<b>90,479</b>	<b>82,712</b>	<b>79,628</b>	<b>88,400</b>	<b>95,436</b>	<b>3,30,851</b>	<b>3,46,177</b>
Change (%)	10.6	7.2	11.2	9.0	4.8	0.7	7.3	5.5	9.5	4.6
As a % of Sales	89.7	87.5	88.1	84.7	88.2	88.0	87.9	89.1	87.4	88.3
Depreciation	26,591	27,482	28,024	28,636	27,970	28,967	29,928	32,909	1,10,732	1,19,773
Interest	23,591	23,761	24,740	26,044	22,786	20,950	21,511	31,182	98,136	96,429
Other Income	4,243	4,982	5,049	7,051	6,314	8,323	6,348	3,786	21,324	24,771
Extraordinary Inc./ (Exp.)	0	0	0	0	10,750	-36	0	0	0	-10,786
<b>PBT</b>	<b>32,962</b>	<b>32,827</b>	<b>34,668</b>	<b>42,850</b>	<b>27,520</b>	<b>37,998</b>	<b>43,310</b>	<b>35,130</b>	<b>1,43,308</b>	<b>1,43,958</b>
Tax	8,684	7,555	7,933	11,024	7,731	6,824	10,072	5,613	35,196	30,239
Effective Tax Rate (%)	26.3	23.0	22.9	25.7	28.1	18.0	23.3	16.0	24.6	21.0
<b>Reported PAT</b>	<b>24,279</b>	<b>25,271</b>	<b>26,735</b>	<b>31,827</b>	<b>19,789</b>	<b>31,174</b>	<b>33,239</b>	<b>29,518</b>	<b>1,08,112</b>	<b>1,13,719</b>
Change (%)	8.4	9.4	14.7	4.2	-18.5	23.4	24.3	-7.3	8.8	5.2
<b>Adjusted PAT</b>	<b>23,106</b>	<b>25,097</b>	<b>26,537</b>	<b>29,749</b>	<b>28,059</b>	<b>30,640</b>	<b>33,239</b>	<b>30,633</b>	<b>1,04,489</b>	<b>1,22,571</b>
Change (%)	2.7	7.0	12.5	11.3	21.4	22.1	25.3	3.0	8.6	17.3

**Tata Power****Buy**

CMP INR 105 | TP: INR 120 (+15%)

EPS CHANGE (%): FY21 | 22: -6% | +5%

- Performance of EPC business segments a key monitorable.
- Update on asset monetization a key monitorable.
- Watch out for performance of CESU.
- Watch out for update on merger of subsidiaries.

**Quarterly performance (INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>76,317</b>	<b>76,778</b>	<b>70,710</b>	<b>66,708</b>	<b>64,530</b>	<b>82,898</b>	<b>75,979</b>	<b>93,532</b>	<b>2,91,364</b>	<b>3,16,939</b>
YoY Change (%)	4.4	2.2	-8.2	-7.7	-15.4	8.0	7.5	40.2	-1.4	8.8
Total Expenditure	54,647	54,218	52,661	50,410	47,217	62,886	57,773	74,853	2,11,936	2,37,893
<b>EBITDA</b>	<b>21,671</b>	<b>22,560</b>	<b>18,050</b>	<b>16,298</b>	<b>17,313</b>	<b>20,012</b>	<b>18,206</b>	<b>18,679</b>	<b>79,428</b>	<b>79,045</b>
Margin (%)	28.4	29.4	25.5	24.4	26.8	24.1	24.0	20.0	27.3	24.9
Depreciation	6,200	6,544	6,719	6,583	6,445	6,989	7,383	6,820	26,336	27,636
Interest	11,439	11,300	11,292	10,907	10,894	10,650	9,656	9,498	44,937	40,697
Other Income	1,079	1,072	650	672	874	1,518	1,049	640	5,626	4,082
Rate regulated activity	-2,000	-3,490	1,002	2,601	2,185	1,228	1,423	0	-1,887	0
<b>PBT before EO expense</b>	<b>3,111</b>	<b>2,299</b>	<b>1,691</b>	<b>2,080</b>	<b>3,034</b>	<b>5,119</b>	<b>3,639</b>	<b>3,001</b>	<b>11,895</b>	<b>14,793</b>
Extra-Ord. expense	-1,095	-747	279	5,690	0	0	-2,113	0	4,099	-2,113
<b>PBT</b>	<b>2,017</b>	<b>1,552</b>	<b>1,970</b>	<b>7,770</b>	<b>3,034</b>	<b>5,119</b>	<b>1,526</b>	<b>3,001</b>	<b>15,994</b>	<b>12,680</b>
Tax	1,924	520	1,176	1,491	1,894	3,176	1,027	819	8,253	6,916
Rate (%)	95	33	60	19	62	62	67	27	51.6	54.5
MI and P/L of Asso. Cos.	1,612	1,725	1,132	1,465	1,154	1,045	1,132	995	6,535	4,327
<b>Reported PAT</b>	<b>1,704</b>	<b>2,757</b>	<b>1,927</b>	<b>7,744</b>	<b>2,294</b>	<b>2,988</b>	<b>1,632</b>	<b>3,177</b>	<b>14,276</b>	<b>10,091</b>
<b>Adj. PAT</b>	<b>2,799</b>	<b>3,504</b>	<b>1,647</b>	<b>2,054</b>	<b>2,294</b>	<b>2,988</b>	<b>3,745</b>	<b>3,177</b>	<b>10,177</b>	<b>12,204</b>



**Torrent Power****Buy****CMP INR 428 | TP: INR 463 (+8%)****EPS CHANGE (%): FY21 | 22: +1% | +1%**

- Demand in Distribution circles to improve.
- Watch out for collection in DF circles.
- Watch out for update on renewables.
- Progress on new circles.

**Quarterly performance (INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>37,361</b>	<b>38,420</b>	<b>30,790</b>	<b>29,835</b>	<b>26,631</b>	<b>31,287</b>	<b>29,528</b>	<b>31,931</b>	<b>1,36,406</b>	<b>1,19,377</b>
YoY Change (%)	5.9	11.5	-5.4	2.0	-28.7	-18.6	-4.1	7.0		
Total Expenditure	29,025	27,870	22,386	21,565	19,647	22,966	21,185	22,930	1,00,846	86,727
<b>EBITDA</b>	<b>8,337</b>	<b>10,550</b>	<b>8,404</b>	<b>8,270</b>	<b>6,984</b>	<b>8,321</b>	<b>8,343</b>	<b>9,001</b>	<b>35,561</b>	<b>32,649</b>
Margin (%)	22.3	27.5	27.3	27.7	26.2	26.6	28.3	28.2		
Depreciation	3,206	3,219	3,268	3,350	3,159	3,165	3,193	3,254	13,043	12,771
Interest	2,477	2,495	2,349	2,224	2,203	2,020	1,897	1,881	9,546	8,001
Other Income	545	493	365	373	347	374	374	389	1,776	1,483
<b>PBT before EO expense</b>	<b>3,199</b>	<b>5,329</b>	<b>3,152</b>	<b>3,069</b>	<b>1,968</b>	<b>3,510</b>	<b>3,627</b>	<b>4,255</b>	<b>14,748</b>	<b>13,360</b>
Extra-Ord. expense	0	0	0	10,000	-2,710	1,210	-360	0	10,000	-1,860
<b>PBT</b>	<b>3,199</b>	<b>5,329</b>	<b>3,152</b>	<b>-6,931</b>	<b>4,678</b>	<b>2,300</b>	<b>3,987</b>	<b>4,255</b>	<b>4,748</b>	<b>15,220</b>
Tax	433	-2,227	-1,055	-4,191	940	278	770	1,057	-7,040	3,044
Rate (%)	13.5	-41.8	-33.5	60.5	20.1	12.1	19.3	24.8	-148.3	20.0
MI and Associates	13	12	12	10	12	13	12	12	47	50
<b>Reported PAT</b>	<b>2,753</b>	<b>7,544</b>	<b>4,194</b>	<b>-2,749</b>	<b>3,727</b>	<b>2,008</b>	<b>3,205</b>	<b>3,186</b>	<b>11,742</b>	<b>12,126</b>
<b>PAT</b>	<b>2,753</b>	<b>4,742</b>	<b>3,148</b>	<b>2,815</b>	<b>1,667</b>	<b>3,218</b>	<b>2,845</b>	<b>3,186</b>	<b>13,458</b>	<b>10,916</b>
YoY Change (%)	21.9	15.1	32.8	1,075.3	-39.4	-32.1	-9.6	13.2	49.7	-18.9

# 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.

## BSE

**Buy**
**CMP: INR564 | TP: INR770 (+37%)**
**EPS CHANGE (%): FY21|22: 3.7 | 3.4**

- Expect 55% increase in cash volumes QoQ to INR3.5t
- Expect margins to recover on higher operating leverage
- Expect elevated revenues from services to corporates, led by recent IPOs
- Outlook for revenues from Star MF platform a key monitorable

### Cons. Quarterly perf.

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue from operations	1,095	1,088	1,104	1,196	1,032	1,284	1,181	1,312	4,483	4,809
YoY Change (%)	-7.6	-2.9	8.7	6.2	-5.7	18.0	7.0	9.7	0.8	7.3
Total Expenditure	1,066	1,146	1,154	1,150	1,049	1,031	1,087	1,129	4,516	4,296
EBITDA	29	-58	-50	46	-17	253	94	183	-33	513
Margins (%)	2.6	-5.3	-4.5	3.8	-1.6	19.7	8.0	13.9	-0.7	10.7
Depreciation	120	125	132	134	132	145	149	138	511	564
Interest	5	4	5	10	22	24	29	29	24	104
Investment income	565	507	383	362	589	350	416	440	1,817	1,795
PBT before EO expense	470	320	196	264	418	434	332	456	1,249	1,639
Extra-Ord expense	38	66	-211	267	121	267	71	0	160	459
PBT	432	254	407	-3	297	167	261	456	1,089	1,180
Tax	88	-40	8	82	73	-192	62	114	138	58
Rate (%)	20.4	-15.7	2.0	-2,562.5	24.7	-114.8	23.9	25.0	12.7	4.9
MI & P/L of Asso. Cos.	70	73	57	72	101	101	117	69	272	388
Reported PAT	414	367	456	-13	325	460	315	411	1,223	1,511
YoY Change (%)	-19.7	-20.0	1.6	-102.5	-21.5	25.4	-30.9	-3,211.0	-33.5	28.7
Margins (%)	32.7	26.0	36.2	-161.4	24.1	19.0	19.2	27.4	32.6	39.1

## Container Corp. of India (CONCOR)

**Buy**
**CMP: INR578 | TP: INR662 (+15%)**
**EPS CHANGE (%): FY21|22: -5 | +1**

- Volumes to increase 13% YoY
- EXIM/Domestic volumes to increase 12%/16% YoY
- Higher LLF may impact margins in 4QFY21
- EBITDA to decline 8% YoY to INR4.4b

### Quarterly performance

**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	16,389	17,387	15,276	15,686	11,891	15,027	17,538	19,850	64,738	64,307
YoY Change (%)	9.4	1.0	-2.9	-10.4	-27.4	-13.6	14.8	26.5	-1.1	-0.7
EBITDA	4,033	4,255	3,717	4,744	1,590	3,129	3,719	4,380	16,749	12,819
Margins (%)	24.6	24.5	24.3	30.2	13.4	20.8	21.2	22.1	25.9	19.9
YoY Change (%)	25.9	5.3	11.3	23.9	-60.6	-26.5	0.0	-7.7	16.3	-23.5
Depreciation	1,253	1,278	1,263	1,336	1,260	1,272	1,364	1,345	5,130	5,241
Interest	112	81	60	108	85	85	84	86	361	340
Other Income	583	637	626	952	588	713	822	877	2,797	3,000
PBT before EO expense	3,250	3,532	3,021	4,253	833	2,486	3,092	3,826	14,056	10,238
Extra-Ord expense	0	8,611	0	206	0	0	0	0	8,816	0
PBT	3,250	-5,079	3,021	4,047	833	2,486	3,092	3,826	5,240	10,238
Tax	971	-1,858	1,266	1,102	217	610	714	1,019	1,482	2,559
Rate (%)	29.9	36.6	41.9	27.2	26.0	24.5	23.1	26.6	28.3	25.0
Reported PAT	2,278	-3,220	1,755	2,945	616	1,876	2,379	2,807	3,758	7,678
Adj PAT	2,340	2,543	2,175	3,062	616	1,876	2,379	2,807	10,120	7,678
YoY Change (%)	-7.3	-24.3	-20.8	-13.1	-73.7	-26.2	9.4	-8.3	-16.7	-24.1
Margins (%)	14.3	14.6	14.2	19.5	5.2	12.5	13.6	14.1	15.6	11.9

E: MOFSL Estimates

**Coromandel International****Buy****CMP: INR749 | TP: INR1,090 (+46%)****EPS CHANGE (%): FY22|23: +17|+8**

- Manufacturing fertilizer volumes to de-grow 12% YoY; trading volumes to grow 3% YoY in 4QFY21
- Expect 30bp EBITDA margin contraction
- Expect Crop Protection revenue to rise 10% in quarter
- Demand outlook for fertilizers and agrochemicals for kharif

**Quarterly Performance (INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Consolidated</b>										
<b>Net Sales</b>	21,307	48,580	32,787	28,693	32,132	46,113	35,330	26,200	1,31,367	1,39,775
YoY Change (%)	-15.7	-3.0	7.5	8.8	50.8	-5.1	7.8	-8.7	-0.7	6.4
Total Expenditure	19,354	41,450	28,467	24,786	28,007	37,682	30,338	22,719	1,14,057	1,18,746
<b>EBITDA</b>	1,953	7,130	4,320	3,907	4,125	8,431	4,993	3,481	17,310	21,029
Margins (%)	9.2	14.7	13.2	13.6	12.8	18.3	14.1	13.3	13.2	15.0
Depreciation	305	417	408	451	421	420	423	460	1,580	1,723
Interest	796	664	459	434	434	253	205	150	2,353	1,043
Other Income	100	95	91	115	107	82	89	130	400	408
<b>PBT before EO expense</b>	952	6,145	3,544	3,137	3,376	7,841	4,453	3,001	13,778	18,671
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	952	6,145	3,544	3,137	3,376	7,841	4,453	3,001	13,778	18,671
Tax	326	1,110	899	800	896	1,967	1,130	755	3,135	4,749
Rate (%)	34.3	18.1	25.4	25.5	26.5	25.1	25.4	25.2	22.8	25.4
Minority Interest & P/L of Asso. Cos.	2	-4	-1	-4	-26	-15	-16	-5	-8	-61
<b>Reported PAT</b>	624	5,039	2,645	2,342	2,506	5,889	3,338	2,250	10,651	13,983
<b>Adj PAT</b>	624	5,039	2,645	2,342	2,506	5,889	3,338	2,250	10,651	13,983
YoY Change (%)	-30.8	30.8	71.0	105.3	301.4	16.9	26.2	-3.9	43.1	31.3
Margins (%)	2.9	10.4	8.1	8.2	7.8	12.8	9.4	8.6	8.1	10.0

**EPL****Buy****CMP: INR236 | TP: INR334 (+42%)****EPS CHANGE (%): FY22|23: +33|+18**

- EAP region to record double-digit growth of 40% YoY
- Outlook on raw material cost and capex plan
- Expect EBITDA margins to expand 80bp
- Update on Americas business

**Consolidated – Quarterly Earnings Model****(INR m)**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Gross Sales</b>	6,298	7,305	7,108	6,889	7,415	7,703	7,671	7,815	27,600	30,604
YoY Change (%)	-0.9	6.9	2.4	-0.7	17.7	5.4	7.9	13.4	2.0	10.9
Total Expenditure	5,213	5,780	5,530	5,504	5,949	6,041	6,086	6,183	22,026	24,259
<b>EBITDA</b>	1,086	1,525	1,579	1,385	1,466	1,662	1,585	1,632	5,574	6,345
Margins (%)	17.2	20.9	22.2	20.1	19.8	21.6	20.7	20.9	20.2	20.7
Depreciation	568	576	580	574	579	578	588	589	2,298	2,334
Interest	137	156	134	130	162	97	84	85	557	428
Other Income	66	19	42	8	51	32	32	35	134	150
<b>PBT before EO expense</b>	447	812	907	688	776	1,019	945	993	2,854	3,733
Extra-Ord expense	-109	203	0	0	161	0	0	0	94	161
<b>PBT</b>	556	609	907	688	615	1,019	945	993	2,760	3,572
Tax	153	-1	289	197	159	334	220	299	638	1,012
Rate (%)	27.5	-0.2	31.8	28.6	25.9	32.8	23.3	30.1	23.1	28.3
Minority Interest & P/L of Asso. Cos.	-11	-17	-17	-5	-12	-15	-16	22	-50	-21
<b>Reported PAT</b>	392	593	601	486	444	670	709	716	2,073	2,539
<b>Adj PAT</b>	283	796	601	486	605	670	709	716	2,167	2,700
YoY Change (%)	-41.7	49.1	32.3	-1.7	113.6	-15.8	18.0	47.2	10.1	24.6
Margins (%)	4.5	10.9	8.5	7.1	8.2	8.7	9.2	9.2	7.8	8.8

**Godrej Agrovet****Buy****CMP: INR508 | TP: INR640 (+26%)****EPS CHANGE (%): FY22|23: +23|+18**

- Animal feed (AF) biz volumes to grow 3% YoY
- Outlook on performance of Astec, Palm Oil, and domestic Crop Protection segments
- Outlook on key RM – maize and soybean

**Consolidated - Quarterly Earnings Model****(INR m)**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Gross Sales</b>	<b>17,026</b>	<b>18,511</b>	<b>17,827</b>	<b>14,930</b>	<b>15,542</b>	<b>17,239</b>	<b>15,262</b>	<b>15,183</b>	<b>68,294</b>	<b>63,226</b>
YoY Change (%)	14.7	16.5	22.6	7.3	-8.7	-6.9	-14.4	1.7	15.4	-7.4
Total Expenditure	15,607	17,314	16,821	14,448	13,882	15,508	14,137	14,098	64,189	57,625
<b>EBITDA</b>	<b>1,419</b>	<b>1,197</b>	<b>1,006</b>	<b>482</b>	<b>1,659</b>	<b>1,732</b>	<b>1,124</b>	<b>1,086</b>	<b>4,104</b>	<b>5,601</b>
Margins (%)	8.3	6.5	5.6	3.2	10.7	10.0	7.4	7.2	6.0	8.9
Depreciation	351	375	371	384	366	391	390	405	1,481	1,552
Interest	102	125	108	82	128	96	63	60	416	347
Other Income	102	113	93	159	83	83	131	128	468	424
<b>PBT before EO expense</b>	<b>1,068</b>	<b>811</b>	<b>621</b>	<b>175</b>	<b>1,248</b>	<b>1,328</b>	<b>802</b>	<b>748</b>	<b>2,675</b>	<b>4,126</b>
Extra-Ord expense	0	0	0	-681	0	0	0	0	-681	0
<b>PBT</b>	<b>1,068</b>	<b>811</b>	<b>621</b>	<b>856</b>	<b>1,248</b>	<b>1,328</b>	<b>802</b>	<b>748</b>	<b>3,357</b>	<b>4,126</b>
Tax	356	-213	168	169	338	345	220	188	480	1,092
Rate (%)	33.3	-26.2	27.1	19.7	27.1	26.0	27.4	25.2	14.3	26.5
Minority Interest & Profit/Loss of Asso. Cos.	-48	-16	-63	-58	25	-88	-34	0	-185	-97
<b>Reported PAT</b>	<b>760</b>	<b>1,040</b>	<b>516</b>	<b>746</b>	<b>885</b>	<b>1,070</b>	<b>616</b>	<b>560</b>	<b>3,062</b>	<b>3,131</b>
<b>Adj PAT</b>	<b>760</b>	<b>1,040</b>	<b>516</b>	<b>228</b>	<b>885</b>	<b>1,070</b>	<b>616</b>	<b>560</b>	<b>2,544</b>	<b>3,131</b>
YoY Change (%)	-5.3	10.4	26.1	-10.2	16.5	2.9	19.4	145.5	5.7	23.1
Margins (%)	4.5	5.6	2.9	1.5	5.7	6.2	4.0	3.7	3.7	5.0

**IndiaMART****Buy****CMP: INR8002 | TP: INR9220 (+15%)****EPS CHANGE (%): FY21|22: -0.7|-1.8**

- Expect over 5k increase in paid suppliers sequentially
- Expect marginal increase in ARPU on no change in pricing
- Expect drop in margins due to higher variable costs
- Recovery across impacted sectors a key monitorable

**Consolidated - Quarterly Earnings Model**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Gross Sales</b>	<b>1,470</b>	<b>1,566</b>	<b>1,649</b>	<b>1,701</b>	<b>1,531</b>	<b>1,632</b>	<b>1,736</b>	<b>1,805</b>	<b>6,386</b>	<b>6,704</b>
YoY Change (%)	30.1	28.4	23.1	23.3	4.1	4.2	5.3	6.1	26.0	5.0
Total Expenditure	1,110	1,203	1,213	1,178	798	815	858	972	4,704	3,443
<b>EBITDA</b>	<b>360</b>	<b>363</b>	<b>436</b>	<b>523</b>	<b>733</b>	<b>817</b>	<b>878</b>	<b>833</b>	<b>1,682</b>	<b>3,261</b>
Margins (%)	24.5	23.2	26.4	30.7	47.9	50.1	50.6	46.2	26.3	48.6
Depreciation	40	50	58	59	44	44	38	40	207	166
Interest	0	7	5	17	18	18	16	16	29	68
Other Income	140	205	166	172	337	179	246	258	683	1,020
<b>PBT before EO expense</b>	<b>460</b>	<b>511</b>	<b>539</b>	<b>619</b>	<b>1,008</b>	<b>934</b>	<b>1,070</b>	<b>1,036</b>	<b>2,129</b>	<b>4,048</b>
<b>PBT</b>	<b>460</b>	<b>511</b>	<b>761</b>	<b>612</b>	<b>1,004</b>	<b>932</b>	<b>1,065</b>	<b>1,036</b>	<b>2,344</b>	<b>4,037</b>
Tax	140	422	141	169	263	234	263	255	872	1,015
Rate (%)	30.4	82.6	18.5	27.6	26.2	25.1	24.7	24.6	37.2	25.1
Minority Interest & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>320</b>	<b>89</b>	<b>620</b>	<b>443</b>	<b>741</b>	<b>698</b>	<b>802</b>	<b>781</b>	<b>1,472</b>	<b>3,022</b>
<b>Adj PAT</b>	<b>320</b>	<b>89</b>	<b>398</b>	<b>450</b>	<b>745</b>	<b>700</b>	<b>802</b>	<b>781</b>	<b>1,257</b>	<b>3,028</b>
YoY Change (%)	-156.1	-55.5	37.2	55.2	132.8	686.5	101.5	73.6	498.6	140.9
Margins (%)	21.8	5.7	24.1	26.5	48.7	42.9	46.2	43.3	19.7	45.2

## Indian Hotels

Buy

CMP: INR112 | TP: INR139 (+21%)

EPS CHANGE (%): FY22 | 23: NA | +198

- Occupancy and ARR to improve on QoQ basis; cost-saving initiatives may lead to EBITDA breakeven
- Update on cost-saving initiatives
- Performance update on international hotels
- Current trend in occupancy and ARR

## Consolidated - Quarterly Earnings Model

(INR m)

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	10,200	10,074	13,727	10,630	1,436	2,567	5,599	6,362	44,631	15,963
YoY Change (%)	4.1	4.4	3.7	-14.6	-85.9	-74.5	-59.2	-40.2	-1.1	-64.2
Total Expenditure	8,466	8,470	9,470	8,551	4,096	4,070	5,766	6,194	34,956	20,126
<b>EBITDA</b>	<b>1,734</b>	<b>1,605</b>	<b>4,257</b>	<b>2,079</b>	<b>-2,660</b>	<b>-1,503</b>	<b>-167</b>	<b>168</b>	<b>9,675</b>	<b>-4,163</b>
Margins (%)	17.0	15.9	31.0	19.6	-185.2	-58.6	-3.0	2.6	21.7	-26.1
Depreciation	1,004	999	1,008	1,031	1,001	1,028	1,023	1,060	4,042	4,113
Interest	847	868	849	848	879	968	1,121	1,125	3,411	4,092
Other Income	371	211	362	380	317	669	547	550	1,324	2,083
<b>PBT before EO expense</b>	<b>255</b>	<b>-52</b>	<b>2,762</b>	<b>581</b>	<b>-4,223</b>	<b>-2,831</b>	<b>-1,764</b>	<b>-1,467</b>	<b>3,546</b>	<b>-10,285</b>
Extra-Ord expense	-23	3	12	-401	-861	-205	-280	0	-410	-1,346
<b>PBT</b>	<b>277</b>	<b>-54</b>	<b>2,750</b>	<b>982</b>	<b>-3,362</b>	<b>-2,626</b>	<b>-1,484</b>	<b>-1,467</b>	<b>3,955</b>	<b>-8,939</b>
Tax	176	-855	813	314	-693	-429	-307	-484	448	-1,913
Rate (%)	63.5	NA	29.6	32.0	20.6	16.3	20.7	33.0	11.3	21.4
Minority Interest & P/L of Asso. Cos.	45	88	-94	-75	130	103	12	-40	-37	205
<b>Reported PAT</b>	<b>57</b>	<b>713</b>	<b>2,031</b>	<b>743</b>	<b>-2,799</b>	<b>-2,300</b>	<b>-1,189</b>	<b>-943</b>	<b>3,544</b>	<b>-7,231</b>
<b>Adj PAT</b>	<b>39</b>	<b>715</b>	<b>2,040</b>	<b>442</b>	<b>-3,445</b>	<b>-2,454</b>	<b>-1,399</b>	<b>-943</b>	<b>3,237</b>	<b>-8,240</b>
YoY Change (%)	-78.3	148.8	55.7	-57.4	NA	NA	NA	-313.1	14.8	-354.6
Margins (%)	0.4	7.1	14.9	4.2	-239.9	-95.6	-25.0	-14.8	7.3	-51.6

## Info Edge

Neutral

CMP: INR4426 | TP: INR4600 (+4%)

EPS CHANGE (%): FY21 | 22: 1.9 | 5.5

- Expect robust billing in all operating businesses; revenue growth to see lag effect
- Ad expenses to remain range-bound v/s previous quarter
- Expect increase in loss in investee companies
- Outlook on investee companies a key monitorable

## Quarterly Performance (Standalone)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Revenues</b>	<b>3,128</b>	<b>3,166</b>	<b>3,205</b>	<b>3,228</b>	<b>2,801</b>	<b>2,561</b>	<b>2,723</b>	<b>2,950</b>	<b>12,727</b>	<b>11,036</b>
YoY (%)	20.5	19.5	14.0	10.3	-10.4	-19.1	-15.0	-8.6	15.9	-13.3
Salary costs	1,298	1,349	1,357	1,392	1,297	1,363	1,315	1,371	5,396	5,346
Ad and Promotion costs	549	514	498	484	256	502	503	546	2,044	1,806
Other Expenses	272	310	291	387	203	181	224	233	1,260	841
<b>EBITDA</b>	<b>1,010</b>	<b>993</b>	<b>1,059</b>	<b>965</b>	<b>1,046</b>	<b>516</b>	<b>682</b>	<b>801</b>	<b>4,027</b>	<b>3,043</b>
EBITDA Margin (%)	32.3	31.4	33.0	29.9	37.3	20.1	25.0	27.1	31.6	27.6
Depreciation	99	101	104	110	111	110	109	111	414	442
EBIT Margin (%)	29.1	28.2	29.8	26.5	33.4	15.8	21.0	23.4	28.4	23.6
Other Income	245	232	204	195	203	263	316	316	876	1,097
<b>PBT bef. Extra-ordinary</b>	<b>1,139</b>	<b>1,107</b>	<b>1,143</b>	<b>1,034</b>	<b>1,122</b>	<b>654</b>	<b>875</b>	<b>991</b>	<b>4,423</b>	<b>3,642</b>
Provision for Tax	390	266	232	246	290	142	176	248	1,133	856
ETR (%)	34.2	24.0	20.3	23.8	25.8	21.8	20.1	25.0	25.6	23.5
<b>PAT bef. Minority</b>	<b>667</b>	<b>93</b>	<b>880</b>	<b>416</b>	<b>832</b>	<b>512</b>	<b>699</b>	<b>744</b>	<b>2,057</b>	<b>2,786</b>
EOI	-82	-749	-30	-372	0	0	0	0	-1,233	0
<b>Adjusted PAT</b>	<b>749</b>	<b>842</b>	<b>911</b>	<b>788</b>	<b>832</b>	<b>512</b>	<b>699</b>	<b>744</b>	<b>3,290</b>	<b>2,786</b>
QoQ (%)	-10.6	12.4	8.2	-13.4	5.6	-38.5	36.6	6.4	4.4	-15.3
YoY (%)	-5.1	7.8	22.5	-5.9	11.1	-39.2	-23.3	-5.7	4.4	-15.3
<b>EPS (INR)</b>	<b>5.4</b>	<b>0.8</b>	<b>7.2</b>	<b>3.4</b>	<b>6.8</b>	<b>4.0</b>	<b>5.4</b>	<b>5.8</b>	<b>16.7</b>	<b>21.9</b>

**InterGlobe Aviation****Neutral****CMP INR1,618 | TP: INR1,530 (-5%)****EPS CHANGE (%): FY21|22|23: NM|0|0**

- Expect RPK growth of -27% YoY at INR13.9b as travel continues to revive gradually QoQ (PLFs flat QoQ at 72%).
- Outlook on replacement of older aircraft with new aircraft deliveries from Airbus is a key monitorable. Expansion to new Tier II and III routes would aid better yields going forward.
- We expect yields to decline ~5% YoY/~4% QoQ to INR3.6 due to increased competition to fill seats.
- Domestic passenger demand recovery to 100% and opening up of international travel remains key in the near term.

**Quarterly performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>94,201</b>	<b>81,052</b>	<b>99,317</b>	<b>82,991</b>	<b>7,667</b>	<b>27,410</b>	<b>49,100</b>	<b>59,209</b>	<b>3,57,560</b>	<b>1,43,385</b>
YoY Change (%)	44.7	31.0	25.5	5.3	-91.9	-66.2	-50.6	-28.7	25.5	-59.9
<b>EBITDAR</b>	<b>26,522</b>	<b>911</b>	<b>18,042</b>	<b>-127</b>	<b>-15,443</b>	<b>2,806</b>	<b>9,030</b>	<b>7,402</b>	<b>45,348</b>	<b>3,796</b>
Margin (%)	28.2	1.1	18.2	-0.2	-201.4	10.2	18.4	12.5	12.7	2.6
<b>EBITDA</b>	<b>25,234</b>	<b>-199</b>	<b>16,699</b>	<b>-1,353</b>	<b>-16,200</b>	<b>2,063</b>	<b>8,388</b>	<b>6,588</b>	<b>40,382</b>	<b>839</b>
Margin (%)	26.8	-0.2	16.8	-1.6	-211.3	7.5	17.1	11.1	11.3	0.6
Depreciation	9,009	10,287	10,377	10,063	10,964	11,264	11,565	11,906	39,736	45,699
Interest	4,842	4,235	4,805	4,877	5,097	5,625	5,415	5,362	18,759	21,500
Other Income	3,670	4,347	3,986	3,359	3,768	2,878	2,326	2,209	15,362	11,181
<b>PBT</b>	<b>15,053</b>	<b>-10,373</b>	<b>5,504</b>	<b>-12,934</b>	<b>-28,494</b>	<b>-11,948</b>	<b>-6,266</b>	<b>-8,471</b>	<b>-2,751</b>	<b>-55,178</b>
Rate (%)	20.3	-2.7	10.9	32.5	0.0	0.0	0.0	0.0	9.8	0.0
<b>Reported PAT</b>	<b>12,005</b>	<b>-10,656</b>	<b>4,905</b>	<b>-8,735</b>	<b>-28,494</b>	<b>-11,948</b>	<b>-6,266</b>	<b>-8,471</b>	<b>-2,481</b>	<b>-55,178</b>
<b>EPS</b>	<b>31.2</b>	<b>-27.7</b>	<b>12.8</b>	<b>-22.7</b>	<b>-74.1</b>	<b>-31.1</b>	<b>-16.3</b>	<b>-22.0</b>	<b>-6.5</b>	<b>-143.5</b>
YoY Change (%)	4,215.7	63.4	157.0	-248.2	-337.4	12.1	-227.8	-3.0	-259.1	2,123.6

E: MOFSL estimates

**Kaveri Seed****Buy****CMP: INR529 | TP: INR633 (+20%)****EPS CHANGE (%): FY22|23: +2|+8**

- Outlook on cottonseed volume growth
- New product launches in Cotton and non-cotton segments
- Non-cotton segment revenue to grow at 10% in 4QFY21

**Quarterly – Standalone****(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>6,555</b>	<b>774</b>	<b>984</b>	<b>519</b>	<b>7,485</b>	<b>834</b>	<b>1,001</b>	<b>567</b>	<b>8,833</b>	<b>9,886</b>
YoY Change (%)	12.6	3.0	46.5	16.1	14.2	7.7	1.7	9.2	14.9	11.9
Total Expenditure	4,222	661	917	637	4,692	703	932	658	6,437	6,984
<b>EBITDA</b>	<b>2,333</b>	<b>113</b>	<b>67</b>	<b>-118</b>	<b>2,793</b>	<b>130</b>	<b>69</b>	<b>-91</b>	<b>2,395</b>	<b>2,902</b>
Margins (%)	35.6	14.6	6.8	-22.6	37.3	15.7	6.9	-16.0	27.1	29.4
Depreciation	59	59	62	64	52	53	54	58	243	217
Interest	0	0	1	1	0	2	0	1	2	4
Other Income	43	30	77	315	241	111	82	80	466	514
<b>PBT before EO expense</b>	<b>2,317</b>	<b>84</b>	<b>82</b>	<b>132</b>	<b>2,982</b>	<b>187</b>	<b>96</b>	<b>-70</b>	<b>2,616</b>	<b>3,195</b>
<b>PBT</b>	<b>2,317</b>	<b>84</b>	<b>82</b>	<b>132</b>	<b>2,982</b>	<b>187</b>	<b>96</b>	<b>-70</b>	<b>2,616</b>	<b>3,195</b>
Tax	28	15	22	39	72	-26	22	-20	103	48
Rate (%)	1.2	17.5	26.2	29.3	2.4	-13.8	22.8	29.3	3.9	1.5
<b>Reported PAT</b>	<b>2,289</b>	<b>69</b>	<b>60</b>	<b>94</b>	<b>2,910</b>	<b>212</b>	<b>75</b>	<b>-49</b>	<b>2,513</b>	<b>3,147</b>
<b>Adj PAT</b>	<b>2,289</b>	<b>69</b>	<b>60</b>	<b>94</b>	<b>2,910</b>	<b>212</b>	<b>75</b>	<b>-49</b>	<b>2,513</b>	<b>3,147</b>
YoY Change (%)	8.7	-41.9	65.8	NA	27.1	206.4	23.2	-152.8	17.0	25.2
Margins (%)	34.9	9.0	6.1	18.0	38.9	25.5	7.4	-8.7	28.4	31.8

## Lemon Tree Hotels

Buy

CMP: INR38 | TP: INR49 (+29%)

EPS CHANGE (%): FY22|23: NA|NA

- Current trends in occupancy/ARR and outlook on the same
- Improvement in ARR/occupancy on QoQ basis
- Update on cost-saving initiatives

## Reported Cons. Quarterly Perf.

(INR m)

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	1,409	1,528	1,996	1,761	407	476	684	889	6,694	2,455
YoY Change (%)	11.0	18.7	39.2	17.0	-71.1	-68.8	-65.7	-49.5	21.8	-63.3
Total Expenditure	962	1,043	1,184	1,122	363	393	483	587	4,311	1,826
<b>EBITDA</b>	<b>448</b>	<b>484</b>	<b>812</b>	<b>639</b>	<b>44</b>	<b>83</b>	<b>201</b>	<b>302</b>	<b>2,383</b>	<b>630</b>
Margins (%)	31.8	31.7	40.7	36.3	10.7	17.5	29.4	34.0	35.6	25.6
Depreciation	172	196	227	277	271	270	273	275	872	1,089
Interest	309	325	452	487	469	463	454	460	1,573	1,846
Other Income	21	9	32	4	31	60	22	25	67	139
<b>PBT before EO expense</b>	<b>-12</b>	<b>-27</b>	<b>165</b>	<b>-121</b>	<b>-665</b>	<b>-590</b>	<b>-504</b>	<b>-408</b>	<b>5</b>	<b>-2,167</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>-12</b>	<b>-27</b>	<b>165</b>	<b>-121</b>	<b>-665</b>	<b>-590</b>	<b>-504</b>	<b>-408</b>	<b>5</b>	<b>-2,167</b>
Tax	7	1	46	56	-71	-62	-48	-41	109	-221
Rate (%)	-59.7	-2.2	27.6	-45.8	10.7	10.4	9.5	10.0	2219.9	10.2
MI & P/L of Asso. Cos.	-2	-6	-3	2	-175	-157	-144	-127	-9	-603
<b>Reported PAT</b>	<b>-17</b>	<b>-22</b>	<b>122</b>	<b>-179</b>	<b>-419</b>	<b>-371</b>	<b>-312</b>	<b>-240</b>	<b>-95</b>	<b>-1,343</b>
<b>Adj PAT</b>	<b>-17</b>	<b>-22</b>	<b>122</b>	<b>-179</b>	<b>-419</b>	<b>-371</b>	<b>-312</b>	<b>-240</b>	<b>-95</b>	<b>-1,343</b>
YoY Change (%)	NA	NA	-2.1	NA	NA	NA	NA	NA	NA	NA
Margins (%)	-1.2	-1.4	6.1	-10.2	-103.0	-78.0	-45.7	-27.0	-1.4	-54.7

## MCX

Buy

CMP: INR1454 | TP: INR1970 (+35%)

EPS CHANGE (%): FY21|22: -4.0|-6.2

- Expect 20% YoY decline in volumes
- Margins to mirror negative operating leverage
- Gold traded value down 27% YoY and crude traded value down 78% YoY, while silver up 44% YoY
- Outlook on new initiatives a key observable

## Quarterly Performance

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Sales</b>	<b>795</b>	<b>1,002</b>	<b>893</b>	<b>1,053</b>	<b>730</b>	<b>1,197</b>	<b>1,009</b>	<b>923</b>	<b>3,742</b>	<b>3,859</b>
Q-o-Q Gr. (%)	0.4	26.1	-10.9	17.9	-30.7	63.9	-15.7	-8.5	24.7	3.1
Staff Costs	188	195	178	213	178	202	195	217	773	792
Other expenses	330	334	323	433	287	338	327	352	1,420	1,304
Depreciation	40	42	43	56	48	52	59	48	182	207
<b>EBIT</b>	<b>237</b>	<b>430</b>	<b>349</b>	<b>351</b>	<b>217</b>	<b>605</b>	<b>428</b>	<b>305</b>	<b>1,367</b>	<b>1,555</b>
Margins (%)	29.8	43.0	39.1	33.4	29.7	50.5	42.4	33.1	36.5	40.3
Interest Costs	0	0	0	2	1	1	1	1	2	2
Other Income	314	444	235	297	497	178	248	232	1,289	1,155
<b>PBT bef. Exceptional items</b>	<b>551</b>	<b>874</b>	<b>584</b>	<b>646</b>	<b>714</b>	<b>783</b>	<b>675</b>	<b>536</b>	<b>2,654</b>	<b>2,708</b>
Tax	114	154	31	-9	150	197	-42	123	289	428
Rate (%)	20.7	17.6	5.2	-1.4	21.1	25.2	-6.2	23.0	10.9	15.8
<b>PAT</b>	<b>437</b>	<b>720</b>	<b>553</b>	<b>655</b>	<b>563</b>	<b>586</b>	<b>717</b>	<b>413</b>	<b>2,366</b>	<b>2,279</b>
Q-o-Q Gr. (%)	-28.1	64.9	-23.2	18.5	-14.1	4.0	22.5	-42.4	61.8	-3.7
<b>EPS (INR)</b>	<b>8.6</b>	<b>14.1</b>	<b>10.9</b>	<b>12.8</b>	<b>11.1</b>	<b>11.5</b>	<b>14.1</b>	<b>8.1</b>	<b>46.4</b>	<b>44.7</b>
<b>Total volumes (INR t)</b>	<b>17.7</b>	<b>23.2</b>	<b>20.6</b>	<b>25.4</b>	<b>14.5</b>	<b>25.5</b>	<b>21.4</b>	<b>20.3</b>	<b>86.9</b>	<b>81.7</b>
Q-o-Q Gr. (%)	0.7	31.0	-11.2	23.2	-42.9	76.0	-16.0	-5.5		
Y-o-Y Gr. (%)	9.4	40.2	18.5	44.3	-18.1	10.0	4.1	-20.2	28.3	-6.0

## PI Industries

**Buy**
**CMP: INR2,249 | TP: INR2,612 (+16%)**
**EPS CHANGE (%): FY22|23: +28|+21**

- CSM biz. to grow 35% YoY
- Capex plan using funds raised through QIP
- Expect domestic biz to grow 54% in quarter

### Quarterly Earnings Model

**(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>7,541</b>	<b>9,074</b>	<b>8,498</b>	<b>8,552</b>	<b>10,601</b>	<b>11,577</b>	<b>11,621</b>	<b>11,869</b>	<b>33,665</b>	<b>45,668</b>
YoY Change (%)	24.5	25.5	20.1	6.3	40.6	27.6	36.7	38.8	18.5	35.7
Total Expenditure	6,016	7,149	6,633	6,689	8,309	8,776	8,866	9,031	26,487	34,982
<b>EBITDA</b>	<b>1,525</b>	<b>1,925</b>	<b>1,865</b>	<b>1,863</b>	<b>2,292</b>	<b>2,801</b>	<b>2,755</b>	<b>2,839</b>	<b>7,178</b>	<b>10,687</b>
Margins (%)	20.2	21.2	21.9	21.8	21.6	24.2	23.7	23.9	21.3	23.4
Depreciation	295	317	319	436	427	433	440	450	1,367	1,750
Interest	23	25	38	84	96	76	66	65	170	303
Other Income	121	109	191	68	82	336	389	450	489	1,257
<b>PBT before EO expense</b>	<b>1,328</b>	<b>1,692</b>	<b>1,699</b>	<b>1,411</b>	<b>1,851</b>	<b>2,628</b>	<b>2,638</b>	<b>2,774</b>	<b>6,130</b>	<b>9,891</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>1,328</b>	<b>1,692</b>	<b>1,699</b>	<b>1,411</b>	<b>1,851</b>	<b>2,628</b>	<b>2,638</b>	<b>2,774</b>	<b>6,130</b>	<b>9,891</b>
Tax	312	461	487	312	444	451	682	610	1,572	2,187
Rate (%)	23.5	27.2	28.7	22.1	24.0	17.2	25.9	22.0	25.6	22.1
Minority Interest & P/L of Asso. Cos.	0	-1	1	-8	-48	1	2	-8	-8	-53
<b>Reported PAT</b>	<b>1,016</b>	<b>1,232</b>	<b>1,211</b>	<b>1,107</b>	<b>1,455</b>	<b>2,176</b>	<b>1,954</b>	<b>2,172</b>	<b>4,566</b>	<b>7,757</b>
<b>Adj PAT</b>	<b>1,016</b>	<b>1,232</b>	<b>1,211</b>	<b>1,107</b>	<b>1,455</b>	<b>2,176</b>	<b>1,954</b>	<b>2,172</b>	<b>4,566</b>	<b>7,757</b>
YoY Change (%)	24.4	30.2	12.4	-11.9	43.2	76.6	61.4	96.2	11.3	69.9
Margins (%)	13.5	13.6	14.3	12.9	13.7	18.8	16.8	18.3	13.6	17.0

## Quess

**Buy**
**CMP: INR653 | TP: INR745 (+14%)**
**EPS CHANGE (%): FY21 | 22: -2.4|-2.0**

- Expect steady growth in Workforce Management business
- Pricing in contracts back at pre-COVID levels
- Margins to remain consistent, with some negative variability
- Outlook on recovery in highly impacted verticals a key observable

### Consolidated - Quarterly

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>23,966</b>	<b>26,503</b>	<b>29,500</b>	<b>29,946</b>	<b>24,094</b>	<b>26,151</b>	<b>28,079</b>	<b>30,109</b>	<b>1,09,915</b>	<b>1,08,433</b>
YoY Change (%)	21.8	26.7	35.8	30.5	0.5	-1.3	-4.8	0.5	28.9	-1.3
Total Expenditure	22,474	24,889	27,706	28,260	22,797	24,753	26,571	28,513	1,03,329	1,02,634
<b>EBITDA</b>	<b>1,492</b>	<b>1,614</b>	<b>1,794</b>	<b>1,686</b>	<b>1,297</b>	<b>1,397</b>	<b>1,508</b>	<b>1,596</b>	<b>6,586</b>	<b>5,799</b>
Margins (%)	6.2	6.1	6.1	5.6	5.4	5.3	5.4	5.3	6.0	5.3
Depreciation	579	652	658	596	594	578	562	600	2,486	2,334
<b>EBIT</b>	<b>913</b>	<b>962</b>	<b>1,136</b>	<b>1,089</b>	<b>703</b>	<b>820</b>	<b>946</b>	<b>996</b>	<b>4,100</b>	<b>3,464</b>
Margins (%)	3.8	3.6	3.9	3.6	2.9	3.1	3.4	3.3	3.7	3.2
Interest	396	461	423	387	379	323	245	250	1,668	1,197
Other Income	169	159	97	86	76	243	99	150	511	567
<b>PBT before EO expense</b>	<b>685</b>	<b>660</b>	<b>810</b>	<b>788</b>	<b>399</b>	<b>740</b>	<b>800</b>	<b>896</b>	<b>2,943</b>	<b>2,835</b>
Recurring Tax	106	-29	51	69	178	318	345	116	196	957
Rate (%)	15.4	-4.5	6.3	8.7	44.6	42.9	43.1	13.0	6.6	33.8
<b>Adjusted PAT</b>	<b>582</b>	<b>650</b>	<b>749</b>	<b>628</b>	<b>114</b>	<b>423</b>	<b>455</b>	<b>779</b>	<b>2,609</b>	<b>1,771</b>
Extraordinary items	0	0	0	6,928	-250	-77	0	0	6,928	-327
<b>Reported PAT</b>	<b>582</b>	<b>650</b>	<b>749</b>	<b>-6,299</b>	<b>365</b>	<b>499</b>	<b>455</b>	<b>779</b>	<b>-4,318</b>	<b>2,098</b>
YoY Change (%)	6.9	5.5	15.2	-934.3	-37.3	-23.2	-39.2	-112.4	-268.3	-148.6
Margins (%)	2.4	2.5	2.5	-21.0	1.5	1.9	1.6	2.6	-3.9	1.9

E: MOFSL Estimates



## SIS Buy

**CMP: INR404 | TP: INR620 (+53%)**
**EPS CHANGE (%): FY21|22: 0.0|-1.7**

- Recovery in India Security business slower; no MoM increase in March
- Slower recovery in FM business as companies continue their WFH policies
- International business continues to do well as ad hoc revenue continues in 4QFY21
- Outlook on recovery in FM business and company plans to reduce debt – key observables

### Consolidated - Quarterly Earnings Model

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Gross Sales</b>	<b>20,084</b>	<b>20,889</b>	<b>21,782</b>	<b>22,097</b>	<b>21,667</b>	<b>21,579</b>	<b>23,575</b>	<b>24,211</b>	<b>84,852</b>	<b>91,032</b>
YoY Change (%)	24.6	23.6	18.6	13.0	7.9	3.3	8.2	9.6	19.6	7.3
Total Expenditure	18,837	19,652	20,447	20,713	20,459	20,282	22,106	22,736	79,648	85,582
<b>EBITDA</b>	<b>1,247</b>	<b>1,237</b>	<b>1,335</b>	<b>1,385</b>	<b>1,209</b>	<b>1,297</b>	<b>1,469</b>	<b>1,475</b>	<b>5,204</b>	<b>5,450</b>
Margins (%)	6.2	5.9	6.1	6.3	5.6	6.0	6.2	6.1	6.1	6.0
Depreciation	294	326	333	331	285	283	277	286	1,283	1,131
Interest	371	378	382	386	373	333	286	381	1,517	1,372
Other Income	2	-21	47	504	231	665	384	166	531	1,446
<b>PBT</b>	<b>584</b>	<b>512</b>	<b>667</b>	<b>1,172</b>	<b>782</b>	<b>1,346</b>	<b>1,291</b>	<b>974</b>	<b>2,935</b>	<b>4,392</b>
Tax	-188	-249	-112	1,186	200	268	299	195	636	962
Rate (%)	-32.3	-48.6	-16.9	101.2	25.6	19.9	23.2	20.0	21.7	21.9
Minority Interest & P/L of Asso. Cos.	-23	0	4	-25	-3	3	-2	-4	-44	-5
<b>Reported PAT</b>	<b>749</b>	<b>762</b>	<b>783</b>	<b>-39</b>	<b>579</b>	<b>1,081</b>	<b>990</b>	<b>775</b>	<b>2,255</b>	<b>3,425</b>
YoY Change (%)	89.7	74.0	32.5	-105.4	-22.7	42.0	26.5	-2,082.5	-6.8	51.9
Margins (%)	3.7	3.6	3.6	-0.2	2.7	5.0	4.2	3.2	2.7	3.8

## SRF Buy

**CMP: INR5,743 | TP: INR6,317 (+10%)**
**EPS CHANGE (%): FY22|23: +20|+21**

- Chemicals/Packaging segment to grow 25%/33% YoY; Technical Textiles likely to grow 10% YoY
- Deployment of QIP funds
- Outlook for Specialty Chemicals and Fluorochemicals businesses

### Consolidated - Quarterly Earnings Model

Y/E March	FY20				FY21				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY20	FY21
<b>Net Sales</b>	<b>17,633</b>	<b>17,378</b>	<b>18,505</b>	<b>18,578</b>	<b>15,452</b>	<b>21,008</b>	<b>21,464</b>	<b>23,249</b>	<b>72,094</b>	<b>81,173</b>
YoY Change (%)	5.2	-1.0	2.3	-4.1	-12.4	20.9	16.0	25.1	0.5	12.6
Total Expenditure	14,186	14,026	14,603	14,695	11,728	15,188	16,018	17,377	57,510	60,310
<b>EBITDA</b>	<b>3,447</b>	<b>3,352</b>	<b>3,902</b>	<b>3,884</b>	<b>3,723</b>	<b>5,821</b>	<b>5,446</b>	<b>5,873</b>	<b>14,584</b>	<b>20,863</b>
Margins (%)	19.5	19.3	21.1	20.9	24.1	27.7	25.4	25.3	20.2	25.7
Depreciation	925	929	1,019	1,014	1,040	1,140	1,166	1,220	3,886	4,566
Interest	515	550	475	466	432	362	285	270	2,007	1,348
Other Income	152	220	56	63	101	98	217	90	491	505
<b>PBT before EO expense</b>	<b>2,159</b>	<b>2,093</b>	<b>2,463</b>	<b>2,467</b>	<b>2,353</b>	<b>4,417</b>	<b>4,212</b>	<b>4,473</b>	<b>9,182</b>	<b>15,454</b>
Extra-Ord expense & DO	-289	-960	-103	355	89	101	-220	0	-997	-30
<b>PBT</b>	<b>2,448</b>	<b>3,053</b>	<b>2,566</b>	<b>2,112</b>	<b>2,264</b>	<b>4,316</b>	<b>4,432</b>	<b>4,473</b>	<b>10,179</b>	<b>15,484</b>
Tax	556	41	-864	255	493	1,164	1,185	1,073	-12	3,915
Rate (%)	25.8	2.0	-35.1	10.3	21.0	26.4	28.1	24.0	-0.1	25.3
<b>Reported PAT</b>	<b>1,892</b>	<b>3,011</b>	<b>3,430</b>	<b>1,857</b>	<b>1,771</b>	<b>3,152</b>	<b>3,247</b>	<b>3,399</b>	<b>10,191</b>	<b>11,569</b>
<b>Adj PAT</b>	<b>1,603</b>	<b>2,051</b>	<b>3,327</b>	<b>2,212</b>	<b>1,860</b>	<b>3,253</b>	<b>3,027</b>	<b>3,399</b>	<b>9,194</b>	<b>11,539</b>
YoY Change (%)	11.2	40.5	132.5	22.3	16.0	58.6	-9.0	53.7	49.7	25.5
Margins (%)	9.1	11.8	18.0	11.9	12.0	15.5	14.1	14.6	12.8	14.2

## Tata Chemicals

Buy

CMP: INR779 | TP: INR552 (-29%)

EPS CHANGE (%): FY22|23: +114 |+28

- Current demand scenario in soda ash in key markets of Tata Chemicals
- Update on capex plan
- Outlook on soda ash pricing
- TCNA soda ash volumes to decline 5% YoY, with EBITDA/mt down 27% YoY to USD38

## Consolidated – Quarterly Earnings Model

(INR m)

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	25,840	27,713	26,234	23,781	23,482	26,094	26,061	25,181	1,03,535	1,00,817
YoY Change (%)	-5.8	-6.4	2.1	-7.2	-9.1	-5.8	-0.7	5.9	-4.5	-2.6
Total Expenditure	20,691	22,106	21,499	19,779	19,884	22,231	21,342	20,911	84,076	84,367
EBITDA	5,149	5,607	4,735	4,002	3,598	3,863	4,719	4,271	19,492	16,450
Margins (%)	19.9	20.2	18.0	16.8	15.3	14.8	18.1	17.0	18.8	16.3
Depreciation	1,627	1,658	1,641	1,739	1,899	1,924	1,854	1,930	6,665	7,608
Interest	941	869	755	855	1,179	836	809	780	3,419	3,603
Other Income	869	901	586	756	587	686	427	756	3,111	2,455
PBT before EO expense	3,450	3,981	2,925	2,163	1,107	1,787	2,483	2,316	12,519	7,693
Extra-Ord expense	44	0	208	-62,367	0	0	0	0	-62,115	0
PBT	3,406	3,981	2,717	64,531	1,107	1,787	2,483	2,316	74,634	7,693
Tax	1,116	212	676	193	358	571	538	510	2,197	1,976
Rate (%)	32.8	5.3	24.9	0.3	32.3	31.9	21.7	22.0	2.9	25.7
MI & P/L of Asso. Cos.	756	916	580	123	616	512	337	104	2,375	1,569
Reported PAT	1,535	2,853	1,462	64,215	133	705	1,609	1,702	70,063	4,148
Adj PAT	1,579	2,853	1,670	1,847	133	705	1,609	1,702	7,948	4,148
YoY Change (%)	-26.2	-11.3	-19.6	-24.3	-91.6	-75.3	-3.7	-7.8	-7.7	-47.8
Margins (%)	6.1	10.3	6.4	7.8	0.6	2.7	6.2	6.8	7.7	4.1

## TeamLease

Buy

CMP: INR3669 | TP: INR3980 (+8%)

EPS CHANGE (%): FY21|22: -1.6|-13.2

- Expect General Staffing headcount to remain marginally below 4QFY20 levels
- Expect strong traction in Apprentices business
- Margins to remain range-bound
- Outlook on recovery in highly impacted verticals a key observable

## Consolidated Quarterly Performance

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	12,512	12,678	13,514	13,303	11,364	11,291	12,754	13,417	52,007	48,827
YoY Change (%)	23%	16%	15%	14.3%	-9%	-11%	-6%	0.9%	17%	-6.1%
Total Expenditure	12,281	12,433	13,239	13,104	11,119	11,061	12,506	13,149	51,056	47,834
Reported EBITDA	232	245	275	199	246	230	248	268	951	992
Margins (%)	1.9%	1.9%	2.0%	1.5%	2.2%	2.0%	1.9%	2.0%	1.8%	2.0%
Depreciation	61	66	76	83	82	83	84	82	286	332
Reported EBIT	171	179	199	116	164	146	164	186	665	660
Margins (%)	1.4%	1.4%	1.5%	0.9%	1.4%	1.3%	1.3%	1.4%	1.3%	1.4%
Interest	28	29	29	37	26	19	12	15	123	72
Other Income	35	54	73	147	41	115	98	100	308	354
PBT before EO expense	178	204	243	227	179	243	250	271	851	943
Extra-Ord expense	0	0	0	0	0	30	0	0	0	30
Share of profit from associate	-5	-9	-4	-3	-3	-3	-4	-5	-21	-15
Reported PBT	173	195	238	224	176	210	246	266	830	898
Tax	-15	-6	-16	518	5	24	15	0	480	43
Rate (%)	-9%	-3%	-7%	232%	3%	11%	6%	0%	58%	5%
Reported PAT	188	202	255	-294	171	186	231	266	350	855
YoY Change (%)	-14%	-19%	1%	-213%	-9%	-8%	-9%	-191%	-64%	144%
Margins (%)	1.5%	1.6%	1.9%	-2.2%	1.5%	1.6%	1.8%	2.0%	0.7%	1.8%
Adjusted PAT	188	202	255	192	171	216	231	266	836	885
YoY Change (%)	-14%	-19%	1%	-26%	-9%	7%	-9%	39%	-15%	6%
Margins (%)	1.5%	1.6%	1.9%	1.4%	1.5%	1.9%	1.8%	2.0%	1.6%	1.8%

**Trident****Buy****CMP: INR14.2 | TP: INR19.1 (+34%)****EPS CHANGE (%): FY22|23: +53|+29**

- Textile segment revenue to grow 50% YoY; Paper segment to remain flat YoY
- Current order book and outlook
- Outlook on paper prices
- Update on capex plan

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>13,053</b>	<b>13,219</b>	<b>10,817</b>	<b>9,905</b>	<b>7,079</b>	<b>11,714</b>	<b>12,899</b>	<b>13,789</b>	<b>46,995</b>	<b>45,482</b>
YoY Change (%)	15.4	-5.0	-16.2	-29.5	-45.8	-11.4	19.3	39.2	-10.0	-3.2
Total Expenditure	10,143	10,692	9,416	8,562	5,898	9,467	10,545	11,169	38,813	37,079
<b>EBITDA</b>	<b>2,911</b>	<b>2,527</b>	<b>1,401</b>	<b>1,343</b>	<b>1,181</b>	<b>2,247</b>	<b>2,355</b>	<b>2,620</b>	<b>8,182</b>	<b>8,403</b>
Margins (%)	22.3	19.1	12.9	13.6	16.7	19.2	18.3	19.0	17.4	18.5
Depreciation	846	849	822	815	824	831	830	830	3,333	3,315
Interest	325	271	234	278	231	123	132	170	1,108	656
Other Income	78	37	97	68	54	32	50	64	280	200
<b>PBT before EO expense</b>	<b>1,817</b>	<b>1,445</b>	<b>441</b>	<b>317</b>	<b>181</b>	<b>1,325</b>	<b>1,443</b>	<b>1,684</b>	<b>4,020</b>	<b>4,632</b>
Extra-Ord expense	0	0	0	0	0	0	-570	0	0	-570
Forex (gain)/loss	-18	-26	-39	-109	49	9	-27	0	-192	31
<b>PBT</b>	<b>1,835</b>	<b>1,470</b>	<b>480</b>	<b>427</b>	<b>132</b>	<b>1,316</b>	<b>2,040</b>	<b>1,684</b>	<b>4,212</b>	<b>5,172</b>
Tax	603	99	61	31	31	313	443	424	794	1,211
Rate (%)	32.8	6.8	12.8	7.3	23.5	23.8	21.7	25.2	18.9	23.4
MI & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>1,232</b>	<b>1,371</b>	<b>419</b>	<b>396</b>	<b>101</b>	<b>1,002</b>	<b>1,598</b>	<b>1,260</b>	<b>3,418</b>	<b>3,961</b>
<b>Adj PAT</b>	<b>1,232</b>	<b>1,371</b>	<b>419</b>	<b>396</b>	<b>101</b>	<b>1,002</b>	<b>1,027</b>	<b>1,260</b>	<b>3,418</b>	<b>3,391</b>
YoY Change (%)	110.6	26.5	-62.4	-57.3	-91.8	-26.9	145.3	218.6	-7.9	-0.8
Margins (%)	9.4	10.4	3.9	4.0	1.4	8.6	8.0	9.1	7.3	7.5

**UPL****Neutral****CMP: INR654 | TP: INR583 (-11%)****EPS CHANGE (%): FY22|23: +18|+17**

- Expect revenue growth across geographies; EBITDA margin to expand 80bp YoY
- Guidance for FY22
- Watch out for debt reduction and capex plan
- Playing out synergies post Arysta acquisition

**Cons.: Quarterly Earnings Model (Incl-Arysta)****(INR m)**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>79,060</b>	<b>78,170</b>	<b>88,920</b>	<b>1,11,410</b>	<b>78,330</b>	<b>89,390</b>	<b>91,260</b>	<b>1,23,163</b>	<b>3,57,560</b>	<b>3,82,143</b>
YoY Change (%)	91.2	83.6	80.7	30.7	-0.9	14.4	2.6	10.5	63.7	6.9
Total Expenditure	62,480	62,760	68,220	89,720	60,540	71,310	69,180	98,145	2,83,180	2,99,175
<b>EBITDA</b>	<b>16,580</b>	<b>15,410</b>	<b>20,700</b>	<b>21,690</b>	<b>17,790</b>	<b>18,080</b>	<b>22,080</b>	<b>25,018</b>	<b>74,380</b>	<b>82,968</b>
Margins (%)	21.0	19.7	23.3	19.5	22.7	20.2	24.2	20.3	20.8	21.7
Depreciation	4,460	4,760	4,950	5,950	5,220	5,330	5,420	6,200	20,120	22,170
Interest	3,980	3,810	5,150	1,870	5,510	3,430	7,450	4,500	14,810	20,890
Other Income	390	240	200	210	670	750	670	250	1,040	2,340
Exch. difference on trade rec./payable	60	920	-320	2,650	-1,280	1,410	60	0	3,310	190
<b>PBT before EO expense</b>	<b>8,470</b>	<b>6,160</b>	<b>11,120</b>	<b>11,430</b>	<b>9,010</b>	<b>8,660</b>	<b>9,820</b>	<b>14,568</b>	<b>37,180</b>	<b>42,058</b>
Extra-Ord expense	4,120	3,070	750	1,710	1,000	2,110	-780	0	9,650	2,330
<b>PBT</b>	<b>4,350</b>	<b>3,090</b>	<b>10,370</b>	<b>9,720</b>	<b>8,010</b>	<b>6,550</b>	<b>10,600</b>	<b>14,568</b>	<b>27,530</b>	<b>39,728</b>
Tax	770	990	1,990	2,110	1,430	1,120	1,090	3,205	5,860	6,845
Rate (%)	17.7	32.0	19.2	21.7	17.9	17.1	10.3	22.0	21.3	17.2
MI & P/L of Asso. Cos.	730	440	1,370	1,440	1,070	800	1,570	1,668	3,980	5,108
<b>Reported PAT</b>	<b>2,850</b>	<b>1,660</b>	<b>7,010</b>	<b>6,170</b>	<b>5,510</b>	<b>4,630</b>	<b>7,940</b>	<b>9,696</b>	<b>17,690</b>	<b>27,776</b>
<b>Adj PAT</b>	<b>5,880</b>	<b>4,423</b>	<b>8,233</b>	<b>8,103</b>	<b>6,490</b>	<b>6,653</b>	<b>9,405</b>	<b>9,696</b>	<b>26,638</b>	<b>32,243</b>
YoY Change (%)	5.4	28.7	34.7	-15.0	10.4	50.4	14.2	19.7	8.0	21.0
Margins (%)	7.4	5.7	9.3	7.3	8.3	7.4	10.3	7.9	7.4	8.4

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**1QFY20 ↑**  
**2QFY20 Beyond ↓**

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**New Year, New Forces**

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**Correction everywhere**

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**'Recovery' ball starts rolling**

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**More ladders than snakes**

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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)\*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. 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](mailto:na@motilaloswal.com), Contact No.: 022-71881085.

\* MOSL 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 Bench.